

# HTC CORPORATION

## 4Q BUSINESS REVIEW

WINSTON YUNG  
CFO

JOEY CHENG  
Director of Investor Relations

February 6<sup>th</sup>, 2012

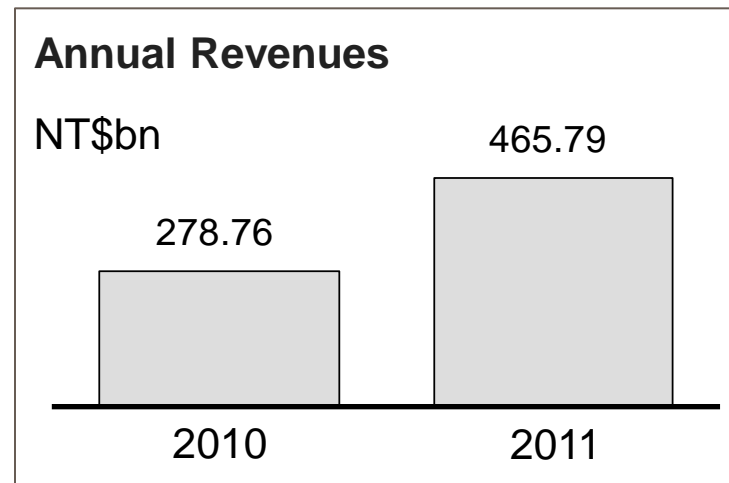
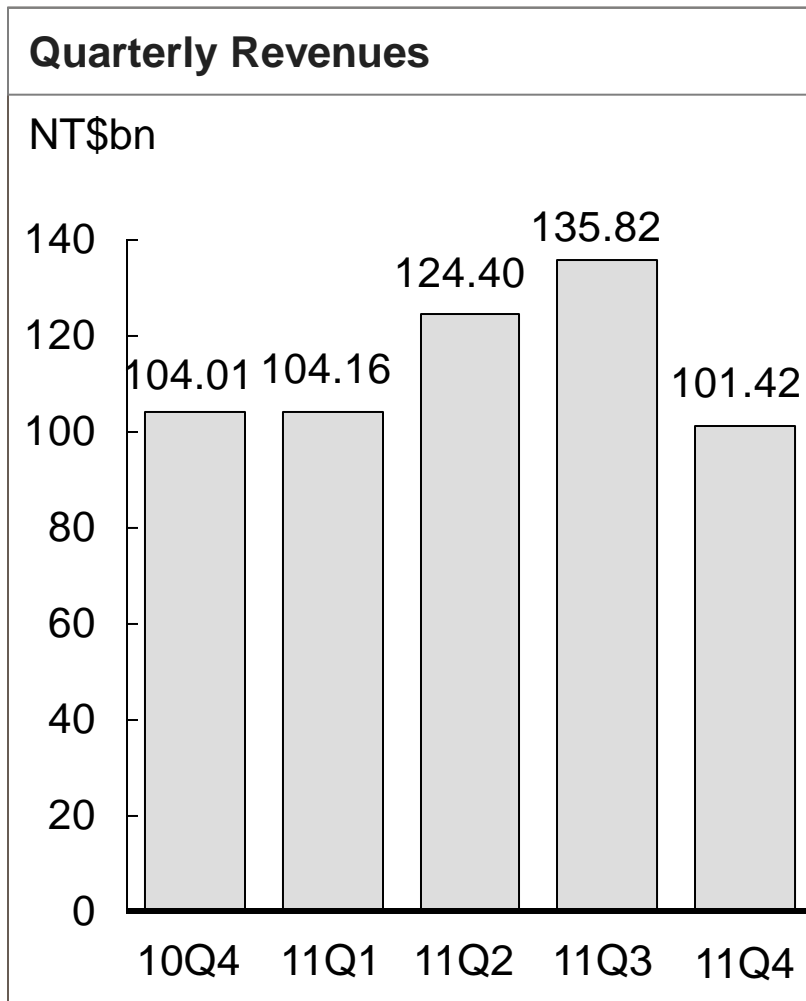
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# EXECUTIVE SUMMARY

- 4Q financial highlights:
  - Revenue was NT\$101.42bn, down 2.49% yoy
  - Net income reached NT\$10.94bn with gross and operating margin at 27.12% and 12.71%, respectively
- 2011 business summary:
  - Revenue grew to NT\$465.79bn from NT\$278.76bn, up 67.09% yoy
  - Net Profit grew to NT\$61.98bn from NT\$39.53bn, up 56.77% yoy
- 2012 goals
  - Continue HTC leadership in design, innovation and technology
  - Continue to develop mass market opportunity
  - Drive operational efficiency
  - Invest in emerging markets to expand brand awareness and distribution channels

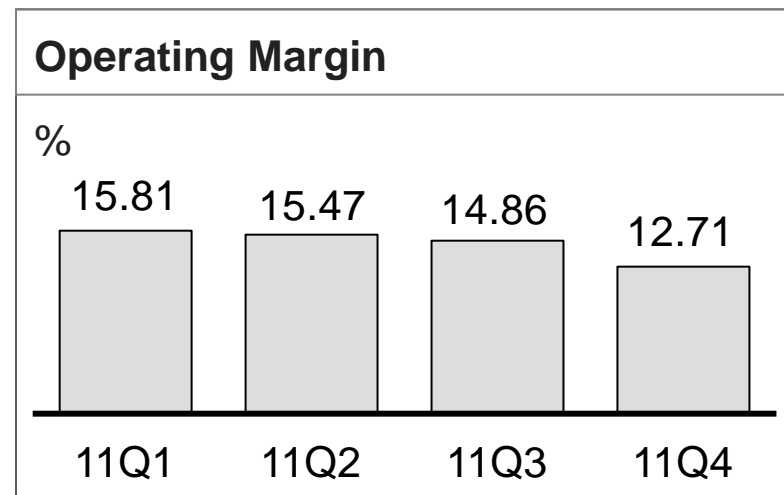
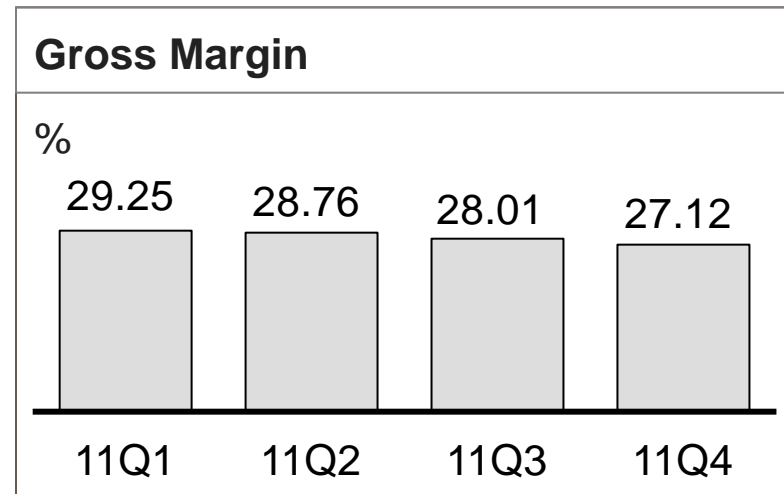
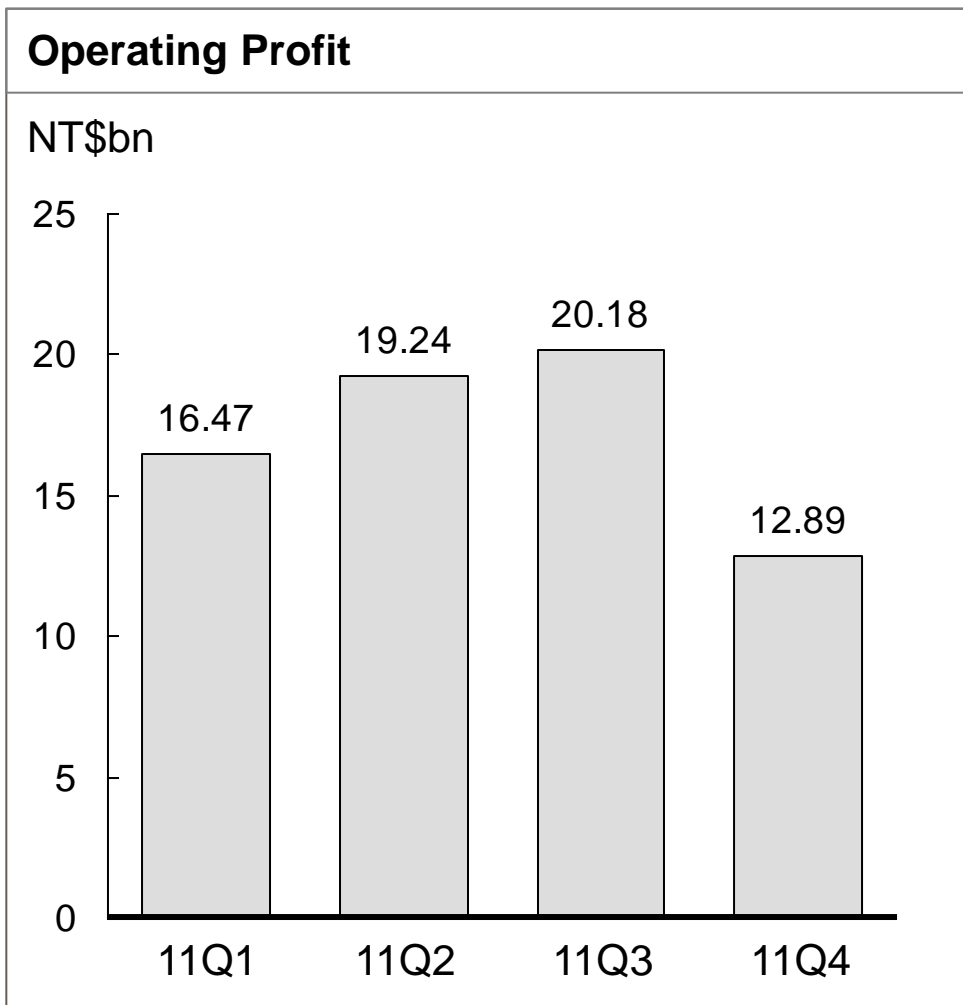
# REVENUES



## Comments

- Revenue for 4Q was NT\$101.42bn, down 2.49% yoy
- Revenue for 2011 was NT\$465.79bn, up 67.09% yoy

# OPERATING PROFIT AND MARGINS



# 4Q11 P&L (CONSOLIDATED)

NT\$bn	4Q 10	3Q 11	4Q 11	QoQ	YoY
REVENUES	104.01	135.82	<b>101.42</b>	-25.33%	-2.49%
GROSS PROFIT	31.21	38.05	<b>27.50</b>	-27.72%	-11.88%
RSGA EXPENSE	14.50	17.87	<b>14.61</b>	-18.24%	0.78%
NOP	16.72	20.18	<b>12.89</b>	-36.11%	-22.86%
NPBT	16.79	21.28	<b>13.12</b>	-38.34%	-21.82%
NPAT <sup>1</sup>	14.80	18.68	<b>10.94</b>	-41.40%	-26.04%
GPM (%)	30.01%	28.02%	<b>27.12%</b>		
RSGA RATIO (%)	13.94%	13.16%	<b>14.41%</b>		
EPS <sup>2</sup> (NT\$)	18.26	22.07	<b>13.06</b>		
<b><i>Profitability Metrics</i></b>					
ROA (%)	26	30	28		
ROE (%)	56	82	70		

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

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

# 4Q11 BALANCE SHEET (CONSOLIDATED)

NT\$bn	Dec 31, 10	Sept 30, 11	Dec 31, 11	QoQ	YoY
TOTAL ASSETS	190.38	261.42	<b>254.59</b>	-2.61%	33.73%
CASH	74.46	104.82	<b>87.50</b>	-16.52%	17.51%
AR	61.61	74.37	<b>64.72</b>	-12.98%	5.04%
INVENTORY	26.41	31.87	<b>28.43</b>	-10.78%	7.64%
OTHER ASSETS	27.89	50.36	<b>73.94</b>	46.82%	165.11%
TOTAL LIABILITIES	115.67	170.61	<b>152.17</b>	-10.80%	31.56%
TOTAL EQUITY <sup>1</sup>	74.71	90.81	<b>101.43</b>	11.69%	35.75%
<b><i>METRICS</i></b>					
DAYS SALES OUTSTANDING	59	52	<b>51</b>		
INVENTORY TURNOVER DAYS	36	35	<b>35</b>		
DAYS PAYABLE OUTSTANDING	84	81	<b>78</b>		

<sup>1</sup> Attributable to stockholders of parent company, excluding minority interest.

# 1Q12 BUSINESS OUTLOOK

- 1Q revenue is expected to be around NT\$65-70bn due to product transition.
- Gross and operating margins are likely to be low for 1Q (one-time) as price erodes amid product transition. 1Q gross margin is expected to be around 25.0%. 1Q operating margin is expected to be around 7.5%. We expect margins to normalize when product transition is over.
- Despite short-term difficulties, momentum will resume in the upcoming product cycle driven by HTC's brand strength, innovation, and design/engineering capabilities



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