

**MediaTek Inc. Reports First Quarter 2020 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**

**-1Q20 consolidated revenue of NT\$60,863 million, down 5.9% from previous quarter and up 15.4% year over year**

**-1Q20 consolidated gross margin of 43.1%, up 0.6 percentage points from previous quarter and up 2.4 percentage points year over year**

**-1Q20 consolidated operating income of NT\$5,802 million, down 6.8% from previous quarter and up 83.1% year over year**

**-1Q20 consolidated net income of NT\$5,804 million; EPS of NT\$3.64**

**Consolidated Revenue**

MediaTek Inc. today announced financial results of first-quarter ended March 31, 2020. The first-quarter revenue was NT\$60,863 million, down 5.9% sequentially and up 15.4% 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 smartphone market share gain.

**Consolidated Gross Profit and Gross Margin**

The first-quarter gross profit was NT\$26,237 million, down 4.6% sequentially and up 22.2% year-over-year. Gross margin for the quarter was 43.1%, up 0.6 percentage points sequentially and up 2.4 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\$20,435 million (33.6% of revenue), compared with NT\$21,266 million (32.9% of revenue) in the previous quarter and NT\$18,304 million (34.7% of revenue) in the same period last year. The quarter-over-quarter decrease was mainly due to higher R&D related year-end reimbursement in the previous quarter. The year-over-year increase was mainly due higher expenses associated with higher sales and R&D investments.

Operating expenses for the quarter included:

- R&D expenses of NT\$15,336 million (25.2% of revenue), decreased from NT\$16,397 million in the previous quarter and increased from NT\$14,607 million in the same period last year.

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- Selling expenses of NT\$3,556 million (5.8% of revenue), increased from NT\$3,197 million in the previous quarter and increased from NT\$2,143 million in the same period last year.
- Administration expenses of NT\$1,542 million (2.5% of revenue), decreased from NT\$1,672 million in the previous quarter and decreased from NT\$1,555 million in the same period last year.

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

Operating income for the quarter was NT\$5,802 million, down 6.8% sequentially and up 83.1% year-over-year. Operating margin for the quarter was 9.5%, decreased from 9.6% in the previous quarter and increased from 6.0% in the year-ago quarter.

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

Non-operating income for the quarter was NT\$928 million, or 1.5% of revenue. It was mainly from interest income and dividend income. Income tax expense for the quarter was NT\$926 million.

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

Net income for the quarter was NT\$5,804 million, down 9.1% sequentially and up 69.9% year-over-year. Net profit margin for the quarter was 9.5%, decreased from 9.9% in the previous quarter and increased from 6.5% in the year-ago quarter. EPS was NT\$3.64, compared with NT\$4.03 in the prior quarter and NT\$2.17 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 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\$198,570 million. This represents 42.4% of the company's total assets. Cash and financial assets-current was NT\$203,174 million and NT\$187,586 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\$25,376 million. The accounts receivable turnover was 39 days based on quarterly average net receivables divided by annualized net revenue. The turnover was lower than 40 days in the last quarter and 47 days in the year-ago quarter.

#### **Consolidated Inventory**

Net inventory was NT\$32,669 million at the end of the quarter. The inventory turnover was 79 days based on quarterly average inventory divided by annualized cost of goods sold. The turnover was higher than 72 days in the last quarter and lower than 89 days in the year-ago quarter.

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

Net cash provided by operating activities during the quarter was NT\$1,931 million, compared with net cash provided by operating activities of NT\$19,588 million in the prior quarter and net cash provided by operating activities of NT\$1,691 million in the year-ago quarter.

**Earnings Webcast**

MediaTek will hold a public webcast today (April 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:**

Tuesday, April 28, 2020

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

[http://wms.gridow.com/ir/mediatek/en/mediatek\\_2020Q1\\_en.html](http://wms.gridow.com/ir/mediatek/en/mediatek_2020Q1_en.html)

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

**Password:** 343889#

**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)	1Q20	4Q19	1Q19	Q-Q	Y-Y
Net Sales	60,863	64,708	52,722	(5.9%)	15.4%
Operating costs	(34,626)	(37,216)	(31,249)		
Gross profit	26,237	27,492	21,473	(4.6%)	22.2%
Selling expenses	(3,556)	(3,197)	(2,143)		
Administration expenses	(1,542)	(1,672)	(1,555)		
R&D expenses	(15,336)	(16,397)	(14,607)		
Operating expenses	(20,435)	(21,266)	(18,304)		
Operating income	5,802	6,226	3,169	(6.8%)	83.1%
Net non-operating income	928	829	836		
Net income before income tax	6,730	7,055	4,005		
Income tax expense	(926)	(672)	(589)		
Net income	5,804	6,383	3,416	(9.1%)	69.9%
<b>EPS attributable to the parent(NT\$)</b>	<b>3.64</b>	<b>4.03</b>	<b>2.17</b>		

Note: Sums may not equal totals due to rounding.

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

	1Q20	4Q19	1Q19
<b>Gross profit</b>	<b>43.1%</b>	<b>42.5%</b>	<b>40.7%</b>
Selling expenses	(5.8%)	(4.9%)	(4.1%)
Administration expenses	(2.5%)	(2.6%)	(2.9%)
R&D expenses	(25.2%)	(25.3%)	(27.7%)
<b>Operating income</b>	<b>9.5%</b>	<b>9.6%</b>	<b>6.0%</b>
Non-operating income	1.5%	1.3%	1.6%
Income tax expense	(1.5%)	(1.0%)	(1.1%)
<b>Net income</b>	<b>9.5%</b>	<b>9.9%</b>	<b>6.5%</b>

Note: Sums may not equal totals due to rounding.

## MediaTek Inc. Consolidated Balance Sheet (Unaudited)

(In NT\$ millions)	1Q20	4Q19	1Q19
Cash & financial assets-current	198,570	203,174	187,586
Accounts receivable	25,376	26,837	25,312
Inventories	32,669	27,615	30,122
Other current assets	8,661	9,103	10,485
Funds and investments	81,096	73,278	45,294
Intangible assets	74,186	70,917	72,929
Other non-current assets	47,256	47,778	47,005
<b>Total assets</b>	<b>467,814</b>	<b>458,702</b>	<b>418,733</b>
Short-term loans	52,139	57,255	58,555
Accounts payable	23,202	22,314	19,975
Other current liabilities	49,074	51,530	42,989
<b>Total non-current liabilities</b>	<b>14,851</b>	<b>13,204</b>	<b>9,912</b>
<b>Total equity</b>	<b>328,548</b>	<b>314,400</b>	<b>287,303</b>

Note: Sums may not equal totals due to rounding.

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

(In NT\$ millions)	1Q20	4Q19	1Q19
Net cash provided by (used in) operating activities	1,931	19,588	1,691
Net cash provided by (used in) investing activities	562	1,502	(1,608)
Net cash provided by (used in) financing activities	(4,615)	2,775	7,739
Effect of changes in exchange rate on cash and cash equivalents	(584)	(2,293)	486
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2,706)</b>	<b>21,573</b>	<b>8,309</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>174,839</b>	<b>177,545</b>	<b>151,479</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)	1Q20	4Q19	1Q19	Q-Q	Y-Y
<b>TIFRS operating income</b>	<b>5,802</b>	<b>6,226</b>	<b>3,169</b>		
<b>TIFRS net income</b>	<b>5,804</b>	<b>6,383</b>	<b>3,416</b>		
<b>TIFRS EPS(NT\$)</b>	<b>3.64</b>	<b>4.03</b>	<b>2.17</b>		
<b>Non-TIFRS reconciliation items</b>	<b>564</b>	<b>627</b>	<b>652</b>		
Share-based compensation	270	321	370		
Amortization of acquisition related assets	404	417	421		
Tax effect	(110)	(111)	(140)		
<b>Non-TIFRS operating income</b>	<b>6,476</b>	<b>6,964</b>	<b>3,960</b>	(7.0%)	63.6%
<b>Non-TIFRS operating income margin (%)</b>	<b>10.6%</b>	<b>10.8%</b>	<b>7.5%</b>		
<b>Non-TIFRS net income</b>	<b>6,368</b>	<b>7,010</b>	<b>4,068</b>	(9.1%)	56.6%
<b>Non-TIFRS net income margin (%)</b>	<b>10.5%</b>	<b>10.8%</b>	<b>7.7%</b>		
<b>Non-TIFRS EPS(NT\$)</b>	<b>4.00</b>	<b>4.43</b>	<b>2.59</b>		

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