

# Investor Conference

## – The Second Half of Year 2017

March 8, 2018



# Agenda



## Financial Report

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## Business Outlook

Jeff Chou,  
CFO

## Q&A

# Disclaimer



**These presentations and discussions contain certain forward-looking statements with respect to the results of operation, financial condition and current expectation about future events. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future.**

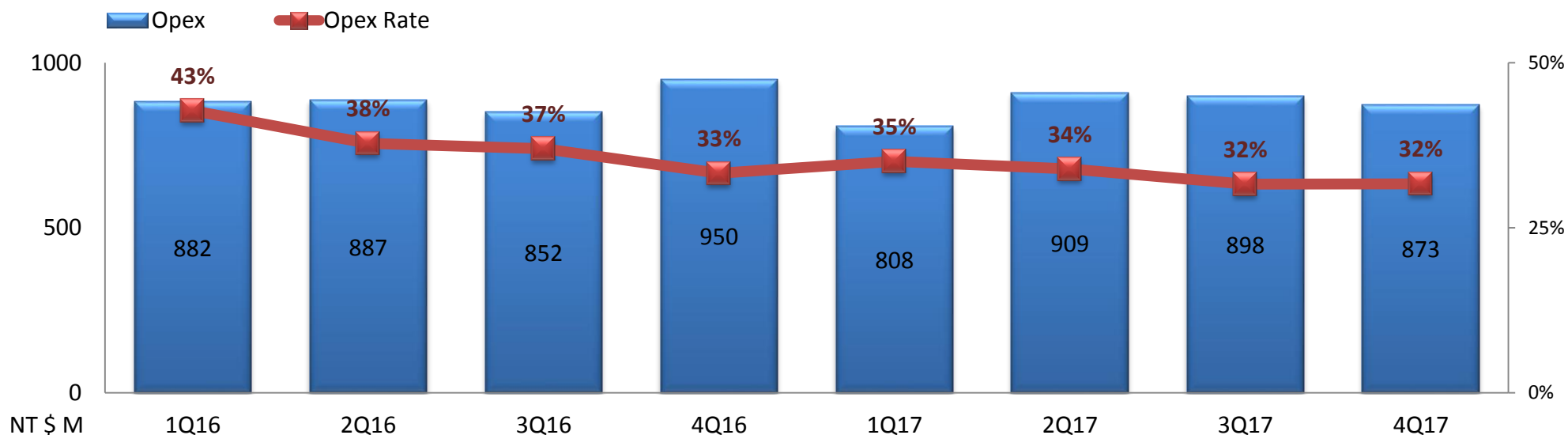
**We undertake no obligation to publicly update or revise any forward looking statements whether as a result of new information, future events or otherwise. The actual result could differ materially from those anticipated in these forward looking statements.**

# Statement of Comprehensive Income



<i>Amount : NT\$ Million</i>	2017		2016		YoY	2H'17		1H'17		HoH
	Amount	%	Amount	%	%	Amount	%	Amount	%	%
<b>Net Sales</b>	<b>10,668</b>	<b>100</b>	<b>9,570</b>	<b>100</b>	11.5	<b>5,645</b>	<b>100</b>	<b>5,023</b>	<b>100</b>	12.4
COGS	6,704	63	5,403	57	24.1	3,621	64	3,084	61	17.4
<b>Gross Profit</b>	<b>3,963</b>	<b>37</b>	<b>4,166</b>	<b>43</b>	-4.9	<b>2,024</b>	<b>36</b>	<b>1,939</b>	<b>39</b>	4.4
Operating Expenses	3,488	32	3,571	37	-2.3	1,771	31	1,717	34	3.2
<b>Operating Income</b>	<b>475</b>	<b>5</b>	<b>596</b>	<b>6</b>	-20.3	<b>253</b>	<b>5</b>	<b>222</b>	<b>5</b>	13.8
Other Income/Expenses	31	0	-64	0	NA	64	1	-34	-1	NA
<b>Income Before Tax</b>	<b>506</b>	<b>5</b>	<b>532</b>	<b>6</b>	-4.9	<b>317</b>	<b>6</b>	<b>189</b>	<b>4</b>	68.1
<b>Net Income</b>	<b>390</b>	<b>4</b>	<b>431</b>	<b>5</b>	-9.5	<b>245</b>	<b>4</b>	<b>145</b>	<b>3</b>	68.4
<b>Basic EPS(NT\$)</b>	<b>1.79</b>		<b>2.00</b>		-10.5	<b>1.12</b>		<b>0.67</b>		67.2

# Detail of Operating Expense



Amount: NT\$ Million	1Q'17	2Q'17	3Q'17	4Q'17	2017		2016		YoY
	Amount	Amount	Amount	Amount	Amount	%	Amount	%	%
Sales	238	257	249	283	1,027	9	1,056	11	-2.8
Admin	189	256	245	200	890	8	962	10	-7.5
R&D	381	397	405	390	1,572	15	1,553	16	1.2
<b>Operating Expenses</b>	<b>808</b>	<b>909</b>	<b>898</b>	<b>873</b>	<b>3,488</b>	<b>32</b>	<b>3,571</b>	<b>37</b>	<b>-2.3</b>

# Consolidated Balance Sheet Highlights



<i>Amount : NT\$ Million</i>	2017.12.31	2016.12.31
Cash & Financial asset	1,404	1,857
AR	1,794	1,966
Inventory	2,275	1,728
AP	1,452	1,479
Short-term loan	526	507
Long-term loan	-	200
<b>Liability</b>	<b>3,174</b>	<b>3,384</b>
<b>Equity</b>	<b>4,626</b>	<b>4,686</b>
<b>Total Assets</b>	<b>7,800</b>	<b>8,070</b>

Days of Sales Outstanding (DSO)	64.3	66.6
Days of Inventory at hand (DOH)	108.9	117.2
Days of Payable Outstanding (DPO)	79.8	87.2
Cash Conversion Cycle (CCC)	93.5	96.5
Debt rate	40.7%	41.9%
ROE	8.4%	10.0%
BV/per share	21.3	21.5

# Consolidated Cash Flows Highlights



Amount : NT\$ Million

	2017	2016	YoY(\$)
<b>From Operating Activities</b>	<b>406</b>	<b>688</b>	<b>-282</b>
Income before Tax	506	532	-26
Depreciation & Amortization	298	291	7
Net Change in Operating assets and liabilities	-555	-177	-378
<b>From Investing Activities</b>	<b>125</b>	<b>-368</b>	<b>494</b>
Net change in debt investments with no active market	310	-329	639
Net change in Available-for-sale financial assets	0	201	-201
Net change in Capital Expenditures - PP&E and Software	-174	-183	9
<b>From Financing Activities</b>	<b>-580</b>	<b>-324</b>	<b>-256</b>
Issuing shares	1	976	-975
Cash dividends	-393	-522	129
Net Change in Debt	-189	-779	590
Exchange Rate Influence	-75	-41	-35
<b>Net Change in Cash</b>	<b>-124</b>	<b>-45</b>	<b>-79</b>



# Business Outlook

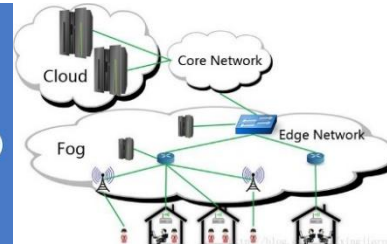
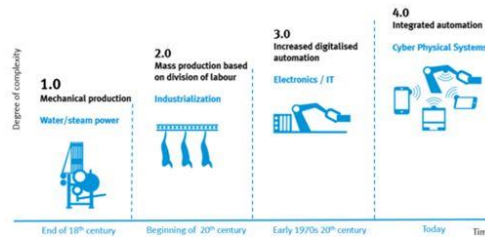
*Jeff Chou*  
*CFO*



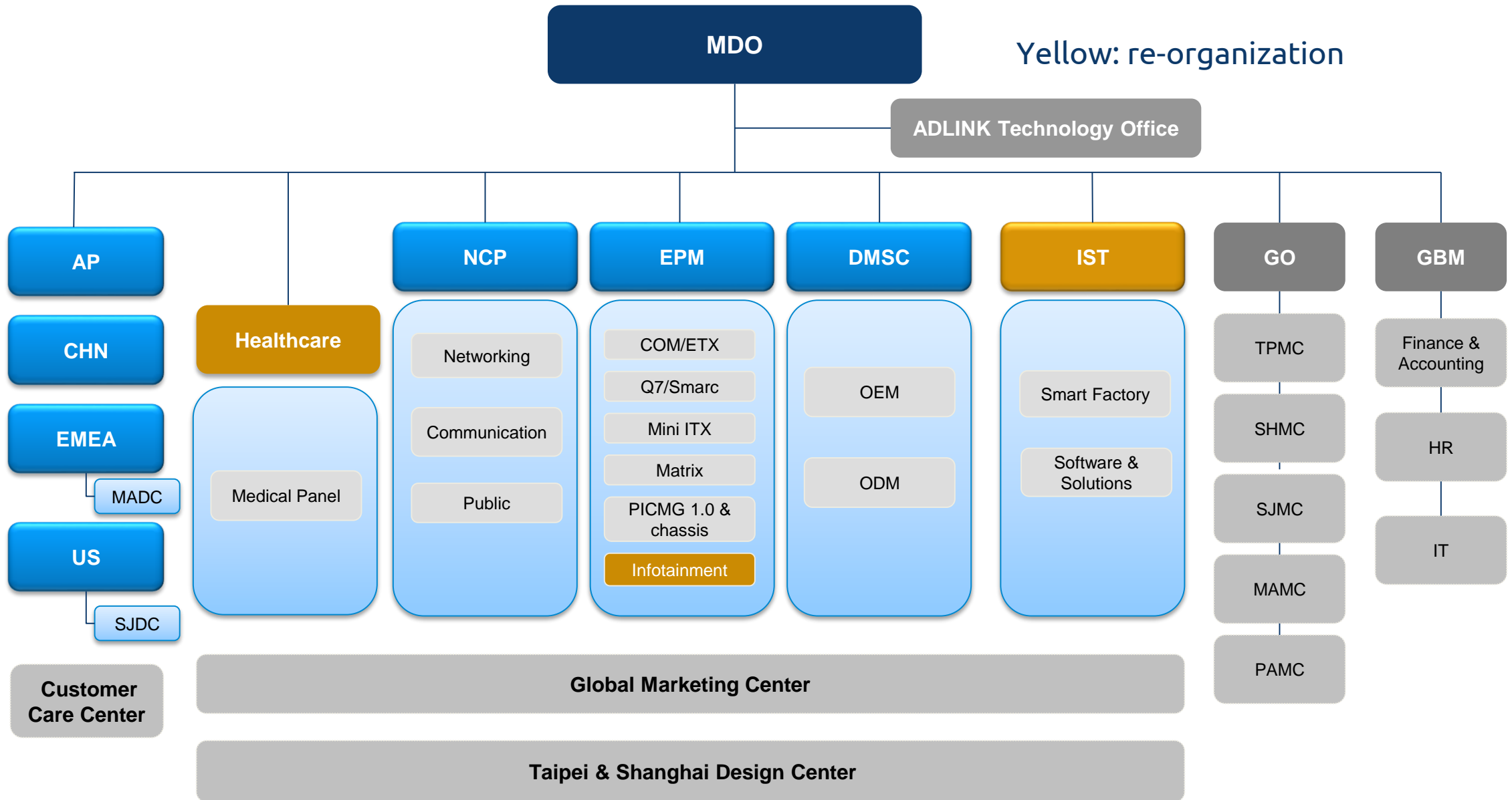
# 2018

- Fully integrate PrismTech into ADLINK, re-organizing HIM as IST (IoT solution and Technology) to maximize solution offering through Data River approach.
- Open DDS technology, enabling wide market adoption mainly through DDS-based ROS 2 in Robot applications
- Closely partner with Nvidia and Intel, developing industrial standard AI platforms at edge for variety of applications
- Promising perspective both in revenue and profit

# Company Strategic Vision and Technology Trend



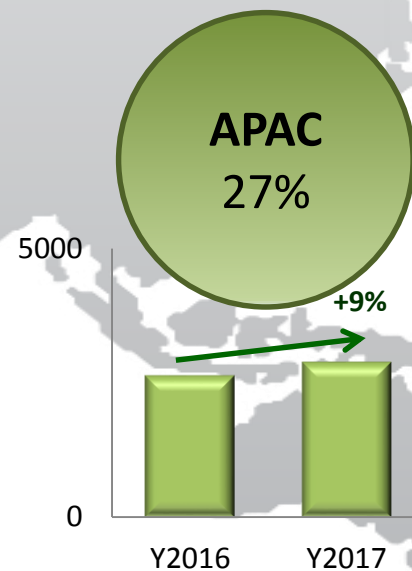
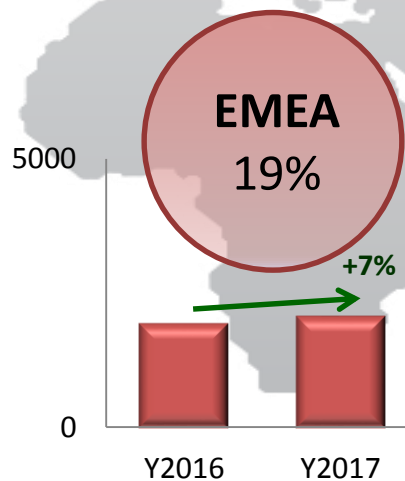
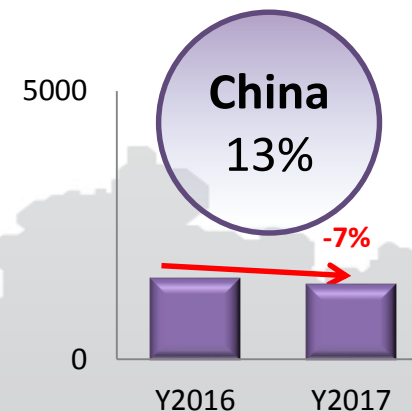
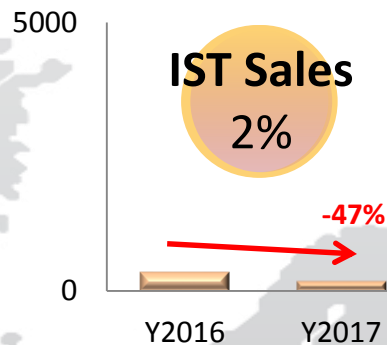
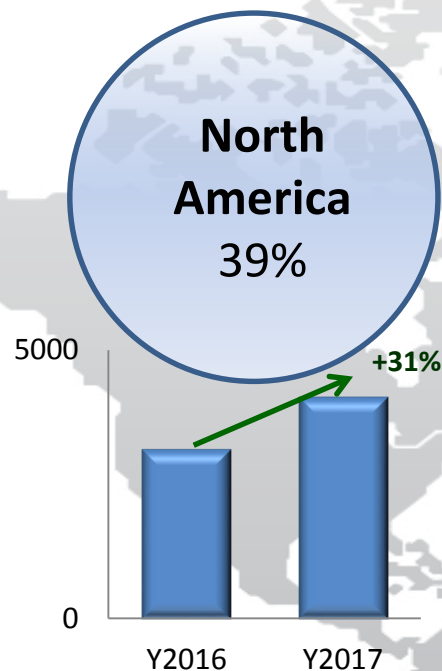
# Y2018 ADLINK Global Organization



# Geographic Footprint & 2017 Claimed New DW



Amount : NT\$ Million



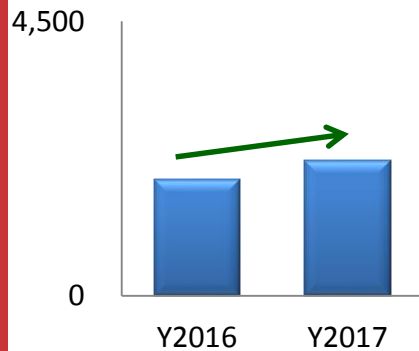
RBU	Y2017 claimed DW
AATI	26
EMEA	18
CHN	20
APAC	21

# Sales breakdown by product

IST, 21%



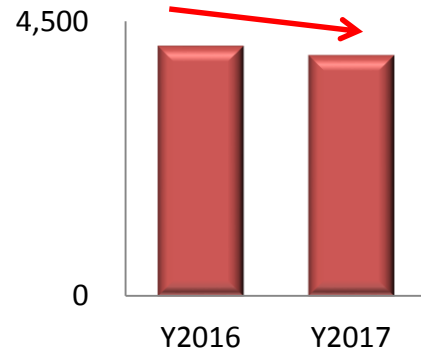
YOY +17%



EPM, 37%



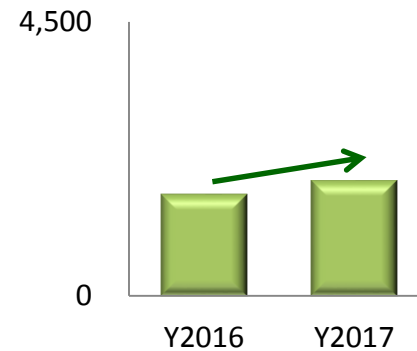
YOY -4%



NCP, 18%



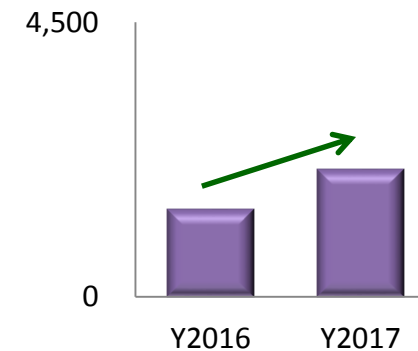
YOY +13%



DMSC, 20%



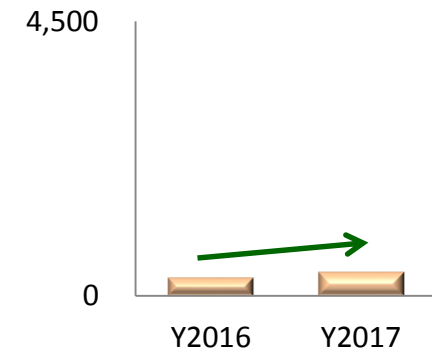
YOY +46%



HBC, 4%



YOY +30%



Amount : NT\$ Million

# The Connected Factory

Brown

Green

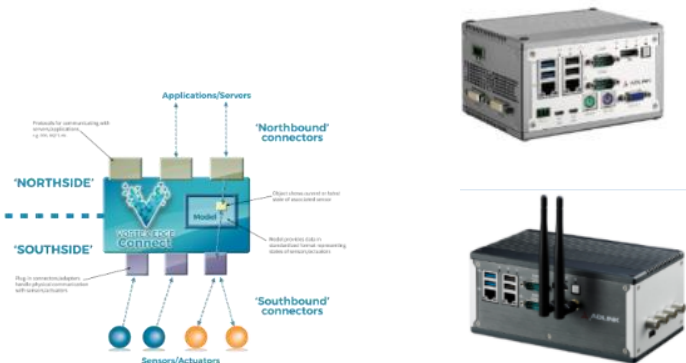
Future

## Connecting the Unconnected

People, Assets & Places



Building blocks for rich data capture



## Real-time Data Sharing

Data at the right time to the right place



Vendor-agnostic cloud connectivity



Low Latency, Efficient, Reliable, Secure



## Factories Of The Future

Independent navigational autonomy

ROS Starter Kit

- ROS 1(Kinetic) &
- ROS 2 (GPIO control node)

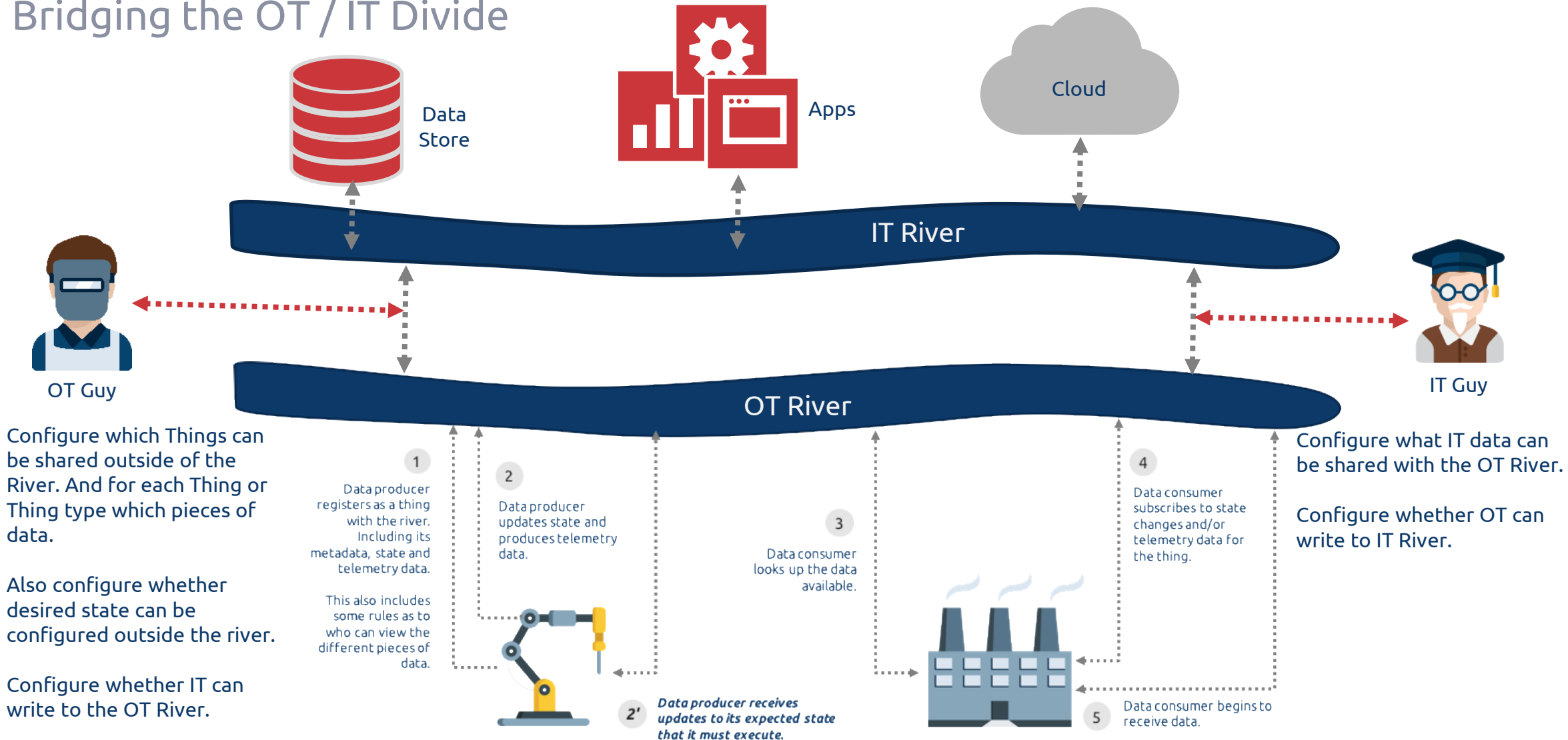


Target



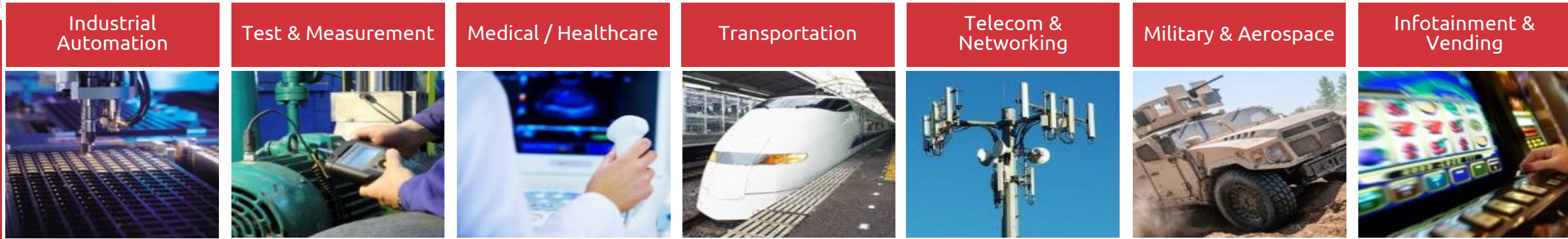
# How The Vortex Data River Works

## Bridging the OT / IT Divide



# Successful Synergy Between **INTEL** **NVIDIA** and **ADLINK**

## Enabling AI at edge in variety of industries



← Customers Across Vertical Markets →





# Q&A

