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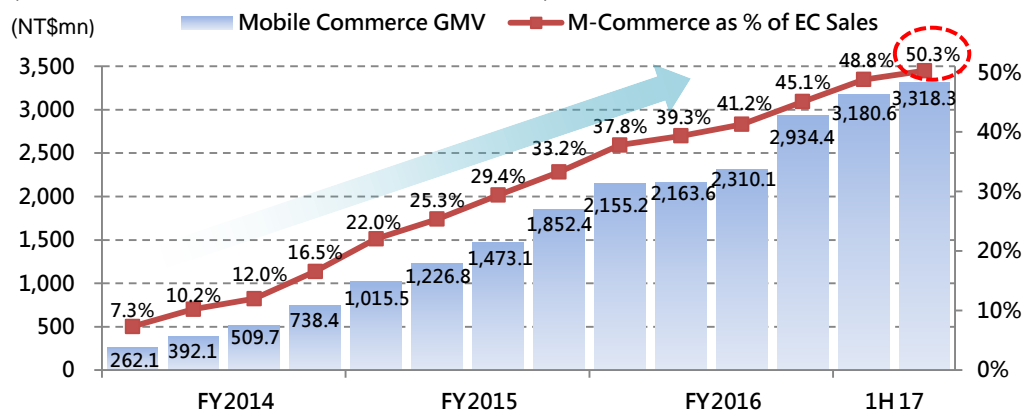
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momo.com Consolidated P&L

P&L (NT\$ mn)	2Q17A	2Q16A	YoY	1H17A	1H16A	YoY
Revenue	7,693.3	6,688.9	15.0%	15,274.8	13,695.2	11.5%
Gross profit	895.5	816.9	9.6%	1,729.1	1,718.0	0.6%
EBITDA	394.3	343.5	14.8%	732.7	738.7	-0.8%
Operating profit	368.4	320.2	15.0%	681.6	688.8	-1.0%
Income from LT investments	33.6	15.1	122.2%	71.8	40.6	76.9%
Other non-op income	14.1	16.4	-14.0%	29.3	31.0	-5.3%
Pretax profit	416.0	351.7	18.3%	782.8	760.4	2.9%
Tax	65.0	58.4	11.2%	123.4	130.6	-5.5%
Net income	351.0	293.3	19.7%	659.3	629.8	4.7%
Less minorities	(2.1)	(3.6)	-42.3%	(3.7)	(10.6)	-64.7%
Net income attrib. parent	353.1	296.9	18.9%	663.1	640.4	3.5%
Basic EPS ^A	2.52	2.12	18.9%	4.73	4.57	3.5%
Gross margin	11.6%	12.2%	-0.6ppts	11.3%	12.5%	-1.2ppts
EBITDA margin	5.1%	5.1%	0.0ppts	4.8%	5.4%	-0.6ppts
Operating margin	4.8%	4.8%	0.0ppts	4.5%	5.0%	-0.6ppts
Pretax margin	5.4%	5.3%	+0.1ppts	5.1%	5.6%	-0.3ppts

2Q17/1H17 Operational highlights

- momo's 2Q17 revenue set yet another new quarterly high, totaling NT\$7.7bn for an increase of 15% YoY. Our B2C revenue growth accelerated during the quarter to 24.5%YoY, as contribution from mobile revenue exceeded 50% for the first time (increase of 53.4% YoY for mobile commerce).



- 2Q17 EBITDA totaled NT\$394.3mn, an increase of 14.8 YoY. The growth is also driven by the continued growth of the B2C business and the recovery of our TV business. During the quarter, B2C's EBITDA margin declined 0.2 ppt YoY to 4.6% on the back of higher 3C electronics mix, but TV's EBITDA margin recovered to 8.4% from the 4Q16 trough, given the lower than expected cable cost in 2Q17.
- 2Q17 net income attributable to the parent company and basic EPS totaled NT\$353.1mn and NT\$2.52 with increases of 18.9% YoY. Net non-operating income totaled NT\$47.7mn, an increase of 51.3% YoY, largely on the back of higher earnings contribution from the 20% held Global Mall, a TV Homeshopping subsidiary in China.
- momo's 1H17 revenue totaled NT\$15.3bn, an increase of 11.5% YoY, aided by a 20% YoY growth from our B2C business. EBITDA during the period declined 0.8% YoY to NT\$732.7mn. The main reason for the decline was a higher comparable base in 1Q16 that was related to weather and government subsidies. The decline was then offset by the EBITDA growth in 2Q17. 1H17 EPS increased 3.5% YoY to NT\$4.73.



I. Revenue Analysis

Figure 1 – Consolidated Revenue Breakdown

(NT\$ mn)	2Q17A	2Q16A	YoY	1H17A	1H16A	YoY
momoshop (B2C)	5,977.5	4,801.2	24.5%	11,858.3	9,779.3	21.3%
momomall (B2B2C)	18.0	16.5	8.8%	35.3	31.1	13.4%
TV home shopping	1,346.3	1,437.3	-6.3%	2,697.6	3,027.0	-10.9%
Catalogue	338.2	397.9	-15.0%	658.4	787.6	-16.4%
Others ¹	13.3	36.0	-62.9%	25.2	70.3	-64.1%
Total Revenue	7,693.3	6,688.9	15.0%	15,274.8	13,695.2	11.5%

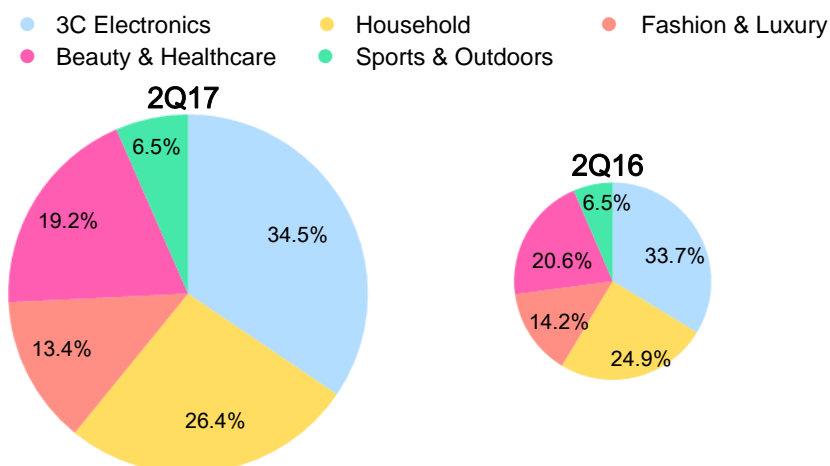
Note 1: Other revenue consists of operating revenue from our 70%-held Fubon Gehua (Beijing) and 100%-held supporting business units (travel agency and insurance distribution agent).

momoshop (B2C):

Revenue from momoshop increased 24.5% YoY to NT\$5.98bn in 2Q17 and 21.3% YoY NT\$11.9bn in 1H17. The increase can be attributed to the accelerating growth from our mobile platforms, particularly from our momoshop's APP, with GMV from mobile platforms increasing 53.4% on an YoY basis. In addition, higher average value per ticket (AVT) and more frequent purchases from our customer base are evidences that supports momoshop is gaining marketshare from both online peers and brick & mortar operators. Revenue from momoshop, our B2C operation accounted for 77.7% of our net revenue.

In 2Q17, categories that showed the fastest growth were sports&outdoors and households, increases of 33.0% and 29.6% respectively. 3C electronics, which includes household appliances, saw revenue increase 26.6% YoY.

Figure 2 – Category Breakdown for B2C



momomall (B2B2C):

Commission income increased 8.8% YoY to NT\$18mn in 2Q17. For 1H17, Commission revenue increased 13.4% YoY. In 2Q17, GMV for our B2B2C business declined 4.5% YoY to NT\$259mn.

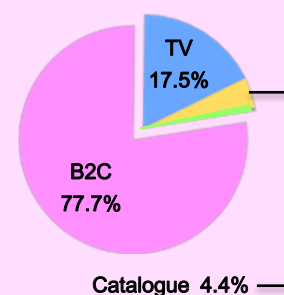
TV home shopping:

Revenue in 2Q17 fell 6.3% YoY to NT\$1.35bn and for 1H17, revenue decline 10.9% YoY to NT\$2.7bn. The operating environment remains challenging for this segment of the business as we continue our efforts to increase product refresh, more exclusive imported products,, revamp programming delivery, and continue to integrate the backend video capability with our E-Commerce business.

momoshop our B2C platform, generated 77.7% of 2Q17 consolidated revenue vs. 71.8% in 2Q16

mobile GMV was the key catalyst for growth, increase 53.4% YoY in 2Q17

2Q17 Revenue Breakdown by BUs:



Note: B2B2C 0.2%; Others 0.2%

Sports & Outdoors was the fastest growing category in 2Q17



II. EBITDA Analysis

Figure 3 – EBITDA Breakdown

EBITDA (NT\$ mn)	2Q17A	2Q16A	YoY	1H17A	1H16A	YoY
momoshop (B2C)	272.7	229.6	18.7%	533.4	504.7	5.7%
momomall (B2B2C)	(8.4)	(22.4)	-62.4%	(19.6)	(46.0)	-57.3%
TV home shopping	113.7	95.7	18.8%	186.5	217.9	-14.4%
Catalogue	19.3	39.8	-51.5%	39.3	68.2	-42.5%
Others ¹	(3.0)	0.8	-479.1%	(6.9)	(6.1)	13.0%
Total EBITDA	394.3	343.5	14.8%	732.7	738.7	-0.8%
EBITDA Margin	2Q17A	2Q16A	YoY	1H17A	1H16A	YoY
momoshop (B2C)	4.6%	4.8%	-0.2ppts	4.5%	5.2%	-0.7ppts
momomall (B2B2C)	-47.0%	-135.9%	+88.9ppts	-55.6%	-147.8%	+92.2ppts
TV home shopping	8.4%	6.7%	+1.8ppts	6.9%	7.2%	-0.3ppts
Catalogue	5.7%	10.0%	-4.3ppts	6.0%	8.7%	-2.7ppts
Others ¹	-22.4%	2.2%	-24.6ppts	-27.4%	-8.7%	-18.7ppts
EBITDA margin	5.1%	5.1%	0.0ppts	4.8%	5.4%	-0.6ppts

Note 1: Other consists of operating revenue from our 70%-held Fubon Gehua (Beijing) and 100%-held supporting business units (travel agency and insurance distribution agent).

momoshop (B2C):

momoshop's EBITDA increased 18.7% YoY to NT\$272.7mn in 2Q17, while EBITDA margin declined 0.2 ppt. The decrease in EBITDA margin can be attributed to product mix shift and higher fulfillment rate from our warehouse (61.7% in 2Q17 vs. 54.3% in 2Q16), but was partially offset by lower financing related costs (lower interest rates from credit card fees).

momomall (B2B2C):

Losses from our momomall, declined for the sixth consecutive quarter on sequential basis in 2Q17. Losses came in at NT\$8.4mn during the quarter, a decline of 62.4% YoY, while losses for 1H17 totaled NT\$19.6mn, a decline of 57.3%.

TV home shopping:

Despite a challenging environment for topline, rationalization of cable related costs boosted 2Q17 EBITDA to NT\$113.8mn, an increase of 18.8% YoY. As a result, EBITDA margin improved to 8.4% (+1.8 ppt) vs. 6.6% in 2Q16.

Non-operating profit:

Income from long term investments total NT\$33.6mn in 2Q17, an increase of 122.2% YoY. For 1H17, income from long term investments total NT\$71.8mn, an increase of 76.9% YoY. The growth can be attributed to the strong results from the 20% held subsidiary GlobalMall, a TV Home shopping operator. Earnings contribution from GlobalMall in 2Q17 was NT\$24.7mn, an increase of 257.6% YoY, and in 1H17 was NT\$53.3mn, an increase of 135% YoY.

Consolidated EBITDA in 2Q17 increased 14.8% YoY, driven by growth in B2C and recovery of TV home shopping business

EBITDA margin in 2Q17 was flat on YoY basis but improved 0.6ppt QoQ

The YoY decrease in EBITDA margin for B2C can be attributed to product mix shift and higher fulfillment rate from our warehouse

Losses for B2B2C narrowed for the sixth consecutive quarter

TV Homeshopping's EBITDA margin rebounded to 8.4% in 2Q17 on lower cable cost



III. Balance Sheet Analysis

Figure 4 – Balance Sheet

NT\$ mn	2Q17A	2Q16A	YoY	1Q17A	QoQ
Cash & cash equivalents	3,161.6	4,352.1	-27.4%	4,197.4	-24.7%
Accounts receivables	31.0	42.0	-26.2%	42.4	-26.9%
Other receivables	550.0	514.2	7.0%	499.0	10.2%
Inventories	486.4	131.2	270.7%	388.3	25.3%
Other current assets	193.7	120.4	60.9%	208.8	-7.2%
Current assets	4,422.7	5,159.9	-14.3%	5,335.9	-17.1%
Long term investments	1,327.2	1,297.0	2.3%	1,283.2	3.4%
PP&E	3,672.4	2,424.8	51.5%	3,426.4	7.2%
Other non-current assets	190.6	192.3	-0.9%	184.7	3.2%
Total non-current assets	5,190.2	3,914.1	32.6%	4,894.3	6.0%
Total Assets	9,612.9	9,074.0	5.9%	10,230.2	-6.0%
Short term borrowings	60.9	68.6	-11.2%	59.9	1.7%
Accounts payable	2,844.5	2,442.4	16.5%	2,752.7	3.3%
Other payables	552.1	369.9	49.3%	471.7	17.0%
Other current liabilities	627.1	640.6	-2.1%	653.9	-4.1%
Non-current liabilities	259.4	261.2	-0.7%	259.5	0.0%
Total Liabilities	4,344.0	3,782.7	14.8%	4,197.7	3.5%
Common stock	1,420.6	1,420.6	0.0%	1,420.6	0.0%
Capital surplus	3,057.7	3,175.6	-3.7%	3,175.6	-3.7%
Retained earnings	1,455.1	1,253.7	16.1%	2,104.6	-30.9%
Treasury share	(397.2)	(397.2)	0.0%	(397.2)	0.0%
Other equity items	(267.3)	(161.4)	65.6%	(271.1)	-1.4%
Shareholders' equity	5,268.9	5,291.3	-0.4%	6,032.5	-12.7%

Cash & equivalents:

Cash position in 2Q17 was NT\$1.2bn lower vs 2Q16 as payments were made to for our automated warehouse. Compared to 1Q17 the difference can be attributed to the NT\$1.12bn cash dividend paid in June 2017. momo's balance sheet remains healthy and in net cash position. In 2Q17, momo ended the quarter with approximately NT\$3.1bn in net cash, or NT\$22.1 per share.

Inventory:

Inventory level increased 2.7x YoY and 25.3% QoQ to NT\$486.4 mn in 2Q17. This reflects more branded product listings on momoshop.com and more SKUs available in our warehouse. During the quarter, our active SKUs available to shipment from our warehouse increased ~50% YoY to 370,000 and nearly 40,000 more than 1Q17.

PP&E

PP&E increased 51.5% YoY and 7.2% QoQ to NT\$5.19bn given our investment in our new automated warehouse. Our new warehouse is on track for operation in 4Q17 as we begin our migration progress and trial runs in late 2Q17.

Lower cash position is the result of CAPEX earmarked for our new DC

Inventory increased 2.7x as we continue to add branded product and SKUs in our warehouse to improve delivery efficiency

momo's balance sheet remain strong with NT\$3.1bn in net cash

PP&E increased PP&E increased 51.5% YoY and 7.2% QoQ to NT\$5.19bn

New automated warehouse is on track for 2H17 ramp up



IV. Cashflow Analysis

Figure 5 – Cashflow

NT\$ mn	2Q17A	2Q16A	YoY	1H17A	1H16A	YoY
(+) Operating profit	368.4	320.2	15.1%	681.6	688.8	-1.0%
(+) D&A	25.9	23.4	10.7%	51.1	49.9	2.4%
Δ WC*-1 (during the period)	(0.4)	(12.3)	-96.7%	(87.2)	(113.7)	-23.3%
Others	(75.5)	(36.4)	107.4%	(112.2)	(165.1)	-32.0%
Operating cashflow	318.4	294.9	8.0%	533.2	459.9	15.9%
Capex	(243.4)	(180.6)	34.8%	(763.7)	(301.8)	153.0%
FCF	75.0	114.2	-34.3%	(230.5)	158.2	-245.7%
Other investing cashflow	212.0	1,190.2	-82.2%	982.8	1,035.2	-5.1%
Investing cashflow	(31.4)	1,009.6	-103.1%	219.1	733.4	-70.1%
Financing cashflow	(1,121.5)	(989.3)	13.4%	(1,128.4)	(986.7)	14.4%
Change in cash	(834.5)	315.1	n.m.	(376.1)	206.6	n.m.

FCF

FCF in 2Q17 declined 34.3% YoY to NT\$75mn mainly the result of higher CAPEX spend on the new warehouse. FCF in 1H17 was –NT\$230.5mn vs. +NT\$158.2mn, the difference can also be attributed to CAPEX spend on the new warehouse.

CAPEX

Total CAPEX spend was NT\$243.4mn and NT\$763.7mn for 2Q17 and 1H17. The +90% of momo's CAPEX is for earmarked for the new automated warehouse.

Financing cashflow

Net outflow from financing activities is the result of dividend payment made during the quarter. momo paid NT\$8 per share in 2Q17 vs. NT\$7 per share in 2Q16.

V. Financial Analysis

Figure 6 – Financial Ratios

Financial Ratios	2Q17A	2Q16A	YoY	1H17A	1H16A	YoY
Current ratio	108.3%	146.5%	-38.2ppts			
Interest coverage (x)	497.8	365.5	+132.3	458.8	409.0	+49.8
Net Debt (cash) to equity	-58.8%	-81.0%	+22.2ppts			
Net Debt (cash) to EBITDA (x)	(9.2)	(10.4)	+1.2	(2.8)	(3.9)	+1.1
ROE (annualized)	25.0%	21.1%	+3.9ppts	24.0%	23.4%	+0.6ppts
ROA (annualized)	14.3%	12.7%	+1.6ppts	13.5%	13.8%	-0.3ppts

Financial Ratios and ROE

momo has a mere NT\$60.9mn in interest bearing debt; interest coverage ratio continues to improve given the improved profitability during the 2Q17 and 1H17.

ROE in 2Q17 was 25.0% on an annualized basis, an improvement of 3.9 ppt vs. 2Q16. ROE for 1H17 was 24.0% vs. 23.4%

Operating cashflow increase 8% YoY to NT\$318.4mn

Given lower CAPEX spend in 2Q17, FCF turned positive in 2Q17 to NT\$75mn vs. 1Q17, but higher CAPEX vs. 2Q16 result in YoY decline of 34.3%

momo paid out NT\$8 per share in 2Q17, including NT\$0.84 Per share from capital surplus

Annualized ROE expanded by 3.9 ppt to 25.0% in 2Q17



Working Capital:

Total working capital required for momo’s operation was –NT\$2.28bn in 2Q17. The amount was 7.7% lower on a YoY basis, despite an increase in inventories (NT\$486.4mn) of nearly 2.7x. The increase in inventory was offset by account payables of NT\$3.4bn, which increased of 20.8% YoY. .

Changes in working capital versus the prior quarter was NT\$163mn in 2Q17, an increase of 13.1% YoY. This can be attributed to negative working capital requirement for our business and as the revenue increases, further reducing the required working capital.

Cash Conversion Cycle (days):

momo’s Cash Conversion Cycle (CCC) remains at less than -31 days. This is despite a jump in inventory days to 5.8 days, given the higher inventory level to reflect the listing of more branded products and higher SKUs in our warehouse. The increasing in accounts payable is the result of higher payable to suppliers.

Figure 7 – Working Capital & CCC Days

Working Capital NT\$ mn	2Q17A	2Q16A	YoY	1Q17A	QoQ
Accounts Receivable	581.0	556.2	4.4%	541.4	7.3%
Inventories	486.4	131.2	270.8%	388.3	25.3%
Accounts Payable	3,347.3	2,804.4	19.4%	3,210.1	15.1%
Working Capital	(2,280.0)	(2,117.0)	7.7%	(2,280.4)	7.1%
ΔWC (YoY)	(163.0)	(144.1)	13.1%	(151.1)	-6.5%
CCC (days)					
AR Days	6.6	7.4	-0.8	7.4	-.08
Inventory Days	5.8	1.9	3.9	4.7	1.1
AP Days	43.4	42.9	0.5	44.0	1.8
CCC (days)	(31.1)	(33.6)	2.5	(31.9)	1.3

Total working capital required momo was a negative NT\$2.33bn in 2Q17

momo’s CCC remains at less -31 days.