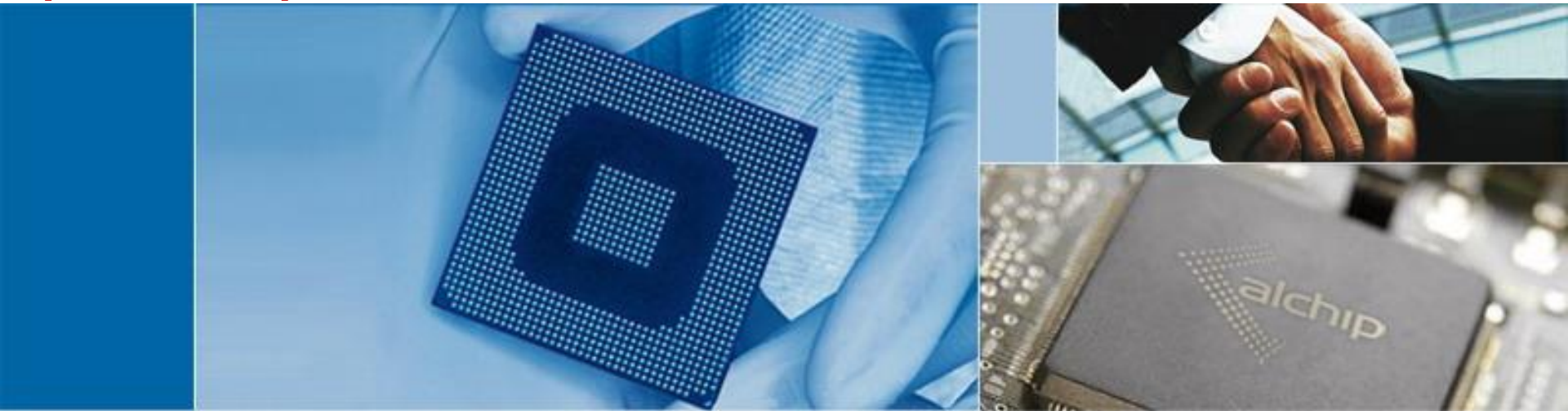




**(3661 TT)**



# **Alchip Technologies**

**Trusted Silicon Partner Realizing Innovations**

# Safe Harbor Disclaimer



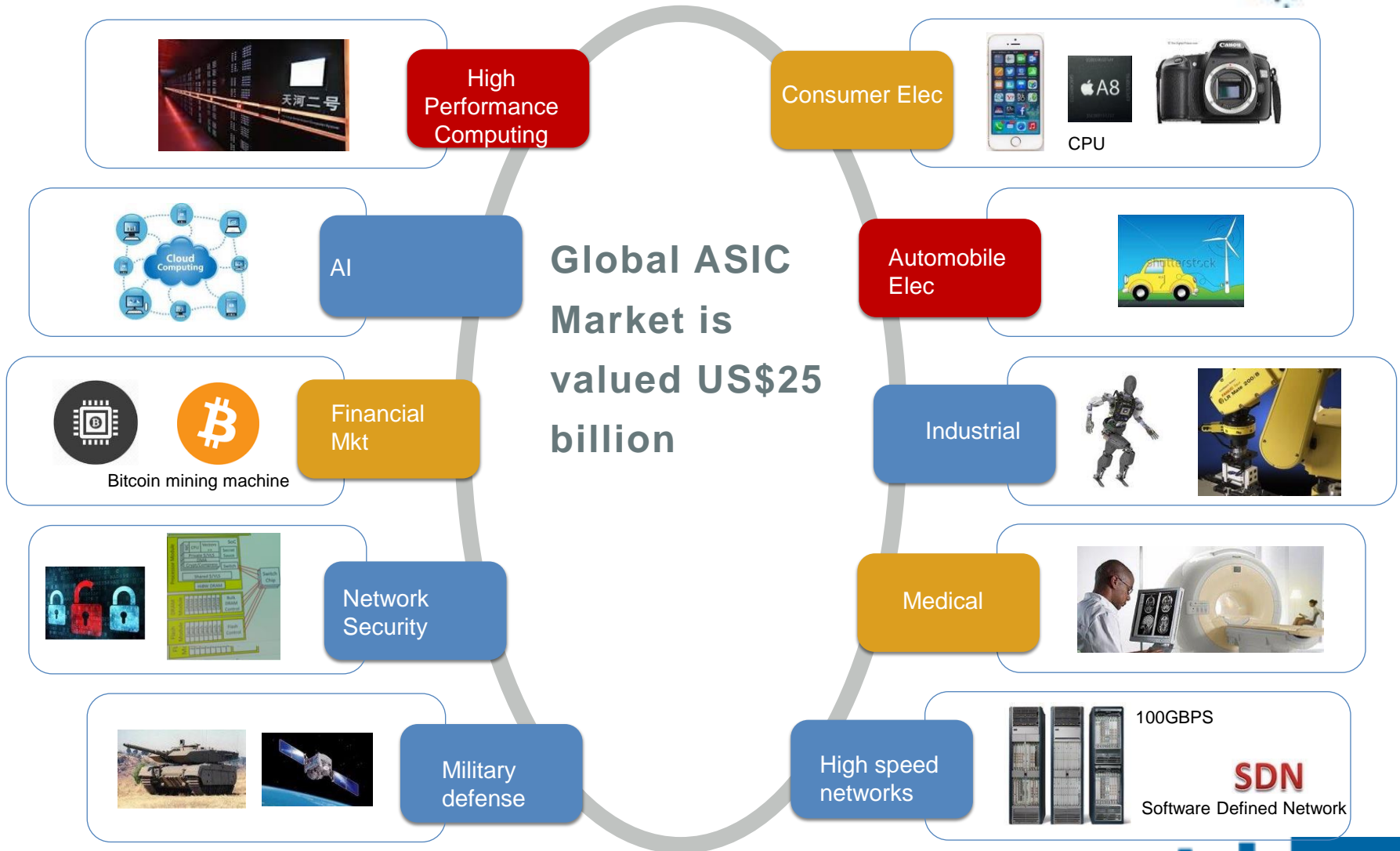
This presentation contains forward-looking statements, including statements about business outlook and strategy, and statements about historical results that may suggest trends for our business. These statements are based on estimates and information available to us at the time of this presentation and 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.

# Corporate Profile

Establishment : 2003	Business : ASIC Design & Turnkey Service
Chairman : Kinying Kwan	CEO : Johnny Shen
Employee : Total@425	Paid-in Capital: NT\$598M

<p style="text-align: center;"><b>China</b></p> <p><b>Shanghai</b> 11F, East tower Greenland Center, 596 Mid-Longhua Road, Xuhui Dist.</p> <p><b>Wuxi</b> 4F, Building A5, No.777, Jianzhuxi Road, Binhu District, Wuxi, Jiangsu,</p> <p><b>Hefei</b> 6F, Building C4, No. 800, Wangjiang West Road, Gaoxin District, Hefei City, Anhui Province,</p> <p><b>Jinan</b> Qilu Soft Park, Gaozin Dist. Jinan City</p> <p><b>Beijing &amp; Guangzhou offices</b></p>	<p style="text-align: center;"><b>Taiwan</b></p> <p><b>Taipei</b> Taipei (Headquarters) 9F., No.12, Wenhua St., Neihu Dist.,</p> <p><b>Hsincsu</b> 11F.-1, No.1, Taiyuan 1 St., Zhubei City, Hsinchu County</p>	<p style="text-align: center;"><b>Japan</b></p> <p><b>Sin-Yokohama</b> 10F Shin-Yokohama Square Bldg, 2-3-12 Shin-Yokohama, Kouhoku Yokohama Kanagawa Japan</p> <hr/> <p style="text-align: center;"><b>Korea</b></p> <p><b>Seoul</b> A-903, 559, Dowha-dong, Mapo-gu, Seoul, 121-784, KOREA</p> <hr/> <p style="text-align: center;"><b>North America</b></p> <p><b>Silicon Valley</b> P. O. Box 5176 Santa Clara, CA 95056-5176</p>
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# ASIC Application Market



# 2018 Quarterly Income statement



US\$'000	1Q18	2Q18	3Q18	4Q18	QoQ (%)	YoY (%)	4Q17
Revenue	27,697	32,735	28,365	25,657	-10	6	24,231
COGs	14,999	17,591	16,530	22,499	36	182	12,384
Gross Profit	12,697	15,144	11,835	3,158	-73	-73	11,847
Op. Exp	8,577	8,833	8,413	6,334	-25	72	8,810
Op. Income	4,120	6,311	3,422	-3,176	n.m.	n.m.	3,037
Non. Op.	584	-1,308	357	794	123	439	181
Pre-Tax Profit	4,704	5,004	3,779	-2,382	n.m.	n.m.	3,218
Income Tax	-831	-983	-763	8	n.m.	-1	-545
Net income	3,873	4,021	3,016	-2,374	n.m.	n.m.	2,673
EPS (NT\$)	1.85	1.95	1.51	-1.09			1.32

EPS calculation is based on concurrent FX

# Yearly Income Statement



US\$('000)	2016	YoY(%)	2017	YoY(%)	2018	YoY(%)
Revenue	114,403	-4	140,169	23	114,454	-18
COGs	99,282	6	100,700	1	71,619	-29
Gross Profit	15,120	-42	39,469	161	42,835	9
Op. Exp	21,622	1	28,952	34	32,157	11
Op. Income	-6,501	n.m.	10,517	n.m.	10,678	2
Non. Op.	261	-70	1,279	390	427	-67
Pre-Tax Profit	-6,240	m.m.	11,796	n.m.	11,105	-6
Income Tax	-313	-75	-1,651	427	-2,569	56
Net income	-6,552	n.m.	10,145	n.m.	8,536	-16
EPS (NT\$)	-3.5		5.1		4.2	

EPS calculation is based on concurrent FX

# 2018 & 4Q18 Operation Recap



2018 total revenue is at US\$114M, down 18% YoY

- The MP revenue contribution was low. Contribution from HPC suffered certain degree decline
- Crypto-currency market plunged in 2H18. The related revenue contribution came much lower than expectation

2018 operating income reached 10.6M, up 2% YoY

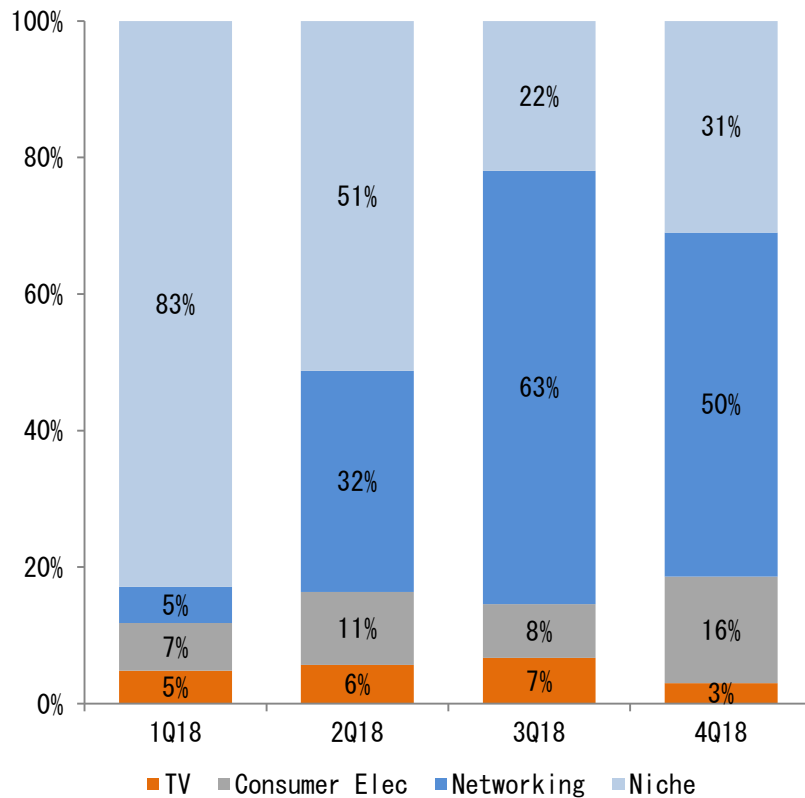
- Due to the operating loss of 4Q18 the full year operating income growth was much lower than expected
- Operating expense hike was due manly to the employee expansion

4Q18 operating income turn negative on low GM

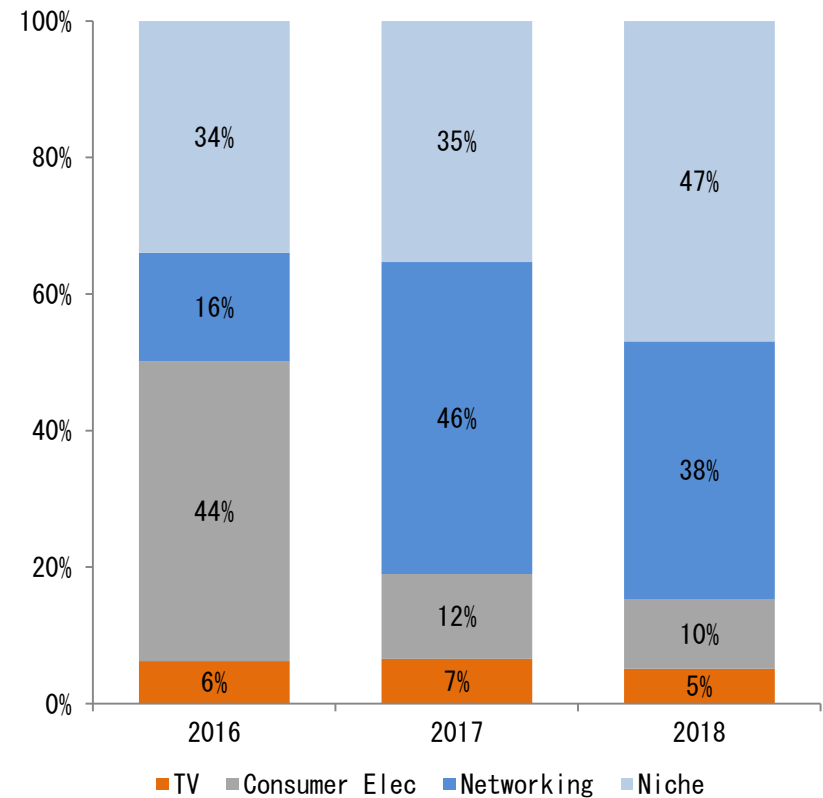
- Two crypto-currency tape-out milestones did not occur as expected
- Heavy mask amortization costs hampered the margin performance
- Design revenue contribution was low compared to first three quarters

# Revenue breakdown by application

## Quarterly breakdown

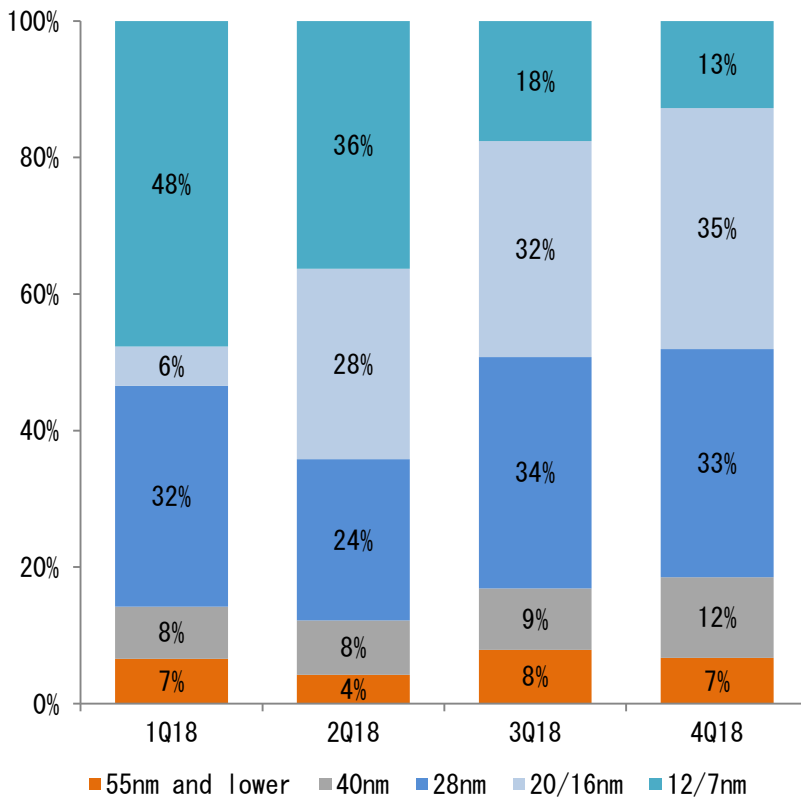


## 16-18 Yearly breakdown

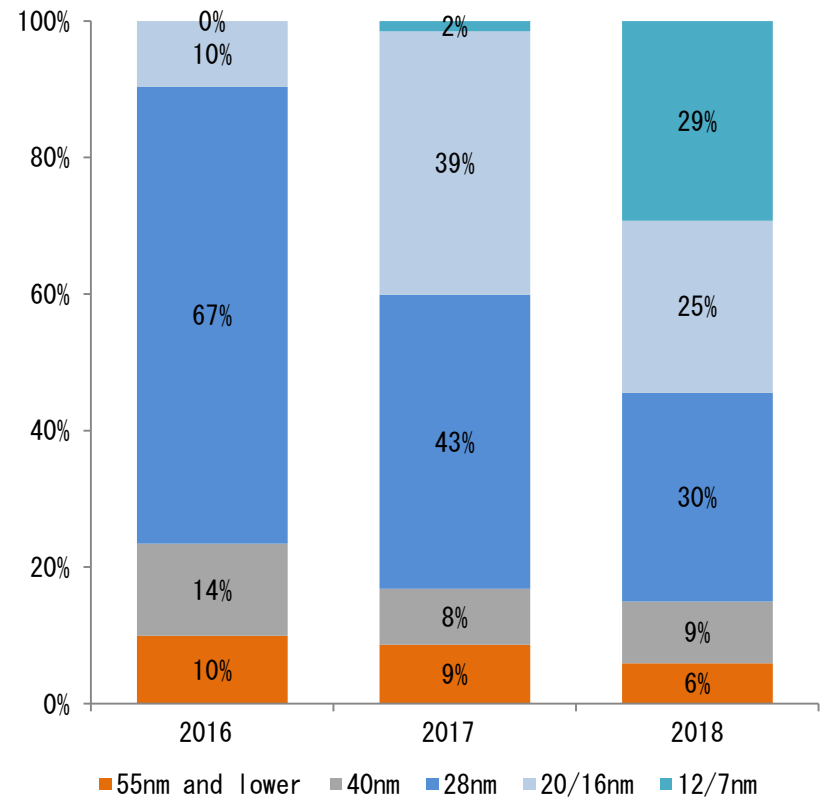


# Revenue breakdown by process node

## Quarterly breakdown



## 16-18 Yearly breakdown

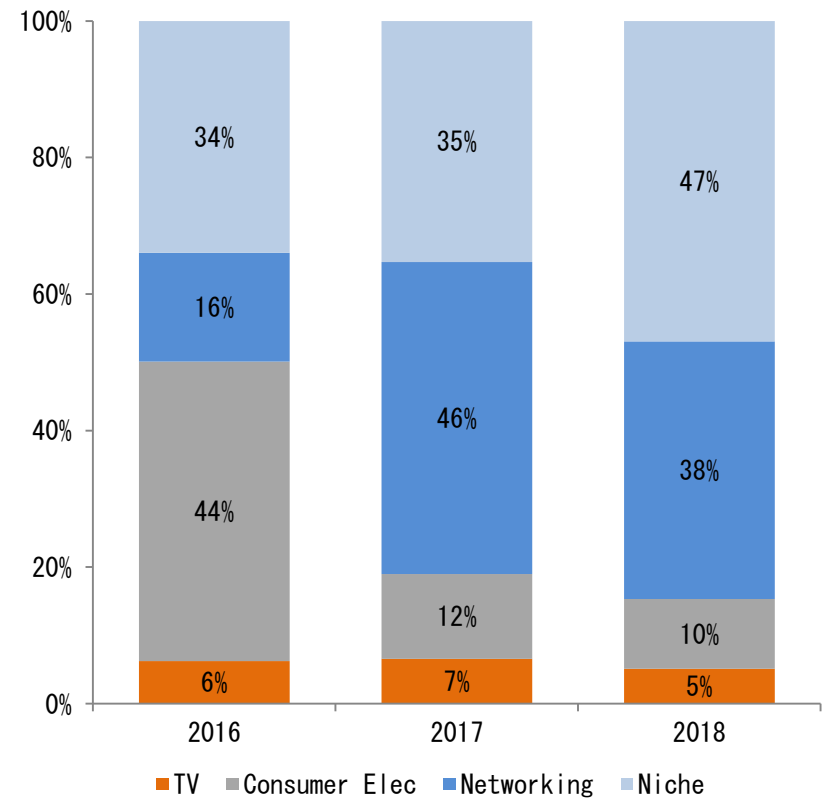
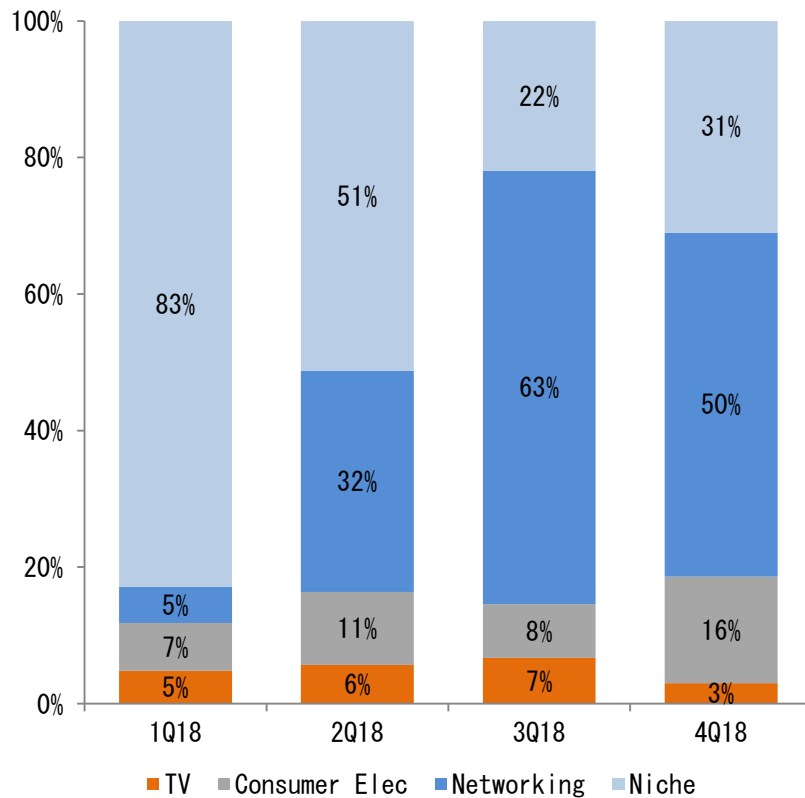


Advanced process node means 40nm or better

# Revenue breakdown by region

## Quarterly breakdown

## 16-18 yearly breakdown



# Industry view



## AI related ASIC demand remains strong

- Strong AI related design demand continues. In addition to volume increase, Variety of applications also expand at high pace. Speed of ASIC demand increase becomes faster than ASSP
- AI related designs are usually complicated, large-scale, and using leading edge technology nodes. Not many back-end design suppliers are capable for supporting

## Crypto-Currency market remains weak

- Given the plugged coin price, there's few new mining players emerge, and the existing miners are also hesitate to place orders
- It is expected that the demand would remain weak, if the coin price keep on at its current range

# 2018 Operation Outlook



**HPC、 AI related applications are expect to remain the main growth drivers for 2018 and 2019**

- Expect more projects from existing customers, coupled with new customers join our client list
- Expect 16nm to be the mainstream process node for these large-scale, complex designs in 2018 and 7nm to gradually become the mainstream in 2019

**Optimistic on both top and bottom line performance**

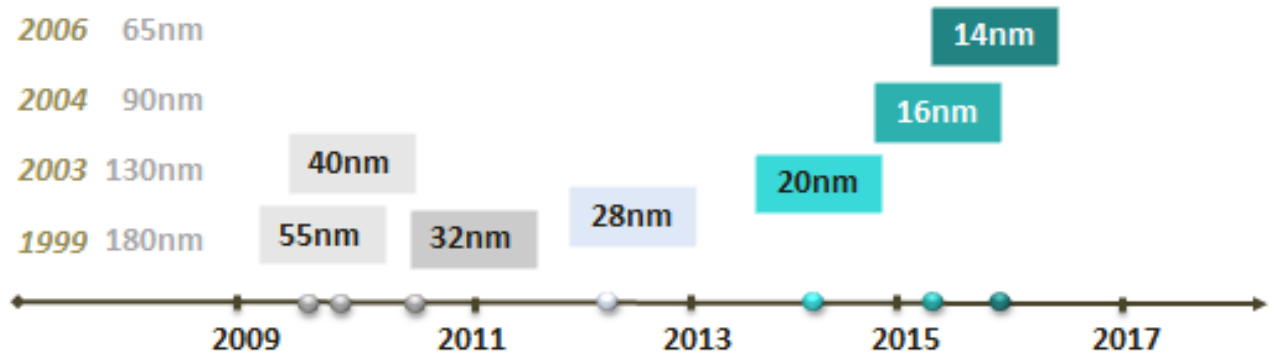
- Optimistic toward 2018 top and bottom line performance. We expect mild growth for sales while profit growth to outpace sales growth
- We are positive on the margin front, given expected high sales mix of NRE

# Track Record



Over 300 successful tape-outs since establishment

**350+**  
**Tape-Outs**





**Thanks!**

[www.alchip.com](http://www.alchip.com)





**Trusted Silicon Partner  
Realizing Innovations**

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