



# Qisda Corporation Investor Conference: 2022 Q1 Results

May 9, 2022

# Participants

Chairman

Peter Chen

President

Joe Huang

CFO

Jasmin Hung

GM, Information Technology Business Group

Daniel Hsueh

GM, Commercial and Industrial Business

Yuchin Lin

GM, Medical Devices Business Group

Harry Yang

GM, Business Solutions Group

Michael Lee

GM, Networking and Communication Business Group

April Huang

# Agenda

## 1. Company Profile

**CFO**

**Jasmin Hung**

## 2. 2022 Q1 Financial Results

## 3. Business Update and Outlook

**Chairman  
President**

**Peter Chen  
Joe Huang**

## 4. Summary of Networking and Communication Business Group

**GM**

**April Huang**

## 5. Q&A

# Safe Harbor Notice

We have made forward-looking statements in the presentation. Our forward-looking statements contain information regarding, among other things, our financial conditions, future expansion plans and business strategies. We have based these forward-looking statements on our current expectations and projections about future events. Although we believe that these expectations and projections are reasonable, such forward-looking statements are inherently subject to risks, uncertainties, and assumptions about us.

We undertake no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events might not occur and our actual results could differ materially from those anticipated in these forward-looking statements.

# I. Company Profile

CFO Jasmin Hung

# Qisda Group

Qisda is a global technology group with businesses spanning information and communication, medical, smart business solutions, and networking communication.

Established Year	1984
IPO Year (Ticker 2352)	1996
Capital (NTD)	19.7B
Consolidated Companies	201
Listed Companies (Taiwan)	16
No. of Employees	30,000+

## Global Presence

Manufacture Sites : Taiwan, China,  
Vietnam

Sales Offices : 199 Locations Worldwide

R&D : Taiwan, China

### Revenue Breakdown by Geography (2022)

Asia	42%
Americas	33%
Europe	23%
Others	2%

## 2022 Q1 Revenue

NTD\$60.9B (USD\$ 2.2B)

## 2021 Revenue

NTD\$226B (USD\$ 8.1B)

## Awards

### 2021 Forbes:

“World’s Best Employer 2021 “

### 2021 HR Asia:

“ Best Companies to Work For 2021 ”

“ Most Caring Companies 2021 ”

### 2021 Winning

“Taiwan Corporate Sustainability Awards  
(TCSA) ”

# Business Groups

Qisda 2352

Revenue (NTD) till 2022 Q1

ICT Information & Communication Technology (63%)	MEDICAL (7%)	BSG Business Solutions (13%)	NCG Networking & Communication (11%)	OTHERS (6%)
<b>38.4 B</b>	<b>4.4 B</b>	<b>7.6 B</b>	<b>6.9 B</b>	<b>3.6 B</b>
<ul style="list-style-type: none"> <li>➤ <b>Displays</b> <b>26.9B (44%)</b> <ul style="list-style-type: none"> <li>• Gaming</li> <li>• High-end</li> <li>• General</li> </ul> </li> <li>➤ <b>Projectors</b> <b>3.1B (5%)</b></li> <li>➤ <b>ICT_Other</b> <b>3.2B (5%)</b></li> </ul>	<ul style="list-style-type: none"> <li>➤ <b>Medical Services</b> <ul style="list-style-type: none"> <li>• BenQ Medical Center in Nanjing and Suzhou</li> </ul> </li> <li>➤ <b>Equipment &amp; Consumables</b> <ul style="list-style-type: none"> <li>• Operating Table, Surgical Light</li> <li>• Ultrasound</li> <li>• Intraoral Scanner</li> <li>• Hearing Aids</li> <li>• Dentistry Consumables</li> </ul> </li> <li>➤ <b>Dialyzer</b> <ul style="list-style-type: none"> <li>• Dialysis Equipment &amp; Consumables</li> <li>• Ethanol Solution</li> </ul> </li> <li>➤ <b>Medical Management Consulting</b></li> </ul>	<ul style="list-style-type: none"> <li>➤ <b>Smart Hospital</b></li> <li>➤ <b>Smart Factory</b></li> <li>➤ <b>Smart Retail</b></li> <li>➤ <b>Smart Energy</b></li> <li>➤ <b>Smart Enterprise</b></li> <li>➤ <b>Smart Campus</b></li> </ul>	<ul style="list-style-type: none"> <li>➤ <b>LAN/MAN</b> <ul style="list-style-type: none"> <li>• Data Switch</li> </ul> </li> <li>➤ <b>Wireless Broadband</b> <ul style="list-style-type: none"> <li>• Small Cell</li> <li>• Wireless Router</li> </ul> </li> <li>➤ <b>Digital Multimedia</b> <ul style="list-style-type: none"> <li>• IP Camera</li> </ul> </li> <li>➤ <b>Enterprise Mobile Solutions</b> <ul style="list-style-type: none"> <li>• mmWave Radar</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>➤ <b>Material</b> <ul style="list-style-type: none"> <li>• Functional Film</li> <li>• Advanced Battery Materials</li> </ul> </li> <li>➤ <b>Other products</b></li> </ul>
<ul style="list-style-type: none"> <li>➤ <b>ICT_HVA</b> <b>5.2B (9%)</b> <ul style="list-style-type: none"> <li>• Prof. Display Module</li> <li>• Integration Solutions</li> <li>• High-end Video Surveillance</li> </ul> </li> </ul>				<p><b>INVESTMENT</b></p> <ul style="list-style-type: none"> <li>➤ <b>AUO (FVOCI)</b></li> <li>➤ <b>Darfon (Equity method)</b></li> </ul>

\* Purple columns are "high value-added business" which account for 40% of total revenue. Each business group's 2021 revenue scale is between NTD 15B ~ 30B, reaching a meaningful economics of scale.

## 2. 2022 Q1 Financial Results

CFO Jasmin Hung



# 2022 Q1 Highlights

- ◆ **Q1 revenue grew 20% on YoY basis, operating income decreased NTD 0.39B and net income attributable to Qisda decreased NTD 1.58B**
  - **Decrease in operating income: Due to rising material cost and expenses**
    - **ICT:** Revenue grew 25% as demand shifted to commercial from consumer, such changes in product mix led to decrease in gross margin
    - **Medical:** Revenue grew 20%, highest in the same period. Operating income increase
    - **BSG:** Revenue grew 30%, highest in the same period. Operating income increase
    - **NCG:** Revenue decreased 4%. Product mix optimization led to increase in gross margin and operating income
  - **Non-operating income decreased by NTD 1.17B: Mainly due to NTD 0.8B decrease in income of the equity-method investments, and NTD 0.36B decrease in income of disposal of investments and assets**
- ◆ **The cash inflow will be contributed about NTD 2.4B due to the cash dividends and capital reduction from the financial investments**
- ◆ **Would sell 100% stake in BenQ (Hong Kong) Limited, at an estimated transaction value of USD equivalent to RMB 2.753bn. The estimated income from the disposal is approximately RMB 1.2B (the transaction is to be completed and final transaction price will be publicly announced upon completion of the transaction)**

# Consolidated Statement of Comprehensive Income (Quarterly)

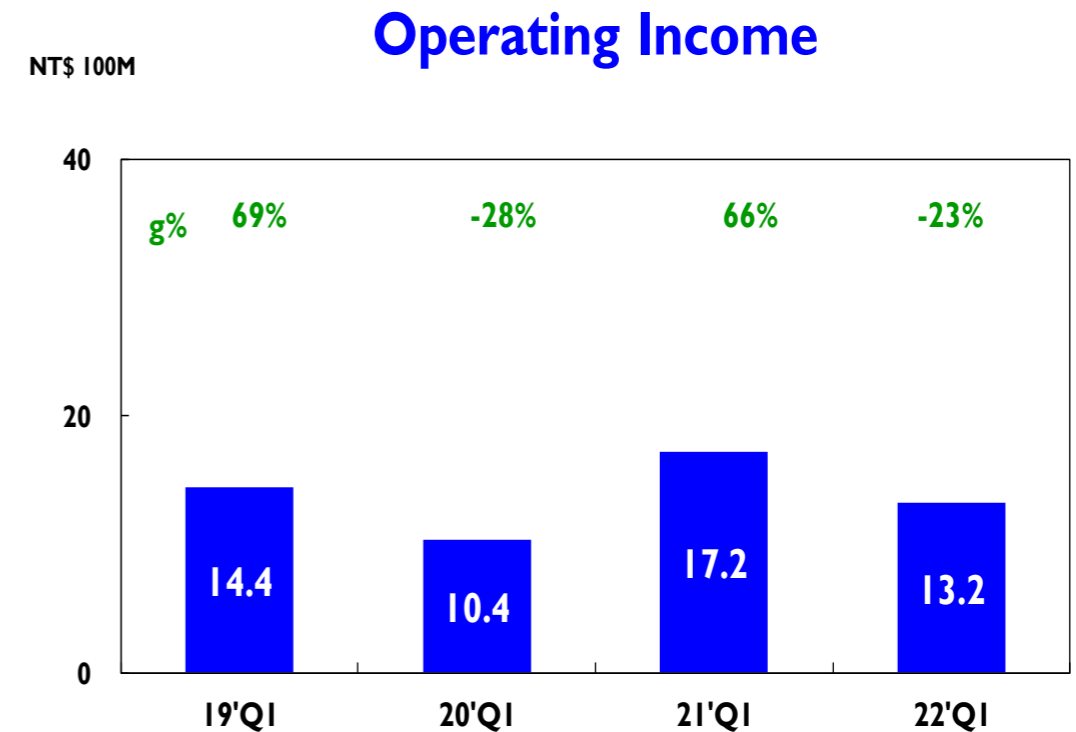
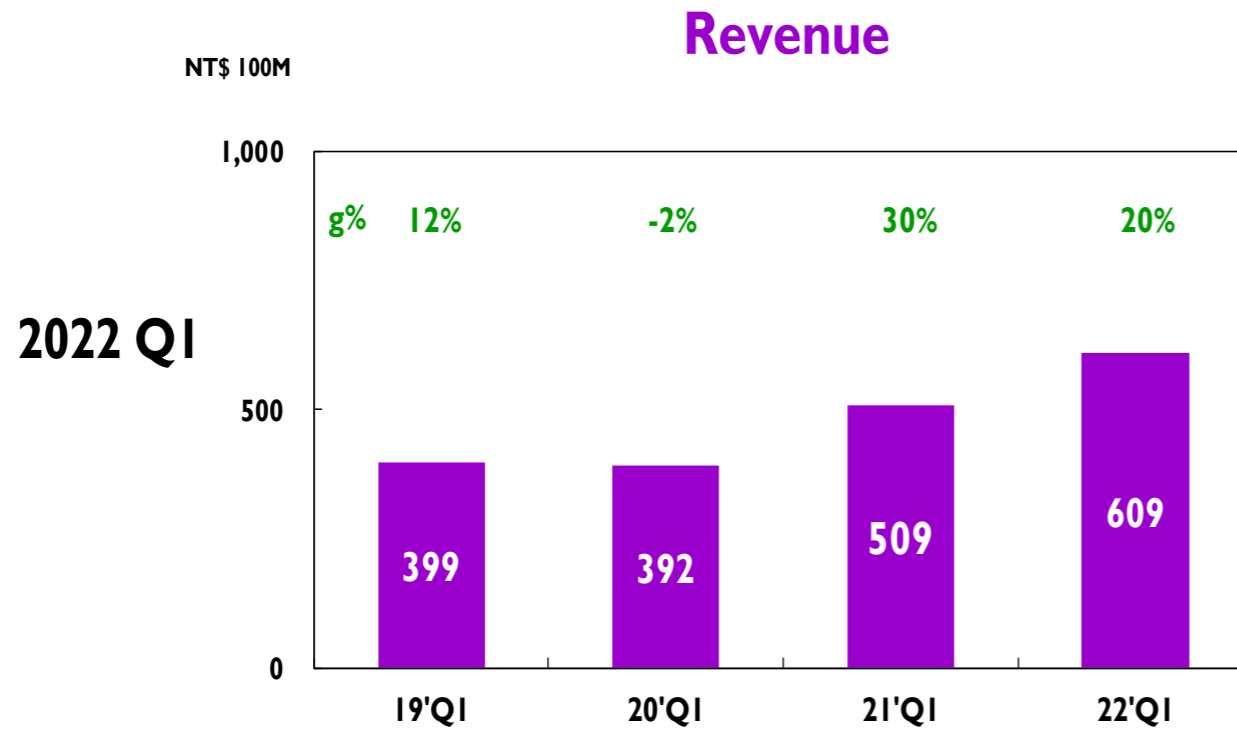
Unit : NT\$ Million

	2022 Q1		2021 Q1		YoY		2021 Q4		QoQ	
	amt	g%	amt	g%	amt	g%	amt	g%	amt	g%
<b>Net Sales</b>	<b>60,866</b>	<b>100%</b>	<b>50,904</b>	<b>100%</b>	<b>9,962</b>	<b>20%</b>	<b>61,872</b>	<b>100%</b>	<b>(1,006)</b>	<b>-2%</b>
Cost of Goods Sold	(52,993)		(43,403)		(9,590)		(53,391)		398	
<b>Gross Margin</b>	<b>7,873</b>	<b>12.9%</b>	<b>7,501</b>	<b>14.7%</b>	<b>373</b>	<b>5%</b>	<b>8,481</b>	<b>13.7%</b>	<b>(608)</b>	<b>-7%</b>
Operating Expenses	(6,550)	-10.8%	(5,783)	-11.4%	(767)		(6,727)	-10.9%	177	
<b>Operating Income</b>	<b>1,324</b>	<b>2.2%</b>	<b>1,718</b>	<b>3.4%</b>	<b>(394)</b>	<b>-23%</b>	<b>1,754</b>	<b>2.8%</b>	<b>(431)</b>	<b>-25%</b>
Net non-operating Income	241		1,415		(1,173)		263		(22)	
<b>Profit(Loss) before Tax</b>	<b>1,565</b>	<b>2.6%</b>	<b>3,133</b>	<b>6.2%</b>	<b>(1,568)</b>	<b>-50%</b>	<b>2,018</b>	<b>3.3%</b>	<b>(453)</b>	<b>-22%</b>
<b>Net Income</b>	<b>1,069</b>	<b>1.8%</b>	<b>2,609</b>	<b>5.1%</b>	<b>(1,539)</b>	<b>-59%</b>	<b>1,533</b>	<b>2.5%</b>	<b>(463)</b>	<b>-30%</b>
<b>Net income attributable to Qisda</b>	<b>534</b>	<b>0.9%</b>	<b>2,112</b>	<b>4.1%</b>	<b>(1,577)</b>	<b>-75%</b>	<b>995</b>	<b>1.6%</b>	<b>(461)</b>	<b>-46%</b>
<b>EPS (NT\$) (a)</b>	<b>\$0.27</b>		<b>\$1.07</b>		<b>-\$0.80</b>		<b>\$0.51</b>		<b>-\$0.23</b>	

(a) EPS was calculated based on total weighted-averaged outstanding shares (1,967m shares)

# Revenue and Operating Income

- First quarter revenue NTD 60.9 B, highest in the same period in 10 years, YoY grew 20%
- Operating income decreased mainly due to rising material cost and expenses as well as changes in product mix



# Consolidated Balance Sheet Highlights

Unit : NT\$ Million

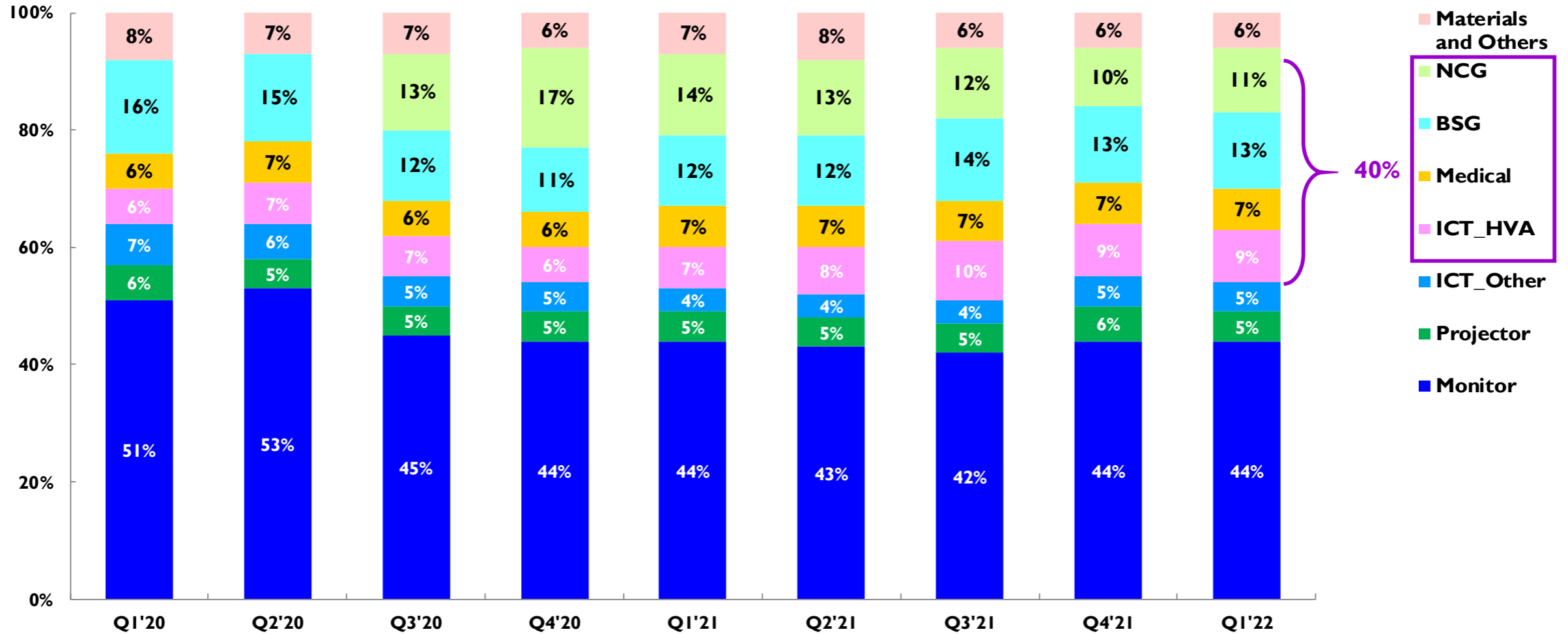
	2022.03.31		2021.12.31		QoQ		2021.03.31		YoY	
	amt	g%	amt	g%	amt	g%	amt	g%	amt	g%
Cash & Equivalent	19,904	10%	17,781	9%	2,123	12%	23,629	14%	-3,725	-16%
Accounts Receivable	34,991	18%	33,007	18%	1,984	6%	30,792	18%	4,199	14%
Inventory	56,379	29%	50,148	27%	6,231	12%	35,897	21%	20,481	57%
L-T Investments	4,105	2%	4,067	2%	38	1%	16,677	10%	-12,571	-75%
Financial assets at fair value through other comprehensive income–non-current	15,727	8%	18,047	10%	-2,320	-13%	2,599	2%	13,127	505%
<b>Total Assets</b>	<b>197,454</b>	<b>100%</b>	<b>187,211</b>	<b>100%</b>	<b>10,243</b>	<b>5%</b>	<b>171,215</b>	<b>100%</b>	<b>26,239</b>	<b>15%</b>
<b>Fin. Debt</b>	<b>59,469</b>	<b>30%</b>	<b>52,179</b>	<b>28%</b>	<b>7,290</b>	<b>14%</b>	<b>47,733</b>	<b>28%</b>	<b>11,736</b>	<b>25%</b>
<b>Accounts Payable</b>	<b>43,128</b>	<b>22%</b>	<b>40,785</b>	<b>22%</b>	<b>2,343</b>	<b>6%</b>	<b>36,914</b>	<b>22%</b>	<b>6,215</b>	<b>17%</b>
<b>Toal Liabilities</b>	<b>136,389</b>	<b>69%</b>	<b>121,048</b>	<b>65%</b>	<b>15,341</b>	<b>13%</b>	<b>109,897</b>	<b>64%</b>	<b>26,491</b>	<b>24%</b>
<b>Equity</b>	<b>61,065</b>	<b>31%</b>	<b>66,163</b>	<b>35%</b>	<b>-5,097</b>	<b>-8%</b>	<b>61,318</b>	<b>36%</b>	<b>-253</b>	<b>0%</b>

Note: In 2022 Q1, NTD 4.9B of cash dividends has been reclassified as an item of 「other payables」 under liabilities from equities. In 2021, cash dividend was declared in Q2 and was booked in 2021 Q2

# Key Financial Ratios

	2022.03.31	2021.12.31	QoQ	2021.03.31	YoY
AR Turnover (Days)	75	76	-1	78	-3
Inventory Turnover (Days)	92	80	+12	75	+17
AP Turnover (Days)	72	77	-5	81	-9
Cash Conversion Cycle (Days)	95	79	+16	72	+23
Current ratio	115%	124%	-9 ppt	127%	-12 ppt

# Revenue Breakdown by Business (Quarterly)



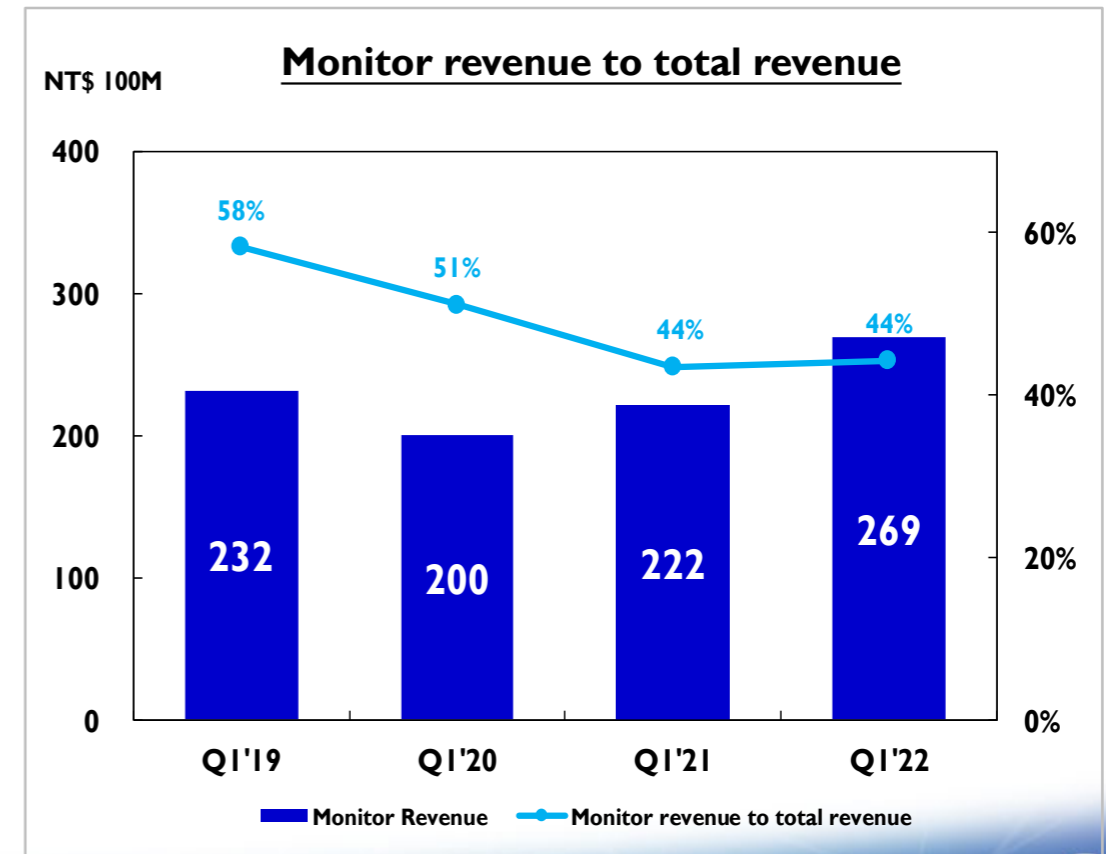
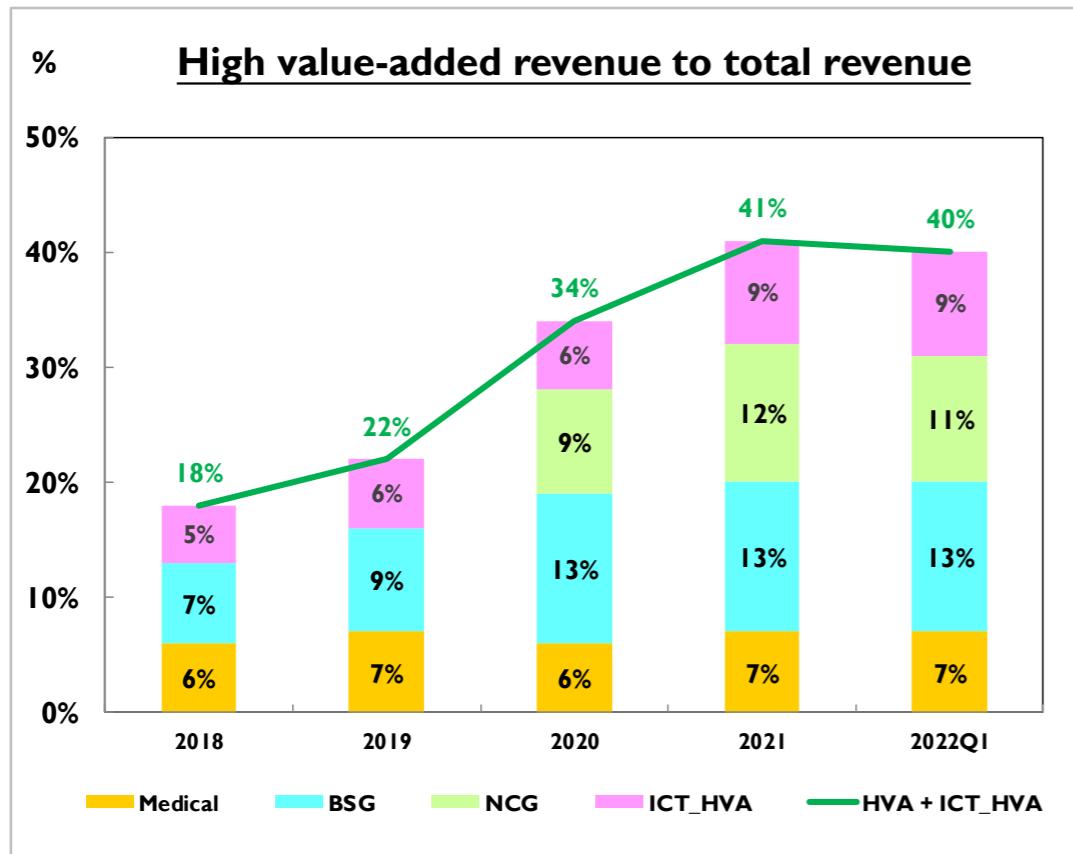
\*Materials and Others: BenQ Materials and other products  
 \*ICT: ICT products  
 \*ICT\_Other: other ICT products

\*NCG: Networking and Communication  
 \*ICT\_HVA: prof. display module, integrated solutions, high-end video surveillance  
 \*ICT\_Projector: Projectors

\*Medical: medical services, equipment & consumables, dialyzer, medical management consulting  
 \*BSG: Business Solutions Group  
 \*ICT\_Monitor: Monitors

# Revenue Breakdown by Business (Yearly)

- High value-added business revenue to total revenue reached 40%, transformation shows positive result. We are kicking off next phase target – high value-added business profit contribution exceed 50%
- Monitors revenue grew steadily and its weight on total revenue decrease to around 40% from about 60% as the result of increase in high value-added products.



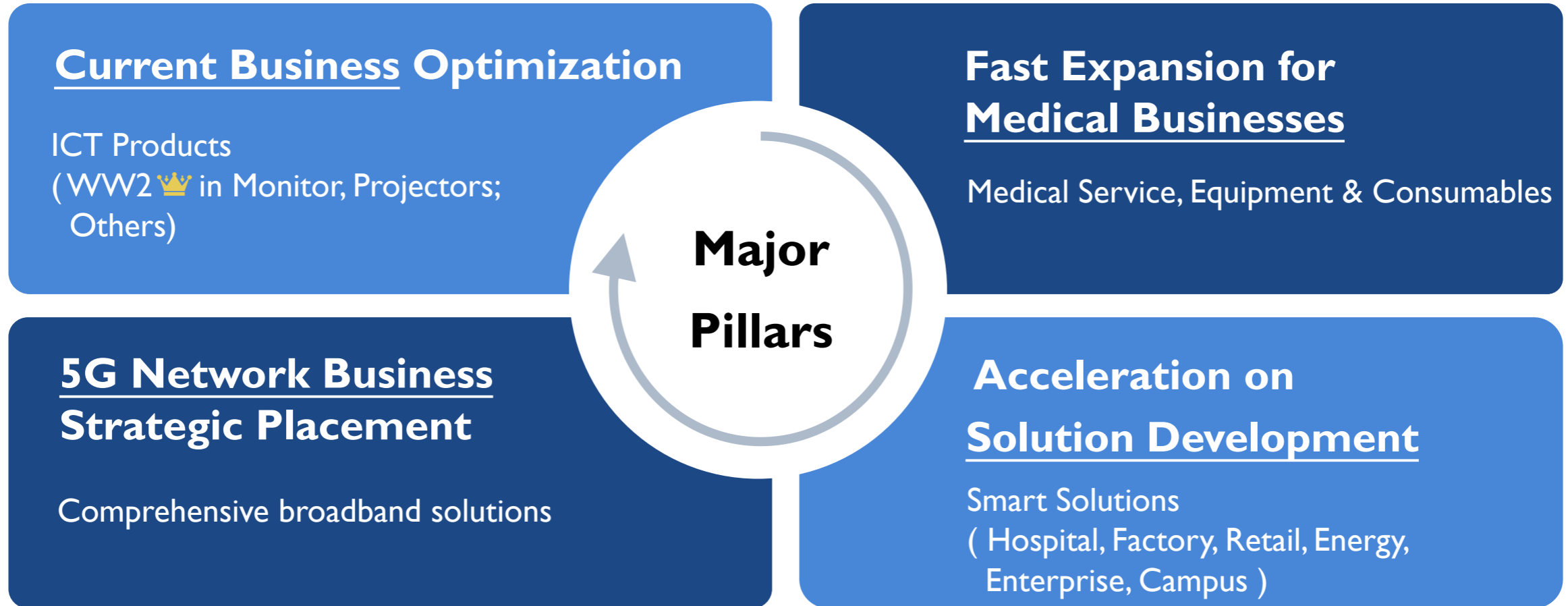
# 3. Business Update and Outlook

Chairman Peter Chen

President Joe Huang



# Qisda's Winning Strategy



# 2022 Q2 Outlook

## ✓ **Business Drivers**

- **Continuous optimization in ICT high value-added products.**
- **Medical business to maintain high growth:** Hospital business expected to grow steadily and the demand for infection prevention products is rising.
- **In-depth expansion of Business Solutions Group:** Enhance cloud and digital transformation services to increase value of solutions.
- **NCG:** Continuous optimization in products to increase in gross margin.

## ✓ **Cautious Measure in the Face of Global Economic Uncertainties**

- **Pandemic-related impact:** While the vaccine penetration rate increases and countries increasingly lift lockdown restrictions, variants of the virus still significantly affect many countries' economies.
- **Supply and demand:** The supply chain still face challenges such as shortage in materials and cargo capacity, port congestion, China's zero-COVID policy, rising interest rates and its impact on products price and consumer spending need to be observed.

# 4. Summary of Networking and Communication Business Group

GM, Networking and Communication Business Group

April Huang

# NCG: Revenue about 1B USD, 5000+ Employees

**ALPHA Networks**

**ODM**

## Wireless & Broadband



- WLAN Module / USB
- WLAN AP / RG / HGW
- 10G PON / GPON SFU / ONU / RGW
- xDSL / G.fast CPE / RGW
- NB-IoT / M2M Device
- LTE Router / 5G NR CPE
- LTE / 5G NR Small Cell / RAN
- In-vehicle Wireless GW

## LAN / MAN



- Data Center Switch
- Enterprise Switch
- SMB Switch
- Carrier Ethernet Switch
- IoT Switch
- GPON / XGSPON OLT
- G.fast PDU

## Digital Multimedia



- Video Surveillance
- Video Conference Camera
- Indoor / Outdoor IP Camera
- Doorbell + Chime
- Radar, PIR sensor, Gateway

## Mobile Enterprise Solutions



- 24 / 60 / 77 / 79 GHz Radar Sensor
- BSD Radar System
- 3D AVM System
- TBox
- Fleet Management
- AI Medical

## Transformation Platform



- MEC (Multi-Access Edge Computing) Software Platform
- Container Based
- Containerized Microservices
- Life Cycle Management
- Role-based Access Control
- VM Supported
- 5G SA Cloud Native Application

**hitron**

**Brand**

Cable Modems & Gateways

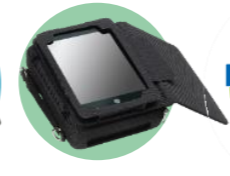
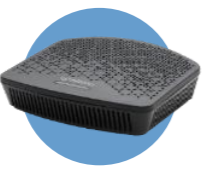
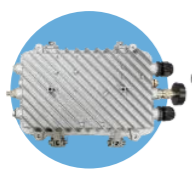
5G Mobility (Small Cell Backhaul)

10G PON ONT/ONUs

Wi-Fi Extenders

Coax & Network Testing Tools

Home Network management



**igt**

**SI**

Various Integration

Network Construction Optimization

Cloud Services

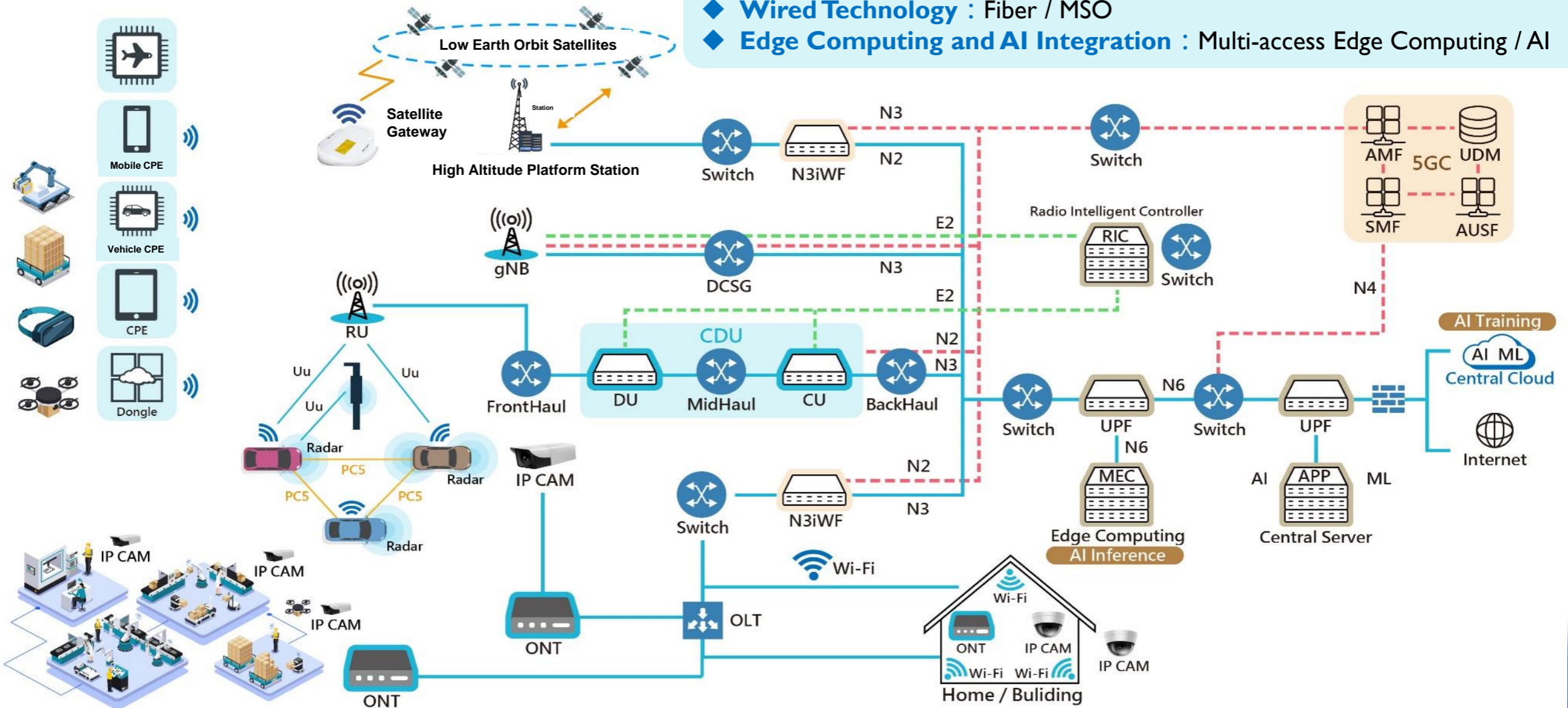
To Build New Media World

Key to Globe

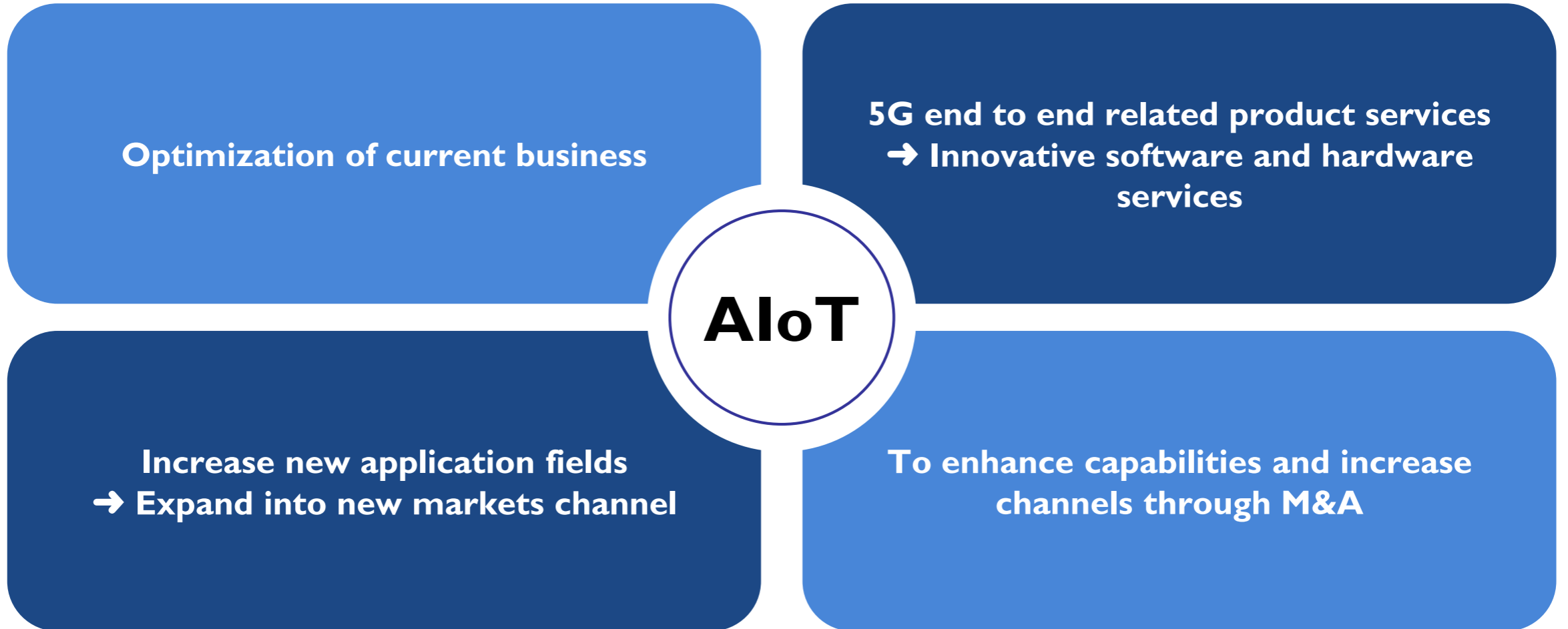


# NCG's Vision : Wireless and Wired Technology Convergence / Edge Computing and AI Integration

- ◆ **Wireless Technology** : 4G / 5G / 6G Low Earth Orbit Satellites
- ◆ **Wired Technology** : Fiber / MSO
- ◆ **Edge Computing and AI Integration** : Multi-access Edge Computing / AI



# NCG's 3~5 Years Winning Strategies



# NCG's Participation in Related Events of Ministry of Economic Affairs

《5G E2E private network exposure supported by MOEA》



COMMERCIAL TIMES

March 1, 2022 ZHENG SHU FANG / reporter

## Hitron see order visibility till second-half 2022 for low earth orbit satellite routers

工商時報

20220301 · 鄭淑芳 / 台北報導

## 缺料緩解 + 低軌衛星夯 仲琦訂單能見度看到下半年

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《Launching ceremony of low earth orbit satellites》



DIGITIMES

February 25, 2022 LI LI DA / reporter

## Hitron: High sales volume for low earth orbit satellite routers in Q2 2022

DIGITIMES

## 仲琦：低軌衛星路由器第2季放量

李立達 / 台北 2022-02-25

Qisda

# 5. Q&A





# Qisda

## Value-Up Solutions