



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



SAS (5483 TT) 3Q22 Earnings Call

November, 2022

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Executive Comments

1. Financial Highlight

■ Revenue

✓ Q322¹ → NTD \$21.6 billion, 6.7% QoQ, 23.4% YoY, record high.

Quarters	Q320	Q420	Q121	Q221	Q321	Q421	Q122	Q222	Q322
Revenue (NT\$mn)	15,379	15,703	16,052	17,183	17,522	18,084	18,769	20,271	21,626

✓ 3Q22² → NTD \$60.7 billion, 19.5% YoY, record high.

■ Gross Profit %

✓ Q322¹ → 39.5%, the third highest in the history!

✓ 3Q22² → 40%, record high!

Note:

1. Q322: Third quarter of 2022

2. 3Q22: First three quarters of 2022 (Accumulated)

Executive Comments

1. Financial Highlight

■ Operating Income

- ✓ Q322 Operating Income% → 30.8%, the third highest in the history!
- ✓ 3Q22 Operating Income% → 32.4%, record high!

■ Net Profit

- ✓ Q322 Net Profit% → 25.8%, record high!
- ✓ 3Q22 Net Profit% → 18%

■ EPS

- ✓ Q322¹ → NT\$5.28, record high!
- ✓ 3Q22² → NT\$10.54, record high!
- ✓ EPS would have increased to NT\$17.72 for the first three quarters of 2022 if excluding the realized loss of Siltronic shares measured at fair value through profit or loss and impacts from other factors (NT\$7.18) of the subsidiary, GlobalWafers, record high!

Note:

1. Q322: Third quarter of 2022

2. 3Q22: First three quarters of 2022 (Accumulated)

Executive Comments

2. Solar Industry Outlook

■ Worldwide

- ✓ The global energy crisis and market tumult set off by Russia's invasion over Ukraine have had far-reaching impacts, disrupting global energy, and a massive surge in investment in alternative energy is the solution of the dilemma. Being a cheap, clean and modular energy, solar power is one of the most accessible and anti-inflationary renewable energies on the market. (ex: US Inflation Reduction Act)

■ Taiwan

- ✓ Building energy resilience which could adapt to the increasing volatility in commodity market and supply disruptions is vital for Taiwan. Diversified power grid and transitioning to renewable energy could ensure energy availability and reliability and power its economy.

Executive Comments

3. Reinvestments Highlight

■ Ancora Semiconductor Inc.

- ✓ Ancora is a 3rd generation power semiconductor technology developer and a Delta Electronics Inc. affiliate focusing on GaN (Gallium Nitride) technology. SAS participated in Ancora's capital raising round to build the strategic alliance to expand the supply chain in the fast-growing GaN market.

■ Advanced Wireless Semiconductor Company (AWSC)

- ✓ AWSC became SAS' subsidiary and has been included in SAS' consolidated financial statements after the board re-election on June 20th.

■ Taiwan Specialty Chemicals Corporation (TSC)

- ✓ TSC has been listed on the Emerging Stock Market since Sep 21st , 2022.

■ Sustainable Energy Solution Company (SES)

- ✓ SES, SAS' subsidiary dedicated in green energy trading, obtained the power sales license in October. Its comprehensive green energy solutions encompass planning and developing multiple renewable energies, aligning the needs between buyers and sellers, and building complete green energy procurement plan. SES is the great partner in the path of Corporate Social Responsibility and ESG.

Executive Comments

4. Remarkable Performance

■ Taiwan Excellent PV Award

- ✓ SAS' solar cell eclipses other competitors and successfully passes the reliability test which is more stringent than IEC (International Electrotechnical Commission) and is awarded "Taiwan Excellent PV Award" by the Energy Bureau of the Ministry of Economic Affairs.

■ Top Solar System Award

- ✓ Sunrise PV Four Co., Ltd, a subsidiary within the SAS Group, is awarded the "Top Solar System Award – Best Ground Mounted PV System for 2022" by the Energy Bureau of the Ministry of Economic Affairs.
- ✓ The design and the construction of the PV system located in SAS YiLan factory fulfill the eco-balance between green energy and the environment. Its annual generation surpasses the site's annual power consumption, showing that YiLan site could be powered by 100% renewable energy.



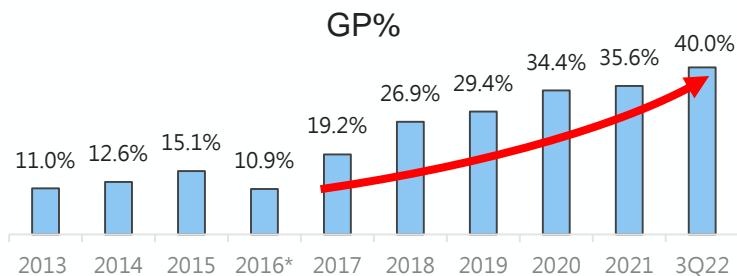
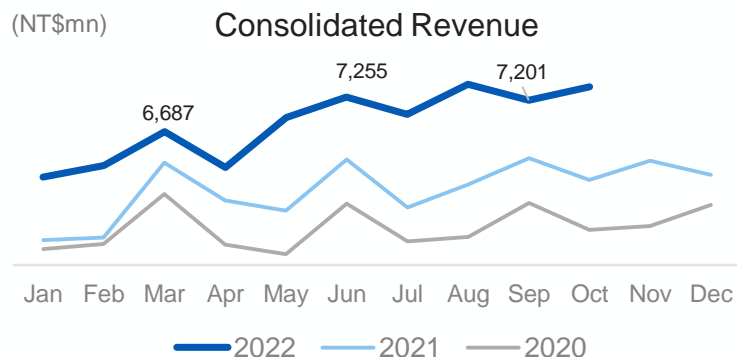
Key Strengths

Key Strengths (1)

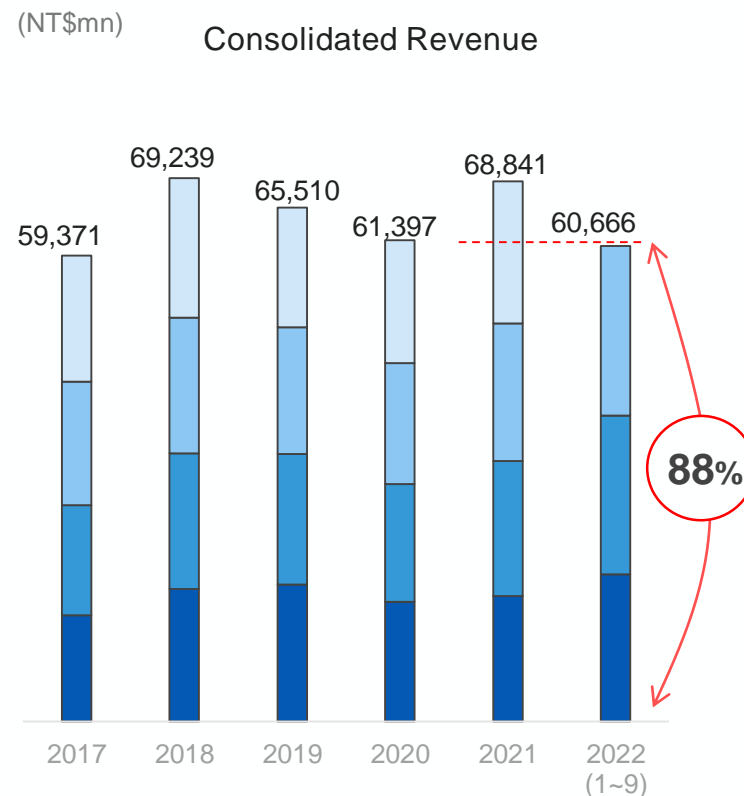
1

Continuous Growth

- With its unparalleled management and operation, SAS is insulated from market volatility, both revenue and gross profit keep growing.



- The accumulative consolidated revenue from Jan to Sep in 2022 reached 88% of 2021 whole year.



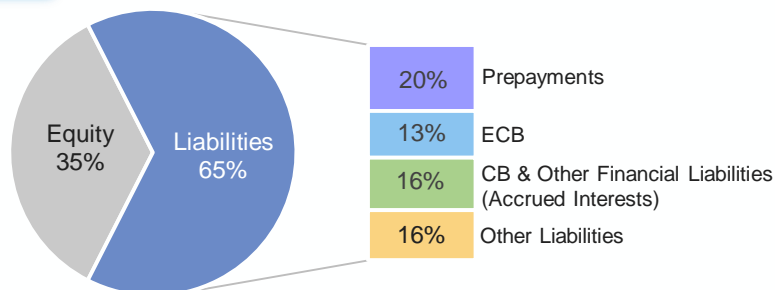
Note:

1. 3Q22: First three quarters of 2022 (Accumulated)

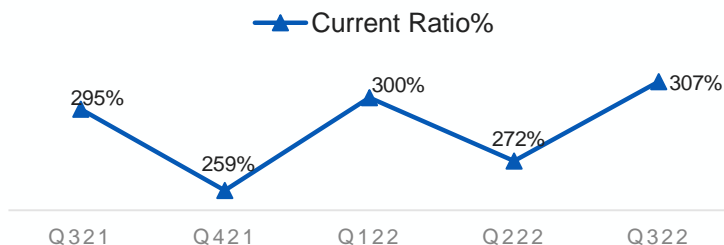
Key Strengths (2)

2

Solvency & Liquidity



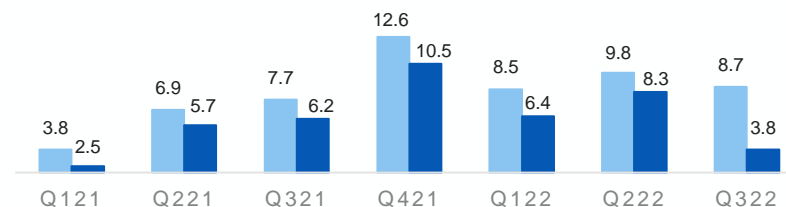
- **Prepayments** account for **20%**, which would be recognized as revenue when products are delivered.
- Among all liabilities, only **16% (CB and other financial liabilities)** accrues interests.
- **Q322 current ratio is above 300%**, strong liquidity demonstrates the ease to convert assets into cash.



Current Ratio: Current Assets/ Current Liabilities

- Abundant cash and strong capabilities in generating cash shows SAS' solid earning power even amid macroeconomic instability

■ CFO ■ FCF (CFO-CAPEX) (Unit: NT\$ bn)



CFO: Operating Cash Flow
FCF: Free Cash Flow

Long-term Funding to Fixed Assets

316%

Equity +
Non-Current Liabilities
Fixed Assets

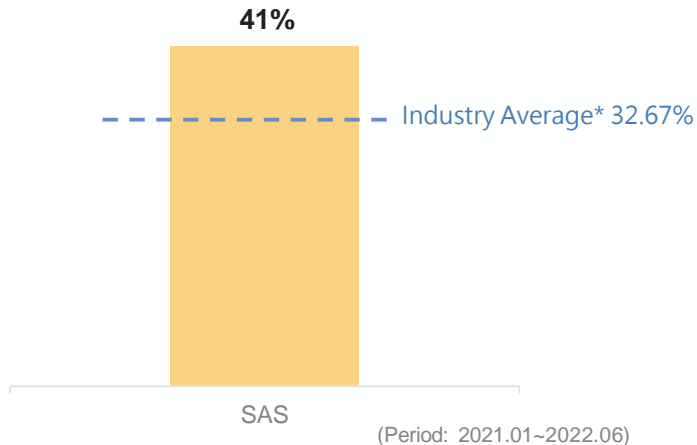
- Company's capex projects are backed by diversified long-term funding which provides flexibility and reduces dependence on one capital source. Its stability empowers the Company to pursue sustainable growth.

Key Strengths (3)

3 Solid Profitability – Solar Business

- YoY comparison mitigates seasonality, accurately indicates financial performance.
- SAS solar revenue grows in a steeper trajectory compared to other solar rivals, ascertaining its strategic direction.

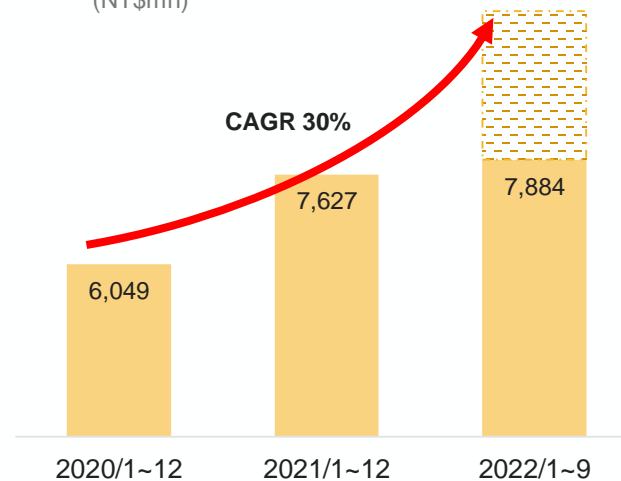
Solar Business Monthly Revenue Average YoY Growth%



- Solar business accumulated revenue till Sep, 2022 surpasses its solar revenue in 2021 whole year, growing at a CAGR of 30%.

SAS Accumulated Revenue (Solar)

(NT\$m)



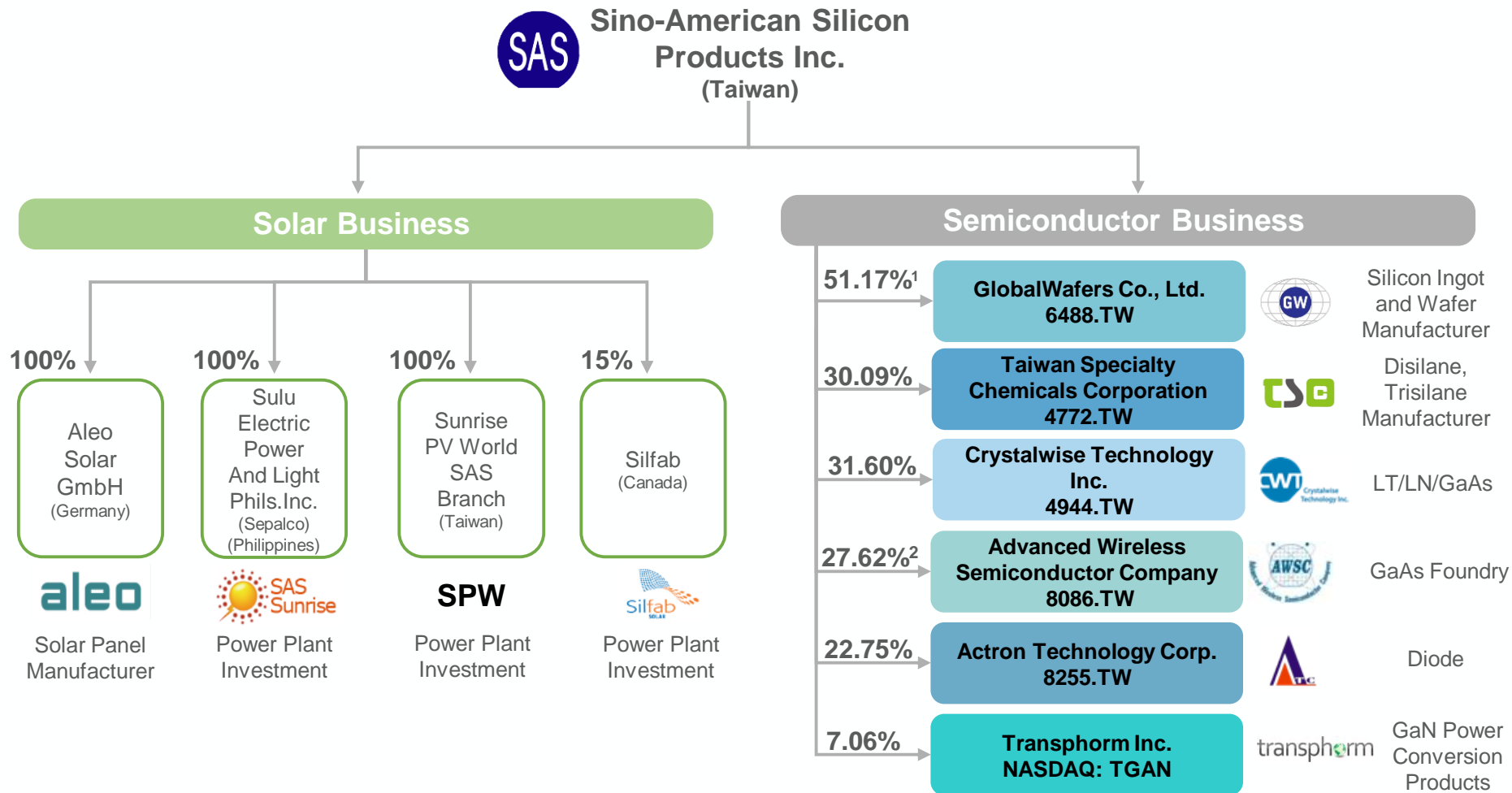
Note: CAGR is calculated by the annualized revenue in 2022



Company Overview



SAS Group Structure



Note:

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

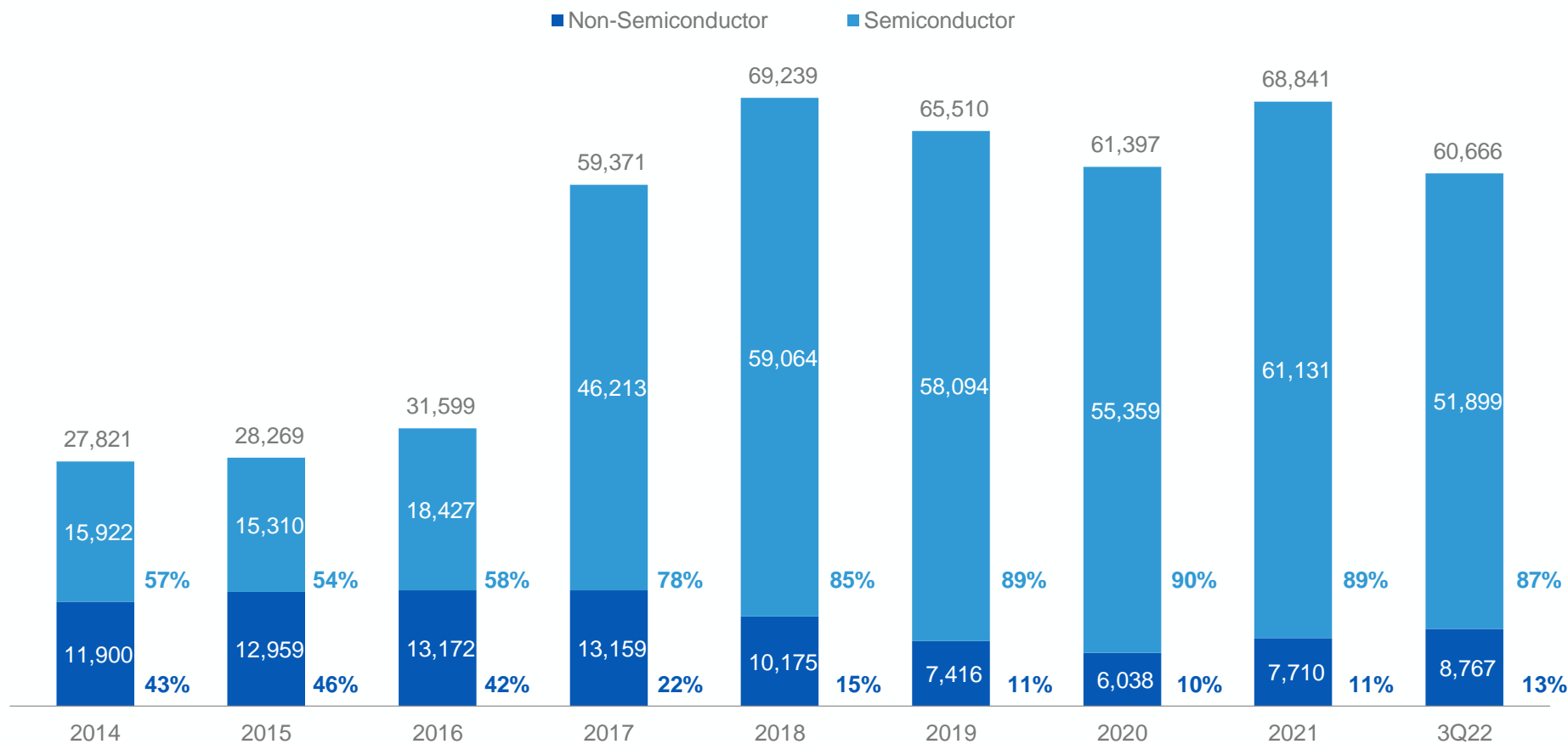
2. The shareholdings % of reinvestments are updated to the end of Oct. 2022.



Group Revenue by Business

Group Revenue by Business

(NT\$m)



Note:

1. 3Q22: First three quarters of 2022 (Accumulated)



Industry Overview

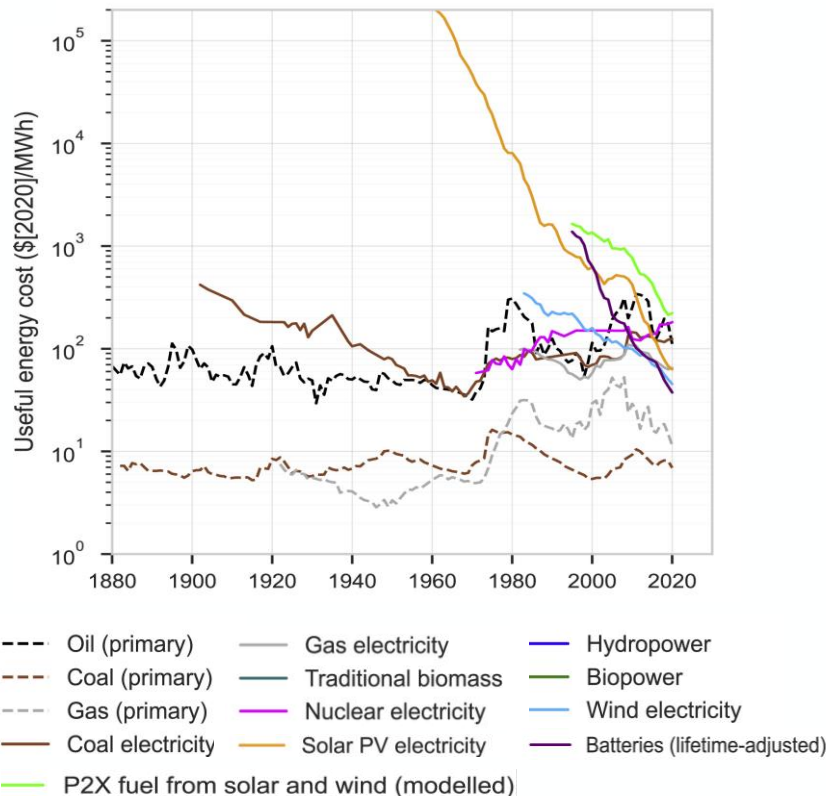
Savings of the Transition from Fuels to Renewable Energy



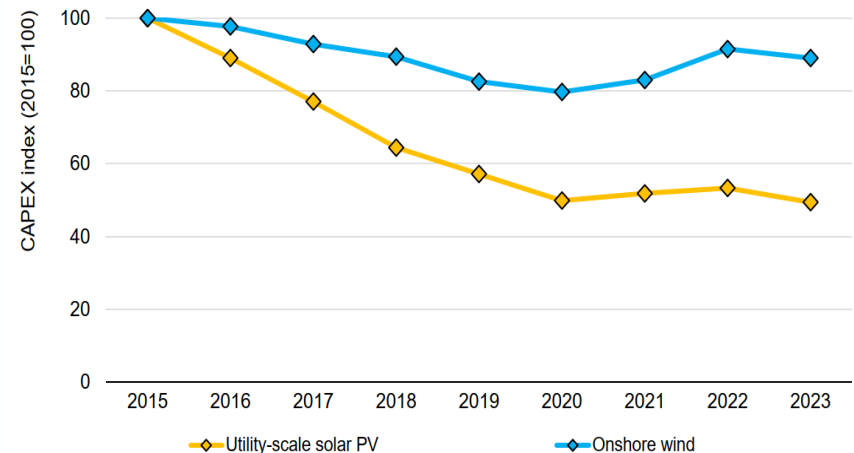
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- The prices of fossil fuels such as coal, oil, and gas are volatile, but after adjusting for inflation, they are very similar to what they were hundreds of years ago.
- In contrast, with continual improvements in technology, the cost of renewables have fallen rapidly at a rate approaching 10% a year

The Trend of Energy Cost



Solar PV and Onshore Wind Investment Cost

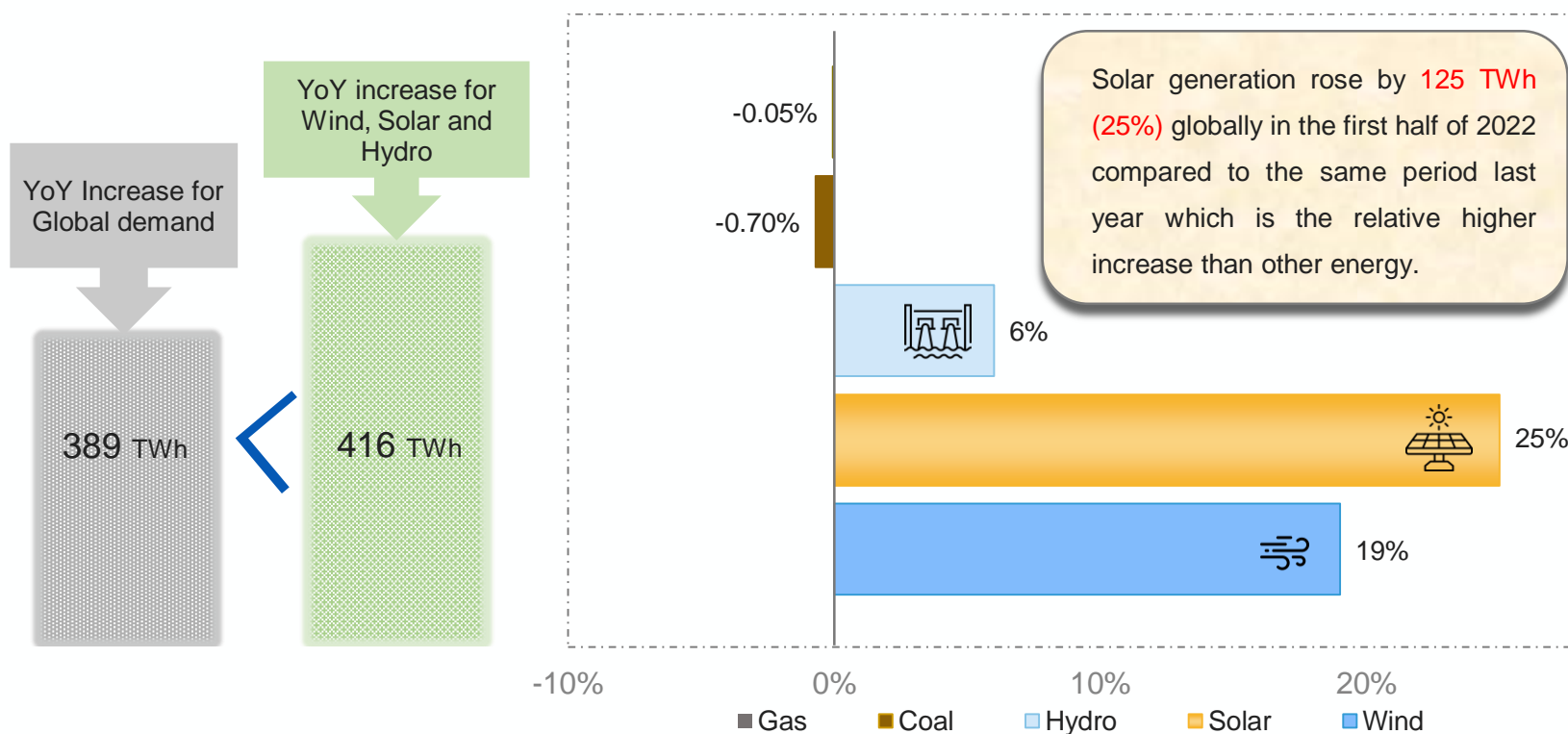


Source: Report published by Elsevier Inc., September, 2022 & International Energy Agency., May 2022.

Renewables Met Growing Electricity Demand

- Total global electricity demand reached 13,393 TWh in the first half of 2022, rose 3% in the first half of 2022 compared to the same period last year.
- Renewables met all the growth in global electricity demand. The growth in wind and solar in the first half of 2022 prevented a 4% increase in fossil generation. This avoided \$40 billion USD in fuel costs and 230 Mt CO₂ in emissions, halting the rise in fossil fuels.

Year on Year Change in Electricity Generation from Jan to Jun 2022

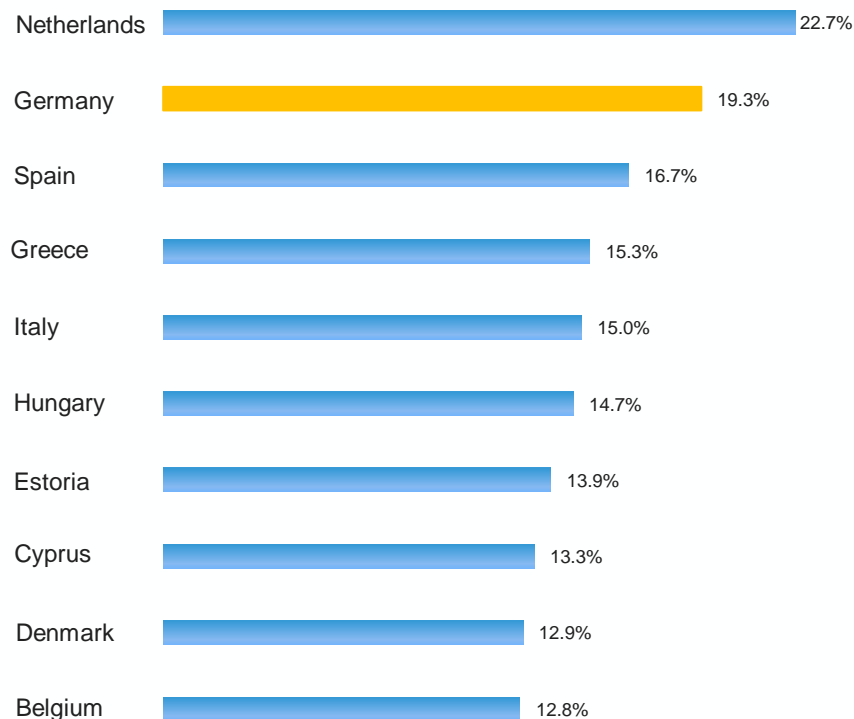


Source: EMBER, Oct, 2022.

EU's Record Solar Summer

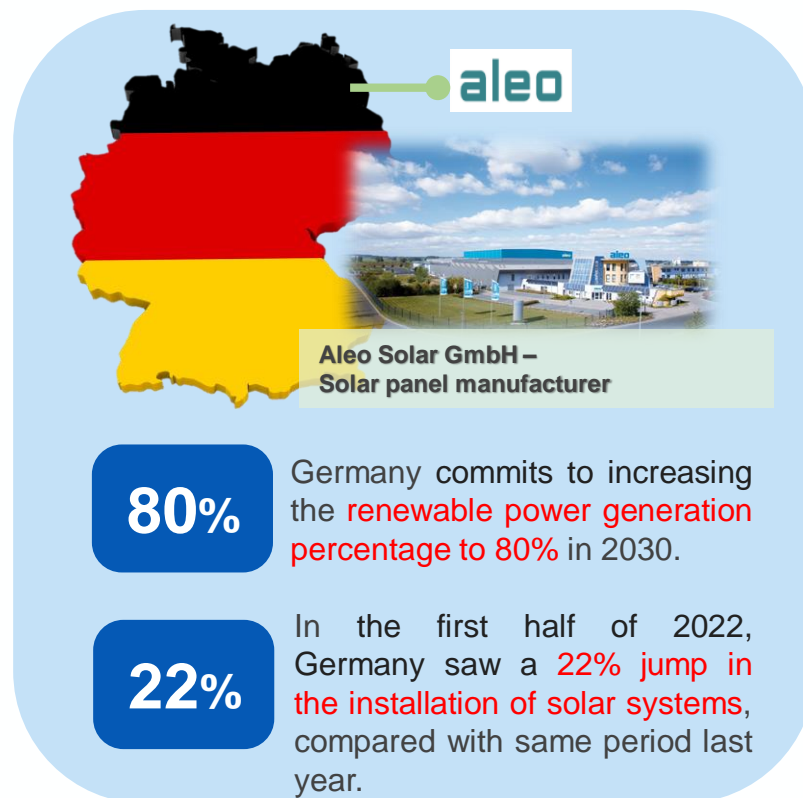
- Renewable power is set to break record in 2022 despite headwinds from higher costs and supply chain bottlenecks. Governments increasingly seek to take advantage of renewables' energy security and climate benefits, contributing to the unprecedented growth.

Share of Electricity Production Met by Solar Power in May-Aug, 2022 (%)



Note: 1. Aleo Solar GmbH is 100% owned by SAS since 2014
Source: EMBER, September, 2022.

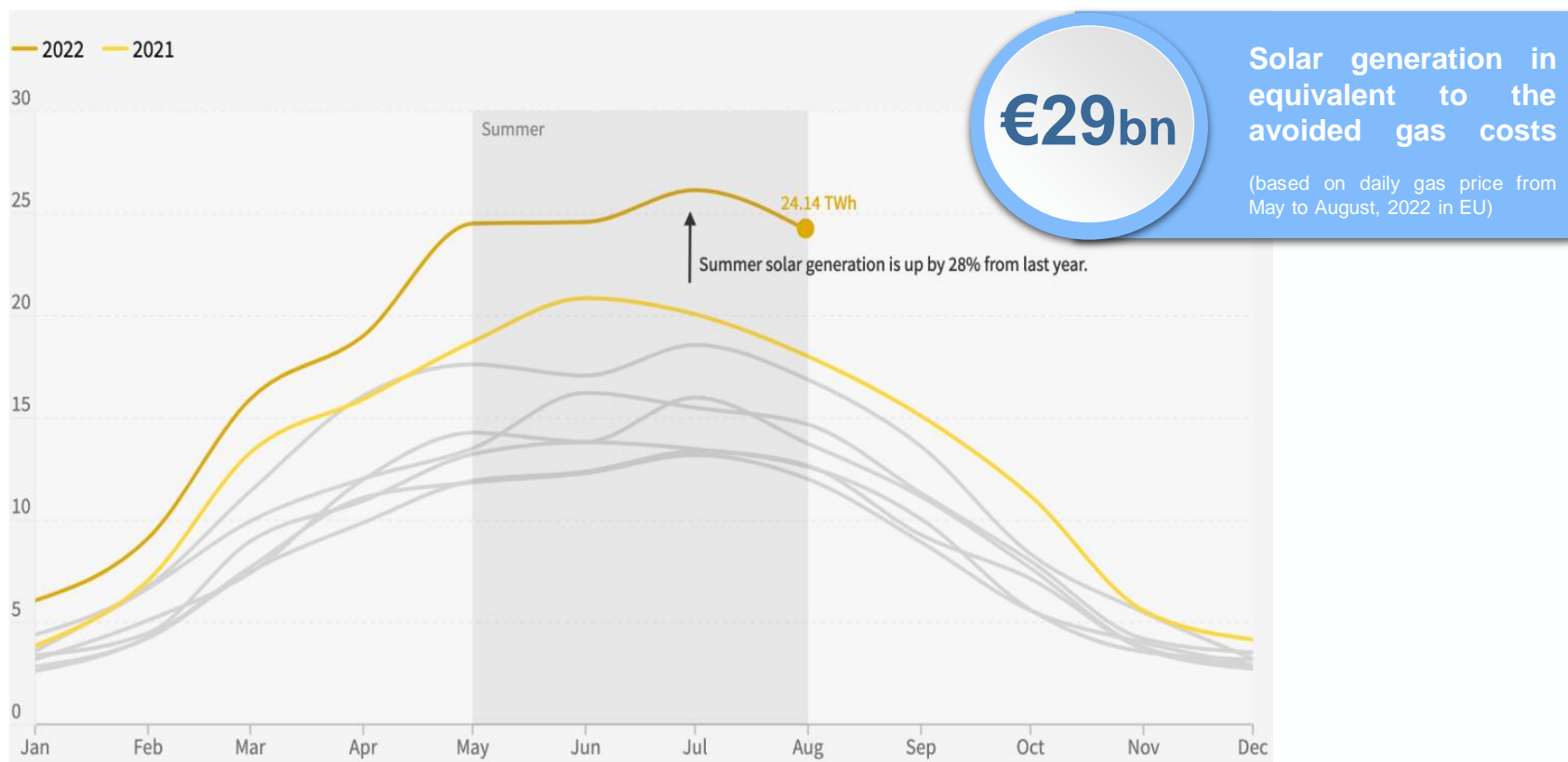
SAS' Subsidiary in Germany: Aleo Solar GmbH¹



EU's Solar Summer Avoids Billions in Gas Imports

- During the peak summer months of May-August, the EU generated 99.4 TWh of solar electricity – a 28% increase from 77.7 TWh the year before. Based on the daily gas prices for May to August, this equates to avoided fossil gas costs of €29 billion.

Electricity Generation from Solar Power in EU-27 (Twh)



Source: EMBER, September, 2022.

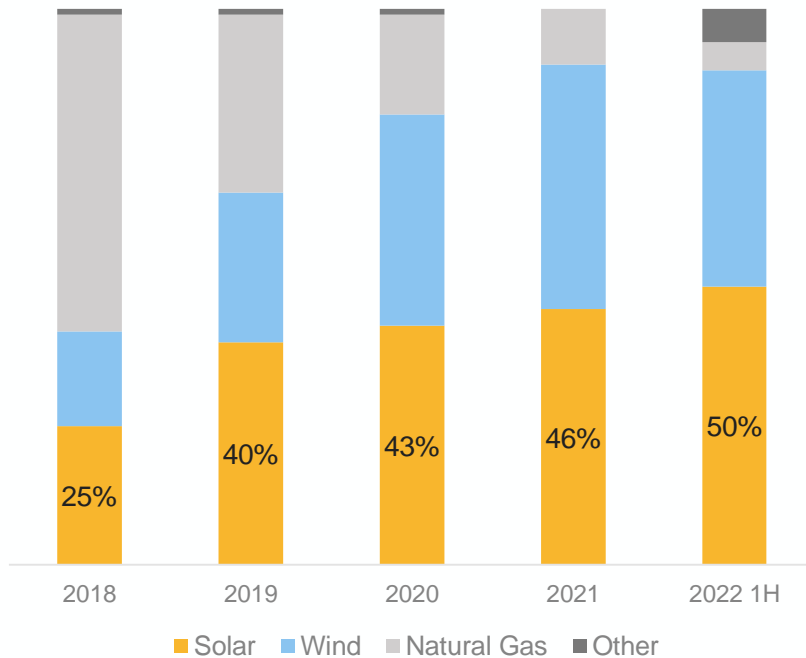
Soaring Solar Installation in the USA is Fueled by Falling Prices



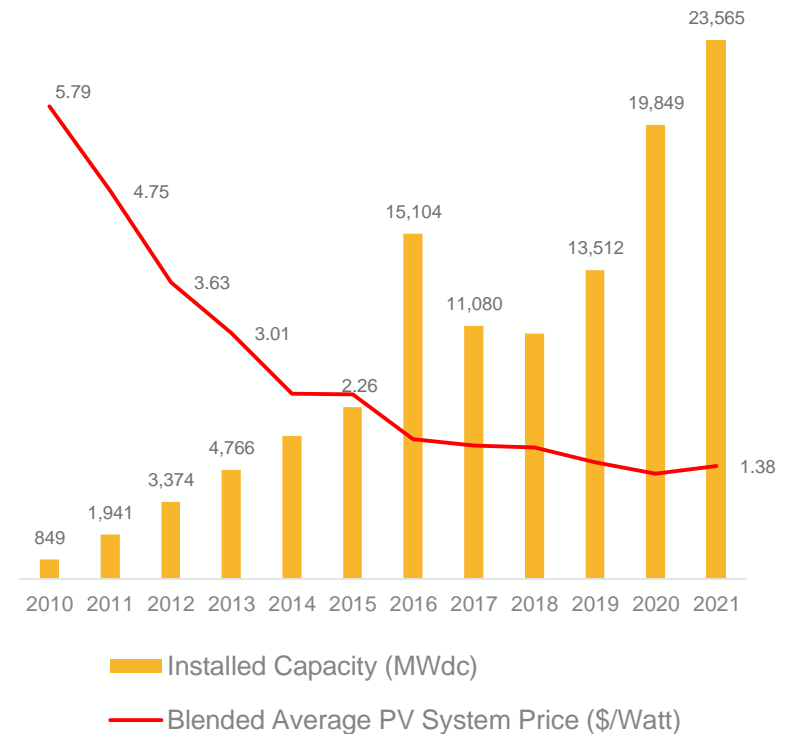
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- In the US, 50% of all new electric capacity added to the grid came from solar in the first half of 2022.
- The cost to install solar has dropped by more than 60% over the last decade, leading the industry to expand into new markets and deploy thousands of systems nationwide.

U.S. Annual Additions of
New Electric Generating Capacity



U.S. Solar PV Pricing Trend & Deployment



Source : Solar Energy Industries Association, Sep, 2022

US 《 Inflation Reduction Act 》

- IRA plans to invest \$369 billion in climate crisis to strengthen US energy security by providing up to 30% tax credit for domestic manufacturing across the solar value chain.
- IRA provides the market certainty needed to boost expected solar deployment by over 40% compared to pre-IRA projections

U.S. Solar Market Forecasts Before and After the Inflation Reduction Act

\$369_{bn}

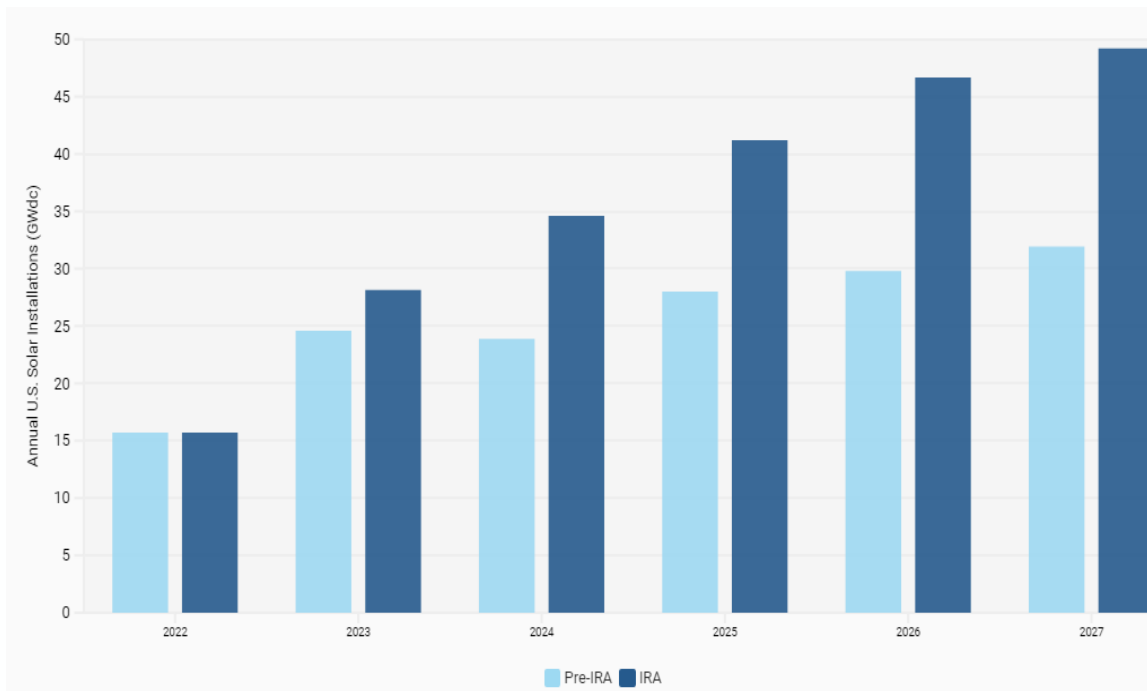
Investment

30%

Tax Credit

40%

Solar Deployment
Increase

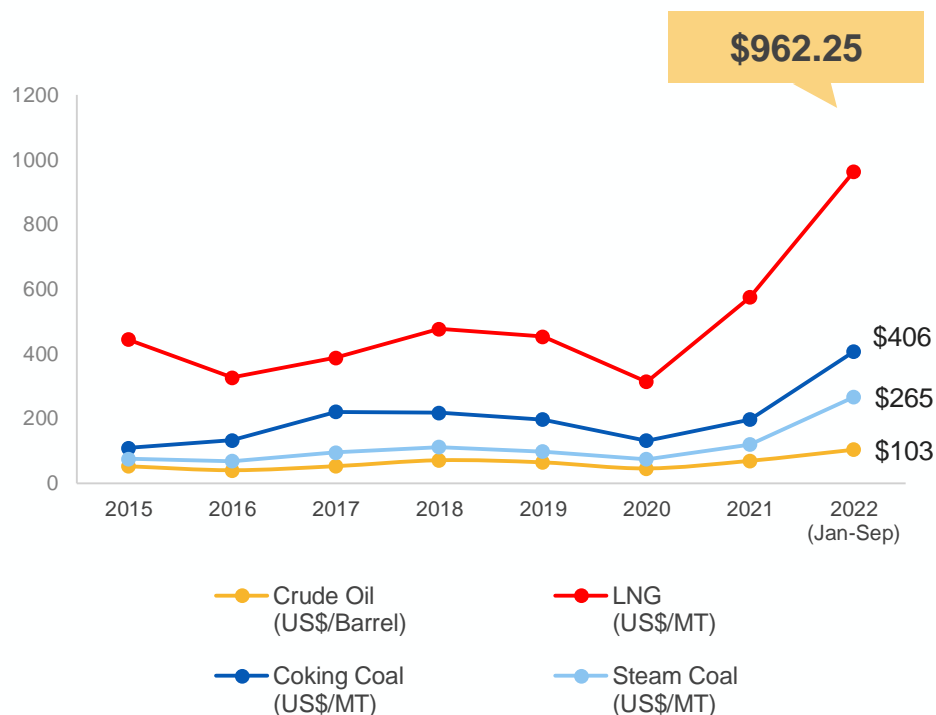
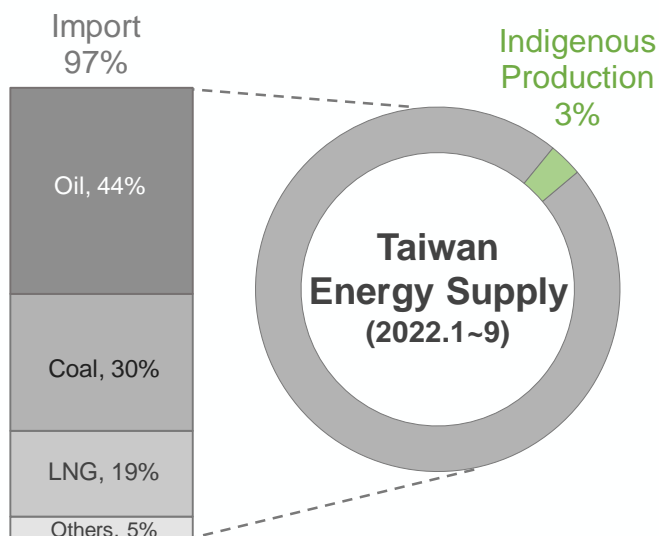


Source : Solar Energy Industries Association, Sep, 2022

Building Energy Resilience is Vital to Taiwan

- Taiwan's economy and its manufacturing prowess are built on steady, reliable sources of energy. Since there are very few indigenous energy sources available, Taiwan is therefore almost totally dependent on imports for its energy requirements.
- Diversifying the energy sources and building self-sufficient energy system are the key tasks to ensure energy resilience.

Imported Energy Percentage and Price



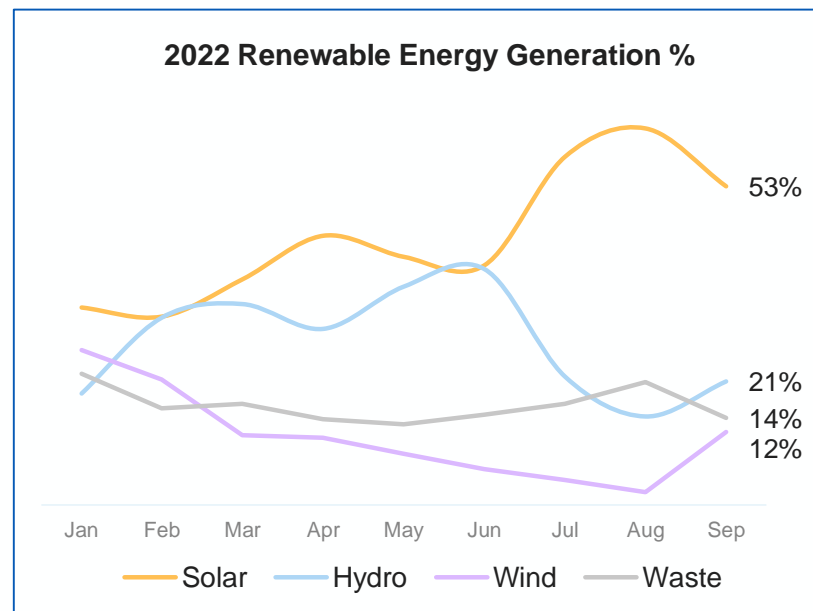
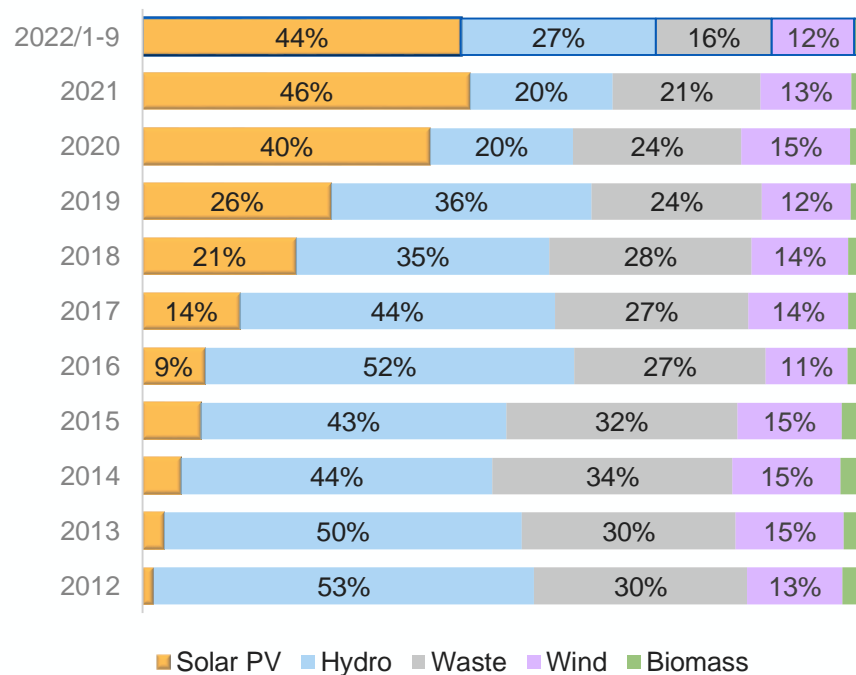
Note: Statistics is till Sep, 2022.

Source: Bureau of Energy Ministry of Economic, Summarized by SAS

Solar PV is the Major Renewable Energy Source in Taiwan

- Eying national energy security, Taiwan government rapidly decentralizes the power grid to 100% renewable energy. Blessed with abundant sunshine, solar is the ideal renewable energy for Taiwan. According to statistics, the proportion of solar PV in renewable energy power generation in Taiwan has scaled up from 1.5% in 2012 to 44% in September, 2022.

Taiwan Renewable Energy Power Generation



Note: Statistics is till Sep, 2022.

Source: Bureau of Energy Ministry of Economic Affairs, Summarized by SAS



Financial Statements



Financial Highlight : Q322 vs. Q222 vs. Q321

(NT\$mn)	Q322	Q222	Q321	QoQ	YoY
Revenue	21,626	20,271	17,522	6.7%	23.4%
Gross Profit %	39.5%	40.8%	36.5%	-1.3%	3.0%
Operating Income	6,658	6,804	4,823	-2.1%	38.0%
Operating Income %	30.8%	33.6%	27.5%	-2.8%	3.3%
Net Profit	5,585	3,202	3,352	74.4%	66.6%
Net Profit %	25.8%	15.8%	19.1%	10.0%	6.7%
EPS	NT\$5.28	NT\$3.11	NT\$3.12	NT\$2.17	NT\$2.16
EBITDA* ¹	9,197	6,156	5,800	49.4%	58.6%
EBITDA %	42.5%	30.4%	33.1%	12.1%	9.4%
EBIT	7,280	4,463	4,193	63.1%	73.6%
ROE* ² (annualized)	36.1%	22.7%	25.9%	13.4%	10.2%
ROA* ³ (annualized)	12.4%	7.6%	9.1%	4.8%	3.3%

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 : 3Q22 vs. 3Q21

(NT\$m)	3Q22 ⁴	3Q21 ⁴	YoY
Revenue	60,666	50,757	19.5%
Gross Profit %	40.0%	34.8%	5.2%
Operating Income	19,667	13,098	50.2%
Operating Income %	32.4%	25.8%	6.6%
Net Profit	10,936	10,173	7.5%
Net Profit %	18.0%	20.0%	-2.0%
EPS	NT\$10.54	NT\$9.22	NT\$1.32
EBITDA* ¹	17,740	18,235	-2.7%
EBITDA %	29.2%	35.9%	-6.7%
EBIT	12,485	13,364	-6.6%
ROE* ² (annualized)	24.9%	26.3%	-1.4%
ROA* ³ (annualized)	8.5%	10.4%	-1.9%

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

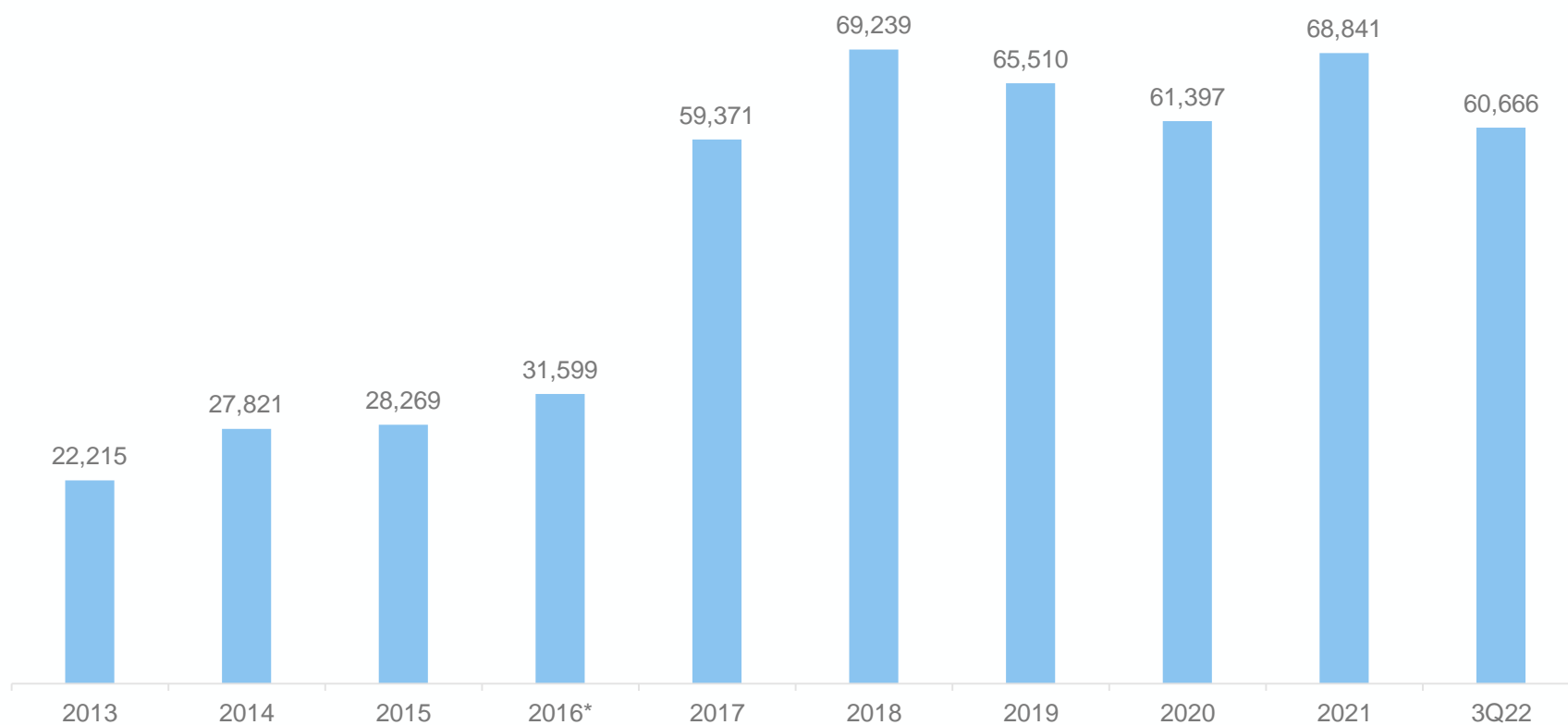
4. 3Q22/ 3Q21: First three quarters of 2022/ 2021 (Accumulated)



Revenue

Revenue

(NT\$mn)



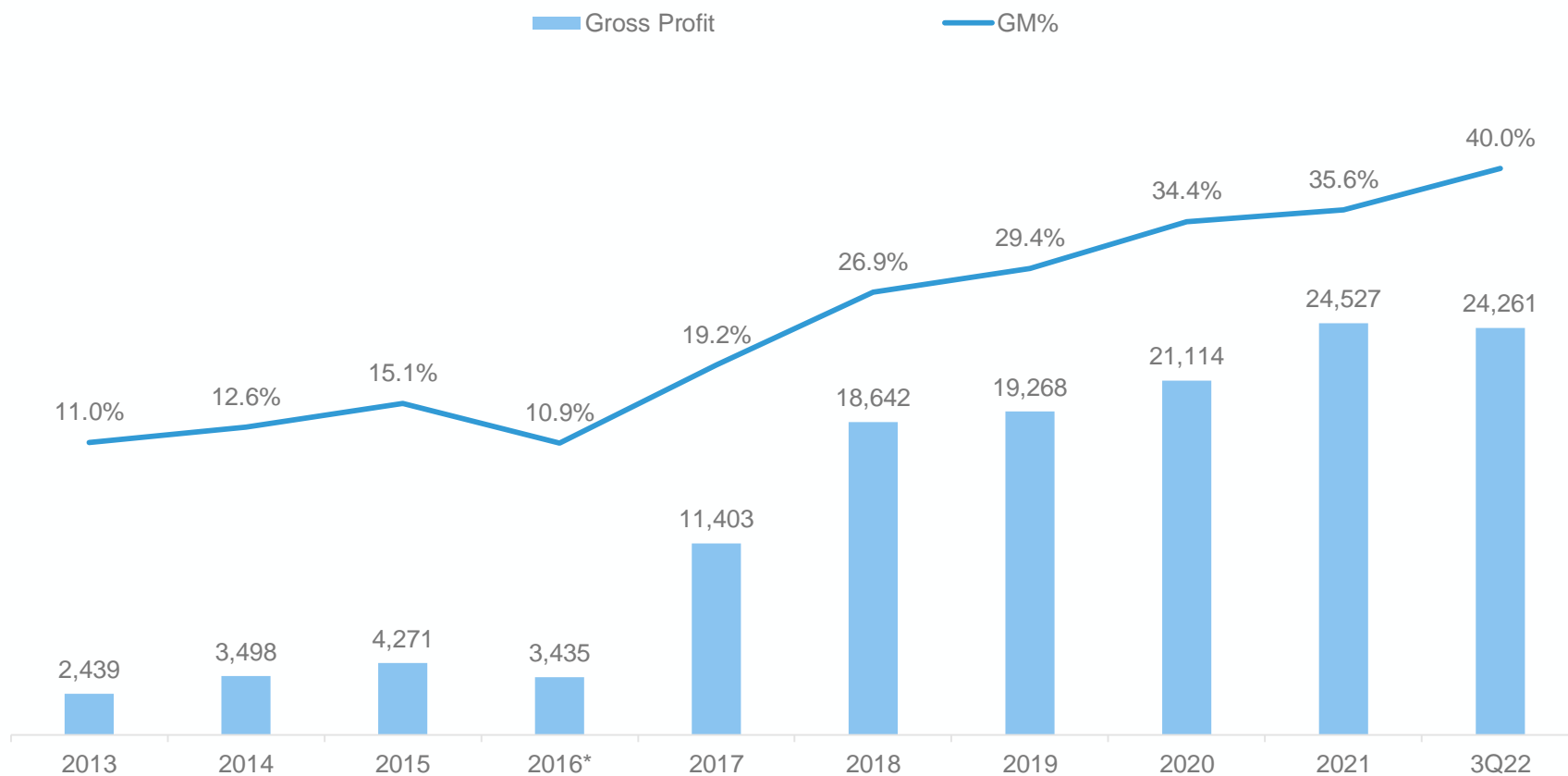
1. Upon completion of GWC's acquisition of SunEdison Semiconductor ("SEMI") in 2016, FY2016 financials has included earnings from SEMI from the period of 02 Dec 2016 – 31 Dec 2016.



Gross Profit

Gross Profit

(NT\$m)



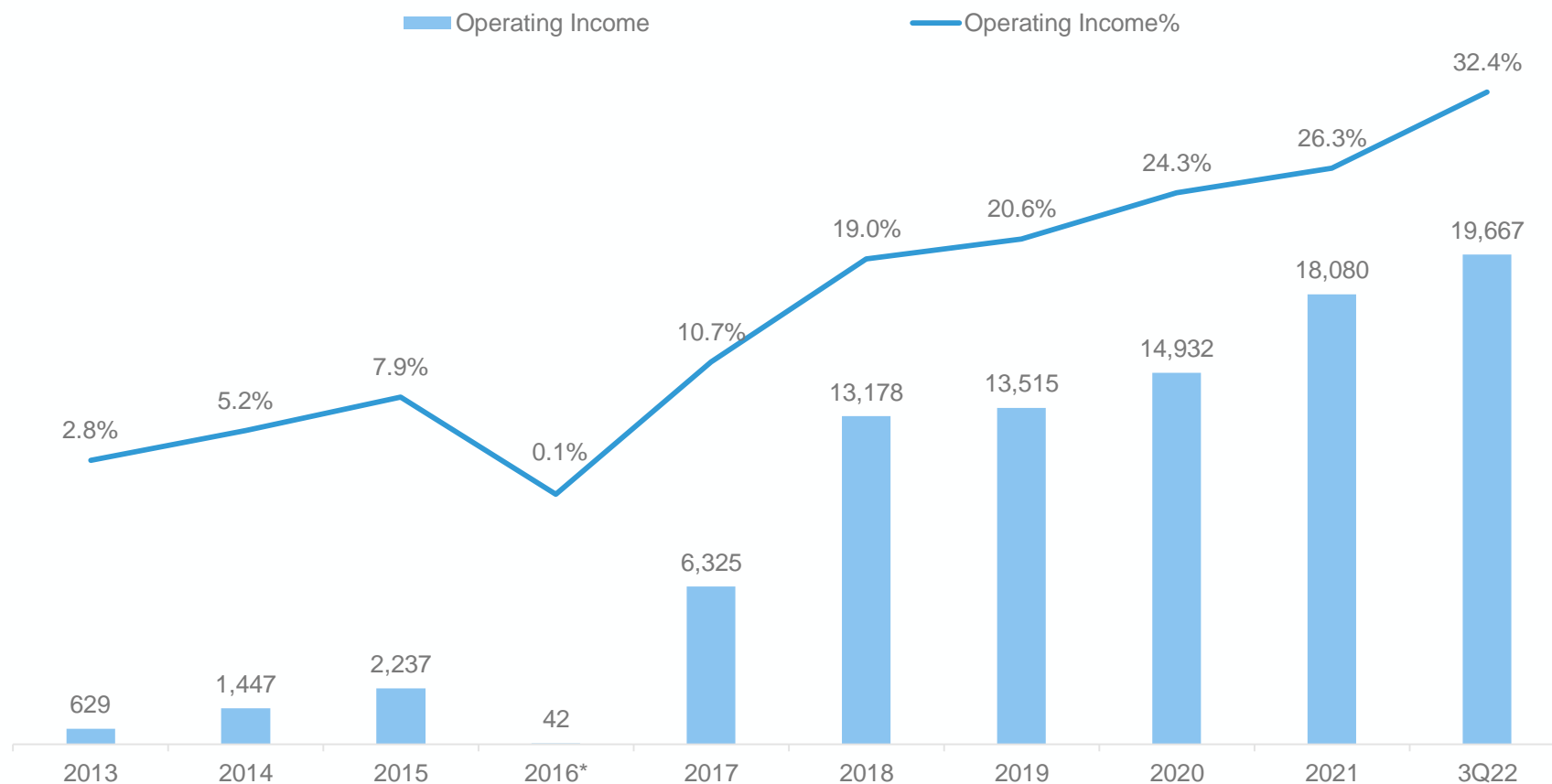
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Operating Income

Operating Income

(NT\$mn)



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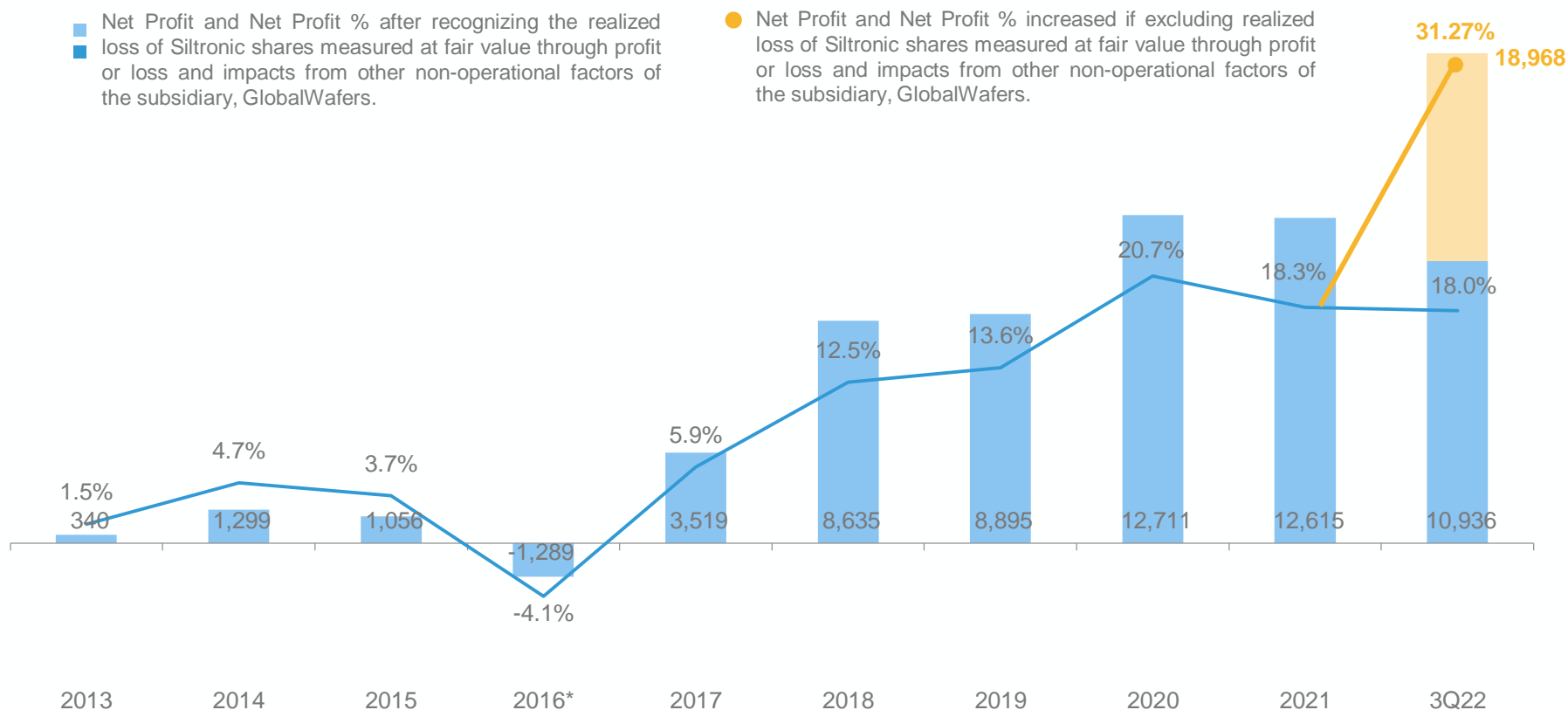
Net Profit

Net Profit

(NT\$mn)

■ Net Profit and Net Profit % after recognizing the realized loss of Siltronic shares measured at fair value through profit or loss and impacts from other non-operational factors of the subsidiary, GlobalWafers.

● Net Profit and Net Profit % increased if excluding realized loss of Siltronic shares measured at fair value through profit or loss and impacts from other non-operational factors of the subsidiary, GlobalWafers.



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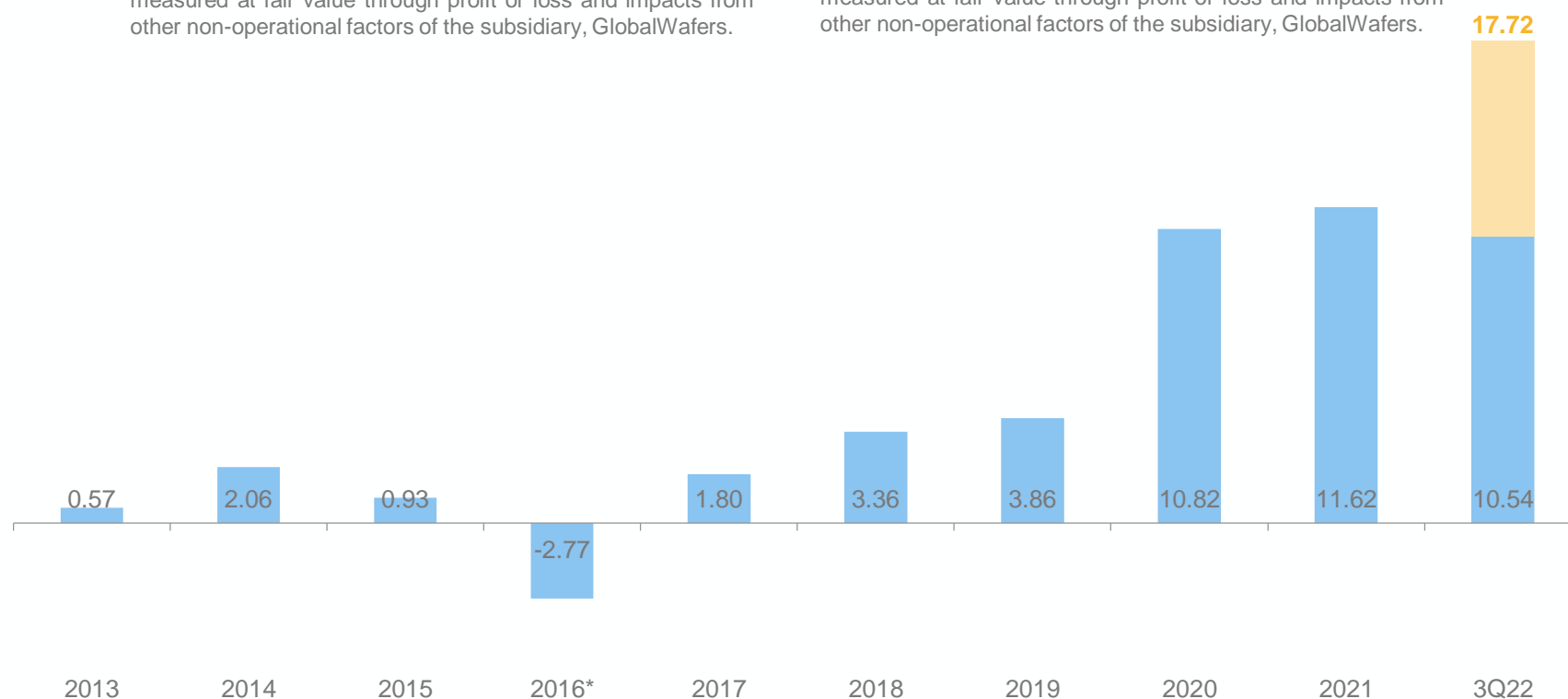
EPS

EPS

(NT\$)

■ EPS after recognizing the realized loss of Siltronic shares measured at fair value through profit or loss and impacts from other non-operational factors of the subsidiary, GlobalWafers.

● EPS increased if excluding realized loss of Siltronic shares measured at fair value through profit or loss and impacts from other non-operational factors of the subsidiary, GlobalWafers.



1. Upon completion of GWC's acquisition of SunEdison Semiconductor ("SEMI") in 2016, FY2016 financials has included earnings from SEMI from the period of 02 Dec 2016 – 31 Dec 2016.



Balance Sheet

Balance Sheet

(NT\$m)	2019	2020	2021	Q122	Q222	Q322
Assets						
Cash and cash equivalents	34,901	23,813	67,118	71,312	79,816	82,848
Account receivable	8,507	8,407	9,889	10,724	12,436	11,864
Inventories	7,398	7,929	8,646	9,144	9,747	10,117
Property, plant and equipment	40,277	42,455	40,428	41,596	46,106	47,110
Other assets	18,300	27,349	41,170	34,428	34,607	33,598
Total assets	109,383	109,953	167,251	167,204	182,711	185,537
Liabilities						
Short-term loan	11,465	10,804	7,791	8,493	8,923	9,491
Account payable	4,180	4,204	4,586	4,498	4,629	4,573
Long term loan	0	1,048	46,124	46,143	46,224	44,753
Other liabilities	45,123	44,227	56,588	54,170	63,919	61,802
Total liabilities	60,767	60,283	115,088	113,304	123,696	120,619
Shareholder equity	48,616	49,669	52,163	53,900	59,015	64,917



Income Statement

Income Statement							
(NT\$mnn)	2019	2020	2021	Q122	Q222	Q322 ³	3Q22 ⁴
Revenue	65,510	61,397	68,841	18,769	20,271	21,626	60,666
<i>Growth (%)</i>	-5.4%	-6.3%	12.1%	16.9%	18.0%	6.7%	19.5%
Gross Profit	19,268	21,114	24,527	7,462	8,265	8,534	24,261
<i>Gross Profit Margin (%)</i>	29.4%	34.4%	35.6%	39.8%	40.8%	39.5%	40%
EBITDA	18,712	22,232	23,901	2,387²	6,156²	9,197²	17,740²
<i>EBITDA Margin (%)</i>	28.6%	36.2%	34.7%	12.7%	30.4%	42.5%	29.2%
Operating Profit	13,515	14,932	18,080	6,205	6,804	6,658	19,667
<i>Operating Profit Margin (%)</i>	20.6%	24.3%	26.3%	33.1%	33.6%	30.8%	32.4%
Profit before Tax	13,924	16,238	17,206¹	703²	4,488²	7,478²	12,669²
<i>Profit before Tax Margin (%)</i>	21.3%	26.4%	25.0%	3.7%	22.1%	34.6%	20.9%
Net Profit	8,895	12,711	12,615	2,149²	3,202²	5,585²	10,936²
<i>Net Profit Margin (%)</i>	13.6%	20.7%	18.3%	11.4%	15.8%	25.8%	18%
EPS (NT\$)	3.86	10.82	11.62	2.16²	3.11²	5.28²	10.54²

1. Due to NT\$1.6 billion (EUR 50 million) of termination fee from Siltronic M&A recognized by the subsidiary, GlobalWafers.

2. Due to realized loss of Siltronic shares measured at fair value through profit or loss and impacts from other factors to the subsidiary, GlobalWafers.

3. Q322: Third quarter of 2022

4. 3Q22: First three quarters of 2022 (Accumulated)



GlobalWafers

Balance Sheet

Balance Sheet

(NT\$mn)	2019	2020	2021	Q122	Q222	Q322
Assets						
Cash and cash equivalents	32,822	22,439	65,894	70,354	76,183 ¹	80,164
Account receivable	8,140	8,037	9,118	9,436	10,889	10,157
Inventories	6,849	7,208	7,295	7,496	7,553	8,012
Property, plant and equipment	34,697	37,111	33,943	34,995	33,792	34,625
Other assets	14,078	20,056	34,395	27,525	26,912	25,278
Total assets	96,586	94,852	150,645	149,806	155,329	158,235
Liabilities						
Short-term loan	9,886	9,871	6,264	6,384	6,210	6,252
Account payable	3,837	3,895	4,340	3,953	4,103	3,805
Long term loan	0	0	45,125	45,204	45,284	43,820
Other liabilities	37,789	36,930	49,284	46,978	54,843	54,267
Total liabilities	51,513	50,697	105,013	102,520	110,440	108,145
Shareholder equity	45,073	44,155	45,632	47,286	44,889	50,091

1. Increase in LTA prepayment and EBITDA



Income Statement

(NT\$mn)	2019	2020	2021	Q122	Q222	Q322	3Q22 (Acc.)
Revenue	58,094	55,359	61,131	16,307	17,540	18,053	51,899
<i>Growth (%)</i>	-1.6%	-4.7%	10.4%	3.5%	7.6%	2.9%	14.4%
Gross Profit	22,847	20,568	23,286	6,948	7,645	7,892	22,484
<i>Gross Profit (%)</i>	39.3%	37.2%	38.1%	42.6%	43.6%	43.7%	43.3%
EBITDA	22,648	21,967	22,507	1,802¹	5,488¹	8,326¹	15,616¹
<i>EBITDA (%)</i>	39.0%	39.7%	36.8%	11.1%	31.3%	46.1%	30.1%
Operating Income	17,897	15,287	17,693	5,891	6,401	6,329	18,621
<i>Operating Income (%)</i>	30.8%	27.6%	28.9%	36.1%	36.5%	35.1%	35.9%
Profit before Tax	18,554	16,615	16,445	304¹	4,015¹	7,018¹	11,337¹
<i>Profit before Tax Margin (%)</i>	31.9%	30.0%	26.9%	1.9%	22.9%	38.9%	21.8%
Net Profit	13,636	13,104	11,870	1,746¹	2,716¹	5,111¹	9,573¹
<i>Net Profit (%)</i>	23.5%	23.7%	19.4%	10.7%	15.5%	28.3%	18.4%
EPS (NT\$)	31.35	30.11	27.27	4.01¹	6.24¹	11.74¹	22.00¹

1. Due to realized loss of Siltronic shares measured at fair value through profit or loss and impacts from other factors.



Q&A



Thank you