

MediaTek Inc. Reports First Quarter 2014 Consolidated Results

- **1Q14 consolidated revenue NT\$46,005 million, up 15.6% from previous quarter**
- **1Q14 consolidated gross margin 48.3%, up 2.6 percentage points from previous quarter**
- **1Q14 consolidated operating income NT\$10,813 million, up 28.7% from previous quarter**
- **1Q14 consolidated net income NT\$10,139 million; EPS NT\$6.82**

Consolidated Revenue:

MediaTek Inc. today announced financial results of first-quarter ended March 31, 2014. First quarter revenue was NT\$46,005 million, up 15.6% sequentially, and up 91.9% year-over-year. The sequential and year-over-year increase was mainly due to MStar merger which became effective on February 1, 2014 and smartphone revenue growth.

Consolidated Gross Profit and Gross Margin:

The first-quarter gross profit was NT\$22,226 million, up 22.2% sequentially, and up 120.3% year-over-year. Gross margin for the quarter was 48.3%, up 2.6 percentage points sequentially and up 6.2 percentage points year-over-year. The sequential and year-over-year increase was mainly due to favorable product mix.

Consolidated Operating Expenses (including employee profit sharing expenses):

Operating expenses for the quarter was NT\$11,413 million (24.8% of revenue), compared with NT\$9,787 million (24.6% of revenue) in the previous quarter, and NT\$7,003 million (29.2% of revenue) in the same period last year. The sequential and year-over-year increase was mainly due to MStar merger which became effective on February 1, 2014.

Operating expenses for the quarter included:

- R&D expenses of NT\$8,915 million (19.4% of revenue), increased from NT\$7,372 million in 4Q13, and increased from NT\$5,491 million in 1Q13.
- Selling expenses of NT\$1,134 million (2.5% of revenue), decreased from NT\$1,407 million in 4Q13, and increased from NT\$849 million in 1Q13.
- Administration expenses of NT\$1,363 million (3.0% of revenue), increased from NT\$1,009 million in 4Q13, and increased from NT\$662 million in 1Q13.

Consolidated Operating Profit and Operating Margin:

Operating profit for the quarter was NT\$10,813 million, up 28.7% sequentially, and up 250.3% year-over-year. Operating margin for the quarter was 23.5%, increased from 21.1% in the previous quarter, and increased from 12.9% in the year-ago quarter.

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

Non-operating income of NT\$688 million, or 1.5% of revenue, was mainly from interest income and investment income. Income tax expense for the quarter was NT\$1,362 million.

Consolidated Net Income and Net Profit Margin and EPS:

Net income was NT\$10,139 million, up 17.7% sequentially, and up 171.4% year-over-year. Net profit margin for the quarter was 22.0%, increased from 21.6% in the previous quarter and 15.6% in the year-ago quarter. EPS was NT\$6.82, compared with NT\$6.43 in the prior quarter and NT\$2.79 in the year-ago quarter.

Consolidated Cash and Financial Assets-Current:

Cash and financial assets-current at the end of the quarter was NT\$173,917 million. This represents 58.3% of the company's total assets. Cash and financial assets-current was NT\$139,219 million and NT\$98,749 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\$ 13,572 million. The accounts receivable turnover was 21 days based on quarterly average net receivables divided by annualized net revenue. The turnover was same as 21 days last quarter, and lower than 25 days in the year-ago quarter.

Consolidated Inventory:

Net inventory was NT\$16,649 million at the end of the quarter. The inventory turnover was 50 days based on quarterly average inventory divided by annualized cost of goods sold. The turnover was higher than 47 days in the last quarter, and lower than 88 days in the year-ago quarter.

Consolidated Cash Flow from Operations:

Cash flow from operations during the quarter was NT\$9,140 million, a decrease of NT\$16,624 million from the prior quarter and an increase of NT\$3,057 million from the year-ago quarter.

Earnings Webcast

MediaTek will hold a public webcast today (April 30) 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://mediatek.ic.learn.hinet.net/2014Q1/mediatek.html>)

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

(<http://mediatek-en.ic.learn.hinet.net/2014Q1/mediatek.html>)

Dial-in Number: +886-2-21928016 Password: 624853#

About MediaTek Inc.

MediaTek is a pioneering fabless semiconductor company, and a market leader in cutting-edge systems on a chip for wireless communications, HDTV, DVD and Blu-ray. MediaTek created the world's first octa-core smartphone platform with LTE and our CorePilot technology released the full power of multi-core mobile processors. MediaTek [TSE:2454] is headquartered in Taiwan and has offices worldwide. Please visit www.mediatek.com for more information.

MediaTek Inc. Q1 FY14 Consolidated Income Statement

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

	1Q14	4Q13	1Q13	Q-Q	Y-Y
Net Revenue	46,005	39,798	23,974	15.6%	91.9%
Cost of Goods Sold	(23,779)	(21,608)	(13,884)		
Gross Profit	22,226	18,190	10,090	22.2%	120.3%
Selling expenses	(1,134)	(1,407)	(849)		
Administration expenses	(1,363)	(1,009)	(662)		
R&D expenses	(8,915)	(7,372)	(5,491)		
Operating Expenses	(11,413)	(9,787)	(7,003)		
Operating Income	10,813	8,403	3,087	28.7%	250.3%
Net Non-operating Income	688	1,044	835		
Income Before Income Tax	11,501	9,446	3,922		
Income tax expense	(1,362)	(830)	(186)		
Consolidated Net Income	10,139	8,616	3,736	17.7%	171.4%
EPS Attributable to the Parent(NT\$)	6.82	6.43	2.79		

Note: Numbers do not add up due to rounding.

Q1 FY14 Supplemental Information: Percentage of Revenue

	1Q14	4Q13	1Q13
Gross profit	48.3%	45.7%	42.1%
Selling expenses	(2.5 %)	(3.5 %)	(3.5 %)
Administration expenses	(3.0 %)	(2.5 %)	(2.8 %)
R&D expenses	(19.4 %)	(18.5 %)	(22.9 %)
Operating profit	23.5%	21.1%	12.9%
Non-operating income	1.5%	2.6%	3.5%
Income tax expense	(3.0 %)	(2.1 %)	(0.8 %)
Net profit	22.0%	21.6%	15.6%

Note: Numbers do not add up due to rounding.

MediaTek Inc. Consolidated Balance Sheet

(In NT\$ millions)

	1Q14	4Q13	1Q13
Cash & Financial assets-current	173,917	139,219	98,749
Accounts receivable	13,572	7,628	6,795
Inventories	16,649	9,347	12,844
Funds and investments	10,122	68,040	67,680
Intangible assets	60,584	15,509	15,600
Total assets	298,543	258,637	219,650
Short-term loans	22,101	29,052	12,785
Accounts payable	17,421	10,944	7,373
Other current liabilities	29,008	21,389	15,088
Long-term liabilities & Other liabilities	1,615	1,899	1,943
Stockholders' equity	228,398	195,353	182,462

MediaTek Inc. Consolidated Cash Flow Summary

(In NT\$ millions)

	1Q14	4Q13	1Q13
Cash flow from operations	9,140	16,624	3,057
Cash flow from investing	31,182	(1,164)	74
Cash flow from financing	(7,745)	9,310	3,734
Effect of exchange rate changes	1,424	611	1,358
Net increase in cash & equivalents	34,001	25,381	8,224
Cash & equivalents at quarter end	166,999	132,998	94,091

Note: Numbers do not add up due to rounding.