

# Advantech Investor Conference

## 研華科技法人說明會

6<sup>th</sup> March, 2024



# 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.



# 4Q23 & FY2023 Financial Results

2023年第四季暨2023全年營運結果

NT\$ mn	4Q 2023	%	3Q 2023	%	QOQ	4Q 2022	%	YoY	FY 2023	%	FY 2022	%	YoY
Net Sales	15,138	100.0%	15,006	100.0%	1%	17,187	100.0%	-12%	64,568	100.0%	68,745	100.0%	-6%
Gross Profit	6,220	41.1%	6,017	40.1%	3%	6,677	38.8%	-7%	26,162	40.5%	26,113	38.0%	0%
Operating Expense	3,529	23.3%	3,511	23.4%		3,645	21.2%		14,034	21.7%	13,581	19.8%	
Operating Profit	2,691	17.8%	2,506	16.7%	7%	3,032	17.6%	-11%	12,128	18.8%	12,532	18.2%	-3%
Non-operating Items	38	0.3%	582	3.9%		138	0.8%		1,138	1.8%	911	1.3%	
Pre-tax Profit	2,730	18.0%	3,088	20.6%	-12%	3,170	18.4%	-14%	13,267	20.5%	13,443	19.6%	-1%
Tax Expenses	458	3.0%	531	3.5%		634	3.7%		2,477	3.8%	2,700	3.9%	
Net Income to Parent	2,291	15.0%	2,583	17.2%	-11%	2,543	14.8%	-10%	10,838	16.7%	10,757	15.6%	1%
EPS (NT\$)*	2.67		3.01			2.98			12.65		12.60		

\*Adjusted EPS after stock dividends of 2022

## 4Q23

- Revenue increased in QoQ, though both top-line/ bottom-line underperformed with double-digit declined YoY.
- The OP% was affected by the reduced base of sales revenue.
- Effective Tax rate was 16.8% in 4Q23.

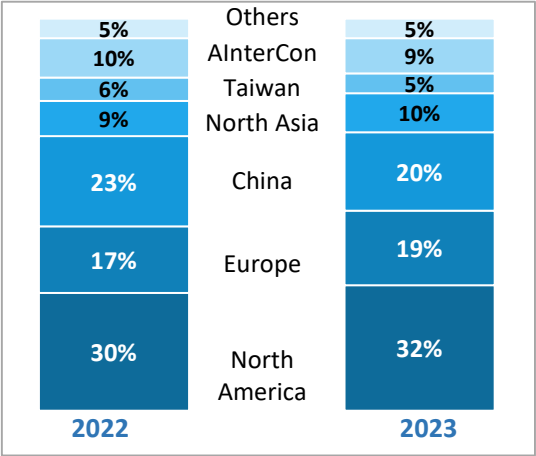
## FY 2023

- Revenue declined 6% YoY, but NI reached company's new record.
- GP% ,OP% ,and NI% still increased significantly.

# FY2023 Sales By Region

2023年各區域市場營收表現

US\$m	2023	2022	YoY	Rev %
North America	657	700	-6%	32%
Europe	388	404	-4%	19%
China	425	522	-19%	20%
North Asia	217	215	+1%	10%
Taiwan	103	132	-22%	5%
Asia & InterCon	184	230	-20%	9%
Others	100	110	-9%	5%
Total	2,074	2,313	-10%	100%



North Asia		
US\$m	2023	YoY
AJP	135	+10%
AKR	82	-12%

Asia & InterCon		
US\$m	2023	YoY
AAU/NZ	15	-16%
ASEAN	45	-21%
India	24	+12%
Russia & CIS	6	-10%
LATAM	22	+11%
ME&A	72	-33%

# FY2023 Performance By SBG

2023年各事業部營運表現

US\$ mn		Revenue	Rev. %	YoY	Gross Margin	Operating Profit	OP Margin
<b>Industrial-IoT</b>	(IIoT)	538	26%	-17%	50%~55%	173	32%
<b>Embedded-IoT</b>	(EIoT)	554	27%	-2%	35%~40%	127	23%
<b>Applied Computing</b>	(ACG)	317	15%	-0%	30%~35%	73	23%
<b>Industrial Cloud &amp; Video</b>	(ICVG)	243	12%	-16%	40%~45%	41	17%
<b>Service-IoT</b>	(SIoT)	198	10%	-11%	40%~45%	26	13%
<b>Advantech Service + /Others</b>	(AS+)	224	10%	-17%	25%~30%	14	6%
<b>Total</b>		<b>2,074</b>	<b>100%</b>	<b>-10%</b>	<b>41%</b>	<b>389*</b>	<b>19%</b>

\* unallocated expenses OP -\$65M

- **IIoT YoY -17%** : Due to sustained weak demand in China market.
- **EIoT & ACG YoY Flattish** : Demand for Medical projects declined due to high base period.
- **ICVG YoY -16%** : Due to declined shipments for Cloud Networking, Cybersecurity, and Surveillance equipment projects.
- **SIoT YoY -11%** : The demand of Medical and Retails projects have slowdown, but positive growth in Fleet Management project.

# Balance Sheet & Key Indices

資產負債表與關鍵指數

NT\$ mn	4Q23 Amount	%	3Q23 Amount	%	4Q22 Amount	%
Cash & Cash Equivalents	21,199	31%	18,292	27%	15,359	23%
Account receivable	9,271	13%	11,239	17%	11,109	17%
Inventory	9,804	14%	10,850	16%	14,008	21%
<b>Total Assets</b>	<b>69,056</b>	<b>100%</b>	<b>66,955</b>	<b>100%</b>	<b>66,385</b>	<b>100%</b>
Account payable	6,089	9%	6,429	10%	7,126	11%
ST debt	344	0%	540	1%	699	1%
LT debt	1,611	3%	1,609	2%	298	0%
<b>Total Liabilities</b>	<b>20,246</b>	<b>29%</b>	<b>20,460</b>	<b>31%</b>	<b>22,101</b>	<b>33%</b>
<b>Total Equity</b>	<b>48,810</b>	<b>71%</b>	<b>46,495</b>	<b>69%</b>	<b>44,284</b>	<b>67%</b>
<b>Key Indices</b>						
Inventory turnover days	106		116		114	
AR turnover days	55		58		55	
AP turnover days	64		63		63	
<b>CCC (cash conversion cycle)</b>	<b>97</b>		<b>111</b>		<b>106</b>	

- Both **Inventory amount** & **Inventory turnover days** decreased in 4Q23.
- **CCC** has normalized.

# FY2023 Dividend Per Share : NT\$9.5 Cash

2023年盈餘分派：每股擬配發現金股利NT\$9.5元

- Cash Dividend Payout Ratio: **70% ~ 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	2016	2017	2018	2019	2020	2021	2022	2023
<b>*Cash Payout Ratio</b>	77.3%	74.7%	75.5%	74.2%	75.5%	74.0%	72.2%	<b>75.0%</b>
<b>Dividend</b> (NT\$/share)	7.3	6.6	6.8	8.8	7.1	8.0	11.0	<b>9.5</b>
<b>Cash</b>	6.3	6.6	6.8	7.8	7.1	8.0	10.0	<b>9.5</b>
<b>Stock</b>	1.0	0.0	0.0	1.0	0.0	0.0	1.0	<b>0.0</b>
<b>EPS</b> (NT\$)	8.15	8.84	9.02	10.51	9.40	10.67	13.85	<b>12.65</b>
<b>EPS</b> (NT\$)-Diluted	7.41	8.04	8.19	9.56	8.50	9.70	12.60	

\*The cash payout ratio is calculated based on basic EPS.

# 1Q24 Guidance

Based on the exchange rate assumption of US\$1 to NT\$31.3, managements expect the 1Q24 guidance as below:

Items	1Q24 Estimation
Consolidated Revenue	US\$ 440M ~ 460M
Gross Margin	39.0% ~ 41.0%
Operating Margin	14.0% ~ 16.0%

# *Co-Creating the Future of the IoT World*

