Y2014 1H Financial Results

By Eric Chen
July, 2014
<table>
<thead>
<tr>
<th>NT$M</th>
<th>Y2013 1H</th>
<th>Y2013 2H</th>
<th>Y2014 1Q</th>
<th>Y2014 2Q</th>
<th>Y2014 1H</th>
<th>QoQ</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>14,438</td>
<td>16,222</td>
<td>8,147</td>
<td>9,278</td>
<td>17,425</td>
<td>14%</td>
<td>21%</td>
</tr>
<tr>
<td>Goss Margin%</td>
<td>41.3%</td>
<td>40.8%</td>
<td>41.5%</td>
<td>40.3%</td>
<td>40.7%</td>
<td>-1.2%</td>
<td>-0.6%</td>
</tr>
<tr>
<td>Operating Expense</td>
<td>3,701</td>
<td>4,217</td>
<td>2,014</td>
<td>2,206</td>
<td>4,219</td>
<td>10%</td>
<td>14%</td>
</tr>
<tr>
<td>Operating Margin%</td>
<td>15.7%</td>
<td>14.8%</td>
<td>16.8%</td>
<td>16.3%</td>
<td>16.5%</td>
<td>-0.5%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Non-Operating Income</td>
<td>229</td>
<td>271</td>
<td>69</td>
<td>-23</td>
<td>46</td>
<td>-133%</td>
<td>-80%</td>
</tr>
<tr>
<td>Effective Tax Rate</td>
<td>19.9%</td>
<td>20.3%</td>
<td>19.4%</td>
<td>18.8%</td>
<td>19.1%</td>
<td>-0.6%</td>
<td>-0.8%</td>
</tr>
<tr>
<td>Net Margin AT</td>
<td>1,993</td>
<td>2,134</td>
<td>1,156</td>
<td>1,209</td>
<td>2,365</td>
<td>5%</td>
<td>19%</td>
</tr>
<tr>
<td>EPS - (NT$)</td>
<td>3.50</td>
<td>3.76</td>
<td>2.02</td>
<td>2.10</td>
<td>4.12</td>
<td>4%</td>
<td>18%</td>
</tr>
</tbody>
</table>
### Y2014 1H Sales By Region/Sales Force

<table>
<thead>
<tr>
<th>Region/Sales Force</th>
<th>USD$ M</th>
<th>Y2013 1H</th>
<th>Y2014 1H</th>
<th>GR%</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>150</td>
<td>159</td>
<td>+6%</td>
<td>28%</td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>70</td>
<td>90</td>
<td>+28%</td>
<td>16%</td>
<td></td>
</tr>
<tr>
<td>Greater China</td>
<td>141</td>
<td>165</td>
<td>+17%</td>
<td>29%</td>
<td></td>
</tr>
<tr>
<td>Asia/Intercon.</td>
<td>69</td>
<td>76</td>
<td>+10%</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>E2E Sales</td>
<td>32</td>
<td>46</td>
<td>+44%</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>Affiliates &amp; Others</td>
<td>18</td>
<td>36</td>
<td>+100%</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>481</td>
<td>572</td>
<td>19%</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

**Local Sales:** US 572M, +19%

#### Europe
- **AEU:** 68.1M GR%: +32%
- **ADLoG:** 16.4M GR%: +9%
- **AGPEG:** 5.1M GR%: +46%

#### Greater China
- **China:** 126.6M GR%: +21%
- **Taiwan:** 34.9M GR%: +4%
- **AiS:** 3.3M GR%: +26%

#### Asia/Intercon
- **Japan:** 10.8M GR%: +32%
- **Korea:** 21.6M GR%: +2%
- **AAU/NZ:** 5.3M GR%: -12%
- **SAP:** 10.1M GR%: +14%
- **Intercon:** 18.9M GR%: +20%
- **LATAM:** 8.8M GR%: -2%

#### Affiliates & Others
- **Advansus:** 15.2M GR%: +13%
- **Netstar:** 4.7M GR%: +9%
- **CAPS:** 4.5M GR%: +8%
- **Others:** 11.6M

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*Enabling an Intelligent Planet*
Y2014 1H Sales By Strategic Biz Group

Intelligent System

- Network & Communication (DMS)
  - Blade Computing & Systems
  - Network Appliances
  - DSP Based
  - Embedded
- Intelligent
  - Industrial
  - Intelligent
- Connectivity
  - Industrial Communications
  - Advantech-Netstar

Embedded

- Embedded Core Computing (Emb'Core)
  - Single Board Computers
  - Industrial
  - Computers
  - Embedded
  - Industry
  - Gaming
- Embedded Design-To-Order Services

US 160.1M
28%, +13%

US 106.2M
19%, +15%

US 61.4M
11%, +6%

US 83.3M
14%, +7%

Advantech Global Services

% of Sales, YoY Growth

Intelligent Services

Service Automation

- Digital Healthcare
- Industrial
- Intelligent
- Embedded Systems
- Portable Computing
- POS/POI/Kiosk
- Embedded Systems

Advantech Business Group Structure

Local Sales: US 572M, GR: +19%
<table>
<thead>
<tr>
<th>NT$ M</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Full</td>
<td>1Q End</td>
<td>2Q End</td>
</tr>
<tr>
<td>Cash Position</td>
<td>5,022</td>
<td>5,914</td>
<td>6,574</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>4,281</td>
<td>4,555</td>
<td>5,074</td>
</tr>
<tr>
<td>DSO (Days)</td>
<td>55</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Inventory</td>
<td>3,890</td>
<td>4,156</td>
<td>3,783</td>
</tr>
<tr>
<td>DOH (Days)</td>
<td>83</td>
<td>94</td>
<td>82</td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>2,327</td>
<td>2,836</td>
<td>2,653</td>
</tr>
<tr>
<td>Days</td>
<td>49</td>
<td>63</td>
<td>49</td>
</tr>
</tbody>
</table>
Partnering for Smart City & IoT Solutions

驱动智慧城市创新 共建物联网产业典范