



## 4Q14 Results Investor Conference

March 18, 2015



# Safe Harbor Statement

Except for statement in respect of historical matters, the statement contained in this release are “forward-looking statements” within the meaning of Section 27A of the U.S. Securities Act of 1933 and Section 21E of the U.S. Securities Exchange Act of 1934. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual performance, financial condition or results of operations of Alpha Networks Inc. to be materially different from any future performance, financial condition or results of operations implied by such forward-looking statements.



# Agenda

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- ◆ **2014 Financial Reviews**
- ◆ **2014 Business Updates**
- ◆ **2015 Business Outlook**
- ◆ **Q&A**

# 2014 Financial Reviews

## 4Q14 Consolidated Income Statement & QoQ Comparison

Unit: NT\$ million	4Q14		3Q14		QoQ
	Amt	%	Amt	%	%
Net Sales	6,280	100.0	5,564	100.0	12.9
Cost of Goods Sold	5,386	85.8	4,810	86.4	12.0
Gross Profit	894	14.2	754	13.6	18.6
Operating Expenses	723	11.5	696	12.5	3.9
Operating Income	171	2.7	58	1.0	194.8
Non-Op. Inc. (Loss)	166	2.6	101	1.8	64.3
Income Before Tax	337	5.3	159	2.9	111.9
Net Income	255	4.1	135	2.4	88.9
EPS (NT\$)	0.52		0.28		

## 2014 Consolidated Income Statement & YoY Comparison

Unit: NT\$ million	2014		2013		YoY
	Amt	%	Amt	%	%
Net Sales	23,278	100.0	24,104	100.0	-3.4
Cost of Goods Sold	20,013	86.0	20,394	84.6	-1.9
Gross Profit	3,265	14.0	3,710	15.4	-12.0
Operating Expenses	2,796	12.0	2,876	11.9	-2.8
Operating Income	469	2.0	834	3.5	-43.8
Non-Op. Inc. (Loss)	189	0.8	130	0.5	45.4
Income Before Tax	658	2.8	964	4.0	-31.7
Net Income	536	2.3	780	3.2	-31.3
EPS (NT\$)	1.10		1.60		

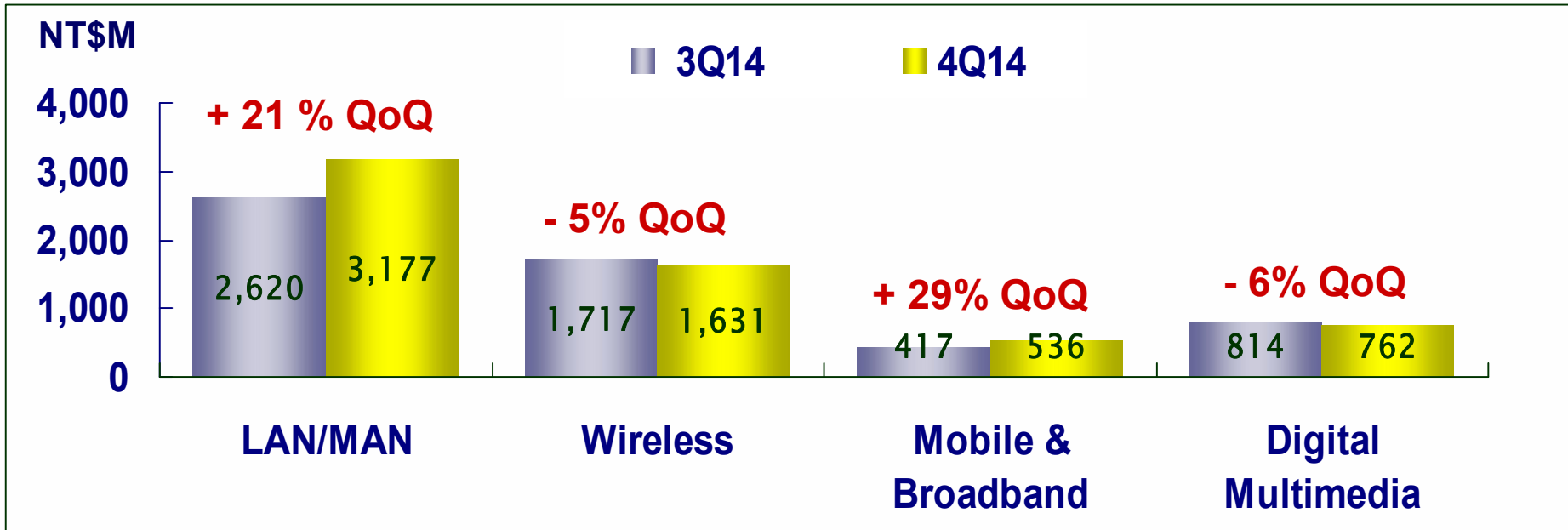
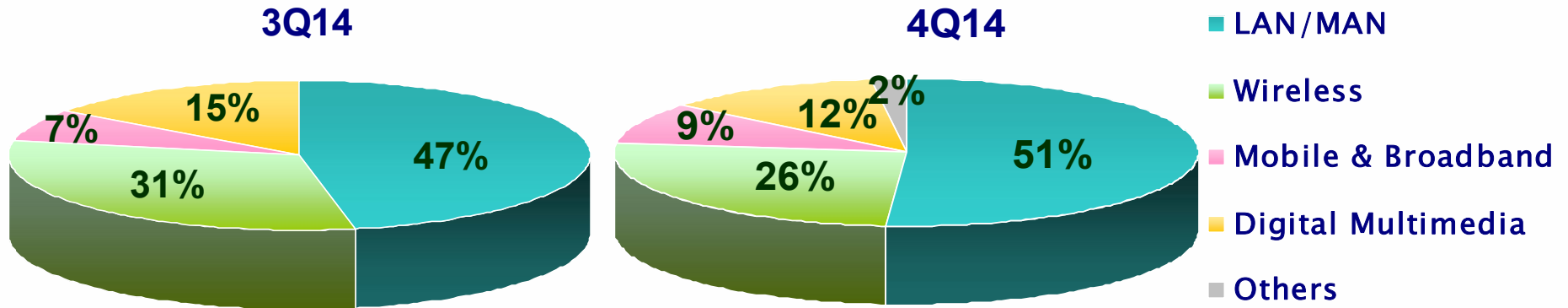
## Dec. 31' 2014 Consolidated Balance Sheet & YoY Comparison

Unit: NT\$ million	Dec.31, 2014		Dec.31, 2013		YoY
	Amt	%	Amt	%	%
Cash and cash equivalents	2,281	13.6	1,543	8.6	47.8
Account Receivable	5,449	32.6	6,005	33.3	-9.3
Inventory	4,014	24.0	4,394	24.3	-8.6
Other Current Assets	878	5.3	1,883	10.4	-53.4
Non-current Assets	4,103	24.5	4,225	23.4	-2.9
<b>Total Assets</b>	<b>16,725</b>	<b>100.0</b>	<b>18,050</b>	<b>100.0</b>	<b>-7.3</b>
Current Liabilities	6,215	37.2	7,187	39.8	-13.5
Non-current Liabilities	827	4.9	1,076	6.0	-23.1
<b>Total Liabilities</b>	<b>7,042</b>	<b>42.1</b>	<b>8,263</b>	<b>45.8</b>	<b>-14.8</b>
Common Stock	4,971	29.7	4,943	27.4	0.6
Shareholders' Equity	9,683	57.9	9,787	54.2	-1.1

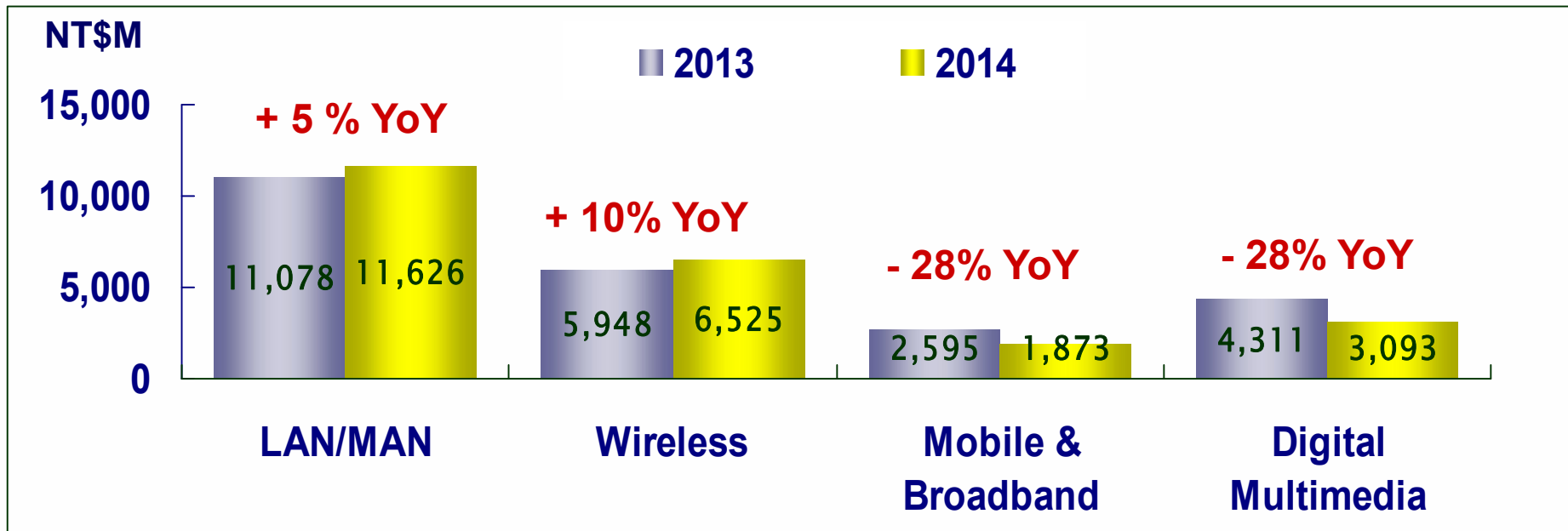
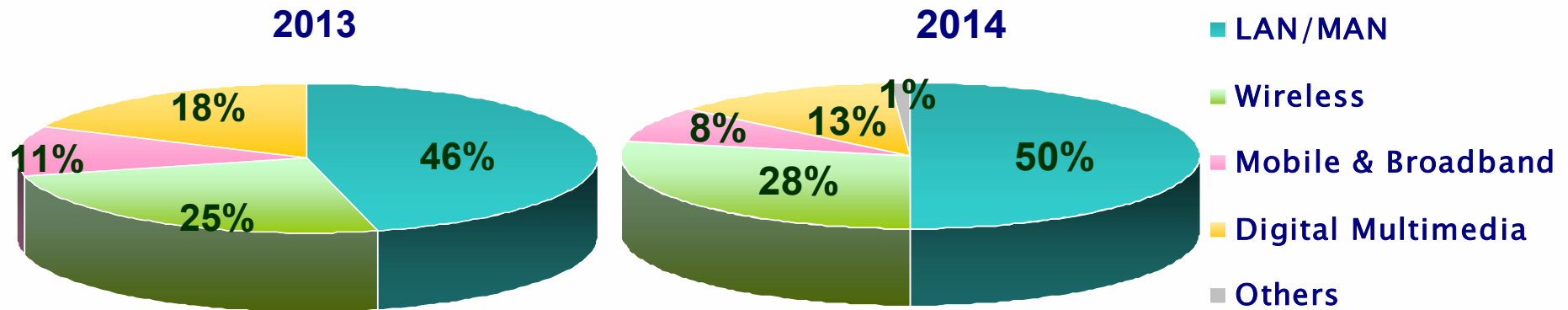
# 2014 Business Updates



# 4Q14 Revenue Breakdown by Products & QoQ Comparison

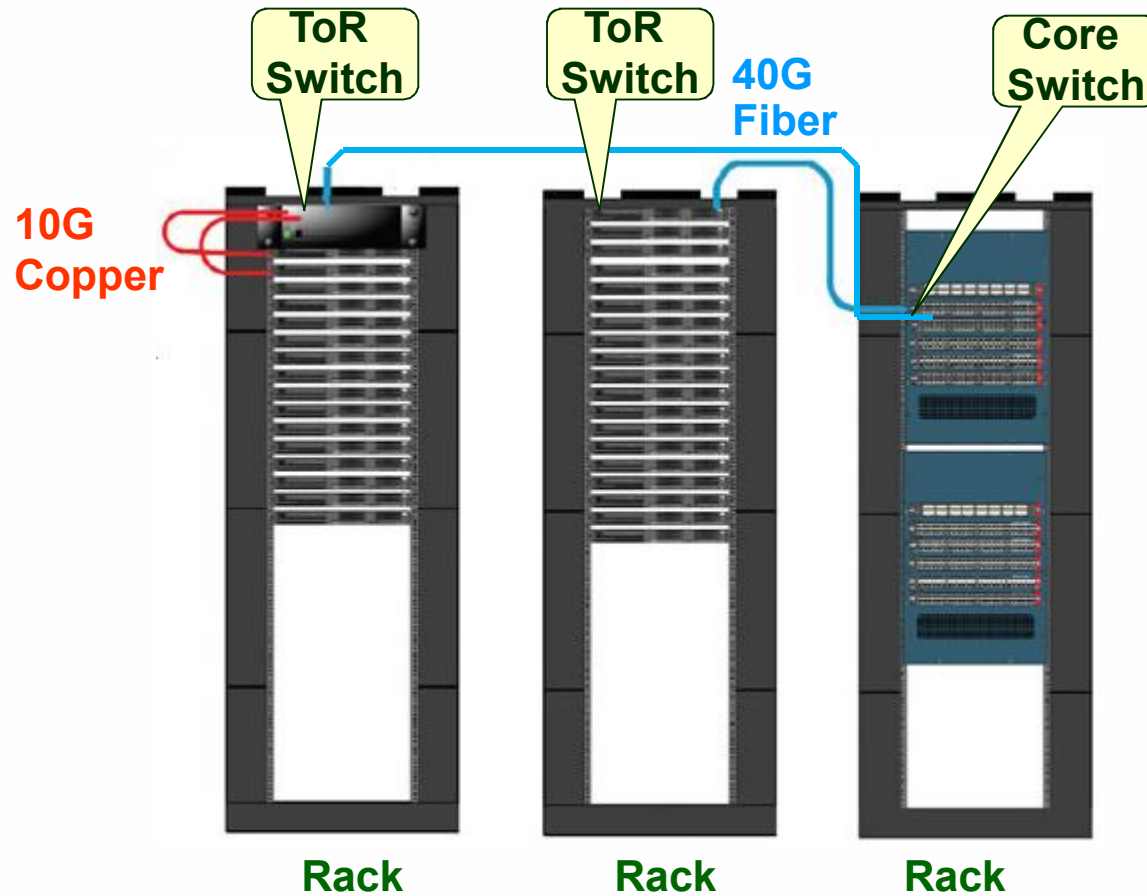


# 2014 Revenue Breakdown by Products & YoY Comparison



# 2015 Business Outlook

# Larger Market Share Obtained by Switches








■ **ToR (Top of Rack) Switch:**  $10G*48 + 40G*6 \rightarrow 10G/25G*48 + 50G/100G*8$

■ **Core Switch:**  $40G*32 \rightarrow 50G*64$  或  $100G*32$

# Growth of Switches Stimulated by 25G Ethernet

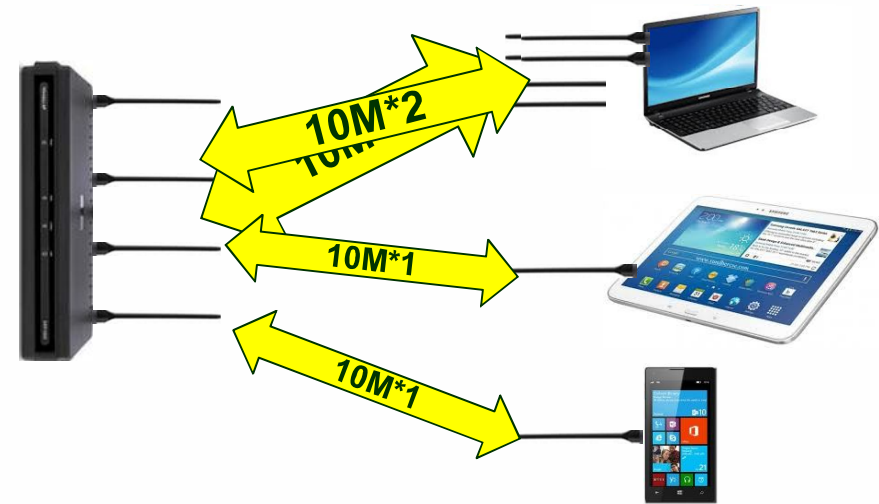
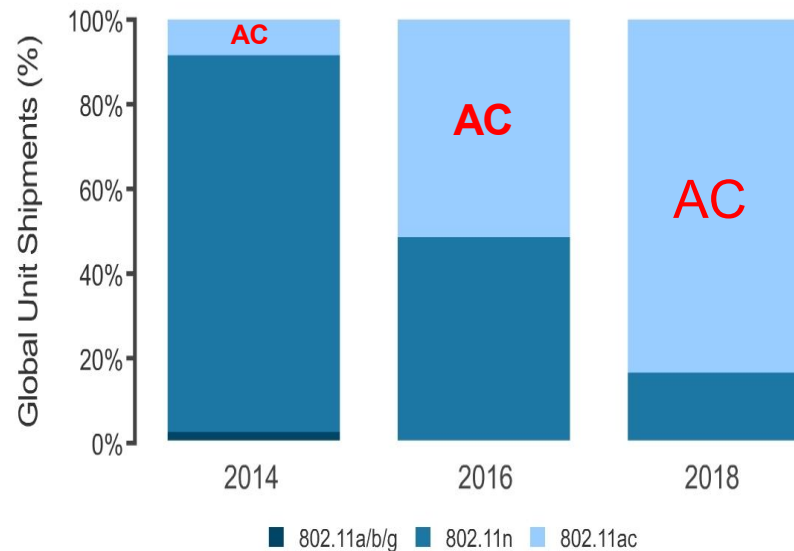
- Web-scale data centers and cloud-based services need
- Member of 25G Ethernet Consortium
- 25GbE reduces CAPEX & OPEX

Items	10G	25G	40G
Bandwidth	10G	10G x 2.5	10G x 4
Wiring	1 pair	1 pair 	4 pair
SerDes	1	1 	4
Performance	1x	2.5x	4x
Power Consumption	1x	1.5x 	4x
Port Density/ 17"	2x	2x 	1x
Cost/port	1x	1.3 ~ 1.5 	4x

# Replacement Demand for 802.11ac

- 802.11ac wave 2 MU-MIMO stimulates the adoption of Access Points by enterprises (Hub → Switch)

802.11ac access points expected to dominate the global WLAN market by 2018



© Infonetics Research, *Wireless LAN Equipment and WiFi Phones, Quarterly Market Share, Size, and Forecasts*, May 2014

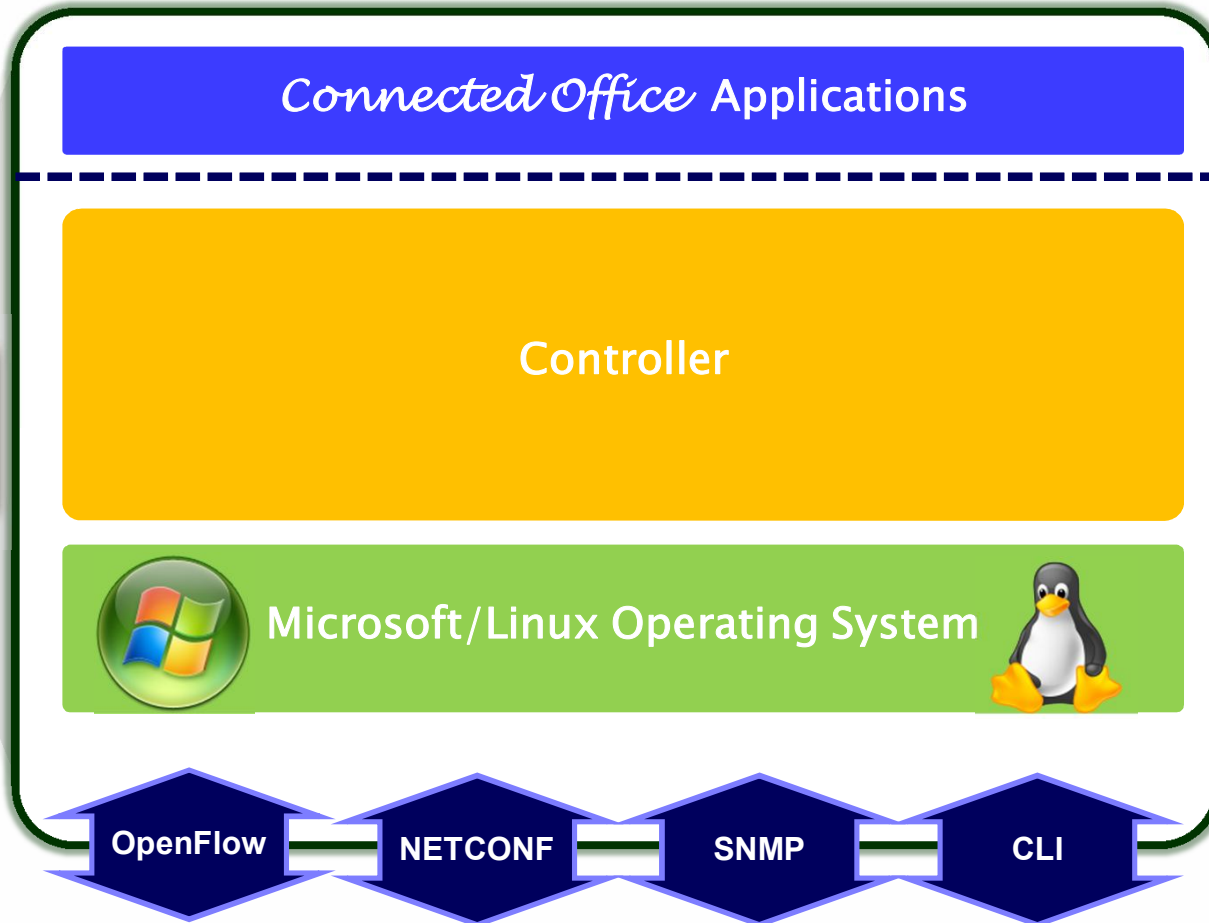
# IoT & Smart Home

- IP-Cam
- Storage
- IP-STB
- Smart Home Gateway
- Wireless Module
- Sensor Hub



# IoT + SDN

COM



Applications

Control Plane

Data Plane

Networks Devices



Switch

IP-Cam

AP

Storage

Security Systems

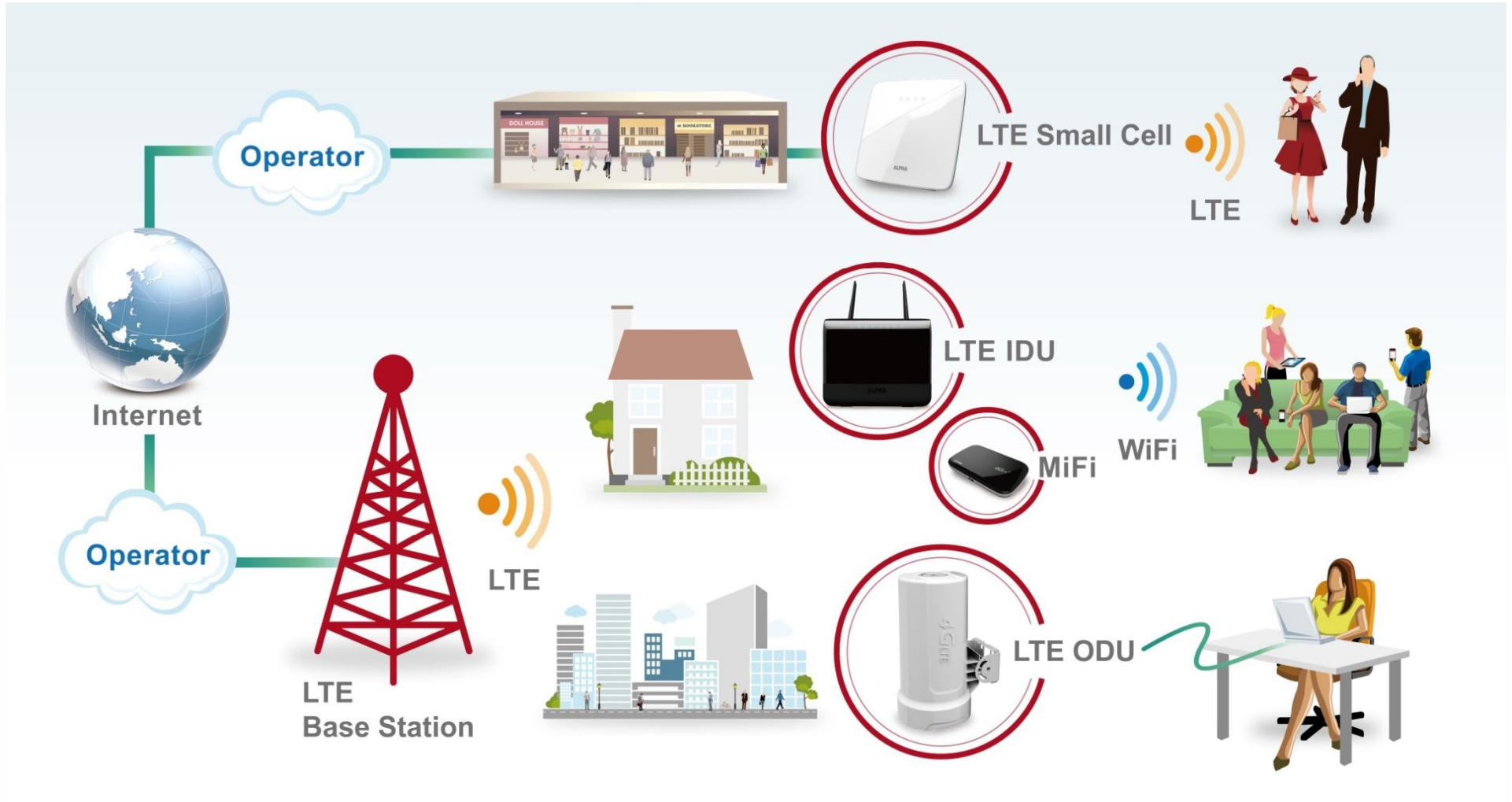
Lighting

Appliances

IoT Devices

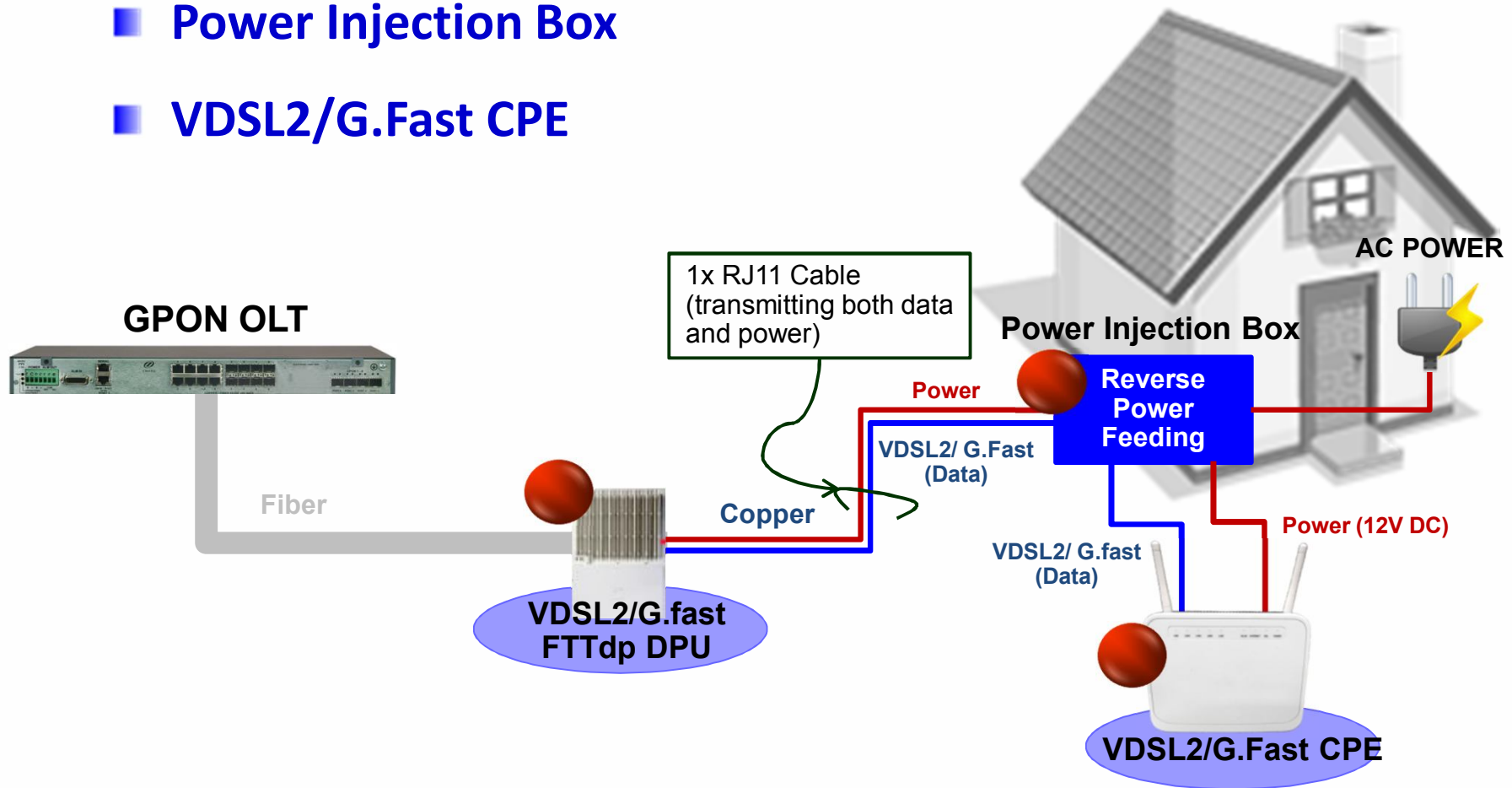


# LTE Small Cell / CPE



# VDSL2/G.Fast FTTdp

- VDSL2/G.Fast FTTdp DPU
- Power Injection Box
- VDSL2/G.Fast CPE



# Smart Radar Application

- Blind Spots, Collision Avoidance
- Intelligent Motion Detection, Gesture Recognition
- Lighting and Security Control



*Blind-spot  
Detection*



*Blind-spot  
Detection*



*Short and Long Range  
Collision Warning*



Industrial Lighting Control



Security monitoring



Industrial Access Control

# Smart Radar Live Demo

# Application - Smart Sensor in Home



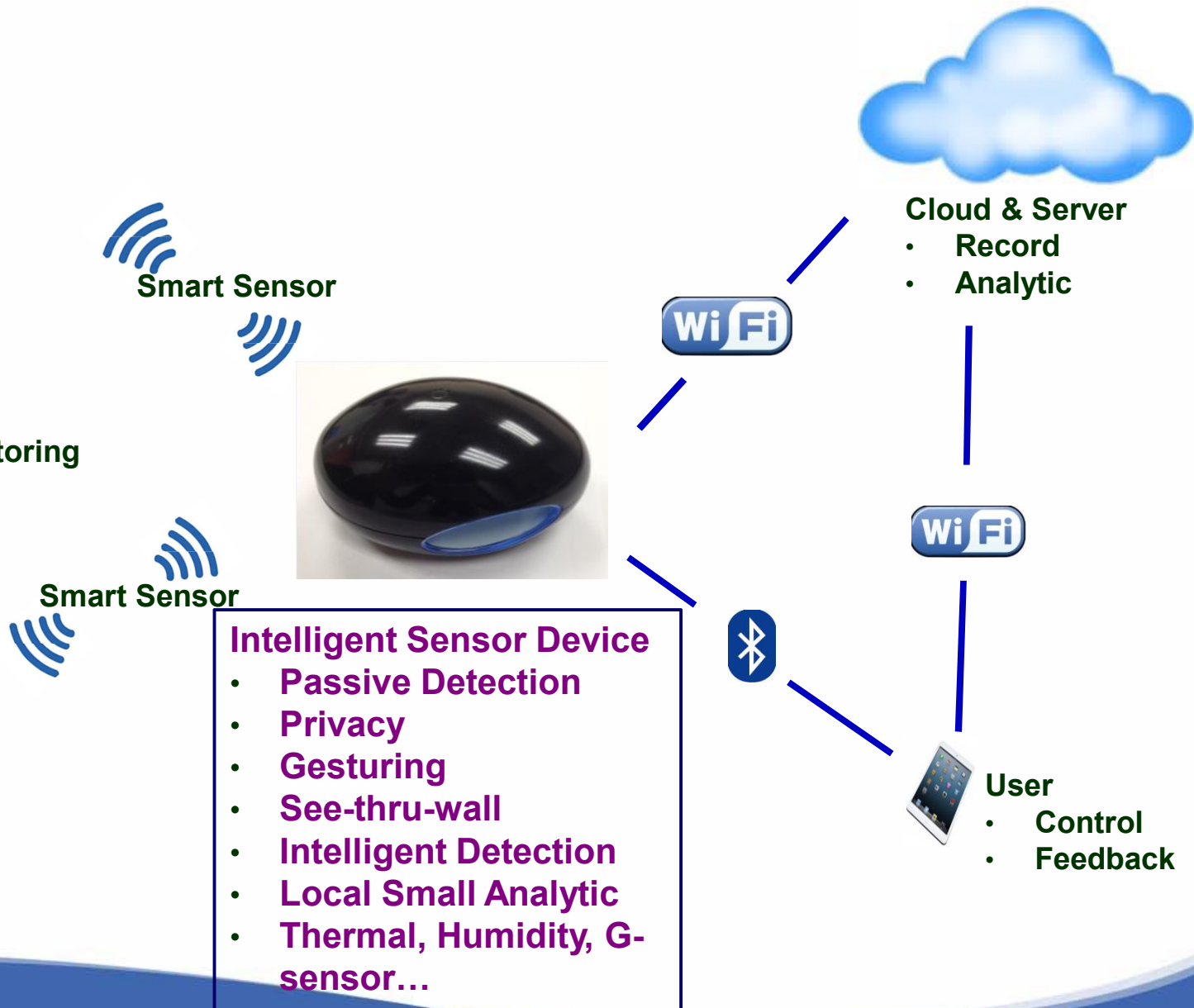
Sleep Monitoring



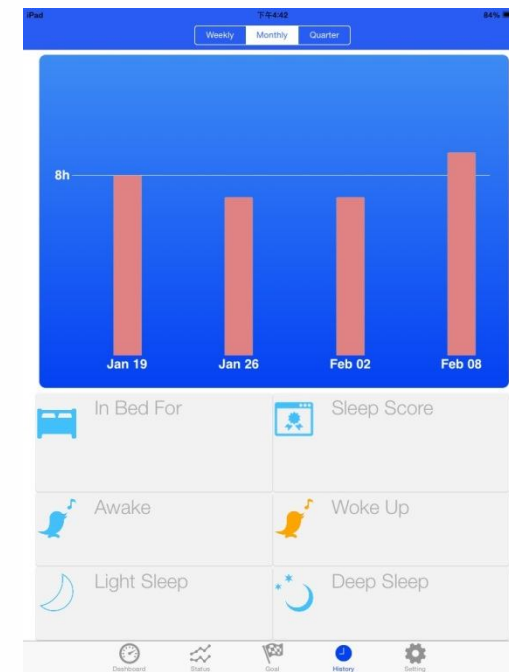
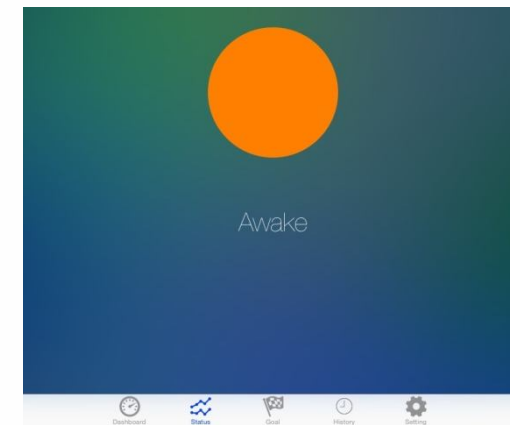
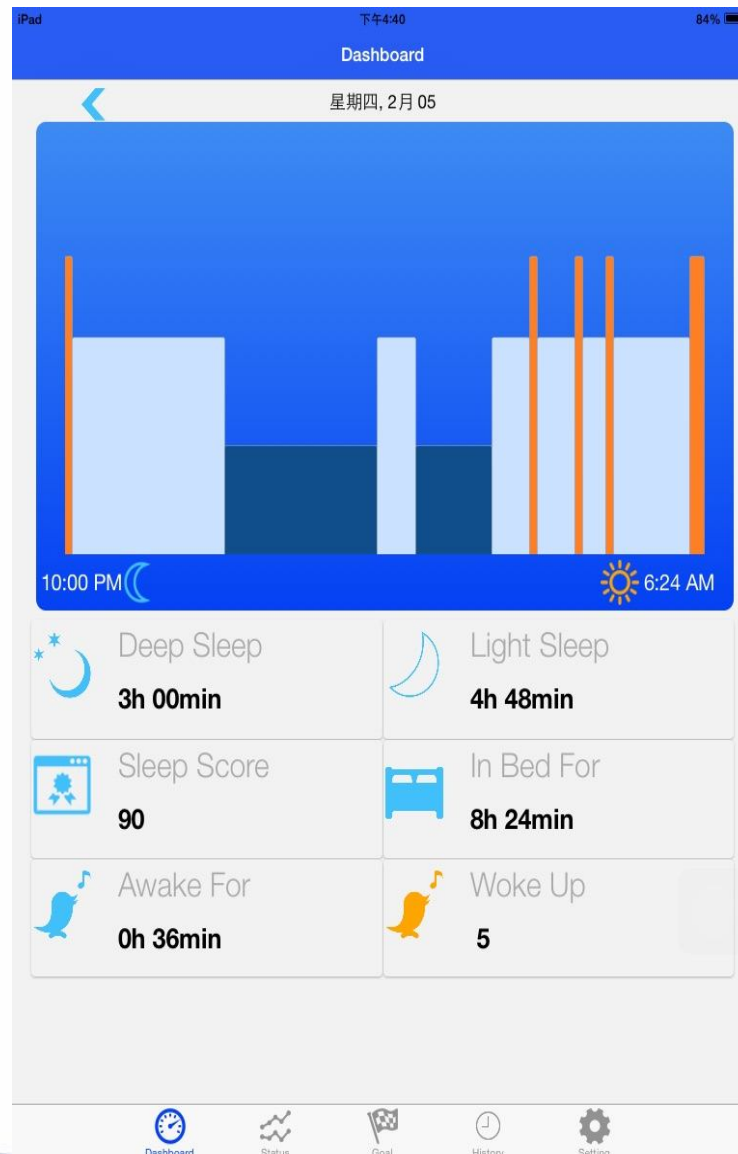
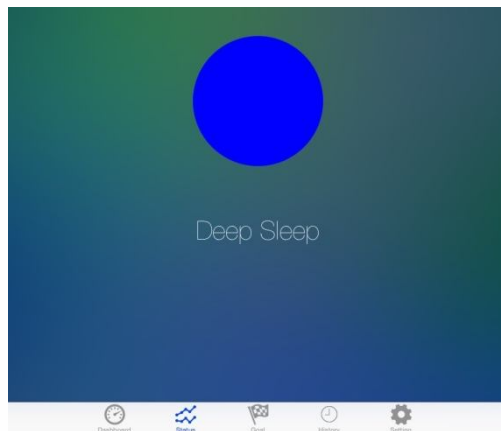
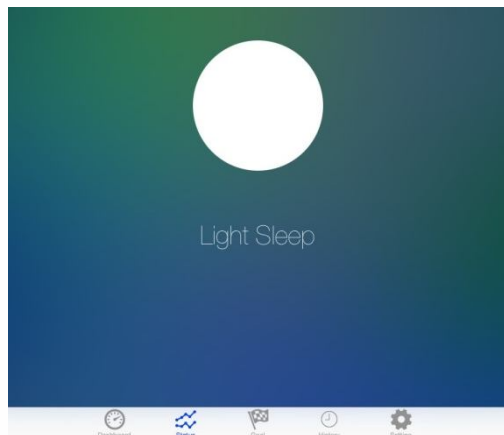
Intelligent Home Monitoring



Remote Home Care



# Sleep Monitoring



# Q & A



*Thank You.*

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