



# Investor Conference

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2019/11/21



**PBI** Pro Broadband Inc.

# Disclaimer

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# Company Introduction

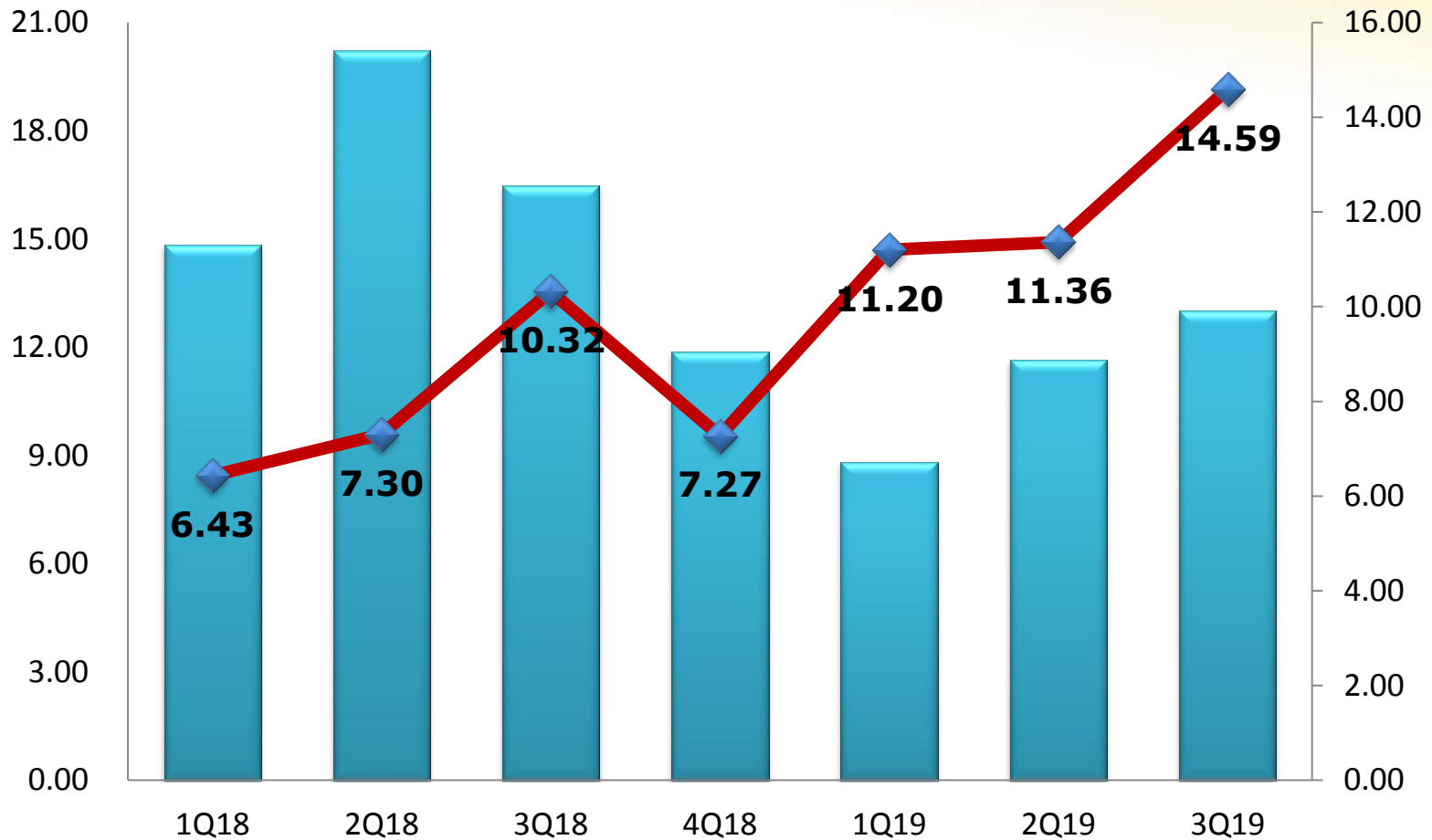
- Founded : 1995
- Date of IPO : April 2002
- Employees : 1,700
- Paid in Capital : NTD 1.68 billion
- Operating Location : Chung-Li 、 Dongguan 、 Beijing

Prime	Prime-DG	Prime-BJ
		
Chung_Li Industrial Park	Dongguan	Beijing
HQ, Sales, RD, Logistic	Manufacture, Sales, RD	HeadEnd RD, Sales

# Revenue & Gross margin

NTD hundred M

%



# 2019,1-3Q Comprehensive I/S



Unit : NTD K

	2019, 1Q	2019, 2Q	2019, 3Q	2019 1-3Q
Net Sales	881,675	1,166,139	1,301,254	3,349,068
Gross Profit	98,734	132,423	189,819	420,976
Operating Income(Loss)	(83,807)	(7,799)	16,396	(75,210)
Non-operating Income & Exp.	13,964	39,938	3,654	57,556
Net Income(Loss)	(69,843)	32,139	20,050	(17,654)
EPS(NT\$)	(0.41)	0.19	0.12	(0.10)

# 1-3Q Comprehensive I/S-YoY

Unit : NTD thousand

	1-3Q, 2019		1-3Q, 2018		YoY	
<b>Net Sales</b>	<b>3,349,068</b>	<b>100%</b>	<b>5,155,378</b>	<b>100%</b>	<b>(1,806,310)</b>	<b>-35%</b>
<b>Gross Profit</b>	<b>420,976</b>	<b>12.6%</b>	<b>413,323</b>	<b>8.0%</b>	<b>7,653</b>	<b>2%</b>
Operating Expense	496,186	14.8%	737,917	14.3%	(241,731)	-33%
<b>Operating Income(Loss)</b>	<b>(75,210)</b>	<b>-2.2%</b>	<b>(324,594)</b>	<b>-6.3%</b>	<b>249,384</b>	<b>-77%</b>
Non-operating Income	57,556	1.7%	(1,838)	0.0%	59,394	-3231%
Income(Loss) before Tax	(17,654)	-0.5%	(326,432)	-6.3%	308,778	-95%
Income Tax Expense	0	0.0%	(1,036)	0.0%	1,036	-100%
<b>Net Income(Loss)</b>	<b>(17,654)</b>	<b>-0.5%</b>	<b>(327,468)</b>	<b>-6.4%</b>	<b>309,814</b>	<b>-95%</b>
<b>EPS</b>	<b>(0.10)</b>		<b>(1.91)</b>			

# 3Q19 Comprehensive I/S-YoY



Unit : NTD thousand

	3Q19		3Q18		YoY	
<b>Net Sales</b>	<b>1,301,254</b>	<b>100%</b>	<b>1,648,764</b>	<b>100%</b>	<b>(347,510)</b>	<b>-21%</b>
<b>Gross Profit</b>	<b>189,819</b>	<b>14.6%</b>	<b>170,108</b>	<b>10.3%</b>	<b>19,711</b>	<b>12%</b>
Operating Expense	173,423	13.3%	223,079	13.5%	(49,656)	-22%
<b>Operating Income(Loss)</b>	<b>16,396</b>	<b>1.3%</b>	<b>(52,971)</b>	<b>-3.2%</b>	<b>69,367</b>	<b>-131%</b>
Non-operating Income and Exp.	3,654	0.3%	10,823	0.7%	(7,169)	-66%
Profit(Loss) before Tax	20,050	1.5%	(42,148)	-2.6%	62,198	-148%
<b>Net Income(Loss)</b>	<b>20,050</b>	<b>1.5%</b>	<b>(40,830)</b>	<b>-2.5%</b>	<b>60,880</b>	<b>-149%</b>
<b>Profit for the owners of parent</b>	<b>20,183</b>	<b>1.6%</b>	<b>(38,946)</b>	<b>-2.4%</b>	<b>59,129</b>	<b>-152%</b>
<b>EPS(NT\$)</b>	<b>0.12</b>		<b>(0.23)</b>			

# 3Q19 Comprehensive I/S-QoQ

Unit : NTD thousand

	3Q19		2Q19		QoQ	
<b>Net Sales</b>	<b>1,301,254</b>	<b>100%</b>	<b>1,166,139</b>	<b>100%</b>	<b>135,115</b>	<b>12%</b>
<b>Gross Profit</b>	<b>189,819</b>	<b>14.6%</b>	<b>132,423</b>	<b>11.4%</b>	<b>57,396</b>	<b>43%</b>
Operating Expense	173,423	13.3%	140,222	12.0%	33,201	24%
<b>Operating Income(Loss)</b>	<b>16,396</b>	<b>1.3%</b>	<b>(7,799)</b>	<b>-0.7%</b>	<b>24,195</b>	<b>-310%</b>
Non-operating Income and Exp.	3,654	0.3%	39,938	3.4%	(36,284)	-91%
Profit(Loss) before Tax	20,050	1.5%	32,139	2.8%	(12,089)	-38%
<b>Net Income(Loss)</b>	<b>20,050</b>	<b>1.5%</b>	<b>32,139</b>	<b>2.8%</b>	<b>(12,089)</b>	<b>-38%</b>
<b>Profit for the owners of parent</b>	<b>20,183</b>	<b>1.6%</b>	<b>32,225</b>	<b>2.8%</b>	<b>(12,042)</b>	<b>-37%</b>
<b>EPS(NT\$)</b>	<b>0.12</b>		<b>0.19</b>			



# Consolidated Balance Sheet



Selected Items Unit : NTD thousand

	9/30, 2019		9/30, 2018		YoY	%
Cash and Cash equivalents	677,097	17%	724,447	14%	(47,350)	-7%
Accounts/Notes Receivable	1,473,818	37%	2,059,299	39%	(585,481)	-28%
Inventories	640,762	16%	1,045,416	20%	(404,654)	-39%
Total Current Assets	3,079,878	77%	4,151,262	79%	(1,071,384)	-26%
Property, plant and equipment	641,994	16%	978,238	19%	(336,244)	-34%
Right-of-use Assets	90,298	2%	0	0%	90,298	-
Investment property	167,883	4%	0	0%	167,883	-
<b>Total Assets</b>	<b>4,016,905</b>	<b>100%</b>	<b>5,238,336</b>	<b>100%</b>	<b>(1,221,431)</b>	<b>-23%</b>
Total Current Liabilities	2,557,998	64%	3,514,904	67%	(956,906)	-27%
Long-term Loans	50,746	1%	41,078	1%	9,668	24%
<b>Total Liabilities</b>	<b>2,665,500</b>	<b>66%</b>	<b>3,586,946</b>	<b>68%</b>	<b>(921,446)</b>	<b>-26%</b>
<b>Total Shareholders' Equity</b>	<b>1,351,405</b>	<b>34%</b>	<b>1,651,390</b>	<b>32%</b>	<b>(299,985)</b>	<b>-18%</b>

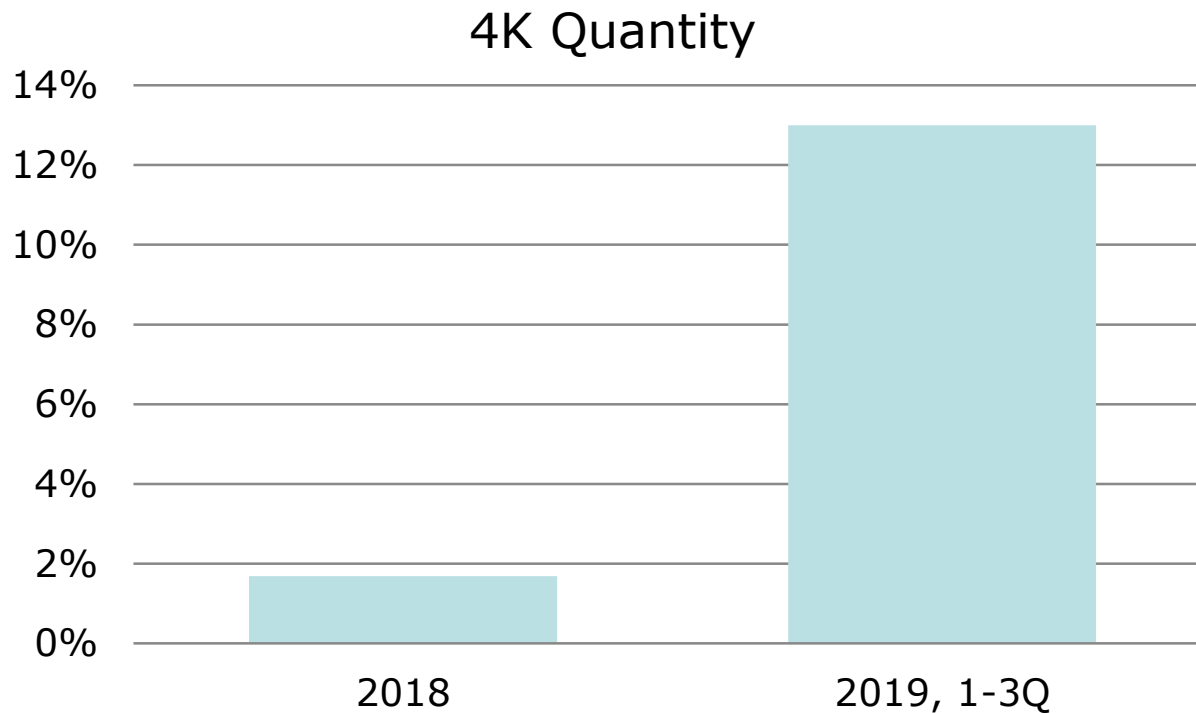
# Consolidated Cash Flow

Selected Item Unit : NTD thousands

	1-3Q, 2019	1-3Q, 2018
Net Income (loss) before tax	(17,654)	(326,432)
Depreciation & Amortization	98,296	120,050
Net A/R (Increase)/Decrease	50,090	179,590
Inventories (Increase)/Decrease	207,826	102,075
A/P Increase/(Decrease)	(60,355)	(389,662)
<b>From Operation</b>	<b>153,513</b>	<b>(225,789)</b>
<b>From Investment</b>	<b>7,951</b>	<b>108,285</b>
Short & Long Term Loans	(499,998)	(75,454)
<b>From Financing</b>	<b>(496,225)</b>	<b>(59,638)</b>
exchange influence	(14,771)	23,482
Net Cash Position Change	(349,532)	(153,660)
<b>Ending Cash Balance</b>	<b>677,097</b>	<b>724,447</b>

# Overview

- Reduce OEM projects, scale up 4K and AndroidTV Hybrid STB shipment



# Overview

- Organize re-structure to elevate factory utilization
- Improve STB product-mix
  - ◆ 2019, 1-3Q margin up to 12.57% from 8.02% in 2018, 1-3Q
  - ◆ 3Q19 margin up to 14.59% from 10.32% in 3Q18
- Operation cost down
  - ◆ Headcount decrease
  - ◆ 2019, 1-3Q operating exp. down to NTD 496 M from 738 M in 2018 1-3Q , reduce 33%
- BJ and DG factory increase plant rental revenue

# Set-Top-Box

- HEVC/AV1 UltraHD(4K) Zapper & Hybrid
- AndroidTV OTT IP & Hybrid
- Linux based RDK OTT IP & Hybrid
- UltraHD(4K) Media Hub (Media Server / IoT)
- MoCA/WiFi Connected Devices



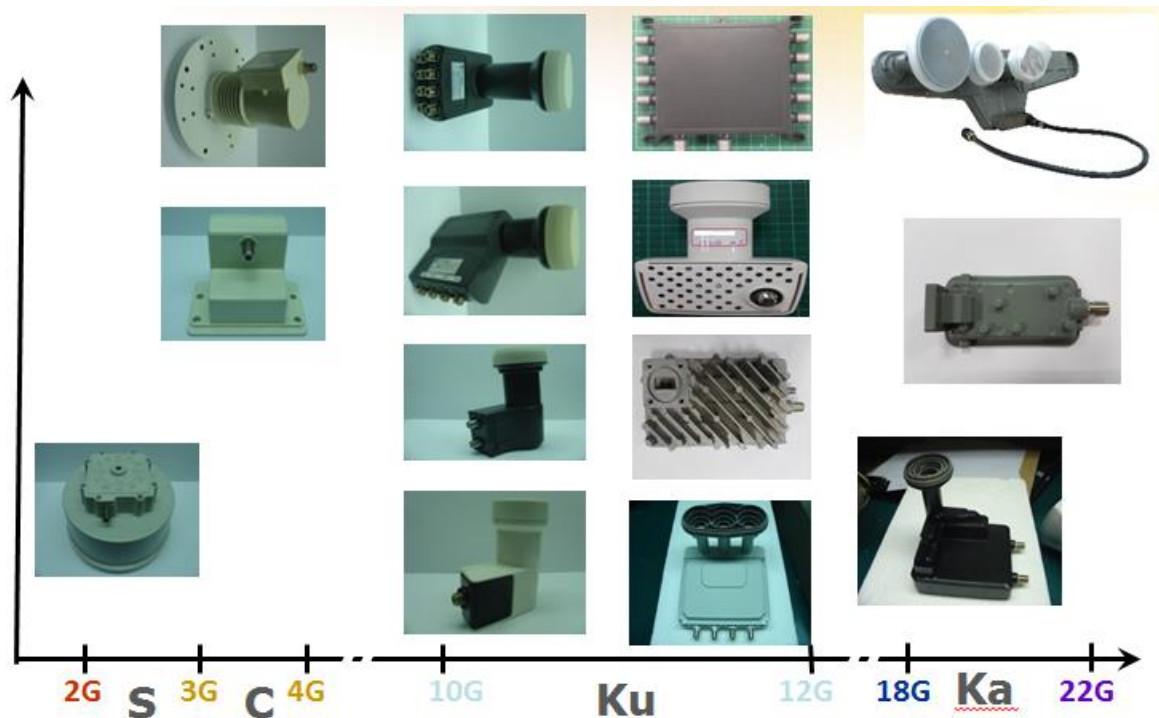
# Head-end System

- **SMATV Main Frame & Modules**
- **Digital Head-end System**
  - **IRD and Demodulator**
    - Support DVB-S/S2,C,T/T2,DTMB,ABS-S,ISDB-T
    - Support MPEG-2/4,H.264/265,AVS2/AVS+
    - Support SD/HD/4K/8K, 4:2:0/4:2:2
    - Support CI (Irdeto, Viaccess, Nagra, Conax,...)
  - **Encoder and Transcoder**
    - Support MPEG-2/4,H.264/265,
    - Support SD/HD/4K/8K, 4:2:0/4:2:2
  - **Multiplexer and Scrambler**
  - **Digital Modulator/Trans-modulator**
    - Support QAM/COFDM/DTMB/ATSC/ISDB-T
  - **Digital TV Processor & Gateway**
    - Digital TV Head-end in 1 RU Rack
    - High Density
- **IPTV/OTT Streaming and Management System**



# 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  
2.5W, 4W, 6W



# NetCom Product

## Internet Terminal Series



## Communication Terminal Series ( LTE ODU/IDU, Telecom small base station)





# DAB Product



**Kitchen Radio**



**Car Adaptor**



**Photo Album**



**DAB Go**



**Handheld Radio**

**BT DAB Headset**



# Outlook

- Continuous increment of ODM product proportion and reduce cost/expense.
- Proactive and direct facing the operators, and increase shipment with the 4K/Hybrid models in the future.
  - ◆ Complete CA+ H/W + S/W
  - ◆ Linux-MW/Linux-RDK/AndroidTV Hybrid
  - ◆ Ultra HD(4K) /AV1
  - ◆ HD/HEVC Zapper Customization
  - ◆ AndroidTV OTT

# STB Coverage

- **New Technologies & Product Portfolio:**
  - **IP/S2/Cable/T2/ISDB-T**
  - **HEVC/AV1/Ultra/HDR**
  - **Zapper(Client)/Connected OTT Hybrid**
  - **AI/Machine Learning/Edge computing/Gateway-Server**
- **OS / Middleware:**
  - **Linux/Synamedia CDI Evo, Prime MW, 3<sup>rd</sup> party**
  - **AndroidTV/Synamedia IVP, Prime MW, 3<sup>rd</sup> party**
  - **RDK/Metrological App, Prime MW, 3<sup>rd</sup> party**
- **Conditional Access(s)/DRMs**
  - **CAS: Synamedia/Nagra/VMX/Irdeto/Conax/Widevine**
  - **DRM: PlayReady / Widevine / VMX Ultra**
- **Multi-room Distribution:**
  - **MOCA 2.5 (ECB/WECEB)**
  - **WiFi 6 11ax**

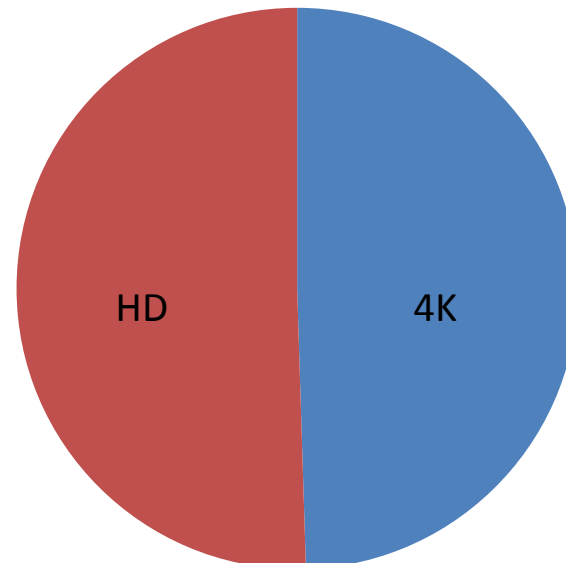
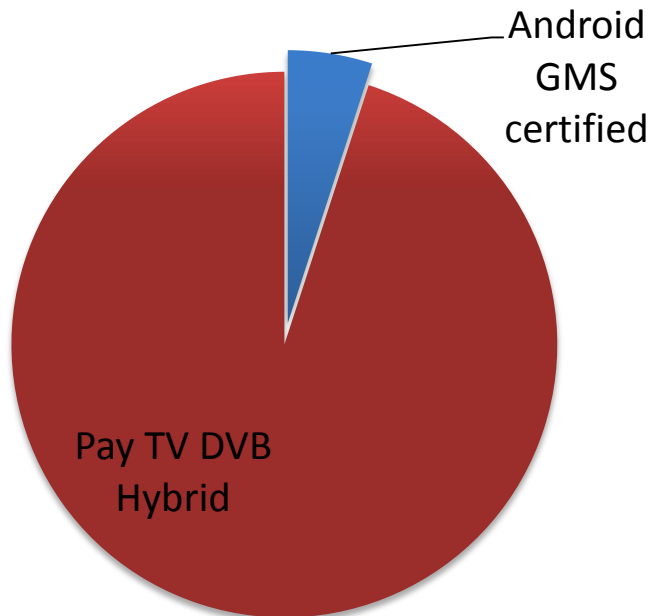


# STB Biz & Product Portfolio

## 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)

## Application Portfolio:





***Thank you !***