CyberLink (5203.TW)

Q3-2013 Results Conference

The Innovative Solutions Provider for the Connected Digital Lifestyle

October 29, 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

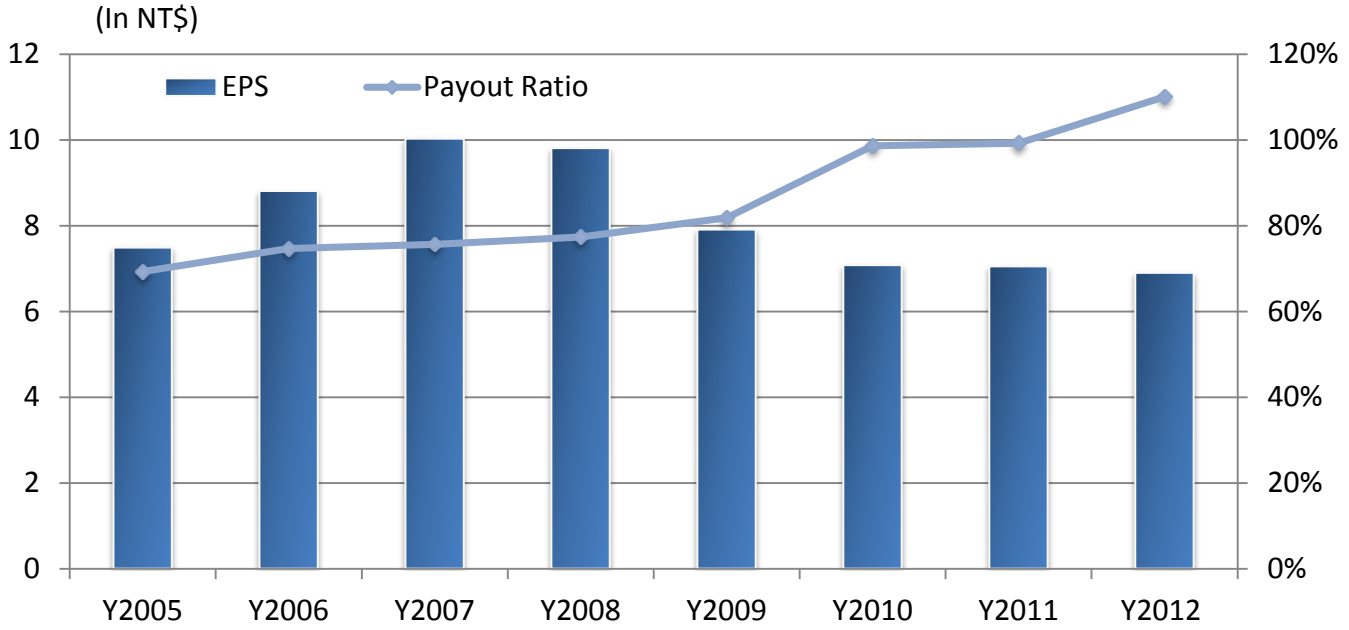
- Company Profile
- Financial Results (Ending 2013/9/30)
- Business Update
- Product Update
- Summary
- Q&A

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



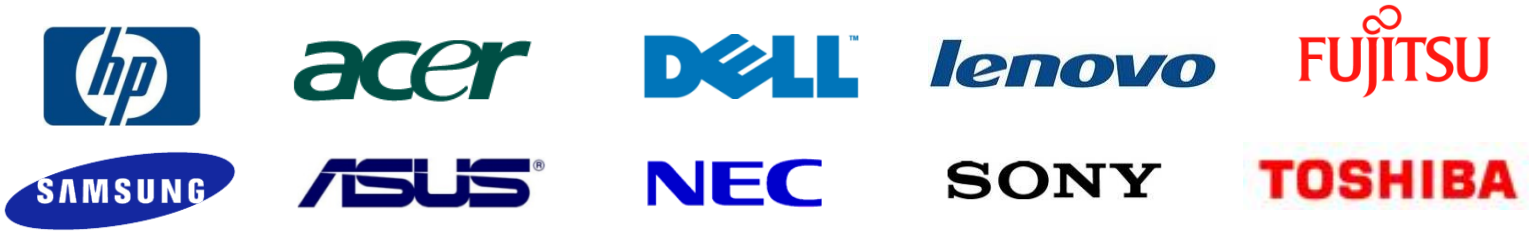
in NT$	Y2005	Y2006	Y2007	Y2008	Y2009	Y2010	Y2011	Y2012
EPS	7.49	8.81	10.03	9.81	7.91	7.08	7.05[1]	6.90
Dividend Per Share	5.19	6.58	7.59	7.59	6.48	6.99	7.00	7.60[2]
Payout Ratio	69%	75%	76%	77%	82%	99%	99%	110%

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 13** (similar to iTunes on PC with several unique features)
- **Content Creation**: mainly for professional & prosumer users
  - **Director Suite 2 (PowerDirector, PhotoDirector, ColorDirector, AudioDirector)**

- **Burning & Backup**
  - **Power2Go 9 & 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**

Financial Results
(Un-audited)

Financial Highlights

- **Q3-2103**
  - Revenue NT$658.1M, +4.8% Q/Q and -20.0% Y/Y. Met guidance of +1%~+5% Q/Q
  - Gross profit NT$542.2M, +5.6% Q/Q and **+18.6% Y/Y**. Margin rate at 82.4%, met guidance of 80.5%~83.0%
  - Operating income NT$226.0M. Margin rate at 34.3%, met guidance of 31.5%~34.5%.
  - **Operating income grew strongly at +14.5% Q/Q and +36.5% Y/Y**
  - **Net income NT$163.6M, +6.1% Q/Q and +27.4% Y/Y**
  - Basic EPS after tax **NT$1.64**
- **Q1~Q3-2013**
  - Revenue NT$1,920.2M, -25.4% Y/Y. Gross profit NT$1,588.7M, **+10.2% Y/Y**.
  - Operating income NT$647.9M, **+14.5% Y/Y. Margin 33.7%.**
  - Net income NT$515.9M, **+15.8% Y/Y**. Margin 26.9%. **EPS after tax NT$5.16**.
- **Balance Sheet**
  - Cash, cash equivalent & short-term investment at NT$4,024M as of end of Sep. 2013, accounting for 65.2% of total asset. No debt.

Consolidated Income Statement Q3-2013 Y/Y

In NT$K	*Q3-2013*	*%*	*Q3-2012*	*%*	*Y/Y*
Net sales	658,094	100.0%	822,377	100.0%	-20.0%
Cost of goods Sold	(115,856)	17.6%	(365,105)	44.4%	-68.3%
Gross Profit	542,238	82.4%	457,272	55.6%	18.6%
Operating Expense	(316,223)	48.1%	(291,698)	35.5%	8.4%
R&D	(132,541)	20.1%	(126,342)	15.4%	4.9%
S&M	(132,110)	20.1%	(132,526)	16.1%	-0.3%
G&A	(51,572)	7.8%	(32,830)	4.0%	57.1%
Operating Income	226,015	34.3%	165,574	20.1%	36.5%
Non Operating Income(Expense)	(1,197)	-0.2%	7,731	0.9%	-115.5%
Income before Tax	224,818	34.2%	173,305	21.1%	29.7%
Income after Tax	163,608	24.9%	128,452	15.6%	27.4%
Basic EPS before Tax (in NT$)	2.25		1.73		29.7%
Basic EPS after Tax (in NT$)	1.64		1.28		27.4%

Consolidated Income Statement Q3-2013 Q/Q

In NT$K	Q3-2013	%	Q2-2013	%	Q/Q
Net sales	658,094	100.0%	628,183	100.0%	4.8%
Cost of goods Sold	(115,856)	17.6%	(114,518)	18.2%	1.2%
Gross Profit	542,238	82.4%	513,665	81.8%	5.6%
Operating Expense	(316,223)	48.1%	(316,338)	50.4%	0.0%
R&D	(132,541)	20.1%	(136,573)	21.7%	-3.0%
S&M	(132,110)	20.1%	(137,193)	21.8%	-3.7%
G&A	(51,572)	7.8%	(42,572)	6.8%	21.1%
Operating Income	226,015	34.3%	197,327	31.4%	14.5%
Non Operating Income(Expense)	(1,197)	-0.2%	24,450	3.9%	-104.9%
Income before Tax	224,818	34.2%	221,777	35.3%	1.4%
Income after Tax	163,608	24.9%	154,246	24.6%	6.1%
Basic EPS before Tax (in NT$)	2.25		2.22		1.4%
Basic EPS after Tax (in NT$)	1.64		1.54		6.1%

Consolidated Income Statement 3Q-2013 Y/Y

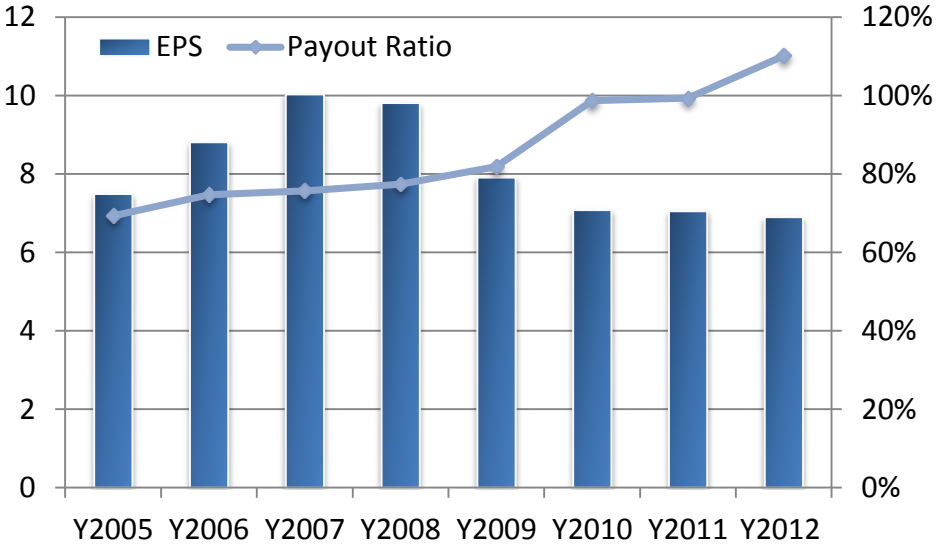
In NT$K	Q1-Q3/2013	%	Q1-Q3/2012	%	Y/Y
Net sales	1,920,228	100.0%	2,573,048	100.0%	-25.4%
Cost of goods Sold	(331,559)	17.3%	(1,131,957)	44.0%	-70.7%
Gross Profit	1,588,669	82.7%	1,441,091	56.0%	10.2%
Operating Expense	(940,788)	49.0%	(875,093)	34.0%	7.5%
R&D	(407,472)	21.2%	(379,148)	14.7%	7.5%
S&M	(401,583)	20.9%	(390,522)	15.2%	2.8%
G&A	(131,733)	6.9%	(105,423)	4.1%	25.0%
Operating Income	647,881	33.7%	565,998	22.0%	14.5%
Non Operating Income	51,792	2.7%	30,208	1.2%	71.5%
Income before Tax	699,673	36.4%	596,206	23.2%	17.4%
Income after Tax	515,858	26.9%	445,442	17.3%	15.8%
Basic EPS before Tax (in NT$)	7.00		5.96		17.4%
Basic EPS after Tax (in NT$)	5.16		4.45		15.8%

Reminder of Business Practice Change

- Revenues declined Y/Y due primarily to Dolby practice change
  - 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.

- No impact to earnings. Gross profit, operating income and net income all grew positively for Q1~Q3-2013.

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
- **EPS after tax hit NT$5.16 for the first 3 quarters of 2013.**

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
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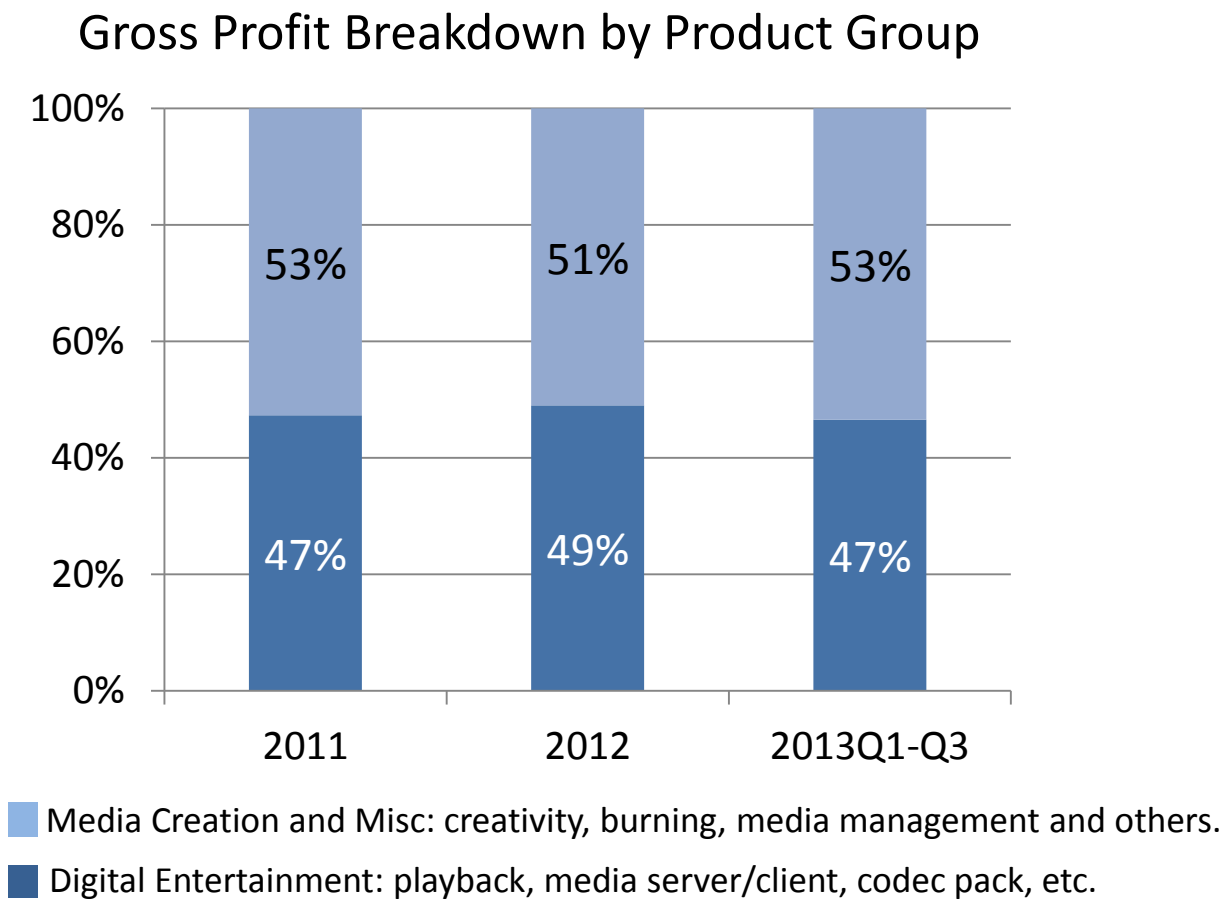
Q4-2013 Outlook

- Consolidated Q4-2013 guidance assuming FX 29.5:
  - Revenue (Q/Q): 7% +/- 2% from Q3-2013
  - Gross profit rate: 83% +/- 1.5%
  - Operating margin: 38% +/- 1.5%

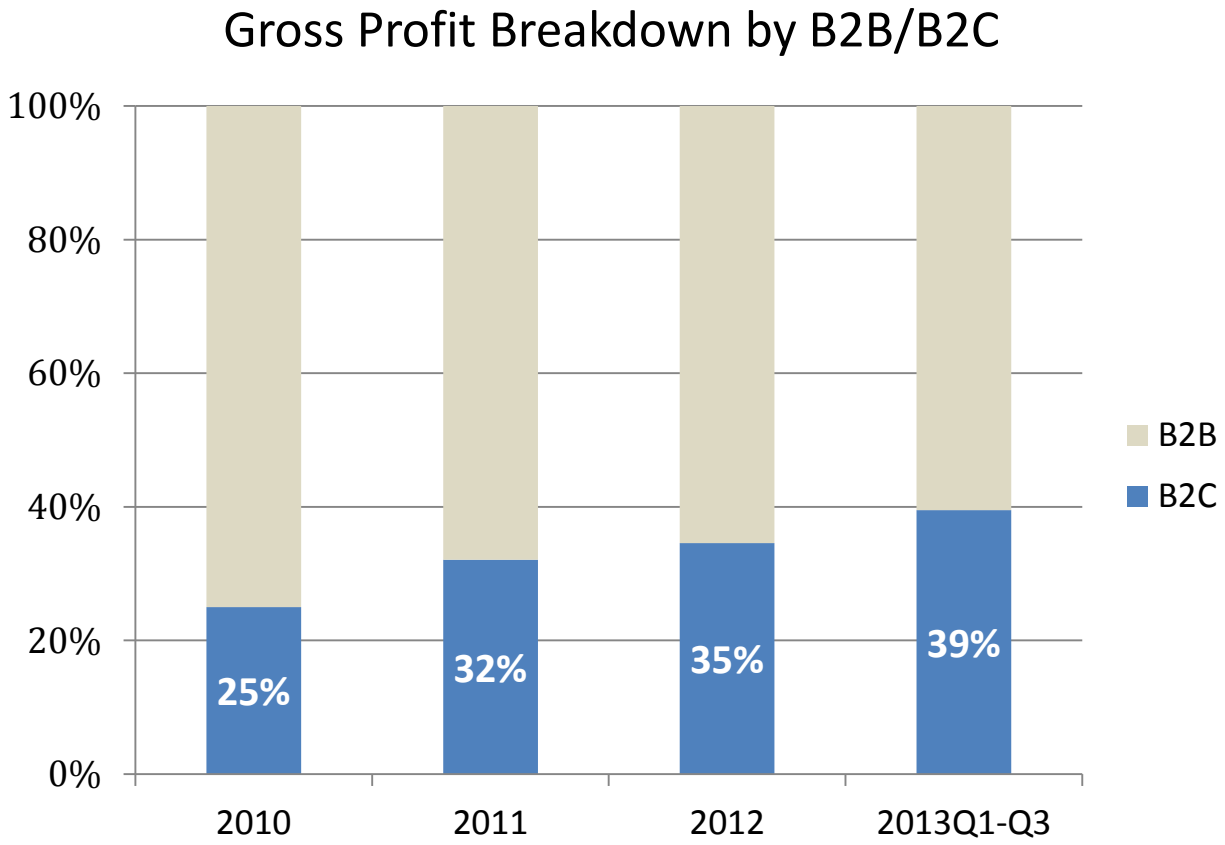
Business Update

Balanced Product Mix
in Content Creation and Content Consumption



Branding Power to Consumers

B2C Continues to Increase



- B2C business is not dependant on new PC shipment!

New Retailers in US

- After years of efforts, successfully entered key US retailers in Q4 including Best Buy, Office Depot, Office Max, Staples, Target, Sam's Club (Wal-Mart club), etc.
- B2C segment continues to increase its profit contribution in 2014

Product Update

Successful Product Launch in Q3

We continue to WOW the market:

- **5-time winner of PCMag Editors' Choice for Best Video Editing Software**
- PCMag Editor: "CyberLink continues to impress me in the way it brings **pro-level** video editing capabilities to the consumer."
- PCMag Editor:"PowerDirector offers **all** the video editing techniques you could hope for in a consumer video editor."

PC MAGAZINE EDITORS' CHOICE

PowerDVD Live

World's first subscription-based multimedia player with integrated cloud storage service released on Oct. 8

No. 1 Media Player with Flexible Subscriptions - Sync Your Media via Cloud

PowerDVD Live gives you:

UP-TO-DATE always guarantee + MEDIA CLOUD 10GB free cloud storage + MEDIA SYNC across PC & Mobile devices + PowerDVD Ultra world's no.1 media player

Sync All Your Media Via the Cloud

Put the USB stick away. PowerDVD Live makes it simple to access all your content anywhere with wireless syncing through CyberLink Drive cloud service. No matter which device you are using, your media files will instantly be available for playback.

Upload Videos/Photos from Mobile - Watch on PowerDVD

You take lots of photos and videos with your mobile devices. The problem is figuring out how to transfer across all your devices and enjoy on your home PC or laptop. PowerDVD Live makes it easy. Snap away, and when you're done, simply upload to the cloud and access across all devices!

Sync Your Music and Playlists - Access Anywhere

Convert Your Music and Photos to Save Time and Space

Summary

- Q3 results met guidance. Operating income grew strongly **+36.5% Y/Y.** EPS after tax for the first 3 quarters hit **NT$5.16.**
- Expect Q4-13 revenue growth by 7% +/-2% from Q3-13 and operating margin 38% +/-1.5%.
- Balanced mix in product category and business model
- Successfully entered key US retailers
- Launch of Director Suite v2 in Q3 and continue to dominate leading position in video editing arena
- Launch of PowerDVD Live, the world's first subscription-based multimedia player with integrated cloud storage service
- PowerDVD now offers both perpetual and subscription license

For more information about CyberLink:
www.CyberLink.com

For IR inquiries, suggestions and comments:
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Thank You!