

# 4Q23 Earnings Conference LITEON Technology

2024/02/26

**LITEON**<sup>®</sup>  
— 光寶科技

# Agenda

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**LITEON**

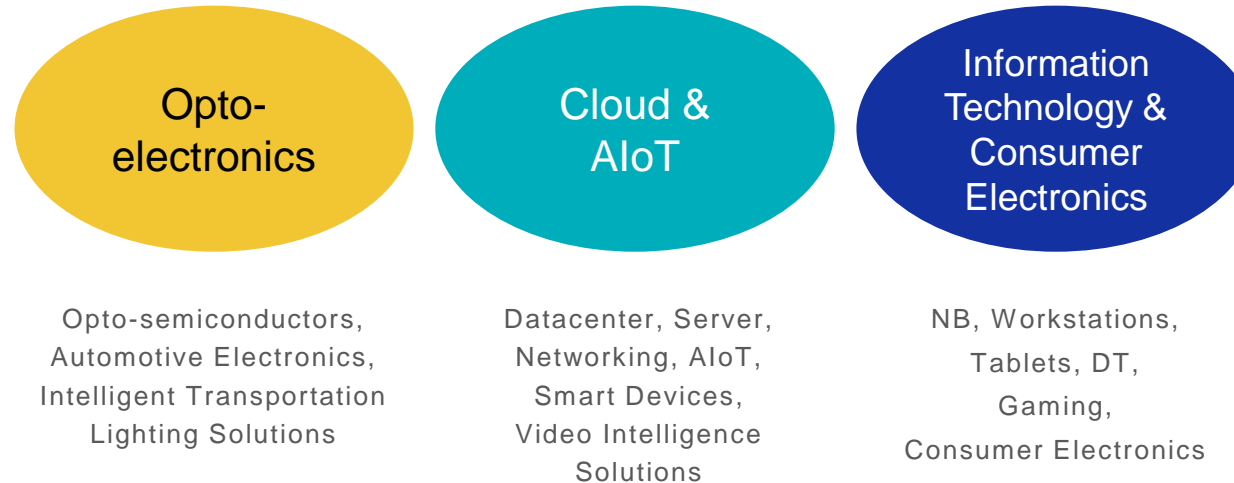
- **Host, 4Q23 Results**  
Julia Wang, IR Senior Director
- **Operation Plan and Growth Strategy**  
Anson Chiu, President
- **LITEON 2024 Transformation**  
Jason Tsao, CTO
- **Q&A**

# Safe Harbor Notice

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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.



# 4Q23 Income Statement

<i>In NT Millions</i>	4Q23		3Q23		QoQ	4Q22		YoY
	Amount	%	Amount	%	%	Amount	%	%
Net Sales	36,909	100.0	39,957	100.0	-8	43,095	100.0	-14*
COGS	28,773	78.0	30,526	76.4	-6	34,679	80.5	-17
Gross Profit	8,137	22.0	9,432	23.6	-14	8,416	19.5	-3
Operating Expenses	4,719	12.8	4,812	12.0	-2	5,088	11.8	-7
Operating Profit	3,418	9.3	4,620	11.6	-26	3,327	7.7	3
Other Income/ Expense	934	2.5	1,124	2.8	-17	1,520	3.5	-39
Profit Before Tax	4,352	11.8	5,744	14.4	-24	4,848	11.2	-10
Income Tax Expense	894	2.4	1,178	2.9	-24	994	2.3	-10
Non-Controlling Interests	-2	0.0	9	0.0	-122	6	0.0	-
Profit Attributable to Parent	3,460	9.4	4,558	11.4	-24	3,847	8.9	-10
After Tax EPS	1.51		1.99			1.68		

\* 4Q23 revenue -8.5% YoY, excluding IMG disposal

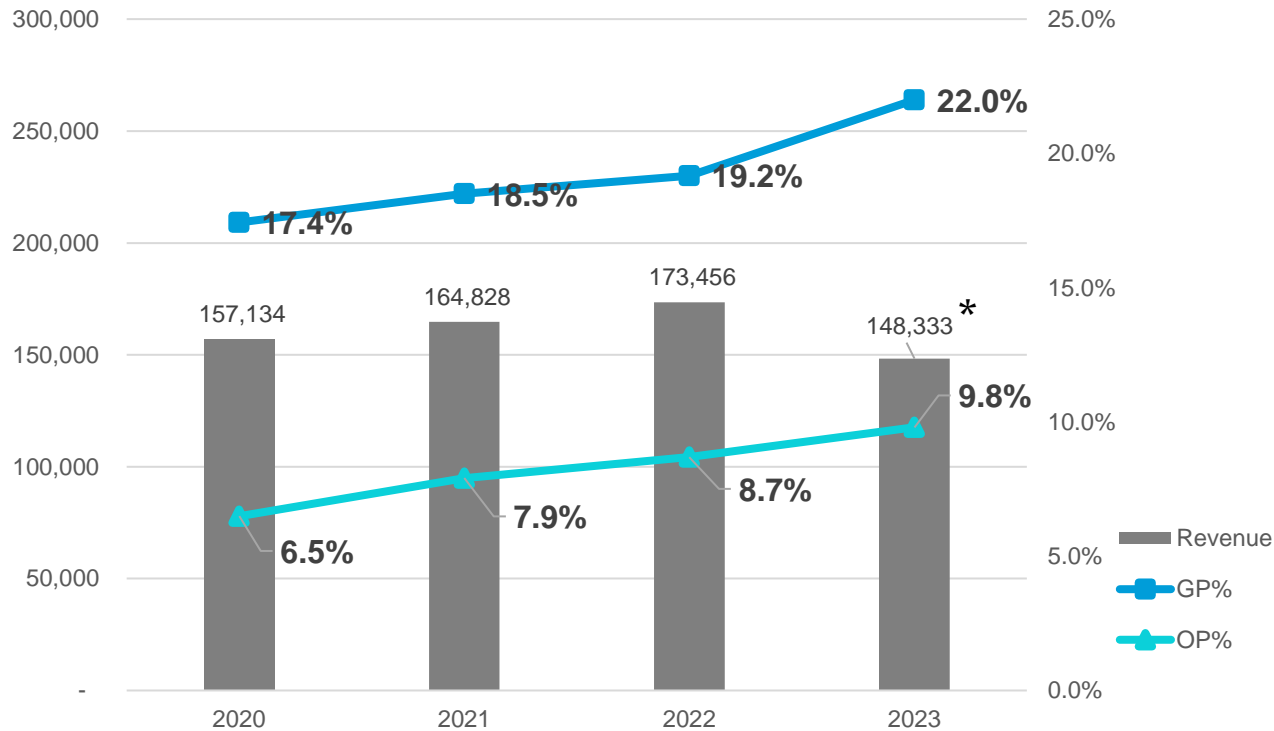
# 2023 Income Statement

<i>In NT Millions</i>	2023		2022		YoY
	Amount	%	Amount	%	%
Net Sales	148,333	100.0	173,456	100.0	-14 *
COGS	115,665	78.0	140,194	80.8	-17
Gross Profit	32,668	22.0	33,262	19.2	-2
Operating Expense	18,152	12.2	18,190	10.5	0
Operating Profit	14,516	9.8	15,073	8.7	-4
Other Income/ Expense	3,850	2.6	2,773	1.6	39
Profit Before Tax	18,366	12.4	17,846	10.3	3
Income Tax Expense	3,767	2.5	3,658	2.1	3
Non-Controlling Interests	28	0.0	36	0.0	-23
Profit Attributable to Parent	14,571	9.8	14,151	8.2	3
After Tax EPS	6.36		6.19		

\* 2023 revenue -9% YoY, excluding IMG disposal

# Core Business & Profit expansion by growth engines since 2020

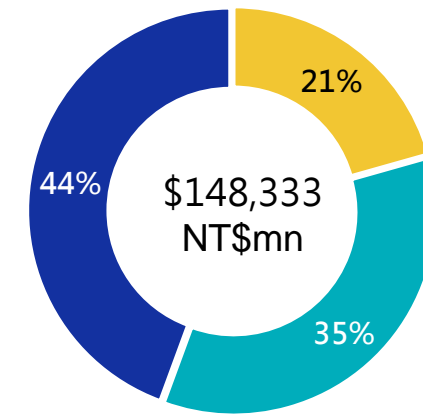
NT\$ Mn



NT\$	2020	2021	2022	2023	CAGR
EPS	4.31	6.01	6.19	6.36	14%

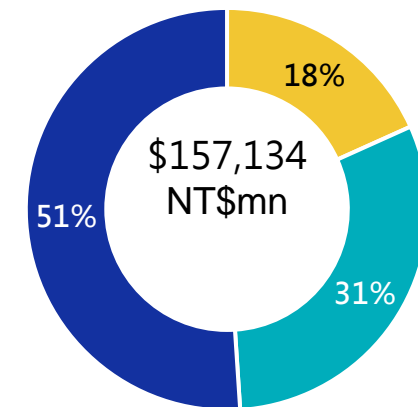
\* Excluded IMG divestment

## 2023 Product Mix



56% ↑

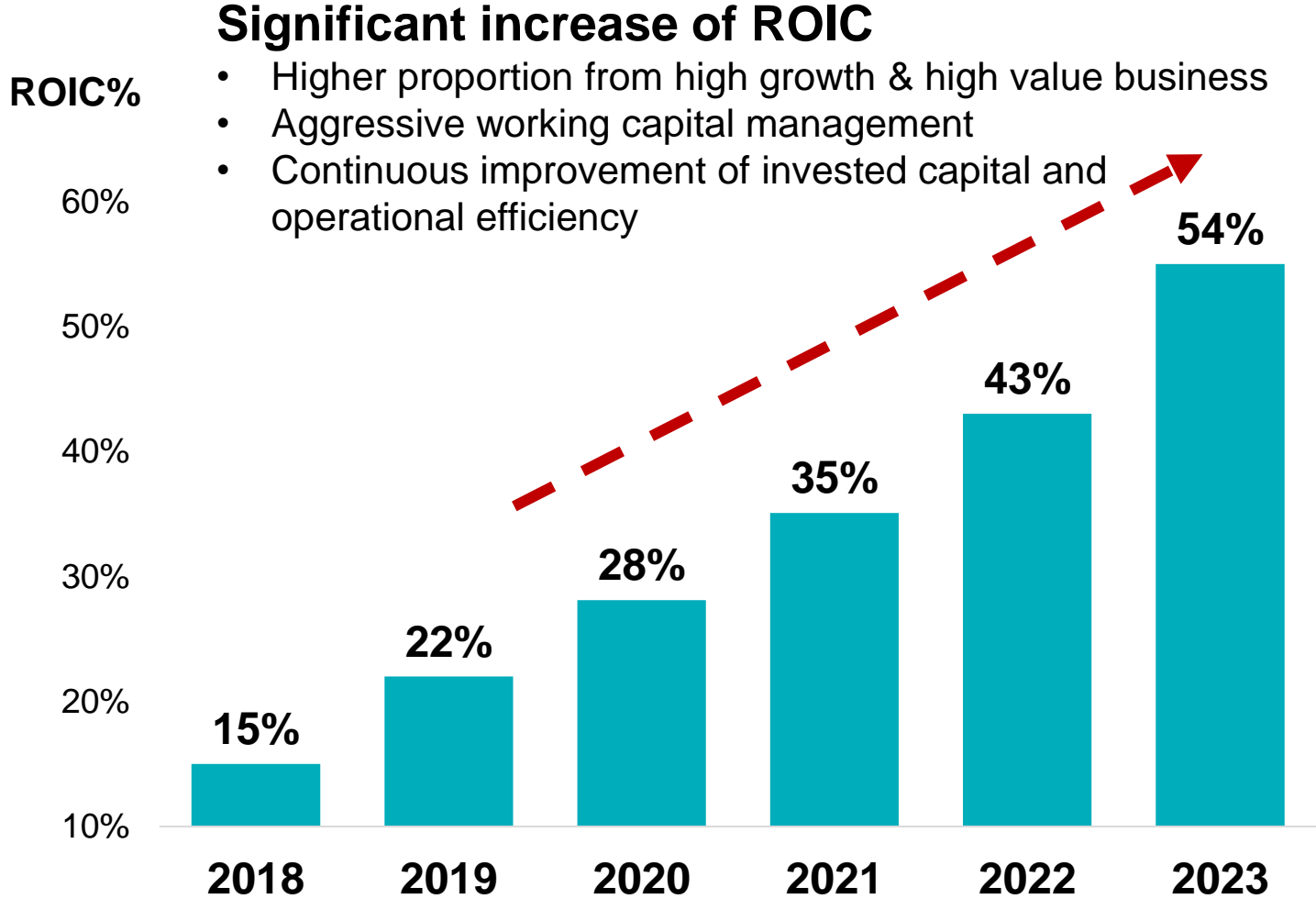
## 2020 Product Mix



49%

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

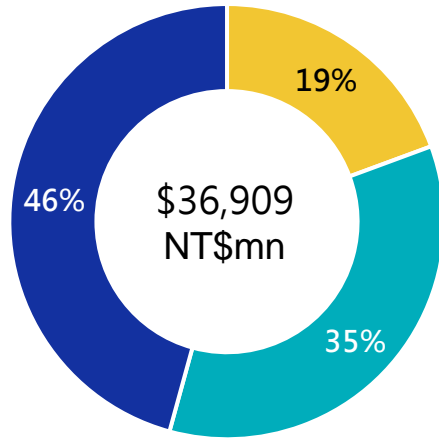
# Enhanced ROIC over 4 years creating resources for new business



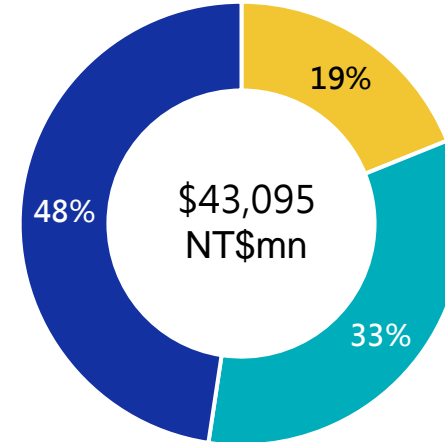
\* ROIC: Operating Profit after tax / Average [Net Working Capital + Net PP&E + Right-of-use Assets + Intangible Assets]

# Revenue and profits contribution by segment in 4Q23

4Q23 Product Mix



4Q22 Product Mix



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

NT\$Mln	Revenue			Operating Profit		
	Amount	YoY	%	4Q23	4Q22	YoY
Cloud & AIoT	12,871	-11%	35%	1,714	1,235	39%
Information Technology & Consumer Electronics	16,891	-5% *	46%	2,341	2,435	-4%
Opto-electronics (including auto electronic)	7,147	-12%	19%	715	903	-21%

\* Excluded IMG divestment



# Robust Balance Sheet

<i>In NT millions</i>	4Q23		3Q23		4Q22	
	Amount	%	Amount	%	Amount	%
Cash & Equivalent	92,742	49%	94,834	47%	91,066	46%
Accounts Receivable	31,586	17%	36,663	18%	38,128	19%
Inventories	25,808	14%	26,015	13%	27,747	14%
Current Assets	155,618	82%	167,111	83%	164,953	83%
Short Term Debt	22,493	12%	31,999	16%	32,629	16%
Accounts Payable	40,918	22%	43,215	22%	44,883	22%
Current Liabilities	98,001	52%	109,929	55%	111,781	56%
Long Term Borrowings	3,000	2%	3,000	1%	3,000	2%
Equities	85,067	45%	84,510	42%	81,987	41%
Key Indices						
Quick Ratio (x)	1.3		1.3		1.2	
Net Cash (NT Millions)	67,249		59,835		55,437	
BVPS	37		36		35	

# 4Q and 2023 Executive Summary

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## 4Q23

- Q4 Sales reached ~NT\$37 billion, Gross Margin and Operating Margin reached 22% and 9.3%, up 2.5 and 1.6ppts YoY respectively, attributable to synergies of enhanced high-value business, supply chain resilience, AI tools implemented and digitalized operational management.
- RD expense accounted for 6.2% of Q4 sales, up nearly 10% YoY, reflecting steady investment in cloud, opto-electronics, 5G and new business.
- Q4 Net profits reached NT\$3.7 billion and EPS of NT\$1.51.
- Cloud Computing Power Management grew 30% YoY, benefited from model migration of AI server power management and cloud computing products.
- New product launches by IT clients, resulting in the yearly sales and profit growth from high-end products in IT&CE.
- New progress in Opto-electronics, including automotive lighting and Infrared sensing applications, whereas impacted by the soft consumer demand and UAW incidents.

## 2023

- Sales of NT\$148 billion, GPM and OPM reached 22% and 9.8%, up 2.8 ppts and 1.1ppts YoY, respectively. EPS reached NT\$6.36, up 3% YoY.
- Return on invested capital (ROIC) lifted to 54%, reflecting the ongoing expansion in the intrinsic value of the company.

# Dividend Policy

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- BOD approved the fourth quarter of 2023 cash dividend of NT\$2.5 per share.
- Including the NT\$2 cash dividend per share in the first half of 2023, the cash dividend of 2023 FY reaches NT\$4.5 per share with payout ratio of 71%.
- LITEON's dividend policy will be flexible, considering financial, business and operational plans.

<i>Period</i>	2018	2019	2020	2021	2022	2023
<b>EPS(NT\$)</b>	<b>3.4</b>	<b>4.03</b>	<b>4.31</b>	<b>6.01</b>	<b>6.19</b>	<b>6.36</b>

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# Operation Plan and Growth Strategy

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# Operation Plan and Growth Strategy

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- Three major operating goals set to increase LITEON's overall value and initiate transformation in 2023 were accomplished: 1) Enhance profitability, 2) Increase the revenue portion of growth engines, and 3) Change the business model from a component supplier to solution provider.
- The next milestone is the expansion of the revenue scale. We plan to concurrently develop new businesses with high potential growth and high value in the future, in addition to the organic growth of our current businesses.
- LITEON Transformation Office was established with the tasks of defining a new business plan, encouraging internal entrepreneurship, and conducting a thorough review of the company's core competencies, technologies, resources, and business models. LITEON+ was also established as an innovation engagement platform to connect resources with international innovation teams and partners,

# Operation Plan and Growth Strategy

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- LITEON has been implementing global environmental regulations and ESG standards, by cutting greenhouse gas emissions in accordance with SBT standards, raising the share of renewable energy use, and completely transitioning to low-carbon design in production processes and product materials. Concurrently, LITEON is actively constructing a low-carbon economic competitiveness and has created a digital platform for carbon management.
- Looking forward, the cloud computing power management solutions will continue to grow, and shipments of high-end opto-semiconductors, information technology and other electronic products are expected to gradually pick up, laying the foundation for stable revenue and profit of the core business in 2024.

# 2024 ESG Dashboard

555 Carbon Reduction Action

Emission intensity YOY -5%

Product footprint -5%  
per generation

2050 Net Zero



## SBTi Net Zero

To submit the 2050 Net zero target to SBTi for validation

Greenhouse gas reduction by 2024 vs base year 2014

**38.5%**

Est. carbon reduction of 64,000 tons

RE100 by 2040

**31%**

Est. Renewable energy use in 2024

Carbon footprint reduction optimization for each product.

**Emission cut >6%**

Develop alternative materials for three major high carbon emission raw materials, aiming for a 70% carbon reduction compared to virgin materials.

To strengthen low-carbon competitiveness by **self-built carbon management digital platform** and an **internal carbon cost mechanism**

Governance

- Ranked top 5% in the Corporate Governance Evaluation for its rigorous sustainability governance
- Increase ESG threshold for supplier evaluation and focus on suppliers with higher emissions of PCB, plastics, and metal parts for carbon reduction optimization.
- Taiwan Intellectual Property Management Standards (TIPS) verification in 2023 to enhance innovation.

Social

**New Employee Benefits:** Lunch Subsidy, Employee Stock Ownership Trust (ESOT), Childcare Allowance, and 7 days of paid "Fun Leave."  
**WoW (Women of Wonders) Community:** Initiated by female executives in 2023 and offering training, support, and mentorship for female empowerment  
**-1111 Ecorevolve Shopping Fair:** Promoted circular economy and donated sales proceeds of 6,000+ high-quality items to NGOs.

# 光電節能 環境永續 Empowering A Green Future

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