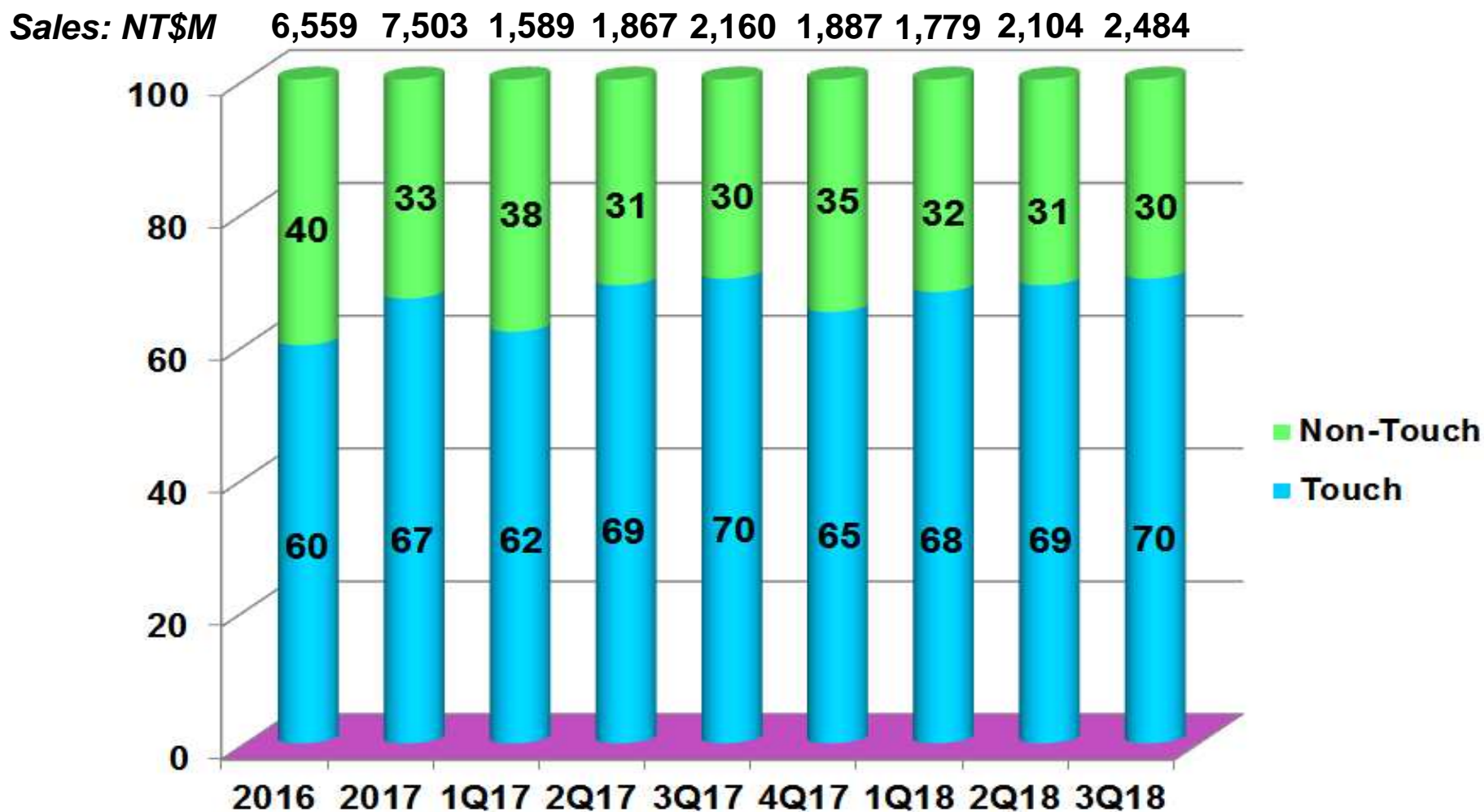


# ***ELAN Microelectronics Corp.***

## ***3Q18 Investor Conference***

***2018/10/30***

## Sales Breakdown by Product Line (Consolidated)



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

# 3Q18 Income Statement

## YoY Comparison (Consolidated)

NT\$M

	3Q18	%	3Q17	%	YoY(%)
<b>Sales</b>	<b>2,484</b>	<b>100.0</b>	<b>2,160</b>	<b>100.0</b>	<b>15.0</b>
<b>Gross profit</b>	<b>1,146</b>	<b>46.1</b>	<b>994</b>	<b>46.0</b>	<b>15.3</b>
<b>Sales expense</b>	<b>97</b>	<b>3.9</b>	<b>85</b>	<b>3.9</b>	
<b>G&amp;A expense</b>	<b>86</b>	<b>3.5</b>	<b>80</b>	<b>3.7</b>	
<b>R&amp;D expense</b>	<b>396</b>	<b>15.9</b>	<b>361</b>	<b>16.7</b>	
<b>Operating profit</b>	<b>567</b>	<b>22.8</b>	<b>468</b>	<b>21.7</b>	<b>21.2</b>
<b>Non-operating income &amp; exp.</b>	<b>24</b>	<b>1.0</b>	<b>11</b>	<b>0.5</b>	
<b>Profit before tax</b>	<b>591</b>	<b>23.8</b>	<b>479</b>	<b>22.2</b>	<b>23.4</b>
<b>Net profit</b>	<b>472</b>	<b>19.0</b>	<b>390</b>	<b>18.1</b>	<b>21.0</b>
<b>Belong</b>					
<b>Parent company</b>	<b>480</b>		<b>400</b>		
<b>Non-Controlling Interests</b>	<b>(8)</b>		<b>(10)</b>		
<b>* EPS (NT\$)</b>	<b>1.28</b>		<b>0.96</b>		<b>33.3</b>

\* 3Q18 and 3Q17 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

# 3Q18 Income Statement

## QoQ Comparison (Consolidated)

*NT\$M*

	3Q18	%	2Q18	%	QoQ(%)
<b>Sales</b>	<b>2,484</b>	<b>100.0</b>	<b>2,104</b>	<b>100.0</b>	<b>18.1</b>
<b>Gross profit</b>	<b>1,146</b>	<b>46.1</b>	<b>948</b>	<b>45.1</b>	<b>20.9</b>
<b>Sales expense</b>	<b>97</b>	<b>3.9</b>	<b>103</b>	<b>4.9</b>	
<b>G&amp;A expense</b>	<b>86</b>	<b>3.5</b>	<b>82</b>	<b>3.9</b>	
<b>R&amp;D expense</b>	<b>396</b>	<b>15.9</b>	<b>376</b>	<b>17.9</b>	
<b>Operating profit</b>	<b>567</b>	<b>22.8</b>	<b>387</b>	<b>18.4</b>	<b>46.5</b>
<b>Non-operating income &amp; exp.</b>	<b>24</b>	<b>1.0</b>	<b>74</b>	<b>3.5</b>	
<b>Profit before tax</b>	<b>591</b>	<b>23.8</b>	<b>461</b>	<b>21.9</b>	<b>28.2</b>
<b>Net profit</b>	<b>472</b>	<b>19.0</b>	<b>365</b>	<b>17.3</b>	<b>29.3</b>
<b>Belong</b>					
<b>Parent company</b>	<b>480</b>		<b>376</b>		
<b>Non-Controlling Interests</b>	<b>(8)</b>		<b>(11)</b>		
<b>* EPS (NT\$)</b>	<b>1.28</b>		<b>0.91</b>		<b>40.7</b>

\* 3Q18 and 3Q17 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

# 1Q18~3Q18 Income Statement

## YoY Comparison (Consolidated)

NT\$M

	1Q18~3Q18	%	1Q17~3Q17	%	YoY(%)
<b>Sales</b>	<b>6,367</b>	<b>100.0</b>	<b>5,616</b>	<b>100.0</b>	<b>13.4</b>
<b>Gross profit</b>	<b>2,884</b>	<b>45.3</b>	<b>2,522</b>	<b>44.9</b>	<b>14.4</b>
Sales expense	272	4.3	230	4.1	
G&A expense	246	3.9	230	4.1	
R&D expense	1,124	17.7	1,036	18.4	
<b>Operating profit</b>	<b>1,242</b>	<b>19.4</b>	<b>1,026</b>	<b>18.3</b>	<b>21.1</b>
<b>Non-operating income &amp; exp.</b>	<b>138</b>	<b>2.2</b>	<b>(43)</b>	<b>(0.8)</b>	
<b>Profit before tax</b>	<b>1,380</b>	<b>21.6</b>	<b>983</b>	<b>17.5</b>	<b>40.4</b>
<b>Net profit</b>	<b>1,096</b>	<b>17.2</b>	<b>795</b>	<b>14.2</b>	<b>37.9</b>
<b>Belong</b>					
Parent company	1,120		832		
Non-Controlling Interests	(24)		(37)		
<b>* EPS (NT\$)</b>	<b>2.78</b>		<b>2.00</b>		<b>39.0</b>

\* 3Q18 and 3Q17 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

# 1Q18~3Q18 Income Statement

## YoY Comparison (Consolidated)

NT\$M

	1Q18	%	2Q18	%	3Q18	%	1Q18~3Q18	%
Sales	1,779	100.0	2,104	100.0	2,484	100.0	6,367	100.0
Gross profit	790	44.4	948	45.1	1,146	46.1	2,884	45.3
Sales expense	72	4.0	103	4.9	97	3.9	272	4.3
G&A expense	78	4.4	82	3.9	86	3.5	246	3.9
R&D expense	352	19.8	376	17.9	396	15.9	1,124	17.7
Operating profit	288	16.2	387	18.4	567	22.8	1,242	19.4
Non-operating income & exp.	40	2.2	74	3.5	24	1.0	138	2.2
Profit before tax	328	18.4	461	21.9	591	23.8	1,380	21.6
Net profit	259	14.6	365	17.3	472	19.0	1,096	17.2
Belong								
Parent company	264		376		480		1,120	
Non-Controlling Interests	(5)		(11)		(8)		(24)	
* EPS (NT\$)	0.63		0.91		1.28		2.78	

\* Based on the weighted average number of shares outstanding

\* The record date of capital reduction at the end of Aug. 2018 affected the weighted shares used for calculation of EPS; therefore, the sum of each quarterly EPS was not equal to the EPS as of September.

# Balance Sheets

## September 30, 2018 (Consolidated)

	NT\$M
<b>Current assets</b>	<b>8,526</b>
Cash and cash equivalents	3,058
Current financial assets	634
A/R&A/N	2,205
Inventory	1,158
Other current assets	58
Other current financial assets	1,413
<b>Non-current financial assets</b>	<b>1,366</b>
<b>Fixed assets</b>	<b>617</b>
<b>Other non-current assets</b>	<b>289</b>
<b>Total Assets</b>	<b>10,798</b>
<b>Current liabilities</b>	<b>4,218</b>
<b>Non-current liabilities</b>	<b>397</b>
<b>Total Liabilities</b>	<b>4,615</b>
<b>Capital stock</b>	<b>3,039</b>
<b>Capital surplus</b>	<b>444</b>
<b>Retained earnings</b>	<b>2,561</b>
<b>Other equity interest</b>	<b>212</b>
<b>Treasury stock</b>	<b>(33)</b>
<b>Non-controlling interests</b>	<b>(40)</b>
<b>Total Stockholders' Equity</b>	<b>6,183</b>

(Unreviewed)

# Cash Flow Statement

## September 30, 2018 (Consolidated)

	NT\$M
Income before tax	1,380
Dep & Amort.	72
Inc. of A/R & N/R	(370)
Inc. of inventory	(75)
Inc. of A/P & N/P	233
Others	(181)
<b>Operating cashflow</b>	<b>1,059</b>
Inc.F/A	(72)
Dec. of investments	71
Dec.Time deposit with maturity over three-month	1,127
Acquisition of intangible assets	(18)
Others	2
<b>Investment cashflow</b>	<b>1,110</b>
Inc. in short-term loans payable	322
Dec. in short-term loans payable	(344)
Distribution of cash dividends	(1,074)
Others	1
<b>Financing cashflow</b>	<b>(1,095)</b>
<b>Change in cash</b>	<b>1,074</b>
Beg. Cash	1,984
End Cash	3,058

(Unreviewed)



## **4Q18 Guidance**

***Based on Current Assumptions of Future Prospects, ELAN Expects:***

- Consolidate Revenue to be Approximately between NT\$ 2.26 Billion and NT\$ 2.31 Billion***
- Gross Margin to be about 45.5% to 46.5%***
- Operating Income Rate to be about 21.1% to 22.7%***

# The Wave of the Stylus



## Smartphone

SAMSUNG

Infinix  
The future is Now!



## Tablet PC



acer

ASUS

SAMSUNG



lenovo

chromebook

## Notebook PC

acer



ASUS

Microsoft

DELL

FUJITSU

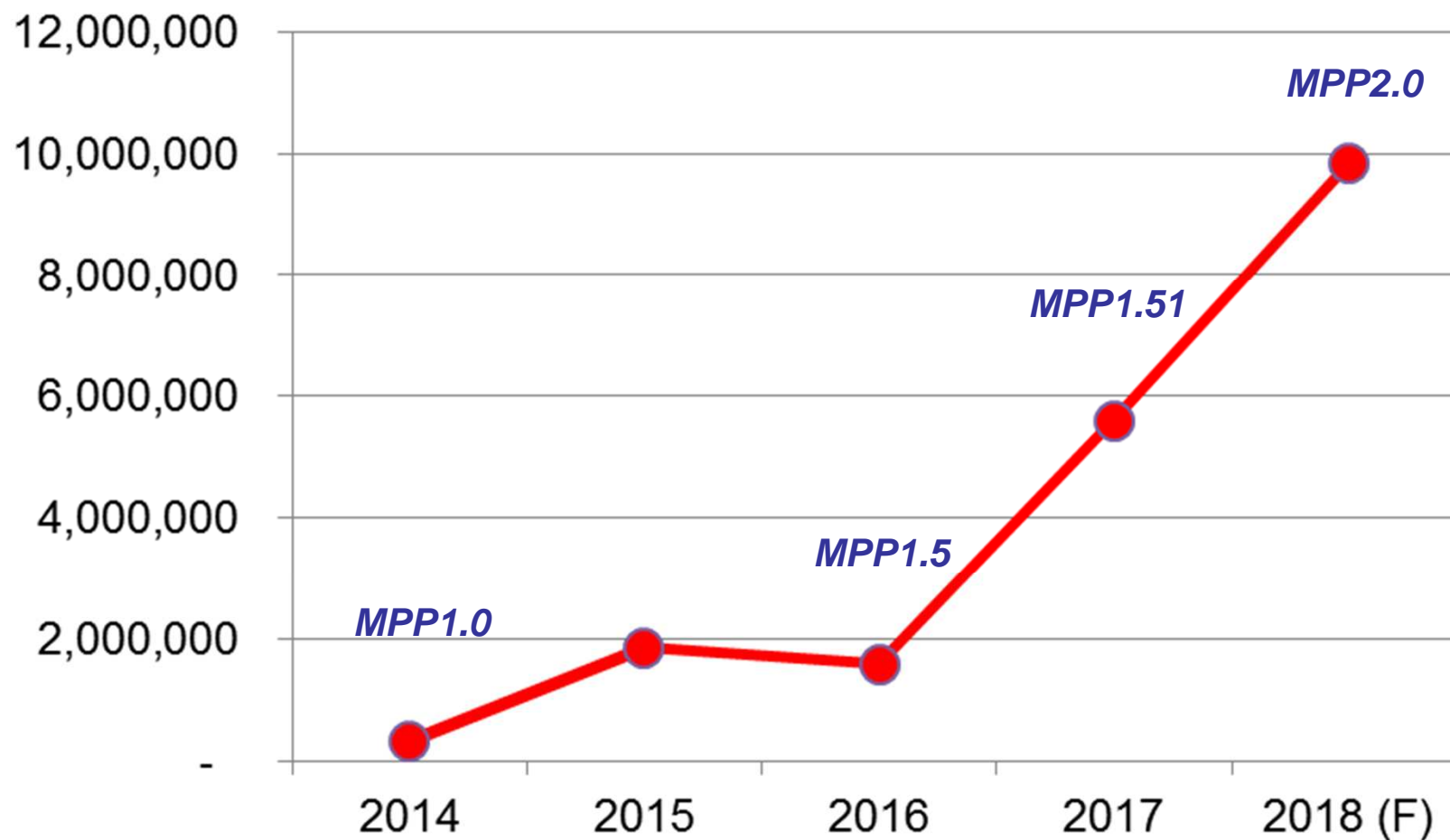


SAMSUNG

lenovo

# Touch Controller with Pen Function Shipment

Unit: Set



# Different Stylus Solutions for Mobile Phone

**S Pen**  
**EMR**



**Samsung**  
**Note Series**

**X Pen**  
**Capacitive**  
**Pen**



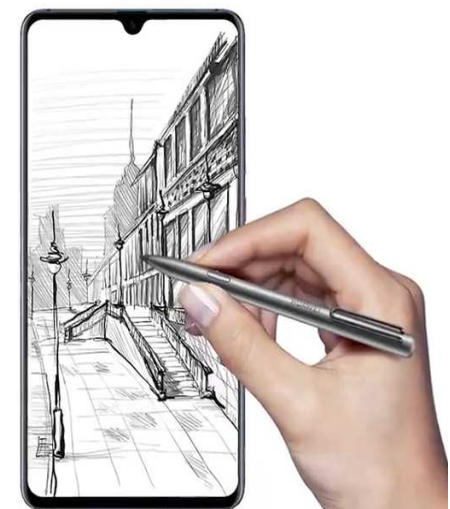
**Infinix**  
**Note 4/5 Pro**

**Q Stylus**  
**Passive**  
**Pen**



**LG**  
**Q Stylus+**

**M Pen**  
**Capacitive**  
**Pen**



**Huawei**  
**Mate 20X**

# ***Apple Pen for Mobile Phone Strategy ?***

***Apple iOS Already Support Stylus Application***



***Demo***

***Apple iOS***

# ***ELAN TDDI Products Strategy***

## ***1. For FHD Model Support Low Cost Solution: Passive Pen***



## ***2. For FHD Model Support High Performance Solution: Active Pen***



- (i) Precise Pressure Levels***
- (ii) High Hover Control***
- (iii) Tilt Angles***
- (iv) Fast Report Rate***



## Q & A



# 預見精采未來 開創AI新生活



ADAS  
先進輔助駕駛者系統



3D Face Recognition  
3D人臉辨識



Smart-Touchscreen  
with Active Pen  
智慧觸控螢幕  
及電容式主動筆



Smart-ClickdPad  
智慧觸控板



Smart-ID  
指紋辨識



360° Fisheye IVS  
智慧魚眼安全監控系統



AI enables  
Intelligent Traffic  
智慧交通監控方案



AI enables smart lighting  
Surveillance  
智慧路燈安全監控方案