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Financial Report

We have upgraded 2014-15 earnings forecasts by 13.3% and 23.4% from adjusted income transfer in line value and higher margins from higher anticipated. The target price increase into the 2.2 baht. We reiterate "Buy" for 2014 earnings grow by 50.8% the short-term may be weakening. The 2013 turned better than expected. You may have to sell profitable.

INVESTOR RELATIONS

Primax Electronics 1Q 2021 Financial Results

PRIMAX AT A GLANCE AND LONG-TERM GROWTH STRATEGY

2019 Group numbers of:

Revenue = NTD 80.65 billion

Net profit = NTD 2.26 billion

CAGR 1989-2019

- Revenue = 16%
- Net profit = 14%

Stable returns

- 50%+ dividend payout
- 4-6% dividend yield



1
Founded in 1984 with long-term growth strategy of:

- Riding on the trend of “A World of Smart Everything”
- “3 senses In 1” strategy
- Value over scale
- Diversity to mitigate risks

3
Worldwide employee of 17,000+

5 Solid financial performance

- Strong cash cow business
- High ROE (5-year average of 15.6%)

6 Corporate governance & ESG

- First rated (2016, 2017, 2019, 2020)
- High ranked CSR/ESG (#38)
- SGS Sustainability Elite Award
- TCSA (top 50 Sustainability Award & Platinum Award for CSR report)

DIFFERENTIATION AND CORE COMPETENCY



Uniquely Positioned

- ✓ 3 senses in 1 strategy
 - ✓ A value added approach
-
- ✓ All in one solutions provider
 - ✓ Visual, audio and interface expertise



Long History of Re-Investing

- ✓ Long, proven track record since 1984
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- ✓ Achieving through product life cycle transition
 - ✓ New technology evolution



ODM Design Service Provider

- ✓ Positioned as the go to ODM design service provider
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- ✓ Original design and manufacturing
 - ✓ Flexible approaches and strong and long lasting relations with clients



Moving Away From Low Value Add













- ✓ Moving away from me-too business
 - ✓ Moving to higher margin products
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- ✓ Seeking out cloud based service provider customers in need of a reliable long-term hardware provider



Diversity To Mitigate Risks

- ✓ China, Thailand and Czech manufacturing
 - ✓ Singapore treasury center
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- ✓ US early engagement engineering team
 - ✓ UK R&D center
 - ✓ Taiwan R&D and pilot run site

PRODUCT PORTFOLIO AND APPLICATIONS

Classification	Product Portfolio	Historical Range	2020 Sales Breakdown
 <p>Visual Technology</p>	 <p>Dash Camera Police Body Camera ADAS Camera Camera Module Multi-Camera Ultra-Slim 360 Cam 4K 360 Cam</p>	<p>14-30%</p>	 <p>14</p>
 <p>Intelligent Interface</p>	 <p>Dash Camera Wireless Charging Docking Gaming Mouse & Keyboard Mouse & Keyboard Gaming Controller Smart Remote Trackpad</p>	<p>29-48%</p>	 <p>39</p>
 <p>Business Equipment</p>	 <p>Surveillance MFP Thermal Printer Scanner / ADF Mobile Photo Printer</p>	<p>6-13%</p>	 <p>6</p>
 <p>Audio</p>	 <p>Conference Products TWS Headphones Smart Speaker Portable Speaker Home Audio Loud Speaker Transducer</p>	<p>15-51%</p>	 <p>42</p>

PRIMAX HIGHLIGHTS OF THE QUARTER

- Revenue up 27% YoY
- Record high 1Q revenue
- Gross profit up 41% YoY
- Gross profit up 1.2ppt YoY
- Operating profit up 188% YoY
- Operating profit up 1.9ppt YoY

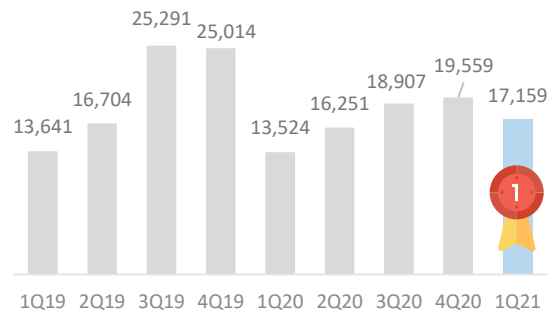


- PBT increased 139% YoY
- PBT margin was 3.9%
- PBT up 1.7ppt YoY

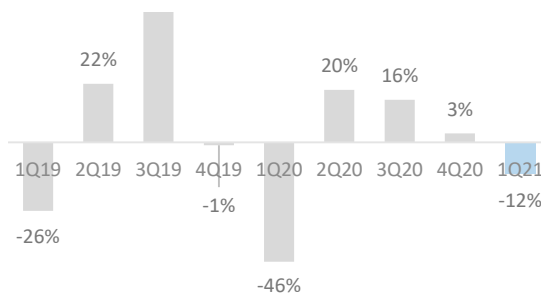


- EPS grew 82% YoY
- Record high for Q1

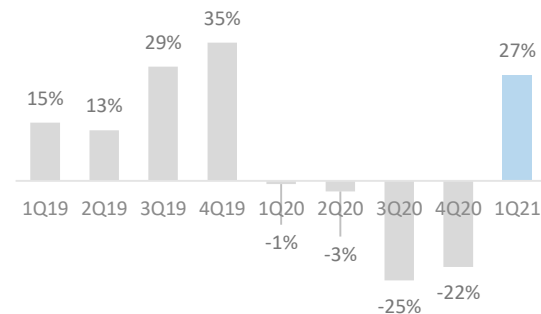
Quarterly Revenue (NTD million)



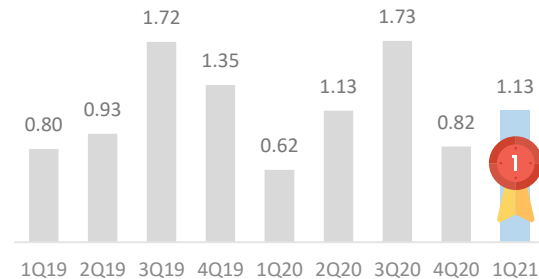
Quarterly Revenue Growth QoQ (%)



Quarterly Revenue Growth YoY (%)

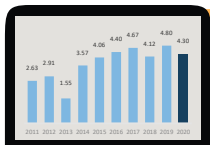


Quarterly Earnings Per Share (NTD)



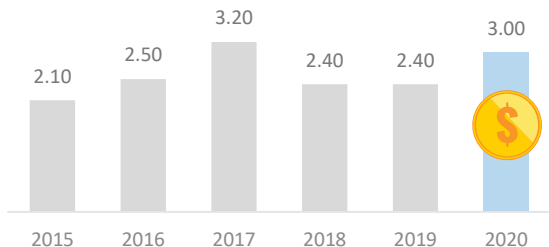
PRIMAX FINANCIAL DASHBOARD

Earnings Per Share (NTD)

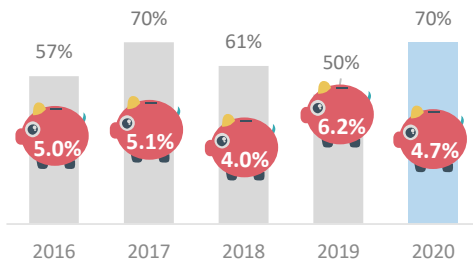


- 2020
NTD 4.30
- 1Q21
NTD 1.13

Cash Dividend Per Share (NTD)

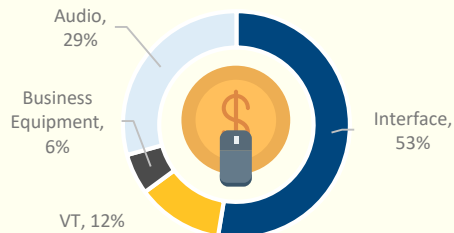


Cash Dividend Payout & Dividend Yield (%)

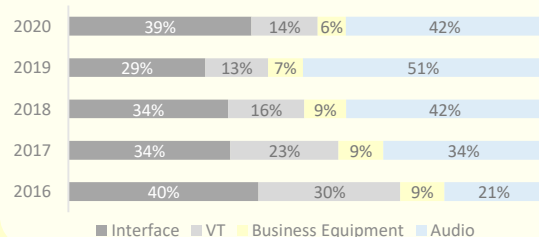


Quarterly And Annual Sales Breakdown

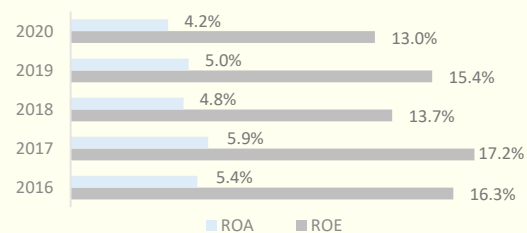
1Q21 Sales Breakdown (%)



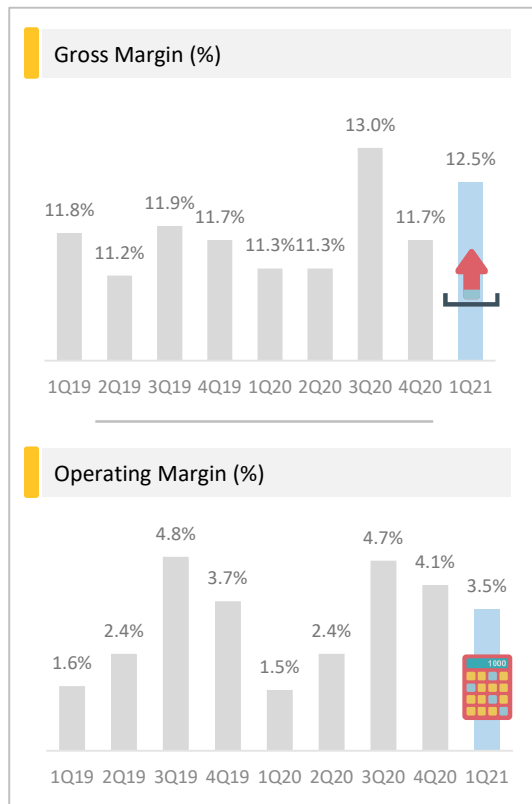
Annual Sales Breakdown (%)



Return On Equity & Return On Assets (%)

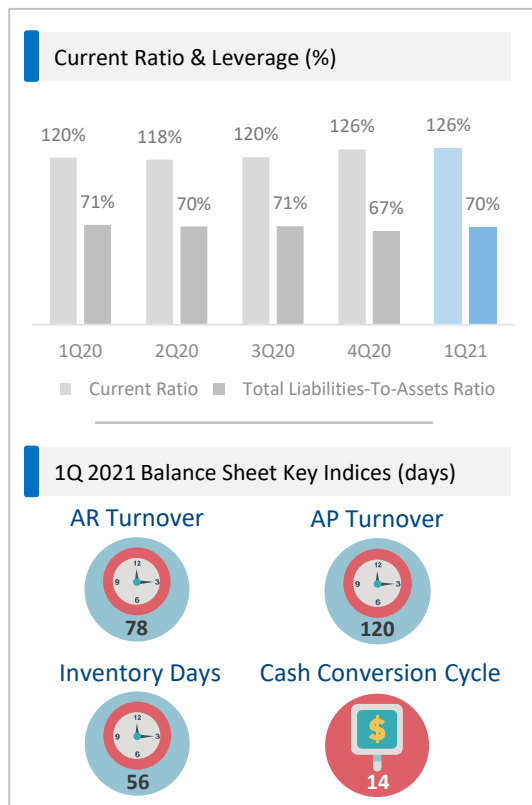


PRIMAX INCOME STATEMENT



(NTD million)	Q1 2021	Q4 2020	Q1 2020	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%
Gross Margin (%)	12.5%	11.7%	11.3%	0.8%	1.2%
Operating Expense	1,556	1,490	1,320		
Operating Expense (%)	9.1%	7.6%	9.8%	1.5%	-0.7%
Operating Income	592	801	205	-26.0%	188.4%
Operating Margin (%)	3.5%	4.1%	1.5%	-0.6%	1.93%
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%
Net Margin (%)	2.9%	2.2%	1.5%	0.7%	1.4%
Net income attributed to Primax	505	367	276	37.6%	83.2%
EPS (NTD)	1.13	0.82	0.62		82%

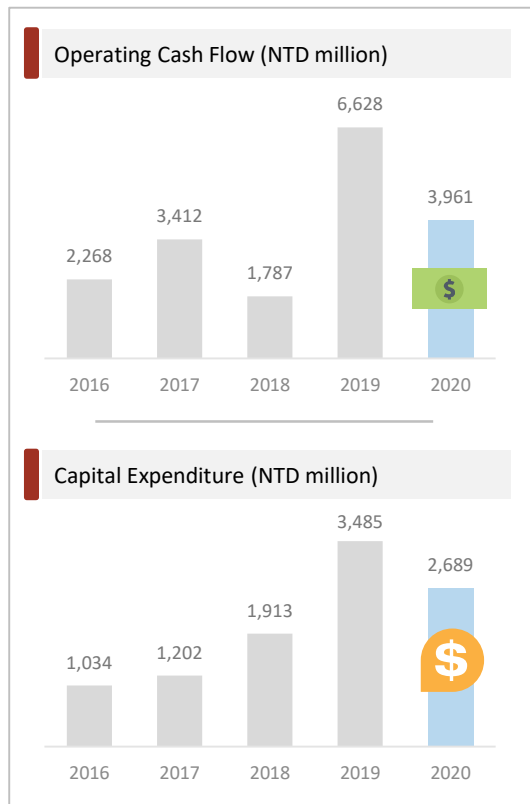
PRIMAX BALANCE SHEET



(NTD million)

	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Cash	6,167	6,935	10,839	10,958	15,639
Notes & Accounts Receivable	12,145	13,579	14,807	11,967	11,016
Inventory	10,242	10,247	8,790	7,241	8,840
Total Current Assets	39,547	35,110	37,470	33,569	38,139
Fixed Assets	6,497	6,542	6,505	6,389	6,447
Total Assets	52,646	47,307	50,179	46,251	51,012
Notes & Accounts Payable	15,205	19,001	17,114	12,557	15,974
S-T Borrowings	8,662	905	6,530	7,678	9,152
CPLTD	121	75	0	0	0
Total Current Liabilities	31,316	27,941	31,201	28,406	31,877
L-T Borrowings	1,334	681	364	222	151
Total Liabilities	36,707	31,806	35,403	32,516	36,445
Total Equity	15,939	15,501	14,776	13,736	14,566

PRIMAX STATEMENT OF CASH FLOWS



(NTD million)

	Q1 2021 YTD	Q4 2020 YTD	Q3 2020 YTD	Q2 2020 YTD	Q1 2020 YTD
From Operations	(8,572)	3,961	2,049	(647)	2,088
- Income Before Tax	634	2,478	1,931	868	266
- Depreciation & Amortization	515	2,230	1,682	1,135	590
- Notes & Accounts Receivable	1,434	5,630	4,413	7,246	8,601
- Notes & Accounts Payable	(3,796)	(4,744)	(6,630)	(11,188)	(7,771)
- Inventory	14	(39)	1,416	3,080	1,549
- Other Operating Sources (Uses)	(7,373)	(1,594)	(763)	(1,788)	(1,146)
From Investment	(517)	(2,796)	(2,131)	(1,378)	(1,047)
- Fixed Assets	(533)	(2,689)	(2,008)	(1,305)	(993)
- Other Investing Sources (Uses)	17	(107)	(123)	(73)	(53)
From Financing	8,390	(975)	4,330	6,485	7,976
- S-T Borrowings	7,757	(187)	5,438	6,586	8,060
- L-T Borrowings	700	577	186	44	(28)
- Cash Dividend		(1,077)	(1,077)		
- Other Financing Sources (Uses)	(66)	(288)	(216)	(145)	(56)
Net Cash Position Change	(699)	190	4,247	4,460	9,018
Effect of Foreign Currency	(70)	44	(109)	(203)	(79)
Cash At Beginning of Year	6,935	6,701	6,701	6,701	6,701
Ending Cash Balance	6,167	6,935	10,839	10,958	15,639

PRIMAX 2021 STRATEGY AND OUTLOOK

Primax Targets & Strategy



Deepen 3 senses In 1 strategy

Continue to expand new smart devices to inject growth momentum, increase high value-add new products to the mix each year, such as AIoT and Smart Access products.



Profit growth over revenue growth

Due to a continuous effort of optimizing our product and customer mix, gross margin and operating margin would likely see an improvement in the future. Primax is now adopting a profit over revenue growth strategy to optimize profitability and shareholders' return.



Intelligence Interface Segment

PC and gaming peripheral demand remain robust thanks to WFH (work from home). High growth is also expected from new businesses such as smart homes, docking, and wireless charging.



Visual Technology Segment

EV and ADAS demand would likely show strong growth in the coming years thanks to an US-based customer. Primax also aims to increase margins on its non-smartphone camera module mix.



Audio Segment

Growth would mainly come from consumer audio and video conference demands, coupled with new projects kick-off, Primax's audio profitability should improve significantly on a YoY basis.



Increase High Value-Add Products

Primax's strategy of gradually increasing commercial and industrial contribution from AIoT (ie. law enforcement body camera) and smart home (smart locks and smart doorbell), should be growth drivers in the future.



Upgrade Manufacturing Capabilities

Primax is pushing ahead towards Smart Manufacturing and Industrial 4.0 concept, with aims of increasing efficiency and lowering costs for the company.



Diversifying Capacity

With aims of mitigating country risks, Primax's Thailand manufacturing site is currently under construction and will be ready for production by 2021 year-end.

PRIMAX 2Q 2021 OUTLOOK



Primax Sales Outlook

Sales Outlook



Primax anticipates a positive YoY revenue growth in

Q2 2021, but the growth rate could be affected by component shortages in the market.

Covid-19 Demand

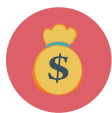
As a result of the ongoing pandemic, work from home (WFH) demand is translating to overall growth in the PC / gaming / consumer segments, which Primax is expecting double digit YoY growth.

Car Electronics

Car electronics demand would continue to grow robustly (ADAS camera module applied to EV and advanced driving assistance), however smartphone camera module revenue and mix would decrease.

Home Audio & Conference

Home audio and conference products should see continued growth, and new professional audio projects would be another boost. Revenue is expected to grow slightly QoQ, but higher margin revenue mix will increase substantially.



Primax Profit Outlook

Gross and operating margin expected to increase QoQ



Interface



Primax's profitability from interface related products should remain stable compared to past quarters thanks to intact PC / gaming demand in Q2 2021.



Visual

Profit growth in Q2 2021 would come mainly from an increase of car ADAS contribution, and Primax's net profit from its visual business would likely see substantial YoY growth.



Audio

Profit growth for Primax's audio business would come from two parts, namely Improvement in customer structure and an increase of high-end premium audio mix, which should translate into a significant QoQ growth.

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About Primax Electronics

[Primax Electronics](#) was founded in 1984 and is a leading supplier of IT, electronic and consumer solutions. The company is headquartered at Neihu Technology Park in Taipei City. Guided by the principle of "Global Operations with R&D and Smart Manufacturing in Taiwan", Primax now operates across Asia, The Americas and Europe. Highly-efficient production sites have been established in Taiwan, China and Thailand and the company has over 10,000 employees worldwide.

Seeing the potential of cloud technology and IoT, Primax has successfully developed human-machine interface products with touch, voice control, gesture recognition and wearable functions. Vision and video products have achieved notable successes in smart surveillance systems, mobile devices, smart homes, and advanced driver assistance systems. Our insistence on maintaining high yields as well as high quality in manufacturing and development is backed by our technical expertise. Our implementation of smart system engineering has also made us an indispensable partner for leading international brands and has allowed us to build up the energy needed for future growth.

For the latest news from Primax Electronics, visit our [website](#) or follow us on  

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