

Array Networks

1H FY14 INVESTOR UPDATE

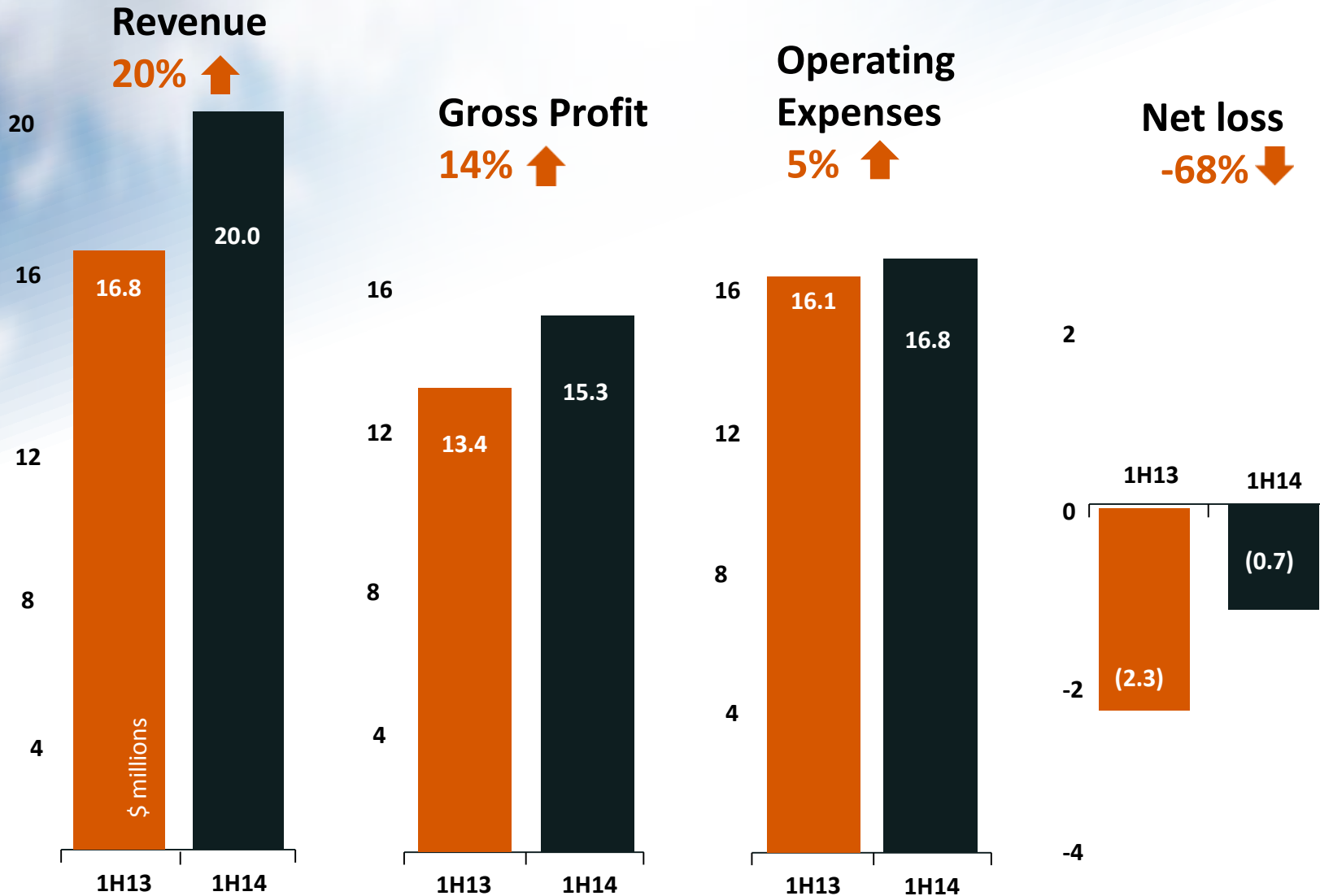
- This presentation may contain certain "forward-looking statements" concerning the business, operations and financial condition of Array, Inc. Although Array believes the expectations reflected in such forward-looking statements are based upon reasonable assumptions, there can be no assurance that its 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.

1H FY14 Financial Highlights

1H FY14 results

- US\$ 20.073M (NT\$605.9M) in revenue
- 76% gross profit margin
- **20% 1H revenue growth vs. 1H 2013**
- **34% 1H revenue growth in China vs. 1H 2013**
- **28% 1H revenue growth in North America vs. 1H 2013**
- Headcount growth 9% vs. 1H 2013
- Operating expense growth of 5% vs. 1H 2013
- US\$736K (NT\$ 22.2M) net loss for 1H 2014

1H Growth Trends FY13 vs. FY14 (US\$M)

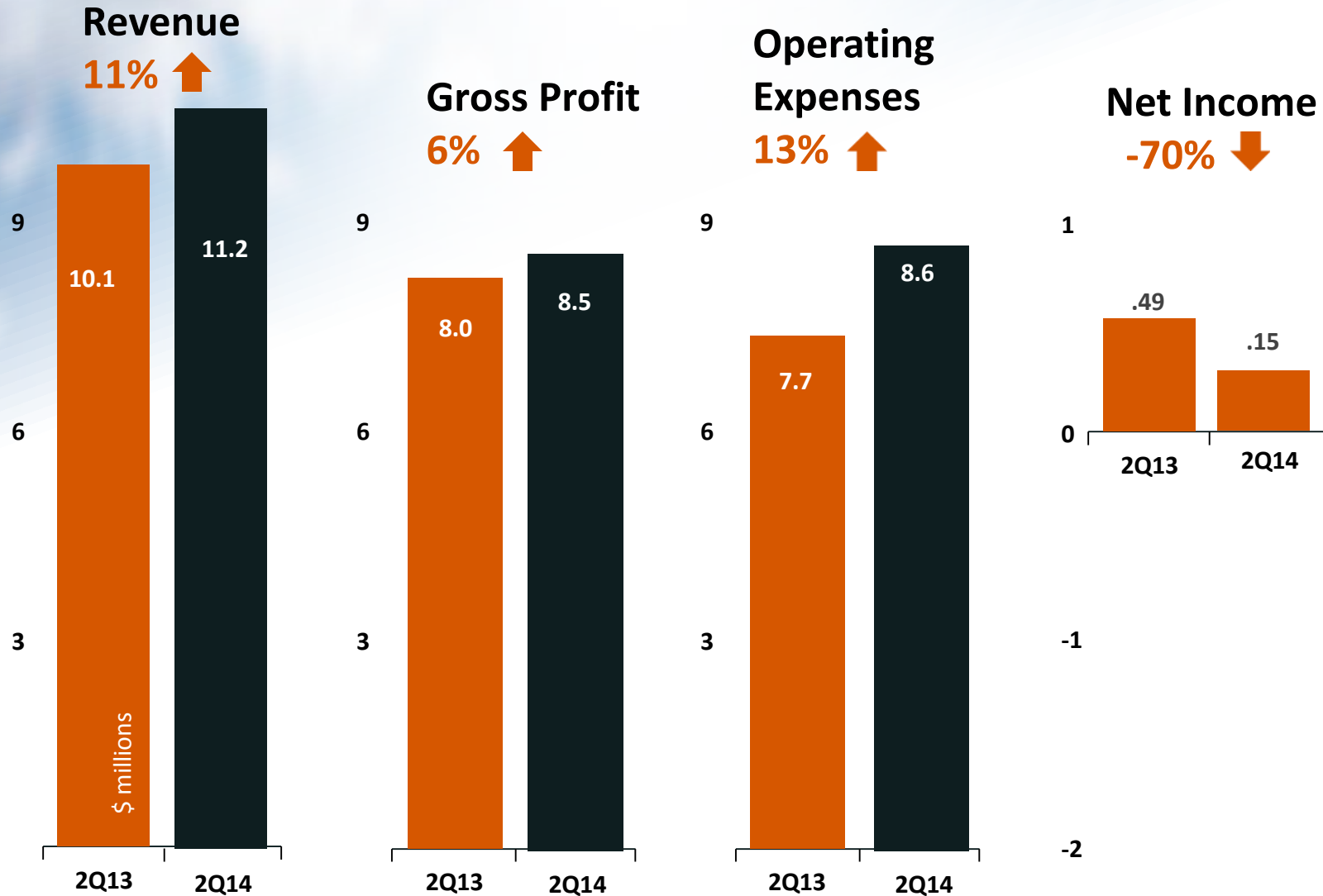


2Q FY14 Financial Highlights

Record 2Q FY14 results

- US\$11.20M (NT\$337.3M) in revenue
- 76% gross profit margin
- 11% Q2 revenue growth vs. Q2 2013
- 26% Q2 revenue growth vs. Q1 2014
- 20% Q2 revenue growth in China vs. Q2 2013
- 27% Q2 revenue growth in North America vs. Q2 2013
- 12% Q2 revenue growth in Japan vs. Q2 2013
- US\$147K (NT\$4.5M) net profit

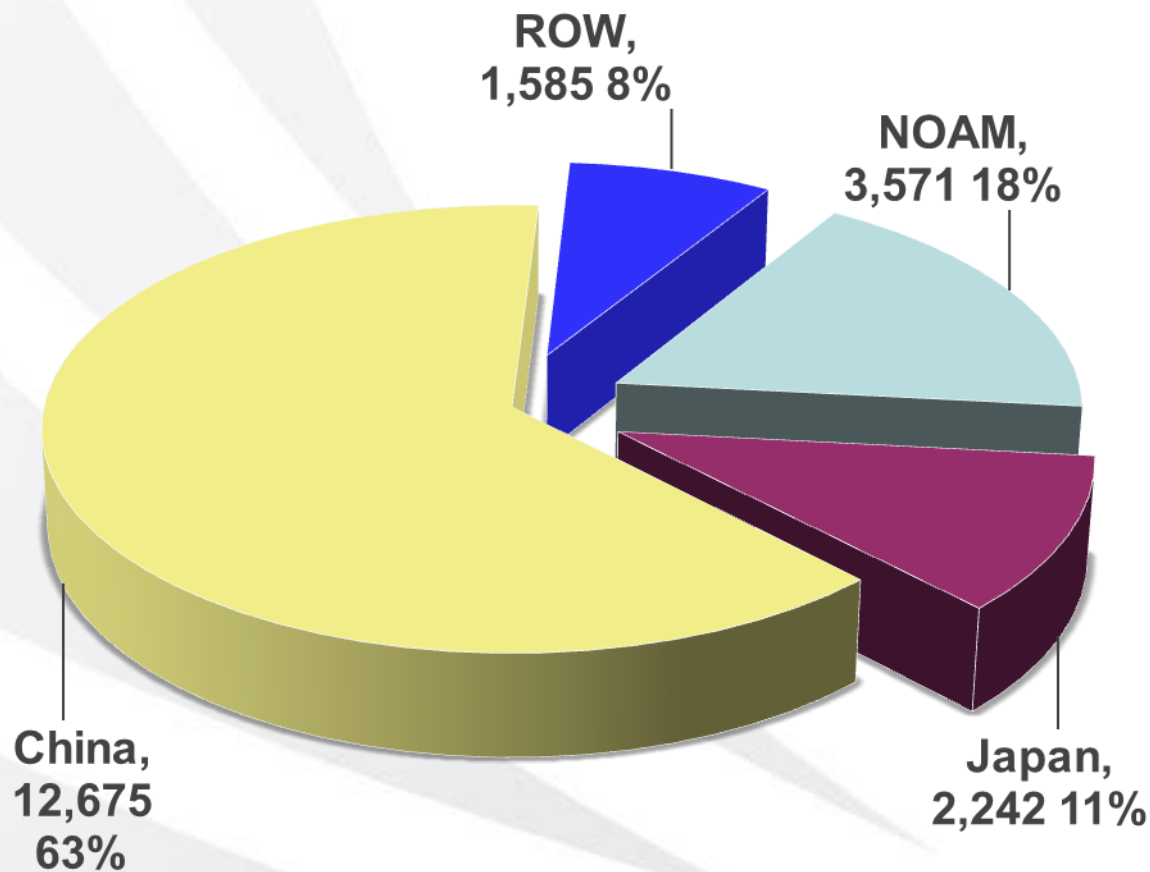
2Q Growth Trends FY13 vs. FY14 (US\$M)



1H FY14 vs. 1H FY13 Income Statement

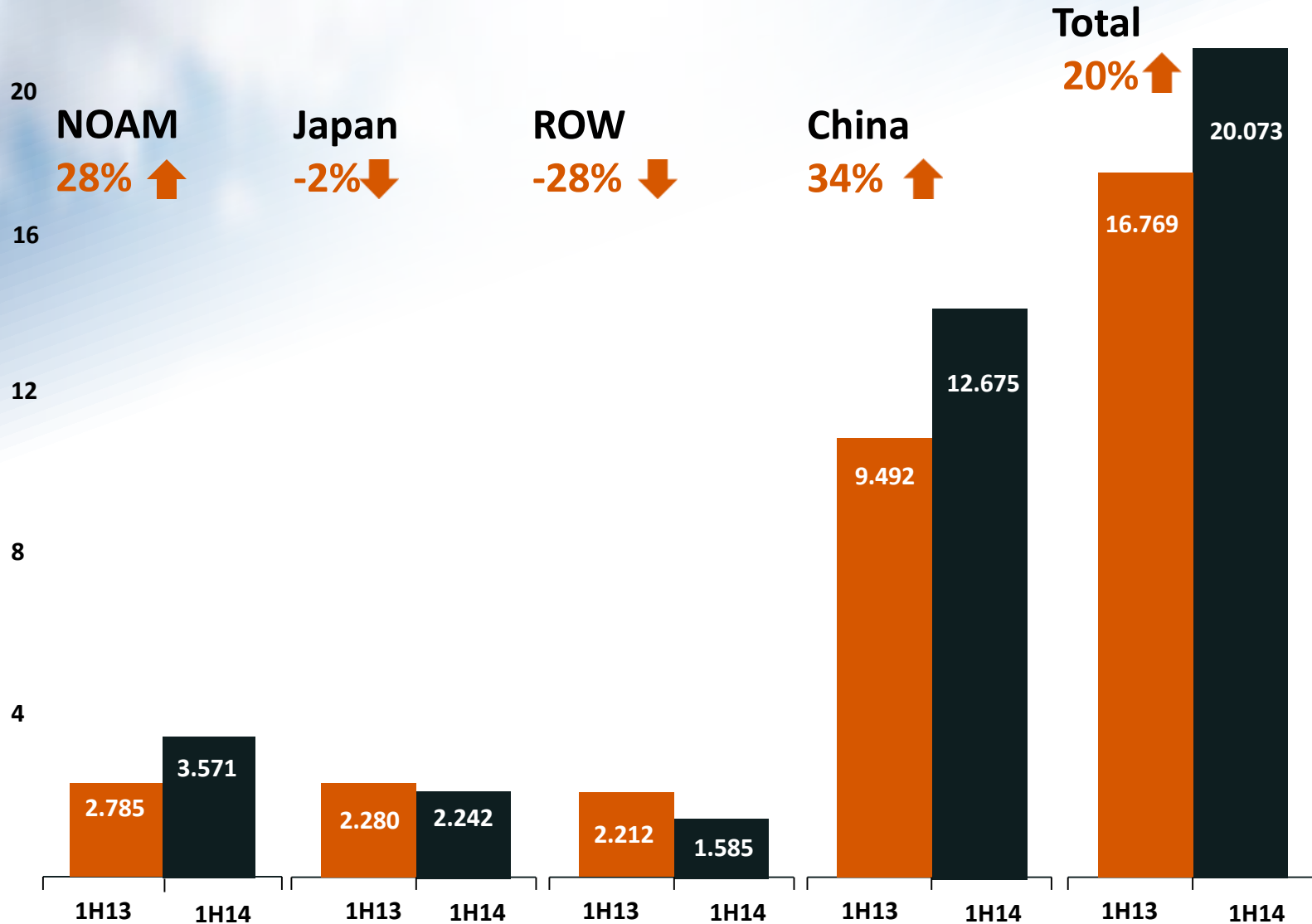
	1HFY14		1H FY13		Comparison	
	(US\$1,000)	% of Rev	(US\$1,000)	% of Rev	Diff	Y/Y Change
Net Sales	20,073		16,769		3,304	20%
Gross Profit	15,295	76%	13,404	80%	1,890	14%
Gross Margin	76%		80%			
Operating Expenses						
Sales	(9,329)	45%	(7,587)	45%	(1,742)	19%
G&A	(2,408)	13%	(3,482)	21%	1,074	-23%
R&D	(5,097)	25%	(5,023)	30%	(73)	1%
Total Operating Expenses	(16,834)	84%	(16,092)	96%	(741)	5%
Operating Income/(Loss)	(1,539)	-8%	(2,688)	-16%	1,149	-43%
Other Income/(Expense)	1,080	5%	507	3%	573	113%
Net Income Before Tax	(459)	-2%	(2,181)	-13%	1,722	-79%
Income Tax Expenses	(277)	-1%	(113)	-1%	(164)	145%
Net Income/(Loss)	(736)	-4%	(2,294)	-14%	1,558	-68%

Revenue by Region – 1H, 2014



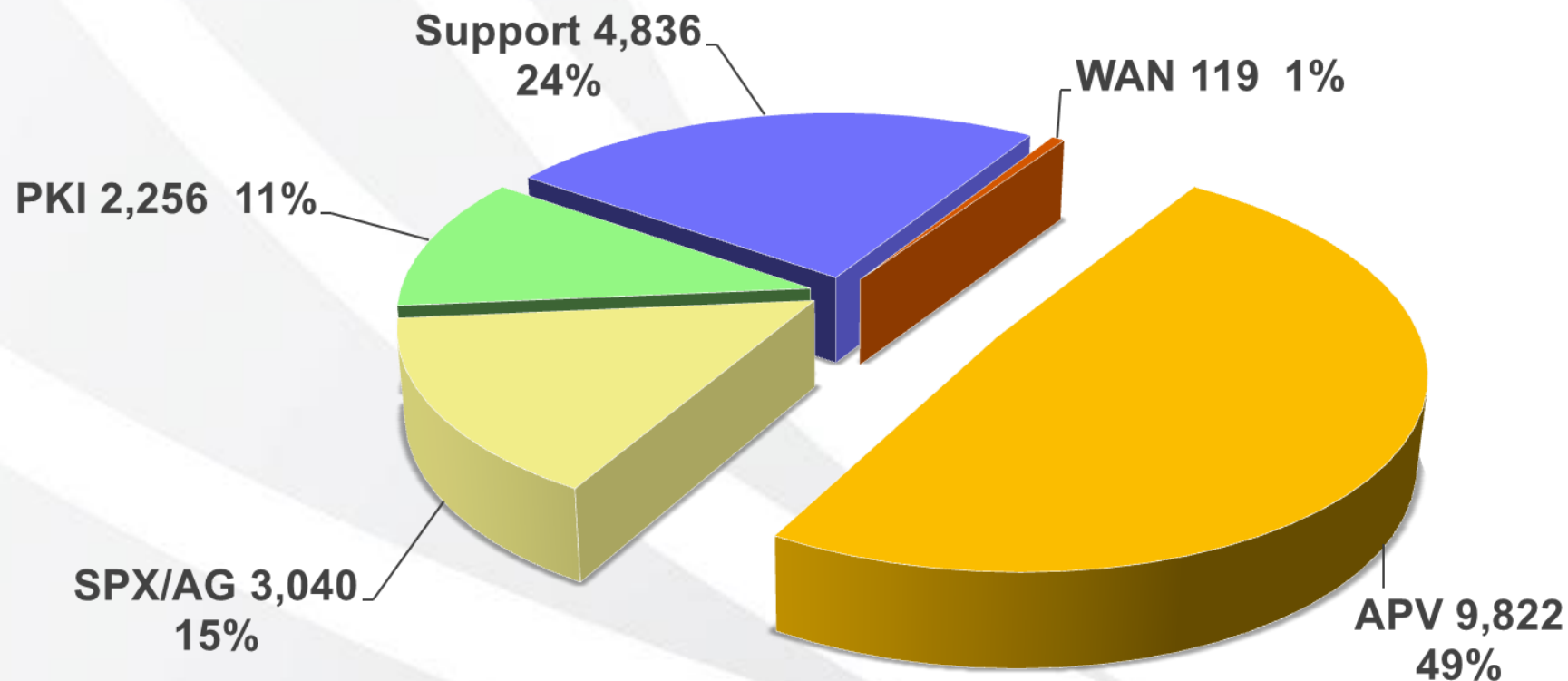
(USD1,000)

1H Growth by Region FY13 vs. FY14 (US\$M)

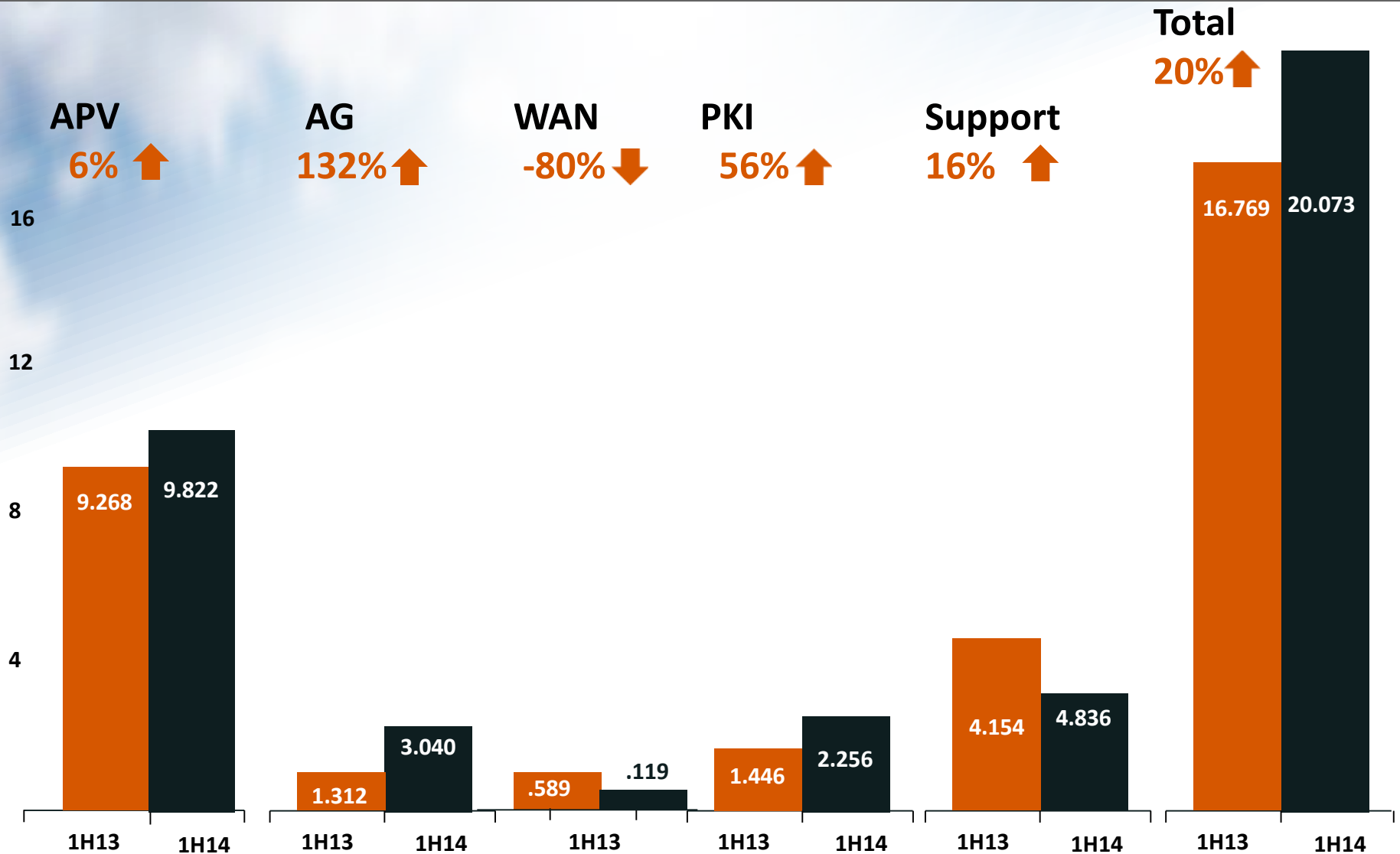


Revenue by Product – 1H, 2014

(USD1,000)



1H Revenue by Product FY13 vs. FY14 (US\$M)



1H FY13 vs. 1H FY14 Balance Sheet

	June FY13	June FY14
	(US\$1,000)	(US\$1,000)
Assets		
Cash and cash equivalents & Available for Sale financial assets	21,181	26,180
Accounts Receivable (net)	12,656	12,916
Inventory (net)	3,118	4,175
Other Current Assets	1,403	1,994
Fixed Assets (net)	1,607	1,311
Other Assets & Intangible Assets	8,950	8,834
Total Assets	48,915	55,410
Liabilities & Equity		
Accounts Payable	1,613	2,103
Other Current Liabilities	3,957	4,032
Deferred Revenue	7,426	9,125
Capital & Paid-in Capital	34,353	34,978
Retained Earnings	553	3,615
Other Equity	2,369	2,495
Treasury Stock	(1,356)	(938)
Total Liabilities & Equity	48,915	55,410

1H FY14 vs. 1H FY13 Headcount Growth

Department	6/30/2014	6/30/2013	Growth
Engineering	151	160	-6%
Sales	131	111	18%
Customer Support	60	47	28%
Marketing	10	9	11%
Operations	8	8	0%
G&A	44	37	19%
TOTAL	404	372	9%

Array Networks

THANK YOU!