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# ***Sino-American Silicon Products Inc.***

**October 5th, 2006**



中美矽晶製品股份有限公司  
SINO-AMERICAN SILICON PRODUCTS INC.

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## ***Safe Harbor Notice***

*Any statements set forth that are not historical facts are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements.*

*Potential risks and uncertainties include, but are not limited to, such factors as fluctuations in product demand, the introduction of new products, the Company's ability to maintain customer and vendor relationships, technological advancements, impact of competitive products and pricing, growth in targeted markets, risks of foreign operations, foreign exchange rates, and other information detailed from time to time.*



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# *SAS Group*



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## ***Manufacturing: Hsinchu (SAS)***

**Established :** 1981

**Plant Area :** 4,600 M<sup>2</sup>

**Manufacturing Area :** 7,400 M<sup>2</sup>

**Employees:** 320

**Location :**

Science-based Industrial Park, Hsinchu,  
Taiwan

**Main Products :**

Semi 3"~6" CZ Silicon Wafers

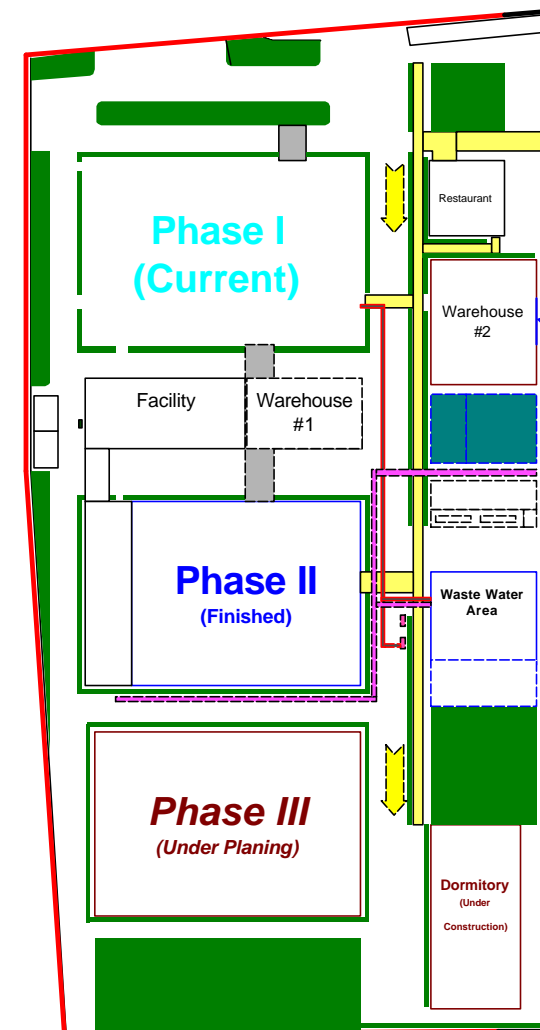
Semi 2"~6" FZ Silicon Wafers



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## ***Manufacturing: Qunshan, China (SST)***

**Established :** 1999 ( Phase I )  
2005 ( Phase II )  
**Plant Area :** 21,800 M<sup>2</sup>  
**Manufacturing Area:** 14,000 M<sup>2</sup> ( Phase I & II )  
**Employees:** 250  
**Main Products :** Semi 3"~6" CZ Silicon Wafers



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# ***Manufacturing: Chunan (SSC)***

## ***- New Factory for PV***

**Plant Area:** 12,000 M<sup>2</sup>

**Manufacturing Area:** 27,400M<sup>2</sup>

**Employees:** 240

**Location:**

Chunan Science-based Industrial Park,  
Hsinchu, Taiwan

**Construction Completed**

- Feb 2006

**Initial Operation**

- Mar 2006

**Main Products**

- 6" & 8" Mono-crystalline Ingots
- Multi-crystalline Ingots
- 125 mm sq & 156 mm sq Wafers



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## ***SAS Snapshot***

### **Fast Facts**

Founded in 1981  
Hsinchu, Taiwan Headquarter;  
4 production sites  
Over 800 employees worldwide  
Products :Silicon Ingots /  
Wafers  
Quality System : Certified by  
QS-9000, ISO-14001 & TS-16949

### **2005 Financial Highlights**

Revenue : NTD1.99 Billion  
Gross Profit : 20%  
Operation Profit : 9.69%  
EPS : 1.76  
Shares Outstanding : 152  
Million



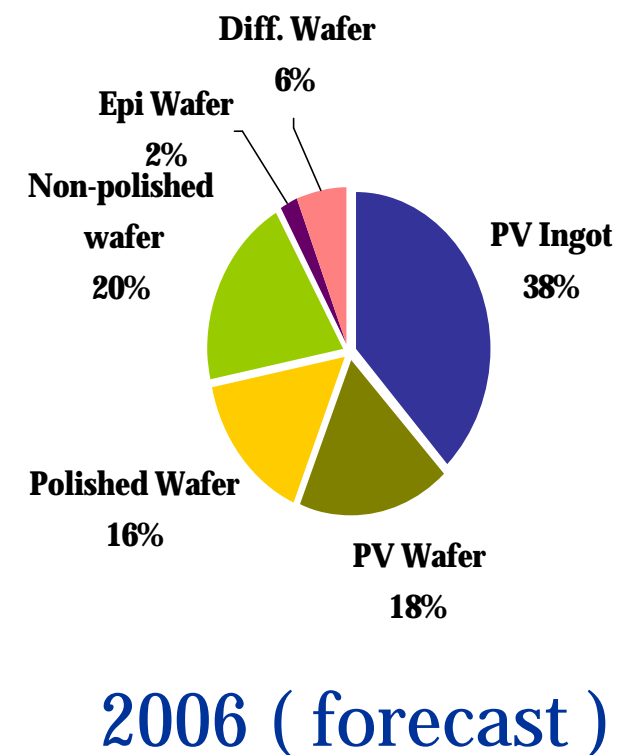
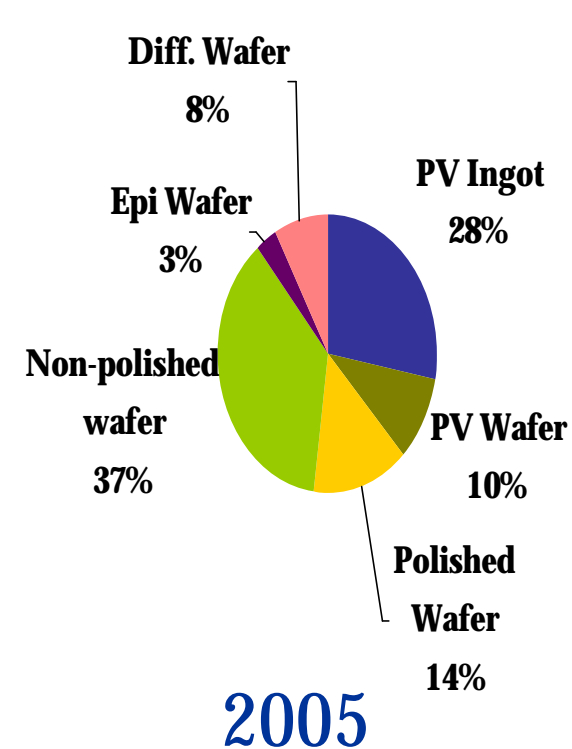
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## ***Main Products***

|  |                     |  |
|--|---------------------|--|
| <b>Ingot</b><br><b>Non-polished Wafer</b><br><b>Polished Wafer</b><br><b>Heavily-doped Substrate</b><br><b>Epi Wafer</b><br><b>Diffused Wafer</b><br><b>PV Wafer</b> | <b>Diameter</b>     | <b>2 ~ 8 inch</b>  |
|  | <b>Crystal</b>      | <b>CZ, FZ, NTD</b>   |
|  | <b>Dopant</b>       | <b>As , Sb , P , B</b>   |
|  | <b>Orientation</b>  | <b>(100) , (111)</b>   |
|  | <b>Resistivity</b>  | <b><math>10^{-3} \sim 10^4</math> ohm-cm</b>   |
|  | <b>Applications</b> | <b>Power Device</b><br><b>Consumable ICs</b><br><b>Opto - Elec Device</b><br><b>MEMS</b><br><b>Automobile Elec.</b><br><b>Solar Cell</b> |



# ***Growing Solar & Semiconductor***



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# *The Strength of SAS*



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# ***Focused Platform –Solar/Semi/Sapphire***

***CZ / FZ / NTD Ingot***

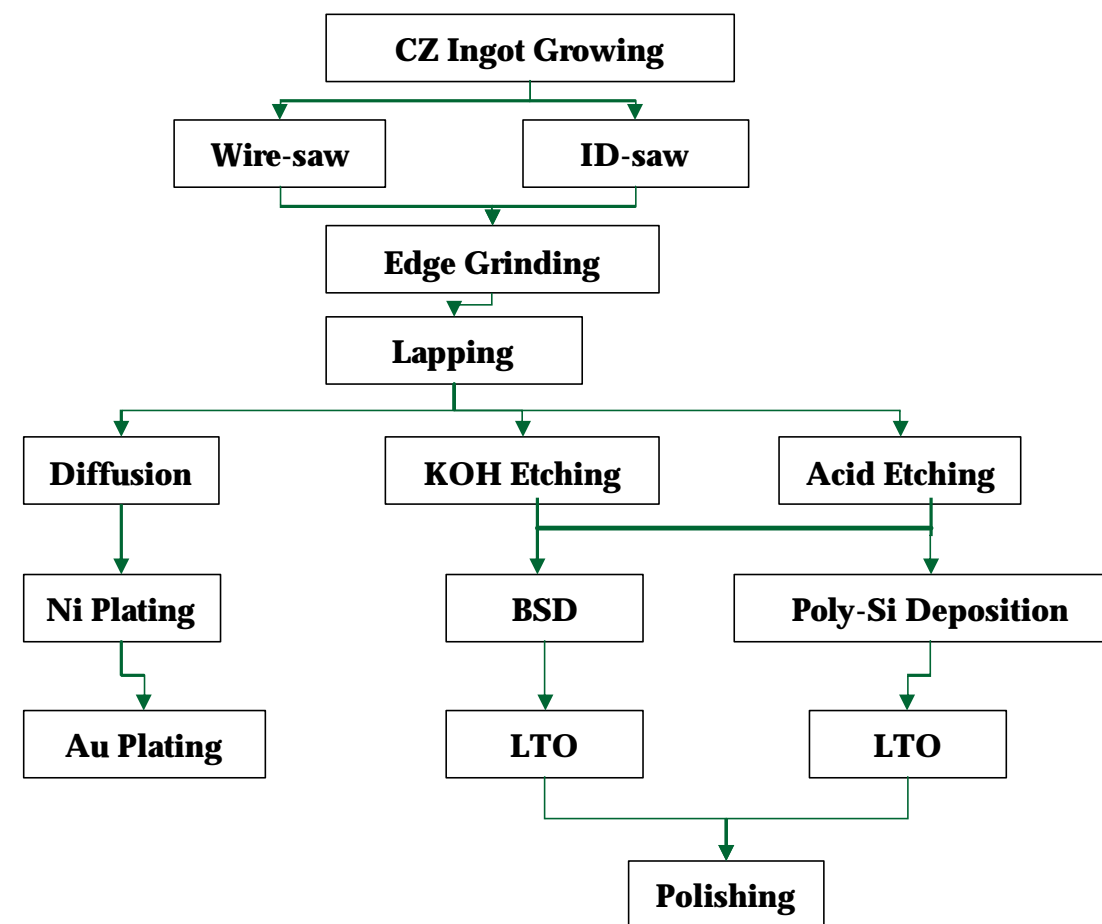
***Wire Sawn / ID sawn  
wafer***

***Lapped wafer***

***Diffused wafer***

***Etched wafer***

***Polished wafer***

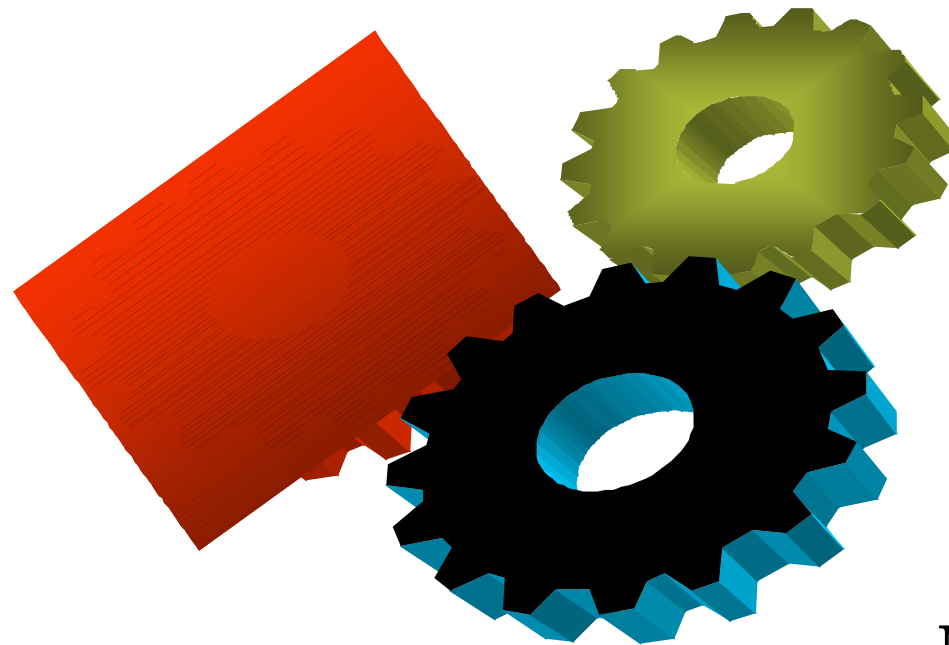


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# *Manufacturing Expertise*

Productivity

Personal training



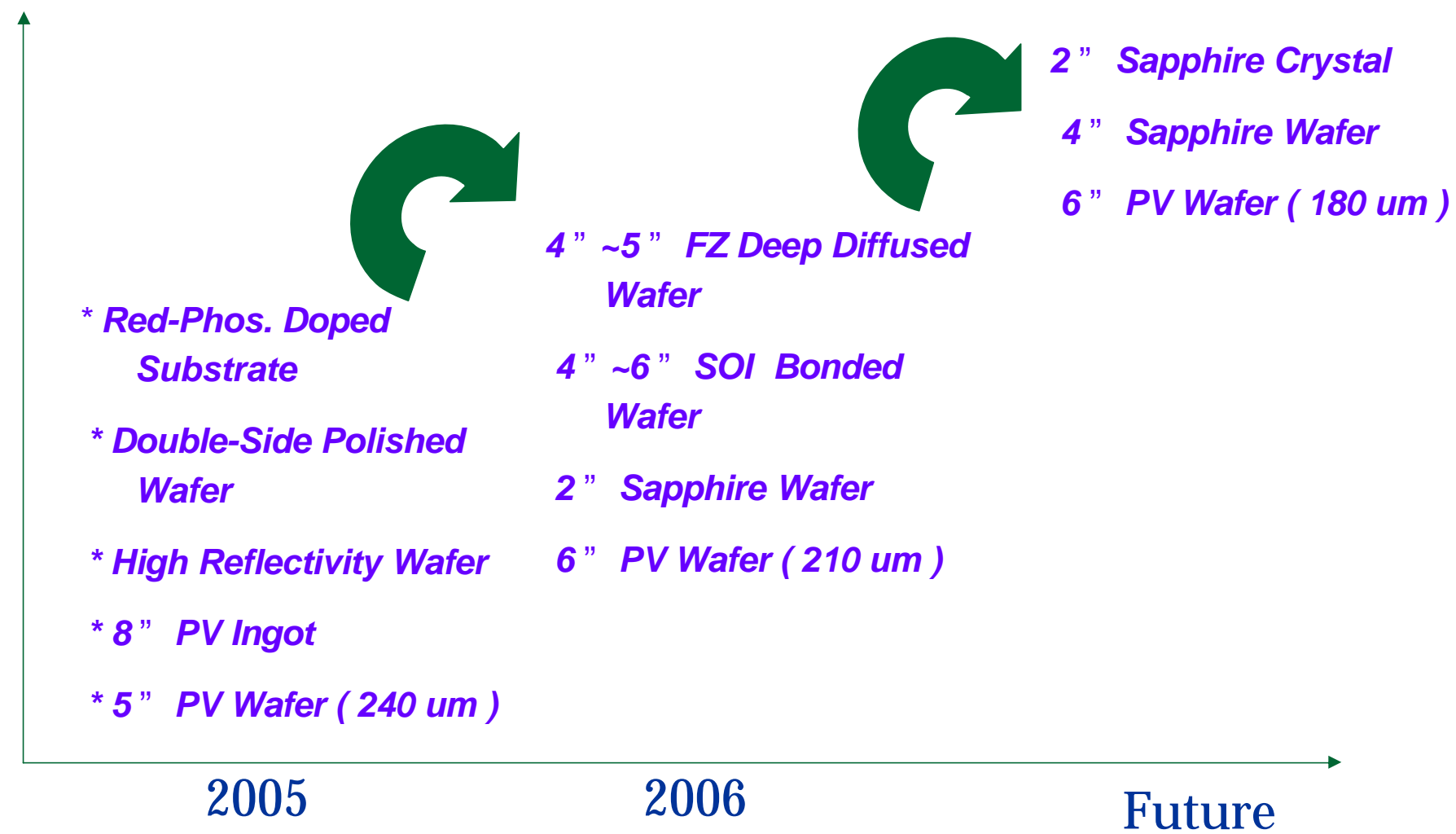
Clustering effect

Management



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# Technology Expertise



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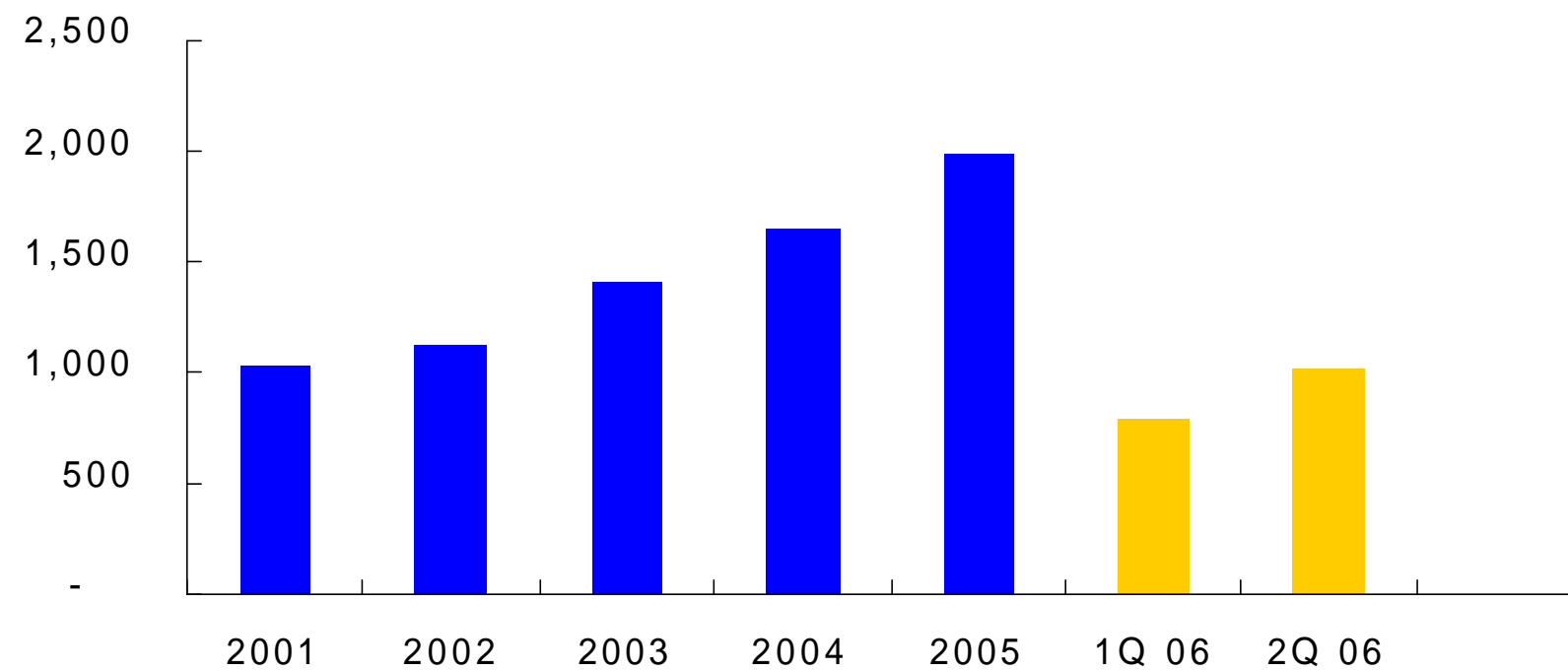
## ***Keys to Sales & Marketing Success***

1. Advantages of early mover
2. Reputation
3. Partner relationship with customers
4. Strategic alliances synergy
5. Globalize services & total solutions



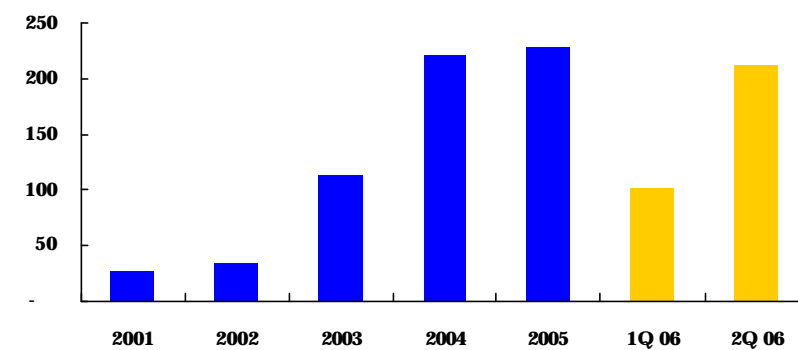
## ***Financial : Expanding Top Line***

Revenues by Year (\$mm)

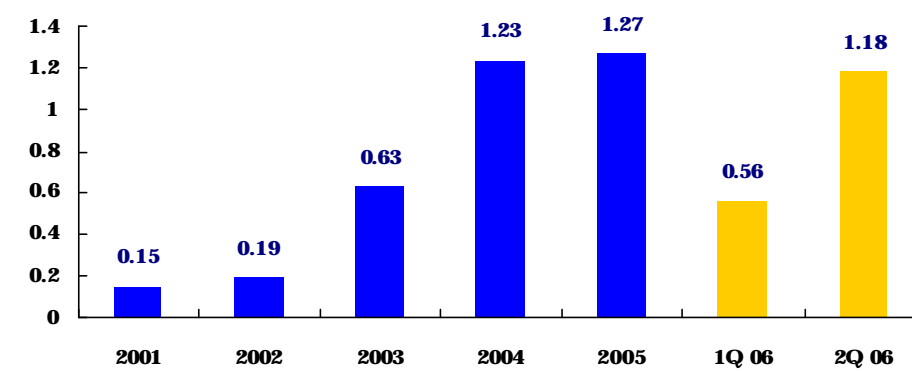


# *Financial : Expanding Bottom Line*

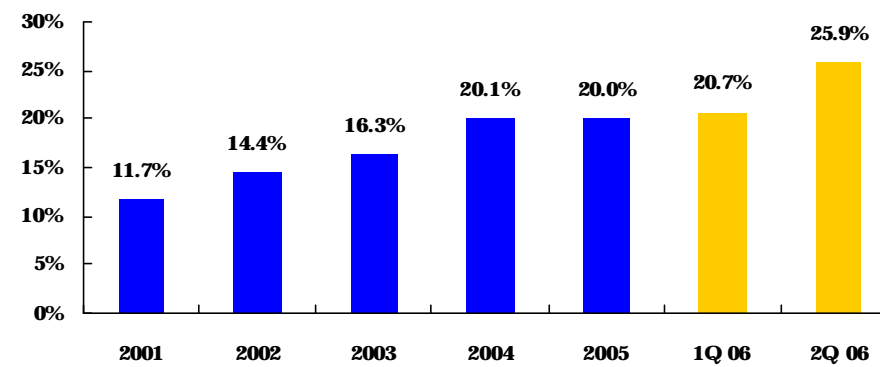
Net Income



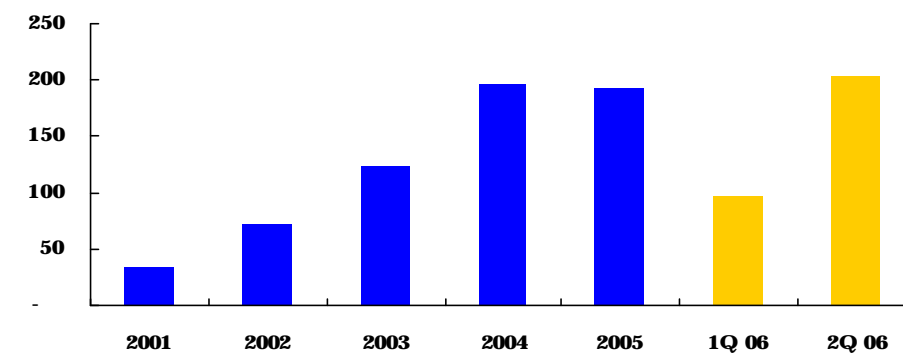
EPS (adjusted)



Gross Profit (%)



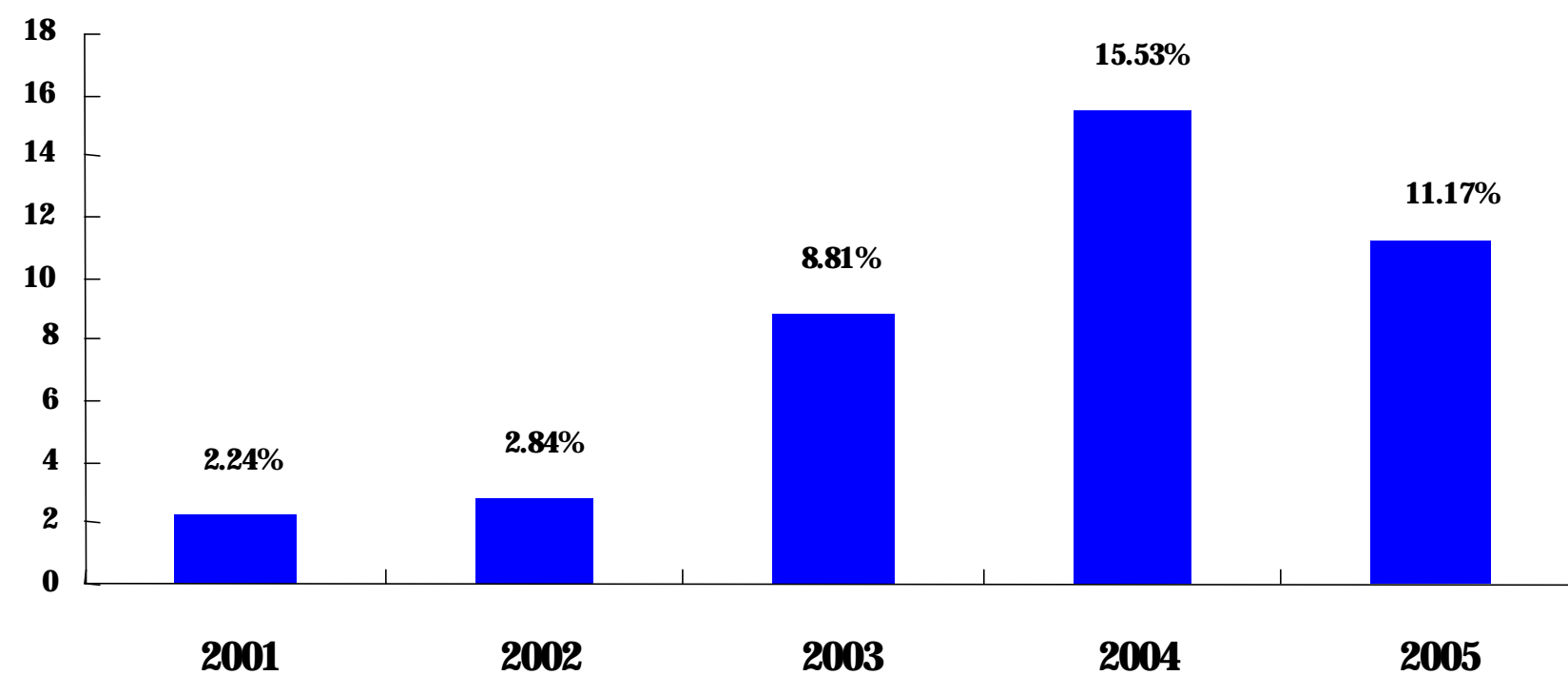
Operating Profit



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## ***Financial : Improving Return on Equity***



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## *SAS 2006 Quarterly P&L*

| NT\$ mn            | 1Q 06 | 2Q 06 | QoQ (%) | 2Q 05 | YoY (%) |
|--------------------|-------|-------|---------|-------|---------|
| Net Sales          | 783   | 1009  | 28.9    | 459   | 119.8   |
| COGS               | 621   | 748   | 20.5    | 367   | 103.8   |
| Gross Profit       | 162   | 261   | 61.1    | 93    | 180.6   |
| Operating Expenses | 65    | 58    | -10.8   | 63    | -7.9    |
| Operating Profit   | 97    | 203   | 109.3   | 30    | 576.7   |
| PBT                | 123   | 265   | 115.4   | 42    | 531.0   |
| Net Income         | 101   | 213   | 110.9   | 38    | 460.5   |
| EPS                | 0.66  | 1.32  | 100.0   | 0.31  | 325.8   |
| Ajusted EPS        | 0.56  | 1.18  | 110.7   | 0.21  | 461.9   |



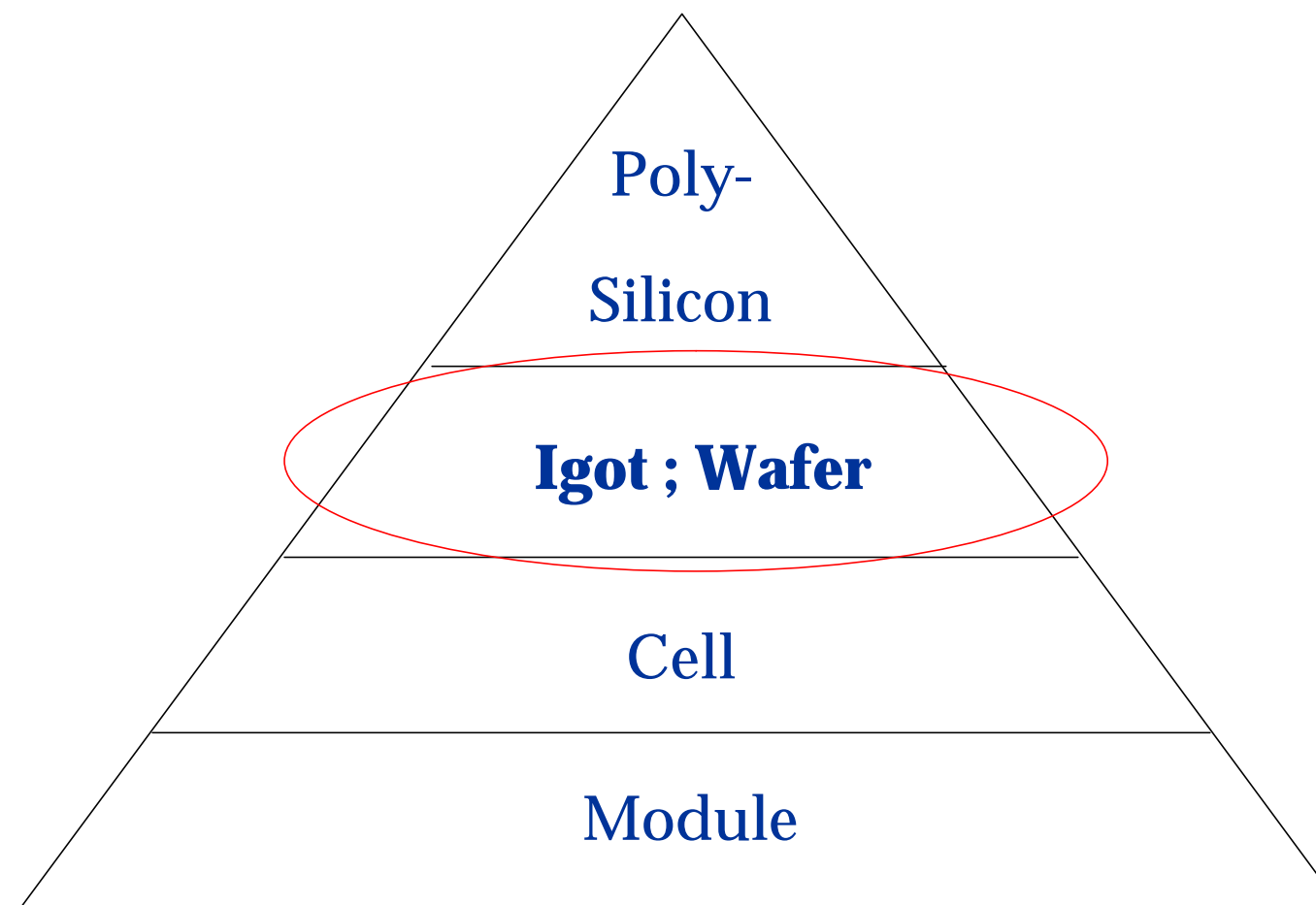
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*Solar*



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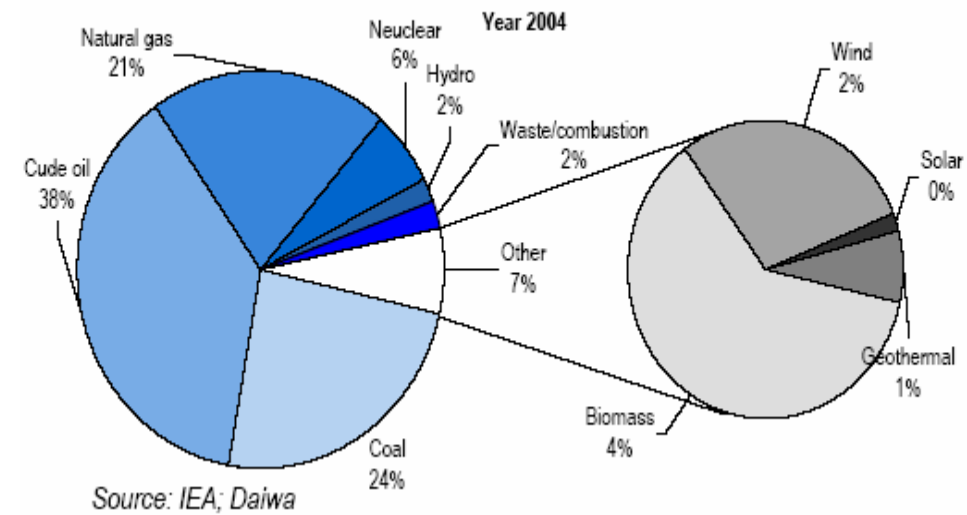
# ***The Solar Industry Supply Chain***



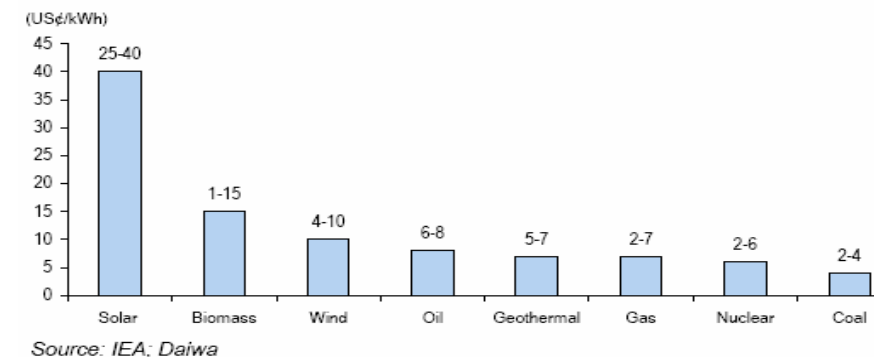
# The Solar Drivers

- **No pollution. “The Kyoto protocol”: CO<sub>2</sub> reduction Between 2008 ~ 2012**  
 Japan 6%  
 EU 8%  
 USA 7%
- **Inexhaustible fuel source vs scarcity & price increase of traditional fuel sources**
- **Worldwide expansion of Government incentives**
- **Solar energy will be cost competitive, silicon will meet demand by 2008 & emergence of new technology**

Breakdown of sources of energy (2004)

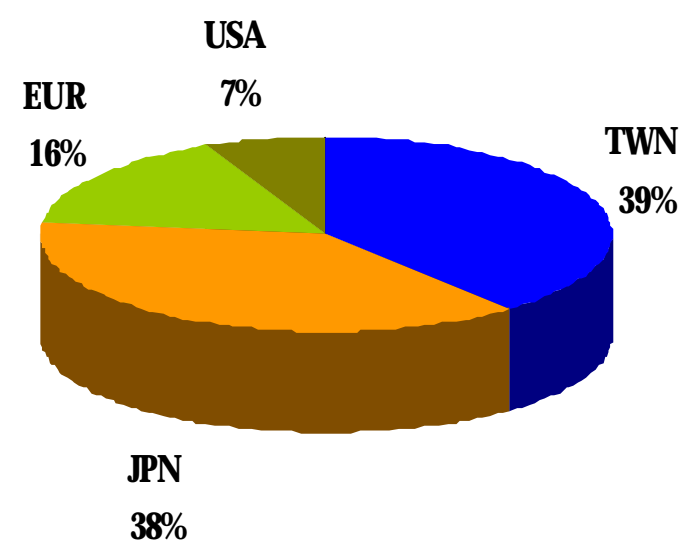


Power-generation cost

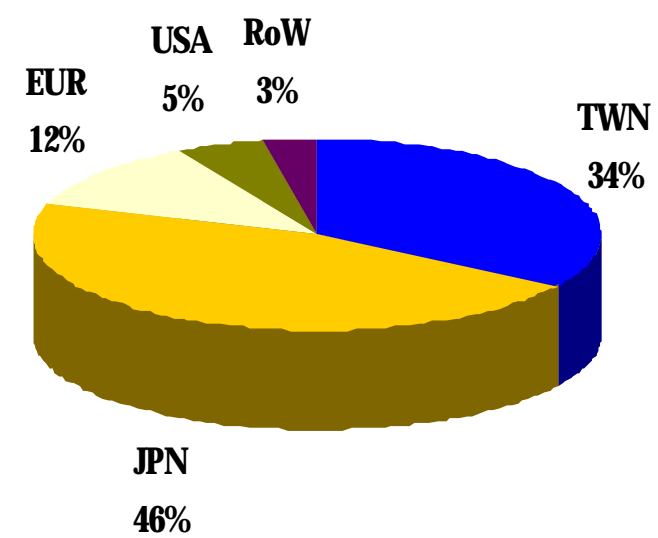


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# ***Customers Focus***



**2005**



**2006 ( forecast )**



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## ***SAS 's Competitive Advantages in PV***

- Scale to be ready by 2008
- Know-how & experience from 2001
- Functional management team
- Flexible & cost-oriented manufacturing
- Global sales & marketing organization
- Strong R&D ability
- Total solutions for ingot growing & slicing services



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## ***All the Right Moves***

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1. Secure long term contract for Poly-silicon material.
2. Accelerate capacity expansion, and will become the biggest solar ingot producer in Taiwan by the end of 2008.
3. Expand solar ingot supply & market through strategic alliance.
4. Continuously improve technology & product quality
5. Cost reduction through moving to multi crystal production & economies of scale



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# *Semiconductors*



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# Semiconductor Market Size & Trends

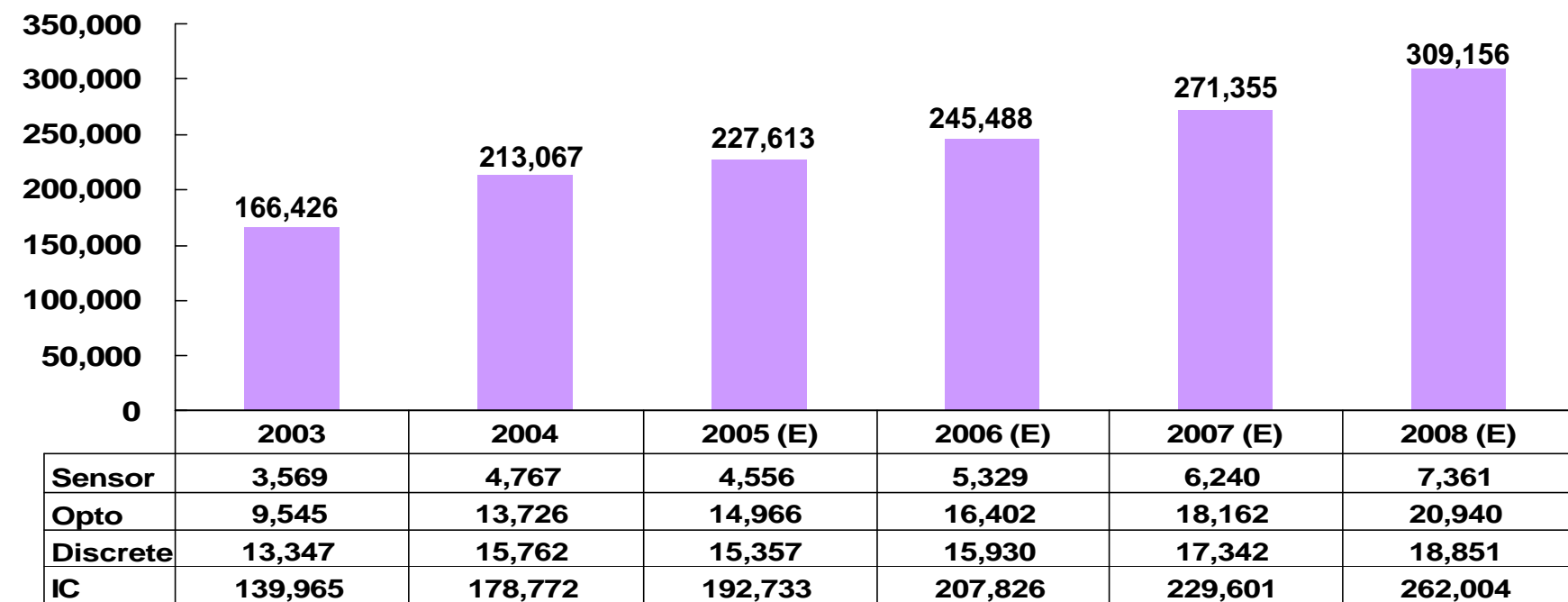
Semiconductor '03-'08 CAGR : 13.2%

Sensor '03-'08 CAGR : 15.6%

Opto '03-'08 CAGR : 17.0%

Discrete '03-'08 CAGR : 7.1%

IC '03-'08 CAGR : 13.4%



Source : SIA Nov. 2005



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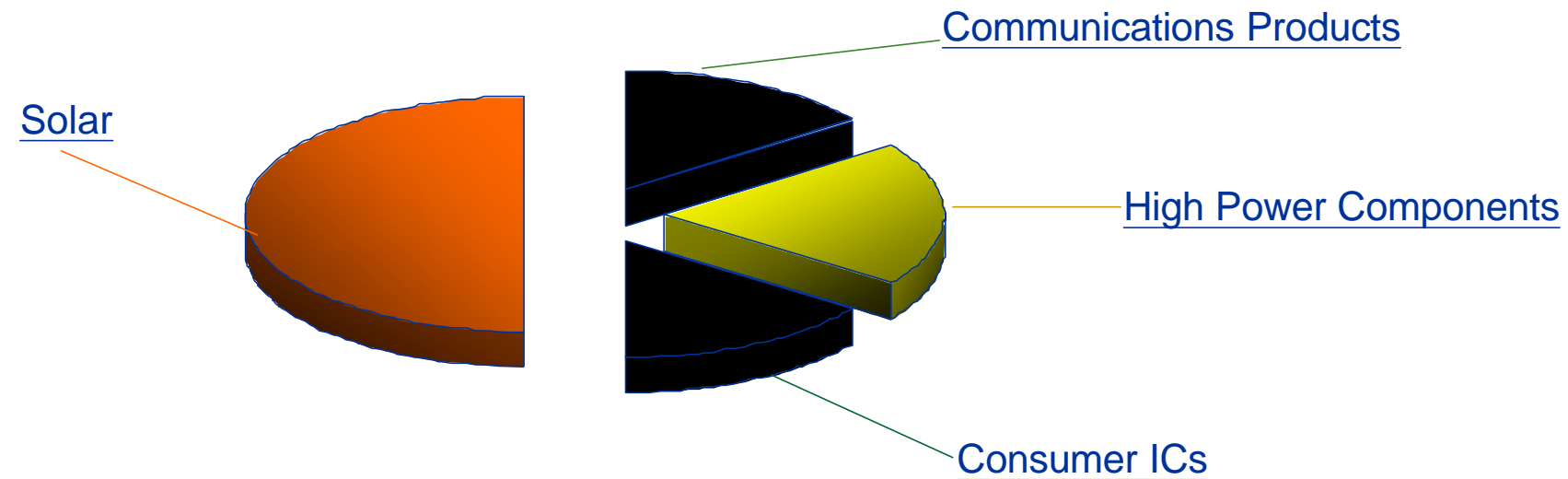
# ***Semiconductor Market Dynamics***

1. Stable growth with 4 years cycle
2. Growth driver from High Power Management Components , Communications & Mobility Products



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## *A well balance of Semiconductor & Solar Development*



“A well balanced sales growth in Semiconductor & Solar arena, concentrating in providing high value products to High Power Components, Solar, Consumer ICs and Communications Products. ”

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## ***SAS Growth Strategy***

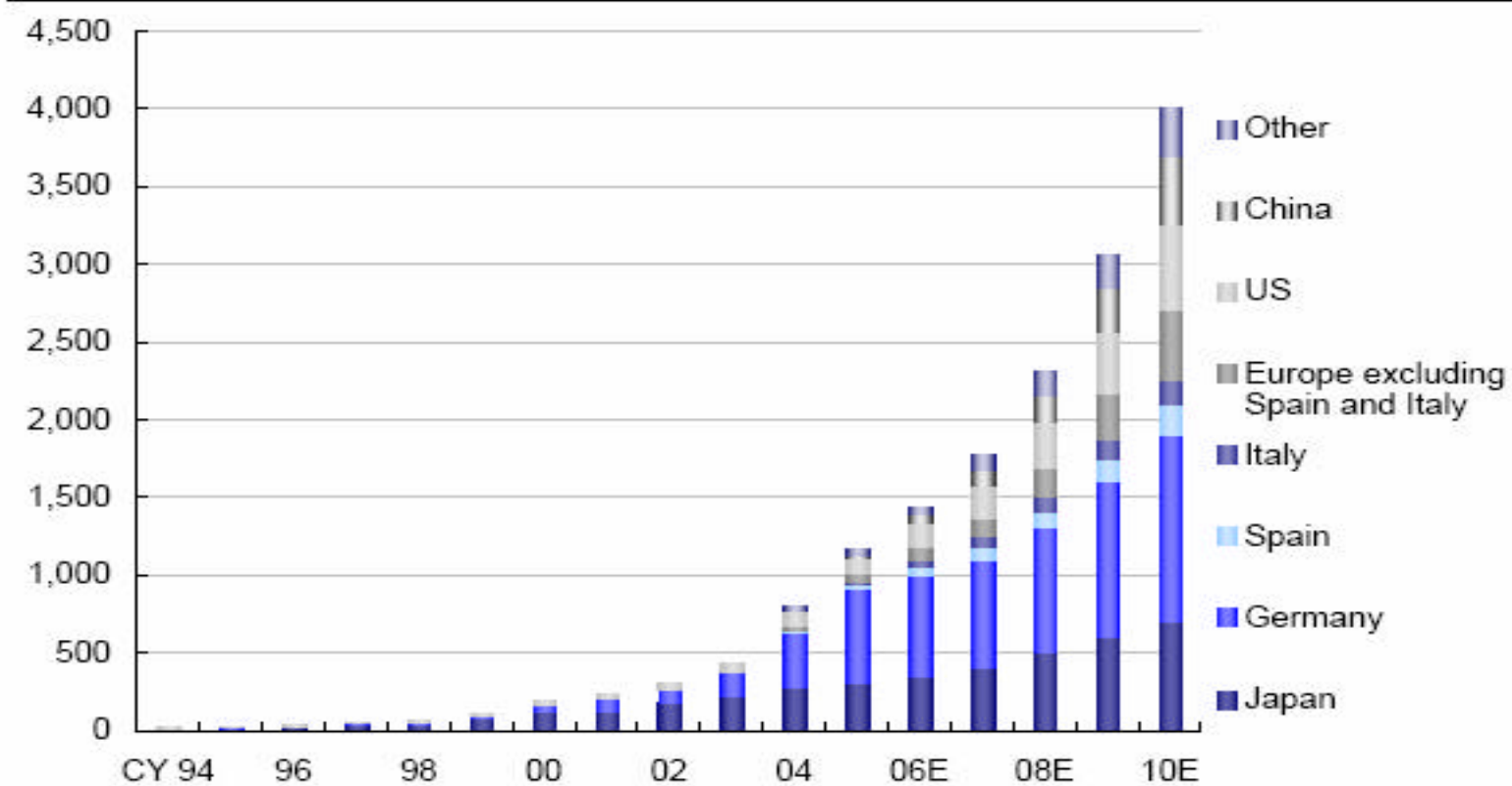
1. Secure silicon sources from upstream
2. Expand multi crystal products to improve efficiency for solar
3. To grow in Solar market
4. To expand in tier one customers in Semiconductor
5. Enhance cost competitiveness
6. Expand market through innovative products & technology upgrade



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## ***Solar Cell Market Forecast***

Figure 11. Solar cell market forecast (new capacity basis) (MW)



Source: Mizuho Securities Equity Research, based on *Trends in Photovoltaic Applications*



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