

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



## **Investor Presentation**

1Q 2024 Version

May 2024

# Safe Harbor Statement

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# I. Corporate Highlights: First Quarter 2024

## Successful transformation evident

- Industrial is our largest segment, accounting for >40% in 2022-2023 versus < 20% in 2019-2021
- Diverse businesses can help reduce impacts from a slowdown in a single business or region
- More opportunities to offer high-value solutions across different industries and end-markets
- 1Q 2024 gross margins exceeded historical gross margins of similar revenue scales

## Strong operational and financial foundation

- Achieving business continuity despite external pressures to not miss sales opportunities
- Operational enhancement: boosts reliability and trust for long-term customer bonds
- Financial flexibility: strict cash flow control to increase effectiveness of our spending
- Providing peace of mind to customers and enhancing our role in their supply chain

# I. Corporate Highlights: First Quarter 2024

## Officially past the trough now

- Rolling slowdowns and inventory destocking nearing an end in Industrial, IT DataComm, and in EA
- Starting our next growth phase: 1Q 2024 sales and profits improved quarter-on-quarter
- Increasing our payout ratio reflects our confidence in near-term business improvement

## Preparing for next upcycle

- Digitalization, electrification, and sustainability brings opportunities as supply chains reshuffle
- Strong infrastructure needed to meet rising data and power demands: we are positioned to gain
- Global presence for lower carbon footprint and developing environmentally-friendly solutions
- Positive FCF for 6 straight quarters now and aim for this to continue

# II. Financial Highlights: First Quarter 2024

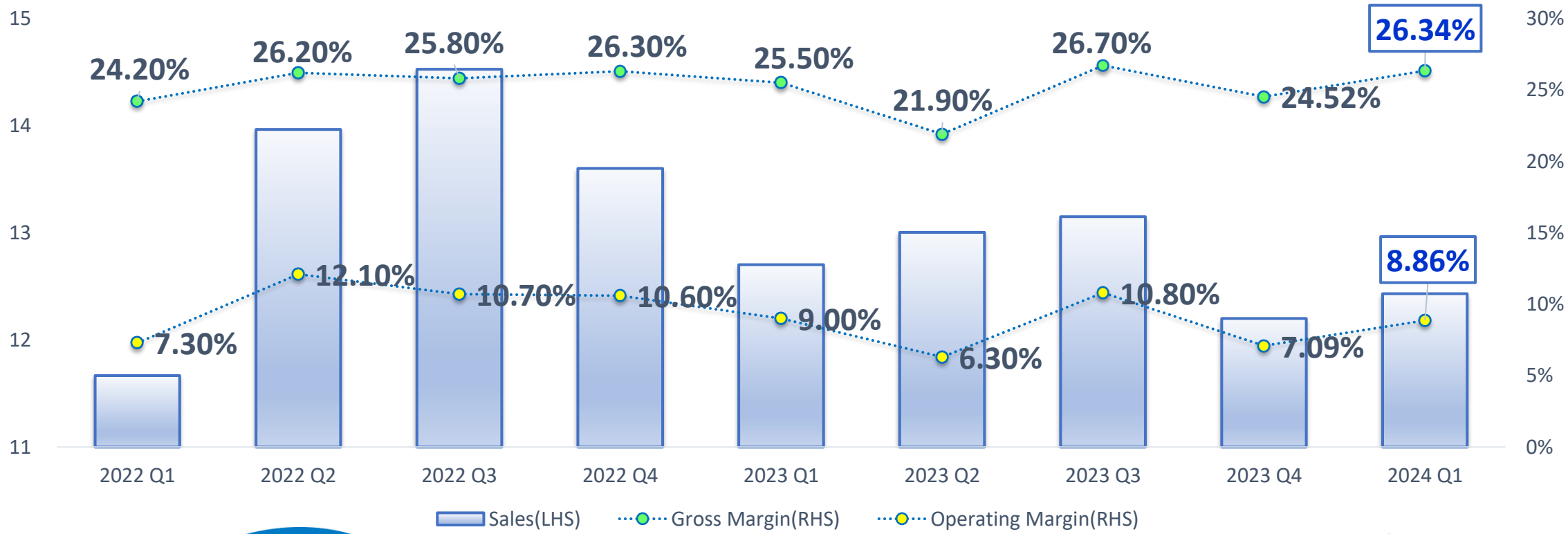
**TOTAL SALES**  
1Q24  
**NT\$ 12.43B**

**GPM**  
1Q24  
**26.34%**


















**OPM**  
1Q24  
**8.86%**

**NET PROFIT**  
1Q24  
**NT\$ 581M**

**EPS**  
1Q24  
**NT\$ 3.56**

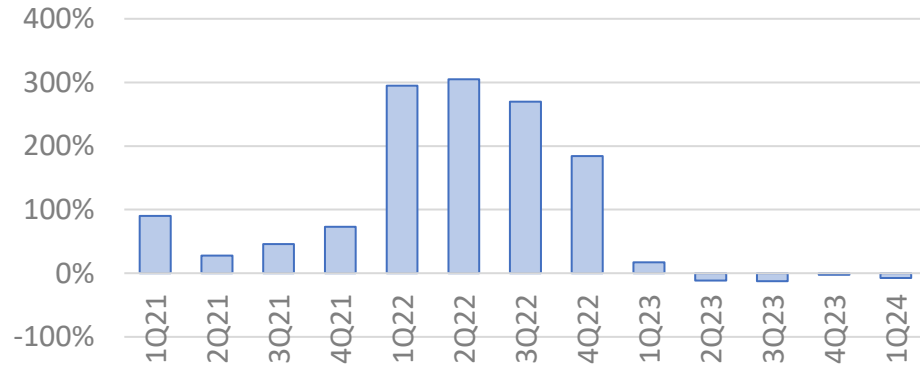


## II. Financial Highlights: First Quarter 2024

 2024 1Q	 Industrial	 Elect. App.	 Automotive	 IT DataComm
QoQ	41%	15%	23%	20%
YoY	 Est.  Actual	 Est.  Actual	 Est.  Actual	 Est.  Actual
	 Actual	 Actual	 Actual	 Actual

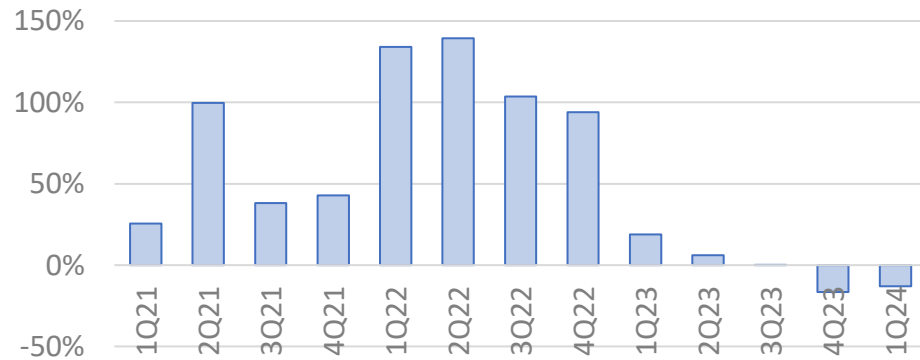
## II. Financial Highlights: First Quarter 2024

YoY Industrial Sales



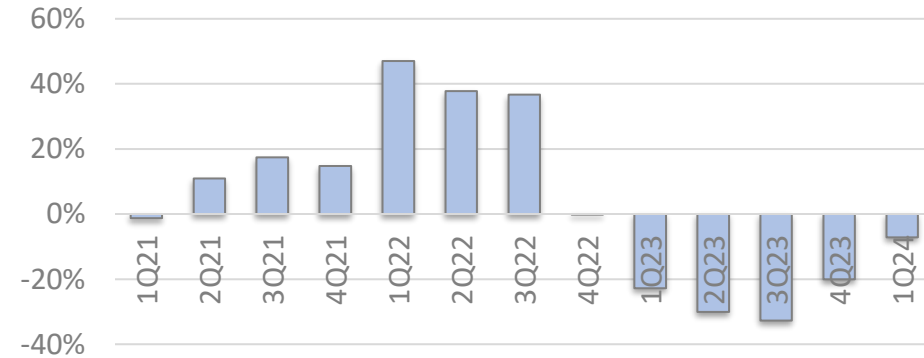
- **Improvement is on the horizon**  
**Tailor-Made Products strong, FA yet to rebound**

YoY Automotive Sales



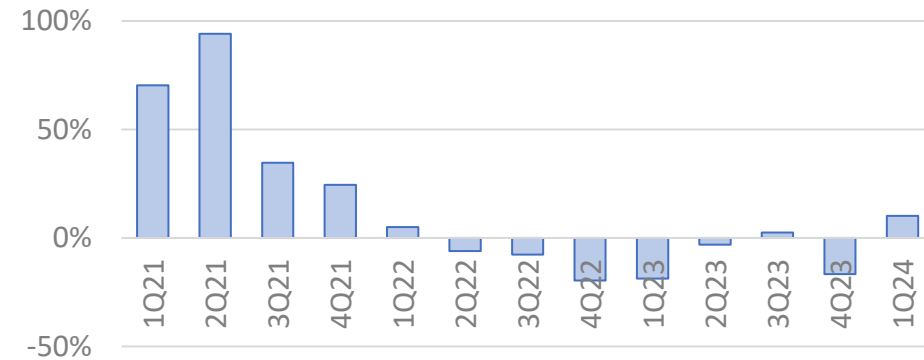
- **Downtcycle less severe than expected**  
**Silicone strength offsets weakness in other areas**

YoY IT DataComm Sales



- **Downtcycle coming to an end**  
**Power solutions strong, Peripherals to bottom**

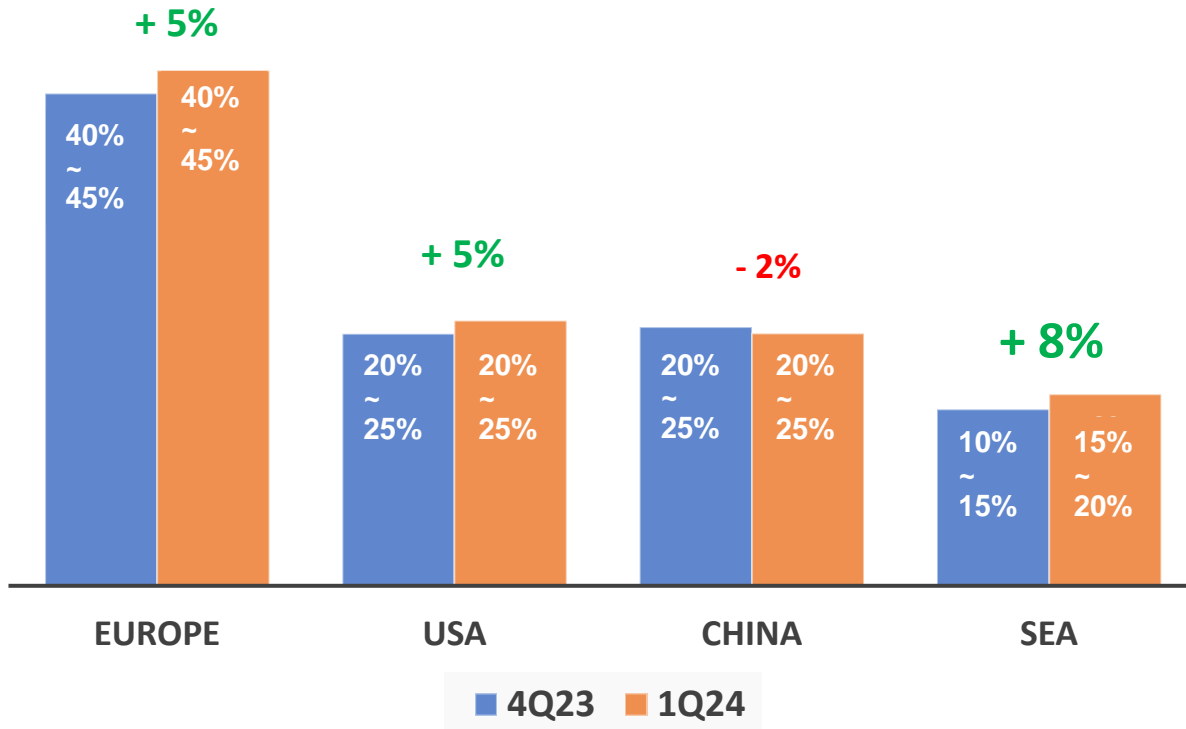
YoY Electrical Appliance Sales



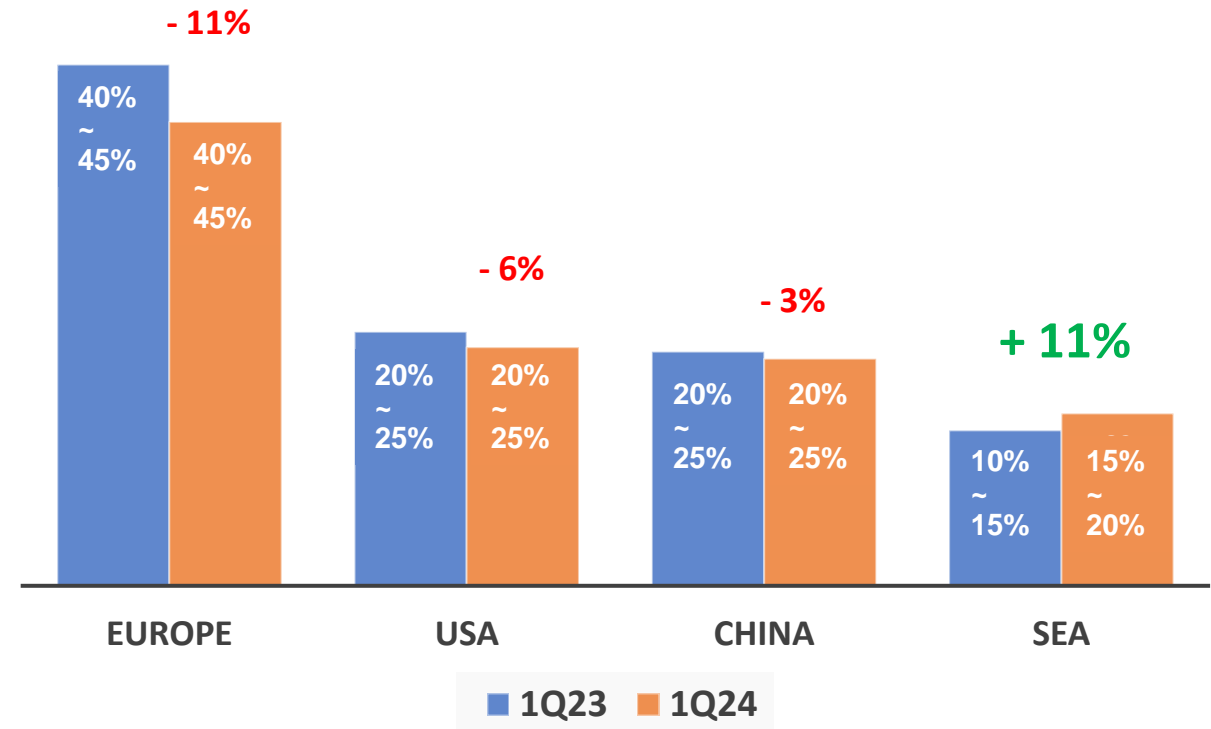
- **The only segment with positive year-on-year growth**

## II. Financial Highlights: First Quarter 2024

USD sales (% of total), QoQ Change



USD sales (% of total), YoY Change



- **QoQ:** All regions except China grew, which saw similar low-single digit declines in the last 3 quarters

- **YoY:** SEA was the only one to see growth, and it also recorded the strongest QoQ growth as well



## II. Financial Highlights: First Quarter 2024

### Clear effectiveness from mix improvement

- Management efficiency, market position, competitive advantage: flowing through to performance
- Gross margins of 26% are relatively normal given scale and mix now
  - Despite sales being NTD1B less than the 3 quarters with gross margins > 26% within past 2 years
  - 2024 catalysts expected to benefit gross margins
  - Continue reducing debt to lower interest expenses

### Financial strategy and communication

- Continue to pursue high levels of positive free cash flow
  - Past 6 quarters all positive FCF, averaging over NTD1.0B per quarter
  - Aiming for stable growth to support long-term stable cash dividends
- Continue to seek potential M&A's that fulfill our 3C's (capability, customer, capacity)
- Enhance IR outreach with potential group site visits and group exhibit visits ahead

## III. Operational Highlights: First Quarter 2024

### Moving up in our customers' supply chain

- Interconnect TAM still growing annually but number of healthy suppliers that are growing are shrinking
  - Multiple external forces throughout past few years challenged us: we prevailed
  - Customers reducing total number of suppliers for better cost and risk management
  - Offering more capabilities in more regions: NPI, design, production; Asia, NorAm, Europe
- More business to fewer plus industry consolidation means “Bigger to Get Bigger”: we are net gainer

### Near-term Outlook

- 1Q 2024 sales growth shows we are on right track
- Entering into new growth phase with multiple drivers
  - Prior growth phase was driven by high volume, low mix areas
  - Industrial is much bigger now: road back up will not be same
- Sales and gross margins both have room for improvement

# III. Operational Highlights: Second Quarter 2024 Outlook

	<p>2024 2Q</p> <p>QoQ</p>	<p>→</p> <p>Est.</p>	<p>→</p> <p>Est.</p>	<p>↘</p> <p>Est.</p>
<p>Highlights</p>	<p>Capital Eqpt TMP, Energy</p>	<p>New Products</p>	<p>SIL</p>	<p>HPC</p>
<p>Lowlights</p>	<p>Factory Auto.</p>	<p>Old Products</p>	<p>EV</p>	<p>Peripherals</p>

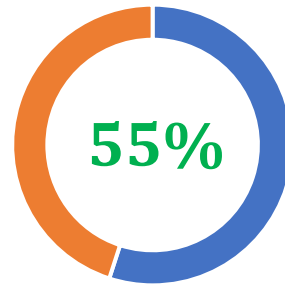
# III. Operational Highlights: 2024 Outlook

## Megatrend Drivers

**High-Value**  
to drive growth

**Margin Growth**  
has potential to exceed sales growth

1Q 2024 sales mix



- Near-term Catalysts
- Others

## Near-Term Catalysts

- HPC**  
High-power & high-speed needs rise
- Tailor-Made**  
High-end semiconductor and medical
- Capital Equipment**  
Mature & advanced, more BB/SI
- Silicone**  
Power distribution, Rolling stock
- Robotics**  
Dress-packs and healthcare robots
- Energy**  
Power grid-level renewable storage

## III. Operational Highlights: 2024 Outlook

### Industrial

- Capital Equipment recovery already underway with industry boom in 2025
  - Order visibility till end of this year, project visibility till second half of next year
  - Product development: HVAC + PDU
  - Market development: non-US customers + more US production
- Cleaner cable and systems solutions for inner-body and endoscopy with double-digit multi-year CAGRs
- Product dev.: [LSH Delta](#) + [online portal](#); Market dev.: non-Auto dress-packs and new healthcare robotics customers

### IT DataComm

- Number of projects to >2x from 2H23 to 1H24, and then to >2x again to 2H24
  - New datacenters in non-US regions excluded, but huge investments expected in SEA and in Europe
  - Massive multi-year potential ahead with new AI computing platforms from late-2024 to early-2025
- High-speed and high-power products being sold to existing and new customers
  - Product development: liquid-cooled interconnects + Silicone cables + 16 lane/cable and 224Gbps/lane + 48 Vdc
  - Market development: new CSP/ODM customers + raise exposure to datacenter infrastructure service providers

## III. Operational Highlights: 2024 Outlook

### Automotive

- **Securing more specialized high mix, low volume customers**
  - **Product development: battery supplement module assembly**
  - **Market development: electric trucks, tractors, motorcycles, ATVs, and more**
- **Silicone is highlight**
  - **Product development: lower-upper threshold temperature Auto cables**
  - **Market development: power distribution + rolling stock**

### Electrical Appliance

- **Outlook is improving, benefiting from launch of new products**
  - **Product development: system-level projects + new functions into power supply interface**
- **Continue to be main supplier for flagship products at key customers**
- **Market development: new heat pump projects are starting to return**

# 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



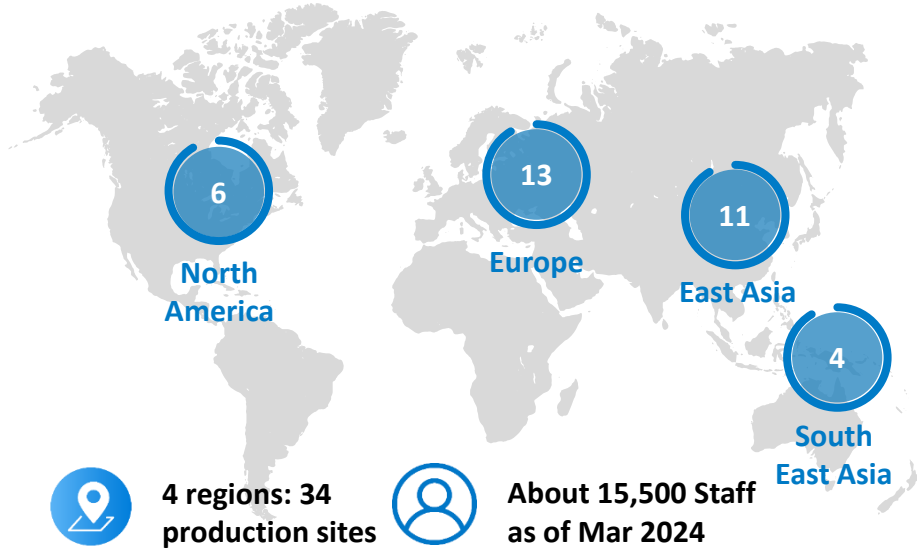
## Solidifying our Financial Structure

- ✓ 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

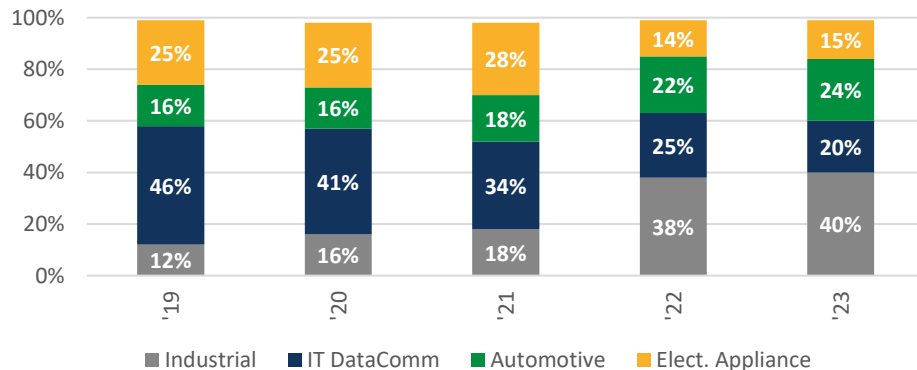


# APPENDIX: Diversification

## 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

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

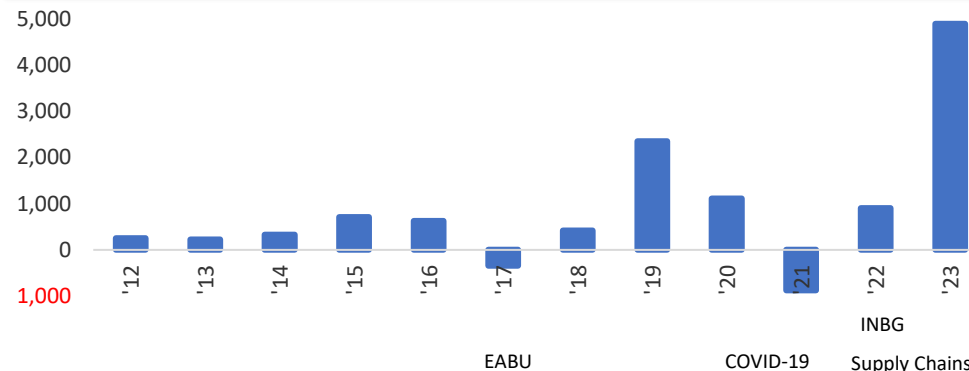
### Tapping into Capital Markets to Boost Strategic Flexibility

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

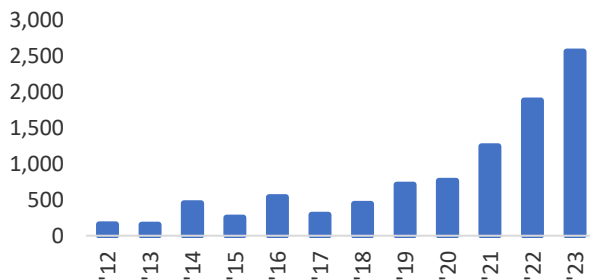
## Free Cash Flow (NTD, M)

### Building Solid Foundation with Stronger FCF



## Capital Expenditures (NTD, M)

### Supporting Long-term Growth



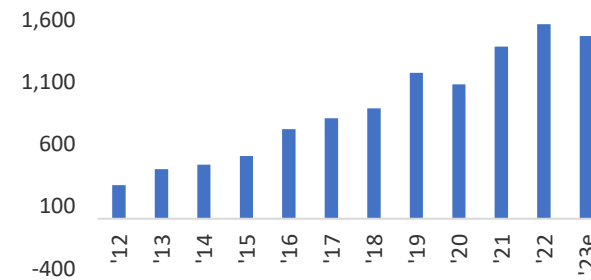
## Unique Competitive Advantage: M&A

### 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
Sales	23,092,145	22,537,767	28,564,375	53,757,171	51,051,791
<b>GPM</b>	<b>24.36%</b>	<b>25.34%</b>	<b>23.21%</b>	<b>25.65%</b>	<b>24.65%</b>
Opex	3,215,562	3,265,296	3,971,071	8,218,883	8,349,633
<b>OPM</b>	<b>10.44%</b>	<b>10.85%</b>	<b>9.31%</b>	<b>10.36%</b>	<b>8.30%</b>
Non-OP	-74,997	-189,786	-17,006	-253,812	-794,759
Net Profit	1,837,640	1,820,296	2,021,972	3,853,107	2,310,777
<b>NPM</b>	<b>7.96%</b>	<b>8.08%</b>	<b>7.08%</b>	<b>7.17%</b>	<b>4.53%</b>
EPS (NT\$)	15.34	13.84	15.05	25.00	14.37

# APPENDIX: Condensed Balance Sheet

	2019		2020		2021		2022		2023	
Cash & Equiv.	9,020,132	37.56%	5,360,003	23.59%	3,209,592	12.55%	8,497,568	15.90%	10,627,389	19.43%
Inventory	4,077,127	16.98%	4,649,474	20.47%	6,378,838	24.94%	12,323,217	23.06%	10,102,719	18.48%
Net A/R	4,836,085	20.14%	5,235,100	23.04%	7,005,579	27.39%	10,060,143	18.82%	8,187,814	14.97%
Fixed Assets	2,505,708	10.43%	3,224,081	14.19%	3,864,308	15.11%	10,018,018	18.74%	12,252,251	22.41%
<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>54,682,928</b>	
Current Liab.										
Short-term Debt	64,500	0.27%	259,833	1.14%	827,652	3.24%	748,542	1.40%	2,658,746	4.86%
A/P	3,371,163	14.04%	3,501,322	15.41%	4,492,550	17.57%	5,547,952	10.38%	4,488,677	8.21%
Other Payables	1,243,287	5.18%	1,372,585	6.04%	1,571,126	6.14%	3,004,797	5.62%	2,945,595	5.39%
Current Portion of LT Debt	2,391,131	9.96%	55,719	0.25%	1,362,561	5.33%	2,477,952	4.64%	1,873,578	3.43%
Long-term Liab.										
Debt Payable	2,824,912	11.76%	2,739,430	12.06%	0	0.00%	3,728,371	6.98%	8,538,297	15.61%
Long-term Debt	451,012	1.88%	385,162	1.70%	314,664	1.23%	10,283,057	19.24%	4,784,190	8.75%
<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>30,085,561</b>	<b>55.02%</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>24,597,367</b>	<b>44.98%</b>

# APPENDIX: Condensed Cash Flow Statement

	2019	2020	2021	2022	2023
<b>Starting Cash</b>	3,560,272	9,020,132	5,360,003	3,209,592	8,497,568
<b>Net Cash from Operating</b>	3,060,503	1,871,527	364,965	2,779,419	7,446,277
Cash Flow from Investing					
PP&E	-710,585	-759,861	-1,244,650	-1,877,242	-2,558,729
Others	-498,747	-1,276,117	-230,831	-9,737,947	-2,016,374
<b>Net Cash From Investing</b>	-1,209,332	-2,035,978	-1,475,481	-11,615,189	-4,575,103
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	1,150,000
Increase in Short-Term Debt	0	189,949	584,341	6,332,989	11,109,309
Decrease in Short-Term Debt	0	0	0	-6,431,131	-9,216,031
Increase in Long-term Debt	92,173	0	112,036	12,078,209	8,340,599
Decrease in Long-term Debt	0	-13,914	-170,926	-58,848	-14,756,951
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	-486,100
<b>Net Cash from Financing</b>	3,877,794	-3,826,135	-832,831	13,860,938	-942,142
<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>2,129,821</b>
<b>Ending Cash</b>	9,020,132	5,360,003	3,209,592	8,497,569	10,627,389
<b>Free Cash Flow (Outflow)</b>	<b>2,349,918</b>	<b>1,111,666</b>	<b>-879,685</b>	<b>902,164</b>	<b>4,887,548</b>

# Contact us

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## Upcoming IR Activities

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May 27: HK, UBS Conference

Jun 6-7: TW, Citi Conference

Jun 12: TW, Yuanta Conference

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