

# PAX Global Technology Limited (327.HK)

## 2018 Annual results

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# Agenda

**01**

Key milestones in 2018

**02**

2018 Annual results snapshot

**03**

2019 Full year guidance



# **PAX's key milestones in 2018**



# PAX's key milestones in FY 2018

2018 full year  
guidance achieved



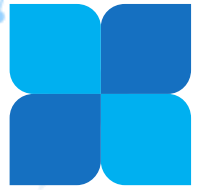
Record high of  
global shipment  
volume over  
10 million units



Overseas market  
achieved **double-  
digit growth for  
five consecutive  
years**



Sales of LACIS  
region over  
**HKD 2 billion**



# 2018 Annual results snapshot

# 2018 Annual results snapshot

- **Revenue: HKD 4,415.4 M**  
YoY change: +23.0%  
Overseas market, YoY change: +43.4%
- **Gross profit: HKD 1,626.7 M (GPM: 36.8 %)**  
YoY change: +11.6%
- **Profit for the year: HKD 515.4 M**  
YoY change: +53.1%
- **Profit attributable to the owners of the Company: HKD 522.5 M**  
YoY change: +28.2%
- **Proposed 2018 final dividend: HKD 0.04 per ordinary share**

# 2018 annual – Revenue by region

**LACIS** +62.7%

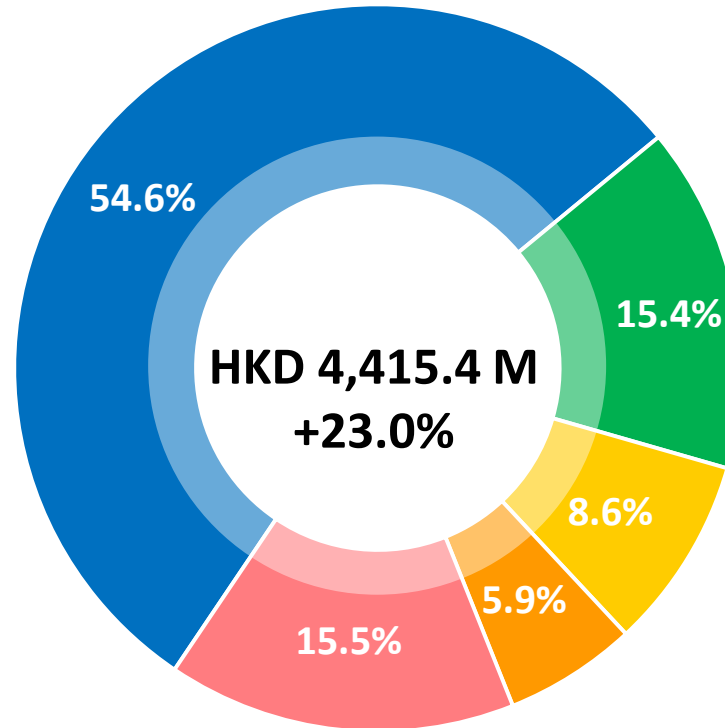
- Refer to slide 9

**China** -30.9%

- Refer to slide 10

**USCA** +3.0%

- Newly launched smart electronic cash register (“ECR”) series is highly recognized
- Partnership with payment service providers to roll out Android smart terminals

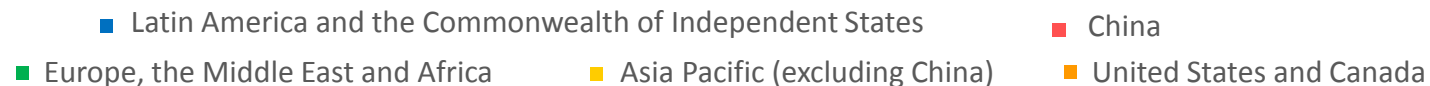


**EMEA** +11.7%

- Achieved important certifications in France, Spain, Denmark, etc
- Established a joint venture with CCV, focusing on unattended payment solutions
- Growing demand from Western Africa

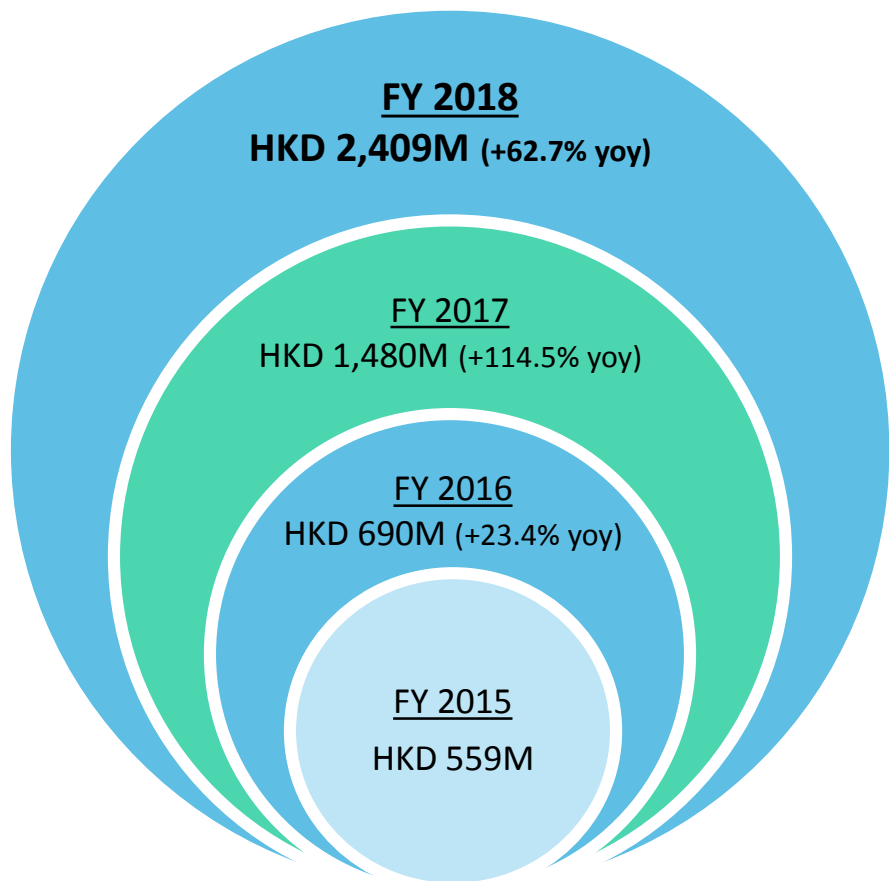
**APAC** +47.4%

- Meaningful contribution from newly acquired subsidiary Kwang Woo in Korean market
- Newly set up subsidiaries in Japan and India with prosperous future
- Increasing demand of smart terminals across APAC





## LACIS - Annual revenue



## Brazilian market ( About 84% of LACIS revenue)

- Leading position in Brazilian mPOS and traditional POS markets
- Successful rollout of smart terminals in Brazil
- Close relationship with renowned banks and payment service providers
- Prestigious working partners launched IPOs in 2018
- More merchant acquirers started using PAX products

## Russian market

- Rollout of the national “Mir” payment system & "2018 FIFA World Cup" contributed to significant growth

# China market

- 1. Government's implementation of reform policies on payment industry**
- 2. Pax's successful setup of China Business Unit in 2018**
  - Successful launch of a range of products with quicker production turnover and lower cost
  - Growing shipment of smart terminals
- 3. Provision of trade receivables of certain domestic customers in China**
  - Tighter financing conditions and escalation of China-US tension created operational challenges
  - New Accounting standard HKFRS9 adopted in 2018
  - Accounted for the majority of an one-off provision of the trade receivables of HKD 43.3 million



# 2018 annual – Operating expenses

<i>HKD '000</i>	FY 2018	FY 2017	+/-
Selling expenses	437,809	426,432	+2.7%
Administrative expenses	590,819	498,780	+18.5%
R&D expenses <i>(included in administrative expenses)</i>	332,016	287,230	+15.6%

- **Administrative expenses increased by 18.5%**
  - Increase in staff cost
  - Increase in certification expenses in both China and overseas regions
  - Increase in R&D investment, especially in the U.S. subsidiary

# 2018 annual – Working capital

<i>HKD '000</i>	<b>FY 2018</b>	<b>FY 2017</b>	<b>+/-</b>
Trade and bills receivables	1,919,408	1,703,414	+12.7%
Inventories	1,182,015	918,452	+28.7%
Trade and bills payables	1,190,447	953,084	+24.9%
Cash and cash equivalents	2,160,192	2,165,224	-0.2%
<i>Turnover days</i>	<b>FY 2018</b>	<b>FY 2017</b>	<b>+/-</b>
Trade and bills receivables	155	158	-3
Inventory	146	138	+8
Trade and bills payables	140	138	+2
Cash conversion	161	158	+3

## FY 2019 guidance

- **Topline:** **Flattish**
- **Gross profit margin:** **36 to 38%**
- **Operating profit margin:** **13 to 15%**

# Appendix: New products in 2019

E700



A60



# Investor relations contacts

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