CyberLink (5203.TW)

H1-2017 Results Update

The Innovative Experience Provider for CREATE & PLAY of Digital Media

July 27, 2017
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

- 2017-H1 Financial Results
- On Business & Products
- Q&A
2017-H1 Financial Results (Un-audited)
Financial Highlights

• **Q2’17**
  - Revenue NT$442.0M, -0.5% Q/Q, -4.7% Y/Y
  - Operating Income NT$160.2M, +3.8% Q/Q and -5.8% Y/Y. OP margin at 36.3%
  - Net Income NT$68.7M and basic EPS after tax NT$0.77

• **H1’17**
  - Revenue NT$886.3M, -8.7% Y/Y. Gross profit NT$771.8M, -7.6% Y/Y.
  - Operating Income NT$314.6M, -18.9% Y/Y and operating margin reached 35.5%.
  - Net Income NT$104.9M, basic EPS after tax hit $1.16.

• **Balance Sheet**
  - Cash, cash equivalent & short-term investment at NT$3,064.4M as of end of 2017H1, accounting for 58.8% of total asset. No debt.

• **Dividend Policy**
  - The distribution of NT$1.6 cash dividend was approved in the Annual General Shareholders’ meeting in June. The final distribution after board resolution was NT$1.70021346 cash dividend per share because of execution of treasury stock and stock options.
  - Ex-dividend date (除息交易日): Aug 11th, 2017
  - Suspend transferring date: Aug. 15th~19th, 2017
  - Record date (除息基準日): Aug 19th, 2017
## Consolidated Income Statement H1-2017

<table>
<thead>
<tr>
<th>In NT$K</th>
<th>2017-H1</th>
<th>%</th>
<th>2016-H1</th>
<th>%</th>
<th>Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>886,306</td>
<td>100.0%</td>
<td>971,087</td>
<td>100.0%</td>
<td>-8.7%</td>
</tr>
<tr>
<td><strong>Cost of goods Sold</strong></td>
<td>(114,470)</td>
<td>12.9%</td>
<td>(135,851)</td>
<td>14.0%</td>
<td>-15.7%</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>771,836</td>
<td>87.1%</td>
<td>835,236</td>
<td>86.0%</td>
<td>-7.6%</td>
</tr>
<tr>
<td><strong>Operating Expense</strong></td>
<td>(457,219)</td>
<td>51.6%</td>
<td>(447,279)</td>
<td>46.1%</td>
<td>2.2%</td>
</tr>
<tr>
<td><strong>R&amp;D</strong></td>
<td>(170,099)</td>
<td>19.2%</td>
<td>(168,539)</td>
<td>17.4%</td>
<td>0.9%</td>
</tr>
<tr>
<td><strong>S&amp;M</strong></td>
<td>(230,475)</td>
<td>26.0%</td>
<td>(213,797)</td>
<td>22.0%</td>
<td>7.8%</td>
</tr>
<tr>
<td><strong>G&amp;A</strong></td>
<td>(56,645)</td>
<td>6.4%</td>
<td>(64,943)</td>
<td>6.7%</td>
<td>-12.8%</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>314,617</td>
<td>35.5%</td>
<td>387,957</td>
<td>39.9%</td>
<td>-18.9%</td>
</tr>
<tr>
<td><strong>Non Operating Income (Loss)</strong></td>
<td>(157,682)</td>
<td>-17.8%</td>
<td>(163,860)</td>
<td>-16.9%</td>
<td>3.8%</td>
</tr>
<tr>
<td><strong>Foreign Exchange Income (Loss)</strong></td>
<td>(84,589)</td>
<td>-9.5%</td>
<td>(58,762)</td>
<td>-6.1%</td>
<td>-44.0%</td>
</tr>
<tr>
<td><strong>Investment Income (Loss)</strong></td>
<td>(118,842)</td>
<td>-13.4%</td>
<td>(155,280)</td>
<td>-16.0%</td>
<td>23.5%</td>
</tr>
<tr>
<td><strong>Other Income (Loss)</strong></td>
<td>45,749</td>
<td>5.2%</td>
<td>50,182</td>
<td>5.2%</td>
<td>-8.8%</td>
</tr>
<tr>
<td><strong>Income before Tax</strong></td>
<td>156,935</td>
<td>17.7%</td>
<td>224,097</td>
<td>23.0%</td>
<td>-30.0%</td>
</tr>
<tr>
<td><strong>Income after Tax</strong></td>
<td>104,952</td>
<td>11.8%</td>
<td>153,432</td>
<td>15.8%</td>
<td>-31.6%</td>
</tr>
<tr>
<td><strong>Basic EPS after Tax (in NT$)</strong></td>
<td>1.16</td>
<td>1.58</td>
<td></td>
<td></td>
<td></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>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017H1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create</td>
<td>41%</td>
<td>37%</td>
<td>40%</td>
<td>35%</td>
</tr>
<tr>
<td>Play</td>
<td>59%</td>
<td>63%</td>
<td>60%</td>
<td>65%</td>
</tr>
</tbody>
</table>

B2B vs. B2C

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

<table>
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<tr>
<th>Year</th>
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<th>2015</th>
<th>2016</th>
<th>2017H1</th>
</tr>
</thead>
<tbody>
<tr>
<td>B2B</td>
<td>46%</td>
<td>56%</td>
<td>61%</td>
<td>62%</td>
</tr>
<tr>
<td>B2C&amp;Others</td>
<td>54%</td>
<td>44%</td>
<td>39%</td>
<td>38%</td>
</tr>
</tbody>
</table>
On Business & Products
National Innovation Industrial Award
(第五屆國家產業創新獎)

Outstanding Enterprise Innovation Award-
Intelligent Technology
(智慧科技組-績優創新企業獎)

Businesses, academic organizations or research institutions with outstanding performance in the integration, innovation and value creation of culture, technology and services or that have made an influential, innovative or creative contribution to the development of industry in Taiwan, are considered paradigms of industry innovation.
CyberLink Product Offering: CREATE, PLAY, WORK

• CREATE
  • Video Editing: PowerDirector & ActionDirector
  • Photo Editing: PhotoDirector & MakeupDirector
  • Color Grading: ColorDirector
  • Audio Editing: AudioDirector
  • Burning/Writing: Power2Go & PowerProducer
  • Webcam: YouCam

• PLAY
  • PowerDVD (DVD/BD/UHD-BD, DLNA/DTCP-IP, SeeQValut) + VR/360

• WORK
  • U-Meetings, U-Webinars, and U-Messenger for business collaboration & education webinars
Award Record of PowerDirector
(8 PC Mag Editors’ Choices in 9 years)
World’s best CREATE apps on Android

• **PhotoDirector**: 35M users
  • Highest **user rating** (4.6) for full-featured photo editor

• **PowerDirector**: 22M users
  • Highest **user rating** (4.5) for timeline-based video editor
Our Strategy on U

- Reinvented unified communications
- Designed for individuals workers
- Fast, fun and as simple as social apps used everyday to connect with friends
- Will release the total solution for business communication in Q3’17.
Communication Tools for Today’s Business Users
(Just Like DropBox vs Complex Storage Tools)

U Webinar
Tools to help presenter to deliver engaging online presentations

U Meeting
Freedom to start a video meeting from anywhere, any devices

U Messenger
Communicate & sharing document in a social way
U Meeting & U Messenger

Better Communication Means Better Business

Mobile App  Android iOS  Windows/Mac Software  Browser (w/o Plug-in)
Help deliver engaging online presentations
CyberLink is committed to be market leader in

**VR**
- VR/360 Digital Media Leaders
- 360 camera
- User generated contents
- VR headset support

**AR**
- Virtual Makeup Technology
- PerfectCam on WORK solution

**AI**
- Next Big Thing in CyberLink
- Video comprehension
- Photo enhancement
CyberLink provides complete solutions on 360 video, for **Create & Play**

- **360 Camera**
- **User Generated Content**
- **VR Headset**
PLAY

Experience True-to-Life 360

PowerDVD | Power Media Player VR
CREATE

Capture, Create & Share Stories in 360

PowerDirector | ActionDirector | PhotoDirector
VR/360 on CREATE & PLAY

- PowerDirector/ActionDirector already enabled 360/VR video editing
- PowerDVD 17 have full supported on VR headsets
- PhotoDirector 9 will support 360-degree photo editing/effects (to be released in Q3’17)
Summary – CyberLink’s 360 Technology Lineup

**360 video Editing**
- 360 video editing
- 360 stabilizer & enhancement
- 360 to 2D – view designer/little planet

**360 photo editing**
- 360 photo straightening
- 360 to panorama/ little planet
- 360 photo editing/adjustment

**360 playback**
- Support for HTC VIVE/OCULUS Rift
- Support for MSFT VR
- Support for YouTube 360

**360 Streaming**
- Stream from Windows/Mac to YouTube/ Facebook/ Samsung VR
The Next Big Thing for CyberLink

Artificial Intelligence for
CREATE, PLAY & WORK
Summary

- Q2-2017 basic EPS after tax was NT$0.77. H1-2017 basic EPS after tax was NT$1.16.
- New product line “WORK” provides total solutions for business communication and to be launched in Q3, 2017
- With leading AR/VR technology, CyberLink determines to be a pioneer in the multimedia field
- CyberLink is committed to develop Artificial Intelligence (AI) for Create, Play, and Work
For more information about CyberLink:
www.CyberLink.com

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

Thank You!