



增你強股份有限公司  
Zenitron Corporation

ZENITRON  
**2018 Investor Conference**

**2018. 05.04**

# Safe Harbor Statement



增你強股份有限公司  
Zenitron Corporation

- Zenitron's forward-looking statements, which may include statements regarding its results of operations, financial condition or business prospects, are subject to significant risks and uncertainties and are based on Zenitron's current expectations.
- Actual results may differ materially from those expressed or implied in these forward-looking statements for a variety of reasons, including, among other things: the cyclical nature of our industry; our dependence on introducing new products on a timely basis; our dependence on growth in the demand for our products; our ability to compete effectively; our dependence on key personnel; general economic and political conditions; possible disruptions in commercial activities caused by natural and human-induced disasters, including terrorist activity and armed conflict; and fluctuations in foreign currency exchange rates.
- In addition, any financial information contained here within is presented in conformity with International Financial Reporting Standards (IFRSs).
- Except as required by law, our release of forward-looking statements at any particular time does not create any duty of disclosure, and we expressly disclaim any obligation to publicly update or revise any forecasts or forward-looking statements, whether as a result of new information, future events or otherwise.

# Agenda



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## 1. Overview

Tommy Yeh, CFO

## 2. Financial Update

Tommy Yeh, CFO

## 3. Business Outlook

Andrew Chou, CEO



## 4. Questions and Answers

Team

# 1. Overview

- **A solution-centric distributor of semiconductor and electronic components, founded in 1982 and listed in 2000 (ticker: 3028 TT)**
- **Contract manufacturers, namely B2B markets, are the majority customers. The secondary being retail (B2C) market.**
- **2017 revenues of NT\$27.6bn, up 24% YoY**
- **15 offices and 31 logistic centers in Greater China with over 3,800 customers**
- **Over 650 headcounts (200 sales, 147 PMs, and 90 FAEs)**

# 1. Overview

Sales Offices **15**   
Logistics Centers **31** 

## Greater China offices/logistic centers

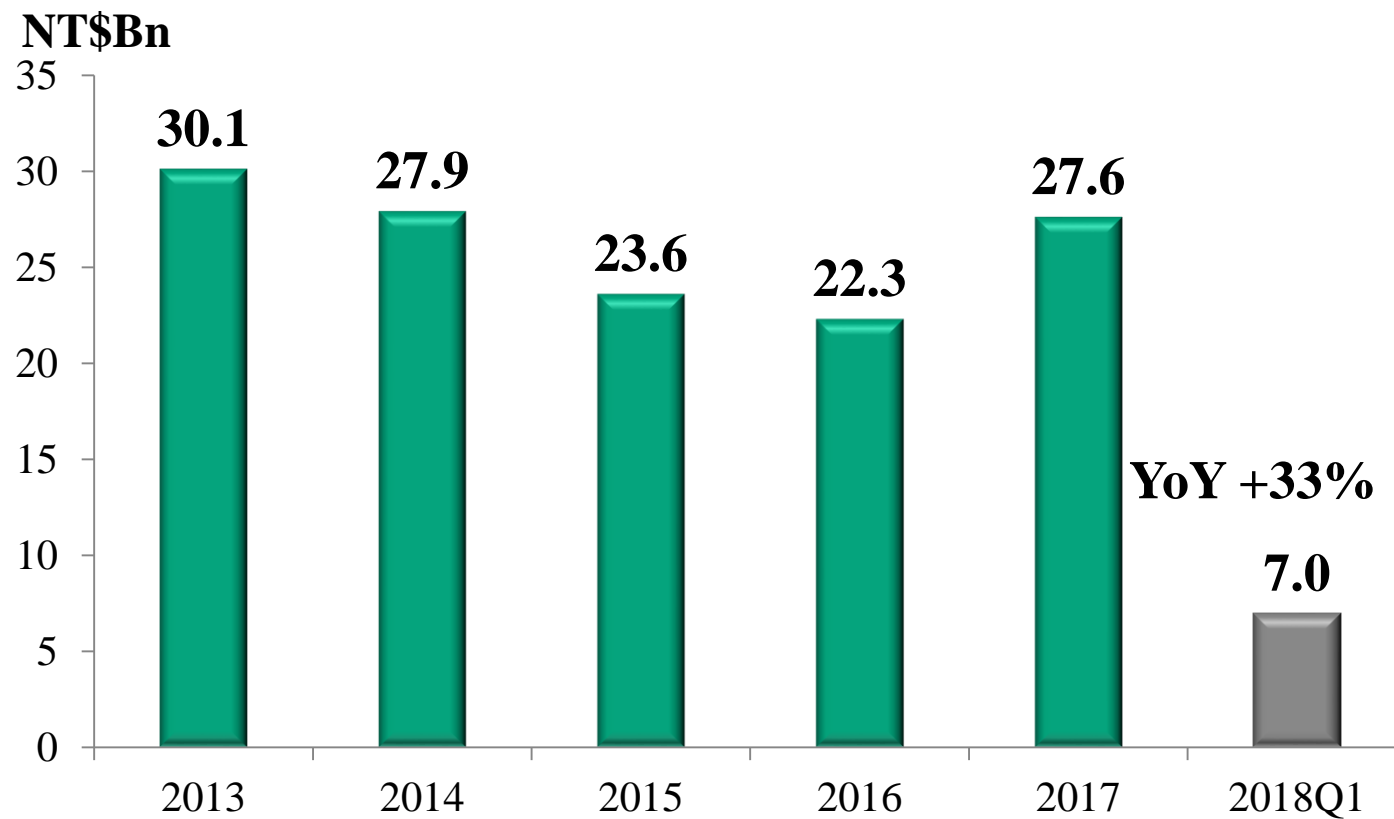


# 1. Overview



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## Revenue



# 2. Financial Update



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## Statement of Comprehensive Income

unit:NT\$m

Key accounts	Y2017		Y2016		%YoY
	\$	%	\$	%	
<b>Net Operating Revenue</b>	<b>27,576</b>	<b>100.0%</b>	<b>22,267</b>	<b>100.0%</b>	<b>24%</b>
<b>Gross Profit</b>	<b>1,478</b>	<b>5.4%</b>	<b>1,331</b>	<b>6.0%</b>	<b>11%</b>
Operating Expenses	(988)	-3.6%	(988)	-4.4%	0%
<b>Operating Income</b>	<b>490</b>	<b>1.8%</b>	<b>344</b>	<b>1.5%</b>	<b>43%</b>
Financing Cost	(117)	-0.4%	(66)	-0.3%	77%
others	143	0.5%	58	0.3%	149%
Earning Before Tax	517	1.9%	335	1.5%	54%
Income Tax Expense	(85)	-0.3%	(43)	-0.2%	99%
<b>Profit After Tax</b>	<b>432</b>	<b>1.6%</b>	<b>293</b>	<b>1.3%</b>	<b>48%</b>
<b>EPS (in dollars)</b>	<b>2.02</b>		<b>1.37</b>		<b>48%</b>



# 2. Financial Update



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## Statement of Comprehensive Income

unit: NT\$m

Key accounts	1Q18		4Q17		%QoQ	1Q17		%YoY
	\$	%	\$	%		\$	%	
Net Operating Revenue	6,954	100.0%	7,720	100.0%	-10%	5,248	100.0%	32%
Gross Profit	374	5.4%	410	5.3%	-9%	314	6.0%	19%
Operating Expenses	(249)	-3.6%	(289)	-3.7%	-14%	(233)	-4.4%	7%
Operating Income	125	1.8%	121	1.6%	3%	81	1.5%	53%
Financing Cost	(39)	-0.6%	(35)	-0.5%	10%	(23)	-0.4%	71%
others	59	0.8%	44	0.6%	34%	44	0.8%	35%
Earning Before Tax	145	2.1%	129	1.7%	12%	102	2.0%	41%
Income Tax Expense	(49)	-0.7%	(8)	-0.1%	520%	(31)	-0.6%	58%
Profit After Tax	96	1.4%	121	1.6%	-21%	71	1.4%	34%
EPS (in dollars)	0.44		0.57		-23%	0.33		32%



# 2. Financial Update



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## Balance Sheet

Unit:NT\$m

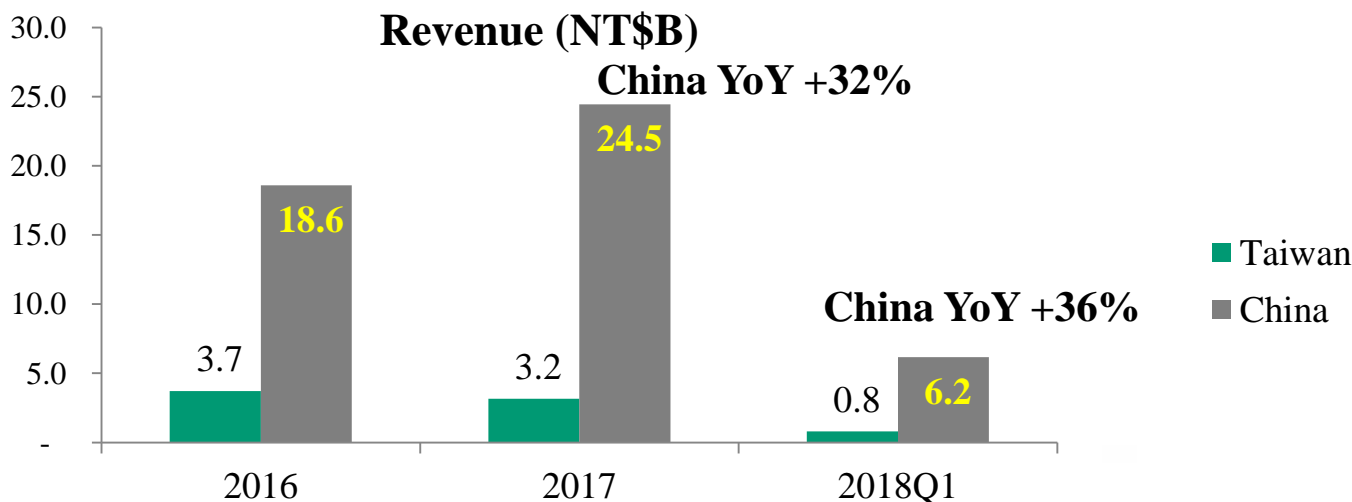
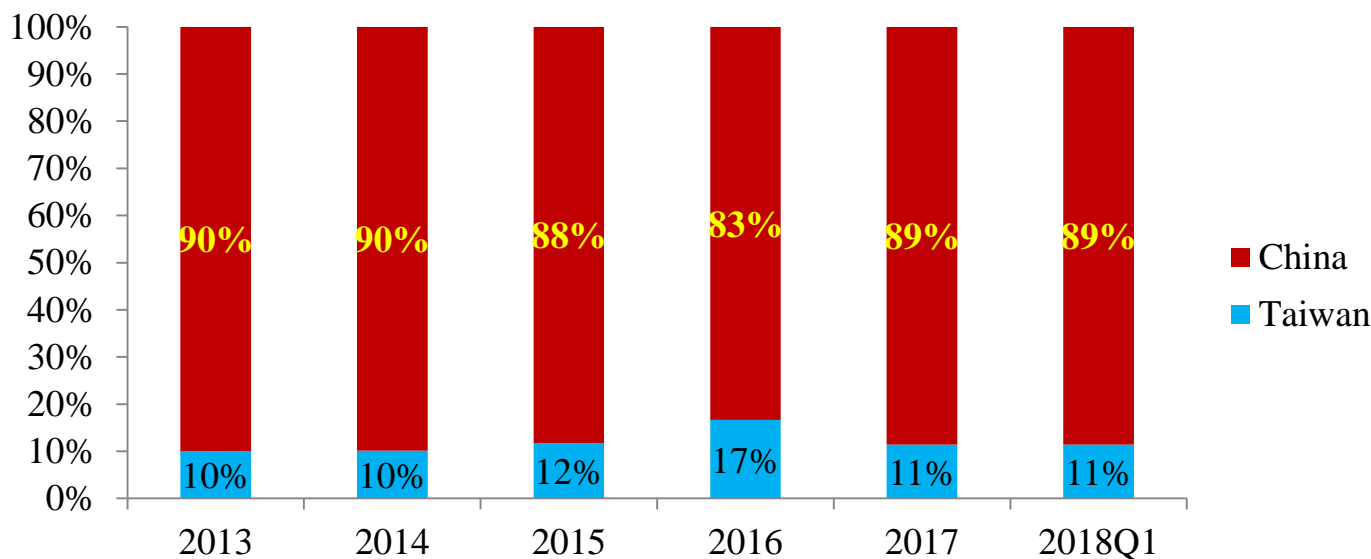
Key accounts	2018Q1		2017Q4		2017Q1	
	\$	%	\$	%	\$	%
Cash and cash equivalents	1,161	8%	1,121	7%	1,190	9%
Accounts receivable	6,649	44%	6,326	42%	5,178	38%
Inventory	5,489	36%	5,566	37%	5,068	38%
Other current assets	1,109	7%	1,150	8%	1,200	9%
Non-current assets	834	5%	845	6%	868	6%
<b>Total Assets</b>	<b>15,242</b>	<b>100%</b>	<b>15,008</b>	<b>100%</b>	<b>13,504</b>	<b>100%</b>
Short-term loans	5,872	39%	5,368	36%	4,925	36%
Accounts payable	3,458	23%	3,916	26%	3,238	24%
Other current liabilities	910	6%	742	5%	336	2%
Other liabilities	182	1%	164	1%	192	1%
<b>Total Liabilities</b>	<b>10,421</b>	<b>68%</b>	<b>10,190</b>	<b>68%</b>	<b>8,690</b>	<b>64%</b>
<b>Total Equity</b>	<b>4,821</b>	<b>32%</b>	<b>4,818</b>	<b>32%</b>	<b>4,813</b>	<b>36%</b>
<b>Indices</b>						
Current ratio	141%		141%		149%	
Debt/Assets ratio	68%		68%		64%	
Debt/Equity ratio	216%		212%		181%	

# 2. Financial Update



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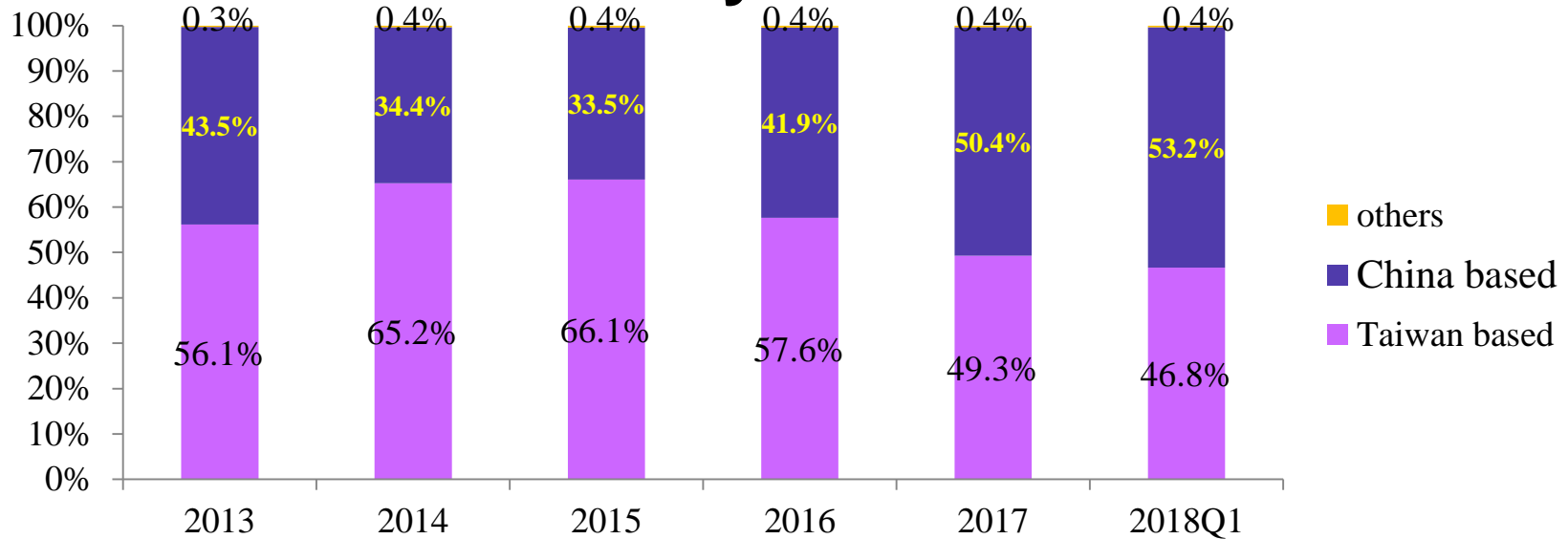
## Revenue by Geography (ship-to destination)



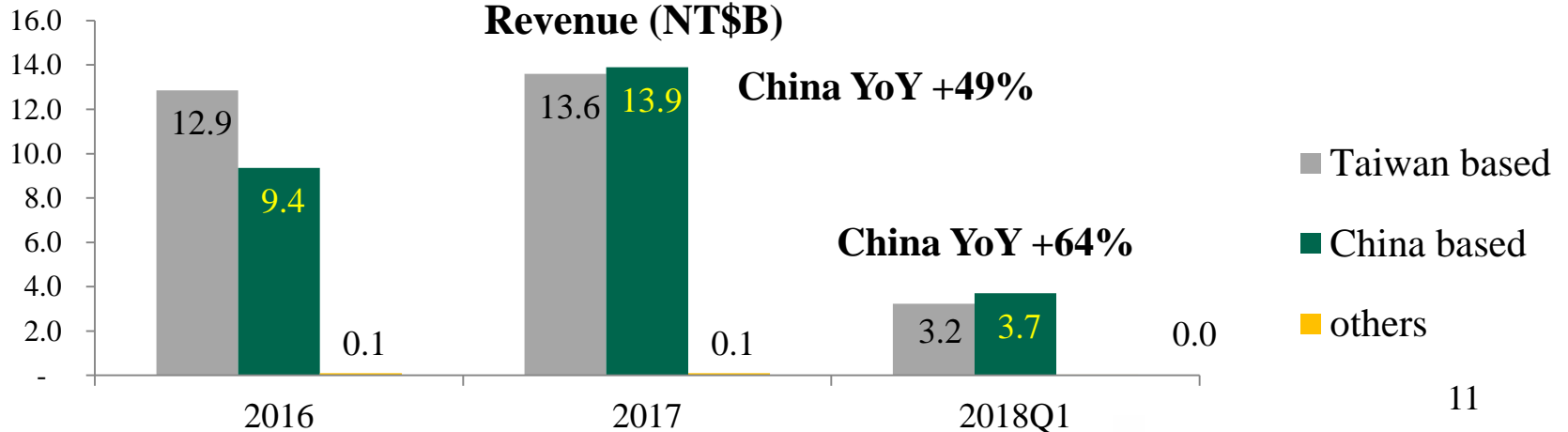
# 2. Financial Update



## Revenue by Customer



## Revenue (NT\$B)

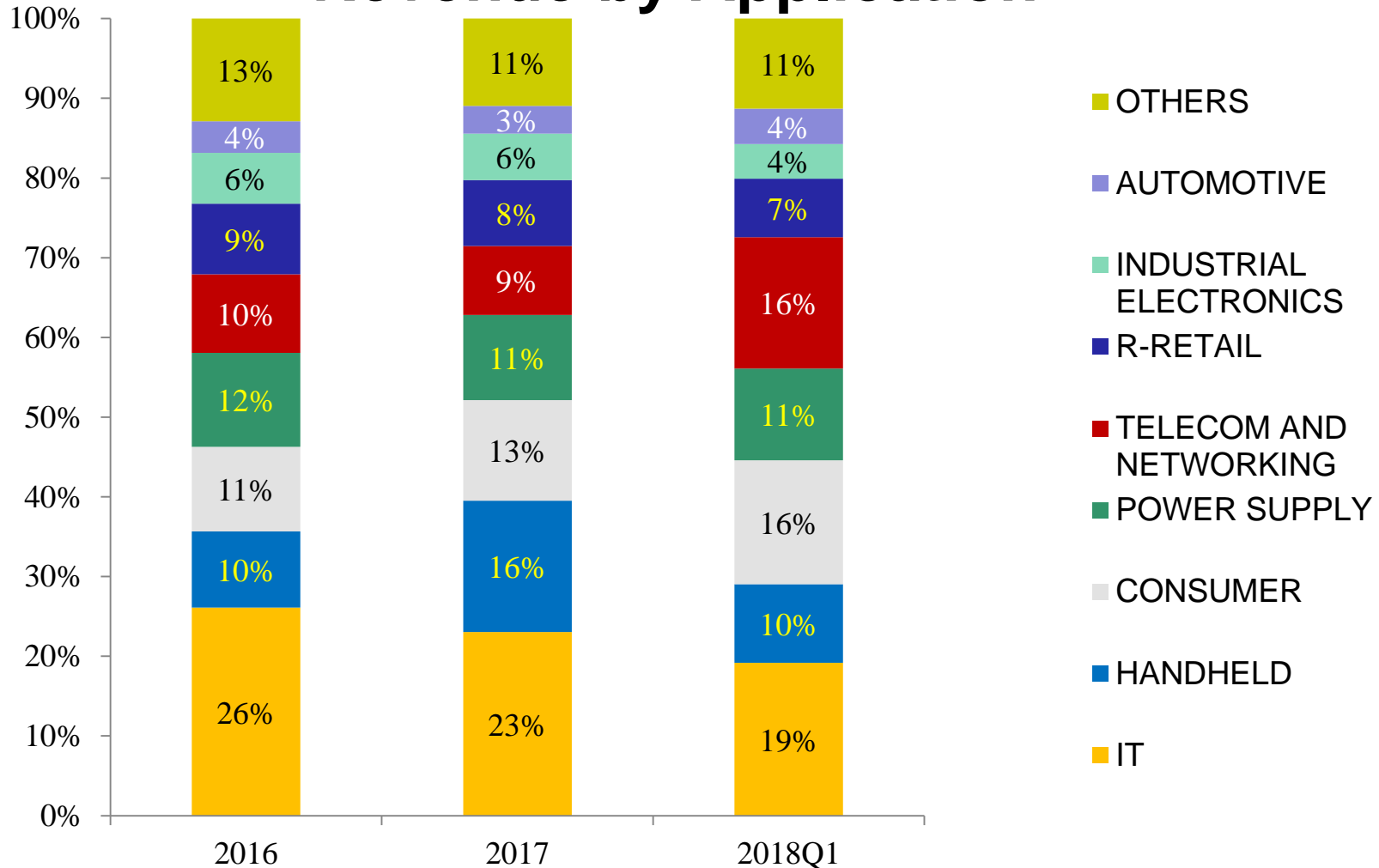


# 2. Financial Update



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## Revenue by Application

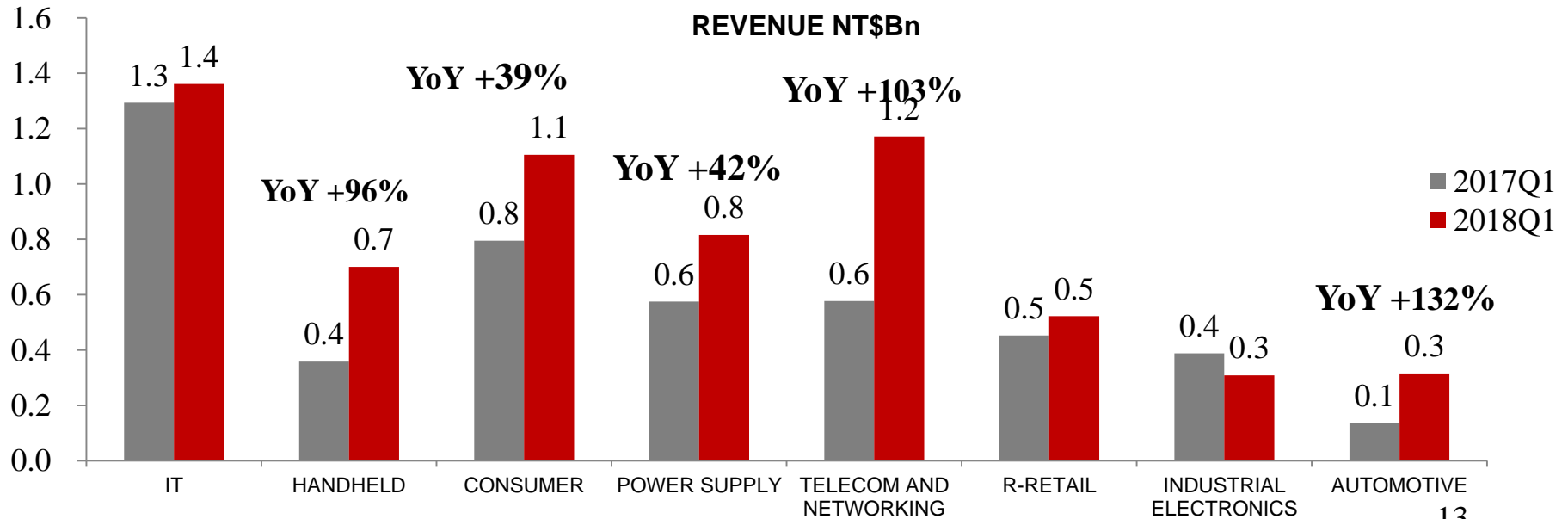
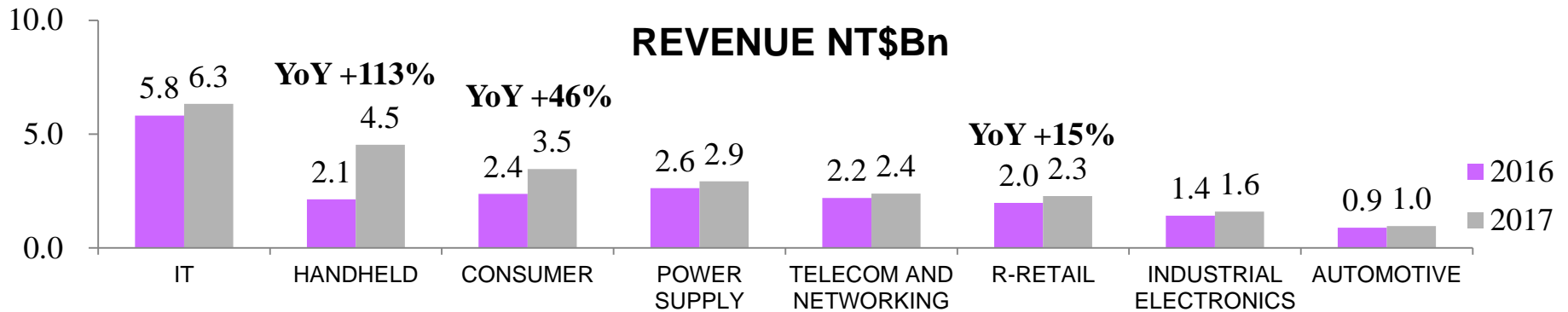


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## Revenue by Application

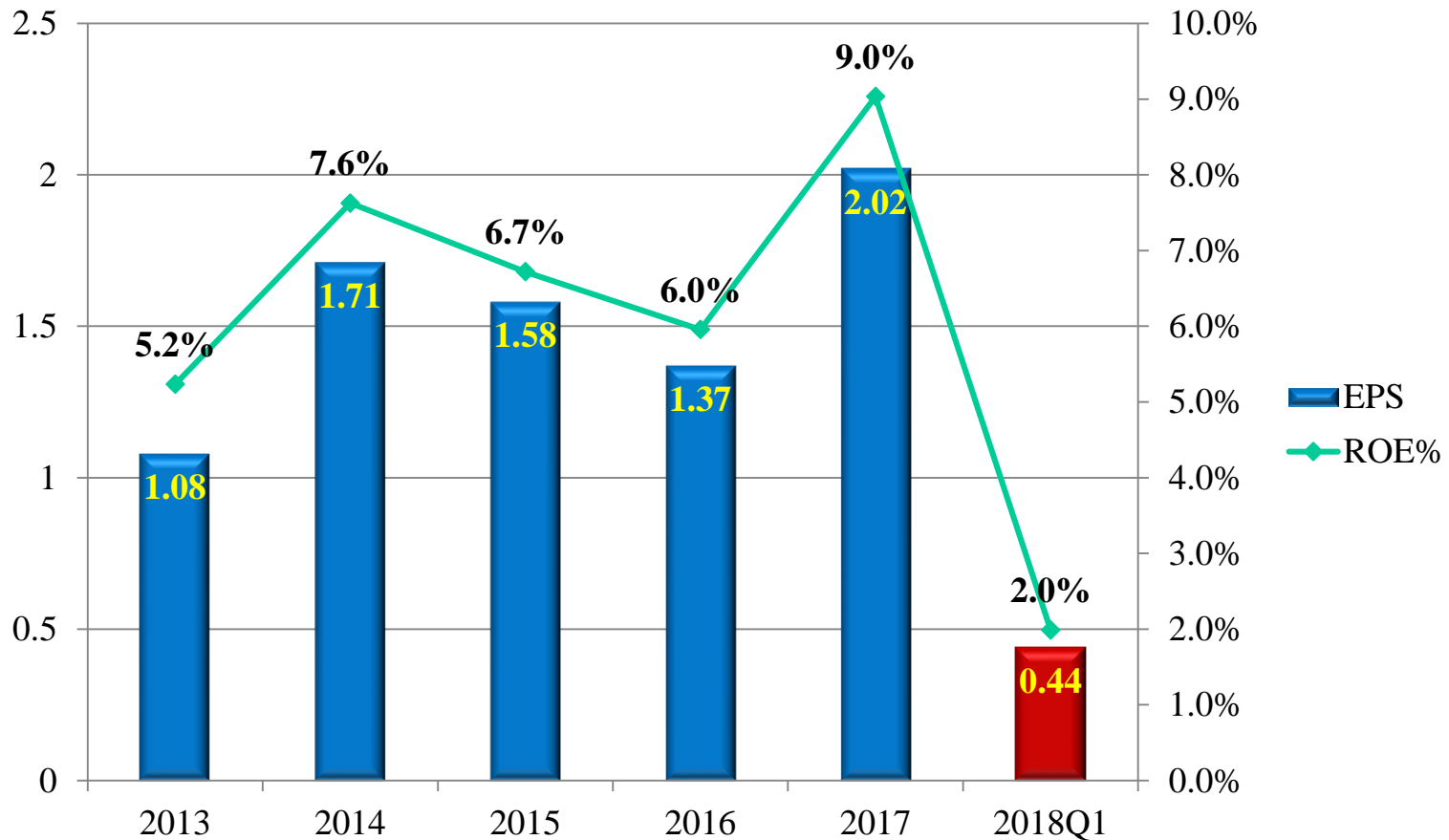


# 2. Financial Update



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## ROE vs. EPS

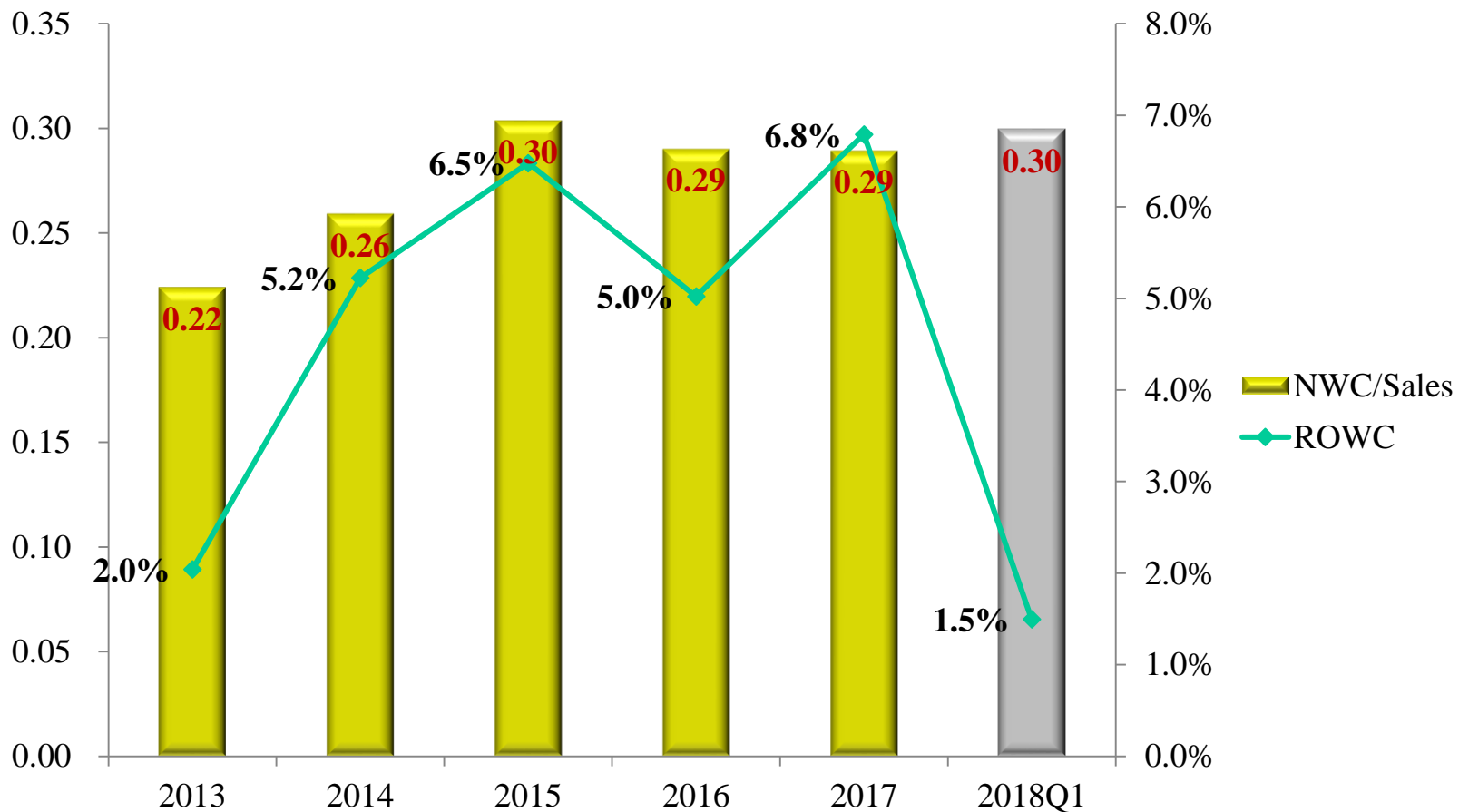


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## ROWC vs. NWC/Sales



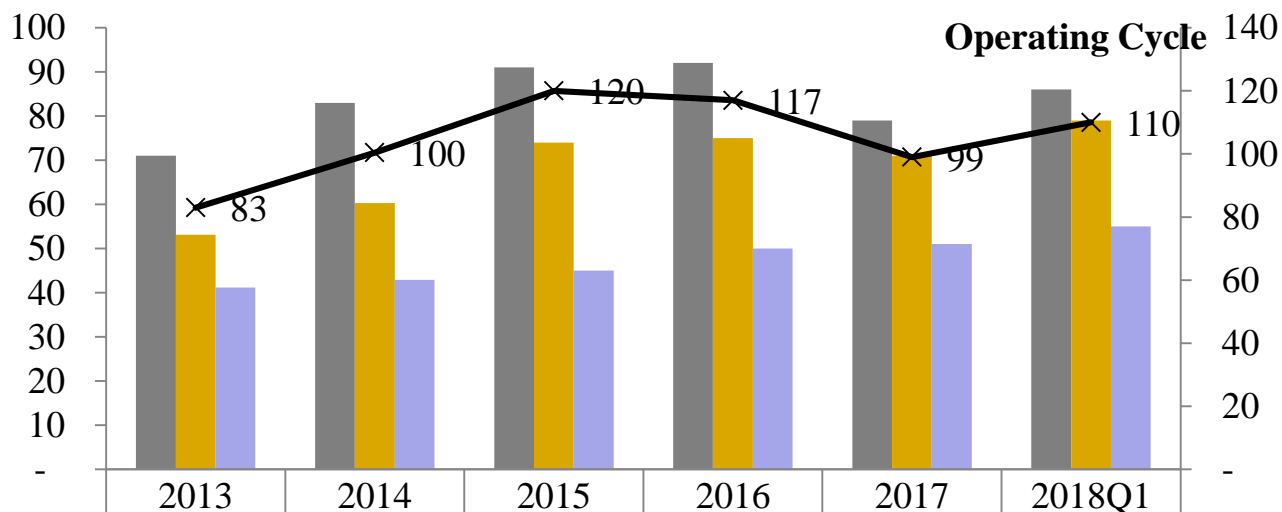


# 2. Financial Update



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## Operating Cash Cycle



	2013	2014	2015	2016	2017	2018Q1
AR	71	83	91	92	79	86
Inventory	53	60	74	75	71	79
AP	41	43	45	50	51	55
Operating Cycle	83	100	120	117	99	110

■ AR   ■ Inventory   ■ AP   ✕ Operating Cycle

# 3. Business outlook



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- **2018 growth momentum:**  
**Automotive/Telecom & Networking/IOT/Type C**  
**/Handheld Device/Consumer Electronics**
- **18Q1 revenue in line with expectation:**
  - **customers' inventory building up due to semiconductor's shortage**
  - **strong demand in Consumer Electronics/upstream Panel key component market customers**
  - **growth momentum in Automotive/Telecom & Networking market stronger-than-expected**
  - **robust demand in Power market : Server Power, Industrial Power, Telecom Power and LED Lighting Power**
  - **VGA Card, Mining Machine market outperformed in Q1, yet demand unstable afterward**

# 3. Business outlook



- traditional low season in Q2 expectedly in Y18, Q2 revenue will remain sluggish compared to Q1.
- 2018 Headwinds : U.S. ban on ZTE; Huawei/Lenovo could possibly be the next targets which would cause greater impact.

<b>AUTOMOTIVE</b>	Flat growth in Automotive market
<b>CONSUMER</b>	We expect flat or even down 5-10% in Q2 large size TV Panel market due to weak sales and over-supply in US and China TV market with Q1 strong production of panel makers.
<b>HANDHELD</b>	Great growth expected in Q2 due to strong demand in top China mobile phone maker and sufficient supply from flash memory supplier.
<b>INDUSTRIAL ELECTRONICS</b>	Flat in Q2 due to unsure Mining Machine market and China's top drone maker's outlook
<b>IT</b>	While sluggish for the 14 <sup>th</sup> consecutive quarter in PC/NB shipment, we focus on business opportunities in Server, IOT, AI, Robotic application and cloud computing products.
<b>POWER SUPPLY</b>	Weaker Q2 market demand , but we expect to remain flat due to sales increase in China EV charging station bidding projects by Q2 end.
<b>R-RETAIL</b>	China major E-Commerce player's June promotional event will stimulate a wave of consumer buying sentiment in Q2.
<b>TELECOM AND NETWORKING</b>	Sluggish Q2 demand expected compared to Q1.

# 3. Business outlook



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- **2H18 will see shortage of semiconductors to alleviate. We remain confident to hit our Q2 revenue target.**
- **Profit increase is expected in 2H18 in Automotive, IOT, Server Storage, Telecom Network markets. 2H18 will be peak season for Mobile Phone/IT/TV markets which move our revenue growth higher.**
- **EV Charging Station and Telecom Cloud Storage bidding projects to be happened in Q2 end and early Q3, boosting 2H18 market demand and customers' pulling in.**
- **Keep focusing on small-to-medium sized customers, enhancing related products and application in IOT market will drive our margin.**

