

**MediaTek Inc. Reports First Quarter 2019 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**

- 1Q19 consolidated revenue of NT\$52,722 million, down 13.4% from previous quarter and up 6.2% year over year
- 1Q19 consolidated gross margin of 40.7%, up 1.8 percentage points from previous quarter and up 2.3 percentage points year over year
- 1Q19 consolidated operating income of NT\$3,169 million, down 17.7% from previous quarter and up 64.3% year over year
- 1Q19 consolidated net income of NT\$3,416 million; EPS of NT\$2.17

**Consolidated Revenue**

MediaTek Inc. today announced financial results of first-quarter ended March 31, 2019. The first-quarter revenue was NT\$52,722 million, down 13.4% sequentially and up 6.2% year-over-year. The quarter-over-quarter decrease was mainly due to lower seasonal demand for consumer electronics. The year-over-year increase was mainly due to higher sales from certain consumer electronics (such as TV SoC, IoT, PMIC and etc.).

**Consolidated Gross Profit and Gross Margin**

The first-quarter gross profit was NT\$21,473 million, down 9.4% sequentially and up 12.5% year-over-year. Gross margin for the quarter was 40.7%, up 1.8 percentage points sequentially and up 2.3 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\$18,304 million (34.7% of revenue), compared with NT\$19,851 million (32.6% of revenue) in the previous quarter and NT\$17,155 million (34.5% of revenue) in the same period last year. The quarter-over-quarter decrease was mainly due to higher year-end reimbursements in the previous quarter and year-over-year increase was mainly due to higher R&D investments.

Operating expenses for the quarter included:

- R&D expenses of NT\$14,607 million (27.7% of revenue), decreased from NT\$15,070 million in the previous quarter and increased from NT\$13,316 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.**

- Selling expenses of NT\$2,143 million (4.1% of revenue), decreased from NT\$3,222 million in the previous quarter and decreased from NT\$2,163 million in the same period last year.
- Administration expenses of NT\$1,555 million (2.9% of revenue), decreased from NT\$1,559 million in the previous quarter and decreased from NT\$1,676 million in the same period last year.

#### **Consolidated Operating Income and Operating Margin**

Operating income for the quarter was NT\$3,169 million, down 17.7% sequentially and up 64.3% year-over-year. Operating margin for the quarter was 6.0%, decreased from 6.3% in the previous quarter and increased from 3.9% in the year-ago quarter.

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

Non-operating income for the quarter was NT\$836 million, or 1.6% of revenue. It was mainly from interest income and dividend income. Income tax expense for the quarter was NT\$589 million.

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

Net income for the quarter was NT\$3,416 million, down 16.2% sequentially and up 34.8% year-over-year. Net profit margin for the quarter was 6.5%, decreased from 6.7% in the previous quarter and increased from 5.1% in the year-ago quarter. EPS was NT\$2.17, compared with NT\$2.63 in the prior quarter and NT\$1.61 in the year-ago quarter. The quarter-over-quarter decreases in net income, net profit margin and EPS were mainly due to lower quarterly sales this quarter. The year-over-year increases in net income, net profit margin and EPS were mainly due to higher sales and gross margin improvement this quarter.

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

Cash and financial assets-current at the end of the quarter was NT\$187,586 million. This represents 44.8% of the company's total assets. Cash and financial assets-current was NT\$164,671 million and NT\$165,235 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\$25,312 million. The accounts receivable turnover was 47 days based on quarterly average net receivables divided by annualized net revenue. The turnover was higher than 46 days in the last quarter and 39 days in the year-ago quarter.

#### **Consolidated Inventory**

Net inventory was NT\$30,122 million at the end of the quarter. The inventory turnover was 89 days based on quarterly average inventory divided by annualized cost of goods sold. The turnover was higher than 85 days in the last quarter and same as 89 days in the year-ago quarter.

#### **Consolidated Cash Flow from Operations**

Net cash provided by operating activities during the quarter was NT\$1,691 million, compared with net cash provided by operating activities of NT\$8,703 million in the prior quarter and net cash used in operating activities of NT\$1,663 million in the year-ago quarter.

**Earnings Webcast**

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

[http://wms.gridow.com/ir/mediatek/tw/mediatek\\_2019Q1\\_tw.html](http://wms.gridow.com/ir/mediatek/tw/mediatek_2019Q1_tw.html)

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

[http://wms.gridow.com/ir/mediatek/en/mediatek\\_2019Q1\\_en.html](http://wms.gridow.com/ir/mediatek/en/mediatek_2019Q1_en.html)

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**Password:** 478929#

**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)	1Q19	4Q18 <sup>(Note2)</sup>	1Q18 <sup>(Note2)</sup>	Q-Q	Y-Y
Net Sales	52,722	60,892	49,654	(13.4%)	6.2%
Operating costs	(31,249)	(37,190)	(30,569)		
Gross profit	21,473	23,702	19,085	(9.4%)	12.5%
Selling expenses	(2,143)	(3,222)	(2,163)		
Administration expenses	(1,555)	(1,559)	(1,676)		
R&D expenses	(14,607)	(15,070)	(13,316)		
Operating expenses	(18,304)	(19,851)	(17,155)		
Operating income	3,169	3,851	1,929	(17.7%)	64.3%
Net non-operating income	836	642	1,057		
Net income before income tax	4,005	4,493	2,987		
Income tax expense	(589)	(418)	(452)		
Net income	3,416	4,076	2,535	(16.2%)	34.8%
<b>EPS attributable to the parent(NT\$)</b>	<b>2.17</b>	<b>2.63</b>	<b>1.61</b>		

Note1: Sums may not equal totals due to rounding.

Note2: Reclassification adjustments made due to latest IFRS interpretation that does not affect annual amount for the period 2018.

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

	1Q19	4Q18	1Q18
<b>Gross profit</b>	<b>40.7%</b>	<b>38.9%</b>	<b>38.4%</b>
Selling expenses	(4.1%)	(5.3%)	(4.4%)
Administration expenses	(2.9%)	(2.6%)	(3.4%)
R&D expenses	(27.7%)	(24.7%)	(26.8%)
<b>Operating income</b>	<b>6.0%</b>	<b>6.3%</b>	<b>3.9%</b>
Non-operating income	1.6%	1.1%	2.1%
Income tax expense	(1.1%)	(0.7%)	(0.9%)
<b>Net income</b>	<b>6.5%</b>	<b>6.7%</b>	<b>5.1%</b>

Note: Sums may not equal totals due to rounding.

## MediaTek Inc. Consolidated Balance Sheet (Unaudited)

(In NT\$ millions)	1Q19	4Q18	1Q18
Cash & financial assets-current	187,586	164,671	165,235
Accounts receivable	25,312	28,939	25,839
Inventories	30,122	30,980	33,320
Other current assets	10,485	11,448	15,896
Funds and investments	45,294	49,262	54,728
Intangible assets	72,929	73,789	75,286
Other non-current assets	47,005	43,748	43,475
<b>Total assets</b>	<b>418,733</b>	<b>402,836</b>	<b>413,779</b>
Short-term loans	58,555	51,057	62,700
Accounts payable	19,975	17,687	28,581
Other current liabilities	42,989	53,848	42,235
<b>Total non-current liabilities</b>	<b>9,912</b>	<b>5,918</b>	<b>6,248</b>
<b>Total equity</b>	<b>287,303</b>	<b>274,326</b>	<b>274,015</b>

Note: Sums may not equal totals due to rounding.

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

(In NT\$ millions)	1Q19	4Q18	1Q18
Net cash provided by (used in) operating activities	1,691	8,703	(1,663)
Net cash provided by (used in) investing activities	(1,608)	(1,106)	(896)
Net cash provided by (used in) financing activities	7,739	(12,830)	(1,281)
Effect of changes in exchange rate on cash and cash equivalents	486	452	(881)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>8,309</b>	<b>(4,781)</b>	<b>(4,721)</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>151,479</b>	<b>143,170</b>	<b>140,617</b>

Note: Sums may not equal totals due to rounding.

## 【Supplemental Information】

### Reconciliations of TIFRS Results to Non-TIFRS Results<sup>Note3</sup>

(In NT\$ millions)	1Q19	4Q18 <sup>(Note2)</sup>	1Q18 <sup>(Note2)</sup>	Q-Q	Y-Y
<b>TIFRS operating income</b>	<b>3,169</b>	<b>3,851</b>	<b>1,929</b>		
<b>TIFRS net income</b>	<b>3,416</b>	<b>4,076</b>	<b>2,535</b>		
<b>TIFRS EPS(NT\$)</b>	<b>2.17</b>	<b>2.63</b>	<b>1.61</b>		
<b>Non-TIFRS reconciliation items</b>	<b>652</b>	<b>35</b>	<b>380</b>		
Share-based compensation	370	(343)	113		
Amortization of acquisition related assets	421	421	325		
Tax effect	(140)	(43)	(58)		
<b>Non-TIFRS operating income</b>	<b>3,960</b>	<b>3,929</b>	<b>2,367</b>	0.8%	67.3%
<b>Non-TIFRS operating income margin (%)</b>	<b>7.5%</b>	<b>6.5%</b>	<b>4.8%</b>		
<b>Non-TIFRS net income</b>	<b>4,068</b>	<b>4,111</b>	<b>2,915</b>	(1.0%)	39.6%
<b>Non-TIFRS net income margin (%)</b>	<b>7.7%</b>	<b>6.8%</b>	<b>5.9%</b>		
<b>Non-TIFRS EPS(NT\$)</b>	<b>2.59</b>	<b>2.66</b>	<b>1.85</b>		

Note1: Sums may not equal totals due to rounding.

Note2: Reclassification adjustments made due to latest IFRS interpretation that does not affect annual amount for the period 2018.

Note3: 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. Earnings distribution is made in accordance with financial statements based on TIFRS.