



# Investor Conference

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A 3D rendered character, resembling a stylized person, is holding a large, light-colored rectangular sign. The character is positioned on the left side of the sign, with its right hand resting on the top edge and its left hand supporting the bottom edge. The sign is centered in the lower half of the image and contains the text 'Operation review' in a bold, red, italicized font.

***Operation  
review***

# 3Q18 Comprehensive I/S-QoQ



Unit : NTD thousand

	3Q18		2Q18		QoQ	
<b>Net Sales</b>	1,648,764	100%	2,022,412	100%	(373,648)	-18%
<b>Gross Profit</b>	170,108	10.3%	147,725	7.3%	22,383	15%
<b>Operating Expense</b>	223,079	13.5%	258,340	12.8%	(35,261)	-14%
<b>Operating Income(Loss)</b>	(52,971)	-3.2%	(110,615)	-5.5%	57,644	-52%
<b>Non-operating Income and Exp.</b>	10,823	0.7%	949	0.1%	9,874	1040%
<b>Net Income(Loss)</b>	(40,830)	-2.5%	(112,080)	-5.5%	71,250	-64%
<b>Profit for the owners of parent</b>	(38,946)	-2.4%	(108,874)	-5.4%	69,928	-64%
<b>EPS(NT\$)</b>	(0.23)		(0.65)			

# 3Q18 Comprehensive I/S-YoY



Unit : NTD thousand	3Q18		3Q17		YoY	
Net Sales	1,648,764	100%	1,936,821	100%	(288,057)	-15%
Gross Profit	170,108	10.3%	213,542	11.0%	(43,434)	-20%
Operating Expense	223,079	13.5%	274,276	14.2%	(51,197)	-19%
Operating Income(Loss)	(52,971)	-3.2%	(60,734)	-3.1%	7,763	-13%
Non-operating Income and Exp.	10,823	0.7%	(16,464)	-0.9%	27,287	-166%
Net Income(Loss)	(40,830)	-2.5%	(69,109)	-3.6%	28,279	-41%
Profit for the owners of parent	(38,946)	-2.4%	(67,552)	-3.5%	28,606	-42%
EPS(NT\$)	(0.23)		(0.41)			

# 1-3Q,18 Comprehensive I/S

Unit : NTD thousand	1-3Q, 2018	1-3Q, 2017	YoY
Net Sales	5,155,378 100.0%	6,068,793 100.0%	(913,415) -15%
Gross Profit	413,323 8.0%	752,933 12.4%	(339,610) -45%
Operating Expense	737,917 14.3%	811,999 13.4%	(74,082) -9%
Operating Income(Loss)	(324,594) -6.3%	(59,066) -1.0%	(265,528) 450%
Non-operating Income	(1,838) 0.0%	(17,954) -0.3%	16,116 -90%
Income(Loss) before Tax	(326,432) -6.3%	(77,020) -1.3%	(249,412) 324%
Net Income(Loss)	(327,468) -6.4%	(59,803) -1.0%	(267,665) 448%
Income(Loss) for the owners of parent	(319,861) -6.2%	(55,769) -0.9%	(264,092) 474%
EPS	(1.91)	(0.34)	

# Revenue & Gross margin

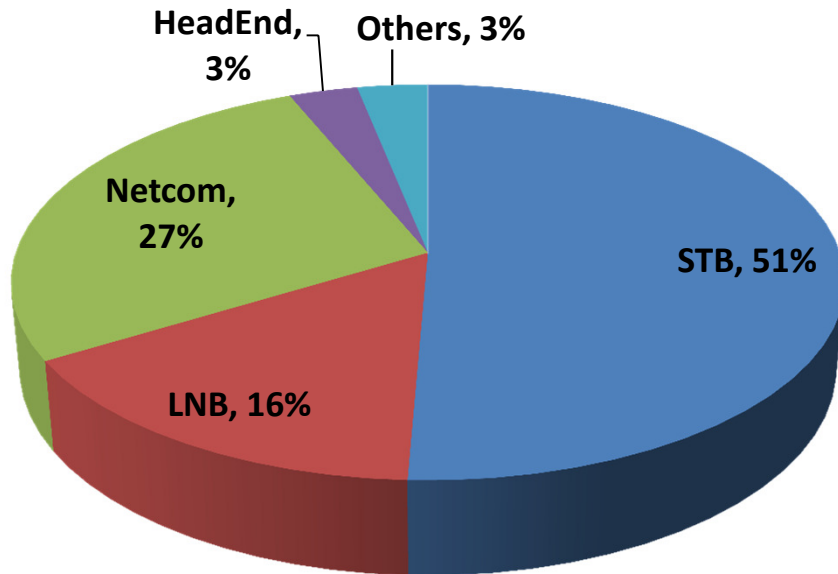
Unit: hundreds of Millions ; %



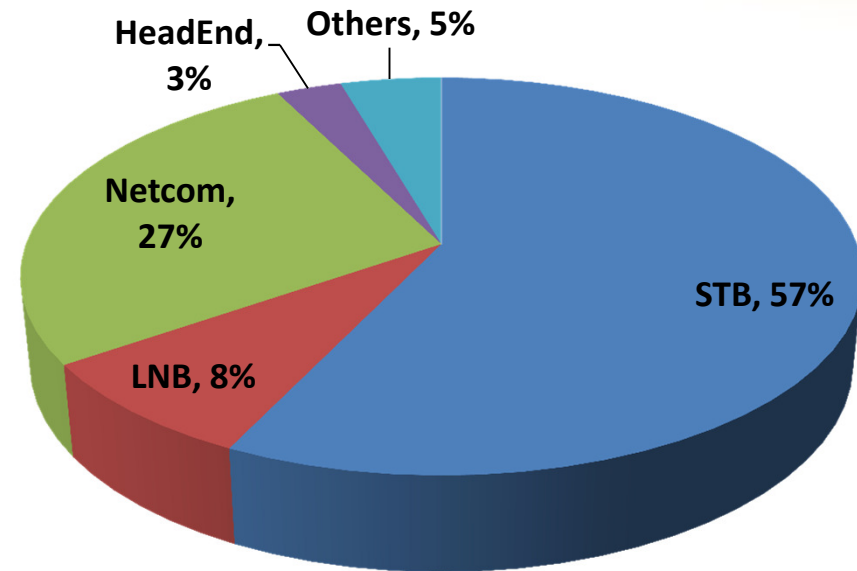
# Revenue by segment



2017



1-3Q, 2018





# Consolidated Balance Sheet



Selected Items Unit : NTD thousand	9/30, 2018		9/30, 2017		YoY	%
Cash and Cash equivalents	724,447	14%	1,039,867	16%	(315,420)	-30%
Contract assets	126,105	2%	0	0%	126,105	-
Accounts/Notes Receivable	2,059,299	39%	2,315,307	36%	(256,008)	-11%
Inventories	1,045,416	20%	1,511,327	24%	(465,911)	-31%
Total Current Assets	4,151,262	79%	5,153,122	80%	(1,001,860)	-19%
Property, plant and equipment	978,238	19%	1,131,008	18%	(152,770)	-14%
<b>Total Assets</b>	<b>5,238,336</b>	<b>100%</b>	<b>6,424,283</b>	<b>100%</b>	<b>(1,185,947)</b>	<b>-18%</b>
Short-term borrowings	1,354,991	26%	1,562,758	24%	(207,767)	-13%
Accounts Payable	1,559,405	30%	2,026,490	32%	(467,085)	-23%
Total Current Liabilities	3,514,904	67%	4,216,146	66%	(701,242)	-17%
<b>Total Liabilities</b>	<b>3,586,946</b>	<b>68%</b>	<b>4,346,045</b>	<b>68%</b>	<b>(759,099)</b>	<b>-17%</b>
<b>Total Shareholders' Equity</b>	<b>1,651,390</b>	<b>32%</b>	<b>2,078,238</b>	<b>32%</b>	<b>(426,848)</b>	<b>-21%</b>

# Consolidated Cash Flow



Selected Item Unit : NTD thousands

	<u>1-3Q, 2018</u>	<u>1-3Q, 2017</u>
Net Income (loss) before tax	(326,432)	(77,020)
Depreciation & Amortization	120,050	120,248
Net A/R (Increase)/Decrease	179,590	30,432
Inventories (Increase)/Decrease	102,075	(234,717)
A/P Increase/(Decrease)	(389,662)	(299,723)
<b>From Operation</b>	<b>(225,789)</b>	<b>(394,590)</b>
<b>From Investment</b>	<b>108,285</b>	<b>(76,139)</b>
Short & Long Term Loans	(75,454)	29,328
<b>From Financing</b>	<b>(59,638)</b>	<b>39,555</b>
exchange influence	23,482	(19,056)
Net Cash Position Change	(153,660)	(450,230)
<b>Ending Cash Balance</b>	<b><u>724,447</u></b>	<b><u>1,039,867</u></b>

# State of Operation

- **Revenue and Margin Challenge- shortage and price hike of DRAM/Flash , MLCC...**
  - ◆ Centralize manufacturing to DG, Improving production lines utilization
  - ◆ Reduce OEM projects, scale up CA and Software Customization
  - ◆ Worker relocation
  - ◆ Elevate factory utilization
  - ◆ 3Q18 Margin up to 10.32% from 7.3% in 2Q18

# Outlook

- **Provide total solution from Headend to STB & NetCom**
- **Extending STB High-end models and Seizing NetCom opportunity to increase revenue**
  - ◆ Prime's design (complete CA+ H/W + S/W),  
Cooperating with worldwide tier 1 operators
  - ◆ Focus on value-added market/Android TV STB Hybrid
  - ◆ Integrate STB with Smart home NetCom product
- **Simplify Organization continuously**
  - ◆ Operation cost down
  - ◆ Elevate Factory utilization



***Business  
description***

# Set-Top-Box

- **HEVC/UltraHD Zapper & Hybrid**
- **AndroidTV OTT IP & Hybrid**
- **DOCSIS Cable Gateway**
- **UltraHD Media Hub (Media Server / IoT)**
- **MoCA/WiFi Connected Devices**



# STB Coverage

- **New Technologies & Product Portfolio:**
  - IP/S2/Cable/T2/ISDB-T
  - **HEVC/UltraHD/HDR**
  - Zapper(Client)/Connected OTT Hybrid
  - **AI/Machine Learning/Edge computing/Gateway-Server**
- **OS / Middleware:**
  - Linux / NDS CDI Evo, Prime MW, 3<sup>rd</sup> party
  - **AndroidTV/NDS IVP, Prime MW, 3<sup>rd</sup> party**
- **Conditional Access(s)/DRMs**
  - NDS/Nagra/VMX Ultra/Irdeto/Conax/**Widevine CAS**
  - **PlayReady / Widevine DRM**
- **Multi-room Distribution:**
  - **MOCA 2.5 (ECB/WECB)**
  - **WiFi 11ac/4x4**

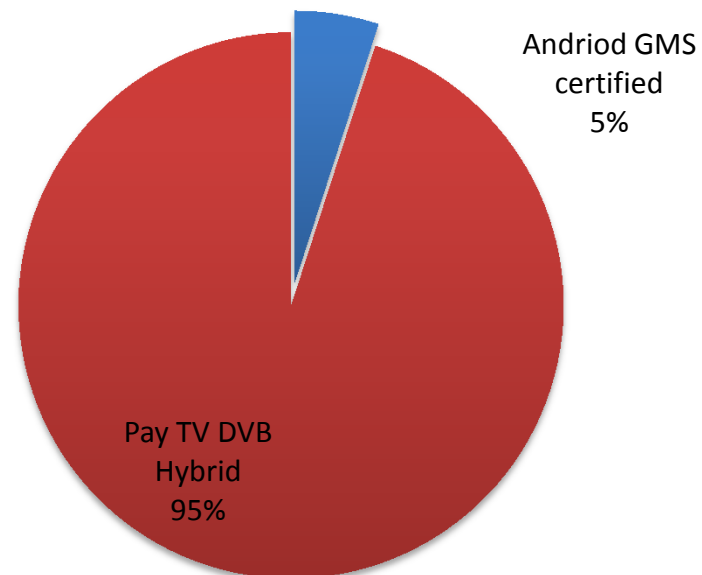


# STB Biz & Product Portfolio

## Biz Model with Customers:

- **I**: Prime's design (complete H/W + S/W)
- **II**: Prime's H/W + 3<sup>rd</sup> Party SW/MW
  - ◆ Customers specify their own or 3<sup>rd</sup> party Software or Middleware
  - ◆ Prime's HW platform drivers + CA porting + Integration (opt)
- **III**: Pure Design service (local CKD)
- **IV**: Pure OEM: Customers' H/W and S/W designs

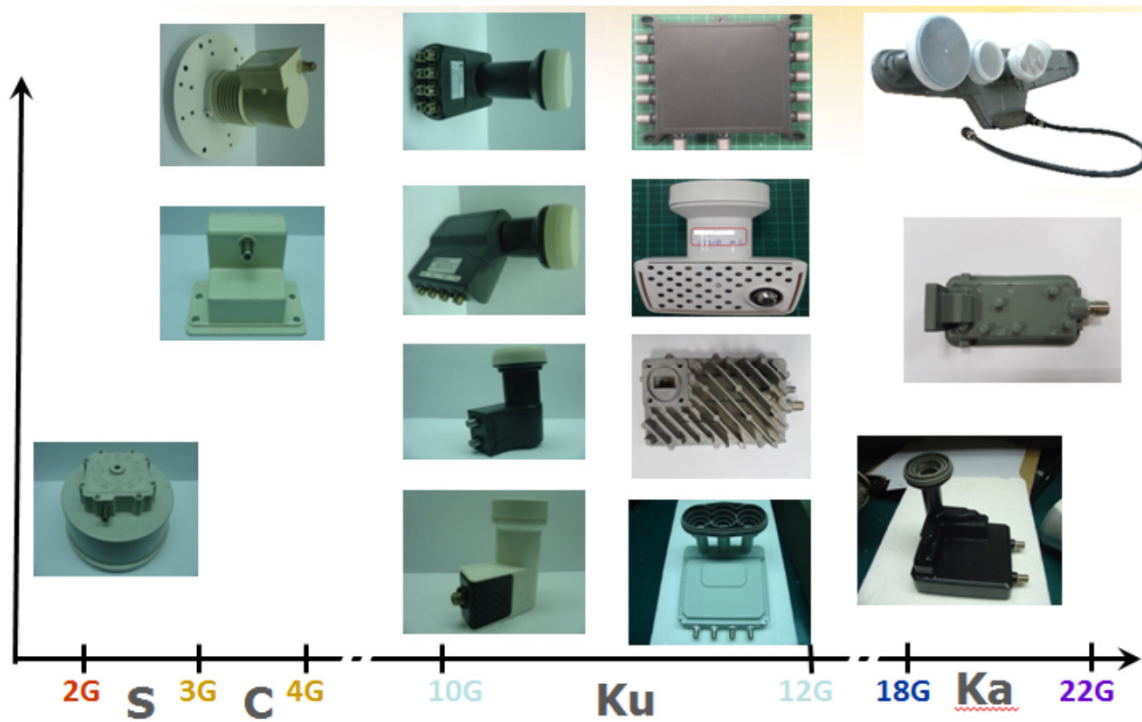
## Application Portfolio:





# LNB & Multi Switch

- N. & S. American Ku & Ka Band LNB
- KU/KA Co-Locate LNB
- S/C/Ku/Ka Band LNB
- aCSS(One-Cable)
- dCSS(one cable)
- VSAT LNB & BUC



# Head-end System

- **SMATV Main Frame & Modules**
- **Digital Head-end System**
  - **IRD and Demodulator**
    - Support DVB-S/S2,C,T/T2,DTMB,ABS-S
    - Support MPEG-2/4,H.264/265,AVS+,HEVC/4K
    - Support CI (Irdeto, Viaccess, Nagra, Conax,...)
  - **Encoder and Transcoder**
    - Support MPEG-2/4,H.264/265,HEVC/4K
  - **Multiplexer and Scrambler**
  - **Digital Modulator/Trans-modulator**
    - Support QAM/COFDM/DTMB
  - **Digital TV Processor & Gateway**
    - Digital TV Headend in 1 RU Rack
    - High Density
- **IPTV/OTT Streaming and Management System**



# LTE Product

- **ODU + IDU**
  - For weak signal area, or long distance coverage
- **Indoor CPE**
  - For home user – Access Internet through Ethernet or WiFi interface & Voice service through VoIP or VoLTE.
- **Smart Home solution- LTE Gateway**
  - ZigBee/WiFi solution
  - Blue tooth/WiFi solution



ODU

IDU



# DAB Product



**Kitchen Radio**



**Car Adaptor**



**Photo Album**



**Mobile Phone**

**Car Stereo**

**Bluetooth DAB Headset**



**Set-Top Box**

**Handheld Radio**





***Thank you !***