

ASUSTeK

2Q 2020 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 2020 Financial Result**
- **Business Highlights**
- **Strategy & Outlook**
- **Q & A**

2Q 2020 Financial Result

1H 2020 Brand P&L

in NT\$ Mn	2020 1H	%	2019 1H	%	YoY
Net Revenue	149,113	100.0%	154,775	100.0%	-4%
COGS	(124,701)	(83.6%)	(135,321)	(87.4%)	-8%
Gross Profit	24,412	16.4%	19,454	12.6%	25%
Operating Expenses	(16,686)	(11.2%)	(17,558)	(11.3%)	-5%
Operating Profit	7,726	5.2%	1,896	1.2%	308%
Non-OP Items	519	0.3%	3,323	2.1%	-84%
Pre-Tax Profit	8,245	5.5%	5,219	3.4%	58%
Tax	(2,042)	(1.4%)	(1,352)	(0.9%)	51%
Net Profit	6,203	4.2%	3,867	2.5%	60%
EPS	8.4		5.2		
Gross Margin %	16.4%		12.6%		
Operating Margin %	5.2%		1.2%		

2Q 2020 Brand P&L

in NT\$ Mn	2020 2Q	2020 1Q	QoQ	2019 2Q	YoY
Net Revenue	85,070	64,043	33%	71,272	19%
COGS	(71,191)	(53,510)	33%	(61,410)	16%
Gross Profit	13,879	10,532	32%	9,862	41%
Operating Expenses	(9,033)	(7,653)	18%	(8,852)	2%
Operating Profit	4,846	2,879	68%	1,010	380%
Non-OP Items	2,151	(1,632)	232%	1,183	82%
Pre-Tax Profit	6,998	1,247	461%	2,193	219%
Tax	(1,683)	(360)	368%	(513)	228%
Net Profit	5,315	888	499%	1,680	216%
EPS	7.2	1.2		2.3	
Gross Margin %	16.3%	16.4%		13.8%	
Operating Margin %	5.7%	4.5%		1.4%	

2Q 2020 Brand P&L (pro forma – excluding phone's P&L)

in NT\$ Mn	2020 2Q	Phone old models	Phone new models	W/O Phone
Net Revenue	85,070	985	378	83,707
COGS	(71,191)	(680)	(297)	(70,214)
Gross Profit	13,879	305	81	13,493
Operating Expenses	(9,033)	(54)	(959)	(8,020)
Operating Profit	4,846	251	(879)	5,474
Non-OP Items	2,151	121	7	2,024
Pre-Tax Profit	6,998	372	(872)	7,498
Tax	(1,683)	(49)	87	(1,721)
Net Profit	5,315	324	(785)	5,777
EPS	7.2	0.4	(1.1)	7.8
Gross Margin %	16.3%	31.0%	21.3%	16.1%
Operating Margin %	5.7%	25.5%	-232.5%	6.5%

2Q 2020 Brand Non-OP Items

Non-OP Items	2020 2Q	2020 1Q	QoQ	2019 2Q	YoY
Interest Income (net)	160	241	-34%	335	-52%
Investment Income	323	(73)	543%	137	135%
<i>Askey</i>	(107)	(296)	64%	(57)	-89%
<i>Others</i>	430	224	92%	194	121%
Exchange Gain/(Loss)	1,599	(1,906)	184%	311	415%
Dividend Income				2	
Other Income (net)	70	106	-34%	398	-82%
Total Non-OP items	2,151	(1,632)	232%	1,183	82%

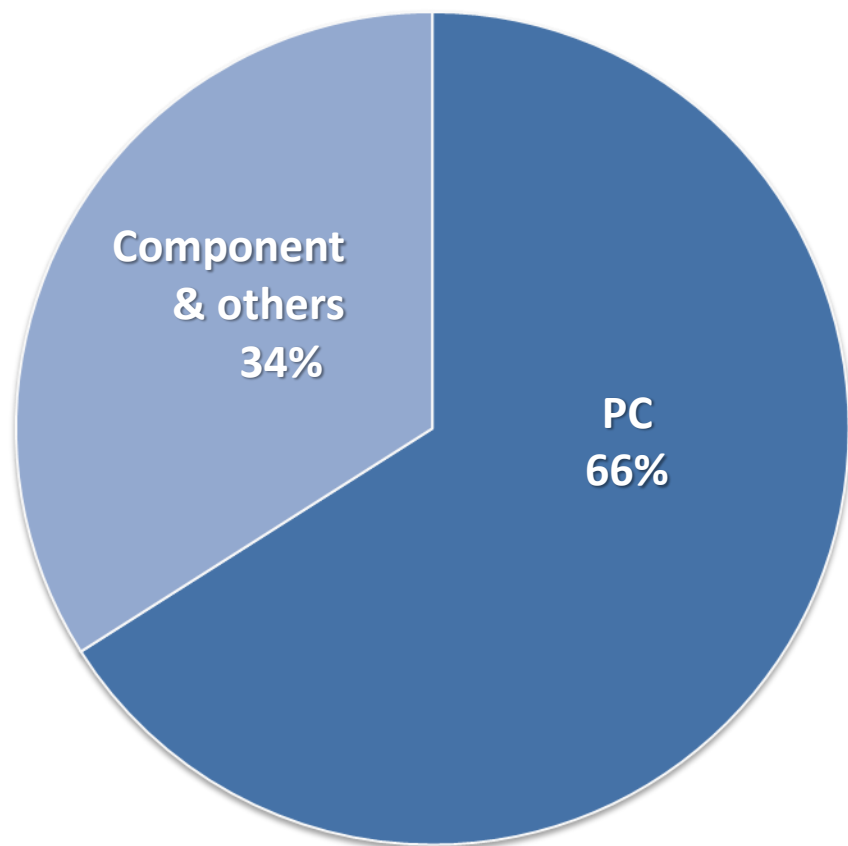
2Q 2020 Brand Balance Sheet

in NT\$ Mn	Jun 30, 2020	Mar 31, 2020	QoQ	Jun 30, 2019	YoY
Cash & equivalents	62,178	62,168	0%	61,703	1%
Accounts receivable	71,853	44,037	63%	62,949	14%
Inventories	81,444	76,699	6%	75,039	9%
Current Assets	225,738	193,108	17%	208,186	8%
Long-term investments	78,618	67,533	16%	68,072	15%
Fixed assets	17,685	17,985	-2%	15,580	14%
Total Assets	339,086	295,574	15%	308,902	10%
Accounts payable	59,753	37,321	60%	42,126	42%
Current Liabilities	154,223	114,409	35%	136,508	13%
Total Liabilities	167,428	127,705	31%	148,132	13%
Paid-in capital	7,428	7,428		7,428	
Stockholders' equity	171,658	167,869	2%	160,770	7%
Avg. Days of Inventory	101	124		116	
Avg. Days of AR	62	77		86	
Avg. Days of AP	67	82		70	
Avg. CCC Days	96	119		132	

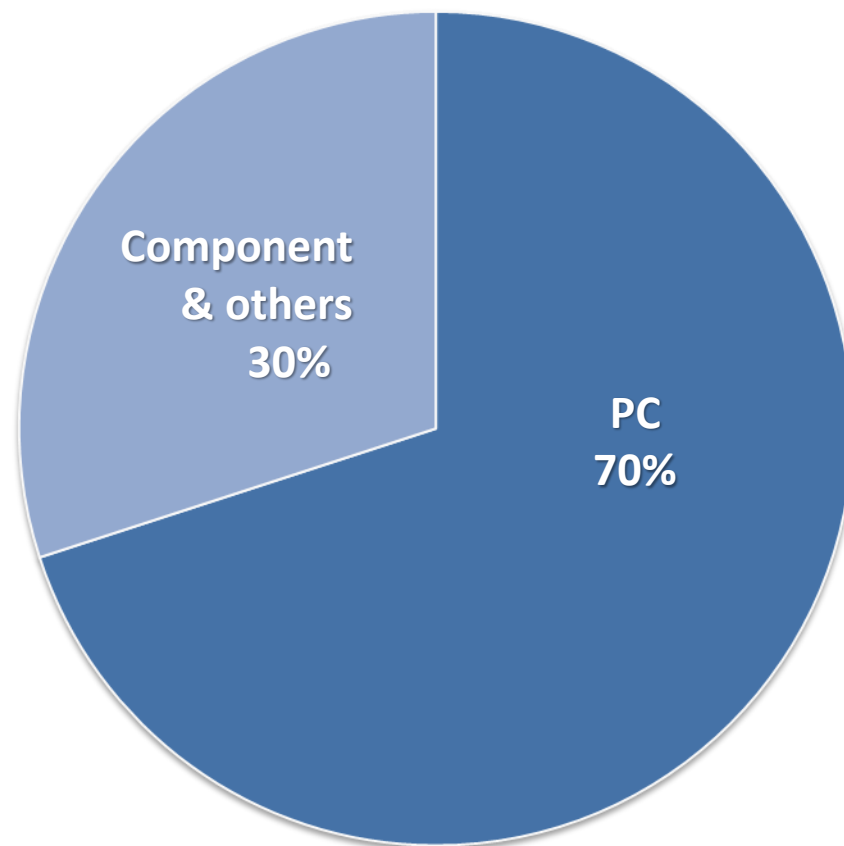
Business Highlights

2Q 2020 Product Mix

2Q 2020



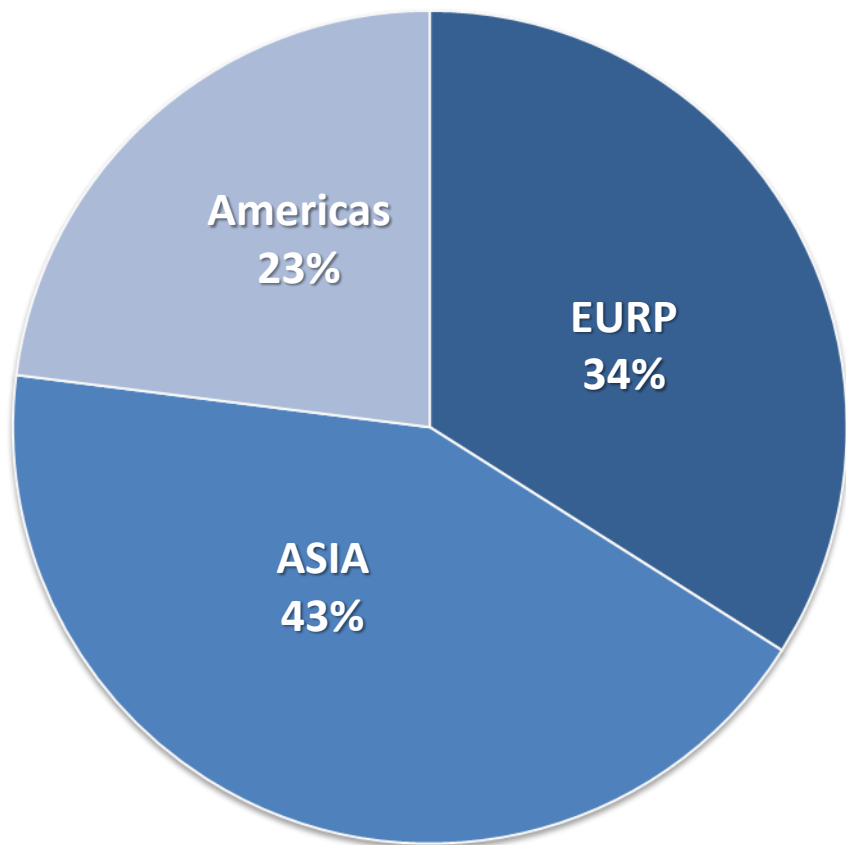
2Q 2019



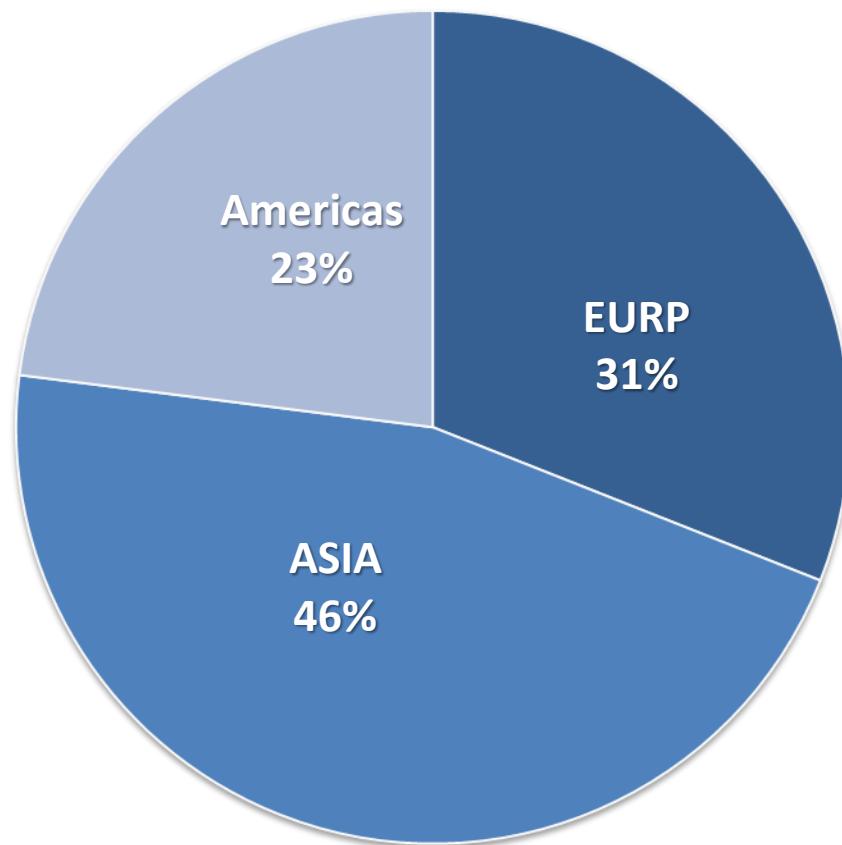
* Excluding revenue of smartphones

2Q 2020 Region Mix

2Q 2020



2Q 2019



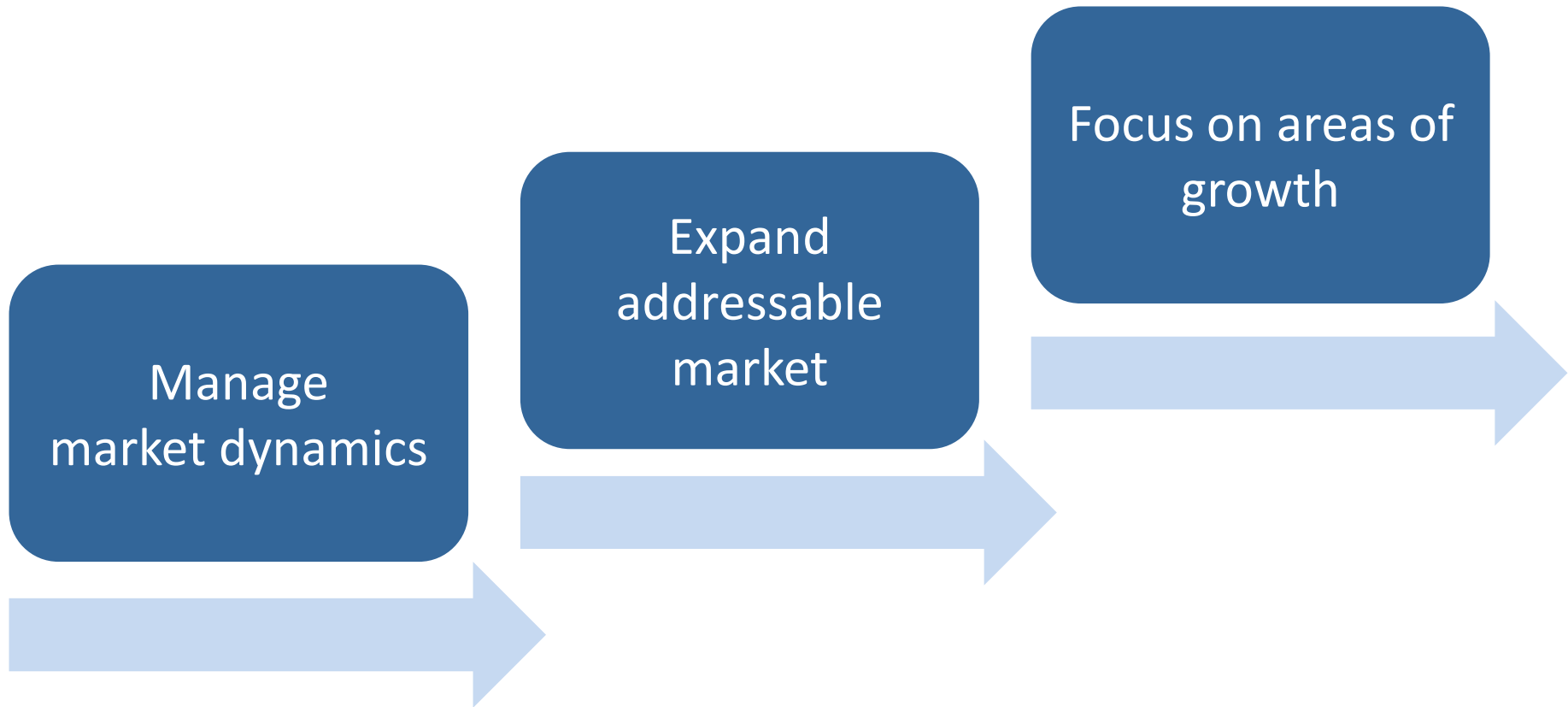
* Excluding revenue of smartphones

3Q 2020 Business Outlook

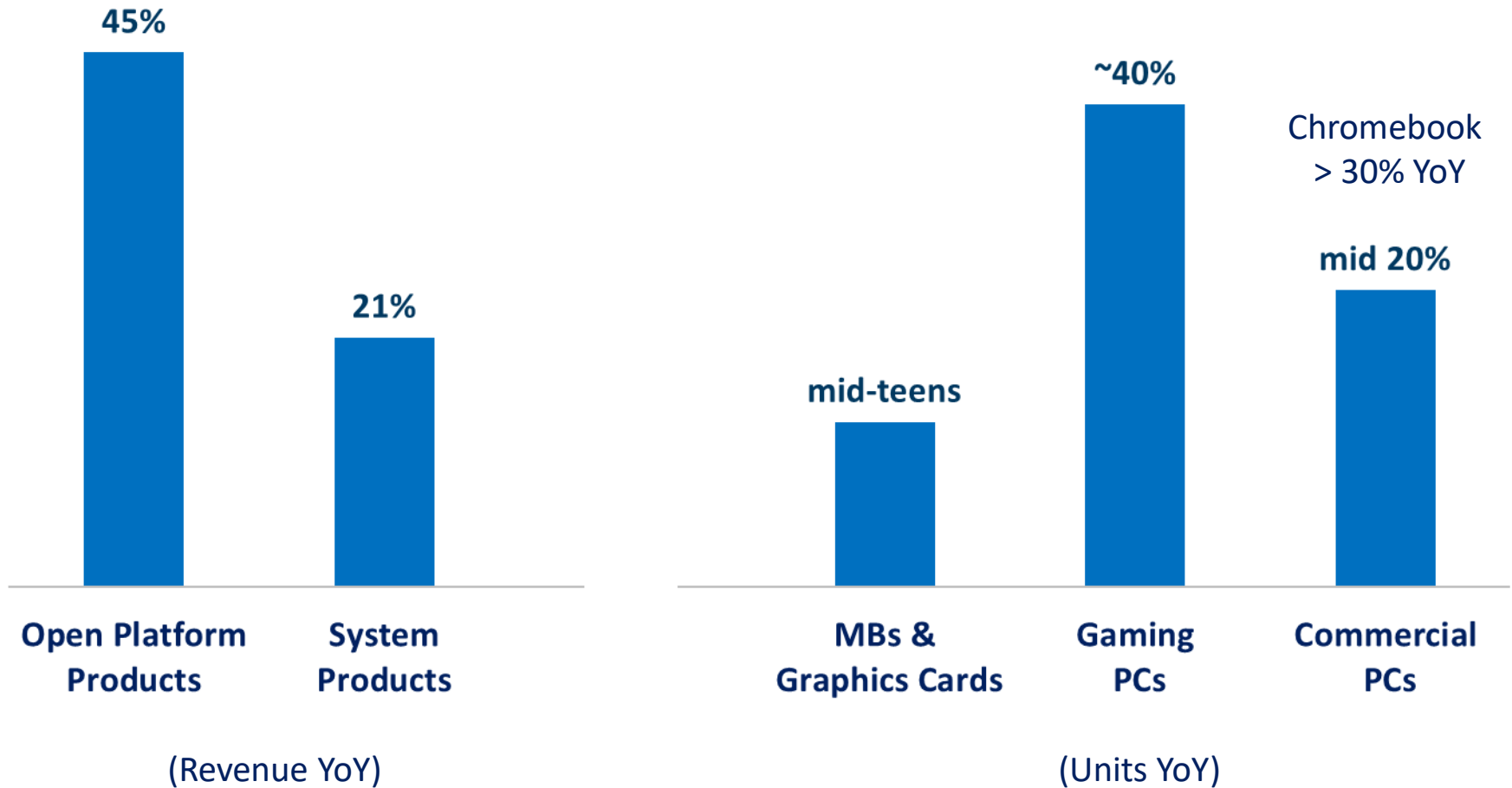
- **PC QoQ +30%**
- **Component QoQ +10%**

Strategy & Outlook

Key Business Objectives

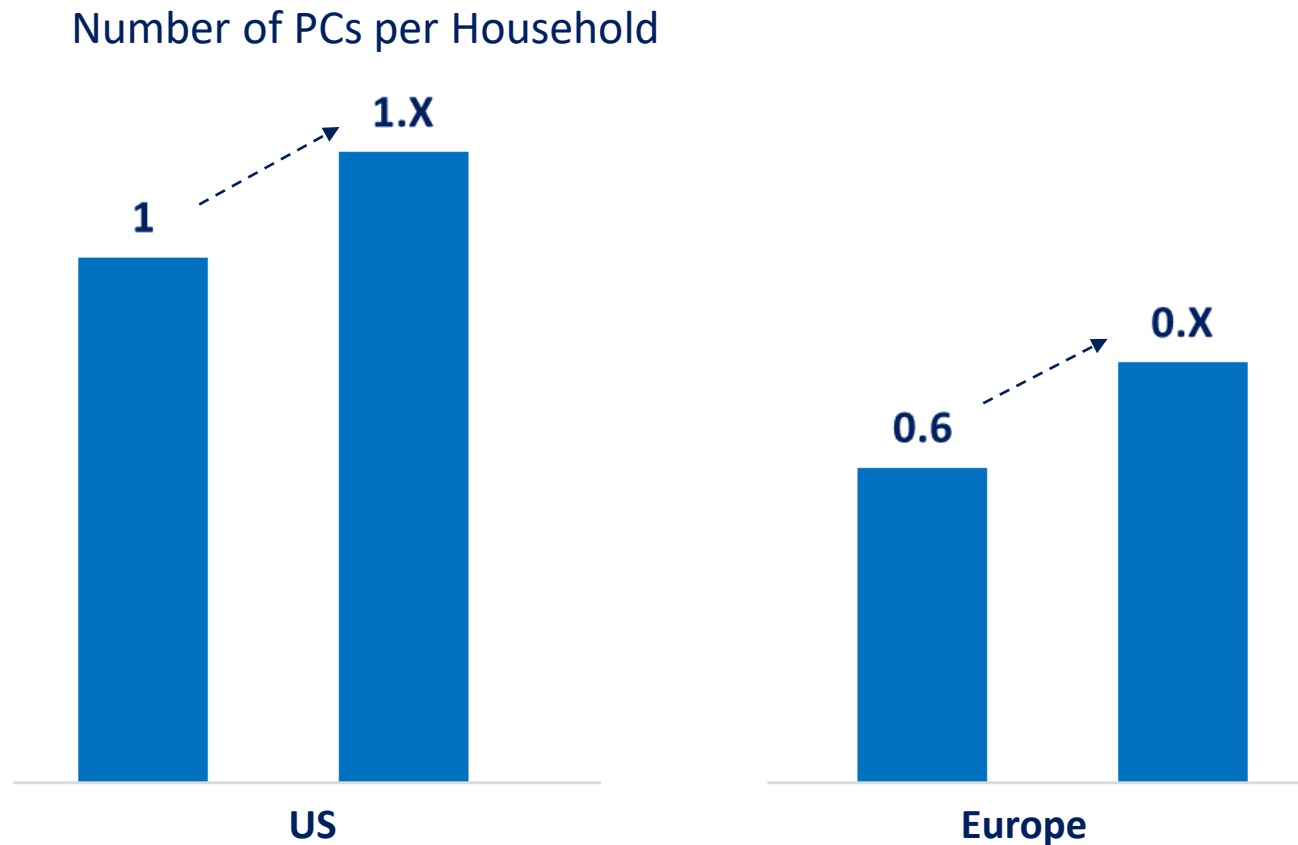


Business Growth in Q2 2020



Potential Sustainable Growth for PC Market

- As working and studying from home accelerate development of new usage scenarios, PC demand could experience double-digit growth over the long term.



ASUS AIOT Developments

Smart Medical



Smart Manufacturing

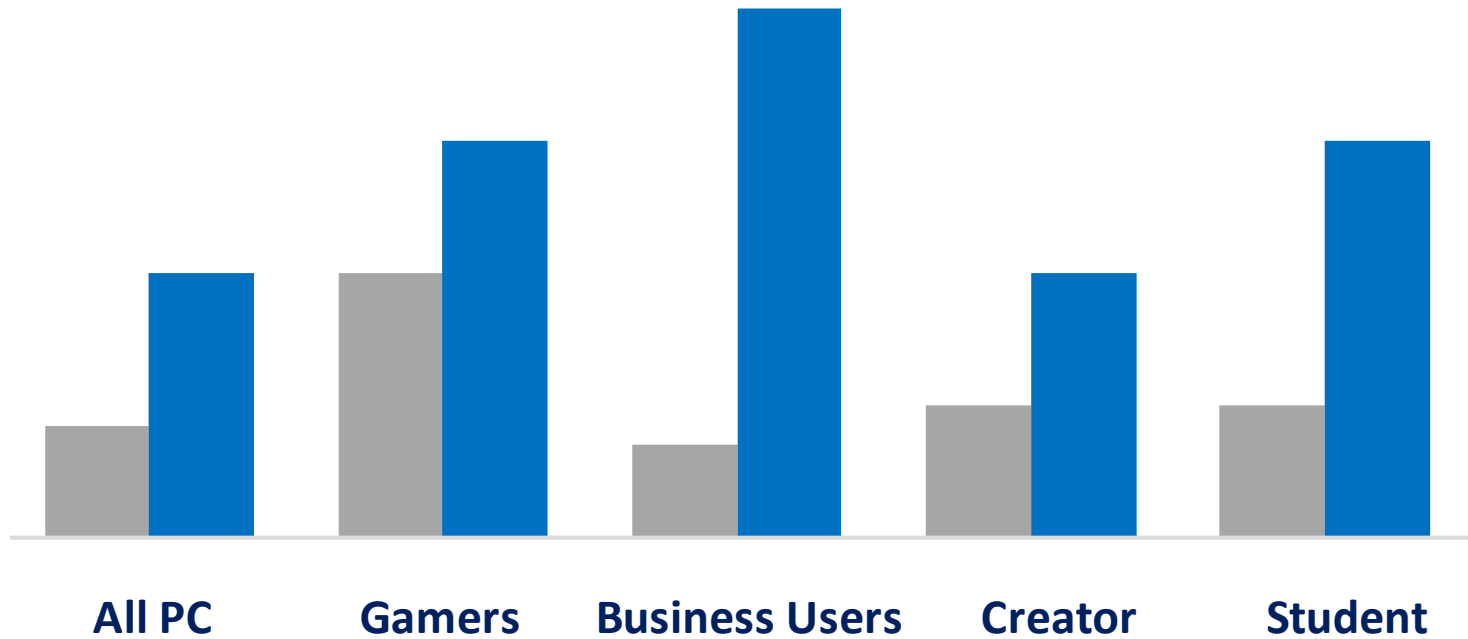


Super Computer



ASUS PC Strategy and Aspirational Goals

- Expected market growth rate over the next three years
- ASUS aspirational goals (growth rate)



ASUS path to aspirational goals

Design Thinking

NPS

Brand Position

AI Evolution

Connected Services

CRM



Total Gaming Solutions Provider

- ASUS offers total gaming solutions to revolutionize gaming experiences.

Brand

REPUBLIC OF GAMERS

Product

Community

ROG was founded to help gamers explore infinite possibilities and achieve their true potential.

ESL ONE

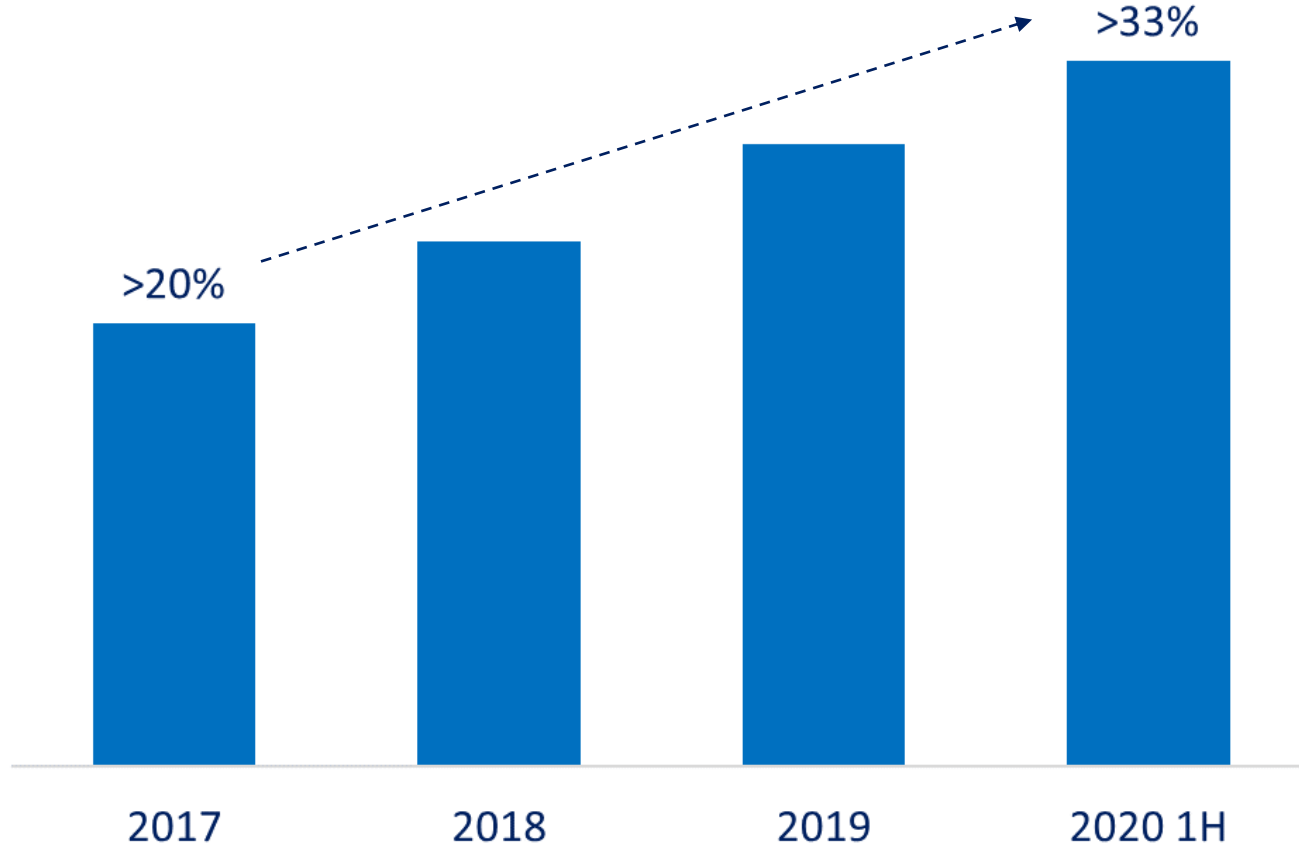
ASUS

Awards: No.1 in Gaming Hardware, DESIGN AWARD 2020, No.1 по версии CHIP в гейминге, Hardware LEADERBOARD 2019 Nr.1, GOOD DESIGN AWARD 2019 GRAND AWARD, COMPUTEX d&i awards 2019, reddit winner 2020, CES INNOVATION AWARDS 2020.

Products: ROG laptop, ROG smartphone, ASUS motherboard, ASUS TUF Gaming monitor.

Community: Esports teams (ESL ONE, OFFSET), gaming events, and fans.

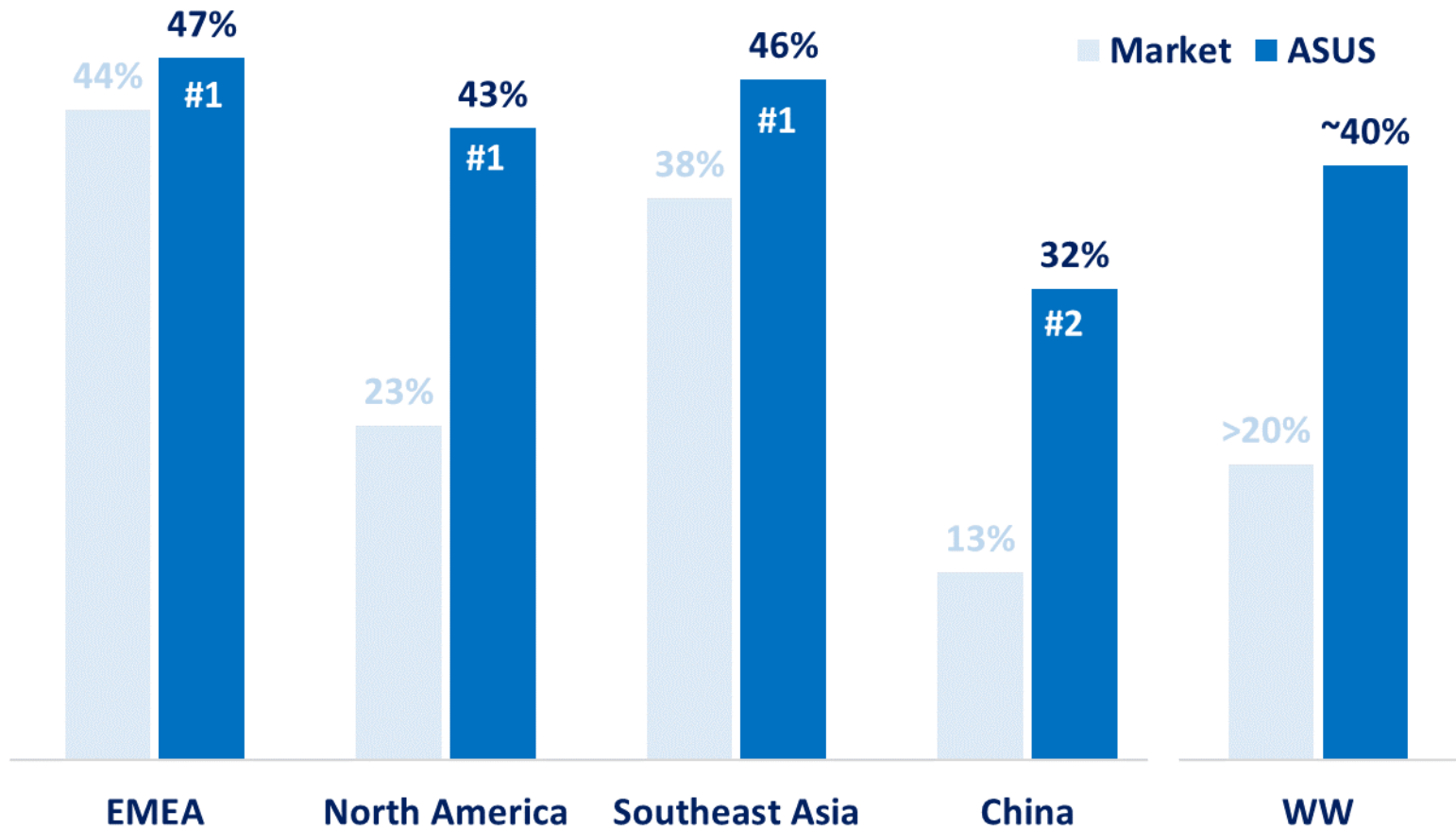
Gaming is One Third of ASUS Brand Revenue



ASUS provides the most comprehensive portfolio of gaming devices, including motherboards, graphics cards, notebooks, desktops, displays, routers, accessories and ROG Phone.

Gaming Notebook Growth by Region

ASUS gaming notebook shipments YoY growth (1H 2020)



Q & A