

MediaTek Inc. Reports Fourth Quarter 2013 and Full Year 2013 Consolidated Results

- 4Q13 consolidated revenue NT\$39,798 million, up 2.0% from previous quarter
- 4Q13 consolidated gross margin 45.7%, up 1.8 percentage points from previous quarter
- 4Q13 consolidated operating income NT\$8,403 million, up 6.8% from previous quarter
- 4Q13 consolidated net income NT\$8,616 million; EPS NT\$6.43
- 2013 consolidated revenue NT\$136,056 million; EPS of NT\$20.51

Consolidated Revenue:

MediaTek Inc. today announced financial results of fourth-quarter ended December 31, 2013. Fourth quarter revenue was NT\$39,798 million, up 2.0% sequentially, and up 48.8% year-over-year. The sequential revenue growth was mainly driven by increasing demand for smartphone and tablet. Annual revenue totaled NT\$136,056 million.

Consolidated Gross Profit and Gross Margin:

The fourth-quarter gross profit was NT\$18,190 million, up 6.1% sequentially, and up 63.9% year-over-year. Gross margin for the quarter was 45.7%, up 1.8 percentage points sequentially and up 4.2 percentage points year-over-year. The sequential increase was mainly due to favorable smartphone product mix.

Gross profit of the year amounted to NT\$59,806 million (gross margin: 44.0%).

Consolidated Operating Expenses (including employee profit sharing expenses):

Operating expenses for the quarter was NT\$9,787 million (24.6% of revenue), compared with NT\$9,274 million (23.8% of revenue) in the previous quarter, and NT\$7,596 million (28.4% of revenue) in the same period last year. The sequential increase in operating expenses was mainly due to seasonal higher operating expenses towards year-end.

Operating expenses for the quarter included:

- R&D expenses of NT\$7,372 million (18.5% of revenue), increased from NT\$7,075 million in 3Q13, and increased from NT\$5,927 million in 4Q12.
- Selling expenses of NT\$1,407 million (3.5% of revenue), increased from NT\$1,205 million in 3Q13, and increased from NT\$858 million in 4Q12.
- Administration expenses of NT\$1,009 million (2.5% of revenue), increased from NT\$995 million in 3Q13, and increased from NT\$811 million in 4Q12.

Full-year 2013 operating expense was NT\$34,562 million (25.4% of revenue).

Consolidated Operating Profit and Operating Margin:

Operating profit for the quarter was NT\$8,403 million, up 6.8% sequentially, and up 140.0% year-over-year. Operating margin for the quarter was 21.1%, increased from 20.2% in the previous quarter, and increased from 13.1% in the year-ago quarter.

Operating profit of the year was NT\$25,244 million (operating margin: 18.6%).

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

Non-operating income of NT\$1,044 million, or 2.6% of revenue, was mainly from interest income and investment income. Income tax expense for the quarter was NT\$830 million.

Net non-operating income of the year amounted to NT\$4,303 million.

Consolidated Net Income and Net Profit Margin and EPS:

Net income was NT\$8,616 million, up 2.4% sequentially, and up 92.4% year-over-year. Net profit margin for the quarter was 21.6%, same as 21.6% in the previous quarter, and increased from 16.8% in the year-ago quarter. EPS was NT\$6.43, compared with NT\$6.28 in the prior quarter and NT\$3.67 in the year-ago quarter.

Full year 2013 net income was NT\$27,485 million. Accumulated EPS was NT\$20.51 for the year.

Consolidated Cash and Financial Assets-Current:

Cash and financial assets-current at the end of the quarter was NT\$139,219 million. This represents 53.8% of the company's total assets. Cash and financial assets-current was NT\$113,192 million and NT\$90,590 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\$ 7,628 million. The accounts receivable turnover was 21 days based on quarterly average net receivables divided by annualized net revenue. The turnover was lower than 25 days last quarter, and 25 days in the year-ago quarter.

Consolidated Inventory:

Net inventory was NT\$9,244 million at the end of the quarter. The inventory turnover was 47 days based on quarterly average inventory divided by annualized cost of goods sold. The turnover was lower than 50 days in the last quarter, and 76 days in the year-ago quarter.

Consolidated Cash Flow from Operations:

Cash flow from operations during the quarter was NT\$16,624 million, an increase of NT\$9,971 million from the prior quarter and an increase of NT\$2,647 million from the year-ago quarter.

Earnings Webcast

MediaTek will hold a public webcast today (January 27) 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_64&version=e)

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

(http://www.mzcan.com/cancast/taiwan/index.php?id=tw2454_65&version=e)

Dial-in Number: +886-2-21928016 **Password:** 772239#

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. Q4 FY13 Consolidated Income Statement

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

	4Q13	3Q13	4Q12	Q-Q	Y-Y
Net Revenue	39,798	39,008	26,737	2.0%	48.8%
Cost of Goods Sold	(21,608)	(21,867)	(15,640)		
Gross Profit	18,190	17,140	11,097	6.1%	63.9%
Selling expenses	(1,407)	(1,205)	(858)		
Administration expenses	(1,009)	(995)	(811)		
R&D expenses	(7,372)	(7,075)	(5,927)		
Operating Expenses	(9,787)	(9,274)	(7,596)		
Operating Income	8,403	7,866	3,501	6.8%	140.0%
Net Non-operating Income	1,044	1,169	1,069		
Income Before Income Tax	9,446	9,035	4,570		
Income tax expense	(830)	(619)	(91)		
Consolidated Net Income	8,616	8,416	4,479	2.4%	92.4%
EPS Attributable to the Parent(NT\$)	6.43	6.28	3.67		

Note: Numbers do not add up due to rounding.

Q4 FY13 Supplemental Information: Percentage of Revenue

	4Q13	3Q13	4Q12
Gross profit	45.7%	43.9%	41.5%
Selling expenses	(3.5 %)	(3.1 %)	(3.2 %)
Administration expenses	(2.5 %)	(2.6 %)	(3.0 %)
R&D expenses	(18.5 %)	(18.1 %)	(22.2 %)
Operating profit	21.1%	20.2%	13.1%
Non-operating income	2.6%	3.0%	4.0%
Income tax expense	(2.1 %)	(1.6 %)	(0.3 %)
Net profit	21.6%	21.6%	16.8%

Note: Numbers do not add up due to rounding.

MediaTek Inc. FY13 Consolidated Income Statement

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

	2013	2012	Y-Y
Net Revenue	136,056	99,263	37.1%
Cost of Goods Sold	(76,250)	(58,204)	
Gross Profit	59,806	41,059	45.7%
Selling expenses	(4,562)	(3,115)	
Administration expenses	(3,546)	(2,912)	
R&D expenses	(26,454)	(22,629)	
Operating Expenses	(34,562)	(28,656)	
Operating Income	25,244	12,403	103.5%
Net Non-operating Income	4,303	4,082	
Income Before Income Tax	29,547	16,485	
Income tax expense	(2,062)	(941)	
Consolidated Net Income	27,485	15,545	76.8%
EPS Attributable to the Parent(NT\$)	20.51	12.81	

Note: Numbers do not add up due to rounding.

FY13 Supplement Information: Percentage of Revenue

	2013	2012
Gross profit	44.0%	41.4%
R&D expense	(19.4 %)	(22.8 %)
Selling expenses	(3.4 %)	(3.1 %)
Administration expenses	(2.6 %)	(2.9 %)
Operating profit	18.6%	12.5%
Non-operating income	3.2%	4.1%
Income tax expense	(1.5 %)	(0.9 %)
Net profit	20.2%	15.7%

Note: Numbers do not add up due to rounding.

MediaTek Inc. Consolidated Balance Sheet

(In NT\$ millions)

	4Q13	3Q13	4Q12
Cash & Financial assets-current	139,219	113,192	90,590
Accounts receivable	7,628	11,059	6,585
Inventories	9,244	12,938	13,867
Funds and investments	68,040	66,540	64,966
Intangible assets	15,509	15,332	15,727
Total assets	258,537	238,195	210,407
Short-term loans	29,052	19,760	8,880
Accounts payable	10,944	12,520	9,047
Other current liabilities	21,287	18,690	15,052
Long-term liabilities & Other liabilities	1,902	2,125	1,969
Stockholders' equity	195,353	185,099	175,458

MediaTek Inc. Consolidated Cash Flow Summary

(In NT\$ millions)

	4Q13	3Q13	4Q12
Cash flow from operations	16,624	9,971	2,647
Cash flow from investing	(1,164)	(374)	14
Cash flow from financing	9,310	(8,301)	(1,720)
Effect of exchange rate changes	611	(905)	(220)
Net increase in cash & equivalents	25,381	392	722
Cash & equivalents at quarter end	132,998	107,617	85,867

Note: Numbers do not add up due to rounding.