

## MediaTek Inc. Reports Second Quarter 2014 Consolidated Results

- **2Q14 consolidated revenue NT\$54,133 million, up 17.7% from previous quarter**
- **2Q14 consolidated gross margin 49.6%, up 1.3 percentage points from previous quarter**
- **2Q14 consolidated operating income NT\$12,760 million, up 18.0% from previous quarter**
- **2Q14 consolidated net income NT\$12,549 million; EPS NT\$8.03**

### Consolidated Revenue:

MediaTek Inc. today announced financial results of second-quarter ended June 30, 2014. Second quarter revenue was NT\$54,133 million, up 17.7% sequentially, and up 62.7% year-over-year. The sequential and year-over-year increase was mainly due to MStar revenue recognition as well as revenue growth in smartphone and tablet product lines.

### Consolidated Gross Profit and Gross Margin:

The second-quarter gross profit was NT\$26,824 million, up 20.7% sequentially, and up 86.5% year-over-year. Gross margin for the quarter was 49.6%, up 1.3 percentage points sequentially and up 6.4 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\$14,063 million (26.0% of revenue), compared with NT\$11,413 million (24.8% of revenue) in the previous quarter, and NT\$8,497 million (25.5% of revenue) in the same period last year. The sequential and year-over-year increase was mainly due to MStar expenses recognition, continuous investment in talents and technologies as well as higher expenses associated with higher sales.

Operating expenses for the quarter included:

- R&D expenses of NT\$10,403 million (19.2% of revenue), increased from NT\$8,915 million in 1Q14, and increased from NT\$6,516 million in 2Q13.
- Selling expenses of NT\$2,072 million (3.8% of revenue), increased from NT\$1,134 million in 1Q14, and increased from NT\$1,101 million in 2Q13.
- Administration expenses of NT\$1,589 million (2.9% of revenue), increased from NT\$1,363 million in 1Q14, and increased from NT\$880 million in 2Q13.

### Consolidated Operating Profit and Operating Margin:

Operating profit for the quarter was NT\$12,760 million, up 18.0% sequentially, and up 116.7% year-over-year. Operating margin for the quarter was 23.6%, increased from 23.5% in the previous quarter, and increased from 17.7% in the year-ago quarter.

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

Non-operating income of NT\$1,393 million, or 2.6% of revenue, was mainly from interest income and investment income. Income tax expense for the quarter was NT\$1,605 million.

**Consolidated Net Income and Net Profit Margin and EPS:**

Net income was NT\$12,549 million, up 23.8% sequentially, and up 86.9% year-over-year. Net profit margin for the quarter was 23.2%, increased from 22.0% in the previous quarter and 20.2% in the year-ago quarter. EPS was NT\$8.03, compared with NT\$6.82 in the prior quarter and NT\$5.01 in the year-ago quarter.

**Consolidated Cash and Financial Assets-Current:**

Cash and financial assets-current at the end of the quarter was NT\$196,431 million. This represents 60.7% of the company's total assets. Cash and financial assets-current was NT\$173,917 million and NT\$112,749 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\$ 12,983 million. The accounts receivable turnover was 22 days based on quarterly average net receivables divided by annualized net revenue. The turnover was higher than 21 days last quarter, and lower than 24 days in the year-ago quarter.

**Consolidated Inventory:**

Net inventory was NT\$19,326 million at the end of the quarter. The inventory turnover was 60 days based on quarterly average inventory divided by annualized cost of goods sold. The turnover was higher than 50 days in the last quarter, and higher than 57 days in the year-ago quarter.

**Consolidated Cash Flow from Operations:**

Cash flow from operations during the quarter was NT\$13,044 million, an increase of NT\$9,140 million from the prior quarter and an increase of NT\$9,921 million from the year-ago quarter.

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**Earnings Webcast**

MediaTek will hold a public webcast today (July 31) 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/2014Q2/mediatek.html>)

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

(<http://mediatek-en.ic.learn.hinet.net/2014Q2/mediatek.html>)

**Dial-in Number:** +886-2-21928016      Password: 591629#

**About MediaTek Inc.**

MediaTek is a pioneering fabless semiconductor company, and a market leader in cutting-edge systems on a chip for wireless communications and connectivity, HDTV, DVD and Blu-ray. MediaTek created the world's first octa-core smartphone platform with LTE and our CorePilot™ technology releasing the full power of multi-core mobile processors. Through MediaTek Labs, the company is creating a worldwide ecosystem in support of device creation, application development and services based around MediaTek offerings. With an emphasis on enabling technology for the masses and not the chosen, everyone can be an Everyday Genius. MediaTek [TSE:2454] is headquartered in Taiwan and has offices worldwide. Please visit [www.mediatek.com](http://www.mediatek.com) for more information.

## MediaTek Inc. Q2 FY14 Consolidated Income Statement

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

	2Q14	1Q14	2Q13	Q-Q	Y-Y
Net Revenue	54,133	46,005	33,276	17.7%	62.7%
Cost of Goods Sold	(27,309)	(23,779)	(18,891)		
Gross Profit	26,824	22,226	14,385	20.7%	86.5%
Selling expenses	(2,072)	(1,134)	(1,101)		
Administration expenses	(1,589)	(1,363)	(880)		
R&D expenses	(10,403)	(8,915)	(6,516)		
Operating Expenses	(14,063)	(11,413)	(8,497)		
Operating Income	12,760	10,813	5,888	18.0%	116.7%
Net Non-operating Income	1,393	688	1,256		
Income Before Income Tax	14,153	11,501	7,143		
Income tax expense	(1,605)	(1,362)	(427)		
Consolidated Net Income	12,549	10,139	6,716	23.8%	86.9%
EPS Attributable to the Parent(NT\$)	8.03	6.82	5.01		

Note: Numbers do not add up due to rounding.

## Q2 FY14 Supplemental Information: Percentage of Revenue

	2Q14	1Q14	2Q13
<b>Gross profit</b>	<b>49.6%</b>	<b>48.3%</b>	<b>43.2%</b>
Selling expenses	(3.8 %)	(2.5 %)	(3.3 %)
Administration expenses	(2.9 %)	(3.0 %)	(2.6 %)
R&D expenses	(19.2 %)	(19.4 %)	(19.6 %)
<b>Operating profit</b>	<b>23.6%</b>	<b>23.5%</b>	<b>17.7%</b>
Non-operating income	2.6%	1.5%	3.8%
Income tax expense	(3.0 %)	(3.0 %)	(1.3 %)
<b>Net profit</b>	<b>23.2%</b>	<b>22.0%</b>	<b>20.2%</b>

Note: Numbers do not add up due to rounding.

## MediaTek Inc. Consolidated Balance Sheet

(In NT\$ millions)

	2Q14	1Q14	2Q13
Cash & Financial assets-current	196,431	173,917	112,749
Accounts receivable	12,983	13,572	10,389
Inventories	19,326	16,649	10,956
Funds and investments	9,918	10,122	67,469
Intangible assets	59,488	60,584	15,481
Total assets	323,857	298,543	237,353
Short-term loans	34,046	22,101	16,114
Accounts payable	18,439	17,421	10,873
Other current liabilities	55,266	29,008	29,871
Long-term liabilities & Other liabilities	1,789	1,615	2,143
Stockholders' equity	214,317	228,398	178,353

## MediaTek Inc. Consolidated Cash Flow Summary

(In NT\$ millions)

	2Q14	1Q14	2Q13
Cash flow from operations	13,044	9,140	9,921
Cash flow from investing	22	31,182	(751)
Cash flow from financing	12,228	(7,745)	3,305
Effect of exchange rate changes	(2,155)	1,424	659
Net increase in cash & equivalents	23,139	34,001	13,134
Cash & equivalents at quarter end	190,138	166,999	107,225

Note: Numbers do not add up due to rounding.