



# PAX Global Technology Limited (327.HK)

2020 annual results



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# Agenda

- ❖ 2020 annual results highlights & snapshot
- ❖ Diversified product lines
- ❖ Financial targets

# 2020 annual results – five key highlights



## Record-high revenue

Revenue:  
HK\$ 5,651 million



## Record-high profit for the year

Profit for the year:  
HK\$ 904 million



## Outperformed financial targets



## Continued corporate actions

Proposed final dividend:  
10 HK cents **(+67 %)**  
(2021 Mar)

Special dividend:  
10 HK cents  
(2020 Dec)

Share buyback:  
12 times  
(2020)



## Strong contribution from Android POS

Revenue contribution:  
30%+

Shipment:  
~ 2 million units

# 2020 annual results - snapshot



**+14.7%**

**Revenue: HK\$ 5,651 million**  
(FY 2019: HK\$ 4,926 million)

**+1.9 pts**

**Gross profit margin: 41.4%**  
(FY 2019: 39.5%)

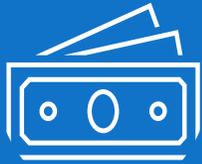
**+3.4 pts**

**Operating profit margin : 18.9%**  
(FY 2019: 15.5%)

**+3.3 pts**

**Net profit margin: 16.0%**  
(FY 2019: 12.7%)

# 2020 annual results – corporate actions



## Final dividend

**10** HK cents

(+ 67% yoy)

Payout ratio: **21%**  
(FY 2019: 18%)



## Special dividend

(Dec 2020)

**10** HK cents

To celebrate PAX's 10<sup>th</sup> listing anniversary

Payout ratio: **33%**  
(Including special dividend)



## Share buyback

**12** times

- 20 million shares (1.8% of outstanding shares)
- Total amount of HK\$ 78 million

### Dividend history

Aug 2020: Interim dividend +75% (7 HK cents)

Mar 2020: Final dividend +50% (6 HK cents)

# 2020 annual results – other financial items

## R&D expenses

- HK\$ 461 million (+16% yoy)
- Speeded up the R&D process of Android products and certification
- Increased investment in software and services

## Net impairment losses on financial assets (individual basis)

- HK\$ 51 million
- Mainly from customers in the United States

## Share option expense

- FY 2020 expense : HK\$ 39 million
- FY 2021 expense : est. HK\$ 13 million

## Goodwill impairment

- HK\$ 15 million
- From the Italian subsidiary - CSC Italia (mainly providing maintenance and installation services)

## Inventories provision / write-off

- HK\$ 167 million
- Aging of certain inventories in China increased
- Ceased selling certain old traditional models

# 2020 annual results – working capital

## As at 31 December

HK\$ '000	2020	2019	+/-
Trade and bills receivables	1,434,253	1,513,374	- 5%
Inventories	1,629,901	1,301,459	+ 25%
Trade and bills payables	1,371,267	1,382,487	- 1%
Cash and cash equivalents	3,802,741	3,230,005	+ 18%

## Turnover days

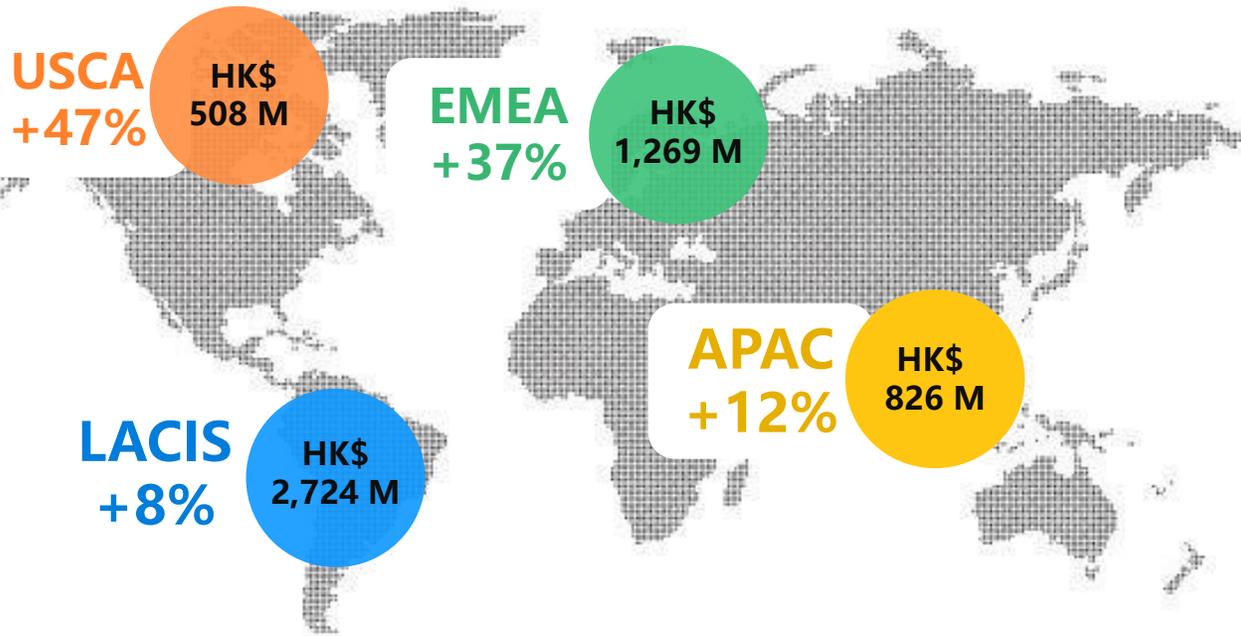
## As at 31 December

(days)	2020	2019	+/-
Trade and bills receivables	102	134	- 32
Inventories	183	164	+ 19
Trade and bills payables	152	158	- 6
Cash conversion	133	140	- 7

# Overseas markets: robust growth continues

## HK\$ 5,327 M (+18% yoy)

Overseas business: **94%** of the Group's revenue  
**10+** million units shipment



- Latin America and the Commonwealth of Independent States
- Europe, the Middle East and Africa
- Asia Pacific (excluding China)
- United States and Canada

## LACIS region

- Brazil's fintech maintained robust growth, PAX continues its leading position of the local electronic payment terminal brand
- Sales of the Android POS A50 and A930 recorded substantial growth
- Further deployment of PAX terminals in Russia, Argentina and Mexico

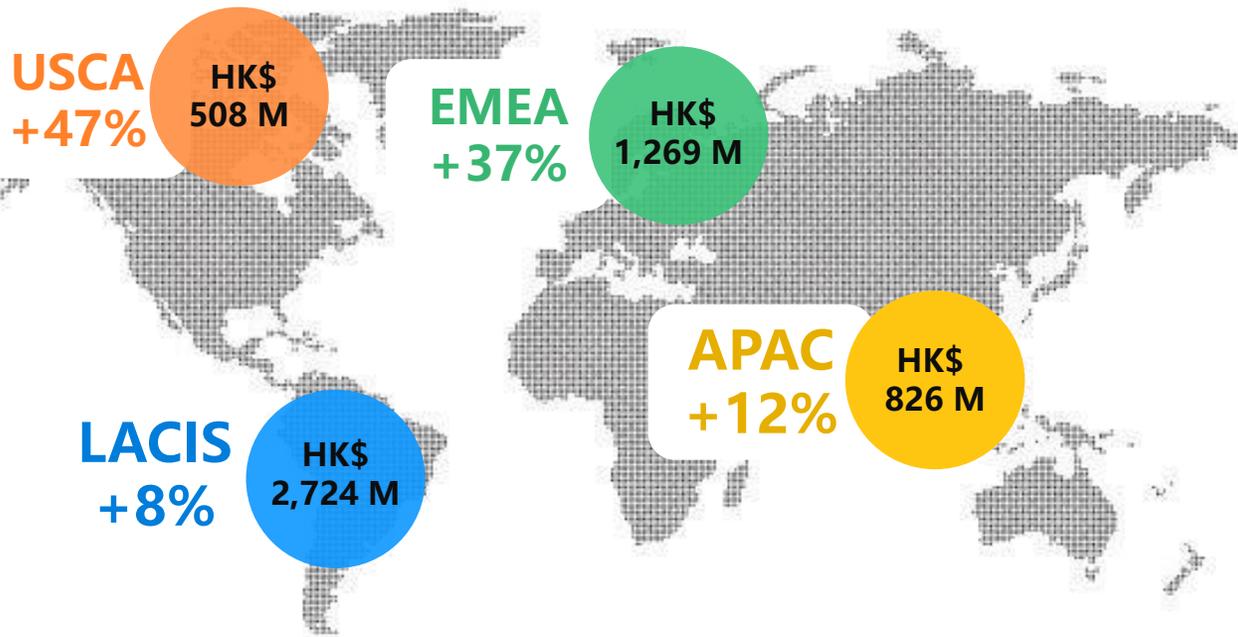
## EMEA region

- Since March 2020, a number of European countries have successively raised the limit for contactless payment
- In Europe, especially Italy and Eastern Europe, PAX achieved significant sales growth
- In the Middle East and Africa, PAX achieved significant growth in shipments to Egypt, Nigeria, Saudi Arabia, as well as other Gulf Cooperating Council (GCC) countries

# Overseas markets: robust growth continues

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- Latin America and the Commonwealth of Independent States
- Europe, the Middle East and Africa
- Asia Pacific (excluding China)
- United States and Canada

## APAC region

- In India, growing demand for the Group's full range of Android payment products.
- In Japan, PAX enhanced penetration among chain convenience stores, theme parks, as well as financial institutions
- In Southeast Asia, PAX accelerated the roll-out of Android payment solutions with leading acquiring banks and payment service providers

## USCA region

- Entered into strategic cooperation with major payment processing companies in the United States and deployed more innovative Android terminals through its nationwide network of Independent Sales Organizations ("ISOs")
- PAX solutions are now being deployed by more top U.S. retail and quick-service restaurant chains
- Sales of PAX's flagship Android A920 more than doubled when compared to 2019

# Diversified product lines

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# Diversified product lines



Go beyond payment



# Hardware product portfolios - retail solutions

- Android POS covers all market segments
- Traditional POS continues to lead the way and innovate

## Android POS

## Traditional POS



# Hardware product portfolios - unattended solutions

- The leader of self-service payment terminal solutions
- Integration of self-developed of innovative software (VendLink, VendStore), hardware and third-party self-service devices
- Growing market demand for unattended solutions



IM700

2018



IM20

2018



IM30

2019



IM10

2020



IM15

Expect to launch in 2022



**Ticketing**



**Parking**



**Drive-thru**

**Vending machines**



**Coffee markers**



**Charging stations**



# Hardware product portfolios – commercial solutions

Customize business models and strategies, provide a series of terminals to different business operations

- Android smart ECR solutions (E series)
- Unattended self-service solutions (SK series)
- Smart industrial solutions (PDA series)

Android smart  
ECR solutions  
(E series)



E600 Mini



E700  
E700Mini



E800

Unattended  
self-service  
solutions  
(SK series)



SK600



SK800

Smart industrial  
solutions  
(PDA series)



X5



X3s

# Hardware product portfolios – PAYphone & tablet solutions



Go beyond payment

- Support a variety of commercial and personal Apps
- Accept physical card payment
- Meet the needs of brick-and-mortar businesses and self-employed businesses

## PAYPhone



**M50**  
(prototype, expect to launch in 2021)



**M30**  
(prototype, expect to launch in 2021)

## PAYTablet

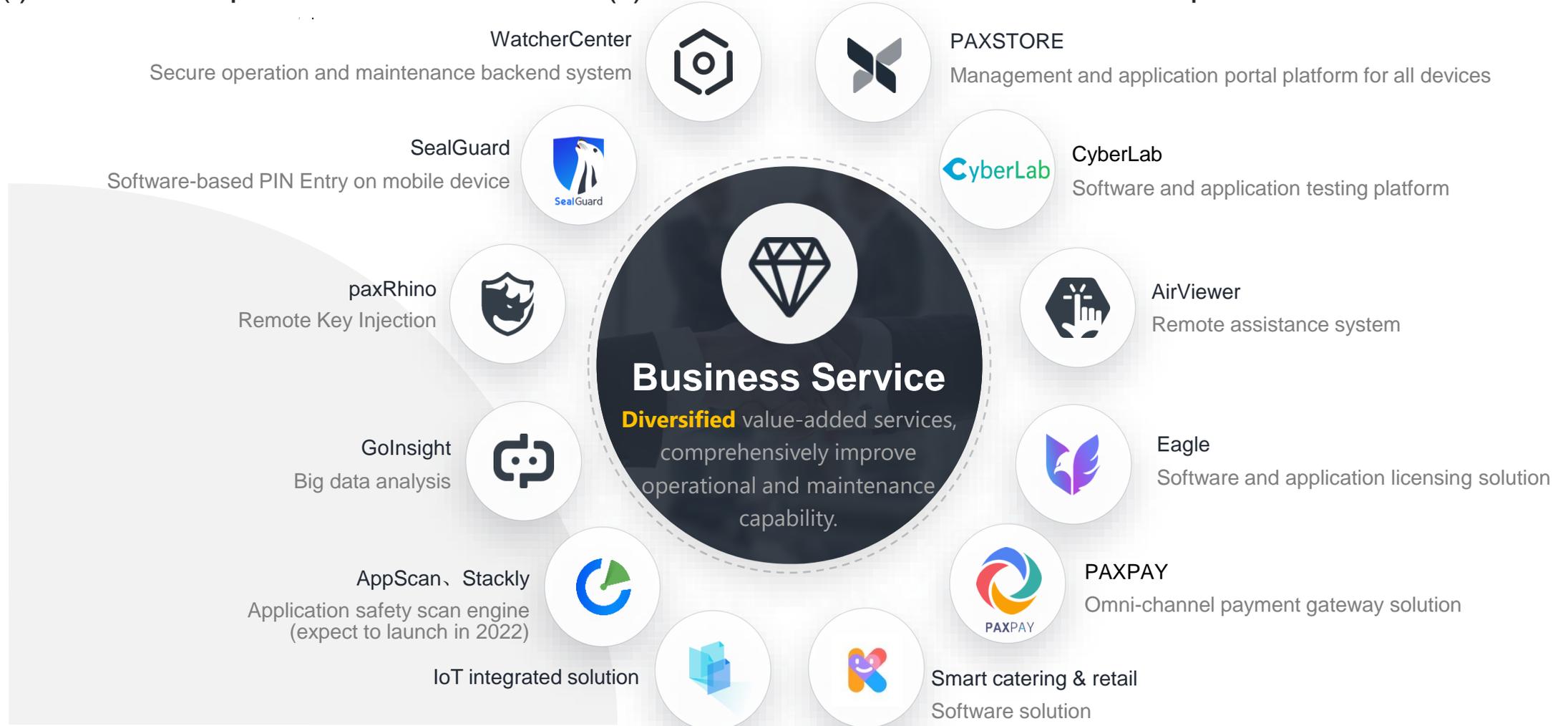


**M8**  
(prototype, expect to launch in 2022)

# Software applications – cloud platform and solutions

## Business synergies for PAX:

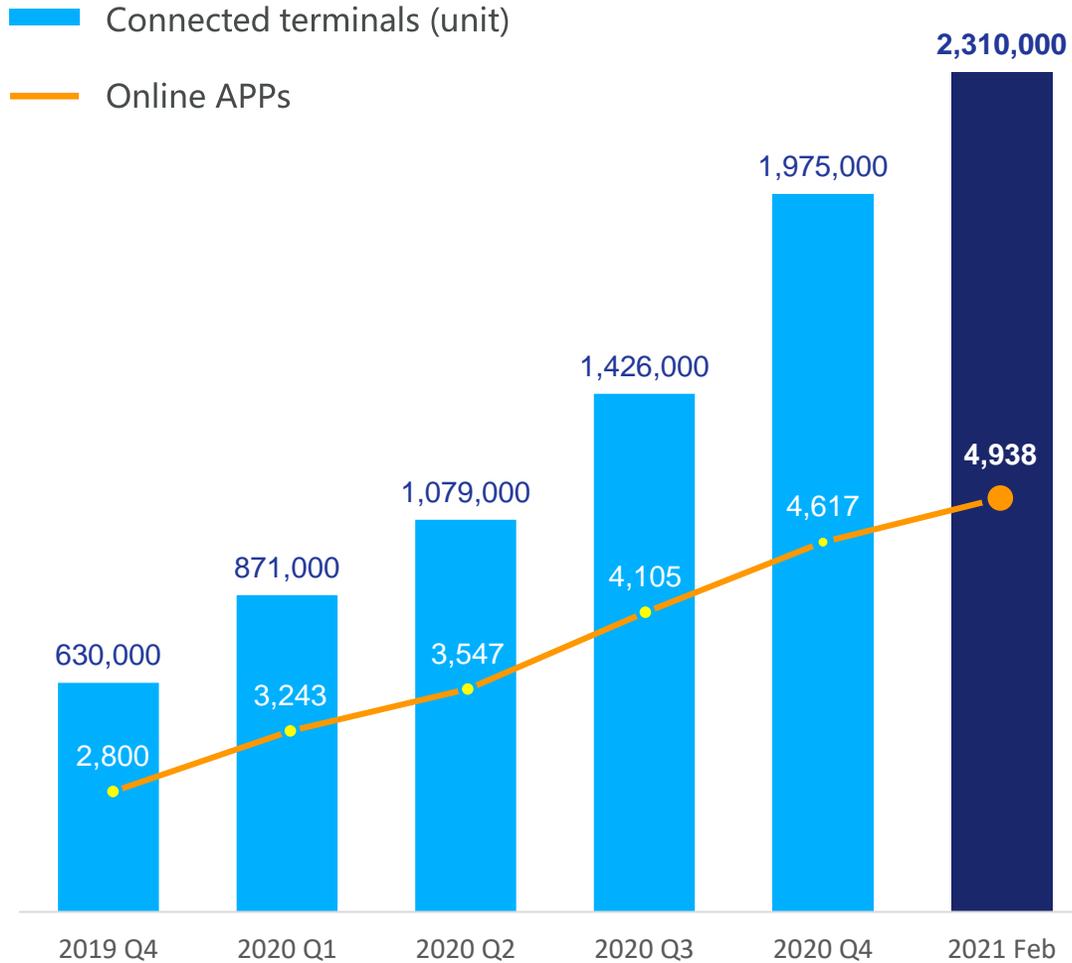
(i) PAX's cloud platform and solutions & (ii) over 10 million annual hardware shipment



# SaaS platform - PAXSTORE



# Growing PAXSTORE ecosystem



## Revenue contribution in FY 2020

HK\$ **10 M+**

**2,300,000+**

Connected terminals

**80+**

Countries

**2,100+**

Application developers

**4,900+**

Online applications

Universal terminal management platform

Innovative industry solutions

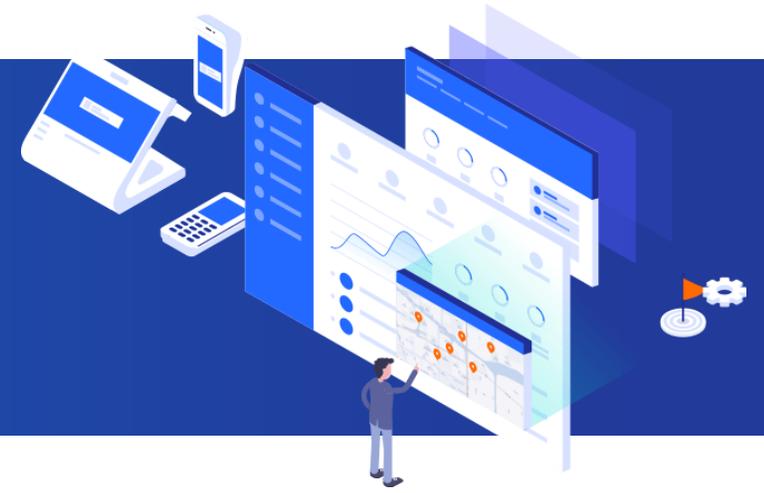
Evolving service ecosystem



PAXSTORE

# SaaS cloud-based app platform

## ▶▶▶ Targets



**FY2023 targets - PAXSTORE and other software solutions**

**Annual  
revenue contribution**

**HK\$ 100 million**

**Accumulated  
connected terminals**

**10 million units**

PAXSTORE

# Financial targets

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# Financial targets

## FY2021 targets

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Topline :

Above 10% growth

Gross profit margin :

39 to 41%

Operating profit margin:

18 to 20%

# Investor relations contacts

- Calvin Pei, Assistant Vice President - Corporate Finance & Strategy
- Mina Pang, Investor Relation Manager

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# Appendix: financial summary

Income statement	Year ended 31 December	
	2020	2019
	HK\$' 000	HK\$' 000
<b>Revenue</b>	<b>5,650,619</b>	<b>4,925,733</b>
Cost of sales	(3,313,310)	(2,980,900)
<b>Gross profit</b>	<b>2,337,309</b>	<b>1,944,833</b>
Other income	77,838	79,056
Other (losses)/gains, net	(2,115)	12,774
Selling expenses	(499,321)	(465,657)
Administrative expenses	(781,456)	(743,466)
<i>Research and development costs (included in administrative expenses)</i>	<i>(460,772)</i>	<i>(398,759)</i>
Net impairment losses on financial assets	(65,083)	(65,914)
<b>Operating profit</b>	<b>1,067,172</b>	<b>761,626</b>
Finance cost	(8,285)	(5,155)
Share of results of investments accounted for using the equity method	(6,046)	(1,798)
<b>Profit before income tax</b>	<b>1,052,841</b>	<b>754,673</b>
Income tax expense	(148,991)	(129,809)
<b>Profit for the year</b>	<b>903,850</b>	<b>624,864</b>
<b>Profit attributable to:</b>		
Owners of the Company	900,123	623,873
Non-controlling interests	3,727	991
<b>Earnings per share for the profit attributable to the owners of the Company:</b>	<b>HK\$ per share</b>	<b>HK\$ per share</b>
- Basic	0.828	0.567
- Diluted	0.823	0.567
<b>Financial ratios</b>		
Gross profit margin	41.4%	39.5%
Operating profit margin	18.9%	15.5%
Net profit margin	16.0%	12.7%

# Appendix: condensed consolidated balance sheet

	As at 31 December	
	2020	2019
	HK\$' 000	HK\$' 000
<b>Non-current assets</b>	<b>681,943</b>	<b>522,520</b>
Property, plant and equipment	129,240	69,610
Others	552,703	452,910
<b>Current assets</b>	<b>6,955,116</b>	<b>6,196,703</b>
Cash and cash equivalents	3,802,741	3,230,005
Trade and bills receivables	1,434,253	1,513,374
Inventories	1,629,901	1,301,459
Others	88,221	151,865
<b>Non-current liabilities</b>	<b>109,168</b>	<b>104,217</b>
<b>Current liabilities</b>	<b>1,954,319</b>	<b>1,875,654</b>
Trade and bills payables	1,371,267	1,382,487
Others	583,052	493,167
<b>Total equity</b>	<b>5,573,572</b>	<b>4,739,352</b>