

AVerMedia Corporate Profile

September, 2008

By
Moses Lee

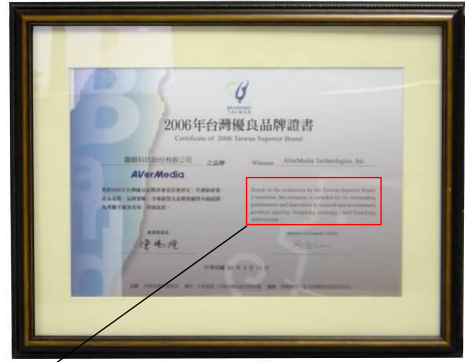
AVerMedia Overview

Founded in 1990, Specializing in Designing, Manufacturing and Marketing of Multimedia Entertainment, Presentation and Digital Surveillance Products.

- ❑ Annual Turnover (2007) : **US\$ 133.5 Million**
- ❑ Consecutive profitable years : **17 years Plus**
- ❑ Consecutive profitable quarters : **70 quarters**
- ❑ Employees (AVerMedia Group) : **1136**
- ❑ Branding / ODM with premium value : **70% / 30%**

Updated on July, 2008

2006 Taiwan Superior Brand



Based on the evaluation by the Taiwan Superior Brand Committee, the company is awarded for its outstanding performance and innovation in research and development, product quality, branding strategy, and branding achievement.

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3

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2008 Taiwan Excellence Gold Award



AVerMedia won the recognition of Taiwan Excellence Gold Awards with the new **AVerVision SPB350** simplicity yet rich functionalities and user-friendly operation.



2008
TAIWAN EXCELLENCE

第十六屆台灣精品金銀質獎頒獎典禮



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Best Choice of COMPUTEX TAIPEI 2008



Best Choice of COMPUTEX TAIPEI 2008 Award revealed the award list on June 3, 2008. According to the jury, because the categories are more complete and more closely in touch with the newest industry trend, the Best Choice this year can better illustrate the creativity, technical skills and speciality of the product itself.....



AVerTV Volar GPS805 is the world's first DVB-T USB dongle receiver with integrated GPS capability



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2008 CES Innovations Design & Engineering Award



AVerTV Hybrid NanoExpress

AVerTV Hybrid Volar MAX

AVerTV Hybrid Volar MAX and AVerTV Hybrid NanoExpress were both selected as CES 2008 Innovations Design and Engineering Award Winner in the Video Accessories category. Each year, CES Innovations award winning products have been served as benchmark for the latest and most advanced in consumer technologies, showcasing the latest design and engineering innovations.

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2008 天下企業公民

Excellence in Corporate Social Responsibility



CommonWealth's Top Corporate Citizens

| 2008 Rank | Large Enterprises | Medium-Sized Enterprises | Foreign Enterprises |
|-----------|----------------------|-------------------------------|--------------------------|
| 1 | Taiwan Semiconductor | Sinyi Realty | ING Antai Life Insurance |
| 2 | Delta Electronics | Everlight Chemical | Citibank |
| 3 | Chunghwa Telecom | HiWin | DuPont Taiwan |
| 4 | Lite-On Technology | Advantech | IBM Taiwan |
| 5 | AU Optronics | AVerMedia Technologies | Bayer Taiwan |

AVerMedia was ranked Taiwan's Top 5 Corporate Citizens in the medium-sized enterprises by *CommonWealth* Magazine

CommonWealth magazine released its CSR survey of Taiwan's Top 50 Corporate Citizens on Mar. 31, 2008. AVerMedia was ranked among the top five in the medium-sized enterprises, rising from 10 to 5 in the ranking of last year.

In the survey, TSMC (Taiwan Semiconductor Manufacturing Company) ranked the first in the large-sized enterprises. Sinyi Realty Inc obtained the first prize among the medium-sized enterprises, and the winner among the foreign enterprises was ING Antai Life Insurance Co.,

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Global Marketing & Service Network



Subsidiaries and Global Network of Distributors, System Integrators, VARs, and ODMs Over 75 Countries

9

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2008-1st Half Financial Results

| Amount : US\$ k | 2008 1st-Half | | 2007 1st-Half | | YoY % |
|---|---------------|-------|---------------|-------|-------------|
| Net Sales | 75,596 | 100 % | 58,732 | 100 % | 29 % |
| COGS | (40,794) | (54)% | (32,744) | (56)% | 25 % |
| GP | 34,803 | 46 % | 25,988 | 44 % | 34 % |
| Operating Expense | (23,956) | (32)% | (16,012) | (27)% | 50 % |
| Operating Income | 10,847 | 14 % | 9,976 | 17 % | 9 % |
| Net Non-op Items | (483) | (1)% | 666 | 1 % | |
| Income before Tax | 10,364 | 14 % | 10,642 | 18 % | (3)% |
| Income Tax Exp. (Ben.) | (261) | (0)% | (463) | (1)% | |
| Net Income | 10,625 | 14 % | 11,105 | 19 % | (4)% |
| Fully Diluted EPS(NT\$) | 1.49 | | 1.51 | | (1)% |
| Pre-Tax Net Income before [a. Ex-rate loss 1,259; b. Staffs' bonus and remuneration to the Board members 2,153] | 13,776 | 18 % | 10,357 | 18 % | 33 % |

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2007 Annual Financial Results

| Performance Comparison of 2007 to that of 2006 & 2005 | | | | | | |
|---|----------|-------|----------|-------|----------|-------|
| Amount : US\$ k | 2007 | | 2006 | | 2005 | |
| Net Sales | 133,641 | 100 % | 104,773 | 100 % | 90,191 | 100 % |
| COGS | (71,113) | (53)% | (58,874) | (56)% | (49,806) | (55)% |
| GP | 62,528 | 47 % | 45,898 | 44 % | 40,385 | 45 % |
| Operating Expense | (35,375) | (26)% | (29,965) | (29)% | (26,769) | (30)% |
| Operating Income | 27,153 | 20 % | 15,934 | 15 % | 13,616 | 15 % |
| Net Non-op Items | 1,645 | 1 % | 1,603 | 2 % | 43 | 0 % |
| Income before Tax | 28,799 | 22 % | 17,537 | 17 % | 13,659 | 15 % |
| Income Tax | (434) | (0)% | 185 | 0 % | 1,137 | 1 % |
| Net Income | 29,233 | 22 % | 17,351 | 17 % | 14,796 | 16 % |
| Fully Diluted EPS(NT\$) | 4.77 | | 3.04 | | 3.00 | |
| Sales Grew | 28 % | | 16 % | | 3 % | |
| EPS Grew | 57 % | | 1 % | | (2)% | |

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Balance sheet highlights

| Amount : US\$ k | 2008-1st Half | | 2007 | | 2006 | |
|---------------------|---------------|-------|---------|-------|---------|-------|
| Cash & Equivalent | 69,587 | 42 % | 61,680 | 41 % | 54,601 | 41 % |
| Accounts Receivable | 22,000 | 13 % | 17,849 | 12 % | 16,920 | 13 % |
| Inventory | 17,885 | 11 % | 20,549 | 14 % | 13,573 | 10 % |
| L-T Investment | 160 | 0 % | 160 | 0 % | 3,430 | 3 % |
| Fixed Assets | 32,068 | 19 % | 29,523 | 20 % | 28,434 | 21 % |
| Total Assets | 165,377 | 100 % | 149,713 | 100 % | 133,979 | 100 % |
| Liabilities | 48,200 | 29% | 29,484 | 20 % | 34,788 | 26 % |
| Equities | 117,177 | 71 % | 120,228 | 80 % | 99,192 | 74 % |

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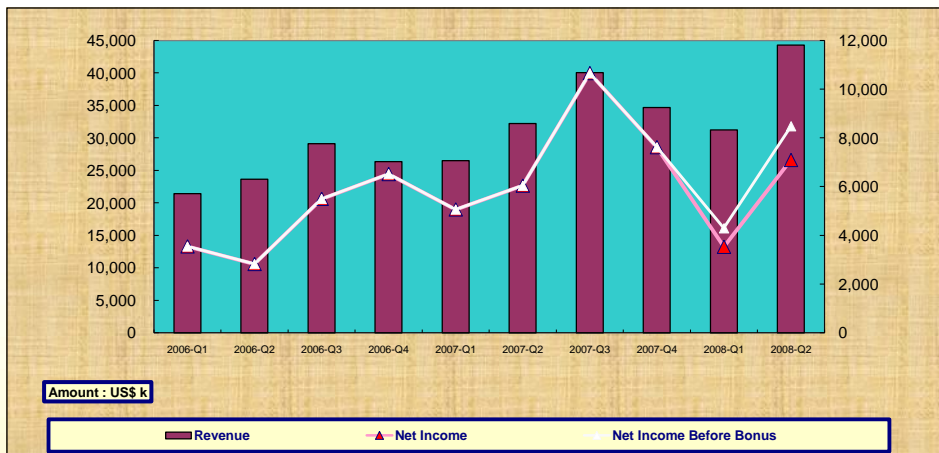
Key Financial indicators

(Before Staffs' bonus and remuneration to the Board members)

| | 2008-1st Half | 2008-1st Half | 2007 | 2006 | 2005 |
|--------------------|---------------|---------------|----------|---------|---------|
| ROE | 19.61 % | 18.13 % | 24.31 % | 17.24 % | 16.82 % |
| ROA | 14.15 % | 12.85 % | 19.53 % | 12.93 % | 11.86 % |
| AR Turnover | | 52 days | 56 days | 57 days | 60 days |
| Inventory Turnover | | 79 days | 107 days | 86 days | 79 days |
| Debt ratio | | 29.15 % | 20.33 % | 25.96 % | 29.48 % |

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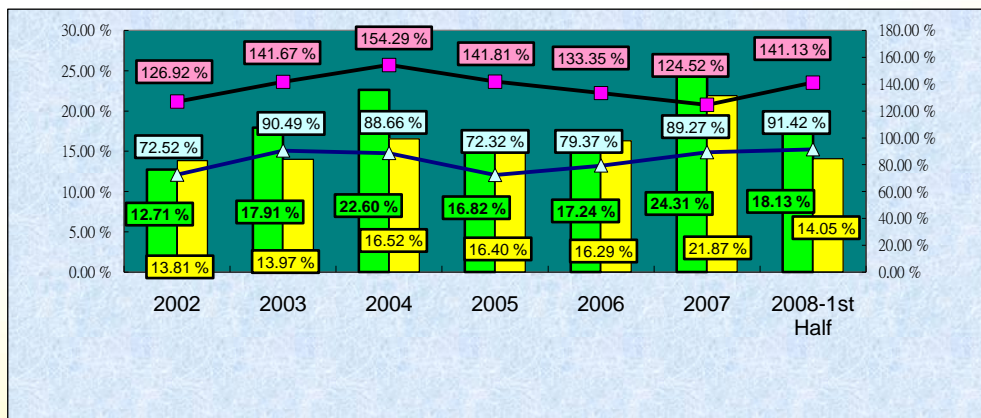
2006~08-Q2 Quarterly Revenue/Profit



| Amount : US\$ k | 2006-Q1 | 2006-Q2 | 2006-Q3 | 2006-Q4 | 2007-Q1 | 2007-Q2 | 2007-Q3 | 2007-Q4 | 2008-Q1 | 2008-Q2 |
|-------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Revenue | 21,444 | 23,660 | 29,111 | 26,355 | 26,496 | 32,236 | 40,065 | 34,687 | 31,267 | 44,329 |
| Net Income | 3,546 | 2,826 | 5,500 | 6,516 | 5,064 | 6,041 | 10,660 | 7,619 | 3,531 | 7,094 |
| Net Income Before Bonus | 3,546 | 2,826 | 5,500 | 6,516 | 5,064 | 6,041 | 10,660 | 7,619 | 4,294 | 8,484 |

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Breakdown of ROE

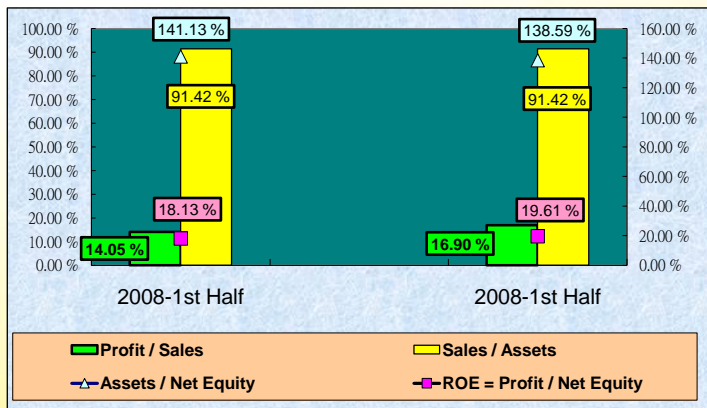


| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008-1st Half |
|---------------------------|----------|----------|----------|----------|----------|----------|---------------|
| Profit / Sales | 13.81 % | 13.97 % | 16.52 % | 16.40 % | 16.29 % | 21.87 % | 14.05 % |
| Sales / Assets | 72.52 % | 90.49 % | 88.66 % | 72.32 % | 79.37 % | 89.27 % | 91.42 % |
| Assets / Net Equity | 126.92 % | 141.67 % | 154.29 % | 141.81 % | 133.35 % | 124.52 % | 141.13 % |
| ROE = Profit / Net Equity | 12.71 % | 17.91 % | 22.60 % | 16.82 % | 17.24 % | 24.31 % | 18.13 % |

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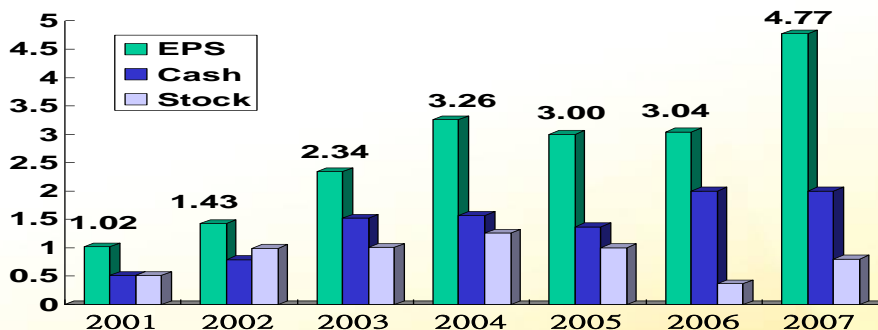
Break down of ROE (With and Without Stock Bonus)

| | With Stock Bonus 2008-1st Half | Without Stock Bonus 2008-1st Half |
|---------------------------|-----------------------------------|--------------------------------------|
| Profit / Sales | 14.05 % | 16.90 % |
| Sales / Assets | 91.42 % | 91.42 % |
| Assets / Net Equity | 141.13 % | 138.59 % |
| ROE = Profit / Net Equity | 18.13 % | 19.61 % |



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Dividends distribution



| Year | Cash | | Stock | | Total |
|------|------|------|-------|------|-------|
| 2007 | 2.20 | 73 % | 0.80 | 27 % | 3.00 |
| 2006 | 2.00 | 85 % | 0.365 | 15 % | 2.365 |
| 2005 | 1.37 | 58 % | 1.00 | 42 % | 2.37 |
| 2004 | 1.57 | 55 % | 1.26 | 45 % | 2.83 |
| 2003 | 1.52 | 60 % | 1.01 | 40 % | 2.53 |
| 2002 | 0.79 | 44 % | 0.99 | 56 % | 1.78 |
| 2001 | 0.51 | 50 % | 0.51 | 50 % | 1.02 |

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Product Portfolio

Multimedia Product

- Watch TV on NB solution
- Analog TV Tuner
- Hybrid TV Tuner
- Digital TV Tuner
- Digital Home Solution (ViiV, MCE & Vista)
- External TV Tuner Box

Presentation Product

- Document Camera

Network Video Product

- Digital Video Surveillance

18

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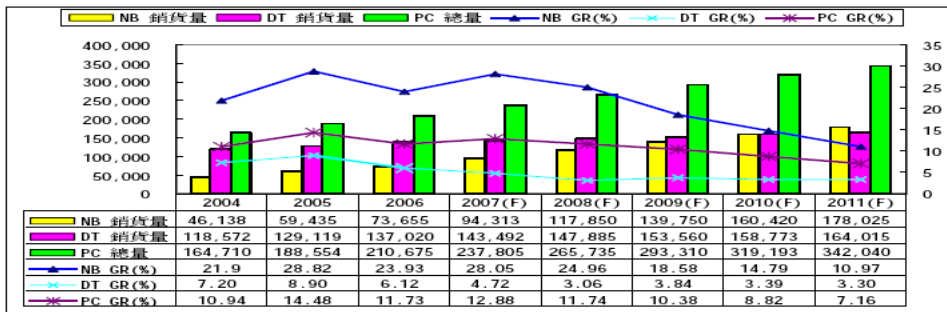
External marketing trend

• Multimedia Products

- Strong demand in Notebook PCs: annual demand of around 95 million sets (less than 2% of attachment rate of TV Tuner in Notebook PCs except Japan)

圖一：全球 PC 市場規模

(單位:千支,%)



資料來源：MIC，玉山投顧整理

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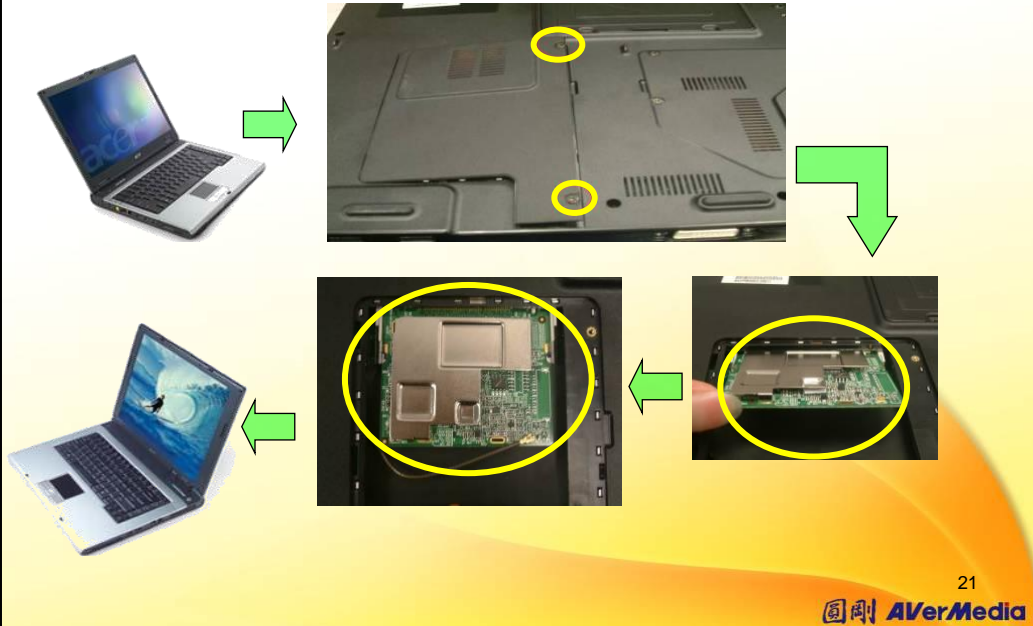
ODM solution

50.8mm, 29.85mm, 51mm, 30mm, 50.8mm, 29.9mm, 85mm, 30mm, 59.75mm, 70.85mm, 59.75mm, 50.95mm, 59.75mm, 50.95mm, 59.75mm, 50.95mm, 100mm, 70mm, 165mm, 64.41mm, 180mm, 100.33mm, 105mm, 125mm, 180mm, 105mm, 105mm, 112mm, 90mm, 105mm, 53mm, 95.5mm, 34mm, 20

Hybrid Mini card, DVB-T Mini card, DVB-H Mini card, DVB-H SDIO, Hybrid Mini PCI, Hybrid ATSC, Analog Worldwide, Hybrid DVB-T, Hybrid DVB-T, Analog Worldwide, ATSC, Hybrid PCIe, Analog Worldwide, Hybrid DVB-T, DVB-T

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MiniPCI TV Tuner card for NB



ODM main customers

22
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Analog TV Tuner / PVR

- Watch, Record & Enjoy TV / Video on PC



- Desktop PC Solution
- Notebook PC Solution



AverTV (Studio) 503
High-Quality TV Tuner Card



AverMedia AVerTV PVR
TV Tuner Card, H/W compression



AverTV Hybrid Express Slim
Express Tuner Card



AverTV USB MCE
USB TV Tuner,
H/W compression

23

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Hybrid TV Tuner Card

- Watch Digital Terrestrial and Analog TV on PC



24

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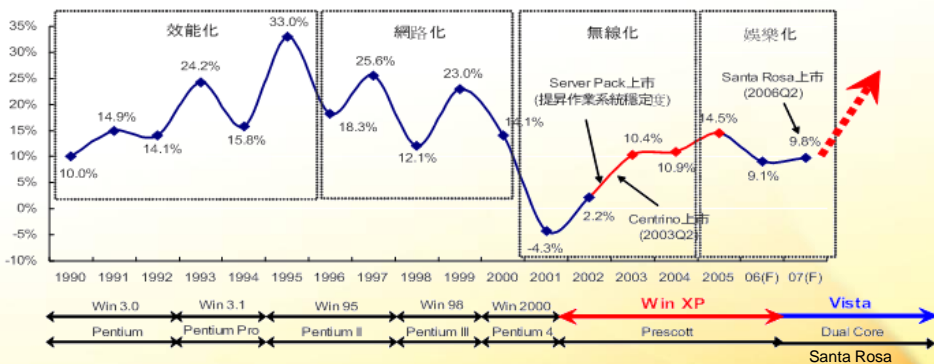
Viiv & Windows Vista

- Microsoft launched Windows Vista at the beginning of 2007.
- Most significantly, Windows Vista includes all of the Windows Media Center capabilities for turning your PC into an all-in-one home entertainment center. Windows Media Center in Windows Vista provides new ways for you to enjoy your music, photos, DVD movies, and record and watch your favorite TV shows (even HDTV).



Windows OS vs PC Shipment

微軟作業系統與全球PC出貨量成長率關聯圖



| Vista Version | Price | TV Function |
|----------------------------|--------------|-------------|
| Windows Vista Business | \$ 299 (199) | X |
| Windows Vista Home Premium | \$ 239 (159) | V |
| Windows Vista Home Basic | \$ 199 (99) | X |
| Windows Vista Ultimate | \$ 399 (259) | V |

26

Watch DVB-H TV Solution



AVerMedia DVB-H solutions provide superior receiving ability and allow users to watch DVB-H programs whether they are indoor, outdoor or even on the move.

South of Taiwan starts broadcasting to enter into the trial stage. AVerMedia provides DVB-H platform as part of the solutions.

27

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External TV Tuner BOX

- Watch Digital Terrestrial TV on PC Monitor/TV



- Watch Analog TV / Video on PC Monitor



28

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Portable Document Camera

- Display 3D Objects or Documents on Projector / Monitor / TV



AVerVision SPC300
Digital Portable DocCam
Super High Quality, Fast Auto Focus,
PIP & Spilt Screen, 48X total ZOOM



Portable Gooseneck

- AVerVision CP130
- AVerVision CP150
- AVerVision CP300



Portable Mechanical Arm

- AVerVision300e
- AVerVision300AF



Portable Dual Arm

- AVerVision SPC300



Platform DocCam

- AVerVision530

29

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AVerVision Business Outlook

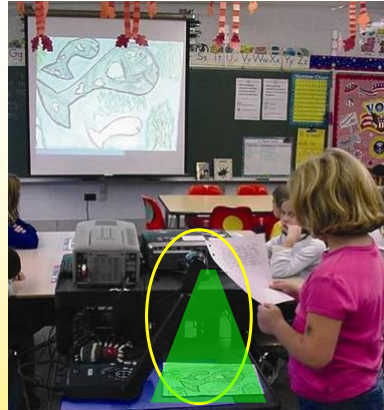


- Top **3** document camera brand worldwide
- Reap major market shares in USA, South Asia, and many key countries in Europe
- Offer most **complete product line** in the market from portable to platform
- Has delivered **double digit growth** for consecutive 6 years



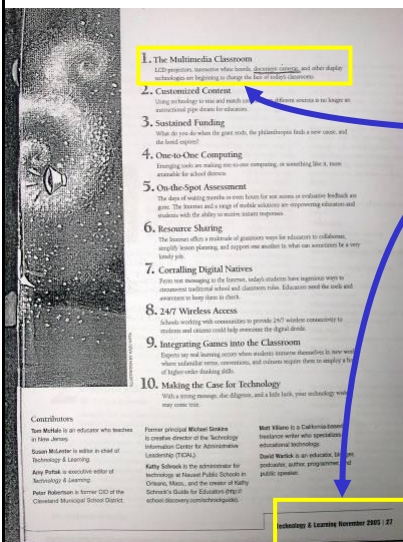
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Document Camera Applications



31

Top 10 wish list as selected by Americans in education field



I. The Multimedia Classroom

LCD projectors, interactive white boards, document cameras, and other display technologies are beginning to change the face of today's classrooms.

Technology & Learning November 2005 | 27

TOP 10 WISH LIST techLEARNING

32

AVerDigi Surveillance



NV Series

AVerDiGi NV7000H

-Single 8 Ch. DVR card,
240fps display/recording,
H/W H264 compression

AVerDiGi NV6480 Express

-Single 16 Ch. DVR PCI Express,
480fps display/recording

AVerDiGi NV5000

-Up to 16 Ch., 120~240fps
display/recording, remote
monitoring via internet or PDA



Windows DVRs



AVerDiGi SA6416

- Hybrid standalone DVR, 16 Ch.
Real Time Digital Video Recorder

AVerDiGi SA6000E Pro

- Advanced 16 Ch. hybrid embedded
DVR with video loop out ports.



Standalone DVRs – PC base

33



AVerDigi Surveillance

AVerDiGi EB1704Hybrid

- 4 Ch. standalone security
digital video recorder w/
network access

AVerDiGi EB1304NET

- 4CH Multiplex Networking
DVR



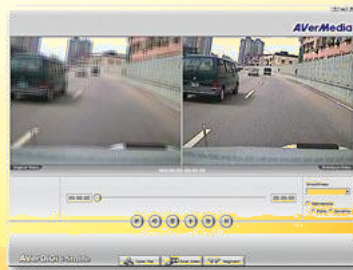
Standalone DVRs



AVerDiGi EB1304 MOB
4CH Mobile DVR

iStable software

iStable software is free bundled
video stabilizer software which
provides smooth video quality

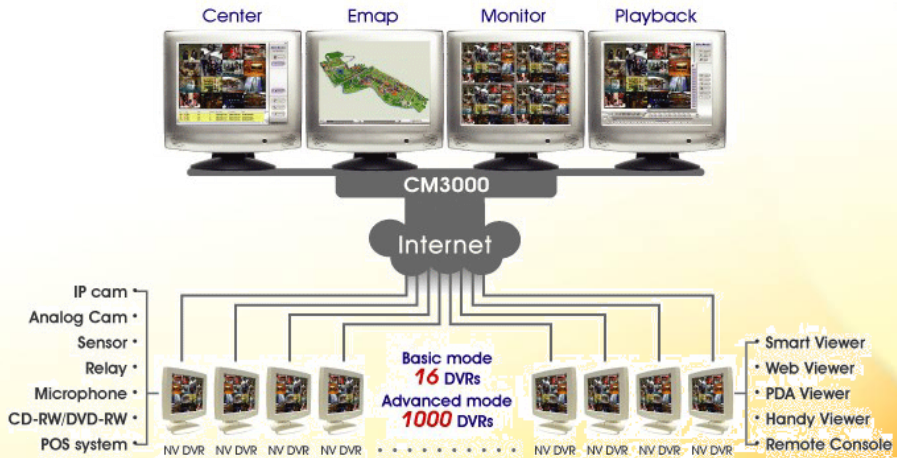


Mobile DVRs

34



Surveillance Application

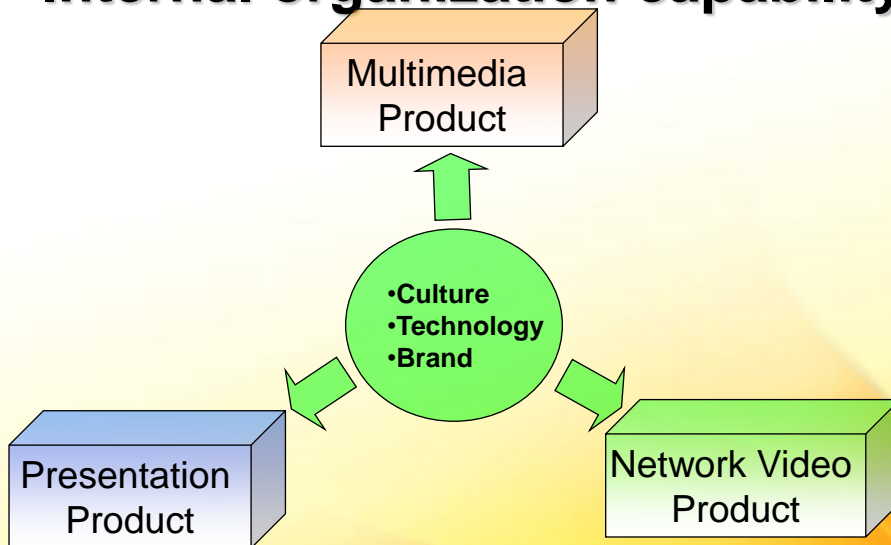


The AVerDiGi Central Monitoring System Software (CM3000) enables users to access and monitor multiple DVRs simultaneously for a wide range of applications. Features include: instant notification on DVR latest status or events, supports remote PTZ and I/O control for alarm events, up to quad monitor outputs, full remote DVR control, etc.

35

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Internal organization capability



Growth Drivers

36

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Culture

- Core Value
 - Down-to-Earth
 - Value Creation
 - Self- Devotion
 - Service to Society
- Humanity- Self Awareness / Transcendence / Honesty & Integrity

•Culture
•Technology
•Brand

37

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Technology

- Video conversion between analog and digital
- Leading technology for TV tuners in the field of Notebook PCs
- Patents : **124** of patents being granted, **242** of patents application in the process
- Product awards

•Culture
•Technology
•Brand

38

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Brand

- **MultiMedia products: Brand premium in certain geographical areas, like Spain, Russia and East Europe etc.**
- **DoCam: Distinguished as one of the first movers with strong presence in K-12. Education market in the U.S. with brand recognition inherited from the glamour of previous product lines.**

• Culture
• Technology
• Brand

39

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Presentation Products Potential market size

- No statistic data investigating the market size of DocCam.
 - **Number of schools:** the maximum market size can be derived from number of schools. Take USA as an example, there are 90,792 K-12 schools in the US. If we assume each school has 30 to 40 classrooms and each classroom shall install one DocCam, the potential market is 3 M units in total.

40

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Quality & Environment Management

- ❑ ISO 14001 Environment Manage System
 - Lead – Free Process (by the end of 2006)
- ❑ ISO9001: 2000 Version Quality System
- ❑ OHSAS:18001
- ❑ Passed the Quality System Audit by first tier companies.



41

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Q&A

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