



ALPHA[®]

明泰科技
Alpha Networks Inc.

Agenda

- *Industry Overview*
- *Company Overview*
- *Technology and Product*
- *Financial Results*
- *Outlook*

Industry Overview

The Driver Behind the Wheel

- XP, MCE, Vista
- DV, DSC
- Faster CPU, larger and cheaper RAM and hard disk
- A/V content getting bigger: 1080P Full HD, Uncompressed LPCM
- New application grow internet traffic: MOD, IPTV, Wikipedia, on-line A/V store, photo sharing, junk mail ,...
- Virus and VoIP also boost office network to upgrade to 1G/10G level

Result



Wider Bandwidth Outside

Faster Inside

Industry Seesaw

- 11n does not replace 11b/g as expected
- VDSL and ADSL both survive
- WiMAX is still under investigation
- U.S. subprime may affect consumer spending and enterprise investment as well

ODM/OEM Business Mid-term Outlook

- Consumer network and CPE product are less value added
- Cisco's rivals come to Taiwan ODM/OEM
- More new customers and projects
- Volume increasing

Alpha Strength and Strategy

- 20 years dedicated experiences in network industry
- Formidable development team
- Maintain unique position in enterprise Ethernet switch

ODM market

- Future margin growth will come from Switch, Digital

Multimedia, VDSL (including outdoor Switch) and IP STB

Company Overview

Company Profile

- Founded in 2003
- Publicly listed in 2004 at Taiwan Stock Market
- Paid-in Capital: NT\$ 4 billion (US\$ 121mln)
- Current Market Capital: around NT\$ 16 billion (US\$480mln)
- Number of employees: over 6,000 worldwide
- Business Model: DMS (Design, Manufacturing, and Services)

Worldwide Locations



- **Headquarters:** Hsinchu Taiwan
- **Factories(3):** Hsinchu Taiwan, Dongguan China(2)
- **R&D Centers(5):** Hsinchu Taiwan, Taipei Taiwan, Chengdu China, Shanghai China, Irvine USA
- **Sales Office(3):** Santa Clara USA, Tokyo Japan, Dongguan China

Factories and Capacity

Hsinchu, Taiwan

- 5 SMT lines
- Total area \cong 42,000 m²
- Employee number \cong 1800



Dongguan, China

- 13 SMT lines
- Total Area \cong 40,000 m²
- Employee number \cong 3500
- For overseas market

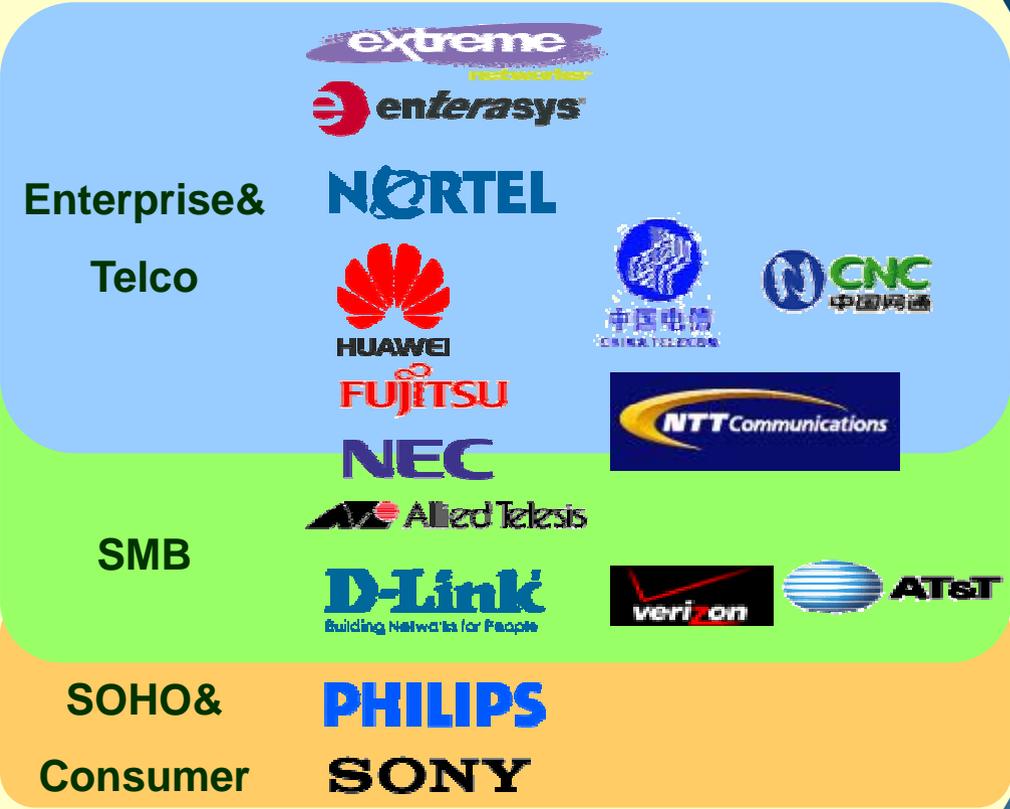


Dongguan, China

- 3 back-end lines
- Total Area \cong 8,000 m²
- Employee number \cong 700
- For China domestic market



Business Value Chain



Chip Vendor

DMS

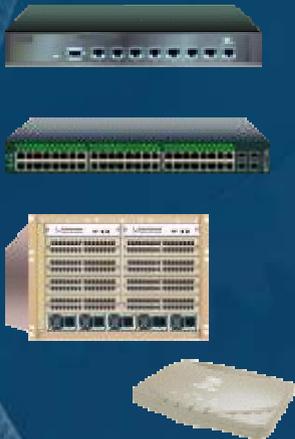
Customer

Consumer

Technology and Product

Diversified and Complete Product Offerings

LAN/MAN



10/100M Switch
1G/10G Switch
Chassis Switch
FTTx Equipments
PON OLT/ONU
WLAN Switch

Broadband



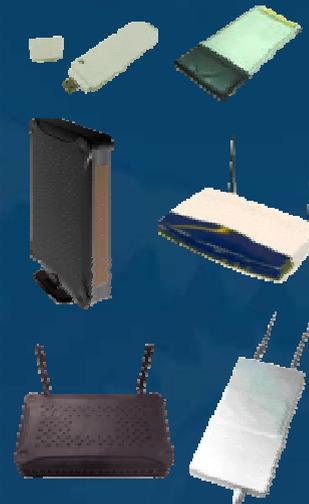
ADSL Modem
ADSL Router
Wireless ADSL Router
VDSL Modem
VDSL Router
VDSL Switch

VoIP



Wi-Fi Phone
DECT/IP Phone
VoIP TA
VoIP Gateway
IAD

Wireless



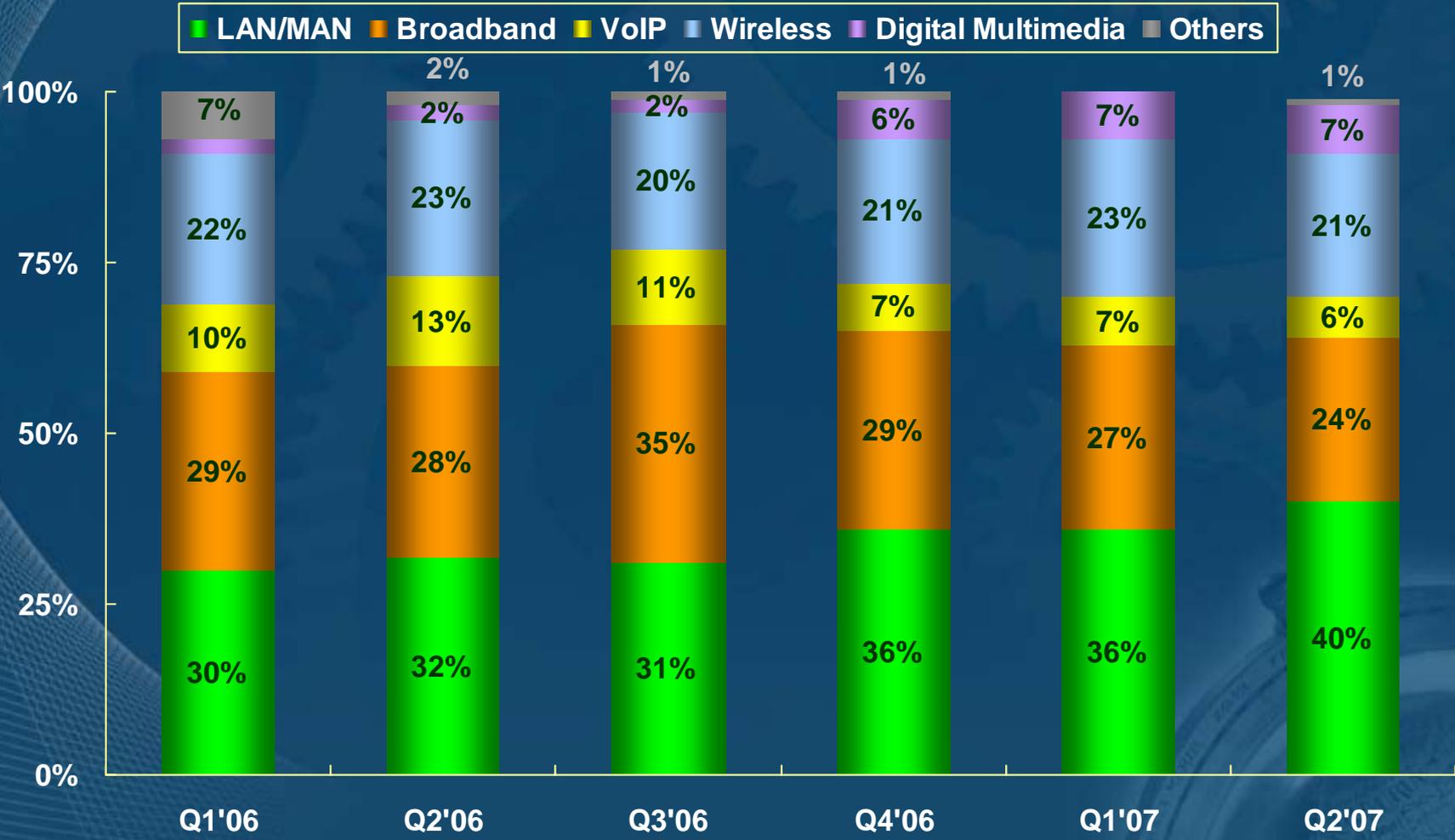
WLAN Adapters
WLAN AP
WLAN Router
Home Gateway
WiMAX CPE
WiMAX Base Station

Digital Multimedia



DMA
IP Camera
Printer Server
Network Storage
IP/DVB Set-Top Box

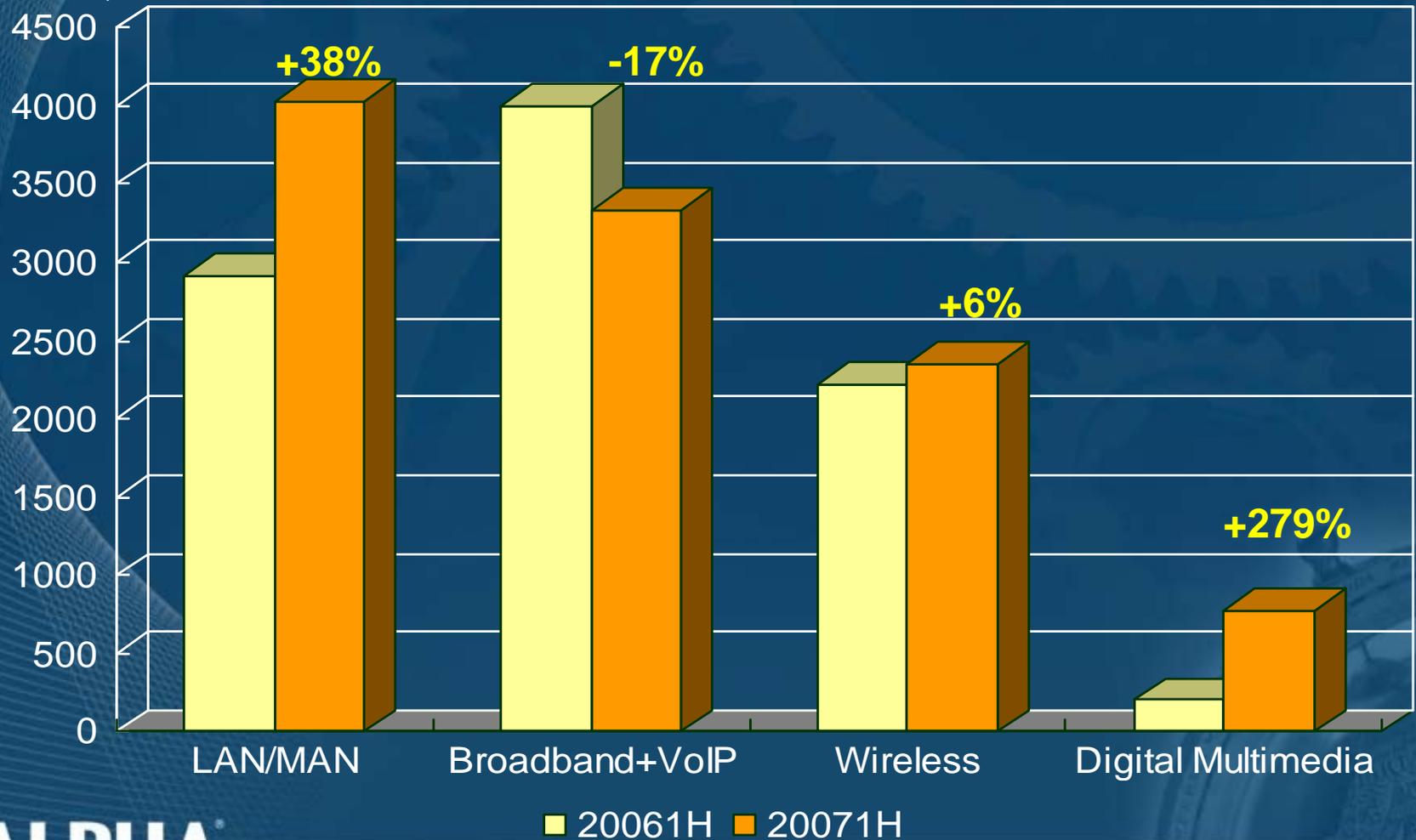
Sales Breakdown by Product



Revenue Growth By Product Line

20071H vs. 20061H

Unit: NT\$ Million



Financial Results

Revenue Growth

NT\$Million



20071H vs. 20061H

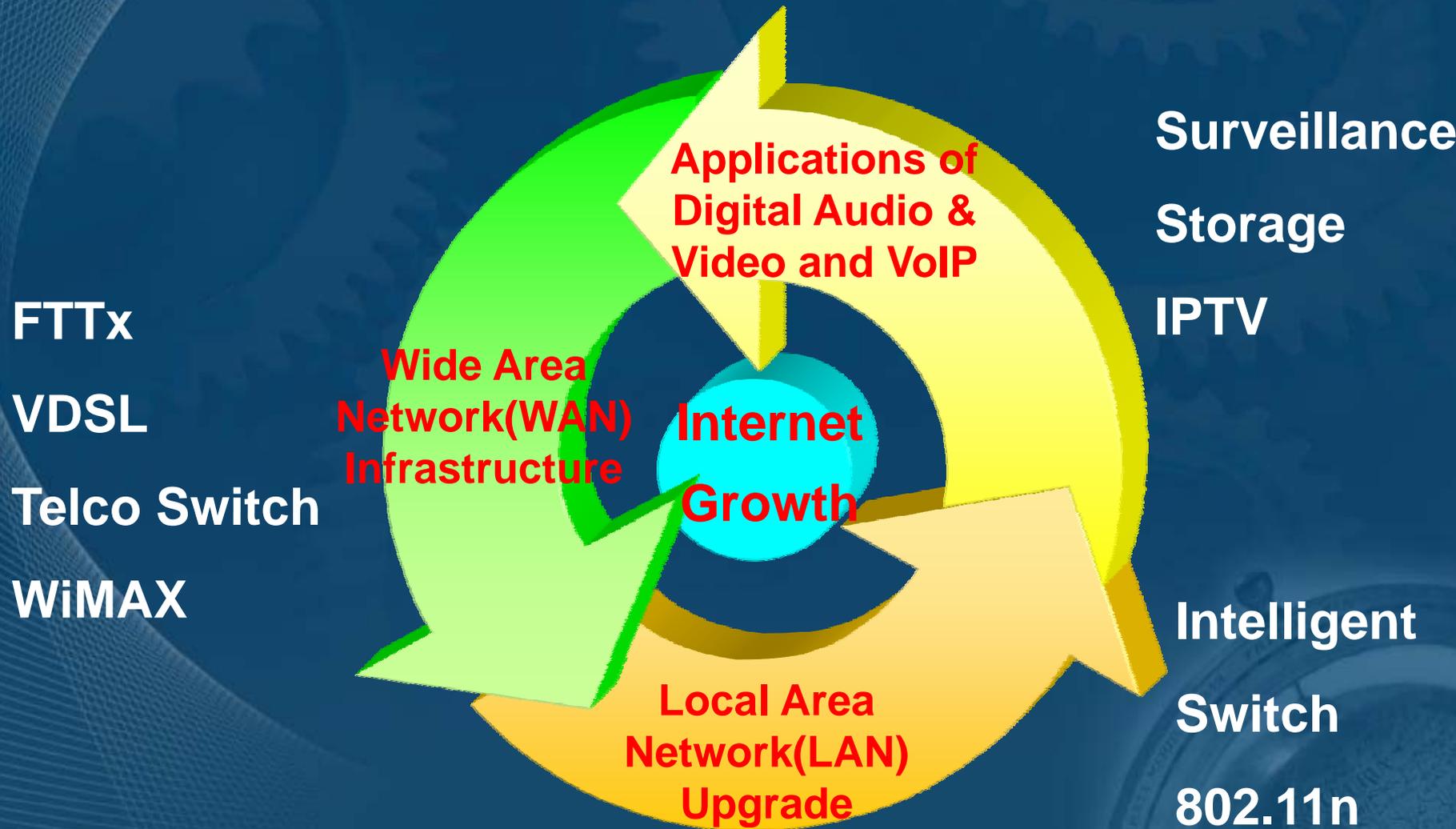
Consolidated Income Statement Comparison

Amount: NT\$ million

	20071H		20061H		% change
	Amt	%	Amt	%	
Net Sales	10,579	100.00	9,856	100.00	7%
Cost of Goods Sold	8,601	81.30	8,321	84.42	3%
Gross Profit	1,978	18.70	1,535	15.58	29%
Operating Expenses	1,210	11.44	1,049	10.65	15%
Operating Income	768	7.26	486	4.93	58%
Total Non-Op. Inc. (Loss)	(116)	-1.10	(43)	-0.44	170%
Income Before Tax	652	6.16	443	4.49	47%
Income Tax Expense	142	-1.34	87	-0.88	63%
Net Income	510	4.82	356	3.61	43%
Earnings Per Share (NT\$)	1.41		1.01		

Outlook

Industry Outlook



www.alphanetworks.com

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