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NQ - Q2 2016 NQ Mobile Inc Earnings Call

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## PRESENTATION

### Operator

Ladies and gentlemen, thank you for standing by and welcome to the NQ Mobile second quarter 2016 earnings conference call. At this time, all participants are in a listen-only mode. There will be a presentation followed by a question and answer session.

(Operator Instructions).

I must advise you that this conference is being recorded today. And I would now like to hand the call over to your first speaker, Ms. Dahlia Wei, Director of Investor Relations. Thank you.

Please go ahead.

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### Dahlia Wei - *NQ Mobile Inc. - Director of IR*

Good evening and good morning in Asia. We welcome you to NQ Mobile's conference call to discuss the financial results for the second quarter of 2016.

On the call tonight is our Chairman, Dr. Vincent Shi; our CEO, Mr. Zemin Xu; our President, Mr. Justin Chen; our CFO, Mr. Roland Wu; and our Vice President of Capital Markets, Mr. Matt Mathison. We thank you for joining us.

Before we begin, here is our Safe Harbor disclaimer. Please note that the discussion today will contain certain forward-looking statements made under the Safe Harbor provision of the US 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 expectations. 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 US GAAP financial measures and the information reconciling those non-GAAP financial measures to NQ Mobile's financial results prepared in accordance with US GAAP are included in our earnings release posted earlier today.

Finally, as a reminder, this conference call is being recorded. We are also offering investors a webcast of today's conference call, which can be found on the Investor Relations portion of our website, at [ir.nq.com](http://ir.nq.com).



I will now turn the call over to Matt.

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**Matt Mathison** - NQ Mobile Inc. - VP Capital Markets

Thanks, Dahlia. We thank you all for joining us today. The call is going to go as follows.

Justin Chen is going to provide you with an update on our FL Mobile divestment, our CEO, Mr. Zemin Xu, will then make some remarks. I will then provide an update on our businesses and operating trends, and our CFO, Mr. Roland Wu, will then review the financials and outlook.

We will then open the call up for Q&A.

Justin, please go ahead.

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**Justin Chen** - NQ Mobile Inc. - President

Thank you, Matt.

I want to take a moment at the very beginning and provide a little bit of insight and added color on the current status of FL Mobile divestment. I believe that the process ongoing is still not as well understood and I want to help you understand better. What we announced on August 9 was a slight modification of the initial agreement that was reached on May 17th.

With these changes, let me lay out the specifics clearly and simply.

NQ Mobile is selling its entire stake in FL Mobile for cash. For NQ Mobile, there are several buyers that make up the buying group. Dr. Vincent Shi is buying 22% of FL Mobile for total consideration of RMB880 million. Xinjiang Yinghe, which is a compilation of the management team of FL Mobile, is buying 12% of FL Mobile for a total consideration of RMB600 million. Jinxin Hengrui, an affiliate of Tsinghua Holdings is buying 13.13% of FL Mobile for a total consideration of RMB656.5 million. Jinxin Haoyue, an affiliate of Tsinghua Holdings, is buying 3.53% of FL Mobile for a total consideration of RMB176.5 million. Nantong Jinxin, also an affiliate of Tsinghua Holdings, is buying 3% of FL Mobile for a total consideration of RMB150 million. Tibet Zhuohua, a subsidiary firm of Tsinghua Holdings, is buying 1% of FL Mobile for a total consideration of RMB50 million.

This leaves the balance of NQ's beneficial owner in FL Mobile, approximately at 45% equity interest from approximately 65% of equity interest that is previously disclosed in the press release on the May 17.

For the Shenzhen Prince part, we would point you to their latest filing with the Shenzhen Exchange, which in summary, states that they are working on updating their response based on updating the financial audit from December 31, 2015 to June 30, 2016, and based on the new information provided in our August 9 press release.

Let me also clearly detail for you the terms of these different buyers in the overall group. Jinxin Hengrui, Jinxin Haoyue, Jinxin Hauatong, and Tibet Zhuohua have purchased their respective shares in FL Mobile with no contingencies. This equates to approximately 21% of FL Mobile for a total consideration of RMB1.033 billion that has been sold and is final.

For this non contingent portion, we have so far received RMB575 million which is derived from the RMB525 million first payment from Jinxin Hengrui and RMB50 million from Jinxin Hauatong, as part of their first payment.

As detailed in the press release, we should receive the first 60% portion from Jinxin Haoyue, Jinxin Hauatong, and Tibet Zhuohua within 15 days.

The remaining portion from Jinxin Hengrui will be received by September 30 with the other three subsidiary firms' remaining portion will be received by the end of the year.

The management portion of this transaction including Dr. Shi's 22% and Xinjiang Yinghe's 12% has certain closing conditions including government and regulatory approvals. If these closing conditions are not met, these transactions can be reversed.

So far, we have received RMB440 million from Dr. Shi's which represents his first payment of 50%. We also expect to receive 50% of Xinjiang Yinghe's portion within two months as well. The balance of this will be due after the closing conditions of the transactions have been met.

Finally, as a reminder, once the Shenzhen exchange have completed their review, then Shenzhen Prince will be allowed to open up for trading again, preparatory for the formal shareholder vote to take place.

At the conclusion of that, the deal would have been approved by their board reviewed by the Shenzhen Exchange and approved by the shareholders which are all prerequisite to submitting for approval by the CSRC. This is where we are in the process and while we cannot assure you any regulatory outcome, we will continue to provide you with any relevant updates along the way.

Now, let me turn the call over to our CEO, Mr. Zemin Xu.

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**Zemin Xu** - *NQ Mobile Inc. - CEO*

Thank you, Justin.

Hello, everyone. Thank you for joining us. I'm very pleased at our performance in the second quarter. While the FL Mobile divestment remains a major focus, we shall continue to go about our day-to-day work and are performing really well.

Our entertainment and consumer businesses are growing our future. We look forward to sharing more progress with you as this year unfolds. Thank you.

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**Matt Mathison** - *NQ Mobile Inc. - VP Capital Markets*

Thanks, Mr. Xu. We have definitely made a lot of progress on our divestiture plans. And while that is singularly important to so many of you and to us, I believe it is appropriate to start analyzing our ongoing businesses again.

The second quarter provides some clear points of validation and performance. The entire entertainment business is thriving and we are pleased with the scale and leverage we are now seeing.

This business has always had a lot of competition and we must continually execute and innovate but we are pleased with how the business is advancing. The Showself business alone achieved more revenues in the second quarter than our gaming business and reached another record level.

We have other businesses progressing as well that are contributing in our overall advertising segments. The second quarter was a solid quarter of revenue and growth among our ongoing entertainment lines and consumer lines. But we also saw leverage at the growth and operating side. In fact, we haven't seen operating margin levels this high for years. There are still some transitional pieces at play but the model is becoming more clearly geared to our consumer and entertainment businesses. And this should become increasingly easier for you to understand the various dynamics at play.

The second quarter saw a nice year-over-year jump in our overall mobile value added services segment, led again by both FL Mobile and Showself. In addition, we had a record quarter in our advertising segment. Let me now provide you with a little bit more detailed discussion about our FL Mobile businesses. I would characterize the performance of our gaming business in the second quarter as solid. Many of our legacy titles continue to contribute in a stable manner while our newly launched games performed in line with our high expectations.

At the time of our first quarter conference call, you might remember that we mentioned very high expectations for the launch of the Legend of Condor Heroes 3D, a very popular title we co-published with Perfect World.

That game performed according to those high expectations and continues to shine in the current third quarter. In addition, we had another very successful launch in the middle of June so we only saw half a month of contribution in these second quarter results with the game is titled The Legend of Three Kingdoms. This game is off to a strong start and is going to be very strong in the current third quarter. We continue to see a strong pipeline of games for the balance of the second half of the year.

Now, as for the advertising segment, the second quarter was very strong. In fact, it was a record quarter for this segment business for NQ. This was the first full quarter of consolidating Launcher, which added to the over-performance. Additionally, the domestic ad network business in China saw a solid seasonal bump during this period. Finally, we also gained traction in our international markets compared with last quarter.

Now, let me discuss more details about our Showself Live mobile video platform business, which together with our other Showself branded applications, continues to be the main driver of our entertainment led business.

In addition to our core Showself branded app, we have added several other apps within the live video platform including Showself, Haixiu, and Lehai. We continued to look at new ways to expand this market through technology and different types of marketing approaches. Revenues from this set of applications reached a record level in the second quarter and accounted for more than 50% of our total MVAS segment which represents more than 140% year-over-year growth.

MAUs were 7.7 million this quarter, representing 84% year-over-year growth. And as we add new platforms and technology, it is important to note that we continually shift our marketing focus and new user acquisition priorities. It's a balance. We are going to continue to focus not only on generating new users, but also growing the engagement of our paying users and ARPU, which we are so far pleased with.

This is a competitive space and we are focused on ensuring that we focus on growth, but we remain disciplined about the cost of that growth. This is a huge market that continues to grow rapidly and we will continue to work hard to capture benefit from the opportunities therein. We are certainly ahead of our expectations so far this year, and we look forward to an even stronger back half of the year.

Now let us elaborate and discuss a little bit about our other Showself branded applications, the Desktop and Lock Screen business. As a reminder, Showself Desktop and Lock Screen is our collective group of applications that are personalized, interactive, and programmable mobile desktop apps including dynamic wallpaper, Launchers which now include the consolidated Launcher business and lock screens. We continue to have a tremendous amount of traffic in these apps and we continue to search for other ways to monetize this traffic.

At the end of the second quarter, we have more than 94 million MAUs and 57 million DAUs. One important side note, these figures do not include the recently consolidated Launcher operating metrics. We will begin to include those figures starting in the third quarter.

But, Launcher is a reliable source of monetization within this group. In fact, as we continue to work on finding other ways to monetize the Showself Desktop and Lock Screen traffic, for now, the majority of the segments revenues will come from our Launcher business.

Our Showself music radar business also continues to grow its traffic as well, at the end of the second quarter, our music radar app, Doreso application have more than 18 million MAUs on record. And we saw a pretty good jump in our unique daily search queries to over 17 million now from 14 million a year ago.

Our partnerships across the vast mobile ecosystem for audio and music search is at the forefront of this and as the music industry evolves in China, we believe that we will be able to capture our share of the market opportunistically given these vast industry partnerships and licensed traffic.

With that, I wish to turn the call over to our CFO, Mr. Roland Wu who will walk you through our financial performance.



**Roland Wu** - NQ Mobile Inc. - CFO

Thank you, Matt.

Now, may I turn our attention to the financials. I wish to walk through some of the highlights and provide you with additional details behind the results. It's important to mention that I will be using figures excluding the NationSky business for all the numbers in the comparable period in order to better compare the nature of the business. Let us start with the discussion of our revenues in the second quarter of this year.

We are generating \$83.7 million in net revenues for the second quarter of 2016, which was an increase of [14%](corrected by company after the call) compared with last quarter, revenues from our MVAS segment performed solidly in the second quarter and increased [13.9%](corrected by company after the call) QOQ, this was due to strong performance of the FL and Showself business. FL Mobile launched new games and brought more revenues, old games remain stable and continuously contributed in this quarter.

The Showself business performed great and reached a record level. The strong growth still benefits from the overall industry trend and it constitutes more than 50% of our total MVAS segment in the second quarter. We expect the MVAS segment will continue to perform well as our core business going forward.

Our advertising revenues increased 45% QOQ and reached a record level. In addition to stronger seasonal trends compared to Q1, the upside came from two main places. First, we are consolidating a full quarter of Launcher, and second, FL Mobile's advertising was very strong.

Revenues derived from our Enterprise mobility business decreased 43% when compared last quarter -- less of a focus on hardware procurement is the reason. This segment has a minimum impact on our bottom line.

Let us spend a few minutes discussing our gross margin and walk you through some of the key elements within our cost of sales. Our gross margin in this quarter increased to 34% from 24% compared with the last quarter. Revenue mix continues gearing more to a consumer and entertainment segment. Also our gross profit increased 59.7% QOQ. Even excluding the impact of NationSky from a year ago, our gross margin was up around 300 basis points.

Let me now walk you through our operating expenses. In the second quarter, our operating expenses was sequentially down from the first quarter of this year -- total operating expenses in this quarter was \$21.3 million down 14.8% from last quarter.

The reduction this quarter was due to the decline in SBC expenses which was \$1.1 million in the quarter compared to over [\$8] million(corrected by company after the call) last quarter. In the second quarter, as we continue to focus on cost controls and regaining operating leverage when our consumer and entertainment business scale. As a percentage of revenue, our operating costs improved from 29.2% to 25.4% of revenue in the same period.

Total SBC expenses decreased to \$1.1 million, our SBC has come down a lot from past periods but will continue to fluctuate at this new level quarter to quarter.

As a management team, we are very focused on controlling our costs and strictly adhering to our budgets. I'm pleased with our progress on this front. We will continue to follow our company-wide and subsidiary level budgets and cost structure which we believe is aligned properly with revenue potential in each group.

We are very pleased that we were able to achieve \$5.3 million in net income compared to a net loss of \$0.2 million a year ago and a net loss of \$7.8 million just last quarter. The difference between net income and net income attributable to NQ was affected by the treatment of the portion of FL Mobile that was transferred pursuant to the related share purchase agreement as non-controlling interest in this quarter. Even with the bigger NCI allocation, we were still able to achieve positive GAAP and non-GAAP net income in the quarter. GAAP net income attributable to NQ Mobile was \$0.5 million in the quarter or \$0.01 per ADS, compared to a GAAP net loss of \$1.6 million a year ago. As for non-GAAP net income attributable to NQ, we earned \$7.6 million or \$0.08 per ADS, compared to \$7 million a year ago.

Finally, let me conclude my review of the financial performance for the second quarter of 2016 by highlighting a few other things.

First, our balance sheet, we end this quarter with \$251.8 million for cash and cash equivalents, term deposits and restricted cash. As I projected last quarter, we expect an improvement of our cash flow from operations in this quarter and we accomplished this. We're generating \$1.2 million in cash flow from operations for this quarter. Cash used in investment was approximately \$26 million in this quarter, which constitutes primarily of previous committed investments, including Glory, Linjia and Hetu, as well as some previously committed payments to investment funds.

It's also important to highlight the cash balance at the end of the second quarter does not include cash from some of the recent FL Mobile transactions, including Dr. Shi's first payment of RMB440 million, which we received this quarter. We also have received a portion of Jinxin Huatong's first payment already totaling so far RMB50 million. Given this cash payment and our total cash position, we remain fully prepared to repay the CB should it be put to the Company later this year.

And finally, to our guidance and outlook. After solid second quarter performance, we would like to reiterate our full year guidance and expect our net revenues to be between \$355 million and \$360 million for the full year. Thank you.

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**Matt Mathison** - NQ Mobile Inc. - VP Capital Markets

Thanks, Roland. This concludes our prepared presentation. [Tara], why don't you please open up the lines for Q&A session?

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## QUESTIONS AND ANSWERS

### Operator

Certainly. Ladies and gentlemen, we'll now begin the question-and-answer session. (Operator Instructions).

Our first question comes from the line of Jun Zhang from Rosenblatt Securities. Please go ahead.

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**Jun Zhang** - Rosenblatt Securities - Analyst

Yes. Thanks for taking my question. Good morning. So, yes, I've got a couple of questions.

First of all, I think I just want to ask about the current process of FL Mobile divestment. Firstly, NQ announced this new deal structure. Does that new structure meet the requirements for the recent MA policy from Chinese government? And why is Tsinghua increasing their stake in FL Mobile? Thanks.

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**Matt Mathison** - NQ Mobile Inc. - VP Capital Markets

So, hey, Jun, thanks for your question and thanks for joining us. As for the FL Mobile divestment update, obviously Justin provided a very detailed description, but let me just quickly re-summarize what he said.

Obviously, based on the announcement and the updated equity purchases that we disclosed on August 9, the amount of the transaction that has now been completed is [55%].(corrected by company after the call) And again let me just reiterate, we can't comment about the regulatory process, nor can we comment about what the regulatory agencies are going to do. But for the Shenzhen Prince part, what Justin said, and let me just reiterate, just we point you to their latest filing with the Shenzhen Exchange, where basically in summary they've said that they're doing two things. One, they're working on updating their response back to the Shenzhen Exchange based on new audited financial figures that are current as of June 30, as opposed to the December 31 one. And secondly, they're obviously updating their response based on the new information that we provided in our August 9 update.

So that's where we're at in the process. We obviously can't comment further about the regulatory process, but that's where we're at.

And did you have a second question?

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**Jun Zhang** - *Rosenblatt Securities - Analyst*

So, more about cash flow and convertible debt. So, by the end of Q2 you have about \$250 million cash, and what does that include in the new cash flow in the Q2? Assuming you didn't include Dr. Vincent Shi payment about RMB440 million and the further payment from the second announced deal structure, is that right?

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**Matt Mathison** - *NQ Mobile Inc. - VP Capital Markets*

Yes. So in the second quarter, the cash balance does include the RMB525 million that we received from Jinxin Hengrui. In terms of the other cash for the other parts of the transaction, including Vincent's first 50% or RMB440 million and including the 60% of the other three affiliate funds of Tsinghua that are buying, those balances are not included in those Q2 balance sheet number.

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**Jun Zhang** - *Rosenblatt Securities - Analyst*

Okay. And the follow-up on that, what's your current plan on the convertible debt? Thanks.

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**Matt Mathison** - *NQ Mobile Inc. - VP Capital Markets*

Yes. Again we've addressed this continually. Look, we understand that there's an option for the bondholders to put the CB to us in October of this year. And as a company, we are just fully preparing and planning to repay that entirely. Now, whether or not it gets put or not, again we're not able to comment on that. We don't know. It's the bondholder's right to do so. But as a company, we're fully prepared to repay the entirety of that CB. And obviously, based on the balance sheet update that we provided for Q2, which doesn't include the cash that we've received so far in Q3 for the other FL Mobile divestment pieces, we're well-prepared to do that.

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**Jun Zhang** - *Rosenblatt Securities - Analyst*

Okay, that's great. And my follow-up question, on the business itself, so we do see, you start to monetize some of your mobile advertising platform, you mentioned a couple of names. Could you give us more color on where the mobile advertising business strength is coming from in Q2? Thanks.

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**Matt Mathison** - *NQ Mobile Inc. - VP Capital Markets*

Yes, great question. Again I'll reiterate what we said. Really there's three things that impacted or -- that really helped to move the mobile advertising segment to a record level. First, we had a full quarter of consolidating Launcher. So that obviously helps the performance of that. Second, we obviously got a nice seasonal bump in our just our normal mobile ad online and offline networks. And then the third reason is we are starting to gain traction within the international markets on advertising in that part.

So we're excited to have Launcher. We talked about it last quarter as an important part of the monetization of kind of that Showself desktop lock screen launcher business. That's obviously showing up in the numbers and will continue. And then as for the other parts of the business, again we have these great ad networks as well as apps that we're working on monetizing.





**Jun Zhang** - *Rosenblatt Securities - Analyst*

Okay, thanks. My last question is about Showself. So in Q2, the business coming from Showself up 142% year over year. And could you give us more color on why this business is doing well with so many newcomers in the market and what's the company's goal in the long term for the Showself business? Thanks.

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**Matt Mathison** - *NQ Mobile Inc. - VP Capital Markets*

Yes, great question, and obviously it's very important to us. Taking out FL Mobile following the divestment of that business, obviously the Showself live video business is going to be the largest component of our business going forward. A couple of things are going on.

First of all, second quarter results were ahead of expectations. It continues to grow very strongly both on a year-over-year basis and sequentially. And again, I think I mentioned it in my remarks, in the second quarter it actually did more in revenues than our mobile gaming business, so, very rapidly.

A couple of things at play. As everyone knows, the industry itself has really exploded and kind of become, you know, people are paying more attention to it as the competition and the number of entrants and the size of the market has just exploded really recently. But there's a couple of things that I wish to highlight about the Showself business, really three things.

First of all, we were a first mover here. Yes, live video shows were being done and it was a big market on the desktop side obviously, you can look at YY. But from a mobile platform side, we were really one of the first movers in this space. And that first mover advantage really helped us early on. We were very early on in this. And so that's helped.

Secondly, because of being first and having a strong mobile-only and mobile-focused operating team, we have very good operating efficiencies, right, which is important. It's important for a number of reasons, whether it's basically maintaining a good place with the regulatory environment, whether it's having good, strong relationships with the agencies that is so important to the host, whether it's having a nice platform and a technology for the users to enjoy, the operating efficiencies that we have are important.

And it also helps us, quite honestly, have great operating metrics. MAUs are one thing, but paying users and ARPU, which at this point we're not yet disclosing but we're discussing internally how to best do that going forward, those things we're seeing very good results.

The third thing that the Showself business is -- that we remain very excited and committed to it on is, as you know, we're a vast mobile services business. We've been very early on in finding important technologies, important mobile trends, right, and really jumping on serving mobile users, all those things. And because we have so many different mobile services as part of our overall company, that we're able to incorporate some of those things that provide a key differentiator within the Showself suite of apps.

For example, gaming is something that we use both in-show and out-of-show inside the app, very successfully within our Showself suite of apps. It basically means users can have fun, right, differentiated fun, versus some of the other applications out there.

Another example, based on just having a full suite of mobile services, we're able to combine both the in-show environment but also provide kind of a social media type offering out-of-show. And why is that important? The host can actually stay connected to the users not only while they're in show and performing but through social media type plays they can remain connected to those users out of show. So those are just a couple of examples of why our mobile services business really helped this overall business.

So in terms of the long run, again we've said it, this is very competitive, but we were a first mover, we have a strong brand, we have strong services, and we have strong operating efficiencies, which we're really excited about. So it's going to continue to be a big part of our business going forward.



**Jun Zhang** - *Rosenblatt Securities - Analyst*

Okay, thanks a lot. That's all my questions. Congrats on a strong quarter again. Thanks.

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**Matt Mathison** - *NQ Mobile Inc. - VP Capital Markets*

Thanks, Jun.

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**Operator**

The next question comes from Jay Nakahara from BTIG. Please go ahead.

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**Jay Nakahara** - *BTIG - Analyst*

Hi. Thanks for taking the question. I had a question on advertising revenue, which has now reached roughly one-third of your total revenue, and I'm wondering what you think the trajectory of that revenue line should be going forward and let's say what percentage of your total revenue you think advertising will be in -- at the end of this fiscal year, say, six months from now?

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**Matt Mathison** - *NQ Mobile Inc. - VP Capital Markets*

Yes. Hey, Jay, thanks for your question. I think for the advertising segment, obviously when you have a record quarter, right, it's something great to talk about. And we certainly have done some things that are going to continue to drive growth in this segment going forward. But it is advertising, so it's -- you are going to see seasonal and quarter-to-quarter fluctuations, right? Our mobile online and offline networks are going to fluctuate, there is seasonality in that business. In terms of the Launcher business which we just had a full quarter of consolidating, that obviously is going to continue to help drive that growth going forward.

And then lastly, again we continue to work on the monetization strategy of our various other Showself branded mobile applications and the various traffic that we have up and down the company. We did see some progress and some traction internationally and that's not only in our gaming apps but also in our security and our utility apps. So, look, we hope that that traction can continue to materialize going forward.

In terms of trying to give you a specific percentage of what it will be, impossible to tell right now. I mean that's just a function of how big is Showself going to be and how fast is the advertising component going to keep growing. And again it's really hard to say at this early stage of the growth cycle of both of those businesses.

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**Jay Nakahara** - *BTIG - Analyst*

Okay, understood. The second question, just on MAUs, and you mentioned the difference between MAUs and actually -- and monetizing those users and -- but could you just touch on that and the decline in MAUs quarter-to-quarter and the reason for that and what you expect going forward?

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**Matt Mathison** - *NQ Mobile Inc. - VP Capital Markets*

Yes, Jay, thanks for asking that question, I actually think it's an important one. Again, we are a company that has a very large number of different applications and different products. And our MAUs that we report are a holistic compilation of all of these apps and products, right? Some of them, including security and a number of utility apps, right, as a history, as a legacy business, we had huge amount of traffic. And as we've continued to balance where to focus customer acquisition dollars and where to focus the business going forward, some of that balancing is spending less on

customer acquisition on apps where we're either not monetizing or on apps where we feel like we can have better monetization going forward. And so we're going to continue to see fluctuations.

The biggest part of the decline in our MAU from Q1 to Q2 came from our security-based apps. So again, I think that as a holistic number, we'll continue to report it. I think mobile internet companies generally report MAUs. But for us, we're going to focus on revenues, on ARPU, on profitability, and continue to balance growing MAUs with growing them profitably.

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**Jay Nakahara** - BTIG - Analyst

Okay, great, makes sense, and congrats on the nice quarter.

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**Matt Mathison** - NQ Mobile Inc. - VP Capital Markets

Great. Thank you.

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**Operator**

Thank you. I'll now hand back to management for any prepared remarks.

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**Matt Mathison** - NQ Mobile Inc. - VP Capital Markets

Great. Well, we would like to thank everyone for your time this late evening in the US and this morning time in Asia. We appreciate you joining us, and we look forward to providing another update on our next quarter. Thank you and have a great day.

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**Roland Wu** - NQ Mobile Inc. - CFO

Thank you.

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**Operator**

Thank you. Ladies and gentlemen, that does conclude our conference for today. Thank you so much for your attendance. You may all disconnect.

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