

CyberLink (5203.TW)

Q1-2013 Results Conference

The Innovative Solutions Provider for the
Connected Digital Lifestyle

Apr. 25, 2013

Safe Harbor Notice

The following pages contain projections & estimates of financial information as well as market and product developments for future periods. These projections & estimates are based on information currently available which we believe to be reliable, but they involve risks & uncertainties. Our actual results of operations & financial condition may differ significantly from those contained in the projections & estimates. The projections & estimates should not be interpreted as legally binding commitments, but rather as flexible information subject to change occasionally.

Agenda

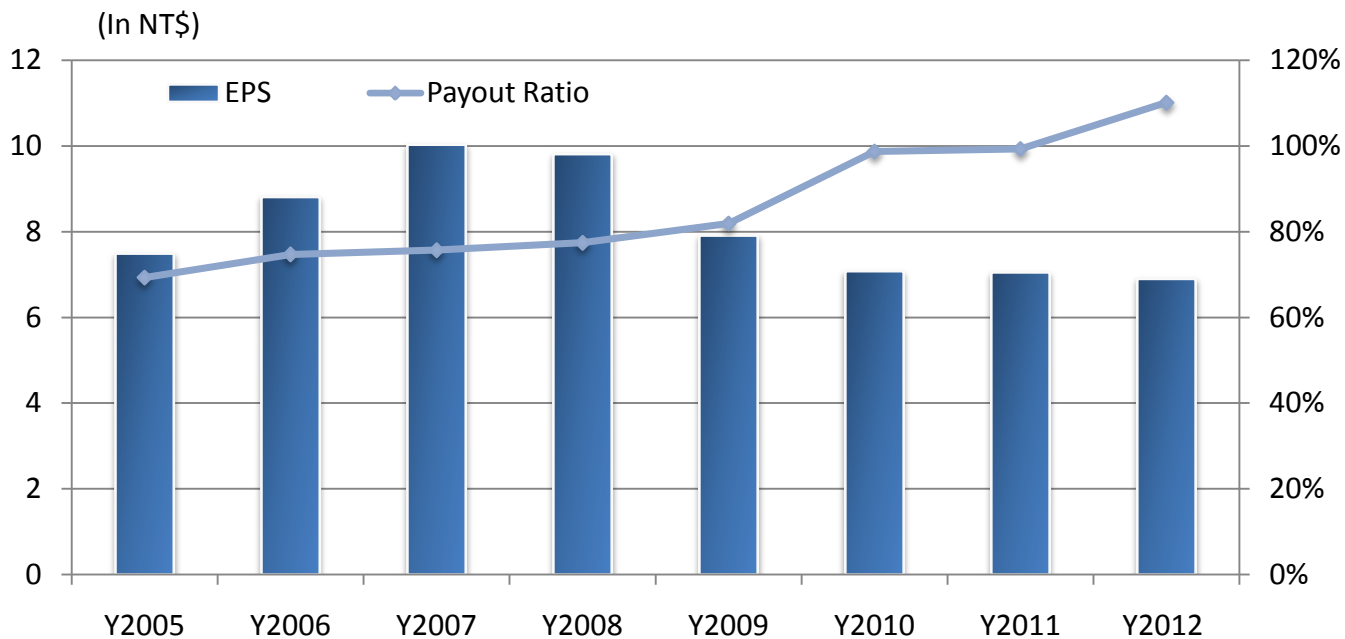
- ◆ Company Profile
- ◆ Q1-2013 Financial Results
- ◆ Business Update
- ◆ Product Launch
- ◆ Summary
- ◆ Q&A

Company Profile

Company Profile

- Founded in 1996, world leader in consumer multimedia software industry
- Headquartered in Taipei, with subsidiaries in US, Japan, and Netherlands, with about 600 employees
- Company went public in Taiwan stock market in 2000 with persistent strong financial performance
- More than 20 products for PC, Apple iPad/iPhone, Android tablet/phone, and Windows 8 Metro tablets.
- Over 135 patents globally in digital media domain

Sustainable Earnings & Consistent High Dividend Policy



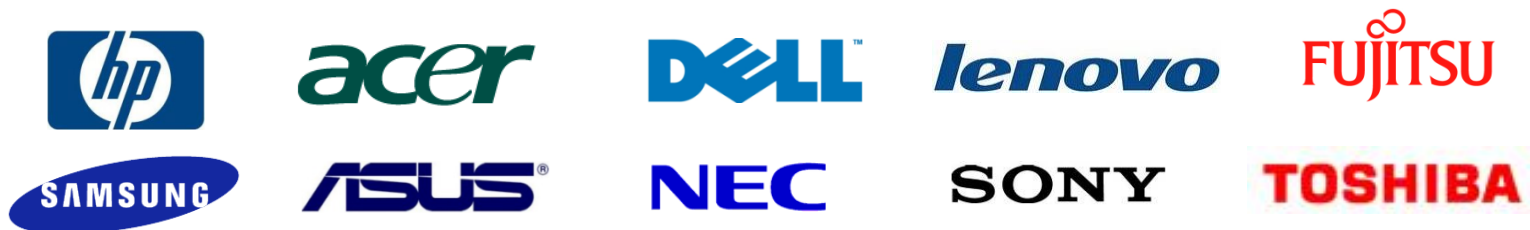
in NT\$	Y2005	Y2006	Y2007	Y2008	Y2009	Y2010	Y2011	Y2012
EPS	7.49	8.81	10.03	9.81	7.91	7.08	7.05 ¹	6.90
Dividend Per Share	5.19	6.58	7.59	7.59	6.48	6.99	7.00	7.60 ²
Payout Ratio	69%	75%	76%	77%	82%	99%	99%	110%

1. NT\$7.05 was calculated using 2011 net earnings divided by the number of share outstanding as of end of 2011. Due to the 20% capital reduction, 2011 basic EPS audited by CPA was NT\$6.11 based on the weighted average number of shares in 2011.
2. NT\$7.6 includes a NT\$7.0 cash dividend for 2012 earning distribution and a capital increase of \$0.6 per share

Business Model

- Consumer Multimedia Software -

- Bundling with hardware devices (B2B)
 - We dominate this B2B market with majority market share
 - ALL Top 10 PC vendors are our customers



- Direct sales to end users via webstore & retail stores (B2C)
 - Best products (Editor's Choices) in several categories

Taiwan's Top 20 Global Brands



- CyberLink is recognized among Taiwan Top 20 Global Brands for 4th consecutive year

	2009	2010	2011	2012
Rank	17	18	15	17

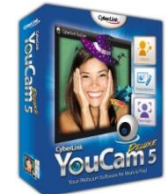
Top Taiwan Global Brands Survey is conducted annually and organized by the Taiwan External Trade Development Council (TAITRA) with help from BusinessNext and Interbrand.

<http://www.brandingtaiwan.org/TopTwenty/en/Index.html>

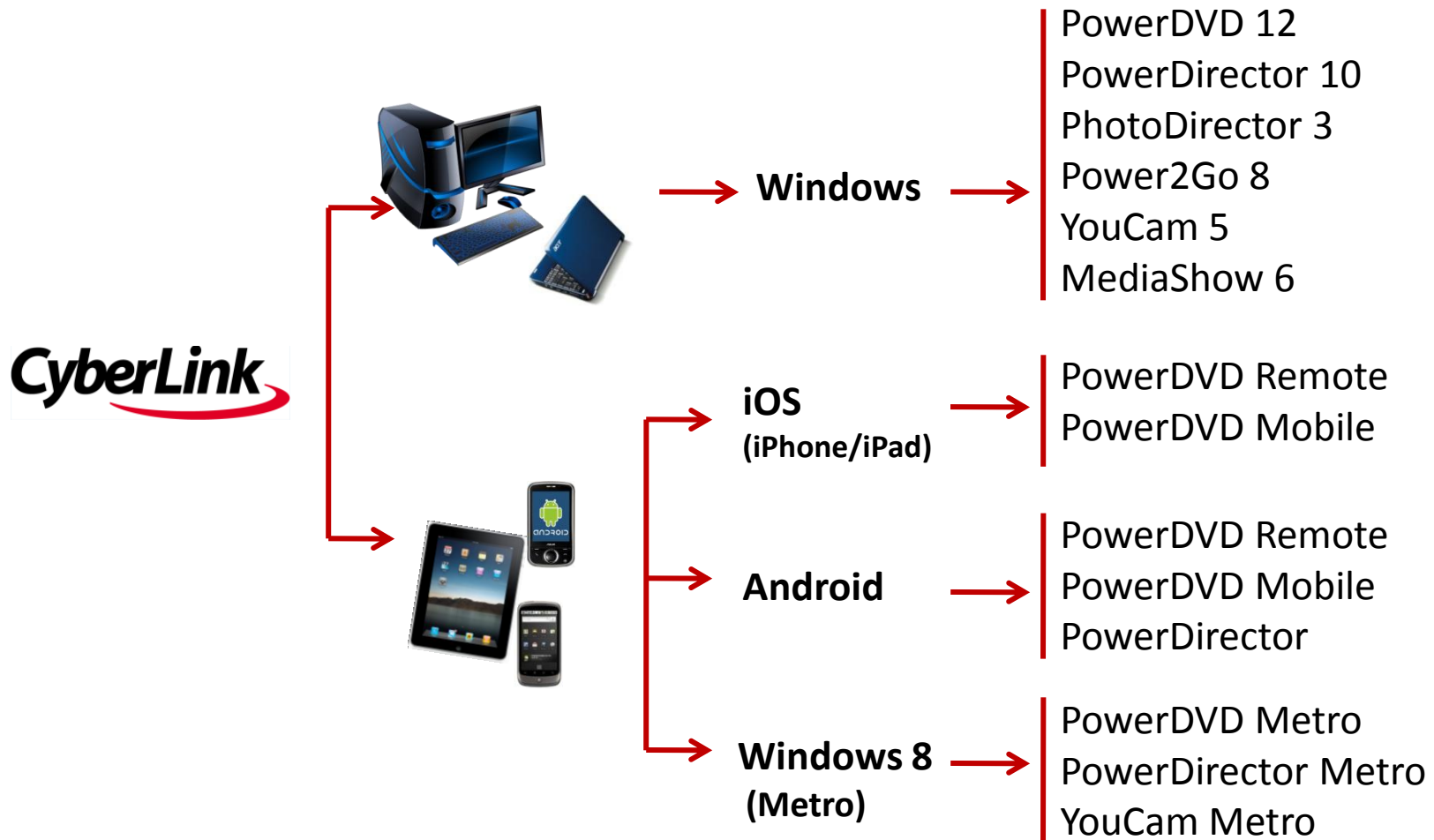
Complete Solution on Video, Photo, & Music

for both PC & Devices (iPhone/iPad/Android/Win8 Metro)

- **Universal Player:** BD/3D/DVD/Social/DLNA/File + Sync-to-Mobile + Music Store
 - **PowerDVD 12** (similar to iTunes on PC with several unique features)
- **Content Creation:** mainly for professional & prosumer users
 - **Director Suite**
(PowerDirector, PhotoDirector, ColorDirector, AudioDirector)
- **Burning & Backup**
 - **Power2Go 8 & PowerProducer 5**
- **Content Organizer** with Enhance/Create capabilities, & **Webcam**
 - **MediaShow 6 & YouCam 5**
 - **CyberLink Media Suite (All-in-One)**
- **Device apps:** iPhone/iPad/Android/Win8 Metro
 - **PDVD Remote (iOS/Android), PDVD Mobile (iOS/Android), PDR Android**
 - **PDVD Metro, YouCam Metro, PDR Metro**



Solution Across Form Factors and OS'



Q1-2013 Financial Results (Un-audited)

Financial Highlights

- **Q1**

- Revenue NT\$633.9M, -27.9% Q/Q and -30.1% Y/Y.
 - Higher than previous guidance of -30% ~ -34% Q/Q
- Gross margin at 84%, met the guidance of 83% +/-1.5%
- Operating income NT\$224.5M, -21.7% Q/Q and -3.5% Y/Y.
- Operating margin at 35.4%
 - Met the guidance of 35% +/- 1.5%
- Net income NT\$198.0M, -5.0% Q/Q and +11.7% Y/Y. Net margin 31.2%
- Basic EPS after tax NT\$2.10, +11.7% Y/Y

- **Balance Sheet**

- Cash, cash equivalent & short-term investment at NT\$ 4,197.1M as of end of March 2013, accounting for 65.5% of total asset
- Solid finance and no debt

- **Dividend Policy**

- The board approves a distribution of total NT\$7.6/share

Consolidated Income Statement Q1-2013 Y/Y

In NT\$K	Q1-2013	%	Q1-2012	%	Y/Y
Net sales	633,951	100.0%	907,538	100.0%	-30.1%
Cost of goods Sold	(101,185)	16.0%	(387,255)	42.7%	-73.9%
Gross Profit	532,766	84.0%	520,283	57.3%	2.4%
Operating Expense	(308,227)	48.6%	(287,491)	31.7%	7.2%
R&D	(138,358)	21.8%	(122,673)	13.5%	12.8%
S&M	(132,280)	20.9%	(130,474)	14.4%	1.4%
G&A	(37,589)	5.9%	(34,344)	3.8%	9.4%
Operating Income	224,539	35.4%	232,792	25.7%	-3.5%
Non Operating Income	28,539	4.5%	(401)	0.0%	7217.0%
Income before Tax	253,078	39.9%	232,391	25.6%	8.9%
Income after Tax	198,004	31.2%	177,257	19.5%	11.7%
Basic EPS before Tax (in NT\$)	2.68		2.46		8.9%
Basic EPS after Tax (in NT\$)	2.10		1.88		11.7%

Consolidated Income Statement Q1-2013 Q/Q

In NT\$K	<i>Q1-2013</i>		<i>Q4-2012</i>		<i>Q/Q</i>
		%		%	
Net sales	633,951	100.0%	879,736	100.0%	-27.9%
Cost of goods Sold	(101,185)	16.0%	(280,691)	31.9%	-64.0%
Gross Profit	532,766	84.0%	599,045	68.1%	-11.1%
Operating Expense	(308,227)	48.6%	(312,146)	35.5%	-1.3%
R&D	(138,358)	21.8%	(129,979)	14.8%	6.4%
S&M	(132,280)	20.9%	(147,141)	16.7%	-10.1%
G&A	(37,589)	5.9%	(35,027)	4.0%	7.3%
Operating Income	224,539	35.4%	286,899	32.6%	-21.7%
Non Operating Income	28,539	4.5%	17,488	2.0%	63.2%
Income before Tax	253,078	39.9%	304,387	34.6%	-16.9%
Income after Tax	198,004	31.2%	208,375	23.7%	-5.0%

Reminder of 2013 IFRS Adoption and Business Practice Change

- IFRS: The adoption starts from 2013. Our 3rd party royalties are now categorized in COGS from previously Sales & Marketing expenses.
- B2B Dolby: From Oct. 2012, Dolby starts to collect its royalty from key PC OEMs directly and no longer via CyberLink, therefore our revenues and COGS contain much smaller B2B Dolby royalty subsequent to this change.
- The above will impact our **revenues** (lower), **gross profit rate** (lower) and **operating profit rate** (higher) but no impact on our **Earnings**.

Proforma Consolidated Income Statement Q1-2013 Y/Y

After excluding B2B Dolby from revenue & COGS

In NT\$K	Q1-2013	%	Q1-2012	%	Y/Y
Net sales	620,016	100.0%	614,793	100.0%	0.8%
Cost of goods Sold	(87,250)	14.1%	(94,511)	15.4%	-7.7%
Gross Profit	532,766	85.9%	520,283	84.6%	2.4%
Operating Expense	(308,227)	49.7%	(287,491)	46.8%	7.2%
R&D	(138,358)	22.3%	(122,673)	20.0%	12.8%
S&M	(132,280)	21.3%	(130,474)	21.2%	1.4%
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Proforma Consolidated Income Statement Q1-2013 Q/Q

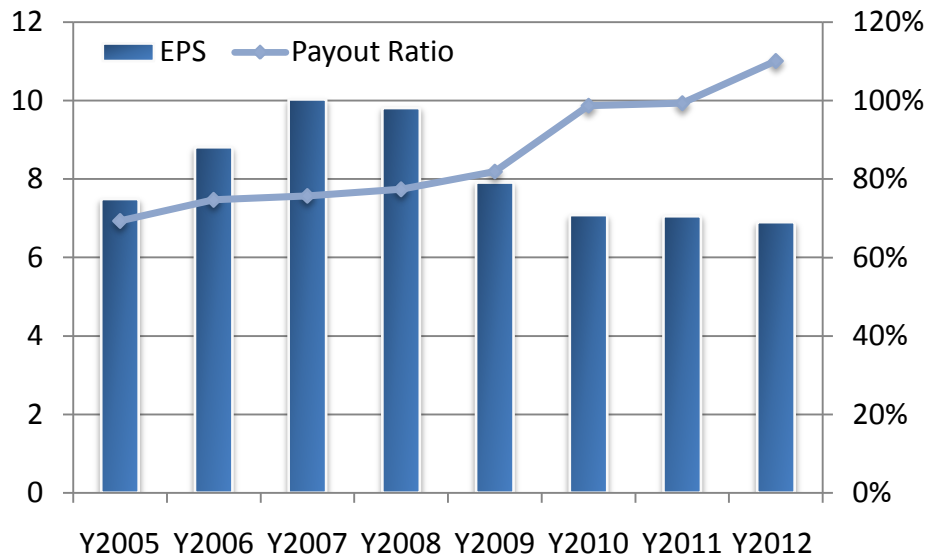
After excluding B2B Dolby from revenue & COGS

In NT\$K	Q1-2013	%	Q4-2012	%	Q/Q
Net sales	620,016	100.0%	760,267	100.0%	-18.4%
Cost of goods Sold	(87,250)	14.1%	(161,221)	21.2%	-45.9%
Gross Profit	532,766	85.9%	599,045	78.8%	-11.1%
Operating Expense	(308,227)	49.7%	(312,146)	41.1%	-1.3%
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Income after Tax	198,004	31.9%	208,375	27.4%	-5.0%

CyberLink Board Approves Dividend Policy

- Total NT\$7.6 of cash dividend and capital increase per share
 - Cash dividend NT\$7.0 per share, totaling NT\$660.5 million, and capital increase NT\$0.6 per share (or 60 shares for every 1,000 shares), totaling NT\$56.6 million out of company's capital reserve.
- CyberLink's capital stock shall be approximately NT\$1.0 billion subsequent to such capital increase.
- The ex-dividend date will be decided by the Board after the distribution is approved at CyberLink's annual shareholder meeting on June 17th, 2013.

Sustainable Earnings & Consistent High Dividend Policy



- Sustainable EPS through out years even in the toughest period of PC industry
- Consistent high payout policy to remain good yield and to increase shareholders' value

in NT\$	Y2005	Y2006	Y2007	Y2008	Y2009	Y2010	Y2011	Y2012
EPS	7.49	8.81	10.03	9.81	7.91	7.08	7.05 ¹	6.90
Dividend Per Share	5.19	6.58	7.59	7.59	6.48	6.99	7.00	7.60 ²
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Q2-2013 Outlook

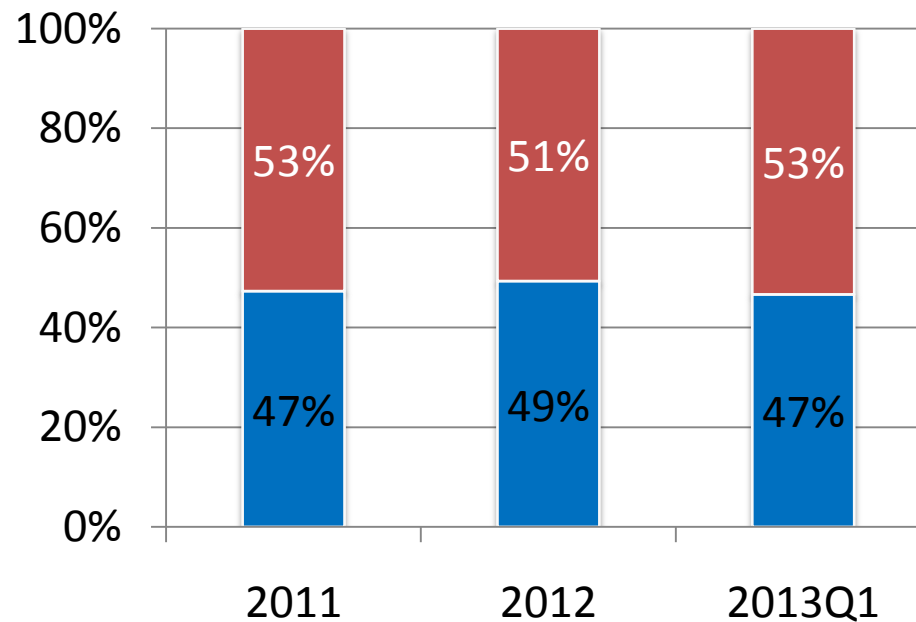
- Consolidated Q2-2013 guidance assuming FX 29.85:
 - Revenue (Q/Q): $\pm 2\%$ from Q1-2013
 - Gross profit rate: $83\% \pm 1.5\%$
 - Operating margin: $34\% \pm 1.5\%$

Business Update

Balanced Product Mix

in Content Creation and Content Consumption

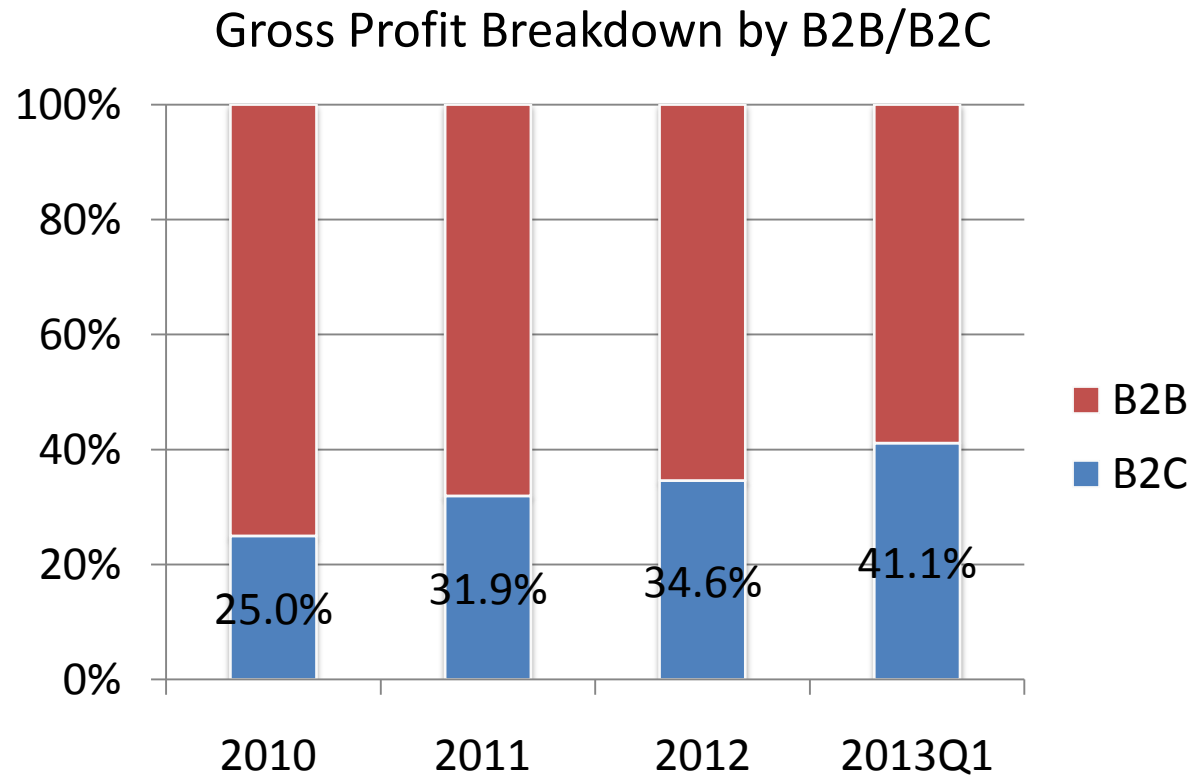
Gross Profit Breakdown by Product Group



- Media Creation and Misc: creativity, burning, media management and others.
- Digital Entertainment: playback, media server/client, codec pack, etc.

Branding Power to Consumers

B2C Continues to Increase

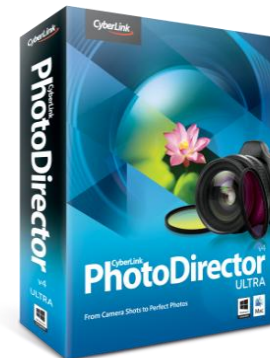


- B2C business is not dependant on new PC shipment!

PhotoDirector

The Winner of Taiwan Excellence Gold Award 2013

- Taiwan Excellence Gold Award is the highest honor awarded to products which represent the most revolutionary, high quality, high value added products made by Taiwan.
- The contest is held jointly by Taiwan's Bureau of Foreign Trade and Taiwan External Trade Development Council to its 21st year.
- This year total 1,221 submissions with 541 granted Taiwan Excellence Award
- Among the 541 Taiwan Excellence Award winners cross all sectors, PhotoDirector won the highest Gold Award.



Product Launch in Q1



CyberLink
PowerDVD v13

World No. 1 Movie and Media Player
The Ultimate in Playback

The way we PLAY and consume video content is fast changing

96.7% of American households own TV sets – number drops first time in 20 years

Play movie from digital file is more or as important as it is from a disc – 90%

Interested in Blu-Ray or higher quality solution – 66%

Watching content on tablet or smart phone is important – 47%

Source: CyberLink PowerDVD13 Survey 2013

Young people who have laptops are opting not to buy TV sets

Source: New York Times

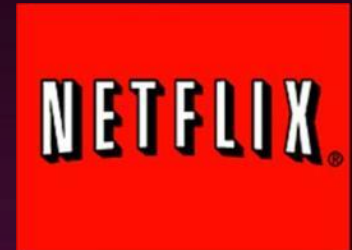
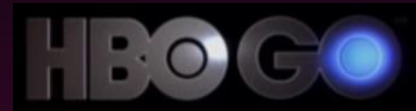


This is driven by fast innovation

Explosion of devices and technology refinements



Quickly evolving content distribution



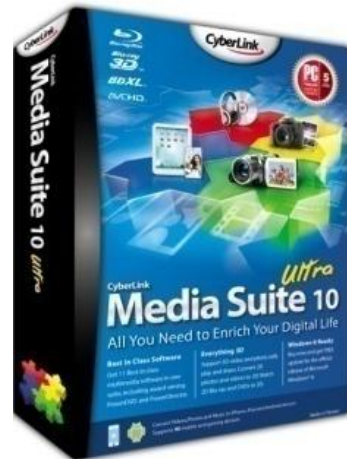
The only software lets users PLAY all content
and stay on top of fast changing trends



Exciting New Releases in Q2

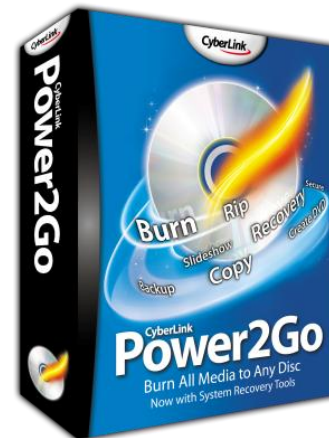
CyberLink Media Suite 11

- Organize, Play, Edit, Burn, Share
- Include latest versions of PowerDVD, PowerDirector, etc.
- v11 will include new addition for photo editing



Power2Go 9

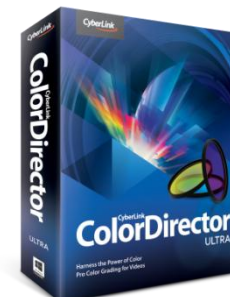
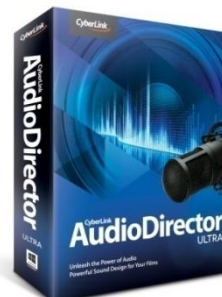
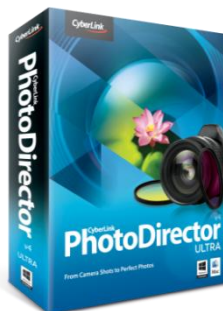
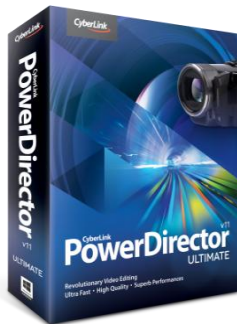
- Burn All Media to Any Disc
- v9 will allow backup Social Media such as YouTube, Facebook, etc.
- and more ...



Exciting New Releases in Q3

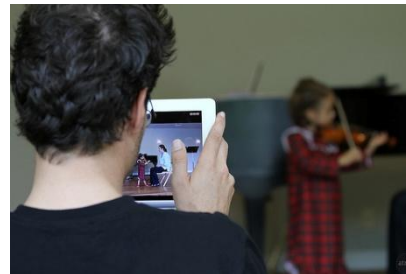
Director Suite 2

- PowerDirector 12
- PhotoDirector 5
- AudioDirector 4
- ColorDirector 2



Summary

- Q1 revenue was better than expected. Both gross margin and operating margin met the guidance. Basic EPS after tax hit NT\$2.1, +11.7% Y/Y.
- CyberLink Board approves the distribution of total NT\$7.6/share payout and demonstrates our high dividend policy.
- Expect Q2-13 revenue +/-2% from Q1-13 and operating margin 34%+/-1.5%.
- Business Update
 - Launch of the world #1 media player PowerDVD 13
 - Continue to strengthen current product offerings
 - Fully ready to seize the opportunities in the new PC form factors



For more information about CyberLink:
www.CyberLink.com

For IR inquiries, suggestions and comments:
investor@cyberlink.com

Thank You!