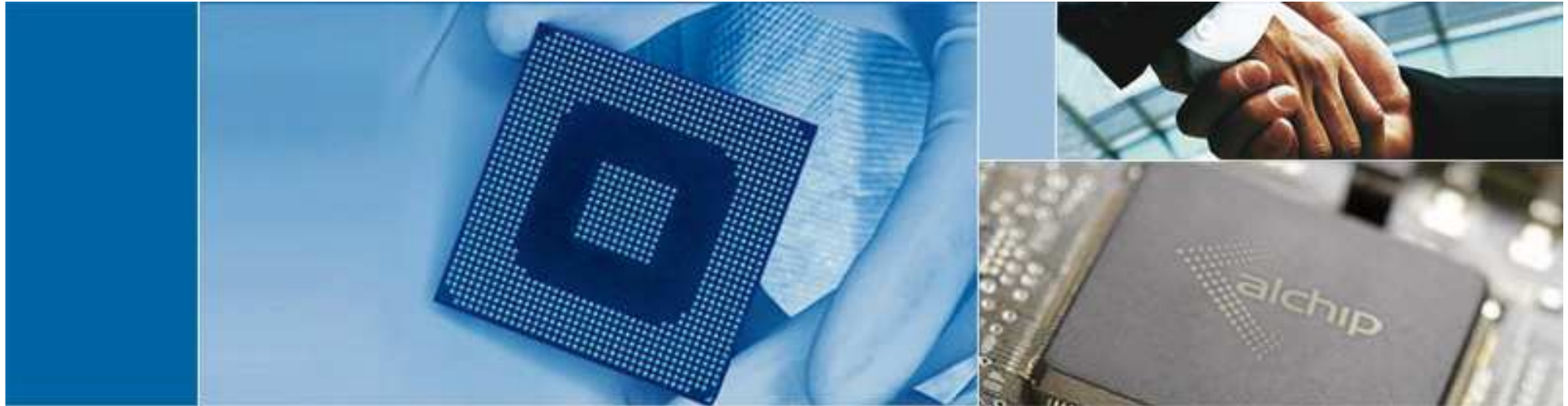




(3661 TT)



Alchip Technologies

1Q2016 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: Kinying Kwan, CEO: Johnny Shen**
- **Business: ASIC design service and manufacturing**
- Employee: 245
- Capital: 615.7 million NT dollars



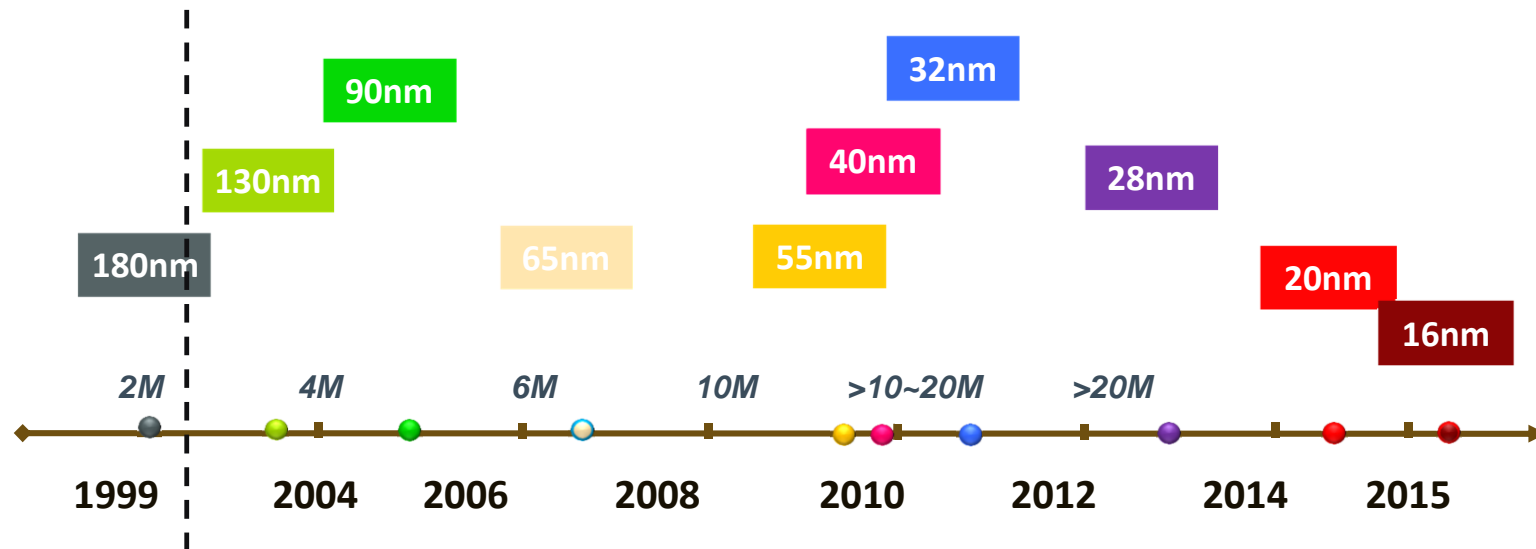
Advanced Technology Readiness



270+

Tape-Outs

- *Leading process technology node*



SoC Integration (Average Gate Count)

2015 Qty P&L statement



US\$' 000	1Q15	2Q15	3Q15	4Q15	QoQ (%)	YoY (%)	4Q14
Revenue	22,306	28,295	41,335	27,341	-33.9	-31.2	39,752
COGs	19,373	22,223	33,047	18,720	-43.4	-38.4	30,409
Gross Profit	2,933	6,073	8,287	8,621	4.0	-7.7	9,343
Op. Exp	4,784	4,944	5,115	5,434	6.2	18.1	5,434
Op. Income	-1,851	940	3,143	2,205	-29.8	-43.6	3,909
Non. Op.	179	940	-38	201	-631.7	-112.8	-1,564
Pre-Tax Profit	-1,672	1,462	3,105	2,406	-22.5	2.6	2,345
Income Tax	103	970	147	18	-87.4	-99.1	2,058
Net income	-1,775	492	2,958	2,387	-19.3	731.9	287
EPS (NT\$)	-0.88	0.25	1.50	1.23			0.15
Profitability (%)							
Gross Margin	13.1%	21.5%	20.0%	31.5%			23.5%
Op. Margin	-8.3%	3.3%	7.6%	8.1%			9.8%
Net Margin	-8.0%	1.7%	7.2%	8.7%			0.7%
(EPS based on concurrent FX and shares)							

Yearly P&L Performance



US\$' 000	2013	YoY(%)	2014	YoY(%)	2015	YoY(%)
Revenue	87,021	3.7	154,814	77.9	119,277	-23.0
COGs	61,494	-12.2	123,358	100.6	93,363	-24.3
Gross Profit	25,527	25.8	31,456	23.2	25,914	-17.6
Op. Exp	19,260	3.2	20,165	4.7	21,477	6.5
Op. Income	6,267	286.7	11,292	80.2	4,437	-60.7
Non. Op.	-1,441	29.4	-1,409	-2.2	864	n.m.
Pre-Tax Profit	5,126	589.7	9,883	92.8	5,301	-46.4
Income Tax	1,433	236.1	2,914	103.4	1,238	-57.5
Net income	3,692	1066	6,969	88.7	4,062	-41.7
EPS (NT\$)	2.1		3.8		2.1	
Profitability (%)						
Gross Margin	29.3%		20.3%		21.7%	
Op. Margin	7.2%		7.3%		3.7%	
Net Margin	4.2%		4.5%		3.4%	
(EPS based on concurrent FX and shares)						

2015 Operation Recap



Revenue declined 23% YoY due to:

- 40nm TV tuner shipments for Sony stopped in Dec14
- Slow shipment of Korean customer's TV products

Gross margin grew 1.4ppt to 21.7%

- Higher NRE percentage of sales mix
- Low margined 40nm TV tuner shipment had gone

Operating margin declined to 3.7%

- Mainly due to the lower sales scale

Tax expenses

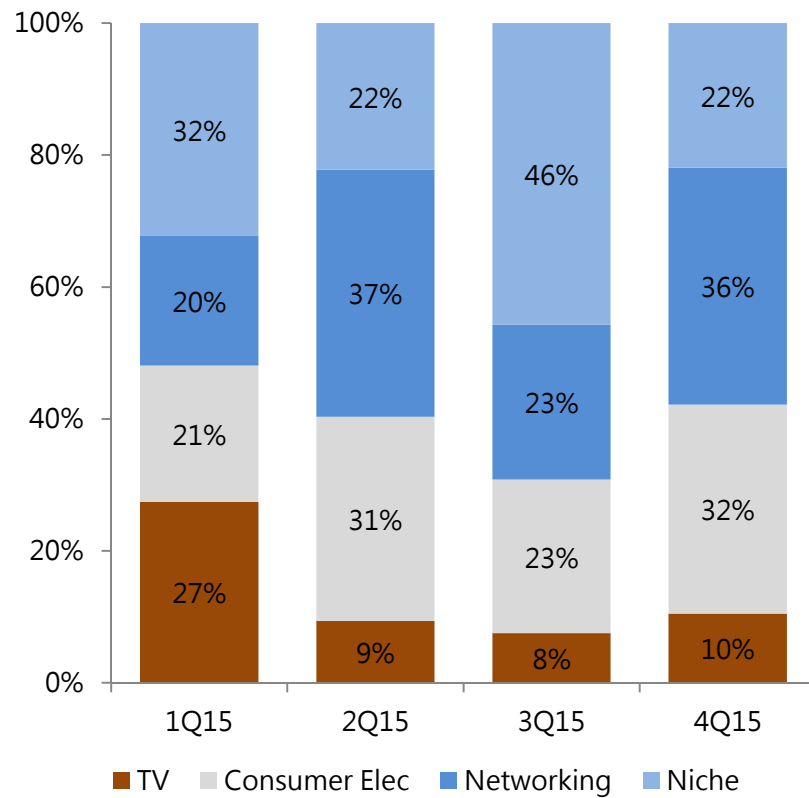
- Rising tax in 2Q15 mainly due to the retain-earning taxation for 2014
- Retain-earnings tax will be significantly reduced in 2015 on organization restructure

Advance nodes means 55nm or more advance nodes

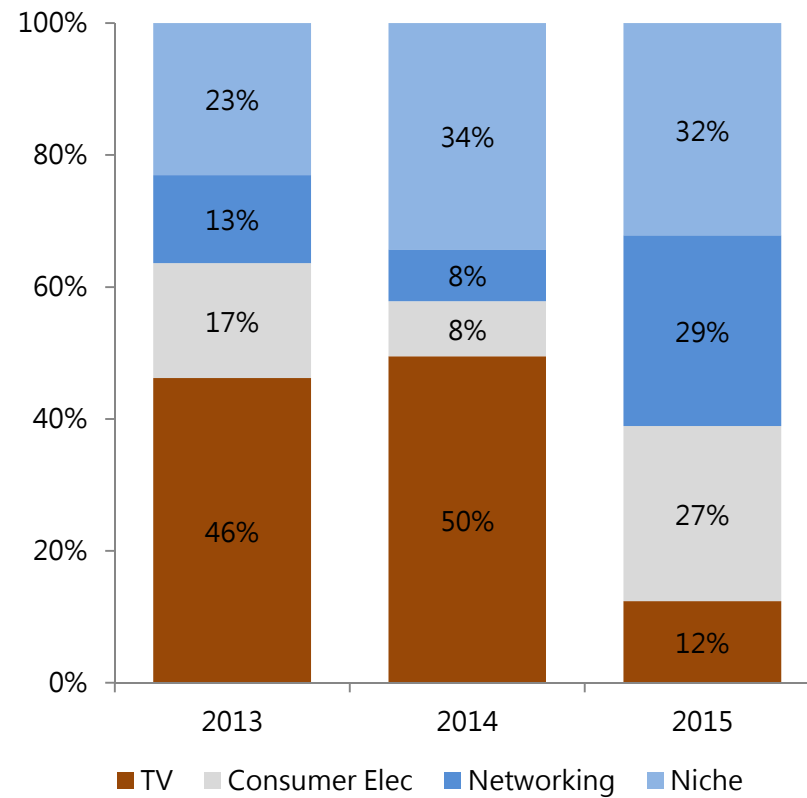


Revenue Breakdown by Application

Quarterly



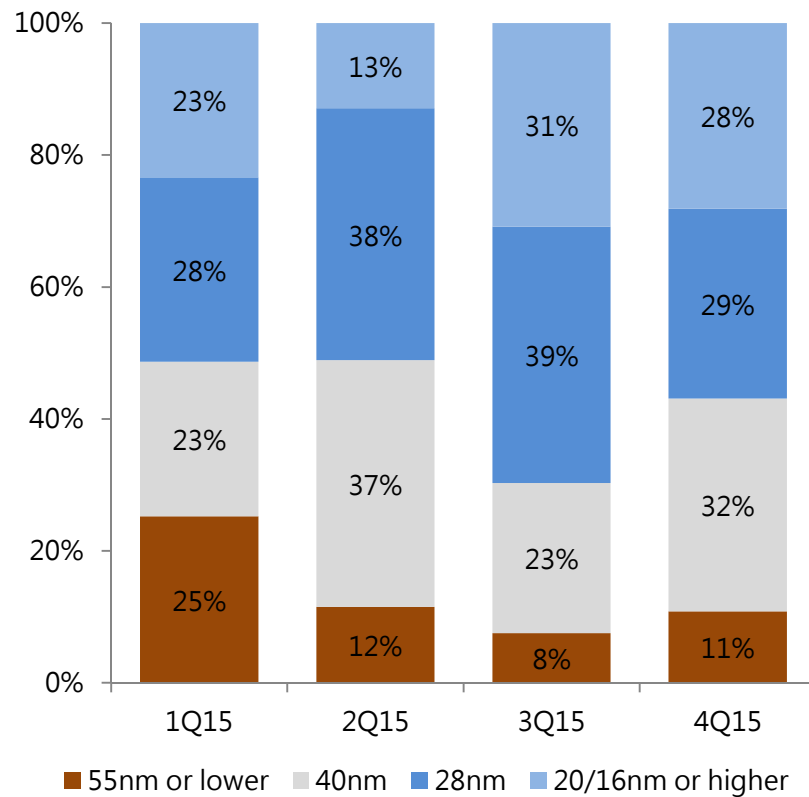
Yearly



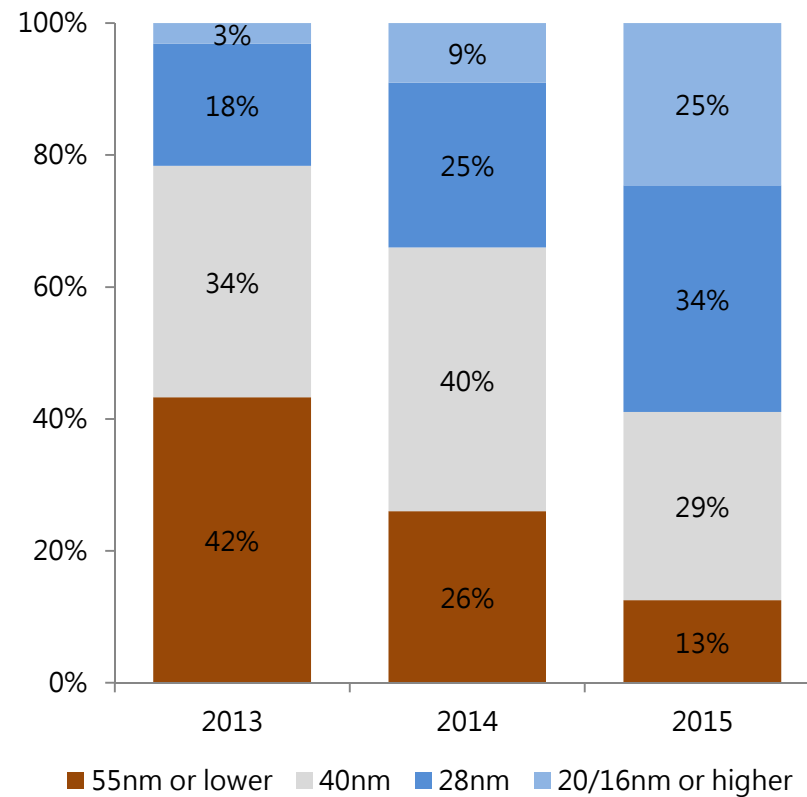


Revenue Breakdown by Technology node

Quarterly



Yearly

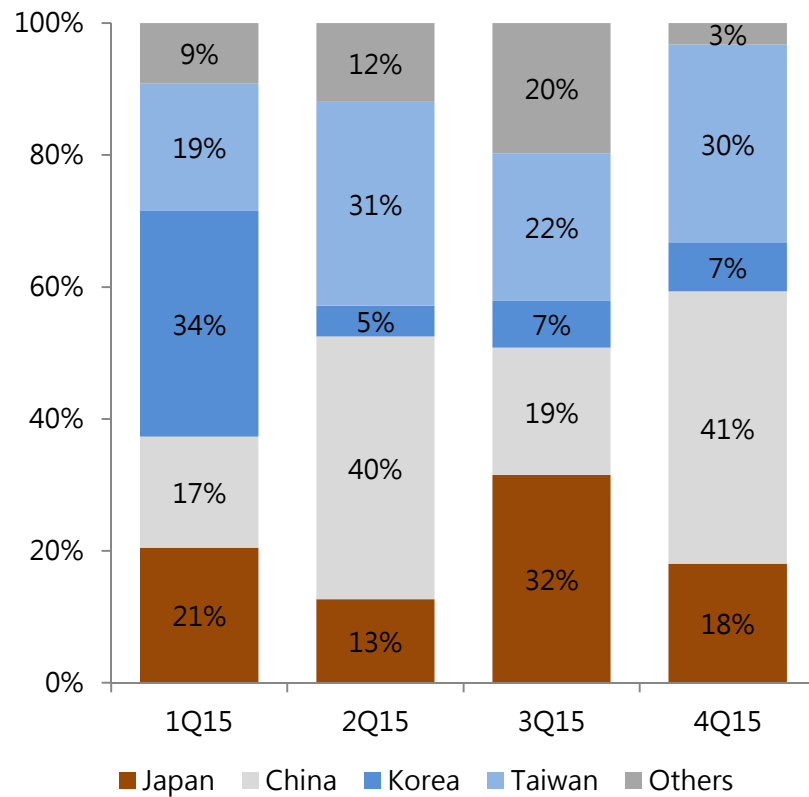


Advance nodes means 40nm or more advance nodes

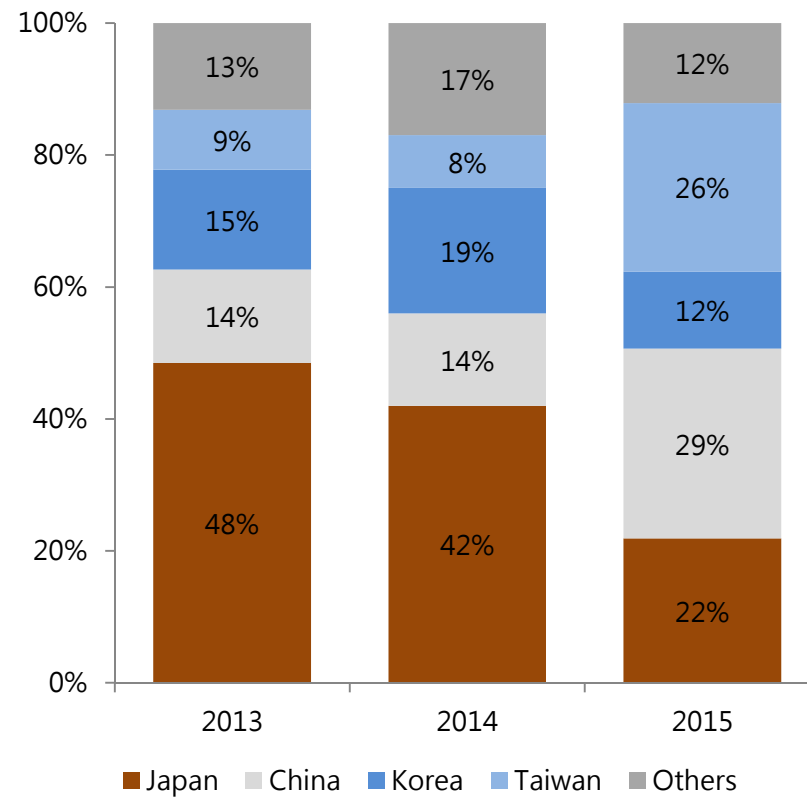


Revenue Breakdown by Region

Quarterly



Yearly



2016 Operation Outlook



Mild QoQ sales decline for 1Q16

- Despite of the traditional low season, sales is expected only to post mild QoQ decline, benefited by shipment of TW ISP products and increasing CN customer contribution.
- 16nm product is expected to resume shipment in late 1Q16

1Q16 Gross margin could go down moderately due to

- Lower revenue scale and lower NRE mix
- Operating expenses to decline QoQ but up mildly YoY

Quarterly sales pattern to follow the whole industry seasonality

- Sales is expected to peak in 3Q16
- 1H:2H would likely be 40-45:55-60

2016 Business Outlook



China Market Opportunity

- China Government invests 120 billion RMB to semiconductor industry
- Main purpose is not to gain profit but to reduce the IC importing dependency
- Our strong position in high-end process technology with many pipeline business from existing customers and inquiry from many potential customers

Consumer Electronic Products

- 28nm ISP product is expected to be the main revenue contributor this year
- Korean TV customer posts more aggressive investment than in last year.

2016 Business Outlook

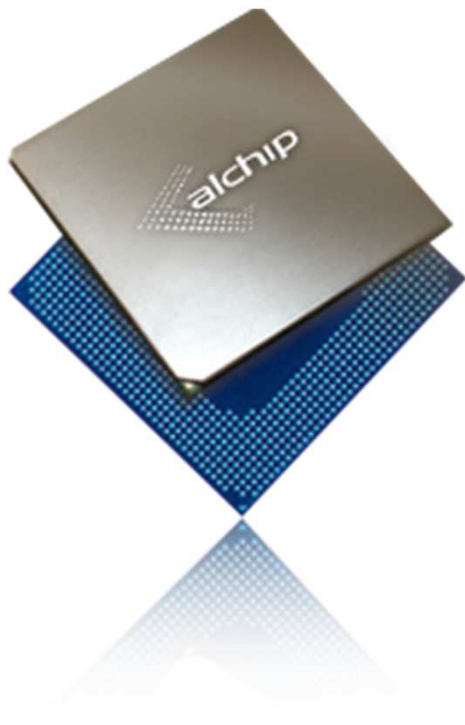


Niche Applications

- Amusement machine chip shipment to JP customer to resume starting in late 2Q16
- 28nm mass production starts and 16nm design starts for super computer customer in JP
- Reasonable volume forecast from China cloud computing customers
- Bitcoin business order increase due to coin value appreciation, 16nm from existing Europe customer and 14nm from a new custom from China.

New customers and new products

- New customers in JP, Europe, and China markets
- ADAS, Medical, and finger print identification products to start contribute
- Demand from China increases lining on networking app



Thanks !

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**Trusted Silicon Partner
Realizing Innovations**

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