

1Q23 Earnings Conference LITEON Technology

2023/4/27

LITEON
— 光寶科技

Agenda

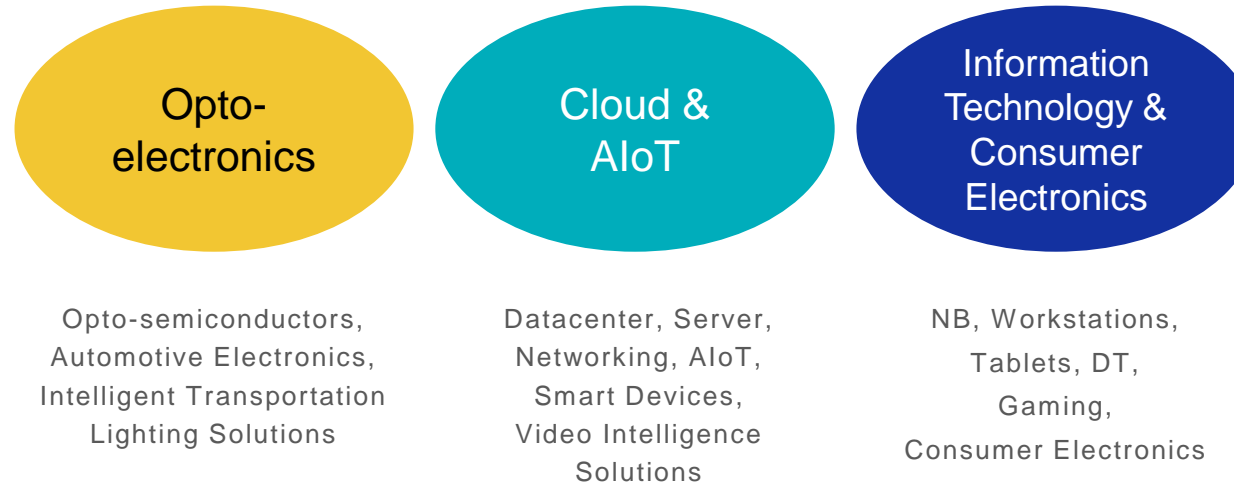


- **Host, 1Q23 Results**
Julia Wang, IR Senior Director
- **Operation Plan and Growth Strategy**
Anson Chiu, President
- **Q&A**

Safe Harbor Notice

LITEON Technology's statement of its current expectations are forward-looking statements which are subject to significant risks and uncertainties. Actual results may differ materially from those contained in any forward-looking statements.

The numbers of the presentation are prepared under IFRS.



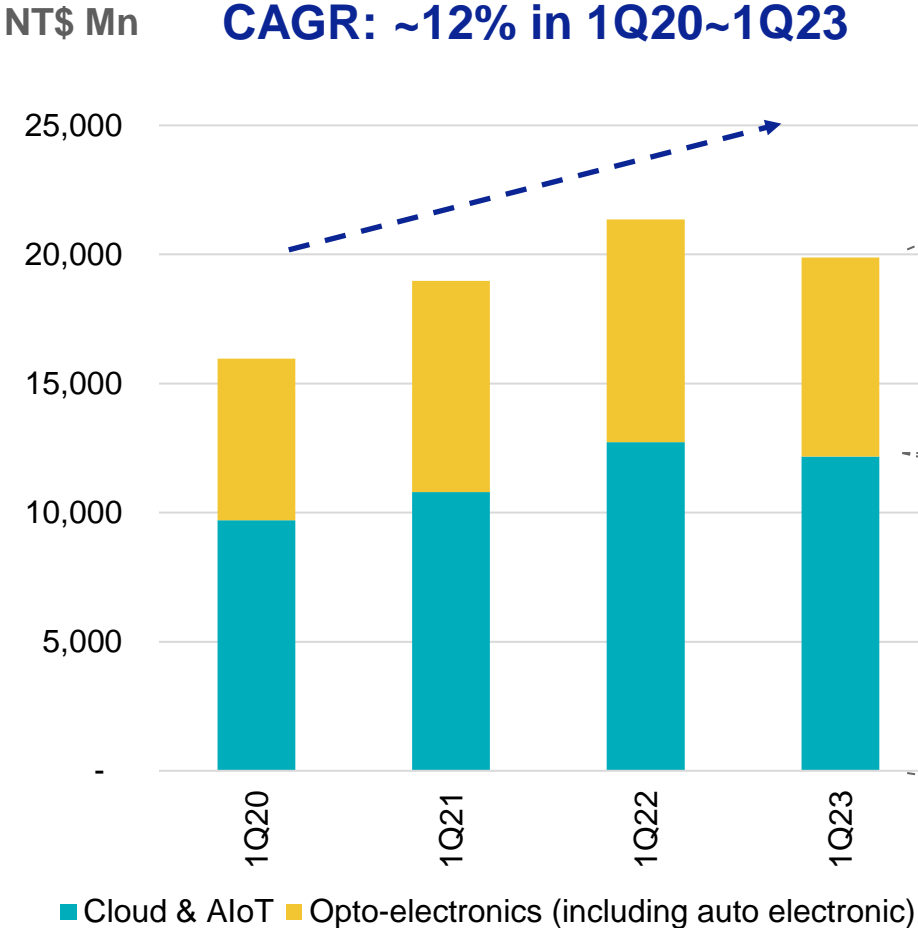
1Q23 Income Statement

<i>In NT Millions</i>	1Q23		4Q22		QoQ	1Q22		YoY
	Amount	%	Amount	%	%	Amount	%	%
Net Sales	34,174	100.0	43,095	100.0	-21*	41,230	100.0	-17*
COGS	27,752	81.2	34,679	80.5	-20	34,163	82.9	-19
Gross Profit	6,422	18.8	8,416	19.5	-24	7,067	17.1	-9
Operating Expenses	4,268	12.5	5,088	11.8	-16	4,086	9.9	4
Operating Profit	2,154	6.3	3,327	7.7	-35	2,981	7.2	-28
Other Income/ Expense	821	2.4	1,520	3.5	-46	-324	-0.8	-
Profit Before Tax	2,975	8.7	4,848	11.2	-39	2,657	6.4	12
Income Tax Expense	610	1.8	994	2.3	-39	545	1.3	12
Non-Controlling Interests	12	0.0	6	0.0	87	8	0.0	40
Profit Attributable to Parent	2,353	6.9	3,847	8.9	-39	2,104	5.1	12
After Tax EPS	1.03		1.68			0.92		

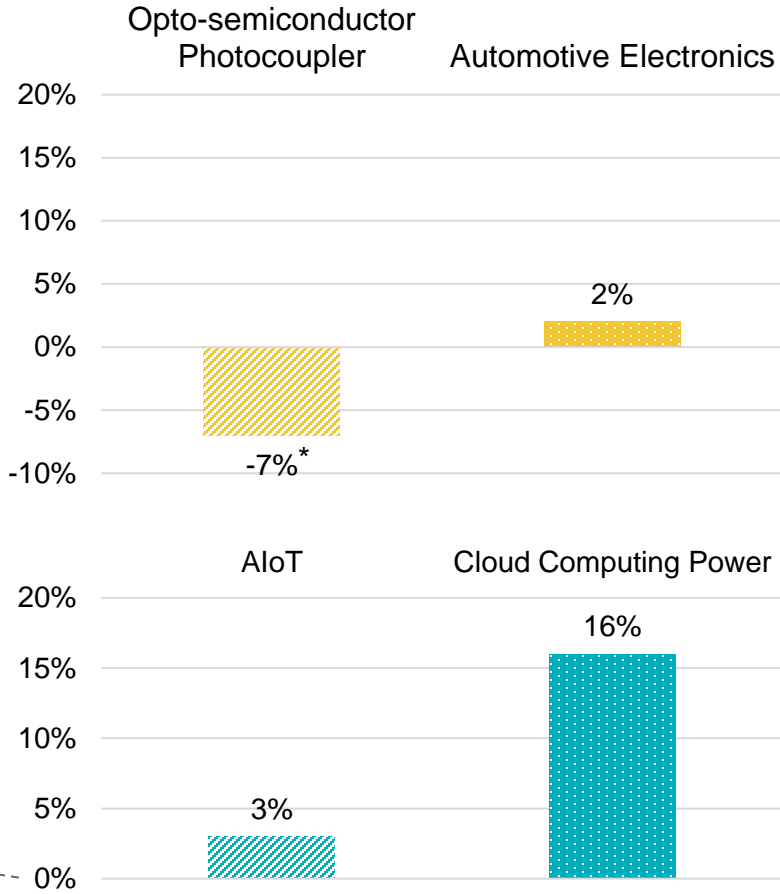
* 1Q23 revenue -15%/-12% QoQ/YoY, excluding IMG disposal

1Q Performance of Core Business in recent years

2020~2023 1Q Core Business Performance



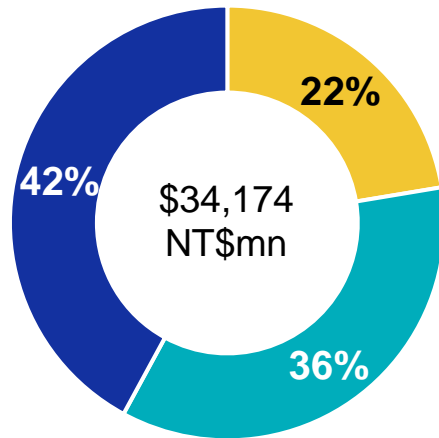
1Q23 Core Business Revenue YoY



* High-end photocoupler continues to grow, while the demand of general purpose photocoupler declines due to industry adjustment

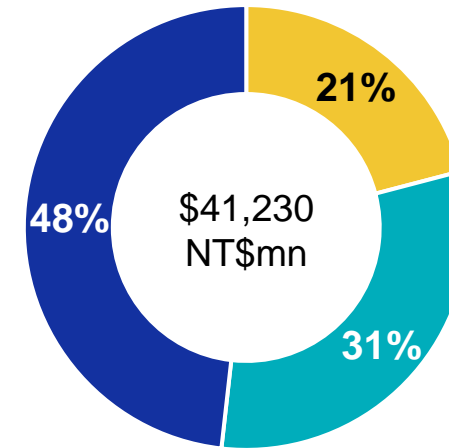
Revenue contribution in 1Q23 is approaching our 4/3/3 target

1Q23 Product Mix



- Opto-electronics (including auto electronic)
- Cloud & AIoT
- Information Technology & Consumer Electronics

1Q22 Product Mix



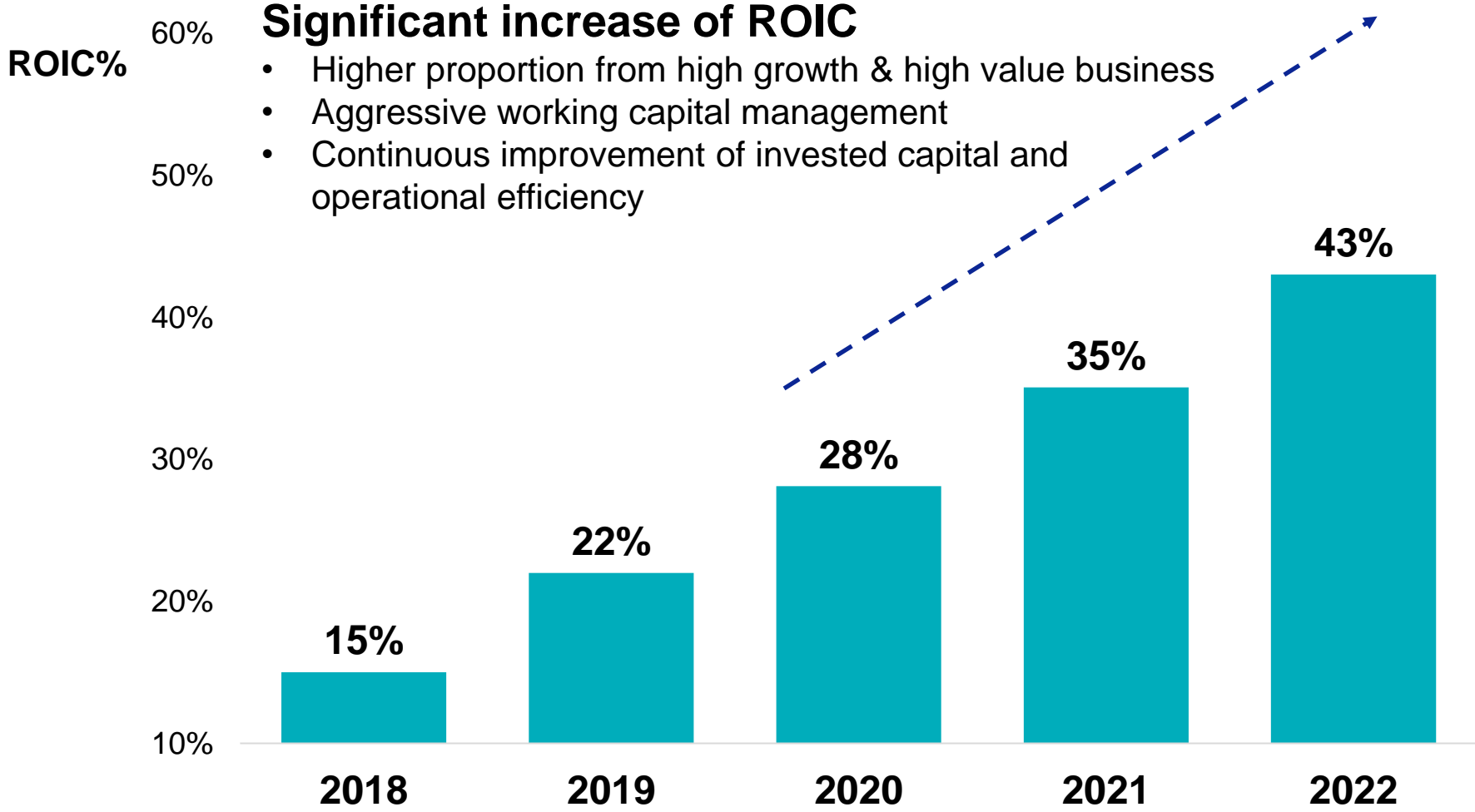
NT\$mIn	Revenue			GPM from High-End Products	Operating Profit	
	Amount	YoY	%		1Q23	1Q22
Opto-electronics (including auto electronic)	7,645	-11%	22%	30%+	482	1,087
Cloud & AIoT	12,151	-5%	36%	25%+	788	692
Information Technology & Consumer Electronics	14,378	-28%*	42%	18%+	1,894	1,920

* ITCE revenue -18% YoY, excluding IMG

Robust Balance Sheet

<i>In NT millions</i>	1Q23		4Q22		1Q22	
	Amount	%	Amount	%	Amount	%
Cash & Equivalent	77,675	42%	91,066	46%	68,517	37%
Accounts Receivable	30,423	17%	38,128	19%	38,099	20%
Inventories	25,366	14%	27,747	14%	31,307	17%
Current Assets	149,469	81%	164,953	83%	150,602	81%
Short Term Debt	20,840	11%	32,629	16%	27,304	15%
Accounts Payable	37,828	21%	44,883	22%	44,646	24%
Current Liabilities	100,962	55%	111,781	56%	110,997	60%
Equities	77,401	42%	81,987	41%	72,199	39%
Key Indices						
Quick Ratio (x)	1.2		1.2		1.1	
Net Cash (NT Millions)	56,835		58,437		41,213	
BVPS	33		35		31	

Enhanced ROIC over years creating resources for new business



* ROIC: Operating Profit after tax / Average [Net Working Capital + Net PP&E + Right-of-use Assets + Intangible Assets]

1Q23 Executive Summary

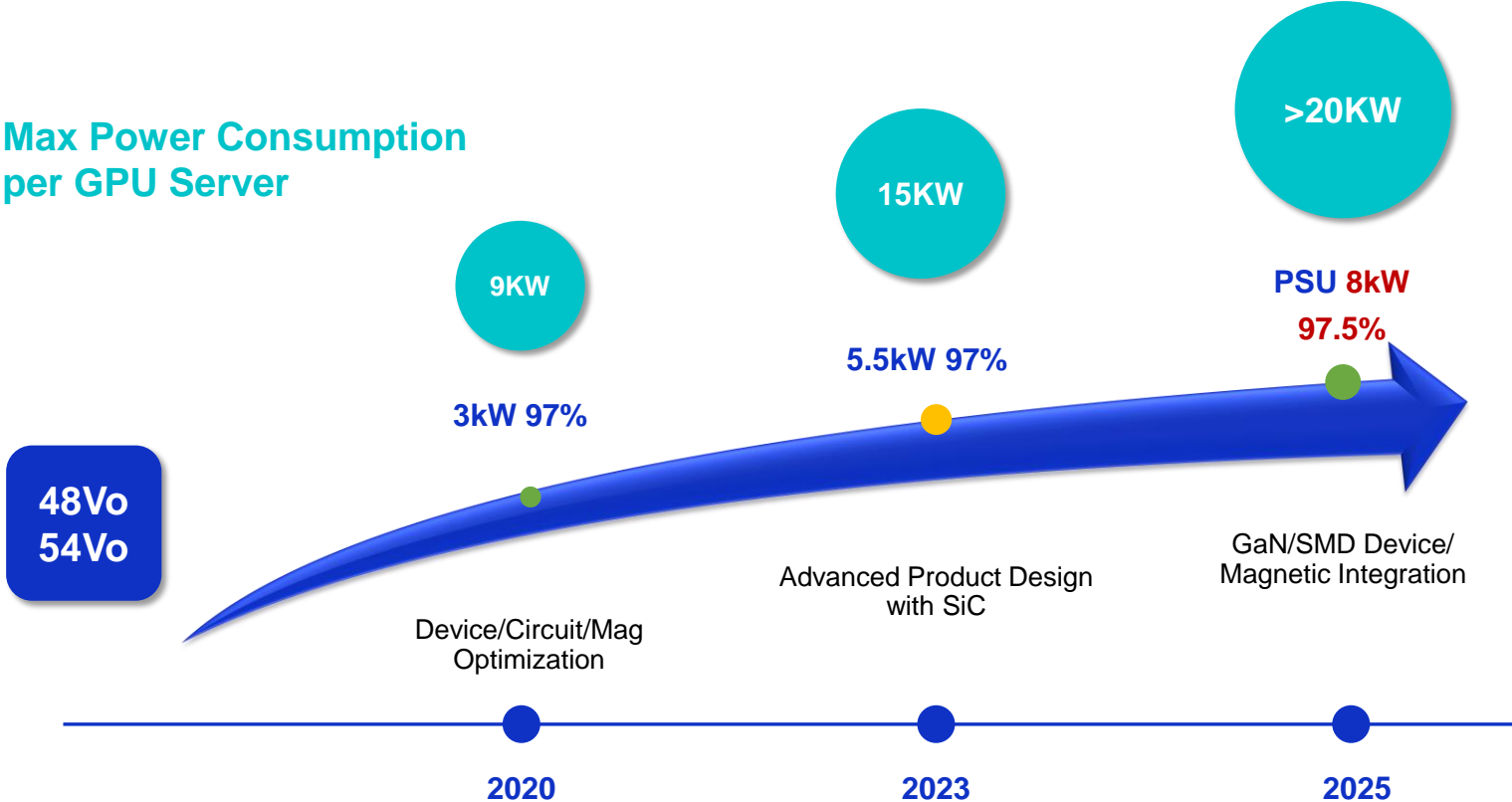
- 1Q23 consolidated sales reached NT\$34.2 billion, down 12% YoY(excluding IMG), which mainly benefited from the YoY growth of cloud computing power, auto electronics, 5G and networking. Gross margin reached 18.8%, up 1.7ppts YoY, attributable to the optimization of product and customer portfolios.
- RD expense accounts for 5.5% of sales in 1Q23, up nearly 20% YoY, mainly reflecting LITEON's investment on cloud, 5G, auto electronics and new business.
- 1Q23 profits reached NT\$2.35 billion and EPS reached NT\$1.03, up 12% YoY.
- The ex-dividend date of 4Q22 cash dividend was 3/16, and the payment date was 4/21. The dividend of 2022 FY reached NT\$4.5, with payout ratio of 73%.
- The Annual Shareholders Meeting is expected to be held on May 17th, 2023.

Operation Plan and Growth Strategy

LITEON[®]

Developing high-end PSUs to align with AI Server requirement

- LITEON continues to focus on the rapid development of AI/GPU trend, developing high efficiency PSUs with power wattage ranging from 6KW~8KW and efficiency levels surpassing titanium level(97.5%) to meet high power, high efficiency and energy saving requirements from datacenters.
- The power system combines customized transformer design and optimized circuit architecture to break through the technical level of higher power and efficiency.
- The application of AI is becoming increasingly widespread, and the demand for GPU servers is optimistic in the next 2-3 years. Recently, the demand of GPU power products has increased significantly in the market.



Operation Plan and Growth Strategy

2Q23 Outlook

- Three major business and the whole operational performance are expected to grow, mainly driven by high growth & high value core business such as cloud computing power, auto electronics, 5G small cell and networking.
- Shipment of high-end products in ITCE is expected to grow. Besides, ITCE product portfolio continues to diversify.
- Continue our RD investment(5~6% of sales) to increase added-value and GP from core business.

2023 Outlook

- Expected to see high growth & high value products such as AI server, auto electronics(ADAS, EV), 5G network to drive revenue back to a sequential growth trajectory.
- ROIC has increased from 15% in 2018 to 43% in 2022. Profits and returns generated from core business have created the resources needed to develop new business. More strategic investments in new business are expected, with continuous improvement of operational efficiency in core business, so that long-term ROIC can keep growing and sustaining.

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