



# *Sino-American Silicon Products*



*28, Apr. 2011*

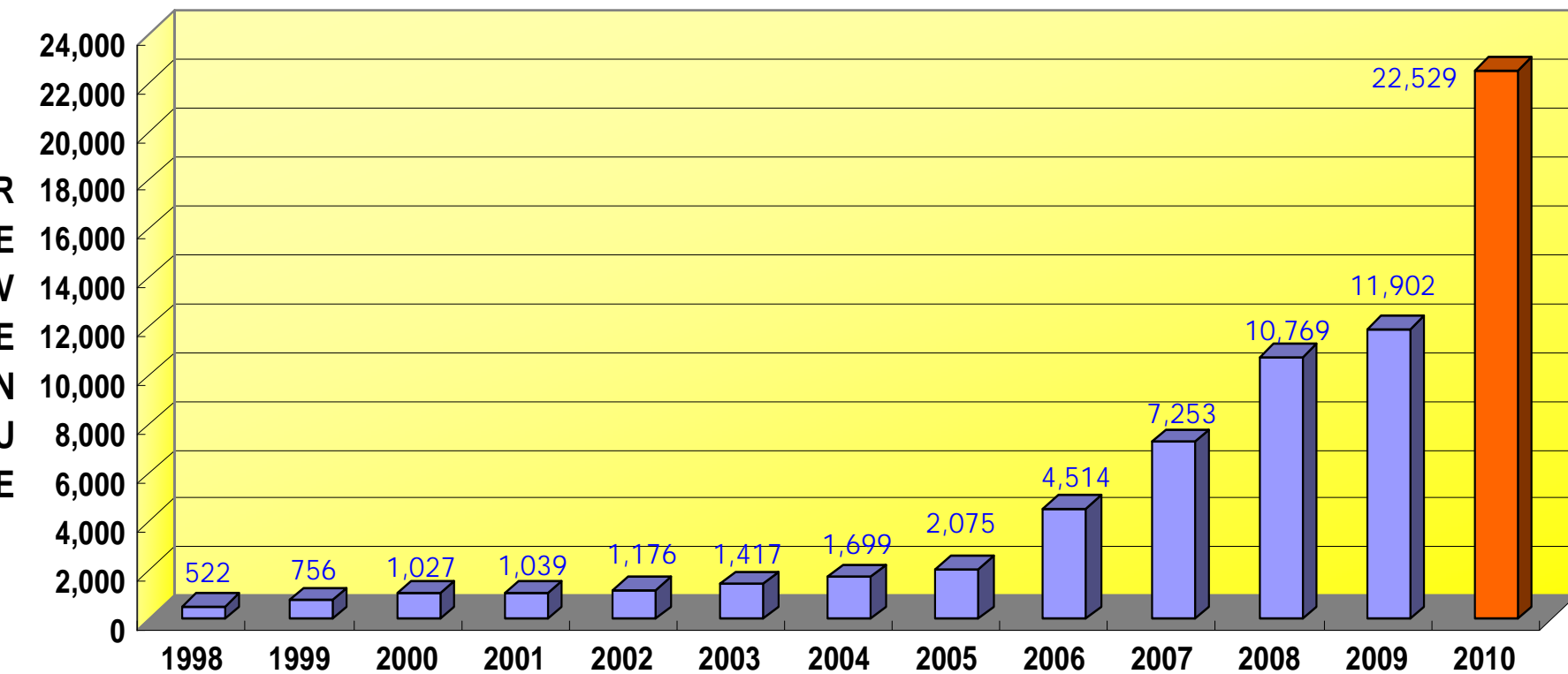
## *Safe Harbor Notice*

*Any statements set forth of 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.*

# *SAS Sales Revenue Trend*

In NT\$M



# 2011 Q1 Highlights

## ● **Market demand dynamics**

- Italy policy uncertainty shadowed the solar market demand and ASP.
- End-user market inventory digestion dragged the Sapphire ASP stability.
- Flat Semi market with sparking factors resulted from Japan Tsunami disaster impact.

## ● **Operating performance**

- Revenue hit by ASP decline and NT\$ appreciation as well , even consecutive monthly record high shipment posted
- Weaker Gross margin QoQ
- In-house sapphire production launched strengthening cost structure competitiveness.

# 11'Q1 Business Dynamics

## Solar Wafer

- Unexpected Italy subsidy policy uncertainty retrained the drawing solar installation hot season expectation.
- Polysilicon supply shortage remain with higher ASP level.
- Shipment increased with capacity expansion.

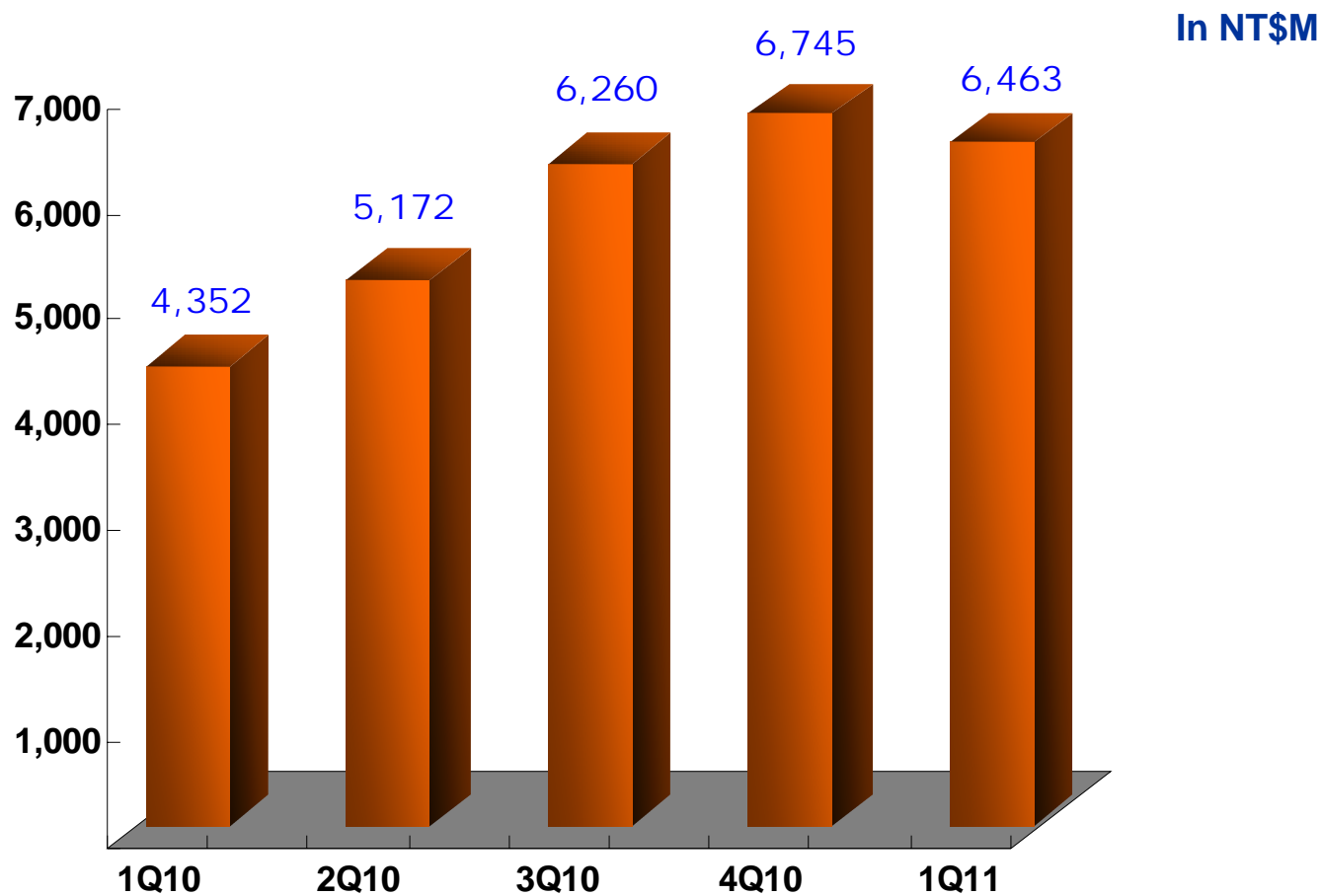
## Semiconductor Wafer

- Mild Gross margin edging down due to product mix.
- Rush orders triggered by Japan tsunami disaster contributed to tense utilization loading.
- On-going Epi/Polishing capacity expansion.
- 8" new product capacity brought on line.

## Sapphire Wafer

- ASP slipped as flat market demand unable to prop up.
- Shipment Volume/Revenue quickly increased as capacity expansion in progress.
- In-house Sapphire ingot growing launched for internal wafer slicing material purpose will benefit margin growth.

# Quarterly Revenue Trend



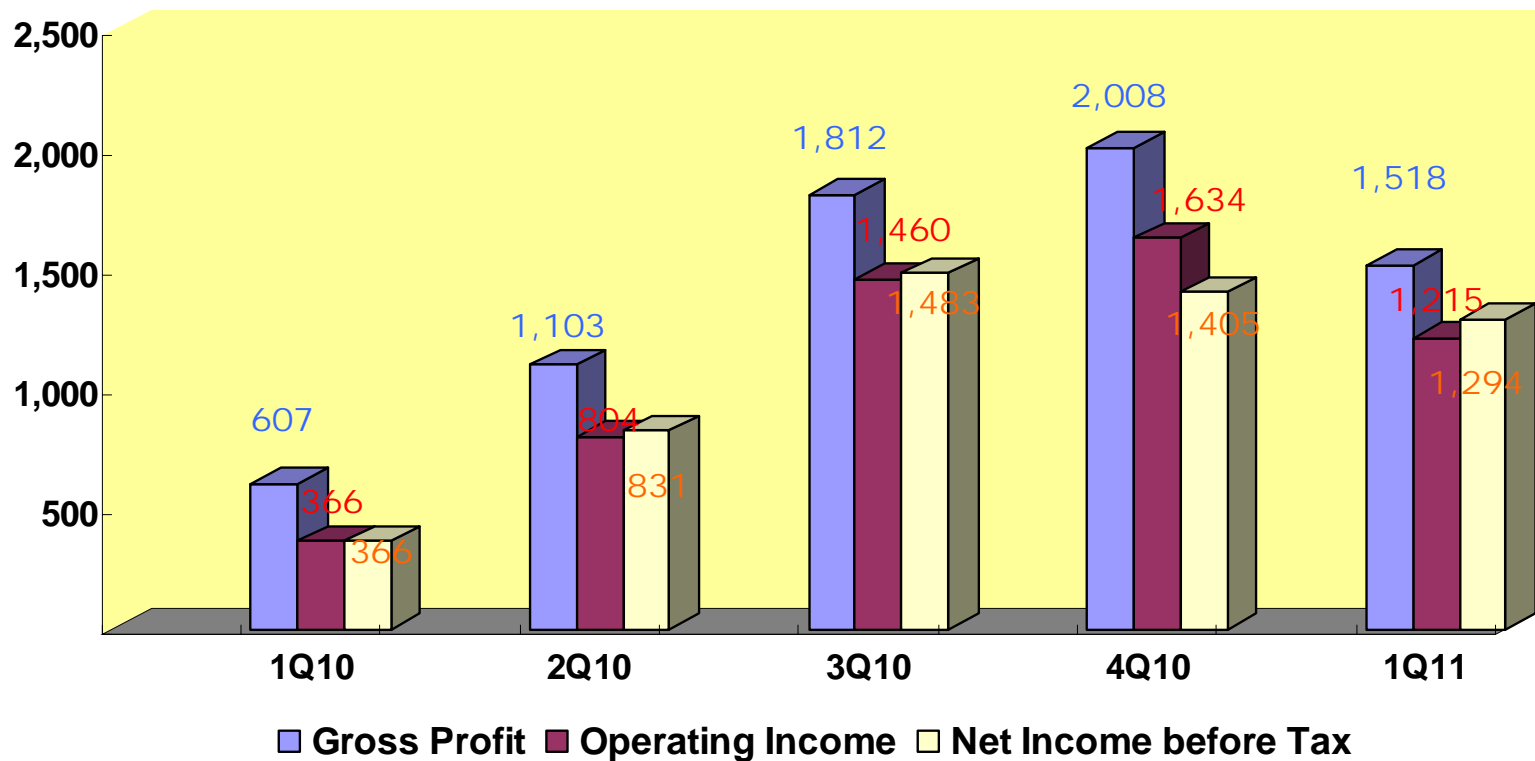
## Quarterly I/S Comparison

In NT\$M

	<u>1Q10</u>	<u>2Q10</u>	<u>3Q10</u>	<u>4Q10</u>	<u>2010 Accu.</u>	<u>1Q11</u>
<b>Revenues</b>	4,352	5,172	6,260	6,745	22,529	6,463
<b>Gross Profit</b>	607	1,103	1,812	2,008	5,531	1,518
<b>Gross Margin</b>	14%	21%	29%	30%	25%	24%
<b>Operating Expense</b>	240	299	352	374	1,266	303
<b>Operating Income</b>	366	804	1,460	1,634	4,264	1,215
<b>Operating Margin</b>	8%	16%	23%	24%	19%	19%
<b>Net Income before Tax</b>	366	831	1,483	1,405	4,085	1,294
<b>Net Margin</b>	8%	16%	24%	21%	18%	20%
<b>A/T EPS</b>	1.00	2.21	3.95	3.34	10.50	2.93

# Quarterly Profit Comparison

In NT\$M





## *11'Q2 Outlook in SAS*

- **PV capacity expansion remains unchanged.**
- **Cautious optimistic attitude towards Q2 solar market demand.**
- **Start constructing a dedicated Sapphire plant.**
- **Sapphire capacity( ingot & wafer) expansion.**
- **8” semiconductor shipment increase**

## Mid-Term New Expansion Plan

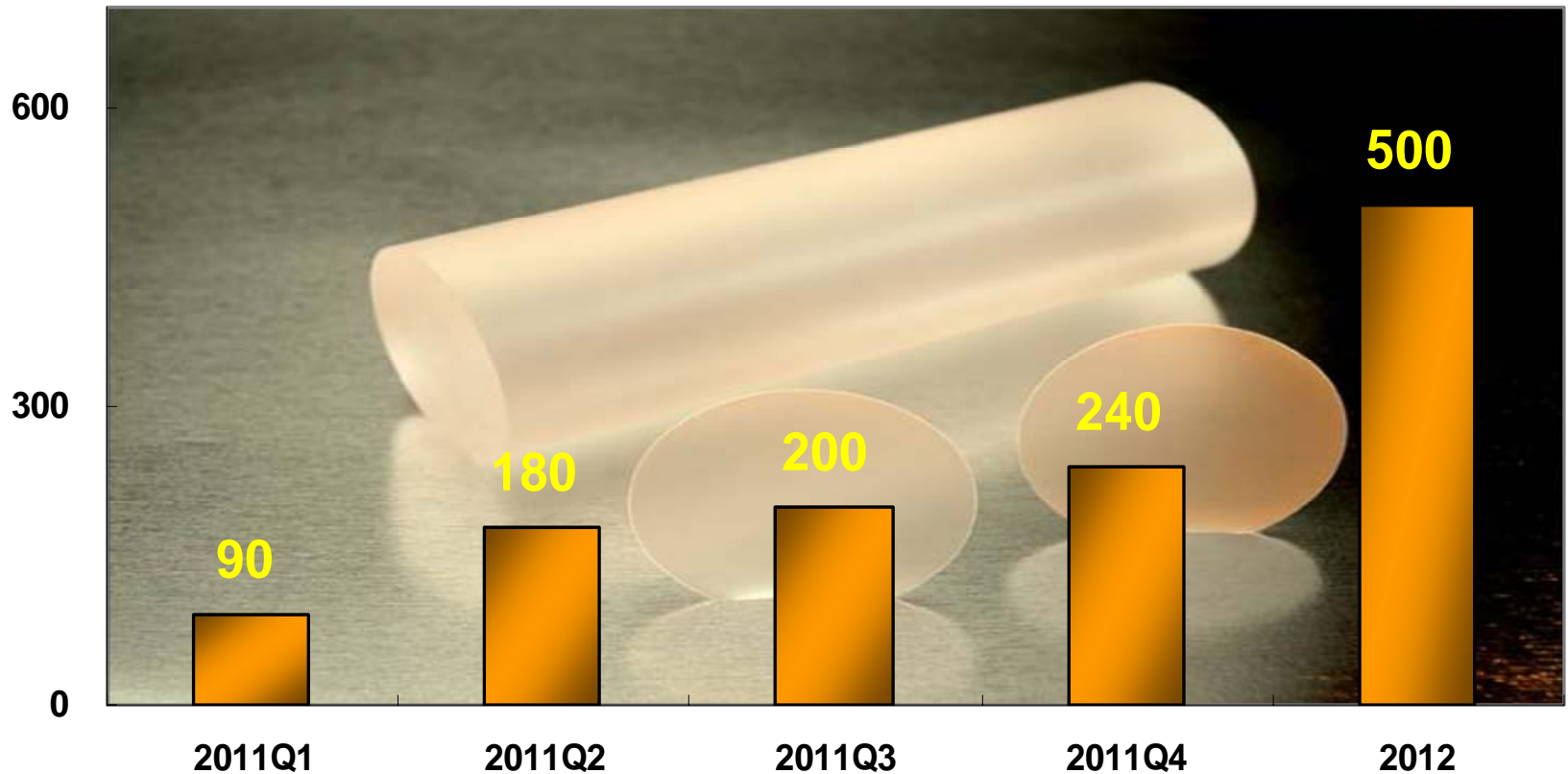
Items		Target	Location	Ramp-Up Plan
1	Solar Vertical integration	A. 1GW B. 500MW~1GW	A. Taiwan B. Taiwan	A. 2012 B. 2011~
2	Semiconductor	>50% expansion	TWN, USA ,China	2011~
3	Semiconductor	200mm Semiconductor wafer launch	TWN, USA ,China	2H 2011
4	Sapphire	500K pcs/Month	Taiwan	2012~

# Global Sites



# Sapphire Capacity Expansion Plan

Unit: 2"/ Kpcs/month

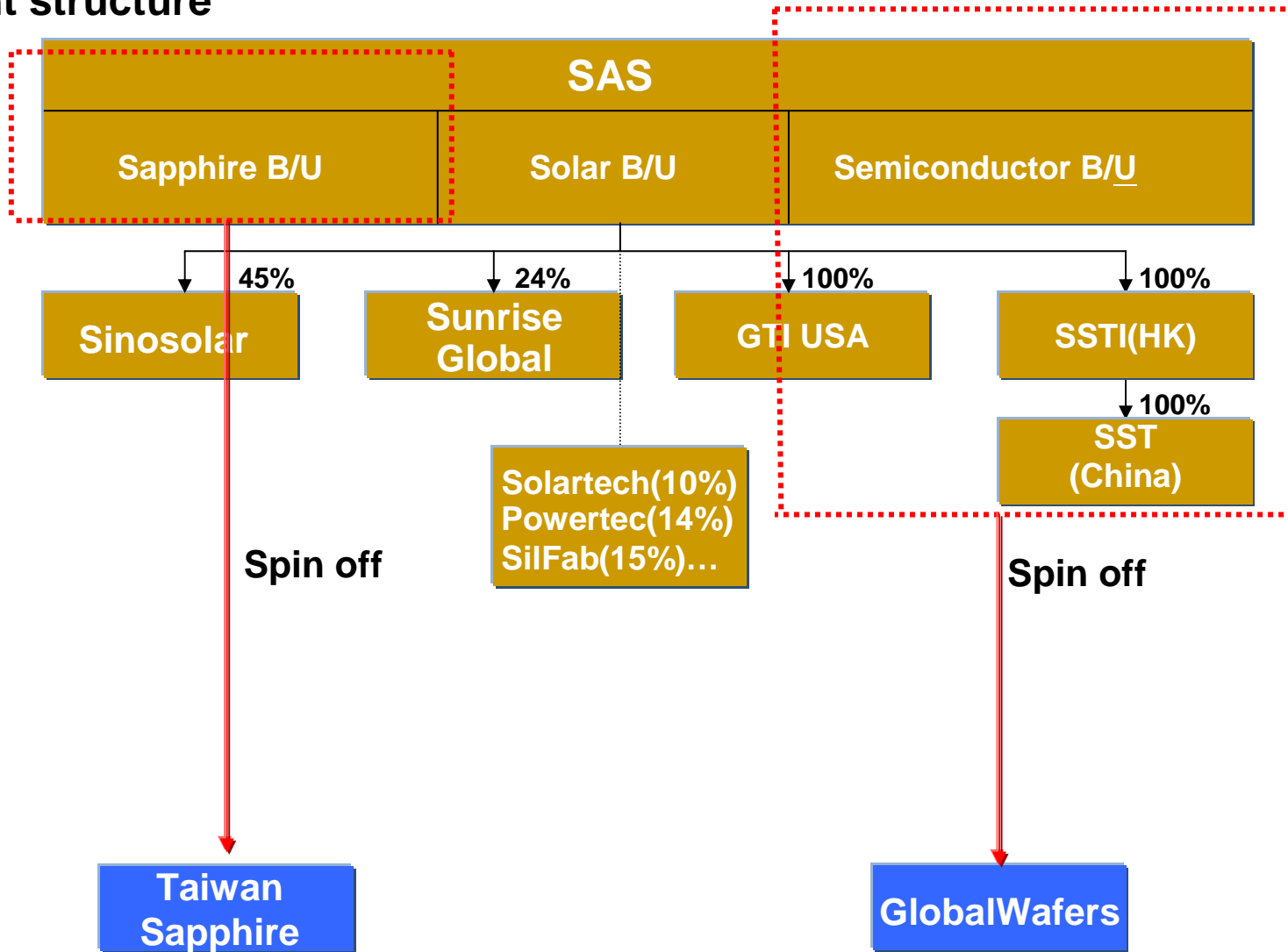


# *SAS Strategic Path to Growth*

*“Spin-Off”*

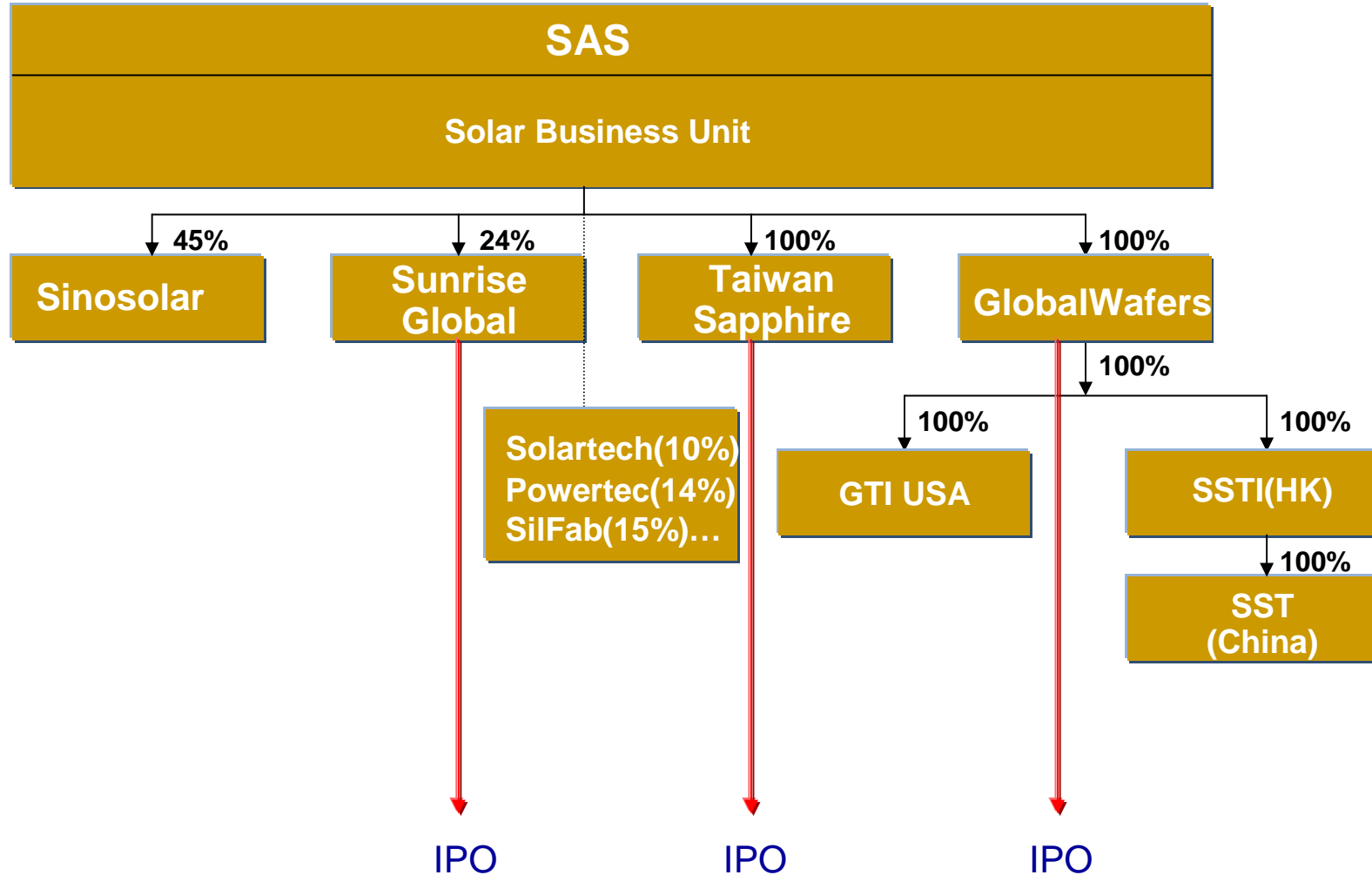
# SAS Restructure

## Current structure



# SAS Restructure

## Future structure



## ***Benefits from Spin-Off***

- ➊ More space for subsidiary B/U to execute vertical integration activity based on respective industrial landscape.
- ➋ Efficient resource allocation leads to maximum group synergy and return on investment.
- ➌ More healthy liquidity from future subsidiaries' potential IPOs.
- ➍ Visibility help improve subsidiaries to attract talent.
- ➎ More transparency on respective B/U operating performance as an appeal to investors for identifying investment targets.
- ➏ No impact on existing SAS shareholders' interest.



# *Strategic Business* *Development Plan*

## Globalwafers Corp (Semiconductor)

1. Continue to expand Semiconductor wafer and Epitaxy process capacity.
2. Aggressively to increase 200mm wafer manufacture percentage.
3. Developing extra-low-resistance wafer and Epitaxy product.
4. IPO

# *Strategic Business* *Development Plan*

## Taiwan Sapphire Co. (Sapphire)

1. Building dedicated Sapphire plant.
2. Expanding capacity in all aspects, including Sapphire crystallization, substrate slicing, micro/nano pattern substrate.
3. Developing large size Sapphire substrate (4", 6")
4. Developing Large size Sapphire crystallization technology (90KG grade)
5. IPO

# *Strategic Business Development Plan*

## SAS (Solar Products)

1. Expanding solar wafer capacity.
2. Developing next-generation high conversion efficiency mono/multi solar wafer.
3. Developing diamond wire slicing technology for multi solar wafer.
4. Strengthening vertical integration synergy via reinvestment including Powertech, Sunrise Global, Sinosolar, Silfab..).

*Thank you !*

<http://www.saswafer.com>

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