

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.

2Q20 & 1H20 Financial Result

NT\$ mn	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	1H20	YoY
Net Sales	11,355	12,645	12,360	12,366	12,301	13,976	14,382	13,486	11,272	14,018	25,290	-4%
QoQ%	-3%	11%	-2%	0%	-1%	14%	3%	-6%	-16%	24%		
YoY%	13%	11%	10%	5%	8%	11%	16%	9%	-8%	0%		
Gross Profit	4,338	4,792	4,760	4,772	4,724	5,410	5,697	5,268	4,395	5,766	10,161	0%
Gross Margins%	38.2%	37.9%	38.5%	38.6%	38.4%	38.7%	39.6%	39.1%	39.0%	41.1%	40.2%	
Operating Expense	2,696	2,851	2,858	2,799	2,872	3,078	3,064	2,858	2,742	2,925	5,666	-5%
Operating Profit	1,643	1,941	1,902	1,974	1,852	2,333	2,633	2,410	1,654	2,841	4,495	8%
Operating Margin%	14.5%	15.4%	15.4%	16.0%	15.1%	16.7%	18.3%	17.9%	14.7%	20.3%	17.8%	
No-operating Income	99	87	265	76	196	89	86	-297	-33	118	85	-70%
Pretax Profit	1,741	2,029	2,167	2,050	2,048	2,422	2,718	2,113	1,621	2,959	4,580	2%
Tax Expenses	374	434	458	412	432	513	561	409	340	621	961	2%
Effective Tax Rate	21.5%	21.4%	21.1%	20.1%	21.1%	21.2%	20.6%	19.4%	21.0%	21.0%	21.0%	
Net Income	1,363	1,584	1,710	1,633	1,613	1,894	2,140	1,700	1,295	2,308	3,602	3%
QoQ%	-17%	16%	8%	-5%	-1%	17%	13%	-21%	-24%	78%		
YoY%	10%	10%	9%	0%	18%	20%	25%	4%	-20%	22%		
Adjusted EPS (NT\$)	1.78	2.07	2.23	2.13	2.10	2.46	2.78	2.21	*1.68	*2.99	*4.67	2%

- In non-operating side, Advantech booked NT\$26mn FX loss and a NT\$13mn disposal loss of fixed asset 2Q20.
- * The reported EPS of 1Q20 and 2Q20 were NT\$1.85 and NT\$3.29, respectively. 1H20 reported EPS was NT\$5.14

1H20 Sales By Region

USD\$M	1H20	1H19	YoY %	Rev %
North America	241	249	-3%	29%
Europe	141	155	-9%	17%
China	194	187	+4%	23%
North Asia	91	88	+3%	11%
Taiwan	58	51	+14%	7%
Asia & Intercon	67	71	-5%	8%
Others	50	46	+9%	6%
Total	841	847	-0.1%	100%

North America

- Industrial IoT, EIOT, Healthcare and Logistic business performed resilient in 2Q20.
- ODM customers started postponing their shipment schedule in 2Q20.

Europe

- The decline was across the board but logistic sector performed solid in 2Q20.

China

- EIOT and IIOT segment performed strongly rebound in 2Q20.
- Hospitality segment still experienced significantly declining sentiment in 2Q20.

North Asia

AJP:	\$18.4M	GR%:	-11%
ATJ*:	\$37.8M	GR%:	-18%
AKR :	\$35.0M	GR%:	+15%

Asia & InterCon

AAU/NZ:	\$7.7M	GR%:	+13%
ASEAN:	\$19.2M	GR%:	+11%
India	\$5.1M	GR%:	-37%
Russia	\$6.4M	GR%:	-19%
LATAM	\$9.4M	GR%:	+33%
ME&A	\$18.1M	GR%:	-19%

1H20 Performance By SBG

US\$ mn		Revenues	YoY	Rev. %	Gross Margin Range	Operating Profit	OP Margin
Industrial IOT		276	2%	33%	48~53%	56	20.2%
Embedded IOT		211	-3%	25%	34~39%	31	14.6%
Allied DMS	Applied Computing	111	1%	13%	26~36%	13	11.9%
	*Cloud IOT	81	-6%	10%	38~40%	14	16.0%
Service IOT		66	-8%	8%	38~43%	5	7.4%
AGS & APS		96	-2%	11%	23~28%	12	12.9%
Other unallocated profit (expenses)						19	
Total		841	-0.1%	100%		150	17.8%

- *Networks & Communications Group was renamed as Cloud IoT Group effectively in October 2019.
- Industrial IOT segment was benefiting from the rebound in China market in 2Q20 and also performed solid in US market in 2Q20.
- Medical sectors performed solid in 2Q20, benefiting EIOT and Applied Computing Group's sentiment.
- Service IOT's business suffered from the world-wide lockdowns in hospitality segment.

Working Capital and Balance Sheet

NT\$ mn	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20
Cash Cycle										
Inventory	6,818	7,174	7,600	7,558	8,179	8,446	8,089	7,783	9,093	9,695
Account receivable	7,797	8,358	8,346	8,351	8,683	9,209	9,526	8,832	8,012	9,617
Account payable	5,376	6,251	6,248	5,811	5,756	6,519	4,981	4,799	5,291	5,455
IN turnover	85	81	88	91	95	88	87	88	112	104
AR turnover	62	60	61	61	64	60	60	60	65	62
AP turnover	70	72	75	70	69	69	52	53	70	60
CCC	77	69	75	83	90	79	95	94	106	106
BS										
Cash & Cash Equivalents	8,829	10,456	7,178	8,884	9,304	11,446	7,103	10,061	11,013	12,166
Total asset	42,324	45,345	42,286	43,940	46,864	49,654	45,391	47,216	49,007	52,444
ST debt	36	25	18	97	633	524	502	458	493	484
LT debt	81	81	81	46	439	387	334	278	290	198
Total equity	29,411	26,475	28,108	29,543	31,642	28,994	30,971	32,731	28,640	30,904
Capex										
D&A	(158)	(130)	(246)	(157)	(189)	(214)	(229)	(329)	(213)	(346)
Total Investment CF	(609)	(476)	(31)	(666)	(814)	(176)	(342)	(475)	(730)	250

- Inventory turnover days still go above company historical average, due to over-build certain key components and customers starting postponing their shipment schedule in 2Q20.

3Q20 Guidance

Based on the exchange rate assumption of US\$1 to NT\$29.5, managements expect the 3Q20 guidance as below

Items	3Q20 Estimation
Consolidated Revenue	US\$ 440 ~ 460 M
Gross Margin	38.5% ~ 40.5%
Operating Margin	15.5% ~ 17.5%