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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 2Q 2021 Financial Results

## Primax Speakers

## YY Hsiao

Senior Vice President | CFO |  
Taiwan

## Ellen Tseng

Director | Investor Relations |  
Taiwan



## Meeting Agenda



### Quarterly Results & Update

🕒 20'



### Trends & Growth Opportunities

🕒 15'



### Investor Questions & Feedback

🕒 10'

## Safe Harbor And Disclaimer

**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.

Actual results may differ materially from those contained in the forward-looking statements due to risk and uncertainties resulting from a number of important factors. Such factors include, but are not limited to: our highly competitive environment; the cyclical nature of our business; our ability to develop new products; and our successful execution in new business developments, and etc. 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.

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# PRIMAX HIGHLIGHTS OF THE QUARTER

- 2Q 2021 revenue up 1% YoY
- 1H 2021 revenue up 13% YoY
- Gross profit up 19% YoY
- Gross margin up 2.0ppt YoY
- Operating profit up 65% YoY
- Operating margin up 1.5ppt YoY

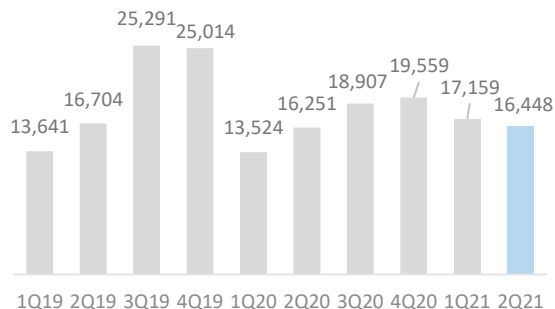


- PBT increased 32% YoY
- PBT margin was 4.8%
- PBT margin up 1.1ppt YoY

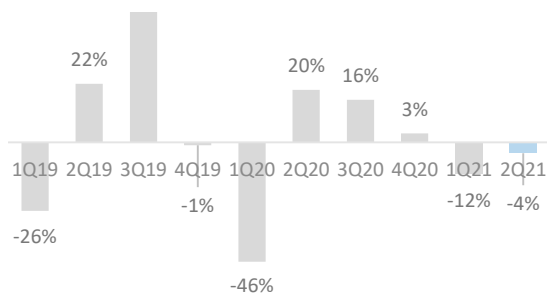


- EPS grew 21% YoY
- Net margin was 3.8%
- Net margin up 0.9ppt YoY

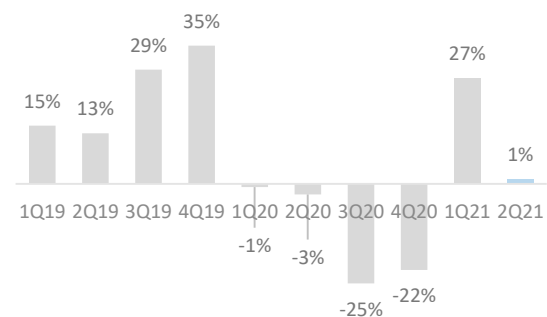
Quarterly Revenue (NTD million)



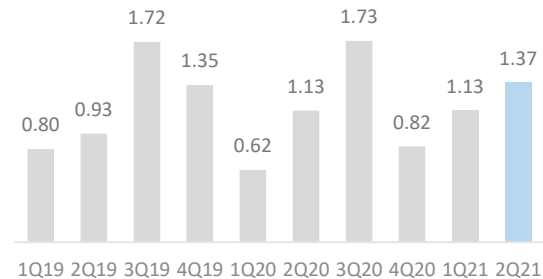
Quarterly Revenue Growth QoQ (%)



Quarterly Revenue Growth YoY (%)

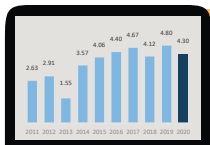


Quarterly Earnings Per Share (NTD)



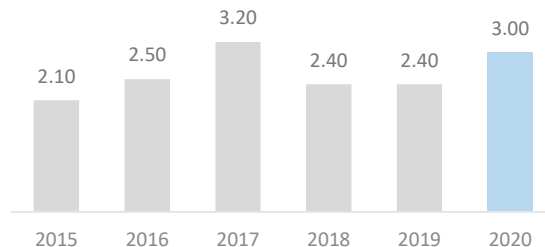
# PRIMAX FINANCIAL DASHBOARD

## Earnings Per Share (NTD)

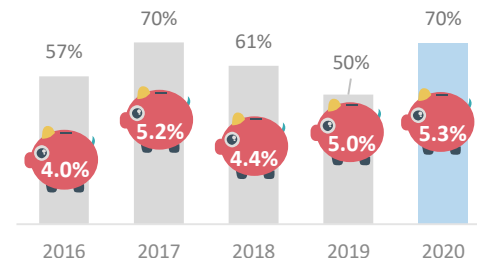


- 2020  
NTD 4.30
- 2Q21  
NTD 1.37

## Cash Dividend Per Share (NTD)



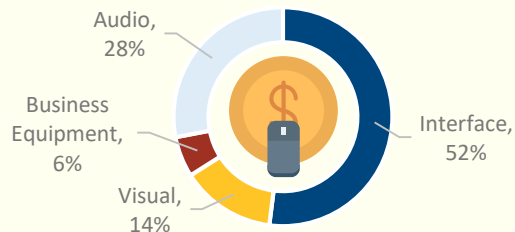
## Cash Dividend Payout & Dividend Yield (%)



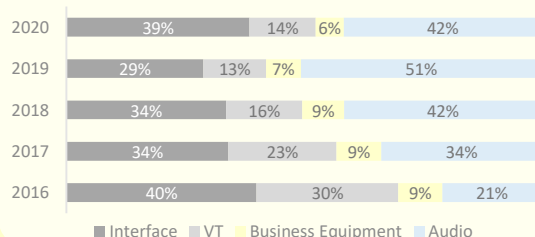
Note: \*Yield all based on June 30 close price

## Quarterly And Annual Sales Breakdown

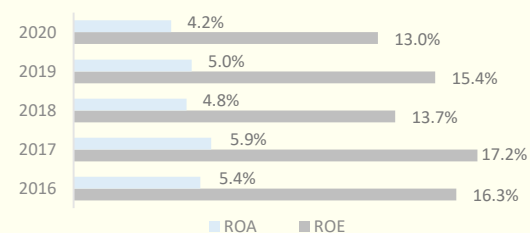
### 2Q 2021 Sales Breakdown (%)



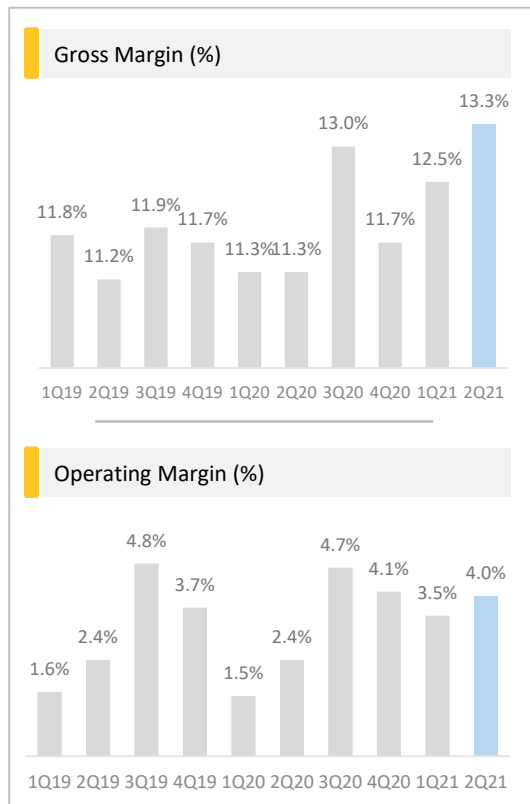
### Annual Sales Breakdown (%)



### Return On Equity & Return On Assets (%)

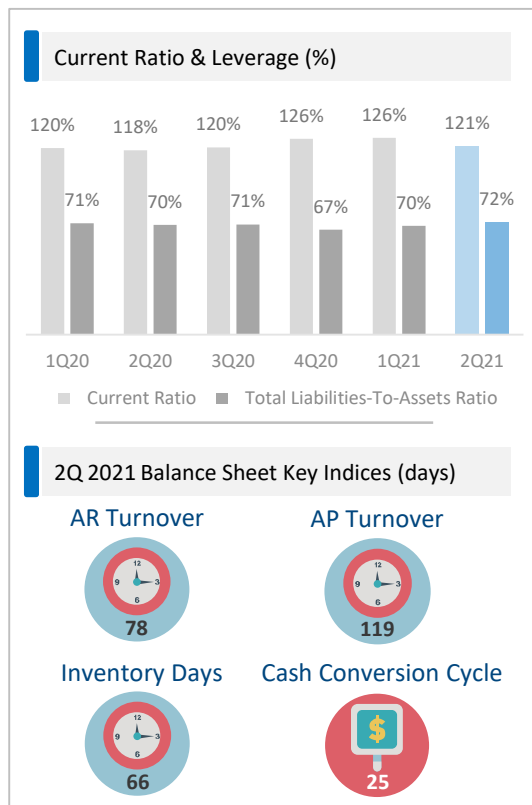


# PRIMAX INCOME STATEMENT



(NTD million)	Q2 2021	Q1 2021	Q2 2020	QoQ	YoY
<b>Net Sales</b>	<b>16,448</b>	<b>17,159</b>	<b>16,251</b>	<b>-4.1%</b>	<b>1.2%</b>
COGS	14,257	15,011	14,410		
Gross Profit	2,191	2,148	1,842	2.0%	19.0%
Gross Margin (%)	13.3%	12.5%	11.3%	0.8%	2.0%
Operating Expense	1,533	1,556	1,444	-2.1%	6.2%
Operating Expense (%)	9.3%	9.1%	8.9%	0.3	0.4%
<b>Operating Income</b>	<b>658</b>	<b>592</b>	<b>398</b>	<b>11.0%</b>	<b>65.3%</b>
Operating Margin (%)	4.0%	3.5%	2.4%	0.5%	1.5%
Non-operating Items	137	42	204		
Income before Tax	795	634	602	25.3%	31.9%
Income Tax	167	133	132		
<b>Net Income</b>	<b>627</b>	<b>501</b>	<b>470</b>	<b>25.1%</b>	<b>33.4%</b>
Net Margin (%)	3.8%	2.9%	2.9%	0.9%	0.9%
Net income attributed to Primax	611	505	503	21.0%	21.5%
EPS (NTD)	1.37	1.13	1.13	21.2%	21.2%

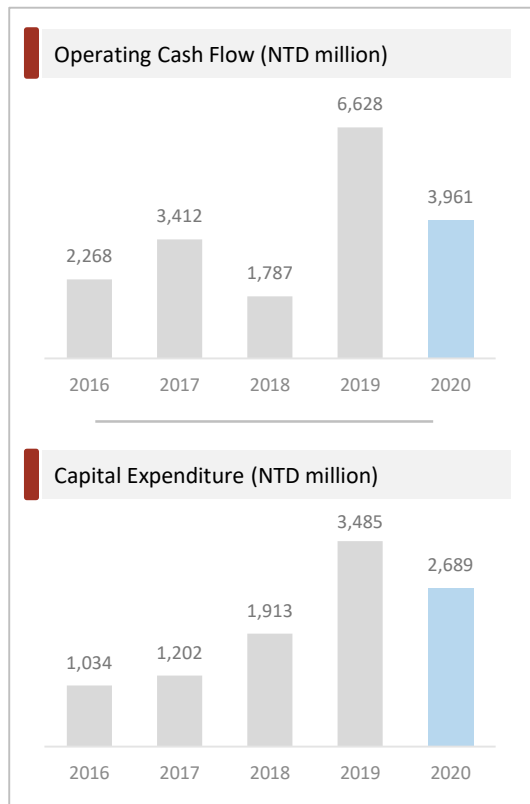
# PRIMAX BALANCE SHEET



(NTD million)

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
<b>Cash</b>	<b>5,127</b>	<b>6,167</b>	<b>6,935</b>	<b>10,839</b>	<b>10,958</b>
Notes & Accounts Receivable	13,207	12,145	13,579	14,807	11,967
Inventory	11,225	10,242	10,247	8,790	7,241
<b>Total Current Assets</b>	<b>40,748</b>	<b>39,547</b>	<b>35,110</b>	<b>37,470</b>	<b>33,569</b>
Fixed Assets	6,601	6,497	6,542	6,505	6,389
<b>Total Assets</b>	<b>53,590</b>	<b>52,646</b>	<b>47,307</b>	<b>50,179</b>	<b>46,251</b>
<b>Notes &amp; Accounts Payable</b>	<b>14,556</b>	<b>15,205</b>	<b>19,001</b>	<b>17,114</b>	<b>12,557</b>
S-T Borrowings	10,334	8,662	905	6,530	7,678
CPLTD	275	121	75	0	0
<b>Total Current Liabilities</b>	<b>33,644</b>	<b>31,316</b>	<b>27,941</b>	<b>31,201</b>	<b>28,406</b>
L-T Borrowings	1,147	1,334	681	364	222
<b>Total Liabilities</b>	<b>38,518</b>	<b>36,707</b>	<b>31,806</b>	<b>35,403</b>	<b>32,516</b>
<b>Total Equity</b>	<b>15,072</b>	<b>15,939</b>	<b>15,501</b>	<b>14,776</b>	<b>13,735</b>

# PRIMAX STATEMENT OF CASH FLOWS



(NTD million)

	Q2 2021 YTD	Q1 2021 YTD	Q4 2020 YTD	Q3 2020 YTD	Q2 2020 YTD
<b>From Operations</b>	<b>(10,500)</b>	<b>(8,572)</b>	<b>3,961</b>	<b>2,049</b>	<b>(647)</b>
- Income Before Tax	1,429	634	2,478	1,931	868
- Depreciation & Amortization	1,000	515	2,230	1,682	1,135
- Notes & Accounts Receivable	373	1,434	5,630	4,413	7,246
- Notes & Accounts Payable	(4,445)	(3,796)	(4,744)	(6,630)	(11,188)
- Inventory	(1,015)	14	(39)	1,416	3,080
- Other Operating Sources (Uses)	(7,842)	(7,373)	(1,594)	(763)	(1,788)
<b>From Investment</b>	<b>(1,148)</b>	<b>(517)</b>	<b>(2,796)</b>	<b>(2,131)</b>	<b>(1,378)</b>
- Fixed Assets	(1,157)	(533)	(2,689)	(2,008)	(1,305)
- Other Investing Sources (Uses)	9	17	(107)	(123)	(73)
<b>From Financing</b>	<b>9,969</b>	<b>8,390</b>	<b>(975)</b>	<b>4,330</b>	<b>6,485</b>
- S-T Borrowings	9,429	7,757	(187)	5,438	6,586
- L-T Borrowings	666	700	577	186	44
- Cash Dividend				(1,077)	
- Other Financing Sources (Uses)	(126)	(66)	(288)	(216)	(145)
<b>Net Cash Position Change</b>	<b>(1,678)</b>	<b>(699)</b>	<b>190</b>	<b>4,247</b>	<b>4,460</b>
Effect of Foreign Currency	(130)	(70)	44	(109)	(203)
Cash At Beginning of Year	6,935	6,935	6,701	6,701	6,701
Ending Cash Balance	5,127	6,167	6,935	10,839	10,958

# PRIMAX 3Q 2021 OUTLOOK



## Primax Sales Outlook

### Sales Outlook



Primax anticipates QoQ revenue growth in 3Q

with growth from audio business will likely be higher than others, as seasonality and new projects kicks in. Component shortage will remain a constraint in 2H.

### Interface & Biz Equipment

Compared to a high base in 3Q 2020, PC and gaming YoY growth rate will be muted in 3Q 2021, but should still maintain at 2Q 2021 levels. Primax expects new business products contribution to rise in 2H 2021, while demand for printers and MFP will resume growth in 2H 2021.

### Visual Technology

Police body cam growth rate will revitalize in 3Q 2021, shaking off the slow start in 1H 2021. ADAS camera demand would sustain at reasonable growth rate, while smartphone camera module revenue and mix would decrease.

### Premium Audio & Conference

Premium consumer audio should see high double-digit QoQ growth, with consumer speakers and smart speakers being the key growth drivers, followed by headphones.

For the audio business, the typical seasonal split is 35% in 1H and 65% in the second half of the year.



## Primax Profit Outlook

Gross margin and operating margin are expected to at least maintain or improve vs 2Q 2021



### Interface



Profit will maintain at steady high levels due to margin resilience and product mix optimization, as Smart Access, wireless charging, docking, and optomechanics would all be contributing to the bottom-line.



### Visual

Profit growth in Q3 2021 would come mainly from an increase of car ADAS contributions, and Primax's profit from its visual business would likely see substantial YoY growth.



### Audio

With audio revenue expected to see a jump QoQ in 3Q 2021, profit should grow significantly QoQ. In addition, the improvement in customer mix and an increase of high-end premium audios, should translate into higher YoY gross margin in 3Q 2021.



# 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. fleet management and 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 AT A GLANCE AND LONG-TERM GROWTH STRATEGY

## 2020 Group numbers of:

Revenue = NTD 68.24 billion

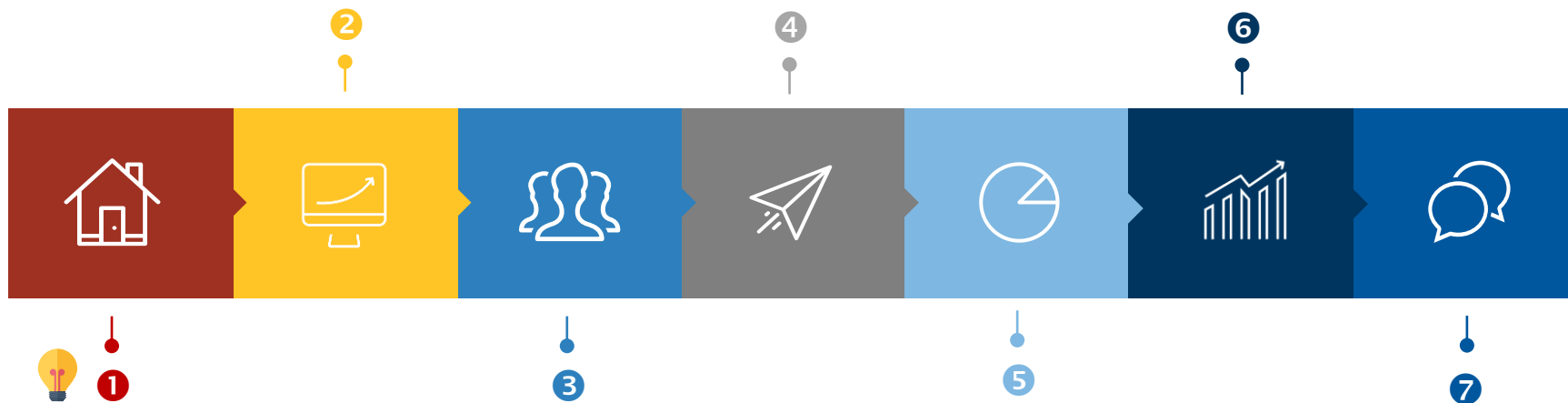
Net profit = NTD 1.92 billion

## CAGR 1989-2020

- Revenue = 15%
- Net profit = 14%

## Stable returns

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



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

Worldwide employee of 17,000+

## Solid financial performance

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

## Corporate governance & ESG

- Highly 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
- 
- ✓ Achieving through product life cycle transition
  - ✓ New technology evolution



## ODM Design Service Provider

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



## Moving Away From Low Value Add

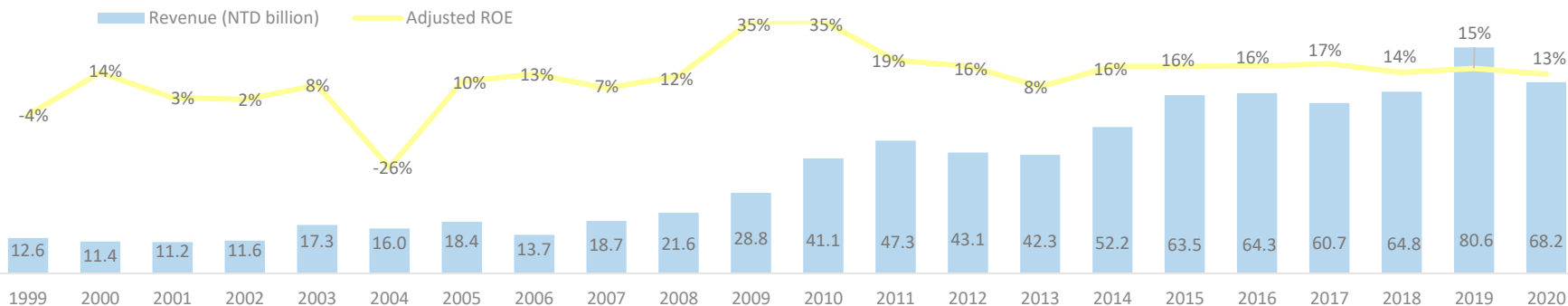
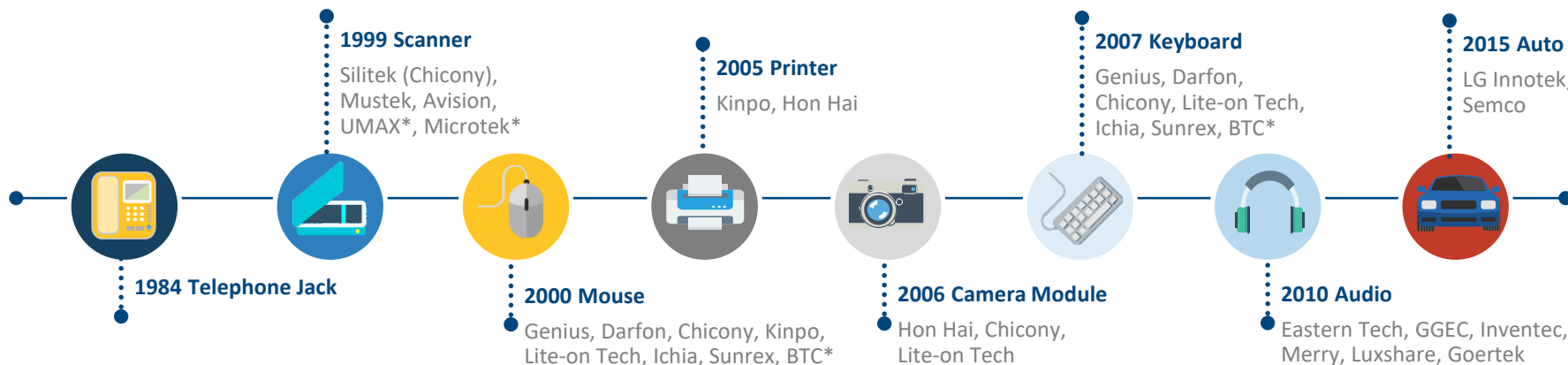
- ✓ Moving away from me-too business
  - ✓ Moving to higher margin products
- 
- ✓ Seeking out cloud based service provider customers in need of a reliable long-term hardware provider



## Diversity To Mitigate Risks













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

# SUSTAINABLE SUCCESS IN PRODUCT DIVERSIFICATION

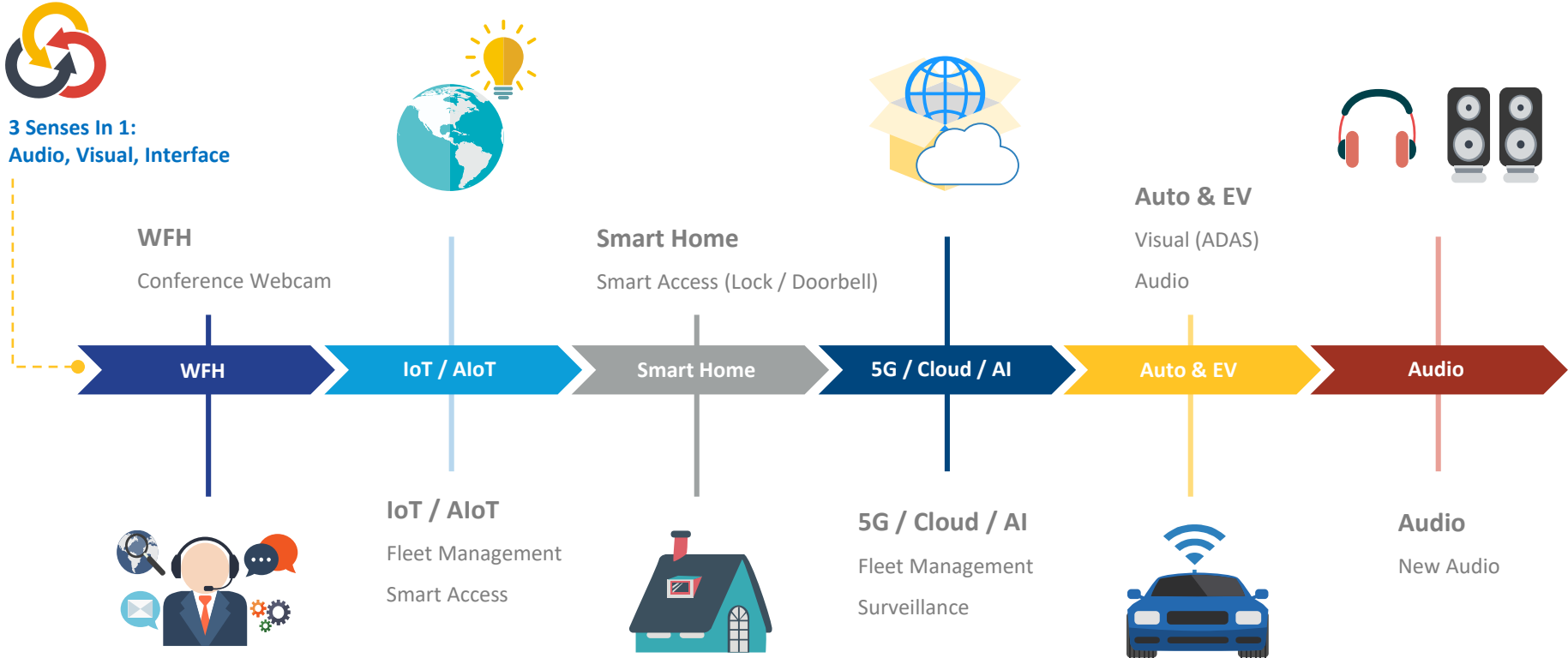


Note: (1) Companies with an asterisk are delisted or no longer in business. (2) Primax's 2008-2016 ROE is calculated on a conservative basis, adding back NTD 1.2 billion in goodwill that was written down before re-listing.

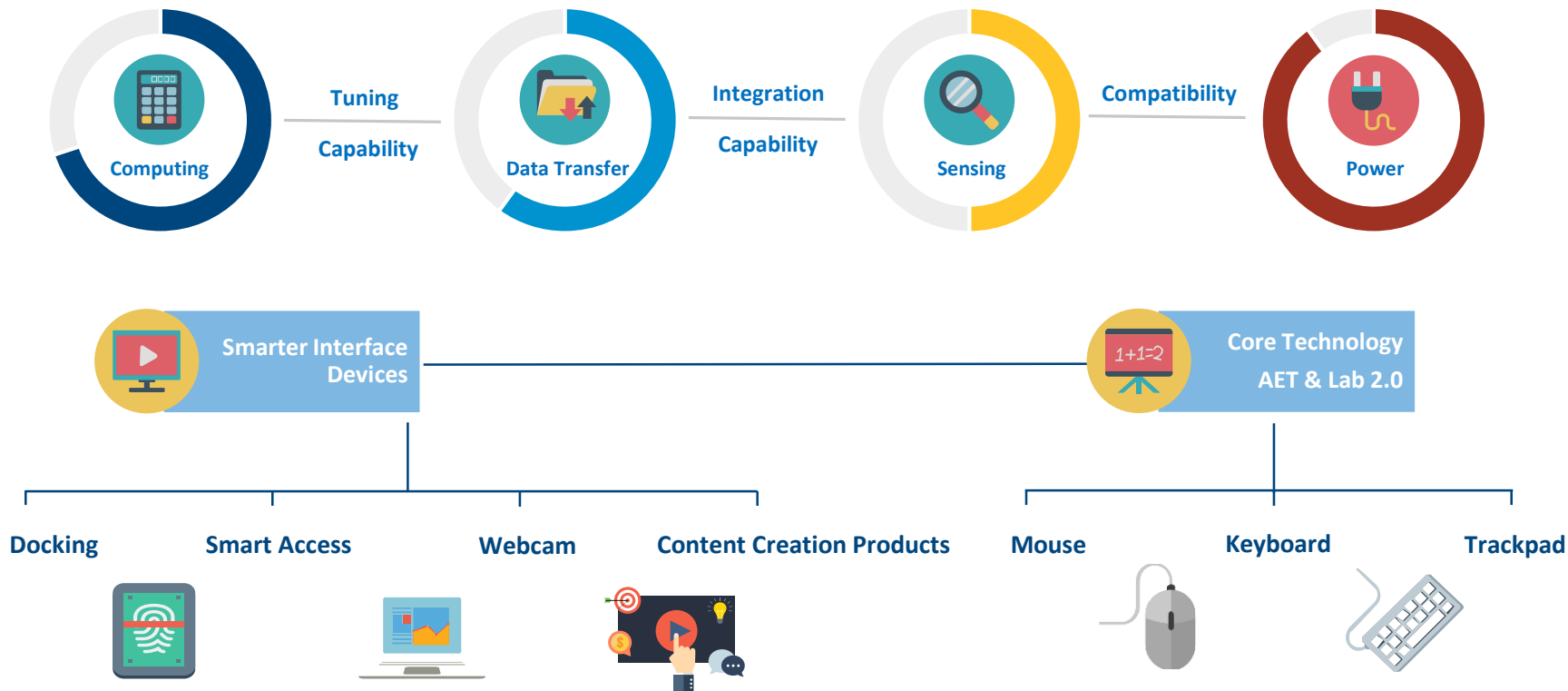
# PRODUCT PORTFOLIO AND APPLICATIONS

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

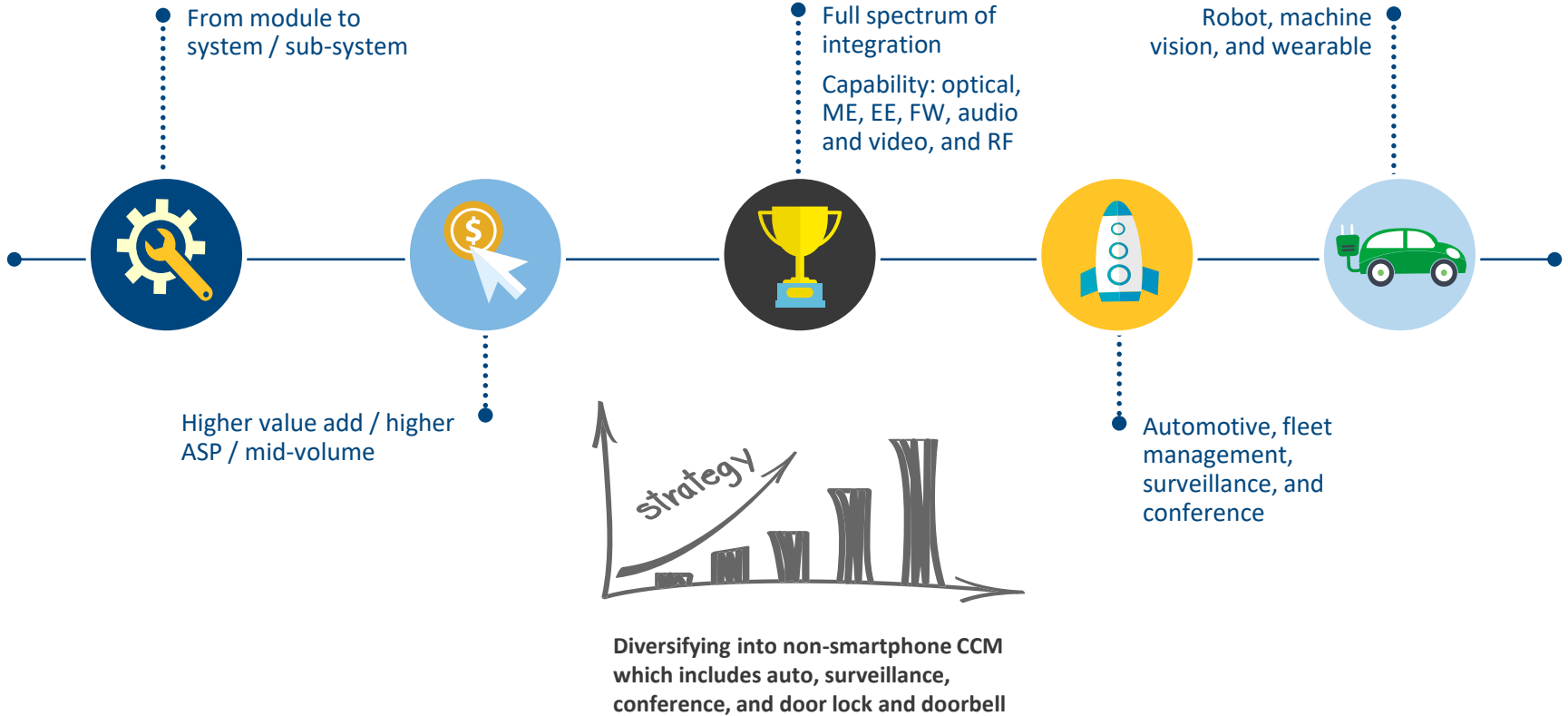
# 3 SENSES IN 1 HARDWARE SOLUTIONS PROVIDER



# INTELLIGENT INTERFACE GROWTH FROM IOT

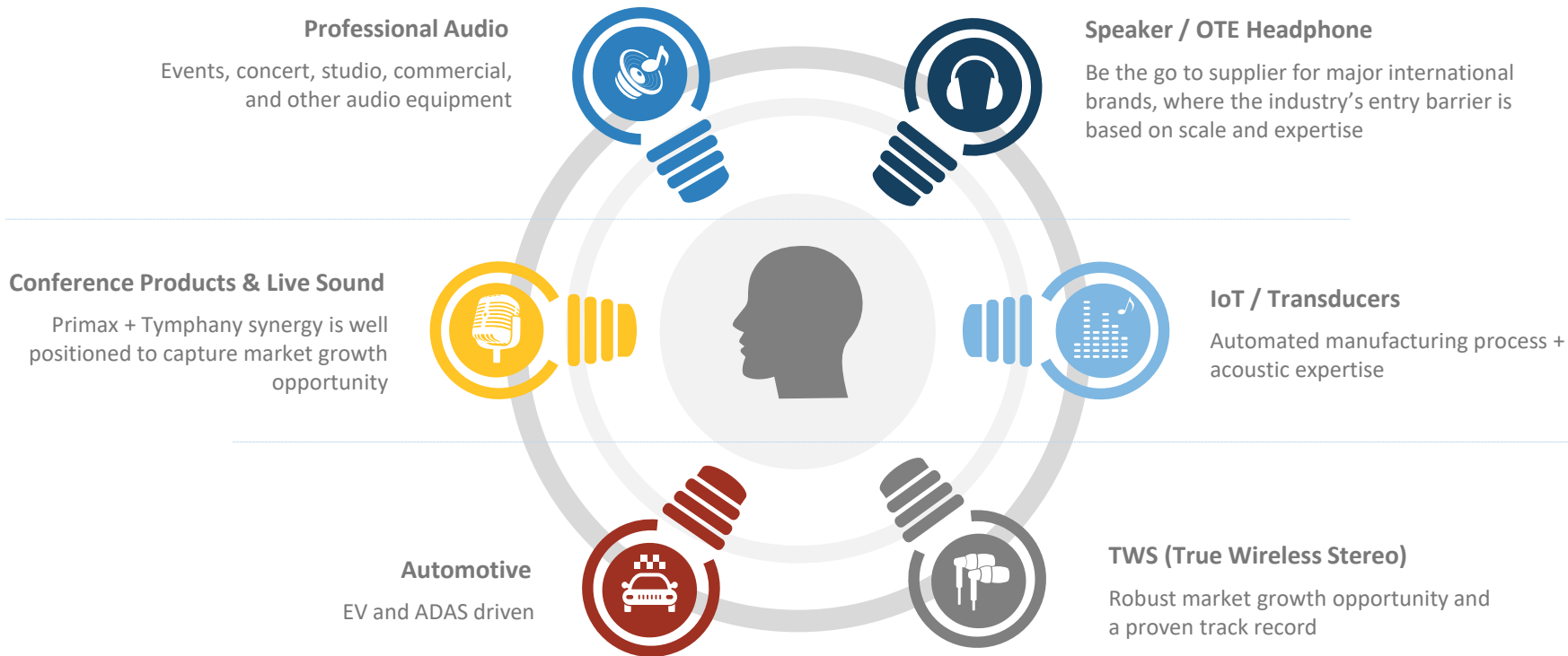


# HIGHER VALUE-ADD VISUAL TECHNOLOGY





# WELL POSITIONED IN AUDIO SEGMENT



# PRIMAX KEY INVESTMENT THESIS

## Growth Opportunities

3 senses in 1 strategy

Car electronics (EV / ADAS), fleet management, surveillance, and smart door lock and doorbell

## Capitalizing On Mega Trends

AIoT, smart home, 5G / cloud / AI, auto and new audio

## Margin Expansions

Better product mix, increase new businesses, and focus on low-medium volume but higher margin and / or ASP products



## Capital Deployment

Increase dividend payout, less capex and strong free cash flow generating ability

## Shareholder Return

Historically paid out 50-70% of earnings, with ROIC > 13% and ROE at about 15%

## Commitment To CSR / ESG

Management has strong commitment to CSR / ESG, and Primax is oftentimes ranked as one of the best CSR / ESG listed entities in Taiwan

## Primax Electronics Headquarter

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### About Primax Electronics

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[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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