

MediaTek Inc. Reports Second Quarter 2013 Consolidated Results

- **2Q13 consolidated revenue NT\$33,276 million, up 38.8% from previous quarter**
- **2Q13 consolidated gross margin 43.2%, up 1.1 percentage points from previous quarter**
- **2Q13 consolidated operating income NT\$5,888 million, up 90.7% from previous quarter**
- **2Q13 consolidated net income NT\$6,716 million; EPS NT\$5.01**

Consolidated Revenue:

MediaTek Inc. today announced financial results of second-quarter ended June 30, 2013. Second quarter revenue was NT\$33,276 million, up 38.8% sequentially, and up 42.0% year-over-year. Second quarter revenue growth was mainly driven by seasonal growth from all business lines, out of which smartphone and tablet had relatively stronger growth.

Consolidated Gross Profit and Gross Margin:

The second-quarter gross profit was NT\$14,385 million, up 42.6% sequentially, and up 50.5% year-over-year. Gross margin for the quarter was 43.2%, up 1.1 percentage points sequentially and up 2.4 percentage points year-over-year. The increase of gross margin was mainly due to an increase of high-end product mix.

Consolidated Operating Expenses (including employee profit sharing expenses):

Operating expenses for the quarter was NT\$8,497 million (25.5% of revenue), compared with NT\$7,003 million (29.2% of revenue) in the previous quarter, and NT\$6,807 million (29.0% of revenue) in the same period last year. The increase of operating expenses compared with the previous quarter and the year-ago quarter was mainly due to revenue growth. Operating expenses for the quarter included:

- R&D expenses of NT\$6,516 million (19.6% of revenue), increased from NT\$5,491 million in 1Q13, and increased from NT\$5,324 million in 2Q12.
- Selling expenses of NT\$1,101 million (3.3% of revenue), increased from NT\$849 million in 1Q13, and increased from NT\$757 million in 2Q12.
- Administration expenses of NT\$880 million (2.6% of revenue), increased from NT\$662 million in 1Q13, and increased from NT\$726 million in 2Q12.

Consolidated Operating Profit and Operating Margin:

Operating profit for the quarter was NT\$5,888 million, up 90.7% sequentially, and up 114.0% year-over-year. Operating margin for the quarter was 17.7%, increased from 12.9% in the previous quarter, and increased from 11.7% in the year-ago quarter.

Consolidated Non-operating Income (loss) and Income Tax:

Non-operating income of NT\$1,256 million, or 3.8% of revenue, was mainly from interest income and investment income (including MStar investment income of approximately NT\$500 million). Income tax expense for the quarter was NT\$427 million.

Consolidated Net Income and Net Profit Margin and EPS:

Net income was NT\$6,716 million, up 79.8% sequentially, and up 82.9% year-over-year. Net profit margin for the quarter was 20.2%, increased from 15.6% in the previous quarter, and increased from 15.7% in the year-ago quarter. EPS was NT\$5.01, compared with NT\$2.79 in the prior quarter and NT\$3.23 in the year-ago quarter.

Consolidated Cash and Financial Assets-Current:

Cash and financial assets-current at the end of the quarter was NT\$112,749 million. This represents 47.5% of the company's total assets. Cash and financial assets-current was NT\$98,749 million and NT\$100,842 million at the end of previous quarter and the year-ago quarter, respectively. Financial assets-current portfolio includes mutual funds, bonds, and derivatives.

Consolidated Accounts Receivable:

Accounts receivable (net) at the end of the quarter was NT\$ 10,389 million. The accounts receivable turnover was 24 days based on quarterly average net receivables divided by annualized net revenue. The turnover was lower than 25 days last quarter, and 29 days in the year-ago quarter.

Consolidated Inventory:

Net inventory was NT\$10,956 million at the end of the quarter. The inventory turnover was 57 days based on quarterly average inventory divided by annualized cost of goods sold. The turnover was lower than 88 days in the last quarter, and 69 days in the year-ago quarter.

Consolidated Cash Flow from Operations:

Cash flow from operations during the quarter was NT\$9,921 million, an increase of NT\$3,057 million from the prior quarter and an increase of NT\$3,765 million from the year-ago quarter.

Earnings Webcast

MediaTek will hold a public webcast today (August 2) at 2:00 p.m. Taipei Time in Mandarin, and at 4:00 p.m. in English. A live webcast of the conference call will be available through the Investor Relations section of the MediaTek website. Investors who want to raise questions may use the toll number attached below.

Schedule and Webcast Links:

Time

2:00 – 3:00 p.m. (Taiwan Time): In Mandarin

(http://www.mzcan.com/cancast/taiwan/index.php?id=tw2454_61&version=e)

4:00 – 5:00 p.m. (Taiwan Time): In English

(http://www.mzcan.com/cancast/taiwan/index.php?id=tw2454_60&version=e)

Dial-in Number: +852 3027 5500

(Password: **898604#**)

About MediaTek Inc.

MediaTek Inc. is a leading fabless semiconductor company for wireless communications and digital multimedia solutions. The company is a market leader and pioneer in cutting-edge SOC system solutions for wireless communications, high-definition TV, optical storage, and DVD and Blu-ray products. Founded in 1997 and listed on Taiwan Stock Exchange under the code "2454", MediaTek is headquartered in Taiwan and has sales or research subsidiaries in Mainland China, Singapore, India, U.S., Japan, Korea, Denmark, England, Sweden and Dubai. For more information, please visit MediaTek's website at www.mediatek.com

MediaTek Inc. Q2 FY13 Consolidated Income Statement

(In NT\$ millions, except per share amounts)

	2Q13	1Q13	2Q12	Q-Q	Y-Y
Net Revenue	33,276	23,974	23,440	38.8%	42.0%
Cost of Goods Sold	(18,891)	(13,884)	(13,882)		
Gross Profit	14,385	10,090	9,558	42.6%	50.5%
Selling expenses	(1,101)	(849)	(757)		
Administration expenses	(880)	(662)	(726)		
R&D expenses	(6,516)	(5,491)	(5,324)		
Operating Expenses	(8,497)	(7,003)	(6,807)		
Operating Income	5,888	3,087	2,751	90.7%	114.0%
Net Non-operating Income	1,256	835	1,487		
Income Before Income Tax	7,143	3,922	4,238		
Income tax expense	(427)	(186)	(565)		
Consolidated Net Income	6,716	3,736	3,672	79.8%	82.9%
EPS Attributable to the Parent(NT\$)	5.01	2.79	3.23		

Note: Numbers do not add up due to rounding.

Q2 FY13 Supplemental Information: Percentage of Revenue

	2Q13	1Q13	2Q12
Gross profit	43.2%	42.1%	40.8%
R&D expenses	(19.6 %)	(22.9 %)	(22.7 %)
Selling expenses	(3.3 %)	(3.5 %)	(3.2 %)
Administration expenses	(2.6 %)	(2.8 %)	(3.1 %)
Operating profit	17.7%	12.9%	11.7%
Non-operating income	3.8%	3.5%	6.3%
Income tax expense	(1.3 %)	(0.8 %)	(2.4 %)
Net profit	20.2%	15.6%	15.7%

Note: Numbers do not add up due to rounding.

MediaTek Inc. Consolidated Balance Sheet

(In NT\$ millions)

	2Q13	1Q13	2Q12
Cash & Financial assets-current	112,749	98,749	100,842
Accounts receivable	10,389	6,795	7,659
Inventories	10,956	12,844	11,074
Funds and investments	67,469	67,680	8,659
Intangible assets	15,481	15,600	17,125
Total assets	237,353	219,650	161,205
Short-term loans	16,114	12,785	12,199
Accounts payable	10,873	7,373	10,280
Other current liabilities	29,871	15,088	25,540
Long-term liabilities & Other liabilities	2,143	1,943	1,736
Stockholders' equity	178,353	182,462	111,450

MediaTek Inc. Consolidated Cash Flow Summary

(In NT\$ millions)

	2Q13	1Q13	2Q12
Cash flow from operations	9,921	3,057	3,765
Cash flow from investing	(751)	74	(413)
Cash flow from financing	3,305	3,734	4,660
Effect of exchange rate changes	659	1,358	601
Net increase in cash & equivalents	13,134	8,224	8,613
Cash & equivalents at quarter end	107,225	94,091	95,061

Note: Numbers do not add up due to rounding.