

SUN MAX TECH LIMITED

2018 1Q

Disclaimer

- ▶ The following pages contain projections & estimates of financial information as well as market and product developments for future periods. These projections & estimates are based on information currently available which we believe to be reliable, but they involve risks and uncertainties.
- ▶ Our actual results of operations and financial condition may differ significantly from those contained in the projections & estimates. These projections & estimates should not be interpreted as legally binding commitments, but rather as flexible information subject to change occasionally.

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- Company Profile
- Operation Results
- Core Competitiveness
- Industry Overview
- Future Prospects

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Company Profile

- ▶ Established Date: Nov. 28, 2013
- ▶ President : Vincent Hsu
- ▶ Paid in Capital : NT\$237 mn
- ▶ Main Business : DC brushless cooling fan development, manufacturing and sales
- ▶ Highlights: Sun Max is the world's leading provider of gaming PC cooling fans with tailor-made and high efficient products. And it is aiming at the niche market ex: green energy, automotive and gaming NB

Major Products

Major Products:

Cooling Fan for VGA card, power supply, computer cases, CPU cooler, and other customized products

DC Fan for automotive (cooling or ventilation), industrial application (inverter and transformer cooling), home appliances, etc.

POWERLOGIC

**High-End
High-Quality
OEM/ODM Oriented**

**DC Brushless
Fan Maker**

Most Extreme DC Brushless FAN Products
Silent, Powerful and Efficient

Standard Range of DC Brushless
Axial and Blowers

High Performance DC Pump
for Water Cooling System

CPU Cooler Fans Panels
Assembly and Design

Digital Card Fans Development
Assembly and Design

Impregnation and Promotion
HDB (Hydro Dynamic Bearing)

WE ALWAYS MAKE THE COOLING SYSTEM COOL

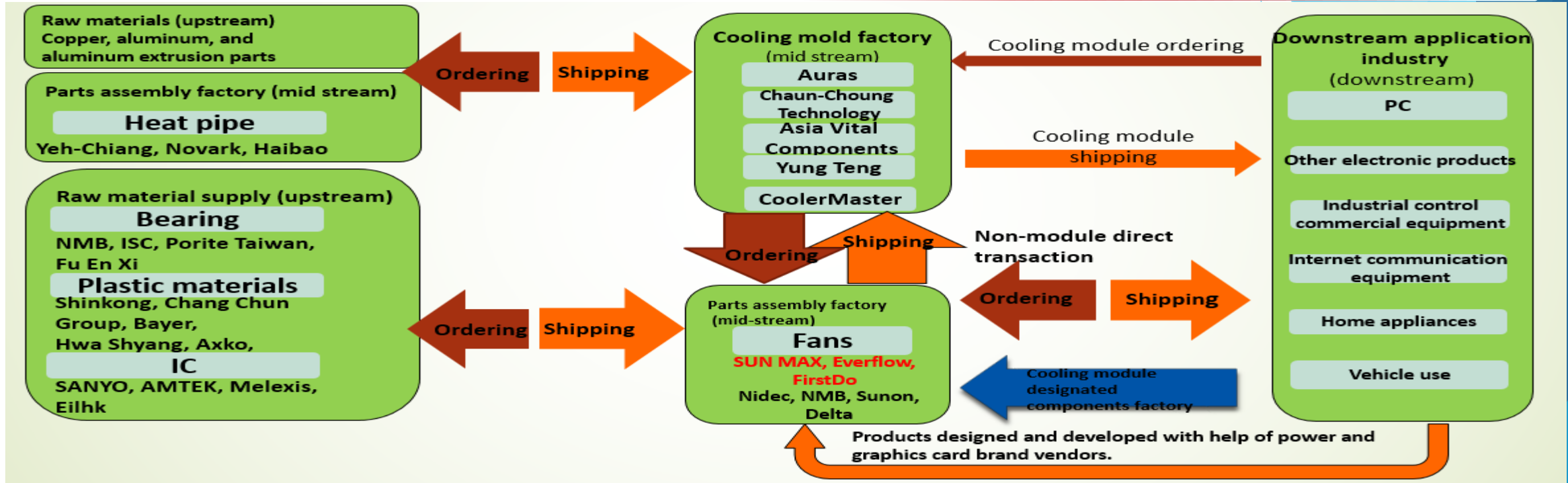
POWERLOGIC

We always make the cooling system cool

Most Extreme Products
Silent, Powerful and efficient.
Our unique range of design and high performance gives you countless possibilities for your demanding application.

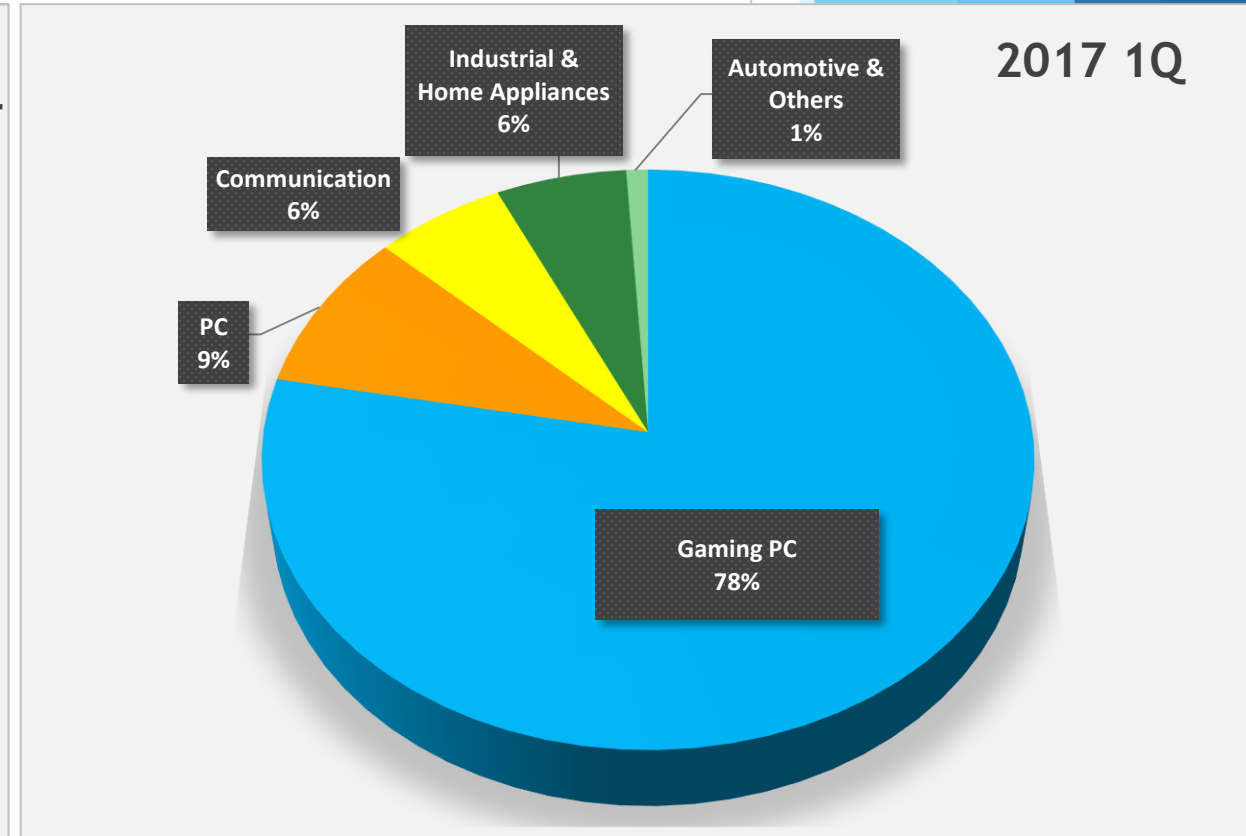
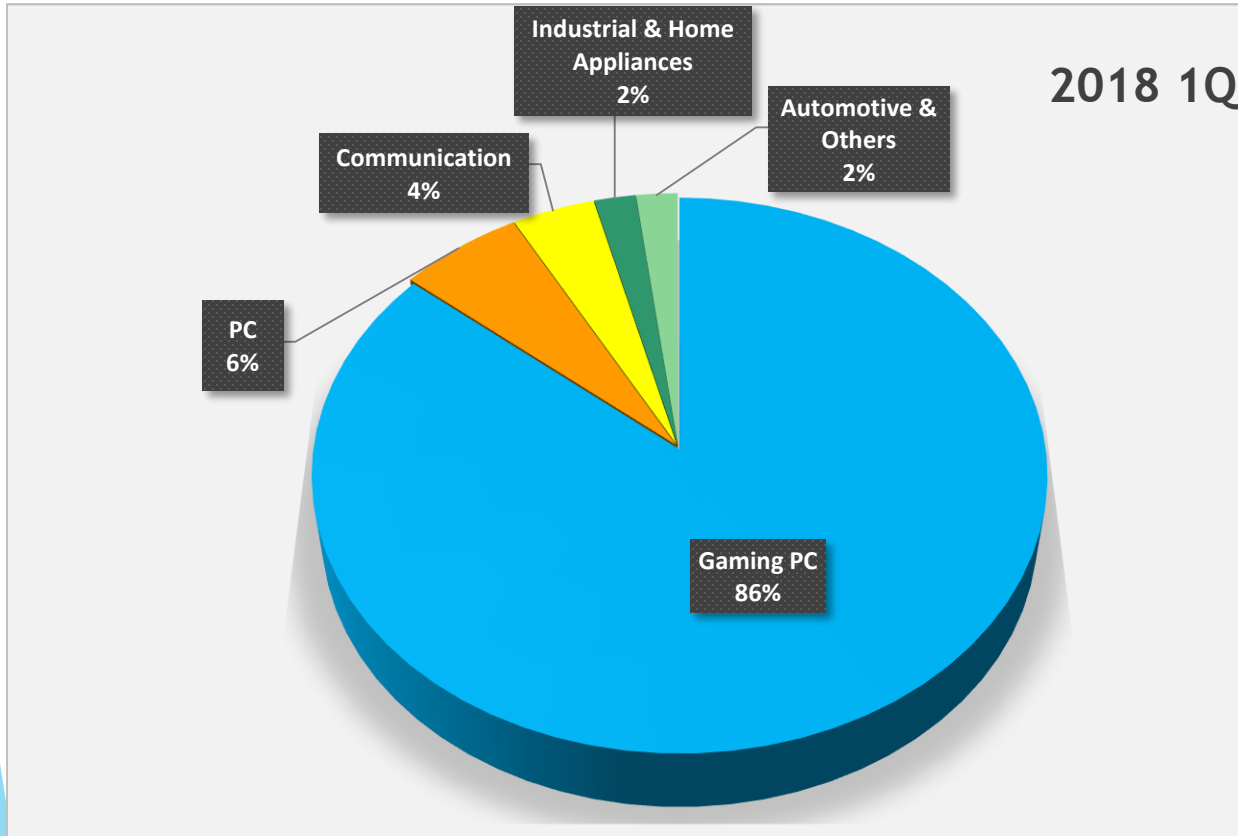
Featuring New Design
The new generation of HDB products
High Precision Bearing Structure
Low Noise Expression
Extra Life Time, Reliability > 70,000hrs
Efficient Anti-Shock

Supply Chain of Cooling System



- Major Clients include first-tier graphics card brands such as ASUS, MSI, Gigabyte, and EVGA. The product lines cover the majority of mid- to high-end pc cooling . All the products are self- developed with outstanding quality
- The total demand for mid-to high end graphics cards increased significantly. The main reasons are as follows: (1) popular eSport and on-line games with high-quality picture and sound effects; (2) 4K resolution becomes the mainstream; (3) the emergence of virtual reality application.

Product Mix (by Applications)



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2018 1Q Income Statement (YoY)

Unit: NT\$ Thousands/ NT\$

(NT\$ Thousands)	2018 1Q	%	2017 1Q	%	YoY(%)
Total Revenue	419,808	100%	213,417	100%	97%
Gross Profit	112,438	27%	58,424	27%	92%
Operation Expenses	41,033	10%	36,053	17%	14%
Operation Income	71,405	17%	22,371	10%	219%
Non-Op Income	-13,698	-3%	-5,455	-3%	--
Pre-Tax Profit	57,707	14%	16,916	7%	241%
Net Income	34,189	8%	9,926	5%	244%
EPS (NT\$)	1.44		0.54		

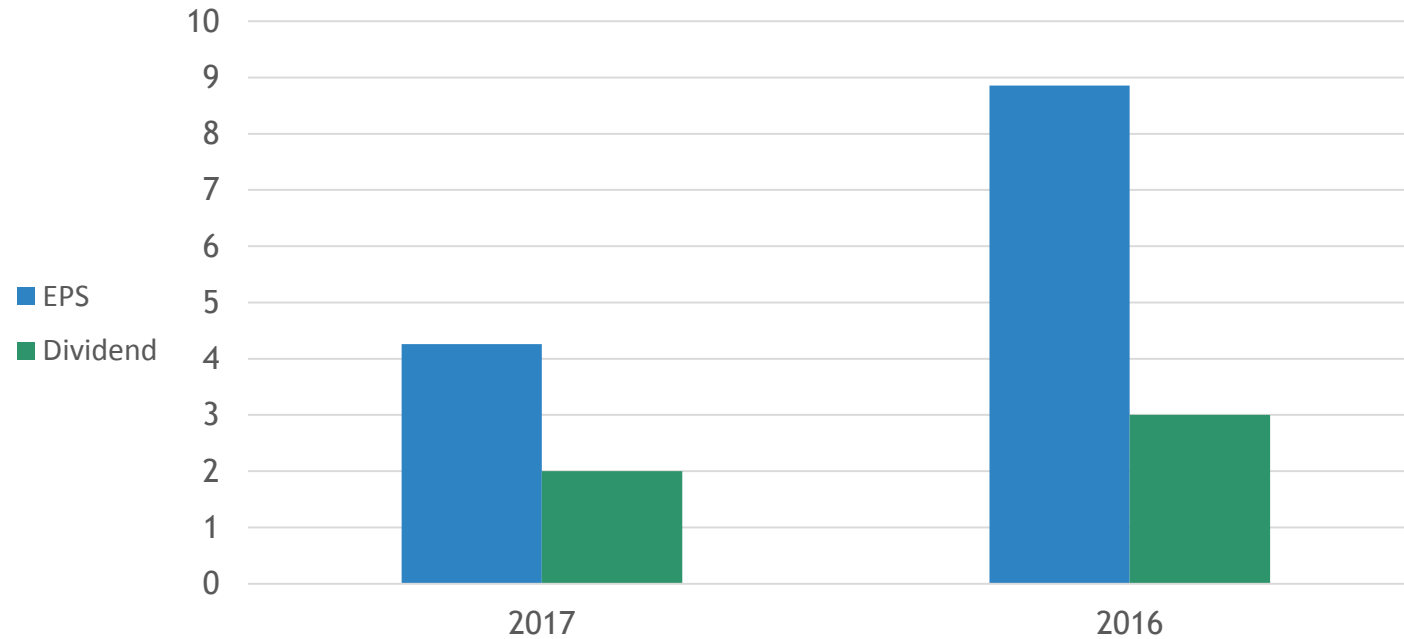
2018 1Q Income Statement (QoQ)

Unit: NT\$ Thousands/ NT\$

(NT\$ Thousands)	2018 1Q	%	2017 4Q	%	QoQ(%)
Total Revenue	419,808	100%	423,284	100%	--
Gross Profit	112,438	27%	110,509	26%	2%
Operation Expenses	41,033	10%	62,186	15%	--
Operation Income	71,405	17%	48,323	11%	48%
Non-Op Income	-13,698	-3%	-8,566	-2%	--
Pre-Tax Profit	57,707	14%	39,757	9%	45%
Net Income	34,189	8%	25,032	6%	37%
EPS (NT\$)	1.44		1.18		

Dividend Policy

Unit: NT\$

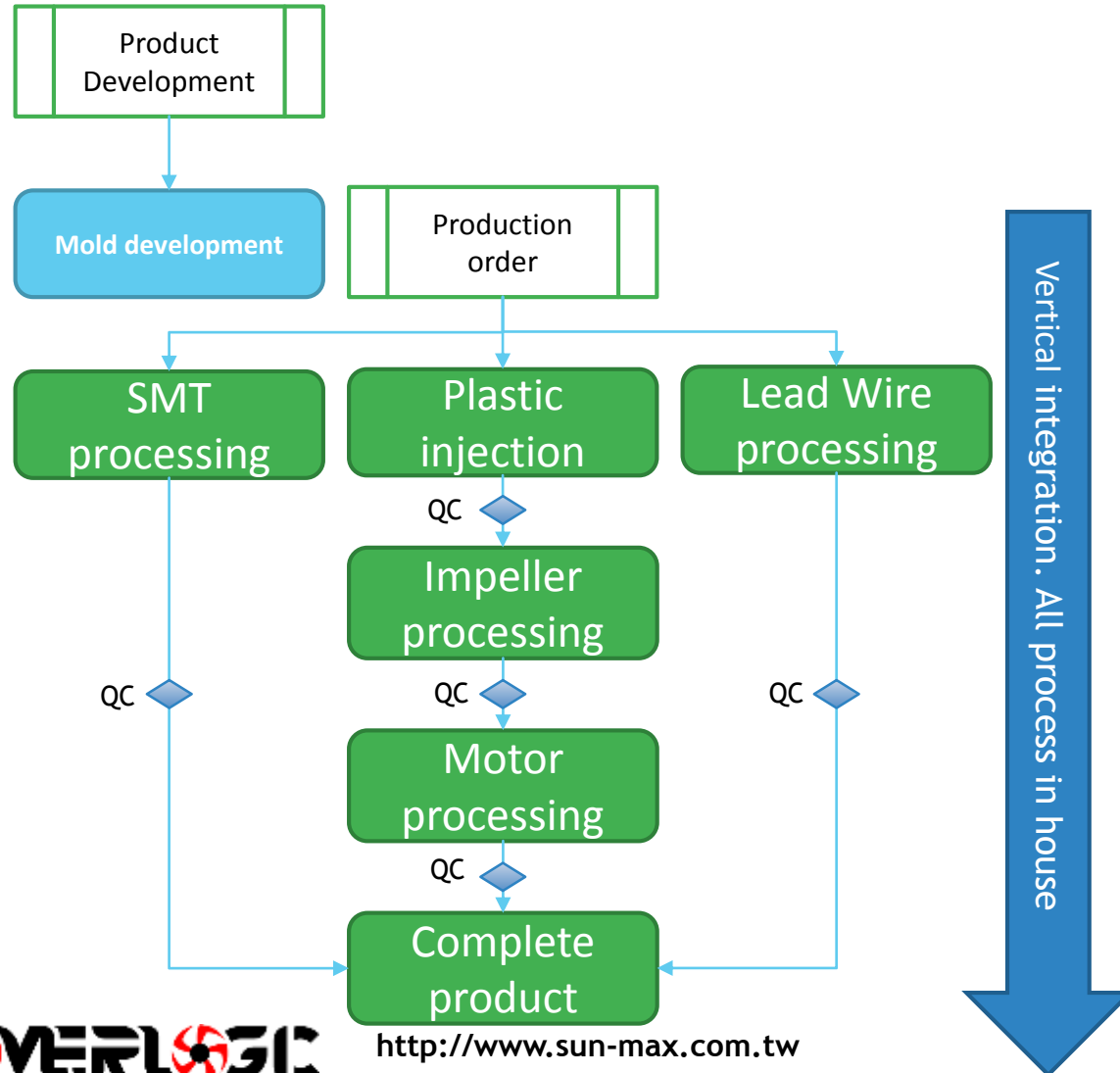


NTD	2017年	2016年
EPS	4.26	8.86
Dividend	2.00	3.00
Cash Div	2.00	1.50
Stock Div	-	1.50

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Vertical Integration



Leading professional vendor in cooling fan manufacturing. To improve management of the cost, quality, lead time, and transportation, Sun Max highly integrated the production processes and key resources, including product design, mold development, plastic injection, wire processing, motor processing, and transportation. The vertical integration helps to maintain the product quality and to provide all customers the comprehensive cooling technology applications. It also helps the customers significantly shorten the new products development and production in response to the rapidly changing nature of the IT industry, and effectively improve the customers satisfaction and core competitiveness.

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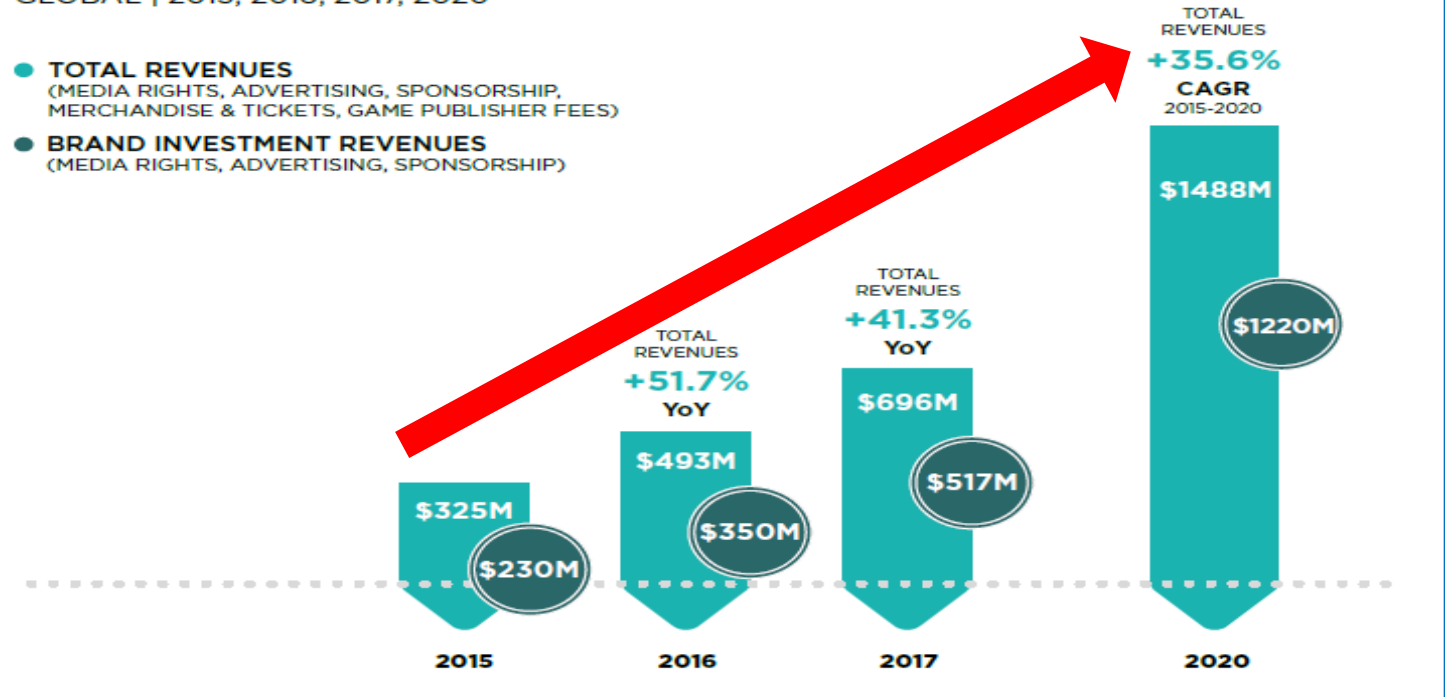
eSports Market Future Outlook



ESPORTS REVENUE GROWTH

GLOBAL | 2015, 2016, 2017, 2020

- **TOTAL REVENUES**
(MEDIA RIGHTS, ADVERTISING, SPONSORSHIP, MERCHANDISE & TICKETS, GAME PUBLISHER FEES)
- **BRAND INVESTMENT REVENUES**
(MEDIA RIGHTS, ADVERTISING, SPONSORSHIP)



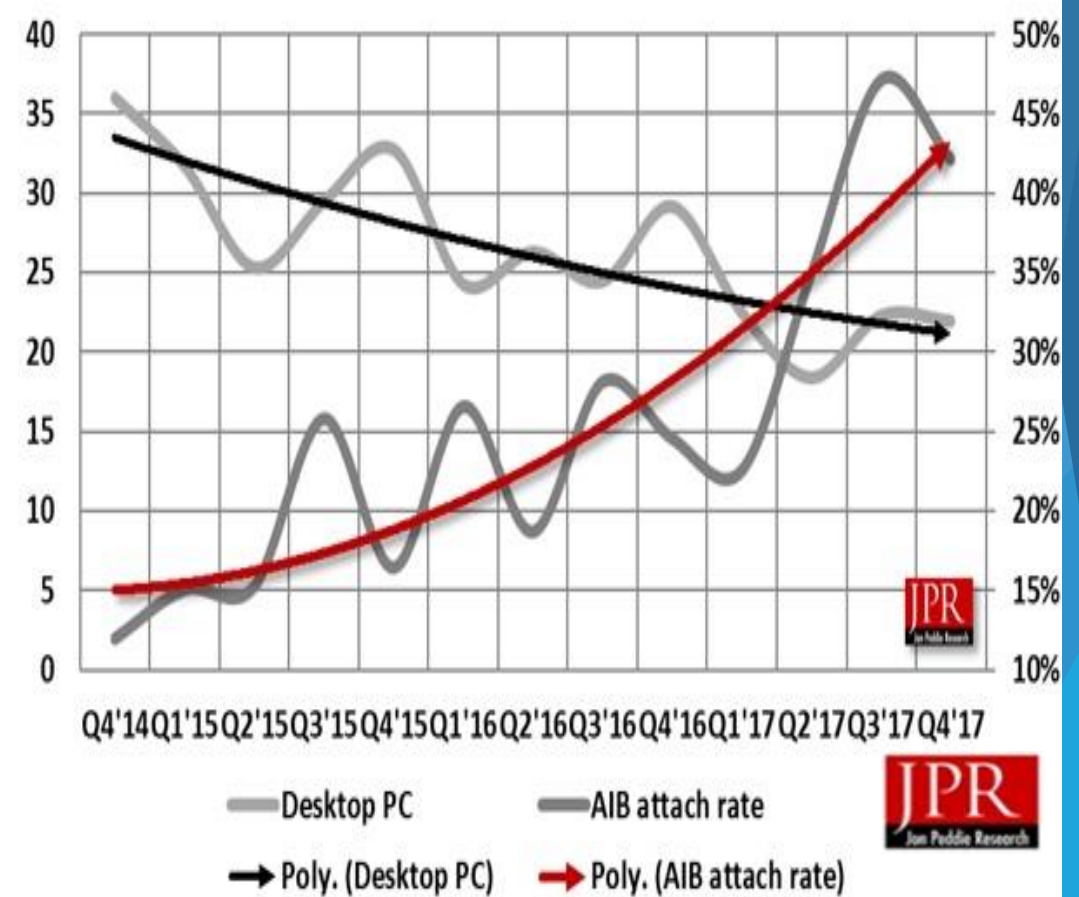
➤ NewZoo research shows that 2017 global eSport market scale was USD 696 million and is expected up to USD 1,488 million by 2020. The CAGR of 2015 - 2020 is approximately at 35.6%.

- ✓ eSport NB brands
- ✓ eSport PC graphic cards

Graphics Card Industry Future Outlook



- *Gaming computers and peripheral equipment industries grow rapidly
- *eSport games, screen resolution, virtual reality applications are increasing
- High End AIB(Add-in-Board) accounts for 44% of the global GPU market share
- Screen and game resolution are significantly increasing
- Mature 4K technology gears up the graphics card performance



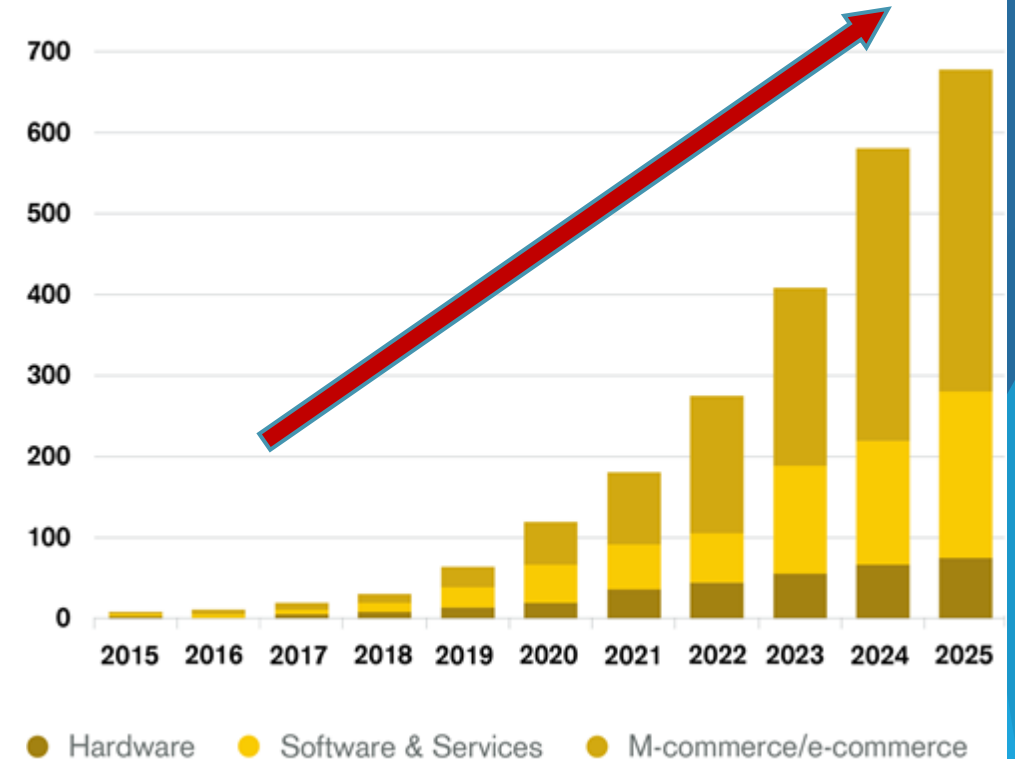
Road Map of VR Application

2015-2018	2018-2023	2023-2030
Gaming (VR)	Interaction(VR/AR)	Commerce(VR/AR)
VR Helmet Gaming PC eSports	AR/VR 3D/4D Interaction Tools	Housing, Shopping And Retail Industry
Market Value(E) USD 8 billion	Market Value(E) USD 68 billion	Market Value(E) USD 600 billion

Gartner Research suggests VR/AR applications will gradually expand from gaming to commercial applications. The number of devices embedded with the graphics card will also sequentially increase. Sun Max will continue to develop the new products in the GPU cooling system

VR application: video games, digital entertainment (television and movies), live concerts, interactive exhibitions, education, communication, medical, military

VR/AR market could potentially grow to the size of the current smartphone market in USD bin






Source: Gartner

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R&D Road Map Automotive Application

Application		2017	2018	2019	2020	2021	2022	2023
Automotive	AVN	[Red arrow from 2017 to 2023]						
	HVAC	[Red arrow from 2017 to 2023]	[Blue arrow 2017-2018]	[Yellow arrow 2018-2019]				
	Charging Station		[Blue arrow 2017-2018]	[Yellow arrow 2018-2019]	[Red arrow from 2019 to 2023]			
	Seat Ventilation		[Blue arrow 2017-2018]	[Yellow arrow 2018-2019]	[Red arrow from 2019 to 2023]			

 Develop
 Verification
 Mass Production

Small Size 、 Low Power

Medium/Large Size 、 High Power

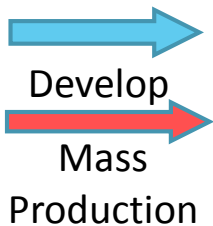
<http://www.sun-max.com.tw>

AVN: Audio Video Navigation
 HVAC: Heating, Ventilation and Air Conditioning



R&D Road Map NB 、 Pump 、 LED

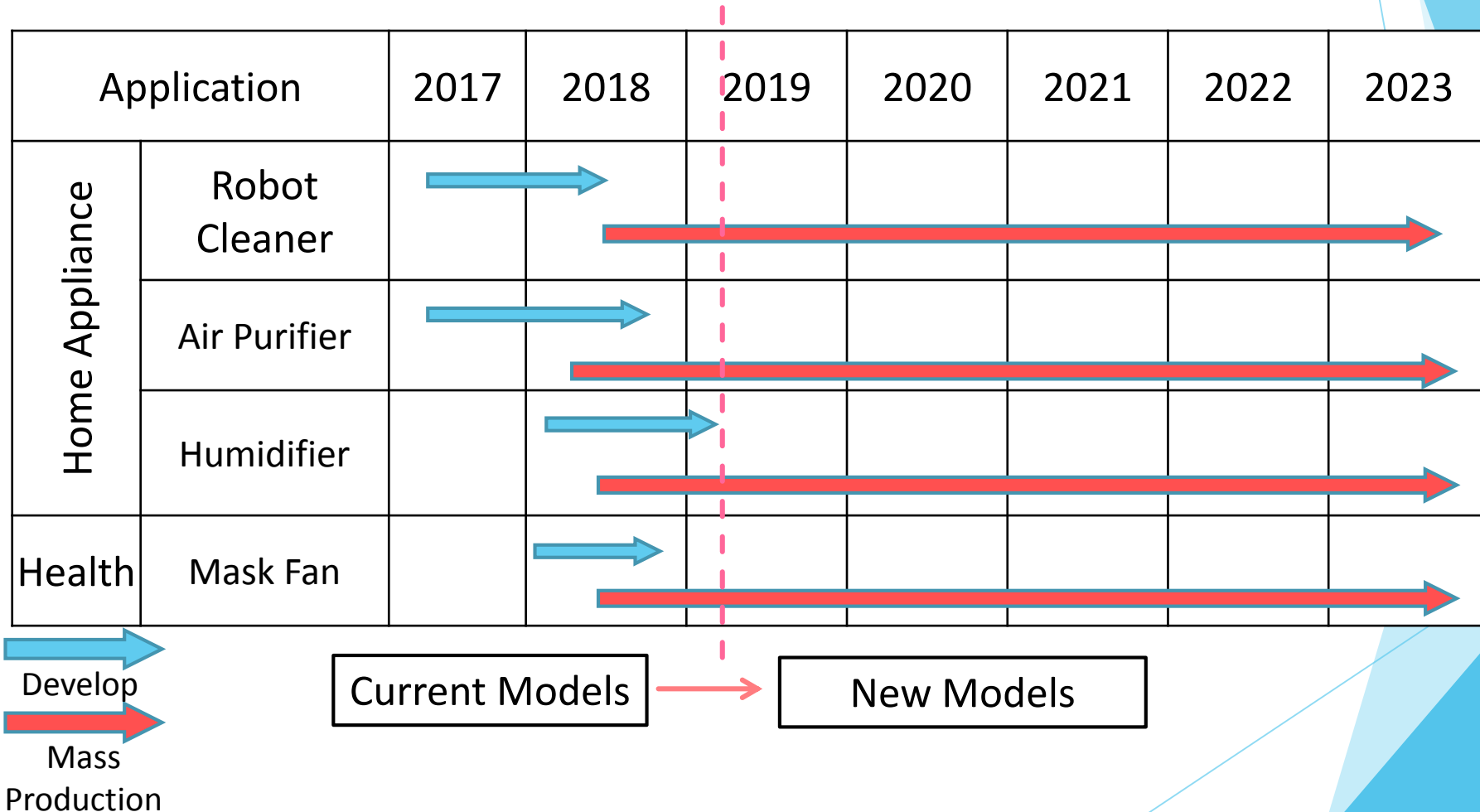
Application		2017	2018	2019	2020	2021	2022	2023
NB	NB Blower	Develop		Mass Production				
Water PUMP	CPU		Develop	Mass Production				
	VGA	Develop						
	NB	Develop						
LED	E-sports Application	Develop		Mass Production				



Current Models

New Models

R&D Road Map Home Appliance, Health Appliance



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Thank You Very Much