



# **Primax Electronics Ltd. (4915 TT)**

## **2Q15 Earnings Conference Call**

**CEO Brian Yang**

**CFO Yi Pin Lee**

**14 Aug 2015**

# 2Q15 Result

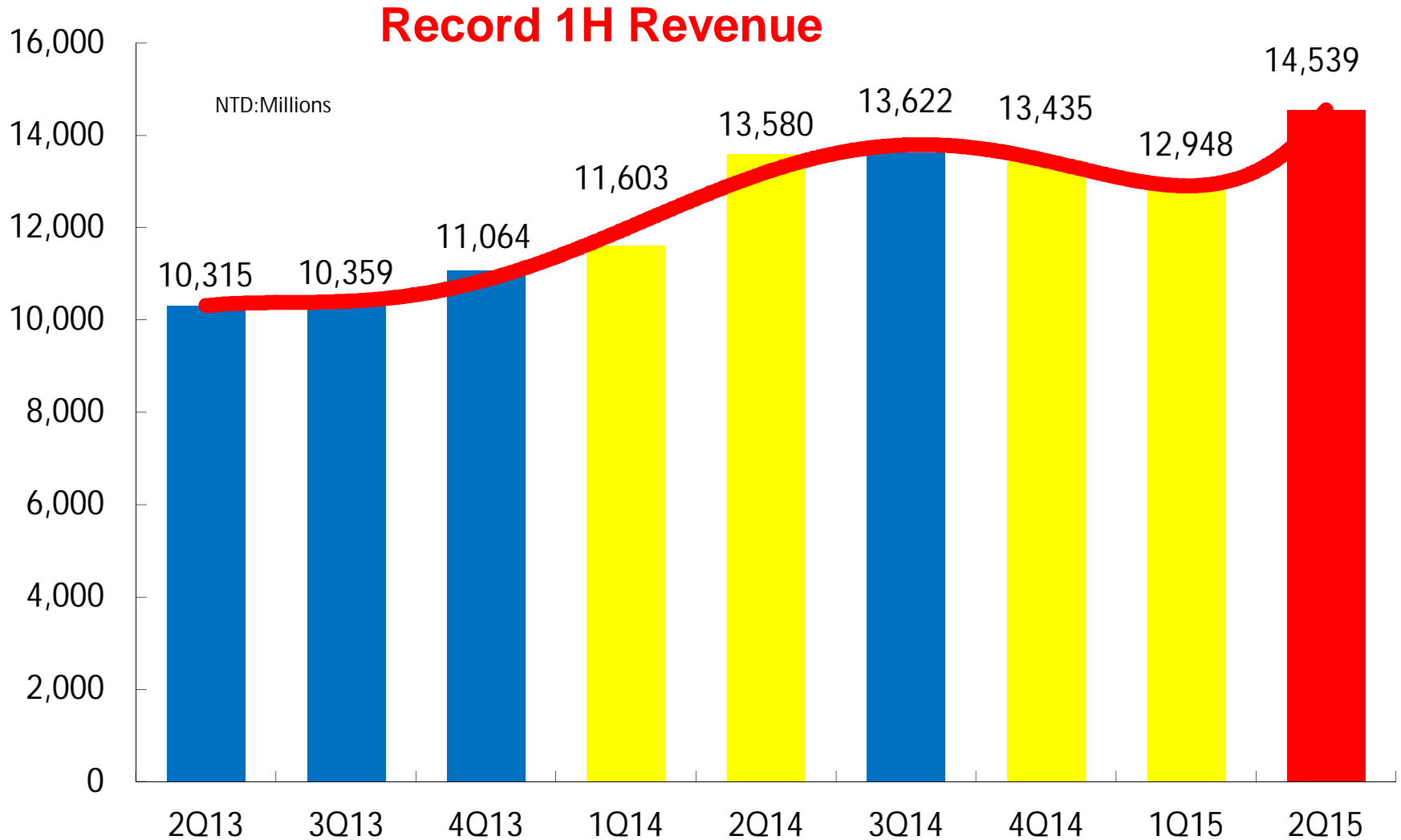
## Record Quarter Revenue

NTD: MNS

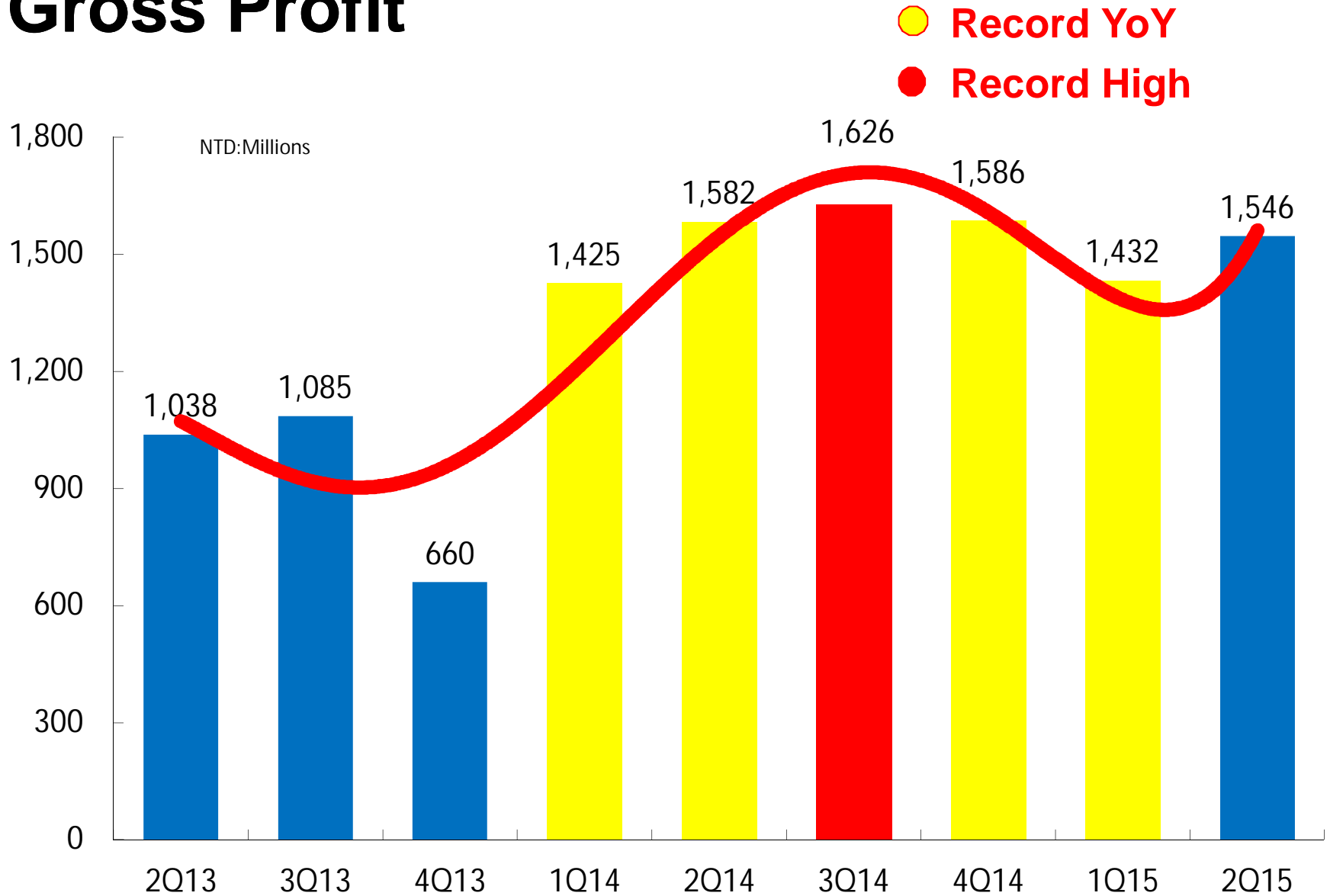
	Q2 15	Q1 15	Q2 14	QoQ	YoY
Net Sales	14,540	12,958	13,580	12.2%	7.1%
COGS	12,994	11,526	11,998		
Gross Profit	1,546	1,432	1,582		
Gross Margin	10.6%	11.1%	11.6%	-0.4%	-1.0%
Operating Expense	1,153	1,059	1,094		
Operating Expense %	7.9%	8.2%	8.1%	-0.2%	-0.1%
Operating Income	392	373	488	5.1%	-19.6%
Operating Margin	2.7%	2.9%	3.6%	-0.2%	-0.9%
Non-operating Items	92	118	60		
Income before Tax	485	492	548	-1.4%	-11.5%
Income Tax	95	114	122		
Net Income	390	378	426	3.2%	-8.5%
Net Margin	2.7%	2.9%	3.1%	-0.2%	-0.5%
Net income attributed to Primax	399	368	412		
EPS (NT\$)	0.91	0.85	0.95		

# Quarterly Sales

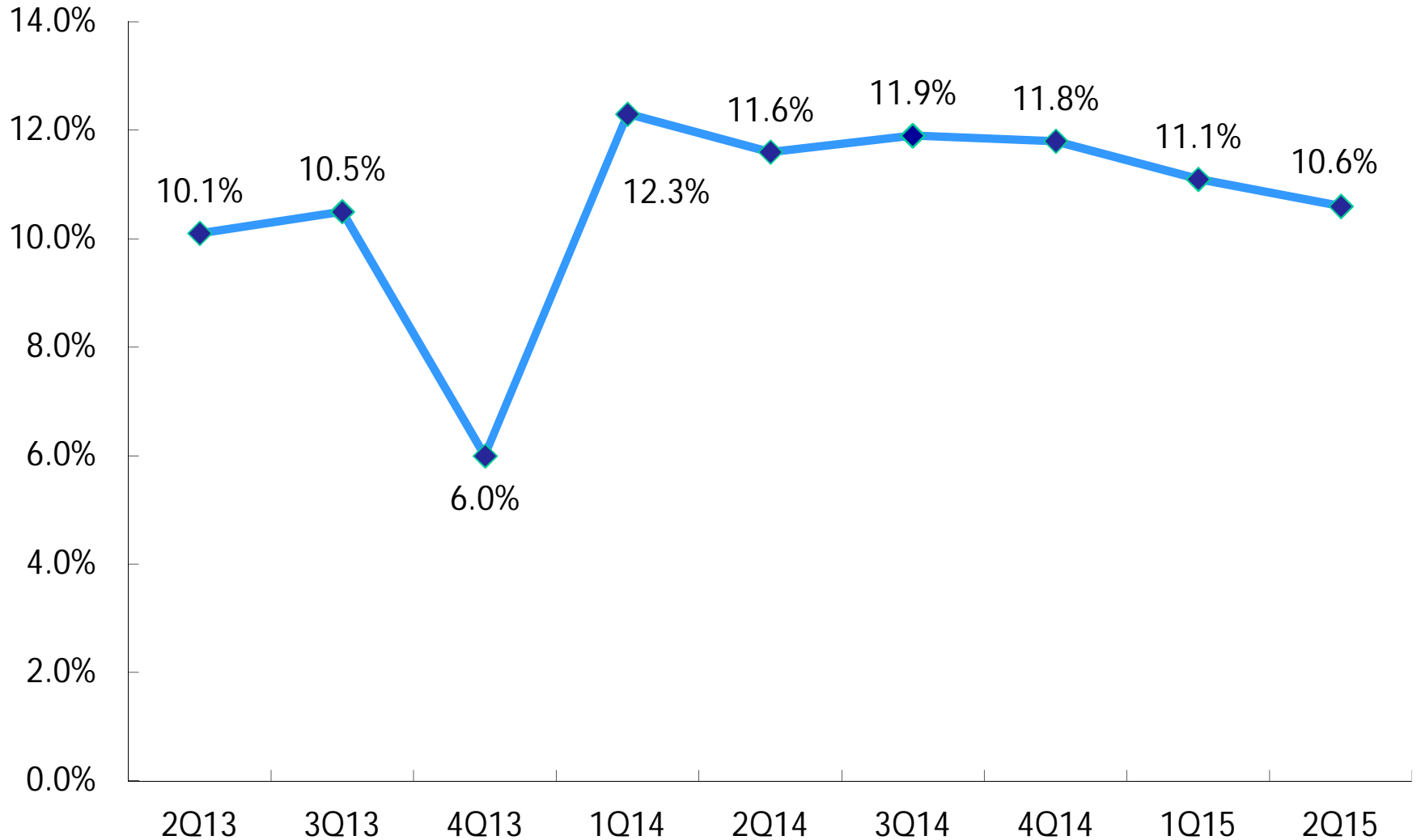
- Record YoY
- Record High



# Gross Profit

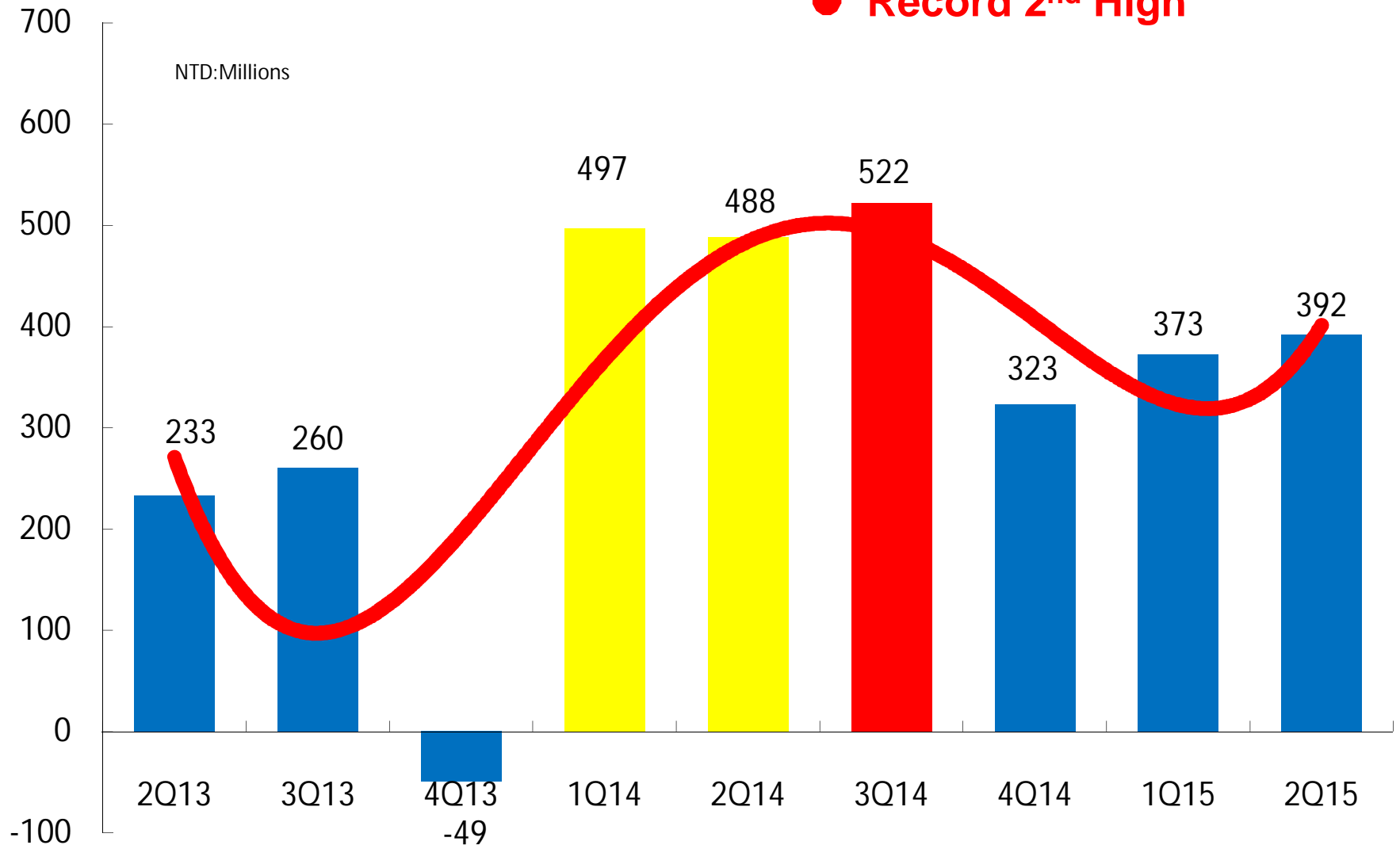


# Gross Margin

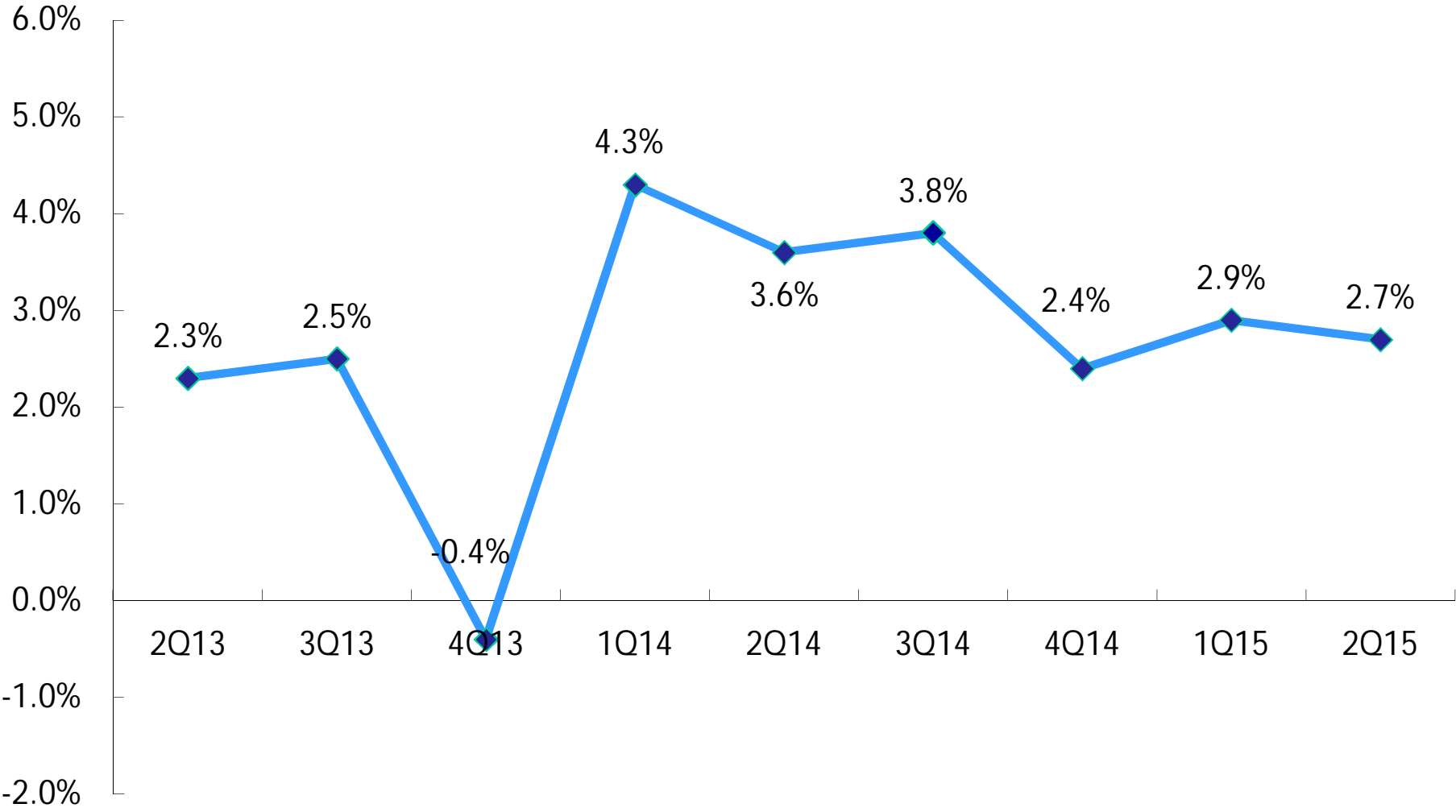


# Operating Profit

- Record YoY
- Record 2<sup>nd</sup> High



# Operating Margin

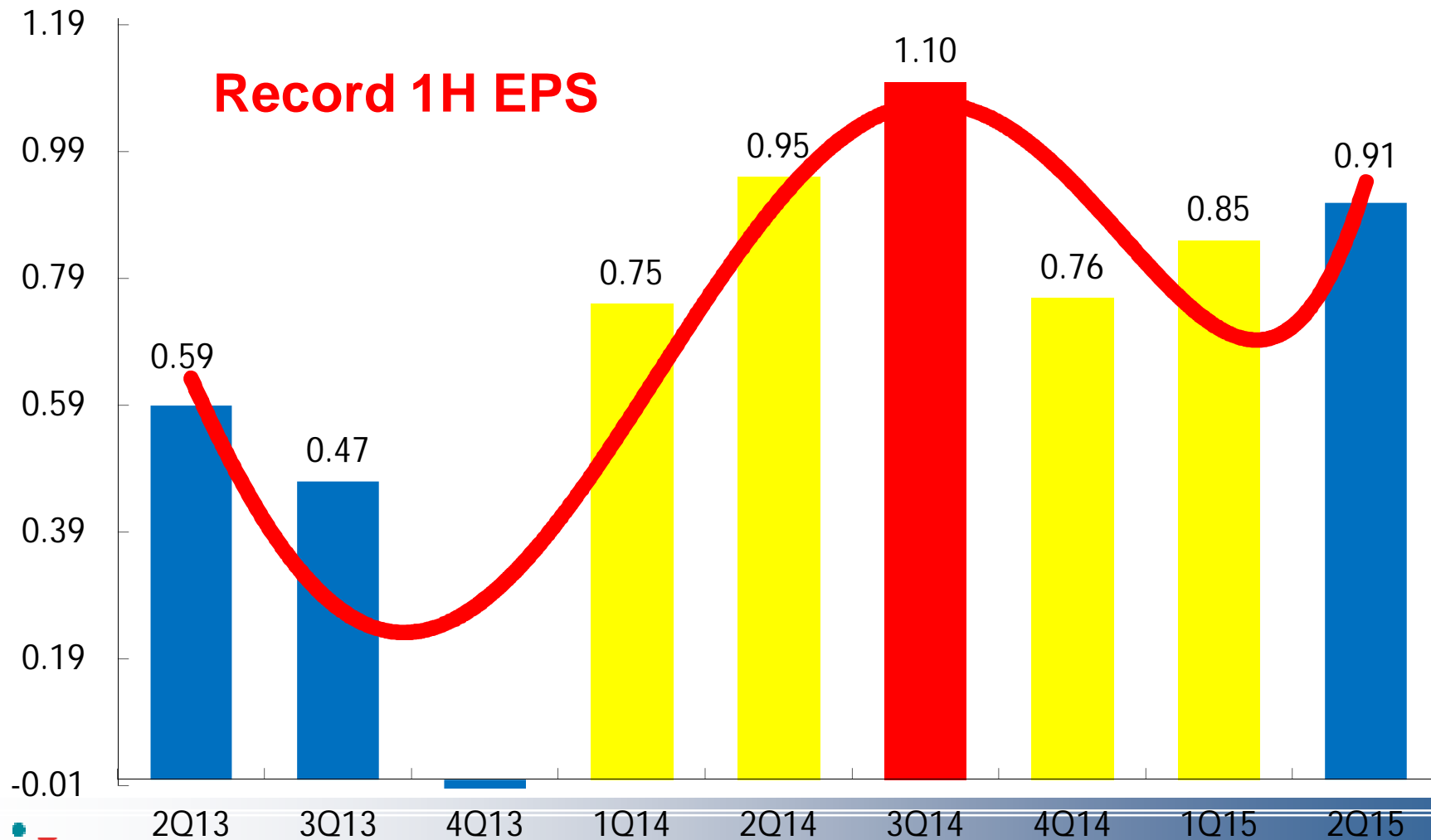


# EPS

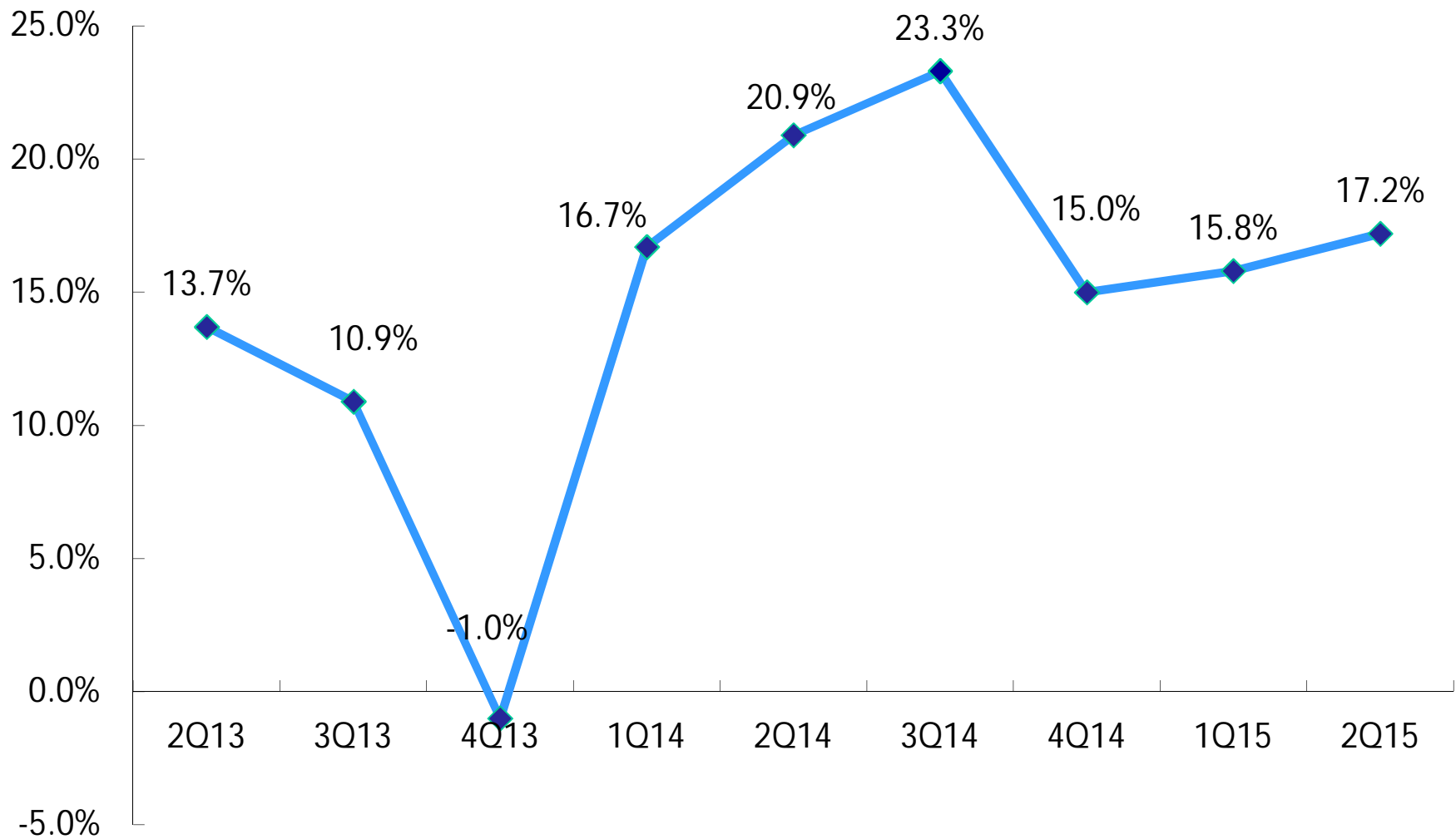
NTD

● Record YoY Since Re-Listing

● Record High Since Re-Listing



# ROE



# 2Q15 Balance Sheet

Selected items from Balance Sheet

(Amount : NTD M)

	2015/6/30		2014/06/30	
	Amt	%	Amt	%
Cash	6,871	19%	6,458	23%
Accounts receivable	11,450	32%	9,122	32%
Inventory	5,756	16%	4,692	17%
<b>Total Current Assets</b>	<b>25,479</b>	<b>71%</b>	<b>21,255</b>	<b>75%</b>
Fixed Assets	5,583	16%	3,311	12%
<b>Total Assets</b>	<b>35,828</b>	<b>100%</b>	<b>28,299</b>	<b>100%</b>
Accounts Payable	12,106	34%	10,649	38%
S-T Borrowings	4,369	12%	3,159	11%
CPLTD	626	2%	600	2%
<b>Total Current Liabilities</b>	<b>21,493</b>	<b>60%</b>	<b>17,789</b>	<b>63%</b>
L-T Borrowings	1,318	4%	1,200	4%
<b>Total Liabilities</b>	<b>24,331</b>	<b>68%</b>	<b>19,291</b>	<b>68%</b>
<b>Total Equity</b>	<b>11,497</b>	<b>32%</b>	<b>9,008</b>	<b>32%</b>
<b>Key Indices</b>				
AR Turnover (days)	68		60	
AP Turnover (days)	85		80	
Inventory Turnover (days)	39		37	
Cash Conversion Cycle (days)	22		17	
Current Ratio (%)	118.5		119.5	
Total Liabilities -to-Assets Ratio (%)	67.9		68.2	
Book Value Per Share (NT\$)	20.63		18.20	

# 2Q15 Cash Flow

NTD: MNS

	<u>1H15</u>	<u>1H14</u>
<b>From Operation</b>	<b>(1,133)</b>	<b>545</b>
- Income before tax	976	994
- Depreciation and amortization	687	600
- Notes and Account receivable	(376)	(80)
- Notes and Account payable	(919)	(1,011)
- Inventory	(617)	302
- Financial instruments held for trading	(275)	24
- Other Operating Sources / (Uses)	(609)	(284)
<b>From Investment</b>	<b>(666)</b>	<b>(2,654)</b>
- Fixed Assets	(625)	(323)
- Acquisition of subsidiaries' shareholding	(39)	(2,330)
- Other Investing Sources / (Uses)	(2)	(2)
<b>From Financing</b>	<b>1,912</b>	<b>3,797</b>
- Exercise of ESOP	14	1
- S-T Borrowings	1,918	2,094
- L-T Borrowings	4	1,720
- Other Financing Sources / (Uses)	(24)	(18)
<b>Net Cash Position Change</b>	<b>113</b>	<b>1,688</b>
<b>Effect of foreign currency exchange translation</b>	<b>(55)</b>	<b>(16)</b>
<b>Exchange Rate Changes &amp; Others</b>	<b>0</b>	<b>0</b>
<b>Cash at beginning of year</b>	<b>6,814</b>	<b>4,787</b>
<b>Ending Cash Balance</b>	<b>6,864</b>	<b>6,264</b>

# 3Q15 Outlook

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- **Top-line & Gross Margin:**  
**2H better than 1H · Q3 better than Q2**
- **Expecting record top-line & EPS in 2015**
- **Product mix: Audio (+) Mobile Device (+)  
PC peripherals & Business Equip. rev to sustain**
- **CCM: Broader customer base & higher wallet share**
- **Major Audio customers' new projects to mass production**



**Thank you!**

# Safe Harbor Notice

- We have made forward-looking statements in the presentation. Our forward-looking statements contain information regarding, among other things, our financial conditions, future expansion plans and business strategies. We have based these forward-looking statements on our current expectations and projections about future events. Although we believe that these expectations and projections are reasonable, such forward-looking statements are inherently subject to risks, uncertainties, and assumptions about us
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