

## Alpha Networks Inc. Reports Fourth Quarter 2017 Results

Hsinchu, Taiwan, March 22, 2018 -- Alpha Networks Inc. (TWSE: 3380) today announced its consolidated financial results for the fourth quarter and the full year of 2017.

The consolidated revenue for 4Q17 was NT\$4,362 million, down 9.8% from last quarter. Gross margin was 12.7%; the sequential decrease was impacted by the appreciation of New Taiwan Dollar and higher costs of certain components. Operating expenses were NT\$515 million, down 12.3% from last quarter. Operating income was NT\$40 million, or 0.9% of net sales. Net income was NT\$70 million, or NT\$0.16 per share. 4Q17's revenue by product categories: LAN/MAN accounted for 64% of 4Q17 consolidated revenue, followed by Wireless Broadband at 29%, and Digital Multimedia at 7%.

The consolidated revenue for 2017 was NT\$19,057 million, down 12.7% on a year-over-year basis. However, gross margin was 15.2%, an increase of 0.6 points as a result of better product portfolio and disciplined cost management. Operating expenses was NT\$2,280 million, down 10.0% from the prior year. Operating income was NT\$612 million, up 0.2 points year-over-year, or 3.2% of net sales. Income before tax was NT\$696 million, down 13.4% YoY. However, if gain on disposal of investment in 2Q16, NT\$114 million was not included, income before tax of 2017 was up 0.9%, or an increase of NT\$6 million year-over-year. Net income after tax was NT\$549 million, or NT\$1.26 per share. Revenue by product categories: LAN/MAN accounted for 61% of 2017 consolidated revenue, followed by Wireless Broadband at 28%, and Digital Multimedia at 11%.

Alpha Networks Inc. 4Q17 Results and QoQ comparison: (Unit: NT\$ million)

	4Q17	%	3Q17	%	QoQ Change %
Net Sales	4,362	100.0	4,838	100.0	-9.8%
Gross Profit	555	12.7	764	15.8	-27.4%
Operating Expenses	515	11.8	587	12.1	-12.3%
Operating Income	40	0.9	177	3.7	-77.4%
Income before Tax	74	1.7	207	4.3	-64.3%
Net Income	70	1.6	160	3.3	-56.3%
Earnings Per Share (NT\$)	0.16		0.37		

Alpha Networks Inc. 2017 Results and YoY comparison: (Unit: NT\$ million)

	2017	%	2016	%	YoY Change %
Net Sales	19,057	100.0	21,831	100.0	-12.7%
Gross Profit	2,892	15.2	3,183	14.6	-9.1%
Operating Expenses	2,280	12.0	2,534	11.6	-10.0%
Operating Income	612	3.2	649	3.0	-5.7%
Income before Tax	696	3.7	804	3.7	-13.4%
Net Income	549	2.9	608	2.8	-9.7%
Earnings Per Share (NT\$)	1.26		1.40		

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