



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

## **3Q15 Earnings Conference Call**

**CEO Brian Yang**

**CFO Yi Pin Lee**

**13 Nov 2015**

# 3Q15 Result

## Record Quarterly Revenue & EPS

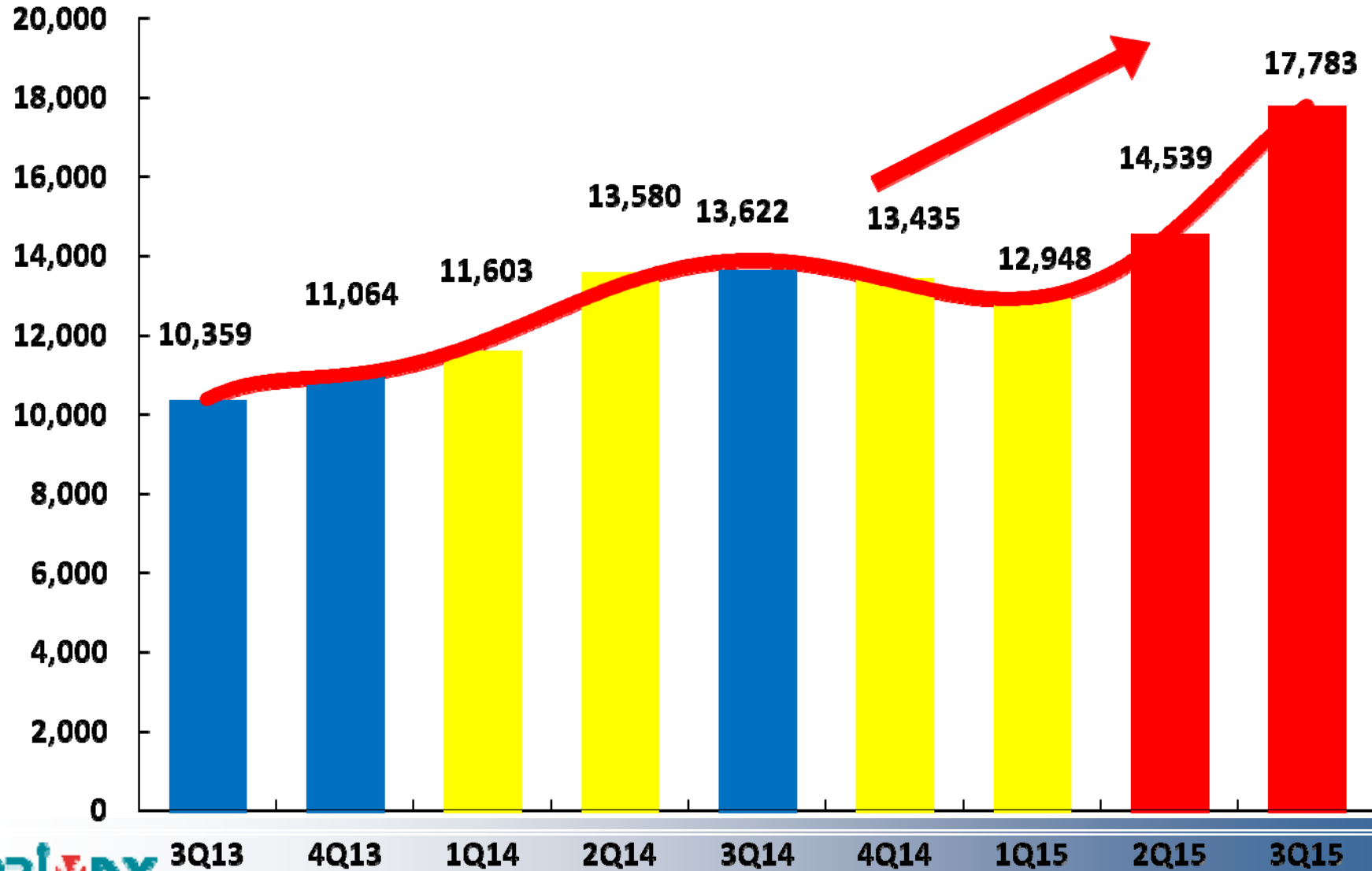
Amount : NTD M

	Q3 15	Q2 15	Q3 14	QoQ	YoY
<b>Net Sales</b>	<b>17,783</b>	14,540	13,622	<b>22.3%</b>	<b>30.5%</b>
<b>COGS</b>	15,799	12,994	11,996		
<b>Gross Profit</b>	1,984	1,546	1,626		
<i>Gross Margin</i>	11.2%	10.6%	11.9%	0.5%	-0.8%
<b>Operating Expense</b>	1,342	1,153	1,104		
<i>Operating Expense %</i>	<b>7.5%</b>	7.9%	8.1%	-0.4%	-0.6%
<b>Operating Income</b>	642	392	522	<b>63.6%</b>	<b>23.0%</b>
<i>Operating Margin</i>	<b>3.6%</b>	2.7%	3.8%	0.9%	-0.2%
<b>Non-operating Items</b>	119	92	106		
<b>Income before Tax</b>	761	485	628	<b>57.0%</b>	<b>21.3%</b>
<b>Income Tax</b>	224	95	130		
<b>Net Income</b>	<b>537</b>	<b>390</b>	<b>497</b>	<b>37.8%</b>	<b>8.0%</b>
<i>Net Margin</i>	3.0%	2.7%	3.7%	0.3%	-0.6%
<b>Net income attributed to Primax</b>	501	399	478		
<b>EPS (NT\$)</b>	<b>1.15</b>	0.91	1.10		

# Quarterly Sales

Amount : NTD M

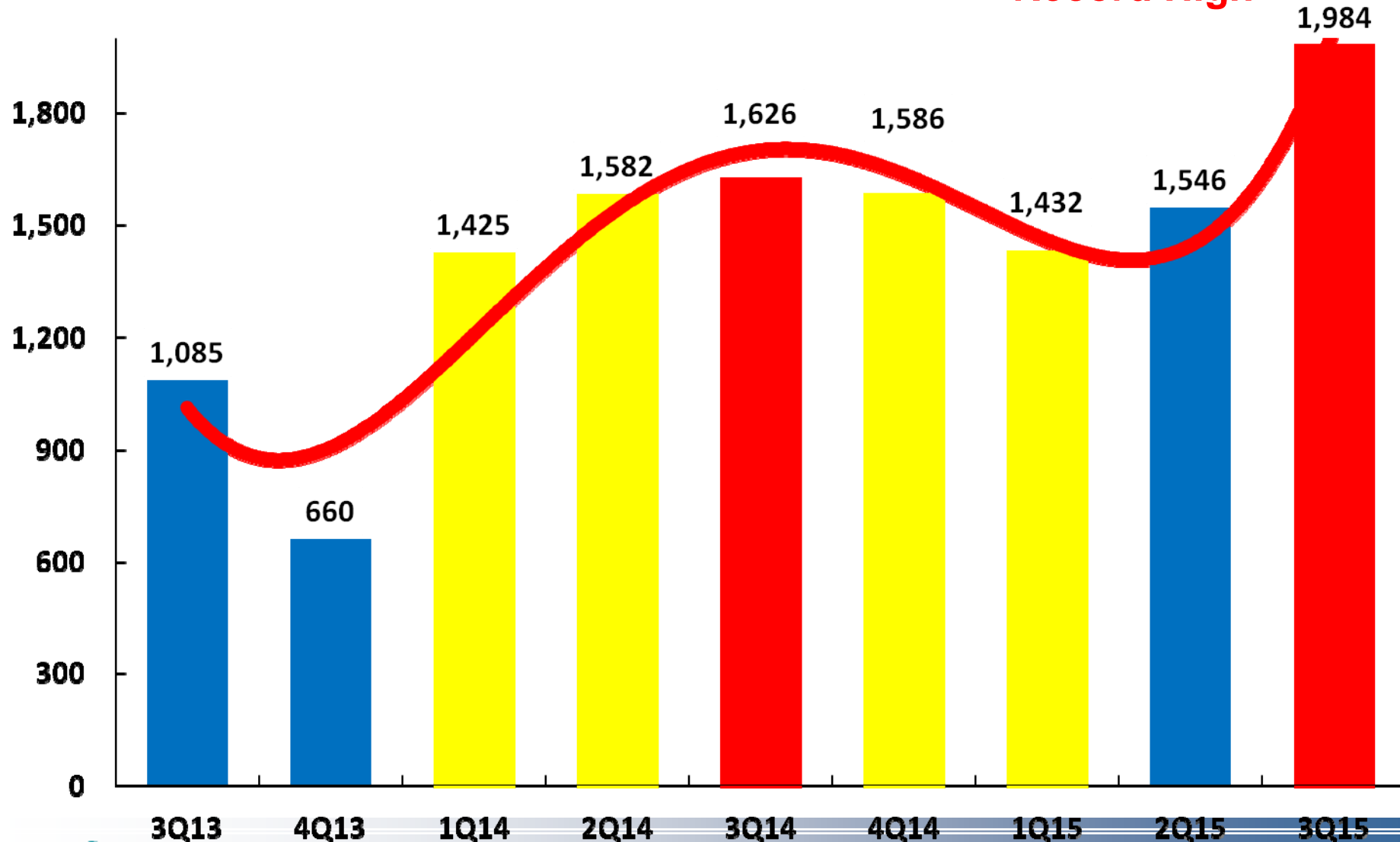
- Record YoY
- Record High



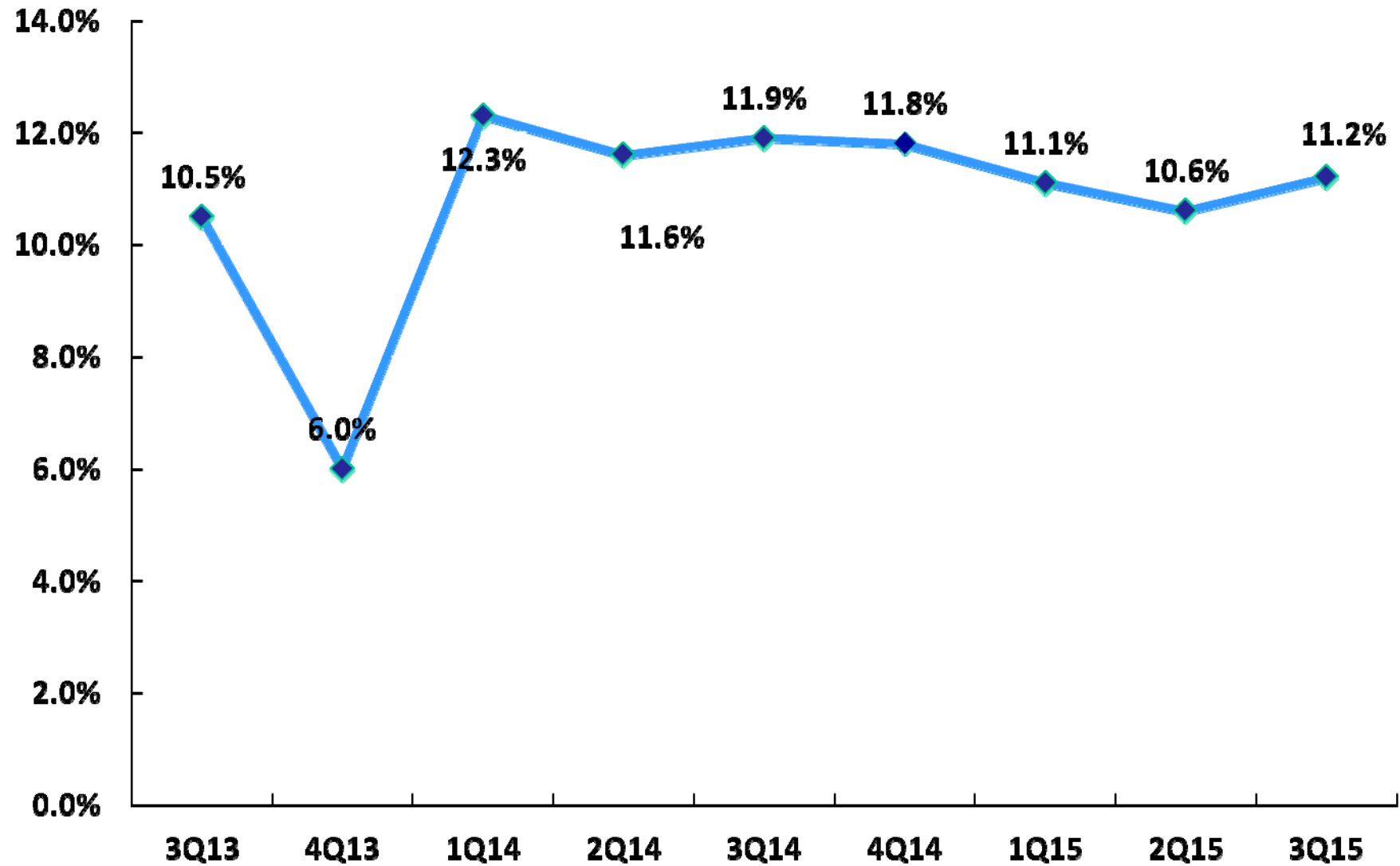
# Gross Profit

Amount : NTD M

- Record YoY
- Record High



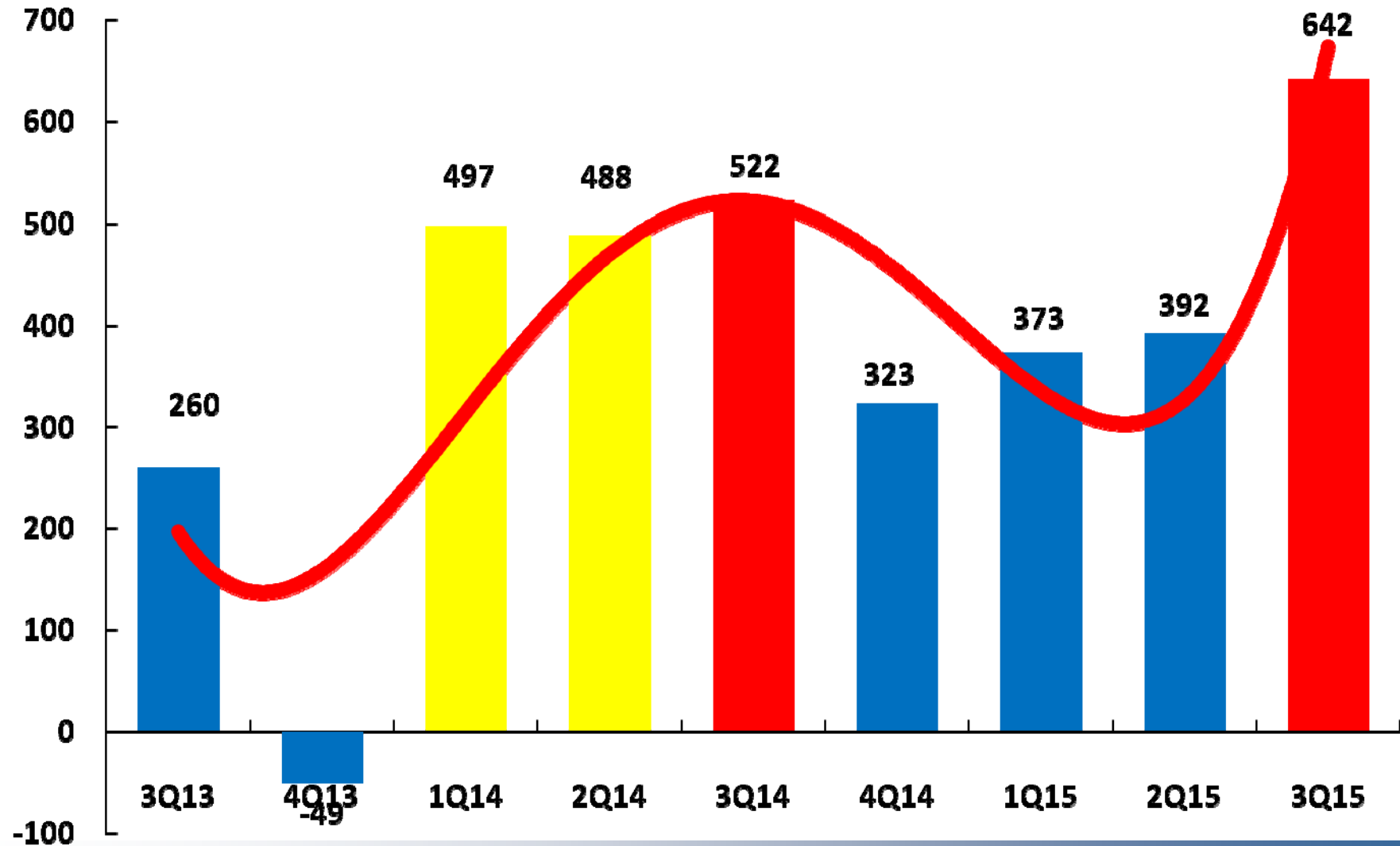
# Gross Margin



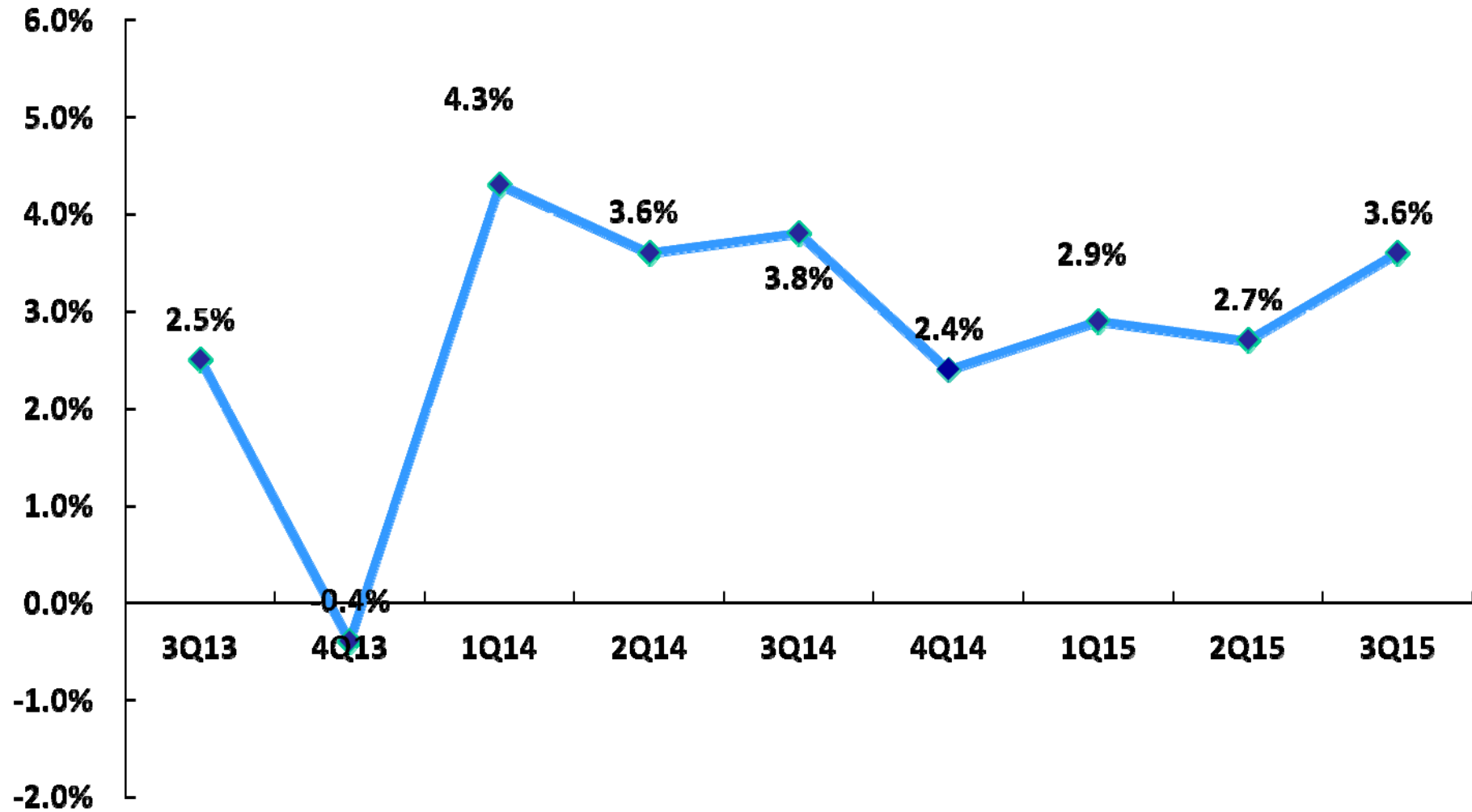
# Operating Profit

Amount : NTD M

- Record YoY
- Record High



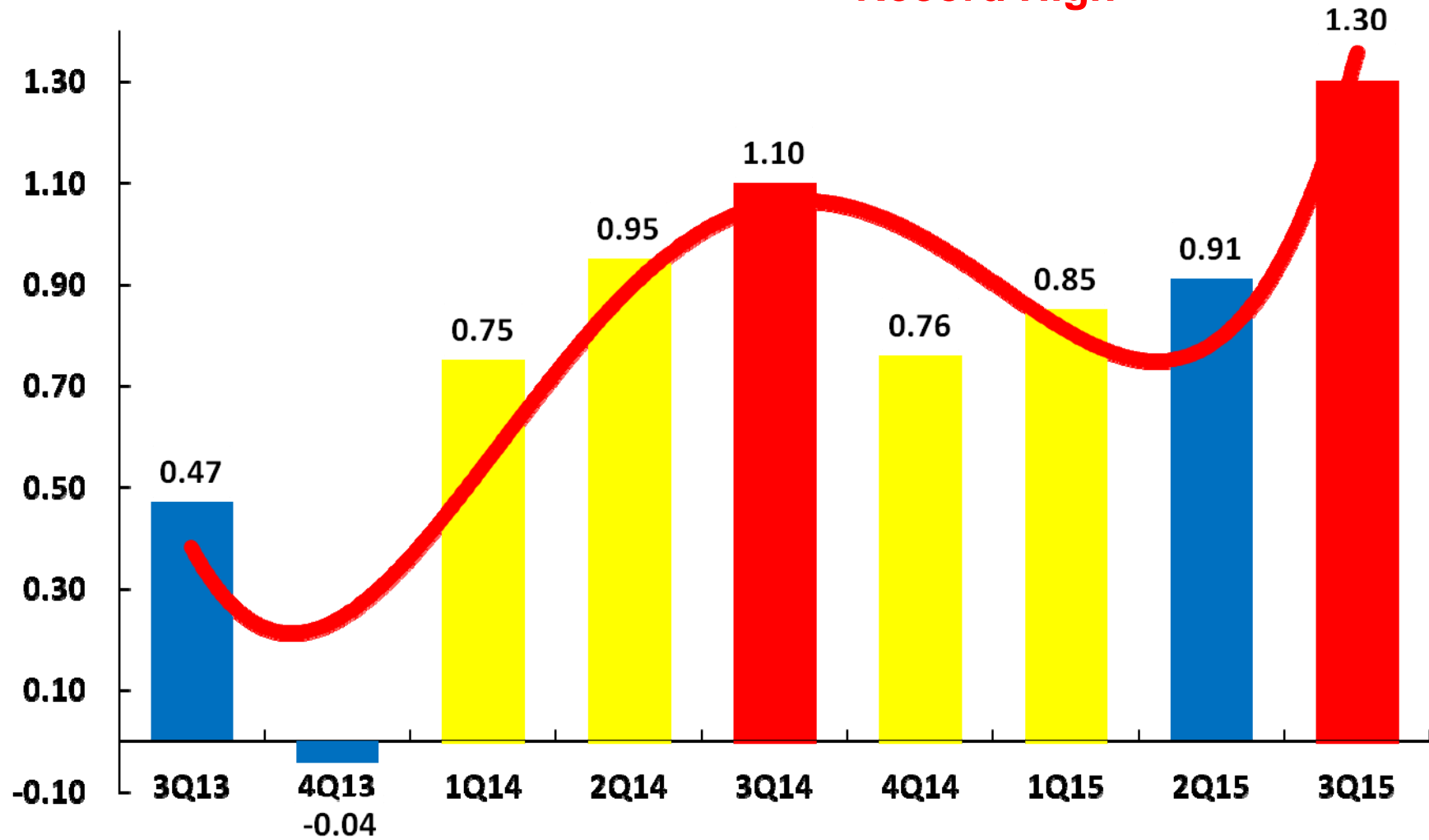
# Operating Margin



# EPS

Amount : NTD

- Record YoY
- Record High



# 3Q15 Balance Sheet

Selected items from Balance Sheet (Amount : NTD M)	2015/9/30		2014/9/30	
	Amt	%	Amt	%
Cash	7,949	20%	6,779	23%
Accounts receivable	13,682	34%	10,245	34%
Inventory	7,294	18%	4,667	16%
<b>Total Current Assets</b>	<b>30,120</b>	<b>74%</b>	<b>22,648</b>	<b>76%</b>
Fixed Assets	10,839	26%	7,021	24%
<b>Total Assets</b>	<b>40,960</b>	<b>100%</b>	<b>29,669</b>	<b>100%</b>
Accounts Payable	16,453	40%	11,503	38%
S-T Borrowings	4,087	10%	3,208	11%
CPLTD	680	2%	600	2%
<b>Total Current Liabilities</b>	<b>26,055</b>	<b>64%</b>	<b>18,722</b>	<b>63%</b>
L-T Borrowings	1,057	3%	900	3%
<b>Total Liabilities</b>	<b>28,668</b>	<b>70%</b>	<b>20,036</b>	<b>68%</b>
<b>Total Equity</b>	<b>12,292</b>	<b>30%</b>	<b>9,633</b>	<b>32%</b>
<b>Key Indices</b>				
AR Turnover (days)	72		62	
AP Turnover (days)	95		82	
Inventory Turnover (days)	41		36	
Cash Conversion Cycle (days)	18		17	
Current Ratio (%)	115.6		121.0	
Total Liabilities -to-Assets Ratio (%)	70.0		67.5	

# 3Q15 Cash Flow

Amount : NTD M

	Q3 15 YTD	Q3 14 YTD
<b>From Operation</b>	<b>1,840</b>	<b>1,553</b>
- Income before tax	1,738	1,622
- Depreciation and amortization	1,069	896
- Notes and Account receivable	(2,611)	(1,193)
- Notes and Account payable	3,427	(156)
- Inventory	(2,289)	345
- Other Operating Sources / (Uses)	505	40
<b>From Investment</b>	<b>(1,347)</b>	<b>(2,884)</b>
- Fixed Assets	(1,282)	(551)
- Acquisition of subsidiaries' shareholding	(39)	(2,330)
- Other Investing Sources / (Uses)	(26)	(3)
<b>From Financing</b>	<b>584</b>	<b>3,288</b>
- S-T Borrowings	1,636	2,143
- L-T Borrowings	(203)	1,420
- Cash Dividend	(791)	(347)
- Exercise of ESOP	17	10
- Other Financing Sources / (Uses)	(76)	62
<b>Net Cash Position Change</b>	<b>1,077</b>	<b>1,957</b>
<b>Effect of foreign currency exchange translation</b>	<b>58</b>	<b>36</b>
<b>Cash at beginning of year</b>	<b>6,814</b>	<b>4,787</b>
<b>Ending Cash Balance</b>	<b>7,949</b>	<b>6,779</b>

# 4Q15 & 2016 Outlook

- Q4 revenues to another record high
  - Product Mix :
    - Higher percentage on Audio and PC Peripheral
    - Revenues maintained on Mobile Device and Business Equipment
- Will maintain double-digit growth in 2016
- More applications for camera modules, audio products, and gaming peripherals



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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