

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.

4Q19 & FY2019 Result Summary

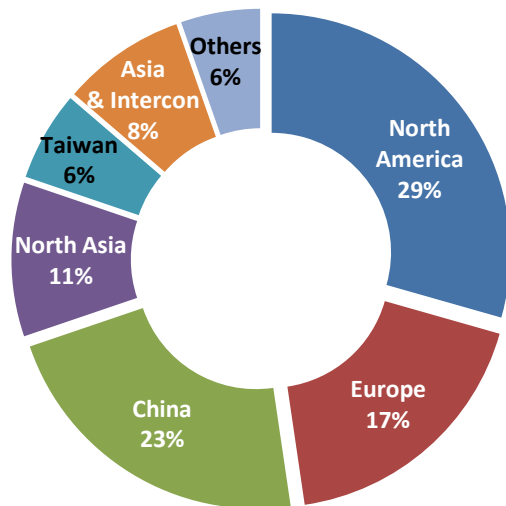
NT\$ mn	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	FY2019	YoY
Net Sales	11,355	12,645	12,360	12,366	12,301	13,976	14,382	13,486	54,145	11%
QoQ%	-3%	11%	-2%	0%	-1%	14%	3%	-6%		
YoY%	13%	11%	10%	5%	8%	11%	16%	9%		
Gross Profit	4,338	4,792	4,760	4,772	4,724	5,410	5,697	5,268	21,099	13%
Gross Margins%	38.2%	37.9%	38.5%	38.6%	38.4%	38.7%	39.6%	39.1%	39.0%	
Operating Expense	2,696	2,851	2,858	2,795	2,866	3,078	3,064	2,847	11,854	6%
Operating Profit	1,643	1,941	1,902	1,977	1,858	2,333	2,633	2,421	9,245	24%
Operating Margin%	14.5%	15.4%	15.4%	16.0%	15.1%	16.7%	18.3%	18.0%	17.1%	
No-operating Income	99	87	265	76	196	89	86	-309	63	-88%
Pretax Profit	1,741	2,029	2,167	2,053	2,055	2,422	2,718	2,113	9,308	16%
Tax Expenses	374	434	458	412	432	513	561	409	1,915	14%
Effective Tax Rate	21.5%	21.4%	21.1%	20.1%	21.0%	21.2%	20.6%	19.4%	20.6%	
Net Income	1,363	1,584	1,710	1,635	1,617	1,894	2,140	1,700	7,351	17%
YoY%	10%	-8%	7%	0%	19%	20%	25%	4%		
EPS (NT\$)	1.95	2.27	2.45	2.34	2.31	2.71	3.06	2.43	10.51	17%

- Advantech booked NT\$77mn FX loss and NT\$386mn impairment loss in 4Q19.
- Effective tax was 20.6% in 2019.

FY2019 Performance by Region

Local Sales: US 1,756.0M, +9%

US\$M	Y2018	Y2019	GR%	Rev. Portion
North America	444.8	507.4	+14%	29%
Europe	305.7	300.8	-2%	17%
China	400.4	409.4	+2%	23%
North Asia	108.3	188.7	+74%	11%
Taiwan	108.0	100.5	-7%	6%
Asia & InterCon	122.9	141.9	+15%	8%
Others	127.8	107.3	-16%	6%
Total	1,617.9	1,756.0	+9%	100%



North Asia

AJP:	42.1M	GR%:	-2.6%
ATJ*:	82.4M	GR%:	
AKR :	64.1M	GR%:	-1.4%

Asia & InterCon

AAU/NZ:	13.6M	GR%:	+16.5%
ASEAN:	36.3M	GR%:	+19.3%
India	14.5M	GR%:	-5.8%
Russia	15.2M	GR%:	+0.4%
LATAM	15.4M	GR%:	-6.1%
ME&A	45.2M	GR%:	+35.1%
ROW	1.7M	GR%:	+285.6%

FY2019 Performance By SBG

US\$ mn		Revenues	YoY	Rev. %	Gross Margin Range	Operating Profit	OP Margin
Industrial IOT		556	0%	32%	48~53%	130	23.3%
Embedded IOT		442	7%	25%	33~38%	76	17.2%
Allied DMS	Applied Computing	215	63%	12%	25~30%	33	15.2%
	*Cloud IOT	198	20%	11%	35~40%	35	17.5%
Service IOT		148	1%	9%	38~43%	13	8.7%
AGS & APS		197	-6%	11%	23~28%	27	13.9%
Other unallocated expenses						-14	
Total		1,756	9%	100%		300	17.1%

- *Networks & Communications Group was renamed as Cloud IoT Group effectively in October 2019.
- The increased operating margin in 2019 was driven from 1) declining raw material price in 2019; 2) improved operating efficiency.
- Applied Computing Group (ACG) consolidated Advantech Technologies Japan (ATJ) business since February 2019, resulting a strong growth. Excluding ATJ contribution, ACG reported flattish growth in 2019.

Working Capital and Balance Sheet

NT\$ mn	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19
Cash Cycle											
Inventory	5,969	6,587	6,242	6,818	7,174	7,600	7,558	8,179	8,446	8,089	7,783
Account receivable	7,655	7,534	7,866	7,797	8,358	8,346	8,351	8,683	9,209	9,526	8,832
Account payable	4,194	5,173	5,281	5,376	6,251	6,248	5,811	5,756	6,519	4,981	4,799
IN turnover	76	84	81	85	81	88	91	95	88	87	88
AR turnover	61	61	61	62	60	61	61	64	60	60	60
AP turnover	54	69	67	70	72	75	70	69	69	52	53
CCC	83	76	75	77	69	75	83	90	79	95	94
BS											
Cash & Cash Equivalents	8,943	6,967	8,541	8,829	10,456	7,178	8,884	9,304	11,446	7,103	10,070
Total asset	40,533	38,797	40,704	42,324	45,345	42,286	43,937	46,864	49,654	45,391	47,216
ST debt	386	257	8	36	25	18	97	633	524	502	458
LT debt	110	106	114	81	81	81	46	439	387	334	278
Total equity	24,538	26,171	27,760	29,411	26,475	28,108	29,541	31,642	28,994	30,971	32,731
Capex	(105)	(170)	(220)	(158)	(130)	(246)	(157)	(189)	(214)	(229)	(329)
D&A	197	196	162	187	177	203	126	274	254	287	203
Total Investment CF	(1,954)	3,064	1,337	(609)	(476)	(31)	(654)	(814)	(176)	(342)	(475)

- The total CAPEX in 2019 was NT\$962mn

FY2019 Dividend Per Share – NT\$ 7.8 Cash +NT\$1 Stock

- Cash Dividend Payout Ratio: ~75% of EPS
- When the firm achieves double digit top-line and bottom-line growth in the year, the board would propose to pay additional stock dividend.

	2014	2015	2016	2017	2018	2019
Cash Payout Ratio	76.9%	74.3%	81.5%	74.7%	75.3%	74.2%
Dividend (NT\$/share)	6.0	6.0	7.3	6.6	6.8	8.8
Cash per Share	6.0	6.0	6.3	6.6	6.8	7.8
Stock per Share	0.0	0.0	1.0	0.0	0.0	1.0
EPS (NT\$)	7.09	7.35	8.15	8.84	9.02	10.51

1Q20 Guidance

Based on the exchange rate assumption of US\$1 to NT\$30.0, managements expect the 1Q20 guidance as below

Items	1Q20 Estimation
Consolidated Revenue	US\$365 ~ 375mn
Gross Margin	37.0% ~ 39.0%
Operating Margin	11.5% ~ 13.5%