



TWSE 2439

Merry Electronics 2019 Forth Quarter Earnings Result Conference

MERRY Sounds Excellent

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Date: Mar. 2, 2020*

Safe Harbor Notice

Except for historical information contained herein, the matters set forth in this presentation are forward looking statements subject to significant risks and uncertainties that could cause actual results to differ materially, including the impact of competitive products and pricing strategies, whether the design is accepted by our customers timely, the prompt introduction of new technologies, the capability for mass production of new products, the risk of excess capacity, the availability of production capacity, the financial stability in terminal markets or other risks, and so on.

Consolidated Statements of Comprehensive Income

(audited)

(NT\$ Thousand)

Item	4Q2018	3Q2019	4Q2019	QoQ	YoY
Net Revenue	13,389,805	10,101,028	8,601,242	-14.85%	-35.76%
Gross Profit	14.46%	14.06%	11.43%	-2.63pp	-3.03pp
Operating Expenses	-786,679	-700,060	-703,864	0.54%	-10.53%
Operating Margin	8.59%	7.13%	3.25%	-3.88pp	-5.34pp
Non-Operating Income	448,818	433,673	258,930	-40.29%	-42.31%
Net Income	1,238,215	890,067	466,849	-47.55%	-62.30%
Net Profit Margin	9.25%	8.81%	5.43%	-3.38pp	-3.82pp
EPS(NT\$)	6.32	4.34	2.27	-2.07元	-4.05元

*. Diluted weighted average outstanding shares were 203,745K units in 4Q2019.

Balance Sheets & Key Indices(CQ)

(NT\$ Thousand)	20181231		20190930		20191231	
	金額	%	金額	%	金額	%
Cash and Cash Equivalents	8,512,129	28%	5,312,446	16%	6,589,863	26%
Account Receivable	8,597,990	28%	9,500,828	35%	5,461,766	21%
Inventories	3,074,672	10%	2,245,566	8%	2,117,532	8%
Other Current Assets	1,456,079	5%	949,676	4%	924,316	4%
Investments	3,426,878	11%	3,764,627	14%	3,951,152	15%
Property, plant and equipment	1,988,191	7%	2,021,157	8%	2,285,093	9%
Other Non-current Assets	3,275,637	11%	4,301,570	16%	4,465,848	17%
Total Assets	30,331,576	100%	26,384,244	100%	25,795,570	100%
Current Liabilities	16,177,542	53%	11,941,380	42%	8,963,745	35%
Non-current Liabilities	4,074,607	13%	3,871,931	15%	3,833,433	15%
Total Liabilities	20,252,149	67%	15,068,936	57%	12,797,178	50%
Total Shareholders' Equity	10,079,427	33%	11,315,308	43%	12,998,392	50%

Key Indices

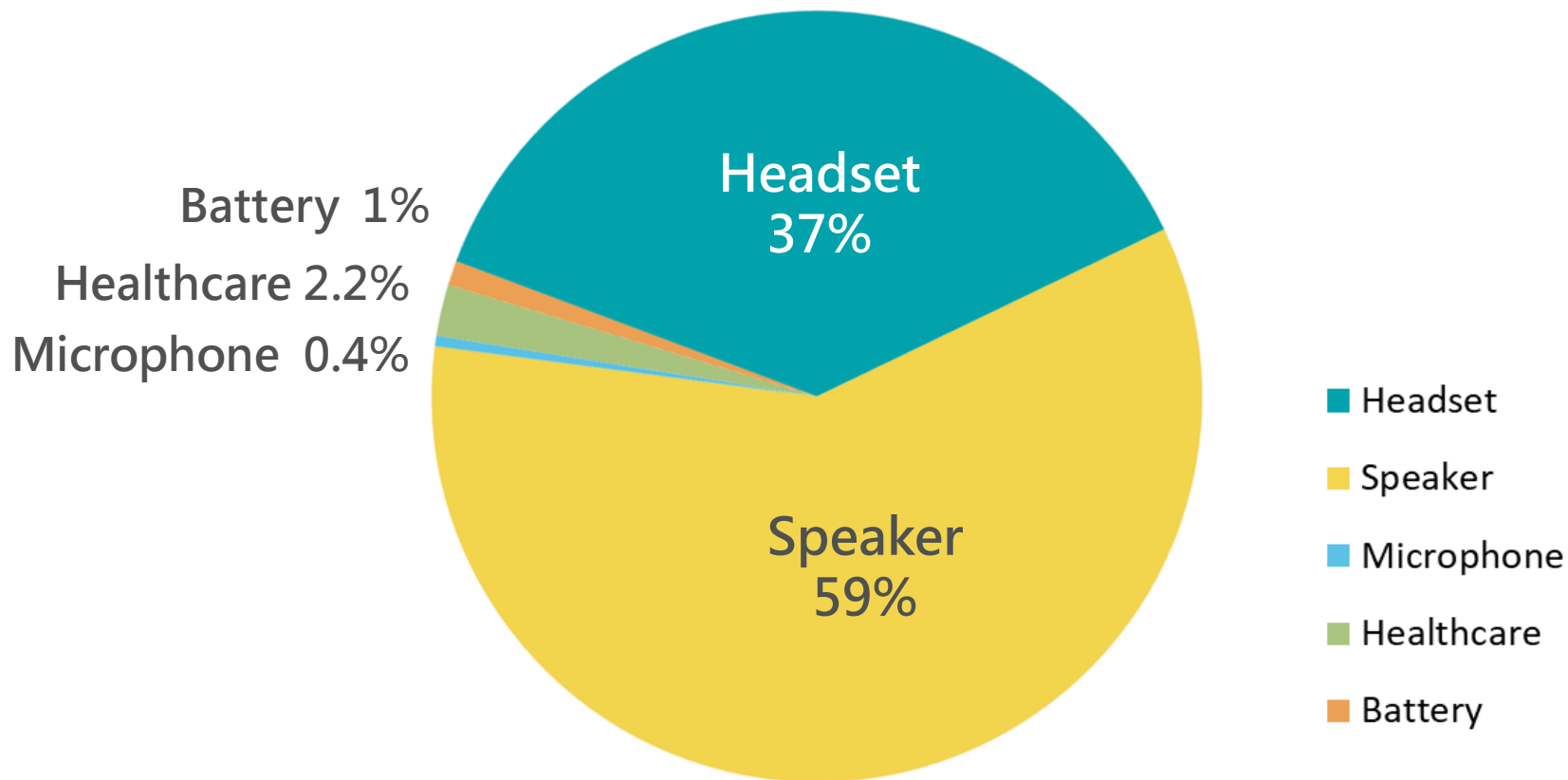
A/R Turnover (CQ)	56.6	84.3	79.2
Inventory Turnover Days (CQ)	26.7	23.0	26.1
Current Ratio (x)	1.3	1.5	1.7

Cash Flow

(NT\$ Thousand)	4Q2018	3Q2019	4Q2019
Beginning Balance	3,742,192	4,178,222	5,312,446
Cash from operating activities	1,543,578	1,322,891	3,456,573
Long-term Investments	-74,340	-109,045	-320,814
Capital Expenditures	-247,541	1,783,284	-2,038,735
Short-term Loans	0	-1,751,419	0
Corporate Bonds	3,015,000	0	0
Investments and Others	533,240	-111,487	180,393
Ending Balance	8,512,129	5,312,446	6,589,863
Free Cash Flow	1,617,918	1,431,936	3,777,387

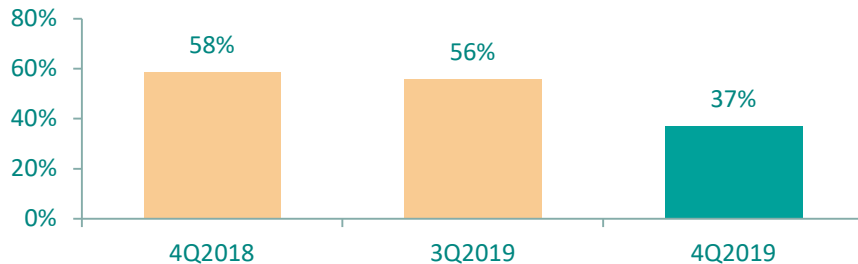
*. Free cash flow = Cash from operating activities - Capital expenditures

4Q2019 Proportion of the Product Revenue



4Q Proportion of the Products Revenue (%)

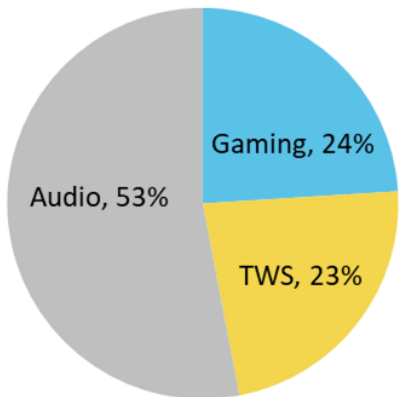
Headset



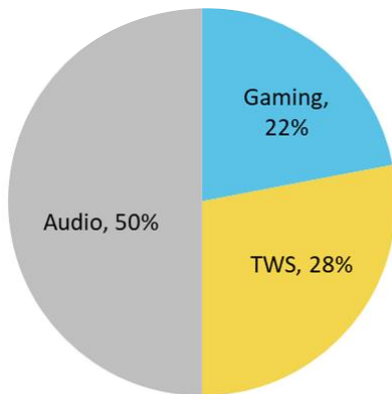
QoQ: -44%
YoY: -60%

Audio
TWS
Gaming

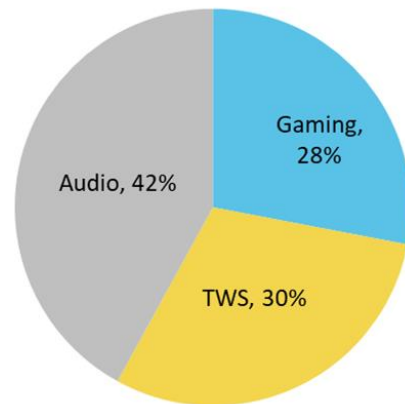
4Q2018



3Q2019

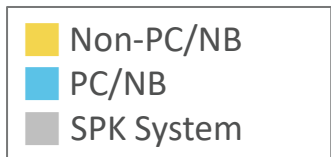
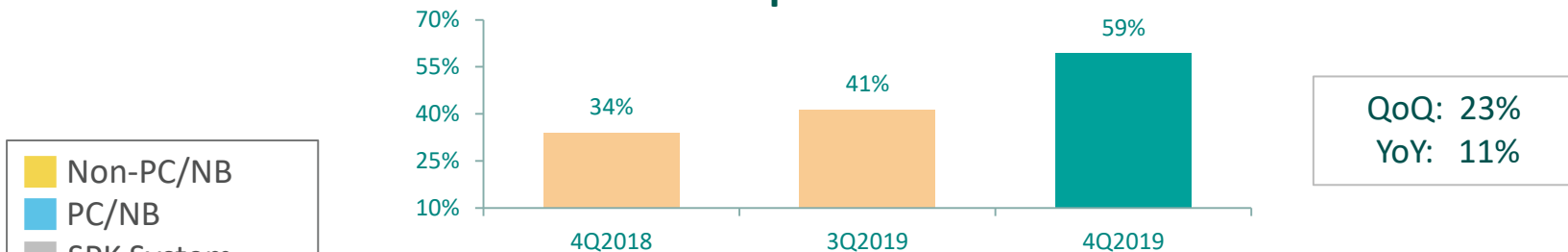


4Q2019

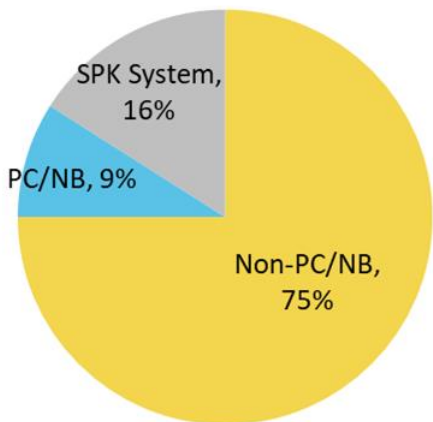


4Q Proportion of the Products Revenue (%)

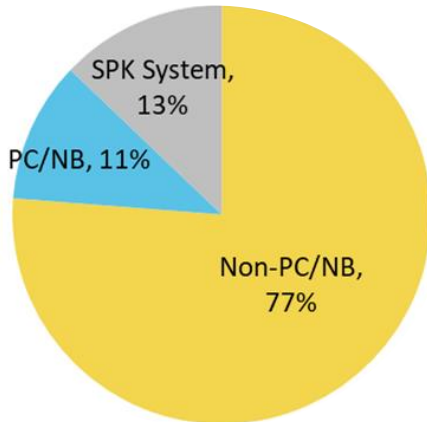
Speaker



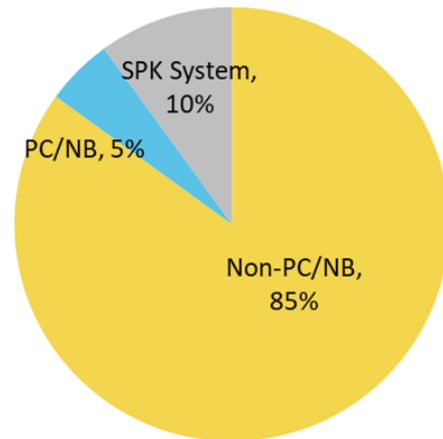
4Q2018



3Q2019



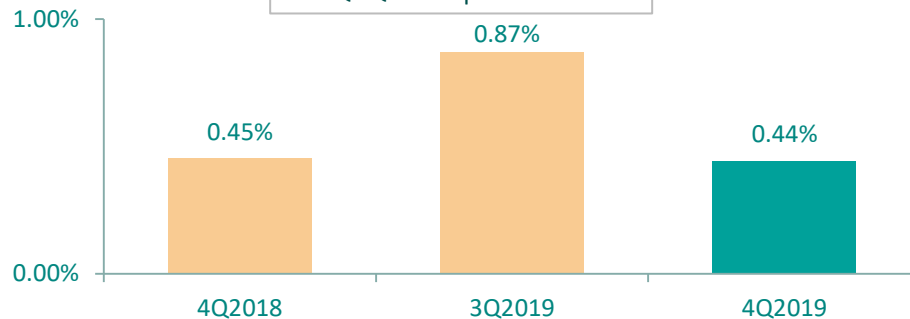
4Q2019



4Q Proportion of the Products Revenue (%)

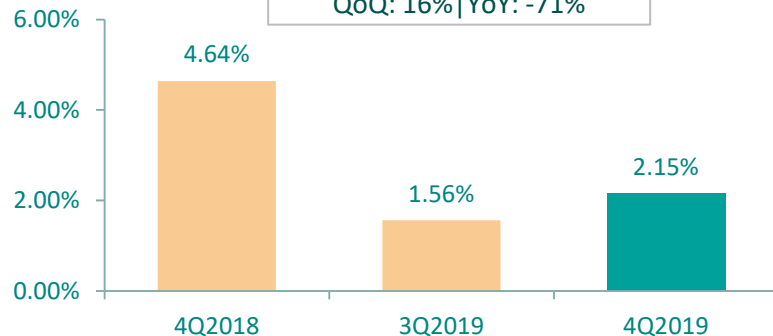
Microphone

QoQ: -57% | YoY: -38%



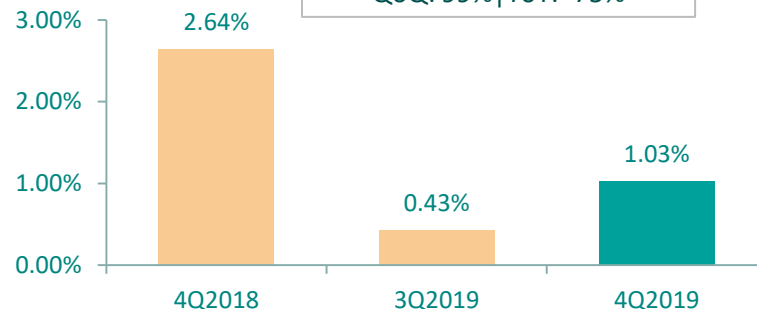
Healthcare

QoQ: 16% | YoY: -71%



Battery

QoQ: 99% | YoY: -75%



Key Information

- Cash Dividend : \$7.7095.
Allot the cash bonus of the year of 2019 for NT\$1,608,376,434.
- Represent its subsidiary, Btm, to announce cash capital increase for NT\$130,000,000.
- Invest US\$12,240,000 to set up a joint venture with Luxshare in Vietnam while gaining 51% equity shares.

2020 1Q Outlook

Q & A

Thank You

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