CyberLink (5203.TW)

Q1-2015 Results Conference

The Innovative Experience Provider for CREATE & PLAY of Digital Media

Apr. 29, 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

- Q1-2015 Financial Results
- Business Update
- Q&A
Q1-2015 Financial Results (Un-audited)
Financial Highlights

• **Q1’15**
  – Revenue NT$485.2M, -14.4% Q/Q and -11.1% Y/Y.
    • Higher than previous guidance (-18 %~ -22% Q/Q) due mainly to better-than-expected B2B sales.
  – Gross Profit NT$415.5M, -15.7% Q/Q and -10.2% Y/Y
    • GP margin 85.6%, in line with guidance (83% ~ 86%)
  – Operating Income NT$130.3M, -26.5% Q/Q and -12.8% Y/Y
    • Operating margin at 26.8 %, outperformed guidance (20%~23%) due mainly to stronger sales
  – Net Income NT$107.7M and net margin 22.2%. Basic EPS after tax reached NT$1.07

• **Balance Sheet**
  – Cash, cash equivalent & short-term investment at NT$4,355.7M as of end of Q1-2015, accounting for 67.9% of total asset. No debt.
## Consolidated Income Statement Q1-2015

<table>
<thead>
<tr>
<th>In NT$K</th>
<th>Q1'15</th>
<th>%</th>
<th>Q1'14</th>
<th>%</th>
<th>Y/Y</th>
<th>Q4'14</th>
<th>%</th>
<th>Q/Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>485,208</td>
<td>100.0%</td>
<td>545,557</td>
<td>100.0%</td>
<td>-11.1%</td>
<td>566,890</td>
<td>100.0%</td>
<td>-14.4%</td>
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<tr>
<td>Cost of goods Sold</td>
<td>(69,708)</td>
<td>14.4%</td>
<td>(82,646)</td>
<td>15.1%</td>
<td>-15.7%</td>
<td>(73,941)</td>
<td>13.0%</td>
<td>-5.7%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>415,500</td>
<td>85.6%</td>
<td>462,911</td>
<td>84.9%</td>
<td>-10.2%</td>
<td>492,949</td>
<td>87.0%</td>
<td>-15.7%</td>
</tr>
<tr>
<td>Operating Expense</td>
<td>(285,247)</td>
<td>58.8%</td>
<td>(313,457)</td>
<td>57.5%</td>
<td>-9.0%</td>
<td>(315,784)</td>
<td>55.7%</td>
<td>-9.7%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>(114,438)</td>
<td>23.6%</td>
<td>(135,686)</td>
<td>24.9%</td>
<td>-15.7%</td>
<td>(125,526)</td>
<td>22.1%</td>
<td>-8.8%</td>
</tr>
<tr>
<td>S&amp;M</td>
<td>(136,138)</td>
<td>28.1%</td>
<td>(133,500)</td>
<td>24.5%</td>
<td>2.0%</td>
<td>(148,933)</td>
<td>26.3%</td>
<td>-8.6%</td>
</tr>
<tr>
<td>G&amp;A</td>
<td>(34,671)</td>
<td>7.1%</td>
<td>(44,271)</td>
<td>8.1%</td>
<td>-21.7%</td>
<td>(41,325)</td>
<td>7.3%</td>
<td>-16.1%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>130,253</td>
<td>26.8%</td>
<td>149,454</td>
<td>27.4%</td>
<td>-12.8%</td>
<td>177,165</td>
<td>31.3%</td>
<td>-26.5%</td>
</tr>
<tr>
<td>Non Operating Income</td>
<td>(4,071)</td>
<td>0.8%</td>
<td>59,683</td>
<td>10.9%</td>
<td>-106.8%</td>
<td>94,763</td>
<td>16.7%</td>
<td>-104.3%</td>
</tr>
<tr>
<td>Income before Tax</td>
<td>126,182</td>
<td>26.0%</td>
<td>209,137</td>
<td>38.3%</td>
<td>-39.7%</td>
<td>271,928</td>
<td>48.0%</td>
<td>-53.6%</td>
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<tr>
<td>Income after Tax</td>
<td>107,669</td>
<td>22.2%</td>
<td>172,190</td>
<td>31.6%</td>
<td>-37.5%</td>
<td>218,912</td>
<td>38.6%</td>
<td>-50.8%</td>
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<tr>
<td>Basic EPS before Tax (in NT$)</td>
<td>1.26</td>
<td></td>
<td>2.09</td>
<td></td>
<td>-39.7%</td>
<td>2.71</td>
<td></td>
<td>-53.6%</td>
</tr>
<tr>
<td>Basic EPS after Tax (in NT$)</td>
<td>1.07</td>
<td></td>
<td>1.72</td>
<td></td>
<td>-37.5%</td>
<td>2.18</td>
<td></td>
<td>-50.8%</td>
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</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

Create vs. Play

B2B vs. B2C

B2B: Conventional hardware bundling.
B2C&Others: Direct sales to end users, site license, project income, etc.
Q2-2015 Outlook

- Consolidated Q2-2015 guidance assuming FX NT$30.5:
  - Revenue (Q/Q) : -2% +/- 2% from Q1-2015
  - Gross margin : 85.5% +/- 1.5%
  - Operating margin: 31% +/- 1.5%
Business Update
「PowerDirector 13」 & 「PowerDVD 14」 are Awarded 「Taiwan Excellence 2015」

• Outperformed thousands of products
• CyberLink recognized for the innovation, stability, and high-quality products
• PowerDirector is awarded “Taiwan Excellence” for the 9th time
• PowerDVD is recognized for the 11th time
Grand Launch
The Latest Edition of CyberLink’s Flagship Digital Media Entertainment Solution
World’s No. 1 Movie and Media Player
With playback enhancements and format support additions not available in any other player

Premium Movie Experience
TrueTheater® technology and smart buffering algorithms provide a smoother, richer visual and acoustic experience for movies and videos.

The Truest Home Theater Experience

- Premium Movie Experience
- Enhanced 4K Playback
- Advanced Audio Capabilities
- Extended Format Support
- Ultimate High-speed Video
- Player Personalization
- Online Entertainment
- FREE Mobile Apps

CyberLink
Introducing Perfect Corp.
In the surging Mobile Internet Age,

CyberLink launched Perfect Corp. to pursue burgeoning opportunities in the mobile app market
After just one-year of R&D and global marketing investment, CyberLink has delivered exciting results with “YouCam Makeup” and “YouCam Perfect” acquiring a market-leading position in many countries under the “Beauty and Cosmetic” app category.

Perfect Corp. was established to capitalize on the opportunities presented by this growing community of global users and to realize the opportunity to create something truly original in the mobile app space.
Perfect Corp.

- **Product/Service:**
  - YouCam Perfect
  - YouCam Makeup

- **Latest Results:**
  - Total **download counts** exceed 30M
  - **Sessions** per Month have surpassed 240M
  - Users are broadly distributed among major countries in Europe, America, and Asia, the apps’ reach is not limited to just a small number of countries.
**Perfect Corp. (Taiwan Branch: 玩美移動)**

- **Objective:** to become a **global leader in the mobile internet industry**
  
  - Perfect Corp. aims to grow its 30M user base by 3-5 times to 100M users through a **large-scale market expansion.**
  
  - It will continue to expand during the next 3-5 years. Perfect Corp. will provide more services and better user experiences to increase users’ satisfaction and loyalty and to continuously grow the total number of users.
  
  - Perfect Corp. aims to become the first mobile internet company in Taiwan with a market value over USD1 billion.
Prospects & Vision

• The beauty and cosmetic industry is huge and has high profits, presenting great market potential and opportunities for “YouCam Perfect” and “YouCam Makeup”. We have delivered remarkable results and we are confident we will become a global leader in this domain.

• CyberLink will continue to focus on its “CREATE & PLAY” strategy for product development and marketing, and to invest in related mobile apps, in order to become a strong incubator for the mobile internet industry in Taiwan.

• The success of Perfect Corp. will bring CyberLink great benefits, meanwhile it will prove to the world: 「TAIWAN, we can!」
Summary

• Both revenue and operating profit in Q1-2015 out-performed our guidance. Basic EPS after tax reached NT$1.07.
• PowerDirector 13 and PowerDVD 14 were awarded “Taiwan Excellence” again by the Ministry of Economics Affairs
• Grand launch of PowerDVD 15 – The most impressive home theater experience
• Launched “Perfect Corp.” to pursue burgeoning opportunities in the mobile app market
For more information about CyberLink:
www.CyberLink.com

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

Thank You!