



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

SAS (5483 TT) 2024Q1 Earnings Call

May, 2024



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Contents

- 01 Executive Comments**
- 02 Company Overview**
- 03 Industry Overview**
- 04 Financial Statements**
- 05 GlobalWafers**



01

Executive Comments

Executive Comments

1. Financial Highlights

■ Revenue

✓ Q124¹ → NTD \$19.7 billion, -5.8% YoY, second highest over the same period!

■ Gross Profit %

✓ Q124¹ → 31.5%

■ Operating Income %

✓ Q124¹ → 22.1%

Note: Q124: The first quarter of 2024

Executive Comments

■ Net Profit %

✓ Q124¹ → 20.1%

■ EPS

✓ Q124¹ → NT\$3.4, second highest over the same period!

■ Planned Dividend Payout

✓ 2023 Dividend → NT\$8.8 (1H23: NT\$3.5 + 2H23: NT\$ 5.3)

✓ 2023 Payout Ratio → 51.8%

✓ Record Date : July 31, 2024

✓ Payment Date : August 23, 2024

Note: Q124: The first quarter of 2024

Executive Comments

2. Renewable Energy Industry Outlook

■ Worldwide

- ✓ At the United Nations Climate Change Conference (COP28), over 130 countries **pledged to tripling global renewable energy capacity by 2030, from current 3,400 GW to 11,000 GW.**
- ✓ According to the latest report "Renewables 2023" released by the International Energy Agency (IEA), nearly 3,700 GW of new renewable energy capacity will be added from 2023 to 2028, **with solar and wind power accounting for over 95% of the new renewable energy capacity.**

■ Europe and America

- ✓ Based on the IEA's "Renewables 2023" report, **the United States is expected to add nearly 340 GW of new renewable energy capacity between 2023 and 2028,** primarily focused on solar photovoltaic(PV) and wind power installations. **Europe's renewable energy installation capacity will more than double from 2023 to 2028, with new capacity totaling 532GW,** of which solar PV account for more than 70%.

Executive Comments

2. Renewable Energy Industry Outlook

■ Taiwan

- ✓ In 2016, Taiwan announced its energy transition policy. As of February 2024, the cumulative installed capacity of solar photovoltaic (PV) power has reached 12.57 GW. This falls short of the 20 GW target for 2025 by 7.43 GW, meaning that an average annual installation of nearly 4 GW is required from 2024 onwards to meet the target.
- ✓ **After the presidential election, Taiwan's solar construction is anticipated to witness a demand surge in the second quarter, stabilizing supply chain dynamics and price fluctuations.**

Executive Comments

3. Business Strategy

- SAS is actively expanding into the renewable energy, semiconductor, and automotive components industries. By vertically integrating its affiliated companies and employing diversified business strategies, it aims to scale up its operations and leverage group resources to further expand its product export markets, thereby enhancing overall operational efficiency.
- ✓ **Renewable energy:** With a complete vertical integration of the solar energy supply chain, we are a leading provider of energy solutions. In response to the recent market demand for high-power modules, we have actively developed the M10/G12 Topcon product with a high conversion efficiency of 25%. M10 Topcon is slated for mass production in the second half of 2024.
- ✓ **Semiconductor:** By forging strategic alliances upstream and downstream, from materials to IC design, manufacturing to assembling and testing, SAS has built a competitive semiconductor industry chain layout.
- ✓ **Automotive components:** By entering the key components market of vehicle powertrains, SAS flexibly grasps the dynamics of end customer demand and responds to the trend of vehicle electrification.

Executive Comments

3. Business Strategy

■ Earthquake Impact

- ✓ Despite the impact of the earthquake that occurred in Taiwan on April 3rd on some power plants, all power plants have returned to normal operation due to the effectiveness of real-time generation and transmission monitoring, remote dispatch systems, and maintenance teams located in the north, central, and south of the country. The impact on the company's second-quarter revenue was minimal.

Executive Comments

4. GlobalWafers

■ Revenue

- ✓ Q124 → NT\$15 billion, -19% YoY
- ✓ Despite the economic downturn, 2024 marks continuous monthly growth for two consecutive months since January !

2024 (NT\$ mn)	Jan	MoM	Feb	MoM	Mar
Revenue	4,396	14.40%	5,029	12.59%	5,662

■ Gross Profit (%)

- ✓ Q124 → 34.3%

■ Operating Income (%)

- ✓ Q124 → 26.3%

Executive Comments

■ Net Profit (%)

✓ Q124 → 23.4%

■ EPS

✓ Q124 → NT\$8.10

■ Prepayment

✓ NT\$35.03 billion (US\$1.1 billion)¹

■ Planned Dividend Payout

✓ 2023 Dividend – NT\$19.0 (1H23: NT\$8.0 + 2H23: NT\$11.0)

✓ 2023 Payout Ratio – 41.8%

✓ Record Date – July 24, 2024

✓ Payment Date – August 16, 2024

Note:
1. FX Rate: NTD:USD = 32.000, including guarantee

5. Semiconductor Industry Overview

■ Global Economy

- ✓ The IMF projects a consistent 3.2% growth rate for the global economy throughout 2024 and 2025, consistent with the same growth rate in 2023, highlighting the resilience of the global economy.
- ✓ Reflecting improving consumer confidence and a rising trend in global GDP, the global PMI1 continues to rise, signaling a broad-based upturn, notwithstanding the looming inflationary risks.

■ Semiconductor Industry

- ✓ With demand improving due to the growth of AI applications and memory devices emerging as the largest contributors, inventory levels are expected to gradually normalize as customers reabsorb on-hand stock, alongside moderate improvements in fab utilization rates. The second half of 2024 is expected to see recovery compared to the first half, however there are ongoing uncertainties like the pace of interest rate cuts, oil prices, and electric vehicle demand.
- ✓ GlobalWafers is well-positioned to allocate its Capex towards the current market trend in the semiconductor industry in response to the increasing demand for advanced semiconductor processes.

Source:

1. IMF, April 2024
2. OECD, March 2024

Note:

1. PMI = Purchasing Managers' Index

5. Semiconductor Industry Overview

■ Sustainable Solutions

- ✓ GlobalWafers has differentiated itself through proximity and sustainability by leveraging its global presence to reduce carbon footprint and adopts green energy initiatives from each region to counteract climate change and provide customers with sustainable solutions. This commitment is exemplified by the introduction of green energy in expansion projects :
 - **Danish site – 1st semiconductor crystal manufacturing site** to utilize its own installed **100% green electricity** during 2H of 2024
 - **Italian site – 100% green electricity** in new 12” production line during the 2025 ramp-up
 - **USA site – 100% renewable energy** at full ramp
- ✓ By sourcing locally, GlobalWafers minimizes transportation, leading to reduced carbon emissions, lower geopolitical risks, and greater environmental sustainability.

■ Earthquake Impact

- ✓ Despite the April-3 earthquake in Taiwan affecting some pullers, operations have resumed after inspection with minimal impact on revenue, facilitated by ample ingot inventory prepared in advance for unforeseen events, ensuring smooth production transition and supply continuity for subsequent sites.

6. Others

■ Corporate Governance Evaluation

- ✓ For the tenth (2023) Corporate Governance Evaluation, **and both SAS and GlobalWafers have been ranked among the top 5% of listed companies in the Corporate Governance Evaluation for ten and six consecutive years separately.** This honor reflects the commitment to a robust, transparent, and responsible corporate culture. SAS and GlobalWafers will continue to refine their corporate governance performance, strengthen the corporate governance blueprint, and fulfill the corporate social responsibility.



02

Company Overview

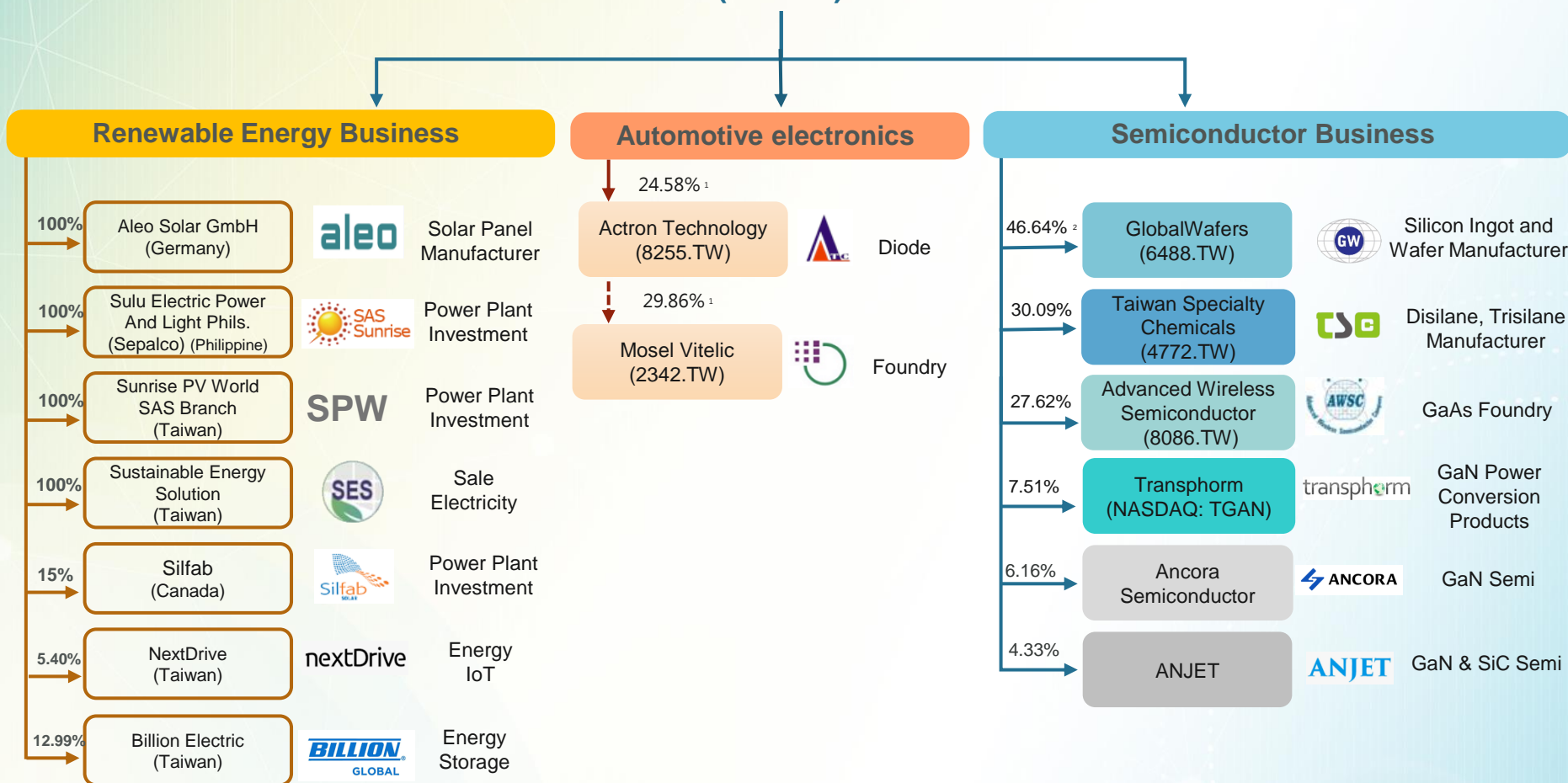
SAS Group Structure



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



Sino-American Silicon
Products Inc.
(Taiwan)



Note :

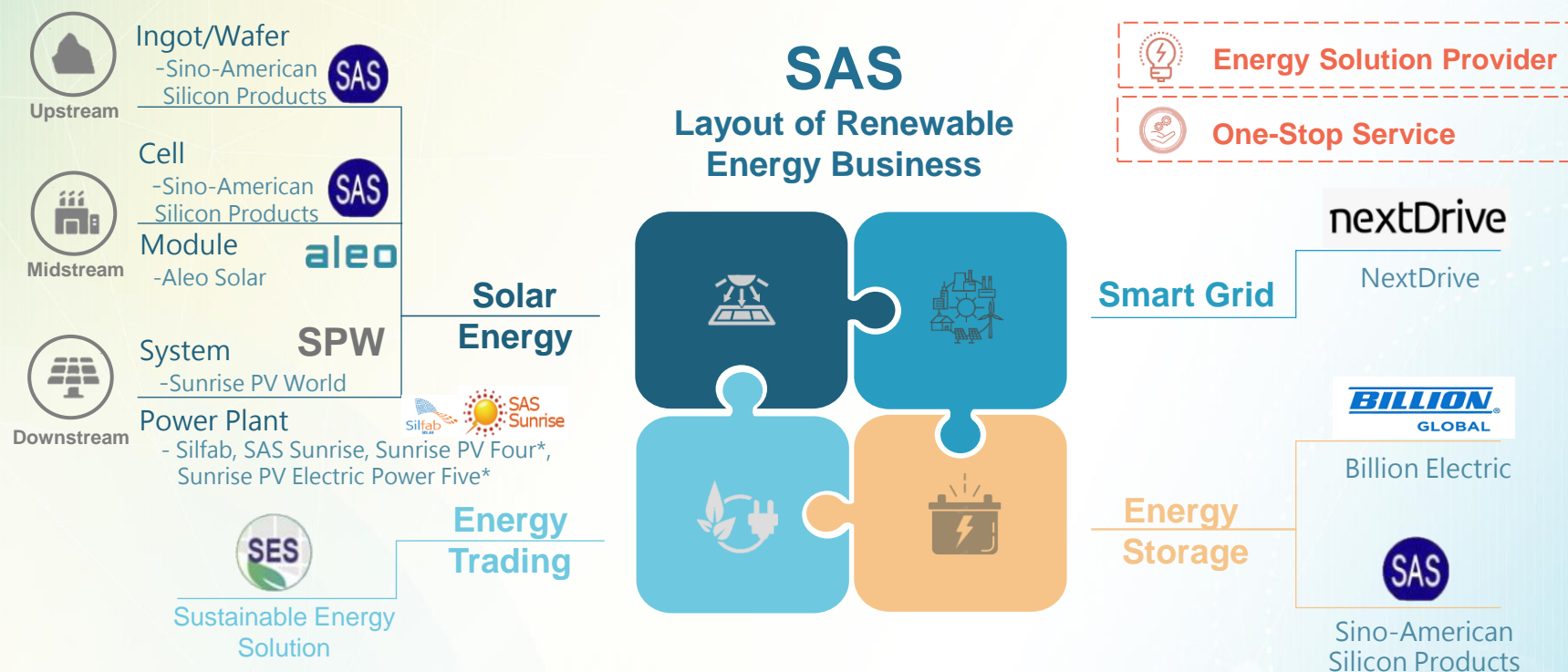
1. Solid lines represent the direct investments of SAS, and the dotted line represents the investment of related companies.

2. The ratio of GWC shares held by SAS: Due to 42,000,000 units of global depository shares (the "GDSs") issued by GlobalWafers on April 2, 2024, the ratio dropped from 51.14% to 46.64%.

3. Shareholding percentages of reinvestments have been updated as of April 25, 2024.

SAS Reinvestment _ Renewable Energy Business Layout

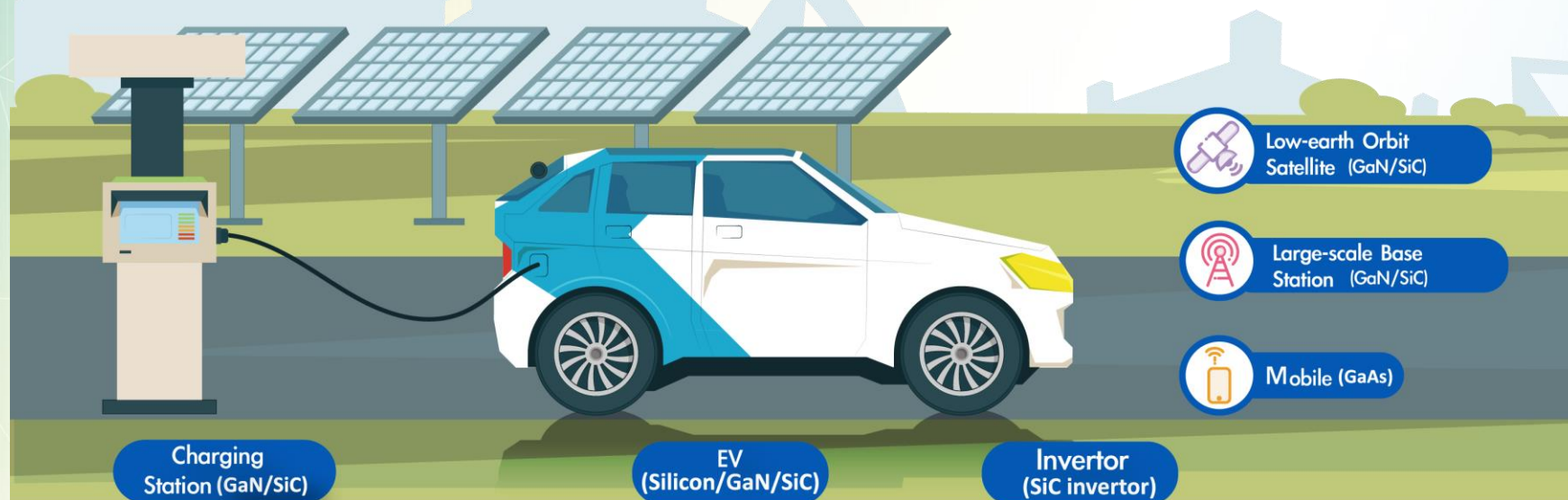
- **Vertically integrated in the solar industry**, SAS is engaged in the manufacturing of ingot, wafer, cell, module, energy storage, and further spreads its tentacles into power plant O&M, green energy sales and development. SAS has reinvested in NextDrive Technology for smart grid and energy IoT platform, and in Billion Electric for energy storage integration, thereby **transitioning from “Energy Provider” to “Energy Solution Provider”**.
- SAS’ competitive edge in vertical integration and horizontal reinvestment consolidates its positions **through flexibly mobilizing group resources and providing a one-stop solution to customers**.



Note : Sunrise PV Four, and Sunrise PV Electric Power Five are owned by GlobalWafers

SAS Reinvestment _ Semiconductor / Automotive Electronics Business Layout

- Through **strategic alliances both upstream and downstream**, SAS has built a competitive semiconductor industry chain layout, expanding our operational scale and enhancing synergy within the group.



Product Categories	Materials	Design House	Foundry	Assembly
1st generation Si				
2nd generation GaAs, LN/LT	 Crystalwise Technology Inc.			
3rd generation SiC / GaN	 transpherm	 transpherm	 transpherm	
Specialty Gas				



SAS Reinvestment _Strategic Layout of Key Areas



Group Revenue by Business



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Sino-American Silicon Products Inc.

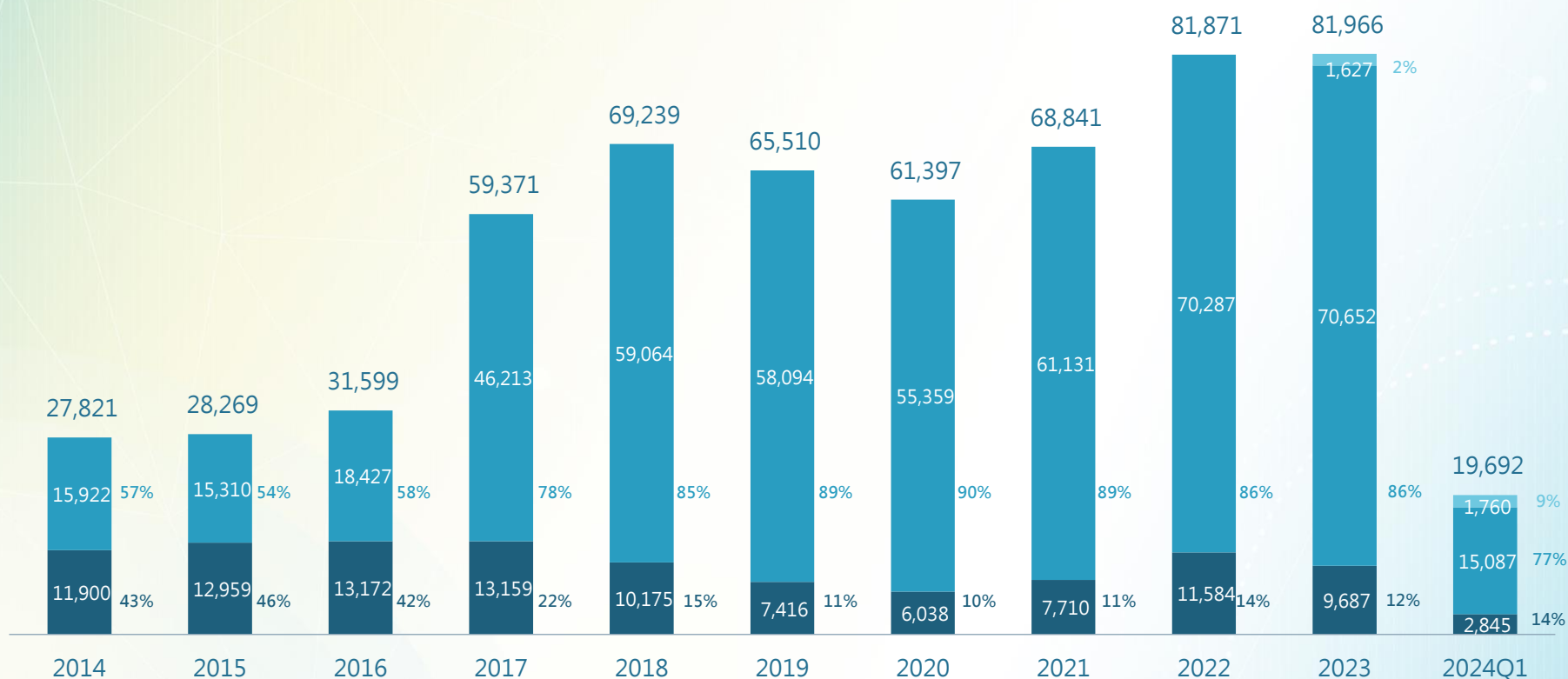
Group Revenue by Business

(NT\$m)

■ Renewable Energy and Others

■ Semiconductor(GWC)

■ Automotive components(Actron)



Note:

1. Other Revenue includes subsidiaries such as AWSC, TSC, etc.
2. Actron Technology has become a subsidiary of SAS group since October, 2023 and is included in revenue category — automotive components.



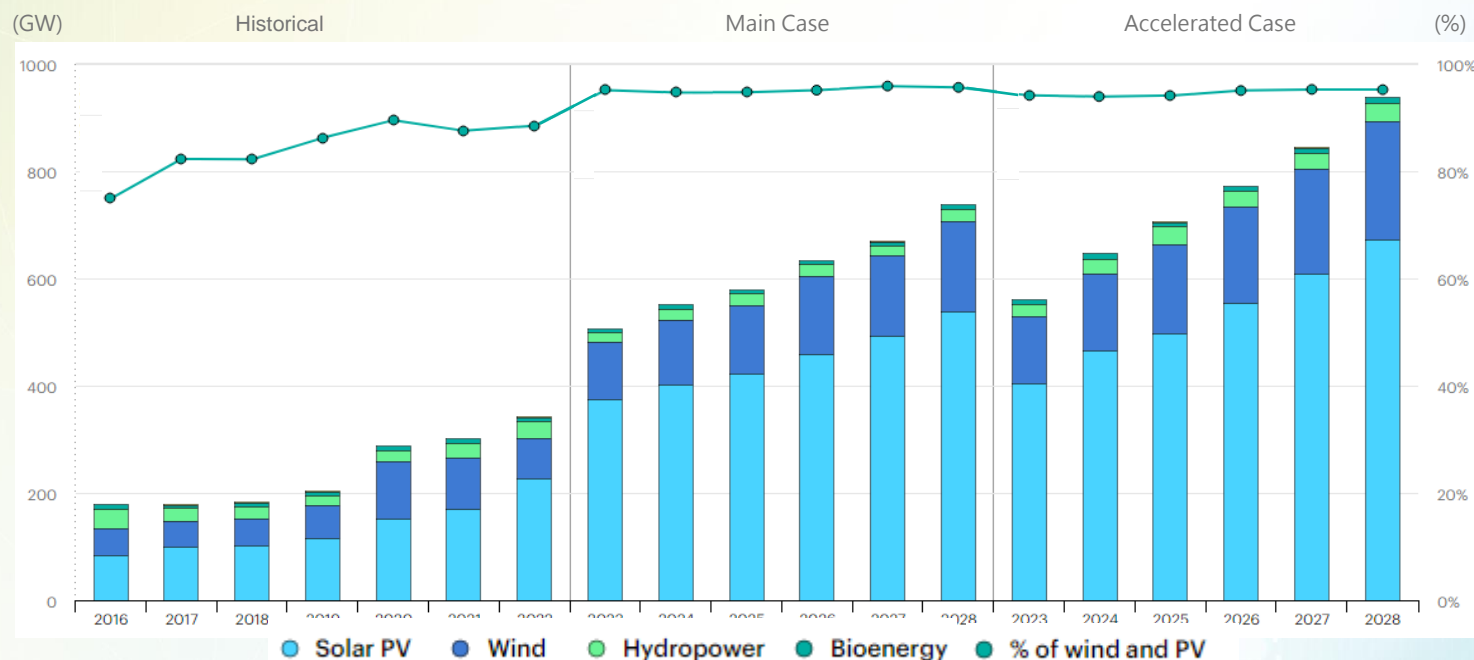
03

Industry Overview

Global Renewable Energy Trend (China Excluded)

- At the United Nations Climate Change Conference (COP28), nearly 200 countries pledged to transition away from fossil fuels in energy systems. Over 130 countries committed to tripling global renewable energy capacity by 2030, from the current 3,400 GW to 11,000 GW.
- The International Energy Agency (IEA) released its Renewables 2023 report, forecasting that global renewable energy capacity will increase by nearly 3,700 GW from 2023 to 2028, driven by policy support from over 130 countries at COP28 (main case). Solar photovoltaic (PV) and wind power will account for over 95% of the new renewable energy capacity additions.

Renewable electricity capacity additions from 2016 to 2028 (Main / Accelerated Case)



Source: International Energy Agency(IEA)_Renewables 2023

Note :

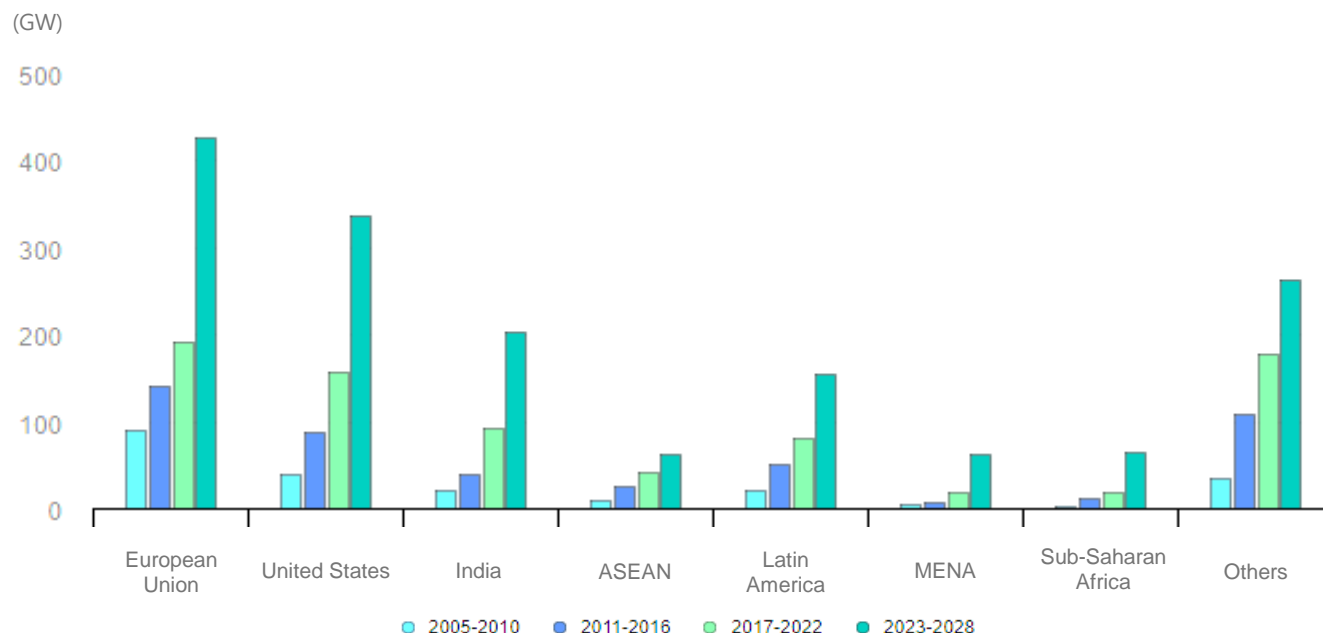
Main case: Under existing policies and market conditions of over 130 countries committed from COP28, falling short of the tripling goal is predictable.

Accelerated case: Reaching the tripling global renewable energy capacity by 2030 of COP28 commitments *

Continued Expansion of Renewable Energy in USA and EU

- The rapid expansion of renewable energy installations in the United States and Europe is being driven by national policy incentives, including the U.S. Inflation Reduction Act (IRA) and the European Parliament's Renewable Energy Directive (RED) amendment, which encourage domestic manufacturing.
- The "Renewables 2023" report forecasts explosive growth in the US and Europe's renewable energy capacity. The US is set to add nearly 340 GW from 2023 to 2028, dominated by solar and wind. Europe's renewable energy capacity is anticipated to grow more than double by 2028, adding 532 GW. Solar photovoltaics will be accounting for over 70% of this growth.

Renewable electricity capacity growth by country or region (main case, 2005-2028)

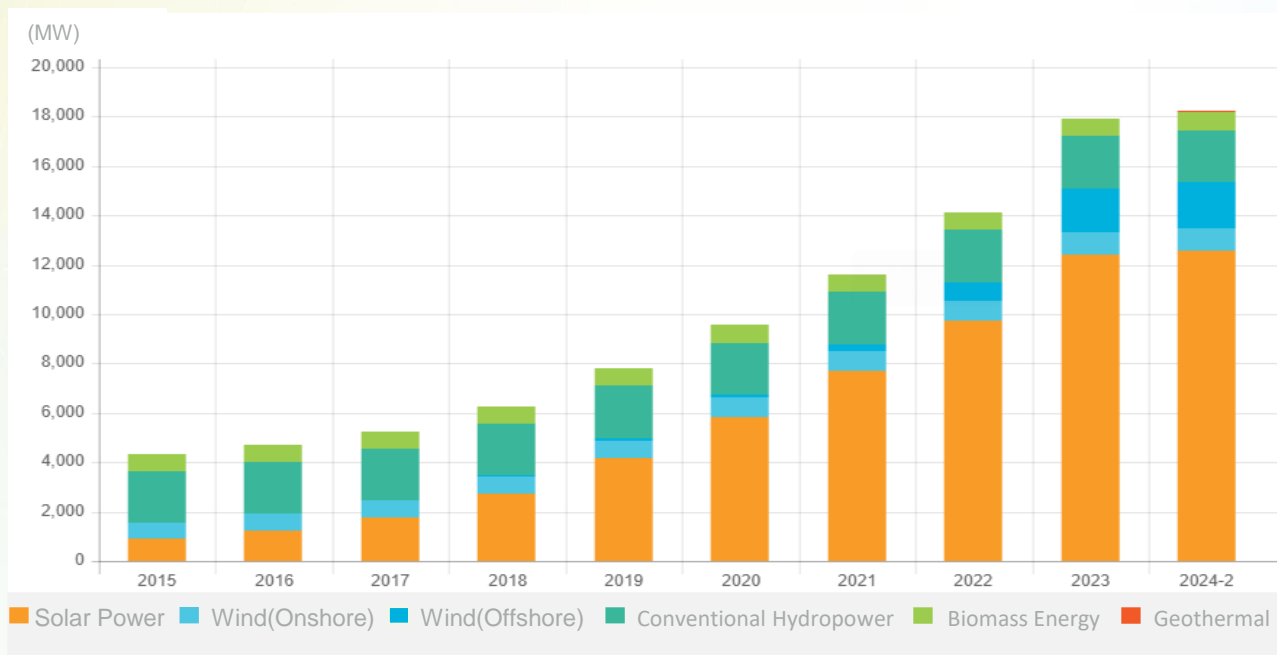


Source: IEA_Renewables 2023.

Continuous Growth in Taiwan's Solar Energy Market

- Announced in 2016, Taiwan's energy transition policy aims to become nuclear-free and generate 20% of electricity from renewable sources by 2025. The long-term goal is net-zero carbon emissions by 2050, with renewables reaching 50-60% of the energy mix. As of the end of 2023, 9.9% of Taiwan's total electricity generation came from renewables.
- By February 2024, Taiwan had installed 18.2 GW of renewable energy capacity, with solar PV accounting for nearly 70% (12.6 GW). To meet the 2030 target of 30 GW, an average annual increase of nearly 3 GW is needed, addressing a 7.4 GW gap to the 2025 solar PV target.
- Despite recent earthquakes in Taiwan, there haven't been widespread power outages. Renewable energy sources quickly compensate for disruptions to coal-fired plants, showcasing the strength of Taiwan's power grid.

Taiwan Renewable Power Generation (2015~2024.2)





04

Financial Statements



Financial Highlight : Q124 vs. Q423 vs. Q123

(NT\$m, except EPS)	Q124	Q423	Q123	QoQ	YoY
Revenue	19,692	21,143	20,904	-6.9%	-5.8%
Gross Profit %	31.5%	26.3%	36.3%	5.2 ppts	-4.8 ppts
Operating Income	4,355	3,072	5,798	41.8%	-24.9%
Operating Income %	22.1%	14.5%	27.7%	7.6 ppts	-5.6 ppts
Net Profit	3,957	2,883	4,714	37.3%	-16.1%
Net Profit %	20.1%	13.6%	22.6%	6.5 ppts	-2.5 ppts
EPS* ¹	NT\$3.40	NT\$4.03	NT\$4.21	-NT\$0.63	-NT\$0.81
EBITDA* ²	6,903	5,778	8,091	19.5%	-14.7%
EBITDA %	35.1%	27.3%	38.7%	7.8 ppts	-3.6 ppts
EBIT* ³	4,566	3,517	6,041	29.8%	-24.4%
ROE* ⁴ (annualized)	18.7%	14.4%	27.0%	4.3 ppts	-8.3 ppts
ROA* ⁵ (annualized)	7.0%	5.6%	9.7%	1.4 ppts	-2.7 ppts

Note:

1. EPS = Net Profit Attributable To The Shareholders of The Company / Weighted-average Number of Ordinary Shares Outstanding During The Period
2. EBITDA = Net Profit + Tax + Interests + Depreciation + Amortization
3. EBIT = Net Profit + Tax + interests
4. ROE = Net Profit / Average Shareholders Equity
5. ROA = (Net Profit + Interest*(1- Effective Tax Rate))/Average Asset



Revenue

Revenue

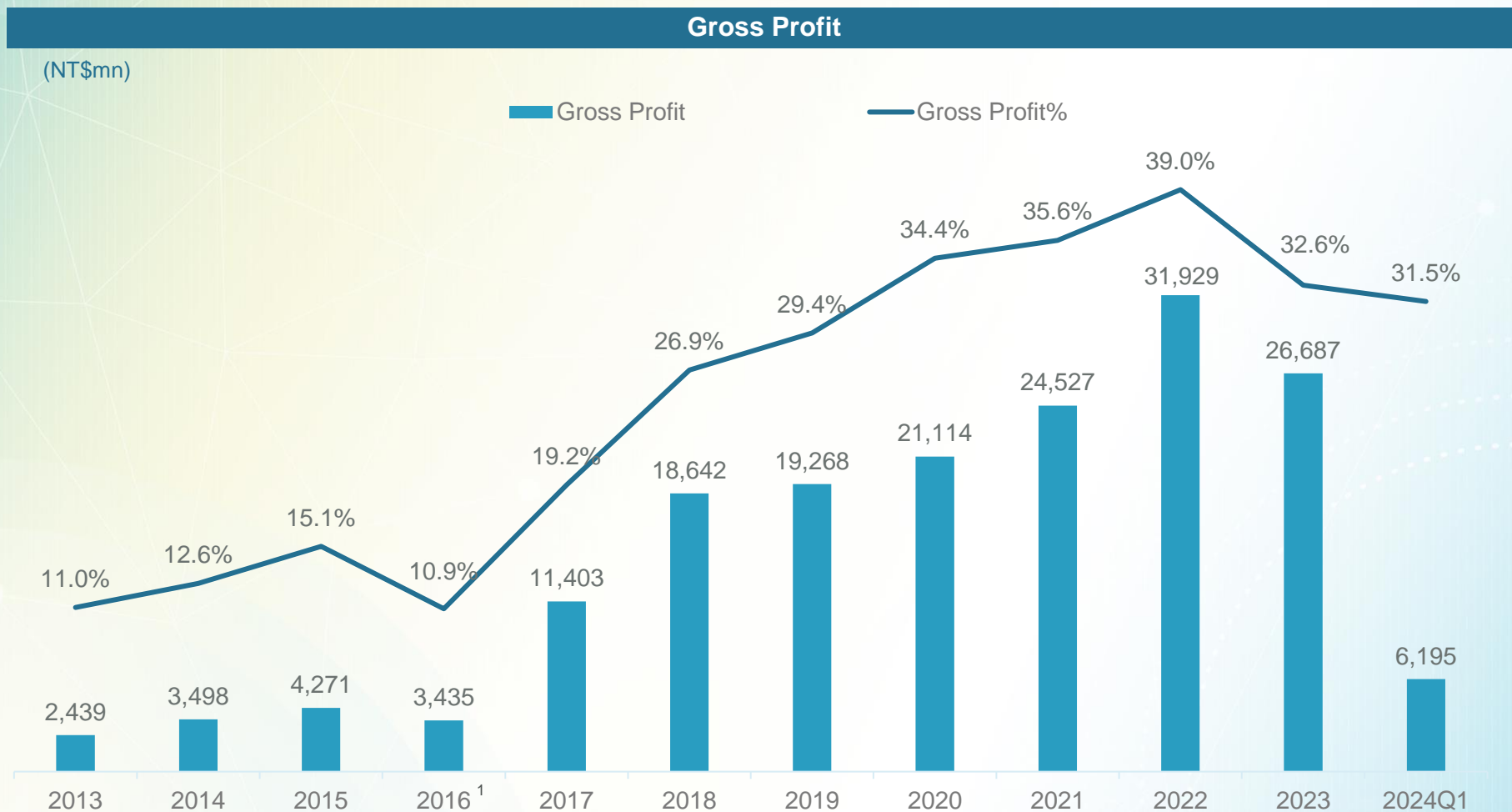
(NT\$mn)



Note:

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

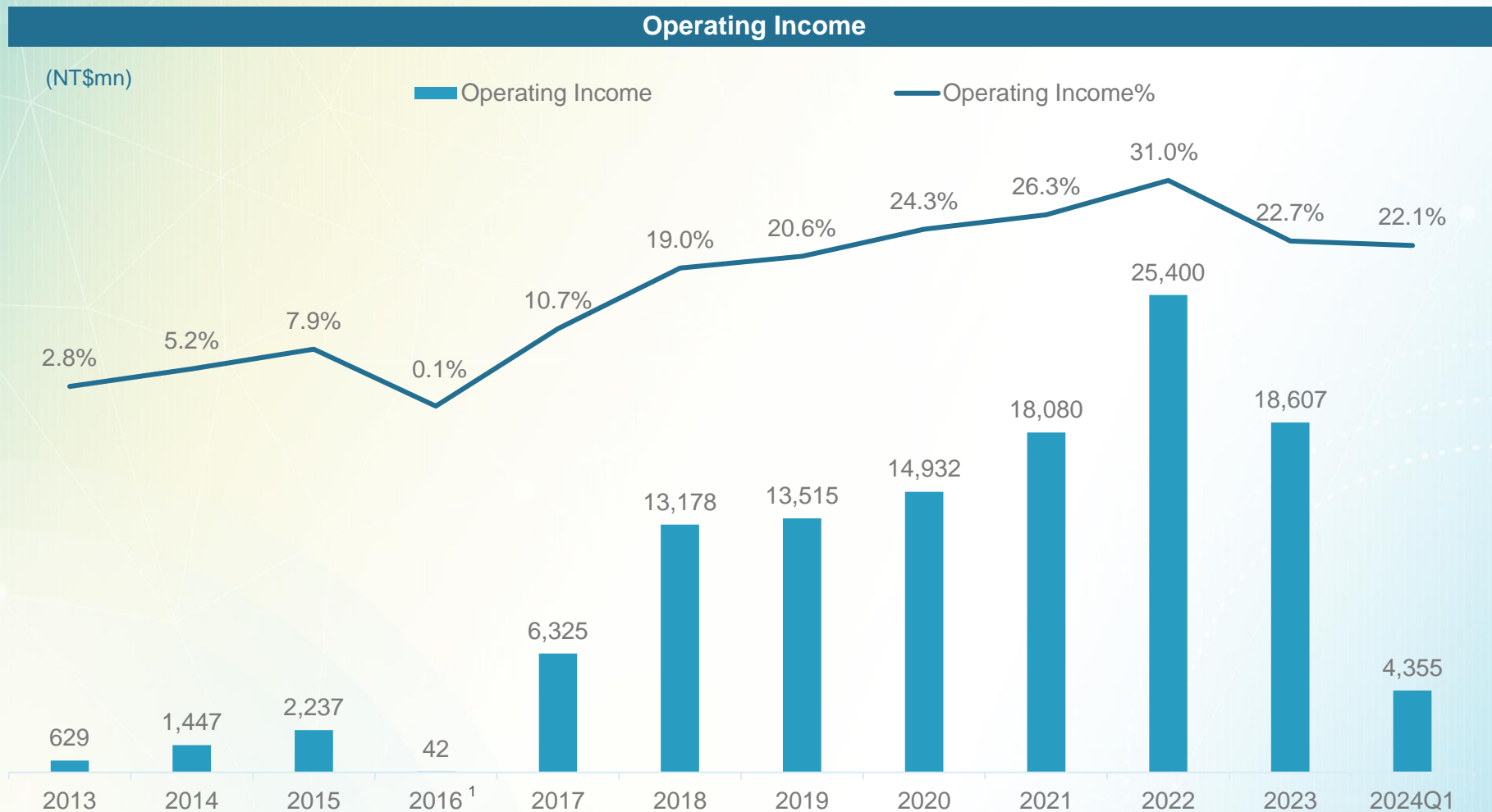


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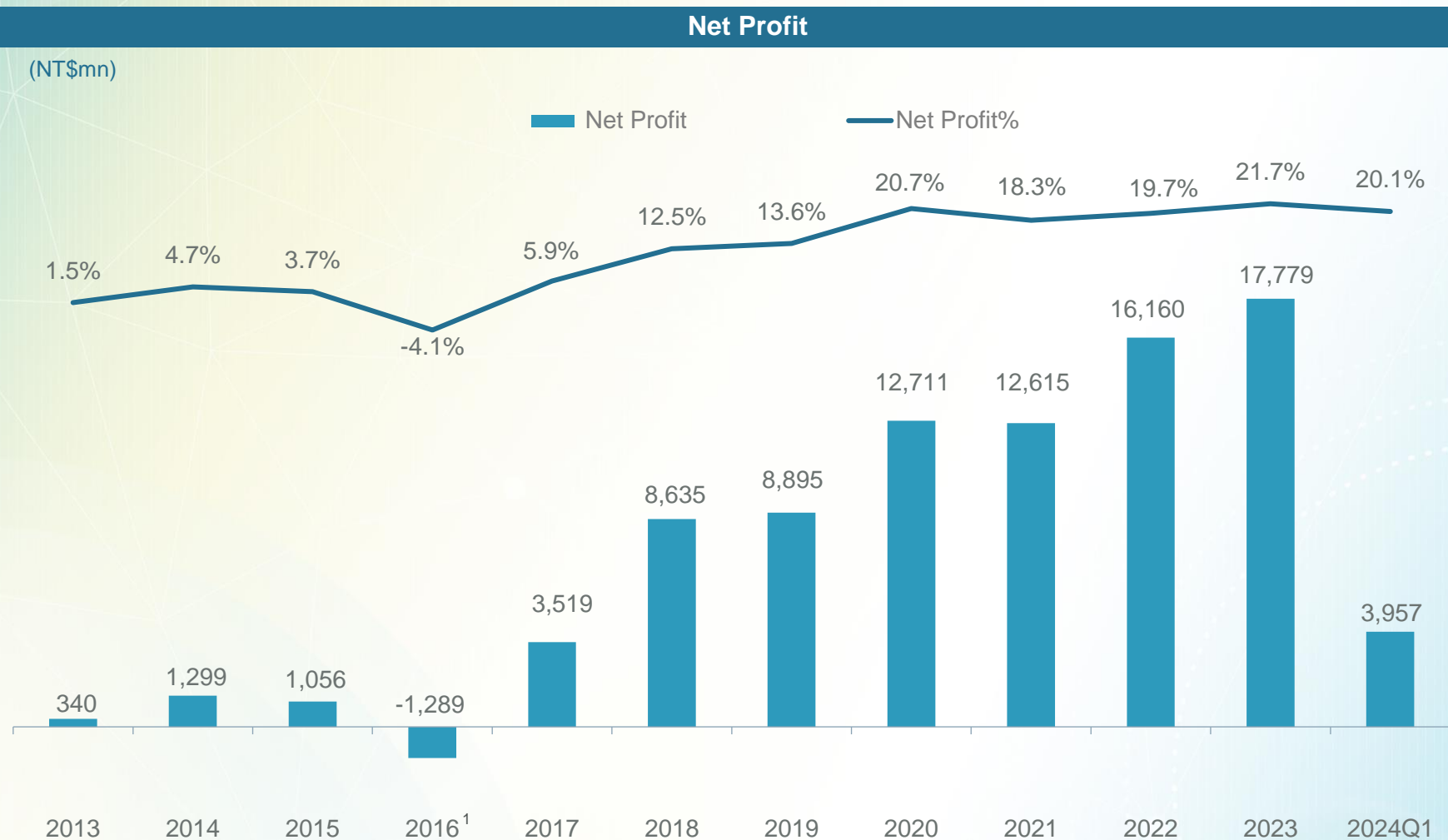
Operating Income



Note:

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.

Net Profit

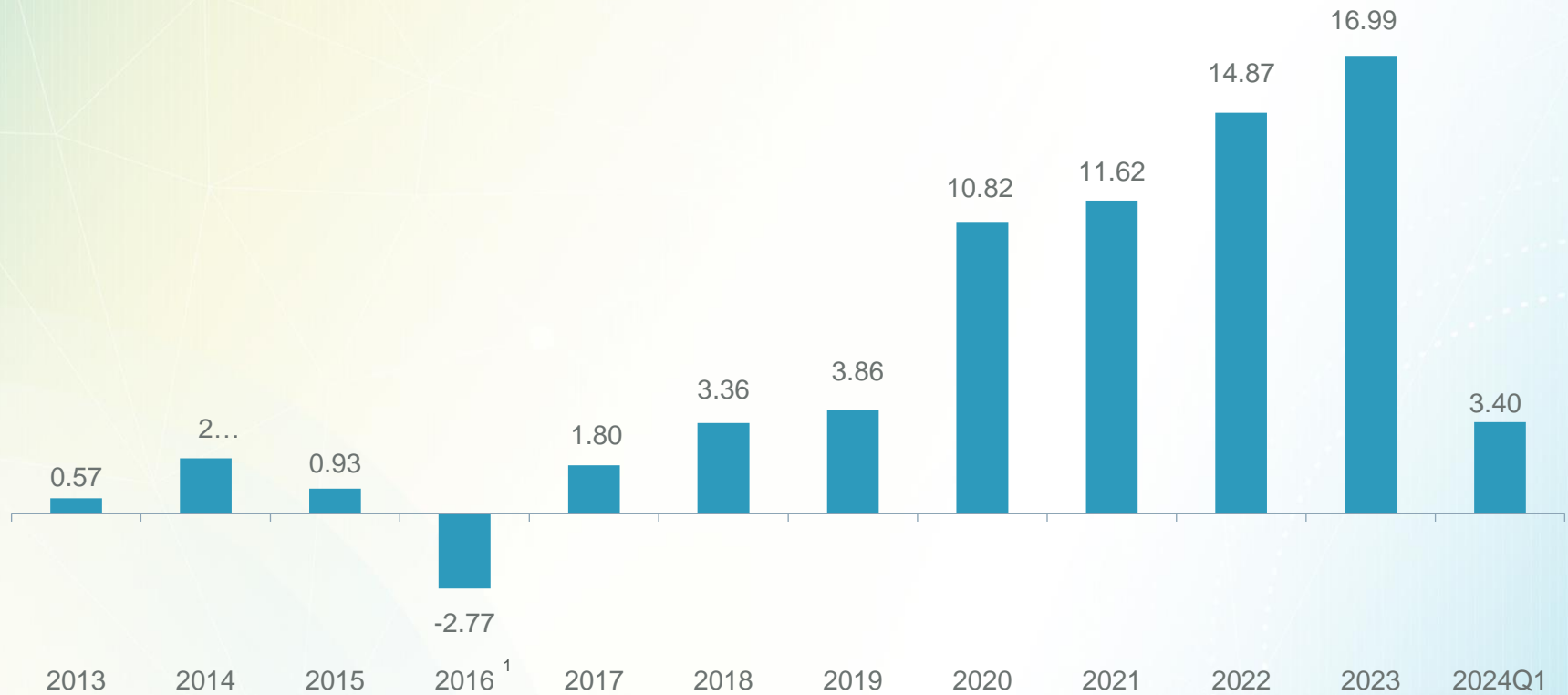


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EPS

(NT\$)



Note:

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Income Statement

Income Statement					
(NT\$m)	2020	2021	2022	2023	Q124
Revenue	61,397	68,841	81,871	81,966	19,692
Growth (%)	-6.3%	12.1%	18.9%	0.1%	-5.8% ²
Gross Profit	21,114	24,527	31,929	26,687	6,195
Gross Profit Margin (%)	34.4%	35.6%	39.0%	32.6%	31.5% ³
EBITDA	22,232	23,901	27,486¹	30,598¹	6,903¹
EBITDA Margin (%)	36.2%	34.7%	33.6%	37.3%	35.1%
Operating Profit	14,932	18,080	25,400	18,607	4,355
Operating Profit Margin (%)	24.3%	26.3%	31.0%	22.7%	22.1%
Profit before Tax	16,238	17,206	20,829¹	24,549¹	5,066¹
Profit before Tax Margin (%)	26.4%	25.0%	25.4%	30.0%	25.7%
Net Profit	12,711	12,615	16,160¹	17,779¹	3,957¹
Net Profit Margin (%)	20.7%	18.3%	19.7%	21.7%	20.1%
EPS (NT\$)	10.82	11.62	14.87¹	16.99	3.40

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

2. YoY growth compared to Q123

3. Q124 Gross Profit decreased: Mainly due to the increase of depreciation and power costs by the subsidiary, GlobalWafers.



Balance Sheet

Balance Sheet

(NT\$m)	2020	2021	2022	2023	Q124
Assets					
Cash and cash equivalents	23,813	67,118	83,248	30,828	40,925 ¹
Account receivable	8,407	9,889	11,338	12,228	12,403
Inventories	7,929	8,646	10,790	12,556	13,768 ²
Property, plant and equipment	42,455	40,428	51,866	89,668	99,432 ³
Other assets	27,349	41,170	39,368	80,216	73,544
Total assets	109,953	167,251	196,609	225,495	240,071

Liabilities

Short-term loan	10,804	7,791	9,831	47,427	44,295 ⁴
Account payable	4,204	4,586	5,130	5,959	5,311
Long term loan	1,048	46,124	43,648	17,169	32,092 ⁵
Other liabilities	44,227	56,588	69,868	72,946	70,709
Total liabilities	60,283	115,088	128,478	143,501	152,407⁶

Shareholder equity	49,669	52,163	68,132	81,994	87,664⁷
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Cash-related other assets include below items from the subsidiary, GlobalWafers:

(NT\$ Mn)	Q124
Deposits in banks held for three months or more	23,665
Restricted cash	11,259

Note:

1. Q124 Cash and cash equivalents increased: Mainly due to the issuance of Exchangeable Unit by the subsidiary, GlobalWafers.
2. Q124 Inventories increased: Mainly due to the increase in raw materials by the subsidiary, GlobalWafers.
3. Q124 Property, plant and equipment increased: Mainly due to the expansion of both greenfield and brownfield facilities by the subsidiary, GlobalWafers.
4. Q124 Short-term loan decreased: Mainly due to the repayment of Short-term loan by the subsidiary, GlobalWafers.
5. Q124 Long-term loan increased: Mainly due to the issuance of Exchangeable Unit and Corporate Bond by the subsidiary, GlobalWafers.
6. Q124 Total liabilities increased: Mainly due to the issuance of Exchangeable Unit and Corporate Bond by the subsidiary, GlobalWafers.
7. Q124 Shareholder equity increased: Mainly due to the increase in Retained earnings and the effect of Cumulative translation adjustments by the subsidiary, GlobalWafers.



05

GlobalWafers



Income Statement

Income Statement					
(NT\$ Mn)	2020	2021	2022	2023	Q124
Revenue	55,359	61,131	70,287	70,651	15,087
<i>Growth (%)</i>	<i>-4.7%</i>	<i>10.4%</i>	<i>15.0%</i>	<i>0.5%</i>	<i>-10.0%²</i>
Gross Profit	20,568	23,286	30,342	26,441	5,168
<i>Gross Profit (%)</i>	<i>37.2%</i>	<i>38.1%</i>	<i>43.2%</i>	<i>37.4%</i>	<i>34.3%³</i>
EBITDA	21,967	22,507	25,526¹	30,630¹	5,882¹
<i>EBITDA (%)</i>	<i>39.7%</i>	<i>36.8%</i>	<i>36.3%</i>	<i>43.4%</i>	<i>39.0%</i>
Operating Income	15,287	17,693	24,983	20,059	3,968
<i>Operating Income (%)</i>	<i>27.6%</i>	<i>28.9%</i>	<i>35.5%</i>	<i>28.4%</i>	<i>26.3%</i>
Profit before Tax	16,615	16,445	20,107¹	26,496¹	4,558¹
<i>Profit before Tax Margin (%)</i>	<i>30.0%</i>	<i>26.9%</i>	<i>28.6%</i>	<i>37.5%</i>	<i>30.2%</i>
Net Profit	13,104	11,870	15,367¹	19,770¹	3,533¹
<i>Net Profit (%)</i>	<i>23.7%</i>	<i>19.4%</i>	<i>21.9%</i>	<i>28.0%</i>	<i>23.4%</i>
EPS (NT\$)	30.11	27.27	35.31¹	45.41	8.10

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

2. QoQ growth compared to Q423

3. Q124 Gross Profit decreased: Mainly due to the increase of depreciation and power costs



Balance Sheet

Balance Sheet

(NT\$ Mn)

	2020	2021	2022	2023	Q124
Assets					
Cash and cash equivalents	22,439	65,894	83,458	26,165	35,672 ¹
Account receivable	8,037	9,118	10,160	10,116	10,061
Inventories	7,208	7,295	8,535	9,359	10,737 ²
Property, plant and equipment	37,111	33,943	39,487	72,251	82,399 ³
Other assets	20,056	34,395	30,823	71,097	63,914
Total assets	94,852	150,645	169,496	188,988	202,783

Liabilities

Short-term loan	9,871	6,264	6,544	40,000	36,630 ⁴
Account payable	3,895	4,340	4,176	5,027	5,189
Long-term loan	-	45,125	42,780	14,542	29,007 ⁵
Other liabilities	36,930	49,284	61,672	62,966	60,436
Total liabilities	50,697	105,013	115,172	122,534	131,262⁶

Shareholder equity	44,155	45,632	54,324	66,454⁷	71,521⁷
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(NT\$ Mn)	Q124
Deposits in banks held for three months or more	23,665
Restricted cash	11,259

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Q&A



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