



## HTC Reports 2Q 2011 Results: Quarterly Revenues, Net Profits and EPS. All Reach New Highs

July 29, 2011

1.Date of the investor/press conference or the date that the Company disclose its financial or business information to the public:2011/07/29

2.Location of the investor/press conference or the location that the Company disclose its financial or business information to the public:Conference call

3.Financial and business related information:

Taoyuan, Taiwan, R.O.C. July 29, 2011—HTC Corporation ("HTC", or the "Company", TWSE: 2498), a global leader in smartphone innovation and design, today announced record-breaking, consolidated results for the Company and its subsidiaries from the second quarter 2011, and its fifth consecutive quarter of growth. After-tax profit for the second quarter totaled NT\$17.52bn, a 102.9% increase over the same quarter last year, resulting in earnings-per-share of NT\$21.69 before ex-rights (NT\$20.64 after ex-rights).

### Highlights

- After-tax profits in 2Q were NT\$17.52bn, up 102.9% year-on-year
- Earnings-per-share equalled NT\$21.69 before ex-rights (NT\$20.64 after ex-rights).
- Total revenues grew for the fifth consecutive quarter, totalling NT\$124.40bn in 2Q, up 104.1% year-on-year
- Handset shipments for 2Q equalled 12.1mn units, up 123.7% year-on-year, 24.8% quarter-on-quarter
- ASP (in USD) increased 2.6% year-on-year to US\$349
- 2Q operating expense ratio was 13.3%; 2Q operating margin reached 15.5%
- 2Q gross profit margin was in line with original guidance at 28.8%

### 2Q 2011 Results

HTC's growing brand recognition and newly launched phones at both the entry level and high end of the market continued to drive sales to new demographics, creating a record-high quarterly revenue of NT\$124.40bn, net profits of NT\$17.52bn, and EPS of NT\$21.69 before ex-rights (NT\$20.64 after ex-rights), in the second quarter 2011.

HTC sold 12.1 million smartphones in 2Q 2011, 123.7% more than the same quarter last year, and 24.8% more than 1Q 2011. New products that shipped in 2Q - including Sensation, EVO 3D, Wildfire S, ChaCha, Salsa and Flyer - continue to demonstrate HTC's leadership in design, innovation and the brand recognition it has earned across the globe. The launch of EVO 3D, the world's first smartphone with glasses-free 3D capability, enriched the overall mobile experience. And entry-level models, such as Wildfire S, Salsa and ChaCha, widen the appeal of HTC smartphones to a broader audience and a large market globally.

Gross margins for the second quarter were 28.8%. Due to growing operational leverage achieved through scale expansion, operating margin for the second quarter increased to 15.5% from 15.3% in the year-ago quarter.

"Consumer reactions to our award-winning designs have driven us to another record-breaking quarter," said Peter Chou, CEO of HTC. "Our teams work so hard to create each individual experience on the device, and it is gratifying for all of us to see them embraced at the volume levels we are consistently reporting across the globe."

During the second quarter of 2011, HTC continued to enrich its content and service platform offerings, announcing OpenSense, which allows developers access to proprietary APIs that support unique HTC features such as 3D display and our digital pen. In time, OpenSense is expected to strengthen the HTC developer community and broaden the Sense user experience for customers. To strengthen its patent portfolio and enhance its royalty cost structure, HTC acquired 235 issued patents and patents applications through the acquisition of S3 Graphics.

The Company also commenced phase III of its brand development program focusing on driving and increasing brand preference and creating emotional connections with consumers. Global brand momentum has been growing steadily, indicating that HTC is now a firmly established brand in consumer minds.

### Share buyback plan

The Board approved two share buyback programs at price range from NT\$900 to NT\$1,100:

- 1.A maximum of 10 mn treasury shares will be bought back from July 18th to Aug. 17th, 2011, for use as employee incentives,

and

2.A maximum of 10 mn shares will be bought back for cancellation from Aug. 18th to Sept. 17th, 2011.

### 3Q 2011 Outlook

The Company's outlook for the third quarter of 2011 is as follows:

- 3Q shipments are expected to be approximately 13.5mn units, up 98% year-on-year.
- 3Q revenue is expected to be around NT\$137bn, up 10% quarter-on-quarter and up 80% year-on-year.
- Gross Margins are expected to be around 28%±0.5%.
- Operating Margins are expected to be in the range of 15%±0.5%.

4.If a press release is distributed, the content of the press release:As above.

5.Any other matters that need to be specified:The material for the investor conference is disclosed under the corporate governance item on the Market Observation Post system and HTC Corporation Website.