

MediaTek Inc. Reports Fourth-Quarter and Full-Year 2020 Consolidated Results

MediaTek discloses Taiwan-International Financial Reporting Standards (TIFRS) financial measures and also provides Non-Taiwan-International Financial Reporting Standards (Non-TIFRS)^{Note1} 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

-4Q20 consolidated revenue of NT\$96,405 million, down 0.9% from previous quarter and up 49.0% year-over-year

-4Q20 consolidated gross margin of 44.5%, up 0.3 percentage points from previous quarter and up 2 percentage points year-over-year

-4Q20 consolidated operating income of NT\$15,373 million, up 5.1% from previous quarter and up 146.9% year-over-year

-4Q20 consolidated net income of NT\$14,957 million; EPS of NT\$9.35

-2020 consolidated revenue of NT\$322,146 million, up 30.8% year-over-year, reached record-high annual consolidated revenue

-2020 Gross margin of 43.9%, up 2 percentage points year-over-year; consolidated operating income of NT\$43,219 million, up 91.5% year-over-year; EPS of NT\$26.01

Consolidated Revenue

MediaTek Inc. today announced financial results of fourth-quarter and full-year ended December 31, 2020. The fourth-quarter revenue was NT\$96,405 million, down 0.9% sequentially and up 49.0% year-over-year. The slight quarter-over-quarter decrease was mainly due to unfavorable foreign exchange rate. The year-over-year increase was mainly due to 4G and 5G smartphone market share gains, and sales increases in consumer electronics such as Wi-Fi, Power IC and TV.

Annual revenue totaled NT\$322,146 million, up 30.8% year-over-year.

Consolidated Gross Profit and Gross Margin

The fourth-quarter gross profit was NT\$42,863 million, down 0.4% sequentially and up 55.9% year-over-year. Gross margin for the quarter was 44.5%, up 0.3 percentage points sequentially and up 2 percentage points year-over-year. The quarter-over-quarter and year-over-year increases in gross margins were mainly due to favorable product mix.

Gross profit for the year was NT\$141,536 million (gross margin: 43.9%), up 37.4% year-over-year.

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Consolidated Operating Expenses

Operating expenses for the quarter was NT\$27,491 million (28.5% of revenue), compared with NT\$28,400 million (29.2% of revenue) in the previous quarter and NT\$21,266 million (32.9% of revenue) in the same period last year. The quarter-over-quarter decrease was mainly due to higher R&D and administration expenses in the previous quarter. The year-over-year increase was mainly due to increases in R&D investments and higher expenses associated with higher sales.

Operating expenses for the quarter included:

- R&D expenses of NT\$22,025 million (22.8% of revenue), decreased from NT\$22,547 million in the previous quarter and increased from NT\$16,397 million in the same period last year.
- Selling expenses of NT\$3,713 million (3.9% of revenue), increased from NT\$3,648 million in the previous quarter and increased from NT\$3,197 million in the same period last year.
- Administration expenses of NT\$1,753 million (1.8% of revenue), decreased from NT\$2,205 million in the previous quarter and increased from NT\$1,672 million in the same period last year.

Full-year 2020 operating expense was NT\$98,316 million (30.5% of revenue), increased 22.2% year-over-year.

Consolidated Operating Income and Operating Margin

Operating income for the quarter was NT\$15,373 million, up 5.1% sequentially and up 146.9% year-over-year. Operating margin for the quarter was 15.9%, increased from 15.0% in the previous quarter and increased from 9.6% in the year-ago quarter.

Operating income for the year was NT\$43,219 million (operating margin: 13.4%), up 91.5% year-over-year.

Consolidated Non-operating Income (loss) and Income Tax

Non-operating income for the quarter was NT\$1,519 million, or 1.6% of revenue. It was mainly from interest income and dividend income. Income tax expense for the quarter was NT\$1,934 million.

Non-operating income for the year was NT\$4,363 million, compared with NT\$4,460 million last year.

Consolidated Net Income, Net Profit Margin and EPS

Net income for the quarter was NT\$14,957 million, up 11.9% sequentially and up 134.3% year-over-year. Net profit margin for the quarter was 15.5%, increased from 13.7% in the previous quarter and increased from 9.9% in the year-ago quarter. EPS was NT\$9.35, up from NT\$8.42 in the prior quarter and NT\$4.03 in the year-ago quarter. The quarter-over-quarter increase in net income, net profit margin and EPS was mainly due to higher gross margin and lower operating expenses this quarter. The year-over-year increase in net income, net profit margin and EPS was mainly due to higher revenue and gross margin this quarter.

Full-year 2020 net income was NT\$41,439 million, up 78.6% year-over-year. Accumulated EPS was NT\$26.01 for the year, compared with NT\$14.69 last year.

Consolidated Cash and Financial Assets-Current

Cash and financial assets-current at the end of the quarter was NT\$210,113 million. This represents 39.4% of the company's total assets. Cash and financial assets-current was NT\$184,310 million and NT\$203,174 million at the end of previous quarter and the year-ago quarter, respectively. Financial assets-current portfolio includes mutual funds, bonds, derivatives and so on.

Consolidated Accounts Receivable

Accounts receivable (net) at the end of the quarter was NT\$33,133 million. The accounts receivable turnover was 34 days based on quarterly average net receivables divided by annualized net revenue. The turnover was lower than 35 days in the last quarter and 40 days in the year-ago quarter.

Consolidated Inventory

Net inventory at the end of the quarter was NT\$37,677 million. The inventory turnover was 59 days based on quarterly average inventory divided by annualized cost of goods sold. The turnover was higher than 57 days in the last quarter and lower than 72 days in the year-ago quarter.

Consolidated Cash Flow from Operations

Net cash provided by operating activities during the quarter was NT\$38,611 million, compared with net cash provided by operating activities of NT\$31,839 million in the prior quarter and net cash provided by operating activities of NT\$19,588 million in the year-ago quarter.

Earnings Webcast

MediaTek will hold a public webcast today (January 27). 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:

Wednesday, January 27, 2021

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

http://wms.gridow.com/ir/mediatek/en/mediatek_2020Q4_en.html

Dial-in Number: +886-2-21928016

Password: 309705#

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 for more information.

Taiwan-International Financial Reporting Standards (TIFRS)

MediaTek Inc. Consolidated Income Statement (Unaudited)

(In NT\$ millions, except EPS)	4Q20	3Q20	4Q19	Q-Q	Y-Y
Net Sales	96,405	97,275	64,708	(0.9%)	49.0%
Operating costs	(53,542)	(54,246)	(37,216)		
Gross profit	42,863	43,028	27,492	(0.4%)	55.9%
Selling expenses	(3,713)	(3,648)	(3,197)		
Administration expenses	(1,753)	(2,205)	(1,672)		
R&D expenses	(22,025)	(22,547)	(16,397)		
Operating expenses	(27,491)	(28,400)	(21,266)		
Operating income	15,373	14,628	6,226	5.1%	146.9%
Net non-operating income	1,519	804	829		
Net income before income tax	16,891	15,432	7,055		
Income tax expense	(1,934)	(2,066)	(672)		
Net income	14,957	13,367	6,383	11.9%	134.3%
Owners of the parent	14,746	13,251	6,326	11.3%	133.1%
Non-controlling interests	211	115	57		
EPS attributable to the parent(NT\$)	9.35	8.42	4.03		

Note: Sums may not equal totals due to rounding.

MediaTek Inc. Consolidated Income Statement (Percentage of Revenue)

	4Q20	3Q20	4Q19
Gross profit	44.5%	44.2%	42.5%
Selling expenses	(3.9%)	(3.7%)	(4.9%)
Administration expenses	(1.8%)	(2.3%)	(2.6%)
R&D expenses	(22.8%)	(23.2%)	(25.3%)
Operating income	15.9%	15.0%	9.6%
Non-operating income	1.6%	0.8%	1.3%
Income tax expense	(2.0%)	(2.1%)	(1.0%)
Net income	15.5%	13.7%	9.9%

Note: Sums may not equal totals due to rounding.

MediaTek Inc. Consolidated Income Statement (Unaudited)

(In NT\$ millions, except EPS)	2020	2019	Y-Y
Net Sales	322,146	246,222	30.8%
Operating costs	(180,610)	(143,176)	
Gross profit	141,536	103,046	37.4%
Selling expenses	(13,647)	(10,938)	
Administration expenses	(7,344)	(6,538)	
R&D expenses	(77,325)	(63,001)	
Operating expenses	(98,316)	(80,478)	
Operating income	43,219	22,567	91.5%
Net non-operating income	4,363	4,460	
Net income before income tax	47,583	27,027	
Income tax expense	(6,144)	(3,823)	
Net income	41,439	23,204	78.6%
Owners of the parent	40,917	23,033	77.6%
Non-controlling interests	522	172	
EPS attributable to the parent(NT\$)	26.01	14.69	

Note: Sums may not equal totals due to rounding.

MediaTek Inc. Consolidated Income Statement (Percentage of Revenue)

	2020	2019
Gross profit	43.9%	41.9%
Selling expenses	(4.2%)	(4.4%)
Administration expenses	(2.3%)	(2.7%)
R&D expenses	(24.0%)	(25.6%)
Operating income	13.4%	9.2%
Non-operating income	1.4%	1.8%
Income tax expense	(1.9%)	(1.6%)
Net income	12.9%	9.4%

Note: Sums may not equal totals due to rounding.

MediaTek Inc. Consolidated Balance Sheet (Unaudited)

(In NT\$ millions)	4Q20	3Q20	4Q19
Cash & financial assets-current	210,113	184,310	203,174
Accounts receivable	33,133	37,997	26,837
Inventories	37,677	31,010	27,615
Other current assets	10,939	16,630	9,103
Funds and investments	116,767	95,939	73,278
Intangible assets	76,272	77,105	70,917
Other non-current assets	49,006	47,675	47,778
Total assets	533,906	490,666	458,702
Short-term loans	21,471	30,626	57,255
Accounts payable	34,470	29,288	22,314
Other current liabilities	87,857	74,934	51,530
Total non-current liabilities	15,023	14,514	13,204
Total equity	375,084	341,304	314,400

Note: Sums may not equal totals due to rounding.

MediaTek Inc. Consolidated Cash Flow Summary (Unaudited)

(In NT\$ millions)	4Q20	3Q20	4Q19
Net cash provided by (used in) operating activities	38,611	31,839	19,588
Net cash provided by (used in) investing activities	(2,782)	(2,687)	1,502
Net cash provided by (used in) financing activities	(9,540)	(25,402)	2,775
Effect of changes in exchange rate on cash and cash equivalents	(1,065)	(1,332)	(2,293)
Net increase (decrease) in cash and cash equivalents	25,224	2,418	21,573
Cash and cash equivalents at the end of the period	196,580	171,356	177,545

Note: Sums may not equal totals due to rounding.

【Supplemental Information】

Reconciliations of TIFRS Results to Non-TIFRS Results^{Note2}

(In NT\$ millions)

		4Q20	3Q20	4Q19	Q-Q	Y-Y
TIFRS	Operating income	15,373	14,628	6,226	5.1%	146.9%
	Operating income margin(%)	15.9%	15.0%	9.6%		
Reconciliations	Share-based compensation	384	418	321		
	Amortization of acquisition related assets	340	406	417		
Non-TIFRS	Operating income	16,097	15,452	6,964	4.2%	131.2%
	Operating income margin (%)	16.7%	15.9%	10.8%		

TIFRS	Net income	14,957	13,367	6,383	11.9%	134.3%
	Net income margin(%)	15.5%	13.7%	9.9%		
	Net income- Owners of the parent	14,746	13,251	6,326	11.3%	133.1%
	EPS(NT\$)	9.35	8.42	4.03		
Reconciliations	Share-based compensation	384	418	321		
	Amortization of acquisition related assets	340	406	417		
	Tax effect	(127)	(131)	(111)		
Non-TIFRS	Net income	15,554	14,059	7,010	10.6%	121.9%
	Net income margin (%)	16.1%	14.5%	10.8%		
	Net income- Owners of the parent	15,343	13,946	6,948	10.0%	120.8%
	EPS(NT\$)	9.73	8.86	4.43		

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【Supplemental Information】

Reconciliations of TIFRS Results to Non-TIFRS Results^{Note2}

(In NT\$ millions)

		2020	2019	Y-Y
TIFRS	Operating income	43,219	22,567	91.5%
	Operating income margin(%)	13.4%	9.2%	
Reconciliations	Share-based compensation	1,283	2,019	
	Amortization of acquisition related assets	1,549	1,678	
Non-TIFRS	Operating income	46,051	26,265	75.3%
	Operating income margin (%)	14.3%	10.7%	

TIFRS	Net income	41,439	23,204	78.6%
	Net income margin(%)	12.9%	9.4%	
	Net income- Owners of the parent	40,917	23,033	77.6%
	EPS(NT\$)	26.01	14.69	
Reconciliations	Share-based compensation	1,283	2,019	
	Amortization of acquisition related assets	1,549	1,678	
	Tax effect	(470)	(597)	
Non-TIFRS	Net income	43,800	26,304	66.5%
	Net income margin (%)	13.6%	10.7%	
	Net income- Owners of the parent	43,292	26,127	65.7%
	EPS(NT\$)	27.52	16.68	

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