

## MediaTek Inc. Reports Third Quarter 2016 Consolidated Results

- 3Q16 consolidated revenue of NT\$78,403 million, up 8.1% from previous quarter
- 3Q16 consolidated gross margin of 35.2%, unchanged from previous quarter
- 3Q16 consolidated operating income of NT\$7,622 million, up 7.8% from previous quarter
- 3Q16 consolidated net income of NT\$7,830 million; EPS of NT\$4.98

### Consolidated Revenue

MediaTek Inc. today announced financial results of third-quarter ended September 30, 2016. Third quarter revenue was NT\$78,403 million, up 8.1% sequentially, and up 37.6% year-over-year. The quarter-over-quarter growth was mainly due to higher seasonal demand in consumer electronics. The year-over-year growth was mainly due to higher mix of high-end consumer electronics and revenue recognition from acquired companies.

### Consolidated Gross Profit and Gross Margin

The third-quarter gross profit was NT\$27,617 million, up 8.1% sequentially and 13.6% year-over-year. Gross margin for the quarter was 35.2%, unchanged from previous quarter and down 7.5 percentage points year-over-year. The year-over-year decrease were mainly due to product mix and smartphone market competition.

### Consolidated Operating Expenses

Operating expenses for the quarter was NT\$19,995 million (25.5% of revenue), compared with NT\$18,484 million (25.5% of revenue) in the previous quarter, and NT\$16,682 million (29.3% of revenue) in the same period last year. The quarter-over-quarter and year-over-year increase was mainly due to higher talent and technology investments as well as operating expenses recognition from acquired companies.

Operating expenses for the quarter included:

- R&D expenses of NT\$14,592 million (18.6% of revenue), increased from NT\$13,641 million in 2Q16, and increased from NT\$12,343 million in 3Q15.
- Selling expenses of NT\$3,532 million (4.5% of revenue), increased from NT\$3,211 million in 2Q16, and increased from NT\$1,904 million in 3Q15.
- Administration expenses of NT\$1,871 million (2.4% of revenue), increased from NT\$1,632 million in 2Q16, and decreased from NT\$2,436 million in 3Q15.

### Consolidated Operating Income and Operating Margin

Operating income for the quarter was NT\$7,622 million, up 7.8% sequentially, essentially flat compared to the year-ago quarter. Operating margin for the quarter was 9.7%, unchanged sequentially and decreased from 13.4% in the year-ago quarter.

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

Non-operating income for the quarter was NT\$993 million, or 1.3% of revenue. It was mainly from interest income and investment income recognized under the equity method. Income tax expense for the quarter was NT\$785 million.

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

Net income for the quarter was NT\$7,830 million, up 18.8% sequentially, and down 1.6% year-over-year. Net profit margin for the quarter was 10.0%, increased from 9.1% in the previous quarter, and decreased from 14.0% in the year-ago quarter. EPS was NT\$4.98, compared with NT\$4.16 in the prior quarter and NT\$5.09 in the year-ago quarter.

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

Cash and financial assets-current at the end of the quarter was NT\$155,684 million. This represents 42.3% of the company's total assets. Cash and financial assets-current was NT\$172,084 million and NT\$168,968 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\$24,331 million. The accounts receivable turnover was 26 days based on quarterly average net receivables divided by annualized net revenue. The turnover was higher than 23 days in the last quarter and the year-ago quarter.

## **Consolidated Inventory**

Net inventory was NT\$36,630 million at the end of the quarter. The inventory turnover was 63 days based on quarterly average inventory divided by annualized cost of goods sold. The turnover was higher than 59 days in the last quarter and lower than 94 days in the year-ago quarter.

## **Consolidated Cash Flow from Operations**

Net cash provided by operating activities during the quarter was NT\$3,170 million, compared with NT\$12,210 million in the prior quarter and NT\$658 million in the year-ago quarter.

**Earnings Webcast**

MediaTek will hold a public webcast today (October 28). 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\\_2016Q3\\_tw.html](http://wms.gridow.com/ir/mediatek/tw/mediatek_2016Q3_tw.html)

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

[http://wms.gridow.com/ir/mediatek/en/mediatek\\_2016Q3\\_en.html](http://wms.gridow.com/ir/mediatek/en/mediatek_2016Q3_en.html)

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**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. Consolidated Income Statement

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

	3Q16	2Q16	3Q15	Q-Q	Y-Y
Net Sales	78,403	72,527	56,962	8.1%	37.6%
Operating costs	(50,787)	(46,974)	(32,658)		
Gross Profit	27,617	25,553	24,304	8.1%	13.6%
Selling expenses	(3,532)	(3,211)	(1,904)		
Administration expenses	(1,871)	(1,632)	(2,436)		
R&D expenses	(14,592)	(13,641)	(12,343)		
Operating Expenses	(19,995)	(18,484)	(16,682)		
Operating Income	7,622	7,069	7,622	7.8%	0.0%
Net Non-operating Income	993	682	1,452		
Net Income Before Income Tax	8,615	7,751	9,074		
Income tax expense	(785)	(1,162)	(1,114)		
Net Income	7,830	6,590	7,960	18.8%	(1.6 %)
<b>EPS Attributable to the Parent(NT\$)</b>	<b>4.98</b>	<b>4.16</b>	<b>5.09</b>		

Note: Numbers do not add up due to rounding.

## Supplemental Information: Percentage of Revenue

	3Q16	2Q16	3Q15
<b>Gross profit</b>	<b>35.2%</b>	<b>35.2%</b>	<b>42.7%</b>
Selling expenses	(4.5 %)	(4.4 %)	(3.3 %)
Administration expenses	(2.4 %)	(2.3 %)	(4.3 %)
R&D expenses	(18.6 %)	(18.8 %)	(21.7 %)
<b>Operating profit</b>	<b>9.7%</b>	<b>9.7%</b>	<b>13.4%</b>
Non-operating income	1.3%	0.9%	2.5%
Income tax expense	(1.0 %)	(1.6 %)	(2.0 %)
<b>Net profit</b>	<b>10.0%</b>	<b>9.1%</b>	<b>14.0%</b>

Note: Numbers do not add up due to rounding.

## MediaTek Inc. Consolidated Balance Sheet

(In NT\$ millions)

	3Q16	2Q16	3Q15
Cash & Financial assets-current	155,684	172,084	168,968
Accounts receivable	24,331	21,014	16,117
Inventories	36,630	34,014	33,981
Other current assets	12,472	11,342	7,330
Funds and investments	25,461	22,953	22,904
Intangible assets	72,848	73,806	64,072
Other non-current assets	40,768	41,146	34,044
Total assets	368,194	376,360	347,415
Short-term loans	64,555	60,849	57,033
Accounts payable	30,219	30,106	18,667
Other current liabilities	39,381	58,099	31,719
Total non-current liabilities	3,921	3,723	2,922
Total equity	230,118	223,583	237,075

Note: Numbers do not add up due to rounding.

## MediaTek Inc. Consolidated Cash Flow Summary

(In NT\$ millions)

	3Q16	2Q16	3Q15
Net cash provided by (used in) operating activities	3,170	12,210	658
Net cash provided by (used in) investing activities	(4,864)	(6,229)	(5,609)
Net cash provided by (used in) financing activities	(11,629)	(2,649)	(35,280)
Effect of changes in exchange rate on cash and cash equivalents	(2,663)	635	3,523
Net increase (decrease) in cash and cash equivalents	(15,985)	3,967	(36,708)
Cash and cash equivalents at the end of the period	143,944	159,929	159,116

Note: Numbers do not add up due to rounding.