

Advantech Investor Conference

1st March, 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.

4Q22 & FY2022 Financial Results

NT\$ mn	4Q 2022	%	3Q 2022	%	QOQ	4Q 2021	%	YoY	FY2022	%	FY2021	%	YoY
Net Sales	17,187	100.0%	18,614	100.0%	-8%	15,744	100.0%	9%	68,745	100.0%	58,622	100.0%	17%
Gross Profit	6,677	38.8%	6,780	36.4%	-2%	6,000	38.1%	11%	26,113	38.0%	22,132	37.8%	18%
Operating Expense	3,645	21.2%	3,401	18.3%		3,291	20.9%		13,581	19.8%	12,331	21.0%	
Operating Profit	3,032	17.6%	3,379	18.2%	-10%	2,707	17.2%	12%	12,532	18.2%	9,800	16.7%	28%
No-operating Items	138	0.8%	588	3.2%		-30	-0.2%		911	1.3%	455	0.8%	
Pretax Profit	3,170	18.4%	3,967	21.3%	-20%	2,677	17.0%	18%	13,443	19.6%	10,255	17.5%	31%
Tax Expenses	634	3.7%	791	4.2%		402	2.6%		2,700	3.9%	1,945	3.3%	
Net Income to Parent	2,543	14.8%	3,184	17.1%	-20%	2,273	14.4%	12%	10,757	15.6%	8,250	14.1%	30%
EPS (NT\$)	3.26		4.10			2.93			13.85		10.67		

4Q22

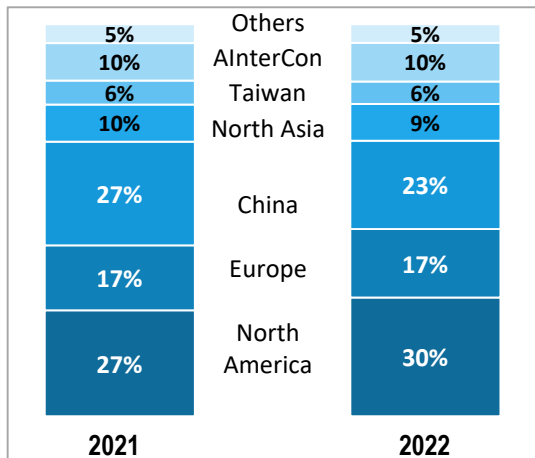
- Gross Profit ratio approached to historical level
- 4Q22 EPS set Company's third high

FY2022

- FY2022 Revenue & EPS set Company's new records
- GP%, OP%, NI% increased significantly
- Effective Tax rate was 20.1% in 2022

2022 Sales By Region

US\$m	2022	2021	YoY %	Rev %
North America	700	568	+23%	30%
Europe	404	337	+20%	17%
China	522	556	-6%	23%
North Asia	216	199	+9%	9%
Taiwan	132	129	+3%	6%
Asia & InterCon	230	201	+14%	10%
Others	109	101	+9%	5%
Total	2,313	2,091	+11%	100%



US\$m	North Asia	
AJP	124	GR%: +10%
AKR	92	GR%: + 7%

US\$m	Asia & InterCon	
AAU/NZ	18	GR%: +8%
ASEAN	57	GR%: +14%
India	21	GR%: +32%
Russia	6	GR%: -60%
LATAM	20	GR%: +26%
ME&A	108	GR%: +23%

2022 Performance By SBG

US\$ mn	Revenue	Revenue %	YoY	Gross Margin	Operating Profit	OP Margin
Industrial-IoT	682	29%	-1%	50%~55%	200	29%
Embedded-IoT	566	24%	+12%	30%~35%	123	22%
Applied Computing	317	14%	+45%	30%~35%	57	18%
Industrial Cloud & Video	290	13%	+19%	35%~40%	48	17%
Service-IoT	222	10%	+19%	35%~40%	27	12%
Advantech Service +	236	10%	-3%	20%~25%	22	9%
Other unallocated expenses					-55	
Total	2,313	100%	+11%	38%	422	18%

- **IIoT YoY -1%** : Slightly decline due to China market slowdown.
- **EIoT YoY +12%** : Driven by strong demand in Medical, IEM and Robotic projects.
- **ACG YoY +45%** : Contributed by Medical projects. Strong growth in North America, Europe and ME&A.
- **ICVG YoY +19%** : Driven by Cybersecurity and Industrial Surveillance projects.
- **SIoT YoY+19%** : Strong growth momentum from Medical and Mobile DMS projects.

Balance Sheet & Key Indices

NT\$ mn	4Q22		3Q22		4Q21	
	Amount	%	Amount	%	Amount	%
Cash & Cash Equivalents	15,359	23%	9,948	16%	11,423	20%
Account receivable	11,109	17%	12,713	20%	10,292	18%
Inventory	14,008	21%	14,938	24%	12,517	22%
Total Assets	66,385	100%	62,716	100%	57,793	100%
Account payable	7,126	11%	7,322	12%	7,487	13%
ST debt	699	1%	803	1%	506	1%
LT debt	298	0%	251	0%	67	0%
Total Liabilities	22,101	33%	21,081	34%	19,430	34%
Total Equity	44,284	67%	41,634	66%	38,363	66%
Key Indices						
Inventory turnover days	114		117		102	
AR turnover days	57		61		60	
AP turnover days	63		63		59	
CCC (cash conversion cycle)	108		118		103	

- Both **Inventory amount & Inventory turnover days** decreased in 4Q22
- **CCC** has normalized and approached to 4Q21 level

1Q23 Guidance

Based on the exchange rate assumption of US\$1 to NT\$30.15, managements expect the 1Q23 guidance as below

Items	1Q23 Estimation
Consolidated Revenue	US\$ 550M ~ 570M
Gross Margin	37.0% ~ 39.0%
Operating Margin	16.5% ~ 18.5%

Q & A

