

## Alpha Networks Inc. Reports Fourth Quarter 2016 Results

Hsinchu, Taiwan, March 21, 2017 -- Alpha Networks Inc. (TWSE: 3380) today announced its consolidated financial results for the fourth quarter of 2016.

The consolidated revenue for 4Q16 was NT\$5,136 million, up 1.2% from last quarter. Gross margin of 4Q16 was 14.1%, down 0.7 points from last quarter however, still better than the overall gross margin of 2015. Operating expense was NT\$593 million, down 1.7% from last quarter. Operating income was NT\$130 million, or 2.5% of net sales. Net income was NT\$122 million, or NT\$0.28 per share. 4Q16's revenue by product categories: LAN/MAN accounted for 60% of 4Q16 consolidated revenue, followed by Wireless Broadband at 26%, and Digital Multimedia at 14%.

The consolidated revenue for 2016 was NT\$21,831 million, slightly down 5.1% on a year-over-year basis. However, gross profit increased 9.8% to NT\$3,183 million from a year ago, with gross margin improved to 14.6% as a result of better product portfolio and disciplined cost management. Operating expense was NT\$2,534 million, down 9.5% from the prior year. Operating margin was up 562% YoY to NT\$649 million. Net income after tax was NT\$608 million, or NT\$1.40 per share. Revenue by product categories: LAN/MAN accounted for 55% of 2016 consolidated revenue, followed by Wireless Broadband at 27%, and Digital Multimedia at 18%.

Alpha Networks Inc. 4Q16 Results and QoQ comparison: (Unit: NT\$ million)

|                           | 4Q16  | %     | 3Q16  | %     | QoQ Change |
|---------------------------|-------|-------|-------|-------|------------|
| Net Sales                 | 5,136 | 100.0 | 5,075 | 100.0 | 1.2%       |
| Gross Profit              | 723   | 14.1  | 752   | 14.8  | -3.9%      |
| Operating Income          | 130   | 2.5   | 150   | 3.0   | -13.3%     |
| Income before Tax         | 180   | 3.5   | 132   | 2.6   | 36.4%      |
| Net Income                | 122   | 2.4   | 97    | 1.9   | 25.8%      |
| Earnings Per Share (NT\$) | 0.28  |       | 0.22  |       |            |

Alpha Networks Inc. 1Q-3Q'16 Results and YoY comparison: (Unit: NT\$ million)

|                           | 2016   | %     | 2015   | %     | YoY Change |
|---------------------------|--------|-------|--------|-------|------------|
| Net Sales                 | 21,831 | 100.0 | 22,995 | 100.0 | -5.1%      |
| Gross Profit              | 3,183  | 14.6  | 2,900  | 12.6  | 9.8%       |
| Operating Income          | 649    | 3.0   | 98     | 0.4   | 562.2%     |
| Income before Tax         | 804    | 3.7   | (261)  | (1.1) | 408.0%     |
| Net Income                | 608    | 2.8   | (340)  | (1.5) | 278.8%     |
| Earnings Per Share (NT\$) | 1.40   |       | (0.74) |       |            |

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