



April, 2020



GWC 2019 Earnings Report



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Executive Comments

● Outlook

- Epidemic COVID-19 brings uncertainty to world economics.
- Supply chain disruption, delayed work resumption and growing number of lock-down cities/countries will impact global electronics supply chain temporarily.
- Partial operating disruption in GWC due to national quarantine policy, GWC will vigilantly adjust worldwide capacity to cope with.
- If COVID-19 outbreak is not contained effectively, it is assumed to dampen global economy.
- No order cancellation, some customers are buying more as safety inventory.
- GWC cautiously monitors FX to minimize volatility impact.
- Near term is affected, but long term is positive due to technology advancements.

● 2019

- 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)

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



- **Korean Fab2**
 - Key piece to contribute GWC's 12" production.
 - GWC is customers' preferred partner because of below advantages:
 - ✓ MULTIPLE SOURCES in MULTIPLE COUNTRIES as contingency plan.
 - ✓ LOCAL SUPPLY to MITIGATE macro INSTABILITY and geopolitical TENSION.
 - ✓ AGILITY to allocate worldwide capacity for SHIPPING FLEXIBILITY.
- **Repatriation of Offshore Funds**
 - Amount : USD 355 million (over NTD 10 billion)
 - Investment plan :
 - ✓ Capacity expansion for advanced process.
(Mainly for 300mm advanced products and technologies)
 - ✓ Increase SiC and SI SiC capacity.
 - ✓ Enhance TWN HQ R&D for product differentiation.
 - ✓ Invest in renewable energy for CO2 emission cut.
- **12" SOI MOU with GLOBALFOUNDRIES**
- **Inventory**
 - Correction continued in 2H19, combined with Q4 seasonal piling, most customers' QoQ levels are slightly down or flat.
 - Proliferation of new innovations will further work off the inventory in 2020.



Company Overview

(PRE COVID-19)



Company Overview

➤ Leading supplier of silicon wafer with a global manufacturing footprint

Business Highlights

| | |
|-----------------|--|
| Establishment | ■ A spin-off from SAS in 2011 |
| Size | ■ World's #3 silicon wafer supplier and the largest non-Japanese player |
| Headquarter | ■ Hsinchu Science Park, Taiwan |
| Products | ■ Markets full-scale product offering with capacity from 3" to 12" |
| Operating Sites | ■ Established Global manufacturing footprint from Asia, Europe to the US |
| Employees | ■ # 6,700 (as of February end, 2020) <i>*Small Diameter production consolidation. PL fab shut down at end of 2019.</i> |
| R&D | ■ Holds 1,300+ patents* worldwide. |

Note: Include pending and granted patents.

Global Reach

- 01** **16** operational sites in **9** countries
- 02** Extensive global presence favorable for **timely response to worldwide customers**
- 03** **Profound technological integration** from worldwide talents





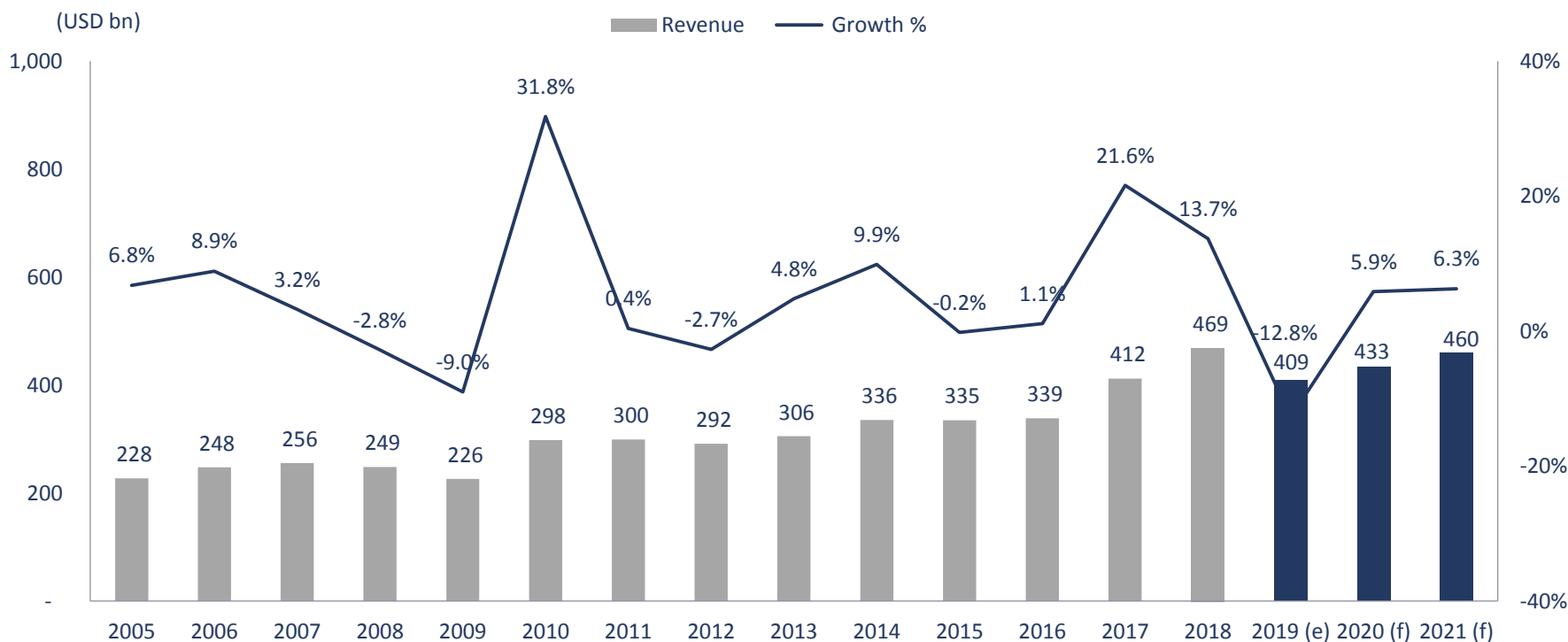
Industry Overview

(PRE COVID-19)

Worldwide Semiconductor Revenue

- Adoption of revolutionary technologies will reenergize the industry.
- For 2020, all regions are forecasted to grow with the overall market up 5.9%, with optoelectronics contributing the highest growth followed by Logic.

Semiconductor Revenue Worldwide

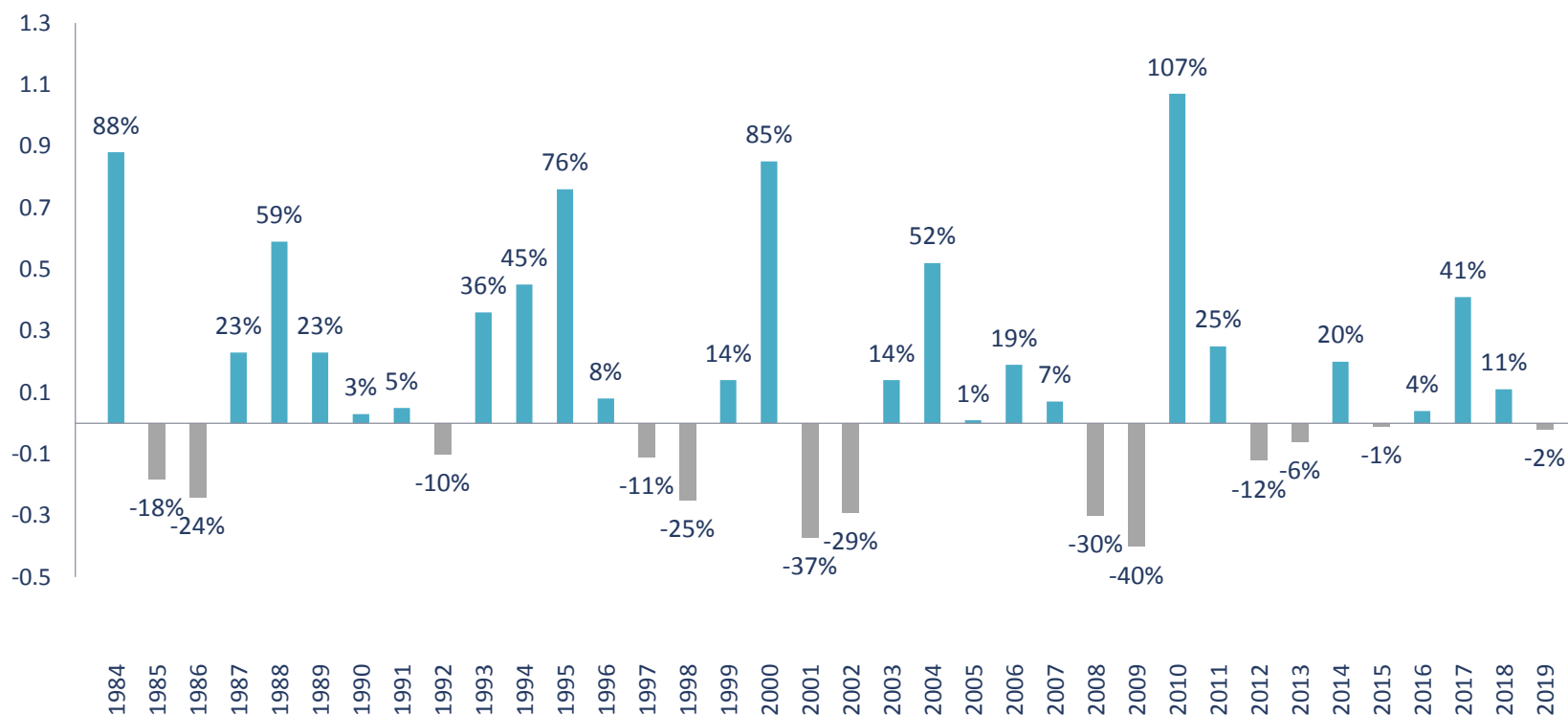


Source : WSTS, December, 2019

Semiconductor Capital Spending Rebound History

- Capital spending as a coefficient of semiconductor industry cycle, depicting an upturn in near future.

Semiconductor Industry Capital Spending Rebound History (1984 - 2019)



Source: IC Insights, Digitimes, February, 2020

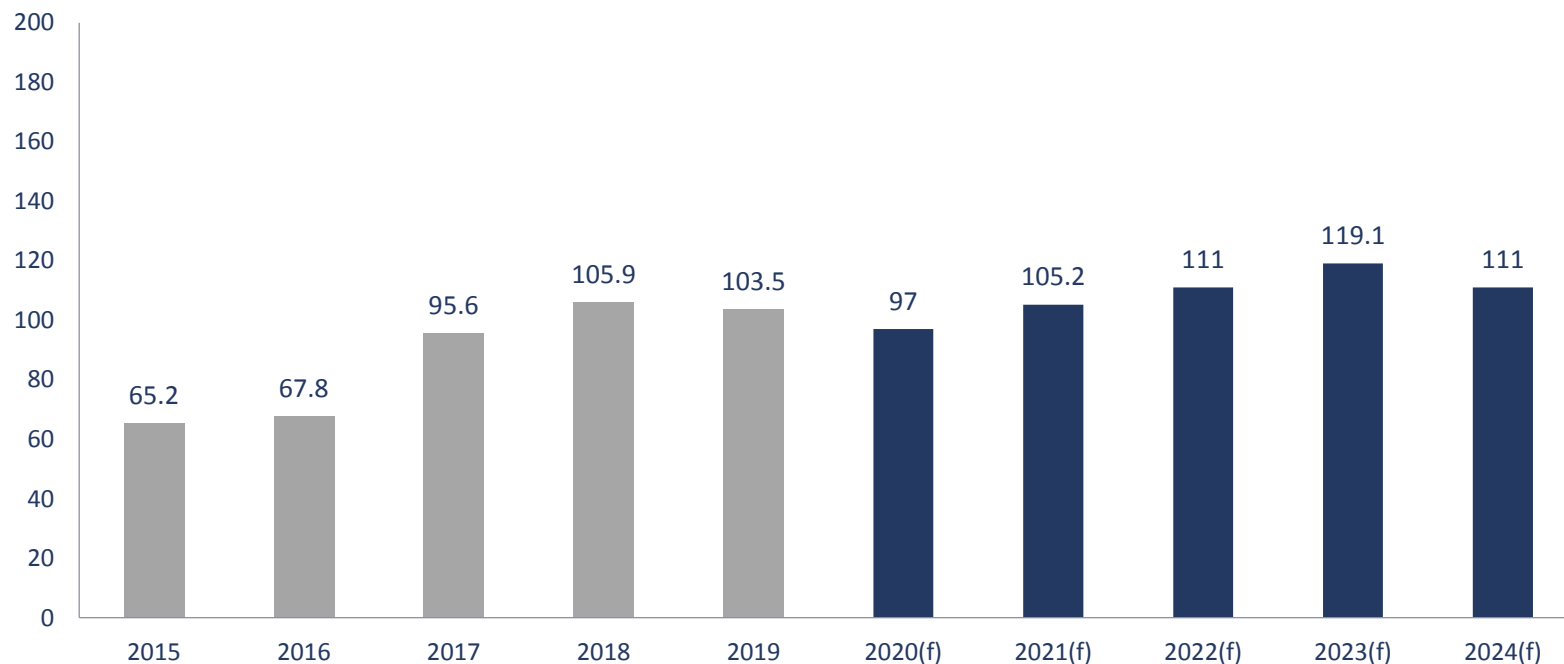


Semiconductor Capital Spending Resume Climb

- The rising complexity in downstream applications increases the capital investment for manufacturers to accommodate such innovations.
- Capital spending is anticipated to resume its climb in 2021 and keep growing for 3 years.

Worldwide Capital Spending in Semiconductor Industry Forecast

(USD 10 bn)



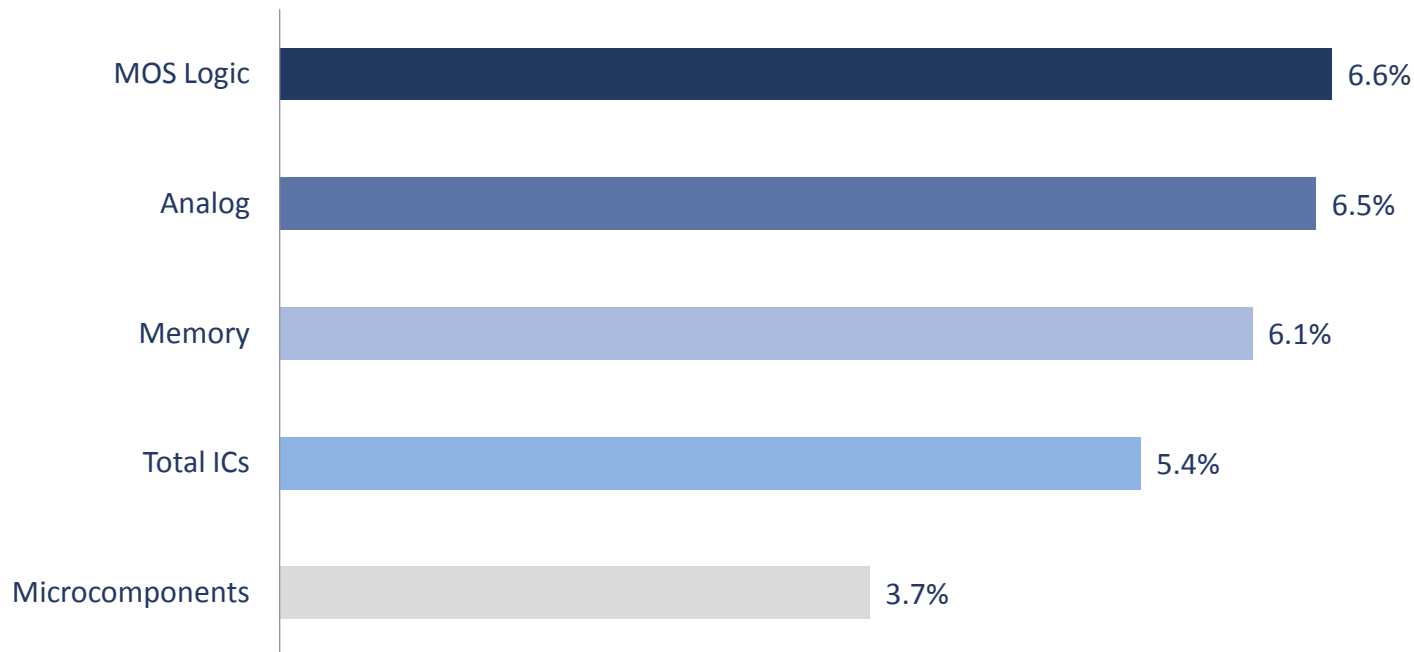
Source: IC Insights, Digitimes, February, 2020



Market CAGRs of Major Product Categories

- The necessity of innovations in consumer electronics, automotive, and other fields have stimulated demands and supports the growth in each segment.

Market CAGRs of Major Product Categories (2019 - 2024)

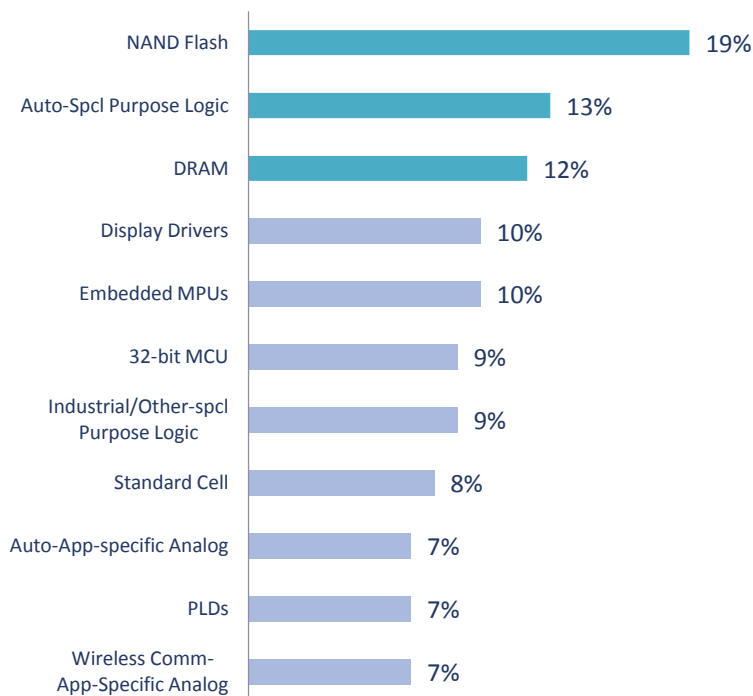


Source: IC Insights, January, 2020

Positive Growth in IC Products

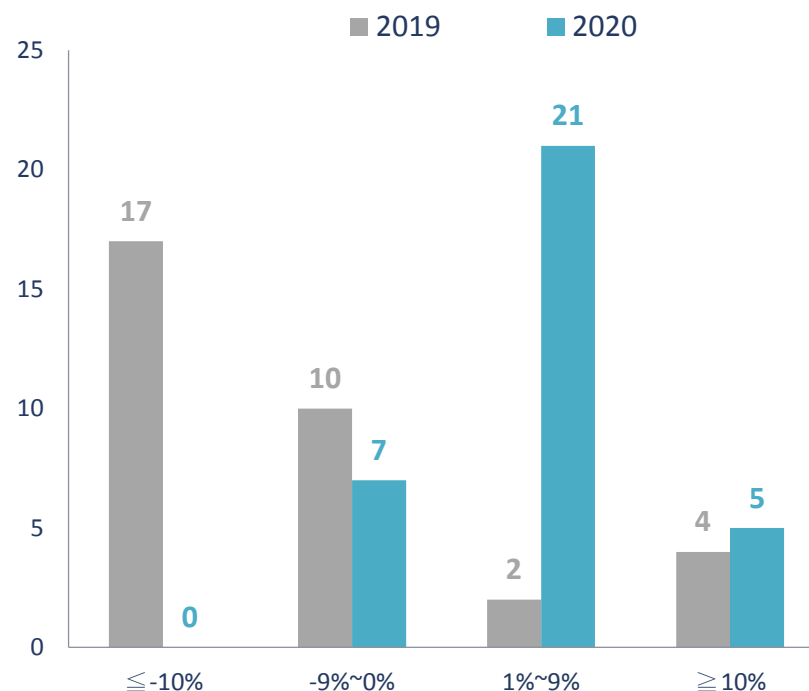
- NAND Flash, Logic and DRAM occupy top 3 fastest growing IC segments in 2020.
- A total of 26 IC products are forecast to show growth in 2020, a very strong turnaround from 2019 when only 6 product categories had positive growth. In 2020, 5 products are expected to enjoy double-digit growth, an increase from 4 in 2019.

Top-Growing IC Market (2020)



Source: IC Insights, January, 2020

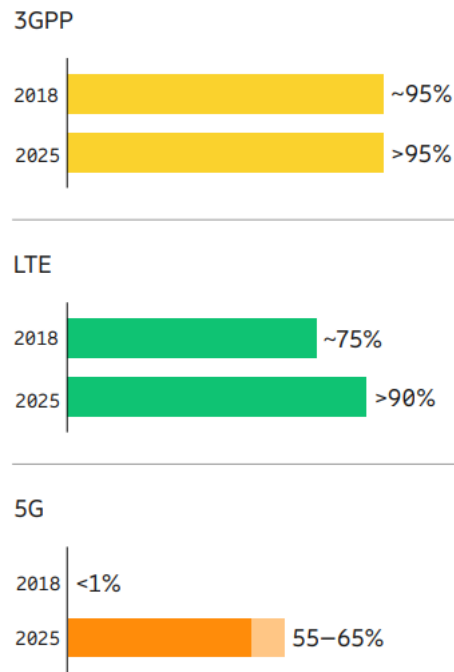
Product Growth Rate Distribution



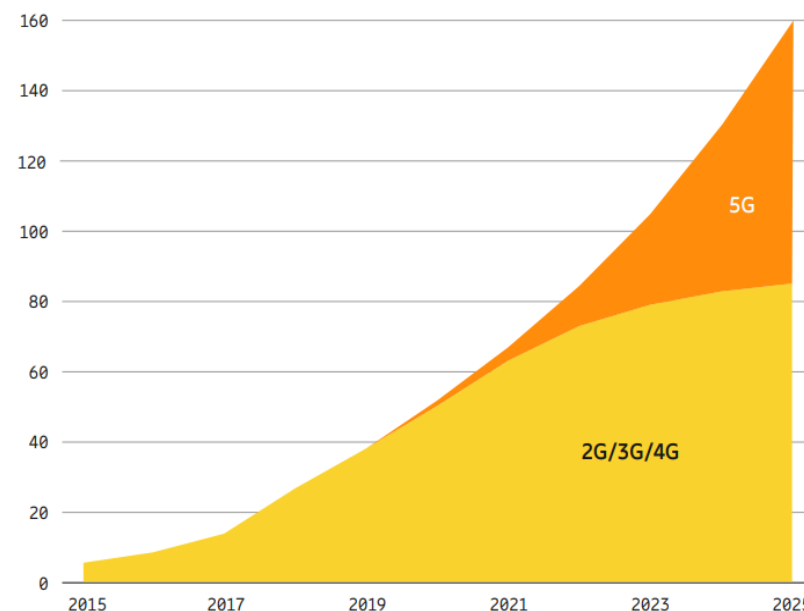
5G Worldwide Coverage

- Technology advancements enable the rapid 5G population coverage build-out to cover up to 65% of the world's population in 2025.
- By 2025, it is expected that 45% of total mobile data traffic will be carried by 5G networks.
- 5G is the fastest deployed mobile communication technology in history.

World Population Coverage by Technology*¹



Global Mobile Data Traffic*² (EB*³ per month)



Source: Ericsson Mobility Report. November, 2019.

Note : 1. The figures refer to coverage of each technology. The ability to utilize the technology is subject to factors such as access to devices and subscriptions

2. This represents the mobile data that over 6 billion people will consume using smartphones, laptops and a multitude of new devices.

3. EB = Exabyte = 1,024 PB

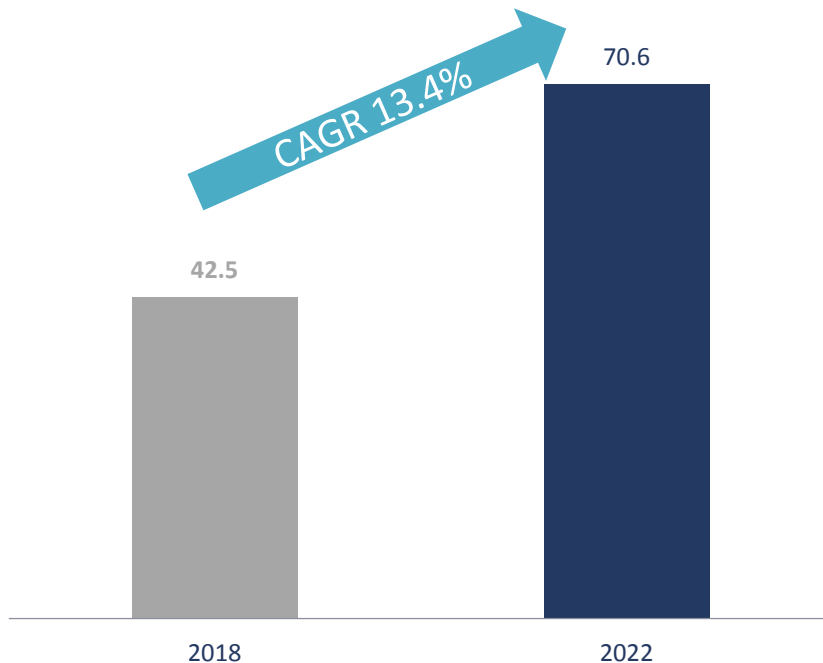


Global Automotive Semiconductor Market

- The global automotive semiconductor market should grow from USD 42.5 bn in 2018 to reach USD 70.6 bn by 2022 at a CAGR of 13.4%.
- DSPs in infotainment and audio equipments and optoelectronics in ADAS and Driver Monitoring System rank top 2.

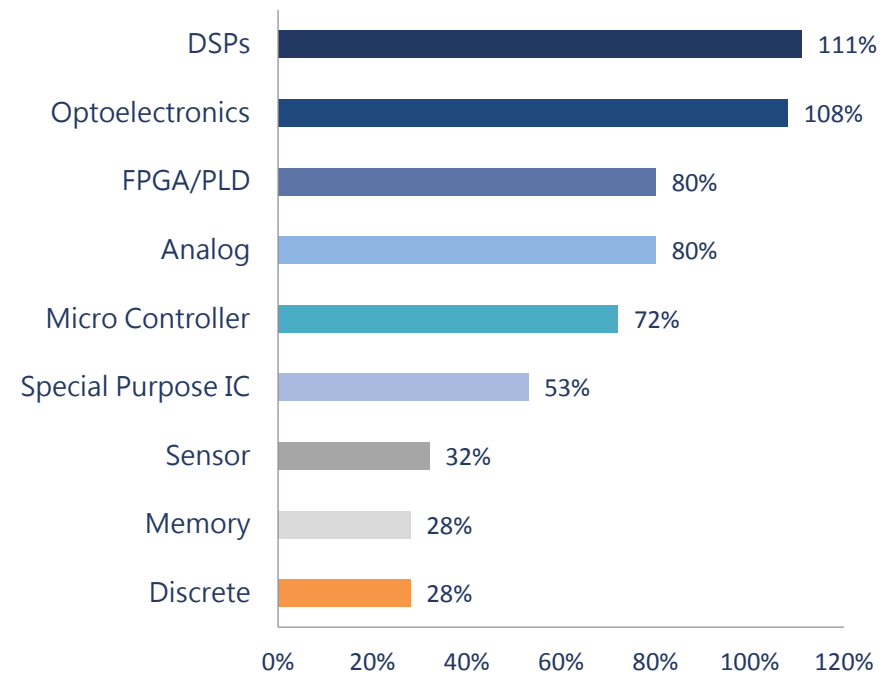
Global Automotive Market Forecast

(USD bn)



Source: IC Insights, January, 2020

Automotive Component Growth Rate Forecast (2018~2022)

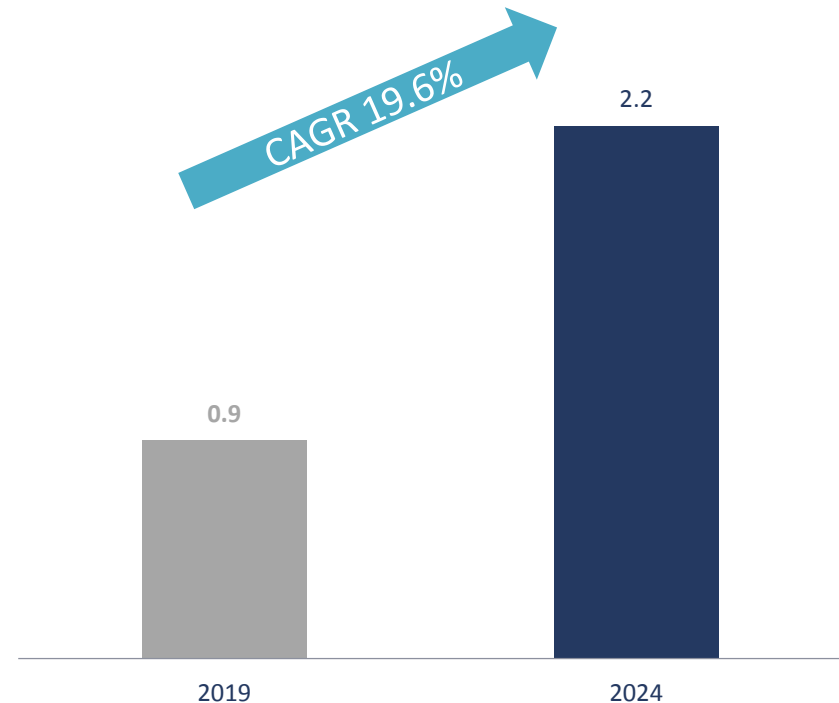


Attractive Opportunities in SOI Market

Opportunities in SOI Market

- **SOI (Silicon-On-Insulator)** is prominent in the low power and high-performance features as opposed to traditional bulk silicon techniques. An SOI microchip processing speed is often 30% faster than today's CMOS-based chips and power consumption is reduced 80%, which makes SOI ideal for mobile devices.
- SOI market is expected to grow from USD 0.9bn in 2019 to USD 2.2 bn by 2024 at a CAGR of 19.6% propelled by the growing adoption in mobile technology, infrastructure, IoT and automotive driven by 5G commercial deployment.

(USD bn)



Source: Markets and Markets, December, 2019



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.

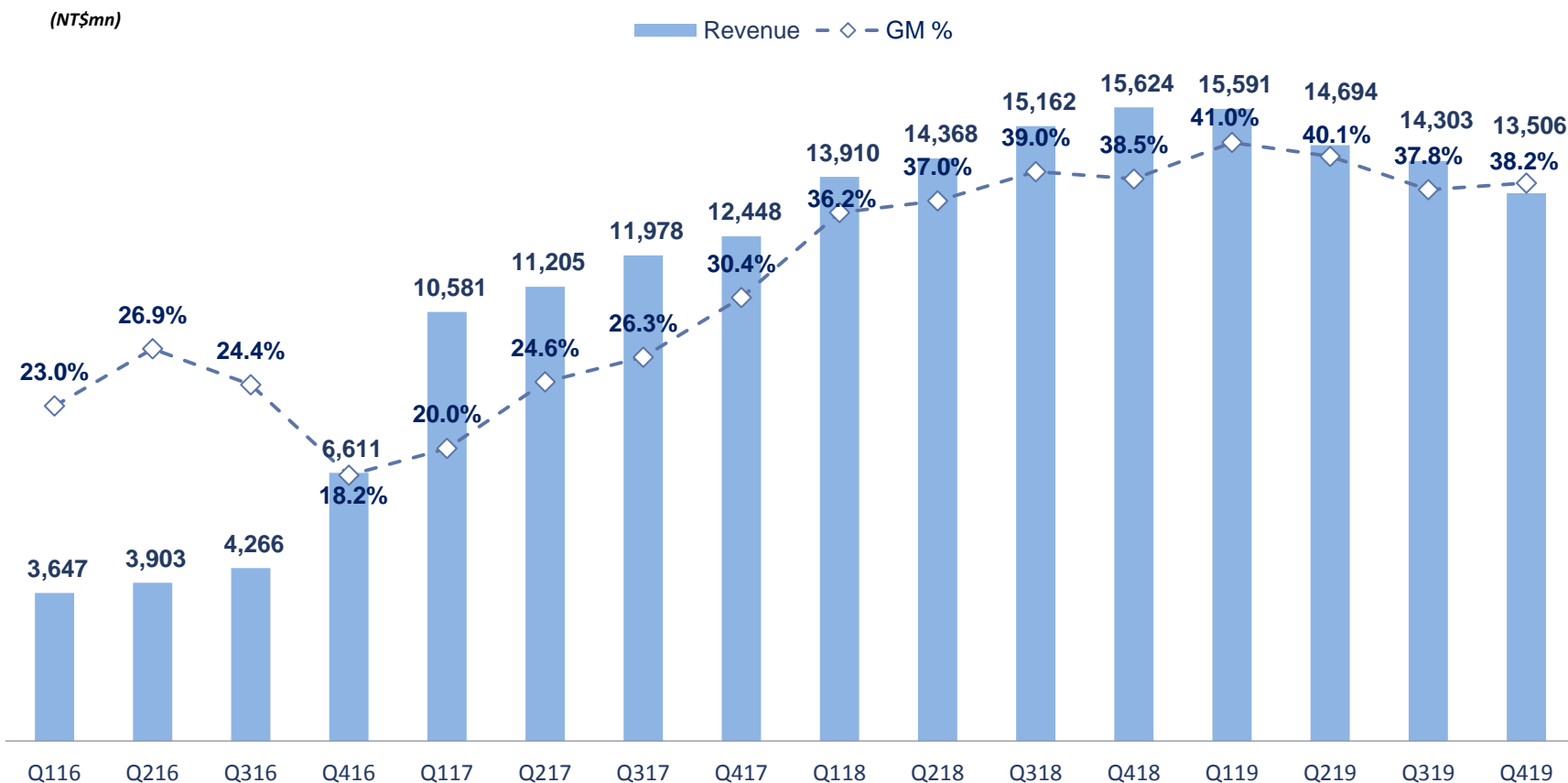
2. ROE = Net Profit / Average Shareholders Equity

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



Revenue & Gross Margin

- Maintains high gross margin and achieves in the BEST-EVER full-year GM % (39.3%) since establishment .



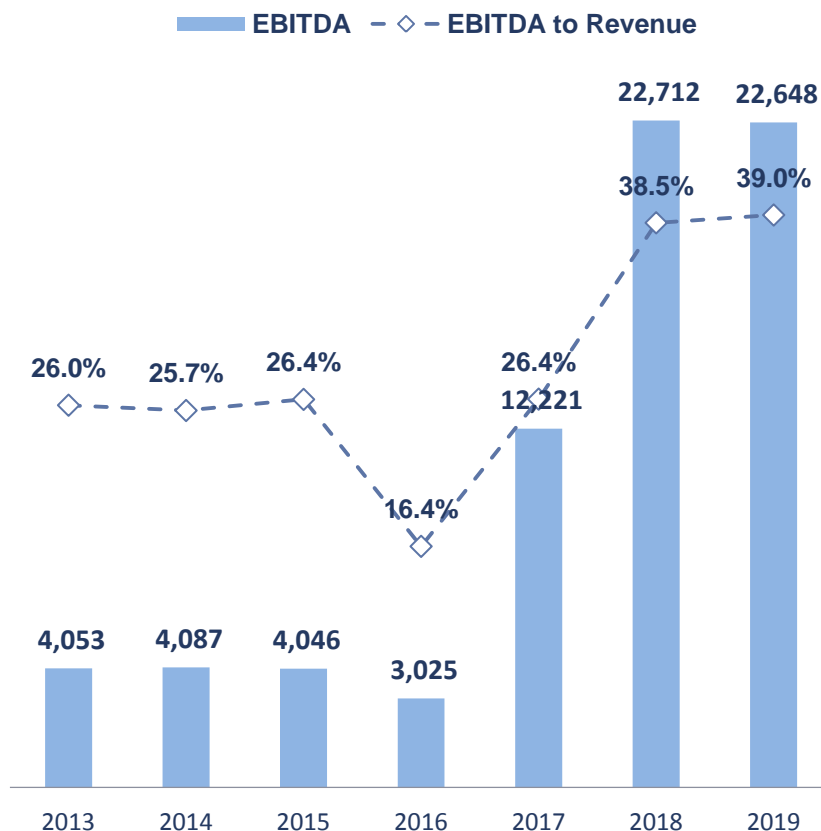


EBITDA & EPS

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

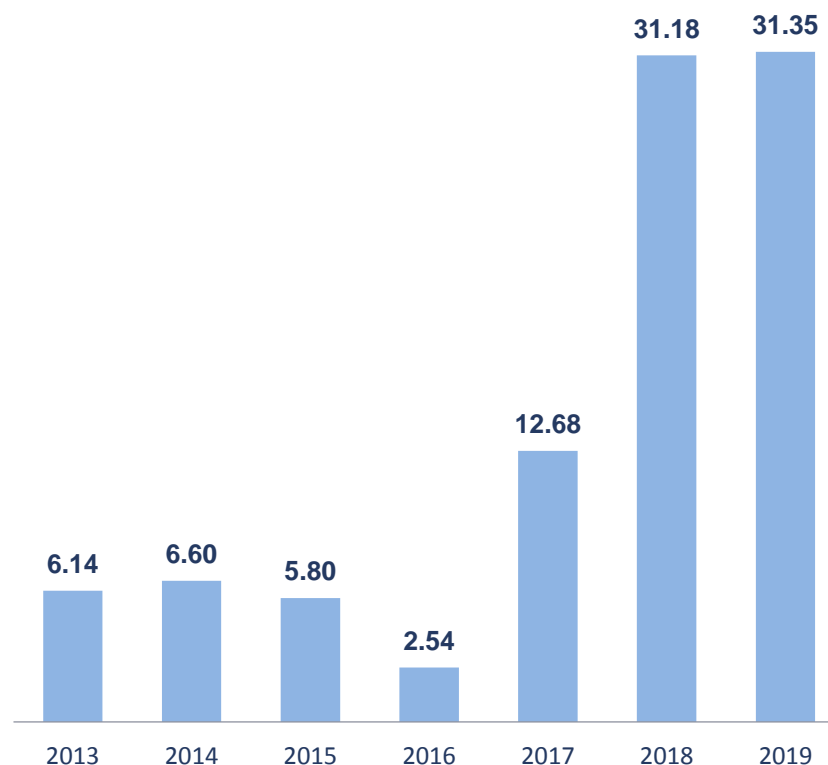
EBITDA

(NT\$mn)



EPS

(NT\$)



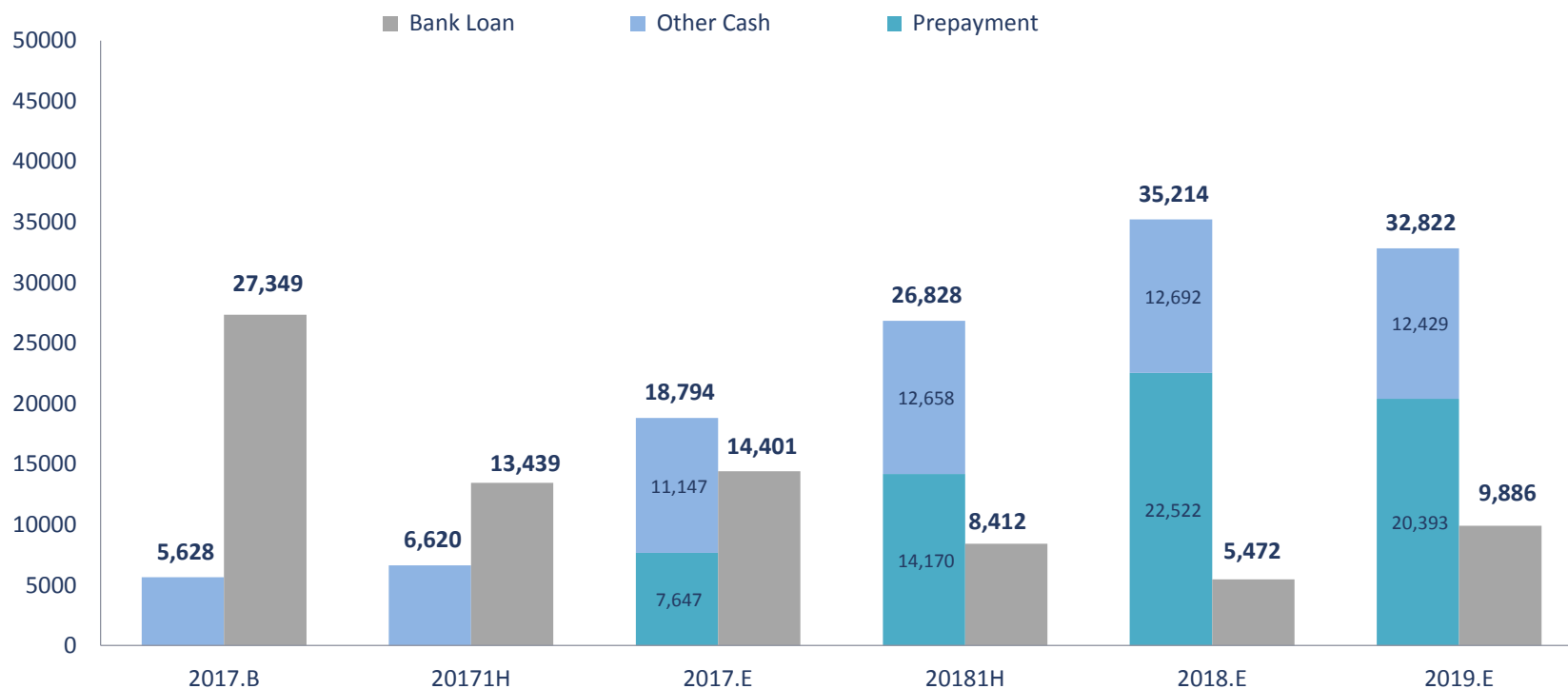


Financial Leverage

- Capital spending on cutting-edge R&D lowers cash position slightly, yet still maintains high level.
- Bank loan increases owing to dividend distribution.

Cash Structure and Bank Loan

(NT\$mn)





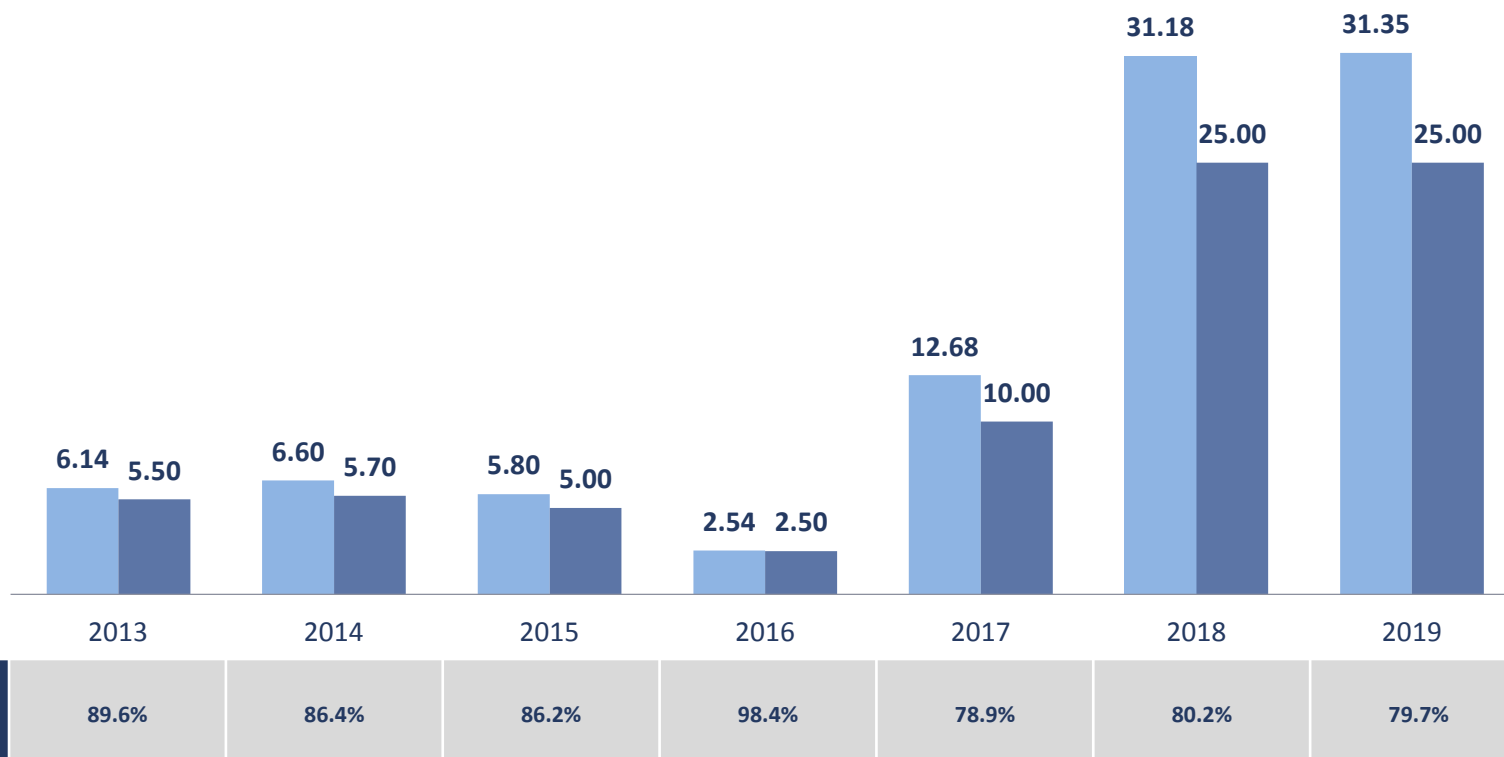
Dividend Payout

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

Dividend Payout since 2012 versus EPS

(NT\$)

■ EPS ■ Dividend



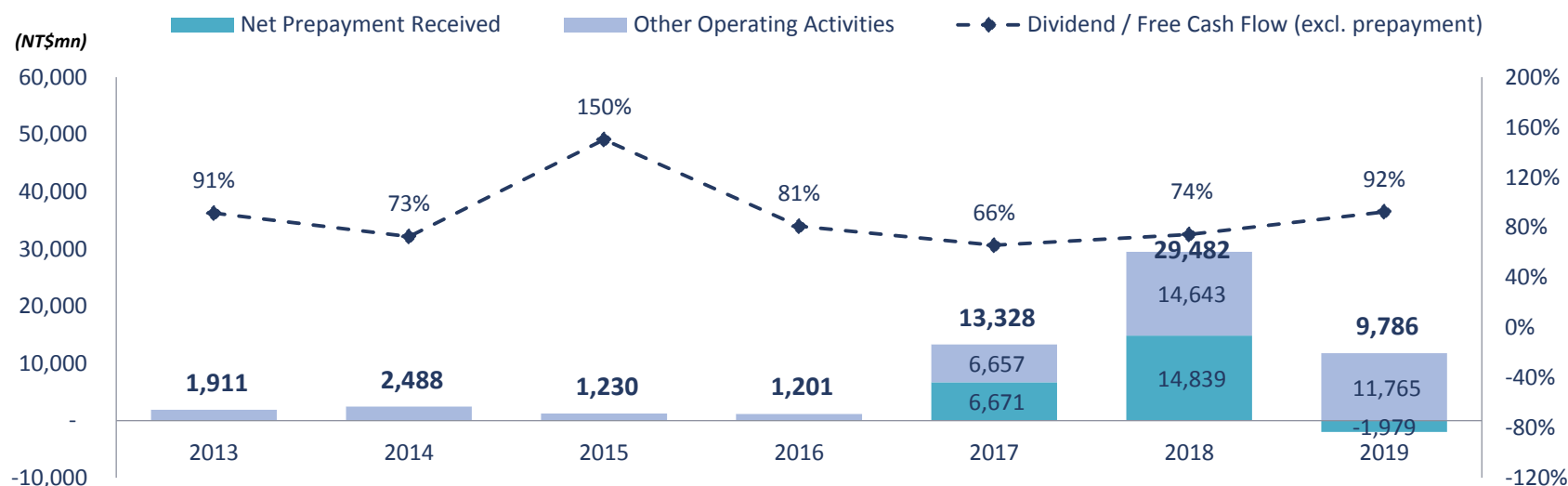
* 2019 dividend payout is subject to AGM approval on June 23, 2020



Multiple Dividend Distribution

- Dividend payout **in every 6 months** as steady income stream for shareholders, beneficial for reinvestment and flexible use of funds*.
- Delivering a robust track record of dividend payments reflects GWC'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. Free Cash Flow*



Note:

1. 2019 dividend payout is subject to AGM approval on June 23, 2020
2. Free cash flow = Cash flow from operating activities – Capex
3. 2019 Prepayment is lower due to the partial LTA fulfillment



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 |
| Growth (%) | - | 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 |
| Gross Profit Margin (%) | 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 |
| EBITDA Margin (%) | 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 |
| Operating Profit Margin (%) | 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 |
| Profit before Tax Margin (%) | 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 |
| Net Profit Margin (%) | 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\$m) | 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 |

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. Account receivables include account receivables from related parties.

3. Account payables include account payables from related parties.



Q&A



Thank You
