

Promise Technology Investor Conference

Speaker: James Lee, CEO, Promise Technology

Date: May 27, 2016



Disclaimer

- **PROMISE's** statements of its current expectations are forward-looking statements subject to significant risks and uncertainties and actual results may differ materially from those contained in the forward-looking statements.
- **Except** as required by law, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.

Selected Items from Statement of comprehensive Income					
(In NT\$ Millions)	2011	2012	2013	2014	2015
Net Revenue	2,828	3,108	3,617	3,818	2,990
Gross Margin	40.2%	38.7%	42.2%	45.8%	42.3%
Operating Expenses	1,253	1,052	1,156	1,295	1,129
Income from operation	(117)	152	370	456	137
Operating Margin	-4.1%	4.9%	10.2%	11.9%	4.6%
Net Income	(183)	101	331	404	78
Net Profit Margin	-6.5%	3.2%	9.1%	10.6%	2.6%
EPS(NT\$)	(1.25)	0.68	2.22	3.22	0.48
ROE	-11.7%	6.4%	17.2%	17.5%	3.3%
FX rate(NT\$/US\$)	29.39	29.57	29.69	30.31	31.74

Selected Items from Statement of comprehensive Income_1Q 16

(In NT\$ Millions)	1Q16	4Q15	Quarterly Change	1Q15	Yearly Change
Net Revenue	630	811	-22.3%	880	-28.4%
<i>Gross Margin</i>	42.0%	39.7%	5.7ppts	43.0%	-2.3ppts
Operating Expenses	307	282	8.7%	295	3.9%
<i>Operating Margin</i>	-6.8%	4.9%	-	9.4%	-
Net Income	-55	2	0.0%	51	0.0%
<i>Net Profit Margin</i>	-8.7%	0.3%	-	5.8%	-
EPS(NT\$)	-0.34	0.01	0.0%	0.32	0.0%
ROE	-2.4%	0.1%	-	2.1%	-
FX rate(NT\$/US\$)	33.12	32.62		31.52	

Selected Items from Balance sheets

(In NT\$ Millions)	1Q16		4Q15		1Q15	
	Amount	%	Amount	%	Amount	%
Cash & Marketable Securities	1,030	33	905	29	1,178	34
Notes & Account Receivable	371	12	527	17	595	17
Inventories	570	18	551	18	561	16
Restricted Assets	10	0	10	0	22	1
Net PP&E	453	15	470	15	444	13
Deffered Expenses	291	9	292	9	333	10
Prepayment & Other assets	388	12	346	11	295	9
Total Assets	3,113	100	3,101	100	3,430	100
Total Liabilities	884	28	811	26	939	27
Total Shareholders' Equity	2,229	72	2,290	74	2,491	73
Key Indices						
AR Turnover Days	65		75		70	
Inventory Turnover Days	140		115		111	
Current Ratio(X)	2.49		2.72		2.72	
Acid Ratio(X)	1.68		1.88		1.98	

*Weighted average outstanding shares were 161,114,554 units on 3/31/2016□

Cash Flow			
(In NT\$ Millions)	1Q16	4Q15	1Q15
	Amount	Amount	Amount
Beginning Balance	848	791	1,083
Cash from operating activities	21	21	12
Capital expenditures	(27)	(22)	(24)
Short-term loans	164	52	101
Investments and others	(81)	7	(19)
Ending Balance	925	848	1,153
Free cash flow*	(6)	(2)	(12)

**Free cash flow= Cash from operating activities - Capital expenditures*

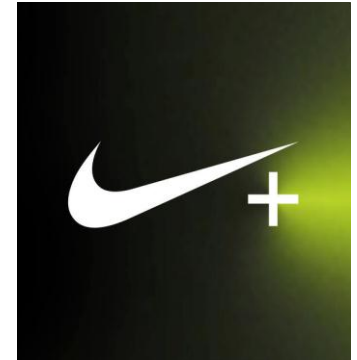
Core Competence 1 , 2 , 3

Core Competence 1 , 2 , 3 for now & future



Core Competence 1 , 2 , 3

1 Power of Product



2 Power of S&M



3 Power of Ecosystem



Core Competence 1 , 2 , 3

Core
Competence



Agility

Execution

2015 review and 2016 strategy



	2010	2015	2016 Goal
Power of product	60%	25%	35%
Power of S&M	30%	20%	30%
Power of ecosystem	0%	20%	25%
Others	10%	10%	10%
Agility & Execution	90%	80%	90%
Core Competence	90%	60%	90%

2015 review and 2016 strategy

- **Alliance with ecosystem partners**

- Ally with customer, channel or vendors.
- Integrate with their product or tech.



- **Dig out more with customer and tech.**

- BU department for professional and customer oriented.



**Power of product, Sales & Marketing,
ecosystem partner with agility
execution will become core competence.**



Opportunity v.s. New Product v.s. Alliance partner

Opportunity
New Product
Partners

IOT BU



Q2



TOSHIBA
Leading Innovation >>>

Cloud BU



Q2



IT / R&M BU



Q3/QR



invent



Surv. BU



Q2



Certified Solution for



Genetec

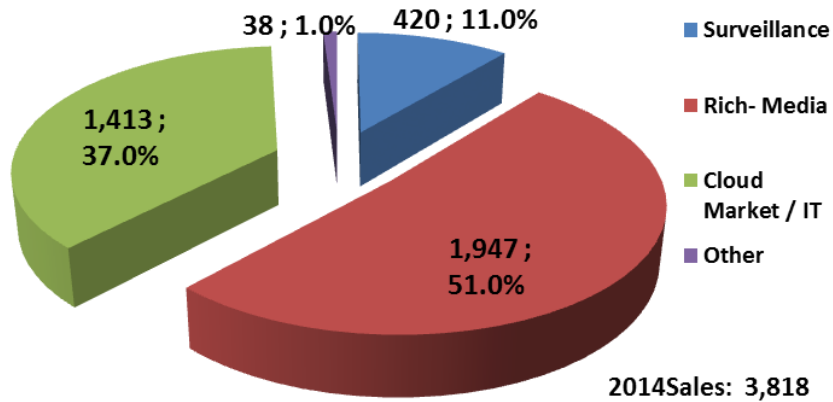
SONY
make.believe

CSi 中盛益华

THANK YOU!

Y2014

In NT\$ Millions; %



Y2015

In NT\$ Millions; %

