

Advantech 4Q 2021 Results Analyst Meeting

2nd March, 2022



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.

4Q21 & FY2021 Financial Results

NT\$ mn	4Q 2021	%	3Q 2021	%	QOQ	4Q 2020	%	YoY	FY2021	%	FY2020	%	YoY
Net Sales	15,744	100.0%	15,507	100.0%	2%	12,779	100.0%	23%	58,622	100.0%	51,119	100.0%	15%
Gross Profit	6,000	38.1%	5,706	36.8%	5%	5,043	39.5%	19%	22,132	37.8%	20,397	39.9%	9%
Operating Expense	3,291	20.9%	3,098	20.0%		2,765	21.6%		12,331	21.0%	11,359	22.2%	
Operating Profit	2,709	17.2%	2,608	16.8%	4%	2,278	17.8%	19%	9,800	16.7%	9,037	17.7%	8%
No-operating Items	-30	-0.2%	275	1.8%		-195	-1.5%		455	0.8%	92	0.2%	
Pretax Profit	2,679	17.0%	2,883	18.6%	-7%	2,083	16.3%	29%	10,255	17.5%	9,129	17.9%	12%
Tax Expenses	402	2.6%	596	3.8%		353	2.8%		1,947	3.3%	1,825	3.6%	
Net Income to Parent	2,273	14.4%	2,274	14.7%	0%	1,704	13.3%	33%	8,250	14.1%	7,248	14.2%	14%
EPS (NT\$)	2.93		2.95			2.21			10.67		9.40		

- **4Q21 GP% gradually recovered:** More contribution from new pricing order

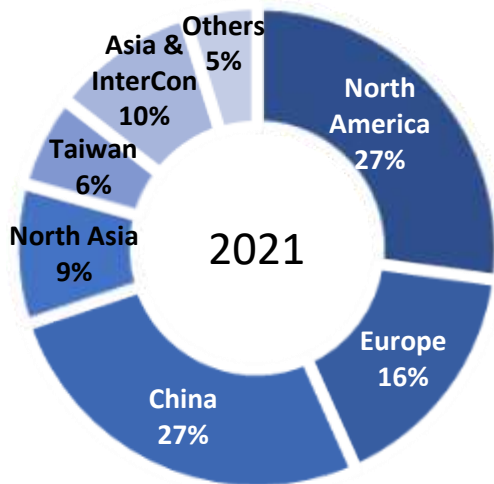
- **4Q21 Non-op. items :** Impairment Loss on Goodwill for NT\$280mn

- Both Revenue & Profit for 2021 set Company records

- Tax rate was 19.0% in FY2021

FY2021 Sales By Region

US\$m	2021	2020	YoY %	Rev %
North America	568	499	14%	27%
Europe	338	279	21%	16%
China	556	423	32%	27%
North Asia	197	182	8%	9%
Taiwan	129	105	23%	6%
Asia & InterCon	202	147	37%	10%
Others	101	95	6%	5%
Total	2,091	1,730	21%	100%



US\$m	North Asia	
AKR :	\$86.7M	GR%: +22%
AJP:	\$44.4M	GR%: +22%
ATJ:	\$66.1M	GR%: -5%

US\$m	Asia & InterCon	
AAU/NZ	\$16.5M	GR%: +4%
ASEAN	\$50.3M	GR%: +32%
India	\$16.0M	GR%: +34%
Russia	\$15.1M	GR%: +2%
LATAM	\$15.7M	GR%: -3%
ME&A	\$87.2M	GR%: +80%
ROW	\$1.5M	GR%: -14%

FY2021 Performance By SBG

FY 2021 US\$ mn		Revenue	YoY	Rev. %	Gross Margin	Operating Profit	OP Margin
Industrial IOT		706	29%	34%	45~50%	218	30.8%
Embedded IOT		506	23%	24%	30~35%	89	17.7%
Allied DMS	Applied Computing	219	-3%	10%	25~30%	26	12.1%
	Cloud IOT	226	12%	11%	30~35%	27	12.0%
Service IOT		185	27%	9%	40~45%	15	8.2%
Advantech Service Plus (AS+)		249	27%	12%	25~30%	33	13.3%
Other unallocated expenses						-49	
Total		2,091	21%	100%		359	17.2%

- **IIoT YoY +29%** : driven by new infrastructure demand from China & semiconductor IEM smart equipment upgrades
- **ACG YoY -3%** : 1H21 underperformed due to major projects ended and ATJ. 2H21 recovered especially in NA market
- **CIoT YoY+12%** : driven by strong demand from major projects in 2H21
- **SIoT YoY+27%** : driven by Smart Medical & Smart City services in NA & China markets

Balance Sheet & Key Indices

NT\$ mn	4Q21		3Q21		4Q20	
	Amount	%	Amount	%	Amount	%
Cash & Cash Equivalents	12,988	22%	9,390	17%	13,132	26%
Account Receivable	10,292	18%	10,427	19%	8,781	17%
Inventory	12,517	22%	12,590	23%	7,814	16%
Total Assets	57,793	100%	53,986	100%	50,199	100%
Account Payable	7,487	13%	7,234	13%	4,326	9%
ST Debt	506	1%	488	1%	405	1%
LT Debt	67	0%	108	0%	88	0%
Total Liabilities	19,430	34%	18,307	34%	15,153	30%
Total Equity	38,363	66%	35,679	66%	35,046	70%
Key Indices						
Inventory Turnover Days	102		104		93	
AR Turnover Days	60		62		63	
AP Turnover Days	59		59		54	
CCC (Cash Conversion Cycle)	103		107		102	

- Advantech generating \$13bn NTD in FY2021 for Cash Equivalents, indicating sufficient working capital
- The Cash-Conversion Cycle (CCC) maintained healthy level (~100 days) in 2021

FY2021 Dividend Per Share – NT\$ 8.0 Cash

- Cash Dividend Payout Ratio: **75%** of EPS
- When the firm achieves double digit top-line and bottom-line growth in the year, the board would propose to pay additional stock dividend.

Items	2015	2016	2017	2018	2019	2020	2021
Cash Payout Ratio	74.3%	81.5%	74.7%	75.3%	74.2%	75.5%	75.0%
Dividend (NT\$/share)	6.0	7.3	6.6	6.8	8.8	7.1	8.0
Cash	6.0	6.3	6.6	6.8	7.8	7.1	8.0
Stock	0.0	1.0	0.0	0.0	1.0	0.0	0.0
EPS (NT\$)	6.68	7.41	8.04	8.19	9.55	9.40	10.67

1Q22 Guidance

Based on the exchange rate assumption of US\$1 to NT\$27.5, managements expect the 1Q22 guidance as below

Items	1Q22 Estimation
Consolidated Revenue	US\$ 550M ~ 570M
Gross Margin	36.5% ~ 38.5%
Operating Margin	16.0% ~ 18.0%

Q & A

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