

ASUSTeK

1Q 2019 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 2019 Financial Result**
- **Business Highlights**
- **Strategy & Outlook**
- **Q & A**

1Q 2019 Financial Result

1Q 2019 Brand P&L

(unaudited brand consolidated financials)

in NT\$ Mn	2019 1Q	2018 4Q	QoQ	2018 1Q	YoY
Net Revenue	83,503	88,099	-5%	90,056	-7%
COGS	(73,911)	(84,446)	-12%	(77,480)	-5%
Gross Profit	9,592	3,653	163%	12,577	-24%
Operating Expenses	(8,706)	(9,998)	-13%	(8,517)	2%
Operating Profit	886	(6,345)	-114%	4,060	-78%
Non-OP Items	2,140	2,510	-15%	(760)	-381%
Pre-Tax Profit	3,026	(3,835)	-179%	3,300	-8%
Tax	(839)	1,016	-183%	(920)	-9%
Net Profit	2,187	(2,819)	-178%	2,380	-8%
EPS	2.9	(3.8)		3.2	
Gross Margin %	11.5%	4.1%		14.0%	
Operating Margin %	1.1%	-7.2%		4.5%	

1Q 2019 Brand P&L (pro forma – excluding phone's P&L)

(unaudited brand consolidated financials)

in NT\$ Mn	2019 1Q	Phone old models	Phone new models	W/O Phone
Net Revenue	83,503	7,442	391	75,670
COGS	(73,911)	(6,909)	(325)	(66,677)
Gross Profit	9,592	533	66	8,993
Operating Expenses	(8,706)	(993)	(313)	(7,400)
Operating Profit	886	(460)	(247)	1,593
Non-OP Items	2,140	251	15	1,873
Pre-Tax Profit	3,026	(209)	(232)	3,467
Tax	(839)	(152)	38	(725)
Net Profit	2,187	(361)	(193)	2,741
EPS	2.9	(0.5)	(0.3)	3.7
Gross Margin %	11.5%	7.2%	16.8%	11.9%
Operating Margin %	1.1%	-6.2%	-63.1%	2.1%

1Q 2019 Brand Non-OP Items

(unaudited brand consolidated financials)

Non-OP Items	2019 1Q	2018 4Q	QoQ	2018 1Q	YoY
Interest Income (net)	271	269	0%	300	-10%
Investment Income	142	517	-73%	(144)	198%
<i>Askey</i>	(61)	(319)	81%	(505)	88%
<i>Others</i>	203	837	-76%	361	-44%
Exchange Gain/(Loss)	1,387	514	170%	1,173	18%
Disposal Gain		1,212	-		-
Other Income (net)	340	(3)	12059%	(2,089)	116%
Total Non-OP items	2,140	2,510	-15%	(760)	381%

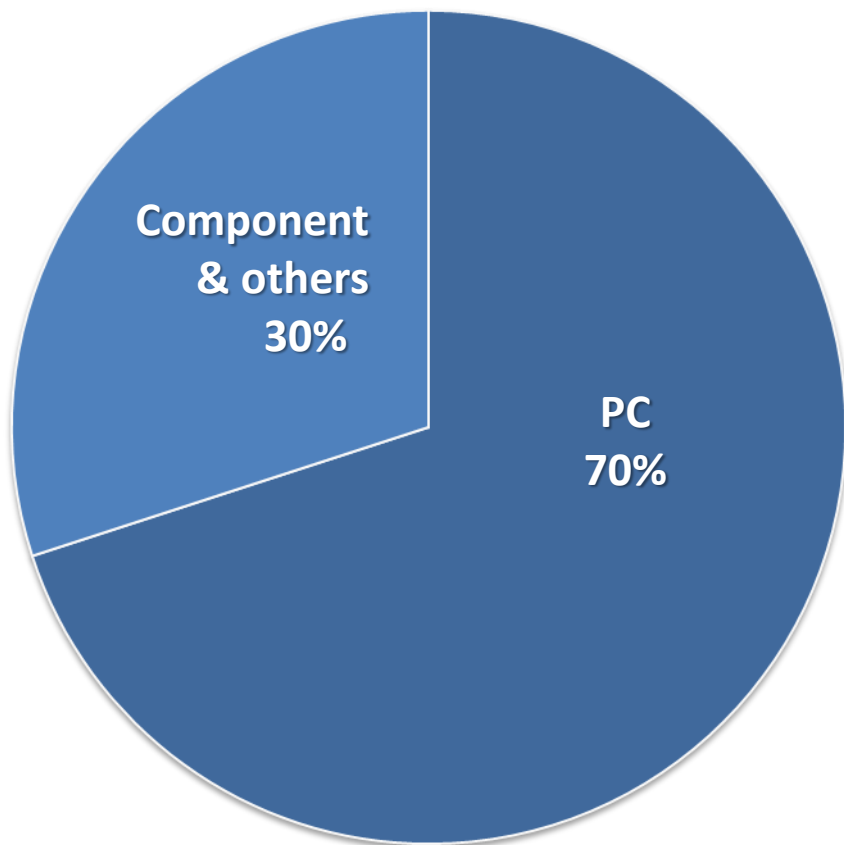
1Q 2019 Brand Balance Sheet

in NT\$ Mn	Mar 31, 2019	Dec 31, 2018	QoQ	Mar 31, 2018	YoY
Cash & equivalents	52,838	55,773	-5%	70,783	-25%
Accounts receivable	71,681	75,273	-5%	65,917	9%
Inventories	80,775	86,694	-7%	77,983	4%
Current Assets	212,149	226,428	-6%	222,896	-4.8%
Long-term investments	67,380	64,515		72,997	
Fixed assets	13,050	11,855		10,031	
Total Assets	309,284	318,283	-3%	321,416	-4%
Accounts payable	45,348	58,850	-23%	47,733	-5%
Current Liabilities	128,466	145,620	-12%	133,001	-3%
Total Liabilities	140,073	156,918	-11%	144,259	-3%
Paid-in capital	7,428	7,428		7,428	
Stockholders' equity	169,210	161,365	5%	177,157	-4%
Avg. Days of Inventory	103	93		91	
Avg. Days of AR	80	82		72	
Avg. Days of AP	68	73		60	
Avg. CCC Days	115	102		102	

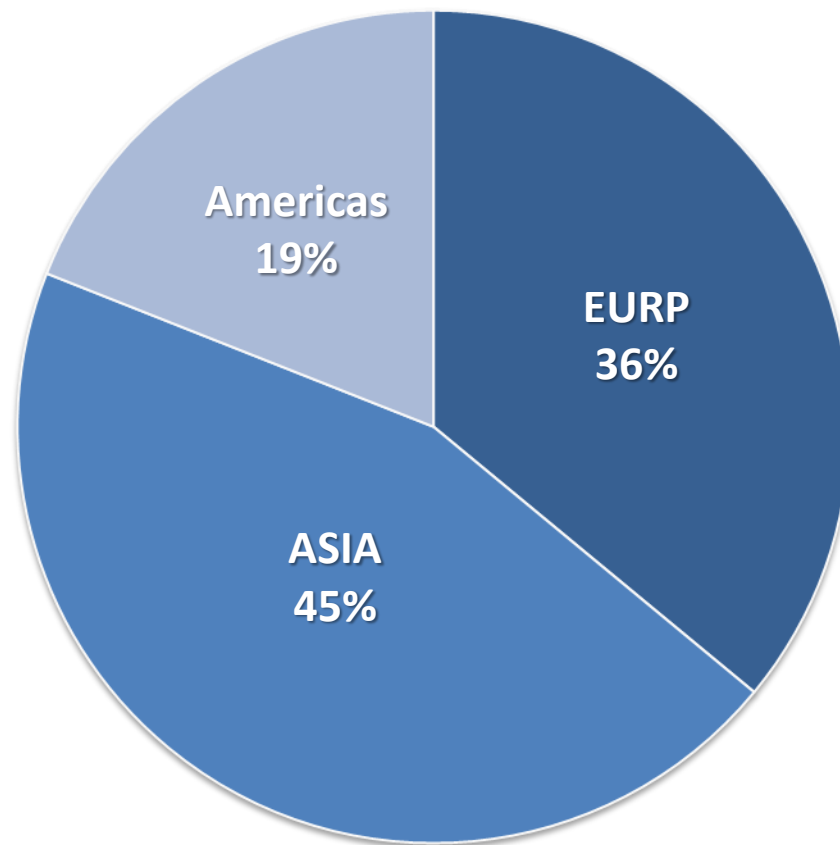
Business Highlights

1Q 2019 Revenue Mix

By Product Group



By Region



* Excluding revenue of smartphones

2Q 2019 Business Outlook

- **PC QoQ 0% ~ -5%**
- **Component QoQ 0% ~ -5%**

Strategy & Outlook

Key Business Objectives

Transformation

- Proactively managed component shortages to achieve a better product mix and average selling price. The cryptocurrency-related inventory adjustment was on track.
- Smartphone business transformation to be completed in 1H 2019. ZenFone 6 and ROG Phone 2 to deliver a strong fresh start in 2H 2019.
- Continued execution on culture and organization evolution. Business strategy and decision making were based on team wisdom and idea meritocracy.

Leadership & growth initiatives

- No. 1 in MB & graphics cards with the best brand and product quality. Extended the brand premium and quality management to other component products over time.
- Thin & light NB grew to 40-50% of total NB shipments. New notebook models to be introduced in late 2Q 2019, pioneering new product features to upgrade the user experience to a new level.
- No. 1 in gaming notebooks with 20% year-over-year unit growth in 1Q 2019. Strong product lineup and user recognition to bring consequent growth in 2Q 2019.

Q & A