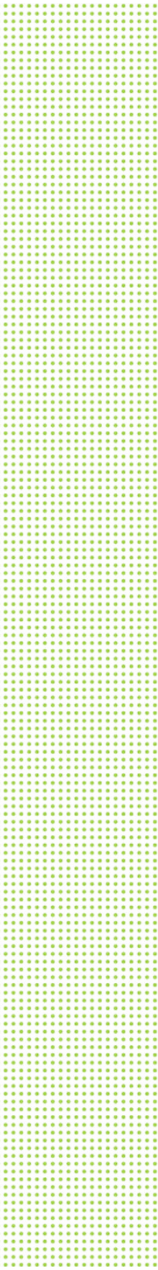


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HTC CORPORATION

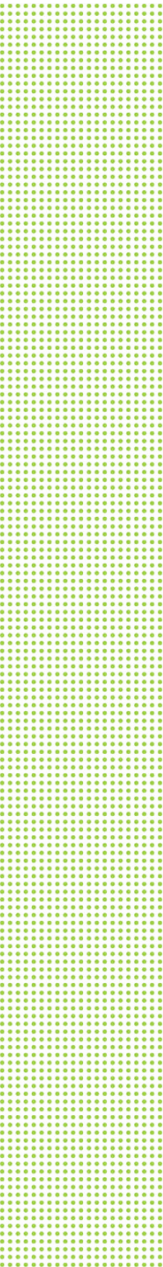
1Q18 RESULTS SUMMARY

May 7th 2018



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.

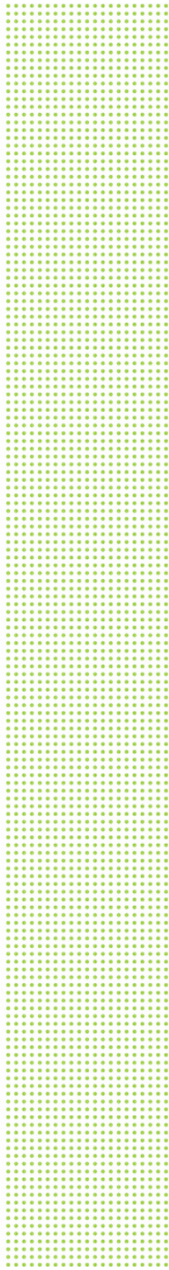




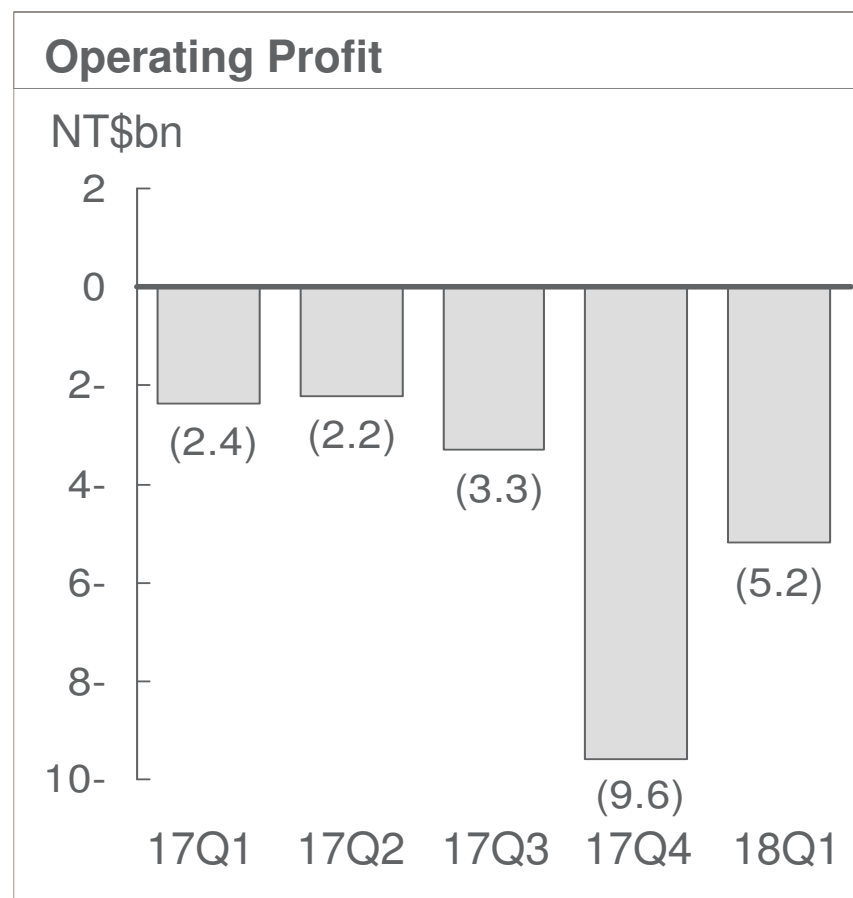
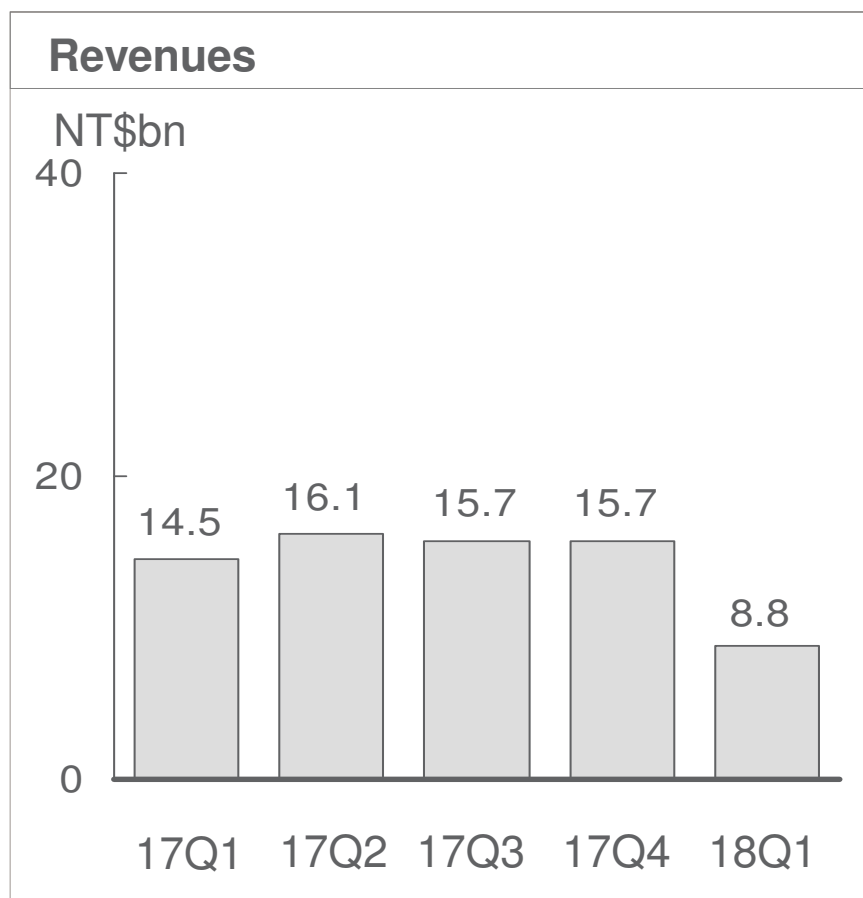
EXECUTIVE SUMMARY

1Q18 Financial Highlights:

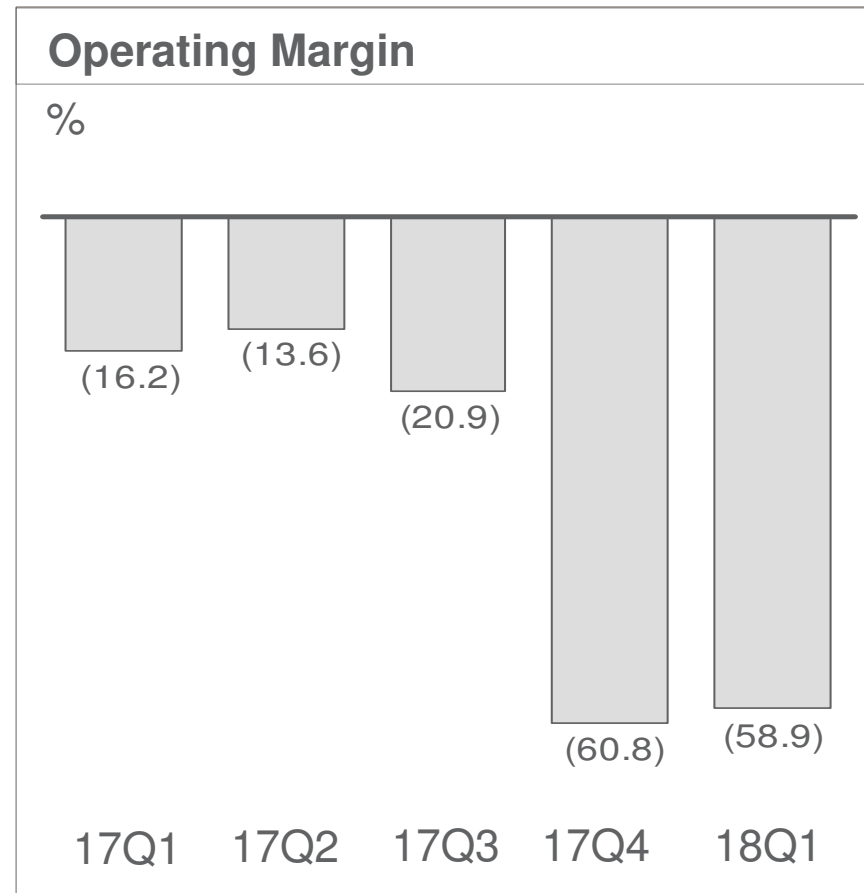
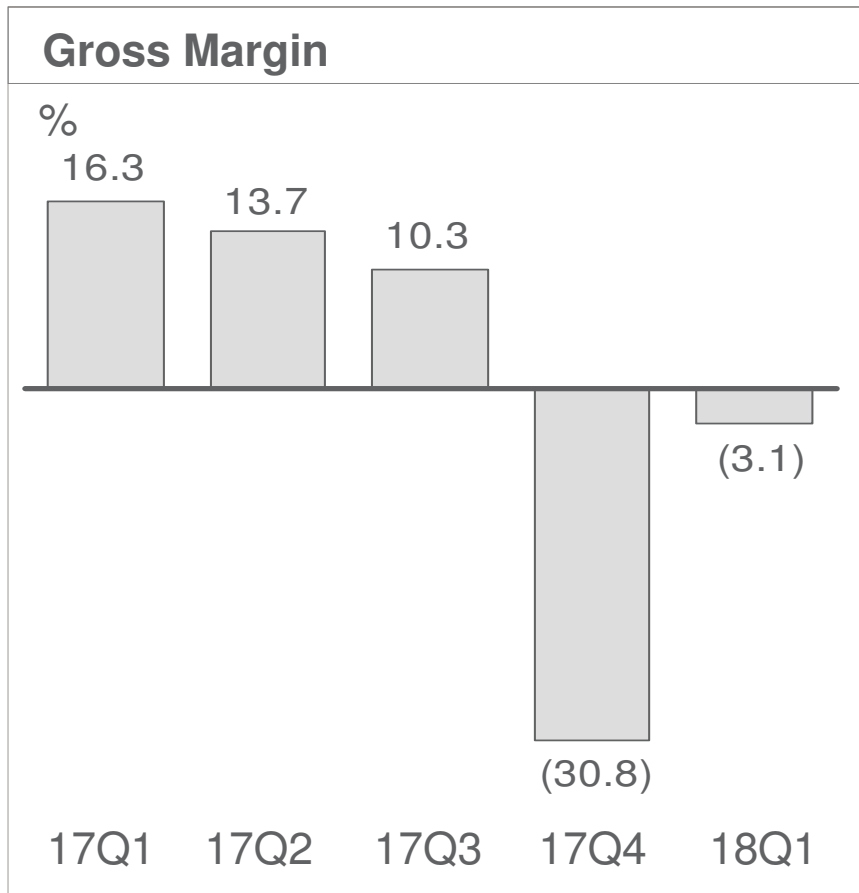
- Quarterly revenue of NT\$8.8 billion with gross margin of -3.1%
- Quarterly operating loss of NT\$5.2 billion with operating margin of -58.9%
- Quarterly non-operating income of NT\$31.6 billion
- Quarterly profit before income tax of NT\$26.4 billion
- Quarterly income tax expense of NT\$5.3 billion
- Quarterly net profit after tax: NT\$21.1 billion, or NT\$25.7 per share



REVENUES AND OPERATING PROFIT



GROSS AND OPERATING MARGINS





1Q 2018 P&L (CONSOLIDATED)

NT\$bn	1Q 17	4Q 17	1Q 18
REVENUES	14.5	15.7	8.8
GROSS PROFIT	2.4	-4.8	-0.3
OPERATING EXPENSE	<u>4.7</u>	<u>4.7</u>	<u>4.9</u>
SALES MKTING.	1.3	1.1	1.4
RESEARCH DEV.	2.6	2.6	2.6
GENERAL ADM.	0.9	1.0	0.9
OPERATING PROFIT	-2.4	-9.6	-5.2
NPBT	-2.0	-9.8	26.4
NPAT ¹	-2.0	-9.8	21.1
GROSS MARGIN (%)	16.3%	-30.8%	-3.1%
OPERATING MARGIN (%)	-16.2%	-60.8%	-58.9%
EPS ² (NT\$)	-2.47	-11.93	25.7

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

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



1Q 2018 BALANCE SHEET (CONSOLIDATED)

NT\$bn	Mar 31, 17	Dec 31, 17	Mar 31, 18
TOTAL ASSETS	92.8	66.6	83.1
Cash ¹	33.1	18.4	45.8
AR	9.0	8.5	5.0
INVENTORY	14.9	7.4	5.5
OTHER ASSETS	35.8	32.3	26.8
TOTAL LIABILITIES	44.8	32.9	28.5
TOTAL EQUITY ²	48.0	33.7	54.6
METRICS³			
DAYS SALES OUTSTANDING	96	67	95
INVENTORY TURNOVER DAYS	137	69	107
DAYS PAYABLE OUTSTANDING	178	74	131

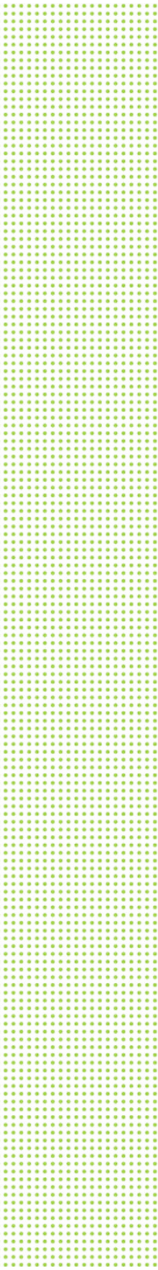
1. Includes time deposits with original maturities more than 3 months

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	March 31, 2018 (Reviewed)		December 31, 2017 (Audited)		March 31, 2017 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 38,558,837	46	\$ 10,443,227	16	\$ 26,565,598	29
Financial assets at fair value through profit or loss - current (Note 7)	108,518	-	65,199	-	77,332	-
Financial assets at fair value through other comprehensive income - current (Note 9)	355,614	1	-	-	-	-
Available-for-sale financial assets - current	-	-	312,106	-	236,144	-
Debt investments with no active market - current	-	-	-	-	7,582	-
Trade receivables, net (Notes 12 and 36)	4,966,966	6	8,537,096	13	9,046,951	10
Other receivables (Note 12)	282,714	-	103,497	-	231,759	-
Current tax assets	126,814	-	131,901	-	137,458	-
Inventories (Note 13)	5,487,390	7	7,381,426	11	14,923,347	16
Prepayments (Note 14)	1,957,640	2	1,742,986	3	1,593,590	2
Non-current assets held for sale (Note 15)	1,672,688	2	1,647,763	3	1,563,732	2
Other current financial assets (Notes 11 and 37)	7,064,944	9	7,988,363	12	6,576,255	7
Other current assets	156,126	-	135,821	-	70,367	-
Total current assets	<u>60,738,251</u>	<u>73</u>	<u>38,489,385</u>	<u>58</u>	<u>61,030,115</u>	<u>66</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	139,782	-	-	-	-	-
Financial assets at fair value through other comprehensive income - non-current (Note 9)	2,958,177	4	-	-	-	-
Available-for-sale financial assets - non-current	-	-	91	-	96	-
Financial assets measured at cost - non-current (Note 10)	-	-	3,187,240	5	3,266,107	3
Debt investments with no active market - non-current	-	-	-	-	29,570	-
Investments accounted for using equity method (Note 17)	390,314	-	413,120	1	466,341	-
Property, plant and equipment (Note 18)	8,430,444	10	10,798,613	16	11,712,682	13
Investment properties, net (Note 19)	2,142,354	3	-	-	-	-
Intangible assets (Note 20)	1,960,883	2	2,315,441	3	3,316,074	4
Deferred tax assets	3,739,287	5	8,990,648	14	8,996,321	10
Refundable deposits	139,292	-	139,016	-	1,360,583	1
Net defined benefit asset - non-current	25,082	-	18,119	-	45,231	-
Other non-current financial assets (Notes 11 and 37)	145,590	-	-	-	-	-
Other non-current assets (Note 14)	2,261,994	3	2,233,733	3	2,568,848	3
Total non-current assets	<u>22,333,199</u>	<u>27</u>	<u>28,096,021</u>	<u>42</u>	<u>31,761,853</u>	<u>34</u>
TOTAL	<u>\$ 83,071,450</u>	<u>100</u>	<u>\$ 66,585,406</u>	<u>100</u>	<u>\$ 92,791,968</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 21)	\$ -	-	\$ -	-	\$ 2,756,560	3
Financial liabilities at fair value through profit or loss - current (Note 7)	85,646	-	75,184	-	194,631	-
Derivative financial liability for hedging - current (Note 8)	-	-	-	-	12,110	-
Note and trade payables (Notes 22 and 36)	11,376,093	14	14,569,222	22	21,109,467	23
Other payables (Notes 23 and 36)	10,994,507	13	11,681,890	18	13,569,654	15
Current tax liabilities	241,978	-	253,240	-	143,595	-
Provisions - current (Note 24)	2,860,882	4	3,377,201	5	3,143,478	3
Other current liabilities (Notes 15 and 23)	2,693,284	3	2,850,713	4	3,747,735	4
Total current liabilities	<u>28,252,390</u>	<u>34</u>	<u>32,807,450</u>	<u>49</u>	<u>44,677,230</u>	<u>48</u>
NON-CURRENT LIABILITIES						
Deferred tax liabilities	74,424	-	47,147	-	85,823	-
Guarantee deposits received	108,740	-	5,681	-	6,289	-
Total non-current liabilities	<u>183,164</u>	<u>-</u>	<u>52,828</u>	<u>-</u>	<u>92,112</u>	<u>-</u>
Total liabilities	<u>28,435,554</u>	<u>34</u>	<u>32,860,278</u>	<u>49</u>	<u>44,769,342</u>	<u>48</u>
EQUITY (Note 25)						
Share capital - ordinary shares	8,209,589	10	8,208,261	12	8,219,042	9
Capital surplus	15,558,554	19	15,551,491	24	15,626,493	17
Retained earnings						
Legal reserve	18,297,655	22	18,297,655	27	18,297,655	20
Unappropriated earnings (Accumulated deficits)	15,107,521	18	(6,093,403)	(9)	8,808,880	9
Other equity	(2,559,628)	(3)	(2,268,428)	(3)	(2,929,444)	(3)
Total equity attributable to owners of the parent	54,613,691	66	33,695,576	51	48,022,626	52
NON-CONTROLLING INTERESTS	<u>22,205</u>	<u>-</u>	<u>29,552</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total equity	<u>54,635,896</u>	<u>66</u>	<u>33,725,128</u>	<u>51</u>	<u>48,022,626</u>	<u>52</u>
TOTAL	<u>\$ 83,071,450</u>	<u>100</u>	<u>\$ 66,585,406</u>	<u>100</u>	<u>\$ 92,791,968</u>	<u>100</u>

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

(With Deloitte & Touche review report dated May 5, 2018).

HTC CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 26 and 36)	\$ 8,788,743	100	\$ 14,530,823	100
OPERATING COST (Notes 13, 27 and 36)	<u>9,063,615</u>	<u>103</u>	<u>12,167,637</u>	<u>84</u>
GROSS (LOSS) PROFIT	<u>(274,872)</u>	<u>(3)</u>	<u>2,363,186</u>	<u>16</u>
OPERATING EXPENSES (Notes 27 and 36)				
Selling and marketing	1,365,465	16	1,271,023	9
General and administrative	895,602	10	875,376	6
Research and development	<u>2,643,025</u>	<u>30</u>	<u>2,574,388</u>	<u>17</u>
Total operating expenses	<u>4,904,092</u>	<u>56</u>	<u>4,720,787</u>	<u>32</u>
OPERATING LOSS	<u>(5,178,964)</u>	<u>(59)</u>	<u>(2,357,601)</u>	<u>(16)</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 27)	284,811	3	272,189	2
Other gains and losses (Notes 8, 27 and 31)	31,302,273	356	81,531	-
Finance costs	(1)	-	(2,467)	-
Share of the profit or loss of associate and joint venture (Note 17)	<u>(13,339)</u>	<u>-</u>	<u>(34,392)</u>	<u>-</u>
Total non-operating income and expenses	<u>31,573,744</u>	<u>359</u>	<u>316,861</u>	<u>2</u>
PROFIT (LOSS) BEFORE INCOME TAX	26,394,780	300	(2,040,740)	(14)
INCOME TAX (EXPENSE) BENEFIT (Note 28)	<u>(5,305,216)</u>	<u>(60)</u>	<u>8,195</u>	<u>-</u>
PROFIT (LOSS) FOR THE PERIOD	<u>21,089,564</u>	<u>240</u>	<u>(2,032,545)</u>	<u>(14)</u>
OTHER COMPREHENSIVE LOSS, NET OF INCOME TAX				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income	22,246	-	-	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(187,118)	(2)	(1,805,815)	(12)

(Continued)

HTC CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2018		2017	
	Amount	%	Amount	%
Unrealized gain on available-for-sale financial assets	\$ -	-	\$ 50,044	-
Cash flow hedge	-	-	(12,882)	-
Other comprehensive loss for the period, net of income tax	(164,872)	(2)	(1,768,653)	(12)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ 20,924,692</u>	<u>238</u>	<u>\$ (3,801,198)</u>	<u>(26)</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO				
Owners of the parent	\$ 21,096,192	240	\$ (2,032,545)	(14)
Non-controlling interests	(6,628)	-	-	-
	<u>\$ 21,089,564</u>	<u>240</u>	<u>\$ (2,032,545)</u>	<u>(14)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO				
Owners of the parent	\$ 20,932,039	238	\$ (3,801,198)	(26)
Non-controlling interests	(7,347)	-	-	-
	<u>\$ 20,924,692</u>	<u>238</u>	<u>\$ (3,801,198)</u>	<u>(26)</u>
EARNINGS (LOSS) PER SHARE (Note 29)				
Basic	<u>\$ 25.70</u>		<u>\$ (2.47)</u>	
Diluted	<u>\$ 25.31</u>		<u>\$ (2.47)</u>	

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

(Concluded)

(With Deloitte & Touche review report dated May 5, 2018)

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 Parent												
	Retained Earnings				Other Equity							Non-controlling Interests	Total Equity
	Share Capital Ordinary Shares	Capital Surplus	Legal Reserve	Unappropriated Earnings (Accumulated Deficits)	Exchange Differences on Translating Foreign Operations	Unrealized Losses on Financial Assets at Fair Value Through Other Comprehensive Income	Unrealized Losses on Available-for- sale Financial Assets	Cash Flow Hedge	Unearned Employee Benefit	Total			
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 three months ended March 31, 2017	-	-	-	(2,032,545)	-	-	-	-	-	(2,032,545)	-	(2,032,545)	
Other comprehensive income and loss for the three months ended March 31, 2017	-	-	-	-	(1,805,815)	-	50,044	(12,882)	-	(1,768,653)	-	(1,768,653)	
Share-based payments	(1,045)	11,852	-	-	-	-	-	-	41,511	52,318	-	52,318	
BALANCE, MARCH 31, 2017	\$ 8,219,042	\$ 15,626,493	\$ 18,297,655	\$ 8,808,880	\$ (2,587,113)	\$ -	\$ (117,038)	\$ (12,882)	\$ (212,411)	\$ 48,022,626	\$ -	\$ 48,022,626	
BALANCE, JANUARY 1, 2018	\$ 8,208,261	\$ 15,551,491	\$ 18,297,655	\$ (6,093,403)	\$ (2,183,148)	\$ -	\$ (35,690)	\$ -	\$ (49,590)	\$ 33,695,576	\$ 29,552	\$ 33,725,128	
Effect of retrospective application	-	-	-	104,732	-	(171,354)	35,690	-	-	(30,932)	-	(30,932)	
BALANCE, JANUARY 1, 2018 AS RESTATED	8,208,261	15,551,491	18,297,655	(5,988,671)	(2,183,148)	(171,354)	-	-	(49,590)	33,664,644	29,552	33,694,196	
Net profit for the three months ended March 31, 2018	-	-	-	21,096,192	-	-	-	-	-	21,096,192	(6,628)	21,089,564	
Other comprehensive income and loss for the three months ended March 31, 2018	-	-	-	-	(186,399)	22,246	-	-	-	(164,153)	(719)	(164,872)	
Issuance of stock from exercise of employee share options	1,490	6,631	-	-	-	-	-	-	-	8,121	-	8,121	
Share-based payments	(162)	432	-	-	-	-	-	-	8,617	8,887	-	8,887	
BALANCE, MARCH 31, 2018	\$ 8,209,589	\$ 15,558,554	\$ 18,297,655	\$ 15,107,521	\$ (2,369,547)	\$ (149,108)	\$ -	\$ -	\$ (40,973)	\$ 54,613,691	\$ 22,205	\$ 54,635,896	

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

(With Deloitte & Touche review report dated May 5, 2018)

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before income tax	\$ 26,394,780	\$ (2,040,740)
Adjustments for:		
Depreciation expenses	136,735	275,763
Amortization expenses	303,588	355,370
Finance costs	1	2,467
Interests income	(156,717)	(75,181)
Dividend income	-	(7,420)
Compensation costs of employee share-based payments	8,887	52,318
Share of the loss of associate and joint venture	13,339	34,392
Net loss on disposal of property, plant and equipment	272	129
Net gain on disposal of assets and licensing income (Note 27)	(31,285,385)	-
Net gain on disposal of subsidiary	(15,396)	-
Impairment loss on non-financial assets	85,186	1,385,920
Ineffective portion of cash flow hedges	-	(772)
Changes in operating assets and liabilities		
Decrease in financial instruments held for trading	-	127,521
Increase in financial assets mandatorily classified as at fair value through other comprehensive income	(32,857)	-
Decrease in trade receivables	3,566,544	6,914,884
Increase in other receivables	(71,545)	(59,561)
Decrease (increase) in inventories	1,808,850	(2,145,696)
(Increase) decrease in prepayments	(220,542)	239,909
Increase in other current assets	(20,305)	(1,953)
Decrease in other non-current assets	12,597	43,312
Decrease in note and trade payables	(3,193,129)	(5,138,261)
Decrease in other payables	(723,855)	(4,767,172)
Decrease in provisions	(516,319)	(240,833)
Decrease in other current liabilities	(155,373)	(644,940)
Cash used in operations	(4,060,644)	(5,690,544)
Interest received	49,045	71,509
Interest paid	(1)	(2,467)
Income tax paid	(31,424)	(12,612)
Net cash used in operating activities	(4,043,024)	(5,634,114)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(14,235)	-
Purchase of financial assets at fair value through profit or loss	(18,663)	-
Purchase of debt investment with no active market	-	(6,139)
Purchase of financial assets measured at cost	-	(68,372)

(Continued)

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended	
	March 31	
	2018	2017
Net cash inflow on disposal of subsidiary	\$ 106,918	\$ -
Payments for property, plant and equipment	(75,923)	(30,705)
Proceeds from disposal of property, plant and equipment	86,859	1,384
Increase in advance receipts - disposal of property	-	1,388,243
Increase in refundable deposits	(276)	-
Decrease in refundable deposits	-	140,897
Increase in other current financial assets	-	(825,805)
Decrease in other current financial assets	777,829	-
Dividends received	-	7,420
Proceeds from disposal of assets and licensing income (Note 27)	<u>31,285,385</u>	<u>-</u>
Net cash generated from investing activities	<u>32,147,894</u>	<u>606,923</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	-	2,756,560
Proceeds from guarantee deposits received	103,059	-
Refund of guarantee deposits received	-	(15,817)
Proceeds from exercise of employee share options	<u>8,121</u>	<u>-</u>
Net cash generated from financing activities	<u>111,180</u>	<u>2,740,743</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(100,440)</u>	<u>(1,228,171)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	28,115,610	(3,514,619)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>10,443,227</u>	<u>30,080,217</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 38,558,837</u>	<u>\$ 26,565,598</u>

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

(Concluded)

(With Deloitte & Touche review report dated May 5, 2018)