

ALi Corporation (3041 TT)

Company Profile

Jan 15, 2015

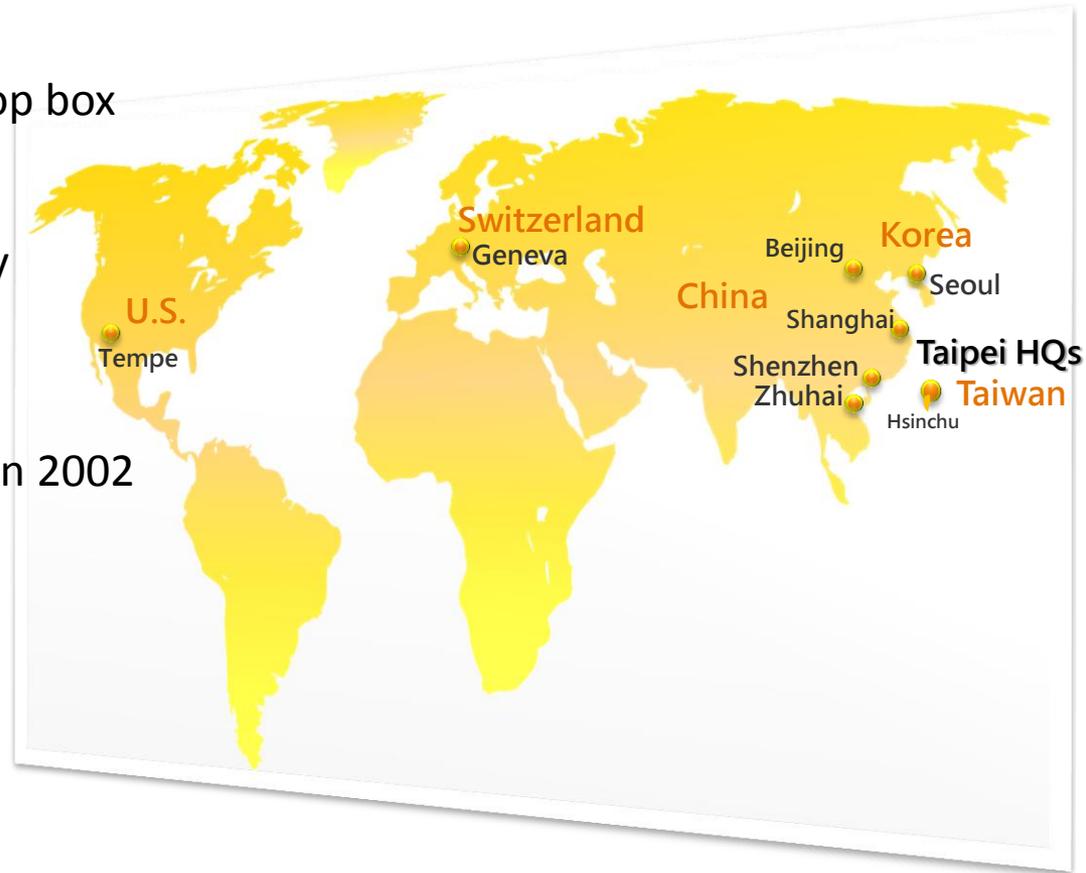


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Overview

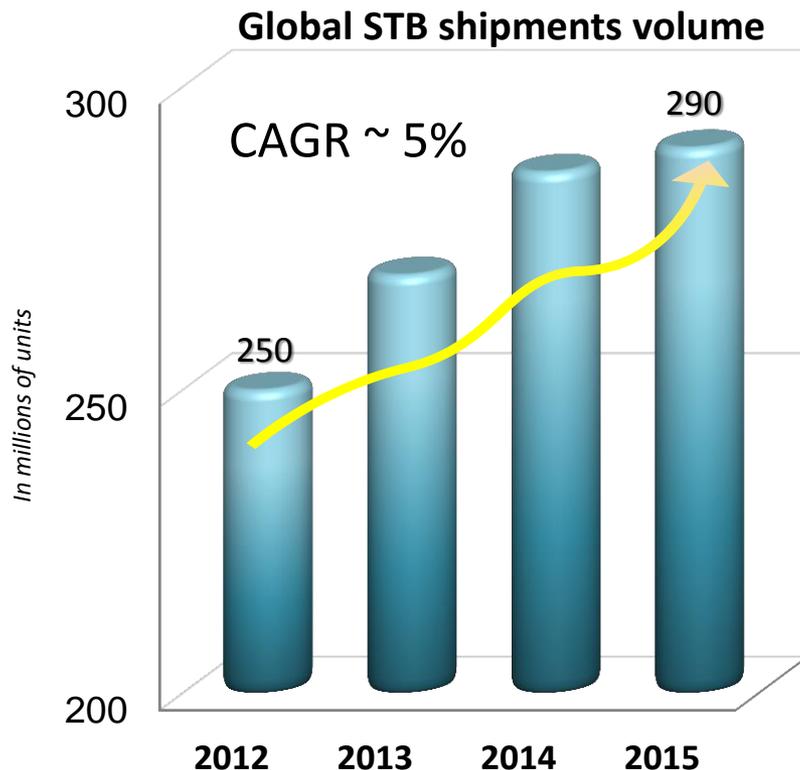
- One of the global leaders in set-top box (“STB”) system-on-chips (“SoC”)
- A fabless semiconductor company
- Founded in 1993
- Listed on Taiwan Stock Exchange in 2002 (Ticker: 3041)
- 600+ employees worldwide
- Headquartered in Taipei, Taiwan



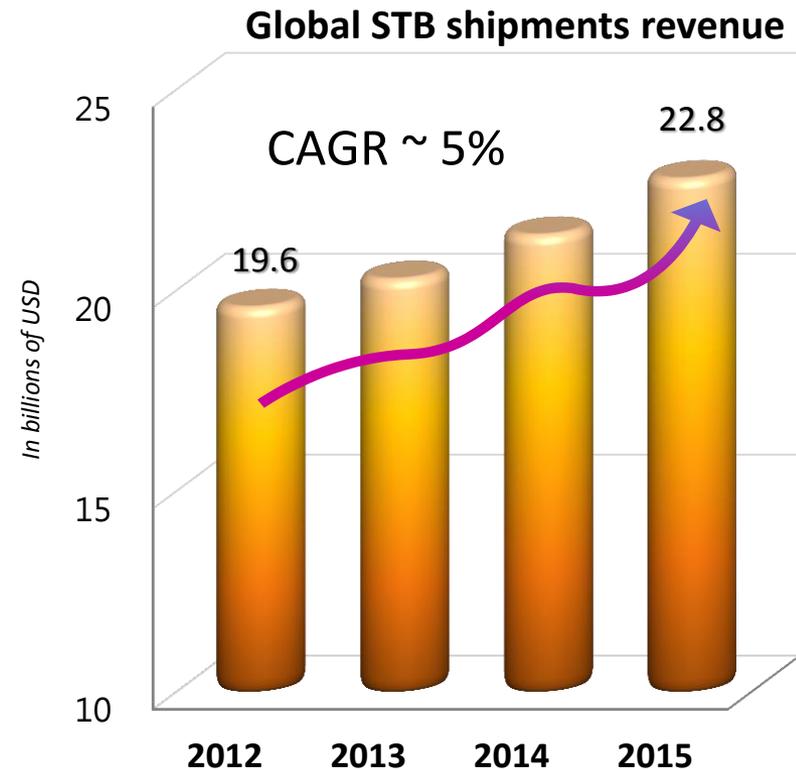
Sizeable STB market with healthy outlook

- 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

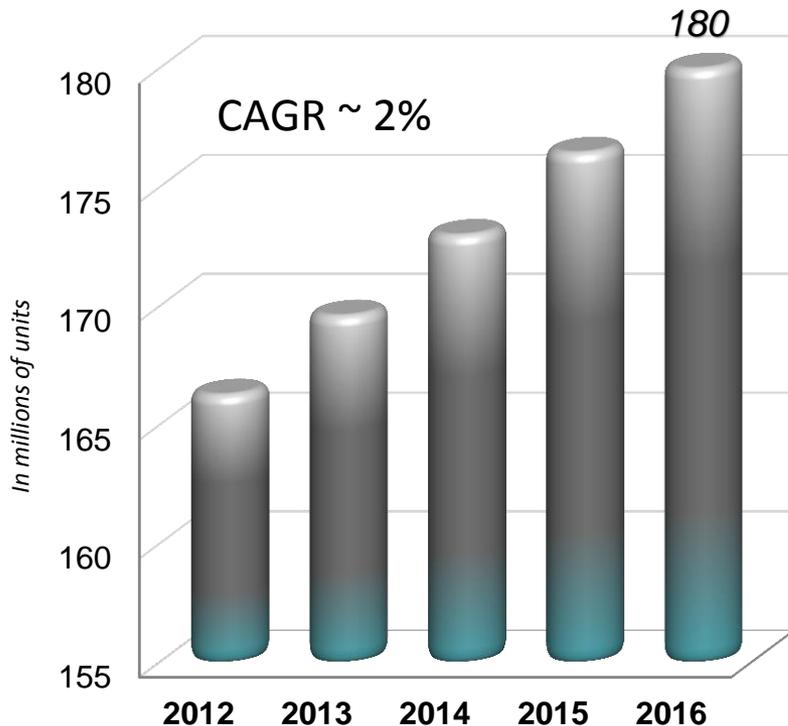
- Decrypts broadcast content from operators for authenticated subscribers
- Delivers pay-per-view and interactivity

- 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

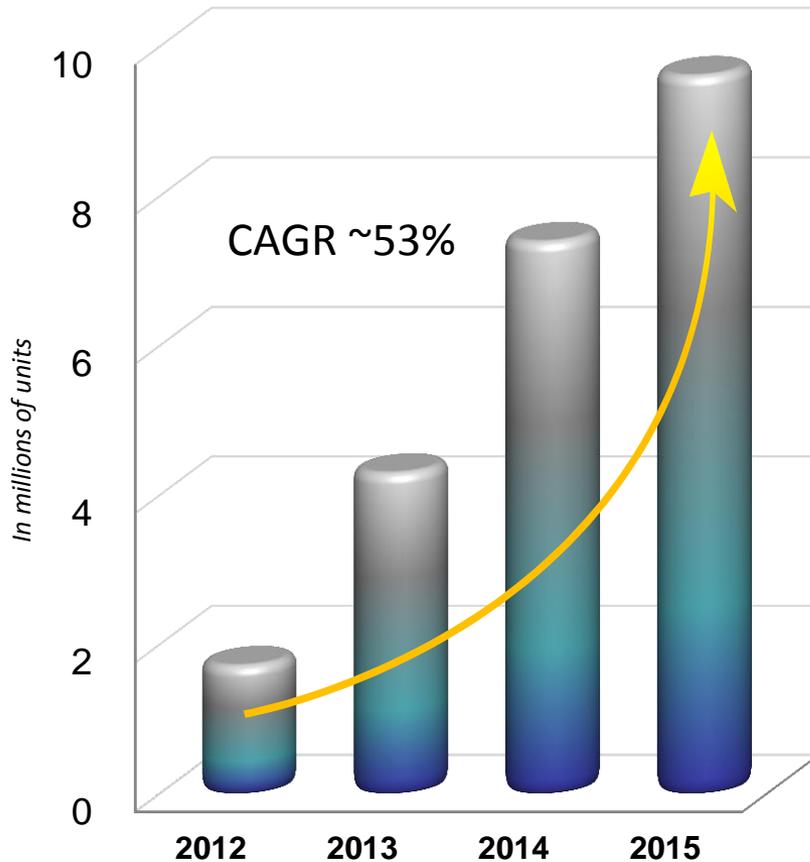


Source: Futuresource Consulting (Aug 2013)

- 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)

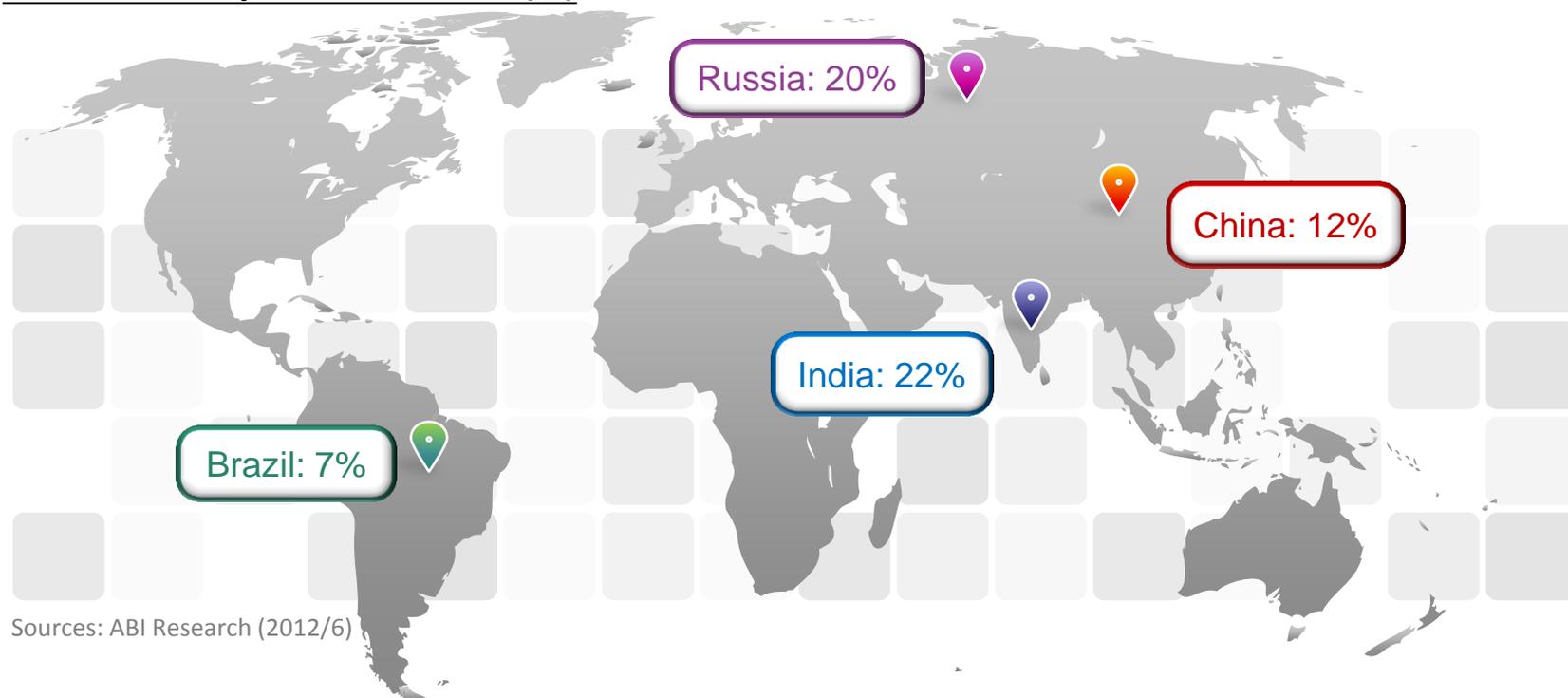
- MHGs are playing a role as the bridge between broadcast and Internet protocol(IP) video distribution
- MHGs allow operators to consolidate content delivery around their managed networks regardless of viewing devices
- Pay-TV operators could further offer a range on additional services supported by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

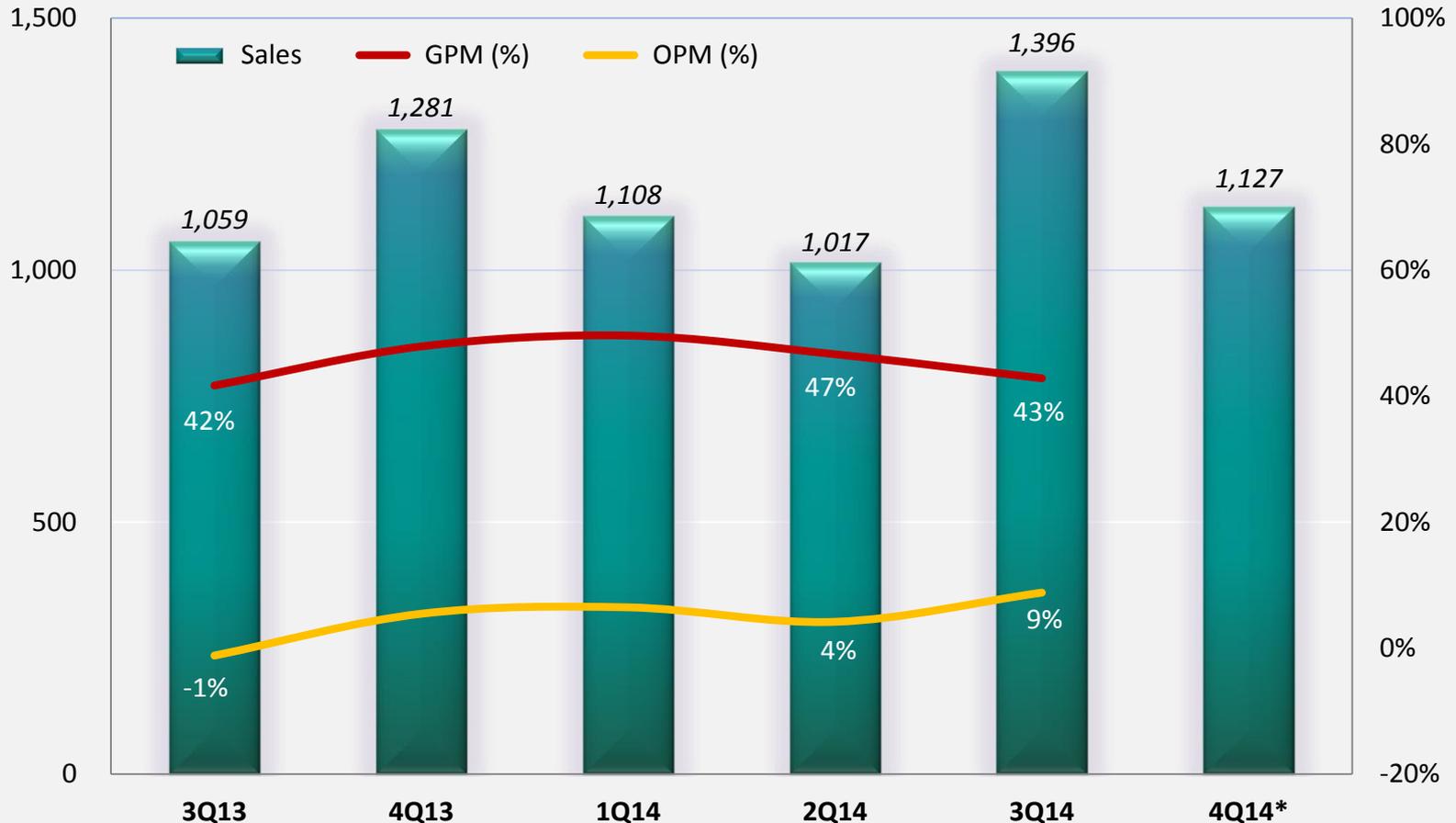


Sources: ABI Research (2012/6)

Consolidated Quarterly Results

- 3Q14 revenue reached NT\$1,396 million, QoQ +37%, YoY +32%
- Gross profit margin was 43%
- Operating profit margin was 9%

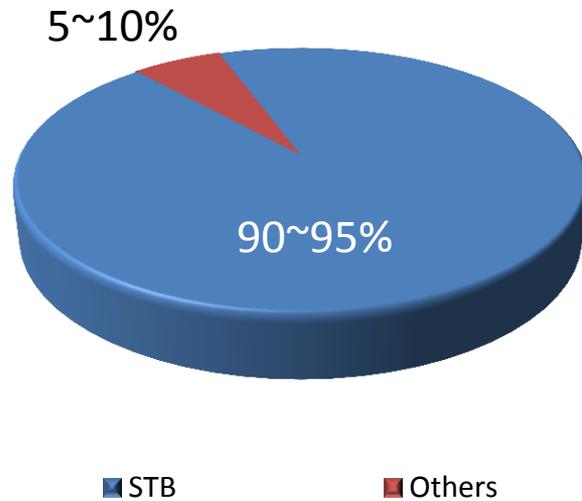
NT\$ million



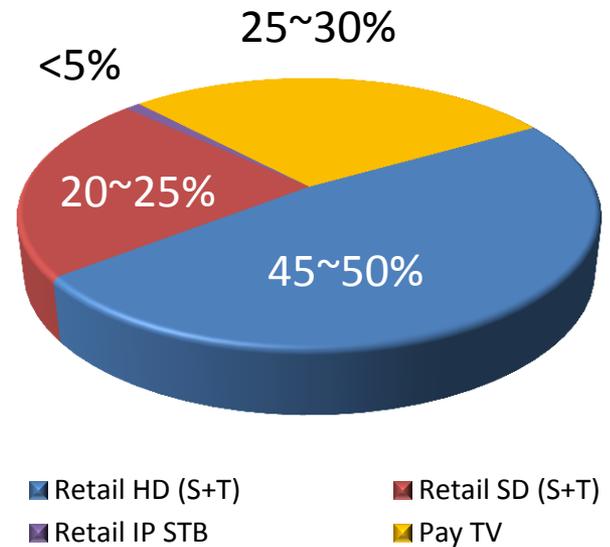
*Unaudited consolidated sales

Revenue Breakdown

STB vs. Others



STB by End Market



3Q14 Consolidated Income Statement

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

	3Q14		2Q14		3Q13		QoQ	YoY
Net sales	1,395,830	100%	1,016,890	100%	1,058,707	100%	37%	32%
Cost of goods sold	(798,154)		(542,663)		(617,622)		47%	29%
Gross profits	597,676	43%	474,227	47%	441,085	42%	26%	36%
Operating expenses:								
Selling expenses	(104,663)		(80,635)		(62,863)		30%	66%
Administrative expenses	(78,543)		(73,340)		(100,274)		7%	-22%
Research and development expenses	(291,762)		(278,005)		(290,603)		5%	0%
Total operating expenses	(474,968)		(431,980)		(453,740)		10%	5%
Operating income	122,708	9%	42,247	4%	(12,655)	-1%	190%	N/a
Non-operating income and gain (expense & loss)	11,432		6,343		8,273		80%	38%
Income before income tax	134,140		48,590		(4,382)		176%	N/a
Income tax(expense)benefit	(21,890)		(14,910)		(39,619)		47%	-45%
Net income	112,250		33,680		(44,001)		233%	N/a
Earnings Per Share (in New Taiwan Dollars)	0.38		0.12		(0.15)			

3Q14 Consolidated Balance Sheet

(Amounts in thousand New Taiwan Dollars except Key Indices)

Selected Items from Balance Sheet

	Sep 30, 2014	Jun 30, 2014	Sep 30, 2013
Cash & financial asset current	4,012,647	4,740,220	4,438,280
Notes and accounts receivable	284,069	193,296	494,568
Inventory (net)	509,343	560,753	458,841
Other current asset	644,616	332,856	55,585
Total current asset	5,450,675	5,827,125	5,447,274
Funds and Investments	48,070	64,963	59,202
Net PP&E	685,093	691,939	700,554
Intangible assets	477,099	502,118	574,236
Other assets	152,009	127,657	152,119
Total assets	6,812,946	7,213,802	6,933,385
Notes & accounts payable	604,935	484,040	456,522
Other current liabilities	470,331	1,160,158	439,030
Other liabilities	35,734	20,352	38,217
Total liabilities	1,111,000	1,664,550	933,769
Total shareholders' equity	5,701,946	5,549,252	5,999,616
Key Indices			
A/R Turnover Days (net)	16	19	37
Inventory Turnover Days (net)	62	83	75
Current Ratio	5.1	3.5	6.1

Thank You

