

Cyberlink (5203 TT)

Non-rated Research Note

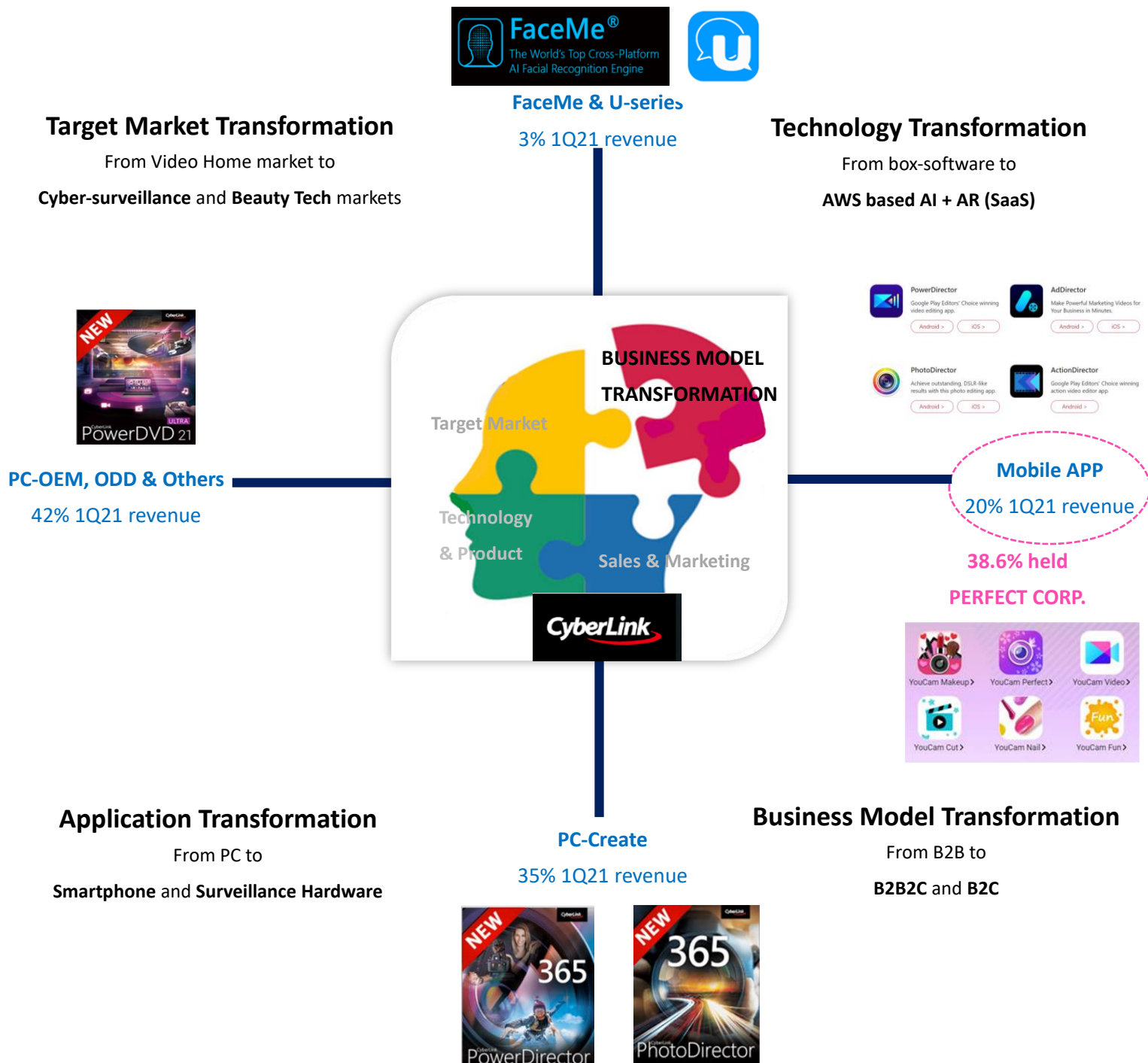
Post 2Q 2021 results

Safe Harbor Statement

This document may contain forward-looking statements. These statements relate to future events or Cyberlink's future financial performance. Any statements that are not statements of historical fact (including without limitation statements to the effect that the company or its management "believes", "expects", "anticipates", "plans" and similar expressions) should be considered forward looking statements. There are a number of important factors that could cause Cyberlink's actual results to differ materially from those indicated by the forward-looking statements. IPR Advisors and Cyberlink disclaim any obligation to update any forward-looking statement.

CyberLink (5203 TT): AI + AR new product cycle is poised to pounce

Figure 1: Cyberlink undergoes four types of transformation for making inroads into Beauty Tech and Modern Surveillance



Source: Company, IPR Advisors GUIDE

Figure 16: Valuation Tables

Ticker	Company Name	Price (LC)	Mkt Cap (US mn)	2020A	P/E (x) 2021E	2022E	2020A	P/B (x) 2021E	2022E	2020A	ROE 2021E	2022E
Local Peers												
5203 TT	CYBERLINK CORP	79.20	225	35.0	31.8	24.4	1.7	1.7	1.7	4.7	5.2	6.7
5202 TT	NEWSOFT TECHNOLOGY CORP	18.35	39	N/A	N/A	N/A	1.9	N/A	N/A	-5.6	N/A	N/A
Average				35.0	31.8	24.4	1.8	1.7	N/A	-0.4	5.2	6.7
Asian Peers												
1357 HK	MEITU INC	1.49	834	N/A	N/A	N/A	1.8	N/A	N/A	-1.1	N/A	N/A
300624 CH	WONDERSHARE TECHNOLOGY GR -A	49.67	998	51.2	39.3	30.5	7.6	6.5	5.5	15.8	16.8	18.2
Average				51.2	39.3	30.5	4.7	6.5	5.5	7.3	16.8	18.2
Global Peers												
ADBE US	ADOBE INC	632.08	301,123	57.8	66.6	56.2	22.8	19.6	15.9	44.2	41.0	41.2
MSFT US	MICROSOFT CORP	289.52	2,175,711	35.7	33.2	28.9	15.3	11.9	8.5	47.1	44.2	35.2
ORCL US	ORACLE CORP	89.43	249,689	19.1	24.1	20.8	48.0	55.0	67.8	158.8	477.0	117.3
NLOK US	NORTONLIFELOCK INC	23.99	13,945	25.5	17.5	15.2	-27.8	N/A	N/A	N/A	N/A	175.6
Average				34.5	35.3	30.3	14.6	28.8	30.7	83.4	187.4	92.3
Average				37.4	35.4	29.3	8.9	18.9	19.9	37.7	116.9	65.7
Median				35.3	32.5	26.7	4.7	11.9	8.5	15.8	41.0	38.2

Figure 17: Income Statement

(TWD mn)	2016	2017	2018	2019	2020	1H21
Revenue	1,896	1,704	1,590	1,455	1,641	798
COGS	(260)	(203)	(189)	(188)	(186)	(83)
Gross Profit	1,636	1,501	1,401	1,267	1,455	715
Operating Expenses	(904)	(917)	(981)	(1,008)	(1,217)	(624)
Selling Exps	(434)	(449)	(512)	(522)	(674)	(334)
Administrative Exps	(123)	(118)	(124)	(116)	(116)	(61)
R&D Exps	(347)	(351)	(345)	(370)	(428)	(230)
Other Operating Exps	0	0	0	0	0	0
Operating Profit	732	584	420	259	237	91
Other Non-operating Income	(233)	(222)	20	217	16	19
Net Interest Exps	24	33	46	57	23	1
FX Gain/(Loss)	(58)	(107)	36	(18)	(41)	(12)
Income from Equity Method	(289)	(217)	(127)	(10)	(51)	(13)
Other Non-op Income	90	69	66	187	85	43
Pre-tax Income	499	362	440	476	254	110
Income Tax Expenses	(200)	(125)	(115)	(96)	(65)	(21)
Minority Interest	0	0	0	0	0	0
Discontinued Operations	0	0	0	0	0	0
Net Income to Parent	299	237	325	380	188	89
EPS (TWD)	3.15	2.72	3.88	4.53	2.26	1.12
Shares (mn)	97	87	85	85	83	79

Figure 18: Balance Sheet

(TWD mn)	2016	2017	2018	2019	2020	1H21
Cash and Cash Equivalents	1,117	1,410	798	1,299	1,120	1,194
Short-term Investment	2,273	1,513	1,987	1,550	968	757
AR&NR	110	72	131	116	104	65
Inventories	6	7	7	7	7	7
Other Current Assets	186	26	27	46	70	57
Total Current Assets	3,692	3,027	2,950	3,019	2,269	2,079
PPE	464	454	503	484	484	466
Long-term Investment	126	174	185	234	270	291
Other Non-current Assets	1,360	1,481	1,547	1,758	2,110	2,082
Total Assets	5,643	5,136	5,186	5,495	5,133	4,919
Short-term Borrowings	0	0	0	0	0	0
AP& NP& Accruals	807	705	640	570	501	438
Other Current Liabilities	130	82	131	147	213	227
Total Current Liabilities	936	787	771	717	714	666
Long-term Borrowings	0	0	0	0	0	0
Other Non-current Liabilities	510	507	575	597	603	595
Total Liabilities	1,446	1,294	1,345	1,314	1,317	1,261
Equity	4,196	3,842	3,841	4,181	3,816	3,658
Total Liabilities and Equity	5,643	5,136	5,186	5,495	5,133	4,919

Figure 19: Cash Flow Statement

(TWD mn)	2016	2017	2018	2019	2020	1H21
Total Operating Cash flow	350	298	409	(19)	(89)	46
Net Income	299	237	325	380	188	89
Depreciation & Amortization	22	23	24	30	34	18
Change in WC	(52)	(59)	(39)	(12)	(2)	12
Other Operating Cash Flow	81	98	98	(417)	(309)	(74)
Total Investing Cash flow	(136)	432	(836)	520	428	265
CAPX (net)	(12)	(11)	(170)	200	(12)	(5)
Change in Long-term Investments	(117)	(53)	(597)	424	566	271
Other Investing Cash flow	(6)	496	(68)	(105)	(126)	(1)
Total Financing Cash flow	(305)	(384)	(208)	18	(490)	(204)
Issuance/(Buyback) of Shares	(310)	(397)	(254)	(25)	(513)	(203)
Cash Dividend Paid	0	0	0	0	0	0
Change in Total Debt	0	0	0	0	0	0
Other Financing Cash flow	6	14	46	43	23	(1)
Total Cash Flow	(90)	346	(635)	519	(151)	107
FX	(4)	(54)	23	(18)	(29)	(33)
Total Change in Cash	(94)	292	(612)	502	(179)	74

Figure 20: Financial Ratios

	2016	2017	2018	2019	2020	1H21
Gross Margin (%)	86.3	88.1	88.1	87.1	88.7	89.6
EBITDA Margin (%)	14.0	7.6	27.6	45.8	17.1	18.4
Operating Margin (%)	38.6	34.3	26.4	17.8	14.5	11.3
Net Margin to Common (%)	15.8	13.9	20.5	26.1	11.5	11.1
Sales y-y Growth (%)	(4.1)	(10.1)	(6.7)	(8.5)	12.8	3.4
EBITDA y-y Growth (%)	(65.2)	(51.2)	239.3	51.8	(57.9)	(29.1)
Operating Income y-y Growth (%)	13.6	(20.2)	(28.1)	(38.4)	(8.2)	(12.7)
Net Income y-y Growth (%)	(47.6)	(20.7)	37.4	16.8	(50.4)	(29.6)
ROE (%)	6.8	5.9	8.5	9.5	4.7	4.7
ROA (%)	5.1	4.4	6.3	7.1	3.5	3.4
Accounts Receivable Turnover Days	23.6	16.8	20.6	28.8	23.0	18.2
Inventory Turnover Days	9.1	11.3	13.8	14.3	13.8	14.6
Accounts Payable Turnover Days	292.5	286.6	277.7	250.1	182.2	162.8
Cash Conversion Cycle Days	(259.8)	(258.5)	(243.2)	(207.0)	(145.3)	(130.0)
Fixed Asset Turnover (x)	4.1	3.7	3.3	3.0	3.4	3.4
Net Debt/(Cash) to Equity (%)	(26.6)	(36.7)	(20.8)	(31.1)	(29.3)	(32.6)
Interest Coverage Ratio (x)	0.0	0.0	0.0	3,899.3	1,049.0	1,006.8
PER (x)	15.5	16.1	13.0	24.7	34.0	31.2
PBR (x)	1.8	1.5	1.6	2.3	2.3	1.8
EV/EBITDA (x)	24.2	34.1	11.7	12.3	26.7	17.9
Cash Dividend Yield (%)	2.0	2.5	4.2	3.2	2.1	2.8

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