



# 4Q11 Investor Conference

2012/ 02/ 22



# Safe Harbor Statement

Statements in this presentation that are not strictly historical, including the statements regarding the market, economy, the Company's ePaper, LCD and other business, the Company's future product launches, the Company's positioning and expectations for 2011 and future periods, and any other statements regarding events or developments that we believe or anticipate will or may occur in the future, may be "forward-looking" statements within the meaning of thesecurities laws in Taiwan. There are a number of important factors that could cause actual events to differ materially from those suggested or indicated by such forward-looking statements and you should not place undue reliance on any such forward-looking statements. These factors include, among other things, the uncertainty in the economy,contractions or growth rates and cyclicity of markets we serve, competition, our ability to develop and successfully market new products and technologies and expand into new markets, our ability to successfully identify, consummate and integrate appropriate acquisitions, contingent liabilities relating to acquisitions, risks relating to potential impairment of goodwill and other long-lived assets, currency exchange rates, our compliance with applicable laws and regulations and changes in applicable laws and regulations, tax audits and changes in our tax rate and income tax liabilities, litigation and other contingent liabilities including intellectual property and environmental matters, risks relating to product defects and recalls, the impact of our debt obligations on our operations, raw material costs, our ability to adjust purchases and manufacturing capacity to reflect market conditions, legislative reforms and other changes in industry, labor matters, our relationships with and the performance of our customers and partners, risks relating to man-made and natural disasters, our ability to achieve projected cost reductions and growth, and international economic, political, legal and business factors. These forward-looking statements speak only as of the date of this presentation and the Company does not assume any obligation to update or revise any forward-looking statement, whether as a result of new information, future events and developments or otherwise.

# 4Q11 Consolidated Financial (unaudited)

(NT\$Million)	1Q11		2Q11		3Q11		4Q11		2011	
<b>Net Sales</b>	10,086	100.0%	6,926	100.0%	10,929	100.0%	10,487	100.0%	38,428	100.0%
<b>Gross Profit</b>	2,913	28.9%	2,251	32.5%	3,874	35.4%	3,005	28.7%	12,042	31.3%
<b>Operating Expense</b>	1,058	10.5%	1,124	16.2%	1,373	12.6%	1,484	14.2%	5,039	13.1%
<b>R&amp;D Expense</b>	398	3.9%	379	5.5%	411	3.8%	574	5.5%	1,762	4.6%
<b>Operating Profit</b>	1,855	18.4%	1,126	16.3%	2,501	22.9%	1,521	14.5%	7,003	18.2%
<b>Non-op items</b>	12	0.1%	121	1.7%	16	0.1%	(261)	-2.5%	(112)	-0.3%
<b>Pre-tax Income(Loss)</b>	1,867	18.5%	1,247	18.0%	2,517	23.0%	1,260	12.0%	6,891	17.9%
<b>Tax</b>	200	2.0%	(8)	-0.1%	368	3.4%	1	0.0%	560	1.5%
<b>Net Income</b>	1,668	16.5%	1,255	18.1%	2,149	19.7%	1,259	12.0%	6,331	16.5%
<b>E Ink Net income</b>	<b>1,677</b>	<b>16.6%</b>	<b>1,325</b>	<b>19.1%</b>	<b>2,247</b>	<b>20.6%</b>	<b>1,278</b>	<b>12.2%</b>	<b>6,527</b>	<b>17.0%</b>
<b>EPS</b>	1.56		1.22		2.08		1.19		6.05	

# 4Q11 Results

- 4Q11 consolidated sales was NT\$10.49 billion, down 4% QoQ
- FFS represented a higher percentage of consolidated sales in 4Q11 because customers' new products were mostly scheduled to be shipped in this quarter
- 4Q11 GPM was 28.6%, decreased from the previous quarter due to the higher percentage of LCD contribution in the 4Q11 product mix
- 4Q11 OPM was 14.5% with a higher R&D expense from the previous quarter
- 4Q11 EPS was NT\$1.19
- E Ink Pearl™ display was awarded The IET Innovations Award in Electronics

# 2011 Consolidated Financial (unaudited)

(NT\$Million)	2010		2011	
<b>Net Sales</b>	25,179	100.0%	38,428	100.0%
<b>Gross Profit</b>	8,179	32.5%	12,042	31.3%
<b>Operating Expense</b>	3,847	15.3%	5,039	13.1%
<b>R&amp;D Expense</b>	1,571	6.2%	1,762	4.6%
<b>Operating Profit</b>	4,332	17.2%	7,003	18.2%
<b>Non-op items</b>	511	2.0%	(112)	-0.3%
<b>Pre-tax Income(Loss)</b>	4,843	19.2%	6,891	17.9%
<b>Tax</b>	929	3.7%	560	1.5%
<b>Net Income</b>	3,914	15.5%	6,331	16.5%
<b>E Ink Net income</b>	<b>4,028</b>	<b>16.0%</b>	<b>6,527</b>	<b>17.0%</b>
<b>EPS</b>	3.81		6.05	

# Year 2011 Results

- Consolidated annual sales was NT\$38.43 billion, up 52.6% YoY
- GPM was 31.3%, decreased from the same period in 2010 due to the higher percentage of revenue contribution from FFS products
- OPM was 18.2%, up from the same period in 2010
- EPS was NT\$6.05, up 60% YoY
- E Ink Triton™ display was recognized by the Wall Street Journal as a 2011 Technology Innovation Award winner, and “Gold Display Component of the Year” for the Display of the Year Awards (DYA) presented by the Society for Information Display (SID)
- E Ink Pearl™ display was recognized by Techworld Blue Skies as 2011 Product of the Year, and The IET Innovations Award in Electronics

# eBook Market Trend

- According to the survey done in January 2012 by Pew Research, the share of adults in the United States:
  - Who own an EPD eReader was 19%
  - Who own an Tablet PC was 19%
  - Who own at least one of the above devices was 29%, implying that about half of who own an Tablet PC also own an EPD eReader (9% out of 19%)
- There are 11 different E Ink Kindle Readers on Amazon's top 100 Best-Selling Electronics list:

<b>#1</b>	<b>#2</b>	<b>#3</b>	<b>#4</b>	<b>#7</b>	<b>#14</b>	<b>#20</b>	<b>#24</b>	<b>#27</b>	<b>#32</b>	<b>#36</b>	<b>#43</b>	<b>#79</b>
Kindle Fire	Kindle Touch	Kindle	Kindle Touch 3G	Kindle Keybo-ard 3G	Kindle Keybo-ard 3G	Kindle Touch	Kindle Keybo-ard	Kindle Touch 3G	Kindle	Kindle DX	Kindle Keybo-ard 3G	Kindle Keybo-ard
												
\$199	\$99	\$79	\$149	\$139	\$189	\$139	used	\$189	\$109	\$379	\$139	used

- European market remains a growth driver: Amazon has entered UK, Germany, France, Italy and Spain so far, and Asian market could be the next growth driver.

Source: E Ink, PewResearchCenter, Amazon.com

**Thank You**