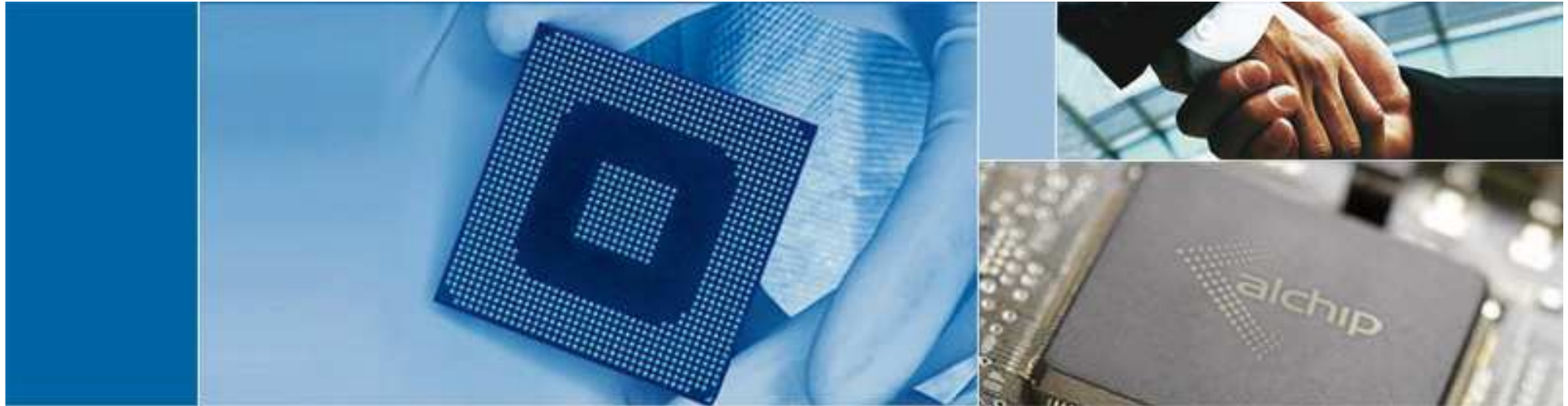




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Alchip Technologies

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.

Company basic information



- Founded: February 2003
- **Chairman: Kinying Kwan, CEO: Johnny Shen**
- **Business: ASIC design service and manufacturing**
- Employee: 230-240
- Capital: 615 million NT dollars



2015 Qty P&L statement



US\$('000)	1Q16	QoQ (%)	2Q16	QoQ (%)	YoY(%)	1H16	YoY (%)
Revenue	28,645	4.8	25,148	-12.2	-11.1	53,793	6.3
COGs	23,482	25.4	24,572	4.6	10.6	48,054	15.5
Gross Profit	5,163	-32.9	575	-88.9	-90.5	5,739	-36.3
Op. Exp	5,184	-19.2	6,544	26.2	27.5	11,729	18.3
Op. Income	-21	n.m.	-5,969	n.m	n.m	-5,990	n.m.
Non. Op.	297	48.1	-926.4	n.m	n.m	-629.0	n.m.
Pre-Tax Profit	277	-88.4	-6,896	n.m	n.m	-6,619	n.m.
Income Tax	12	-33.5	498	3964.3	-48.7	510	-20.5
Net income	264	-88.9	-7,393	n.m	n.m	-7,129	n.m.
EPS (NT\$)	0.14		-3.94			-3.8	

1H16 Operation Recap



1H16 revenue came at US\$53.7M, up 6.3% YoY

- Revenue growth in 1H16 due mainly to the amplified shipment of TW customer's ISP product
- China Bit-coin customer also contributed 1H16 revenue growth

2Q16 revenue came at US\$25.2M, down %12% QoQ and 11% YoY respectively

- ISP kept on strong shipment, however, bitcoin mining chip shipment slowed down on bitcoin system halving
- D&P revenue was weak in 2Q due to sluggish industry outlook. Some design project milestone delayed to 3Q

1H16 Operation Recap (cont.)



2Q16 posted net loss of US\$7.4M, QoQ, YoY from profit to loss

- Alchip's major bitcoin customer KnC Miner declared bankruptcy in the end of May, creating financial loss of around US\$3.4M
- Design revenue is slow in 2Q16, causing margin impact

KnC Miner's Bankruptcy



Direct financial impact

- Recognized total of US\$2.4M operational loss for AR and inventory
- Recognized total of US\$1.03M non-operational loss for stake investment

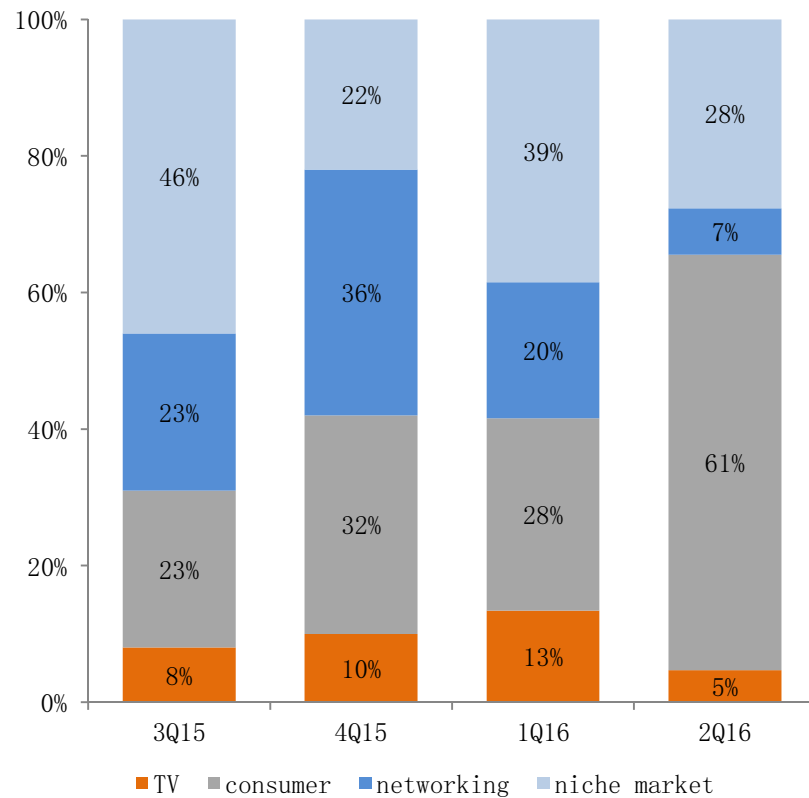
Indirect operational impact

- Enhance our risk control to other bitcoin customers
- Revising down future potential contribution of bitcoin related business
- It posted influence to other bitcoin customers placing orders

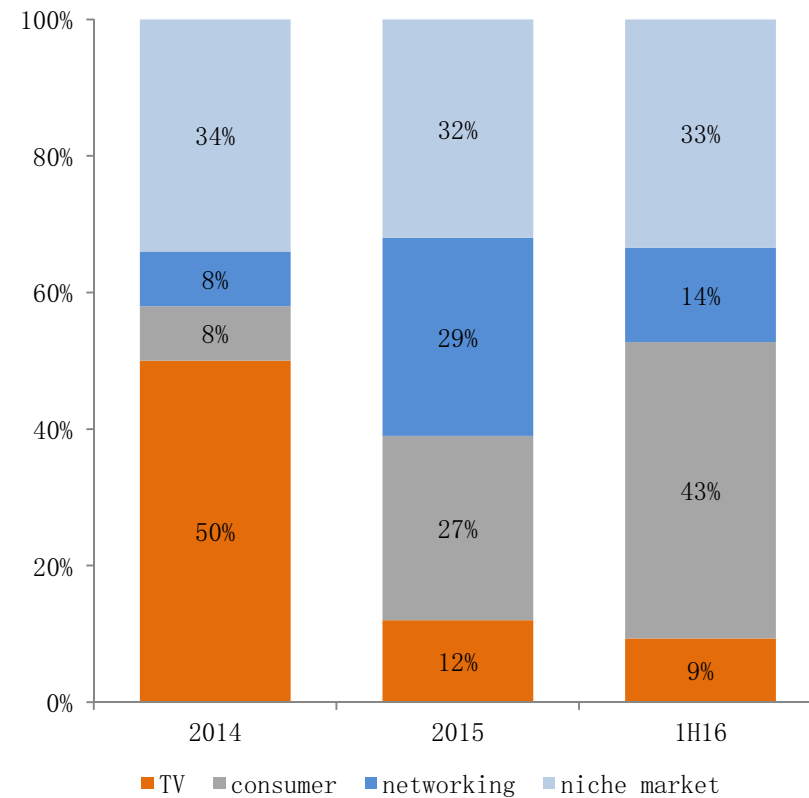


Revenue breakdown by application

Quarterly breakdown



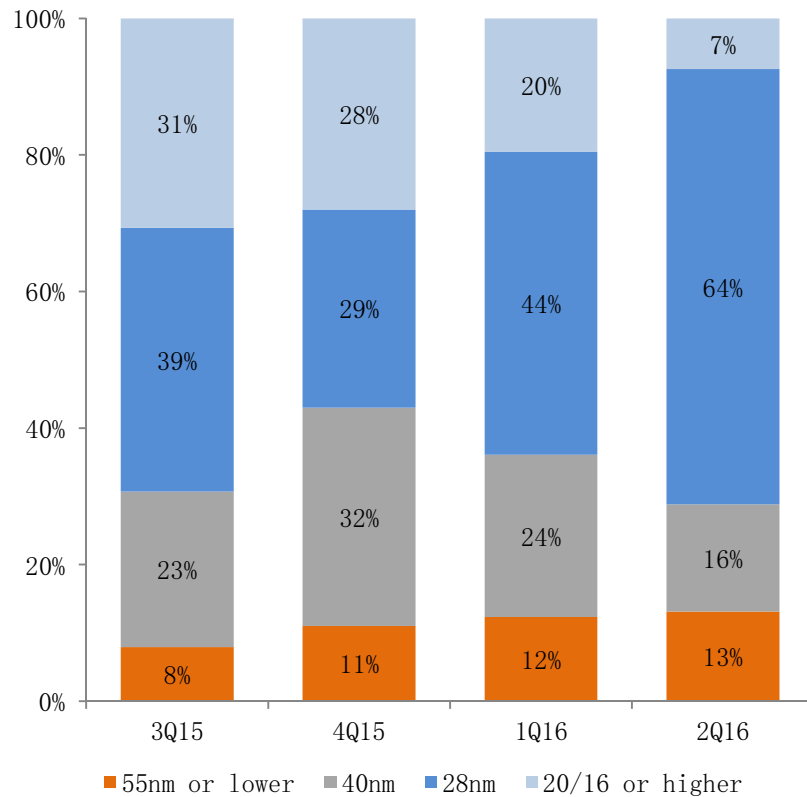
14-1H16 yearly breakdown



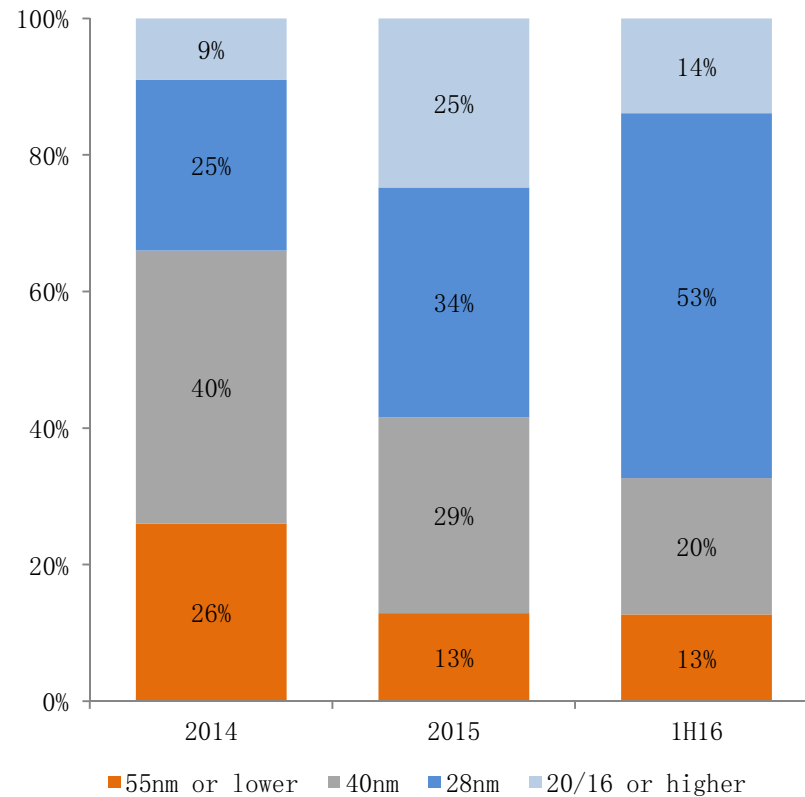


Revenue breakdown by process node

Quarterly breakdown



14-1H16 yearly breakdown



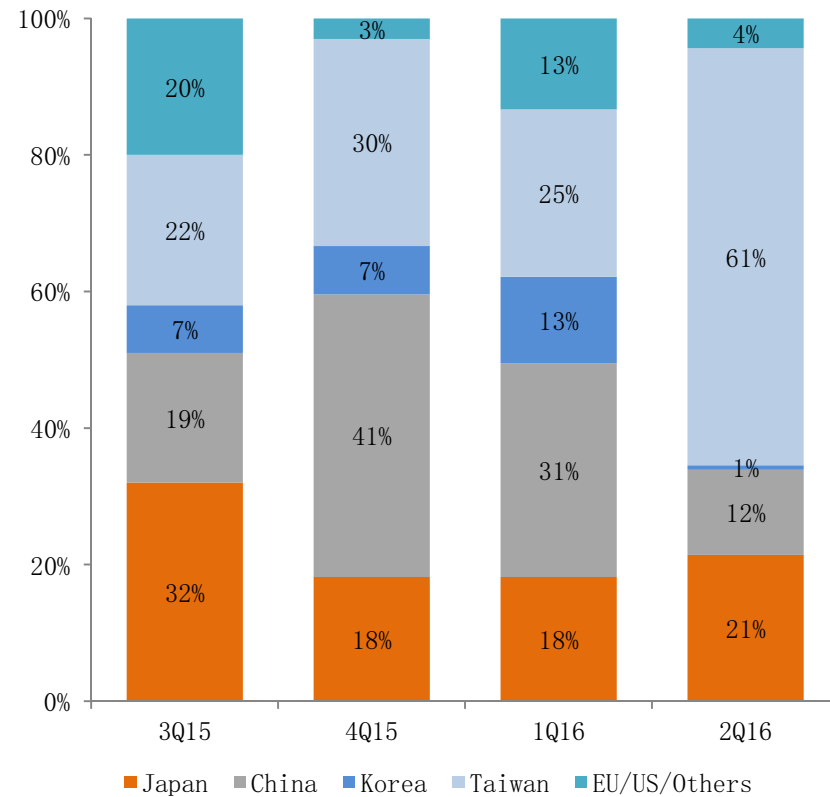
Advanced technology node means 40nm or better

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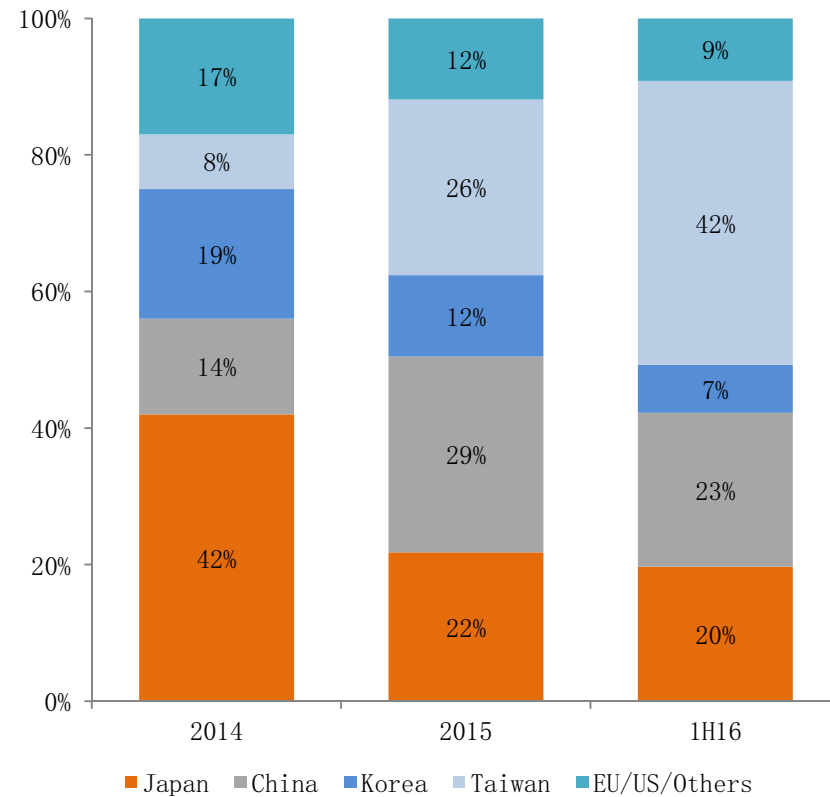


Revenue breakdown by region

Quarterly breakdown



14-1H16 yearly breakdown



2H16 Business outlook



Expect significant quarterly revenue growth in 3Q16, profit margin would recover

- Continuous shipment of handset camera used ISP product
- Starting shipment of amusement machine main chip for JP customer
- Bitcoin mining chip shipment to China customer to recover in 3Q16

Expected 4Q16 revenue to post mild seasonal slide, margin could improve on better revenue mix

- Shipment of consumer electronic products to decrease on seasonal factor
- Compensated by increasing shipment of JP amusement machine main chip

2H16 Overall outlook



Continuously positive on China market

- Continuously strong support and subsidy by government for China semiconductor/IC industry
- Numbers increase of China customers who become able to adapt advanced technology nodes
- Alchip still enjoys advantage within the advanced technology nodes

Japan and Korean market

- Shipment of JP amusement machine main chip restarted in late 2Q and is expected to continue through 2017
- Kick-off of 16nm JP medical supercomputer projects
- Many advanced technology node products in business discussion with JP customers
- Korean customers are slow and no significant recovery expected in the near-term



Thanks!

www.alchip.com



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