

4Q14

MediaTek Inc. Reports Fourth Quarter 2014 Consolidated Results

- -4Q14 consolidated revenue NT\$55,453 million, down 3.5% from previous quarter
- -4Q14 consolidated gross margin 47.9%, down 1.2 percentage points from previous quarter
- -4Q14 consolidated operating income NT\$9,874 million, down 28.4% from previous quarter
- -4Q14 consolidated net income NT\$10,410 million; EPS NT\$6.65
- -2014 consolidated revenue NT\$213,063 million; EPS of NT\$30.04

Consolidated Revenue

MediaTek Inc. today announced financial results of fourth-quarter ended December 31, 2014. Fourth quarter revenue was NT\$55,453 million, down 3.5% sequentially, and up 39.3% year-over-year. The quarter-over-quarter decrease was mainly due to seasonal decline across product lines. The year-over-year increase was mainly due to MStar revenue recognition and revenue growth in smartphone.

Annual revenue totaled NT\$213,063 million, up 56.6% year-over-year.

Consolidated Gross Profit and Gross Margin

The fourth-quarter gross profit was NT\$26,585 million, down 5.8% sequentially, and up 46.2% year-over-year. Gross margin for the quarter was 47.9%, down 1.2 percentage points sequentially and up 2.2 percentage points year-over-year. The quarter-over-quarter decrease was mainly due to product transition and the year-over-year increase was mainly due to higher mix of smartphone and high-end products.

Gross profit of the year amounted to NT\$103,869 million (gross margin: 48.8%), up 73.7% year-over-year.

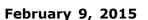
Consolidated Operating Expenses

Operating expenses for the quarter was NT\$16,711 million (30.1% of revenue), compared with NT\$14,440 million (25.1% of revenue) in the previous quarter, and NT\$9,787 million (24.6% of revenue) in the same period last year. The quarter-over-quarter increase was mainly due to higher talent and technology investments. The year-over-year increase was mainly due to MStar expenses recognition as well as increasing talent and technology investments.

Operating expenses for the guarter included:

- R&D expenses of NT\$12,481 million (22.5% of revenue), increased from NT\$11,538 million in 3Q14, and increased from NT\$7,372 million in 4Q13.
- Selling expenses of NT\$2,646 million (4.8% of revenue), increased from NT\$1,521 million in 3Q14, and increased from NT\$1,407 million in 4Q13.
- Administration expenses of NT\$1,584 million (2.9% of revenue), increased from NT\$1,381 million in 3Q14, and increased from NT\$1,009 million in 4Q13.

Full-year 2014 operating expense was NT\$56,627 million (26.6% of revenue), increased 63.8% year-over-year.





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Consolidated Operating Profit and Operating Margin

Operating profit for the quarter was NT\$9,874 million, down 28.4% sequentially, and up 17.5% year-over-year. Operating margin for the quarter was 17.8%, decreased from 24.0% in the previous quarter, and decreased from 21.1% in the year-ago quarter.

Operating profit of the year was NT\$47,241 million (operating margin: 22.2%), up 87.1% year-over-year.

Consolidated Non-operating Income (loss) and Income Tax

Non-operating income of NT\$1,908 million, or 3.4% of revenue, was mainly from interest income and foreign exchange gains. Income tax expense for the quarter was NT\$1,372 million.

Net non-operating income of the year amounted to NT\$5,109 million, up 18.7% year-over-year.

Consolidated Net Income and Net Profit Margin and EPS

Net income was NT\$10,410 million, down 21.7% sequentially, and up 20.8% year-over-year. Net profit margin for the quarter was 18.8%, decreased from 23.1% in the previous quarter, and decreased from 21.6% in the year-ago quarter. EPS was NT\$6.65, compared with NT\$8.51 in the prior quarter and NT\$6.43 in the year-ago quarter.

Full year 2014 net income was NT\$46,399 million, up 68.8% year-over-year. Accumulated EPS was NT\$30.04 for the year, compared with NT\$20.51 last year.

Consolidated Cash and Financial Assets-Current

Cash and financial assets-current at the end of the quarter was NT\$205,294 million. This represents 58.5% of the company's total assets. Cash and financial assets-current was NT\$194,721 million and NT\$139,219 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

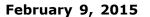
Accounts receivable (net) at the end of the quarter was NT\$ 12,552 million. The accounts receivable turnover was 23 days based on quarterly average net receivables divided by annualized net revenue. The turnover was same as 23 days last quarter, and higher than 21 days in the year-ago quarter.

Consolidated Inventory

Net inventory was NT\$22,341 million at the end of the quarter. The inventory turnover was 74 days based on quarterly average inventory divided by annualized cost of goods sold. The turnover was higher than 68 days in the last quarter, and higher than 47 days in the year-ago quarter.

Consolidated Cash Flow from Operations

Cash flow from operations during the quarter was NT\$10,404 million, a decrease of NT\$11,742 million from the prior quarter and a decrease of NT\$16,624 million from the year-ago quarter.







Earnings Webcast

MediaTek will hold a public webcast today (February 9). 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:

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

http://mediatek.ic.learn.hinet.net/2014Q4/mediatek.html

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

http://mediatek-en.ic.learn.hinet.net/2014Q4/mediatek.html

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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 for more information.



MediaTek Inc. Q4 FY14 Consolidated Income Statement

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

	4Q14	3Q14	4Q13	Q-Q	Y-Y
Net Revenue	55,453	57,472	39,798	(3.5 %)	39.3%
Cost of Goods Sold	(28,868)	(29,238)	(21,608)		
Gross Profit	26,585	28,234	18,190	(5.8 %)	46.2%
Selling expenses	(2,646)	(1,521)	(1,407)		
Administration expenses	(1,584)	(1,381)	(1,009)		
R&D expenses	(12,481)	(11,538)	(7,372)		
Operating Expenses	(16,711)	(14,440)	(9,787)		
Operating Income	9,874	13,794	8,403	(28.4 %)	17.5%
Net Non-operating Income	1,908	1,119	1,044		
Income Before Income Tax	11,782	14,913	9,446		
Income tax expense	(1,372)	(1,612)	(830)		
Consolidated Net Income	10,410	13,301	8,616	(21.7 %)	20.8%
EPS Attributable to the		0.51			
Parent(NT\$)	6.65	8.51	6.43		

Note: Numbers do not add up due to rounding.

Q4 FY14 Supplemental Information: Percentage of Revenue

4Q14	3Q14	4Q13
47.9%	49.1%	45.7%
(4.8 %)	(2.6 %)	(3.5 %)
(2.9 %)	(2.4 %)	(2.5 %)
(22.5 %)	(20.1 %)	(18.5 %)
17.8%	24.0%	21.1%
3.4%	1.9%	2.6%
(2.5 %)	(2.8 %)	(2.1 %)
18.8%	23.1%	21.6%
	47.9% (4.8 %) (2.9 %) (22.5 %) 17.8% 3.4% (2.5 %)	47.9% 49.1% (4.8 %) (2.6 %) (2.9 %) (2.4 %) (22.5 %) (20.1 %) 17.8% 24.0% 3.4% 1.9% (2.5 %) (2.8 %)

Note: Numbers do not add up due to rounding.



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MediaTek Inc. FY14 Consolidated Income Statement

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

	2014	2013	Y-Y
Net Revenue	213,063	136,056	56.6%
Cost of Goods Sold	(109,194)	(76,250)	
Gross Profit	103,869	59,806	73.7%
Selling expenses	(7,373)	(4,562)	
Administration expenses	(5,917)	(3,546)	
R&D expenses	(43,337)	(26,454)	
Operating Expenses	(56,627)	(34,562)	
Operating Income	47,241	25,244	87.1%
Net Non-operating Income	5,109	4,303	
Income Before Income Tax	52,350	29,547	
Income tax expense	(5,951)	(2,062)	
Consolidated Net Income	46,399	27,485	68.8%
EPS Attributable to the Parent(NT\$)	30.04	20.51	

Note: Numbers do not add up due to rounding.

FY14 Supplement Information: Percentage of Revenue

	2014	2013	
Gross profit	48.8%	44.0%	
R&D expense	(20.3 %)	(19.4 %)	
Selling expenses	(3.5 %)	(3.4 %)	
Administration expenses	(2.8 %)	(2.6 %)	
Operating profit	22.2%	18.6%	
Non-operating income	2.4%	3.2%	
Income tax expense	(2.8 %)	(1.5 %)	
Net profit	21.8%	20.2%	

Note: Numbers do not add up due to rounding.



February 9, 2015

MediaTek Inc. Consolidated Balance Sheet

(In NT\$ millions)

	4Q14	3Q14	4Q13
Cash & Financial assets-current	205,294	194,721	139,219
Accounts receivable	12,552	15,418	7,628
Inventories	22,341	24,464	9,347
Funds and investments	15,001	12,179	68,040
Intangible assets	60,758	59,259	15,509
Total assets	351,119	335,083	258,637
Short-term loans	46,161	43,454	29,052
Accounts payable	14,605	21,307	10,944
Other current liabilities	40,854	37,622	21,389
Long-term liabilities & Other liabilities	1,893	1,721	1,899
Stockholders' equity	247,606	230,979	195,353

MediaTek Inc. Consolidated Cash Flow Summary

(In NT\$ millions)

	4Q14	3Q14	4Q13
Cash flow from operations	10,404	11,742	16,624
Cash flow from investing	(8,712)	(4,690)	(1,164)
Cash flow from financing	3,086	(13,726)	9,310
Effect of exchange rate changes	2,949	1,607	611
Net increase in cash & equivalents	7,727	(5,068)	25,381
Cash & equivalents at quarter end	192,798	185,070	132,998

Note: Numbers do not add up due to rounding.