



INVESTOR PRESENTATION 2014

Q2 2014
Earnings Call
August 5, 2014

Safe Harbor

The company's expectations with respect to guidance to financial results for the third quarter ending September 30, 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.

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 cyclicity of the industries the company serves, particularly the semiconductor industry; (c) the volatility and seasonality of renewable energy projects and inverter sales; (d) the acquisition of Solvix, REFUsoI, the Power Control Modules product line from AEG Power Solutions GmbH ("PCM"), and HiTek Power Group (collectively, the "Acquisitions") including the successful integration of the operations of such Acquisitions, the retention of key employees of such Acquisitions, expectations surrounding the benefits of the Acquisitions' products, the total available market and expected sales of such products, and product cost expectations surrounding the fabless manufacturing models for REFUsoI and PCM; (e) with regard to the renewable energy market, the continuation of feed-in-tariffs and other incentives in Europe and elsewhere for inverters, including the RPS (renewable portfolio standards) and the timing and availability of grant programs in North America and Europe; (f) renewable energy project delays resulting from solar panel price changes 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; (j) unanticipated changes to management's estimates, reserves or allowances, (k) the Company's ability to identify and hire a highly qualified CEO, cooperation by the parties during the process, potential disruption to the Company's operations and management that could result from the transition.

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.



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Garry Rogerson
CEO

Q2 2014 Highlights

- Total Revenue of \$146.3M (+4.7% y/y)
- Revenue diversification offset semi cyclicality
- Non-GAAP* EPS of \$0.38 and GAAP EPS of \$0.26
- Non-GAAP Income from Operations \$16.8M
- Ended quarter with \$130M in cash
- Generated \$7.5M in cash after \$25M share repurchase, acquisition and \$12M LOC repayment

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

Strategic Focus Intact

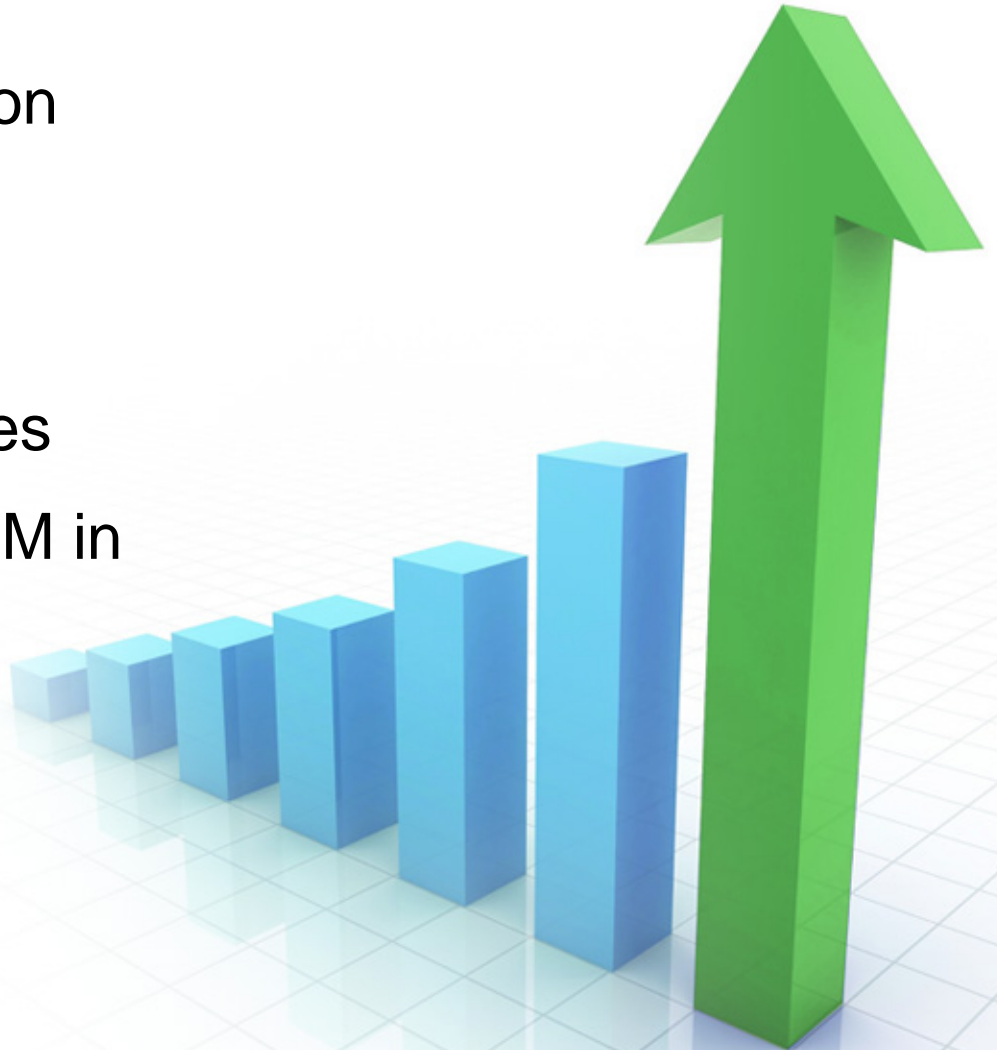
- Accelerate revenues
- Improve margins
- Generate cash
- Proven power of business model

Application Diversification

- Virtually all applications increased in Q2
- Very strong Industrial revenues
- 1 MW shipments strong in Q2
 - Import duty tariff delays utility scale projects several quarters
- Expansion of 3-phase string into commercial & small utility
 - Developing 3-Phase string product for various geographies
- Transitioning manufacturing of new inverter products to China

Advantageous Organizational Structure

- Aligned under one leadership organization
- Product line focus
- Flexibility as needed
- Redeploying resources
- Reducing costs (\$8-9M in savings)



Solid Foundation of Operational Excellence

- Business model working
- New applications diversifying revenue and balancing cyclicalities
- 7th consecutive quarter of y/y improvements
- Driving efficiencies, lowering costs, targeting profitable areas in inverters
- Generated \$200M in cash last 3 years
- Cash is key to success and diversification



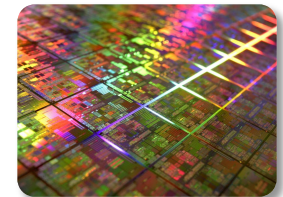
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Yuval Wasserman
President, Precision Power Products

Precision Power Products Highlights

- Revenues up 14% y/y to \$82M
- Diversification offset pause in semi
- Strength in industrial applications
- New product additions
 - High Voltage Power
 - HiTek Power Group
 - UltraVolt
 - Power Control Modules

POWER CONVERSION APPLICATIONS



Precision Power Applications

- Semiconductor declined in-line with industry trends
 - Foundries cut back on spending
 - Timing of 3D and VNAND high volume to drive growth
 - Expanding TAM in high voltage and power control
 - Ion implantation, wafer metrology and inspection
 - Demand for Paramount RF products growing share in etch
- Flat Panel Display recovering at slow pace
 - Growth in LCD & OLED dependent on Asian investments
- Industrials + 100% y/y
 - Optical coating, hard coating, automotive, high voltage, PCM
- Service flat with spending control from customers
 - Significant future opportunity in aftermarket sector

New Precision Power Products

- Won 86% of designs pursued in quarter
 - Pulsing RF power supplies winning etch, deposition applications
 - Bi-polar DC power supplies winning glass coating, FPD
 - Hard coatings driving optical and automotive
- Strong, effective R&D model
- Effective strategy to balance out troughs and outperform at peaks



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Danny Herron
CFO

Q2 Financial Highlights

- Total Revenues \$146.3M, +4.7% y/y
- Non-GAAP adjusted net income of \$15.5M, +12% y/y
- GAAP EPS \$0.26; Non-GAAP EPS \$0.38
 - Effective tax rate of 7.7%
- Ended quarter with \$130M of cash & investments
- Generated \$7.5M in cash
- Completed \$25M share repurchase
- Completed acquisition of HiTek
- Paid-down \$12M LOC

Revenues by Application

Market (\$ in millions)*	Q2'14	Q1'14	Q2'13
DS & Industrial	\$ 16.6	\$ 11.0	\$ 8.2
Flat Panel Display	2.6	2.2	8.1
Inverters	64.5	58.1	68.0
Renewables	1.7	1.6	2.1
Semiconductor	49.3	56.3	41.1
Service	11.7	11.8	12.1
TOTAL	\$ 146.3	\$ 140.9	\$ 139.7

P&L Review

	Q2'14	Q1'14	Q2'13
<i>(\$ in Millions, except GM% & EPS)</i>			
Revenues	\$146.3	\$140.9	\$139.7
Gross margin \$	\$52.5	\$52.7	\$53.3
Gross margin %	35.9%	37.4%	38.1%
Adjusted operating income*	\$11.8	\$16.9	\$12.6
Net income (loss)	\$10.6	\$14.7	\$(9.8)
EPS	\$0.26	\$0.35	\$(0.24)
Non-GAAP EPS**	\$0.38	\$0.43	\$0.35

*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.

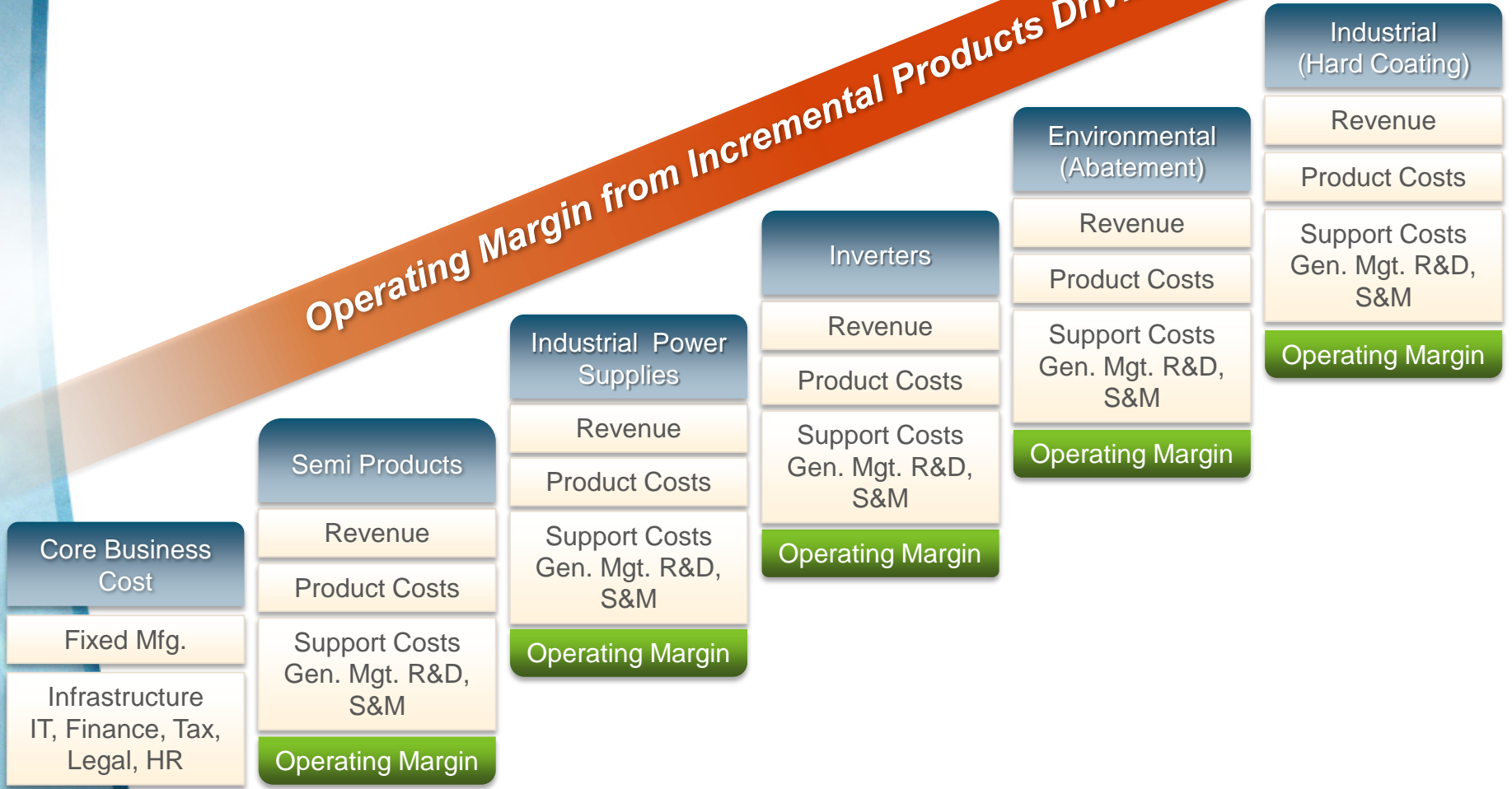
Balance Sheet

- Ended quarter with \$130M, up \$7.5 q/q
- Inventory up due to 1MW transition
- Net trade receivables down \$15.7 q/q

	Q2'14	Q1'14	Q4'13
<i>(\$ in Millions)</i>			
Cash & Investments	\$130.2	\$122.7	\$149.7
Accounts Receivable	\$121.3	\$137.0	\$125.8
Inventory	\$118.2	\$109.7	\$109.8
Total Assets	\$704.1	\$666.2	\$653.0
Liabilities	\$239.2	\$190.1	\$188.5
Shareholders Equity	\$464.9	\$476.1	\$464.5

Diversification Driving EPS Growth

Operating Margin from Incremental Products Driving EPS Growth



Q3'14 Guidance*

	Q2 (as reported)	Q3 Guidance Range	
Revenue (in millions)	\$146.3	\$130.0	\$140.0
GAAP EPS**	\$0.26	\$0.22	\$0.30
Non-GAAP EPS***	\$0.38	\$0.30	\$0.38

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

**GAAP EPS excludes restructuring charges of \$2 million.

***Non-GAAP EPS excludes restructuring charges, stock based compensation and amortization of intangibles. Q3 non-GAAP guidance assumes stock based compensation of \$1.7M and amortization of intangibles of \$2.1M, and acquisition-related costs of approximately \$0.2M.



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Thank You