AU Optronics Corp.
Second Quarter 2016 Results Investor Conference
友達光電
2016年第二季法人說明會

Jul. 27, 2016

Safe Harbor Notice

- The statements included in this presentation that are not historical in nature are "forward-looking statements" within the meaning of Section 27A of the United States Securities Act of 1933 and Section 21E of the United States Securities Exchange Act of 1934. These forward-looking statements, which may include statements regarding AU Optronics' future results of operations, financial condition or business prospects, are subject to significant risks and uncertainties and are based on AU Optronics' current expectations.

- Actual results may differ materially from those expressed or implied in these forward-looking statements for a variety of reasons, including, among other things: the cyclical nature of our industry; our dependence on introducing new products on a timely basis; our dependence on growth in the demand for our products; our ability to compete effectively; our ability to successfully expand our capacity; our dependence on key personnel; general economic and political conditions, including those related to the TFT-LCD industry; possible disruptions in commercial activities caused by natural and human-induced disasters, including terrorist activity and armed conflict; and fluctuations in foreign currency exchange rates.

- Beginning on January 1, 2013, we have adopted the International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") to the extent endorsed by the ROC Financial Supervisory Commission ("FSC") ("Taiwan IFRS") for reporting our annual and interim consolidated financial statements in the ROC in accordance with the requirements of the FSC. All financial information contained herewithin is presented in conformity with Taiwan IFRS. Readers should be cautioned that Taiwan IFRS differs in many material respects from IFRS including to the extent that any new or amended standards or interpretations applicable under IFRS may not be timely endorsed by the FSC.

- Our release of financial forecasts and forward-looking statements at any particular time does not create any duty of disclosure beyond that which is imposed by law, and we expressly disclaim any obligation to publicly update or revise any forecasts or forward-looking statements, whether as a result of new information, future events or otherwise.

Statement of Comprehensive Income

Selected Items from Statement of Comprehensive Income

Amount : NT$ Million

	2Q16		1Q16		QoQ %	2Q15	
Net Sales	**80,091**	**100.0%**	**71,135**	**100.0%**	**12.6%**	**92,303**	**100.0%**
Cost of Goods Sold	(74,527)	(93.1%)	(70,746)	(99.5%)	5.3%	(80,451)	(87.2%)
Gross Profit	**5,564**	**6.9%**	**390**	**0.5%**	**1328.5%**	**11,853**	**12.8%**
Operating Expenses	(5,449)	(6.8%)	(5,486)	(7.7%)	(0.7%)	(5,507)	(6.0%)
Operating Profit (Loss)	**116**	**0.1%**	**(5,097)**	**(7.2%)**	–	**6,346**	**6.9%**
Net Non-operating Expenses	(356)	(0.4%)	(188)	(0.3%)	89.2%	(400)	(0.4%)
Profit (Loss) before Tax	**(240)**	**(0.3%)**	**(5,285)**	**(7.4%)**	**(95.5%)**	**5,947**	**6.4%**
Net Profit (Loss)	**(804)**	**(1.0%)**	**(5,580)**	**(7.8%)**	**(85.6%)**	**4,431**	**4.8%**
Attributable to:							
Owners of Company	(572)	(0.7%)	(5,477)	(7.7%)	(89.5%)	4,495	4.9%
Non-controlling Interests	(231)	(0.3%)	(103)	(0.1%)	124.2%	(64)	(0.1%)
Net Profit (Loss)	**(804)**	**(1.0%)**	**(5,580)**	**(7.8%)**	**(85.6%)**	**4,431**	**4.8%**
Basic EPS (NT$)[(a)]	**(0.06)**		**(0.57)**		**(89.5%)**	**0.47**	
Operating Profit + D&A	**9,978**	**12.5%**	**4,814**	**6.8%**	**107.3%**	**18,686**	**20.2%**
Display Segment Information:							
Net Sales	73,956	100.0%	63,583	100.0%	16.3%	86,062	100.0%
Operating Profit (Loss)	(224)	(0.3%)	(5,245)	(8.2%)	(95.7%)	6,856	8.0%
Operating Profit + D&A	9,173	12.4%	4,201	6.6%	118.3%	18,484	21.5%
Unit Shipments (mn)[(b)]							
Large Size Panels	**28.5**		**24.4**		**16.5%**	**24.9**	
Small & Medium Size Panels	**42.5**		**37.8**		**12.6%**	**48.0**	

– Unaudited, prepared by AUO based on Taiwan IFRS

a) Basic EPS in both 2Q16 and 1Q16 were calculated based on the weighted average outstanding shares of the first half of 2016 (9,624m shares); Basic EPS in 2Q15 was calculated based on the weighted average outstanding shares of 2015 (9,624m shares).

b) Large size refers to panels that are 10 inches and above

Consolidated Balance Sheet Highlights

Amount : NT$ Million

	2Q16	1Q16	QoQ %	2Q15
Cash & ST Investment[a]	72,954	73,656	(1.0%)	89,754
Inventory	27,754	31,177	(11.0%)	37,445
Short Term Debt[b]	22,669	37,892	(40.2%)	55,241
Long Term Debt	94,670	70,422	34.4%	74,891
Equity	191,310	197,358	(3.1%)	203,060
Total Assets	417,385	407,488	2.4%	455,549
Inventory Turnover (Days)[c]	**36**	**41**		**43**
Net Debt to Equity[d]	**23.2%**	**17.6%**		**19.9%**

– Unaudited, prepared by AUO based on Taiwan IFRS

a) Excluding time deposit with maturity longer than 3 months (NT$0m in 2Q16 , NT$1,166m in 1Q16 , and NT$8,110m in 2Q15)
b) Short term debt refers to all interest bearing debt maturing within one year
c) Calculated by dividing the average inventory into the annualized cost of goods sold during such period, then multiplying by 365 days
d) Net Debt to Equity = (Short Term Debt + Long Term Debt - Cash and ST Investment) / Equity

Consolidated Cash Flow Highlights

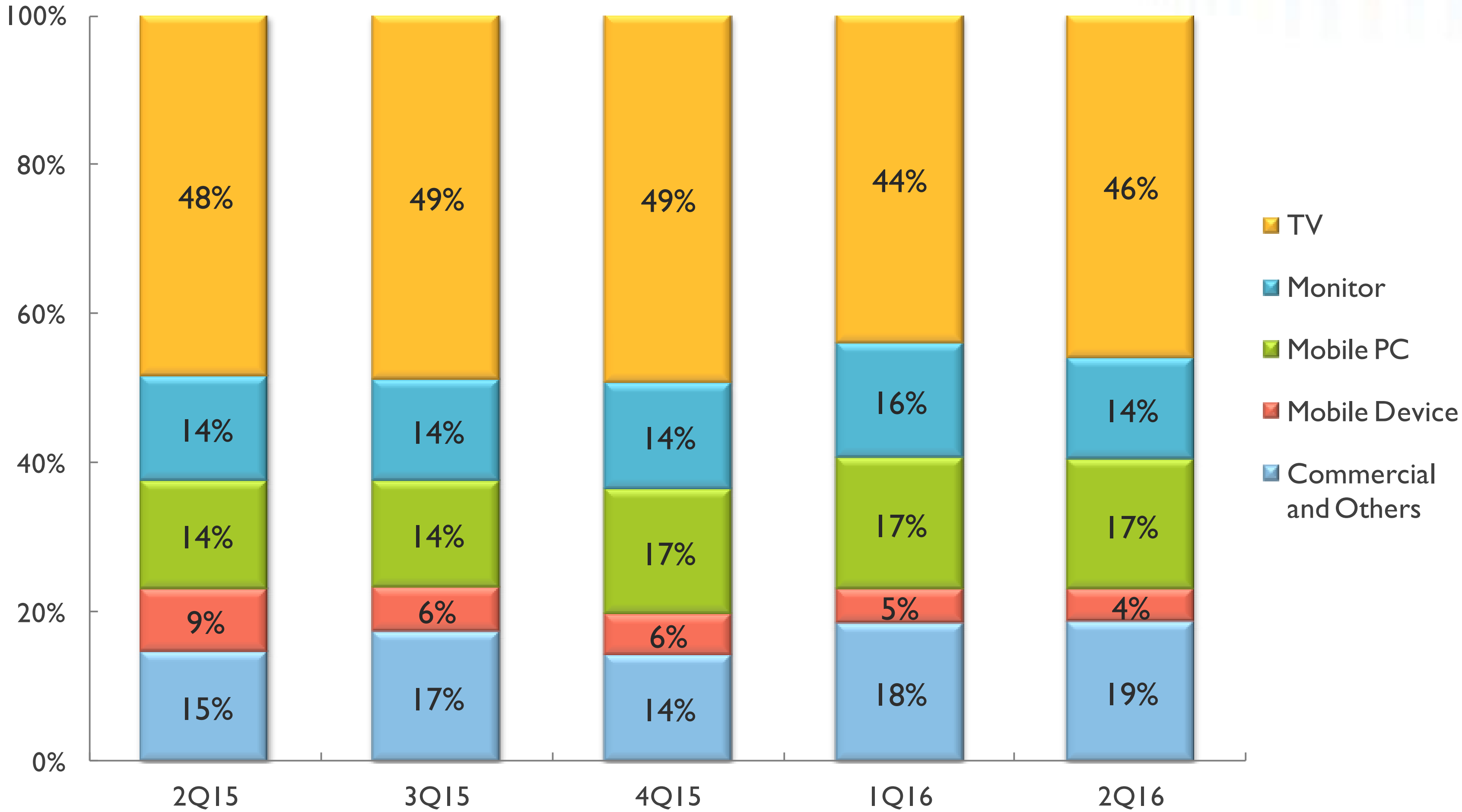
Amount : NT$ Million

	2Q16	1Q16	QoQ
From Operating Activities	**7,594**	**7,230**	**364**
Loss before Tax	(240)	(5,285)	5,045
Depreciation & Amortization	9,862	9,911	(49)
Net Change in Working Capital	(638)	2,845	(3,483)
From Investing Activities	**(15,812)**	**(10,638)**	**(5,174)**
Capital Expenditure	(15,970)	(10,385)	(5,586)
From Financing Activities	**7,827**	**(1,392)**	**9,219**
Net Change in Debt	8,857	(774)	9,631
Net Change in Cash[a]	**(701)**	**(5,225)**	**4,524**

– Unaudited, prepared by AUO based on Taiwan IFRS

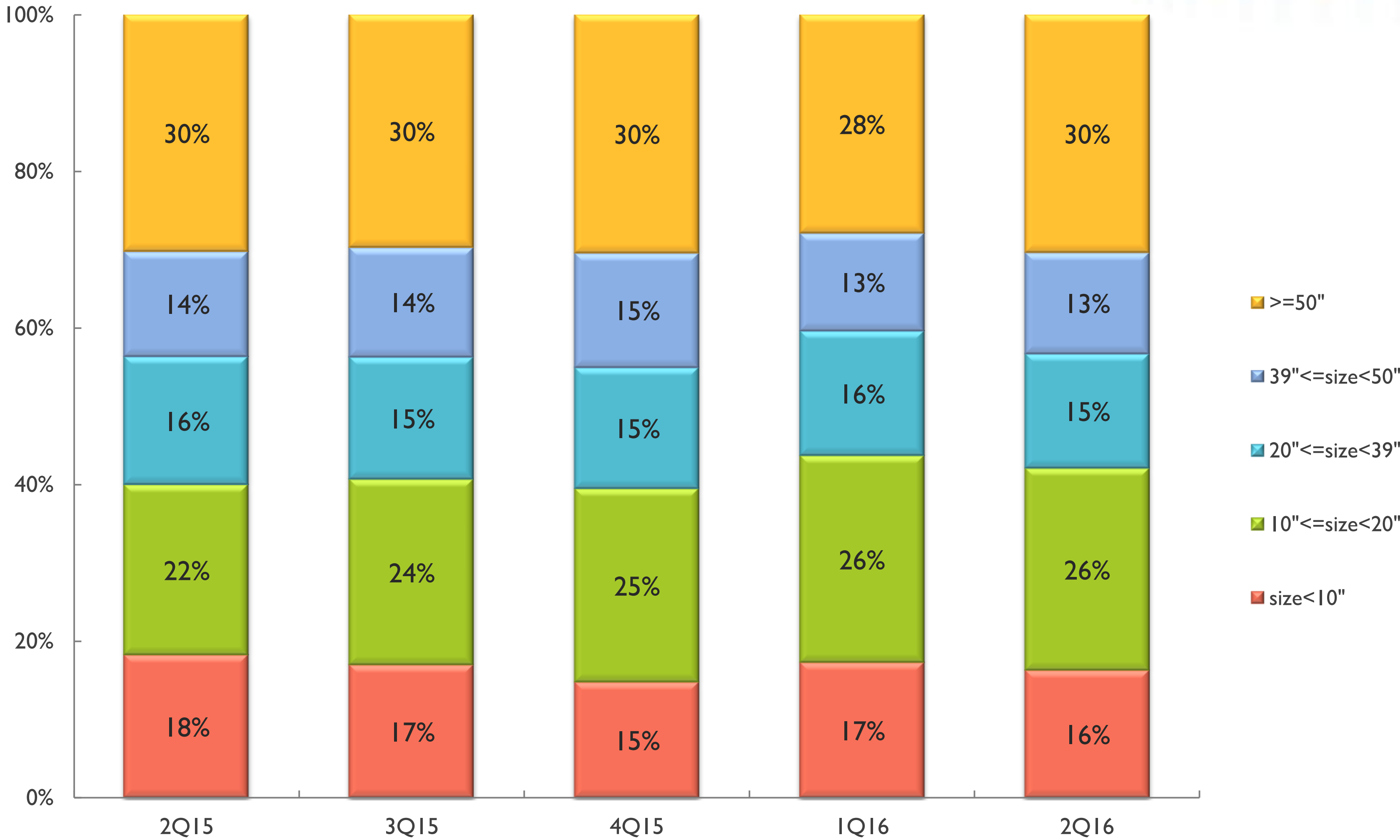
a) In addition to cash generated from operating, investing and financing activities, net change in cash also include effect on currency exchange of foreign subsidiaries

Display Revenue Breakdown by Application



- Unaudited, prepared by AUO based on Taiwan IFRS
- Mobile PC : including Notebook and Tablet displays
- Mobile Device : including displays for mobile phones and other related products
- Commercial and Others: including displays for automobile, industrial PC, ATM, point of sale (POS), pachinko, and etc.

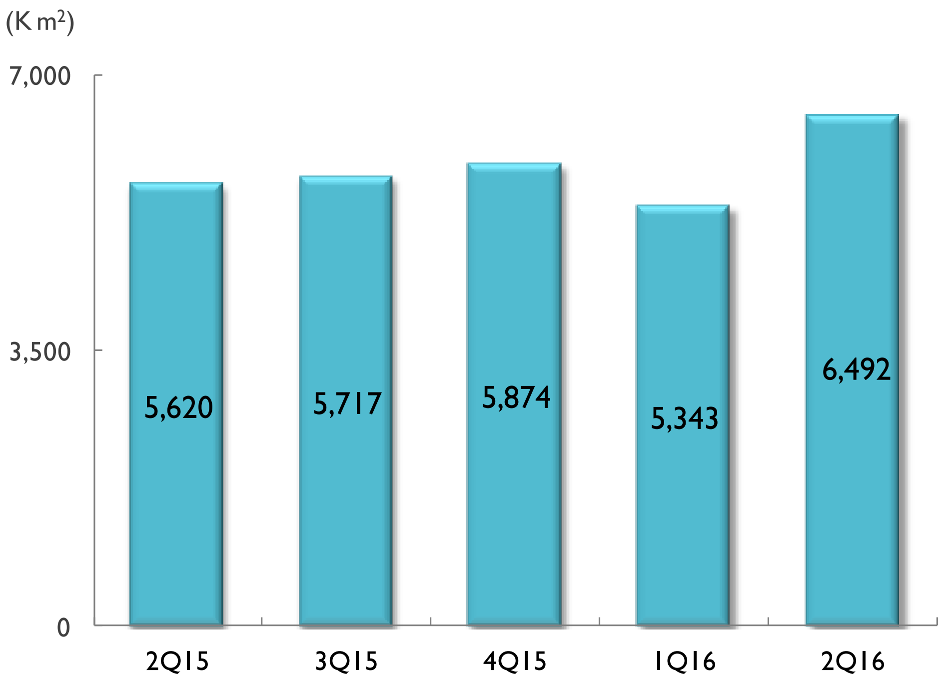
Display Revenue Breakdown by Size



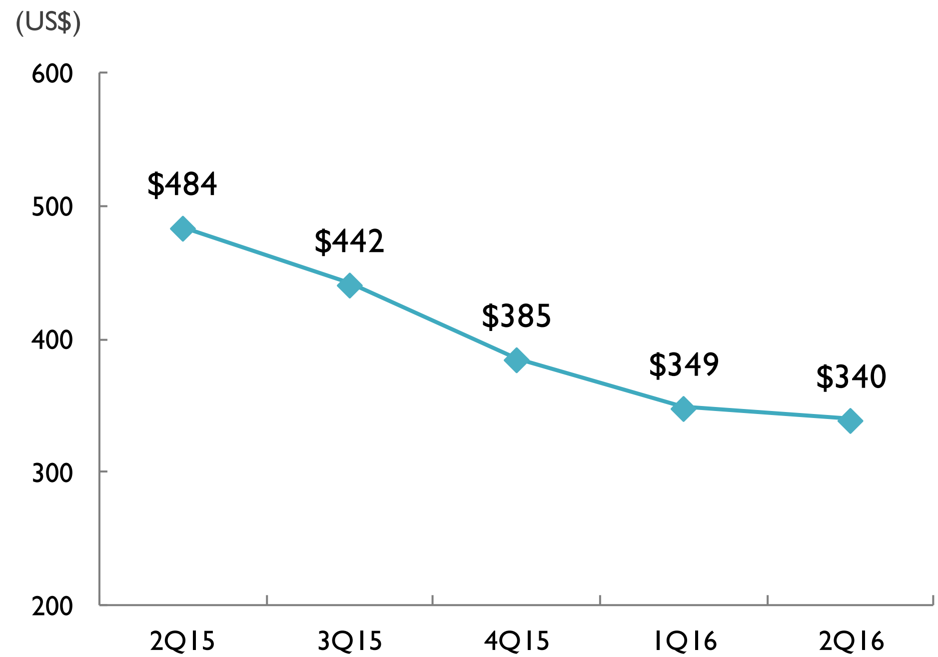
– Unaudited, prepared by AUO based on Taiwan IFRS

Consolidated Shipments & ASP by Area

Shipments in square meter



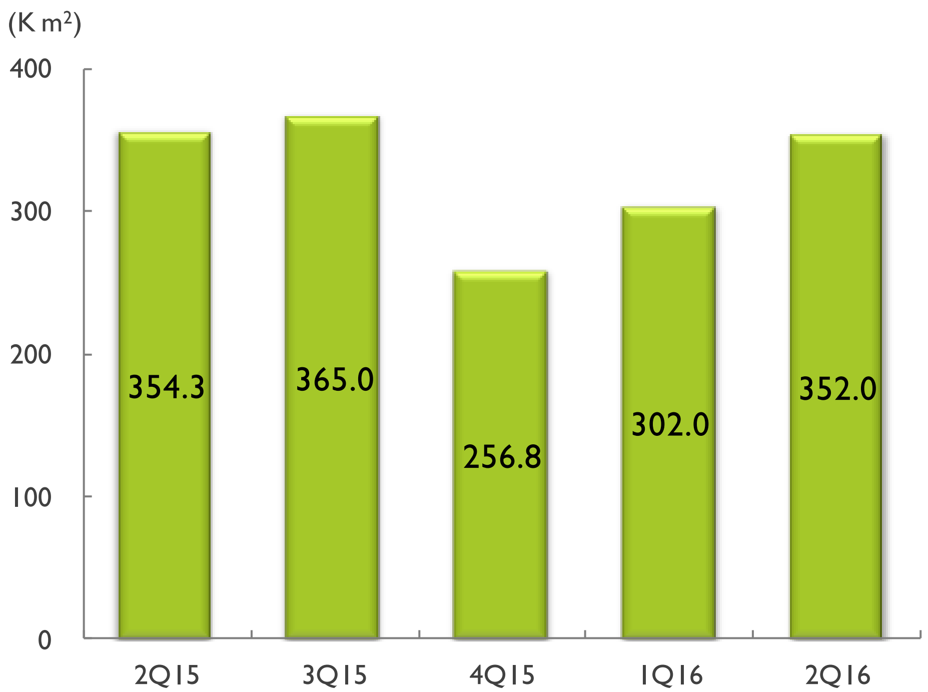
ASP per square meter



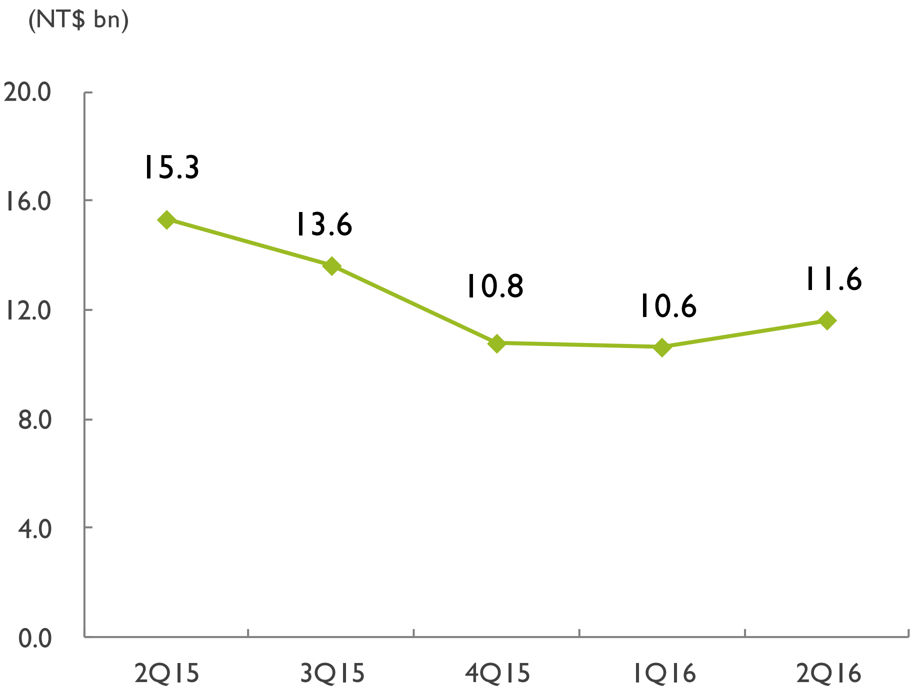
- Unaudited, prepared by AUO based on Taiwan IFRS
- ASP per square meter in US$ was translated from NT$ based on average exchange rates announced by Customs Administration, Ministry of Finance of each respective quarter

Consolidated Small & Medium Panel Shipments by Area & Revenues

Shipments in square meter



Revenues



- Unaudited, prepared by AUO based on Taiwan IFRS
- Small & Medium size refers to panels that are under 10 inches

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AU OPTRONICS CORP.

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

For the Three Months Ended June 30, 2016 and 2015 and March 31, 2016

(Expressed in Millions of New Taiwan Dollars (NTD) and US Dollars (USD) except for per share amounts and shares outstanding)

	Year over Year Comparison					Sequential Comparison				
	2Q 2016			2Q 2015		2Q 2016			1Q 2016	
	USD	NTD	%	NTD	YoY%	USD	NTD	%	NTD	QoQ%
Net Sales	2,486	80,091	100.0	92,303	(13.2)	2,486	80,091	100.0	71,135	12.6
Cost of Goods Sold	2,313	74,527	93.1	80,451	(7.4)	2,313	74,527	93.1	70,746	5.3
Gross Profit	173	5,564	6.9	11,853	(53.1)	173	5,564	6.9	390	1,328.5
Operating Expenses	169	5,449	6.8	5,507	(1.1)	169	5,449	6.8	5,486	(0.7)
Operating Profit (Loss)	4	116	0.1	6,346	(98.2)	4	116	0.1	(5,097)	–
Net Non-Operating Income (Expense)	(11)	(356)	(0.4)	(400)	(10.9)	(11)	(356)	(0.4)	(188)	89.2
Profit (Loss) before Income Tax	(7)	(240)	(0.3)	5,947	–	(7)	(240)	(0.3)	(5,285)	(95.5)
Income Tax Expense	(17)	(563)	(0.7)	(1,516)	(62.8)	(17)	(563)	(0.7)	(295)	90.7
Net Profit (Loss)	(25)	(804)	(1.0)	4,431	–	(25)	(804)	(1.0)	(5,580)	(85.6)
Other Comprehensive Income (Loss)	(46)	(1,489)	(1.9)	(1,128)	32.1	(46)	(1,489)	(1.9)	(1,554)	(4.2)
Total Comprehensive Income (Loss)	(71)	(2,293)	(2.9)	3,303	–	(71)	(2,293)	(2.9)	(7,134)	(67.9)
Net Profit (Loss) Attributable to:										
Owners of Company	(18)	(572)	(0.7)	4,495	–	(18)	(572)	(0.7)	(5,477)	(89.5)
Non-controlling Interests	(7)	(231)	(0.3)	(64)	259.2	(7)	(231)	(0.3)	(103)	124.2
Net Profit (Loss)	(25)	(804)	(1.0)	4,431	–	(25)	(804)	(1.0)	(5,580)	(85.6)
Total Comprehensive Income Attributable to:										
Owners of Company	(44)	(1,421)	(1.8)	3,555	–	(44)	(1,421)	(1.8)	(6,600)	(78.5)
Non-controlling Interests	(27)	(872)	(1.1)	(252)	246.2	(27)	(872)	(1.1)	(535)	63.0
Total Comprehensive Income (Loss)	(71)	(2,293)	(2.9)	3,303	–	(71)	(2,293)	(2.9)	(7,134)	(67.9)
Basic Earnings Per Share	(0.00)	(0.06)		0.47		(0.00)	(0.06)		(0.57)	
Basic Earnings Per ADS(3)	(0.02)	(0.59)		4.67		(0.02)	(0.59)		(5.69)	
Weighted-Average Shares Outstanding ('M)		9,624		9,624			9,624		9,624	

Note: (1) Unaudited, prepared by AUO based on Taiwan IFRS

(2) Amounts in New Taiwan dollars were translated into US dollars at the exchange rate of NTD 32.22 per USD as of June 30, 2016

(3) 1 ADS equals 10 common shares

AU OPTRONICS CORP.
CONSOLIDATED BALANCE SHEET
June 30, 2016 and 2015
(Expressed in Millions of New Taiwan Dollars (NTD) and US Dollars (USD))

	June 30, 2016			June 30, 2015		YoY	
ASSETS	USD	NTD	%	NTD	%	NTD	%
Cash and Cash Equivalents	2,264	72,954	17.5	89,754	19.7	(16,800)	(18.7)
Notes & Accounts Receivables	1,162	37,424	9.0	49,484	10.9	(12,060)	(24.4)
Other Current Financial Assets	62	1,991	0.5	9,280	2.0	(7,290)	(78.6)
Inventories	861	27,754	6.6	37,445	8.2	(9,691)	(25.9)
Other Current Assets	164	5,300	1.3	4,839	1.1	461	9.5
Total Current Assets	4,513	145,423	34.8	190,802	41.9	(45,379)	(23.8)
Long-term Investments	451	14,528	3.5	13,988	3.1	541	3.9
Net Fixed Assets	6,644	214,059	51.3	214,250	47.0	(191)	(0.1)
Other Assets	1,346	43,375	10.4	36,509	8.0	6,866	18.8
Total Assets	12,954	417,385	100.0	455,549	100.0	(38,164)	(8.4)
LIABILITIES							
Short-term Borrowings	49	1,576	0.4	0	0.0	1,576	–
Accounts Payable	1,772	57,109	13.7	62,836	13.8	(5,727)	(9.1)
Current Installments of Long-term Borrowings	655	21,093	5.1	43,598	9.6	(22,504)	(51.6)
Current Installments of Bonds Payable	0	0	0.0	11,644	2.6	(11,644)	(100.0)
Current Financial Liabilities	3	113	0.0	230	0.1	(117)	(51.0)
Accrued Expense & Other Current Liabilities	971	31,277	7.5	43,048	9.4	(11,771)	(27.3)
Machinery and Equipment Payable	348	11,224	2.7	4,453	1.0	6,771	152.1
Total Current Liabilities	3,799	122,392	29.3	165,808	36.4	(43,416)	(26.2)
Long-term Borrowings	2,938	94,670	22.7	74,891	16.4	19,778	26.4
Non Current Financial Liabilities	0	8	0.0	7	0.0	1	14.8
Other Long-term Liabilities	279	9,005	2.2	11,783	2.6	(2,777)	(23.6)
Total Long-term Liabilities	3,218	103,683	24.8	86,681	19.0	17,002	19.6
Total Liabilities	7,017	226,075	54.2	252,489	55.4	(26,414)	(10.5)
EQUITY							
Common Stock	2,987	96,242	23.1	96,242	21.1	0	0.0
Capital Surplus	1,875	60,428	14.5	60,115	13.2	313	0.5
Retained Earnings	341	10,988	2.6	25,352	5.6	(14,364)	(56.7)
Other Equity	97	3,114	0.7	3,324	0.7	(210)	(6.3)
Non-Controlling Interests	637	20,536	4.9	18,026	4.0	2,511	13.9
Total Equity	5,938	191,310	45.8	203,060	44.6	(11,750)	(5.8)
Total Liabilities & Equity	12,954	417,385	100.0	455,549	100.0	(38,164)	(8.4)

Note: (1) Unaudited, prepared by AUO based on Taiwan IFRS
(2) Amounts in New Taiwan dollars were translated into US dollars at the exchange rate of NTD 32.22 per USD as of June 30, 2016
(3) Cash and Cash Equivalents excluding time deposit with maturity longer than 3 months

AU OPTRONICS CORP.

CONSOLIDATED STATEMENT OF CASH FLOW

For the Period Ended June 30, 2016 and 2015

(Expressed in Millions of New Taiwan Dollars (NTD) and US Dollars (USD))

	1H 2016		1H 2015
	USD	NTD	NTD
Cash Flow from Operating Activities:			
Profit(Loss) before Income Taxes	(171)	(5,525)	11,720
Depreciation & Amortization	614	19,774	25,726
Share of Profit of Equity-Accounted Investees	(5)	(160)	(290)
Changes in Working Capital	68	2,207	(7,468)
Changes in Others	(46)	(1,472)	(1,032)
Net Cash Provided by Operating Activities	460	14,824	28,656
Cash Flow from Investing Activities:			
Acquisition of Property, Plant and Equipment	(818)	(26,355)	(10,178)
Proceeds from Disposal of Property, Plant and Equipment	6	207	864
Acquisition of Equity-Accounted Investees and Financial Assets Carried at Cost	(2)	(67)	0
Proceeds from Disposal of Equity-Accounted Investees and Financial Assets Carried at Cost	0	0	97
Decrease(Increase) in Other Financial Assets	(1)	(29)	131
Decrease(Increase) in Intangible Assets	(6)	(190)	0
Decrease(Increase) in Other Assets	(0)	(16)	(2)
Net Cash Used in Investing Activities	(821)	(26,450)	(9,088)
Cash Flow from Financing Activities:			
Increase(Decrease) in Short-term Borrowings	(1)	(18)	(381)
Increase(Decrease) in Long-term Borrowings and Bonds Payable	251	8,100	(11,393)
Increase(Decrease) in Guarantee Deposits	(1)	(23)	38
Changes in Non-Controlling Interests and Others	(50)	(1,625)	(78)
Net Cash Used by Financing Activities	200	6,435	(11,815)
Effect of Exchange Rate Changes on Cash	(23)	(735)	35
Net Increase (Decrease) in Cash and Cash Equivalents	(184)	(5,926)	7,788
Cash and Cash Equivalents at Beginning of Period	2,448	78,881	81,965
Cash and Cash Equivalents at End of Period	2,264	72,954	89,754

Note: (1) Unaudited, prepared by AUO based on Taiwan IFRS

(2) Amounts in New Taiwan dollars were translated into US dollars at the exchange rate of NTD 32.22 per USD as of June 30, 2016