

ememory

**A Leading Logic NVM
Company**

IPR Notice

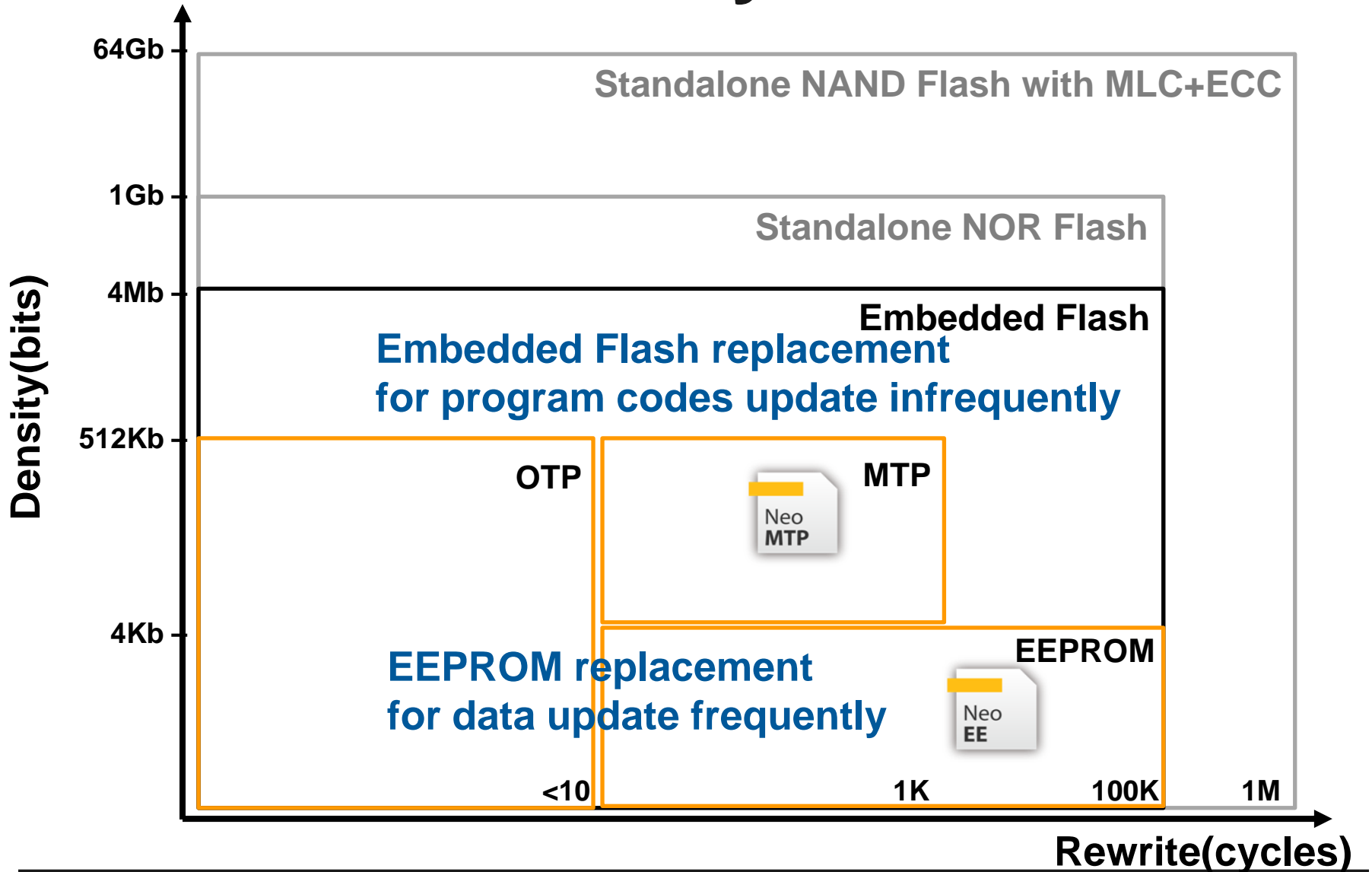
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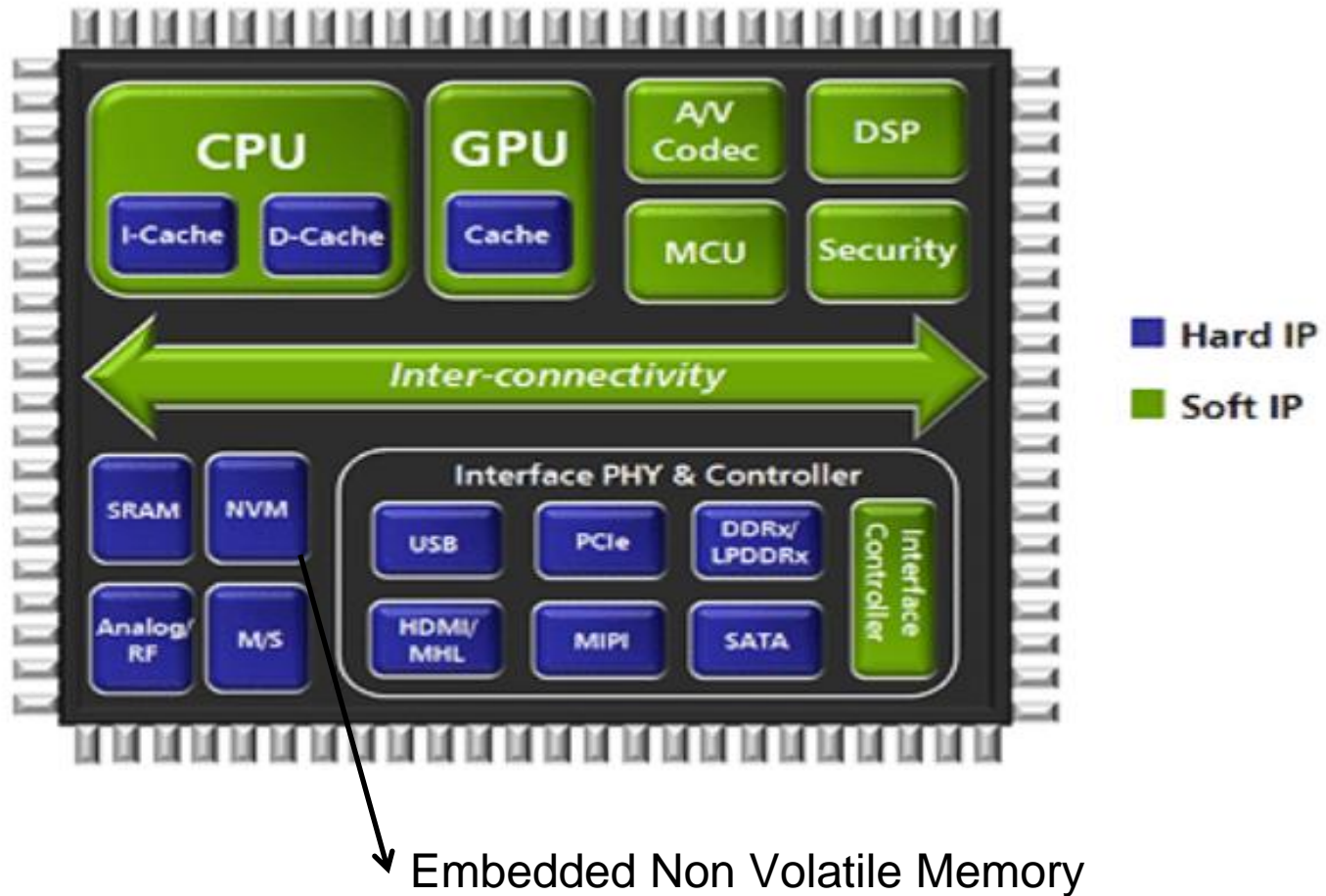
Outline

- **Business Model**
- **Review of Operations**
- **Growth Opportunity and Future Outlook**
- **Q & A**

Nonvolatile Memory Classifications



SOC Block Diagram



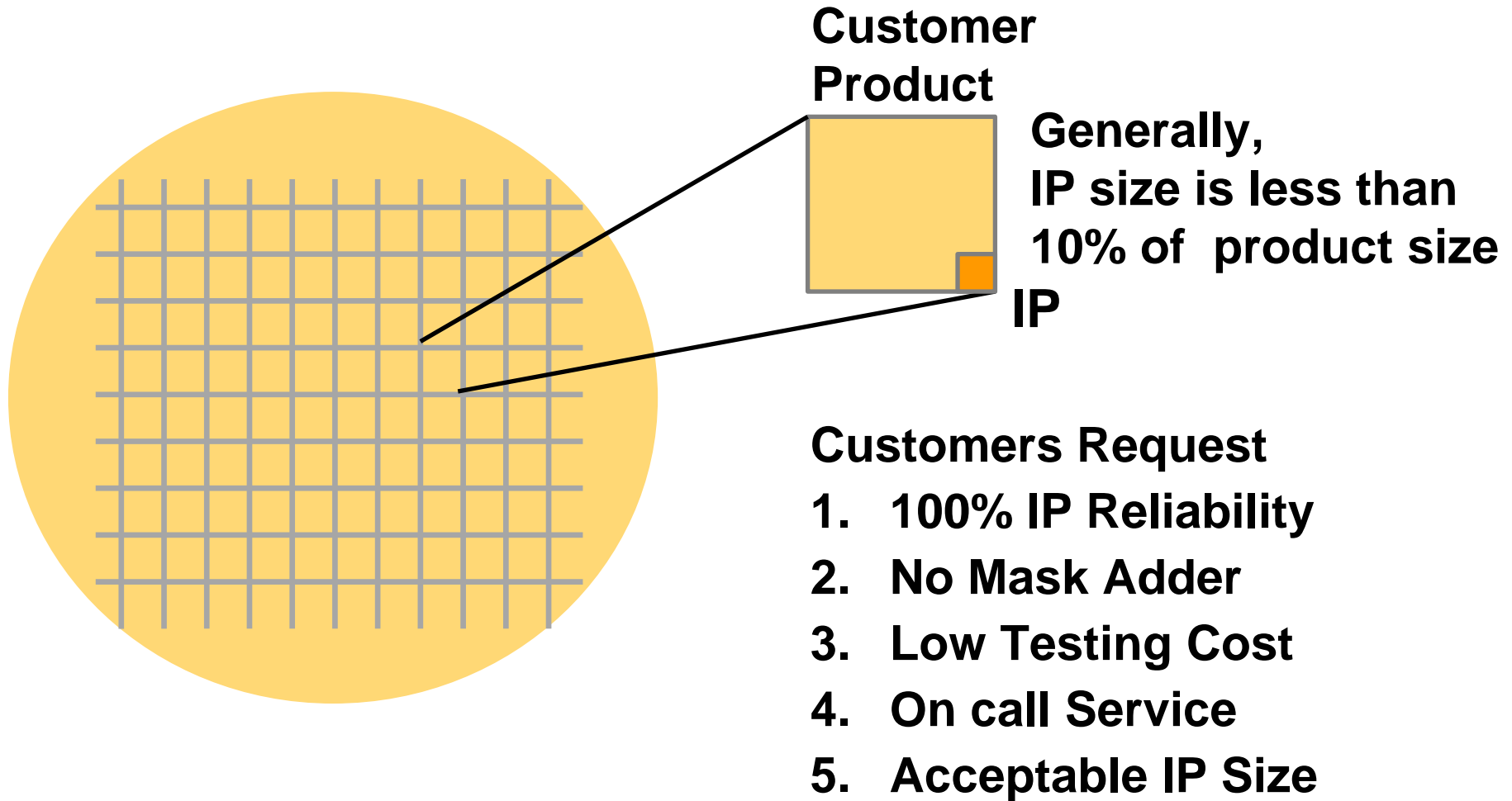
Source : tsmc

Embedded NVM Technologies

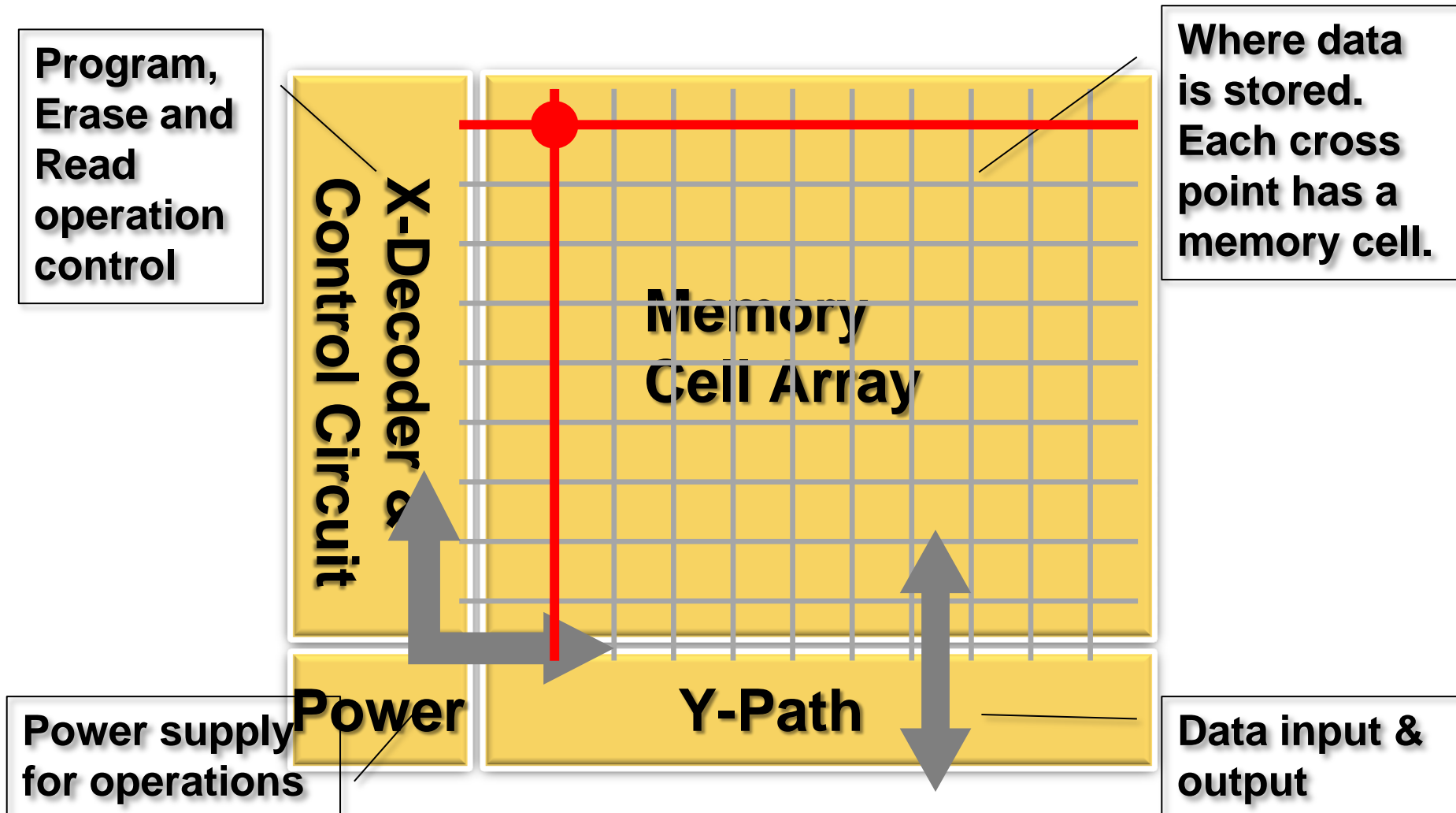
	ROM	eFuse (OTP)	Antifuse (OTP)	CMOS Floating Gate (OTP)	CMOS Floating Gate (MTP)	Embedded Flash
Cell Structure	Transistor	Poly Fuse	Antifuse	Floating Gate	Floating Gate	Floating Gate
Standard CMOS Compatible	Yes	Yes	Yes	Yes	Yes	No
Bitcell Area	< 1	50	1	2	4	1
Endurance	No	No	< 10	< 10	10K-100K	100-1000K
Density	4Kb-1Mb	256bit-4Kb	16bit-1Mb	16Kb-1Mb	1Kb-2M	64Kb-4Mb
Security	Low	Low	High	High	High	High
Additional Steps	None	None	None	None	None	+10 Mask

- ROM not programmable, eFuse cannot scale beyond 16Kb, embedded flash expensive and cannot scale after 40 nm
- eMemory's IPs: OTP (antifuse, floating gate) and MTP (floating gate)

Considerations for IP Adoption

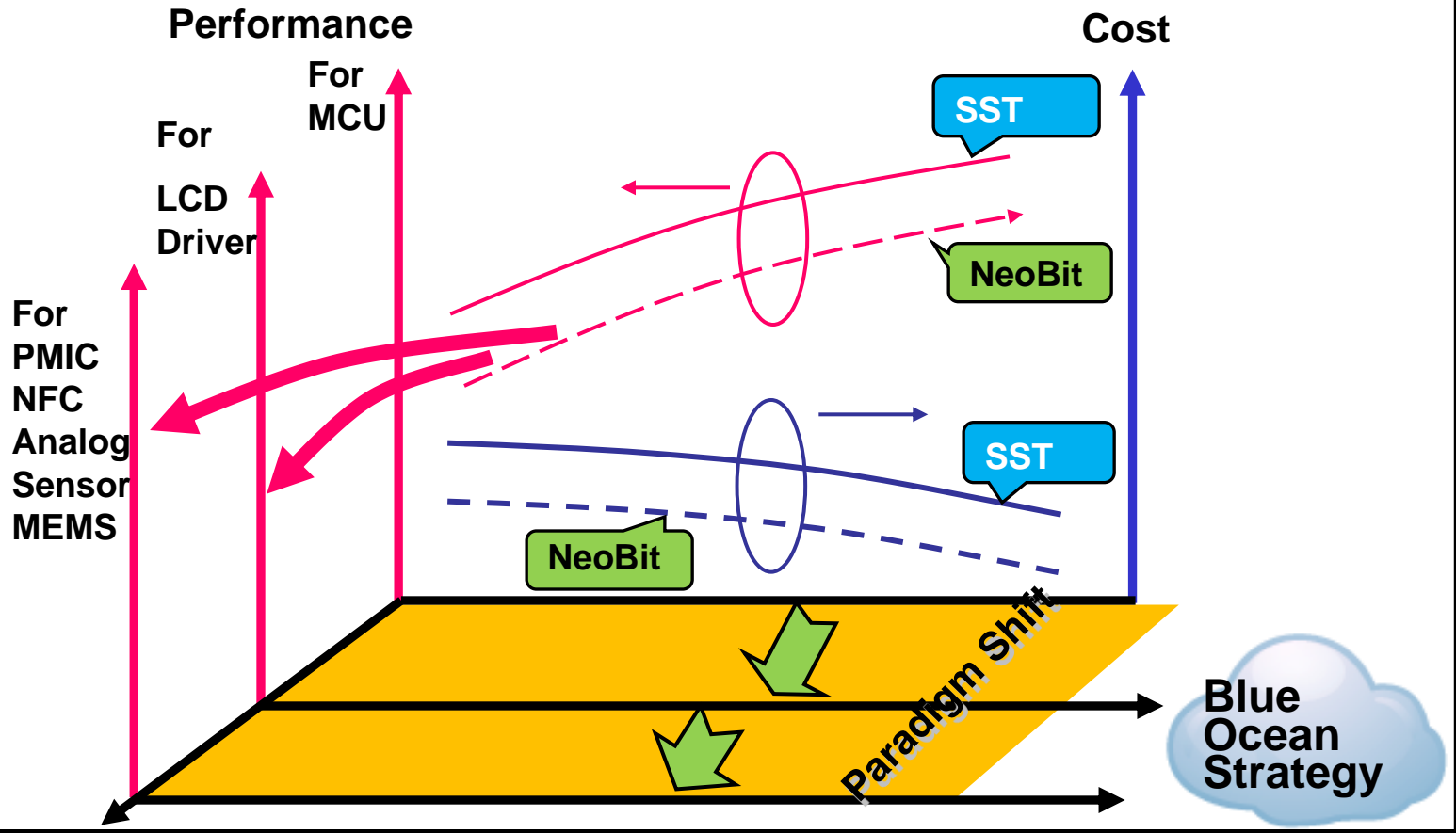


Inside Nonvolatile Memory IP

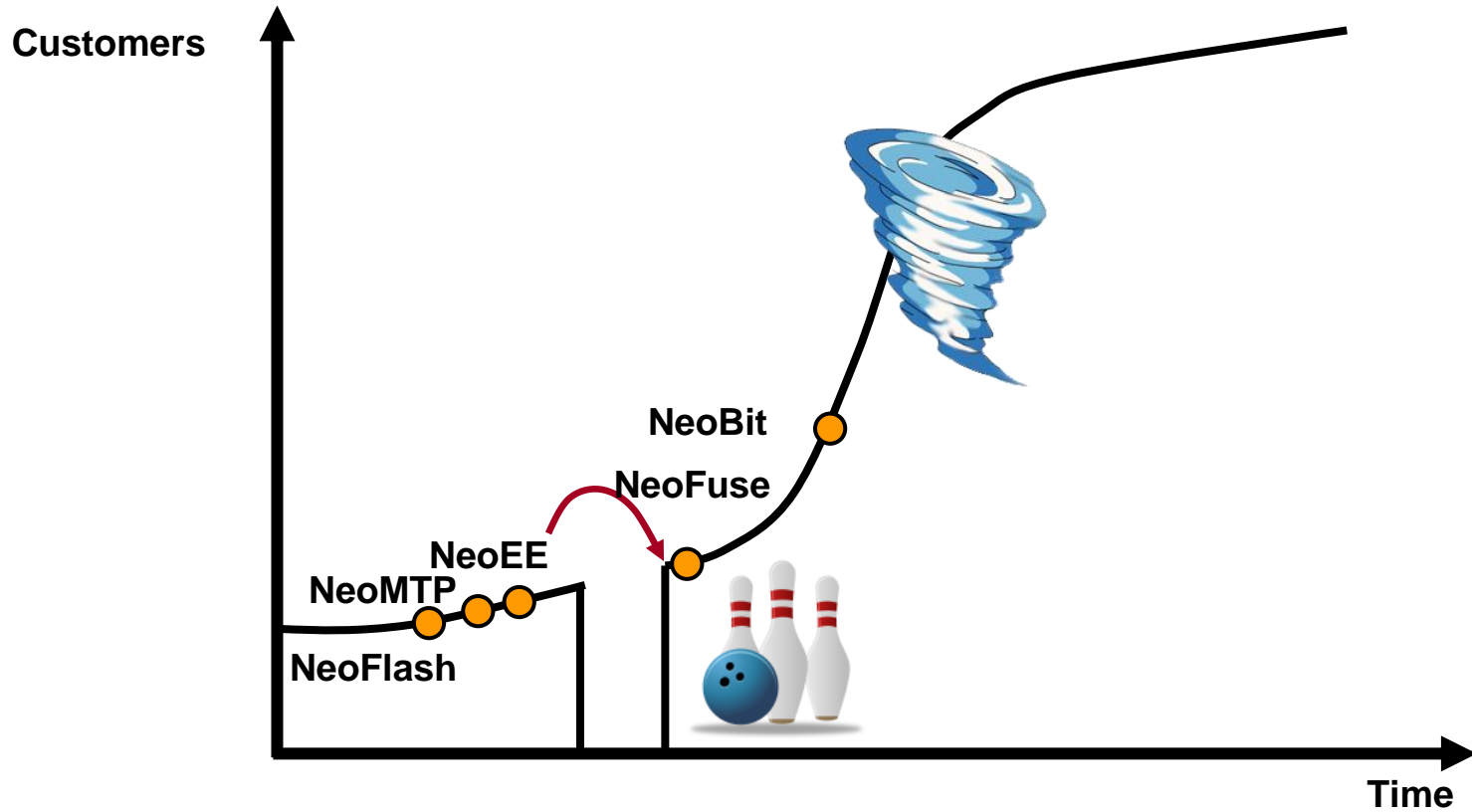


What We Have Done

● *Innovation, Innovation, and Innovation !*

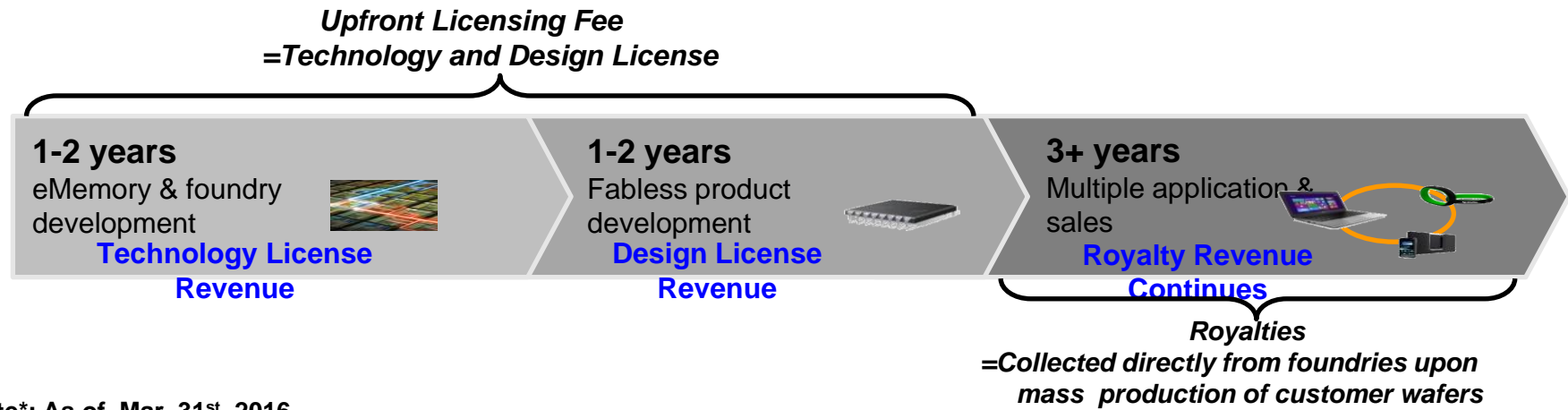


Crossing the Chasm



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, 224 employees (157 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



Note*: As of Mar. 31st, 2016

Worldwide Customers



Foundry



IDM

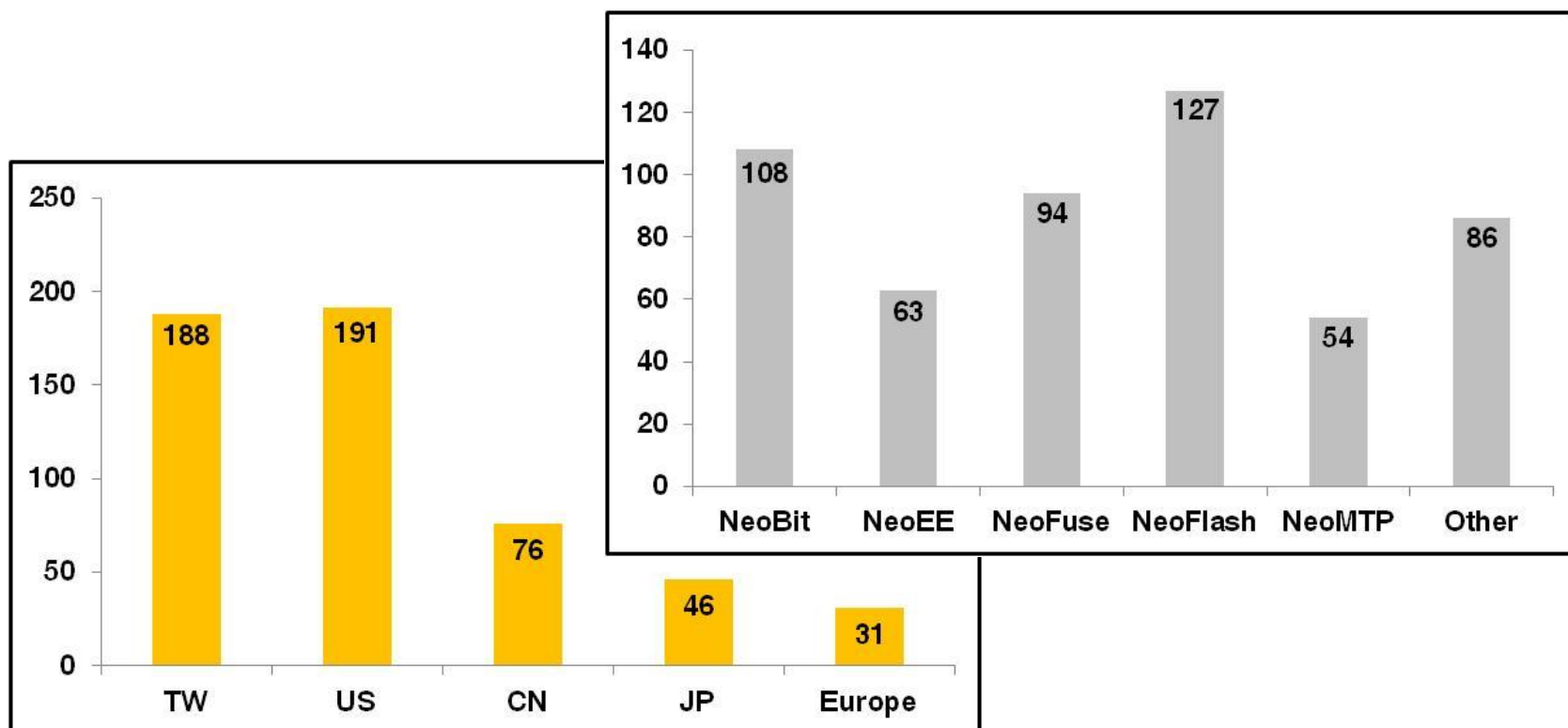


	Taiwan	China	Korea	Japan	North America	Europe	Others
Foundry	5	7	3	2	1	1	1
IDM	0	0	0	8	2	1	0
Fabless	251	409	59	47	191	107	42

Note*: As of Mar. 31st, 2016

Patent Portfolio

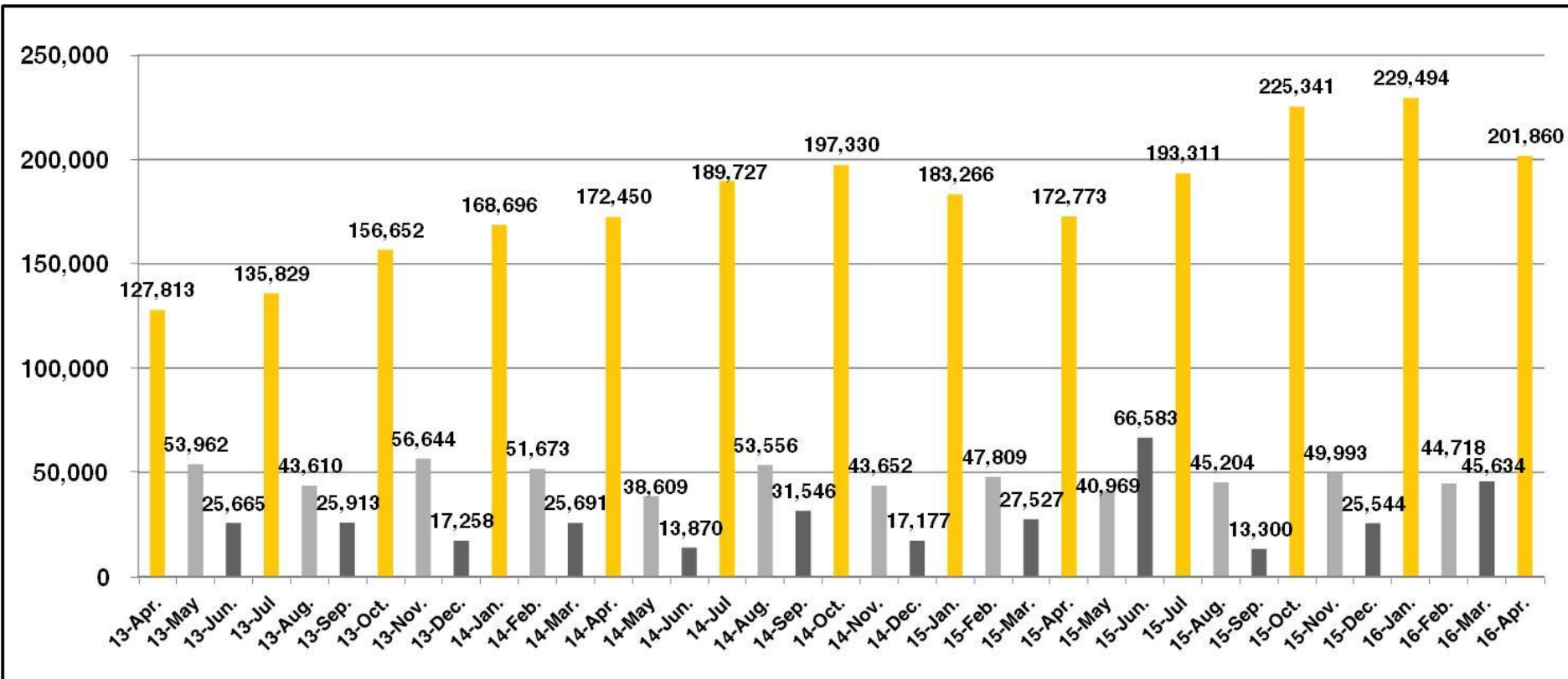
	Q4 15	Q1 16	Diff.
Pending	187	187	-
Issued	325	345	+20
Total	512	532	+20



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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Q1 Revenue Breakdown

Unit: NTD thousands

	Q1 2016	Q4 2015	QoQ	Q1 2015	YoY
Licensing	85,976	69,307	24.05%	64,056	34.22%
Royalty	233,870	231,571	0.99%	194,546	20.21%
Total	319,846	300,878	6.30%	258,602	23.68%

Unit: Number of contracts

	Q1 2016	Q4 2015	2015	2014
Technology Licenses	13	11	28	21
Design Licenses				
NRE	13	9	57	82
Usage	69	104	349	363

Financial Income Statement

(Unit: NTD thousands)	Q1 2016	Q4 2015	% change	Q1 2015	% change
Revenue	319,846	300,878	6.3%	258,602	23.7%
Gross Margin	100%	100%	-	100%	-
Operating Expenses	177,088	156,216	13.4%	128,976	37.3%
Operating Margin	44.6%	48.1%	-3.5ppts	50.1%	-5.5ppts
Net Income	166,012	128,090	29.6%	114,423	45.1%
Net Margin	51.9%	42.6%	+9.3ppts	44.2%	+7.7ppts
EPS (Unit: NTD)	2.19	1.69	29.6%	1.51	45.0%
ROE	34.9%	28.4%	+6.5ppts	24.8%	+10.1ppts

Note 1: The employee stock option was recognized under compensation cost in Q1 2016; therefore, the operating expenses increased by NT\$2.281 million while the operating margin was down 0.71ppts.

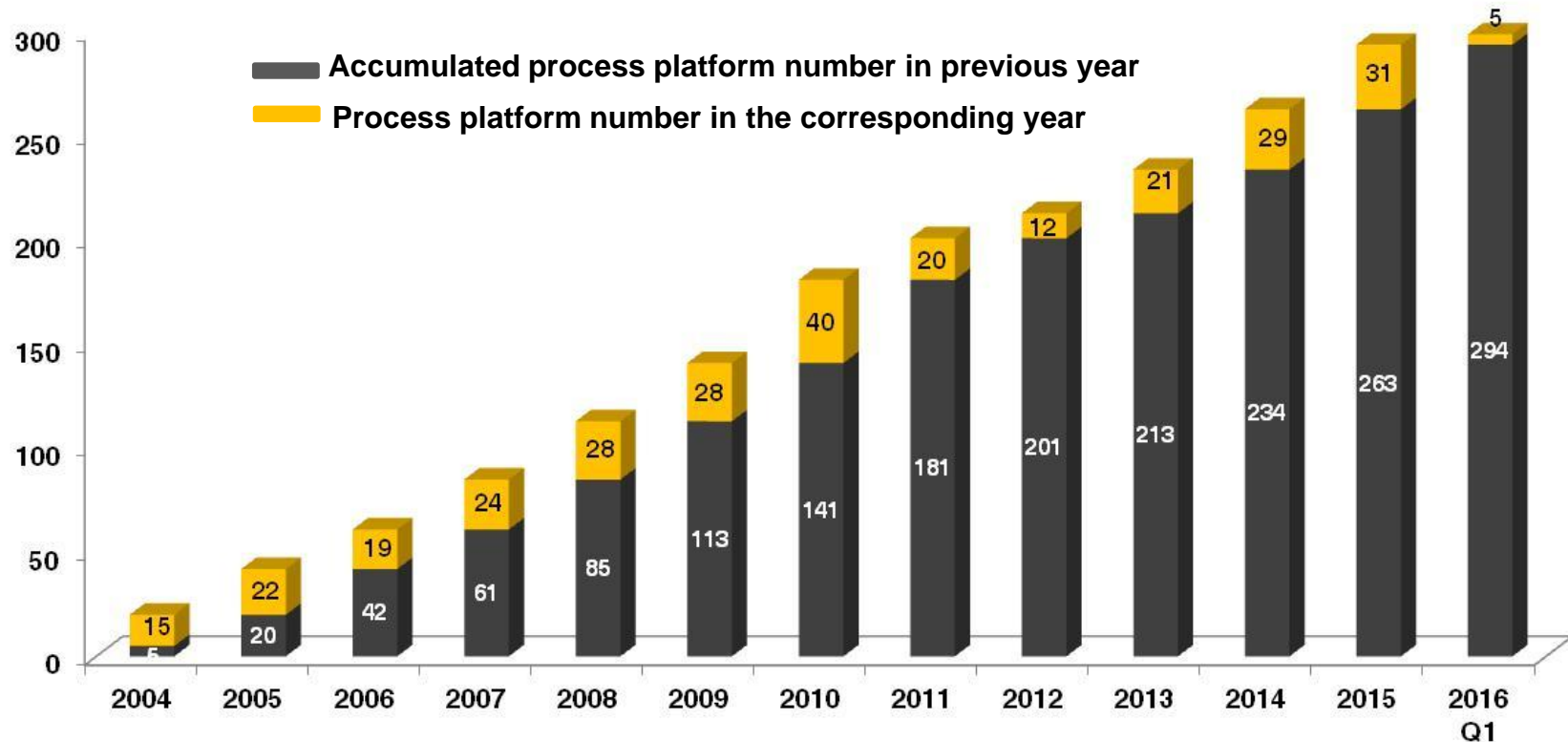
Note 2: Due to the disposal of financial assets in Q1 2016, the related cost from profit sharing to employees by non-operating income increased by NT\$7.389 million which affected the operating margin by 2.3ppts.

Technology License

Unit: Number of contract

Year	2013	2014	2015	Q1 2016
License number	19	21	28	13

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.



Current Technology Development Platforms

- Total (As of Mar.) : **100**
- **18** for NeoBit, **40** for NeoFuse, **23** for NeoEE, and **19** for NeoMTP.

	10nm	14/16nm	28nm	40nm	55/65nm	80/90nm	0.11~ 0.13um	0.15~ 0.18um	>0.25 um	Total
NeoBit	-	-	-	-	-	-	6	12	-	18
NeoFuse	1	3	9	5	8	4	7	3	-	40
NeoFlash	-	-	-	-	-	-	-	-	-	0
NeoEE	-	-	-	1	-	1	5	16	-	23
NeoMTP	-	-	-	-	2	2	5	10	-	19

Current Technology Development Platforms

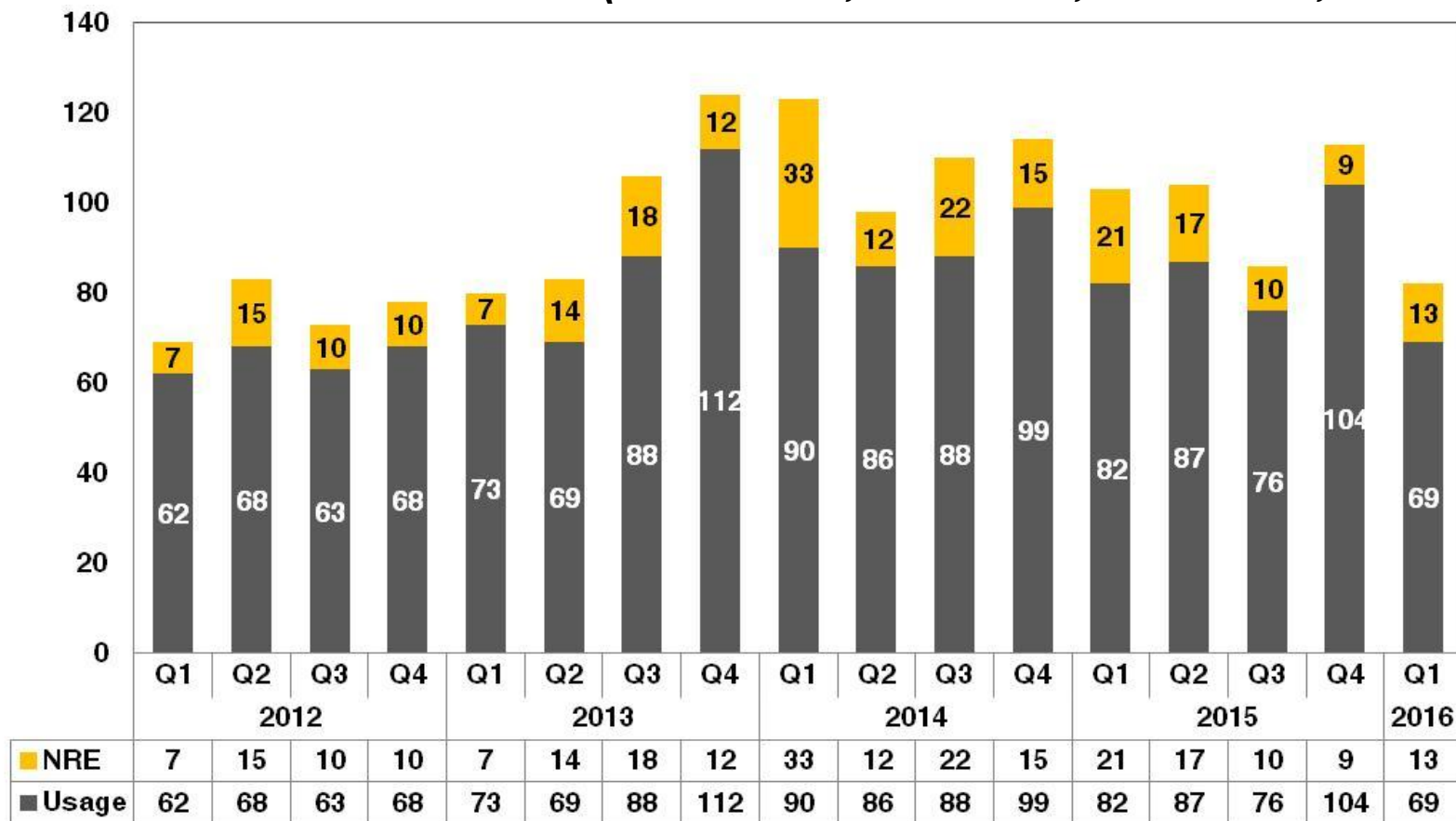
12" Fabs	Production	Development	NVM Type	Process Type
10nm	0	1	OTP	FF
14/16nm	0	3	OTP	FF+
28nm	5	9	OTP	LP/HPM, HLP/HPM, LPS
40nm	2	6	OTP, MTP	HV-DDI, LP
55/65nm	11	10	OTP, MTP, Flash	LP, HV-DDI, HV-OLED, DRAM, CIS
80/90nm	5	7	OTP, MTP	HV-DDI, HV-OLED, LP
0.13/0.11um	6	4	OTP, Flash	HV-DDI, BCD, Generic
0.18um	1	0	OTP	BCD

8" Fabs	Development	NVM Type	Process Type
0.13/0.11um	19	OTP, MTP, Flash	HV-DDI, BCD, LP, RF, CIS, LL
0.18/0.16/0.152um	41	OTP, MTP	Generic, LP, LL, MR, HV, Green, BCD
0.25um	0	OTP, MTP	BCD
0.35um	0	OTP	UHV

*As of Mar. 31st, 2016

Quarterly Design Licensing (New Tape Out)

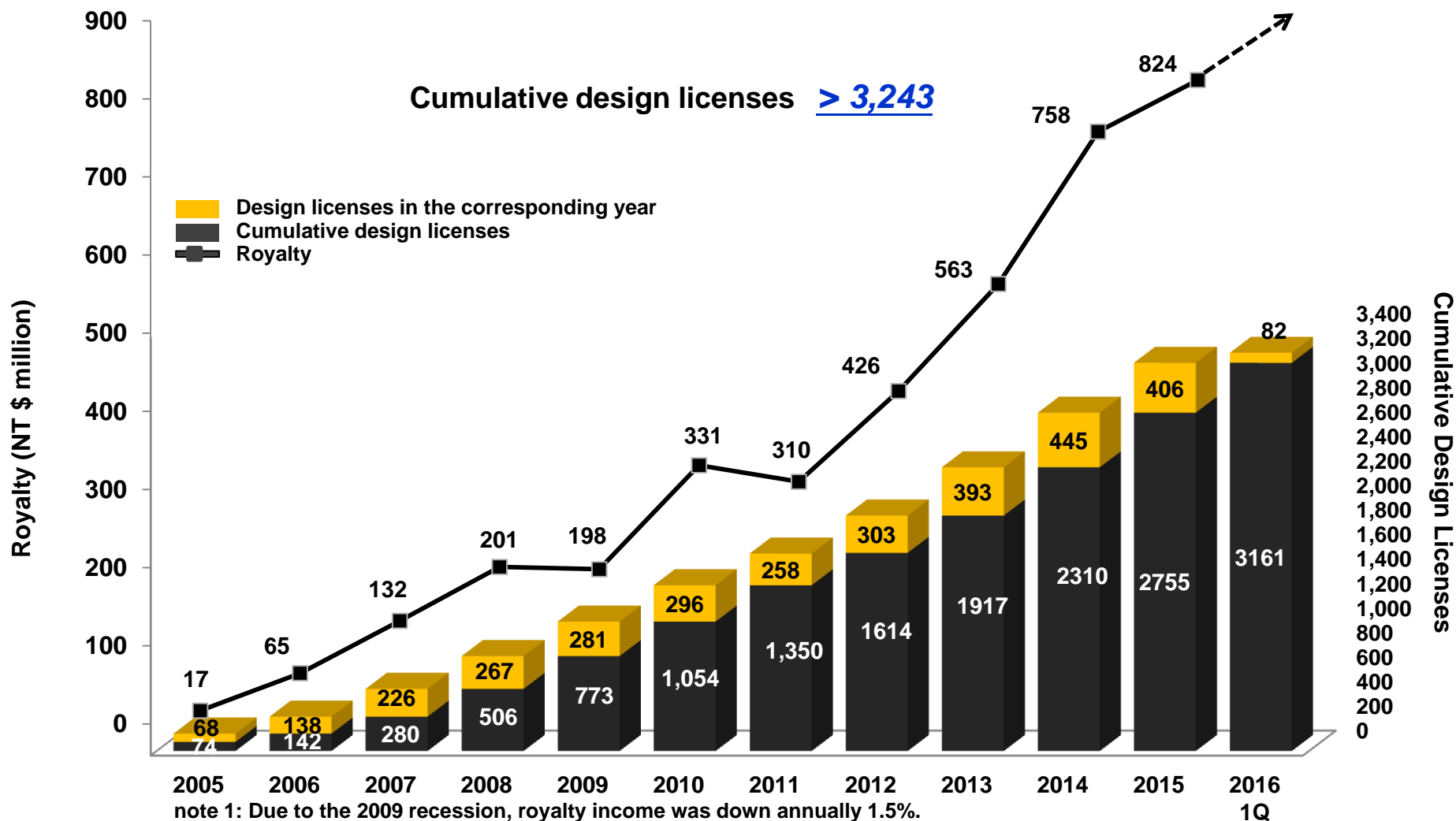
- Total **82** NTO as of in Q1 2016(**406**@2015,**445**@2014, **393**@2013, **303**@2012)



Note*: As the applications of MCU at several foundries have gradually entered mass production, and the business model of the main foundry partner which provides green process has shifted to — eMemroy licenses IP cell to the foundry for it to provide direct design service to customers — as the result, the new tape out number of MCU has been affected, drop 25 as it compare to Q1 2015, but the royalty coming from IP cell usage continues to roll in.

In summary, even the new tape out number of MCU is lower than before; the corresponding wafer output and royalty continue to grow.

Cumulative Licenses Drive Future Royalties

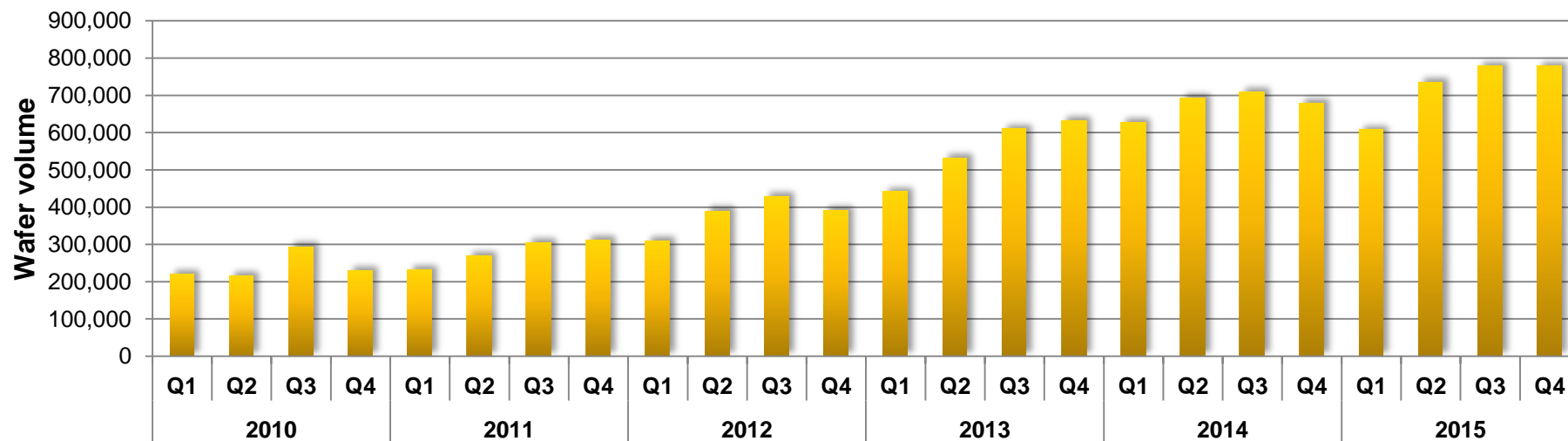


note 1: Due to the 2009 recession, royalty income was down annually 1.5%.

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 Q1 2016

	Process node	*% of T	Q1 16	Q4 15	2015	2014
8"	0.25/0.35	3%	40.91%	47.61%	33.49%	30.5%
	0.15/0.18	11%	13.41%	10.11%	8.73%	11.9%
	0.11/0.13	2%	27.53%	29.24%	29%	20.8%
12"	90nm	6%	20.04%	20.20%	19.85%	16.3%
	65nm	10%	2.91%	0.61%	0.55%	0%
	40/45nm	14%	0%	0%	0%	0%
	28nm	30%	0.46%	0.18%	0.05%	0%
	16/20nm	23%	0%	0%	0%	0%
8"		17%	20.33%	21.64%	16.64%	15.6%
12"		83%	1.97%	1.88%	1.87%	1.4%
Total		100%	5.09%	5.42%	4.76%	4.5%

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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

Applications by Technology

12"

8"

16/20nm

28nm

40nm

55/65nm

80/90nm

110/130nm

160/180nm

250nm

350nm

NeoBit

NeoFuse

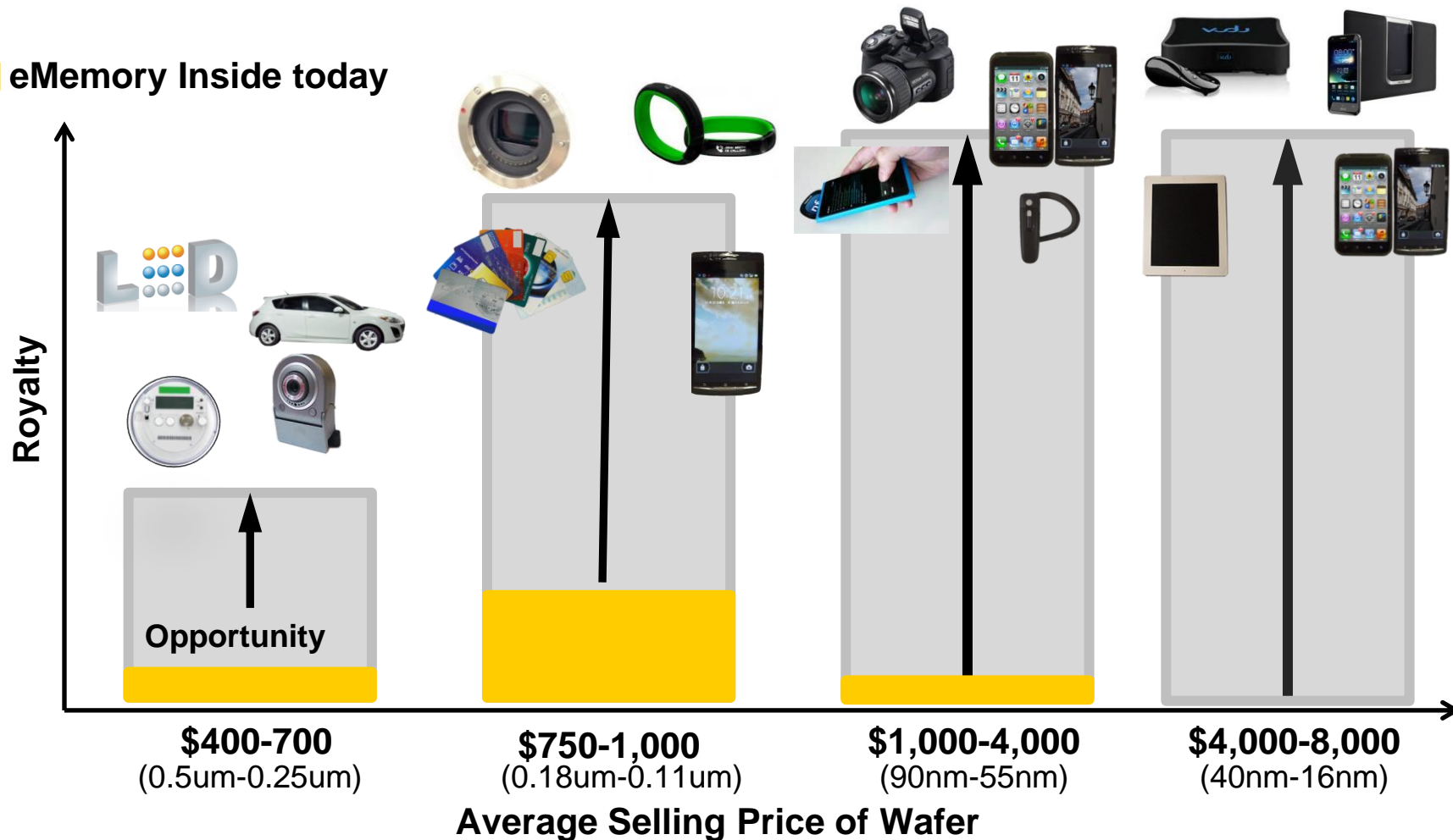
NeoFlash

NeoEE

NeoMTP

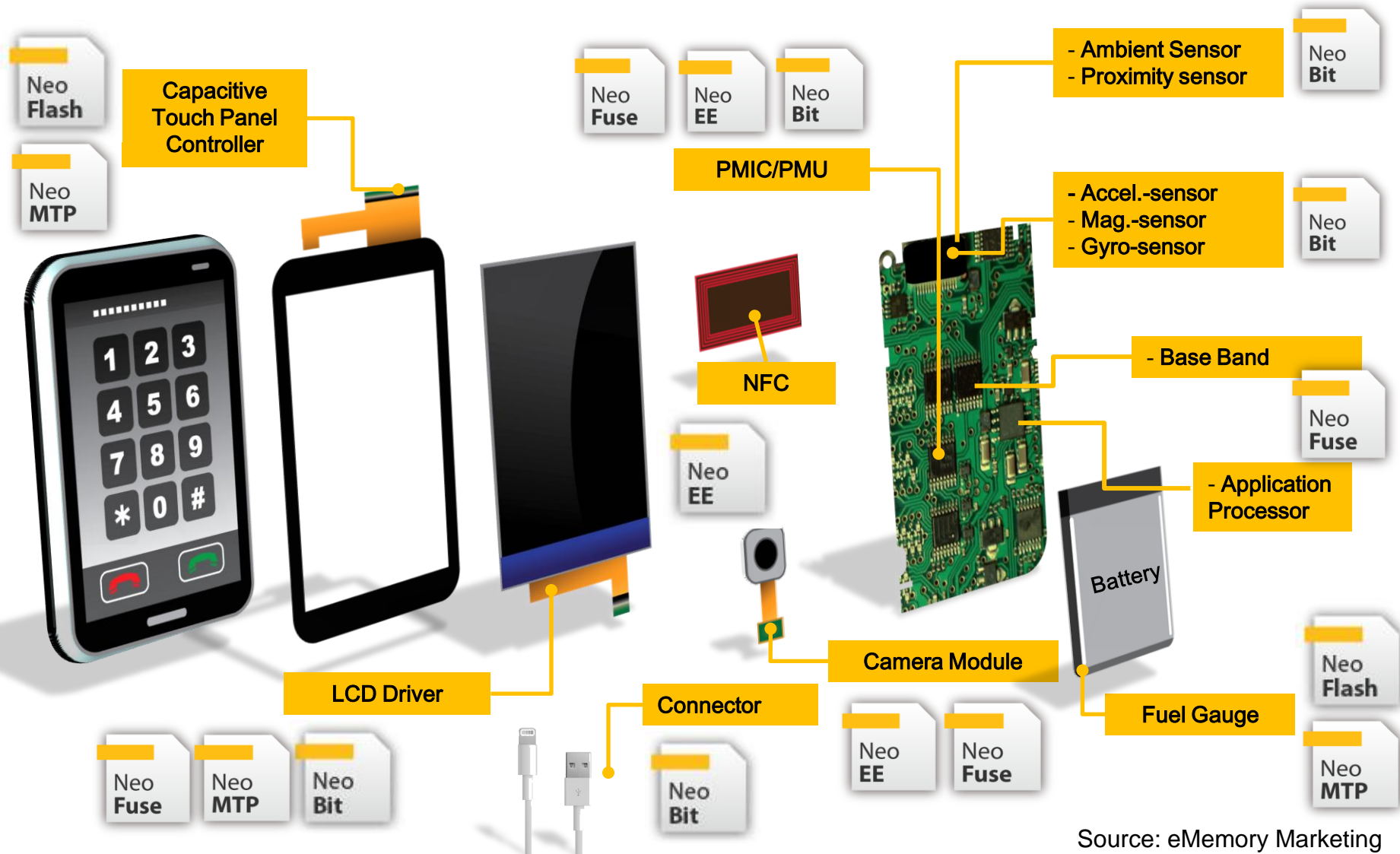
Opportunity at all Price Points

 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

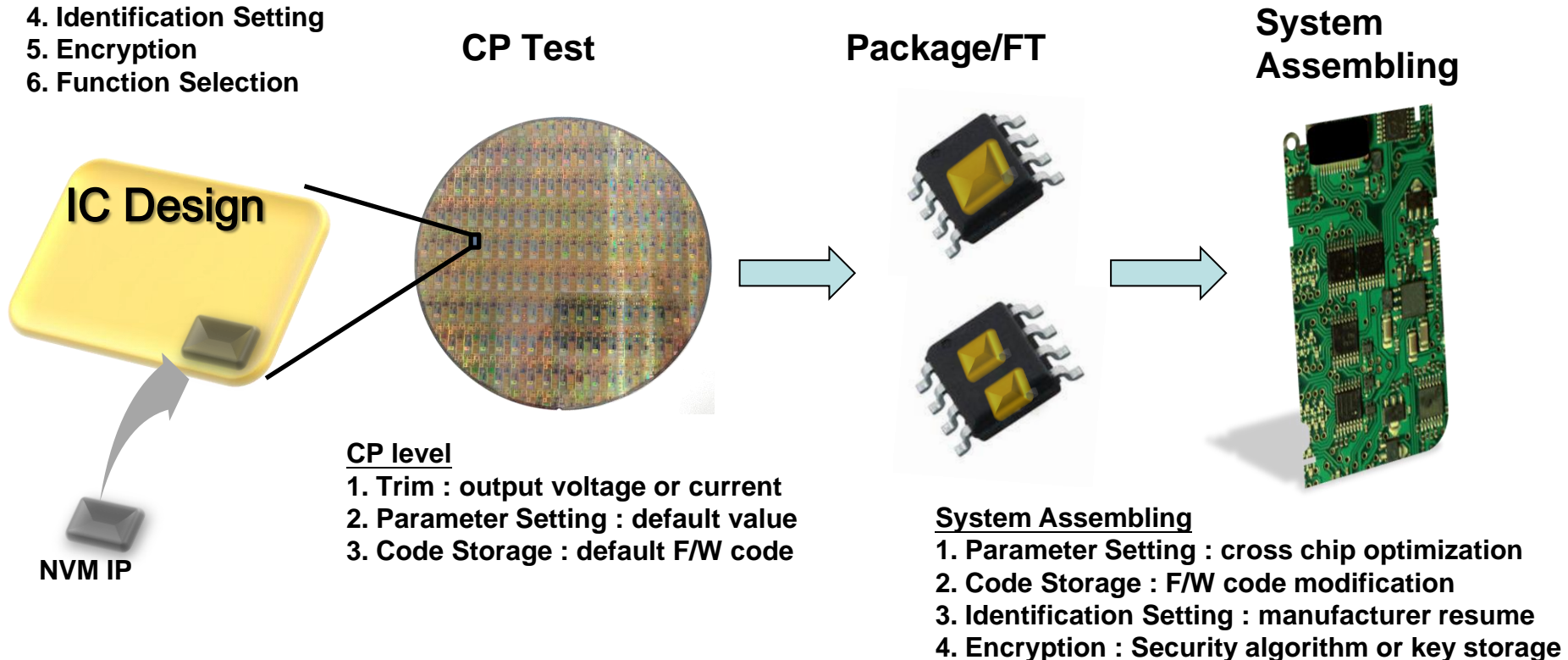
Benefits from Using eMemory IPs

Design-in for

1. Trimming
2. Parameter Setting
3. Code Storage
4. Identification Setting
5. Encryption
6. Function Selection

Package/FT level

1. Trim : SPEC shift
2. Parameter Setting : cross chip optimization
3. Identification Setting : manufacturer resume
4. Function Selection : setting for target market



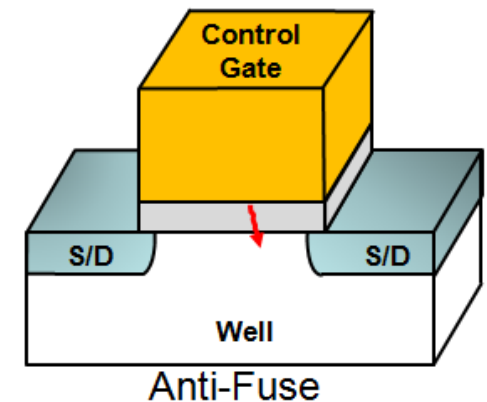
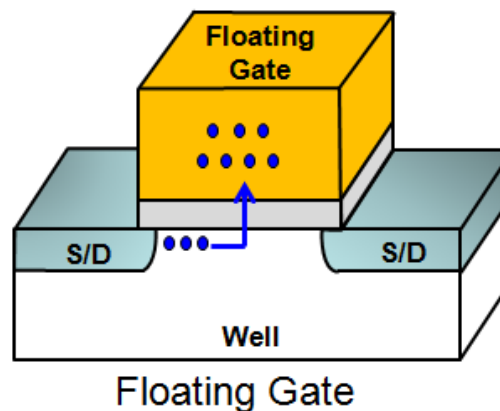
Invisibility for Security

- Provide “Invisible Hardware Key” for invisible storage
- Prevent reverse-engineering to detect content of security key
- Protect firmware and hardware of ICs from pirating
- Extend & protect customer’s business

eFuse Key: Data is easily observed



Invisible Hardware Key : Data is hard to be detected



Security & Protection

Authorized Product



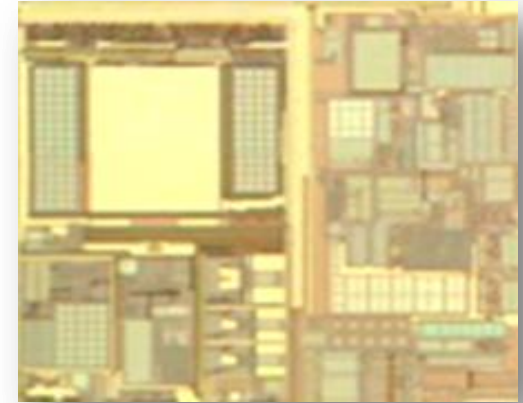
reverse
copy

re-produce



without protection

Fake Product

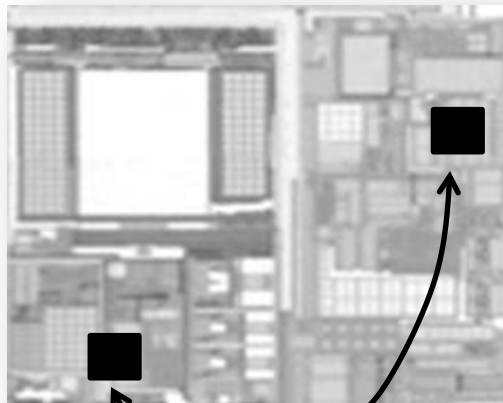


reverse
copy

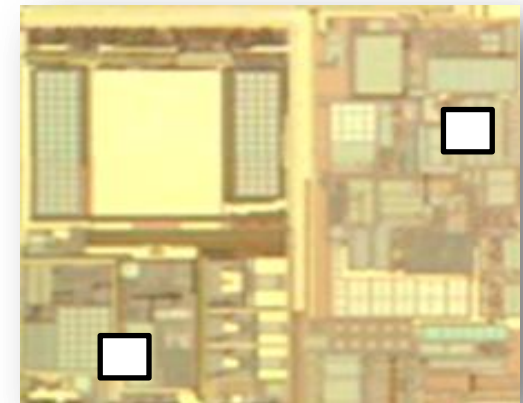
re-produce



with protection

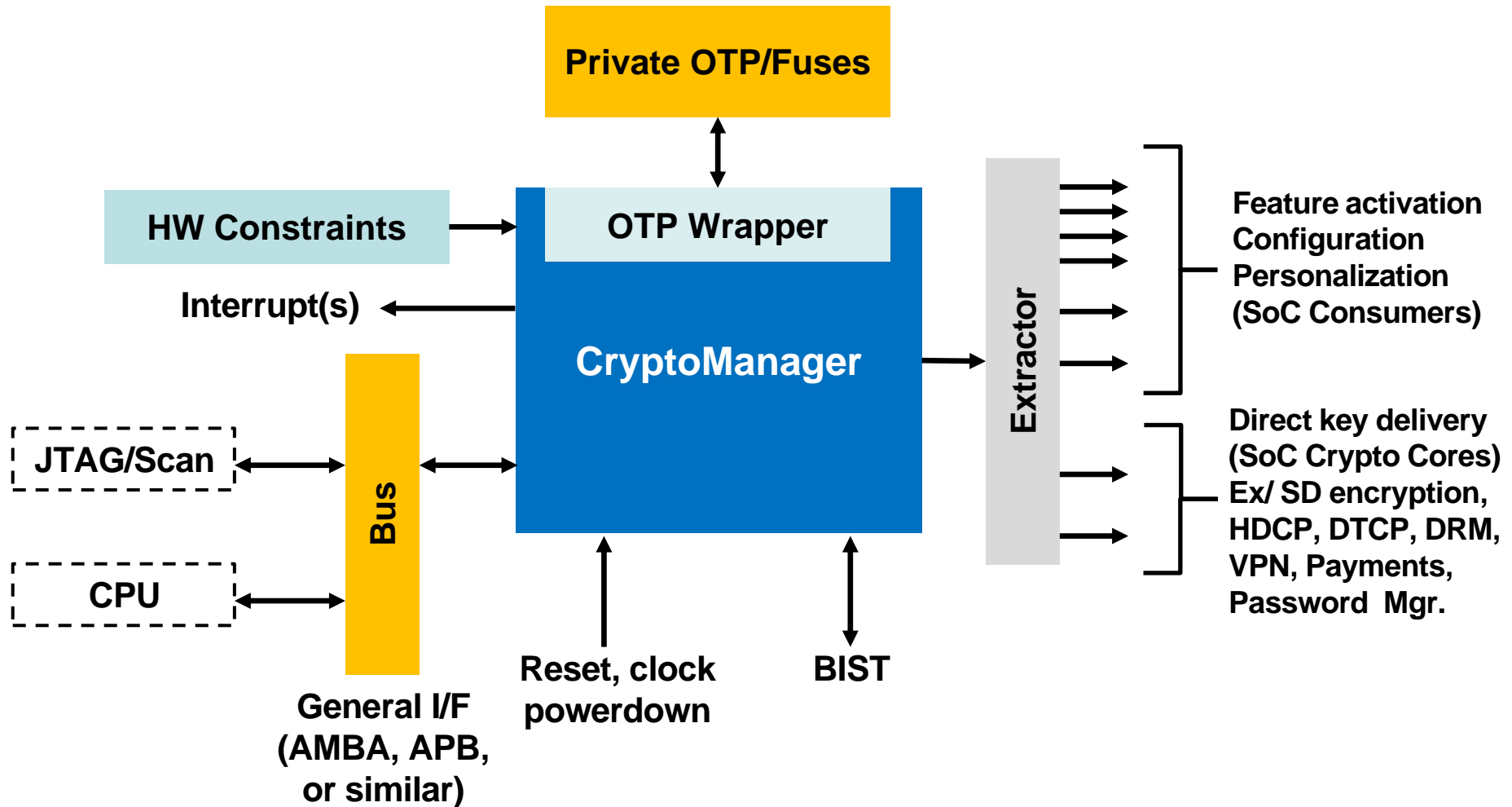


Security IP/Code by
Authorized Use



Can NOT Work w/o
Security IP/Code

OTP for security storage

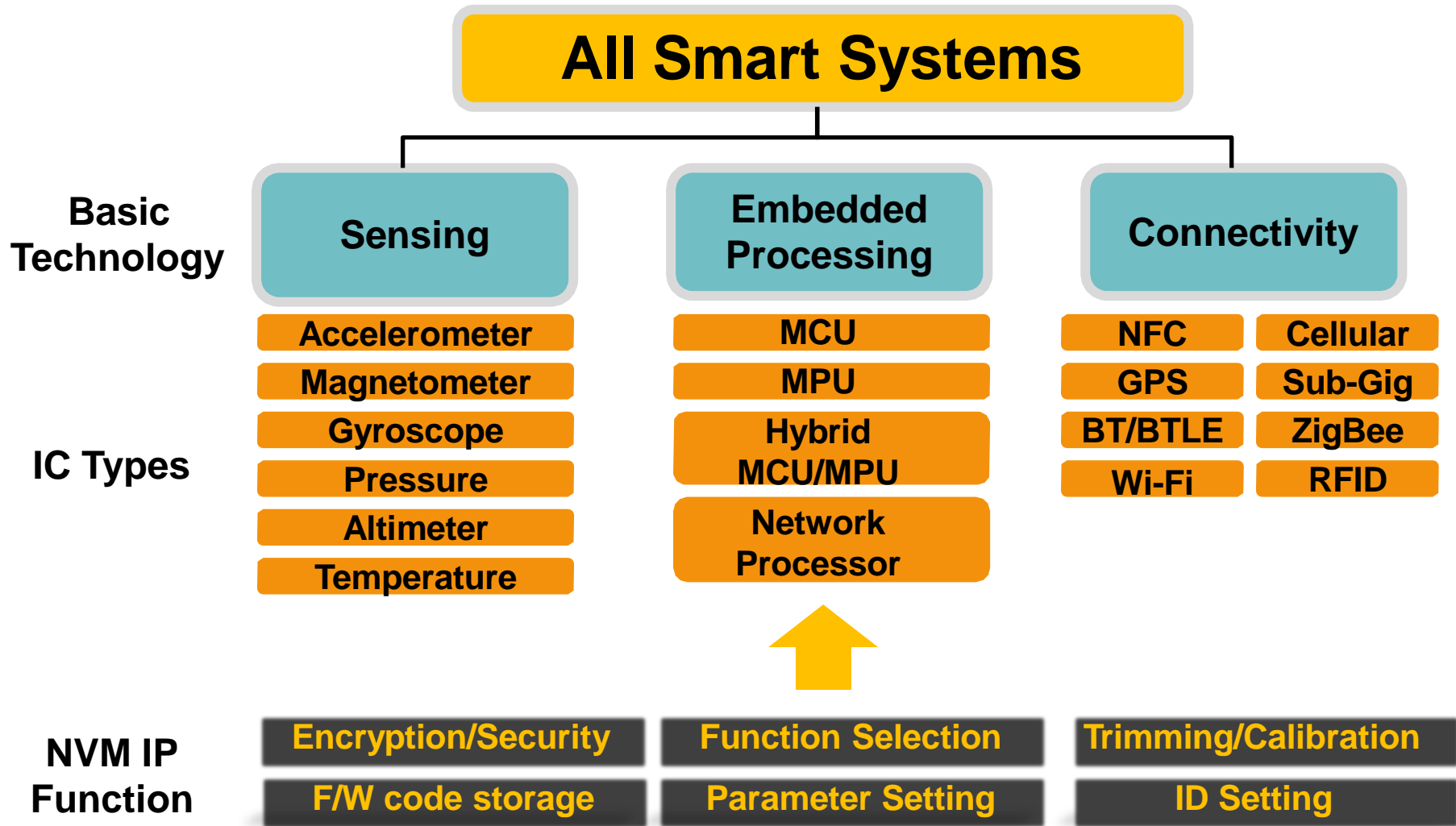


Source : Rambus crypto manager platform

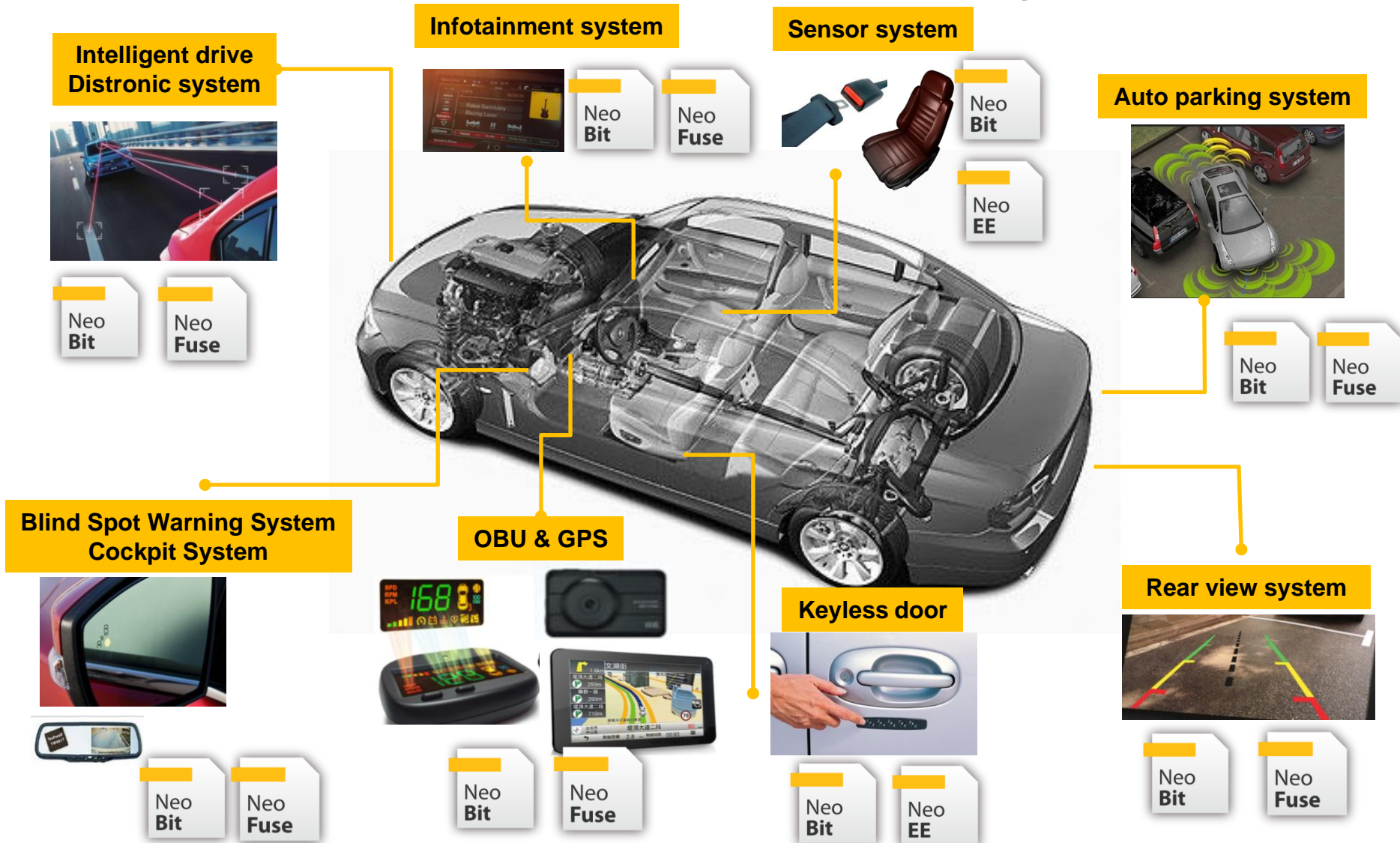
Security with eMemory IPs



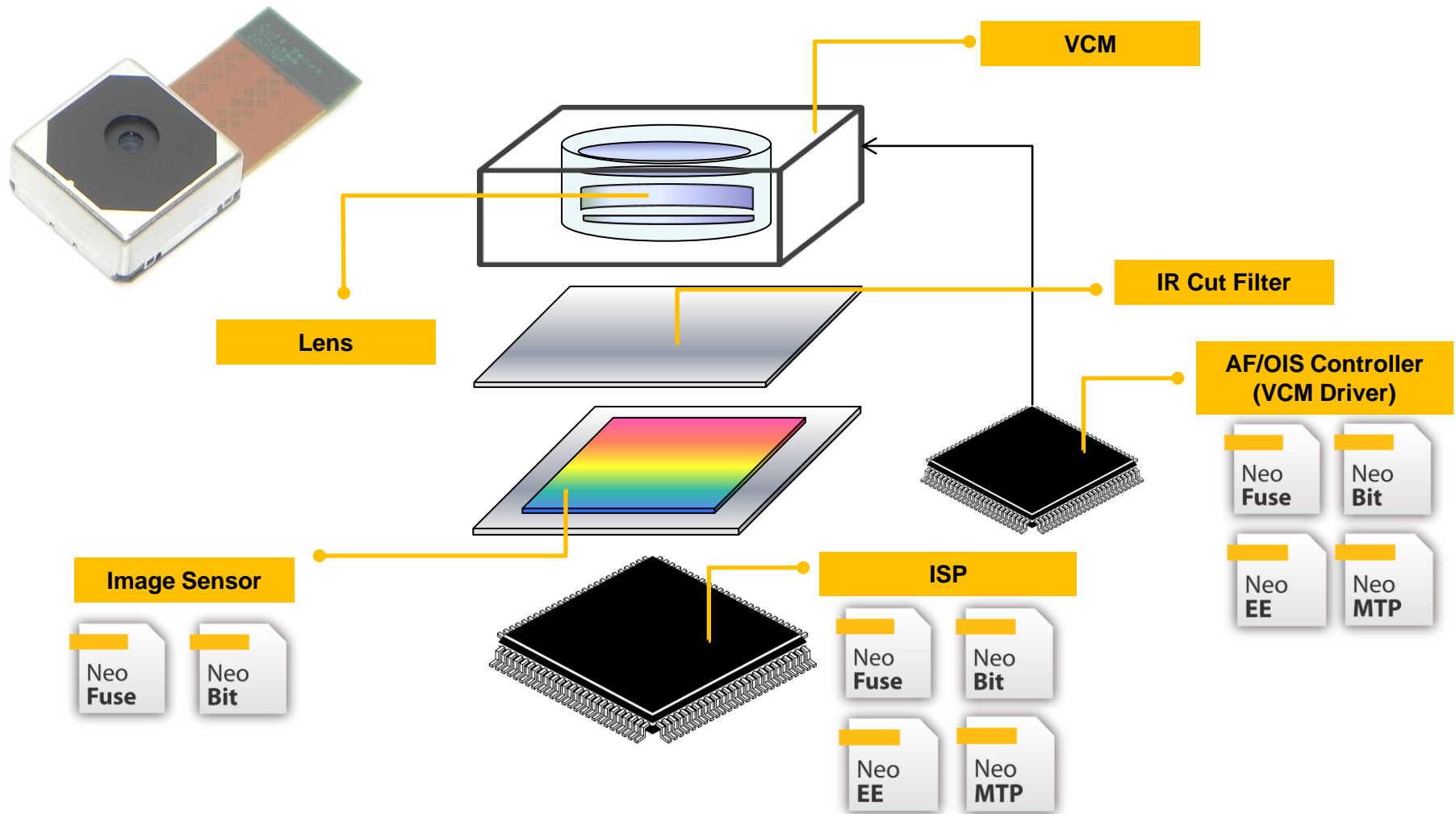
NVM IP Demand in IoT



Autotronics with eMemory IPs

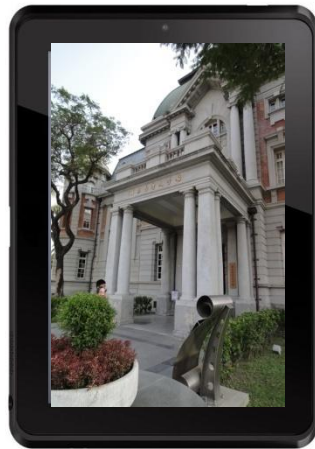


Imager Module with eMemory IPs



Advanced LCD Driver ICs

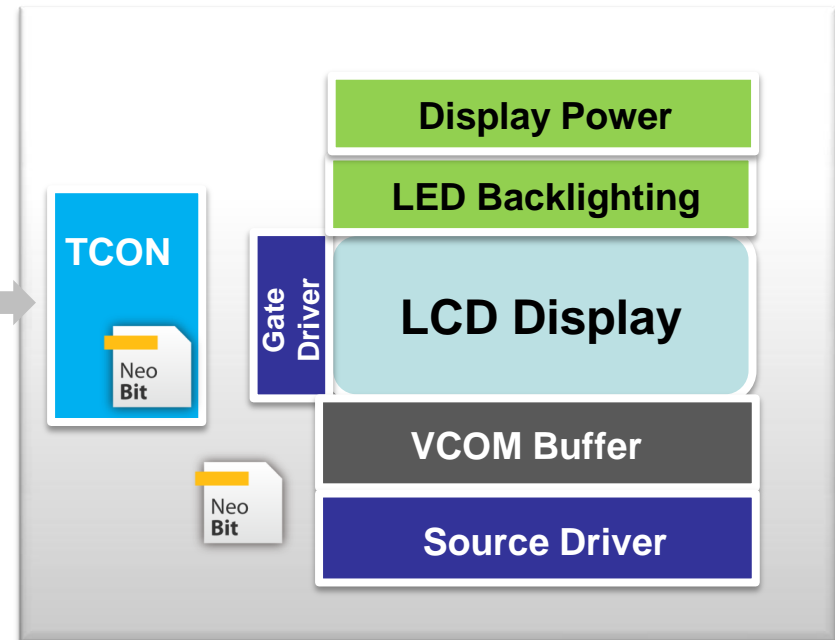
Process Technology : 0.11um HV/80nm HV/55nm HV



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



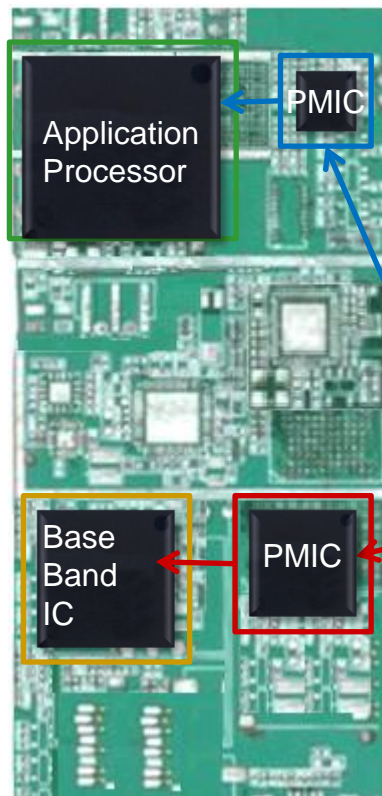
DDI



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

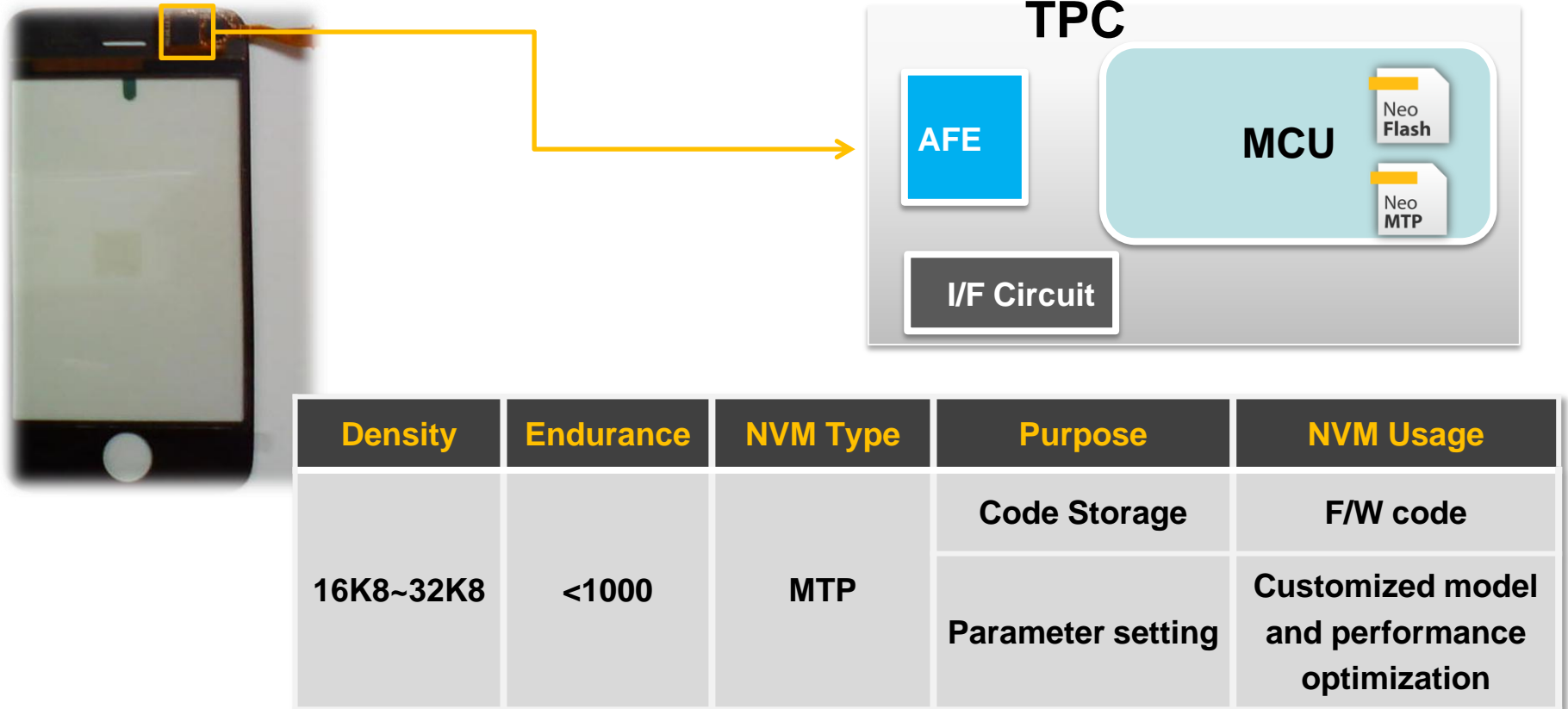


Density	NVM Type	Purpose	NVM Usage
2Kb~4Kb	OTP	Trimming	DC/DC, Bandgap
		Parameter Setting	Design flexibility & Performance optimization
		Code Storage	Start-up behavior & smart power saving algorithm



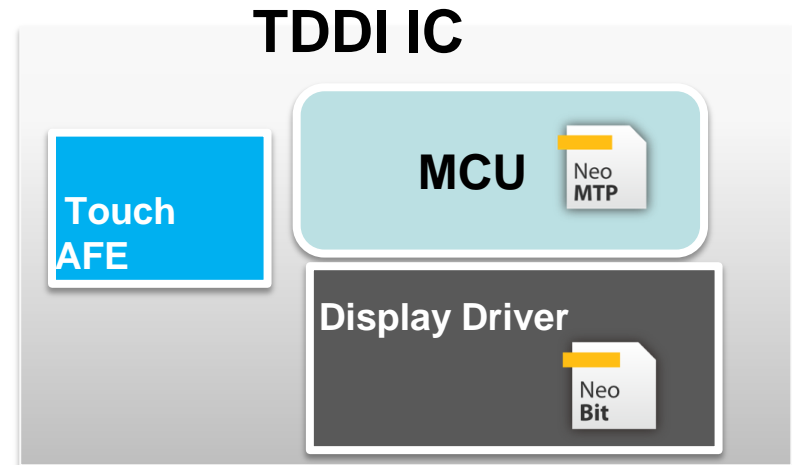
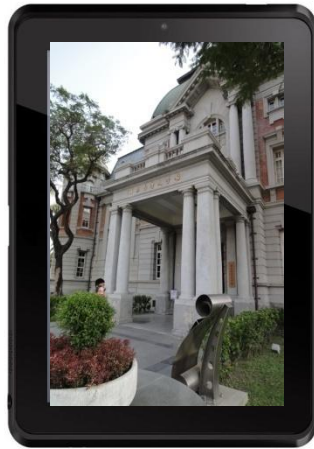
Touch Panel Controller ICs

Process Technology : 0.16um HV/0.11um G



In-Cell Touch Panel Controllers ICs

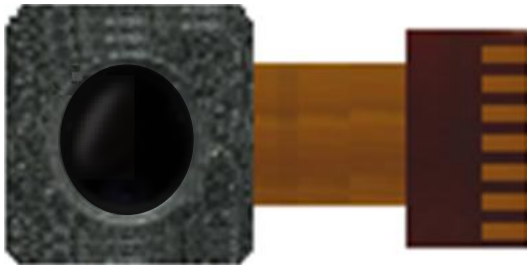
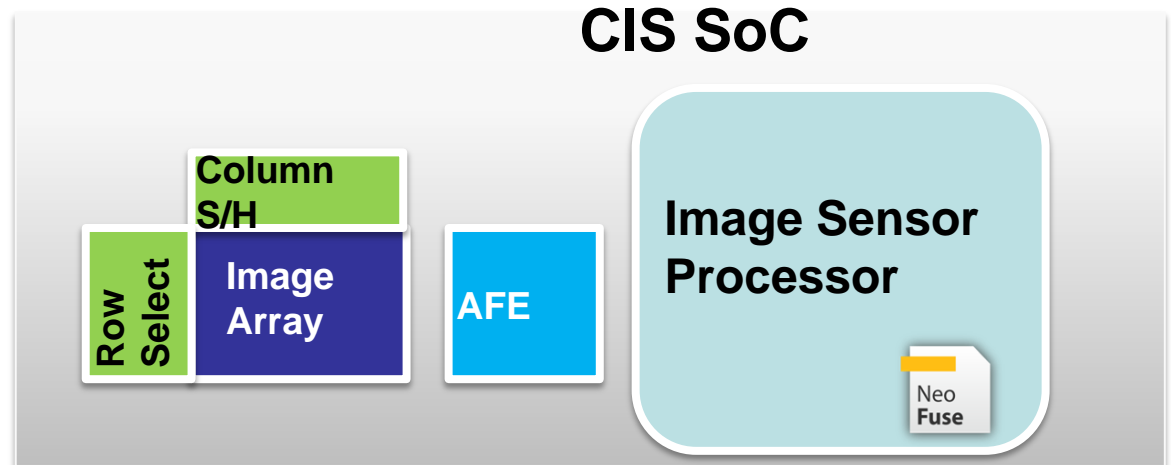
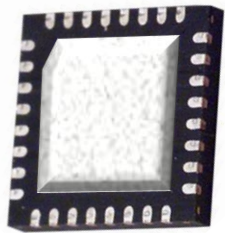
Process Technology : 0.11um HV/80nm HV/55nm HV



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

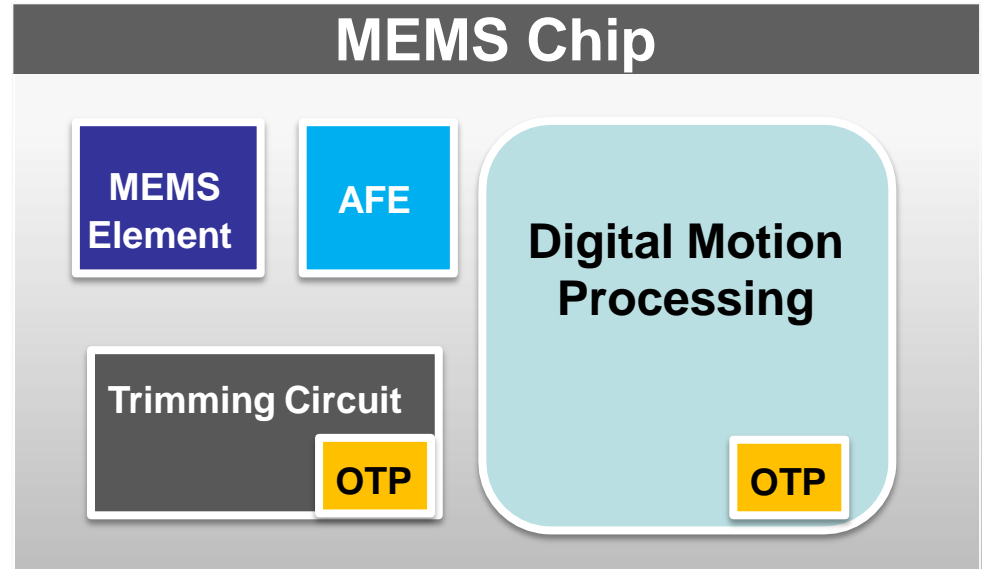
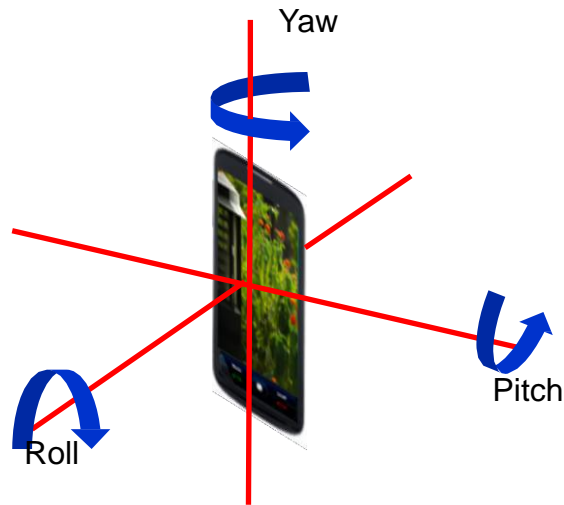
Process Technology : 0.11um CIS/90nm CIS/65nm CIS



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

MEMS

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

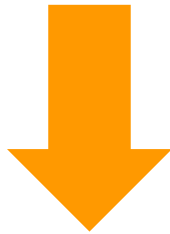


Density	NVM Type	Purpose	NVM Usage
2Kb~4Kb	OTP	Trimming	Factory trimming
		Parameter Setting	Signal filtering
		Code Storage	Geometric computation

Replacement of Embedded Flash for Competitiveness Improvement

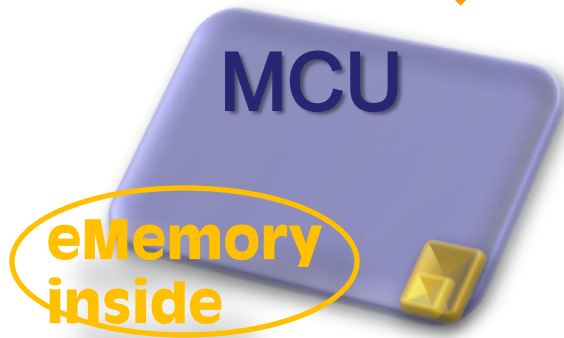


product design & manufacturing by
embedded Flash
Logic Process + 10 Masks



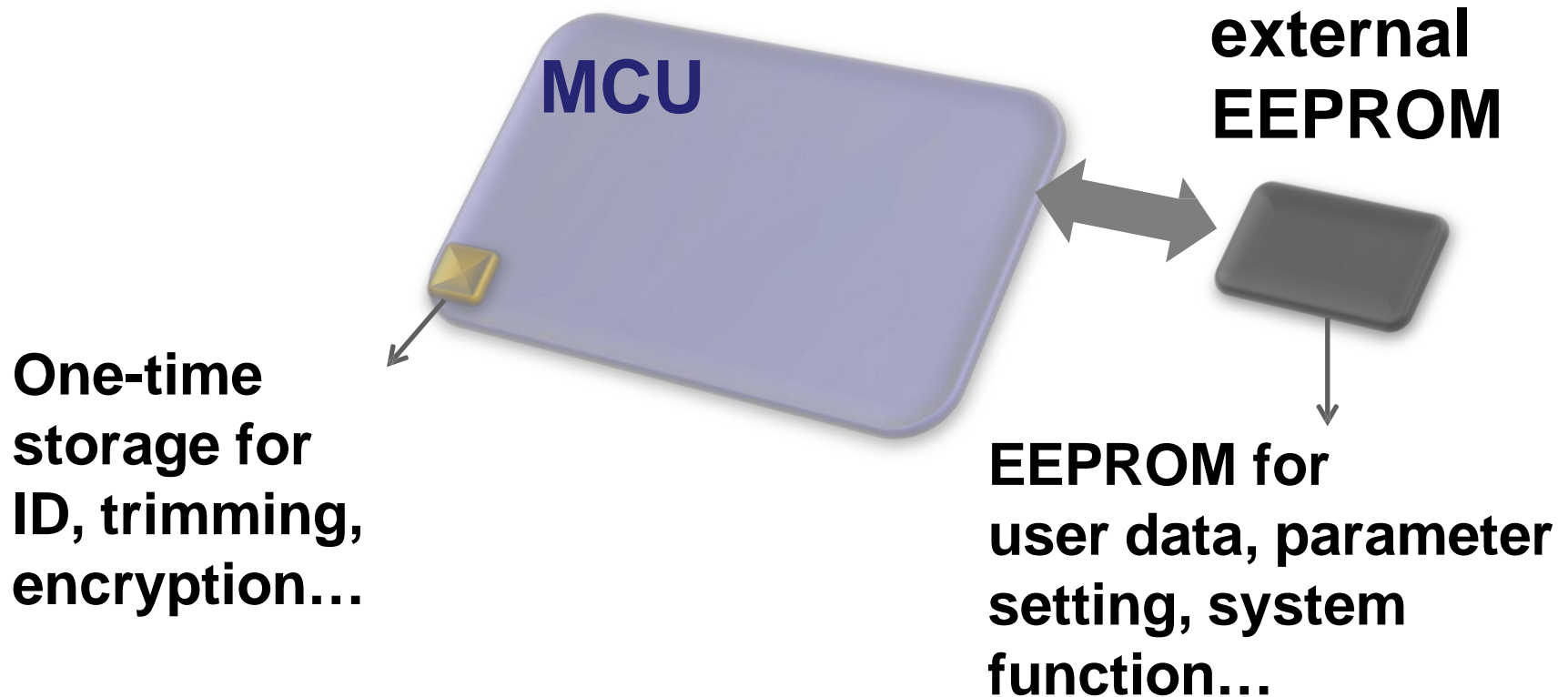
*30% more
cost reduction*

*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**

Wafer Demand by IC Type

IC Type	Equa to 8-inch wafer (K)
AP	5740
PMU	5255
Base Band controller	2945
Smart card controller	2683
Fingerprint	2500
CIS sensor	2215
LCD driver (int with TCON)	1955
Gauge IC	708
TV controller	619
Touch panel controller (C)	602
Connectivity	463
STB controller	348
DC-DC/AC-DC	239
Wifi controller	231
Accelator sensor controller	166
LED driver	140
Light snesor	126
Gyroscope sensor controller	120
BT controller	107
TAG IC	104
MCU (8bits, LV/3.3V)	90
MCU (8bits, pure 5V)	88
ISP	82
DVD controller	67
P-Gamma	47
NB CAM controller	38
Pressure sensor controller	23
Touch pad controller	16
PC CAM controller	14
Touch panel controller (R)	3
TCON (w/o driver)	3
Speech controller	0

2015 Q3 updated

Outlook for Q1 and Beyond

- License fees expected to grow due to the successful development of NeoFuse in advanced nodes, and MTP technology.
- PMIC continually expands to applications for wireless charger and fast charger related products.
- 55nm TDDI continues volume production. 40nm OLED DDI is under development at several major foundries.
- 28nm Set-top Box processor starts volume production. More customers tape out new products in Q2 of 2016.
- Fingerprint and CIS customers start volume production in Q2 of 2016.

Outlook for Q1 and Beyond

- The qualification of 16nm FF+ was completed at end of March 2016 and 16nm FFC qualification started in Q2 of 2016.
- 10nm FF IP taped out in Q2.
- NeoPUF, new technology for security application is under development.
- Continuously tape outs on automotive applications.

Key Growth Drivers

Growth in application 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.

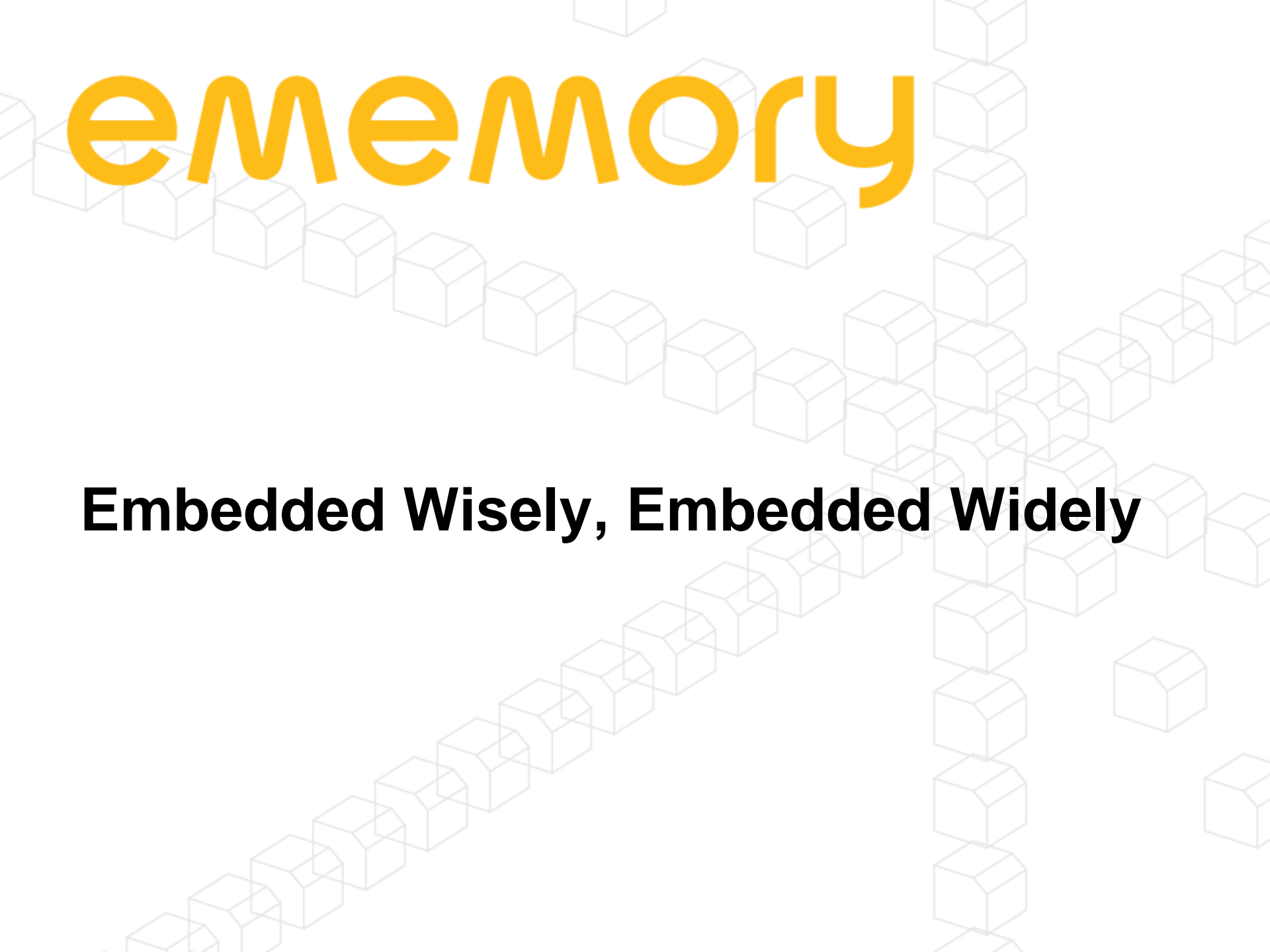
Growth in advanced technology

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

Great IoT era

- Embedded Logic NVM will be a must.

Q & A



ememory

Embedded Wisely, Embedded Widely