AUDIX®

敦吉集團
AUDIX GROUP

Taiwan Stock Exchange(TWSE：2459)

AUDIX CORPORATION

2020 Third Quarter Investor Conference

November 17 , 2020

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Agenda

Overview

- Company Profile & Core Business Profile
- Operation Base
- Consolidated Net Revenue & Net Income(2015~2019)
- Profitability (2015~2019)
- Dividend Distribution (2015~2019)

Company Profile & Core Business Profile

Establishment Day	Listed on TWSE	Capital
August 7 , 1980	September 17 , 2001	NTD 1.06Billion

Chairman	General Manager	Consolidated Revenue (2019)
James Chung	Jimmy Chung	NTD 7.57Billion

BU HEAD
Y. J. Jeng

CHANNEL BUSINESS

Sales of electronic & mechanical components for computer , telecom ,optical storage, power management, monitor applications ,Design & manufacturing of IOT smart Hydro System.

BU HEAD
Jimmy Chung

MANUFACTURE BUSINESS

Manufacturing of electronic components, precision mold design and injection parts. Manufacturing of automotive and the medical components.

BU HEAD
Jeff Chen

CERTIFICATION BUSINESS

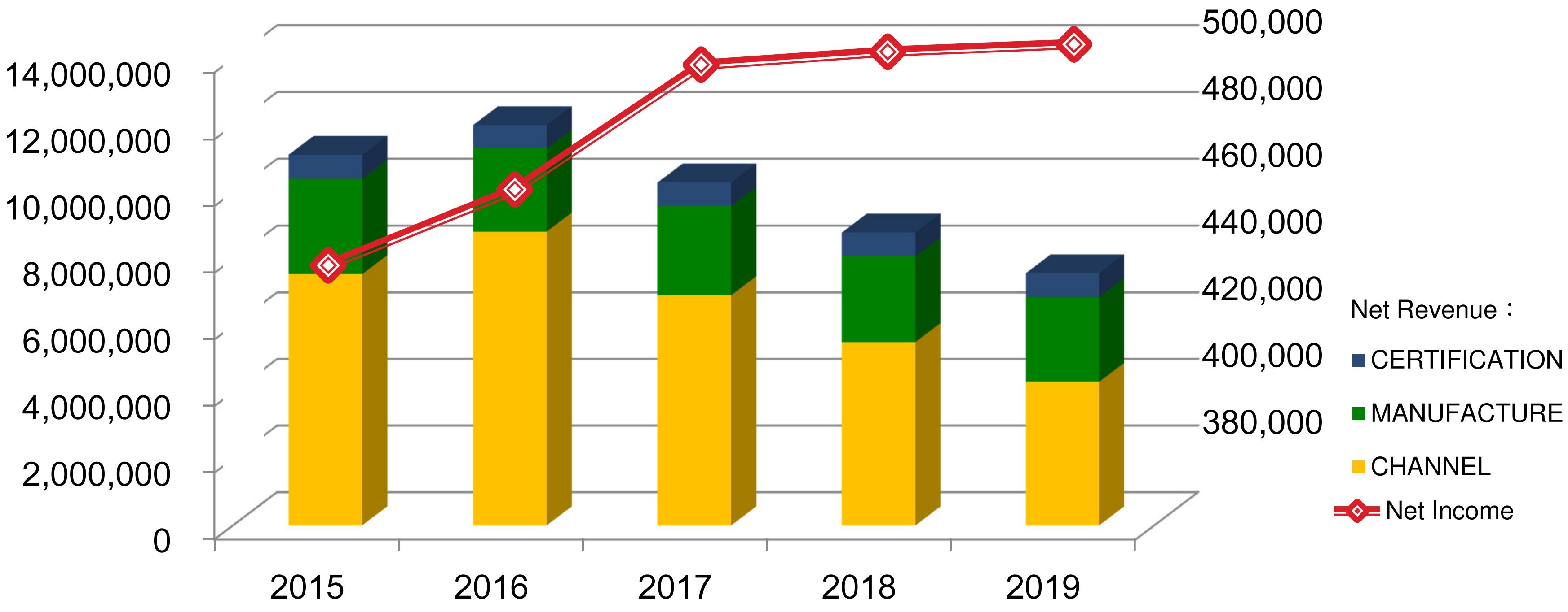
Safety & EMC test and validation for electronic & electric equipments. Software development, application services. Test laboratory, design and construction.

Operation Base

- **HQ**：Taipei
- **CHANNEL BUSINESS**：Taipei、H.K、Shenzhen、Xiamen、Shanghai、Wujiang、Beijing、Xi'an、Chengdu、Tokyo
- **MANUFACTURE BUSINESS**：Xiamen、Wujiang
- **CERTIFICATION BUSINESS**：Taipei、Shenzhen、Shanghai、Wujiang、Beijing

Consolidated Net Revenue & Net Income

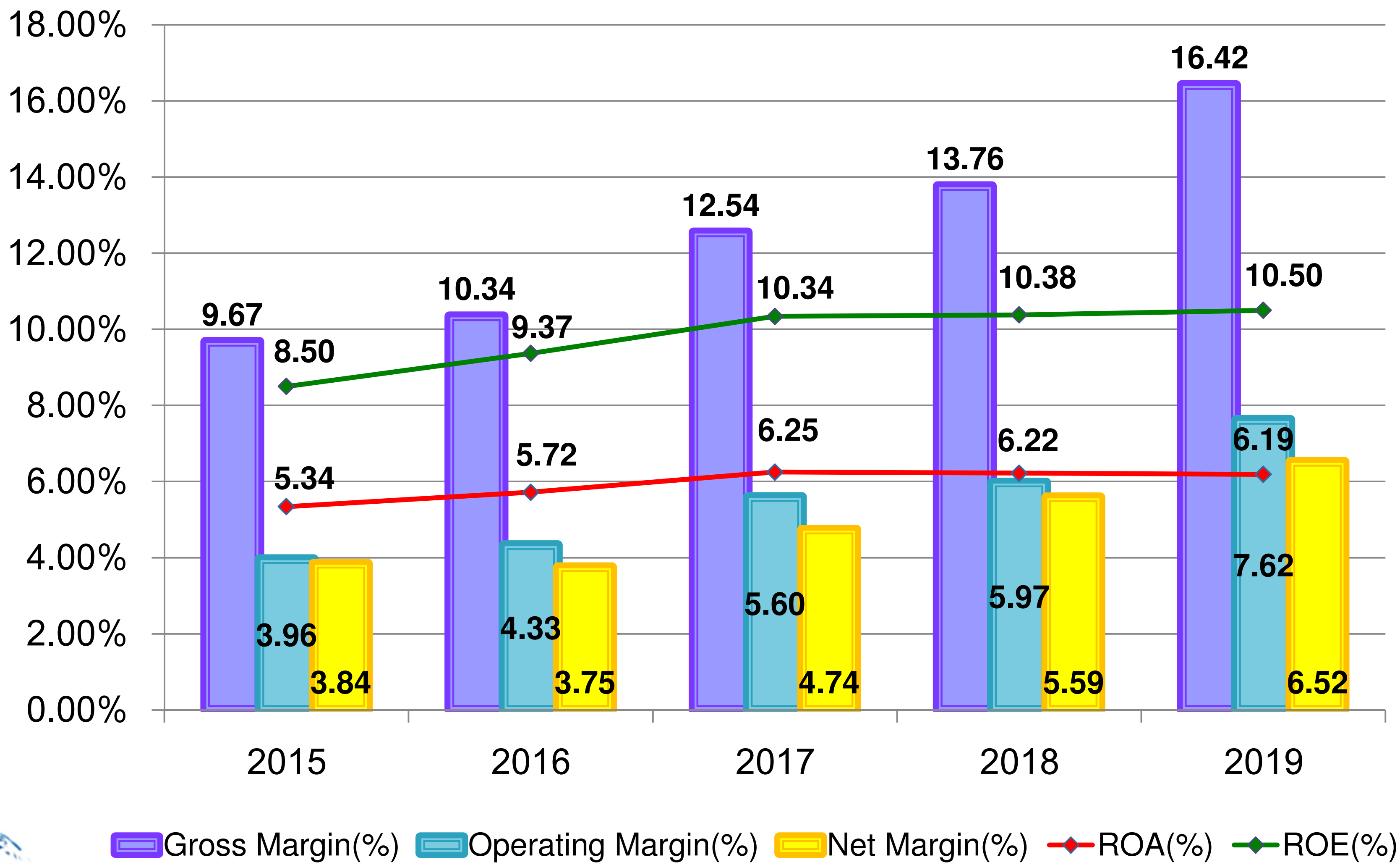
Unit：NTD Thousand



Year		2015	2016	2017	2018	2019
Net Revenue	CHANNEL	7,544,012	8,820,133	6,914,125	5,508,862	4,311,713
	MANUFACTURE	2,855,108	2,496,779	2,677,892	2,573,108	2,543,938
	CERTIFICATION	716,898	688,318	693,644	710,523	713,527
Net Revenue		11,116,018	12,005,230	10,285,661	8,792,493	7,569,178
Net Income		427,251	449,926	487,359	491,269	493,517

Profitability

Unit：%



Dividend Distribution

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Year	EPS (NTD)	Cash Dividend (NTD/Share)	Dividend Payout Ratio (%)	Ex-Dividend Trading Date	Market Price Per Share		Cash Dividend Yield(%)
2015	3.52	2.5	71%	2016/8/9	2016/8/8	37.10	6.74%
2016	3.72	2.6	70%	2017/7/4	2017/7/3	40.50	6.42%
2017	4.13	3.0	73%	2018/7/2	2018/6/29	41.80	7.18%
2018	4.03	※ 3.0	※ 50%	2019/7/11	2019/7/10	39.70	7.56%
2019	4.20	※ 3.0	※ 36%	2020/7/7	2020/7/6	42.15	7.12%

※ 2018： Cash Dividend NTD2.0 + Cash Distributed from Capital Surplus NTD1 (Per Share)
Dividend Payout Ratio： Cash Dividend 2.0 / EPS 4.03 = 50%

2019： Cash Dividend NTD1.5 + Cash Distributed from Capital Surplus NTD1.5 (Per Share)
Dividend Payout Ratio： Cash Dividend 1.5 / EPS 4.20 = 36%

Operating Report

- Result Highlights
- Consolidated Statements of Comprehensive Income
- Consolidated Balance Sheets
- Consolidated Net Revenue
- Consolidated Net Income
- Operating Cash Cycle
- Revenue by Product Category
- Core Business Operational Results & Operation Prospect

Result Highlights

Unit ： NTD Thousand

ITEM	3Q20	2Q20	QoQ	3Q19	YoY	1~3Q20	1~3Q19	YoY
Net Revenue	1,860,941	1,381,874	34.67%	2,040,737	(8.81)%	4,612,335	5,647,603	(18.33)%
Gross Margin	**21.32%**	**17.46%**	+386bp	**16.72%**	+460bp	**19.41%**	**15.15%**	+426bp
Operating Expenses	(163,214)	(137,362)	18.82%	(164,762)	(0.94)%	(440,878)	(474,287)	(7.04)%
Operating Income	233,582	103,886	124.84%	176,480	32.36%	454,413	381,568	19.09%
Operating Margin	**12.55%**	**7.52%**	+530bp	**8.65%**	+390bp	**9.85%**	**6.76%**	+309bp
Net Income (Loss) Attributable To：Shareholders of the Parent	160,739	101,872	57.79%	143,967	11.65%	343,866	315,606	8.95%
EPS(NT$)(1)	1.52	0.96		1.36		3.25	2.98	
Net Book Value(NT$)(1)	41.01							
Total Assets	8,380,175	8,007,562		8,369,436		8,380,175	8,369,436	
Total Liabilities	3,732,385	3,604,482		3,780,801		3,732,385	3,780,801	
Total Equity	4,647,790	4,403,080		4,588,635		4,647,790	4,588,635	
Net Working Capital	3,679,231	3,138,869		3,198,672		3,679,231	3,198,672	
KEY Indices								
ROA	2.25%	1.44%	+81bp	1.97%	+28bp	4.64%	4.40%	+24bp
ROE	3.95%	2.52%	+143bp	3.44%	+51bp	8.03%	7.47%	+56bp
Net Margin	9.60%	8.01%	+159bp	7.75%	+185bp	8.11%	6.17%	+194bp
(1).Weighted average shares outstanding	105,723	105,788		105,901		105,723	105,901	

Consolidated Statements of Comprehensive Income

Unit ： NTD Thousand

ITEM	3Q20	2Q20	QoQ	3Q19	YoY	1~3Q20	1~3Q19	YoY
Net Revenue	1,860,941	1,381,874	34.67%	2,040,737	(8.81)%	4,612,335	5,647,603	(18.33)%
COGS	(1,464,145)	(1,140,626)	28.36%	(1,699,495)	(13.85)%	(3,717,044)	(4,791,748)	(22.43)%
Gross Profit	396,796	241,248	64.48%	341,242	16.28%	895,291	855,855	4.61%
Gross Margin	**21.32%**	**17.46%**		**16.72%**		**19.41%**	**15.15%**	
Operating Expenses	(163,214)	(137,362)	18.82%	(164,762)	(0.94)%	(440,878)	(474,287)	(7.04)%
Operating Income	233,582	103,886	124.84%	176,480	32.36%	454,413	381,568	19.09%
Operating Margin	**12.55%**	**7.52%**		**8.65%**		**9.85%**	**6.76%**	
Net Non-operating items*	(9,090)	34,133	(126.63)%	41,189	(122.07)%	19,172	73,597	(73.95)%
Profit Before Tax	224,492	138,019	62.65%	217,669	3.13%	473,585	455,165	4.05%
Tax	(45,815)	(27,395)	67.24%	(59,579)	(23.10)%	(99,710)	(106,927)	(6.75)%
Profit After Tax	178,677	110,624	61.52%	158,090	13.02%	373,875	348,238	7.36%
Net Margin	**9.60%**	**8.01%**		**7.75%**		**8.11%**	**6.17%**	
Net Income (Loss) Attributable To ： Shareholders of the Parent	**160,739**	**101,872**	57.79%	**143,967**	11.65%	**343,866**	**315,606**	8.95%
EPS(NT$)(1)	**1.52**	**0.96**		**1.36**		**3.25**	**2.98**	
Tax%	**20.41%**	**19.85%**		**27.37%**		**21.05%**	**23.49%**	
(1).Weighted average shares outstanding	105,723	105,788		105,901		105,723	105,901	

***3Q20 ： Net Non-operating items are affected by net currency exchange loss.**

Consolidated Balance Sheets

Unit ： NTD Thousand

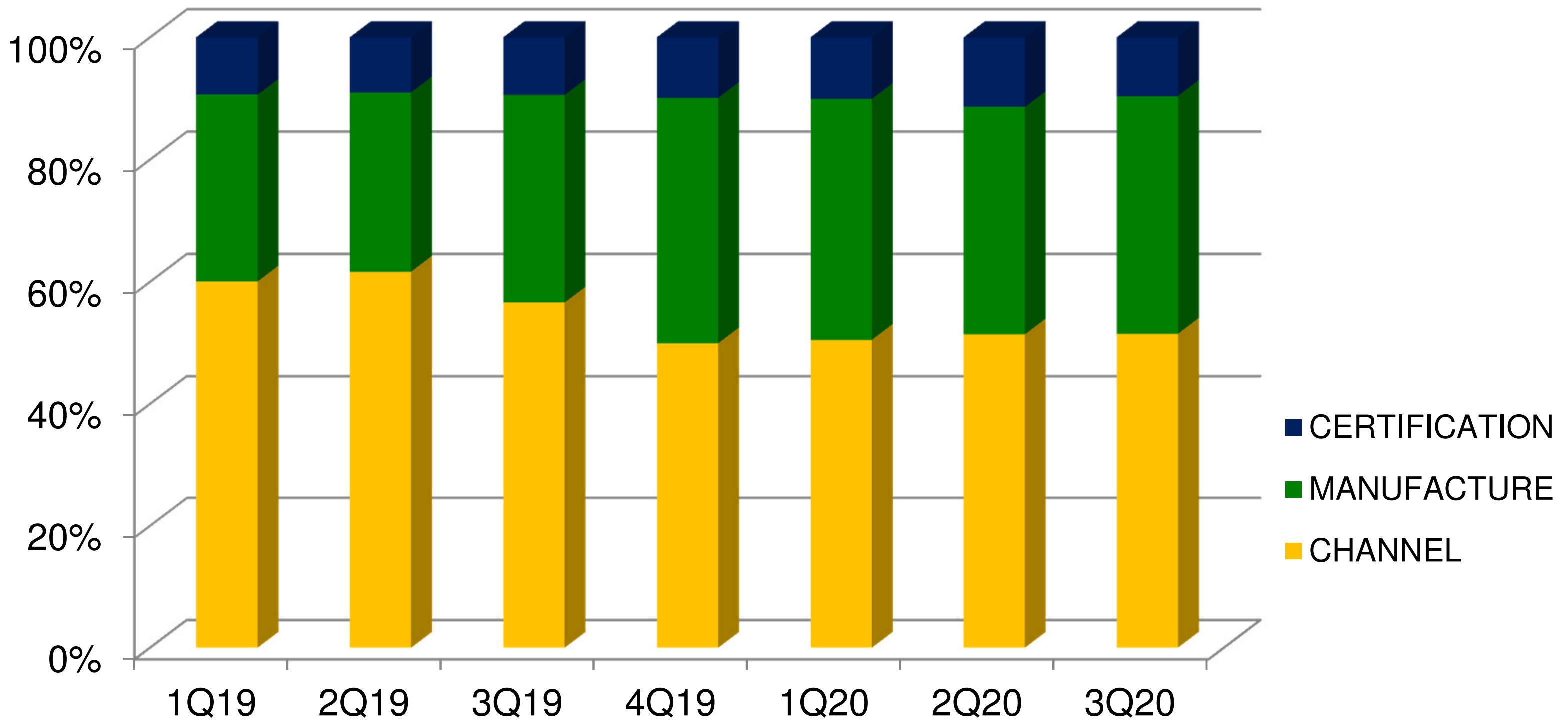
ITEM	3Q20 Amount	3Q20 %	2Q20 Amount	2Q20 %	3Q19 Amount	3Q19 %
Cash & Cash Equivalents	2,713,097	32%	2,819,489	35%	2,623,413	31%
Accounts Receivable	1,697,768	21%	1,360,863	17%	1,985,703	25%
Inventory	400,265	5%	436,266	5%	607,508	7%
Others-Current Assets	1,353,222	16%	1,161,067	15%	761,800	9%
Property , Plant & Equipment	1,785,642	21%	1,799,889	22%	1,970,888	24%
Others-Noncurrent Assets	430,181	5%	429,988	6%	420,124	4%
Total Assets	**8,380,175**	100%	**8,007,562**	100%	**8,369,436**	100%
Short-term loans	1,071,458	13%	1,195,765	15%	1,267,157	15%
Accounts Payable	964,899	12%	716,105	9%	1,018,441	12%
Others-Current Liabilities	448,764	5%	726,946	9%	494,154	6%
Others-Noncurrent Liabilities	1,247,264	15%	965,666	12%	1,001,049	12%
Total Liabilities	**3,732,385**	45%	**3,604,482**	45%	**3,780,801**	45%
Total Equity	**4,647,790**	55%	**4,403,080**	55%	**4,588,635**	55%

KEY Indices

	3Q20	2Q20	3Q19
Net Working Capital	3,679,231	3,138,869	3,198,672
Current Ratio	248%	219%	215%
AR Turnover(Days)	109	109	96
Inventory Turnover(Days)	39	39	36
AP Turnover(Days)	74	64	57
Operating Cash Cycle(Days)	74	84	75

Consolidated Net Revenue

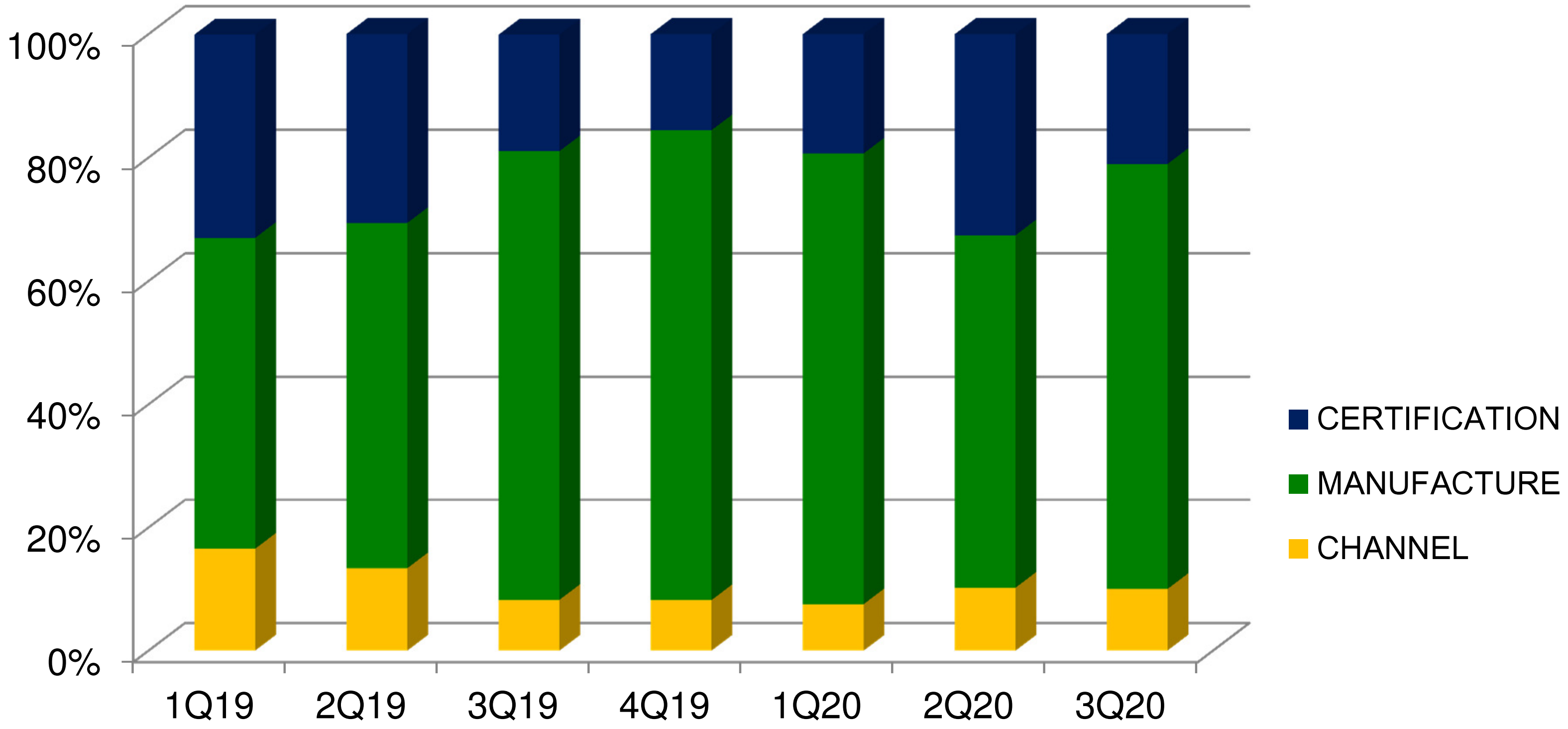
Unit：%



Core Business \ Period	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
CHANNEL	60%	62%	57%	50%	51%	51%	51%
MANUFACTURE	31%	29%	34%	40%	39%	37%	39%
CERTIFICATION	9%	9%	9%	10%	10%	12%	10%

Consolidated Net Income

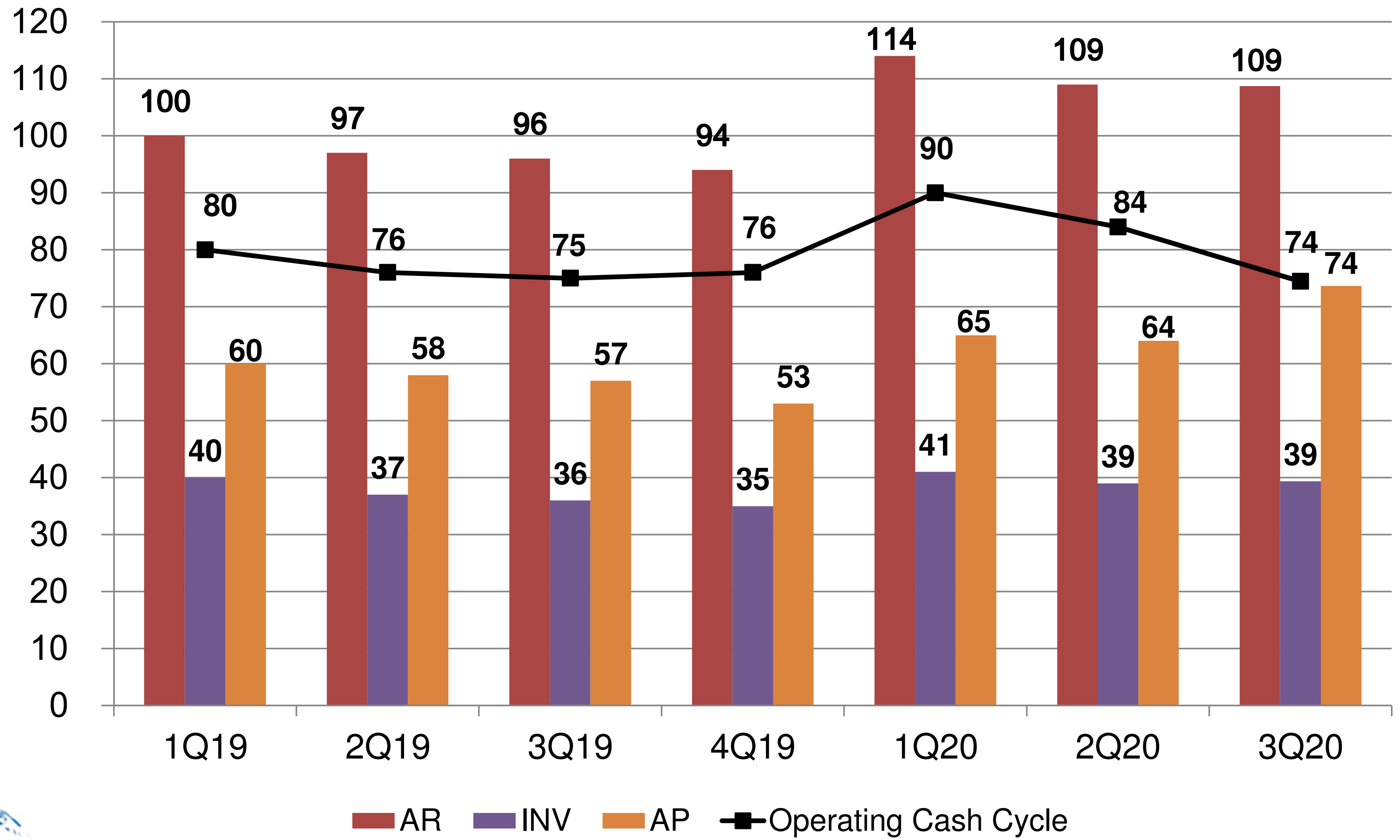
Unit：%



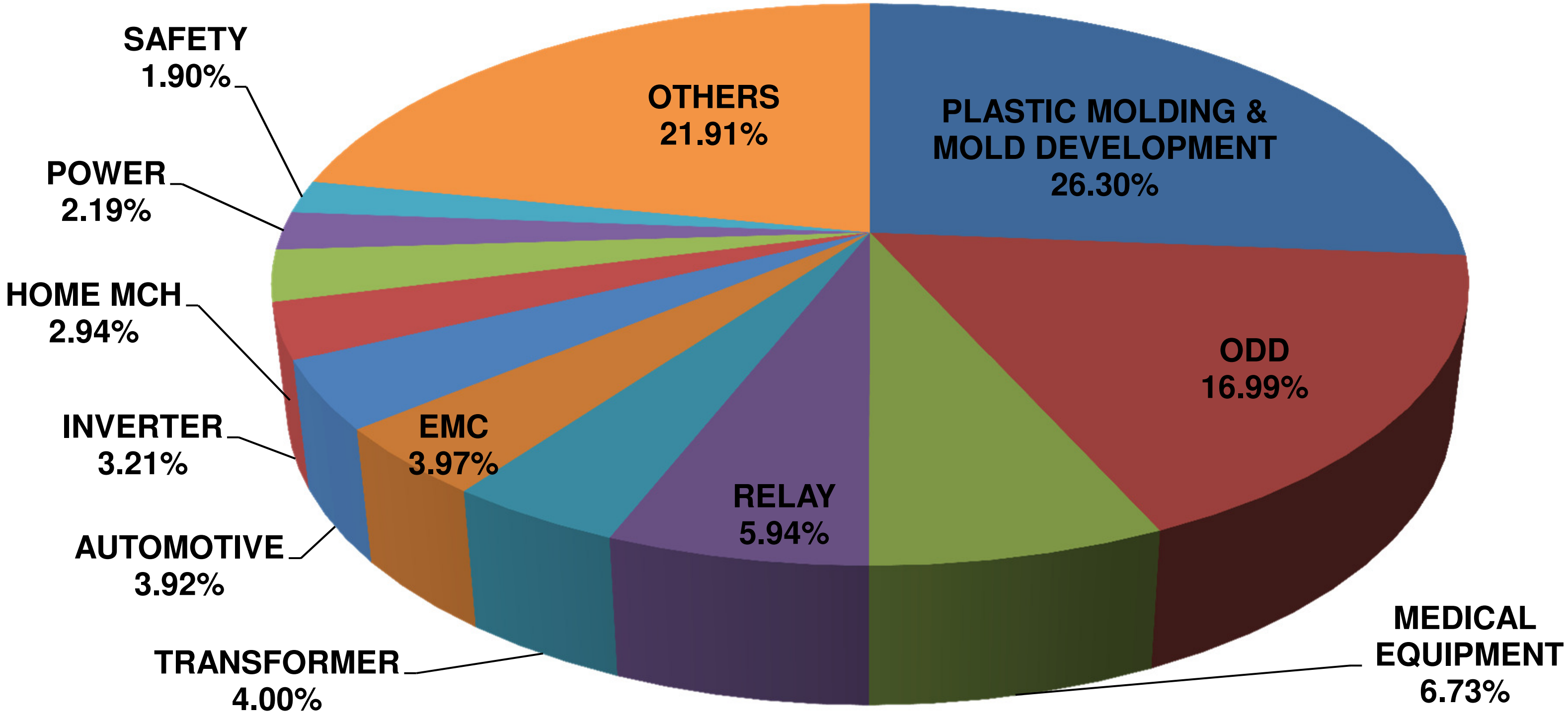
Core Business \ Period	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
CHANNEL	17%	13%	8%	8%	8%	10%	10%
MANUFACTURE	50%	56%	73%	76%	73%	57%	69%
CERTIFICATION	33%	31%	19%	16%	19%	33%	21%

Operating Cash Cycle

Unit：Day



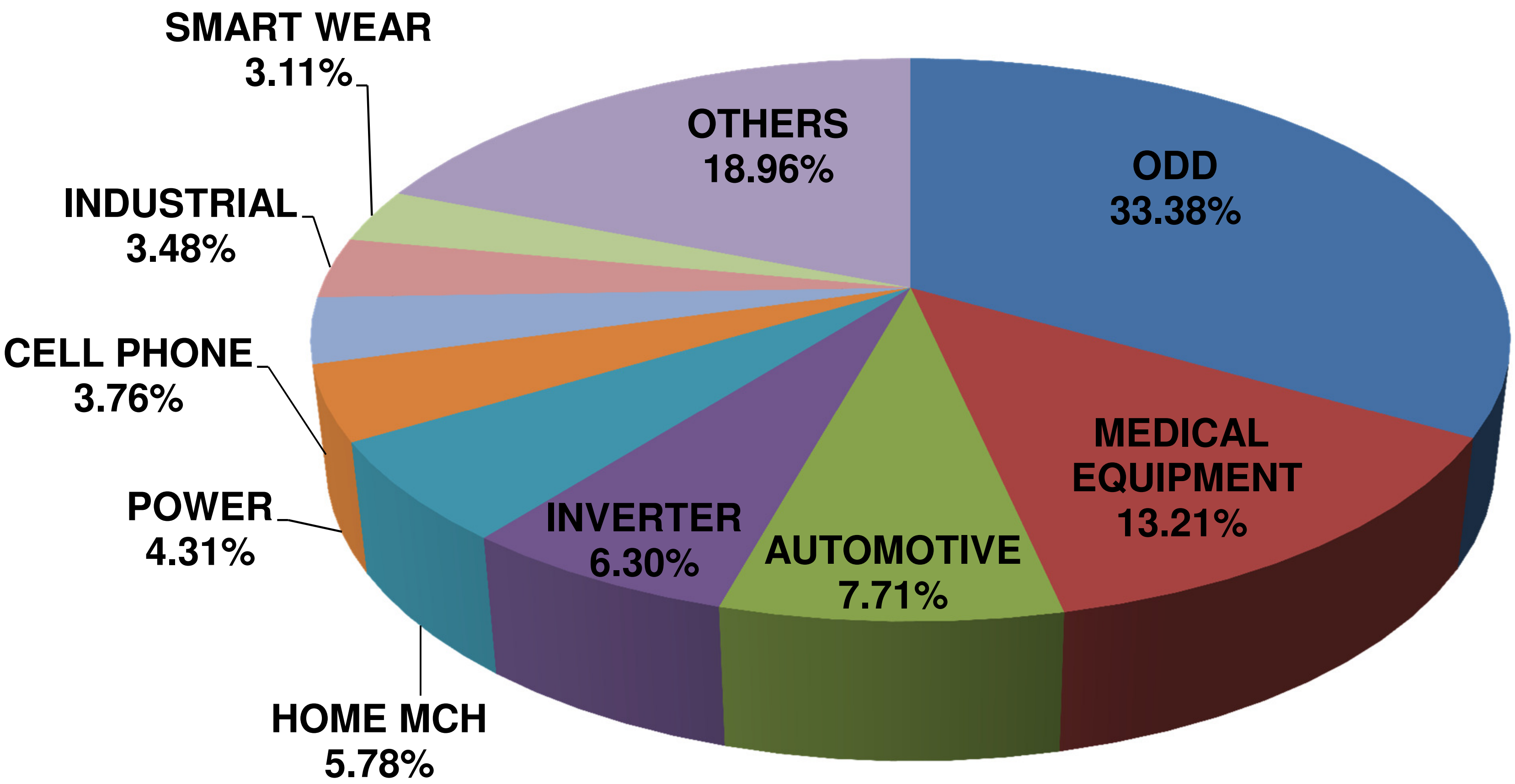
Revenue by Product Category：2020Q1~Q3



CHANNEL	ODD	MEDICAL EQUIPMENT	AUTOMOTIVE	INVERTER	HOME MCH	POWER	OTHERS	TOTAL
	16.99%	6.73%	3.92%	3.21%	2.94%	2.19%	14.90%	50.88%
MANUFACTURE	PLASTIC MOLDING & MOLD DEVELOPMENT	RELAY	TRANSFORMER				OTHERS	
	26.30%	5.94%	4.00%				2.31%	38.55%
CERTIFICATION	EMC	SAFETY					OTHERS	
	3.97%	1.90%					4.70%	10.57%
								100.00%

Revenue of CHANNEL by Product Category

Period ：2020Q1~Q3



Revenue of MANUFACTURE by Product Category

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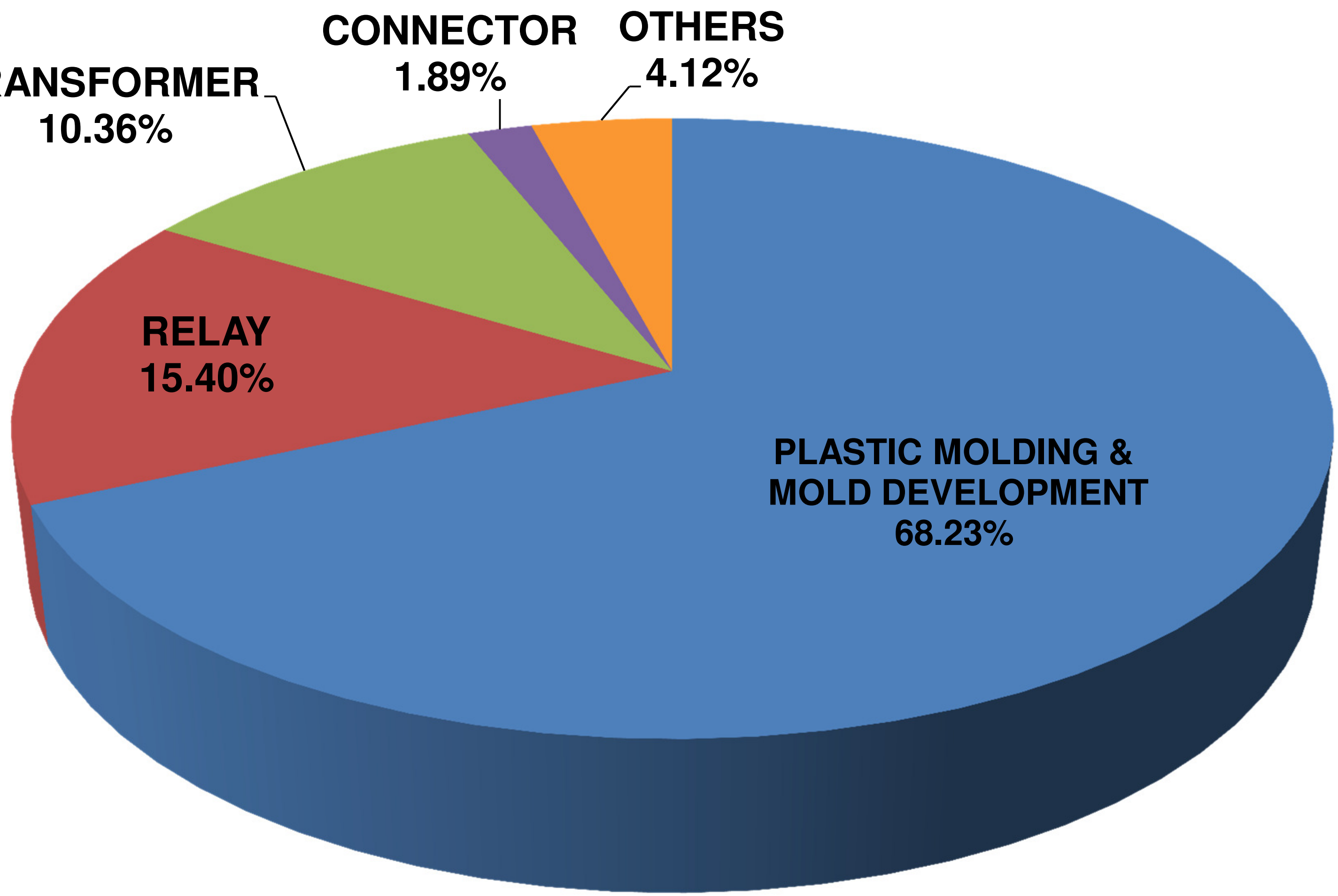
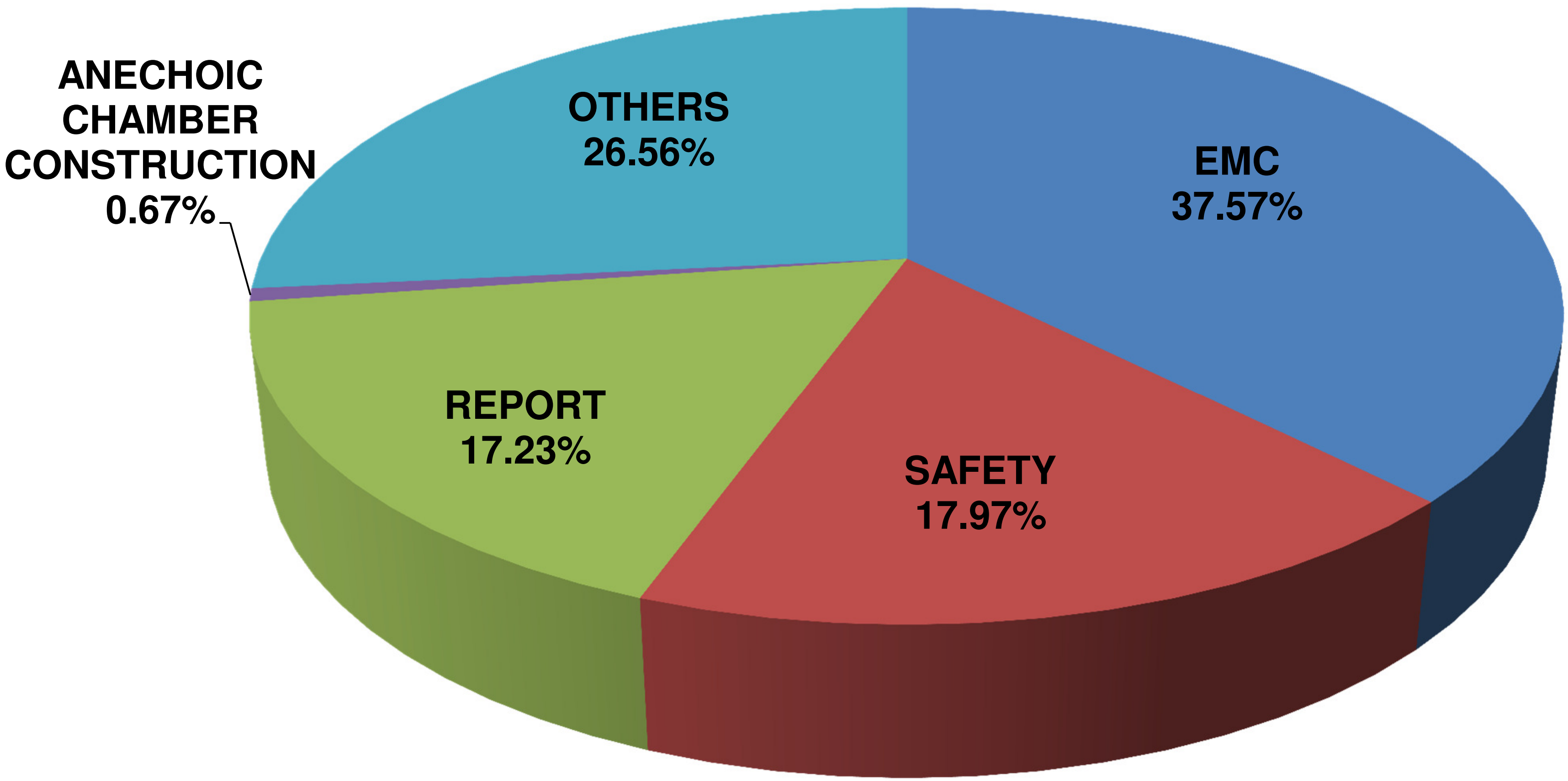
Period：2020Q1~Q3



Revenue of CERTIFICATION by Product Category

Period ：2020Q1~Q3



High Precision Plastic Injection component

- Total first three quarter shipments of VCM （Voice Coil Motor）plastic components up to 374KKpcs, a 19.3% increase YoY.
- Vertical integration service：insert molding plastic components with Surface Mounted Technology.
- Strengthen mold design ability, optimize the processing and improve the order-taking ability.

TRANSFORMER

- Large shipments of power controller of electric vehicle charging module.
- Actively develop automotive, electric vehicle and medical device related products.
- Enhance production efficiency and quality through engineering improvement and automated production.

RELAY

- Production of New model （JS）：the production line has set up and mass production is planned in November.
- Continuously improve assembly line automation to increase productivity efficiency and quality.

High Precision Plastic Injection component

- Smartphone is now developing towards multi cameras, and new functions such as zoom, Optical-Image-Stabilization, ultra-high pixel and TOF result in VCM demand rising.
- Catch up the trend of Chinese smartphone component localization and enlarge business for Chinese VCM makers.
- Enlarge production capacity of vertical integration service.
- Create more opportunities for automotive, medical and optical communication products.

TRANSFORMER

- Actively expand ultrasonic sensing driver transformer (parking assistance radar) market share and new European customers.
- Continuously develop high-margin goods in automotive, electric vehicle and medical related products.
- Promote the Japan and Korea markets.
- Pay attention to the change of production and demand in automotive market.

RELAY

- Actively strive for OEM orders for new models to expand economic scale.
- Continuously improve assembly line automation.

Continuously promote production automation, improve production efficiency and quality

- Xiamen facility R&D department will self-develop our own automation equipment.

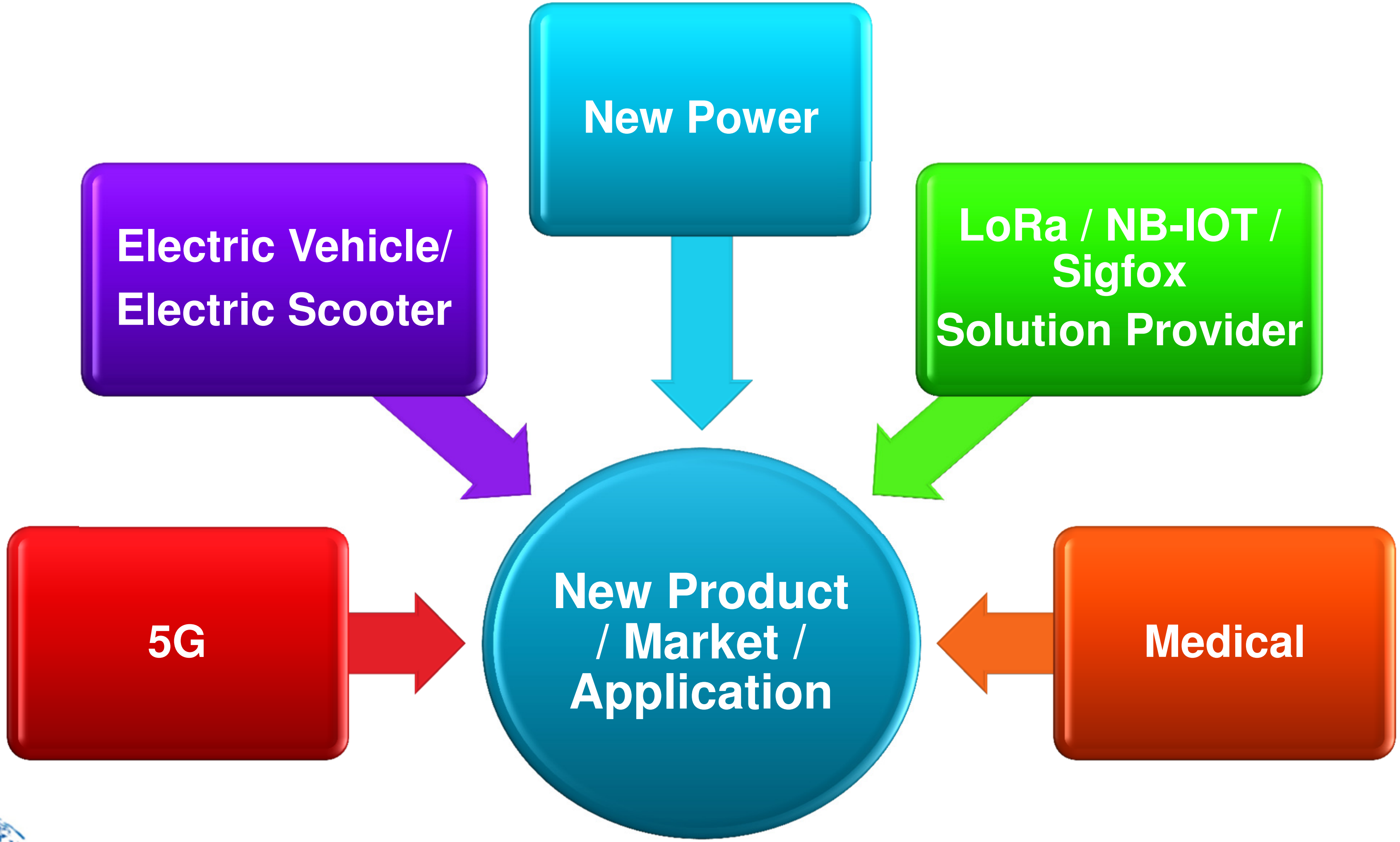
CHANNEL BUSINESS Operational Results

AUDIX®

- The Channel Business Division is responsible for the sale of various agency components and own products. In accordance with product features and function, were set up the Dept. of Active Components and Dept. of Passive Components.
- Major field of sales：
  Smart Phone Industry、Display Industry、Automotive electronics、IA、Service Robot Industry、IOT、Smart Home Appliance、BD Player Market.
- Agency sales and distribution of the electronic components supplied by：

Materials Mag!c Hitachi Metals
Nidec All for dreams
ALPS
HestiaPower 瀚薪
NDK Crystal Bridge to the Future
HITACHI Inspire the Next
FUJITSU
TRANSTOUCH
Torey
KONICA MINOLTA
龙迅 Lontium Semiconductor
KOE JDI Group
Namiki
KYOCERA
H·L Data Storage

Operation Prospect



5G

Supplier	Application	Promoting Components
Hitachi Metals	Mobile phone Base station	Isolator、LTCC-Substrate Heat Sink Material、 High frequency magnetic component
ALPS	Mobile phone Optical communication AR、VR	Lens、Touch switch、Control I.C. Sensor
Nidec	Router	Steering Motor
KMOT	Optical communication	Lens

Electric Vehicle / Scooter

Supplier	Application	Promoting Components
JDI	Dashboard of Car / Electric Scooter	High brightness Anti-glare TFT Panel Module
Hitachi Metals	Electric Vehicle Power Module	Heat Sink Material (Si_3N_4)
Hitachi Power Device	Electric Vehicle Inverter Module	IGBT & Diode Device & Wafers
SRAY-TECH IMAGE	Dashboard of Electric Scooter 、 Electronic locks	Fingerprint & Face Recognition 2 in 1 Module

New Power

Supplier	Application	Promoting Components
HPI	Servo Power、 Vehicle Power 48V(BSG)	Silicon Carbide MOSFET Diode Module
HPSD	Electric Vehicle Module Industrial Inverter	IGBT Module Die Wafer
Kyocera	Industrial Power	Diode Module
Silanna	Adaptor Module	Active Current Flyback Module

LoRa/NB-IOT/Sigfox

Application
Rain Water Channel Monitoring
Clough Monitoring
Water resources protection application
River Flood Monitoring
Animal husbandry

Medical Market Application

Supplier	Application	Promoting Components
ABLIC	Ultrasonic	TX/RX Asic I.C. 、H/V SW.
Hitachi Metals	CT.	Scintillator、Mini Cable
Namiki	Inspection Equipment	Mini Motor
Fujitsu	Inspection Equipment	Printer
HLDS	Inspection Equipment	OPU
Prolight	to sterilize	UVC Module
JDI	Display	TFT & OLED
BM	Forehead Thermometer	IR Sensor

Operational Results

- With well experienced professional team members and accredited by international Certificated Body ， technical service including industry、scientific、medical、household appliances、audio & video、information technology equipment、broadcasting、telecommunication、wireless etc. area ， from components、modules to end products global certification and testing facilities planning and build up.
- Policy：

EMC：Professional EMC laboratory located at Taiwan、South China、East China with 3m、10m chamber & RF chamber、OTA chamber.

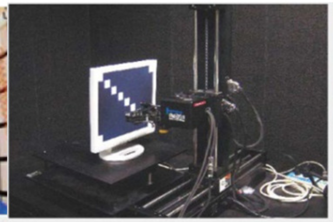
SAFETY：The only one UL、TUV Rheinland、JQA & CQC CBTL accredited by IECEE within Great China and Japan JQA S-Mark & JQA PSE certificated laboratory with TCO low radiation laboratory & Ergonomic Testing facility and PM2.5 Energy Efficiency laboratory.

R&D：EMC standard measurement system or customer made solution provider including software & hardware design.

輻射干擾測試實驗室
(10米法半電波暗室)
10m Semi-Anechoic Chamber

輻射干擾測試實驗室
(3米法半電波暗室)
3m Semi-Anechoic Chamber

RF全電波暗室
RF ETSI Fully Chamber



ISO人體工學實驗室
ISO Ergonomics Laboratory

化學測試實驗室
Chemical Testing Laboratory

Operation Prospect

AUDIX®

1

Build up new EMC labs. at Taiwan & South China、East China to expand the measurement capability and Certificated/Recognized by Brand Manufacturers such as AADHL or HMOV for mobility products.

2

Upgrade 4G/5G、WiFi & BT measurement ability by own designed software to upgrade the efficiency and accuracy & complete the NCC mandatory requirements for mobile phone；pay attention to the NB-IoT、IA technical trend & developing status to build up the testing facilities & technical abilities at the right time.

3

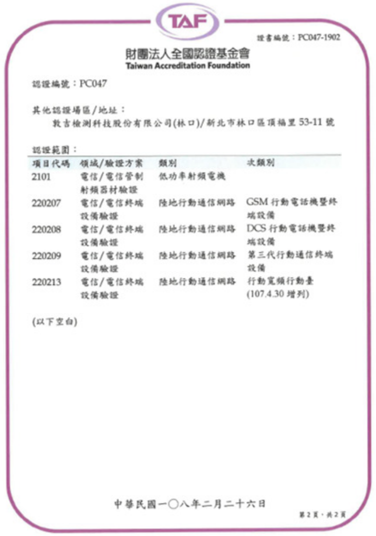
Put in power saving、water saving and air cleaner ozone measurement、PM2.5 energy efficiency measurement to enlarge service scope.

4

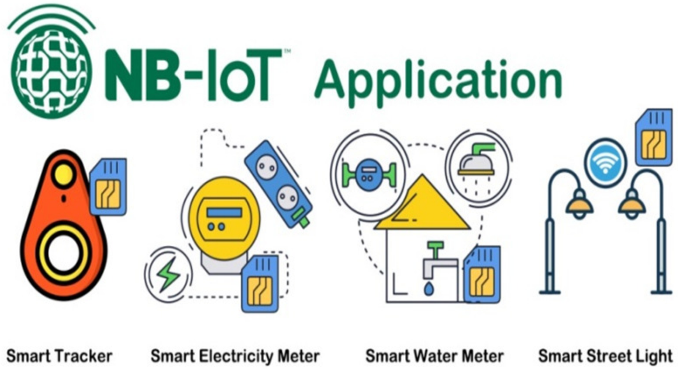
Put in Vehicle EMC measurement ability.

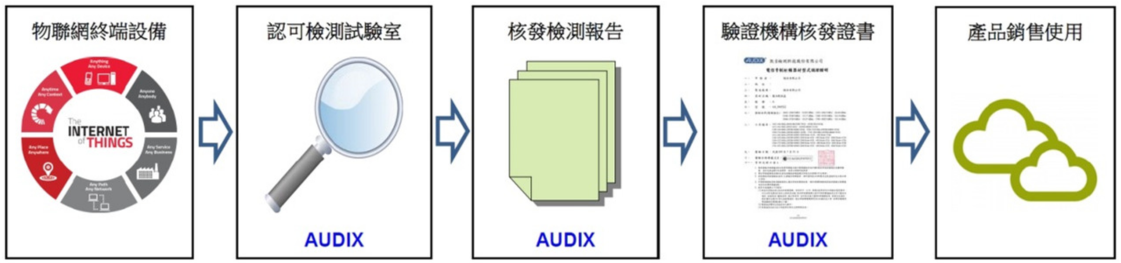
◆ NB-IoT Measurement Service

➢ **Provide testing、report & certification.**

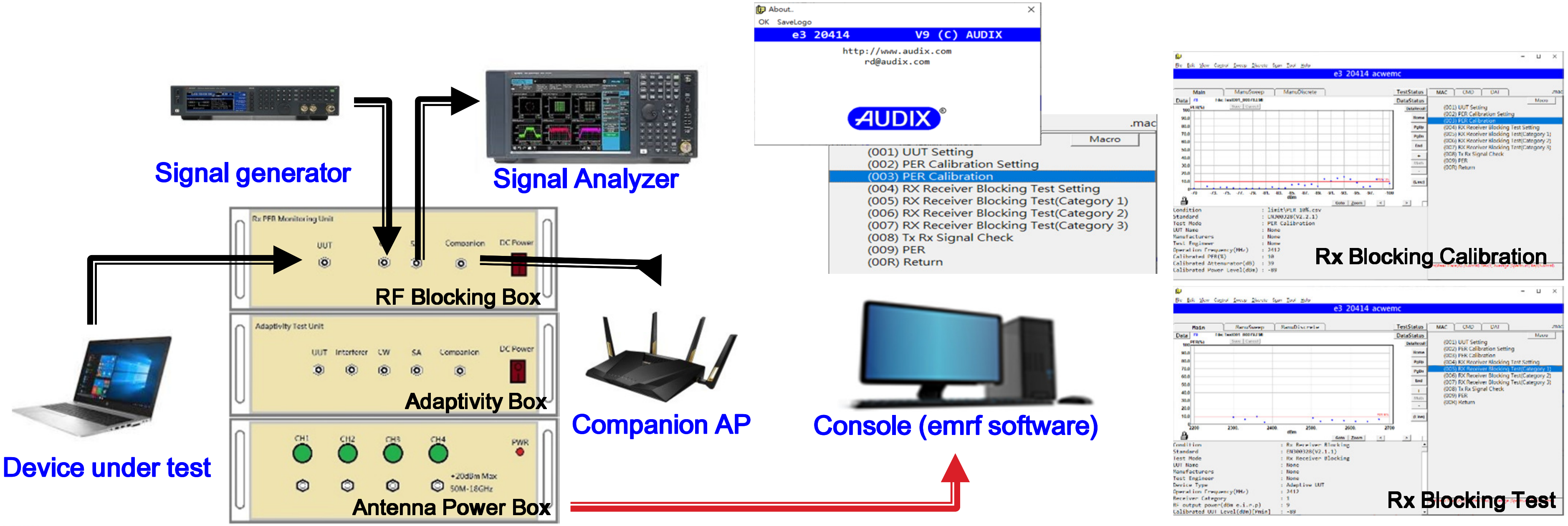

財團法人全國認證基金會
Taiwan Accreditation Foundation


國家通訊傳播委員會
電信終端設備驗證機構認證證書
代理主任委員 陳耀祥





- **Broadband Communication Equipment Conduction Test Solution**
  - Compliance with Regulation requirements.
  - Completed system integration measurement software.
  - ROC Copyright # M603650.

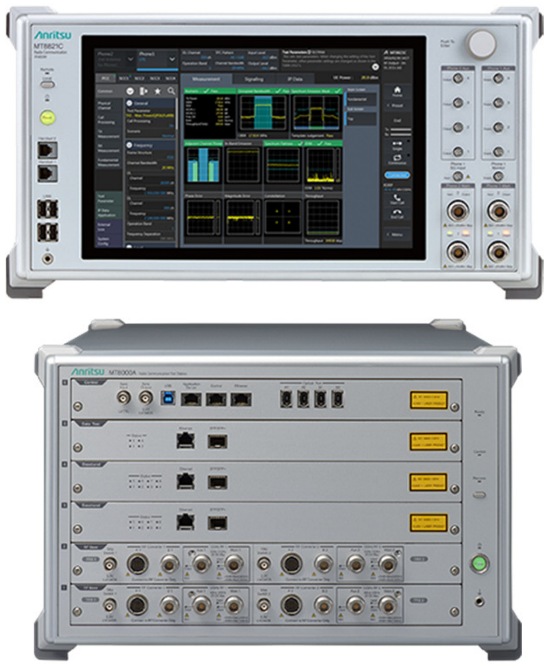


Rx Receiver Blocking Test for ETSI EN 300328 (2.4G) & EN 301893 (5G)

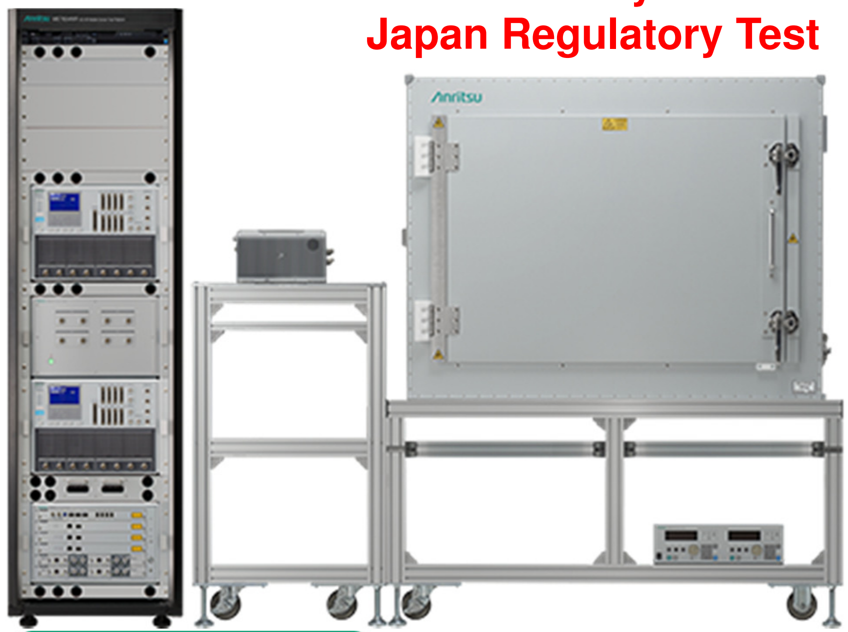
◆ Audix Shenzhen 5G NR Measurement Service

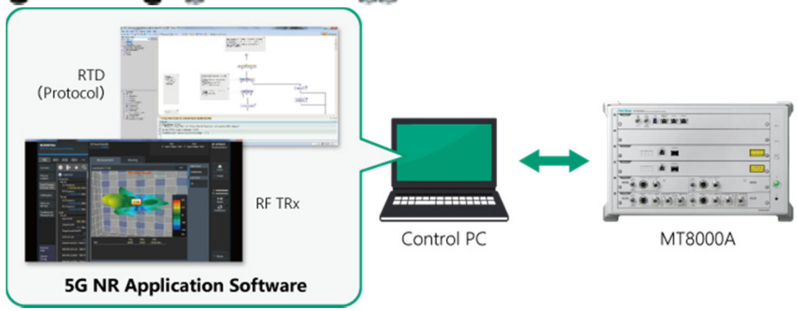
- Compliance with Japan 5G regulations.
- Sub-6G & mmWave included.

5G NR Radio Communication Test Station



5G NR Test System for Japan Regulatory Test





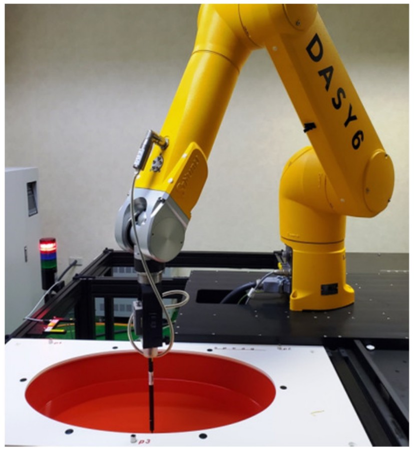
- **Audix Taiwan 5G NR Measurement Service**
  - Compliance with NCC、FCC 、CE regulations.
  - Sub-6G & mmWave included.
  - TAF 5G NR Accredited!

Testing Laboratory
1724

5G NR Radio Communication Test System

5G NR CATR

5G NR RF Converter



5G NR SAR
Test System


Q Q
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AUDIX

AUDIX CORPORATION

Thank You!!

http://www.audix.com.tw

IR@audix.com