

# Advantech 2Q 2021 Results Analyst Meeting



#### **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 forwardlooking statements.
- The projections should not be interpreted as legally binding commitments, but rather as flexible information subject to change occasionally.



### **2Q21 & 1H21 Financial Results**

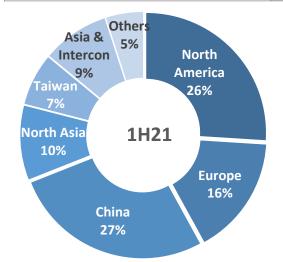
1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	1H21	YoY
12,301	13,976	14,382	13,486	11,272	14,018	13,050	12,779	13,161	14,210	27,371	8%
-1%	14%	3%	-6%	-16%	24%	-7%	-2%	3%	8%		
8%	11%	16%	9%	-8%	0%	-9%	-5%	17%	1%		
4,724	5,410	5,697	5,268	4,395	5,766	5,192	5,043	5,209	5,217	10,426	3%
38.4%	38.7%	39.6%	39.1%	39.0%	41.1%	39.8%	39.5%	39.6%	36.7%	38.1%	
2,872	3,079	3,070	2,845	2,742	2,925	2,928	2,765	2,922	3,020	5,942	5%
1,852	2,331	2,627	2,423	1,654	2,841	2,264	2,278	2,287	2,197	4,484	0%
15.1%	16.7%	18.3%	17.9%	14.7%	20.3%	17.4%	17.8%	17.4%	15.5%	16.4%	
196	89	86	-297	-33	118	202	-195	130	80	210	147%
2,048	2,420	2,713	2,126	1,621	2,959	2,466	2,083	2,417	2,277	4,694	2%
432	513	561	409	340	621	511	353	488	462	950	-1%
21.1%	21.2%	20.7%	19.4%	21.0%	21.0%	20.7%	16.9%	20.2%	20.3%	20.2%	
1,613	1,892	2,136	1,700	1,295	2,308	1,941	1,704	1,913	1,790	3,703	3%
18%	19%	25%	4%	-20%	22%	-9%	0%	48%	-22%		
2.10	2.46	2.78	2.21						2.31	4.79	2%
	12,301 -1% 8% 4,724 38.4% 2,872 1,852 15.1% 196 2,048 432 21.1% 1,613 18%	12,301       13,976         -1%       14%         8%       11%         4,724       5,410         38.4%       38.7%         2,872       3,079         1,852       2,331         15.1%       16.7%         196       89         2,048       2,420         432       513         21.1%       21.2%         1,613       1,892         18%       19%	12,301         13,976         14,382           -1%         14%         3%           8%         11%         16%           4,724         5,410         5,697           38.4%         38.7%         39.6%           2,872         3,079         3,070           1,852         2,331         2,627           15.1%         16.7%         18.3%           196         89         86           2,048         2,420         2,713           432         513         561           21.1%         21.2%         20.7%           1,613         1,892         2,136           18%         19%         25%	12,301         13,976         14,382         13,486           -1%         14%         3%         -6%           8%         11%         16%         9%           4,724         5,410         5,697         5,268           38.4%         38.7%         39.6%         39.1%           2,872         3,079         3,070         2,845           1,852         2,331         2,627         2,423           15.1%         16.7%         18.3%         17.9%           196         89         86         -297           2,048         2,420         2,713         2,126           432         513         561         409           21.1%         21.2%         20.7%         19.4%           1,613         1,892         2,136         1,700           18%         19%         25%         4%	12,301         13,976         14,382         13,486         11,272           -1%         14%         3%         -6%         -16%           8%         11%         16%         9%         -8%           4,724         5,410         5,697         5,268         4,395           38.4%         38.7%         39.6%         39.1%         39.0%           2,872         3,079         3,070         2,845         2,742           1,852         2,331         2,627         2,423         1,654           15.1%         16.7%         18.3%         17.9%         14.7%           196         89         86         -297         -33           2,048         2,420         2,713         2,126         1,621           432         513         561         409         340           21.1%         21.2%         20.7%         19.4%         21.0%           1,613         1,892         2,136         1,700         1,295           18%         19%         25%         4%         -20%	12,301         13,976         14,382         13,486         11,272         14,018           -1%         14%         3%         -6%         -16%         24%           8%         11%         16%         9%         -8%         0%           4,724         5,410         5,697         5,268         4,395         5,766           38.4%         38.7%         39.6%         39.1%         39.0%         41.1%           2,872         3,079         3,070         2,845         2,742         2,925           1,852         2,331         2,627         2,423         1,654         2,841           15.1%         16.7%         18.3%         17.9%         14.7%         20.3%           196         89         86         -297         -33         118           2,048         2,420         2,713         2,126         1,621         2,959           432         513         561         409         340         621           21.1%         21.2%         20.7%         19.4%         21.0%         21.0%           1,613         1,892         2,136         1,700         1,295         2,308           18%         19% <td>12,301         13,976         14,382         13,486         11,272         14,018         13,050           -1%         14%         3%         -6%         -16%         24%         -7%           8%         11%         16%         9%         -8%         0%         -9%           4,724         5,410         5,697         5,268         4,395         5,766         5,192           38.4%         38.7%         39.6%         39.1%         39.0%         41.1%         39.8%           2,872         3,079         3,070         2,845         2,742         2,925         2,928           1,852         2,331         2,627         2,423         1,654         2,841         2,264           15.1%         16.7%         18.3%         17.9%         14.7%         20.3%         17.4%           196         89         86         -297         -33         118         202           2,048         2,420         2,713         2,126         1,621         2,959         2,466           432         513         561         409         340         621         511           21.1%         21.2%         20.7%         19.4%         21.0</td> <td>12,301         13,976         14,382         13,486         11,272         14,018         13,050         12,779           -1%         14%         3%         -6%         -16%         24%         -7%         -2%           8%         11%         16%         9%         -8%         0%         -9%         -5%           4,724         5,410         5,697         5,268         4,395         5,766         5,192         5,043           38.4%         38.7%         39.6%         39.1%         39.0%         41.1%         39.8%         39.5%           2,872         3,079         3,070         2,845         2,742         2,925         2,928         2,765           1,852         2,331         2,627         2,423         1,654         2,841         2,264         2,278           15.1%         16.7%         18.3%         17.9%         14.7%         20.3%         17.4%         17.8%           196         89         86         -297         -33         118         202         -195           2,048         2,420         2,713         2,126         1,621         2,959         2,466         2,083           432         513</td> <td>12,301         13,976         14,382         13,486         11,272         14,018         13,050         12,779         13,161           -1%         14%         3%         -6%         -16%         24%         -7%         -2%         3%           8%         11%         16%         9%         -8%         0%         -9%         -5%         17%           4,724         5,410         5,697         5,268         4,395         5,766         5,192         5,043         5,209           38.4%         38.7%         39.6%         39.1%         39.0%         41.1%         39.8%         39.5%         39.6%           2,872         3,079         3,070         2,845         2,742         2,925         2,928         2,765         2,922           1,852         2,331         2,627         2,423         1,654         2,841         2,264         2,278         2,287           15.1%         16.7%         18.3%         17.9%         14.7%         20.3%         17.4%         17.8%         17.4%           196         89         86         -297         -33         118         202         -195         130           2,048         2,420</td> <td>12,301         13,976         14,382         13,486         11,272         14,018         13,050         12,779         13,161         14,210           -1%         14%         3%         -6%         -16%         24%         -7%         -2%         3%         8%           8%         11%         16%         9%         -8%         0%         -9%         -5%         17%         1%           4,724         5,410         5,697         5,268         4,395         5,766         5,192         5,043         5,209         5,217           38.4%         38.7%         39.6%         39.1%         39.0%         41.1%         39.8%         39.5%         39.6%         36.7%           2,872         3,079         3,070         2,845         2,742         2,925         2,928         2,765         2,922         3,020           1,852         2,331         2,627         2,423         1,654         2,841         2,264         2,278         2,287         2,197           15.1%         16.7%         18.3%         17.9%         14.7%         20.3%         17.4%         17.8%         17.4%         15.5%           196         89         86         -297<!--</td--><td>12,301         13,976         14,382         13,486         11,272         14,018         13,050         12,779         13,161         14,210         27,371           -1%         14%         3%         -6%         -16%         24%         -7%         -2%         3%         8%           8%         11%         16%         9%         -8%         0%         -9%         -5%         17%         1%           4,724         5,410         5,697         5,268         4,395         5,766         5,192         5,043         5,209         5,217         10,426           38.4%         38.7%         39.6%         39.1%         39.0%         41.1%         39.8%         39.5%         39.6%         36.7%         38.1%           2,872         3,079         3,070         2,845         2,742         2,925         2,928         2,765         2,922         3,020         5,942           1,852         2,331         2,627         2,423         1,654         2,841         2,264         2,278         2,287         2,197         4,484           15.1%         16.7%         18.3%         17.9%         14.7%         20.3%         17.4%         17.8%         17.4%</td></td>	12,301         13,976         14,382         13,486         11,272         14,018         13,050           -1%         14%         3%         -6%         -16%         24%         -7%           8%         11%         16%         9%         -8%         0%         -9%           4,724         5,410         5,697         5,268         4,395         5,766         5,192           38.4%         38.7%         39.6%         39.1%         39.0%         41.1%         39.8%           2,872         3,079         3,070         2,845         2,742         2,925         2,928           1,852         2,331         2,627         2,423         1,654         2,841         2,264           15.1%         16.7%         18.3%         17.9%         14.7%         20.3%         17.4%           196         89         86         -297         -33         118         202           2,048         2,420         2,713         2,126         1,621         2,959         2,466           432         513         561         409         340         621         511           21.1%         21.2%         20.7%         19.4%         21.0	12,301         13,976         14,382         13,486         11,272         14,018         13,050         12,779           -1%         14%         3%         -6%         -16%         24%         -7%         -2%           8%         11%         16%         9%         -8%         0%         -9%         -5%           4,724         5,410         5,697         5,268         4,395         5,766         5,192         5,043           38.4%         38.7%         39.6%         39.1%         39.0%         41.1%         39.8%         39.5%           2,872         3,079         3,070         2,845         2,742         2,925         2,928         2,765           1,852         2,331         2,627         2,423         1,654         2,841         2,264         2,278           15.1%         16.7%         18.3%         17.9%         14.7%         20.3%         17.4%         17.8%           196         89         86         -297         -33         118         202         -195           2,048         2,420         2,713         2,126         1,621         2,959         2,466         2,083           432         513	12,301         13,976         14,382         13,486         11,272         14,018         13,050         12,779         13,161           -1%         14%         3%         -6%         -16%         24%         -7%         -2%         3%           8%         11%         16%         9%         -8%         0%         -9%         -5%         17%           4,724         5,410         5,697         5,268         4,395         5,766         5,192         5,043         5,209           38.4%         38.7%         39.6%         39.1%         39.0%         41.1%         39.8%         39.5%         39.6%           2,872         3,079         3,070         2,845         2,742         2,925         2,928         2,765         2,922           1,852         2,331         2,627         2,423         1,654         2,841         2,264         2,278         2,287           15.1%         16.7%         18.3%         17.9%         14.7%         20.3%         17.4%         17.8%         17.4%           196         89         86         -297         -33         118         202         -195         130           2,048         2,420	12,301         13,976         14,382         13,486         11,272         14,018         13,050         12,779         13,161         14,210           -1%         14%         3%         -6%         -16%         24%         -7%         -2%         3%         8%           8%         11%         16%         9%         -8%         0%         -9%         -5%         17%         1%           4,724         5,410         5,697         5,268         4,395         5,766         5,192         5,043         5,209         5,217           38.4%         38.7%         39.6%         39.1%         39.0%         41.1%         39.8%         39.5%         39.6%         36.7%           2,872         3,079         3,070         2,845         2,742         2,925         2,928         2,765         2,922         3,020           1,852         2,331         2,627         2,423         1,654         2,841         2,264         2,278         2,287         2,197           15.1%         16.7%         18.3%         17.9%         14.7%         20.3%         17.4%         17.8%         17.4%         15.5%           196         89         86         -297 </td <td>12,301         13,976         14,382         13,486         11,272         14,018         13,050         12,779         13,161         14,210         27,371           -1%         14%         3%         -6%         -16%         24%         -7%         -2%         3%         8%           8%         11%         16%         9%         -8%         0%         -9%         -5%         17%         1%           4,724         5,410         5,697         5,268         4,395         5,766         5,192         5,043         5,209         5,217         10,426           38.4%         38.7%         39.6%         39.1%         39.0%         41.1%         39.8%         39.5%         39.6%         36.7%         38.1%           2,872         3,079         3,070         2,845         2,742         2,925         2,928         2,765         2,922         3,020         5,942           1,852         2,331         2,627         2,423         1,654         2,841         2,264         2,278         2,287         2,197         4,484           15.1%         16.7%         18.3%         17.9%         14.7%         20.3%         17.4%         17.8%         17.4%</td>	12,301         13,976         14,382         13,486         11,272         14,018         13,050         12,779         13,161         14,210         27,371           -1%         14%         3%         -6%         -16%         24%         -7%         -2%         3%         8%           8%         11%         16%         9%         -8%         0%         -9%         -5%         17%         1%           4,724         5,410         5,697         5,268         4,395         5,766         5,192         5,043         5,209         5,217         10,426           38.4%         38.7%         39.6%         39.1%         39.0%         41.1%         39.8%         39.5%         39.6%         36.7%         38.1%           2,872         3,079         3,070         2,845         2,742         2,925         2,928         2,765         2,922         3,020         5,942           1,852         2,331         2,627         2,423         1,654         2,841         2,264         2,278         2,287         2,197         4,484           15.1%         16.7%         18.3%         17.9%         14.7%         20.3%         17.4%         17.8%         17.4%

- Gross profit was eroded due to 1) Component cost-up impact; 2) Time gap between cost inflation and ASP hike
- Effective Tax rate was 20.2% in 1H21



### **1H21 Sales By Region**

USD\$mn	1H21	1H20	YoY %	Rev %
North America	250	242	4%	26%
Europe	154	141	9%	16%
China	265	194	37%	27%
North Asia	94	89	6%	10%
Taiwan	63	58	9%	7%
Asia & InterCon	90	67	35%	9%
Others	53	48	9%	5%
Total	970	839	16%	100%



USD\$mn	North /	Asia	
AJP:	\$20.1M	GR%:	+8%
ATJ:	\$31.5M	GR%:	-11%
AKR:	\$42.3M	GR%:	+21%

USD\$mn	Asia & Int	erCon	
AAU/NZ	\$8.5M	GR%:	+9%
ASEAN	\$22.8M	GR%:	+19%
India	\$7.0M	GR%:	+39%
Russia	\$6.5M	GR%:	+2%
LATAM	\$7.4M	GR%:	-22%
ME&A	\$37.3M	GR%:	+106%

#### **1H21 Performance By SBG**

<b>2021</b> \$ mn		Revenue	YoY	Rev. %	Gross Margin	Operating Profit	OP Margin
Industrial IOT		351	34%	36%	45~50%	112	32.1%
Embedded IOT		226	7%	23%	35~40%	41	18.2%
Allied DMS	Applied Computing	97	-11%	10%	25~30%	10	10.2%
	Cloud IOT	93	-2%	10%	35~40%	8	8.9%
Service IOT		81	23%	8%	40~45%	5	6.2%
AGS & APS		122	26%	13%	25~30%	17	14.0%
Other unallocated expenses						-34	
Total		970	16%	100%		159	16.4%

- **IIoT** YoY+34% contributed by new infrastructure demand from China and semiconductor IEM smart equipment upgrades
- SIoT YoY+23% driven by iHealthcare projects contribution and iCity's progress in NA/Greater China market
- ACG YoY -11% mainly due to major projects ended and ATJ underperformed
- CloT included VSMD (Video Solution Division) YoY -2%



#### **Working Capital and Balance Sheet**

	1010	2010	2010	1010				1000	1221	2004
NT\$ mn	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
Cash Cycle										
Inventory	8,179	8,446	8,089	7,783	9,093	9,695	8,523	7,814	8,846	10,713
Account receivable	8,683	9,209	9,526	8,832	8,012	9,617	8,734	8,781	8,978	10,157
Account payable	5,756	6,519	4,981	4,799	5,291	5,455	3,737	4,326	5,731	7,782
IN turnover	93	87	86	87	110	102	104	95	94	98
AR turnover	62	58	59	61	67	57	63	62	61	61
AP turnover	69	64	60	54	66	59	53	47	57	68
CCC	87	80	85	95	112	100	115	110	98	91
<u>BS</u>										
Cash & Cash Equivalents	9,304	11,446	7,103	10,061	11,013	12,161	9,792	13,132	14,508	14,851
Cash	7,076	6,641	5,559	6,004	4,966	6,064	6,380	7,497	7,786	7,772
Marketable Sec. & S/T										
Investment	2,229	4,805	1,544	4,057	6,047	6,096	3,412	5,635	6,722	7,079
Total asset	46,864	49,654	45,391	47,216	49,007	52,444	47,775	50,199	53,576	57,314
ST debt	633	524	502	458	493	484	514	405	429	402
LT debt	439	387	334	278	290	198	143	88	241	166
Total equity	31,642	28,994	30,971	32,731	28,640	30,904	33,036	35,046	31,896	33,556
<u>Capex</u>	(189)	(214)	(229)	(329)	(213)	(346)	(231)	170	(236)	(192)
D&A	275	255	289	167	265	219	254	231	252	251
Total Investment CF	(814)	(176)	(342)	(475)	(730)	250	(885)	556	(396)	(349)

- Advantech generating \$7.8bn NTD in 2Q21 for Cash level, indicating sufficient working capital
- The Cash-Conversion Cycle (CCC) maintained healthy level (<100 days) in 2Q21



#### **3Q21 Guidance**

Based on the exchange rate assumption of <u>US\$1 to NT\$28</u>, managements expect the 3Q21 guidance as below

Items	3Q21 Estimation				
Consolidated Revenue	US\$ 510M ~ 530M				
Gross Margin	36.5% ~ 38.5%				
Operating Margin	16.0% ~ 18.0%				



## Co-Creating the Future of the IoT World

