



2013 Annual Investors Conference & 2014 Outlook

Wireless Broadband Anywhere

<http://www.gemtek.com.tw>

Howard Chen

Chairman

Gemtek Technology Co., Ltd.

Date: 2nd Dec. , 2013

Gemtek
Wireless Broadband Anywhere

Gemtek Introduction

Wireless Broadband Anywhere

<http://www.gemtek.com.tw>

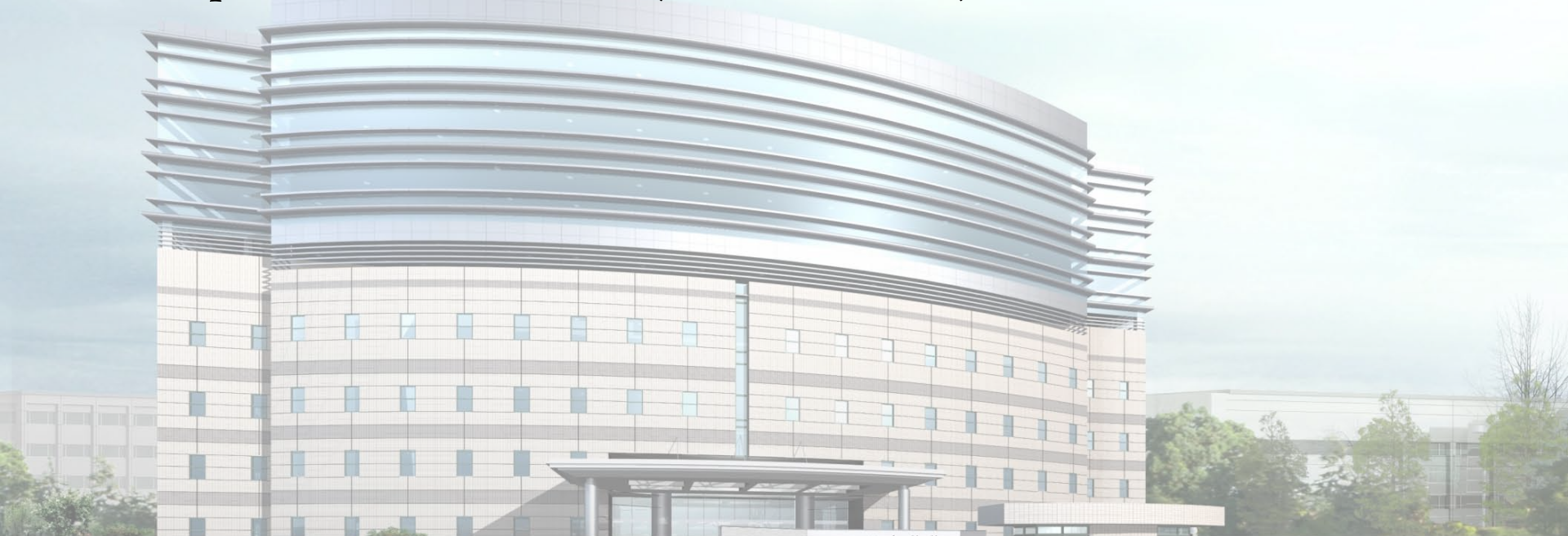
Gemtek
Wireless Broadband Anywhere

Corporate Facts

A Wireless Communication Company:
Headquartered in Hsinchu Industrial Park,
Total Employees $\approx$ 6,055 (TWN: 1155; China: 4900)

Capital: NT\$3.09 Billion (US\$104.85 Million)

Market Capital: $\approx$ US\$284 Million (November, 2013)



Global Operation Sites

Hsinchu Headquarter



Floor Space: 322,000 SQF
Land Area: 215,000 SQF



Chang Shu Plant



Plant Size : 441,600.SQF
Land Size : 1,635,520.SQF

Czech Republic



Plant Size: 102,000 SQF

KuShan Plant



Plant Size: 330,000 SQF
Land Area: 150,000 SQF

Certified Sites:

ISO 9001

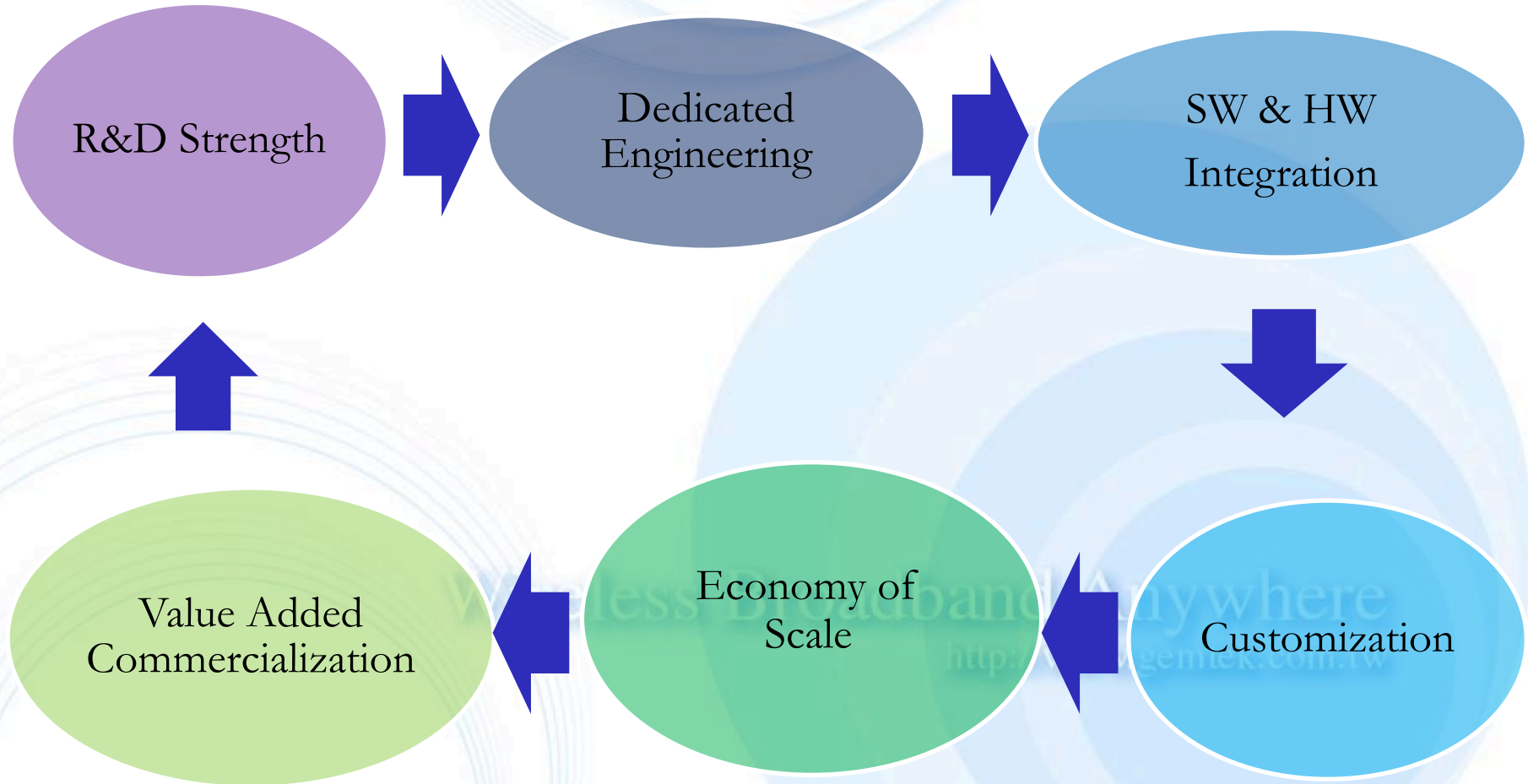
ISO 14001

OHSAS 18001

TL9000

C-TPAT

Professional Wireless Solution Provider



2013 Financial Performance

Wireless Broadband Anywhere

<http://www.gemtek.com.tw>

2013 Financial Outcome

Units: NT\$ Thousands; Consolidated

	As of September 30, 2013
Sales Revenue (k)	15,689,787
Gross Profit (k)	1,875,190
Gross Margin (%)	12%
Operating Income (k)	237,775
Operating Margin (%)	2%
Net Profit After Tax (k)	406,542
EPS after tax	1.32

Balance Sheet

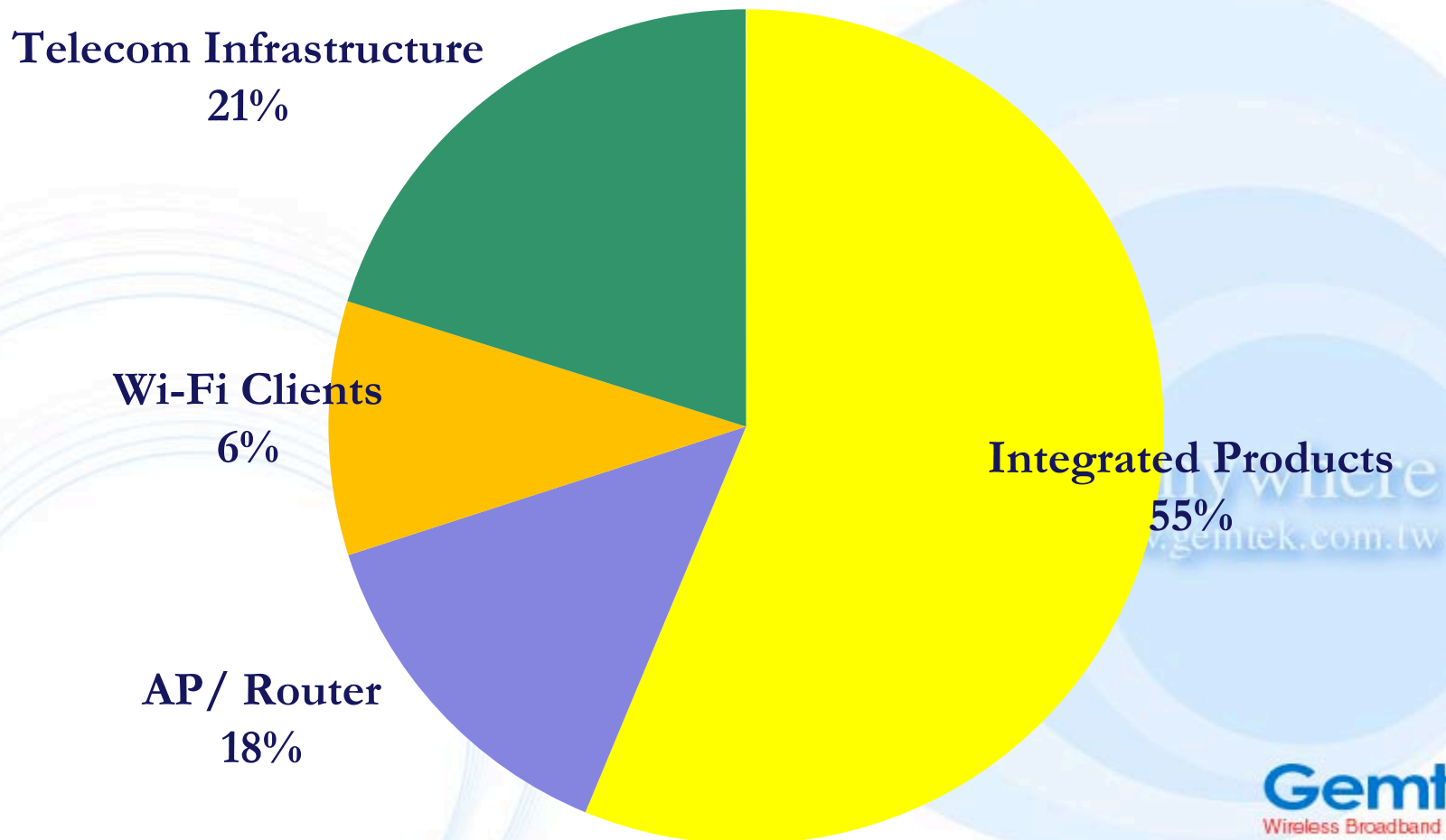
Q1-Q3

In NT\$000'	2013
Cash & Equivalents	2,866,237
Financial Assets- Fair Value	1,175,292
Account Receivable	3,307,651
Inventory	1,982,942
Total Current Assets	12,104,815
Financial Assets- Available for Sale	238,969
Financial Assets- Cost	259,980
Long term Investment- Equity Method	445,441
Property, Plant and Equipment	400,818
Other Assets	415,909
Total Assets	18,143,375
Total Liabilities	9,365,743
Total Shareholder Equities	8,777,632

Source: Gemtek

Q1-Q3 Revenue Breakdown

- Shipments of 2 product categories, **Integrated Products** and **Telecom Infrastructure** (telecom business), contribute more than **75%** of sales revenue.
- New market expansion for product shipments: LTE CPE, Home Automation, OTT



2013 Summary of All Sectors

- Adjusting product mix rather than emphasizing sales revenue increase:
 - **Strategically decrease shipment of low end IPSTB (low gross margin and severe price competition). However, High end IPSTB will take up in 2014.**
 - **PC wifi modules are diminishing: standardized products do not help to improve profitability.**
 - **WiMax and 3G Femtocell are decreasing but 4G LTE is ramping up.**
 - **Exchange rate issue: Facing appreciation of NTD and RMB.**

Market Development

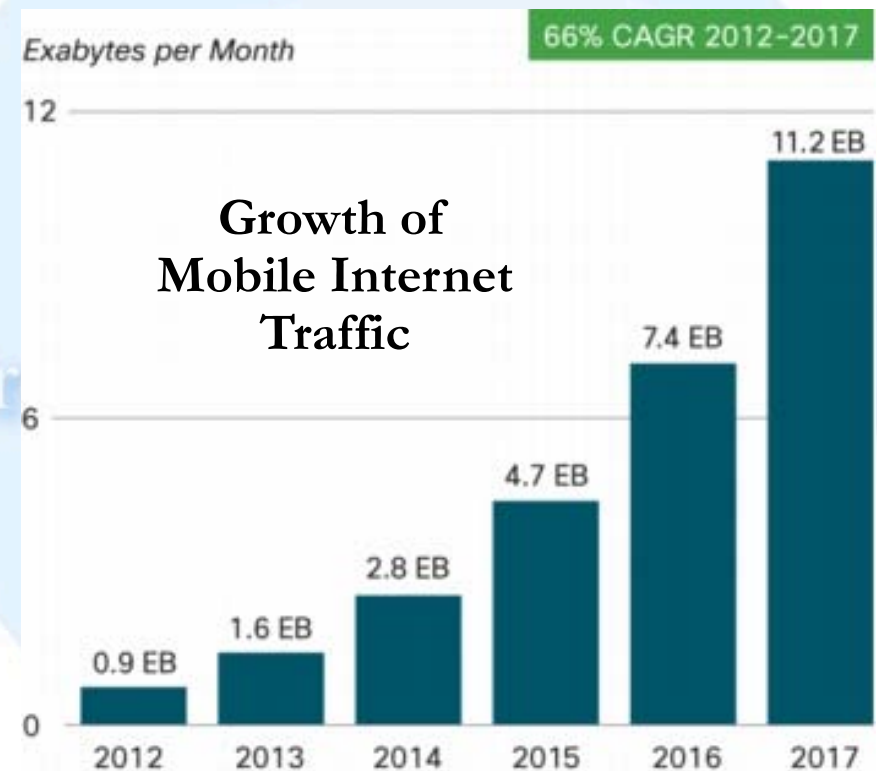
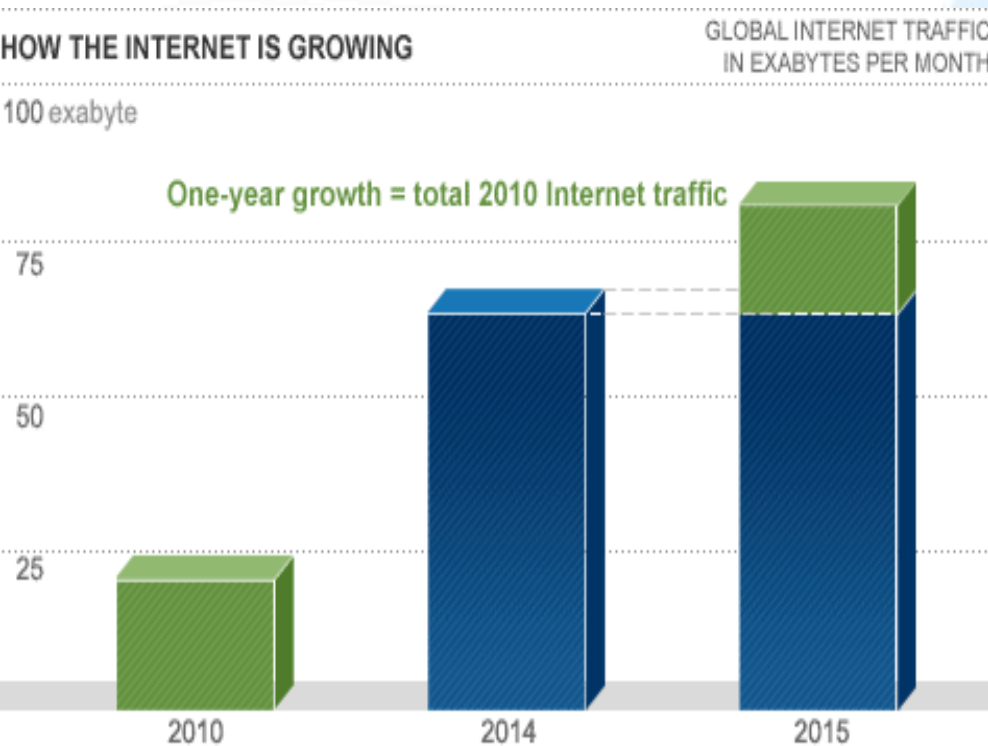
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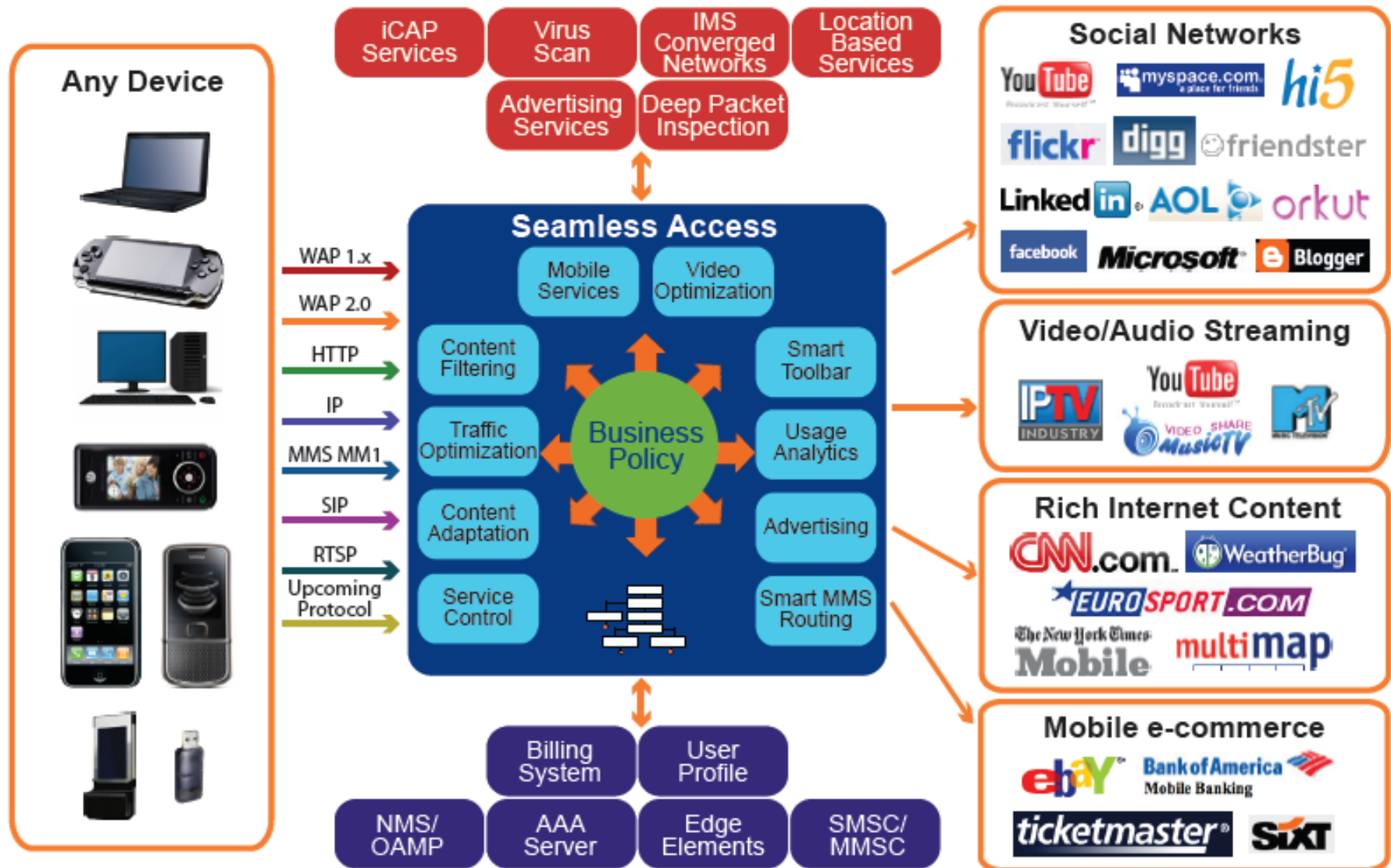
Significant Internet Demand

- World Bank: The proliferation of smartphones, netbooks and tablets suggests that there will be one mobile device for every individual alive in 2015.
- Cisco predicts there will be 7.1 billion mobile, connected devices four years from now, at which point there will be 7.2 billion people on Earth.



Source: Cisco VNI Mobile Forecast, 2013

Mobile Internet

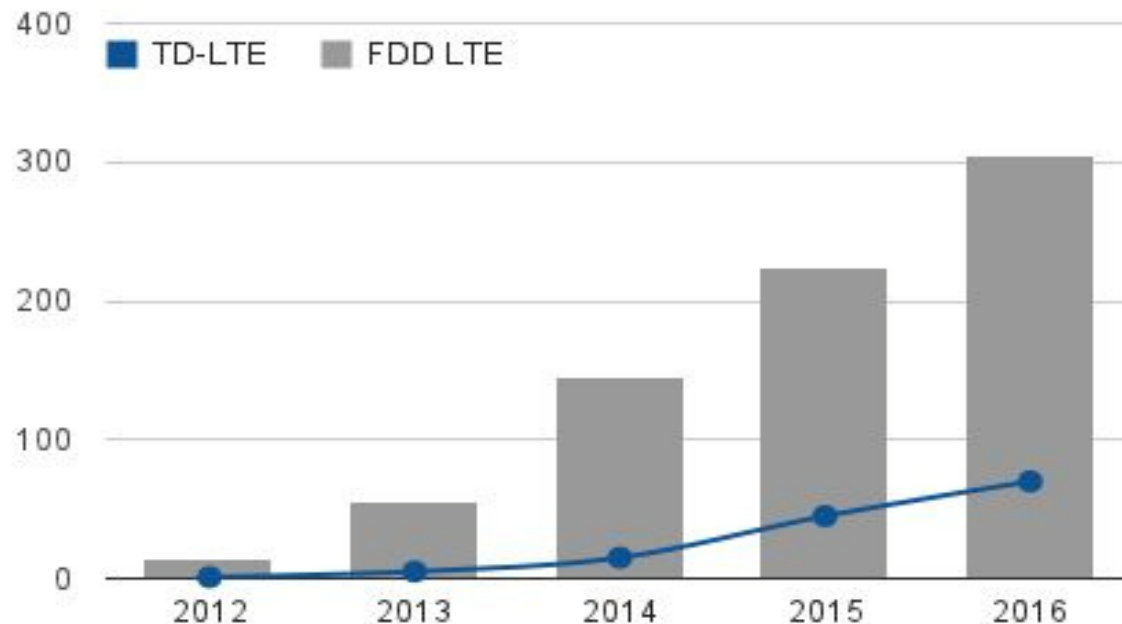


LTE Market Growth

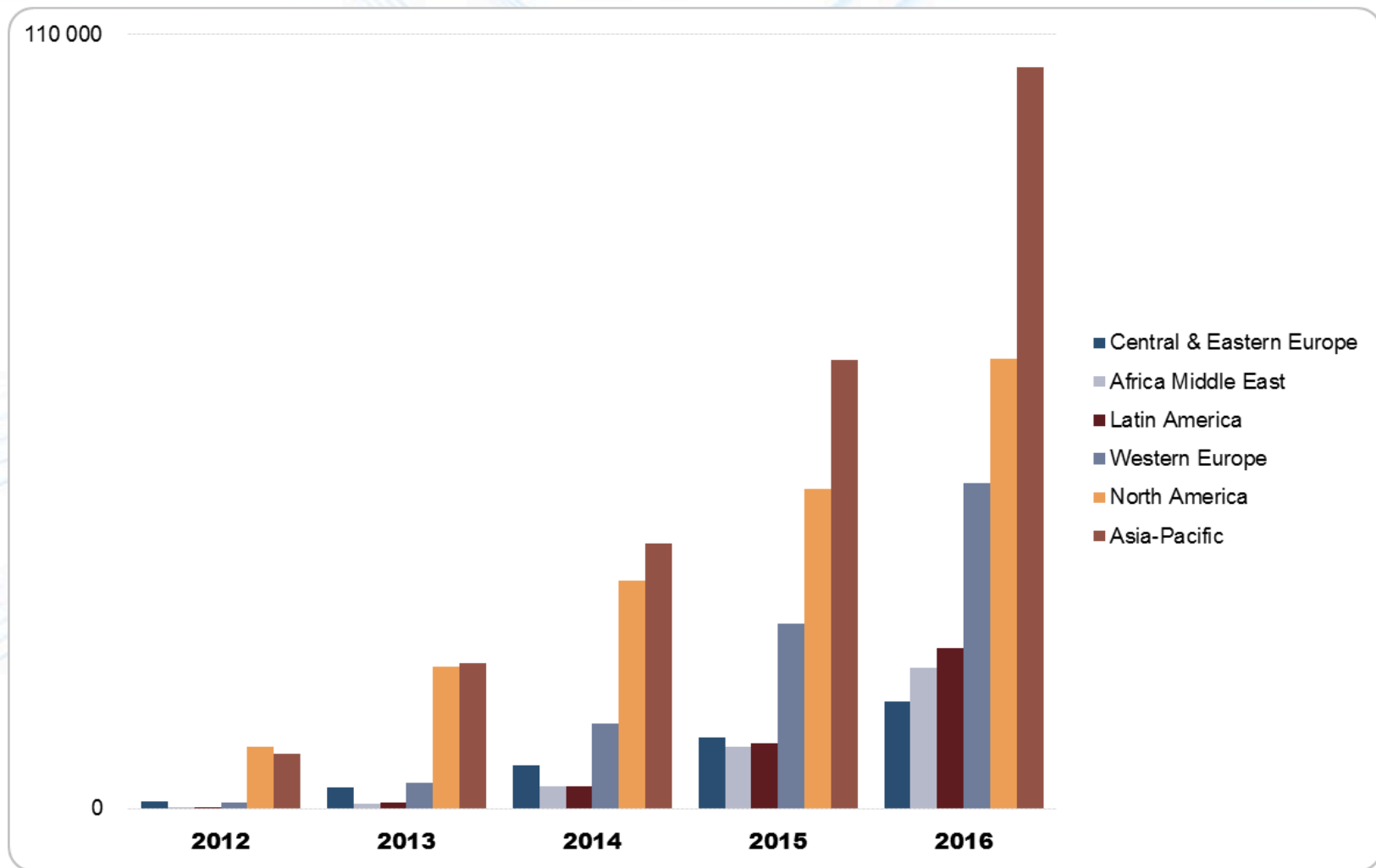
Worldwide deployments stepping up: 916 million subscribers expected in 2017

- LTE devices support Mobile WiMAX in order to facilitate smooth transition for operators switching to **TD-LTE**.
- Asia-Pacific will increase its subscriber share from 26% in 2011 to 41% to reach **375 million LTE subscriptions in 2016**.
- The **LTE-Advanced** will represent 30-40% of the total LTE subscriber base at the end of 2017 and should reach a half-billion LTE-Advanced subscriptions worldwide.

Forecast : TD-LTE Subscriber Projection



LTE Revenue Forecast



Source: Digiworld by IDATE, (by Region, in million EUR)



The way Gemtek is leading to...

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Future Business Model

1. OEM/ODM Business: Focus on hardware product design & manufacturing for Telco/ retail businesses



2. Cloud Service Business: System operation/solution and customised service integration for versatile MID/ fixed devices



OEM/ODM Business Model

Product Mix
Shift



Early-mover
Advantage



Telco
Strategy



Profitability will steadily improve !!

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Cloud Service Business Model

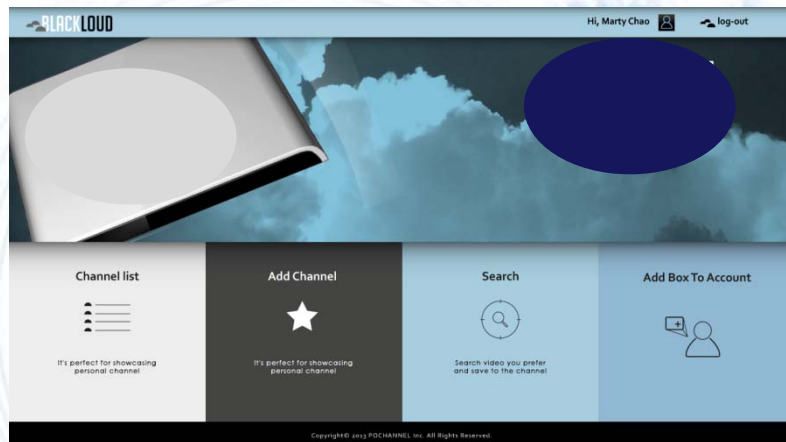
1. System solution



2. Run the operational services



3. Integrated devices for end users



FreePP, a Global Internet Telecom beyond Voice call.

A large globe is the central focus of the advertisement, with the text 'FreePP Keep in touch Anywhere!' overlaid. Surrounding the globe are images of people using mobile devices: a woman holding a smartphone, a man talking on a mobile phone, and a woman using a red rotary phone. The background is a collage of these images.

FreePP APP

- Handwriting & Graffiti
- Free voice messages
- Free online phone calls
- Illustration and stickers
- Free multimedia message
- Group chats

TalkFree Box No more phone bills!

- Free connection between home phone and smart phone.
- Free connection anytime, anywhere.
- CD voice quality.
- No computer configuration.

A QR code is located in the bottom right corner of the advertisement.

2014 Main Driver

Integrated Products

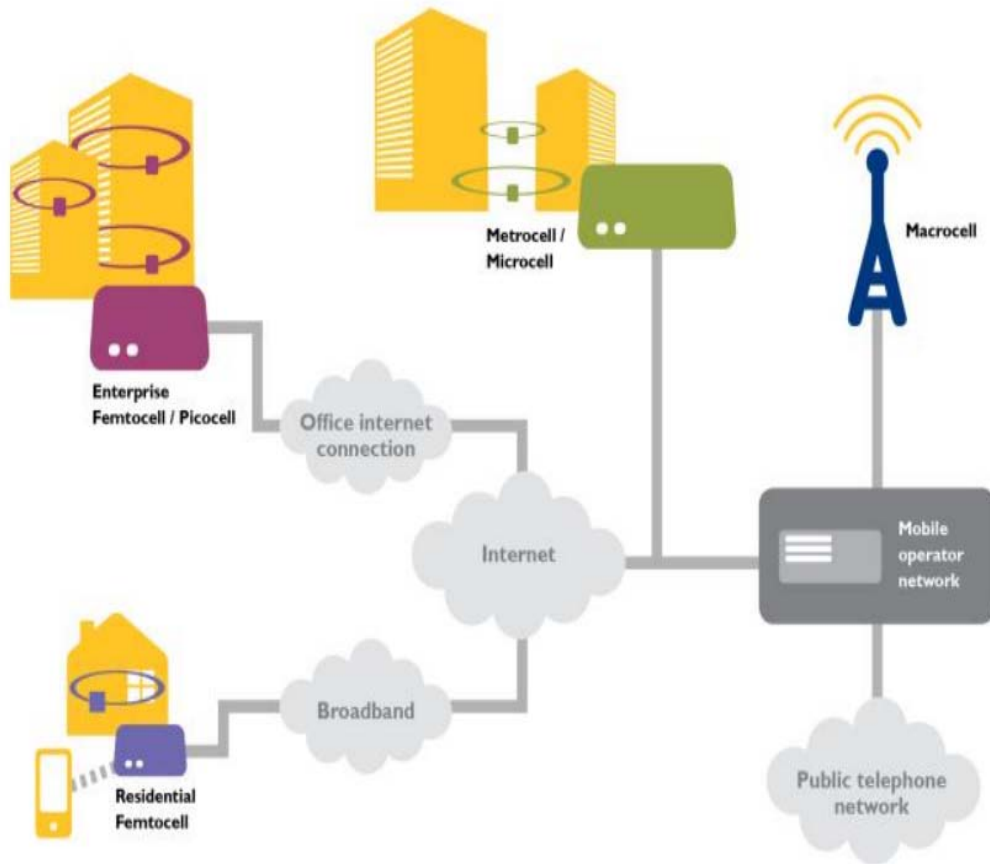
Telecom Infrastructure

High End AP/Router

Cloud Services

Gemtek LTE Business

- Gemtek has been shipping LTE devices globally, mainly including European and developing countries.



4G LTE Features

- LTE product shipment is expected to show a significant growth in 2014.
 - New models
 - New customers emerged

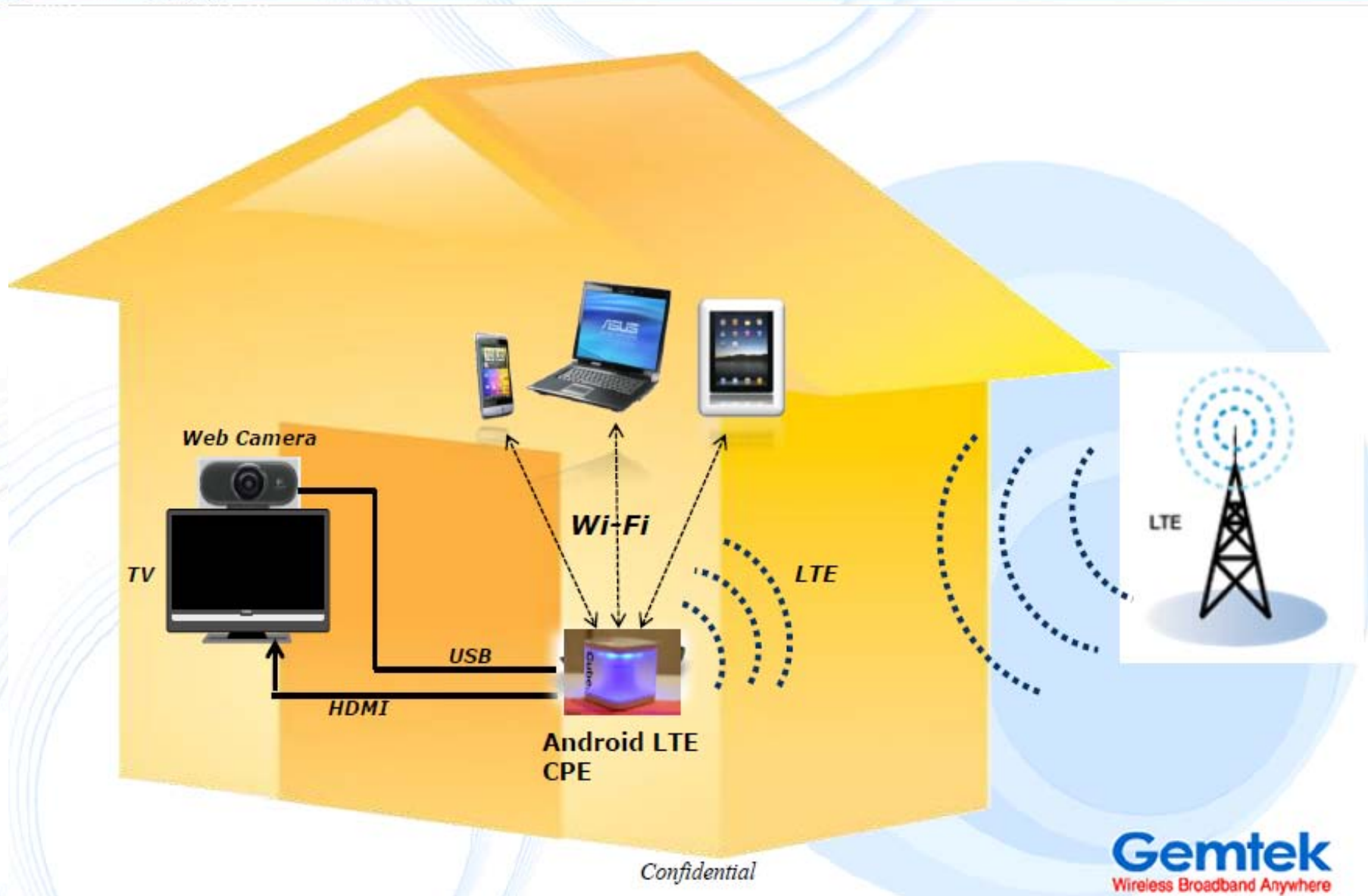
	Design Target	Product Type	Picture
Indoor Fix BB / Voice	Fix Application / High Power / Multiple Options	Data/Data Voice / Data Voice Wi-Fi	
Mobile Broadband	Compact/ CM-Less / Fancy ID	USB Dongle USB Docking	
Module	Mini-PCIE/NGFF for multiple platform/ Embedded OS support	Embedded Module	
Convergence	3G/4G to Wi-Fi / Compact Size/ Low Power / Fancy ID	3G/4G to Wi-Fi	 
Outdoor / M2M	3G/4G Module Option /Seam-less/ Low Power / Fancy ID	Outdoor Bridge / PoE Modem	 
Combo Integration	Combine wireless WAN with multi-media devices	IP Cam + LTE LTE OTT ; voice LTE	

Source: Gemtek

LTE Indoor/ Outdoor Application Scenario



LTE Home CPE



2014 Main Driver

Integrated Products

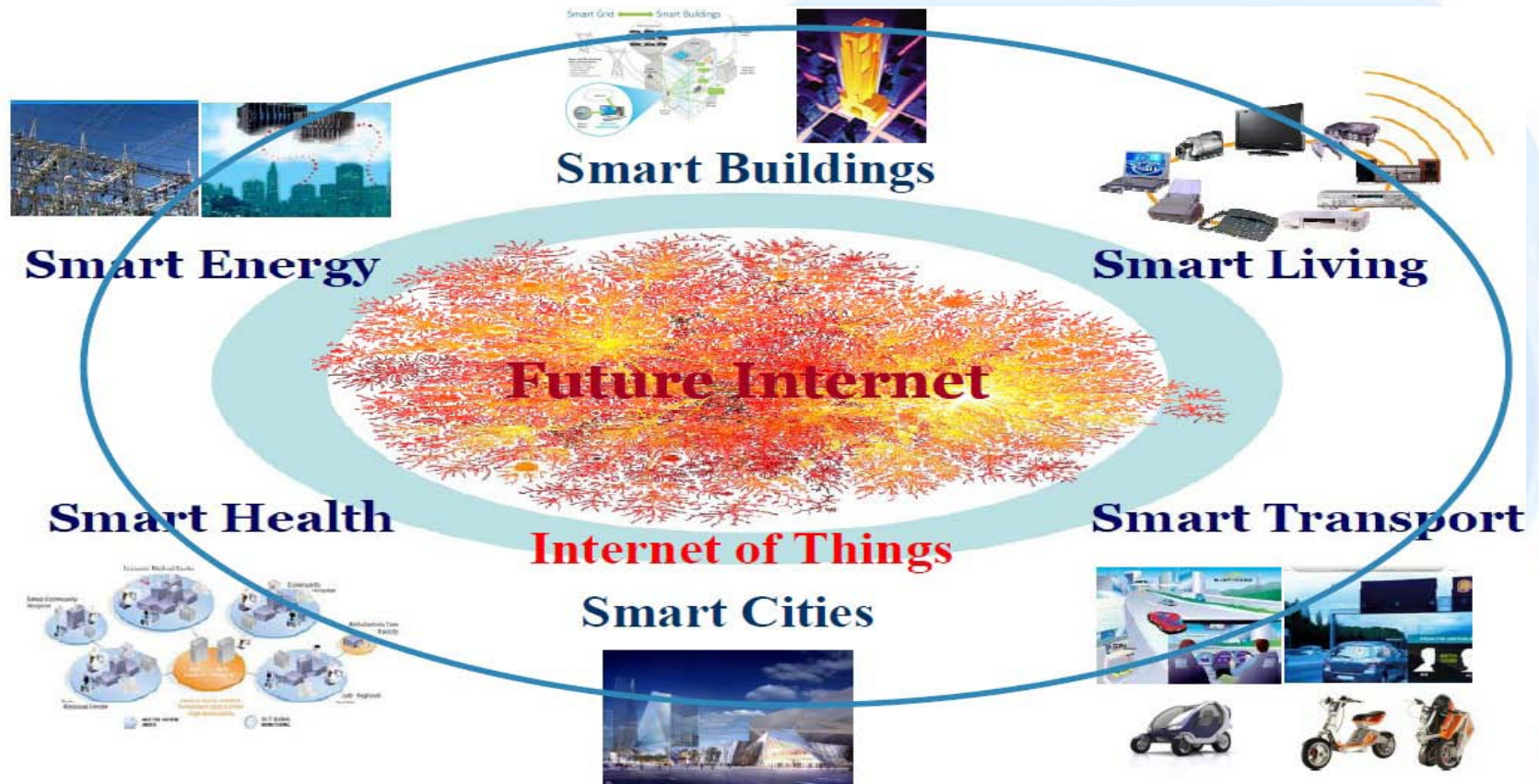
Telecom Infrastructure

High End AP/Router

Cloud Services

Gemtek runs cloud services!!

- Gemtek has planned to expand business branches in the cloud service market. We aim to promote feasible, competitive and efficient cloud solutions.
- Versatile solutions for end users: Gemtek has a great ambition on cloud.



Cloud Expansion

- Already, telcos are turning to global IT providers to help speed cloud service launches.
- Gemtek provides added value cloud services, emphasizing end user applications and system integration.



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Cloud Platform



Wirelessly stream using AirPlay.

Play content from your iPhone, iPad, or iPod touch on your HDTV. Watch movies, play music, show off your videos and photos ; even mirror what's on your screen to enjoy games, web pages, and more.



store everything in blackcloud, enjoy them on pochannel.

Movies and TV shows you searched on POCHANNEL are stored in our Cloud, which means you can also watch them on your Andriod, iOS devices.



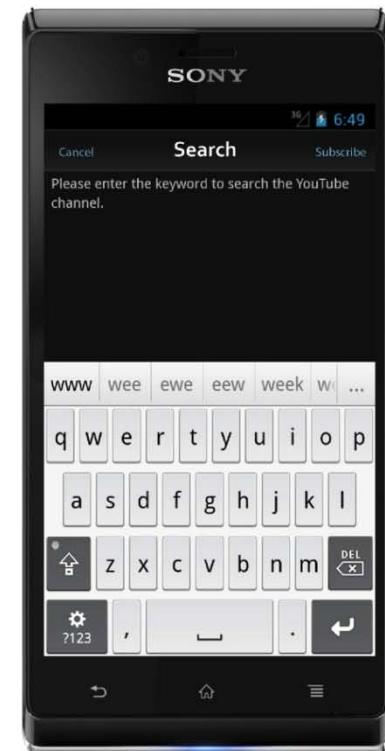
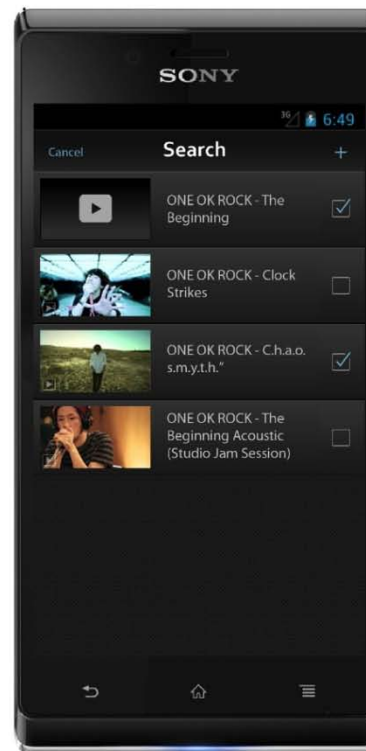
search, store and sort.

With your subscriptions to our partner channels, you'll catch all the action from your favorite folder.



Stream from computer to the big screen.

With your subscriptions to our partner channels, you'll catch all the action from your favorite folder.



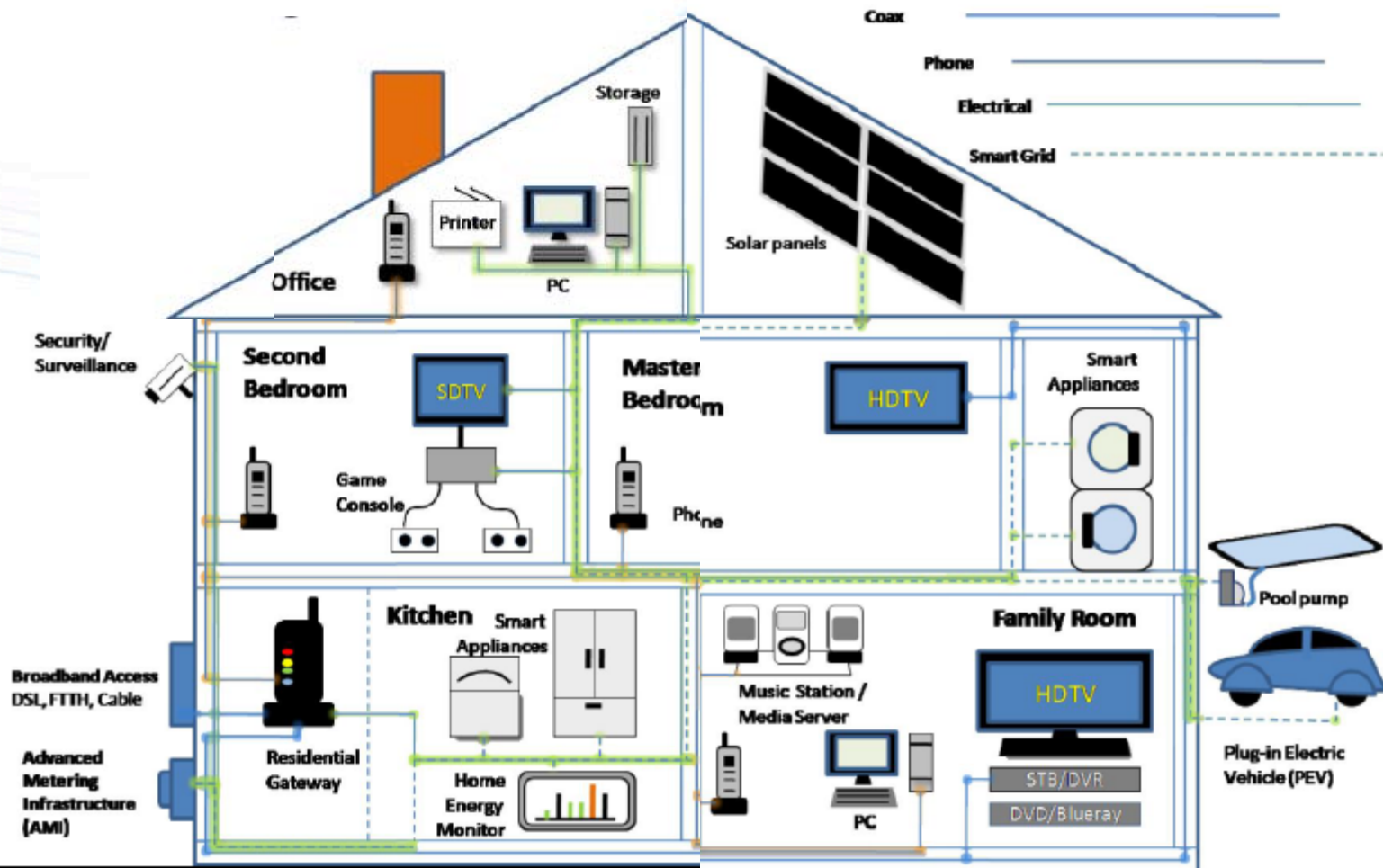
Smart Cam



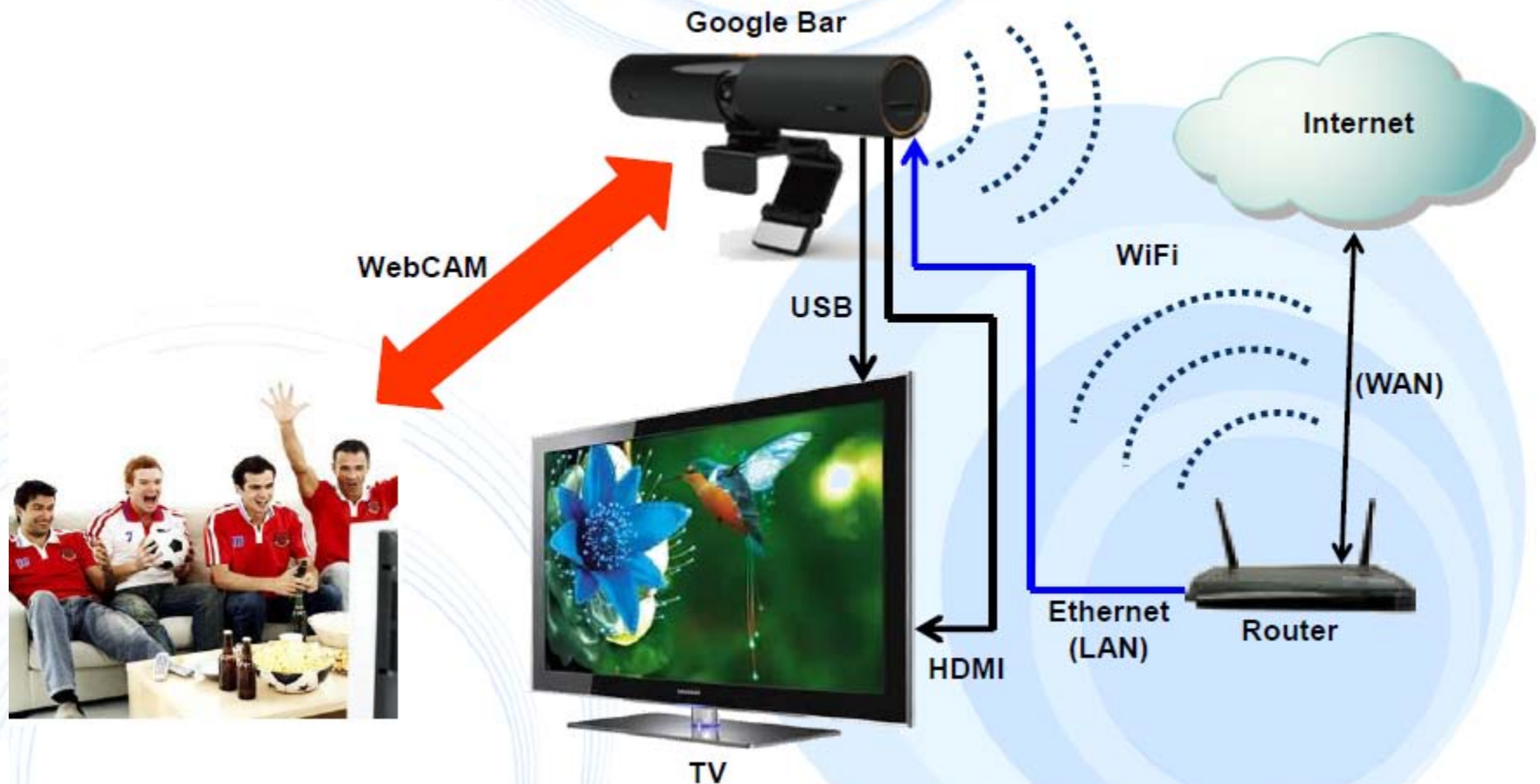
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Home Automation Products

- Features: Internet connection amongst sensors, home appliances and MID.
- The product of Home Automation enables users to use Smartphone to control home appliances via cloud.



OTT+Cam



FreePP Ecosystem



FreePP App



Please scan the QR code and FreePP App will be directly installed in your Smartphone.



Free-Connect Life Style

Voice Calls

Enjoy free high quality calls through the internet.



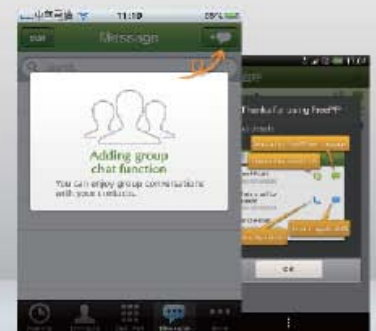
Multimedia Messages

Free 60 second voice messages, pictures and text files.



Group Chat

Invite up to 150 friends to join in a group chat.



Graffiti

Show your creative side to your friends with our colourful graffiti.



Handwriting

Send out greetings written by your own hand.



Fun Stickers

Enjoy fun stickers and emoticons to spice up your conversations.



2014 Main Driver

Integrated Products

Telecom Infrastructure

High End AP/Router

Cloud Services

IPSTB & OTT

- The shipment of IPSTB is adjusted strategically because of changes in market demand and the trend of product life cycle.



Wireless Broadband



IAD & GPON Landscape

- New potential customers are emerged in IAD business.
- A very high speed broadband access for residential gateway, consists Ethernet switch, 11a+n/g/n/ac Wi-Fi access point, and VoIP in one box.
- GPON: Fiber to the “X” (FTTx) is carrier’s best solution: Reliable Internet access & driving down the OPEX for carriers in a competitive industry.



2014 Main Driver

Integrated Products

Telecom Infrastructure

High End AP/Router

Cloud Services

High End Access Point

- 802.11ac brings upgrade in devices.
- Upgrades: Controllers, switches and Ethernet cabling
- High end AP= Enterprise AP will contribute revenue growth for the following year.



Thank You



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