CyberLink (5203.TW)
2020 Q1 Investor Conference
The Innovative Solution Provider for CREATE, PLAY & CONNECT of Digital Media, and Facial Recognition & AI.

April 29, 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

- 2020 Q1 Financial Results
- Business Update
Key Points

- 2020 Q1 revenue +9.0% YoY; operating profit -20.2% YoY; net profit +30.6% YoY; EPS NT$0.91
  - Investment income from Perfect Corp. is around NT$ 17.5M
- Revenue of 3 growing segments +43% YoY in Q1
- FaceMe® continues to have outstanding NIST result with global ranking 18th & 9th if excluding vendors from China
  - Ranked 6th if excluding vendors from China & Russia
  - New business development slowed down due to global lockdown & tradeshows cancelation
- For COVID-19 prevention, not only the surging demand for web conference & distance education but the rising importance of cyber security increased the brand awareness of U
- Since global lockdown due to COVID-19 from March, we have seen significant growth of sales from web store & mobile app which will contribute to Q2 performance.
Financial Results (Un-audited)
2020 Q1 Financial Highlights

**IS**
- Revenue NT$357M, +9.0% YoY
- Net profit NT$77M, +30.6% YoY
- EPS NT$0.91, +30.0% YoY

**BS**
- Cash, cash equivalent & short-term investment at NT$2,831M as of end of Q1, accounting for 51.4% of total asset

**Dividend**
- The distribution of NT$3.60 cash dividend was approved by the BOD meeting in March and wait for AGM’s approval in June
## 2020 Q1 Consolidated IS

<table>
<thead>
<tr>
<th></th>
<th>2020 Q1</th>
<th>2019 Q4</th>
<th>QoQ</th>
<th>2019 Q1</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>356,754</td>
<td>401,435</td>
<td>-11.1%</td>
<td>327,333</td>
<td>9.0%</td>
</tr>
<tr>
<td><strong>COGS</strong></td>
<td>-42,015</td>
<td>-53,715</td>
<td>-13.4%</td>
<td>-33,592</td>
<td>25.1%</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>314,739</td>
<td>347,720</td>
<td>-9.5%</td>
<td>293,741</td>
<td>7.1%</td>
</tr>
<tr>
<td><strong>R&amp;D</strong></td>
<td>-95,414</td>
<td>-105,206</td>
<td>-9.3%</td>
<td>-88,190</td>
<td>8.2%</td>
</tr>
<tr>
<td><strong>S&amp;M</strong></td>
<td>-148,347</td>
<td>-140,532</td>
<td>5.6%</td>
<td>-125,479</td>
<td>18.2%</td>
</tr>
<tr>
<td><strong>G&amp;A</strong></td>
<td>-27,576</td>
<td>-30,832</td>
<td>-10.6%</td>
<td>-25,660</td>
<td>7.5%</td>
</tr>
<tr>
<td><strong>Operating Expense</strong></td>
<td>-271,337</td>
<td>-276,570</td>
<td>-1.9%</td>
<td>-239,329</td>
<td>13.4%</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>43,402</td>
<td>71,150</td>
<td>-39.0%</td>
<td>54,412</td>
<td>-20.2%</td>
</tr>
<tr>
<td><strong>FX Gain (Loss)</strong></td>
<td>6,667</td>
<td>-29,984</td>
<td>-7.5%</td>
<td>4,304</td>
<td>54.9%</td>
</tr>
<tr>
<td><strong>Investment Gain (Loss)</strong></td>
<td>17,488</td>
<td>34,807</td>
<td>8.7%</td>
<td>-24,888</td>
<td>-7.6%</td>
</tr>
<tr>
<td><strong>Other Income (Loss)</strong></td>
<td>28,043</td>
<td>23,778</td>
<td>-17.9%</td>
<td>44,043</td>
<td>-36.3%</td>
</tr>
<tr>
<td><strong>Non-operating Income (Loss)</strong></td>
<td>52,198</td>
<td>28,601</td>
<td>82.5%</td>
<td>23,459</td>
<td>122.5%</td>
</tr>
<tr>
<td><strong>PBT</strong></td>
<td>95,600</td>
<td>99,751</td>
<td>24.8%</td>
<td>77,871</td>
<td>22.8%</td>
</tr>
<tr>
<td><strong>PAT</strong></td>
<td>76,787</td>
<td>92,143</td>
<td>-16.7%</td>
<td>58,783</td>
<td>18.0%</td>
</tr>
<tr>
<td><strong>EPS (NT$)</strong></td>
<td>0.91</td>
<td>1.09</td>
<td>-16.5%</td>
<td>0.70</td>
<td>30.0%</td>
</tr>
</tbody>
</table>
Business & Product Update
2020 Q1 Product Mix

+13% YoY in revenue which is contributed by steady growth of subscribers and deferred revenue from previous year

Robust growth in revenue +43% YoY

Limited revenue in Q1’19 & significant revenue growth in Q1’20 mainly contributed by projects from previous year

Revenue -10% YoY which was attributed to OEM bundle & PowerDVD business slowdown

2020 Q1 topline growth is 9% YoY & revenue of 3 growing segments up 43% YoY

CyberLink
Product Mix YoY Trend

- 2020 Q1 topline growth is 9% YoY
- Revenue of 3 growing segments maintain strong growth pace
Group 1 & 2: CREATE PC & App Revenue Trend

**PC-Create (B2C)**
- **2019 Q1**: 6,745
- **2020 Q1**: 3,480
  - **13% YoY**

**Mobile APP**
- **2019 Q1**: 1,006
- **2020 Q1**: 1,435
  - **43% YoY**
Group 1: PC-CREATE(B2C) Subscription Continue to Grow

- Number of subscribers increased by 14,512 in 2020 Q1
- Annual subscriber accounts for 92% of total subscribers in 2020 Q1, up from 82% in 2019 Q1
- Current annual retention rate is over 60% as expected
Impacts from COVID-19 Pandemic since March

• Revenue from web store increased significantly
  • This growth will contribute to Q2 performance

• Revenue from mobile app increased significantly
  • This growth will contribute to Q2 performance

• FaceMe®: New business development slowed down due to tradeshows cancelation
  • Limited impact because of the expectation on revenue from FaceMe was not set high

• U: Surging demand for web conference & distance education increased the brand awareness in TW
  • Will start generating revenue from this year

• PC OEM bundle: So far, no negative impact because of new demand for PC triggered by work from home.
New Biz_FaceMe®

- FaceMe® ranked 18th globally and ranked 6th if excluding China & Russia vendors on NIST FRVT 1:1 Leaderboard* released in March. CyberLink is the only TW company listed in the global top 20.

- Due to global lockdown, tradeshows have been canceled which slowed down new business development. We are now doing more online marketing programs to acquire new leads.

- Positive on long-term market demand for facial recognition technology

For COVID-19 prevention, the demand for web conference and distance education surged. While cyber security is important, Taiwan government & education authority recommended to use solutions including “U Meeting”. This has increased the brand awareness of U in Taiwan.
Fulfill CSR and Contribute to TW Community for COVID-19 Prevention

**Program for All Colleges**
From 2020/2/17

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. So far, there are dozens of colleges in TW applied this program.

**Program for All Users**
From 2020/2/20

Extend to 31st July
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.**
PC-OEM & ODD & Others

- Revenue -10% YoY caused by OEM bundle & PowerDVD business slowdown
- PowerDVD 20 was launched in mid of April with cloud technology for an unrivaled media viewing and sharing experience with friends & family across devices. The web sales performance is so far quite good.
  - The subscription version is available as well. Now around 20% new users adopt subscription model.
2020 Key Focus

**PC-Create (B2C)**
- Targeting SMB as new segment, business version will be released in Q3.
- PowerDirector Mac version will be released by the end of 2020 and starts contributing revenue in 2021.
- Expect to see significant positive YoY growth in 2020.

**Mobile APP**
- Targeting SMB as new segment, business APP will be released in Q3.
- PowerDirector iOS version will contribute in 2020 revenue.
- Expect the momentum of Mobile APP will remain strong.

**New Biz**
- Partnership with leading IoT companies to speed up the global penetration in AIoT industries. We expect to see some revenue contribution in 2020.
- Continuously strengthen “U” to offer better user experiences on web conference & distance learning.

**Expense**
- Keep investing more in R&D for technology & product development.
- To accelerate market share increase in PC-Create (B2C) and Mobile APP, sales & marketing expense is expected to increase in 2020.
For more information about CyberLink:
www.CyberLink.com

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Thank You!