



INVESTOR PRESENTATION 2014

Q3 2014
Earnings Call
November 4, 2014

Safe Harbor

The company's expectations with respect to guidance to financial results for the fourth quarter ending December 31, 2014, anticipated cost savings, profitability, market performance, demand for products, future charges, positioning of the company and other statements that are not historical information are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934.

The company's guidance with respect to anticipated financial results for the fourth quarter ending December 31, 2014 and other statements that are not historical information are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. Such risks and uncertainties include, but are not limited to: (a) the effects of global macroeconomic conditions upon demand for our products; (b) the volatility and cyclical nature of the industries the company serves, particularly the semiconductor industry; (c) the volatility and seasonality of renewable energy projects and inverter sales; (d) our ability to integrate successfully the operations of companies we acquire, including the retention of key employees, realization of the benefits of such companies' products, the total available market and expected sales of such products, and product cost expectations surrounding the fabless manufacturing models for REFUSol and the power control modules product line we acquired from AEG Power Solutions GmbH; (e) with regard to the renewable energy market, tariffs on Chinese & Taiwanese solar panels, the continuation of feed-in-tariffs and other incentives in Europe and elsewhere for inverters, including the RPS (renewable portfolio standards), the timing and availability of grant programs in North America and Europe and the reduction of the investment tax credit for solar facilities in the United States after 2016; (f) renewable energy project delays resulting from solar panel price changes, changes in tariffs and increased competition in the solar inverter equipment market; (g) the timing of orders received from customers; (h) the company's ability to realize benefits from cost improvement efforts including avoided costs, any restructuring plans and any inorganic growth; (i) the ability to obtain materials and manufacture products; and (j) unanticipated changes to management's estimates, reserves or allowances. These and other risks are described in Advanced Energy's Form 10-K, Forms 10-Q and other reports and statements filed with the Securities and Exchange Commission.

These reports and statements are available on the SEC's website at www.sec.gov. Copies may also be obtained from Advanced Energy's website at www.advancedenergy.com or by contacting Advanced Energy's investor relations at 970-407-6555.

Forward-looking statements are made and based on information available to the company on the date of this presentation. As reiterated previously, aspirational goals and targets discussed on the conference call or in the presentation materials should not be interpreted in any respect as guidance. The company assumes no obligation to update the information in the press release or this presentation.



INVESTOR PRESENTATION 2014

Yuval Wasserman
President and CEO

Advanced Energy: Positioned for Future

- Fundamentals of power conversion industry expanding
- AE positioned to capitalize on trends
- Strong global team
 - Demonstrated advantages of model
- Remain committed to creating shareholder value
 - Goal of profitable growth and share gains in core markets
 - Continued deployment of cash to fund future growth

Q3 2014 Highlights

- Revenue and EPS slightly ahead of expectations
- Revenue of \$143M
- Non-GAAP* EPS of \$0.42 and GAAP EPS of \$0.30
- Generated cash from operations
- Completed integration of UltraVolt
- Reorganized to single organization with product-line focus

**Non-GAAP EPS excludes restructuring charges, stock based compensation, intangible amortization and severance.*

Design Wins Strong

- Captured >85% of design wins pursued for new applications
- Served global customers with agile, adaptive approach
- Share gains
 - Semiconductor etch and industrial glass coating
 - Newly-acquired product lines (high voltage and thermal applications)

Semiconductor Rebound

- Sales up 18% q/q outperformed industry
 - Investments in RF technology and pulsed 2MHz enabled share gains
- Design wins in etch
 - Capitalize on migration to 3D device structures (V-NAND and FinFet) transition to high volume
- Expected secular growth in mobile and PCs for FY 2015
- Internet of Things (MEMS and sensors) fuel capacity growth of old technology

Industrial: Diversification of Served Markets

- Entering adjacent markets and capturing new business
 - Chemical Analysis, X-ray, Medical Devices, optics and hard coatings
- Offset cyclicalities of larger markets
- Nearly doubled historical industrial revenue levels
 - >60% from recent acquisitions

Inverters: 1MW Challenged; 3-Phase String Strong

- Positive customer feedback for 1MW offset by US tariff uncertainty
- Potential catalyst – U.S. Investment tax credit end of 2016
- Demand for 3-phase string strong
 - 200% growth in our U.S. market
 - 80MW project in Europe across 8 locations
 - 3-phase up nearly 60% in Korea
- Launched lower-cost 3-phase string for Europe
 - Drive towards profitable growth
- Completed transition of manufacturing to Shenzhen
 - Drive improved margins

Single, Global, Product-Line Organization

- 3 acquisitions in last three quarters
 - Entering new applications faster
 - Leveraging global resources, lowering costs and optimizing sales
- Strategic focus
 - Accelerate growth
 - Capitalize on market position and profitable engine
 - Profitably serve customers
 - Return value to shareholders



INVESTOR PRESENTATION 2014

Danny Herron
CFO

Q3 Financial Highlights

- Total Revenues \$143M, flat y/y
- Non-GAAP adjusted net income of \$17M, -22% y/y
- Ended quarter with \$106M of cash & investments, decrease of \$24M
 - \$30M to acquire UltraVolt
 - \$5M to pay down European credit line

Revenues by Application

Market (\$ in millions)*	Q3'14	Q2'14	Q3'13
DS & Industrial	\$ 13.7	\$ 16.5	\$ 9.3
Flat Panel Display	3.6	2.6	5.5
Inverters	52.0	64.5	67.5
Renewables	3.1	1.7	4.7
Semiconductor	57.9	49.3	43.1
Service	12.8	11.7	12.8
TOTAL	\$ 143.1	\$ 146.3	\$ 142.9

P&L Review

	Q3'14	Q2'14	Q3'13
<i>(\$ in Millions, except GM% & EPS)</i>			
Revenues	\$143.1	\$146.3	\$142.9
Gross margin \$	\$47.9	\$52.5	\$56.2
Gross margin %	33.5%	35.9%	39.3%
Adjusted operating income*	\$10.4	\$11.8	\$18.3
Net income (loss)	\$12.3	\$10.6	\$0.7
EPS	\$0.30	\$0.26	\$0.02
Non-GAAP EPS**	\$0.42	\$0.38	\$0.53

*Non-GAAP measure excludes restructuring charges.

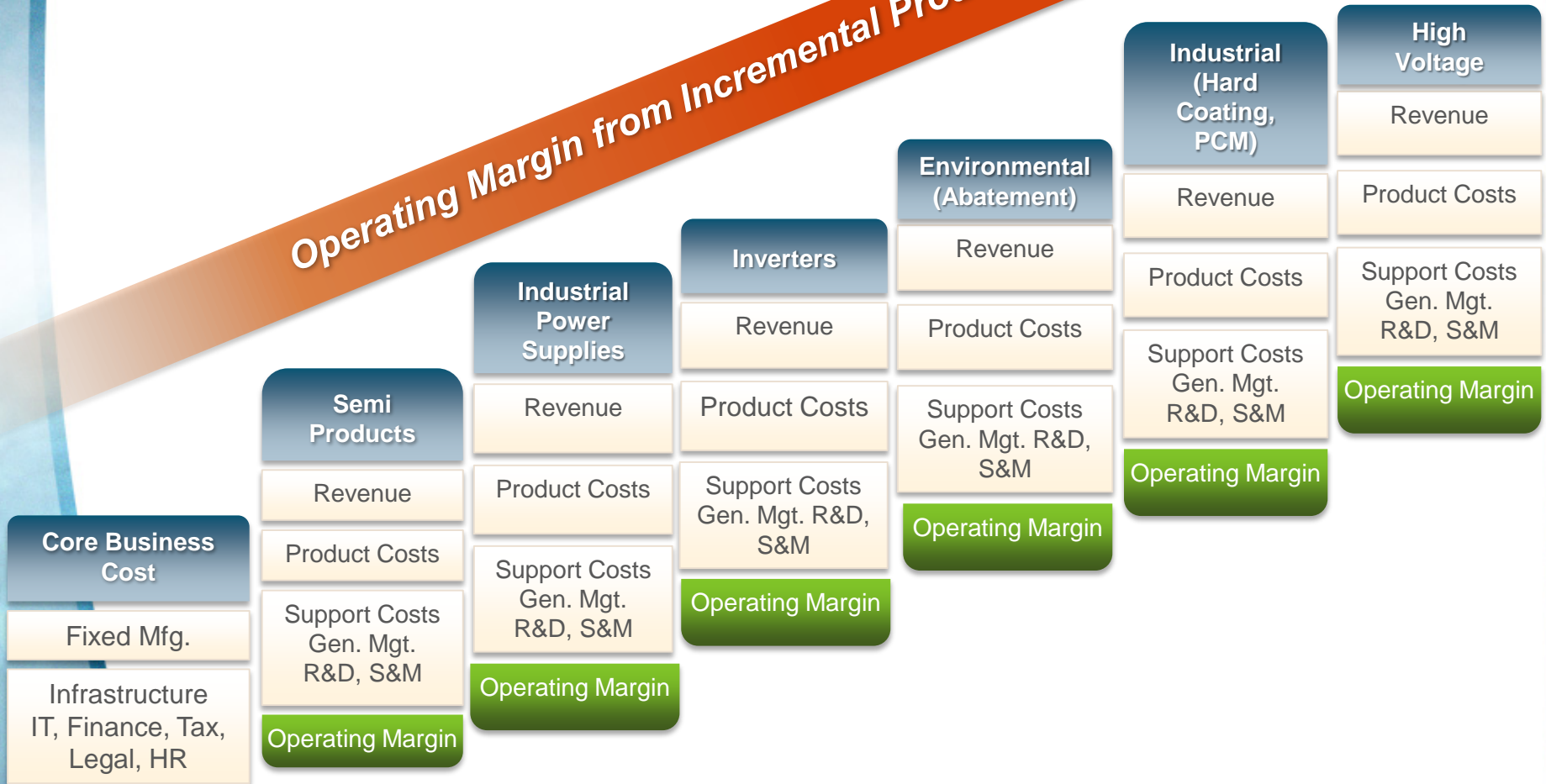
**Non-GAAP EPS excludes restructuring charges, stock based compensation, intangible amortization, acquisition-related costs, severance and other non-recurring items.

Balance Sheet

	Q3'14	Q2'14	Q4'13
<i>(\$ in Millions)</i>			
Cash & Investments	\$105.8	\$130.2	\$149.7
Accounts Receivable	\$112.8	\$121.3	\$125.8
Inventory	\$118.9	\$118.2	\$109.8
Total Assets	\$697.4	\$704.1	\$653.0
Liabilities	\$231.3	\$239.2	\$188.5
Shareholders Equity	\$466.1	\$464.9	\$464.5

Diversification Driving EPS Growth

Operating Margin from Incremental Products Driving EPS Growth



Q4'14 Guidance*

	Q3 (as reported)	Q4 Guidance Range	
Revenue (in millions)	\$143.1	\$140.0	\$150.0
GAAP EPS**	\$0.33	\$0.29	\$0.37
Non-GAAP EPS***	\$0.42	\$0.37	\$0.45

* Estimates as of Q314 earnings conference call. The company assumes no obligation to update guidance.

**GAAP EPS excludes restructuring charges of \$1.1 million.

***Non-GAAP EPS excludes restructuring charges, stock based compensation and amortization of intangibles. Q4 non-GAAP guidance assumes stock based compensation of \$1.4M and amortization of intangibles of \$2.1M.



INVESTOR PRESENTATION 2014

Thank You