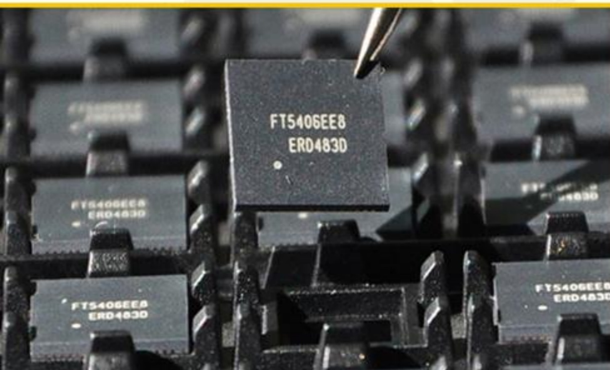
The World Leader Of Capacitive Touch Solutions



FocalTech Investor Conference

2015.03.06

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2014 Review

The worldwide leader of capacitive touch solutions

Income Statement (Ticker 3545: Orise)

Unit in NT$ Million /單位: 新台幣佰萬元

	2014	2014Q1~Q3
Revenue/ 營業收入	9,893	7,919
Gross Profit/ 營業毛利	1,299	1,111
Gross Margin/ 營業毛利率	***13.1%***	***14.0%***
Operating Expense/ 營業費用	1,160	881
Operating Exp. Rate/ 營業費用率	***11.7%***	***11.1%***
Operating Income/ 營業淨利	140	230
Operating Margin/ 營業淨利率	***1.4%***	***2.9%***
Profit after Tax/ 稅後淨利	144	197
Net Profit Margin/ 稅後淨利率	***1.5%***	***2.5%***
EPS(Basic)/ 每股盈餘(基本)	**1.04**	**1.42**

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Combined Income Statement (Pro Forma)

Unit in NT$ Million /單位: 新台幣佰萬元

	Pro Forma 2014
Revenue/ 營業收入	14,416
Gross Profit/ 營業毛利	2,890
Gross Margin/ 營業毛利率	***20.0%***
Operating Expense/ 營業費用	2,050
Operating Exp. Rate/ 營業費用率	***14.2%***
Operating Income/ 營業淨利	841
Operating Margin/ 營業淨利率	***5.8%***
Profit after Tax/ 稅後淨利	809
Net Profit Margin/ 稅後淨利率	***5.6%***
EPS(Basic)/ 每股盈餘(基本)	**1.95**

Proforma EPS is based on the outstanding shares after merger of 415,907k shares

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2014 Summary

- The shipment of smart phones (designed and manufactured) in China reached 520 million units in 2014, which represents ~ 30% annual growth.
  大陸品牌手機(包含出口)於2014年總生產量達五億兩仟萬支,年成長率約為~30% 。

- FocalTech's total shipment of touch and LCD drivers exceeded 700M units in 2014. More than 550M units were for smart phones and 100M for tablets.
  敦泰觸控與顯示驅動IC 2014總出貨量超過700M顆；其中超過550M顆終端應用為手機， 100M顆為平板。

- FocalTech total touch IC shipment exceeded 300 million pieces, in line with the market growth in 2014.
  敦泰觸控2014出貨量超過300M顆，其出貨量成長率與大陸品牌手機量成長率一致。

2014 Summary

- On the LCD driver side, the total shipment exceeded 400 million pieces in 2014. About 50% were sold to China market. In terms of resolution, WVGA and qHD were dominant while HD/FHD were on the rise.
  敦泰LCD驅動IC產品出貨量超過400M套。其中出往大陸市場約占50%，在分辨率方面，以WVGA和 qHD為主，HD及Full HD有明顯上昇趨勢。

- Despite healthy increase in volume shipment for both touch and LCD drivers, ASP drop over took the shipment growth in the 2H of 2014, which resulted in lower revenues and lower margins for the China market sector.
  雖然2014年上半年成長狀況良好，但下半年大陸成長趨緩，在IC平均售價持續下滑的情況下，導致營收與毛利下滑。

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Future Outlook

The worldwide leader of capacitive touch solutions

2015 Outlook

- The growth rate of Chinese-made smart phone shipment is expected to continue at ~20% for 2015, slightly higher than world average rate of ~17%.
  全球智慧型手機2015年成長率約為~17%，大陸品牌智慧手機成長率約為~20%。

- Average selling price of smart phones may continue to fall. If so, it will negatively influence the component price further.
  智慧型手機ASP可能仍會下滑，相關零組件單價也可能會再下降。

- For the whole industry: Further price pressure will speed up consolidation of touch panel makers and phase in of new technologies in the supply chain; for example, In-Cell technology.
  觸控模組市場壓力將加速模組廠商的整合以及新產品的開發及新技術的切換，如In-Cell。

- For FocalTech: the business in the Q1 of 2015 will be worse than that of Q4 of last year. However, the business will re-bound starting Q2 due to the introduction new products and new technology.
  預計今年第一季度業績將向下調整，因新產品的推出及產品組合的調整，第二季開始將反彈。

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What is Super In-cell and Why? (I)

- Super In-cell is the latest technology based on self capacitive sensing rather than mutual capacitive method; the latter has been the industry dominant approach including Apple.
  不同於Apple的互電容In- cell，Super In-cell是以自電容的偵測感應方式取值的最新科技。

- Self cap has better performance and is simpler in structure for touch sensing but traditional method can not support multi finger touch. Super In-Cell represents a technology breakthrough making multi finger touch possible.
  自電容擁有較佳性能且架構簡單，缺點是傳統設計無法支援雙點以上觸控；但 Super In-Cell 打破此技術障礙。

- FocalTech integrates the LCD driver and touch controller into a single chip (Integrated Driver Controller, known as IDC) to further simplify the glass module structure and reduce the external components.
  敦泰的整合觸控與驅動單一晶片(IDC)，進一步簡化 In-cell 面板玻璃結構並減少模組元件。

- Super In-cell has simpler panel structure and easy for mass production – Lower cost than the mutual-cap In-cell or out cells.
  相較於傳統外掛式及互電容式In-Cell，Super In-cell 的面板成本低，易大量生產。

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What is Super In-cell and Why? (II)

- Super In-cell uses high speed sensing for touch, thus can support high resolution display beyond FHD. (Apple 6 uses HD & FHD)
  高速偵測的Super In-Cell可支持到FHD以上的分辨率。

- Super In-cell's high speed sensing also supports large glass size such as for Tablets.
  高速偵測的Super In-cell亦支持大尺吋面板如平板。

- Super In-cell can support not only LTPS but also α-TFT LCD panels. This means In-cell can be implemented for wide-range of products.
  可支持LTPS 和 α-TFT LCD 面板，產品應用廣泛。

- Super In-cell significantly shortens the supply chain for touch functions in all mobile applications .
  In-Cell大幅度簡化觸控模組生產供應鏈流程。

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Super In-cell at FocalTech

- FocalTech has established strong patent portfolio in Super In-Cell with Integrated Driver Controller (IDC). Super In-Cell is expected to be the preferred choice in the mobile market.
  敦泰有完整專利佈局，為客戶最佳解決方案。

- FocalTech is co-working with multiple LCD panel makers on the Super In-cell development in Taiwan, Japan and China mainland.
  目前已與台灣、日本與大陸各大面板廠商進行開案。

- HD and Full HD resolution products are expected to be in production in 2015 2H. The engineering samples are ready now.
  HD and FHD 解析度產品預計於2015 2H或更早量產。

- We are aggressively expanding our R&D team to respond to the strong interest from customers around the world.
  由於全球客戶反應熱烈，公司RD人才正在全面積極擴充中。

Special Notice

Ticker 3545 on TWSE will be renamed to FocalTech Systems (敦泰電子) on March 20th, 2015.
股票代碼 3545 於 2015/3/20 將從**"旭曜"**改為**"敦泰"**。

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Q&A & Thank you