

# Axiomtek

## 1H2014 Performance Review



**YT Yang**  
**Chairman & CEO**  
**August 13, 2014**



# *Agenda*

- ✓ **Organization**
- ✓ **1H2014 Performance Review**
- ✓ **Business Strategy**
- ✓ **Recap of Recent Major Events**

# Global Organization

Axiomtek Group



AXUS

AXEU

AXSZ

AXDG

EtherWAN

ADS

AXCA

AXBJ

EtherWAN  
USA

AXMA

AXSH



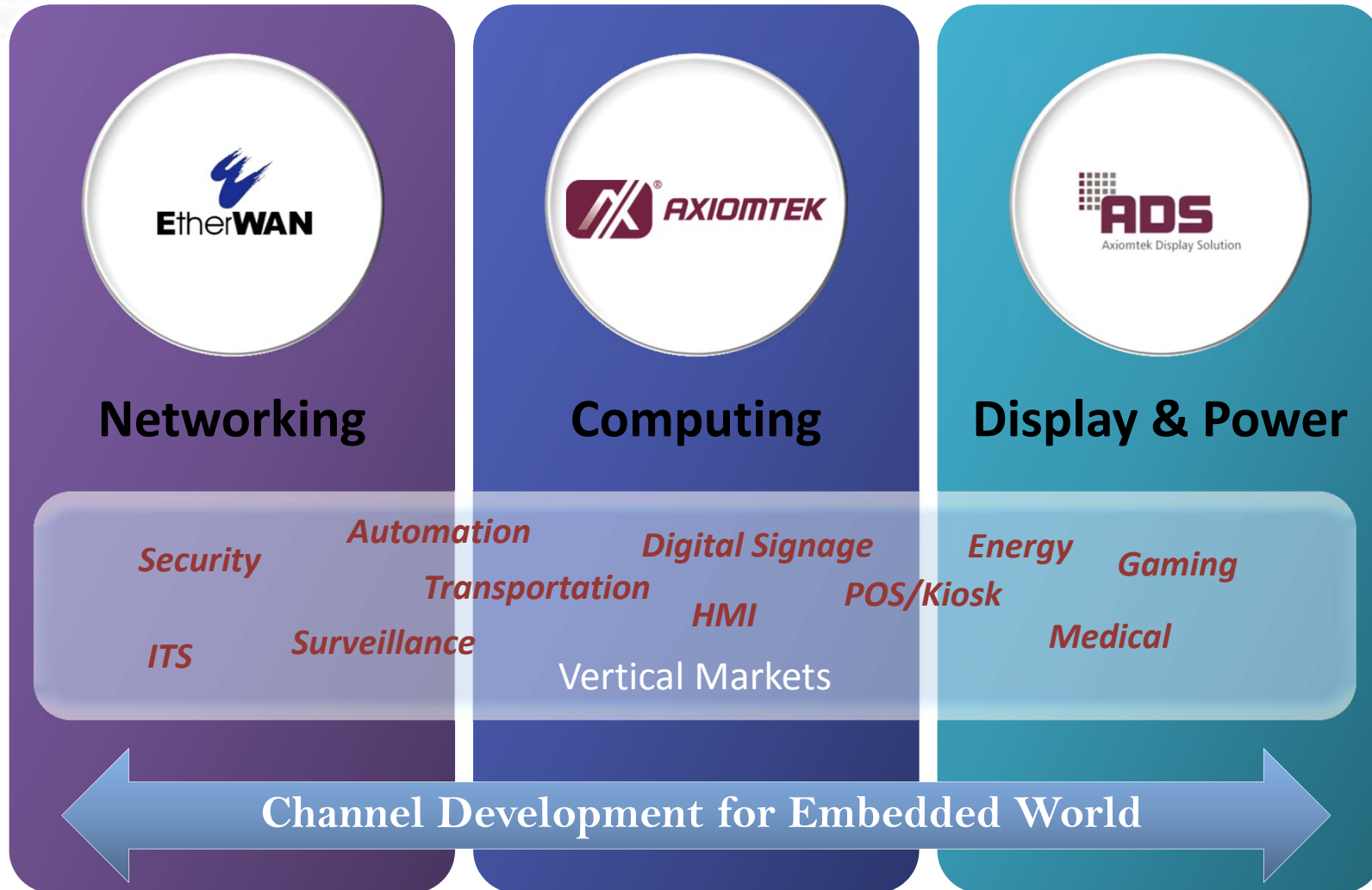
# Global Operation



Subsidiary  
Franchising Partner

Company	Axiomtek				EtherWAN		ADS	Total
	China	Taiwan	USA	Europe	Taiwan	USA	Taiwan	
Sales Offices	3	2	9	1	1	4	1	21
Manufacturing	1	1	2	-	1	-	-	5
Engineering	1	1	2	1	1	2	1	9
Logistics Hubs	1	1	2	1	1	1	-	7
Employee	87	439	78	15	134	20	8	783

# Group Business Integration



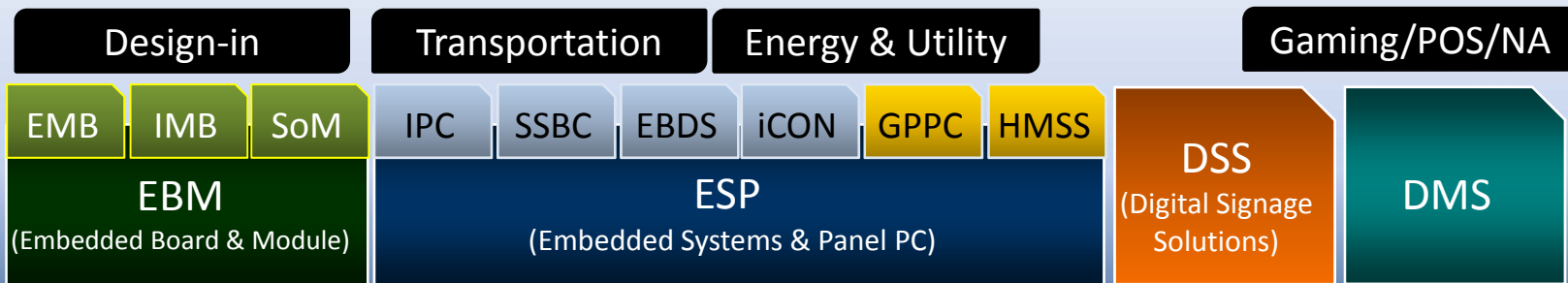
# Strategic Business Unit



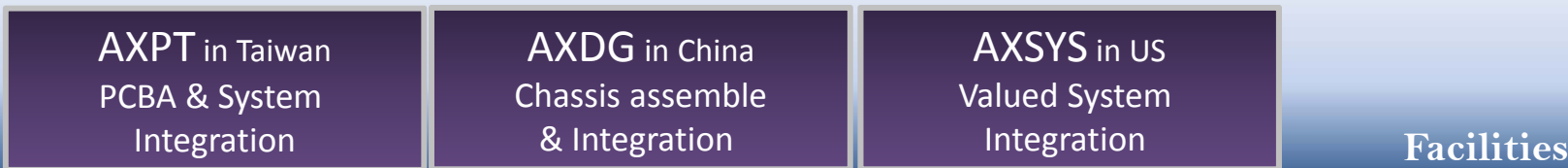
OBM/ODM/OEM



Regional Business Units



Strategic Business Unit/Product Divisions

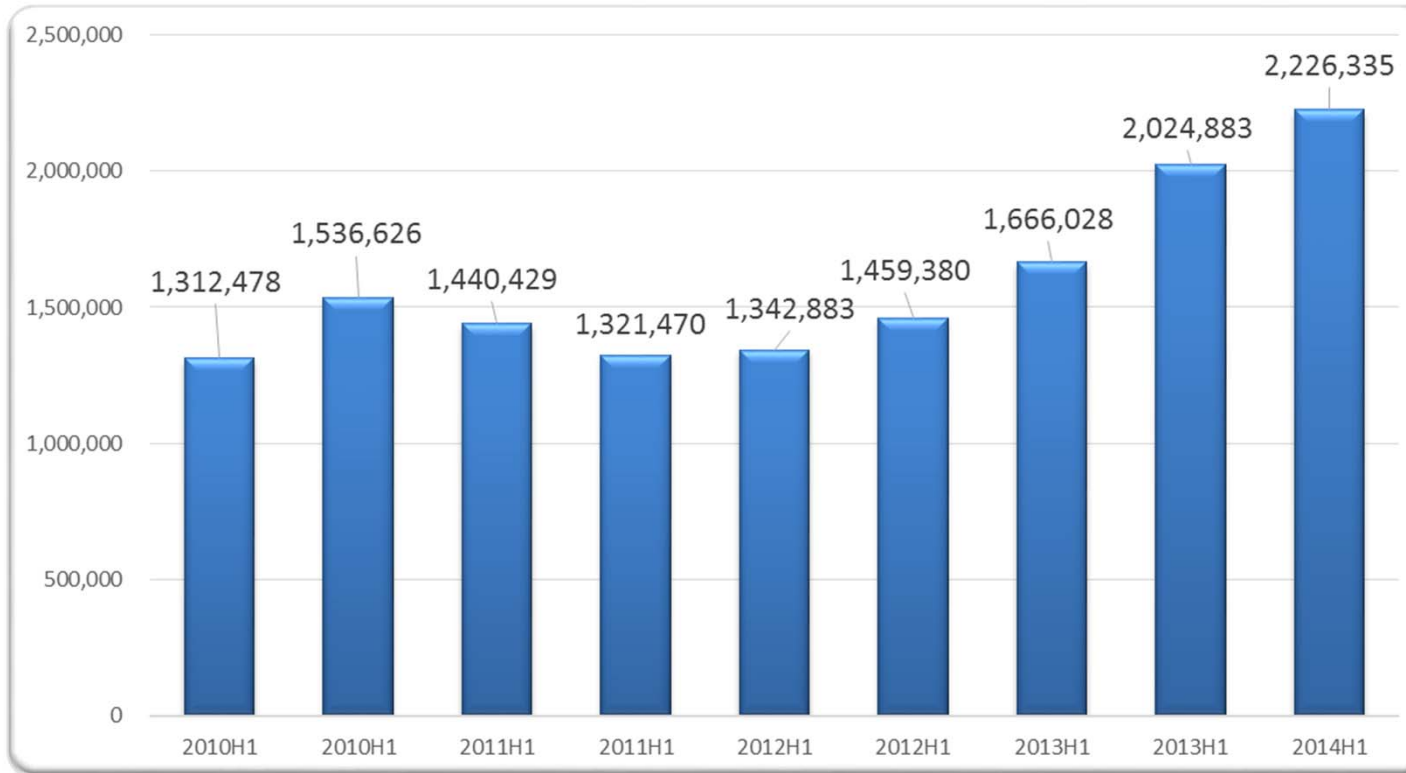




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# Consolidated Revenue



Year	2010		2011		2012		2013		2014
	H1	H2	H1	H2	H1	H2	H1	H2	H1
Revenue (TWD K)	1,312,478	1,536,626	1,440,429	1,321,470	1,342,883	1,459,380	1,666,028	2,024,883	2,226,335



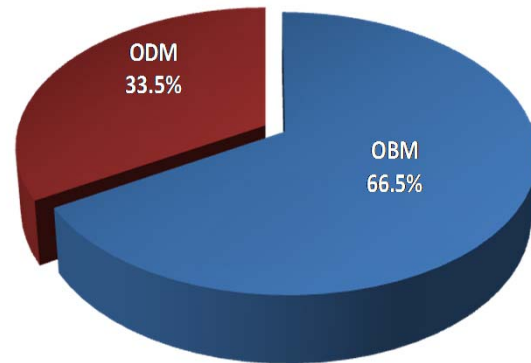
# Statements of Comprehensive Income

## Selected Items from Statements of Comprehensive Income

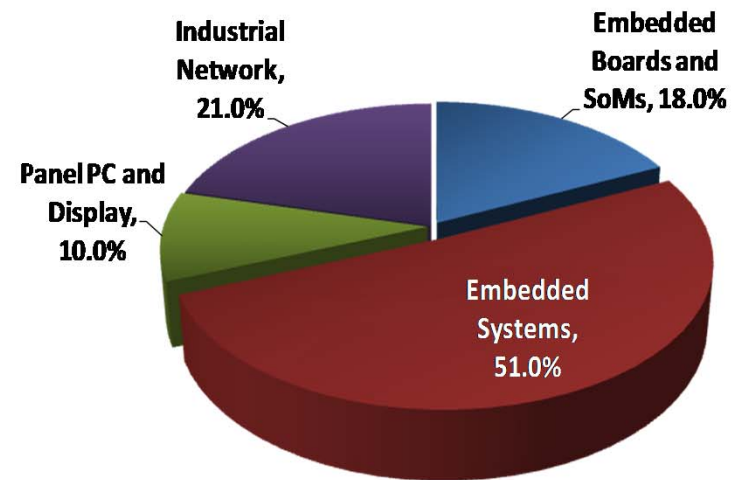
(in TWD K)	2014				2Q2014	2Q2014
	<u>2Q2014</u>	<u>Guidance</u>	<u>1Q2014</u>	<u>2Q2013</u>	Over <u>1Q2014</u>	Over <u>2Q2013</u>
<b>Revenue</b>	<b>1,131,754</b>		1,094,581	856,039	3.40%	32.21%
<b>GP%</b>	<b>36.13%</b>	35-37%	35.38%	37.57%	+0.75ppts	-1.44ppts
<b>Operating expense</b>	<b>(271,259)</b>		(250,247)	(232,925)	8.40%	16.46%
<b>Operating income</b>	<b>137,614</b>		137,030	88,705	0.43%	55.14%
<b>Net non-operating income(loss)</b>	<b>(8,149)</b>		10,074	5,826	-180.89%	-239.87%
<b>Income before tax</b>	<b>129,465</b>		147,104	94,531	-11.99%	36.96%
<b>Net Income</b>	<b>97,738</b>		108,855	75,381	-10.21%	29.66%
<b>Net income Margin%</b>	<b>8.64%</b>		9.94%	8.81%	-1.30ppts	-0.17ppts
<b>Net income to shareholders of the parent company</b>	<b>94,496</b>		104,917	71,639	-9.93%	31.91%
<b>EPS</b>	<b>1.21</b>		1.35	0.92	-10.37%	31.52%

# Product Revenue Breakdown

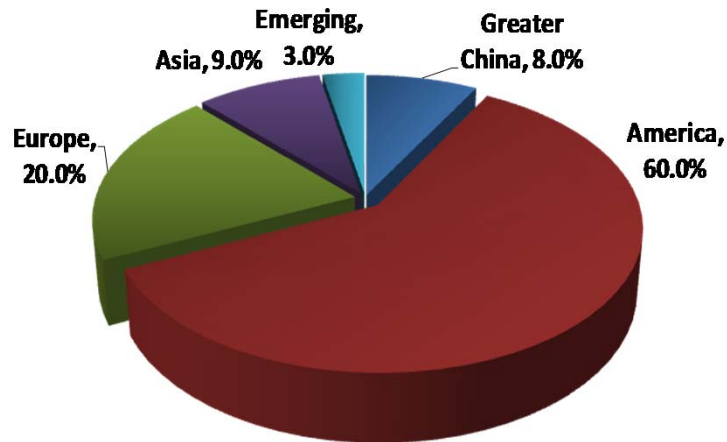
## ► 1H14 Revenue by OBM/ODM



## ► 1H14 Revenue by Product



## ► 1H14 Revenue by Geography





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- ✓ Recap of Recent Major Events

## ✓ **Business Strategy**

- ✓ **Industrial 4.0 and IoT**
- ✓ **Customer and Market**
- ✓ **Product Strategy**
- ✓ **Technology Approach**

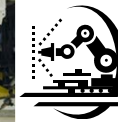
# Industrial 4.0

## From Industry 1.0 to Industry 4.0: Towards the 4<sup>th</sup> Industrial Revolution

Industry is on the threshold of the fourth industrial revolution. Driven by the Internet, the real and virtual worlds are growing closer and closer together to form the Internet of Things.



**4. Industrial Revolution**  
based on Cyber-Physical  
production systems  
**Industry 4.0**



**3. Industrial Revolution**  
through introduction of  
electronics and IT for a  
further automation of  
production



**2. Industrial Revolution**  
through introduction of mass  
production based on the  
division of labor powered by  
electrical energy



1784 first mechanical loom



**1. Industrial Revolution**  
through introduction of  
mechanical production  
facilities powered by water  
and steam

End of 18<sup>th</sup> Century

Start of 20<sup>th</sup> Century

Start of 70ies

Today

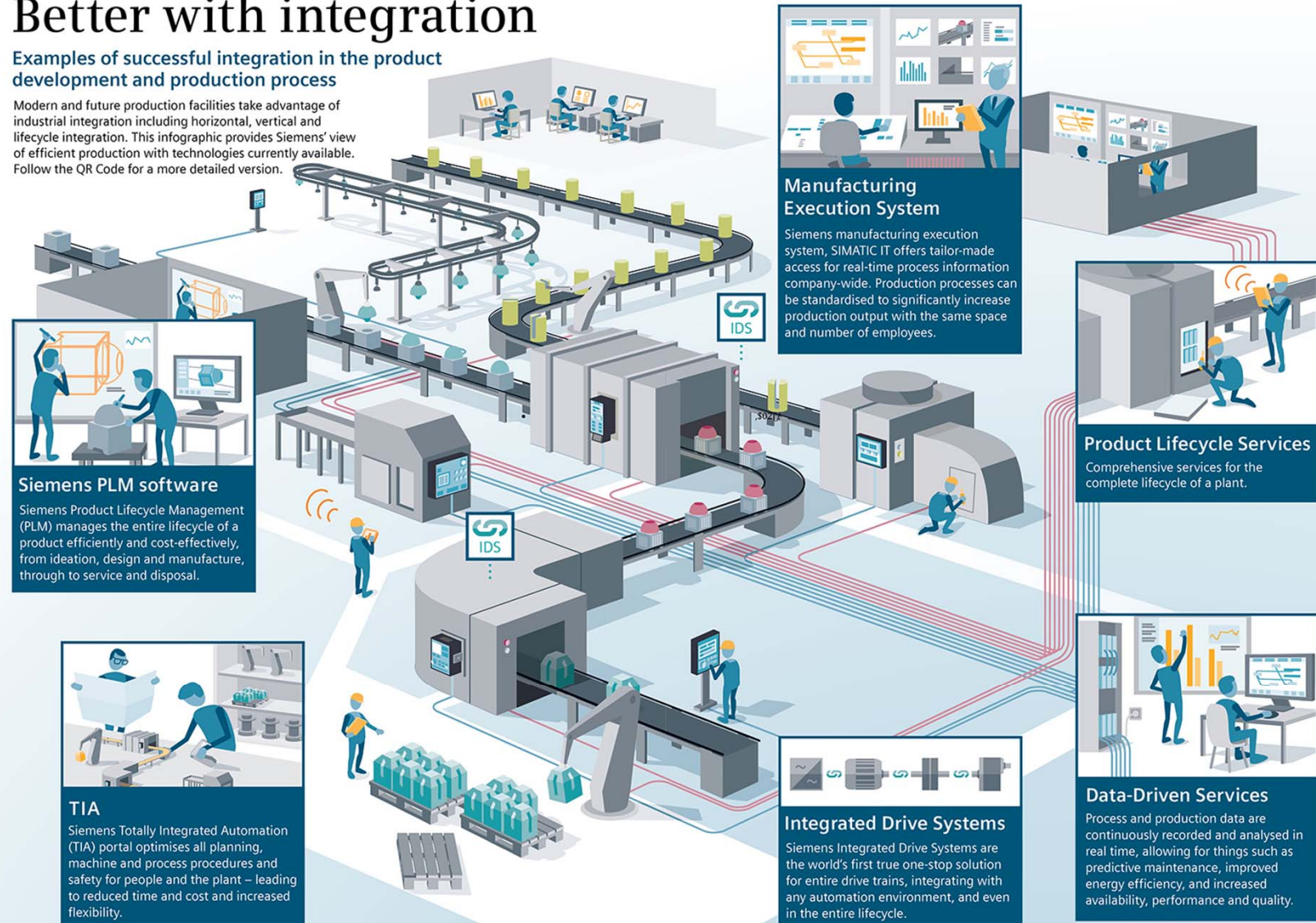
Degree of Complexity

# Industrial 4.0

## Better with integration

### Examples of successful integration in the product development and production process

Modern and future production facilities take advantage of industrial integration including horizontal, vertical and lifecycle integration. This infographic provides Siemens' view of efficient production with technologies currently available. Follow the QR Code for a more detailed version.



### Siemens PLM software

Siemens Product Lifecycle Management (PLM) manages the entire lifecycle of a product efficiently and cost-effectively, from ideation, design and manufacture, through to service and disposal.

### Manufacturing Execution System

Siemens manufacturing execution system, SIMATIC IT offers tailor-made access for real-time process information company-wide. Production processes can be standardised to significantly increase production output with the same space and number of employees.

### Product Lifecycle Services

Comprehensive services for the complete lifecycle of a plant.

### Data-Driven Services

Process and production data are continuously recorded and analysed in real time, allowing for things such as predictive maintenance, improved energy efficiency, and increased availability, performance and quality.

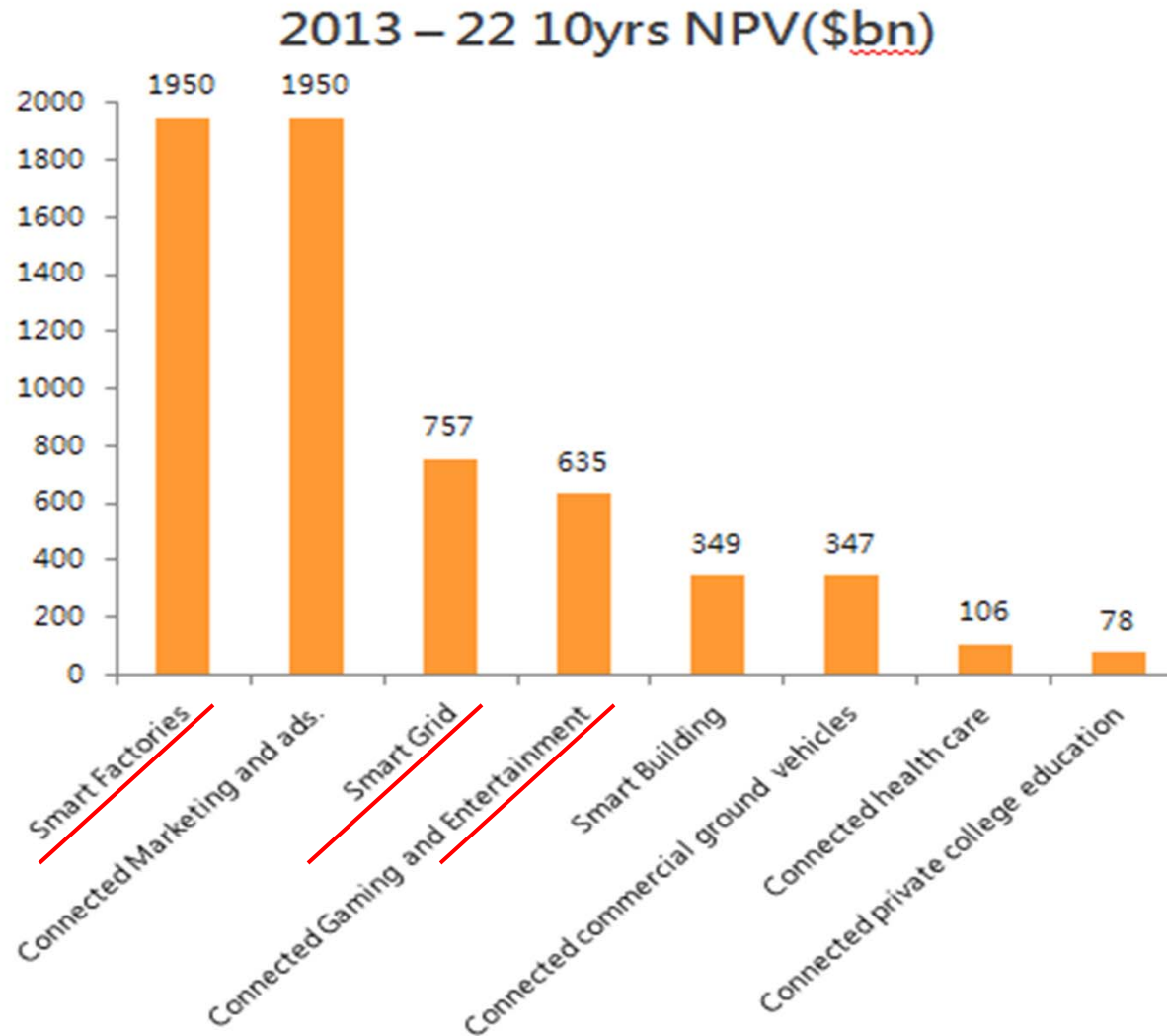
### Integrated Drive Systems

Siemens Integrated Drive Systems are the world's first true one-stop solution for entire drive trains, integrating with any automation environment, and even in the entire lifecycle.

### TIA

Siemens Totally Integrated Automation (TIA) portal optimises all planning, machine and process procedures and safety for people and the plant – leading to reduced time and cost and increased flexibility.

# Market Projection for Smart World

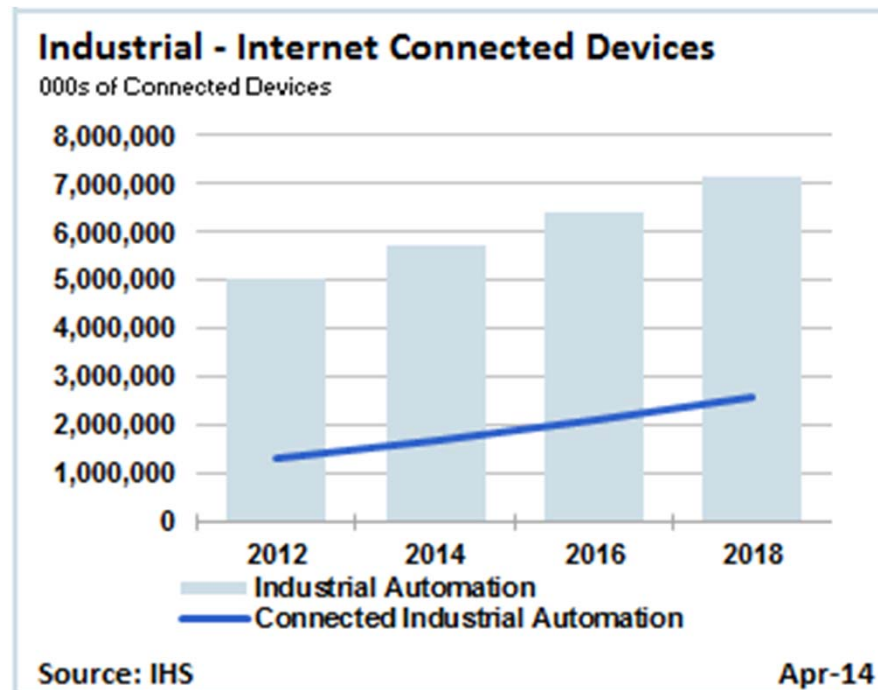


Source: CISCO IBSG / GBI Research

# *IoT (Internet of Things)*

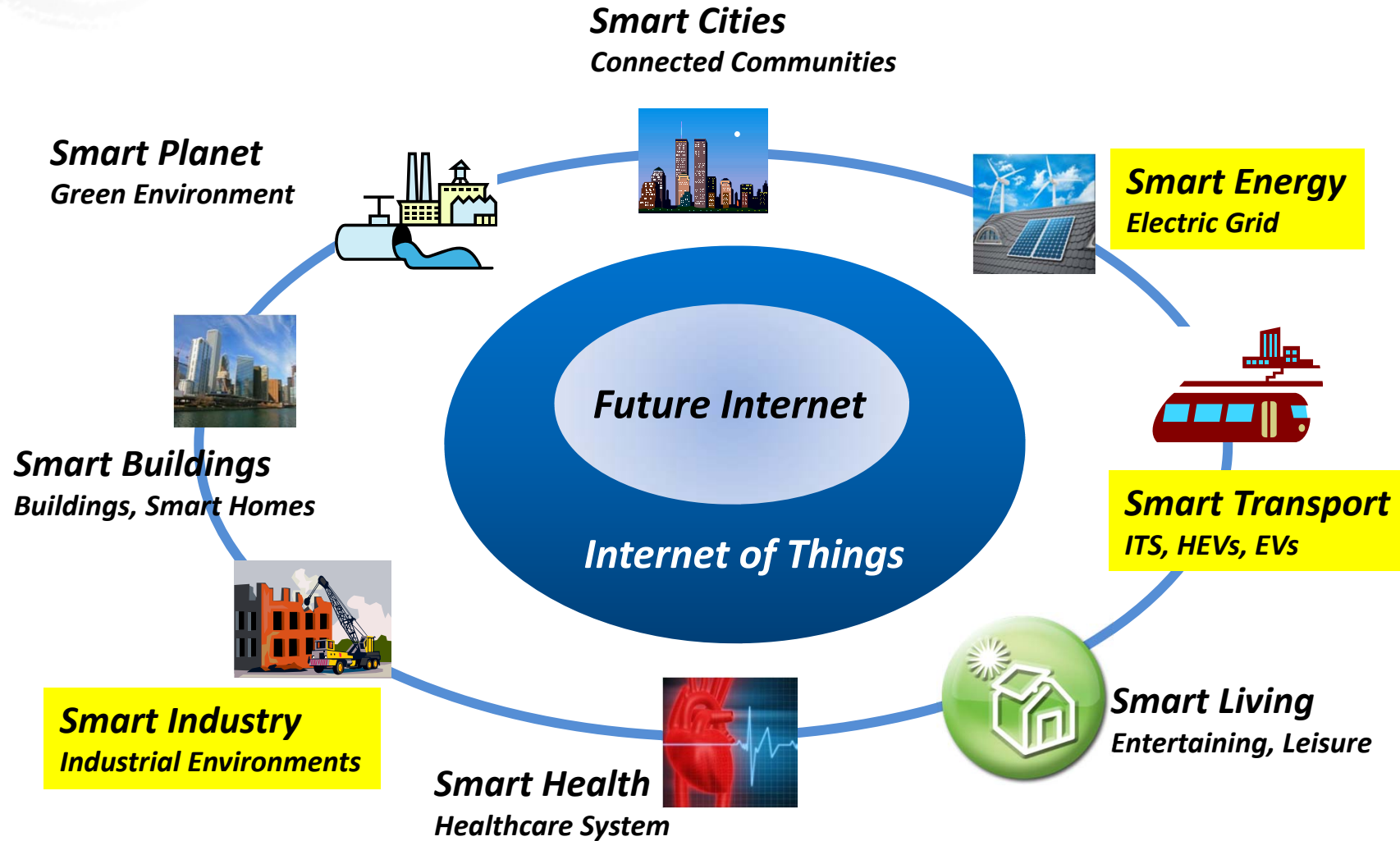
## **By 2018, 36% of new industrial automation device shipments will be IP addressable?**

Increasingly, there is a focus on driving increased intelligence into the network as part of a larger effort to make advancements in manufacturing, similar to the paradigm shift that occurred with the industrial revolution. Large industry players such as GE are touting the benefits in “Industrial Internet” as a way to dramatically improve efficiency and productivity for industrial applications. In Germany, the Industry 4.0 initiative to create smart factories is pursuing a similar goal. From a broader IoT standpoint, of particular interest regarding both the GE and Industry 4.0 initiatives is that they promote tight integration between both suppliers and customers.



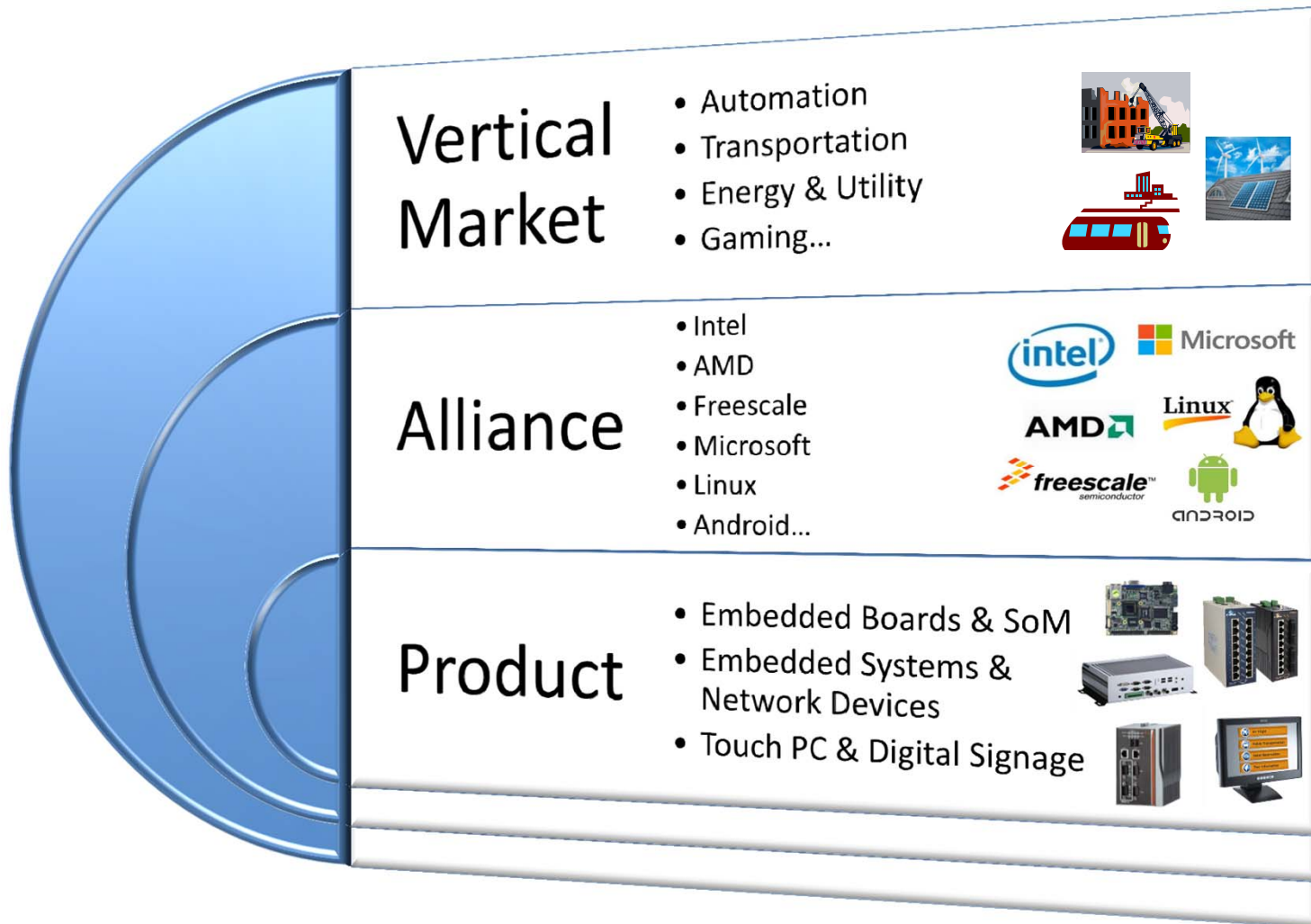


# Customer and Market



# Product Strategy

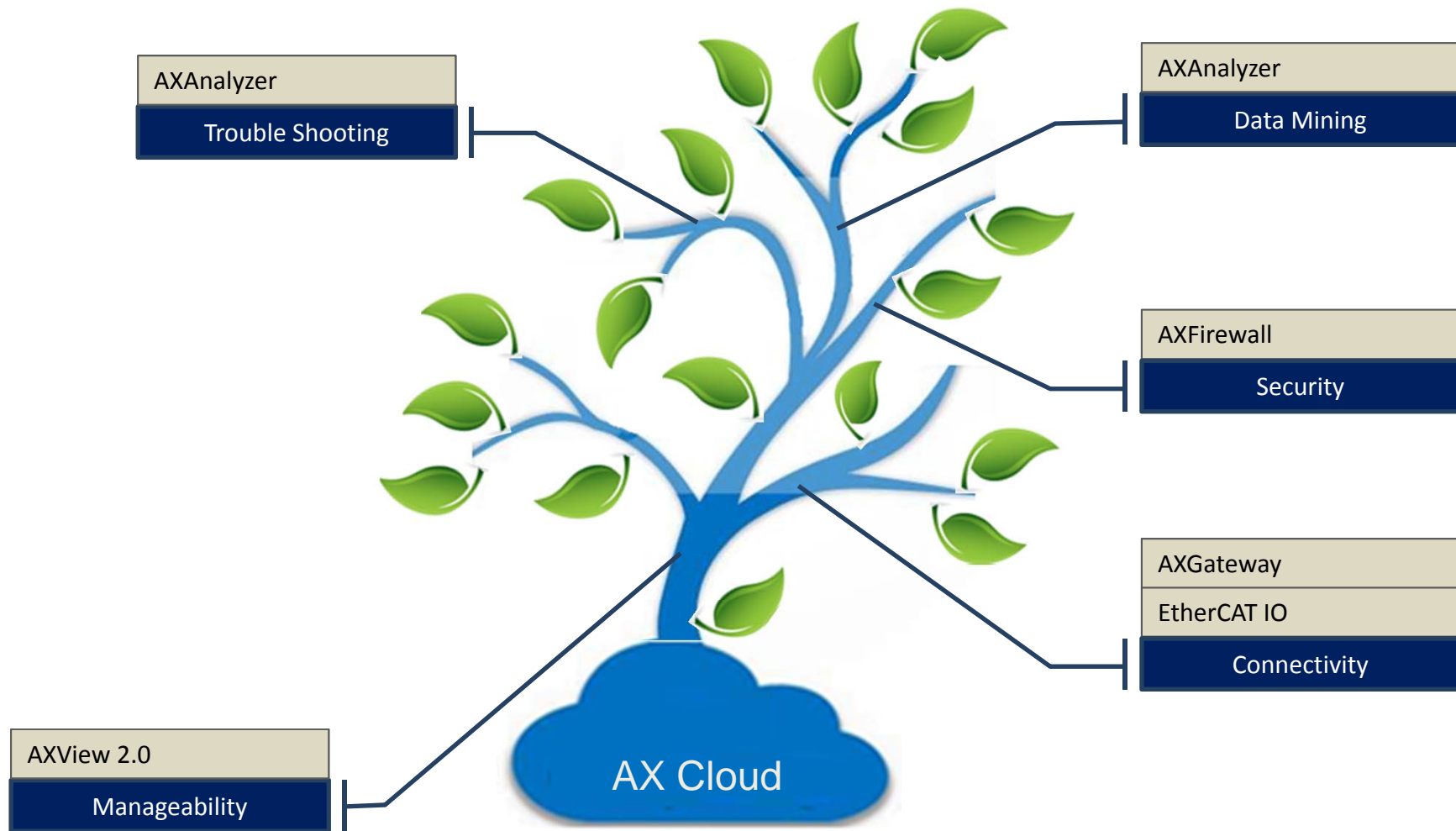
Deeply Embedded Solutions in Vertical Markets



# Technology Approach

Embedded Board & SoM	Embedded Systems
High density design with tiny solutions	Thermal, temp. managed solutions
Thermal and temp. managed solutions	<b>AXView software utility</b> to support remote monitoring and management, security and connectivity
Ability to support EOS of WinCE/XP/7/8, Linux and Android	IP66 water-proof, dust-proof, anti-vibration, EMC/EMI and surge protection
Design-in services to support customized solutions of X86 and RISC platforms	Experienced in certificates of vertical markets; transportation, energy, marine and hazardous location
Battery backup solutions	Video mixer with PIP solutions
Design-in services for peripheral integration of LCD, T/S, SSD, and SPS	Integrated rich digital and analog I/O for automation solutions
	EtherCAT and Zigbee wireless technology

# *What We Are Working for IoT*





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# *Recap of Recent Major Events*

- Axiomtek sets July 22<sup>nd</sup> as ex-dividend date, July 23<sup>rd</sup> as record date for common share dividends and August 22<sup>nd</sup> as payable day. (July 2014)
- Axiomtek shareholders approved NT\$ 2.66695709 cash dividend. (July 2014)
- Axiomtek is ranked 641 among Top 1000 Enterprises in the manufacturing industry in Taiwan by CommonWealth Magazine. (May 2014)

**Thank You**