CyberLink (5203.TW)

Q2-2015 Results Conference

The Innovative Experience Provider for CREATE & PLAY of Digital Media

Jul. 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

- Q2-2015 Financial Results
- Business Update
- Q&A
Q2-2015 Financial Results
(Un-audited)
Financial Highlights

• **Q2’15**
  - Revenue NT$462.5M, -4.7% Q/Q and -19.0% Y/Y.
    • Slightly lower than last guidance at NT$466~485M or -4 %~0% Q/Q. Q2 sales performance was mostly as expected
  - Gross Profit NT$398.1M, -4.2% Q/Q and -19.4% Y/Y
    • GP margin 86.1%, in line with guidance (84% ~87%)
  - Operating Income NT$132.0M, +1.4% Q/Q and -29.3% Y/Y
    • Operating margin 28.5%. Met last guidance 28.5%~31.5%
  - Net Income NT$125.8M and net margin 27.2%. Basic EPS after tax reached NT$1.25
    • Higher than last guidance at NT$1.04~1.20

• **H1’15**
  - Revenue NT$947.7M, -15.1% Y/Y. Gross profit NT$813.6M, -15.0% Y/Y.
  - Operating Income NT$262.3M and operating margin 27.7%
  - Net Income NT$233.5M, basic EPS after tax hit $2.33.

• **Balance Sheet**
  - Cash, cash equivalent & short-term investment at NT$4,040.4M as of end of Q2-2015, accounting for 62.4% of total asset. No debt.

• **Dividend Policy**
  - The distribution of NT$7.0 cash dividend was approved in the Annual General Shareholders’ meeting in June
<table>
<thead>
<tr>
<th></th>
<th>Q2'15</th>
<th>%</th>
<th>Q2'14</th>
<th>%</th>
<th>Y/Y</th>
<th>Q1'15</th>
<th>%</th>
<th>Q/Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>462,523</td>
<td>100.0%</td>
<td>570,798</td>
<td>100.0%</td>
<td>-19.0%</td>
<td>485,208</td>
<td>100.0%</td>
<td>-4.7%</td>
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<tr>
<td>Cost of goods Sold</td>
<td>(64,400)</td>
<td>13.9%</td>
<td>(76,580)</td>
<td>13.4%</td>
<td>-15.9%</td>
<td>(69,708)</td>
<td>14.4%</td>
<td>-7.6%</td>
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<tr>
<td>Gross Profit</td>
<td>398,123</td>
<td>86.1%</td>
<td>494,218</td>
<td>86.6%</td>
<td>-19.4%</td>
<td>415,500</td>
<td>85.6%</td>
<td>-4.2%</td>
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<tr>
<td>Operating Expense</td>
<td>(266,087)</td>
<td>57.5%</td>
<td>(307,343)</td>
<td>53.8%</td>
<td>-13.4%</td>
<td>(285,247)</td>
<td>58.8%</td>
<td>-6.7%</td>
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<tr>
<td>R&amp;D</td>
<td>(102,996)</td>
<td>22.3%</td>
<td>(115,973)</td>
<td>20.3%</td>
<td>-11.2%</td>
<td>(114,438)</td>
<td>23.6%</td>
<td>-10.0%</td>
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<tr>
<td>S&amp;M</td>
<td>(129,591)</td>
<td>28.0%</td>
<td>(132,482)</td>
<td>23.2%</td>
<td>-2.2%</td>
<td>(136,138)</td>
<td>28.1%</td>
<td>-4.8%</td>
</tr>
<tr>
<td>G&amp;A</td>
<td>(33,500)</td>
<td>7.2%</td>
<td>(58,888)</td>
<td>10.3%</td>
<td>-43.1%</td>
<td>(34,671)</td>
<td>7.1%</td>
<td>-3.4%</td>
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<tr>
<td>Operating Income</td>
<td>132,036</td>
<td>28.5%</td>
<td>186,875</td>
<td>32.7%</td>
<td>-29.3%</td>
<td>130,253</td>
<td>26.8%</td>
<td>1.4%</td>
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<tr>
<td>Non Operating Income</td>
<td>21,254</td>
<td>4.6%</td>
<td>(19,888)</td>
<td>3.5%</td>
<td>206.9%</td>
<td>(4,071)</td>
<td>0.8%</td>
<td>622.1%</td>
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<tr>
<td>Income before Tax</td>
<td>153,290</td>
<td>33.1%</td>
<td>166,987</td>
<td>29.3%</td>
<td>-8.2%</td>
<td>126,182</td>
<td>26.0%</td>
<td>21.5%</td>
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<tr>
<td>Income after Tax</td>
<td>125,805</td>
<td>27.2%</td>
<td>132,181</td>
<td>23.2%</td>
<td>-4.8%</td>
<td>107,669</td>
<td>22.2%</td>
<td>16.8%</td>
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<tr>
<td>Basic EPS before Tax (in NT$)</td>
<td>1.53</td>
<td></td>
<td>1.67</td>
<td></td>
<td>-8.4%</td>
<td>1.26</td>
<td></td>
<td>21.2%</td>
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<tr>
<td>Basic EPS after Tax (in NT$)</td>
<td>1.25</td>
<td></td>
<td>1.32</td>
<td></td>
<td>-5.0%</td>
<td>1.07</td>
<td></td>
<td>17.1%</td>
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## Consolidated Income Statement H1-2015

<table>
<thead>
<tr>
<th>In NT$K</th>
<th>H1-2015</th>
<th>%</th>
<th>H1-2014</th>
<th>%</th>
<th>Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>947,731</td>
<td>100.0%</td>
<td>1,116,355</td>
<td>100.0%</td>
<td>-15.1%</td>
</tr>
<tr>
<td><strong>Cost of goods Sold</strong></td>
<td>(134,108)</td>
<td>14.2%</td>
<td>(159,226)</td>
<td>14.3%</td>
<td>-15.8%</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>813,623</td>
<td>85.8%</td>
<td>957,129</td>
<td>85.7%</td>
<td>-15.0%</td>
</tr>
<tr>
<td><strong>Operating Expense</strong></td>
<td>(551,334)</td>
<td>58.2%</td>
<td>(620,800)</td>
<td>55.6%</td>
<td>-11.2%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>(217,434)</td>
<td>22.9%</td>
<td>(251,659)</td>
<td>22.5%</td>
<td>-13.6%</td>
</tr>
<tr>
<td>S&amp;M</td>
<td>(265,729)</td>
<td>28.0%</td>
<td>(265,982)</td>
<td>23.8%</td>
<td>-0.1%</td>
</tr>
<tr>
<td>G&amp;A</td>
<td>(68,171)</td>
<td>7.2%</td>
<td>(103,159)</td>
<td>9.2%</td>
<td>-33.9%</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>262,289</td>
<td>27.7%</td>
<td>336,329</td>
<td>30.1%</td>
<td>-22.0%</td>
</tr>
<tr>
<td><strong>Non Operating Income</strong></td>
<td>17,183</td>
<td>1.8%</td>
<td>39,795</td>
<td>3.6%</td>
<td>-56.8%</td>
</tr>
<tr>
<td><strong>Income before Tax</strong></td>
<td>279,472</td>
<td>29.5%</td>
<td>376,124</td>
<td>33.7%</td>
<td>-25.7%</td>
</tr>
<tr>
<td><strong>Income after Tax</strong></td>
<td>233,474</td>
<td>24.6%</td>
<td>304,371</td>
<td>27.3%</td>
<td>-23.3%</td>
</tr>
<tr>
<td><strong>Basic EPS before Tax (in NT$)</strong></td>
<td>2.79</td>
<td></td>
<td>3.76</td>
<td></td>
<td>-25.7%</td>
</tr>
<tr>
<td><strong>Basic EPS after Tax (in NT$)</strong></td>
<td>2.33</td>
<td></td>
<td>3.04</td>
<td></td>
<td>-23.3%</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.

B2B vs. B2C

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

![Graphs showing Gross Profit Breakdown from 2012 to 2015H1]

- **2012**: Create - 49%, Play - 51%
- **2013**: Create - 46%, Play - 54%
- **2014**: Create - 41%, Play - 59%
- **2015H1**: Create - 39%, Play - 61%
Business Update
Introduce

CyberLink Media Suite 13
The Most Complete Collection of Award-Winning Multimedia Software
Best-in-class, Trusted Software

Comes with multi-award winning software, not generic applications

- **PowerDVD**
  World's No. 1 Movie and Media Player

- **PowerDirector**
  The Most Flexible Video Editor

- **PhotoDirector**
  The Easiest Photo Editing & Adjustment

- **Power2Go**
  Trusted by Leading PC Makers Worldwide

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CyberLink
YouCam 7
The Complete Live Video Studio for Your Webcam

- More Webcam Fun
  Personalize chats with unique effects

- Cooler Pictures and Videos
  Enhancement tools let you look your best

- Improved Productivity
  Create professional presentation videos

- Simple Safety Tools
  Stay in charge of your PC and its surroundings
CyberLink #1 in Japan Retail Market

Video Software Market Share

**Q1’15**

<table>
<thead>
<tr>
<th>No</th>
<th>Vender</th>
<th>Video Software Market Share %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>CyberLink</td>
<td>31%</td>
</tr>
<tr>
<td>2</td>
<td>Jungle</td>
<td>15%</td>
</tr>
<tr>
<td>3</td>
<td>SourceNext</td>
<td>12%</td>
</tr>
<tr>
<td>4</td>
<td>Corel</td>
<td>7%</td>
</tr>
<tr>
<td>5</td>
<td>E-Frontier</td>
<td>6%</td>
</tr>
<tr>
<td>6</td>
<td>Pegasys</td>
<td>4%</td>
</tr>
<tr>
<td>7</td>
<td>Adobe</td>
<td>4%</td>
</tr>
</tbody>
</table>

Source: BCN Report

**Video Software** refers to all video related software. By this definition, CyberLink products in this category include PowerDVD, PowerDirector, Power2Go, etc.
### PowerDirector #1 in Japan Market

**2015 H1 BCN Ranking in Video Editing Software**

<table>
<thead>
<tr>
<th>No</th>
<th>Vender</th>
<th>Video Editing Software Market Share %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>CyberLink</td>
<td>34.57 %</td>
</tr>
<tr>
<td>2</td>
<td>e-Frontier</td>
<td>25.22 %</td>
</tr>
<tr>
<td>3</td>
<td>Adobe</td>
<td>9.08 %</td>
</tr>
<tr>
<td>4</td>
<td>Grass Valley (Canopus)</td>
<td>8.78 %</td>
</tr>
<tr>
<td>5</td>
<td>Corel</td>
<td>7.96 %</td>
</tr>
<tr>
<td>6</td>
<td>Jungle</td>
<td>3.70 %</td>
</tr>
<tr>
<td>7</td>
<td>SourceNext</td>
<td>2.93 %</td>
</tr>
</tbody>
</table>
Business Update

- Perspective -

PC is a Special Purpose Device
Top Advantages of a PC

- Bigger Screen
- Fast Input & Selection
- Precision Adjustment
- Vast Peripherals Support
- High Performance

“A PC is the ideal platform to enjoy entertainment, be productive and express your creativity”
CyberLink PC Software Strategy

• Our Focus is on PC Software used to CREATE and PLAY

• CREATE
  – Video Editing
  – Photo Editing
  – Audio Editing
  – Color Grading

CyberLink’s CREATE+PLAY solutions are best fit to enhance the unique value and benefit of a PC

• PLAY
  – Play all videos files and media discs BD/DVD/BD-UHD
  – Play premium content in connected home or office (DLNA, DTCP-IP, DTCP+)
Won PC Mag’s Editors’ Choice 6 times in 7 years
The Tabby Award: For honoring the best mobile apps worldwide since 2012

PowerDirector Mobile
- Tabby Award Winner & Users’ Choice in Media, Music, Photo & Video
New versions of PowerDirector 14 & PhotoDirector 7 will be released in Q3’15
Summary

• Q2-2015 basic EPS after tax reached NT$1.25. H1-2015 delivered NT$2.33
• Very active and fruitful Q2 with launch of Media Suite 13 and YouCam 7
• Hit #1 market share in video software and video editing software in Japan retail market
• Continue to gain market recognition: PowerDirector Mobile received 2015 Tabby Winner & Users’ Choice
• CyberLink continues to provide best solutions in “Create & Play” which are the core usage cases on PCs in the future
For more information about CyberLink:
www.CyberLink.com

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

Thank You!