CyberLink (5203.TW)

2014 Results Conference

The Innovative Experience Provider for CREATE & PLAY of Digital Media

Feb. 11, 2015
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

- Q4-2014 Financial Results
- Business Update
- Q&A
Q4-2014 Financial Results
(Un-audited)
Financial Highlights

• **Q4’14**
  - Revenue NT$566.9M, +5.1% Q/Q and -14.1% Y/Y.
    - Lower than guidance (+8%~12% Q/Q) due to weaker B2B performance
  - Gross Profit NT$492.9M, +6.7% Q/Q and -14.8% Y/Y
    - GP margin 87%, beat guidance (84% +/-1.5%)
  - Operating Income NT$177.2M, +9.1% Q/Q and -29.2% Y/Y
    - Operating margin at 31.3%, slightly lower than guidance (33% +/-1.5%)
  - Net Income NT$218.9M and net margin 38.6%, **+19.2% Q/Q & +14% Y/Y**, due to lower effective tax rate and higher FX gain compared to previous year.

• **2014**
  - Revenue NT$2,222.5M, -13.9% Y/Y. Gross profit NT$1,912.2M, -11.8% Y/Y.
  - Operating Income NT$675.8M and operating margin 30.4%
  - Net Income NT$707M, **Basic EPS after tax hit $7.06**, flat from previous year.

• **Balance Sheet**
  - Cash, cash equivalent & short-term investment at NT$4,278.1M as of end of 2014, accounting for 66.8% of total asset. No debt.
## Consolidated Income Statement Q4-2014

<table>
<thead>
<tr>
<th></th>
<th>Q4’14</th>
<th>%</th>
<th>Q3’14</th>
<th>%</th>
<th>Q/Q %</th>
<th>Q4’13</th>
<th>%</th>
<th>Y/Y %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>566,890</td>
<td>100.0%</td>
<td>539,304</td>
<td>100.0%</td>
<td>5.1%</td>
<td>659,968</td>
<td>100.0%</td>
<td>-14.1%</td>
</tr>
<tr>
<td><strong>Cost of goods Sold</strong></td>
<td>(73,941)</td>
<td>13.0%</td>
<td>(77,185)</td>
<td>14.3%</td>
<td>-4.2%</td>
<td>(81,659)</td>
<td>12.4%</td>
<td>-9.5%</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>492,949</td>
<td>87.0%</td>
<td>462,119</td>
<td>85.7%</td>
<td>6.7%</td>
<td>578,309</td>
<td>87.6%</td>
<td>-14.8%</td>
</tr>
<tr>
<td><strong>Operating Expense</strong></td>
<td>(315,784)</td>
<td>55.7%</td>
<td>(299,777)</td>
<td>55.6%</td>
<td>5.3%</td>
<td>(328,062)</td>
<td>49.7%</td>
<td>-3.7%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>(125,526)</td>
<td>22.1%</td>
<td>(123,782)</td>
<td>23.0%</td>
<td>1.4%</td>
<td>(136,642)</td>
<td>20.7%</td>
<td>-8.1%</td>
</tr>
<tr>
<td>S&amp;M</td>
<td>(148,933)</td>
<td>26.3%</td>
<td>(130,214)</td>
<td>24.1%</td>
<td>14.4%</td>
<td>(141,341)</td>
<td>21.4%</td>
<td>5.4%</td>
</tr>
<tr>
<td>G&amp;A</td>
<td>(41,325)</td>
<td>7.3%</td>
<td>(45,781)</td>
<td>8.5%</td>
<td>-9.7%</td>
<td>(50,079)</td>
<td>7.6%</td>
<td>-17.5%</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>177,165</td>
<td>31.3%</td>
<td>162,342</td>
<td>30.1%</td>
<td>9.1%</td>
<td>250,247</td>
<td>37.9%</td>
<td>-29.2%</td>
</tr>
<tr>
<td><strong>Non Operating Income</strong></td>
<td>94,763</td>
<td>16.7%</td>
<td>73,218</td>
<td>13.6%</td>
<td>29.4%</td>
<td>41,935</td>
<td>6.4%</td>
<td>126.0%</td>
</tr>
<tr>
<td><strong>Income before Tax</strong></td>
<td>271,928</td>
<td>48.0%</td>
<td>235,560</td>
<td>43.7%</td>
<td>15.4%</td>
<td>292,182</td>
<td>44.3%</td>
<td>-6.9%</td>
</tr>
<tr>
<td><strong>Income after Tax</strong></td>
<td>218,912</td>
<td>38.6%</td>
<td>183,694</td>
<td>34.1%</td>
<td>19.2%</td>
<td>192,092</td>
<td>29.1%</td>
<td>14.0%</td>
</tr>
<tr>
<td><strong>Basic EPS before Tax (in NT$)</strong></td>
<td>2.71</td>
<td></td>
<td>2.35</td>
<td></td>
<td>15.4%</td>
<td>2.92</td>
<td></td>
<td>-7.0%</td>
</tr>
<tr>
<td><strong>Basic EPS after Tax (in NT$)</strong></td>
<td>2.19</td>
<td></td>
<td>1.83</td>
<td></td>
<td>19.2%</td>
<td>1.92</td>
<td></td>
<td>13.9%</td>
</tr>
</tbody>
</table>
### Consolidated Income Statement 2014

<table>
<thead>
<tr>
<th>In NT$K</th>
<th>2014</th>
<th>%</th>
<th>2013</th>
<th>%</th>
<th>Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>2,222,549</td>
<td>100.0%</td>
<td>2,580,196</td>
<td>100.0%</td>
<td>-13.9%</td>
</tr>
<tr>
<td><strong>Cost of goods Sold</strong></td>
<td>(310,352)</td>
<td>14.0%</td>
<td>(413,218)</td>
<td>16.0%</td>
<td>-24.9%</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>1,912,197</td>
<td>86.0%</td>
<td>2,166,978</td>
<td>84.0%</td>
<td>-11.8%</td>
</tr>
<tr>
<td><strong>Operating Expense</strong></td>
<td>(1,236,361)</td>
<td>55.6%</td>
<td>(1,268,850)</td>
<td>49.2%</td>
<td>-2.6%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>(500,967)</td>
<td>22.5%</td>
<td>(544,114)</td>
<td>21.1%</td>
<td>-7.9%</td>
</tr>
<tr>
<td>S&amp;M</td>
<td>(545,129)</td>
<td>24.5%</td>
<td>(542,924)</td>
<td>21.0%</td>
<td>0.4%</td>
</tr>
<tr>
<td>G&amp;A</td>
<td>(190,265)</td>
<td>8.6%</td>
<td>(181,812)</td>
<td>7.0%</td>
<td>4.6%</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>675,836</td>
<td>30.4%</td>
<td>898,128</td>
<td>34.8%</td>
<td>-24.8%</td>
</tr>
<tr>
<td><strong>Non Operating Income (Loss)</strong></td>
<td>207,776</td>
<td>9.3%</td>
<td>93,727</td>
<td>3.6%</td>
<td>121.7%</td>
</tr>
<tr>
<td><strong>Income before Tax</strong></td>
<td>883,612</td>
<td>39.8%</td>
<td>991,855</td>
<td>38.4%</td>
<td>-10.9%</td>
</tr>
<tr>
<td><strong>Income after Tax</strong></td>
<td>706,977</td>
<td>31.8%</td>
<td>707,950</td>
<td>27.4%</td>
<td>-0.1%</td>
</tr>
<tr>
<td><strong>Basic EPS before Tax (in NT$)</strong></td>
<td>8.82</td>
<td></td>
<td>9.91</td>
<td></td>
<td>-11.0%</td>
</tr>
<tr>
<td><strong>Basic EPS after Tax (in NT$)</strong></td>
<td>7.06</td>
<td></td>
<td>7.07</td>
<td></td>
<td>-0.2%</td>
</tr>
</tbody>
</table>
Create vs. Play

Create: Products of Creativity, burning, media management and others.

Play: Products of playback, media server/client, codec pack, etc.

Gross Profit Breakdown

B2B: Conventional hardware bundling.

B2C&Others: Direct sales to end users, site license, project income, etc.
Q1-2015 Outlook

- Consolidated Q1-2015 guidance assuming FX NT$31.5:
  - Revenue (Q/Q): -20% +/- 2% from Q4-2014
  - Gross margin: 84.5% +/- 1.5%
  - Operating margin: 21.5% +/- 1.5%
Business Update
Taiwan’s Top 20 Global Brands

- CyberLink is recognized among Taiwan Top 20 Global Brands for **6th consecutive year (2009-2014)**
Continue to be the BEST in PC Software

PowerDirector has won this award 6 times in 7 years (v7 and v9-13)
PC: New Launch
The Most Complete Burning, Backup & Conversion Solution
Across PC, Mobile & Cloud

Cloud: DirectorZone

- Director Zone, the world’s largest online creative community hits 4 Million Members & 500,000 Free Video & Photo Templates
App Performance Result
**ALL Apps in 2014**

- 22.5M downloads in **10 months** (since March’14) with nearly 600M Sessions.
- 12M new downloads in Q4.
YouCam Perfect + YouCam Makeup in 2014

- 18M downloads in 10 months.
- 10M new downloads in Q4.
ALL Apps in 2014

- 1M+ downloads per week in December’14.
- MAU (Monthly Active Users) reached 9.8M in December’14.
- MAU is 44% of Total Users, high retention rate.
YouCam Perfect + YouCam Makeup in 2014

- 1M downloads per week in December’14.
- MAU reached 8.3M in December’14.
YouCam Makeup
-Successful Story with Maybelline-

- Launched on Dec. 25th (for Taiwan market)
- YouCam Makeup offers:
  - **Product placements + Affiliate cooperation**
    Provide the latest mascara/eyeliner/eye shadow products for one-touch to try within App, and then associate users to their official commerce pages in Yahoo.
  - **O2O service (offline to online)**
    Link consumers from physical retail store to reach our live App services.
YouCam Makeup
-Successful Story with Estee Lauder-

- Go live in Feb. 2015
- YouCam Makeup offers:
  - **Product Placements:**
    Latest 16 styles of lipsticks to try within App.
  - **Precise Marketing**
    Promotion banner in the homepage for specified target audience
  - **O2O service (online to offline)**
    Bring users from our live App services to physical retail store for further actions
CyberLink uTalk Messenger Debut (Jan. 7th)

- Launched with supports to Taiwan’s charitable organizations
- The app may require couple years to develop its leadership
- We will continue to expand features and enhance user communication experience.
Summary

• Continue to keep leading position in CREATE & PLAY on PC software.

• Achieved 22.5M new users from all apps in 2014, with 9.8M MAU in December 2014.

• 1M weekly new users on YouCam Perfect+ YouCam Makeup. High retention ratio. Both new users and MAU are still growing strongly.

• Success stories with Maybelline and Estee Lauder on YouCam Makeup. Very prolific business models behind.
For more information about CyberLink: www.CyberLink.com

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

Thank You!