



CyberLink (5203.TW)

2013 Results Conference

The Innovative Solutions Provider for the
Connected Digital Lifestyle

Feb. 13, 2014

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

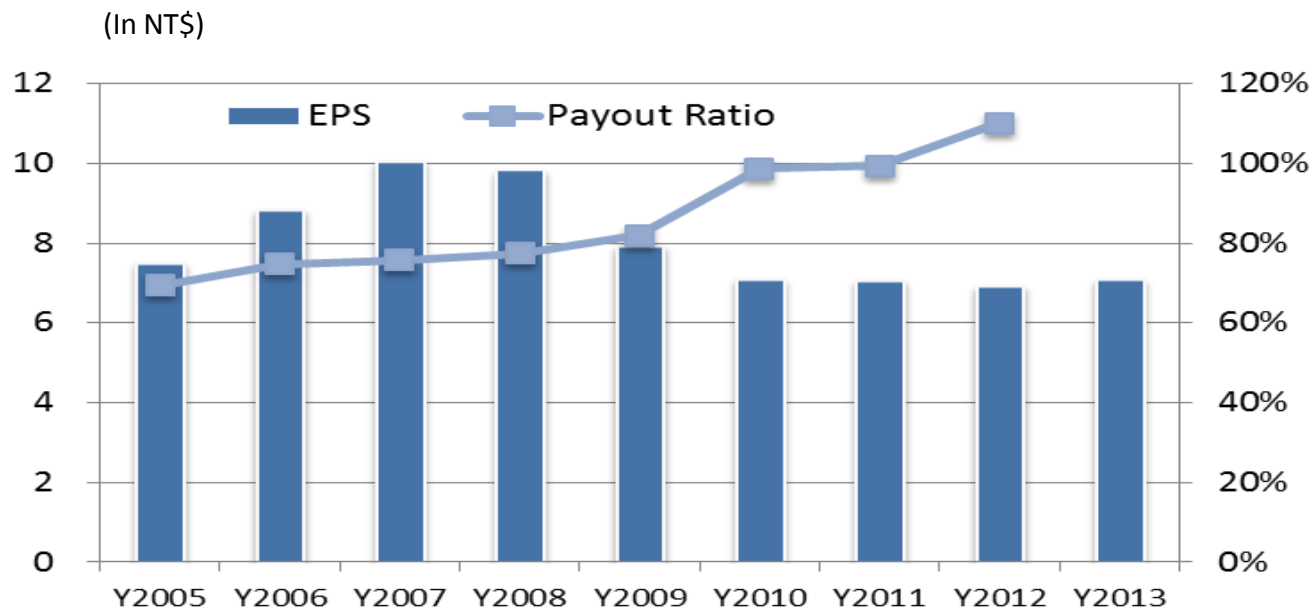
- ◆ Company Profile
- ◆ 2013 Financial Results
- ◆ Corporate & Product Updates
- ◆ Opportunities- CyberLink in the New Economy
- ◆ Summary
- ◆ Q&A

Company Profile

Company Profile

- Founded in 1996, world leader in consumer multimedia software industry
- Headquartered in Taipei, with subsidiaries in US, Japan, and Netherlands, with about 600 employees
- Company went public in Taiwan stock market in 2000 with persistent strong financial performance
- More than 20 products for PC, Apple iPad/iPhone, Android tablet/phone, and Windows 8 Metro tablets.
- Over 135 patents globally in digital media domain

Sustainable Earnings & Consistent High Dividend Policy



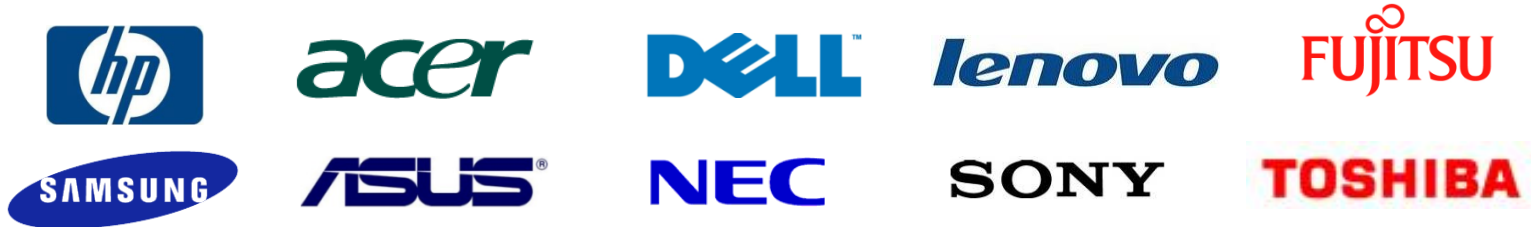
in NT\$	Y2005	Y2006	Y2007	Y2008	Y2009	Y2010	Y2011	Y2012	Y2013
EPS	7.49	8.81	10.03	9.81	7.91	7.08	7.05¹	6.90²	7.07
Dividend Per Share	5.19	6.58	7.59	7.59	6.48	6.99	7.00	7.60³	
Payout Ratio	69%	75%	76%	77%	82%	99%	99%	110%	

1. NT\$7.05 was calculated using 2011 net earnings divided by the number of share outstanding as of end of 2011. Due to the 20% capital reduction, 2011 basic EPS audited by CPA was NT\$6.11 based on the weighted average number of shares in 2011.
2. NT\$6.9 was as announced in the release of 2012 financial results. It was NT\$6.54 if retroacted by the latest sharing outstanding
3. NT\$7.6 includes a NT\$7.0 cash dividend for 2012 earning distribution and a capital increase of \$0.6 per share

Business Model

- *Consumer Multimedia Software* -

- Bundling with hardware devices (B2B)
 - We dominate this B2B market with majority market share
 - ALL Top 10 PC vendors are our customers



- Direct sales to end users via webstore & retail stores (B2C)
 - Best products (Editor's Choices) in several categories

Taiwan's Top 20 Global Brands



- CyberLink is recognized among Taiwan Top 20 Global Brands for 5th consecutive year

	2009	2010	2011	2012	2013
Rank	17	18	15	17	18

Top Taiwan Global Brands Survey is conducted annually and organized by the Taiwan External Trade Development Council (TAITRA) with help from BusinessNext and Interbrand.

<http://www.brandingtaiwan.org/TopTwenty/en/Index.html>

Complete Family of Digital Media Solutions

PLAY

POWERDVD FAMILY



World's No. 1 movie and media player
For desktop and smart devices

MEDIA UTILITIES

Power2Go - Burn & protect media files onto discs

MediaEspresso - Convert media to any format

CREATE

DIRECTOR FAMILY



Revolutionary solution for the creative photographer and videographer

SHARE & ENJOY

MediaShow - Create, organize and share photos and videos

YouCam - Webcam tools for work and play

2013 Financial Results (Un-audited)

Financial Highlights

- **Q4-2013**

- Revenue NT\$659.9M, +0.3% Q/Q and -25.0% Y/Y
 - Missed guidance at +5%~+9% Q/Q due to weaker than expected B2B performance
- Gross profit NT\$578.3M, +6.7% Q/Q and -3.5% Y/Y
 - Gross margin at 87.6%, exceeding guidance at 83% +/-1.5%, due mainly to more project revenues with high margin
- Operating income NT\$250.2M, +10.7% Q/Q and -12.8% Y/Y
 - Operating margin at 37.9%, met guidance at 38% +/-1.5%.
- Net income NT\$192.1M, +17.4% Q/Q and -7.8% Y/Y
 - Basic EPS after tax NT\$1.92

- **2013**

- Revenue NT\$2,580.2M, -25.3% Y/Y. Gross profit NT\$2,166.9M, +6.2% Y/Y
- Operating income NT\$898.1M, +5.3% Y/Y. Operating margin 34.8%.
- Net income NT\$707.9M, +8.3% Y/Y. Net margin 27.4% and EPS after tax NT\$7.07

- **Balance Sheet**

- Cash, cash equivalent & short-term investment at NT\$4,247M as of end of 2013, accounting for 66.8% of total asset. No debt.

- **Dividend Policy**

- Continue the consistent policy of high dividend payout

Consolidated Income Statement Q4-2013 Y/Y

In NT\$K	Q4-2013	%	Q4-2012	%	Y/Y
Net sales	659,968	100.0%	879,736	100.0%	-25.0%
Cost of goods Sold	(81,659)	12.4%	(280,690)	31.9%	-70.9%
Gross Profit	578,309	87.6%	599,046	68.1%	-3.5%
Operating Expense	(328,062)	49.7%	(312,148)	35.5%	5.1%
R&D	(136,642)	20.7%	(129,979)	14.8%	5.1%
S&M	(141,341)	21.4%	(147,141)	16.7%	-3.9%
G&A	(50,079)	7.6%	(35,028)	4.0%	43.0%
Operating Income	250,247	37.9%	286,898	32.6%	-12.8%
Non Operating Income	41,935	6.4%	17,490	2.0%	139.8%
Income before Tax	292,182	44.3%	304,388	34.6%	-4.0%
Income after Tax	192,092	29.1%	208,375	23.7%	-7.8%
Basic EPS before Tax (in NT\$)	2.92		3.04		-4.1%
Basic EPS after Tax (in NT\$)	1.92		2.08		-7.9%

Consolidated Income Statement Q4-2013 Q/Q

In NT\$K	Q4-2013	%	Q3-2013	%	Q/Q
Net sales	659,968	100.0%	658,094	100.0%	0.3%
Cost of goods Sold	(81,659)	12.4%	(115,856)	17.6%	-29.5%
Gross Profit	578,309	87.6%	542,238	82.4%	6.7%
Operating Expense	(328,062)	49.7%	(316,223)	48.1%	3.7%
R&D	(136,642)	20.7%	(132,541)	20.1%	3.1%
S&M	(141,341)	21.4%	(132,110)	20.1%	7.0%
G&A	(50,079)	7.6%	(51,572)	7.8%	-2.9%
Operating Income	250,247	37.9%	226,015	34.3%	10.7%
Non Operating Income	41,935	6.4%	(1,197)	-0.2%	3603.3%
Income before Tax	292,182	44.3%	224,818	34.2%	30.0%
Income after Tax	192,092	29.1%	163,608	24.9%	17.4%
Basic EPS before Tax (in NT\$)	2.92		2.25		30.0%
Basic EPS after Tax (in NT\$)	1.92		1.64		17.4%

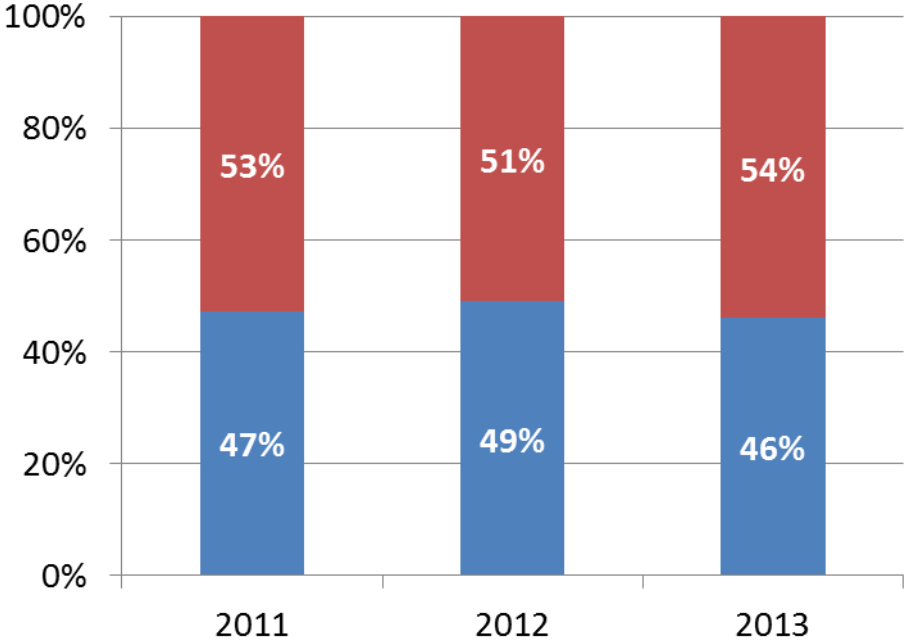
Consolidated Income Statement 2013 Y/Y

In NT\$K	2013	%	2012	%	Y/Y
Net sales	2,580,196	100.0%	3,452,784	100.0%	-25.3%
Cost of goods Sold	(413,218)	16.0%	(1,412,647)	40.9%	-70.7%
Gross Profit	2,166,978	84.0%	2,040,137	59.1%	6.2%
Operating Expense	(1,268,850)	49.2%	(1,187,241)	34.4%	6.9%
R&D	(544,114)	21.1%	(509,127)	14.7%	6.9%
S&M	(542,924)	21.0%	(537,663)	15.6%	1.0%
G&A	(181,812)	7.0%	(140,451)	4.1%	29.4%
Operating Income	898,128	34.8%	852,896	24.7%	5.3%
Non Operating Income	93,727	3.6%	47,698	1.4%	96.5%
Income before Tax	991,855	38.4%	900,594	26.1%	10.1%
Income after Tax	707,950	27.4%	653,817	18.9%	8.3%
Basic EPS before Tax (in NT\$)	9.91		9.00		10.1%
Basic EPS after Tax (in NT\$)	7.07		6.54		8.2%

Balanced Product Mix

CREATE (Media Creation) and PLAY (Digital Entertainment)

Gross Profit Breakdown by Product Group

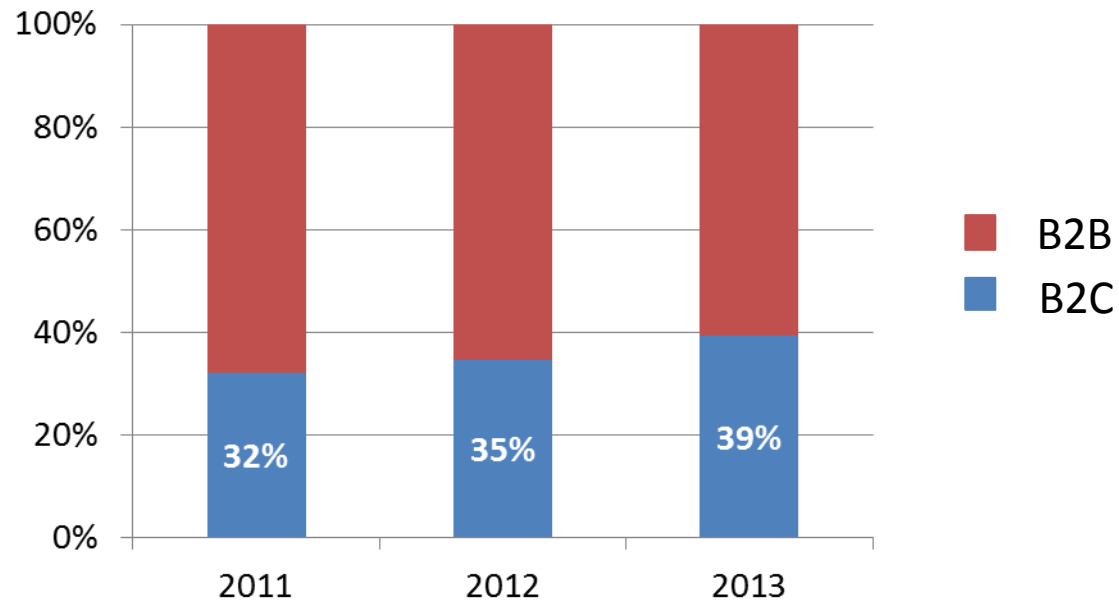


- Media Creation and Misc: creativity, burning, media management and others.
- Digital Entertainment: playback, media server/client, codec pack, etc.

Branding Power to Consumers

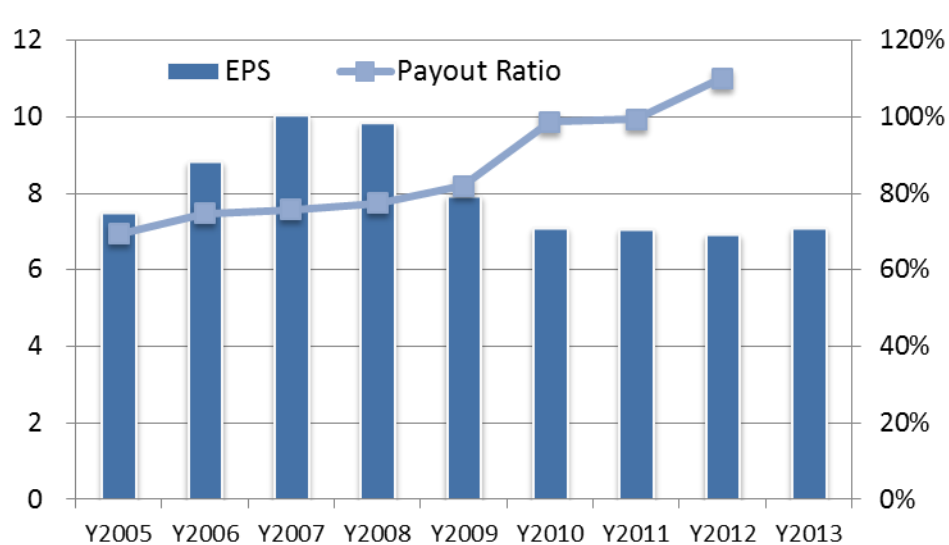
B2C Continues to Increase

Gross Profit Breakdown by B2B/B2C



- B2C business is not dependent on new PC shipment!

Sustainable Earnings & Consistent High Dividend Policy



- Sustainable EPS through out years even in the toughest period of PC industry
- Consistent high payout policy to remain good yield and to increase shareholders' value

in NT\$	Y2005	Y2006	Y2007	Y2008	Y2009	Y2010	Y2011	Y2012	Y2013
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Q1-2014 Outlook

- Consolidated Q1-2014 guidance assuming FX NT\$30:
 - Revenue (Q/Q) : -18% +/- 2% from Q4-2013
 - Gross margin : 82% +/- 1.5%
 - Operating margin: 27% +/- 1.5%
- In 2014 we will invest aggressively in new opportunities on apps and ads (details to be elaborated in later slides).
- We are convinced the investments are crucial and promising for the company moving to the next scale.
- 2014 effective tax rate is estimated around 20% compared to 28.6% in 2013

Corporate & Product Updates

Corporate Awards in Q4-2013



2013台灣二十大國際品牌 2013 Top 20 Global Brands

(By Interbrand)

CyberLink is recognized for 5th consecutive year



卓越中堅企業獎

(由經濟部工業局頒發)

Taiwan's Hidden Champion

(By Industrial Development, Ministry of Economic Affairs)

128 companies nominated and
CyberLink is in the final top 10.

Corporate Awards in Q4-2013



企業社會責任公益獎
(由中華民國優良廠商協會頒發)
**2013 Taiwan Corporate Social
Responsibility Award**
(By R.O.C. Fine Manufacturer Association)



2013第三屆幸福企業獎
(由台北市政府勞動局頒發)
2013 Blissful Enterprise Award
(By Dept. of Labor, Taipei City Government)

Opportunities- CyberLink in the **New Economy**

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POWERDVD FAMILY



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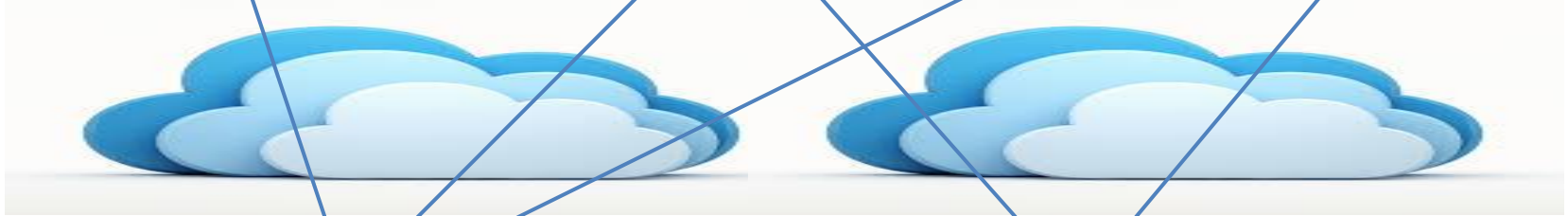
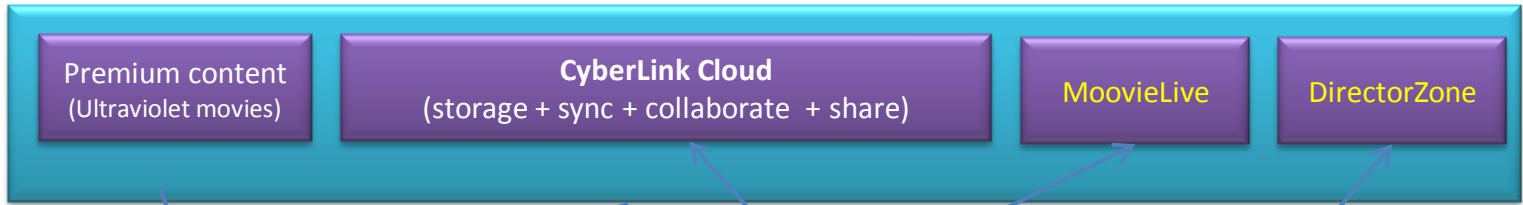
YouCam - Webcam tools for work and play

CyberLink offers not just **PC software**,
but also **Mobile apps**,
and **Cloud Services & Content**

CL Cloud

Premium

Free



Product

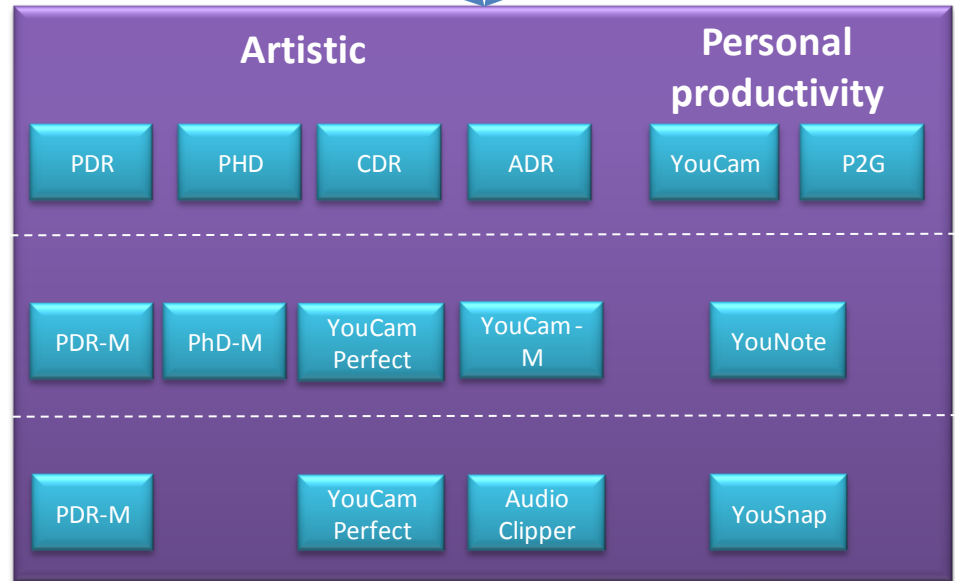
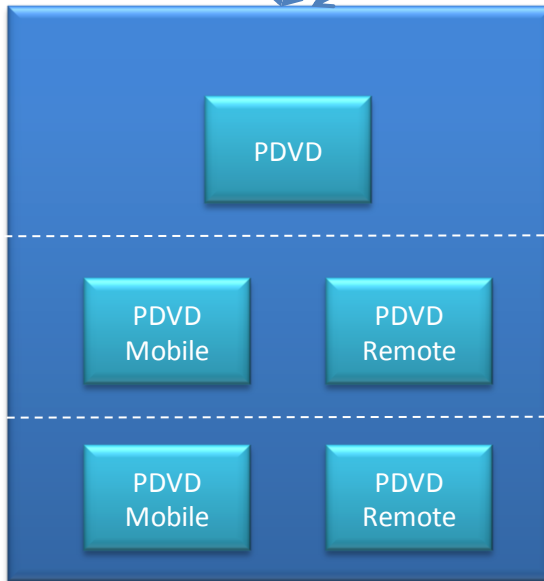
Play

Create

PC (\$\$)

Tablet (\$)

Phone (\$,0)



CyberLink APPs for Smart Devices



Media Player



PowerDVD
Mobile



PowerDVD
Remote



Camera App



YouCam
Mobile



YouCam
Perfect



Video Editing



PowerDirector
Mobile



Audio
Clipper



Photo Editing



PhotoDirector
Mobile



Utilities



YouNote



YouSnap



CyberLink's New Economy Focus

1. Software **Subscription** Business Model
 - Not just **subscription** in payment, also with bonus **cloud storage** & extra **cloud services**
2. Advertisement revenue from highly popular **Content Sites**
 - [MoovieLive.com](#) & [DirectorZone.com](#)
3. Revenue opportunities generated from highly popular **mobile apps**
 - Some highly popular ones will be released in Q1 2014

The New Economy

Software **Subscription** Model, with bonus **cloud storage & services**



- **PowerDVD Live**

- World's first subscription-based multimedia player with integrated **cloud storage & extra services**
- Test run since Oct. 2013
- Grand campaign from Mar. 2014

- **Director Suite Live**

- Editing family join subscription alignment from Mar. 2014



The New Economy

Ad revenue from MoovieLive & DirectorZone

- More than 800M pageviews per year
- Recently enabled 5M pageviews (0.6%) to carry Ads
 - already generating \$60K ad revenue per year
- Will enable more pageviews with Ads this year

directorZone

Create your FREE video eCard

Sign in Create Account English

Products Effects Videos Photos Tutorials Community Store

New Year SALE PowerDirector 12 ULTIMATE

The Fastest Video Editing Software

Incl. PowerDirector Mobile (\$14.99) Plus NEW Holiday Pack 5 (\$49.99)

BUY NOW UPGRADE

Learn more Free Trial Tutorial video

NEW YEAR SALE Director Suite 2 Save \$150

Shop Now

431739 FREE EFFECTS for Download

Hot Links

NEW YouCam 6 Deluxe

SAVE \$35! Best webcam & camera app to capture amazing HDR and panorama photos, plus add fun video effects with NEW Holiday Pack 5!

Director Suite 2

SAVE \$150! Experience latest PowerDirector 12, PhotoDirector 5, AudioDirector 4, ColorDirector 2 and Director Suite 2 to take your media creation to a whole new level!

PowerDirector 12 Ultimate

SAVE \$100! Get the fastest video editing software – up to 40% faster than before with MultiCam Designer, Premium Effects and BONUS PowerDirector Mobile.

MOST DOWNLOADED EFFECTS

RECENT EFFECTS

All PIP Objects Particles Titles Sound Clips Magic Style DVD Menus Avatars Augme

Flare_r (1639) ↓ (958) (1)

Flare_b (1639) ↓ (758) (8)

Party (1639) ↓ (748) (2)

etoile coeur (1639) ↓ (700) (4)

RAINBOW BRIDGE (1639) ↓ (647) (5)

Sonic wave_b (1639) ↓ (515) (1)

REC2 (1639) ↓ (477) (0)

Ink splatter_br (1639) ↓ (445) (0)

>> VIEW ALL

MOST DOWNLOADED PRESETS

RECENT PRESETS

MOOGVIE Live PowerDVD 用戶 專屬電影網站

電影 我的影片 社群

最新發行 DVD

上映中

PowerDVD 用戶最愛影片

評價最高影片

新聞播放

訊通科技推出最新PowerDVD 13 全球唯一等獎賞、得獎

最新發表的影評

PowerDVD 13 組合價省40%

2014迎新瘋狂購

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The New Economy

Revenue from Mobile Apps

- Leveraging current huge PC user base to trigger apps seeding
- High potential to reach critical mass → Ad & In-app Purchase



Over **1 billion** HIGHLY targeted impressions/y

X

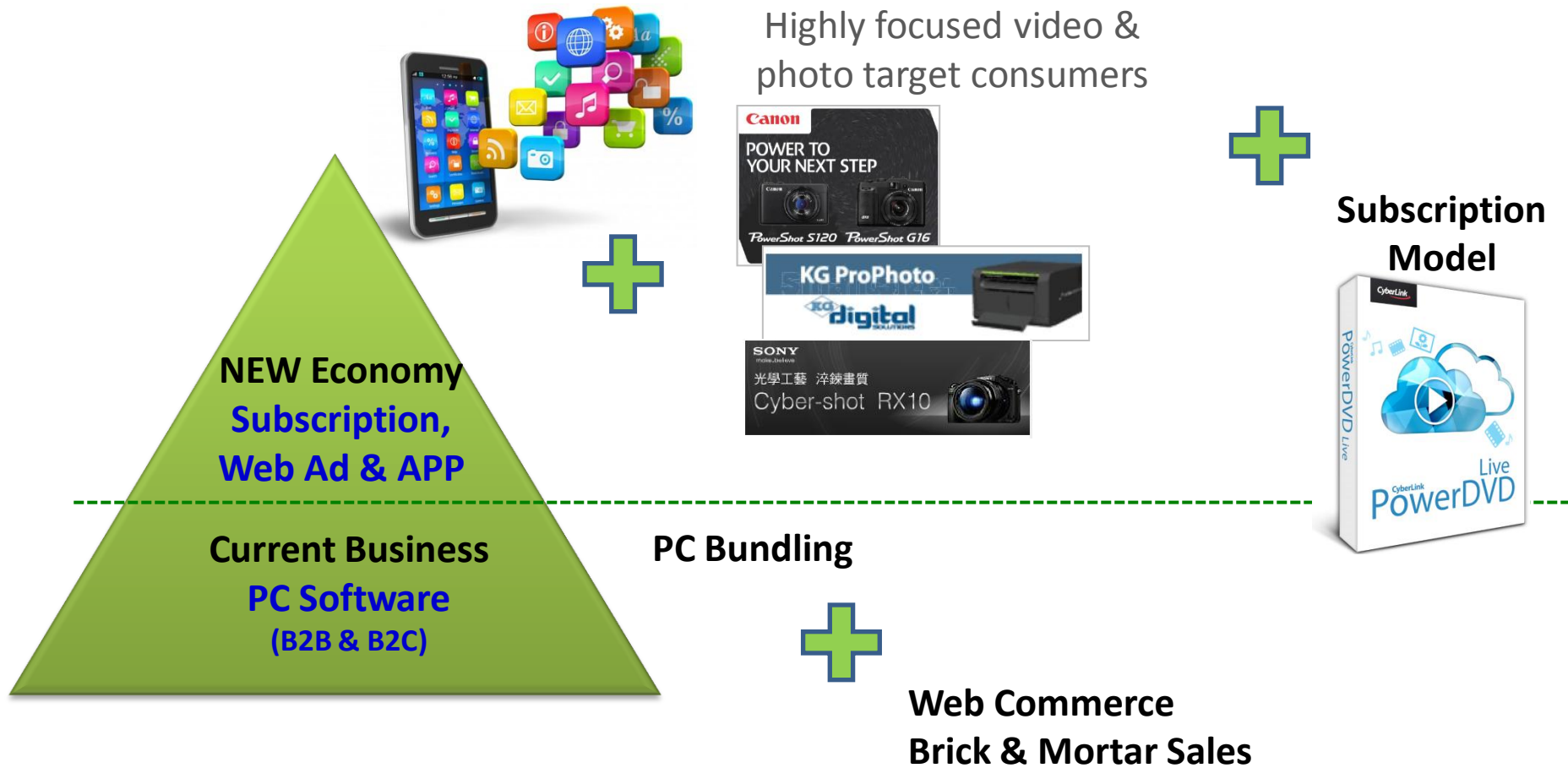
Industry's most complete family of multimedia apps derived from our best-in-class software brands

X

Ideal ad vehicle

- Sticky: Camera and viewing are top use cases
- Targeted: Attractive to technology vendors

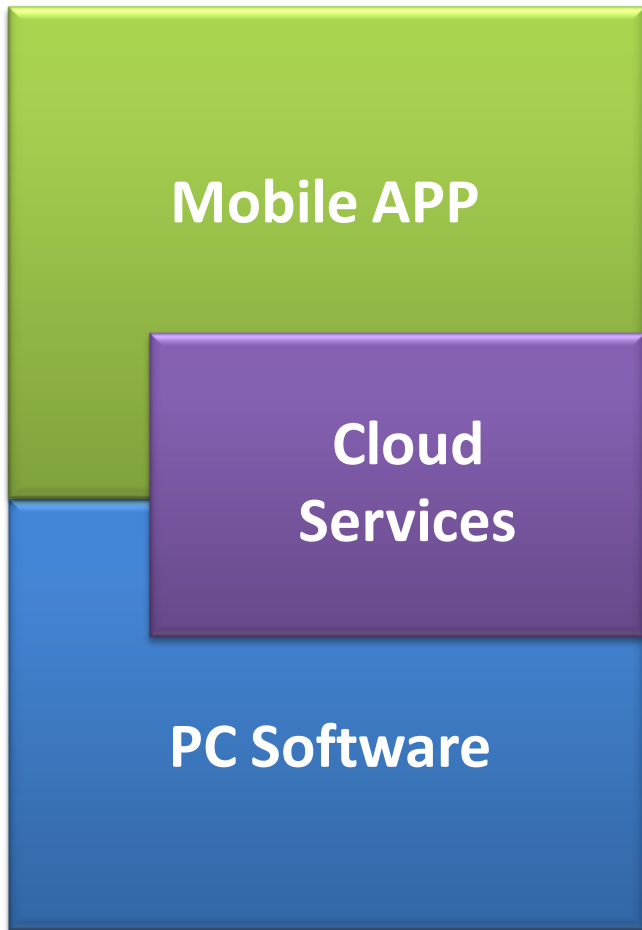
CyberLink's Opportunities Ahead



Expanding Investments in the New Economy

- Foresaw the opportunities, we actively invest resources in the New Economy since 2013.
- We will continue good investments (in term of human resources & infrastructures) in 2014
 - Estimated more than 30% of RD resource in New Economy

CyberLink in Action



- We will aggressively invest more in app developments
 - We can leverage large PC user installation base to grow app user base
 - We will monetize thru ads, in-app purchase, and cross sale to PC software
-
- We have been operating popular content sites with near 1 billion impressions per year
 - DirectorZone (for CREATE users)
 - MooveLive (for PLAY users)
 - We will start to monetize it thru ads
-
- CyberLink has a very strong brand awareness in multimedia software with >100M copies of software each year to all Top PC Vendors
 - Will strongly promote New Business Model: Subscription-based PDVD Live and Director Suite Live

Summary

- Q4-2013 margins met guidance and net income was +19.4% Q/Q. 2013 EPS after tax hit NT\$7.07 and the policy of **high dividend payout will remain**.
- Expect Q1-14 revenue -18% +/-2% from Q4-13 and operating margin 27% +/-1.5%
 - With new investment for New Economy
- Standing on the solid base of existing business and fully embracing opportunities in the New Economy
 - Expanding Subscription-based cloud services (PDVD Live & Director Suite Live)
 - Monetizing from Ad on MoovieLive.com & DirectorZone.com
 - More free apps in multimedia solution with Ads and In-App Purchase

For more information about CyberLink:
www.CyberLink.com

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

Thank You!