

ASUSTeK

2Q 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

- **2Q 2019 Financial Result**
- **Business Highlights**
- **Strategy & Outlook**
- **Q & A**

2Q 2019 Financial Result

2Q 2019 Brand P&L

(unaudited brand consolidated financials)

in NT\$ Mn	2019 2Q	2019 1Q	QoQ	2018 2Q	YoY
Net Revenue	71,272	83,503	-15%	80,525	-11%
COGS	(61,410)	(73,911)	-17%	(70,291)	-13%
Gross Profit	9,862	9,592	3%	10,234	-4%
Operating Expenses	(8,852)	(8,706)	2%	(7,411)	19%
Operating Profit	1,010	886	14%	2,823	-64%
Non-OP Items	1,183	2,140	-45%	(996)	-219%
Pre-Tax Profit	2,193	3,026	-28%	1,827	20%
Tax	(513)	(839)	-39%	(496)	4%
Net Profit	1,680	2,187	-23%	1,332	26%
EPS	2.3	2.9		1.8	
Gross Margin %	13.8%	11.5%		12.7%	
Operating Margin %	1.4%	1.1%		3.5%	

2Q 2019 Brand P&L (pro forma – excluding phone's P&L)

(unaudited brand consolidated financials)

in NT\$ Mn	2019 2Q	Phone old models	Phone new models	W/O Phone
Net Revenue	71,272	5,403	433	65,435
COGS	(61,410)	(5,122)	(391)	(55,897)
Gross Profit	9,862	281	42	9,538
Operating Expenses	(8,852)	(747)	(603)	(7,502)
Operating Profit	1,010	(466)	(560)	2,036
Non-OP Items	1,183	(36)	(8)	1,227
Pre-Tax Profit	2,193	(501)	(569)	3,263
Tax	(513)	(100)	76	(489)
Net Profit	1,680	(601)	(493)	2,774
EPS	2.3	(0.8)	(0.7)	3.7
Gross Margin %	13.8%	5.2%	9.8%	14.6%
Operating Margin %	1.4%	-8.6%	-129.4%	3.1%

2Q 2019 Brand Non-OP Items

(unaudited brand consolidated financials)

Non-OP Items	2019 2Q	2019 1Q	QoQ	2018 2Q	YoY
Interest Income (net)	335	271	24%	391	-14%
Investment Income	137	142	-3%	(161)	185%
<i>Askey</i>	(57)	(61)	7%	(612)	91%
<i>Others</i>	194	203	-4%	451	-57%
Exchange Gain/(Loss)	311	1,387	-78%	(1,407)	122%
Dividend Income	2		-	4	-43%
Other Income (net)	398	340	17%	178	124%
Total Non-OP items	1,183	2,140	-45%	(996)	219%

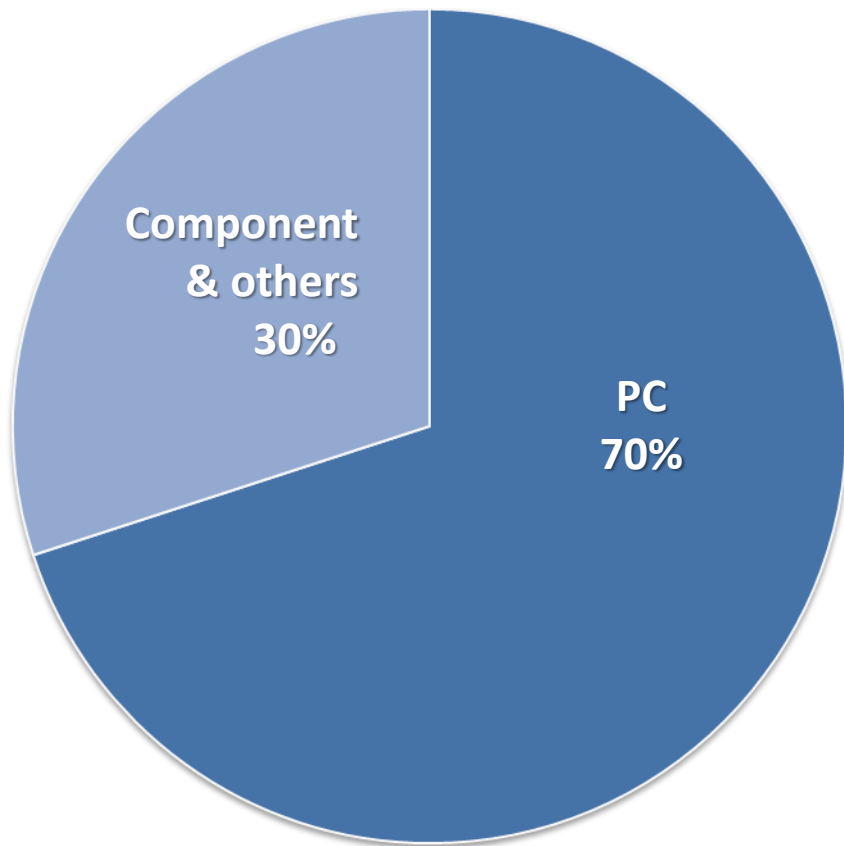
2Q 2019 Brand Balance Sheet

in NT\$ Mn	Jun 30, 2019	Mar 31, 2019	QoQ	Jun 30, 2018	YoY
Cash & equivalents	61,703	52,838	17%	71,864	-14%
Accounts receivable	62,949	71,681	-12%	69,830	-10%
Inventories	75,039	80,775	-7%	79,400	-5%
Current Assets	208,186	212,149	-2%	230,875	-10%
Long-term investments	68,072	67,380		66,973	
Fixed assets	15,580	13,050		10,715	
Total Assets	308,902	309,284	-0%	323,097	-4%
Accounts payable	42,126	45,348	-7%	51,020	-17%
Current Liabilities	136,508	128,466	6%	147,005	-7%
Total Liabilities	148,131	140,074	6%	158,212	-6%
Paid-in capital	7,428	7,428		7,428	
Stockholders' equity	160,770	169,210	-5%	164,885	-2%
Avg. Days of Inventory	116	103		102	
Avg. Days of AR	86	80		77	
Avg. Days of AP	70	68		68	
Avg. CCC Days	132	115		111	

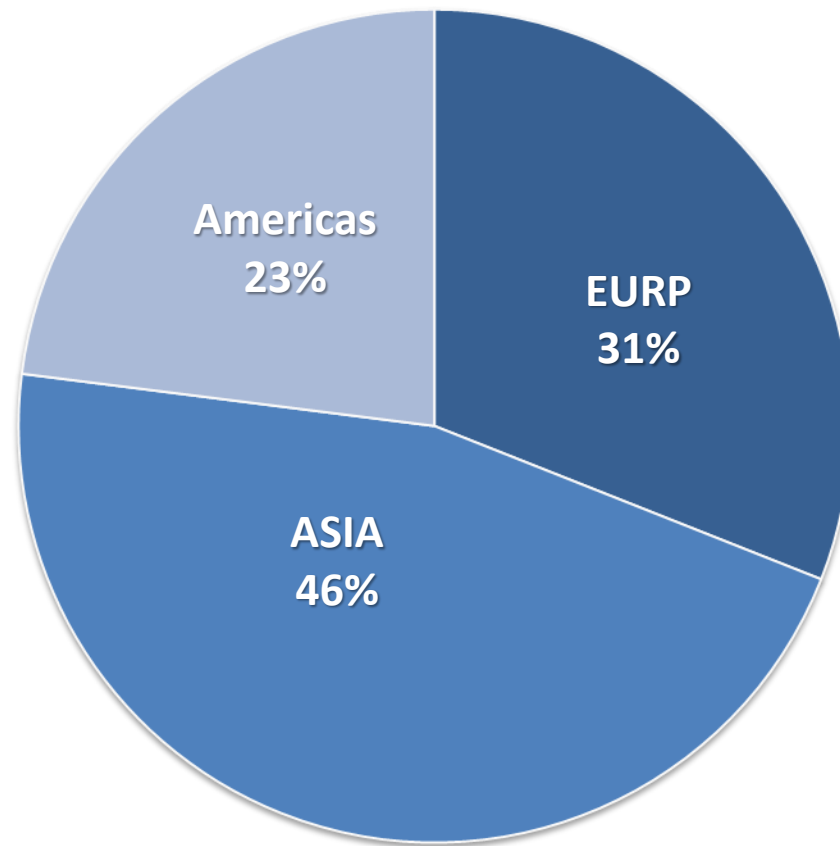
Business Highlights

2Q 2019 Revenue Mix

By Product Group



By Region



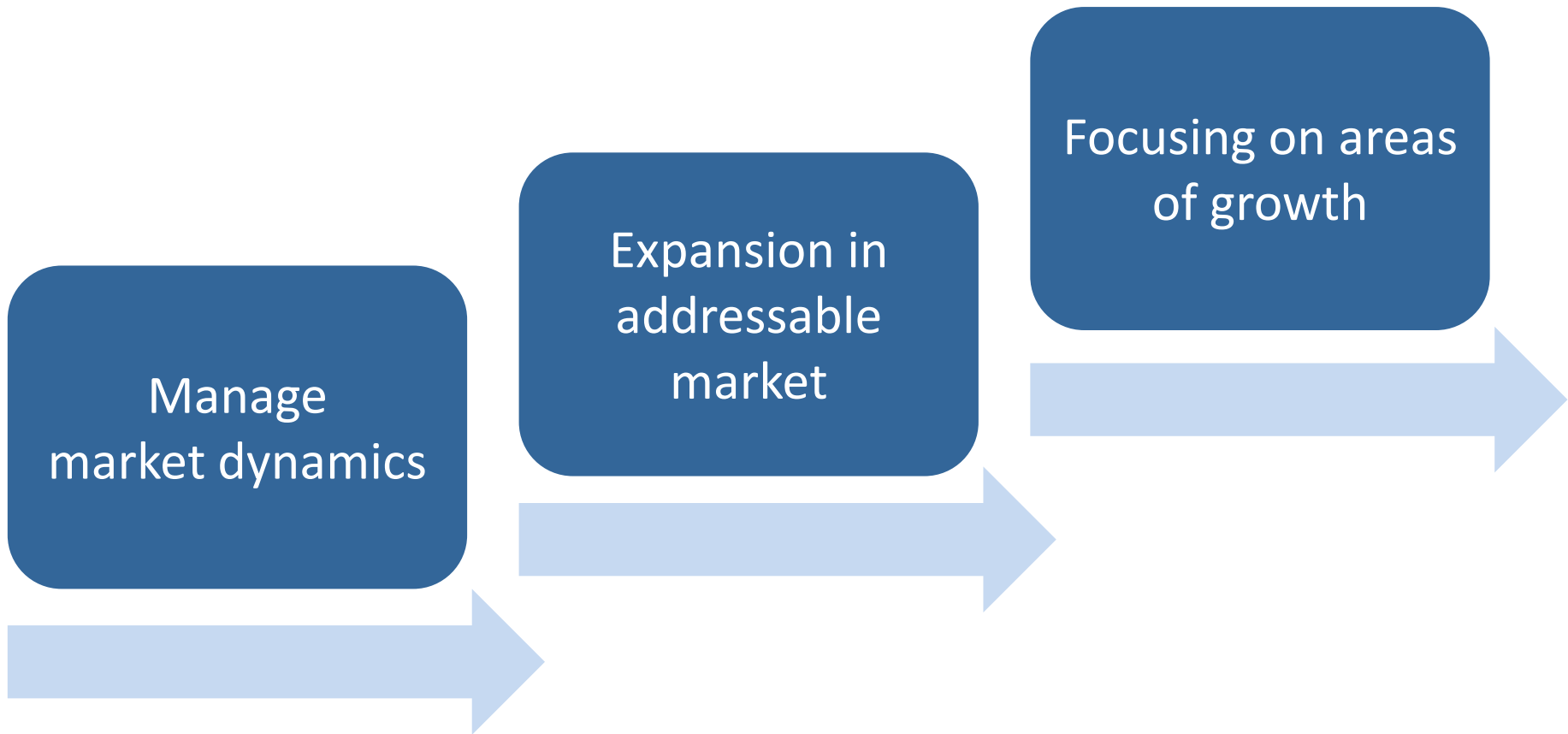
* Excluding revenue of smartphones

3Q 2019 Business Outlook

- **PC QoQ +20%**
- **Component QoQ +15%**

Strategy & Outlook

Key Business Objectives



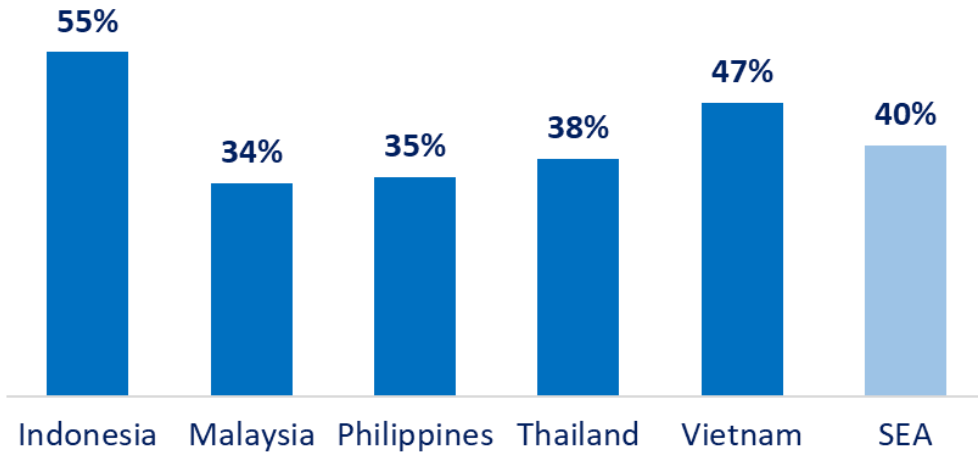
Gaming Phone Ecosystem

ROG Phone 2 has received outstanding recognition and delivered stronger-than-expected demand. This has resulted in strong gains in the gaming phone market, and is expected to lead to an unmatched market leading position within three years.

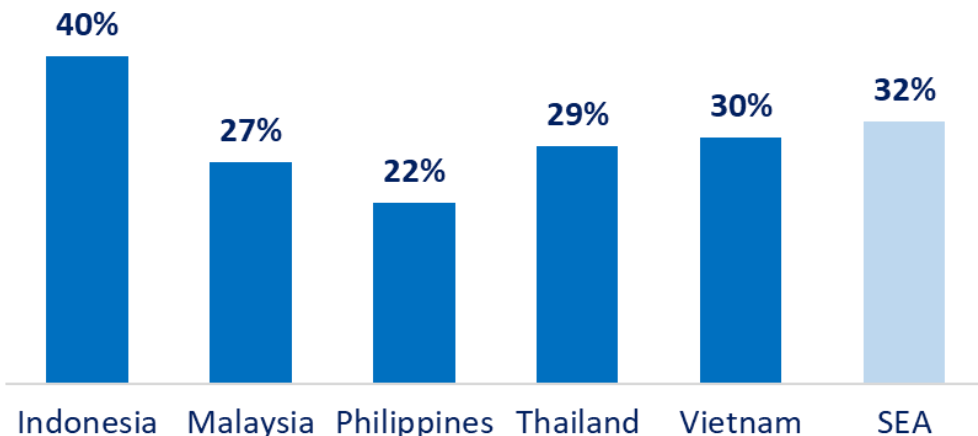


No. 1 in Southeast Asia

Gaming NB market share

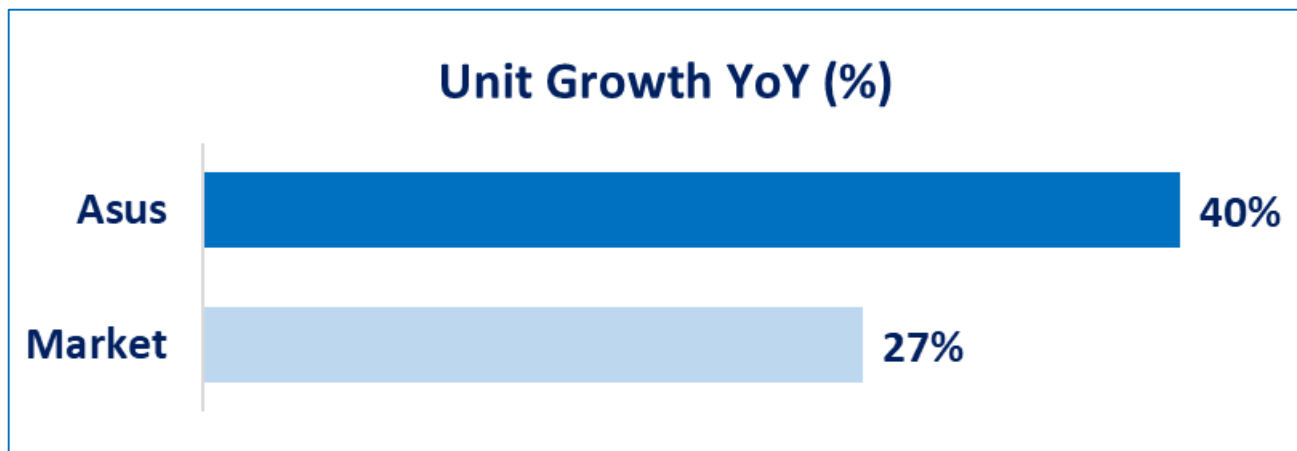
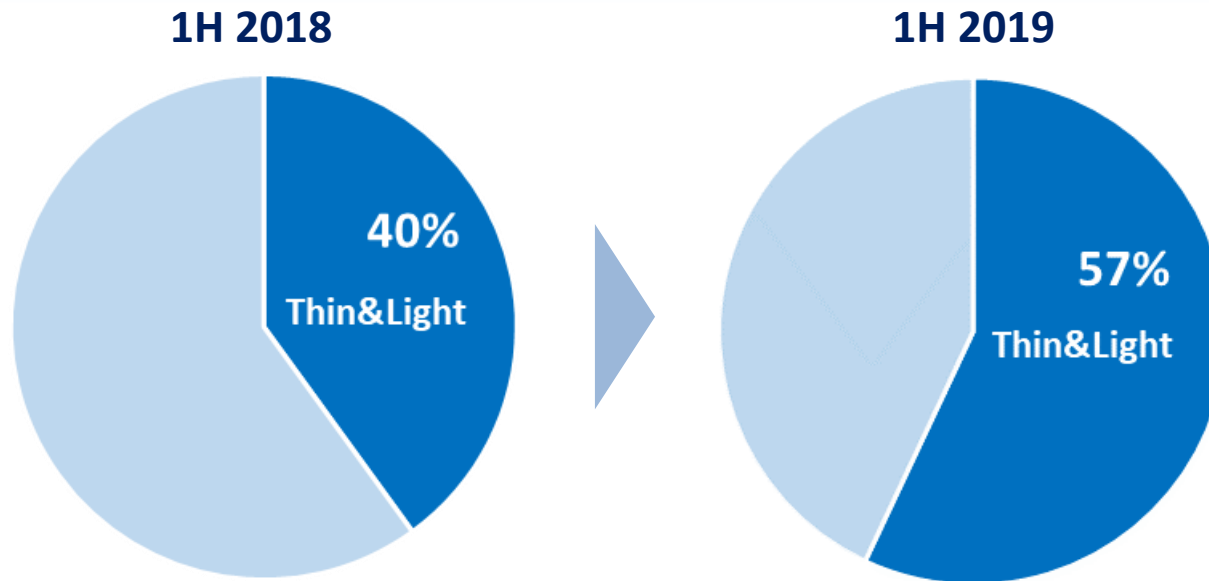


NB market share



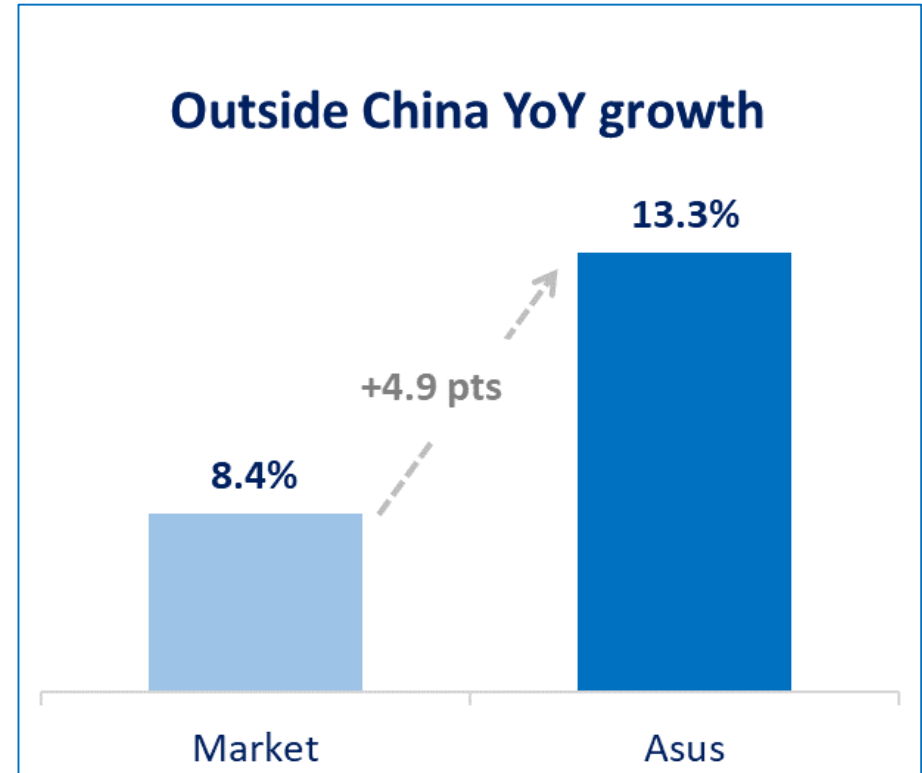
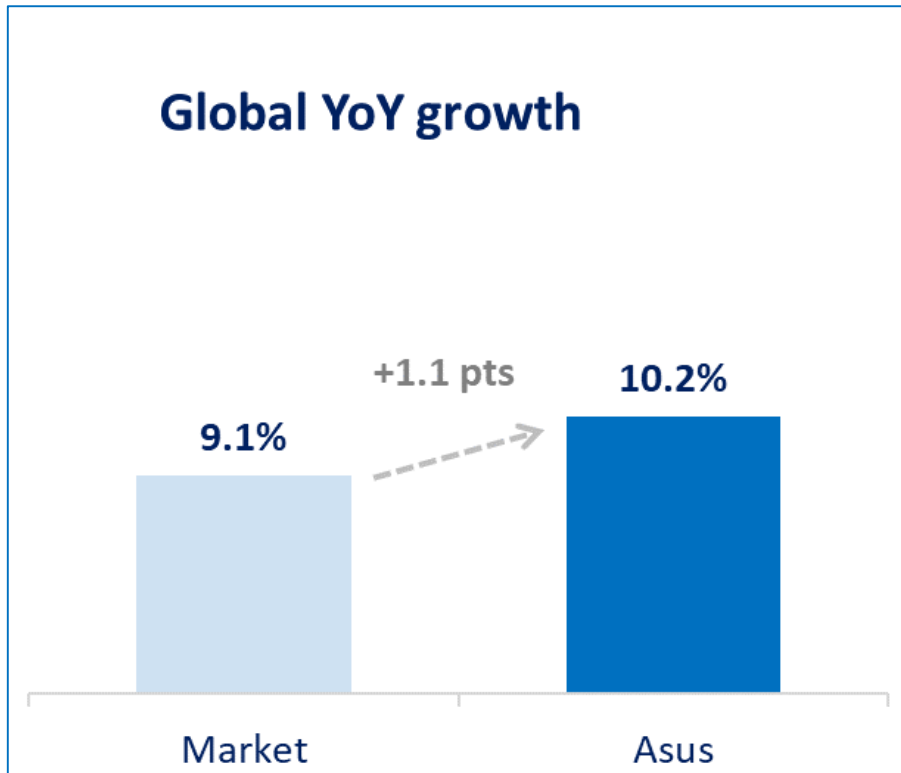
- ASUS is No.1 in motherboards, notebooks and gaming notebooks across all major countries in Southeast Asia
- Additional resources are being invested to build an absolutely dominating market presence in the region.

Thin & Light NB Growth in 1H 2019



Gaming NB Growth in 1H 2019

- Consistently outgrew the Gaming NB market



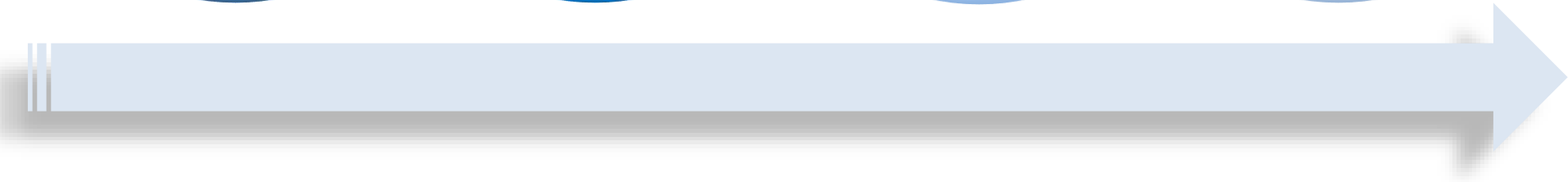
New Product Categories

Consumer

Gamer

Creator

Professional



Q & A