

MediaTek Inc. Reports Second Quarter 2015 Consolidated Results

- 2Q15 consolidated revenue of NT\$47,044 million, down 1.0% from the previous quarter
- 2Q15 consolidated gross margin of 45.9%, down 1.4 percentage points from the previous quarter
- 2Q15 consolidated operating income of NT\$6,866 million, down 10.5% from the previous quarter
- 2Q15 consolidated net income of NT\$6,377 million; EPS NT\$4.06

Consolidated Revenue

MediaTek Inc. today announced financial results of second-quarter ended June 30, 2015. Second quarter revenue was NT\$47,044 million, down 1.0% sequentially, and down 13.1% year-over-year. The quarter-over-quarter and year-over-year changes were mainly due to lower handset demand and intensifying price competition.

Consolidated Gross Profit and Gross Margin

The second-quarter gross profit was NT\$21,596 million, down 4.0% sequentially, and down 19.5% year-over-year. Gross margin for the quarter was 45.9%, down 1.4 percentage points sequentially and down 3.7 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\$14,730 million (31.3% of revenue), compared with NT\$14,827 million (31.2% of revenue) in the previous quarter, and NT\$14,063 million (26.0% of revenue) in the same period last year. Operating expenses were largely flat versus the previous quarter. The year-over-year increase was mainly due to increasing R&D talents and technology investments.

Operating expenses for the quarter included:

- R&D expenses of NT\$10,897 million (23.2% of revenue), increased from NT\$10,851 million in 1Q15, and increased from NT\$10,403 million in 2Q14.
- Selling expenses of NT\$1,655 million (3.5% of revenue), decreased from NT\$2,169 million in 1Q15, and decreased from NT\$2,072 million in 2Q14.
- Administration expenses of NT\$2,178 million (4.6% of revenue), increased from NT\$1,807 million in 1Q15, and increased from NT\$1,589 million in 2Q14.

Consolidated Operating Income and Operating Margin

Operating income for the quarter was NT\$6,866 million, down 10.5% sequentially, and down 46.2% year-over-year. Operating margin for the quarter was 14.6%, decreased from 16.1% in the previous quarter, and decreased from 23.6% in the year-ago quarter.

Consolidated Non-operating Income (loss) and Income Tax

Non-operating income of NT\$541 million, or 1.1% of revenue, was mainly from interest income. Income tax expense for the quarter was NT\$1,030 million.

Consolidated Net Income, Net Profit Margin and EPS

Net income was NT\$6,377 million, down 12.1% sequentially, and down 49.2% year-over-year. Net profit margin for the quarter was 13.6%, decreased from 15.3% in the previous quarter, and decreased from 23.2% in the year-ago quarter. EPS was NT\$4.06, compared with NT\$4.62 in the prior quarter and NT\$8.03 in the year-ago quarter.

Consolidated Cash and Financial Assets-Current

Cash and financial assets-current at the end of the quarter was NT\$203,124 million. This represents 54.7% of the company's total assets. Cash and financial assets-current was NT\$204,952 million and NT\$196,431 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\$ 12,250 million. The accounts receivable turnover was 25 days based on quarterly average net receivables divided by annualized net revenue. The turnover was same as 25 days in the previous quarter, and higher than 22 days in the year-ago quarter.

Consolidated Inventory

Net inventory was NT\$33,654 million at the end of the quarter. The inventory turnover was 111 days based on quarterly average inventory divided by annualized cost of goods sold. The turnover was higher than 92 days in the previous quarter, and higher than 60 days in the year-ago quarter.

Consolidated Cash Flow from Operations

Net cash used in operating activities during the quarter was NT\$1,446 million, compared with Net cash provided by operating activities NT\$6,000 million in the prior quarter and NT\$13,044 million in the year-ago quarter.

Earnings Webcast

MediaTek will hold a public webcast today (July 31). 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/2015Q2/mediatek.html>

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

<http://mediatek-en.ic.learn.hinet.net/2015Q2/mediatek.html>

Dial-in Number: +886-2-21928016

Password: 963530#

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. Q2 FY15 Consolidated Income Statement

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

	2Q15	1Q15	2Q14	Q-Q	Y-Y
Net Sales	47,044	47,536	54,133	(1.0 %)	(13.1 %)
Operating costs	(25,448)	(25,038)	(27,309)		
Gross Profit	21,596	22,499	26,824	(4.0 %)	(19.5 %)
Selling expenses	(1,655)	(2,169)	(2,072)		
Administration expenses	(2,178)	(1,807)	(1,589)		
R&D expenses	(10,897)	(10,851)	(10,403)		
Operating Expenses	(14,730)	(14,827)	(14,063)		
Operating Income	6,866	7,672	12,760	(10.5 %)	(46.2 %)
Net Non-operating Income	541	470	1,393		
Net Income Before Income Tax	7,407	8,142	14,153		
Income tax expense	(1,030)	(891)	(1,605)		
Net Income	6,377	7,251	12,549	(12.1 %)	(49.2 %)
EPS Attributable to the Parent(NT\$)	4.06	4.62	8.03		

Note: Numbers do not add up due to rounding.

Q2 FY15 Supplemental Information: Percentage of Revenue

	2Q15	1Q15	2Q14
Gross profit	45.9%	47.3%	49.6%
Selling expenses	(3.5 %)	(4.6 %)	(3.8 %)
Administration expenses	(4.6 %)	(3.8 %)	(2.9 %)
R&D expenses	(23.2 %)	(22.8 %)	(19.2 %)
Operating profit	14.6%	16.1%	23.6%
Non-operating income	1.1%	1.0%	2.6%
Income tax expense	(2.2 %)	(1.9 %)	(3.0 %)
Net profit	13.6%	15.3%	23.2%

Note: Numbers do not add up due to rounding.

MediaTek Inc. Consolidated Balance Sheet

(In NT\$ millions)

	2Q15	1Q15	2Q14
Cash & Financial assets-current	203,124	204,952	196,431
Accounts receivable	12,250	13,347	12,983
Inventories	33,654	28,085	19,326
Funds and investments	19,769	17,236	9,918
Intangible assets	63,907	63,007	59,488
Total assets	371,355	363,834	323,857
Short-term loans	57,491	50,934	34,046
Accounts payable	18,806	19,650	18,439
Other current liabilities	67,397	37,575	55,266
Total non-current liabilities	2,224	2,055	1,789
Total equity	225,438	253,620	214,317

MediaTek Inc. Consolidated Cash Flow Summary

(In NT\$ millions)

	2Q15	1Q15	2Q14
Net cash provided by (used in) operating activities	(1,446)	6,000	13,044
Net cash provided by (used in) investing activities	(5,181)	(6,955)	22
Net cash provided by (used in) financing activities	6,633	4,859	12,228
Effect of changes in exchange rate on cash and cash equivalents	(325)	(558)	(2,155)
Net increase in cash and cash equivalents	(319)	3,346	23,139
Cash and cash equivalents at the end of the period	195,824	196,143	190,138

Note: Numbers do not add up due to rounding.