

**MediaTek Inc. Reports Third Quarter 2018 Consolidated Results**

**MediaTek discloses Taiwan-International Financial Reporting Standards (TIFRS) financial measures and also provides Non-Taiwan-International Financial Reporting Standards (Non-TIFRS)<sup>Note1</sup> financial measures as supplemental information. Non-TIFRS financial information should be considered in addition to, not as a substitute for, TIFRS financial information. Earnings distribution is made in accordance with financial statements based on TIFRS.**

**Taiwan-International Financial Reporting Standards (TIFRS) financial measures**

- 3Q18 consolidated revenue of NT\$67,030 million, up 10.8% from previous quarter
- 3Q18 consolidated gross margin of 38.5%, up 0.3 percentage points from previous quarter
- 3Q18 consolidated operating income of NT\$6,310 million, up 54.2% from previous quarter
- 3Q18 consolidated net income of NT\$6,872 million; EPS of NT\$4.39

**Consolidated Revenue**

MediaTek Inc. today announced financial results of third-quarter ended September 30, 2018. The third-quarter revenue was NT\$67,030 million, up 10.8% sequentially and up 5.3% year-over-year. The quarter-over-quarter and year-over-year increases were mainly due to stronger sales from consumer electronics.

**Consolidated Gross Profit and Gross Margin**

The third-quarter gross profit was NT\$25,825 million, up 11.7% sequentially and up 11.4% year-over-year. Gross margin for the quarter was 38.5%, up 0.3 percentage points sequentially and up 2.1 percentage points year-over-year. The quarter-over-quarter and year-over-year increases were mainly due to favorable product mix.

**Consolidated Operating Expenses**

Operating expenses for the quarter was NT\$19,515 million (29.1% of revenue), compared with NT\$19,020 million (31.4% of revenue) in the previous quarter and NT\$18,223 million (28.6% of revenue) in the same period last year. The quarter-over-quarter and year-over-year increases were mainly due to higher shipment-related expenses.

Operating expenses for the quarter included:

- R&D expenses of NT\$14,890 million (22.2% of revenue), increased from NT\$14,272 million in the previous quarter and increased from NT\$14,199 million in the same period last year.
- Selling expenses of NT\$2,908 million (4.3% of revenue), decreased from NT\$2,935 million in the previous quarter and increased from NT\$2,332 million in the same period last year.
- Administration expenses of NT\$1,716 million (2.6% of revenue), decreased from NT\$1,814 million in the previous quarter and increased from NT\$1,693 million in the same period last year.

**Note1: Non-TIFRS financial information should be considered in addition to, not as a substitute for, TIFRS financial information. Reconciliations between TIFRS and Non-TIFRS results include share-based compensation, amortization of acquisition related assets, tax effect and other items. Further information is included in supplemental information.**

**Consolidated Operating Income and Operating Margin**

Operating income for the quarter was NT\$6,310 million, up 54.2% sequentially and up 27.2% year-over-year. Operating margin for the quarter was 9.4%, increased from 6.8% in the previous quarter and increased from 7.8% in the year-ago quarter.

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

Non-operating income for the quarter was NT\$1,342 million, or 2.0% of revenue. It was mainly from interest income and dividend income. Income tax expense for the quarter was NT\$779 million.

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

Net income for the quarter was NT\$6,872 million, down 8.3% sequentially and up 35.8% year-over-year. Net profit margin for the quarter was 10.3%, decreased from 12.4% in the previous quarter and increased from 8.0% in the year-ago quarter. EPS was NT\$4.39, compared with NT\$4.75 in the prior quarter and NT\$3.26 in the year-ago quarter. The quarter-over-quarter decrease was due to the one-off gains on disposal of investments in the previous quarter which was not recurring in this quarter. The year-over-year increase was mainly due to increase in revenue and gross margin this quarter.

**Consolidated Cash and Financial Assets-Current**

Cash and financial assets-current at the end of the quarter was NT\$170,509 million. This represents 40.4% of the company's total assets. Cash and financial assets-current was NT\$191,991 million and NT\$148,858 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\$32,998 million. The accounts receivable turnover was 44 days based on quarterly average net receivables divided by annualized net revenue. The turnover was same as 44 days in the last quarter and higher than the 30 days in the year-ago quarter.

**Consolidated Inventory**

Net inventory was NT\$38,008 million at the end of the quarter. The inventory turnover was 83 days based on quarterly average inventory divided by annualized cost of goods sold. The turnover was lower than the 86 days in the last quarter and lower than the 85 days in the year-ago quarter.

**Consolidated Cash Flow from Operations**

Net cash provided by operating activities during the quarter was NT\$4,100 million, compared with net cash provided by operating activities of NT\$9,202 million in the prior quarter and net cash provided by operating activities of NT\$6,948 million in the year-ago quarter.

**Earnings Webcast**

MediaTek will hold a public webcast today (October 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 4:00 – 5:00 p.m. (Taiwan Time)

[http://wms.gridow.com/ir/mediatek/tw/mediatek\\_2018Q3\\_tw.html](http://wms.gridow.com/ir/mediatek/tw/mediatek_2018Q3_tw.html)

In English 5:30 – 6:30 p.m. (Taiwan Time)

[http://wms.gridow.com/ir/mediatek/en/mediatek\\_2018Q3\\_en.html](http://wms.gridow.com/ir/mediatek/en/mediatek_2018Q3_en.html)

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**Password:** 481213#

**About MediaTek Inc.**

MediaTek Incorporated (TWSE: 2454) is a global fabless semiconductor company that enables 1.5 billion connected devices a year. We are a market leader in developing innovative systems-on-chip (SoC) for mobile device, home entertainment, connectivity and IoT products. Our dedication to innovation has positioned us as a driving market force in several key technology areas, including highly power-efficient mobile technologies and advanced multimedia solutions across a broad range of products such as smartphones, tablets, digital televisions, OTT boxes, wearables and automotive solutions. MediaTek empowers and inspires people to expand their horizons and more easily achieve their goals through smart technology. We call this idea Everyday Genius and it drives everything we do. Visit [www.mediatek.com](http://www.mediatek.com) for more information.

## Taiwan-International Financial Reporting Standards (TIFRS)

### MediaTek Inc. Consolidated Income Statement (Unaudited)

(In NT\$ millions, except EPS)	3Q18	2Q18	3Q17	Q-Q	Y-Y
Net Sales	67,030	60,481	63,651	10.8%	5.3%
Operating costs	(41,206)	(37,369)	(40,469)		
Gross profit	25,825	23,113	23,182	11.7%	11.4%
Selling expenses	(2,908)	(2,935)	(2,332)		
Administration expenses	(1,716)	(1,814)	(1,693)		
R&D expenses	(14,890)	(14,272)	(14,199)		
Operating expenses	(19,515)	(19,020)	(18,223)		
Operating income	6,310	4,092	4,959	54.2%	27.2%
Net non-operating income	1,342	4,665	662		
Net income before income tax	7,652	8,757	5,621		
Income tax expense	(779)	(1,260)	(560)		
Net income	6,872	7,498	5,061	(8.3%)	35.8%
<b>EPS attributable to the parent(NT\$)</b>	<b>4.39</b>	<b>4.75</b>	<b>3.26</b>		

Note: Sums may not equal totals due to rounding.

### MediaTek Inc. Consolidated Income Statement (Percentage of Revenue)

	3Q18	2Q18	3Q17
<b>Gross profit</b>	<b>38.5%</b>	<b>38.2%</b>	<b>36.4%</b>
Selling expenses	(4.3%)	(4.9%)	(3.7%)
Administration expenses	(2.6%)	(3.0%)	(2.7%)
R&D expenses	(22.2%)	(23.6%)	(22.3%)
<b>Operating income</b>	<b>9.4%</b>	<b>6.8%</b>	<b>7.8%</b>
Non-operating income	2.0%	7.7%	1.0%
Income tax expense	(1.2%)	(2.1%)	(0.9%)
<b>Net income</b>	<b>10.3%</b>	<b>12.4%</b>	<b>8.0%</b>

Note: Sums may not equal totals due to rounding.

## MediaTek Inc. Consolidated Balance Sheet (Unaudited)

(In NT\$ millions)	3Q18	2Q18	3Q17
Cash & financial assets-current	170,509	191,991	148,858
Accounts receivable	32,998	31,956	21,771
Inventories	38,008	36,875	36,146
Other current assets	13,579	17,345	16,817
Funds and investments	49,424	45,770	50,123
Intangible assets	74,093	74,805	77,045
Other non-current assets	43,662	43,510	41,720
<b>Total assets</b>	<b>422,274</b>	<b>442,254</b>	<b>392,481</b>
Short-term loans	63,891	79,288	63,230
Accounts payable	25,277	28,740	27,943
Other current liabilities	55,923	69,075	36,390
<b>Total non-current liabilities</b>	<b>5,267</b>	<b>5,267</b>	<b>7,018</b>
<b>Total equity</b>	<b>271,917</b>	<b>259,884</b>	<b>257,900</b>

Note: Sums may not equal totals due to rounding.

## MediaTek Inc. Consolidated Cash Flow Summary (Unaudited)

(In NT\$ millions)	3Q18	2Q18	3Q17
Net cash provided by (used in) operating activities	4,100	9,202	6,948
Net cash provided by (used in) investing activities	3,916	5,156	1,358
Net cash provided by (used in) financing activities	(30,906)	14,431	(17,315)
Effect of changes in exchange rate on cash and cash equivalents	(531)	1,966	(13)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(23,421)</b>	<b>30,756</b>	<b>(9,021)</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>147,951</b>	<b>171,373</b>	<b>129,462</b>

Note: Sums may not equal totals due to rounding.

## 【Supplemental Information】

### Reconciliations of TIFRS Results to Non-TIFRS Results<sup>Note2</sup>

(In NT\$ millions)	3Q18	2Q18	3Q17	Q-Q	Y-Y
<b>TIFRS operating income</b>	<b>6,310</b>	<b>4,092</b>	<b>4,959</b>		
<b>TIFRS net income</b>	<b>6,872</b>	<b>7,498</b>	<b>5,061</b>		
<b>TIFRS EPS(NT\$)</b>	<b>4.39</b>	<b>4.75</b>	<b>3.26</b>		
<b>Non-TIFRS reconciliation items</b>	<b>545</b>	<b>409</b>	<b>538</b>		
Share-based compensation	268	114	215		
Amortization of acquisition related assets	387	387	407		
Tax effect	(110)	(91)	(84)		
<b>Non-TIFRS operating income</b>	<b>6,965</b>	<b>4,592</b>	<b>5,580</b>	51.7%	24.8%
<b>Non-TIFRS operating income margin (%)</b>	<b>10.4%</b>	<b>7.6%</b>	<b>8.8%</b>		
<b>Non-TIFRS net income</b>	<b>7,418</b>	<b>7,907</b>	<b>5,598</b>	(6.2%)	32.5%
<b>Non-TIFRS net income margin (%)</b>	<b>11.1%</b>	<b>13.1%</b>	<b>8.8%</b>		
<b>Non-TIFRS EPS(NT\$)</b>	<b>4.74</b>	<b>5.02</b>	<b>3.61</b>		

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