



# TSC Auto ID Technology Co., Ltd.

## 1Q20 Earnings Release

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# Agenda



. Confidential and proprietary.

# Disclaimer

TSC Auto ID Technology and its subsidiaries have no intention and undertake no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise, except as required by law.

# 1Q20 Summary

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**\$1.3B**

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Revenue (NTD)

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**\$3.04**

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EPS (NTD)

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**\$0.8B**

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Cash Balance (NTD)

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**1.5**

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Current Ratio

# Condensed Statements of Comprehensive Income

In NT millions	1Q20	1Q19	Favorable (Unfavorable)
Net Sales	\$1,289	\$1,291	(\$2)
Gross Margin	35.6%	38.5%	-2.9 ppts
Operating Expenses	(\$287)	(\$294)	\$7
Operating Margin	13.4%	15.7%	-2.3 ppts
Non-Operating Items	\$1	(\$3)	\$4
Net Profit Margin	10.0%	12.8%	-2.8 ppts
EPS Basic (NT Dollar)	\$3.04	\$3.90	(\$0.86)

**Net Sales** YoY flat in NTD due to appreciation against USD and EUR

**Gross Margin** -2.9ppts attributed to

- Unfavorable FX impact
- Product mix shift

**Operating expenses** improved NT\$7M / +2.6%

- One-time acquisition charge in '19
- Prudent expenses management in 1Q20

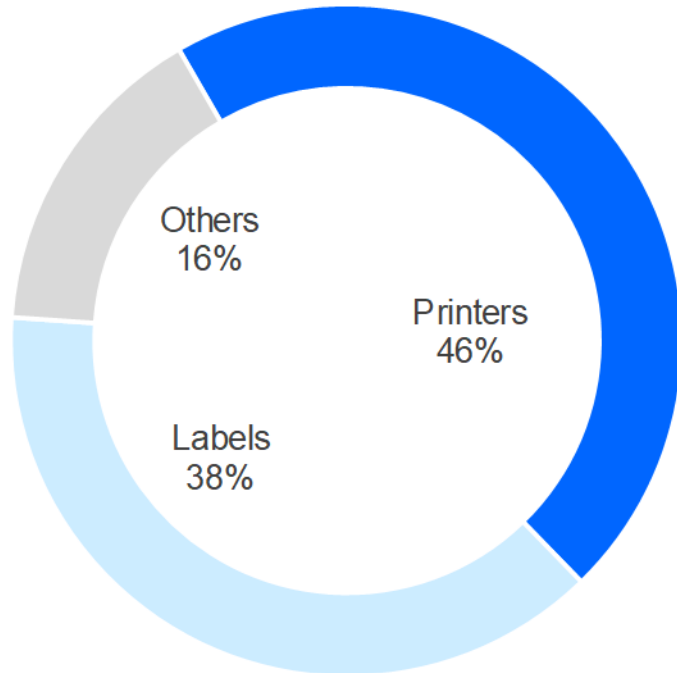
**Non-operating items** +\$4M contributed to

- FX gain
- Net of interest income and expense

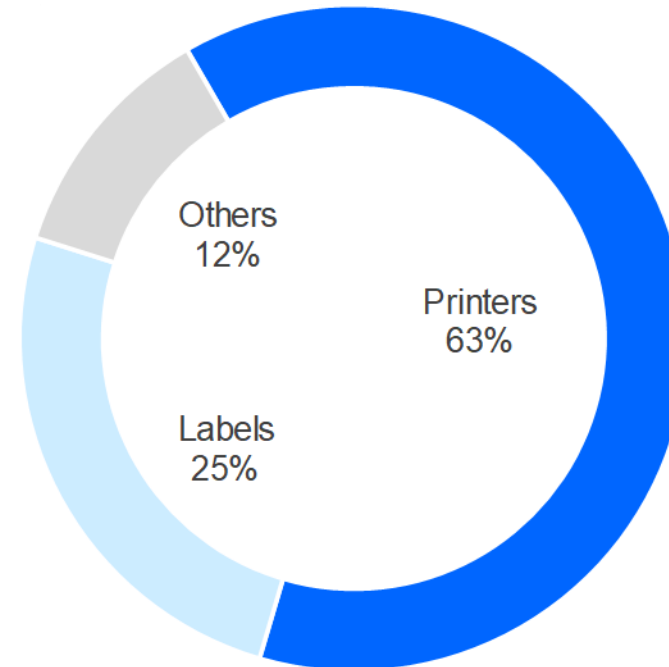
**Net profit margin** -2.8ppts due to

- Tax credit from subsidiary due to acquisition activity in '19

# 1Q20 Sales Analysis – Revenue breakdown

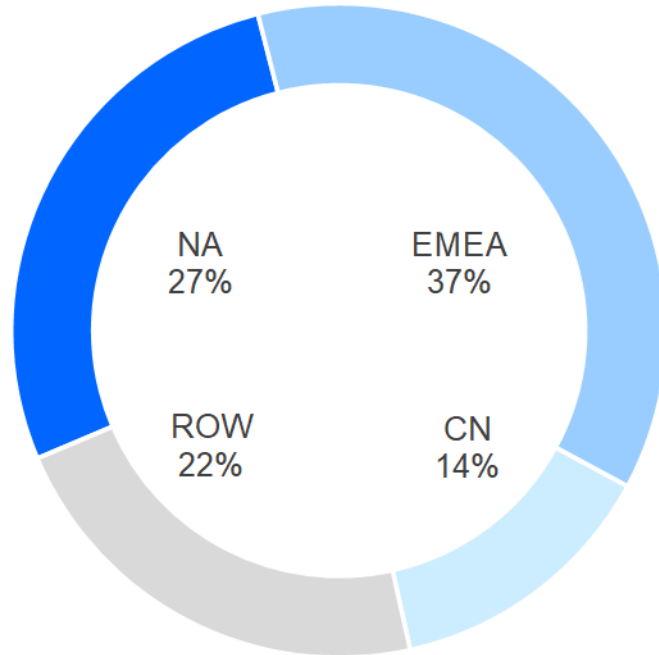


1Q20

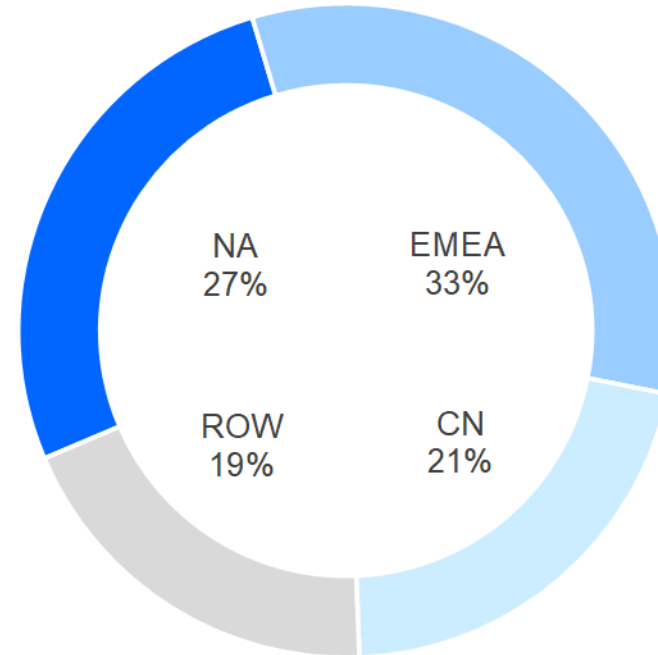


1Q19

# 1Q20 Sales Analysis – Printer Solutions



1Q20



1Q19

# Condensed Consolidated Balance Sheets (selected items)

In NT\$ millions	1Q20		1Q19	
	Amount	%	Amount	%
Cash & Marketable Inv.	\$825	13%	\$1,218	17%
Account Receivable	\$957	15%	\$1,062	15%
Current Assets	\$2,819	44%	\$3,221	45%
Long-term Investments	\$351	5%	\$646	10%
Non-current Assets	\$3,617	56%	\$3,992	55%
<b>Total Assets</b>	<b>\$6,436</b>	<b>100%</b>	<b>\$7,213</b>	<b>100%</b>
Current Liabilities	\$1,907	30%	\$1,920	27%
Long-term Liabilities	\$1,492	23%	\$2,260	31%
<b>Total Liabilities</b>	<b>\$3,398</b>	<b>53%</b>	<b>\$4,180</b>	<b>58%</b>
<b>Total Shareholders' Equity</b>	<b>\$3,038</b>	<b>47%</b>	<b>\$3,033</b>	<b>42%</b>

- Current Assets reduced NT\$ 402M YoY mainly in cash to repay outstanding borrowings
- Non-current Assets decreased NT\$375M mainly attributed to
  - Amortization of intangible assets and right-of-use asset
  - Long-term investment revaluation
- Long-term liabilities reduced NT\$768M, including NT\$ 850M long-term borrowing re-payment made
- Debt ratio improved from 58% (1Q19) to 53% (1Q20)



# Condensed Statements of Cash Flows (selected items)

In NT\$ Millions	1Q20	1Q19
Beginning Balance	\$921	\$1,282
Cash from operating activities	\$206	\$152
Subsidiary acquisition	-	(\$1,115)
PP&E additions	(\$15)	(\$20)
Short-term loans (decrease) increase	(\$234)	\$198
Convertible Bond redeemed	-	(\$1,200)
Long-term loans (decrease) increase	-	\$1,960
FX impact	(\$1)	(\$2)
Ending Balance	\$824	\$1,217
Free cash flow	\$190	\$131
Net income after tax	\$129	\$166

## Cash flow in 1Q20

- Cash on hand NT\$824M, - NT\$97 lower than beginning of the quarter
  - Cash from operations +NTD \$206M; offset by
  - Investing activities out flow of \$278M, including short-term loans repayment of \$234M
- Free cash flow of NT\$190M
- Operating cash flow to net income improved to 160% (1Q20) from 92% (1Q19)

# Managing the Uncertainty

During COVID-19 pandemic outbreak, we adopt a contingency plan and apply it to all subsidiaries worldwide, so we stay focus on our business and operation, and build strength with resilience during global health crisis and economic challenges

## ✓ Protect our Employees

- Tianjin plant carefully re-open with EE health tracked
- US & EU employee work from home

## ✓ Serve our Customers

- Work with customers to review payment terms
- Check inventory and freight capacity to fulfill customer orders

## ✓ Stabilize our Continuity

- Collect overdue A/R 100% after business resume
- Review raw materials and suppliers to continue operations

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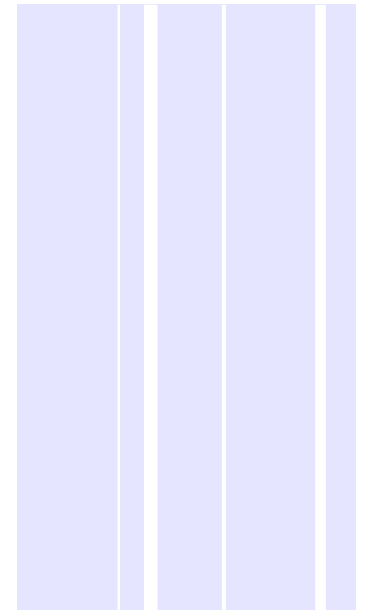
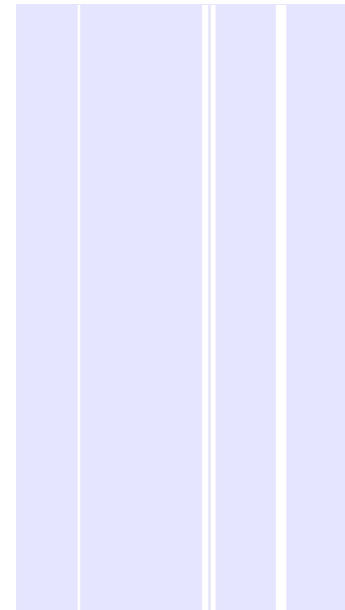
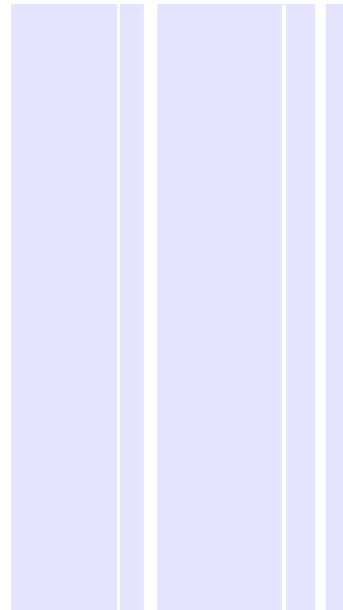
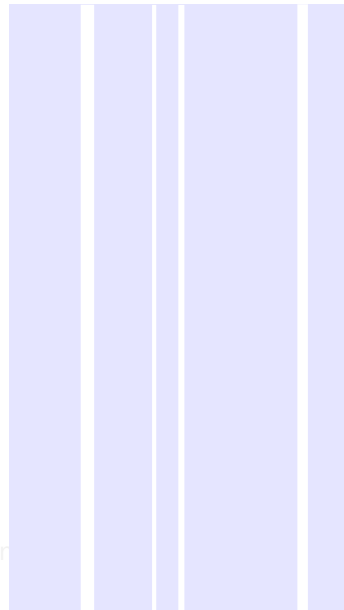
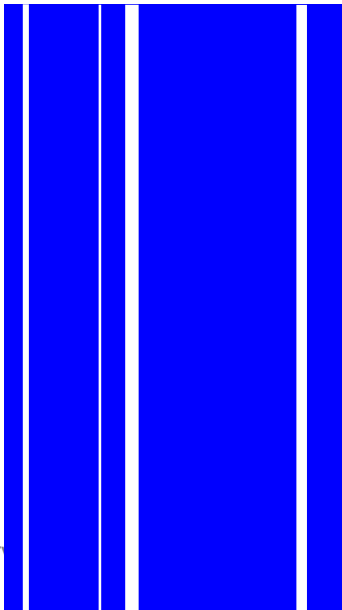
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# Operation & Service

2

manufacturing sites  
Taiwan | China

15

Offices worldwide

4

Million printers  
Installed WW



# Our Journey

**1991**

Sets up Printer Division in parent company, for OEM Partnership with Eltron

**1996**

Expansion to Americas

**2002**

**2002**

Expansion to Europe

**2003**  
Production assembly in Tianjin Plant

**2006**

Moved to Li Ze Plant

**2007**

Spin-off from parent company

**2008**

Listed on the Taiwan Stock Exchange

**2011**

Expansion to Russia and Middle East

**2016**

Acquisition of Printronix thermal and AIDC business

**2019**

Acquisition of Diversified Labeling Solutions, Inc. (DLS)

**Business Setup**

**Foundation for Growth**

**Business Expansion**

**Acquisition & Integration**

# Global Presence



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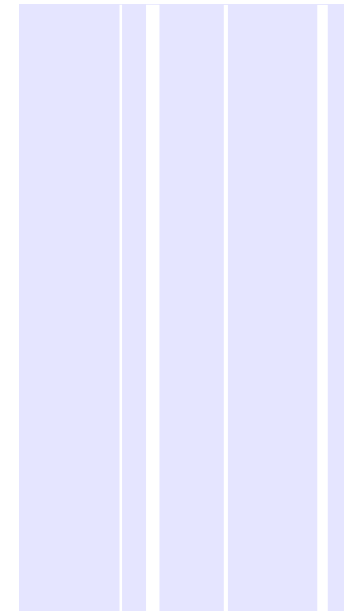
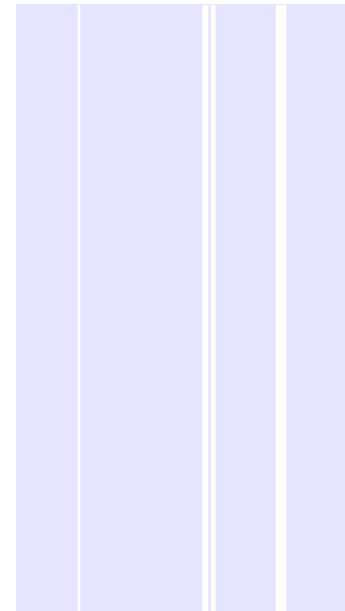
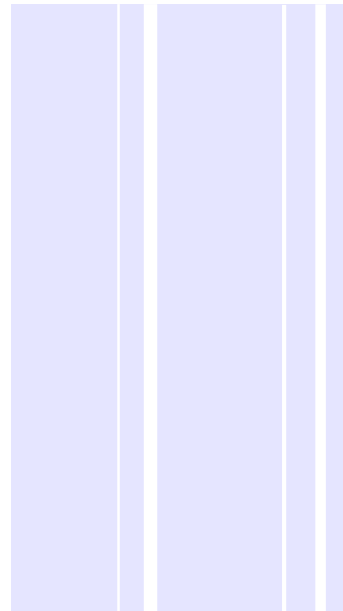
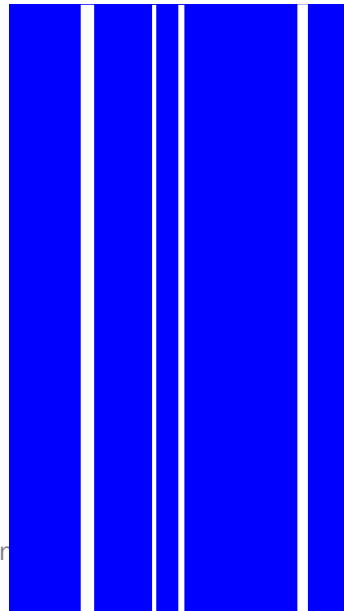
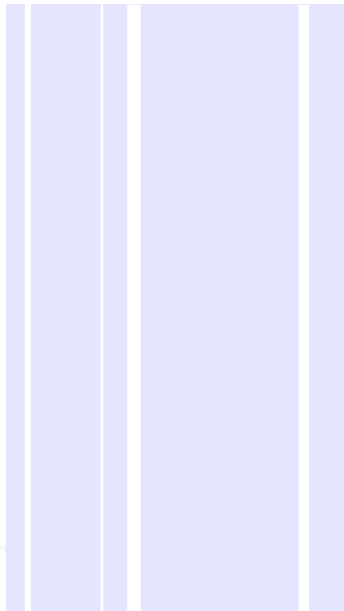
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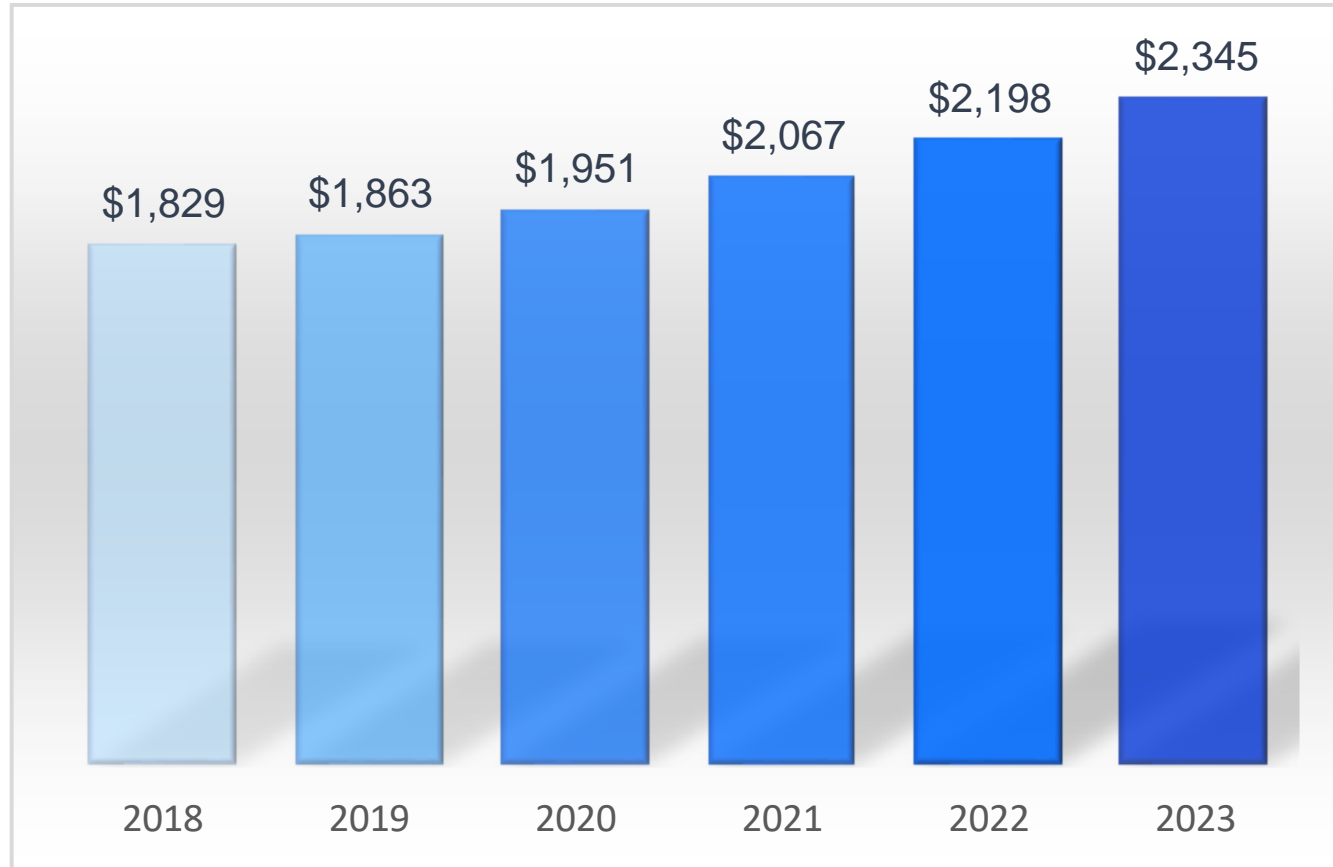
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# Global Barcode Printers



US\$ **2.3**B

5.1% CAGR  
2018 - 2023

(Source: VDC | Research, The Global Market for Stationary Thermal Barcode Printers, October 2019)



# Label Printing Industry

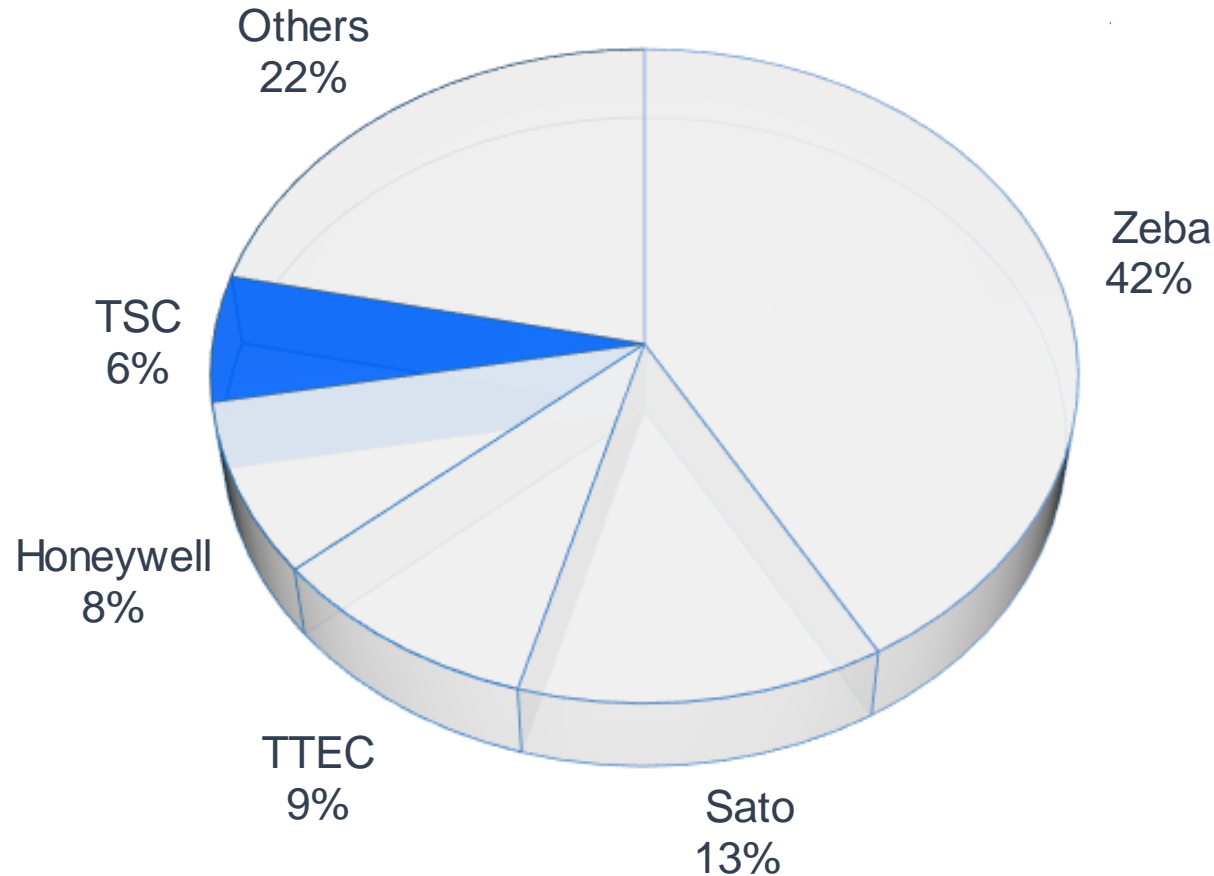
400											
'19	'18	Company	Total Sales (Millions)	Previous Year's (Millions)	Change (%)	Principal Officer	Employees	Primary Specialties	Printing Processes/Capabilities	Ownership	Plants
1	1	RR Donnelley, Chicago, IL	\$6,800.00	\$6,940.00	-2	Dan Knotts	39,500	SPEC 44% (Logistics, digital print and creative services, labels, supply chain management, forms, BPO); COM 28%; PKG 9%; DM 8%; S/T 8%	DCW; DCS; DWF; FLX; LTR; OFS; OFD; SCR	Pub	302
2	—	Graphic Packaging International, Atlanta, GA	\$6,000.00	\$4,500.00	+33	Michael P. Doss	18,000	PKG 100%	FLX; GRV; OFS; OFW	Pub	70
3	2	Quad, Sussex, WI	\$4,194.00	\$4,131.00	+1	Joel Quadracci	20,600	SPEC 31%; INS 19%; CAT 15%; PUB 14%; DM 10%; BKS 6%; PKG 5%	DCW; DWF; GRV; OFS; OFW	Pub	57
4	3	LSC Communications, Chicago, IL	\$3,826.00	\$3,603.00	+6	Thomas J. Quinlan III	22,000	SPEC 41% (Magazines, catalogs, retail inserts); BKS 27%	DCW; DCS; DWF; FLX; GRV; LTR; OFS; OFW; OFD; SCR	Pub	47
5	4	Cimpress, Waltham, MA	\$2,592.00	\$2,135.00	+21	Robert Keane	13,000	SPEC 100% (Mass-customization products)	DCS; DWF; OFS; OFD	Pub	14
6	—	Taylor Corp., N. Mankato, MN	\$2,200.00	—	—	Glen Taylor	12,000	N/A	N/A	Prv	N/A
7	7	Transcontinental Inc., Montreal, QC	\$2,040.52	\$1,527.32	+33	Francois Olivier	9,000	INS 44%; NEWS 13%; SPEC 13% (Premedia and distribution); PUB 10%; COM 10%; BKS 6%; DWF 4%	DCW; DCS; DWF; FLX; OFS; OFW	Pub	44
8	6	Deluxe Corp., Shoreview, MN	\$1,998.03	\$1,965.56	+1	Barry McCarthy	6,701	SPEC 100% (Checks, printed forms)	N/A	Pub	11
9	8	Cenveo Enterprises, Stamford, CT	\$1,200.00	\$1,300.00	-7	Robert G. Burton Jr.	6,000	SPEC 72% (Labels, envelopes); COM 28%	DCW; DCS; DWF; FLX; OFS; OFW	Prv	30
10	9	Donnelley Financial Solutions, Chicago, IL	\$963.00	\$1,004.90	-4	Daniel Lieb	3,100	FIN 100%	N/A	Pub	N/A
76	86	OMNI Systems, Richmond Heights, OH	\$69.00	\$61.00	+13	Adam DeFrancesco	154	PKG 100%	DCW; FLX	Prv	2
76	72	SpeedPro Imaging, Centennial, CO	\$69.00	\$62.00	+11	Larry Oberly	N/A	DWF 100%	N/A	Prv	130
78	77	Thomas Printworks, Richardson, TX	\$66.50	\$68.00	-2	Bryan Thomas	520	COM 50%; S/T 20%; DM 15%; CAT 5%; INS 5%	DCS; OFS; OFD	Prv	26
78	60	Friesens Corp., Altona, MB	\$66.50	\$60.00	+10	Chad Friesen	580	BKS 87%; SPEC 7% (Self-publishing); PKG 6%	DCW; FLX; OFS; OFW	Emp	3
80	71	Core Publishing Solutions, Eagan, MN	\$66.30	\$68.50	-3	Todd Roth	351	BKS 100%	DCW; DCS; OFS; OFW	Pub	1
81	80	Kirkwood, Wilmington, MA	\$66.00	\$64.00	+3	Bob Coppinger	245	COM 40%; CAT 20%; DM 20%; S/T 5%; PUB 5%; BKS 5%; FIN 5%	DCS; DWF; OFS	Prv	1
82	79	Diversified Labeling Solutions, Itasca, IL	\$65.53	\$64.12	+2	Jim Kersten	203	SPEC 100% (Labels, tags)	DCW; FLX	Pub	4
83	86	The Meyers Printing Cos., Minneapolis, MN	\$65.00	\$61.00	+6	Mike Lane	250	SPEC 90% (Wide-format, litho, digital, POP displays); PKG 10%	DCW; DCS; DWF; FLX; OFS; SCR	Prv	1
84	83	Primary Color, Cypress, CA	\$64.70	\$62.00	+4	Dan Hirt	315	SPEC 50% (Large- and small-format digital, fabrication,	N/A	Prv	2

US\$50B

4.0% CAGR  
2019 - 2025

(Source: Future Markets Insights' research, January 2019)

# Auto ID On Demand Printing Industry Overview



## 2018 Auto ID Printing Industry

- Zebra as the market leader with 40%+ market share
- Sato and TTEC focus on domestic market (Japan)
- TSC currently holds a 6% market share
- Top 5 companies have around 80% market share

(Source: VDC | Research, The Global Market for Stationary Thermal Barcode Printers, October 2019)

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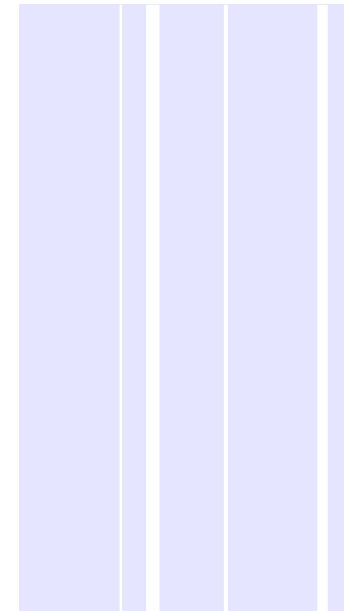
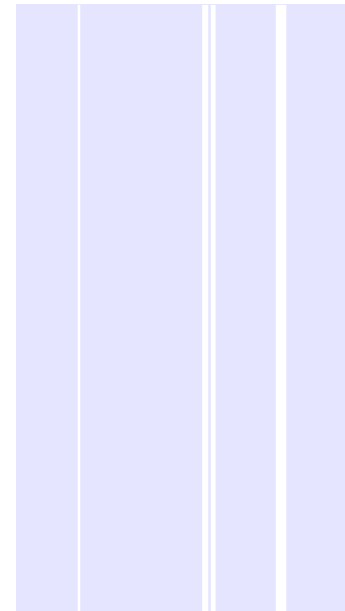
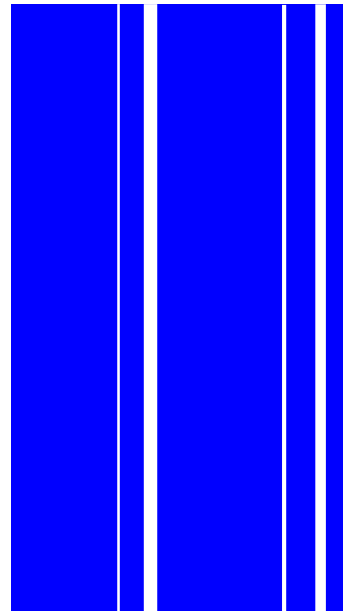
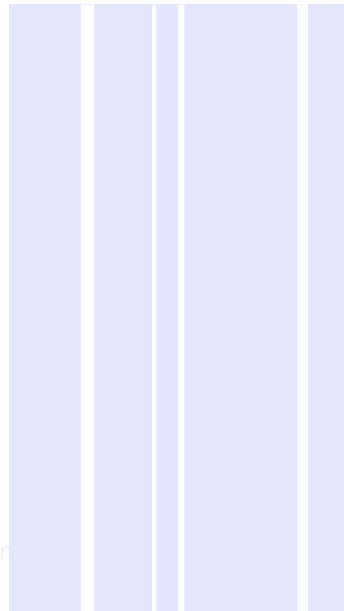
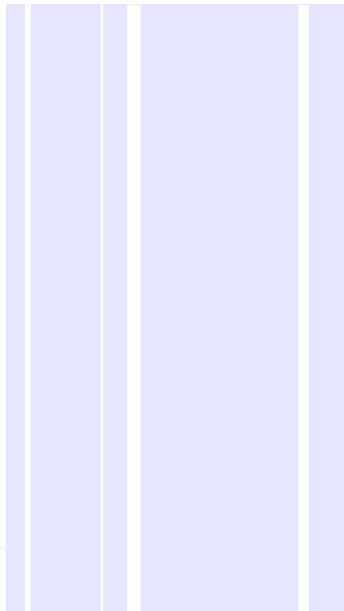
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# TSC - Trusted by Leading Companies

## MANUFACTURING

- Caterpillar
- Dole
- Ford Motor
- John Deere
- Michelin Tire
- Renault Nissan
- Samsung
- Volkswagen
- GEBERIT Group

## RETAIL

- Adidas
- Carrefour
- Goodwill Industries
- IKEA
- Marks & Spencer
- RT-Mart International Ltd
- Safear Group
- Whole Foods
- SM group

## HEALTHCARE

- Cleveland Clinics
- Hospital Citadelle (Belgium)
- Hospital Graz (Austria)
- Hospital Klagenfurt
- National Taiwan University Hospital
- University of Cincinnati Hospitals
- University Hospital Hannover (Germany)
- University Hospital Maribor (Slovenia)
- Yale University Hospitals

## LOGISTICS

- DHL
- Hermes
- Panalpina
- TNT
- Flipkart
- Kerry

## POSTAL

- Belgium Post
- China Post
- Taiwan Post
- Turkish Post
- Thai Post

## GOVERNMENT

- China Central Treasury
- City of Munich
- U.S. Social Security

FOXCONN®

FedEx®

DHL

Walmart  
Save money. Live better.



PEPSICO

Coca-Cola

CATERPILLAR



PANALPINA



sears



MARS



BNSF  
RAILWAY

Hermes

BEST  
BUY



US  
FOODS

Dole



TNT



TOYOTA



Gordon  
FOOD SERVICE

■ GEBERIT

NS  
NORFOLK  
SOUTHERN



MARKS &  
SPENCER



CHRYSLER



BIMBO  
PRINTRONIX  
AUTO ID

# Stronger Together



## Comprehensive Product Lineup

Full desktop, industrial, print engine and mobile product portfolio

## Advanced Product Lineup

- Barcode Verification (ODV)
- RFID printers

## Unmatched Solution

- Standalone application
- Flexible customization

## Enterprise Software Solution

- Remote printer management
- SOTI Connect
- PrintNet Enterprise (PNE)

## Exceptional Resolution

- 600 dpi for small label printing

## Unique Design Platform

Printronix System Architecture (PSA); replace and install printers easily

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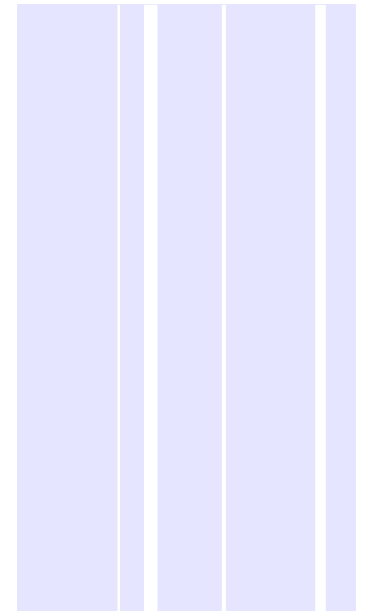
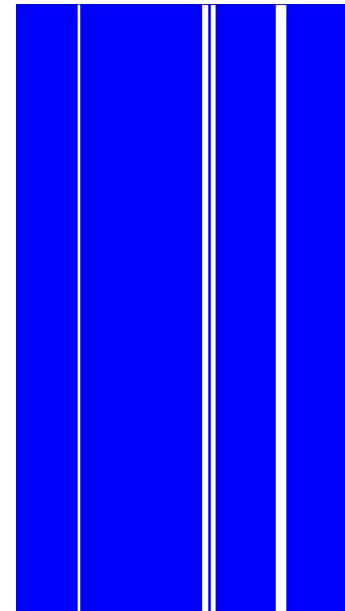
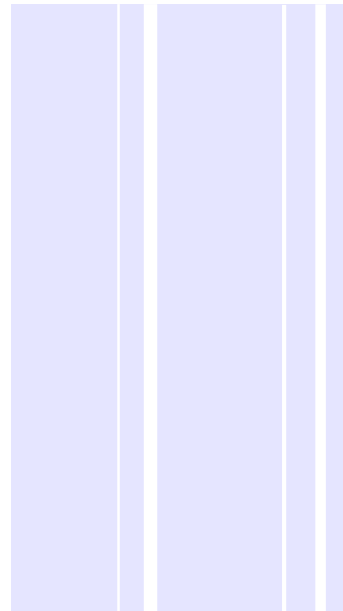
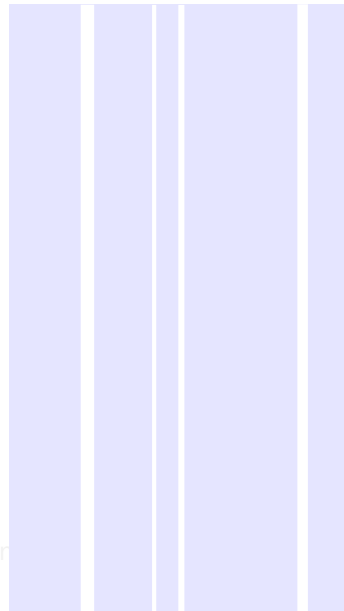
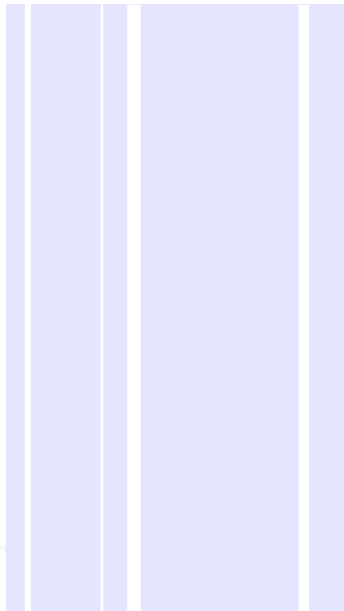
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# Product Family



Mobile

Desktop

Industrial

RFID

Barcode  
Verification  
(ODV)

Print Engine

PrintCart

Color



# Performance Product Line



## Mobile



Alpha-2R



IUM-2U



Alpha-3R



TDM-30



Alpha-4L

## Desktop



TDP-225 Series



TDP-324W Series



TTP-225 Series



DA210/DA220 Series



TX200 Series



TC Series



TE200 Series

## Industrial



MX240P Series



MH240 Series



MB240 Series



ML240 Series



TTP-2610MT Series



TTP-286MT Series

## Specialty



PEX-1000 Series



CPX4P Series



Print Modules

# Enterprise Product Line

	Mobile	Desktop	Industrial			Specialty
Standard	 <p>M4L2</p>	 <p>T800</p>	 <p>T4000</p>	 <p>T6000e</p>	 <p>T8000</p>	 <p>PrintCart</p>
RFID		 <p>T800 RFID</p>	 <p>T4000 RFID</p>	 <p>T6000e RFID</p>		
Verifier (ODV)			 <p>T6000e ODV-ID</p>	 <p>T8000 ODV-ID</p>	 <p>T8000 ODV-2D</p>	



**Replace old printers or maintain a fleet of printers with ease**

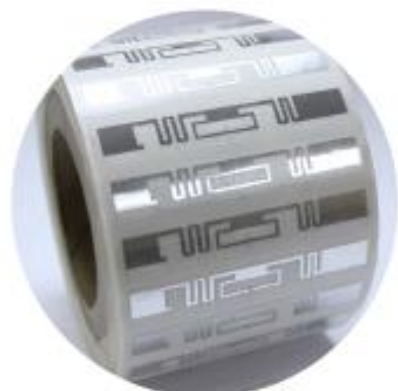
An intelligent design platform that combines exclusive features with a common set of building blocks to simplify printer replacement and installation to improve productivity.

# Supplies Overview

Our product expertise runs deep and our supplies knowledge base is comprehensive. With product experts that can guide you through all stages of your consumables application, you can be assured that your supplies will be optimized in form, fit and function.



**Standard Labels,  
Thermal Transfer  
Ribbons, Receipt Rolls**



**UHF RFID Labels**



**Wristbands**



**Inkjet Labels  
and Tanks**



**Cleaning Supplies**

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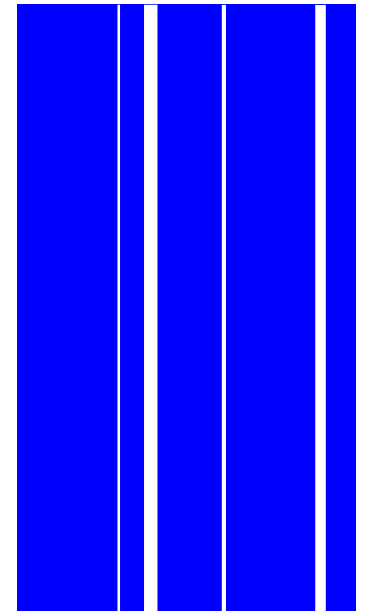
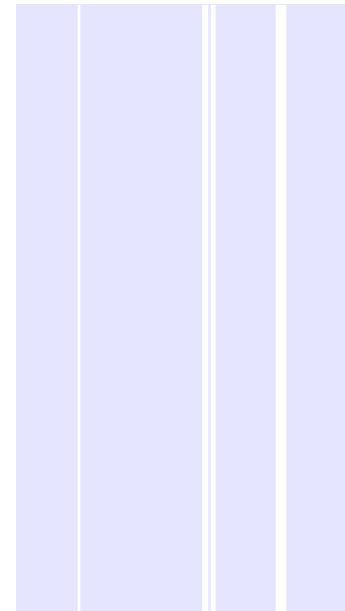
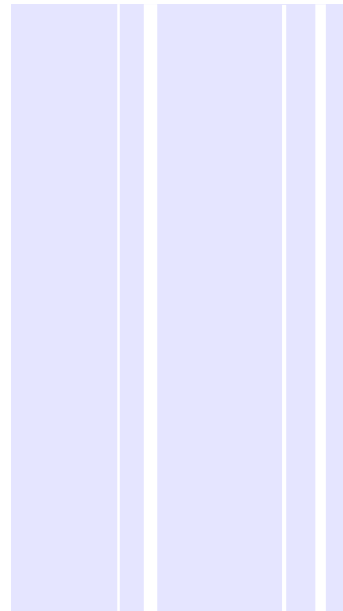
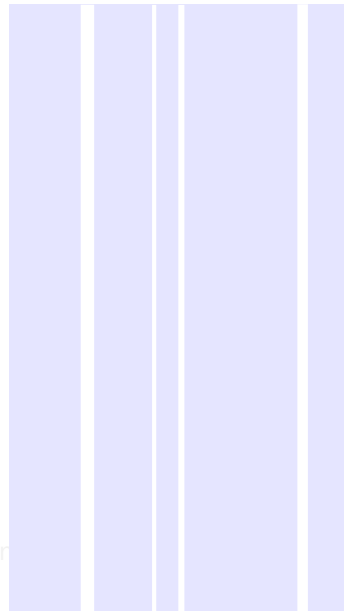
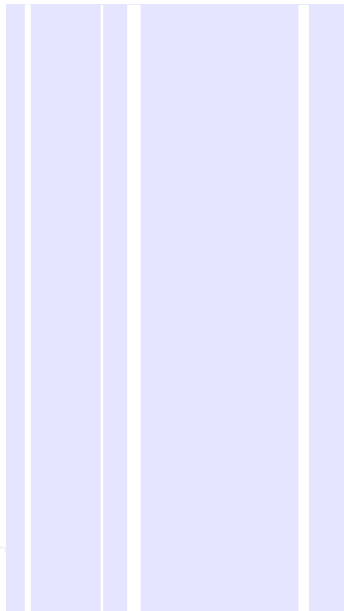
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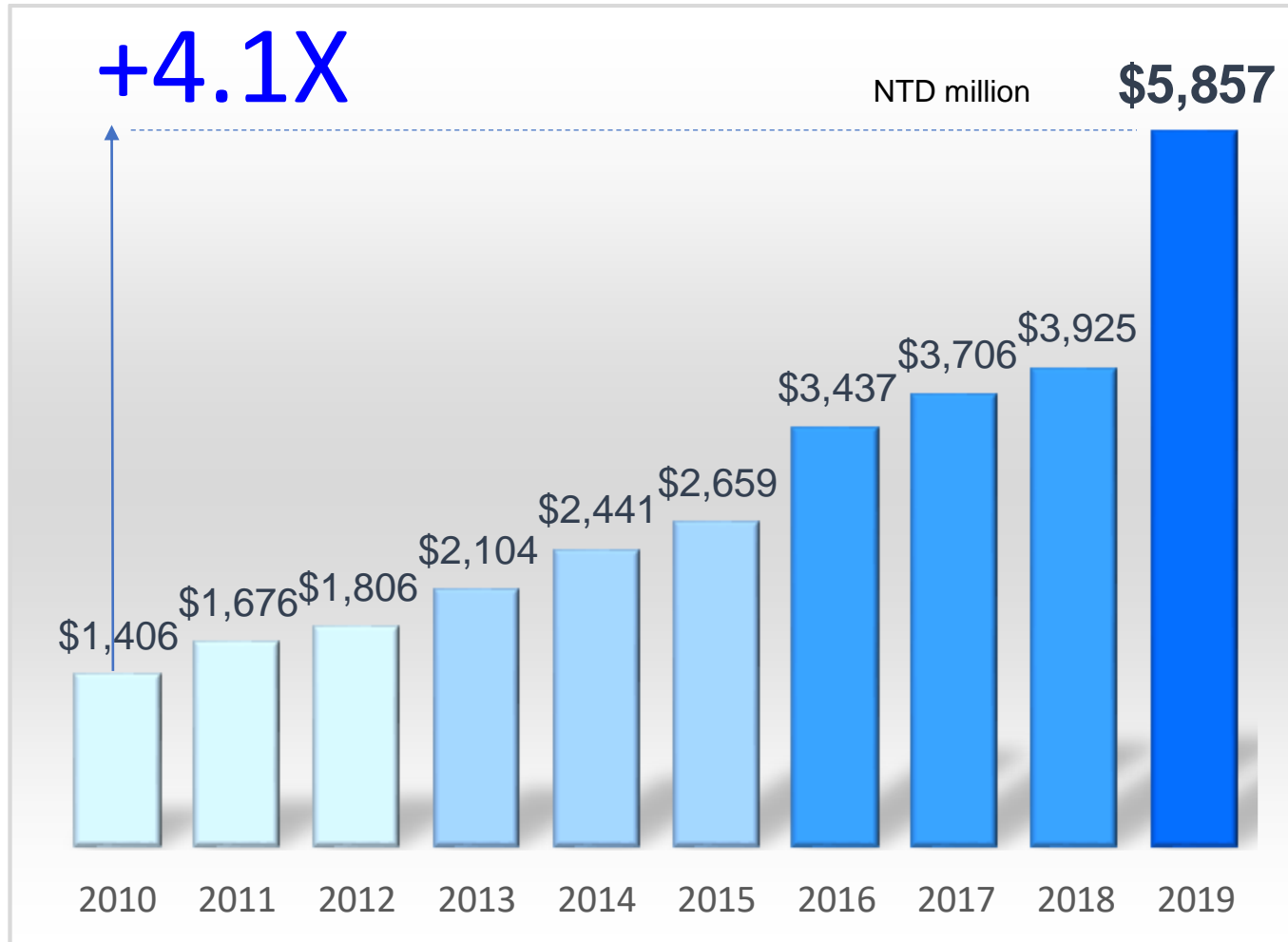
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# Revenue Trend Chart



Maintains a strong momentum to grow business. Consolidated sales of NT\$5.8 billion in 2019, quadruples the revenue since 2012, including acquisition from

- Nov-2015 Acquisition of Printronix Thermal/AIDC Business
- Jan-2019 Acquisition of Diversified Labeling Solutions Inc., (DLS)

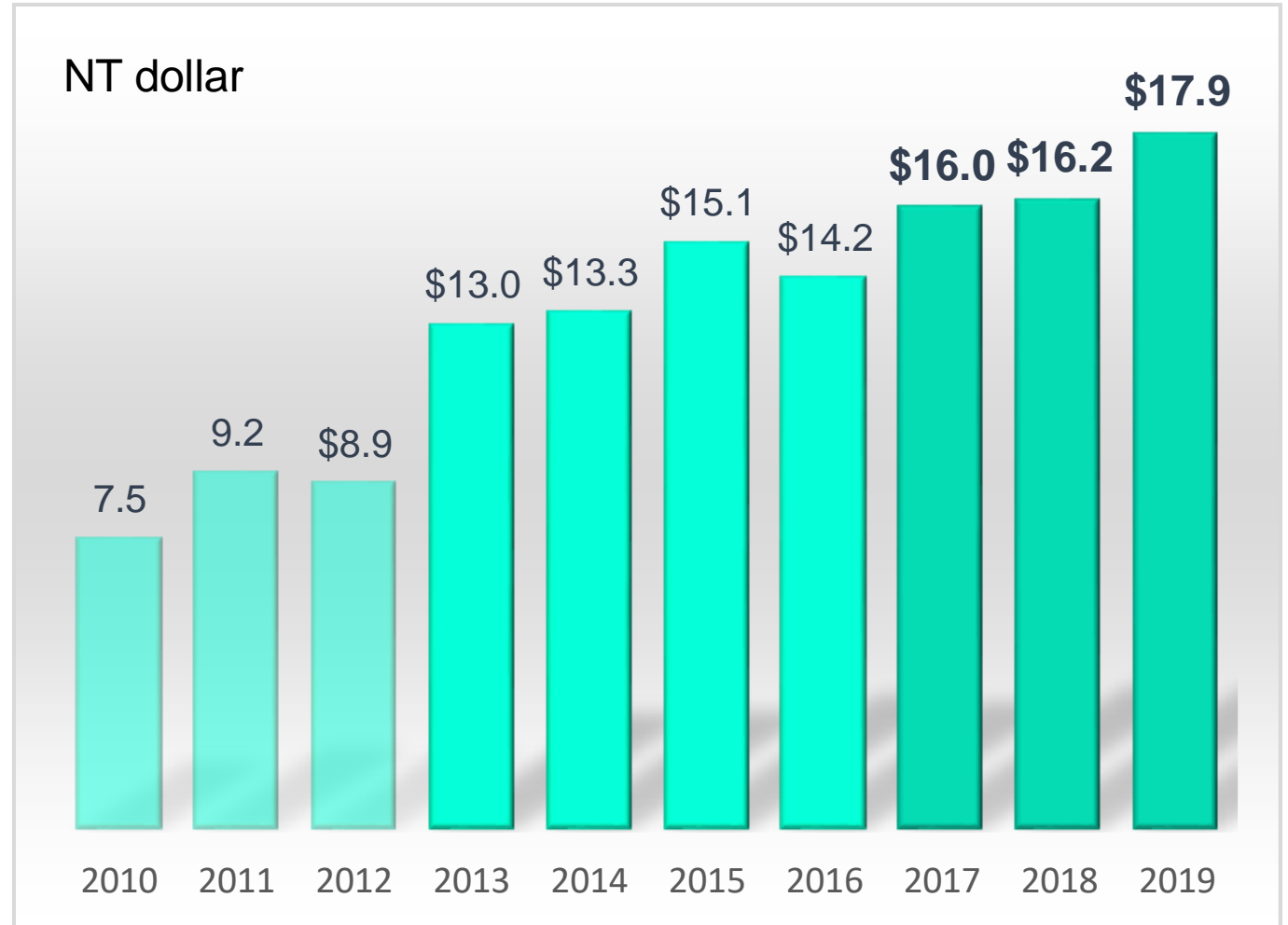
# EPS Trend Chart

**\$16.7**

3 yr. Average  
(2017 – 2019)

**\$13.1**

10 yr. Average  
(2010 – 2019)



# Thank You

# Q&A