

# Primax 4915 TT

26 February 2021

1Q21 Earning conference



**PRIMAX**

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- Primax's presentation contains forward-looking statements subject to significant risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. In this context, you can identify forward-looking statements because they contain words such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions.
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- All forward-looking statements in this presentation are based on information available to us as of the date hereof, we undertake no obligation to update these forward-looking statements for new information, future events, otherwise, or update the reasons why actual results could differ materially from those anticipated in the forward-looking statements, even if new information becomes available in the future.

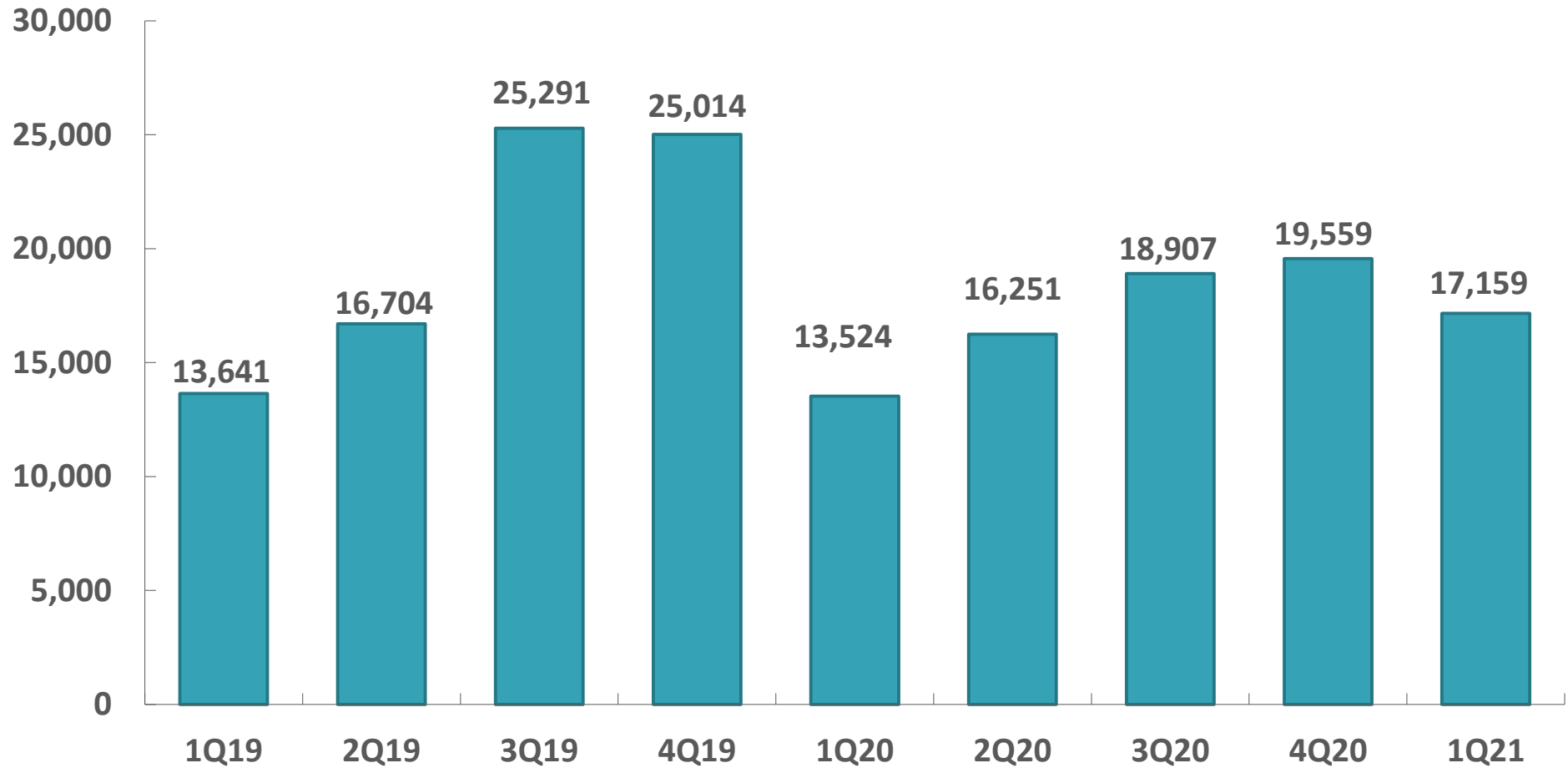


<ul style="list-style-type: none"> <li>• Revenue up 27% YoY</li> <li>• Revenue down 12% QoQ</li> </ul>	<ul style="list-style-type: none"> <li>• Historical 1Q record high(Better than expected YoY growth)</li> <li>• Better than normal seasonality</li> </ul>
<ul style="list-style-type: none"> <li>• Gross Profit up 41% YoY</li> <li>• Gross margin reached 12.5%</li> </ul>	<ul style="list-style-type: none"> <li>• Increased by 1.2ppt(YoY)</li> </ul>
<ul style="list-style-type: none"> <li>• Operating profit up 188% YoY</li> <li>• Operating margin reach 3.5%</li> </ul>	<ul style="list-style-type: none"> <li>• Increased by 1.9ppt( YoY)</li> </ul>
<ul style="list-style-type: none"> <li>• PBT up 139% YoY</li> <li>• PBT margin reached 3.7%</li> </ul>	<ul style="list-style-type: none"> <li>• Increased by 1.7ppt (YoY)</li> </ul>
<ul style="list-style-type: none"> <li>• EPS of NT\$1.13</li> <li>• EPS grew 82% YoY</li> </ul>	<ul style="list-style-type: none"> <li>• Historical 1Q record high</li> </ul>

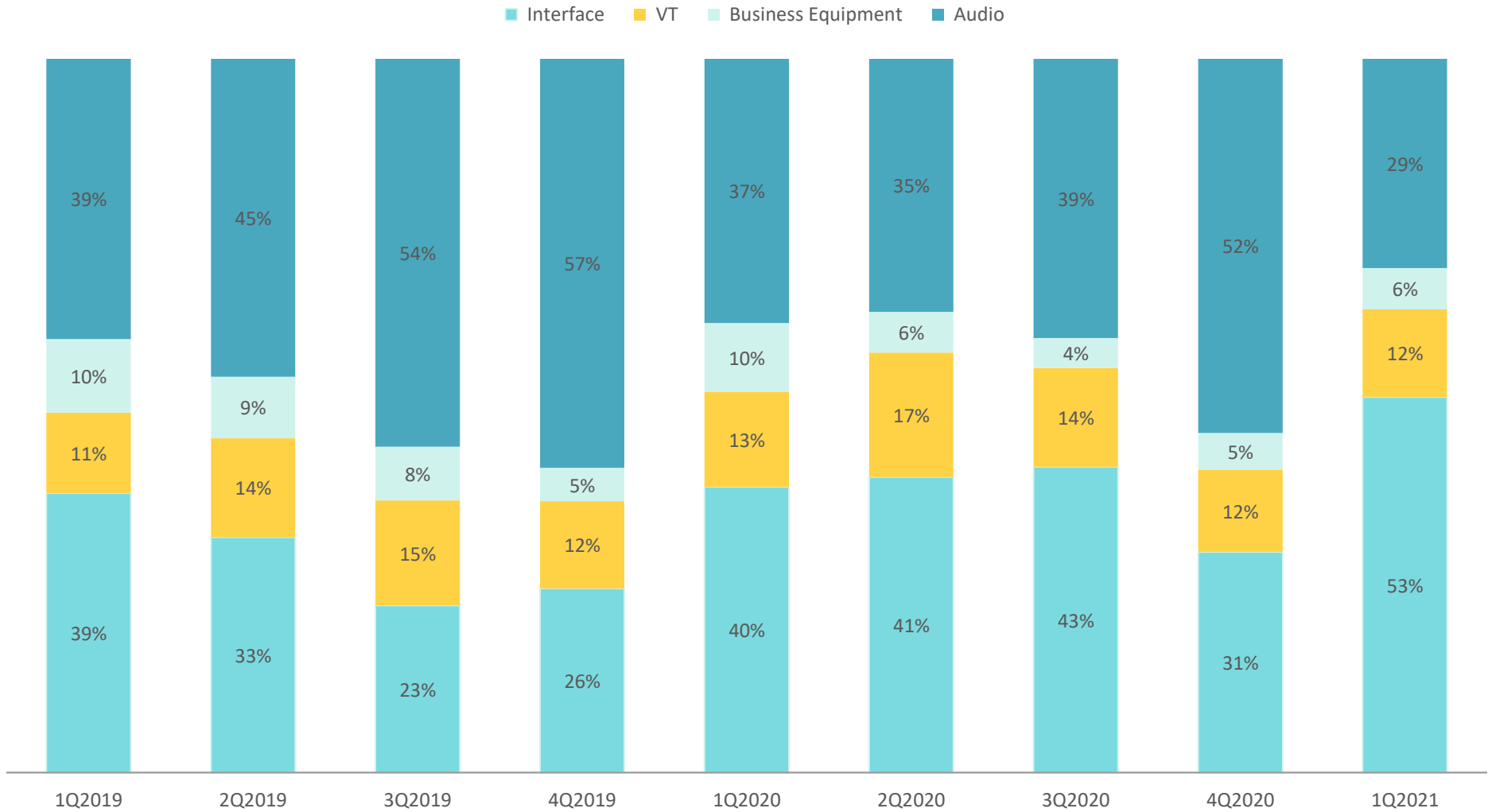
# Revenue up 27% YoY, down 12% QoQ



Amount: NT\$ million



# 1Q201 Revenue breakdown by segment



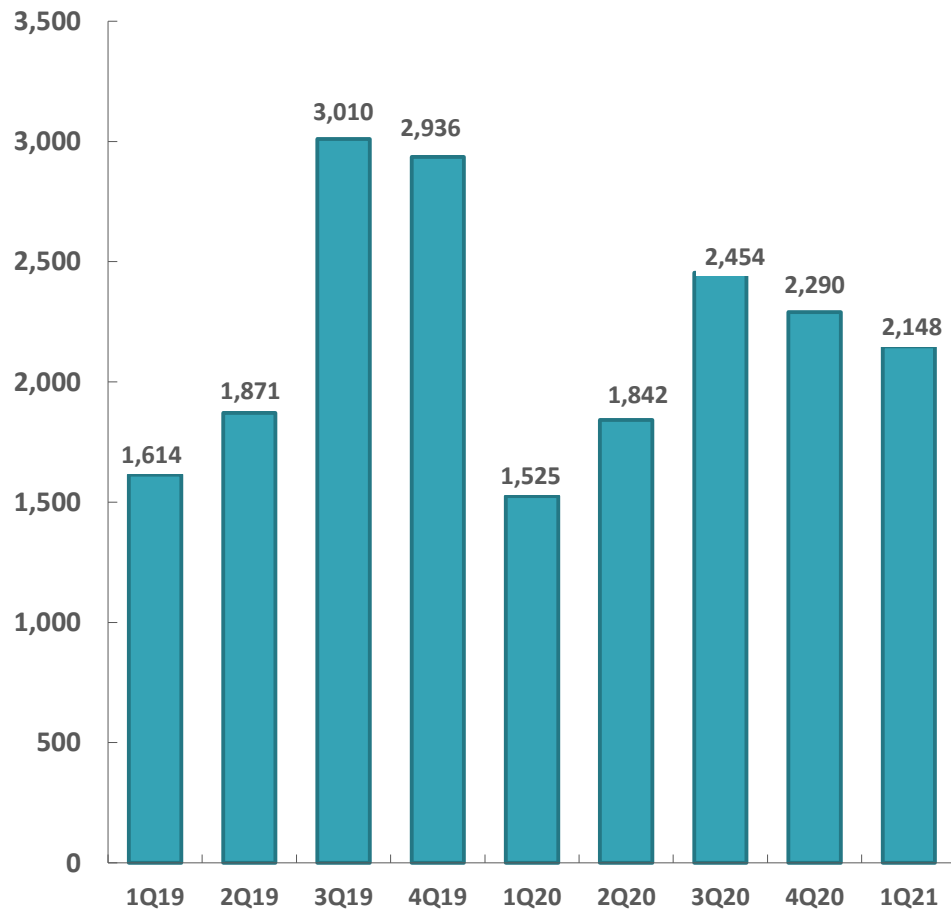
Note: Audio represents revenue contribution from Tymphany

Note: VT- Visual Technology

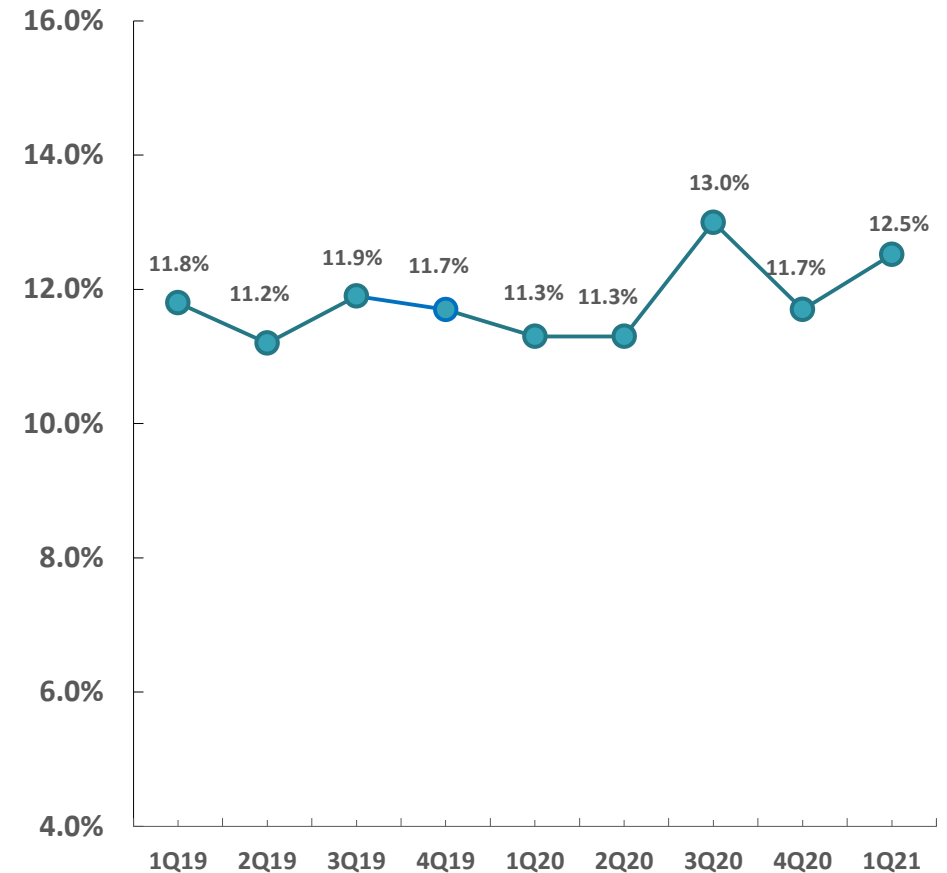


## Gross Profit

Amount: NT\$ million

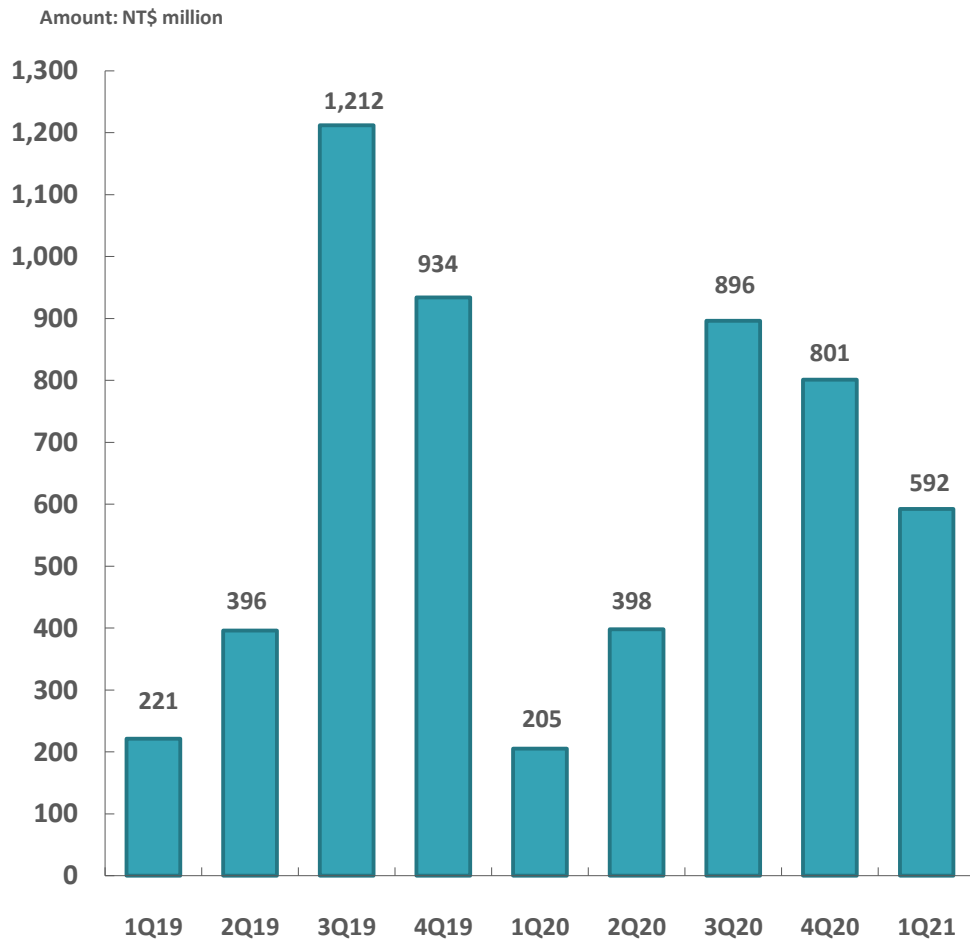


## Gross Margin

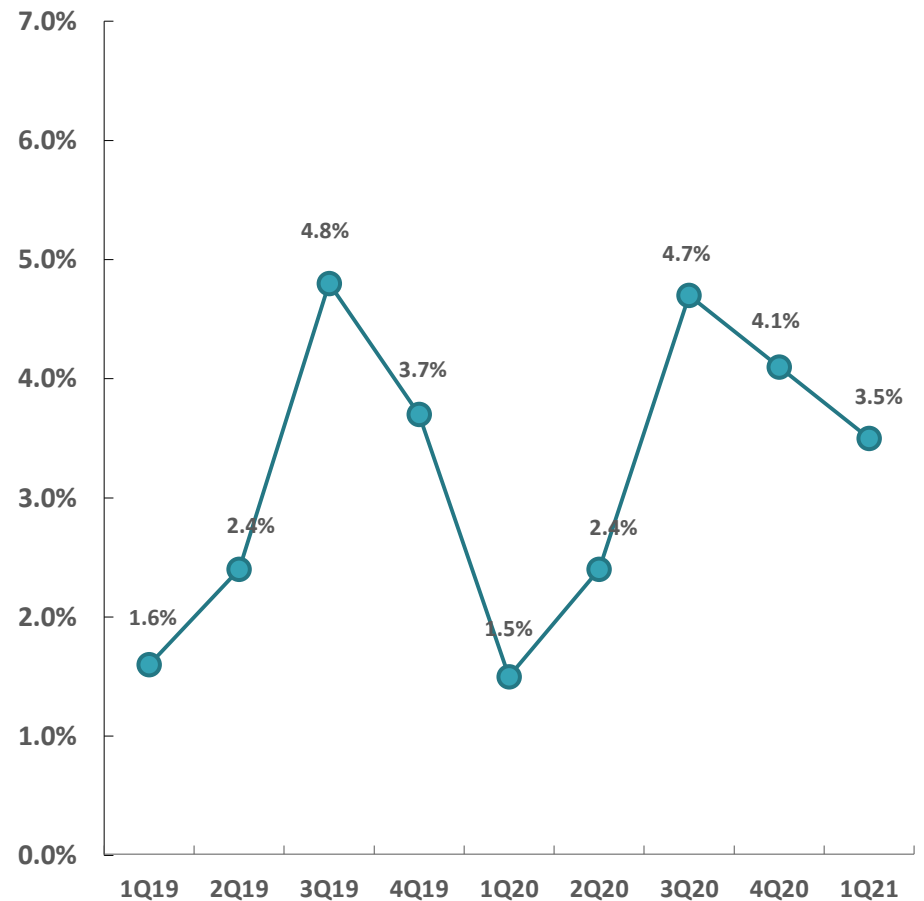




## Operating profit



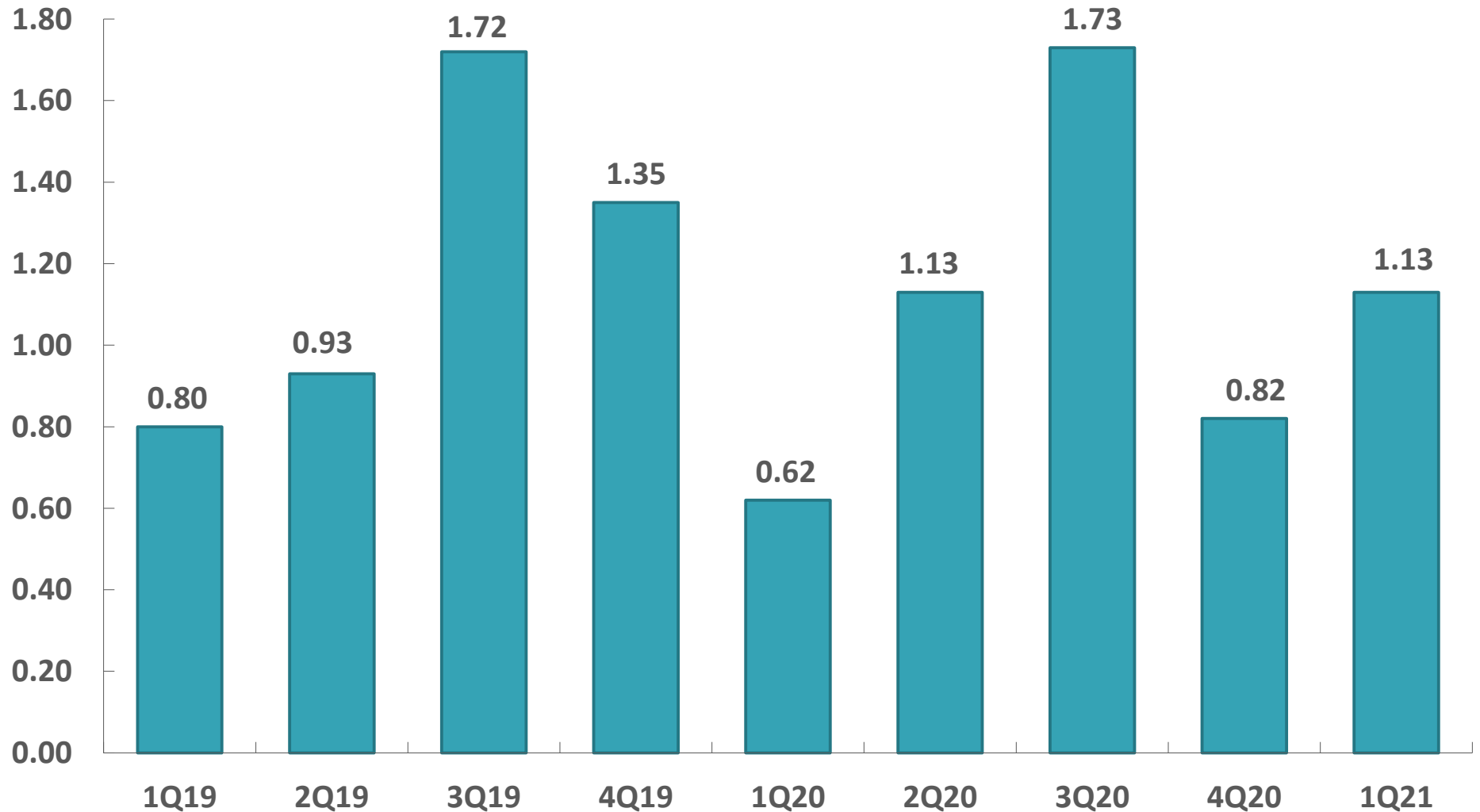
## Operating margin



# Record high 1Q EPS



Amount : NTD





# 1Q2021 Income Statement



<i>Amount : NTD M</i>	Q1 21	Q4 20	Q1 20	QoQ	YoY
Net Sales	17,159	19,559	13,524	-12.3%	26.9%
COGS	15,011	17,269	11,999		
Gross Profit	2,148	2,290	1,525	-6.2%	40.8%
<i>Gross Margin</i>	12.5%	11.7%	11.3%	0.8%	1.2%
Operating Expense	1,556	1,490	1,320		
<i>Operating Expense %</i>	9.1%	7.6%	9.8%	1.5%	-0.7%
Operating Income	592	801	205	-26.0%	188.4%
<i>Operating Margin</i>	3.5%	4.1%	1.5%	-0.6%	1.9%
Non-operating Items	42	(254)	60		
Income before Tax	634	547	266	15.9%	138.7%
Income Tax	133	109	58		
Net Income	501	438	207	14.4%	141.9%
<i>Net Margin</i>	2.9%	2.2%	1.5%	0.7%	1.4%
Net income attributed to Primax	505	367	276	37.6%	83.2%
EPS (NT\$)	1.13	0.82	0.62		

# 1Q2021 Balance Sheet



Selected items from Balance Sheet (Amount : NTD M)	2021/3/31		2020/3/31	
	Amt	%	Amt	%
Cash *	6,167	12%	15,639	31%
Notes and Accounts receivable	12,145	23%	11,016	22%
Inventory	10,242	19%	8,840	17%
<b>Total Current Assets</b>	<b>39,547</b>	<b>75%</b>	<b>38,139</b>	<b>75%</b>
Fixed Assets	6,497	12%	6,447	13%
<b>Total Assets</b>	<b>52,646</b>	<b>100%</b>	<b>51,012</b>	<b>100%</b>
Notes and Accounts Payable	15,205	29%	15,974	31%
S-T Borrowings	8,662	16%	9,152	18%
CPLTD	121	0%	0	0%
<b>Total Current Liabilities</b>	<b>31,316</b>	<b>59%</b>	<b>31,877</b>	<b>62%</b>
L-T Borrowings	1,334	3%	151	0%
<b>Total Liabilities</b>	<b>36,707</b>	<b>70%</b>	<b>36,445</b>	<b>71%</b>
<b>Total Equity</b>	<b>15,939</b>	<b>30%</b>	<b>14,566</b>	<b>29%</b>

\* Note: The proportion of Cash Position (as 2020) was transferred to time deposit. As 2021/3/31, for over 3-month time deposit of ~NT\$8bn was categorized from Cash into current financial assets at amortized cost.



Key Indices	2021/3/31	2020/3/31
AR Turnover (days)	78	82
AP Turnover (days)	120	119
Inventory Turnover (days)	56	64
Cash Conversion Cycle (days)	14	27
Current Ratio (%)	126.3	119.6
Total Liabilities-to-Assets Ratio (%)	69.7	71.4
Return on Equity (%)	3.2%	1.4%
Return on Equity-annualized (%)		13.0%

# 1Q2021 Cashflow Statement



Amount : NTD M	2021Q1	2020Q1
<b>From Operation</b>	<b>(8,572)</b>	<b>2,088</b>
- Income Before Tax	634	266
- Depreciation and Amortization	515	590
- Notes and Accounts Receivable	1,434	8,601
- Notes and Accounts Payable	(3,796)	(7,771)
- Inventory	14	1,549
- Other Operating Sources / (Uses) *	(7,373)	(1,146)
<b>From Investment</b>	<b>(517)</b>	<b>(1,047)</b>
- Fixed Assets	(533)	(993)
- Other Investing Sources / (Uses)	17	(53)
<b>From Financing</b>	<b>8,390</b>	<b>7,976</b>
- S-T Borrowings	7,757	8,060
- L-T Borrowings	700	(28)
- Other Financing Sources / (Uses)	(66)	(56)
<b>Net Cash Position Change</b>	<b>(699)</b>	<b>9,018</b>
<b>Effect of Foreign Currency Exchange Translation</b>	<b>(70)</b>	<b>(79)</b>
<b>Cash at Beginning of Year</b>	<b>6,935</b>	<b>6,701</b>
<b>Ending Cash Balance</b>	<b>6,167</b>	<b>15,639</b>

\* Note: The proportion of Cash Position (as 2020) was transferred to time deposit. As 2021/3/31, for over 3-month time deposit of ~NT\$8bn was categorized from Cash into current financial assets at amortized cost.



- ❖ **Deepen 3 Senses in 1 strategy:** Continue to expand new smart devices to inject growth momentum, Increase high value-added new products mix gradually each year, such as AIOT and Smart Access
- ❖ **Profit growth > Revenue Growth:** Due to optimizing product and customer mix, gross margin and operating margin improvement
- ❖ **Intelligence Interface segment :** PC and gaming peripheral demand remain robust thanks to WFH(work from home), High growth from new business such as SmartHome, Docking, and Wireless charging
- ❖ **Visual Technology segment :** ADAS (apply to EV and advanced driving assistance system) likely show multiple growth thanks to US based EV customer. Increase higher margin non-smartphone camera module mix
- ❖ **Audio Segment:** Chiefly due to consumer audio and video conference demands, coupled with new projects kick-off, audio profitability will improve significantly on YoY basis.
- ❖ **Increase high value-added product mix:** Our strategy to gradually increase commercial and industrial contribution from AIOT(eg. Fleet management, law enforcement policy body camera) and SmartHome ( Smartlock and Smartdoorbell), inject the next new wave of growth drivers
- ❖ **Upgrade manufacturing capabilities:** Move towards Smart Manufacturing and Industrial 4.0 concept to lead our manufacturing
- ❖ **Diversify capacity:** Thailand manufacturing site will be ready and move in by end of 4Q21

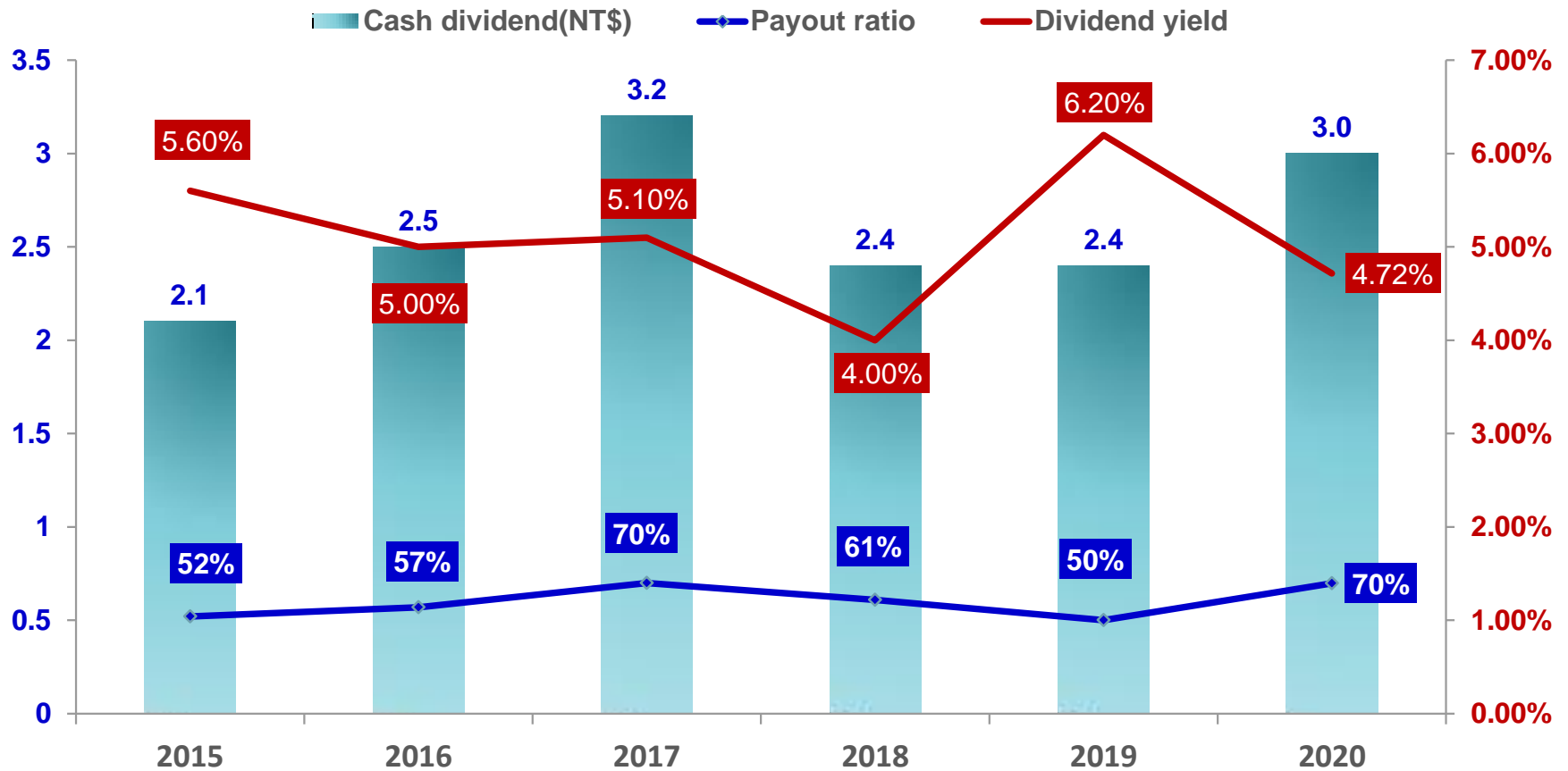
## ❖ Sales outlook: Anticipate positive YoY growth but growth rate could be affected by component shortage

- Due to Cov-19, WFH demand lead to overall strength in PC/Gaming/consumer segments, expect double digit YoY growth
- Car electronics demand continue to grow robustly( ADAS camera module applied to EV and advanced driving assistance; but smartphone camera module revenue and mix will decrease
- Home audio and conference products demand carry over growth, new professional audio projects kick off; revenue grow QoQ slightly. Overall higher margin revenue mix will increase substantially versus 1Q20

## ❖ Profit Outlook: Improve gross margin and operating margin( expect higher than 1Q)

- Anticipate overall gross margin and operating margin significant improvement compared to 2Q20
- Intelligence interface: Profitability will remain stable thanks to intact PC/gaming demand
- Visual Technology: Chiefly due to rising car ADAS contribution, profit will show substantial YoY growth
- Audio: Improve customer structure and increase high-end premium audio mix, audio profit will grow significantly over 1Q21 level

# Dividend Payout History



Notes: Yields are based on Primax's closing share price the last day in Q1.

# Thank You!

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