

# SYSTEMEX Profile

*CFO & Company Spokesman*

*Larry Chung*

*2020.05.27*

SYSTEMEX

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# A leading Taiwan-based IT Services Provider

- ◆ Employees: 3,500 (as of March, 2020)
- ◆ Top 100 Service Industry in Taiwan
- ◆ More than 50 branch offices in Taiwan, China and Hong Kong
- ◆ Over 30,000 Enterprise and Public Sector Clients
- ◆ Business Focus

Smart Manufacturing, Smart Finance, Smart Service

Smart Healthcare, Smart City, Smart Government

- ◆ 2019 Revenue: USD \$715 Million

# Milestone

## 1997-2000

**SYSWARE founded in 1997**  
Kimo.com spun off from SYSWARE,  
and later acquired by Yahoo! In 2000

## 2001-2006

### 2003 SYSTEMEX IPO

#### 2005

Merged UCOM, largest IT training center in Taiwan  
Merged Ucom Information Ltd. (Shanghai) extends China  
Microsoft services

## 2007-2012

### 2007 Taiwan's two leading IT Services Corporations "SYSWARE" and "SYSTEMEX" was consolidated

#### 2008

Invested in Investment Media for providing in depth financial contents

#### 2010

Invested in FORMS SYNTRON for Banking business in China

#### 2011

Merged Rainbow Tech. and CK Tech. for expanding to China market

Founded SoftMobile, developing mobile APPs

Invested in SYSPOWER & SystemWeb

#### 2012

Merged NEXSYS to strengthen leading position in Taiwan payment market

## 2013-2018

#### 2015

Joint venture with China's largest smart hotel company to establish Suntex Technology (Shenzhen)

#### 2016

Invested in WeGoLuck for cross-border e-commerce enablement

Invested in FinTech payment platform startup INSTO

Invested in Gemini Data with the founder of Splunk for US and global business expansion

#### 2017

Invested in Mohist Web Technology to build an electronic voucher ecosystem

## 2019

Crowned the "Happy Enterprise" in IT industry category by  
Job Bank

Invested in NEWEBINFO to integrate IT services ecosystem  
Invested in FUCO to expand and secure market share of bill  
processing and printing

Invested in AIWin to acquire AI-AOI technology and business  
opportunity

Merged Zechster Cloud Team for extending AI hybrid cloud  
service market

Won Microsoft's 2019 Taiwan Partner of the Year Award

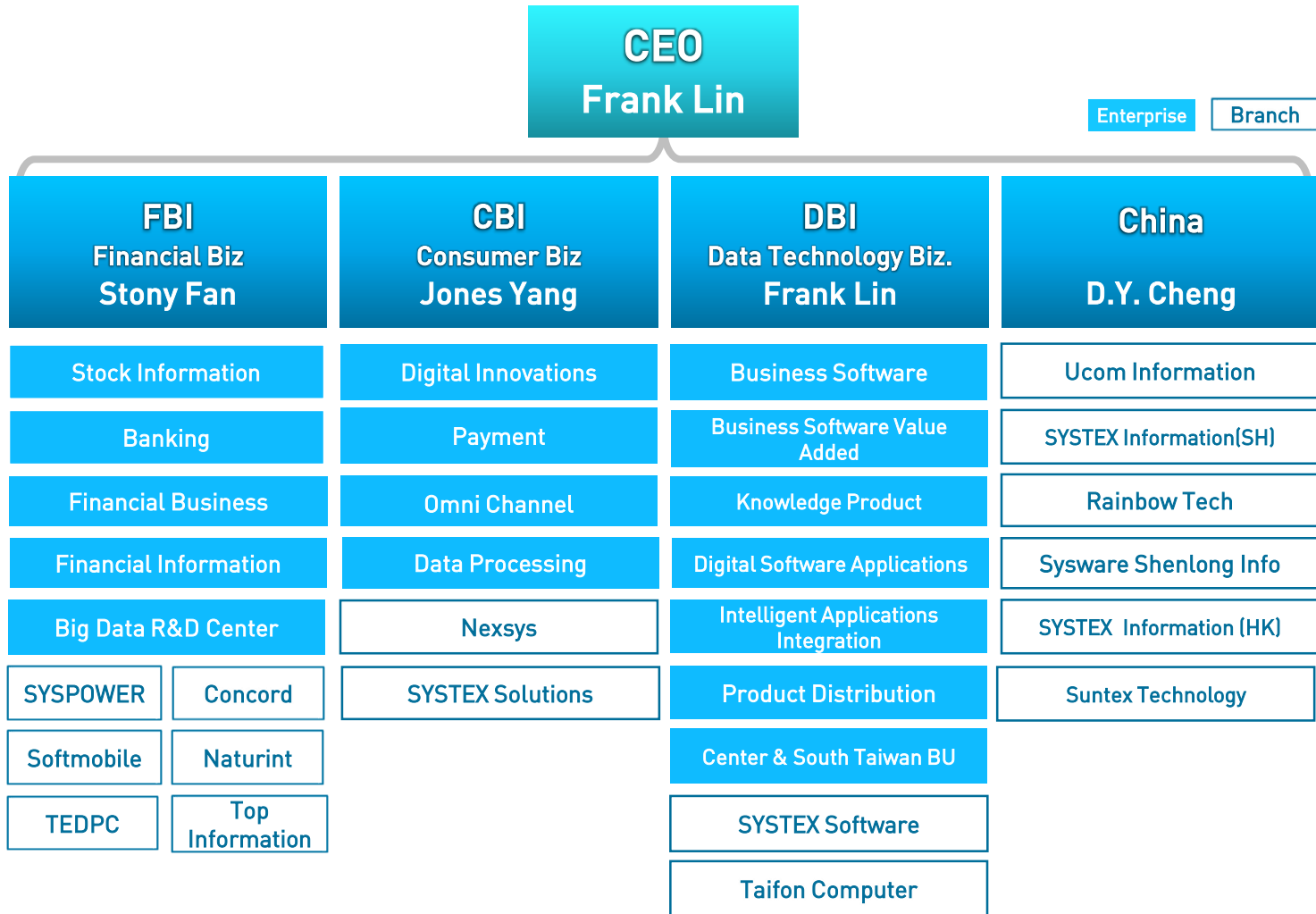
## 2019

# Awards & Recognitions

- ❖ Crowned with 4th Taiwan Mittelstand Award by **Industrial Development Bureau, Ministry of Economic Affairs, Taiwan**
- ❖ Secured the **No.1** spot in the **Taiwan's software industry** for **over 10 consecutive years** by Common Wealth Magazine
- ❖ Certification
  - ✓ ISO 9001 Quality Management
  - ✓ ISO 27001 Information Security Management
  - ✓ ISO 23001 Business Continuity Management
  - ✓ BS 10012 Personal Information Management



# Cross Border / Industry Operating Organizations



# Professional Service Provider

## Financial Business

Staff: 700  
Ecosystem Partner: 300  
Technical Headcounts Ratio:  
80%

### Product Combinations and Value Added Service :

- ✓ *Smart Finance : AI, Big Data, & Cloud Technology for FinTech , RegTech & InsurTech*
- *Intelligent Virtual Assistants*
- *Online Account-Opening*
- *Asset Management System*
- *Financial Big Data Risk Management*
- *Digital Insurance Service*
- ✓ *MarTech : AR/XR · User Behavior Analytics*

## Consumer Business

Staff :900  
Ecosystem Partner: 300  
Technical Headcounts Ratio:  
80%

### Product Combinations and Value Added Service :

- ✓ *Robotic Applications*
- ✓ *Intelligent Call Center*
- ✓ *O2O Service*
- ✓ *Data Processing & Precision Marketing*
- ✓ *LBS + M2O Marketing*
- ✓ *C2B e-commerce Platform*
- ✓ *Website & APP Development & Maintenance*

## Digital Technology

Staff: 730  
Ecosystem Partner: 200  
Technical Headcounts Ratio:  
60%

### Product Combinations and Value Added Service :

- ✓ *Intelligent Manufacturing Solutions*
- ✓ *Digital Transformation Consulting Services*
- ✓ *Data Integration & Analytics*
- ✓ *Business Software*
- ✓ *Cloud Solutions*
- ✓ *Cybersecurity Solutions*
- ✓ *IT Training Center & Publication*

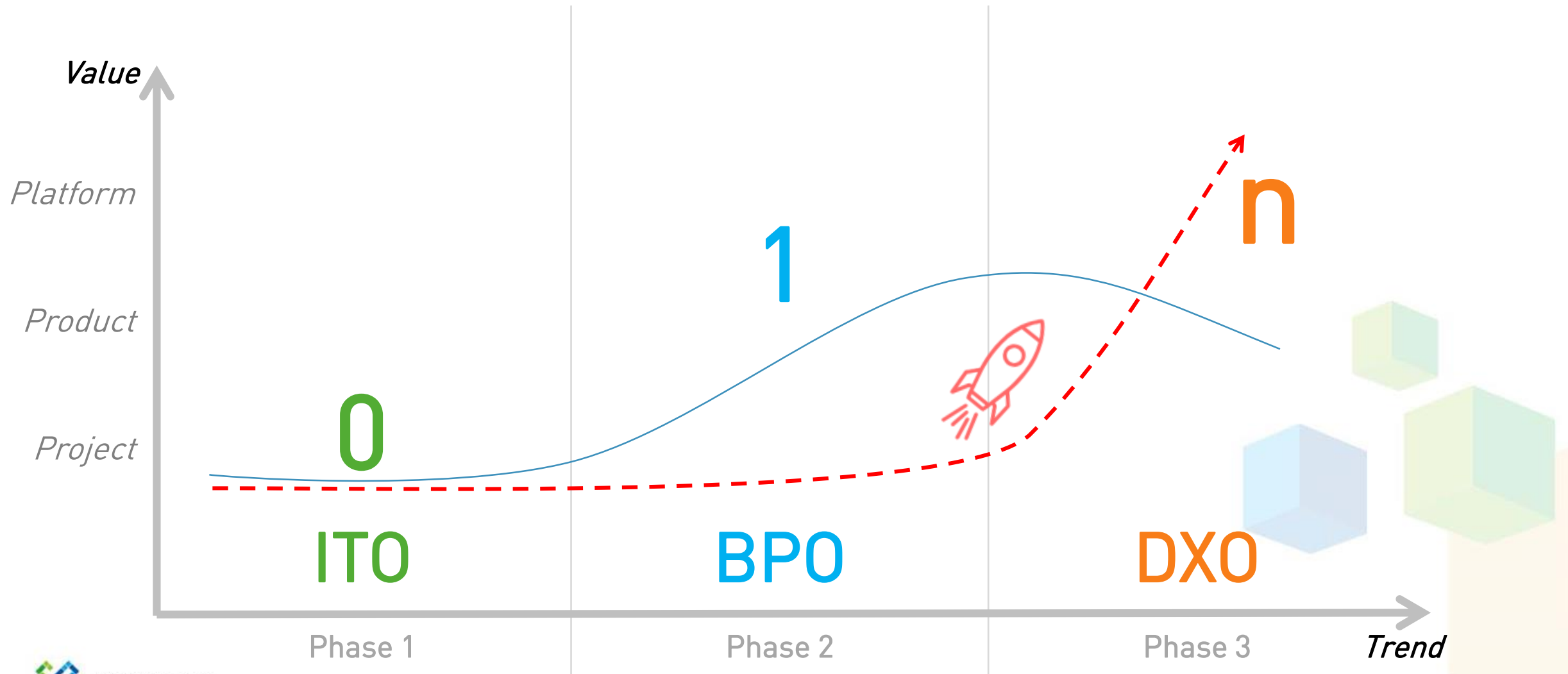
## China

Staff: 400  
Ecosystem Partner: 1, 650  
Technical Headcounts Ratio:  
60%

### Product Combinations and Value Added Service :

- ✓ *Business Software*
- ✓ *System Integration and Value Added Service*
- ✓ *Mobility Solutions*
- ✓ *Smart Hotel Solutions*
- ✓ *Financial Value Added Service*
- ✓ *Cloud Solutions*

# Digital Transformation Phases & Biz Model



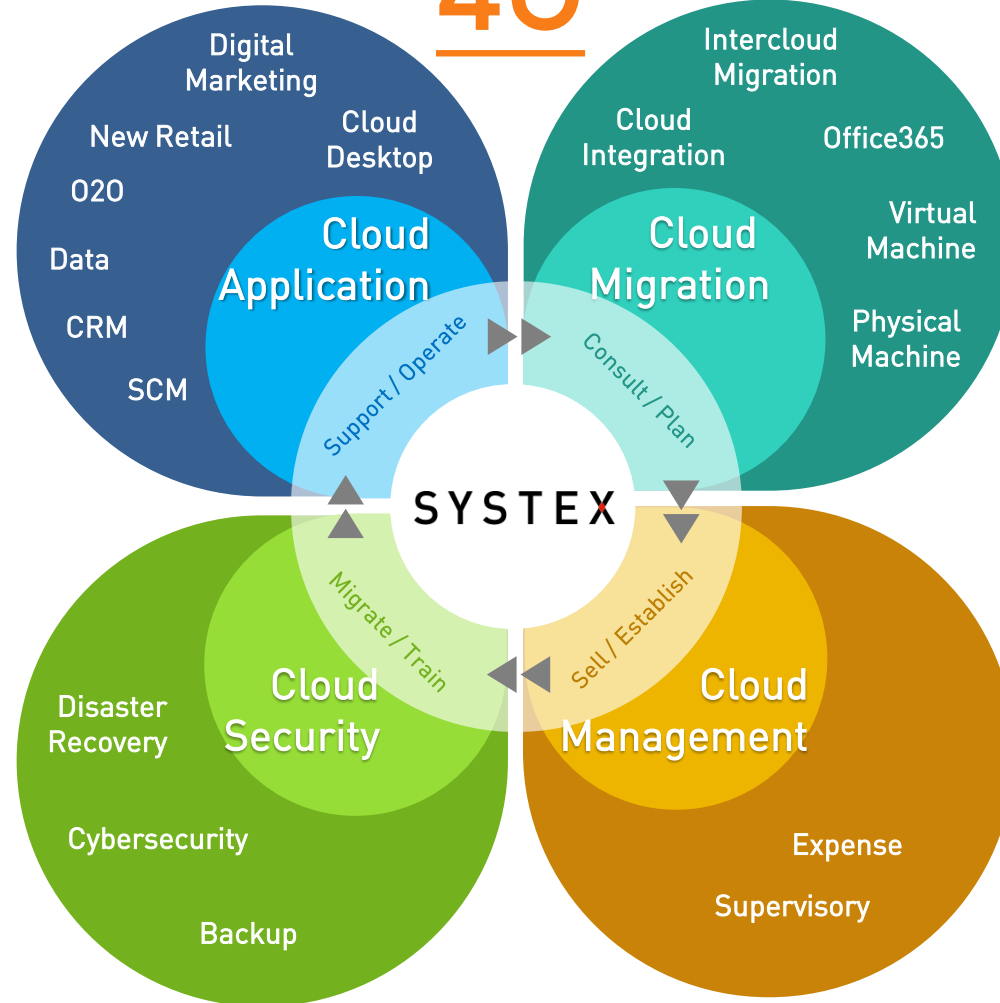


# Core Competence : 5A@4C.3D

5A

AP  
APP  
API  
Appliance  
Algorithm

4C



3D

Data Infrastructure  
Data Integration  
Data Intelligence

# From SI to Xi, Ecosystem Integration

## Software

- Experience
- Exploration
- Exponential
- Expansible



5A@4C.3D

## Service

- Situation Applications
- Experience Design
- Scenario Interaction
- Data Integration

# AI Empowered Digital Transformation: 5 Key Application Aspects

## Smart

### Manufacturing

*Cross Border / Hybrid Cloud*

- ✓ AI-AOI
- ✓ AI-Driven IT/OT/IoT security
- ✓ Quality-Control & Data Analytics Platform
- ✓ Product Quality Prediction and Optimization
- ✓ 3D War Room
- ✓ AI-powered Warehouse and Material Management
- ✓ Global Distributor Inquiry System

## Smart

### Service

*Omni Channel / O2O*

- ✓ Self-Service Ordering/Vending Machine
- ✓ Visitor Flow Analysis
- ✓ AI Robot/ Image Recognition
- ✓ Stored Value Card
- ✓ O2O Coupon
- ✓ e-Commerce
- ✓ Electronic Data Capture
- ✓ Omni-Payments

## Smart

### Finance

*FinTech Ecosystem*

- ✓ Financial Services CRM System
- ✓ Robo-advisor
- ✓ Service Robots
- ✓ AI-based Customer Service
- ✓ Mobile Payment
- ✓ Digital Insurance
- ✓ Anti-Money Laundering
- ✓ AI-Based Fraud Detection

## Smart

### Government

*Convenience Services / Smart City*

- ✓ Smart Life
- ✓ Smart Push Marketing for Specific Shops
- ✓ Smart School
- ✓ Integration of Virtual and Real Citizen Card
- ✓ Blockchain Trading Platform
- ✓ AI Facial Recognition Solution
- ✓ Infectious Disease Reporting System

## Smart

### Healthcare

*Comprehensive Medical Care Solution*

- ✓ NLP Chatbots for Healthcare
- ✓ AI-powered Cloud Service for Healthcare
- ✓ Sarcopenia Assessment Tools
- ✓ HIS/PACS
- ✓ Cloud Examination System
- ✓ OSCE Online Examination System

# Global Ecosystem Partnership

AI	HITACHI Inspire the Next	Hewlett Packard Enterprise	Informatica	Google Cloud Platform	NetApp	IBM Premier Business Partner	aws partner network Select Consulting Partner	PURESTORAGE	CISCO	MICRO FOCUS				
Analytics	Microsoft	CISCO	HITACHI Inspire the Next	VERITAS	MICRO FOCUS	Google Cloud Platform	Hewlett Packard Enterprise	aws partner network Select Consulting Partner	IBM Premier Business Partner	vmware	ORACLE	splunk	Symantec	
HCI	NUTANIX	CISCO	vmware	DELL Technologies PLATINUM PARTNER	Hewlett Packard Enterprise	Lenovo	hp							
Edge	HITACHI Inspire the Next	CISCO	Google Cloud Platform	aws partner network Select Consulting Partner	Hewlett Packard Enterprise	DELL Technologies PLATINUM PARTNER	vmware	Lenovo	FORTINET					
Cloud	CISCO	Hewlett Packard Enterprise	Symantec	vmware	FORTINET	rubrik	Red Hat Ready Business Partner	NetApp	FORESCOUT	VERITAS	Google Cloud Platform	aws partner network Select Consulting Partner	IBM Premier Business Partner	Microsoft
	f5	paloalto	Symantec	Infoblox	MICRO FOCUS	Informatica	Red Hat Ready Business Partner	NetApp	PURESTORAGE	VERITAS	Google Cloud Platform	aws partner network Select Consulting Partner	IBM Premier Business Partner	CITRIX
Security	Symantec	aws partner network Select Consulting Partner	CISCO	PURESTORAGE	Informatica	paloalto	FORESCOUT	aruba a Hewlett Packard Enterprise company	FORCEPOINT	IP-guard	DARKTRACE	FORTINET		
	IBM Premier Business Partner	f5	splunk	NetApp	THALES	MobileIron	MICRO FOCUS	Google Cloud Platform	Infoblox	RAPID7	FireEye	tufin	CROWDSTRIKE	tripwire

# Representative Clients by Industry

## Telecom



## Financial



## High-tech Manufacturing



## Government / Education



## Service

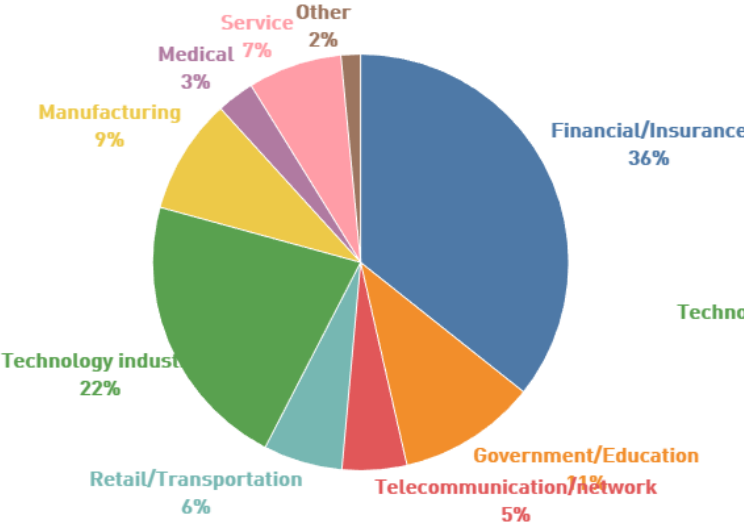


## Biotech / Medical

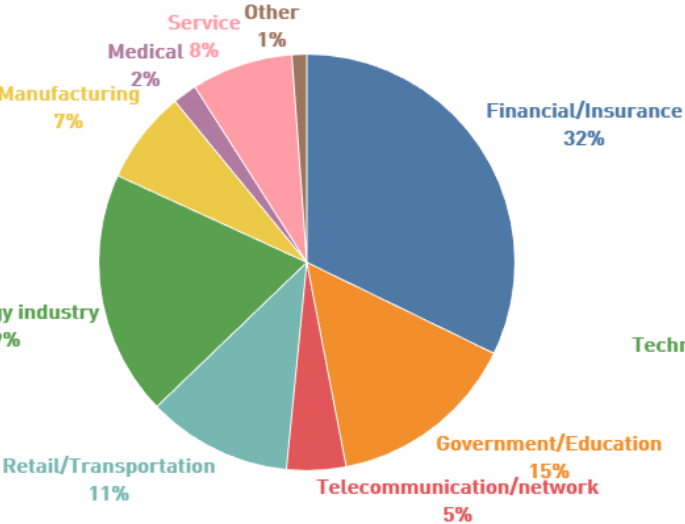


# Revenue breakdown by industrial classification

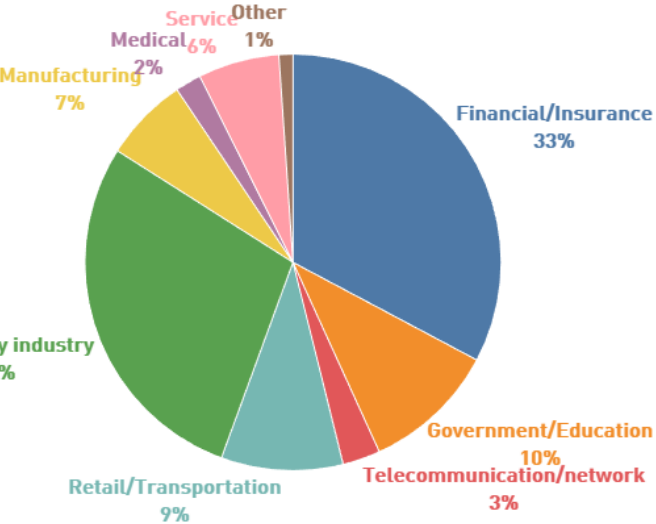
2018 1Q



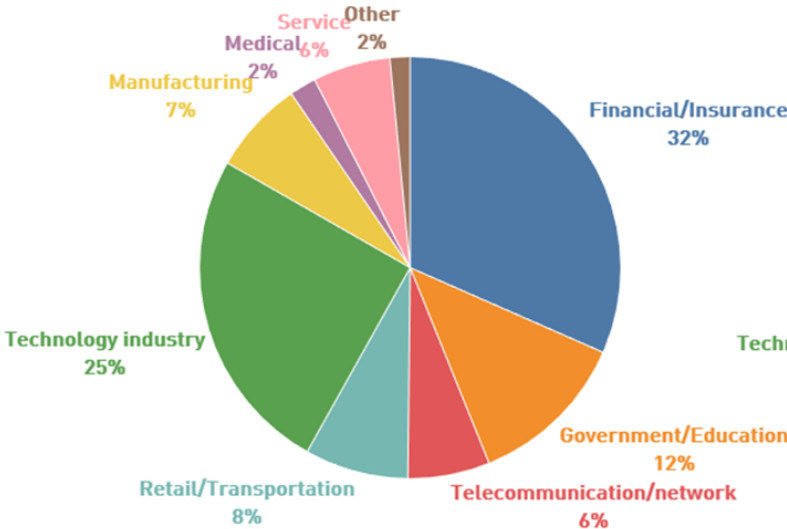
2019 1Q



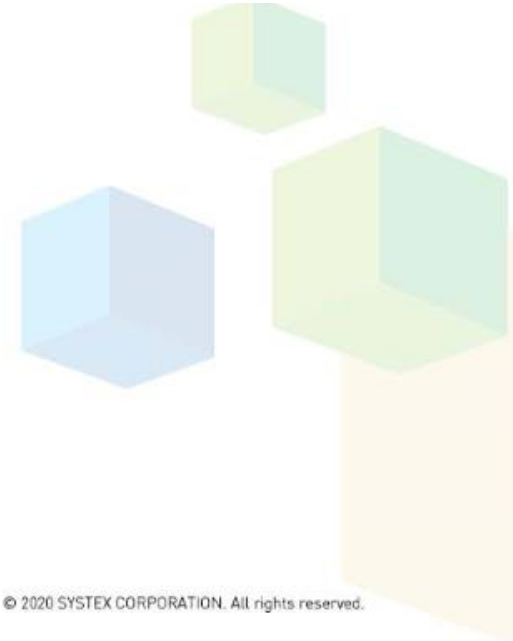
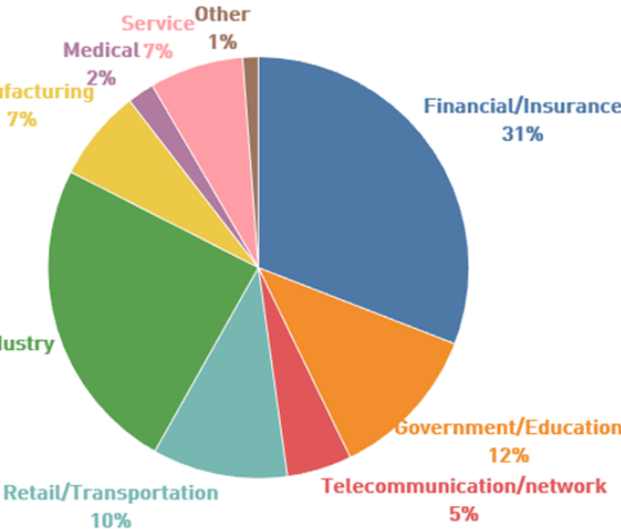
2020 1Q



2018Y

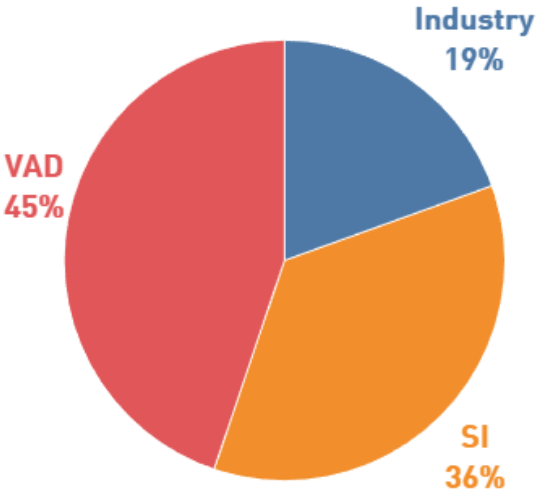


2019Y

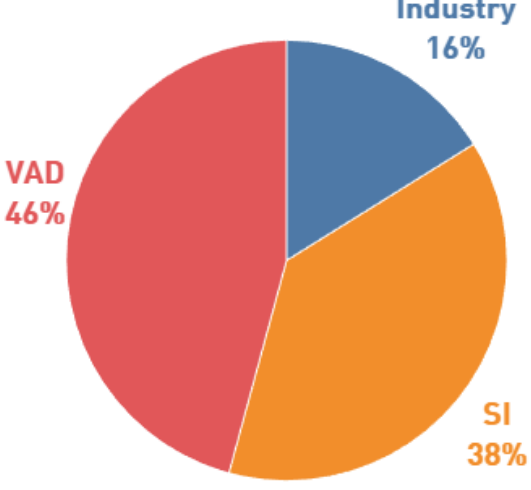


# Revenue breakdown by business type

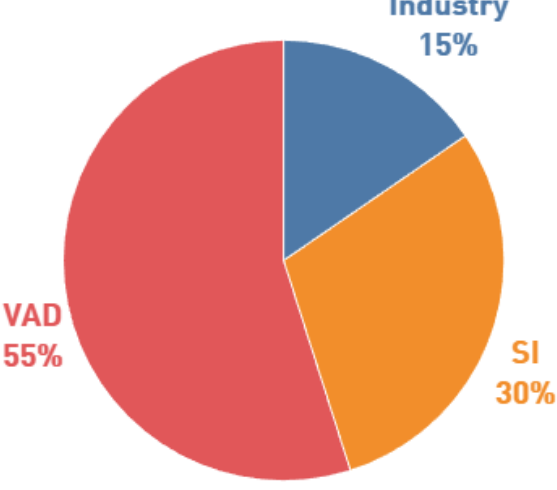
2018 1Q



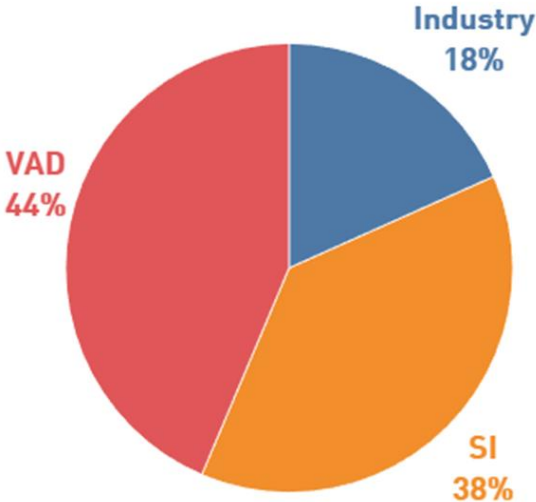
2019 1Q



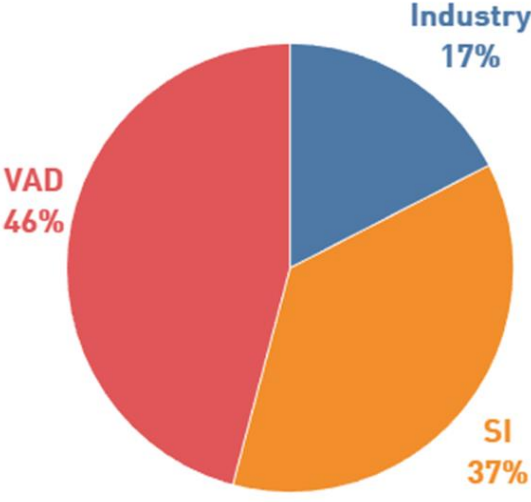
2020 1Q



2018Y



2019Y



# BALANCE SHEETS

UNIT : NT\$ million ,%

ITEM	2020/3/31	%	2019/12/31	%	2019/3/31	%
Cash and cash equivalents	2,627	13%	2,775	13%	2,510	13%
Current financial assets at fair value through profit or loss	3,037	15%	3,342	16%	2,895	15%
Trade and other current receivables	3,437	17%	3,774	17%	3,591	18%
Inventories	2,921	14%	3,064	14%	2,710	14%
Other current assets	1,779	8%	1,628	8%	1,561	8%
<b>Total current assets</b>	<b>13,800</b>	<b>67%</b>	<b>14,583</b>	<b>68%</b>	<b>13,297</b>	<b>68%</b>
Financial assets at fair value through profit or loss - non-current	1,515	7%	1,499	7%	1,701	9%
Financial assets at fair value through other comprehensive income - non-current	1,117	5%	1,487	7%	219	1%
Financial assets measured at amortized cost- non-current	500	2%	500	2%	500	2%
Investments accounted for using equity method	826	4%	826	4%	1,268	6%
Property, plant and equipment	2,075	10%	1,930	9%	1,915	10%
Right-of-use assets	312	2%	320	1%	325	2%
Intangible assets	93	1%	86	-	108	1%
Total other non-current assets	364	2%	356	2%	362	1%
<b>Total non-current assets</b>	<b>6,802</b>	<b>33%</b>	<b>7,004</b>	<b>32%</b>	<b>6,398</b>	<b>32%</b>
<b>Total assets</b>	<b>20,602</b>	<b>100%</b>	<b>21,587</b>	<b>100%</b>	<b>19,696</b>	<b>100%</b>
Short-term loans	501	3%	527	2%	615	3%
Notes and accounts payable	3,488	17%	3,829	18%	2,747	14%
Other current liabilities	2,506	12%	3,117	15%	2,240	12%
<b>Total current liabilities</b>	<b>6,495</b>	<b>32%</b>	<b>7,473</b>	<b>35%</b>	<b>5,602</b>	<b>29%</b>
Long-term loans	103	-	0	-	0	-
Other non-current liabilities	556	3%	631	3%	474	2%
<b>Total non-current liabilities</b>	<b>659</b>	<b>3%</b>	<b>631</b>	<b>3%</b>	<b>474</b>	<b>2%</b>
<b>Total liabilities</b>	<b>7,154</b>	<b>35%</b>	<b>8,104</b>	<b>38%</b>	<b>6,077</b>	<b>31%</b>
Total share capital	2,694	13%	2,694	12%	2,694	14%
Capital surplus	6,407	31%	6,407	30%	6,734	34%
Retained earnings	5,840	28%	5,799	27%	5,474	28%
Other equity	(679)	-3%	(579)	-3%	(354)	-2%
Treasury shares	(928)	-4%	(928)	-4%	(998)	-5%
<b>Total equity attributable to owners of Corporation</b>	<b>13,334</b>	<b>65%</b>	<b>13,393</b>	<b>62%</b>	<b>13,550</b>	<b>69%</b>
Non-controlling interests	114	-	89	-	69	-
<b>Total liabilities and equity</b>	<b>20,602</b>	<b>100%</b>	<b>21,586</b>	<b>100%</b>	<b>19,696</b>	<b>100%</b>
Book Value Per Share	53.77		54.01		55.05	

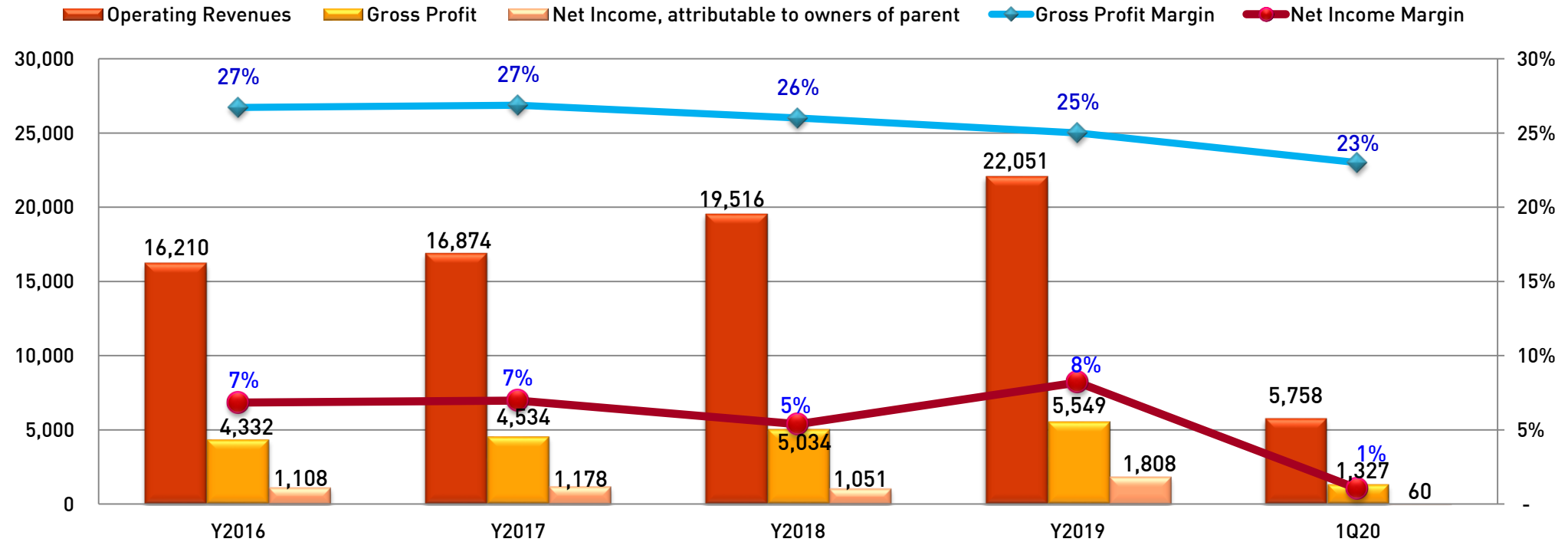


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# Historical INCOME STATEMENT

UNIT : NT\$ million ,%



	Y2016	Y2017	Y2018	Y2019	1Q20
Operating Revenues	16,210	16,874	19,516	22,051	5,758
Gross Profit	4,332	4,534	5,034	5,549	1,327
Gross Profit Margin	27%	27%	26%	25%	23%
Operating Expenses	4,053	3,995	4,346	4,942	1,050
Operating Income	279	539	688	607	277
Operating Income Margin	2%	3%	3%	3%	5%
Non-Operating Items	967	761	553	1,596	(170)
Net Income, attributable to owners of parent	1,108	1,178	1,051	1,808	60
Net Income Margin	7%	7%	5%	8%	1%
EPS	4.50	4.79	4.27	7.31	0.24

# INCOME STATEMENT

UNIT : NT\$ million ,%

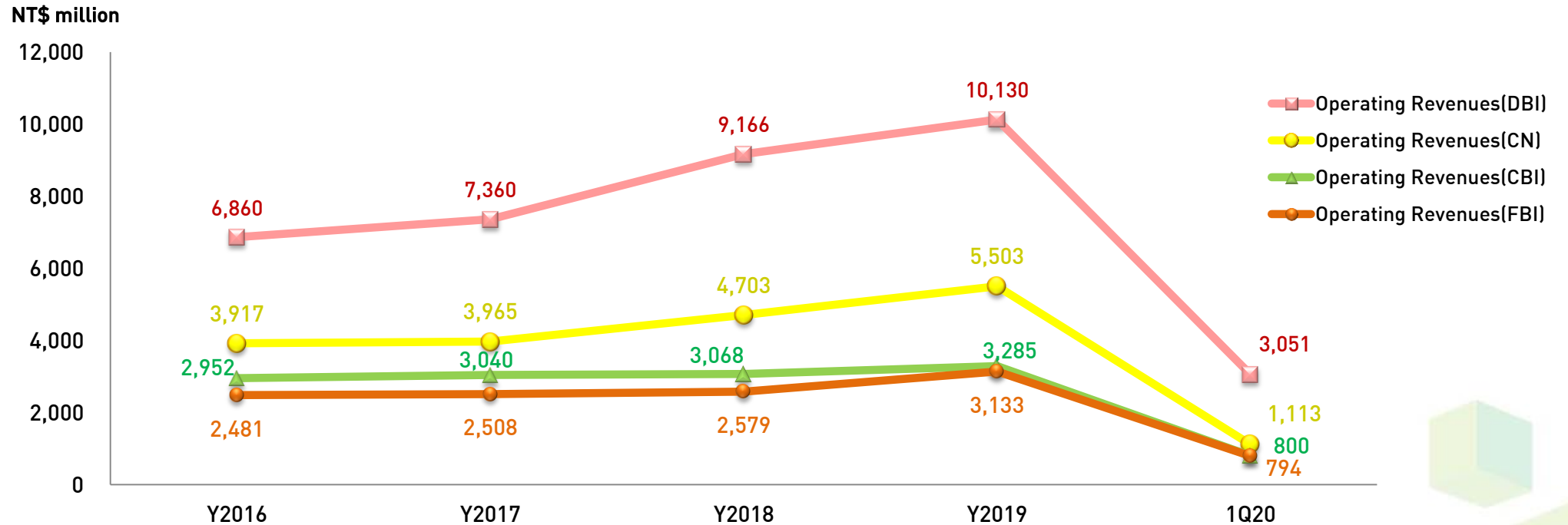
ITEM	1Q20	4Q19	DIFF	1Q19	DIFF
Operating Revenues	5,758	6,013	(255)	4,941	818
Operating Costs	4,431	4,476	(45)	3,680	751
Gross Profit	1,327	1,537	(210)	1,260	67
Gross Profit Margin	23%	26%	-3%	26%	-
Operating Expenses	1,050	1,591	(541)	1,019	31
Operating Income	277	(54)	331	241	36
Operating Income Margin	5%	-1%	6%	5%	-
Non-Operating Items (Notes 1 )	(170)	1,094	(1,264)	183	(353)
Income Before Income Tax	107	1,040	(933)	424	(317)
Income Tax Expense	48	238	(190)	40	8
Net Income	59	803	(743)	384	(325)
Net Income, attributable to non-controlling interests	(1)	1	(2)	0	(1)
Net Income, attributable to owners of parent	60	802	(741)	384	(324)
EPS	0.24	3.24	(3.00)	1.56	(1.32)

## Notes1 : Non-Operating Items

	1Q20	4Q19	DIFF	1Q19	DIFF
Interest income and expense	1	0	0	6	(5)
Share of profit of associates	(1)	30	(31)	8	(9)
Gains on disposals of investments	4	1,554	(1,550)	(21)	25
Gains on financial assets at fair value through profit or loss	(180)	(109)	(71)	165	(345)
Dividend income	0	(0)	0	6	(6)
Foreign exchange gain(loss) , net	(6)	4	(9)	9	(15)
Gain (loss) on disposal of property, plant and equipment, net	0	(1)	1	0	(0)
Impairment loss on l assets	0	(371)	371	0	0
Other non-operating income and expenses	12	(13)	25	10	2
Total non-operating income and expenses	(170)	1,094	(1,264)	183	(353)

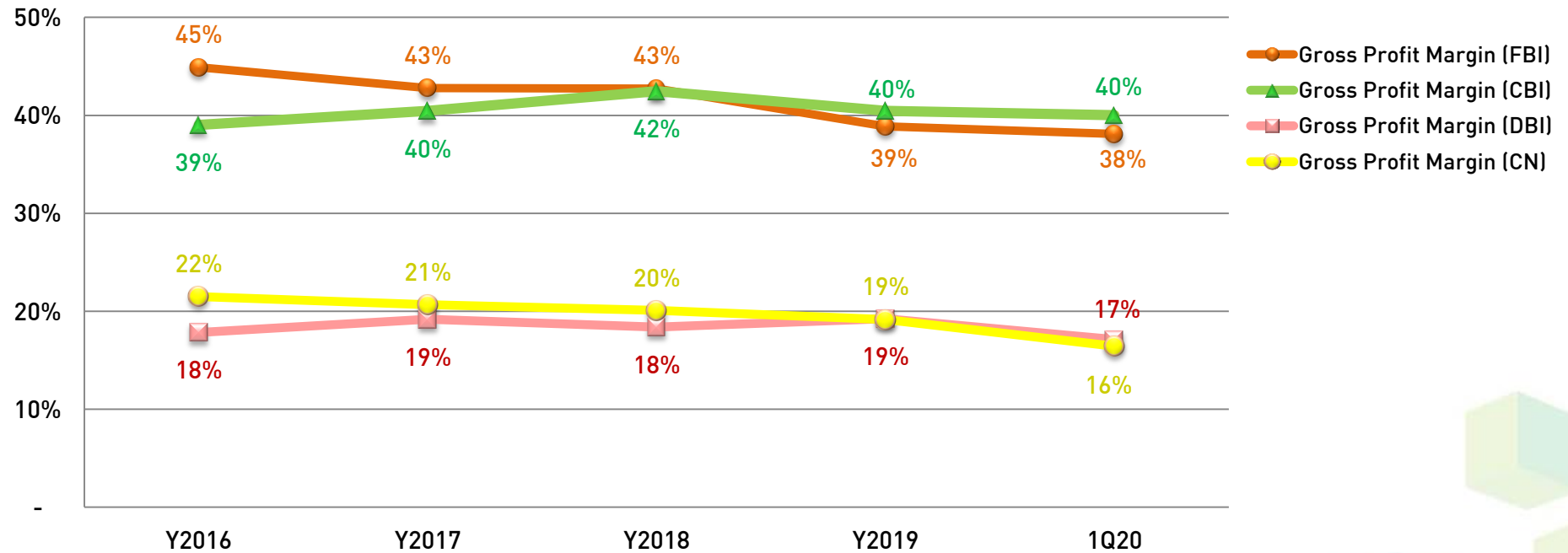
# Operating Revenues by BI

UNIT : NT\$ million ,%



	Y2016		Y2017		Y2018		Y2019		1Q20	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Operating Revenues	16,210	100%	16,874	100%	19,516	100%	22,051	100%	5,758	100%
Operating Revenues(FBI)	2,481	15%	2,508	15%	2,579	13%	3,133	14%	794	14%
Operating Revenues(CBI)	2,952	18%	3,040	18%	3,068	16%	3,285	15%	800	14%
Operating Revenues(DBI)	6,860	42%	7,361	44%	9,166	47%	10,130	46%	3,051	53%
Operating Revenues(CN)	3,917	24%	3,965	24%	4,703	24%	5,503	25%	1,113	19%

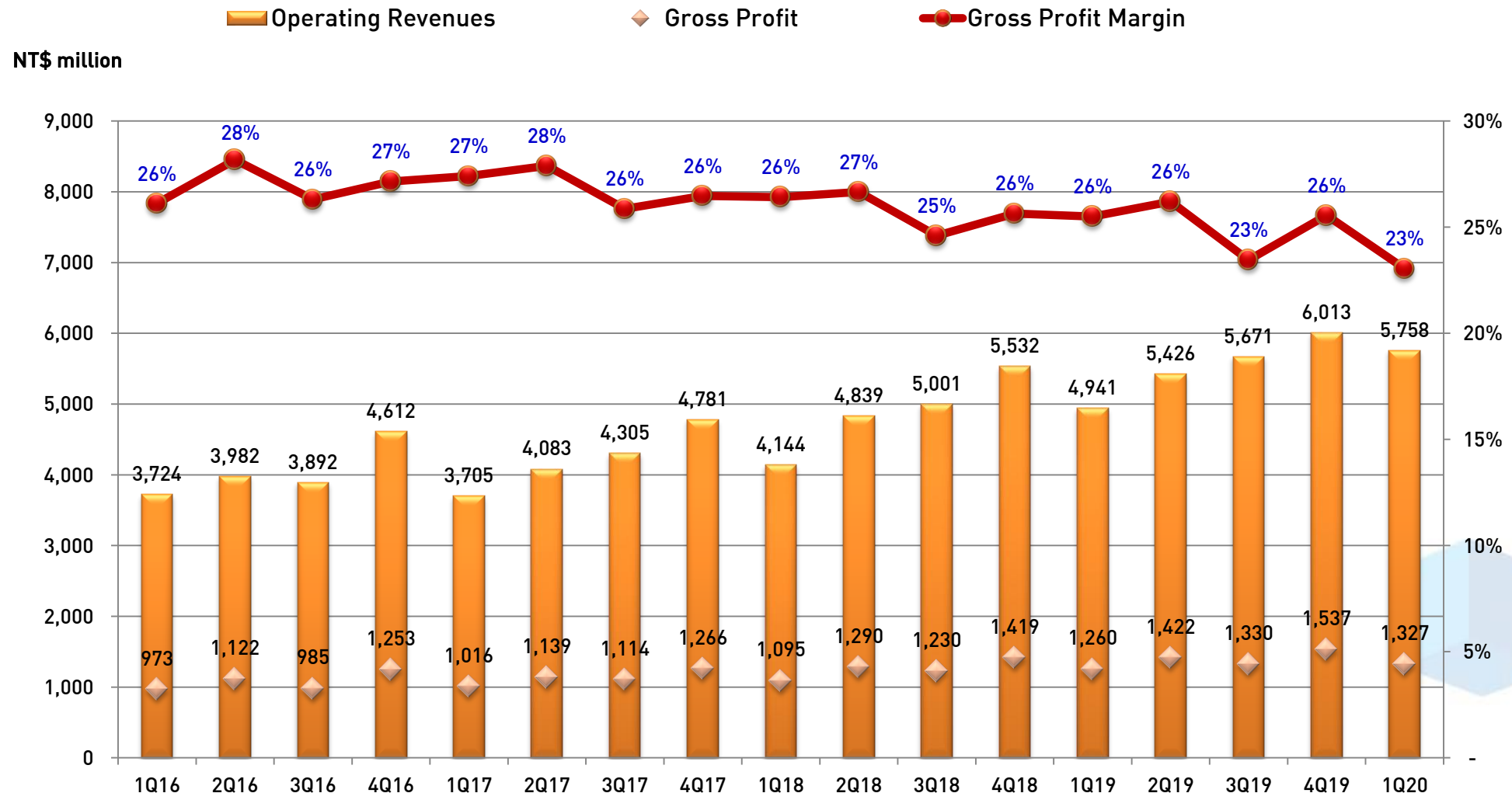
# Gross Profit Margin by BI



	Y2016	Y2017	Y2018	Y2019	1Q20
Gross Profit Margin	27%	27%	26%	25%	23%
Gross Profit Margin (FBI)	45%	43%	43%	39%	38%
Gross Profit Margin (CBI)	39%	40%	42%	40%	40%
Gross Profit Margin (DBI)	18%	19%	20%	19%	17%
Gross Profit Margin (CN)	22%	21%	18%	19%	16%

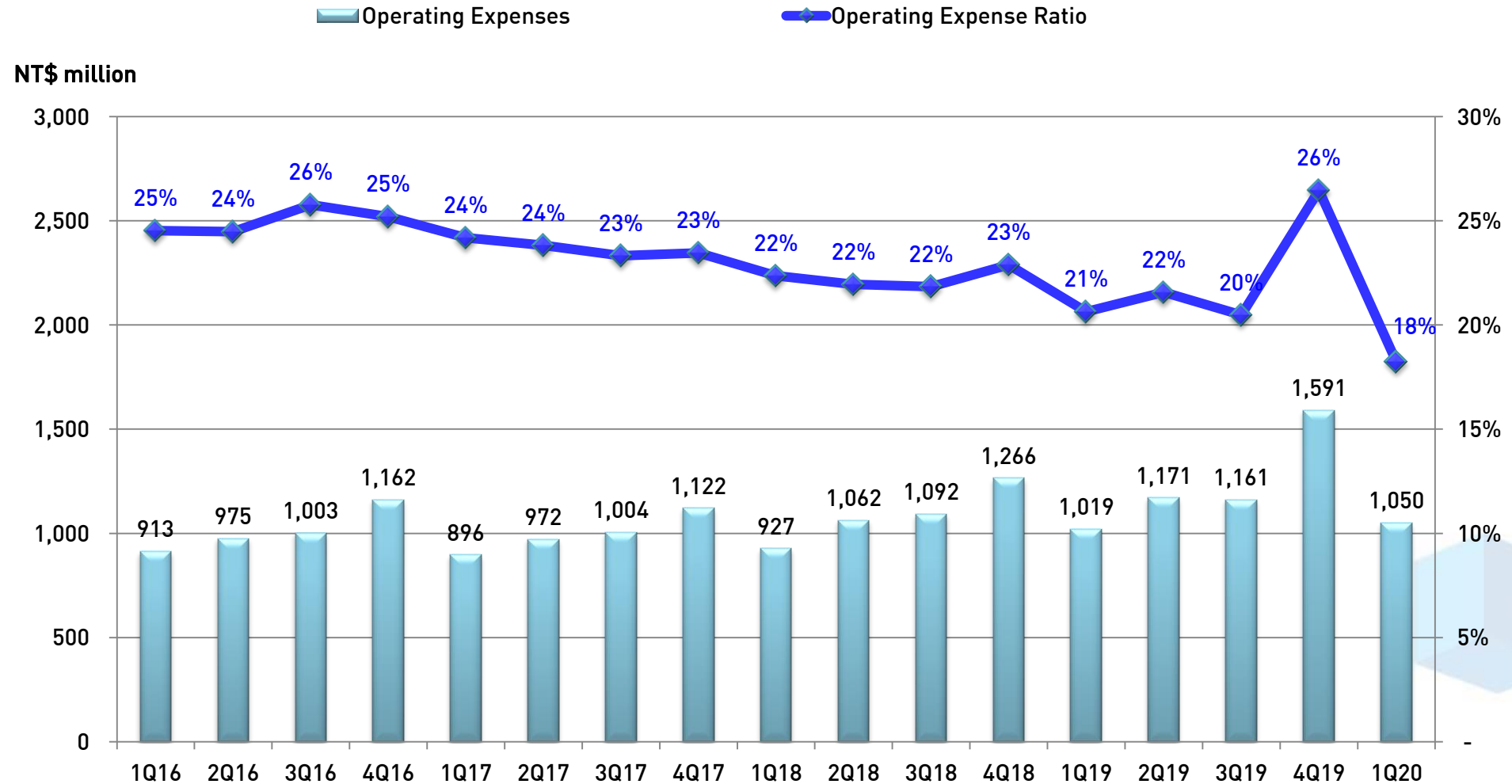
# Consolidated Operating Revenues & Gross Profit Margin

UNIT : NT\$ million , %



# Operating Expenses By Quarter

UNIT : NT\$ million ,%





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Thank You