



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



SAS Q4 2019 Earnings Report

03/19/2020



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Executive Comments

1. COVID-19

- Impacts vary in the different positions of the supply chain
 - Wafer, Cell, Module : No disruption, seasonal piling serves as safety inventory.
 - Solar Farm construction: Huge impact. National quarantine policy and border ban in many countries significantly interfere manpower availability and transportation. Manpower shortage and obstacles in logistics result in delayed shipment and installation.
- No operating disruption in SAS (including solar farm installation) for now.
- Damage magnitude for long-term is unclear since it depends on if the containment is effective, hard to assess now whether the outbreak leads to slackening global economy.

2. 2019FY

- Solid Performance
 - 2H 2019 OP ratio reaches 25.0%, increasing by 6.7% vs. 2H 2018 (18.4%)
 - 2019 EPS is NTD 3.86, increasing by NTD 0.5 vs. 2018 (NTD 3.36).
 - 2019 Gross Profit and Operating Profit are the HIGHEST EVER.
- Revenue remains stable with nearly 90% contribution from GWC, solar sector share drops to 11%.
- Solar operation cash is positive.



3. Outlook

- The widening climate change urges alternative solution – renewable energy. WW solar installation are expected to reach 142 GW in 2020, double-digit YoY growth.
- With many industries launching clean energy program, we foresee the necessity to advance green power is integral in world supply chain.

4. Dividend Policy

Dividend payout once every six months to share constant growth with shareholders.

5. GWC

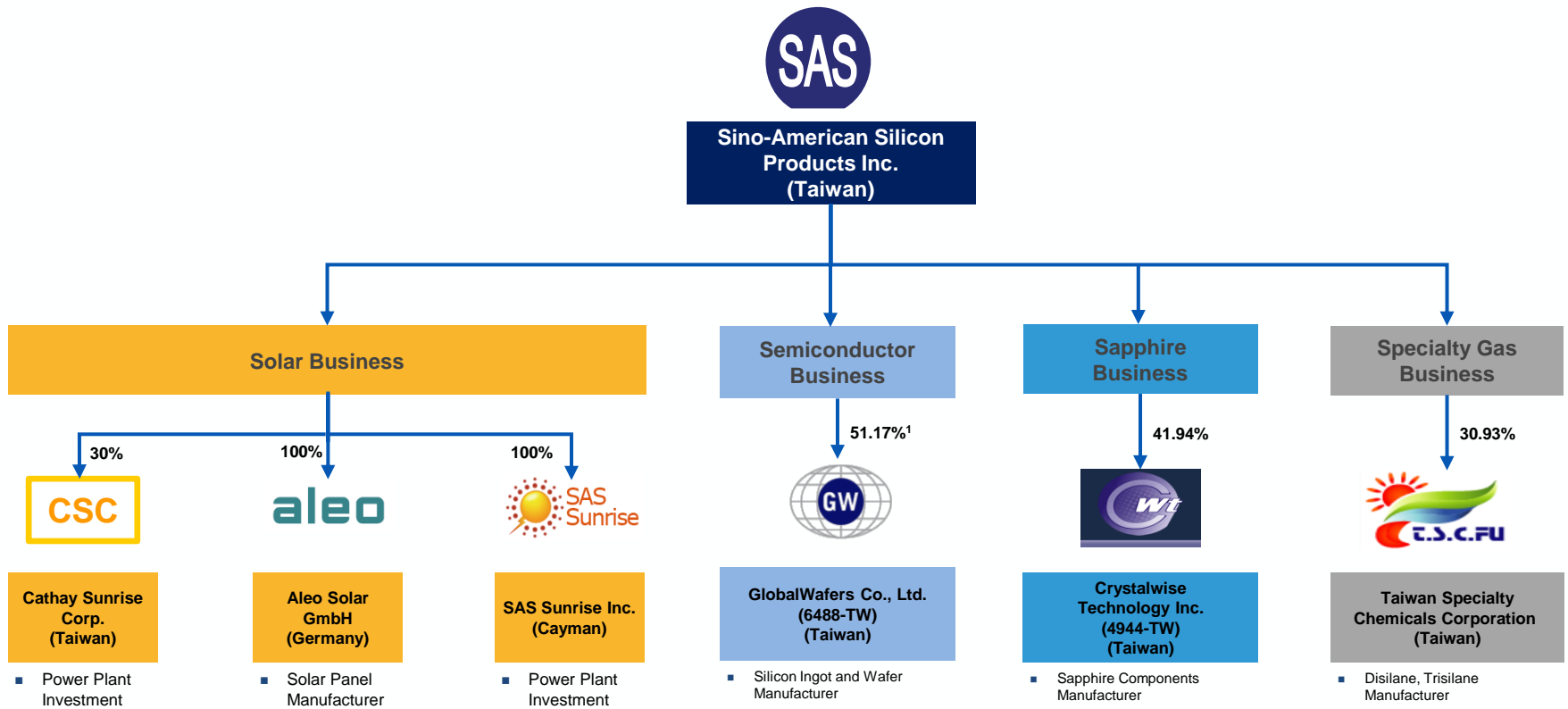
- NO operating disruption in GWC now.
(Semiconductor business is exempted from Malaysian national closure, KL site is back to normal production)
- GWC vigilantly adjusts worldwide capacity and utilizes its flexible shipment as countermeasure against quarantine policies in different countries.
- Record-Breaking Year
 - ✓ 2nd Best Revenue : NTD 58bn! (-1.6% YoY)
 - ✓ All-Time High in many aspects –
EBITDA %, GM & GM%, OP & OP%, Net Income & Net income %, EPS.....
 - ✓ BEST EPS since foundation : NTD 31.35, Dividend : NTD 25,
Very High Payout ratio : 79.7%
 - ✓ Dividend payout once every six months.
(1H20 dividend payout in 1Q21; 2H20 dividend payout in 3Q21)



SAS Group Overview



Group Structure

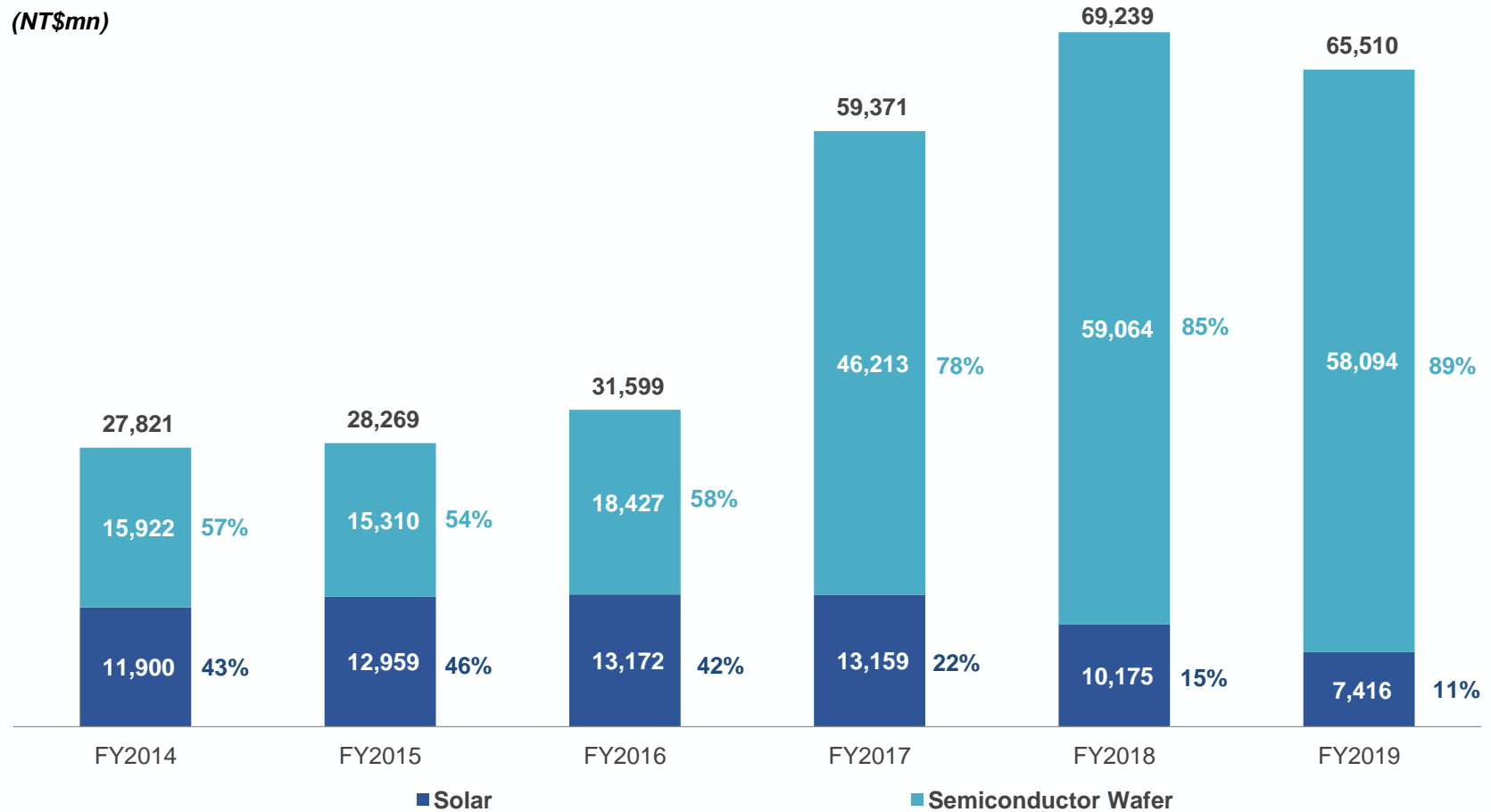


Note: SAS' shareholding % of GWC : GWC shares held by SAS / GWC total outstanding shares deducting repurchased shares



Group Revenue by Business

(NT\$mn)



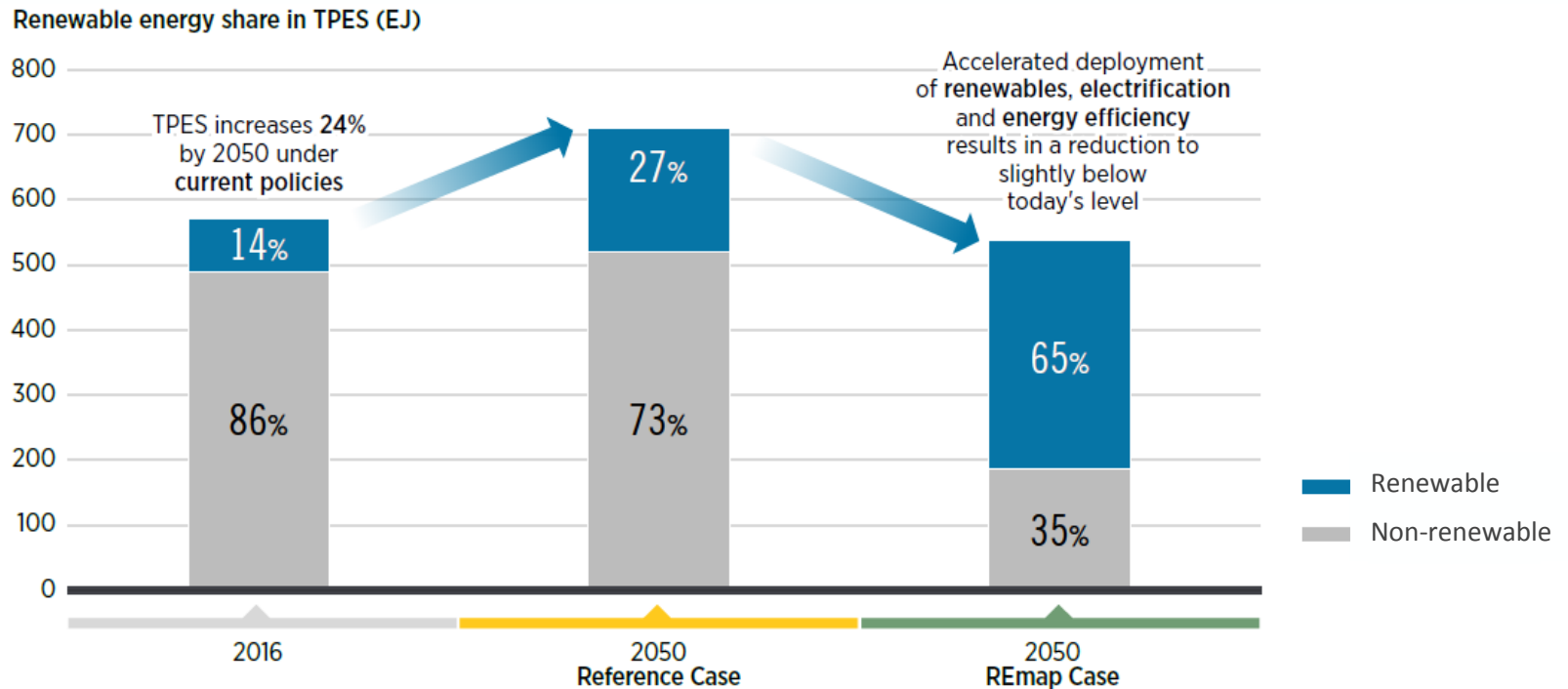


Solar Industry Overview (PRE COVID-19)

Climate Change Solution : Renewable Energy

- Research shows to effectively limiting the rise of global temperature, the share of renewable energy needs to rise from around 14% of total primary energy supply(TPES) in 2016 to around 65% in 2050.

Renewable and Non-renewable Shares Share in TPES* (2016-2050)



Source : International Renewable Energy Agency (IRENA), Climate Change And Renewable Energy Report, June 2019.

*TPES : total primary energy supply

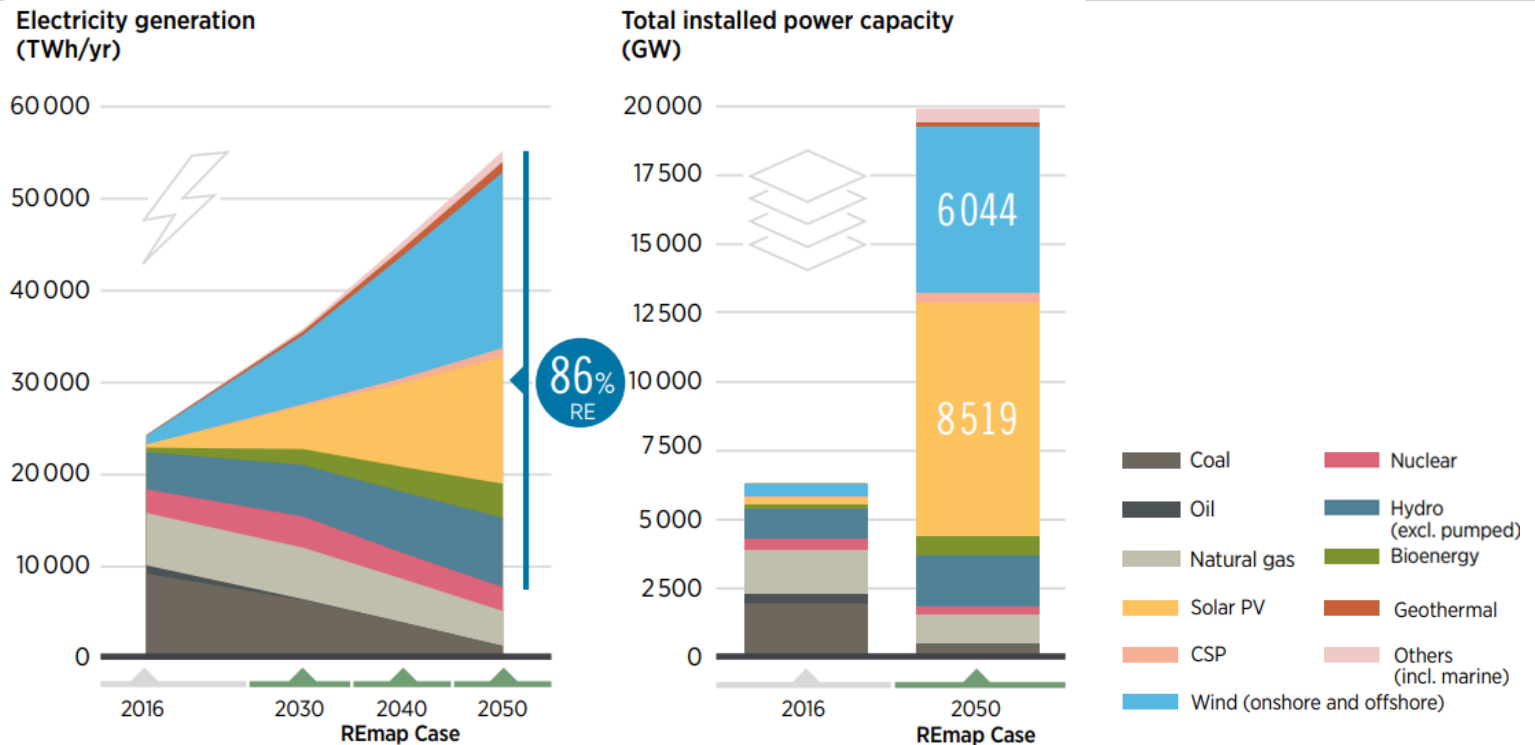
*Reference Case: Current and planned energy policies.

*REmap Case: Assumption based on the potential for countries, regions and the world to scale up renewables.

Solar Power and Wind Dominate Growth in Renewable-based Generation

➤ Based on analyses, under the renewable energy acceleration scenario, by 2050 solar power, with 8,500 GW installed capacity, and wind, with 6,000 GW, would account for three-fifths of global electricity generation. Electricity consumption in end-use sectors will more than double from today's level.

Electricity Generation and Total Installed Power Capacity



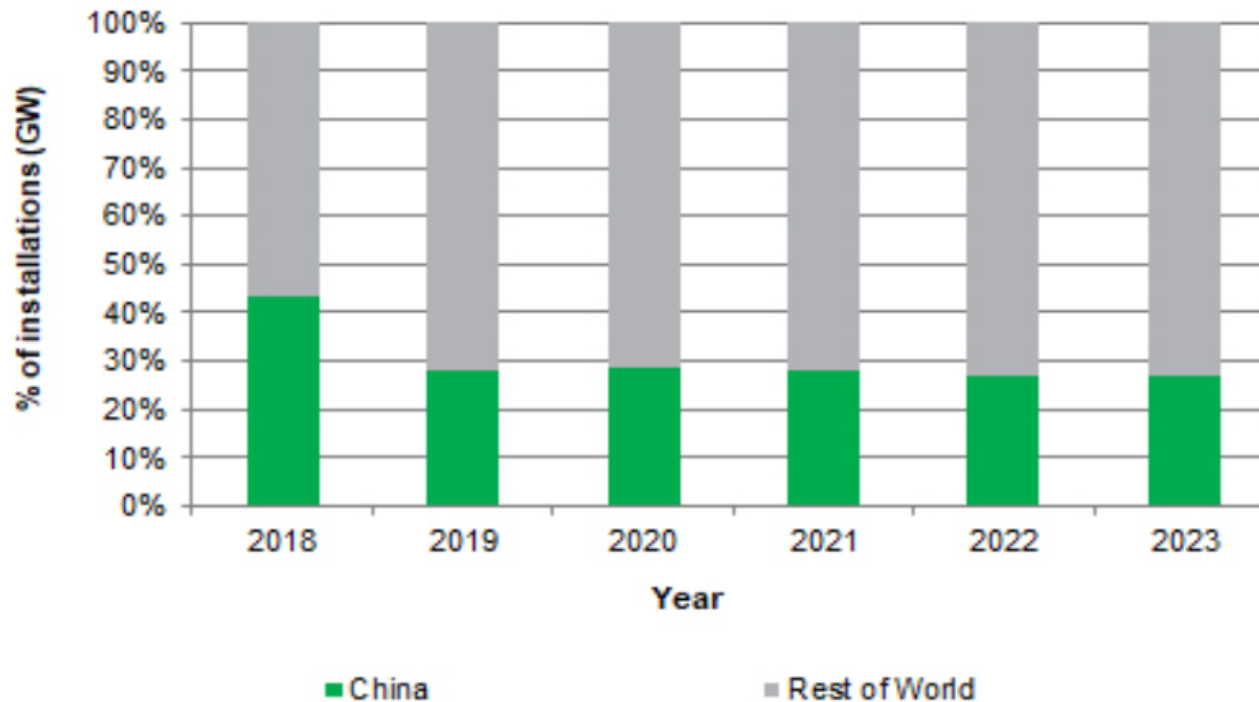
Source: IRENA Global energy transformation: A roadmap to 2050 (2019 edition), April 2019.

*REmap Case: Assumption based on the potential for countries, regions and the world to scale up renewables.

Global Solar Installations – China vs. RoW (PRECOVID-19)

- Installations outside of China grew by 53% in 2019 and are expected to continue growing by double digits in 2020.
- Participation of new emerging areas leverages the overreliance of preeminent China, showing diversification and expansion of solar installation demand across the globe.

Global Solar Installations, China vs. Rest of the World



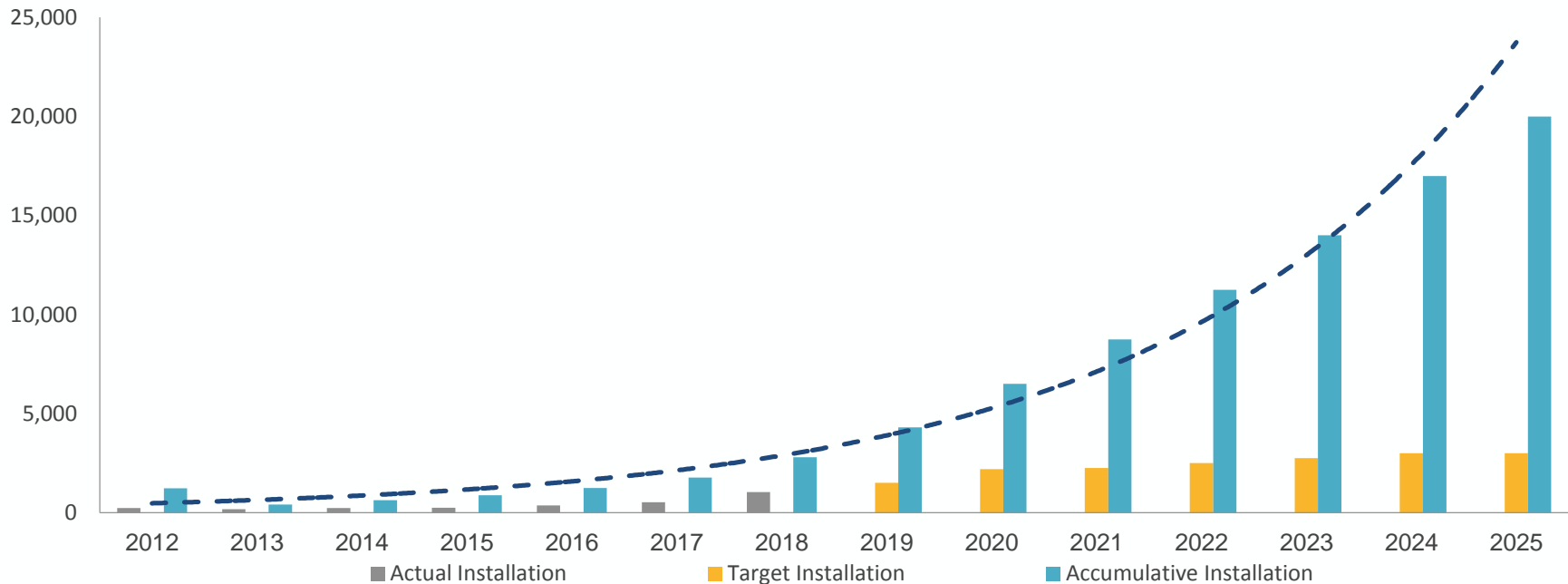
Source: IHS Markit, January 2020

Taiwan Solar Policy – 20GW in 2025

- Taiwan government’s dedication in energy transformation aims to produce and generate 20% of its electricity from renewable sources by 2025.
- Assuming to see the steady PV installation of additional output. Targets call for 6.5 GW by 2020 and a total of 20 GW by 2025.

Solar Installation Plan

Unit: MW



Source: Department of Information Services, Executive Yuan



SAS Consolidated Performance Update

Financial Highlights

1. Revenue

- 2019 revenue reaches NTD 65.5B (USD 2.19 B)¹, a decrease of 5.4% YoY.
- 2H19 revenue reaches NTD 31.3B (USD 1.05B)¹, a decrease of 10.5% YoY.
(nearly 90% contributed by GWC semiconductor wafer business)

2. Minimizing Solar Sector Loss

- By recognizing onerous contract provision (NTD4.35bn) of polysilicon LTA in 19Q2, SAS is alleviated from its last LTA burden, a healthier financial structure is anticipated.

3. GM, Net Profit & EPS

- Financial results excluding onerous contract provision indicates more clearly SAS' operations and profitability.
- 2019 Gross Margin : NTD 19.3B (Record High!)
- 2019 Operating Profit : NTD 13.5B (Record High!)
- 2019 EPS : NTD 3.86
- 2H19 EPS : NTD 4.62

4. Sufficient Cash

- 2019 net cash position reaches NT\$ 34,901mn (USD 1,164 mn)^{*1}

Note : 1. FX Rate: NTD:USD = 29.98



Financial Highlight : 2019 vs. 2018

(NT\$m)	2019	2018	YoY
Revenue	65,510	69,239	-5.4%
EBITDA* ¹	18,668	19,030	-1.9%
EBITDA %	28.5%	27.5%	1.0%
EBIT	12,049	13,047	-7.6%
Operating Profit	13,515	13,178	2.6%
Operating Profit %	20.6%	19.0%	1.6%
Net Profit	8,895	8,635	3.0%
Net Profit %	13.6%	12.5%	1.1%
EPS	NT\$3.86	NT\$3.36	NT\$0.50
ROE* ² (annualized)	18.4%	18.8%	-0.4%
ROA* ³ (annualized)	8.5%	9.1%	-0.7%

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

2.ROE = Net Profit / Average Shareholders Equity

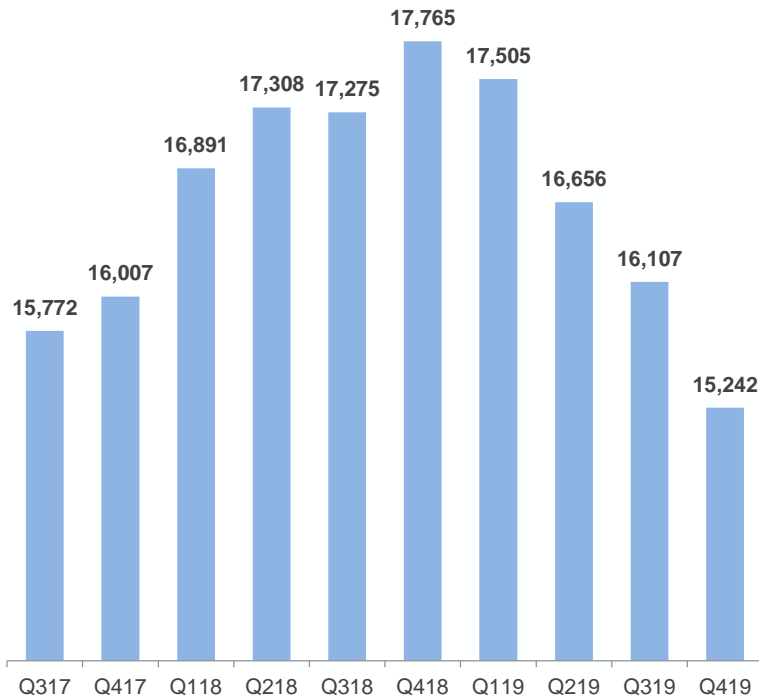
3.ROA = (Net Profit + Interest*(1- Effective Tax Rate))/Average Asset



Revenue

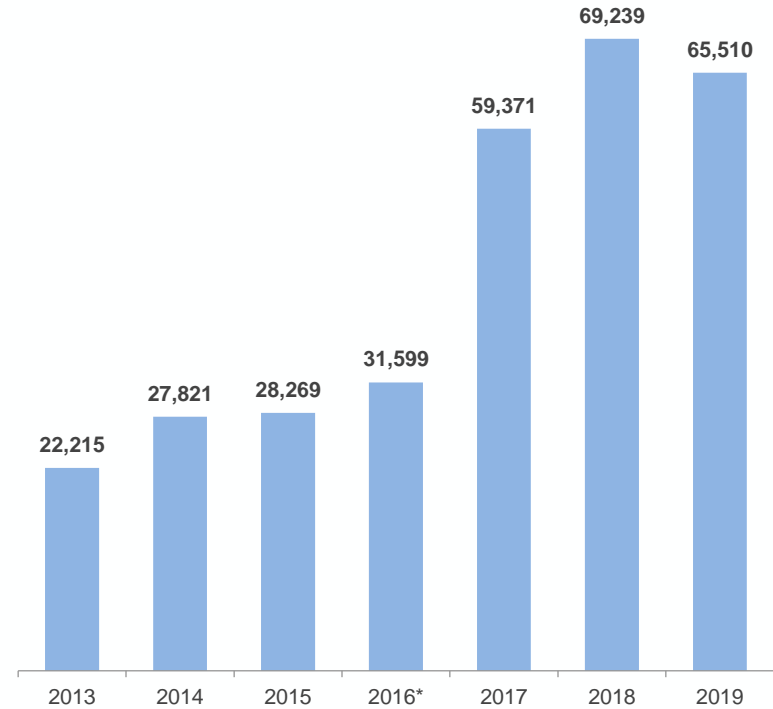
Quarterly

(NT\$mn)



Annual

(NT\$mn)



Note:

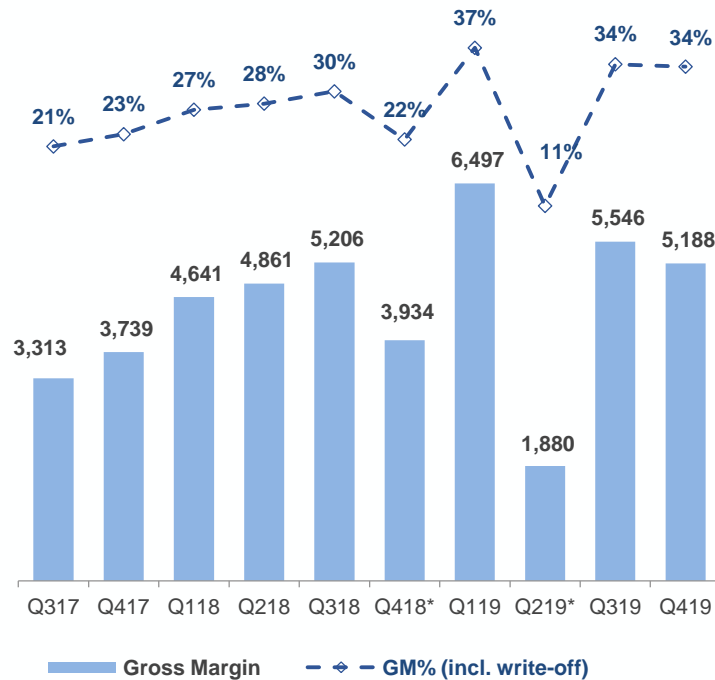
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2. Impairment of assets and onerous contract provision were recognized in Q418 & Q219 respectively



Gross Profit

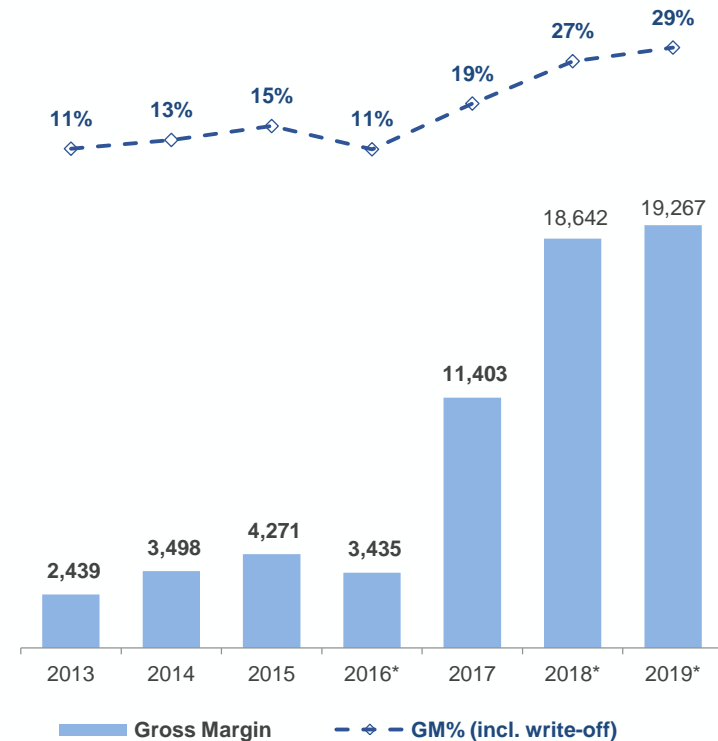
Quarterly

(NT\$mn)



Annual

(NT\$mn)



Note:

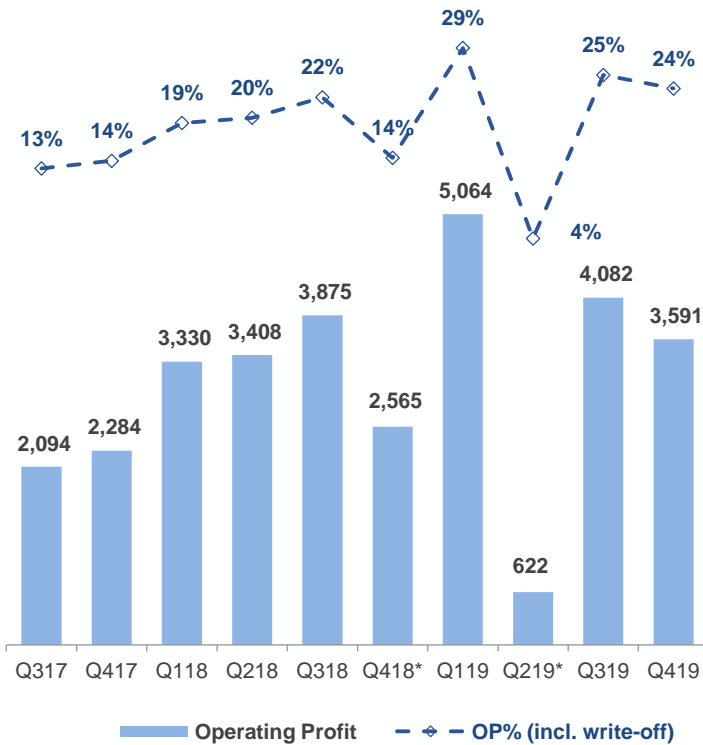
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Operating Profit

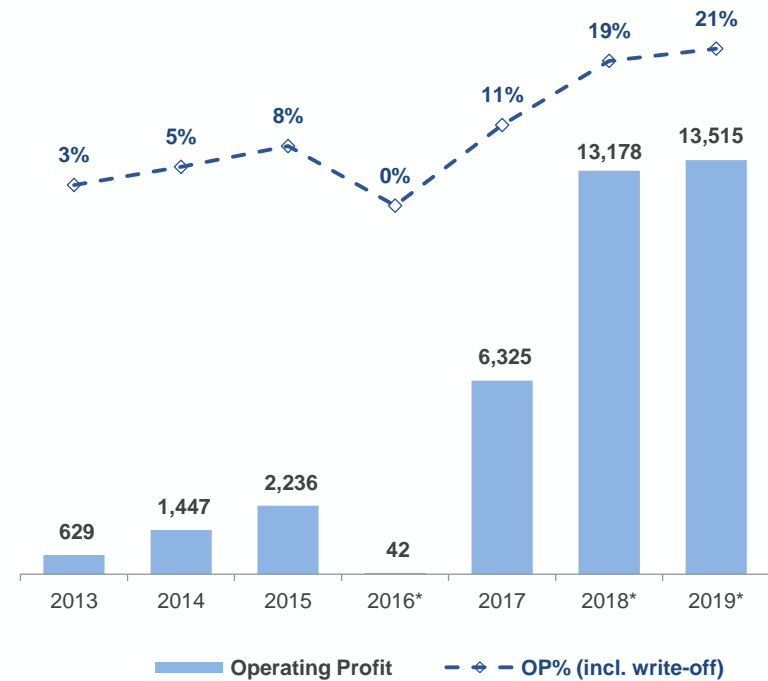
Quarterly

(NT\$mn)



Annual

(NT\$mn)



Note:

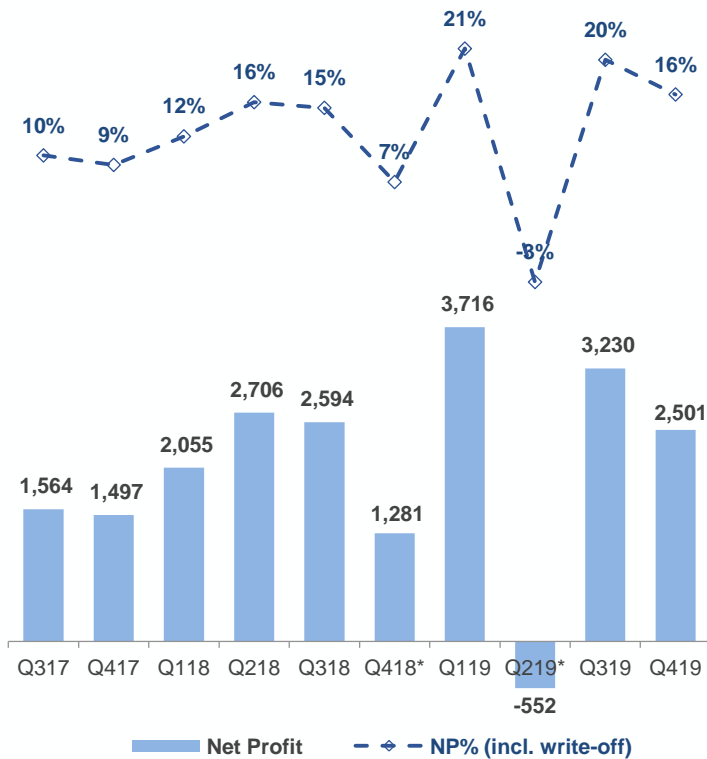
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Net Profit

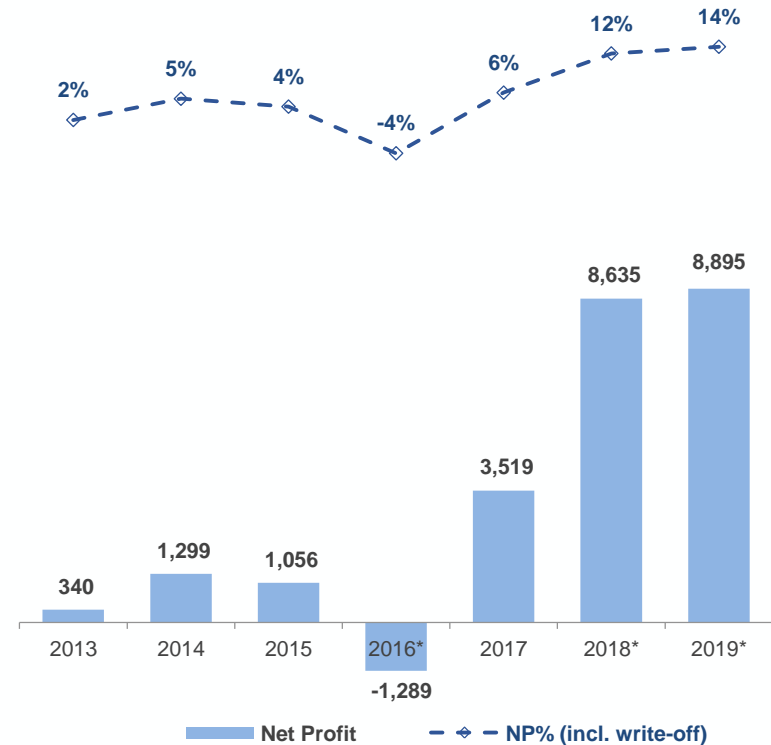
Quarterly

(NT\$mn)



Annual

(NT\$mn)



Note:

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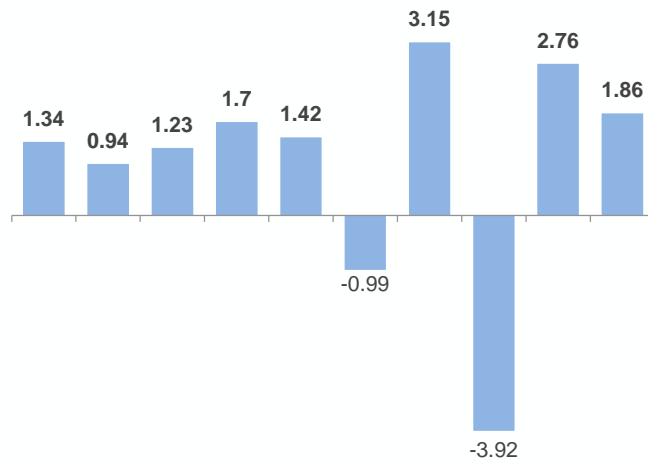


EPS

Quarterly

(NT\$)

■ EPS

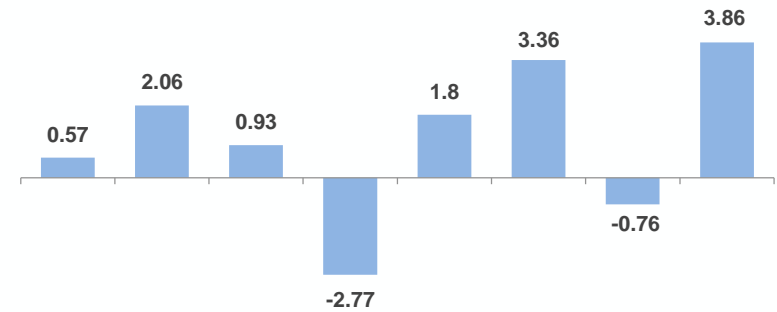


Q317 Q417 Q118 Q218 Q318 Q418* Q119 Q219* Q319 Q419

Annual

(NT\$)

■ EPS



2013 2014 2015 2016* 2017 2018* 1H19* 2019*

Note:

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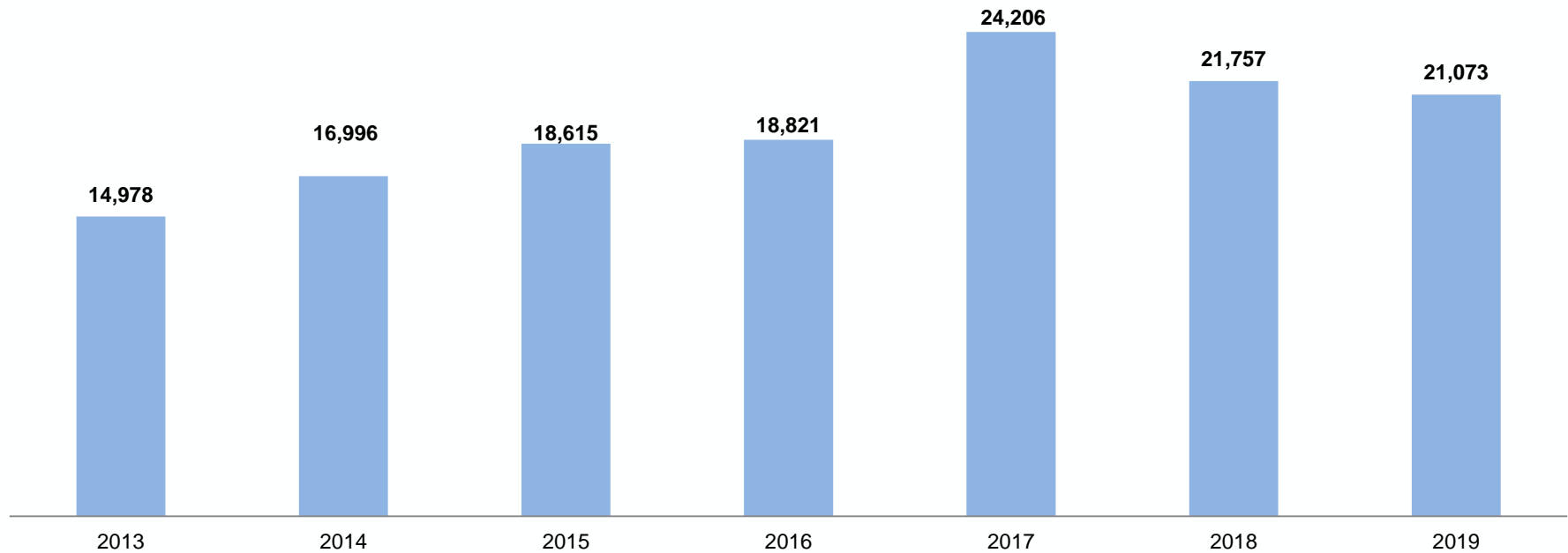


Abundant Capital Surplus Capable of Fruitful Dividend

- With abundant capital surplus, SAS is capable of distributing dividend even in the absence of remunerative earning.
- Distribution from capital surplus reduces the exposure of taxable dividends.

Capital Surplus

(NT\$mn)

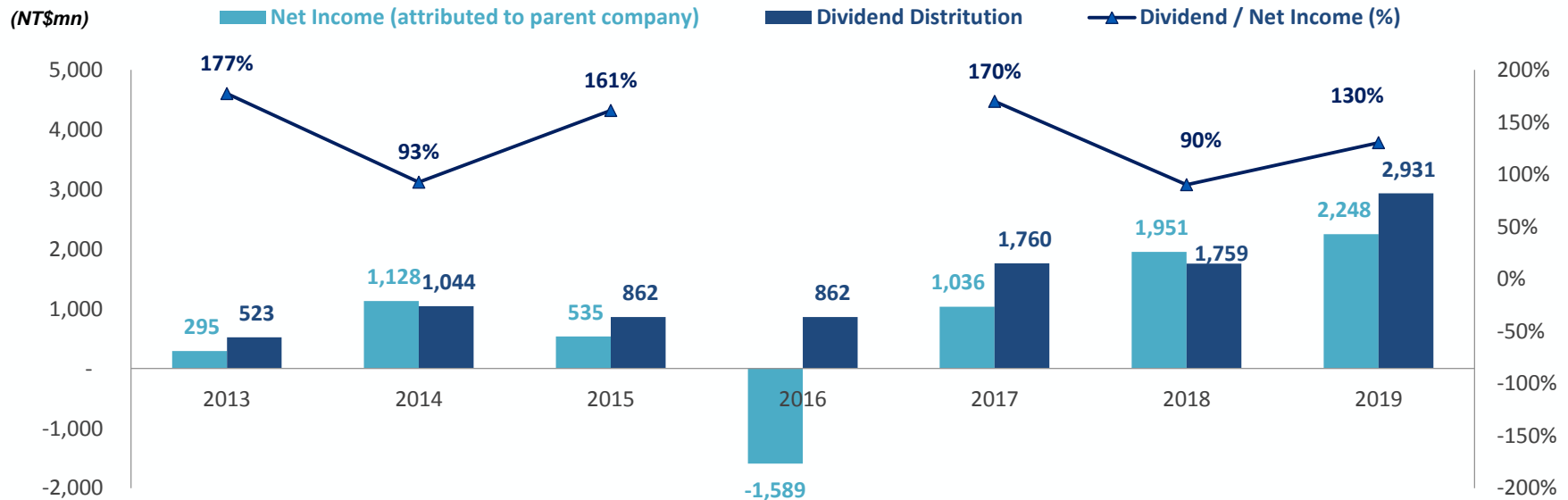




Multiple Dividend Distribution

- Dividend payout **in every 6 months** as steady income stream for shareholders, beneficial for reinvest and flexible use of funds.
- Delivering a robust track record of dividend payments reflects SAS's commitment to share the constant growth with shareholders.
- Dividend Distribution schedule :
 - 2020H dividend → to be distributed in 2021Q1
 - 2020H dividend → to be distributed in 2021Q3

Dividend Distribution vs. Net Income Attributed to Parent Company

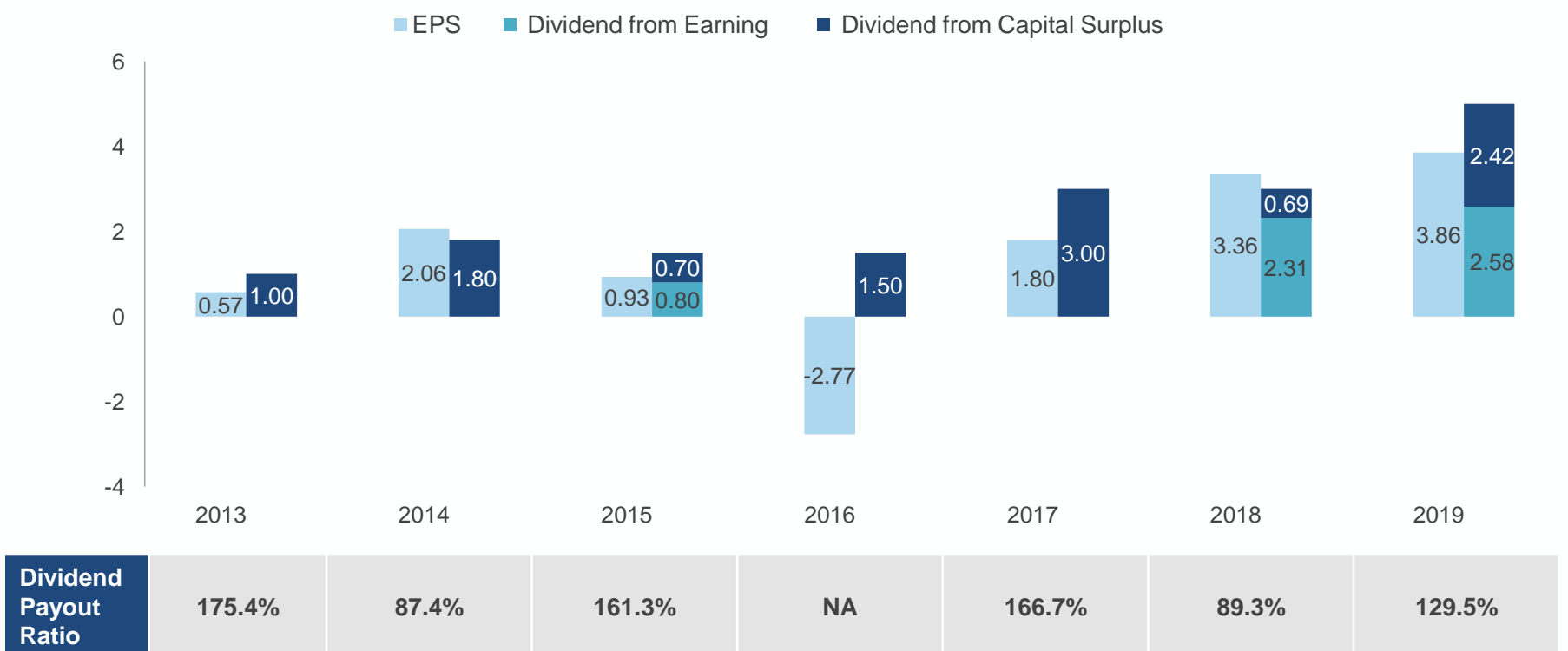


* 2019 dividend payout is subject to AGM approval on June 24, 2020

Dividend Payout

- SAS is committed to provide stable dividend payout to its shareholders with lucrative yield rate even when net income is negative.

Dividend versus EPS

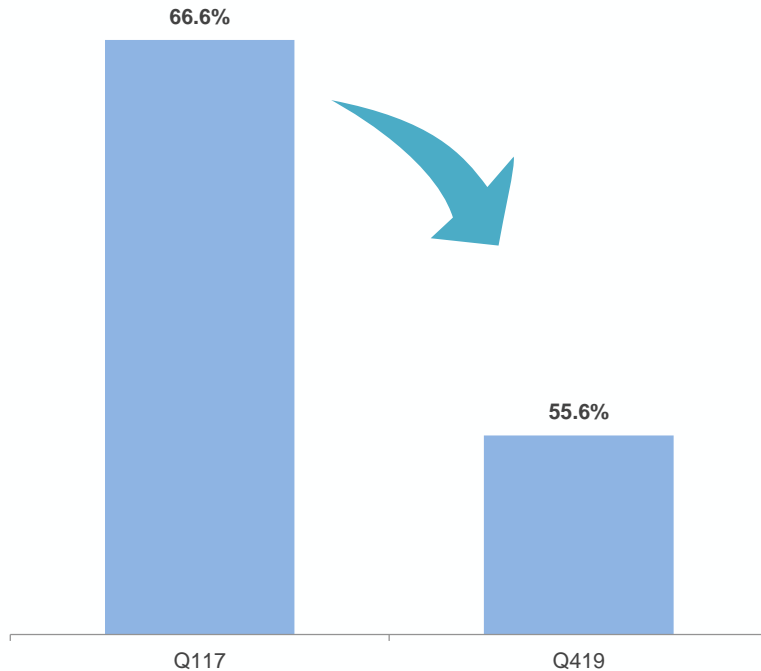


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Leverage

- Cash increased due to GWC's repayment of all bank loans associated with the acquisition of SunEdison Semiconductor in 4Q16.
- Possessing sufficient net cash on book with considerable contribution from GWC for sustainable development and high-potential investment.

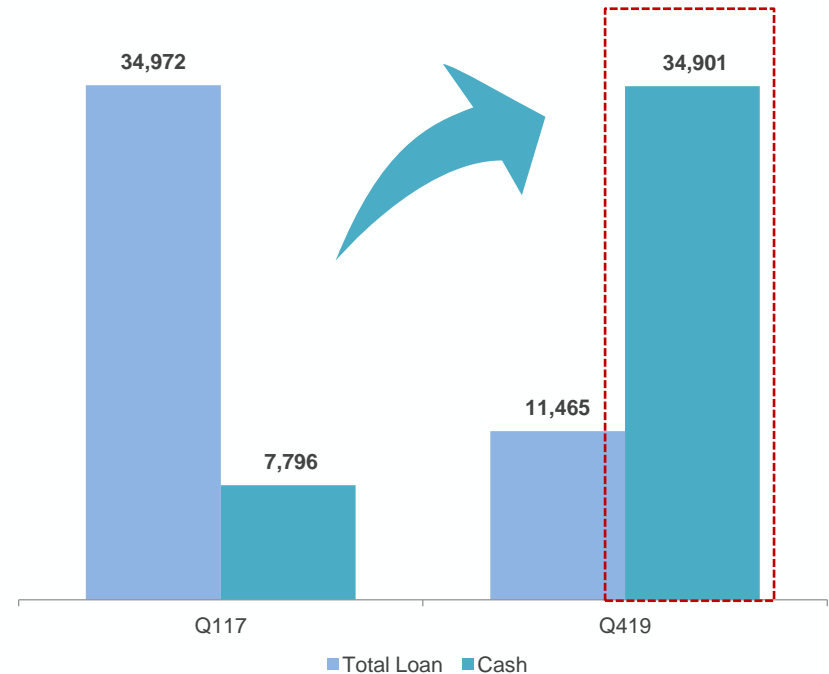
Total Liabilities to Total Asset



Total Loan and Cash

(NT\$m
n)

Net Cash Position





Income Statement

Income statement

(NT\$m)	2013	2014	2015	2016*	2017	2018*	2019*
Revenue	22,215	27,821	28,269	31,599	59,371	69,239	65,510
<i>Growth (%)</i>	20.8%	25.2%	1.6%	11.8%	87.9%	16.6%	(5.4%)
Gross Profit	2,439	3,498	4,271	3,435	11,403	18,642	19,267
<i>Gross Profit Margin (%)</i>	11.0%	12.6%	15.1%	10.9%	19.2%	26.9%	29.4%
EBITDA	4,058	4,214	4,184	2,052	11,741	19,030	18,668
<i>EBITDA Margin (%)</i>	18.3%	15.1%	14.8%	6.5%	19.8%	27.5%	28.5%
Operating Profit	629	1,447	2,236	42	6,325	13,178	13,515
<i>Operating Profit Margin (%)</i>	2.8%	5.2%	7.9%	0.1%	10.7%	19.0%	20.6%
Profit before Tax	128	1,925	1,960	(856)	5,126	13,318	13,924
<i>Profit before Tax Margin (%)</i>	0.6%	6.9%	6.9%	(2.7%)	8.6%	19.2%	21.3%
Net Profit	340	1,299	1,056	(1,289)	3,519	8,635	8,895
<i>Net Profit Margin (%)</i>	1.5%	4.7%	3.7%	(4.1%)	5.9%	12.5%	13.6%
EPS (NT\$)	0.57	2.06	0.93	(2.77)	1.80	3.36	3.86

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.

2. Impairment of assets and onerous contract provision were recognized in Q418 & Q219 respectively



Balance Sheet

Balance Sheet

(NT\$mm)	2013	2014	2015	2016*	2017	2018*	2019*
Assets							
Cash and cash equivalents	3,682	5,391	5,902	9,269	20,343	36,829	34,901
Account receivable	4,064	5,019	6,204	8,560	8,830	9,881	8,507
Inventories	4,416	1,607	5,749	9,708	10,048	7,881	7,398
Property, plant and equipment	16,098	15,244	18,905	41,398	37,529	37,439	40,277
Other assets	11,414	13,627	9,427	14,079	12,593	11,955	18,300
Total assets	39,674	40,887	46,186	83,014	89,343	103,985	109,383
Liabilities							
Short-term loan	2,576	3,486	2,676	17,704	14,367	9,335	11,465
Account payable	2,754	2,713	2,932	6,328	5,352	5,236	4,180
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	45,122
Total liabilities	19,088	19,304	17,617	55,787	45,566	56,071	60,767
Shareholder Equity	20,586	21,583	28,570	27,227	43,777	47,914	48,616

Note:

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3. Account receivables include account receivables from related parties.
4. Account payables include account payables from related parties.



GWC Performance Update

2019 Financial Highlights

1. All-Time High

- EBITDA %, GM & GM%, OP & OP%, Net Income & Net income %, EPS.....
- Reflect correct operational strategy and supply chain management efficiencies.

2. EPS & Dividend

- 2019 EPS amounts to NT\$ 31.35. (BEST EVER)
- Appropriate NTD25*¹ as dividends. (Pay-out ratio 79.7%)
- Dividend payout once in every six months.

3. Financial Leverage

- Sufficient net cash position – NT\$ 32,822 mn (US\$ 1,095 mn)*².
- Prepayment – NT\$ 20,393 mn (US\$ 680 mn)*².

Note:

1. 2019 dividend payout is subject to AGM approval on June 23, 2020

2. FX Rate: NTD:USD = 29.98



Financial Highlight : 2019 vs. 2018

(NT\$m)	2019	2018	YoY
Revenue	58,094	59,064	-1.6%
EBITDA* ¹	22,648	22,712	-0.3%
EBITDA %	39.0%	38.5%	1.4%
EBIT	17,902	17,897	0.0%
Operating Profit	17,897	17,578	1.8%
Operating Profit %	30.8%	29.8%	1.0%
Net Profit	13,636	13,634	0.0%
Net Profit %	23.5%	23.1%	0.4%
EPS	NT\$31.35	NT\$31.18	NT\$0.17
ROE* ² (annualized)	30.9%	35.3%	-4.4%
ROA* ³ (annualized)	14.7%	17.1%	-2.5%

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



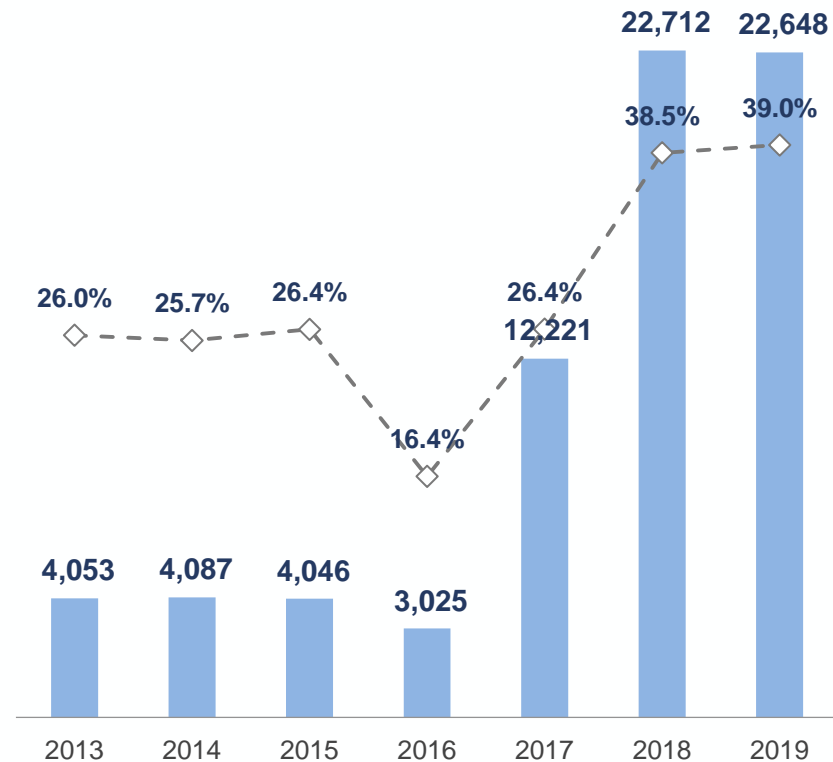
EBITDA & EPS

- EBITDA – All-Time High EBITDA % despite of headwind and macro uncertainties through out the year.
- EPS amounts to NT\$ 31.35, HIGHEST ever.

EBITDA

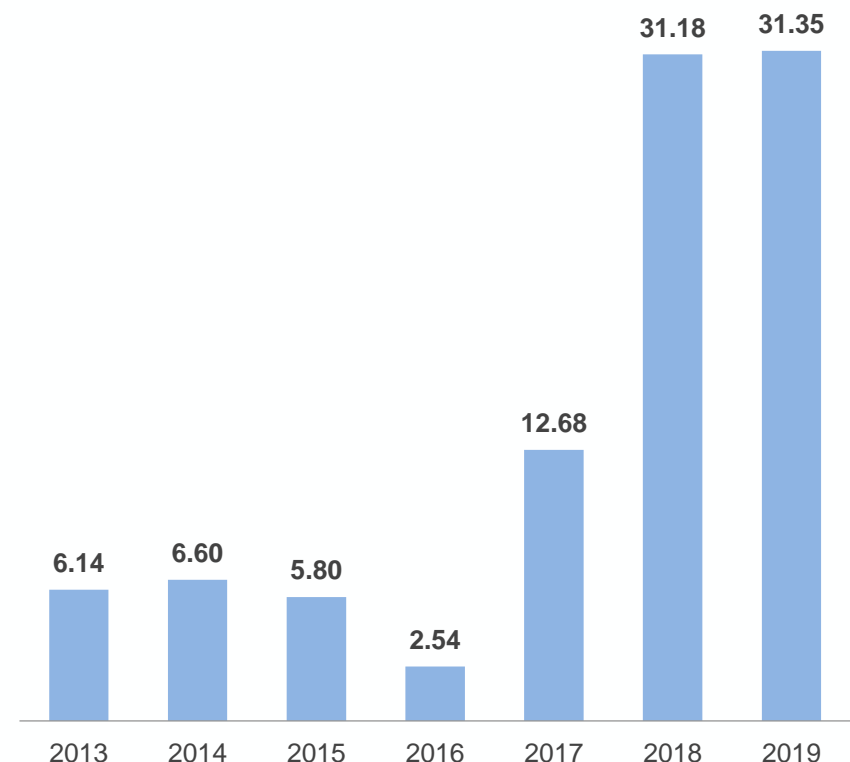
(NT\$m
n)

■ EBITDA – ◇ – EBITDA to Revenue



EPS

(NT\$)





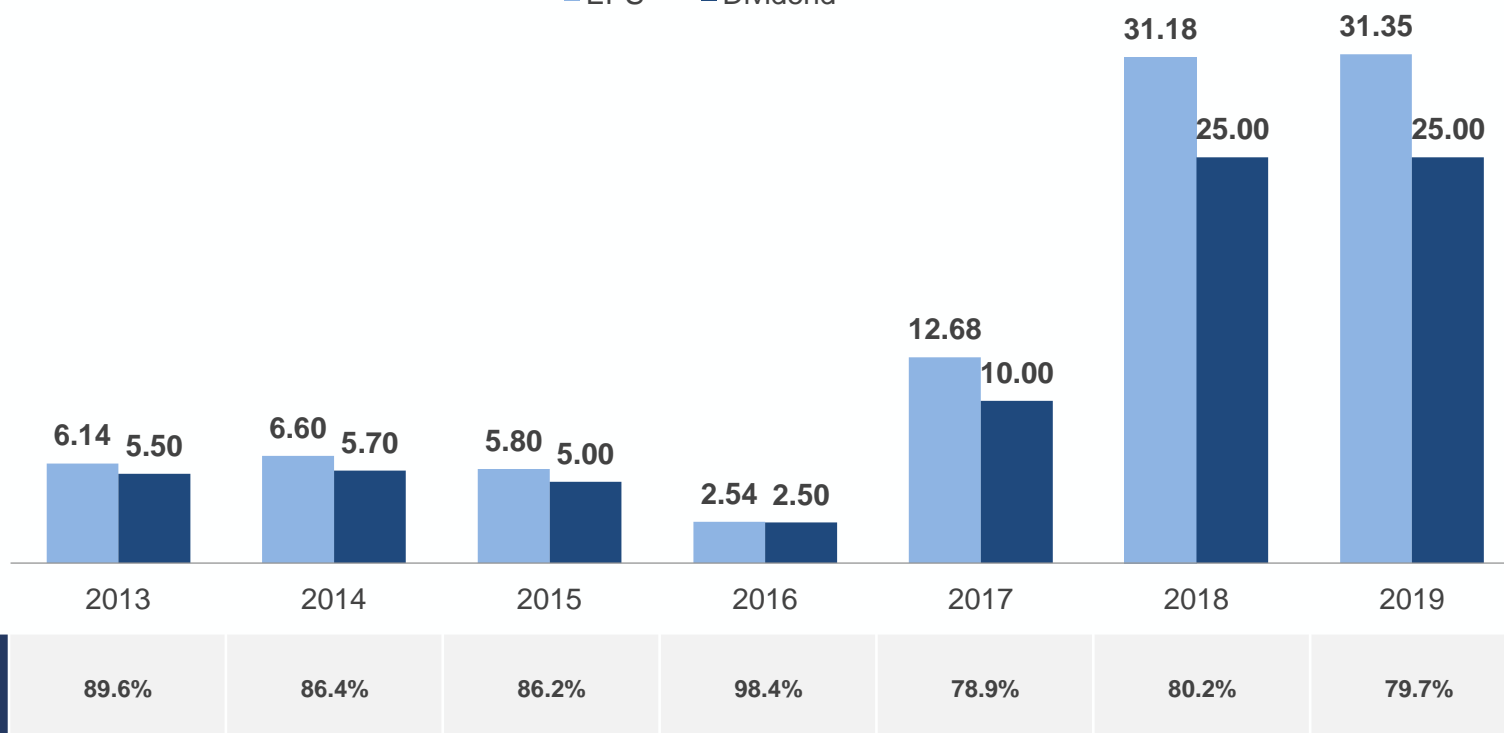
Dividend Payout

- Lucrative EPS in conjunction with high dividend payout policy bring out profitable earnings for shareholders.

Dividend Payout since 2012 versus EPS

(NT\$)

■ EPS ■ Dividend



* 2019 dividend payout is subject to AGM approval on June 23, 2020



Income Statement

Income Statement

(NT\$mn)	2013	2014	2015	2016	2017	2018	2019
Revenue	15,570	15,922	15,310	18,427	46,213	59,064	58,094
<i>Growth (%)</i>	-	2.3%	-3.8%	20.4%	150.8%	27.8%	-1.6%
Gross Profit	3,663	3,728	4,073	4,130	11,808	22,299	22,847
<i>Gross Profit Margin (%)</i>	23.5%	23.4%	26.6%	22.4%	25.6%	37.8%	39.3%
EBITDA	4,053	4,087	4,046	3,025	12,221	22,712	22,648
<i>EBITDA Margin (%)</i>	26.0%	25.7%	26.4%	16.4%	26.4%	38.5%	39.0%
Operating Profit	2,194	2,336	2,685	1,378	7,414	17,578	17,897
<i>Operating Profit Margin (%)</i>	14.1%	14.7%	17.5%	7.5%	16.0%	29.8%	30.8%
Profit before Tax	2,204	2,679	2,808	1,344	6,875	18,253	18,554
<i>Profit before Tax Margin (%)</i>	14.2%	16.8%	18.3%	7.3%	14.9%	30.9%	31.9%
Net Profit	1,948	2,095	2,044	939	5,278	13,634	13,636
<i>Net Profit Margin (%)</i>	12.5%	13.2%	13.4%	5.1%	11.4%	23.1%	23.5%
EPS (NT\$)	6.14	6.60	5.80	2.54	12.68	31.18	31.35

Note: 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\$mn)	2013	2014	2015	2016	2017	2018	2019
Assets							
Cash and cash equivalents	1,536	2,685	3,662	5,628	18,794	35,214	32,822
Account receivable	3,165	3,694	4,538	7,642	7,869	9,226	8,140
Inventories	3,291	2,829	3,262	7,307	7,347	7,040	6,849
Property, plant and equipment	9,796	8,972	9,361	31,036	28,202	30,887	34,697
Other assets	3,286	3,204	2,994	8,948	8,020	7,455	14,078
Total assets	21,074	21,385	23,816	60,560	70,232	89,822	96,586
Liabilities							
Short-term loan	1,302	2,069	696	12,982	10,738	5,042	9,886
Account payable	1,816	1,789	1,383	5,126	4,269	4,870	3,837
Long term loan	--	--	--	14,367	3,663	430	0
Other liabilities	4,821	4,325	5,012	12,267	17,508	36,324	37,790
Total liabilities	7,939	8,184	7,091	44,742	36,178	46,666	51,513
Shareholder equity	13,135	13,201	16,725	15,819	34,054	43,156	45,073

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Q&A



Thank you