

**Array Networks**

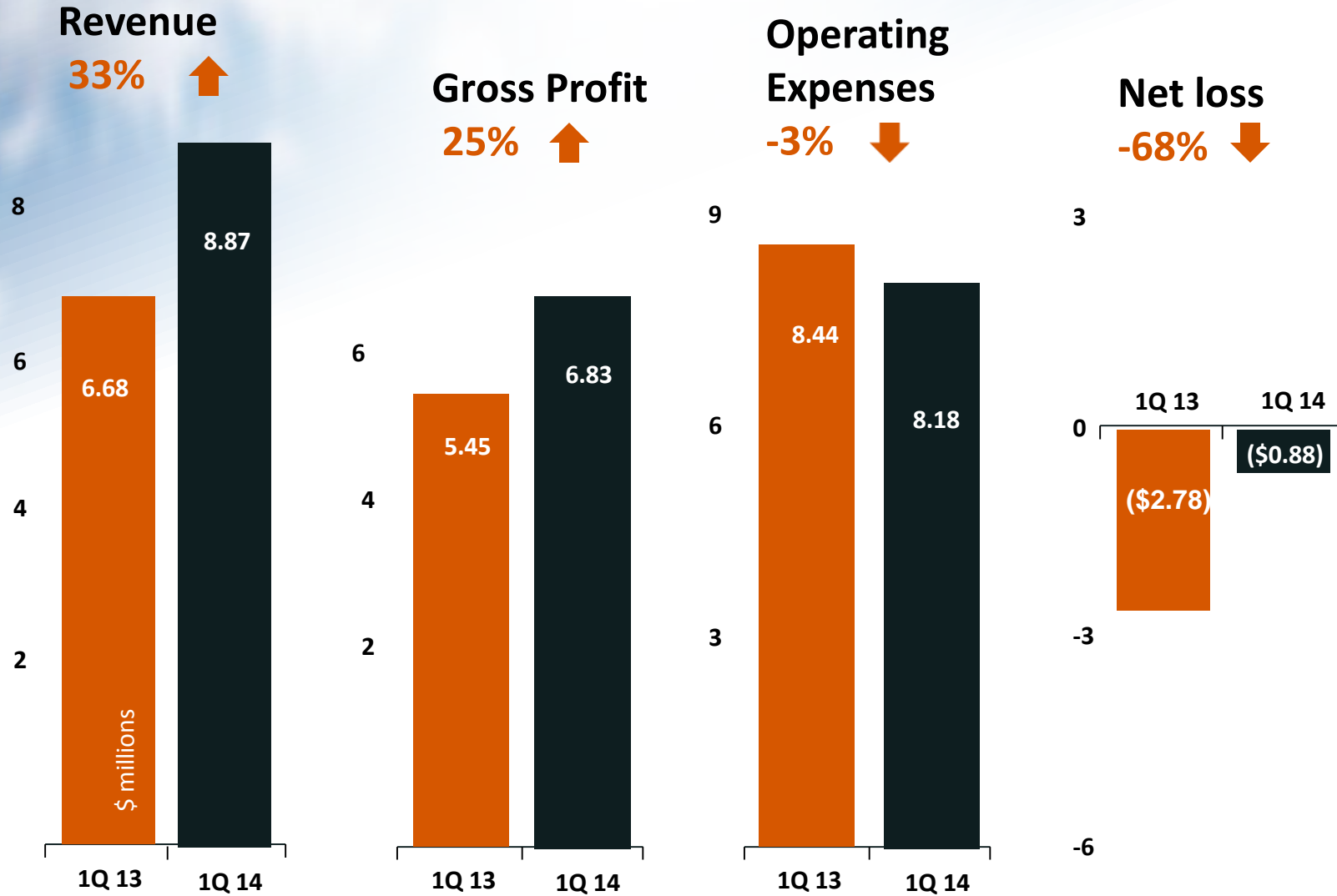
# **Q1 FY14 INVESTOR UPDATE**

- This presentation may contain certain "forward-looking statements" concerning the business, operations and financial condition of Array, Inc. Although Array believes the expectations reflected in such forward-looking statements are based upon reasonable assumptions, there can be no assurance that its expectations will be realized.
- "Forward-looking statements" consist of all non-historical information, including the statements referring to the prospects and future performance of Array. Actual results could differ materially from those projected in Array forward-looking statements due to numerous known and unknown risks and uncertainties.
- Array does not undertake any obligation to publicly update any forward-looking statement to reflect events or circumstances after the date on which any such statement is made or to reflect the occurrence of unanticipated events.

# Q1 FY14 Results

- US\$ 8.87M (NT\$ 268.60 M) in revenue
- 77% gross profit margin
- US\$ 883K (NT\$ 26.74 M) in net loss
- **33% YoY quarterly growth**
- **China revenue +57%**
- **North America revenue +31%**
- **Japan revenue growth -14%**
- **Net loss decreased by 68%**

# 1Q Performance FY13 vs. FY14 (US\$M)

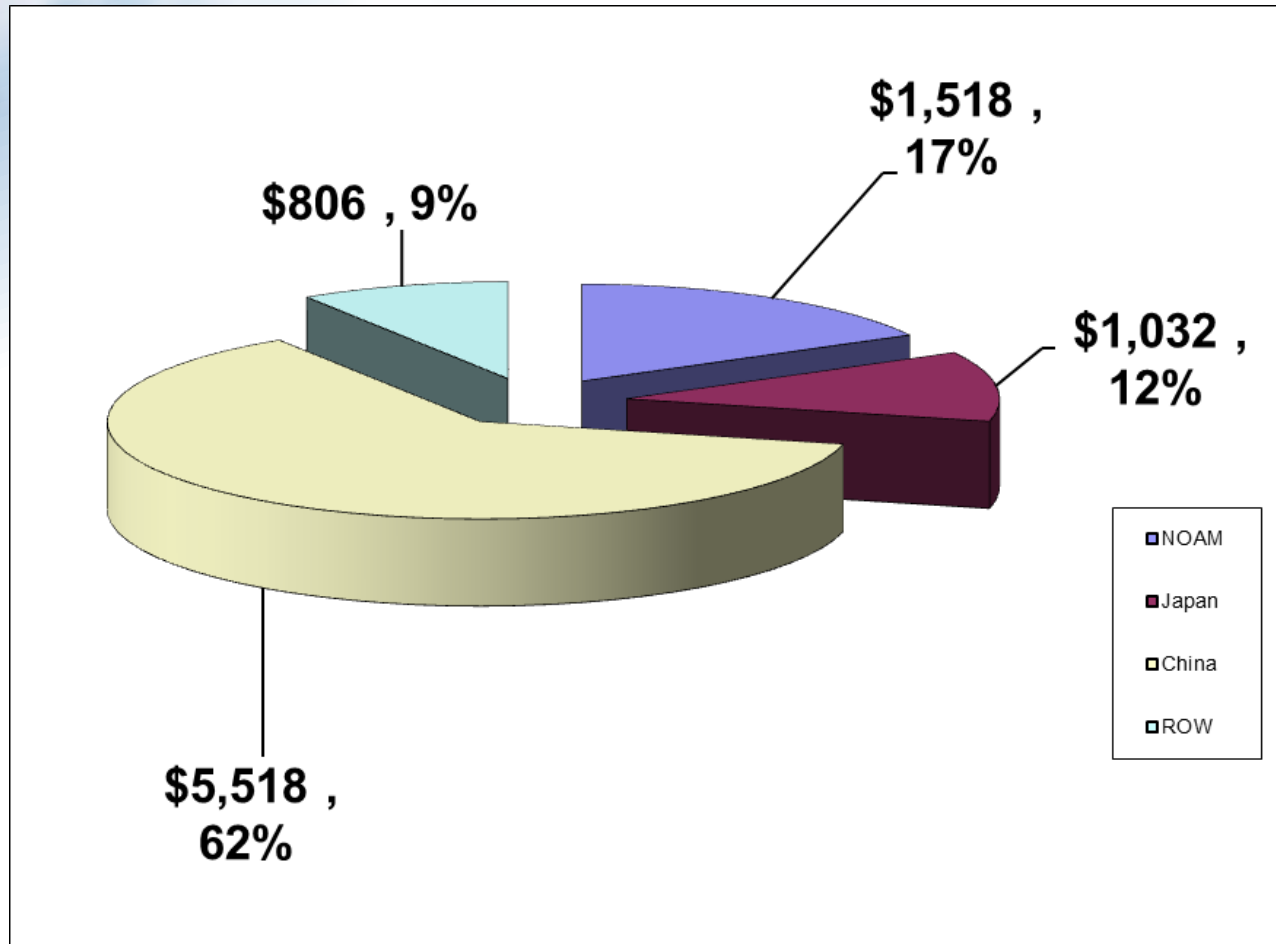


# Q1 FY14 vs. Q1 FY13 Statement of Comprehensive Income

	Q1 FY14		Q1FY13		Comparison	
	(US\$1,000)	% of Rev	(US\$1,000)	% of Rev	Diff	Y/Y Change
<b>Net Sales</b>	<b>8,874</b>		<b>6,682</b>		<b>2,192</b>	<b>33%</b>
<b>Gross Profit</b>	<b>6,826</b>	<b>77%</b>	<b>5,452</b>	<b>82%</b>	<b>1,374</b>	<b>25%</b>
<b>Gross Margin</b>	<b>77%</b>		<b>82%</b>			
Operating Expenses						
Sales	(4,467)	-50%	(3,490)	-52%	(977)	28%
G&A	(1,215)	-14%	(2,393)	-36%	1,178	-49%
R&D	(2,497)	-28%	(2,554)	-38%	57	-2%
<b>Total Operating Expenses</b>	<b>(8,178)</b>	<b>-92%</b>	<b>(8,437)</b>	<b>-126%</b>	<b>259</b>	<b>-3%</b>
<b>Operating Income</b>	<b>(1,352)</b>	<b>-15%</b>	<b>(2,985)</b>	<b>-45%</b>	<b>1,633</b>	<b>-55%</b>
Other Income/(Expense)	550	6%	220	3%	330	150%
<b>Net Income Before Tax</b>	<b>(802)</b>	<b>-9%</b>	<b>(2,765)</b>	<b>-42%</b>	<b>1,9633</b>	<b>-71%</b>
Income Tax Expenses	(81)	-1%	(15)	0%	(66)	440%
<b>Net Income</b>	<b>(883)</b>	<b>-10%</b>	<b>(2,780)</b>	<b>-42%</b>	<b>1,897</b>	<b>-68%</b>

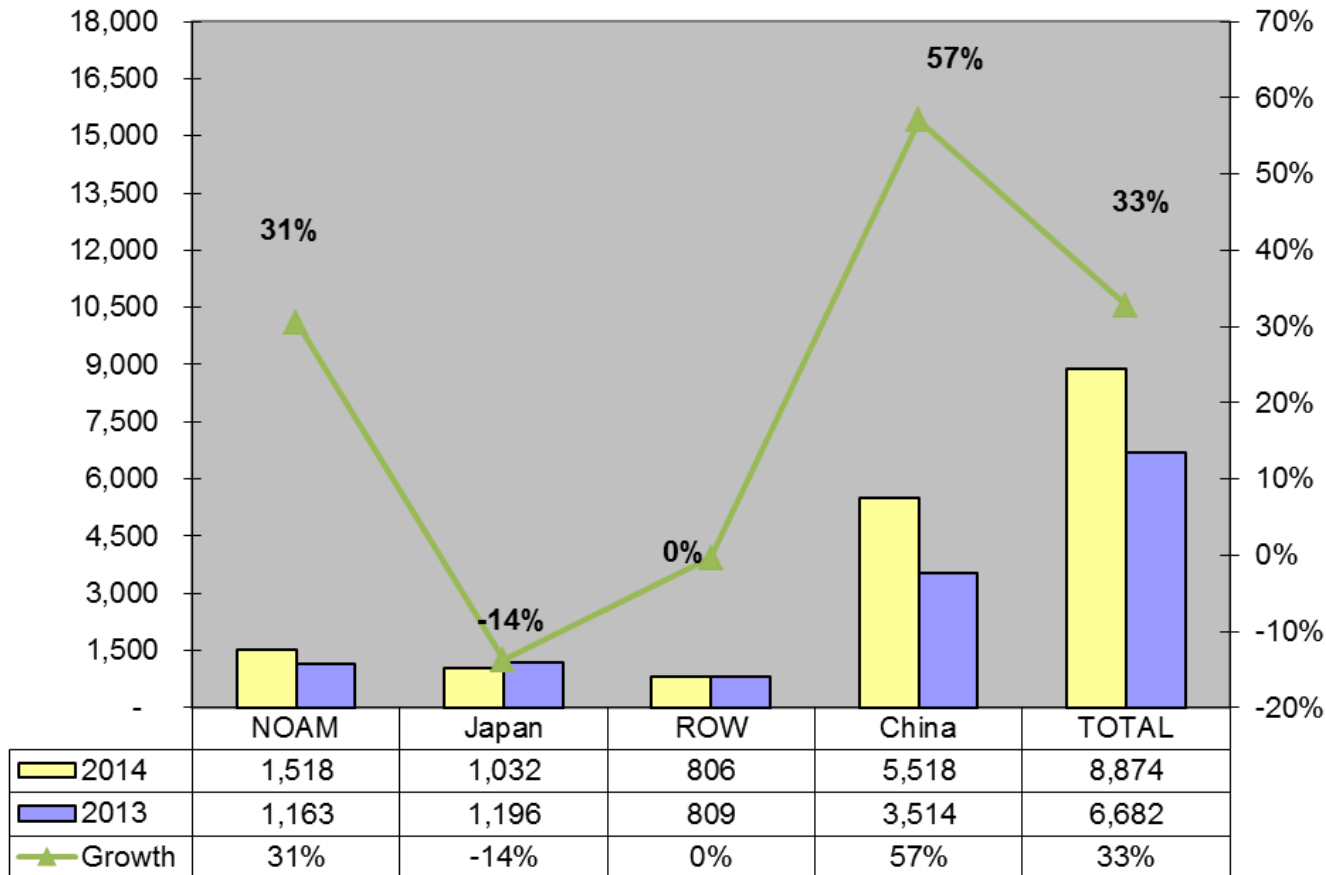
# Q1 FY14 Revenue By Region

(USD1,000)



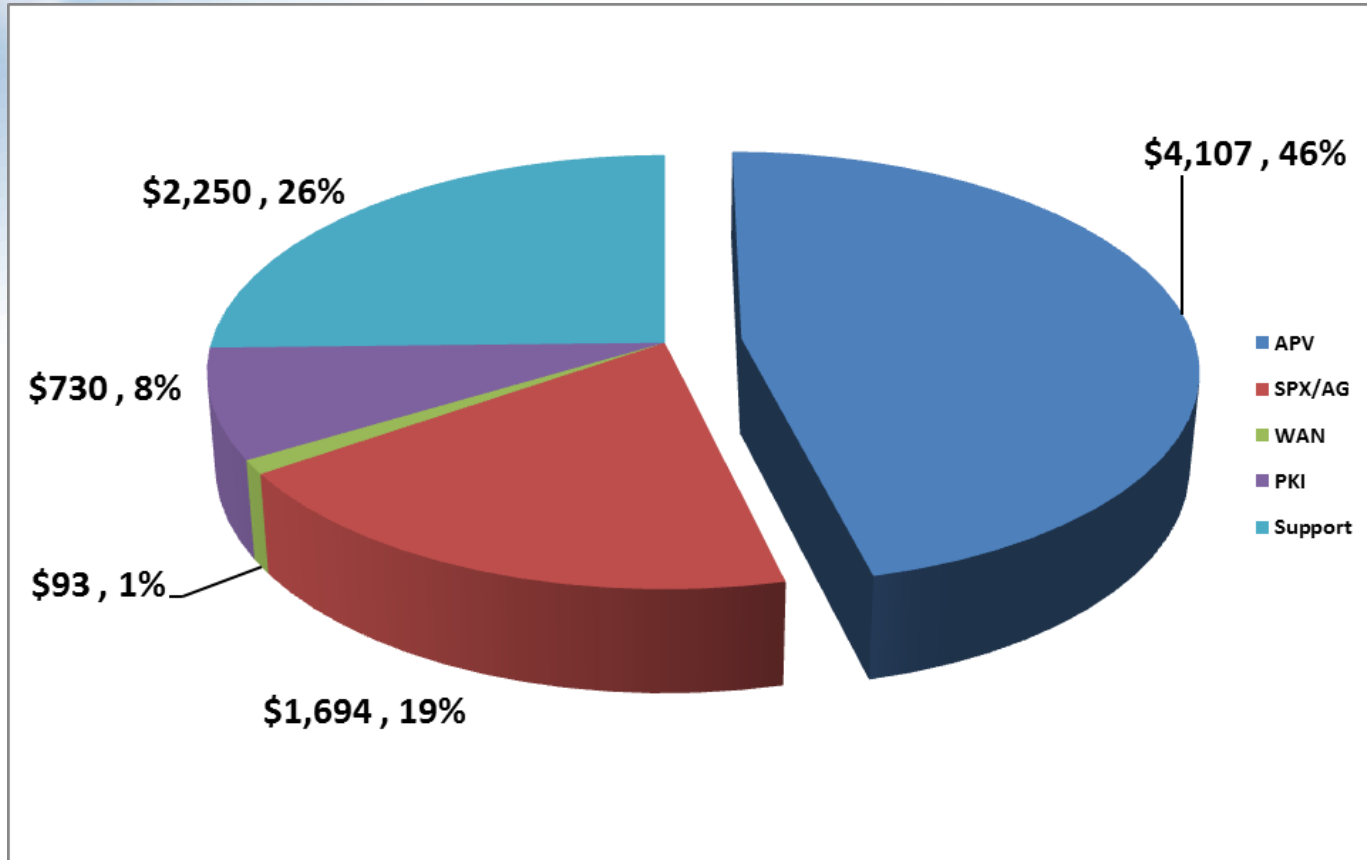
# Q1 FY14 – Growth by Region

(USD1,000)



# Q1 FY14 Revenue By Products

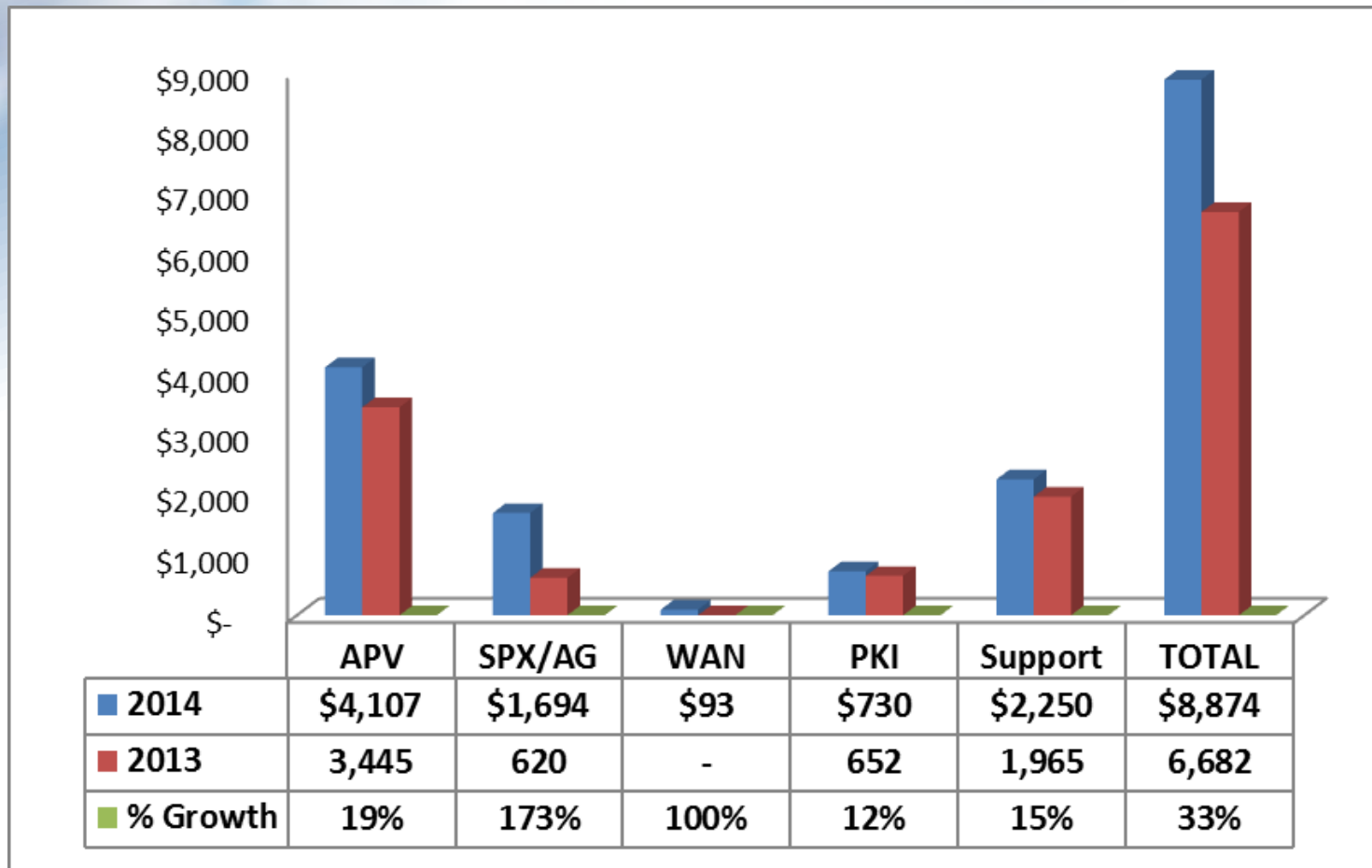
(USD1,000)





# Q1 FY14 – Growth By Product

(USD1,000)



# Q1 FY 14 vs. Q1 FY13 Balance Sheet

	Q1 FY14 (US\$1,000)	Q1 FY13 (US\$1,000)
<b>Assets</b>		
Cash and cash equivalents, Available-for-sales financial assets	26,398	21,721
Notes & Accounts Receivables (net)	12,574	11,039
Inventory (net)	4,122	2,839
Other current assets	855	1,660
Property, plant and equipment	1,232	1,722
Intangible Assets	8,087	7,362
Other non-current Assets	766	661
<b>Total Assets</b>	<b>54,035</b>	<b>47,004</b>
<b>Liabilities &amp; Equity</b>		
Current Liabilities	10,861	9,514
Non-current Liabilities	3,332	2,363
Capital	23,754	21,967
Capital Surplus	11,070	12,363
Retained earnings	3,468	67
Other Equity	2,489	2,086
Treasury Stock	(938)	(1,356)
<b>Total Liabilities &amp; Equity</b>	<b>54,035</b>	<b>47,004</b>

# Q1 FY 14 vs. Q1 FY13 EPS

Q1 FY14	Net Income Before Tax (NPBT) (NT\$1,000)	Net Income After Tax (NPAT) (NT\$1,000)	Shares (Denominator) (Thousands)	EPS (NPBT) (NT\$)	EPS (NPAT) (NT\$)
<b>Basic EPS</b>					
Income for the period attributable to common shareholders	(24,285)	(26,738)	74,964	(0.32)	(0.36)
Effect of dilutive potential common shares Stock options			-		
<b>Diluted EPS</b>	<b>(24,285)</b>	<b>(26,738)</b>	<b>74,964</b>	<b>(0.32)</b>	<b>(0.36)</b>
Q1 FY13	Net Income Before Tax (NPBT) (NT\$1,000)	Net Income After Tax (NPAT) (NT\$1,000)	Shares (Denominator) (Thousands)	EPS (NPBT) (NT\$)	EPS (NPAT) (NT\$)
<b>Basic EPS</b>					
Income for the period attributable to common shareholders	(81,520)	(81,960)	69,290	(1.18)	(1.18)
Effect of dilutive potential common shares Stock options			-		
<b>Diluted EPS</b>	<b>(81,520)</b>	<b>(81,860)</b>	<b>69,290</b>	<b>(1.18)</b>	<b>(1.18)</b>

# Q1 FY14 – Headcount Growth

<u>Department</u>	<u>3/31/2014</u>	<u>3/31/2013</u>	<u>Growth</u>
Engineering	150	156	-4%
Sales	121	87	39%
Customer Support	55	63	-13%
Marketing	8	11	-27%
Operations	8	8	0%
G&A	40	36	11%
Total	382	361	6%

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**THANK YOU!**