

# Advantech Investor Conference

## 研華科技法人說明會

1<sup>st</sup> November, 2023



## Safe Harbor Notice

- Advantech's statement of its current expectations are forward-looking statements which are subject to significant 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.

# 3Q23 Financial Results

NT\$ mn	3Q23	%	2Q23	%	QoQ	3Q22	%	YoY	YT 3Q23	%	YT 3Q22	%	YoY
Net Sales	15,006	100.0%	17,028	100.0%	-12%	18,614	100.0%	-19%	49,430	100.0%	51,558	100.0%	-4%
<b>Gross Profit</b>	<b>6,017</b>	<b>40.1%</b>	<b>7,014</b>	<b>41.2%</b>	<b>-14%</b>	<b>6,780</b>	<b>36.4%</b>	<b>-11%</b>	<b>19,942</b>	<b>40.3%</b>	<b>19,436</b>	<b>37.7%</b>	<b>3%</b>
Operating Expense	3,511	23.4%	3,585	21.1%		3,401	18.3%		10,505	21.3%	9,936	19.3%	
<b>Operating Profit</b>	<b>2,506</b>	<b>16.7%</b>	<b>3,429</b>	<b>20.1%</b>	<b>-27%</b>	<b>3,379</b>	<b>18.2%</b>	<b>-26%</b>	<b>9,437</b>	<b>19.1%</b>	<b>9,501</b>	<b>18.4%</b>	<b>-1%</b>
Non-operating Items	582	3.9%	339	2.0%		588	3.2%		1,100	2.2%	773	1.5%	
<b>Pretax Profit</b>	<b>3,088</b>	<b>20.6%</b>	<b>3,768</b>	<b>22.1%</b>	<b>-18%</b>	<b>3,967</b>	<b>21.3%</b>	<b>-22%</b>	<b>10,537</b>	<b>21.3%</b>	<b>10,274</b>	<b>19.9%</b>	<b>3%</b>
Tax Expenses	531	3.5%	763	4.5%		791	4.2%		2,019	4.1%	2,066	4.0%	
<b>Net Income to Parent</b>	<b>2,583</b>	<b>17.2%</b>	<b>3,004</b>	<b>17.6%</b>	<b>-14%</b>	<b>3,184</b>	<b>17.1%</b>	<b>-19%</b>	<b>8,547</b>	<b>17.3%</b>	<b>8,214</b>	<b>15.9%</b>	<b>4%</b>
<b>EPS (NT\$)*</b>	<b>3.01</b>		<b>3.51</b>			<b>3.72</b>			<b>9.98</b>		<b>9.62</b>		

\*Adjusted EPS after stock dividends of 2022

## 3Q23

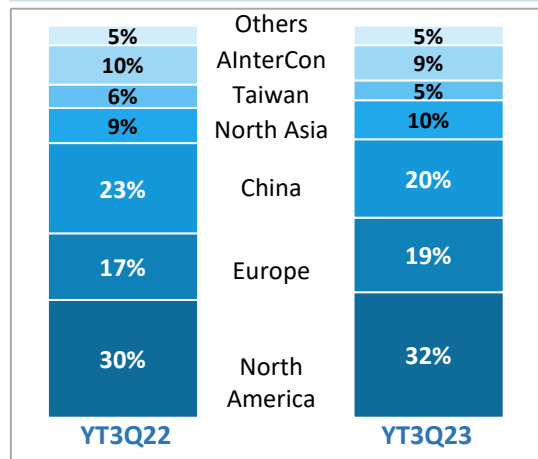
- Both top-line/ bottom-line underperformed with double-digit declined YoY & QoQ.
- The OP% was affected by the reduced base of sales revenue.
- Effective Tax rate was 17.2% in 3Q23.

## YT 3Q23

- Revenue declined 4% YoY , but NI increased 4% in YoY which sets company's new record high.
- GP%, OP%, NI% increased significantly.
- For non-operating items, Advantech booked NT\$ 178mn FX gain.

# YT3Q23 Sales By Region

US\$m	YT 3Q23	YT 3Q22	YoY	Rev %
North America	510	529	-4%	32%
Europe	308	305	+1%	19%
China	324	406	-20%	20%
North Asia	167	159	+5%	10%
Taiwan	76	105	-27%	5%
Asia & InterCon	138	181	-24%	9%
Others	77	84	-8%	5%
<b>Total</b>	<b>1,600</b>	<b>1,769</b>	<b>-10%</b>	<b>100%</b>



## North Asia

US\$m	YT3Q23	YoY
AJP	106	+22%
AKR	61	-16%

## Asia & InterCon

US\$m	YT3Q23	YoY
AAU/NZ	12	+5%
ASEAN	34	-22%
India	18	+12%
Russia & CIS	4	-21%
LATAM	16	+12%
ME&A	54	-41%

# YT3Q23 Performance By SBG

US\$ mn		Revenue	Rev. %	YoY	Gross Margin	Operating Profit	OP Margin
<b>Industrial-IoT</b>	(IIoT)	417	26%	-15%	50%~55%	136	33%
<b>Embedded-IoT</b>	(EIoT)	439	27%	+4%	35%~40%	106	24%
<b>Applied Computing</b>	(ACG)	237	15%	-3%	30%~35%	58	25%
<b>Industrial Cloud &amp; Video</b>	(ICVG)	184	12%	-13%	35%~40%	32	17%
<b>Service-IoT</b>	(SIoT)	149	9%	-16%	40%~45%	21	14%
<b>Advantech Service + /Others</b>	(AS+)	174	11%	-21%	25%~30%	11	6%
<b>Total</b>		<b>1,600</b>	<b>100%</b>	<b>-10%</b>	<b>40.3%</b>	<b>305*</b>	<b>19.1%</b>

\* unallocated expenses OP -\$59M

- **IIoT** YoY **-15%** : Affected by weak China market and the slowdown in Taiwan Semiconductor equipment market.
- **EIoT** YoY **+4%** : Driven by strong demand in Gaming and rebound from China iFactory sector.
- **ACG** YoY **-3%** : Medical projects declined, while Japan DMS project & Media streaming equipment remained strong.
- **ICVG** YoY **-13%** : Declined due to the high base period in Cloud Infrastructure and Media Streaming.
- **SIoT** YoY **-16%** : Medical and Retails projects slowdown, but positive growth in Fleet Management project.

# Balance Sheet & Key Indices

NT\$ mn	3Q23		4Q22		3Q22	
	Amount	%	Amount	%	Amount	%
Cash & Cash Equivalents	18,292	27%	15,359	23%	9,948	16%
Account receivable	11,239	17%	11,109	17%	12,713	20%
Inventory	10,850	16%	14,008	21%	14,938	24%
<b>Total Assets</b>	<b>66,955</b>	100%	<b>66,385</b>	100%	<b>62,716</b>	100%
Account payable	6,429	10%	7,126	11%	7,322	12%
ST debt	540	1%	699	1%	803	1%
LT debt	1,609	2%	298	0%	251	0%
<b>Total Liabilities</b>	<b>20,460</b>	31%	<b>22,101</b>	33%	<b>21,081</b>	34%
<b>Total Equity</b>	<b>46,495</b>	69%	<b>44,284</b>	67%	<b>41,634</b>	66%
<b>Key Indices</b>						
Inventory turnover days	116		114		117	
AR turnover days	58		55		61	
AP turnover days	63		63		63	
<b>CCC (cash conversion cycle)</b>	<b>106</b>		<b>106</b>		<b>118</b>	

- **Inventory** amount has been controlled and the proportion of **Inventory to Assets** has decreased to 16%.
- However, **DOI** slightly increased due to the reduced of sales revenue.

# 4Q23 Guidance

Based on the exchange rate assumption of US\$1 to NT\$32, managements expect the 4Q23 guidance as below:

Items	4Q23 Estimation
Consolidated Revenue	US\$ 465M ~ 485M
Gross Margin	38.5% ~ 40.5%
Operating Margin	16.0% ~ 18.0%

# Q & A



# Co-Creating the Future of the IoT World

