



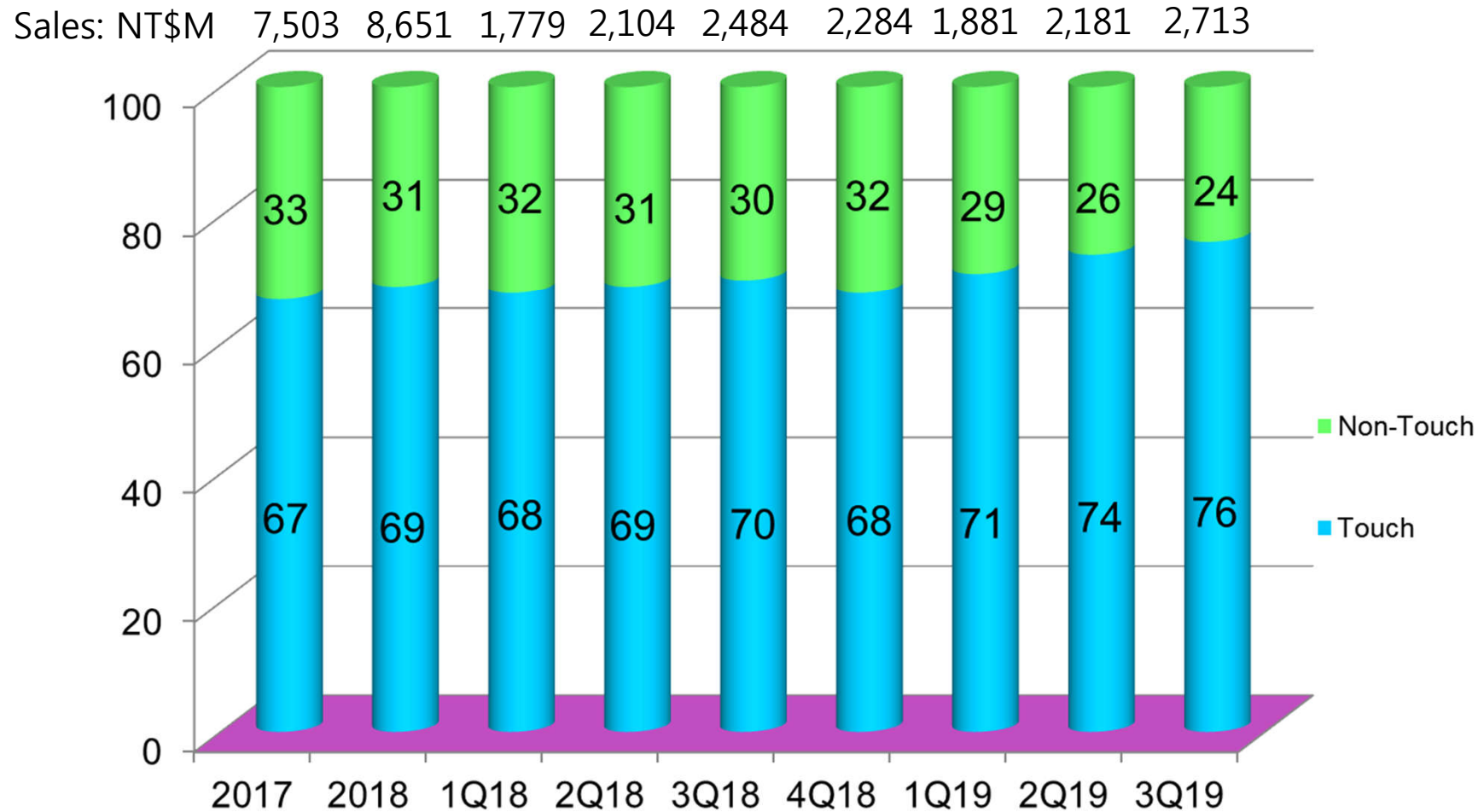
3Q19 Investor Conference

2019/10/29



ELAN Microelectronics Corporation

Sales Breakdown by Product Line (Consolidated)



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

3Q19 Income Statement

YoY Comparison (Consolidated)

NT\$M

| | 3Q19 | % | 3Q18 | % | YoY(%) |
|-----------------------------|-------|-------|-------|-------|--------|
| Sales | 2,713 | 100.0 | 2,484 | 100.0 | 9.2 |
| Gross profit | 1,286 | 47.4 | 1,146 | 46.1 | 12.2 |
| Sales expense | 116 | 4.3 | 97 | 3.9 | |
| G&A expense | 91 | 3.4 | 86 | 3.5 | |
| R&D expense | 428 | 15.7 | 396 | 15.9 | |
| Operating profit | 651 | 24.0 | 567 | 22.8 | 14.8 |
| Non-operating income & exp. | 185 | 6.8 | 24 | 1.0 | |
| Profit before tax | 836 | 30.8 | 591 | 23.8 | 41.5 |
| Net profit | 677 | 25.0 | 472 | 19.0 | 43.4 |
| Belong | | | | | |
| Parent company | 686 | | 480 | | |
| Non-Controlling Interests | (9) | | (8) | | |
| * EPS (NT\$) | 2.35 | | 1.28 | | 83.6 |

* 3Q19 and 3Q18 based on the 304 million shares and 434 million shares respectively (Unreviewed)

* The record date of capital reduction was at the end of Aug 2018.

* Based on the weighted average number of shares outstanding

3Q19 Income Statement

QoQ Comparison (Consolidated)

| | 3Q19 | % | 2Q19 | % | QoQ(%) |
|-----------------------------|-------|-------|-------|-------|--------|
| | | | | | NT\$M |
| Sales | 2,713 | 100.0 | 2,181 | 100.0 | 24.4 |
| Gross profit | 1,286 | 47.4 | 1,005 | 46.1 | 28.0 |
| Sales expense | 116 | 4.3 | 91 | 4.2 | |
| G&A expense | 91 | 3.4 | 82 | 3.7 | |
| R&D expense | 428 | 15.7 | 375 | 17.2 | |
| Operating profit | 651 | 24.0 | 457 | 21.0 | 42.5 |
| Non-operating income & exp. | 185 | 6.8 | 73 | 3.3 | |
| Profit before tax | 836 | 30.8 | 530 | 24.3 | 57.7 |
| Net profit | 677 | 25.0 | 424 | 19.4 | 59.7 |
| | | | | | |
| Belong | | | | | |
| Parent company | 686 | | 434 | | |
| Non-Controlling Interests | (9) | | (10) | | |
| | | | | | |
| * EPS (NT\$) | 2.35 | | 1.49 | | 57.7 |

* Based on the current 304 million shares (Unreviewed)

* Based on the weighted average number of shares outstanding

1Q19~3Q19 Income Statement

YoY Comparison (Consolidated)

| | 1Q19 | % | 2Q19 | % | 3Q19 | % | 1Q19~3Q19 | NT\$M |
|-----------------------------|-------|-------|-------|-------|-------|-------|-----------|-------|
| Sales | 1,881 | 100.0 | 2,181 | 100.0 | 2,713 | 100.0 | 6,775 | 100.0 |
| Gross profit | 856 | 45.5 | 1,005 | 46.1 | 1,286 | 47.4 | 3,147 | 46.5 |
| Sales expense | 62 | 3.3 | 91 | 4.2 | 116 | 4.3 | 269 | 4.0 |
| G&A expense | 81 | 4.3 | 82 | 3.7 | 91 | 3.4 | 254 | 3.7 |
| R&D expense | 366 | 19.5 | 375 | 17.2 | 428 | 15.7 | 1,169 | 17.3 |
| Operating profit | 347 | 18.4 | 457 | 21.0 | 651 | 24.0 | 1,455 | 21.5 |
| Non-operating income & exp. | 131 | 7.0 | 73 | 3.3 | 185 | 6.8 | 389 | 5.7 |
| Profit before tax | 478 | 25.4 | 530 | 24.3 | 836 | 30.8 | 1,844 | 27.2 |
| Net profit | 384 | 20.4 | 424 | 19.4 | 677 | 25.0 | 1,485 | 21.9 |
| | | | | | | | | |
| Belong | | | | | | | | |
| Parent company | 395 | | 434 | | 686 | | 1,515 | |
| Non-Controlling Interests | (11) | | (10) | | (9) | | (30) | |
| | | | | | | | | |
| * EPS (NT\$) | 1.36 | | 1.49 | | 2.35 | | 5.20 | |

* Based on the current 304 million shares (Unreviewed)

* Based on the weighted average number of shares outstanding

Balance Sheets

September 30, 2019 (Consolidated)

| | NT\$M |
|-----------------------------------|---------------|
| Current assets | 7,870 |
| Cash and cash equivalents | 1,697 |
| Current financial assets | 759 |
| A/R&A/N | 2,452 |
| Inventory | 1,339 |
| Other current assets | 33 |
| Other current financial assets | 1,590 |
| Non-current financial assets | 1,551 |
| Fixed assets | 770 |
| Other non-current assets | 476 |
| Total Assets | 10,667 |
| Current liabilities | 3,447 |
| Non-current liabilities | 579 |
| Total Liabilities | 4,026 |
| Capital stock | 3,039 |
| Capital surplus | 396 |
| Retained earnings | 3,107 |
| Other equity interest | 202 |
| Treasury stock | (29) |
| Non-controlling interests | (74) |
| Total Stockholders' Equity | 6,641 |

(Unreviewed)

Cash Flow Statement

September 30, 2019 (Consolidated)

| | NT\$M |
|--|----------------|
| Income before tax | 1,844 |
| Dep & Amort. | 87 |
| Inc. of A/R & N/R | (307) |
| Inc. of inventory | (264) |
| Inc. of A/P & N/P | 443 |
| Others | (1,099) |
| Operating cashflow | 704 |
| Inc.F/A | (40) |
| Dec. of investments | 253 |
| Dec. Time deposit with maturity over three-month | 170 |
| Acquisition of intangible assets | (26) |
| Others | 5 |
| Investment cashflow | 362 |
| Inc. in short-term loans payable | 496 |
| Dec. in short-term loans payable | (463) |
| Distribution of cash dividends | (1,458) |
| Payment of lease liabilities | (20) |
| Financing cashflow | (1,445) |
| Change in cash | (379) |
| Beg. Cash | 2,076 |
| End Cash | 1,697 |

(Unreviewed)

4Q19 Guidance

According to the regulations of the Taiwan Stock Exchange : If the sum total of the non-operating income & exp. on the TWSE listed company's consolidated (or individual) financial reports for the most recent four quarters accounts for more than 10 percent of the sum total of the pre-tax income, the predictive information cannot be mentioned in the investor conference.

依證交所「對上市公司應公開完整式財務預測之認定標準」之第二條規定：最近四季合併（個別）財務報表營業外收支淨額合計數占稅前損益合計數之絕對值若大於10%，在法說會中不能提及預測性資訊。

Unit: NT\$K

| | 2Q19 | 1Q19 | 4Q18 | 3Q18 | Total |
|---|---------|---------|---------|---------|-----------|
| Non-operating income & exp. | 73,266 | 131,132 | 1,896 | 23,953 | 230,247 |
| Pre-tax income | 529,848 | 477,888 | 490,137 | 591,417 | 2,089,290 |
| Non-operating income & exp. accounted for pre-tax income ratio | | | | | 11.0% |

HP Spectre X360 13" with OLED and Pen Support

6mm Bezels

90% Screen to Body Ratio

13.3" 16:9 aspect ratio

4K UHD AMOLED 400 Nits

Multi Touch & Support HP Pen

10th Gen Intel Core i7-1065G7

Release October 2019

Start From \$1,099/ 4K AMOLED Version \$1,499



ELAN Smart-Touchscreen

Active Stylus and Pencil Support

Lenovo 300E Gen 2



HP Probook X360 11 G3 EE



Support Stylus and Pencil



ELAN Certified for latest Windows Hello Spec 2020

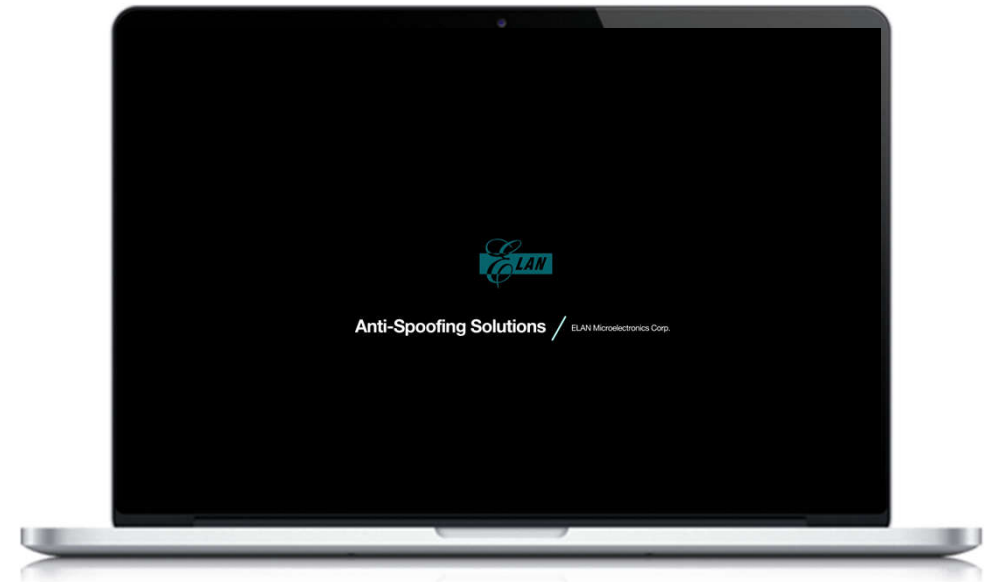
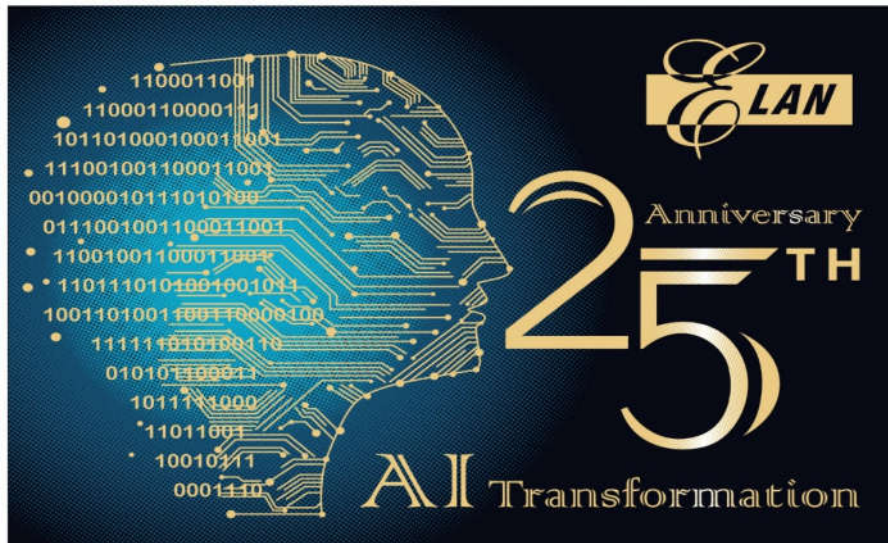
Tighten the FRR Requirement while requesting for enhance anti-spoofing Feature

- FAR < 0.001% @Large Area Sensors(160x160 pixels) ;
FAR < 0.002% @Small Area Sensors (<160x160 pixels)
- Effective, real world FRR with Anti-Spoofing or
liveness detection 10% ➡ 5%
- Presentation attack detection measures are requirement

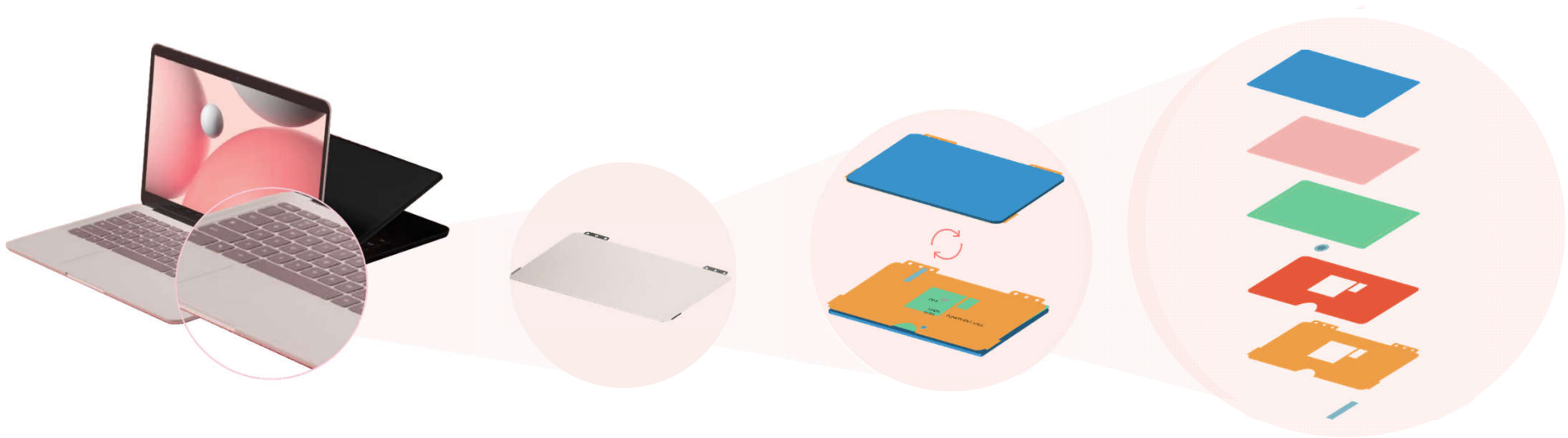
| Recommendation | SAR | Attacks Covered | Justification |
|---|------|---|--|
| Cooperative Presentation attacks that capture 3D information of a fingerprint | <10% | Cooperative Play-Doh presentation attacks Dental grade silicone presentation attacks | Cooperative Presentation attacks are like sharing your password with someone; equivalent to sharing the user gesture |
| 3D Printed presentation attacks | <10% | 3D reconstruction of a fingerprint via a series of images being 3D printed as a presentation attack | This method may arise as a more consistent means of spoofing as time and technology progresses |

ELAN AI Based Deep Learning Anti-Spoofing Feature

ELAN vs. FPC Goodix and Apple



ELAN Touchpad Total Solution Inside



Q & A

Thank You



ELAN Microelectronics Corporation

