CyberLink (5203.TW)

2019 Q4 Investor Conference

The Innovative Solution Provider for CREATE, WORK & PLAY of Digital Media, and Facial Recognition AIoT

February 25, 2020
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

- 2019 4Q Financial Results
- Business Update
- Q&A
Financial Results
(Un-audited)
Financial Highlights

• Perfect Corp. operations in Q4 has turned profitable
  • NT$34.8M investment gain in Q4, 2019 (versus a loss of NT$15.8M in Q4, 2018)

• For 2019, revenue was NT$1,455M, -8.5% YoY. Net Income was NT$380M, up 15.5% YoY and basic EPS reached NT$4.53, up 16.8% YoY.

• 3 New Revenue Streams are growing strongly as planned
  → Subscription model continue to see good success
  PC-Create (B2C)  Mobile APP  FaceMe & U

• Will invest more on RD & S&M in 2020 to grow business for a brighter future

• COVID-19 has no negative impact to CyberLink
Financial Summary

• **2019 Q4**
  - Revenue NT$401M, **-2.5% YoY**. Gross Profit NT$348M, **-4.3% YoY**
  - Operating Income NT$71M, **-33.0% YoY**, Operating Margin was 17.7%
  - Net Income NT$92M, **up 14.8% YoY**, Basic EPS reached $1.09, **up 14.7% YoY**

• **2019**
  - Revenue NT$1,455M, **-8.5% YoY**. Gross Profit NT$1,267M, **-9.8% YoY**
  - Operating Income NT$259M, **-38.9% YoY**, Operating Margin was 17.8%
  - Net Income NT$380M, **up 15.5% YoY**, Basic EPS reached $4.53, **up 16.8% YoY**

• **Balance Sheet**
  - Cash, cash equivalent & short-term investment at NT$2,849M as of end of 2019, accounting for 51.9% of total asset.
## 2019 Q4 Consolidated IS

<table>
<thead>
<tr>
<th>NT$ (K)</th>
<th>2019 Q4</th>
<th>2019 Q3</th>
<th>QoQ</th>
<th>2018 Q4</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>401,435</td>
<td>376,859</td>
<td>6.5%</td>
<td>411,768</td>
<td>-2.5%</td>
</tr>
<tr>
<td>COGS</td>
<td>-53,715</td>
<td>-55,928</td>
<td>-4.0%</td>
<td>-48,277</td>
<td>11.3%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>347,720</td>
<td>320,931</td>
<td>8.3%</td>
<td>363,491</td>
<td>-4.3%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>-105,206</td>
<td>-90,492</td>
<td>-24.0%</td>
<td>-89,740</td>
<td>-17.2%</td>
</tr>
<tr>
<td>S&amp;M</td>
<td>-140,532</td>
<td>-136,488</td>
<td>3.0%</td>
<td>-132,282</td>
<td>6.2%</td>
</tr>
<tr>
<td>G&amp;A</td>
<td>-30,832</td>
<td>-30,414</td>
<td>1.4%</td>
<td>-35,259</td>
<td>-12.6%</td>
</tr>
<tr>
<td>Operating Expense</td>
<td>-276,570</td>
<td>-257,394</td>
<td>7.5%</td>
<td>-257,281</td>
<td>7.5%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>71,150</td>
<td>63,537</td>
<td>12.0%</td>
<td>106,210</td>
<td>-33.0%</td>
</tr>
<tr>
<td>FX Gain (Loss)</td>
<td>-29,984</td>
<td>-1,497</td>
<td>-0.4%</td>
<td>4,612</td>
<td>-750.1%</td>
</tr>
<tr>
<td>Investment Gain (Loss)</td>
<td>34,807</td>
<td>-3,457</td>
<td>-0.9%</td>
<td>1106.9%</td>
<td>320.5%</td>
</tr>
<tr>
<td>Other Income (Loss)</td>
<td>23,778</td>
<td>137,843</td>
<td>-82.7%</td>
<td>26,238</td>
<td>-9.4%</td>
</tr>
<tr>
<td>Non-operating Income (Loss)</td>
<td>28,601</td>
<td>132,889</td>
<td>-78.5%</td>
<td>15,062</td>
<td>89.9%</td>
</tr>
<tr>
<td>PBT</td>
<td>99,751</td>
<td>196,426</td>
<td>52.1%</td>
<td>121,272</td>
<td>-17.7%</td>
</tr>
<tr>
<td>PAT</td>
<td>92,143</td>
<td>142,130</td>
<td>37.7%</td>
<td>80,232</td>
<td>14.8%</td>
</tr>
<tr>
<td>EPS (NT$)</td>
<td>1.09</td>
<td>1.69</td>
<td>-35.5%</td>
<td>0.95</td>
<td>14.7%</td>
</tr>
</tbody>
</table>

* There is a deferred revenue of NT$ 16.91M from PC subscription.
## 2019 Consolidated IS

<table>
<thead>
<tr>
<th>NT$ (K)</th>
<th>2019</th>
<th>2018</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>1,454,646</td>
<td>1,589,532</td>
<td>-8.5%</td>
</tr>
<tr>
<td><strong>COGS</strong></td>
<td>-187,971</td>
<td>-184,987</td>
<td>1.6%</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>1,266,675</td>
<td>1,404,545</td>
<td>-9.8%</td>
</tr>
<tr>
<td><strong>R&amp;D</strong></td>
<td>-369,884</td>
<td>-345,218</td>
<td>7.1%</td>
</tr>
<tr>
<td><strong>S&amp;M</strong></td>
<td>-521,810</td>
<td>-511,721</td>
<td>2.0%</td>
</tr>
<tr>
<td><strong>G&amp;A</strong></td>
<td>-116,404</td>
<td>-124,179</td>
<td>-6.3%</td>
</tr>
<tr>
<td><strong>Operating Expense</strong></td>
<td>-1,008,098</td>
<td>-981,118</td>
<td>2.7%</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>258,577</td>
<td>423,427</td>
<td>-38.9%</td>
</tr>
<tr>
<td><strong>FX Gain (Loss)</strong></td>
<td>-17,537</td>
<td>35,661</td>
<td>-149.2%</td>
</tr>
<tr>
<td><strong>Investment Gain (Loss)</strong></td>
<td>-9,572</td>
<td>-127,198</td>
<td>92.5%</td>
</tr>
<tr>
<td><strong>Other Income (Loss)</strong></td>
<td>244,123</td>
<td>111,876</td>
<td>118.2%</td>
</tr>
<tr>
<td><strong>Non-operating Income (Loss)</strong></td>
<td>217,014</td>
<td>20,339</td>
<td>967.0%</td>
</tr>
<tr>
<td><strong>PBT</strong></td>
<td>475,591</td>
<td>443,766</td>
<td>7.2%</td>
</tr>
<tr>
<td><strong>PAT</strong></td>
<td>379,945</td>
<td>328,829</td>
<td>15.5%</td>
</tr>
<tr>
<td><strong>EPS (NT$)</strong></td>
<td>4.53</td>
<td>3.88</td>
<td>16.8%</td>
</tr>
</tbody>
</table>

* There is a deferred revenue of NT$ 51.64M from PC subscription. If added it back, 2019 revenue YoY becomes -5.2%, and operating income YoY becomes -26.7%.
Business & Product Update
CyberLink 4 Revenue Streams

1. PC-Create (B2C)
   - Create Software on PC
     - Subscription & Perpetual

2. Mobile APP
   - Create APP on Mobile
     - Subscription & Ads

3. New Biz
   - FaceMe & U Communication Suite

4. PC-OEM, ODD & Others
   - B2B OEM Bundle, PowerDVD & others

Graph:
- 2019: 12,685 (27%)
- 2019: 4,679 (10%)
- 2019: 29,491 (62%)
Revenue -10% YoY which was attributed to OEM bundle & PowerDVD business slowdown. We expect a negative revenue growth in 2020.

Revenue -26% YoY which was caused by lower ASP & subscription revenue can only be booked over time. However, the numbers of subscriber continue to grow and will resume the growth momentum from 2020.

Start to generate revenue with limited contribution in 2019 due to most projects were still in POC.

Robust growth in revenue +64% YoY

Revenue -10% YoY which was attributed to OEM bundle & PowerDVD business slowdown. We expect a negative revenue growth in 2020.
PC-CREATE(B2C) Subscription Beyond Expectation

- Total subscriber in 2019 is 61,040 which is higher than original expectation of 58,000
- Annual subscriber accounts for 91% in 2019, up from 78% in 2018
- Current annual retention rate is around 66% as expected
The business momentum was improving with only -18% YoY in 2019 Q4. We expect to see significant positive YoY growth in 2020.
2. Mobile APP Revenue Trend

Mobile APP revenue grew significantly YoY in both 2019 and 2019 Q4 and will remain its strong growth in 2020.
3. FaceMe

• FaceMe has around NT$50M “contract value” signed in 2019 (most of the contract value was not recognized in 2019 revenue)

• One of the major reasons of Jan 2020 revenue growth is from FaceMe revenue booking (more than NT$20M)

• Marketing Strategy: Partnership with leading IoT companies to speed up the global penetration in AIoT industries, and provide diversified facial recognition applications to customers. Our partners include:
  • Leading provider of industrial PC: Advantech
  • Leading brand in security surveillance: Vivotek
  • Leading manufacturer of digital imaging technology: Altek
Revenue of Jan 2020

NT$ 134M
+ 27% YoY

PC-Create (B2C)  
Mobile APP  
FaceMe
Revenue of Jan 2020

- PC-Create (B2C) starts positive YoY growth
- Both App & FaceMe have strong growth

NT$ 134M
+27% YoY
Revenue was -10% YoY in 2019, but a slight +1% YoY in 2019Q4. The momentum of this group is weaker than the other three and its revenue contribution in 2020 is expected to decline.
PowerDirector iOS version was released by end of 2019 and will contribute in 2020 revenue. Overall, we expect the momentum of Mobile APP will remain strong.

2020 Key Focus

PC-Create (B2C)

- Expect to see significant positive YoY growth in 2020.
- PowerDirector Mac version will be released by the end of 2020 and starts to contribute revenue in 2021.

Mobile APP

- PowerDirector iOS version was released by end of 2019 and will contribute in 2020 revenue. Overall, we expect the momentum of Mobile APP will remain strong.

FaceMe

- Partnership with leading IoT companies to speed up the global penetration in AIoT industries. We expect to see the some revenue contribution from 2020.

Expense

- Keep investing in R&D for technology & product development.
- To promote PC-Create (B2C) and Mobile APP, S&M expense is expected to increase in 2020.
Fulfill CSR and Contribute to TW Community for COVID-19 Prevention

Program for All Colleges

Until 31st July, 2020, we are offering free service worth up to NT$1M to every college in TW for distance education via U Meeting & U Webinar.

Program for All Users

Until 31st May, 2020, we are offering upgraded free version in U Meeting.

Original: Up to 25 participants & Max. 30 mins per meeting → Up to 25 participants & Max. 60 mins per meeting.
For more information about CyberLink:
www.CyberLink.com

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

Thank You!