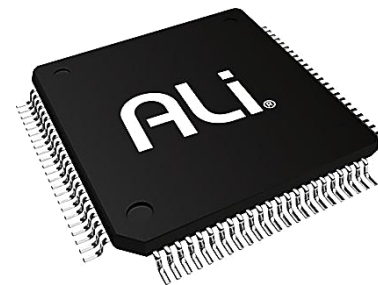


ALi Corporation (3041 TT)

Company Profile

Mar 18-19, 2015

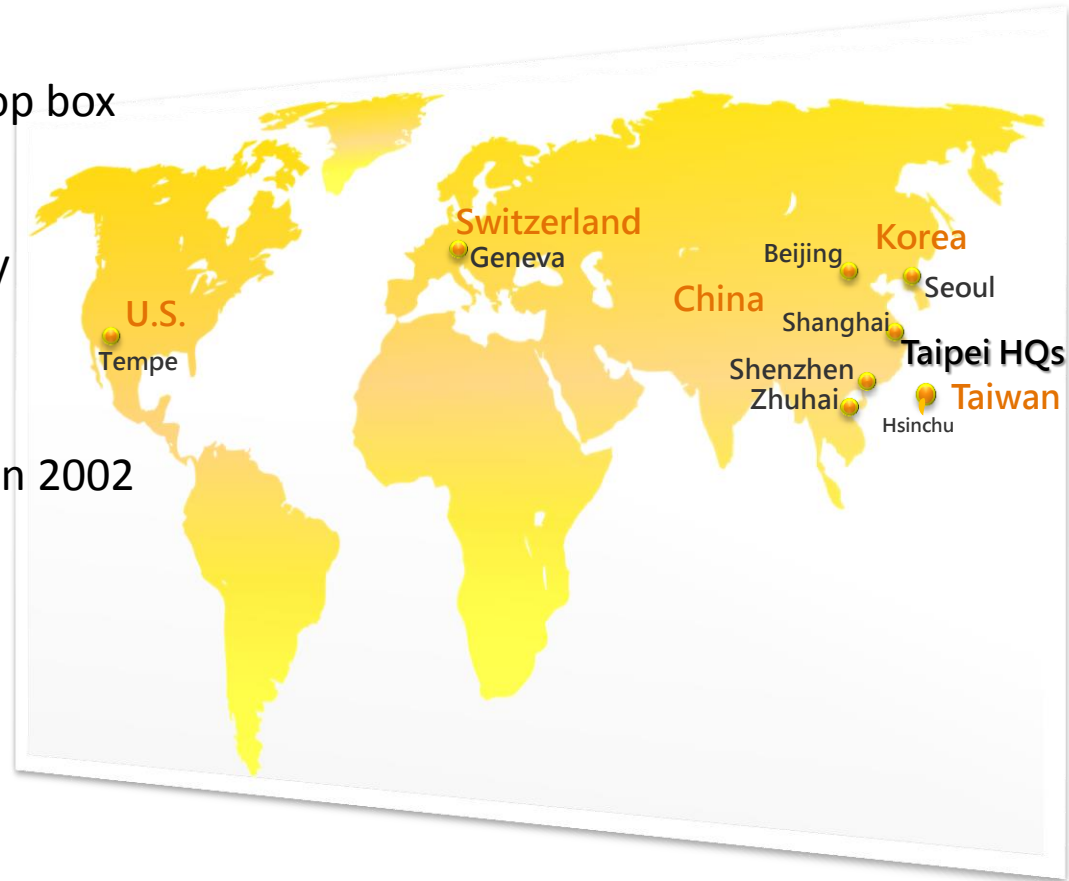


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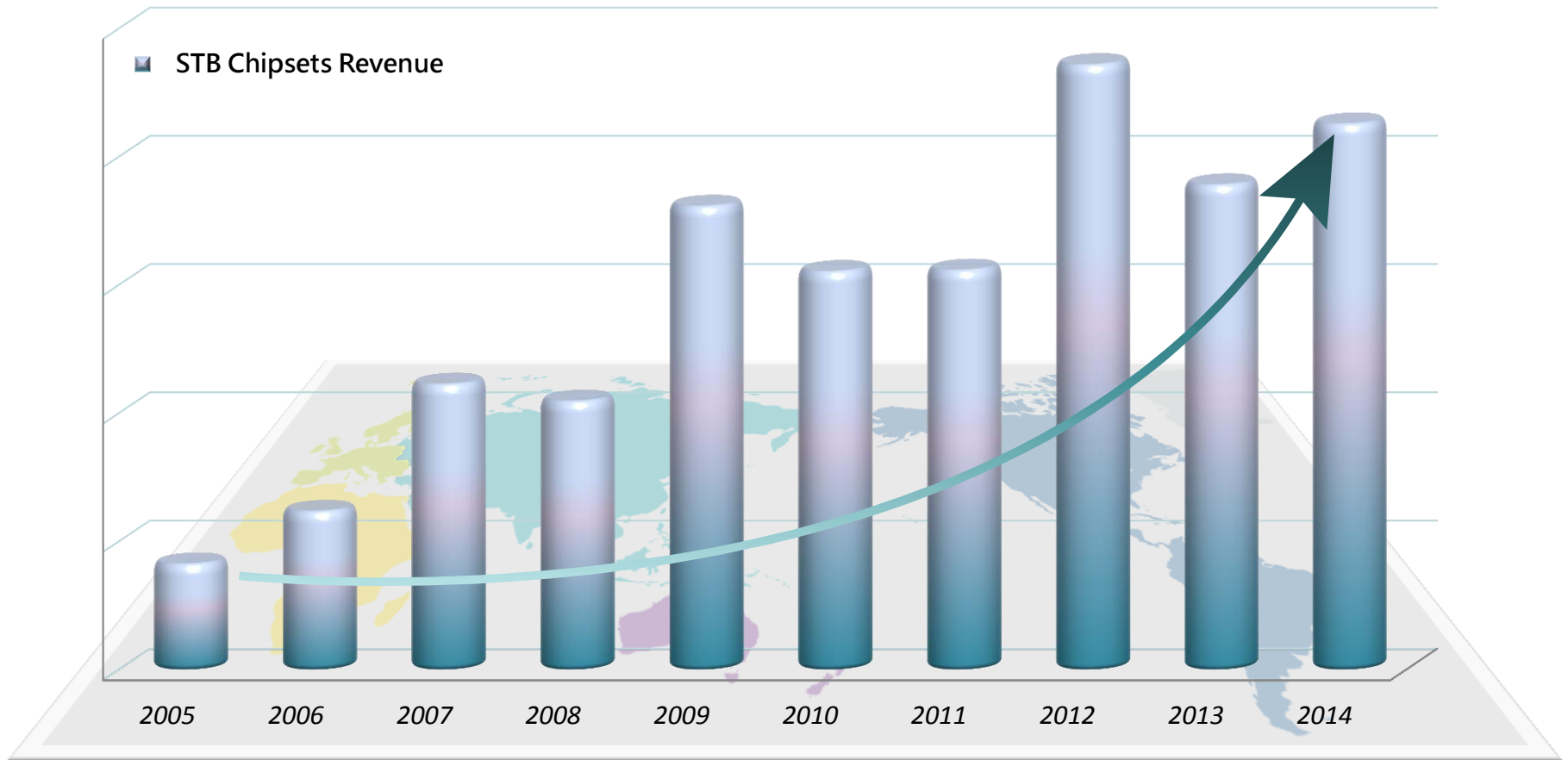
Overview

- One of the global leaders in set-top box (“STB”) system-on-chips (“SoC”)
- A fabless semiconductor company
- Founded in 1993
- Listed on Taiwan Stock Exchange in 2002 (Ticker: 3041)
- 600+ employees worldwide
- Headquartered in Taipei, Taiwan



2005-2014: Proven track records in the industry

- Started to invest in the STB semiconductor business in '04
- '05-'14 STB revenue CAGR: 20%

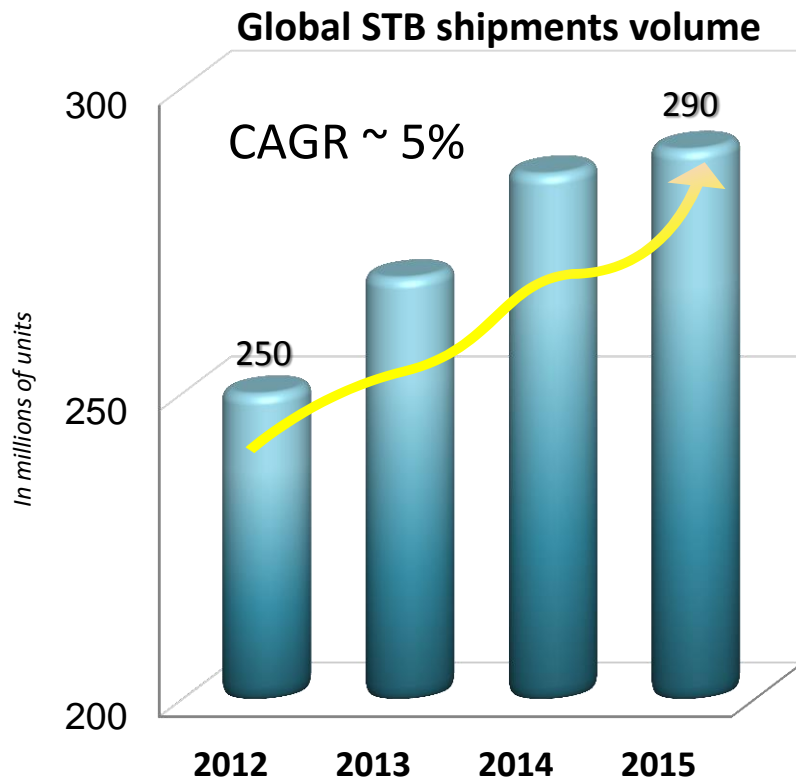


Source: Company data

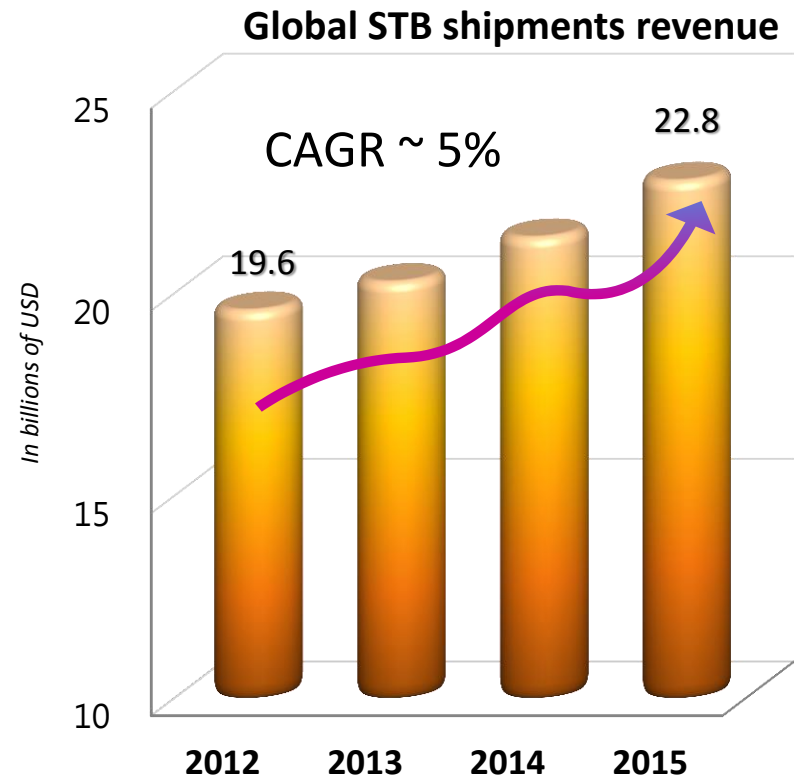
Sizeable STB market with healthy outlook

- The growth has been fueled by diversified devices & regional demand

- Migration to HD is continuing; Multimedia Home Gateway (MHG) will grow, integrating traditional STB with home networking functionalities
- Emerging markets turn up the volume with spotlight on China, India, Eastern/Central Europe and Latin America



Source: IHS (Jul 2013)



Source: IHS (Jul 2014)

Sizeable STB market with healthy outlook

- From a single-purpose device to a multimedia home gateway(MHG)



- Demodulates and decodes broadcasting video streams for different regulatory, geographical, and/or business needs

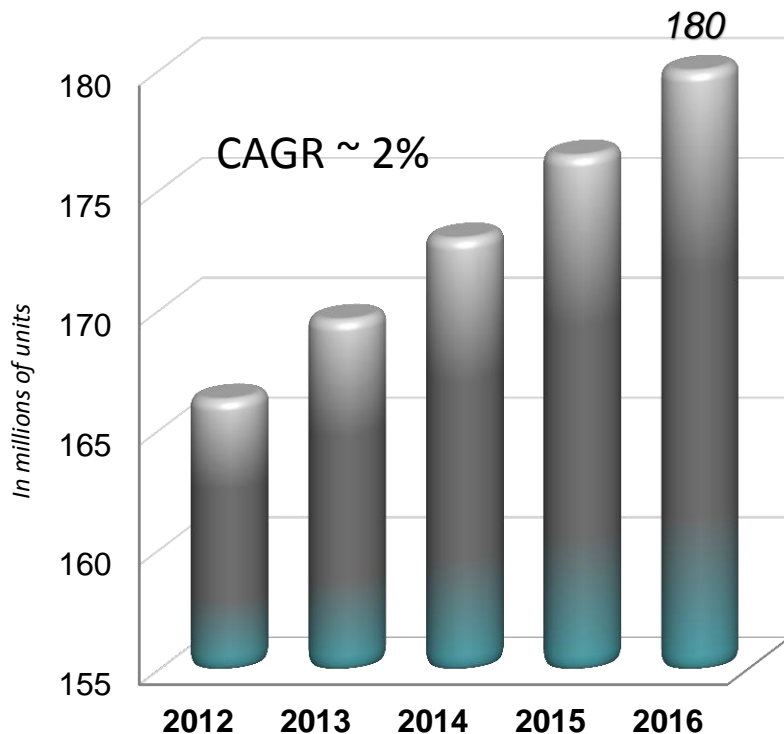
- Decrypts broadcast content from operators for authenticated subscribers
- Delivers pay-per-view and interactivity

- Multi-screen delivery of converged broadcast and broadband content in a secure, IP environment at consumers' premises

Sizeable STB market with healthy outlook

- Promising Pay-TV set-top box market with growth expected till '16

Global Pay-TV STB shipments

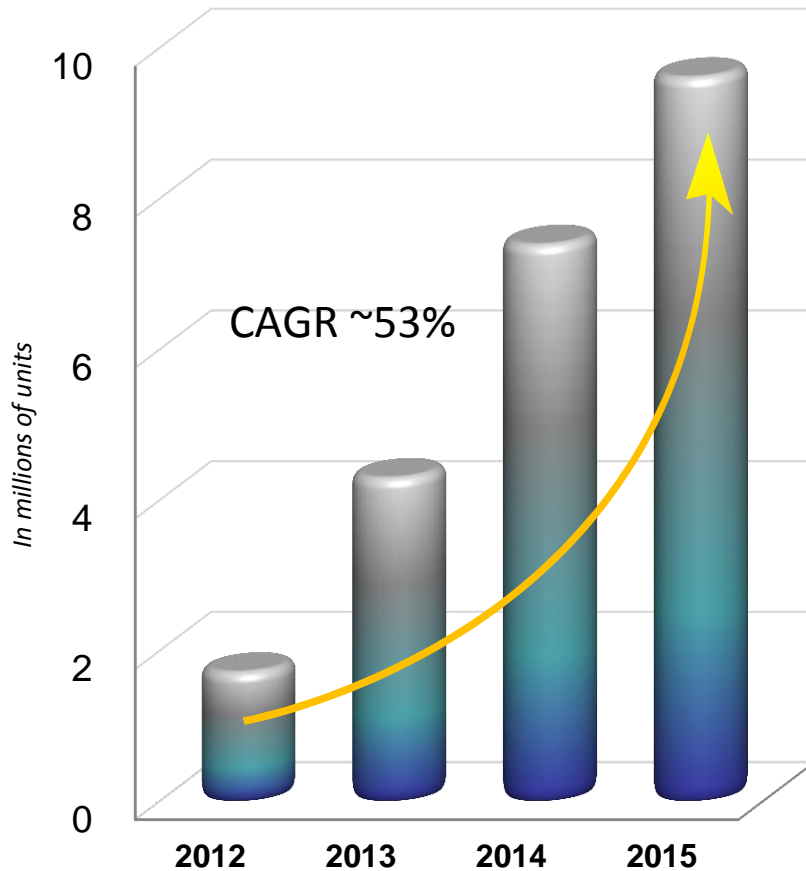


Source: Futuresource Consulting (Aug 2013)

- Global Pay TV set-top box (STB) shipments continue to grow, with demand expected to peak at **180 million units** in 2016, spurred by the trinity of cable, pay satellite and IPTV continue to perform
- The majority of Pay-TV STB's growth is coming from **emerging markets** like Asia Pacific and Latin America, as the regions expand their cable digitalization and new services continue to appear
- Transition to higher-price advanced MHGs in developed countries will have a sustained and positive impact on revenues

Sizeable STB market with healthy outlook

- *Global MHG shipments set to surge to around 10 million units by '15*



Source: IHS (Mar 2013)

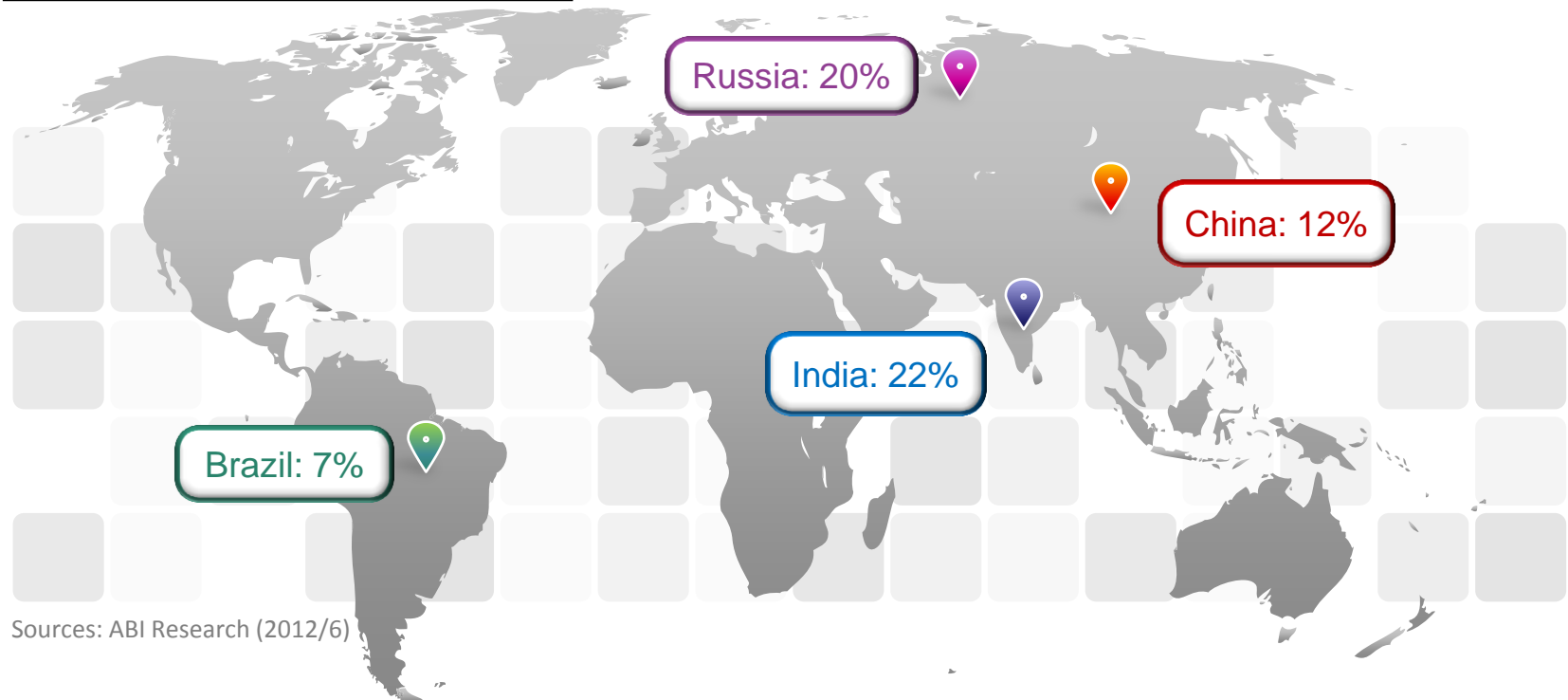
- MHGs are playing a role as the bridge between broadcast and Internet protocol(IP) video distribution
- MHGs allow operators to consolidate content delivery around their managed networks regardless of viewing devices
- Pay-TV operators could further offer a range on additional services supported by MHGs such as home automation and security, as well as smart energy and e-health services

Sizeable STB market with healthy outlook

- Emerging markets turn up the volume

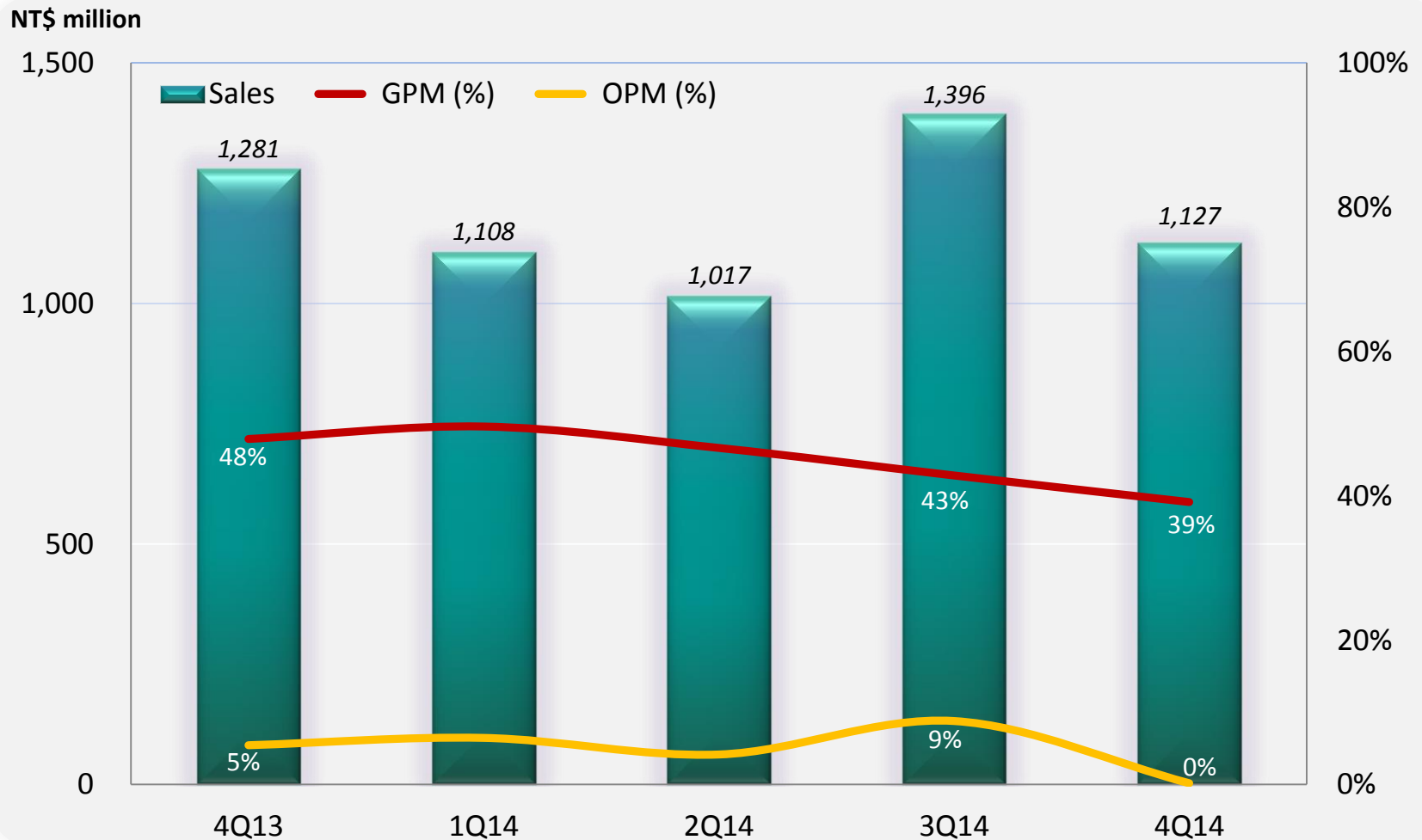
- Volume growth for the STB market will be driven by demand for:
 - Cable digitization in India and China
 - Terrestrial TV digitization in Central/Eastern Europe and Latin America
- Emerging markets accounted for around 70% of global demand in STB units, with the Asia Pacific market making up to 44%*

'12-'17 Set-top box unit CAGR (%)



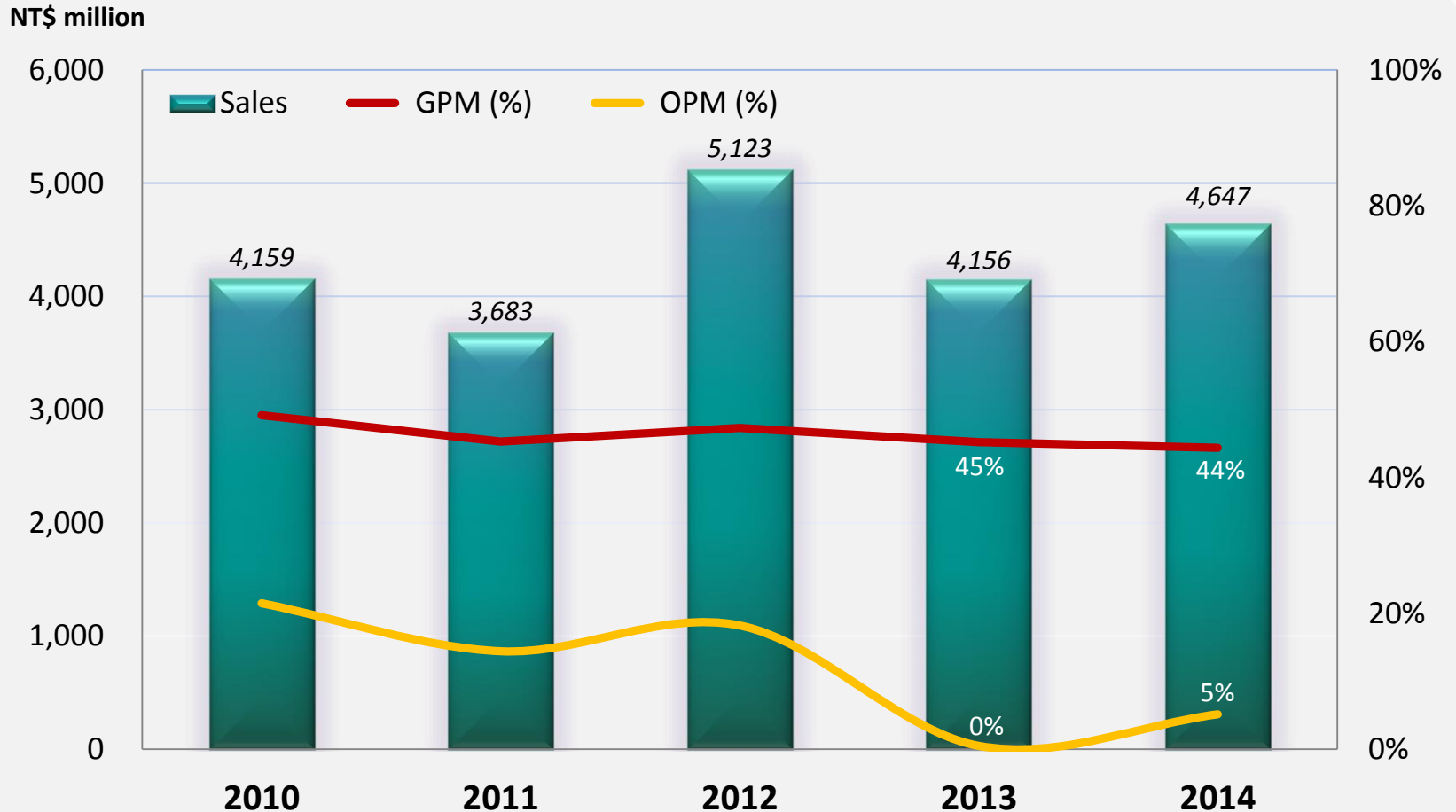
4Q14 Consolidated Quarterly Results

- 4Q14 revenue reached NT\$1,127 million, QoQ -19%, YoY -12%
- Gross profit margin was 39%
- Operating profit margin was 0%



2014 Consolidated Annual Results

- 2014 annual revenue reached NT\$4,647 million, YoY+12%
- Gross profit margin was 44%
- Operating profit margin was 5%



4Q14 Consolidated Income Statement

(Amounts in thousand New Taiwan Dollars except Earnings Per Share)

	4Q14		3Q14		4Q13		QoQ	YoY
Net sales	1,126,645	100%	1,395,830	100%	1,280,595	100%	-19%	-12%
Cost of goods sold	(685,726)		(798,154)		(667,492)		-14%	3%
Gross profits	440,919	39%	597,676	43%	613,103	48%	-26%	-28%
Operating expenses:								
Selling expenses	(85,182)		(104,663)		(84,610)		-19%	1%
Administrative expenses	(81,377)		(78,543)		(125,653)		4%	-35%
Research and development expenses	(272,407)		(291,762)		(333,193)		-7%	-18%
Total operating expenses	(438,966)		(474,968)		(543,456)		-8%	-19%
Operating income	1,953	0%	122,708	9%	69,647	5%	-98%	-97%
Non-operating income and gain (expense & loss)	34,982		11,432		26,054		206%	34%
Income before income tax	36,935		134,140		95,701		-72%	-61%
Income tax(expense)benefit	(964)		(21,890)		(29,406)		-96%	-97%
Net income	35,971		112,250		66,295		-68%	-46%
Earnings Per Share (in New Taiwan Dollars)	0.12		0.38		0.23			

2014 Consolidated Income Statement

(Amounts in thousand New Taiwan Dollars)

	2014		2013		YoY
Net sales	4,647,395	100%	4,155,584	100%	12%
Cost of goods sold	(2,584,996)		(2,277,375)		14%
Gross profits	2,062,399	44%	1,878,209	45%	10%
Operating expenses					
Selling expenses	(357,865)		(258,312)		39%
Administrative expenses	(322,290)		(403,229)		-20%
Research and development expenses	(1,143,803)		(1,196,463)		-4%
Total operating expenses	(1,823,958)		(1,858,004)		-2%
Operating income	238,441	5%	20,205	0%	1080%
Non-operating income and gain(expense & loss)	74,215		983,449		-92%
Income before income tax	312,656		1,003,654		-69%
Income tax(expense)benefit	(48,006)		(112,866)		-57%
Net income	264,650		890,788		-70%
Earnings Per Share (in New Taiwan Dollars)	0.90		3.05		

4Q14 Consolidated Balance Sheet

(Amounts in thousand New Taiwan Dollars except Key Indices)

Selected Items from Balance Sheet

	<u>Dec 31, 2014</u>	<u>Sep 30, 2014</u>	<u>Dec 31, 2013</u>
Cash & financial asset current	4,116,446	4,012,647	4,716,636
Notes and accounts receivable	164,134	284,069	593,461
Inventory (net)	512,045	509,343	386,480
Other current asset	565,701	644,616	109,552
Total current asset	5,358,326	5,450,675	5,806,129
Funds and Investments	95,621	48,070	58,248
Net PP&E	685,008	685,093	702,819
Intangible assets	548,425	477,099	555,299
Other assets	153,185	152,009	116,283
Total assets	6,840,565	6,812,946	7,238,778
Notes & accounts payable	511,217	604,935	492,527
Other current liabilities	516,412	470,331	628,245
Other liabilities	38,915	35,734	23,331
Total liabilities	1,066,544	1,111,000	1,144,103
Total shareholders' equity	5,774,021	5,701,946	6,094,675
Key Indices			
A/R Turnover Days (net)	18	16	39
Inventory Turnover Days (net)	69	62	58
Current Ratio	5.2	5.1	5.2

2014 Consolidated Balance Sheet

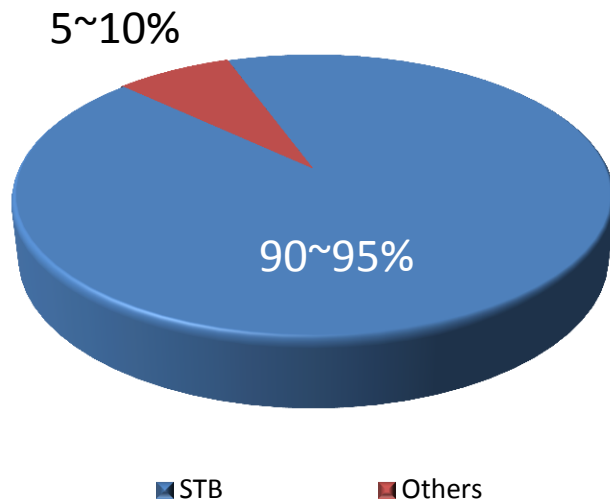
(Amounts in thousand New Taiwan Dollars except Key Indices)

Selected Items from Balance Sheet:

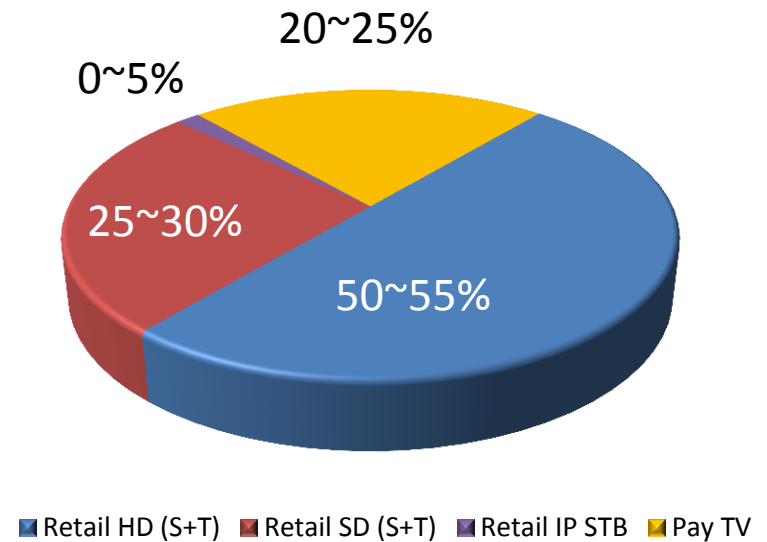
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Total liabilities	1,066,544	1,144,103
Total shareholders' equity	5,774,021	6,094,675
Key Indices		
A/R Turnover Days (net)	30	53
Inventory Turnover Days (net)	63	71
Current Ratio	5.2	5.2

4Q14 Revenue Breakdown

STB vs. Others

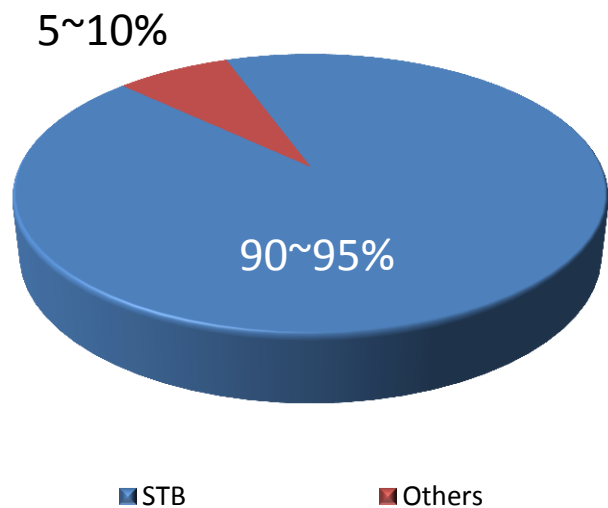


STB by End Market

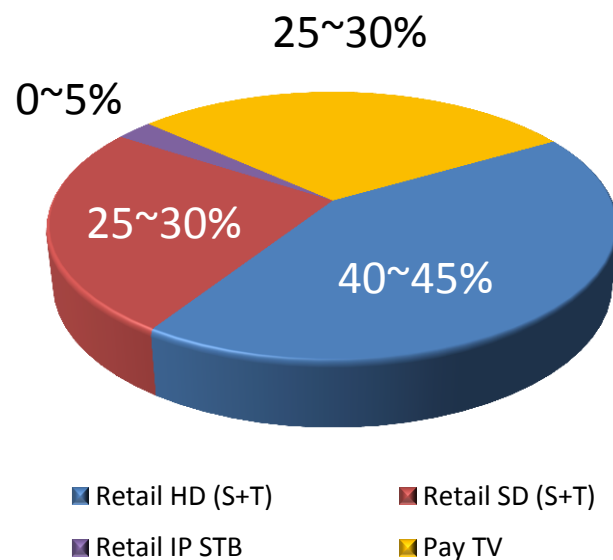


2014 Revenue Breakdown

STB vs. Others



STB by End Market



Thank You