

AVerMedia

— Investor Conference —

2019/H1 Business Review

TWSE: 2417

24-Oct-2019



Safe Harbor Statement

This presentation contains forward-looking statements subject to significant risks and uncertainties. Actual results may differ significantly from those contained in the forward-looking statements. The forward-looking statements should not be interpreted as legally binding commitments, but rather as flexible information subject to change occasionally.

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Agenda

- **Company Profile**
- **Financial Statements**
- **Business Operation Highlights**
- **Future Prospects**
- **Q & A**

Company Profile

Founded	January, 1990
Location	Taipei, Taiwan
Capital	NT\$ 1,924 Million
Chairman	Michael Kuo (郭重松)
President	Michael Kuo (郭重松)
Employees (Date: 2019.09.30)	739 total (AVerMedia Group) 242 total (AVerMedia Only) 42 % R&D (AVerMedia Only)

* AVerMedia Group includes AVerMedia Technologies Inc. (TWSE: 2417) and AVer Information Inc. TWSE: 3669)

Financial Statements

2019 H1 Consolidated Income Statement

Unit: NT\$ K	2019 H1		2018 H1		YoY	
	Amount	%	Amount	%	Amount	%
Sales Revenue	1,410,996	100 %	1,266,485	100 %	144,511	11 %
Cost of Sales	749,862	53 %	654,974	52 %	94,888	14 %
Gross Profit	661,134	47 %	611,511	48 %	49,623	8 %
Selling Expenses	442,871	31 %	413,780	33 %	29,091	7 %
G&A Expenses	63,107	4 %	65,070	5 %	(1,963)	(3)%
R&D Expenses	219,229	16 %	202,844	16 %	16,385	8 %
Total Operating Expenses	725,207	51 %	681,694	54 %	43,513	6 %
Operating Income	(64,073)	(5)%	(70,183)	(6)%	6,110	9 %
Non Operating Income	24,448	2 %	19,521	2 %	4,927	25 %
Net Income before Tax	(39,625)	(3)%	(50,662)	(4)%	11,037	22 %
Income Tax Expenses (Gain)	1,792	(0)%	(2,195)	0 %	3,987	182 %
Net Income	(41,417)	(3)%	(48,467)	(4)%	7,050	15 %
Non Controlling Interest	(6,093)	(0)%	949	0 %	(7,042)	(742)%
Group Net Income	(35,324)	(3)%	(49,416)	(4)%	14,092	29 %
EPS (NT\$)	(0.18)		(0.26)		0.08	

2019 H1 Non-consolidated Income Statement

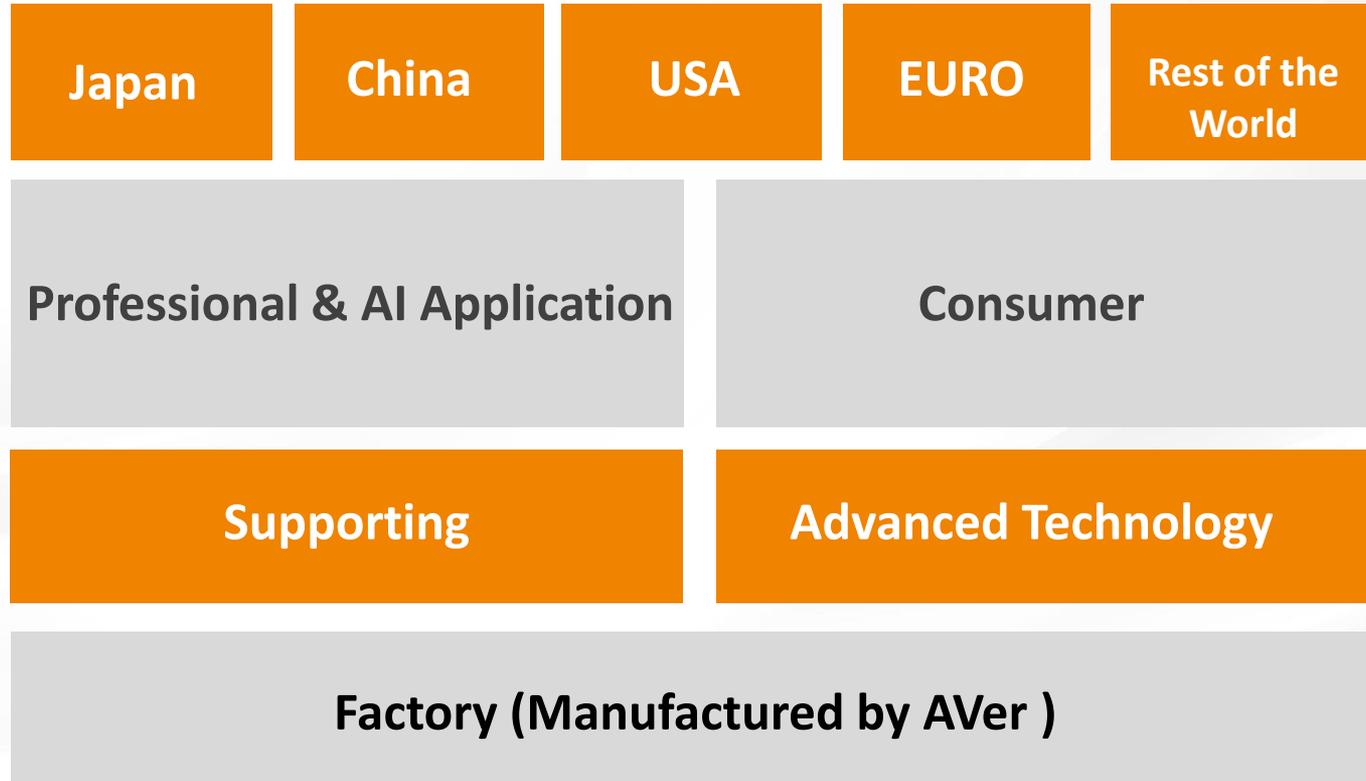
Unit: NT\$ K	AVerMedia				AVer			
	2019 H1	2018 H1	YoY Amt	YoY %	2019 H1	2018 H1	YoY Amt	YoY%
Sales Revenue	403,549	303,798	99,751	32.8%	1,030,583	985,790	44,793	4.5%
Cost of Sales	208,269	153,710	54,558	35.5%	565,560	523,000	42,560	8.1%
Gross Profit	195,281	150,088	45,193	30.1%	465,023	462,790	2,233	0.5%
GP%	48.4%	49.4%	-1.0%		45.1%	46.9%	-1.8%	
Selling Expenses	129,037	111,593	17,444	15.6%	312,896	296,393	16,503	5.6%
G&A Expenses	32,674	31,956	718	2.2%	39,749	40,431	(682)	-1.7%
R&D Expenses	80,978	71,965	9,013	12.5%	129,431	130,806	(1,375)	-1.1%
Total Operating Expenses	242,689	215,513	27,176	12.6%	482,076	467,629	14,446	3.1%
Operating Income	(47,409)	(65,426)	18,017	27.5%	(17,052)	(4,839)	(12,213)	252.4%
Non Operating Income	14,015	12,346	1,669	13.5%	10,815	7,257	3,558	49.0%
Net Income before Tax	(33,394)	(53,080)	19,686	37.1%	(6,237)	2,418	(8,655)	-357.9%
Income Tax Expenses (Gain)	(4,573)	(2,659)	(1,914)		6,363	465	5,898	
Net Income	(28,821)	(50,421)	21,600	42.8%	(12,600)	1,953	(14,553)	-745.1%

2019 H1 Income Statement

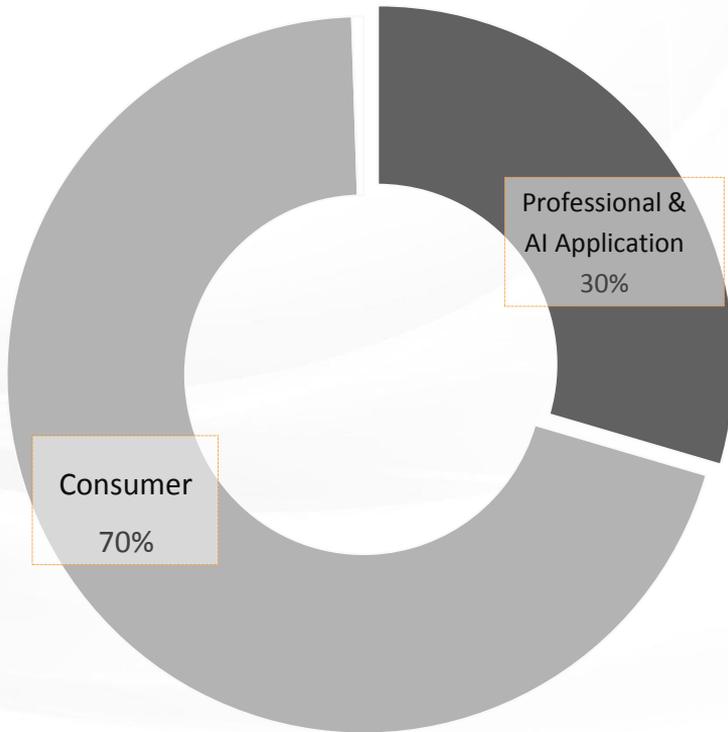
Unit: NT\$ K	2019-JAN	2019-FEB	2019-MAR	2019-APR	2019-MAY	2019-JUN	2019-Q1	2019-Q2	2019-H1
Sales Revenue	69,372	64,997	73,667	72,148	64,208	59,157	208,036	195,514	403,549
Gross Profit	29,715	27,983	36,363	36,936	32,825	31,460	94,060	101,220	195,281
GP%	42.8%	43.1%	49.4%	51.2%	51.1%	53.2%	45.2%	51.8%	48.4%
Selling Expenses	20,692	19,192	23,236	23,469	20,263	22,184	63,120	65,916	129,037
G&A Expenses	5,266	4,929	5,811	5,724	5,657	5,287	16,006	16,669	32,674
R&D Expenses	16,594	12,135	13,886	12,453	13,539	12,371	42,615	38,363	80,978
Total OPEX	42,553	36,255	42,933	41,647	39,460	39,842	121,741	120,948	242,689
Operating Income	(12,838)	(8,273)	(6,570)	(4,711)	(6,635)	(8,382)	(27,681)	(19,728)	(47,409)
Non Operating Income	3,727	1,425	791	2,101	4,316	1,655	5,943	8,072	14,015
AVerMedia Net Income	(9,111)	(7,097)	(4,985)	(2,610)	(2,319)	(2,700)	(21,192)	(7,628)	(28,821)
AVer P&L (51.64%)	(11,014)	(12,073)	(6,905)	5,086	8,066	10,338	(29,992)	23,490	(6,502)
AVerMedia Group Net Income	(20,124)	(19,170)	(11,890)	2,476	5,747	7,639	(51,185)	15,861	(35,324)

Business Operation Highlights

Business Organization



2019 H1 AVerMedia Revenue Analysis By BU



- **Consumer**

- Focus on Gaming Capture Market Share & Distribution Channel Coverage Development
- Online & Offline Channel Marketing

- **Professional & AI Application**

- Work with NVIDIA to Develop Edge AI Systems
- Distribution Channel & Project Development
- Building Strategic Partners

BU's profit share :

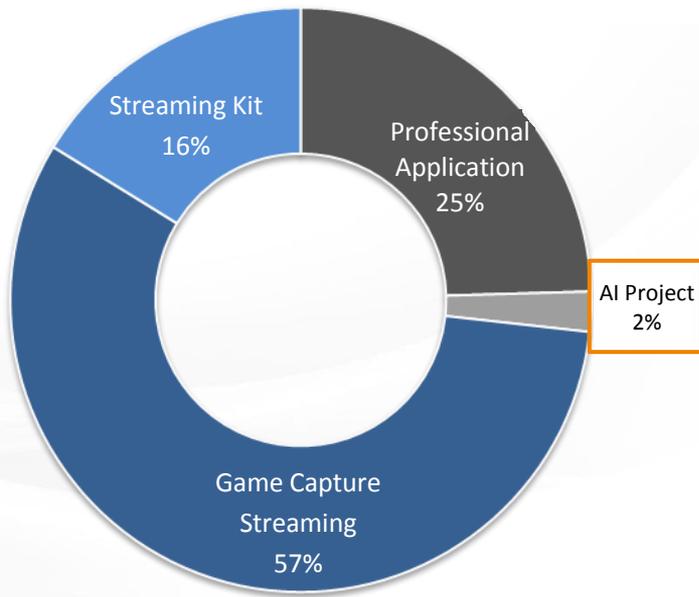
Consumer: Professional & AI Application / 2:1

Gross Margin of Consumer's : 45%

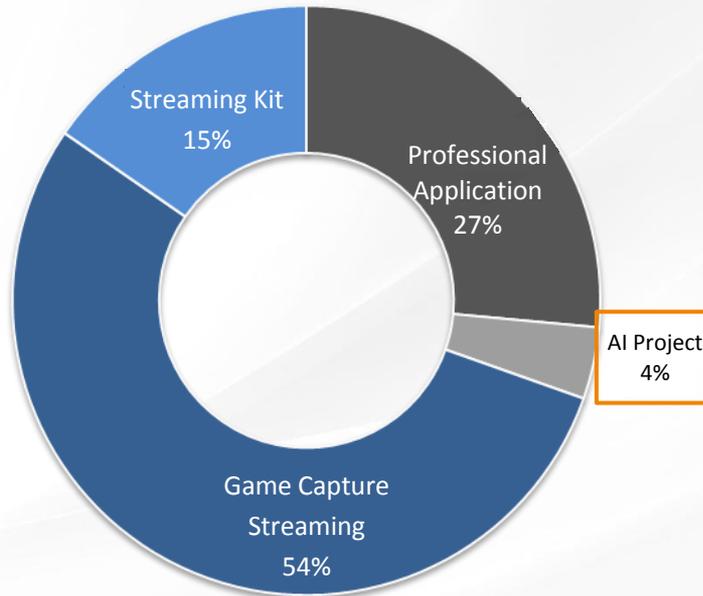
Gross Margin of Professional & AI Application : 60%

Product Mix

Y2018



Y2019



27%

73%

**Professional &
AI Application**

Consumer

30%

70%

Future Prospects



WE ARE ALL CREATORS

WE ARE ALL CREATORS

With Our Core Technologies -- **CARS**

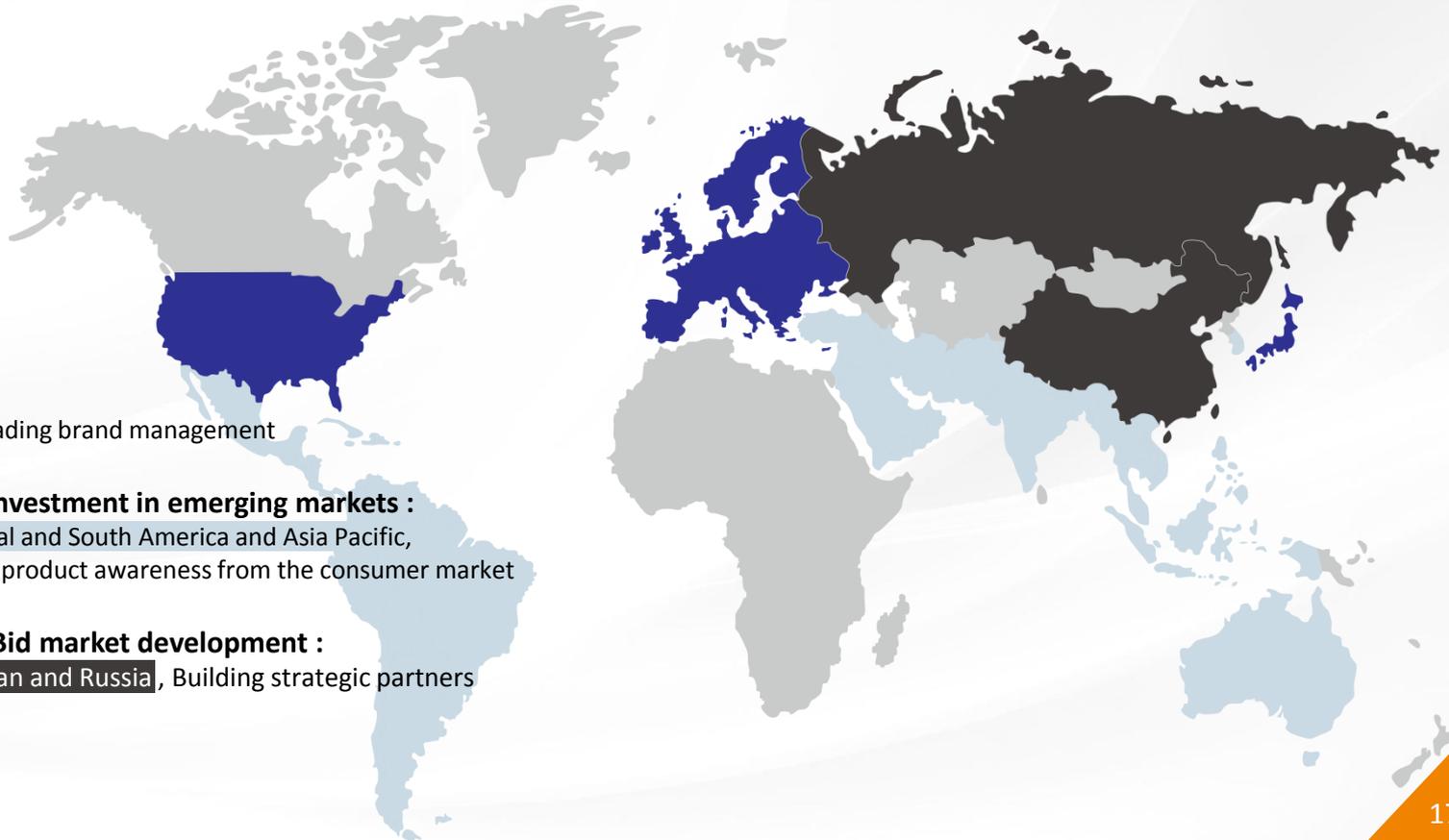
- **C**: Video and Audio Signal **Capture**
- **A**: **AI** at the Edge
- **R**: Video and Audio Content **Record**
- **S**: Video and Audio Content **Stream**



AVerMedia Business Focus



Business Region



- **Mature market :**
Euro/US/Japan, Leading brand management
- **Development and investment in emerging markets :**
Middle East / Central and South America and Asia Pacific,
Enhance brand and product awareness from the consumer market
- **AI project and Key Bid market development :**
Taiwan, China, Japan and Russia, Building strategic partners

Q & A

AVerMedia

Thank you