

Advantech Investor Conference

研華科技法人說明會

2nd August, 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.

2Q23 & 1H23 Financial Results

NT\$ mn	2Q23	%	1Q23	%	QoQ	2Q22	%	YoY	1H23	%	1H22	%	YoY
Net Sales	17,028	100.0%	17,395	100.0%	-2%	16,824	100.0%	1%	34,424	100.0%	32,944	100.0%	4%
Gross Profit	7,014	41.2%	6,911	39.7%	1%	6,499	38.6%	8%	13,925	40.5%	12,657	38.4%	10%
Operating Expense	3,585	21.1%	3,409	19.6%		3,392	20.2%		6,994	20.3%	6,534	19.8%	
Operating Profit	3,430	20.1%	3,502	20.1%	-2%	3,107	18.5%	10%	6,931	20.1%	6,123	18.6%	13%
No-operating Items	339	2.0%	179	1.0%		30	0.2%		518	1.5%	185	0.6%	
Pretax Profit	3,769	22.1%	3,680	21.2%	2%	3,137	18.6%	20%	7,449	21.6%	6,308	19.1%	18%
Tax Expenses	763	4.5%	725	4.2%		674	4.0%		1,489	4.3%	1,275	3.9%	
Net Income to Parent	3,004	17.6%	2,959	17.0%	2%	2,458	14.6%	22%	5,964	17.3%	5,031	15.3%	19%
EPS (NT\$)*	3.51		3.45			2.88			6.97		5.90		
EPS (NT\$)	3.86		3.80			3.17			7.66		6.49		

*Adjusted EPS after stock dividends of 2022

2Q23

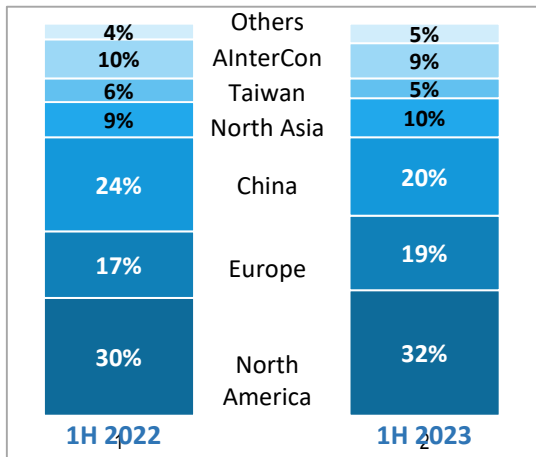
- 2Q23 revenue set Company's new high in the same period.
- GP% and OP% outperformed the historical average.

1H23

- 1H23 Revenue & EPS set Company's new high in the same period.
- GP%, OP%, NI% increased significantly.
- Effective Tax rate was 20.0% in 1H23.

1H23 Sales By Region

US\$m	1H23	1H22	YoY	Rev %
North America	356	343	+4%	32%
Europe	218	193	+13%	19%
China	225	271	-17%	20%
North Asia	116	102	+13%	10%
Taiwan	53	72	-27%	5%
Asia & InterCon	99	117	-15%	9%
Others	59	53	+13%	5%
Total	1,126	1,151	-2%	100%



North Asia

US\$m	1H23	YoY
AJP	75	+35%
AKR	41	-13%

Asia & InterCon

US\$m	1H23	YoY
AAU/NZ	9	+32%
ASEAN	23	-15%
India	14	+24%
Russia&CIS	3	-26%
LATAM	11	+16%
ME&A	39	-32%

1H23 Performance By SBG

US\$ mn		Revenue	Rev. %	YoY	Gross Margin	Operating Profit	OP Margin
Industrial-IoT	(IIoT)	296	26%	-8%	50%~55%	100	34%
Embedded-IoT	(EIoT)	309	27%	+13%	35%~40%	78	25%
Applied Computing	(ACG)	163	15%	+4%	25%~30%	40	25%
Industrial Cloud & Video	(ICVG)	131	12%	+3%	35%~40%	22	17%
Service-IoT	(SIoT)	103	9%	-13%	40%~45%	17	17%
Advantech Service + /Others	(AS+)	124	11%	-19%	25%~30%	9	7%
Total		1,126	100%	-2%	41%	227	20%

* unallocated expenses OP -\$39M

- **IIoT** YoY **-8%** : Impacted by China market slowdown and the high base period of North America in Medical projects.
- **EIoT** YoY **+13%** : Driven by strong sales momentum from Medical, Communications, and Gaming projects.
- **ACG** YoY **+4%** : Contributed from Medical projects and Media Streaming equipment .
- **ICVG** YoY **+3%** : Driven by Enterprise Networking and Industrial Surveillance projects.
- **SIoT** YoY **-13%** : Declined due to the deceleration of shipments in major Medical and Retails projects.

Balance Sheet & Key Indices

NT\$ mn	2Q23		4Q22		2Q22	
	Amount	%	Amount	%	Amount	%
Cash & Cash Equivalents	19,919	28%	15,359	23%	12,785	20%
Account receivable	10,782	15%	11,109	17%	11,927	18%
Inventory	11,624	17%	14,008	21%	15,358	24%
Total Assets	70,258	100%	66,385	100%	64,751	100%
Account payable	5,680	8%	7,126	11%	7,895	12%
ST debt	614	1%	699	1%	647	1%
LT debt	1,545	2%	298	0%	274	0%
Total Liabilities	27,083	39%	22,101	33%	26,972	42%
Total Equity	43,175	61%	44,284	67%	37,779	58%
Key Indices						
Inventory turnover days	107		114		125	
AR turnover days	56		55		62	
AP turnover days	59		63		69	
CCC (cash conversion cycle)	106		106		118	

- Both Inventory amount & Inventory turnover days have gradually decreased.

3Q23 Guidance

Based on the exchange rate assumption of US\$1 to NT\$31.0, managements expect the 3Q23 guidance as below:

Items	3Q23 Estimation
Consolidated Revenue	US\$ 480M ~ 500M
Gross Margin	38.5% ~ 40.5%
Operating Margin	16.0% ~ 18.0%

Q & A

Co-Creating the Future of the IoT World

