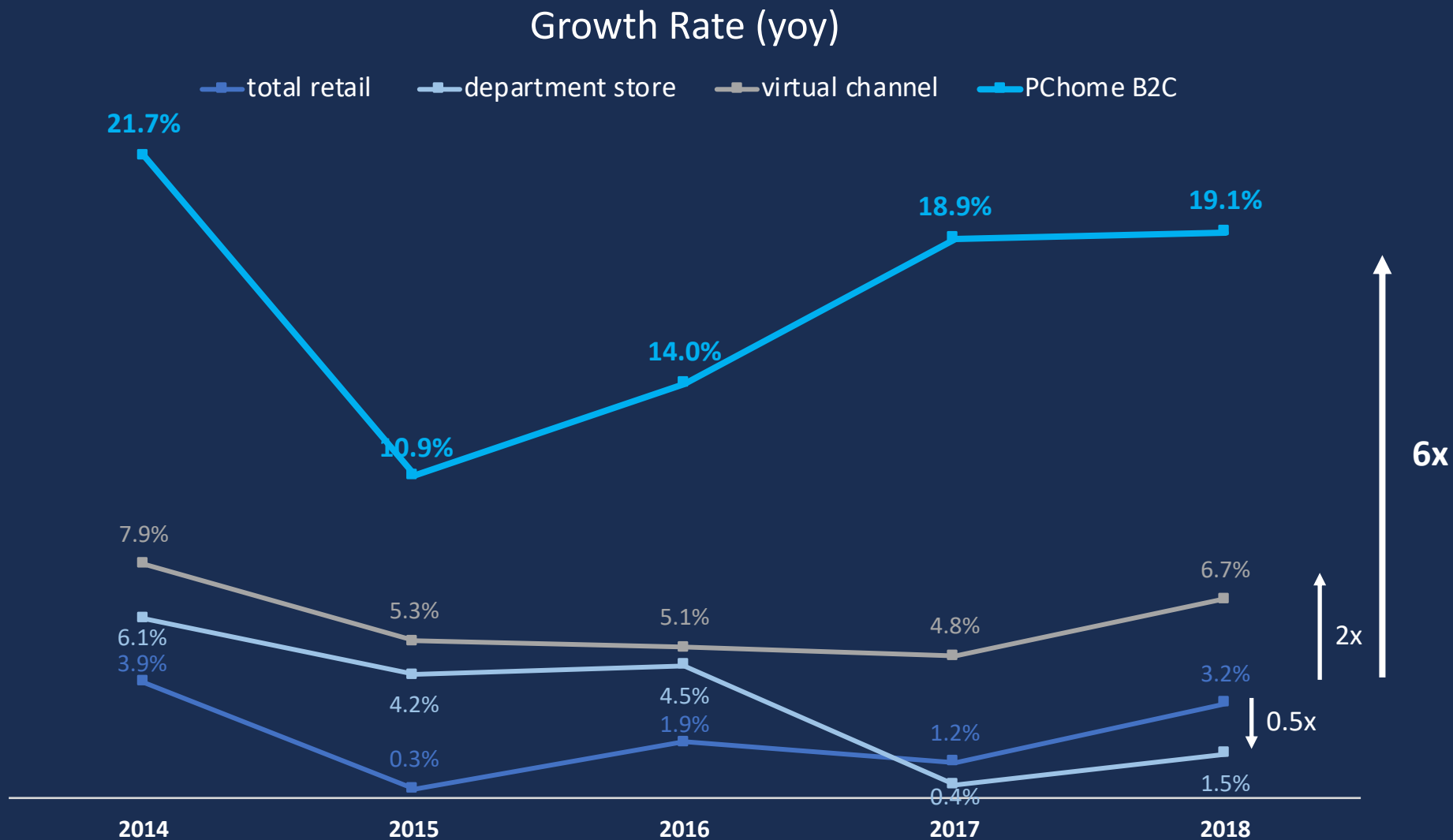


PChome ONLINE

The Largest e-Commerce Group in Taiwan

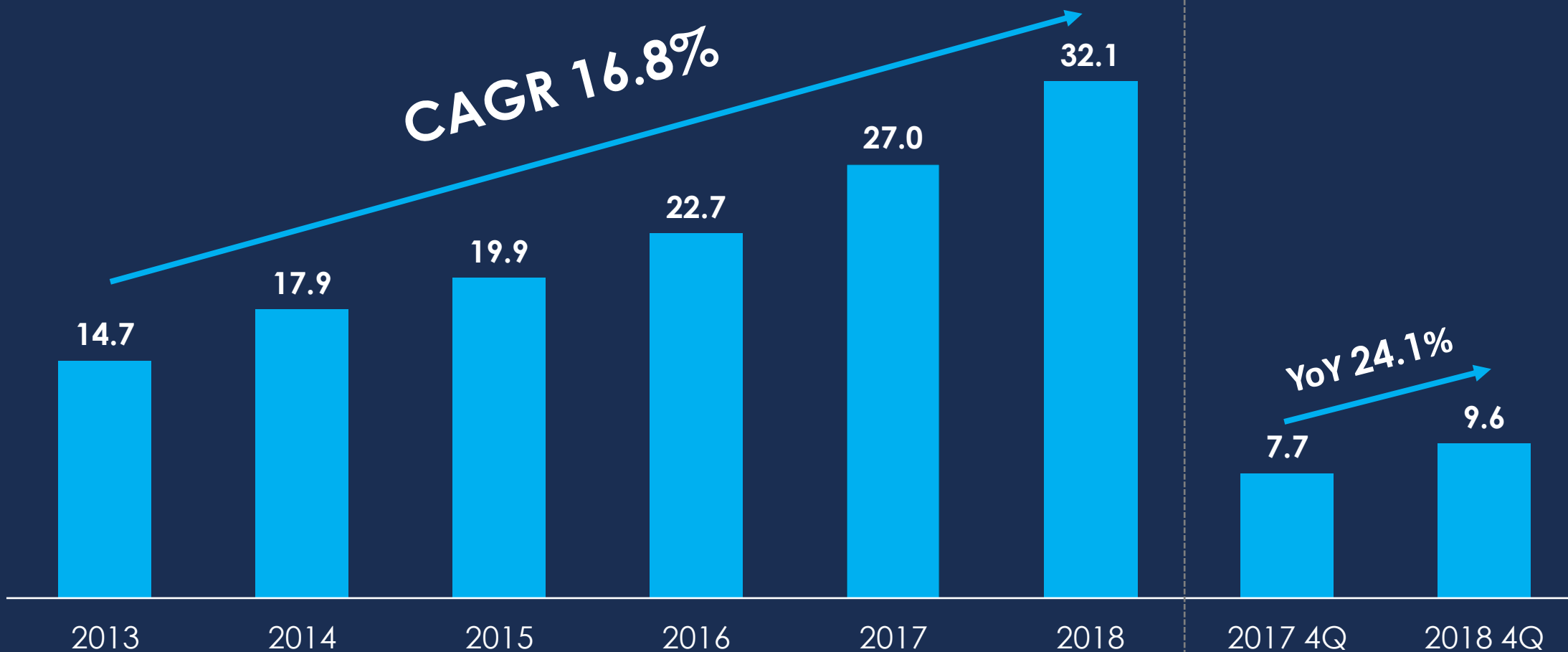
Online retail is gaining momentum with PChome leading the growth



Source: Department of Statistics, Ministry of Economic Affairs

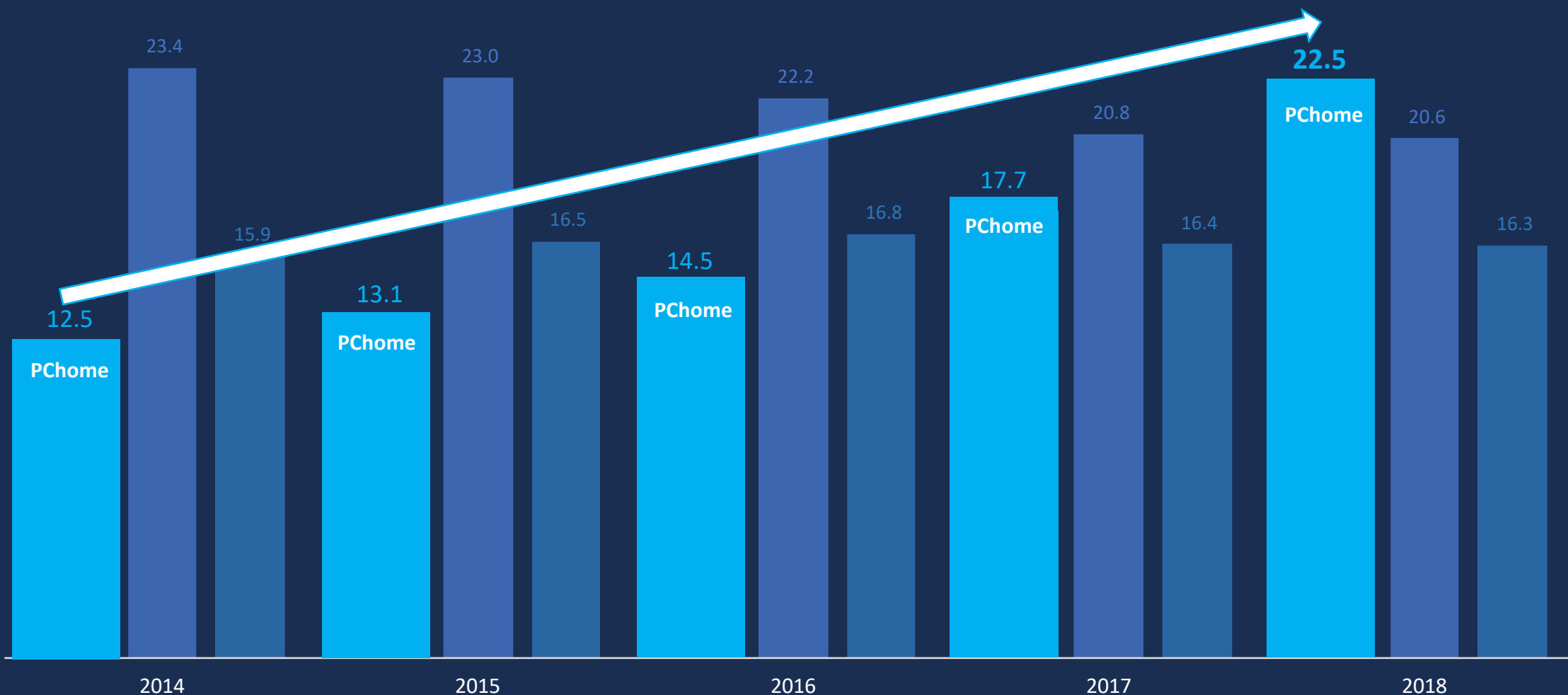
Strong revenue growth momentum

(NT\$, bn)

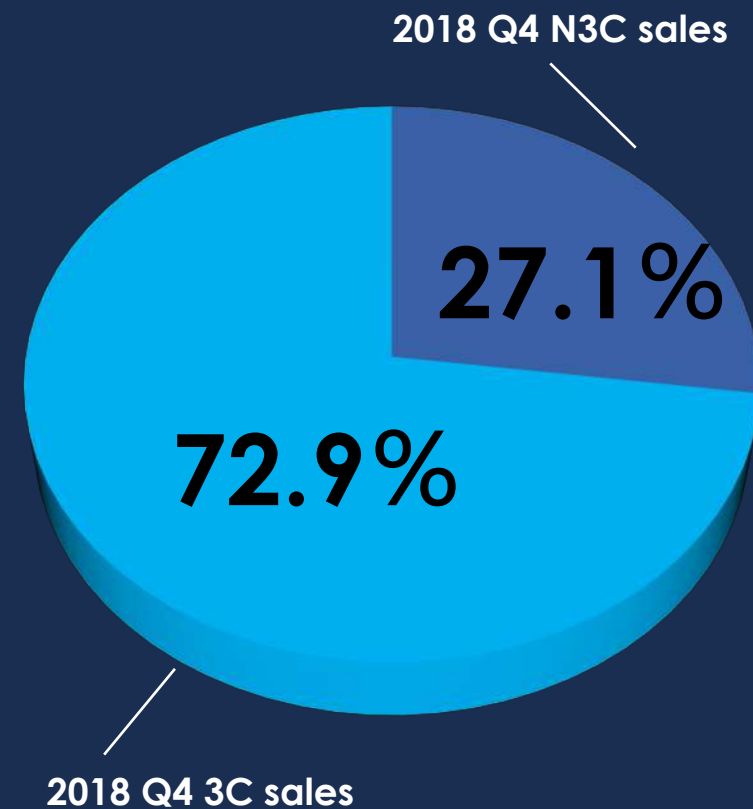
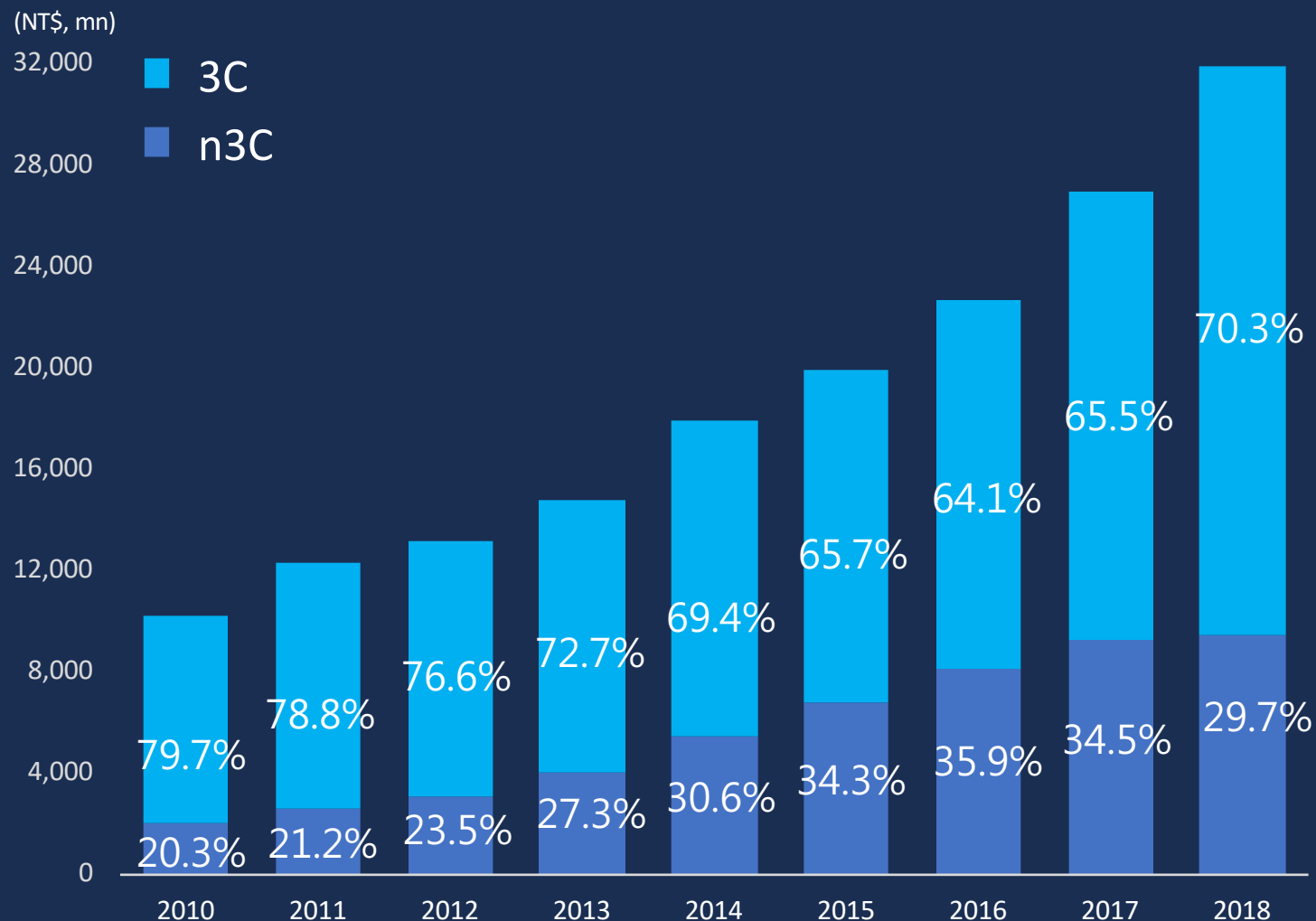


PChome is officially the 3C leader in Taiwan

(NT\$, bn) ■ PChome-3C only ■ Tsann Kuen (2430 TT) ■ E-Life (6281 TT)



3C – n3C product mix



PChome 24h Shopping – B2C No.1 in Taiwan

1 Guarantee **24h delivery** around Taiwan

2 **5 million SKUs** on the website

3 Inventory light **consignment** model

4 **NT\$ 32 billion** revenue in 2018



2 million⁺ SKUs in self-managed warehouses

99.7% 24hr on-time delivery

7 warehouses with total area of **231,400 m²**

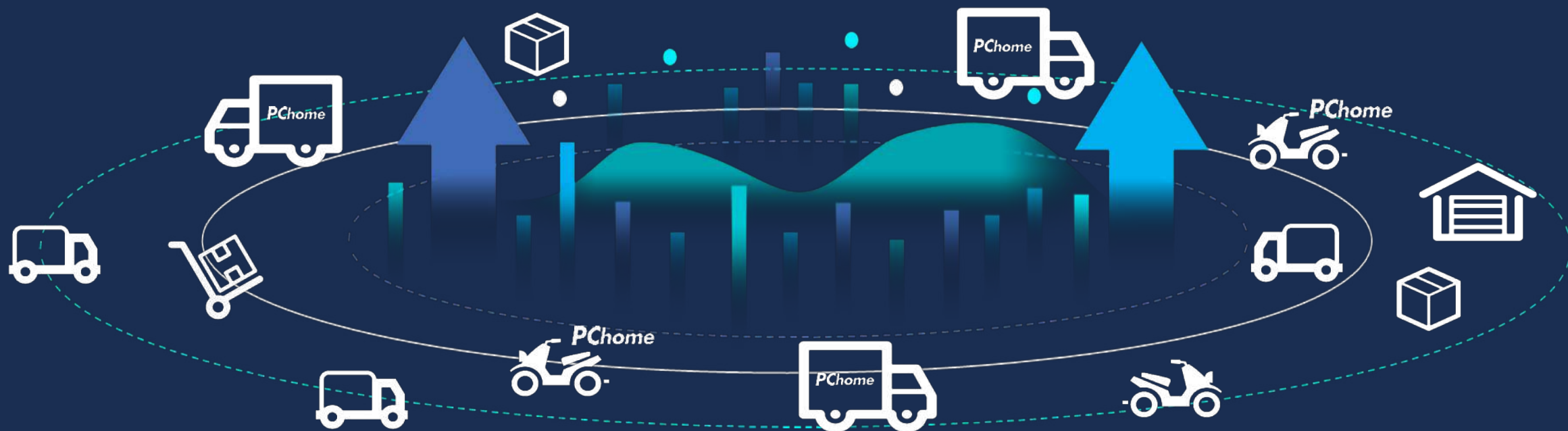
6hr delivery in Taipei City (expanding to the 6 major cities)

14 third-party logistic partners

Satellite hub in Taichung

PChome logistic fleet (since 2018Q4)

Fulfillment & Delivery



Membership Economy



> **500 million** P points
since 2018 May

Deposit Program

- E-certificate on PChome Shopping
- Leverage external resources from credit card banks
- Significantly boost 3C sales

Prime Co-brand Card

- For heavy users of PChome 24h Shopping
- Up to 6% rebate
- Prime-only discounts

Pi Wallet

- O2O mobile payment
- 500,000 downloads
- More than 30,000 payment spots, including 99% parking fee coverage, 10,000+ physical stores and taxi around Taiwan

Data & AI

露天拍賣



Personal Recommendation



Image Recognition



E-marketing Robot



Seller Data Cube



Chatbot

PChome ONLINE

Intelligent Warehousing



Cross-border Alliance



Rakuten

PChome ONLINE

USA

Cross-border Examples

2018 Great Single Day



Wagyu from Japan :
NT\$20 million sales within 1 hour

2018 Great Single Day



Cosmetics from Korea :
partner with Korea local retailer

2019 Chinese New Year



Cookies from Hong Kong :
above average margin rate &
strong customer demand

2019 Growth Drivers

Strong 3C Momentum



**International
Strategic Alliance**



Data & Service



2018 4Q Income Statement *IFRS-consolidated*

NTD :000	<u>2018 4Q</u>	%	<u>2017 4Q</u>	%	<u>Variance</u>	<u>2018</u>	%	<u>2017</u>	%	<u>Variance</u>
Revenue	<u>10,344,766</u>	100.0%	<u>8,335,161</u>	100.0%	24.1%	<u>35,594,364</u>	100.0%	<u>29,415,177</u>	100.0%	17.6%
Gross Profit	1,172,226	11.3%	1,094,984	13.1%	7.1%	4,298,457	12.4%	4,438,009	15.1%	-3.0%
Operating Expense	1,191,932	11.5%	1,599,442	19.2%	-25.5%	6,025,301	17.4%	4,648,163	15.8%	29.6%
Marketing Expense	1,003,450	9.7%	1,457,052	17.7%	-32.0%	5,347,190	15.5%	4,060,374	13.8%	31.7%
Administration Expense	80,796	0.8%	52,885	0.6%	52.8%	309,419	0.9%	305,962	1.0%	1.1%
R&D Expense	107,614	1.0%	71,533	0.9%	50.4%	368,935	1.1%	281,827	1.0%	30.9%
Expected Credit Loss (Gain)	72					(243)				
Operating Income	(19,706)	-0.2%	(504,460)	-6.1%	-96.1%	(1,726,844)	-5.0%	(210,154)	-0.7%	721.7%
Net non-operating Income	4,216	-0.2%	(17,580)	-6.1%	-124.0%	27,041	0.1%	(11,940)	0.0%	-326.5%
Net Income before Tax	<u>(15,490)</u>	0.0%	<u>(522,038)</u>	-0.2%	-97.0%	<u>(1,699,803)</u>	-0.8%	<u>(222,094)</u>	-0.8%	665.4%
Net Income after Tax	<u>(36,052)</u>	-0.3%	<u>(575,687)</u>	-6.9%	93.7%	<u>(1,766,873)</u>	-1.3%	<u>(391,745)</u>	-1.3%	351.0%

2018 4Q Income Statement *IFRS-unconsolidated*

NTD :000	<u>2018 4Q</u>	%	<u>2017 4Q</u>	%	<u>Variance</u>	<u>2018</u>	%	<u>2017</u>	%	<u>Variance</u>
Revenue	9,617,594	100.0%	7,746,948	100.0%	24.1%	32,113,665	100.0%	26,965,853	100.0%	19.1%
Gross Profit	1,069,652	11.1%	1,006,783	13.0%	6.2%	3,912,699	12.2%	3,907,416	14.5%	0.1%
Operating Expense	967,315	10.1%	818,891	10.6%	18.1%	3,585,784	11.2%	3,117,177	11.6%	15.0%
Operating Income	102,337	1.1%	187,892	2.4%	-45.5%	326,915	1.0%	790,239	2.9%	-58.6%
Net Non-operating income	(91,856)	-1.0%	(424,727)	-5.5%	-78.4%	(1,274,707)	-4.0%	(627,427)	-2.3%	103.2%
Net Income before Tax	10,481	0.1%	(236,835)	-3.1%	-104.4%	(947,792)	-3.0%	162,812	0.6%	-682.1%
Net Income after Tax	(10,426)	-0.1%	(289,203)	-3.7%	-96.4%	(994,643)	-3.1%	36,490	0.1%	-2825.8%

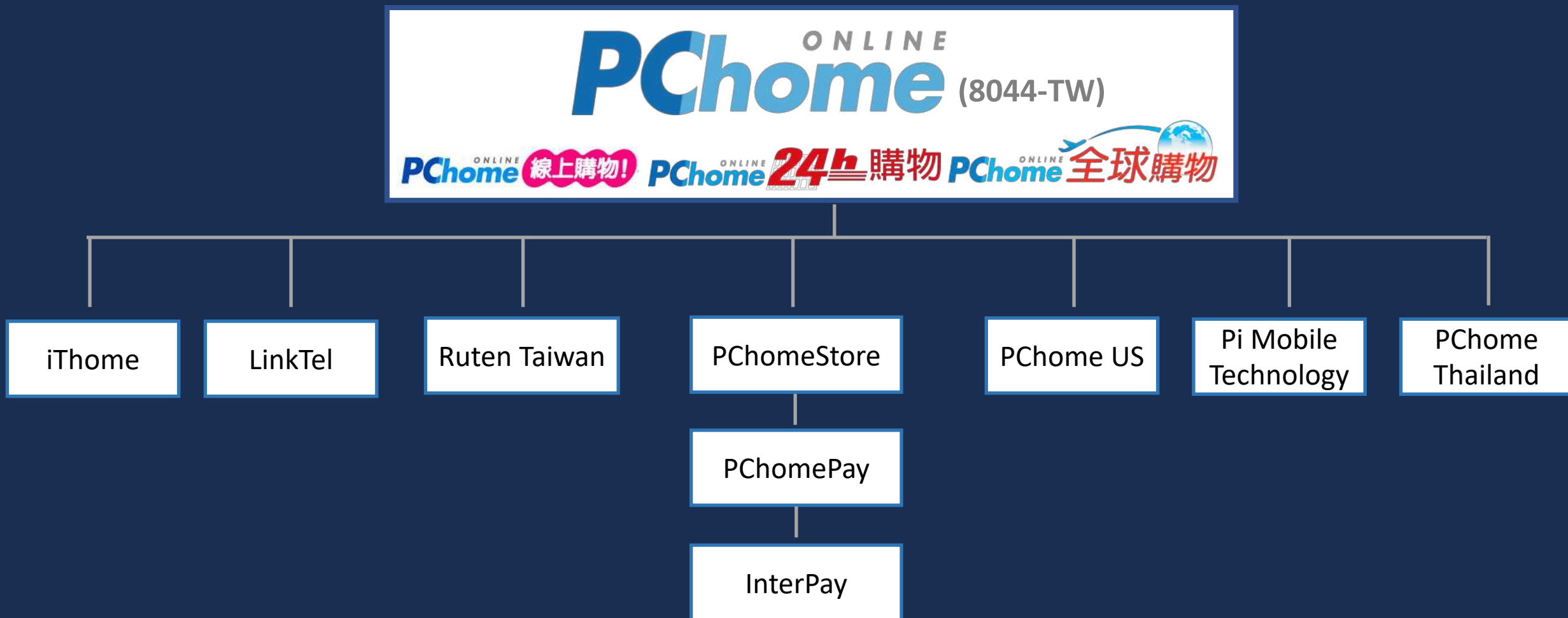
2018 4Q Balance Sheet *consolidated*

ASSETS	NTD :000	2018.12.31		2017.12.31	
		Amount	%	Amount	%
Current Assets :					
Cash and cash equivalents		6,881,162	61	8,370,267	72
Notes receivable, net		112	-	3,183	-
Accounts receivable, net		634,691	6	437,831	4
Other receivables, net		726,672	7	615,023	5
Inventories		1,250,825	11	961,528	8
Other current financial assets		528,096	5	306,090	3
Other current assets, others		213,585	2	78,839	1
Current asset recognized as right to recover products from customers		29,958	-	-	-
		<u>10,265,101</u>	<u>92</u>	<u>10,772,761</u>	<u>93</u>
Non-Current Assets :					
Non-current financial assets at fair value through other comprehensive income		89,842	1	-	-
Non-current financial assets at cost, net		-	-	43,557	-
Investments accounted for using equity method, net		27,908	-	12,234	-
Property, plant and equipment		541,005	5	574,409	5
Intangible assets		28,224	-	19,850	1
Deferred tax assets		45,062	1	30,491	-
Net defined benefit asset, non-current		3,228	-	1,056	-
Other non-current financial assets		144,812	1	127,738	1
Other non-current assets, others		15,727	-	6,416	-
		<u>895,808</u>	<u>8</u>	<u>845,751</u>	<u>7</u>
Total assets		<u>\$ 11,060,909</u>	<u>100</u>	<u>11,618,512</u>	<u>100</u>

LIABILITIES AND STOCKHOLDERS' EQUITY	2018.12.31		2017.12.31	
	Amount	%	Amount	%
Current Liabilities :				
Short-term borrowings	\$ 300,000	3	350,000	3
Current contract liabilities	399,708	4	-	-
Notes payable	733	-	1,865	-
Accounts payable	2,796,281	25	2,861,964	25
Other payables	727,544	7	922,740	8
Current tax liabilities	23,632	-	104,851	1
Total long-term liabilities, current portion	100,000	1	-	-
Other current liabilities	1,988,656	18	2,204,417	19
Current refund liabilities	32,510	-	-	-
	<u>6,369,104</u>	<u>58</u>	<u>6,445,837</u>	<u>56</u>
Non-Current Liabilities :				
Long-term bank loans	1,350,000	12	-	-
Deferred tax liabilities	659	-	-	-
Net defined benefit liability, non-current	6,931	-	5,229	-
Other non-current liabilities, others	10,671	-	13,035	-
	<u>1,368,261</u>	<u>12</u>	<u>18,264</u>	<u>-</u>
Total liabilities	<u>7,737,365</u>	<u>70</u>	<u>6,464,101</u>	<u>56</u>
Equity attributable to owners of parent				
Share capital :				
Ordinary share	1,171,595	10	1,171,595	10
Capital surplus	2,507,423	22	2,507,459	22
Retained earnings :				
Legal reserve	408,184	4	404,535	3
Special reserve	4,120	-	2,781	-
Unappropriated retained earnings	(1,202,651)	(11)	634,746	5
Other equity interest :				
Exchange differences on translation of foreign financial statements	11,524	-	(4,120)	-
Unrealized gains from financial assets measured at fair value through other comprehensive income	33,538	-	-	-
Total equity attributable to owners of parent	<u>2,933,733</u>	<u>25</u>	<u>4,716,996</u>	<u>40</u>
Non-controlling interests	<u>489,811</u>	<u>5</u>	<u>437,415</u>	<u>4</u>
Total equity	<u>3,423,544</u>	<u>30</u>	<u>5,154,411</u>	<u>44</u>
Total liabilities and equity	<u>\$ 11,160,909</u>	<u>100</u>	<u>11,618,512</u>	<u>100</u>

Appendix

PChome Group Structure



Thank you!!