

PRIMAX

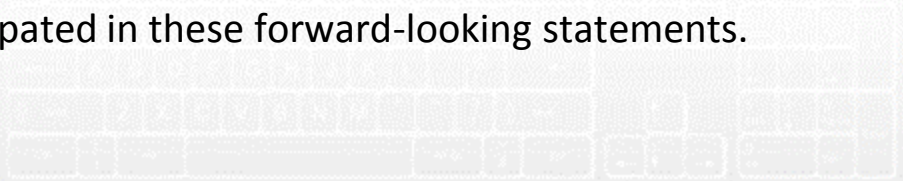


Primax Electronics

2016



- ❖ 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.





Who is Primax

What does Primax do

What the future holds

Primax – A 30-Year Company



- ❖ We are a top global producer of i/o devices for IT and consumer electronics applications.
- ❖ We excel at the integration and manufacture of complex products such as advanced technology computer mice and keyboards, all-in-one printers and cellphone camera modules.
- ❖ We have a long record of profitable growth. From 1989-2015, revenues have grown at a CAGR of 17% and net income at a CAGR of 16%.
- ❖ With our purchase of a 70%-stake in Tymphany, we are taking a bold new step towards becoming the leading designer and manufacturer of premium speaker systems for mobile applications.
- ❖ We expect this partnership to lead us into our next stage of sustained top-line and bottom-line growth.



Seasoned and Stable Management Team



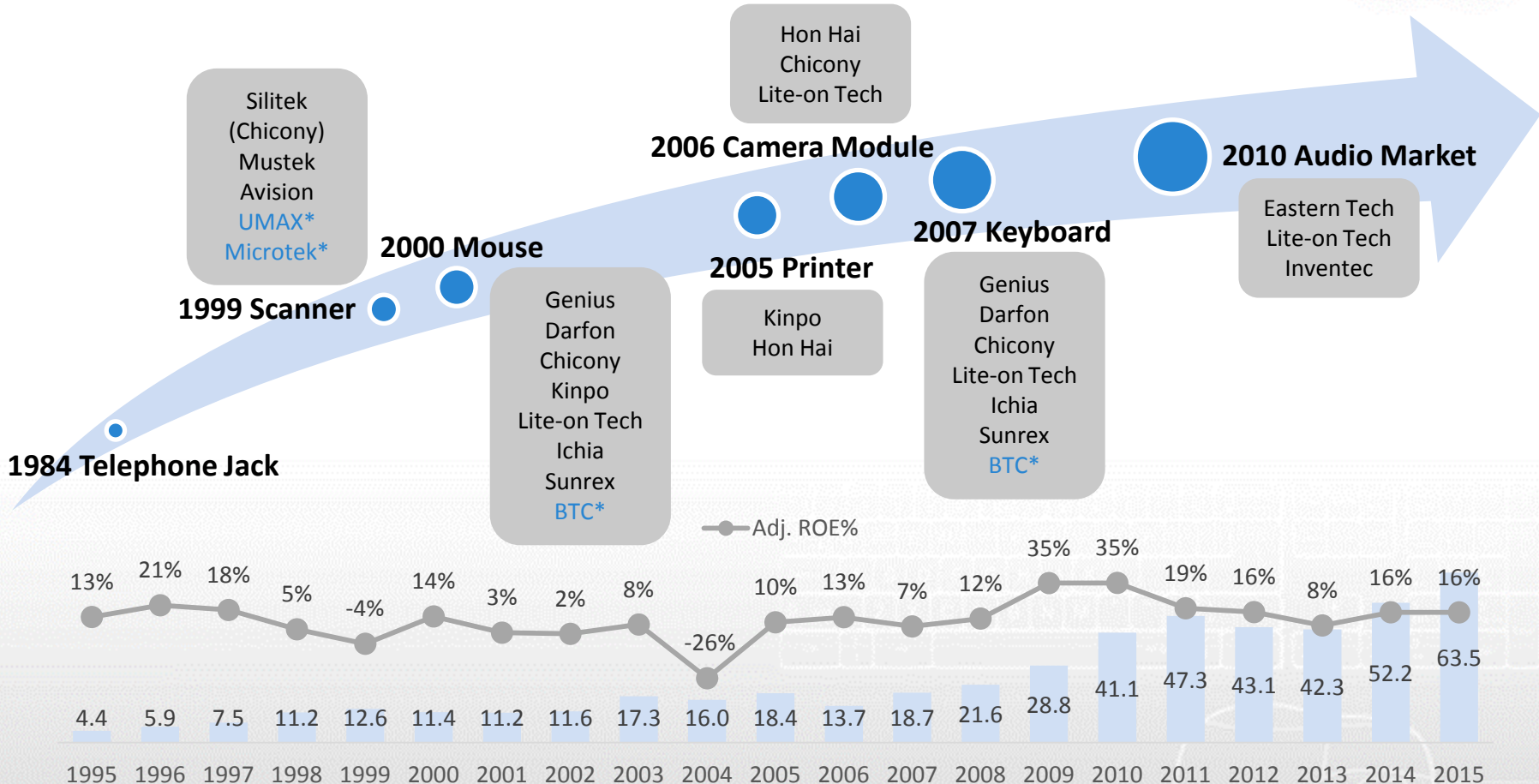
- ❖ Key managers have been with the company for over 15-20 years.
- ❖ Our team is well-educated in both Western and Asian cultures, possessing a global view.
- ❖ Compensation is structured so as to foster a focus on long-term shareholder value creation. Management holds a high percentage of shares, and salaries + bonuses are tightly linked to performance over more than one business cycle.
- ❖ Top management owns a combined stake of 30% in Primax, which aligns their interests with shareholders.



Sustainable Success in Multiple Product Categories



Top and Bottom Line Growth Have Typically Accelerated Within 3 Years After New Product Introductions



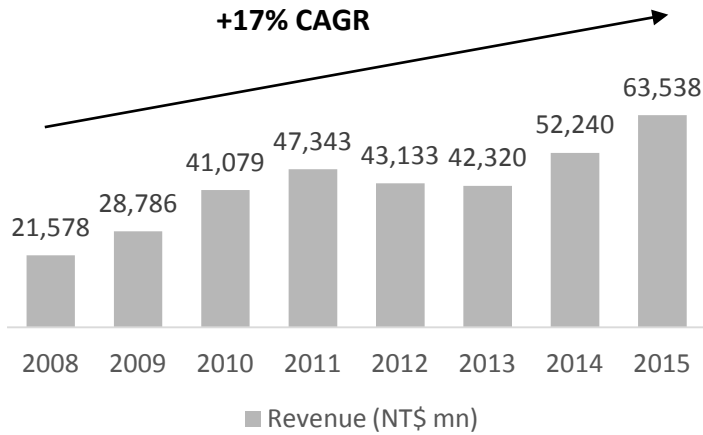
Note:

- (1) Revenues in NT\$ bn.
- (2) The companies noted with an asterisk have been delisted or gone out of business.
- (3) Primax ROE in 2008-2015 is calculated on a conservative basis, adding back NT\$1.2bn in goodwill that was written down before re-listing.

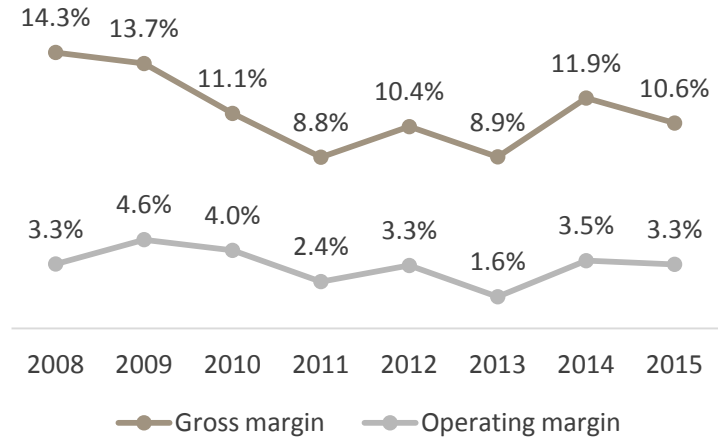
Primax Overview



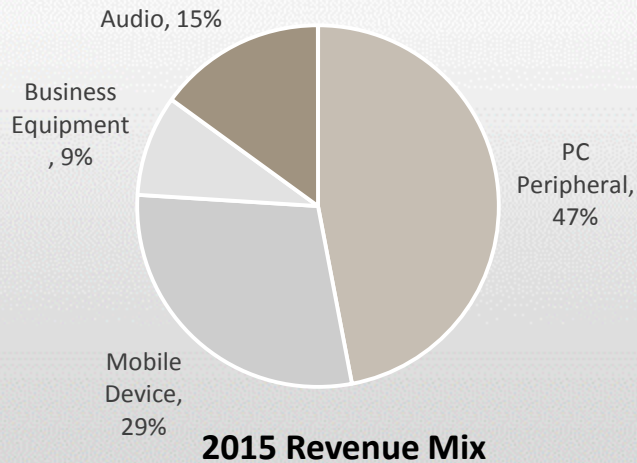
Revenues



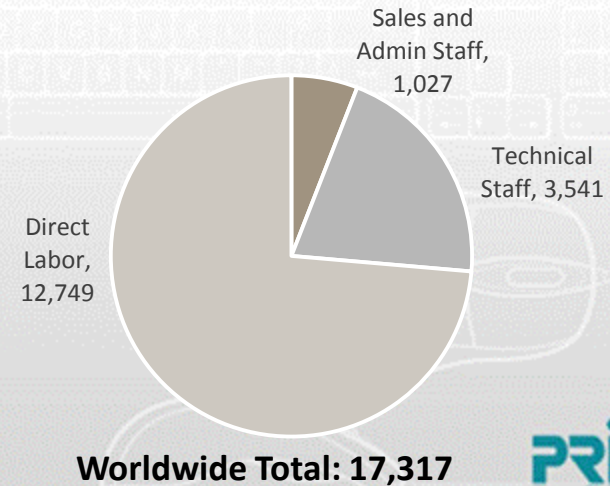
Profitability



Revenue Mix



Employee



Global Footprints



Czech Republic

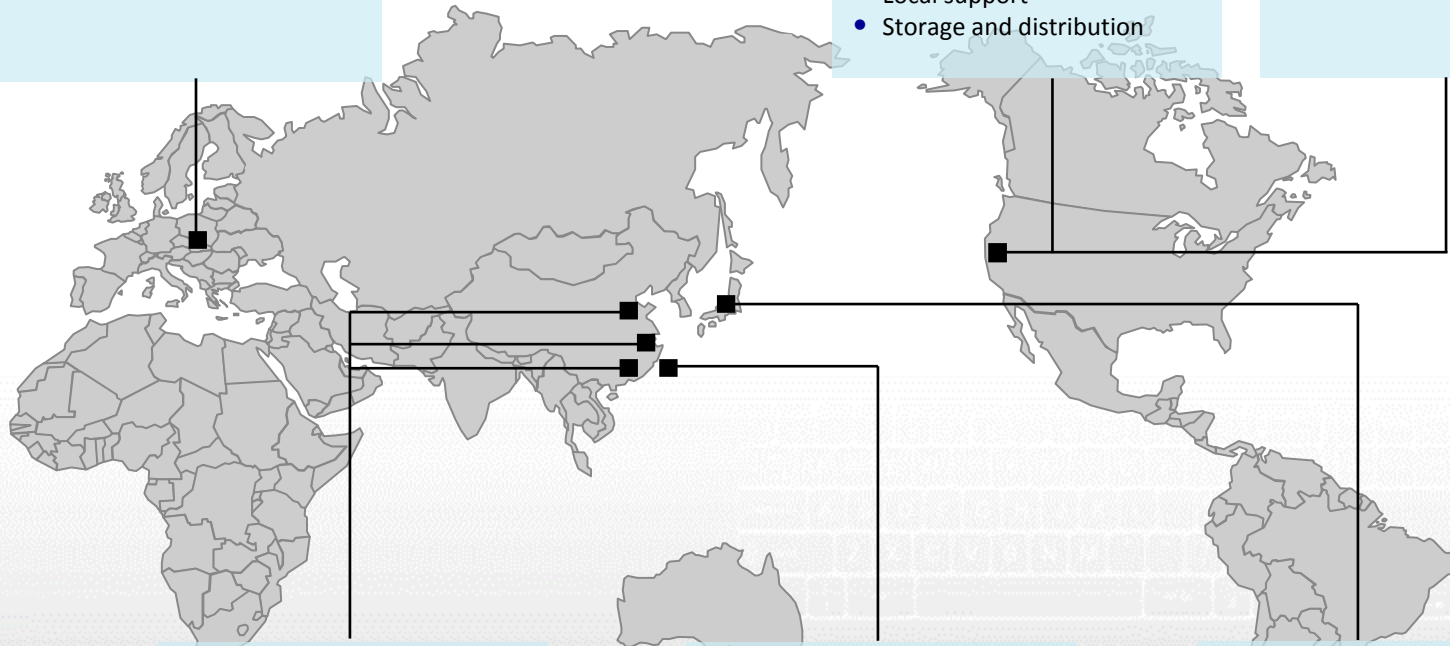
- Keyboard local printing
- Storage and distribution

USA

- Polaris Electronics Inc. (US sales office)
- Local support
- Storage and distribution

USA

- Tymphany USA
- Audio Sales support



China

- Factories in Dongguan
- Factory in Kunshan
- Factory in Chongqing
- RD centers in GZ/BJ/DG
- Hong Kong office

Taipei

- Primax headquarter
- Taipei RD center

Tokyo, Japan

- Sales office

Manufacturing Facilities



LW Factory (Dongguan)

- Product: Scanner, MFP, SMT, PCBA, camera module, keyboard, trackpad, BT audio, cellular accessory, office equipment, COB, flip-chip
- Mfg. area: 283K M²
- Head count: 11,600



ZT Factory (Dongguan)

- Product: Mouse, keyboard, pen tablet
- Mfg. area: 22.6K M²
- Head count: 1,500



MZ Factory (Dongguan)

- Product: Injection and tooling
- Mfg. area: 41.5K M²
- Head count: 800



XN Factory (Dongguan)

- Product: Cable
- Mfg. area: 14.5K M²
- Head count: 301



Dongguan 5th Factory

- Product: Audio
- Operation commencement: 3Q 2015



KS Factory (Kunshan)

- Product: Trackpad
- Mfg. area: 31.4K M²
- Head count: 300



CQ Factory (Chongqing)

- Products: Mouse, keyboard module
- Mfg. area: 37K M²
- Head count: 1,200



Chongqing New Factory

- Product: PC peripherals
- Operation commencement: 4Q 2015

Key Products



Mobile Device



Camera Module



Bluetooth Audio Products



Cellular Accessories



Wireless Charging

PC Peripheral



Mouse & Keyboard



Tablet Keyboard



Digital Tablet

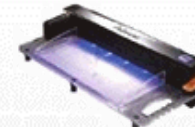
Business Equipment



Inkjet / Laser Printers



Scanner / ADF



Laminator



Shredder

Audio



Wireless Speakers



Soundbars



Passive Loudspeakers



Transducers

Note:

- (1) Mice, Keyboards and Touch Pads account for 20%, 40% and 40%, respectively, of PC Peripheral revenues.
- (2) Camera modules account for over 80% of Mobile Device revenues.
- (3) All-in-one inkjet printers and laser printers account for more than 70% of Business Equipment revenues.



Who is Primax

What does Primax do

What the future holds



1.

When developing new products and searching for M&A targets, we seek out fragmented markets with attractive growth profiles.

2.

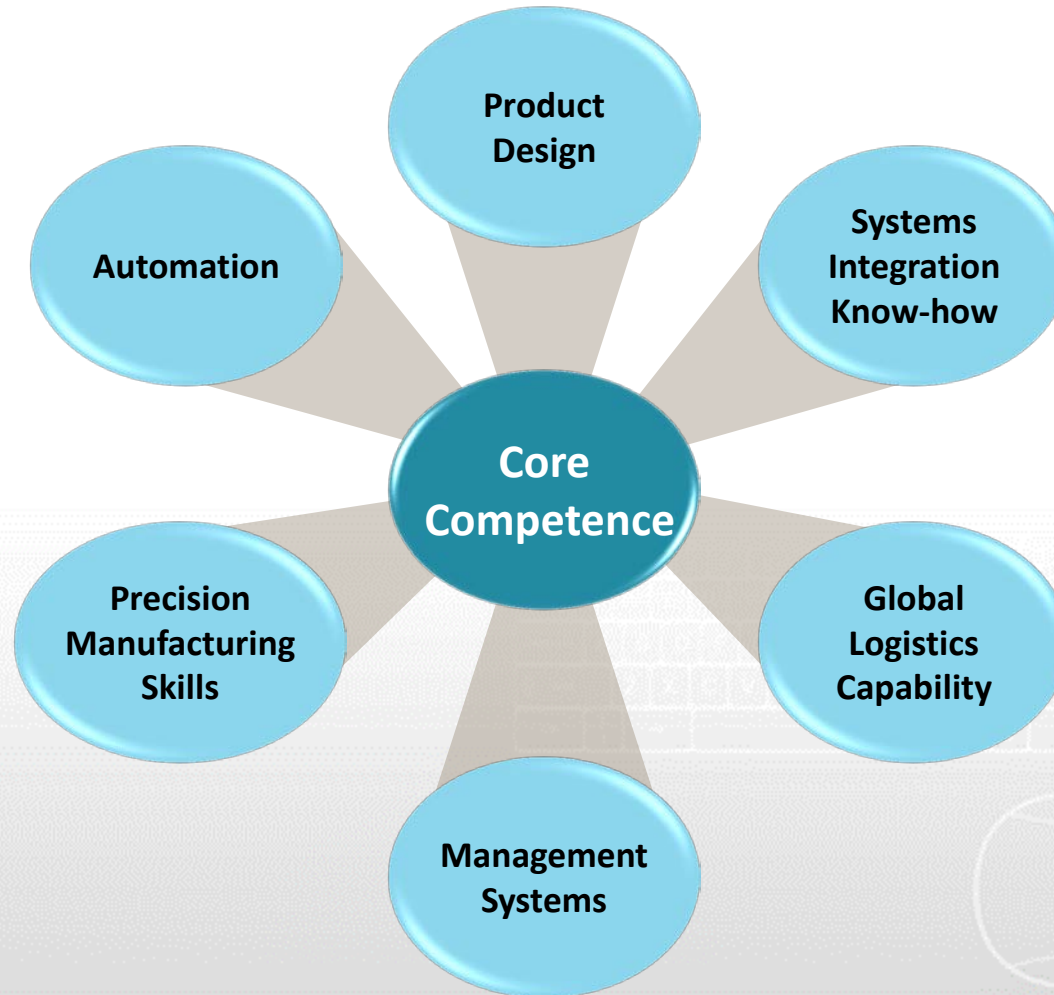
We employ our R&D strength, precision manufacturing capabilities and strong back office to gain a competitive edge.

3.

We use our stable, profitable business lines and strong balance sheet as cash flow weapons to fund our new initiatives.



An Integrated Approach to Manufacturing Excellence



Primax + Tymphany = The New Primax



Our Mission

- **Bringing Mobility to the Premium Loudspeaker Experience**

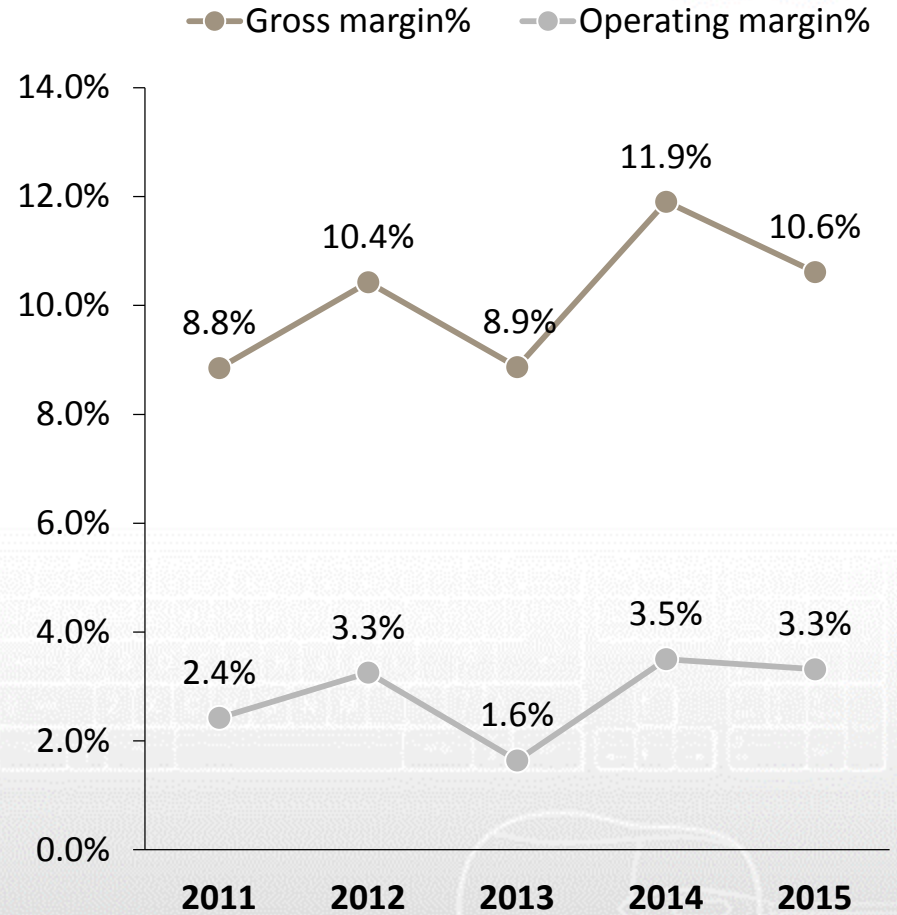
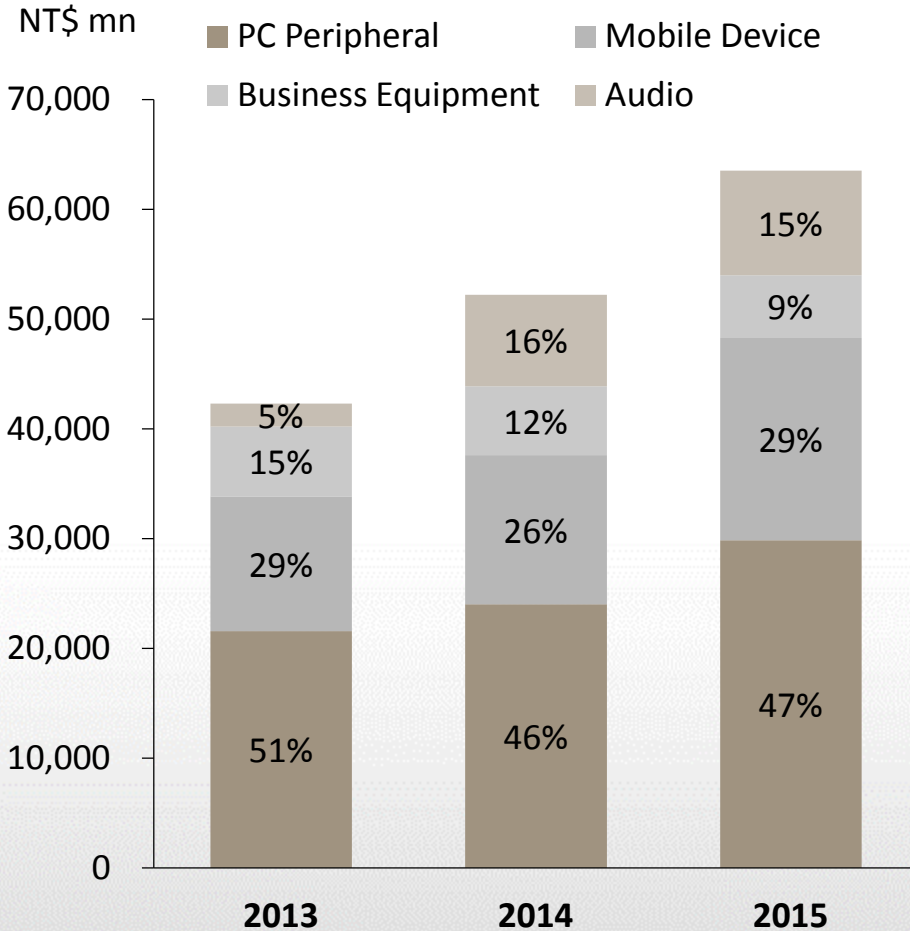
Our Opportunity

- Digitized audio content has liberated premium speaker systems from the confines of the living room
- More than 2.5 billion users of mobile communications devices worldwide
- More than 1 billion smartphones and 200 million tablets sold annually
- The global speaker systems (US\$14 billion+) and earphone (US\$6 billion+) markets
- Demands on speaker system producers are higher than those on earphone producers. Tymphany's acoustics know-how and Primax's tech supply chain expertise will provide the New Primax with a clear competitive edge

Our Goal

- **Become the leading supplier of premium speaker systems for mobile applications – a market that is growing in excess of 30% annually**

How Primax's Product Mix Has Changed



Note: Audio represents not only revenue contribution from Tymphony



Manufacturing Efficiency

- Tymphany's manufacturing is moved to Primax, which drives cost savings and improvements in manufacturing efficiency.

Supply Chain Management

- Primax helped Tymphany improve supply chain management with better inventory control.

Cash Management

- In 8 months after the acquisition, Tymphany has gone from US\$15 mn net debt to US\$20 mn net cash position.

R&D Investment

- Continued investments in innovation drives future growth.

Market Share Gains

- With the consolidation effort over the past year, The New Primax is ready for further market share gains in the audio market.



Growth Driver

Audio

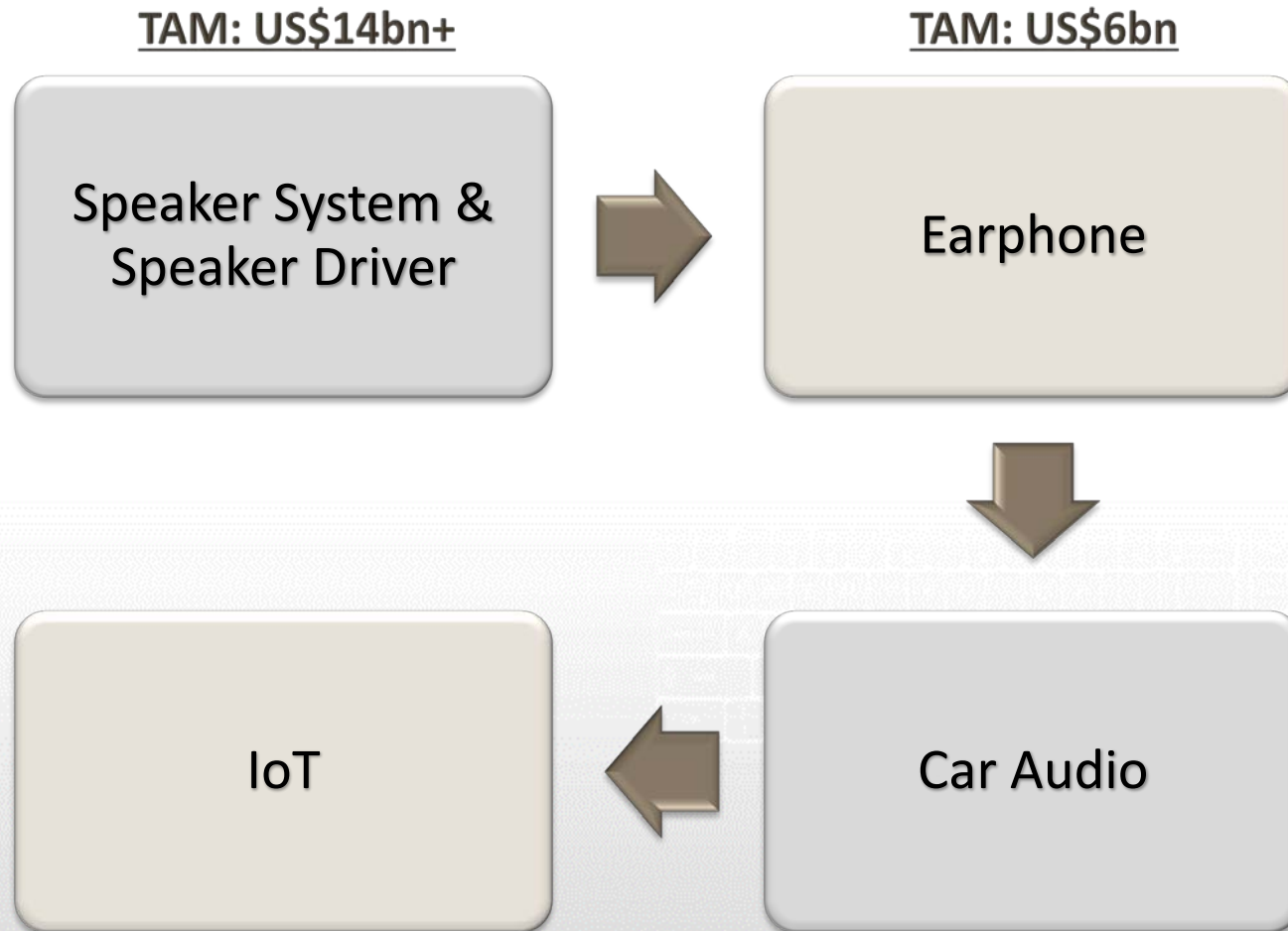
Camera Module

Cash Generator

PC Peripheral

Business Equipment

The Audio Opportunities



Camera Module is Another Growth Driver



Our Goal

- Become the leading supplier of camera modules to emerging brands

Our Opportunity

- Target the emerging markets where there is still high growth in smartphones
- ASP improvement by pixel migration and feature enhancements (e.g. OIS adoption and dual rear cameras)
- Volume increase by multi-camera applications and multi-platforms (e.g. automotive)

Our Strength

- Among the highest yield rate and the best management of yield scrap in the industry
- Early engagement with key component suppliers
- Efficient supply chain management
- In-house automation





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What the Future Holds for Primax



Execute audio and camera module opportunities

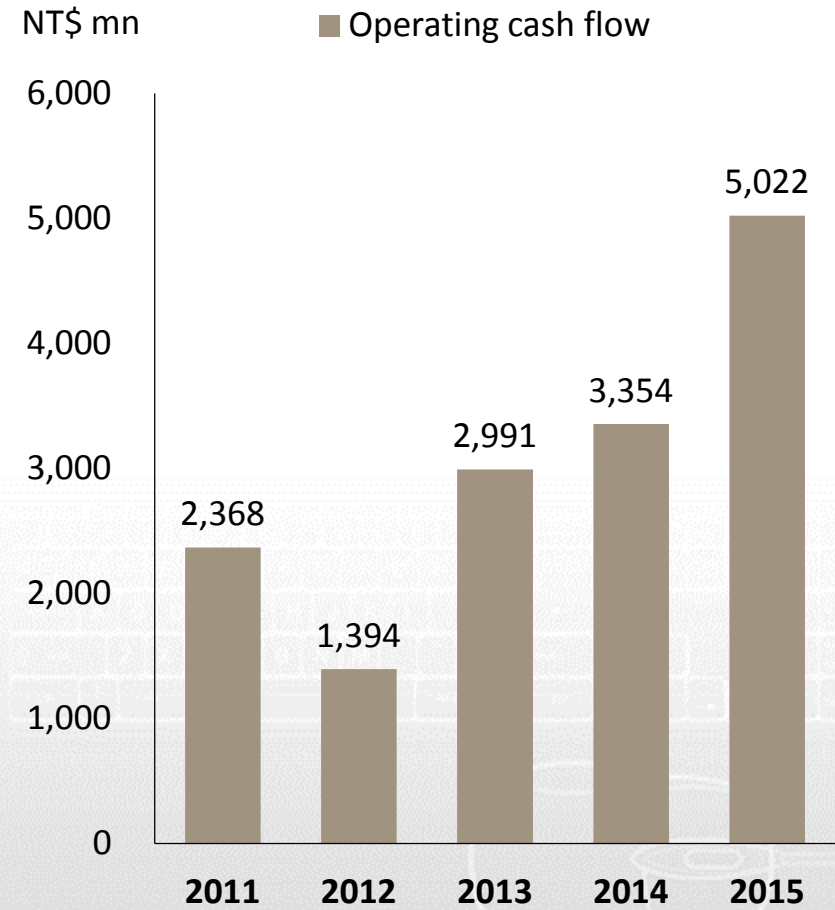
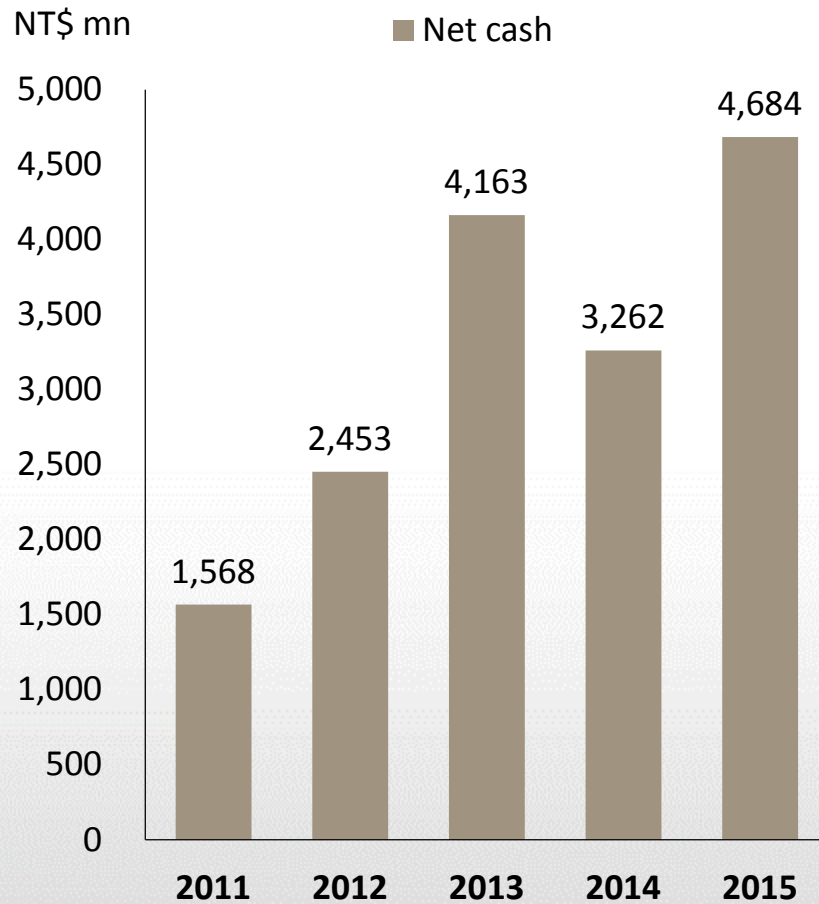
M&A in addition to organic growth

Invest in automation

Grow annual revenues and earnings by double digit



Sufficient Cash Flow for Potential Acquisitions

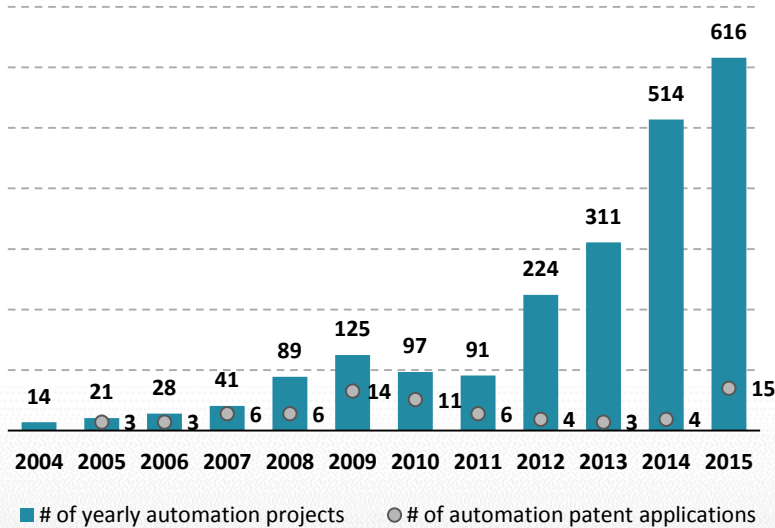


Note: Net cash = Cash & equivalent + marketable security – total debt

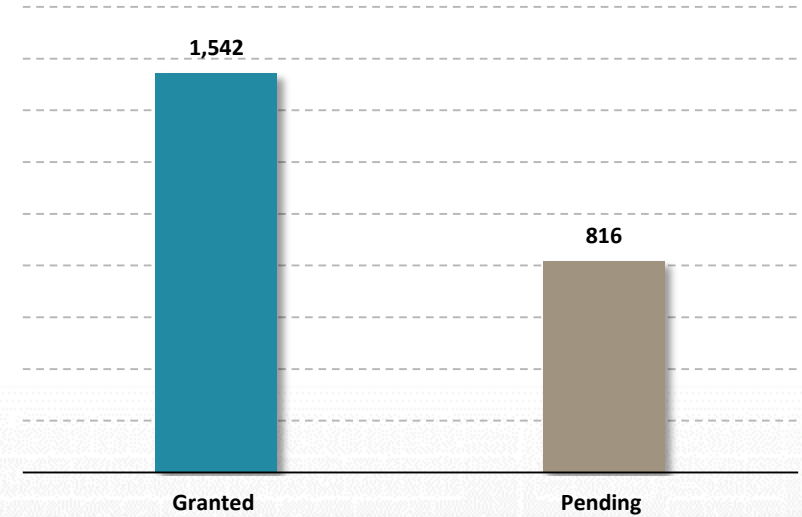
Strong Record of Innovation & Automation



Number of Automation Projects Completed



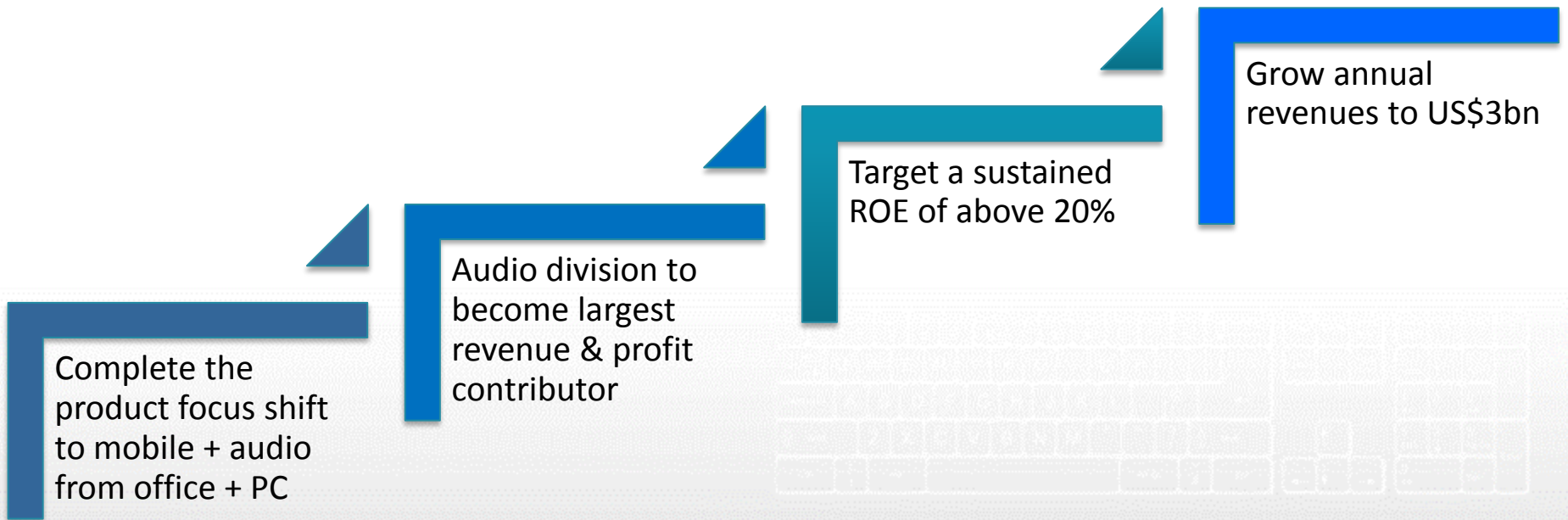
Number of Patents ⁽¹⁾



Notes

1. Includes assigned patents

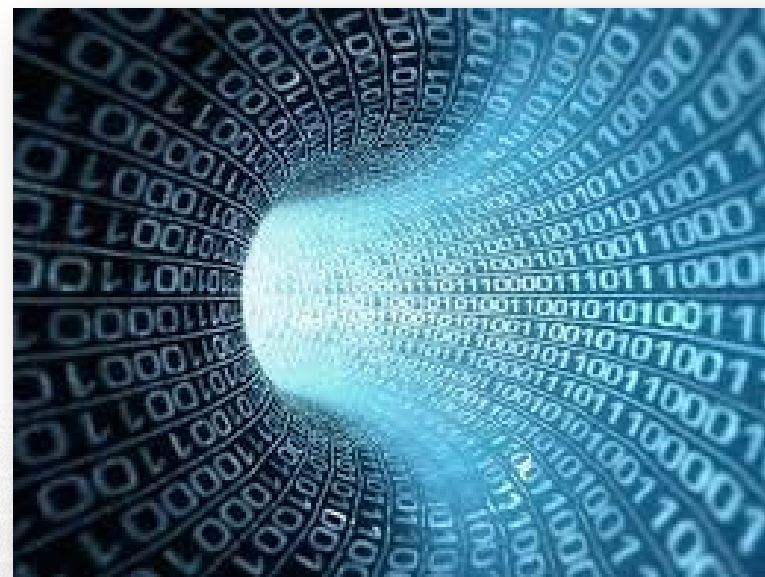
Primax's 5-year Goals (2014-2019)



Our Commitment to Shareholders



- ❖ At Primax, we view optimizing the interests of customers, shareholders and employees as our fundamental duty.
- ❖ We strive to be a law-abiding, sensible, rational corporate citizen and to make a positive contribution to society.
- ❖ We pursue disciplined growth with a good balance between profits, risks and client/product diversity.
- ❖ We aim to maintain a 50%+ cash payout of our profits to investors.



PRiMAX

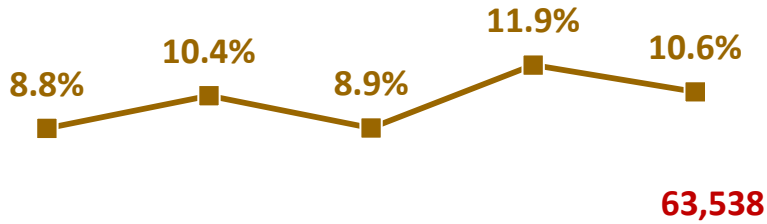


Financial Summary

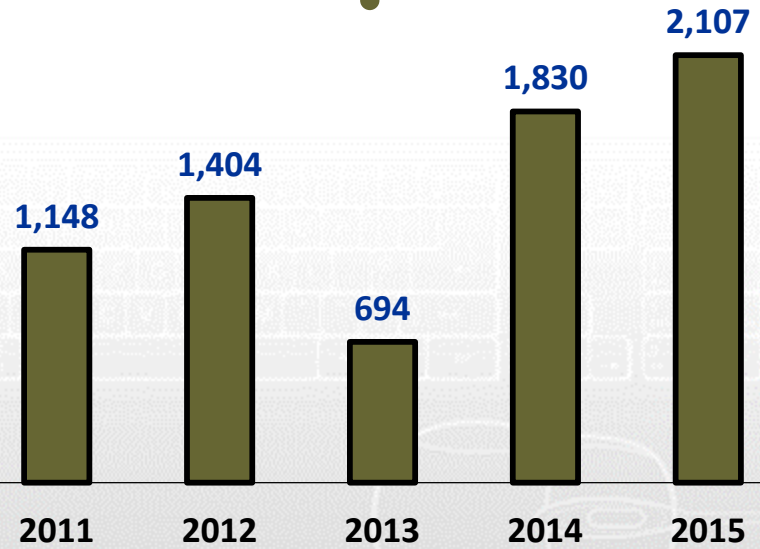
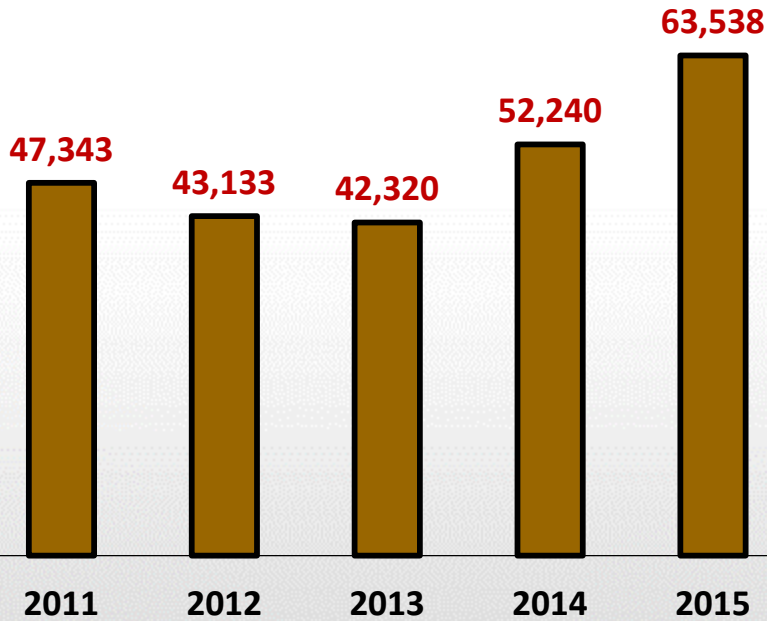
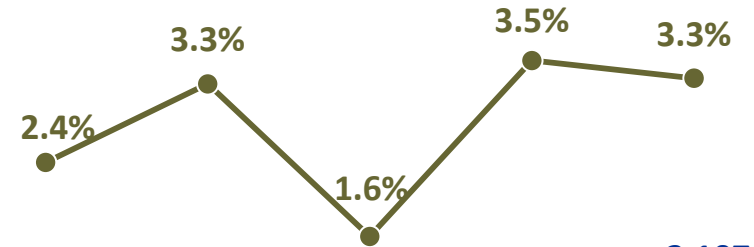
Five-year Revenues and Operating Profit



Gross Margin %



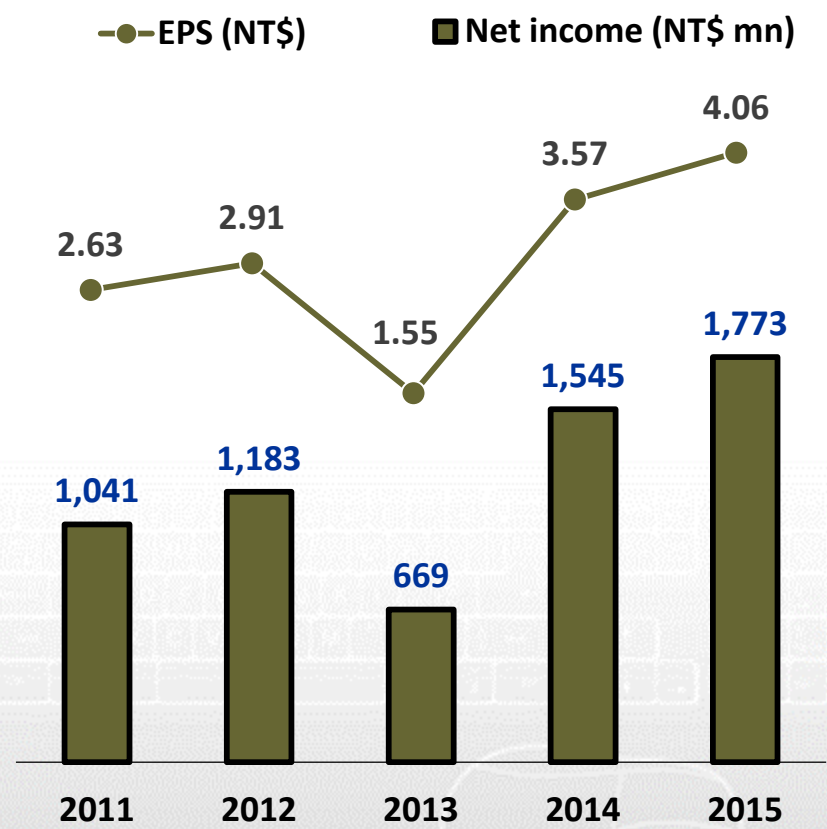
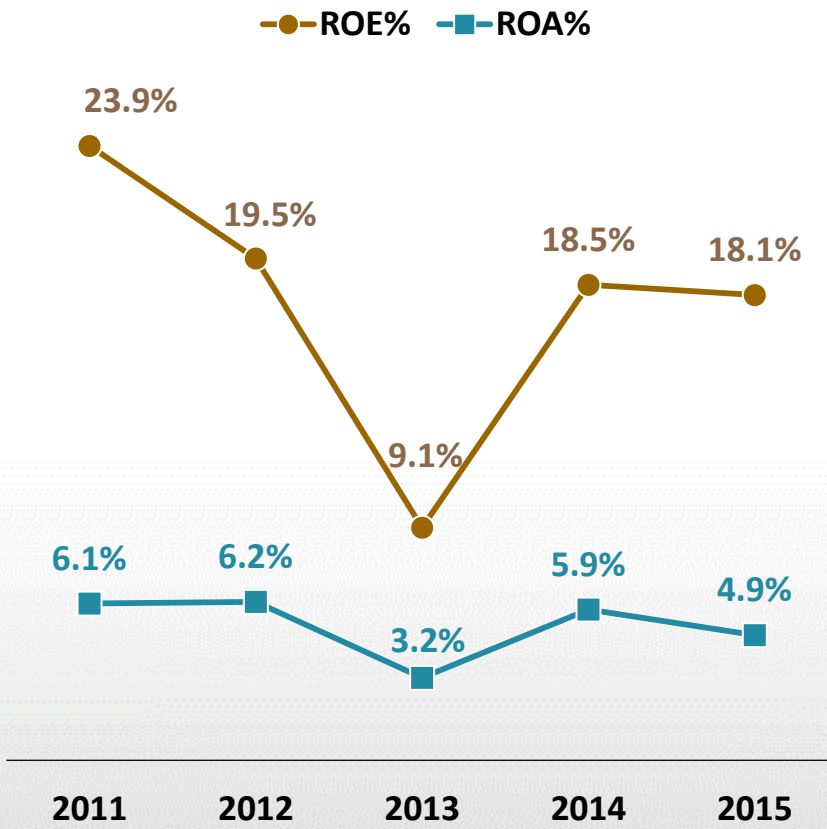
Operating Margin %



Revenues NT\$ million

Operating Profit NT\$ million

Five-year Financial Highlights



Five-year P&L (Consolidated)



NT\$ million	2011	2012	2013	2014	2015	1H16	YoY (%)					
							2011	2012	2013	2014	2015	1H16
Revenue	47,343	43,133	42,320	52,240	63,538	28,306	15.2	-8.9	-1.9	23.4	21.6	6.5
Gross profit	4,190	4,497	3,753	6,219	6,743	2,969	-8.2	7.3	-16.6	65.7	8.4	5.5
Operating expenses	3,042	3,093	3,058	4,389	4,636	2,148	4.7	1.7	-1.1	43.5	5.6	4.2
Operating income	1,148	1,404	694	1,830	2,107	821	-30.8	22.3	-50.5	163.5	15.1	9.3
Non-operating income (expenses)	202	173	216	218	311	374						
Income before taxes	1,350	1,577	911	2,048	2,418	1,195	-23.3	16.8	-42.2	124.8	18.1	21.8
Tax expenses	310	393	242	439	631	368						
Profit (loss) from discontinued operations	0	0	0	0	30	96						
Non-controlling interests	(1)	0	0	64	44	75						
Net income to parent	1,041	1,183	669	1,545	1,773	848	-30.6	13.7	-43.5	131.1	14.8	10.5
EPS (NT\$)	2.63	2.91	1.55	3.57	4.06	1.93	-32.9	10.6	-46.7	130.3	13.7	9.7

Key Financial Ratios (%)

Gross margin	8.8	10.4	8.9	11.9	10.6	10.5
Operating expense ratio	6.4	7.2	7.2	8.4	7.3	7.6
Operating margin	2.4	3.3	1.6	3.5	3.3	2.9
Effective tax rate	22.9	24.9	26.6	21.4	26.1	30.8
Net margin	2.2	2.7	1.6	3.0	2.8	3.0

Five-year Balance Sheet (Consolidated)



NT\$ million	2011	2012	2013	2014	2015	1H16	YoY (%)					
							2011	2012	2013	2014	2015	1H16
Total Assets	18,346	20,019	21,591	31,024	41,732	36,416	16.4	9.1	7.9	43.7	34.5	1.6
Cash	1,560	2,413	4,787	6,814	7,623	5,511	32.9	54.7	98.3	42.3	11.9	-19.8
NR & AR	4,868	7,151	7,825	10,514	14,480	11,546	-1.4	46.9	9.4	34.4	37.7	0.2
Inventories	5,801	5,035	4,161	4,811	7,351	5,967	29.6	-13.2	-17.4	15.6	52.8	3.7
PP&E	3,858	3,822	3,389	3,935	6,284	5,107	34.8	-0.9	-11.3	16.1	59.7	-8.5
Total Liabilities	13,453	12,793	14,049	20,715	28,815	23,770	12.6	-4.9	9.8	47.4	39.1	-2.3
S-T & L-T borrowings	0	0	659	3,649	3,028	2,850	-	-	-	453.8	-17.0	-55.7
NP & AP	9,979	9,542	10,447	12,613	18,724	12,582	16.7	-4.4	9.5	20.7	48.4	3.9
Total Equity	4,893	7,226	7,542	10,309	12,917	12,647	28.3	47.7	4.4	36.7	25.3	10.0
Ordinary share capital	3,984	4,270	4,336	4,347	4,412	4,419	3.1	7.2	1.5	0.3	1.5	0.5
Additional paid-in capital	328	607	649	674	777	786	13.4	85.1	6.8	3.8	15.4	7.9
Retained earnings	474	2,463	2,486	3,687	4,661	4,580	380.8	419.2	0.9	48.3	26.4	25.1
Key Financial Ratios												
A/R Turnover Days	38	51	65	64	72	84						
Inventory Turnover Days	43	51	44	36	39	48						
A/P Turnover Days	78	92	95	91	101	113						



2011-2015 Dividend Payout



(NT\$ million)	2011	2012	2013	2014	2015
Net income	1,041	1,183	669	1,545	1,773
Cash dividend	201	647	347	791	928
Dividend p/s (NT\$)	0.5	1.5	0.8	1.8	2.1
Cash yield (%)	2.0%*1	5.9%*2	1.7%*3	4.9%*4	4.7%*5
Payout ratio (%)	19%	55%	52%	51%	52%

Notes:

1. 2011 yield is based on Primax's closing share price on July 13, 2012; the day before ex-dividend day.
2. 2012 yield is based on Primax's closing share price on July 12, 2013; the day before ex-dividend day.
3. 2013 yield is based on Primax's closing share price on July 10, 2014; the day before ex-dividend day.
4. 2014 yield is based on Primax's closing share price on July 29, 2015; the day before ex-dividend day.
5. 2015 yield is based on Primax's closing share price on July 18, 2016; the day before ex-dividend day.

PRiMAX



Thank you!