

# **BizLink Holding Inc** **3665.TT**



## **Investor Presentation**

4Q 2023 Version

Mar 2024

# Safe Harbor Statement

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# I. Corporate Highlights: Fourth Quarter 2023

## Benefits emerging from post-merger organizational optimization to integrate capabilities and production

- BizLink's operations have become much more flexible, leading to sustainable free cash flow
- Strived towards an optimized capital structure and significantly reduced debt levels
- Achieved considerable and lasting improvements in our cash flow and balance sheet
- Developed new products to expand our value proposition within customer's supply chain

## 2024 to be year of recovery led by rising mix of higher-value added areas with profits to outgrow sales

- Began to see HPC sales recover, driven by AI demand for higher-power and higher-speed products
- Continued to see capital equipment sales recover as semi cap industry investments gradually returned
- Maintain course to provide R&D and production capabilities in key regions with new sites on the way
- Become closer to our customers to win more new opportunities while reducing emissions and risk

# II. Financial Highlights: Fourth Quarter 2023

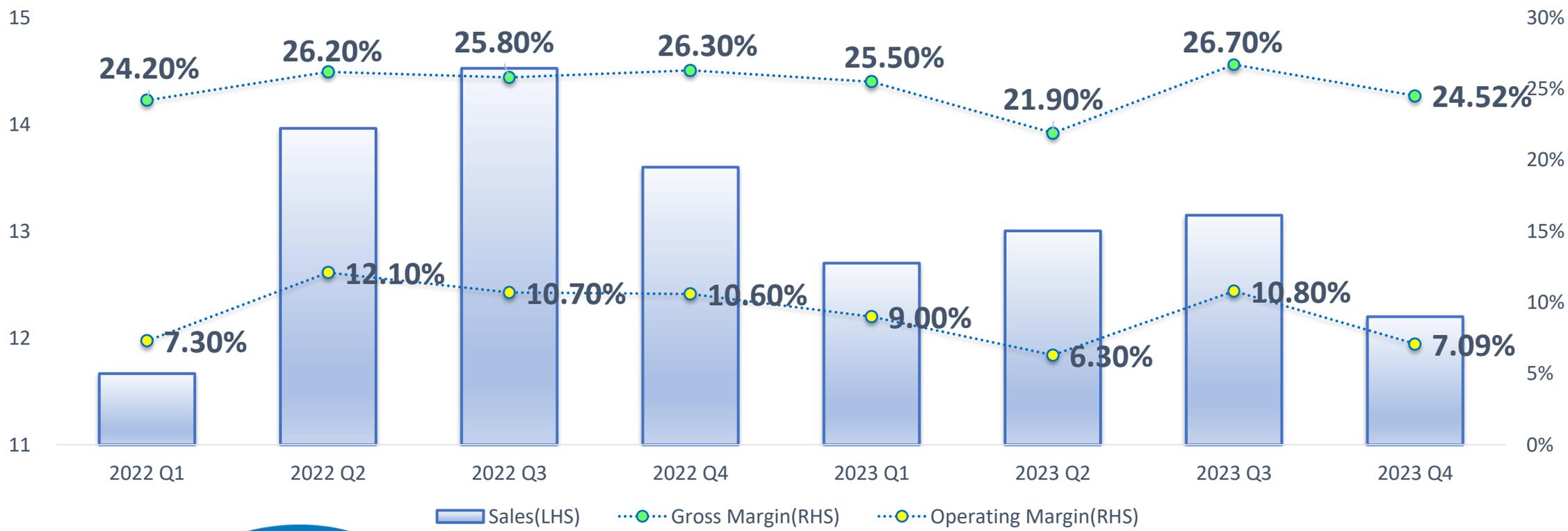
**TOTAL SALES**  
4Q23  
**NT\$ 12.2B**

**GPM**  
4Q23  
**24.52%**

**OPM**  
4Q23  
**7.09%**

**NET PROFIT**  
4Q23  
**NT\$ 508M**

**EPS**  
4Q23  
**NT\$ 3.11**

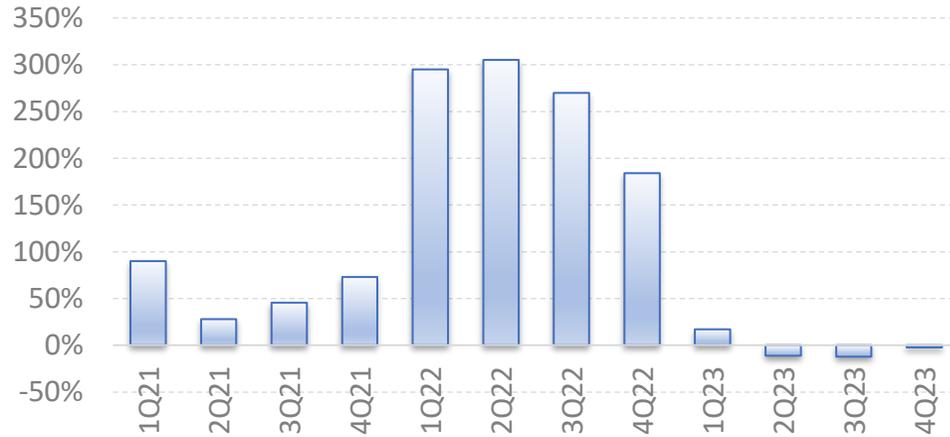


## II. Financial Highlights: Fourth Quarter 2023

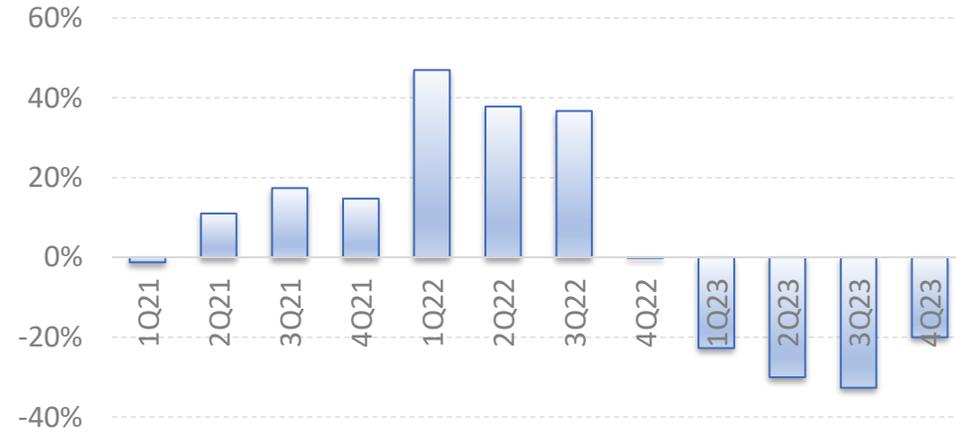
 2023 4Q	 Industrial	 Elect. App.	 Automotive	 IT DataComm
	42%	13%	23%	20%
QoQ	 Est.  Actual	 Est.  Actual	 Est.  Actual	 Est.  Actual
YoY	 Actual	 Actual	 Actual	 Actual

## II. Financial Highlights: Fourth Quarter 2023

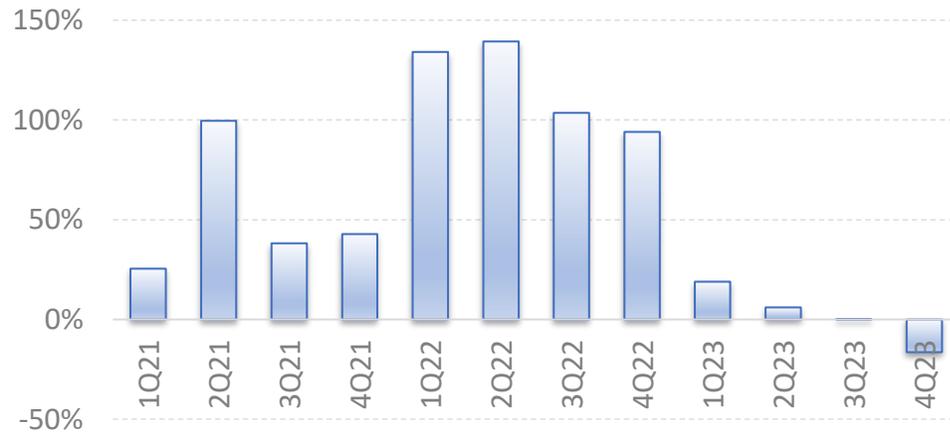
Industrial YoY Sales



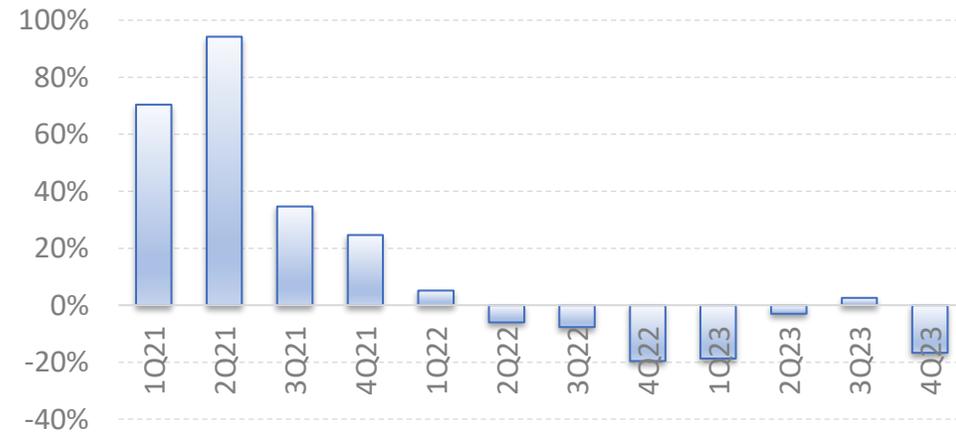
IT DataComm YoY Sales



Automotive YoY Sales



Elect. App. YoY Sales



## II. Financial Highlights: Fourth Quarter 2023

### Financial Results Highlights

- Significantly improved operational efficiency and productivity, and strictly managed our supply chains
  - Operating cash flow and FCF hit record high: boosted capital allocation flexibility
  - Considerably deleveraged: refinanced debt to replace with better terms
  - Continued to invest in 4x4, realized new business opportunities

### Financial Strategy

- Maintain high operational and financial discipline: gradually build cash buffer
  - Continue to invest in our future, capacity constraints should not limit ability to win business
  - Continue to look for suitable M&A targets with capability, customer, and capacity (our 3 C's) key
- Multiple businesses have double-digit CAGR's ahead of them: take advantage early to reap gains
- Adapting to rising ESG standards while looking for ways to further boost our "Green Revenues"

# III. Operational Highlights: Fourth Quarter 2023

## Near-term Outlook: Improving

- **Operating environment still challenging: some businesses continue to recover, others to take time before bottoming**
  - Improving: High-Performance Computing, Capital Equipment, Healthcare, Energy
  - Offset by: Factory Automation (looking to bottom), Peripherals and Electric Vehicles to stay weak
- **Worst is over and expect moderate YoY growth this year**
- **Inventory write-backs and lower interest plus further cost controls**

## 2024: Industrial and IT DataComm

- **Industrial: multi-quarter normalization coming to an end but not at full potential yet**
  - Capital Equipment: industry downcycle is over but recovery will take time
- **IT DataComm: near-term HPC sales growth more than offsetting Peripherals**
  - HPC: began volume shipments of higher-valued data and power products

# III. Operational Highlights: First Quarter 2024 Outlook

	<p>Industrial</p>	<p>Elect. App.</p>	<p>Automotive</p>	<p>IT DataComm</p>	
<p>2024 1Q</p>	<p>QoQ</p>	<p>Est.</p>	<p>Est.</p>	<p>Est.</p>	<p>Est.</p>
<p>Highlights</p>	<p>Capital Eqpt</p>	<p>Hair Care</p>	<p>Charging</p>	<p>HPC</p>	
<p>Lowlights</p>	<p>Factory Auto.</p>	<p>Kitchen</p>	<p>EV</p>	<p>Peripherals</p>	

# Q&A

# APPENDIX: Investment Thesis



## Producing Locally for Local Demand

- ✓ 34 production sites in 4 regions  
NorAm, Europe, SEA, East Asia
- ✓ Each major region is high-mix and high-volume production ready and NPI capable
- ✓ Win more business sooner while lowering lead times, risks, costs, emissions, and uncertainty by being closer to customers



## Applying Our Core Expertise

- ✓ Solutions Provider for  
Industrial, IT DataComm, Auto, Elect. App.
- ✓ Moving up value chain to supply more complex products to enhance our position
- ✓ Riding MegaTrends while reducing sales in volatile legacy areas to stabilize growth, and become more flexible and capable



## Realizing More Than Just 1+1

- ✓ Strict due diligence of M&A targets and successful post-merger integration for longer-term profit and cash flow growth
- ✓ Finished 3 key M&A deals with planned integration and optimization efforts done and with collaboration initiatives ongoing
- ✓ Target to increase share of wallet at clients

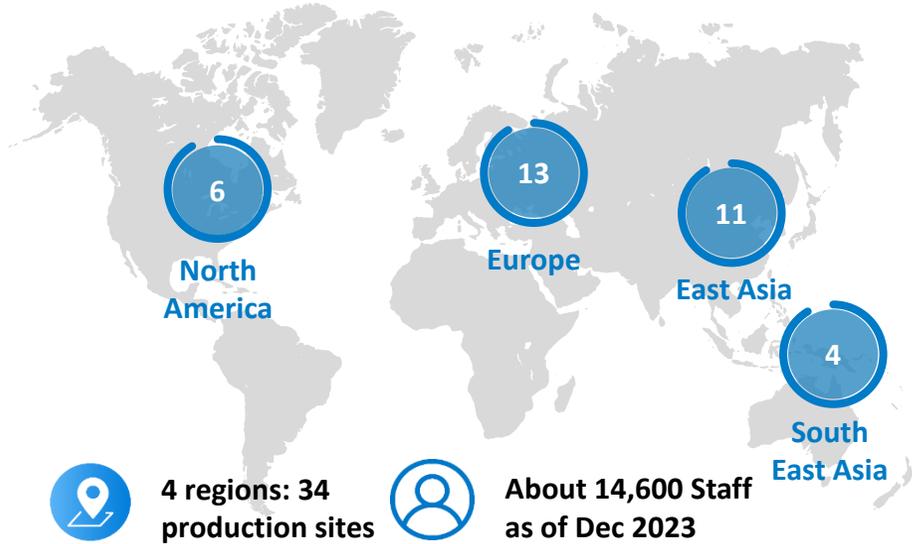


## Solidifying our Financial Structure

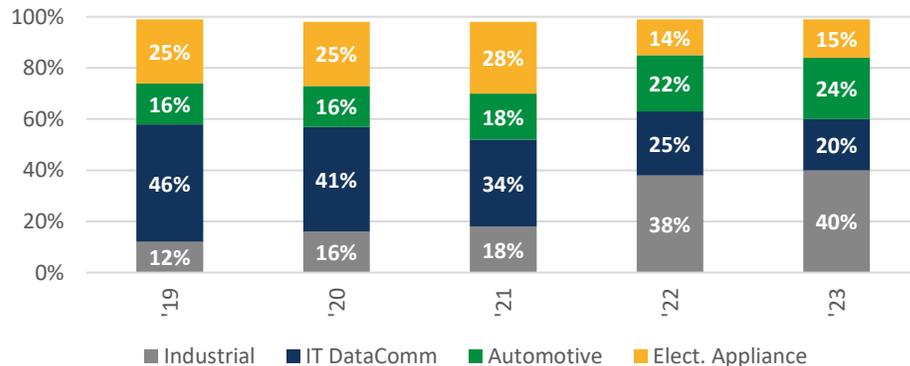
- ✓ Target stable FCF and sound balance sheet to increase our capital allocation flexibility to fund our earnings growth internally
- ✓ Achieve long-term growth with our brand-name NorAm and European customers
- ✓ Financial soundness one of keys to becoming customers' preferred partner

# APPENDIX: Diversification

## Global Footprint and Capabilities



## Sales mix is more evened out now



Note:  
1. High mix low volume  
2. High volume low mix



## Industrial

- **Business nature: HMLV<sup>1</sup>**
  - Capital Equipment
  - Energy
  - Healthcare
  - Factory Automation
- **Regions: all 4 regions**



## Automotive

- **Business nature: HVLM<sup>2</sup>**
  - Silicone
  - Charging
  - Non-EV related
  - Electric Vehicle
- **Regions: all 4 regions**



## IT & DataComm

- **Business nature: HVLM**
  - High Performance Computing
  - Peripherals
- **Regions: East & Southeast Asia**



## Electrical Appliance

- **Business nature: HVLM**
  - Smart, Wireless, Motorized
  - Major and Small Appliances
  - Traditional, Connected
- **Regions: East Asia, Europe**

# APPENDIX: Bigger Picture Perspective

**Objective** Building an enterprise with stable growth through all cycles



- ✓ **Segments:** Industrial, IT, DataComm, Automotive, EA
- ✓ **Regions:** North America, Europe, Southeast Asia, East Asia



- ✓ **Diversification Strategy:** High-Performance Computing, Capital Eqpt, EV + Charging, Factory Automation, Healthcare, Silicone, Energy, TMP, Smart Home



- ✓ **ESG:** Environmental, Social, Corporate Governance
- ✓ **Integration:** Business and operational aspects



**Result** Strong free-cash-flow generation to add value to stakeholders

# APPENDIX: Corporate Sustainability

Our commitment to sustainability creates long-term value for us and our stakeholders by helping us ride the green wave, mitigate climate risks, reduce costs, and build brand value.

**E**

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Energy generation & conservation

**S**

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Social empowerment & improvement

**G**

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Governing for sustainable excellence

## Our Actions

GHG Emission Reduction Target

Renewable Energy Generation

FTSE-Russell Green Revenues

Employee Engagement Activities

Zero Accidents Policy

Contributions to Society

TWSE Corporate Governance

Strong Internal Policies

Encourage Positive Behavior

## Our Results

Consistent Improvement: Newsweek & CDP

Sustainalytics: Low-Risk Rating

Consistent Improvement: Newsweek

Optimal Working Environment: Retention & Hiring

BizLinker: One Team, One Target

Global Corporate Functions

# APPENDIX: Capital Allocation

## Fund-Raising History: Five Rounds

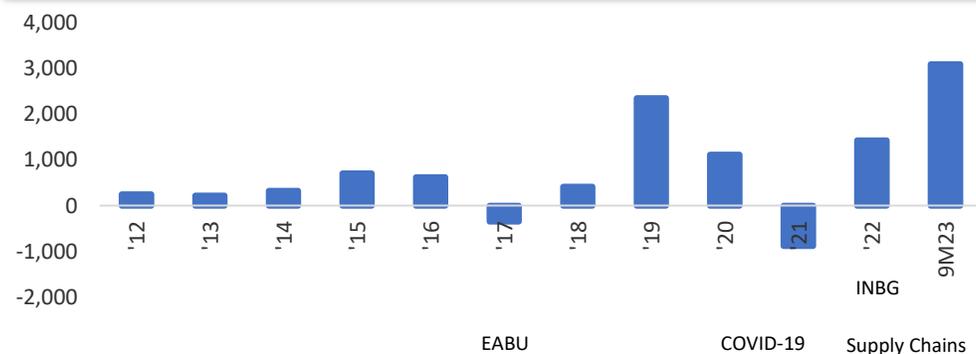
### Tapping into Capital Markets to Boost Strategic Flexibility

2023 - ECB-5 (\$150m), CI (NT\$1.15B)	Status	No Conversion
2022 - ECB-4 (US\$125m) + GDR-2 (US104.2m)	Status	Partial Conversion
2019 - ECB-3 (US\$100m) + GDR-1 (US\$80.4m)	Status	Fully Converted
2018 - ECB-2 (US\$100m)	Status	Recalled, No Dilution
2016, 2018 - ECB-1 (US\$80m), CI (NT\$0.63B)	Status	Fully Converted

Complement

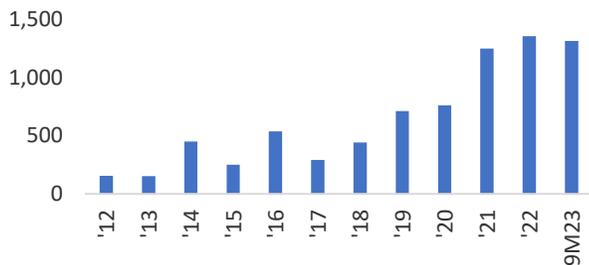
## Free Cash Flow (NTD, M)

### Building Solid Foundation with Stronger FCF



## Capital Expenditures (NTD, M)

### Supporting Long-term Growth



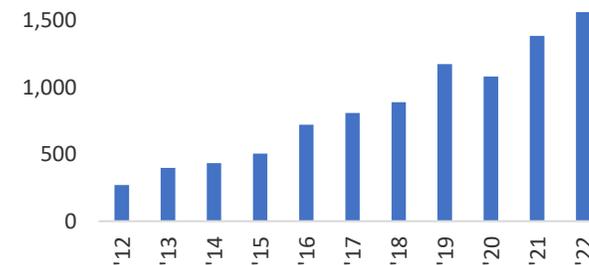
## Unique Competitive Advantage: M&A

### Strong Strategic Selection and Integration

2022 - INBG	Sales CAGR: +19.3%	Sales CAGR: +35.9%	Landmark
2020 - Speedy			Bolt-On <b>Selective Diversification</b>
2018 - Teralux			Bolt-On
2017 - EABU			Landmark <b>Gradual and Consistent Profitability</b>
2016 - Jo Yeh, Spinneret	Organic	Consolidated	Bolt-On

## Dividends Paid (NTD, M)

### Appealing to Broader Investor Base



# APPENDIX: Condensed Income Statement

	2019	2020	2021	2022	2023 9M
Sales	23,092,145	22,537,767	28,564,375	53,757,171	38,856,196
<b>GPM</b>	<b>24.36%</b>	<b>25.34%</b>	<b>23.21%</b>	<b>25.65%</b>	<b>24.70%</b>
Opex	3,215,562	3,265,296	3,971,071	8,218,883	6,223,372
<b>OPM</b>	<b>10.44%</b>	<b>10.85%</b>	<b>9.31%</b>	<b>10.36%</b>	<b>8.68%</b>
Non-OP	-74,997	-189,786	-17,006	-253,812	-677,127
Net Profit	1,837,640	1,820,296	2,021,972	3,853,107	1,804,189
<b>NPM</b>	<b>7.96%</b>	<b>8.08%</b>	<b>7.08%</b>	<b>7.17%</b>	<b>4.64%</b>
EPS (NT\$)	15.34	13.84	15.05	25.00	11.26

# APPENDIX: Condensed Balance Sheet

	2019		2020		2021		2022		2023 Q3	
Cash & Equiv.	9,020,132	37.56%	5,360,003	23.59%	3,209,592	12.55%	8,497,568	15.90%	10,733,107	18.97%
Inventory	4,077,127	16.98%	4,649,474	20.47%	6,378,838	24.94%	12,323,217	23.06%	11,164,563	19.73%
Net A/R	4,836,085	20.14%	5,235,100	23.04%	7,005,579	27.39%	10,060,143	18.82%	9,639,264	17.04%
Fixed Assets	2,505,708	10.43%	3,224,081	14.19%	3,864,308	15.11%	10,018,018	18.74%	11,689,179	20.66%
<b>Total Assets</b>	<b>24,013,108</b>		<b>22,717,189</b>		<b>25,572,481</b>		<b>53,446,242</b>		<b>56,576,662</b>	
Current Liab.										
Short-term Debt	64,500	0.27%	259,833	1.14%	827,652	3.24%	748,542	1.40%	3,222,522	5.70%
A/P	3,371,163	14.04%	3,501,322	15.41%	4,492,550	17.57%	5,547,952	10.38%	4,994,248	8.83%
Other Payables	1,243,287	5.18%	1,372,585	6.04%	1,571,126	6.14%	3,004,797	5.62%	3,210,231	5.67%
Current Portion of LT Debt	2,391,131	9.96%	55,719	0.25%	1,362,561	5.33%	2,477,952	4.64%	1,910,869	3.38%
Long-term Liab.										
Debt Payable	2,824,912	11.76%	2,739,430	12.06%	0	0.00%	3,728,371	6.98%	8,891,299	15.72%
Long-term Debt	451,012	1.88%	385,162	1.70%	314,664	1.23%	10,283,057	19.24%	4,918,122	8.69%
<b>Total Liabilities</b>	<b>11,756,682</b>	<b>48.96%</b>	<b>9,439,664</b>	<b>41.55%</b>	<b>10,422,339</b>	<b>40.76%</b>	<b>30,942,218</b>	<b>57.89%</b>	<b>32,388,988</b>	<b>57.25%</b>
<b>Shareholder Equity</b>	<b>12,256,426</b>	<b>51.04%</b>	<b>13,277,525</b>	<b>58.45%</b>	<b>15,150,142</b>	<b>59.24%</b>	<b>22,504,024</b>	<b>42.11%</b>	<b>24,187,674</b>	<b>42.75%</b>

# APPENDIX: Condensed Cash Flow Statement

	2019	2020	2021	2022	2023 Q3
<b>Starting Cash</b>	3,560,272	9,020,132	5,360,003	3,209,592	8,497,569
<b>Net Cash from Operating</b>	3,060,503	1,871,527	364,965	2,779,419	4,396,885
Cash Flow from Investing					
PP&E	-710,585	-759,861	-1,244,650	-1,350,475	-1,309,899
Others	-498,747	-1,276,117	-230,831	-9,737,947	-1,201,622
<b>Net Cash From Investing</b>	-1,209,332	-2,035,978	-1,475,481	-11,088,422	-2,511,521
Cash Flow from Financing					
Debt Issuance	3,031,000	0	0	3,426,445	4,481,495
Capital Increase	2,423,699	0	0	2,880,000	0
Increase in Short-Term Debt	0	189,949	584,341	6,332,989	8,351,157
Decrease in Short-Term Debt	0	0	0	-6,431,131	-5,983,075
Increase in Long-term Debt	92,173	0	112,036	12,078,209	7,334,769
Decrease in Long-term Debt	0	-13,914	-170,926	-58,848	-13,741,077
Cash Dividends	-888,881	-1,174,657	-1,082,724	-1,385,649	-1,564,463
Others	-780,197	-2,827,513	-275,558	-2,981,077	788,173
<b>Net Cash from Financing</b>	3,877,794	-3,826,135	-832,831	13,860,938	-333,021
<b>Net Cash Inflow (Outflow)</b>	<b>5,459,860</b>	<b>-3,660,129</b>	<b>-2,150,411</b>	<b>5,287,977</b>	<b>2,235,538</b>
<b>Ending Cash</b>	9,020,132	5,360,003	3,209,592	8,497,569	10,733,107
<b>Free Cash Flow (Outflow)</b>	<b>2,349,918</b>	<b>1,111,666</b>	<b>-879,685</b>	<b>1,428,944</b>	<b>3,086,986</b>

# Contact us

**Mike Wang**

Manager, Investor Relations

T +886 2 8226 1000 ext. 52663

E [mike\\_wang@bizlinktech.com](mailto:mike_wang@bizlinktech.com)

**Jimmy Hsu**

Deputy Manager, Investor Relations

T +886 2 8226 1000 ext. 52794

E [jimmy\\_hsu@bizlinktech.com](mailto:jimmy_hsu@bizlinktech.com)

## Upcoming IR Activities

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Mar 19-21: Taipei, BofA Conference

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