

ALi Corporation (3041 TT)

Company Profile

Sept 13, 2013



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Agenda

- **Company Overview**
- **Market Insights**
- **Financial Highlights**

Company Overview

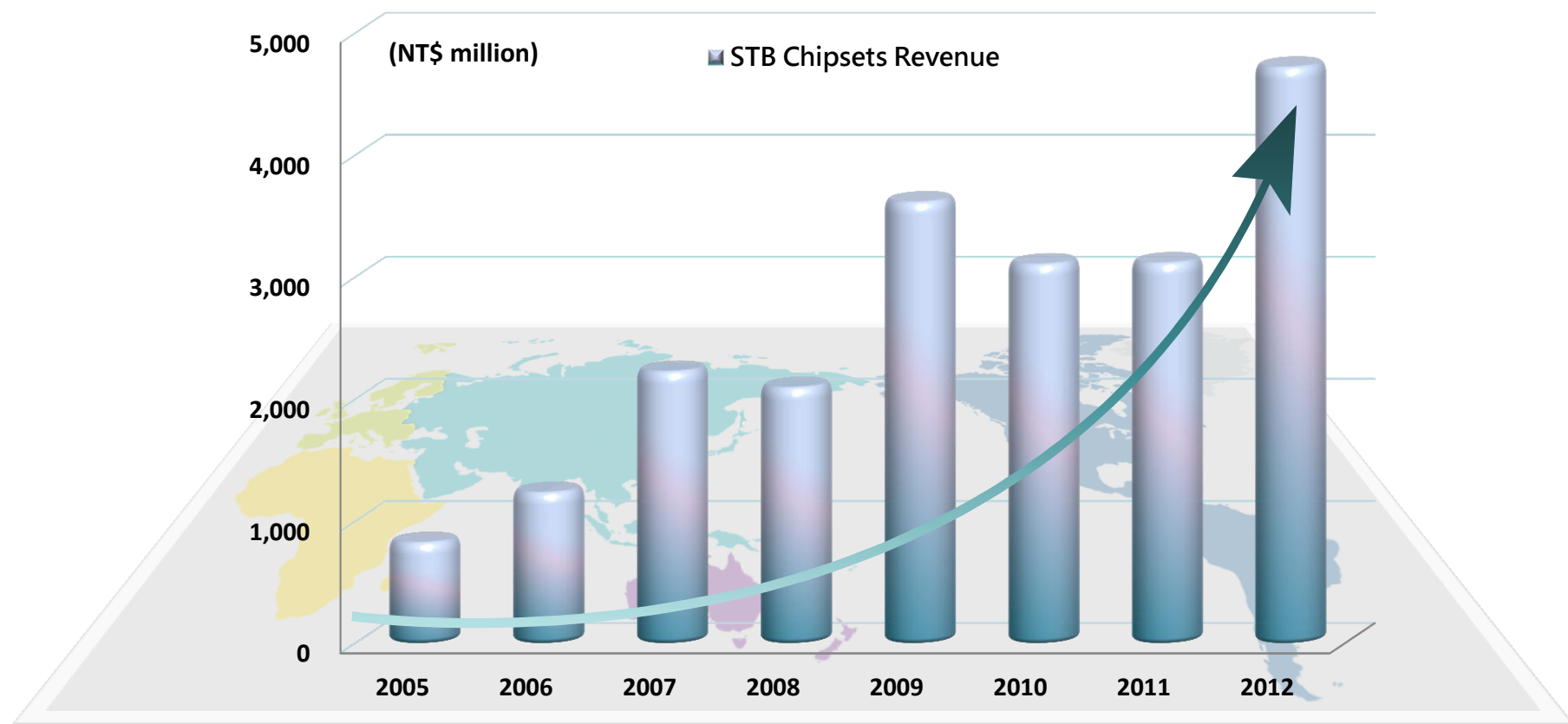
Overview

- 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)
- ~700 employees worldwide
- Headquartered in Taipei, Taiwan



2005-2012: Proven track records in the STB segment

- Started to invest in the STB semiconductor business in '04
- Registered STB revenues of NT\$4.7 billion in '12 ('05-'12 CAGR: 28%)



Source: Company data

2013: Maintain retail position and continue investing in the operator & IP segment

Ali's near-term, mid-term and long-term growth drivers:

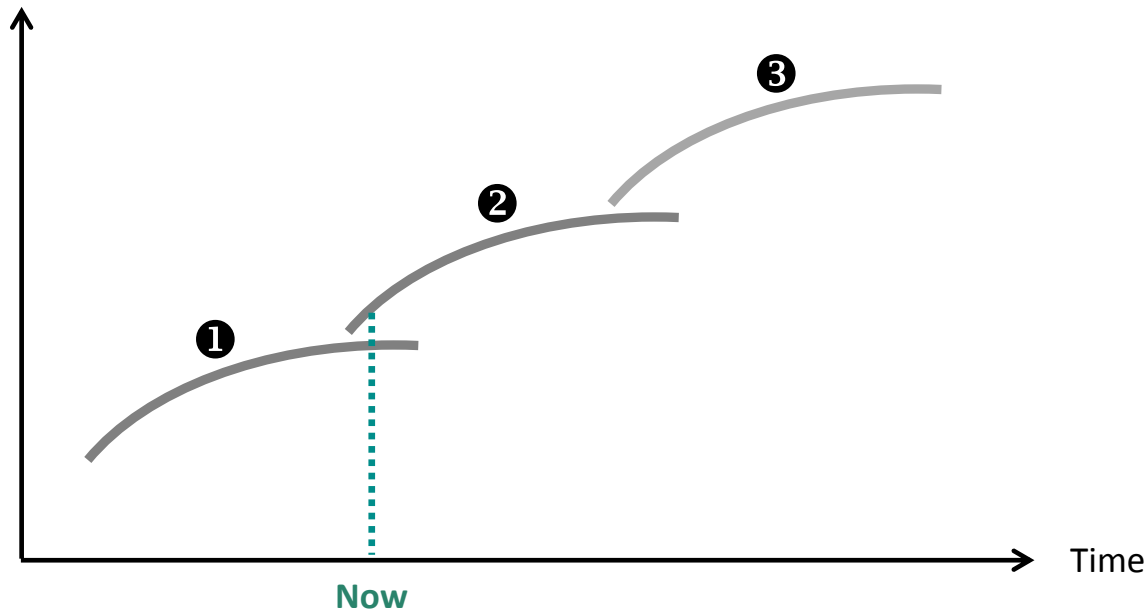
- ① Solutions moving from standard definition to high definition
- ② More exposure to the operator segment
- ③ Higher growth in the IP/hybrid/multiscreen segment

(Industry wide)

(Company specific)

(Industry wide)

Value-added / Technology Complexity



Now

Time

Market Insights

Set-top box evolves from a single-purpose device to a multi-function home gateway



- 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

Free-to-Air (FTA) Model: One-off payment & watch free TV forever

- Viewers purchase STB at 3C retail stores or online shops
- STB receives, demodulates and decodes unencrypted broadcasting or Internet signals



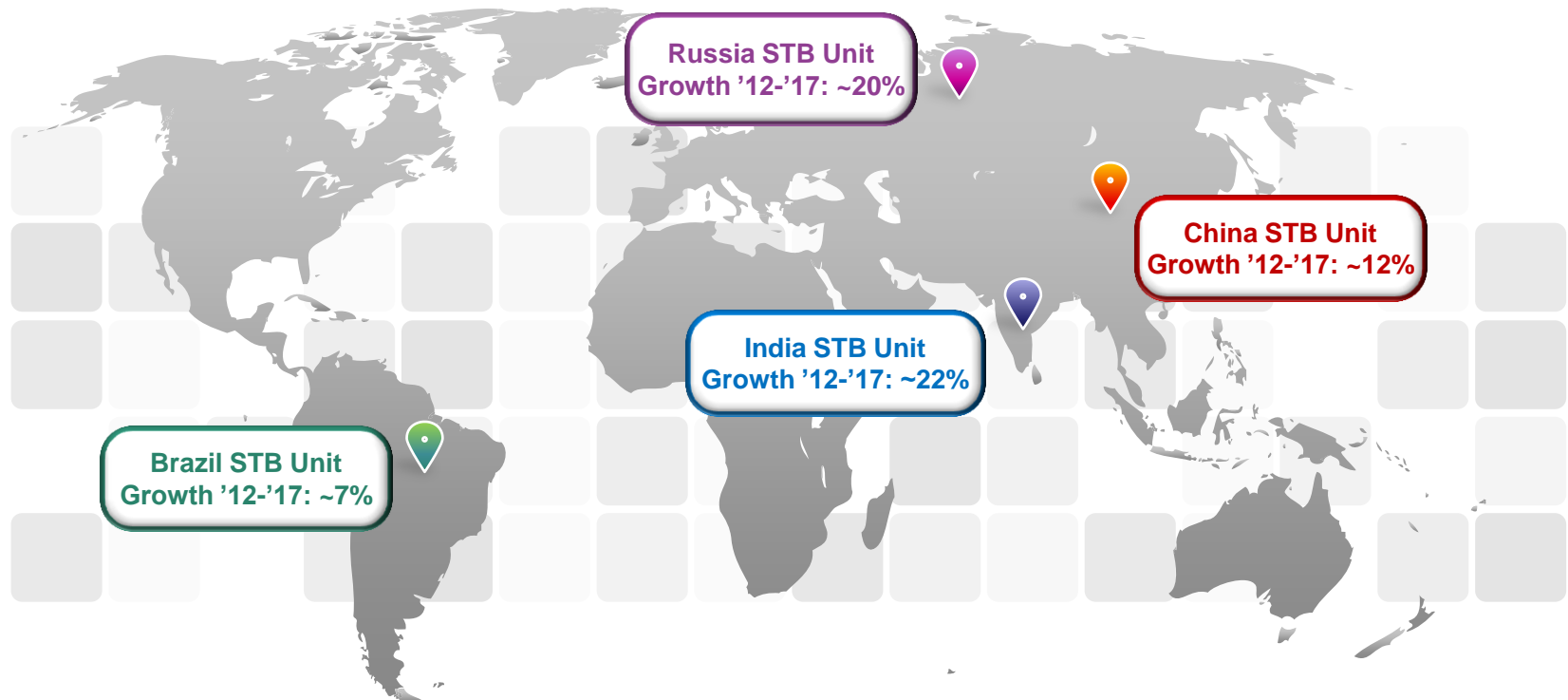
Pay-TV Model: Subscribe to watch premium TV

- Viewers subscribe from local operator and operators offers installation service
- The transmission signals are encrypted and viewers need a set-top box to receive and decrypt the signal



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 digital TV markets in China, India, Latin America and Russia are forecast to account for 45% of the total set-top box shipments between 2011-2015

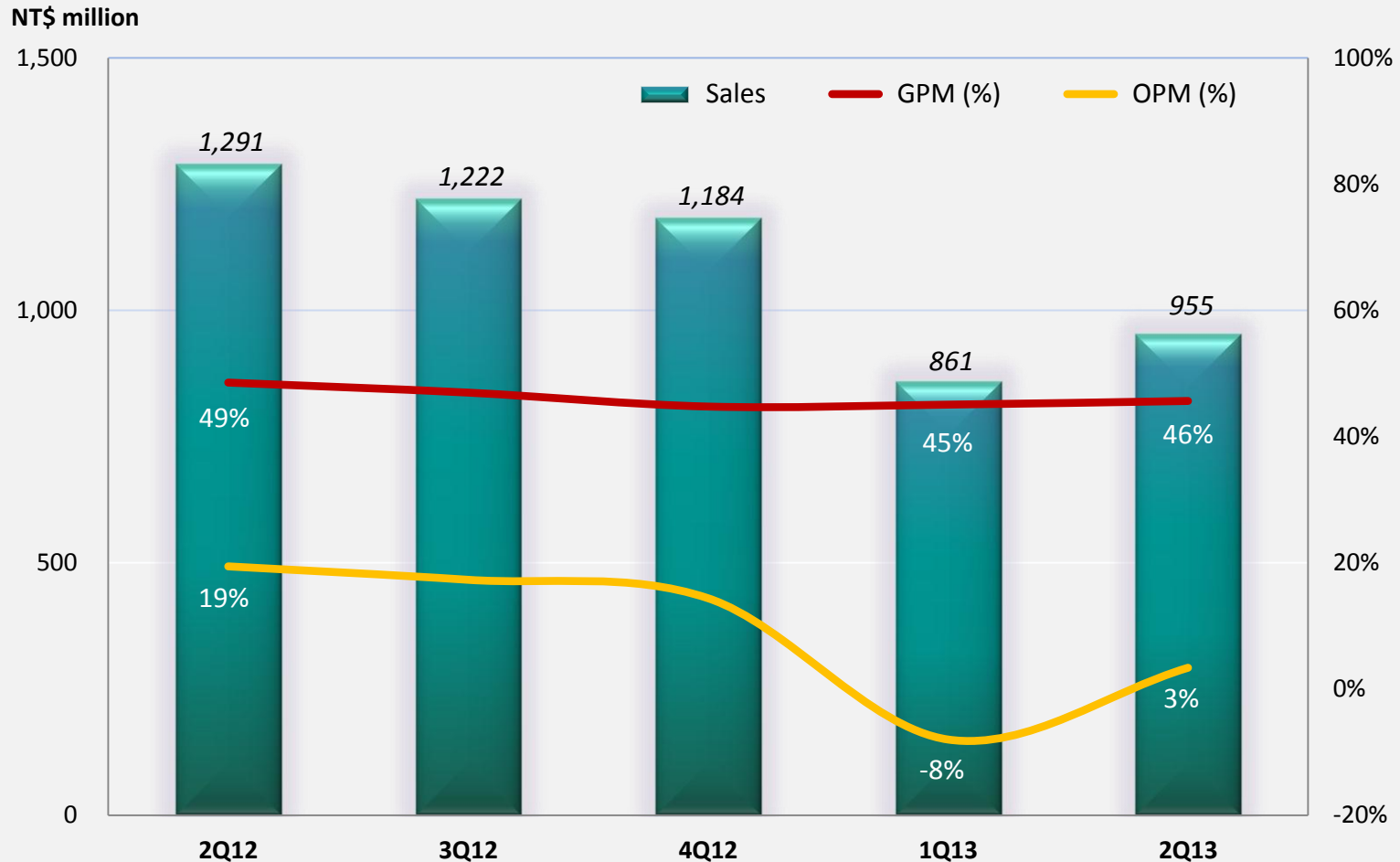


Sources: ABI Research (2012/6)

Financial Highlights

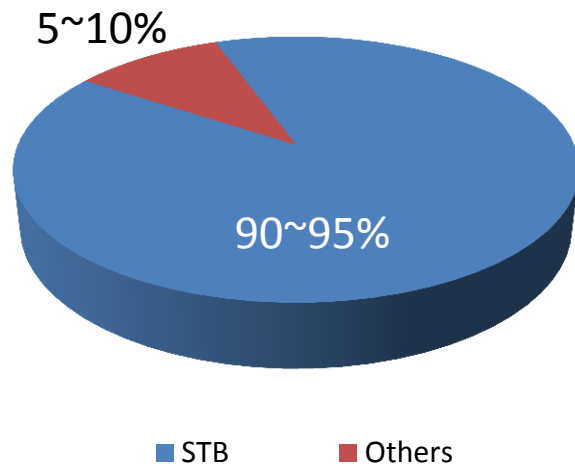
2Q13 consolidated quarterly results

- 2Q13 revenue reached NT\$955 million, QoQ +11%, YoY -26%
- Gross profit margin was 46%
- Operating profit margin was 3%

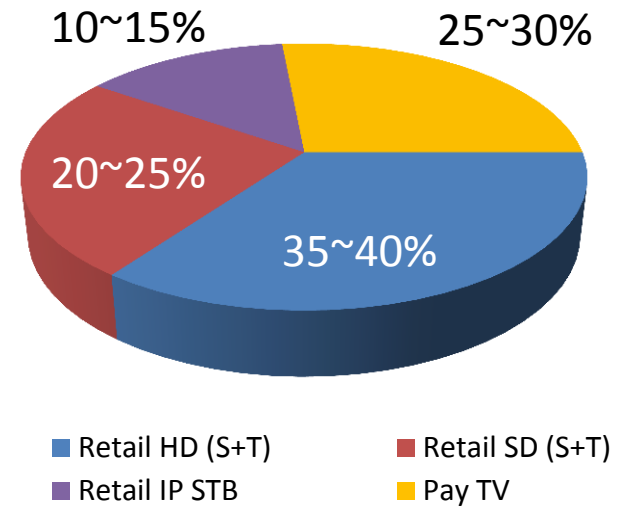


2Q13 revenue breakdown

STB vs. Others



STB by End Market



2Q13 consolidated income statement

(Amounts in thousand New Taiwan Dollars)

	2Q13		1Q13		2Q12		QoQ	YoY
Net sales	955,183	100%	861,099	100%	1,291,208	100%	11%	-26%
Cost of goods sold	(519,202)		(473,059)		(664,188)		10%	-22%
Gross profits	435,981	46%	388,040	45%	627,020	49%	12%	-30%
Operating expenses:								
Selling expenses	(38,651)		(72,188)		(73,485)		-46%	-47%
Administrative expenses	(99,303)		(77,999)		(67,142)		27%	48%
Research and development expenses	(265,858)		(306,809)		(235,303)		-13%	13%
Total operating expenses	(403,812)	-42%	(456,996)	-53%	(375,930)	-29%	-12%	7%
Operating income	32,169	3%	(68,956)	-8%	251,090	19%	N/a	-87%
Non-operating income and gain (expense & loss)	920,731		28,391		14,601		3143%	6206%
Income before income tax	952,900		(40,565)		265,691		N/a	259%
Income tax(expense)benefit	(36,179)		(7,662)		(53,018)		372%	-32%
Net income	916,721	96%	(48,227)	-6%	212,673	16%	N/a	331%
Earnings Per Share (in New Taiwan Dollars)	3.13		(0.16)		0.73			

2Q13 consolidated balance sheet

(Amounts in thousand New Taiwan Dollars except Key Indices)

Selected Items from Balance Sheet

	<u>Jun 30, 2013</u>	<u>Mar 31, 2013</u>	<u>Jun 30, 2012</u>
Cash & financial asset current	5,219,806	3,625,331	4,590,560
Notes and accounts receivable	361,040	364,952	428,802
Inventory (net)	550,460	495,408	311,444
Other current asset	68,720	865,349	82,565
Total current asset	6,200,026	5,351,040	5,413,371
Funds and Investments	58,959	46,871	50,168
Net PP&E	705,096	710,381	1,502,687
Intangible assets	590,958	612,668	112,398
Other assets	168,555	167,354	128,382
Total assets	7,723,594	6,888,314	7,207,006
Notes & accounts payable	574,761	491,152	667,224
Other current liabilities	1,076,550	673,348	1,119,115
Other liabilities	40,142	34,114	7,755
Total liabilities	1,691,453	1,198,614	1,794,094
Total shareholders' equity	6,032,141	5,689,700	5,412,912
Key Indices			
A/R Turnover Days	35	51	39
Inventory Turnover Days	108	109	45
Current Ratio	3.8	4.6	3.0

(Total issued shares were 297,526,071 shares as of Jun 30, 2013)

Thank you