

MediaTek Inc. Reports First Quarter 2015 Consolidated Results

- 1Q15 consolidated revenue of NT\$47,536 million, down 14.3% from the previous quarter
- 1Q15 consolidated gross margin of 47.3%, down 0.6 percentage points from the previous quarter
- 1Q15 consolidated operating income of NT\$7,672 million, down 22.3% from the previous quarter
- 1Q15 consolidated net income of NT\$7,251 million; EPS NT\$4.62

Consolidated Revenue

MediaTek Inc. today announced financial results of first-quarter ended March 31, 2015. First quarter revenue was NT\$47,536 million, down 14.3% sequentially, and up 3.3% year-over-year. The quarter-over-quarter and year-over-year changes were mainly due to traditional low season in the first quarter and weakening smartphone growth momentum in emerging markets resulting from the rapid appreciation of US dollar.

Consolidated Gross Profit and Gross Margin

The first-quarter gross profit was NT\$22,499 million, down 15.4% sequentially, and up 1.2% year-over-year. Gross margin for the quarter was 47.3%, down 0.6 percentage points sequentially and down 1.0 percentage points year-over-year. The quarter-over-quarter and year-over-year decrease were mainly due to smartphone product transition and market competition.

Consolidated Operating Expenses

Operating expenses for the quarter was NT\$14,827 million (31.2% of revenue), compared with NT\$16,711 million (30.1% of revenue) in the previous quarter, and NT\$11,413 million (24.8% of revenue) in the same period last year. The quarter-over-quarter decrease was mainly due to lower seasonal expenses, revenue-associated expenses and one-time charges. The year-over-year increase was mainly due to increasing talent and technology investments.

Operating expenses for the quarter included:

- R&D expenses of NT\$10,851 million (22.8% of revenue), decreased from NT\$12,481 million in 4Q14, and increased from NT\$8,915 million in 1Q14.
- Selling expenses of NT\$2,169 million (4.6% of revenue), decreased from NT\$2,646 million in 4Q14, and increased from NT\$1,134 million in 1Q14.
- Administration expenses of NT\$1,807 million (3.8% of revenue), increased from NT\$1,584 million in 4Q14, and increased from NT\$1,363 million in 1Q14.

Consolidated Operating Profit and Operating Margin

Operating profit for the quarter was NT\$7,672 million, down 22.3% sequentially, and down 29.0% year-over-year. Operating margin for the quarter was 16.1%, decreased from 17.8% in the previous quarter, and decreased from 23.5% in the year-ago quarter.

Consolidated Non-operating Income (loss) and Income Tax

Non-operating income of NT\$470 million, or 1.0% of revenue, was mainly from interest income and foreign exchange gains. Income tax expense for the quarter was NT\$891 million.

Consolidated Net Income, Net Profit Margin and EPS

Net income was NT\$7,251 million, down 30.3% sequentially, and down 28.5% year-over-year. Net profit margin for the quarter was 15.3%, decreased from 18.8% in the previous quarter, and decreased from 22.0% in the year-ago quarter. EPS was NT\$4.62, compared with NT\$6.65 in the prior quarter and NT\$6.82 in the year-ago quarter.

Consolidated Cash and Financial Assets-Current

Cash and financial assets-current at the end of the quarter was NT\$204,952 million. This represents 56.3% of the company's total assets. Cash and financial assets-current was NT\$205,294 million and NT\$173,917 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\$ 13,347 million. The accounts receivable turnover was 25 days based on quarterly average net receivables divided by annualized net revenue. The turnover was higher than 23 days in the previous quarter, and higher than 21 days in the year-ago quarter.

Consolidated Inventory

Net inventory was NT\$28,085 million at the end of the quarter. The inventory turnover was 92 days based on quarterly average inventory divided by annualized cost of goods sold. The turnover was higher than 74 days in the previous quarter, and higher than 50 days in the year-ago quarter.

Consolidated Cash Flow from Operations

Cash flow from operations during the quarter was NT\$6,000 million, a decrease from NT\$10,404 million in the prior quarter and a decrease from NT\$9,140 million in the year-ago quarter.

Earnings Webcast

MediaTek will hold a public webcast today (April 30). 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/2015Q1/mediatek.html>

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

<http://mediatek-en.ic.learn.hinet.net/2015Q1/mediatek.html>

Dial-in Number: +886-2-21928016

Password: 712687#

About MediaTek Inc.

MediaTek is a pioneering fabless semiconductor company, and a market leader in cutting-edge Systems on Chip for wireless communications and connectivity, HDTV, DVD and Blu-ray. MediaTek created the world's first True 8core™ 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. Q1 FY15 Consolidated Income Statement

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

	1Q15	4Q14	1Q14	Q-Q	Y-Y
Net Revenue	47,536	55,453	46,005	(14.3 %)	3.3%
Cost of Goods Sold	(25,038)	(28,868)	(23,779)		
Gross Profit	22,499	26,585	22,226	(15.4 %)	1.2%
Selling expenses	(2,169)	(2,646)	(1,134)		
Administration expenses	(1,807)	(1,584)	(1,363)		
R&D expenses	(10,851)	(12,481)	(8,915)		
Operating Expenses	(14,827)	(16,711)	(11,413)		
Operating Income	7,672	9,874	10,813	(22.3 %)	(29.0 %)
Net Non-operating Income	470	1,908	688		
Income Before Income Tax	8,142	11,782	11,501		
Income tax expense	(891)	(1,372)	(1,362)		
Consolidated Net Income	7,251	10,410	10,139	(30.3 %)	(28.5 %)
EPS Attributable to the Parent(NT\$)	4.62	6.65	6.82		

Note: Numbers do not add up due to rounding.

Q1 FY15 Supplemental Information: Percentage of Revenue

	1Q15	4Q14	1Q14
Gross profit	47.3%	47.9%	48.3%
Selling expenses	(4.6 %)	(4.8 %)	(2.5 %)
Administration expenses	(3.8 %)	(2.9 %)	(3.0 %)
R&D expenses	(22.8 %)	(22.5 %)	(19.4 %)
Operating profit	16.1%	17.8%	23.5%
Non-operating income	1.0%	3.4%	1.5%
Income tax expense	(1.9 %)	(2.5 %)	(3.0 %)
Net profit	15.3%	18.8%	22.0%

Note: Numbers do not add up due to rounding.

MediaTek Inc. Consolidated Balance Sheet

(In NT\$ millions)

	1Q15	4Q14	1Q14
Cash & Financial assets-current	204,952	205,294	173,917
Accounts receivable	13,347	12,552	13,572
Inventories	28,085	22,341	16,649
Funds and investments	17,236	15,001	10,122
Intangible assets	63,007	60,758	60,584
Total assets	363,834	351,119	298,543
Short-term loans	50,934	46,161	22,101
Accounts payable	19,650	14,605	17,421
Other current liabilities	37,575	40,854	29,008
Long-term liabilities & Other liabilities	2,055	1,893	1,615
Stockholders' equity	253,620	247,606	228,398

MediaTek Inc. Consolidated Cash Flow Summary

(In NT\$ millions)

	1Q15	4Q14	1Q14
Cash flow from operations	6,000	10,404	9,140
Cash flow from investing	(6,955)	(8,712)	31,182
Cash flow from financing	4,859	3,086	(7,745)
Effect of exchange rate changes	(558)	2,949	1,424
Net increase in cash & equivalents	3,346	7,727	34,001
Cash & equivalents at quarter end	196,143	192,798	166,999

Note: Numbers do not add up due to rounding.