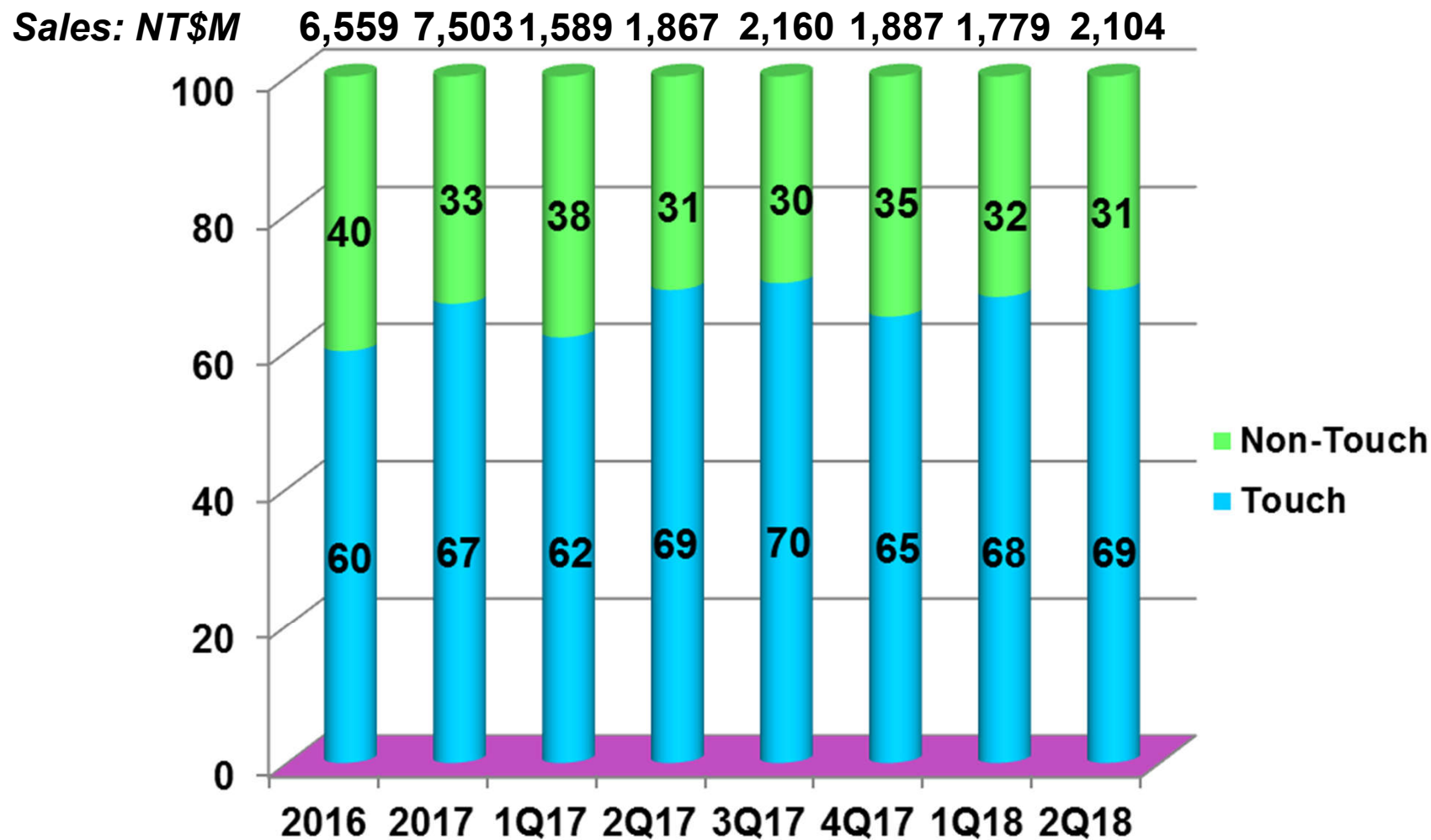


ELAN Microelectronics Corp.

2Q18 Investor Conference

2018/8/7

Sales Breakdown by Product Line (Consolidated)



- *Touch: Touchscreen Controller, Touchpad, Biometrics*
- *Non-Touch: MCU, Pointing Stick, Affiliated Co. Products*

2Q18 Income Statement

YoY Comparison (Consolidated)

NT\$M

| | 2Q18 | % | 2Q17 | % | YoY(%) |
|--|--------------|--------------|--------------|--------------|-------------|
| Sales | 2,104 | 100.0 | 1,867 | 100.0 | 12.7 |
| Gross profit | 948 | 45.1 | 831 | 44.5 | 14.1 |
| Sales expense | 103 | 4.9 | 79 | 4.2 | |
| G&A expense | 82 | 3.9 | 77 | 4.1 | |
| R&D expense | 376 | 17.9 | 344 | 18.4 | |
| Operating profit | 387 | 18.4 | 331 | 17.8 | 16.9 |
| Non-operating income & exp. | 74 | 3.5 | 14 | 0.7 | |
| Profit before tax | 461 | 21.9 | 345 | 18.5 | 33.6 |
| Net profit | 365 | 17.3 | 280 | 15.0 | 30.4 |
| | | | | | |
| Belong | | | | | |
| Parent company | 376 | | 292 | | |
| Non-Controlling Interests | (11) | | (12) | | |
| | | | | | |
| * EPS (NT\$) | 0.91 | | 0.70 | | 30.0 |

* Based on the current 434 million shares (Reviewed)

* Based on the weighted average number of shares outstanding

2Q18 Income Statement

QoQ Comparison (Consolidated)

| | 2Q18 | % | 1Q18 | % | NT\$M QoQ(%) |
|--|--------------|--------------|--------------|--------------|-----------------|
| Sales | 2,104 | 100.0 | 1,779 | 100.0 | 18.3 |
| Gross profit | 948 | 45.1 | 790 | 44.4 | 20.0 |
| Sales expense | 103 | 4.9 | 72 | 4.0 | |
| G&A expense | 82 | 3.9 | 78 | 4.4 | |
| R&D expense | 376 | 17.9 | 352 | 19.8 | |
| Operating profit | 387 | 18.4 | 288 | 16.2 | 34.4 |
| Non-operating income & exp. | 74 | 3.5 | 40 | 2.2 | |
| Profit before tax | 461 | 21.9 | 328 | 18.4 | 40.5 |
| Net profit | 365 | 17.3 | 259 | 14.6 | 40.9 |
| | | | | | |
| Belong | | | | | |
| Parent company | 376 | | 264 | | |
| Non-Controlling Interests | (11) | | (5) | | |
| | | | | | |
| * EPS (NT\$) | 0.91 | | 0.63 | | 44.4 |

* Based on the current 434 million shares (Reviewed)

* Based on the weighted average number of shares outstanding

1H18 Income Statement

YoY Comparison (Consolidated)

| | 1H18 | % | 1H17 | % | YoY(%) |
|--|--------------|--------------|--------------|--------------|-------------|
| Sales | 3,883 | 100.0 | 3,456 | 100.0 | 12.4 |
| Gross profit | 1,738 | 44.8 | 1,527 | 44.2 | 13.8 |
| Sales expense | 175 | 4.5 | 144 | 4.2 | |
| G&A expense | 160 | 4.1 | 150 | 4.3 | |
| R&D expense | 728 | 18.7 | 675 | 19.5 | |
| Operating profit | 675 | 17.5 | 558 | 16.2 | 21.0 |
| Non-operating income & exp. | 114 | 2.9 | (54) | (1.6) | |
| Profit before tax | 789 | 20.4 | 504 | 14.6 | 56.5 |
| Net profit | 624 | 16.1 | 405 | 11.7 | 54.1 |
| | | | | | |
| Belong | | | | | |
| Parent company | 640 | | 432 | | |
| Non-Controlling Interests | (16) | | (27) | | |
| | | | | | |
| * EPS (NT\$) | 1.54 | | 1.04 | | 48.1 |

* Based on the current 434 million shares (Reviewed)

* Based on the weighted average number of shares outstanding

Balance Sheets

Jun. 30, 2018 (Consolidated)

| | NT\$M |
|-------------------------------------|---------------|
| Current assets | 8,856 |
| Cash and cash equivalents | 3,034 |
| Current financial assets | 784 |
| A/R&A/N | 1,737 |
| Inventory | 1,157 |
| Other current assets | 72 |
| Other current financial assets | 2,072 |
| Non-current financial assets | 1,339 |
| Fixed assets | 607 |
| Other non-current assets | 297 |
| Total Assets | 11,099 |
| Current liabilities | 3,820 |
| Non-current liabilities | 396 |
| Total Liabilities | 4,216 |
| Capital stock | 4,341 |
| Capital surplus | 400 |
| Retained earnings | 2,080 |
| Other equity interest | 186 |
| Treasury stock | (91) |
| Non-controlling interests | (33) |
| Total Stockholders' Equity | 6,883 |

(Reviewed)

Cash Flow Statement

Jun. 30, 2018 (Consolidated)

| | NT\$M |
|---|--------------|
| Income before tax | 789 |
| Dep & Amort. | 48 |
| Dec.(Inc.) of A/R & N/R | (200) |
| Dec.(Inc.) of inventory | (48) |
| Inc.(Dec.) of A/P & N/P | 141 |
| Others | (139) |
| Operating cashflow | 591 |
| Inc.F/A | (50) |
| Dec.(Inc.) of investments | 64 |
| Dec.(Inc.)Time deposit with maturity over three-month | 468 |
| Acquisition of intangible assets | (14) |
| Others | 2 |
| Investment cashflow | 470 |
| Inc.(Dec.) in short-term loans payable | (12) |
| Others | 1 |
| Financing cashflow | (11) |
| Change in cash | 1,050 |
| Beg. Cash | 1,984 |
| End Cash | 3,034 |

(Reviewed)

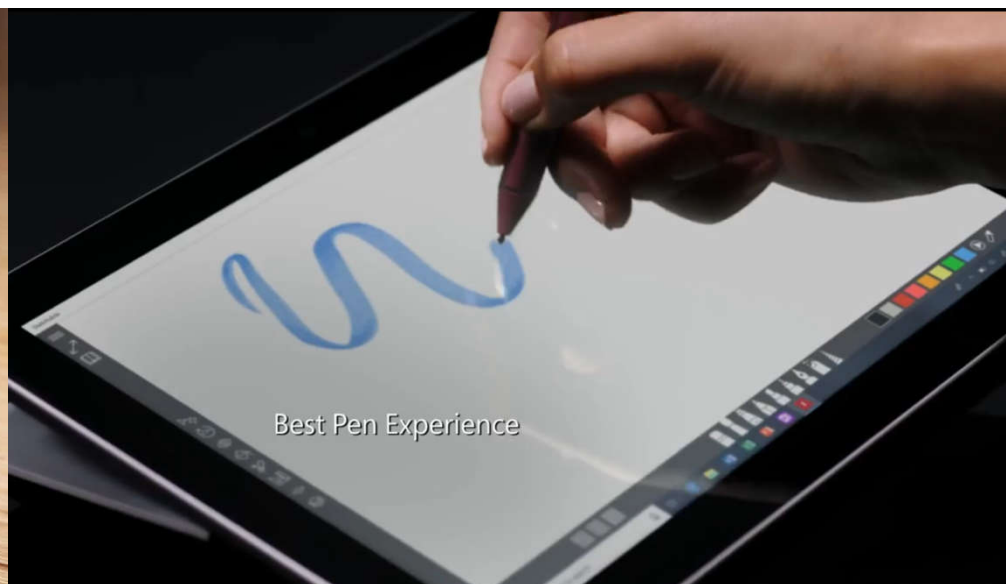
3Q18 Guidance

Based on Current Assumptions of Future Prospects, ELAN Expects:

- Consolidate Revenue to be Approximately between NT\$ 2.36 Billion and NT\$ 2.42 Billion***
- Gross Margin to be about 44.7% to 45.7%***
- Operating Income Rate to be about 20.9% to 22.5%***

Introducing the Microsoft Surface Go!

Surface's New 10.1" 2-in-1



**ELAN's Generation 6 Plus Touch IC
Inside Supporting MPP2.0+**



The Surface Go supports all of the input options you'd expect: 10-point multitouch, as well as the new Surface Pen, which offers 4,096 levels of pressure. There aren't any surprises here. Still, it's interesting to see the Pen working on the Go just as well as it does on all of Microsoft's more expensive computers.

engadget

Demo

Surface Go Type Cover!



Built with ELAN's PTP+ Touchpad Module

**Touchpad Size
on Surface 10.1" = Surface Pro 12"**



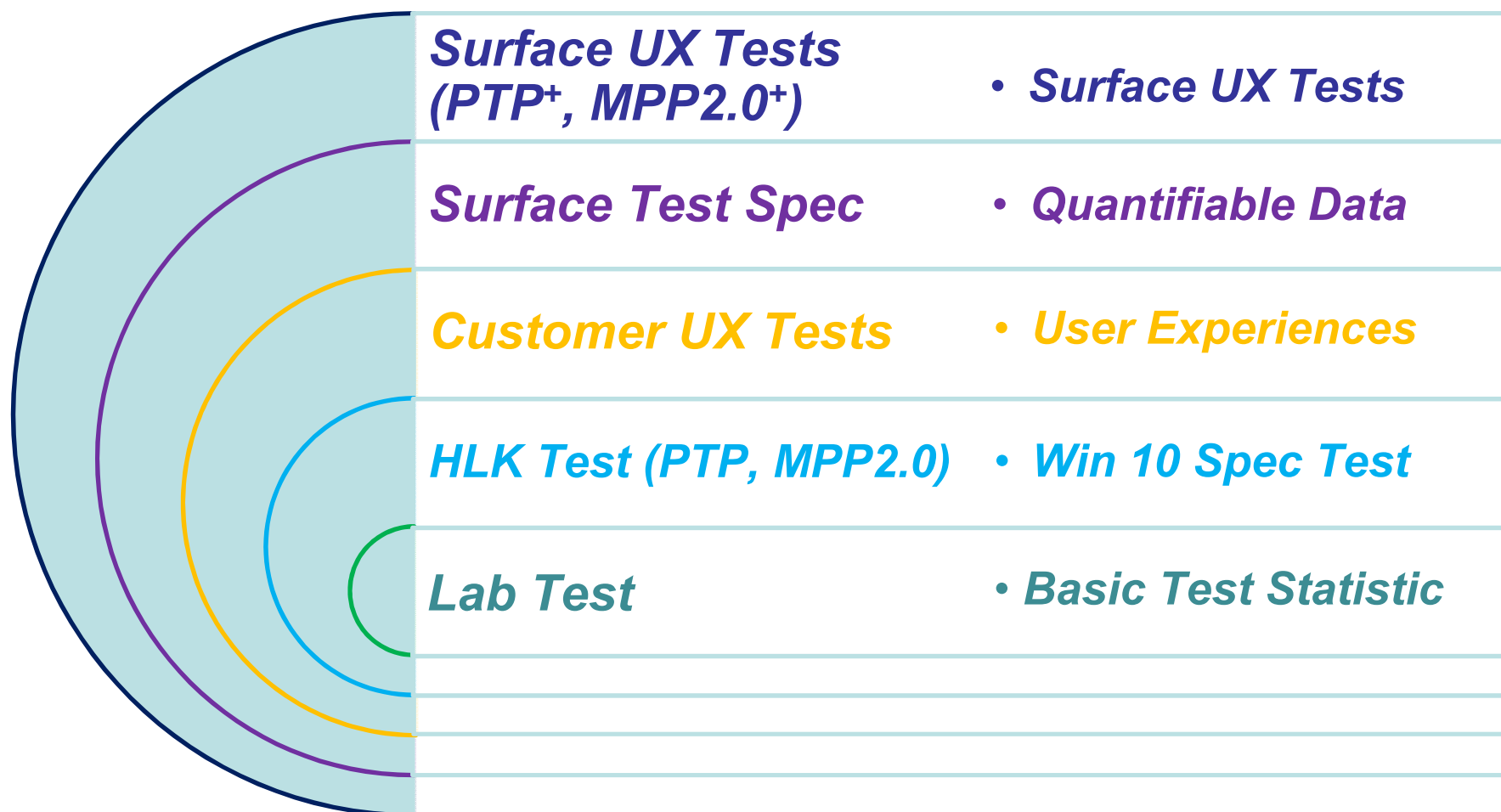
But on a rosier note, the Surface Go shines when it comes to being productive. Mostly, that's because Microsoft delivered another killer Type Cover. The smaller form factor takes a bit of getting used to, but it wasn't long before my fingers were flying across the keys. Touch typists will appreciate how Microsoft shrunk down the standard keyboard layout, and there's a slight curve along the keys to guide your fingers to them.

I had no trouble writing most of this review and long articles on the Go's Type Cover. That's more than I can say for Apple's iPad Pro Smart Keyboard, which feels like you're typing on a soiled sponge. I was surprised that Microsoft was also able to fit in a large glass-covered trackpad and that it feels just as good as the Surface Pro's. It's smoother and more responsive than most laptop touchpads I've used.

engadget

Introducing ELAN's PTP⁺ & MPP2.0⁺

ELAN's In-Depth Testing Steps



ELAN Market Status Update



2017

2018



Touch IC with
Pen Support



World Wide #1



New Customer,
World Wide #1



Trackpoint (PST)



World Wide #1



New Customer,
World Wide #1



Trackpad



World Wide #2

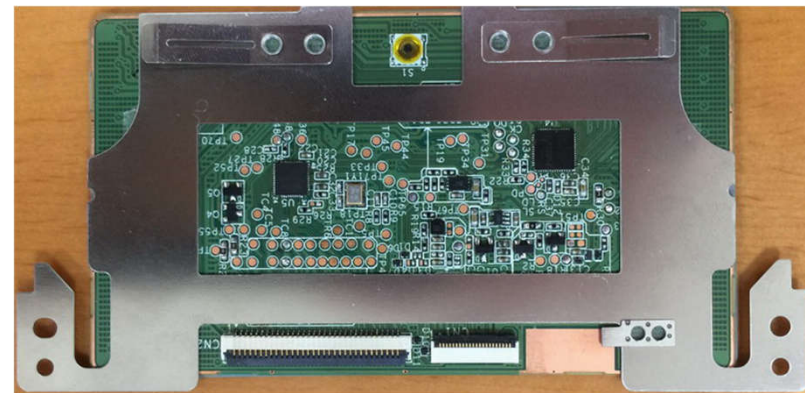


New Customer,
Tied for World Wide #1

Clamshell vs 2-in-1 Trackpads

Traditional Clamshell Trackpad

New 2-in-1 Trackpad

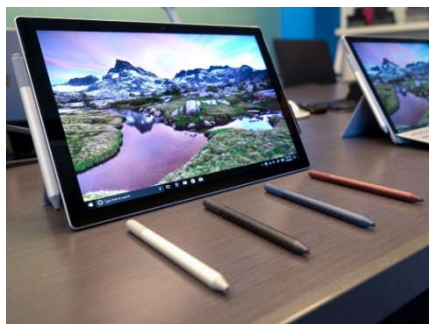


ASUS Project Precog is a Dual-Screen AI-PC Target Launch in 2019 with ELAN Inside



The ~ USD300 Tablet PC are all with Stylus

 **Microsoft**
Surface Go USD399



*iPad pro 10.5" USD611
9.7" USD358*

Apple Pencil



 **chromebook**
Chromebook Tablet
USD329



Wacom AES

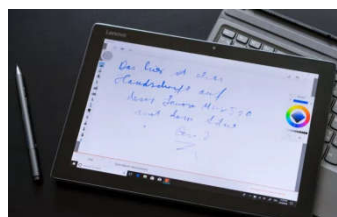
Matebook E



Chromebook Flip C213 USD354

lenovo

MiIX 520 with Wacom Pen



MediaPad M5 10.1" USD 359



SAMSUNG

acer



*Chromebook
Spin 11 USD359*



*Galaxy Tab
S3 USD475
Wacom EMR*



*Yoga Book 10.1"
USD359*

Infinix Note 5 Pro Launched

ELAN Touch Controller Solution for Touch & Pen



- ***Screen Size: 18:9, 6.0" FHD+ IPS LCD***
- ***Screen Resolution: 2160 x 1080 pixels (~403 PPI)***
- ***ELAN Touch IC with Active Pen Support (X-Pen)***
- ***Built-In Active Pen with 4.2mm Width***

Q & A

Smart-Touchscreen™ Controller



AES & MPP Pens



OLED with Stylus



TDDI Solution

Smart-Touchpad™



Smart-Face ID™



Animoji Unlocking

Smart-ID™ Fingerprint Sensor



Smart-Pointstick™



AI Enabled Smart Transportation



Day
Night

AI Enabled Smart Lighting & Surveillance



AI Enabled Smart Store

