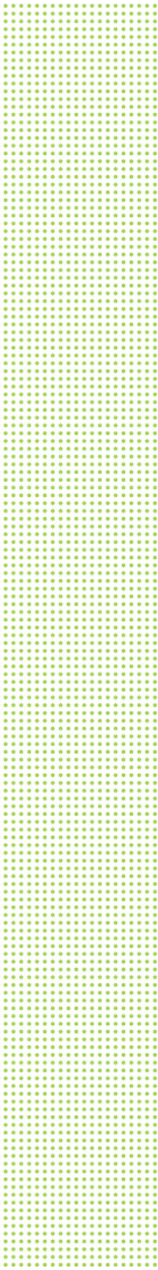


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HTC CORPORATION

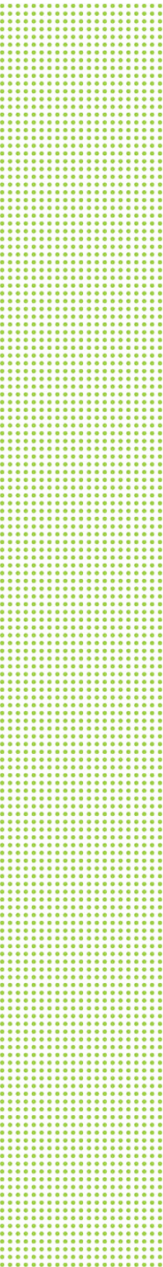
3Q17 RESULTS SUMMARY

November 9th 2017



DISCLAIMER STATEMENT

- This presentation and release contain “forward-looking statements” which may include projections of future results of operations, financial condition or business prospects based on our own information and other sources.
- Our actual results of operations, financial condition or business prospects may differ from those expressed or implied in these forward-looking statements for a variety of reasons, including but not limited to market demand, price fluctuations, competition, international economic conditions, supply chain issues, exchange rate fluctuations and other risks and factors beyond our control.
- The forward-looking statements in this release reflect the current belief of HTC as of the date of this release. HTC undertakes no obligation to update these forward-looking statements for events or circumstances that occur subsequent to such date.

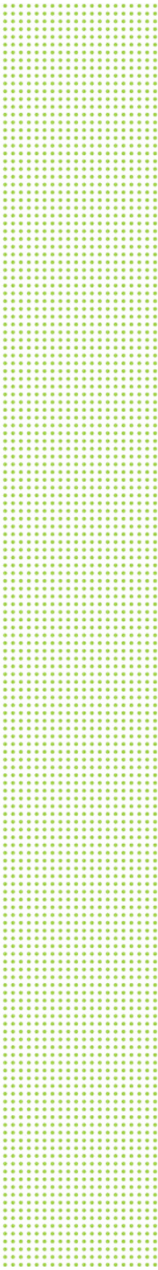




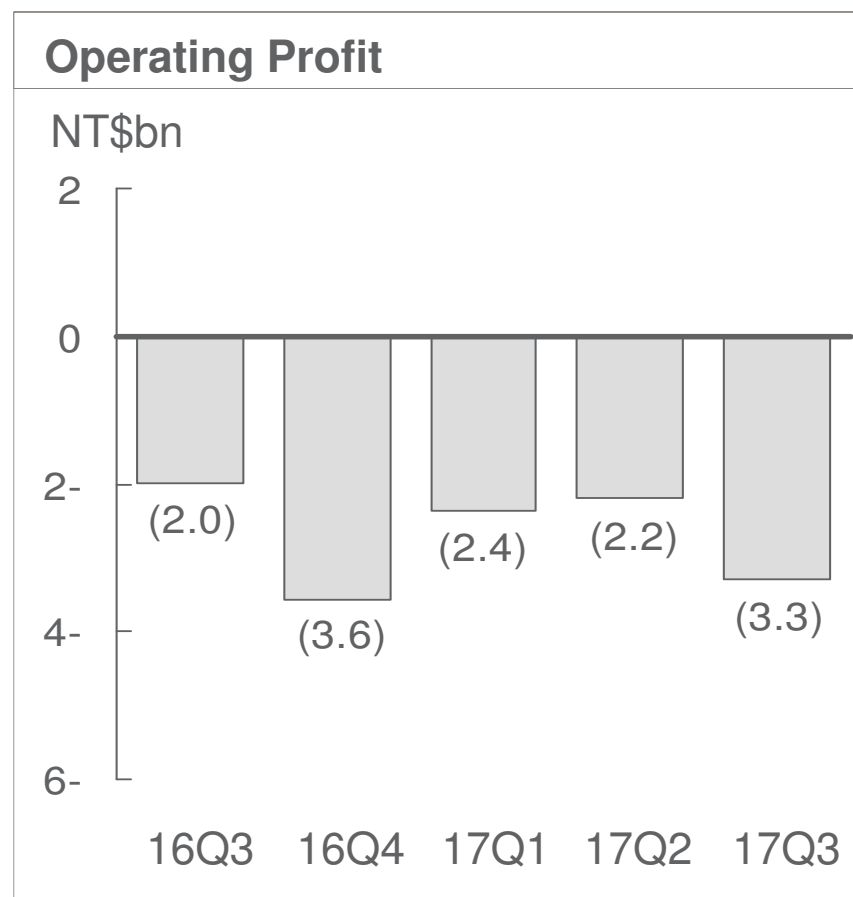
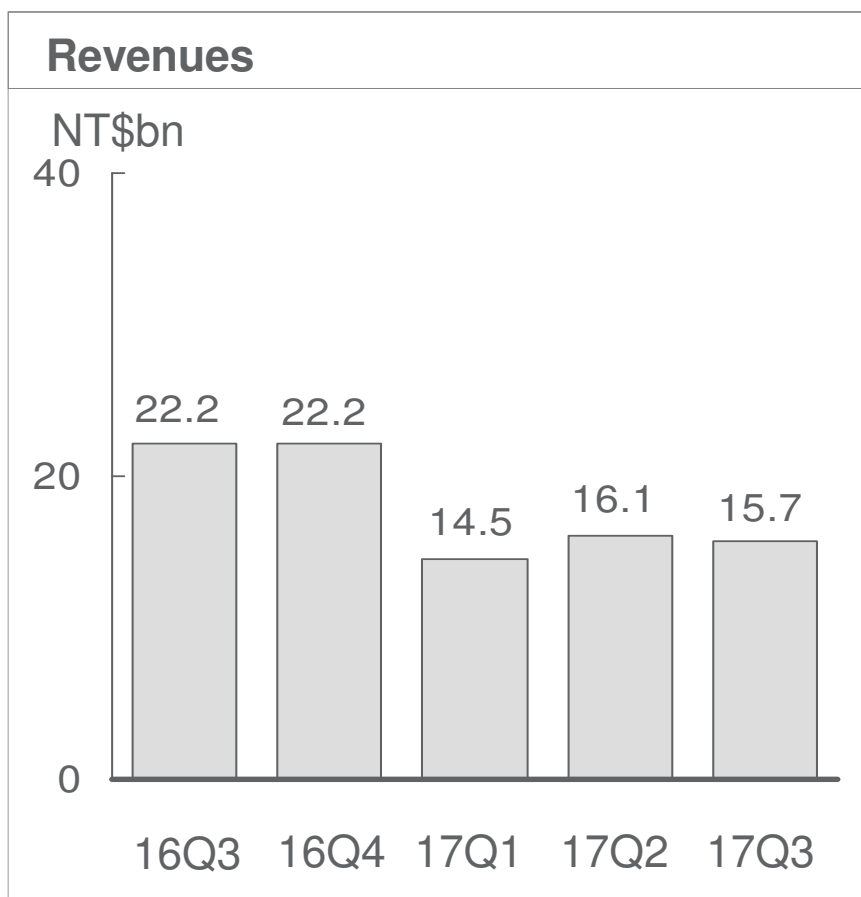
EXECUTIVE SUMMARY

3Q17 Financial Highlights:

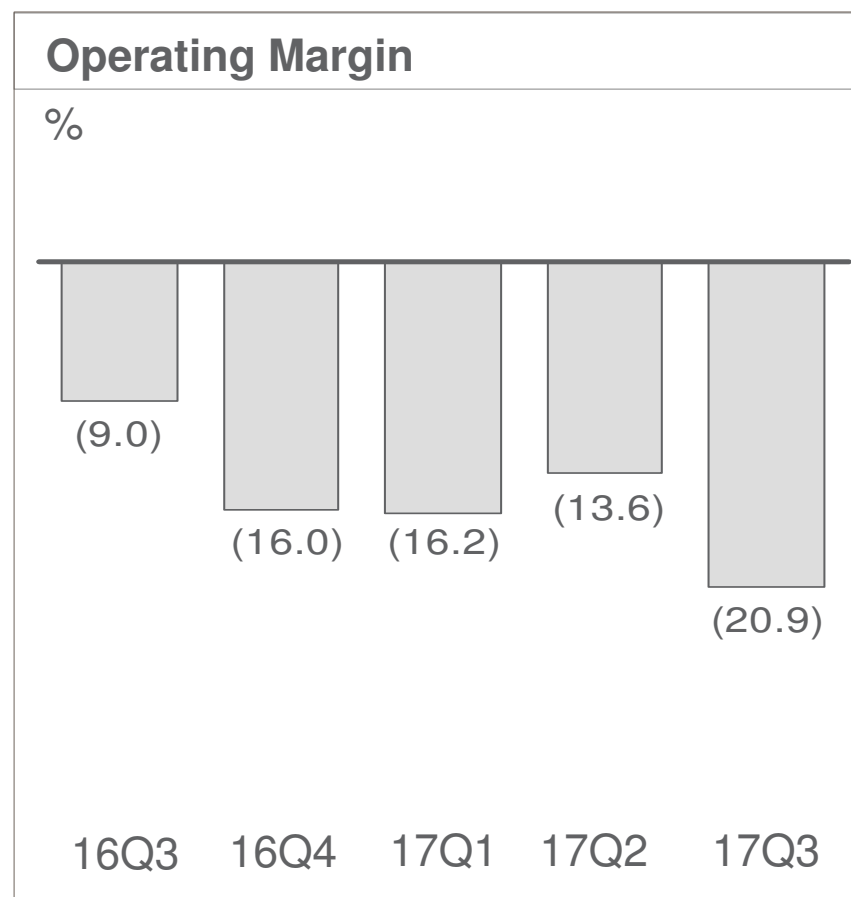
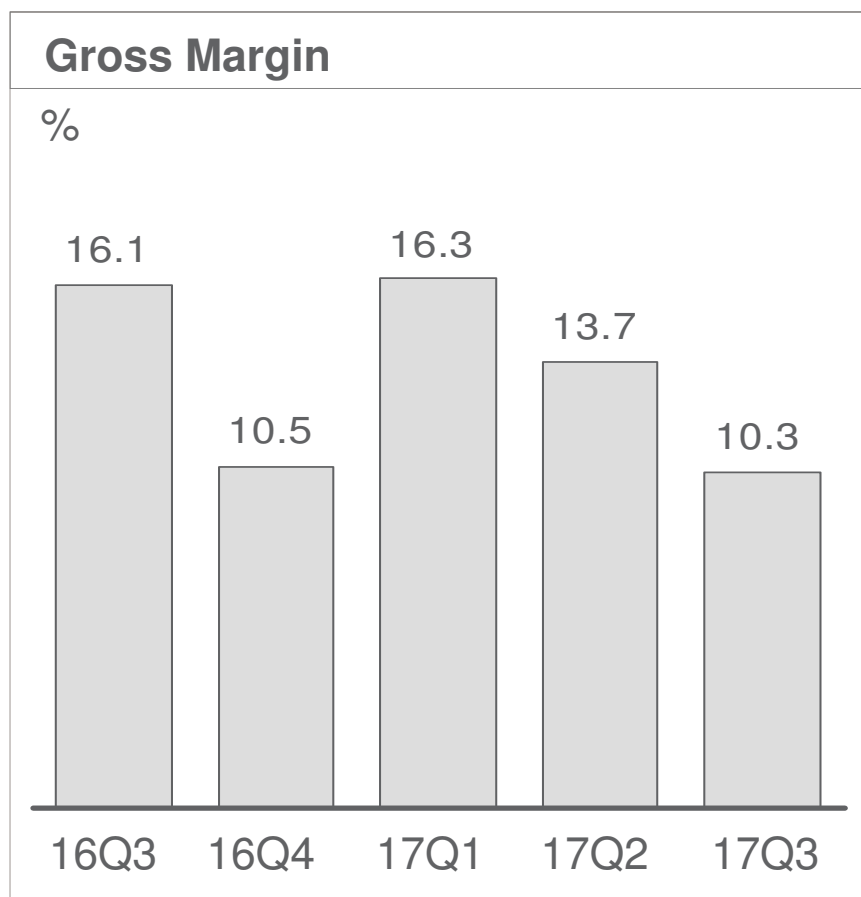
- Revenue of NT\$15.7 billion with gross margin of 10.3%
- Operating loss of NT\$3.3 billion with operating margin of -20.9%
- Net loss after tax: NT\$3.1 billion, or -NT\$3.8 per share



REVENUES AND OPERATING PROFIT



GROSS AND OPERATING MARGINS





3Q 2017 P&L (CONSOLIDATED)

NT\$bn	3Q 16	2Q 17	3Q 17
REVENUES	22.2	16.1	15.7
GROSS PROFIT	3.6	2.2	1.6
OPERATING EXPENSE	<u>5.6</u>	<u>4.5</u>	<u>4.9</u>
SALES MKTING.	2.2	1.1	1.4
RESEARCH DEV.	2.5	2.7	2.6
GENERAL ADM.	0.9	0.7	0.9
OPERATING PROFIT	-2.0	-2.2	-3.3
NPBT	-1.8	-2.0	-3.1
NPAT ¹	-1.8	-2.0	-3.1
GROSS MARGIN (%)	16.1%	13.7%	10.3%
OPERATING MARGIN (%)	-9.0%	-13.6%	-20.9%
EPS ² (NT\$)	-2.18	-2.37	-3.80

1 Attributable to stockholders of parent company, excluding minority interest.

2 EPS was calculated based on number of outstanding shares at that time.



3Q 2017 BALANCE SHEET (CONSOLIDATED)

NT\$bn	Sep 30, 16	Jun 30, 17	Sep 30, 17
TOTAL ASSETS	111.7	92.1	83.3
Cash ¹	34.3	31.0	23.0
AR	17.6	11.0	9.9
INVENTORY	19.3	15.0	15.9
OTHER ASSETS	40.5	35.1	34.5
TOTAL LIABILITIES	56.7	45.5	39.4
TOTAL EQUITY ²	55.0	46.6	43.8
METRICS³			
DAYS SALES OUTSTANDING	76	71	74
INVENTORY TURNOVER DAYS	105	124	123
DAYS PAYABLE OUTSTANDING	139	128	118

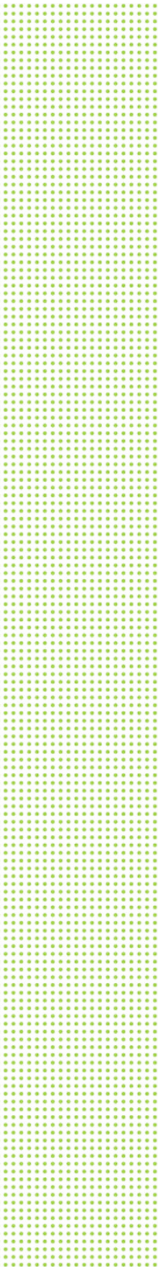
1. Includes time deposits with original maturities more than 3 months

2. Attributable to stockholders of parent company, excluding minority interest.

3. Financial metrics are calculated based on quarterly numbers, starting from 2Q 2012

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thank you_____



HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2017 (Reviewed)		December 31, 2016 (Audited)		September 30, 2016 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 14,946,264	18	\$ 30,080,217	29	\$ 30,243,330	27
Financial assets at fair value through profit or loss - current (Notes 7 and 32)	95,099	-	143,642	-	18,017	-
Available-for-sale financial assets - current (Note 32)	369,547	1	199,344	-	277,464	-
Debt investments with no active market - current (Note 32)	-	-	8,067	-	7,841	-
Trade receivables, net (Notes 11 and 33)	9,899,358	12	15,961,835	15	17,588,035	16
Other receivables (Note 11)	276,699	-	168,526	-	342,391	-
Current tax assets	169,004	-	184,817	-	109,990	-
Inventories (Note 12)	15,886,685	19	14,163,571	14	19,257,388	17
Prepayments (Note 13)	1,822,999	2	1,833,499	2	2,623,415	3
Non-current assets held for sale (Note 14)	1,640,881	2	-	-	-	-
Other current financial assets (Notes 10 and 34)	8,025,496	10	5,750,450	6	4,105,821	4
Other current assets	15,561	-	68,414	-	66,876	-
Total current assets	<u>53,147,593</u>	<u>64</u>	<u>68,562,382</u>	<u>66</u>	<u>74,640,568</u>	<u>67</u>
NON-CURRENT ASSETS						
Available-for-sale financial assets - non-current (Note 32)	95	-	86	-	92	-
Financial assets measured at cost - non-current (Notes 9 and 32)	3,338,151	4	3,363,736	3	3,221,504	3
Debt investments with no active market (Note 32)	-	-	25,009	-	8,625	-
Investments accounted for using equity method (Note 16)	431,924	-	531,445	1	521,370	-
Property, plant and equipment (Note 17)	11,394,112	14	12,025,496	12	12,300,145	11
Investment properties, net (Note 18)	-	-	1,527,001	1	1,560,744	1
Intangible assets (Note 19)	2,689,955	3	3,878,356	4	4,145,869	4
Deferred tax assets	8,985,569	11	8,957,876	9	8,808,502	8
Refundable deposits (Note 32)	867,970	1	1,501,480	1	1,466,192	1
Long-term receivables (Note 11)	-	-	-	-	749,433	1
Net defined benefit asset - non-current	48,792	-	40,439	-	90,435	-
Other non-current assets (Note 13)	2,347,666	3	2,735,876	3	4,150,193	4
Total non-current assets	<u>30,104,234</u>	<u>36</u>	<u>34,586,800</u>	<u>34</u>	<u>37,023,104</u>	<u>33</u>
TOTAL	<u>\$ 83,251,827</u>	<u>100</u>	<u>\$ 103,149,182</u>	<u>100</u>	<u>\$ 111,663,672</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 20)	\$ 2,000,000	2	\$ -	-	\$ -	-
Financial liabilities at fair value through profit or loss - current (Notes 7 and 32)	142,698	-	133,420	-	167,137	-
Note and trade payables (Notes 21 and 33)	18,774,892	23	26,247,728	26	29,433,794	26
Other payables (Note 22)	12,161,635	15	18,348,734	18	18,737,270	17
Current tax liabilities	154,961	-	155,651	-	145,466	-
Provisions - current (Note 23)	2,867,052	3	3,384,311	3	4,883,012	4
Other current liabilities (Notes 14 and 22)	3,124,798	4	3,004,432	3	2,849,280	3
Total current liabilities	<u>39,226,036</u>	<u>47</u>	<u>51,274,276</u>	<u>50</u>	<u>56,215,959</u>	<u>50</u>
NON-CURRENT LIABILITIES						
Deferred tax liabilities	80,125	-	81,294	-	65,971	-
Guarantee deposits received (Note 32)	5,803	-	22,106	-	23,362	-
Other non-current liabilities (Note 22)	56,811	-	-	-	392,037	1
Total non-current liabilities	<u>142,739</u>	<u>-</u>	<u>103,400</u>	<u>-</u>	<u>481,370</u>	<u>1</u>
Total liabilities	<u>39,368,775</u>	<u>47</u>	<u>51,377,676</u>	<u>50</u>	<u>56,697,329</u>	<u>51</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)						
Share capital - ordinary shares	8,215,276	10	8,220,087	8	8,228,499	7
Capital surplus	15,651,714	19	15,614,641	15	15,606,473	14
Retained earnings						
Legal reserve	18,297,655	22	18,297,655	18	18,297,655	16
Unappropriated earnings	3,739,344	4	10,841,425	10	13,984,261	13
Other equity	(2,054,392)	(2)	(1,202,302)	(1)	(1,150,545)	(1)
Total equity attributes to owners of the company	<u>43,849,597</u>	<u>53</u>	<u>51,771,506</u>	<u>50</u>	<u>54,966,343</u>	<u>49</u>
NON-CONTROLLING INTERESTS	<u>33,455</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total equity	<u>43,883,052</u>	<u>53</u>	<u>51,771,506</u>	<u>50</u>	<u>54,966,343</u>	<u>49</u>
TOTAL	<u>\$ 83,251,827</u>	<u>100</u>	<u>\$ 103,149,182</u>	<u>100</u>	<u>\$ 111,663,672</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Loss Per Share) (Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2017		2016		2017		2016	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES (Notes 25 and 33)	\$ 15,705,695	100	\$ 22,230,334	100	\$ 46,372,427	100	\$ 55,913,440	100
OPERATING COST (Notes 12, 26 and 33)	<u>14,095,302</u>	<u>90</u>	<u>18,657,367</u>	<u>84</u>	<u>40,183,969</u>	<u>87</u>	<u>48,804,829</u>	<u>87</u>
GROSS PROFIT	<u>1,610,393</u>	<u>10</u>	<u>3,572,967</u>	<u>16</u>	<u>6,188,458</u>	<u>13</u>	<u>7,108,611</u>	<u>13</u>
OPERATING EXPENSES (Notes 26 and 33)								
Selling and marketing	1,350,400	8	2,177,669	10	3,689,727	8	6,736,763	12
General and administrative	911,973	6	929,973	4	2,478,795	5	3,127,905	6
Research and development	<u>2,637,089</u>	<u>17</u>	<u>2,462,365</u>	<u>11</u>	<u>7,863,926</u>	<u>17</u>	<u>8,284,522</u>	<u>15</u>
Total operating expenses	<u>4,899,462</u>	<u>31</u>	<u>5,570,007</u>	<u>25</u>	<u>14,032,448</u>	<u>30</u>	<u>18,149,190</u>	<u>33</u>
OPERATING LOSS	<u>(3,289,069)</u>	<u>(21)</u>	<u>(1,997,040)</u>	<u>(9)</u>	<u>(7,843,990)</u>	<u>(17)</u>	<u>(11,040,579)</u>	<u>(20)</u>
NON-OPERATING INCOME AND EXPENSES								
Other income (Note 26)	117,618	1	140,983	1	520,384	1	536,618	1
Other gains and losses (Notes 8, 14 and 26)	80,150	-	84,157	-	306,008	1	3,318,417	6
Finance costs	(31,920)	-	(134)	-	(43,202)	-	(4,369)	-
Share of the loss of associates and joint venture (Note 16)	<u>(11,491)</u>	<u>-</u>	<u>(16,573)</u>	<u>-</u>	<u>(74,687)</u>	<u>-</u>	<u>(46,076)</u>	<u>-</u>
Total non-operating income and expenses	<u>154,357</u>	<u>1</u>	<u>208,433</u>	<u>1</u>	<u>708,503</u>	<u>2</u>	<u>3,804,590</u>	<u>7</u>
LOSS BEFORE INCOME TAX	(3,134,712)	(20)	(1,788,607)	(8)	(7,135,487)	(15)	(7,235,989)	(13)
INCOME TAX BENEFIT (EXPENSE) (Note 27)	<u>7,280</u>	<u>-</u>	<u>(780)</u>	<u>-</u>	<u>24,939</u>	<u>-</u>	<u>(228,727)</u>	<u>-</u>
LOSS FOR THE PERIOD	<u>(3,127,432)</u>	<u>(20)</u>	<u>(1,789,387)</u>	<u>(8)</u>	<u>(7,110,548)</u>	<u>(15)</u>	<u>(7,464,716)</u>	<u>(13)</u>
OTHER COMPREHENSIVE INCOME AND LOSS, NET OF INCOME TAX								
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	204,801	1	(1,288,223)	(6)	(1,160,518)	(2)	(2,221,614)	(4)
Unrealized gain (loss) on available-for-sale financial assets	92,965	1	63,812	-	183,874	-	(65,684)	-
Cash flow hedge	<u>11,668</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other comprehensive income and loss for the period, net of income tax	<u>309,434</u>	<u>2</u>	<u>(1,224,411)</u>	<u>(6)</u>	<u>(976,644)</u>	<u>(2)</u>	<u>(2,287,298)</u>	<u>(4)</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>\$ (2,817,998)</u>	<u>(18)</u>	<u>\$ (3,013,798)</u>	<u>(14)</u>	<u>\$ (8,087,192)</u>	<u>(17)</u>	<u>\$ (9,752,014)</u>	<u>(17)</u>

(Continued)

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Loss Per Share) (Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2017		2016		2017		2016	
	Amount	%	Amount	%	Amount	%	Amount	%
NET LOSS								
ATTRIBUTABLE TO:								
Owners of the parent	\$ (3,118,965)	(20)	\$ (1,789,387)	(8)	\$ (7,102,081)	(15)	\$ (7,464,716)	(13)
Non-controlling interests	<u>(8,467)</u>	-	<u>-</u>	-	<u>(8,467)</u>	-	<u>-</u>	-
	<u>\$ (3,127,432)</u>	<u>(20)</u>	<u>\$ (1,789,387)</u>	<u>(8)</u>	<u>\$ (7,110,548)</u>	<u>(15)</u>	<u>\$ (7,464,716)</u>	<u>(13)</u>
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:								
Owners of the parent	\$ (2,810,462)	(18)	\$ (3,013,798)	(14)	\$ (8,079,656)	(17)	\$ (9,752,014)	(17)
Non-controlling interests	<u>(7,536)</u>	-	<u>-</u>	-	<u>(7,536)</u>	-	<u>-</u>	-
	<u>\$ (2,817,998)</u>	<u>(18)</u>	<u>\$ (3,013,798)</u>	<u>(14)</u>	<u>\$ (8,087,192)</u>	<u>(17)</u>	<u>\$ (9,752,014)</u>	<u>(17)</u>
LOSS PER SHARE (Note 28)								
Basic	<u>\$ (3.80)</u>		<u>\$ (2.18)</u>		<u>\$ (8.64)</u>		<u>\$ (9.05)</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Equity Attributable to Owners of the Company										
	Share Capital		Retained Earnings		Exchange Differences on Translating Foreign Operations	Other Equity		Treasury Shares	Total	Non-controlling Interests	Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Unappropriated Earnings		Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unearned Employee Benefit				
BALANCE, JANUARY 1, 2016	\$ 8,318,695	\$ 15,505,853	\$ 18,297,655	\$ 21,782,432	\$ 1,473,417	\$ (13,633)	\$ (371,369)	\$ (200,955)	\$ 64,792,095	\$ -	\$ 64,792,095
Net loss for the nine months ended September 30, 2016	-	-	-	(7,464,716)	-	-	-	-	(7,464,716)	-	(7,464,716)
Other comprehensive income and loss for the nine months ended September 30, 2016	-	-	-	-	(2,221,614)	(65,684)	-	-	(2,287,298)	-	(2,287,298)
Buy-back of treasury shares	-	-	-	-	-	-	-	(436,869)	(436,869)	-	(436,869)
Retirement of treasury shares	(111,600)	(192,769)	-	(333,455)	-	-	-	637,824	-	-	-
Share-based payments	21,404	293,389	-	-	-	-	48,338	-	363,131	-	363,131
BALANCE, SEPTEMBER 30, 2016	<u>\$ 8,228,499</u>	<u>\$ 15,606,473</u>	<u>\$ 18,297,655</u>	<u>\$ 13,984,261</u>	<u>\$ (748,197)</u>	<u>\$ (79,317)</u>	<u>\$ (323,031)</u>	<u>\$ -</u>	<u>\$ 54,966,343</u>	<u>\$ -</u>	<u>\$ 54,966,343</u>
BALANCE, JANUARY 1, 2017	\$ 8,220,087	\$ 15,614,641	\$ 18,297,655	\$ 10,841,425	\$ (781,298)	\$ (167,082)	\$ (253,922)	\$ -	\$ 51,771,506	\$ -	\$ 51,771,506
Net loss for the nine months ended September 30, 2017	-	-	-	(7,102,081)	-	-	-	-	(7,102,081)	(8,467)	(7,110,548)
Other comprehensive income and loss for the nine months ended September 30, 2017	-	-	-	-	(1,161,449)	183,874	-	-	(977,575)	931	(976,644)
Share-based payments	(4,811)	37,073	-	-	-	-	125,485	-	157,747	-	157,747
Non-controlling interests	-	-	-	-	-	-	-	-	-	40,991	40,991
BALANCE, SEPTEMBER 30, 2017	<u>\$ 8,215,276</u>	<u>\$ 15,651,714</u>	<u>\$ 18,297,655</u>	<u>\$ 3,739,344</u>	<u>\$ (1,942,747)</u>	<u>\$ 16,792</u>	<u>\$ (128,437)</u>	<u>\$ -</u>	<u>\$ 43,849,597</u>	<u>\$ 33,455</u>	<u>\$ 43,883,052</u>

The accompanying notes are an integral part of the consolidated financial statements.

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	\$ (7,135,487)	\$ (7,235,989)
Adjustments for:		
Depreciation expense	774,157	1,417,405
Amortization expense	1,045,126	1,269,074
Bad debt (reversed) expenses	(362,870)	400,049
Finance costs	43,202	4,369
Interests income	(217,336)	(305,967)
Dividend income	(23,997)	(138,761)
Compensation cost of employee share-based payments	157,747	363,131
Share of the loss of associate and joint venture	74,687	46,076
Net loss (gain) on disposal of property, plant and equipment	4,943	(3,198,367)
Gain on disposal of investments	(24,305)	-
Impairment loss on non-financial assets	2,772,973	2,518,889
Changes in operating assets and liabilities		
Decrease in financial instruments held for trading	57,821	208,069
Decrease in trade receivables	6,425,347	1,230,864
(Increase) decrease in other receivables	(92,031)	133,609
Increase in inventories	(4,496,087)	(2,652,640)
Decrease in prepayments	10,500	1,777,553
Decrease in other current assets	52,853	27,735
Decrease in other non-current assets	257,646	574,424
Decrease in note and trade payables	(7,472,836)	(164,591)
Decrease in other payables	(6,240,797)	(6,202,945)
Decrease in provisions	(517,259)	(1,109,246)
Decrease in other current liabilities	(1,315,518)	(840,483)
Increase in other non-current liabilities	56,811	392,037
Cash used in operations	(16,164,710)	(11,485,705)
Interest received	201,194	268,989
Interest paid	(28,949)	(4,369)
Income tax paid	(1,477)	(346,241)
Net cash used in operating activities	<u>(15,993,942)</u>	<u>(11,567,326)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments to acquire debt investment with no active market	(32,918)	(8,665)
Payments to acquire financial assets measured at cost	(180,705)	(136,616)
Proceeds from sale of financial assets measured at cost	85,169	-
Acquisition of associates	(6,019)	(352,231)
Net cash inflow on disposal of investments accounted for using equity method	-	182,578
Net cash inflow on acquisition of subsidiaries	15,431	-

(Continued)

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2017	2016
Payments for non-current assets held for sale	\$ (3,830)	\$ -
Proceeds from disposal of non-current assets held for sale	-	6,060,000
Payments for property, plant and equipment	(156,667)	(477,582)
Proceeds from disposal of property, plant and equipment	2,420	2,926,777
Increase in advance receipts - disposal of property	1,388,243	-
Decrease in refundable deposits	633,510	114,150
Payments for intangible assets	-	(75,146)
Increase in other current financial assets	(2,275,046)	(5,531)
Dividends received	<u>23,997</u>	<u>83,844</u>
Net cash (used in) generated from investing activities	<u>(506,415)</u>	<u>8,311,578</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	14,979,185	-
Decrease in short-term borrowings	(12,979,185)	-
Refund of guarantee deposits received	(16,303)	(6,797)
Buy-back of treasury shares	<u>-</u>	<u>(436,869)</u>
Net cash generated from (used in) financing activities	<u>1,983,697</u>	<u>(443,666)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>(617,293)</u>	<u>(1,404,055)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(15,133,953)	(5,103,469)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>30,080,217</u>	<u>35,346,799</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 14,946,264</u>	<u>\$ 30,243,330</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)