

Alpha Networks Inc. Investor Conference

2020/3/19

Safe Harbor Statement

Except for the statements in respect of historical matters, the statements contained in this release are “forward-looking statements” subject to risks and uncertainties which may make actual performances and results differ materially from those contained in the forward-looking statements, including the financial stability of international market, demand in end market, supply chain management, impact of competitive products and pricing, exchange rate fluctuations, and other risks beyond the control of the company.

Agenda

- 4Q19 & 2019 Financial Reviews
- Growth Drivers
- Q&A

4Q19 & 2019 Financial Reviews



Consolidated Statements of Comprehensive Income QoQ

NT\$ Millions	4Q 2019		3Q 2019		QoQ	
	Amount	%	Amount	%	Amount	%
Net Revenue	4,678	100.0	3,982	100.0	696	17.5
Cost of Goods Sold	3,976	85.0	3,326	83.5	650	19.5
Gross Profit	702	15.0	656	16.5	46	7.0
Operating Expenses	603	12.9	591	14.8	12	2.0
Operating Income	99	2.1	65	1.6	34	52.3
Non-Op. Inc.	(10)	(0.2)	49	1.2	(59)	(120.4)
Income Before Tax	89	1.9	114	2.9	(25)	(21.9)
Net Income	66	1.4	88	2.2	(22)	(25.0)
EPS (NT\$)	0.12		0.16			

Consolidated Statements of Comprehensive Income YoY

NT\$ Millions	2019		2018		YoY	
	Amount	%	Amount	%	Amount	%
Net Revenue	15,826	100.0	15,608	100.0	218	1.4
Cost of Goods Sold	13,212	83.5	13,504	86.5	(292)	(2.2)
Gross Profit	2,614	16.5	2,104	13.5	510	24.2
Operating Expenses	2,382	15.0	2,304	14.8	78	3.4
Operating Income (Loss)	232	1.5	(200)	(1.3)	432	216.0
Non-Op. Inc.	108	0.6	116	0.7	(8)	(6.9)
Income (Loss) Before Tax	340	2.1	(84)	(0.5)	424	504.8
Net Income (Loss)	239	1.5	(88)	(0.6)	327	371.6
EPS (NT\$)	0.44		(0.17)			

Consolidated Balance Sheets 2019/12/31 vs. 2018/12/31

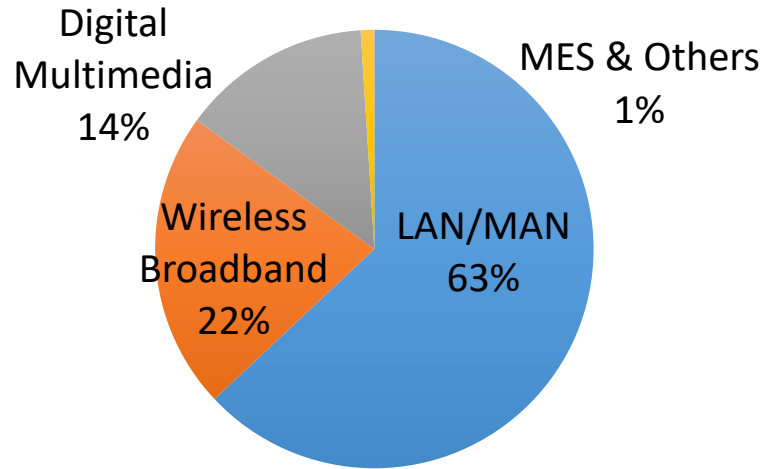
NT\$ Millions	31-Dec-19		31-Dec-18		YoY	
	Amount	%	Amount	%	Amount	%
Cash and Cash Equivalents	5,918	23.7	2,529	16.9	3,389	134.0
Accounts Receivable	4,293	17.2	2,169	14.5	2,124	97.9
Inventories	5,089	20.4	3,722	24.9	1,367	36.7
Other Current Assets	3,849	15.4	4,097	27.4	(249)	(6.1)
Non-current Assets	5,842	23.3	2,412	16.2	3,430	142.2
Total Assets	24,991	100.0	14,929	100.0	10,062	67.4
Current Liabilities	9,589	38.4	4,173	28.0	5,416	129.8
Non-current Liabilities	1,368	5.5	362	2.4	1,006	277.9
Total Liabilities	10,957	43.9	4,535	30.4	6,422	141.6
Common Stock	5,426	21.7	5,435	36.4	(9)	(0.2)
Equity attributable to shareholders of the parent	9,981	39.9	10,394	69.6	3,640	35.0
Non-controlling interests	4,053	16.2	-	-	4,053	-

(Note 1) In 2019, the Group obtained control over the Hitron Technology Inc.; therefore, the entities have been included in the Group's consolidated entities.

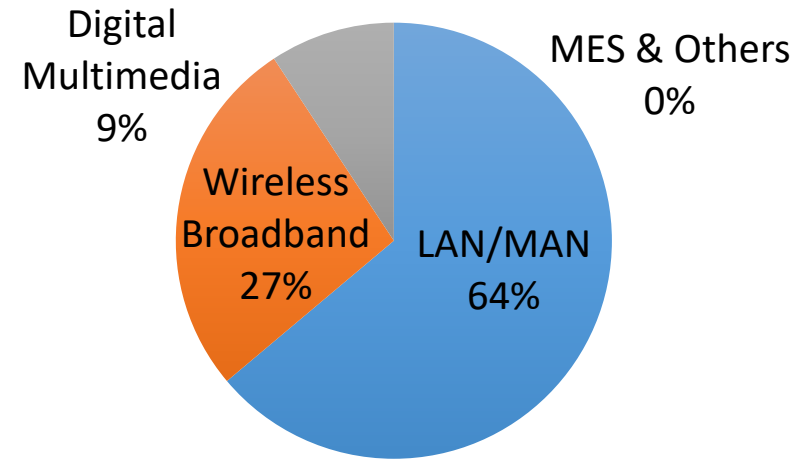
(Note 2) Other current assets includes deposits with original maturities of more than three months: NT\$1,054M and NT\$3,883M as of Dec. 31, 2019 and 2018.

2019 Revenue Breakdown & YoY Comparison

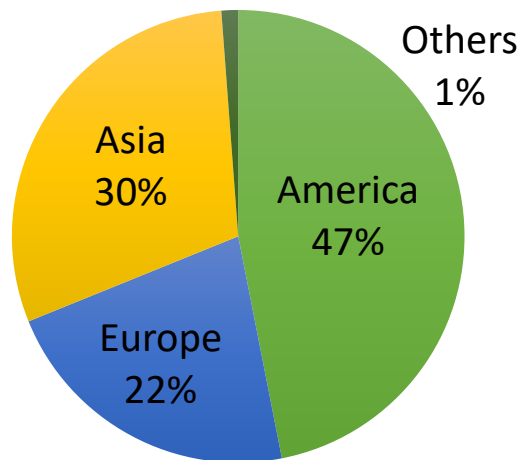
2019 Revenue by Product



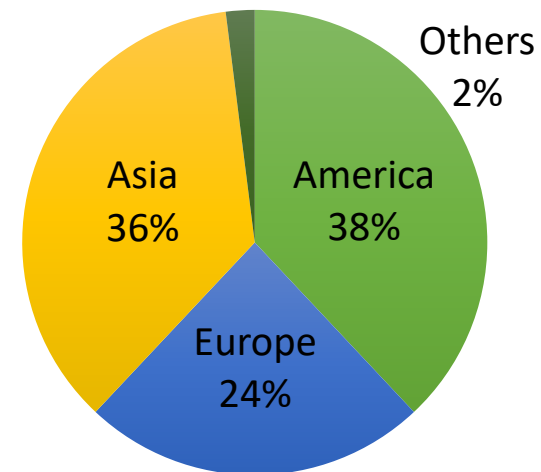
2018 Revenue by Product



2019 Revenue by Region



2018 Revenue by Region

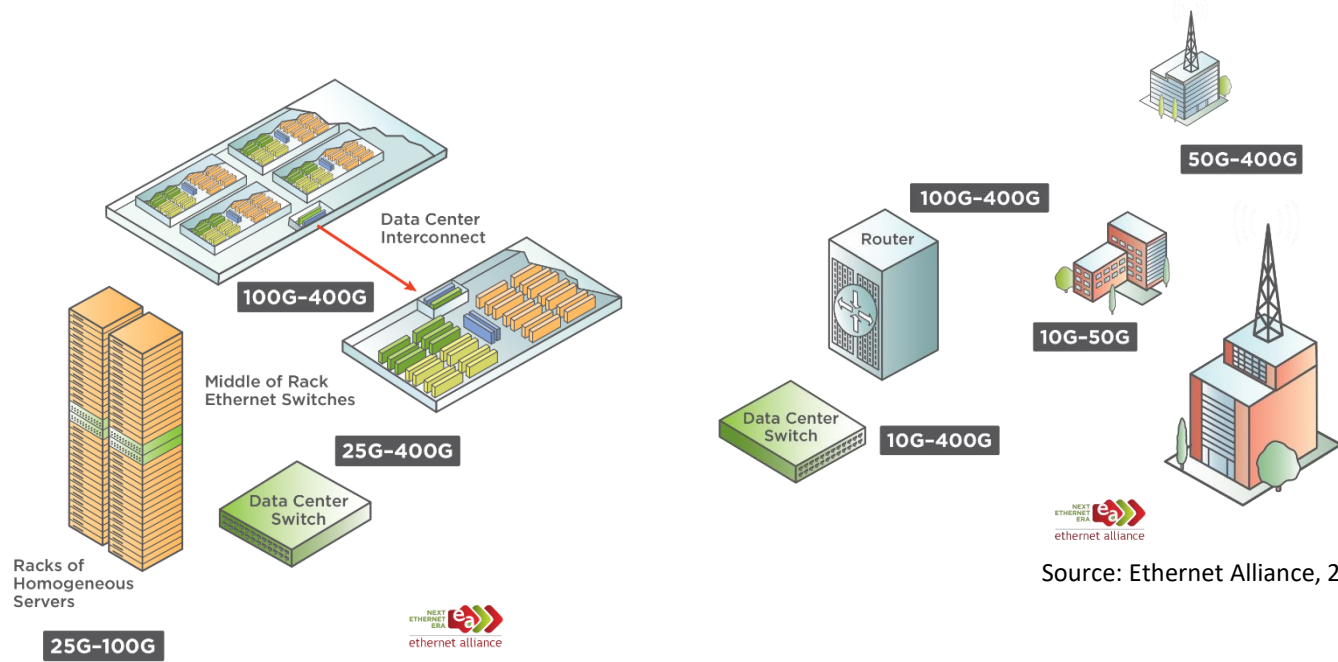
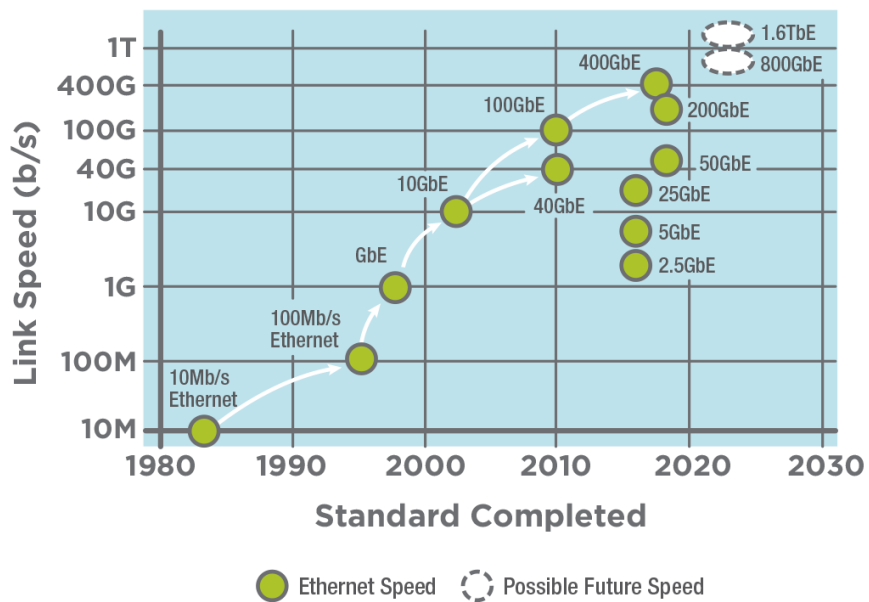


Growth Drivers



High Speed Ethernet Switch

ETHERNET SPEEDS



Source: Ethernet Alliance, 2019



32 x 400G



64 x 400G

Era of High-Power PoE Switch

PoE

802.3af

PSE Output Power
up to 15.4 Watts

PD Input Power
12.95 Watts



VoIPs



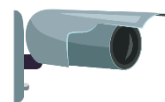
APs

PoE+

802.3at

PSE Output Power
up to 30 Watts

PD Input Power
25.5 Watts



Pan/Tilt/Zoom Cameras



Video IP Phones



Alarm Systems

PoE++

802.3bt

PSE Output Power
up to 90 Watts

PD Input Power
51/71 Watts



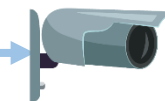
Laptops



TVs



LED Lighting



PTZ Camera



PoE Speaker

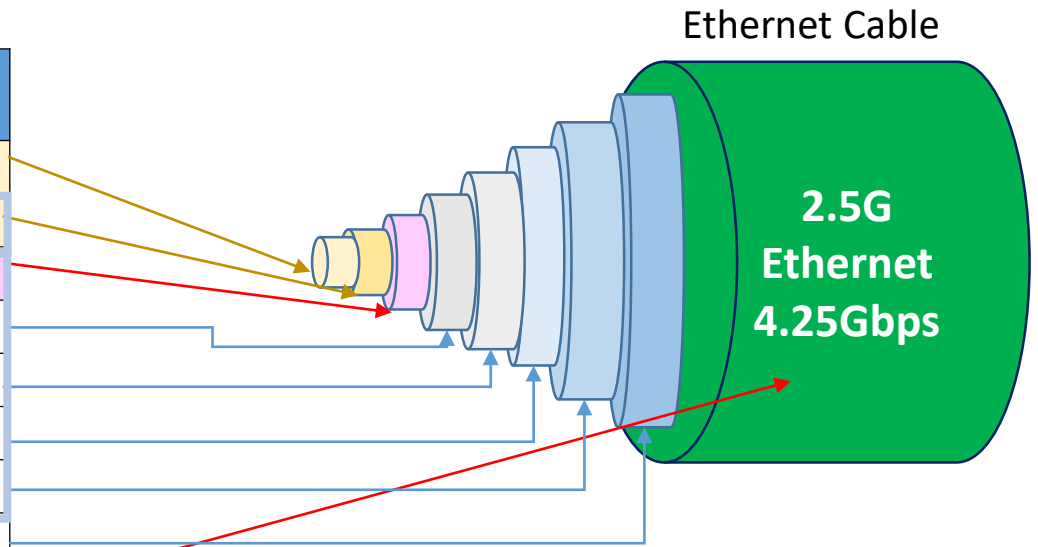
**48 x 2.5G 90W
PoE++ Switch**



2.5GE Ethernet Supporting Majority of Emerging Wi-Fi Technologies

1G Ethernet can not support the throughput of majority of equipment in future wireless network; the wired network becomes bottleneck. However, 2.5G Ethernet is poised to it.

Technology	Modulation	Antenna	Symmetrical Bandwidth Gbps	Throughput Gbps
Wi-Fi 6	256QAM	2*2	1.92	1.25
Wi-Fi 6	1024QAM	2*2	2.4	1.56
1G Ethernet			2	1.7
Wi-Fi 6	256QAM	3*3	2.88	1.87
Wi-Fi 5	256QAM	4*4	3.47	2.25
Wi-Fi 6	1024QAM	3*3	3.6	2.34
Wi-Fi 6	256QAM	4*4	3.84	2.5
Wi-Fi 6	1024QAM	4*4	4.8	3.12
2.5G Ethernet			5	4.25
Wi-Fi 5	256QAM	8*8	6.93	4.5



2.5G Switch

Cat 5e cable is not applicable!
It requires upgrading to 10GBase-T(Cat 6/6a/7)

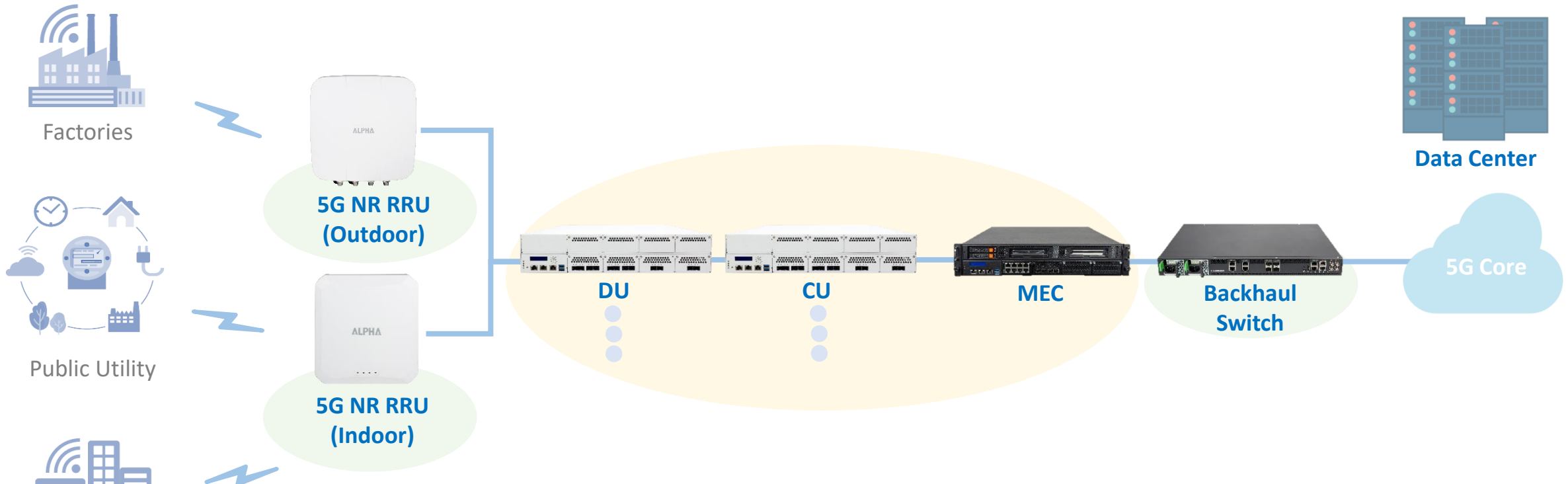
1000Base-T=1Gbps

Cat 5e/6/6a cable



Wi-Fi 5 · Wi-Fi 6
>1.7Gbps

5G RAN and EC Enabling Digital Transformation of Vertical Market



5G RAN, Edge Computing and the release of Enterprise Private Network spectrum stimulate the growth of diverse vertical market applications.

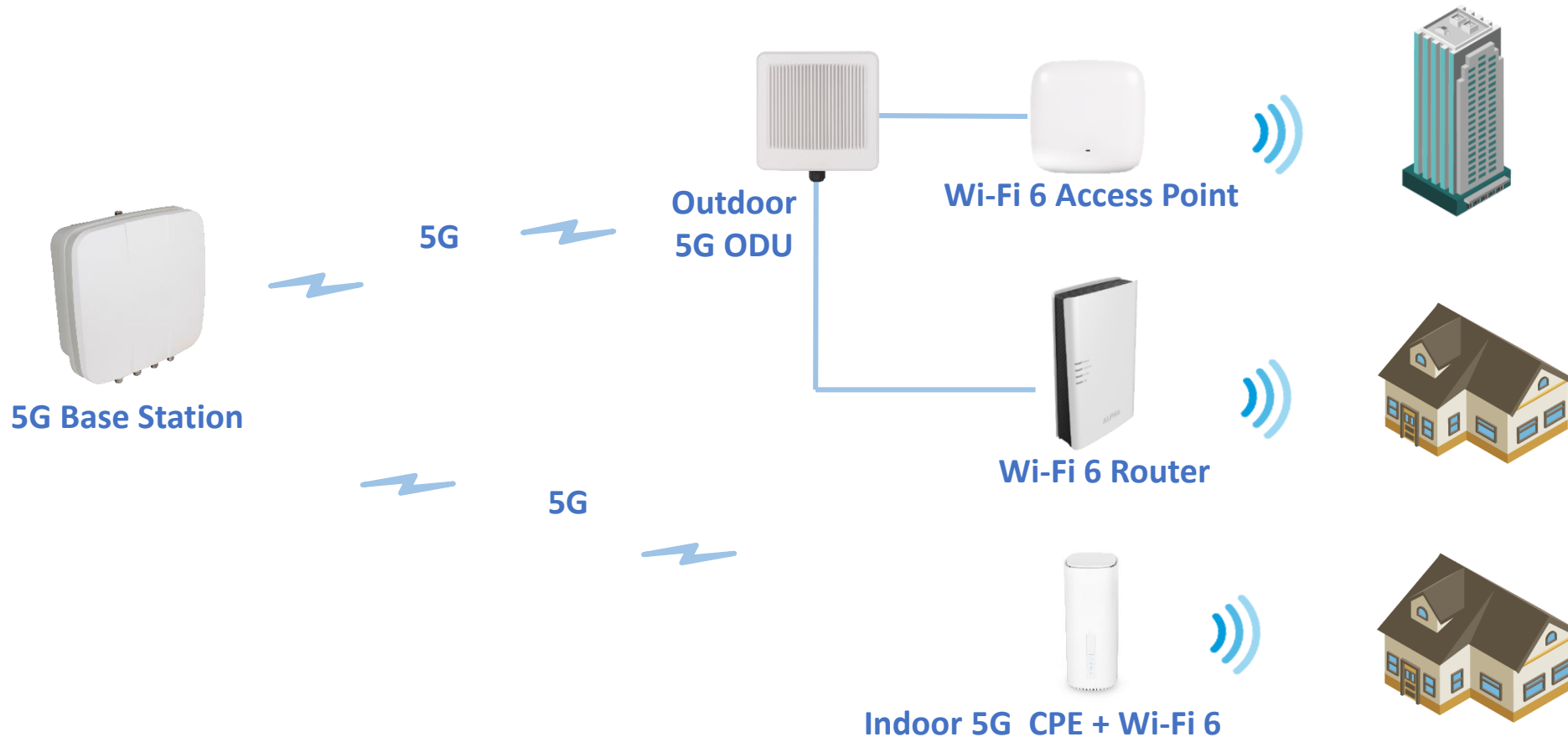
- Private 5G Network and dedicated spectrum
- Information Security
- Customized Application
- Self-management

HW

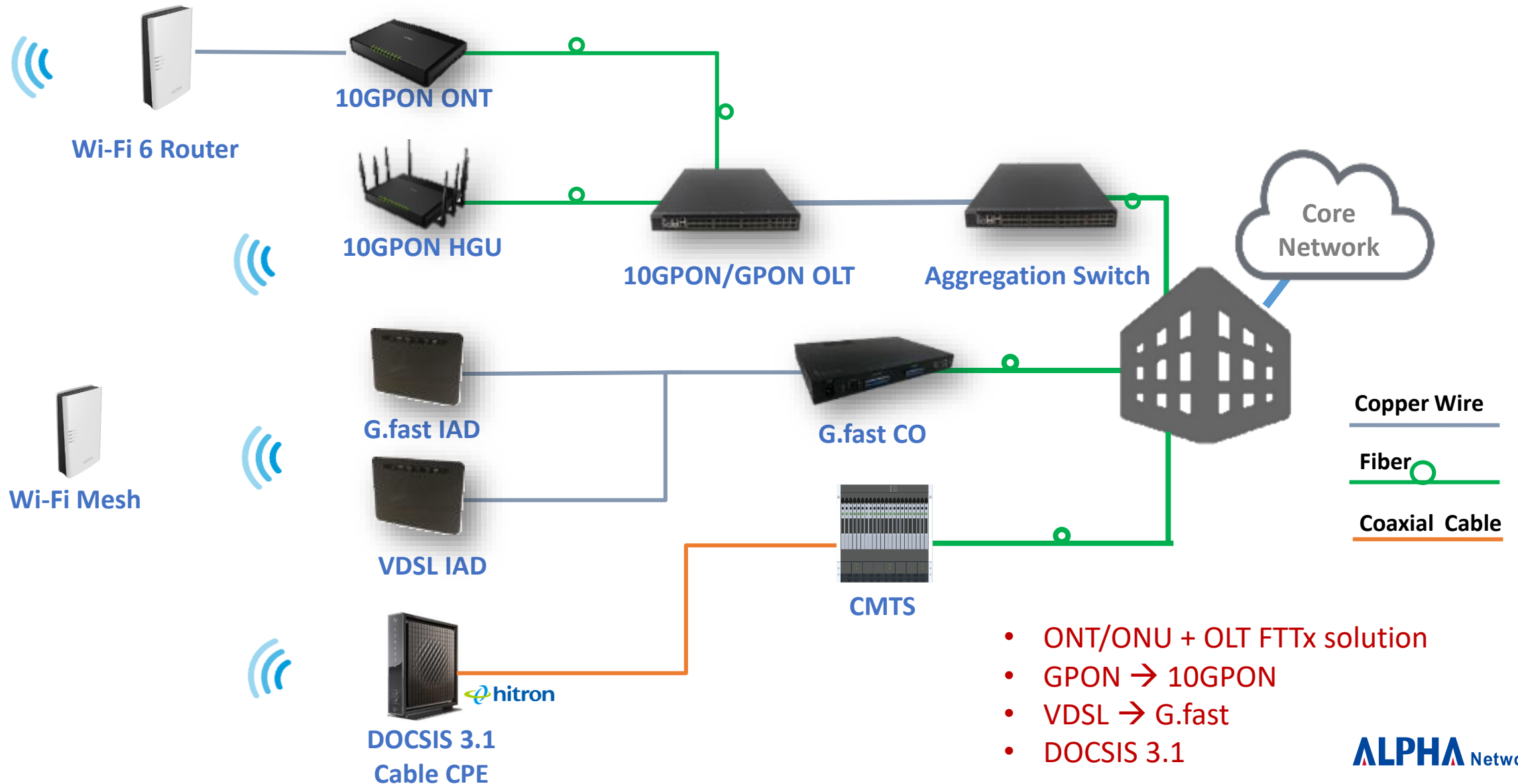
SW

FWA End-to-End Solution

- Ericsson Mobility Report, 2019: the number of service providers that offer FWA is 140, an increase of 37 in past six months.
- High bandwidth of 5G motivates telcos to provide FWA services.
- Alpha Networks provides comprehensive last mile solutions with FWA, Wi-Fi 6 and smart home products.



Comprehensive End-to-End FTTx Solutions of Broadband Network



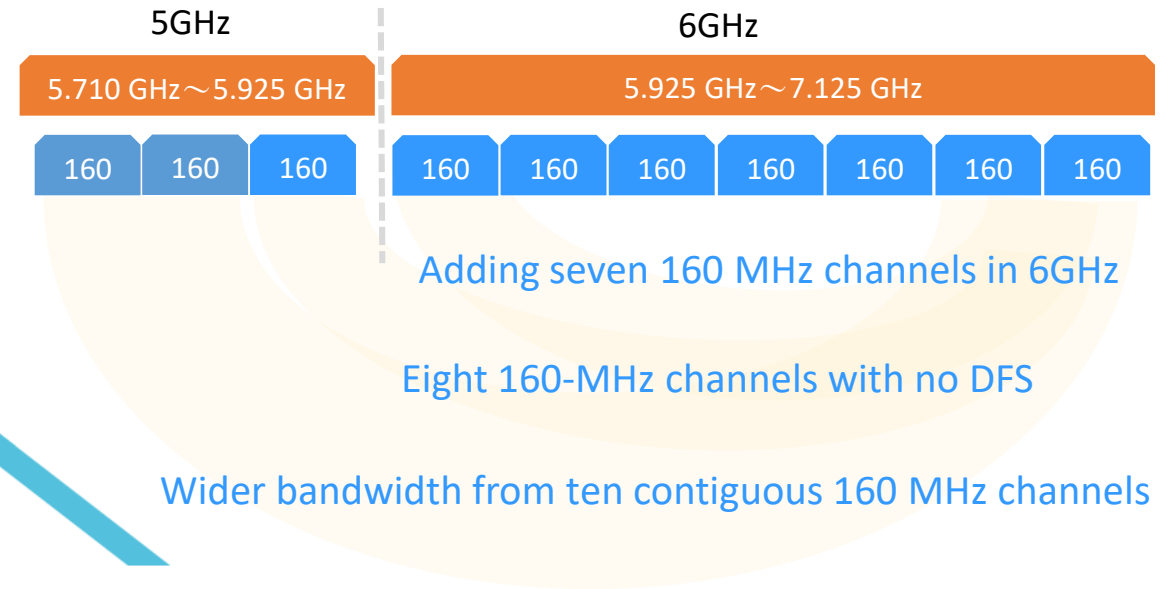
Wi-Fi Technology Trend – Wi-Fi 6 & Mesh

- **Wi-Fi 6 bandwidth + Mesh coverage**

- Best Wi-Fi connectivity experience
- Better networking quality for smart home applications



- **Wi-Fi 6E in 6GHz**



→ **Wi-Fi 6E can support more than 10G bandwidth**

Note: DFS refers to Dynamic Frequency Selection

Surveillance Demand Driving the Growth of IP-Cam

Various Applications of Surveillance

Consumer



SMB



Store



Consumer and SMB Cameras



Battery Camera



Doorbell Camera



Dome Camera



Panoramic Camera

Outstanding Features

- Adaptive Video Streaming (AVS)
- Intelligent Video Analytics (IVA)
- AP direction tracking Beamforming
- Cross-line Detection

Application of Edge AI

- Human Detection
- Face Recognition
- People Counting

Intelligence Radar

AVM with Radar Sensor System
(Shipped)



Commercial Car Blind Side-view Detection
(Testing)



Commercial Car Collision warning
(Testing)



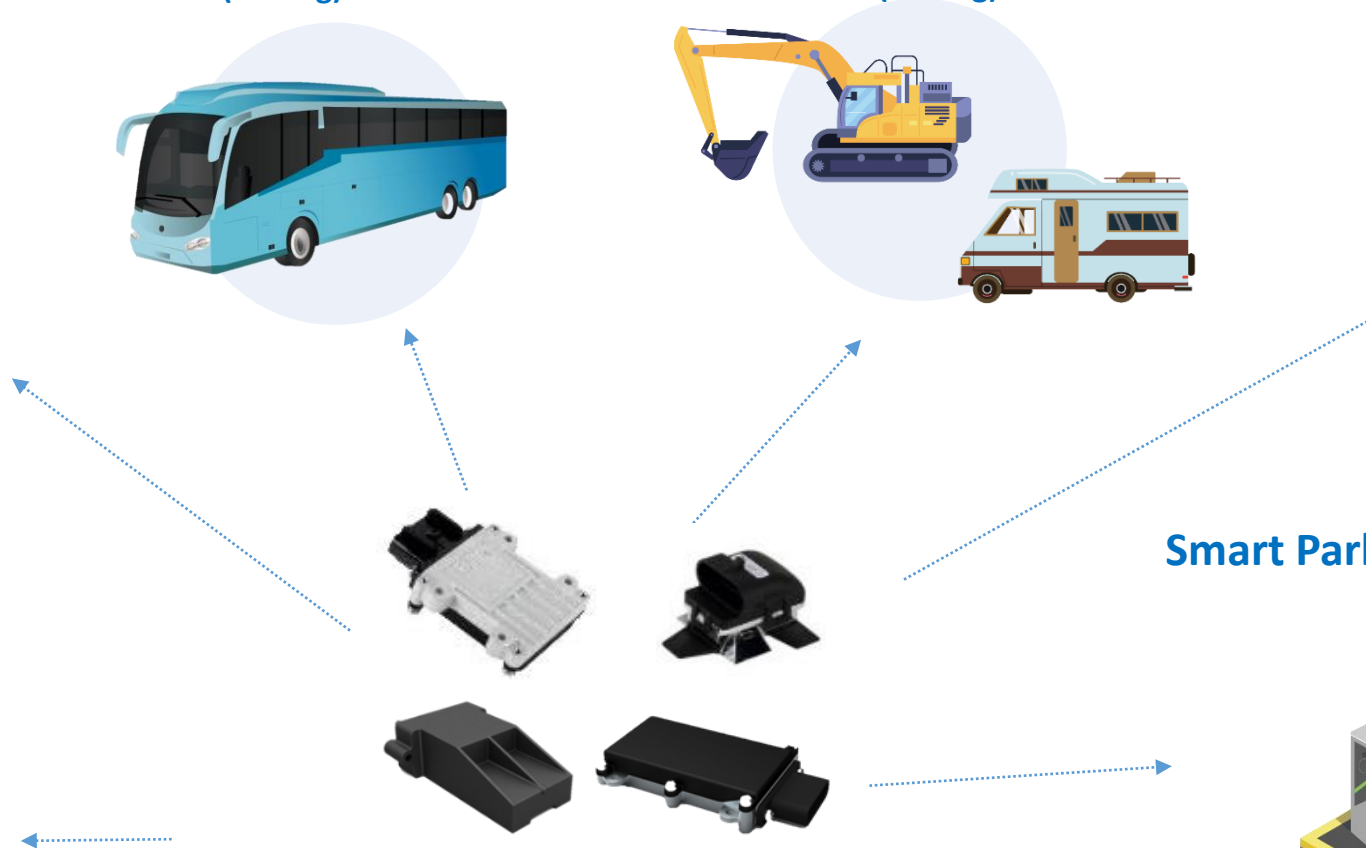
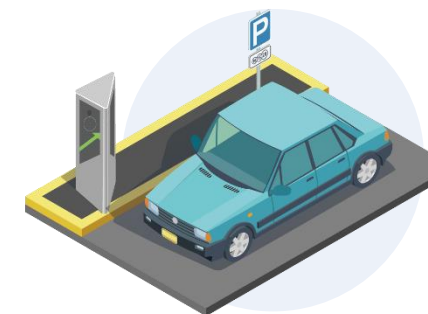
Motorcycle Rear Collision Warning
(Testing)



Passenger Car Collision warning
(Shipped)



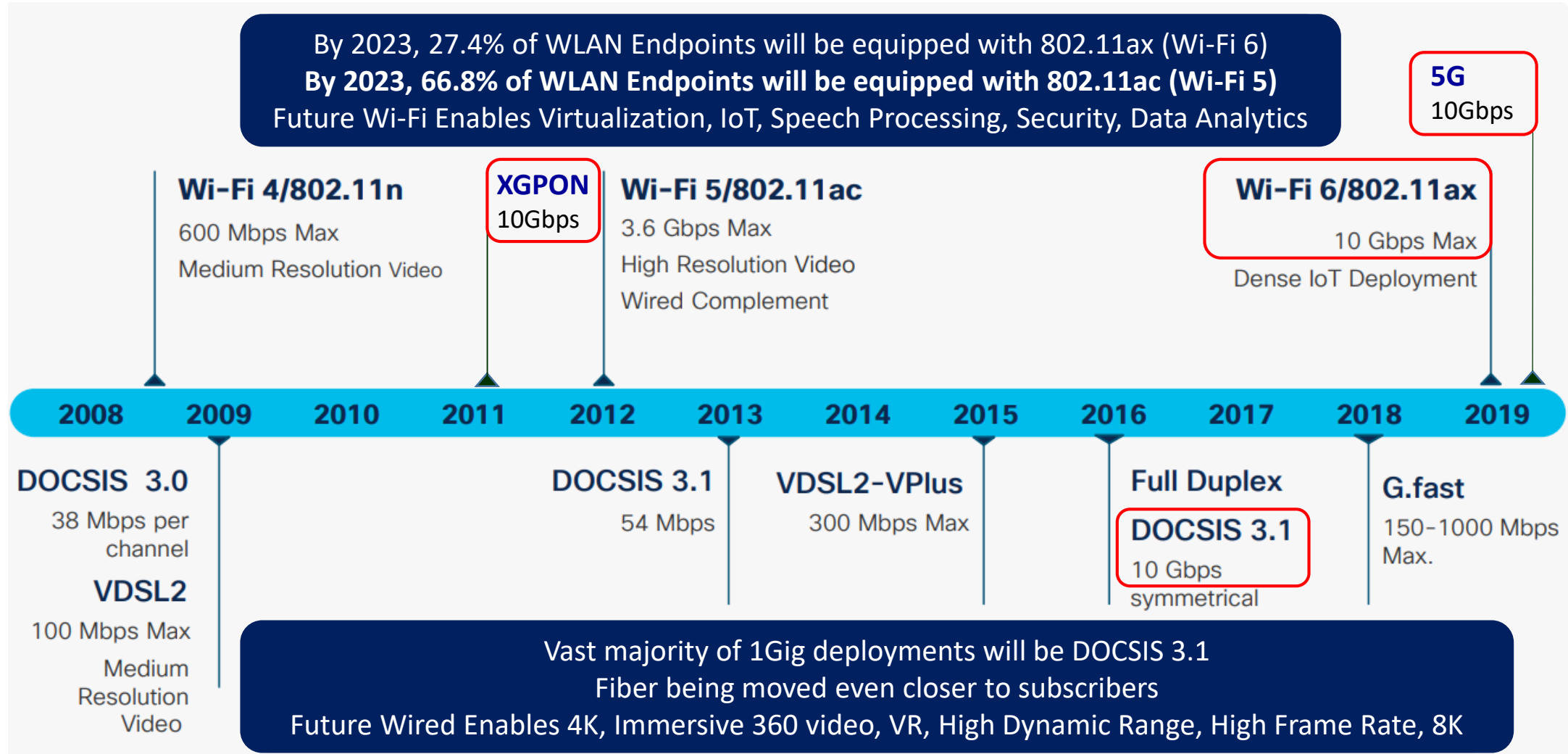
Smart Parking/Traffic Flow Control
(Shipped)



24GHz/77GHz/79GHz Radar

Ready for the Age of 10Gbps and 5G(WAN)

Future of Wired and Wireless Technologies



Q&A



THANK YOU

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