

ADVANTECH

Enabling an Intelligent Planet

Advantech Investor Conference

研華科技法人說明會

3rd May, 2023



Safe Harbor Notice

- 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.

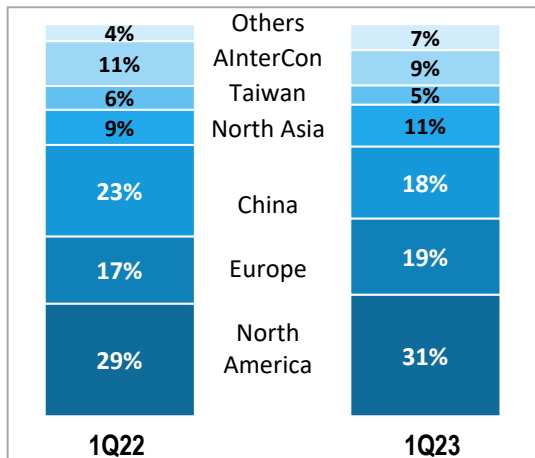
1Q23 Financial Results

NT\$ mn	1Q 2023	%	4Q 2022	%	QOQ	1Q 2022	%	YoY
Net Sales	17,396	100.0%	17,187	100.0%	1%	16,120	100.0%	8%
Gross Profit	6,911	39.7%	6,677	38.8%	4%	6,157	38.2%	12%
Operating Expense	3,409	19.6%	3,645	21.2%		3,143	19.5%	
Operating Profit	3,502	20.1%	3,032	17.6%	16%	3,015	18.7%	16%
No-operating Items	179	1.0%	138	0.8%		155	1.0%	
Pretax Profit	3,680	21.2%	3,170	18.4%	16%	3,170	19.7%	16%
Tax Expenses	725	4.2%	634	3.7%		602	3.7%	
Net Income to Parent	2,959	17.0%	2,543	14.8%	16%	2,572	16.0%	15%
EPS (NT\$)	3.80		3.26			3.32		

- Both Revenue and EPS of 1Q23 set Company's second high.
- GP%, OP%, NI% increased significantly.
- Effective Tax rate was 19.7% in 1Q23

1Q23 Sales By Region

US\$m	1Q23	1Q22	YoY %	Rev %
North America	177	166	+7%	31%
Europe	111	99	+13%	19%
China	105	135	-22%	18%
North Asia	61	52	+18%	11%
Taiwan	28	35	-21%	5%
Asia & InterCon	51	66	-23%	9%
Others	38	25	+50%	7%
Total	571	578	-1%	100%



US\$m	North Asia	
AJP	39	GR%: +39%
AKR	22	GR%: -7%

US\$m	Asia & InterCon	
AAU/NZ	5	GR%: +27%
ASEAN	11	GR%: -10%
India	8	GR%: +6%
Russia & CIS	1	GR%: -53%
LATAM	5	GR%: +12%
ME&A	21	GR%: -41%

1Q23 Performance By SBG

US\$ mn	Revenue	Rev %	YoY	Gross Margin	Operating Profit	OP Margin
Industrial-IoT	151	26%	-11%	50%~55%	49	32%
Embedded-IoT	160	28%	+18%	35%~40%	42	26%
Applied Computing	77	14%	-5%	25%~30%	20	27%
Industrial Cloud & Video	68	12%	+26%	35%~40%	10	14%
Service-IoT	48	8%	-25%	40%~45%	8	16%
Advantech Service + / Others	67	12%	-10%	25%~30%	4	7%
Total	571	100%	-1%	39.7%	* 115	20.1%

* unallocated expenses -\$18M

- **IIoT YoY -11%** : Declined due to China channel destocking.
- **EIoT YoY +18%** : Driven by strong demand in Automation, Medical, and Gaming projects.
- **ACG YoY -5%** : Declined due to high base period from Medical projects in 1Q22.
- **ICVG YoY +26%** : Strong sales momentum contributed from Enterprise Networking and Industrial Surveillance projects.
- **SIoT YoY -25%** : Although revenue has growth from fleet management projects, the major decline was due to shipping low season on Medical projects.

Balance Sheet & Key Indices

NT\$ mn	1Q23		4Q22		1Q22	
	Amount	%	Amount	%	Amount	%
Cash & Cash Equivalents	17,072	25%	15,359	23%	11,974	20%
Account receivable	11,319	16%	11,109	17%	10,892	18%
Inventory	13,325	19%	14,008	21%	15,366	25%
Total Assets	69,575	100%	66,385	100%	61,186	100%
Account payable	6,654	10%	7,126	11%	7,404	12%
ST debt	857	1%	699	1%	603	1%
LT debt	1,506	2%	298	0%	315	1%
Total Liabilities	29,839	43%	22,101	33%	25,467	42%
Total Equity	39,736	57%	44,284	67%	35,719	58%
Key Indices						
Inventory turnover days	112		114		128	
AR turnover days	57		55		60	
AP turnover days	62		63		68	
CCC (cash conversion cycle)	107		106		120	

- Both **Inventory amount** & **Inventory turnover days** have significantly decreased in 1Q23 as compare to 1Q22.

2Q23 Guidance

Based on the exchange rate assumption of US\$1 to NT\$30.4, managements expect the 2Q23 guidance as below

Items	2Q23 Estimation
Consolidated Revenue	US\$ 560M ~ 580M
Gross Margin	37.5% ~ 39.5%
Operating Margin	17.0% ~ 19.0%

Q&A

