

BizLink Holding Inc **3665.TT**



Investor Presentation

2Q 2024 Version

Aug 2024

Safe Harbor Statement

The contents of this presentation are based on available information, and the Company's views when made. The information in this presentation may contain descriptions of the future prospects of the Company and its subsidiaries, and are subject to risks and uncertainties, which may cause actual results to be materially different from any future result.

The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information or later developments. This presentation is provided for information purposes only. The Company, its consultants, its representatives, and the presenter are not liable for any damages resulting from the use of the contents in this presentation.

I. Corporate Highlights: Second Quarter 2024

4 x 4 Strategy: Business Diversification

- Gradually exiting rolling slowdowns and destocking across our end-markets
- Productivity and efficiency gains + favorable product mix bolstering gross margins
- HPC and Capital Eqpt + TMP to initiate next multi-year growth wave
- EA growth from systems projects while Auto became smallest segment due to ongoing downcycle

4 x 4 Strategy: Sustaining Long-Term Growth

- Stringent operating expenditure and spending controls to continue
- Raising sales exposure to higher-value growth markets to bolster FCF
- Healthy cash balance to fund growth, deleverage, M&A, and dividends
- Semiconductors are key enablers for HPC: nearly 25% of our 2Q 2024 sales combined from HPC and semi's

I. Corporate Highlights: Second Quarter 2024

4 x 4 Strategy: Noteworthy M&A's



- Speedy in 2020 and INBG (TMP) in 2022 acquisitions boosted semi cap capabilities and capacities
- Pending Easys M&A means capital eqpt may soon become biggest category in Industrial business
- Preparing to maximize growth from upcoming multi-year semi cap upcycle: fulfilling more demand from wire harness/cable assembly to box build/system integration across more regions

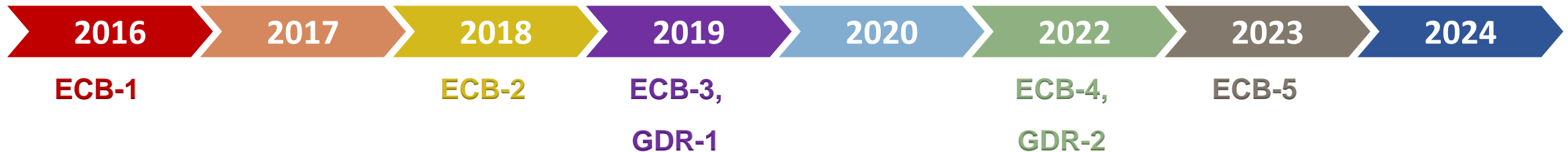
**EA M&A:
50M Euro**



**Speedy
M&A: 65M
SGD**

**INBG M&A:
451M Euro**

**Easys M&A:
51.5M Euro**



I. Corporate Highlights: Second Quarter 2024

4 x 4 Strategy: Footprint Diversification

- Strengthen NorAm and SEA to meet rising local-for-local needs
- 2 new sites done: target initial production in early 2025
 - Tainan: increase Industrial exposure
 - Batam: increase IT DataComm and Industrial exposure
- Will enhance utilization of Penang and Juarez sites
- Easys to boost semi cap capabilities in Europe

Batam



Tainan

ESG Milestones + Corporate Culture Update

- Released 7th CSR report: multiple milestones achieved, sustainability as one of our corporate values
- “Green revenues” increased from 8% of total sales in 2019 to 17% in 2023, will continue to increase
- TWSE’s Corporate Governance assessment: highly ranked for 9 straight years
- New Corporate Slogan: Where Possibilities Connect

II. Financial Highlights: Second Quarter 2024

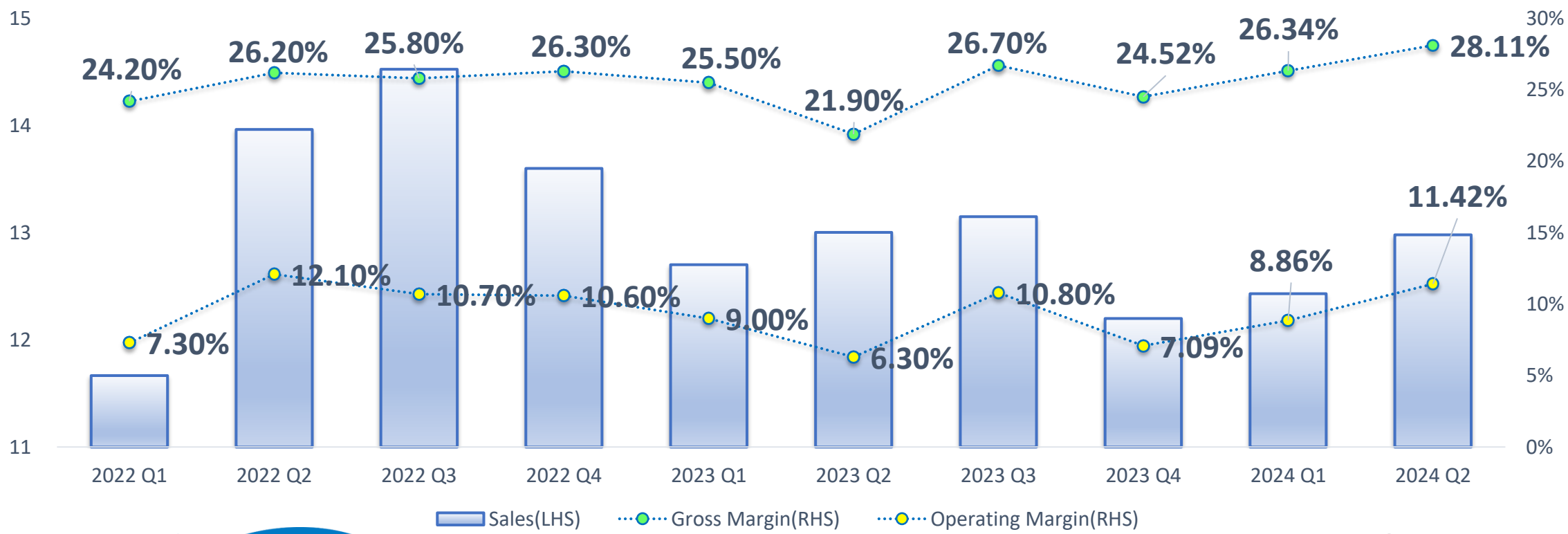
TOTAL SALES
2Q24
NT\$ 12.98B

GPM
2Q24
28.11%

OPM
2Q24
11.42%

NET PROFIT
2Q24
NT\$ 1,002M

EPS
2Q24
NT\$ 6.13

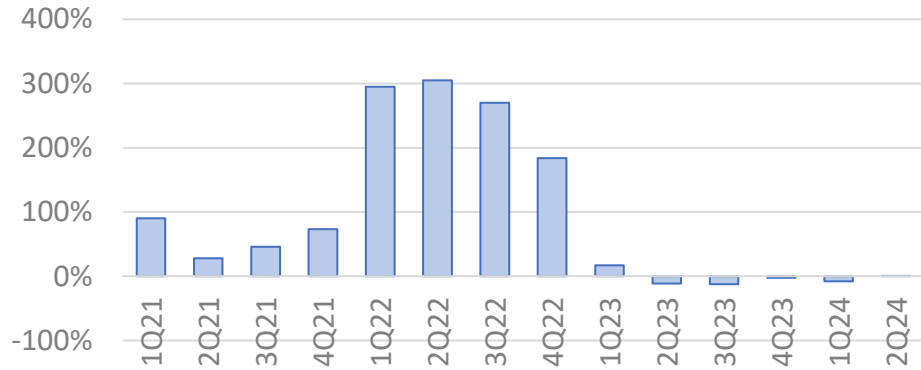


II. Financial Highlights: Second Quarter 2024

 2024 2Q	 Industrial	 Elect. App.	 Automotive	 IT DataComm
QoQ	40%	18%	18%	23%
YoY	Est. Actual	Est. Actual	Est. Actual	Est. Actual
	Actual	Actual	Actual	Actual

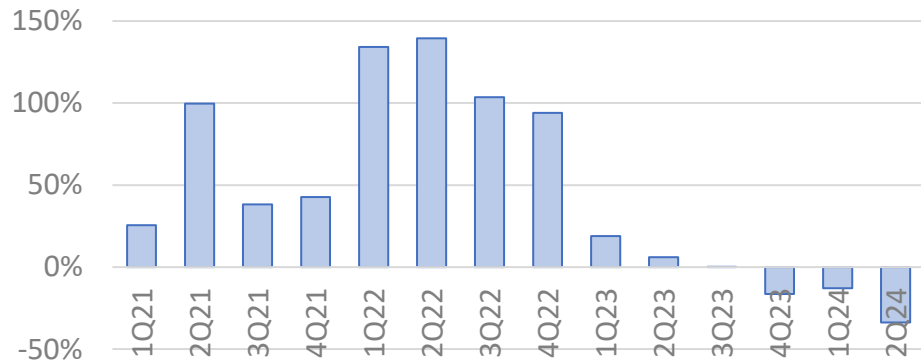
II. Financial Highlights: Second Quarter 2024

YoY Industrial Sales



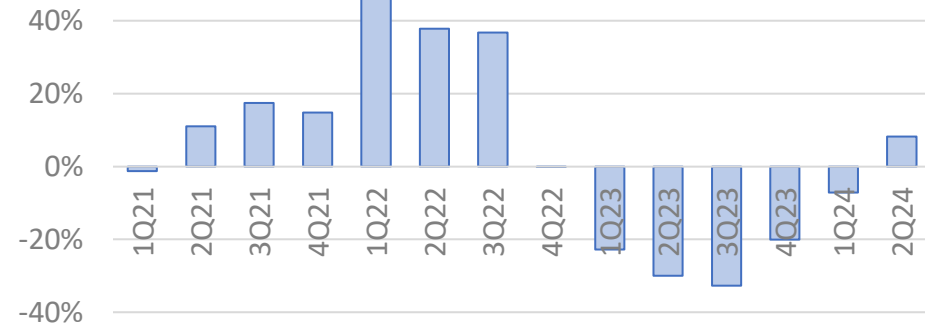
- **Positive YoY growth: Capital Eqpt + TMP offsetting weakness in FA and Healthcare**

YoY Auto Sales



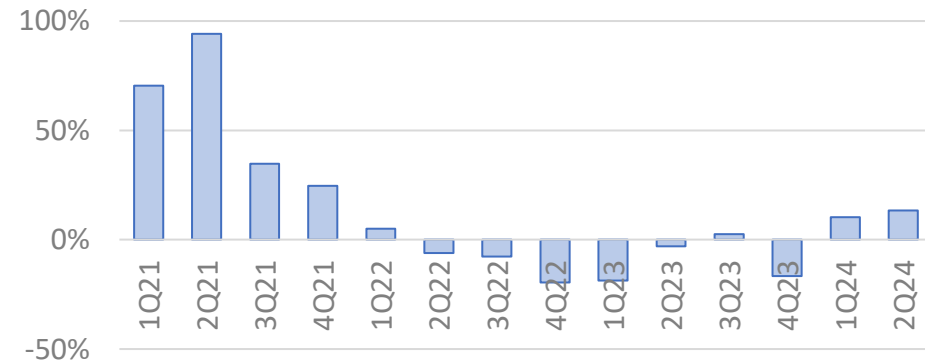
- **Continued to deteriorate: both EV and non-EV declined**

YoY IT DataComm Sales



- **Positive YoY growth: HPC totally offsetting Peripherals**

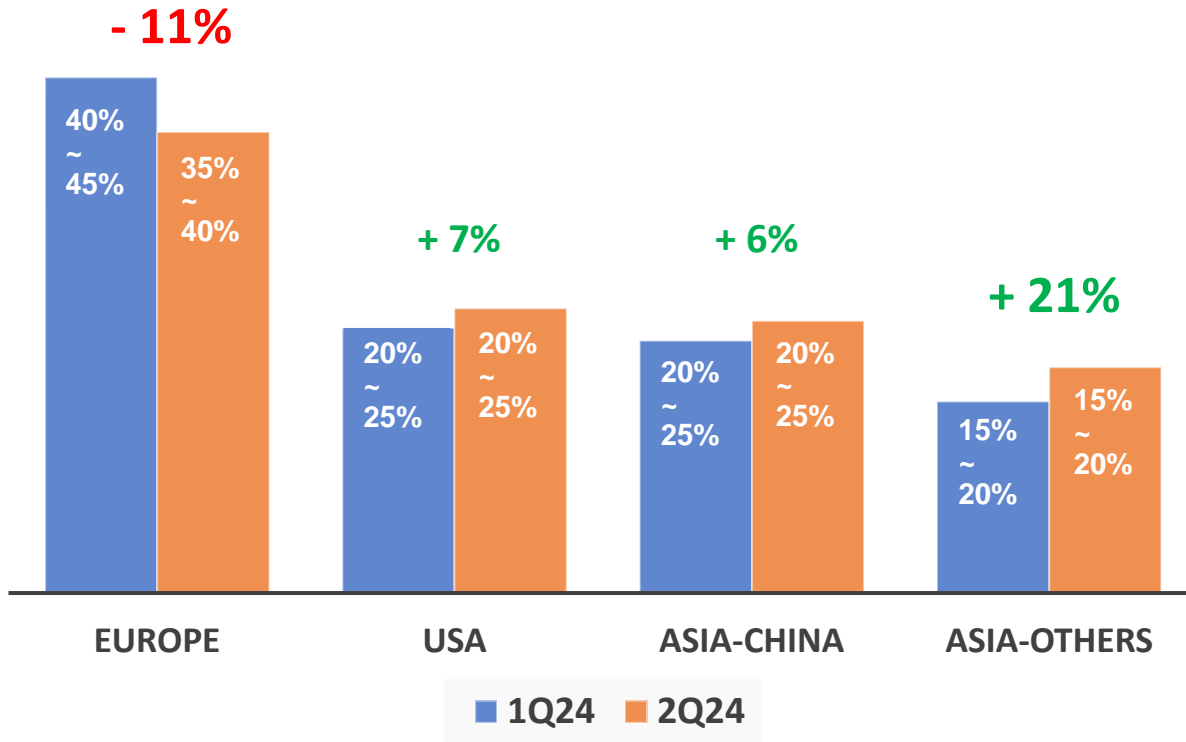
YoY EA Sales



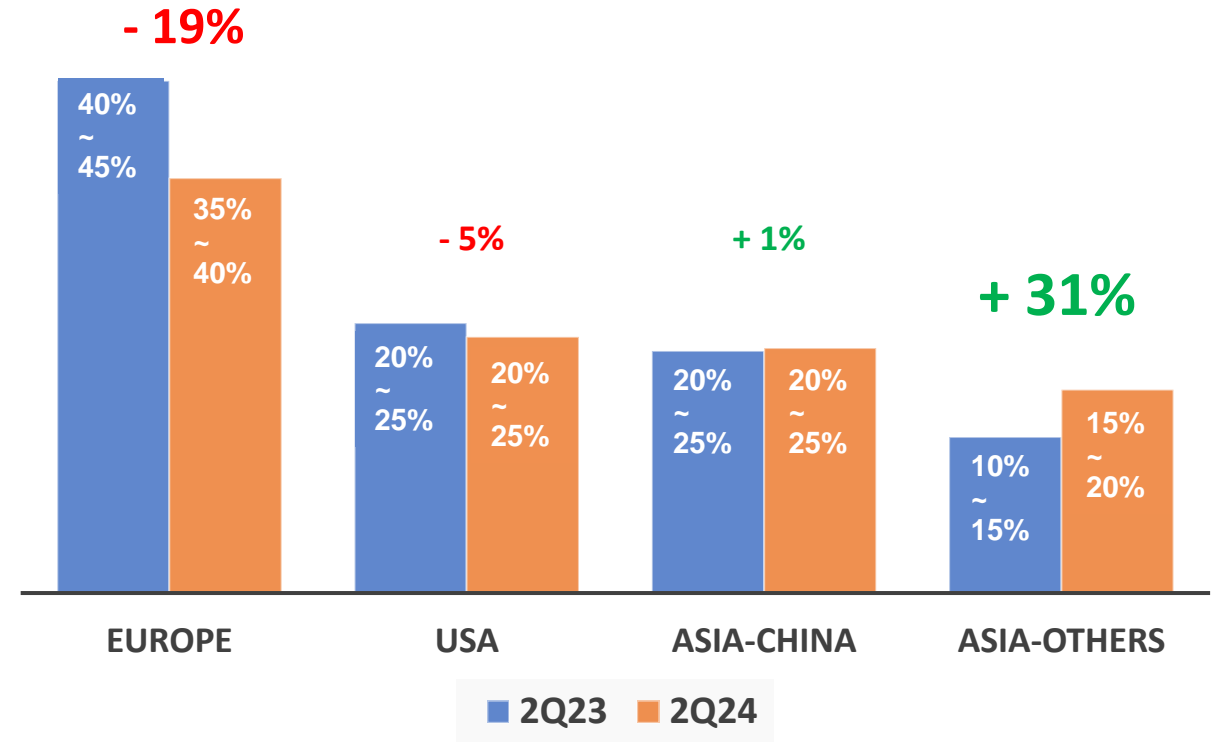
- **Positive YoY growth: also saw its 2nd QoQ sales growth, similar to IT DataComm**

II. Financial Highlights: Second Quarter 2024

USD sales (% of total), QoQ Change **+2%**



USD sales (% of total), YoY Change **-5%**



- **QoQ:** All regions except Europe grew, reverting back to its multi-quarter decline, SEA again grew most

- **YoY:** SEA continued to accelerate while USA and China further improved, Europe remained weak

II. Financial Highlights: Second Quarter 2024

Business Overview

- Lower for longer recovery may continue in 2H 2024
- Conservative view on near-term underlying demand
- Pricing power remains intact and closely working with customers
- Pockets of optimism and growth materializing with rising impact

1H 2024 Sales Mix

1H 2024	Sales Mix	YoY
Industrial	41%	-3%
IT DataComm	22%	+1%
Auto	20%	-25%
EA	16%	+12%

II. Financial Highlights: Second Quarter 2024


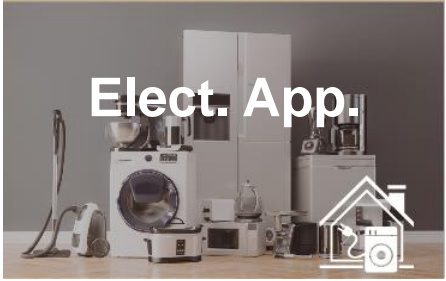


Balance Sheet Updates

- Strategic deployment of capital towards areas with greater long-term growth potential
- Fund Easys M&A with minimal external funding: emergent capability to internally fund smaller M&A
- 7th straight quarter of positive FCF and liabilities to assets ratio fell from high of 64% in 2Q22
- CCC fell from highs of low-130 days in 4Q22-1Q23 to healthier levels, will not fall back to prior lows

Financial Strategy

- Enhance cash management to free up more capital to allocate towards growth, reduce reliance on bank debt
- Virtuous cycle of healthier business exposure to drive operating cash flow growth for stronger cash generation
 - Financial results beginning to show efficiency and productivity are improving
 - Committed to durability and quality of earnings growth to benefit stakeholders
- Increase IR activities to share strategy, direction, and achievements with capital markets

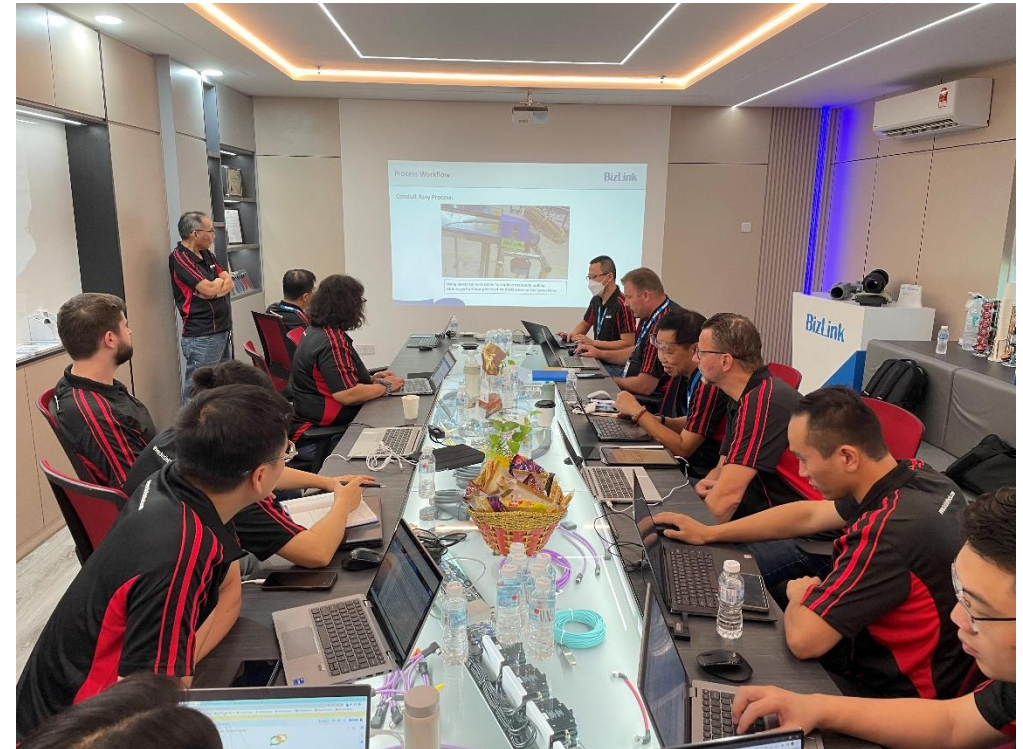
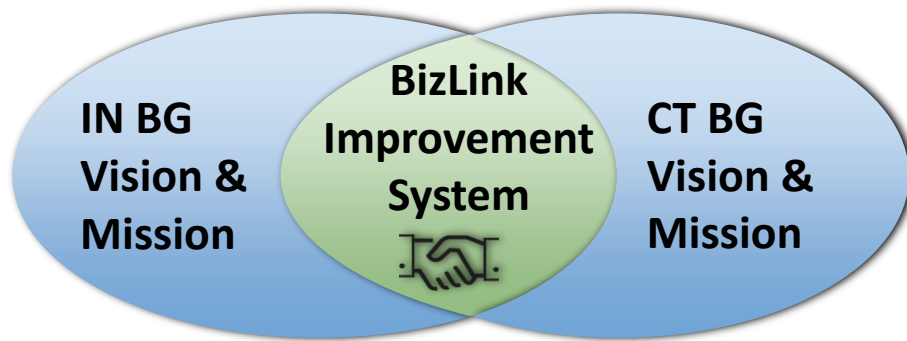
II. Financial Highlights: Third Quarter 2024 Outlook

<p>BizLink</p> <p>2024 3Q QoQ</p>	<p>Industrial</p> 	<p>Elect. App.</p> 	<p>Automotive</p> 	<p>IT DataComm</p> 
	<p>→ Est.</p>	<p>→ Est.</p>	<p>↘ Est.</p>	<p>→ Est.</p>
	<p>Highlights</p> <p>Capital Eqpt TMP, Energy</p>	<p>New Products</p>	<p>---</p>	<p>HPC</p>
	<p>Lowlights</p> <p>FA</p>	<p>Old Products</p>	<p>EV</p>	<p>Peripherals</p>

III. Operational Highlights: Efficiency and Productivity Up

Florian Hettich: Chief Operating Officer

- Became BizLink’s first COO ever approximately one year ago
- Various excellence initiatives introduced more than one year ago
- Efficiency and productivity measures across 2 business groups
 - Shore up lower gross margin businesses
 - Raise sales exposure to higher margined areas
 - More benefits incoming in coming quarters



III. Operational Highlights: 2024 Outlook

IT DataComm

- **High-impact HPC business eclipsing increasingly smaller Peripherals business**
- **Successful transformation: proven track record of re-inventing ourselves**
 - **Multiple growth phases: from Peripherals to Electric Vehicles**
 - **Entering into next one: High-Performance Computing**

High-Performance Computing

- **Multiple areas of growth opportunities emerging**
 - **Wave of AI-driven multi-hundred-billion-dollar US CSP capex spend over next few years**
 - **Continuing to benefit from ASIC-based AI compute but will add on GPU-based AI compute next year**
 - **Rising purchasing power of growing populations in Southeast Asia**
 - **Data sovereignty regulations also means more datacenters in Europe**
 - **Potential edge AI device opportunities for Peripherals under study now**
 - **Add more tier-1 US CSPs, tier-2 regional CSPs, OEMs, and system integrators as customers**

III. Operational Highlights: 2024 Outlook

Industrial

- **Factory Automation and Healthcare looking to bottom**
- **Capital Eqpt and TMP to increasingly drive segment growth**
 - Will lead overall recovery in Industrial segment
 - Will help to realize more cash generation

Capital Eqpt + TMP

- **Multiple areas of growth opportunities emerging**
 - Wave of hundred-billion-dollar plus spending to be led by foundry/logic and then be followed by memory
 - Continuing to benefit from rising wire harness and cable assembly demand
 - Boosting our ability to fulfill box build and system integration demand
 - Key SPE customers continue to gain market share from their competitors
 - Rising trend for high-entry barrier semi cap and healthcare demand
 - Add more tier-1 SPE companies as customers

III. Operational Highlights: 2024 Outlook

Electrical Appliance

- Became larger than Auto segment for first time
- Technical milestone achieved: value expansion
 - Mass production and initial shipments of new systems projects

Auto

- Remained conservative, especially on EVs, since mid-last year
 - High inflation and high interest hurting EV and non-EV demand
 - Subsidies halted in Europe, US may follow suit next year
- Further weakness ahead although degree of declines may subside
 - Early signs of potential bottoming but may see “L” shaped trend afterwards
 - Industry rationalizing its investments to balance out supply-demand
- Transformation ongoing: looking to add module and box build exposure, similar to EA and Industrial, progress seen

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

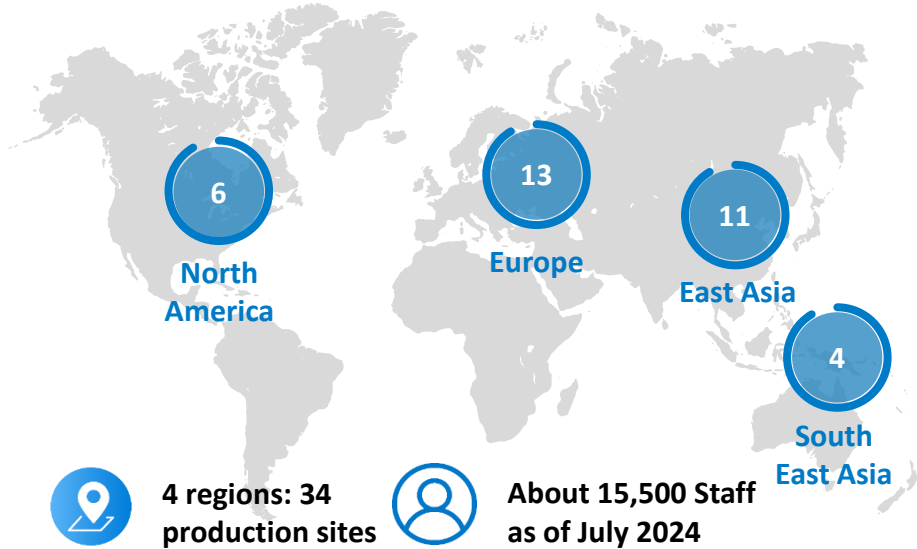


Solidifying our Financial Structure

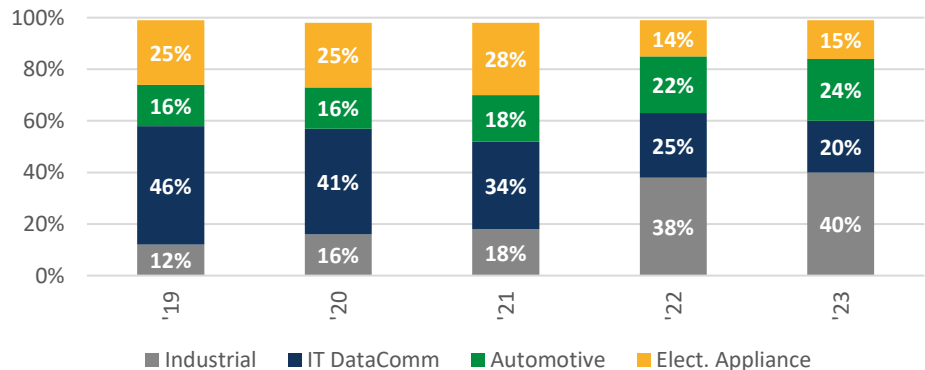
- ✓ Target stable FCF and sound balance sheet to increase our capital allocation flexibility to fund our earnings growth internally
- ✓ Achieve long-term growth with our brand-name NorAm and European customers
- ✓ Financial soundness one of keys to becoming customers' preferred partner

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: HMLV¹**
 - Capital Equipment
 - Energy
 - Healthcare
 - Factory Automation
- **Regions: all 4 regions**



Automotive

- **Business nature: HVLM²**
 - 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

Energy generation & conservation

S

Social empowerment & improvement

G

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

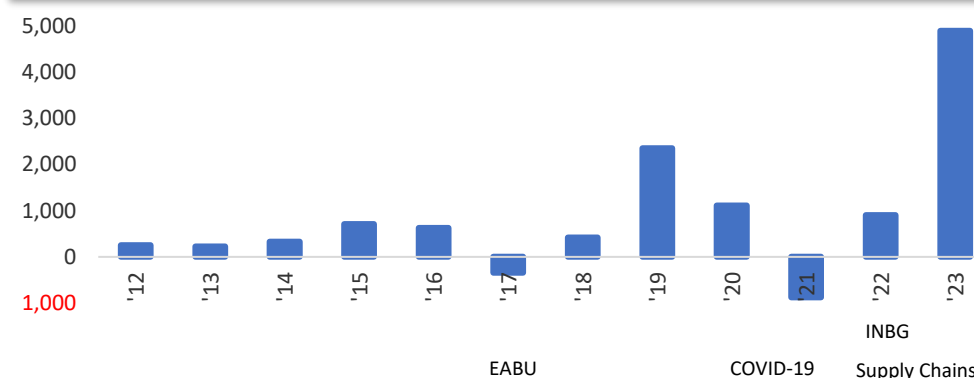
Tapping into Capital Markets to Boost Strategic Flexibility

2023 - ECB-5 (\$150m), CI (NT\$1.15B)	Status	Partial 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

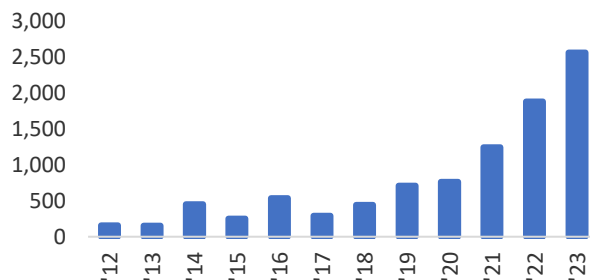
Free Cash Flow (NTD, M)

Building Solid Foundation with Stronger FCF



Capital Expenditures (NTD, M)

Supporting Long-term Growth



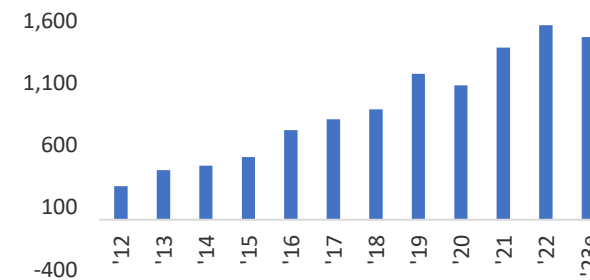
Unique Competitive Advantage: M&A

Strong Strategic Selection and Integration

2022 - INBG	Sales CAGR: +19.3%	Sales CAGR: +35.9%	Landmark
2020 - Speedy			Bolt-On Selective Diversification
2018 - Teralux			Bolt-On
2017 - EABU			Landmark Gradual and Consistent Profitability
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
GPM	24.36%	25.34%	23.21%	25.65%	24.65%
Opex	3,215,562	3,265,296	3,971,071	8,218,883	8,349,633
OPM	10.44%	10.85%	9.31%	10.36%	8.30%
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
NPM	7.96%	8.08%	7.08%	7.17%	4.53%
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%
Total Assets	24,013,108		22,717,189		25,572,481		53,446,242		54,682,928	
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%
Total Liabilities	11,756,682	48.96%	9,439,664	41.55%	10,422,339	40.76%	30,942,218	57.89%	30,085,561	55.02%
Shareholder Equity	12,256,426	51.04%	13,277,525	58.45%	15,150,142	59.24%	22,504,024	42.11%	24,597,367	44.98%

APPENDIX: Condensed Cash Flow Statement

	2019	2020	2021	2022	2023
Starting Cash	3,560,272	9,020,132	5,360,003	3,209,592	8,497,568
Net Cash from Operating	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
Net Cash From Investing	-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
Net Cash from Financing	3,877,794	-3,826,135	-832,831	13,860,938	-942,142
Net Cash Inflow (Outflow)	5,459,860	-3,660,129	-2,150,411	5,287,977	2,129,821
Ending Cash	9,020,132	5,360,003	3,209,592	8,497,569	10,627,389
Free Cash Flow (Outflow)	2,349,918	1,111,666	-879,685	902,164	4,887,548

Contact us

Mike Wang

Manager, Investor Relations

T +886 2 8226 1000 ext. 52663

E mike_wang@bizlinktech.com

Jimmy Hsu

Deputy Manager, Investor Relations

T +886 2 8226 1000 ext. 52794

E jimmy_hsu@bizlinktech.com

Upcoming IR Activities


Sept 03: TW, Morgan Stanley Conference

Sept 19: TW, Yuanta Conference

Sept 24-25: TW, UBS Conference

Stay Connected

 [@BizLinkTechnology](#)

 [@BizLink Group](#)