

## Alpha Networks Inc. Reports Second Quarter 2017 Results

Hsinchu, Taiwan, August 2, 2017 -- Alpha Networks Inc. (TWSE: 3380) today announced its consolidated financial results for the second quarter of 2017.

The consolidated revenue for 2Q17 was NT\$5,092 million, up 6.9% from last quarter. Gross margin was 14.9%; the sequential decrease was impacted by product mix, fluctuation of exchange rate and higher costs of certain memory components. Operating expenses were NT\$584 million, down 1.7% quarter-over-quarter. Operating income was NT\$173 million, or 3.4% of net sales. Net income was NT\$147 million, or NT\$0.34 per share. 2Q17's revenue by product categories: LAN/MAN accounted for 61% of 2Q17 consolidated revenue, followed by Wireless Broadband at 27%, and Digital Multimedia at 12%.

The consolidated revenue for the first half of 2017 was NT\$9,857 million, down 15.2% year-over-year. However, gross margin was 16.0%, an increase of 1.3 points as a result of better product portfolio and disciplined cost management. Operating expenses were NT\$1,179 million, down 11.9% from the prior year. Operating margin was up 6.8% YoY to NT\$395 million, or 4.0% of net sales. Income before tax was NT\$415 million, down 15.5% YoY. However, if gain on disposal of investment in 1H16, NT\$114 million was not included, income before tax of 1H17 was up 10.1% or an increase of NT\$38 million year-over-year. Net income was NT\$318 million, or NT\$0.73 per share. 1H17's revenue by product categories: LAN/MAN accounted for 61% of 1H17 consolidated revenue, followed by Wireless Broadband at 25%, and Digital Multimedia at 14%.

Alpha Networks Inc. 2Q17 Results and QoQ comparison: (Unit: NT\$ million)

	2Q17	%	1Q17	%	QoQ Change %
Net Sales	5,092	100.0	4,765	100.0	6.9%
Gross Profit	757	14.9	816	17.1	-7.2%
Operating Expenses	584	11.5	594	12.5	-1.7%
Operating Income	173	3.4	222	4.7	-22.1%
Income before Tax	201	3.9	214	4.5	-6.1%
Net Income	147	2.9	172	3.6	-14.5%
Earnings Per Share (NT\$)	0.34		0.40		

Alpha Networks Inc. 1H17 Results and YoY comparison: (Unit: NT\$ million)

	1H17	%	1H16	%	YoY Change %
Net Sales	9,857	100.0	11,620	100.0	-15.2%
Gross Profit	1,574	16.0	1,709	14.7	-7.9%
Operating Expenses	1,179	12.0	1,339	11.5	-11.9%
Operating Income	395	4.0	370	3.2	6.8%
Income before Tax	415	4.2	491	4.2	-15.5%
Net Income	318	3.2	389	3.3	-18.3%
Earnings Per Share (NT\$)	0.73		0.90		

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