

ASUSTeK

4Q 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

- **4Q 2019 Financial Result**
- **Business Highlights**
- **Strategy & Outlook**
- **Q & A**

4Q 2019 Financial Result

4Q 2019 Brand P&L

in NT\$ Mn	2019 4Q	2019 3Q	QoQ	2018 4Q	YoY
Net Revenue	89,288	88,467	1%	88,099	1%
COGS	(77,551)	(74,955)	3%	(84,446)	-8%
Gross Profit	11,737	13,512	-13%	3,653	221%
Operating Expenses	(10,747)	(9,150)	17%	(9,998)	7%
Operating Profit	991	4,362	-77%	(6,345)	116%
Non-OP Items	2,162	2,643	-18%	2,510	-14%
Pre-Tax Profit	3,153	7,005	-55%	(3,835)	182%
Tax	(514)	(1,372)	-63%	1,016	-151%
Net Profit	2,639	5,633	-53%	(2,819)	194%
EPS	3.6	7.6		(3.8)	
Gross Margin %	13.1%	15.3%		4.1%	
Operating Margin %	1.1%	4.9%		-7.2%	

4Q 2019 Brand P&L (pro forma – excluding phone's P&L)

in NT\$ Mn	2019 4Q	Phone old models	Phone new models	W/O Phone
Net Revenue	89,288	1,898	3,437	83,953
COGS	(77,551)	(2,098)	(3,377)	(72,076)
Gross Profit	11,737	(200)	60	11,877
Operating Expenses	(10,747)	(173)	(862)	(9,712)
Operating Profit	991	(372)	(802)	2,165
Non-OP Items	2,162	(365)	(41)	2,569
Pre-Tax Profit	3,153	(738)	(844)	4,734
Tax	(514)	346	71	(932)
Net Profit	2,639	(391)	(773)	3,802
EPS	3.6	(0.5)	(1.0)	5.1
Gross Margin %	13.1%	-10.5%	1.7%	14.1%
Operating Margin %	1.1%	-19.6%	-23.3%	2.6%

4Q 2019 Brand Non-OP Items

Non-OP Items	2019 4Q	2019 3Q	QoQ	2018 4Q	YoY
Interest Income (net)	276	292	-5%	269	3%
Investment Income	491	44	1016%	517	-5%
<i>Askey</i>	123	(40)	403%	(319)	138%
<i>Others</i>	368	84	336%	837	-56%
Exchange Gain/(Loss)	1,053	(141)	846%	514	105%
Dividend Income		2,301			
Disposal Gain			-	1,212	-
Other Income (net)	342	148	131%	(3)	12118%
Total Non-OP items	2,162	2,643	-18%	2,510	-14%

4Q 2019 Brand Balance Sheet

in NT\$ Mn	Dec 31, 2019	Sep 30, 2019	QoQ	Dec 31, 2018	YoY
Cash & equivalents	75,453	58,993	28%	55,773	35%
Accounts receivable	63,521	68,883	-8%	75,273	-16%
Inventories	68,937	73,452	-6%	86,694	-20%
Current Assets	216,631	212,462	2%	226,428	-4%
Long-term investments	78,279	69,232	13%	64,515	21%
Fixed assets	17,930	17,282	4%	11,855	51%
Total Assets	329,550	315,340	5%	318,283	4%
Accounts payable	53,362	50,658	5%	58,850	-9%
Current Liabilities	139,410	136,194	2%	145,620	-4%
Total Liabilities	152,690	147,832	3%	156,918	-3%
Paid-in capital	7,428	7,428		7,428	
Stockholders' equity	176,860	167,508	6%	161,365	10%
Avg. Days of Inventory	84	90		93	
Avg. Days of AR	68	68		82	
Avg. Days of AP	65	61		73	
Avg. CCC Days	87	98		102	

2019 Brand P&L

in NT\$ Mn	2019 1~12	%	2018 1~12	%	YoY
Net Revenue	332,530	100.0%	352,452	100.0%	-6%
COGS	(287,827)	(86.6%)	(315,030)	(89.4%)	-9%
Gross Profit	44,703	13.4%	37,422	10.6%	19%
Operating Expenses	(37,455)	(11.3%)	(34,641)	(9.8%)	8%
Operating Profit	7,248	2.2%	2,780	0.8%	161%
Non-OP Items	8,128	2.4%	2,928	0.8%	178%
Pre-Tax Profit	15,376	4.6%	5,709	1.6%	169%
Tax	(3,238)	(1.0%)	(1,474)	(0.4%)	120%
Net Profit	12,139	3.7%	4,235	1.2%	187%
EPS	16.3		5.7		
Non-OP Items	2019 1~12	%	2018 1~12	%	YoY
Interest Income (net)	1,174	0.4%	1,259	0.4%	-7%
Investment Income	814	0.2%	(284)	-0.1%	387%
Exchange Gain / (Loss)	2,610	0.8%	1	0.0%	397313%
Dividend Income	2,303	0.7%	2,483	0.7%	-7%
Disposal Gain			1,212	0.3%	-
Other Income (net)	1,228	0.4%	(1,743)	-0.5%	170%
Total Non-OP items	8,128	2.4%	2,928	0.8%	178%

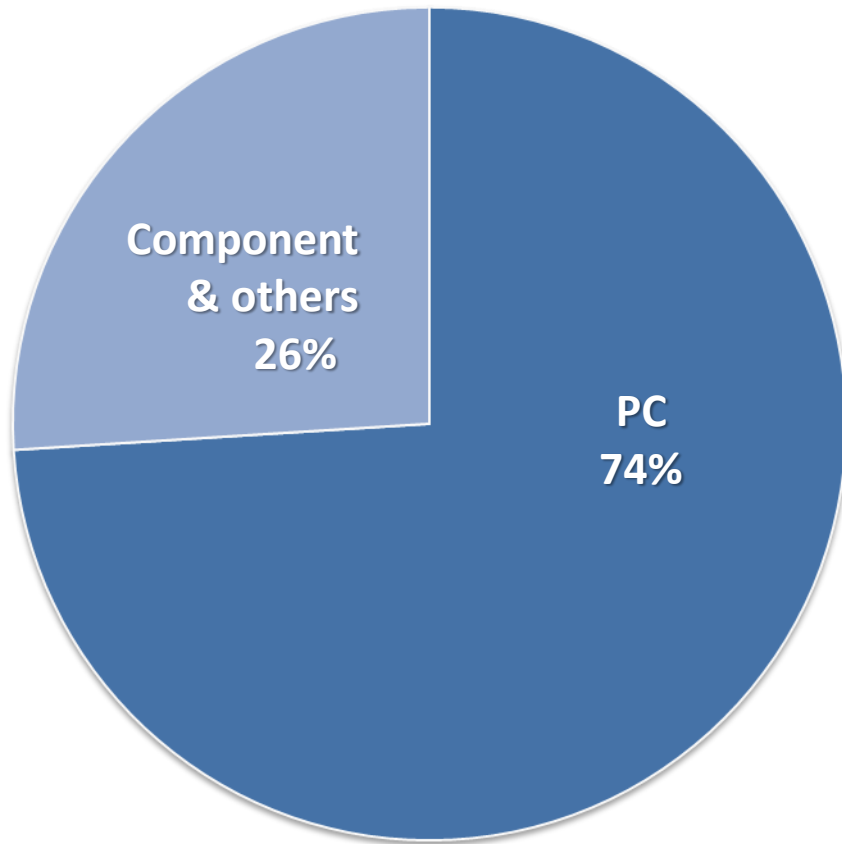
2019 Brand P&L (pro forma – excluding phone's P&L)

in NT\$ Mn	2019 1~12	Phone old models	Phone new models	W/O Phone
Net Revenue	332,530	17,139	6,360	309,031
COGS	(287,827)	(17,424)	(6,465)	(263,938)
Gross Profit	44,703	(285)	(105)	45,093
Operating Expenses	(37,455)	(2,108)	(2,678)	(32,669)
Operating Profit	7,248	(2,393)	(2,783)	12,424
Non-OP Items	8,128	(168)	5	8,290
Pre-Tax Profit	15,376	(2,560)	(2,778)	20,715
Tax	(3,238)	365	381	(3,984)
Net Profit	12,139	(2,195)	(2,397)	16,731
EPS	16.3	(3.0)	(3.2)	22.5
Gross Margin %	13.4%	-1.7%	-1.7%	14.6%
Operating Margin %	2.2%	-14.0%	-43.8%	4.0%

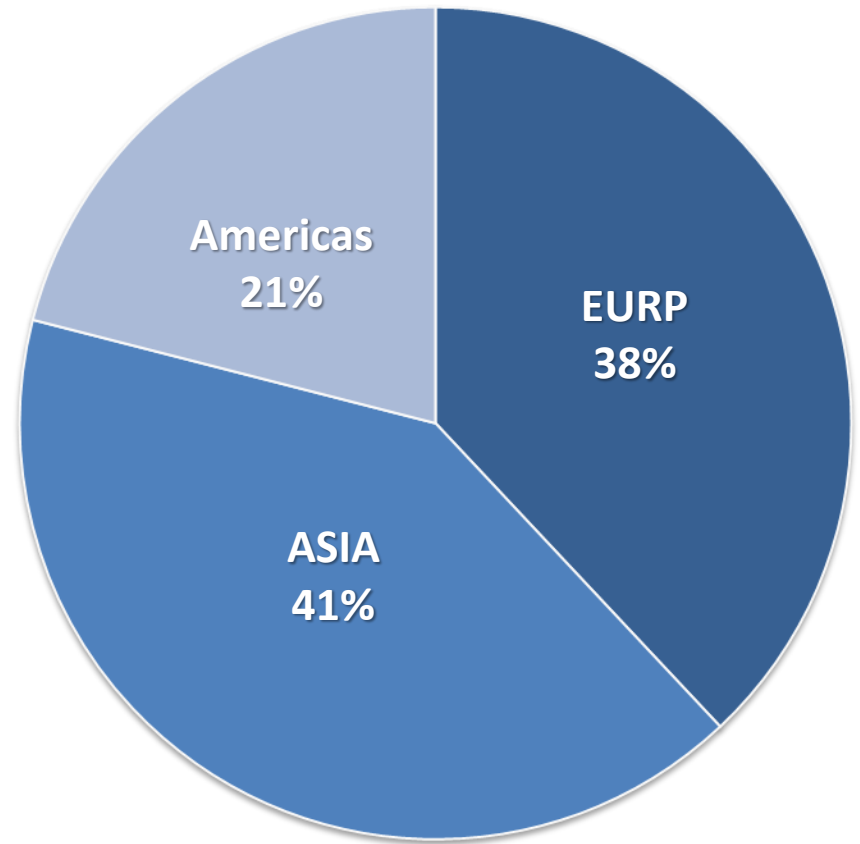
Business Highlights

4Q 2019 Revenue Mix

By Product Group



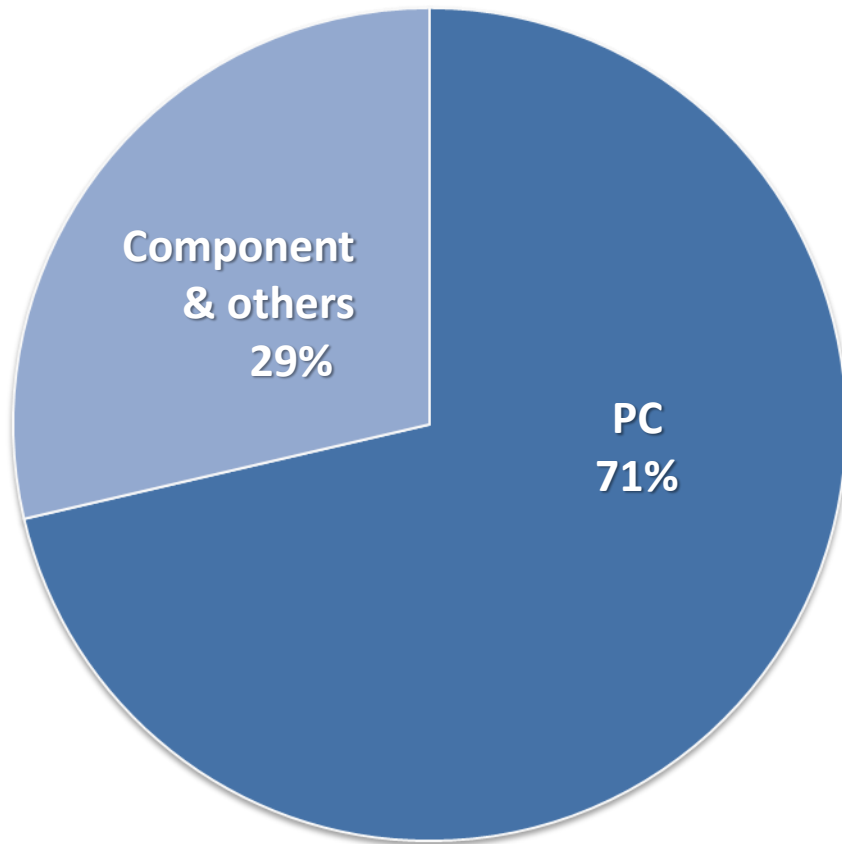
By Region



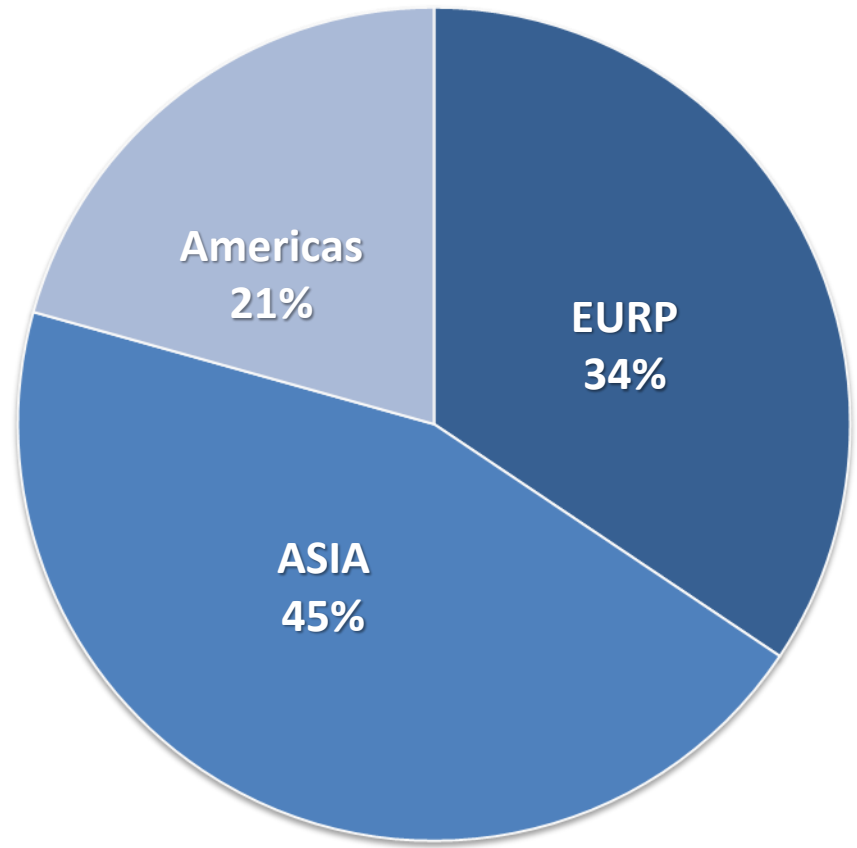
* Excluding revenue of smartphones

2019 Revenue Mix

By Product Group



By Region



* Excluding revenue of smartphones

1Q 2020 Business Outlook

- **PC QoQ -40%**
- **Component QoQ -5%**

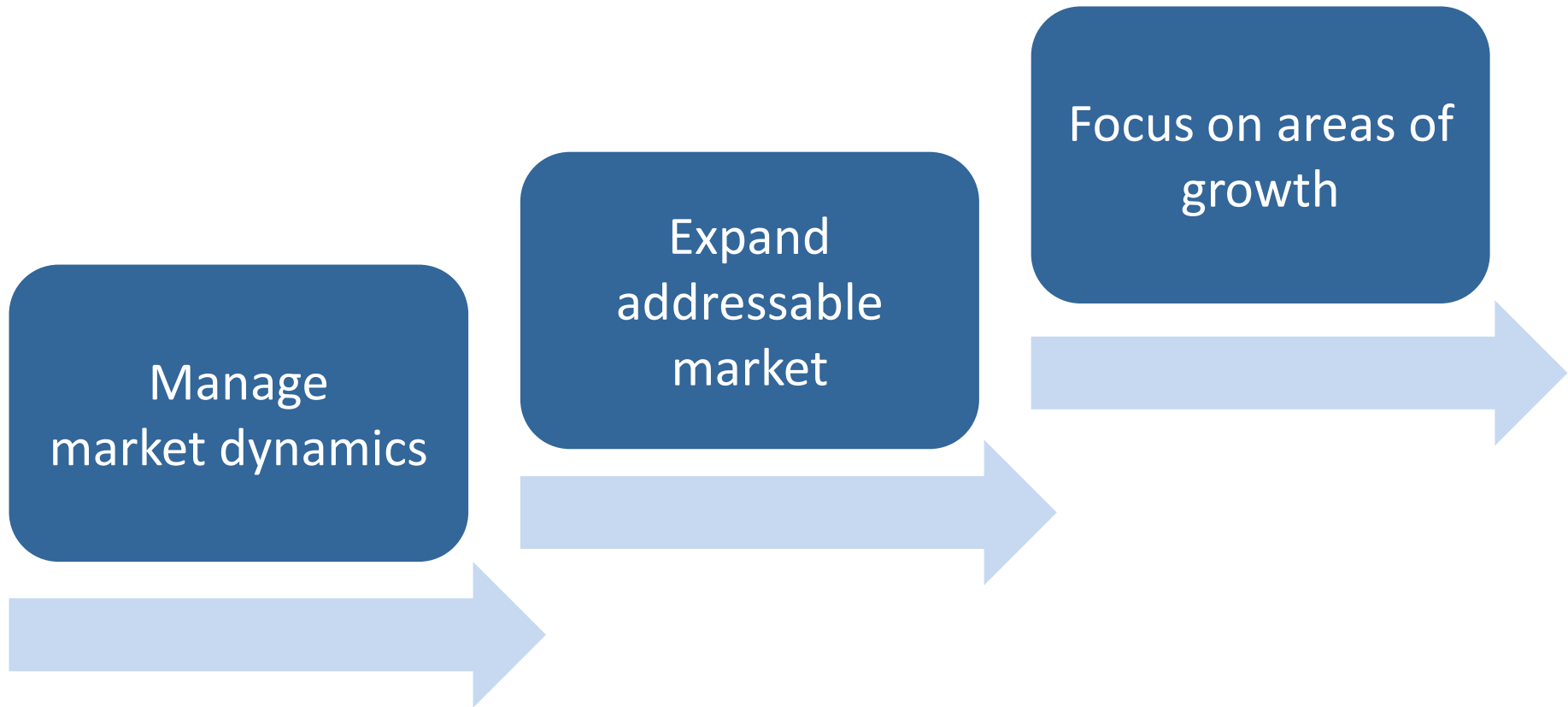
Strategy & Outlook

COVID-19 Assessment

- Employee health and customer needs are top priorities
- See the opportunity in every difficulty
- Higher uncertainties in the short term without compromise to long-term growth objectives

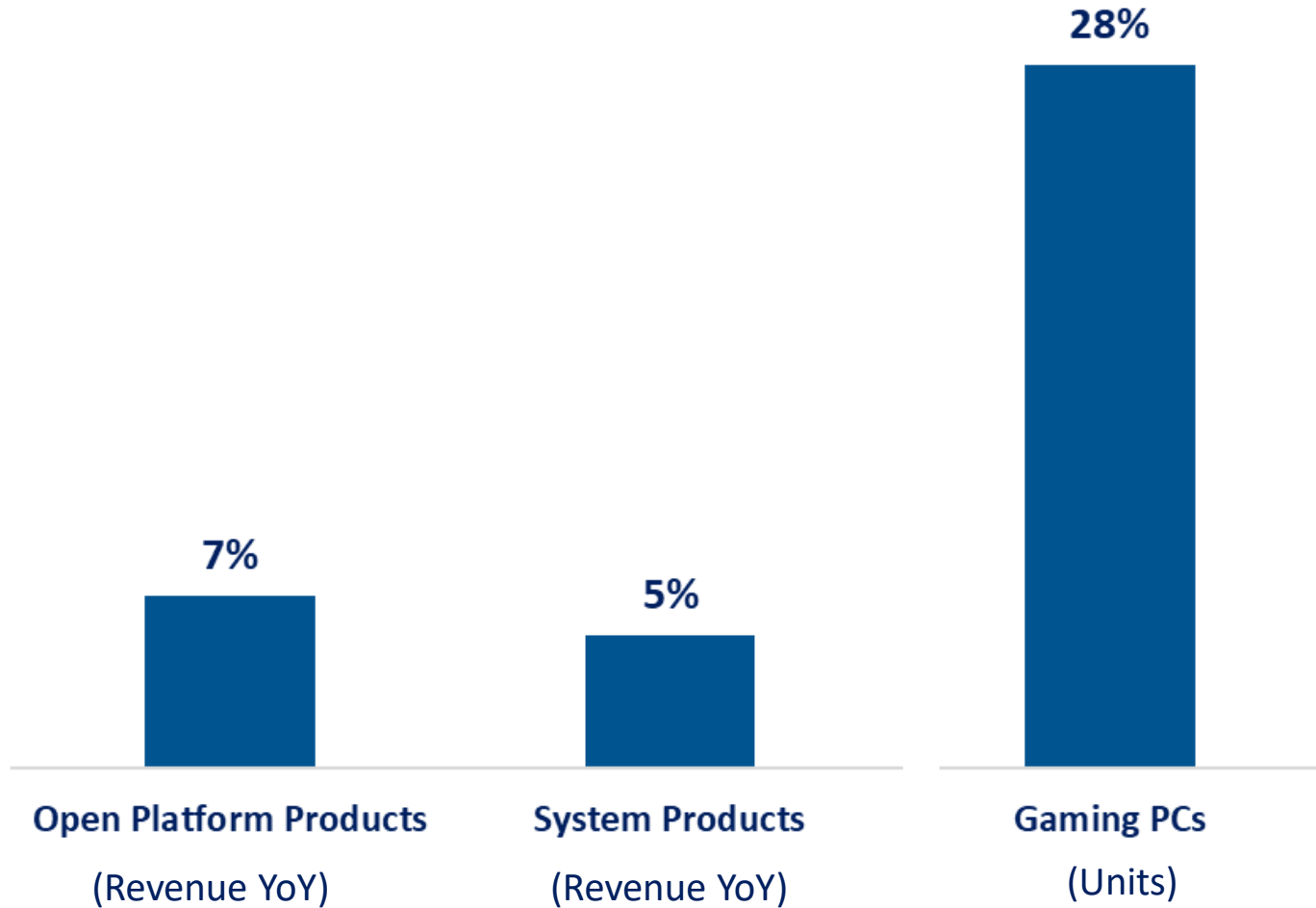
	Short Term	Long Term
Demand	Epidemic prevention	Stronger demand - Work from home - E-commerce, e-learning
Supply	Supply chain disruption	Leaner inventory Automation and efficiency

Key Business Objectives



Business Growth

YoY growth by product in 4Q 2019



ASUS AIoT

- Evolution and revolution
- Aspirational goals for the next three years
- Value creation through AI talent and domain experts

Smart
Manufacturing

Smart
Healthcare

Smart
Retail

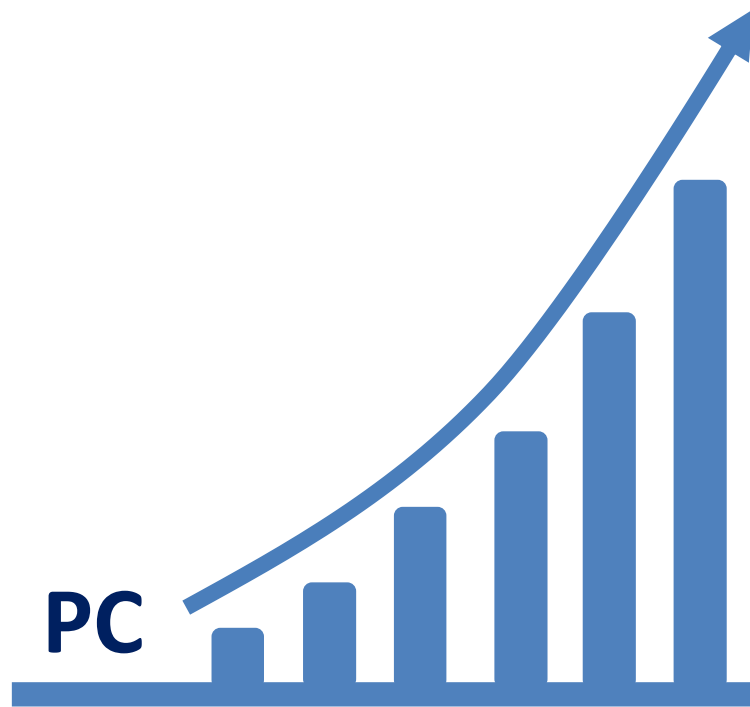
State-of-the-Art AI

Domain Expertise

Standardized Solutions

Consumer PCs

- Brand and product strength
- Expand addressable market
- Best user experience



Commercial

Build comprehensive product portfolio and channel partners



ExpertBook B9450



Chromebook Flip C436

AIoT

Enable the transformation of computing solutions for commercial and industrial domains

Smart Manufacturing



Production
Scheduling



Equipment



MES



Factory
Management



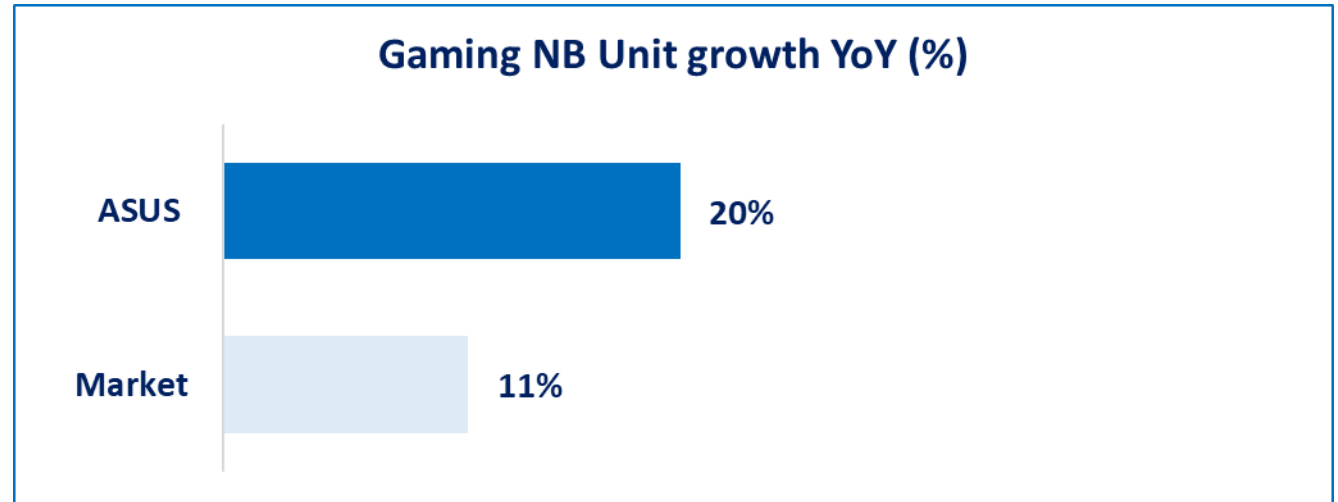
Quality
Inspection



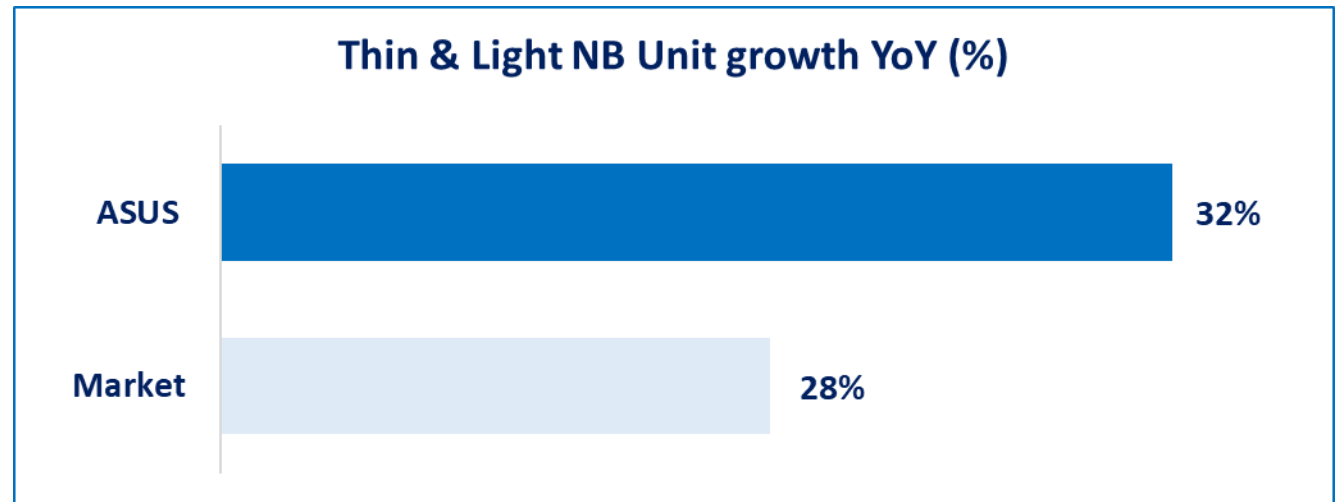
Logistics

ASUS Notebook Shipment Growth in 2019

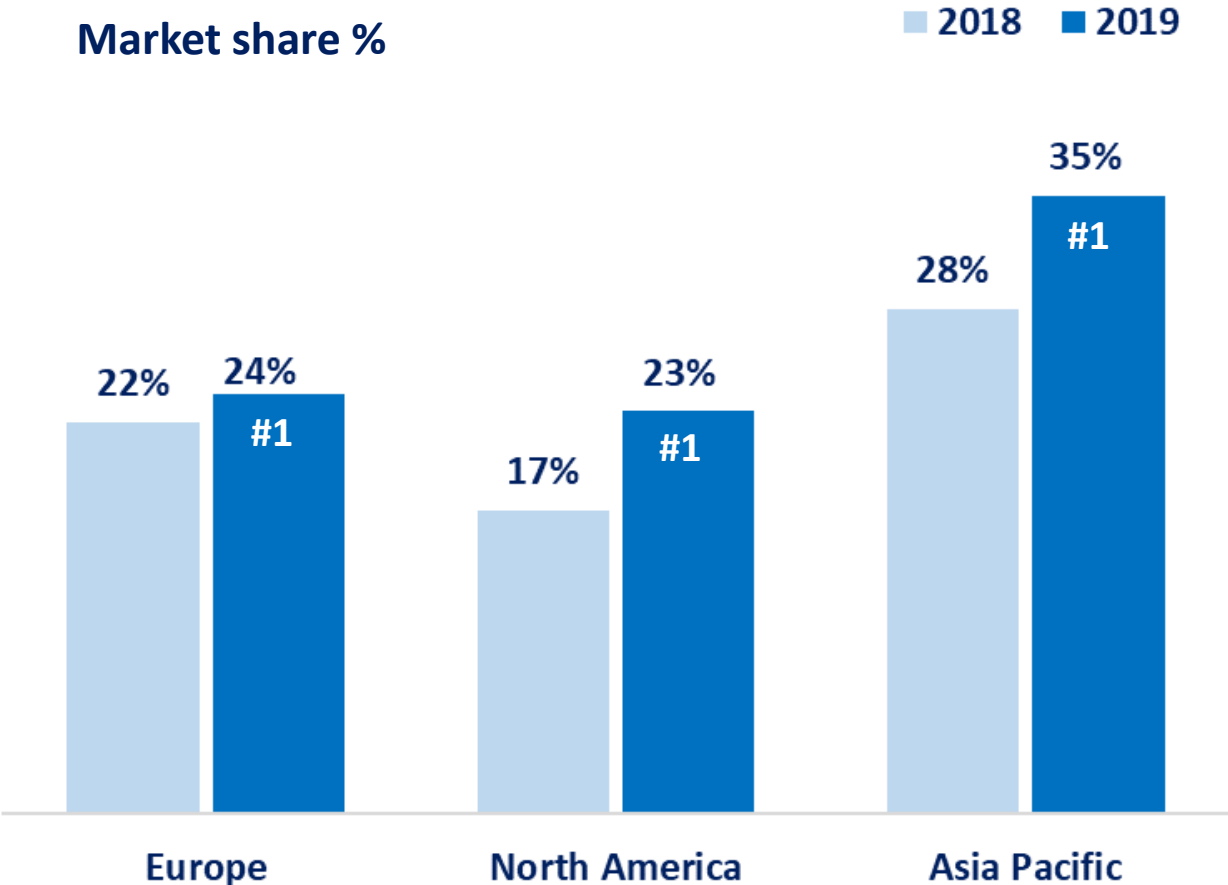
Gaming Notebooks



Thin & Light Notebooks



Gaming Notebook Growth by Region



Q & A