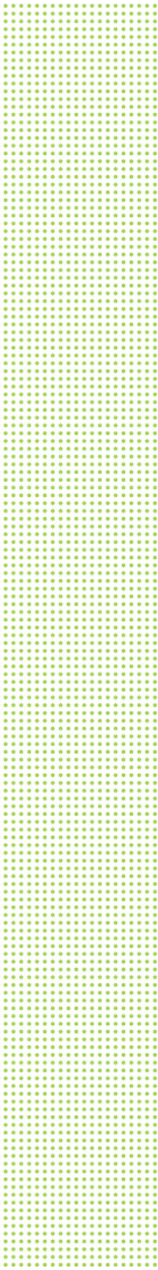


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HTC CORPORATION

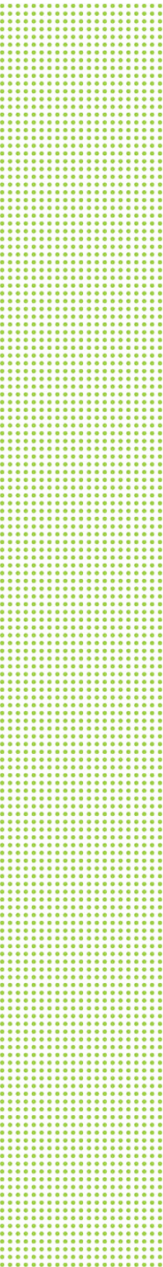
2Q17 RESULTS SUMMARY

August 11th 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

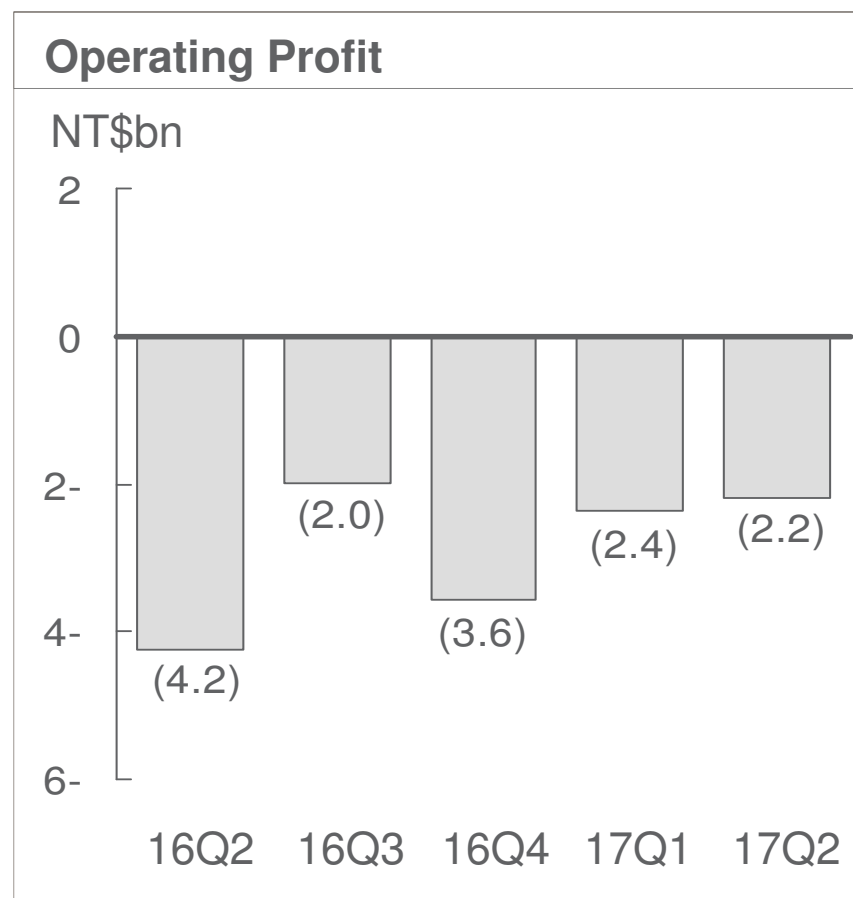
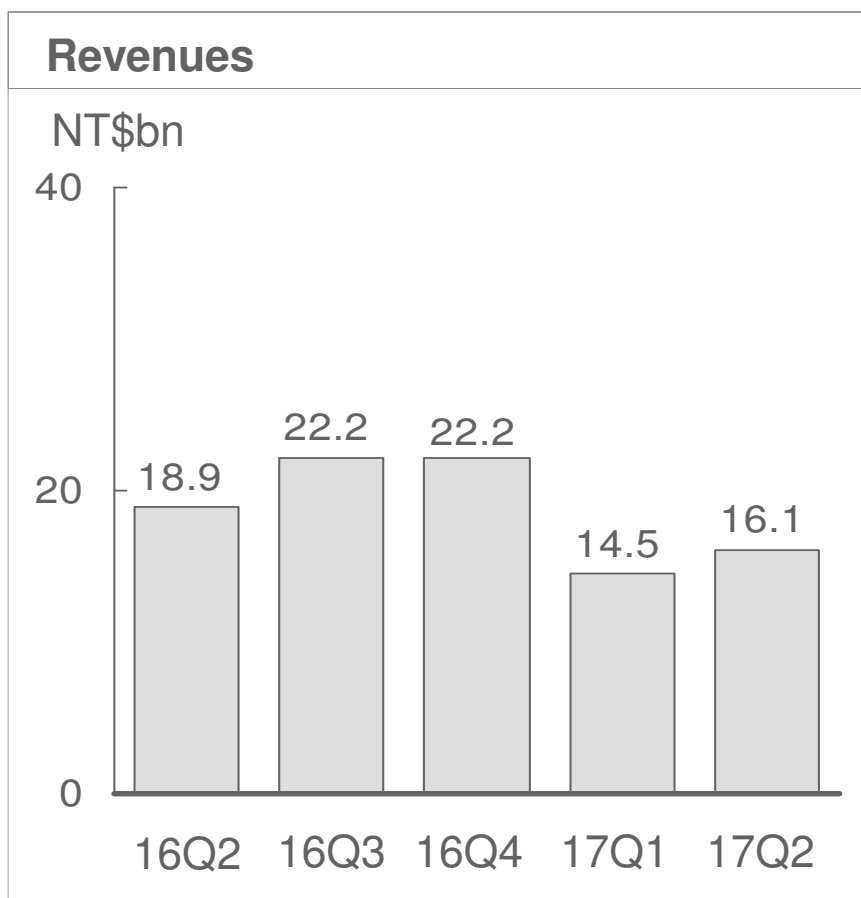
2Q17 Financial Highlights:

- Revenue of NT\$16.1 billion with gross margin of 13.7%
- Operating loss of NT\$2.2 billion with operating margin of -13.6%
- Net loss after tax: NT\$1.95 billion, or -NT\$2.37 per share

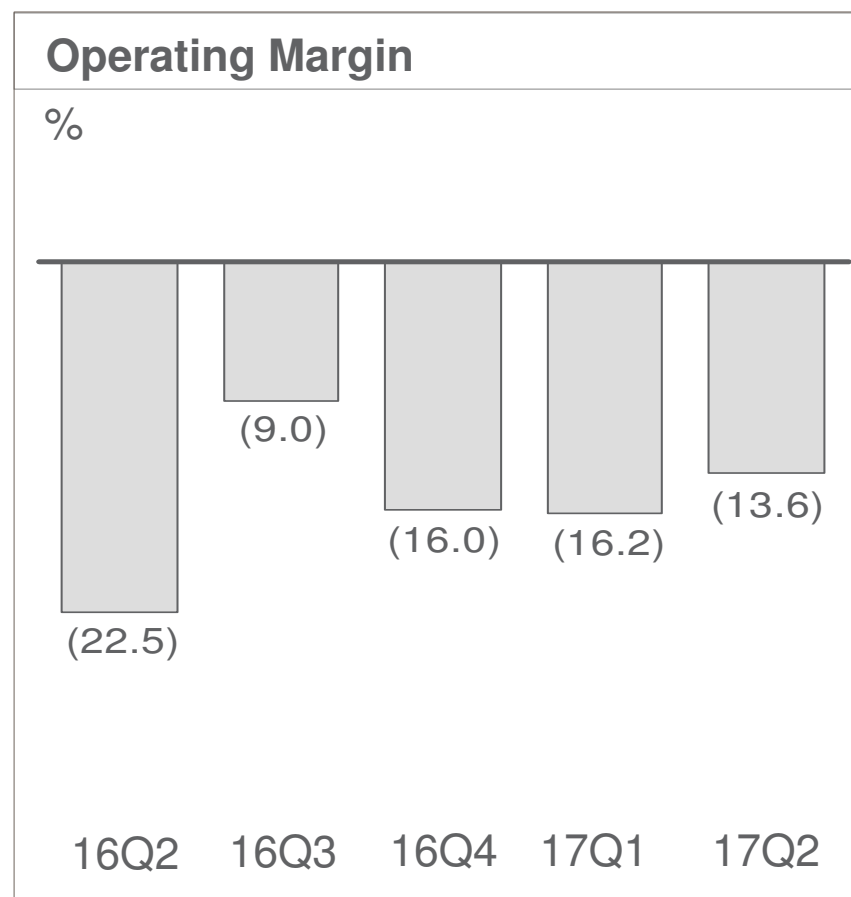
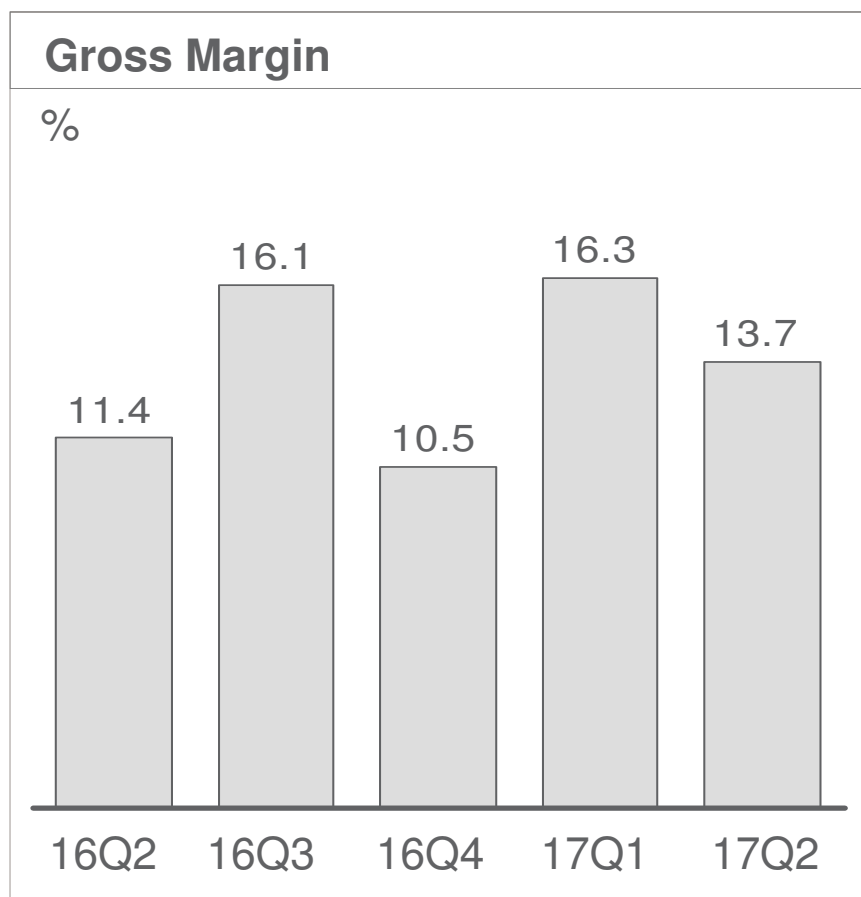
Business Update

- Revenue in Q2 recording an increase of 11% over the quarter, boosted by sales of the new flagship smartphone HTC U11. Also we saw an operating expense saving of 6.5% over the quarter due to the continued streamlining of processes and realignment of resources across the company.
- HTC U11 started shipping in May and immediately topped the list of Android flagship phones in Taiwan. HTC U11 is the first smartphone in the world to feature hands-free wake word access to Amazon's Alexa voice-activated assistant. HTC is also working with Baidu DuerOS to create a similar voice-activated service for China.
- HTC's VIVE virtual reality division gained considerable endorsement over the quarter, with key industry players such as Google, Intel and Apple aligning themselves with Vive and collaborating to drive the ecosystem forward.
- The VIVE platform received a further boost with the launch of 'Star Trek: Bridge Crew', by far the most well-known and popular AAA franchise to enter the VR world to date, and an excellent example of multiple player interaction within VR.

REVENUES AND OPERATING PROFIT



GROSS AND OPERATING MARGINS





2Q 2017 P&L (CONSOLIDATED)

NT\$bn	2Q 16	1Q 17	2Q 17
REVENUES	18.9	14.5	16.1
GROSS PROFIT	2.1	2.4	2.2
OPERATING EXPENSE	6.4	4.7	4.4
SALES MKTING.	2.6	1.3	1.1
RESEARCH DEV.	2.9	2.6	2.7
GENERAL ADM.	0.9	0.9	0.7
OPERATING PROFIT	-4.2	-2.4	-2.2
NPBT	-3.0	-2.0	-2.0
NPAT ¹	-3.1	-2.0	-2.0
GROSS MARGIN (%)	11.4%	16.3%	13.7%
OPERATING MARGIN (%)	-22.5%	-16.2%	-13.6%
EPS ² (NT\$)	-3.71	-2.47	-2.37

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

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

2Q 2017 BALANCE SHEET (CONSOLIDATED)

NT\$bn	Jun 30, 16	Mar 31, 17	Jun 30, 17
TOTAL ASSETS	115.3	92.8	92.1
Cash ¹	41.5	33.1	31.0
AR	14.1	9.0	11.0
INVENTORY	16.9	14.9	15.0
OTHER ASSETS	42.8	35.8	35.1
TOTAL LIABILITIES	57.4	44.8	45.5
TOTAL EQUITY ²	57.9	48.0	46.6
METRICS³			
DAYS SALES OUTSTANDING	76	96	71
INVENTORY TURNOVER DAYS	115	137	124
DAYS PAYABLE OUTSTANDING	145	178	128

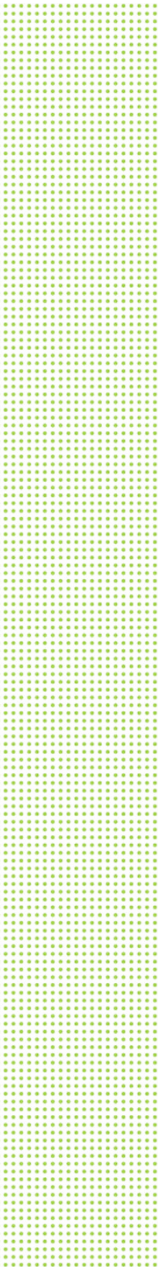
1. Includes time deposits with original maturities more than 3 months

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	June 30, 2017 (Reviewed)		December 31, 2016 (Audited)		June 30, 2016 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 25,119,152	27	\$ 30,080,217	29	\$ 37,150,047	32
Financial assets at fair value through profit or loss - current (Notes 7 and 31)	208,770	-	143,642	-	70,238	-
Available-for-sale financial assets - current (Note 31)	278,161	-	199,344	-	222,914	-
Debt investments with no active market - current (Note 31)	-	-	8,067	-	8,069	-
Trade receivables, net (Notes 11 and 32)	10,952,995	12	15,961,835	15	14,111,697	12
Other receivables (Note 11)	183,980	-	168,526	-	390,630	-
Current tax assets	149,311	-	184,817	-	184,763	-
Inventories (Note 12)	14,955,175	16	14,163,571	14	16,903,706	15
Prepayments (Note 13)	1,589,180	2	1,833,499	2	2,942,285	3
Non-current assets held for sale (Note 14)	1,592,749	2	-	-	-	-
Other current financial assets (Notes 10 and 33)	5,910,547	7	5,750,450	6	4,382,307	4
Other current assets	29,244	-	68,414	-	46,078	-
Total current assets	<u>60,969,264</u>	<u>66</u>	<u>68,562,382</u>	<u>66</u>	<u>76,412,734</u>	<u>66</u>
NON-CURRENT ASSETS						
Available-for-sale financial assets - non-current (Note 31)	85	-	86	-	107	-
Financial assets measured at cost - non-current (Notes 9 and 31)	3,283,360	4	3,363,736	3	3,387,336	3
Debt investments with no active market (Note 31)	-	-	25,009	-	-	-
Investments accounted for using equity method (Note 16)	445,205	-	531,445	1	381,077	-
Property, plant and equipment (Note 17)	11,550,121	13	12,025,496	12	12,737,095	11
Investment properties, net (Note 18)	-	-	1,527,001	1	1,622,275	2
Intangible assets (Note 19)	2,980,230	3	3,878,356	4	4,639,101	4
Deferred tax assets	8,987,568	10	8,957,876	9	8,791,229	8
Refundable deposits (Note 31)	1,362,163	1	1,501,480	1	1,507,421	1
Long-term receivables (Note 11)	-	-	-	-	1,195,947	1
Net defined benefit asset - non-current	46,420	-	40,439	-	79,452	-
Other non-current assets (Note 13)	2,448,793	3	2,735,876	3	4,533,844	4
Total non-current assets	<u>31,103,945</u>	<u>34</u>	<u>34,586,800</u>	<u>34</u>	<u>38,874,884</u>	<u>34</u>
TOTAL	<u>\$ 92,073,209</u>	<u>100</u>	<u>\$ 103,149,182</u>	<u>100</u>	<u>\$ 115,287,618</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 20)	\$ 8,550,000	9	\$ -	-	\$ -	-
Financial liabilities at fair value through profit or loss - current (Notes 7 and 31)	78,069	-	133,420	-	160,272	-
Derivative financial liability for hedging - current (Notes 8 and 31)	8,130	-	-	-	-	-
Note and trade payables (Notes 21 and 32)	17,799,288	20	26,247,728	26	27,244,271	24
Other payables (Note 22)	12,133,291	13	18,348,734	18	20,610,503	18
Current tax liabilities	164,450	-	155,651	-	169,021	-
Provisions - current (Note 23)	3,008,599	3	3,384,311	3	5,221,755	4
Other current liabilities (Notes 14 and 22)	3,520,051	4	3,004,432	3	3,112,825	3
Total current liabilities	<u>45,261,878</u>	<u>49</u>	<u>51,274,276</u>	<u>50</u>	<u>56,518,647</u>	<u>49</u>
NON-CURRENT LIABILITIES						
Deferred tax liabilities	83,548	-	81,294	-	83,378	-
Guarantee deposits received (Note 31)	6,133	-	22,106	-	27,783	-
Other non-current liabilities (Note 22)	114,120	-	-	-	807,025	1
Total non-current liabilities	<u>203,801</u>	<u>-</u>	<u>103,400</u>	<u>-</u>	<u>918,186</u>	<u>1</u>
Total liabilities	<u>45,465,679</u>	<u>49</u>	<u>51,377,676</u>	<u>50</u>	<u>57,436,833</u>	<u>50</u>
EQUITY (Note 24)						
Share capital - ordinary shares	8,217,952	9	8,220,087	8	8,274,191	7
Capital surplus	15,638,510	17	15,614,641	15	15,542,083	13
Retained earnings						
Legal reserve	18,297,655	20	18,297,655	18	18,297,655	16
Unappropriated earnings	6,858,309	7	10,841,425	10	16,018,257	14
Other equity	(2,404,896)	(2)	(1,202,302)	(1)	155,468	-
Treasury shares	-	-	-	-	(436,869)	-
Total equity	<u>46,607,530</u>	<u>51</u>	<u>51,771,506</u>	<u>50</u>	<u>57,850,785</u>	<u>50</u>
TOTAL	<u>\$ 92,073,209</u>	<u>100</u>	<u>\$ 103,149,182</u>	<u>100</u>	<u>\$ 115,287,618</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 June 30				For the Six Months Ended June 30			
	2017		2016		2017		2016	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES (Notes 25 and 32)	\$ 16,135,909	100	\$ 18,862,124	100	\$ 30,666,732	100	\$ 33,683,106	100
OPERATING COST (Notes 12, 26 and 32)	<u>13,921,030</u>	<u>86</u>	<u>16,713,576</u>	<u>89</u>	<u>26,088,667</u>	<u>85</u>	<u>30,147,462</u>	<u>90</u>
GROSS PROFIT	<u>2,214,879</u>	<u>14</u>	<u>2,148,548</u>	<u>11</u>	<u>4,578,065</u>	<u>15</u>	<u>3,535,644</u>	<u>10</u>
OPERATING EXPENSES (Notes 26 and 32)								
Selling and marketing	1,068,304	7	2,574,766	14	2,339,327	8	4,559,094	14
General and administrative	691,446	4	949,314	5	1,566,822	5	2,197,932	6
Research and development	<u>2,652,449</u>	<u>17</u>	<u>2,864,896</u>	<u>15</u>	<u>5,226,837</u>	<u>17</u>	<u>5,822,157</u>	<u>17</u>
Total operating expenses	<u>4,412,199</u>	<u>28</u>	<u>6,388,976</u>	<u>34</u>	<u>9,132,986</u>	<u>30</u>	<u>12,579,183</u>	<u>37</u>
OPERATING LOSS	<u>(2,197,320)</u>	<u>(14)</u>	<u>(4,240,428)</u>	<u>(23)</u>	<u>(4,554,921)</u>	<u>(15)</u>	<u>(9,043,539)</u>	<u>(27)</u>
NON-OPERATING INCOME AND EXPENSES								
Other income (Note 26)	130,577	1	157,656	1	402,766	1	395,635	1
Other gains and losses (Notes 8, 14 and 26)	144,327	1	1,132,492	6	225,858	1	3,234,260	10
Finance costs	(8,815)	-	-	-	(11,282)	-	(4,235)	-
Share of the loss of associates and joint venture (Note 16)	<u>(28,804)</u>	<u>-</u>	<u>(1,141)</u>	<u>-</u>	<u>(63,196)</u>	<u>-</u>	<u>(29,503)</u>	<u>-</u>
Total non-operating income and expenses	<u>237,285</u>	<u>2</u>	<u>1,289,007</u>	<u>7</u>	<u>554,146</u>	<u>2</u>	<u>3,596,157</u>	<u>11</u>
LOSS BEFORE INCOME TAX	(1,960,035)	(12)	(2,951,421)	(16)	(4,000,775)	(13)	(5,447,382)	(16)
INCOME TAX BENEFIT (EXPENSE) (Note 27)	<u>9,464</u>	<u>-</u>	<u>(107,461)</u>	<u>-</u>	<u>17,659</u>	<u>-</u>	<u>(227,947)</u>	<u>(1)</u>
LOSS FOR THE PERIOD	<u>(1,950,571)</u>	<u>(12)</u>	<u>(3,058,882)</u>	<u>(16)</u>	<u>(3,983,116)</u>	<u>(13)</u>	<u>(5,675,329)</u>	<u>(17)</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	440,496	3	(498,661)	(3)	(1,365,319)	(4)	(933,391)	(3)
Unrealized gain (loss) on available-for-sale financial assets	40,865	-	(25,772)	-	90,909	-	(129,496)	-
Cash flow hedge	<u>1,214</u>	<u>-</u>	<u>2,627</u>	<u>-</u>	<u>(11,668)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other comprehensive income and loss for the period, net of income tax	<u>482,575</u>	<u>3</u>	<u>(521,806)</u>	<u>(3)</u>	<u>(1,286,078)</u>	<u>(4)</u>	<u>(1,062,887)</u>	<u>(3)</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>\$ (1,467,996)</u>	<u>(9)</u>	<u>\$ (3,580,688)</u>	<u>(19)</u>	<u>\$ (5,269,194)</u>	<u>(17)</u>	<u>\$ (6,738,216)</u>	<u>(20)</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 June 30				For the Six Months Ended June 30			
	2017		2016		2017		2016	
	Amount	%	Amount	%	Amount	%	Amount	%
NET LOSS								
ATTRIBUTABLE TO:								
Owners of the parent	<u>\$ (1,950,571)</u>	<u>(12)</u>	<u>\$ (3,058,882)</u>	<u>(16)</u>	<u>\$ (3,983,116)</u>	<u>(13)</u>	<u>\$ (5,675,329)</u>	<u>(17)</u>
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:								
Owners of the parent	<u>\$ (1,467,996)</u>	<u>(9)</u>	<u>\$ (3,580,688)</u>	<u>(19)</u>	<u>\$ (5,269,194)</u>	<u>(17)</u>	<u>\$ (6,738,216)</u>	<u>(20)</u>
LOSS PER SHARE (Note 28)								
Basic	<u>\$ (2.37)</u>		<u>\$ (3.71)</u>		<u>\$ (4.85)</u>		<u>\$ (6.87)</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)

	Share Capital		Retained Earnings		Other Equity					Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Losses on Available-for-sale Financial Assets	Cash Flow Hedge	Unearned Employee Benefit	Treasury Shares	
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
Net loss for the six months ended June 30, 2016	-	-	-	(5,675,329)	-	-	-	-	-	(5,675,329)
Other comprehensive income and loss for the six months ended June 30, 2016	-	-	-	-	(933,391)	(129,496)	-	-	-	(1,062,887)
Buy-back of treasury stock	-	-	-	-	-	-	-	-	(436,869)	(436,869)
Retirement of treasury shares	(41,100)	(71,009)	-	(88,846)	-	-	-	-	200,955	-
Share-based payments	(3,404)	107,239	-	-	-	-	-	129,940	-	233,775
BALANCE, JUNE 30, 2016	<u>\$ 8,274,191</u>	<u>\$ 15,542,083</u>	<u>\$ 18,297,655</u>	<u>\$ 16,018,257</u>	<u>\$ 540,026</u>	<u>\$ (143,129)</u>	<u>\$ -</u>	<u>\$ (241,429)</u>	<u>\$ (436,869)</u>	<u>\$ 57,850,785</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
Net loss for the six months ended June 30, 2017	-	-	-	(3,983,116)	-	-	-	-	-	(3,983,116)
Other comprehensive income and loss for the six months ended June 30, 2017	-	-	-	-	(1,365,319)	90,909	(11,668)	-	-	(1,286,078)
Share-based payments	(2,135)	23,869	-	-	-	-	-	83,484	-	105,218
BALANCE, JUNE 30, 2017	<u>\$ 8,217,952</u>	<u>\$ 15,638,510</u>	<u>\$ 18,297,655</u>	<u>\$ 6,858,309</u>	<u>\$ (2,146,617)</u>	<u>\$ (76,173)</u>	<u>\$ (11,668)</u>	<u>\$ (170,438)</u>	<u>\$ -</u>	<u>\$ 46,607,530</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 Six Months Ended June 30	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	\$ (4,000,775)	\$ (5,447,382)
Adjustments for:		
Depreciation expense	531,914	1,009,638
Amortization expense	700,662	891,826
Bad debt (reversed) expenses	(362,870)	49
Finance costs	11,282	4,235
Interests income	(150,970)	(226,187)
Dividend income	(15,862)	(106,477)
Compensation cost of employee share-based payments	105,218	233,775
Share of the loss of associate and joint venture	63,196	29,503
Net loss (gain) on disposal of property, plant and equipment	4,930	(3,194,738)
Gain on disposal of investments	(24,305)	-
Impairment loss on non-financial assets	2,238,027	1,024,072
Ineffective portion of cash flow hedges	(3,538)	-
Changes in operating assets and liabilities		
(Increase) decrease in financial instruments held for trading	(120,479)	148,983
Decrease in trade receivables	5,371,710	4,707,202
Decrease in other receivables	13,687	82,150
(Increase) decrease in inventories	(3,029,631)	1,195,859
Decrease in prepayments	244,319	1,458,683
Decrease in other current assets	39,170	48,533
Decrease in other non-current assets	152,163	193,200
Decrease in note and trade payables	(8,448,440)	(2,354,114)
Decrease in other payables	(6,197,299)	(4,359,652)
Decrease in provisions	(375,712)	(770,503)
Decrease in other current liabilities	(898,385)	(576,938)
Increase in other operating liabilities	114,120	807,025
Cash used in operations	(14,037,868)	(5,201,258)
Interest received	121,829	186,264
Interest paid	(6,697)	(4,235)
Income tax return (paid)	16,938	(332,467)
Net cash used in operating activities	<u>(13,905,798)</u>	<u>(5,351,696)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments to acquire debt investment with no active market	(32,918)	-
Payments to acquire financial assets measured at cost	(73,229)	(66,081)
Proceeds from sale of financial assets measured at cost	85,169	-
Acquisition of associates	(6,019)	(161,893)
Proceeds from disposal of non-current assets held for sale	-	6,060,000
Payments for property, plant and equipment	(95,728)	(389,776)

(Continued)

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended	
	June 30	
	2017	2016
Proceeds from disposal of property, plant and equipment	\$ 2,168	\$ 2,905,128
Increase in advance receipts - disposal of property	1,388,243	-
Decrease in refundable deposits	139,317	72,921
Payments for intangible assets	-	(75,456)
Increase in other current financial assets	(160,097)	(282,017)
Dividends received	<u>15,862</u>	<u>106,477</u>
Net cash generated from investing activities	<u>1,262,768</u>	<u>8,169,303</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Buy-back of treasury shares	-	(436,869)
Increase in short-term borrowings	8,550,000	-
Refund of guarantee deposits received	<u>(15,973)</u>	<u>(2,376)</u>
Net cash generated from (used in) financing activities	<u>8,534,027</u>	<u>(439,245)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(852,062)</u>	<u>(575,114)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(4,961,065)	1,803,248
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>\$ 25,119,152</u>	<u>\$ 37,150,047</u>

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

(Concluded)