SYSTEX Profile

CFO & Company Spokesman
Larry Chung
2020.11.25

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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

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Milestone

1997-2000

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

2001-2006

2003 SYSTEX 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 "SYSTEX" 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

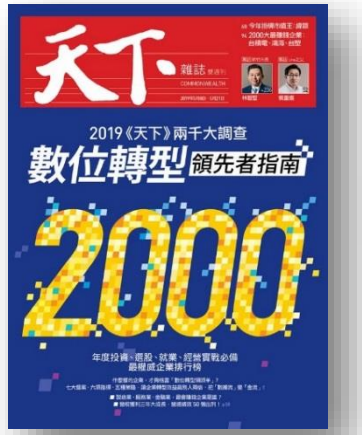
2015
Joint venture with China's largest smart hotel company to establish Suntex Technology (Shenzhen)
2016
Invested in WeGoLuck for cross-border e-commerce enablement
Invested in FinTech payment platform startup INSTO
Invested in Gemini Data with the founder of Splunk for US and global business expansion
2017
Invested in Mohist Web Technology to build an electronic voucher ecosystem

2019

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

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



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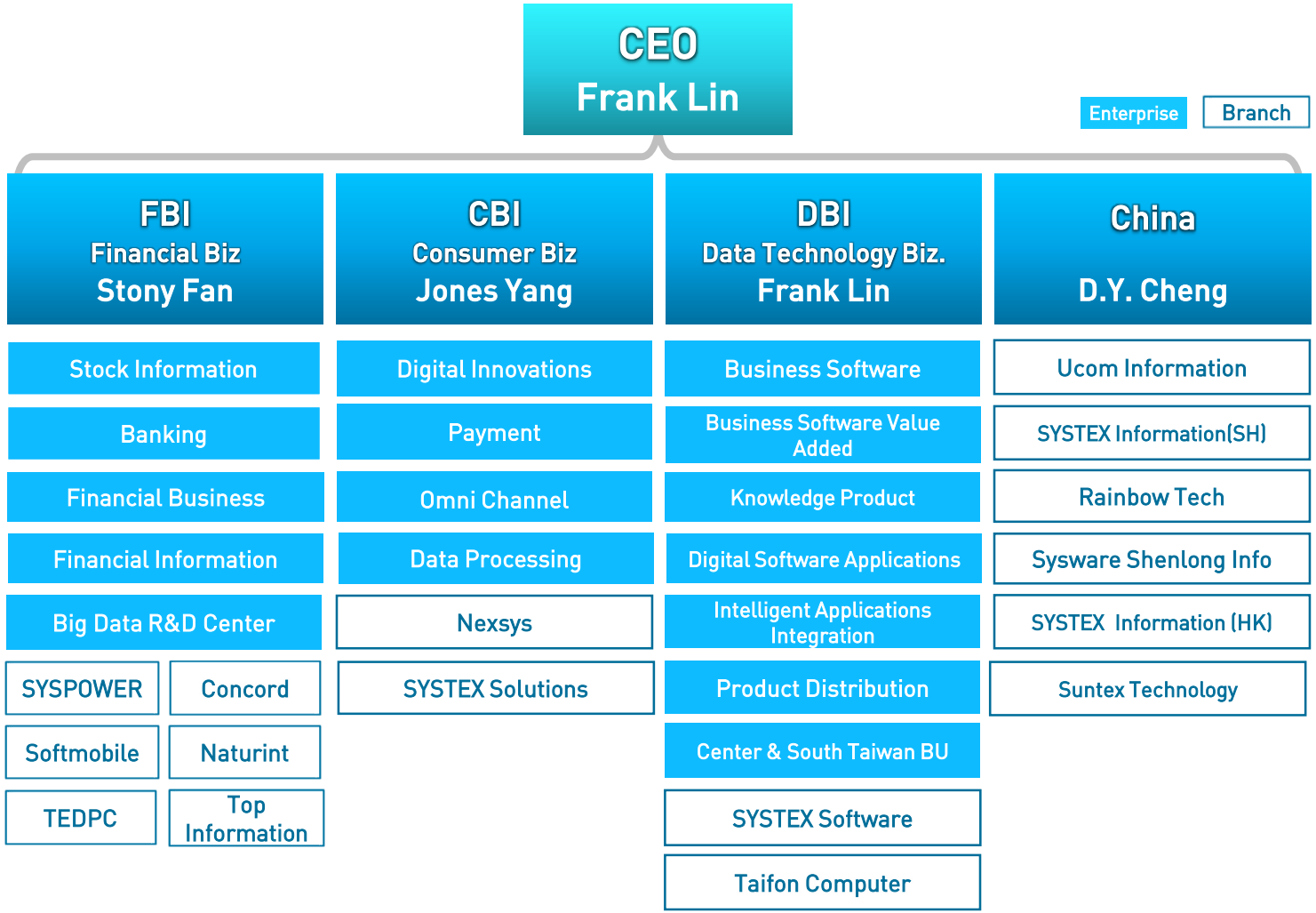
Cross Border / Industry Operating Organizations



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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*

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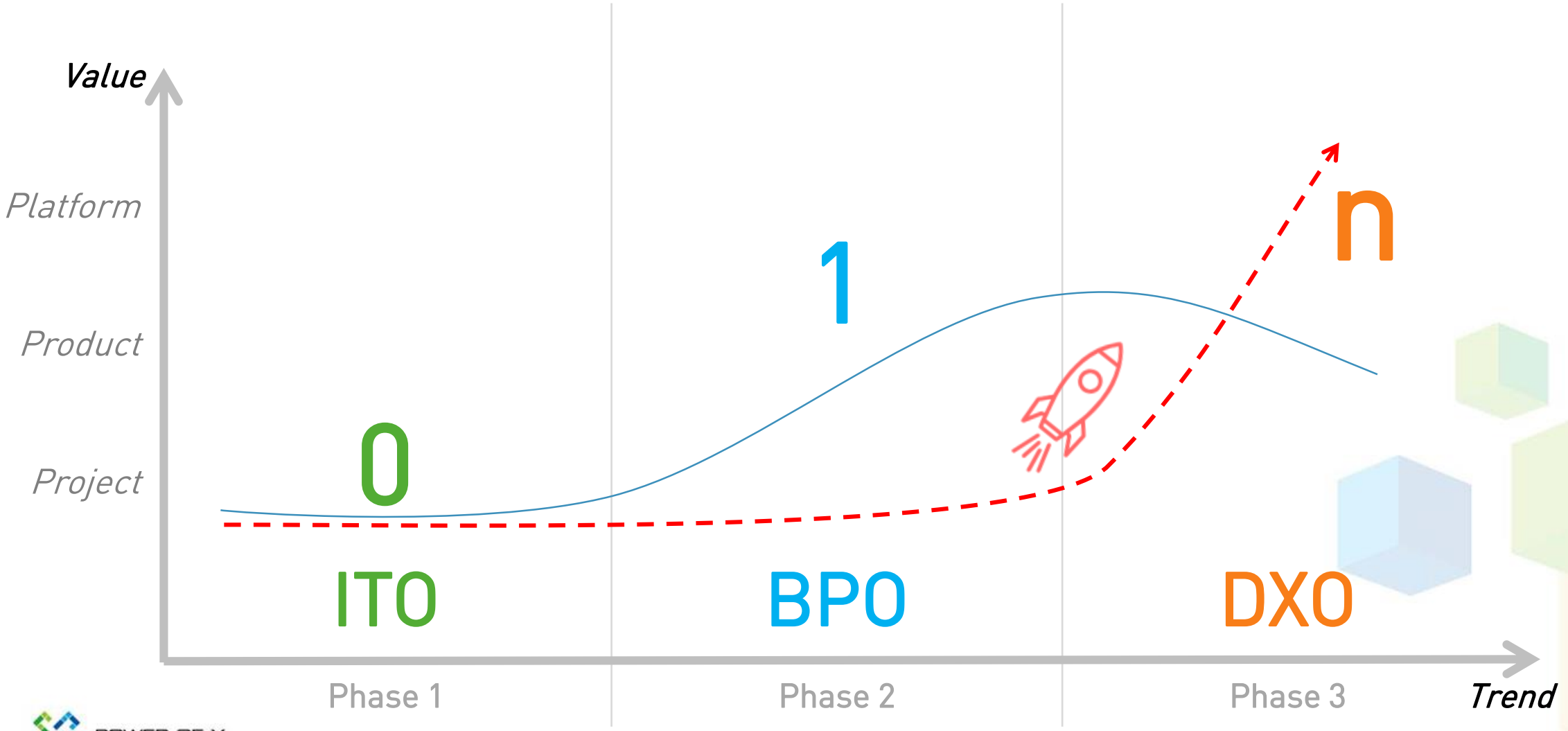
Digital Transformation Phases & Biz Model



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Core Competence : 5A@4C.3D

5A

AP

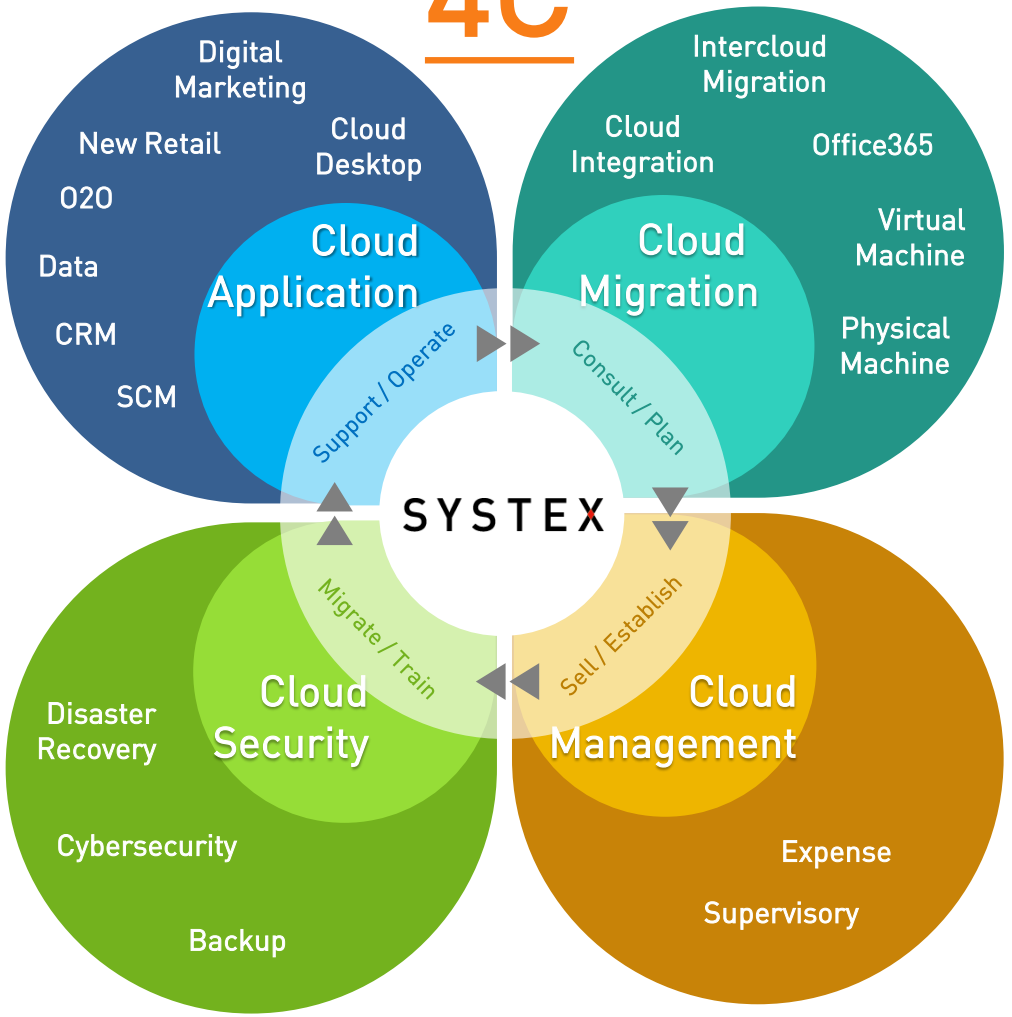
APP

API

Appliance

Algorithm

4C



3D

Data Infrastructure

Data Integration

Data Intelligence

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From SI to Xi, Ecosystem Integration

Software

- *Experience*
- *Exploration*
- *Exponential*
- *Expansible*

5A@4C.3D

Service

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

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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

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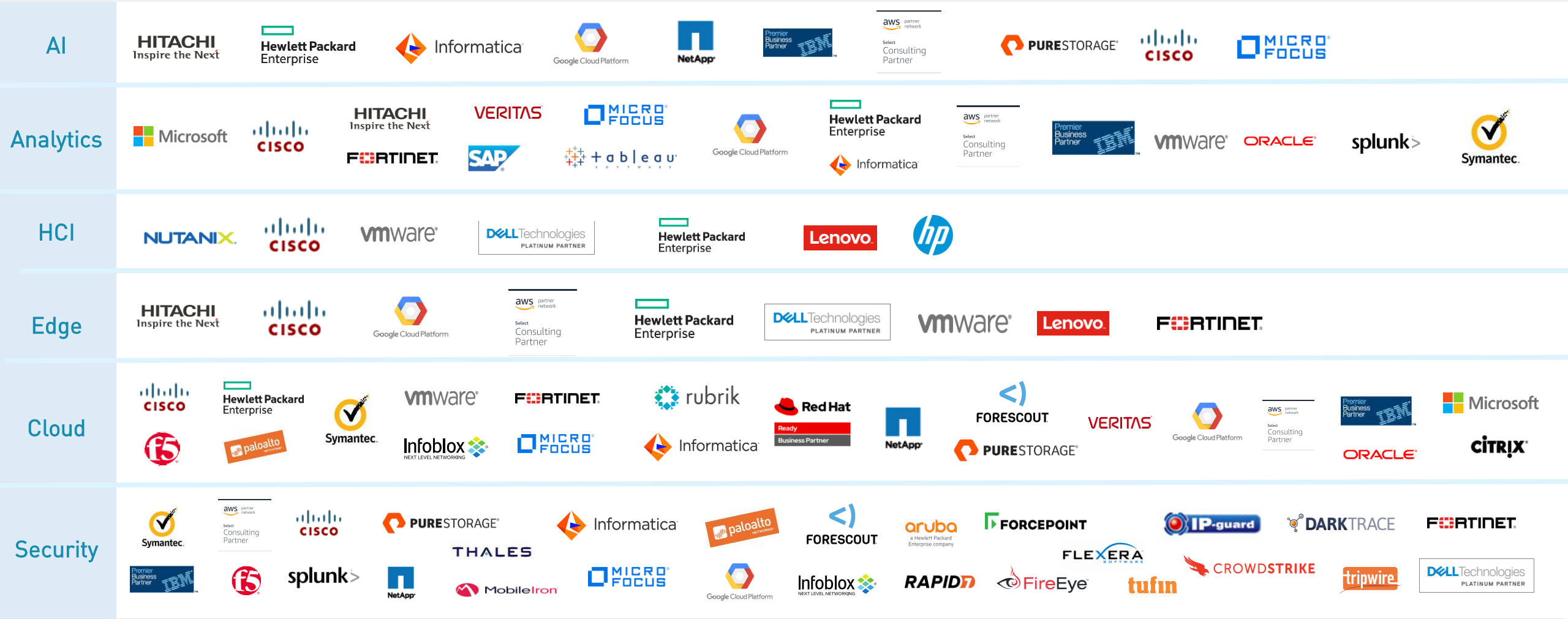
Global Ecosystem Partnership



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Representative Clients by Industry

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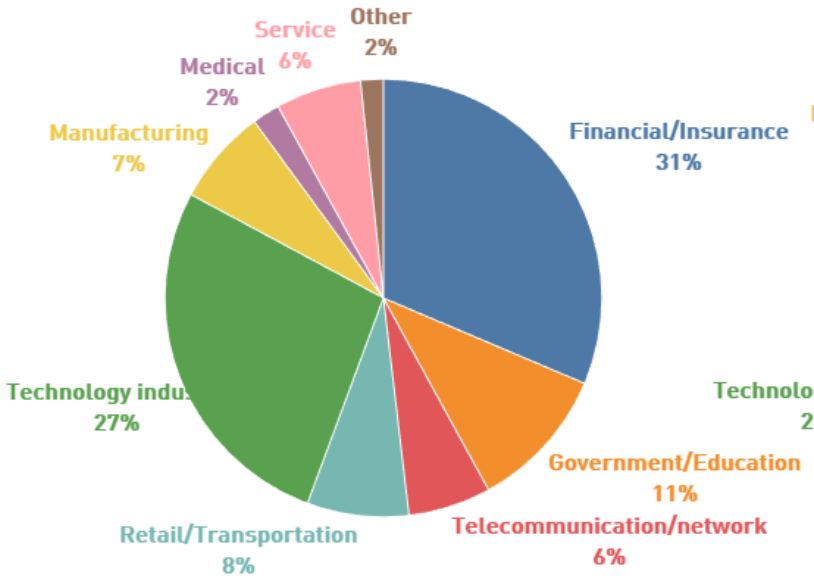
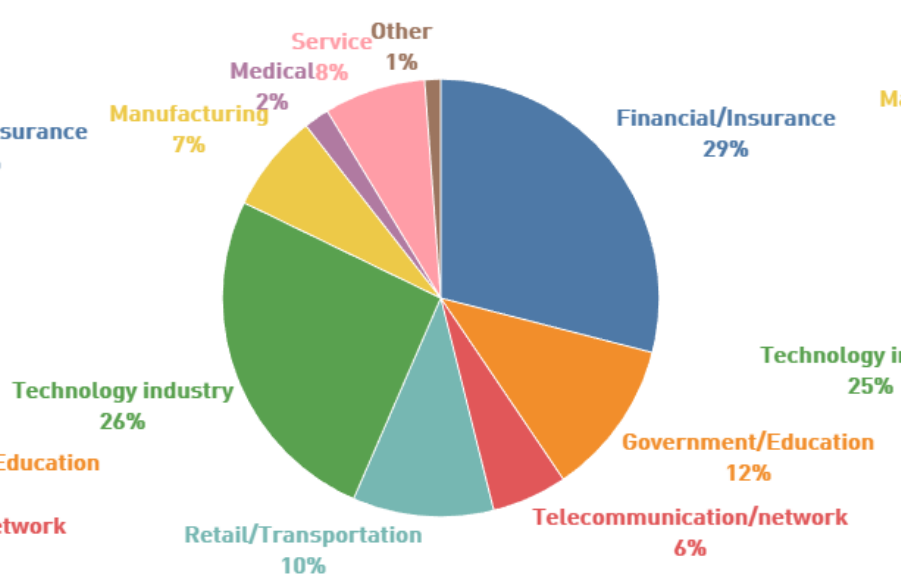
Revenue breakdown by industrial classification

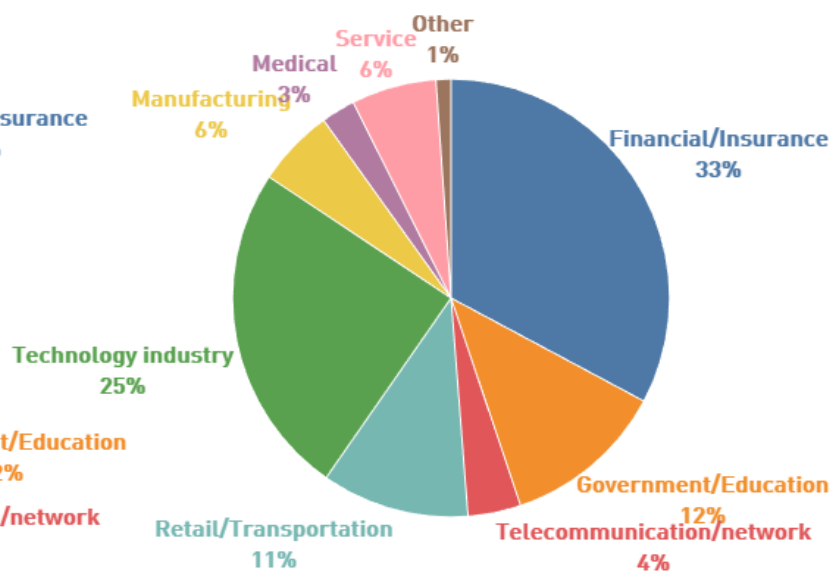
1Q18~3Q18



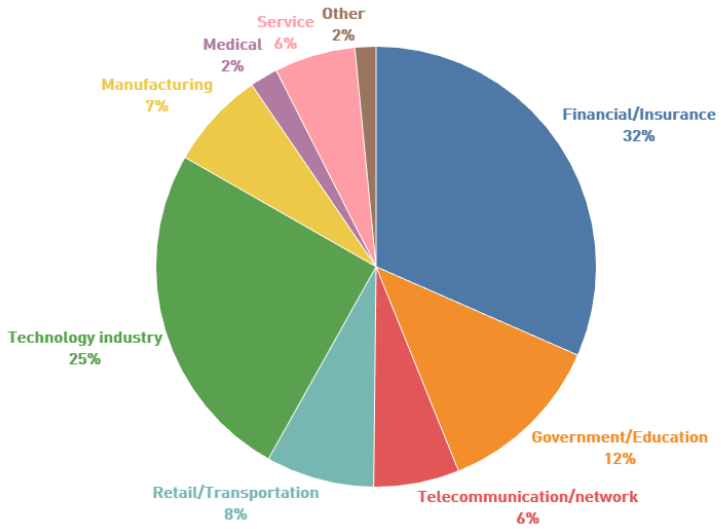
1Q19~3Q19



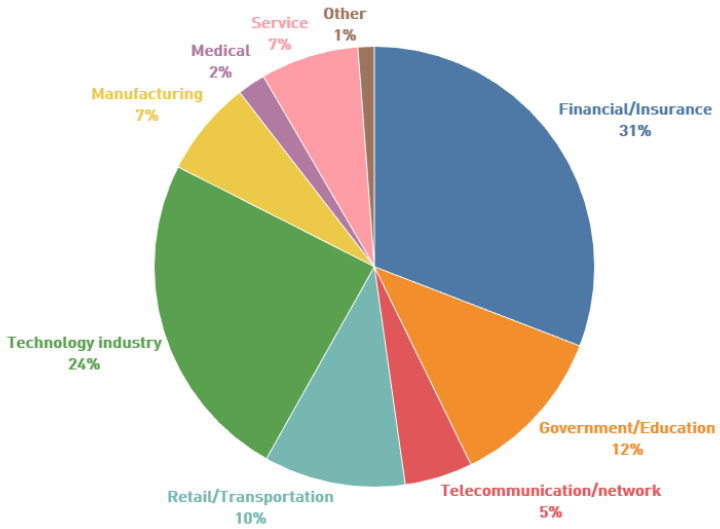
1Q20~3Q20



Y2018



Y2019



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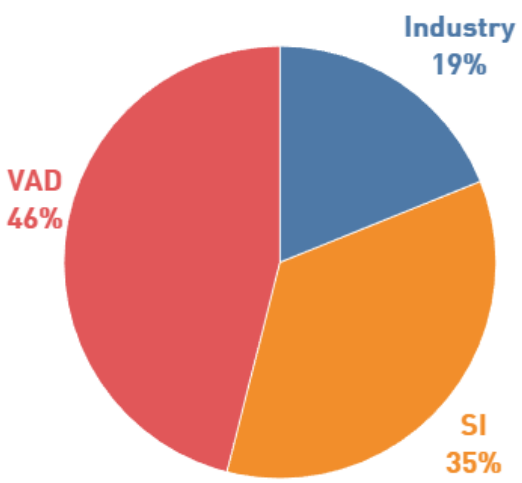
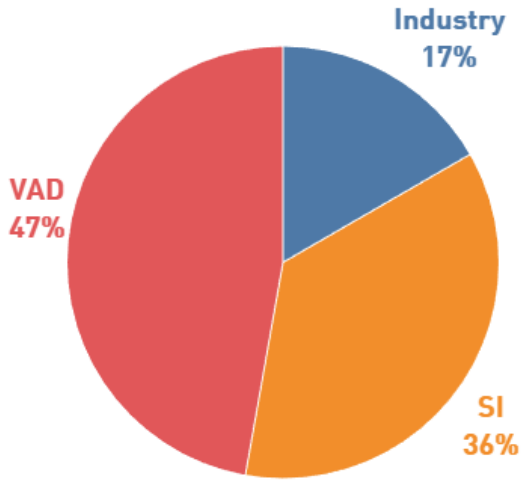
Revenue breakdown by business type

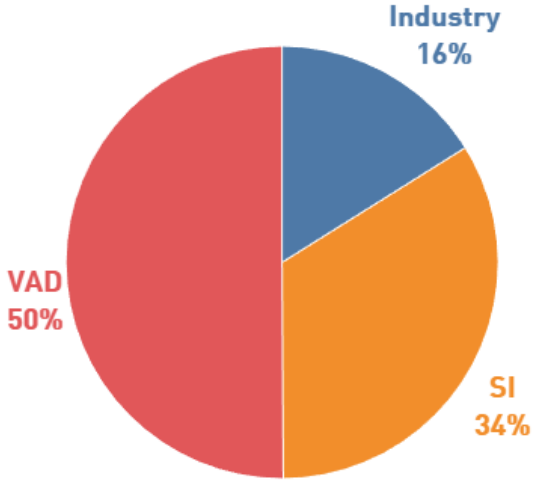
1Q18~3Q18



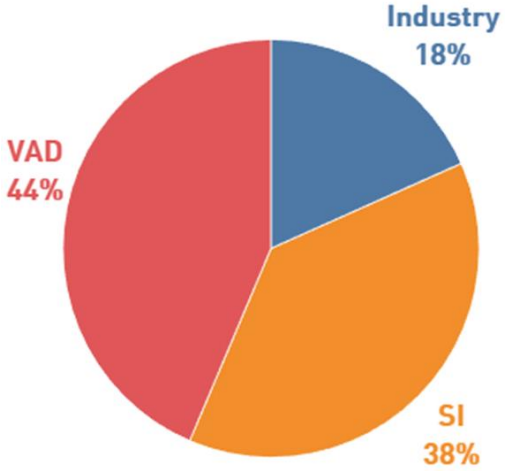
1Q19~3Q19



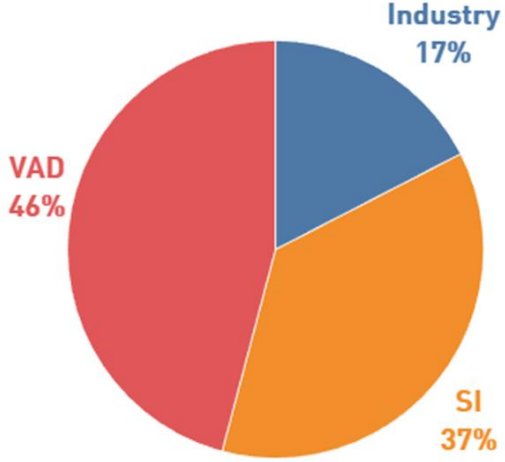
1Q20~3Q20



Y2018



Y2019



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BALANCE SHEETS

UNIT：NT$ million ,%

ITEM	2020/9/30	%	2019/12/31	%	2019/9/30	%
Cash and cash equivalents	2,783	13%	2,775	13%	2,315	12%
Current financial assets at fair value through profit or loss	2,518	12%	3,342	16%	2,763	14%
Trade and other current receivables	4,019	19%	3,774	17%	4,523	22%
Inventories	3,372	16%	3,064	14%	2,725	14%
Other current assets	1,847	9%	1,628	8%	1,504	7%
Total current assets	14,539	69%	14,583	68%	13,830	69%
Financial assets at fair value through profit or loss - non-current	1,591	8%	1,499	7%	1,635	8%
Financial assets at fair value through other comprehensive income - non-current	915	4%	1,487	7%	225	1%
Financial assets measured at amortized cost- non-current	500	2%	500	2%	500	2%
Investments accounted for using equity method	609	3%	826	4%	1,216	6%
Property, plant and equipment	2,071	10%	1,930	9%	1,937	10%
Right-of-use assets	279	1%	320	1%	323	2%
Intangible assets	100	1%	86	-	89	-
Total other non-current assets	384	2%	356	2%	386	2%
Total non-current assets	6,449	31%	7,004	32%	6,311	31%
Total assets	20,988	100%	21,587	100%	20,141	100%
Short-term loans	1,244	6%	527	3%	1,385	7%
Notes and accounts payable	3,166	15%	3,829	17%	2,905	14%
Other current liabilities	2,695	13%	3,117	15%	2,324	12%
Total current liabilities	7,105	34%	7,473	35%	6,614	33%
Long-term loans	94	-	0	-	0	-
Other non-current liabilities	449	2%	631	3%	462	2%
Total non-current liabilities	543	3%	631	3%	462	2%
Total liabilities	7,648	36%	8,104	38%	7,076	35%
Total share capital	2,694	13%	2,694	12%	2,694	13%
Capital surplus	6,514	31%	6,407	30%	6,512	32%
Retained earnings	5,722	27%	5,799	27%	5,040	25%
Other equity	(778)	-4%	(579)	-3%	(342)	-2%
Treasury shares	(928)	-4%	(928)	-4%	(928)	-4%
Total equity attributable to owners of Corporation	13,225	63%	13,393	62%	12,976	64%
Non-controlling interests	115	1%	89	-	89	1%
Total liabilities and equity	20,988	100%	21,586	100%	20,141	100%
Book Value Per Share	53.33		54.01		52.32	

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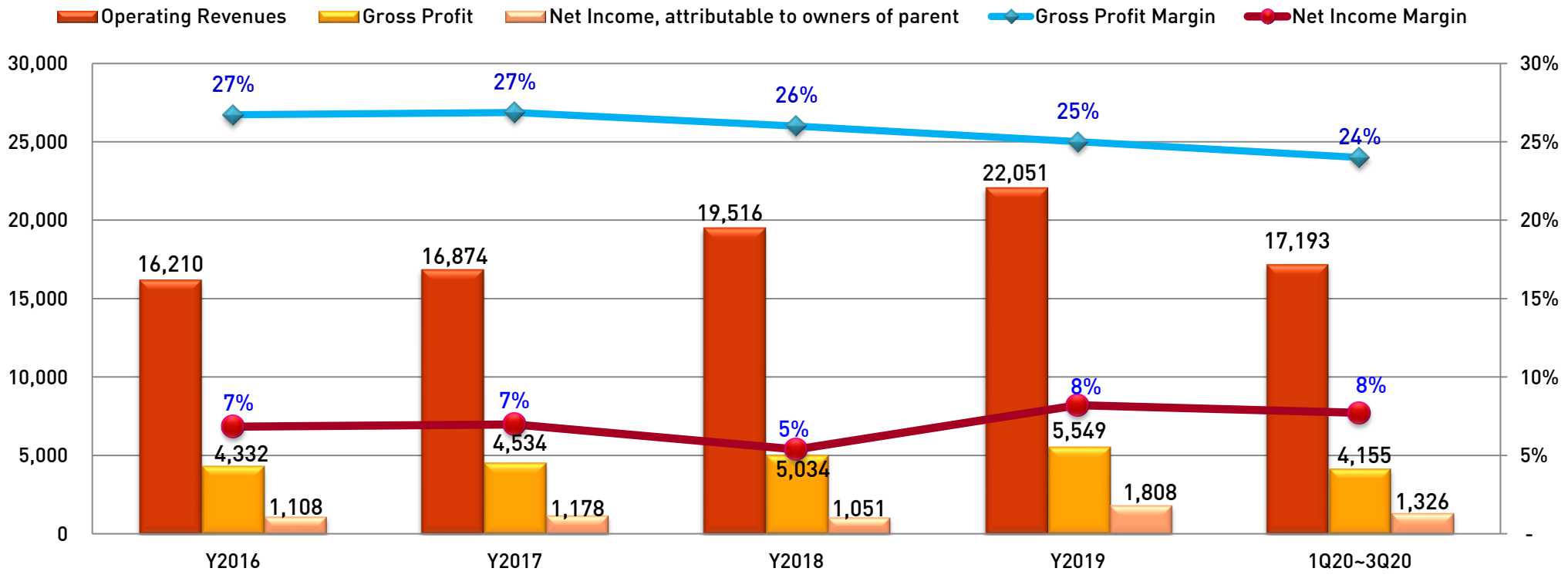
Historical INCOME STATEMENT

UNIT：NT$ million ,%



	Y2016	Y2017	Y2018	Y2019	1Q20~3Q20
Operating Revenues	16,210	16,874	19,516	22,051	17,193
Gross Profit	4,332	4,534	5,034	5,549	4,155
Gross Profit Margin	27%	27%	26%	25%	24%
Operating Expenses	4,053	3,995	4,346	4,942	3,436
Operating Income	279	539	688	607	719
Operating Income Margin	2%	3%	3%	3%	4%
Non-Operating Items	967	761	553	1,596	756
Net Income, attributable to owners of parent	1,108	1,178	1,051	1,808	1,326
Net Income Margin	7%	7%	5%	8%	8%
EPS	4.50	4.79	4.27	7.31	5.35

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INCOME STATEMENT

UNIT：NT$ million ,%

ITEM	3Q20	2Q20	DIFF	3Q19	DIFF	1Q20~3Q20	1Q19~3Q19	DIFF
Operating Revenues	5,569	5,866	(297)	5,671	(102)	17,193	16,038	1,155
Operating Costs	4,220	4,387	(167)	4,341	(121)	13,038	12,025	1,013
Gross Profit	1,349	1,479	(130)	1,330	19	4,155	4,013	142
Gross Profit Margin	24%	25%	-1%	23%	1%	24%	25%	-1%
Operating Expenses	1,177	1,209	(32)	1,162	15	3,436	3,352	84
Operating Income	173	270	(97)	169	4	719	661	58
Operating Income Margin	3%	5%	-2%	3%	-	4%	4%	-
Non-Operating Items (Notes 1)	366	560	(194)	158	208	756	502	254
Income Before Income Tax	538	830	(292)	327	212	1,475	1,163	312
Income Tax Expense	35	64	(29)	40	(5)	147	154	(7)
Net Income	503	766	(263)	287	217	1,328	1,009	319
Net Income, attributable to non-controlling interests	(1)	4	(5)	1	(2)	2	2	1
Net Income, attributable to owners of parent	504	762	(258)	286	219	1,326	1,006	320
EPS	2.03	3.07	(1.04)	1.15	0.88	5.35	4.07	1.28

Notes1 : Non-Operating Items

	3Q20	2Q20	DIFF	3Q19	DIFF	1Q20~3Q20	1Q19~3Q19	DIFF
Interest income and expense	(3)	0	(3)	(1)	(2)	(2)	9	(11)
Share of profit of associates	11	23	(12)	17	(6)	33	38	(5)
Gains on disposals of investments	154	90	64	115	39	249	166	83
Gains on financial assets at fair value through profit or loss	155	399	(244)	21	134	375	191	184
Dividend income	13	34	(21)	7	6	48	69	(21)
Foreign exchange gain(loss) , net	26	2	24	(6)	32	23	(1)	24
Other non-operating income and expenses	10	12	(2)	5	5	30	30	0
Total non-operating income and expenses	366	560	(194)	158	208	756	502	254

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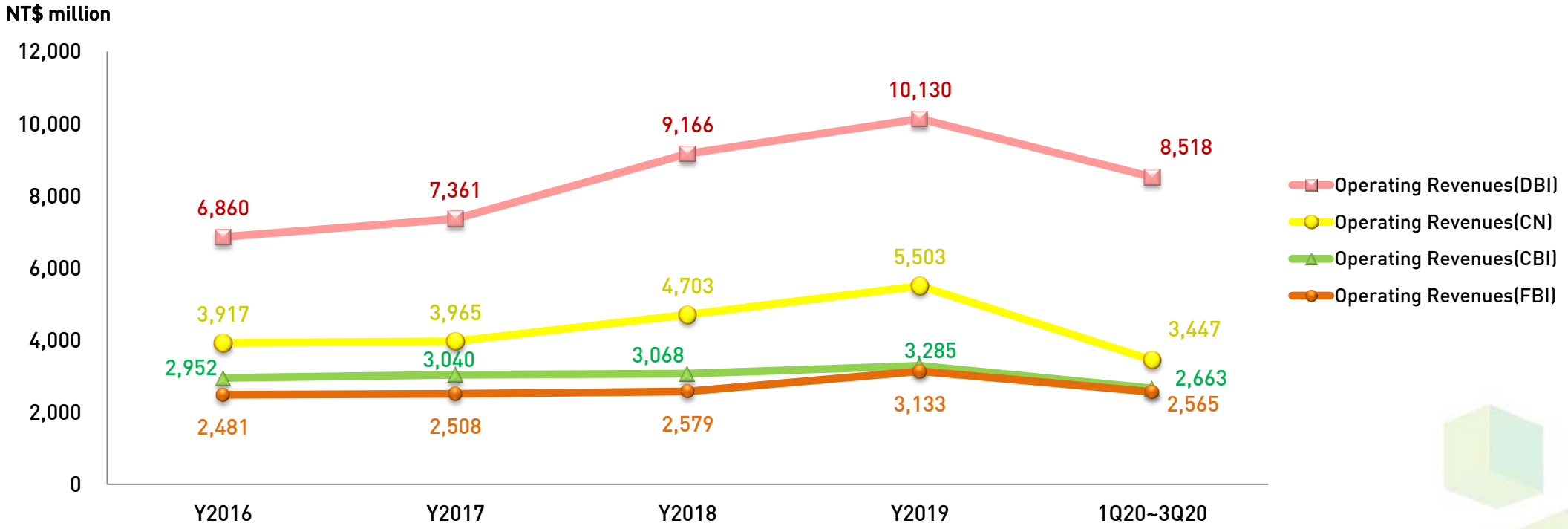
Operating Revenues by BI

UNIT：NT$ million ,%



	Y2016		Y2017		Y2018		Y2019		1Q20~3Q20	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Operating Revenues	16,210	100%	16,874	100%	19,516	100%	22,051	100%	17,193	100%
Operating Revenues(FBI)	2,481	15%	2,508	15%	2,579	13%	3,133	14%	2,565	15%
Operating Revenues(CBI)	2,952	18%	3,040	18%	3,068	16%	3,285	15%	2,663	15%
Operating Revenues(DBI)	6,860	42%	7,361	44%	9,166	47%	10,130	46%	8,518	50%
Operating Revenues(CN)	3,917	24%	3,965	24%	4,703	24%	5,503	25%	3,447	20%

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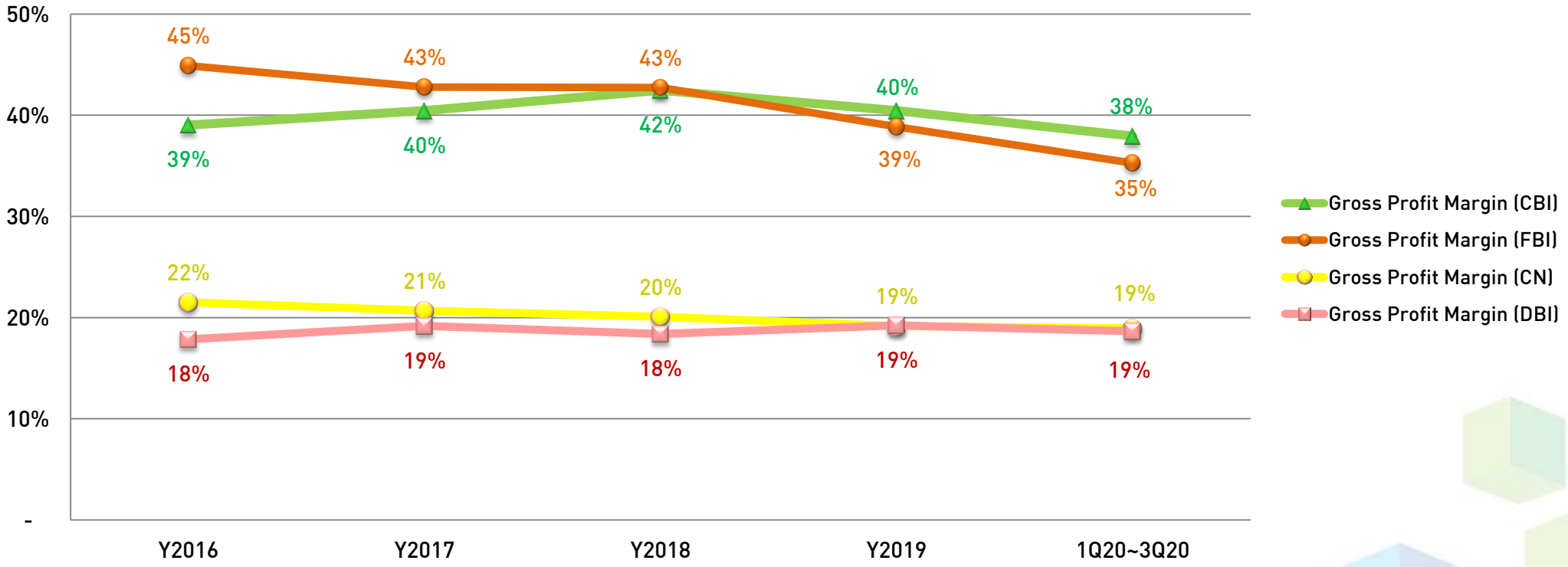
Gross Profit Margin by BI



	Y2016	Y2017	Y2018	Y2019	1Q20~3Q20
Gross Profit Margin	27%	27%	26%	25%	24%
Gross Profit Margin (FBI)	45%	43%	43%	39%	35%
Gross Profit Margin (CBI)	39%	40%	42%	40%	38%
Gross Profit Margin (DBI)	18%	19%	20%	19%	19%
Gross Profit Margin (CN)	22%	21%	18%	19%	19%

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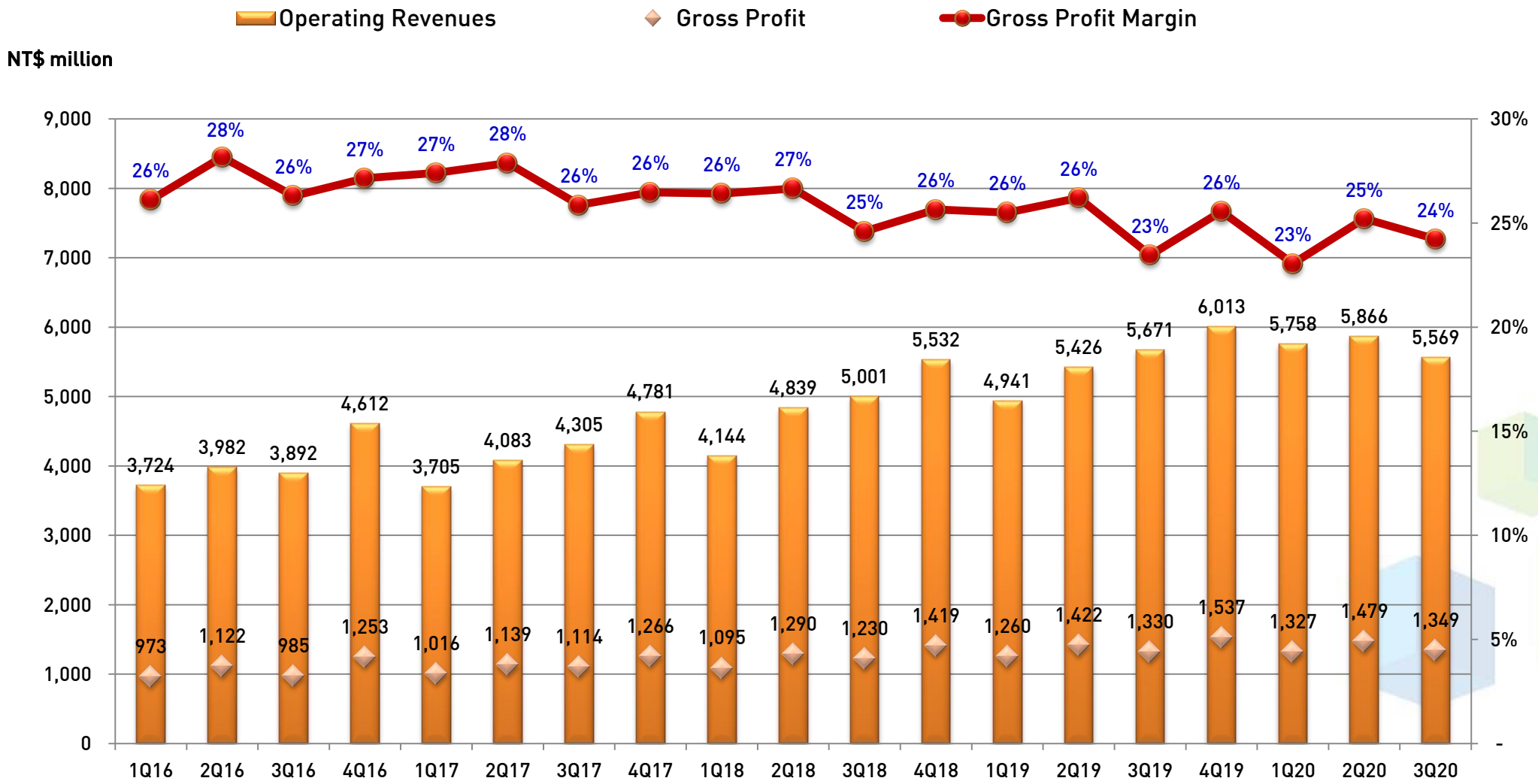
Consolidated Operating Revenues & Gross Profit Margin



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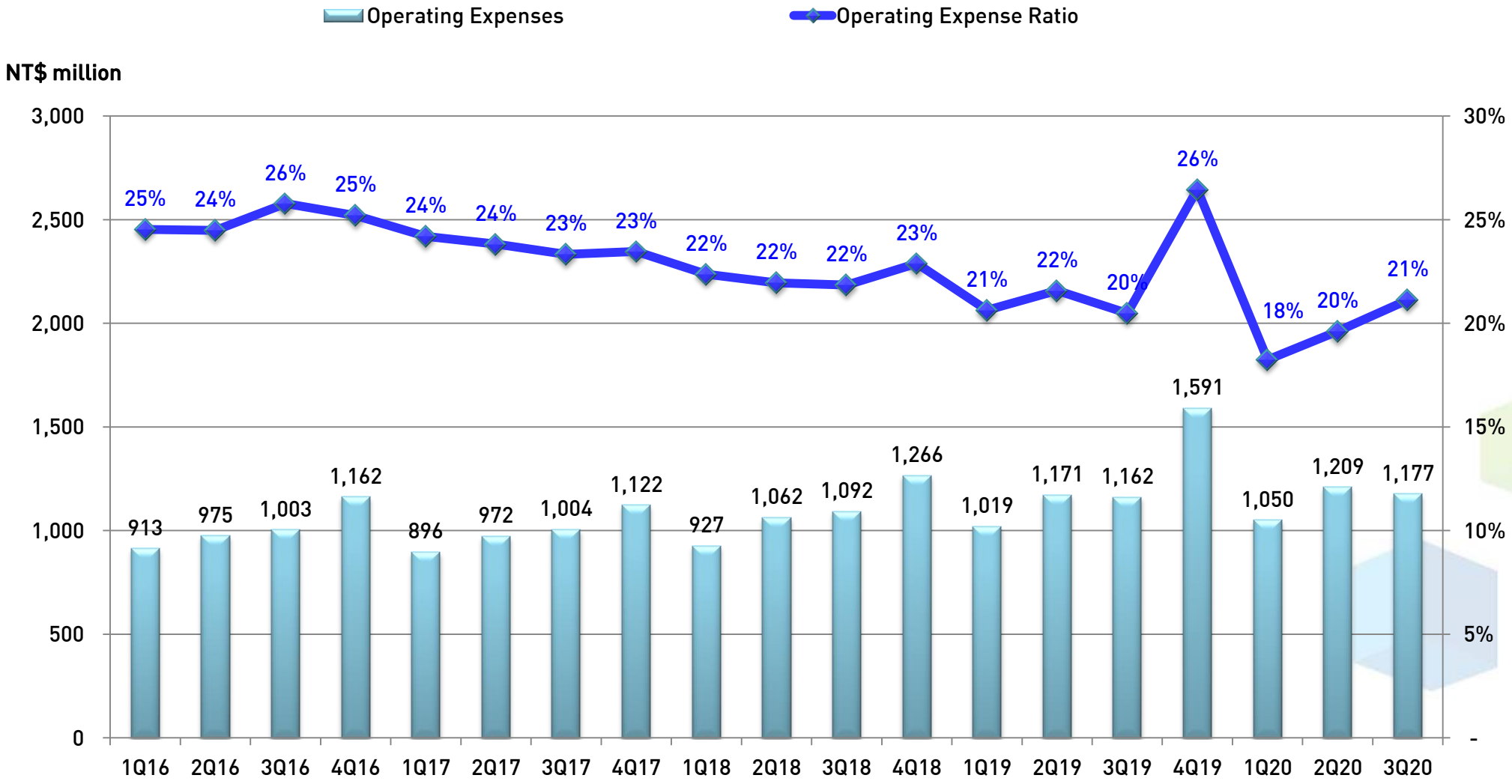
Operating Expenses By Quarter



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