CyberLink (5203.TW)

Q1-2014 Results Conference
The Innovative Solutions Provider for the Connected Digital Lifestyle

Apr. 24, 2014
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

- Q1-2014 Financial Results
- Corporate & Product Updates
- Summary
- Q&A
Q1-2014 Financial Results (Un-audited)
Financial Highlights

• **Q1-2014**
  – **Q1 performance met our expectation and basic EPS after tax reached NT$1.72**
  – Revenue NT$545.5M, -17.3% Q/Q and -13.9% Y/Y
    • Met guidance at -16%~20% Q/Q
  – Gross profit NT$462.9M and GP margin 84.9%
    • Gross margin exceeded guidance at 80.5%~83.5% due mainly to project revenues with higher margin
  – Operating income NT$149.4M and operating margin 27.4%
    • Operating margin met guidance at 25.5%~28.5%
  – Net income NT$172.2M and net margin 31.6%

• **Balance Sheet**
  – Cash, cash equivalent & short-term investment at NT$4,404.3M as of end of Q1-2014, accounting for 68.2% of total asset. No debt.

• **Dividend Policy**
  – CyberLink’s Board proposes NT$7.0 cash dividend per share for 2013 earnings distribution
  – Consistent and high dividend payout policy
# Consolidated Income Statement Q1-2014 Y/Y

<table>
<thead>
<tr>
<th>In NT$K</th>
<th>Q1-2014</th>
<th>%</th>
<th>Q1-2013</th>
<th>%</th>
<th>Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>545,557</td>
<td>100.0%</td>
<td>633,951</td>
<td>100.0%</td>
<td>-13.9%</td>
</tr>
<tr>
<td>Cost of goods Sold</td>
<td>(82,646)</td>
<td>15.1%</td>
<td>(101,185)</td>
<td>16.0%</td>
<td>-18.3%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>462,911</td>
<td>84.9%</td>
<td>532,766</td>
<td>84.0%</td>
<td>-13.1%</td>
</tr>
<tr>
<td>Operating Expense</td>
<td>(313,457)</td>
<td>57.5%</td>
<td>(308,227)</td>
<td>48.6%</td>
<td>1.7%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>(135,686)</td>
<td>24.9%</td>
<td>(138,358)</td>
<td>21.8%</td>
<td>-1.9%</td>
</tr>
<tr>
<td>S&amp;M</td>
<td>(133,500)</td>
<td>24.5%</td>
<td>(132,280)</td>
<td>20.9%</td>
<td>0.9%</td>
</tr>
<tr>
<td>G&amp;A</td>
<td>(44,271)</td>
<td>8.1%</td>
<td>(37,589)</td>
<td>5.9%</td>
<td>17.8%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>149,454</td>
<td>27.4%</td>
<td>224,539</td>
<td>35.4%</td>
<td>-33.4%</td>
</tr>
<tr>
<td>Non Operating Income</td>
<td>59,683</td>
<td>10.9%</td>
<td>28,539</td>
<td>4.5%</td>
<td>109.1%</td>
</tr>
<tr>
<td>Income before Tax</td>
<td>209,137</td>
<td>38.3%</td>
<td>253,078</td>
<td>39.9%</td>
<td>-17.4%</td>
</tr>
<tr>
<td>Income after Tax</td>
<td>172,190</td>
<td>31.6%</td>
<td>198,004</td>
<td>31.2%</td>
<td>-13.0%</td>
</tr>
<tr>
<td>Basic EPS before Tax (in NT$)</td>
<td>2.09</td>
<td></td>
<td>2.53</td>
<td></td>
<td>-17.4%</td>
</tr>
<tr>
<td>Basic EPS after Tax (in NT$)</td>
<td>1.72</td>
<td></td>
<td>1.98</td>
<td></td>
<td>-13.0%</td>
</tr>
</tbody>
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## Consolidated Income Statement Q1-2014 Q/Q

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<tr>
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<th>%</th>
<th>Q4-2013</th>
<th>%</th>
<th>Q/Q</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
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<td>S&amp;M</td>
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<td>24.5%</td>
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<td>21.4%</td>
<td>-5.5%</td>
</tr>
<tr>
<td>G&amp;A</td>
<td>(44,271)</td>
<td>8.1%</td>
<td>(50,079)</td>
<td>7.6%</td>
<td>-11.6%</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>149,454</td>
<td>27.4%</td>
<td>250,247</td>
<td>37.9%</td>
<td>-40.3%</td>
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<tr>
<td><strong>Non Operating Income</strong></td>
<td>59,683</td>
<td>10.9%</td>
<td>41,935</td>
<td>6.4%</td>
<td>42.3%</td>
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<tr>
<td><strong>Income before Tax</strong></td>
<td>209,137</td>
<td>38.3%</td>
<td>292,182</td>
<td>44.3%</td>
<td>-28.4%</td>
</tr>
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<td></td>
<td>1.92</td>
<td></td>
<td>-10.4%</td>
</tr>
</tbody>
</table>
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

Gross Profit Breakdown by B2B/B2C

Note:
“B2B” is for conventional hardware bundling. “B2C&Others” includes direct sales to end users, site license, project income, etc.
Sustainable Earnings & Consistent High Dividend Policy

- CyberLink’s Board proposes a distribution of NT$7.0 cash dividend per share
- 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

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<th></th>
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<tbody>
<tr>
<td>EPS</td>
<td>7.49</td>
<td>8.81</td>
<td>10.03</td>
<td>9.81</td>
<td>7.91</td>
<td>7.08</td>
<td>7.05</td>
<td>6.90</td>
<td>7.07</td>
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<tr>
<td>Dividend Per Share</td>
<td>5.19</td>
<td>6.58</td>
<td>7.59</td>
<td>7.59</td>
<td>6.48</td>
<td>6.99</td>
<td>7.00</td>
<td>7.60</td>
<td>7.00</td>
</tr>
<tr>
<td>Payout Ratio</td>
<td>69%</td>
<td>75%</td>
<td>76%</td>
<td>77%</td>
<td>82%</td>
<td>99%</td>
<td>99%</td>
<td>110%</td>
<td>99%</td>
</tr>
</tbody>
</table>

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$6.9 was as announced in the release of 2012 financial results. It was NT$6.54 if retroacted by the latest sharing outstanding
3. NT$7.6 includes a NT$7.0 cash dividend for 2012 earning distribution and a capital increase of $0.6 per share.
Q2-2014 Outlook

- Consolidated Q2-2014 guidance assuming FX NT$30.2:
  - Revenue (Q/Q): -2% +/- 2% from Q1-2014
  - Gross margin: 80% +/- 1.5%
  - Operating margin: 27% +/- 1.5%
Corporate & Product Updates

- **Director Suite Live** (Subscription & Cloud model) successfully launched
- **PowerDVD 14** successfully launched, with CyberLink Cloud included
- **YouCam Perfect (玩美相機)** & **PhotoDirector & YouSnap** successfully launched
- **CyberLink strategy** in the Connected World
Director Suite Live is successfully launched
- the Subscription Model with Cloud Service of Director Suite -

- The most complete video and photo editing suite for creative consumers and experts, with cloud services & subscription model
- Successful launched in March (English language only)
- 5 weeks after launch, for Director Suite customers:
  - Total quantity grows **294%** YoY
  - **32%** of customers chose Subscription model
PowerDVD 14 successfully launched

PowerDVD
No. 1 Movie and Media Player built with the latest technologies to deliver the ultimate in media entertainment

CyberLink Cloud
10GB of free cloud services for one year, to stream, sync and share media across platforms for the ultimate anytime, anywhere media experience

- Integrate movie, photo & music content across PCs, mobile devices and the cloud
- Already getting very positive reviews from AnandTech, MissingRemote, and more.

I really like the way that CyberLink has modernized PowerDVD’s UI, and provided flexibility to show/hide the features that you want to see. I also think it’s safe to say that this is the best version yet, and I’ve been generally very pleased with the tweaks and stability of the product even though it was still very beta
On Apps in New Economy
YouCam Perfect

Android launched on 2/28/2014
iOS launched on 3/25/2014

- Auto beautifier and 9 beautify tools
- Face-recognition for eyes, mouth, nose and face shape
- Eye-enlarger and face lifting/shaping
- Smart content-aware removal for removing unwanted object with brush tool
On iOS, in the “Free” Photo and Video category in Taiwan, YouCam Perfect ranked #1

<table>
<thead>
<tr>
<th>#</th>
<th>Free</th>
<th>Paid</th>
<th>Grossing</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>YouCam Perfect</td>
<td>Waterlogue</td>
<td>LINE camera</td>
</tr>
<tr>
<td></td>
<td>CyberLink</td>
<td>Tinrocket, LLC</td>
<td>NAVER JAPAN</td>
</tr>
<tr>
<td>2</td>
<td>Instagram</td>
<td>Photo Eraser for iPhone...</td>
<td>Waterlogue</td>
</tr>
<tr>
<td></td>
<td>Instagram, Inc.</td>
<td>effectmatrix</td>
<td>Tinrocket, LLC</td>
</tr>
<tr>
<td>3</td>
<td>YourMoments - Photo C...</td>
<td>Camera360 Concept - H...</td>
<td>Perfect Video - Video Ed...</td>
</tr>
<tr>
<td></td>
<td>IU Software</td>
<td>PinGuo Inc.</td>
<td>yinfeng tang</td>
</tr>
<tr>
<td>4</td>
<td>YouTube</td>
<td>Perfect Video - Video Ed...</td>
<td>VSCO Cam®</td>
</tr>
<tr>
<td></td>
<td>Google, Inc.</td>
<td>yinfeng tang</td>
<td>Visual Supply Company</td>
</tr>
<tr>
<td>5</td>
<td>Camera360 Ultimate</td>
<td>Mextures</td>
<td>Rakuga-cute</td>
</tr>
<tr>
<td></td>
<td>PinGuo Inc.</td>
<td>MEREK DAVIS COM, LLC</td>
<td>Tatsumi Electronics</td>
</tr>
</tbody>
</table>
On Android, in the “New Free” Photography category in Taiwan, YouCam Perfect ranked #1

<table>
<thead>
<tr>
<th>#</th>
<th>Free</th>
<th>Paid</th>
<th>Grossing</th>
<th>New Free</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>LINE camera LINE Corporation</td>
<td>Camera ZOOM FX androidslide</td>
<td>LINE camera LINE Corporation</td>
<td>YouCam Perfect</td>
</tr>
<tr>
<td>2</td>
<td>Camera360 Ultimate PinGuo Inc.</td>
<td>Paper Camera JFD Labs</td>
<td>Magisto Video Editor &amp; Magisto Magisto</td>
<td>Party—Photo RoidApp</td>
</tr>
<tr>
<td>3</td>
<td>美图秀秀 Xiamen Meitu Technology…</td>
<td>Animated Photo Frame… Hikaru Inc.</td>
<td>DECOPIC,Kawaii Photo… COMMUNITY FACTORY…</td>
<td>Camera 360 BestSecuritySt</td>
</tr>
<tr>
<td>4</td>
<td>Photo Grid - Collage Making RoidApp</td>
<td>Perfectly Clear Athentech</td>
<td>VSOCam® Visual Supply Co</td>
<td>Camera360 BestSecuritySt</td>
</tr>
</tbody>
</table>

[Google Play Top Charts for Taiwan - Photography (Applications) - Mar 14, 2014]
首页 > 摄影摄像

分类热门应用

1. 玩美相机
2. 美颜相机
3. 万兴神拍手
4. 签名照相机
5. 天天相册
6. Paper Camera
7. Deco Album
8. InstaFusion
9. 9Cut

分类全部应用
Laptop ranked YouCam Perfect #1 in Selfie apps

http://blog.laptopmag.com/best-selfie-apps

8 Best Selfie Apps

By Cherlynn Low, LAPTOP Staff Writer | Mar 14, 2014 02:25 PM EDT

Selfies are all the rage, and developers want to help you put your best face forward. Apple’s even acknowledged the importance of the portrait by featuring a dedicated Selfie section in its app store. From apps to beautify your photographed face to those that remind you to snap a shot every day, we round up the hottest selfie apps to help you capture the perfect portrait.

Youcam Perfect (Free; Android)
PhotoDirector

Android tablet launched on 3/6/2014
Android phone launched on 4/23/2014

- Adjust White Balance, Exposure, Contrast, Saturation and more
- Remove unwanted objects from your photo with Smart Object Removal
- Add and adjust HDR effects to create dramatic sceneries, and landscapes
- Over 70 Preset Effects including Lomo, Artistic, HDR effects and Vignette
- Easily touch up portraits on the move with the accurate Skin Smoothing tool
YouSnap

- Automatic detects edges and apply perspective correction & de-skew
- Image enhancer for captured images
- Output captured information as JPG or PDF files for archiving and sharing
- Library for easily organize and archive images

Android launched on 1/5/2014
The BIG Picture:

CyberLink Strategy in the Connected World
Component 1:

World #1 PC Software
Component 2:

CyberLink Cloud Service

Your “CREATE & PLAY” Multimedia Cloud

PowerDVD

PLAY with CyberLink Cloud

✓ Upload Videos/Photos from Mobile - Watch on PC
✓ Sync Your Music and Playlists - Access Anywhere
✓ Convert Your Music and Photos to Save Time & Space

Director Suite

CREATE with CyberLink Cloud

✓ Upload & Download Projects
✓ Upload & Download Templates
✓ Backup & Restore Your Settings
✓ Share Your Projects & Templates
Component 3:
CyberLink Cloud Service Coverage

Cloud integrated Multimedia Software

PLAY
Media Entertainment

CREATE
Media Creation

LIVE

PowerDVD

85,000 movie entries
110,000 celebrity profile
600M page views /yr

LIVE

Director Suite

10GB free space
Scalable 20/50/100GB
Cloud Media Sync
Cloud Creativity Backup

450,000 free effects
15M effect downloads /yr
65M page views /yr

CyberLink

Since 2007

Since 2013

Since 2008
Component 4:
World #1 Mobile Apps
The BIG Picture

CyberLink Strategy in the Connected World

World #1 PC Software
+ Cloud/Social

Friends Network

World #1 Mobile app
+ Cloud/Social

CyberLink Cloud

CREATE & PLAY
The BIG Picture:
CyberLink Strategy in the Connected World

Building the First Digital Media Ecosystem to

CREATE & PLAY

Mobile + Cloud/Social
Extend best multimedia experience to mobile devices

PC + Cloud/Social
Access multimedia contents anywhere, to save, sync, collaborate, and share

Content + Social
Thriving communities for multimedia editing and consumption

CyberLink Cloud

Director Suite

PowerDVD Live

Director Zone

CyberLink
Summary

• Q1-2014 performance met our expectation and basic EPS after tax reached NT$1.72
• For 2013 EPS after tax at NT$7.07/share, CyberLink’s Board proposes NT$7.0 cash dividends per share.
• We expect Q2-14 revenue to be -2% +/-2% from Q1-14 and operating margin 27% +/-1.5%
• Q1 was a very active and fruitful quarter:
  – Director Suite Live integrated with CyberLink Cloud Service was successfully launched
  – PowerDVD 14 was successfully launched
  – We released CyberLink APPs including YouCam Perfect (玩美相機), PhotoDirector and YouSnap
  – YouCam Perfect performed very well in ranking
  – Our strategy in the connected world is to offer the most complete and unique CREATE & PLAY total experience, which integrates Best PC Software + Best Mobile App + Friends Network+ Cloud Services
For more information about CyberLink:
www.CyberLink.com

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

Thank You!