



ememory

A Leading Logic NVM Company

October, 2014

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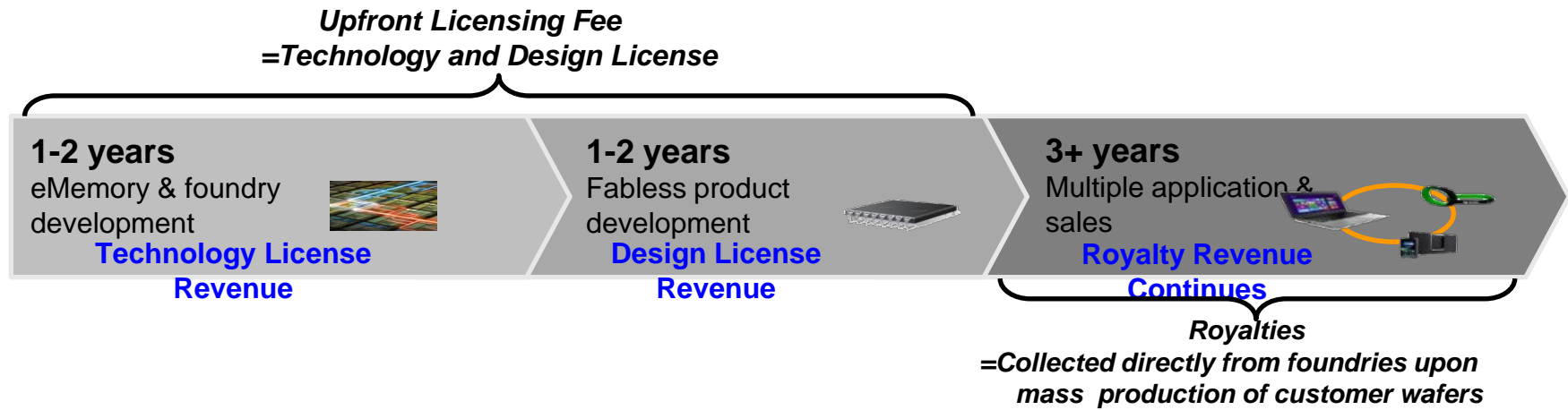
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Outline

- **Business Model**
- **Review of Operations for 3Q and 1H2014**
- **Application and Growth Opportunity**
- **Future Outlook**
- **Q & A**

Business Model

- Founded in 2000. First customer engaged in 2002. Achieved profitability in 2005 and IPO in 2011. The largest logic non-volatile memory IP company, 215 employees (149 R&D).
- Since its IPO, the company initiated no new fund raising or bank debt, and has distributed in excess of 100% of earnings in cash dividends.
- **Growth Indices:** 1) No. of on-going technology platforms
2) No. of design licenses
3) Royalty



Worldwide Customers



Foundry



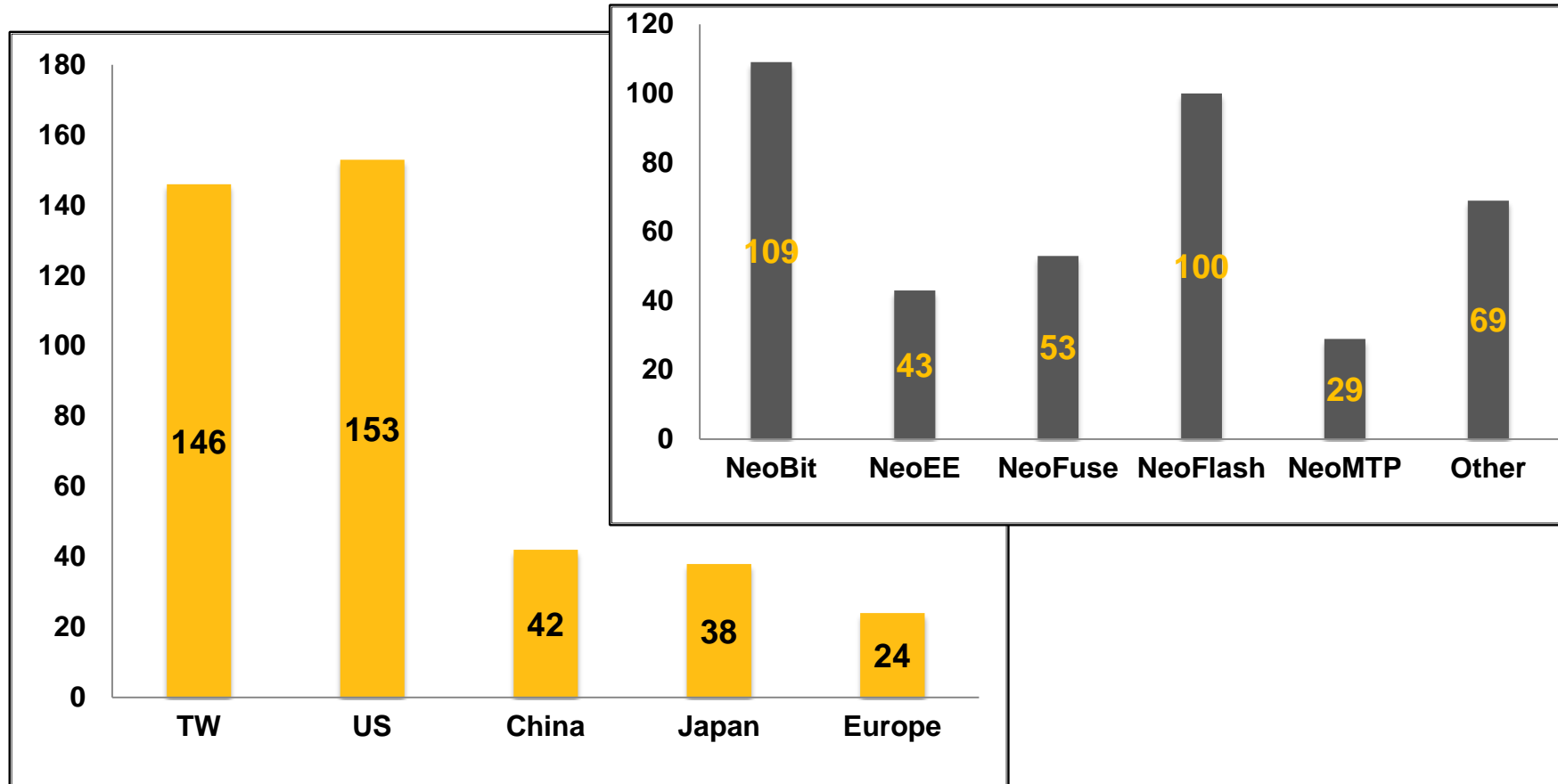
IDM



	Taiwan	China	Korea	Japan	North America	Europe	Others
Foundry	5	6	3	2	1	0	1
IDM	0	0	0	8	2	1	0
Fabless	202	280	49	30	118	60	28

Patent Portfolio

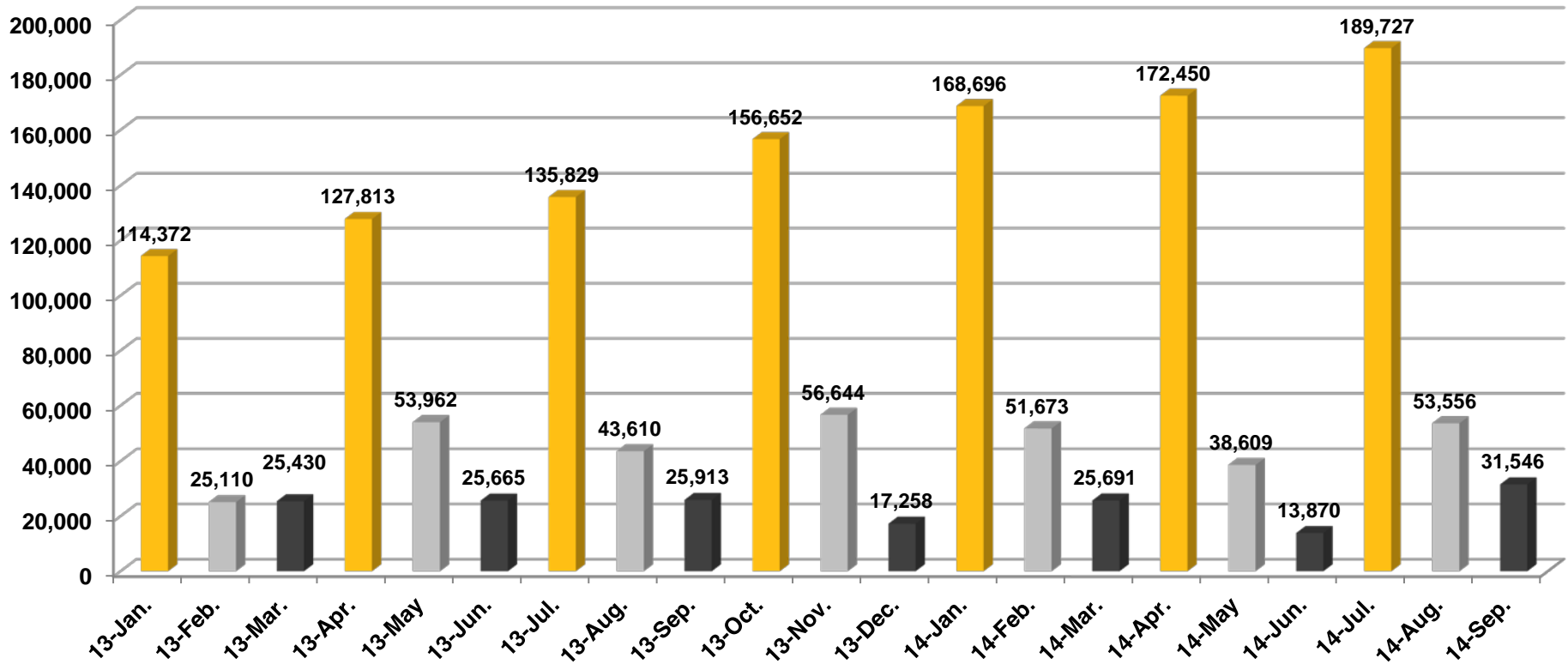
Totaled 403 patents as of Sep. 2014 (245 issued / 158 pending)



Quarterly Revenue Pattern

- The quarterly royalty from most of foundries are collected at first month of each quarter and from some other foundries are collected at second month, and none at third month.

Unit : NTD Thousands



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3Q Revenue Breakdown

Unit : NTD Thousands

	3Q14	2Q14	QoQ Growth Rate	3Q13	YoY Growth Rate	1H14	1H13	YoY Growth Rate
Royalty	212,848	167,731	26.90%	148,297	43.53%	338,746	240,652	40.76%
Licensing	61,981	57,198	8.36%	57,055	8.63%	132,243	131,700	0.41%
Total	274,829	224,929	22.18%	205,352	33.83%	470,989	372,352	26.49%

Number of contract

		3Q14	2Q14	3Q13	2Q13
Technology License		5	6	2	8
Design License	NRE	22	12	18	14
	Usage	88	86	88	69

Financial Income Statement

Unit: \$ NT thousand	1H14	1H13	YoY
Revenue	470,989	372,352	26%
Gross Margin	100%	100%	-
Operating Expense	256,125	226,630	13%
Operating Margin	46%	39%	+7ppts
Non operating Income	5,091	4,054	26%
Net Income	193,321	127,721	51%
Net Margin	41%	34%	+7ppts
EPS (unit: \$NTD)	2.55	1.71	49%
ROE	24%	17%	+7ppts

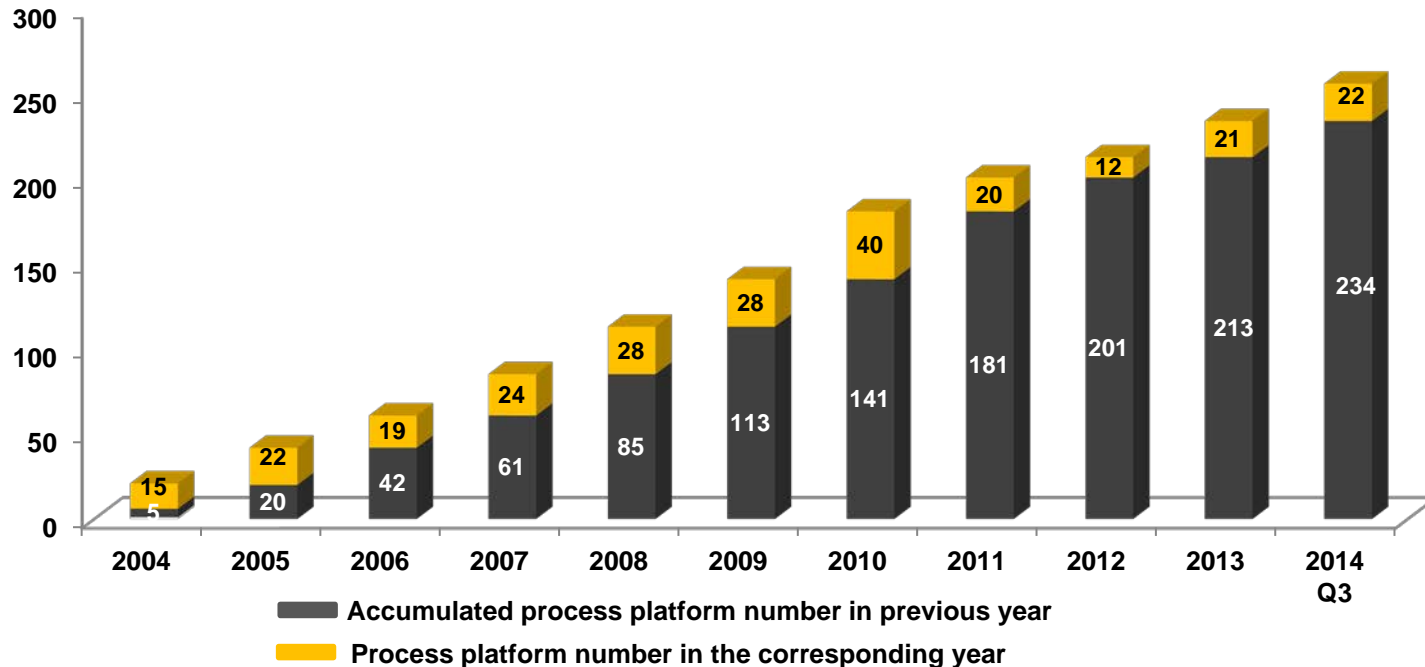
Technology License Statistics

Year	2012	2013	1Q2014	2Q2014	3Q2014
License number	12	19	6	6	5

Note: The terms (including number of process platforms and licensing fees) for each technology license are set contractually. Payments are made according to set milestones, and there are no particular seasonal factors involved.

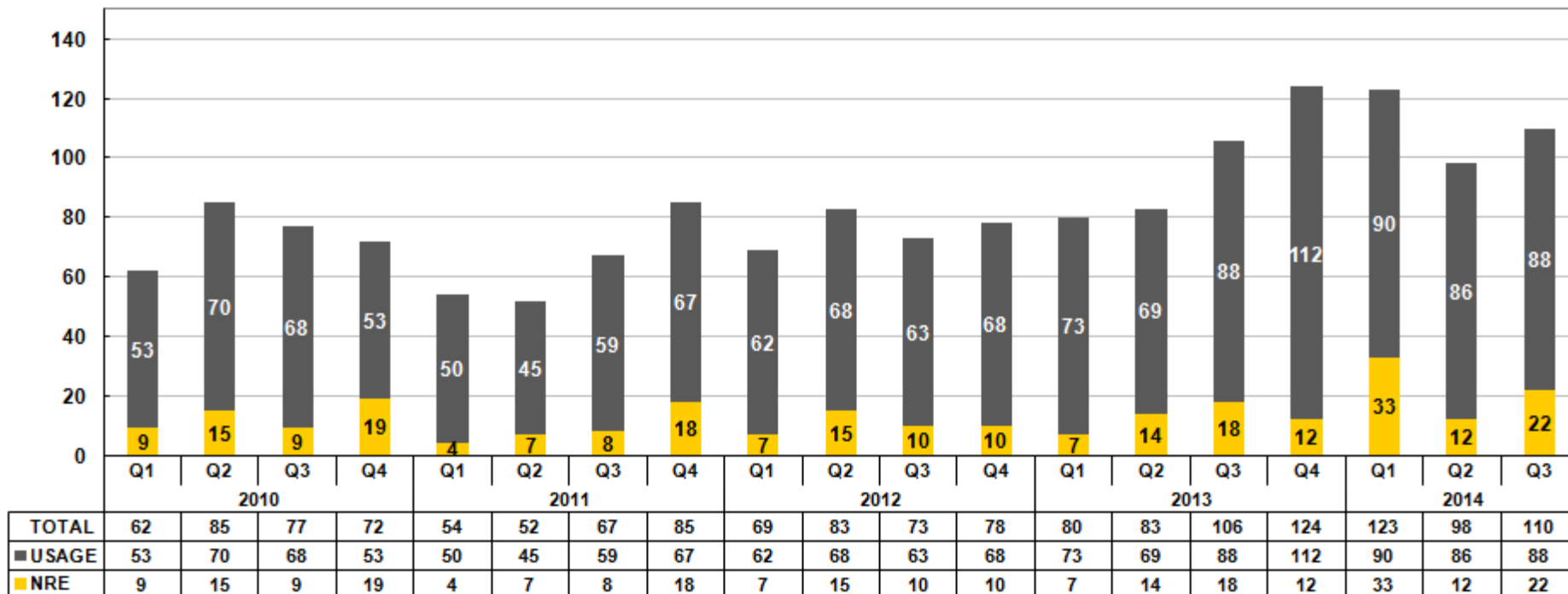
On going technology process platforms under development: **70**

26 for the NeoBit, **25** for NeoFuse, **12** for NeoEE, **2** for NeoFlash and **5** for NeoMTP.



Quarterly Design Licensing (New Tape Out)

- Total **331** NTO as of 3Q 2014 (**393**@2013, **303**@2012, **258**@2011)

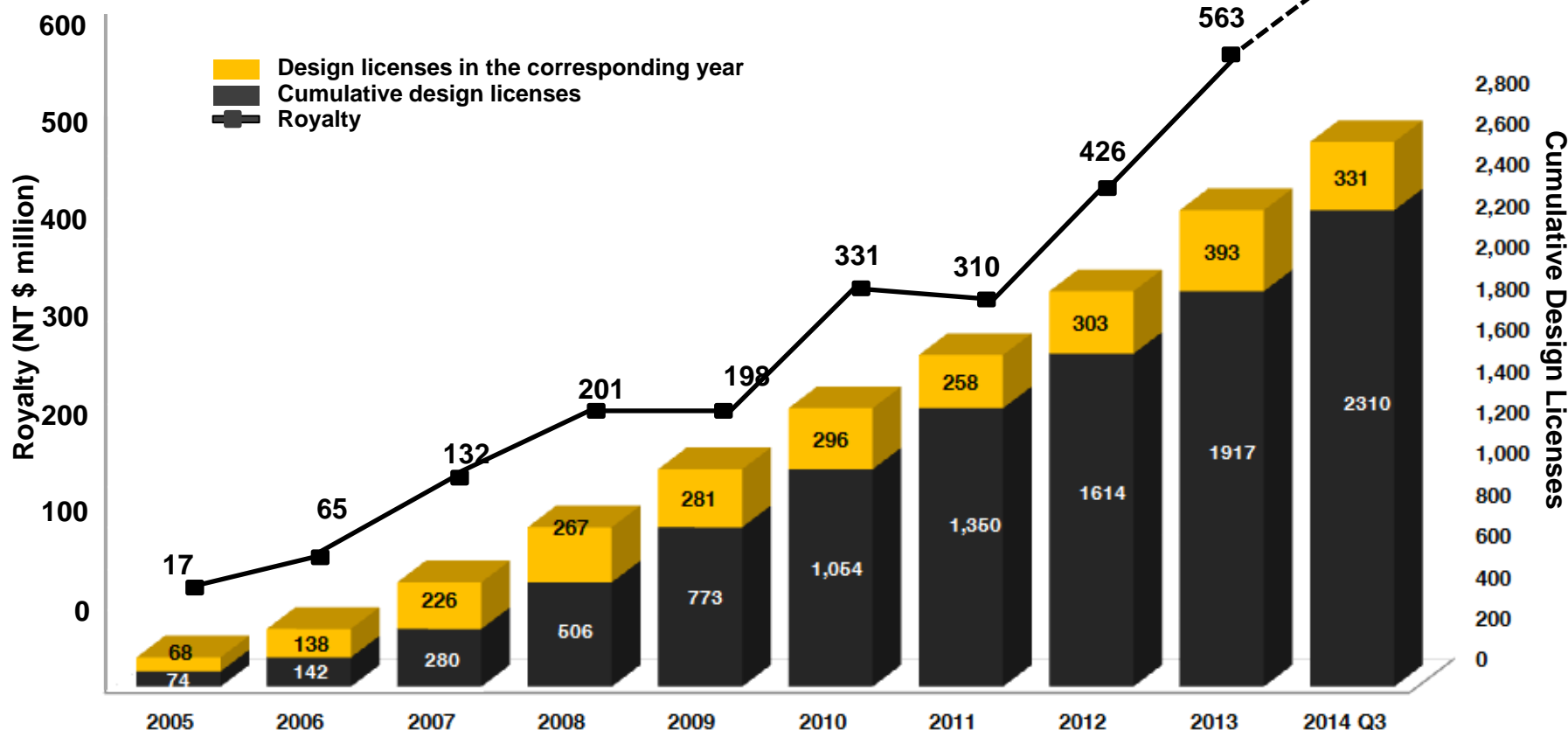


Usage : Usage of pre-qualified and verified IP (charged by per product tape out or annual package), the cycle time from design implementation to royalty payments for mass production is faster, typically less than one year.

NRE: NRE covers the customization of IP that must undergo new verification or qualification. It typically requires 1 to 1.5 years before resulting in royalty revenue.

Accumulated Licenses Drive Future Royalties

Accumulated design licenses > 2,641



note 1: Due to the 2009 recession, royalty income was down annually 1.5%.

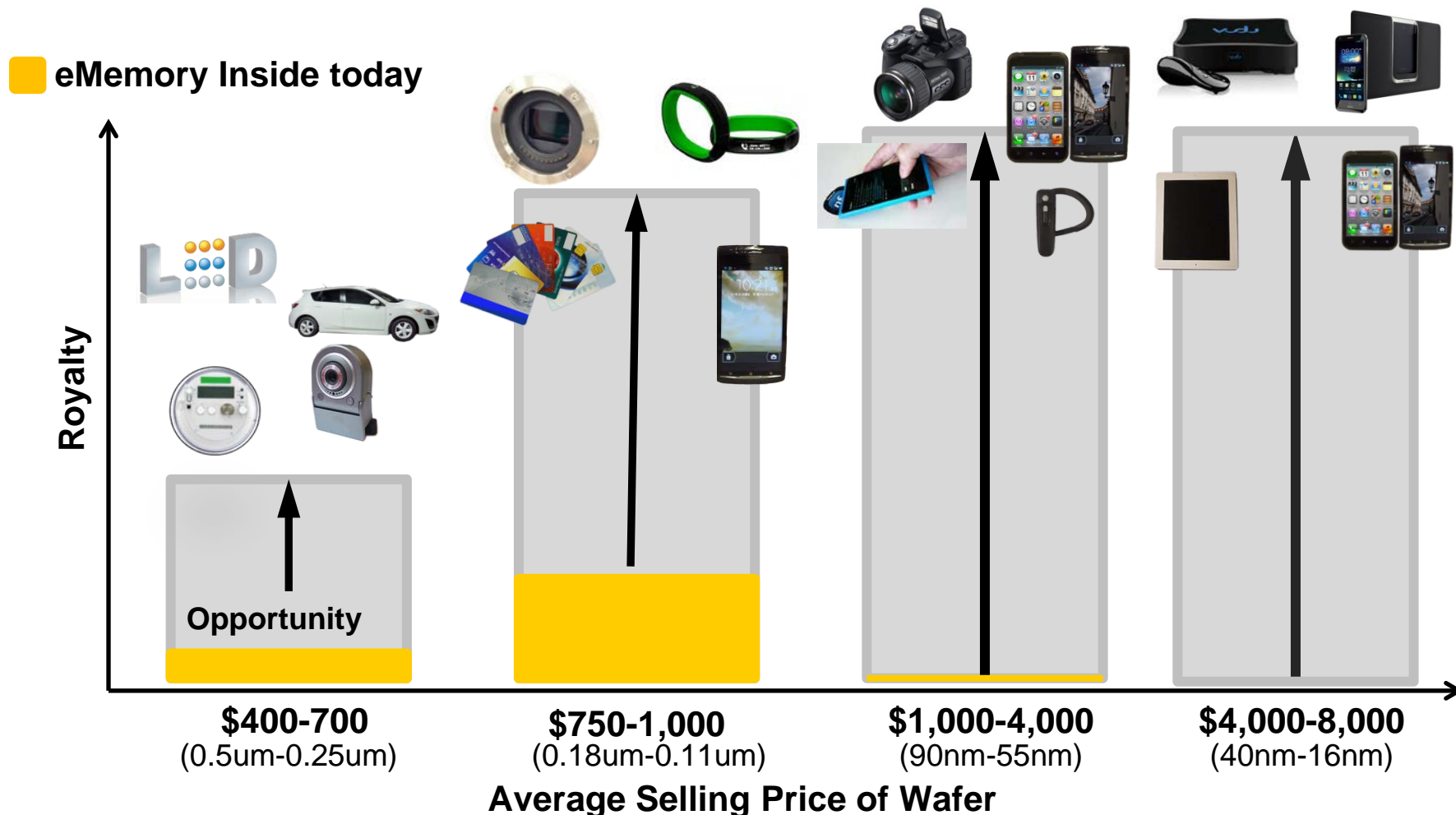
note 2: Pre-payment of royalty fees by a single customer contributed to 2010 annual growth of 67%, causing a drop of 6.3% in the following year, 2011.

note 3: CAGR for 2009-2013 was 30%.

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Opportunity at all Price Points



Note: 2.2 million 8" equivalent wafers with eMemory IP were shipped in 2013. (~5% of WW foundry shipment)

Applications by Technology

12"

8"

16/20nm

28nm

40nm

55/65nm

80/90nm

110/130nm

160/180nm

250nm

350nm

NeoBit

NeoFuse

NeoFlash

NeoEE

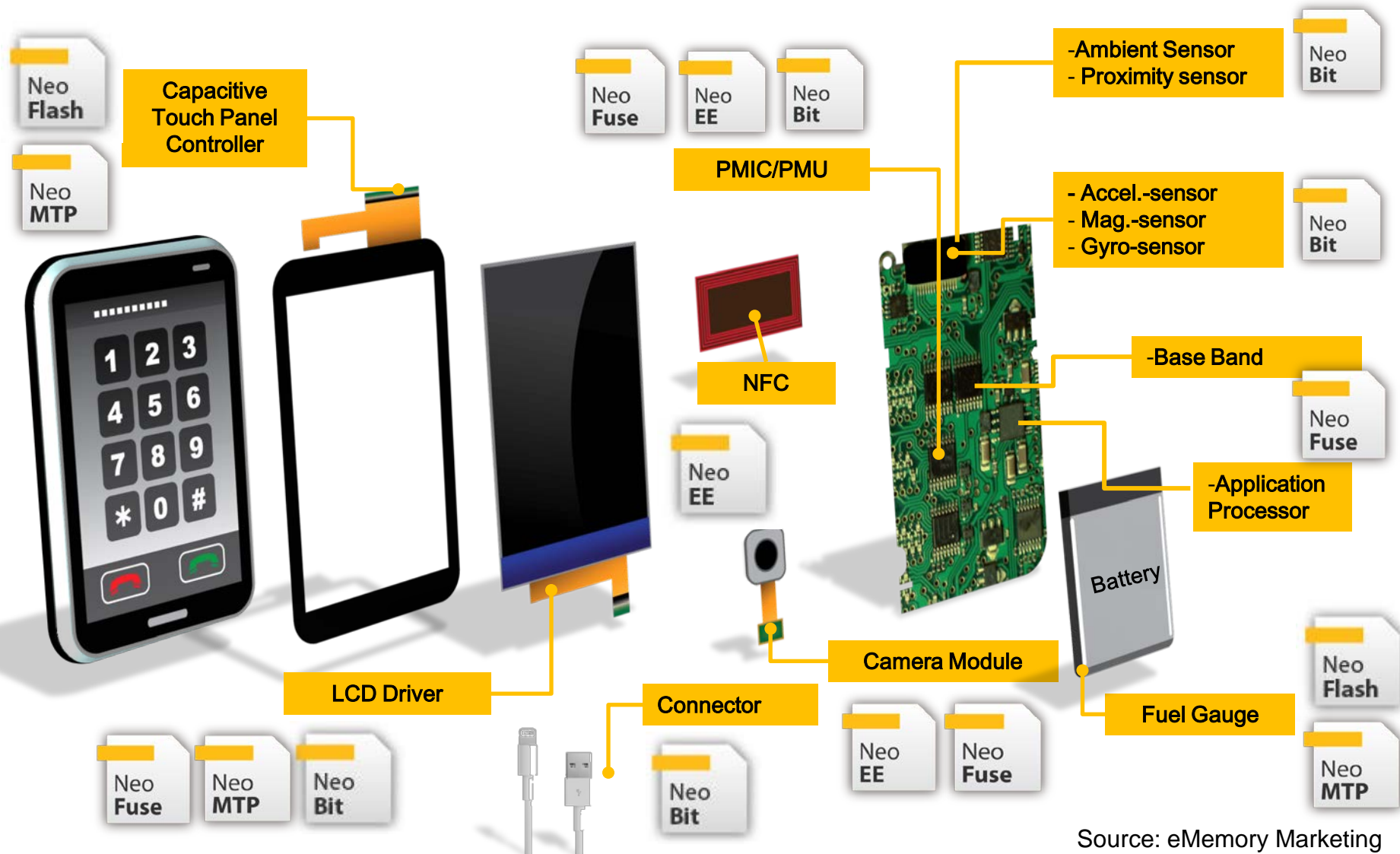
NeoMTP

eMemory's NVM Technologies

- **Logic NVM portfolio offers one-stop-shop solution.**
 - › Compatible to any process
 - › Robust structure
 - › Low process cost
 - › Competitive macro sizes
 - › Easy integration
 - › Easy porting

eMemory's NVM Technology	OTP			MTP	
	NeoBit	NeoFuse	NeoFlash	NeoEE	NeoMTP
Product Type	OTP	OTP	Flash	EEPROM	MTP
Endurance (Cycles)	10	10	1K~10K	10K~100K	1K~10K
Additional Mask Steps	0	0	2-3	0	0
Technology	Floating gate	Anti-Fuse	SONOS	Floating gate	Floating gate
Scalability	Simple	Simple	Simple	Simple	Simple
Memory Density	HD < 512Kb GHD < 16Mb	< 4Mb	< 2Mb	< 4Kb	< 512Kb

eMemory IP in Smart Phone



Source: eMemory Marketing

3Q14 Wafer Demand by IC Type

IC Type	Equ. to 8-inch wafer (K)
AP	4964
PMU	4756
CIS sensor	4226
Fingerprint	4000
Smart card controller	3000
Base Band	2935
LCD driver (with TCON)	2013
Gauge IC	627
Touch panel controller (C)	556
Connectivity	395
STB controller	335
TV controller	327
Wifi controller	245
LED driver	243
DC-DC/AC-DC	176
Accelerator sensor controller	124
Light snesor	121
Bluetooth controller	121
Gyroscope sensor controller	104
TAG IC	76
DVD controller	67
MCU (8bits, LV/3.3V)	56
MCU (8bits, LV/3.3V)	56
P-Gamma	52
MCU (8bits, pure 5V)	51
NB CAM controller	42
Pressure sensor controller	20
Touch pad controller	18
PC CAM controller	15
Touch panel controller (R)	5
TCON (w/o driver)	4

2014.8.29 updated

Advanced LCD Driver ICs

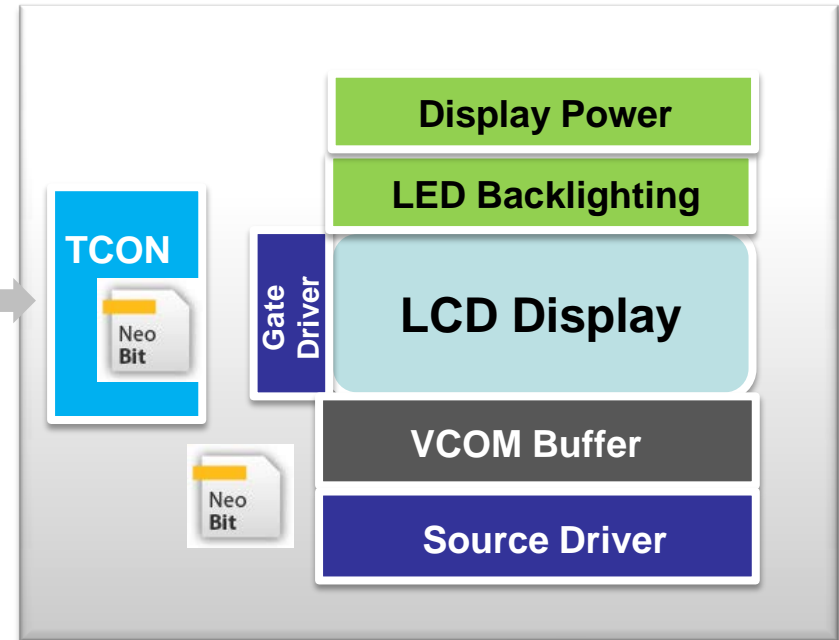
Process Technology : 0.11um HV/80nm HV/55nm HV



I/F
(LVDS, MIPI,...)



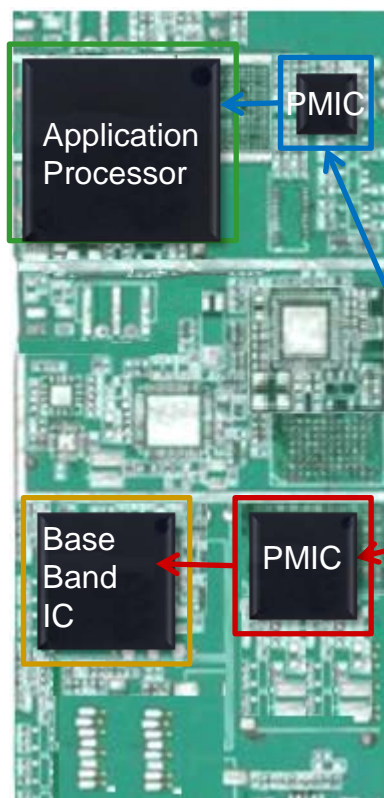
DDI



Density	Endurance	NVM Type	Purpose	NVM Usage
2K8~4K8	1	OTP	Trimming	1. Accuracy enhancement 2. Mismatch cancellation
			Code Storage	1. Gamma Correction Table 2. Timing Control Pattern 3. Color Engine Enhancement

Power Management ICs for Baseband and Application Processor

Process Technology : Advanced 0.25um BCD/ 0.18um BCD/ 0.13um BCD
Mature 0.18um/0.16um/0.152um Logic

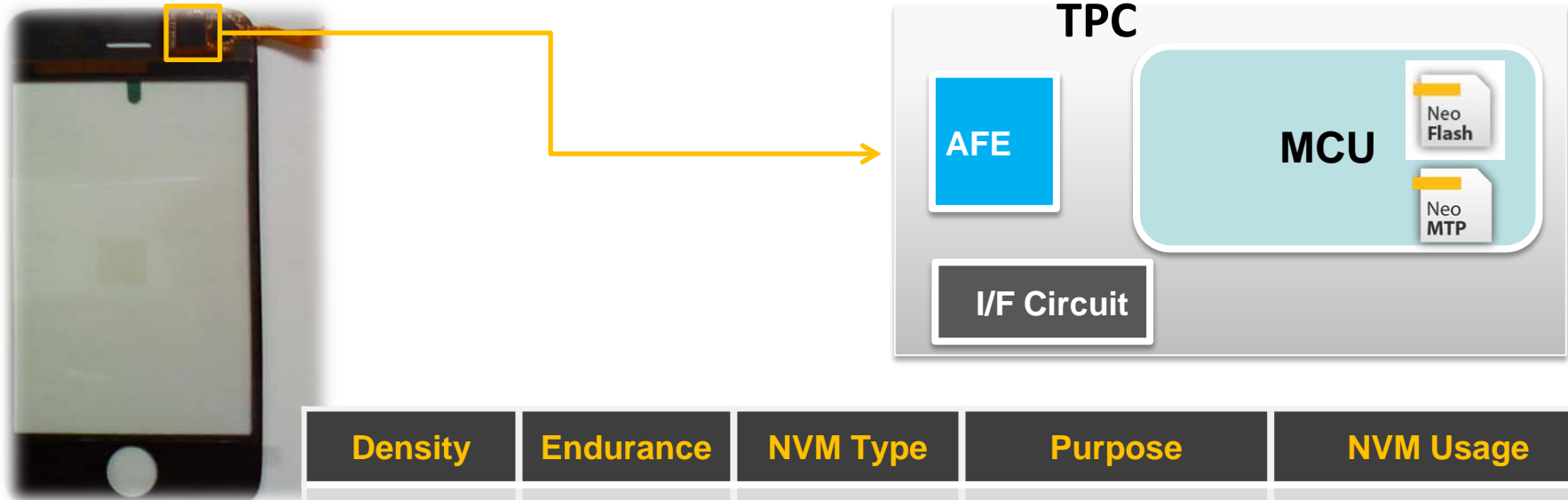


Density	NVM Type	Purpose	NVM Usage
2Kb~4Kb	OTP	Trimming	DC/DC, Bandgap
		Parameter Setting	Design flexibility & Performance optimization
		Code Storage	Start-up behavior & smart power saving algorithm



Touch Panel Controller ICs

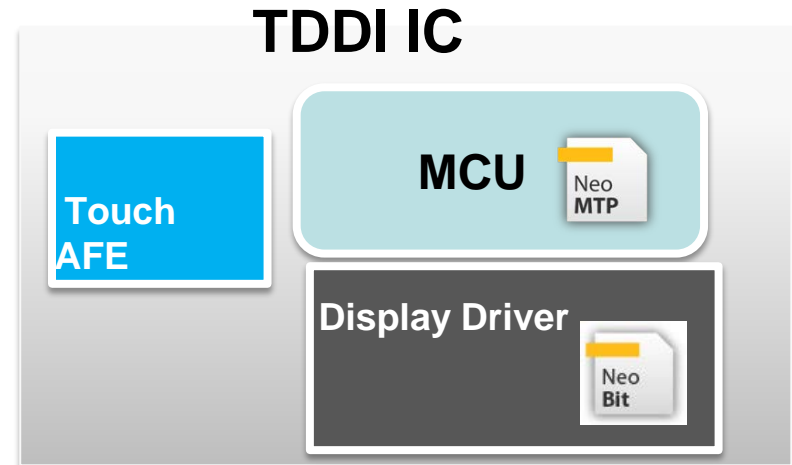
Process Technology : 0.16um HV/0.11um G



Density	Endurance	NVM Type	Purpose	NVM Usage
16K8~32K8	<1000	MTP	Code Storage	F/W code
			Parameter setting	Customized model and performance optimization

In-Cell Touch Panel Controllers ICs

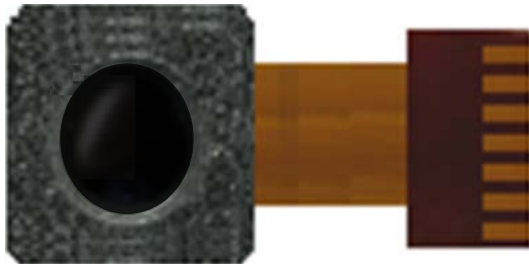
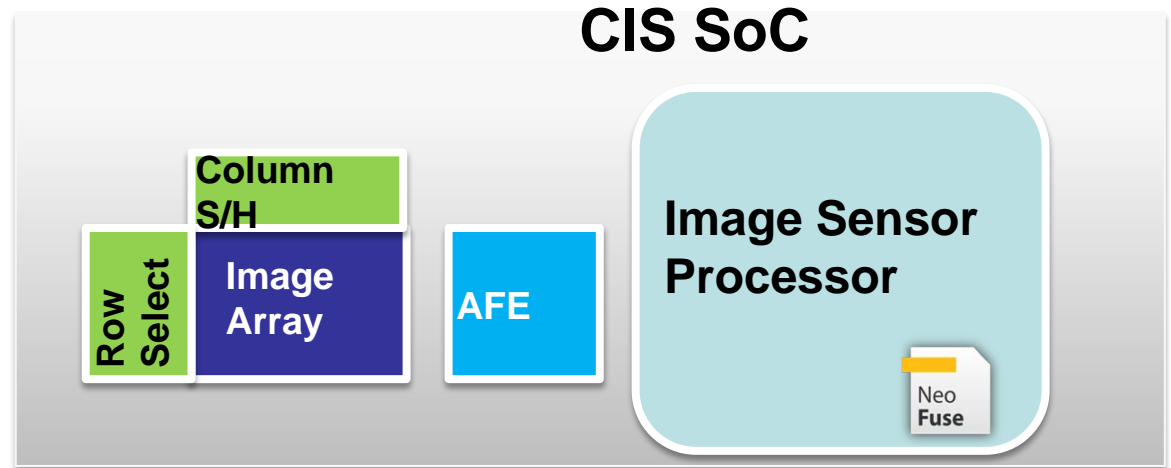
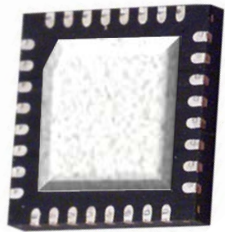
Process Technology : 0.11um HV/80nm HV/55nm HV



Density	Endurance	NVM Type	Purpose	NVM Usage
2K8~4K8	1	OTP	Trimming	Accuracy
			Code Storage	Gamma Table
16K8~32K8	<1000	MTP	Code Storage	Touch F/W Code
			Parameter setting	Performance Optimization

CMOS Image Sensor

Process Technology : 0.11um CIS/90nm CIS/65nm CIS



Density	Endurance	NVM Type	Purpose	NVM Usage
2Kb~4Kb	1	OTP	Identification Setting	Product Code
			Parameter Setting	Start-up Initial Setting
32K8	1	OTP/ROM	Code Storage	Boot Load

Security & Protection

Authorized Product



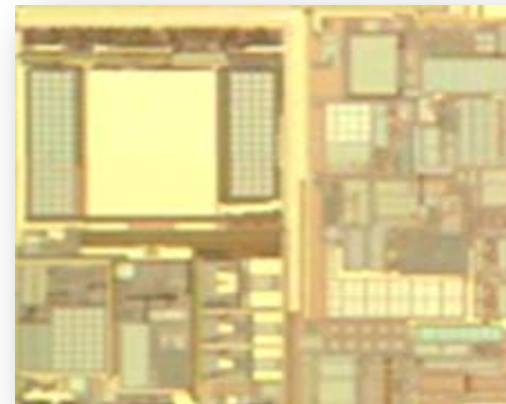
**reverse
copy**

re-produce



without protection

Fake Product

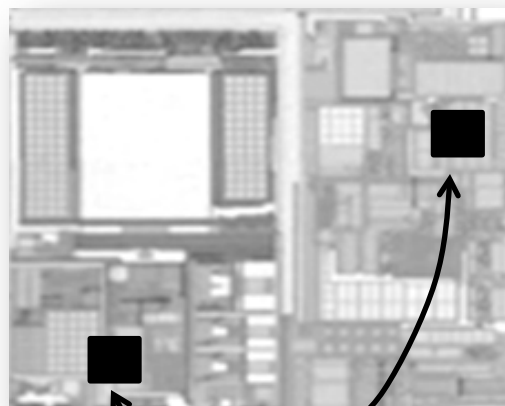


**reverse
copy**

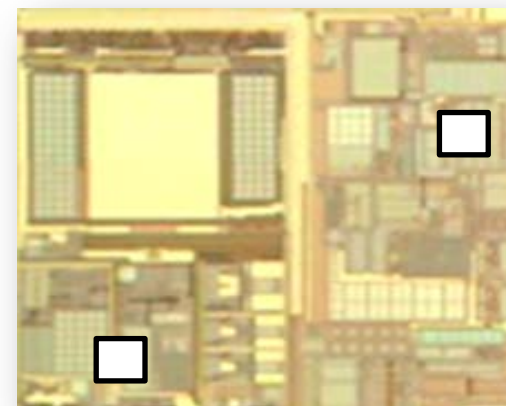
re-produce



with protection

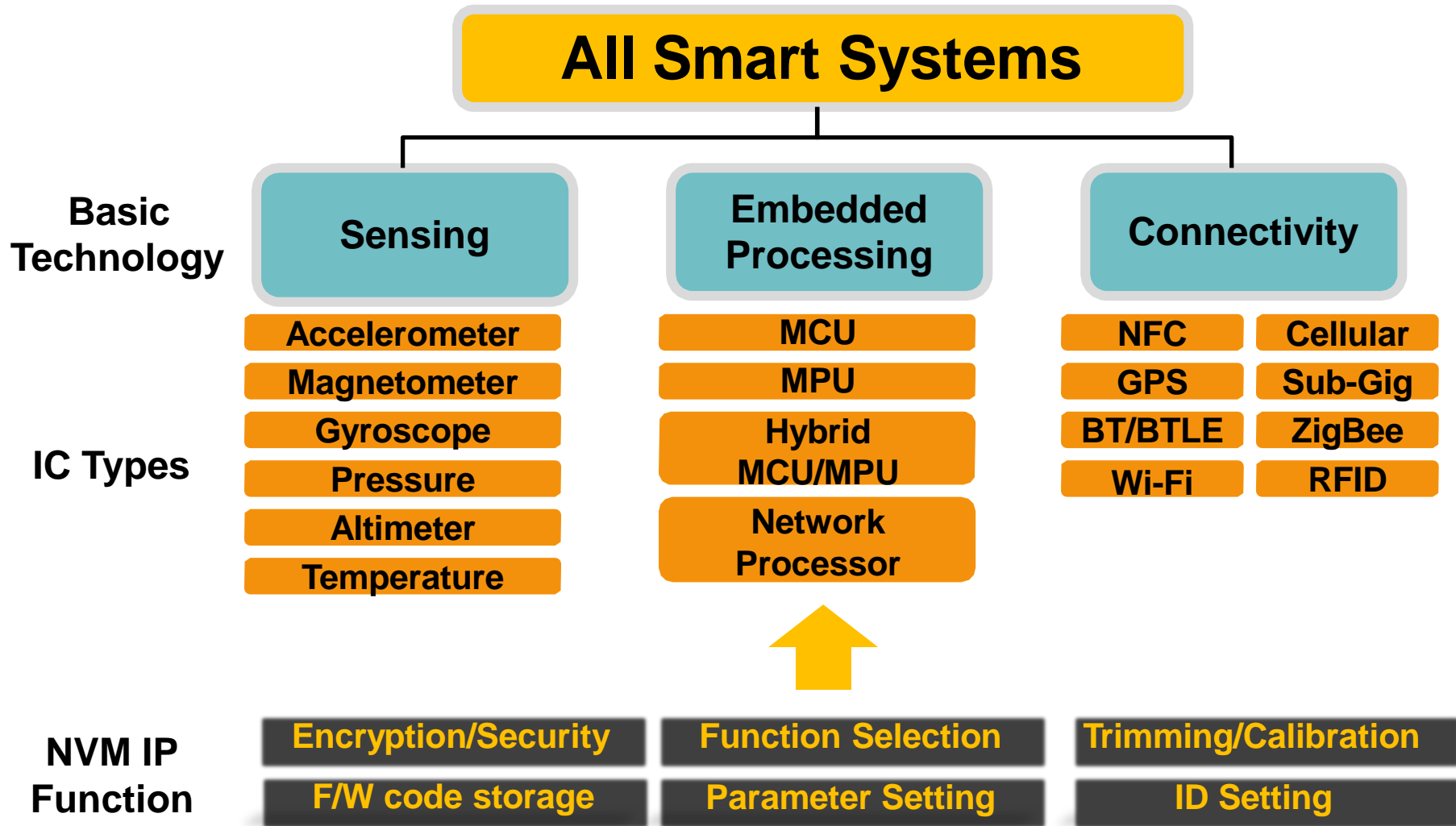


**Security IP/Code by
Authorized Use**



**Can NOT Work w/o
Security IP/Code**

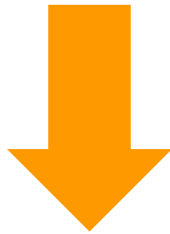
NVM IP Demand in IoT



Replacement of Embedded Flash for Competitiveness Improvement

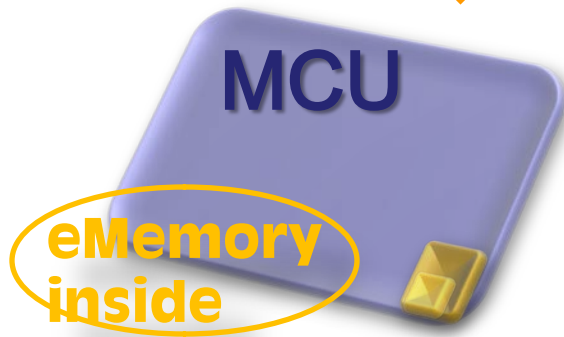


product design & manufacturing by
embedded Flash
Logic Process + 10 Masks



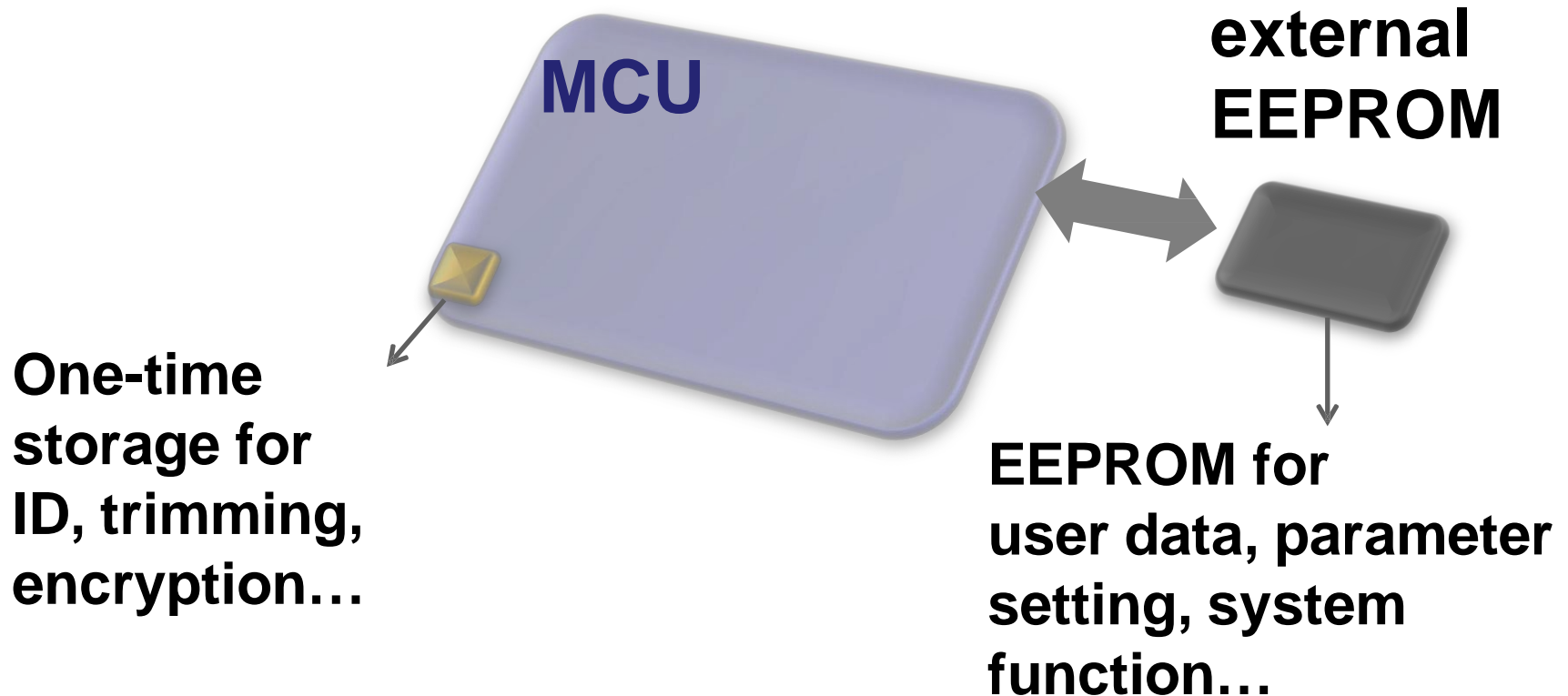
*30% more
cost reduction*

*wafer cost &
testing time*



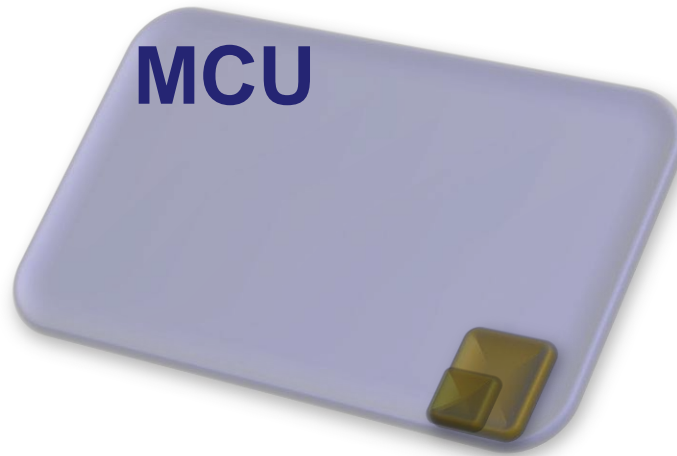
product design & manufacturing by
Embedded Logic NVM (OTP/MTP)
Logic Process

MCU Applications with EEPROM



NeoBit + NeoEE

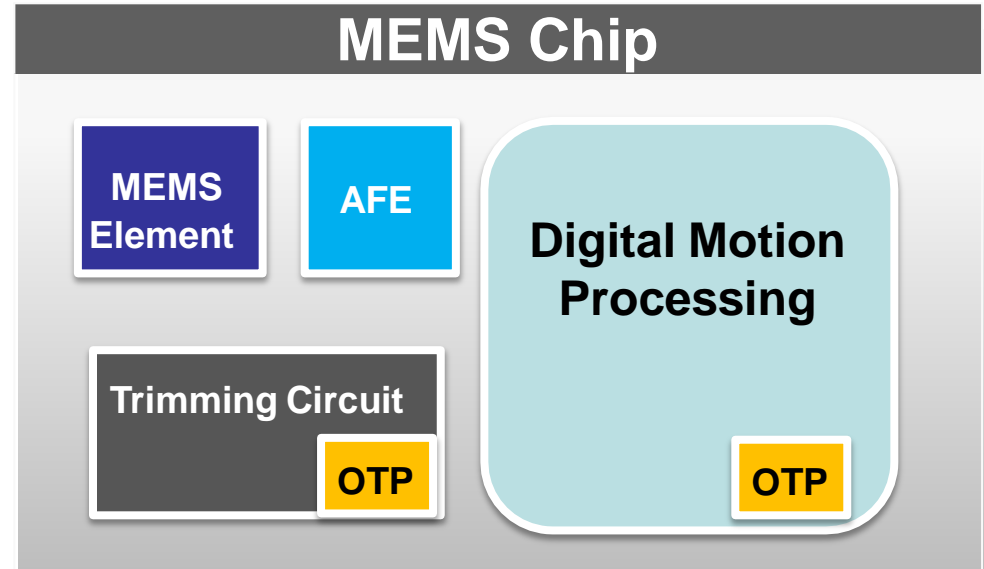
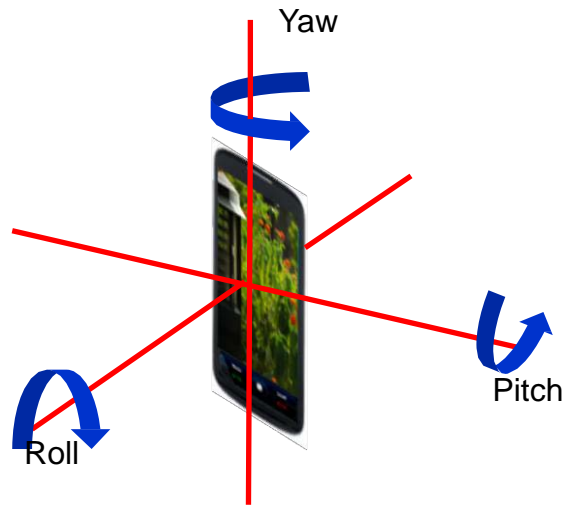
Hybrid NVM solution (NeoBit + NeoEE) with customized SPEC & optimized size



- **One single IP by integration of NeoBit & NeoEE**
- **Help for system size reduction**

MEMS

180/160/15x nm HV/Logic for MEMS Controller



Density	NVM Type	Purpose	NVM Usage
2Kb~4Kb	OTP	Trimming	Factory trimming
		Parameter Setting	Signal filtering
		Code Storage	Geometric computation

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Outlook for 4Q and Beyond

- Double digit revenue growth in the coming two quarters.
- Our penetration rate in the world's leading foundry has continued to rise, and we forecast this trend to continue and spread to other foundries.

embedded eMemory IP in T Company (\$revenue)

	Process node	*% of T	2Q13	1Q14	2Q14
8"	0.5+	1%	0%	0%	0%
	0.25/0.35	4%	16.8%	23.8%	34.2%
	0.15/0.18	14%	9.8%	14.7%	13.3%
	0.11/0.13	3%	15.4%	21%	20.4%
12"	90nm	7%	4.7%	15.3%	18.3%
	65nm	15%	0%	0%	0%
	40/45nm	19%	0%	0%	0%
	28nm	37%	0%	0%	0%
8"		22%	11%	16%	17%
12"		78%	0.5%	1.4%	1.6%
Total		100%	3.1%	4.7%	5.1%

* % of Process node in T company total revenue in 2Q14

Key Growth Drivers

Growth in value per mobile devices

- More chip applications per smartphone/tablet product

Growth into more markets

- From consumer electronics and mobile devices to wearable devices
- Adding new NVM product lines further enable more product applications

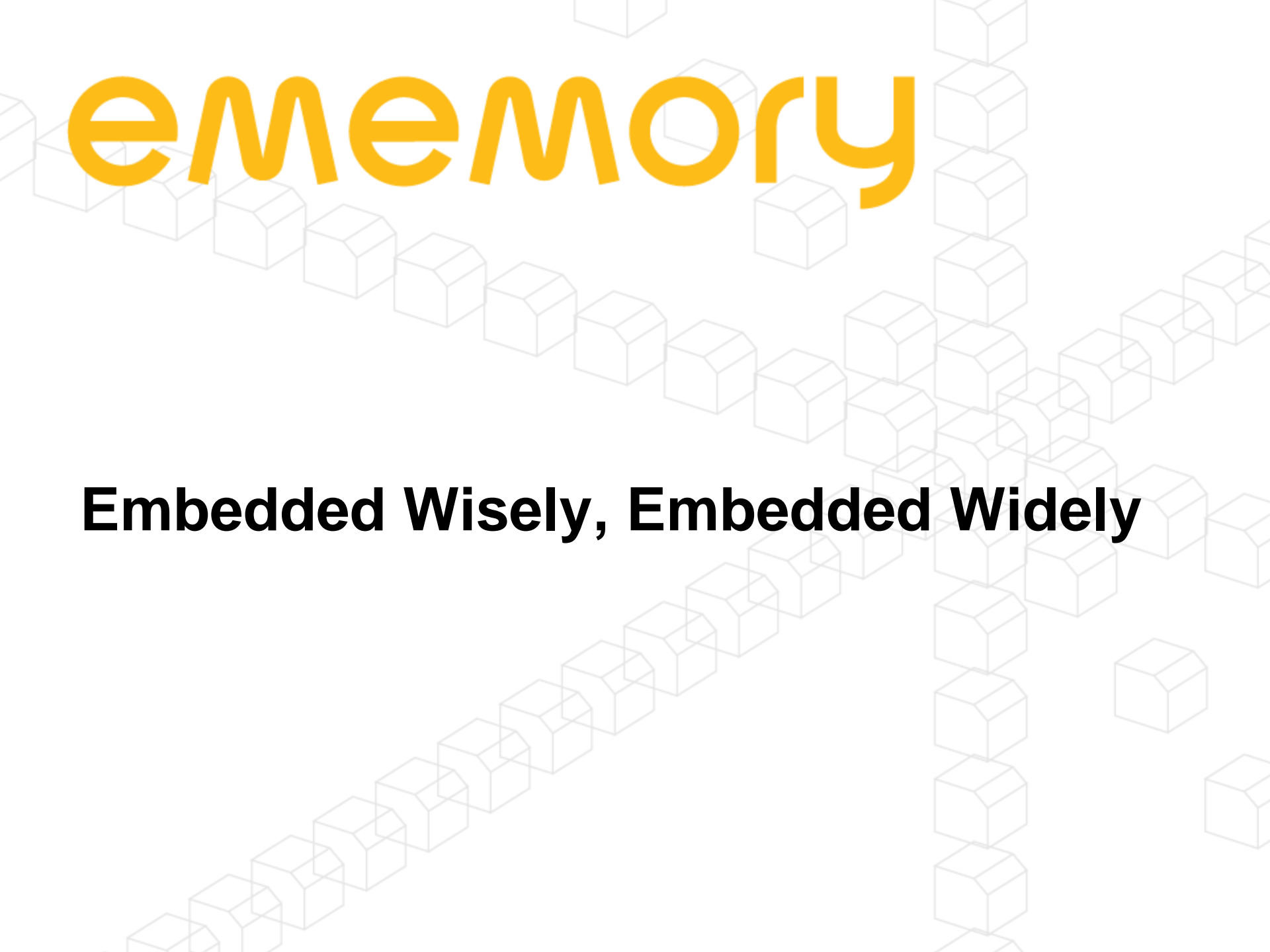
Growth in more advanced technology

- Higher royalty per wafer is contributed from more advanced technology nodes.

IOT great era

- Embedded Logic NVM will be a must.

Q & A



ememory

Embedded Wisely, Embedded Widely