



# Qisda Corporation Investor Conference: 2022 Q3 Results

November 7, 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 Q3 Financial Results

## 3. Business Update and Outlook

**President**

**Joe Huang**

**Chairman**

**Peter Chen**

## 4. Summary of Business Groups

**GM of each Business Group**

## 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.

# 1. Company Profile

CFO Jasmin Hung

# Qisda Group

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

<b>Year Established</b>	<b>1984</b>
<b>IPO Year (Ticker 2352)</b>	<b>1996</b>
<b>Capital (NTD)</b>	<b>19.7B</b>
<b>Consolidated Companies</b>	<b>199</b>
<b>Listed Companies (Taiwan)</b>	<b>16</b>
<b>No. of Employees</b>	<b>30,000+</b>

## Global Presence

**Manufacturing Sites : Taiwan, China, Vietnam**

**Sales Offices : 200+ Locations Worldwide**

**R&D : Taiwan, China**

### Revenue Breakdown by Geography (2022)

<b>Asia</b>	<b>43%</b>
<b>Americas</b>	<b>33%</b>
<b>Europe</b>	<b>22%</b>
<b>Others</b>	<b>2%</b>

## 2022 First Three Quarters Revenue

**NTD \$183.7B (USD\$ 6.3B)**

## 2021 Revenue

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

## Awards

### 2022 HR Asia:

**" Best Companies to Work For"  
(2019 – 2022 consecutively)**

### 2022 Winning 14 Awards of TCSA\*

### 2021 Forbes:

**" World's Best Employer 2021 "**

### 2021 Winning 8 Awards of TCSA\*

\*TCSA: Taiwan Corporate Sustainability Awards

# Business Groups

# Qisda Group

(till 2022Q3)

	IT Information Technology (61%)	MEDICAL (8%)	BSG Business Solutions (13%)	NCG Networking & Communication (13%)	OTHERS (5%)
Revenue (NTD)	<b>111.1 B</b>	<b>15 B</b>	<b>23.5 B</b>	<b>24.4 B</b>	<b>9.7B</b>
	<ul style="list-style-type: none"> <li>➤ <b>Displays</b> <span style="float: right;"><b>73.9B (40%)</b></span> <ul style="list-style-type: none"> <li>• Gaming</li> <li>• High-end</li> <li>• General</li> </ul> </li> <li>➤ <b>Projectors</b> <span style="float: right;"><b>1B (6%)</b></span></li> <li>➤ <b>IT_Other</b> <span style="float: right;"><b>1.1B (6%)</b></span></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> <li>• Medical Management Consulting</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> </ul>	<ul style="list-style-type: none"> <li>➤ <b>IT Intelligence Partner</b> <ul style="list-style-type: none"> <li>• High Performance Computing</li> <li>• Network Security</li> <li>• Cloud Integration</li> <li>• Digital Transformation</li> </ul> </li> <li>➤ <b>OT Intelligence Partner</b> <ul style="list-style-type: none"> <li>• Green Energy</li> <li>• Automation</li> <li>• Industrial Computer</li> </ul> </li> <li>➤ <b>OMO Solution</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>IT_HVA</b> <span style="float: right;"><b>15.7B (9%)</b></span> <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 style="text-align: center; margin: 0;"><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 43% of total revenue. Each business group's 2021 revenue scale is between NTD 15B ~ 30B, reaching a meaningful economics of scale.

# 2. 2023 Q3 Financial Results

CFO Jasmin Hung

# 2022 Q3 Highlights

- ◆ **Net income attributable to Qisda and EPS both hit record highs in Q3 on a single and YTD basis.**
- ◆ The sale of 100% shares in BenQ (Hong Kong) Limited was settled on Sep 30 with a gain of approximately NTD 5.3B.
- ◆ Qisda Corp. received NTD 3.9B in cash dividends, of which NTD 0.9B is booked as dividend revenue under non-operating income (contribute to EPS), while NTD 3B from consolidated and equity subsidiaries is booked as a deduction in investment cost (not affecting EPS).
- ◆ **Q3:** Operating income decreased by NTD 1.19B on YoY. Increase in Q3 overall profitability made the accrual amount of employee bonus increase accordingly. Increase in employee bonus by approximately NTD 0.6B which is booked as a deduction of operating income.
  - **Medical:** Revenue grew 33%, gross margin and operating income margin increased YoY, operating income amount grew more than 200%.
  - **NCG:** Revenue grew 38%, gross margin and operating income margin increased YoY, operating income amount grew more than 200%.
  - **BSG:** Revenue grew 4%, gross margin and operating income margin increased YoY, operating income amount increased by 30%.
  - **IT:** Revenue decreased 2%. For monitor products, slow demand led to revenue decreasing by 15%, and gross margin, operating income margin as well as operating income amount decreased as well. Commercial and industrial IT products revenue and profitability grew.
- ◆ **First three quarters: Revenue and operating income both hit record highs. Revenue hit NTD 183.7B, net income attributable to Qisda reached NTD 7.88B, EPS was 4.01.**

# Consolidated Statement of Comprehensive Income (Quarterly)

Unit : NT\$ Million

	2022 Q3		2021 Q3		YoY		2022 Q2		QoQ	
	amt	g%	amt	g%	amt	g%	amt	g%	amt	g%
<b>Net Sales</b>	<b>60,060</b>	<b>100%</b>	<b>57,201</b>	<b>100%</b>	<b>2,859</b>	<b>5%</b>	<b>62,794</b>	<b>100%</b>	<b>(2,734)</b>	<b>-4%</b>
Cost of Goods Sold	(51,411)		(48,885)		(2,526)		(53,521)		2,110	
<b>Gross Margin</b>	<b>8,649</b>	<b>14.4%</b>	<b>8,316</b>	<b>14.5%</b>	<b>333</b>	<b>4%</b>	<b>9,273</b>	<b>14.8%</b>	<b>(624)</b>	<b>-7%</b>
Operating Expenses	(7,861)	-13.1%	(6,334)	-11.1%	(1,527)		(7,009)	-11.2%	(852)	
<b>Operating Income</b>	<b>788</b>	<b>1.3%</b>	<b>1,982</b>	<b>3.5%</b>	<b>(1,194)</b>	<b>-60%</b>	<b>2,264</b>	<b>3.6%</b>	<b>(1,476)</b>	<b>-65%</b>
Net non-operating Income	10,620		566		10,054		245		10,375	
<b>Profit(Loss) before Tax</b>	<b>11,408</b>	<b>19.0%</b>	<b>2,548</b>	<b>4.5%</b>	<b>8,861</b>	<b>348%</b>	<b>2,509</b>	<b>4.0%</b>	<b>8,899</b>	<b>355%</b>
<b>Net Income</b>	<b>7,315</b>	<b>12.2%</b>	<b>1,954</b>	<b>3.4%</b>	<b>5,362</b>	<b>274%</b>	<b>1,678</b>	<b>2.7%</b>	<b>5,637</b>	<b>336%</b>
<b>Net income attributable to Qisda</b>	<b>6,364</b>	<b>10.6%</b>	<b>1,395</b>	<b>2.4%</b>	<b>4,969</b>	<b>356%</b>	<b>982</b>	<b>1.6%</b>	<b>5,382</b>	<b>548%</b>
<b>EPS (NT\$) (a)</b>	<b>\$3.24</b>		<b>\$0.71</b>		<b>\$2.53</b>		<b>\$0.50</b>		<b>\$2.74</b>	

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

# Consolidated Statement of Comprehensive Income (YTD)

Unit : NT\$ Million

	2022 Q3		2021 Q3		YTD YoY	
	amt	g%	amt	g%	amt	g%
<b>Net Sales</b>	<b>183,720</b>	<b>100%</b>	<b>164,089</b>	<b>100%</b>	<b>19,632</b>	<b>12%</b>
Cost of Goods Sold	(157,925)		(140,013)		(17,911)	
<b>Gross Margin</b>	<b>25,795</b>	<b>14.0%</b>	<b>24,075</b>	<b>14.7%</b>	<b>1,720</b>	<b>7%</b>
Operating Expenses	(21,420)	-11.7%	(18,469)	-11.3%	(2,951)	
<b>Operating Income</b>	<b>4,375</b>	<b>2.4%</b>	<b>5,607</b>	<b>3.4%</b>	<b>(1,231)</b>	<b>-22%</b>
Net non-operating Income	11,106		5,368		5,738	
<b>Profit(Loss) before Tax</b>	<b>15,482</b>	<b>8.4%</b>	<b>10,975</b>	<b>6.7%</b>	<b>4,507</b>	<b>41%</b>
<b>Net Income</b>	<b>10,063</b>	<b>5.5%</b>	<b>8,950</b>	<b>5.5%</b>	<b>1,113</b>	<b>12%</b>
<b>Net income attributable to Qisda</b>	<b>7,880</b>	<b>4.3%</b>	<b>7,312</b>	<b>4.5%</b>	<b>568</b>	<b>8%</b>
<b>EPS (NT\$) (a)</b>	<b>\$4.01</b>		<b>\$3.72</b>		<b>\$0.29</b>	

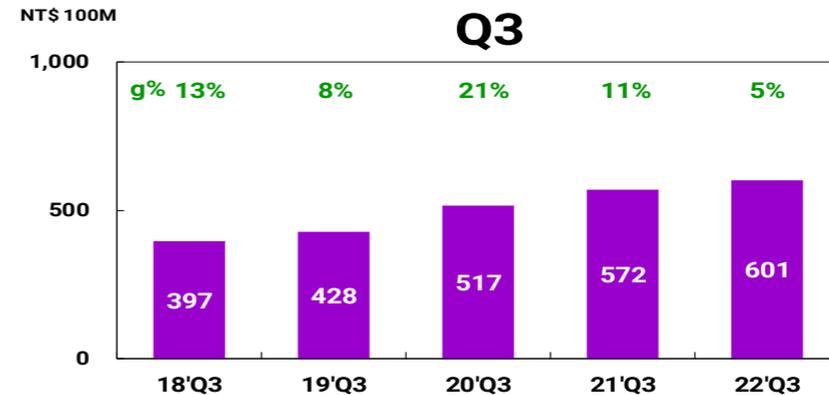
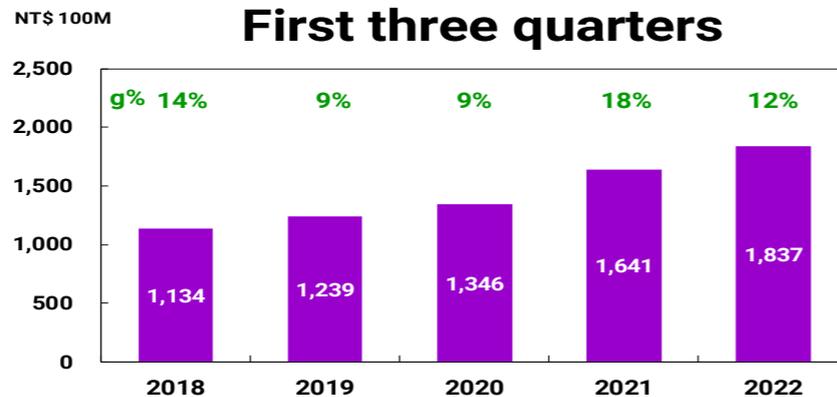
(a) EPS was calculated based on total weighted-averaged outstanding shares (1,967m shares)

# Revenue and Operating Income

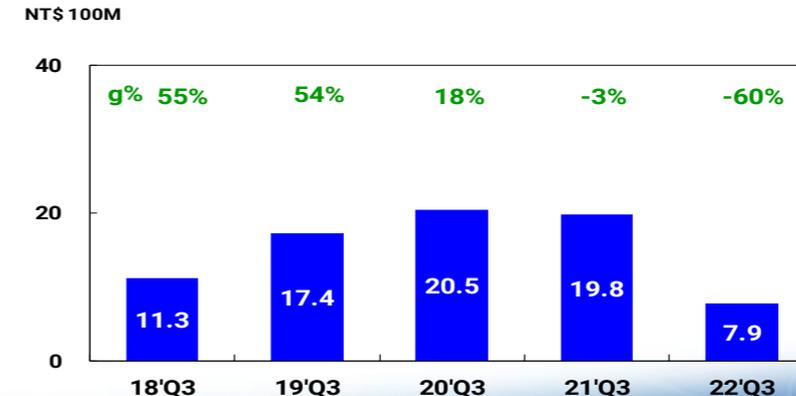
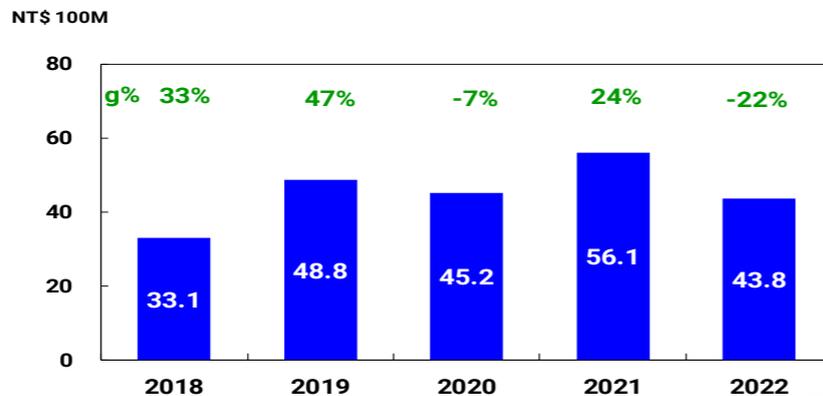
- ◆ **Revenue:** Q3 hit highest in the same period, first three quarters hit record high.
- ◆ **Operating income:** Q3 operating income decreased by NTD 1.19B on YoY. Increase in Q3 overall profitability made the accrual amount of employee bonus increase accordingly. Increase in employee bonus by approximately NTD 0.6B which is booked as a deduction of operating income.

First three quarters operating income decreased by NTD 1.23B mainly due to China's zero Covid policy, shortage of materials, increasing in materials and logistics cost, and slow monitor demand.

Revenue

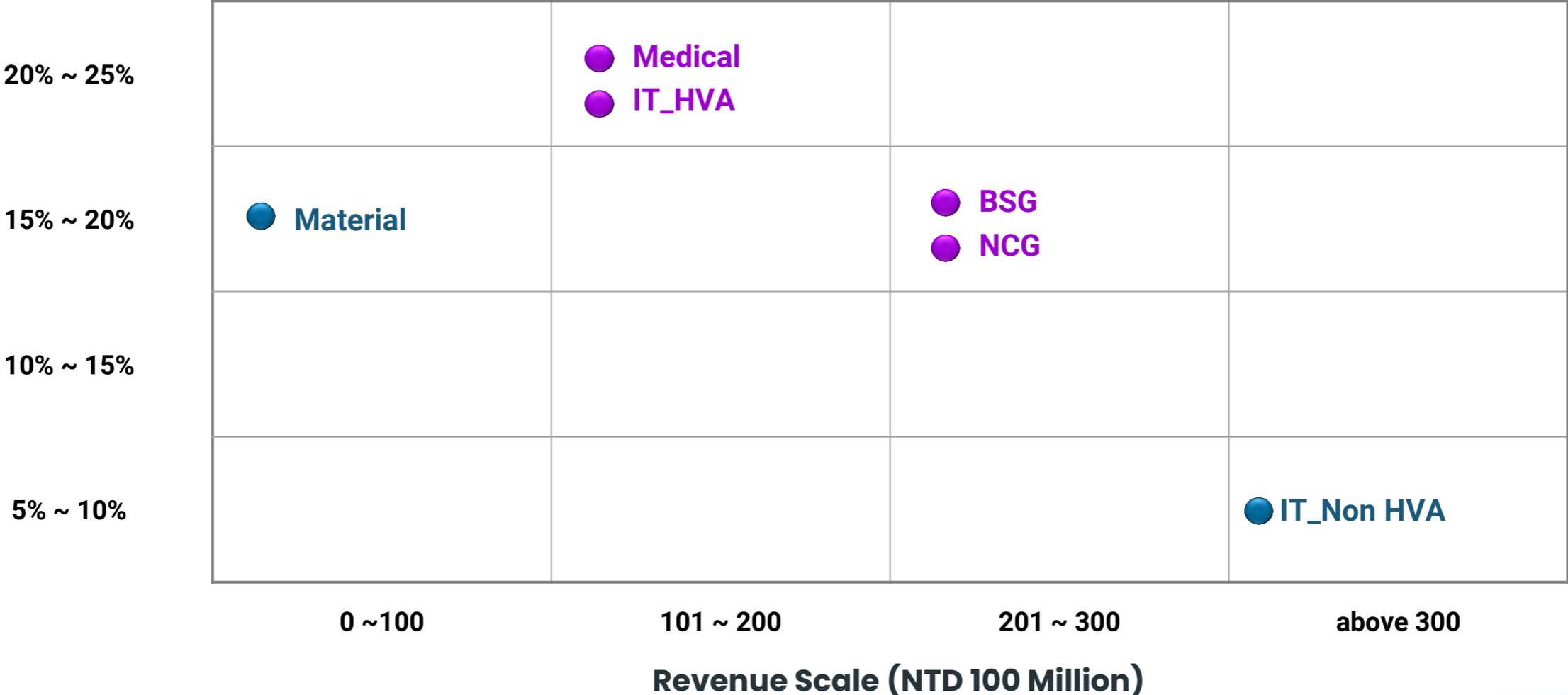


Operating Income



# Gross Margin Range (2022 YTD Q3)

GM% Range



# Consolidated Balance Sheet Highlights

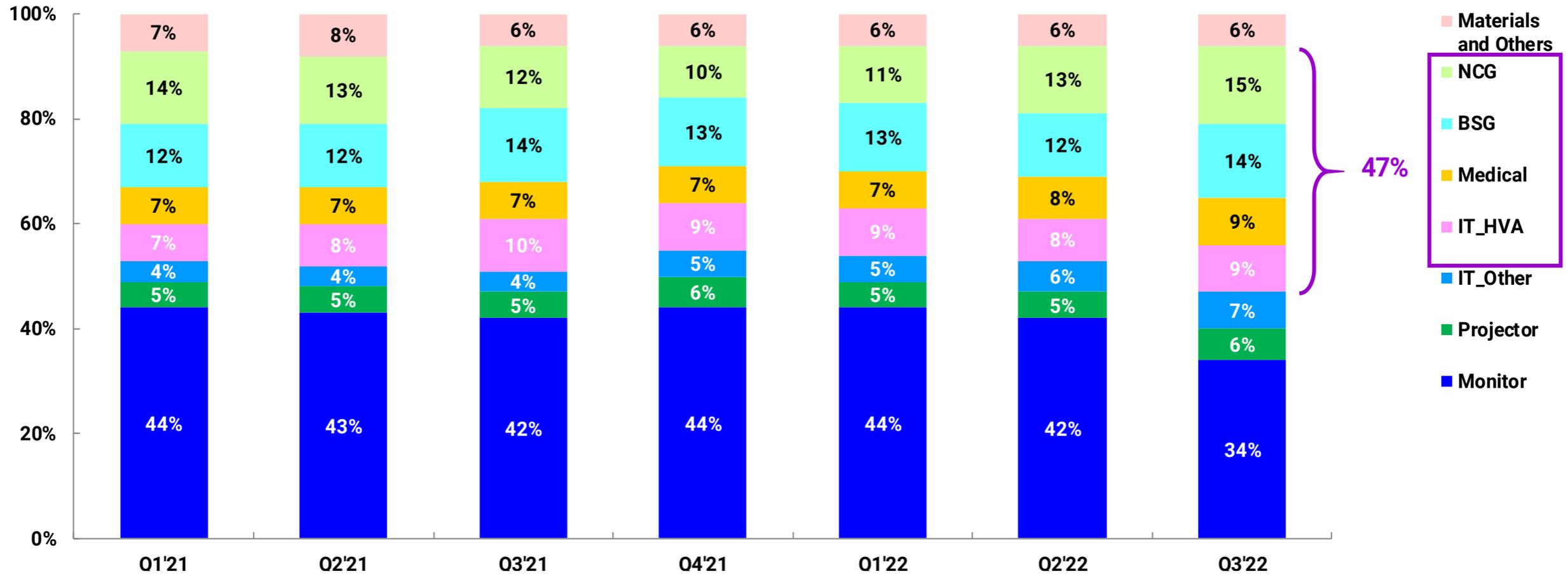
Unit : NT\$ Million

	2022.09.30		2022.06.30		QoQ		2021.09.30		YoY	
	amt	g%	amt	g%	amt	g%	amt	g%	amt	g%
Cash & Equivalent	34,792	16%	18,550	9%	16,242	88%	16,830	9%	17,962	107%
Accounts Receivable	47,432	22%	43,110	21%	4,322	10%	33,731	19%	13,701	41%
Inventory	53,392	25%	56,231	28%	-2,839	-5%	47,994	27%	5,398	11%
L-T Investments	5,004	2%	4,763	2%	241	5%	3,321	2%	1,684	51%
Financial assets at fair value through other comprehensive income-non-current	11,440	5%	12,701	6%	-1,261	-10%	14,069	8%	-2,629	-19%
<b>Total Assets</b>	<b>217,494</b>	<b>100%</b>	<b>204,539</b>	<b>100%</b>	<b>12,954</b>	<b>6%</b>	<b>181,017</b>	<b>100%</b>	<b>36,476</b>	<b>20%</b>
<b>Fin. Debt</b>	<b>79,565</b>	<b>37%</b>	<b>67,630</b>	<b>33%</b>	<b>11,935</b>	<b>18%</b>	<b>57,072</b>	<b>32%</b>	<b>22,493</b>	<b>39%</b>
<b>Accounts Payable</b>	<b>36,501</b>	<b>17%</b>	<b>41,124</b>	<b>20%</b>	<b>-4,624</b>	<b>-11%</b>	<b>38,547</b>	<b>21%</b>	<b>-2,046</b>	<b>-5%</b>
<b>Toal Liabilities</b>	<b>149,847</b>	<b>69%</b>	<b>144,815</b>	<b>71%</b>	<b>5,032</b>	<b>3%</b>	<b>121,661</b>	<b>67%</b>	<b>28,187</b>	<b>23%</b>
<b>Equity</b>	<b>67,646</b>	<b>31%</b>	<b>59,724</b>	<b>29%</b>	<b>7,922</b>	<b>13%</b>	<b>59,357</b>	<b>33%</b>	<b>8,290</b>	<b>14%</b>

# Key Financial Ratios

	2022.09.30	2022.06.30	QoQ	2021.09.30	YoY
AR Turnover (Days)	73	76	-3	76	-3
Inventory Turnover (Days)	90	91	-1	81	+9
AP Turnover (Days)	67	70	-3	77	-10
Cash Conversion Cycle (Days)	96	97	-1	80	+16
Current ratio	135%	121%	+14 ppt	120%	+15 ppt

# Revenue Breakdown by Business (Quarterly)



\*Materials and Others: BenQ Materials and other products

\*BSG: Business Solutions Group

\*IT\_Other: other IT products

\*NCG: Networking and Communication

\*IT: IT products

\*IT\_Projector: Projectors

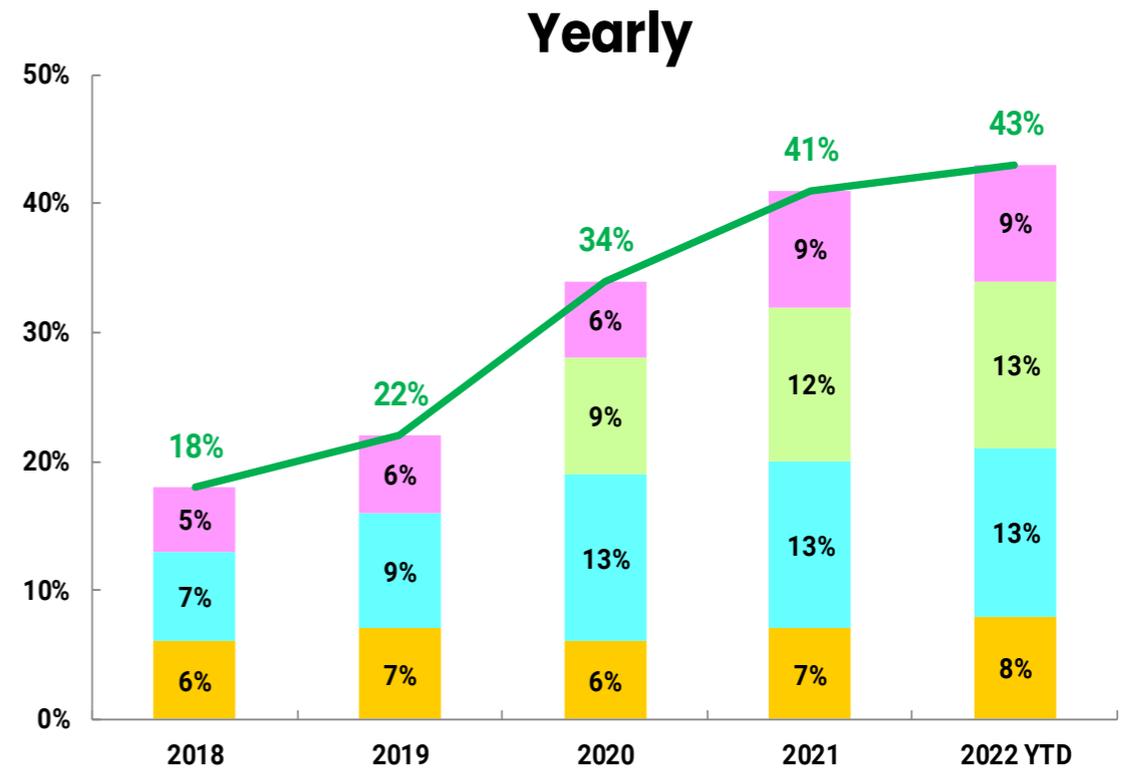
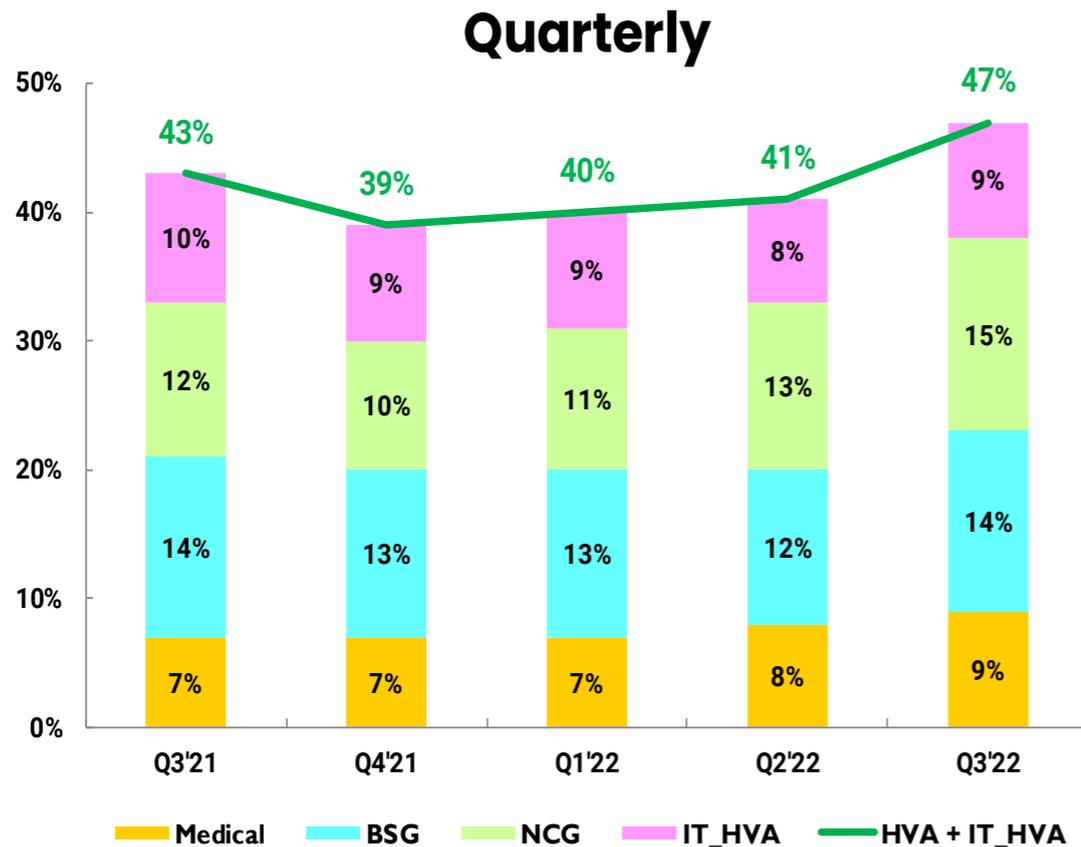
\*Medical: medical services, equipment & consumables, dialyzer, medical management consulting

\*IT\_HVA: prof. display module, integrated solutions, high-end video surveillance

\*IT\_Monitor: Monitors

# High Value-added Revenue Trend

◆ Q3 High value-added business revenue to total revenue reached 47% .



# Qisda Group's Listed Companies Results (YTD Q3)

		2022 First Three Quarters			2021 First Three Quarters			YoY Differences					
Business Group	Company	Revenue (NTD Million)	Net Income* (NTD Million)	EPS (NTD)	Revenue (NTD Million)	Net Income* (NTD Million)	EPS (NTD)	Revenue (NTD Million)	YoY%	Net Income* (NTD Million)	YoY%	EPS (NTD)	
IT	Datalmage (ROTC)	3,783	316	4.56	3,065	214	3.08	718	23%	102	48%	+1.48	
	DIVA (OTC)	654	28	0.48	519	22	0.38	135	26%	6	26%	+0.10	highest in the same period in 3 years
	TopView (OTC)	1,677	209	7.26	1,450	90	3.13	227	16%	119	132%	+4.13	highest in the same period
	SIMULA (OTC)	3,164	209	2.62	2,097	70	0.87	1,067	51%	140	201%	+1.75	highest in the same period in 3 years
Medical	BenQ Medical Tech (OTC)	2,173	157	3.53	1,046	17	0.37	1,127	108%	141	843%	+3.15	highest in the same period
	ConcordMed (ROTC)	659	38	1.13	531	16	0.65	128	24%	21	132%	+0.48	
BSG	DFI (TSE)	11,843	393	3.43	9,049	200	1.75	2,794	31%	193	97%	+1.69	highest in the same period in 3 years
	AEWIN (OTC)	1,776	113	1.90	1,317	22	0.38	460	35%	90	402%	+1.52	highest in the same period in 6 years
	Ace Pillar (TSE)	2,899	86	0.77	2,795	122	1.09	104	4%	-36	-30%	-0.32	
	Partner Tech (ROTC)	2,037	103	1.38	1,974	70	0.93	62	3%	34	48%	+0.45	
	MetaAge (TSE)	9,045	321	1.70	8,907	447	2.37	138	2%	-126	-28%	-0.67	Gain on disposal in non-operating profit in 2021
NCG	Alpha (TSE)	24,393	692	1.28	21,454	341	0.63	2,939	14%	351	103%	+0.65	highest in the same period in 11 years
	Hitron (TSE)	8,643	350	1.09	7,324	51	0.16	1,319	18%	300	590%	+0.93	highest in the same period in 6 years
	IDT (OTC)	1,164	105	2.69	1,135	145	3.75	29	3%	-40	-28%	-1.06	
Materials	BenQ Materials (TSE)	11,922	1,089	3.39	12,406	709	2.21	-484	-4%	379	53%	+1.18	highest in the same period

\* Net income attributable to Qisda

# 3. Business Update and Outlook

President Joe Huang

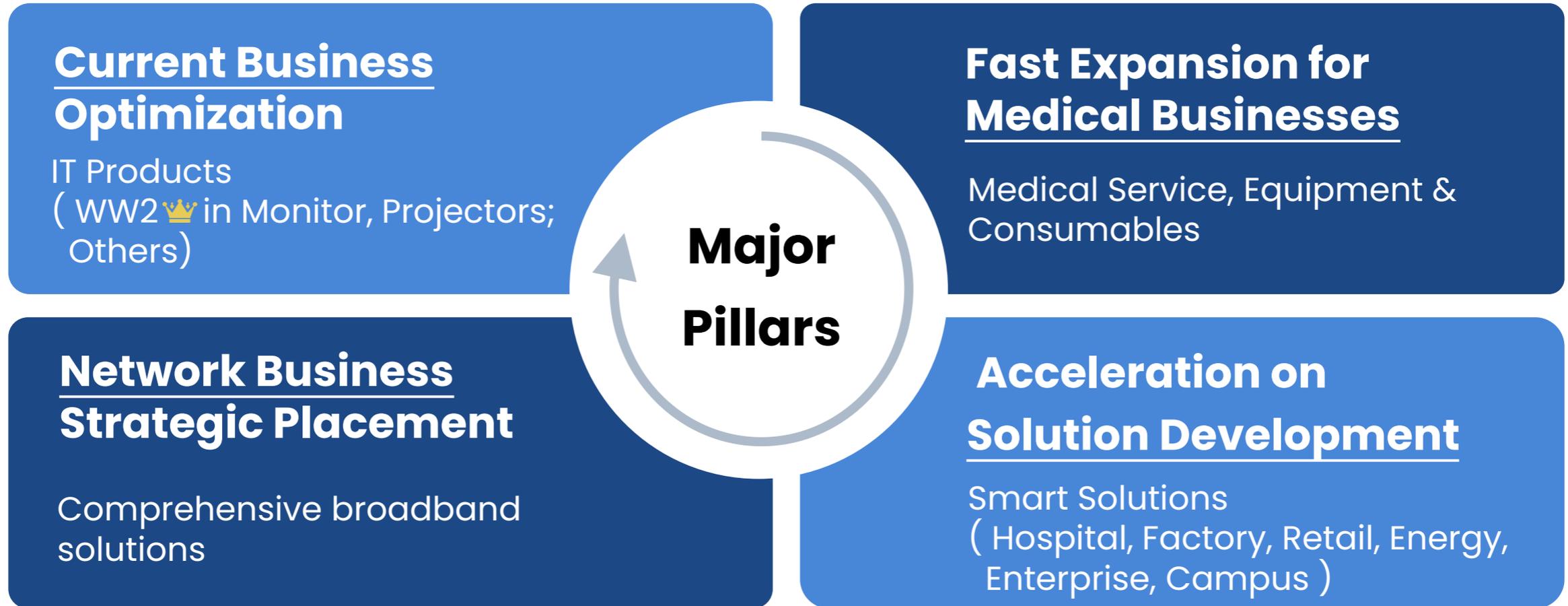
Chairman Peter Chen

A light gray world map is centered in the background of the slide. The map shows the outlines of continents and countries. Overlaid on the map is the text 'Qisda's Vision' and a statement about high value-added business revenue by 2022.

# **Qisda's Vision**

**High value-added business will account for  
more than half of the revenue by 2022**

# Qisda's Winning Strategy



# Foundations for Qisda's Value Transformation



# 2022 Q4 Outlook

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

- Factors such as inflation, regional wars, pandemic, rising interest rate, as well as slowing market demand bring challenges to operations and need to be monitored.

## ✓ **Business Drivers**

- **Continuous optimization in IT high value-added products.**
- **Medical business to maintain high growth:** Hospital business is operating healthily. Demand for dialysis and consumables are picking up. Enhance synergies from business groups via rapid integration.
- **In-depth expansion of Business Solutions Group:** Steady demand for digital transformation and IT infrastructure, continuously meet the clients' demands.
- **NCG:** New products continuously delivering. New production capability in Vietnam is expected to mass produce in mid-November.

# Qisda ESG Result



# Qisda ESG Awards and Recognition

Qisda Group committed to extend sustainable influence, and 7 companies totally won 16 Sustainability Awards in 2022.



**Qisda** **HR Asia Best Companies To Work For In Asia** for 4 years (2019~2022)  
**Top 100 Sustainability Model Award\***  
**Corporate Sustainability Report Awards –** Gold Award \*  
**Taiwan Sustainability Action Awards \***  
Gold Award on “Environmental Sustainability”  
Gold Award on “Social Inclusion”  
Bronze Award on “Economic Development”

**Alpha Networks** **Corporate Sustainability Report Awards –** Silver Award \*

**Hitron** **Corporate Sustainability Report Awards –** Bronze Award \*  
**Taiwan Sustainability Action Awards –** Silver Award \*

**BenQ Materials** **HR Asia Best Companies To Work For In Asia** for 2 years (2021~2022)  
**Top 100 Sustainability Model Award\***  
**Corporate Sustainability Report Awards –** Silver Award \*  
**Best Performance of Specific Categories –** People Development Leadership

**Topview Optronics** **Corporate Sustainability Report Awards –** Silver Award \*

**MetaAge** **Corporate Sustainability Report Awards –** Silver Award \*

**DFI** **Corporate Sustainability Report Awards –** Bronze Award \*

\*Awards from “Taiwan Institute for Sustainable Energy (TAISE)”

# 4. Summary of Business Groups

**GM, Information Technology Business Group**

**Daniel Hsueh**

**GM, Commercial and Industrial Business**

**Yuchin Lin**

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# 5. Q&A



# Qisda

## Value-Up Solutions