Everlight Electronics Co., Ltd.

Investors’ Conference

2014/11/28

www.everlight.com

EVERLIGHT

Disclaimer

- Everlight's presentation contains forward-looking statements subject to significant risks and uncertainties. Actual results may differ materially from those contained in the forward-looking statements.

- The forward-looking statements in this release reflect the current belief of Everlight as of the date of this release, we undertake no obligation to update these forward-looking statements for new information, future events, or otherwise.

Outline

- Introduction
- Development of LED Applications and Our Strategy
- 2014 Q3 Financial Results

Introduction

Introduction and Capacity

Zhong-Shan | Suzhou | Miao Li | **Taipei-** Tucheng | **Taipei-** Headquarters

Founded	• 1983
IPO	• 1997
Business	• Design, Manufacture & Marketing of Optoelectronics Components and Modules
Headquarters	• Taipei, Taiwan
Employees	• Approx. 7,500 globally
Plants	• Tucheng (Taiwan),Miao-Li (Taiwan),Su-Zhou (China),Zhong-Shan (China)

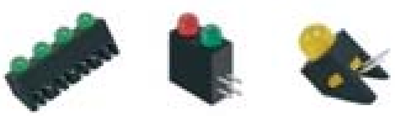
Introduction of Our Products

High Power LEDs

COB LED

Surface Mount LEDs

LED Lamp Assembly



Signage LEDs

LED Lamps and Display

Photo coupler

Infrared (IR) Components

Light Bar

EVERLIGHT- A Top 10 LED Packager

	Company Name
1	Nichia (JP)
2	Samsung LED (KR)
3	Cree (U.S.)
4	Osram (GR)
5	LG Innotek (KR)
6	Seoul Semi (KR)
7	Lumileds (U.S.)
8	EVERLIGHT (TW)
9	Lumens(KR)
10	Sharp (JP)

Source: LED inside

Business Outlook

Market size keep growing globally

The Total World Market for Optoelectronic Components

by User Sector ($M)

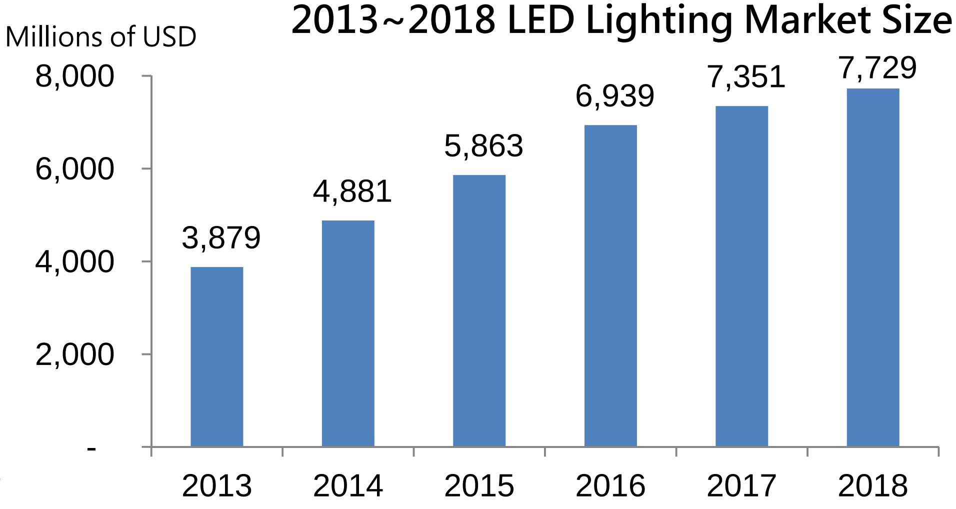
Sector	2012	2013	2014	2015	2016	2017	2018	CAGR 12 - 18
Automotive	1,123.3	1,129.6	1,183.5	1,295.3	1,362.0	1,435.0	1,478.0	4.7%
Telecommunications	1,685.3	1,845.1	1,833.6	1,785.6	1,785.4	1,736.8	1,696.2	0.1%
Computer & Office Equipment	1,995.3	2,045.2	1,952.4	1,806.5	1,732.4	1,638.3	1,552.2	-4.1%
Consumer	3,953.3	3,763.7	3,600.6	3,414.0	3,250.5	3,095.1	2,904.4	-5.0%
Military & Aerospace	96.0	98.9	105.2	112.9	115.0	114.5	113.8	2.9%
Industrial, Medical & Security	5,935.9	6,623.2	8,360.9	9,806.2	10,367.7	10,187.5	9,811.7	8.7%
Total	**14,789.0**	**15,505.7**	**17,036.3**	**18,220.4**	**18,613.0**	**18,207.2**	**17,556.2**	**2.9%**
Growth Rate		4.8%	9.9%	7.0%	2.2%	-2.2%	-3.6%	

Source: IHS

LED Lighting Market is Blooming

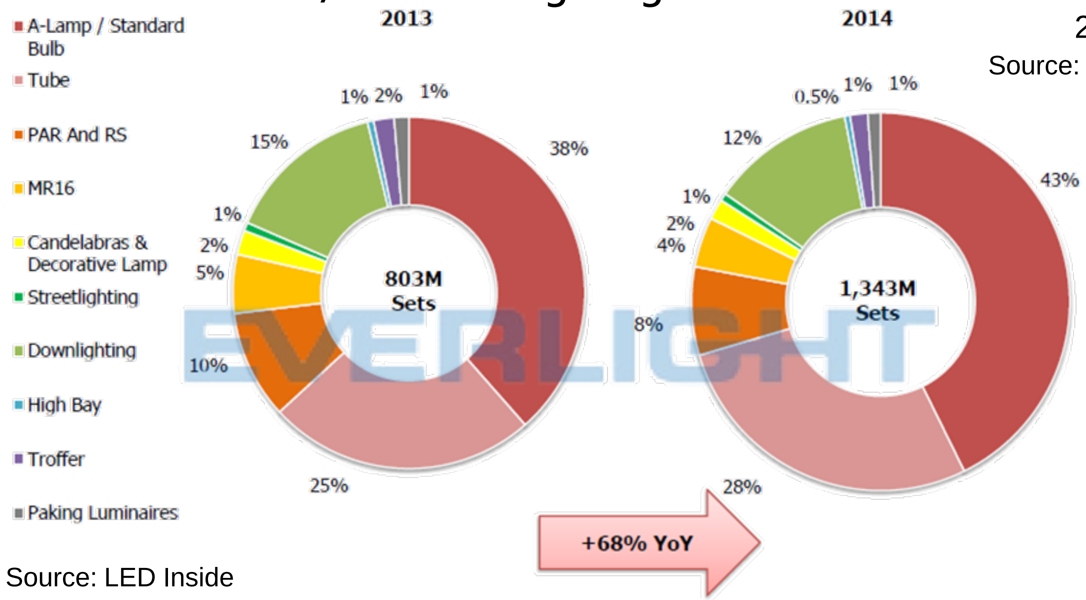
- The demand of LED lighting goes up due to banning of incandescent lamp and decrease of LED lighting price.
- Our revenues from lighting component increased more than 50% in 2013 H1 than 2014 H1 because of the blooming.

2013~2018 LED Lighting Market Size



Source: LED Inside

2013/2014 LED Lighting Products

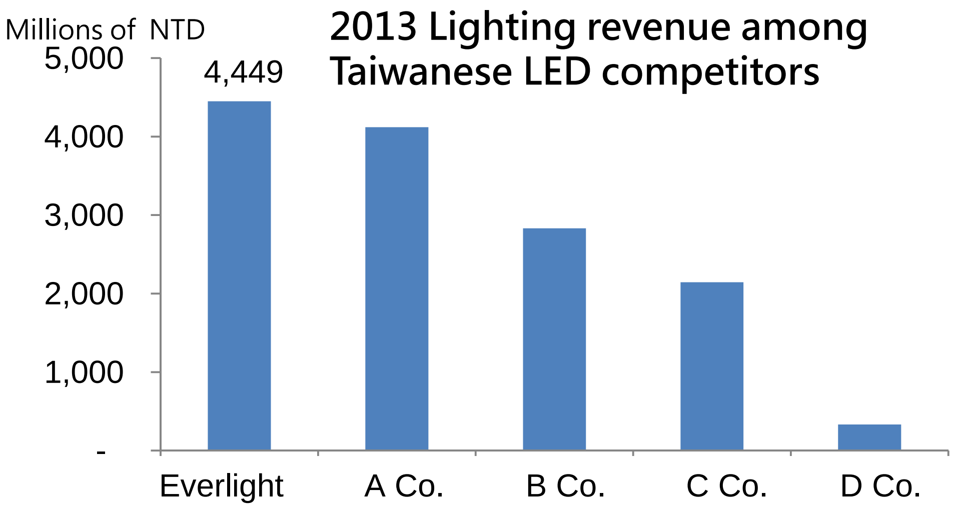


Source: LED Inside

- The price retrofit LED lighting products keeps going down, and low price increases the demand.
- Light bulbs and light bars are the most popular products due to they are easy for the consumer to change.
- Light bulbs and light bars will be 70% of LED lighting market in 2014.

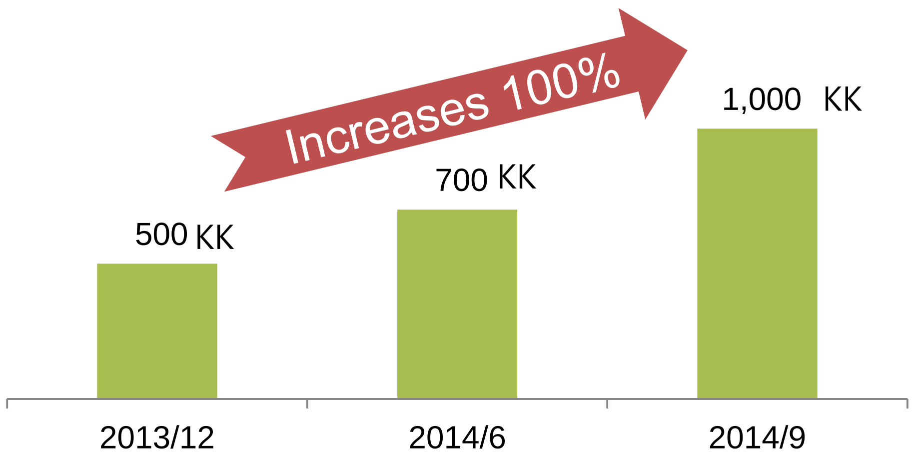
Dual Brands Push More Lighting Sales

- Everlight is the leading LED lighting company in Taiwan.
- We have been in the lighting business for long time, and we set up the barrier for other companies, no matter the capacity or the yield rate of lighting products.



Source: LED Inside、Financial report from each Co.

Everlight Capacity for Lighting

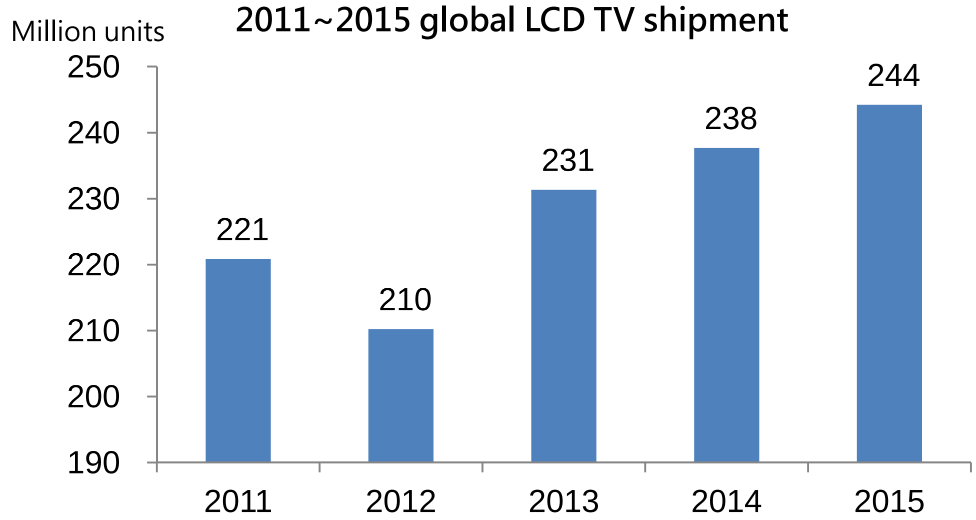


- There are no dominating players around the world, local companies are also important players of the global lighting market.
- Everlight has built up a selling network in great China market, using Everlight as the brand, and we also acquire lighting finture Co., Wofi.

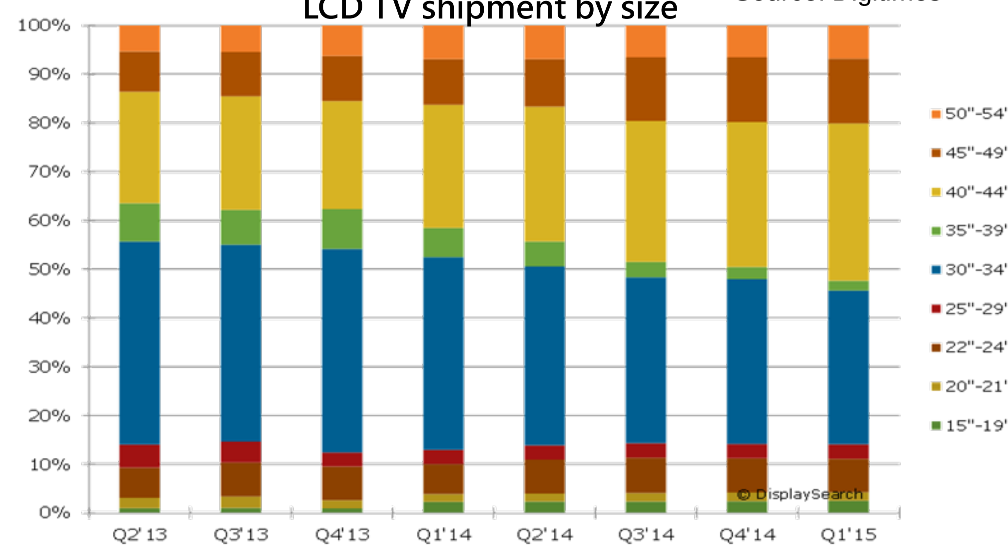
Growth of TV market has been slow down

- Growth of LCD TV slow down
  - Replacement is the main demand of mature markets.
  - Emerging markets still have room to grow due to replacement of CRT.
  - In the future, LCD TV market remains grow but much slower.

- The size of LCD TV becomes bigger
  - Consumers would buy bigger LCD TV due to lower cost per inch.
  - 40" TV would take more than 50% of total shipment of LCD TV in 2014.



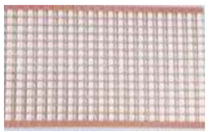
Source: Digitimes



Source: Display Search

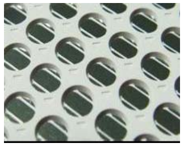
New Tech to Gain the Market Share

PPA



PCT

EMC



Ceramic

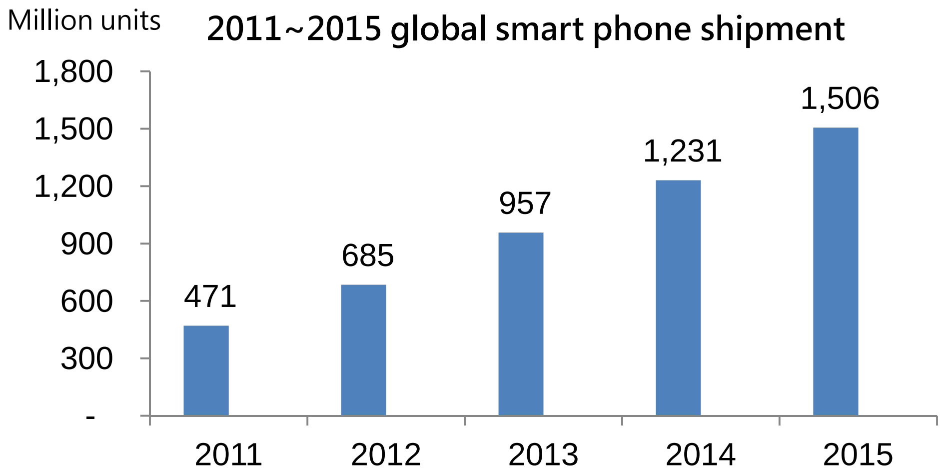
Power of LED → **<0.7W** | **0.7~1W** | **1~3W** | **>3W**

- EMC Advantage
  - Higher amperage tolerance
  - High C/P value
  - Less LED usage

- We use EMC for our BLU and Lighting products.
- Everlight provide EMC solution to reduce LED usage for our customer to lower their cost on BLU.
- Our BLU revenues keep growing, and market share get higher due to the EMC solution even though the growth of LCD TV slowing down.
- We already developed SMC(Silicon Molding Compound) for our customer, and we expect to gain more market share.

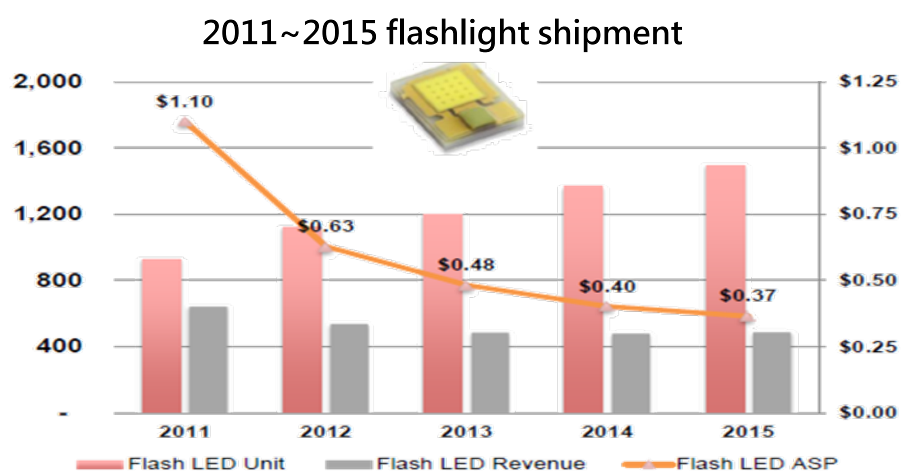
Smart Phone Market Keep Blooming

- The shipment of smart phone keep increasing
  - The shipment in 2013 is around 1 billion.
  - 30% of growth in 2014 is expected, up to 1.23 billion smart phones.



Source: Digitimes

- Smart phone take the photo function as the attraction to the consumers
  - Pixels now is up to 8MP ~ 13MP.
  - Users now look up to the flash function more and more when they taking photos.
  - Dual-LED flash can provide better illumination and color temperature.

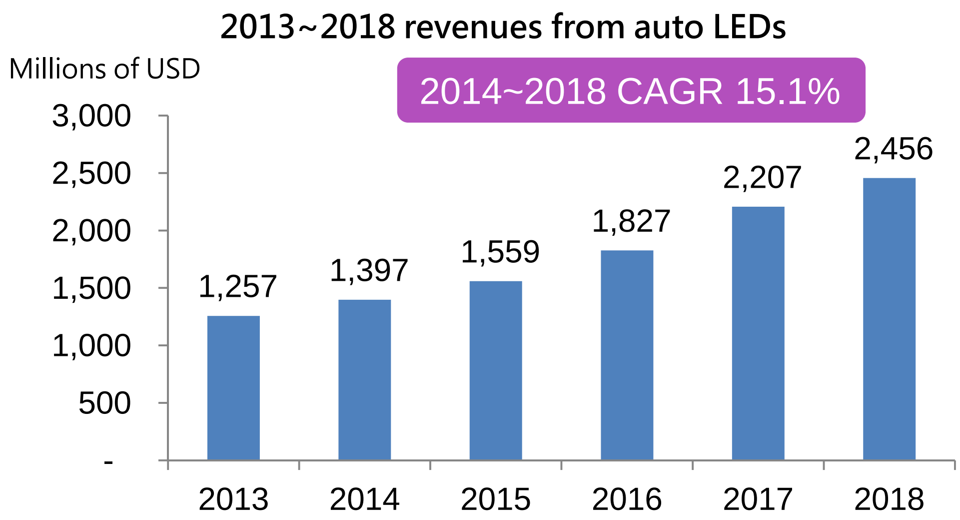


Source: LEDInside

Focus on High End Component

- Everlight focus on high end components used on smart phone, and these products can keep our competitors out of the competition due to the higher requirements to entry.

Harvest to The High Margin Auto LEDs



Source: LEDInside

- Everlight now cooperates with auto manufacturer to develop head lights, and we will also help them to develop other auto LED lighting products.
- We already entered into Chinese and European market.
- Due to China filed anti-trust to auto parts from foreign Co., local auto parts manufacturer would be benefitted from the incident.

- Everlight provides all kinds of auto LED lighting component solution, from head light, day time lighting, break light to signal light.
- We also provides auto interior lighting LED components, which require high illumination, low electricity consuming, and quick responding.

LED Consume Less Electricity

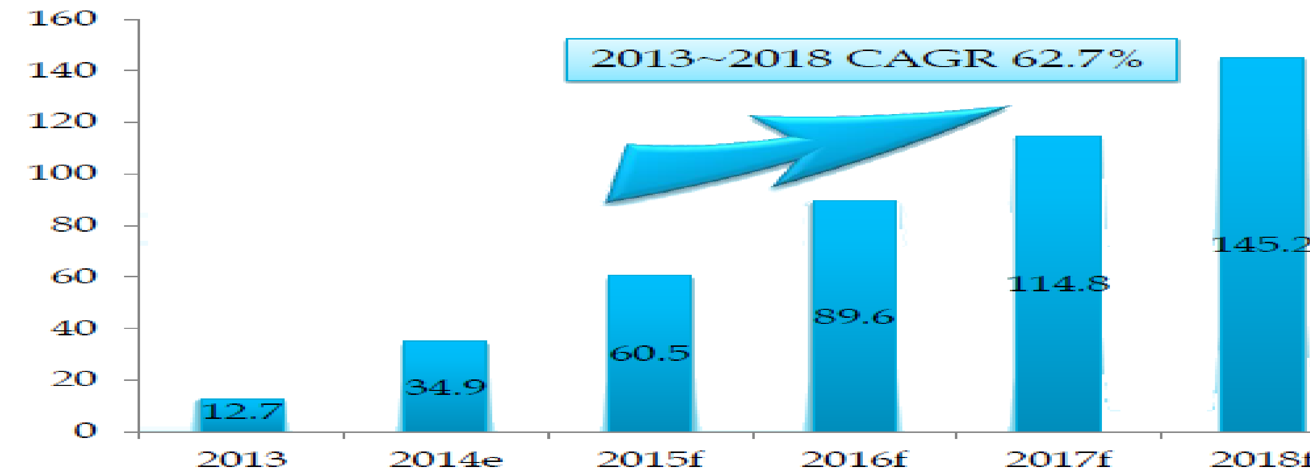
Smart Watch

Smart Glass

Smart Wrist Band

- **LED Display**
  - Consume less electricity than LCD or AMOLED.
- **LED Sensor**
  - Light sensor can help to save power by adjusting the brightness of the screen according to the illumination of environment.
- **LED Signal**

2013~2018 Wearable Device Shipment



The function of wearable device and the durance of battery is the top 2 main concerns for consumers.

Source: 資策會MIC

Keep The Best Position by Best Products

LED Head Light

Flash, Auto LED Lighting

Develop High GM Product

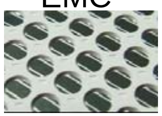
Flash

TV BLU

Light Bar

Smart Lighting

EMC



BLU

Develop Better Solution for Clients

EVERLIGHT

Wearable Devices, Smart Lighting

Big Potential Market

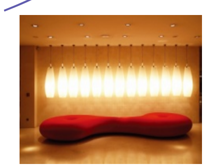
Smart Watch

COB LED

General Lighting

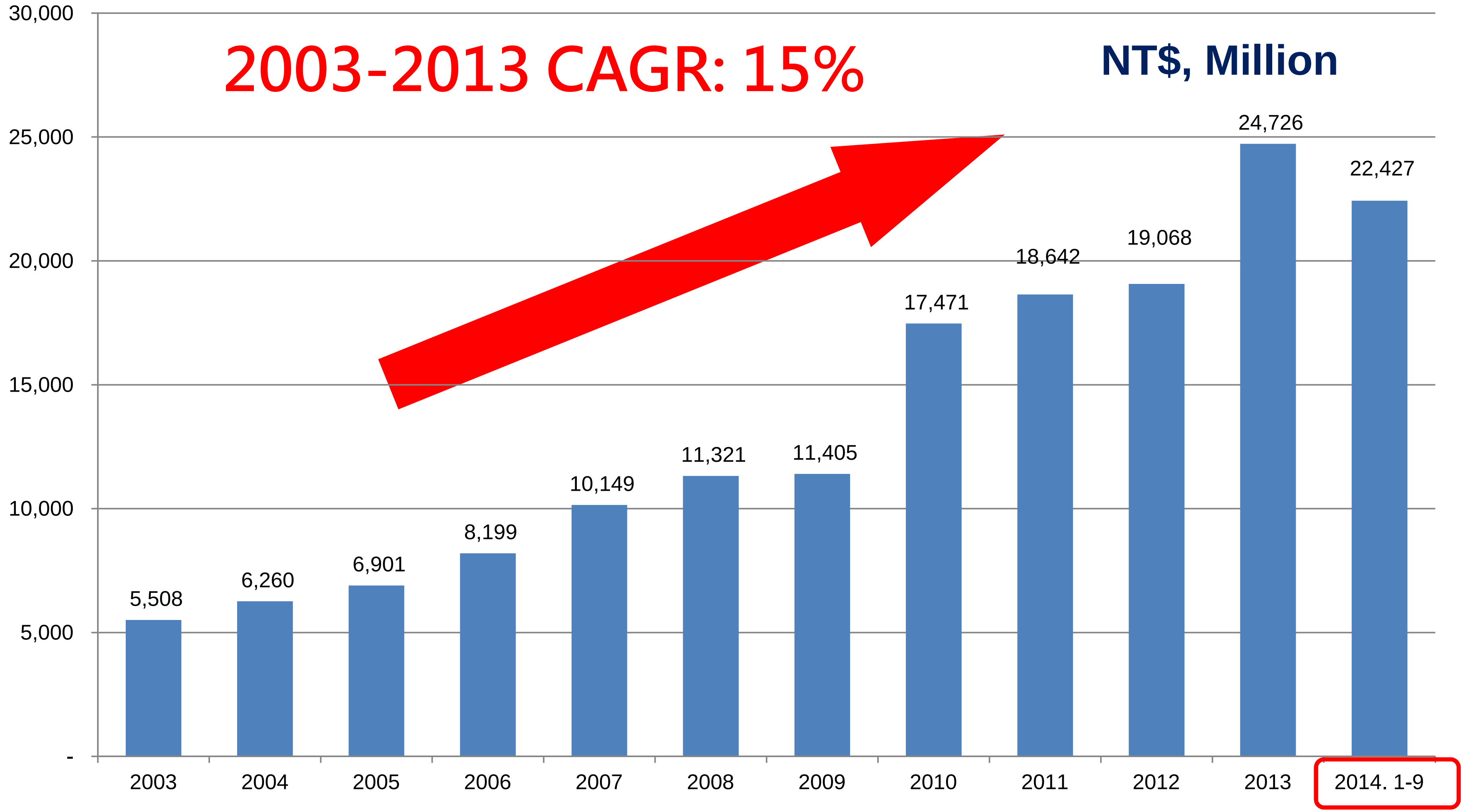
To Reach Economy of Scale

Bulb



Business Outlook

Consolidated Revenue



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2014 1-3Q Income Statement (YoY)

NT$, ‘000

Item \ Year	2013		2014		
	2013 1-3Q	Sales %	2014 1-3Q	Sales %	YOY(%)
Sales Revenue	17,947,638	100.00%	22,426,624	100.00%	24.96%
Cost of Goods Sold	(13,522,352)	-75.34%	(16,836,228)	-75.07%	24.51%
Gross Profit	**4,425,286**	**24.66%**	**5,590,396**	**24.93%**	**26.33%**
Operating Expense	(2,871,125)	-16.00%	(3,567,991)	-15.91%	24.27%
Operating Income	**1,554,161**	**8.66%**	**2,022,405**	**9.02%**	**30.13%**
Non-Operating Income(Loss)	(40,467)	-0.23%	4,588	0.02%	-111.34%
Earning before Tax	**1,513,694**	**8.43%**	**2,026,993**	**9.04%**	**33.91%**
Corporate Tax	(402,376)	-2.24%	(394,048)	-1.76%	-2.07%
Net income	**1,111,318**	**6.19%**	**1,632,945**	**7.28%**	**46.94%**
EPS(after-tax)**	**2.63**		**3.83**		**45.63%**

**2014 Weighted Average outstanding shares：422 million shares /
2013Weighted Average outstanding shares：419 million shares

2014 3Q Income Statement (QoQ)

NT$, '000

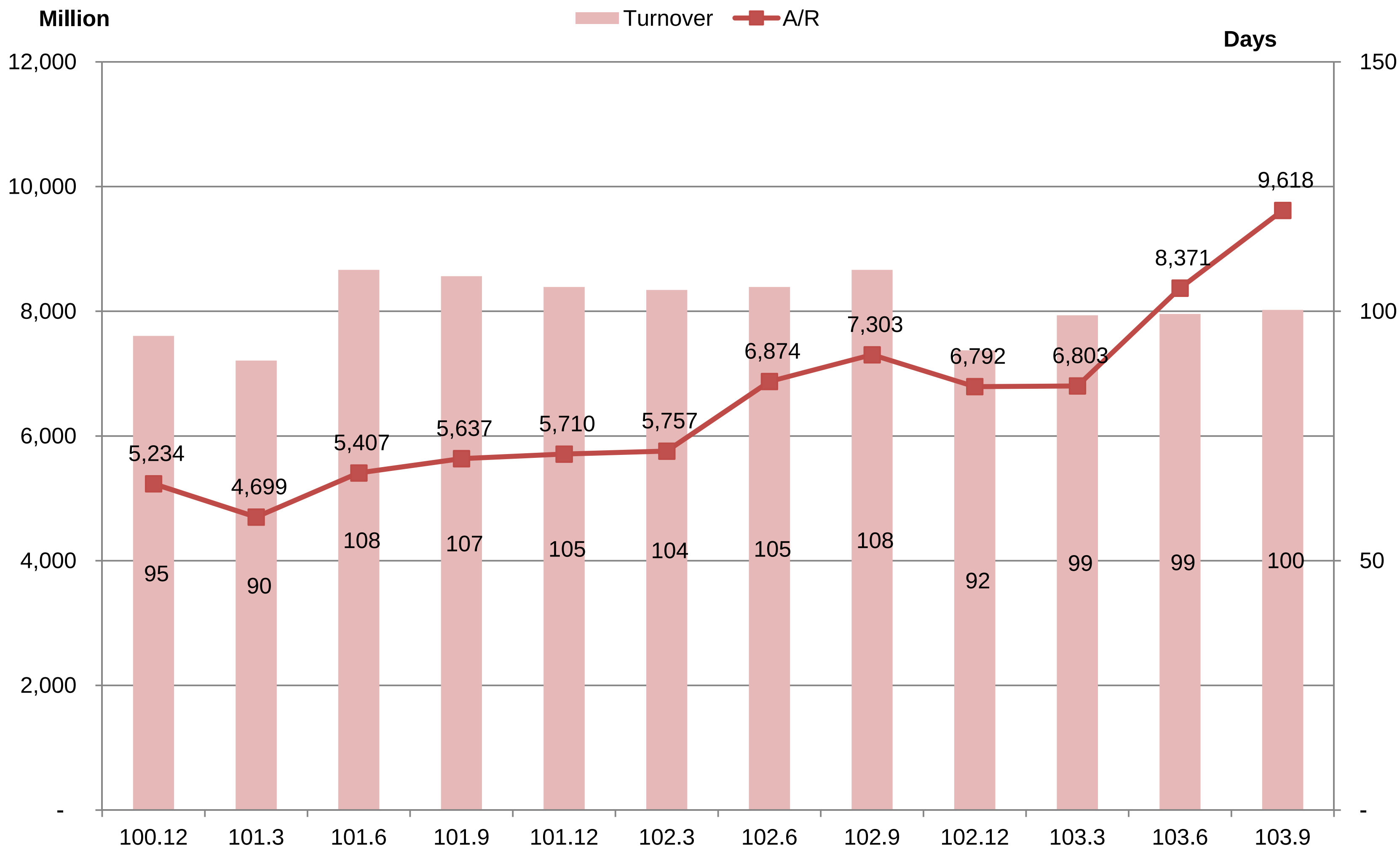
Item \ Year	2014 (Jan.~Mar.)	Sales %	2014 (Apr.~Jun.)	Sales %	2014 (Jul.~Sep.)	Sales %	2014 1-3Q	Sales %
Sales Revenue	6,253,665	100.00%	7,647,056	100.00%	8,525,903	100.00%	22,426,624	100.00%
Cost of Goods Sold	(4,649,387)	-74.35%	(5,744,359)	-75.12%	(6,442,482)	-75.56%	(16,836,228)	-75.07%
Gross Profit	**1,604,278**	**25.65%**	**1,902,697**	**24.88%**	**2,083,421**	**24.44%**	**5,590,396**	**24.93%**
Operating Expense	(1,117,976)	-17.88%	(1,182,980)	-15.47%	(1,267,035)	-14.86%	(3,567,991)	-15.91%
Operating Income	**486,302**	**7.78%**	**719,717**	**9.41%**	**816,386**	**9.58%**	**2,022,405**	**9.02%**
Non-Operating Income(Loss)	42,472	0.68%	(61,935)	-0.81%	24,051	0.28%	4,588	0.02%
Earning before Tax	**528,774**	**8.46%**	**657,782**	**8.60%**	**840,437**	**9.86%**	**2,026,993**	**9.04%**
Corporate Tax	(114,158)	-1.83%	(165,082)	-2.16%	(114,808)	-1.35%	(394,048)	-1.76%
Net income	**414,616**	**6.63%**	**492,700**	**6.44%**	**725,629**	**8.51%**	**1,632,945**	**7.28%**
EPS(after-tax)**	1.00		1.16		1.67		3.83	

**2014 Weighted Average outstanding shares：422 million shares / 2013Weighted Average outstanding shares：419 million shares

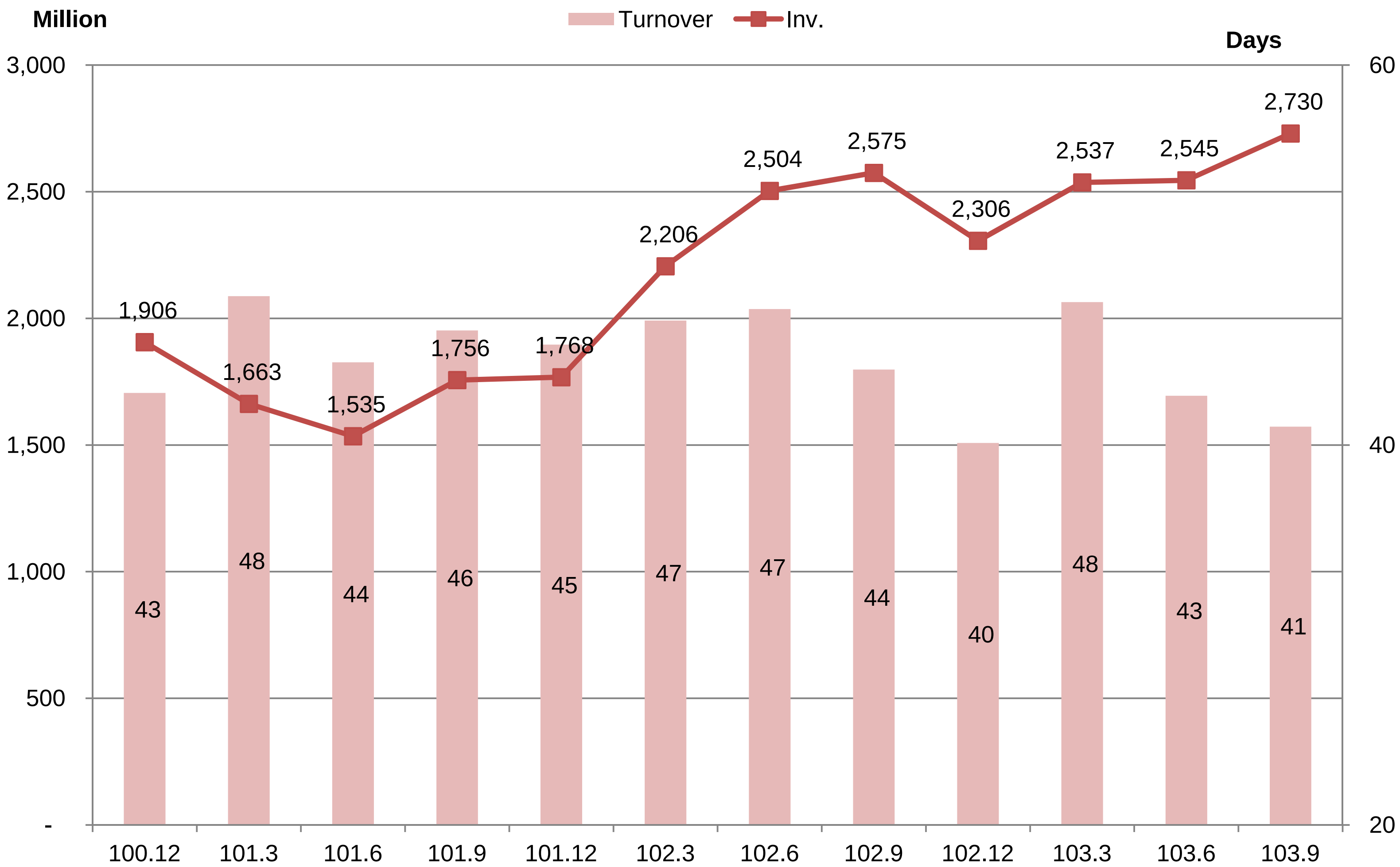
2014 Q3 Balance Sheet

(NT$, Million)	2014.Q3	%	2014.Q2	%		2014.Q3	%	2014.Q2	%
Cash & Cash Equivalent	5,169	**16%**	6,988	**21%**	Current Liability	11,638	**35%**	11,907	**36%**
Short-Term Investment	2,086	**6%**	1,414	**4%**	Long-Term Liability	3,796	**11%**	3,879	**12%**
Accounts & Notes Payable	9,618	**29%**	8,371	**25%**	Other Liability and	602	**2%**	615	**2%**
Inventory	2,730	**8%**	2,545	**8%**	**Total Liability**	**16,036**	**48%**	**16,401**	**50%**
Other Short-term Assets	918	**3%**	1,509	**5%**	**Total Shareholders' Equity**	**17,061**	**52%**	**16,576**	**50%**
Current Assets	**20,521**	**62%**	**20,827**	**63%**	Common Stock	4,284	**13%**	4,277	**13%**
Long-Term Investment	**1,680**	**5%**	**2,063**	**6%**	Special Reserve	284	**1%**	284	**1%**
Property, Plant and Equipments	**9,221**	**28%**	**8,762**	**27%**	Unappropriated Retained Earnings	1,997	**6%**	1,288	**4%**
Other Long-Term Assets	**1,675**	**5%**	**1,325**	**4%**	Minority Interest	737	**2%**	850	**3%**
Total Assets	**33,097**	**100%**	**32,977**	**100%**	**Total Liability and Shareholders' Equity**	**33,097**	**100%**	**32,977**	**100%**

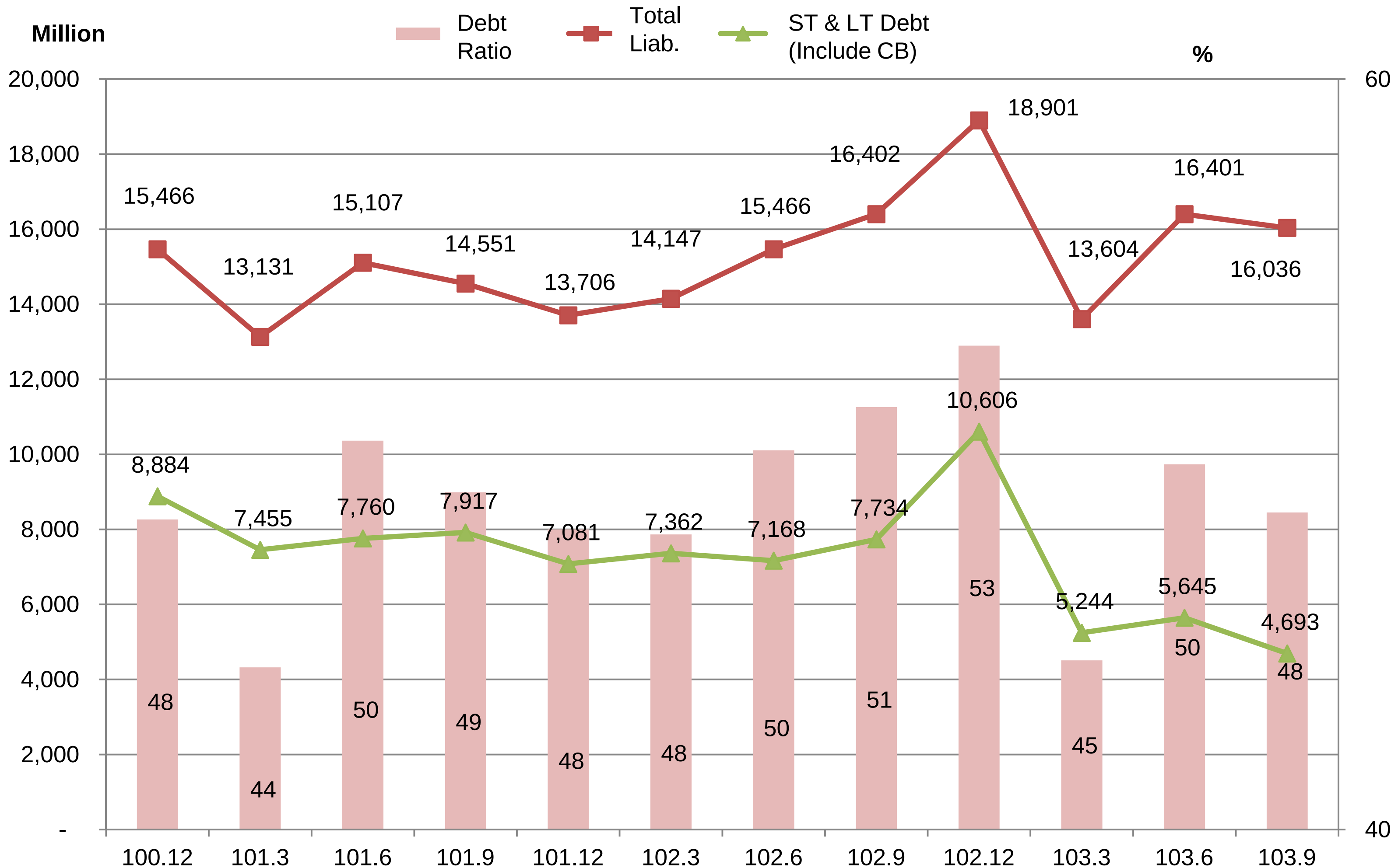
Days of Sales Outstanding (Consolidated)



Days Sales of Inventory (Consolidated)



Debt Ratio (Consolidated)




HQ, Taipei, Taiwan
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億光
Thank You!