

## Bizlink (3665.TW/3665 TT)

### 2Q24 EPS beat; HPC to take off in 2025F

#### Outperform · Maintained

Price as of August 26 (NT\$)	431.5
12M target price (NT\$)	508
Previous target price (NT\$)	402
Revised up (%)	26.4
Upside (%)	17.7

#### Key message

- 2Q24 EPS of NT\$6.13 was 26% higher than consensus on stellar gross margin.
- We project HPC will account for 24% of 2025F revenue, up from 16% in 2024F, fueled by robust growth in both GPU and ASIC server markets.
- We raise 2024-25F EPS by 7% & 12%, as we believe 2Q24 gross margin strength is sustainable going forward.

#### Trading data

Mkt cap (NT\$/bn/US\$m)	74.99 / 2,301
Outstanding shares (mn)	173.8
Foreign ownership (mn)	62.21
3M avg. daily trading (mn)	5.05
52-week trading range (NT\$)	224.0 - 431.5

Performance	3M	6M	12M
Absolute (%)	63.8	79	61.6
Relative (%)	60.7	61.6	26.7

#### Quarterly EPS

NT\$	1Q	2Q	3Q	4Q
2023	4.01A	2.75A	4.54A	3.11A
2024	3.56A	6.13F	5.70F	6.78F
2025	6.37F	8.23F	9.10F	9.34F

#### Share price chart



Source: TEJ

#### Event

Bizlink reported 2Q24 EPS of NT\$6.13, and announced plans to fully acquire Easys Electronics (SK) at a cost of €51.5mn, with consolidation expected in 4Q24F.

#### Impact

**2Q24 EPS beat on stellar gross margin.** 2Q24 revenue of NT\$13.0bn was up 4% QoQ, as electrical appliances and IT hardware segments led the way with respective growth of 26% and 15% QoQ, while industrial revenue was flat QoQ, and auto continued a downturn with an 18% QoQ decline. Gross margin rose 1.8ppts QoQ to 28.1%, 1.2ppts above consensus, on a more favorable product mix and inventory write-off reversals. 2Q24 EPS of NT\$6.13 was 26% above consensus.

**HPC the rocket engine.** HPC revenue rose 15% YoY in 1H24 to account for 15% of revenue, replacing factory automation (13%) as Bizlink's largest end-application. The firm is well-positioned to ride on the AI boom in both GPU and ASIC server markets, thanks to a placement on the reference vendor list for Nvidia's (US) GB200 platform for cables and connectors, in recognition of the firm's collaborations with top US CSPs. Management guides revenue to pick up from 2H24F. We are even more positive on Bizlink's HPC business, as we project revenue growth of 36% and 73% YoY in 2024-25F, for 16% and 24% sales weightings, respectively.

**Semiconductor equipment another catalyst; auto the laggard.** Bizlink aims to benefit from an AI-driven semiconductor equipment upcycle in 2024-26F, and the acquisition of Easys Electronics should further strengthen its box build and system integration capabilities. Management reiterated that most segments are nearing the later stages of de-stocking, with auto being the weakest, but the firm sees signs of the demand trough approaching. We project accelerating revenue growth of 17% YoY in 2025F, up noticeably from 4% YoY in 2024F.

**We raise 2024-25F EPS by 7% and 12%.** We think gross margin strength in 2Q24 will be sustained going forward, as the firm enjoys desirable margins on HPC business. Our revised 2024-25F EPS represent growth of 55% and 49% YoY, implying a 2023-25F EPS CAGR of 52%. Near-term, we forecast 3Q-4Q24 revenue growth of 4% and 6% QoQ, for gross margin of 28.0% and 28.3%, and EPS of NT\$5.70 and NT\$6.78, respectively.

#### Valuation & Action

We raise our 12M target price to NT\$508, based on 17x 2025F fully-diluted EPS of NT\$29.90, versus a historical PE band of 9-24x, as we think Bizlink's strong position in AI tech should help catalyze a share re-rating. Maintain Outperform.

#### Risks

Economic slowdown; weaker-than-expected contribution from new growth engines.

#### Key financials and valuations

	Dec-22A	Dec-23A	Dec-24F	Dec-25F	Dec-26F
Revenue (NT\$m)	53,757	51,052	52,935	61,930	68,550
Gross profit (NT\$m)	13,787	12,587	14,672	17,855	19,914
Operating profit (NT\$m)	5,546	4,237	5,960	8,423	9,586
Net profit (NT\$m)	3,838	2,317	3,751	5,742	6,690
EPS (NT\$)	25.02	14.37	22.24	33.04	38.50
Cash DPS (NT\$)	10.10	8.83	13.50	20.00	23.00
EPS growth (%)	64.4	(42.6)	54.8	48.5	16.5
PE (x)	17.2	30.0	19.4	13.1	11.2
PB (x)	3.0	2.9	2.6	2.4	2.1
EV/EBITDA (x)	9.7	11.8	9.1	6.9	5.8
Net debt to equity (%)	38.8	29.4	10.1	1.3	Net cash
Dividend yield (%)	2.3	2.0	3.1	4.6	5.3
Return on average equity (%)	20.4	9.8	14.1	19.0	20.0

Source: Company data; KGI Research estimates

**Figure 1: Breakdown of 2Q24 results & 3Q24 forecast revisions vs. consensus**

NT\$m	2Q24							3Q24F						
	Actual	KGI	Diff. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)
Sales	12,984	13,238	(1.9)	4.5	(0.2)	13,174	(1.4)	13,419	13,851	(3.1)	3.4	2.0	14,125	(5.0)
Gross profit	3,650	3,503	4.2	11.5	28.1	3,541	3.1	3,752	3,683	1.9	2.8	6.9	3,775	(0.6)
Operating profit	1,483	1,336	11.1	34.7	80.6	1,384	7.2	1,571	1,502	4.6	5.9	11.1	1,569	0.1
Net income	1,002	824	21.7	72.6	127.3	849	18.1	990	975	1.6	(1.2)	33.7	986	0.4
EPS (NT\$)	6.13	5.04	21.6	72.5	123.3	4.88	25.5	5.70	5.96	(4.5)	(7.1)	25.6	5.73	(0.5)
Gross margin (%)	28.1	26.5	1.7 ppts	1.8 ppts	6.2 ppts	26.9	1.2 ppts	28.0	26.6	1.4 ppts	(0.2) ppts	1.3 ppts	26.7	1.2 ppts
Op. margin (%)	11.4	10.1	1.3 ppts	2.6 ppts	5.1 ppts	10.5	0.9 ppts	11.7	10.8	0.9 ppts	0.3 ppts	1.0 ppts	11.1	0.6 ppts
Net margin (%)	7.7	6.2	1.5 ppts	3.0 ppts	4.3 ppts	6.4	1.3 ppts	7.4	7.0	0.3 ppts	(0.3) ppts	1.7 ppts	7.0	0.4 ppts

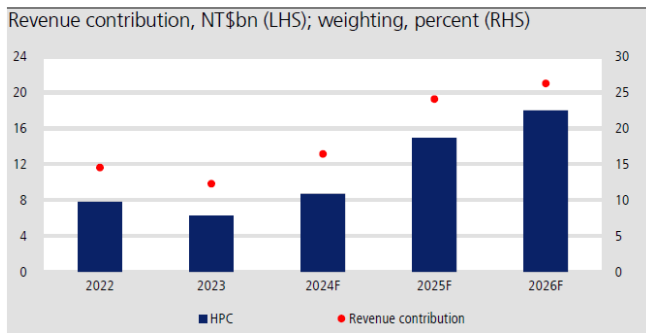
Source: Bloomberg; KGI Research estimates

**Figure 2: Breakdown of 2024 & 2025 forecast revisions vs. consensus**

NT\$m	2024F						2025F					
	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)
Sales	52,935	53,668	(1.4)	3.7	54,062	(2.1)	61,930	61,244	1.1	17.0	62,645	(1.1)
Gross profit	14,672	14,235	3.1	16.6	14,435	1.6	17,855	16,513	8.1	21.7	17,174	4.0
Operating profit	5,960	5,486	8.6	40.7	5,608	6.3	8,423	7,079	19.0	41.3	7,431	13.3
Net income	3,751	3,401	10.3	61.9	3,444	8.9	5,742	4,820	19.1	53.1	4,824	19.0
EPS (NT\$)	22.24	20.82	6.9	54.8	19.47	14.2	33.04	29.49	12.0	48.5	26.78	23.4
Gross margin (%)	27.7	26.5	1.2 ppts	3.1 ppts	26.7	1.0 ppts	28.8	27.0	1.9 ppts	1.1 ppts	27.4	1.4 ppts
Op. margin (%)	11.3	10.2	1.0 ppts	3.0 ppts	10.4	0.9 ppts	13.6	11.6	2.0 ppts	2.3 ppts	11.9	1.7 ppts
Net margin (%)	7.1	6.3	0.7 ppts	2.5 ppts	6.4	0.7 ppts	9.3	7.9	1.4 ppts	2.2 ppts	7.7	1.6 ppts

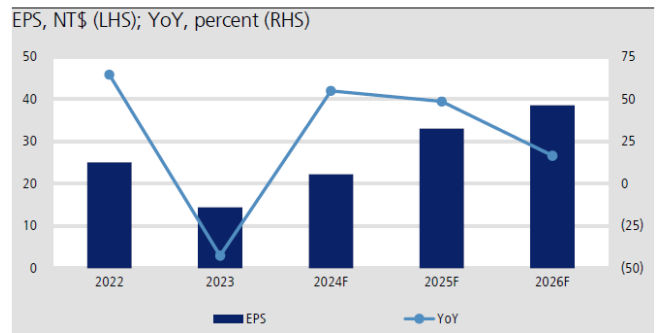
Source: Bloomberg; KGI Research estimates

**Figure 3: HPC to account for 24% of 2025F revenue**



Source: Company data; KGI Research

**Figure 4: 2023-25F EPS CAGR of 52%**



Source: Company data; KGI Research

Figure 5: AEC (purple cables) are used in Microsoft's Maia server rack



Source: Microsoft; KGI Research

Figure 6: AEC are equipped with retimer IC for better signal integrity



Source: Credo; KGI Research

Figure 7: Power whip



Source: Company data; KGI Research

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**Figure 8: Rack busbars**

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Source: Company data; KGI Research

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**Figure 9: Busbar connectors**

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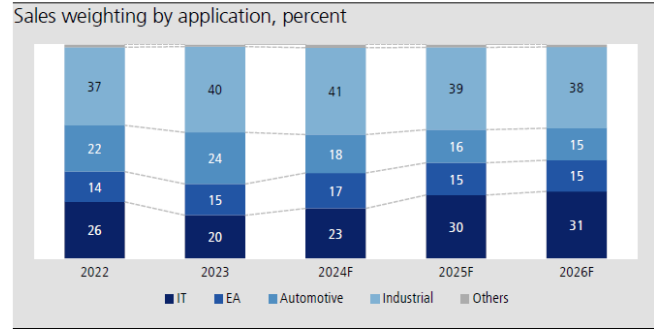
Source: Company data; KGI Research

**Figure 10: Company profile**

Established in 1996 and headquartered in California, Bizlink listed in Taiwan in 2011. The company produces cable assemblies, wire harnesses, and connectors, with applications in the industrial control, automotive, medical, and solar sectors, among others. These markets require small quantities of a wide variety of products with high technological entry barriers. The firm acquired Leoni's (DE) electrical appliance (EA) assembly business in May 2017, adding power cables to its portfolio, and consolidated Leoni's industrial business group (INBG) in January 2022.

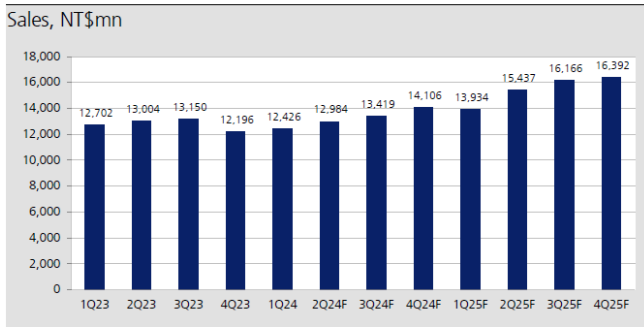
Source: KGI Research

**Figure 11: Industrial the largest segment after INBG acquisition**



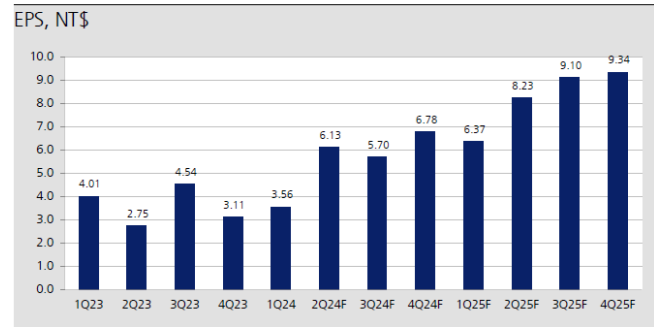
Source: KGI Research

**Figure 12: Sales**



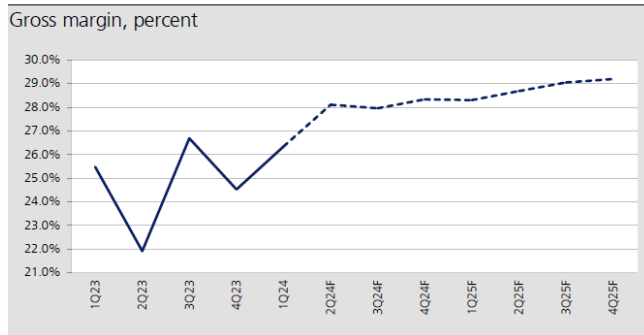
Source: KGI Research

**Figure 13: EPS**



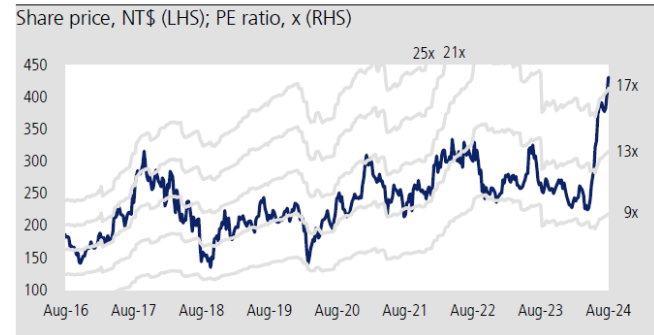
Source: KGI Research

**Figure 14: Gross Margin**



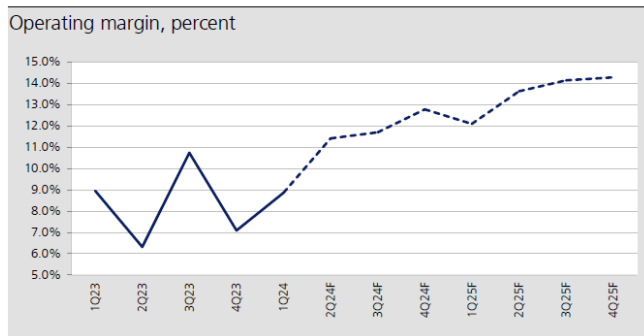
Source: KGI Research

**Figure 15: 12-month forward PE band**



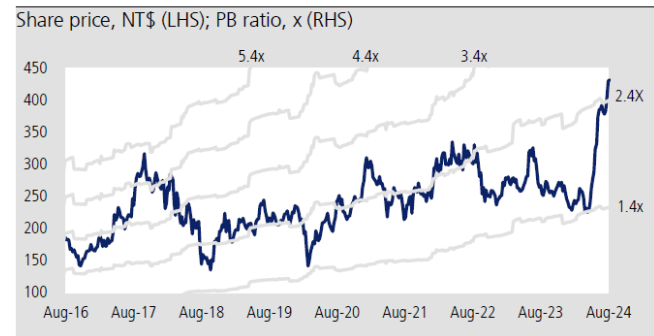
Source: KGI Research

**Figure 16: Operating Margin**



Source: KGI Research

**Figure 17: 12-month forward PB band**



Source: KGI Research



**Income statement**

	Quarterly								Annually		
	Mar-24A	Jun-24F	Sep-24F	Dec-24F	Mar-25F	Jun-25F	Sep-25F	Dec-25F	Dec-24F	Dec-25F	Dec-26F
<b>Income statement (NT\$m)</b>											
<b>Revenue</b>	<b>12,426</b>	<b>12,984</b>	<b>13,419</b>	<b>14,106</b>	<b>13,934</b>	<b>15,437</b>	<b>16,166</b>	<b>16,392</b>	<b>52,935</b>	<b>61,930</b>	<b>68,550</b>
Cost of goods sold	(9,153)	(9,334)	(9,667)	(10,109)	(9,990)	(11,009)	(11,470)	(11,607)	(38,263)	(44,075)	(48,636)
<b>Gross profit</b>	<b>3,273</b>	<b>3,650</b>	<b>3,752</b>	<b>3,997</b>	<b>3,944</b>	<b>4,429</b>	<b>4,697</b>	<b>4,785</b>	<b>14,672</b>	<b>17,855</b>	<b>19,914</b>
Operating expenses	(2,172)	(2,167)	(2,181)	(2,194)	(2,257)	(2,323)	(2,409)	(2,442)	(8,712)	(9,432)	(10,328)
<b>Operating profit</b>	<b>1,101</b>	<b>1,483</b>	<b>1,571</b>	<b>1,804</b>	<b>1,687</b>	<b>2,105</b>	<b>2,288</b>	<b>2,343</b>	<b>5,960</b>	<b>8,423</b>	<b>9,586</b>
Depreciation of fixed assets	(425)	(435)	(445)	(455)	(465)	(475)	(485)	(495)	(1,760)	(1,920)	(2,080)
Amortisation of intangible assets	(94)	(94)	(94)	(94)	(94)	(94)	(94)	(94)	(376)	(376)	(376)
<b>EBITDA</b>	<b>1,621</b>	<b>2,012</b>	<b>2,110</b>	<b>2,353</b>	<b>2,246</b>	<b>2,674</b>	<b>2,867</b>	<b>2,932</b>	<b>8,096</b>	<b>10,719</b>	<b>12,042</b>
Interest income	97	96	94	80	71	76	74	71	367	292	313
Investment income	0	-	-	-	-	-	-	-	0	-	-
Other non-op income	35	35	35	35	35	35	35	35	140	140	140
<b>Non-operating income</b>	<b>132</b>	<b>131</b>	<b>129</b>	<b>115</b>	<b>106</b>	<b>111</b>	<b>109</b>	<b>106</b>	<b>507</b>	<b>432</b>	<b>453</b>
Interest expense	(231)	(215)	(198)	(176)	(150)	(144)	(139)	(133)	(821)	(567)	(481)
Investment loss	-	-	-	-	-	-	-	-	-	-	-
Other non-op expenses	(74)	86	(70)	(50)	(50)	(30)	-	-	(108)	(80)	-
<b>Non-operating expenses</b>	<b>(305)</b>	<b>(130)</b>	<b>(268)</b>	<b>(226)</b>	<b>(200)</b>	<b>(174)</b>	<b>(139)</b>	<b>(133)</b>	<b>(929)</b>	<b>(647)</b>	<b>(481)</b>
<b>Pre-tax profit</b>	<b>928</b>	<b>1,484</b>	<b>1,432</b>	<b>1,693</b>	<b>1,592</b>	<b>2,042</b>	<b>2,258</b>	<b>2,316</b>	<b>5,538</b>	<b>8,208</b>	<b>9,558</b>
Current taxation	(350)	(485)	(444)	(516)	(486)	(612)	(677)	(695)	(1,796)	(2,470)	(2,867)
Minorities	3	3	2	1	1	1	1	1	9	4	-
<b>Normalised net profit</b>	<b>581</b>	<b>1,002</b>	<b>990</b>	<b>1,178</b>	<b>1,108</b>	<b>1,430</b>	<b>1,581</b>	<b>1,622</b>	<b>3,751</b>	<b>5,742</b>	<b>6,690</b>
Extraordinary items	0	-	-	-	-	-	-	-	-	-	-
<b>Net profit</b>	<b>581</b>	<b>1,002</b>	<b>990</b>	<b>1,178</b>	<b>1,108</b>	<b>1,430</b>	<b>1,581</b>	<b>1,622</b>	<b>3,751</b>	<b>5,742</b>	<b>6,690</b>
EPS (NT\$)	3.56	6.13	5.70	6.78	6.37	8.23	9.10	9.34	22.24	33.04	38.50
<b>Margins (%)</b>											
Gross profit margin	26.3	28.1	28.0	28.3	28.3	28.7	29.1	29.2	27.7	28.8	29.1
Operating profit margin	8.9	11.4	11.7	12.8	12.1	13.6	14.2	14.3	11.3	13.6	14.0
EBITDA margin	13.0	15.5	15.7	16.7	16.1	17.3	17.7	17.9	15.3	17.3	17.6
Pretax profit margin	7.5	11.4	10.7	12.0	11.4	13.2	14.0	14.1	10.5	13.3	13.9
Net profit margin	4.7	7.7	7.4	8.3	8.0	9.3	9.8	9.9	7.1	9.3	9.8
<b>Sequential growth (%)</b>											
Revenue growth	1.9	4.5	3.4	5.1	(1.2)	10.8	4.7	1.4			
Gross profit growth	9.4	11.5	2.8	6.5	(1.3)	12.3	6.1	1.9			
Operating profit growth	27.4	34.7	5.9	14.8	(6.5)	24.8	8.7	2.4			
EBITDA growth	15.5	24.2	4.9	11.5	(4.6)	19.1	7.2	2.3			
Pretax profit growth	24.3	59.9	(3.5)	18.3	(6.0)	28.2	10.6	2.6			
Net profit growth	14.3	72.6	(1.2)	19.0	(5.9)	29.1	10.6	2.6			
<b>YoY growth (%)</b>											
Revenue growth	(2.2)	(0.2)	2.0	15.7	12.1	18.9	20.5	16.2	3.7	17.0	10.7
Gross profit growth	1.1	28.1	6.9	33.7	20.5	21.3	25.2	19.7	16.6	21.7	11.5
Operating profit growth	(3.2)	80.6	11.1	108.7	53.1	41.9	45.6	29.9	40.7	41.3	13.8
EBITDA growth	(0.3)	51.4	9.1	67.8	38.6	32.9	35.8	24.6	28.7	32.4	12.3
Pretax profit growth	6.6	103.9	30.5	126.7	71.6	37.5	57.7	36.8	60.9	48.2	16.4
Net profit growth	(7.5)	127.3	33.7	131.9	90.8	42.7	59.7	37.7	61.9	53.1	16.5

Source: Company data; KGI Research estimates

**Balance sheet**

NT\$m	Dec-22A	Dec-23A	Dec-24F	Dec-25F	Dec-26F
<b>Total assets</b>	<b>53,706</b>	<b>54,683</b>	<b>55,719</b>	<b>59,671</b>	<b>63,864</b>
<b>Current assets</b>	<b>32,594</b>	<b>31,891</b>	<b>31,153</b>	<b>35,401</b>	<b>40,050</b>
Cash & ST securities	8,921	12,430	9,717	12,180	15,483
Inventory	12,323	10,103	10,069	10,951	11,628
Accounts receivable	10,071	8,383	10,448	11,350	12,020
Other current assets	1,279	974	920	920	920
<b>Non-current assets</b>	<b>21,111</b>	<b>22,792</b>	<b>24,566</b>	<b>24,270</b>	<b>23,814</b>
LT investments	954	885	801	801	801
Net fixed assets	10,301	12,143	13,952	14,032	13,952
Other assets	9,856	9,765	9,813	9,436	9,060
<b>Total liabilities</b>	<b>31,202</b>	<b>30,086</b>	<b>27,198</b>	<b>27,759</b>	<b>28,737</b>
<b>Current liabilities</b>	<b>13,772</b>	<b>13,717</b>	<b>17,894</b>	<b>18,454</b>	<b>19,433</b>
Accounts payable	5,876	4,744	5,630	6,191	7,169
Interest bearing ST liabilities	3,226	4,532	6,184	6,184	6,184
Other current liabilities	4,670	4,441	6,079	6,079	6,079
<b>Non-current liabilities</b>	<b>17,429</b>	<b>16,368</b>	<b>9,305</b>	<b>9,305</b>	<b>9,305</b>
Long-term debt	14,011	13,322	6,242	6,242	6,242
Other L-T liabilities	2,322	2,150	2,144	2,144	2,144
<b>Total equity</b>	<b>22,504</b>	<b>24,597</b>	<b>28,521</b>	<b>31,912</b>	<b>35,127</b>
Share capital	1,564	1,633	1,738	1,738	1,738
Retained earnings reserve	6,403	6,842	7,241	10,637	13,851
Minority interests	19	12	5	1	1
Preferred shareholders funds	-	-	-	-	-

**Key ratios**

	Dec-22A	Dec-23A	Dec-24F	Dec-25F	Dec-26F
<b>Growth</b>					
Revenue growth	88.2%	(5.0%)	3.7%	17.0%	10.7%
Operating profit growth	108.6%	(23.6%)	40.7%	41.3%	13.8%
EBITDA growth	106.8%	(15.4%)	28.7%	32.4%	12.3%
Net profit growth	88.5%	(39.6%)	61.9%	53.1%	16.5%
EPS growth	64.4%	(42.6%)	54.8%	48.5%	16.5%
<b>Profitability</b>					
Gross profit margin	25.6%	24.7%	27.7%	28.8%	29.1%
Operating margin	10.3%	8.3%	11.3%	13.6%	14.0%
EBITDA margin	13.8%	12.3%	15.3%	17.3%	17.6%
Net profit margin	7.1%	4.5%	7.1%	9.3%	9.8%
Return on average assets	9.7%	4.3%	6.8%	10.0%	10.8%
Return on average equity	20.4%	9.8%	14.1%	19.0%	20.0%
<b>Stability</b>					
Gross debt to equity	76.6%	72.6%	43.6%	38.9%	35.4%
Net debt to equity	38.8%	29.4%	10.1%	1.3%	Net cash
Interest coverage (x)	11.3	4.0	7.7	15.5	20.9
Interest & ST debt coverage (x)	0.6	0.3	0.4	0.5	0.6
Cash flow interest coverage(x)	5.4	6.4	6.7	12.0	18.2
Cash flow/int. & ST debt (x)	0.7	1.3	0.8	1.0	1.3
Current ratio (x)	2.4	2.3	1.7	1.9	2.1
Quick ratio (x)	1.5	1.6	1.2	1.3	1.5
Net debt (NT\$m)	8,740	7,227	2,868	1.3	(2,898)
<b>Per share data</b>					
EPS (NT\$)	25.02	14.37	22.24	33.04	38.50
CFPS (NT\$)	18.12	46.16	32.76	39.18	50.51
BVPS (NT\$)	143.72	150.54	164.08	183.61	202.11
Adj BVPS (NT\$)	146.57	152.41	169.09	183.61	202.11
SPS (NT\$)	350.43	316.48	313.88	356.33	394.43
EBITDA/share (NT\$)	48.46	39.00	48.01	61.68	69.29
Cash DPS (NT\$)	10.10	8.83	13.50	20.00	23.00
<b>Activity</b>					
Sales / avg assets	1.36	0.94	0.96	1.07	1.11
Days receivable	68.4	59.9	72.2	66.9	64.0
Days inventory	112.5	95.9	96.3	90.7	87.3
Days payable	53.7	45.0	53.9	51.3	53.8
Cash cycle	127.3	110.8	114.7	106.3	97.5

Source: Company data; KGI Research estimates

**Profit & loss**

NT\$m	Dec-22A	Dec-23A	Dec-24F	Dec-25F	Dec-26F
<b>Revenue</b>	<b>53,757</b>	<b>51,052</b>	<b>52,935</b>	<b>61,930</b>	<b>68,550</b>
Cost of goods sold	(39,970)	(38,465)	(38,263)	(44,075)	(48,636)
<b>Gross profit</b>	<b>13,787</b>	<b>12,587</b>	<b>14,672</b>	<b>17,855</b>	<b>19,914</b>
Operating expenses	(8,241)	(8,350)	(8,712)	(9,432)	(10,328)
<b>Operating profit</b>	<b>5,546</b>	<b>4,237</b>	<b>5,960</b>	<b>8,423</b>	<b>9,586</b>
<b>Non-operating income</b>	<b>238</b>	<b>563</b>	<b>507</b>	<b>432</b>	<b>453</b>
Interest income	62	349	367	292	313
Investment income	-	7	0	-	-
Other non-op income	176	207	140	140	140
<b>Non-operating expenses</b>	<b>(492)</b>	<b>(1,357)</b>	<b>(929)</b>	<b>(647)</b>	<b>(481)</b>
Interest expense	(512)	(1,166)	(821)	(567)	(481)
Investment loss	(13)	(6)	-	-	-
Other non-op expenses	33	(185)	(108)	(80)	-
<b>Pre-tax profit</b>	<b>5,293</b>	<b>3,442</b>	<b>5,538</b>	<b>8,208</b>	<b>9,558</b>
Current taxation	(1,462)	(1,132)	(1,796)	(2,470)	(2,867)
Minorities	7	7	9	4	-
Extraordinary items	-	0	-	-	-
<b>Net profit</b>	<b>3,838</b>	<b>2,317</b>	<b>3,751</b>	<b>5,742</b>	<b>6,690</b>
<b>EBITDA</b>	<b>7,435</b>	<b>6,291</b>	<b>8,096</b>	<b>10,719</b>	<b>12,042</b>
EPS (NT\$)	25.02	14.37	22.24	33.04	38.50

**Cash flow**

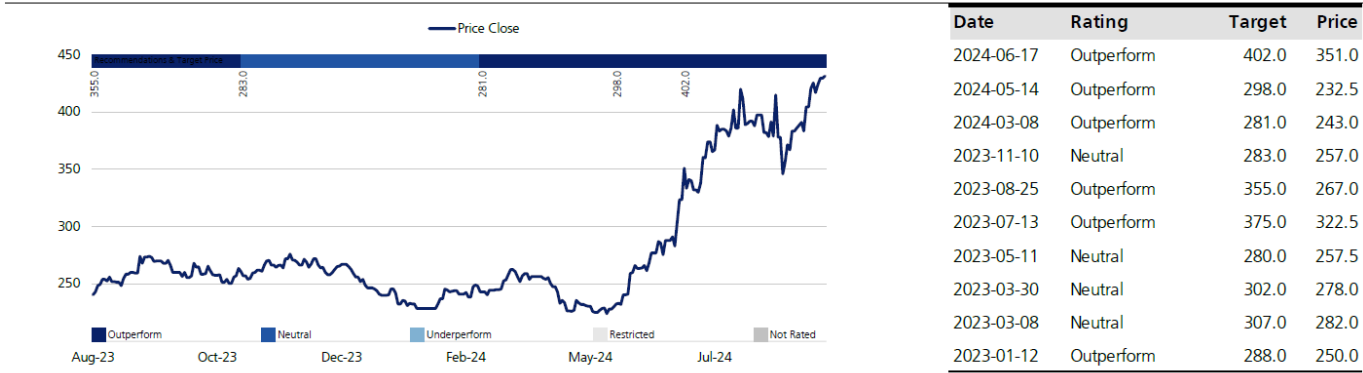
NT\$m	Dec-22A	Dec-23A	Dec-24F	Dec-25F	Dec-26F
<b>Operations cash flow</b>	<b>2,779</b>	<b>7,446</b>	<b>5,524</b>	<b>6,810</b>	<b>8,778</b>
Net profit	3,838	2,317	3,751	5,742	6,690
Depreciation & amortisation	1,888	2,054	2,136	2,296	2,456
Decrease in working capital	(4,256)	2,877	(593)	(1,224)	(368)
Other operating cash flow	1,309	198	229	(4)	0
<b>Investing cash flow</b>	<b>(11,615)</b>	<b>(4,575)</b>	<b>(1,749)</b>	<b>(2,000)</b>	<b>(2,000)</b>
Sale of ST investment	(234)	(1,382)	-	-	-
New investments	-	-	-	-	-
Capital expenditure	(2,046)	(2,942)	(3,196)	(2,000)	(2,000)
Others investing cashflow	(9,335)	(251)	1,447	-	-
<b>Free cash flow</b>	<b>(807)</b>	<b>4,422</b>	<b>1,999</b>	<b>4,584</b>	<b>6,422</b>
<b>Financing cash flow</b>	<b>13,861</b>	<b>(942)</b>	<b>(5,005)</b>	<b>(2,346)</b>	<b>(3,476)</b>
Increase in short term debt	(2,510)	1,893	-	-	-
Increase in long term loans	15,427	(1,935)	(2,919)	-	-
New ordinary shares issued	2,880	1,150	-	-	-
Ordinary dividends paid	(1,386)	(1,564)	(1,519)	(2,277)	(3,476)
Other financing cashflow	(550)	(486)	(567)	(70)	-
<b>Forex effects</b>	<b>263</b>	<b>201</b>	<b>160</b>	<b>-</b>	<b>-</b>
<b>Total cash generated</b>	<b>5,288</b>	<b>2,130</b>	<b>(1,070)</b>	<b>2,464</b>	<b>3,302</b>

**ROIC**

	Dec-22A	Dec-23A	Dec-24F	Dec-25F	Dec-26F
1 - COGS/revenue					
- Operating exp./revenue	15.3%	16.4%	16.5%	15.2%	15.1%
<b>= Operating margin</b>	<b>10.3%</b>	<b>8.3%</b>	<b>11.3%</b>	<b>13.6%</b>	<b>14.0%</b>
1 / (Working capital/revenue					
+ Net PPE/revenue	0.2	0.2	0.2	0.2	0.2
+ Other assets/revenue)	0.0	0.0	0.0	0.0	0.0
<b>= Capital turnover</b>	<b>2.3</b>	<b>2.2</b>	<b>2.2</b>	<b>2.4</b>	<b>2.6</b>
Operating margin	10.3%	8.3%	11.3%	13.6%	14.0%
x Capital turnover	2.3	2.2	2.2	2.4	2.6
x (1 - tax rate)	72.4%	67.1%	67.6%	69.9%	70.0%
<b>= After-tax ROIC</b>	<b>16.8%</b>	<b>12.4%</b>	<b>16.5%</b>	<b>22.9%</b>	<b>25.8%</b>

Source: Company data; KGI Research estimates

**Bizlink – Recommendation & target price history**



Source: TEJ; KGI Research

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