



**NQ**mobile

## **NQ Mobile Inc.**

(NYSE: NQ)

# **Conference Call – Q2 2013 Revenue Update & Acquiring the Remaining Interest in NationSky**

July 15, 2013



# Safe Harbor Statement

The presentation may contain certain forward-looking statements made under the Safe Harbor provision of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from our current expectation. NQ Mobile does not assume any obligation to update any forward-looking statements except as required under applicable law. Also please note that some of the information to be discussed includes non-GAAP financial measures as defined in Regulation G. The most direct comparable U.S. GAAP financial measures and the information reconciling those non-GAAP financial measures to NQ Mobile's financial results prepared in accordance with U.S. GAAP will be included in NQ Mobile's regular earning release and filings, which will occur in August.

# Summary of Announcement

- **The company issues updated and preliminary Q2 2013 revenue guidance. Revenue is now expected to be greater than \$40m.**
- **NQ Mobile agrees to purchase the remaining 45% of NationSky for a total cash and stock consideration of \$25.2m.**
- **Discuss both financial and strategic benefits**

# Financial Impact and Update

- Deal is expected to be accretive to earnings beginning in fiscal third quarter 2013.
- The total consideration consists of \$11m in cash, \$14.2m in stock, and performance-based stock based on profitability targets.
- The deal is expected to close in July, 2013.

# Financial Impact - Example

## Financial and Accounting Mechanics

	FY Q1 13 Actuals	Example Results if NS 100% owned
Total Net Revenues	33,238	33,238
Total Cost of Revenues	(10,463)	(10,463)
Gross Profit	22,775	22,775
Total Op Expenses	(20,439)	(20,439)
Income From Ops	2,336	2,336
Income before tax	3,481	3,481
Income tax	(323)	(323)
Net Income	3,158	3,158
<b>NI attributable to non-controlling interest</b>	<b>(298)</b>	<b>0</b>
NI attributable to NQ	2,860	3,158

Because 100% of revenues and costs are already consolidated, only change is added net income as NCI goes away.





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**Financial impact of the deal is compelling  
Strategically it is even better**



## Strategic Value Proposition

### 1. Brand Value Impact

#### 1. Intellectual Property and Product Enhancement

1. Bring Enterprise Mobility to Global Market via NQ Mobile's growing international presence

1. Reinforces & Differentiates NQ Mobile's Platform Offering

## Total Solution for Enterprise Mobility

### NQSky

- **MDM: mobile device management**
- **Mobile security for enterprise**
- **MEAP: mobile enterprise application platform - develop mobile apps quickly**
- **Mobile BI: mobile business intelligence - understand mobile users behavior**



## **The Platform is evolving**

- 1. BYOD trends are blending the consumer needs with enterprise requirements**
- 1. The very definition of the platform must evolve to include these blended experiences and requirements**
- 1. R&D synergy between consumer and enterprise offerings**
- 1. The platform is evolving and NQ Mobile is uniquely positioned to leverage this global opportunity**

## Summary of Key Takeaways

- **Business trends are better than expected and result in fiscal Q2 2013 revenue outlook being raised to exceed \$40m**
- **NationSky transaction is expected to be accretive to earnings immediately in fiscal third quarter and financially compelling to shareholders**
- **Strategically important for the vision and mission of becoming the leading global mobile internet platform company**