

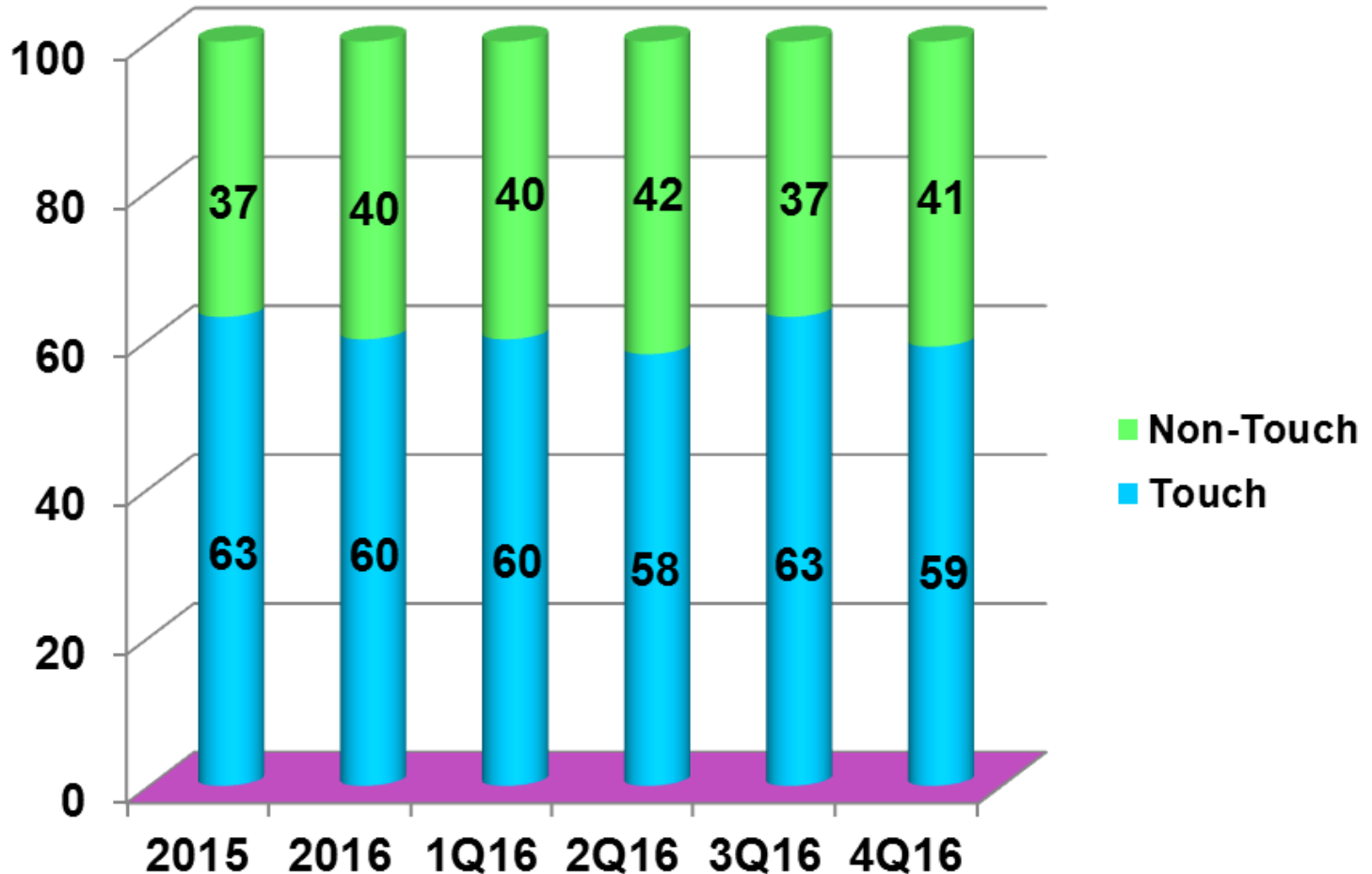
# ***ELAN Microelectronics Corp.***

## ***4Q16 Investor Conference***

***2017/02/22***

# Sales Breakdown by Product Line (Consolidated)

Sales: NT\$M 6,605 6,559 1,400 1,552 1,959 1,648



- Touch: Touchscreen Chip, Touchpad, Fingerprint ID
- Non-touch: MCU, PC Peripheral, Consumer, Pointing Stick, Affiliated Co. Products

# 4Q16 Income Statement

## YoY Comparison (Consolidated)

NT\$M

	4Q16	%	4Q15	%	YoY(%)
<b>Sales</b>	<b>1,648</b>	<b>100</b>	<b>1,719</b>	<b>100</b>	<b>(4)</b>
<b>Gross profit</b>	<b>696</b>	<b>42</b>	<b>705</b>	<b>41</b>	<b>(1)</b>
<b>Sales expense</b>	<b>92</b>	<b>5</b>	<b>93</b>	<b>5</b>	
<b>G&amp;A expense</b>	<b>77</b>	<b>5</b>	<b>75</b>	<b>4</b>	
<b>R&amp;D expense</b>	<b>359</b>	<b>22</b>	<b>354</b>	<b>21</b>	
<b>Operating profit</b>	<b>168</b>	<b>10</b>	<b>183</b>	<b>11</b>	<b>(8)</b>
<b>Non-operating income &amp; exp.</b>	<b>13</b>	<b>1</b>	<b>7</b>	<b>0</b>	
<b>Profit before tax</b>	<b>181</b>	<b>11</b>	<b>190</b>	<b>11</b>	<b>(5)</b>
<b>Net profit</b>	<b>142</b>	<b>9</b>	<b>157</b>	<b>9</b>	<b>(10)</b>
<b>Belong</b>					
<b>Parent company</b>	<b>162</b>		<b>183</b>		
<b>Non-Controlling Interests</b>	<b>(20)</b>		<b>(26)</b>		
<b>* EPS (NT\$)</b>	<b>0.40</b>		<b>0.44</b>		<b>(9)</b>

\* Based on the current 434 million shares (Unaudited)

\* Based on the weighted average number of shares outstanding

# 4Q16 Income Statement

## QoQ Comparison (Consolidated)

NT\$M

	4Q16	%	3Q16	%	QoQ(%)
<b>Sales</b>	<b>1,648</b>	<b>100</b>	<b>1,959</b>	<b>100</b>	<b>(16)</b>
<b>Gross profit</b>	<b>696</b>	<b>42</b>	<b>814</b>	<b>42</b>	<b>(14)</b>
Sales expense	92	5	91	5	
G&A expense	77	5	71	4	
R&D expense	359	22	339	17	
<b>Operating profit</b>	<b>168</b>	<b>10</b>	<b>313</b>	<b>15</b>	<b>(46)</b>
<b>Non-operating income &amp; exp.</b>	<b>13</b>	<b>1</b>	<b>(31)</b>	<b>(1)</b>	
<b>Profit before tax</b>	<b>181</b>	<b>11</b>	<b>282</b>	<b>14</b>	<b>(36)</b>
<b>Net profit</b>	<b>142</b>	<b>9</b>	<b>228</b>	<b>11</b>	<b>(38)</b>
<b>Belong</b>					
Parent company	162		243		
Non-Controlling Interests	(20)		(15)		
<b>* EPS (NT\$)</b>	<b>0.40</b>		<b>0.58</b>		<b>(31)</b>

\* Based on the current 434 million shares (Unaudited)

\* Based on the weighted average number of shares outstanding

# Balance Sheets

## December. 31, 2016 (Consolidated)

	NT\$M
<b>Current assets</b>	<b>7,015</b>
Cash and cash equivalents	1,844
Current financial assets	735
A/R&A/N	1,296
Inventory	1,054
Other current assets	29
Other current financial assets	2,057
<b>Non-current financial assets</b>	<b>1,237</b>
<b>Fixed assets</b>	<b>581</b>
<b>Other non-current assets</b>	<b>298</b>
<b>Total Assets</b>	<b>9,131</b>
<b>Current liabilities</b>	<b>1,789</b>
<b>Non-current liabilities</b>	<b>446</b>
<b>Total Liabilities</b>	<b>2,235</b>
<b>Capital stock</b>	<b>4,341</b>
<b>Capital surplus</b>	<b>736</b>
<b>Retained earnings</b>	<b>1,746</b>
<b>Other equity interest</b>	<b>177</b>
<b>Treasury stock</b>	<b>(101)</b>
<b>Non-controlling interests</b>	<b>(3)</b>
<b>Total Stockholders' Equity</b>	<b>6,896</b>

(Unaudited)

# Cash Flow Statement

## December. 31, 2016 (Consolidated)

NT\$M

Income before tax	725
Dep & Amort.	148
Dec.(Inc.) of A/R & N/R	(69)
Dec.(Inc.) of inventory	(39)
Dec.(Inc.) of investments-trading	5
Inc.(Dec.) of A/P & N/P	(2)
Others	201
<b>Operating cashflow</b>	<b>969</b>
Inc.F/A	(35)
Dec.(Inc.) of investments	(11)
Dec.(Inc.)Time deposit with maturity over three-month	695
Acquisition of intangible assets	(48)
<b>Investment cashflow</b>	<b>601</b>
Distribution of cash dividends	(846)
Inc.(Dec.) in short-term loans payable	10
Others	22
<b>Financing cashflow</b>	<b>(814)</b>
<b>Change in cash</b>	<b>756</b>
Beg. Cash	1,088
End Cash	1,844

(Unaudited)

# ***1Q17 Revenue Forecast***

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

- Consolidate Revenue to be Approximately between NT\$1.5 Billion and NT\$1.55 Billion***
- Gross Margin to be about 43% to 44%***
- Operating Income Rate to be about 9% to 11%***

# 2017 ELAN Growth Factors

## 1. **ELAN Smart-Touchscreen™ Controller**

- *Leading Microsoft Pen Evolution in 2-in-1 NB*
- *Leading Chromebook with Pen for Educational Segment*
- *On-Cell Touch (OTP) for Clamshell Devices*

## 2. **ELAN Smart-Touchpad™**

- *Leading Chromebook*
- *Tier 1 Customer Adoption Rate Growth*

## 3. **ELAN Smart-ID™ Fingerprint Sensor**

- *Smartphone: Asia Phone Makers*
- *Notebook: Many of the Top NB Brands*
- *Smart Card: Leader and Production in 2017*
- *USB Dongle + Fingerprint for After Market*



# Microsoft Pen Protocol Devices on the Market



**Asus Transformer T102**  
10.1"  
Starting at \$399



**Asus Transformer T305**  
12.6" 3k  
Starting at \$799



**Asus Transformer T303**  
12.6" 3k  
Starting at \$899



**Emdoor EM-H8911C (CTE)**  
11.6"  
Starting at \$299

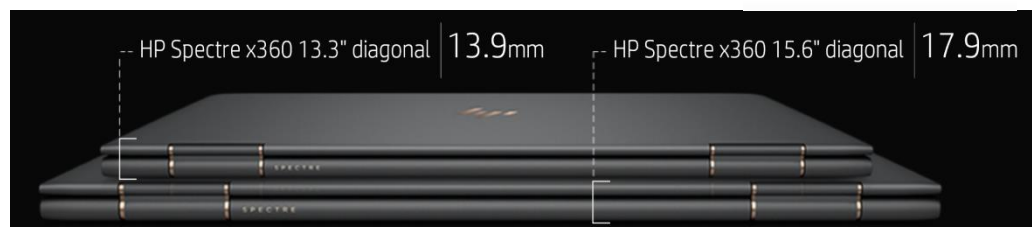


**IP3 S01-2 (CTE)**  
11.6"  
Starting at \$569



**Eve-Tech (CTE)**  
12.3" IGZO 3K  
Starting at \$1399

# 2017 HP Launches with Microsoft Pen



*ELAN Inside with Microsoft Pen Protocol*

*13.3" or 15.6" Up to 4K Resolution  
4.65mm Bezels*

*2017 Outlook:*



# ELAN Touchpad Inside for Chromebook Market

HP Chromebook 11 G5

From \$199

Sleek and resistant



Acer Chromebook 14 for Work

From \$349.99

Speed and style



Lenovo Thinkpad 11e Yoga Chromebook

From \$349

Compact and durable



ASUS Chromebook Flip

From \$249

Flip to tablet, flip to laptop



## Over 10 Million Shipped for Chromebook in 2016!

# 2016 Smart-Touchscreen™ Launched on Chromebooks

Chromebook 13



acer

R11



ASUS®



Chromebook Flip



Chromebook 11



Lenovo



Chromebook 14



# 2017 Chromebook for Educational Market (Asus & Acer)



## More versatile Chromebooks

At [Bett](#) we're featuring two devices: the Acer Chromebook Spin 11 and the Asus Chromebook C213, arriving late spring. We worked with educators and partners to design these Chromebooks for the specific needs of schools:

- **Stylus capability:** Both Chromebooks come with an intelligent, affordable stylus for student note-taking and drawing. The low-cost pens resemble #2 pencils with a unique eraser for correcting mistakes and don't need charging or pairing, so they can be shared and easily replaced if lost. These Chromebooks use an input prediction model built using Google's machine learning to ensure writing is extremely responsive. And with Optical Character Recognition in apps like Google Keep you can easily search handwritten notes.

Google  
for Education



*ELAN Touch IC + EMR Pen*



*Acer Chromebook Spin 11*

# ELAN has Full Coverage of 2-in-1/Clamshell Market

	ClamShell/ Gaming	UltraSlim	Convertible	Detachable / Tablet
Premium				
\$799				
Mainstream				
\$399				
Essential				



Touch Ready



Pen Ready

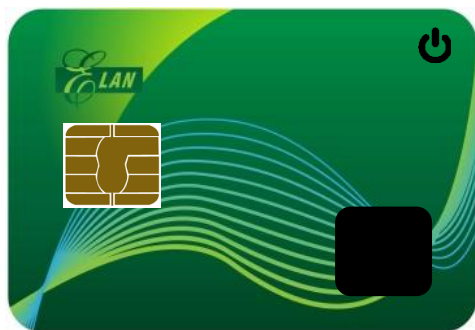
# ASUS ZenFone with ELAN Inside

Super AMOLED <sup>WQHD</sup> 2560x1440 Daydream-ready  
5.7-inch display resolution built for VR



# ELAN Smart-ID™ Smart Card Leader and Production in 2017

*Battery-powered Smart Card*



*Fully Compatible  
with Existing  
System*



*Pass ISO7816 Smart Card Standard:*

- Smart Card Thickness 0.8mm, Fingerprint PKG thickness **0.42mm**
- Pass RA test with **Bending, Torsion, ESD, High/Low Temperature...**





# Q & A

## Smart-Touchscreen™



Active Pen  
Passive Pen

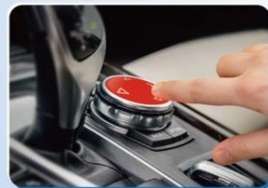


Moisture Proof



Support Glove

## Smart-ClickPad™



## Smart-Touch™



## Fingerprint Smart-ID™



## 360° Camera

