

## MediaTek Inc. Reports Third Quarter 2015 Consolidated Results

- 3Q15 consolidated revenue of NT\$56,962 million, up 21.1% from the previous quarter
- 3Q15 consolidated gross margin of 42.7%, down 3.2 percentage points from the previous quarter
- 3Q15 consolidated operating income of NT\$7,622 million, up 11.0% from the previous quarter
- 3Q15 consolidated net income of NT\$7,960 million; EPS NT\$5.09

### Consolidated Revenue

MediaTek Inc. today announced financial results of third-quarter ended September 30, 2015. Third quarter revenue was NT\$56,962 million, up 21.1% sequentially, and down 0.9% year-over-year. The quarter-over-quarter growth was mainly due to seasonal demand, rising high-end product mix and favorable foreign exchange rate.

### Consolidated Gross Profit and Gross Margin

The third-quarter gross profit was NT\$24,304 million, up 12.5% sequentially, and down 13.9% year-over-year. Gross margin for the quarter was 42.7%, down 3.2 percentage points sequentially and down 6.4 percentage points year-over-year. The quarter-over-quarter and year-over-year decreases were mainly due to smartphone market competition.

### Consolidated Operating Expenses

Operating expenses for the quarter was NT\$16,682 million (29.3% of revenue), compared with NT\$14,730 million (31.3% of revenue) in the previous quarter, and NT\$14,440 million (25.1% of revenue) in the same period last year. The quarter-over-quarter and year-over-year increases were mainly due to higher expenses associated with higher sales as well as increasing R&D talents and technology investments.

Operating expenses for the quarter included:

- R&D expenses of NT\$12,343 million (21.7% of revenue), increased from NT\$10,897 million in 2Q15, and increased from NT\$11,538 million in 3Q14.
- Selling expenses of NT\$1,904 million (3.3% of revenue), increased from NT\$1,655 million in 2Q15, and increased from NT\$1,521 million in 3Q14.
- Administration expenses of NT\$2,436 million (4.3% of revenue), increased from NT\$2,178 million in 2Q15, and increased from NT\$1,381 million in 3Q14.

### Consolidated Operating Income and Operating Margin

Operating income for the quarter was NT\$7,622 million, up 11.0% sequentially, and down 44.7% year-over-year. Operating margin for the quarter was 13.4%, decreased from 14.6% in the previous quarter, and decreased from 24.0% in the year-ago quarter.

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

Non-operating income of NT\$1,452 million, or 2.5% of revenue, was mainly from capital gain from disposal of securities and interest income. Income tax expense for the quarter was NT\$1,114 million.

## **Consolidated Net Income, Net Profit Margin and EPS**

Net income was NT\$7,960 million, up 24.8% sequentially, and down 40.2% year-over-year. Net profit margin for the quarter was 14.0%, increased from 13.6% in the previous quarter, and decreased from 23.1% in the year-ago quarter. EPS was NT\$5.09, compared with NT\$4.06 in the prior quarter and NT\$8.51 in the year-ago quarter.

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

Cash and financial assets-current at the end of the quarter was NT\$168,968 million. This represents 48.6% of the company's total assets. Cash and financial assets-current was NT\$203,124 million and NT\$194,721 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\$ 16,117 million. The accounts receivable turnover was 23 days based on quarterly average net receivables divided by annualized net revenue. The turnover was lower than 25 days in the previous quarter, and the same as 23 days in the year-ago quarter.

## **Consolidated Inventory**

Net inventory was NT\$33,981 million at the end of the quarter. The inventory turnover was 94 days based on quarterly average inventory divided by annualized cost of goods sold. The turnover was lower than 111 days in the previous quarter, and higher than 68 days in the year-ago quarter.

## **Consolidated Cash Flow from Operations**

Net cash provided by operating activities during the quarter was NT\$658 million, compared with Net cash used in operating activities NT\$1,446 million in the prior quarter, and Net cash provided by operating activities NT\$11,742 million in the year-ago quarter.

**Earnings Webcast**

MediaTek will hold a public webcast today (October 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://wms.gridow.com/ir/mediatek/tw/mediatek\\_2015Q3\\_tw.html](http://wms.gridow.com/ir/mediatek/tw/mediatek_2015Q3_tw.html)

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

[http://wms.gridow.com/ir/mediatek/en/mediatek\\_2015Q3\\_en.html](http://wms.gridow.com/ir/mediatek/en/mediatek_2015Q3_en.html)

**Dial-in Number:** +886-2-21928016

**Password:** 990145#

**About MediaTek Inc.**

Since 1997, MediaTek has been a pioneering fabless semiconductor company and a market leader in cutting-edge systems-on-chip (SoC) for mobile devices, wireless networking, HDTV, DVD and Blu-ray. Our tightly-integrated, innovative chip designs help manufacturers optimize supply chains, reduce the development time of new products, and extend a competitive edge in both developing and mature markets around the world. Through MediaTek Labs, the company is also building a developer hub that will support device creation, application development, and services for the Internet of Things era. By building technologies that help connect individuals to the world around them, MediaTek is enabling people to expand their horizons and more easily achieve their goals. We believe anyone can achieve something amazing. And we believe they can do it every single day. We call this idea Everyday Genius and it drives everything we do. Visit [www.mediatek.com](http://www.mediatek.com) for more information.

## MediaTek Inc. Q3 FY15 Consolidated Income Statement

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

	<b>3Q15</b>	<b>2Q15</b>	<b>3Q14</b>	<b>Q-Q</b>	<b>Y-Y</b>
Net Sales	56,962	47,044	57,472	21.1%	(0.9 %)
Operating costs	(32,658)	(25,448)	(29,238)		
Gross Profit	24,304	21,596	28,234	12.5%	(13.9 %)
Selling expenses	(1,904)	(1,655)	(1,521)		
Administration expenses	(2,436)	(2,178)	(1,381)		
R&D expenses	(12,343)	(10,897)	(11,538)		
Operating Expenses	(16,682)	(14,730)	(14,440)		
Operating Income	7,622	6,866	13,794	11.0%	(44.7 %)
Net Non-operating Income	1,452	541	1,119		
Net Income Before Income Tax	9,074	7,407	14,914		
Income tax expense	(1,114)	(1,030)	(1,612)		
Net Income	7,960	6,377	13,301	24.8%	(40.2 %)
EPS Attributable to the Parent(NT\$)	<b>5.09</b>	<b>4.06</b>	<b>8.51</b>		

Note: Numbers do not add up due to rounding.

## Q3 FY15 Supplemental Information: Percentage of Revenue

	<b>3Q15</b>	<b>2Q15</b>	<b>3Q14</b>
<b>Gross profit</b>	<b>42.7%</b>	<b>45.9%</b>	<b>49.1%</b>
Selling expenses	(3.3 %)	(3.5 %)	(2.6 %)
Administration expenses	(4.3 %)	(4.6 %)	(2.4 %)
R&D expenses	(21.7 %)	(23.2 %)	(20.1 %)
<b>Operating profit</b>	<b>13.4%</b>	<b>14.6%</b>	<b>24.0%</b>
Non-operating income	2.5%	1.1%	1.9%
Income tax expense	(2.0 %)	(2.2 %)	(2.8 %)
<b>Net profit</b>	<b>14.0%</b>	<b>13.6%</b>	<b>23.1%</b>

Note: Numbers do not add up due to rounding.

## MediaTek Inc. Consolidated Balance Sheet

(In NT\$ millions)

	3Q15	2Q15	3Q14
Cash & Financial assets-current	168,968	203,124	194,721
Accounts receivable	16,117	12,250	15,418
Inventories	33,981	33,654	24,464
Funds and investments	22,904	19,769	12,179
Intangible assets	64,072	63,907	59,259
Total assets	347,415	371,355	335,083
Short-term loans	57,033	57,491	43,454
Accounts payable	18,667	18,806	21,307
Other current liabilities	31,719	67,397	37,622
Total non-current liabilities	2,922	2,224	1,721
Total equity	237,075	225,438	230,979

## MediaTek Inc. Consolidated Cash Flow Summary

(In NT\$ millions)

	3Q15	2Q15	3Q14
Net cash provided by (used in) operating activities	658	(1,446)	11,742
Net cash provided by (used in) investing activities	(5,609)	(5,181)	(4,690)
Net cash provided by (used in) financing activities	(35,280)	6,633	(13,726)
Effect of changes in exchange rate on cash and cash equivalents	3,523	(325)	1,607
Net increase (decrease) in cash and cash equivalents	(36,708)	(319)	(5,068)
Cash and cash equivalents at the end of the period	159,116	195,824	185,070

Note: Numbers do not add up due to rounding.