



PAX Global Technology Limited (327.HK)

2019 Interim results

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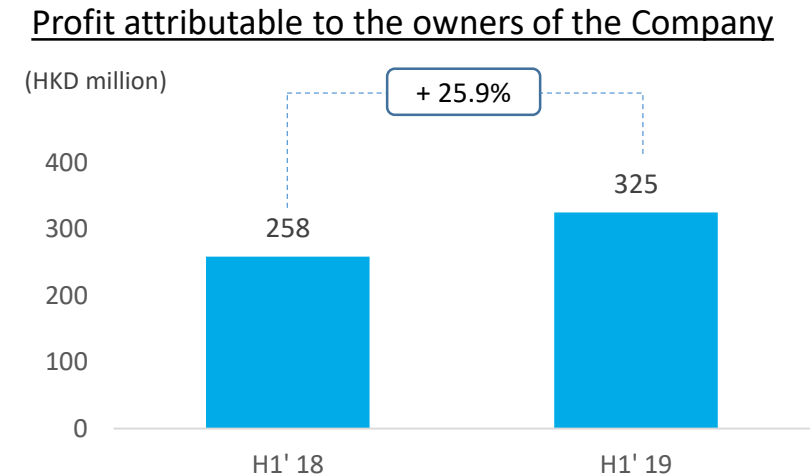
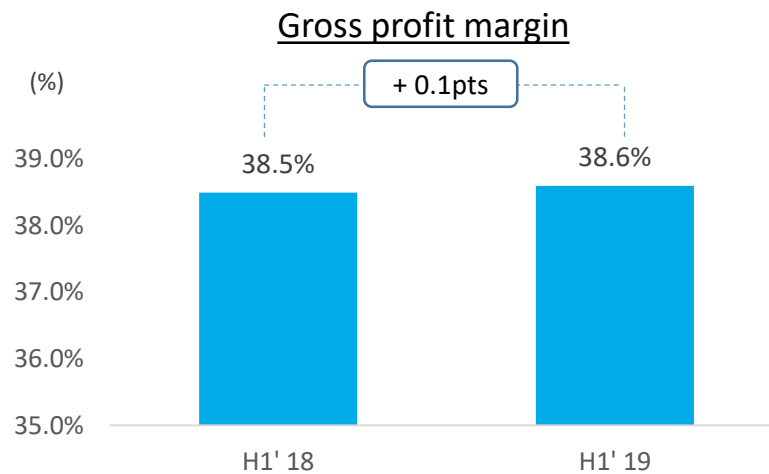
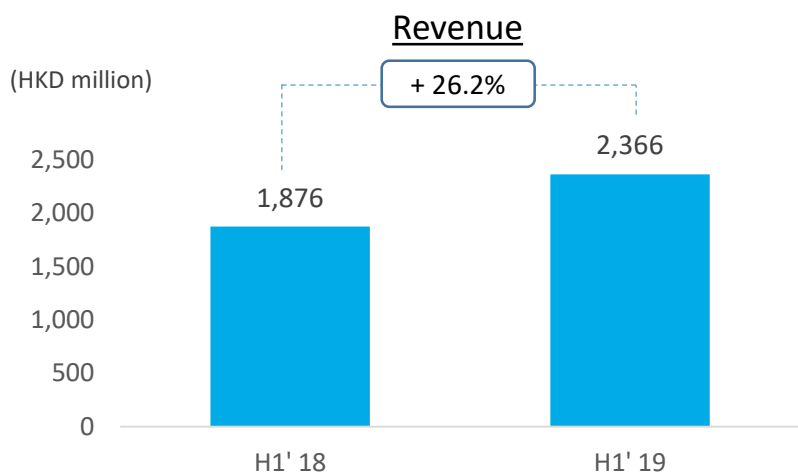
Agenda

- ❖ 2019 Interim results snapshot
- ❖ 2019 Full year guidance



2019 Interim results snapshot

- **Revenue: HKD 2,366.3M**
YoY up 26.2%, driven by strong overseas market performance (+38.7%)
- **Gross profit: HKD 914.4M**
YoY up 26.6%, gross profit margin: 38.6%
- **Operating profit: 370.5M**
YoY up 22.4%, operating profit margin: 15.7%
- **Profit attributable to the owners of the Company: HKD325.5 M**
YoY up 25.9%
- **Proposed 2019 interim dividend: HKD 0.04 per ordinary share**



Strategic adjustments in China

Current challenges in China market

1. Intensifying market competitions leading to deterioration of margins
2. Increasing credit risk of certain payment market stakeholders
3. Uncertainties brought by the ongoing international trade disputes

Strategic and structural adjustments (expected to be completed by the end of 2019)

1. Focus more on serving reputable and strong customers
2. Optimize and streamline the operating structure of China business

Expected benefits

1. Improve the cost structure and operating efficiency of China business
2. Strengthen the credit risk management procedures of China business
3. Make positive impact on the Group's profit margins

2019 Interim – Revenue by region

LACIS
1,339 M

+50%

Brazil

- Leading position in the Brazilian payment terminal market
- Robust growth of traditional & smart terminals
- PAX's strong brand recognition in Brazil enables the Group to grow market share in other Latin American countries

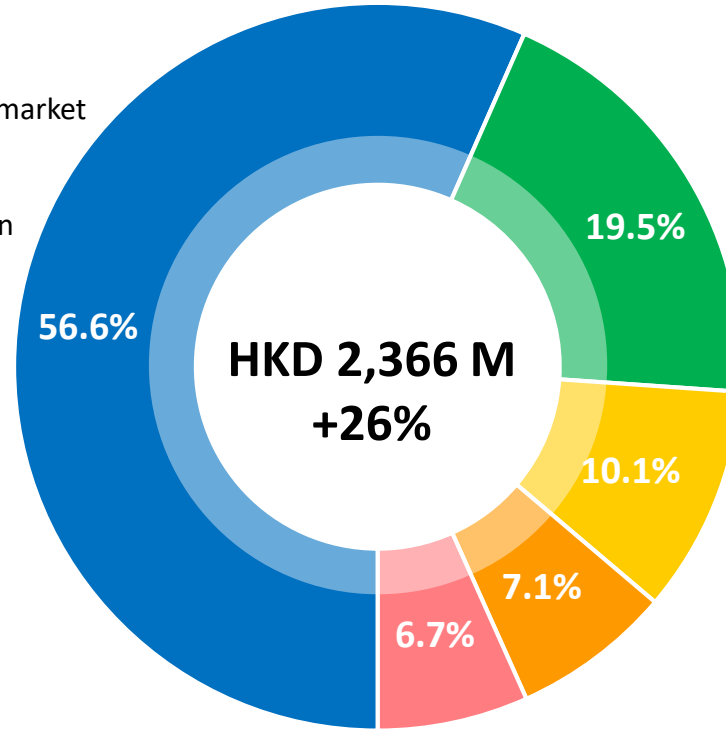
Other markets

- Growing sales in Argentina & Mexico
- In Russia, PAX is highly recognized by major acquiring banks and recorded increasing shipment

China
159 M

-44%

- Strategic and structural adjustments
- Keen market competition



EMEA
462 M

+18%

- Recorded notable sales growth in UK, Germany, Poland & Italy
- Rising interests from European PSPs & acquiring banks for SmartPOS & Smart ECR solutions
- Large sales volume in North Africa

APAC
239 M

+58%

- Strong sales growth in India, Indonesia and Vietnam
- Deployed large volumes of smart Android based terminals across APAC, i.e. India, Indonesia, Vietnam, Hong Kong, Thailand and the Philippines

USCA
167M

+9%

- Increasing recognition by acquiring banks and payment service providers
- Growing shipments of innovative Android SmartPOS & Smart ECR terminals

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

2019 Interim – Operating expenses

<i>HKD '000</i>	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)	+/-
Selling expenses	227,040	192,394	+18.0%
Administrative expenses	326,513	262,848	+24.2%
R&D expenses <i>(included in administrative expenses)</i>	187,608	143,894	+30.4%

- **Selling expenses increased by 18.0%**
 - Increase in staff cost and marketing expenses
- **Administrative expenses increased by 24.2%**
 - Increase in R&D expenses

2019 Interim – Working capital

<i>HKD '000</i>	As at 30 June 2019	As at 31 December 2018	As at 30 June 2018
Trade and bills receivables	2,090,407	1,919,408	1,885,139
Inventories	1,217,279	1,182,015	1,328,727
Trade and bills payables	1,610,925	1,190,447	1,314,216
Cash and cash equivalents	2,577,076	2,160,192	1,965,876
Turnover days			
Trade and bills receivables	161	155	178
Inventory	162	146	184
Trade and bills payables	175	140	178
Cash conversion	148	161	184

FY 2019 guidance

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

Guidance remains the same as given in March 2019

Investor relations contacts

- Ethan Cheung, Chief Financial Officer
- Calvin Pei, Assistant Vice President - Corporate Finance & Strategy
- Mina Pang, Investor Relation Manager

Email: ir@pax.com.hk

TEL: +852 2500 8510