CyberLink (5203.TW)

Q3 2017 Results Update

The Innovative Experience Provider for CREATE & PLAY of Digital Media

Oct 31, 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

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

• **Q3’17**
  - Revenue NT$372.5M, -15.7% Q/Q, -6.9% Y/Y
  - Operating Income NT$113.1M, -29.4% Q/Q and -26.9% Y/Y. OP margin at 30.3%
  - Net Income NT$65.2M and basic EPS after tax NT$0.75

• **3Q’17**
  - Revenue NT$1,258.8M, -8.2% Y/Y.
  - Gross Profit NT$1,101.7M, -7.1% Y/Y.
  - Operating Income NT$427.7M, -21.2% Y/Y and operating margin reached 34.0%.
  - Net Income NT$170.2M, basic EPS after tax hit $1.90.

• **Balance Sheet**
  - Cash, cash equivalent & short-term investment at NT$3,060.1M as of 2017Q3, accounting for 60.1% of total asset. No debt.
### Consolidated Income Statement 2017-3Q

<table>
<thead>
<tr>
<th>In NT$K</th>
<th>2017-3Q</th>
<th>%</th>
<th>2016-3Q</th>
<th>%</th>
<th>Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>1,258,832</td>
<td>100.0%</td>
<td>1,371,253</td>
<td>100.0%</td>
<td>-8.2%</td>
</tr>
<tr>
<td>Cost of goods Sold</td>
<td>(157,168)</td>
<td>12.5%</td>
<td>(185,120)</td>
<td>13.5%</td>
<td>-15.1%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>1,101,664</td>
<td>87.5%</td>
<td>1,186,133</td>
<td>86.5%</td>
<td>-7.1%</td>
</tr>
<tr>
<td>Operating Expense</td>
<td>(673,994)</td>
<td>53.5%</td>
<td>(643,503)</td>
<td>46.9%</td>
<td>4.7%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>(255,292)</td>
<td>20.3%</td>
<td>(246,886)</td>
<td>18.0%</td>
<td>3.4%</td>
</tr>
<tr>
<td>S&amp;M</td>
<td>(335,593)</td>
<td>26.7%</td>
<td>(309,630)</td>
<td>22.6%</td>
<td>8.4%</td>
</tr>
<tr>
<td>G&amp;A</td>
<td>(83,109)</td>
<td>6.5%</td>
<td>(86,987)</td>
<td>6.3%</td>
<td>-4.5%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>427,670</td>
<td>34.0%</td>
<td>542,630</td>
<td>39.6%</td>
<td>-21.2%</td>
</tr>
<tr>
<td>Non Operating Income (Loss)</td>
<td>(183,261)</td>
<td>-14.6%</td>
<td>(258,120)</td>
<td>-18.9%</td>
<td>29.0%</td>
</tr>
<tr>
<td>Income before Tax</td>
<td>244,409</td>
<td>19.4%</td>
<td>284,510</td>
<td>20.7%</td>
<td>-14.1%</td>
</tr>
<tr>
<td>Income after Tax</td>
<td>170,195</td>
<td>13.5%</td>
<td>185,271</td>
<td>13.5%</td>
<td>-8.1%</td>
</tr>
<tr>
<td>Basic EPS after Tax (in NT$)</td>
<td>1.90</td>
<td></td>
<td>1.91</td>
<td></td>
<td></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.

### Create vs. Play

- **2014**: 41% Create, 59% Play
- **2015**: 37% Create, 63% Play
- **2016**: 40% Create, 60% Play
- **2017 3Q**: 36% Create, 64% Play

### B2B vs. B2C

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

- **2014**: 46% B2B, 54% B2C & Others
- **2015**: 56% B2B, 44% B2C & Others
- **2016**: 61% B2B, 39% B2C & Others
- **2017 3Q**: 62% B2B, 38% B2C & Others
On Business & Products
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) + VR/360

• **WORK**
  - **U-Meetings**, **U-Webinars**, **U-Messenger** & **PerfectCam** for business collaboration & webinars
Continue Award Record of PowerDirector 16
(9 PC Mag Editors’ Choices in 10 years)
World’s Best CREATE apps on Android

- **PhotoDirector**: 49M+ users
  - Highest user rating (4.6) for full-featured photo editor

- **PowerDirector**: 33M+ users
  - Highest user rating (4.5) for timeline-based video editor
CREATE
Capture, Create & Share Stories
PowerDirector
PhotoDirector
ActionDirector
ColorDirector
AudioDirector

PLAY
Experience True-to-Life
PowerDVD
Power Media Player VR

WORK
Social Media for Business
U-Webinar
U-Meeting
U-Messenger
PerfectCam
Work
Communication Tools for Today’s Business Users
Have been successfully launched in Q3

- Mobile App
- Windows/Mac Software
- Browser (w/o Plug-in)
Corporates

Customer Presentation
Cloud HR Training
Flexibility, No time and location restrictions

Potential Targets for U Webinar and more....

College Education
Real-time Learning
Mobile Learning
Field research, mobility, Instant communication
PerfectCam

Virtual Makeup for Video Conferencing

- Instantly apply precise virtual makeup during live video meetings and webinars
- Fully Support for newly launched CyberLink U Webinar, U Meeting, Skype, Skype for Business, Google Hangouts.
- Customize existing presets or create your own makeup looks from scratch
Summary

• 2017 Q1~Q3 Net income, after tax, reached NT$170.2M and the basic EPS after tax was NT$1.90.

• CyberLink continues releasing best CREATE & PLAY products with good awards which would help growing business.

• New product line “WORK”, providing total solutions for business communication, has been launched in Q3’17 and will be heavily promoted from early 2018.
For more information about CyberLink: www.CyberLink.com

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

Thank You!