



## HTC reports 2014 third-quarter results

October 31, 2014

- 1.Date of occurrence of the event:2014/10/31
- 2.Company name:HTC Corporation
- 3.Relationship to the Company (please enter "head office" or "subsidiaries"):Head Office
- 4.Reciprocal shareholding ratios:N/A
- 5.Name of the reporting media:N/A
- 6.Content of the report:N/A
- 7.Cause of occurrence:  
Quarterly revenue of NT\$41.9 billion  
Quarterly net profit after tax of NT\$0.6 billion, or NT\$0.78 per share  
Gross margin of 22.9% and operating margin of 0.4%

HTC sustained momentum in most markets over the quarter, with the flagship HTC One (M8) and Desire line of smartphones holding their own or expanding their markets despite stiff competition.

"This challenging quarter saw HTC step up to the plate, maintaining profitability in the face of an intensely competitive environment," said Peter Chou, CEO of HTC. "By providing balanced product offerings across all major regions and increasing the buzz around the brand, our partners have been reach into established and emerging markets, especially with the Desire range."

The HTC Desire line of smartphones turned in a strong performance across the board in Q3'14, consolidating market share and attracting new users. The Desire 610 and 510 experienced good demand, selling well in both the US and Europe, while the Desire 816 maintained solid sales throughout Taiwan, China, India and the Middle East. The Desire 820, the world's first 64-bit octa-core smartphone, was launched in China and received wide distribution support from the major operators.

The HTC One (M8) continues to accrue awards, including 'Best Phone in 2014' by TechRadar and 'Best designed smartphone of the year' by Mobile Choice. HTC Desire smartphones also garnered more awards in Q3, with the HTC Desire 820 following in the footsteps of the Desire 816 in being honoured in the this year's 'Best of IFA Awards' by Android Central, as well as being named 'Best mid-range smartphone' by Android Authority.

'Double Exposure,' HTC's global launch held earlier this month, introduced a raft of new products and services centered around HTC's leading imaging technology, including the HTC Eye Experience, the HTC Desire Eye smartphone, Zoe and the RE camera. The event blended fashion and technology in an exciting way to appeal to lifestyle and consumer media, opening new avenues for HTC to outreach directly to our end-user customers and heralding new revenue streams for the Company going forward.

The HTC Eye Experience is a powerful suite of imaging features that allows users to better put themselves in the picture, including advanced face tracking enhances the quality of video chat and conference calls, and an array of tools that enable users to combine, merge or crop images in creative new ways. As the top of the range Desire smartphone, the new HTC Desire Eye encapsulates this imaging focus, integrating all of the HTC Eye Experience features with market-leading 13 megapixel cameras and intelligent dual-LED flash at both front and back for superb photography and the ultimate selfies.

Zoe, a collaborative, social video-editing application, allows users to create and remix videos into highlight reels comprising a couple of still images or entire series of video clips, complete with soundtracks and themes, that can be easily shared on social media. Available now free of charge for all Android device users, and with iOS support coming later this year, this innovative application represents a distinct new business strategy for HTC, designed to add value for consumers by offering them new ways to be more creative and collaborative, and to gain mind-share among current and target users for our intuitive and thoughtful approach to imaging fun.

Completing the Double Exposure line-up was RE, a remarkable camera that conveys HTC's vision of expanding the mobile ecosystem beyond the smartphone. Designed for the everyday consumer, the affordable RE is very easy to use with its intuitive one-button operation, 146-degree wide angle lens, and grip sensor that automatically turns the camera on when you pick it up, enabling people to step out from behind the viewfinder and capture the moment. The stand-alone RE was created by HTC's Connected Devices Group and represents a brand new product category as well milestone for the Company.

October also saw the launch of the Nexus 9, the new premium tablet designed in close collaboration with Google that boasts an array of advanced technologies, such as HTC BoomSound and HTC's signature dual front-facing speakers for superb stereo sound, a sharp display with 4:3 aspect ratio and versatile accessories for enhanced productivity. The Nexus 9 is the world's first tablet to run Android 5.0 Lollipop, the very latest operating system from Google, which comes packed with features and updates to give users more control over their device, including personalized notifications and security, longer battery life, reduced latency and greater multi-tasking capabilities.

8. Countermeasures:None

9. Any other matters that need to be specified:None