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2017 Q3 Results Conference

11/16/2017





***Agenda 1: 2017 Q3 Financial Results***  
***Agenda 2: New Products & Applications***  
***Agenda 3: QA***

# Safe Harbor Statement

Statements in this presentation that are not strictly historical, including the statements regarding the market, economy, the Company's e Paper, LCD and other business, the Company's future product launches, the Company's positioning and expectations for 2017 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 the securities 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 cyclicalities 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.

# Consolidated Income Statement

NTD, Million	Q3 17	Q2 17	QoQ	Q3 16	YoY	2017 YTD	2016 YTD	YoY
Net Sales	4,791	3,690	29.8%	4,444	7.8%	11,699	10,532	11.1%
Gross Profit	2,082	1,481	40.6%	1,695	22.8%	4,809	3,836	25.4%
Gross Profit %	43.5%	40.1%		38.1%		41.1%	36.4%	
Operating Expense	1,357	1,188	14.2%	1,263	7.4%	3,747	3,728	0.5%
R&D Expense	526	413	27.3%	479	9.8%	1,389	1,360	2.1%
Operating Profit (Loss)	<u>725</u>	<u>293</u>	<u>147.4%</u>	<u>432</u>	<u>67.8%</u>	<u>1,062</u>	<u>108</u>	<u>883.3%</u>
Operating Profit (Loss) %	15.1%	7.9%		9.7%		9.1%	1.0%	
Non-Op Items	<u>638</u>	<u>991</u>	<u>(35.6%)</u>	<u>178</u>	<u>257.6%</u>	<u>1,750</u>	<u>1,385</u>	<u>26.3%</u>
Pre-Tax Income	1,363	1,283	6.2%	610	123.4%	2,812	1,494	88.3%
Tax Expense (Benefit)	147	160		70		336	340	
Income from Continuing Operations	1,216	1,123	8.2%	540	125.1%	2,477	1,154	114.6%
Discontinued Operations	<u>(48)</u>	<u>(303)</u>		<u>(30)</u>		<u>(334)</u>	<u>(101)</u>	
E Ink Net Income	1,173	798	46.9%	509	130.5%	2,129	1,017	109.4%
<b>EPS ( after-tax)*</b>	<b>1.04</b>	<b>0.71</b>		<b>0.45</b>		<b>1.90</b>	<b>0.90</b>	
Continuing Operations	1.08	0.97		0.48		2.18	0.98	

# Consolidated Balance Sheet

NTD, Million	Q3 17	Q2 17	Q3 16
<i>Selected Asset Items</i>			
Cash	10,600	8,933	7,042
Accounts Receivables	2,810	2,633	2,825
Inventory (Net)	1,982	1,624	1,960
Fixed Assets	4,828	4,904	5,621
Intangible Assets	8,735	8,846	9,166
Other Assets	7,680	8,349	6,823
<b>Total Assets</b>	<b>36,635</b>	<b>35,290</b>	<b>33,436</b>
<i>Selected Liability Items</i>			
Short-Term Debt	2,174	1,292	608
Long-Term Debt	46	164	167
Long-Term Debt	3,807	4,351	2,992
<b>Total Liabilities</b>	<b>9,596</b>	<b>9,595</b>	<b>7,244</b>
Capital	11,405	11,405	11,405
<b>Total Equity</b>	<b>27,039</b>	<b>25,696</b>	<b>26,192</b>

# Consolidated Cash Flow

NTD, Million	Q3 17	Q2 17	Q3 16
Cash Flow from Operations	2,097	1,259	1,840
Cash Flow from Investing	321	(971)	124
Cash Flow from Financing	(794)	581	(2,091)
Effect of Exchange Rate Change	43	18	(222)
Net Increase in Cash	1,667	887	(349)
Cash at Quarter End	10,600	8,933	7,042
Depreciation & Amortization	289	293	322
Capital Expenditure	73	112	77
Free Cash Flow*	2,024	1,147	1,762

\*Free Cash Flow: Cash Flow from Operations – Capital Expenditure

# New Approaches of eReader

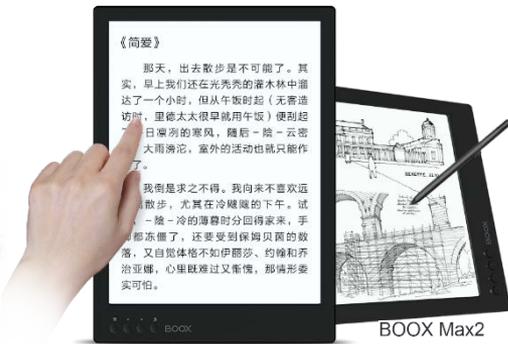
## 7" waterproof eReader



All-New Kindle Oasis

## 13.3" Dual-touch eReader

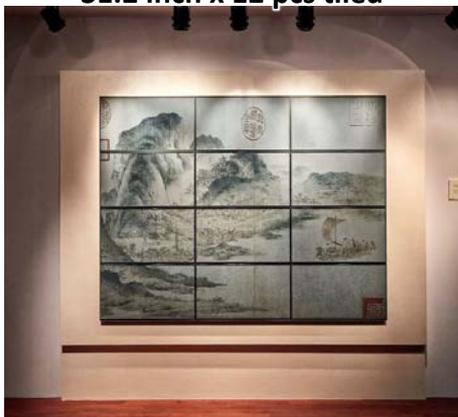
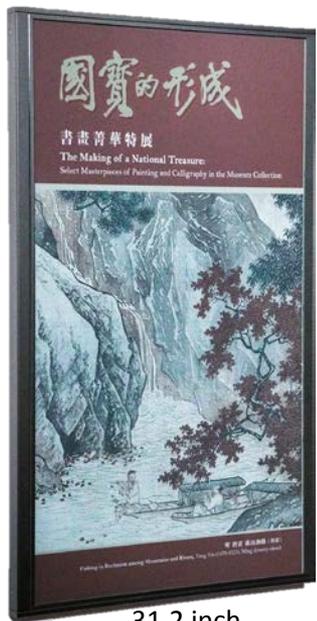
\*with E Ink Mobius™ flexible EPD



## 7.8" 2-page display format eReader for comic



# IoT Applications – An Ideal Display for Artwork





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Display

Thank You

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