

# ASUSTeK

## 3Q 2018 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

- **3Q 2018 Financial Result**
- **Business Highlights**
- **Strategy & Outlook**
- **Q & A**

# 3Q 2018 Financial Result

# 3Q 2018 Brand Income Statement

(unaudited brand consolidated financials)

in NT\$ Mn	2018 3Q	2018 2Q	QoQ	2017 3Q	YoY
<b>Net Revenue</b>	<b>93,771</b>	<b>80,525</b>	<b>16%</b>	<b>104,203</b>	<b>-10%</b>
COGS	(82,814)	(70,291)	18%	(89,240)	-7%
<b>Gross Profit</b>	<b>10,958</b>	<b>10,234</b>	<b>7%</b>	<b>14,963</b>	<b>-27%</b>
Operating Expenses	(8,716)	(7,411)	18%	(11,969)	-27%
<b>Operating Profit</b>	<b>2,242</b>	<b>2,823</b>	<b>-21%</b>	<b>2,994</b>	<b>-25%</b>
Non-OP Items	2,174	(996)	-318%	4,134	-47%
<b>Pre-Tax Profit</b>	<b>4,416</b>	<b>1,827</b>	<b>142%</b>	<b>7,128</b>	<b>-38%</b>
Tax	(1,073)	(496)	116%	(1,291)	-17%
<b>Net Profit</b>	<b>3,343</b>	<b>1,332</b>	<b>151%</b>	<b>5,837</b>	<b>-43%</b>
<b>EPS</b>	<b>4.5</b>	<b>1.8</b>		<b>7.9</b>	
<b>Gross Margin %</b>	<b>11.7%</b>	<b>12.7%</b>		<b>14.4%</b>	
<b>Operating Margin %</b>	<b>2.4%</b>	<b>3.5%</b>		<b>2.9%</b>	

# 3Q 2018 Non-OP Items

(unaudited brand consolidated financials)

<b>Non-OP Items</b>	<b>2018 3Q</b>	<b>2018 2Q</b>	<b>QoQ</b>	<b>2017 3Q</b>	<b>YoY</b>
Interest Income (net)	298	391	-24%	190	57%
Investment Income	(496)	(161)	-208%	148	-434%
<i>Askey</i>	(777)	(612)	-27%	(293)	-165%
<i>Others</i>	282	451	-38%	441	-36%
Exchange Gain/(Loss)	(279)	(1,407)	80%	773	-136%
Dividend Income	2,479	4	61881%	2,794	-11%
Other Income (net)	171	178	-3%	228	-25%
<b>Total Non-OP items</b>	<b>2,174</b>	<b>(996)</b>	<b>318%</b>	<b>4,134</b>	<b>-47%</b>

# 3Q 2018 Brand Balance Sheet

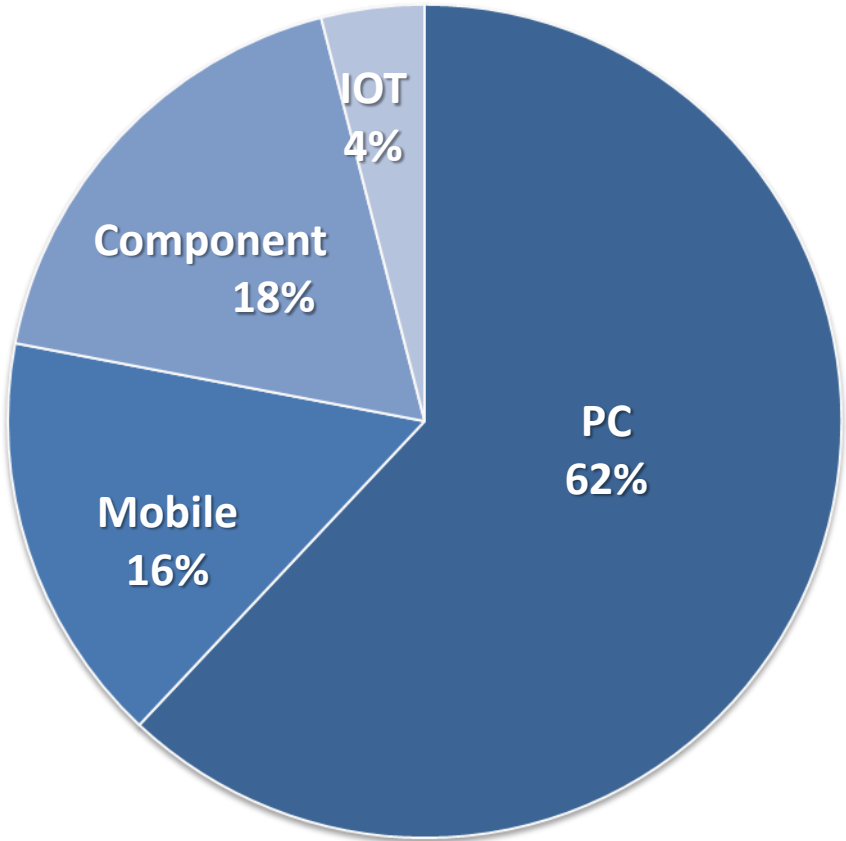
in NT\$ Mn	Sep 30, 2018	Jun 30, 2018	QoQ	Sep 30, 2017	YoY
Cash & equivalents	62,449	71,864	-13%	52,873	18%
Accounts receivable	82,717	69,830	18%	79,660	4%
Inventories	85,618	79,400	8%	84,314	2%
<b>Current Assets</b>	<b>238,396</b>	<b>230,875</b>	<b>3%</b>	<b>223,684</b>	<b>6.6%</b>
Long-term investments	69,237	66,973		76,455	
Fixed assets	11,036	10,715		9,472	
<b>Total Assets</b>	<b>333,526</b>	<b>323,097</b>	<b>3%</b>	<b>323,461</b>	<b>3%</b>
Accounts payable	66,418	51,020	30%	53,746	24%
<b>Current Liabilities</b>	<b>152,781</b>	<b>147,005</b>	<b>4%</b>	<b>138,649</b>	<b>10%</b>
<b>Total Liabilities</b>	<b>164,065</b>	<b>158,212</b>	<b>4%</b>	<b>148,750</b>	<b>10%</b>
Paid-in capital	7,428	7,428		7,428	
<b>Stockholders' equity</b>	<b>169,460</b>	<b>164,885</b>	<b>3%</b>	<b>174,711</b>	<b>-3%</b>
Avg. Days of Inventory	91	102		89	
Avg. Days of AR	74	77		66	
Avg. Days of AP	69	68		60	
<b>Avg. CCC Days</b>	<b>96</b>	<b>111</b>		<b>94</b>	

# Business Highlights

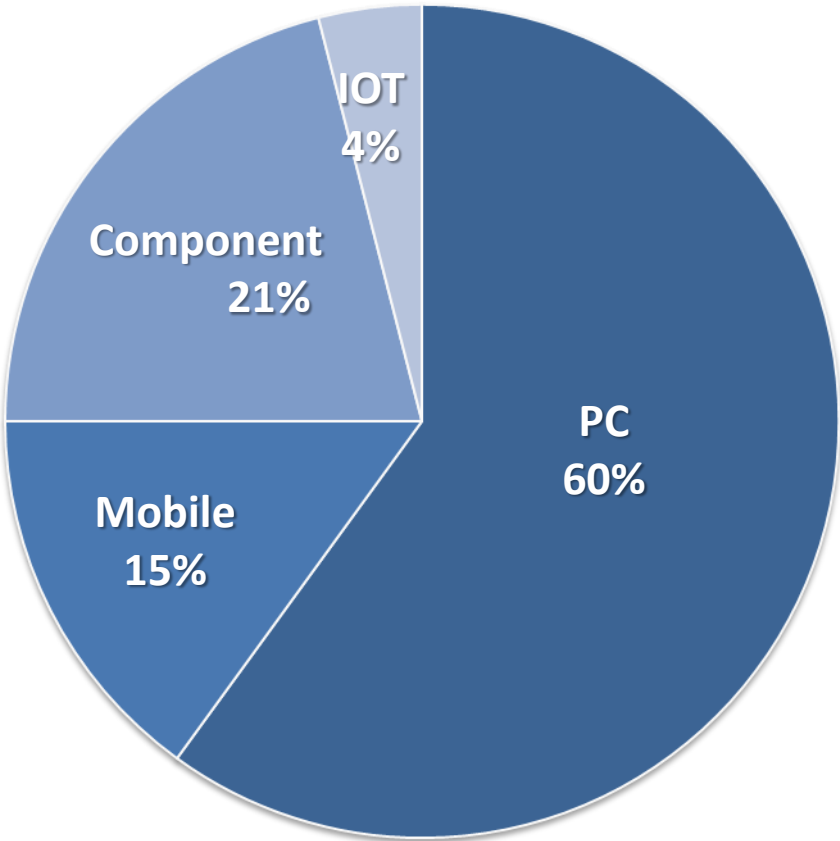


# Product Mix

3Q 2018

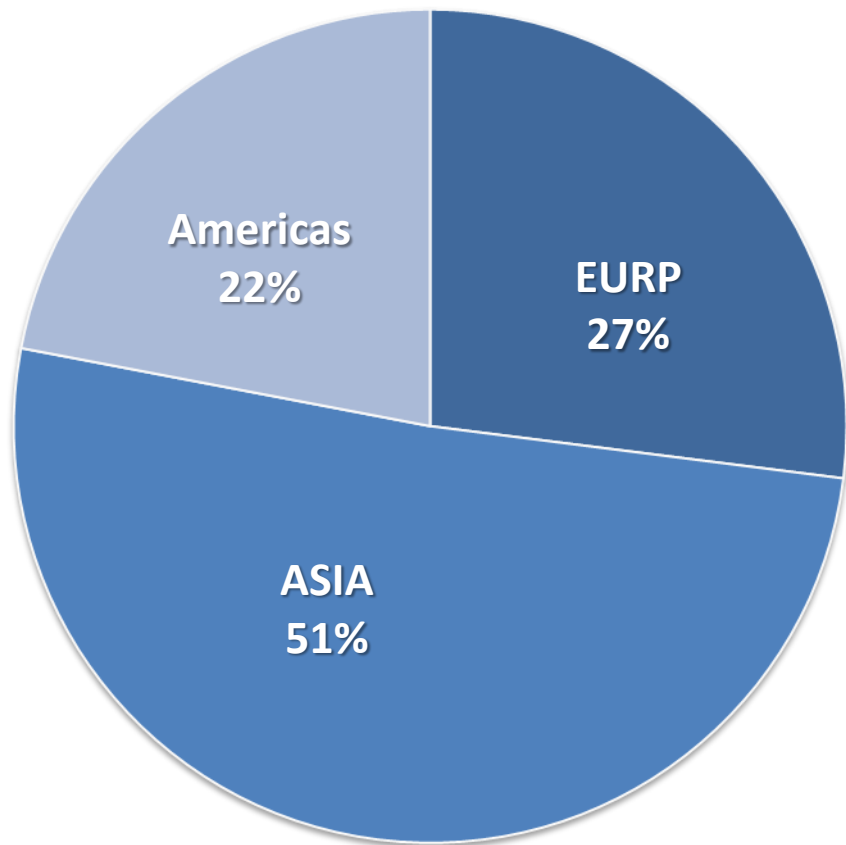


2Q 2018

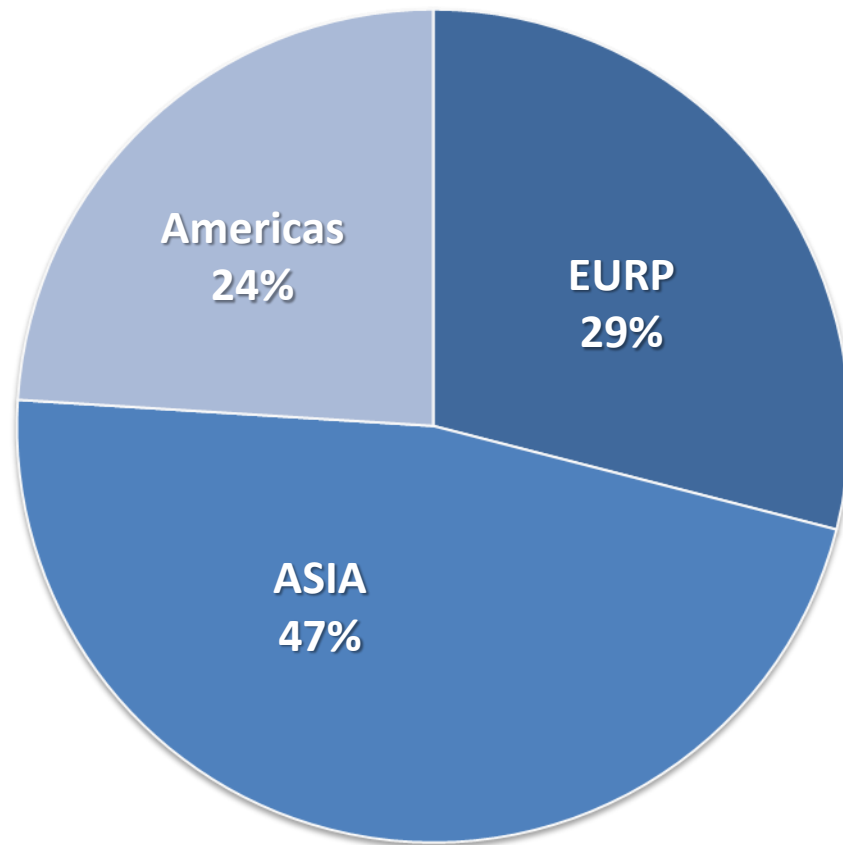


# Region Mix

**3Q 2018**



**2Q 2018**



# 4Q 2018 Business Outlook

- PC QoQ flattish
- Mobile QoQ 0% ~ +5%
- Component QoQ 0% ~ -5%

# Strategy & Outlook

# Smart Enterprise



# Opportunity

## Two Pronged Strategy



# Sustain Current Business

S

Design · Innovation · Talents · Computing & Power  
Performance

W

Scale · Agility

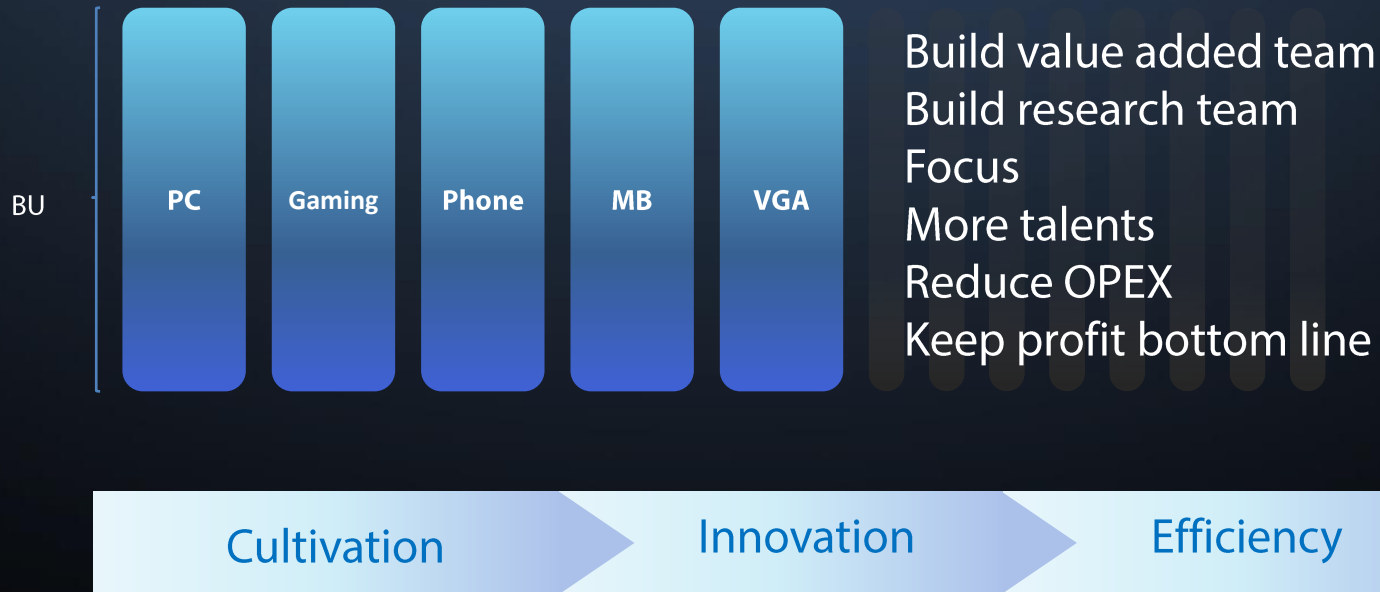
O

Gaming / Eco system

T

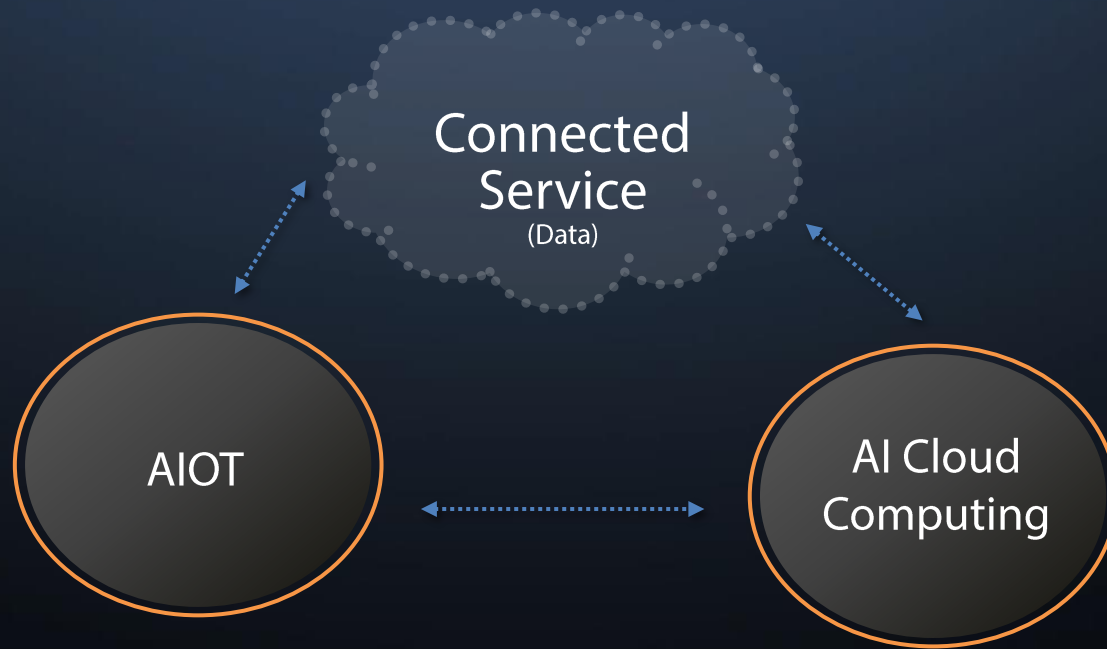
The trade war between China & the US  
Intel CPU Shortage  
Peers price pressure

# Strategy to Current Business





# Catch Future Trend



# Q & A