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$4,040.2M as of end of Q3-2014, accounting for 67.1% of total asset. No debt.
<table>
<thead>
<tr>
<th>In NT$K</th>
<th>Q3’14</th>
<th>%</th>
<th>Q2’14</th>
<th>%</th>
<th>Q/Q</th>
<th>Q3’13</th>
<th>%</th>
<th>Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>539,304</td>
<td>100.0%</td>
<td>570,798</td>
<td>100.0%</td>
<td>-5.5%</td>
<td>658,094</td>
<td>100.0%</td>
<td>-18.1%</td>
</tr>
<tr>
<td>Cost of goods Sold</td>
<td>(77,185)</td>
<td>14.3%</td>
<td>(76,580)</td>
<td>13.4%</td>
<td>0.8%</td>
<td>(115,856)</td>
<td>17.6%</td>
<td>-33.4%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>462,119</td>
<td>85.7%</td>
<td>494,218</td>
<td>86.6%</td>
<td>-6.5%</td>
<td>542,238</td>
<td>82.4%</td>
<td>-14.8%</td>
</tr>
<tr>
<td>Operating Expense</td>
<td>(299,777)</td>
<td>55.6%</td>
<td>(307,343)</td>
<td>53.8%</td>
<td>-2.5%</td>
<td>(316,223)</td>
<td>48.1%</td>
<td>-5.2%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>(123,782)</td>
<td>23.0%</td>
<td>(115,973)</td>
<td>20.3%</td>
<td>6.7%</td>
<td>(132,541)</td>
<td>20.1%</td>
<td>-6.6%</td>
</tr>
<tr>
<td>S&amp;M</td>
<td>(130,214)</td>
<td>24.1%</td>
<td>(132,482)</td>
<td>23.2%</td>
<td>-1.7%</td>
<td>(132,110)</td>
<td>20.1%</td>
<td>-1.4%</td>
</tr>
<tr>
<td>G&amp;A</td>
<td>(45,781)</td>
<td>8.5%</td>
<td>(58,888)</td>
<td>10.3%</td>
<td>-22.3%</td>
<td>(51,572)</td>
<td>7.8%</td>
<td>-11.2%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>162,342</td>
<td>30.1%</td>
<td>186,875</td>
<td>32.7%</td>
<td>-13.1%</td>
<td>226,015</td>
<td>34.3%</td>
<td>-28.2%</td>
</tr>
<tr>
<td>Non Operating Income</td>
<td>73,218</td>
<td>13.6%</td>
<td>(19,888)</td>
<td>-3.5%</td>
<td>468.2%</td>
<td>(1,197)</td>
<td>-0.2%</td>
<td>6225.7%</td>
</tr>
<tr>
<td>Income before Tax</td>
<td>235,560</td>
<td>43.7%</td>
<td>166,987</td>
<td>29.3%</td>
<td>41.1%</td>
<td>224,818</td>
<td>34.1%</td>
<td>4.8%</td>
</tr>
<tr>
<td>Income after Tax</td>
<td>183,694</td>
<td>34.1%</td>
<td>132,181</td>
<td>23.2%</td>
<td>39.0%</td>
<td>163,608</td>
<td>24.9%</td>
<td>12.3%</td>
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<tr>
<td>Basic EPS before Tax (in NT$)</td>
<td>2.35</td>
<td></td>
<td>1.67</td>
<td></td>
<td>41.1%</td>
<td>2.25</td>
<td></td>
<td>4.8%</td>
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<tr>
<td>Basic EPS after Tax (in NT$)</td>
<td>1.83</td>
<td></td>
<td>1.32</td>
<td></td>
<td>39.0%</td>
<td>1.64</td>
<td></td>
<td>12.3%</td>
</tr>
</tbody>
</table>
## Consolidated Income Statement 3Q-2014

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Create</th>
<th>Play</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>53%</td>
<td>47%</td>
</tr>
<tr>
<td>2012</td>
<td>51%</td>
<td>49%</td>
</tr>
<tr>
<td>2013</td>
<td>54%</td>
<td>46%</td>
</tr>
<tr>
<td>Q1~Q3'14</td>
<td>58%</td>
<td>42%</td>
</tr>
</tbody>
</table>

B2B vs. B2C

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

<table>
<thead>
<tr>
<th>Year</th>
<th>B2B</th>
<th>B2C &amp; Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>68%</td>
<td>32%</td>
</tr>
<tr>
<td>2012</td>
<td>65%</td>
<td>35%</td>
</tr>
<tr>
<td>2013</td>
<td>61%</td>
<td>39%</td>
</tr>
<tr>
<td>Q1~Q3'14</td>
<td>56%</td>
<td>44%</td>
</tr>
</tbody>
</table>
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
Successfully Launched in Photokina Cologne, Germany (Sep. 16th )
Awards 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.

Mobile

PC

Cloud

App

CyberLink Cloud

image chef

DZ DirectorZone

MOOVIE Live

AudioDirector

ColorDirector

PowerDirector

PowerDVD

PhotoDirector

Director Suite

Media Suite

Director Suite

Media Suite
U Create, U Play, U Social

CyberLink is the company most capable of realizing this vision
Performance of our App Market Development

A very exciting quarter!
Major New APP Releases since July

YouCam Makeup

U Messenger

PhotoDirector App
YouCam Perfect 玩美相機
Exceeded **10,000,000** downloads within 8 months

- 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**

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

- 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

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

- 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
• 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)
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

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

Thank You!