

KYE Review and Perspective 2011 Q1

Kevin Kao / Finance VP



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About Us



- Headquarter : Taipei, Taiwan, R.O.C.
- Founded : November 3, 1983
- Capital (as of Dec. 31, 2010) : NT\$2,869 Million
- Major shareholder (as of Feb. 28, 2010): Jwo & Chen's Family(25%-30%)
QFII(10.7%); Employee(4%-5%)
- 2010 Revenue : NT\$11,036 Bn (yoy +8.5%), US\$349.8Mn (+15.2%)
- Employees : 1,930 (Taipei:360, Marketing subsidiary:70, Factory:1,500)
- Core technology
 - Input Device : Mice, K/B, Tablet (Digitizer)
 - Image: DV, Web Cam,
Cam Module (NB, Smartphone),
Laser Bar Code Printer
 - Acoustic products: Speakers, Headsets
- Selling Subsidiaries : US, Germany, UK, HK, China
- Marketing Rep.
 - America: Brazil, Argentina, Mexico, Chile, Colombia
 - EMEA: Poland, Ukraine, Czech, Iran, Turkey , Hungary,
Kazakhstan
 - Asia-Pacific: India, China, Vietnam, Indonesia
- PR Consultant
 - America: U.S.
 - EMEA: Italy, Poland, Czech, Kazakhstan, Turkey, Iran
Germany, France, UK
 - Asia-Pacific: Vietnam, India, Indonesia
- Factory : Dong Guan Guang Dong , China



Key Financials-Consolidated P/L

Preliminary unaudited for 2010



in millions of NT\$

<i>Item</i>	2010Q4		YOY%	QOQ%	2010		2009		YOY%
Net Sales	2,588	100%	(15.1%)	(8.7%)	11,036	100%	10,183	100%	8.5%
COGS	2,163	83.6%	(13.8%)	(8.9%)	9,055	82.1%	8,221	80.7%	10.3%
Gross Profit	425	16.4%	(21.1%)	(7.5%)	1,981	17.9%	1,961	19.3%	1.0%
Operating Expense	334	12.9%	(2.9%)	(4.2%)	1,465	13.3%	1,337	13.1%	9.6%
Operating Income	91	3.5%	(53.1%)	(18.0%)	516	4.7%	624	6.1%	(17.4%)
Non-Operating	(36)	(1.4%)	(596%)	(203%)	(1)	0.0%	120	1.1%	(101%)
Income before Tax	55	2.1%	(72.7%)	(62.4%)	515	4.7%	745	7.3%	(30.8%)
EPS(Pretax)*	0.19				1.80		2.61		
Net Income	43	1.7%	(76.2%)	(63.5%)	429	3.9%	686	6.7%	(37.4%)
EPS (After-tax)*	0.15				1.50		2.41		

*Note1 : EPS are based on the weighted average shares outstanding of 286,178K and 284,768K shares in Q4 2010 and Q4 2009.

Key Financials- Consolidated B/S

Preliminary unaudited for 2010



in millions of NT\$

YoY Comparison¹	2010 Q4		2010 Q3		2009 Q4	
Cash & Equiv.	1,883	24.1%	1,772	23.6%	1,935	26.4%
Financial Assets	432	5.5%	298	4.0%	155	2.1%
Accounts Receivable	1,744	22.4%	1,847	24.6%	1,670	22.8%
Inventories	1,790	22.9%	2,009	26.8%	1,792	24.4%
Bank Loan	600	7.7%	0	0.0%	0	0.0%
Accounts Payable	1,397	17.9%	1,612	21.4%	1,697	23.1%
Equity	4,218	54.7%	4,312	57.3%	4,778	65.1%
Total Assets	7,800	100.0%	7,510	100.0%	7,337	100%

Financial Ratio Summary

- ✓ Adequate liquidity and Excellent operating efficiency with strong cash generating ability
- ✓ Strong financial structure with keep reducing liability ratio
- ✓ Proven track records in profitability
- ✓ Constant dividend policy : High payout ratio(60% to 80%) with majority of cash makes an very attractive yield as in past 3 years.

Item	Financial Ratio/Year	07	08	09	10
Capital Structure	Liabilities to Assets ratio(%)	37.9	34.1	33.4	45.3
Liquidity Analysis	Current ratio(%)	220.8	229.8	185.4	211.3
	Quick ratio(%)	160.0	141.4	158.1	187.6
Operating performance	Average collection days	57.0	65.0	56.0	58.0
	Global inventory turnover days	50.0	59.0	72.0	78.0
Profitability	ROE(%)	25.5	20.6	14.5	10.2
	EPS(NT\$/share)	4.80	3.03	2.41	1.50
Dividend	Stock Dividends(NT\$/share)	1.18	1.40	0.99	-
	Cash Dividends(NT\$/share)	2.49	3.51	1.317	2.85
	Capital Reduction(NT\$/share)	1.00	1.00	-	-
	Dividend yield(%)	6.7	21.3	5.0	10.0

Business Operation Summary



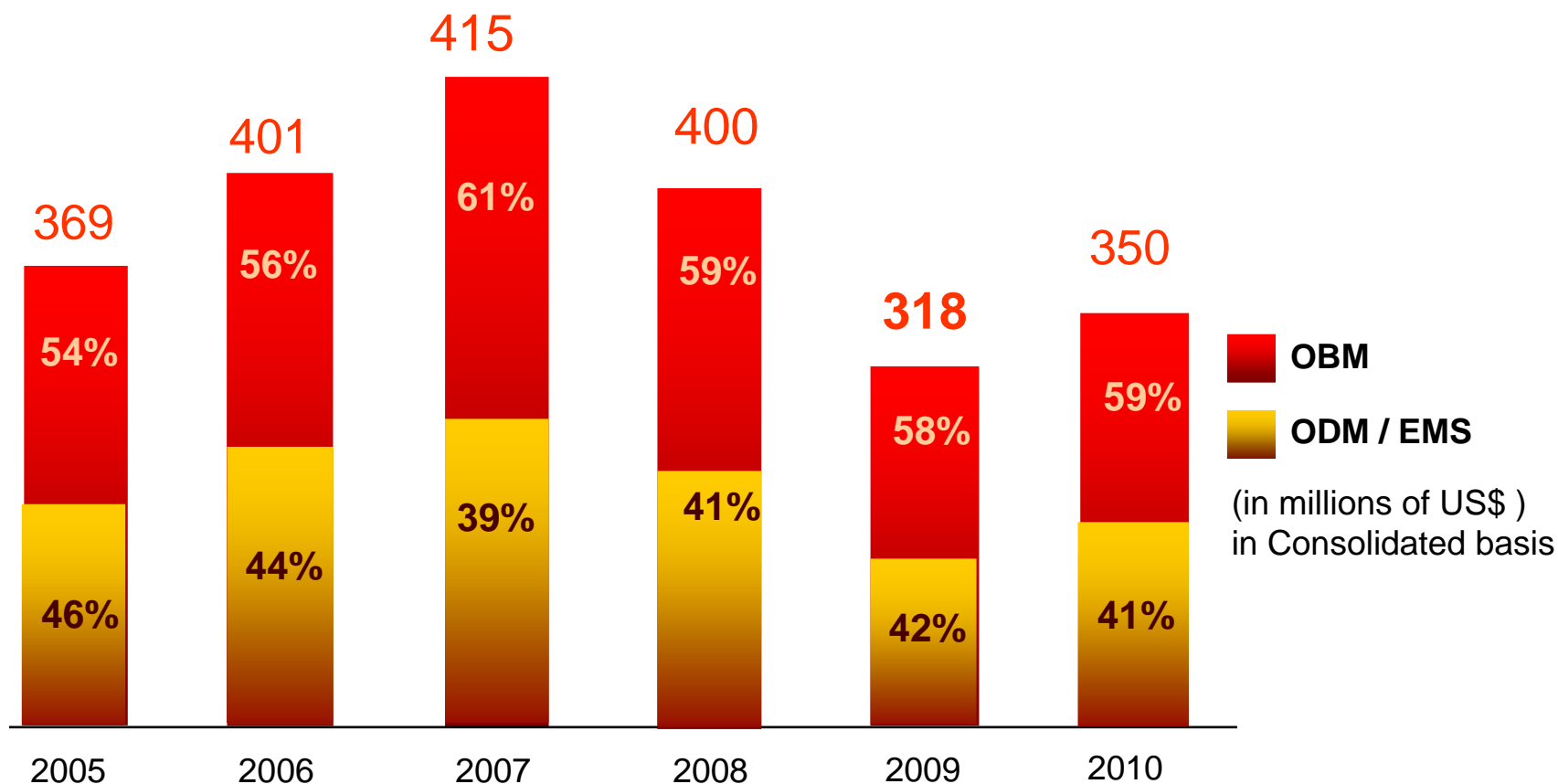
BU	Turnover	06	07	08	09	10
Genius	A/R Turnover (days)	49.0	56.0	65.0	58.0	57.0
	Inventory Turnover (days)	41.0	49.0	57.0	66.0	58.0
	A/P Turnover (days)	73.0	76.0	79.0	70.0	78.0
	Cash Conversion Days	17.0	29.0	43.0	54.0	37.0
ODM/OEM	A/R Turnover (days)	58.0	61.0	64.0	54.0	60.0
	Inventory Turnover (days)	48.0	51.0	60.0	79.0	99.0
	A/P Turnover (days)	78.0	76.0	79.0	70.0	78.0
	Cash Conversion Days	28.0	36.0	45.0	63.0	81.0
KYE	A/R Turnover (days)	52.0	57.0	65.0	56.0	58.0
	Inventory Turnover (days)	44.0	50.0	59.0	72.0	78.0
	A/P Turnover (days)	75.0	76.0	79.0	70.0	78.0
	Cash Conversion Days	21.0	31.0	45.0	58.0	58.0

Business Model



OBM/ODM Mix Portfolio

Branding Contributed 59%+ in 2010



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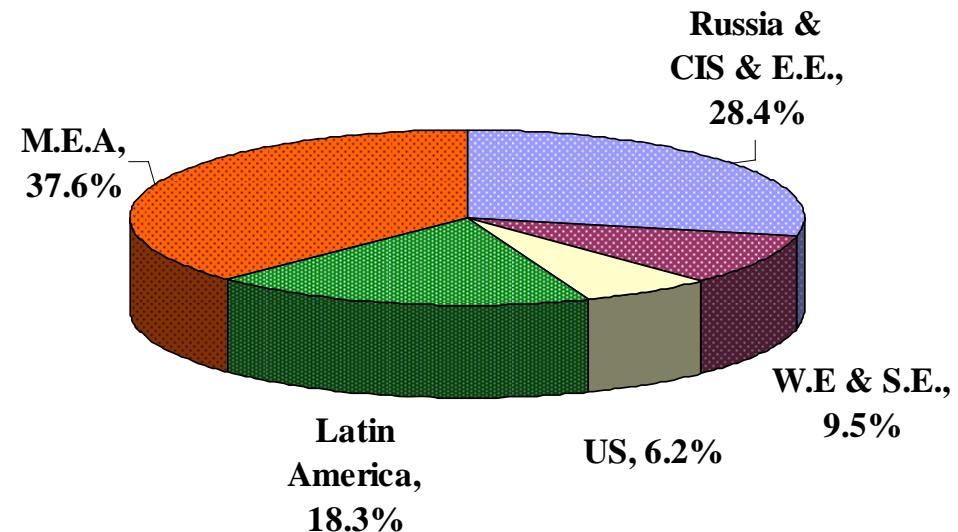
Regional Sales Allocation- 2010 Q4



2010 Q4

(Total Revenue : NT\$ 2.59 BN)

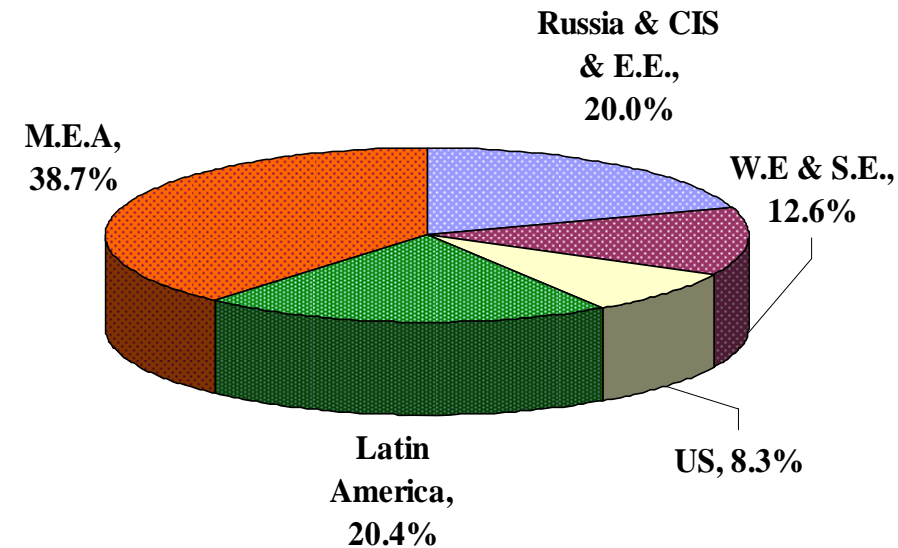
	% of Sales	yoy %
Russia & CIS & E.E.	28.4%	40.3%
W.E & S.E.	9.5%	-47.8%
US	6.2%	-45.2%
Latin America	18.3%	-13.4%
M.E.A	37.6%	-20.6%
Total Sales	100.0%	-15.0%



Regional Sales Allocation- 2010

	% of Sales	yoy %
Russia & CIS & E.E.	20.0%	50.3%
W.E & S.E.	12.6%	-18.3%
US	8.3%	-24.5%
Latin America	20.4%	4.8%
M.E.A	38.7%	16.5%
Total Sales	100.0%	8.5%

2010
(Total Revenue : NT\$ 11.04 BN)

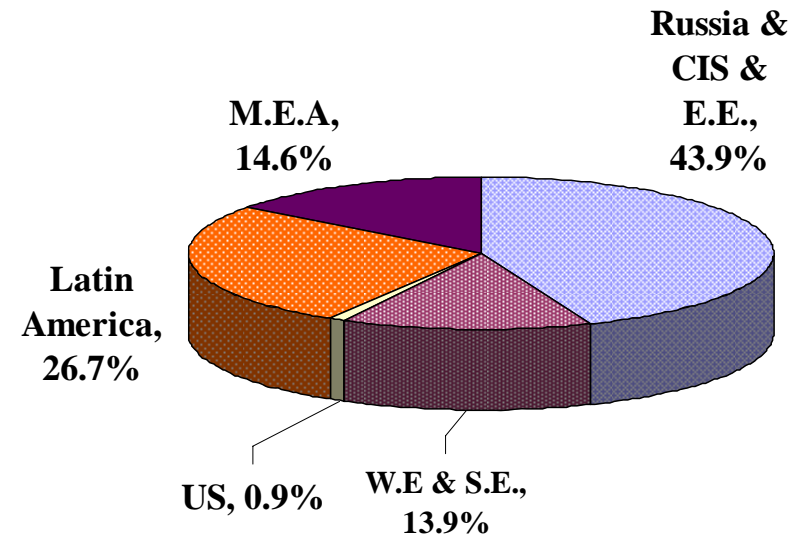


OBM(Genius) Regional Allocation-2010 Q4



	% of Sales	yoy %
Russia/ CIS / E.E.	43.9%	40.3%
W.E & S.E.	13.9%	-23.1%
US	0.9%	-47.1%
Latin America	26.7%	-13.1%
M.E.A	14.6%	-21.2%
Total Sales	100.0%	0.0%

2010 Q4
(Total Revenue : NT\$ 1.67 BN)

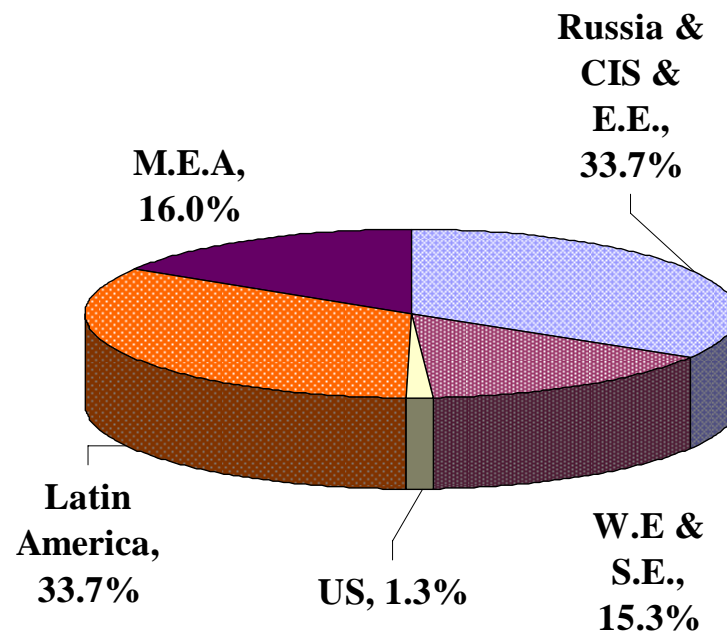


OBM(Genius) Regional Allocation-2010



	% of Sales	yoy %
Russia/ CIS / E.E.	33.7%	50.3%
W.E & S.E.	15.3%	-8.7%
US	1.3%	-12.2%
Latin America	33.7%	4.6%
M.E.A	16.0%	-2.3%
Total Sales	100.0%	12.6%

2010
(Total Revenue : NT\$ 6.53 BN)

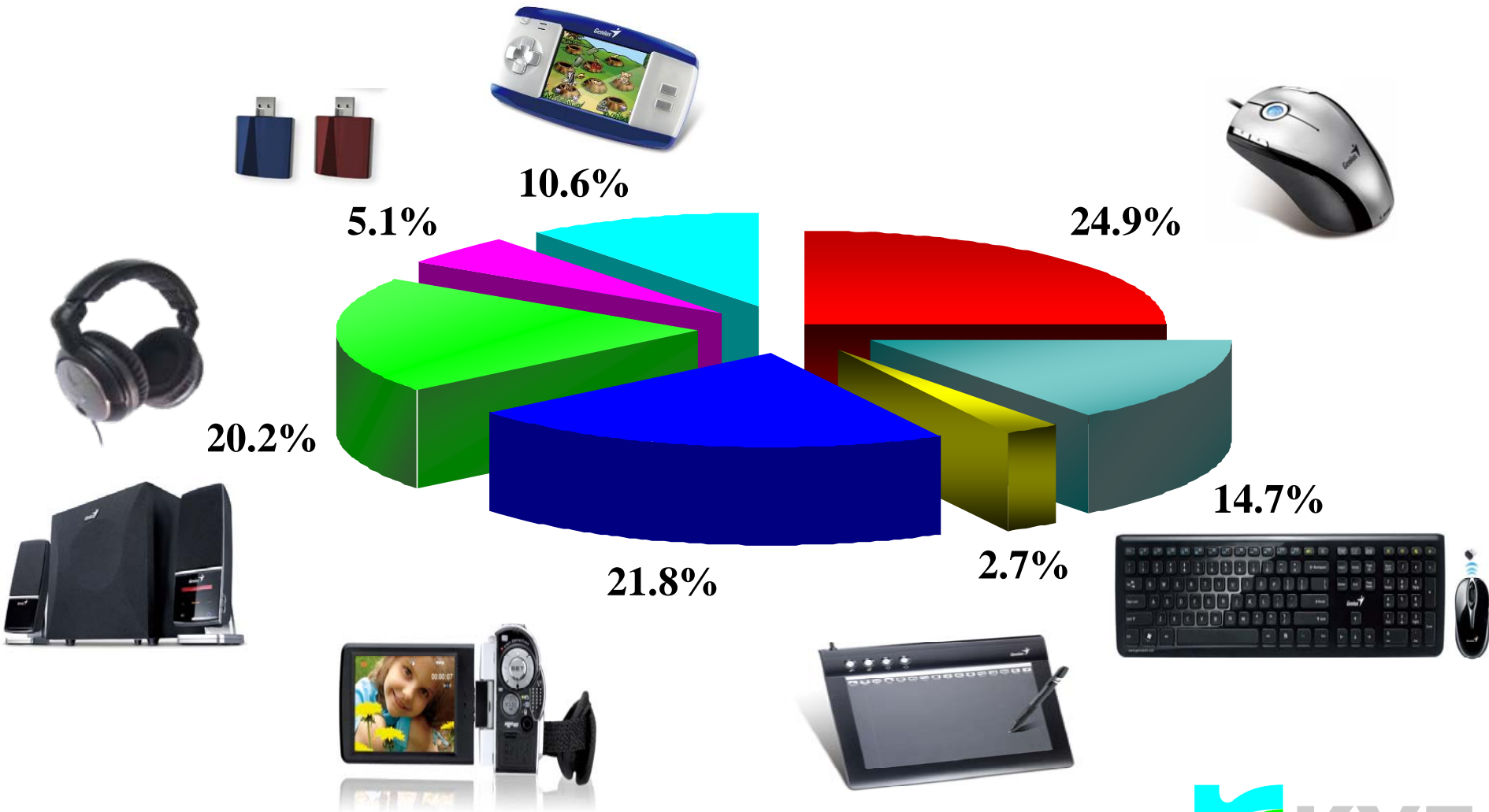


Business Model

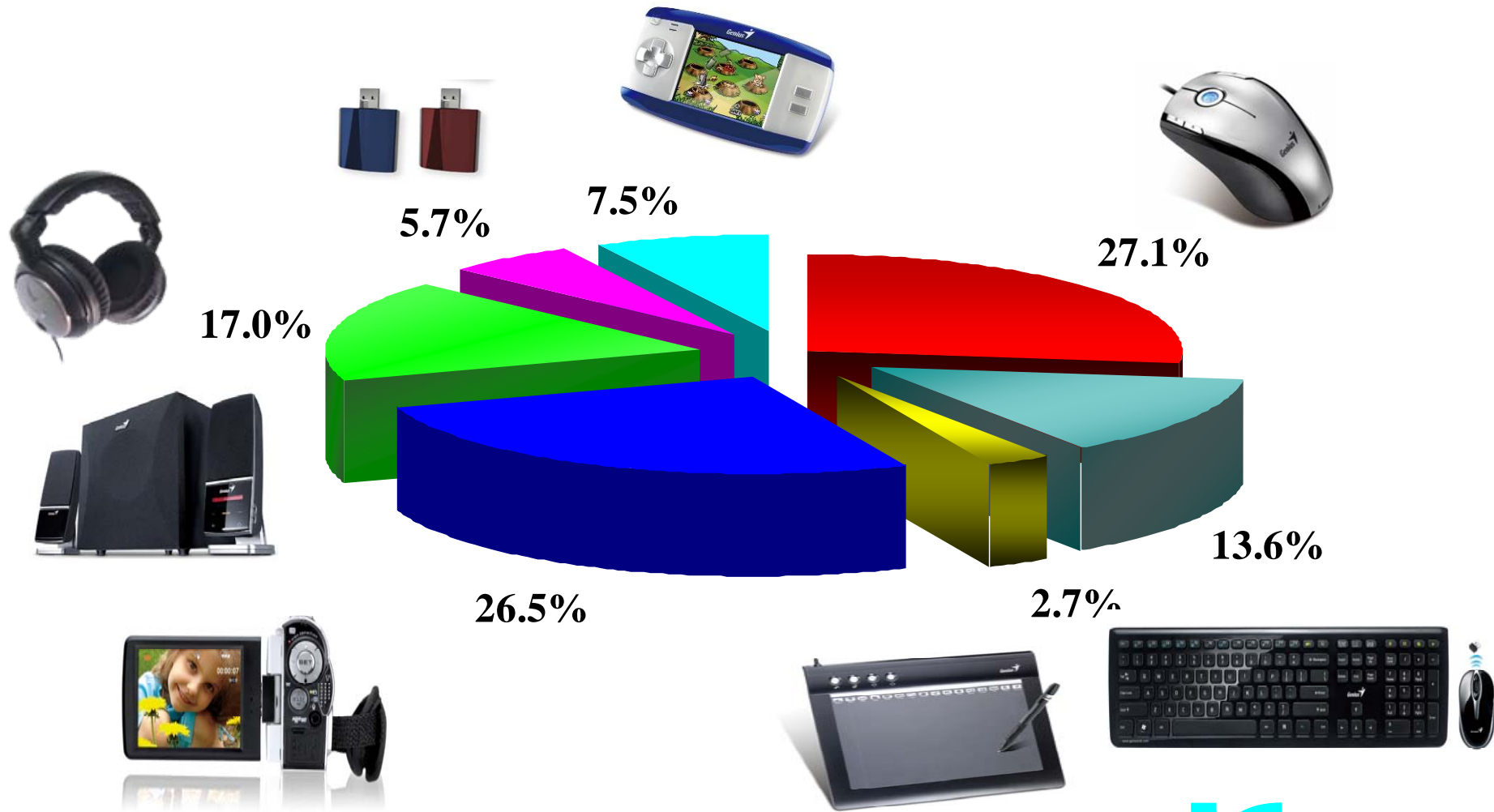
KYE Production

Product	GENIUS	ODM/OEM
Mouse	Self-manufacturing	Self-manufacturing
K/B	Self-design & Out-sourcing	Self-design
DV/DSC	Out-sourcing / Self-manufacturing	Self-manufacturing
Webcam & Cam Module	Self-manufacturing	Self-manufacturing
Speaker	Self-design & Out-sourcing	Self-manufacturing
Headset	Self-design & Out-sourcing	
Gaming/Handheld Game Devices	Out-sourcing / Self-manufacturing	Self-manufacturing
Card Reader		Self-manufacturing
Digitizer (Tablet)	Self-manufacturing	Self-manufacturing
Barcode Label Printer		Self-manufacturing
Robotics		Self-manufacturing

2010 Q4 Product Portfolio



2010 Product Portfolio



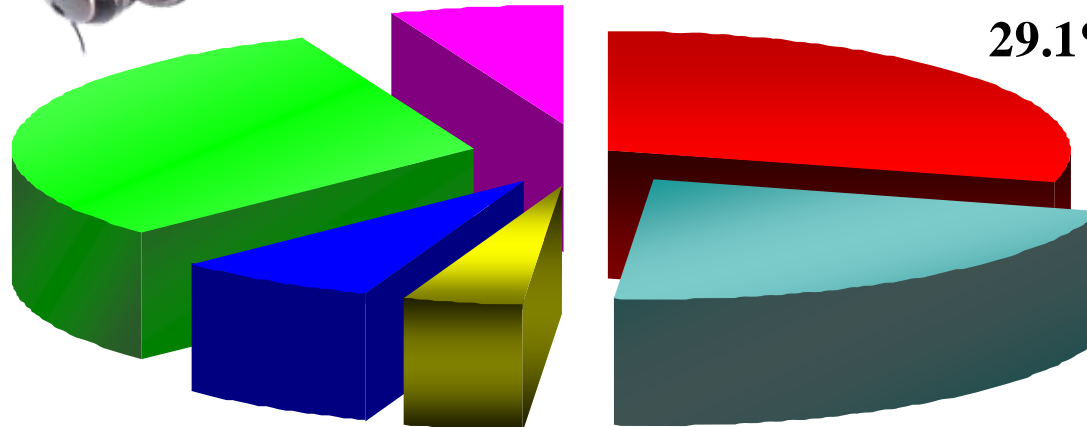
2010 Q4 Genius Product Portfolio



31.3%

6.0%

29.1%



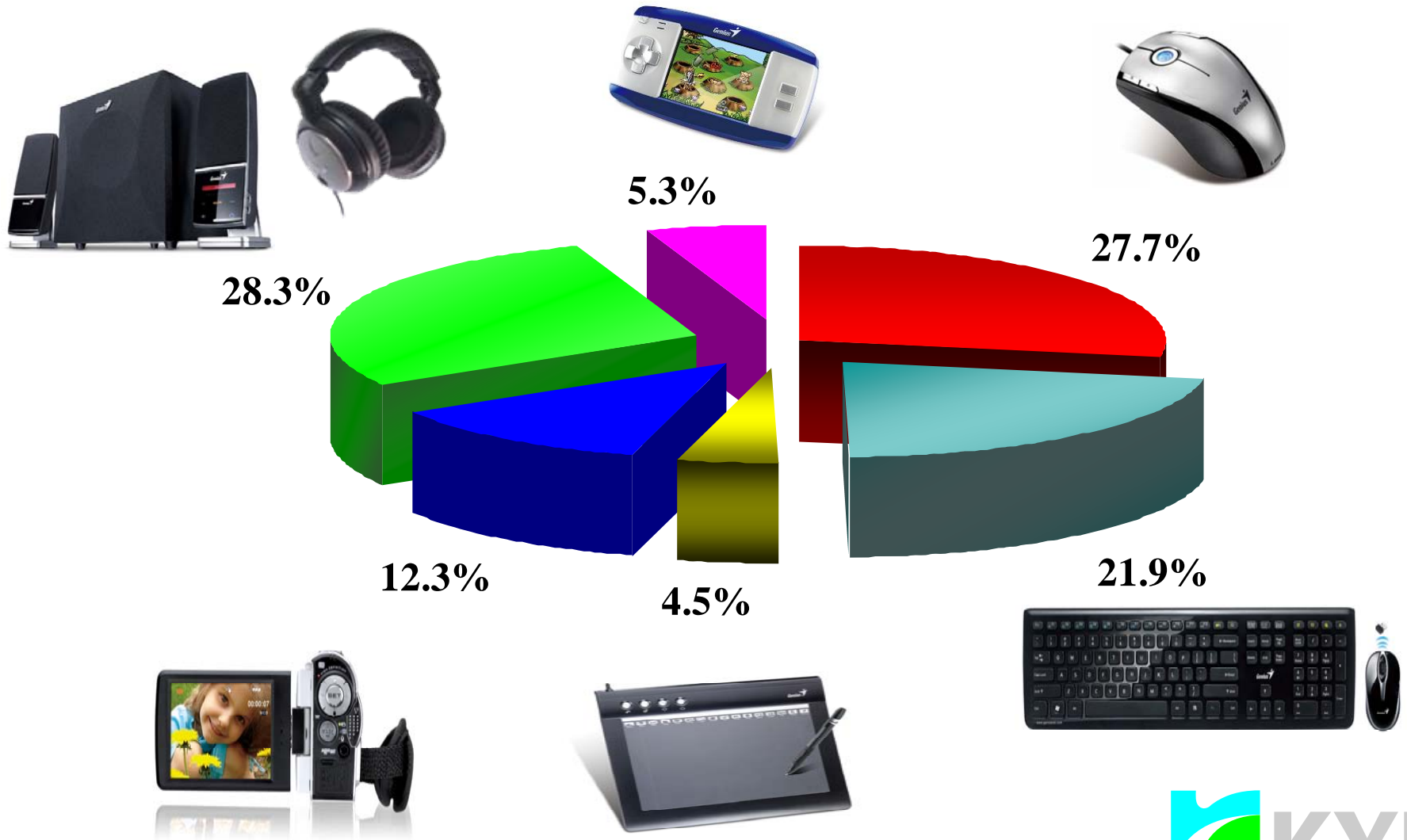
7.2%

4.2%

22.2%



2010 Genius Product Portfolio



2010 Q4 Product Summary



	2010 Q4	2010 Q4	2010	2010
PRODUCTS	Units yoy	Revenues yoy	Units yoy	Revenues yoy
Mouse	-19.4%	-30.8%	4.9%	-13.4%
Genius	6.0%	2.8%	16.1%	15.4%
ODM	-51.4%	-65.0%	-8.9%	-38.3%
KB	12.2%	9.2%	25.4%	21.6%
Speaker	16.8%	14.4%	21.4%	23.1%
Headset	18.4%	1.5%	22.4%	9.2%
DV/DSC	-18.3%	-6.7%	29.3%	61.3%
Webcam	-58.7%	-63.7%	7.2%	-10.2%
Tablet	-1.3%	1.4%	16.2%	17.6%
Card Reader	-26.4%	-32.7%	-2.7%	-8.0%

A. NB/Net Books

**Ring Mice 、 Pen Mice
OTC Mice 、 Webcam
XPad KB 、 Digitizer**

B. Card Reader

**External for Memory Card
Mobil Phone bundle
Build-in Cards Reader for
Printer or Desktop PC**

C. Acoustic Devices

**iPod/MP3/5.1CH speakers
MSN/Skype Headset &
Headphones
Earphone for cellular phone**

D. New Projects

**DV/DSC/Peephole Cam
Bar Code Label Printer
Lab Equipment/Spectrometers
Handheld Gaming Devices
Mini Projector
Robotic Vacuum**

Genius

■ Europe

- Russia
- Emerging Europe

■ America

- Brazil
- Mexico
- Columbia
- Venezuela
- U.S.

■ Asia Pacific

- China
- Indonesia
- Vietnam
- Turkey
- India
- UAE

ODM / OEM

A. Customer

- H company
- Double A companies
- D company
- W company

B. Products

- Coreless Mice/KB/K+M
- Card Reader
- DV/DV application
- Webcam/Peephole Cam / Cam Module
- Handheld Gaming Devices
- Robotic Vacuum
- Bar Code Label Printer

Genius Asset Value

□ Brand Awareness (38.3 million Genius)

□ Brand Value (2010 US\$ 69 million)

□ Brand Image ()

□ Brand Loyalty

□ Brand Relationship

(a) Physical Channels :

- * NCS (National Chain Store)
- * Hypermarket
- * Systems Bundled

* 3C Store

* Mobile Phone Chain Store

* Public Sector Projects

(b) Virtual Channels :

- * e-shopping

* TV shopping

■ Valuable Customers

- * H Company, Double A, M Company, D Company

■ Profit-orientation and the Perfect Product Portfolio

- * ODM & OEM

■ Keep the leadership in core technologies

- * Pointing Device Technology
- * Image Technology
- * Storage Technology
- * Wireless Technology

■ A approved and certified manufacturer

- * H.P., Acer, Microsoft, Sony, Foxconn & Flextronics
- * ISO9001, ISO14001 & QCO80000

Production Capability



Factories : plant A
Production Space : 24,900 m²
Yearly Capacity : 30 million pcs
Yearly output value: 230 million USD



Factories : plant B
Production Space : 45,000 m²
Yearly Capacity : 50 million pcs
Yearly output value: 450 million USD

Products Output Capacity

Mice/K+M : 5mn/m

DV/DSC : 6XLines 450k/m now

Card Reader : 1mn/m now

Digitizer : 50k/m now

12XLines 800k/m Dec. 2009

2mn/m Sep. 2010

100k/m June 2010

Near Term Financial Guidance

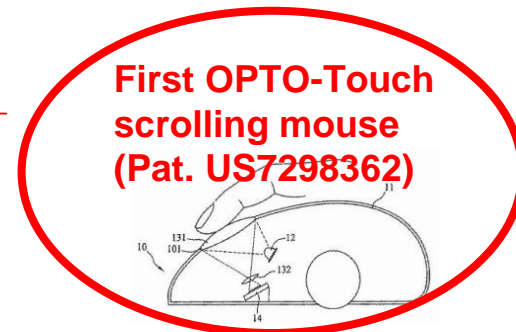


- **Recovery of revenues from emerging markets, new products and new business to generate growing revenues and profits quarter by quarter in next year.**
- **Strong cash inflow from operation and net cash balance to fulfill business demand and dividends payout.**
- **Stable business cycle at around 125 to 130 days and cash conversion at between 50 to 55 days.**
- **Solid financial position, liability ratio back to <40% in 2011.**
- **Strategic Alliance to create more business opportunity through equity investment on supply chains and customers**
- **Challenges and risks : Economic bubble or inflation risk, Strong revaluation on NT and CNY, continuing Shortage of Labor and rising Labor Cost in China, Price of Raw Material.**

KYE Advantages



- One of Taiwan's top 20 Global Brands in 6 consecutive years since 05
- Red dot, IF, G-Mark & CES Design Award Winner
- Owner of 1,124 patents around the world as of Feb. 2011



- Ranked 88/54 for applied/approved patents in Taiwan for 2010
- The world's leading and Taiwan's best PC peripheral brand
- The world's leading ODM/OEM for card readers
- Professional ODM/OEM service and 1ST-tier IT Corps' partner

Brand Awards



2010 Taiwan Top 20 Global Brand

- ❖ Financial result
- ❖ Brand position
- ❖ Brand awareness
- ❖ Brand Net Value



Thank You!