

ASPEED Technology Inc.

Lili Wu
IR Manager

2017/11

Company Profile

Server Market Analysis

New Product Introduction

Financial Performance

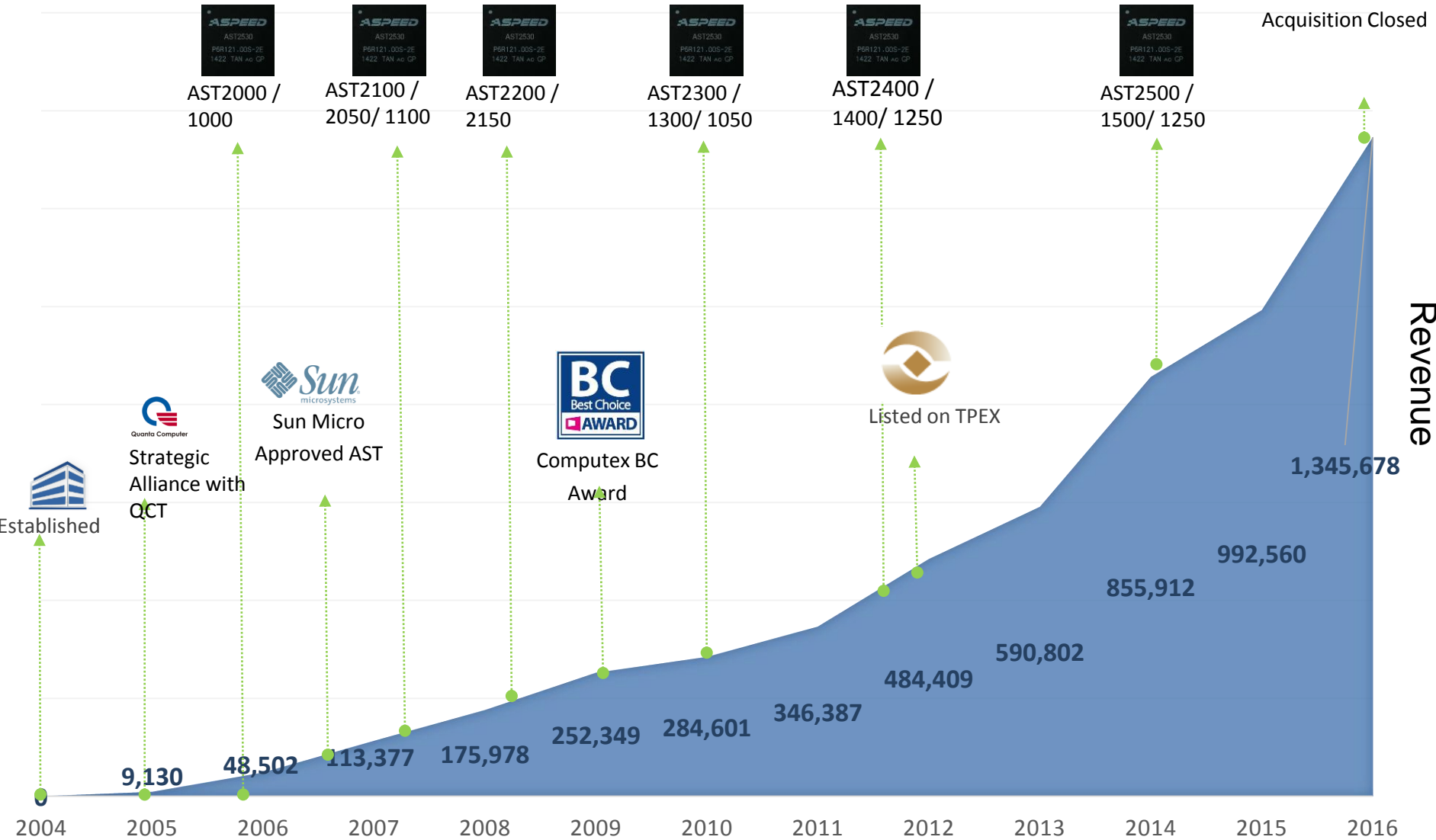
ASPEED in Brief



- Established in Nov. 15th , 2004
- Address:
 - Headquarter: No.15, Industry East 4th Rd., Hsinchu Science Park
 - US Office: 2290 N. First Street, Suite 300, San Jose, CA 95131, USA
 - India Office : The Pinnacle, First Floor, Building No. 8, 5th Block, 100 Ft Road, A Cross Road, Koramangala, Bengaluru - 560095, Karnataka, India
- Number of Employees :
 - HQ: 58
 - US: 7
 - India: 9
- Business Model: Fabless IC Company
- Product Lineup:
 - Remote Server Management
 - PC /AV Extension



Company Profile- Milestone



Company Profile– Management Team



Title	Name	On Board	Education	Other Position	Years of Experience
President	Chris Lin	Nov.15 th , 2004	<ul style="list-style-type: none"> • Master, Electrical Engineering, NTU • EMBA, NCTU • President, XGI • VP / Multimedia Product Division, SIS 	<ul style="list-style-type: none"> • Director, Fung-Hwa Investment Inc. • Director, Sheng-Hwa Investment Inc. 	27
Vice President / Sales and Marketing Dept.	Luke Chen	Oct. 3 rd , 2005	<ul style="list-style-type: none"> • EMBA, NCCU • Director / Strategy Marketing Dept., SIS 	None	26
Vice President / Product and Technology Dept.	Hung-Ju Huang	Nov.15 th , 2004	<ul style="list-style-type: none"> • BS/EE, MS/EE, NCKU • Director / Engineering, XGI • Senior Manager / Engineering Dept., SIS 	None	24
Manager / Finance Dept.	Tina Chiu	Apr.9 th , 2007	<ul style="list-style-type: none"> • Accounting, FCU • Accounting Administrator, HON HAI PRECISION IND. 	None	17
Vice President/ Overseas Dept.	Dwarka	106.01.01	MS EE University of Texas	None	26

Company Profile – Product Lineup



AST1010
AST2200 / AST2150
AST2300 / AST1300 / AST1050
AST2400 / AST1400 / AST1250
AST2500 / AST2510 / AST2520 / AST2530
Pilot 3/ Pilot 4

40nm LP Process
800MHz CPU
DDR4 SDRAM
PCIe Gen-II
ES: Jun 2014
PS: July 2015

Server
Management

AST1500 /
AST1510
AST1520 /
AST1525

40nm LP Process
4Kx2K Support
Multi-Screen TV Wall
1GHz CPU
DDR4 SDRAM
ES: Jun 2014
PS: July 2015

PC/AV
Extension

Desktop
Virtualization

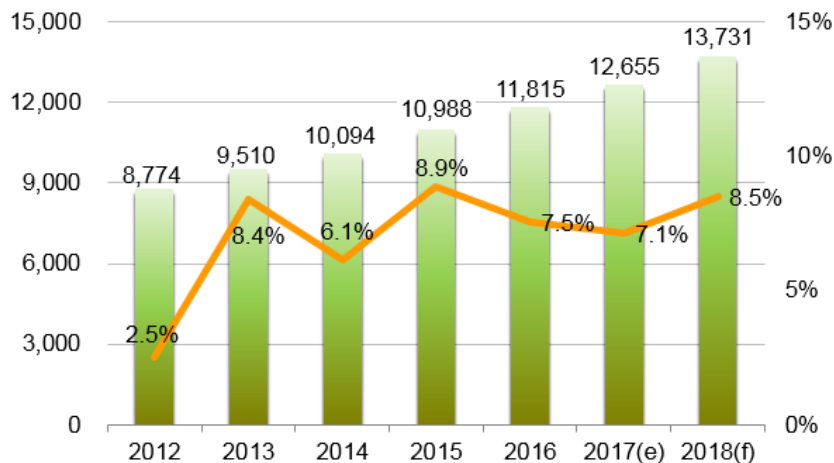
AST3100
AST3200

40nm LP Process
Microsoft RemoteFX 8.0
Citrix HDX Ready
1GHz CPU
DDR4 SDRAM
PCIe Gen-II
ES: Jun 2014
PS: July 2015



Server Market Analysis:

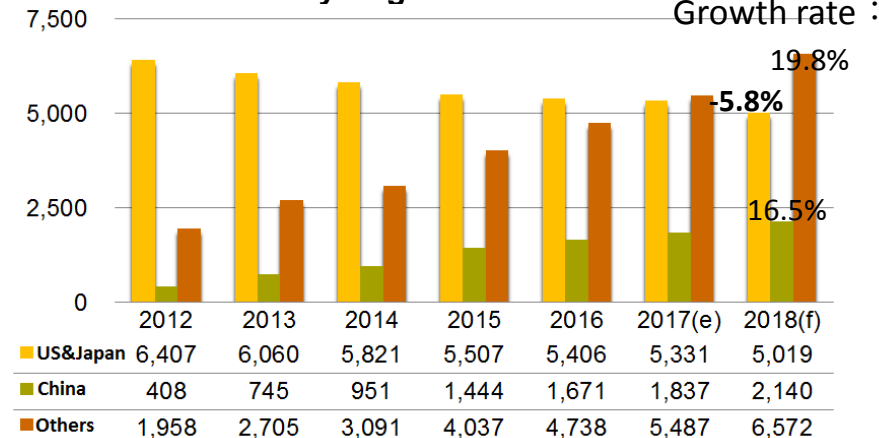
WW Shipment expect to grow 8.5% in 2017



Unit: K/pcs

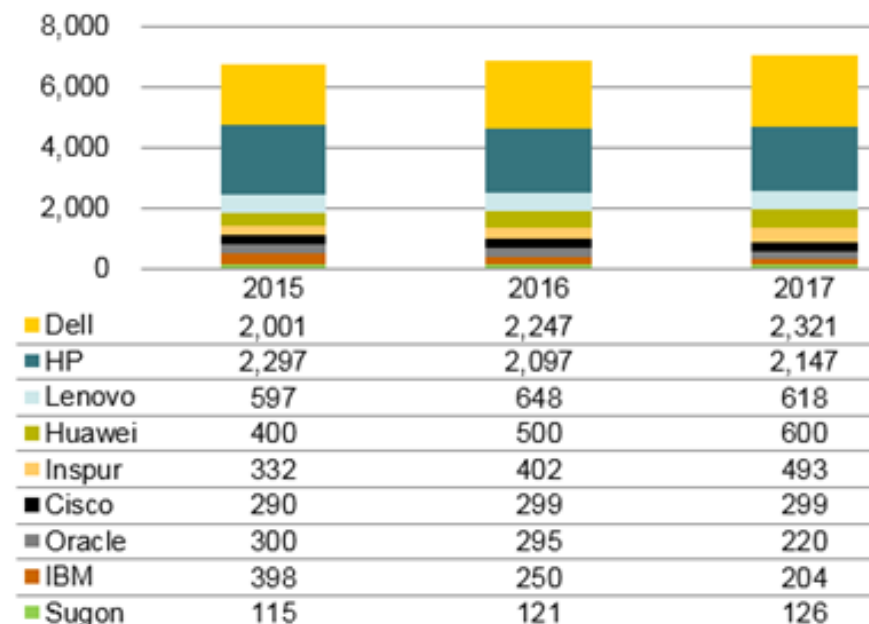
Source: Digitimes 10/2017

Server breakdown by Region



1. US & Japan includes: HP/Dell/IBM/Fujitsu/ Cisco/Oracle, etc. US is about 93%. China: Includes Huawei, Inspur, Lenovo, Sugon; Other: Mostly Taiwanese ODMs for Hyperscalers.
2. Shipment: Base on number of MBs

Worldwide Server Breakdown by brand names



Source: Digitimes 10/2017

*There are 24 companies consider as hyperscale:
Amazon/AWS, Rackspace, Google, Microsoft (Azure),
Salesforce, Facebook, Yahoo, Apple, Alibaba, ebay etc.

Server Market Analysis: Server Demand Drivers

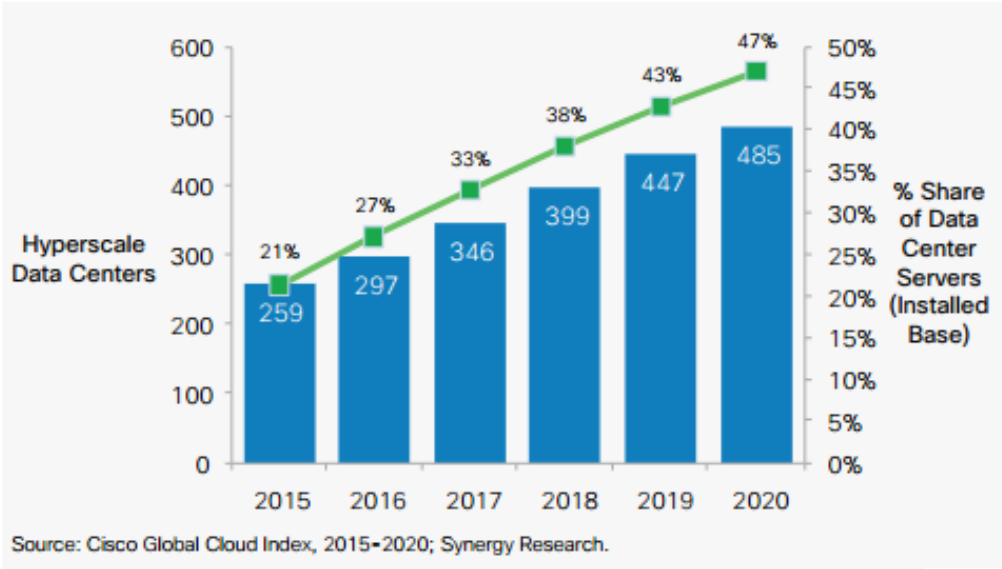


1) Source: Cisco Visual Networking Index: Forecast and Methodology, 2014 - 2019
2) Source: Cisco Global Cloud Index, 2019
3) Source: Cisco Visual Networking Index: Global Mobile Data Traffic Forecast Update, 2015-2020

Server Analysis: Hyperscale Datacenters



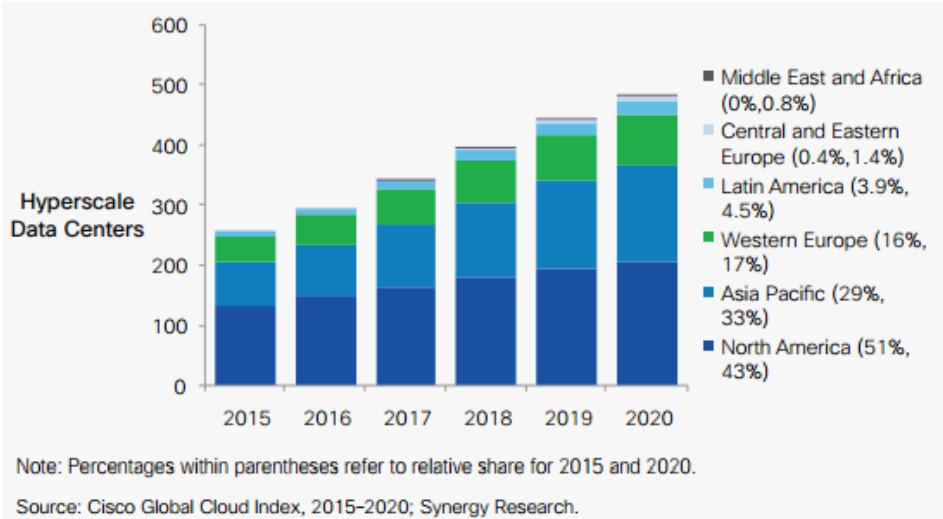
Figure 1. Data Center Growth



- Hyperscale datacenters will grow from 259 in 2015 to 485 in 2020
- By 2020 Hyperscale will be 47% of all data center
- By 2020 Hyperscale will be 83% of Public Cloud, and 86% of public cloud workloads.
- * Hyperscale : Amanzon/AWS, Rackspace, Google, Salesforce, Facebook, Yahoo, Apple, Alibaba, ebay etc.

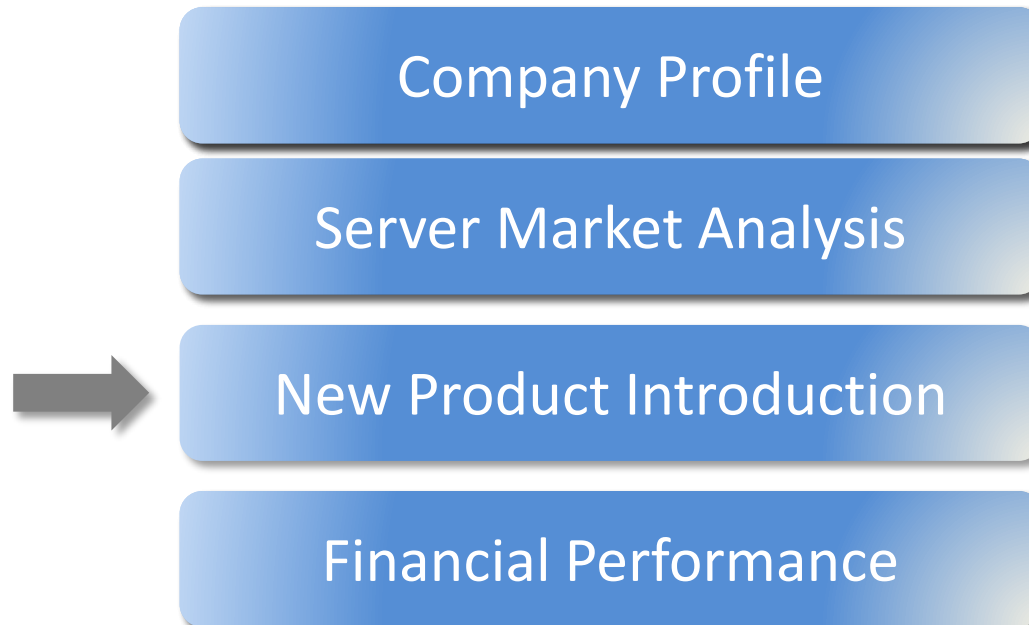
- 2016 N.A Hyperscale datacenters 51%→2020 43%
- 2016 Asia 29% → 2020 33%

Figure 2. Data Center Growth: Regional View



Server Analysis: Data Center Location







AST1620



HDMI over LAN
USB over LAN

- **< 80us low latency**
- Support 4Kx2K@30Hz, 2Kx1K@60Hz/120Hz
- Visually Lossless Video Compression
- Complimentary with Switch, no length limitation
- Through internet Switch, Host and Client can switch around
- Engineering Samples : 2017/Q2
- Production Samples: 2017/Q3
- Mass Production : 2017/Q4

New Product Launch– Target iCafe in China



- **Market Tam: 150000 internet cafes in China**
- **Average around 150~200 seats**

New Product Launch– Target iCafe in China



跨界轉型發展

與電競、VR、餐飲店、美髮美甲等元素結合，助力網咖轉型

高端網咖問世

大城市開始出現高收費的超豪華網咖，主打硬體設施「五星級」，連鎖網咖也越來越多

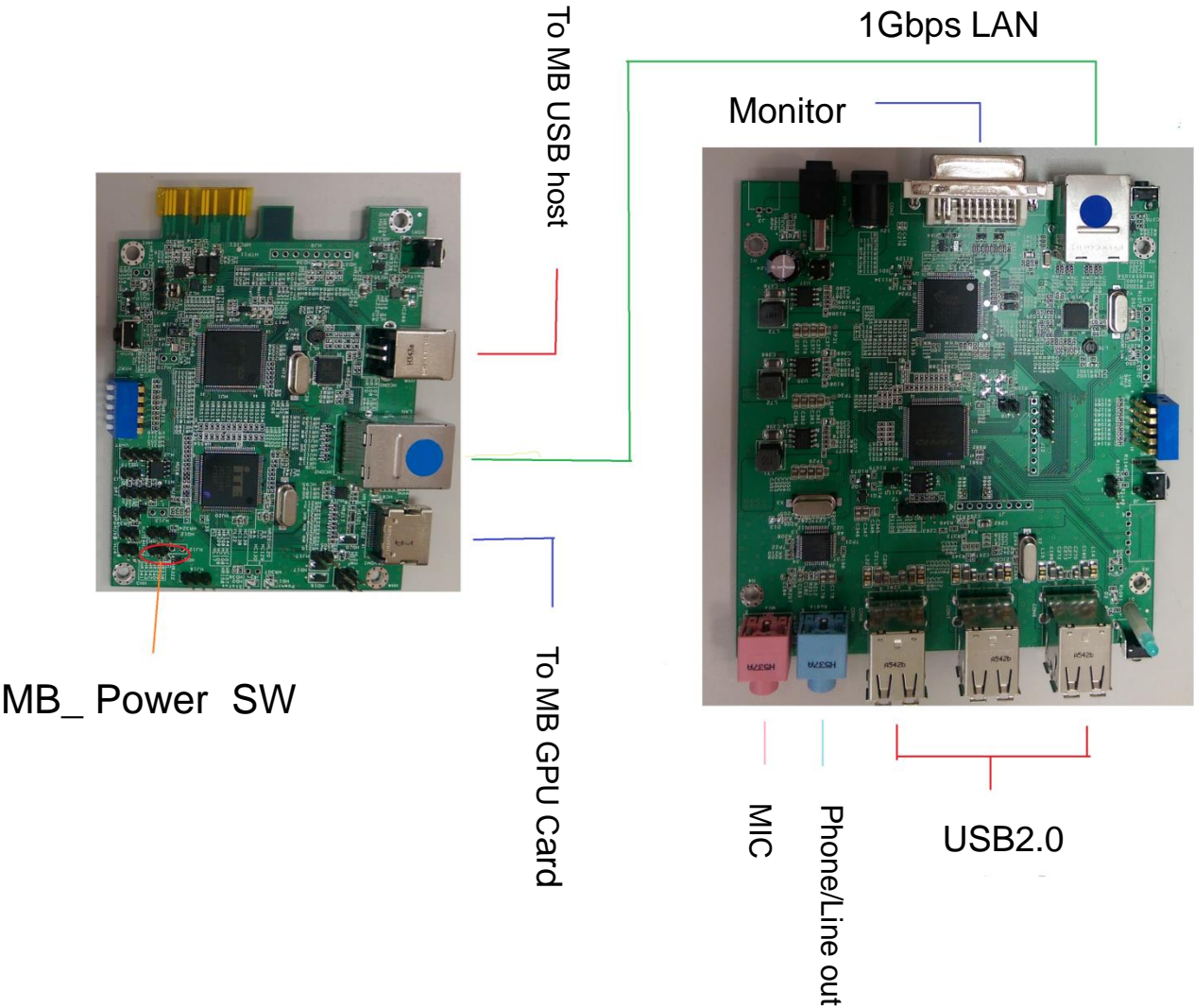
軟、硬體升級

大陸嚴打「黑網吧」，非法營業小網咖減少。部分「網吧」升級為軟硬體條件較佳的網咖、網路會所

傳統網吧時期

大陸早期的網咖稱做「網吧」，硬體條件簡陋，環境不講究，常常烏煙瘴氣

New Product Launch– AST1620 Extender



1. Increase user space

2. Easier store design

3. Decrease iCafe Operating Cost

- Less stealing rate, damage rate
- Better IT management
- Decrease electricity cost, better cooling

4. Improve Management

- Easy to switch around
- Decrease noise, smoke caused by all the fans, etc.

Company Profile

Server Market Analysis

New Product Introduction



Financial Performance

YoY Comparisons - Income Statement



Unit:NT\$1000	2016Q1~Q3 Actual		2017Q1~Q3 Actual		Growth Rate
	NTD	%	NTD	%	%
Sales Revenue	971,304	100.00	1,398,831	100.00	44.02
Gross Profit	545,731	56.19	812,193	58.06	48.83
Operating Expenses	161,336	16.61	337,079	24.10	108.93
Operating Profit	384,395	39.58	475,114	33.97	23.60
Pre-Tax Profit	364,812	37.56	456,902	32.66	25.24
Net Income	297,583	30.64	386,020	27.60	29.72
EPS (Basic)	9.40		11.41		

◇Operating Expenses increased b/c of Service fee and M&A Amortization.

◇2016Q1~Q3 and 2017Q1~Q3 Forex Loss NTD 23,953K and Loss NTD 27,594K °

◇2017/9/30 Capital: NTD 339,418K °

Financial Review – Q3/'17 Income Statement

	2016Q3		2017Q3		Achieving Rate
Unit:NT\$1000	NTD	%	NTD	%	%
Sales Revenue	382,626	100.00	500,246	100.00	30.74
Gross Profit	213,217	55.72	292,373	58.45	37.12
Operating Expenses	58,087	15.18	104,111	20.81	79.23
Operating Profit	155,130	40.54	188,262	37.63	21.36
Pre-Tax Profit	141,046	36.86	187,757	37.53	33.12
Net Income	117,065	30.60	156,181	31.22	33.41
EPS (Basic)	3.69		4.61		—

◇2017Q3 Forex Loss NTD 3,362K °

◇2017/9/30 Paid-in Capital: NTD 339,418K °

Financial Review— 2017/Q3 Financial Numbers

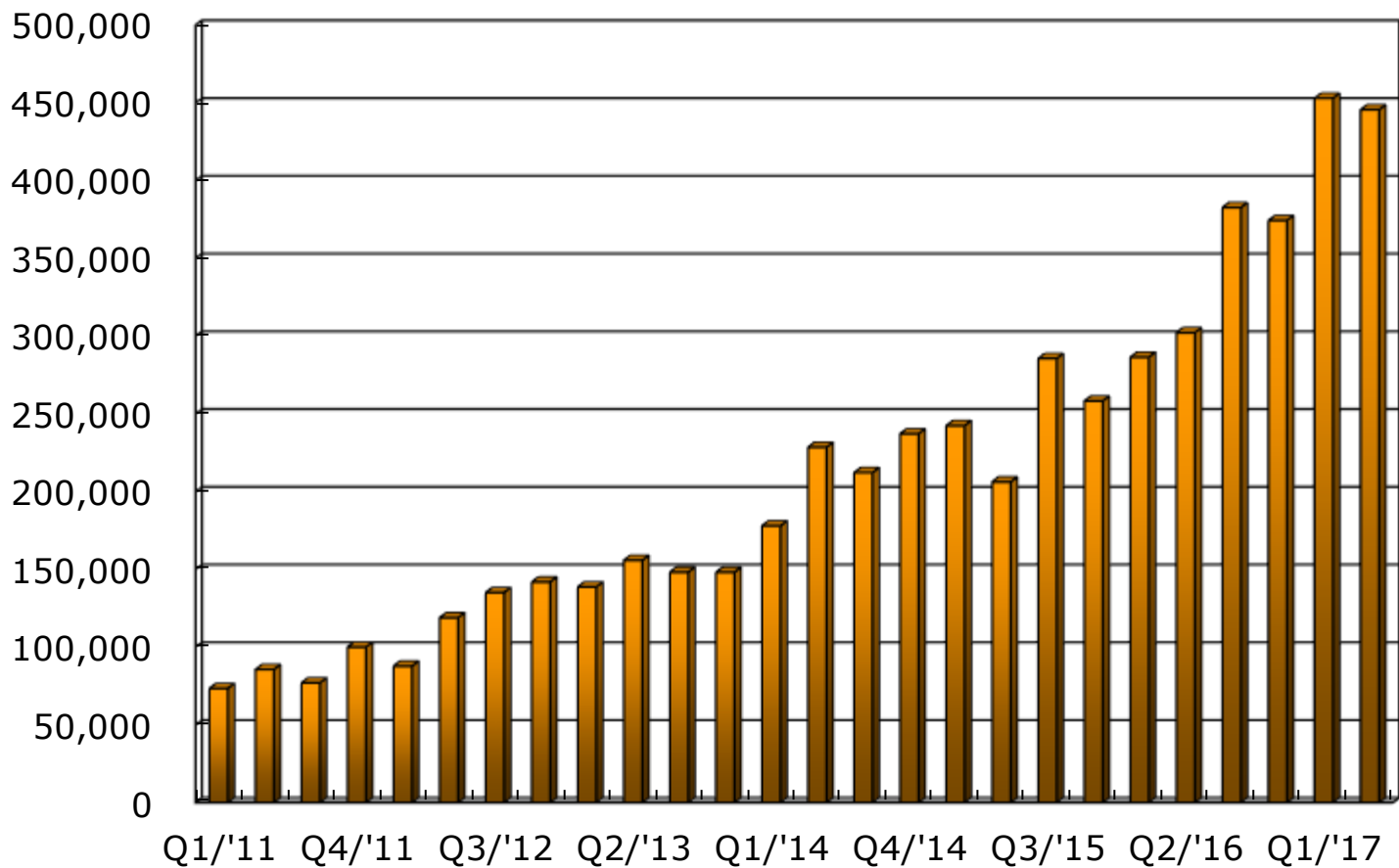


Unit : NTD 1,000	2016Q3	2017Q3	
	Amount	Amount	YoY
Cash	997,580	891,932	(10.59%)
Account Receivable	286,170	384,441	34.34%
Inventory	61,905	89,566	44.68%
Debt	195,000	217,000	11.28%
Shipment Qty (K/pcs)	3,488	5,191	48.82%

Financial Index— Quarterly Revenue History



Unit: NT\$1000



Dividend Policy



	2009	2010	2011	2012	2013	2014	2015	2016
Cash Dividend	2.29	3.00	4.00	5.00	5.50	7.00	8.00	12.00
Stock Dividend	2.00	1.42	0.00	0.00	0.00	2.00	0.00	0.00
Dividend From Capital Reserves	0.30	0.60	0.22	0.20	1.00	0.00	0.00	0.00
Total Dividend	4.59	5.02	4.22	5.20	6.50	9.00	8.00	12.00
EPS	5.64	5.66	4.77	6.50	7.40	10.72	10.79	14.07

Earning distributions:

- Employee bonus can not be less than 8%
- Directors bonus no higher than 3%
- With respect to the earnings available for distribution plus the previously cumulative undistributed retained earnings, the Board of Directors may present a proposal to distribute to the Shareholders by way of dividends at the annual general meeting for approval. Having considered the operational, financial and tax factors, including the Company being in the growing stage during the business life cycle and the future expansion projects, any remaining profits may be distributed in the form of cash dividends and/or shares, and the cash dividends shall be no less than 10% of such remaining profits to be distributed.

Thank You!

Q & A

