

The background of the slide is a white background with a pattern of 3D cubes. The cubes are arranged in a way that creates a sense of depth and movement, with some cubes appearing to be in the foreground and others receding into the background. The cubes are drawn with thin black outlines and are scattered across the entire page.

# ememory

## **3Q2014 Investor Conference**

**Nov. 13<sup>th</sup>, 2014**

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# Cautionary Statement

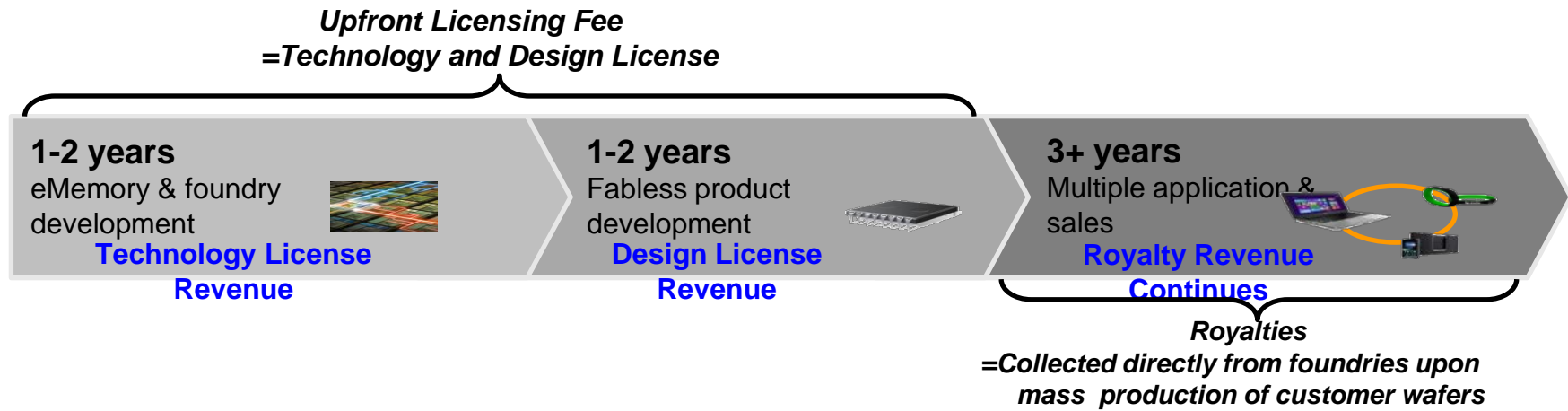
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# Outline

- **Business Model**
- **Review of Operations for 3Q**
- **Growth Opportunity and 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, 216 employees (150 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



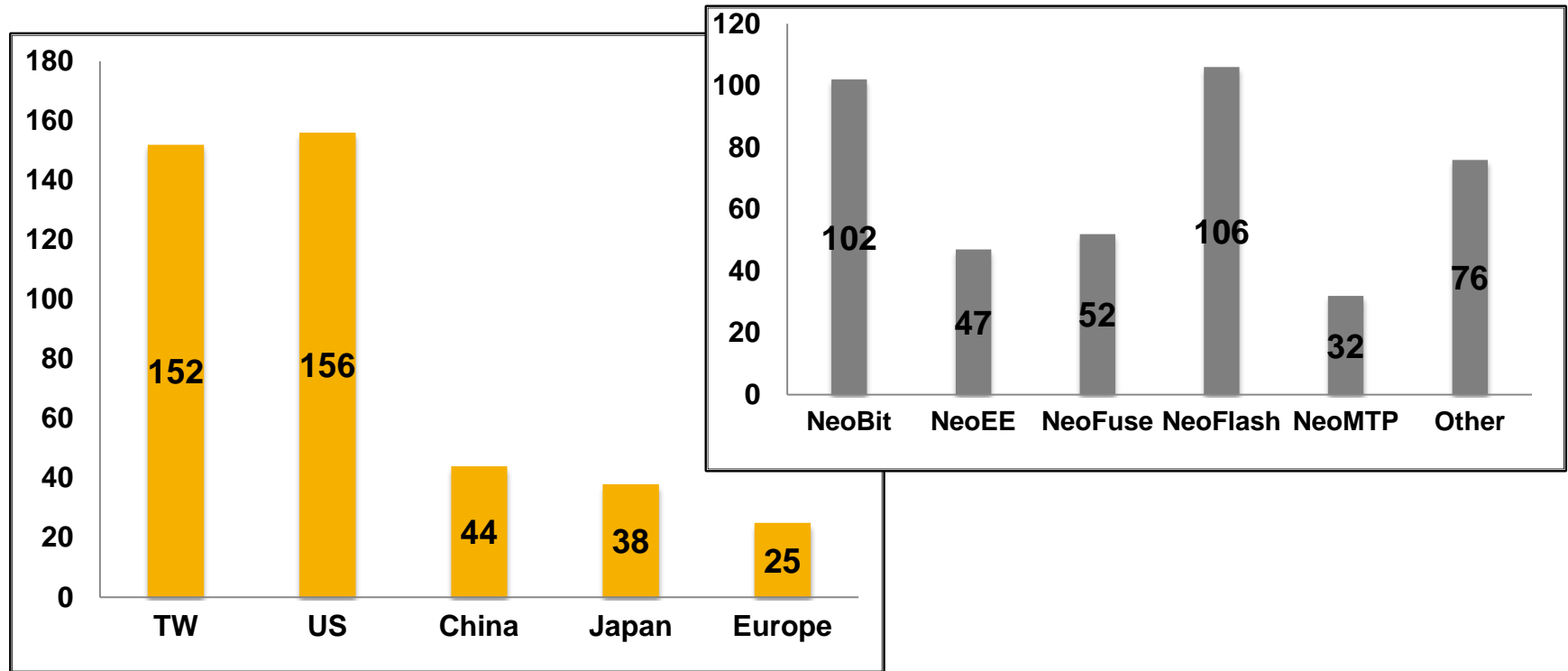
## IDM



	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

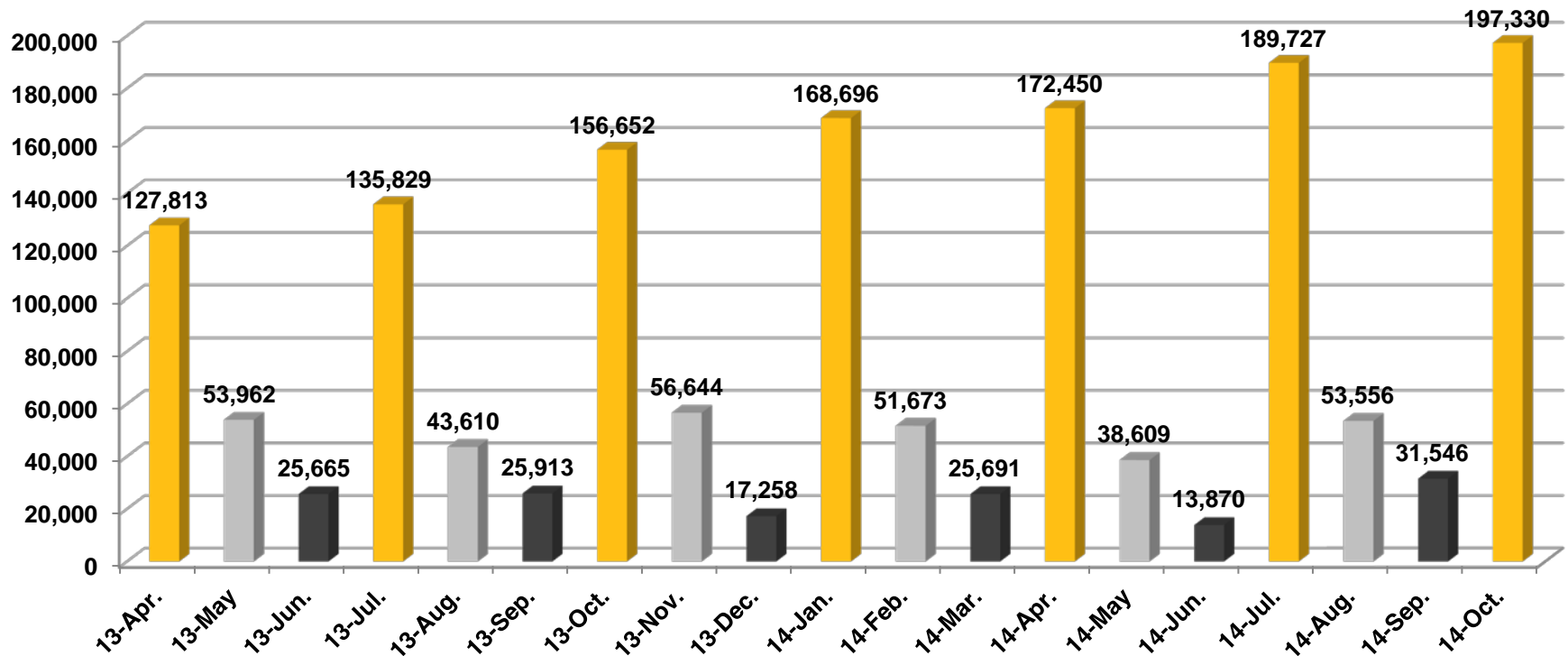
	2Q14	3Q14	Diff.
Pending	136	160	+24
Issued	236	255	+19
<b>Total</b>	<b>372</b>	<b>415</b>	<b>+43</b>



# 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	1Q-3Q14	1Q-3Q13	YoY Growth Rate
Royalty	212,848	167,731	26.90%	148,297	43.53%	551,594	388,949	41.82%
Licensing	61,981	57,198	8.36%	57,055	8.63%	194,224	188,755	2.90%
<b>Total</b>	<b>274,829</b>	<b>224,929</b>	<b>22.18%</b>	<b>205,352</b>	<b>33.83%</b>	<b>745,818</b>	<b>577,704</b>	<b>29.10%</b>

Unit: Number of contract

		3Q14	2Q14	1Q-3Q14	1Q-3Q13
Technology License		5	6	17	14
Design License	NRE	22	12	67	39
	Usage	88	86	264	230

# Financial Income Statement

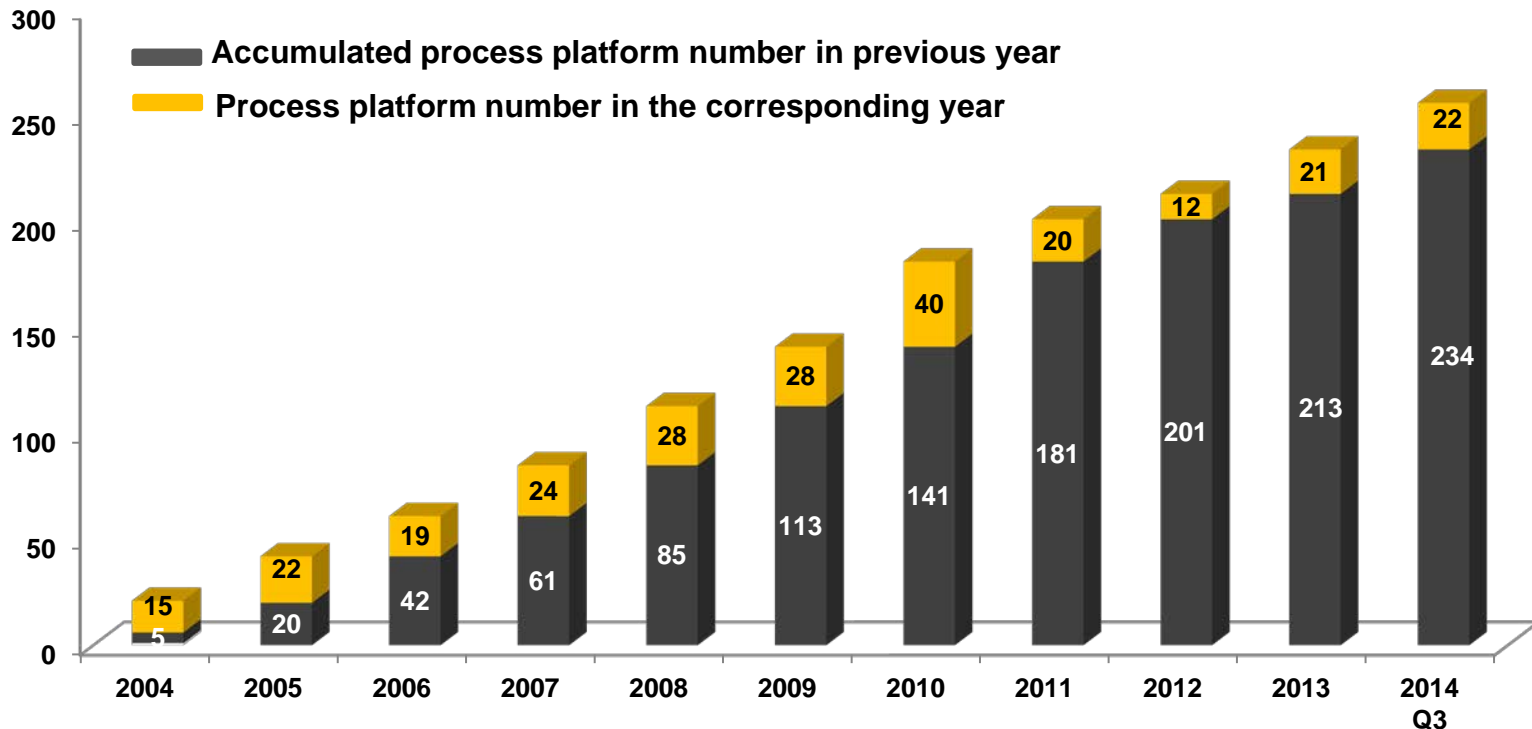
Unit: NTD thousands	3Q14	1Q-3Q14	1Q-3Q13	YoY
Revenue	274,829	745,818	577,704	29.1%
Gross Margin	100%	100%	100%	-
Operating Expenses	135,695	391,820	343,813	14.0%
Operating Margin	50.6%	47.5%	40.5%	+7.0ppts
Non Operating Income	1,852	6,943	654	961.6%
Net Income	124,352	317,673	199,372	59.3%
Net Margin	45.2%	42.6%	34.5%	+8.1ppts
EPS (Unit: NTD)	1.64	4.19	2.66	57.5%
ROE	29.7%	25.3%	17.2%	+8.1ppts

# Technology License Statistics

Unit: Number of contract

Year	2012	2013	1Q-3Q2014
License number	12	19	17

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.



Confidential

# Current Technology Development Platform

- Total (As of October) : **78**
- **31** for the NeoBit, **25** for NeoFuse, **2** for NeoFlash, **13** for NeoEE, and **7** for NeoMTP.

	16nm	28nm	40nm	55/65nm	80/90nm	0.11~ 0.13um	0.15~ 0.18um	>0.25 um	Total
NeoBit	-	-	-	1	1	10	17	2	31
NeoFuse	1	7	4	8	1	3	1	-	25
NeoFlash	-	-	-	1	-	1	-	-	2
NeoEE	-	-	2	-	1	4	5	1	13
NeoMTP	-	-	-	1	2	2	2	-	7

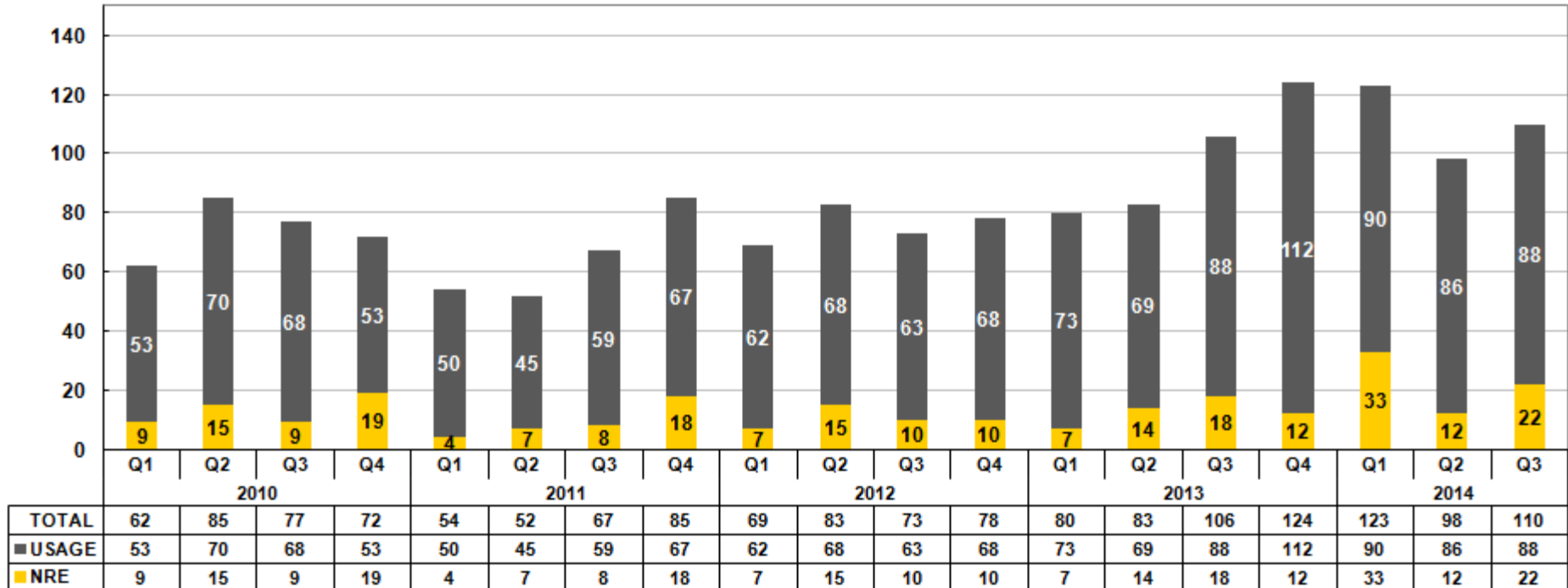
# Current Technology Development Platform

12" Fabs	Production	Development	NVM Type	Process Type
16nm	0	1	OTP	FF+
28nm	2	7	OTP	LP/HPM, HLP/HPM, LPS
40nm	1	6	OTP, MTP	HV-DDI, LP
55/65nm	7	11	OTP, MTP, Flash	LP, HV-DDI, HV-OLED, DRAM, CIS
80/90nm	7	5	OTP, MTP	HV-DDI, HV-OLED, LP
0.13/0.11um	1	5	OTP, Flash	HV-DDI, BCD, Generic
0.18um	0	1	OTP	BCD

8" Fabs	Development	NVM Type	Process Type
0.13/0.11um	15	OTP, MTP, Flash	HV-DDI, BCD, LP, RF, CIS, LL
0.18/0.16/0.152um	24	OTP, MTP	Generic, LP, LL, MR, HV, Green, BCD
0.25um	2	OTP, MTP	BCD
0.35um	1	OTP	UHV

# Quarterly Design Licensing (New Tape Out)

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

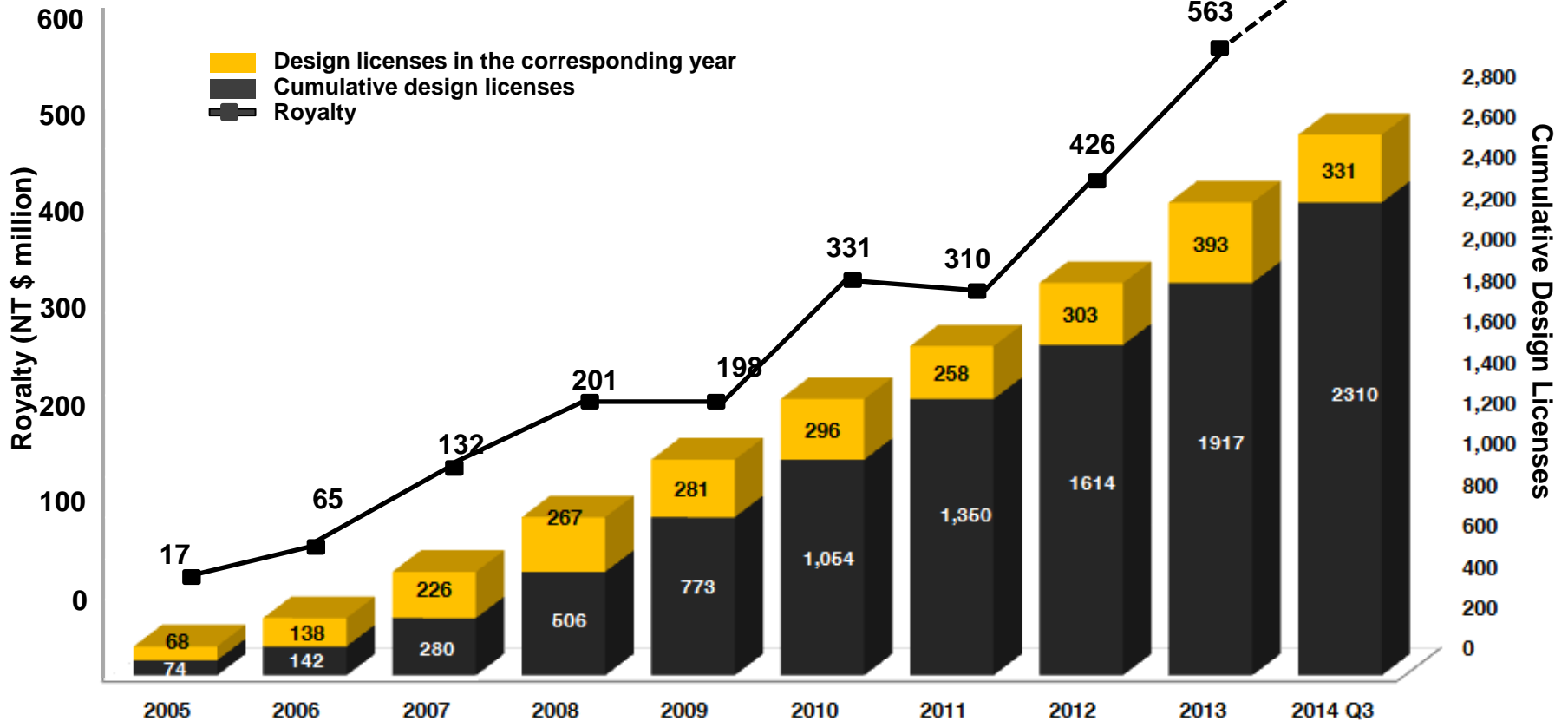


Usage : Usage of pre-qualified and verified IP (charged by per product tape out or annual package), the cycle time from design implementation to royalty payments for mass production is faster, typically less than one year.

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



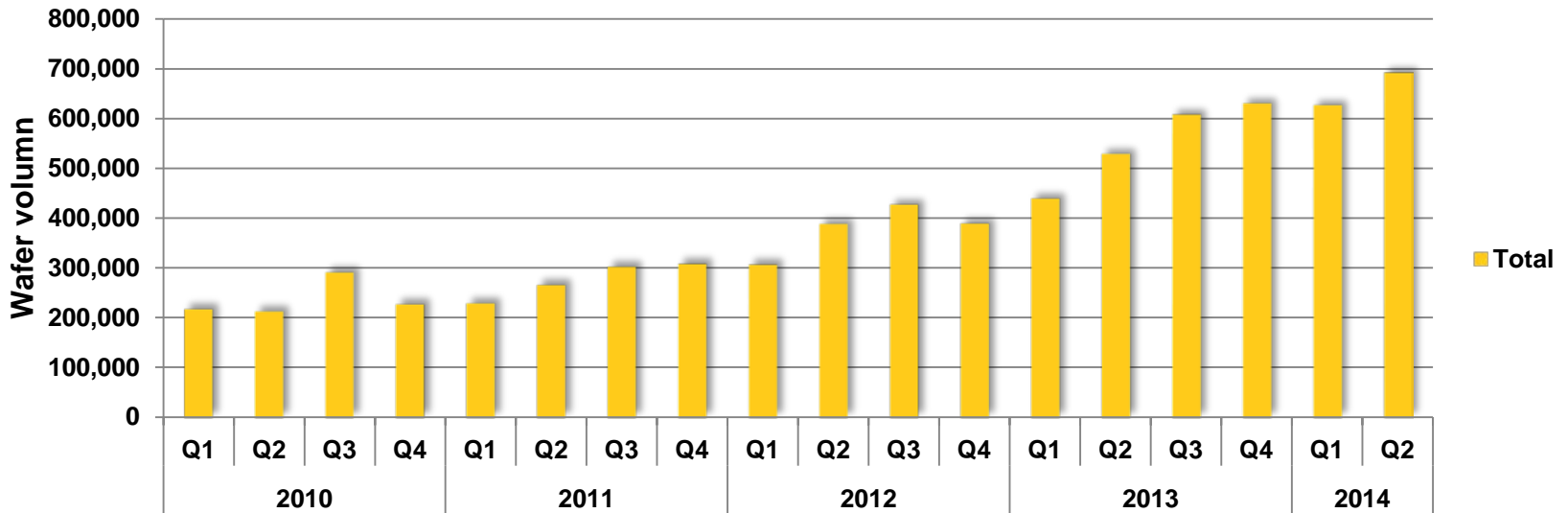
note 1: Due to the 2009 recession, royalty income was down annually 1.5%.

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%.



# Wafer Production Volume



embedded eMemory IP in T Company (\$revenue); \* % of Process node in T company total revenue in 3Q14

	Process node	*% of T	3Q14	2Q14	1Q-3Q14	1Q-3Q13
8"	0.5+	1%	0%	0%	0%	0%
	0.25/0.35	4%	33.5%	34.2%	30.5%	25.6%
	0.15/0.18	13%	13%	13.3%	13.3%	9.36%
	0.11/0.13	3%	21%	20.4%	20.8%	20.2%
12"	90nm	6%	16.4%	18.3%	16.3%	3.9%
	65nm	13%	0%	0%	0%	0%
	40/45nm	17%	0%	0%	0%	0%
	28nm	34%	0%	0%	0%	0%
	20nm	9%	0%	0%	0%	0%
8"		21%	16.5%	17%	16.1%	13.2%
12"		79%	1.4%	1.6%	1.4%	0.65%
<b>Total</b>		100%	4.5%	5.1%	4.5%	3.7%

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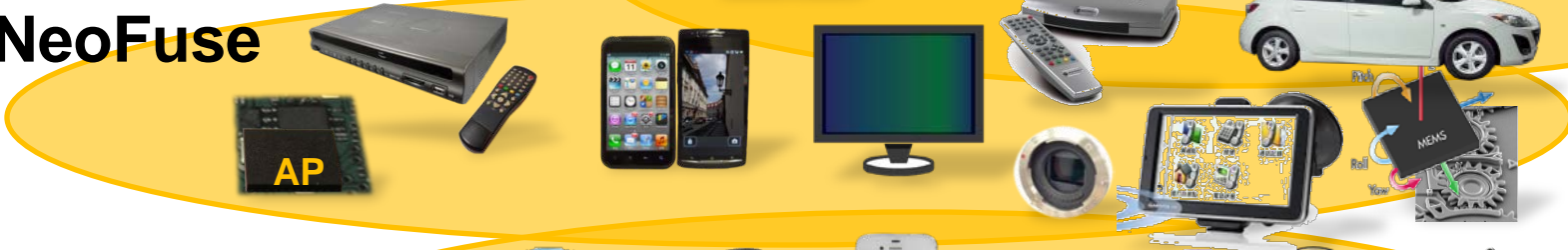
# Applications by Technology

12"			8"					
16/20nm	28nm	40nm	55/65nm	80/90nm	110/130nm	160/180nm	250nm	350nm

## NeoBit



## NeoFuse



## NeoFlash



## NeoEE

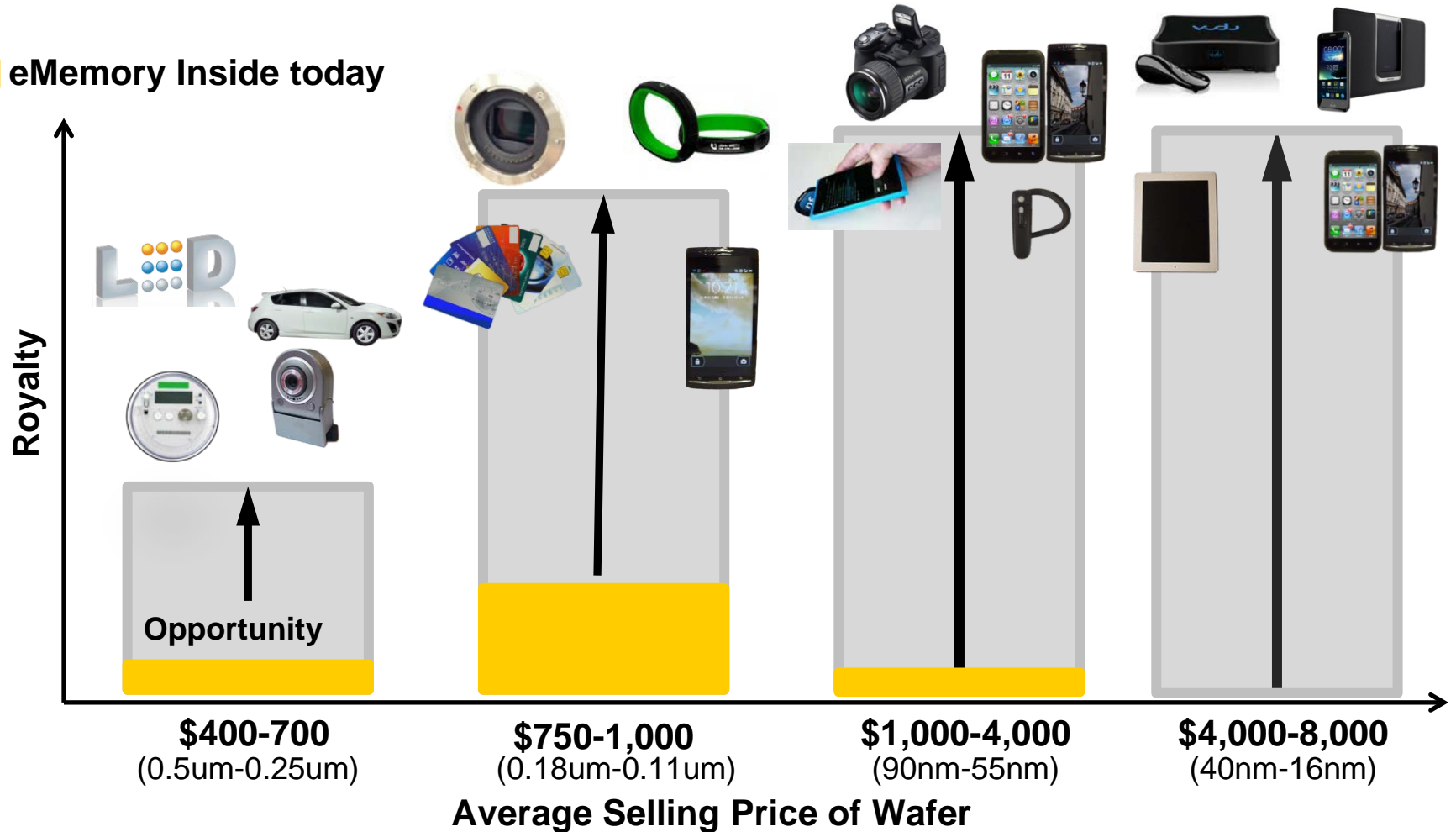


## NeoMTP



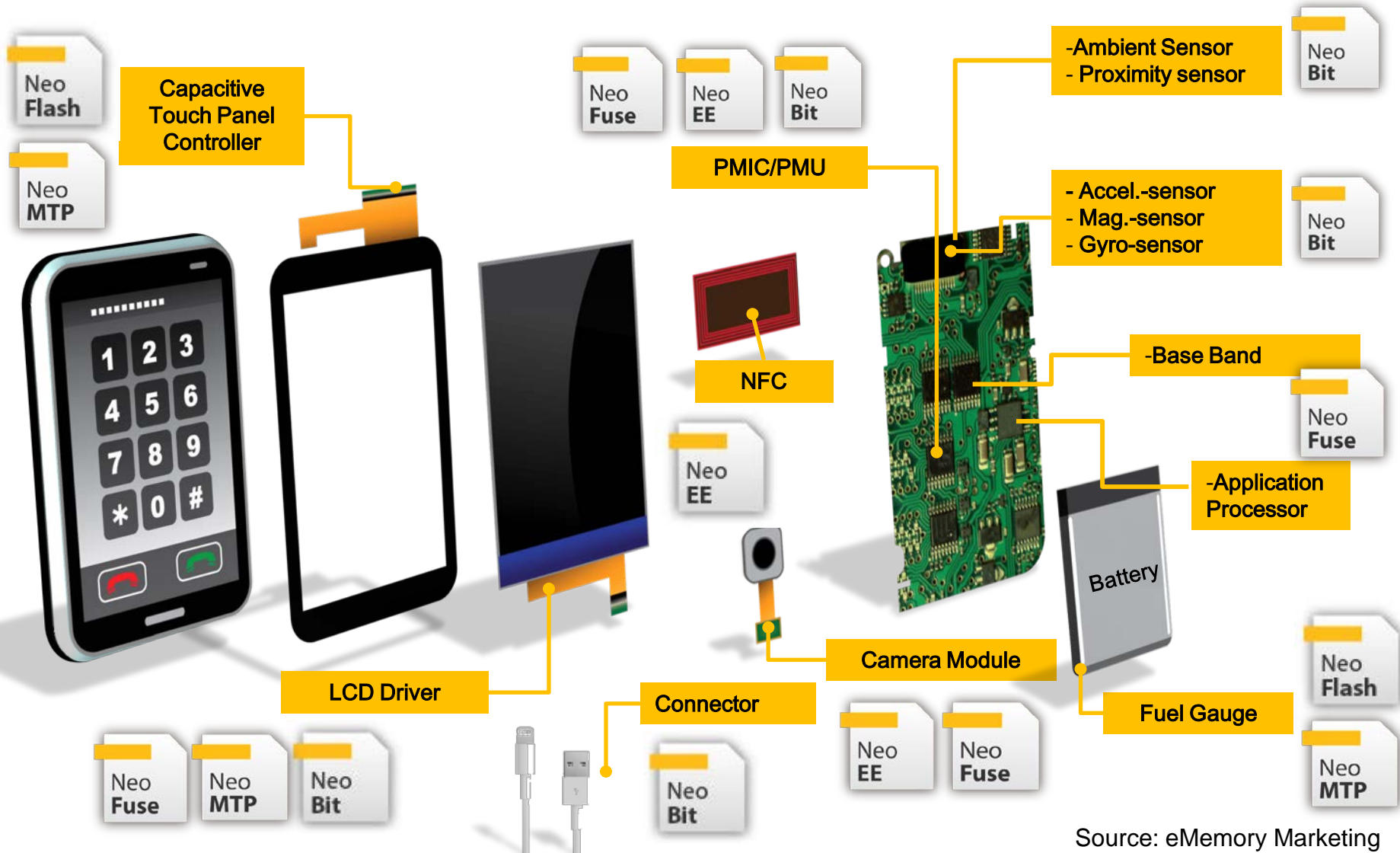
# Opportunity at all Price Points

 eMemory Inside today



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

# eMemory IP in Smart Phone



Source: eMemory Marketing

# 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.

# Outlook for 4Q and Beyond

- **We foresee sustainable growth momentum in the coming quarters.**
- **Our penetration into advanced technology nodes is accelerating.**
- **The needs for low cost, low power and increased security are accelerating the adoption of eNVM in a diverse range of IoT-related applications.**

# Q & A



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# eMemory

**Embedded Wisely, Embedded Widely**