

ASUSTeK

4Q 2016 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 2016 Financial Result**
- **Business Highlights**
- **Strategy & Outlook**
- **Q & A**

4Q 2016 Financial Result

4Q 2016 Brand I/S

(unaudited brand consolidated financials)

in NT\$ Mn	4Q 2016	3Q 2016	QoQ	4Q 2015	YoY
Net Revenue	117,229	107,507	9%	123,989	-5%
COGS	(100,971)	(92,535)	9%	(107,199)	-6%
Gross Profit	16,258	14,972	9%	16,789	-3%
Operating Expenses	(11,601)	(10,695)	8%	(11,212)	3%
Operating Income	4,658	4,277	9%	5,577	-16%
Non-OP Items	867	3,327	-74%	333	160%
Pre-Tax Income	5,525	7,604	-27%	5,911	-7%
Tax	(588)	(1,626)	-64%	(1,367)	-57%
Net Income	4,937	5,979	-17%	4,544	9%
EPS	6.6	8.0		6.1	
Gross Margin %	13.9%	13.9%		13.5%	
Operating Margin %	4.0%	4.0%		4.5%	

4Q 2016 Non-OP Items

(unaudited brand consolidated financials)

Non-OP Items	4Q 2016	3Q 2016	QoQ	4Q 2015	YoY
Interest Income (net)	267	163	64%	122	119%
Investment Income	425	161	163%	124	243%
<i>Askey</i>	129	<i>(52)</i>	346%	<i>(53)</i>	345%
<i>Others</i>	296	214	38%	177	67%
Exchange Gain/(Loss)	(7)	55	-112%	2	-381%
Dividend Income		2,821			
Other Income (net)	182	127	43%	85	114%
Total Non-OP items	867	3,327	-74%	333	160%

4Q 2016 Brand B/S

in NT\$ Mn	Dec 31, 2016	Sep 30, 2016	QoQ	Dec 31, 2015	YoY
Cash & equivalents	83,883	64,810	29%	51,394	63%
Accounts receivable	76,008	73,253	4%	75,546	1%
Inventories	80,468	74,965	7%	98,729	-18%
Current Assets	247,887	220,243	13%	234,515	6%
Long-term investments	76,653	79,449		70,625	
Fixed assets	8,746	8,177		3,576	
Total Assets	347,636	322,522	8%	319,174	9%
Accounts payable	66,234	52,683	26%	52,529	26%
Current Liabilities	155,584	136,608	14%	142,575	9%
Total Liabilities	166,149	145,551	14%	151,822	9%
Paid-in capital	7,428	7,428		7,428	
Stockholders' equity	181,485	176,970	3%	167,352	8%
Avg. Days of Inventory	70	77		82	
Avg. Days of AR	58	61		56	
Avg. Days of AP	58	50		55	
Avg. CCC Days	71	88		82	

2016 Brand I/S

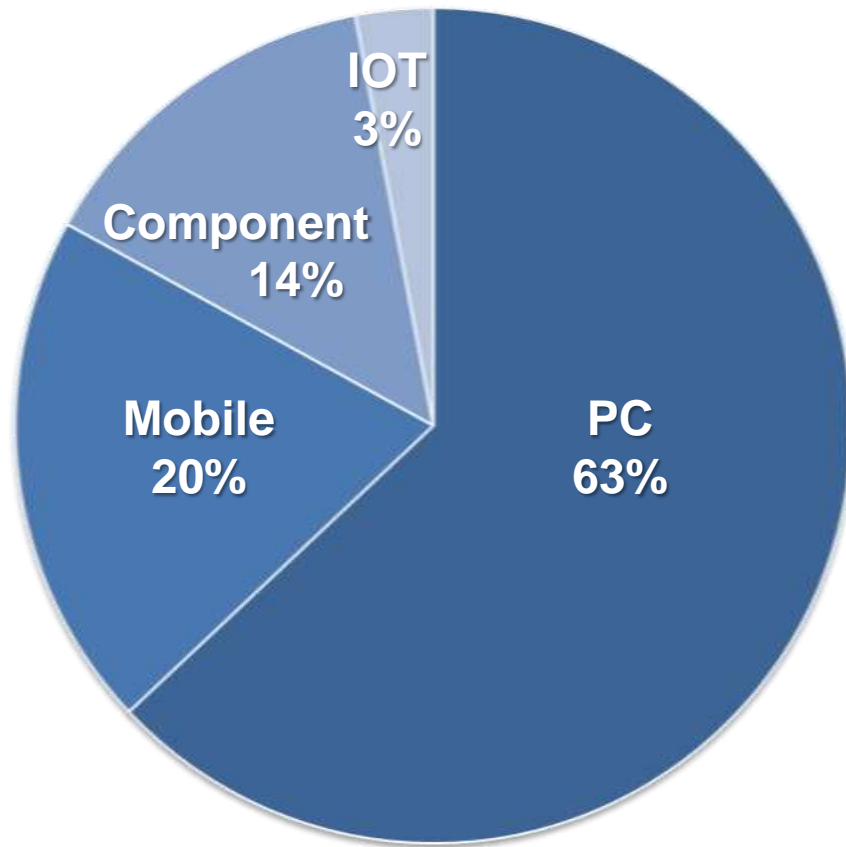
in NT\$ Mn	2016	%	2015	%	YoY
Net Revenue	428,725	100.0%	436,520	100.0%	-2%
COGS	(370,543)	(86.4%)	(376,117)	(86.2%)	-1%
Gross Profit	58,182	13.6%	60,403	13.8%	-4%
Operating Expenses	(40,787)	(9.5%)	(40,357)	(9.2%)	1%
Operating Income	17,395	4.1%	20,046	4.6%	-13%
Non-OP Items	6,296	1.5%	1,853	0.4%	240%
Pre-Tax Income	23,691	5.5%	21,899	5.0%	8%
Tax	(4,488)	(1.0%)	(4,801)	(1.1%)	-7%
Net Income	19,203	4.5%	17,097	3.9%	12%
EPS	25.9		23.0		12%

Non-OP Items	2016	%	2015	%	YoY
Interest Income (net)	776	0.2%	280	0.1%	177%
Investment Income	912	0.2%	853	0.2%	7%
Exchange Gain / (Loss)	1,070	0.2%	(2,202)	-0.5%	149%
Dividend Income	2,824	0.7%	2,375	0.5%	19%
Other Income (net)	715	0.2%	548	0.1%	30%
Total Non-OP items	6,296	1.5%	1,853	0.4%	240%

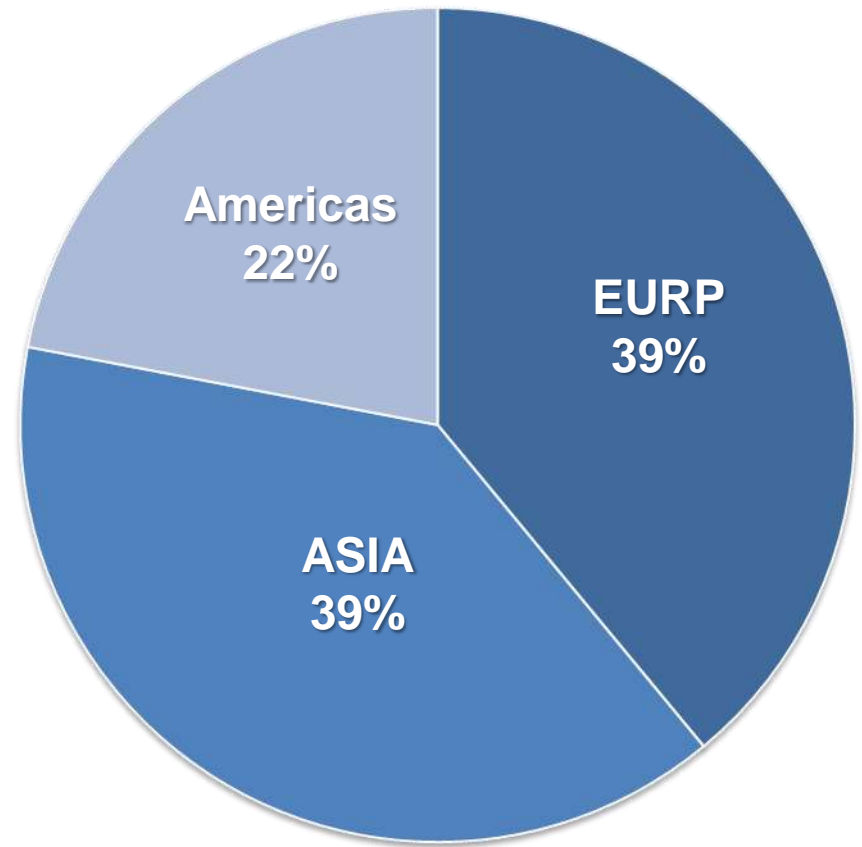
Business Highlights

4Q 2016 Revenue Mix

By Product

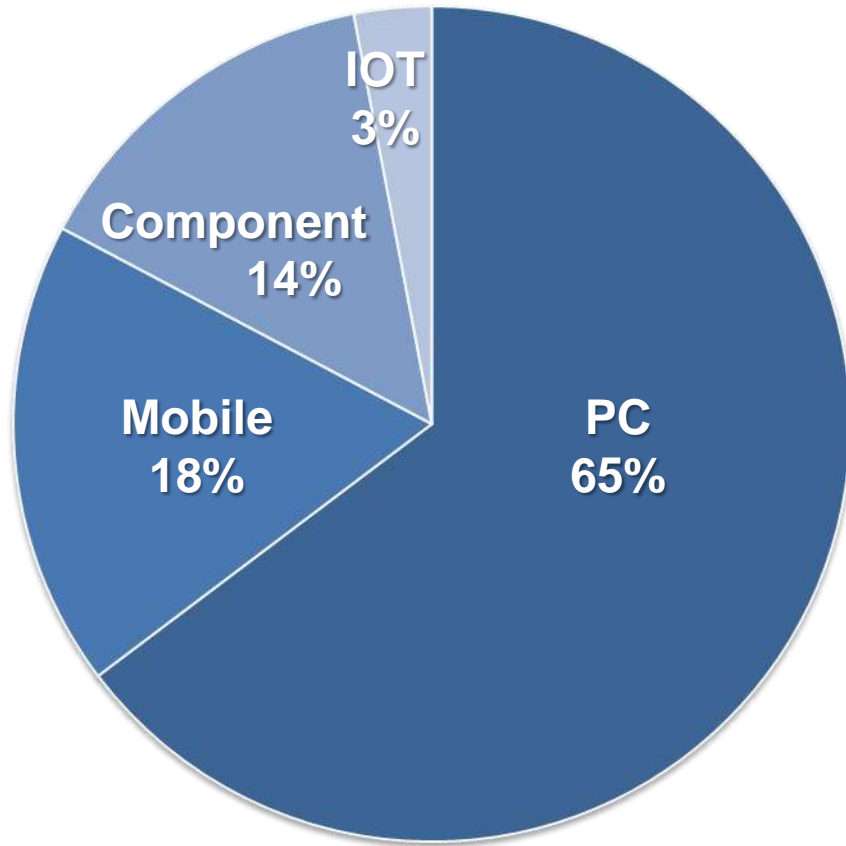


By Region

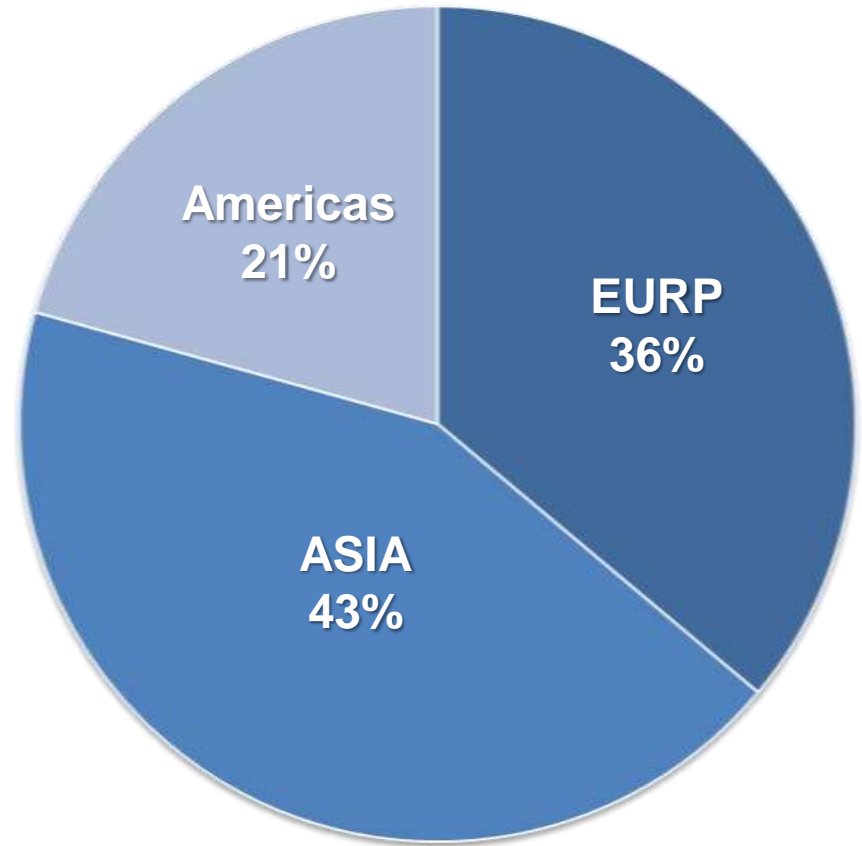


2016 Revenue Mix

By Product



By Region



1Q 2017 Business Outlook

- PC QoQ -15% ~ -20%
- Mobile QoQ -10% ~ -15%
- Component QoQ 0% ~ -5%

Strategy & Outlook

Ubiquitous Computing

Evolution. Revolution



New Ubiquitous Computing Era



ASUS NB Growth Engine

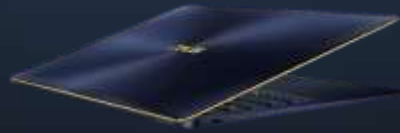
2 in 1

Performance PC

ZenBook

Commercial

Gaming



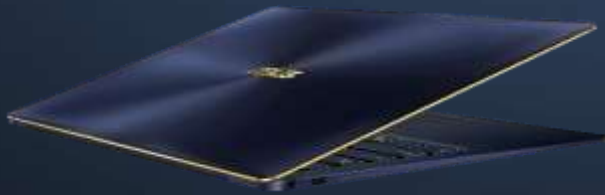
Leading Innovation • Wow Experience

NB Breakthrough

	<u>2016 Rev YoY</u>	<u>2017 Rev YoY(e)</u>
ZenBook	40 %	40 %
Gaming	50 %	40 %
2in1	10 %	40 %

Revenue Contribution **40%** in 2016 **>50%** in 2017 (e)

New Hero in Q2



UX490



Gaming



Vivobook S



Vivobook Pro



ZenFlip UX370



ASUS

Exclusive Technology

Hydro Overclocking System

Active Aerodynamic System



REPUBLIC OF
GAMERS

GX800

NO. 1
Performance
Hydro Overclocking System



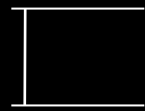


Ultra-thin Gaming Laptop with Uncompromised Performance

Active Aerodynamic System

COMING SOON

< 2cm



ZenBook Deluxe



World's most prestigious NB

2 in 1 NB



Convertible 2in1



Detachable 2in1

A hand is shown in the foreground, reaching out towards a glowing globe of Earth in the background. The globe is surrounded by a network of blue lines and dots, suggesting a digital or technological theme. The overall color palette is dark blue and purple, with a bright light source behind the globe.

Zenfone

Empowering Luxury

Hero model • Hero country

New Hero in Q1

Zenfone 3 Go



Livestream beautifully

Zenfone 3 Zoom



Catch the Moment

Zenfone AR



Built for augmented reality

Zenfone Core Competence

Design

Camera / Selfie / Live

Audio

AR/VR



Zenfone 3 Zoom



Zenfone 3 Go



Zenfone 3 Max



Zenfone AR

Amazing Journey • Incredible Achievement



Zenfone™ won **860** award globally

Q4 Breakthrough Growth



Taiwan · Hong Kong · Philippine · Japan · Brazil
Russia · France · Spain · Portugal

Zenfone™ AR

Built for augmented reality

World's first AR & VR

Tango enabled & Daydream-ready phone

ASUS TriCam™ System

23MP / Motion Tracking /
Depth Sensing cameras

Snapdragon 821 processor
/ 8GB RAM

Extreme power built for AR & VR

5.7" WQHD Super AMOLED

Immersive 2K VR experiences



ZenFone AR – Quotes from the Media

Reviewed.com

"CES 2017 Editors' Choice Award Winner - ZenFone AR"



ANDROID AUTHORITY

"Best of CES 2017 - The ZenFone AR shines as the first truly high-end Tango device."



"The Best of CES 2017 - Zenfone AR actually feels like a phone you'd want to use, even if you never augment your reality."

techradar

"Best Smartphone in CES 2017 - Asus has taken an early lead in this year's smartphone race with its Zenfone AR at CES 2017."

engadget

"Best of CES 2017 - It's more than just an AR machine too: It also supports Google's Daydream VR platform."



Zenfone™ 3 Zoom

Catch The Moment

2.3x Optical Zoom & $f/1.7$
Dual Lens Camera



Zenfone™ 3 Zoom

Catch the Moment

Dual Lens Camera

f/1.7 SONY IMX362 Camera
2.3x Optical Zoom Camera

Dual Image Processor

SD625 & SuperPixel™ Engine
for 2.5x Light Sensitivity*

Double Battery Life**

5000mAh Battery
6.4 hrs 4K Video Recording

* Compared with iPhone 7 Plus.

** Compared with iPhone 7 on
4K Video Recording.





Zenfone™ 3 Go

Livestream beautifully

Beautification with Facebook
& YouTube – Live!

Large 1.4 μ m
pixels

Soft LED Flash
for brighter selfies

Dual MEMS Mics
for clearer chat & less noise

Five-Magnet Speaker
with smart amp

AR/VR

PC VR (PC + HMD)



Collaborate with Microsoft
& Oculus (ROG)

Mobile VR (HMD w/ Phone)



Zenfone AR
(Tango enabled & Daydream-ready)

AR/VR

AIO VR (Standalone HMD)



2017 will launch

AR



Zenfone AR
(Tango enabled & Daydream-ready)



Zenbo

Your Smart Little Companion

- ✓ Sweet Little Companion
- ✓ Fun and Educational Playmate
- ✓ Smart household helper

Home Robot Solution



Sweet Little Companion

- Guided digital life for seamless and intuitive experiences
- Proactive reminder for calendar events and medicine consumption
- Watchdog and first respondent in case of emergency



Fun and Educational Playmate

- Interactive storyteller
- Smart tutor and learning companion
- Kid-friendly programming apps to encourage logical and creative thinking

Smart household helper

- Smart home manager and security guard
- Hands-free kitchen assistant
- Family photographer
- Entertainment provider
- Mobile home computer and stereo



Customer's happiness is always the most important thing



Zenbo

Your Smart Little Companion



**IN SEARCH OF
INCREDIBLE**

ASUSTeK

4Q 2016 Investor Conference