

# ALi Corporation (3041 TT)

## Company Profile

Nov 18-19, 2013



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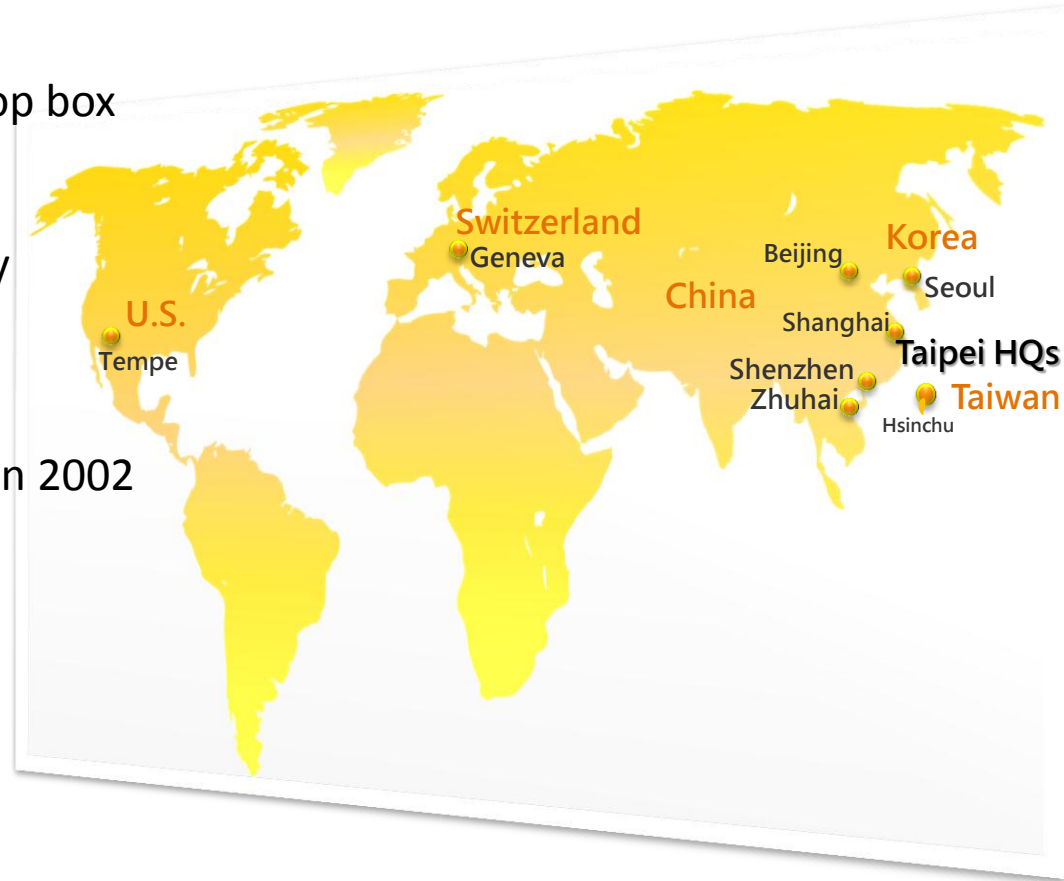
# Agenda

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

# Company Overview

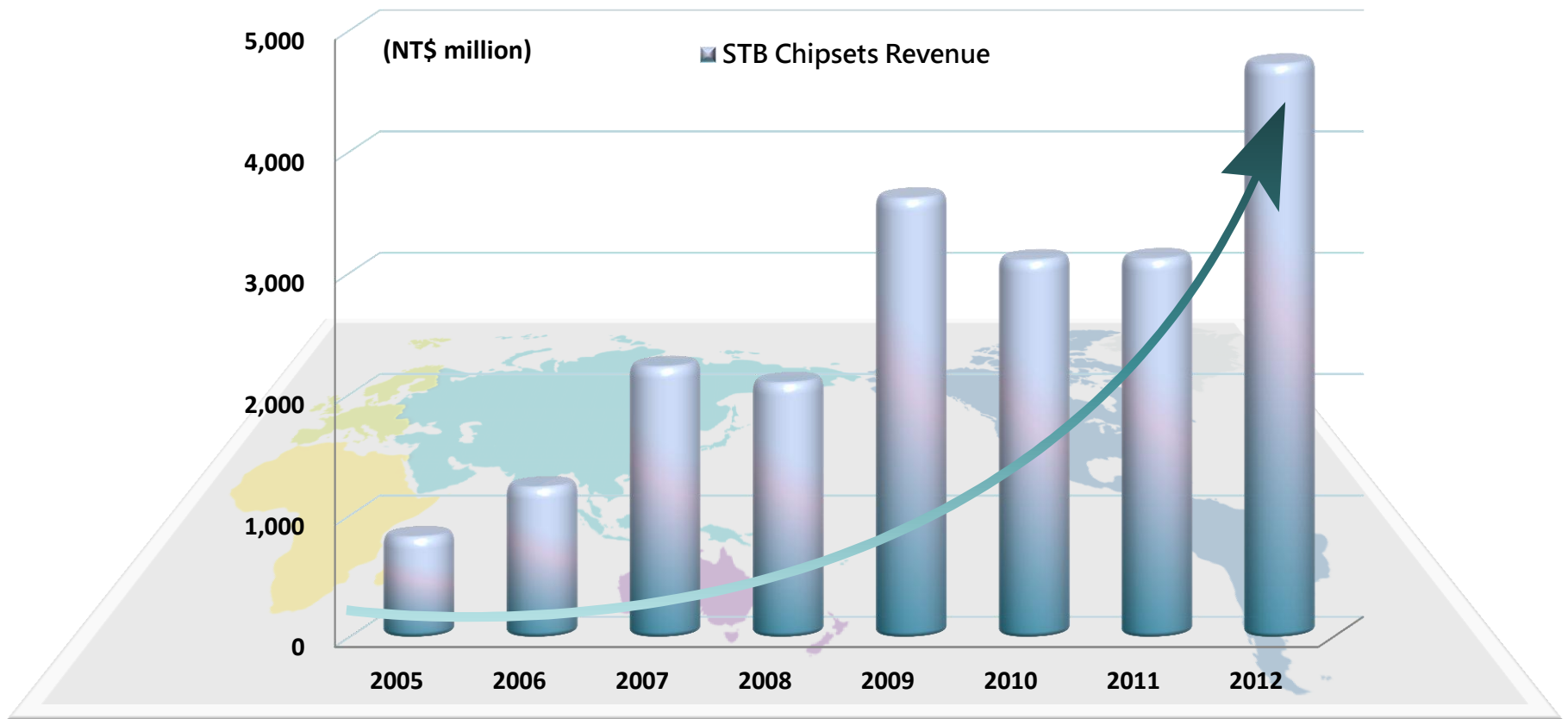
# Overview

- 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:

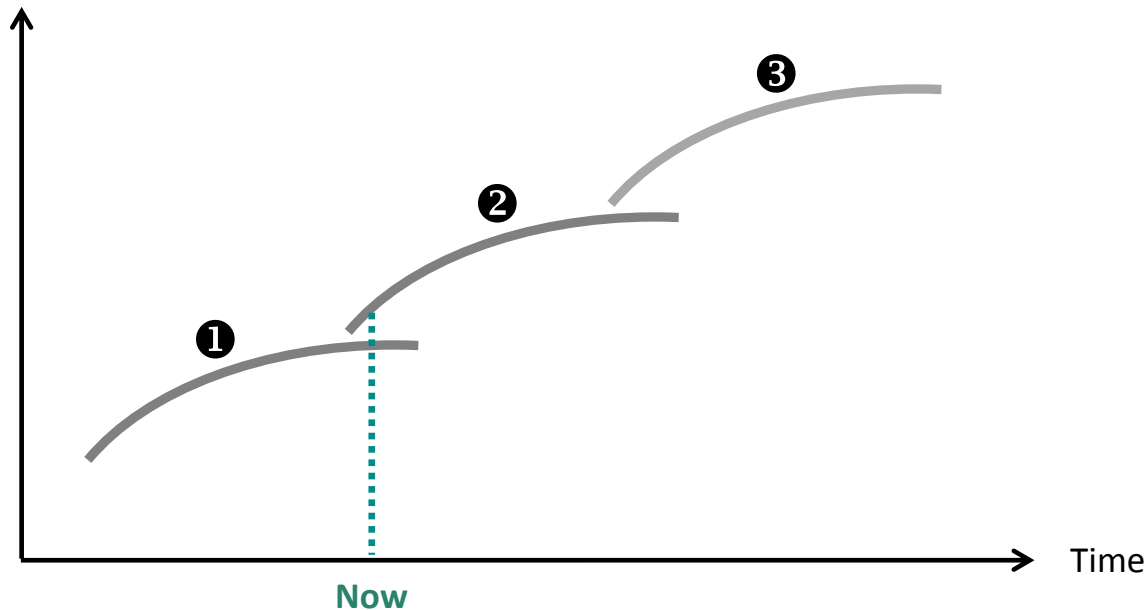
- ① Solutions moving from standard definition to high definition
- ② More exposure to the operator segment
- ③ Higher growth in the IP/hybrid/multiscreen segment

*(Industry wide)*

*(Company specific)*

*(Industry wide)*

Value-added / Technology Complexity



# 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



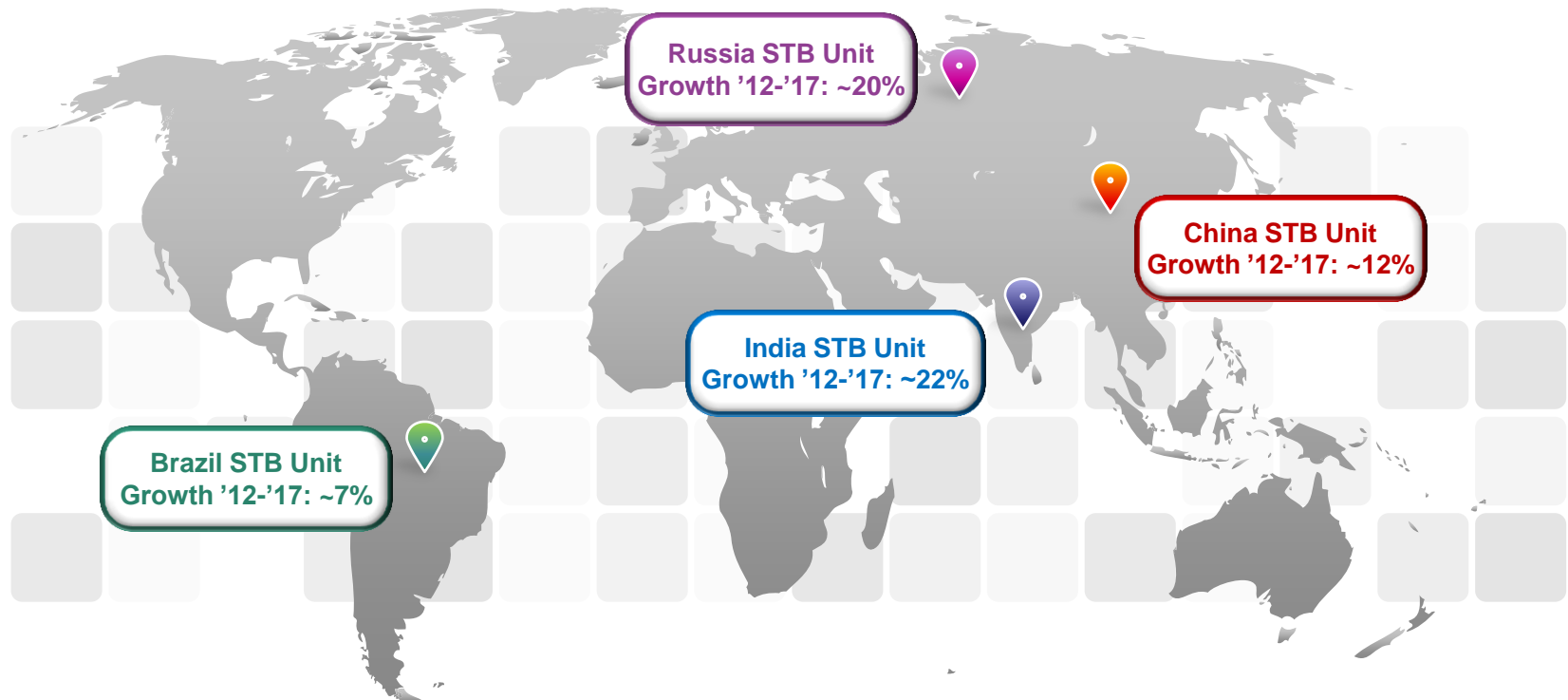
# Pay-TV Model: Subscribe to watch premium TV

- 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

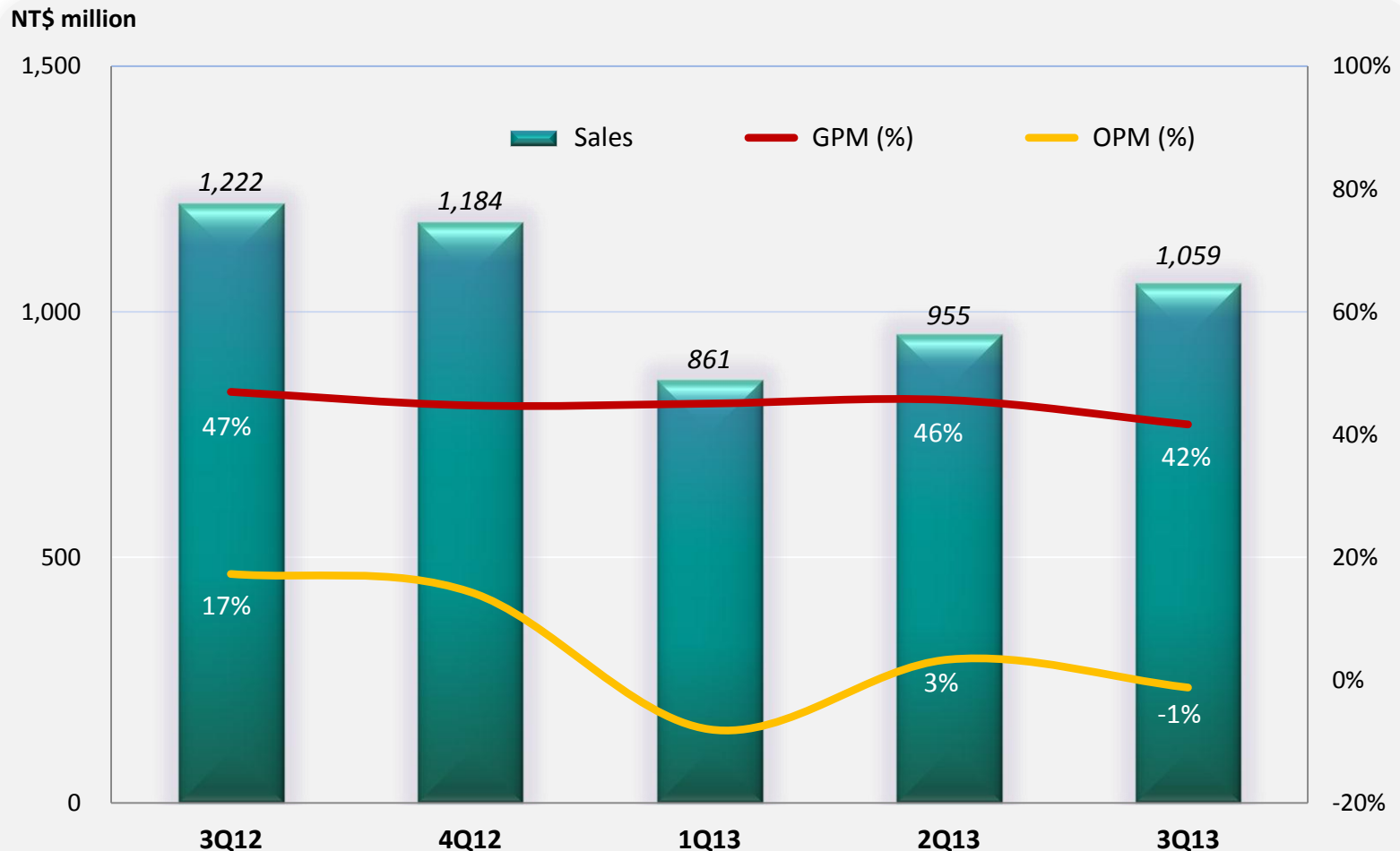


Sources: ABI Research (2012/6)

# Financial Highlights

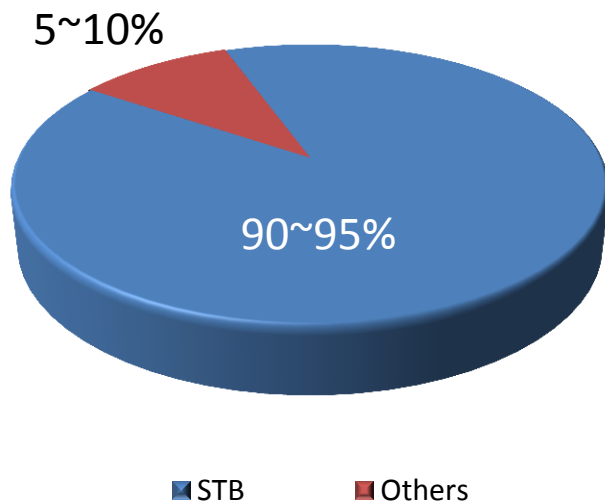
# 3Q13 Consolidated Quarterly Results

- 3Q13 revenue reached NT\$1,059 million, QoQ +11%, YoY -13%
- Gross profit margin was 42%
- Operating profit margin was -1%

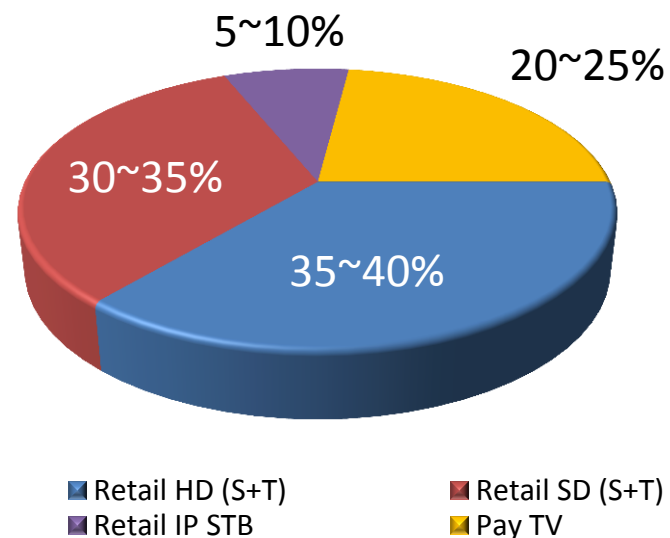


# 3Q13 Revenue Breakdown

STB vs. Others



STB by End Market



# 3Q13 Consolidated Income Statement

(Amounts in thousand New Taiwan Dollars)

	3Q13		2Q13		3Q12		QoQ	YoY
<b>Net sales</b>	1,058,707	100%	955,183	100%	1,221,942	100%	11%	-13%
Cost of goods sold	(617,622)		(519,202)		(648,046)		19%	-5%
<b>Gross profits</b>	441,085	42%	435,981	46%	573,896	47%	1%	-23%
Operating expenses:								
Selling expenses	(62,863)		(38,651)		(69,462)		63%	-10%
Administrative expenses	(100,274)		(99,303)		(66,733)		1%	50%
Research and development expenses	(290,603)		(265,858)		(226,246)		9%	28%
Total operating expenses	(453,740)	-43%	(403,812)	-42%	(362,441)	-30%	12%	25%
<b>Operating income</b>	(12,655)	-1%	32,169	3%	211,455	17%	N/a	N/a
Non-operating income and gain (expense & loss)	8,273		920,731		25,270		-99%	-67%
<b>Income before income tax</b>	(4,382)		952,900		236,725		N/a	N/a
Income tax(expense)benefit	(39,619)		(36,179)		(48,393)		10%	-18%
<b>Net income</b>	(44,001)	-4%	916,721	96%	188,332	15%	N/a	N/a
Earnings Per Share (in New Taiwan Dollars)	(0.15)		3.13		0.64			



# 3Q13 Consolidated Balance Sheet

(Amounts in thousand New Taiwan Dollars except Key Indices)

## Selected Items from Balance Sheet

	Sep 30, 2013	Jun 30, 2013	Sep 30, 2012
Cash & financial asset current	4,438,280	5,219,806	3,942,245
Notes and accounts receivable	494,568	361,040	663,654
Inventory (net)	458,841	550,460	375,785
Other current asset	55,585	68,720	72,393
<b>Total current asset</b>	<b>5,447,274</b>	<b>6,200,026</b>	<b>5,054,077</b>
Funds and Investments	59,202	58,959	49,308
Net PP&E	700,554	705,096	1,496,094
Intangible assets	574,236	590,958	101,039
Other assets	152,119	168,555	165,831
<b>Total assets</b>	<b>6,933,385</b>	<b>7,723,594</b>	<b>6,866,349</b>
Notes & accounts payable	456,522	574,761	641,041
Other current liabilities	439,030	1,076,550	610,595
Other liabilities	38,217	40,142	7,755
<b>Total liabilities</b>	<b>933,769</b>	<b>1,691,453</b>	<b>1,259,391</b>
<b>Total shareholders' equity</b>	<b>5,999,616</b>	<b>6,032,141</b>	<b>5,606,958</b>
<b>Key Indices</b>			
A/R Turnover Days	37	35	41
Inventory Turnover Days	93	108	52
Current Ratio	6.1	3.8	4.0

(The weighted average number of common shares outstanding was 292,526,071 for the quarter ended Sep 30, 2013)

# Thank you