

Advantech

3Q21 Result Earnings Conference

Nov. 3rd, 2021



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.

3Q21 & YT3Q21 Financial Results

NT\$ mn	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	YT3Q 21	YoY
Net Sales	12,301	13,976	14,382	13,486	11,272	14,018	13,050	12,779	13,161	14,210	15,507	42,878	12%
QoQ%	-1%	14%	3%	-6%	-16%	24%	-7%	-2%	3%	8%	9%		
YoY%	8%	11%	16%	9%	-8%	0%	-9%	-5%	17%	1%	19%		
Gross Profit	4,724	5,410	5,697	5,268	4,395	5,766	5,192	5,043	5,209	5,217	5,706	16,132	5%
Gross Margins%	38.4%	38.7%	39.6%	39.1%	39.0%	41.1%	39.8%	39.5%	39.6%	36.7%	36.8%	37.6%	
Operating Expense	2,872	3,079	3,070	2,845	2,742	2,925	2,928	2,765	2,922	3,020	3,098	9,040	5%
Operating Profit	1,852	2,331	2,627	2,423	1,654	2,841	2,264	2,278	2,287	2,197	2,608	7,092	5%
Operating Margin%	15.1%	16.7%	18.3%	17.9%	14.7%	20.3%	17.4%	17.8%	17.4%	15.5%	16.8%	16.5%	
No-operating Income	196	89	86	-297	-33	118	202	-195	130	80	275	485	69%
Pretax Profit	2,048	2,420	2,713	2,126	1,621	2,959	2,466	2,083	2,417	2,277	2,883	7,577	8%
Tax Expenses	432	513	561	409	340	621	511	353	488	462	596	1,546	5%
Effective Tax Rate	21.1%	21.2%	20.7%	19.4%	21.0%	21.0%	20.7%	16.9%	20.2%	20.3%	20.7%	20.4%	
Net Income	1,613	1,892	2,136	1,700	1,295	2,308	1,941	1,704	1,913	1,790	2,274	5,977	8%
YoY%	18%	19%	25%	4%	-20%	22%	-9%	0%	48%	-22%	17%	8%	
EPS (NT\$)	2.10	2.46	2.78	2.21	1.68	2.99	2.52	2.21	2.48	2.31	2.95	7.74	8%

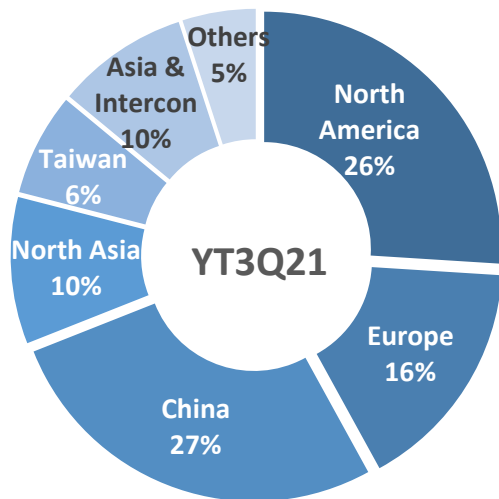
■ 3Q21 Op. Profit +19% QoQ due to 1) GM rate slightly recovered and 2) Operating leverage advantage

■ YT3Q21 Non-op. Income +69% YoY due to:

1) Disposal gains of fixed assets NT\$85mn ; 2) Gain from Financial assets NT\$44mn

YT3Q 2021 Sales By Region

USD\$m	YT3Q 21	YT3Q 20	YoY %	Rev %
North America	396	375	6%	26%
Europe	248	211	17%	16%
China	415	304	37%	27%
North Asia	144	132	9%	10%
Taiwan	96	79	21%	6%
Asia & InterCon	148	107	38%	10%
Others	78	69	13%	5%
Total	1,525	1,277	19%	100%



USD\$m	North Asia	
AJP:	\$31.9M	GR%: +14%
ATJ:	\$48.8M	GR%: -6%
AKR :	\$63.8M	GR%: +22%

USD\$m	Asia & InterCon	
AAU/NZ	\$13.3M	GR%: +4%
ASEAN	\$36.0M	GR%: +27%
India	\$11.3M	GR%: +36%
Russia	\$10.4M	GR%: -11%
LATAM	\$11.7M	GR%: -12%
ME&A	\$63.9M	GR%: +103%
ROW	\$ 1.3M	GR%: +3.6%

YT3Q 2021 Performance By SBG

YT3Q 2021 US\$ mn		Revenue	YoY	Rev. %	Gross Margin	Operating Profit	OP Margin
Industrial IOT		533	+35%	35%	45~50%	161	30.1%
Embedded IOT		358	+15%	24%	30~35%	63	17.6%
Allied DMS	Applied Computing	157	-7%	10%	25~30%	18	11.4%
	Cloud IOT	156	+9%	10%	35~40%	26	16.7%
Service IOT		136	+27%	9%	40~45%	12	9.1%
Advantech Service Plus (AS+)		185	+28%	12%	25~30%	26	14.2%
Other unallocated expenses						-54	
Total		1,525	+19%	100%		252	16.5%

- IIoT YoY+35% contributed by new infrastructure demand from China and semiconductor IEM smart equipment upgrades
- SIIoT YoY+27% driven by Medical industrial project
- ACG YoY -7% mainly due to major projects ended and ATJ underperformed

Working Capital and Balance Sheet

NT\$ mn	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21
Cash Cycle										
Inventory	8,446	8,089	7,783	9,093	9,695	8,523	7,814	8,846	10,713	12,590
Account receivable	9,209	9,526	8,832	8,012	9,617	8,734	8,781	8,978	10,157	10,427
Account payable	6,519	4,981	4,886	4,799	5,455	3,737	4,326	5,731	7,782	7,234
IN turnover	87	86	87	110	102	104	95	94	98	107
AR turnover	58	59	61	67	57	63	62	61	61	60
AP turnover	64	60	54	63	66	53	47	57	68	69
CCC	80	85	94	114	93	115	110	98	91	98
BS										
Cash & Cash Equivalents	11,446	7,103	9,960	9,023	12,161	9,792	13,132	14,508	14,774	9,390
Cash	6,641	5,559	6,004	4,966	6,064	6,380	7,497	7,786	7,772	7,036
Marketable Sec. & S/T										
Investment	4,805	1,544	3,956	4,057	6,096	3,412	5,635	6,722	7,002	2,354
Total asset	49,654	45,391	47,216	49,007	52,444	47,775	50,199	53,576	57,314	53,986
ST debt	524	502	458	493	484	514	405	429	402	488
LT debt	387	334	278	290	198	143	88	241	166	108
Total equity	28,994	30,971	32,731	28,640	30,904	33,036	35,046	31,896	33,556	35,679
Capex	(214)	(229)	(329)	(213)	(346)	(231)	170	(236)	(192)	(252)
D&A	255	289	163	265	206	254	206	252	274	298
Total Investment CF	(176)	(342)	(475)	(730)	250	(885)	556	(396)	(349)	(230)

■ Inventory turnover days still higher than historical average, due to aggressive inventory build for order shipment

4Q21 Guidance

Based on the exchange rate assumption of US\$1 to NT\$27.9, managements expect the 4Q21 guidance as below

Items	4Q21 Estimation
Consolidated Revenue	US\$ 530M ~ 550M
Gross Margin	36.5% ~ 38.5%
Operating Margin	16.0% ~ 18.0%

Q & A

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