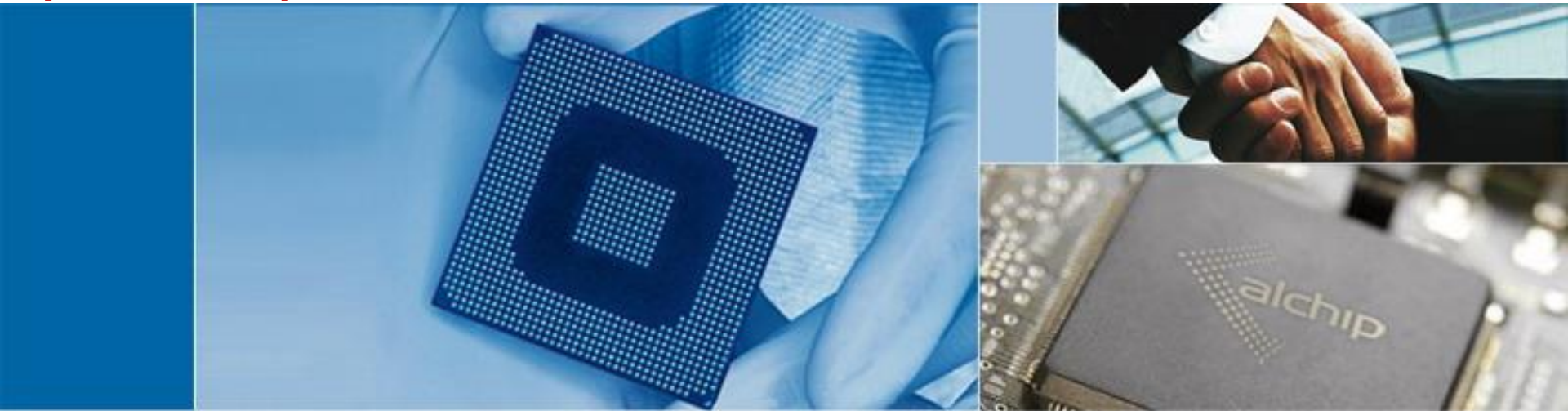




(3661 TT)



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@410 , Engineer@290	Paid-in Capital: NT\$607M

<h3>China</h3> <p>Shanghai 11F, East tower Greenland Center, 596 Mid-Longhua Road, Xuhui Dist.</p> <p>Wuxi 4F, Building A5, No.777, Jianzhuxi Road, Binhu District, Wuxi, Jiangsu,</p> <p>Hefei 6F, Building C4, No. 800,Wangjiang West Road, Gaoxin District, Hefei City, Anhui Province,</p> <p>Jinan Qilu Soft Park, Gaozin Dist. Jinan City</p> <p>Beijing & Guangzhou offices</p>	<h3>Taiwan</h3> <p>Taipei Taipei (Headquarters) 9F., No.12, Wenhui St., Neihu Dist.,</p> <p>Hsincsu 11F.-1,No.1, Taiyuan 1 St., Zhubei City, Hsinchu County</p>	<h3>Japan</h3> <p>Sin-Yokohama 10F Shin-Yokohama Square Bldg, 2-3-12 Shin-Yokohama, Kouhoku Yokohama Kanagawa Japan</p> <hr/> <h3>Korea</h3> <p>Seoul A-903, 559, Dowha-dong, Mapo-gu, Seoul, 121-784, KOREA</p> <hr/> <h3>North America</h3> <p>Silicon Valley P. O. Box 5176Santa Clara, CA 95056-5176</p>
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ASIC Application Market



1H18 Quarterly Income Statement



US\$('000)	1Q17	QoQ(%)	YoY(%)	2Q17	QoQ(%)	YoY(%)	1H17
Revenue	27,697	14	12	32,735	18	-15	60,432
COGs	14,999	21	-15	17,591	17	-37	32,590
Gross Profit	12,697	7	79	15,144	19	47	27,842
Op. Exp	8,577	-3	40	8,833	3	22	17,410
Op. Income	4,120	36	341	6,311	53	108	10,432
Non. Op.	584	223	78	-1,308	n.m.	n.m.	-724
Pre-Tax Profit	4,704	46	273	5,004	6	41	9,708
Income Tax	-831	53	1198	-983	18	92	-1,814
Net income	3,873	45	223	4,021	4	32	7,894
EPS (NT\$)	1.85			1.95			3.80

1H18 Operation Recap



1H18 revenue came at US\$60.4M, down 4% YoY

- 1H18 revenue came mainly from HPC related projects. Amongst it, revenue of cryptocurrency mining attributed the most
- Benefited by increasing mix of service and HPC related revenue, the 1H gross margin reached 27.6% (vs. 1H16 @ 10.7%)

2Q18 revenue was US\$32.8M, down 15% YoY. Operating income reached US\$6.3M, up 108% YoY

- The major reason for the YoY revenue decline for 2Q18 was due mainly to lack of production contribution of HPC shipments
- HPC related NRE revenues were the major contributor to 2Q18. NRE accounts for more than 50% of the total revenue

1H18 Operation Recap

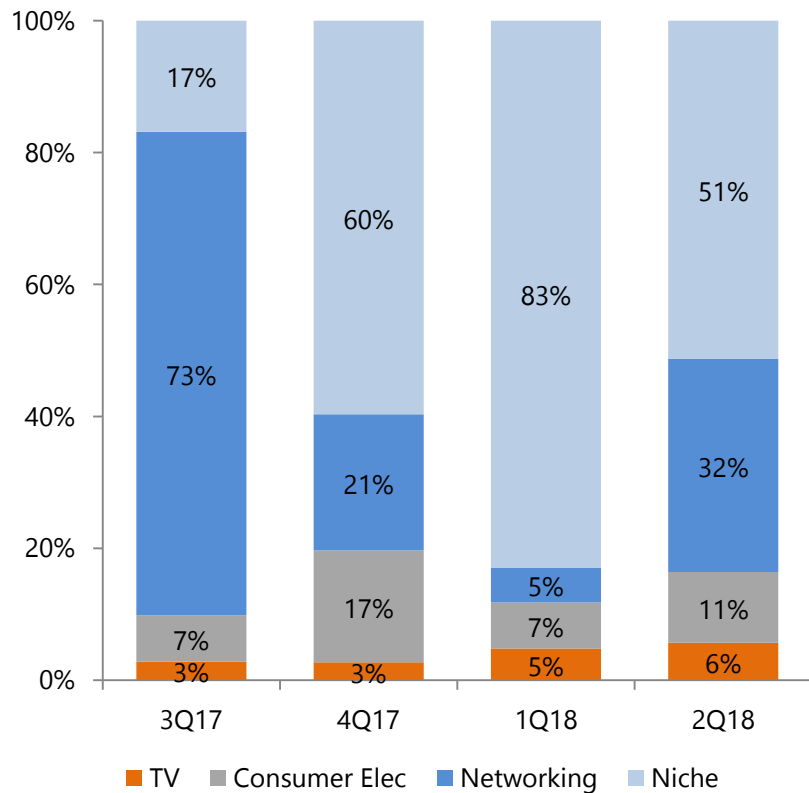


2Q18 net income came at US\$4.02M, up 4% QoQ and 32% YoY

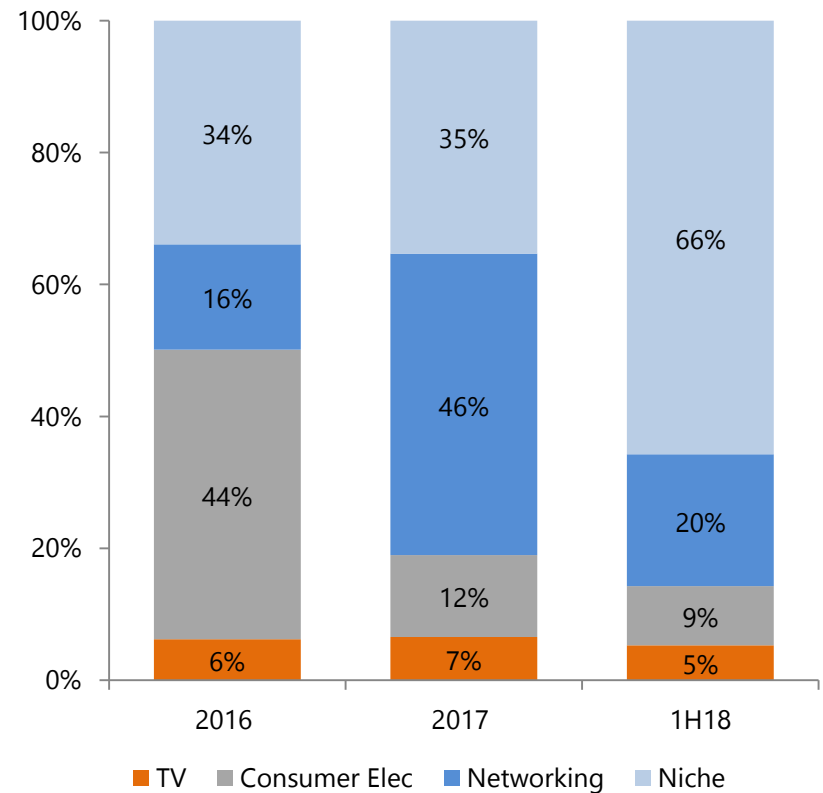
- The main reason for the gap between the operating income and net income is caused by recognizing investment loss of around 1.6M from our bond investment portfolio

Revenue breakdown by application

Quarterly breakdown

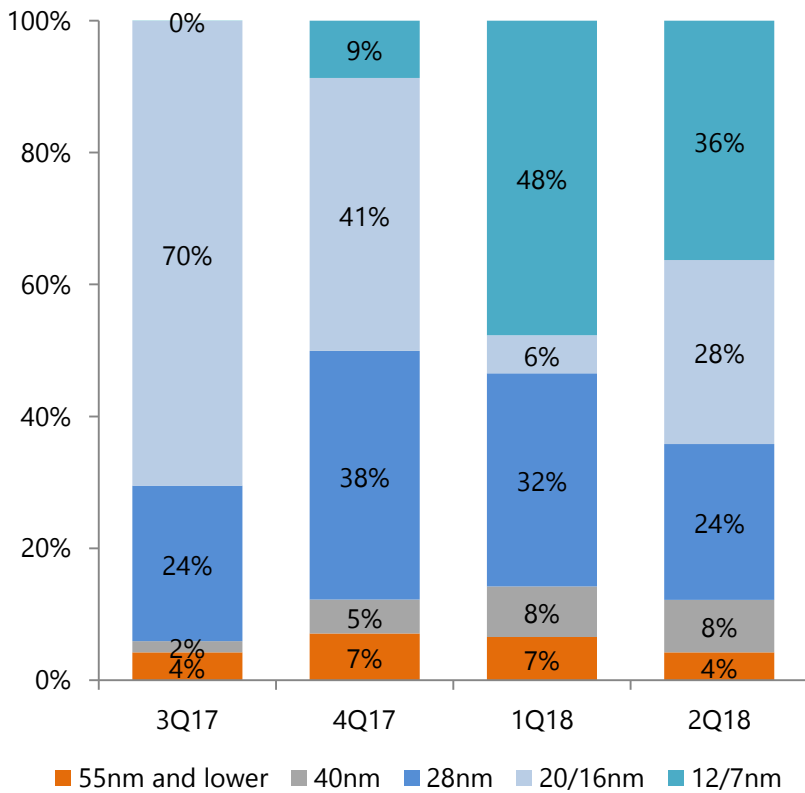


16-1H18 yearly breakdown

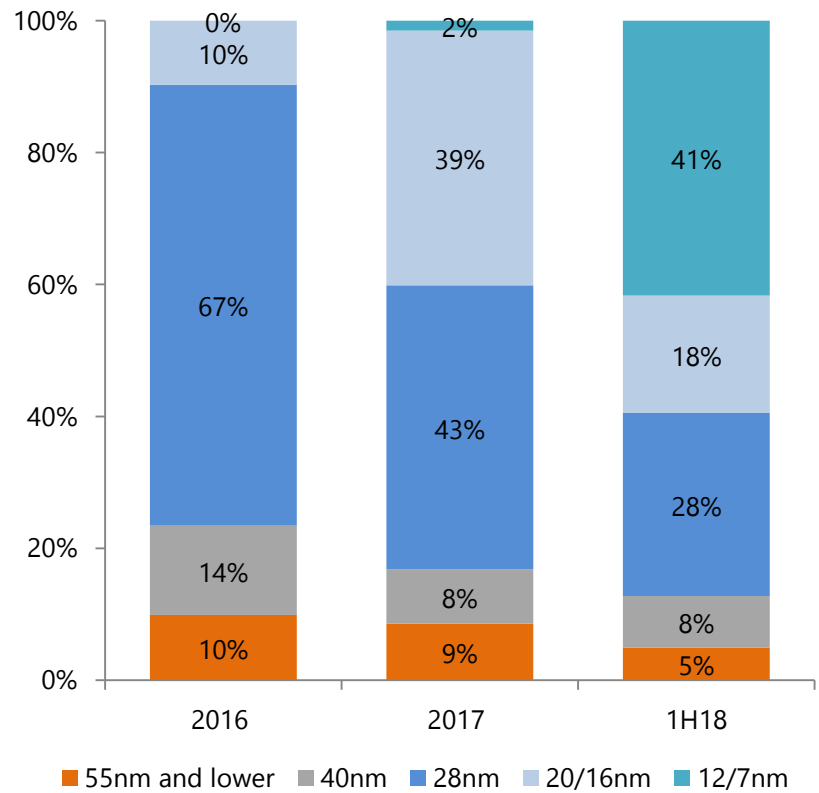


Revenue breakdown by process node

Quarterly breakdown



16-1H18 yearly breakdown

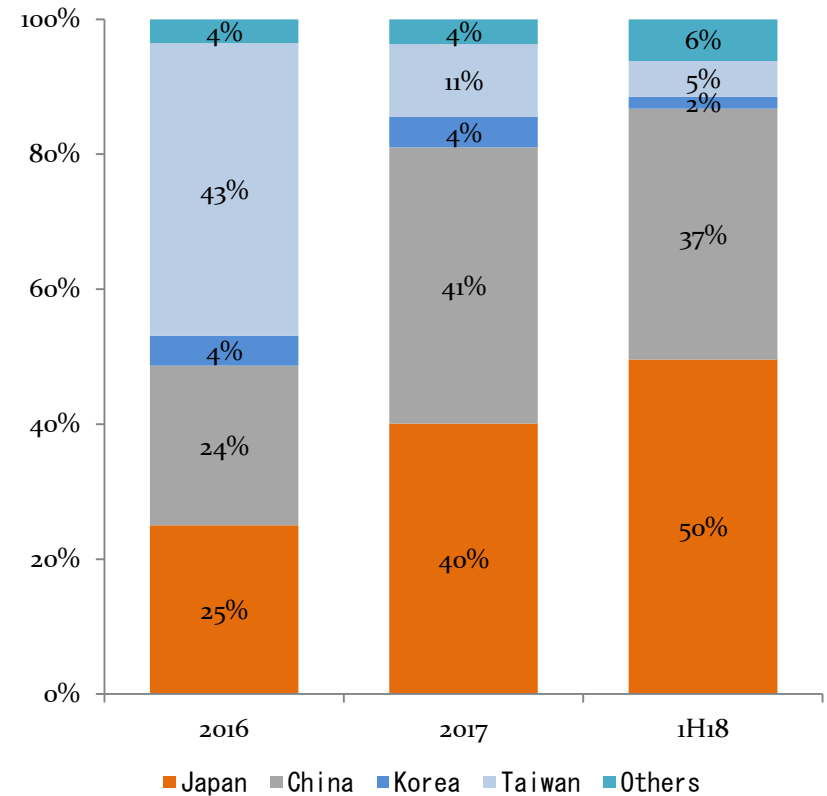
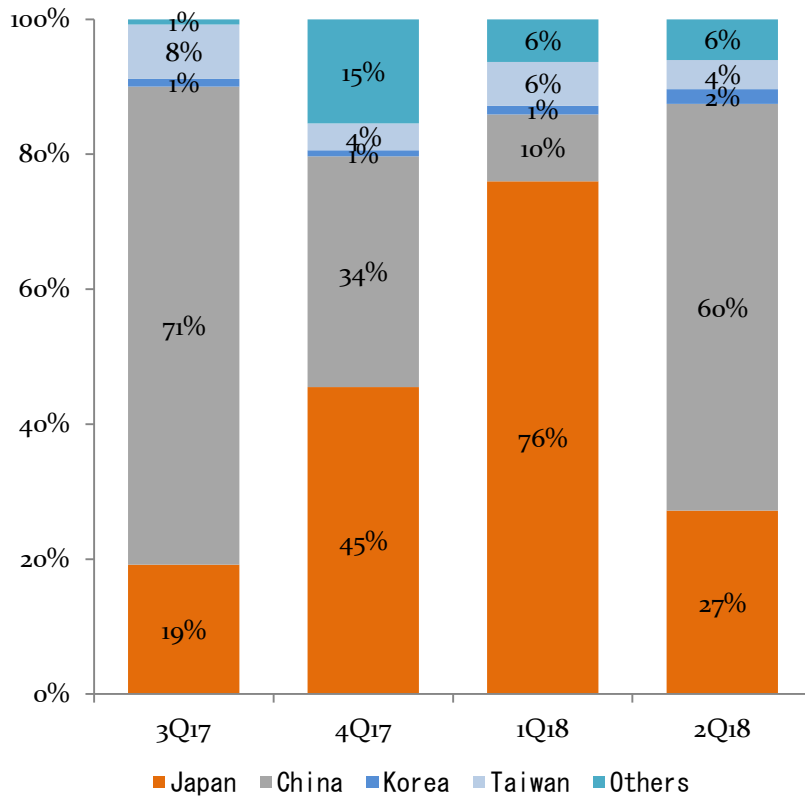


Advanced process node means 40nm or better

Revenue breakdown by region

Quarterly breakdown

16-1H18 yearly breakdown



Clarification for recent rumors



Recent rumor spreading on instant message regarding Alchip lost one major AI engineer to competitor

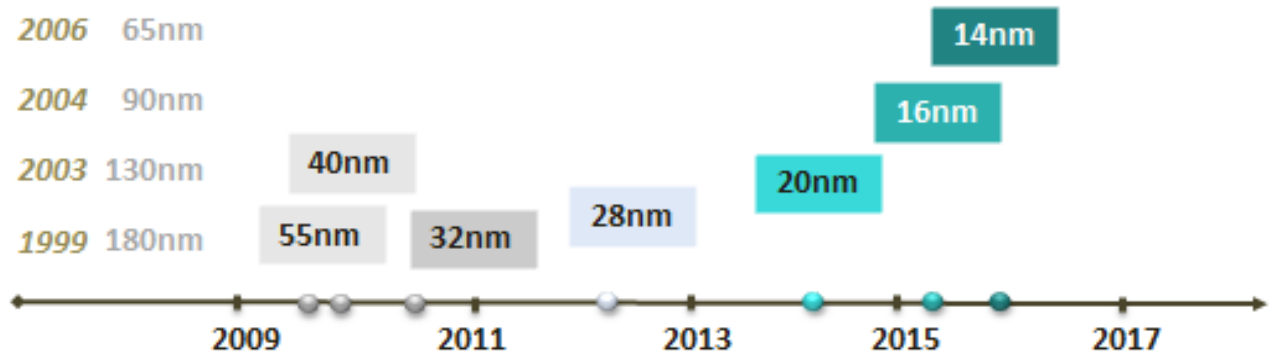
- Alchip reiterates that the whole rumor is fake
- Alchip's employee turnover ratio is much lower than the industry average. 1H18 employee turnover ratio is around 5%. No executive leaves company and more than 70 employees work for Alchip over 10 years
- Alchip's business model is to provide IC backend and turnkey services, which is application independent. There is no such "AI engineer" saying

Track Record



Over 300 successful tape-outs since establishment

350+
Tape-Outs





Thanks!

www.alchip.com



**Trusted Silicon Partner
Realizing Innovations**

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