

# HTC CORPORATION

## 1Q 2012 BUSINESS REVIEW

CHIALIN CHANG  
CFO

JOEY CHENG  
Director of Investor Relations

April 24, 2012

# 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.

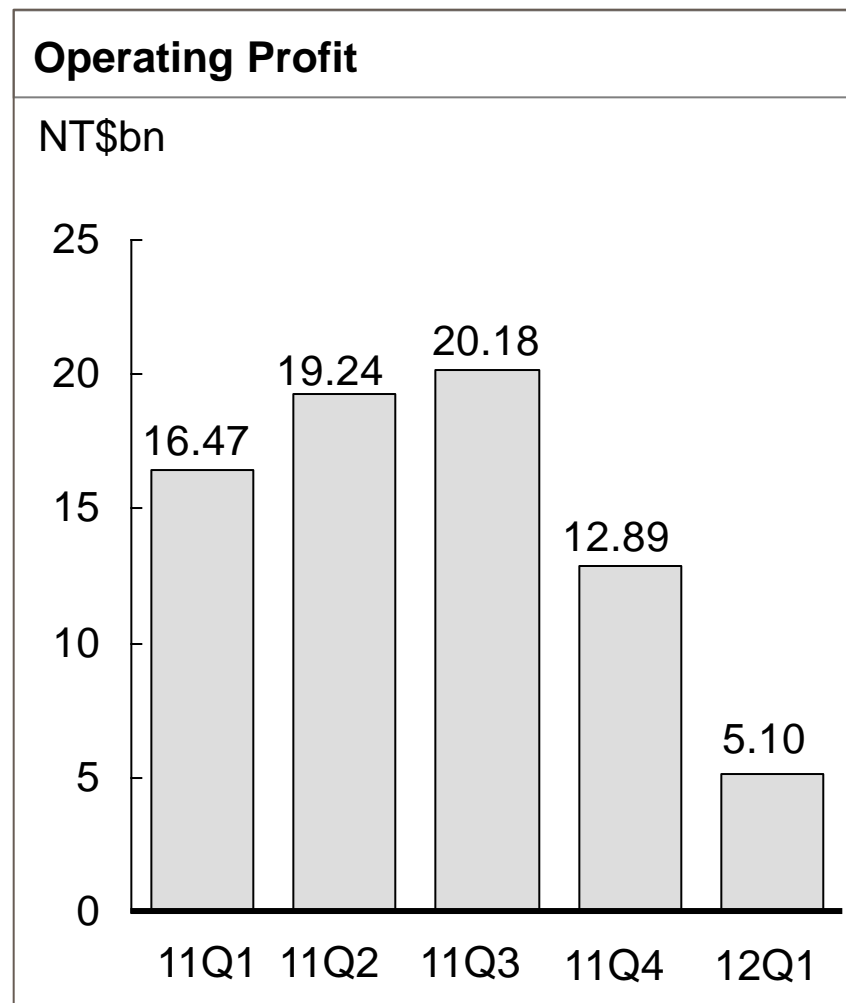
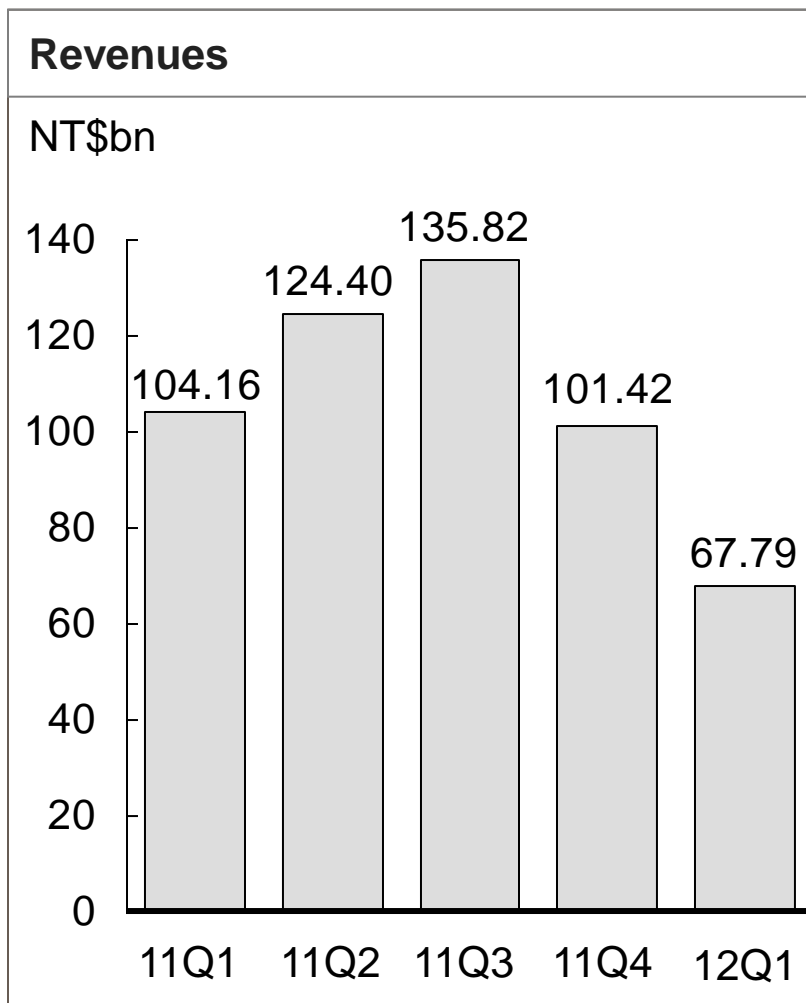
# EXECUTIVE SUMMARY

- 1Q 2012 financial highlights
  - Revenue was NT\$67.79bn
  - Gross margin and operating margin were 25.03% and 7.53%, respectively
  - Net income was NT\$4.47bn
  - Revenue decline result of product transition cycle, gross margin impacted by margins of older products, lowered scale contributing to lower operating margin
- HTC One family launched at MWC on Feb. 26<sup>th</sup>
  - Featuring iconic design, amazing camera & authentic sound to strengthen emotional connection
  - Simple, human, and well-crafted product design generated “WOW” factor
  - Provides superior performance without battery life compromise
  - Extends the HTC premium experience to the car and living room
- HTC One product availability & marketing campaign begins globally in April
  - One global message delivered through worldwide operator and retail channels, TV ad & other media
  - Strong customer endorsement with more than 140 global operators and distributor partnerships
  - A holistic approach (product, sales & marketing) to expand HTC brand equity & preference
- Awards and honors bestowed on HTC One family since unveiling
  - **Best Smartphone at MWC** (HTC One X) from *Laptop magazine*, 2012
  - **Best in Show at MWC** (HTC One X) from *Tom’s Hardware*, 2012
  - **Ultimate Smartphone** and **Best of MWC** (HTC One) from *Computeractive*, 2012

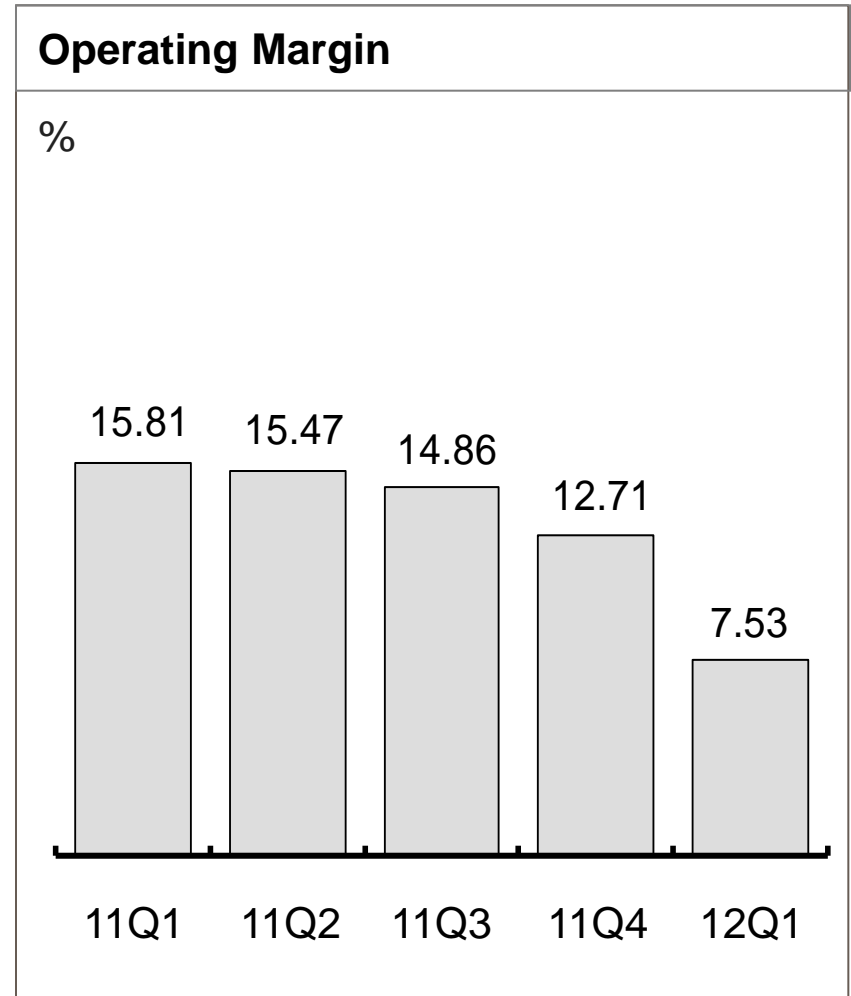
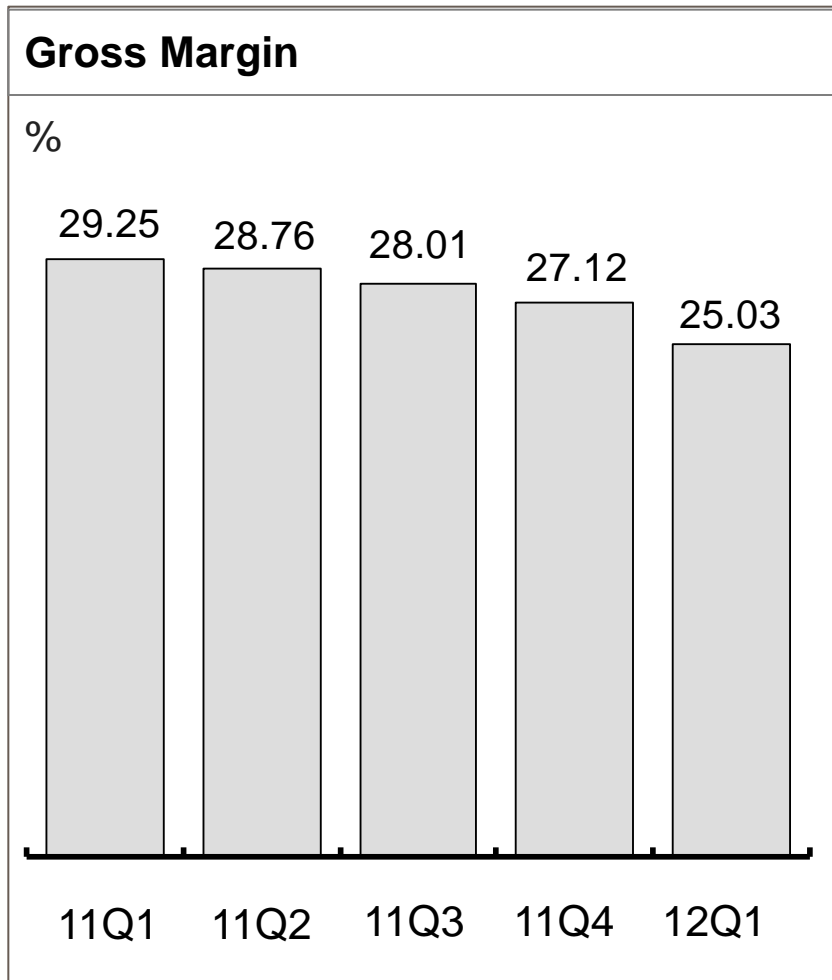
# EXECUTIVE SUMMARY

- Positive feedback for the HTC One family since launch
  - “There's absolutely no doubt that the One X is a masterpiece of an Android device” – from Engadget
  - “...It's certainly one of the fastest cameras we've used.” – Chris Davies, SlashGear
  - “...HTC has created a powerful iPhone rival that looks to have earned its flagship status.” – Stuff.TV
  - “I particularly like the way the screen curves at the edges and the white matte back, which is made out of polycarbonate...One X felt more solidly built when I held it in my hands” -- Joanna Stern, ABC News
  - “The best of what's new in mobile phones” from CNN Money
  - “HTC One X (camera)... topped the table”- from Recombu
- HTC One family and HTC EVO 4G LTE broadly cover US smartphone market
  - Super fast 4G speed with no compromise on HTC iconic design & enhanced battery life
  - HTC One family will be available at AT&T & T-Mobile, offering LTE & HSPA+ 4G high speed networks
  - Debut of HTC EVO 4G LTE brings award winning-EVO brand to Sprint's next generation LTE network
- HTC One & Desire V series increase availability of the HTC premium experience in China
  - HTC One will be available through China Mobile TD network as well as retail channels
  - Desire V series brings HTC premium experience to the vastly growing Chinese mass smartphone market
  - Desire V series' wide availability through all Chinese operators further solidify our operator relations in China
- HTC J demonstrates our commitment to Japanese smartphone market
  - Bringing KDDI with HTC amazing camera, authentic sound, bundled with Beats urBeats in-ear headphone
  - Customized local features such as FeliCa mobile wallet and 1-SEG mobile TV
  - Extending HTC iconic design on color and material, bringing Japanese-styled look and feel

# REVENUES AND OPERATING PROFIT



# GROSS AND OPERATING MARGINS



# 1Q 2012 P&L (CONSOLIDATED)

NT\$bn	1Q 11	4Q 11	1Q 12	QoQ	YoY
REVENUES	104.16	101.42	<b>67.79</b>	-34.3%	-34.9%
GROSS PROFIT	30.47	27.50	<b>16.97</b>	-38.3%	-44.3%
OPERATING EXPENSE	<u>14.00</u>	<u>14.61</u>	<u><b>11.87</b></u>	-18.8%	-15.2%
SALES MKTING.	8.82	10.47	<b>6.72</b>	-35.8%	-23.8%
RESEARCH DEV.	3.95	2.22	<b>3.43</b>	54.7%	-13.3%
GENERAL ADM.	1.23	1.93	<b>1.72</b>	-11.0%	40.0%
OPERATING PROFIT	16.47	12.89	<b>5.10</b>	-60.4%	-69.0%
NPBT	17.05	13.12	<b>5.56</b>	-57.7%	-67.4%
NPAT <sup>1</sup>	14.83	10.94	<b>4.47</b>	-59.2%	-69.9%
GROSS MARGIN (%)	29.25%	27.12%	<b>25.03%</b>	-2.1%	-4.3%
OPERATING MARGIN (%)	15.81%	12.71%	<b>7.53%</b>	-5.2%	-8.3%
EPS <sup>2</sup> (NT\$)	18.36	13.06	<b>5.35</b>	-59.0%	-70.9%

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

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

# 1Q 2012 BALANCE SHEET (CONSOLIDATED)

NT\$bn	Mar 31, 11	Dec 31, 11	Mar 31, 12	QoQ	YoY
TOTAL ASSETS	221.68	254.59	<b>234.34</b>	-8.0%	5.7%
CASH	94.83	87.50	<b>79.59</b>	-9.0%	-16.1%
AR	61.76	64.72	<b>52.33</b>	-19.2%	-15.3%
INVENTORY	29.72	28.43	<b>28.99</b>	2.0%	-2.4%
OTHER ASSETS	35.37	73.94	<b>73.43</b>	-0.7%	107.6%
TOTAL LIABILITIES	131.85	152.17	<b>131.68</b>	-13.5%	-0.1%
TOTAL EQUITY <sup>1</sup>	89.83	101.43	<b>101.61</b>	0.2%	13.1%
<b><i>METRICS</i></b>					
DAYS SALES OUTSTANDING	55	51	<b>81</b>		
INVENTORY TURNOVER DAYS	39	35	<b>60</b>		
DAYS PAYABLE OUTSTANDING	81	78	<b>134</b>		

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



## 2Q 2012 BUSINESS OUTLOOK

- Revenue is expected to be around NT\$105bn
- Gross margin is expected to be around 27%
- Operating margin is expected to be around 11%

htc  
*quietly brilliant*

htc  
*quietly brilliant*