MERRY

TWSE 2439

Merry Electronics
2020 Second Quarter
Earnings Result Conference

MERRY Sounds Excellent

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Date: Jul. 30, 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.

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Consolidated Statements of Comprehensive Income

(audited)

(NT$ Thousand)

Item	Q22019	Q12020	Q22020	QoQ	YoY
Net Revenue	10,064,072	5,176,663	6,445,201	24.50%	-35.96%
Gross Profit	**16.12%**	**10.75%**	**15.53%**	**4.78pp**	**-0.59pp**
Operating Expenses	-748,632	-601,312	-721,120	19.92%	-3.67%
Operating Margin	**8.68%**	**-0.87%**	**4.34%**	**5.21pp**	**-4.34pp**
Non-Operating Income	151,618	87,308	160,027	83.29%	5.55%
Net Income	773,150	40,564	298,847	636.73%	-61.50%
Net Profit Margin	**7.68%**	**0.78%**	**4.63%**	**3.85pp**	**-3.05pp**
EPS(NT$)	3.8	0.23	1.47	1.24	-2.33

*. Diluted weighted average outstanding shares were 206,616K units in Q22020.

Balance Sheets & Key Indices(CQ)

(NT$ Thousand)	20190630 金額	%	20200331 金額	%	20200630 金額	%
Cash and Cash Equivalents	4,178,222	16%	7,137,339	29%	6,242,503	25%
Account Receivable	9,210,118	35%	3,957,331	16%	5,134,937	20%
Inventories	2,141,320	8%	2,160,257	9%	2,645,490	11%
Other Current Assets	977,493	4%	1,619,124	7%	993,808	4%
Investments	3,684,061	14%	3,953,955	16%	3,968,689	16%
Property, plant and equipment	2,051,228	8%	2,260,918	9%	2,407,905	10%
Other Non-current Assets	4,141,802	16%	3,423,102	14%	3,671,533	15%
Total Assets	26,384,244	100%	24,512,026	100%	25,064,865	100%
Current Liabilities	11,185,170	42%	10,207,870	42%	9,986,211	40%
Non-current Liabilities	3,883,766	15%	3,963,877	16%	3,937,205	16%
Total Liabilities	15,068,936	57%	14,171,747	58%	13,923,416	56%
Total Shareholders' Equity	11,315,308	43%	10,340,279	42%	11,141,449	44%
Key Indices						
A/R Turnover (CQ)	67.1		82.8		64.2	
Inventory Turnover Days (CQ)	26.9		42.1		40.2	
Current Ratio (x)	1.5		1.5		1.5	

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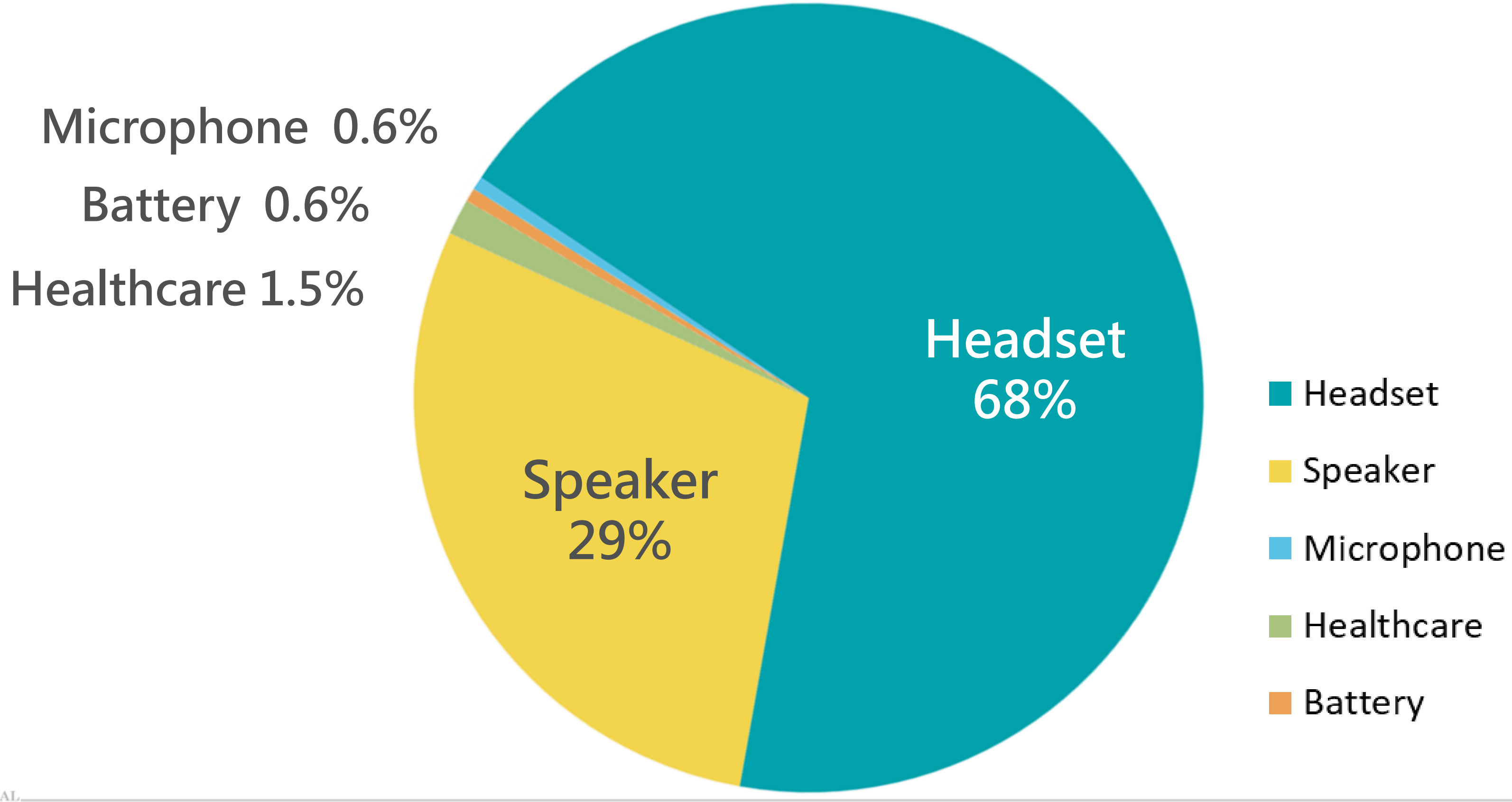
Cash Flow

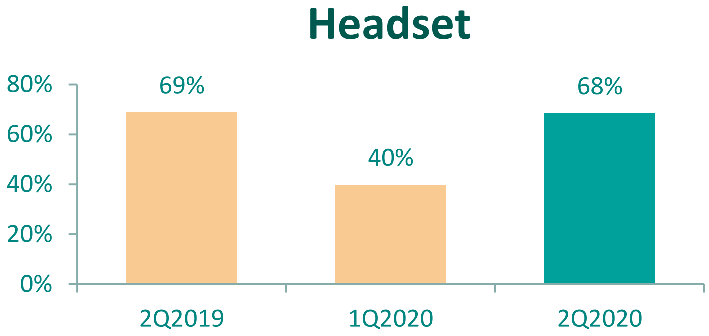
(NT$ Thousand)	2Q2019	1Q2020	2Q2020
Beginning Balance	4,805,254	6,589,863	7,137,339
Cash from operating activities	-662,418	1,961	-577,838
Capital Expenditures	-76,832	-208,632	-184,685
Short-term Loans	233,110	586,497	-406,896
Long-term Loans	0	130,640	-84,130
Issuance of Common Stock for Cash	0	0	350,860
Investments and Others	-120,892	37,010	7,853
Ending Balance	4,178,222	7,137,339	6,242,503
Free Cash Flow	-739,250	-206,671	-762,523

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

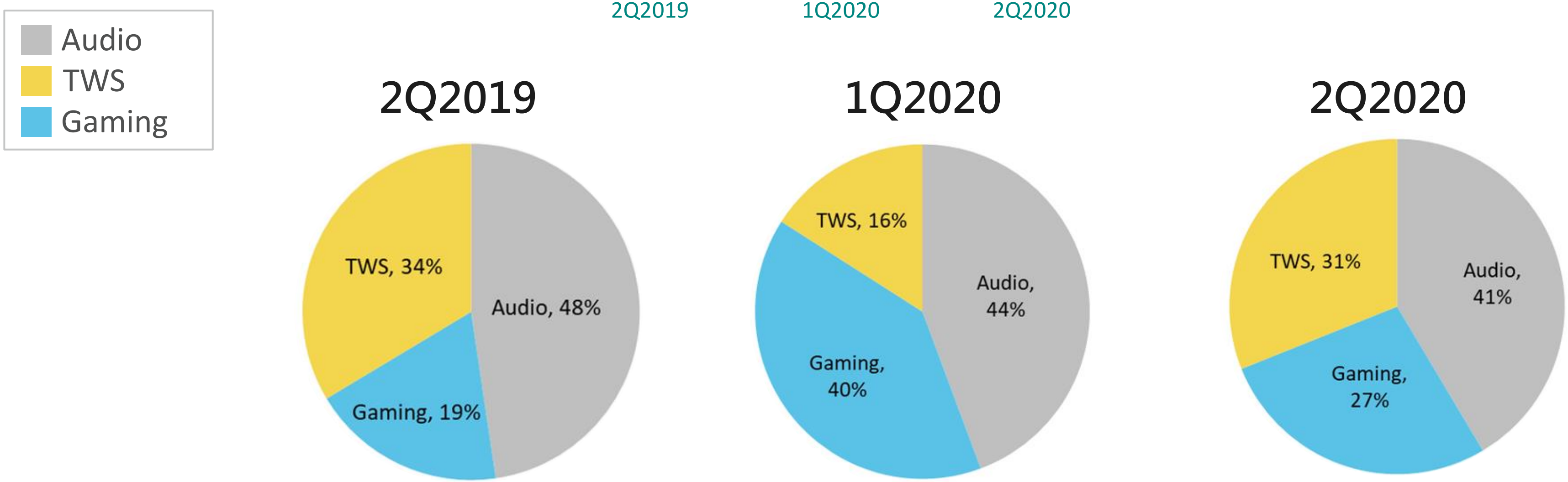
Q22020 Proportion of the Product Revenue



Q2 Proportion of the Products Revenue (%)

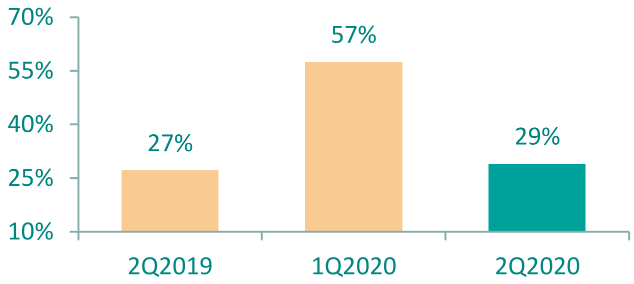


QoQ: 111%
YoY: -39%



Q2 Proportion of the Products Revenue (%)

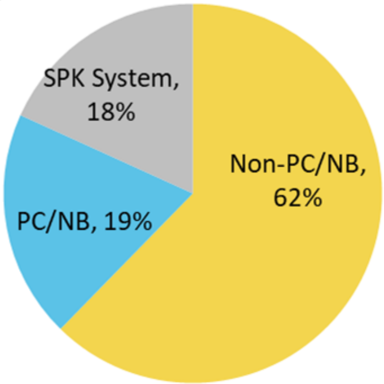
Speaker



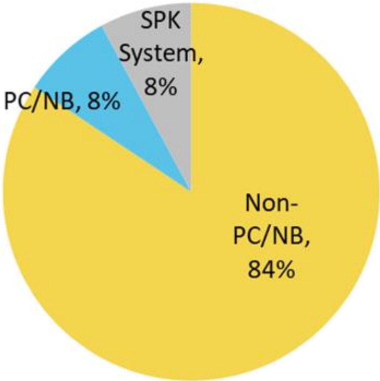
QoQ: -38%
YoY: -34%

- Non-PC/NB
- PC/NB
- SPK System

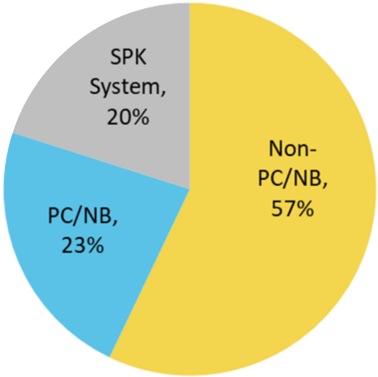
2Q2019



1Q2020

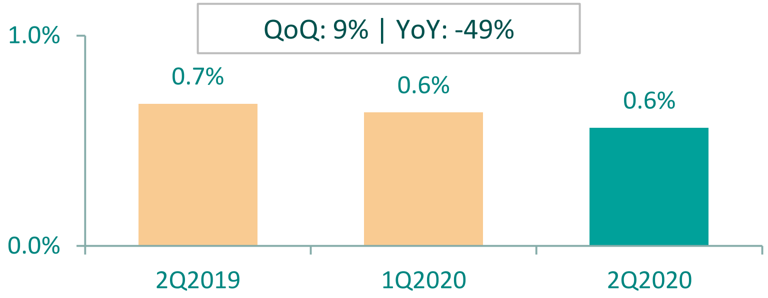


2Q2020

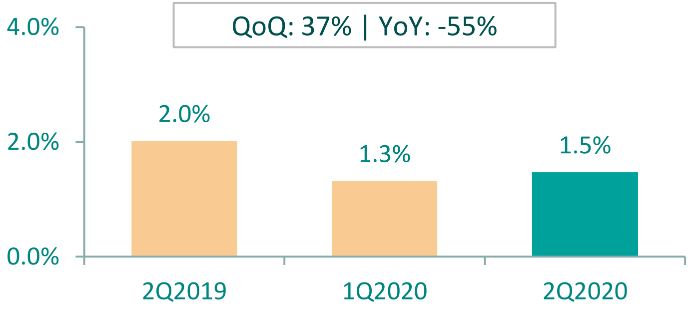


Q2 Proportion of the Products Revenue (%)

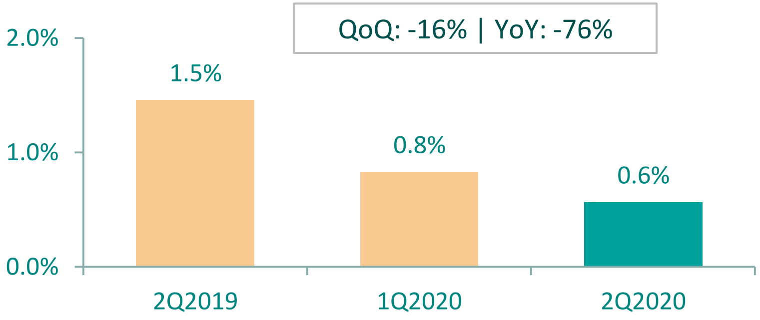
Microphone



Healthcare



Battery



Key Information

1. Merry set up a joint venture company with USI in Taiwan.
2. The ex-dividend date is August 27.

2020 Q3 Outlook

Q & A

Thank You

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