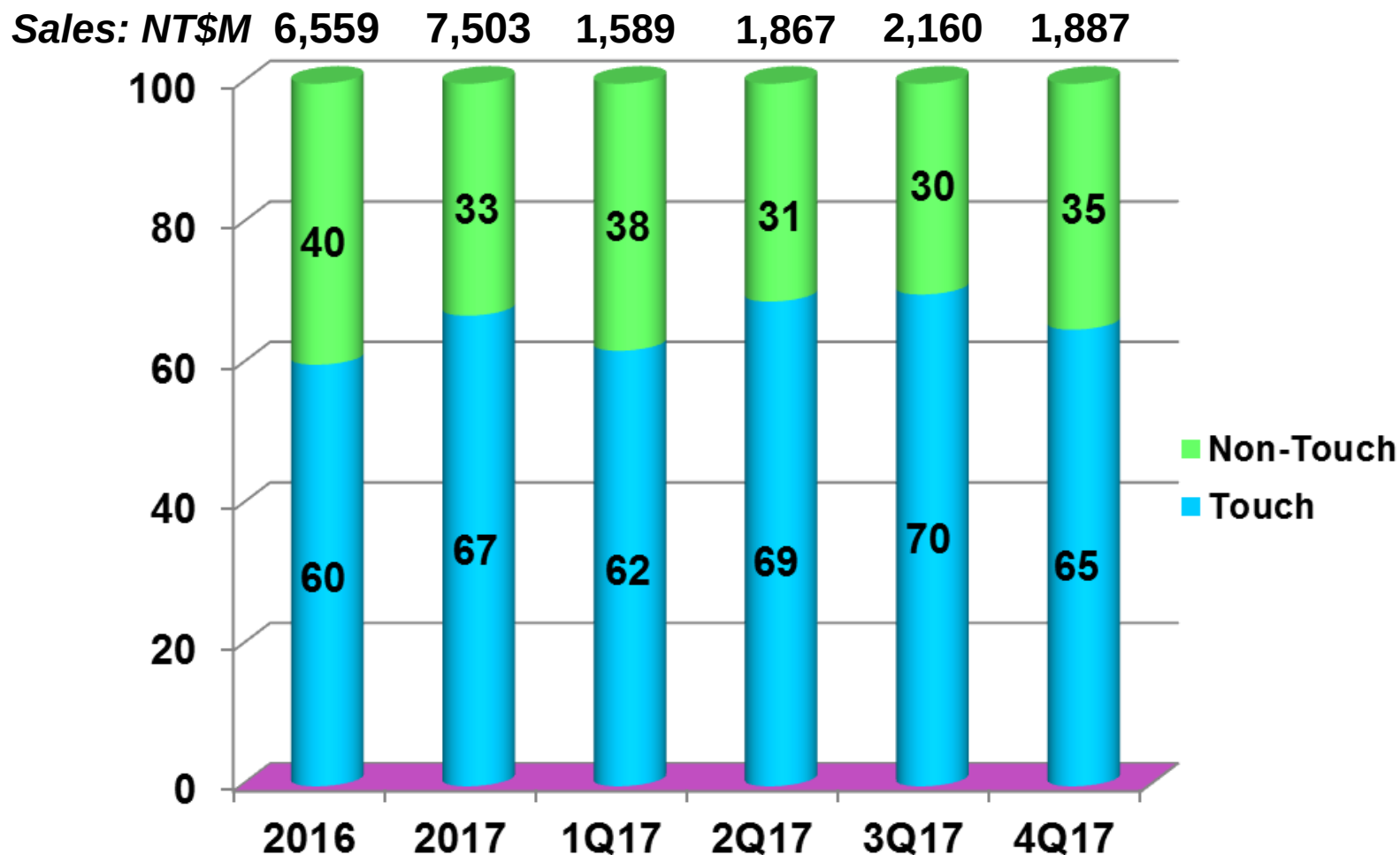


ELAN Microelectronics Corp.

4Q17 Investor Conference

2018/02/06

Sales Breakdown by Product Line (Consolidated)



- Touch: Touchscreen Chip, Touchpad, Biometric
- Non-touch: MCU, Pointing Stick, Affiliated Co. Products

4Q17 Income Statement

YoY Comparison (Consolidated)

	4Q17	%	4Q16	%	YoY(%)
Sales	1,887	100	1,648	100	15
Gross profit	824	44	696	42	18
Sales expense	80	4	92	5	
G&A expense	71	4	77	5	
R&D expense	351	19	359	22	
Operating profit	322	17	168	10	92
Non-operating income & exp.	(44)	(2)	13	1	
Profit before tax	278	15	181	11	54
Net profit	236	13	142	9	66
Belong					
Parent company	241		162		
Non-Controlling Interests	(5)		(20)		
* EPS (NT\$)	0.58		0.40		45

* Based on the current 434 million shares (Unaudited)

* Based on the weighted average number of shares outstanding

4Q17 Income Statement

QoQ Comparison (Consolidated)

	NT\$M				
	4Q17	%	3Q17	%	QoQ(%)
Sales	1,887	100	2,160	100	(13)
Gross profit	824	44	994	46	(17)
Sales expense	80	4	85	4	
G&A expense	71	4	80	4	
R&D expense	351	19	361	17	
Operating profit	322	17	468	21	(31)
Non-operating income & exp.	(44)	(2)	11	1	
Profit before tax	278	15	479	22	(42)
Net profit	236	13	390	18	(39)
Belong					
Parent company	241		400		
Non-Controlling Interests	(5)		(10)		
* EPS (NT\$)	0.58		0.96		(40)

* Based on the current 434 million shares (Unaudited)

* Based on the weighted average number of shares outstanding

2017 Income Statement

YoY Comparison (Consolidated)

	NT\$M				
	2017	%	2016	%	YoY(%)
Sales	7,503	100	6,559	100	14
Gross profit	3,346	45	2,708	41	24
Sales expense	310	4	322	5	
G&A expense	301	4	295	5	
R&D expense	1,387	18	1,339	20	
Operating profit	1,348	19	752	11	79
Non-operating income & exp.	(87)	(1)	(27)	(0)	
Profit before tax	1,261	18	725	11	74
Net profit	1,031	15	580	9	78
Belong					
Parent company	1,073		653		
Non-Controlling Interests	(42)		(73)		
* EPS (NT\$)	2.58		1.57		64

* Based on the current 434 million shares (Unaudited)

* Based on the weighted average number of shares outstanding

Balance Sheets

December. 31, 2017 (Consolidated)

	NT\$M
Current assets	7,952
Cash and cash equivalents	1,984
Current financial assets	734
A/R&A/N	1,478
Inventory	1,152
Other current assets	65
Other current financial assets	2,539
Non-current financial assets	1,298
Fixed assets	580
Other non-current assets	311
Total Assets	10,141
Current liabilities	2,410
Non-current liabilities	409
Total Liabilities	2,819
Capital stock	4,341
Capital surplus	536
Retained earnings	2,421
Other equity interest	148
Treasury stock	(91)
Non-controlling interests	(33)
Total Stockholders' Equity	7,322

(Unaudited)

Cash Flow Statement

December. 31, 2017(Consolidated)

	NT\$M
Income before tax	1,261
Dep & Amort.	119
Dec.(Inc.) of A/R & N/R	170
Dec.(Inc.) of inventory	(192)
Inc.(Dec.) of A/P & N/P	30
Others	75
Operating cashflow	1,463
Inc.F/A	(47)
Dec.(Inc.) of investments	(199)
Dec.(Inc.)Time deposit with maturity over three-month	(482)
Acquisition of intangible assets	(79)
Others	(5)
Investment cashflow	(812)
Distribution of cash dividends	(654)
Inc.(Dec.) in short-term loans payable	100
Others	43
Financing cashflow	(511)
Change in cash	140
Beg. Cash	1,844
End Cash	1,984

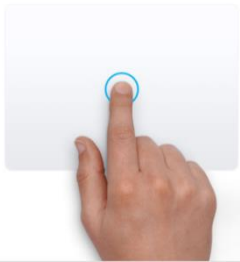
(Unaudited)

1Q18 Guidance

Based on Current Assumptions of Future Prospects, ELAN Expects:

- *Consolidate Revenue to be Approximately between NT\$1.8 Billion and NT\$1.9 Billion*
- *Gross Margin to be about 43% to 45%*
- *Operating Income Rate to be about 17% to 19%*

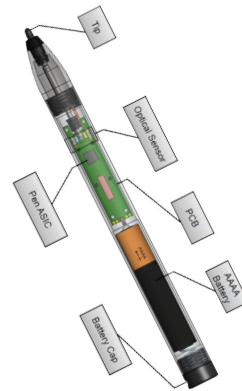
The Touch Trend Migration



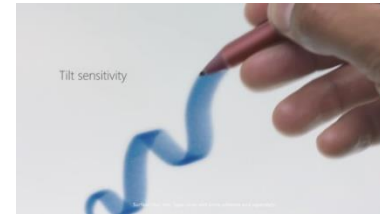
**Finger
only**



**Passive
Pen**



**Active
Pen**



**Active
Pen
w/Tilt**

**More
Active
Pen
Functions**

ELAN's Any Pen Technology for EDU

U20 10.1" Education Tablet



Acer Iconia One 8"



ELAN's Active Stylus MP Record (Prior to 2H 2016)

Acer Aspire Switch
KYE Stylus



Fujitsu 2-in-1
Waltop Stylus



Dell Inspiron 13.3"
Primax Stylus



Lenovo ThinkPad P70 17.3"
Wacom AES pen



HP Spectre X2 12"
Wacom AES Pen



Android Tablet
Ramos 10.1" **Pentech Stylus**



Fragmented Pen Protocol

Microsoft Surface Device Trend

All Devices Compatible with MS Pen

Tablet with KB Cover

Surface Pro 12.3" (\$799+)



Clamshell

Surface Laptop 13.5" (\$799+)



Detachable Clamshell

Surface Book 13.5"/15.6" (\$1,499+)



AIO Desktop

Surface Studio 28" (\$2,999+)



Microsoft Pen Devices with ELAN Inside



Asus Zenbook Flip
S
13.3" 4K UHD
Starting at \$1099



Asus Transformer
T303
12.6" 3K
Starting at \$899

Asus Transformer T102
10.1" HD
Starting at \$399



Asus Transformer
T305
12.6" 3K
Starting at \$799



Acer Switch 5
12" 2160 X
1440
Starting at
\$799



Acer Switch 3
12.2" 1920 X 1200
Starting at \$399



HP Spectre x360
15
15.6" 4K UHD
Starting at \$1279



HP Spectre x2
12.3" " 3K
Starting at \$1149



HP Spectre x360 13
13.3" 4K UHD
Starting at \$1199



DELL Inspiron 15 5000
13.3" 1920 X 1090
Starting at \$879



DELL Inspiron 15 7000
15.6" 1920 X 1090
Starting at \$799



DELL Inspiron 13 7000
13.3" 1920 X 1090
Starting at \$999



The Always Connected PC

Windows on Qualcomm 835 with 20 hour Battery Life

HP Envy X2



12.3" WUXGA+ with Corning GG4

Lenovo Miix 630



12.3" WUXGA+

ASUS NovaGo



13.3" FHD LTPS



Windows Ink Badging



Windows Ink



Major Phone Brand with Stylus Implementation



Wacom AES



MediaPad M2



Apple Pencil



Wacom EMR

Windows 10



S Pen and Keyboard included



AES Pen Protocol Devices with ELAN Inside



HP ProBook x360 11.6"



HP Spectre X2 12"



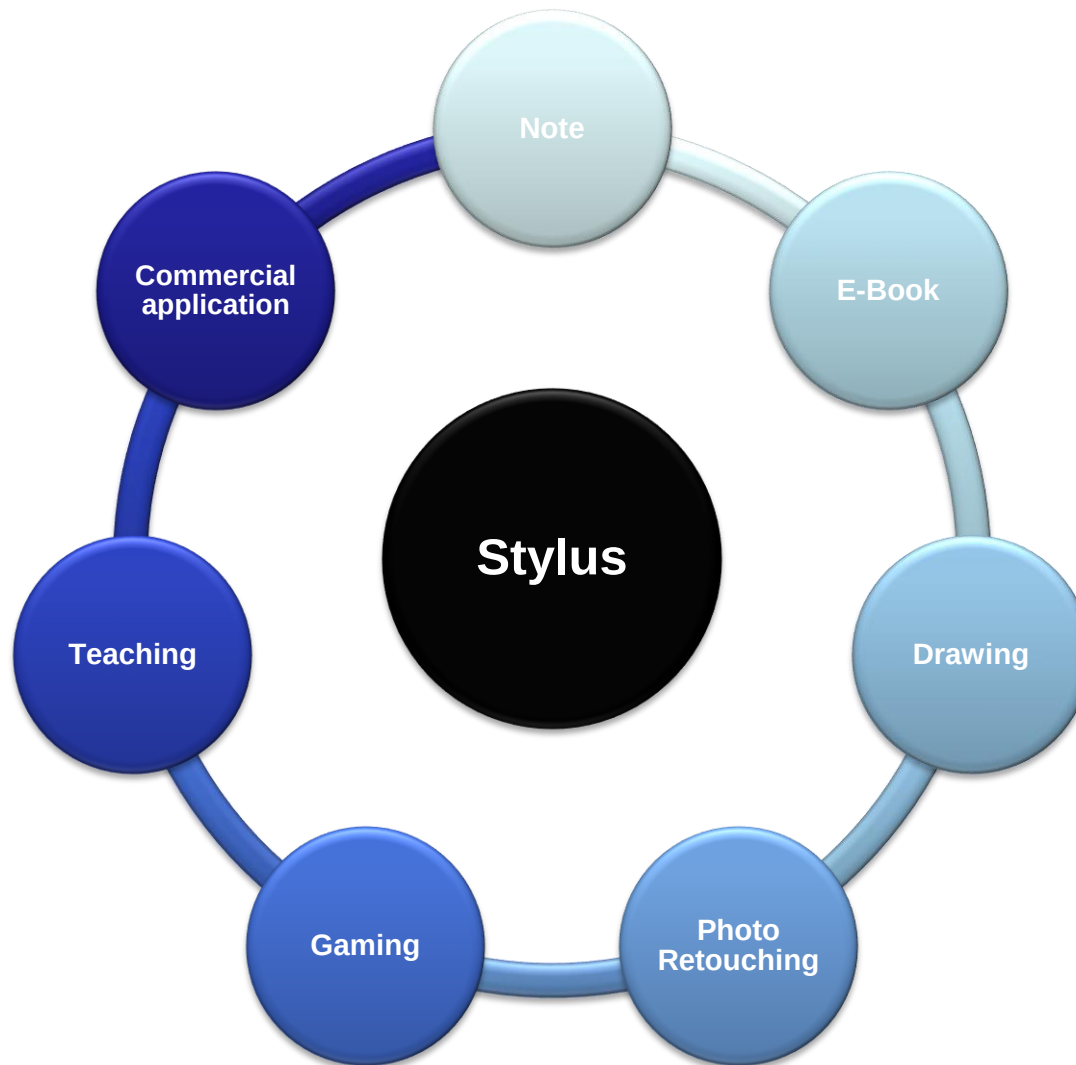
Lenovo Miix 320 10.1"



Lenovo ThinkPad P70 17.3"

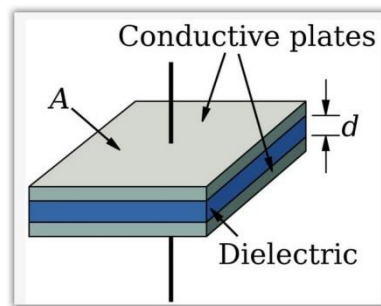


Stylus Application

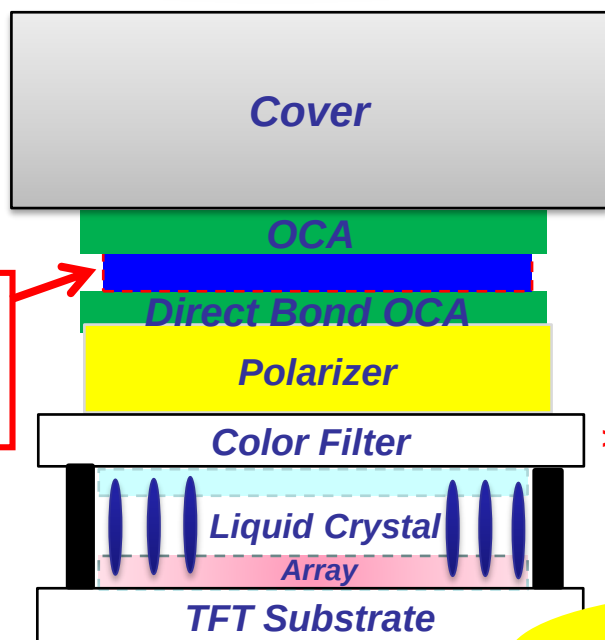


Higher Challenge on AMOLED Panel

$$C = \frac{\epsilon_0 A}{d}$$



TFT LCD



Outcell
Touch
Sensor

From Cover to
Touch Sensor

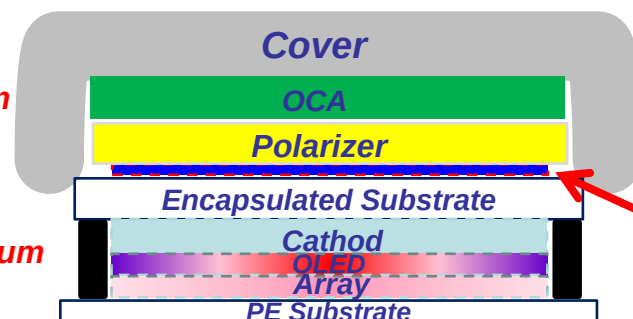
> 700 um

> 300 um

From Touch Sensor
to Display Electrodes

Flexible AMOLED

Higher loading
Higher Display
Noise



Touch
Sensor

< 700um

< 100um

The Stylus Pioneer on Smartphone

Out/On/In Cell Touch with Stylus Support on TFT LCD

Out Cell → Mass Production
on Infinix Note 4 Pro

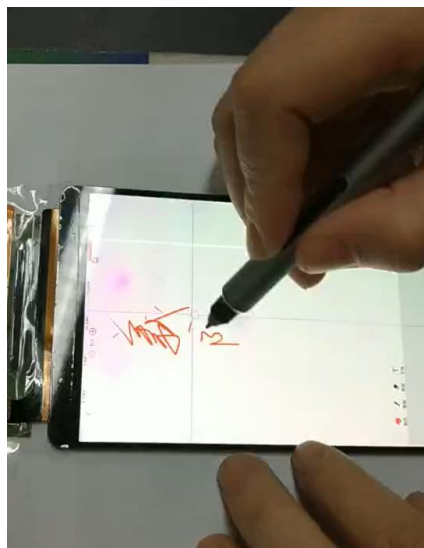
In Cell → CS Sample in Jul'18

Out/On Cell Touch with Stylus Support on Rigid AMOLED

Already Finished the Finger &
Stylus Touch Tuning on Panel

**Out/On Cell Touch with Stylus
Support on Flexible AMOLED**

Already Finished the Finger
Touch Tuning on Panel



New Applications with Active Pen





Q & A

Smart-Touchscreen™ Controller



Active Pen



Mobile Stylus



TDDI Solution

Face Recognition



Avatar



Unlocking



Smart-ID™ Fingerprint Sensor



Smart-Touchpad™



Smart-Pointstick™



360° VR Camera

