

ADVANTECH

# Y2017 1H Financial Results

**By Eric Chen**  
**VP of finance & IT**  
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# Safe Harbor Notice

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- **This presentation contains forward-looking statements and is subject to risks and uncertainties. Actual results may differ materially from those contained in the forward-looking statements.**
- **The projections should not be interpreted as legally binding commitments, but rather as flexible information subject to change occasionally.**

# Y2017 1H Financial Results

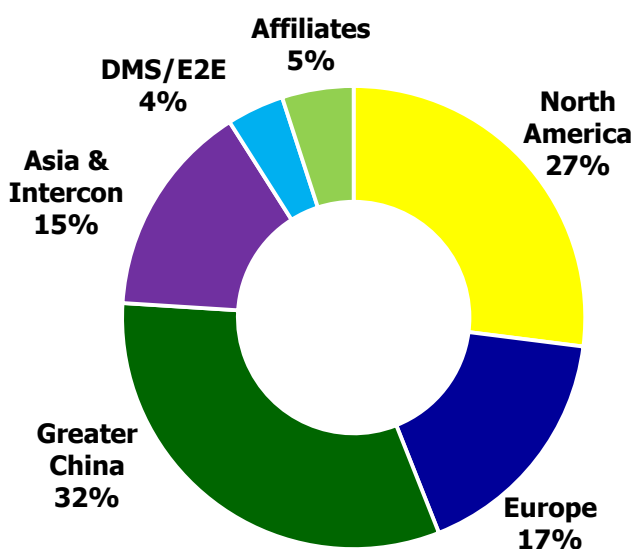
NT\$M	Y2016			Y2017			Consolidated	
	1Q	2Q	1H	1Q	2Q	1H	QoQ	YoY
<b>Net Sales</b>	10,073	10,713	20,786	10,006	11,406	21,412	14%	3%
<b>YoY%</b>	15%	7%	10%	-1%	6%	3%		
<b>Gross Margin%</b>	41.1%	40.2%	40.6%	40.5%	38.6%	39.5%	-1.9%	-1.1%
Operation Expense	2,598	2,638	5,236	2,548	2,648	5,196	4%	-1%
<b>Operation Margin%</b>	15.3%	15.6%	15.4%	15.0%	15.4%	15.2%	0.3%	-0.2%
Non-operation income	151	150	301	-4	386	382	-	27%
Effective Tax Rate	19.5%	19.7%	19.6%	19.6%	19.5%	19.5%	-0.1%	-0.1%
<b>NPAT</b>	1,362	1,460	2,822	1,205	1,723	2,928	43%	4%
<b>EPS (NT\$)</b>	1.95	2.10	4.05	1.73	2.47	4.20	43%	4%

\*Y17 stock dividend NT 1 dollar, the total capital increased to NT 6.97 billion

# Y2017 1H Performance by Region

Local Sales: US 696.2M, +10.3%

USD\$M	Y16 1H	Y17 1H	GR%	%
North America	199.7	189.3	-5.2%	27%
Europe	100.3	115.2	+14.8%	17%
Greater China	194.6	224.5	+15.4%	32%
Asia & Intercon	78.2	101.8	+30.1%	15%
DMS/E2E	26.8	33.7	+25.8%	4%
Affiliates	30.2	31.7	+4.8%	5%
<b>Total</b>	<b>631.0</b>	<b>696.2</b>	<b>+10.3%</b>	<b>100%</b>



## North America

<b>ANA:</b>	163.4M	GR%: -6.7%
<b>B+B:</b>	25.9M	GR%: +5.7%

## Europe

<b>AEU:</b>	98.6M	GR%: +19.2%
<b>ADLoG:</b>	16.6M	GR%: -5.7%

## Greater China

<b>China:</b>	174.1M	GR%: +15.2%
<b>Taiwan:</b>	50.4M	GR%: +15.9%

## DMS/E2E

<b>DMS(NC):</b>	27.7M	GR%: +46.1%
<b>DMS(AC):</b>	4.3M	GR%: -10.6%

## Asia & Intercon

<b>Japan:</b>	18.1M	GR%: +17.3%
<b>Korea:</b>	30.5M	GR%: +50.5%
<b>AAU/NZ:</b>	5.0M	GR%: -17.6%
<b>ASEAN:</b>	14.1M	GR%: +24.6%
<b>India</b>	4.9M	GR%: +35.6%
<b>Russia</b>	9.9M	GR%: +102.2%
<b>ME&amp;A</b>	11.6M	GR%: +4.4%
<b>LATAM</b>	7.7M	GR%: +39.5%

## Affiliates

<b>Advanix:</b>	7.9M	GR%: -25.4%
<b>ALNC:</b>	8.7M	GR%: +19.0%
<b>A-Cermate:</b>	5.0M	GR%: +13.7%

# Y2017 H1 Performance by SBG

Local Sales: US 696.2M, +10.3%

US 325.3M, 47%, +7.8%

## Embedded-IoT + Allied DMS (Design-in)

### Networks & Communications

- Telecom & Mission Critical Systems
- Enterprise Network Switches
- Network Embedded Software
- Video Broadcasting Solutions

US 76.1M

11%, -4.5%

### Embedded Core & IoT Modules

- Computing on Modules
- Single Board Computers
- Industrial Motherboards
- Embedded Box Computers
- Industrial Displays
- Industrial Flash Storage (SQFlash)
- Embedded Wireless Modules (M2.COM)
- WISE-PaaS & Cloud Software
- ARM/ RISC Computing
- M2M for Board Design Services
- Gaming Solutions

US 186.2M

27%, +14.2%

### Applied Computing

- Industrial Mobile Computing
- Industrial Computing DMS
- Service-IoT DMS

US 63.0M

9%, +6.7%

% of Sales, YoY Growth

AGS

US 87.3M

13%, +19.6%

## Industrial-IoT

### Industrial Automation

- Industrial I/O & Controllers
- Automation Computing & HMI
- Motion Controls & Machine Vision
- Remote IoT Devices (WISE)
- WebAccess+ Software
- iFactory (Industry 4.0) Solutions
- Machine Automation Solutions
- Energy & Environment Solutions

US 234.1M

34%, +13.0%

### Intelligent Systems

- Industrial Computers
- Industrial Servers & Storage
- Intelligent Video Solutions
- Transportation Solutions
- Connectivity
- Network Edge Solutions
- Industrial Switches
- Industrial Wireless Devices
- Industrial Cellular Routers

## Service-IoT

### Intelligent Healthcare

- Medical Computing & Tablets
- Intelligent Hospital Solutions

### Intelligent Retail

- iRetail Platform
- Intelligent Retail & Hospitality Solutions
- Digital Signage Solutions

US 49.5M

7%, +0.9%

### Intelligent Logistics

- In-Vehicle Computing
- Digital Logistics & Fleet Management Solutions

Enabling an Intelligent Planet

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# Y2017 1H Working Capital

NT\$ M	consolidated				
	2015	2016		2017	
	Full	1Q End	2Q End	1Q End	2Q End
Cash Position	5,633	6,008	6,562	6,678	8,315
Account Receivable	6,426	6,321	7,230	6,719	7,730
<b>DSO (Days)</b>	<b>60</b>	<b>57</b>	<b>63</b>	<b>58</b>	<b>65</b>
Inventory	4,869	5,232	4,991	5,799	5,969
<b>DOH (Days)</b>	<b>77</b>	<b>79</b>	<b>70</b>	<b>88</b>	<b>77</b>
Account Payable	3,226	3,512	3,540	3,605	4,198
<b>Days</b>	<b>51</b>	<b>53</b>	<b>50</b>	<b>54</b>	<b>54</b>