



Promise Technology 2013 Investor Conference

Speaker: James Lee, CEO, Promise Technology
Date: OCT 16, 2013

- **PROMISE's** statements of its current expectations are forward-looking statements subject to significant risks and uncertainties and actual results may differ materially from those contained in the forward-looking statements.
- **Except as required by law, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.**

Agenda

- **Situation**
- **Position**
- **Financial Data**
- **Strategy**
- **Execution**
- **Vision**

WW branch office(1)

PROMISE[®]
TECHNOLOGY, INC.

● ● PROMISE OFFICE

PROMISE EMEA
PROMISE Netherlands



歐洲暨中東分公司
✓ Sales & Marketing
✓ Post service & support
✓ Logistic Hub

PROMISE China



中國分公司
✓ Sales & Marketing
✓ Engineering
✓ Post service & support

PROMISE USA

美國分公司
✓ Sales, Marketing
✓ Engineering
✓ Quality Assurance
✓ Post service & support



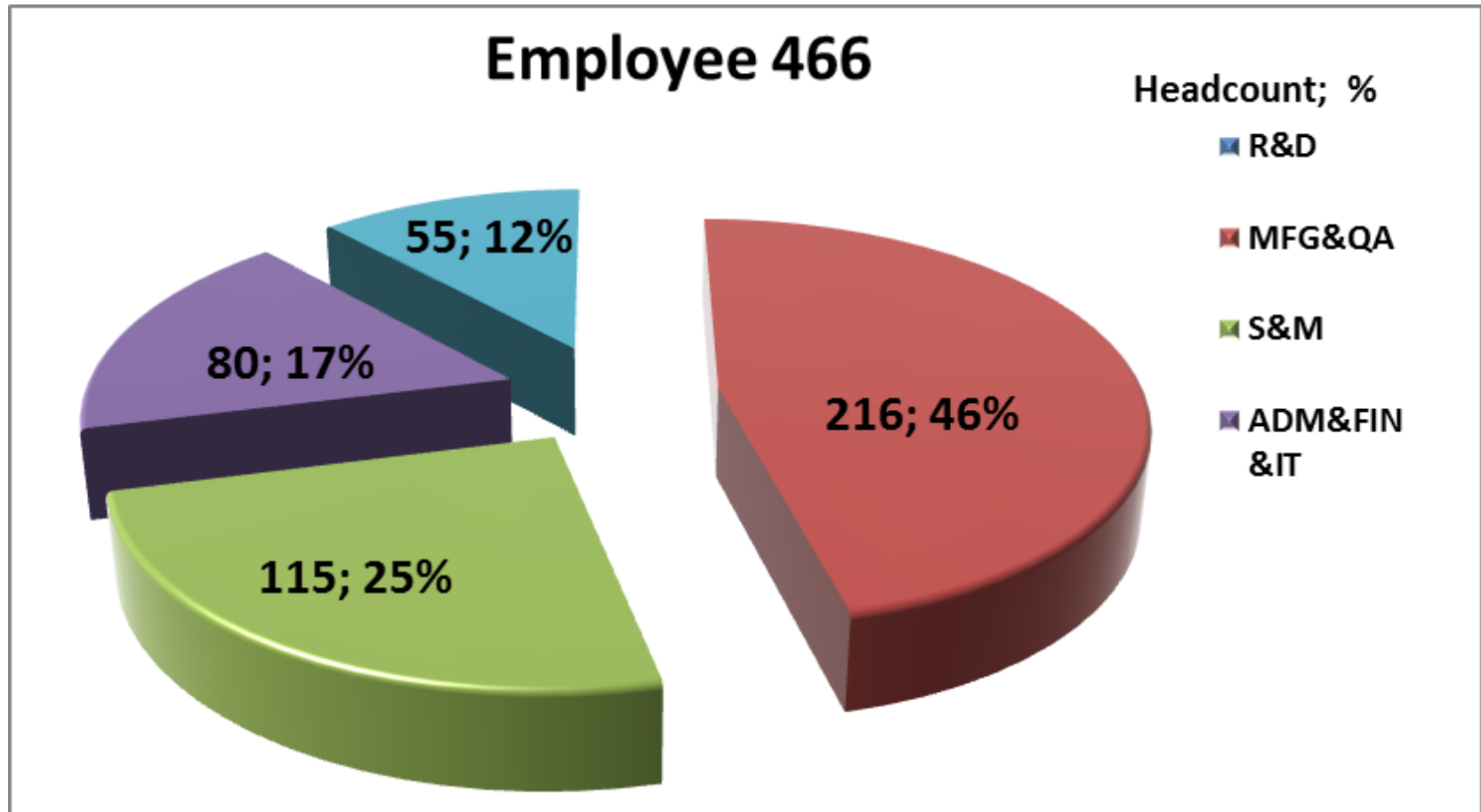
PROMISE Taiwan



喬鼎資訊
✓ Sales & Marketing
✓ Engineering
✓ Manufacturing
✓ Quality Assurance
✓ Traded at TAIEX

WW employee **466**

Total revenue in 2013 Q1 to Q3 : NT\$ 2.656B



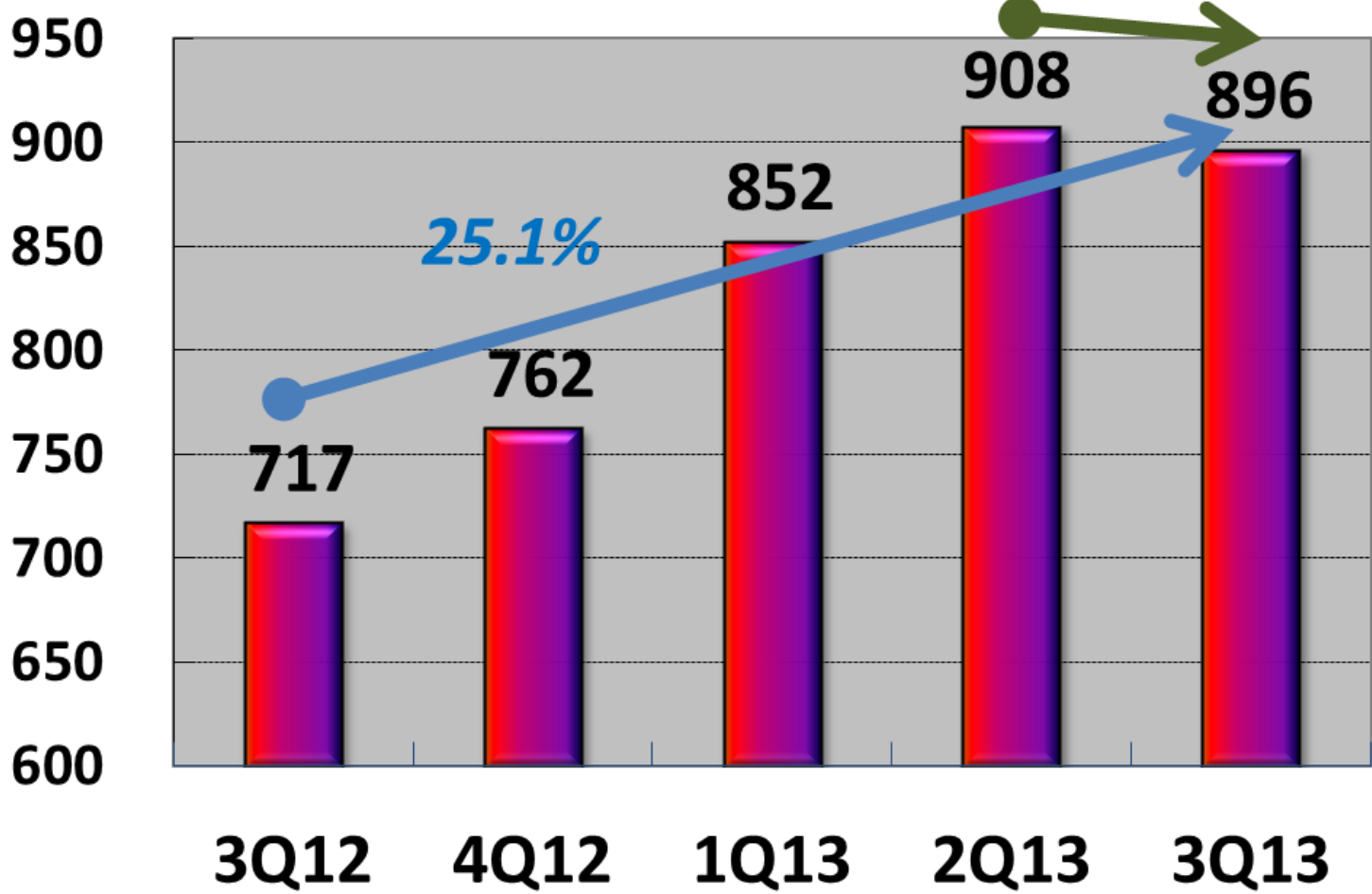
Selected Items from Statement of comprehensive Income_Q3 13

(In NT\$ Millions)	3Q13	2Q13	Quarterly Change	3Q12	Yearly Change	2012
Net Revenue	896	908	-1.2%	717	25.1%	3,108
Gross Margin	43.7%	42.7%		40.4%		38.7%
Operating Expenses	296	289	2.3%	253	17.1%	1,052
Operating Margin	10.7%	10.8%		5.2%		4.9%
Net Income	74	93	-20.2%	24	214.0%	100
Net Profit Margin	8.3%	10.3%		3.3%		3.2%
EPS(NT\$)	0.50	0.63	-20.2%	0.16	214.5%	0.68
ROE	4.3%	5.5%		1.5%		6.4%
FX rate(NT\$/US\$)	29.734	29.667		29.715		29.574

Selected Items from Statement of comprehensive Income-YOY

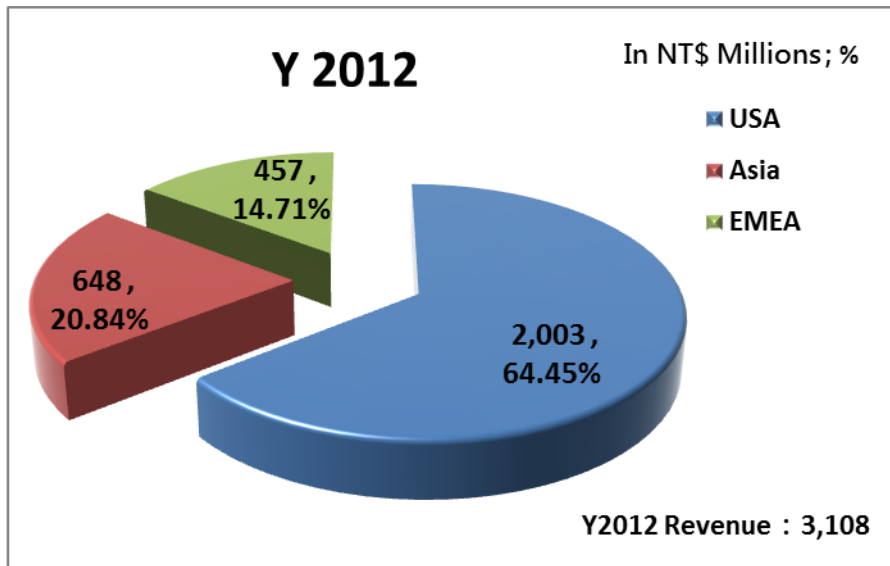
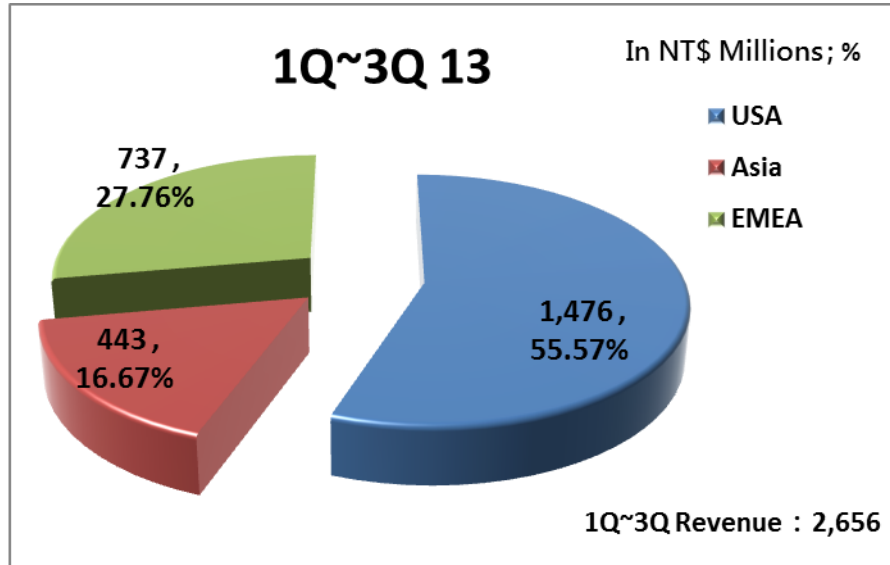
(In NT\$ Millions)	1Q13	2Q13	3Q13	Nine Months Ended Sep. 30, 2013	Nine Months Ended Sep. 30, 2012	1Q~3Q 13 over 1Q~3Q 12
Net Revenue	852	908	896	2,656	2,345	13.3%
Gross Margin	40%	43%	44%	42%	38%	
Operating Expenses	267	289	296	852	796	7.1%
Operating Margin	8.4%	10.8%	10.7%	10.0%	3.9%	
Net Income	65	93	74	232	54	333.0%
Net Profit Margin	7.6%	10.3%	8.3%	8.7%	2.3%	
EPS(NT\$)	0.44	0.63	0.50	1.57	0.37	320.5%
ROE	3.9%	5.4%	4.1%	13.5%	3.4%	
FX rate(NT\$/US\$)	29.481	29.667	29.734	29.734	29.715	

Sales ,NT\$M



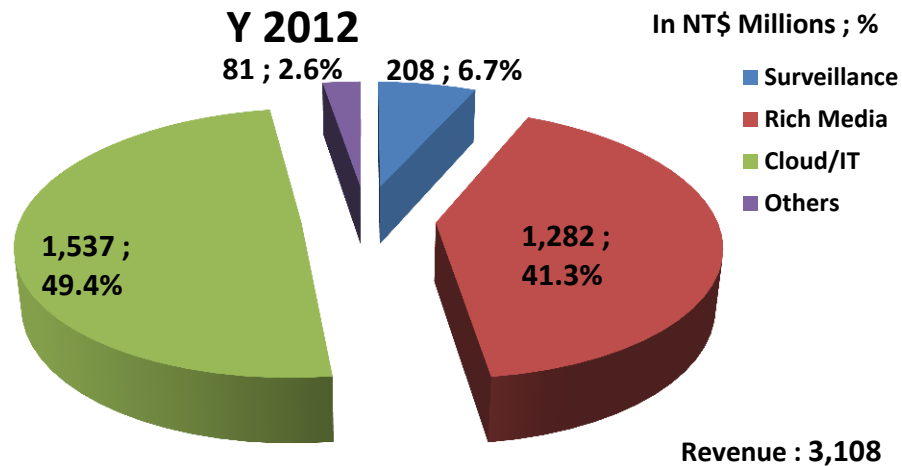
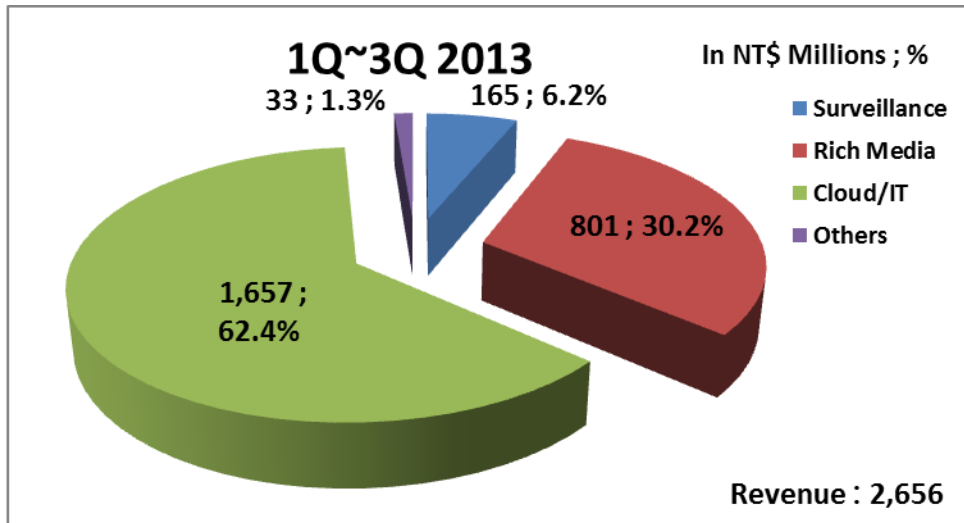
Financial data are not audited by CPA.

Net Revenue by Geography(4)



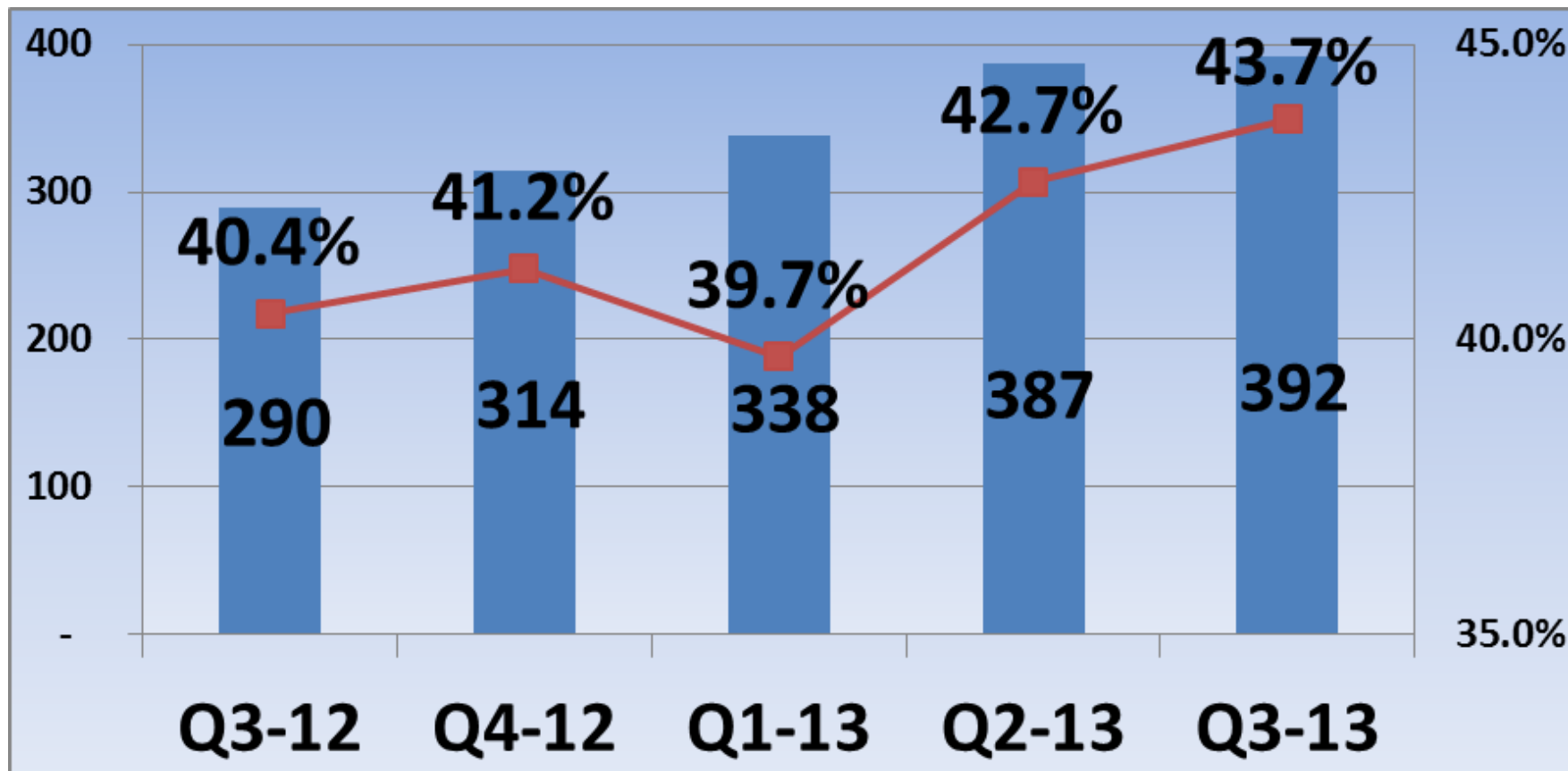
Net Revenue by Market Segment

(5)



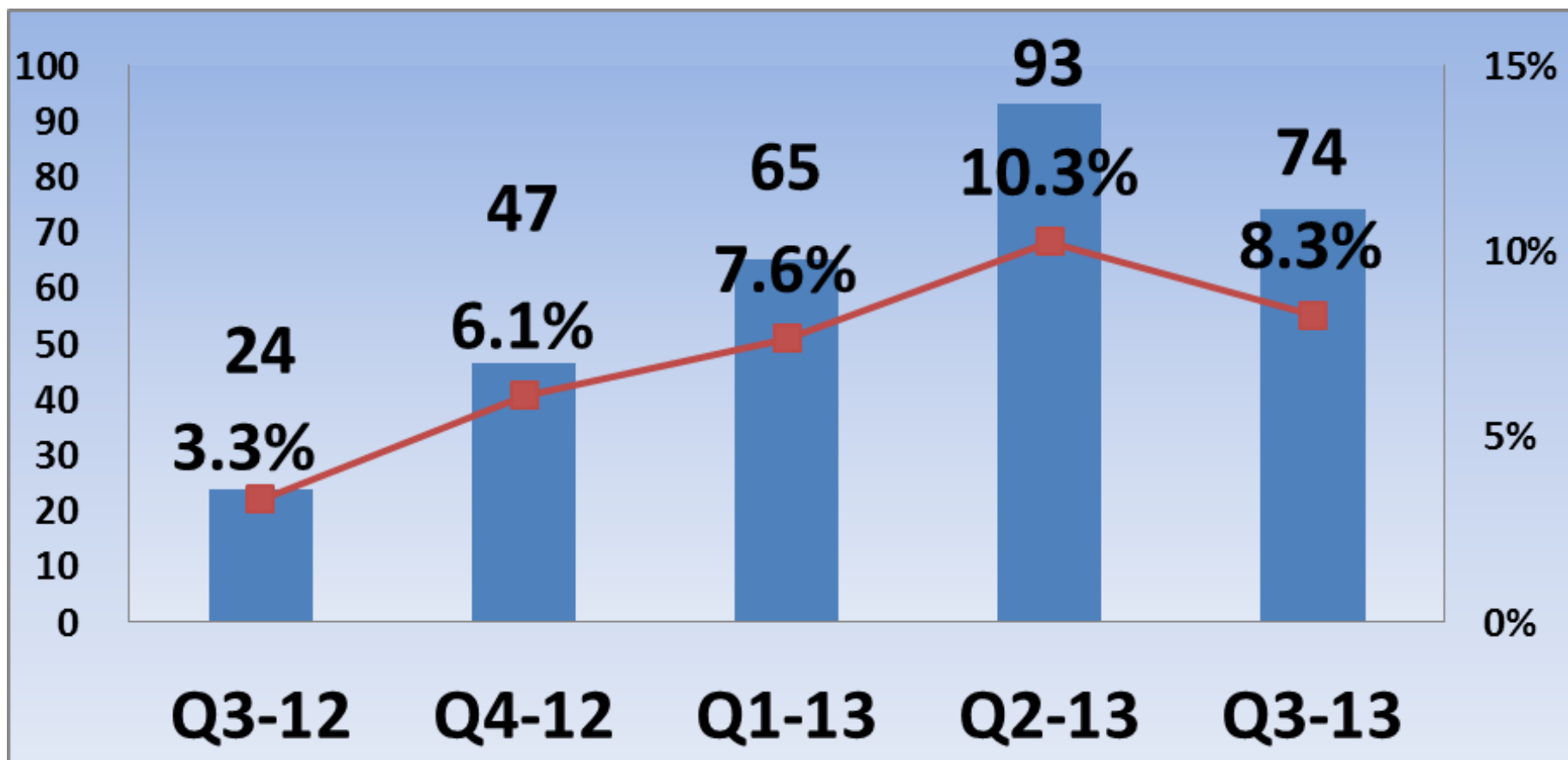
Financial Data- Gross Profit (6)

In NT\$ Millions ; %



Financial Data- Net Income (7)

In NT\$ Millions ; %



Balance Sheets & Key Indices (8)

(In NT\$ Millions)	3Q13		2Q13		3Q12	
	Amount	%	Amount	%	Amount	%
Cash & Marketable Securities	733	24	656	22	422	15
Notes & Account Receivable	536	17	547	18	407	14
Inventories	639	21	583	20	732	25
Restricted Assets	135	4	135	5	235	8
Net PP&E	427	14	436	15	445	15
Defferred Expenses	398	13	398	13	429	15
Prepayment & Other assets	217	7	221	7	230	8
Total Assets	3,084	100	2,975	100	2,900	100
Total Liabilities	1,259	41	1,209	41	1,301	45
Total Shareholders' Equity	1,825	59	1,766	59	1,599	55
Key Indices						
AR Turnover Days	51		52		44	
Inventory Turnover Days	115		109		153	
Current Ratio(X)	1.83		1.82		1.56	
Acid Ratio(X)	1.11		1.12		0.70	
*Weighted average outstanding shares were 147,867,004 units at 9/30/2013 □						
*Financial data are not audited by CPA.						

Target Market

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Surveillance

Storage
Cloud

R&M

Market

Coughlin 2012 :

1. Market size will be US\$ 11.9B in 2018
2. CAGR 14%

Strategy

1. Provide 4K/8K ready SAN solution.
2. Ally with 3rd party ISV to penetrate R&M market.

Execution – Resulted and Progress

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TECHNOLOGY, INC.

Surveillance

Resulted – Obtained certificates from global well-known surveillance and IP cam will companies and completed various installation bases globally.

Progress - Corporate with well-known surveillance company – VMS – in technology integration and partnership.

Cloud

Resulted – More than 5 customers had installed Promise Cloud data centers solutions already.

Progress – Expand Cloud software RD team to develop B2B/B2G cloud solutions, integrate technology and application, and install and certify at enterprise cloud system. Already built successful cases in education and enterprise in Taiwan.

Rich Media

Resulted – cooperated with many US Media companies in Sales and built up global image, obtained certificates, recognition and trust.

Progress – strengthen HW/SW technology, provide based to higher end products.

Vision – Growth Driver

Surveillance

will cooperate with well-known surveillance company – VMS, Milestone, Axxonsoft, OnSSI, Genetec & See Tee - through technology integration and partnership. This will promote company image, enhance sales/channel capability, and expand customer base.

Cloud

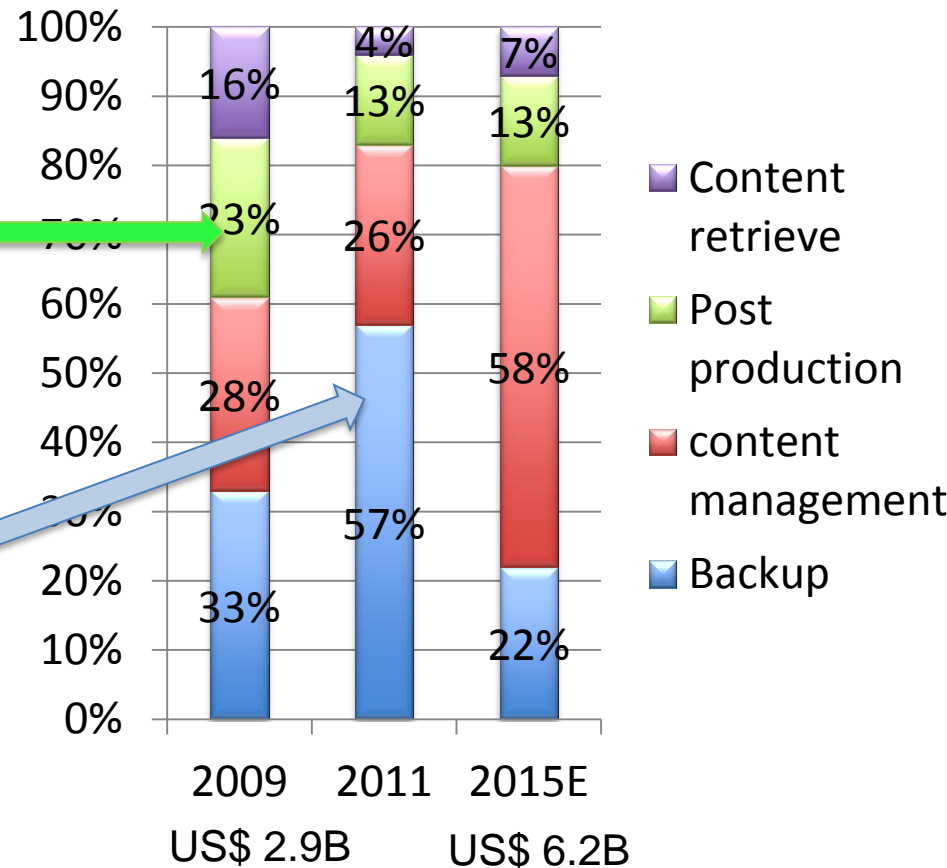
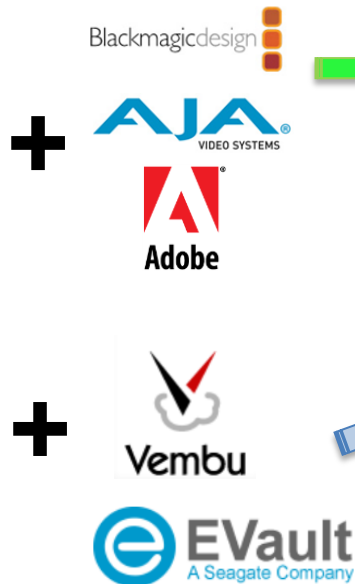
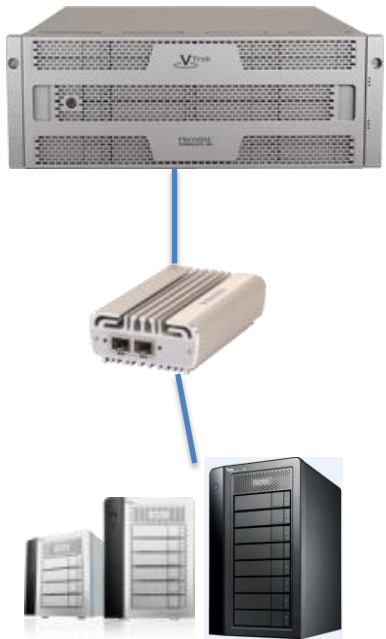
Base on current customers base, execute strategy implementation with two digits growth target.
Develop file sharing and sync. software and ally with 3rd party ISV for backup solution.

Rich Media

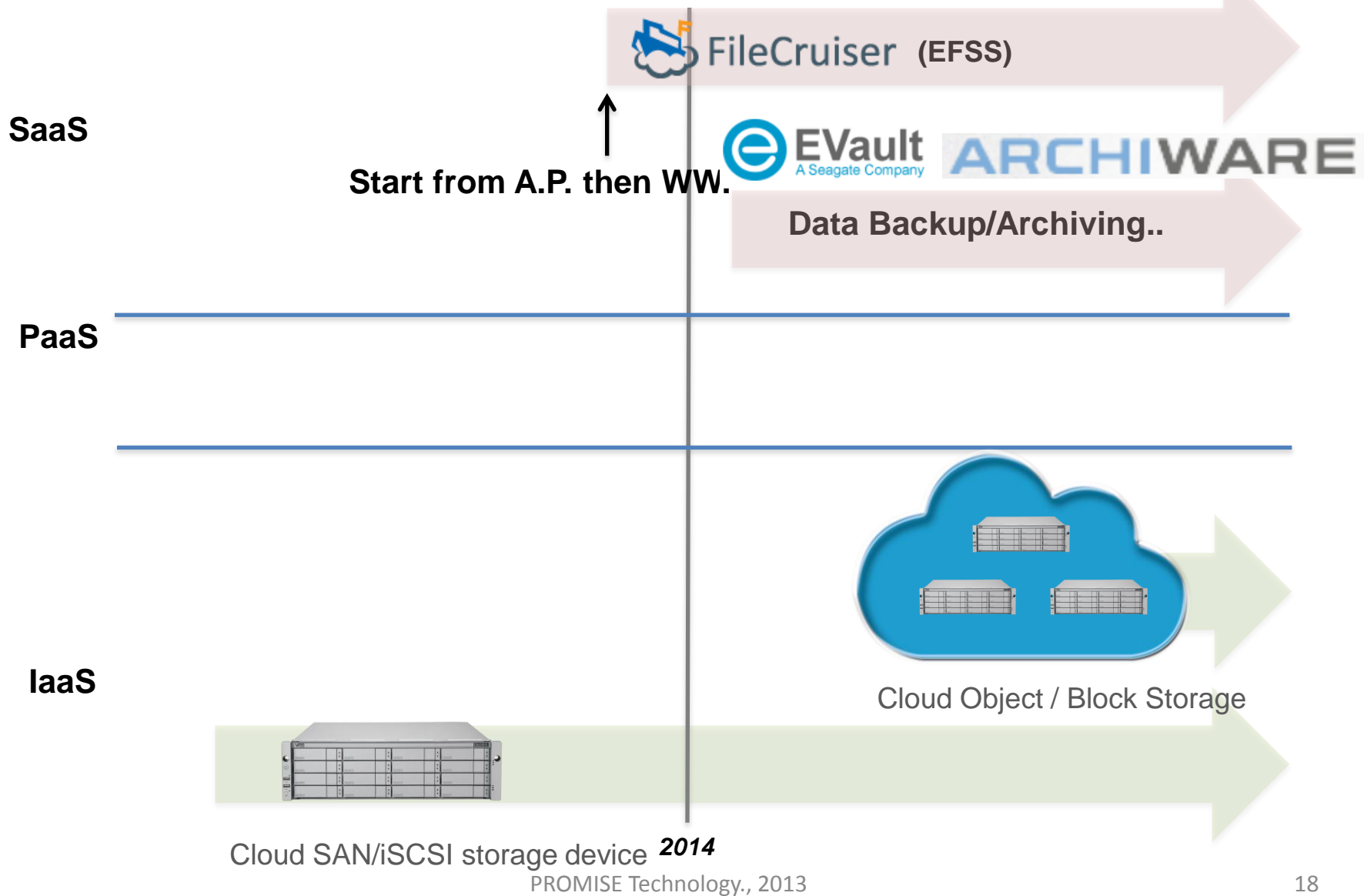
It expects 15 – 25% growth as HW/SW technology enhancement, all functional products launch, market maturity, and global customer recognition.

Rich media strategy

- Ally with 3rd party ISV to penetrate R&M application portion.
- 4K/8K opportunity: Thunderbolt 2 product from SMB to enterprise.



Cloud strategy



2013 Q4 and 2014 growth engine

- Q4
 - R&M : Will launch new product recently and will contribute US\$ 1.5M to US\$ 2.5M revenue extra.
 - Cloud/IT: Storage demand from US and EMEA.
 - 2013 : Yearly growth rate will be 14% to 18%.
- 2014
 - R&M: Leverage 3rd party ISV and create customer oriented solution.
 - Cloud: Strong demand from Data center and IT market. Provide new SaaS solution to enterprise market.
 - Surveillance: Ally with top surveillance partners and will contribute the revenue next year.
 - 2014 revenue performance will be better than 2013.

Q & A