

ASUSTeK

1Q 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

- **1Q 2021 Financial Result**
- **Business Highlights**
- **Strategy & Outlook**
- **Q & A**

1Q 2021 Financial Result

2021 1Q Brand P&L

in NT\$ Mn	2021 1Q	2020 4Q	QoQ	2020 1Q	YoY
Net Revenue	108,104	113,710	-5%	64,043	69%
COGS	(84,310)	(93,580)	-10%	(53,510)	58%
Gross Profit	23,794	20,130	18%	10,532	126%
Operating Expenses	(12,233)	(11,923)	3%	(7,653)	60%
Operating Profit	11,561	8,207	41%	2,879	302%
Non-OP Items	684	3,065	-78%	(1,632)	142%
Pre-Tax Profit	12,245	11,272	9%	1,247	882%
Tax	(2,454)	(1,425)	72%	(360)	582%
Net Profit	9,791	9,847	-1%	888	1003%
EPS	13.2	13.3		1.2	
Gross Margin %	22.0%	17.7%		16.4%	
Operating Margin %	10.7%	7.2%		4.5%	

2021 1Q Brand Non-OP Items

Non-OP Items	2021 1Q	2020 4Q	QoQ	2020 1Q	YoY
Interest Income (net)	81	89	-9%	241	-67%
Investment Income	(200)	418	-148%	(73)	-175%
<i>Askey</i>	(688)	(45)	-1418%	(296)	-132%
<i>Others</i>	487	463	5%	224	118%
Exchange Gain/(Loss)	665	2,169	-69%	(1,906)	135%
Dividend Income	13				
Other Income (net)	126	390	-68%	106	19%
Total Non-OP items	684	3,065	-78%	(1,632)	142%

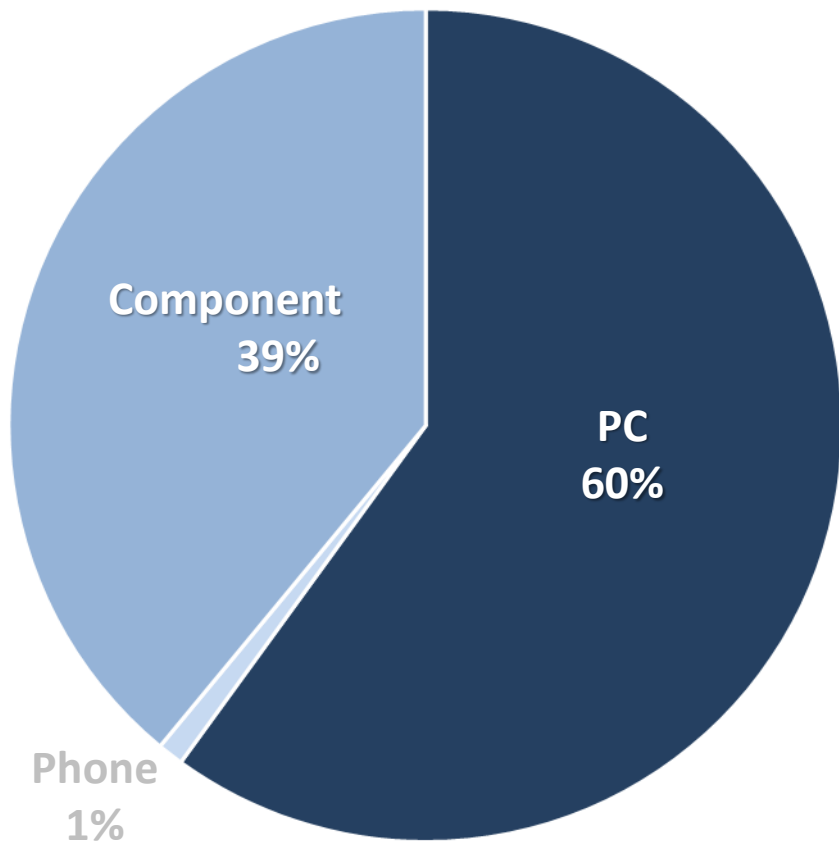
2021 1Q Brand Balance Sheet

in NT\$ Mn	Mar 31, 2021	Dec 31, 2020	QoQ	Mar 31, 2020	YoY
Cash & equivalents	79,666	65,645	21%	62,168	28%
Accounts receivable	68,996	69,407	-1%	44,037	57%
Inventories	106,437	90,698	17%	76,699	39%
Current Assets	265,914	235,068	13%	193,108	38%
Long-term investments	100,573	95,701	5%	67,533	49%
Fixed assets	16,179	16,494	-2%	17,985	-10%
Total Assets	402,420	366,506	10%	295,574	36%
Accounts payable	69,903	49,633	41%	37,321	87%
Current Liabilities	170,592	149,756	14%	114,409	49%
Total Liabilities	185,633	164,742	13%	127,705	45%
Paid-in capital	7,428	7,428		7,428	
Stockholders' equity	216,787	201,765	7%	167,869	29%
Avg. Days of Inventory	107	86		124	
Avg. Days of AR	58	59		77	
Avg. Days of AP	68	62		82	
Avg. CCC Days	97	83		119	

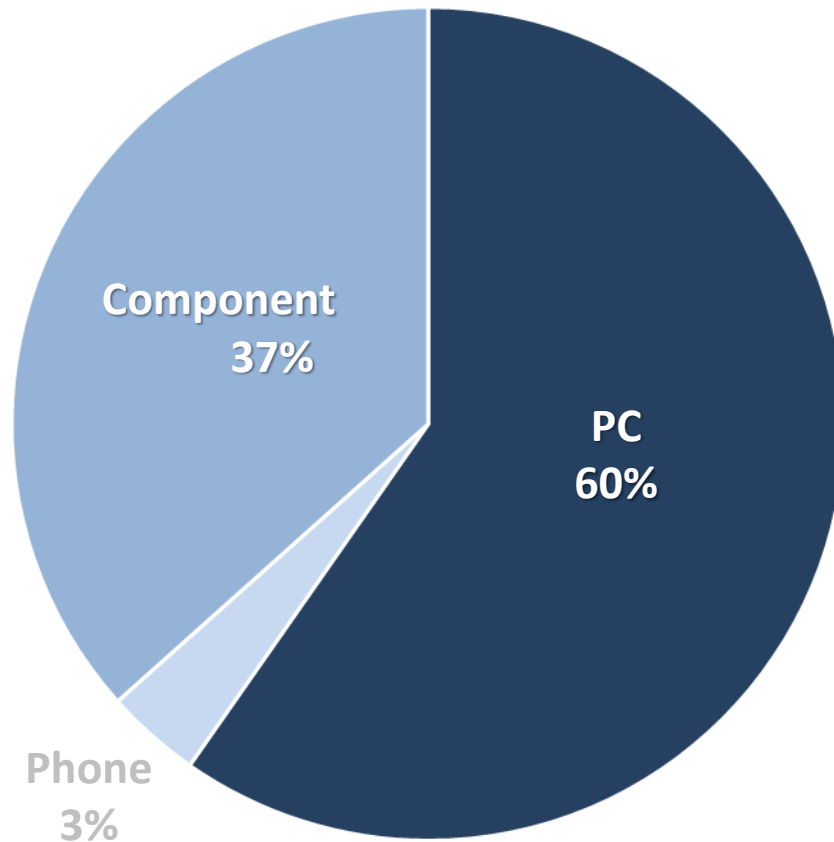
Business Highlights

1Q 2021 Product Mix

1Q 2021

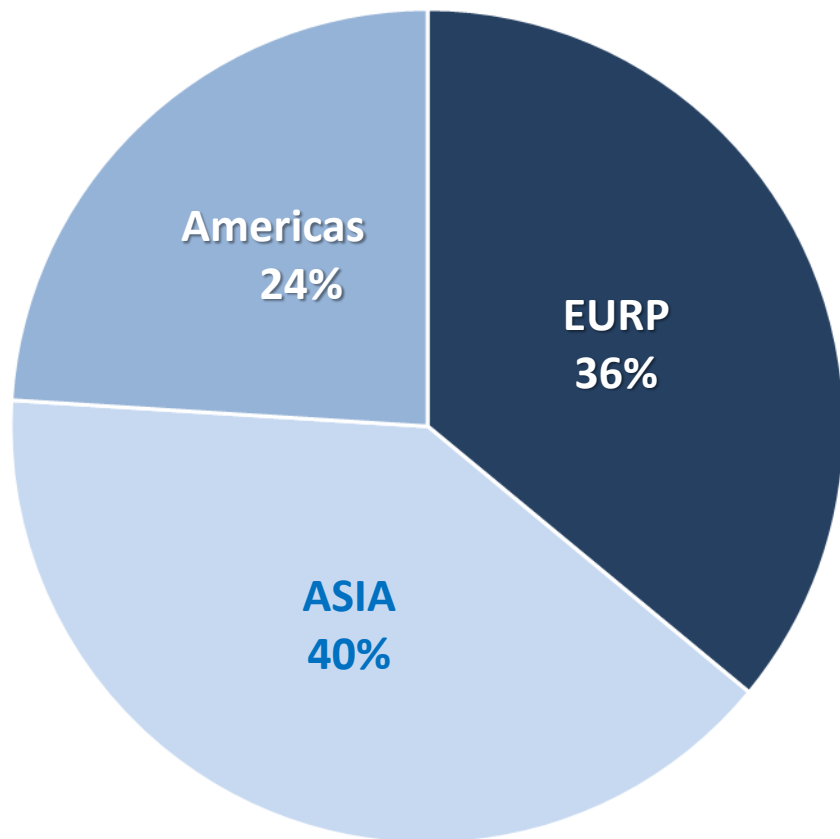


1Q 2020

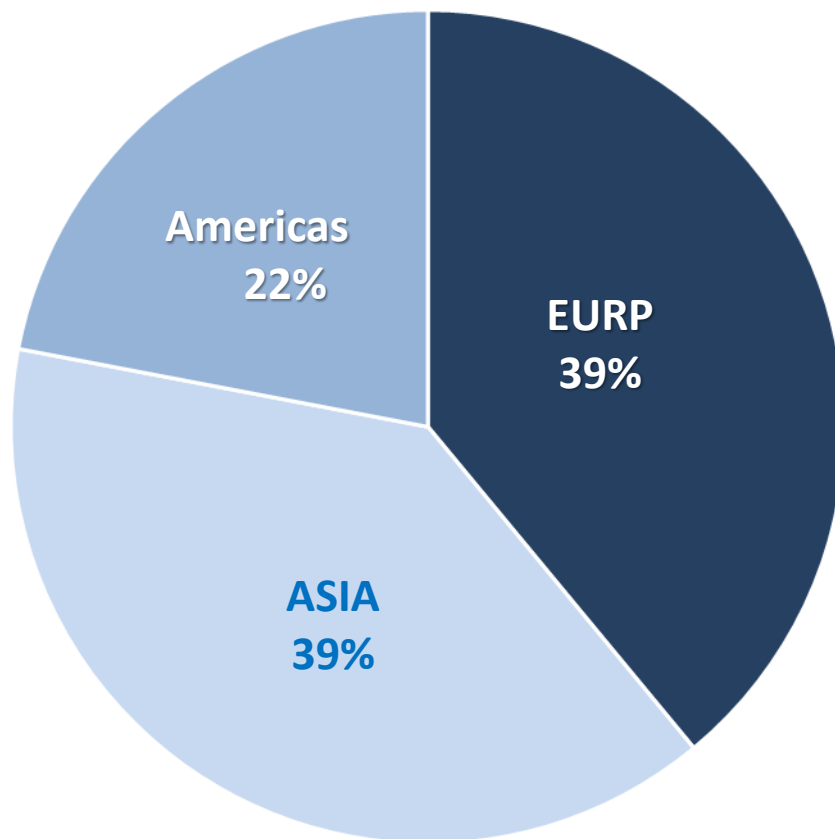


1Q 2021 Region Mix

1Q 2021



1Q 2020

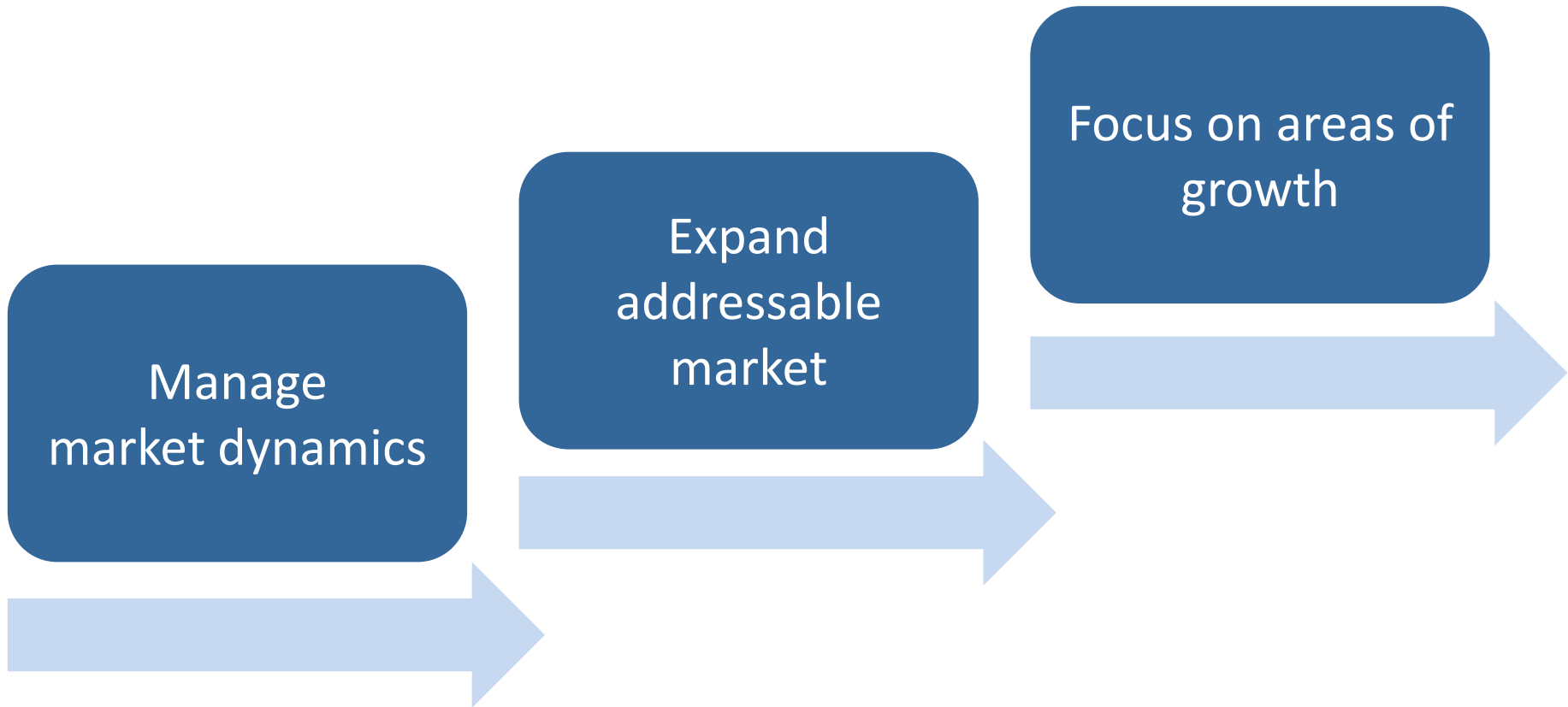


2Q 2021 Business Outlook

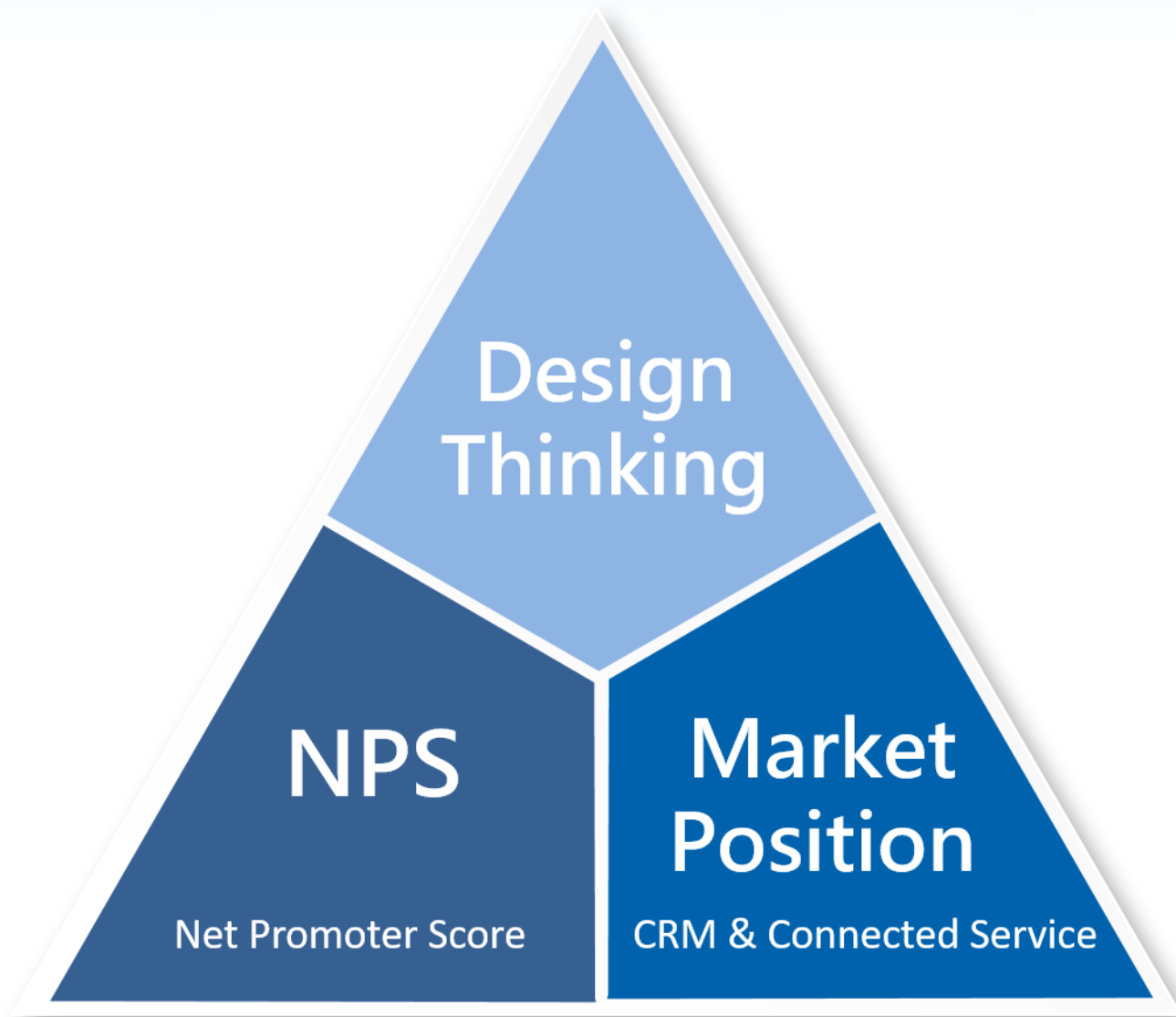
- **PC QoQ +5% ~ +10% , YoY +20% ~ +30%**
- **Component QoQ -5% ~ -10%, YoY +30%**

Strategy & Outlook

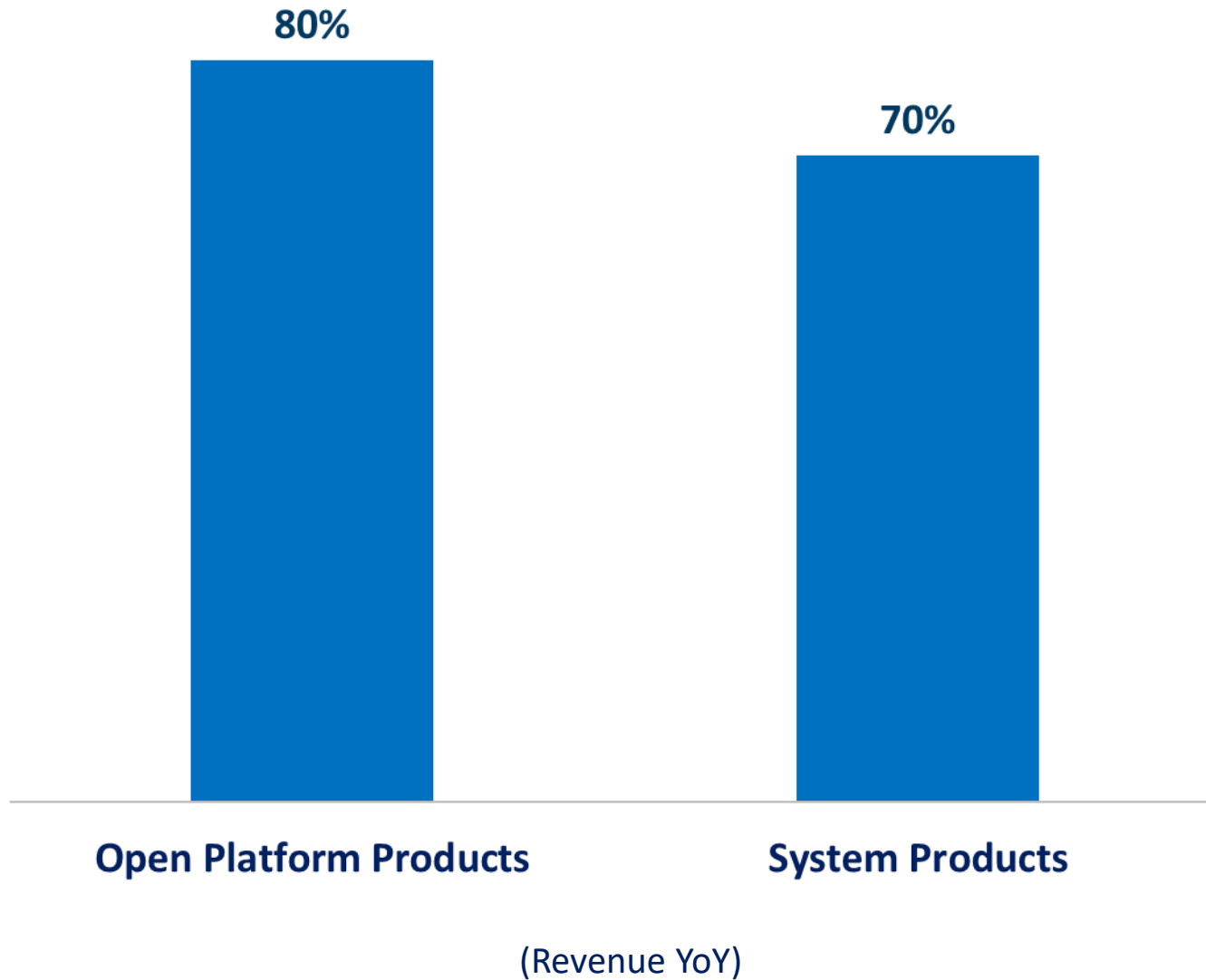
Key Business Objectives



Golden Triangle of the ASUS Brand



Strong Growth in Q1 2021

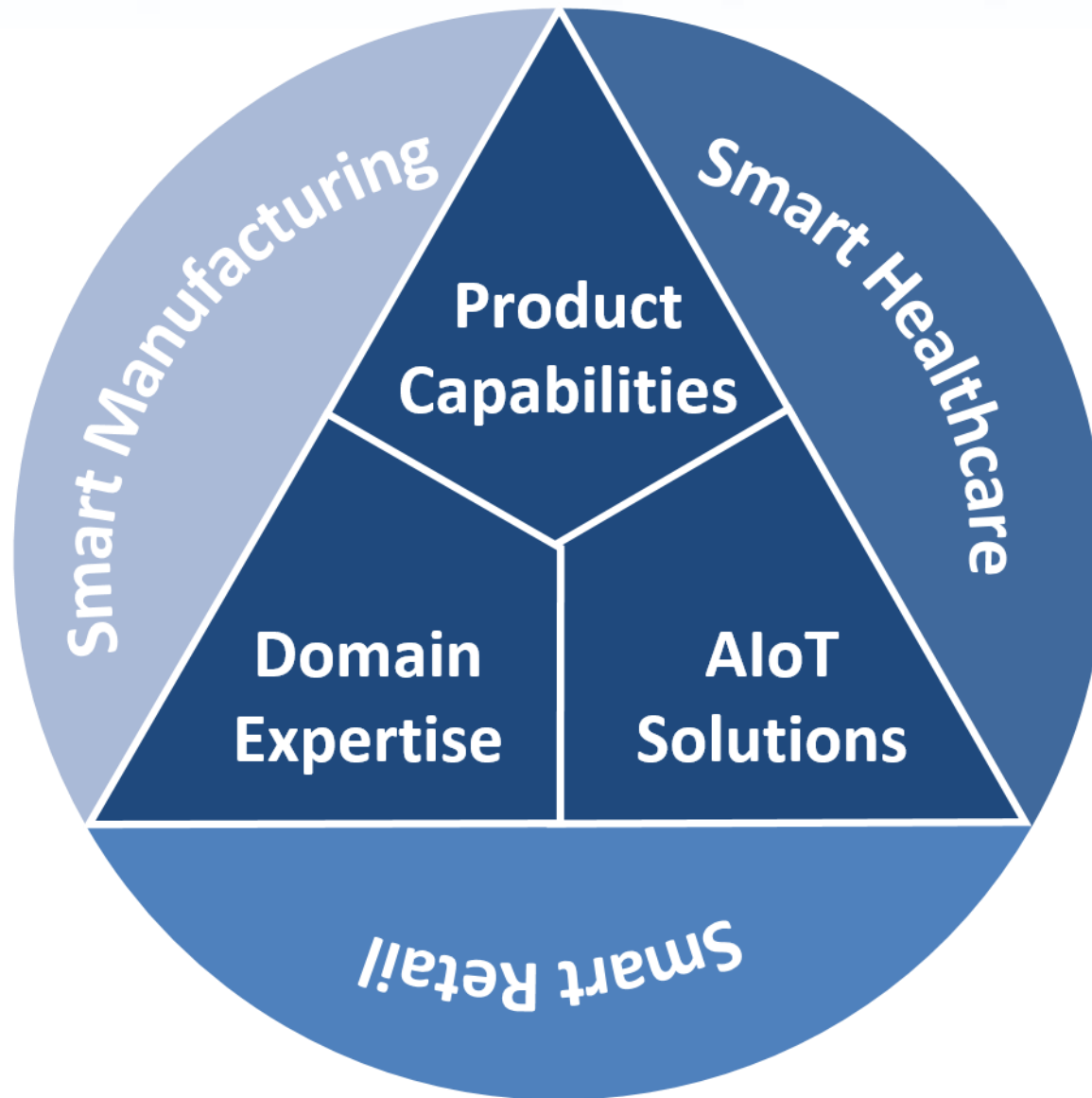


Strong Leadership in MB Market

- **No. 1 share** in global motherboard market
- **A motherboard for every builder:** ROG, TUF Gaming, Prime, and Pro WS series bring elite specs to the core for both intel and AMD platforms
- **Intelligent control:** AI overclocking, AI cooling, AI networking and AI noise-canceling mic
- **High-performance networking:** 2.5GHz, 10GHz Ethernet and WiFi 6E



ASUS AIoT Ecosystem



ASUS Smart Health Solutions

Preventive Care, Digital Diagnosis, Telecare



Preventive Care

- Prevention of cardiovascular disease
- Sleep apnea detection
- Management of exercise/emotion



Digital Diagnosis

- Portable ultrasound solution
- Early detection of cardiac disease
- AI medical Imaging system
- Procedure improvement: Voice service of nursing, ICD-10 AI coding assistant



Telecare

- AI model for risk of illness
- Telecare platform

Healthy Living

Prevention

Diagnosis

Treatment

Home Care

Worldwide Recognition



**Clarivate Top 100
Global Innovators 2021**



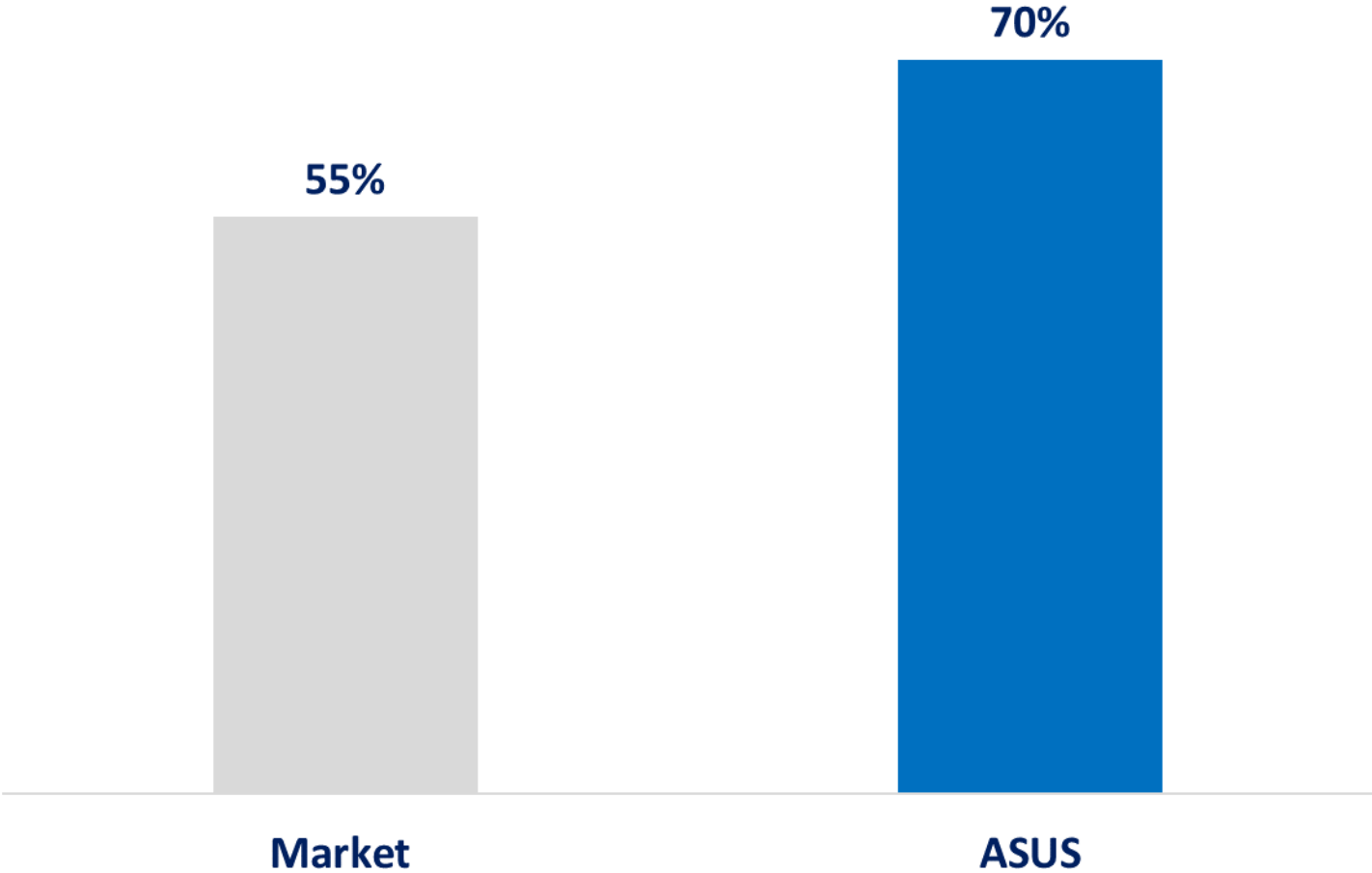
**iF Design Award 2021
15 Wins**



**Red Dot Design Award 2021
37 Wins**

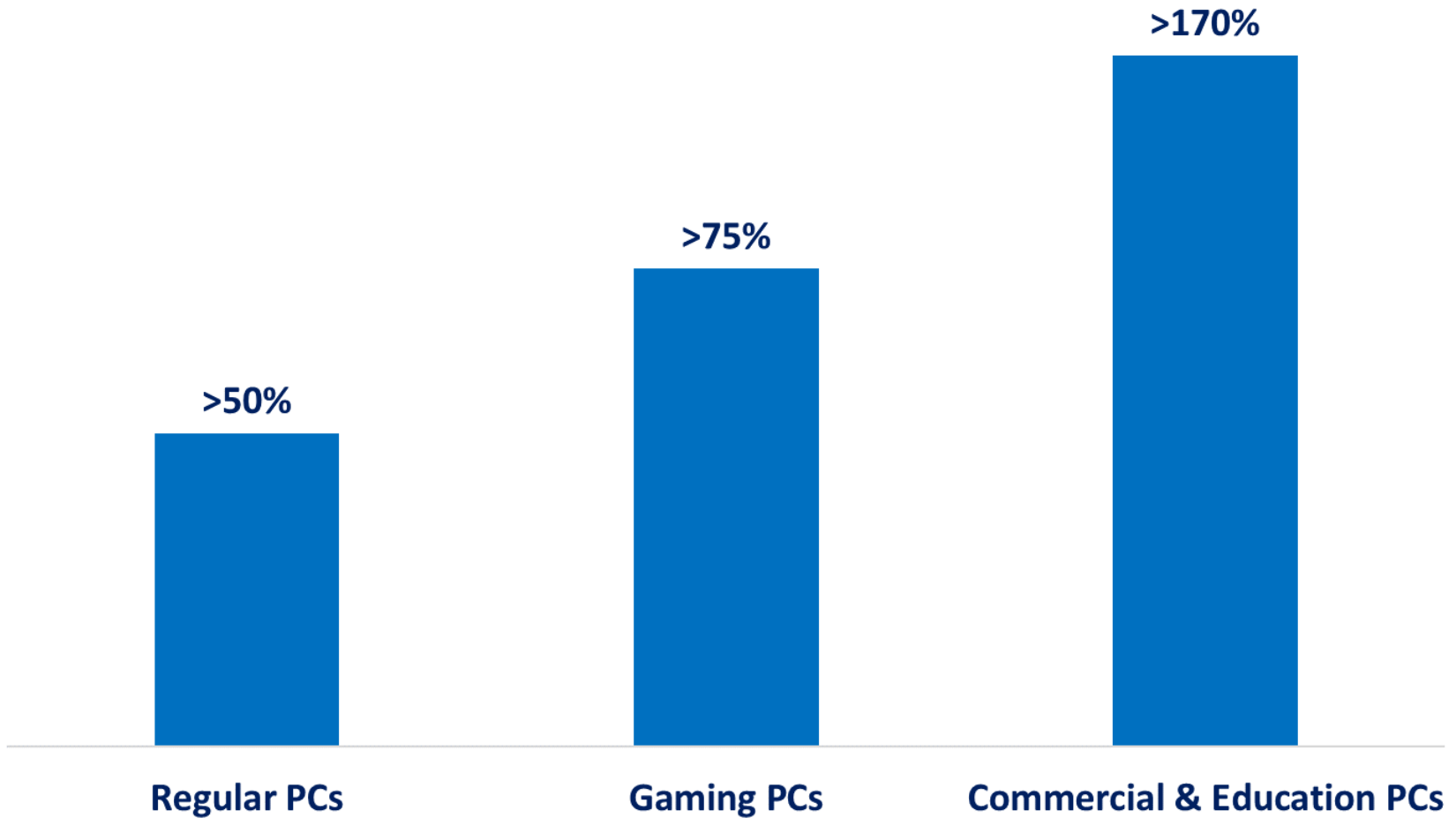
PC Business Outgrew Market in Q1 2021

Q1 2021 YoY Growth of PC Shipments



Strong Growth in All Segments

Q1 2021 YoY Growth of PC Shipments



No. 1 Gaming Brand and Ecosystem



No. 1 Gaming Portfolio



**ROG Strix RTX 3080
10G GUNDAM**

ROG Zephyrus S17



ROG Zephyrus M16



ROG Phone 5



ROG Slash Series



ROG Flow X13



ROG Zephyrus G14



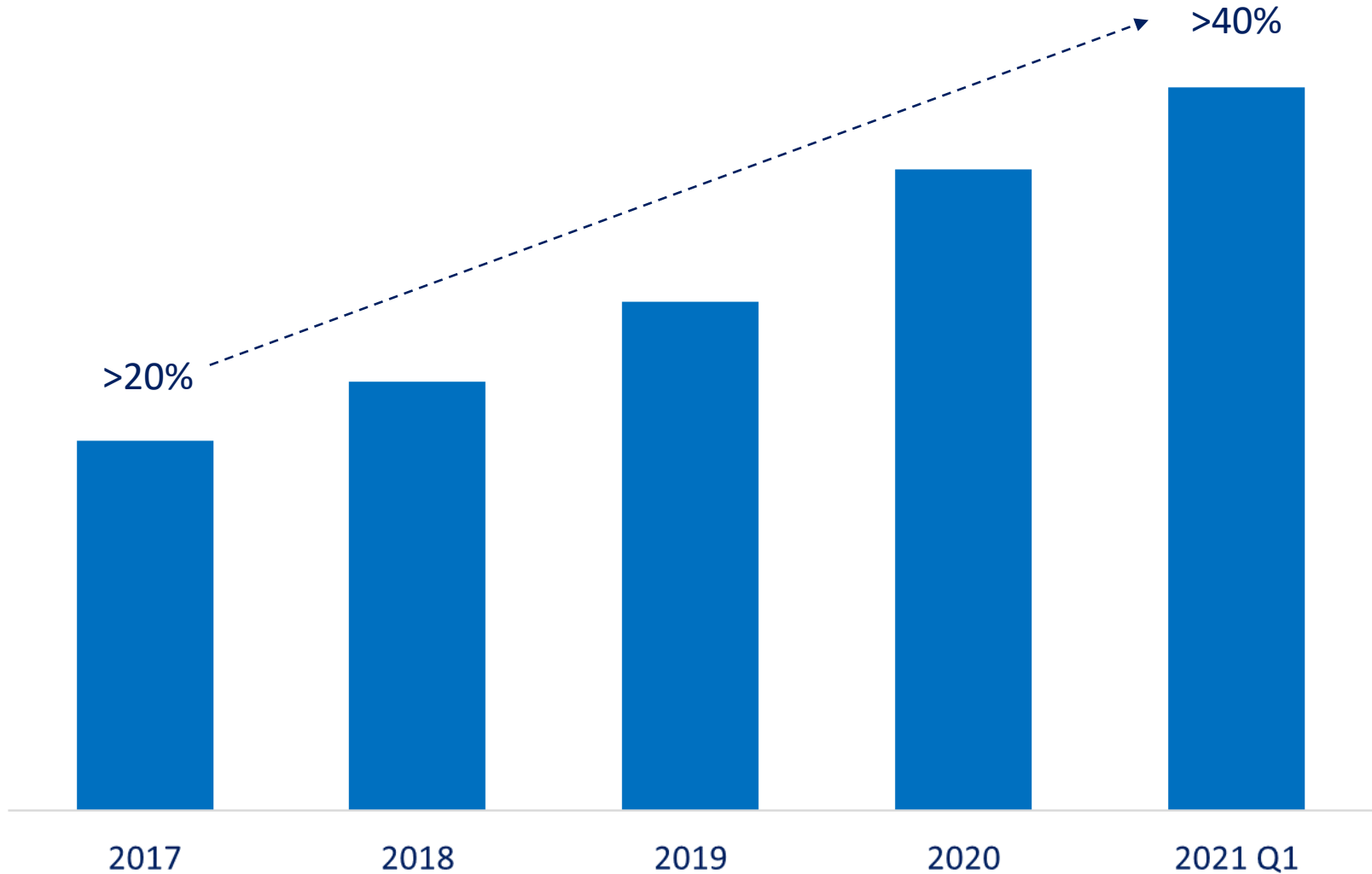
ROG Strix G15



ROG SWIFT 360Hz PG259QN

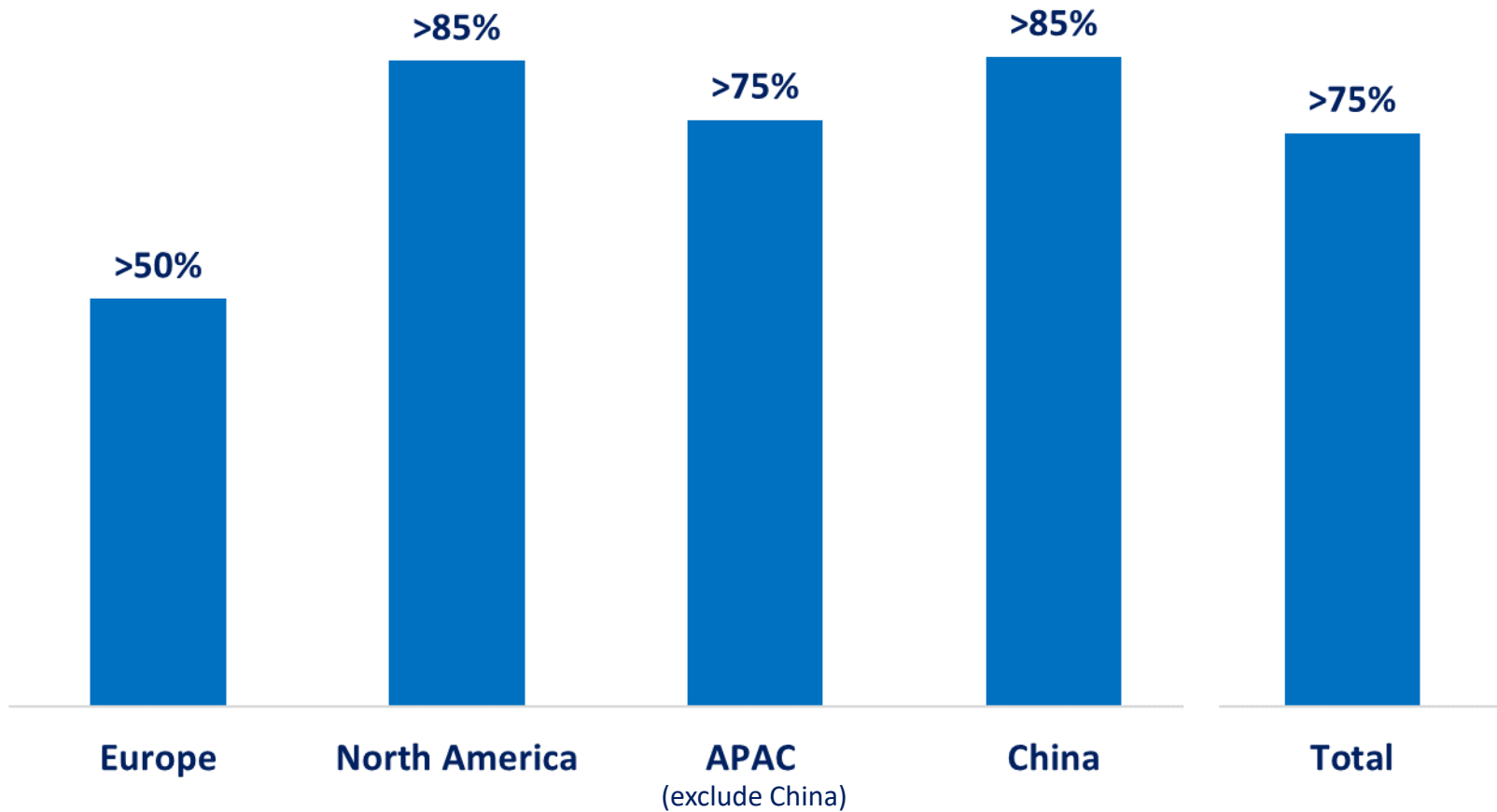


No. 1 Gaming Product Revenue



Hypergrowth in Gaming PC Business

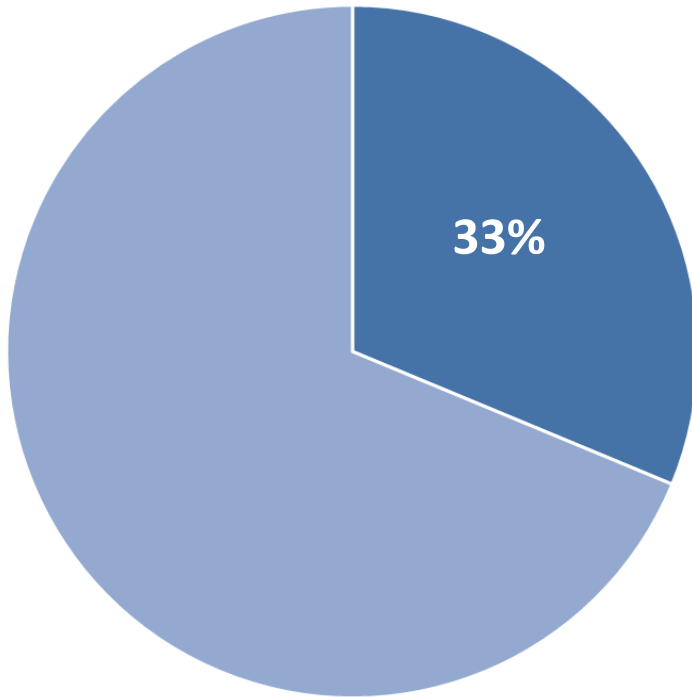
Q1 2021 YoY Growth of ASUS Gaming PC Shipments



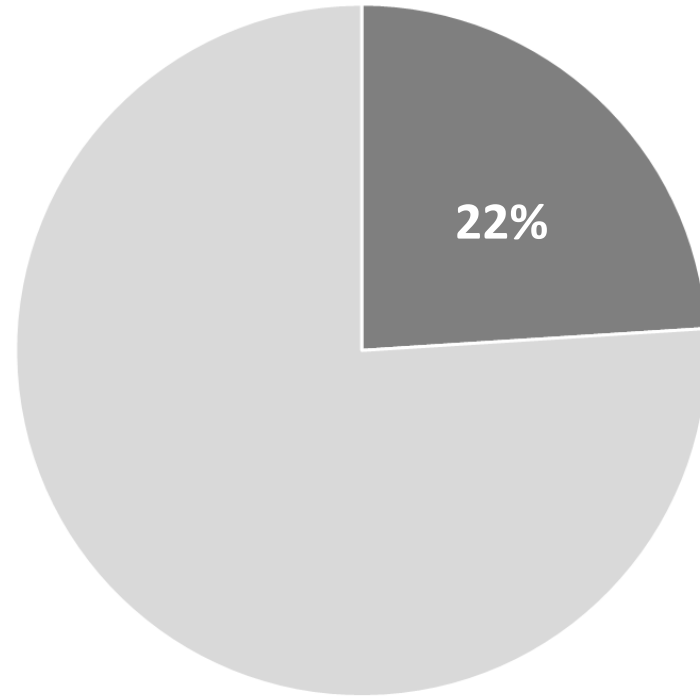
Leader in Gaming Notebooks

Premium Gaming NB as % of total shipments in Q1 2021

ASUS ROG



Market

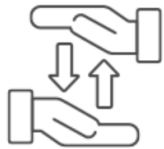


ASUS Sustainability Goals



Operations

- Achieve 100% electricity used in Taiwan-based operations centers from renewable resources by 2030, and global operations centers by 2035



Supply Chain

- Achieve a 30% reduction in the carbon intensity of key suppliers by 2025



Products

- Ensure each year's key products have average energy efficiencies that are 30% higher than the Energy Star standard

Q & A

1. Can you give us some colors on the component supply situation among different product lines?
2. What is the current inventory level of notebooks in the channels? Will the shipments of notebook further increase in 2H 2021? How is the visibility of notebook demand now?
3. The losses on Askey has increased in 1Q 2021. As networking component is still in shortage situation, how do we reduce the losses afterwards?

4. Why do you guide the revenue of component business to decrease 5-10% quarter-over-quarter while the demand of component product is still over supply?
5. What is your view on the trend of gross margin in 2Q 2021?
6. We have launched ROG Phone 5 and ZenFone 8 this year. Can you share the current sales outlook and customers' feedback, as well as the company's long-term plan for the phone business?

7. As the pricing of PC supply chain component is on the rise, what is the price increase range of ASUS products in 2Q and 2H 2021?
8. The gross margin has increased significantly in 1Q 2021. Is that mainly from graphics card products' contribution?
9. Does the company set double-digit growth target for the annual notebook shipments? If the market get to a new norm after COVID-19, how can the company continue to grow above the market?

10. ASUS mentioned that the gap between demand and supply was 20-30% in 4Q 2020 investor conference. What is the situation in 2Q 2021? Do we see any improvement?
11. Do we take any specific measures in response to the recent worsening pandemic in Taiwan? Will it impact on the operations this year?
12. Can you share your operations plan in commercial and education PC market? What's the strategy to gain market share?