



May 5, 2015

Alpha and Omega Semiconductor Reports Financial Results for the Fiscal Third Quarter of 2015 Ended March 31, 2015

SUNNYVALE, Calif., May 5, 2015 (GLOBE NEWSWIRE) -- Alpha and Omega Semiconductor Limited ("AOS") (NASDAQ: AOSL), today reported financial results for the fiscal third quarter of 2015 ended March 31, 2015.

The results for the fiscal third quarter of 2015 ended March 31, 2015 were as follows:

GAAP Financial Comparison

Quarterly

(in millions except percentage and per share data)

(unaudited)

	<u>Q3 FY2015</u>	<u>Q2 FY2015</u>	<u>Q3 FY2014</u>
Revenue	\$ 76.9	\$ 81.3	\$ 75.4
Gross Margin	16.6%	18.7%	16.3%
Operating Loss	\$(3.4)	\$(0.3)	\$(2.9)
Net Loss	\$(4.1)	\$(1.3)	\$(3.3)
Loss Per Share - Diluted	\$(0.16)	\$(0.05)	\$(0.13)

On a non-GAAP basis excluding the effect of share-based compensation charges in each of the periods presented, the results were as set forth below (see detailed reconciliation included at the end of this press release).

Non-GAAP Financial Comparison

Quarterly

(in millions except percentage and per share data)

(unaudited)

	<u>Q3 FY2015</u>	<u>Q2 FY2015</u>	<u>Q3 FY2014</u>
Revenue	\$ 76.9	\$ 81.3	\$ 75.4
Gross Margin	16.8%	19.0%	16.5%
Operating Income (Loss)	\$ (2.4)	\$ 1.0	\$ (2.1)
Net Loss	\$ (3.2)	\$ —	\$ (2.4)
Loss Per Share - Diluted	\$ (0.12)	\$ —	\$ (0.09)

"Our quarterly financial results were within our guidance, and marked the fifth consecutive quarter of year-over-year revenue growth despite the weakness in the PC market as well as pricing headwinds from a stronger U.S. dollar," said Dr. Mike Chang, the chairman and CEO of the company. "The March quarter also marks the one-year anniversary of our recovery journey. During the past year, we have reversed the revenue decline and have rejuvenated the fundamentals of the company. We are seeing signs across the company that our recovery continues to gain momentum. Our new product hit rate has improved, with rising momentum in the Low Voltage MOSFET, IGBT and Power IC product lines. We are well positioned to deliver continuing top line growth, enabling a return to profitability in 2016 as we benefit from the operating leverage of our business model."

"During our fiscal third quarter, we returned approximately \$4.0 million of cash to our shareholders by repurchasing 449,247 shares of our common share under our share repurchase program. Reflecting its confidence in AOS' business model and future outlook, our Board has authorized an increase to \$50.0 million in the total amount of our share repurchase program, up from the remaining balance of approximately \$17.8 million as of March 31, 2015. In addition, as part of the Board's continuing effort to improve our corporate governance practices and enhance independent functions of the Board, Mr. Michael J. Salameh has been appointed as the lead independent director of the Board," he added.

Business Outlook for Fiscal Q4 Ending June 30, 2015

The following statements are based on management's current expectations. These statements are forward-looking, and actual results may differ materially. AOS undertakes no obligation to update these statements.

- Revenue is expected to be between \$80.5 million and \$84.5 million.
- GAAP gross margin is expected to be 17.5% plus or minus 1%.
- GAAP operating expenses are expected to be approximately \$16.2 million plus or minus \$1 million.
- Tax expense is expected to be approximately \$1.1 million to \$1.3 million.

The above projections on GAAP gross margin and GAAP operating expenses include estimated share-based compensation expense of \$1.0 million to \$1.2 million.

Conference Call and Webcast

AOS plans to conduct an investor teleconference and live webcast to discuss the financial results for the fiscal third quarter of 2015 ended March 31, 2015 today, May 5, 2015 at 2:00 p.m. PT / 5:00 p.m. ET. To participate in the live call, analysts and investors should dial 877-312-8797 (or 253-237-1194 if outside the U.S.). To access the live webcast and the subsequent replay of the conference call, which will be available for seven days after the live call, go to the "Events & Presentations" section of the company's investor relations website, <http://investor.aosmd.com>. In addition, a copy of the script of prepared remarks by CEO and CFO at the investor teleconference and webcast is available prior to the call at the Company's investor relations website.

Forward Looking Statements

This press release contains forward-looking statements that are based on current expectations, estimates, forecasts and projections of future performance based on management's judgment, beliefs, current trends, and anticipated product performance. These forward looking statements include, without limitation, statements relating to projected amount of revenues, gross margin, operating income/(expenses), tax expenses, net income/(loss), and share-based compensation expenses, expectation with respect to improvement in profit, our recovery progress and competitive position, the share repurchase program, our ability and strategy to develop new products, expand our sales, revenue and profitability, growth in revenue and market share, including adoption of low-voltage and power IC products, seasonality fluctuation in customer demand, the execution of our business plan, and other information under the section entitled "Business Outlook for Fiscal Q4 Ending June 30, 2015". Forward looking statements involve risks and uncertainties that may cause actual results to differ materially from those contained in the forward-looking statements. These factors include, but are not limited to, the decline of the PC industry and our ability to respond to such decline, our ability to introduce or develop new and enhanced products that achieve market acceptance, the actual product performance in volume production, the quality and reliability of our product, our ability to achieve design wins, the general business and economic conditions, the state of semiconductor industry and seasonality of our markets, our ability to maintain factory utilization at a desirable level, and other risks as described in our SEC filings, including our Annual Report on Form 10-K for the fiscal year ended June 30, 2014 filed on August 29, 2014. Other unknown or unpredictable factors or underlying assumptions subsequently proving to be incorrect could cause actual results to differ materially from those in the forward-looking statements. Although we believe that the expectations reflected in the forward looking statements are reasonable, we cannot guarantee future results, level of activity, performance, or achievements. You should not place undue reliance on these forward-looking statements. All information provided in this press release is as of today's date, unless otherwise stated, and AOS undertakes no duty to update such information, except as required under applicable law.

Use of Non-GAAP Financial Measures

To supplement our unaudited consolidated financial statements presented on a basis consistent with U.S. GAAP, we disclose certain non-GAAP financial measures, including non-GAAP gross profit, gross margin, operating income/(loss), net income/(loss) and diluted earnings per share ("EPS"). These supplemental measures exclude share-based compensation expenses. We believe that non-GAAP financial measures can provide useful information to both management and investors by excluding certain non-cash expenses that are not indicative of our core operating results. In addition, our management uses non-GAAP measures to compare our performance relative to forecasts and to benchmark our performance externally against competitors. Our use of non-GAAP financial measures has certain limitations in that the non-GAAP financial measures we use may not be directly comparable to those reported by other companies. For example, the term used in this press release, non-GAAP net income/(loss), does not have a standardized meaning. Other companies may use the same or similarly named measures, but exclude different items, which may not provide investors with a comparable view of our performance in relation to other companies. We seek to compensate for this limitation by providing a detailed reconciliation of the non-GAAP financial measures to the most directly comparable U.S. GAAP measures in the tables attached to this press release. Investors are encouraged to review the related U.S. GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable U.S. GAAP financial measures.

About Alpha and Omega Semiconductor

Alpha and Omega Semiconductor Limited, or AOS, is a designer, developer and global supplier of a broad range of power semiconductors, including a wide portfolio of Power MOSFET, IGBT and Power IC products. AOS has developed extensive intellectual property and technical knowledge that encompasses the latest advancements in the power semiconductor industry, which enables it to introduce innovative products to address the increasingly complex power requirements of advanced electronics. AOS differentiates itself by integrating its Discrete and IC semiconductor process technology, product design, and advanced packaging know-how to develop high performance power management solutions. AOS's portfolio of products targets high-volume applications, including portable computers, flat panel TVs, LED lighting, smart phones, battery packs, consumer and industrial motor controls and power supplies for TVs, computers, servers and telecommunications equipment. For more information, please visit <http://www.aosmd.com>. For investor relations, please contact So-Yeon Jeong at investors@aosmd.com.

The following consolidated financial statements are prepared in accordance with U.S. GAAP.

Alpha and Omega Semiconductor Limited
Condensed Consolidated Statements of Operations
(in thousands, except percentages and per share amounts)
(unaudited)

	Three Months Ended			Nine Months Ended	
	March 31,	December 31,	March 31,	March 31,	March 31,
	2015	2014	2014	2015	2014
Revenue	\$ 76,918	\$ 81,328	\$ 75,405	\$ 246,463	\$ 235,791
Cost of goods sold	64,154	66,086	63,095	200,297	192,711
Gross profit	12,764	15,242	12,310	46,166	43,080
Gross margin	16.6%	18.7%	16.3%	18.7%	18.3%
Operating expenses					
Research and development	6,929	6,430	5,977	20,155	17,796
Selling, general and administrative	9,219	9,135	9,256	27,958	25,505
Total operating expenses	16,148	15,565	15,233	48,113	43,301
Operating loss	(3,384)	(323)	(2,923)	(1,947)	(221)
Interest income and other, net	18	26	52	92	90
Interest expense	(41)	(43)	(62)	(157)	(210)
Loss before income taxes	(3,407)	(340)	(2,933)	(2,012)	(341)
Income tax expense	698	957	361	2,826	2,486
Net loss	<u>\$(4,105)</u>	<u>\$(1,297)</u>	<u>\$(3,294)</u>	<u>\$(4,838)</u>	<u>\$(2,827)</u>
Net loss per share					
Basic	\$ (0.16)	\$ (0.05)	\$ (0.13)	\$ (0.18)	\$ (0.11)
Diluted	\$ (0.16)	\$ (0.05)	\$ (0.13)	\$ (0.18)	\$ (0.11)
Weighted average number of common shares used to compute net loss per share					
Basic	26,447	26,577	26,067	26,469	25,865
Diluted	26,447	26,577	26,067	26,469	25,865

Alpha and Omega Semiconductor Limited
Condensed Consolidated Balance Sheets
(in thousands, except par value per share)
(unaudited)

	March 31, 2015	June 30, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 112,931	\$ 117,788
Restricted cash	245	244
Accounts receivable, net	31,141	36,535
Inventories	66,311	66,560
Deferred income tax assets	2,931	2,842
Other current assets	3,433	3,810
Total current assets	216,992	227,779
Property, plant and equipment, net	115,817	123,254
Intangible assets, net	17	229
Goodwill	269	269
Deferred income tax assets - long term	10,938	10,854
Other long-term assets	3,281	1,963
Total assets	<u>\$ 347,314</u>	<u>\$ 364,348</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short term debt	\$ 6,429	\$ 13,821
Accounts payable	34,396	38,760
Accrued liabilities	17,675	17,376
Income taxes payable	1,821	1,933
Deferred margin	699	665
Capital leases	978	1,061
Total current liabilities	61,998	73,616
Income taxes payable - long term	1,622	2,315
Deferred income tax liabilities	3,551	3,234
Capital leases - long term	299	1,005
Other long term liabilities	1,004	1,143
Total liabilities	<u>68,474</u>	<u>81,313</u>
Shareholders' equity:		
Preferred shares, par value \$0.002 per share:		
Authorized: 10,000 shares, issued and outstanding: none at March 31, 2015 and June 30, 2014	—	—
Common shares, par value \$0.002 per share:		
Authorized: 50,000 shares, issued and outstanding: 27,090 shares and 26,309 shares, respectively at March 31, 2015 and 26,644 shares and 26,304 shares, respectively at June 30, 2014	54	53
Treasury shares at cost, 781 shares at March 31, 2015 and 340 shares at June 30, 2014	(6,759)	(2,889)
Additional paid-in capital	178,820	174,084
Accumulated other comprehensive income	915	1,033
Retained earnings	105,810	110,754
Total shareholders' equity	<u>278,840</u>	<u>283,035</u>
Total liabilities and shareholders' equity	<u>\$ 347,314</u>	<u>\$ 364,348</u>

Alpha and Omega Semiconductor Limited
Reconciliation of Gross Profit to Non-GAAP Gross Profit
(in thousands)
(unaudited)

	Three Months Ended			Nine Months Ended	
	March 31, 2015	December 31, 2014	March 31, 2014	March 31, 2015	March 31, 2014
U.S. GAAP gross profit	\$ 12,764	\$ 15,242	\$ 12,310	\$ 46,166	\$ 43,080
Share-based compensation:					
Cost of goods sold	167	174	119	495	457
Non-GAAP gross profit	<u>\$ 12,931</u>	<u>\$ 15,416</u>	<u>\$ 12,429</u>	<u>\$ 46,661</u>	<u>\$ 43,537</u>
Non-GAAP gross margin	16.8%	19.0%	16.5%	18.9%	18.5%

Alpha and Omega Semiconductor Limited
Reconciliation of Operating Loss to Non-GAAP Operating Income (Loss)
(in thousands)
(unaudited)

	Three Months Ended			Nine Months Ended	
	March 31, 2015	December 31, 2014	March 31, 2014	March 31, 2015	March 31, 2014
U.S. GAAP operating loss	\$(3,384)	\$(323)	\$(2,923)	\$(1,947)	\$(221)
Share-based compensation:					
Cost of goods sold	167	174	119	495	457
Research and development	43	293	221	542	484
Selling, general and administrative	730	810	521	2,282	1,234
Total share-based compensation	940	1,277	861	3,319	2,175
Non-GAAP operating income (loss)	<u>\$(2,444)</u>	<u>\$ 954</u>	<u>\$(2,062)</u>	<u>\$ 1,372</u>	<u>\$ 1,954</u>

Alpha and Omega Semiconductor Limited
Reconciliation of Net Loss to Non-GAAP Net Loss
(in thousands, except per share amounts)
(unaudited)

	Three Months Ended			Nine Months Ended	
	March 31, 2015	December 31, 2014	March 31, 2014	March 31, 2015	March 31, 2014
U.S. GAAP net loss	\$(4,105)	\$(1,297)	\$(3,294)	\$(4,838)	\$(2,827)
Share-based compensation:					
Cost of goods sold	167	174	119	495	457
Research and development	43	293	221	542	484

Selling, general and administrative	730	810	521	2,282	1,234
Total share-based compensation	940	1,277	861	3,319	2,175
Non-GAAP net loss	<u>\$(3,165)</u>	<u>\$(20)</u>	<u>\$(2,433)</u>	<u>\$(1,519)</u>	<u>\$(652)</u>
Non-GAAP diluted net loss per share	<u>\$(0.12)</u>	<u>\$—</u>	<u>\$(0.09)</u>	<u>\$(0.06)</u>	<u>\$(0.03)</u>
Weighted-average number of common shares used in computing non-GAAP net loss per share					
Diluted shares	26,447	26,577	26,067	26,469	25,865

Alpha and Omega Semiconductor Limited Prepared Remarks of Investor Conference Call for the Quarter Ended March 31, 2015

May 5, 2015

So-Yeon Jeong (Moderator):

Good afternoon, everyone, and welcome to the Alpha and Omega Semiconductor, third fiscal quarter of 2015 conference call. This is So-Yeon Jeong, Investor Relations representative for the company. I am here with Dr. Mike Chang, our CEO, and Yifan Liang, our CFO. This call is being recorded and broadcasted live over the Web and can be accessed for seven days following the call via the link in the Investor Relations section of our website at www.aosmd.com. In addition, we have made the prepared remarks for this call available to the public in advance. You can access the written remarks on our website or you can find a copy attached as an exhibit to the Form 8-K that is being filed concurrently with this earnings release.

The earnings release was distributed by globe newswire today, May 5, 2015, after the market closed. The release is also posted on the company's website. Our earnings release and this presentation include certain non-GAAP financial measures. We use non-GAAP measures because we believe they provide useful information about our operating performance that should be considered by investors in conjunction with the GAAP measures that we provide. A reconciliation of these non-GAAP measures to comparable GAAP measures is included in our earnings release.

We would like to remind you that during the course of this conference call, we will make forward-looking statements, including discussions of business outlook and financial projections. These forward-looking statements are based on management's current expectations and involve risks and uncertainties that could cause our actual results to differ materially from such expectations. For a more detailed description of these risks and uncertainties, please refer to our recent and subsequent filings with the SEC. We assume no obligations to update the information provided in today's call.

I'd also note that we will be presenting at the B. Riley conference in L. A. on May 13th. We intend to post our presentation materials for the conference on the IR web site.

Now, let's hear from Yifan who will provide an overview of the third fiscal quarter of 2015 financial results.

Yifan Liang (Chief Financial Officer):

Thank you, So-Yeon. Good afternoon and thank you for joining us. To begin, I will discuss financial results for our third quarter. Then I'll turn it over to Mike, our CEO, who will give some color on the momentum we are seeing across the company. Before we go to your questions, I will cover guidance for the next quarter.

Revenue for the March quarter was \$76.9 million, a decrease of 5.4% from the prior quarter. We faced the seasonal declines we tend to see in March quarters, especially in the computing sector. Compared with the same quarter a year ago, however, this was our fifth consecutive quarter of year-over-year revenue growth, with 2.0% up as compared to the same quarter last year.

In terms of products, MOSFET revenue was \$59.2 million, down 3.3% sequentially and up 1.1% year-over-year. Power IC revenue was \$13.7 million, down 14.8% from the prior quarter and up 6.8% from a year ago. Service revenue was approximately \$4.0 million, which is about the same as last quarter.

In terms of segment mix, this quarter's Computing segment represented 47.3% of total revenue, Consumer 19.9%, Power Supply and Industrial 16.3%, Communication 8.3%, Service 5.2% and Others 3.0%.

Gross margin was 16.6% for the March quarter, as compared to 18.7% in the prior quarter and 16.3% for the same quarter last year. The decrease in gross margin from the last quarter mainly resulted from lower revenues and productivity loss due to Chinese New Year.

To deliver improvement in overall margin, we are actively replacing old products with new products that have better margins. The effects will be seen gradually, but we expect these efforts to help improve our profit margins while underpinning sustainable revenue growth.

Operating expenses for the quarter were \$16.1 million as compared to \$15.6 million for the prior quarter and \$15.2 million for the same quarter last year. Operating expenses in the prior quarter were lower primarily due to the Company's office shut downs along with the holiday seasons in the December quarter.

Income tax expense was approximately \$0.7 million for the quarter as compared to \$1.0 million for the prior quarter, reflecting certain discrete item adjustments due to the expiration of the statute of limitations.

Net loss for the quarter was approximately \$4.1 million or 16 cents loss per share, as compared to 5 cents loss per share for the prior quarter. Net loss in the March quarter included \$0.9 million share-based compensation charge as compared to \$1.3 million in the prior quarter.

Non GAAP EPS for the quarter was 12 cents loss per share as compared to break even for the prior quarter.

EBITDAS for the March quarter was \$4.3 million as compared to \$8.0 million from the prior quarter.

We generated \$2.7 million operating cash flow for the quarter.

Moving on to the balance sheet.

We completed the March quarter with cash and cash equivalents balance of approximately \$113 million, as compared to \$121 million at the end of last quarter and \$111 million a year ago. During the quarter, we used approximately \$4 million to repurchase 449 thousand shares of our stock.

Net trade receivables were \$31.1 million, as compared to \$26.7 million at the end of last quarter and \$37.2 million during the same quarter last year. Day Sales Outstanding for the quarter was approximately 32 days compared to 33 days in the prior quarter.

Net inventory was \$66.3 million at the quarter-end, down from \$70 million for last quarter and up from \$59.8 million compared to the prior year. Average days in inventory were approximately 96 days for the quarter compared to 94 days in the prior quarter.

Net Property, Plant and Equipment balance was \$116 million, as compared to approximately \$119 million last quarter. Capital expenditures were \$5.6 million for the quarter.

Year to date, we have spent about \$12.6 million in Capex supporting our new product introductions to fuel our business growth. As previously announced, we plan to spend \$15 million to \$20 million in Capex during fiscal year 2015 and we continue to believe that this range is reasonable.

As our current investments are starting to materialize, we expect Capex to taper down to be in the range of \$10 million to \$15 million for fiscal year 2016.

With that, now I would like to turn the call over to our CEO, Dr. Mike Chang, who will provide the business highlights for the quarter.

Mike Chang (Chief Executive Officer):

Thank you, Yifan.

The total revenue of \$76.9 million was at the low end of our guidance range. It decreased 5.4% sequentially, but was up 2% over last year's March quarter, making this our fifth consecutive quarter of year-over-year revenue growth.

During the quarter, we faced pricing headwinds from foreign competitors as the U.S. dollar strengthened. We also faced a further decline in the PC market, so we were especially encouraged by our Computing segment's double-digit revenue growth year over year.

The March quarter marks the one-year anniversary since our newly assembled Board set in motion the AOS recovery program. We have returned to our business model, what we call technology & volume driven model. It successfully generated tremendous revenue growth and operating cash flow in the company's first 10 years, even through the cyclical of the semiconductor market. Our plan emphasizes revenue growth in light of our business model, which enables meaningful operating leverage as the top line grows.

Reflecting on AOS recovery efforts in the past 12 months, let me recap what we have done.

The core of our efforts has been in new product development. This investment is beginning to bear fruit. We see positive momentum in our new Low Voltage, Power IC and IGBT platforms. I am very pleased that our new product hit-rate is accelerating to the historical levels we saw when we were growing rapidly.

Let me now focus on the foundation of our growth.

The small yet capable Oregon fab has enabled us to achieve faster time-to-market and accelerating hit-rates of our new products, adding to our competitive advantages. Our technology team uses the fab as a workbench in developing each of our new technologies. The fab played a critical role in the development of each of our new products, showing why a fab is a "must have" in the power semiconductor space. It also allows us to provide more reliable supply fulfillment to our customers, especially to the key ones.

Now, let me talk about the growth drivers and time horizon for new product revenues.

While design cycles within each application segment vary, we expect new sales in the near term to come from our new Low Voltage, IGBT and Power IC products and platforms. More specifically, the new Low Voltage platform is being well accepted by the existing customer base and it also is enabling new customer penetration. We are catching up to the growing orders that we received during the March quarter. Also, the IGBT products, which have long customer adoption cycles, are gaining traction. In addition, we continue to expect our Power IC to grow at double-digit rates in calendar 2015, even considering the seasonality.

With that, I will now review the major market segments.

First, the Computing segment was 47.3% of the total revenue. After some stabilization, the PC market plunged by 15% sequentially or 7% compared to the March quarter of 2014. With that as a backdrop, we saw a sequential decline of 4.3%. However, on a year-over-year basis, computing revenues grew 12.7%.

The increase is attributed mostly to PIC penetration as well as some BOM expansion and share gains by our new Low Voltage platform as mentioned above.

Our projection in this segment remains the same: We are committed to maintain, if not improve, our Computing revenue against the declining market. We continue to expect meaningful contributions of new revenues, starting in the second half of calendar 2015, based on the healthy pipelines of design ins and active customer engagements. We also see healthy Low Voltage and Power IC BOM growth opportunities in the upcoming launch of the Skylake platform.

Within our Consumer segment, revenue was 19.9% of the total, representing 1.7% sequential decline, but 1.9% year-over-year improvements. Major application for this segment is TV. Typically, March quarter is a low season for TV. The better-than-seasonal performance was supported by new product introductions. Additionally in this quarter, we saw the growth of IGBT design-ins and wins with home appliance market, which is a green field opportunity for AOS.

Moving on now to Power Supply and Industrial.

Revenue from this segment was 16.3% of the total, representing a decline of 11.2% and 16.1% sequentially and year-over-year respectively. The key players in this segment are foreign competitors who have currency advantages, so we deliberately managed the product mix to optimize our margin. Although the revenue growth from our emerging high value sockets, such as quick chargers and infrastructure power supplies, was not fast enough to offset the impact from mix management, we are encouraged by their increasing contribution and the customer adoption of our new products.

The Communication revenue was 8.3% of the total, which was down 19.5% quarter over quarter and 2.2% year-over-year. As mentioned in the previous quarter, we are transitioning our focus to smart phones that are raising the bar for battery life requirements. While the transition caused a temporary slowdown during the March quarter, our newly launched Alpha DFN battery protection products are gaining healthy momentum with customers. The product ramp is scheduled from the June quarter, and we expect to see healthy rebound, fueled by battery protection and mobile applications.

Now, a word on our commitment to enhance shareholder value.

Reflecting its confidence in AOS' business model and future outlook, our Board has authorized an increase in the total amount of our share repurchase program from the existing remaining balance of approximately \$17.8 million to \$50 million.

As we grow our top-line and cash flow, and as we execute on our opportunities for operating leverage, our Board will continue to evaluate shareholder-focused capital allocation strategies.

Looking out into the second half of calendar 2015 production ramp, our initiatives are centered on driving operating leverage to achieve sustainable and profitable growth. Our employees and I are energized and motivated by the opportunities and are fully mobilized to deliver our commitments. We have successfully completed our first phase of turnaround of "building a solid foundation," and are entering into the next phase of "returning to profitability in fiscal year 2016." I look forward to bringing you updates on the progress of our exciting journey.

With that, I will turn the call over to Yifan.

Yifan Liang: Guidance for the next quarter

Thank you, Mike. As we look forward to the fourth quarter of fiscal year 2015, we expect:

- Our June quarter's revenue to be in the range of \$80.5 million to \$84.5 million.
- GAAP gross margin is expected to be approximately 17.5% plus or minus 1%.
- GAAP operating expenses are expected to be approximately \$16.2 million plus or minus \$1 million.
- Tax expenses are expected to be about \$1.1 million to \$1.3 million.
- Our share-based compensation should range from \$1.0 million to \$1.2 million.

As usual, we are not assuming any obligations to update this information.

As Mike mentioned earlier, the March quarter was the one-year anniversary of our recovery journey. We spent the year building a foundation in recovery, and rejuvenating the fundamentals of the company. As a result, we reversed the revenue declines of recent years; our hit-rate for new products is up significantly; We got more orders last quarter from our new Low Voltage MOSFET products than we could ship; our new IGBT product line is about to take off; and our Power IC product line is expected to continue its double-digit growth, just to name a few.

Our business model was proven to be successful in the first 10 years of the company's history. Our recent turn-around further validates this business model and strengthens our confidence.

Companywide, we are strongly positioned to enter into the next phase of our recovery, that is, to continue to grow revenues and drive toward profitability. Our goal, as Mike noted, is to achieve profitability in fiscal year 2016.

With that, we will open up the floor for questioning.

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