



ANALYST DAY

2013

Welcome & Agenda

Presented by Annie Leschin
Investor Relations

Safe Harbor

The Company's expectations with respect to guidance to financial results for the fourth quarter ending December 31, 2013 and 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. Directional goals and scenarios should not be interpreted as guidance. The Company is only providing guidance with respect to the fourth quarter ending December 31, 2013.

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: the effects of global macroeconomic conditions upon demand for our products, the volatility and cyclicality of the industries the company serves, particularly the semiconductor industry, the acquisition of REFUsol (including the successful integration of the operations of REFUsol, associated restructuring, employee retention, benefits of REFUsol products and expectations regarding sales and market introduction of three phase string products in to the U.S., India and Japan), timely delivery of our new 1MW solar inverters, the continuation of RPS (renewable portfolio standards), the timing and availability of incentives and grant programs in North America and Europe related to the renewable energy market, renewable energy project delays resulting from solar panel price declines and increased competition in the solar inverter equipment market, the timing of orders received from customers, the Company's ability to realize benefits from cost improvement efforts and any restructuring plans, the ability to source materials and manufacture products, and 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 press release. The company assumes no obligation to update the information in this press release.

Agenda

10:30^{AM}

Welcome/Introduction

Garry Rogerson, CEO

10:55^{AM}

Thin Films Business Unit

Yuval Wasserman, President AE Thin Films

11:30^{AM}

Solar Energy Business Unit

Gordon Tredger, President AE Solar Energy

12:05^{PM}

Financial Review

Danny Herron, EVP & CFO

12:30^{PM}

Q&A & Lunch



ANALYST DAY

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Transitioning to Profitable Growth

Presented by Garry Rogerson
Chief Executive Officer

Safe Harbor

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Powerhouse of Operational Excellence



DRIVING

Margin Expansion Revenue Growth
Cash Generation & Utilization



GENERATING EPS Growth

Powerhouse of Operational Excellence

**COMMITMENT
TO QUALITY**



**DRIVE TO
LOWEST COST**



**CUSTOMER
FOCUS**



**FAST PRODUCT
DEVELOPMENT**



**OPERATIONAL
FLEXIBILITY**

Driving an Effective Business

Margin Expansion

Revenue Growth

Cash Generation &
Utilization

Efficient Business Model

BEND,
FORT COLLINS
SAN JOSE

METZINGEN
VILLAZ-SAINT-PIERRE

PUNE

SEOUL
SHENZHEN

Distributed
R&D

Centralized
Manufacturing
Facility in
Shenzhen

Distribution
Channels

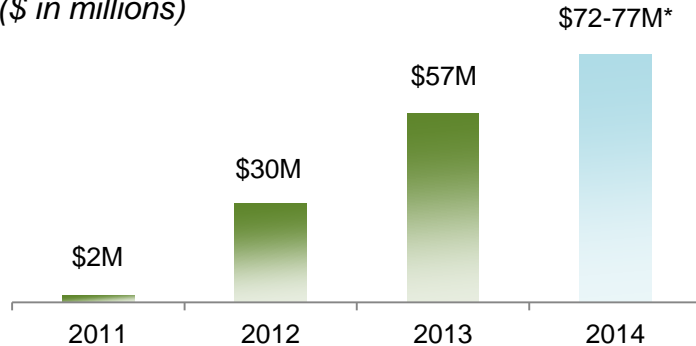
SOLAR
ENERGY

THIN
FILMS

Strong Financial Performance

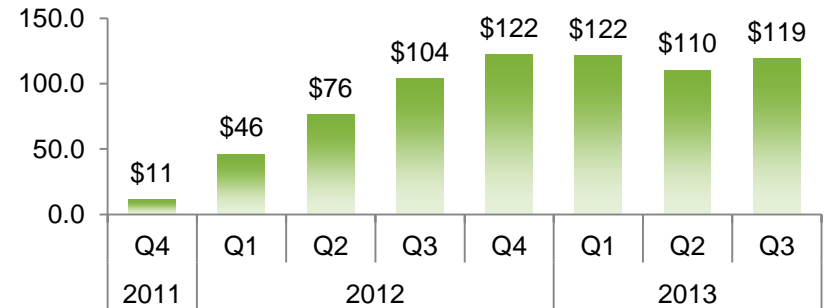
Significantly Lower Cost Structure

(\$ in millions)



Powerful Cash Generation

(In millions)



Generating EPS Growth

- >400% growth in non-GAAP** EPS since Q4 2011
- Shareholder value aligning with EPS growth

*Estimated annualized cost savings as of August 2013

**Excludes impact of restructuring charges, acquisition-related costs, stock-based compensation, amortization of intangible assets and in Q3 2013 one-time tax items.

***Q4 2013 assumes midpoint of management guidance

Strong EPS Growth



Focused on EPS Growth

- Corporate

- Track record of execution
- Established low cost model for manufacturing and development
- Revised compensation programs
- Cash generation enabling acquisitions
- Organic and inorganic growth drive to peak earnings of \$4.00 EPS

- TFBU

- Growing in current applications
- Branching into new applications and geographies
- Focusing on organic and inorganic growth

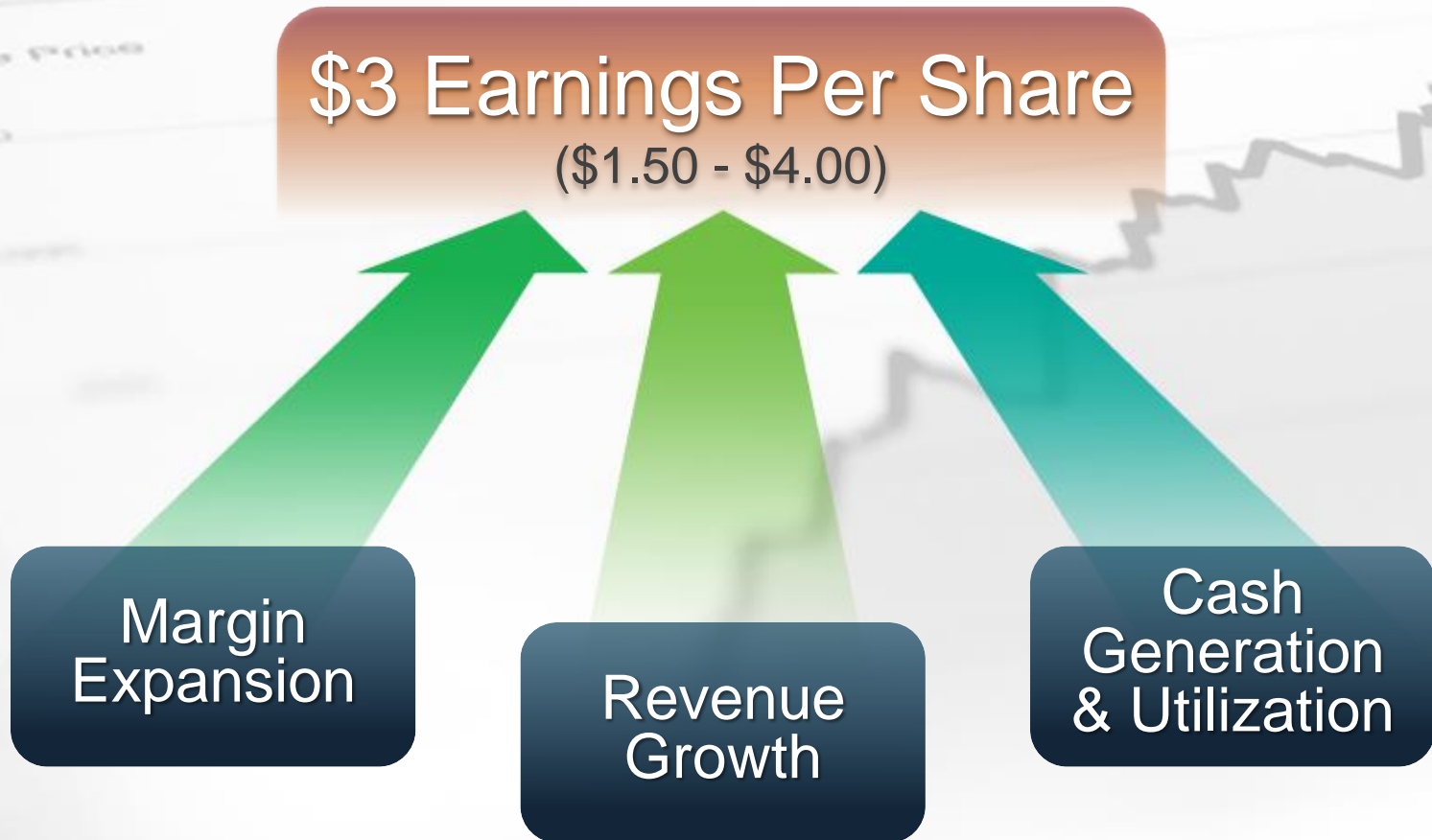
- AESE

- Expanding to become more global business
- Business model underpinning margin expansion
- Focused on driving profitable growth

**Excludes impact of restructuring charges*

Driving Profitability in Peaks and Troughs

*3-year EPS Goal**



**Excludes impact of restructuring charges*



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Thin Films Business

Presented by Yuval Wasserman
President of Thin Films

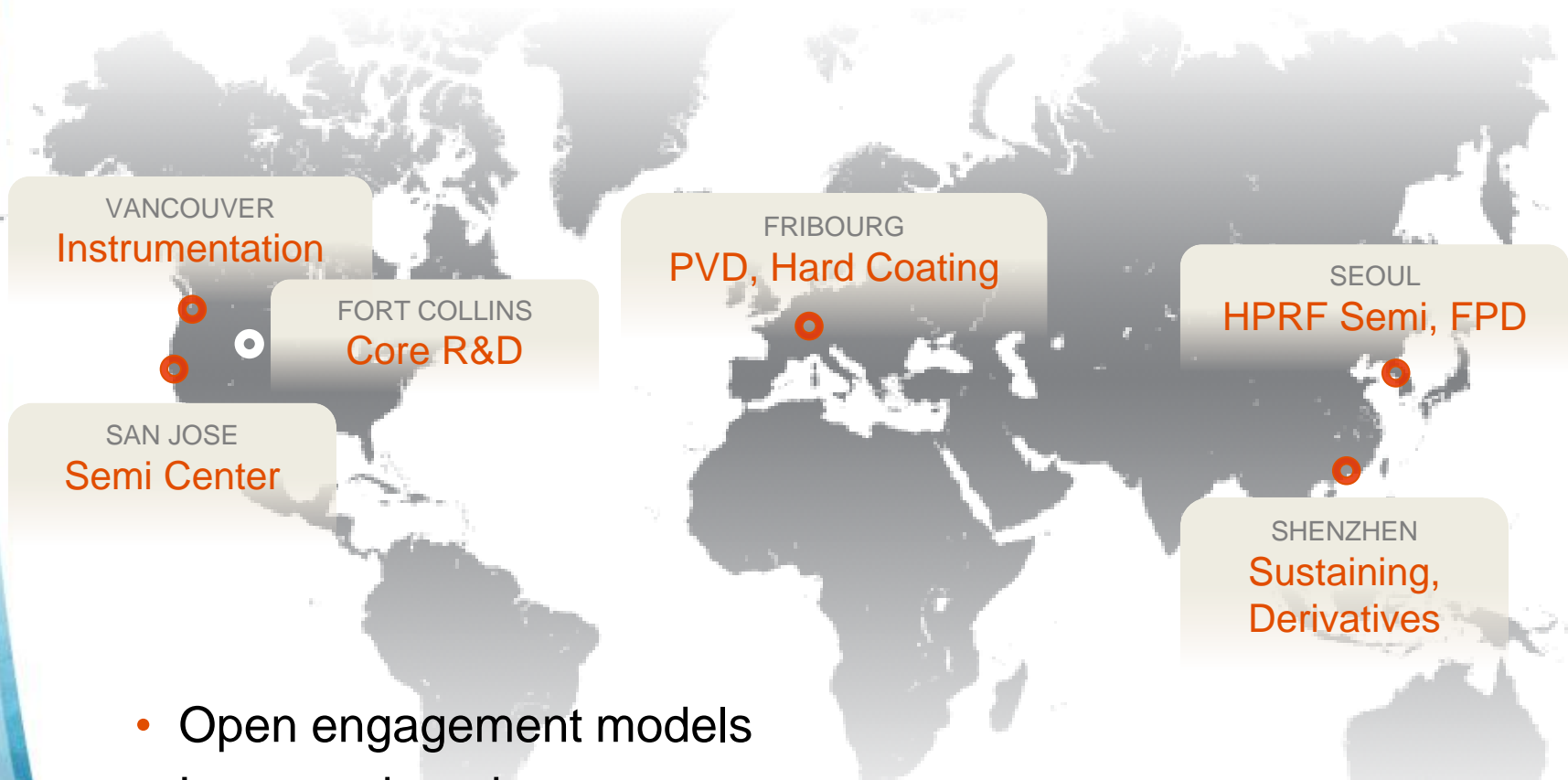
A New Proven Business Model



TFBU Growth Vision

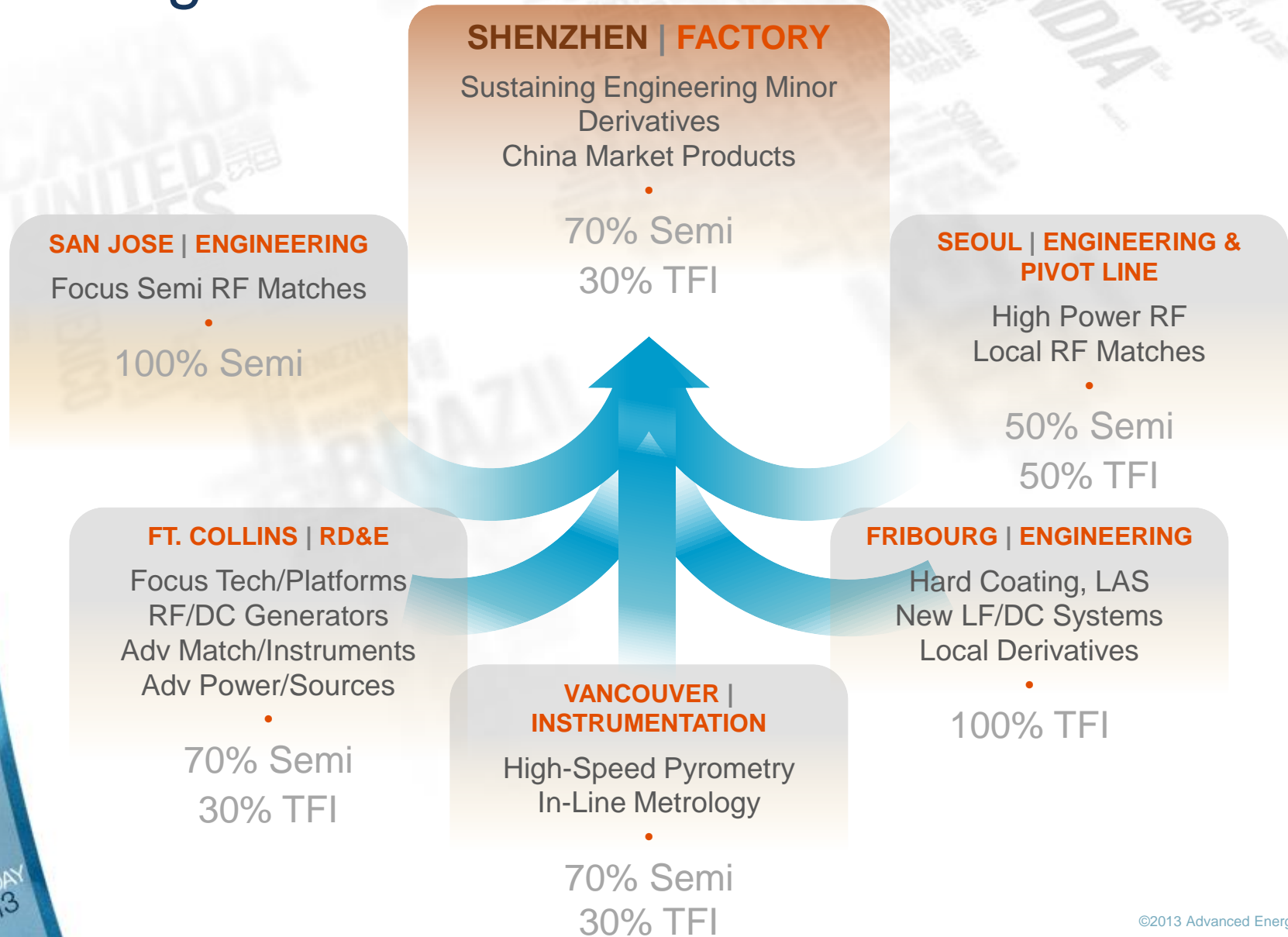


Worldwide Distributed R&D

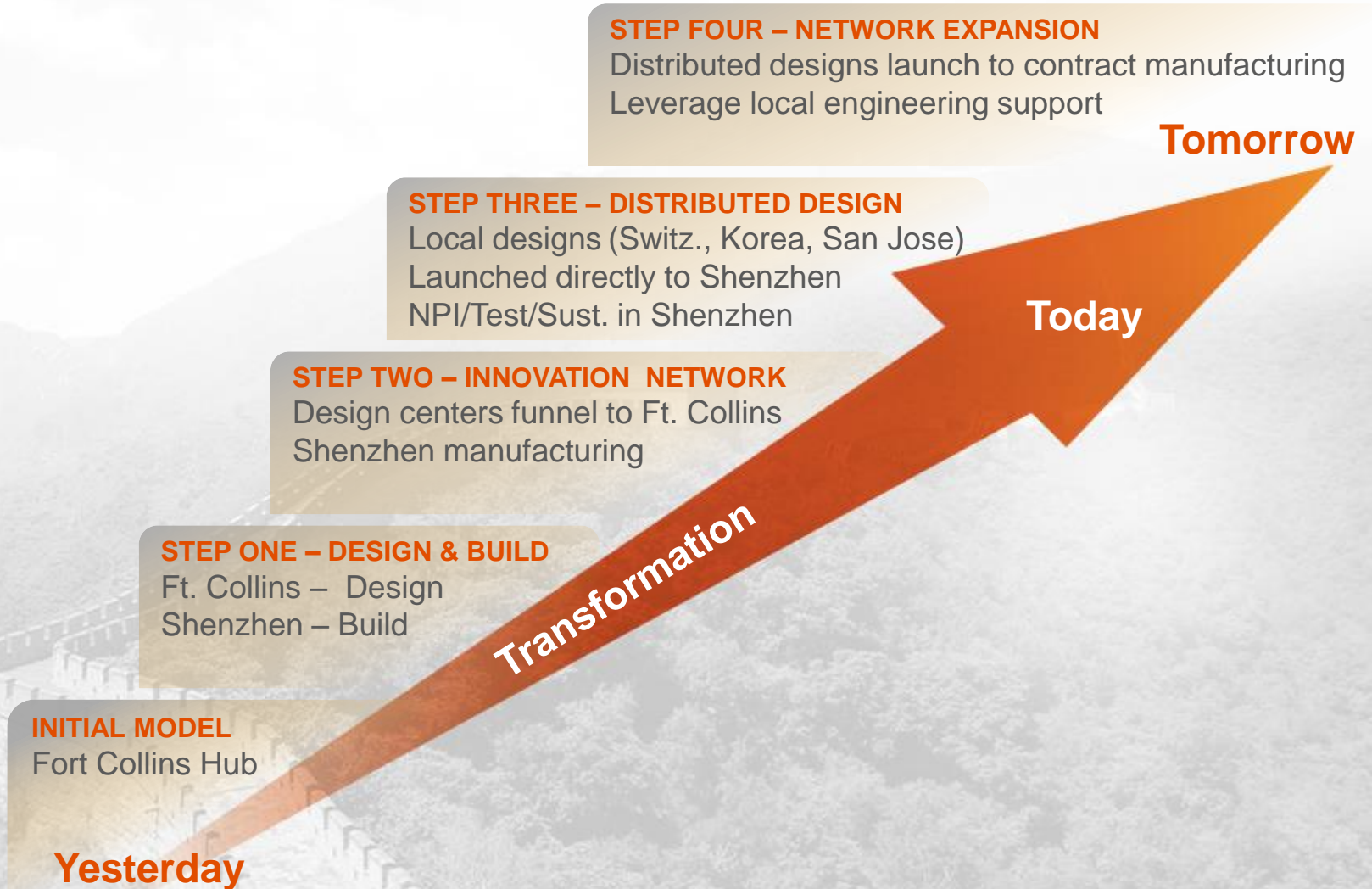


- Open engagement models
- Lean engineering
- Accelerated TTM (time to market)
- Speed, cost, accuracy

Design Centers Products and Markets



Lean, Distributed R&D – Competitive Advantage

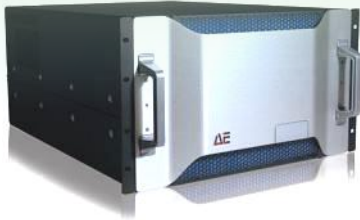


Accelerated Product Development

2011	2012	2013 (YTD)
		
1 new platform	3 new platforms	8 new platforms
92 new derivatives	98 new derivatives	126 new derivatives

Flagship Platforms & Target Applications

Magnetron Sputtering



ASCENT

RF Etch/Deposition



PARAMOUNT



NAVIO

Cathodic Arc/ Pulsed Bias



SOLVIX

Environmental Abatement

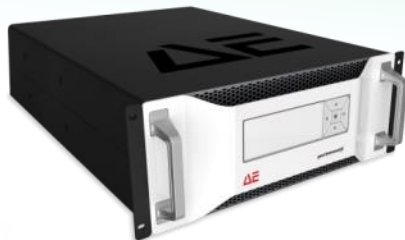


LITMAS

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Magnetron Sputtering



ASCENT

RF Sputtering, Dielectric Deposition, & Etch



PARAMOUNT



NAVIGATOR II

Chamber Clean & Processing



XSTREAM

Thin Film Industrial Opportunities

New Materials and Process Technologies Spur Significant Growth



ENVIRONMENTAL

- Green technologies
- POU abatement
- Low-E glass
- Effluent Treatment



CONSUMER ELECTRONICS

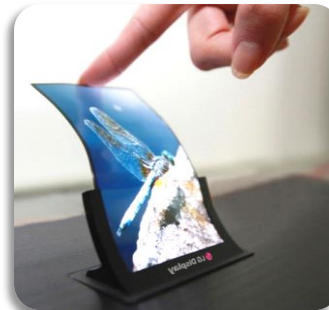
- Mobile devices
- TFT formation
- Interconnects
- Aesthetic / EMI coatings

Growing new plasma applications



INDUSTRIAL HARD COATINGS

- Anti-wear (Tribological)
- Automotive
- Optical
- Machine tools



DISPLAY TECHNOLOGIES

- LCD/OLED
- Flexible
- Encapsulation
- Touch screen
- Anti-reflective
- Transparent conductive oxides

Semiconductor Growth Opportunities



LOGIC

3DIC / FinFETs

- PVD Metal Gate (Low Power consumption)
- Integrated PVD/CVD/ALD (improved reliability)
- Multi-patterning



MEMORY

V-NAND

- Multi-patterning
- Precision Dielectrics
- Conformal materials
- High aspect ratio etch patterning

Higher plasma content



MEMS

- Accessory capabilities
- CCD cameras
- Gyroscopes
- Microphones
- Motion sensors
- Accelerometers

Key drivers:

- Smaller device geometries
- Denser packaging – furthering Moore’s Law
- Expansion into emerging Asia-based OEMs

Expanding in Current and New Markets

	MARKET	WINS/PROGRESS
Increase content	 <p>Semiconductor</p>	<ul style="list-style-type: none">7 new etch platforms4 new deposition platforms3 new technologies in EU evaluation
Broaden portfolio	 <p>Thin Films</p>	<ul style="list-style-type: none">3 new low-E glass customers3 new touch panel customersBreakthrough DMS technology
New applications	 <p>Industrial</p>	<ul style="list-style-type: none">10 new industrial customersTop 4 automotive coating suppliersGrowth in hard coating applications
Grow TAM	 <p>New Markets</p>	<ul style="list-style-type: none">1200 new abatement units350 new hard coating unitsNew thin film battery applications

Summary

- Meeting strategic financial model
- Maintain market leadership
- Enter new markets and applications
- Quicken product development
- Accelerate growth

Operational Excellence – High RONA



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AE Solar Energy

Presented by Gordon Tredger
President Solar Energy Business

AE Solar Energy

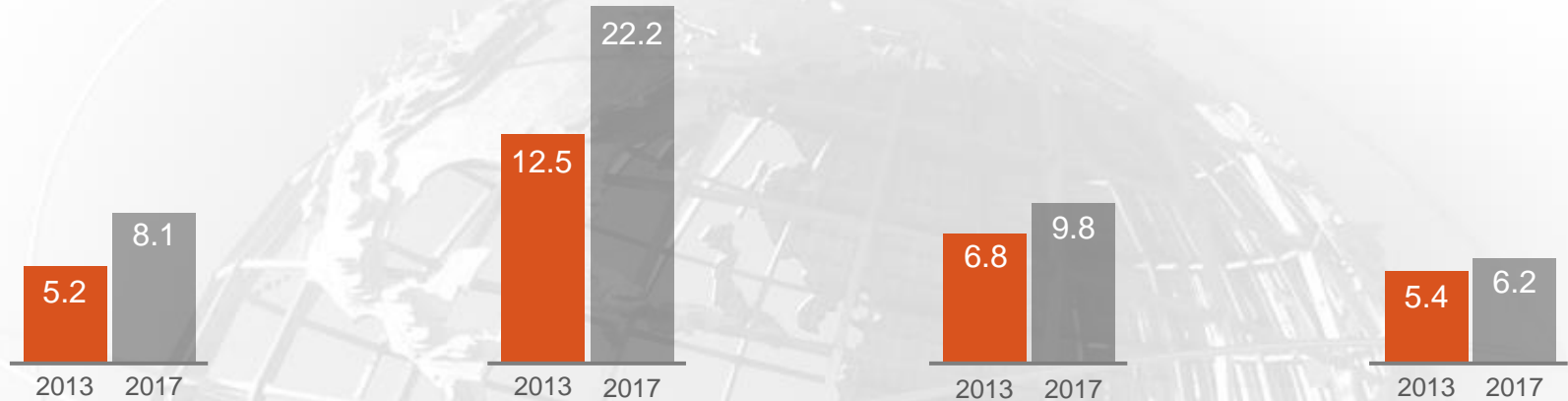
- Global business
 - Operating in growing markets
 - Manufacturing in Shenzhen
- Strong growth prospects
- New products
 - 1000NX for utility applications
 - 3-phase string products for commercial applications
- Leveraging Shenzhen operations
 - Drive cost reductions
 - Maintain competitiveness
 - Lower breakeven
- Positioned for profitability

Targeting Profitable Revenue Growth

- Strong growth prospects
 - Geographic expansion
 - Product line advancement
 - Expanding applications
 - Strategic customer engagement
- Inorganic growth opportunities



Growth Across Global Markets (in GW)



**US &
CANADA**

EMEA

CHINA

JAPAN



**REST OF
AMERICAS**



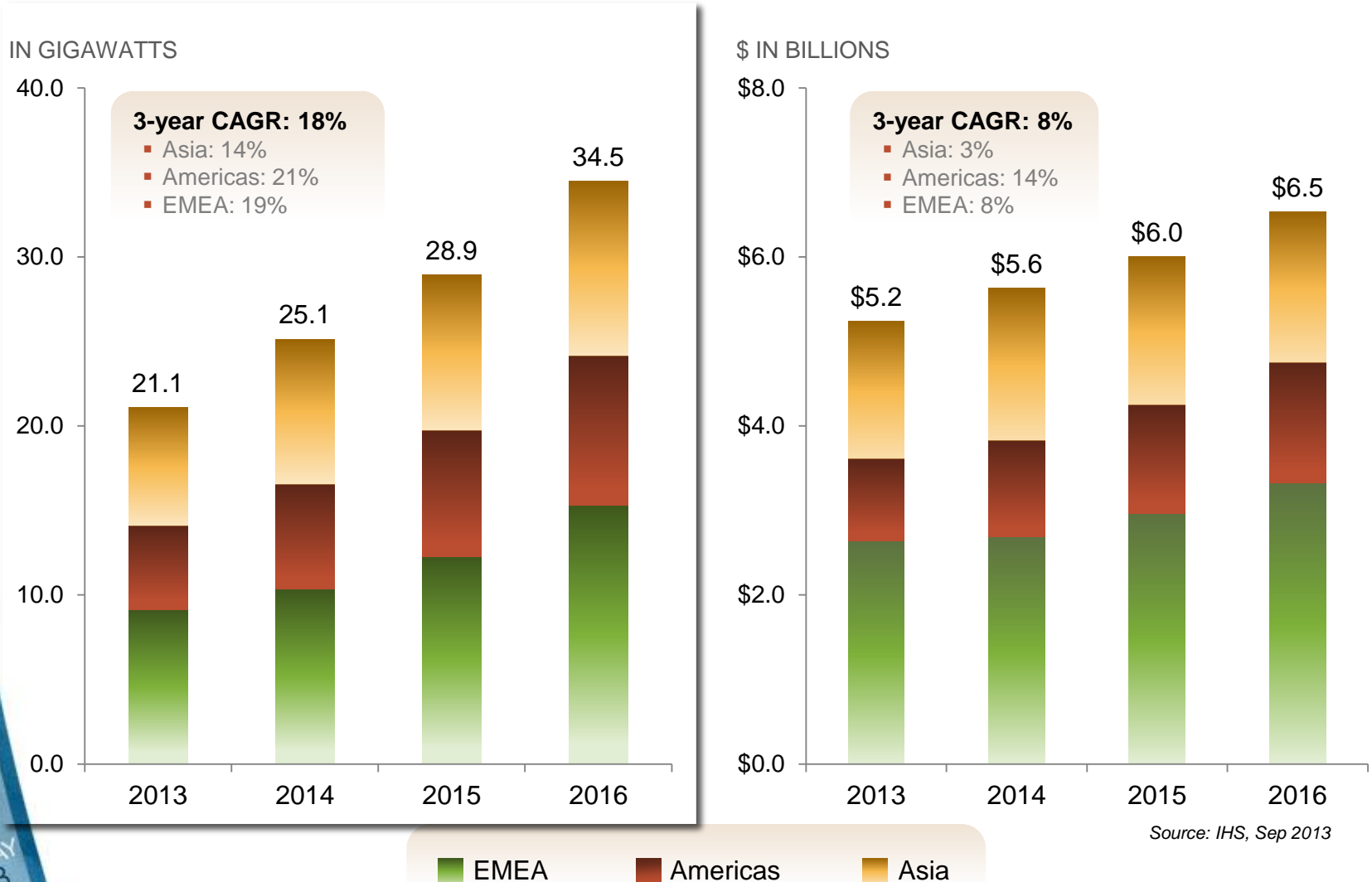
INDIA



**REST OF
ASIA &
AUSTRALIA**

3-Phase Inverter Market Potential

3-phase Shipments >10kW



Source: IHS, Sep 2013

Revenue Growth: New Geographies

CURRENT MARKETS

- Core markets
 - North America
 - Europe
- Newer markets
 - Australia
 - India
 - Japan
 - Taiwan

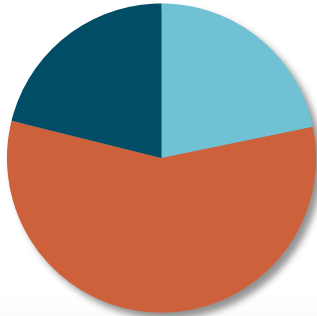
NEXT STEPS

- North American expansion
 - Broaden reach
 - Indirect distribution channel
 - Strategic customers
- Extend distribution in EMEA
 - UK, Turkey
- Strengthen existing distribution
 - India, Japan
- Enter new territories
 - South-East Asia
 - Latin America



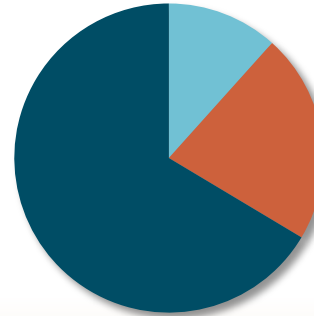
Distribution Channels by Geography

EMEA



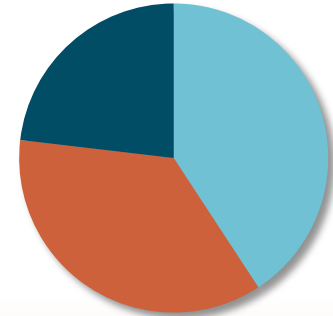
Direct Sales • Distributors
Augment Coverage • OEMs
2014 Market Size: 13.2 GW

NORTH AMERICA



Direct Sales • Distributors
Augment Coverage
2014 Market Size: 6.0 GW

JAPAN



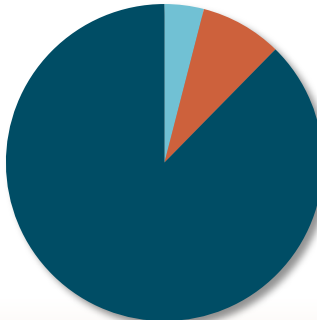
OEM Customers
2014 Market Size: 6.5 GW

■ Residential 1-phase
 ■ Commercial <250kW
 ■ Utility >250kW

Source: IHS September 2013, Utility segment includes large commercial >1 MW, market size based on inverter shipments, microinverters excluded.

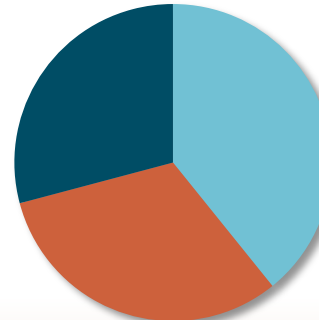
*Excludes China.

INDIA



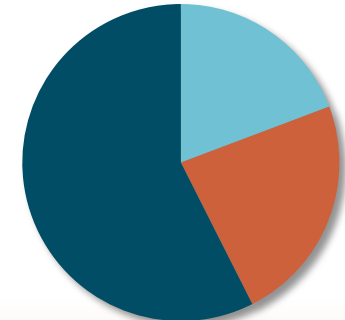
Direct Sales
2014 Market Size: 2.6 GW

REST OF APAC*



Direct Sales – Australia
Distributor – Korea
2014 Market Size: 2.4 GW

LATIN AMERICA



Opportunity for 2014
2014 Market Size: 1.1 GW

North America Expansion

- Primarily utility market; healthy commercial opportunities
- Established local presence
 - Strengthen direct salesforce
 - Sales people, field applications engineers, service personnel
 - Broadening utility and commercial applications
- Cultivating developer relationships
 - Drive new business in US and Canada
- Pursue international opportunities with existing EPC partners



Europe – Extend Distribution

- Established geography; predominantly commercial market with utility opportunities
- Local presence
 - Direct salesforce, distributors and OEM relationships
 - Customer and applications support
 - R&D/Product development
- ‘Fabless’ manufacturing



Japan – Strengthen Distribution

- Strong utility and commercial market potential
- Establishing relationships with local OEMs
 - Crucial to successful distribution
- Developing Japanese-specific products



India – Strengthen Distribution

- Emerging utility-centric market
- Current success with commercial 3-phase string
- Local presence
 - Direct salesforce
 - Customer & applications support
 - R&D/Product development
 - Local manufacturing
- Introduce 1.5MW central inverter in 2014



New, Flagship Utility Product

1000NX Utility Inverter

- Larger inverter optimizes customer value
- Maximized energy harvest
- Grid integration features offer flexibility
- Innovative DC Subsystem reduces BOS costs
- Integrated skid options further reduce costs



Flagship Commercial Products

3-Phase String Inverters

- First to market
- Proven reliability; large installed base
- Lower LCOE than central inverters
- Compact, lightweight design
- Easy installation
- Trusted, responsive partner



3-Phase String Growth Drivers

- Localize to meet requirements
 - Japan
 - Canada
 - Latin/South America
- Utility and Extended Code Compliance
 - AFCI Capability for NEC 2011
 - Utility Plant Controller
- Developing larger kW ranges
 - Lower LCOE than current models
 - Distributed architecture for smaller utility
 - Highly flexible design



Commercial Central Inverter

AE 333-TL

- Compact footprint
 - Ideal for emerging markets
 - Installing in Eastern European utility markets
- High customer value
 - Global 50/60 Hz product
 - Reduced BOS and service costs
- Optimized for 1500V panels
 - Several recent introductions of 1500v panels
 - Maximize energy yield
- Design flexibility
 - Distributed or integrated skid and scalable block sizes



The Road Ahead

- Accelerate revenue growth
 - New product introductions; building backlog
 - Maintain strong position in core markets
 - Target emerging markets selectively
 - Inorganic opportunities
- Expand margins
 - Proven ability to continuously reduce costs, improve efficiencies
 - Returned to profitability 2 quarters after 3-phase acquisition
- Utilize cash
 - Potential acquisitions, partnerships to broaden global presence



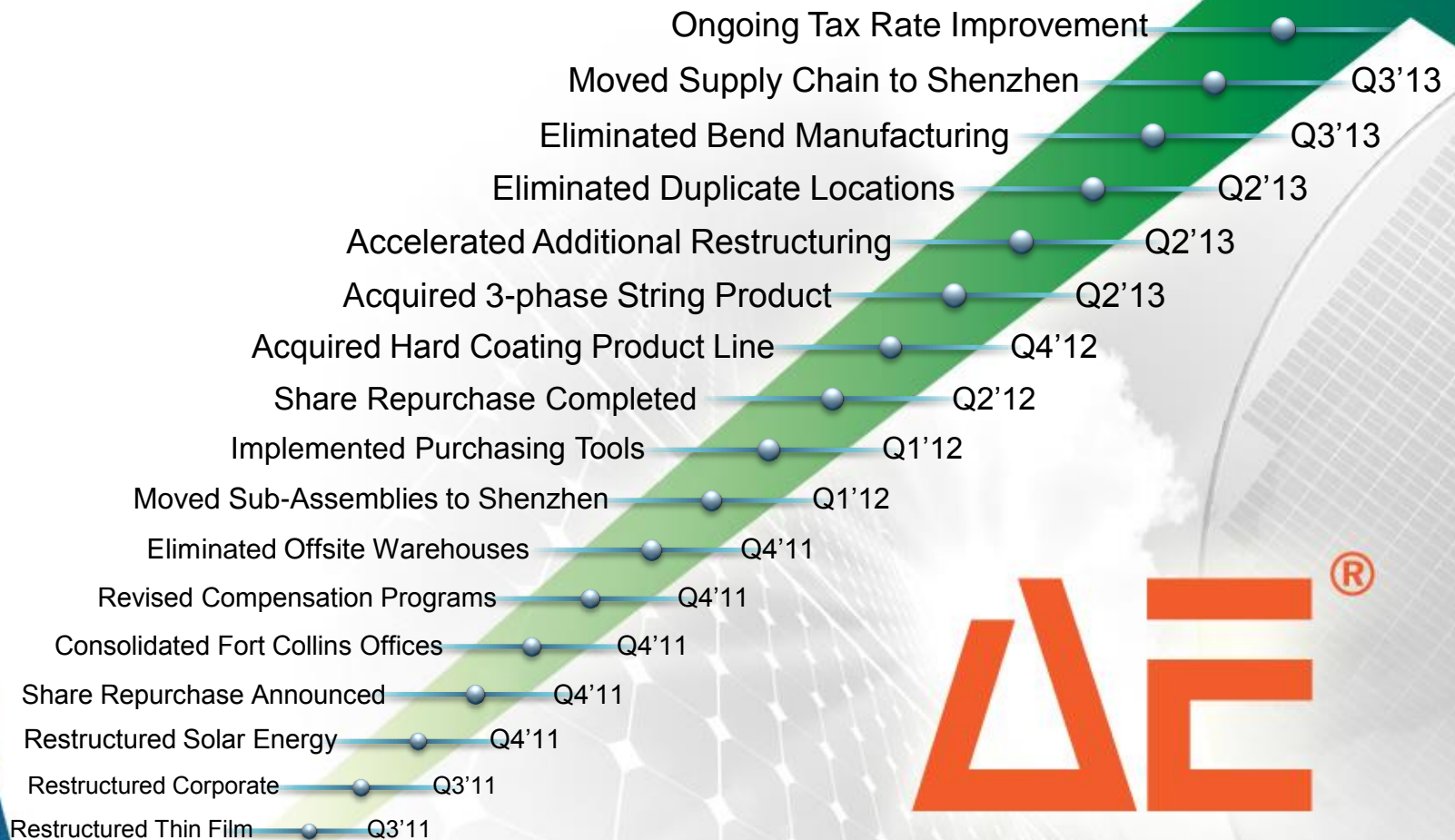
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The Journey Continues

Presented by Danny Herron
Executive Vice President and Chief Financial Officer

Actions Over Last 2 Years

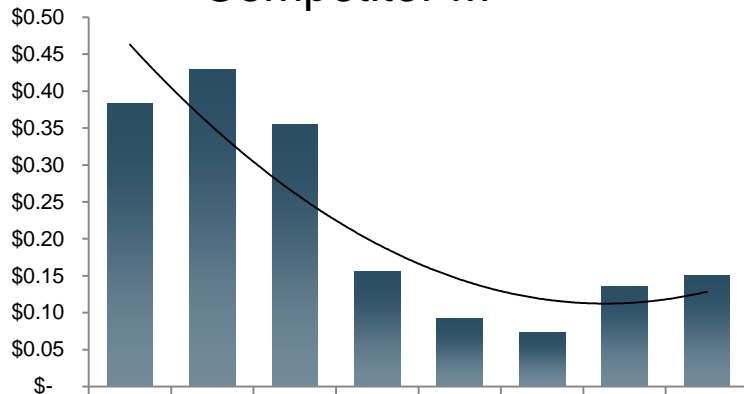


Performance trends
versus
competitors showing
significant improvement

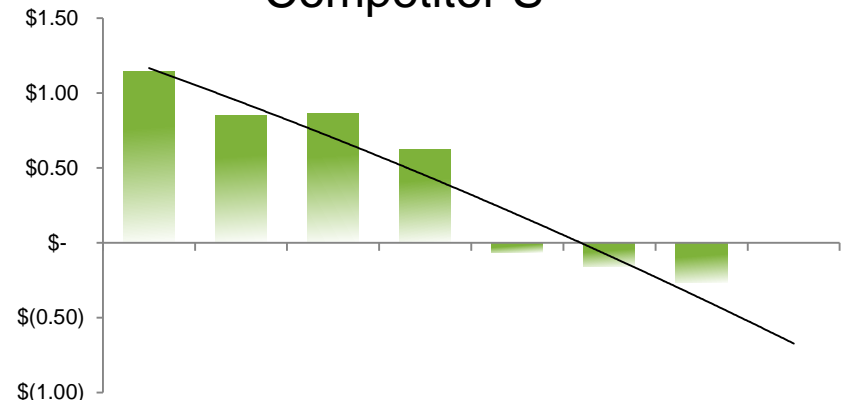
Earnings Per Share

(Q4 2011 – Q4 2013 Estimated)

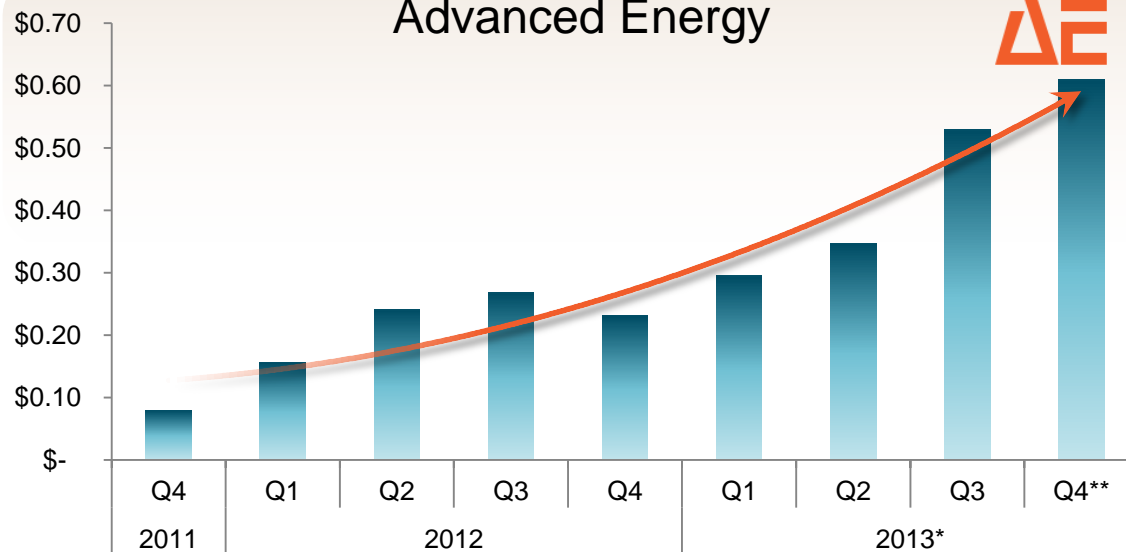
Competitor M



Competitor S



Advanced Energy

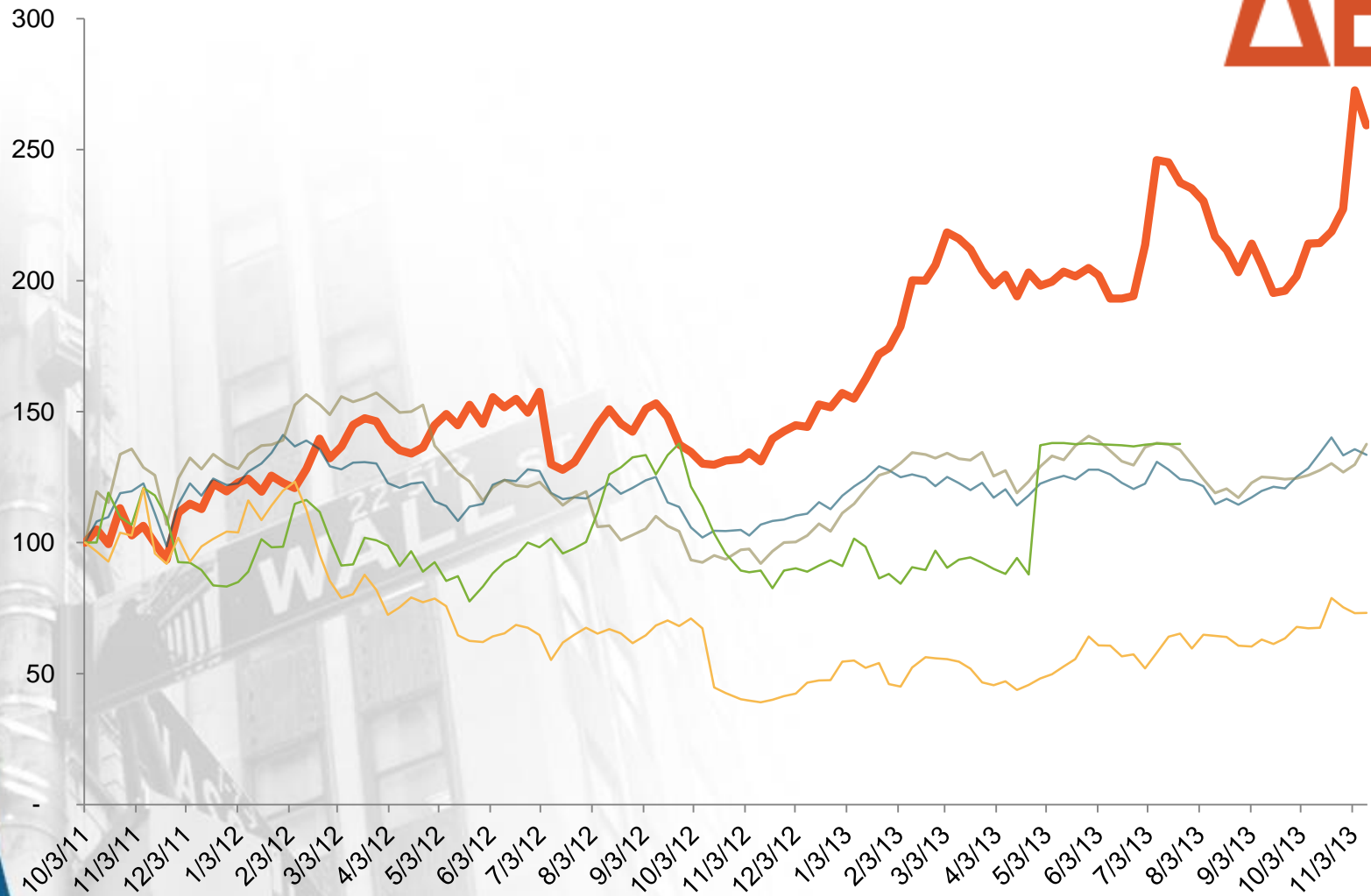


*Excludes impact of restructuring charges, acquisition-related costs, stock-based compensation amortization of intangible assets and in Q3 2013 one-time tax items.

**Q4 2013 assumes midpoint of management guidance.

Relative Shareholder Return vs. Peers

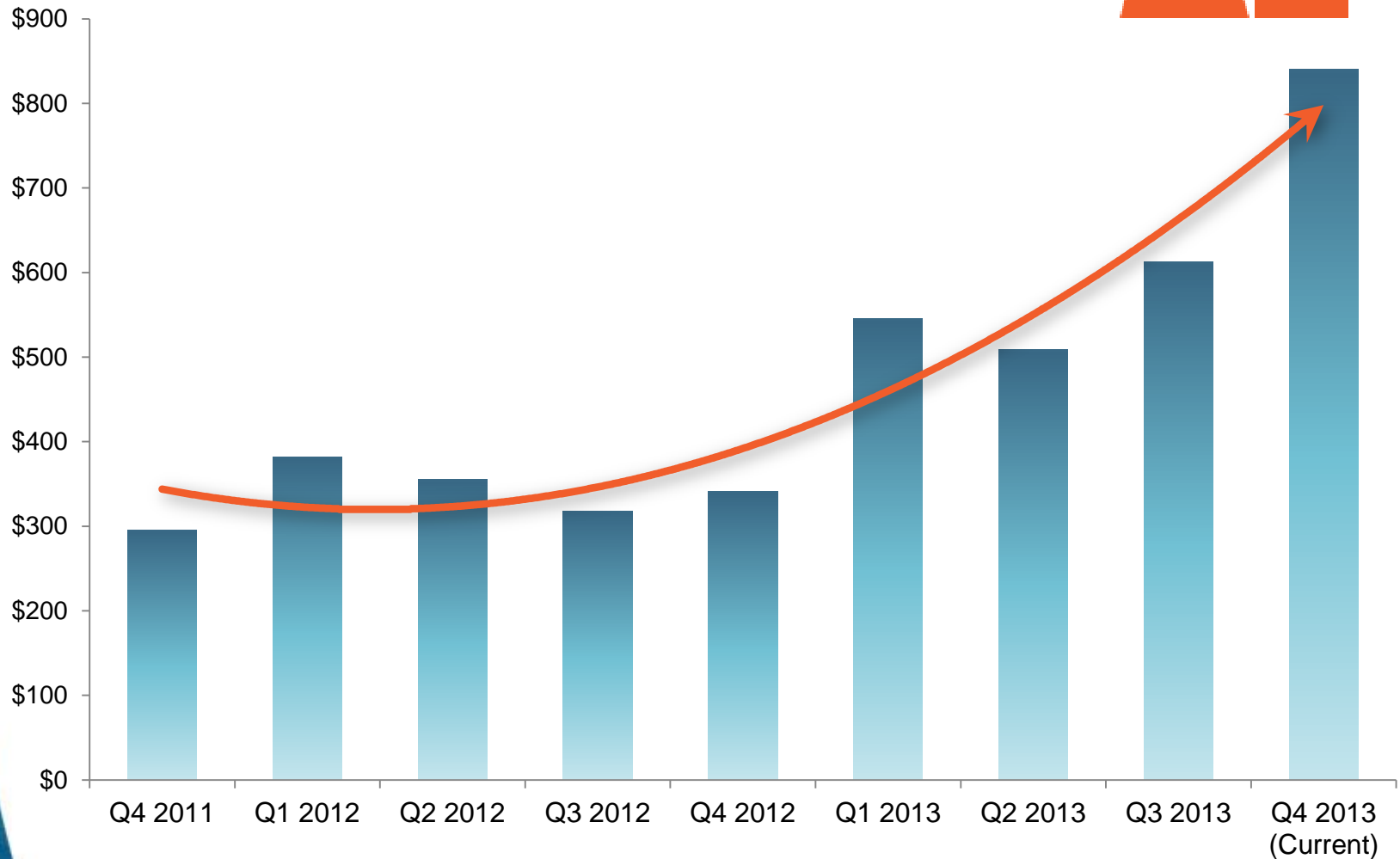
Through November 11, 2013



Return calculation based on \$100 investment made on 10/31/11, excluding reinvested dividends.

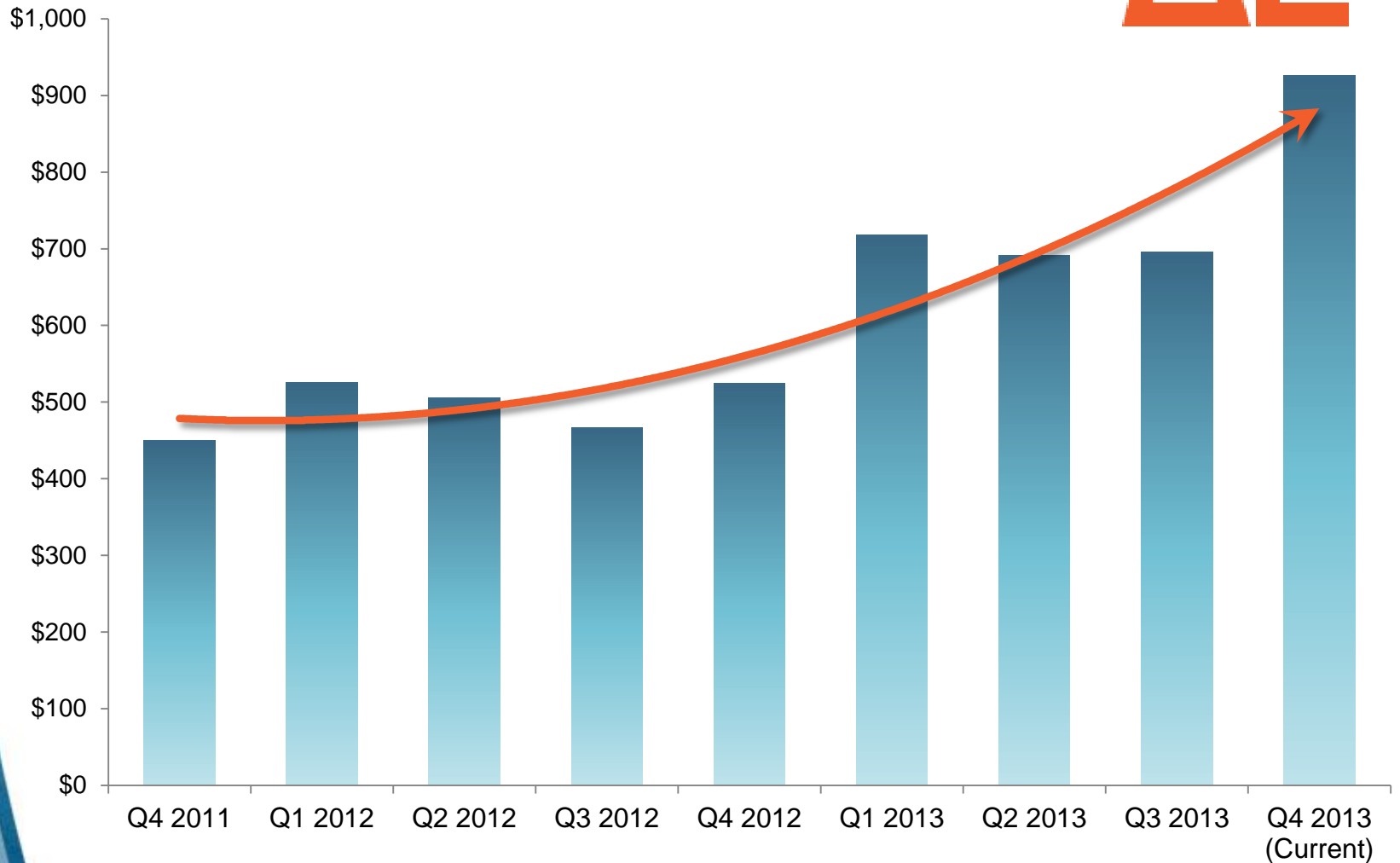
AEIS Enterprise Value

(In millions of USD)



AEIS Market Cap

(In millions of USD)



Business model and execution
should significantly reduce
the impact of cyclicality

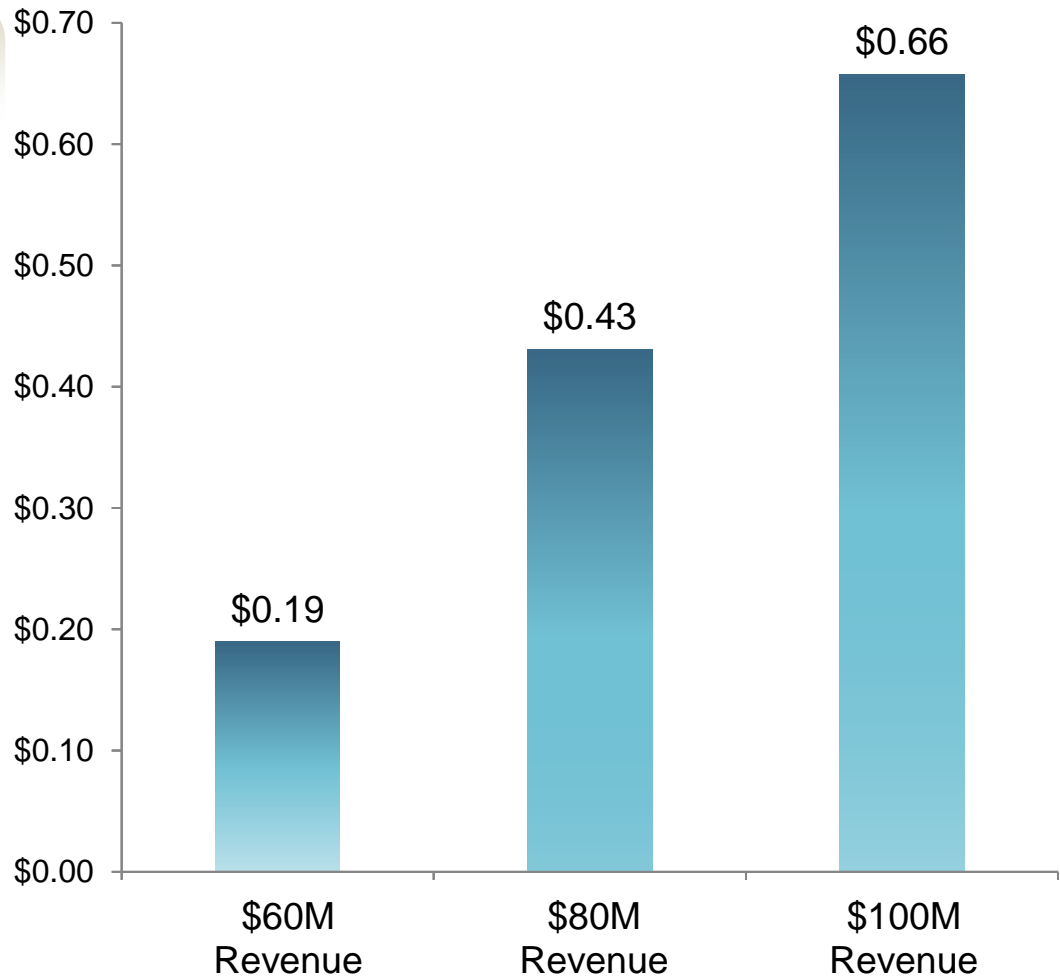
Projected Thin Film Quarterly EPS

Possible Scenarios

\$80M/Q Revenue
25% Operating margin*
12.5% Tax rate

\$100M/Q Revenue
30% Operating margin*
11% Tax rate

\$60M/Q Revenue
15% Operating margin*
20% Tax rate



*Corporate expenses are allocated to the Thin Films business unit

Projected Solar Energy Quarterly EPS

Possible Scenarios

\$100/Q Revenue
10% Operating margin*
30% Tax rate

\$120M/Q Revenue
15% Operating margin*
30% Tax rate

\$80M/Q Revenue
6% Operating margin*
30% Tax rate



*Corporate expenses are allocated to the Solar Energy business unit

Projected Acquisitions Quarterly EPS

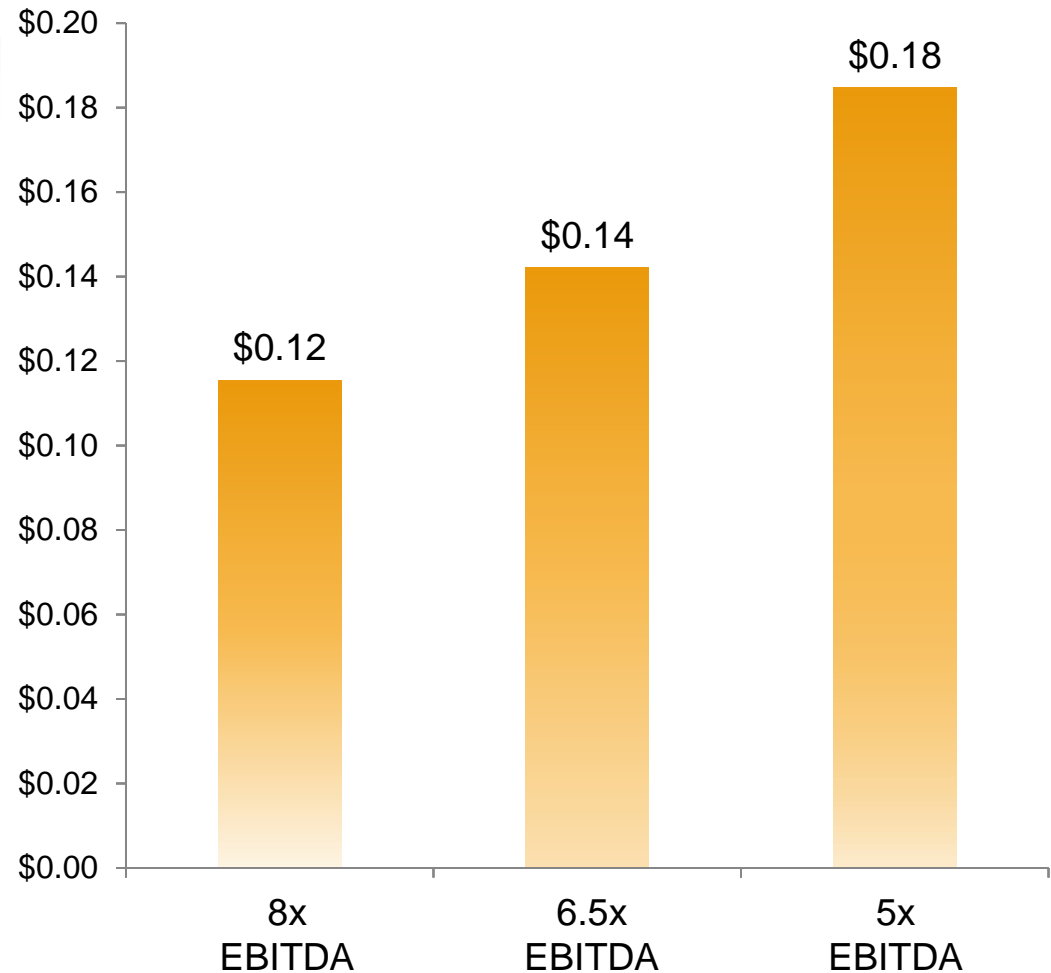
Possible Scenarios

\$200M invested
Synergies offset D&A
25% Blended tax rate

6.5x EBITDA
\$31M EBITDA Acquired

5.0x EBITDA
\$40M EBITDA Acquired

8.0x EBITDA
\$25M EBITDA Acquired



Bringing It All Together – Projected Annual EPS

Possible Scenarios

Thin Film

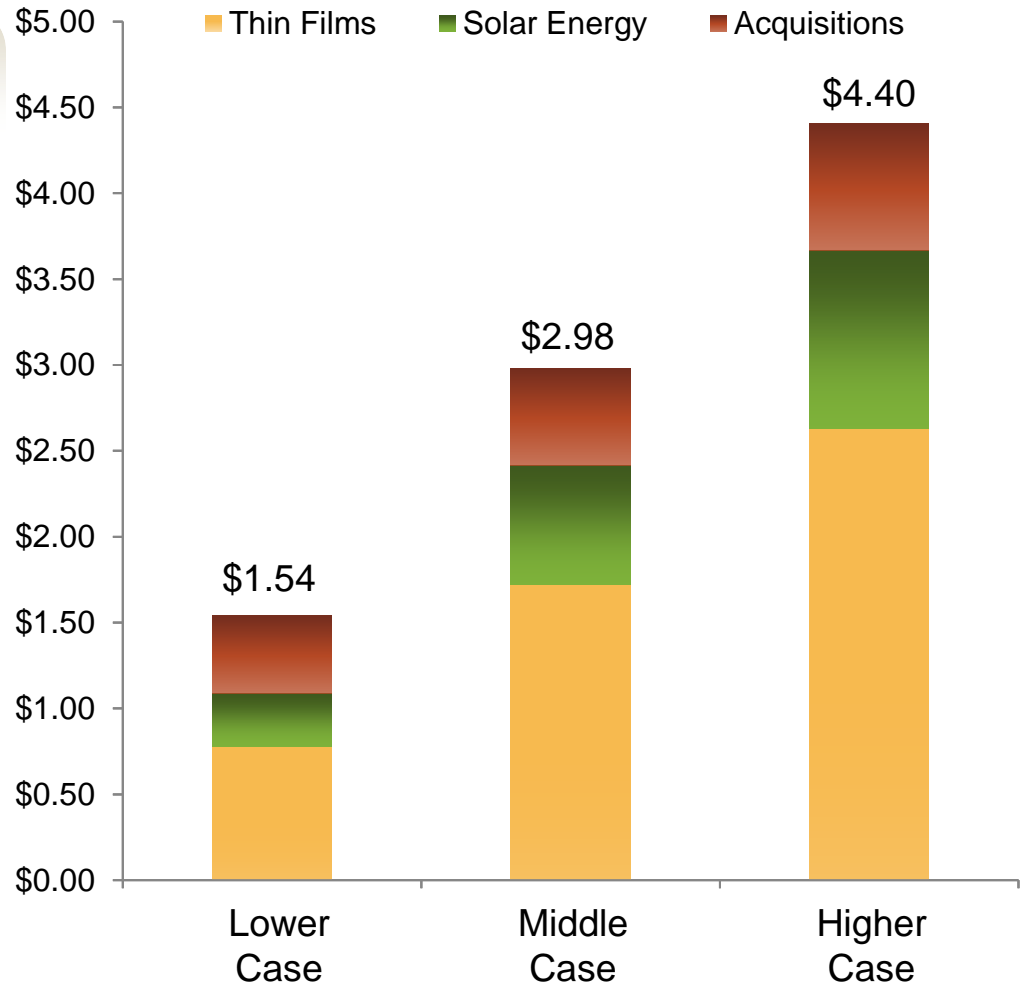
\$60-100M/Q Revenue
15-30% Operating margin
11-20% Tax rate

Solar Energy

\$80-120M/Q Revenue
6-15% Operating margin
30% Tax rate

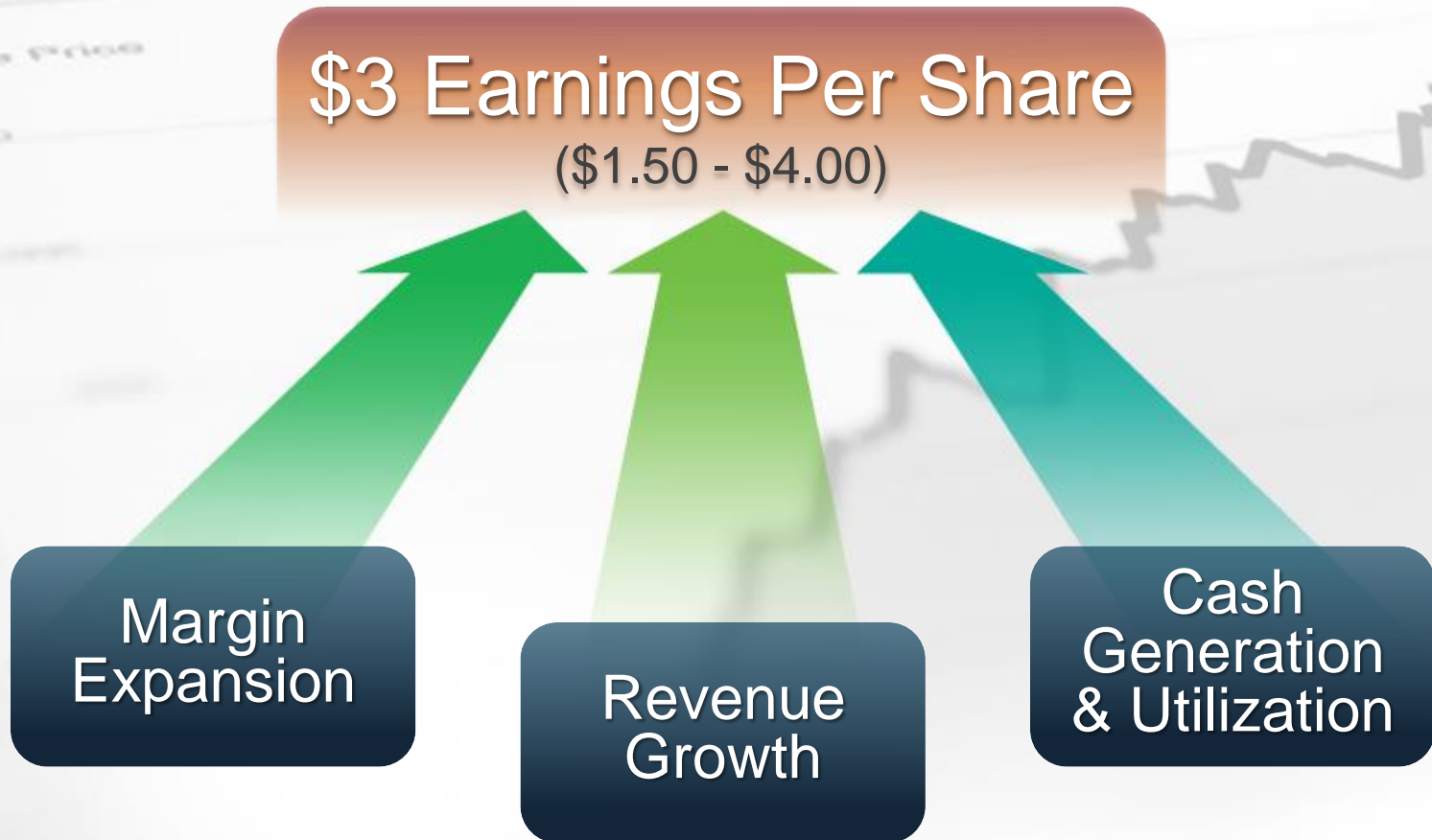
Acquisitions

\$200M invested
5x-8x EBITDA multiple
\$25-\$40M EBITDA acquired
25% Tax rate



Driving Profitability in Peaks and Troughs

*3-year EPS Goal**



*Excludes impact of restructuring charges

The Journey Continues...

- Operational excellence
- Revenue growth
- EPS growth
- Cash flow growth
- Deploy cash to drive EPS growth
- Return value to shareholders





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2013

Thank You
