



中美矽晶製品股份有限公司
Sino-American Silicon Products Inc.

Q1 2019 Earnings Report

June, 2019



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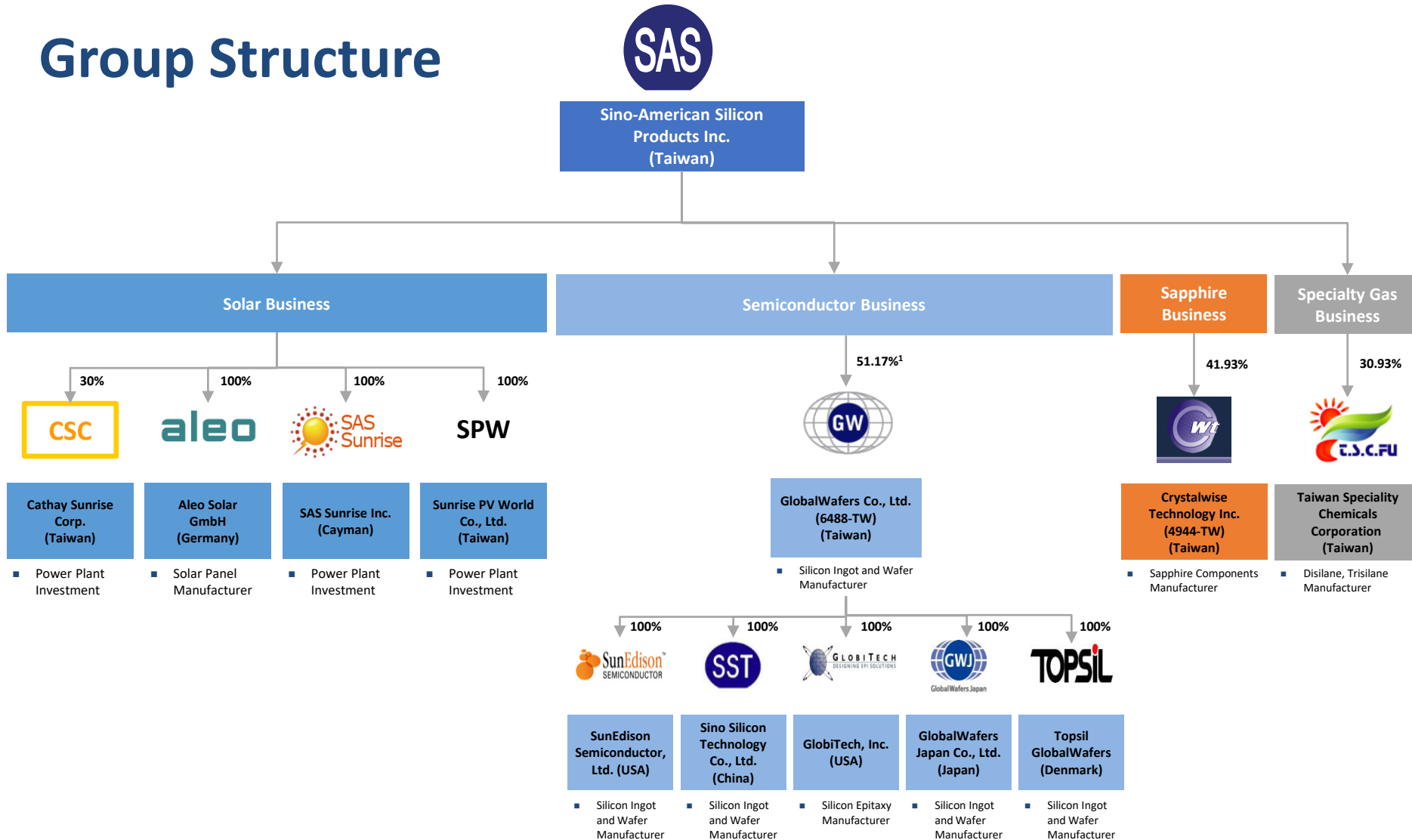
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SAS Group Overview

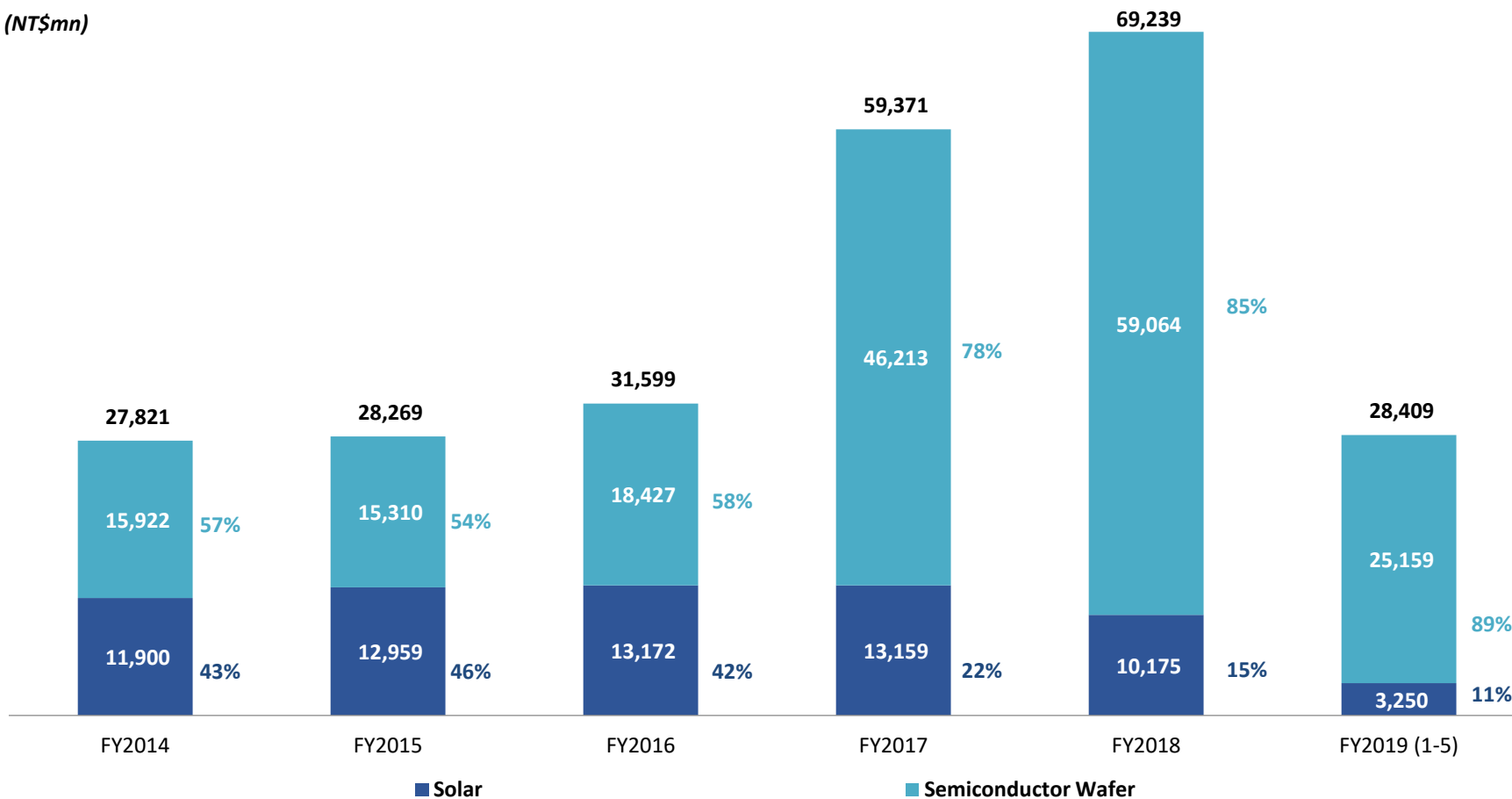
Group Structure



Note: SAS' shareholding % of GWC : GWC shares held by SAS / GWC total outstanding shares deducting repurchased shares

Group Revenue by Business

(NT\$mn)





2019 Taiwan Top 2000 by CommonWealth Magazine



Source : CommonWealth Magazine, 2019/5/8~-5/21



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Industry Overview

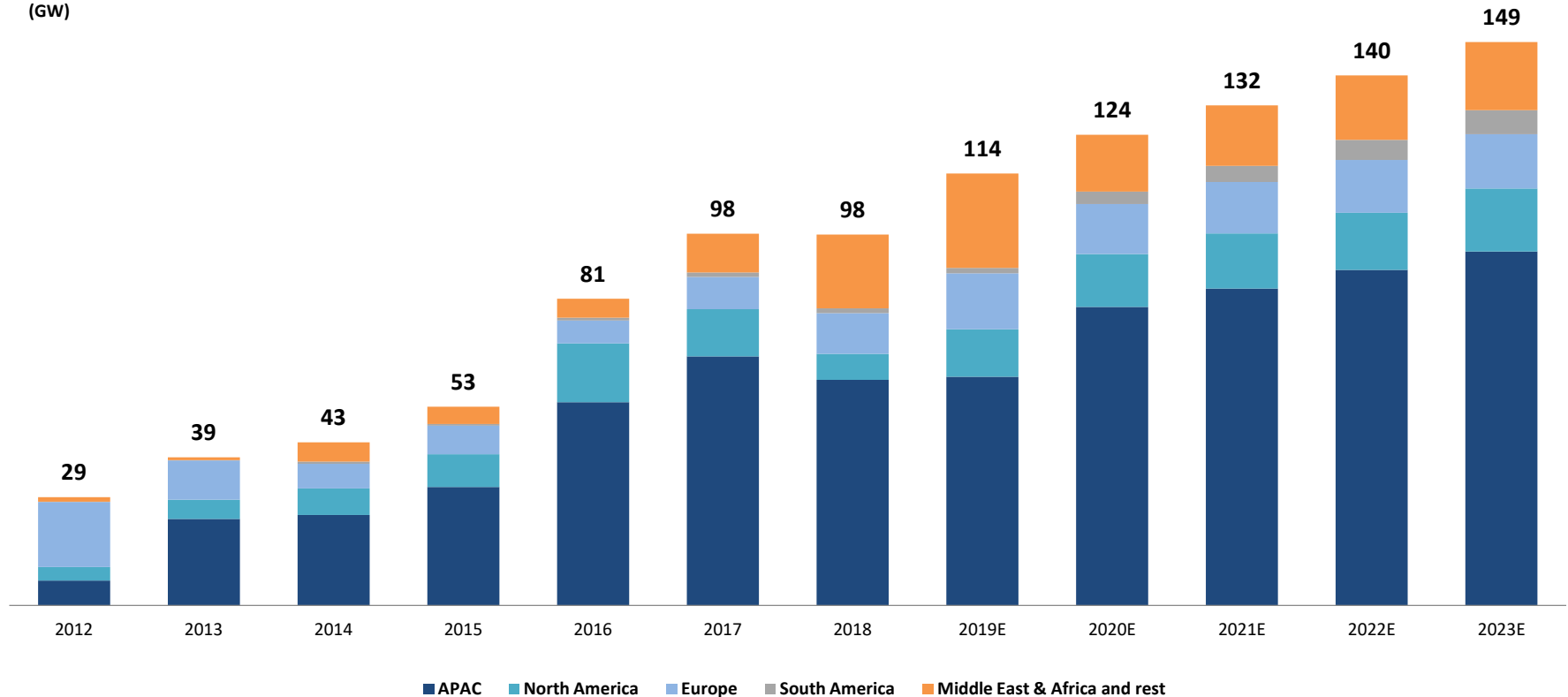




Global Solar Demand Forecast

- Global solar demand is expected to keep growing from 2020 to 2023 mainly driven by incremental demand from APAC, and another contribution from developing countries like Middle East and developing countries.

Annual solar new installation
(GW)



Source: NEA, Energy Information Administration, China Photovoltaic Industry Association, January, 2018 / PV Infolink, March, 2019



Corporate Milestone

- 2019 – SAS announced +23% efficiency for N-type Solar Cell

Solar Cell USAD AR3 Preliminary Results 1%, the lowest rate in Taiwan

- Oct 2016 – SAS sold 24 million GlobalWafers shares for NT\$1.7bn to raise capital for the construction of power farms

- Aug 2014 – SAS established a new branch office in Yilan by merging Sunrise Global Solar Energy, one of the leading P-type solar cells manufacturer. Sunrise Global Solar Energy had acquired 280MW solar module fab from Aleo Solar AG on May 2014

Taipei Exchange
(GreTai Securities Market)



- Jan 2013 – Sino Sapphire and Crystalwise, the reputable listed company, merged for integration of pattern and R&D advantages. Crystalwise was the surviving company

- Oct 2011 – To maximize operation and performance, SAS spun off its business into three segments: 1) SAS for solar business, 2) GWC for semiconductor business, 3) Sino Sapphire for sapphire business

- Mar 2001 – SAS went public on TPEX. The IPO price was NT\$13.8 per share



Vertical Integration in Solar Value Chain

- SAS is fully integrated in the solar value chain, dedicating to provide the PV total solutions with competitive LCOE*¹ and WACC*²



Merits of Upstream Integration

- A** Keep technology leading position – Remain strong competitiveness in market place.
- B** Result in cost saving of raw materials through integrated manufacturing and production line proximity



Merits of Downstream Integration

- A** Acquire premium brand of solar module to enable higher average selling price and orders
- B** Leverage geographic sales to respond to market movements and increase exposure to high margin and growth sectors
- C** Reap stable cash flow from solar power system establishment to diversify operational risk

Source: Company filings Note: 1. Levelized cost of electricity. 2. Weighted Average Cost of Capital.



Solar Plants Outlook of SAS

- SAS has established ~120 MW PV power projects in Taiwan and Philippines, and starts Battery Energy Storage System projects in 2019

System

Roof Mounted



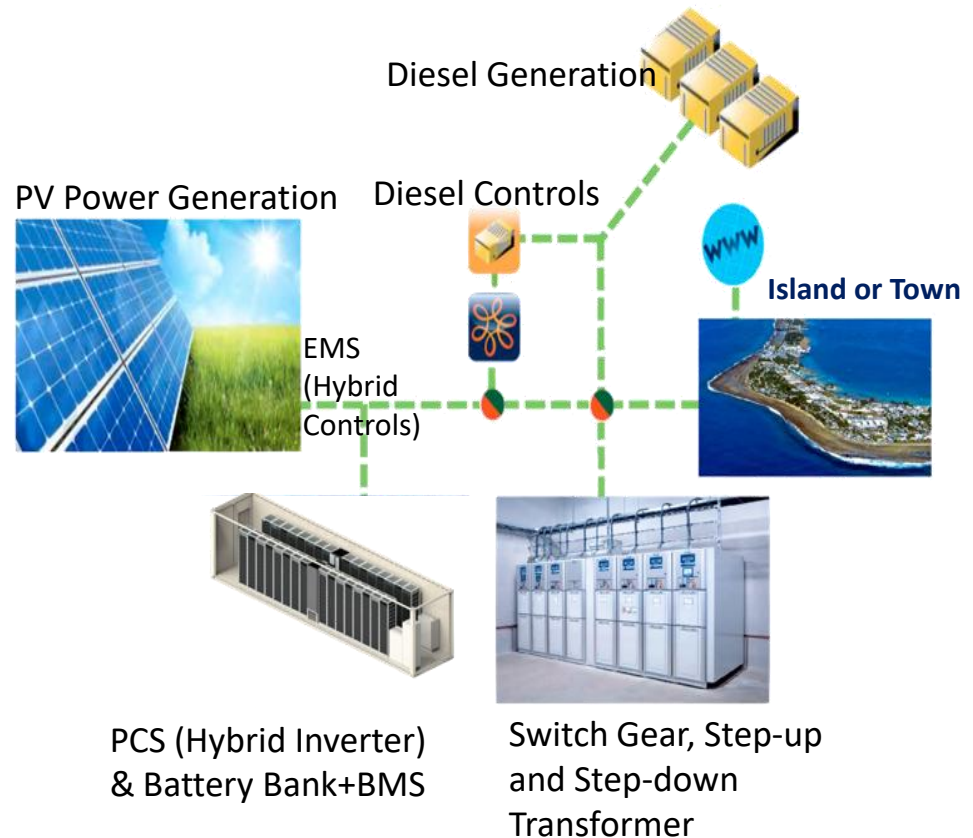
Water



Ground



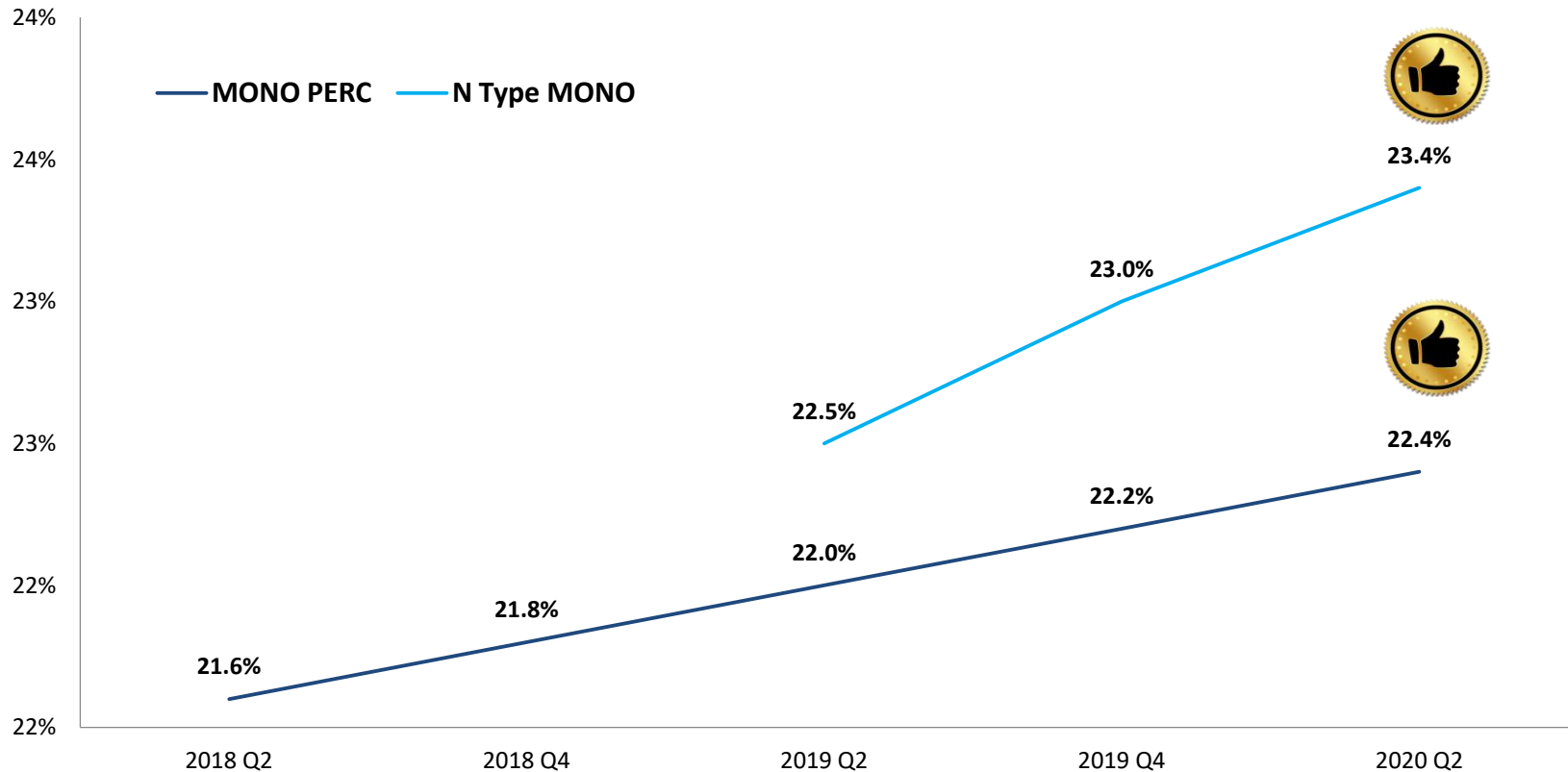
Grid Tied or Islands Micro-grid





Efficiency Roadmap of SAS

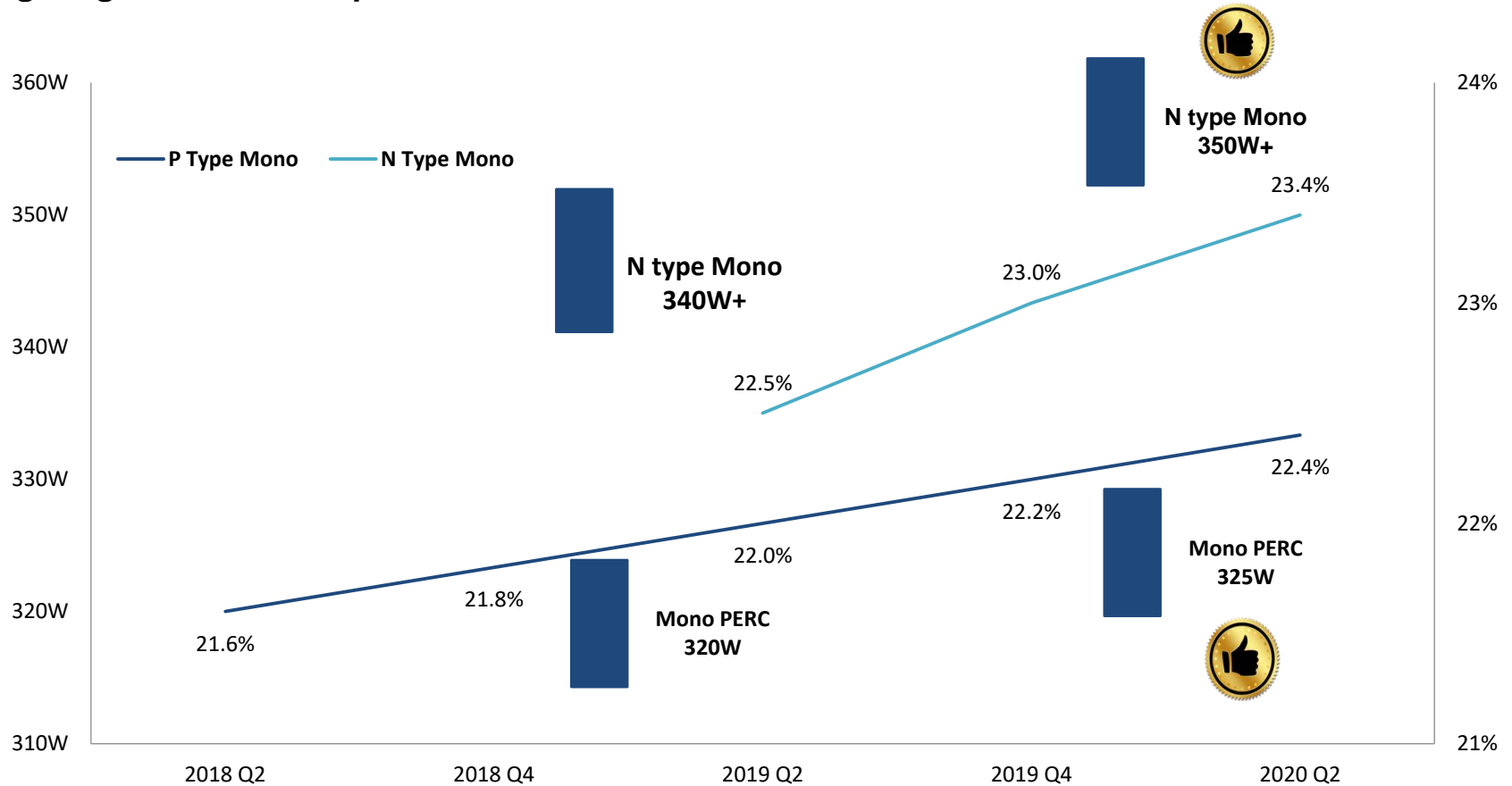
➤ SAS has leading technology of solar cells performance





Projection of Module Power Roadmap of SAS

- Targeting **340W+** with 60pcs **N type Mono** Modules
- Targeting **320W+** with 60pcs **Mono PERC** Modules

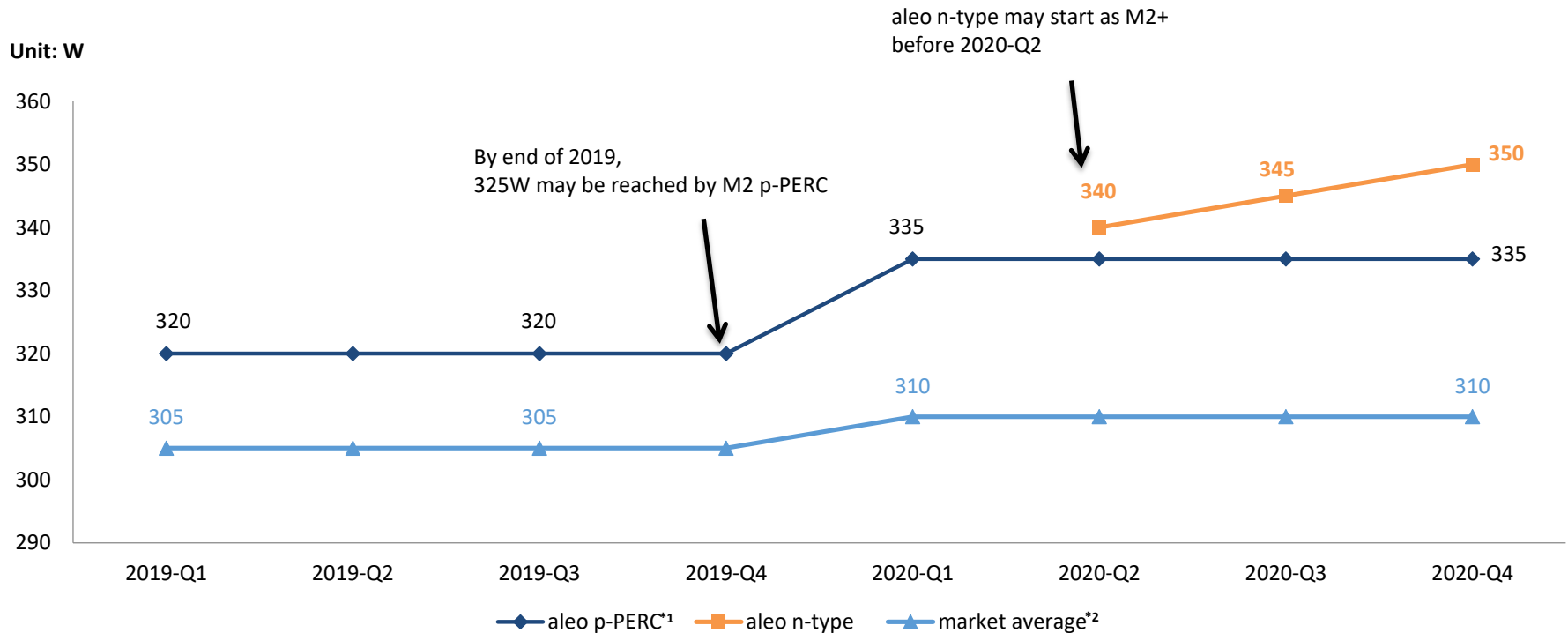




Power Roadmap of Aleo

- With constant innovation, Aleo dedicates in providing high-efficiency and superior-quality modules for customers, aiming for yield maximizing

Max. Available Power Class of Aleo HE Modules



Note: 1. Aleo 60cell M2size HE modules; LHS; 42mm frame. 2. Aleo 60cell M4size HE modules; LHS; 42mm frame.

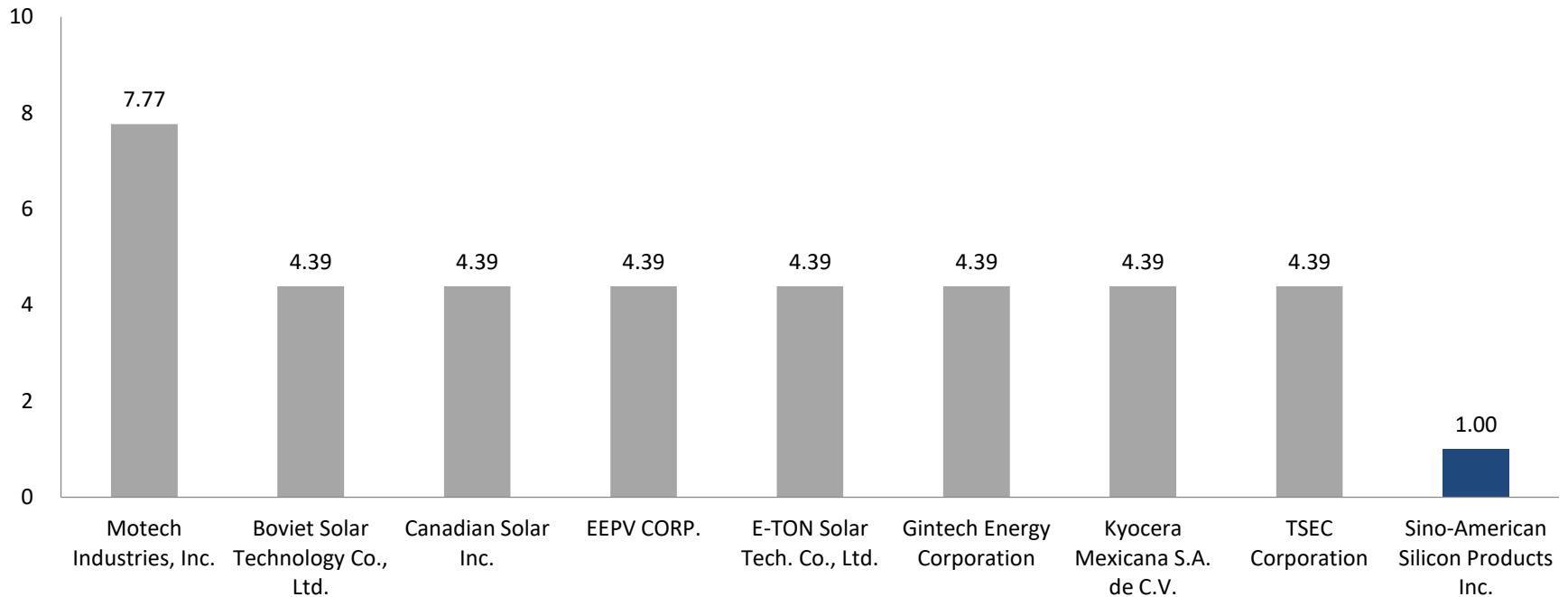


Preliminary Results of Antidumping Duty

- American Department of Commerce announced the preliminary results of the third antidumping administrative review, SAS' weighted-average dumping margin is the lowest in Taiwan

Preliminary Results of Antidumping Duty

Weighted-average Dumping %



Source: Notice of US International Trade Administration, Department of Commerce. April, 2019



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Performance Update

Financial Highlights

1. Revenue

- 2019Q1 revenue reaches NT\$17,505 mn, an increase of 3.6% YoY
- Mar 2019 revenue hit all time high : NT\$ 6,292mn

2. Gross Margin, Operating Profit, Net Profit and EPS

- Record-breaking
- Net income : NT\$ 3,716 mn EPS : NT\$3.15

3. Minimizing Solar Sector Loss

- After loss for more than one year, SAS successfully reduces solar sector net loss to NT\$ 79mn (USD 2.6 mn)^{*1} via restless transformation

4. Sufficient Cash

- Net cash position reaches NT\$ 41,220mn (USD 1,337 mn)^{*1}

Note : 1. FX Rate: NTD:USD = 30.82



Financial Highlight : 2019Q1 vs. 2018Q1

(NT\$mn)	2019Q1	2018Q1	YoY
Revenue	17,505	16,891	4%
EBITDA* ¹	6,404	4,458	44%
EBITDA %	37%	26%	10%
EBIT	5,118	2,987	71%
Operating Profit	5,064	3,330	52%
Operating Profit %	29%	19%	10%
Net Profit	3,716	2,281	63%
Net Profit %	21%	14%	8%
EPS	NT\$3.15	NT\$1.23	NT\$1.92
ROE* ² (annualized)	30%	18%	12%
ROA* ³ (annualized)	14%	9%	5%

1. EBITDA = Net Profit + Tax + Interests + Depreciation + Amortization.

2. ROE = Net Profit / Average Shareholders Equity

3. ROA = (Net Profit + Interest * (1 - Effective Tax Rate)) / Average Asset



Financial Highlight : 2019Q1 vs. 2018Q4

(NT\$m)	2019Q1	2018Q4	QoQ
Revenue	17,505	17,765	-1%
EBITDA* ¹	6,404	3,987	61%
EBITDA %	37%	22%	14%
EBIT	5,118	2,484	106%
Operating Profit	5,064	2,565	97%
Operating Profit %	29%	14%	14%
Net Profit	3,716	1,281	190%
Net Profit %	21%	7%	14%
EPS	NT\$3.15	(NT\$0.99)	NT\$4.14
ROE* ² (annualized)	30%	11%	19%
ROA* ³ (annualized)	14%	5%	9%

1. EBITDA = Net Profit + Tax + Interests + Depreciation + Amortization.

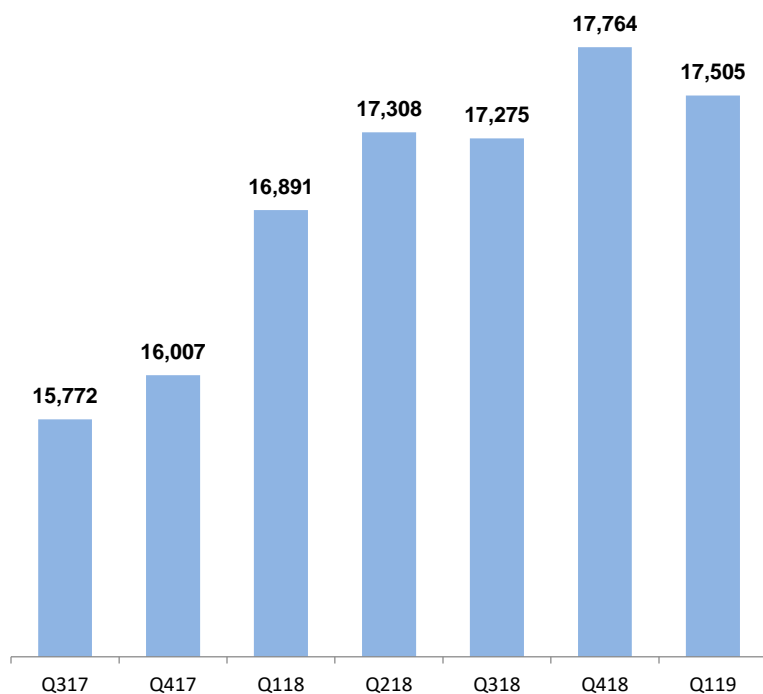
2. ROE = Net Profit / Average Shareholders Equity

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Revenue

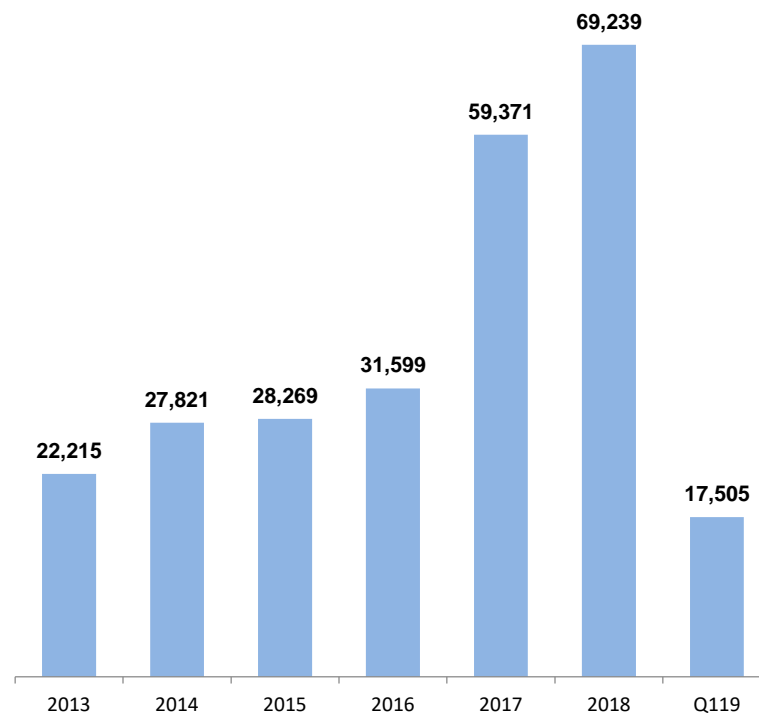
Quarterly

(NT\$mn)



Annual

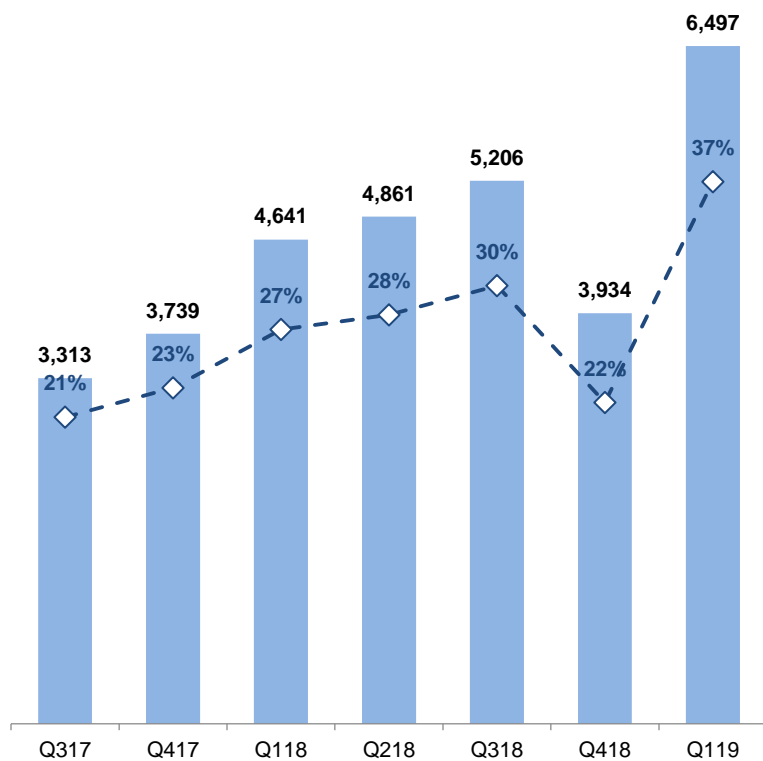
(NT\$mn)



Gross Profit

Quarterly

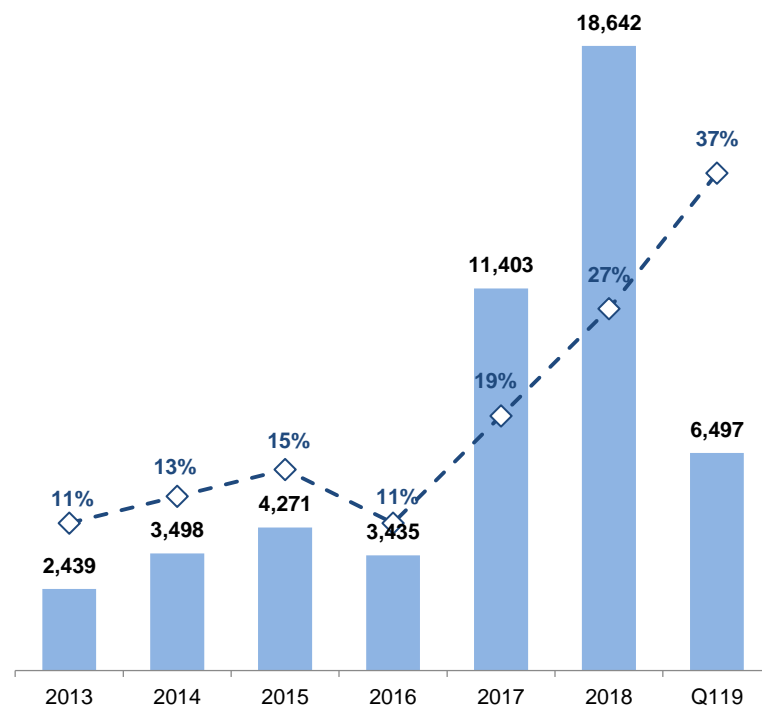
(NT\$mn)



Note: Impairment of assets was recognized in Q418.

Annual

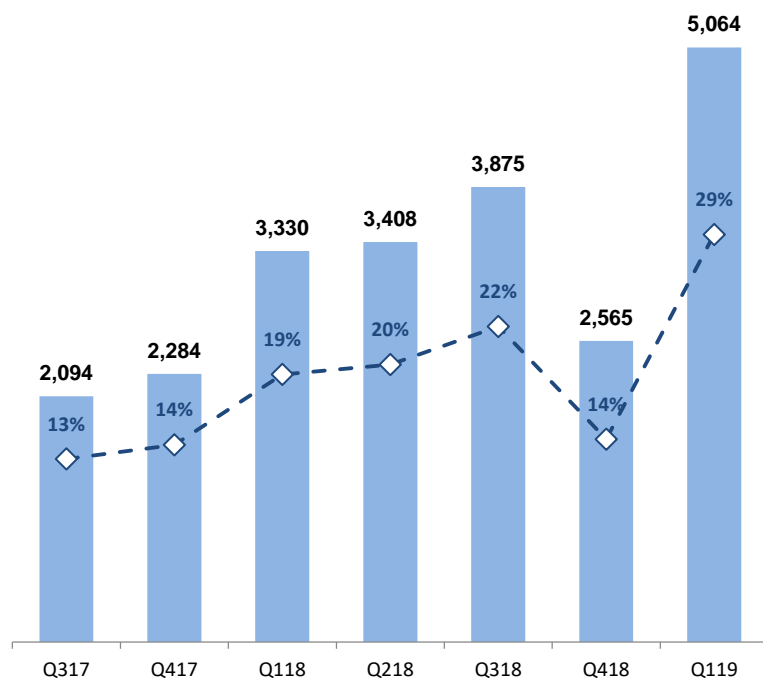
(NT\$mn)



Operating Profit

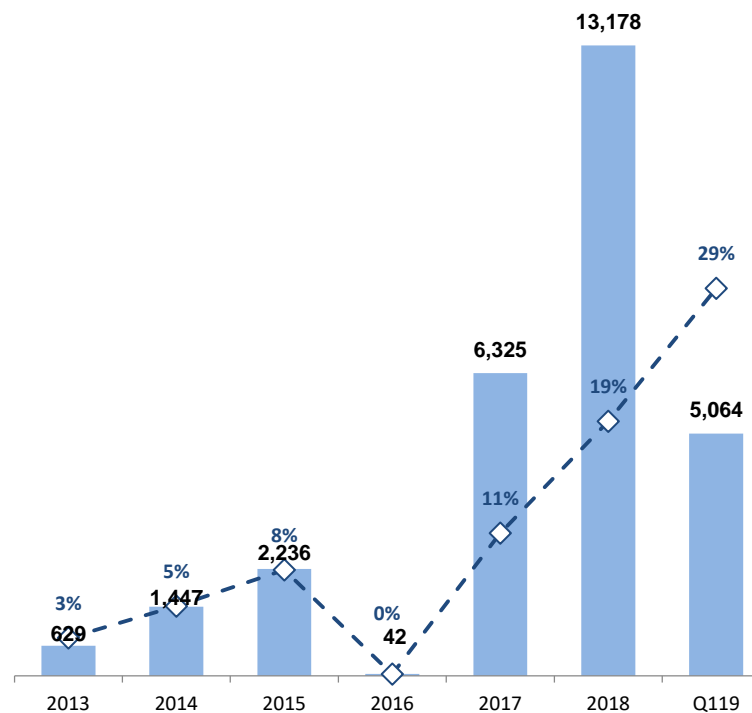
Quarterly

(NT\$mn)



Annual

(NT\$mn)

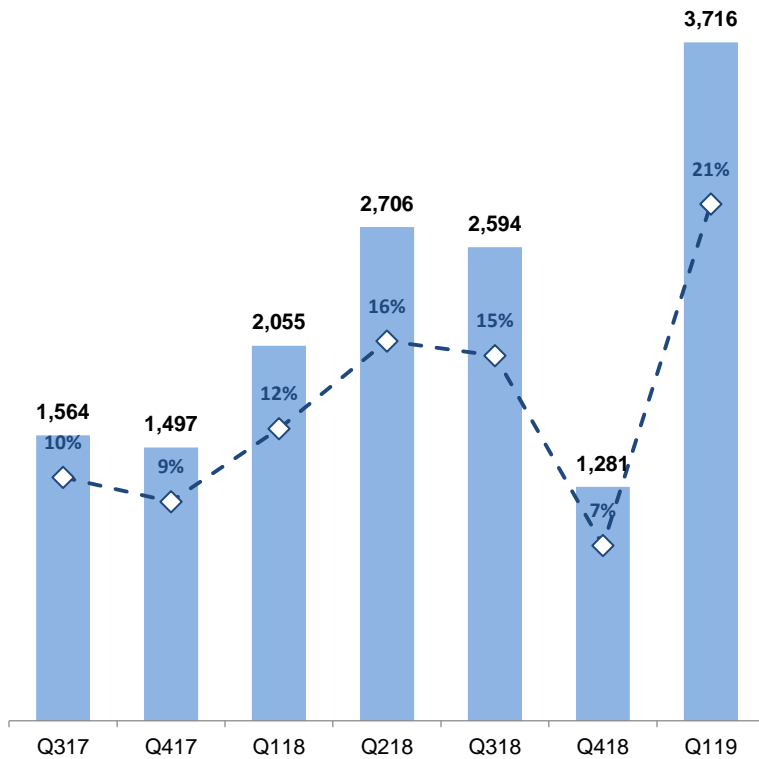




Net Profit

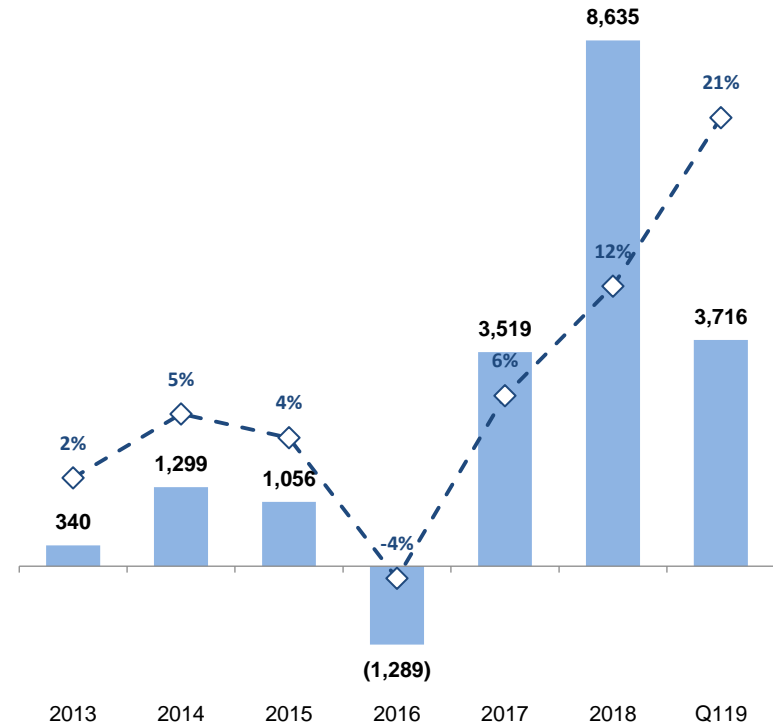
Quarterly

(NT\$mn)



Annual

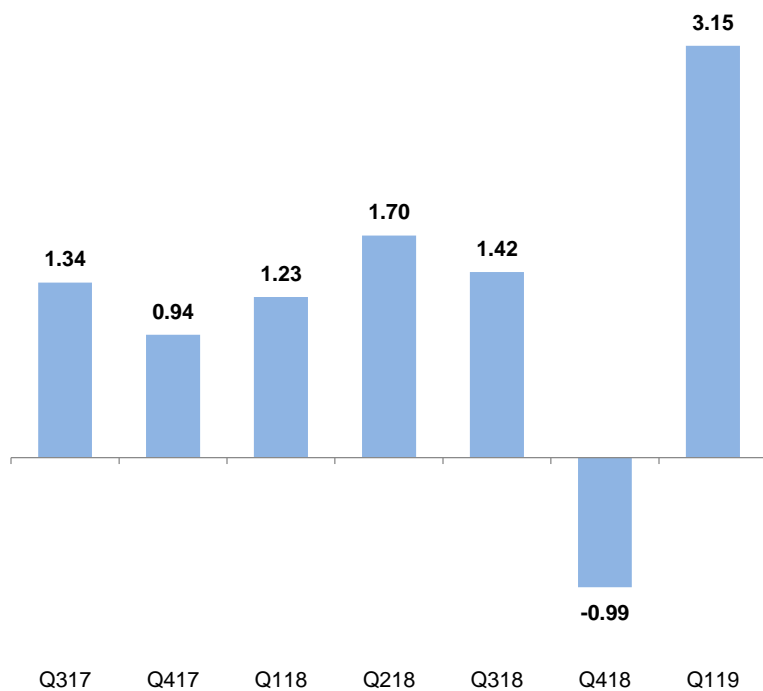
(NT\$mn)



EPS

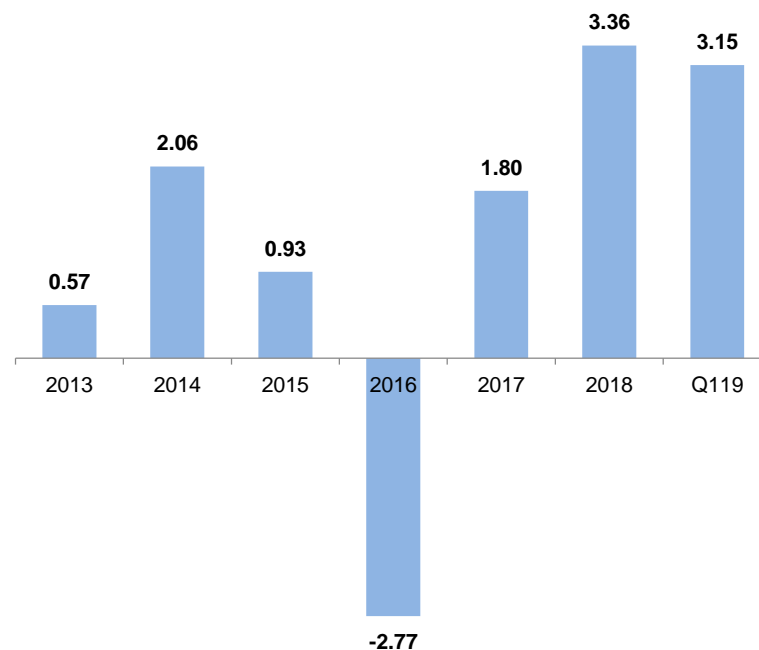
Quarterly

(NT\$)



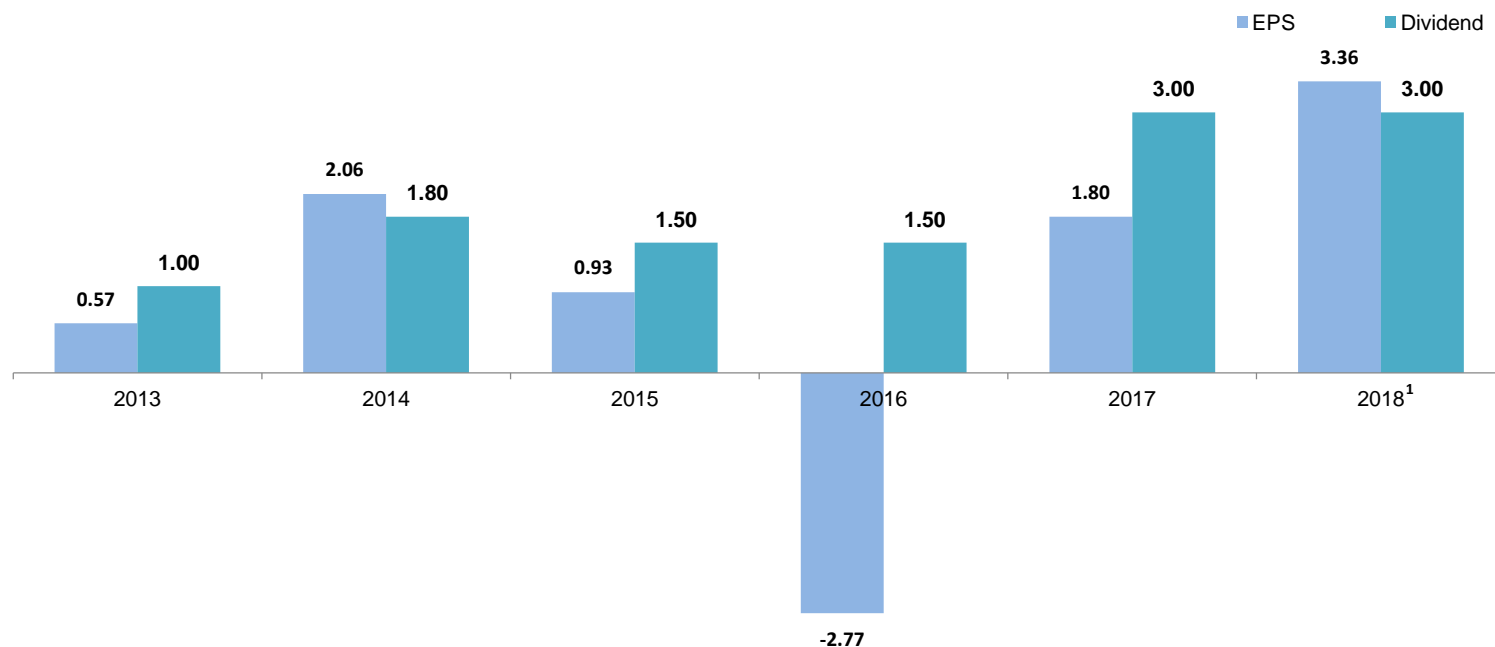
Annual

(NT\$)



Dividend Payout

Dividend Payout since 2012 versus EPS



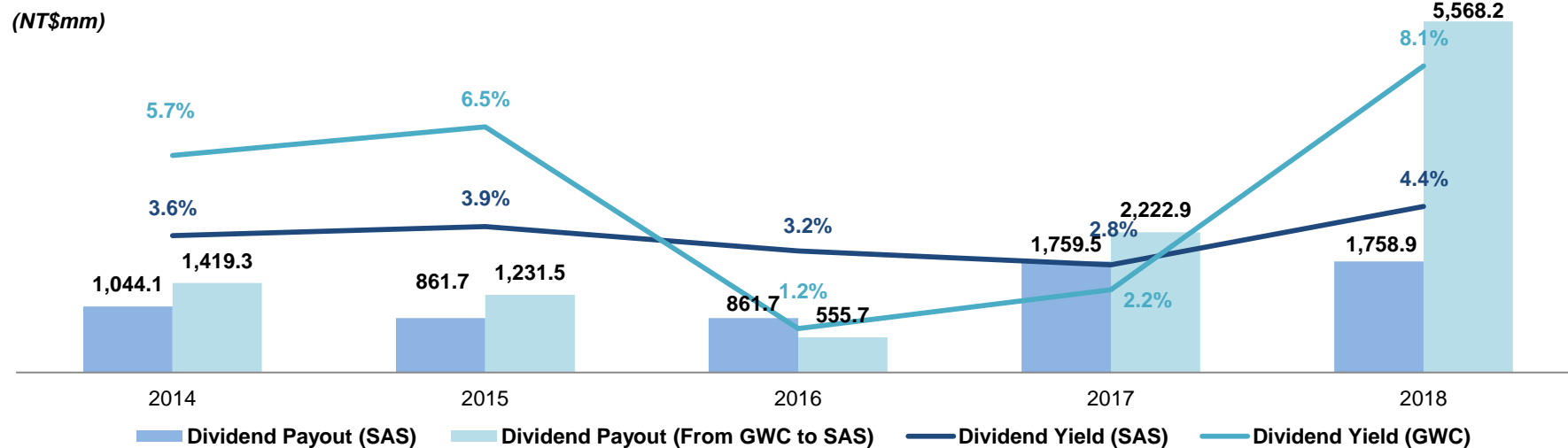
Dividend Payout Ratio	175.4%	87.4%	161.3%	NA	166.7%	89.3%
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Note: 1. 2018 dividend payout is subject to AGM approval on Jun 27, 2019

Stable Dividend Payout with Lucrative Yield

- There is positive correlation between SAS' and GWC's dividend payout since GWC's IPO in 2014
- With sufficient cash inflow of GWC's cash dividend and high capital surplus, SAS is committed to provide stable dividend payout to its shareholders with lucrative yield rate

Dividend Payout Amount and Yield from 2014 to 2018



	2014	2015	2016	2017	2018 ³
SAS' Shareholding in GWC ¹	71.3%	66.7%	50.8%	50.8%	51.17%
% of SAS' dividend payout to dividend SAS received from GWC	73.6%	70.0%	155.1%	79.2%	31.6%
Dividend per Share of SAS (NT\$)	1.8	1.5	1.5	3.0	3.0
Dividend per Share of GWC (NT\$)	5.7	5.0	2.5	10.0	25.0

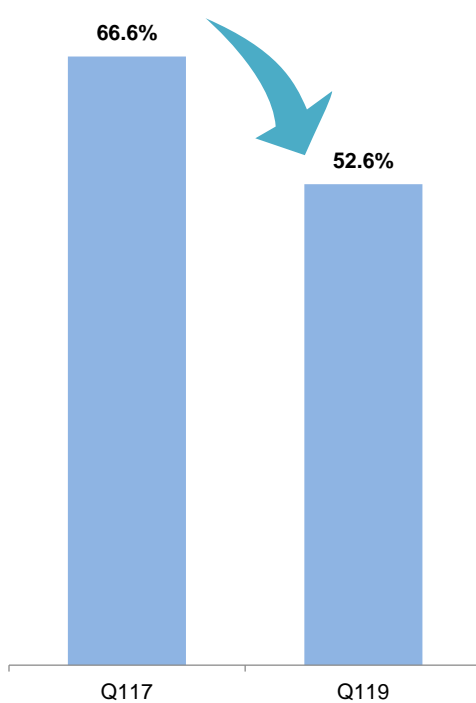
Source: Company filings.
¹ As of dividend payout date.
² Dividend yield calculated based on the closing price of dividend announcement date.
³ Dividend is subject to approval of SAS AGM on Jun 27, 2019 and GWC AGM on Jun 25, 2019.



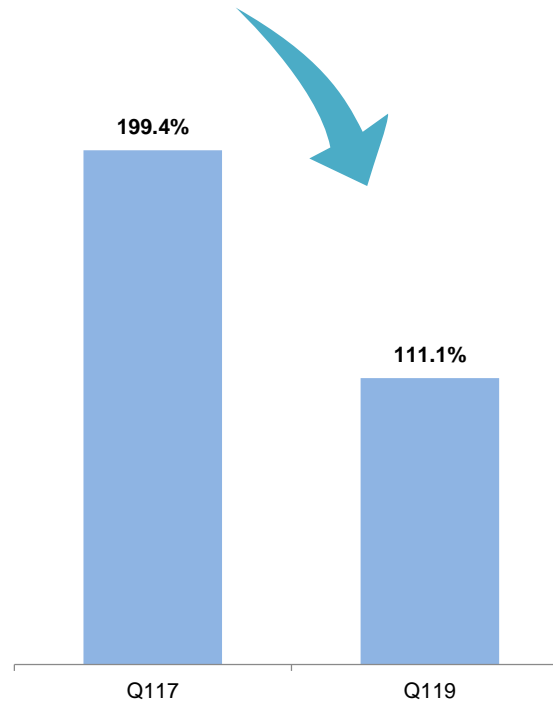
Leverage Ratios

- Cash increased due to GWC's repayment of all bank loans associated with the acquisition of SunEdison Semiconductor in 4Q17
- SAS operates in a healthy financial condition with net cash on book

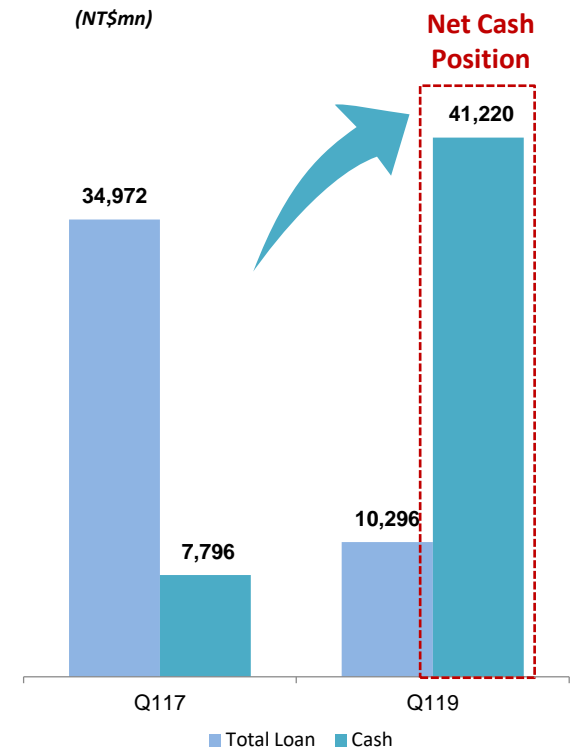
Total Liabilities to Total Equity



Total Liabilities to Total Asset

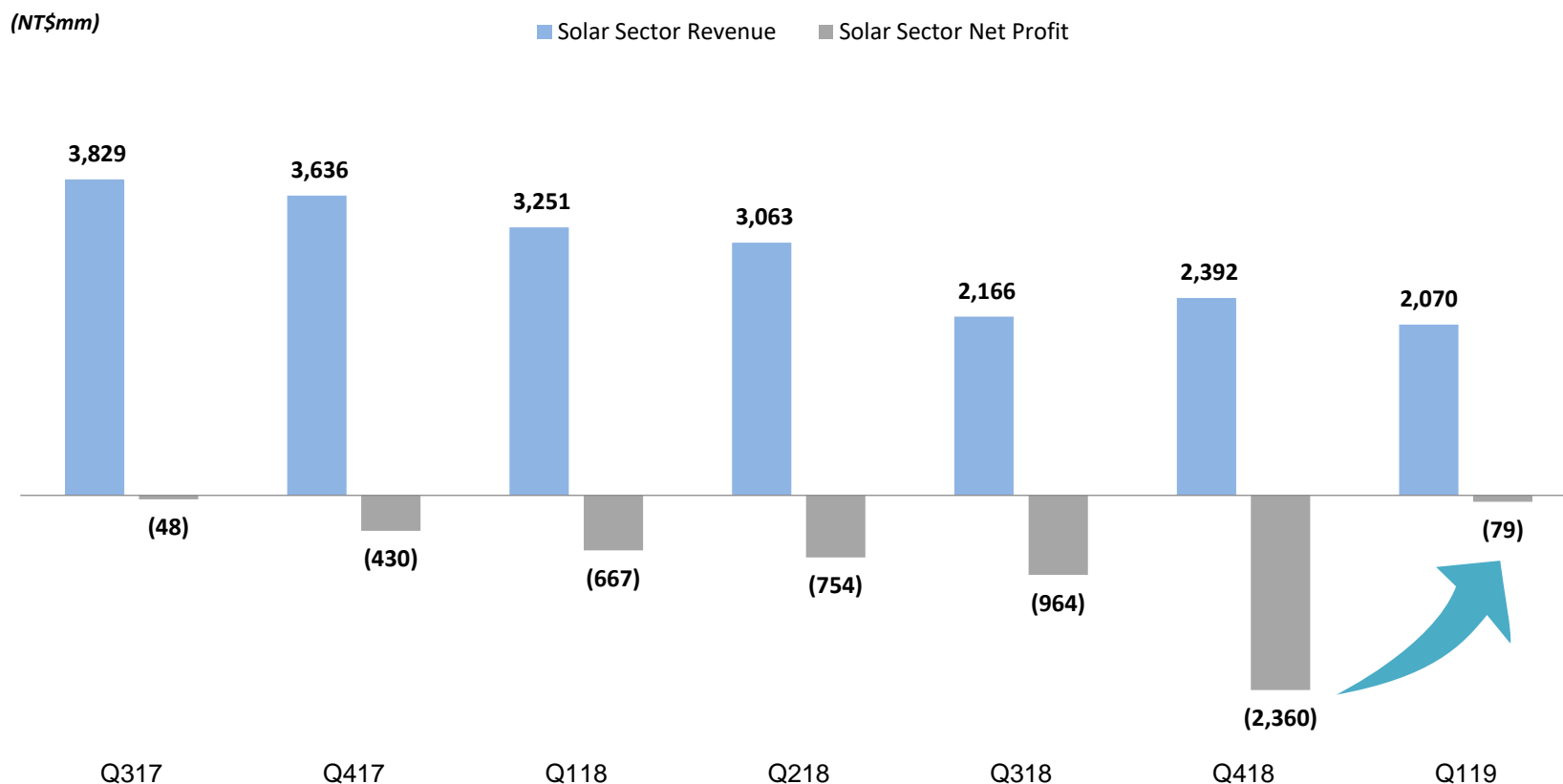


Total Loan and Cash



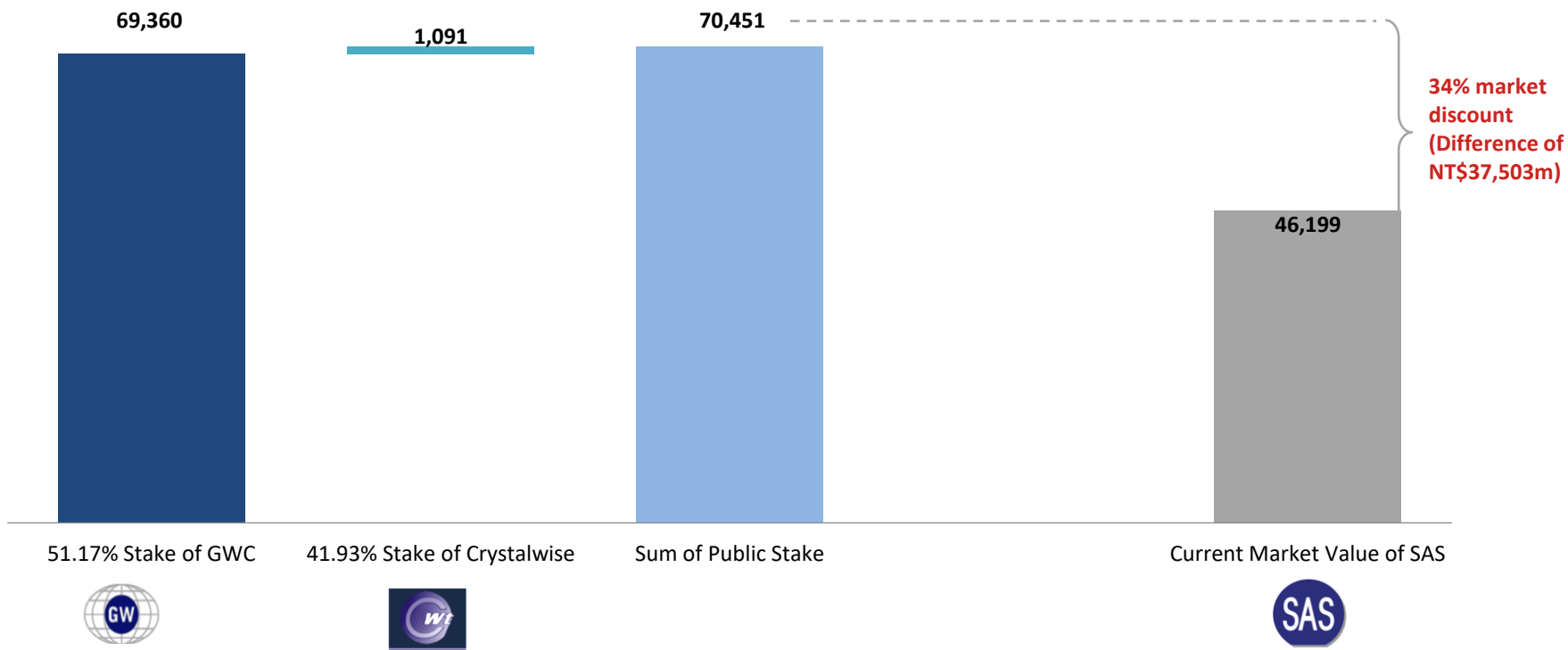
SAS Dedicates to Minimize Solar Sector Loss Moving Forward

- With impairment of assets recognized in Q418, SAS expects a healthy financial structure in the future.



Undervalued Market Value of SAS versus Its Stake in GWC and Crystalwise

- Current market value of SAS trades at 34% discount compared to sum of its 51.17% stake of GWC and 41.93% stake of Crystalwise, which makes SAS a cheaper alternative to invest in GWC



Source: Stock price of June 12, 2019



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Appendix



Income Statement

Income Statement

(NT\$mn)	2013	2014	2015	2016	2017	2018	Q119
Revenue	22,215	27,821	28,269	31,599	59,371	69,239	17,505
<i>Growth (%)</i>	20.8%	25.2%	1.6%	11.8%	87.9%	16.6%	(74.7%)
Gross Profit	2,439	3,498	4,271	3,435	11,403	18,642	6,497
<i>Gross Profit Margin (%)</i>	11.0%	12.6%	15.1%	10.9%	19.2%	26.9%	37.1%
EBITDA	4,058	4,214	4,184	2,052	11,741	19,030	6,404
<i>EBITDA Margin (%)</i>	18.3%	15.1%	14.8%	6.5%	19.8%	27.5%	36.6%
Operating Profit	629	1,447	2,236	42	6,325	13,178	5,064
<i>Operating Profit Margin (%)</i>	2.8%	5.2%	7.9%	0.1%	10.7%	19.0%	28.9%
Profit before Tax	128	1,925	1,960	(856)	5,126	13,318	5,266
<i>Profit before Tax Margin (%)</i>	0.6%	6.9%	6.9%	(2.7%)	8.6%	19.2%	30.1%
Net Profit	340	1,299	1,056	(1,289)	3,519	8,635	3,716
<i>Net Profit Margin (%)</i>	1.5%	4.7%	3.7%	(4.1%)	5.9%	12.5%	21.2%
EPS (NT\$)	0.57	2.06	0.93	(2.77)	1.80	3.36	3.15



Balance Sheet

Balance Sheet

(NT\$mn)	2013	2014	2015	2016	2017	2018	Q119
Assets							
Cash and cash equivalents	3,682	5,391	5,902	9,269	20,343	36,829	41,220
Account receivable	4,064	5,019	6,204	8,560	8,830	9,881	10,183
Inventories	4,416	1,607	5,749	9,708	10,048	7,881	7,781
Property, plant and equipment	16,098	15,244	18,905	41,398	37,529	37,439	36,912
Other assets	11,414	13,627	9,427	14,079	12,593	11,955	13,099
Total assets	39,674	40,887	46,186	83,014	89,343	103,985	109,195
Liabilities							
Short-term loan	2,576	3,486	2,676	17,704	14,367	9,335	10,296
Account payable	2,754	2,713	2,932	6,328	5,352	5,236	5,353
Long term loan	4,373	3,807	2,546	16,357	5,034	2,040	0
Other liabilities	9,385	9,299	9,464	15,399	20,814	39,460	41,808
Total liabilities	19,088	19,304	17,617	55,787	45,566	56,071	57,457
Shareholder Equity	20,586	21,583	28,570	27,227	43,777	47,914	51,738



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Q&A



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Thank You