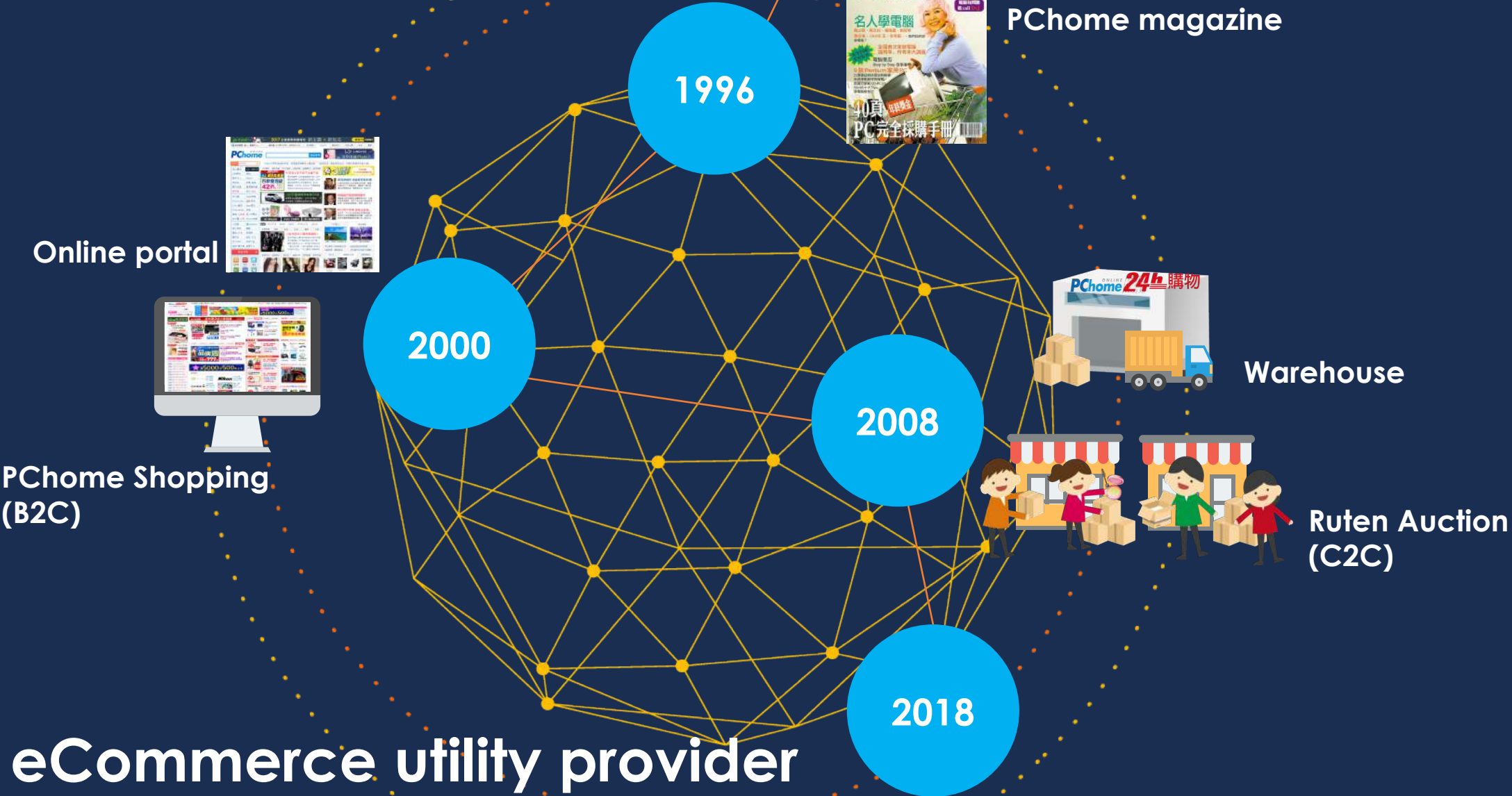


PChome ONLINE

The Largest e-Commerce Group in Taiwan

Key Retail Players in Taiwan Market

No.	Retailer	Annual Sales (NT\$ bn)	# of stores
1	President Chain Store	144.5	5,221
2	Chuan Lian Enterprise	108.8	909
3	Costco President Taiwan	80.0	13
4	Shinkong Mitsukoshi Department Store	74.4	15
5	Carrefour Taiwan	63.8	113
6	Taiwan FamilyMart	62.2	3,154
7	Far Eastern Department Stores	43.7	10
8	Pacific SOGO Department Stores	42.8	7
9	RT Mart	27.6	24
10	PChome Shopping (B2C)	26.9	-
11	Momoshop (B2C)	26.5	-
12	Hi-Life International	21.4	1,267
13	Tsann Kuen Enterprise	20.6	290
14	Breeze Development	18.5	9
15	Test Rite Retail	15.6	53



Marketplace no.1 in Taiwan

Ruten Auction

- Feature
- Already monetized
 - > 50% GMV from men-related products

B2C no.1 in Taiwan

PChome Shopping

- Guarantee 24h delivery
- Consignment model
- 5 million SKUs on the website

Mobile no.1 in Taiwan

Personal Store

- Mobile oriented
- Young social media users
- 80% of listings focus on female

2017
Achievement

- Annual GMV: NT\$275 billion (US\$9.2 billion)
- > 10 million users
- 2 million sellers

- Revenue: NT\$27 billion, yoy 19% (US\$900 million)
- > 6 million annual active users
- 2 million SKUs in the warehouse

- Quarterly GMV: NT\$12 billion (US\$400 million)
- > 220 million listings
- > 11 million monthly CVS delivery

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\$ 27 billion** revenue in 2017

2 million SKUs in self-managed warehouses

99.7% 24hr on-time delivery

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

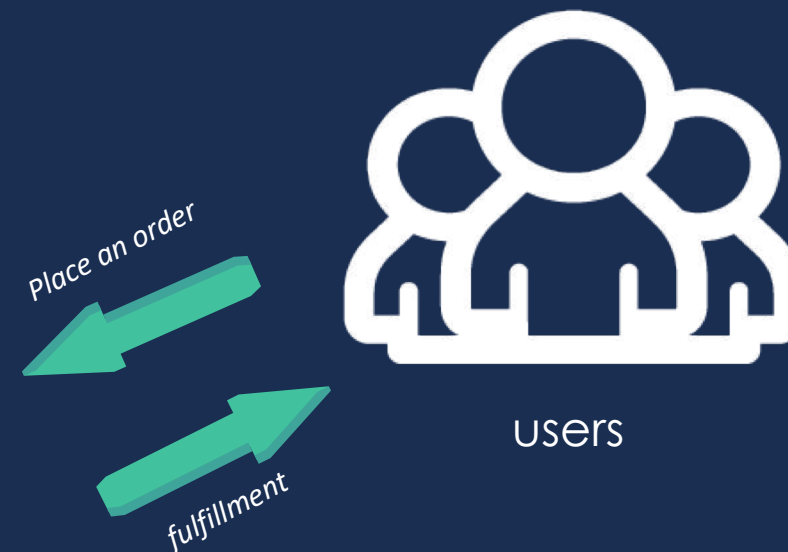
6hr delivery in Taipei City (expand to the 6 major cities in 2018)

> 10 third-party logistic partners

Long-haul **logistics fleet** (start from 2018 Q3)

Consignment Model

- ✓ 7 self-managed warehouses with total area of 231,400 m²
- ✓ Self-developed algorithm to aggregate 2 million SKUs
- ✓ Cooperate with more than 10 third-party logistic providers
- ✓ 24h delivery around Taiwan and 6hr delivery in Taipei City
⇒ expand 6hr delivery to other cities in 2018
- ✓ Launch Taichung transition hub in 2018 Q3



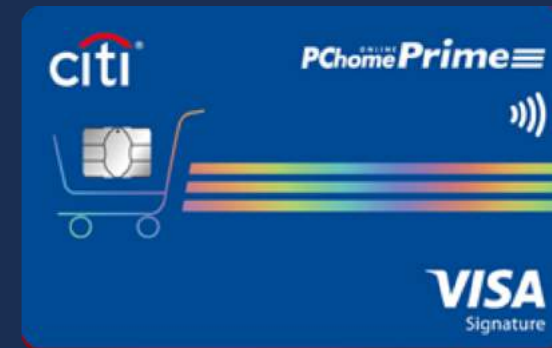
Membership Economy

Deposit



Deposit amount > **NT\$1.5 billion**
 More than **52,000** users

Credit Card



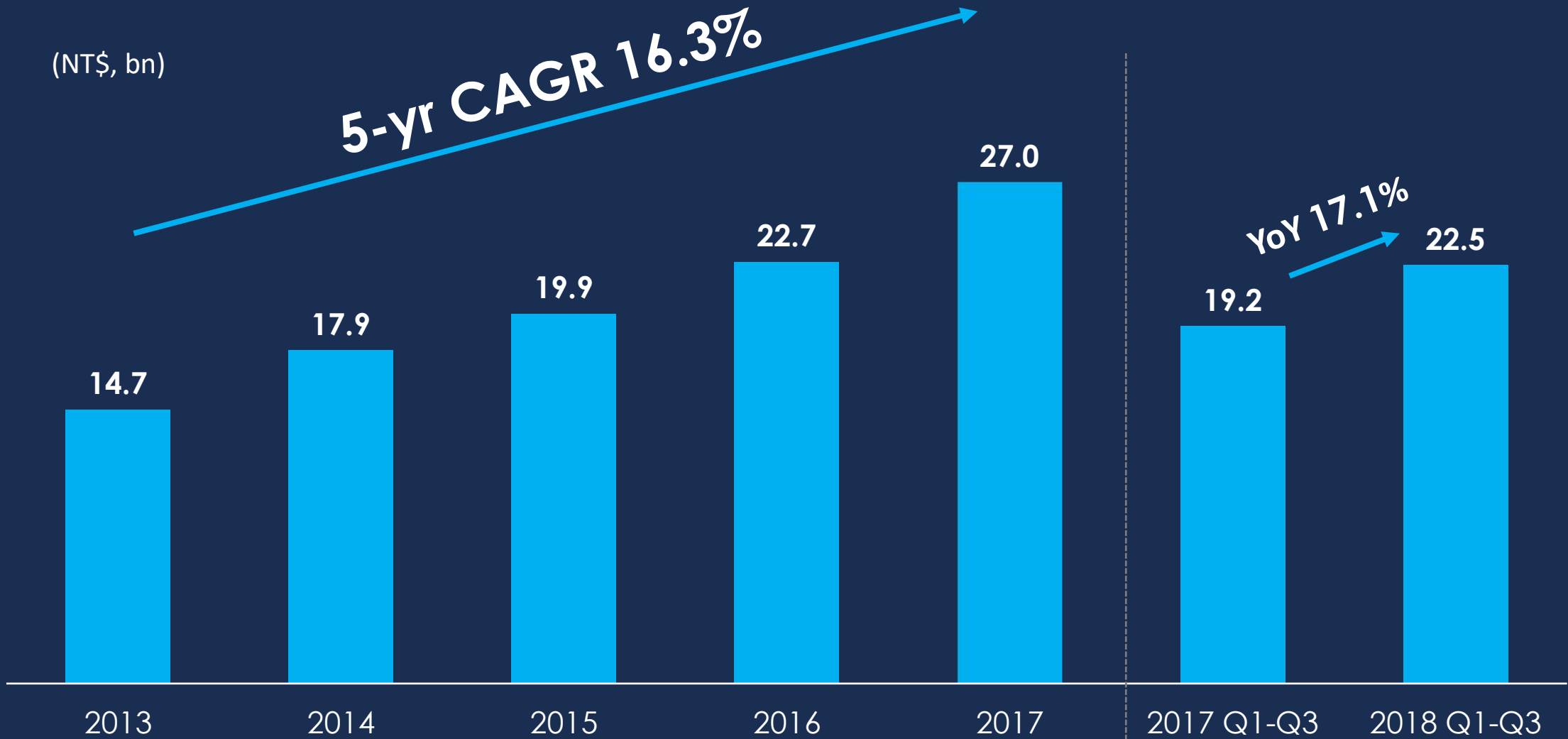
Launched in **2018 May**
 Up to **6%** reward points

+

Strong Growth Momentum

(NT\$, bn)

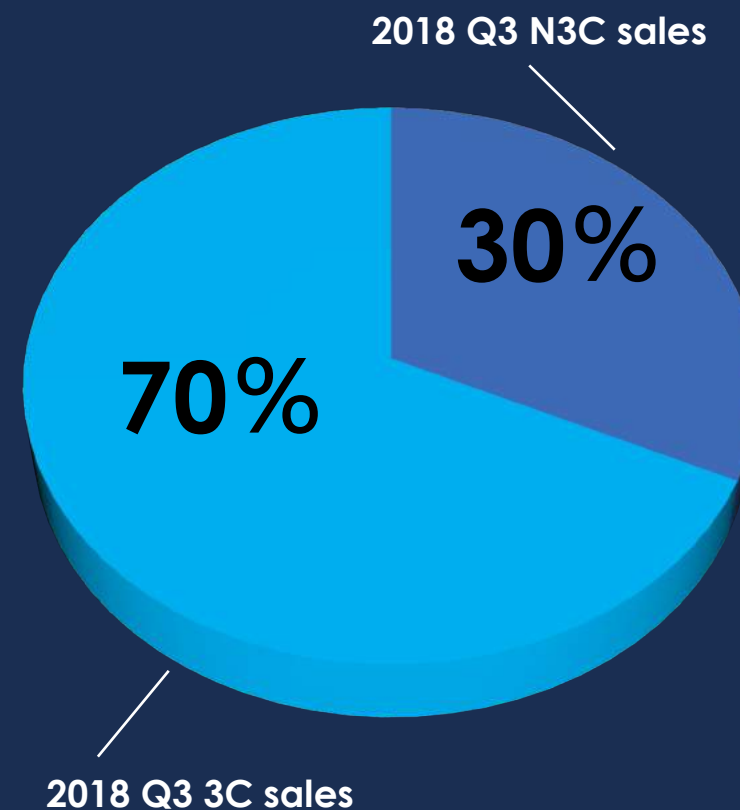
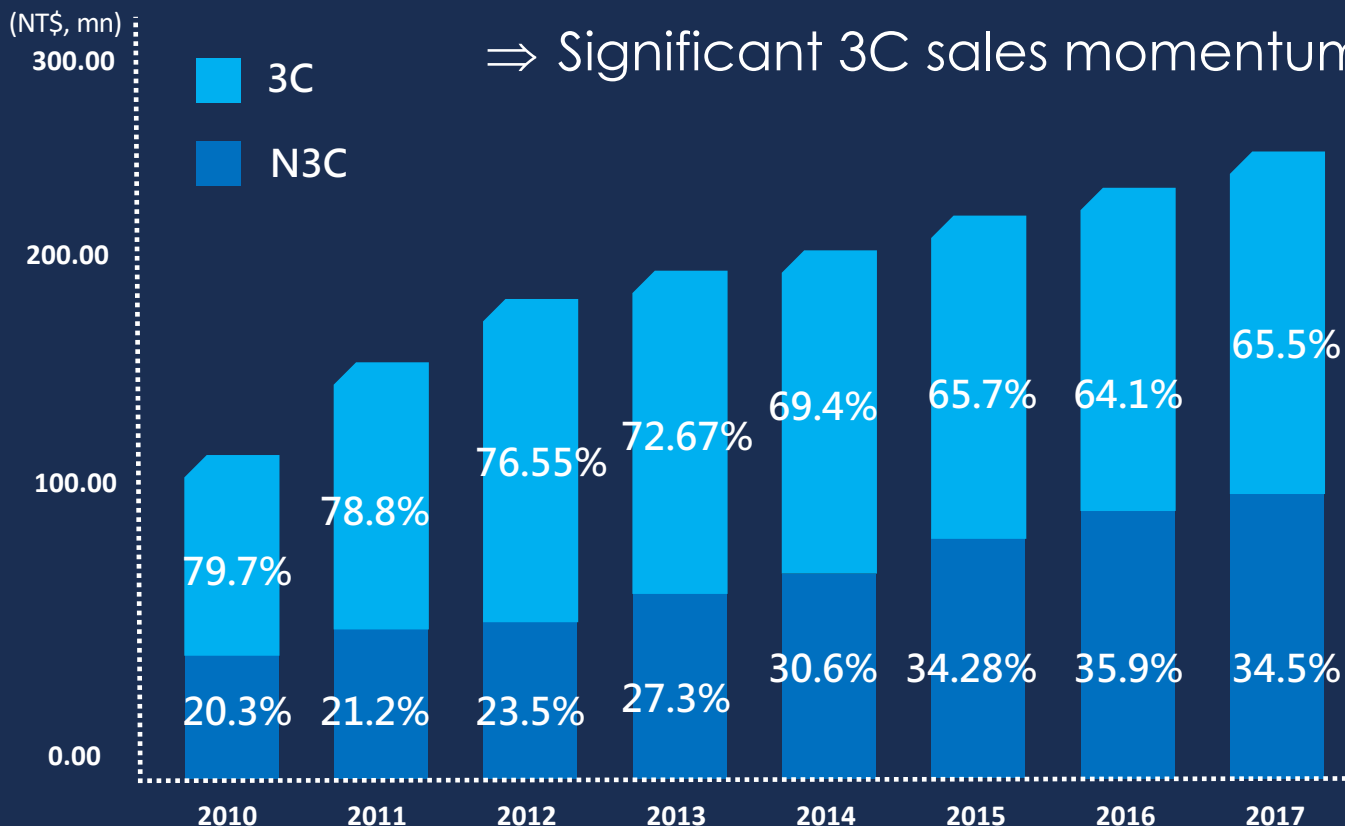
5-yr CAGR 16.3%



3C – n3C Product Mix

Mobile Gadgets + Home Appliance

⇒ Significant 3C sales momentum



Personal Store – Mobile Marketplace No.1 in Taiwan



NT\$15 billion

quarterly GMV*

300 million+

product listings**

Current Monetization Approach

- Advertisement: since April 2018
- 0.5% Final Value Fee : since Nov. 2018

Future Monetization Plan

- Service Fee
- Data Analysis

* As of 2018 second quarter

** As of 2018 third quarter

Ruten Auction – Marketplace No.1 in Taiwan

Open API

- Payment
- Logistics
- Order System
- Application

•
•
•



NT\$275 billion
GMV in 2017

10 million users
2 million sellers

Artificial Intelligence



- E-Marketing
- Personalization
- Chat Robot

•
•
•

ePayment no.1 in Taiwan

PChomePay 支付連 PChome 國際連 Pi 拍錢包

7,000,000+ users

support >10K convenience stores

integrated with more than 500 online shopping websites



2018 3Q Income Statement *consolidated*

IFRS-Consolidated

NTD :000	<u>2018 3Q</u>	%	<u>2017 3Q</u>	%	<u>Variance</u>	<u>2018 YTD</u>	%	<u>2017 YTD</u>	%	<u>Variance</u>
Revenue	8,215,992	100.0%	7,298,823	100.0%	12.6%	24,249,598	100.0%	21,080,016	100.0%	15.0%
Gross Profit	1,030,883	12.5%	1,105,422	15.1%	-6.7%	3,126,231	12.9%	3,343,025	15.9%	-6.5%
Operating Expense	1,320,441	16.1%	1,200,835	16.5%	10.0%	4,833,369	19.9%	3,048,721	14.5%	58.5%
Marketing Expense	1,148,405	14.0%	1,063,834	14.6%	7.9%	4,343,740	17.9%	2,585,349	12.3%	68.0%
Administration Expense	68,032	0.8%	66,854	0.9%	1.8%	228,623	0.9%	253,077	1.2%	-9.7%
R&D Expense	104,013	1.3%	70,147	1.0%	48.3%	261,321	1.1%	210,295	1.0%	24.3%
Expected Credit Loss (Gain)	(9)					(315)				
Operating Income	(289,558)	-3.5%	(95,413)	-1.3%	203.5%	(1,707,138)	-7.0%	294,304	1.4%	-680.1%
Net non-operating Income	(4,788)	-0.1%	(1,118)	0.0%	328.3%	22,825	0.1%	5,640	0.0%	304.7%
Net Income before Tax	(294,346)	-3.6%	(96,531)	-1.3%	204.9%	(1,684,313)	-6.9%	299,944	1.4%	-661.5%
Net Income after Tax	(300,223)	-3.7%	(134,638)	-1.8%	123.0%	(1,730,821)	-7.1%	183,942	0.9%	-1041.0%

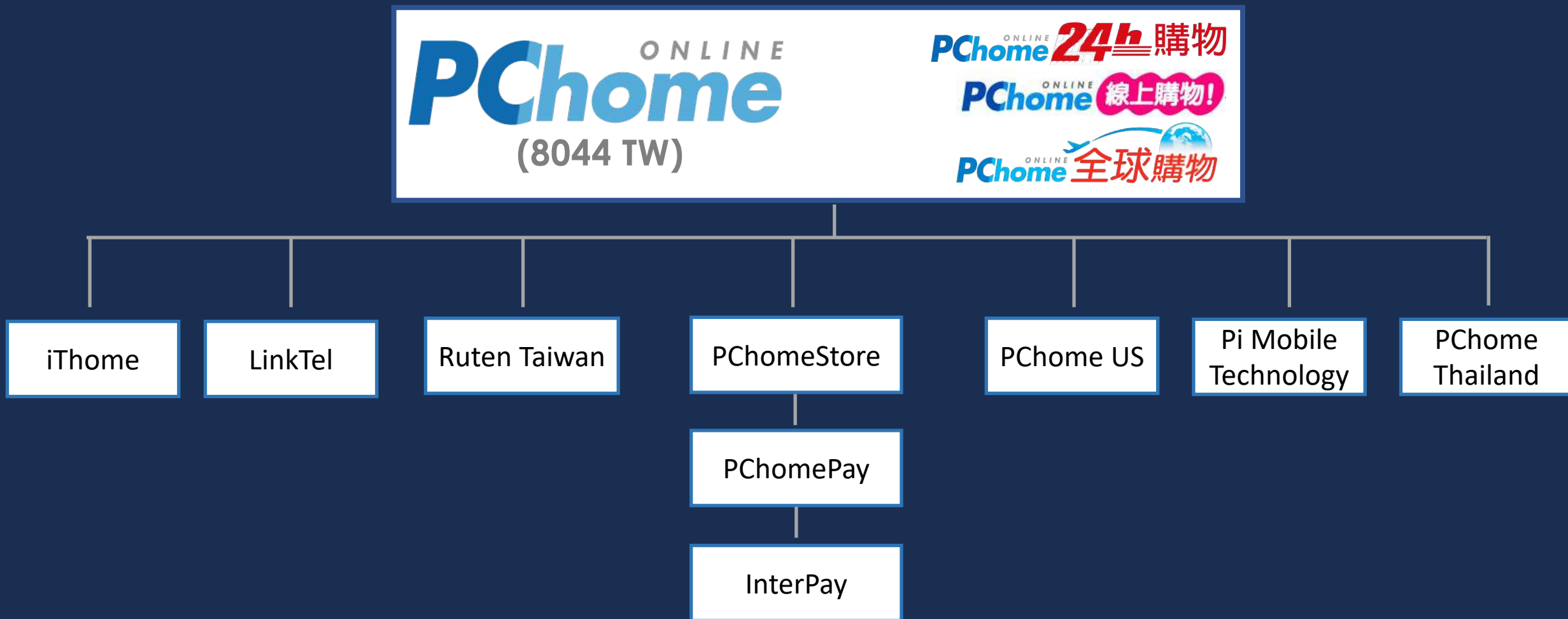
2018 3Q Balance Sheet *consolidated*

ASSETS	2018.9.30		2017.9.30	
	Amount	%	Amount	%
ASSETS				
Current Assets :				
Cash and cash equivalents	\$ 7,167,633	65	8,205,275	76
Notes receivable, net	1,294	-	2,611	-
Accounts receivable, net	517,144	5	275,190	2
Other receivables, net	669,028	6	357,135	3
Inventories	1,066,821	10	731,347	7
Other current financial assets	477,944	4	305,691	3
Other current assets, others	238,653	2	80,773	1
Current asset recognized as right to recover products from customers	23,069	-	-	-
	<u>10,161,586</u>	<u>92</u>	<u>9,958,022</u>	<u>92</u>
Non-Current Assets :				
Non-current financial assets at fair value through other comprehensive income	86,462	1	-	-
Non-current financial assets at cost, net	-	-	43,557	1
Investments accounted for using equity method, net	32,385	-	13,717	-
Property, plant and equipment	541,057	5	539,318	5
Intangible assets	32,426	-	55,693	1
Deferred tax assets	35,778	-	35,644	-
Other non-current financial assets	136,776	2	131,740	1
Other non-current assets, others	34,857	-	9,917	-
	<u>899,741</u>	<u>8</u>	<u>829,586</u>	<u>8</u>
Total assets	\$ 11,061,327	100	10,787,608	100

LIABILITIES AND STOCKHOLDERS' EQUITY	2018.9.30		2017.9.30	
	Amount	%	Amount	%
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities :				
Short-term borrowings	\$ 1,950,000	18	-	-
Current contract liabilities	406,113	4	-	-
Notes payable	3,859	-	3,336	-
Accounts payable	2,726,947	25	2,561,076	24
Other payables	700,210	6	820,408	8
Current tax liabilities	-	-	49,895	-
Other current liabilities	2,001,175	18	1,608,859	15
Current refund liabilities	25,219	-	-	-
	<u>7,813,523</u>	<u>71</u>	<u>5,043,574</u>	<u>47</u>
Non-Current Liabilities :				
Deferred tax liabilities	-	-	6,150	-
Net defined benefit liability, non-current	2,903	-	9,777	-
Other non-current liabilities, others	11,267	-	7,529	-
	<u>14,260</u>	<u>-</u>	<u>23,456</u>	<u>-</u>
Total liabilities	7,827,783	71	5,067,030	47
Equity attributable to owners of parent				
Share capital :				
Ordinary share	1,171,595	11	1,103,161	10
Capital surplus	2,506,743	23	2,507,459	23
Retained earnings :				
Legal reserve	408,184	3	404,535	4
Special reserve	4,120	-	2,781	-
Unappropriated retained earnings	(868,097)	(9)	944,609	9
Other equity interest :				
Exchange differences on translation of foreign financial statements	590	-	(3,645)	-
Unrealized gains from financial assets measured at fair value through other comprehensive income	30,158	-	-	-
Total equity attributable to owners of parent	3,253,406	29	5,027,334	47
Non-controlling interests	(19,862)	-	693,244	6
Total equity	3,233,544	29	5,720,578	53
Total liabilities and equity	\$ 11,061,327	100	10,787,608	100

Appendix

PChome Group Structure



Thank you!!