

# HTC CORPORATION

## 4Q10 BUSINESS REVIEW

WINSTON YUNG  
CFO

JOEY CHENG  
Director of Investor Relations

Jan. 21<sup>st</sup> , 2011

# DISCLAIMER STATEMENT

- This presentation and release contain “forward-looking statements” which may include projections of future results of operations, financial condition or business prospects based on our own information and other sources.
- Our actual results of operations, financial condition or business prospects may differ from those expressed or implied in these forward-looking statements for a variety of reasons, including but not limited to market demand, price fluctuations, competition, international economic conditions, supply chain issues, exchange rate fluctuations and other risks and factors beyond our control.
- The forward-looking statements in this release reflect the current belief of HTC as of the date of this release. HTC undertakes no obligation to update these forward-looking statements for events or circumstances that occur subsequent to such date.

# PRESENTATION OUTLINE

- 2010 EXECUTIVE SUMMARY
- 2011 GOALS
- 4Q10 BUSINESS REVIEW
- REVENUE & MARGIN
- SHIPMENT & AVERAGE SELLING PRICE
- 2010 REVENUE BREAKDOWN BY AREA, SHIPMENT & ASP
- MANAGEMENT INITIATIVES
- 1Q11 BUSINESS OUTLOOK
- 4Q10 P&L (CONSOLIDATED)
- 4Q10 BALANCE SHEETS (CONSOLIDATED)

# 2010 EXECUTIVE SUMMARY

- Brand awareness reached 50% globally – quadrupling from our brand launch in 2009.
- HTC became one of the effective and leading smart phone brands worldwide.
- Operation efficiency increased as a result of scale expansion.
- Optimized global organization to prepare HTC for fast-growing business opportunities.
- Volume grew to 24.6mn from 11.7mn, up 111% yoy.
- Revenue grew to NT\$278.8bn from NT\$144.5bn, up 93% compared to 2009.
- Net Profit grew to NT\$39.5bn from NT\$22.6bn, up 75% yoy.

# 2011 GOALS

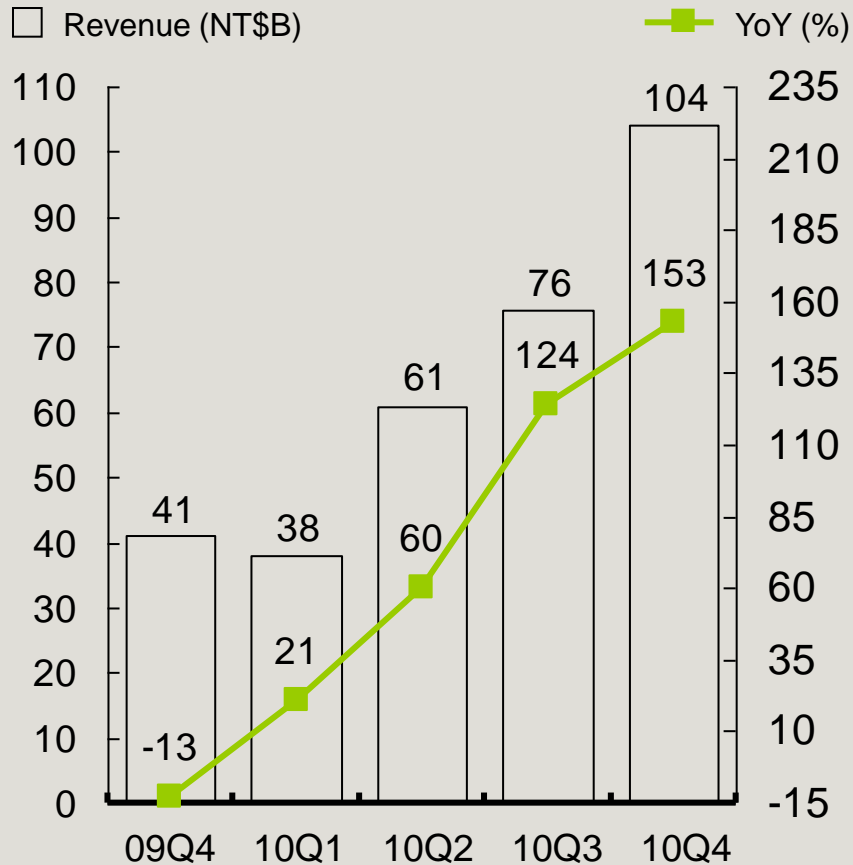
- Strengthen HTC brand value beyond awareness to build brand preference and emotional connection to HTC.
- Continue to build HTC brand competency through innovation, user experience, design, technology, marketing, and customer relationship.
- Continue to drive operational excellence and capture benefits from scale expansion.
- Continue to grow business through expanding emerging markets and broadening consumer reach.

# 4Q10 BUSINESS REVIEW

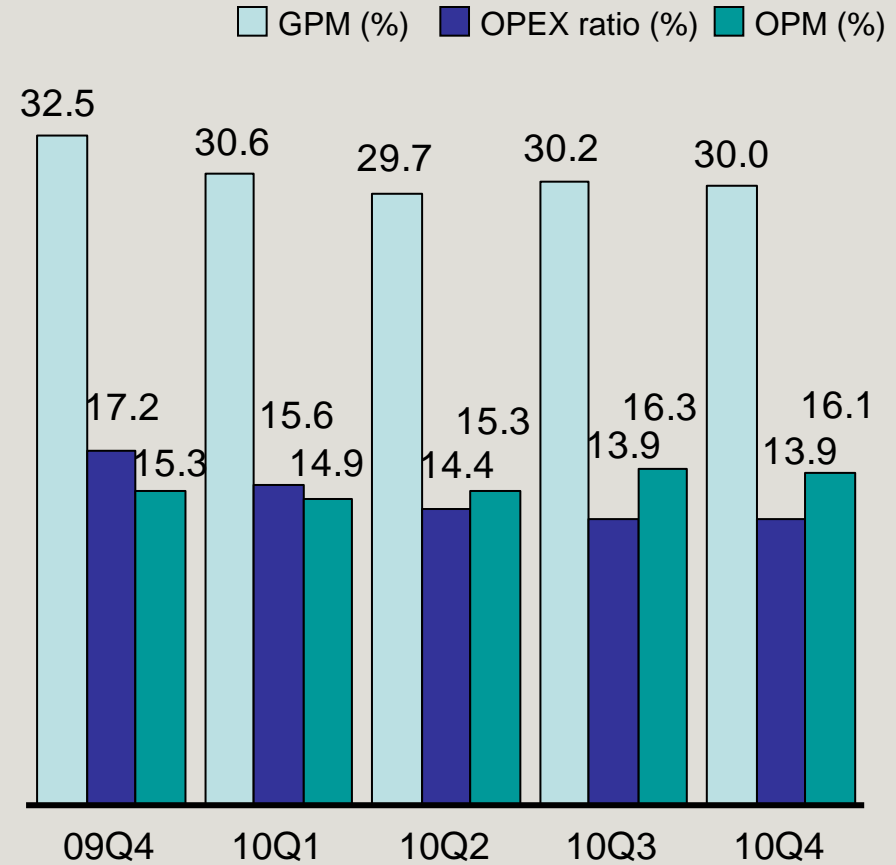
- 4Q shipment grew 163% yoy to 9.1mn units.
- 4Q revenue reached NT\$104bn, up 153% yoy, better than original guidance.
- 4Q GPM in line with original guidance at 30%.
- 4Q OPEX ratio in line with original guidance at 13.9%; 4Q operating margin reached 16.1%.

# REVENUE & MARGIN

## Revenue



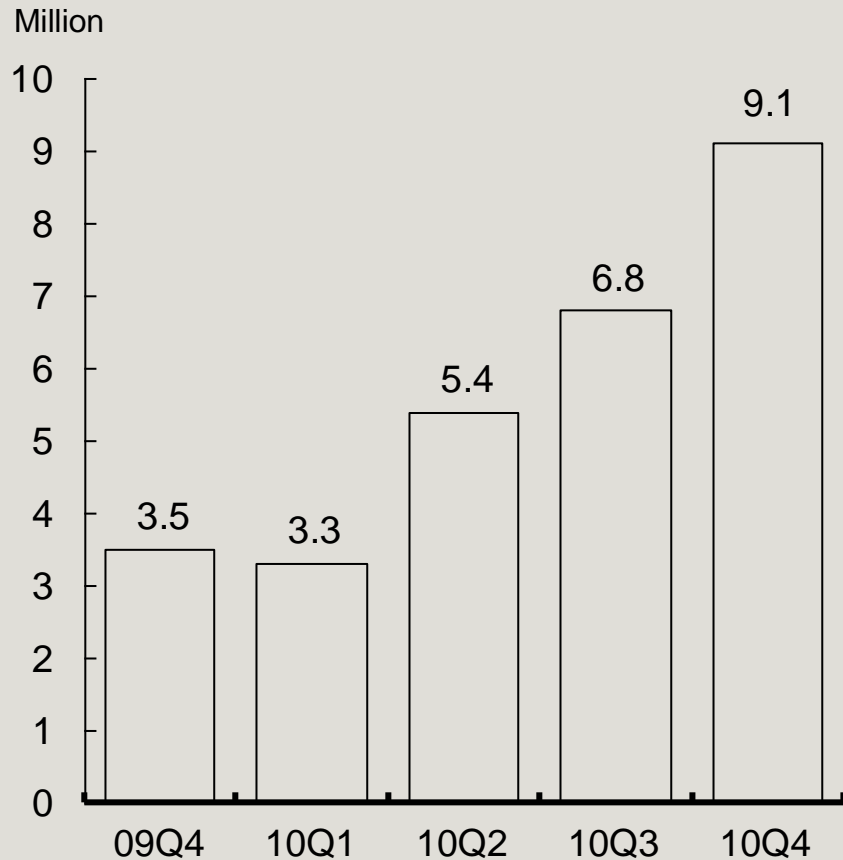
## Margin



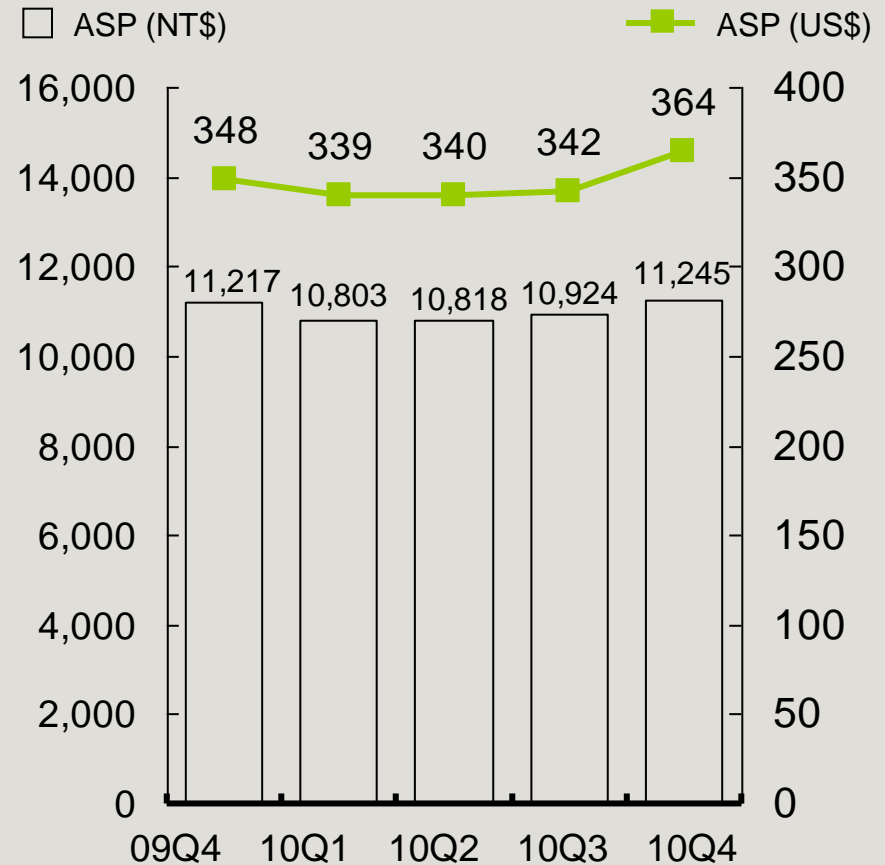
\* All numbers above are based on consolidated financial statements.

# SHIPMENT & AVERAGE SELLING PRICE

## Shipment



## Average selling price



\* ASP (US\$) is translated into US dollar at the average exchange rate for each quarter.  
Exchange rates for 4Q09 to 4Q10 are 32.22, 31.86, 31.77, 31.92 and 30.91 respectively.

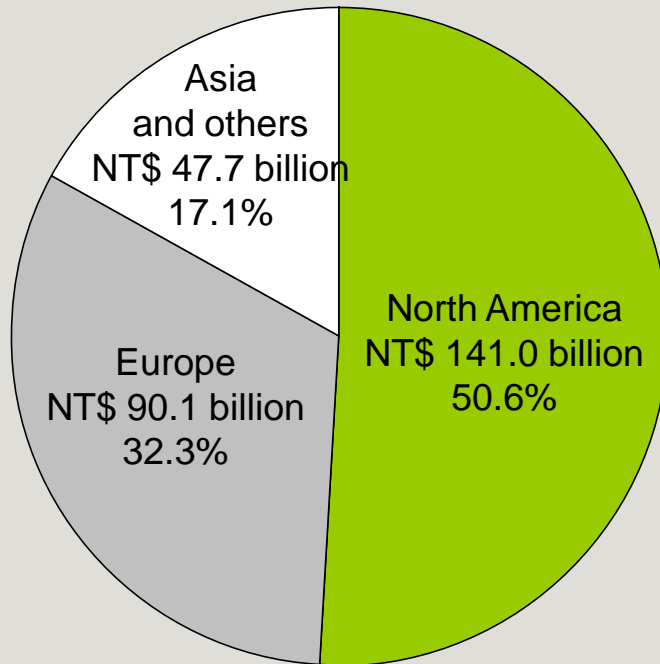
\*\* All numbers above are on consolidated basis.



# 2010 REVENUE BREAKDOWN BY AREA, SHIPMENT & ASP

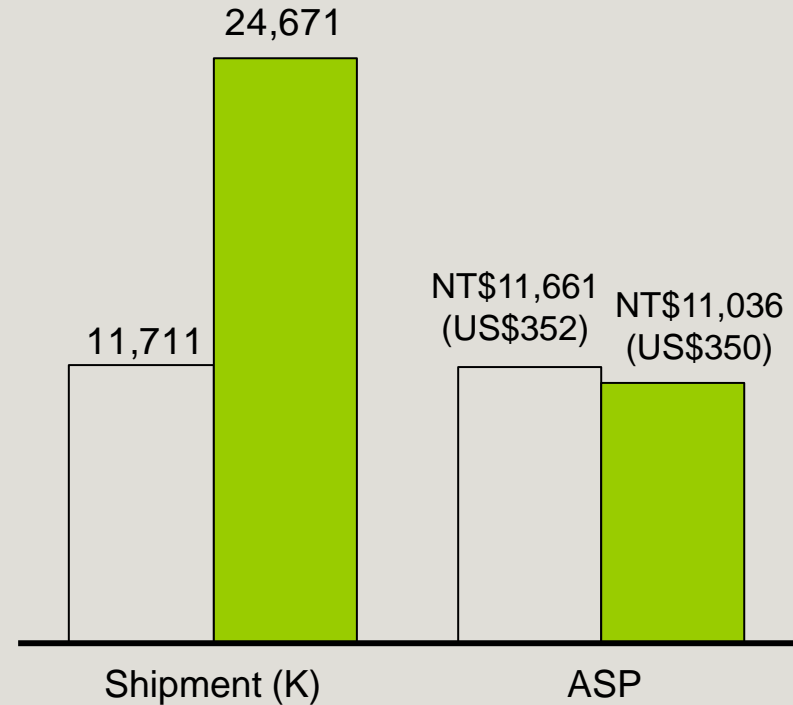
## Revenue Breakdown by Area

100% = NT\$ 278.8 billion



## Shipment and ASP

□ 2009 ■ 2010



# MANAGEMENT INITIATIVES

- Followed by our industry first 4G offerings for Sprint and T-Mobile in 2010, we further launched the first 4G smart phones for both Verizon (HTC Thunderbolt) and AT&T (HTC Inspire 4G) at the CES, continuing our leadership in commercializing the mobile internet experience into the 4G era.
- HTC Desire family and Wildfire have successfully boosted our Europe/Asia business momentum since 2nd half of 2010; management will continue to drive US/Europe growth and start accelerating Asia business momentum from 2011.

# 1Q11 BUSINESS OUTLOOK

- We continue to see strong demand from existing products and expect recently launched 4G products to help drive shipment growth in 2011.
- Demand remains visible and solid; management expects a relatively muted seasonal slowdown than previous years.
- 1Q shipment expected to be around 8.5mn units, up 157% yoy.
- 1Q revenue expected to be around NT\$94bn, up 147% yoy.
- GPM expected to be around 29.5%±0.5%.
- OPEX ratio expected to be in the range of 14.5%± 0.5%.

## 4Q10 P&L (CONSOLIDATED)

NT\$bn	4Q 09	3Q 10	4Q 10	QOQ	YOY	2010	YOY
REVENUES	41.07	75.85	<b>104.01</b>	37.1%	153.3%	278.76	92.9%
<u>GROSS PROFIT</u>	<u>13.34</u>	<u>22.93</u>	<u><b>31.21</b></u>	<u>36.1%</u>	<u>134.0%</u>	<u>83.87</u>	<u>81.7%</u>
<u>RSGA EXPENSE</u>	<u>7.05</u>	<u>10.53</u>	<u><b>14.50</b></u>	<u>37.7%</u>	<u>105.7%</u>	<u>39.74</u>	<u>84.5%</u>
NOP	6.29	12.40	<b>16.72</b>	34.8%	165.8%	44.13	79.2%
NPBT	6.29	12.67	<b>16.79</b>	32.5%	166.9%	44.96	77.1%
NPAT <sup>1</sup>	5.53	11.10	<b>14.80</b>	33.3%	167.4%	39.53	74.9%
GPM (%)	32.5%	30.2%	<b>30.0%</b>			30.1%	
RSGA RATIO (%)	17.2%	13.9%	<b>13.9%</b>			14.3%	
EPS <sup>2</sup> (NT\$)	7.01	13.61	<b>18.26</b>			48.49	

1 Attributable to stockholders of parent company, excluding minority interest.

2 EPS was calculated based on number of outstanding shares at that time.

# 4Q10 BALANCE SHEETS (CONSOLIDATED)

NT\$bn	Dec 31, 09	Sept 30, 10	Dec 31, 10	QOQ	YOY
TOTAL ASSETS	119.43	152.73	190.38	24.7%	59.4%
CASH <sup>1</sup>	67.14	68.88	74.90	8.7%	11.6%
AR	27.13	45.29	61.61	36.1%	127.1%
INVENTORY	6.04	17.30	26.41	52.6%	337.6%
OTHER ASSETS	19.13	21.26	27.45	29.1%	43.5%
TOTAL LIABILITIES	53.75	88.28	115.67	31.0%	115.2%
TOTAL EQUITY <sup>2</sup>	65.64	64.46 <sup>3</sup>	74.71 <sup>4</sup>	15.9%	13.8%

1 Includes cash equivalents.

2 Attributable to stockholders of parent company, excluding minority interest.

3 After the deduction of share buyback NT\$2.865bn.

4 After the deduction of share buyback NT\$3.986bn.

htc  
*quietly brilliant*