



CyberLink (5203.TW)

# Q3-2014 Results Conference

The Innovative Experience Provider for CREATE & PLAY  
of Digital Media

Oct. 28, 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

- ◆ Q3-2014 Financial Results
- ◆ PC Software & Mobile APP Status Update
- ◆ Q&A

# **Q3-2014 Financial Results (Un-audited)**

# Financial Highlights

- **Q3'14**

- Q3 performance generally met expectation & basic EPS after tax hit \$1.83
- Revenue NT\$539.3M, -5.5% Q/Q and -18.1% Y/Y.
  - Slightly below guidance between 0%~-4% Q/Q
- Gross Profit NT\$462.1M, -6.5% Q/Q and -14.8% Y/Y
  - GP margin 85.7%, higher than guidance at 84% +/-1.5%
- Operating Income NT\$162.3M, -13.1% Q/Q and -28.2% Y/Y
  - Operating margin at 30.1%, met expectation at 30% +/-1.5%
- Net Income NT\$183.7M and net margin 34.1%, +12.3% Y/Y & +39% Q/Q.

- **Q1~Q3'14**

- Revenue NT\$1,655.7M, -13.8% Y/Y. Gross profit NT\$1,419.2M, -10.7% Y/Y.
- Operating Income NT\$498.7M and operating margin 30.1%
- Net Income NT\$488.1M, basic EPS after tax hit \$4.87.

- **Balance Sheet**

- Cash, cash equivalent & short-term investment at NT\$4,040.2M as of end of Q3-2014, accounting for 67.1% of total asset. No debt.

# Consolidated Income Statement Q3-2014

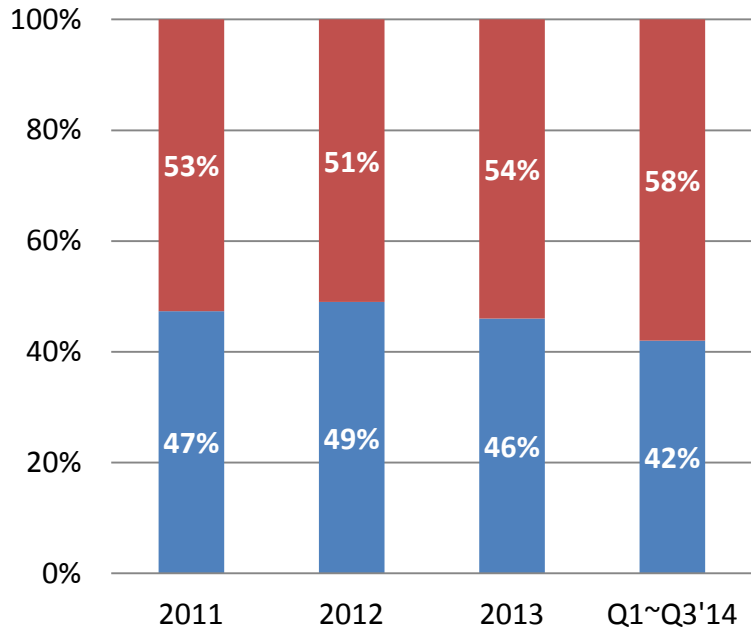
In NT\$K	Q3'14	%	Q2'14	%	Q/Q	Q3'13	%	Y/Y
<b>Net sales</b>	539,304	100.0%	570,798	100.0%	-5.5%	658,094	100.0%	-18.1%
<b>Cost of goods Sold</b>	(77,185)	14.3%	(76,580)	13.4%	0.8%	(115,856)	17.6%	-33.4%
<b>Gross Profit</b>	462,119	85.7%	494,218	86.6%	-6.5%	542,238	82.4%	-14.8%
<b>Operating Expense</b>	(299,777)	55.6%	(307,343)	53.8%	-2.5%	(316,223)	48.1%	-5.2%
<b>R&amp;D</b>	(123,782)	23.0%	(115,973)	20.3%	6.7%	(132,541)	20.1%	-6.6%
<b>S&amp;M</b>	(130,214)	24.1%	(132,482)	23.2%	-1.7%	(132,110)	20.1%	-1.4%
<b>G&amp;A</b>	(45,781)	8.5%	(58,888)	10.3%	-22.3%	(51,572)	7.8%	-11.2%
<b>Operating Income</b>	162,342	30.1%	186,875	32.7%	-13.1%	226,015	34.3%	-28.2%
<b>Non Operating Income</b>	73,218	13.6%	(19,888)	-3.5%	468.2%	(1,197)	-0.2%	6225.7%
<b>Income before Tax</b>	235,560	43.7%	166,987	29.3%	41.1%	224,818	34.1%	4.8%
<b>Income after Tax</b>	183,694	34.1%	132,181	23.2%	39.0%	163,608	24.9%	12.3%
<b>Basic EPS before Tax (in NT\$)</b>	2.35		1.67		41.1%	2.25		4.8%
<b>Basic EPS after Tax (in NT\$)</b>	1.83		1.32		39.0%	1.64		12.3%

# Consolidated Income Statement 3Q-2014

In NT\$K	Q1~Q3'14	%	Q1~Q3'13	%	Y/Y
Net sales	1,655,659	100.0%	1,920,228	100.0%	-13.8%
Cost of goods Sold	(236,411)	14.3%	(331,559)	17.3%	-28.7%
Gross Profit	1,419,248	85.7%	1,588,669	82.7%	-10.7%
Operating Expense	(920,577)	55.6%	(940,788)	49.0%	-2.1%
R&D	(375,441)	22.7%	(407,472)	21.2%	-7.9%
S&M	(396,196)	23.9%	(401,583)	20.9%	-1.3%
G&A	(148,940)	9.0%	(131,733)	6.9%	13.1%
Operating Income	498,671	30.1%	647,881	33.7%	-23.0%
Non Operating Income (Loss)	113,013	6.8%	51,792	2.7%	118.2%
Income before Tax	611,684	36.9%	699,673	36.4%	-12.6%
Income after Tax	488,065	29.5%	515,858	26.9%	-5.4%
Basic EPS before Tax (in NT\$)	6.11		7.00		-12.6%
Basic EPS after Tax (in NT\$)	4.87		5.16		-5.4%

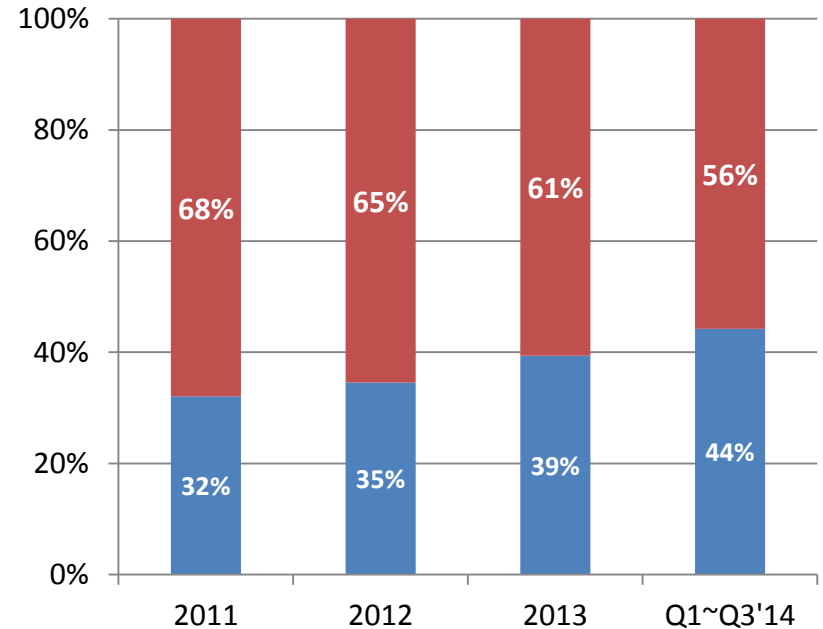
# Gross Profit Breakdown

## Create vs. Play



- Create: Products of Creativity, burning, media management and others.
- Play: Products of playback, media server/client, codec pack, etc.

## B2B vs. B2C



- B2B: Conventional hardware bundling.
- B2C&Others: Direct sales to end users, site license, project income, etc.



# Q4-2014 Outlook

- Consolidated Q4-2014 guidance assuming FX NT\$30.4:
  - Revenue (Q/Q) : 10% +/- 2% from Q3-2014
  - Gross margin : 84% +/- 1.5%
  - Operating margin: 33% +/- 1.5%

# PC Software & Mobile APP

## Status Update

# CyberLink Director Suite 3

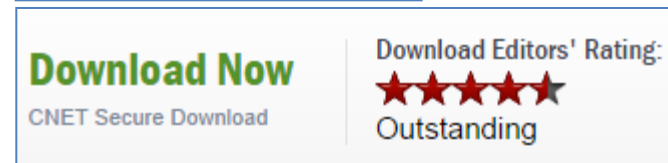
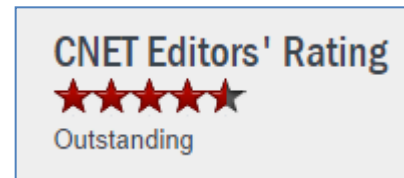
Take Media Creation to a Whole New Level



**Successfully Launched in Photokina  
Cologne, Germany (Sep. 16<sup>th</sup> )**

# Award Winning Director Family 3

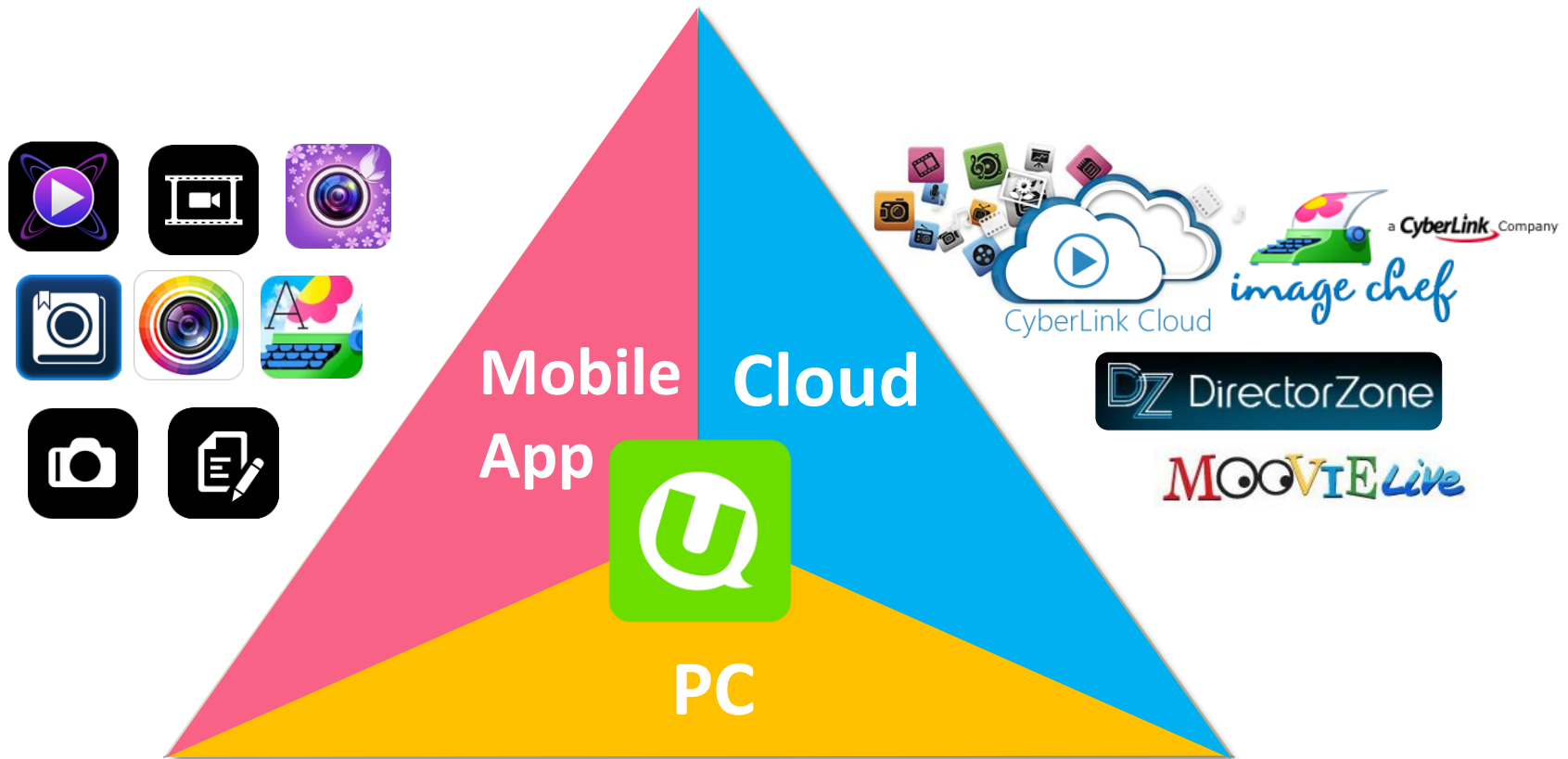
- **VideoActiv Editor's Choice**
- **CNET**
  - 4.5 stars for PDR 13
  - 4.5 stars for PhD 6
- **PC World**
  - 4 stars for Director Suite 3
- **Softpedia.com**
  - 5 stars for PowerDirector 13
- **Beta News**
  - The best consumer video editor around
- **Softwarecrew.com**
  - 4.5 stars for PowerDirector 13
- **Diyvideoeditor.com**
  - 5 stars for PDR13
  - CyberLink PowerDirector 13 is clearly as good as it gets as far as consumer level video editing software goes at this point in time and these days would probably suit a prosumer enthusiast or even a full pro.



# CyberLink *New Economy* Strategy

# Golden Triangle + U Strategy

The most complete CREATE & PLAY Solution Provider covering PC + Mobile + Cloud  
and integrated with a social **communication** platform 



# U Create, U Play, U Social

CyberLink is the company most capable of realizing this vision

## Device APP

CREATE



PLAY



## Cloud & Social Community

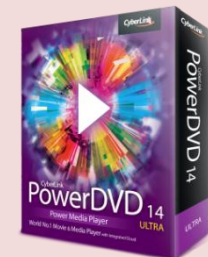


## PC Software

CREATE



PLAY





# Performance of our **App** Market Development

A very exciting quarter!



# Major New APP Releases since July



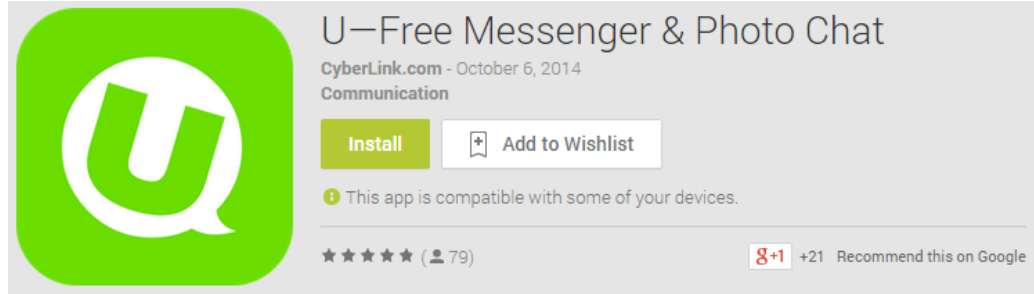
YouCam Makeup



View in iTunes



PhotoDirector App



U Messenger

# YouCam Perfect 玩美相機

Exceeded 10,000,000 downloads within 8 months

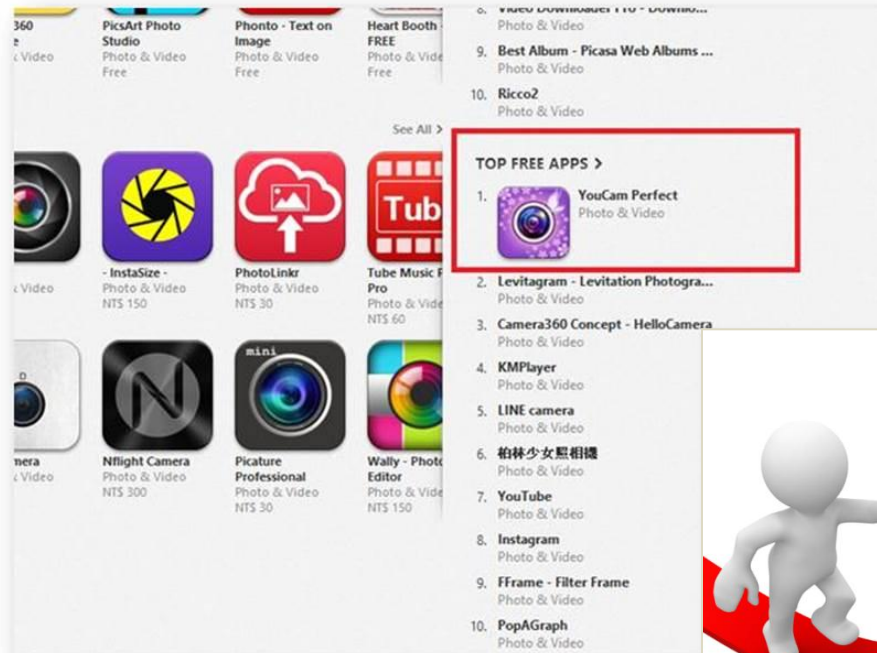


App Store



Google play

2/27: on Google Store  
3/25: on Apple Store



- In last Investor Seminar (July), we had 4M downloads and expected 10M by end of this year. We have already achieved the 10M goal by now.
- Growth continues to speed up.

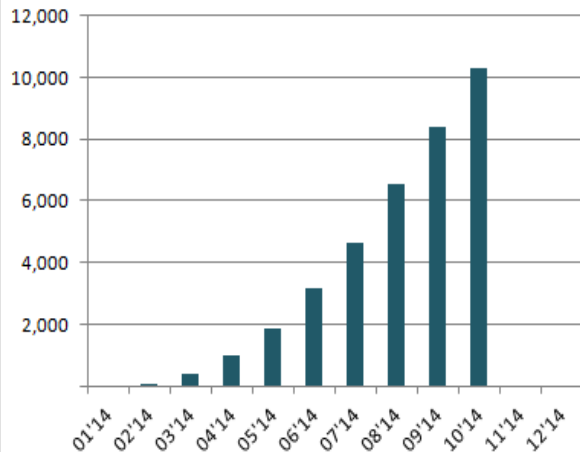
# KPI of YouCam Perfect



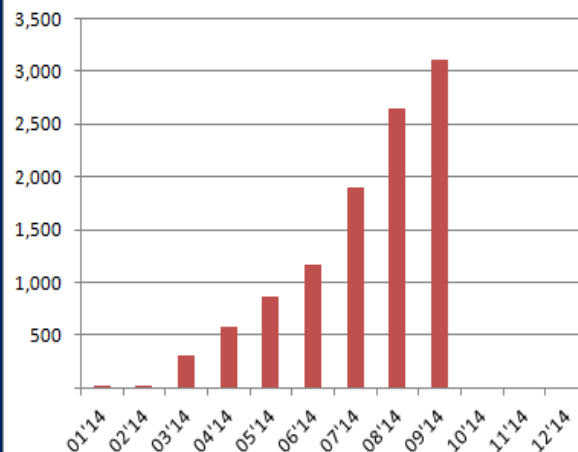
till 10/27

YouCam Perfect	01'14	02'14	03'14	04'14	05'14	06'14	07'14	08'14	09'14	10'14	11'14	12'14	Total
Total Users		1	401	1,013	1,832	3,148	4,656	6,544	8,383	10,306			
M. Active Users		1	309	577	863	1,169	1,901	2,652	3,109				
M. Session		10	1,847	4,340	8,562	15,294	28,803	46,496	56,604				

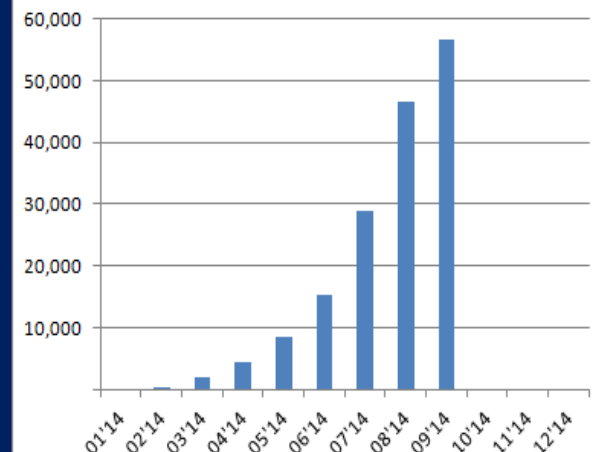
Total Users



MAU (M. Active Users)



Monthly Sessions

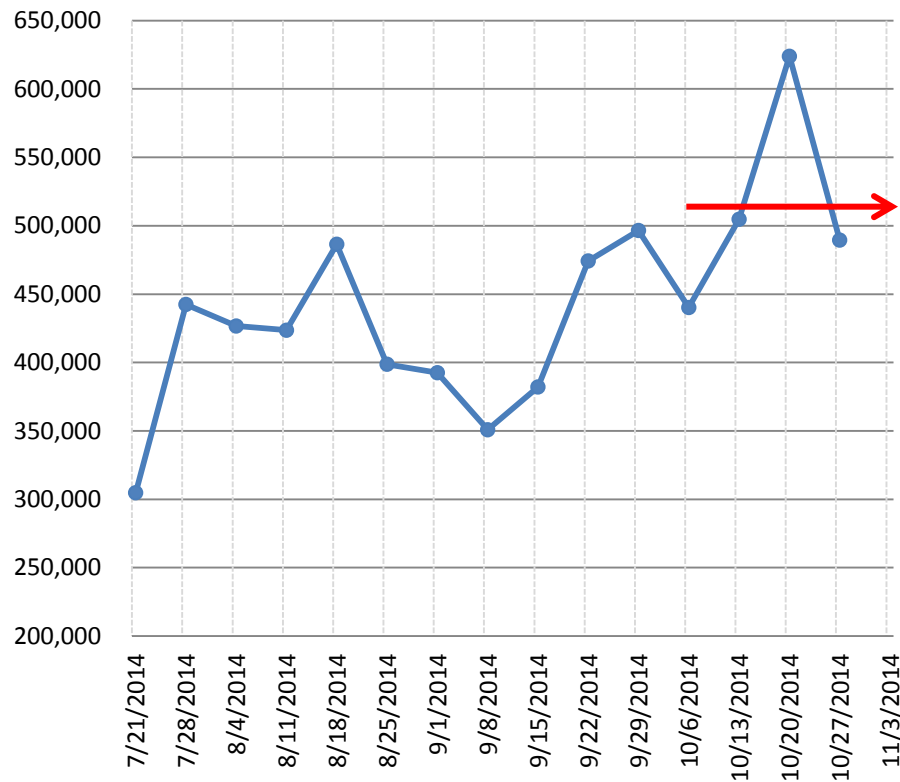


- YouCam Perfect** has passed 10M download mark, a major milestone.

# Weekly download of YouCam Perfect



YouCam Perfect Weekly New Users



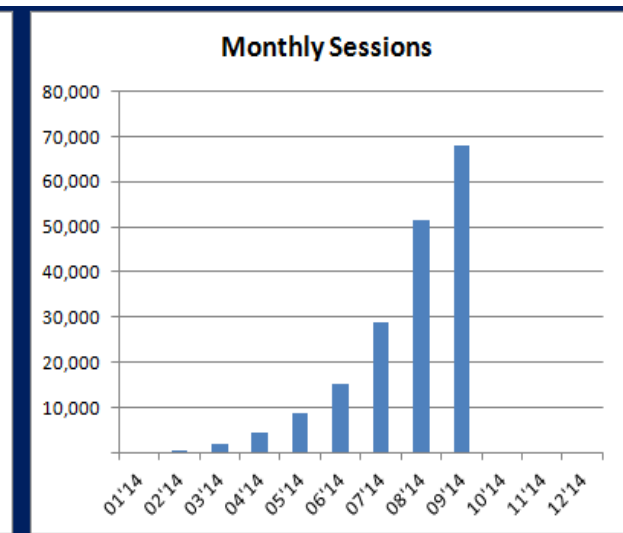
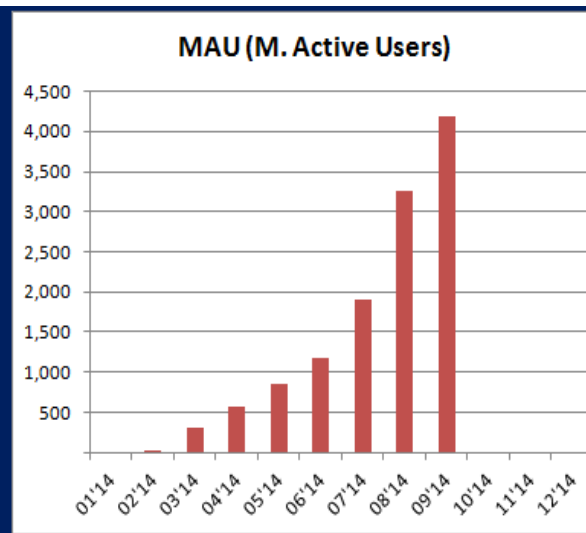
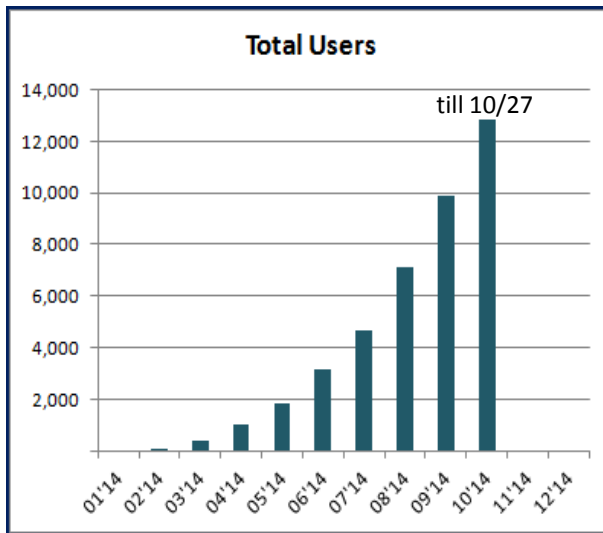
- We already have 10.3M
- Averaging 515K per week in October
- There are still 9.3 weeks until end of this year
- At this rate, we can add 4.8M more before year-end, making the total download be **15.1M** in 2014
- At this rate, we can add **26.8M** per 52 weeks (in 2015)
- Adding up, we will have a total of **41.9M** by end of 2015

# KPI of YouCam Perfect + YouCam Makeup



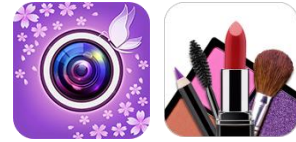
till 10/27

YouCam Perfect	01'14	02'14	03'14	04'14	05'14	06'14	07'14	08'14	09'14	10'14	11'14	12'14	Total
Total Users		1	401	1,013	1,832	3,148	4,656	7,146	9,865	12,835			
M. Active Users		1	309	577	863	1,169	1,901	3,257	4,193				
M. Session		10	1,847	4,340	8,562	15,294	28,803	51,550	68,001				

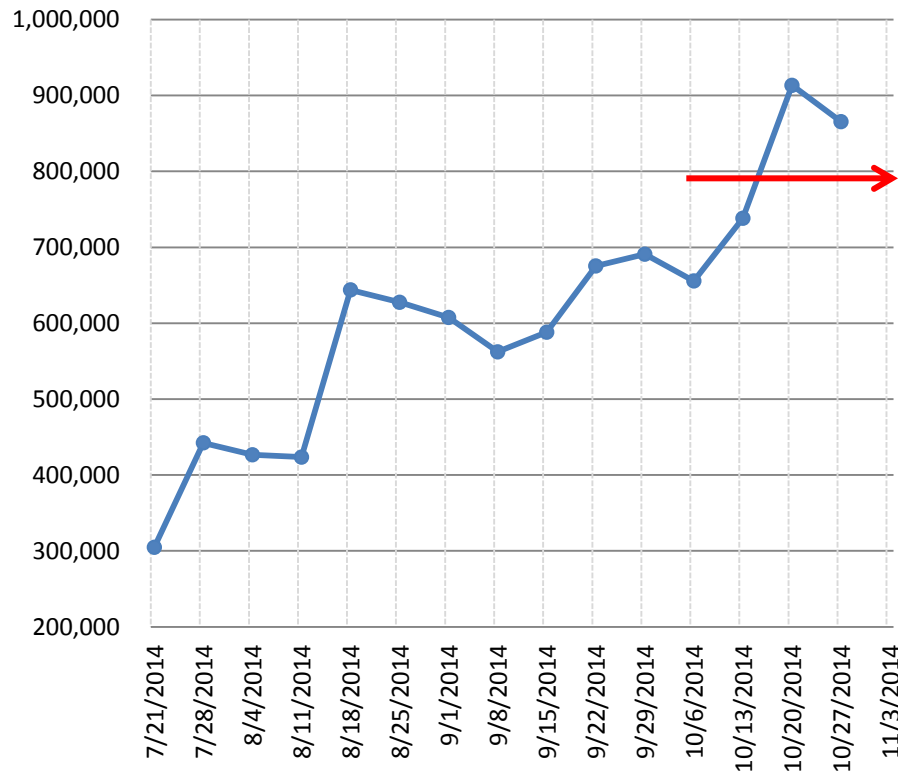


- Total Users of **YouCam Perfect & Makeup** is already 12.8M.

# Weekly Download of YouCam Perfect + YouCam Makeup



YouCam "Perfect+Makeup" Weekly New Users



- We already have 12.8M
- Averaging 793K per week in October
- There are still 9.3 weeks until end of this year
- At this rate, we can add 7.4M more before year-end, making the total download to be **20.2M** in 2014
- At this rate, we can add **41.2M** per 52 weeks (in 2015)
- Adding up, we will have a total of **61.4M** by end of 2015

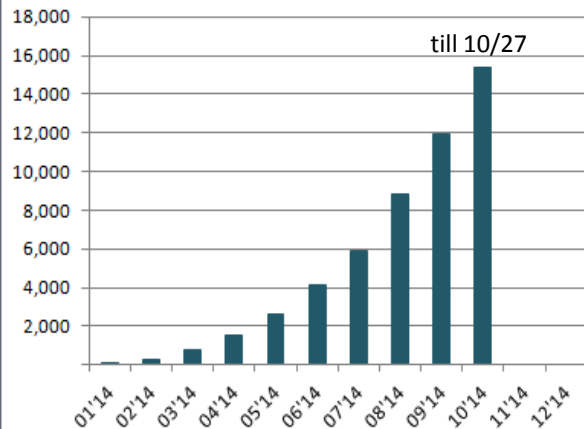
# KPI of ALL Apps



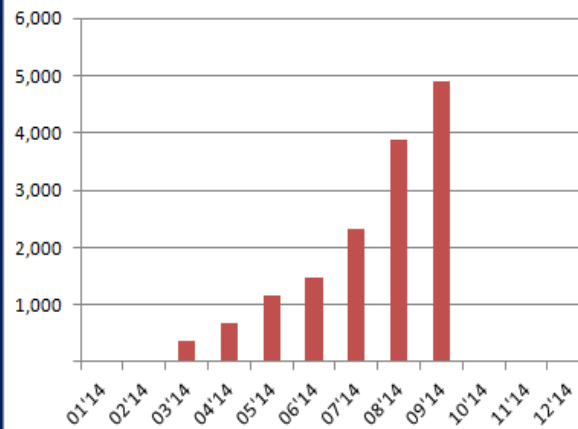
till 10/27

KPI	01'14	02'14	03'14	04'14	05'14	06'14	07'14	08'14	09'14	10'14	11'14	12'14	Total
Total Users	127	245	786	1,536	2,601	4,135	5,900	8,794	11,955	15,361			
M. Active Users		30	365	673	1,157	1,472	2,336	3,873	4,906				
M. Session		124	2,221	4,910	10,221	17,057	32,010	56,114	73,428				

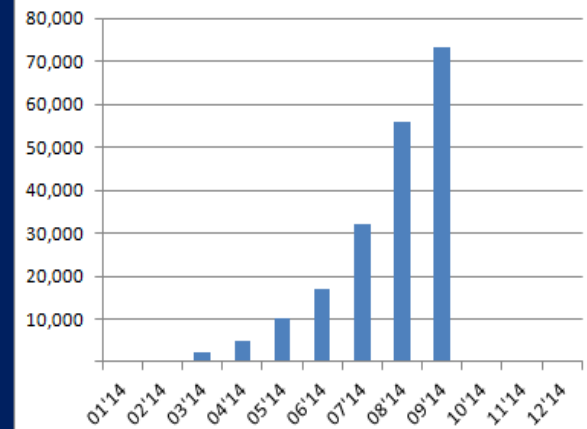
Total Users



MAU (M. Active Users)



Monthly Sessions



- Very exciting to see Total Downloads hit **15M** in only 8 months.
- High retention rate with **4.9M** MAU in September
- Frequent usage with **73.4M** monthly sessions in September (15 sessions per active user)



# Summary

- We continue investing **PC software** to become undisputable market leader in CREATE & PLAY on PC software.
- We are making very good progress in developing our **mobile apps** with 15M downloads in barely 8 months, and the growth momentum is getting stronger and stronger.
- CyberLink New Econ Schedule Roadmap:
  - **2014: Build**
  - **2015: Grow**
  - **2016: Harvest**



For more information about CyberLink:  
*[www.CyberLink.com](http://www.CyberLink.com)*

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**Thank You!**