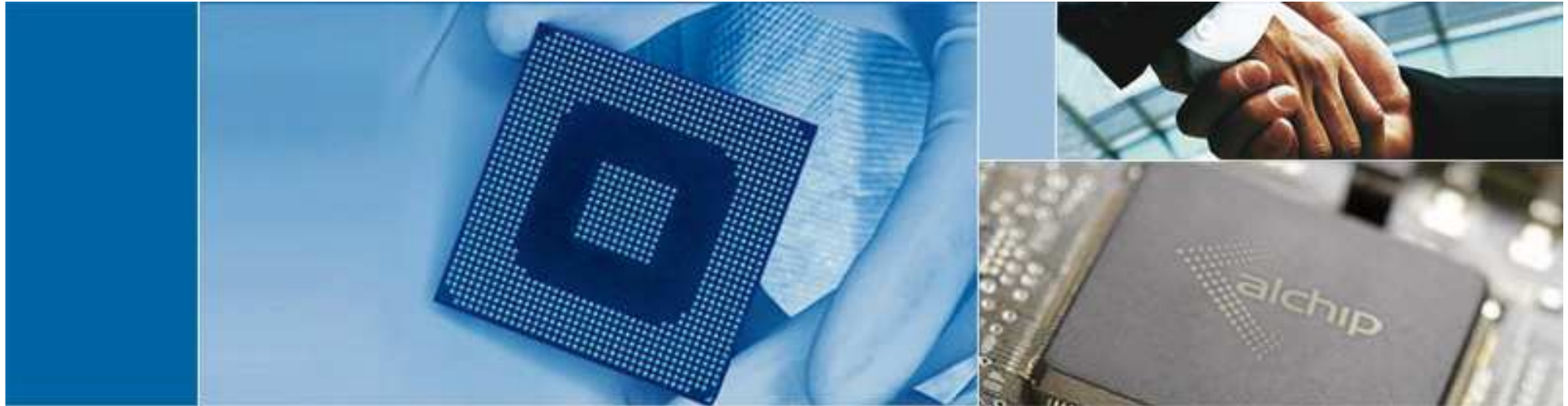




(3661 TT)



Alchip Technologies

4Q2014 Institutional Investor Meeting

Trusted Silicon Partner Realizing Innovations

Safe Harbor Disclaimer



This presentation contains forward-looking statements, including statements about business outlook and strategy, and statements about historical results that may suggest trends for our business. These statements are based on estimates and information available to us at the time of this presentation and are not guarantees of future performance. Actual results could differ materially from our current expectations as result of many factors, including: our financial performance, including our net revenue, cost of revenue, operating expenses and ability to sustain profitability; our planned capital expenditures; our ability to expand our customer base; our ability to expand our product and service offerings; the impact of seasonality on our business; our ability to remediate the material weaknesses and significant deficiencies in our internal control over financial reporting; our ability to stay abreast of modified or new laws applying to our business; and our spending of the net proceeds from this offering. Except as required by law, we undertake no obligation to update any forward-looking statements, whether as a result of new information, future events, or otherwise.

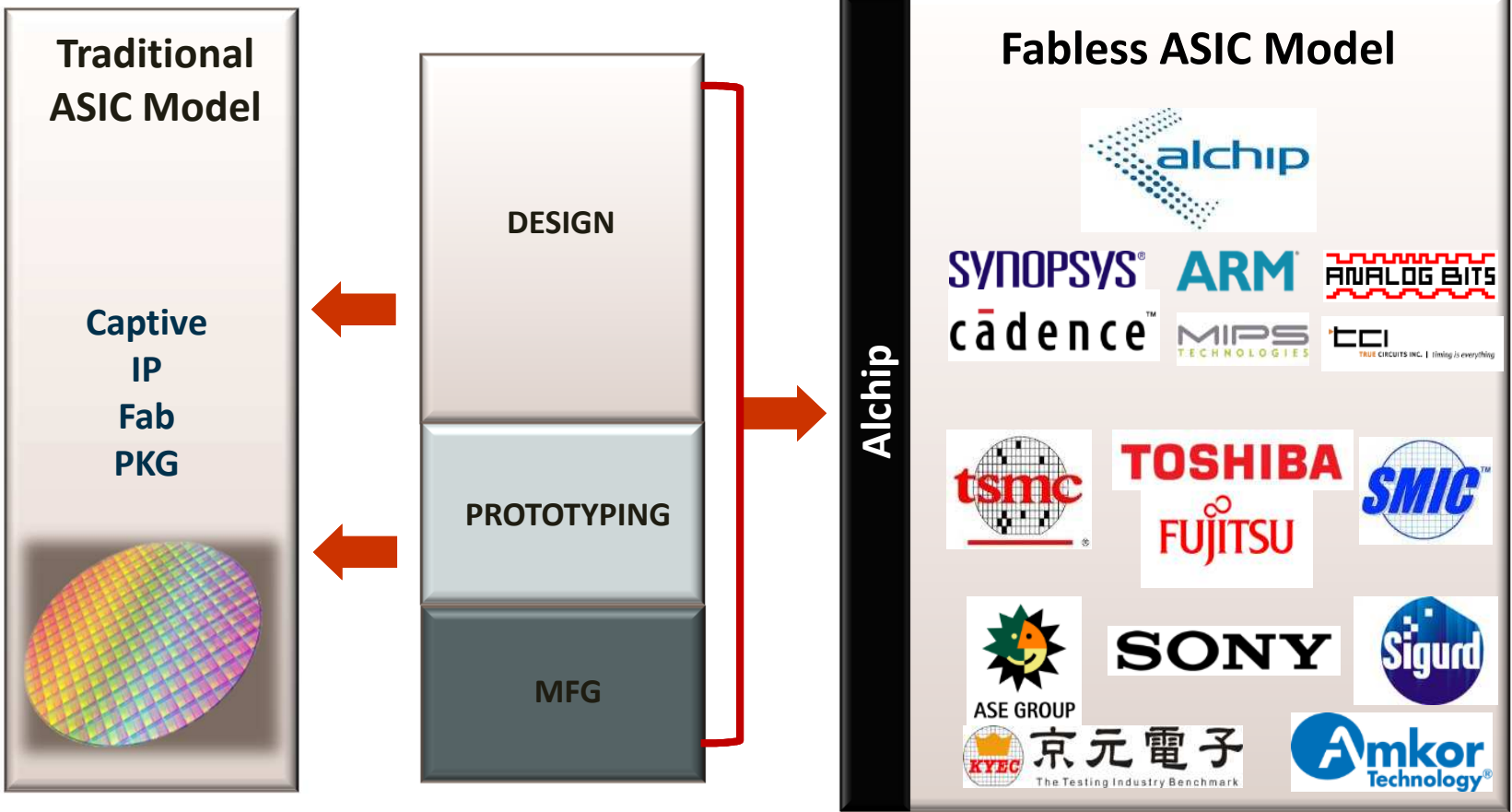
Corporate Snapshot



- Founded: February 2003
- **Chairman: Kingying Kwan, CEO: Johnny Shen**
- **Business: ASIC design service and manufacturing**
- Employee: 245
- Capital: 634.8 million NT dollars



Business Model



Value and Strengths



Strength

Cutting Edge SoC Design

- First Asia Pacific ASIC supplier start 28nm production
- First ASIC supplier with 20nm product on the market
- First 16nm FinFET Plus product on the market
- Unique; self-developed design Flow methodology
- Ability to customized circuit design



Leader of the Industry

2012:
28nm
design

2014:
20nm
product

2015:
16nm
product

Value

Short TAT & high successful rate

- Only one-month needed for simple design
- Three-month for complicated designs
- Typically six-month cycle time from Kick-off to Chip-out
- 100% one-time silicon success



Cost Advantage

- Lower costs to traditional IDM suppliers.
- Strong bargain power to suppliers
- Short TAT leads to lower human costs

Advanced Technology Readiness

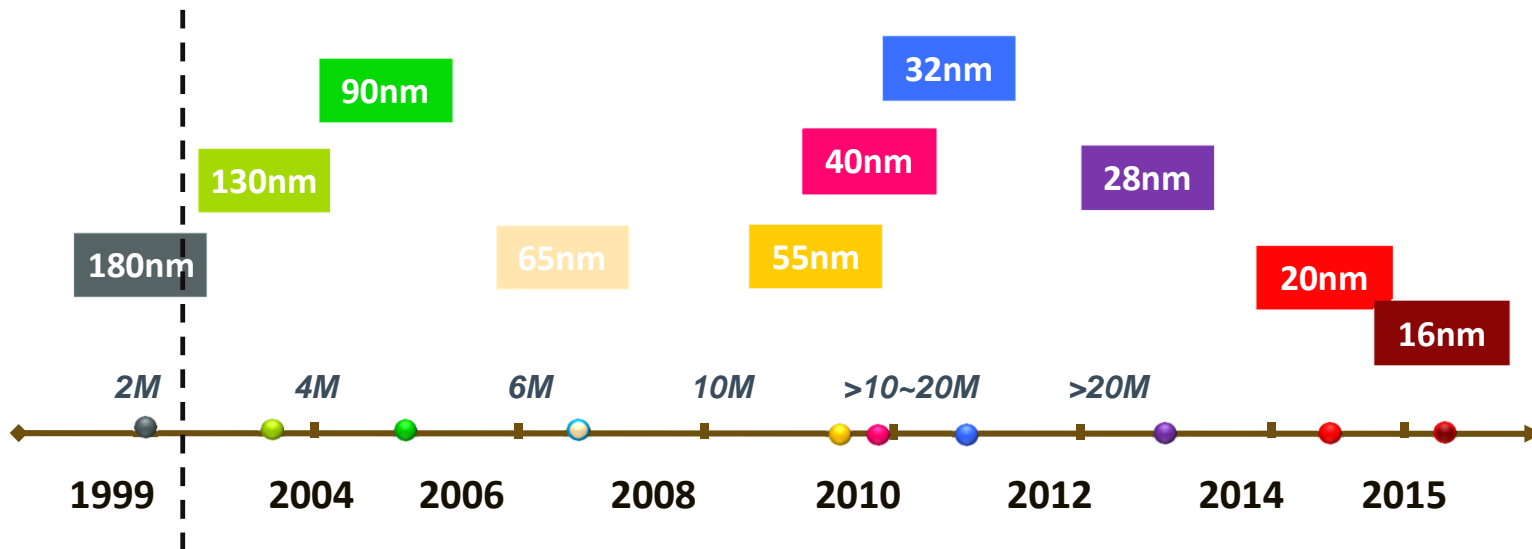


270+

Tape-Outs

(100% one pass silicon success)

- *Leading process technology node*



SoC Integration (Average Gate Count)

Quarterly P&L Performance



US\$'000	1Q14	2Q14	3Q14	4Q14	QoQ (%)
Sales	27,749	44,043	43,269	39,752	-8.1
COGs	20,977	36,744	35,228	30,409	-13.7
Gross Profit	6,772	7,299	8,041	9,343	16.2
Operating Expense	4,672	4,944	5,115	5,434	6.2
Operating Profit	2,100	2,356	2,926	3,909	33.6
Net Non-Operating	(45)	61	140	-1,564	-1217.1
Pre-tax Profit	2,055	2,417	3,066	2,345	-23.5
Tax	301	439	117	2,058	1659.0
Net Profit	1,754	1,978	2,949	287	-90.3
EPS (NT\$)	0.98	1.10	1.62	0.15	-90.7

(EPS is based on con-current shares and exchange rates)

Yearly P&L Performance



US\$'000	2012	YoY (%)	2013	YoY(%)	2014	YoY(%)
Sales	90,336	2.6	87,021	3.7	154,814	77.9
COGs	70,043	4.9	61,494	-12.2	123,358	100.6
Gross Profit	20,293	-4.6	25,527	25.8	31,456	23.2
Operating Expense	18,668	5.1	19,260	3.2	20,165	4.7
Operating Profit	1,625	-53.6	6,267	286.7	11,292	80.2
Net Non-Operating	-882	14.4	-1,441	29.4	-1,409	-2.2
Pre-tax Profit	743	-72.8	5,126	589.7	9,883	92.8
Tax	426	-20.4	1,433	236.1	2,914	103.4
Net Profit	317	-85.6	3,692	1066	6,969	88.7
EPS (NT\$)	0.17		2.05		3.77	

(EPS is based on con-current shares and exchange rates)

4Q14 Operation Recap



Revenue QoQ declined on seasonality

- Production demand of consumer product JP & KR
- 40nm TV tuner shipments for Sony had transfer back to Sony in December

Gross margin grow 4.9ppt to 23.5%

- Higher NRE percentage of revenue mix
- Recognized 16nm milestones

Non-operating loss

- Written-off mask of US\$1.35M

High tax expense

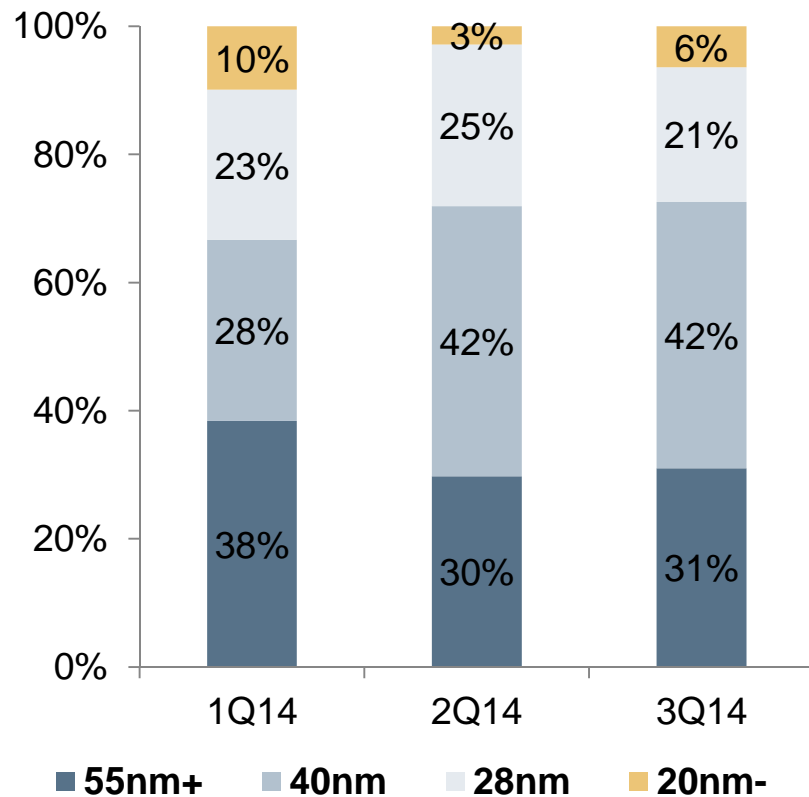
- Tax duty recovery for JP subsidiary for about 1.0M
- Cancellation of China tax benefit

Advance nodes means 55nm or more advance nodes

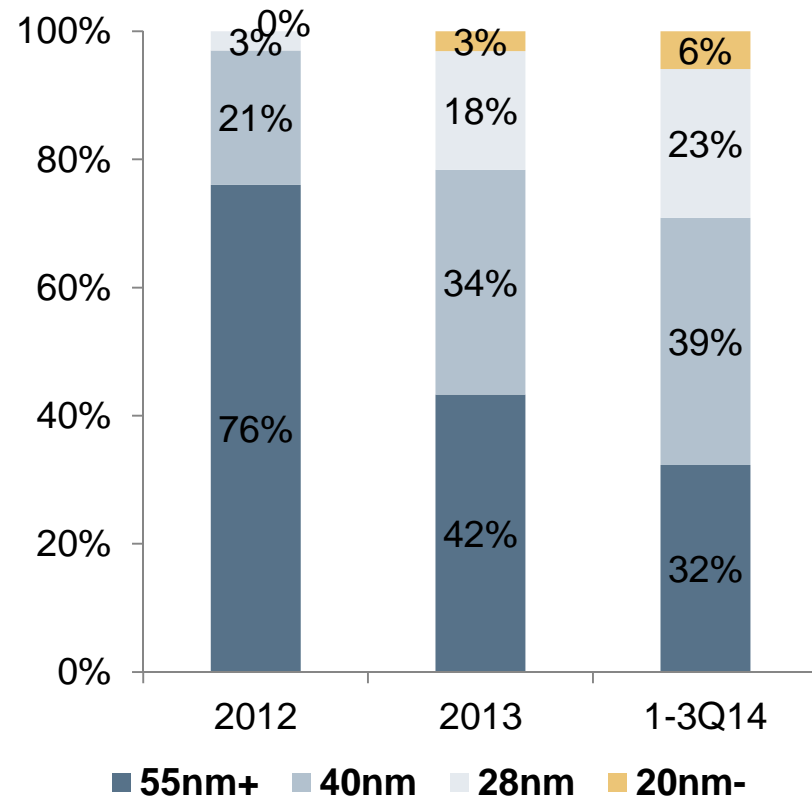


Revenue breakdown by technology nodes

Quarterly Breakdown



Yearly Breakdown

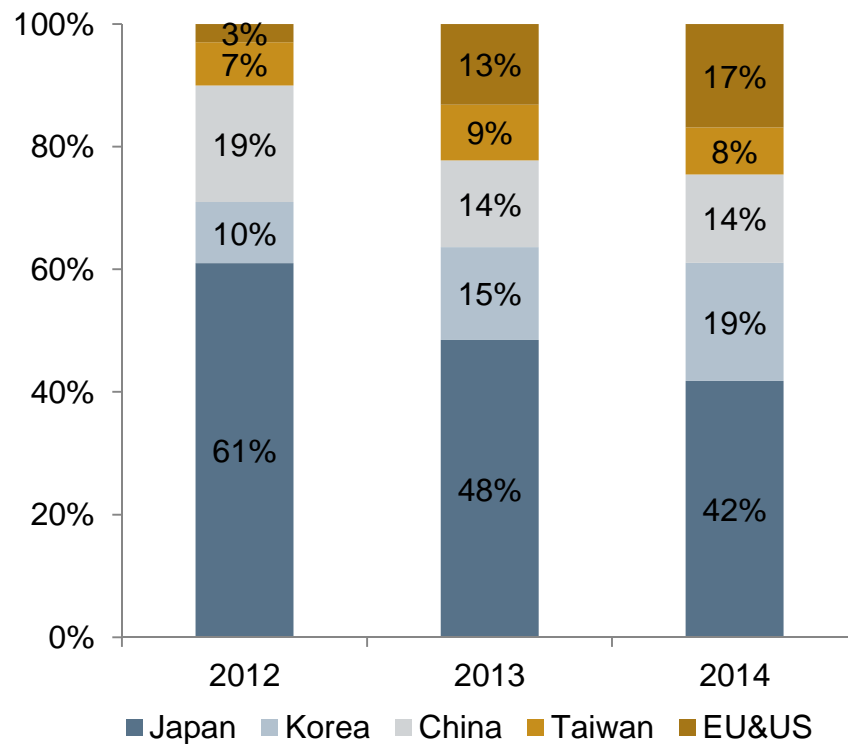


Advance nodes means 55nm or more advance nodes

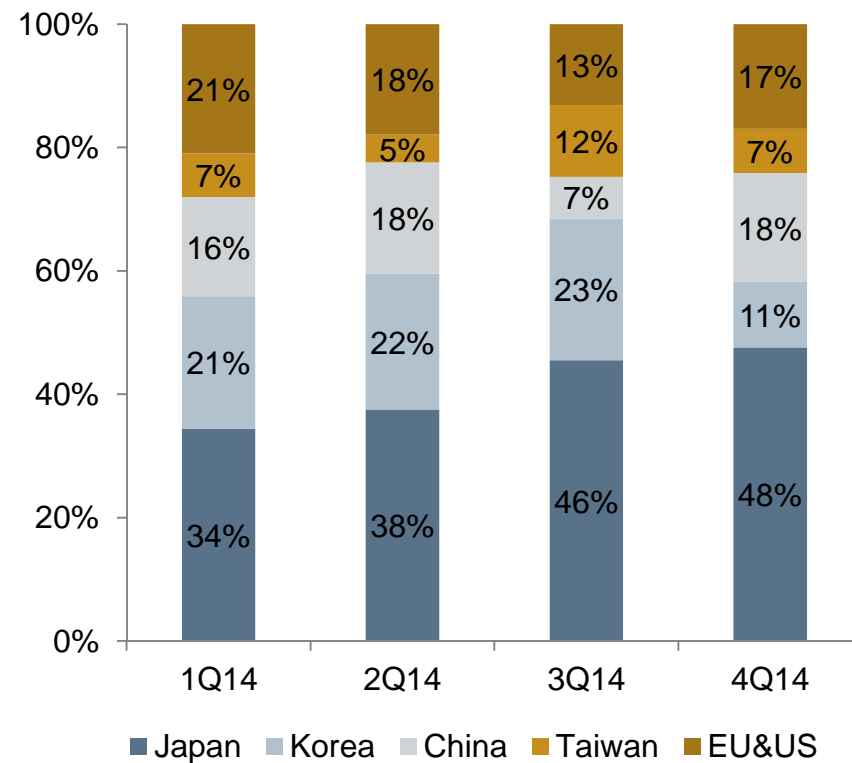


Geographical Breakdown

Quarterly breakdown



Yearly Breakdown



1H15 Outlook



1Q is traditionally weakest season

- Revenue performance could be lackluster on seasonality
- 40nm TV tuner shipment stopped plus ISP shipment for mobile device has not amplified
- Expect flat YoY revenue

Expect 1Q15 Gross margin will significantly decrease QoQ

- Lower revenue scale and lower NRE mix
- Several NRE milestones postponed to 2Q

Expecting significantly rebound of 2Q revenue QoQ

- Shipment to amplify for mobile device ISP
- Several new NRE projects kick-off in 2Q15

Expecting great gross margin improvement in 2Q

- Expand revenue scale and higher NRE mix

2015 Outlook



Consumer Electronic Products

- Revenue for TV is expected to decline YoY due to (1) 40nm tuner shipments ended, (2) Sony 4K TV FRC shipment declines.
- ISP shipment for mobile device in mass production. Shipment expected to amplify starting in 2Q15
- Expect revenue for other consumer electronic products be flat YoY

Niche products

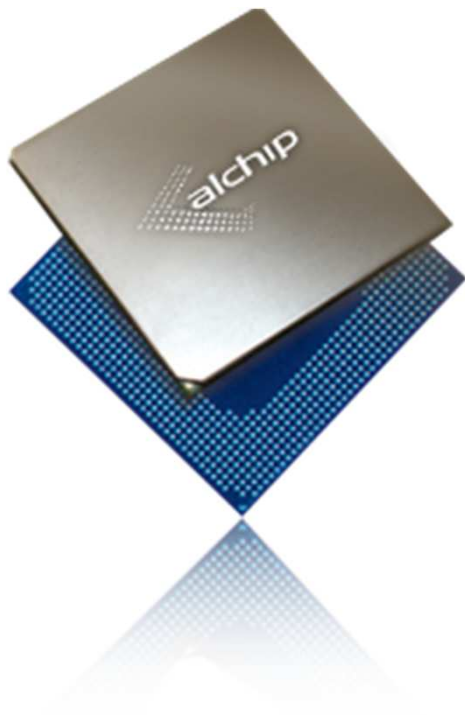
- Amusement machine chip shipment to JP customer expected to delay to end of 2Q on Yen depreciation to Dollar
- 16nm Bitcoin shipment expected to start in 1Q. The total contribution from bitcoin application expect to grow

2015 Outlook (continue)



New customers and new products

- Won three new system customers in JP. Project NREs will start to contribute starting from 1Q15
- Win new projects from JP Telecom customer
- Expect winning new project from JP customer, which is TV related



Thanks !

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**Trusted Silicon Partner
Realizing Innovations**

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