

Array Networks

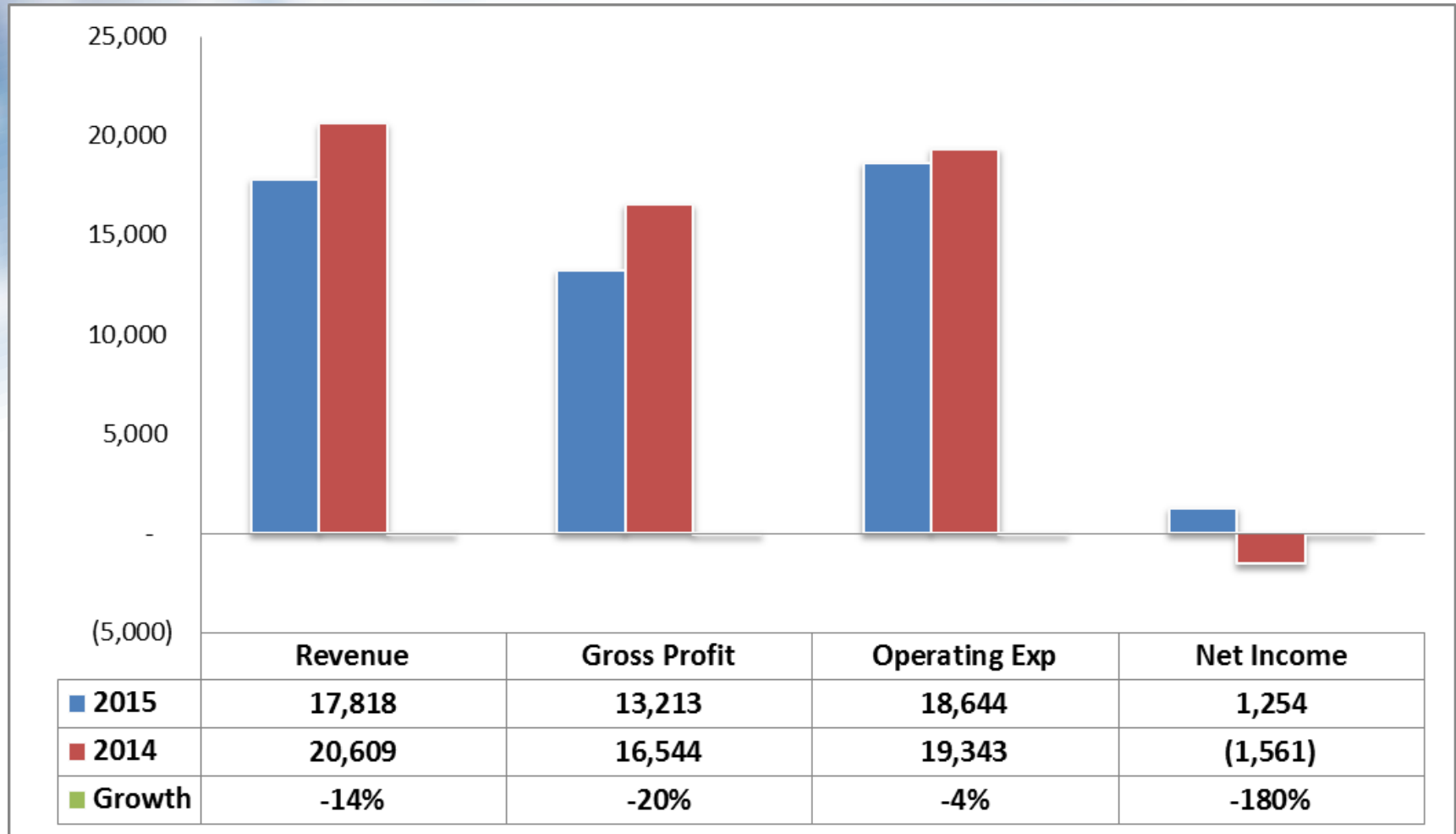
Q3 FY15 INVESTOR UPDATE

- 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.

Year-to-date results

- US\$17.82M (NT\$560M) in revenue
- 74% gross profit margin
- -14% revenue decrease vs. YTD 2014
- 43% revenue increase in ROW vs. YTD 2014
- -17% revenue decrease in North America vs. YTD 2014
- -23% revenue decrease in China vs. YTD 2014
- Headcount decrease -6% vs. YTD 2014
- Operating expense decrease -4% vs. YTD 2014
- Net Income growth of 180% vs. YTD 2014

3Q YTD - Growth Trends FY15 vs. FY14 (US\$M)



3Q FY15 results

- USD\$6.10M (NT\$195M) in revenue
- 69% gross profit margin
- 4% Q3 revenue growth vs. Q3 2014
- -34% Q3 revenue growth in North America vs. Q3 2014
- 40% Q3 revenue growth in China vs. Q3 2014
- 59% Q3 revenue growth in ROW vs. Q3 2014
- -11% Q3 Operating Expense USD\$5.91M (NT\$189M)

3Q - Growth Trends 3Q FY14 vs. 3Q FY13 (US\$M)

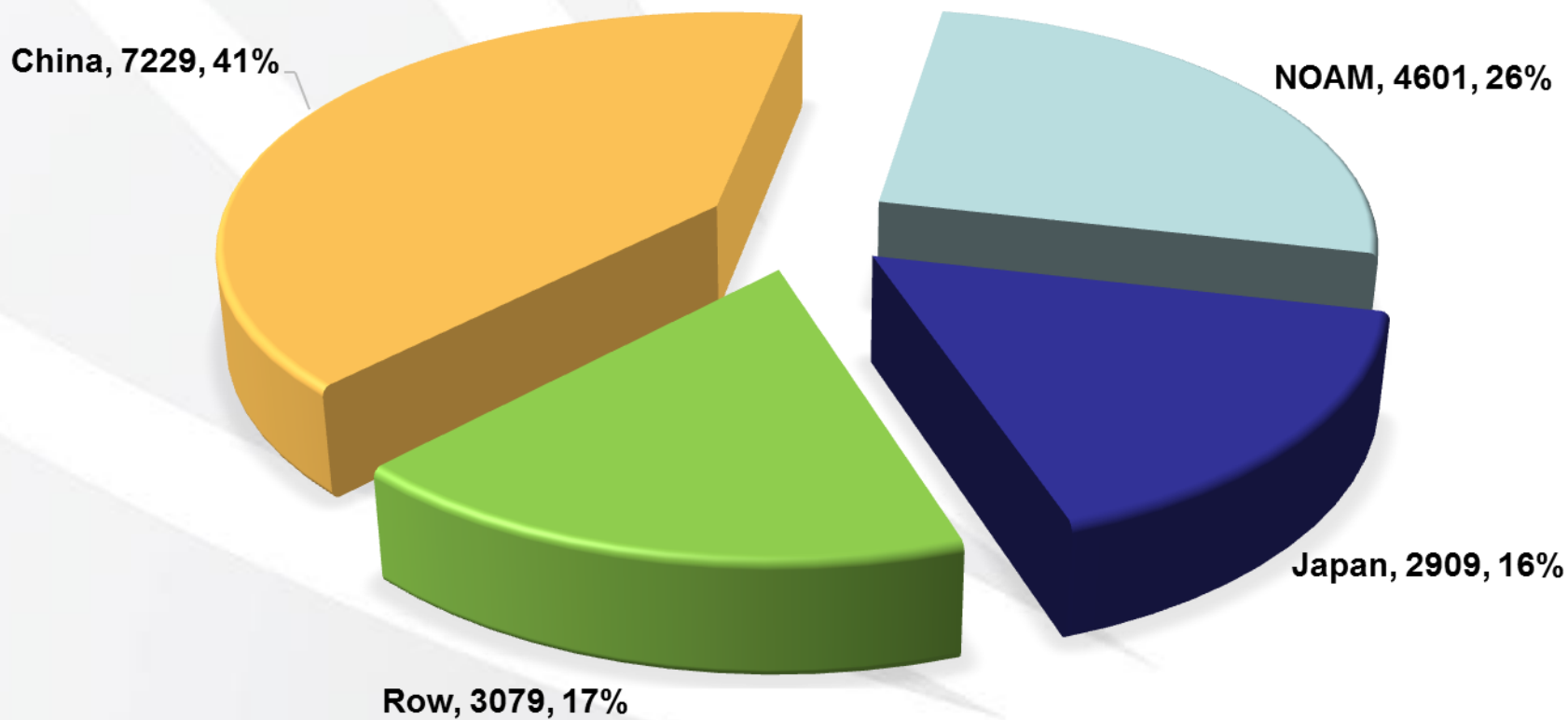


FY15 vs. FY14 Income Statement

	FY15		FY14		Comparison	
	(US\$1,000)	% of Rev	(US\$1,000)	% of Rev	Diff	Y/Y Change
Net Sales	17,818		20,609		-2,791	-14%
Gross Profit	13,213	74%	16,544	80%	-3,331	-20%
Gross Margin	74%		80%			
Operating Expenses						
Sales	(8,849)	-50%	(10,003)	-49%	1,154	-12%
G&A	(2,942)	-17%	(3,070)	-15%	128	-4%
R&D	(6,853)	-38%	(6,270)	-30%	(583)	9%
Total Operating Expenses	(18,644)	-105%	(19,343)	-94%	699	-4%
Operating Income/(Loss)	(5,431)	-30%	(2,799)	-14%	(2,632)	94%
Other Income/(Expense)	695	4%	829	4%	(133)	-16%
Net Income Before Tax	(4,736)	-27%	(1,970)	-10%	(2,766)	140%
Income Tax Expenses	(125)	-1%	(255)	-1%	130	-51%
Income from discontinued operation	6,115	34%	664	8%	5,450	820%
Net Income	1,254	7%	(1,561)	-8%	2,814	-180%

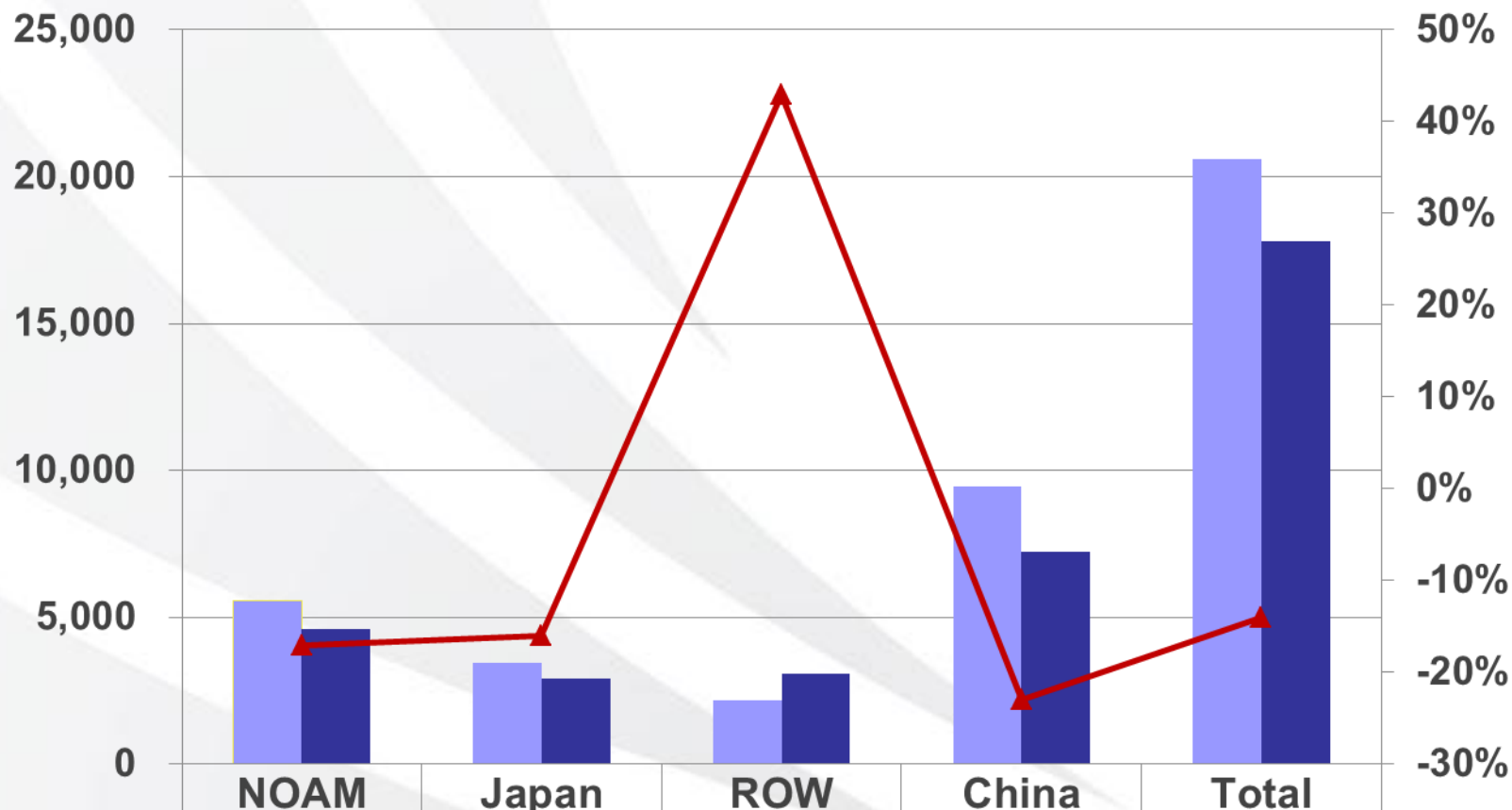
Revenue by Region – Q1-Q3., FY15

(USD1,000)



Growth by Region – YTD FY15 vs. YTD FY14

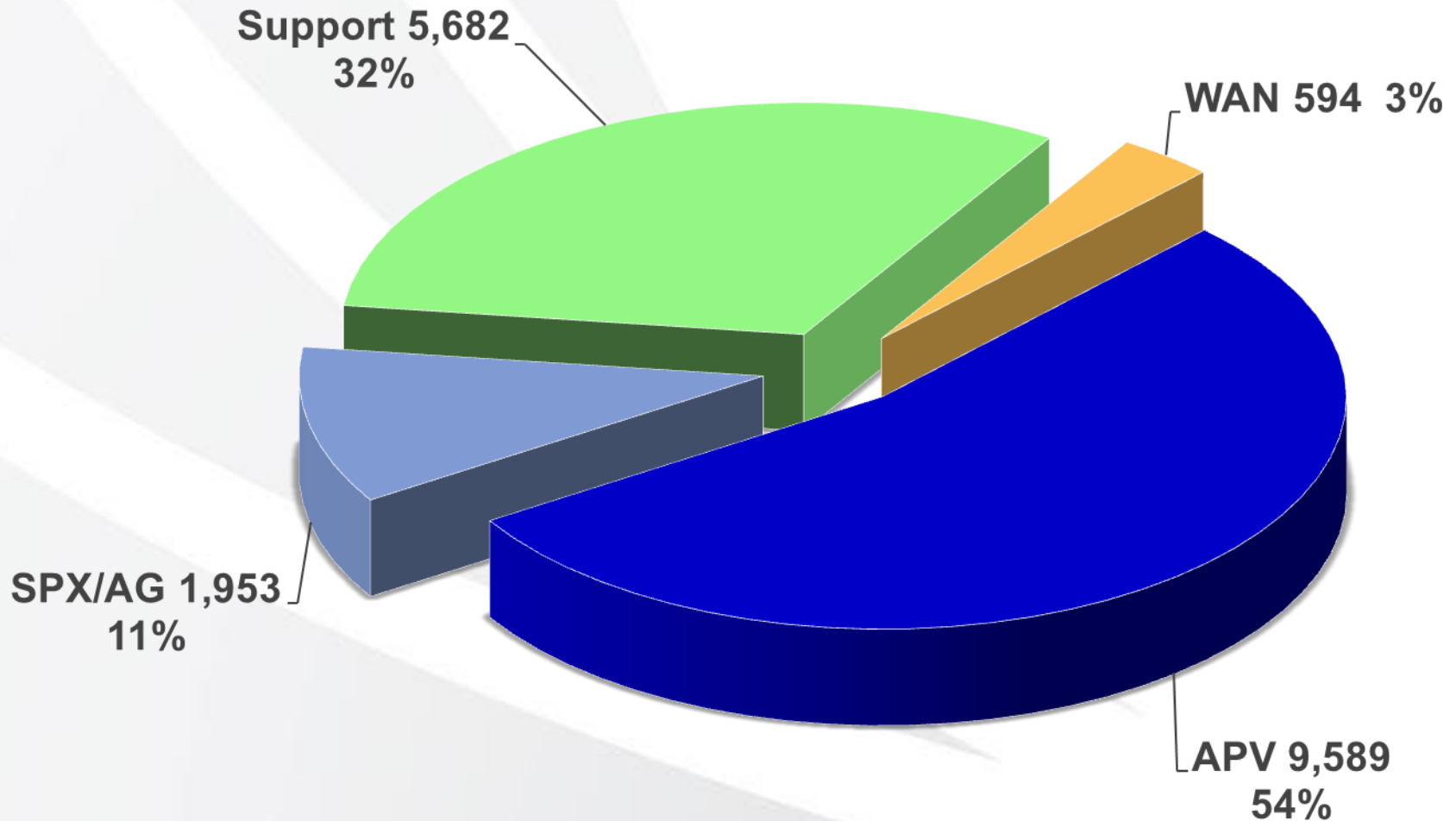
(USD1,000)



3Q, 2014	5,571	3,449	2,154	9,435	20,609
3Q, 2015	4,601	2,909	3,079	7,229	17,818
Growth	-17%	-16%	43%	-23%	-14%

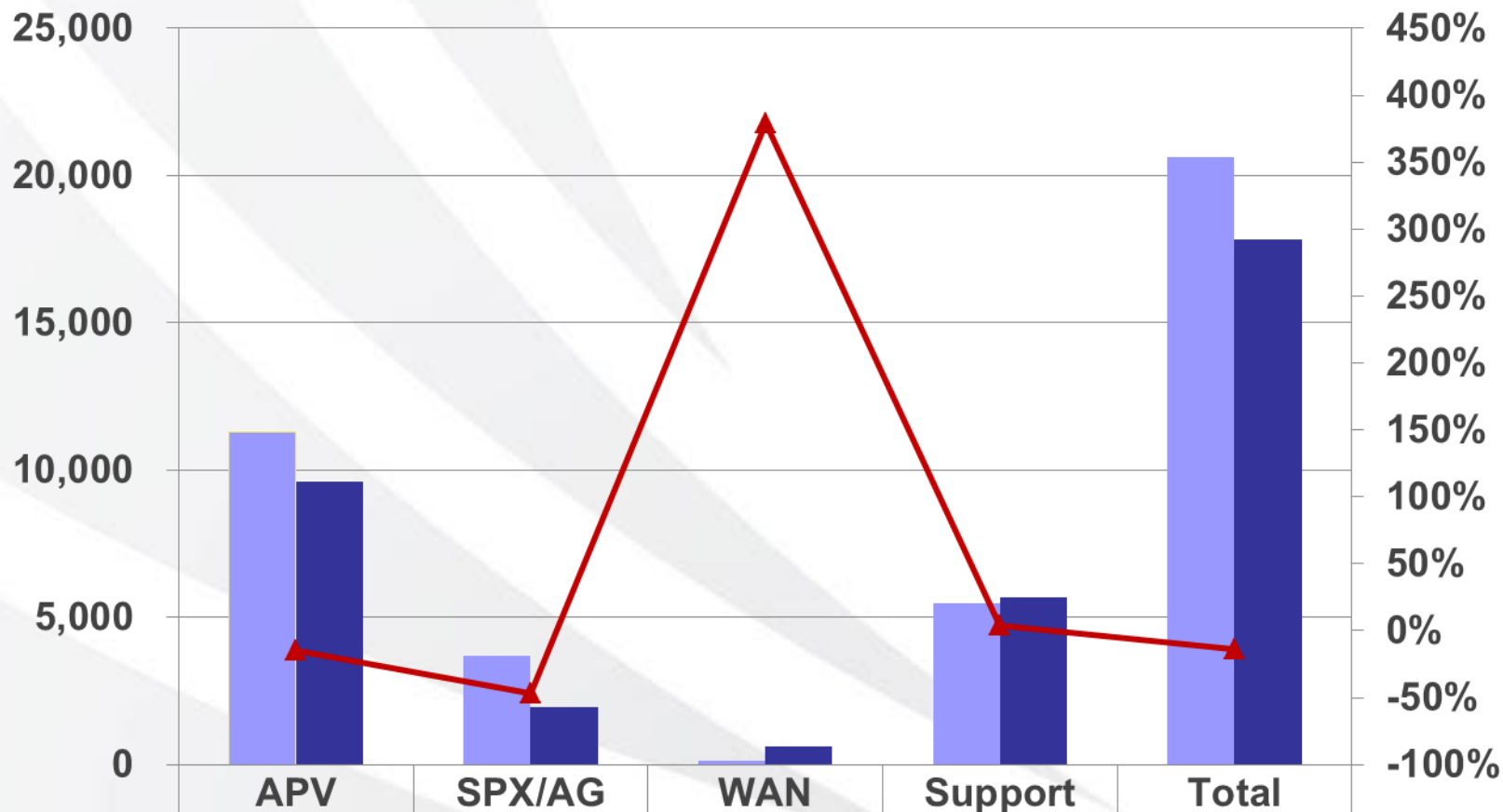
Revenue by Product – Q1-Q3., FY15

(USD1,000)



Growth by Product – 3Q, FY15 vs. 3Q, FY14

(USD1,000)



3Q, 2014	11,291	3,708	124	5,486	20,609
3Q, 2015	9,589	1,953	594	5,682	17,818
Growth	-15%	-47%	379%	4%	-14%

3Q 15 vs. 3Q 14 Income Statement

	Q3, FY15		Q3, FY14		Comparison	
	(US\$1,000)	% of Rev	(US\$1,000)	% of Rev	Diff	Y/Y Change
Net Sales	6,103		5,859		244	4%
Gross Profit	4,220	69%	4,682	80%	(462)	-10%
Gross Margin	69%		80%			
Operating Expenses						
Sales	(2,859)	-47%	(3,208)	-55%	349	-11%
G&A	(879)	-14%	(1,209)	-21%	330	-27%
R&D	(2,173)	-36%	(2,195)	-38%	22	-1%
Total Operating Expenses	(5,910)	-97%	(6,612)	-113%	702	-11%
Operating Income/(Loss)	(1,690)	-28%	(1,930)	-33%	240	-12%
Other Income/(Expense)	402	7%	223	4%	180	81%
Net Income Before Tax	(1,288)	-21%	(1,708)	-29%	420	-25%
Income Tax Expenses	(49)	-1%	(57)	-1%	7	-13%
Income from discontinued operation	0	0%	940	16%	-940	-100%
Net Income	(1,337)	-22%	(824)	-14%	(513)	62%

FY15 vs. FY14 Balance Sheet

	Sept FY15	Sept FY14
	(US\$1,000)	(US\$1,000)
Assets		
Cash and Available for Sale Securities	22,227	28,402
Notes & Accounts Receivable (net)	21,966	10,780
Inventory (net)	2,479	4,412
Other Current Assets	491	655
Fixed Assets (net)	948	1,495
Other Assets / Goodwill	5,043	8,797
Total Assets	53,154	54,541
Liabilities & Equity		
Accounts Payable	1,036	1,620
Other Current Liabilities	150	323
Accrued Liabilities	2,214	3,148
Deferred Revenue	8,540	9,023
Capital & Paid-in Capital	35,532	35,459
Retained Earnings	6,026	2,791
Other equity and adjustments	697	2,465
Treasury shares	(1,041)	(288)
Total Liabilities & Equity	53,154	54,541

FY15 vs. FY14 Operating Expense Growth

(US\$1,000)

September 30	2015	2014	Growth
Headcount	231	246	-6%
IFRS Operating Expense	18,644	19,343	-4%
Stock Option Expense (reversal)	192	598	-68%
Additional AR Reserve	235	67	252%
Operating Expense (excluding AR reserve and Option exp.)	18,217	18,678	-2%

FY15 vs. FY14 Headcount Growth

Department	9/30/2015	9/30/2014	Growth
Engineering	114	117	-3%
Sales	70	82	-15%
Customer Support	11	11	0%
Marketing	5	6	-17%
Operations	9	9	0%
G&A	22	21	5%
TOTAL	231	246	-6%

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THANK YOU!