Primax Electronics (4915 TT)

3Q16 Earnings Conference

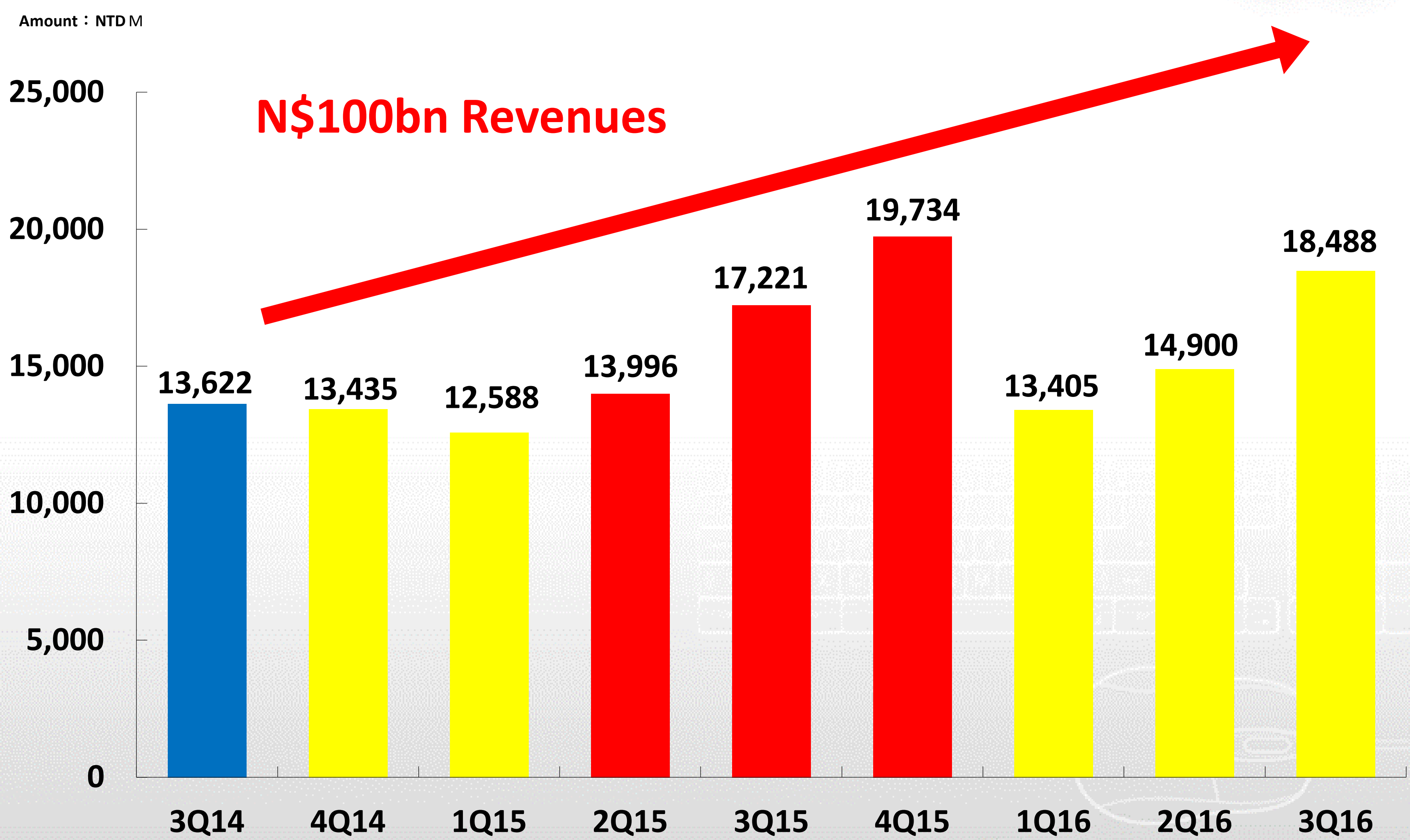
10 Nov 2016

3Q16 Result

Record Q3 Topline 、 Record GP 、OI

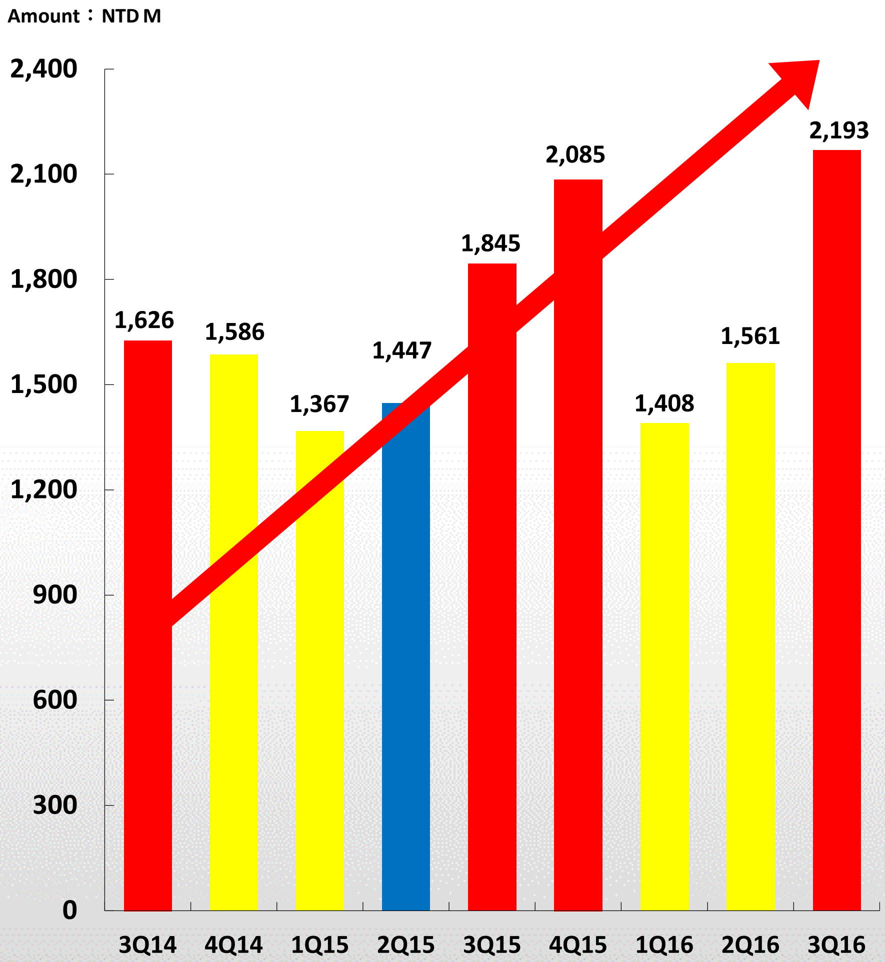
Amount ： NTD M	Q3 16	Q2 16	Q3 15	QoQ	YoY
Net Sales	**18,488**	**14,900**	**17,221**	**24.1%**	**7.4%**
COGS	**16,295**	**13,340**	**15,375**		
Gross Profit	**2,193**	**1,561**	**1,845**		
Gross Margin	*11.9%*	*10.5%*	*10.7%*	*1.4%*	*1.1%*
Operating Expense	**1,351**	**1,138**	**1,249**		
Operating Expense %	*7.3%*	*7.6%*	*7.3%*	*-0.3%*	*0.1%*
Operating Income	**842**	**423**	**597**	**99.1%**	**41.2%**
Operating Margin	*4.6%*	*2.8%*	*3.5%*	*1.7%*	*1.1%*
Non-operating Items	**(46)**	**176**	**109**		
Income before Tax	**797**	**599**	**705**	**32.9%**	**12.9%**
Income Tax	**214**	**167**	**217**		
Net Income (Loss) from Continuing Operations	**583**	**432**	**488**	**34.8%**	**19.4%**
Income (Loss) from Discontinued Operations	**50**	**50**	**49**		
Net Income	**633**	**483**	**537**	**31.2%**	**17.8%**
Net Margin	*3.4%*	*3.2%*	*3.1%*	*0.2%*	*0.3%*
Net income attributed to Primax	**562**	**447**	**501**		
EPS (NT$)	**1.28**	**1.02**	**1.15**		

Quarterly Sales

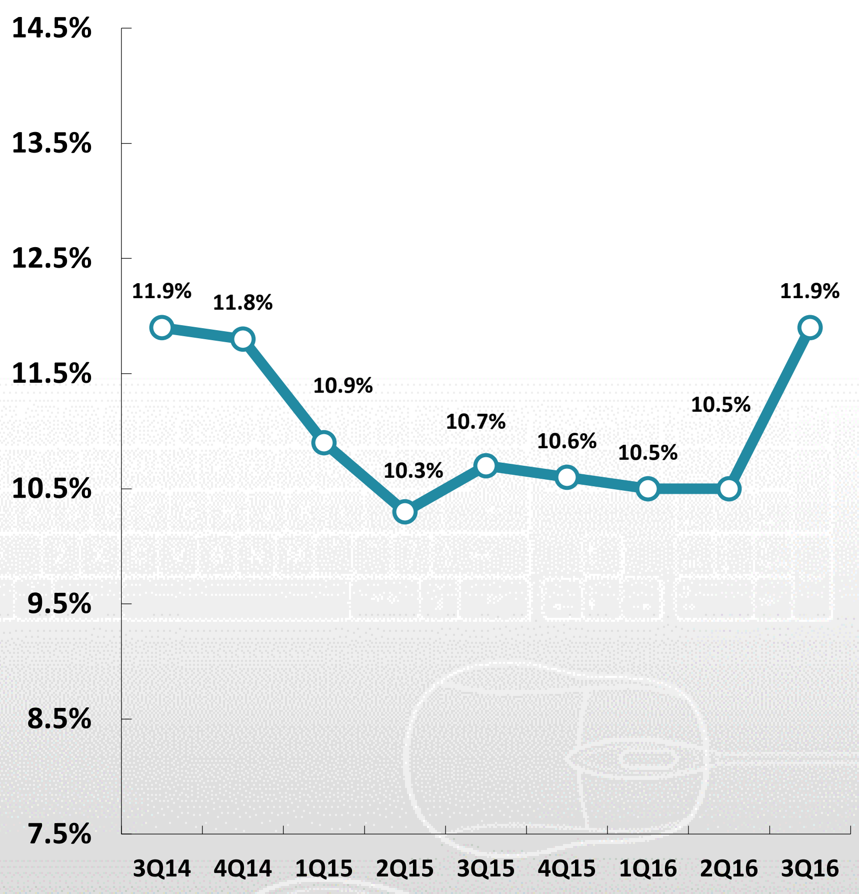


Gross Profit、Gross Margin

Gross Profit



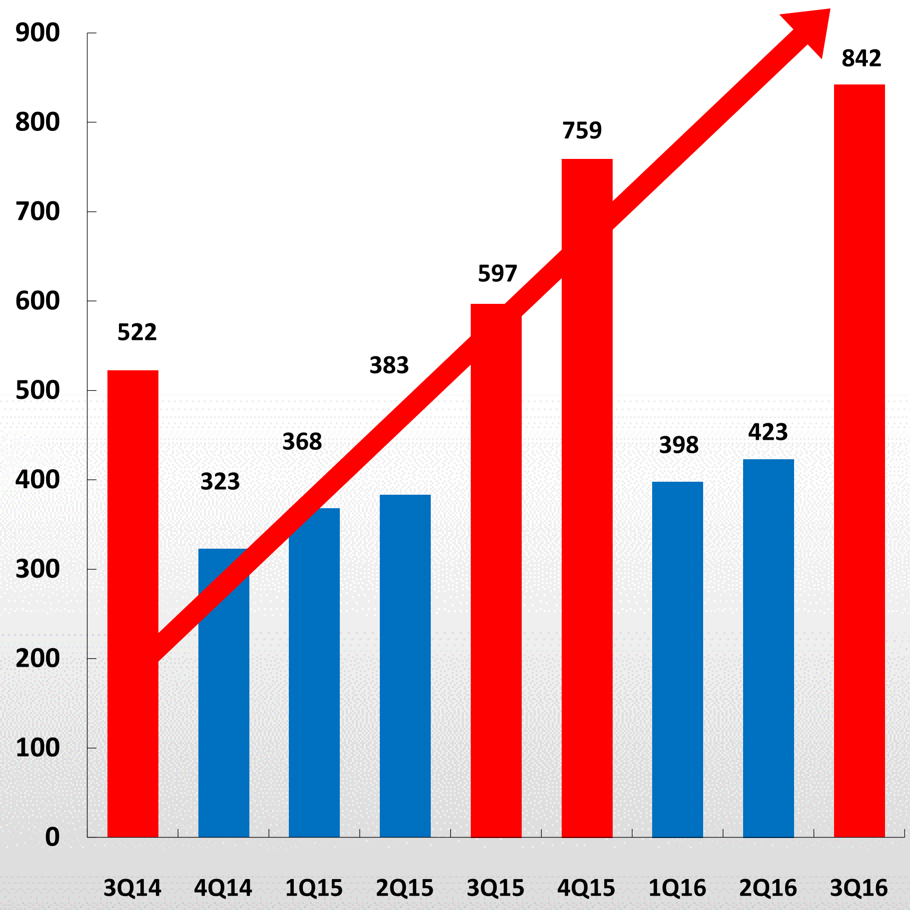
Gross Margin



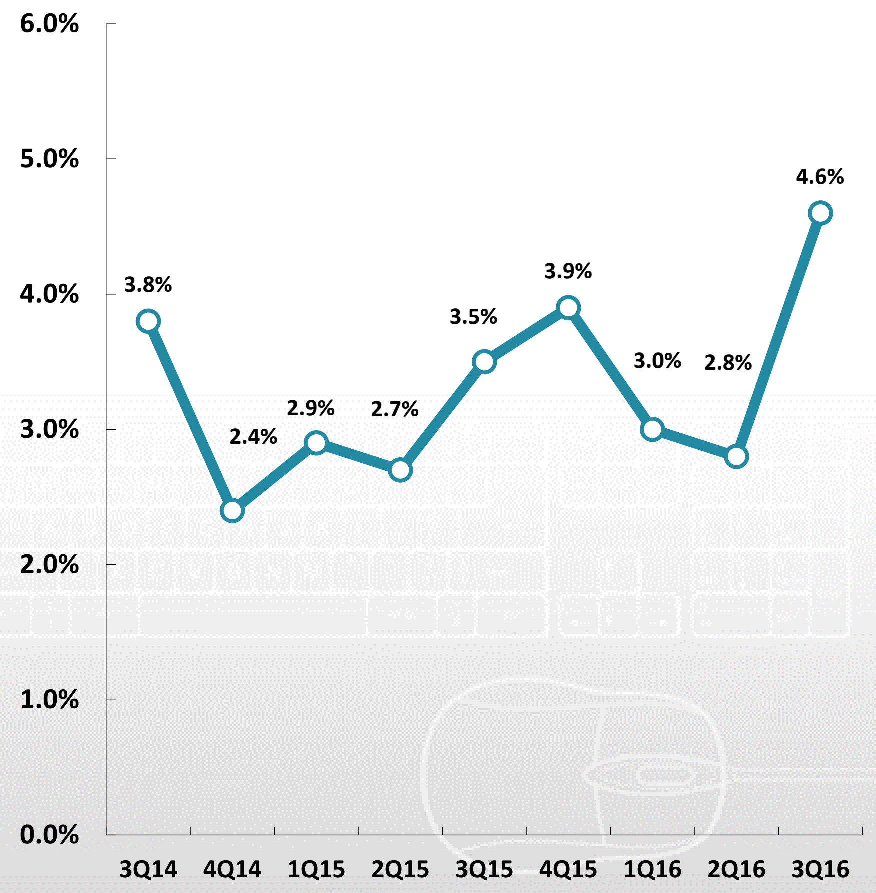
Operating Profit、Operating Margin

Operating Profit

Amount：NTD M

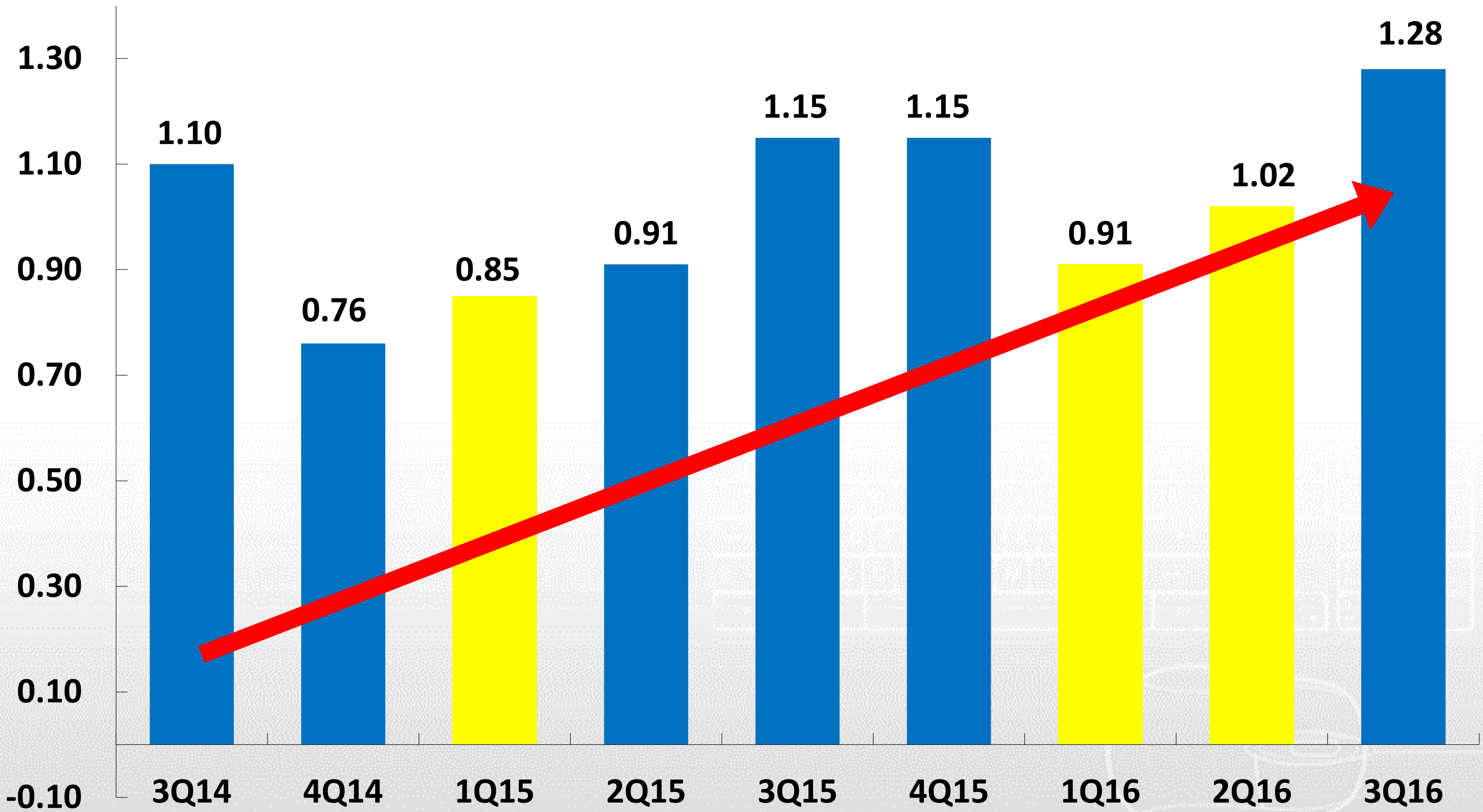


Operating Margin



EPS

Amount：NTD



PRIMAX

3Q16 Balance Sheet

Selected items from Balance Sheet (Amount：NTD M)	2016/9/30		2015/9/30	
	Amt	%	Amt	%
Cash	6,701	16%	7,949	19%
Notes and Accounts receivable	14,593	35%	13,682	33%
Inventory	6,449	16%	7,294	18%
Non-Current Assets Held for Sale	3,660	9%	0	0%
Total Current Assets	**32,093**	**78%**	**30,120**	**74%**
Fixed Assets	4,760	12%	6,129	15%
Total Assets	**41,241**	**100%**	**40,960**	**100%**
Notes and Accounts Payable	16,158	39%	16,453	40%
S-T Borrowings	2,892	7%	4,087	10%
CPLTD	716	2%	680	2%
Liabilities included in disposal groups classified as held for sale	1,711	4%	0	0%
Total Current Liabilities	**25,991**	**63%**	**26,055**	**64%**
L-T Borrowings	219	1%	1,057	3%
Total Liabilities	**28,055**	**68%**	**28,668**	**70%**
Total Equity	**13,185**	**32%**	**12,292**	**30%**
Key Indices				
AR Turnover (days)	**83**		**75**	
AP Turnover (days)	**107**		**98**	
Inventory Turnover (days)	**45**		**42**	
Cash Conversion Cycle (days)	**21**		**19**	
Current Ratio (%)	**123.5**		**115.6**	
Total Liabilities-to-Assets Ratio (%)	**68.0**		**70.0**	

3Q16 Cash Flow

Amount ： NTD M	Q3 16 YTD	Q3 15 YTD
From Operation	**(333)**	**1,840**
- Income before tax	2,194	1,738
- Depreciation and amortization	1,231	1,069
- Notes and Accounts receivable	(959)	(2,611)
- Notes and Accounts payable	(2,009)	3,427
- Inventory	(275)	(2,289)
- Other Operating Sources / (Uses)	(515)	505
From Investment	**(863)**	**(1,347)**
- Fixed Assets	(634)	(1,282)
- Cash from Non-Current Assets Held for Sale	(440)	0
- Proceeds from disposal of available-for-sale financial assets	220	0
- Acquisition of subsidiaries' shareholding	0	(39)
- Other Investing Sources / (Uses)	(9)	(26)
From Financing	**510**	**584**
- S-T Borrowings	1,909	1,636
- L-T Borrowings	(418)	(203)
- Cash Dividend	(928)	(791)
- Exercise of ESOP	16	17
- Other Financing Sources / (Uses)	(70)	(76)
Net Cash Position Change	**(686)**	**1,077**
Effect of foreign currency exchange translation	**(237)**	**58**
Cash at beginning of year	**7,623**	**6,814**
Ending Cash Balance	**6,701**	**7,949**

4Q16 & 2017 Outlook

- Over the ear headphone MP
- Continuous Audio topline upward trend
- Better earnings structure

- 2017 continuous topline growth trend
- Better earnings structure
- Increasing Duo-camera contribution
- More headphone projects
- More gaming contribution
- Significant Audio growth followed by Mobile Device

PRIMAX

Thank you!

Note

- All number has reflected Global Tek restatement
- Record Quarter
- Historical Record High

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.
- We undertake no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events in the conference might not occur and our actual results could differ materially from those anticipated in these forward-looking statements.