

MediaTek Inc. Reports Fourth Quarter 2015 Consolidated Results

- 4Q15 consolidated revenue of NT\$61,713 million, up 8.3% from previous quarter
- 4Q15 consolidated gross margin of 38.5%, down 4.2 percentage points from previous quarter
- 4Q15 consolidated operating income of NT\$3,748 million, down 50.8% from previous quarter
- 4Q15 consolidated net income of NT\$4,181 million; EPS of NT\$2.83
- 2015 consolidated revenue of NT\$213,255 million; EPS of NT\$16.60

Consolidated Revenue

MediaTek Inc. today announced financial results of fourth-quarter ended December 31, 2015. Fourth quarter revenue was NT\$61,713 million, up 8.3% sequentially, and up 11.3% year-over-year. The quarter-over-quarter increase and year-over-year increase were mainly due to Richtek revenue recognition and higher mix of high-end consumer electronics. Annual revenue totaled NT\$213,255 million, up 0.1% year-over-year.

Consolidated Gross Profit and Gross Margin

The fourth-quarter gross profit was NT\$23,780 million, down 2.2% sequentially, and down 10.6% year-over-year. Gross margin for the quarter was 38.5%, down 4.2 percentage points sequentially and down 9.4 percentage points year-over-year. The quarter-over-quarter and the year-over-year decrease were mainly due to smartphone market competition. Gross profit of the year amounted to NT\$92,180 million (gross margin: 43.2%), down 11.3% year-over-year.

Consolidated Operating Expenses

Operating expenses for the quarter was NT\$20,033 million (32.5% of revenue), compared with NT\$16,682 million (29.3% of revenue) in the previous quarter, and NT\$16,711 million (30.1% of revenue) in the same period last year. The quarter-over-quarter increase was mainly due to Richtek operating expenses recognition, higher expenses associated with technology investments and more one-time year-end reimbursement and marketing expenses. The year-over-year increase was mainly due to Richtek operating expenses recognition and higher expenses associated with talent and technology investments.

Operating expenses for the quarter included:

- R&D expenses of NT\$14,625 million (23.7% of revenue), increased from NT\$12,740 million in 3Q15, and increased from NT\$12,481 million in 4Q14.
- Selling expenses of NT\$3,483 million (5.6% of revenue), increased from NT\$1,974 million in 3Q15, and increased from NT\$2,646 million in 4Q14.
- Administration expenses of NT\$1,925 million (3.1% of revenue), decreased from NT\$1,969 million in 3Q15, but increased from NT\$1,584 million in 4Q14.

Full-year 2015 operating expense was NT\$66,272 million (31.1% of revenue), increased 17.0% year-over-year.

Consolidated Operating Income and Operating Margin

Operating income for the quarter was NT\$3,748 million, down 50.8% sequentially, and down 62.0% year-over-year. Operating margin for the quarter was 6.1%, decreased from 13.4% in the previous quarter and 17.8% in the year-ago quarter.

Operating income of the year was NT\$25,908 million (operating margin: 12.1%), down 45.2% year-over-year.

Consolidated Non-operating Income (loss) and Income Tax

Non-operating income for the quarter was NT\$997 million, or 1.6% of revenue. It was mainly from interest income and investment income recognized under the equity method. Income tax expense for the quarter was NT\$564 million.

Non-operating income of the year amounted to NT\$3,461 million, compared with NT\$5,109 million last year.

Consolidated Net Income and Net Profit Margin and EPS

Net income was NT\$4,181 million, down 47.5% sequentially, and down 59.8% year-over-year. Net profit margin for the quarter was 6.8%, decreased from 14.0% in the previous quarter, and 18.8% in the year-ago quarter. EPS was NT\$2.83, compared with NT\$5.09 in the prior quarter and NT\$6.65 in the year-ago quarter.

Full year 2015 net income was NT\$25,769 million, down 44.5% year-over-year. Accumulated EPS was NT\$16.60 for the year, compared with NT\$30.04 last year.

Consolidated Cash and Financial Assets-Current

Cash and financial assets-current at the end of the quarter was NT\$166,898 million. This represents 47.5% of the company's total assets. Cash and financial assets-current was NT\$168,968 million and NT\$205,294 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\$16,195 million. The accounts receivable turnover was 24 days based on quarterly average net receivables divided by annualized net revenue. The turnover was higher than 23 days last quarter and 23 days in the year-ago quarter.

Consolidated Inventory

Net inventory was NT\$24,130 million at the end of the quarter. The inventory turnover was 70 days based on quarterly average inventory divided by annualized cost of goods sold. The turnover was lower than 94 days in the last quarter and 74 days in the year-ago quarter.

Consolidated Cash Flow from Operations

Net cash provided by operating activities during the quarter was NT\$18,164 million, compared with NT\$658 million in the prior quarter and NT\$10,404 million in the year-ago quarter.

Earnings Webcast

MediaTek will hold a public webcast today (February 1). 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_2015Q4_tw.html

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

http://wms.gridow.com/ir/mediatek/en/mediatek_2015Q4_en.html

Dial-in Number: +886-2-21928016

Password: 609966#

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 for more information.

MediaTek Inc. Consolidated Income Statement

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

	4Q15	3Q15	4Q14	Q-Q	Y-Y
Net Revenue	61,713	56,962	55,453	8.3%	11.3%
Operating costs	(37,932)	(32,658)	(28,868)		
Gross Profit	23,780	24,304	26,585	(2.2 %)	(10.6 %)
Selling expenses	(3,483)	(1,974)	(2,646)		
Administration expenses	(1,925)	(1,969)	(1,584)		
R&D expenses	(14,625)	(12,740)	(12,481)		
Operating Expenses	(20,033)	(16,682)	(16,711)		
Operating Income	3,748	7,622	9,874	(50.8 %)	(62.0 %)
Net Non-operating Income	997	1,452	1,908		
Net Income Before Income Tax	4,745	9,074	11,782		
Income tax expense	(564)	(1,114)	(1,372)		
Net Income	4,181	7,960	10,410	(47.5 %)	(59.8 %)
EPS Attributable to the Parent(NT\$)	2.83	5.09	6.65		

Note: Numbers do not add up due to rounding.

Supplemental Information: Percentage of Revenue

	4Q15	3Q15	4Q14
Gross profit	38.5%	42.7%	47.9%
Selling expenses	(5.6 %)	(3.5 %)	(4.8 %)
Administration expenses	(3.1 %)	(3.5 %)	(2.9 %)
R&D expenses	(23.7 %)	(22.4 %)	(22.5 %)
Operating profit	6.1%	13.4%	17.8%
Non-operating income	1.6%	2.5%	3.4%
Income tax expense	(0.9 %)	(2.0 %)	(2.5 %)
Net profit	6.8%	14.0%	18.8%

Note: Numbers do not add up due to rounding.

MediaTek Inc. Consolidated Income Statement

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

	2015	2014	Y-Y
Net Revenue	213,255	213,063	0.1%
Operating costs	(121,076)	(109,194)	
Gross Profit	92,180	103,869	(11.3 %)
Selling expenses	(9,326)	(7,373)	
Administration expenses	(7,417)	(5,917)	
R&D expenses	(49,529)	(43,337)	
Operating Expenses	(66,272)	(56,627)	17.0%
Operating Income	25,908	47,241	(45.2 %)
Net Non-operating Income	3,461	5,109	
Net Income Before Income Tax	29,368	52,350	
Income tax expense	(3,600)	(5,951)	
Net Income	25,769	46,399	(44.5 %)
EPS Attributable to the Parent(NT\$)	16.60	30.04	

Note: Numbers do not add up due to rounding.

Supplement Information: Percentage of Revenue

	2015	2014
Gross profit	43.2%	48.8%
Selling expenses	(4.4%)	(3.5%)
Administration expenses	(3.5%)	(2.8%)
R&D expenses	(23.2%)	(20.3%)
Operating profit	12.1%	22.2%
Non-operating income	1.6%	2.4%
Income tax expense	(1.7 %)	(2.8 %)
Net profit	12.1%	21.8%

Note: Numbers do not add up due to rounding.

MediaTek Inc. Consolidated Balance Sheet

(In NT\$ millions)

	4Q15	3Q15	4Q14
Cash & Financial assets-current	166,898	168,968	205,294
Accounts receivable	16,195	16,117	12,552
Inventories	24,130	33,981	22,341
Other current assets	7,650	7,330	8,367
Funds and investments	22,814	22,904	15,001
Intangible assets	75,431	64,072	60,758
Other non-current assets	38,132	34,044	26,805
Total assets	351,250	347,415	351,119
Short-term loans	49,123	57,033	46,161
Accounts payable	16,156	18,667	14,605
Other current liabilities	35,987	31,719	40,854
Total non-current liabilities	2,896	2,922	1,893
Total equity	247,087	237,075	247,606

MediaTek Inc. Consolidated Cash Flow Summary

(In NT\$ millions)

	4Q15	3Q15	4Q14
Net cash provided by (used in) operating activities	18,164	658	10,404
Net cash provided by (used in) investing activities	(15,036)	(5,609)	(8,712)
Net cash provided by (used in) financing activities	(8,221)	(35,280)	3,086
Effect of changes in exchange rate on cash and cash equivalents	(743)	3,523	2,949
Net increase (decrease) in cash and cash equivalents	(5,836)	(36,708)	7,727
Cash and cash equivalents at the end of the period	153,280	159,116	192,798

Note: Numbers do not add up due to rounding.