

# ASUSTeK

## Q2 2021 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

- **Q2 2021 Financial Result**
- **Business Highlights**
- **Strategy & Outlook**
- **Q & A**

# Q2 2021 Financial Result

# Q2 2021 Brand P&L

in NT\$ Mn	2021 2Q	2021 1Q	QoQ	2020 2Q	YoY
<b>Net Revenue</b>	<b>120,376</b>	<b>108,104</b>	<b>11%</b>	<b>85,070</b>	<b>42%</b>
COGS	(94,581)	(84,310)	12%	(71,191)	33%
<b>Gross Profit</b>	<b>25,795</b>	<b>23,794</b>	<b>8%</b>	<b>13,879</b>	<b>86%</b>
Operating Expenses	(12,262)	(12,233)	0%	(9,033)	36%
<b>Operating Profit</b>	<b>13,533</b>	<b>11,561</b>	<b>17%</b>	<b>4,846</b>	<b>179%</b>
Non-OP Items	1,423	684	108%	2,151	-34%
<b>Pre-Tax Profit</b>	<b>14,956</b>	<b>12,245</b>	<b>22%</b>	<b>6,998</b>	<b>114%</b>
Tax	(3,587)	(2,454)	46%	(1,683)	113%
<b>Net Profit</b>	<b>11,370</b>	<b>9,791</b>	<b>16%</b>	<b>5,315</b>	<b>114%</b>
<b>EPS</b>	<b>15.3</b>	<b>13.2</b>		<b>7.2</b>	
<b>Gross Margin %</b>	<b>21.4%</b>	<b>22.0%</b>		<b>16.3%</b>	
<b>Operating Margin %</b>	<b>11.2%</b>	<b>10.7%</b>		<b>5.7%</b>	

# Q2 2021 Brand Non-OP Items

Non-OP Items	2021 2Q	2021 1Q	QoQ	2020 2Q	YoY
Interest Income (net)	140	81	73%	160	-13%
Investment Income	(348)	(200)	-74%	323	-208%
<i>Askey</i>	(884)	(688)	-29%	(107)	-723%
<i>Others</i>	536	487	10%	430	25%
Exchange Gain/(Loss)	1,625	665	144%	1,599	2%
Dividend Income		13			
Other Income (net)	7	126	-95%	70	-90%
<b>Total Non-OP items</b>	<b>1,423</b>	<b>684</b>	<b>108%</b>	<b>2,151</b>	<b>-34%</b>

# Q2 2021 Brand Balance Sheet

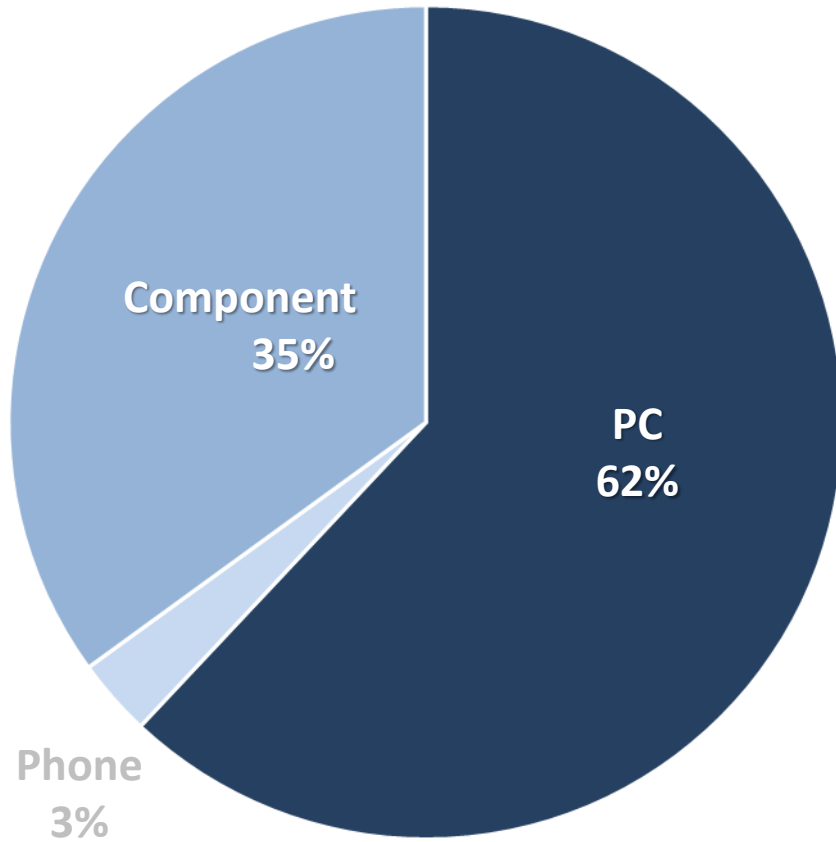
in NT\$ Mn	Jun 30, 2021	Mar 31, 2021	QoQ	Jun 30, 2020	YoY
Cash & equivalents	59,153	79,666	-26%	62,178	-5%
Accounts receivable	80,580	68,996	17%	71,853	12%
Inventories	129,447	106,437	22%	81,444	59%
<b>Current Assets</b>	<b>287,046</b>	<b>265,914</b>	<b>8%</b>	<b>225,738</b>	<b>27%</b>
Long-term investments	101,851	100,573	1%	78,618	30%
Fixed assets	15,764	16,179	-3%	17,685	-11%
<b>Total Assets</b>	<b>427,276</b>	<b>402,420</b>	<b>6%</b>	<b>339,086</b>	<b>26%</b>
Accounts payable	77,975	69,903	12%	59,753	30%
<b>Current Liabilities</b>	<b>208,624</b>	<b>170,592</b>	<b>22%</b>	<b>154,223</b>	<b>35%</b>
<b>Total Liabilities</b>	<b>223,779</b>	<b>185,633</b>	<b>21%</b>	<b>167,428</b>	<b>34%</b>
Paid-in capital	7,428	7,428		7,428	
<b>Stockholders' equity</b>	<b>203,497</b>	<b>216,787</b>	<b>-6%</b>	<b>171,658</b>	<b>19%</b>
Avg. Days of Inventory	114	107		101	
Avg. Days of AR	57	58		62	
Avg. Days of AP	76	68		67	
<b>Avg. CCC Days</b>	<b>95</b>	<b>97</b>		<b>96</b>	

# Business Highlights

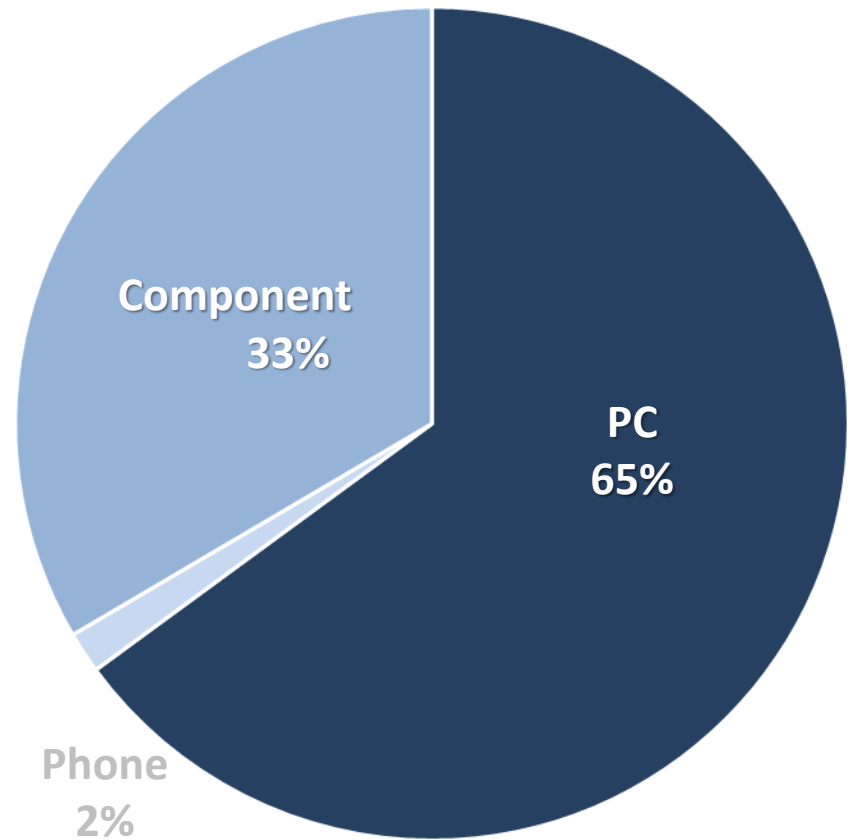


# Q2 2021 Product Mix

Q2 2021

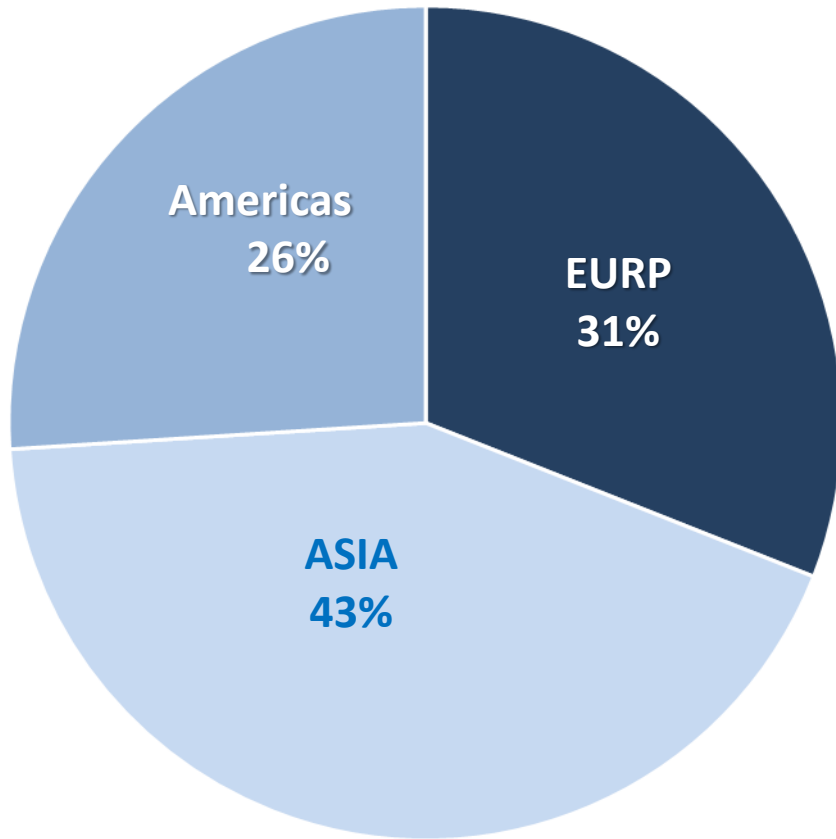


Q2 2020

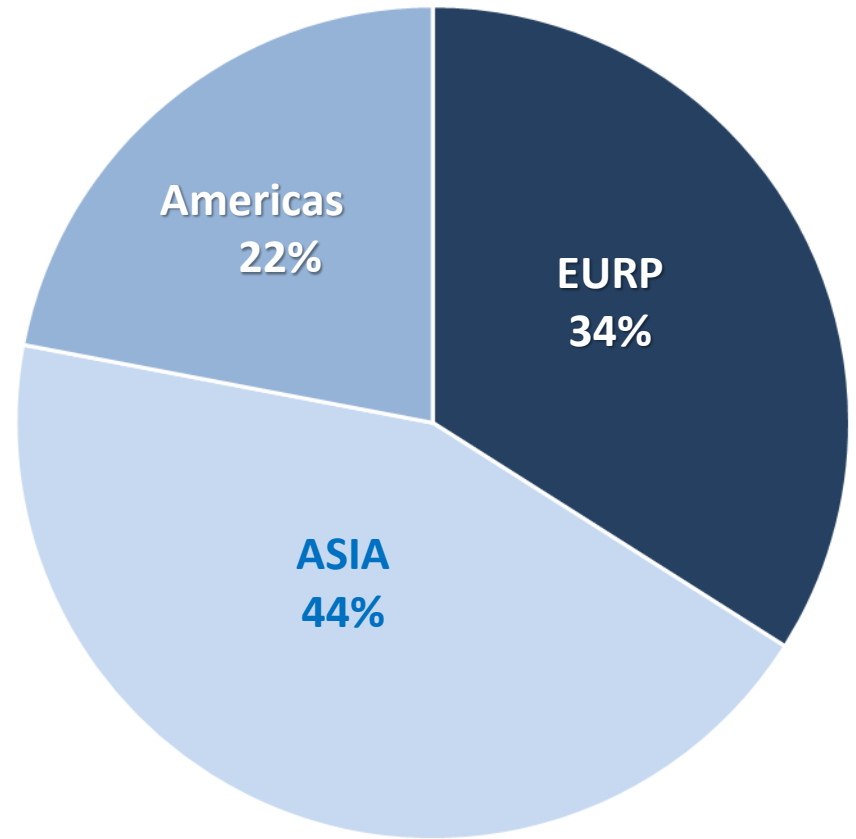


# Q2 2021 Region Mix

Q2 2021



Q2 2020

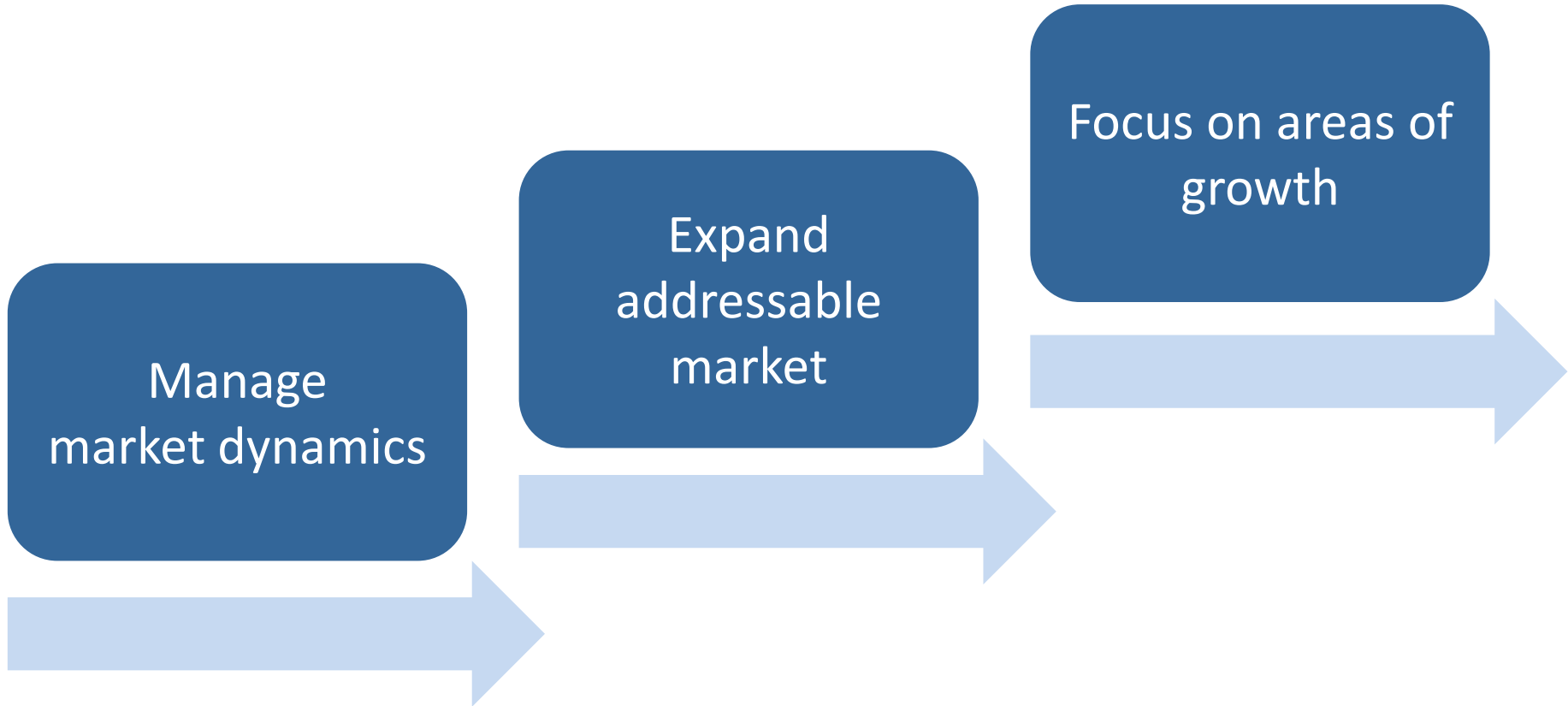


# Q3 2021 Business Outlook

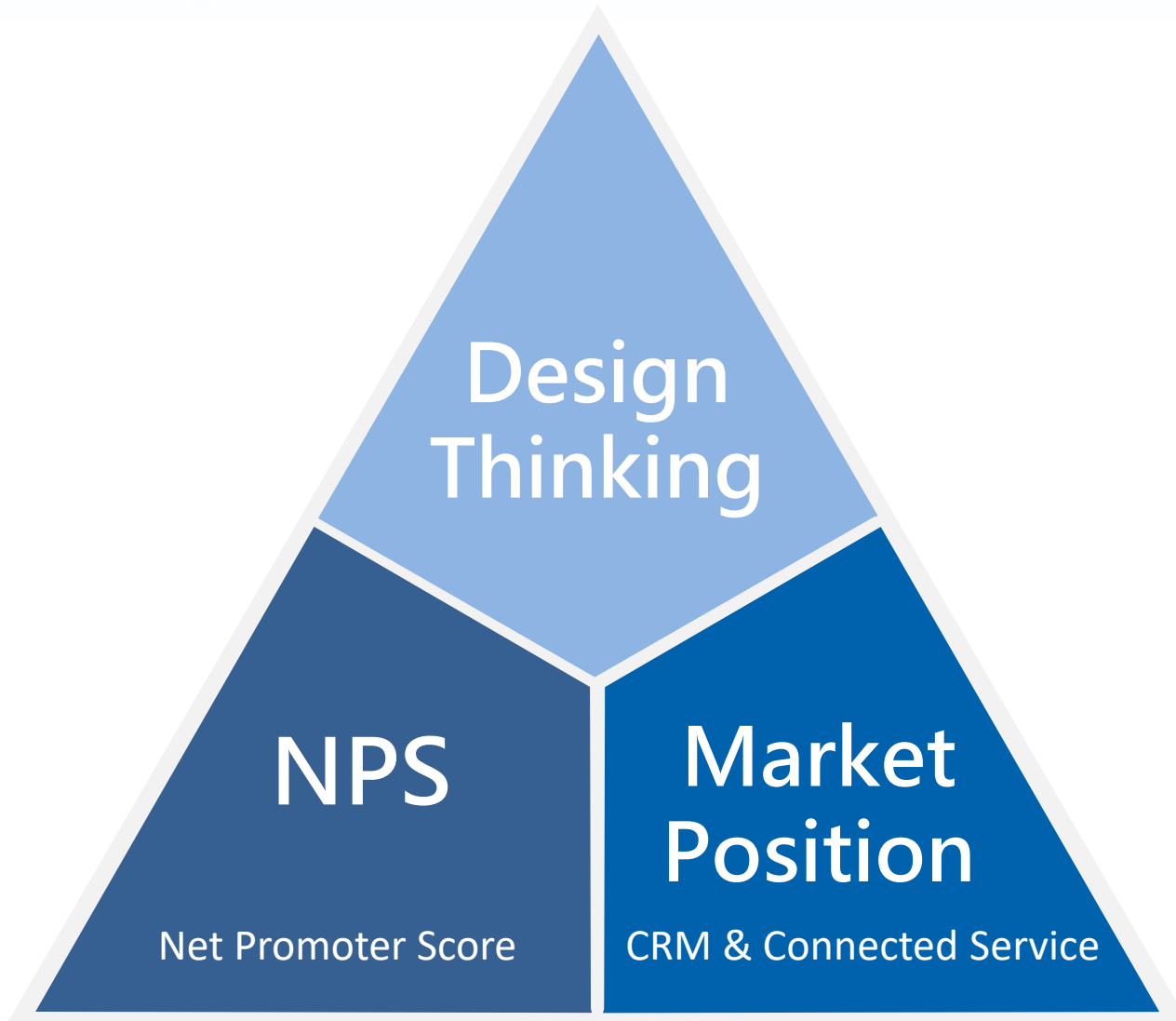
- **PC QoQ +15% ~ +20% , YoY +10%**
- **Component QoQ -5% ~ -10%, YoY +10%**

# Strategy & Outlook

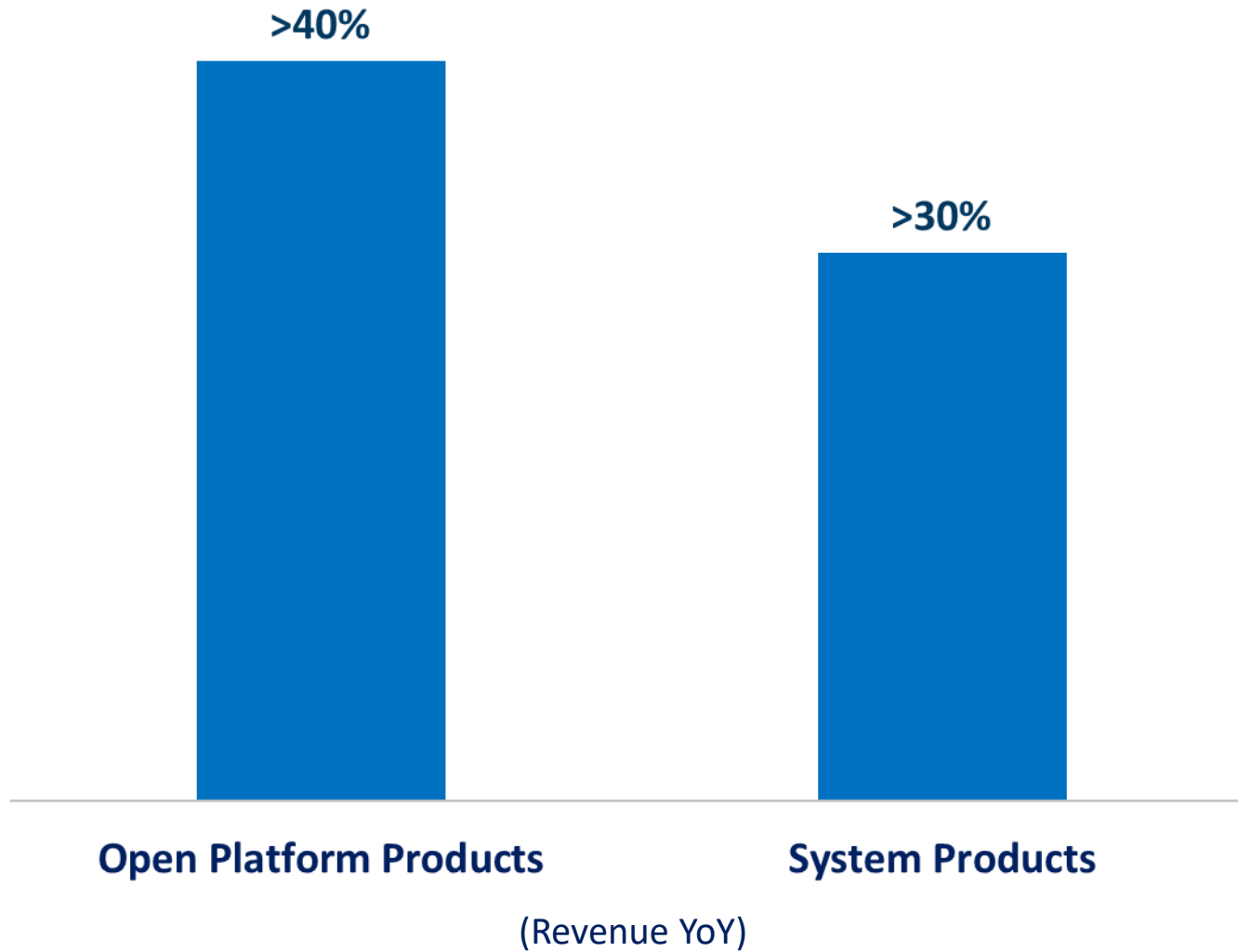
# Key Business Objectives



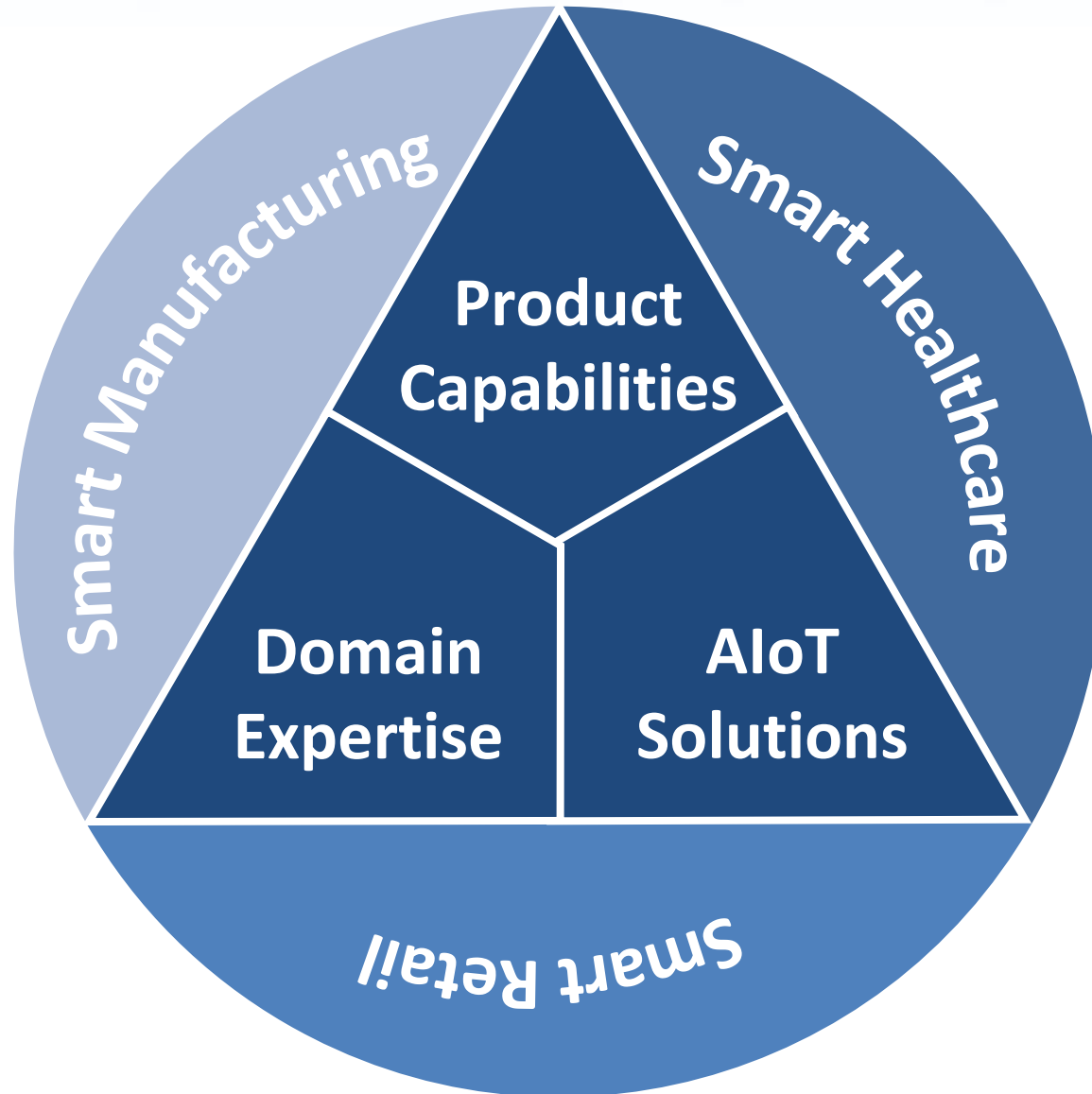
# Golden Triangle of the ASUS Brand



# Strong Growth in Q2 2021



# ASUS AIoT Ecosystem





# ASUS Smart Manufacturing

## Achievements of 2021 1H

**24**

Alpha Sites

**21**

Online Customer  
Engagement Cases

**1**

Partnership with  
Leading Global Company

**3100+**

Exhibition and Online  
Webinar Visitors

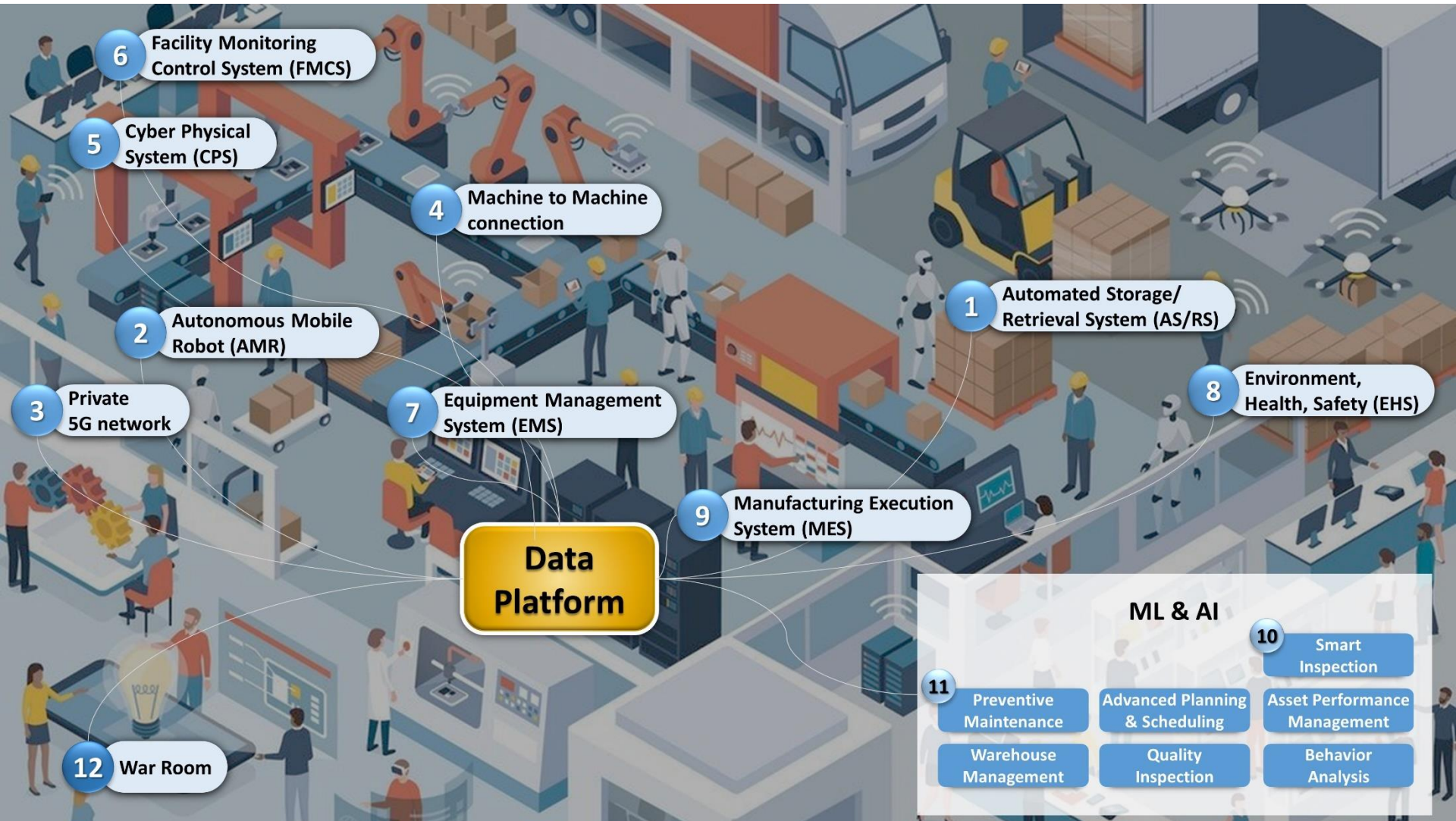
**2**

NPI Projects  
(AISVision and AISDetector)

**33**

Potential Customers

# ASUS Smart Manufacturing



# ASUS Smart Health Solutions

World's first AI-powered medical coding service to capture the complete patient journey



## Miraico



Quick Search and Select



Supports ICD-10 CM and PCS



Recommendations Explained



Integrates with Existing Workflow

# ASUS Smart Retail

Smart Retail AI Solution

## The Leading Grocery Store Chain in Europe



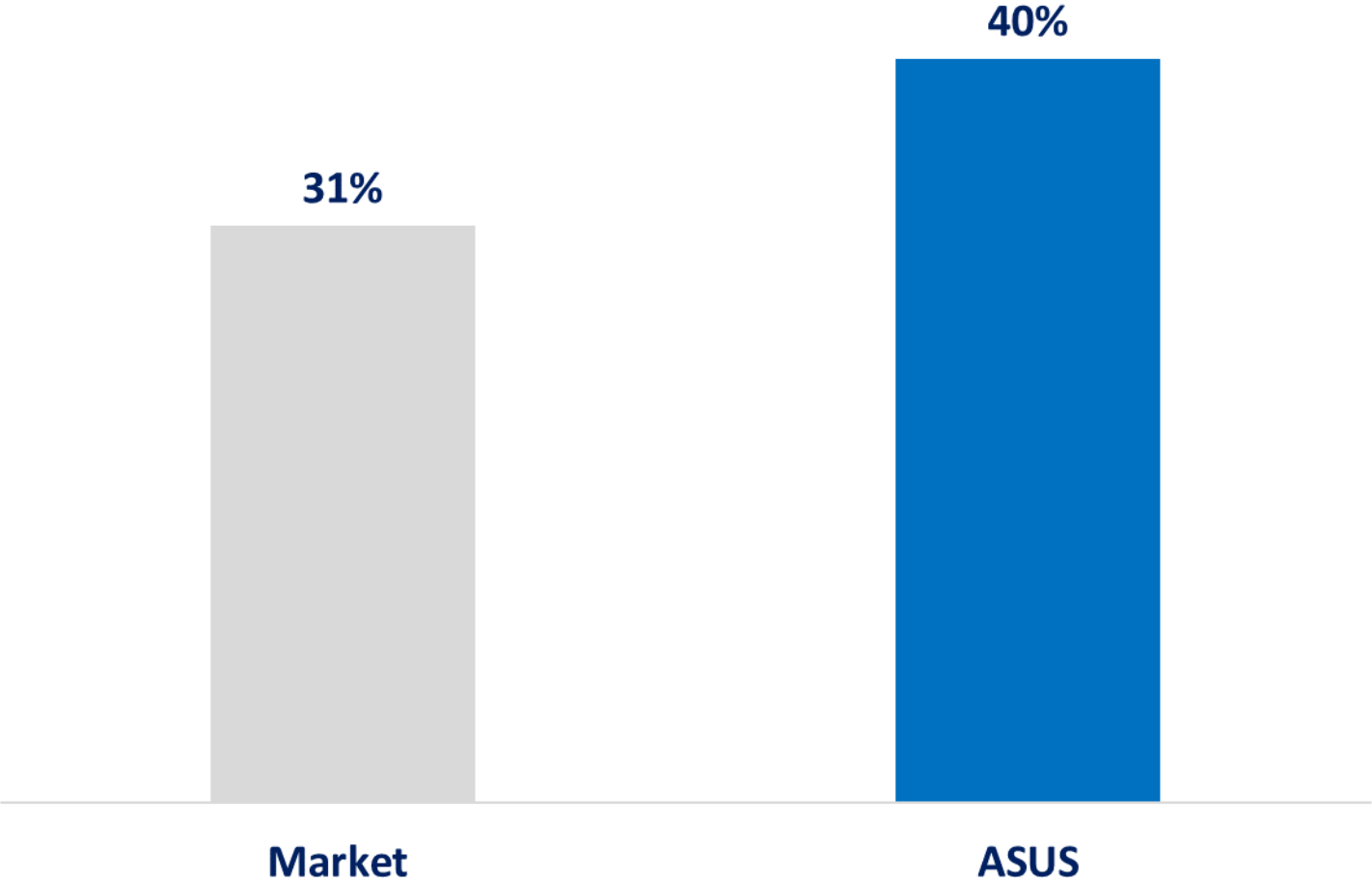
- **Robust industrial PC that is easy to configure and fit into different shops**
- **High expandability for supporting multiple cameras with extra expansion slot**
- **Integrated solution includes AI model and AI server for real-time fruit recognition with high accuracy**
- **High intensity of channel coverage for fast deployment in EU**

# Strong Presence in Gaming Phone Segment



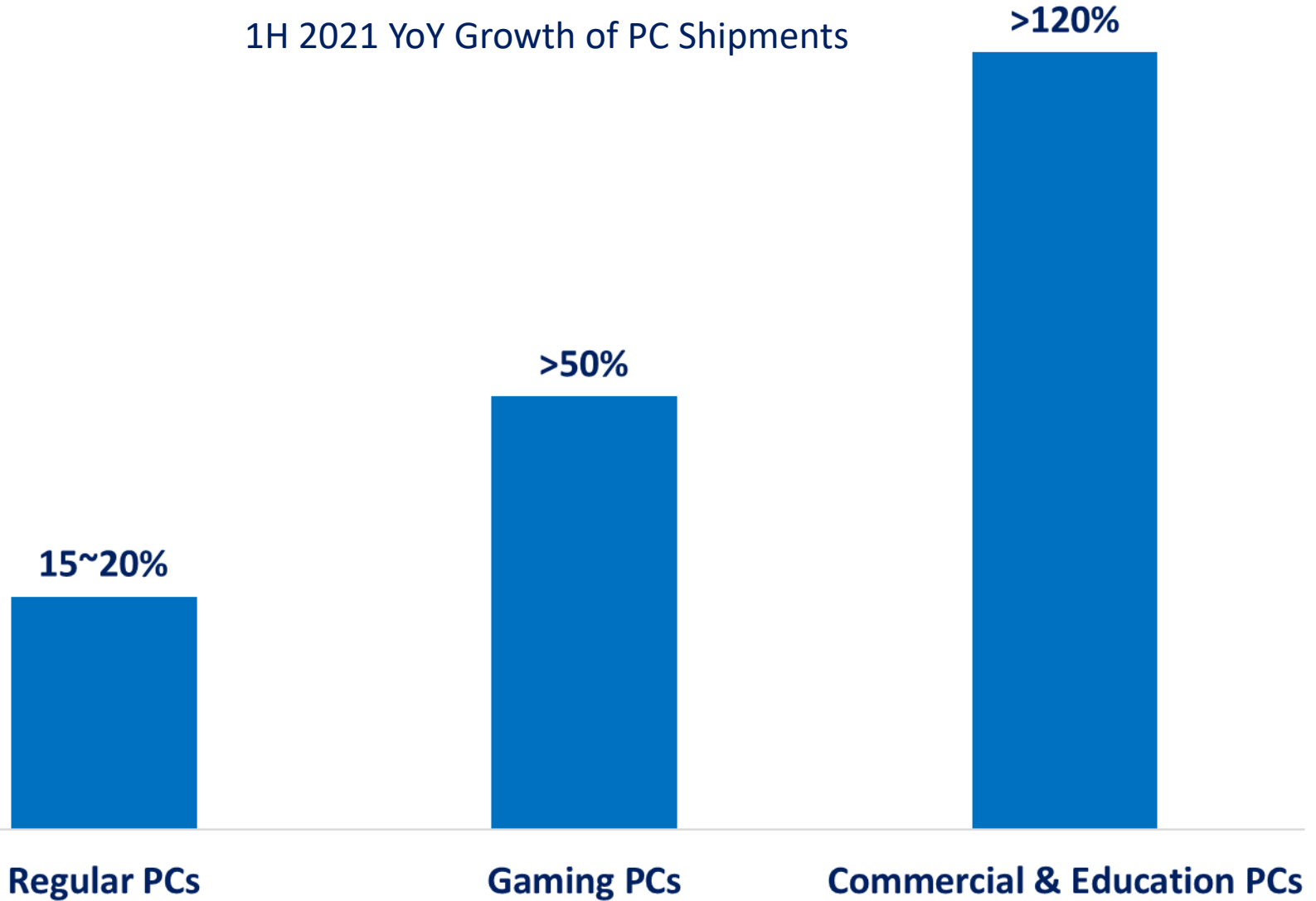
# PC Business Outgrew Market in 1H 2021

1H 2021 YoY Growth of PC Shipments



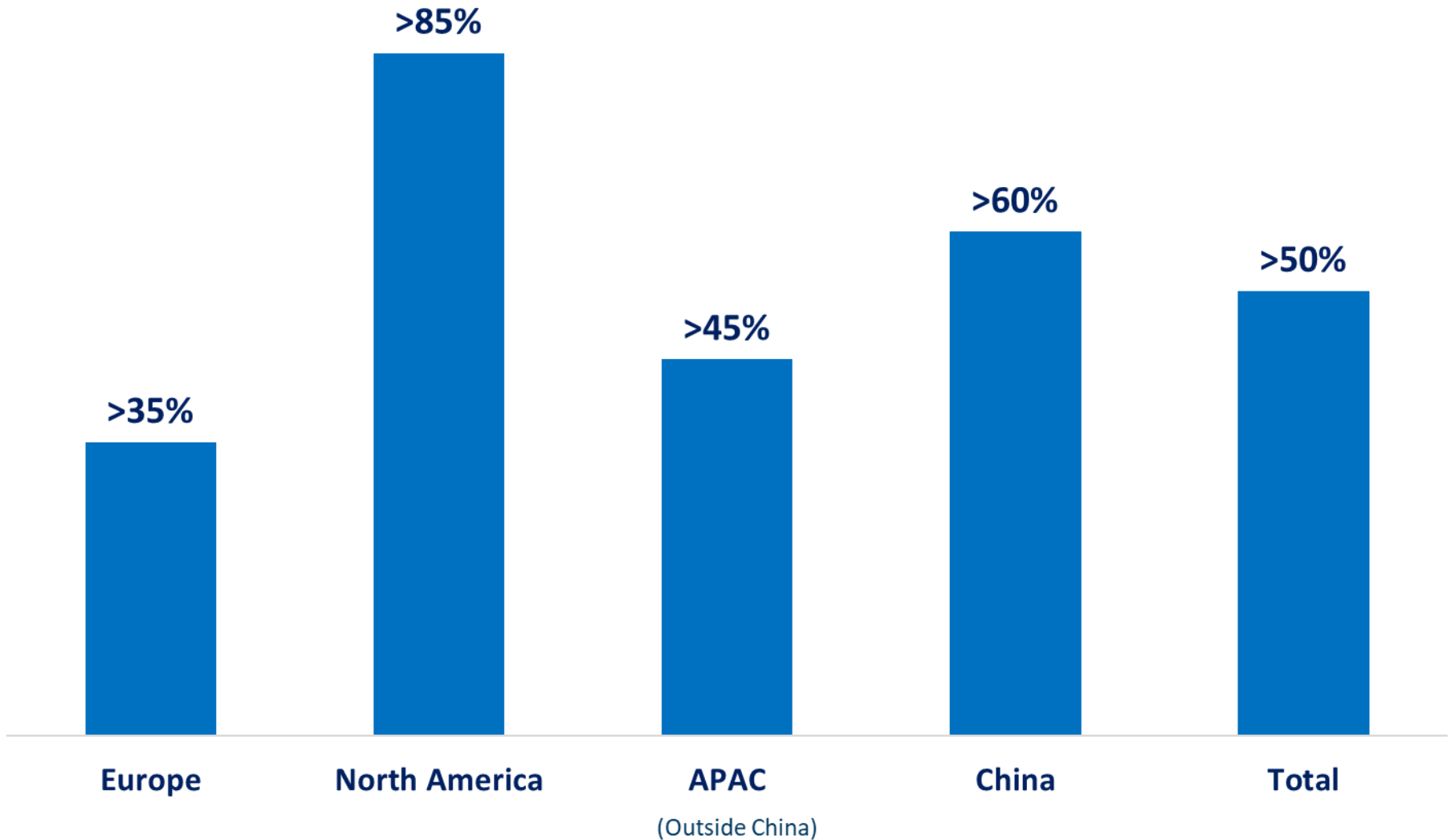
# Strong Growth in All Segments

1H 2021 YoY Growth of PC Shipments



# Hypergrowth in Gaming PC Business

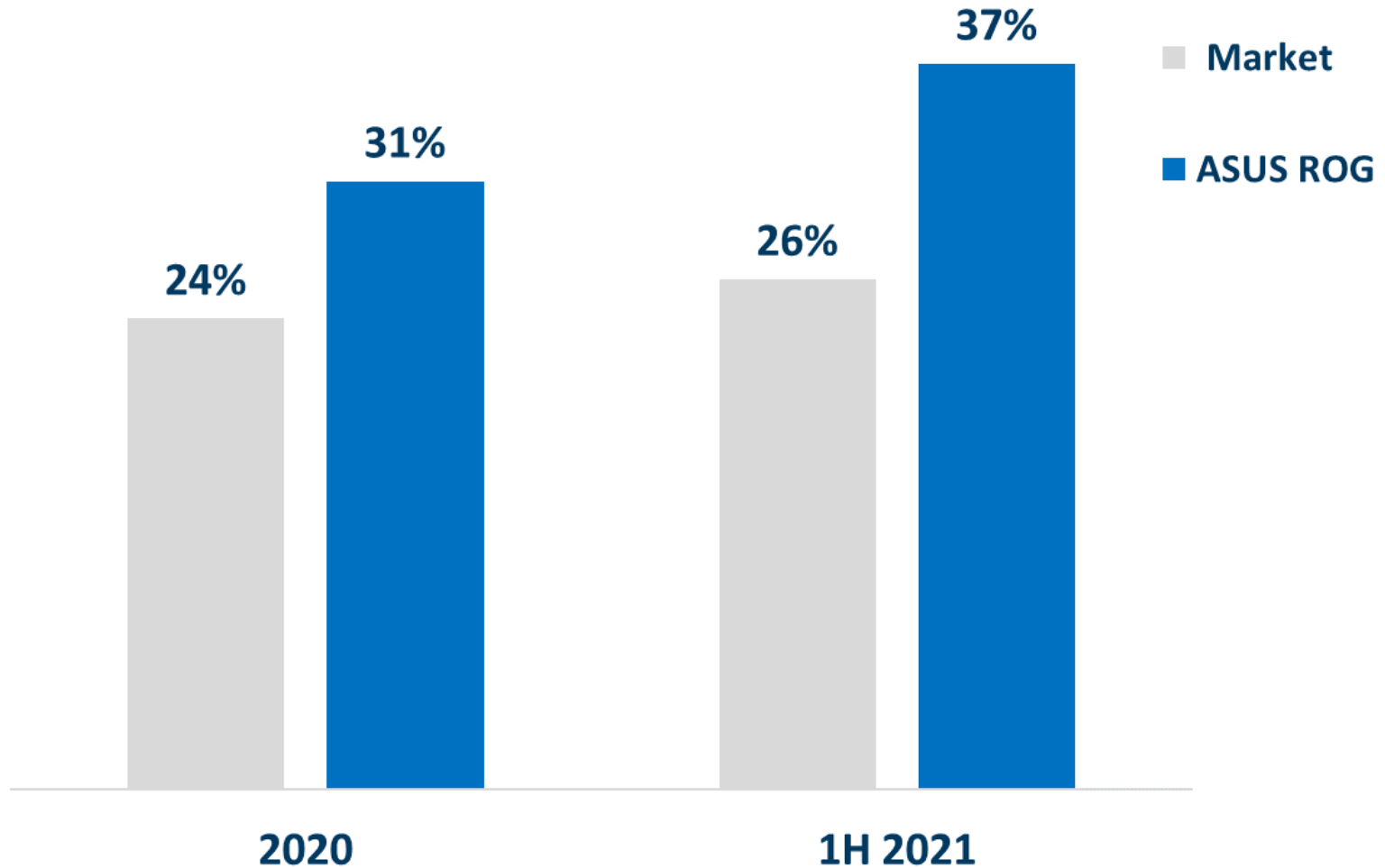
1H 2021 YoY Growth of ASUS Gaming PC Shipments



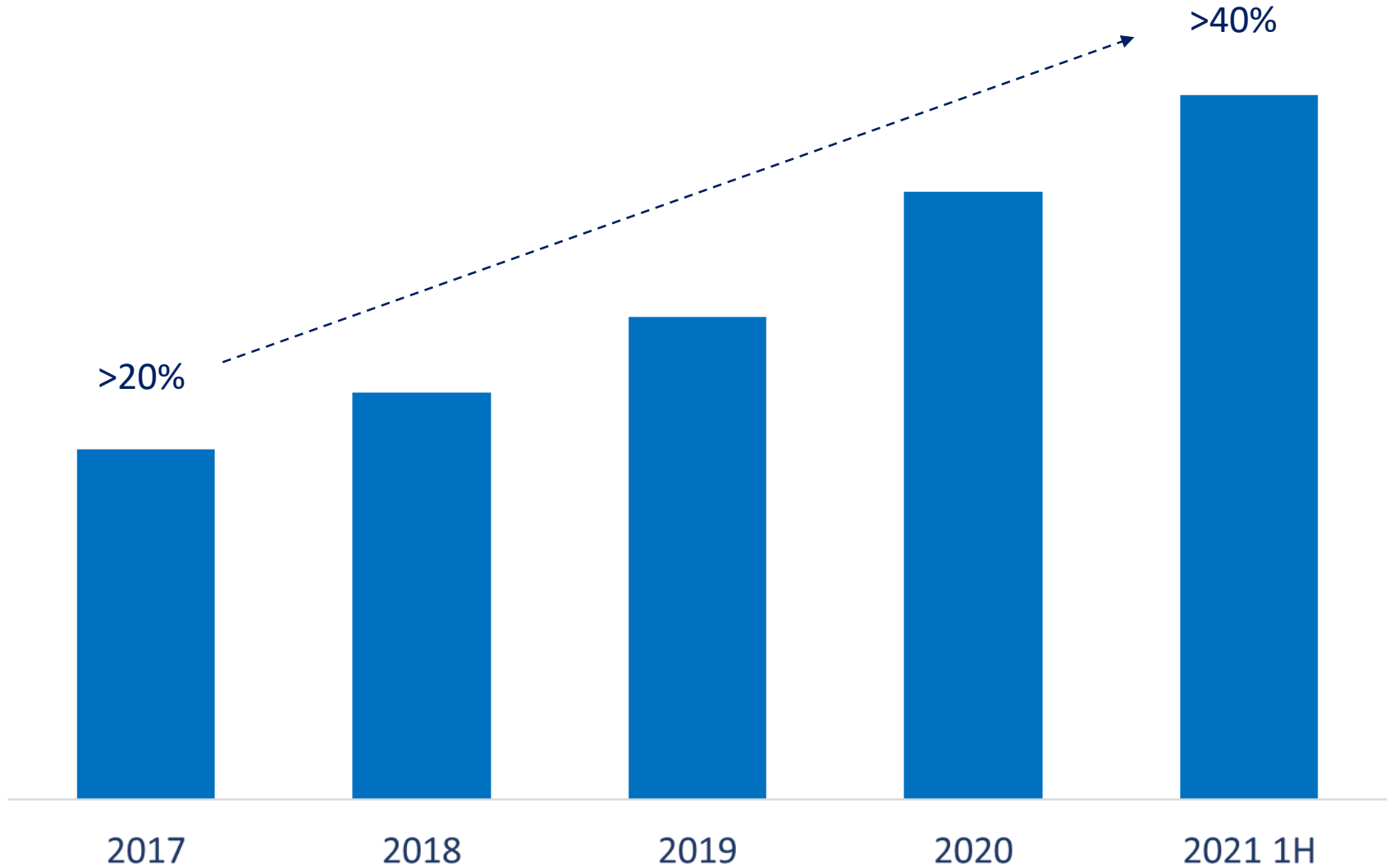


# Leader in Gaming Notebooks

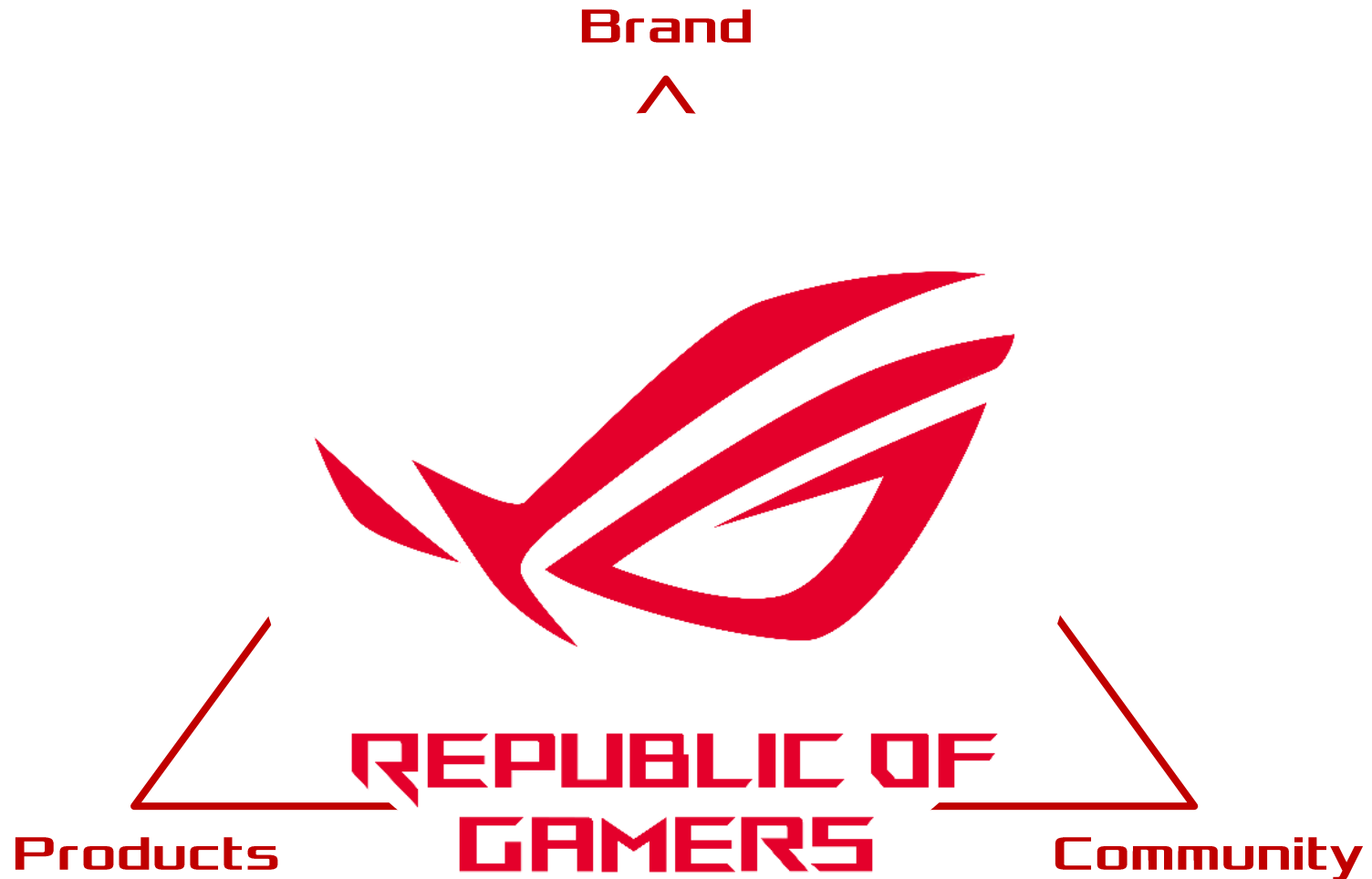
Premium Gaming NB as % of total Gaming NB Shipments



# Milestone for Gaming Product Revenue



# No. 1 Gaming Brand and Ecosystem

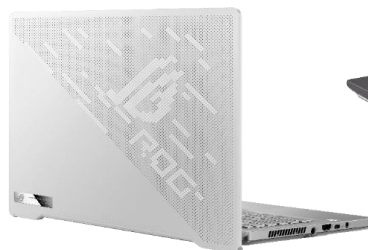


# No. 1 Gaming Portfolio



**ROG Strix RTX 3080  
10G GUNDAM**

**ROG Zephyrus G14**



**ROG Strix G15  
Electro Punk Edition**

**ROG Claymore II**



**ROG Gladius III Wireless**

**ROG Phone 5**



**ROG Slash Series**



**ROG Flow X13**



**ROG Zephyrus M16**

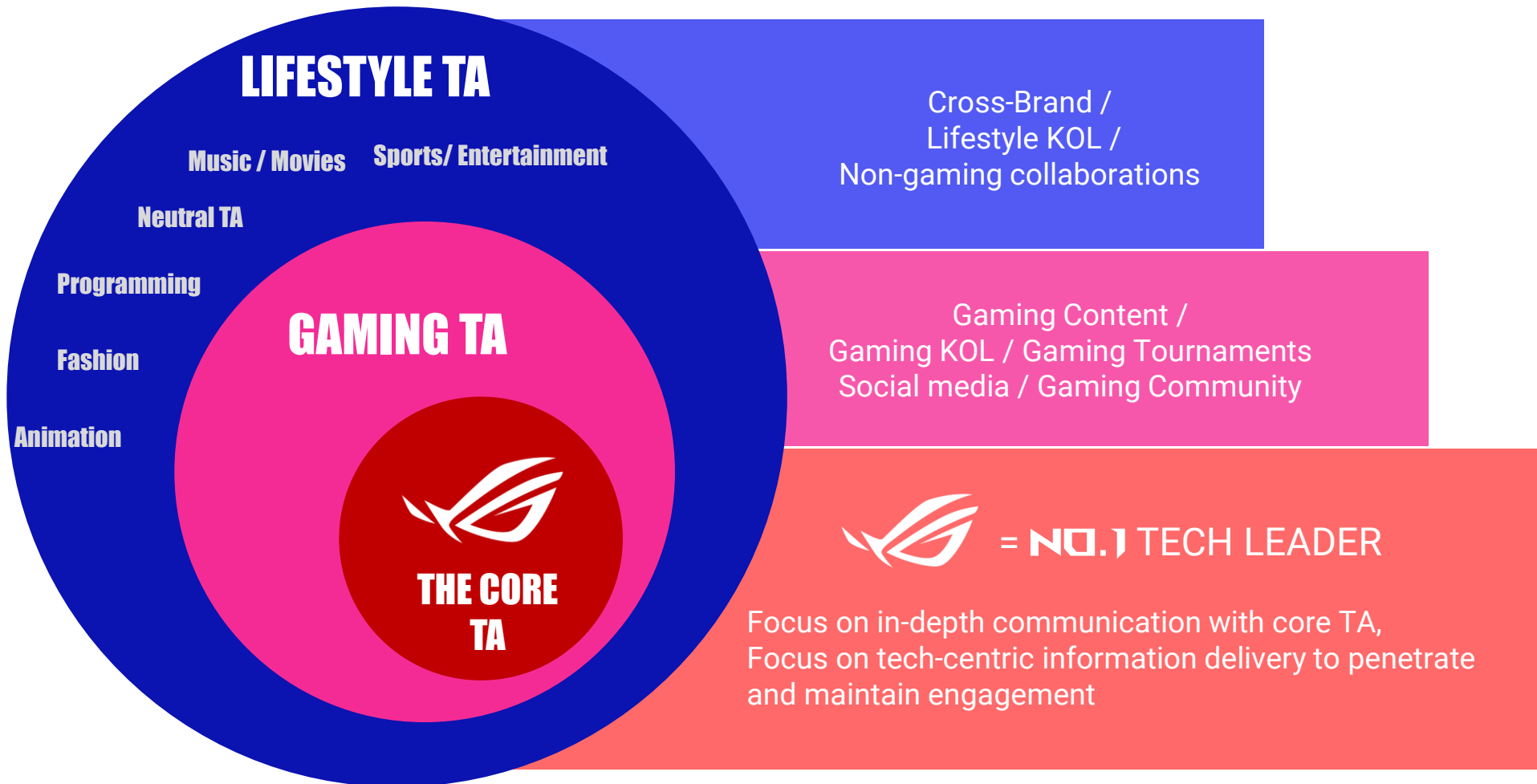


**ROG Strix G15  
Advantage Edition**

**ROG SWIFT 360Hz PG259QN**

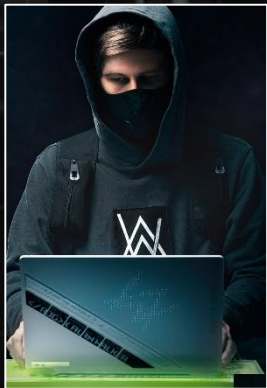


# Fostering Evolution of the Gaming Ecosystem



## 潮流音樂圈

ROG X 電音才子  
ALAN WALKER



## 街頭運動圈

ROG X 滑板傳奇  
NY JAH HUSTON



ROG  
核心電競體驗

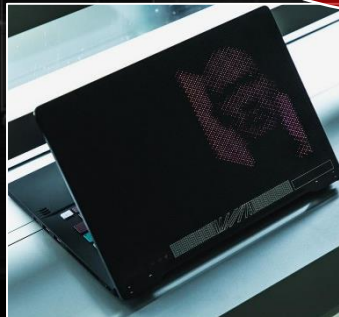
## 電競跨界 出圈世界

核心電競體驗+電玩文化底蘊為本  
跨界結合新世代議題  
放大品牌力，滲透心占率

## 流行潮品圈

ROG X 機能服飾

ACRONYM®

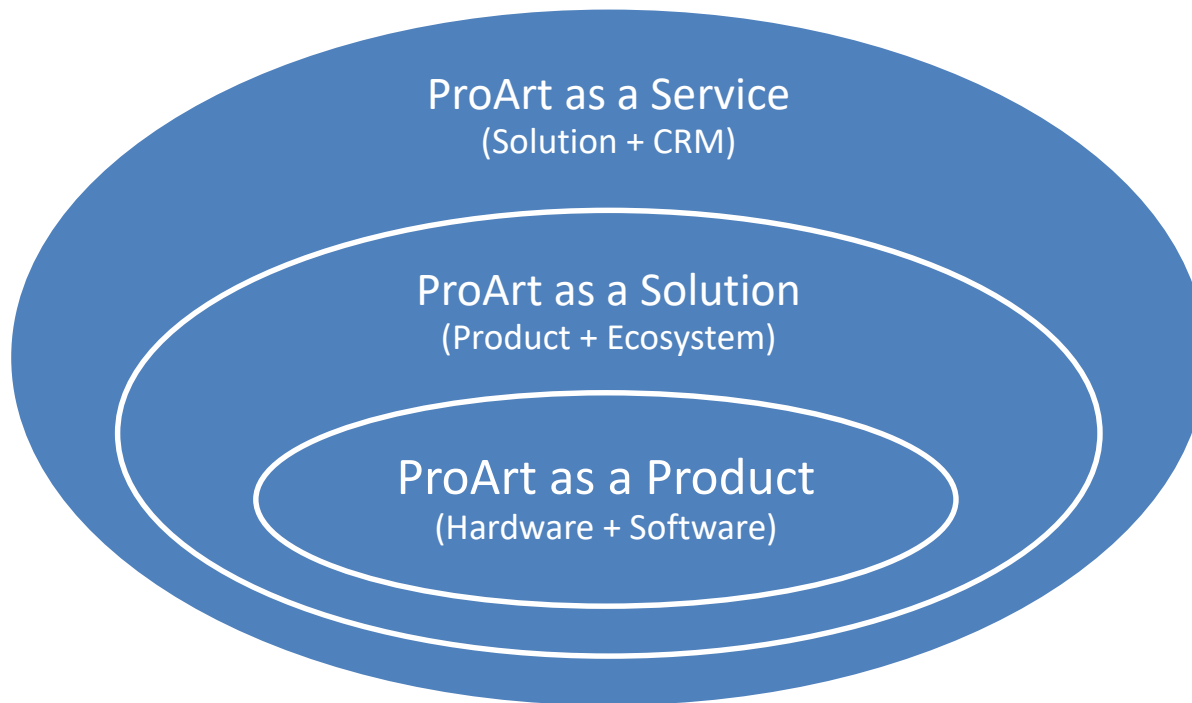


## 居家生活圈

ROG X 瑞典家居



# Creator: From Product to Solution & Service



# Q & A



1. How is the component supply situation in 3Q and 4Q 2021? Will the pricing of products continue to reflect the increase in component cost? What are the main components that are currently in shortage?
2. What is your outlook on the smartphone shipments for this year? Can we see the continued breakeven for smartphone business? What are the considerations for strategic collaboration with the major mobile platform vendor?

3. What is the impact on the profit as the price of cryptocurrency is falling? How do you expect the margin in 3Q 2021?
  
4. What is the impact on notebook market as the Windows 11 will support for Android Apps? What innovation will ASUS introduce in product design or functionality?

5. There are some concerns that there might be some changes in the demand momentum for Chromebooks. What is the company's view on that? What is your long-term strategy for Chromebook business?
  
6. What is the PC channel inventory level now? Is there any significant difference compared with the safety inventory level in the past?

7. ASUS mentioned the plan to build the own smart factory. What is the estimated total investment amount? Will the factory be built in Taiwan?
  
8. What is the company's strategy for commercial PC market? Have we set the target for the market share or margin? What are the differences on strategy and management compared with other notebook business?

9. What is the company's outlook for the PC shipments in 4Q 2021? Do you expect to see improvements in component supply? As the company has set a double-digit positive growth target for 2022, do you have good visibility for the supply situation in 2022?