

ASUSTeK

1Q 2017 Investor Conference

Disclaimer

ASUSTeK's presentation contains forward-looking statements subject to significant risks and uncertainties. Actual results may differ materially from those contained in the forward-looking statements.

The forward-looking statements in this release reflect the current belief of ASUS as of the date of this release, we undertake no obligation to update these forward-looking statements for new information, future events, or otherwise.

Agenda

- **1Q 2017 Financial Result**
- **Business Highlights**
- **Strategy & Outlook**
- **Q & A**

1Q 2017 Financial Result

1Q 2017 Brand I/S

(unaudited brand consolidated financials)

in NT\$ Mn	2017 1Q	2016 4Q	QoQ	2016 1Q	YoY
Net Revenue	98,206	117,229	-16%	110,050	-11%
COGS	(85,055)	(100,971)	-16%	(95,682)	-11%
Gross Profit	13,151	16,258	-19%	14,368	-8%
Operating Expenses	(9,342)	(11,601)	-19%	(9,671)	-3%
Operating Income	3,809	4,658	-18%	4,697	-19%
Non-OP Items	855	867	-1%	559	53%
Pre-Tax Income	4,664	5,525	-16%	5,257	-11%
Tax	(1,013)	(588)	72%	(1,095)	-8%
Net Income	3,651	4,937	-26%	4,161	-12%
EPS	4.9	6.6		5.6	
Gross Margin %	13.4%	13.9%		13.1%	
Operating Margin %	3.9%	4.0%		4.3%	

1Q 2017 Non-OP Items

(unaudited brand consolidated financials)

Non-OP Items	2017 1Q	2016 4Q	QoQ	2016 1Q	YoY
Interest Income (net)	241	267	-10%	152	58%
Investment Income	(9)	425	-102%	181	-105%
<i>Askey</i>	(137)	129	-206%	64	-313%
<i>Others</i>	128	296	-57%	116	10%
Exchange Gain/(Loss)	495	(7)	7522%	79	527%
Other Income (net)	129	182	-29%	148	-13%
Total Non-OP items	855	867	-1%	559	53%

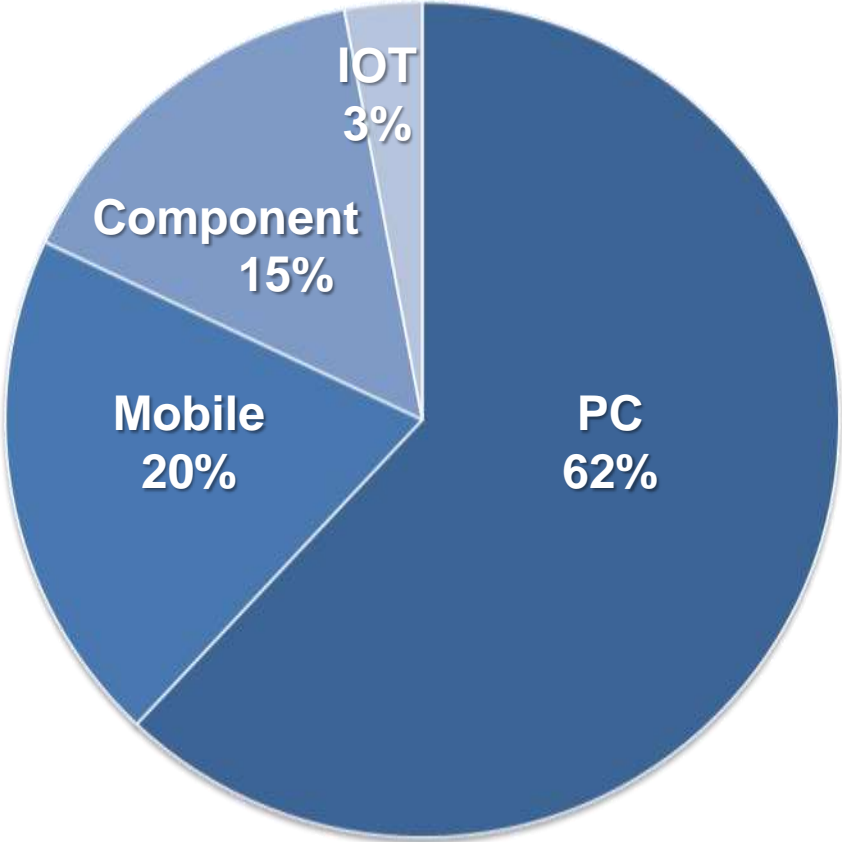
1Q 2017 Brand B/S

in NT\$ Mn	Mar 31, 2017	Dec 31, 2016	QoQ	Mar 31, 2016	YoY
Cash & equivalents	68,304	83,883	-19%	52,259	31%
Accounts receivable	72,207	76,008	-5%	75,180	-4%
Inventories	82,961	80,468	3%	85,992	-4%
Current Assets	229,275	247,887	-8%	221,811	3%
Long-term investments	81,971	76,653		74,397	
Fixed assets	8,659	8,746		3,535	
Total Assets	334,295	347,636	-4%	310,653	8%
Accounts payable	55,450	66,234	-16%	40,033	39%
Current Liabilities	137,305	155,584	-12%	128,921	7%
Total Liabilities	147,460	166,150	-11%	138,066	7%
Paid-in capital	7,428	7,428		7,428	
Stockholders' equity	186,833	181,485	3%	172,587	8%
Avg. Days of Inventory	88	70		88	
Avg. Days of AR	69	58		62	
Avg. Days of AP	69	58		48	
Avg. CCC Days	87	71		103	

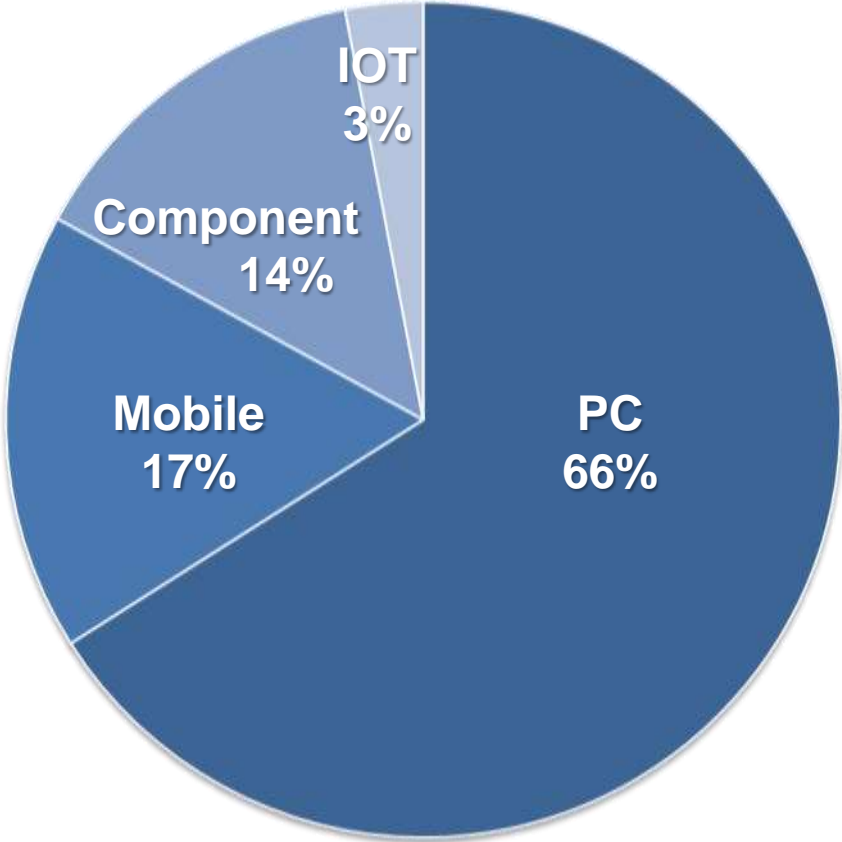
Business Highlights

Product Mix

1Q 2017

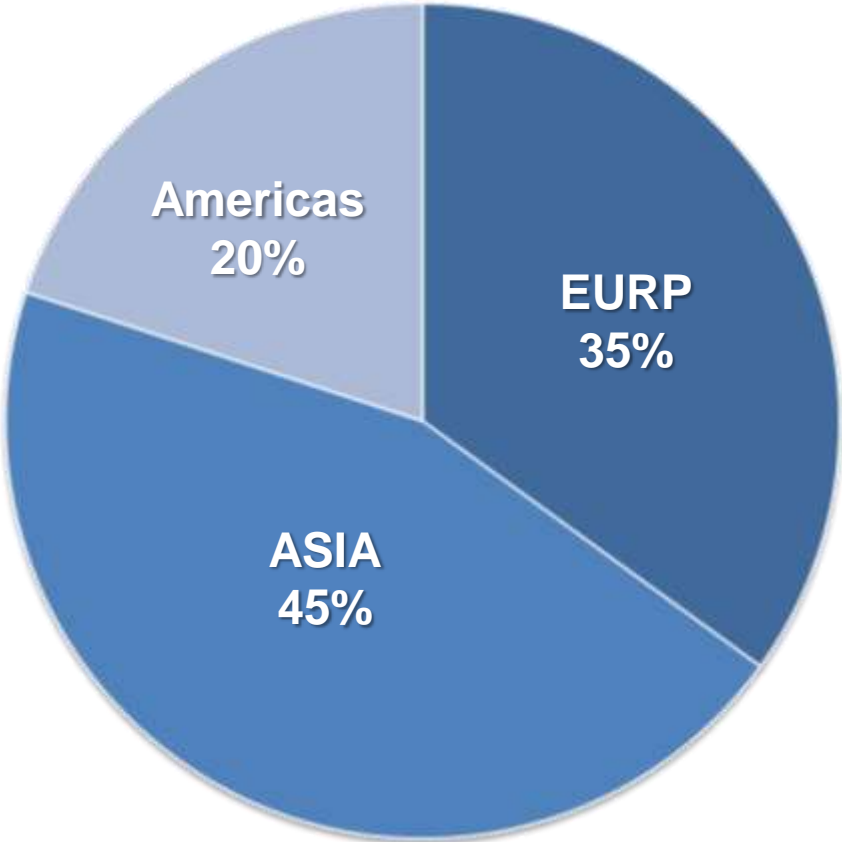


1Q 2016

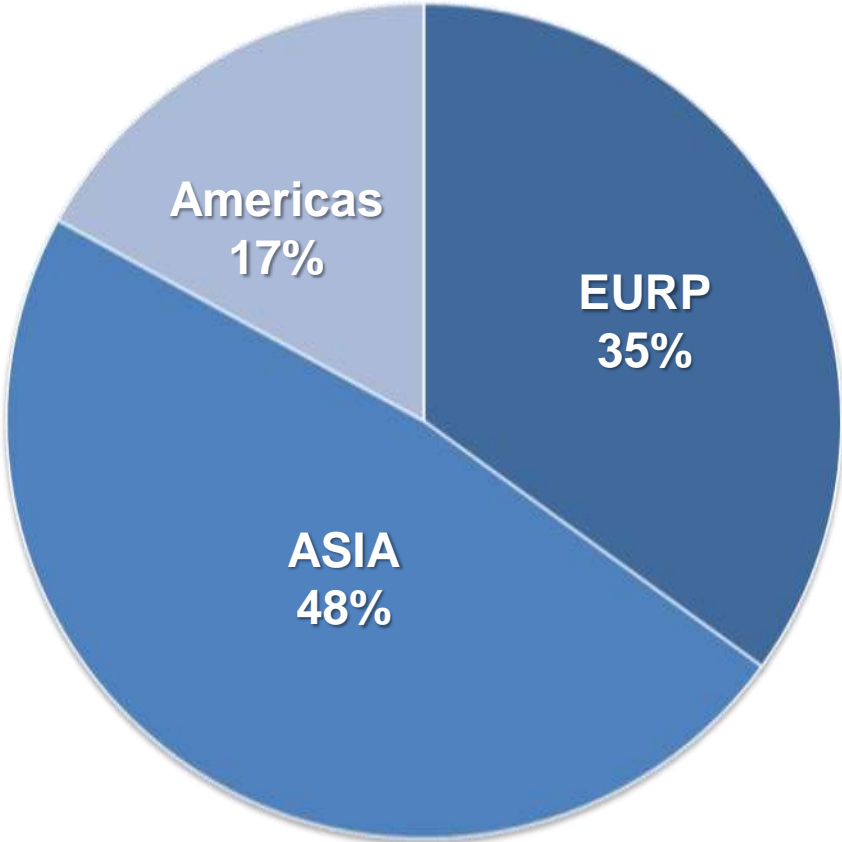


Region Mix

1Q 2017



1Q 2016



2Q 2017 Business Outlook

- PC QoQ -5% ~ -10%
- Mobile QoQ -20% ~ -25%
- Component QoQ -5% ~ -10%

Strategy & Outlook

Ubiquitous Computing

Evolution. Revolution



New Ubiquitous Computing Era



ASUS NB Growth Engine

Gaming



Slim • Performance



ZenBook Pro
VivoBook Pro

Slim • Beauty



UX490
VivoBook S

Flip / 2in1



UX370
TP401

Leading Innovation • Wow Experience

2017 NB Gaming

	<u>Q1 YoY</u>	<u>Q2 YoY(e)</u>
GTX	~10 %	~10 %
ASUS Gaming model	50 %	50 %

Revenue Contribution **20%** in 2016 **25%** in 2017Q1

2017 NB Slim • 2in1

	Q1 YoY	Q2 YoY(e)	
Slim	50 %	>20 %	
2in1*	5 %	15 %	* Excl. SFF

Revenue Contribution **12%** in 2016 **17%** in 2017Q1

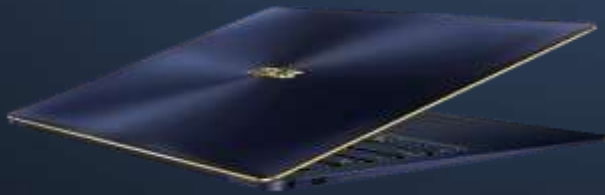
ASUS Gaming

WW Market Share **NO.1**



USA · France · Russia · Spain · Taiwan · Turkey

New Hero in Q2 / Q3



UX490



Gaming



VivoBook S



VivoBook Pro



ZenFlip UX370



REPUBLIC OF
GAMERS

GX800

NO. 1
Performance
Hydro Overclocking System





Ultra-thin Gaming Laptop
with Uncompromised Performance
Active Aerodynamic System

JOIN ^{THE}
REPUBLIC

COMING SOON

ZenBook Deluxe

Ultimate Luxury



UX390



UX490

<15mm

World's most prestigious NB

VivoBook Pro / S

Empowering Luxury for Everyone

Slim • Performance



VivoBook Pro

Slim • Beauty



VivoBook S

2 in 1 NB

Ultimate luxury



UX370

<12mm

Worlds' most slim 2in1

Empowering luxury for everyone



TP401

<15mm

Zenfone

Empowering Luxury for Everyone

Premier Luxury

Ultimate Luxury

Hero model • Hero country

Empowering Luxury for everyone

Zenfone (3) Max



Zenfone Live



Zenfone (4) Max



Premier Luxury

Zenfone 3

Zenfone 3 Zoom

Zenfone 4



Ultimate Luxury

Zenfone 3 Deluxe

Zenfone AR

Zenfone 4s



Zenfone AR

Built for augmented reality

Leather ID

World's first AR & VR

Tango enabled & Daydream-ready phone

ASUS TriCam™ System

23MP / Motion Tracking /
Depth Sensing cameras

S821 / 8GB RAM / 256 GB ROM



ZenFone AR – Quotes from the Media

Reviewed.com

"CES 2017 Editors' Choice Award Winner - ZenFone AR"



ANDROID AUTHORITY

"Best of CES 2017 - The ZenFone AR shines as the first truly high-end Tango device."



"The Best of CES 2017 - Zenfone AR actually feels like a phone you'd want to use, even if you never augment your reality."

techradar.

"Best Smartphone in CES 2017 - Asus has taken an early lead in this year's smartphone race with its Zenfone AR at CES 2017."

engadget

"Best of CES 2017 - It's more than just an AR machine too: It also supports Google's Daydream VR platform."



Zenfone™ 3 Zoom

Catch The Moment

12x Zoom

8x Low Light

2-Days No Charge





Zenfone Live

Livestream beautifully

Beautification with Facebook
& YouTube – Live!

2x Light Sensitivity

1.4 μ m pixels

Soft-Light LED Flash

for brighter selfies

Dual MEMS Mics

for clearer chat & less noise

DTS Headphone : X

7.1 surround & 5-magnet speaker

PC VR



PC VR (PC + HMD)

Mobile VR · AR

Zenfone AR

VR



Daydream-ready

AR



Tango enabled



Zenbo

Your Smart Little Companion

- ✓ Sweet Little Companion
- ✓ Fun and Educational Playmate
- ✓ Smart household helper



**IN SEARCH OF
INCREDIBLE**

ASUSTeK

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