

# Sysgration (5309 TT)

## Non-rated Research Note

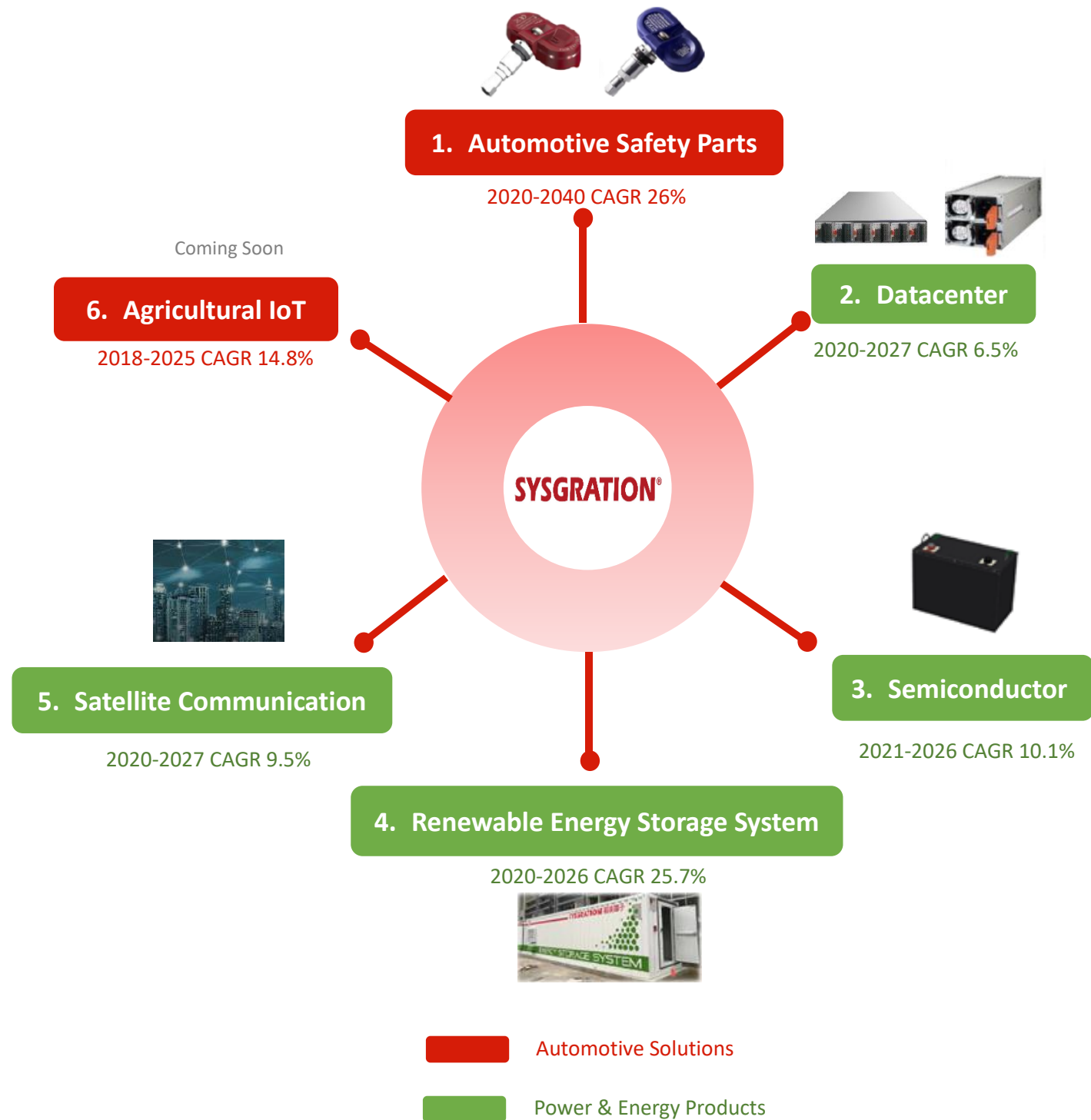
Post 2Q 2021 results

## Safe Harbor Statement

This document may contain forward-looking statements. These statements relate to future events or Sysgration's future financial performance. Any statements that are not statements of historical fact (including without limitation statements to the effect that the company or its management "believes", "expects", "anticipates", "plans" and similar expressions) should be considered forward looking statements. There are a number of important factors that could cause Sysgration's actual results to differ materially from those indicated by the forward-looking statements. IPR Advisors and Sysgration disclaim any obligation to update any forward-looking statement.

## Sysgration (5309 TT): Innovation & Differentiation Propel the Growth Trajectory

Figure 1: Sysgration's Automotive Solutions/Power & Energy Products target at growing industries



Source: IPR Advisors GUIDE

Figure 2: EBITDA upward trend

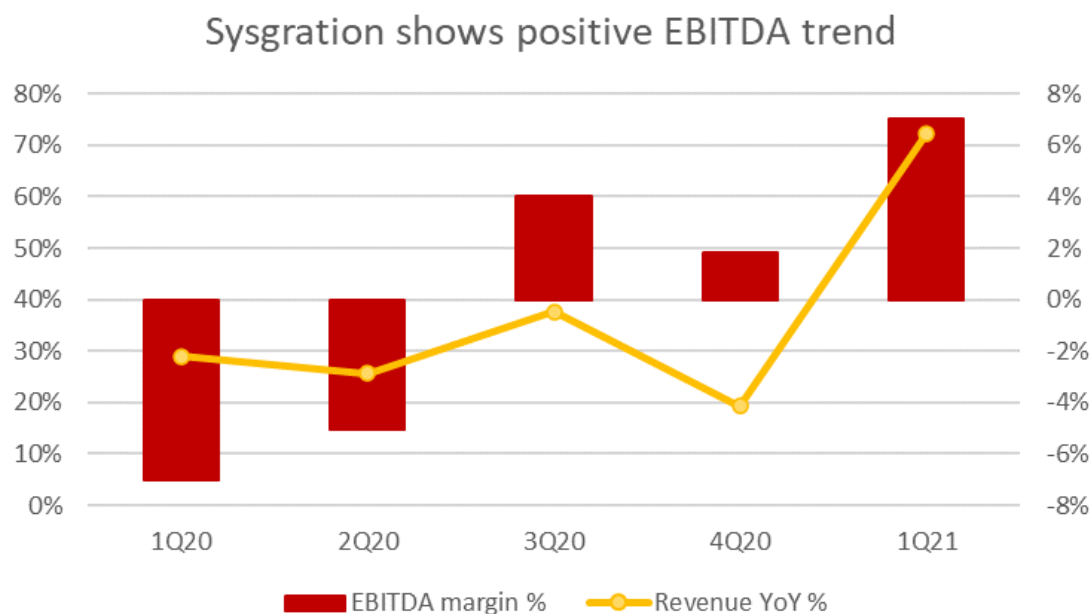


Figure 15: Income Statement

(TWD mn)	2016	2017	2018	2019	2020	1H21
<b>Revenue</b>	<b>2,145</b>	<b>1,520</b>	<b>1,459</b>	<b>1,042</b>	<b>1,327</b>	<b>1,081</b>
COGS	(1,924)	(1,355)	(1,243)	(948)	(1,064)	(889)
Gross Profit	221	165	216	94	263	191
Operating Expenses	(608)	(424)	(415)	(451)	(365)	(182)
Selling Exps	(93)	(57)	(89)	(102)	(62)	(32)
Administrative Exps	(399)	(255)	(191)	(192)	(150)	(79)
R&D Exps	(117)	(112)	(129)	(155)	(161)	(78)
Other Operating Exps	0	0	(6)	(1)	7	7
<b>Operating Profit</b>	<b>(387)</b>	<b>(259)</b>	<b>(199)</b>	<b>(357)</b>	<b>(102)</b>	<b>9</b>
Other Non-operating Income	(34)	(21)	23	2	2	8
Net Interest Exps	(8)	(4)	2	(2)	(2)	(3)
FX Gain/(Loss)	5	(54)	11	(5)	(12)	(3)
Income from Equity Method	0	0	0	0	0	0
Other Non-op Income	(32)	37	9	9	16	13
Pre-tax Income	(421)	(280)	(176)	(354)	(100)	17
Income Tax Expenses	41	17	(26)	(3)	0	(1)
Minority Interest	78	8	18	73	2	0
Discontinued Operations	0	0	0	0	0	0
<b>Net Income to Parent</b>	<b>(302)</b>	<b>(255)</b>	<b>(185)</b>	<b>(285)</b>	<b>(98)</b>	<b>16</b>
<b>EPS (TWD)</b>	<b>(1.42)</b>	<b>(1.20)</b>	<b>(1.22)</b>	<b>(1.88)</b>	<b>(0.65)</b>	<b>0.11</b>
Shares (mn)	214	214	151	151	152	155

Figure 16: Balance Sheet

(TWD mn)	2016	2017	2018	2019	2020	1H21
Cash and Cash Equivalents	721	513	763	459	904	943
Short-term Investment	69	169	63	167	46	36
AR&NR	493	315	221	276	341	466
Inventories	430	271	198	130	143	211
Other Current Assets	90	95	93	61	55	106
<b>Total Current Assets</b>	<b>1,804</b>	<b>1,364</b>	<b>1,337</b>	<b>1,093</b>	<b>1,489</b>	<b>1,762</b>
PPE	552	454	380	405	418	417
Long-term Investment	343	325	36	45	168	183
Other Non-current Assets	208	173	119	181	104	147
<b>Total Assets</b>	<b>2,907</b>	<b>2,317</b>	<b>1,873</b>	<b>1,723</b>	<b>2,179</b>	<b>2,510</b>
Short-term Borrowings	317	195	100	110	20	19
AP& NP& Accruals	402	347	239	353	427	621
Other Current Liabilities	187	93	51	74	72	101
<b>Total Current Liabilities</b>	<b>906</b>	<b>635</b>	<b>390</b>	<b>536</b>	<b>518</b>	<b>742</b>
Long-term Borrowings	0	0	0	0	81	146
Other Non-current Liabilities	8	0	0	76	514	526
<b>Total Liabilities</b>	<b>914</b>	<b>635</b>	<b>390</b>	<b>612</b>	<b>1,113</b>	<b>1,415</b>
<b>Equity</b>	<b>1,993</b>	<b>1,682</b>	<b>1,482</b>	<b>1,111</b>	<b>1,067</b>	<b>1,096</b>
<b>Total Liabilities and Equity</b>	<b>2,907</b>	<b>2,317</b>	<b>1,873</b>	<b>1,723</b>	<b>2,179</b>	<b>2,510</b>

Figure 17: Cash Flow Statement

(TWD mn)	2016	2017	2018	2019	2020	1H21
<b>Total Operating Cash flow</b>	<b>(258)</b>	<b>95</b>	<b>(30)</b>	<b>(73)</b>	<b>(4)</b>	<b>29</b>
Net Income	(380)	(263)	(203)	(358)	(100)	16
Depreciation & Amortization	134	111	90	107	85	46
Change in WC	(40)	275	44	112	13	(46)
Other Operating Cash Flow	29	(28)	39	66	(2)	13
<b>Total Investing Cash flow</b>	<b>673</b>	<b>(106)</b>	<b>420</b>	<b>(192)</b>	<b>(73)</b>	<b>(70)</b>
CAPX (net)	602	(13)	(9)	(89)	(63)	(48)
Change in Long-term Investments	60	(101)	407	(122)	6	(14)
Other Investing Cash flow	11	8	22	19	(16)	(8)
<b>Total Financing Cash flow</b>	<b>(185)</b>	<b>(177)</b>	<b>(147)</b>	<b>(38)</b>	<b>523</b>	<b>83</b>
Issuance/(Buyback) of Shares	0	0	0	0	0	0
Cash Dividend Paid	0	0	0	0	0	0
Change in Total Debt	(173)	(154)	(147)	10	510	86
Other Financing Cash flow	(11)	(23)	0	(48)	12	(3)
<b>Total Cash Flow</b>	<b>231</b>	<b>(188)</b>	<b>243</b>	<b>(303)</b>	<b>446</b>	<b>42</b>
FX	(27)	(20)	6	(1)	(1)	(3)
<b>Total Change in Cash</b>	<b>204</b>	<b>(208)</b>	<b>250</b>	<b>(304)</b>	<b>446</b>	<b>39</b>

**Figure 18: Financial Ratios**

	2016	2017	2018	2019	2020	1H21
Gross Margin (%)	10.3	10.8	14.8	9.1	19.8	17.7
EBITDA Margin (%)	(14.6)	(12.2)	(4.5)	(23.3)	(0.8)	6.8
Operating Margin (%)	(18.1)	(17.0)	(13.7)	(34.2)	(7.7)	0.8
Net Margin to Common (%)	(14.1)	(16.8)	(12.7)	(27.3)	(7.4)	1.5
Sales y-y Growth (%)	35.7	(29.1)	(4.0)	(28.5)	27.3	94.9
EBITDA y-y Growth (%)	N/A	N/A	N/A	N/A	N/A	N/A
Operating Income y-y Growth (%)	N/A	N/A	N/A	N/A	N/A	N/A
Net Income y-y Growth (%)	N/A	N/A	N/A	N/A	N/A	N/A
ROE (%)	(14.1)	(13.9)	(11.7)	(22.0)	(9.0)	3.1
ROA (%)	(8.9)	(9.8)	(8.8)	(15.8)	(5.0)	1.6
Accounts Receivable Turnover Days	66.8	89.0	62.5	80.9	83.4	66.7
Inventory Turnover Days	94.6	94.4	68.9	63.3	46.8	36.2
Accounts Payable Turnover Days	65.1	76.7	65.2	81.8	100.5	87.5
Cash Conversion Cycle Days	96.3	106.7	66.2	62.4	29.7	15.4
Fixed Asset Turnover (x)	3.7	3.0	3.5	2.7	3.2	5.2
Net Debt/(Cash) to Equity (%)	(20.3)	(18.9)	(44.7)	(31.4)	(75.4)	(70.9)
Interest Coverage Ratio (x)	(41.4)	(37.0)	(79.6)	(45.6)	(30.3)	5.9
PER (x)	0.0	0.0	0.0	0.0	0.0	0.0
PBR (x)	1.2	1.2	0.7	2.5	6.0	5.1
EV/EBITDA (x)	(5.6)	(8.2)	(4.4)	(9.7)	(504.5)	32.3
Cash Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.0

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