



GlobalWafers (6488 TT) 2Q20 Results Presentation

September, 2020



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Executive Comments

➤ 1H20

- Robust demand for WFH and medical electronics make 2Q better than 1Q.
- The logistic challenges resulted from COVID-19 outbreak and the subsequent restriction measures offset partial profits.
- Utilization
 - ✓ 8" – good
 - ✓ 12" – very good, demands for 12" advanced wafers are very strong.
- Cash flow from operations of NT\$ 6,175mn (US\$ 208mn)*¹ and cash*² of NT\$ 32,097mn (US\$ 1,083mn)*¹ reflect our correct operation strategy and emphasize the strength of our business model and financial moats.

➤ Dividend

- Cash dividend of NTD 25 per share will be distributed on August 7th, totaled NTD 10,881mn (USD 367 mn)*¹ with 79.7% payout ratio.
- Dividend payout once every 6 months to share constant growth for shareholders.
 - ✓ 1H20 dividend → to be distributed in 1Q21
 - ✓ 2H20 dividend → to be distributed in 3Q21

Note:

1. FX Rate: NTD:USD = 29.63

2. Cash = cash and the equivalent + restricted cash



➤ Outlook

- Expect 2H20 to stabilize and close out 2020 flat to modestly up because unprecedented levels of government aid has been pumped into economies much faster than in prior crisis.
- Semiconductor industry is expected to be hurt less by COVID-19 than other industries as it is essential to keep the society functioning.
- Fundamental growth drivers unchanged by pandemic, and the pandemic will actually accelerate drivers related to cloud as remote work/study/commerce become more widespread and normalized.
- The automotive market has hit the bottom in May and will gradually bottom out.
- 5G
 - ✓ 5G remains the fast-growing generation of wireless cellular technology despite of COVID-19.
 - ✓ Increasing data traffic in the lockdown period gives consistent and strong momentum to 5G development.



➤ Production Strategy

● 12" EPI Wafer Expansion in Taiwan (Taisil Branch)

- ✓ 12" advanced EPI wafers target at the fast growing market of miniaturization, lightweight, low-power consumption and high-speed computing.
- ✓ Mass production in 2 years, >90K wafers per quarter.

● 12" PW Wafer Expansion in Korean Fab2

- ✓ Field fine-tuning is delayed due to boarder closure policies in various nations.
- ✓ Under qualification for tier 1 customers now.
- ✓ Aim to mass production by 4Q20 (depending on COVID-19 development)

● SiC & GaN - Compound Semiconductor Research Center Project

- ✓ Establish a compound semiconductor research center with National Chiao Tung University (NCTU)
- ✓ 6"~8" SiC and GaN
- ✓ Synergy
 - To foster talents
 - To construct compound wafer supply chain in Taiwan



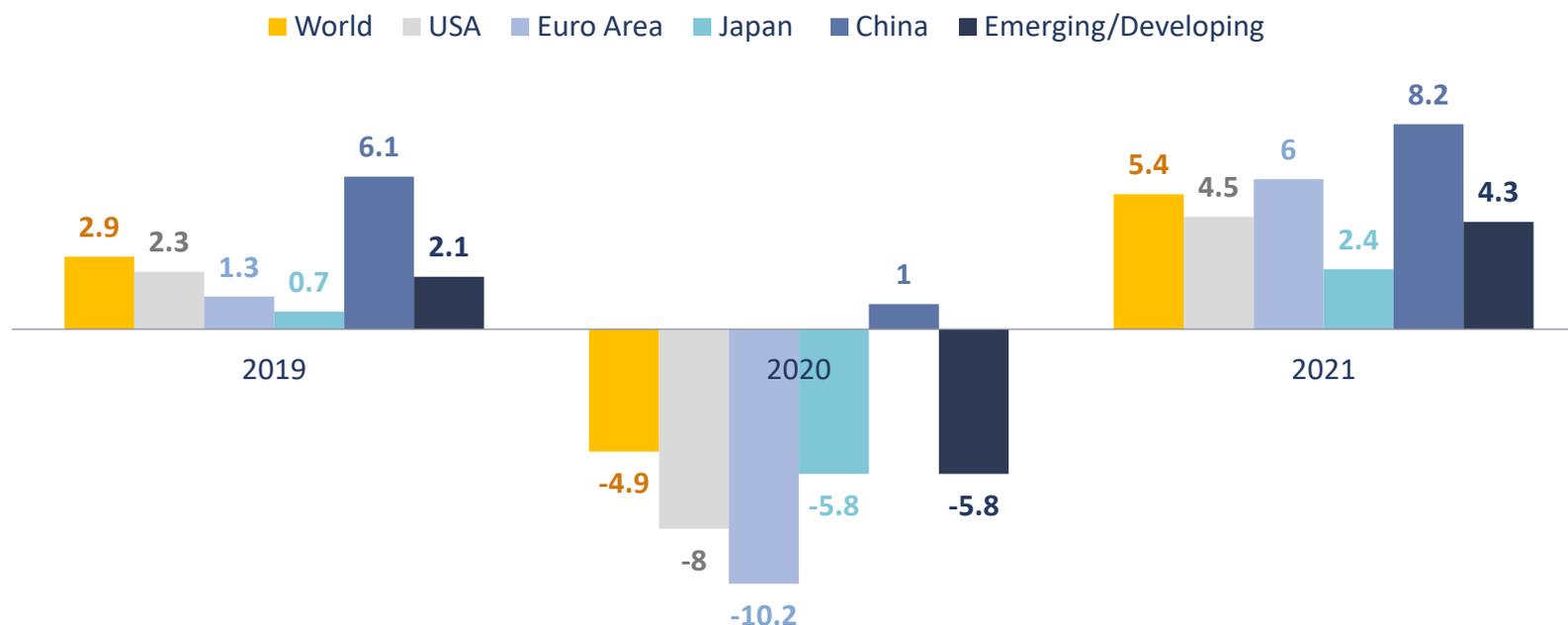
Industry Overview



World Economic Projections

- All major countries' economies are projected to contract in 2020 (with the exception of China, which will slip from its normal 6%+ annual GDP growth rate to only 1% in 2020).
- It is estimated that all major countries economy will recover in 2021.

Real GDP Growth



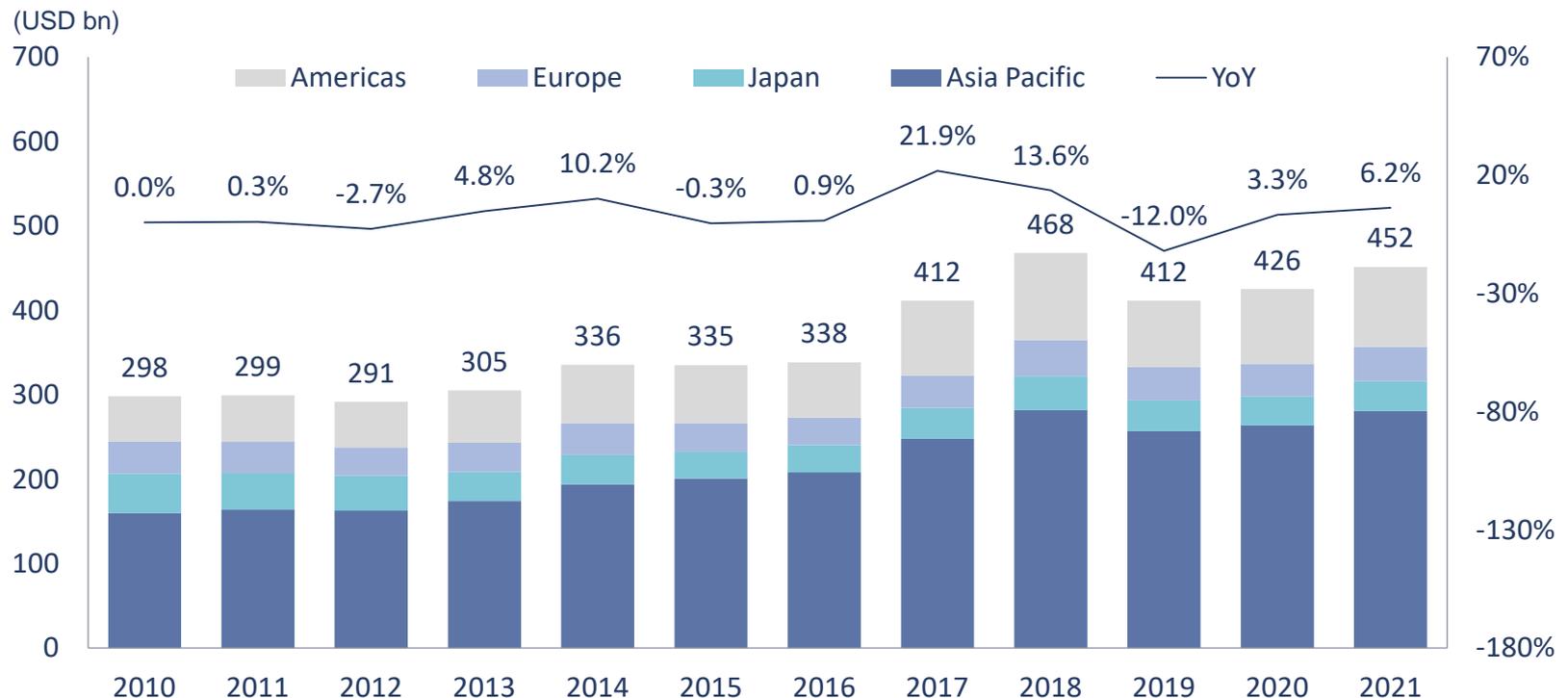
Source: IMF, June, 2020



Worldwide Semiconductor Market Forecast

- Analyst expects the world semiconductor market to be up by 3.3% to US\$ 426 bn in 2020, accelerating to 6.2% in 2021 driven by double-digit growth of Memory. All regions are projected to show a positive growth rate.

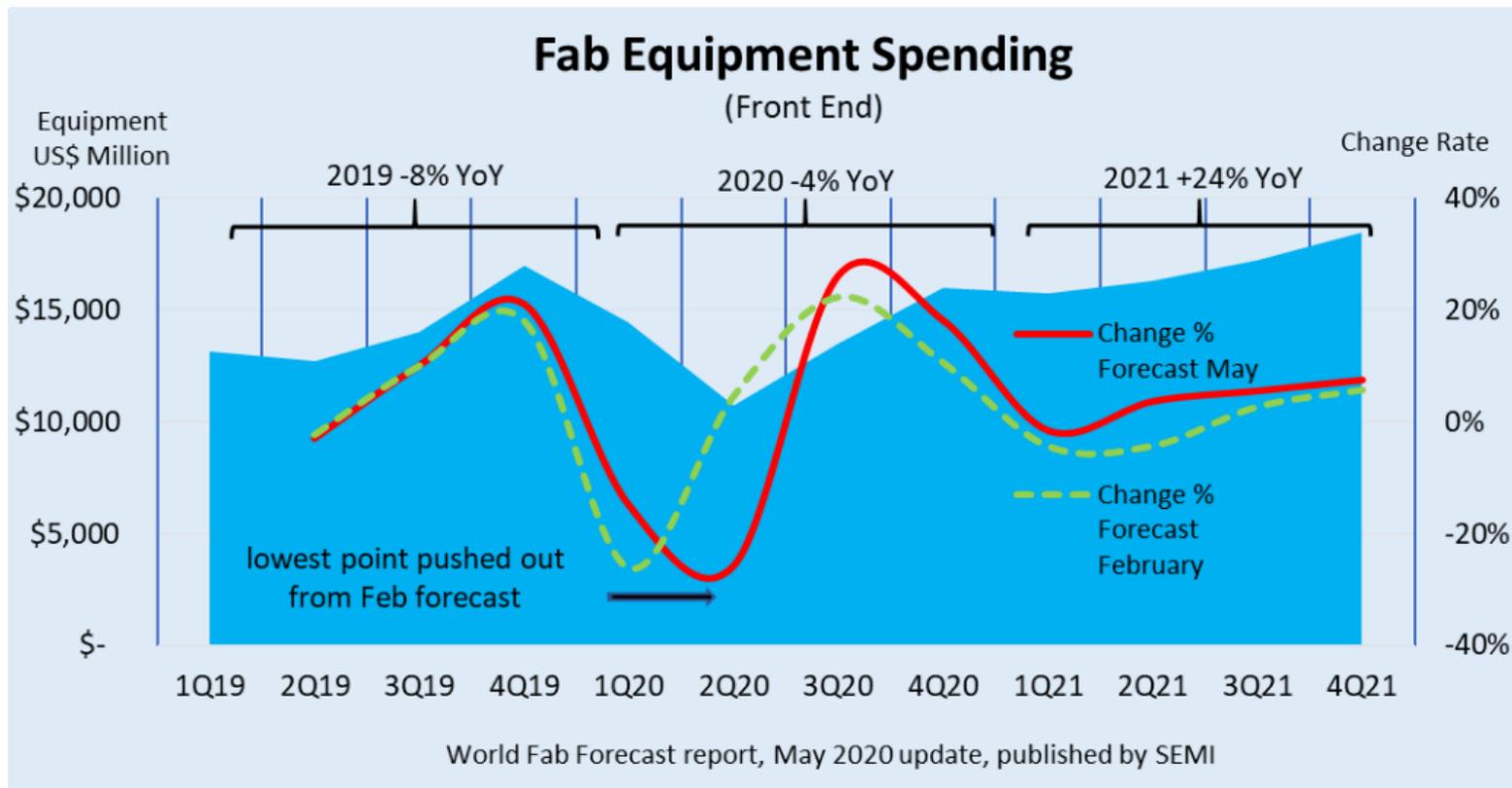
Worldwide Semiconductor Market Forecast by Region



Source: WSTS, June, 2020

Semiconductor Fabs Log Record Spending in 2021

- 2021 is poised to mark a banner year for global fab equipment spending with 24% growth to a record US\$67.7 billion, 10% higher than the previous forecast, and all product segments promising solid growth rates, according to SEMI Report.

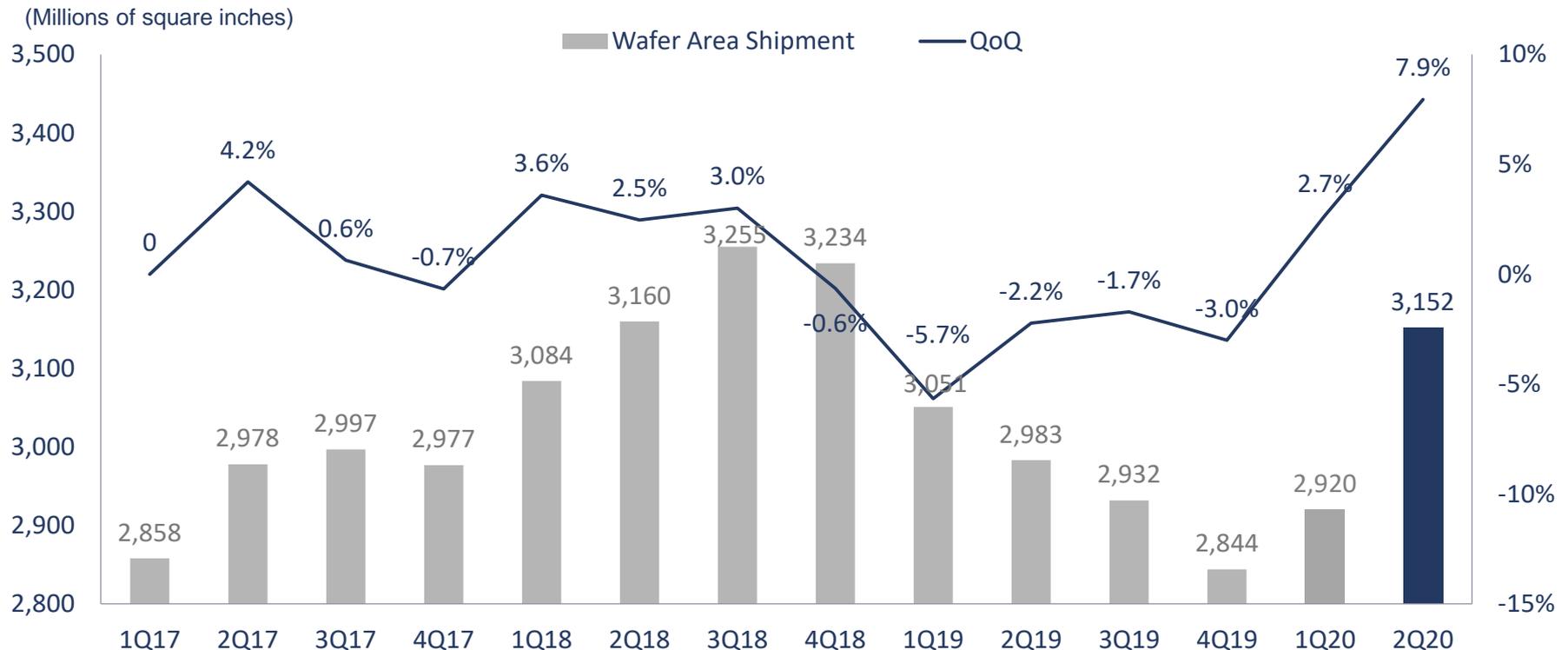




Global Silicon Wafer Area Shipments

- Worldwide silicon wafer area shipments rose 7.9% to 3,152 million square inches in 2Q20 and surpassed 2Q19 shipments by 6 %.

Silicon Area Shipment Trends – Semiconductor Applications Only



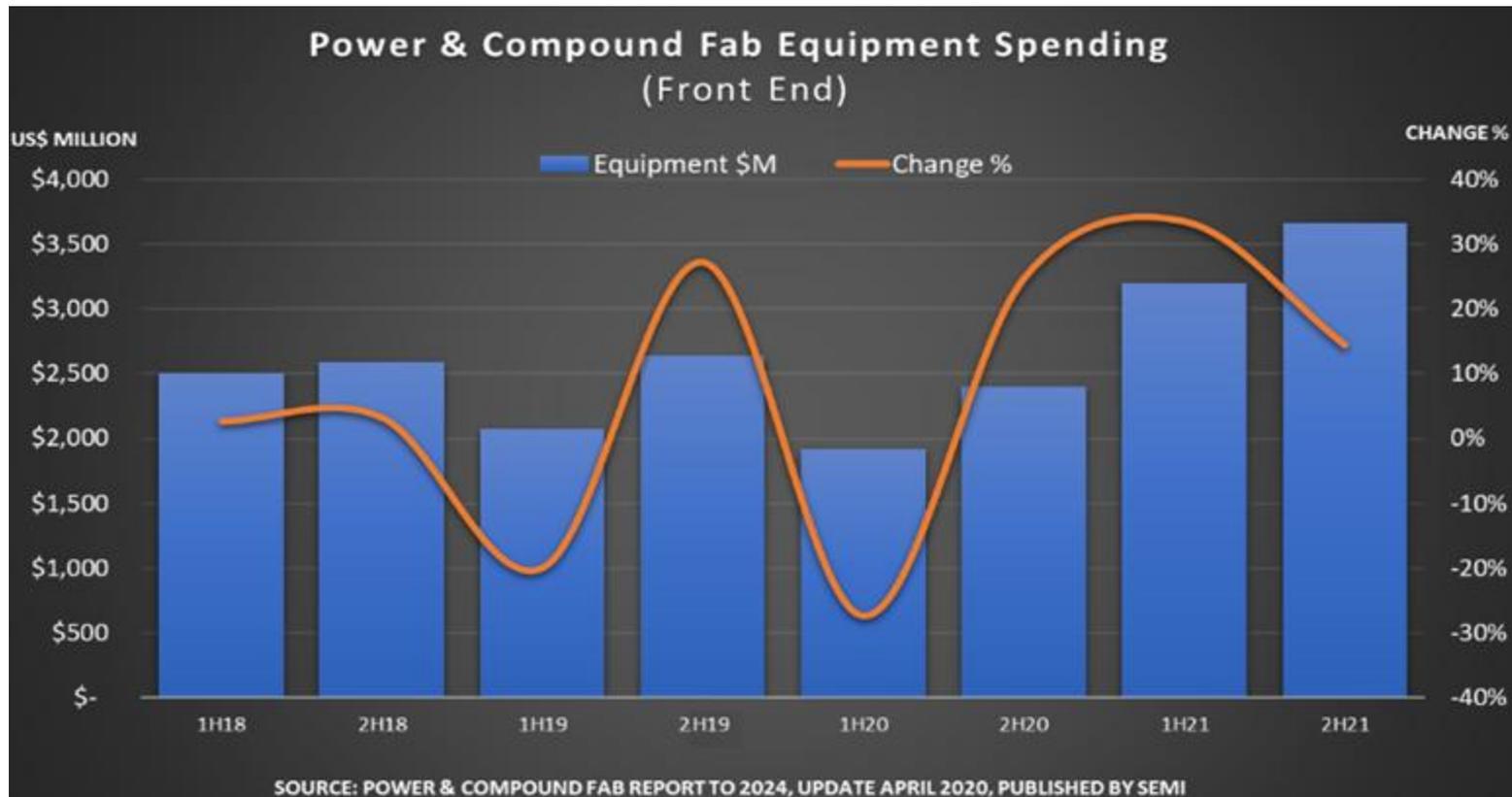
Source: SEMI ORG, July, 2020

Note: Include polished silicon wafers such as virgin test wafers and epitaxial silicon wafers, as well as non-polished silicon wafers shipped to end users.



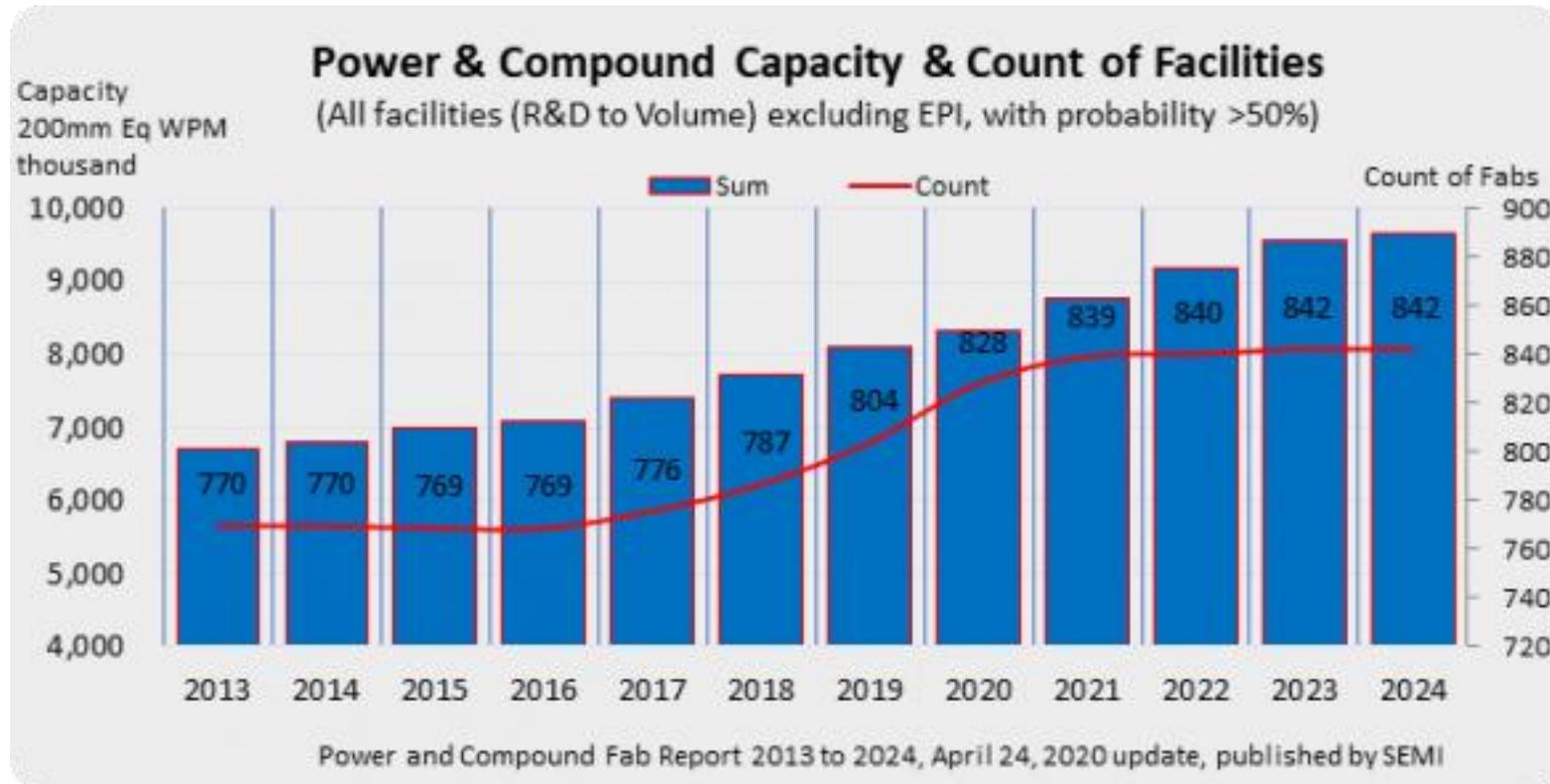
Power & Compound Fab Spending Rebounds in 2H20

- Analysis shows that global fab equipment spending for power and compound devices is expected to rebound in 2H20 to meet resurgent end-product demand and jump 59 % to a segment record US\$6.9 billion in 2021.



Power & Compound Capacity & Count of Facilities

- The 804 facilities and lines with installed capacity of 8 million wafers per month (in 200mm equivalent wafers) are tracked by research institute in 2019. By 2024, 38 new facilities and lines will begin operation, fueling installed capacity growth of a cumulative 20% to 9.7 million wafers per month.



Compound Semiconductor – SiC & GaN

- SiC & GaN leverage many important advantages over traditional silicon technology, conveniently exploited to fabricate ultra performance power device
- Will play a crucial role in the future of electronics owing to its potential in boosting power handling capability with better efficiency

GaN & SiC Features

SiC

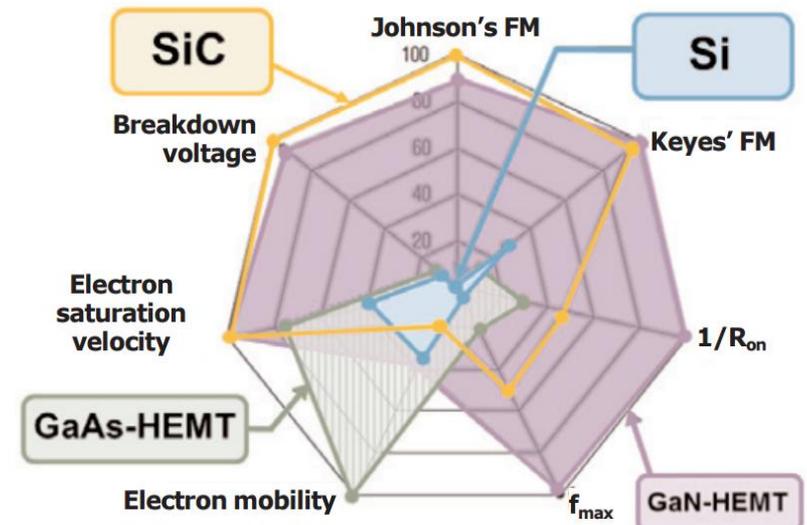
- Combine higher breakdown voltage with larger bandgap energy, capable of heat management and large current traffic.
- Exhibit high electro-thermal conductivity and fast-switching simultaneously, reducing conduction and frequency-switching loss.

GaN

- High breakdown field to operate at much higher voltages than other semiconductor devices
- Offer high power density and superior thermal conductivity, reliable in heat dissipation.
- Demonstrate great saturation velocity with large charge capability.

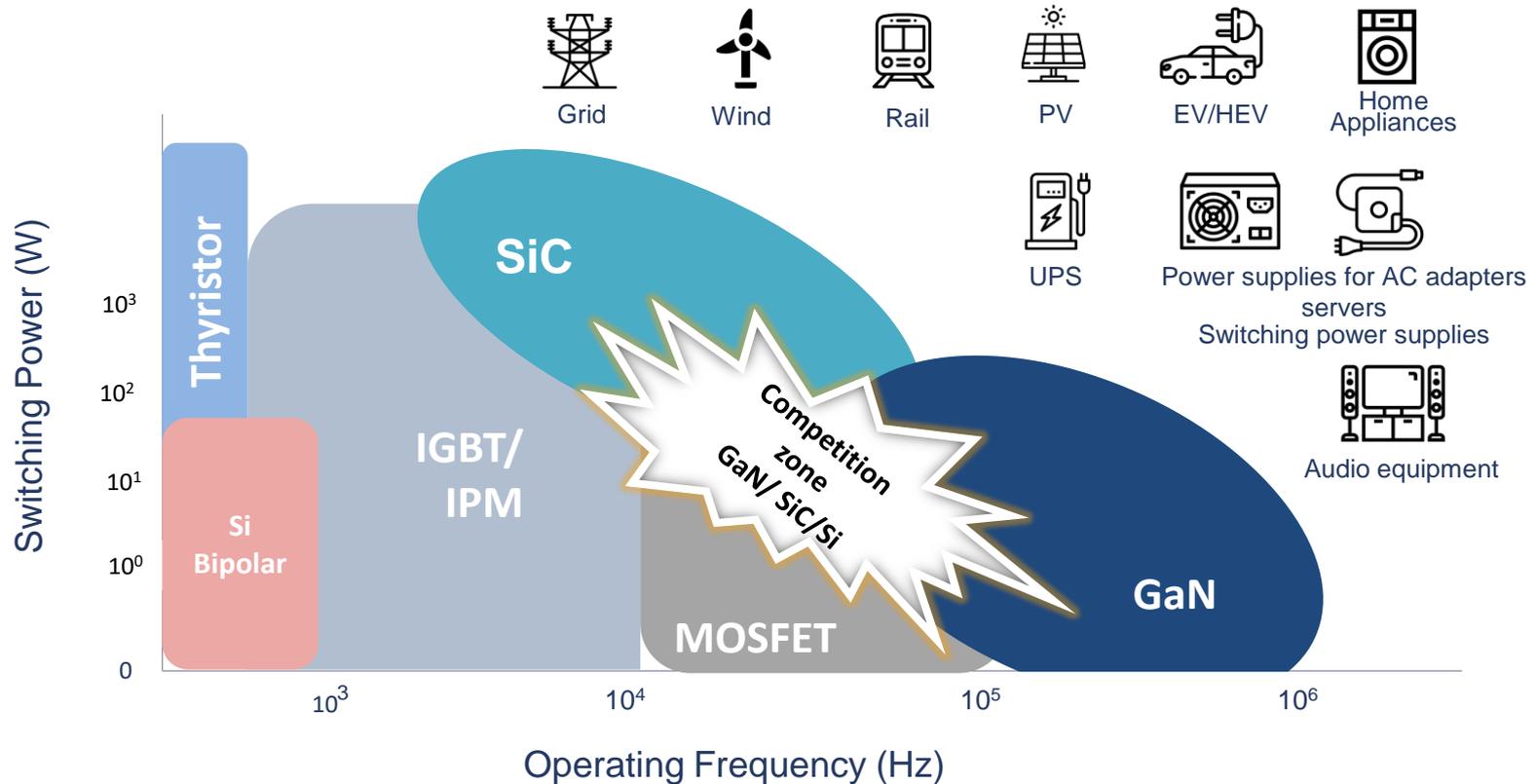
Source: OKI Semiconductor, May, 2014

Comparison of GaN/SiC/Si/GaAs High-Power RF Transistors



How SiC & GaN Captures Market Shares Over Incumbent Silicon Technologies

SiC & GaN vs. Silicon Technologies



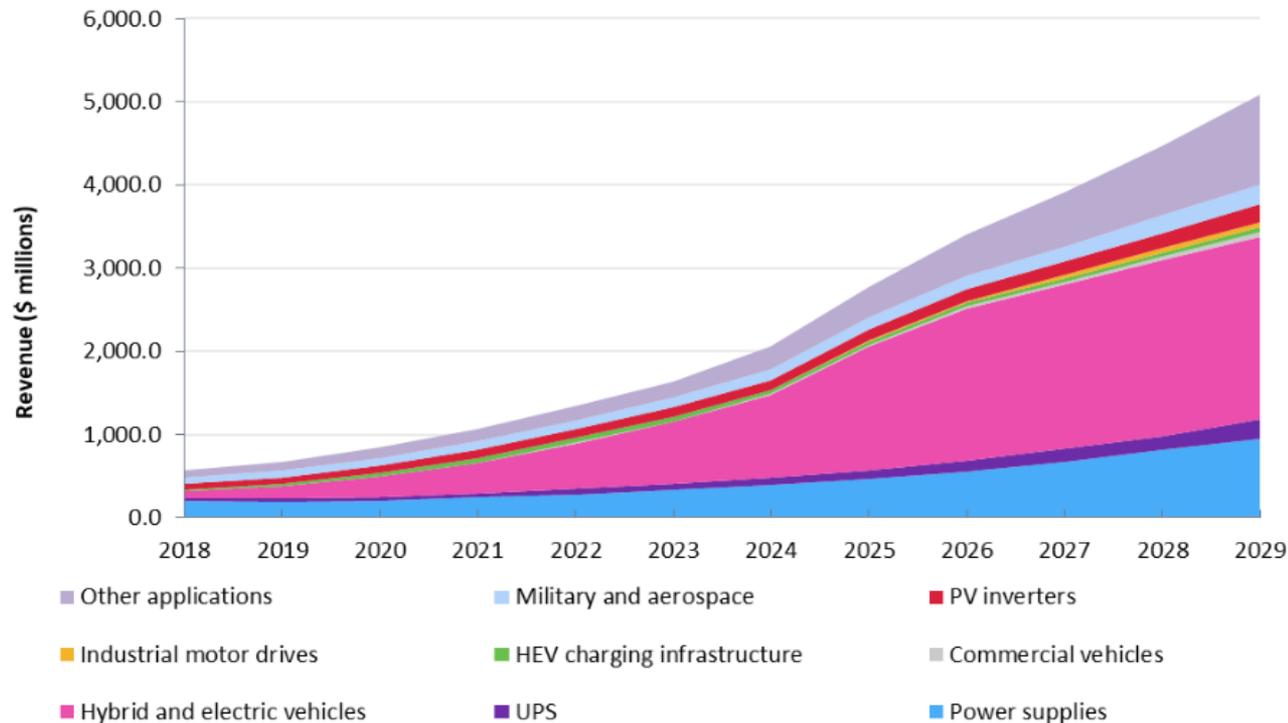
Source: Yole, 2018



SiC & GaN Power Semiconductor Market Forecast

- Research shows that the emerging market for SiC and GaN power semiconductors is forecast to rise to \$854 mn by the end of 2020, pass \$1 bn in 2021, and to increase at a double-digit annual rate to \$5 bn by 2029, energized by demand from hybrid & electric vehicles, power supplies, and photovoltaic (PV) inverters.

SiC & GaN Power Semiconductor Market Forecast by Application



Source: Omdia, July, 2020

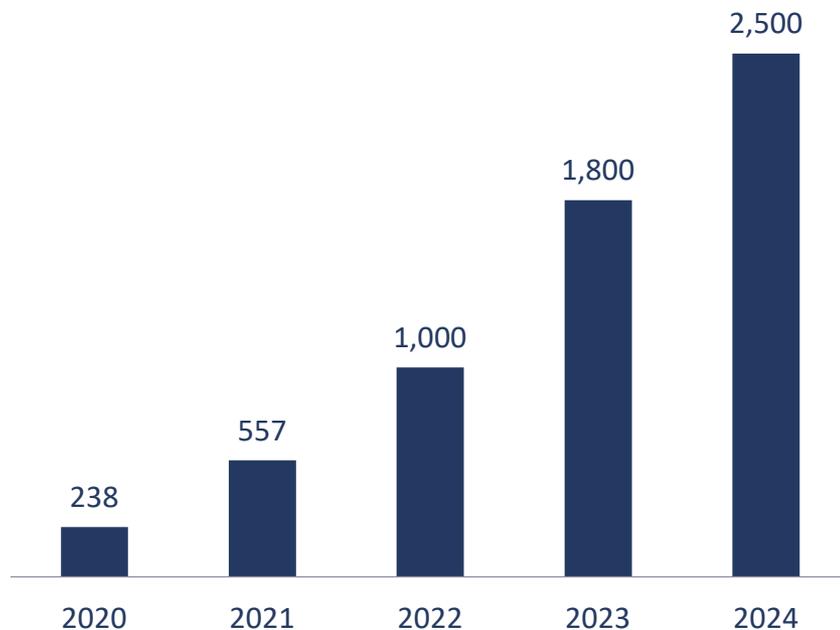


5G Continues Progress Despite COVID-19

- 5G progress in connections and deployments continues despite the COVID-19 pandemic.
- There are now over 63.6 million 5G connections globally as of 1Q20, representing 308.66% growth over Q4 2019. The number of 5G commercial networks is expected to grow from 85 to 206 by the end of 2020.

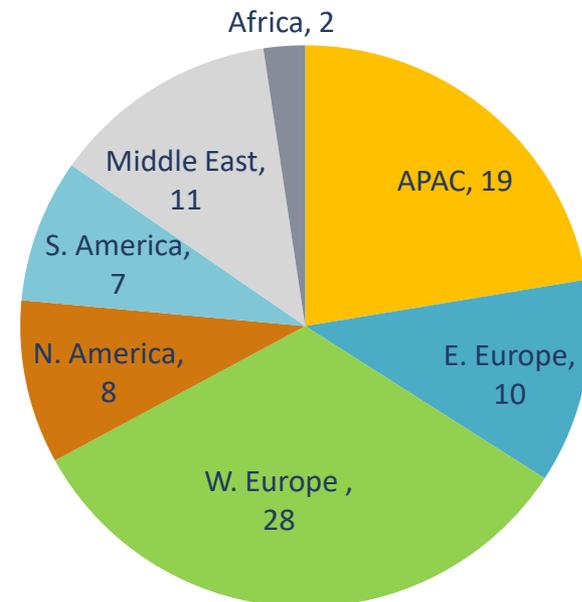
5G Global Subscription Forecast

(millions of connections)



Source: Omdia, June 2020

5G Commercial Networks Worldwide

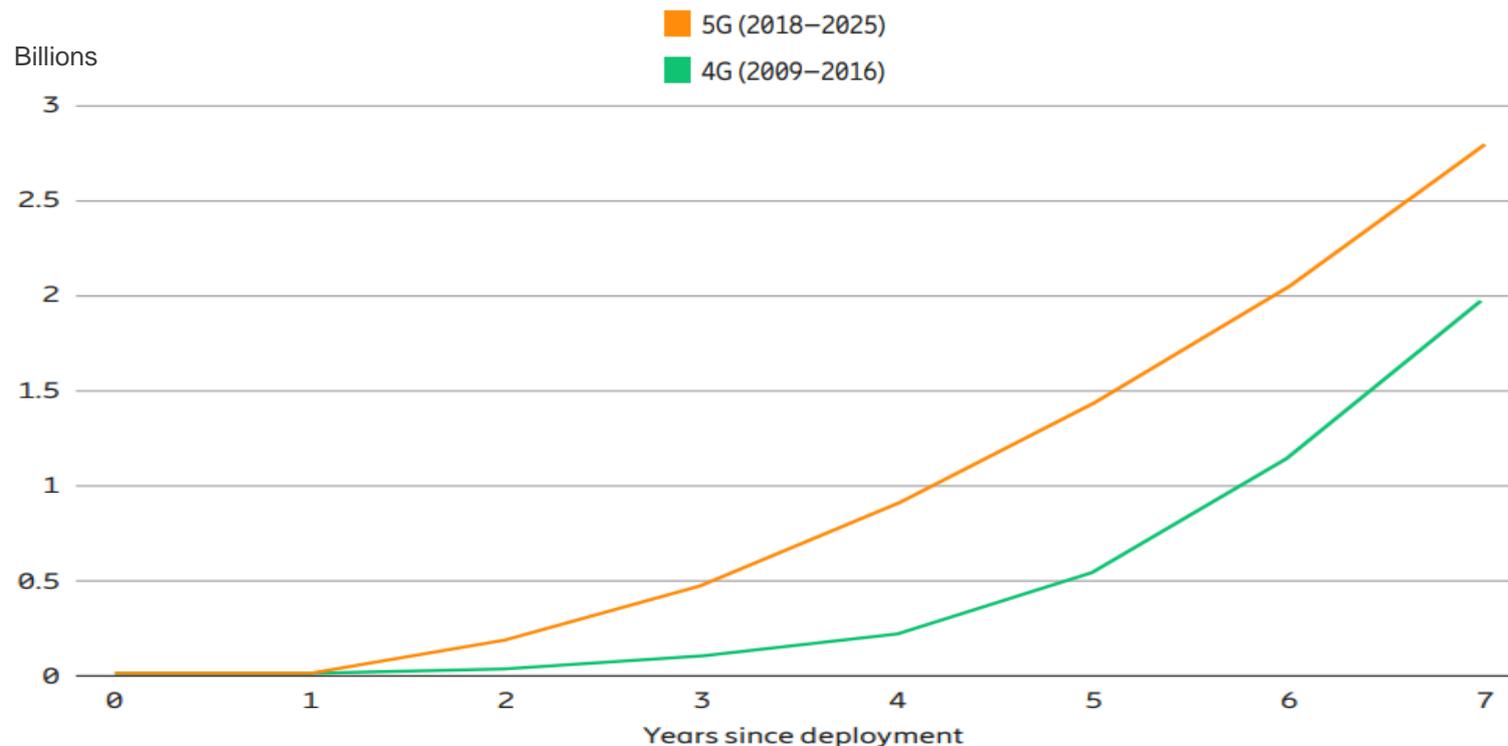


Source: TeleGeography, June 2020

5G Subscription Uptake

- 5G subscription uptake is expected to be more significantly than 4G. Key factors are China's earlier engagement with 5G compared to 4G, as well as the earlier availability of devices from several vendors.

Comparison of 5G and 4G subscriptions Uptake in the First Year of Deployment



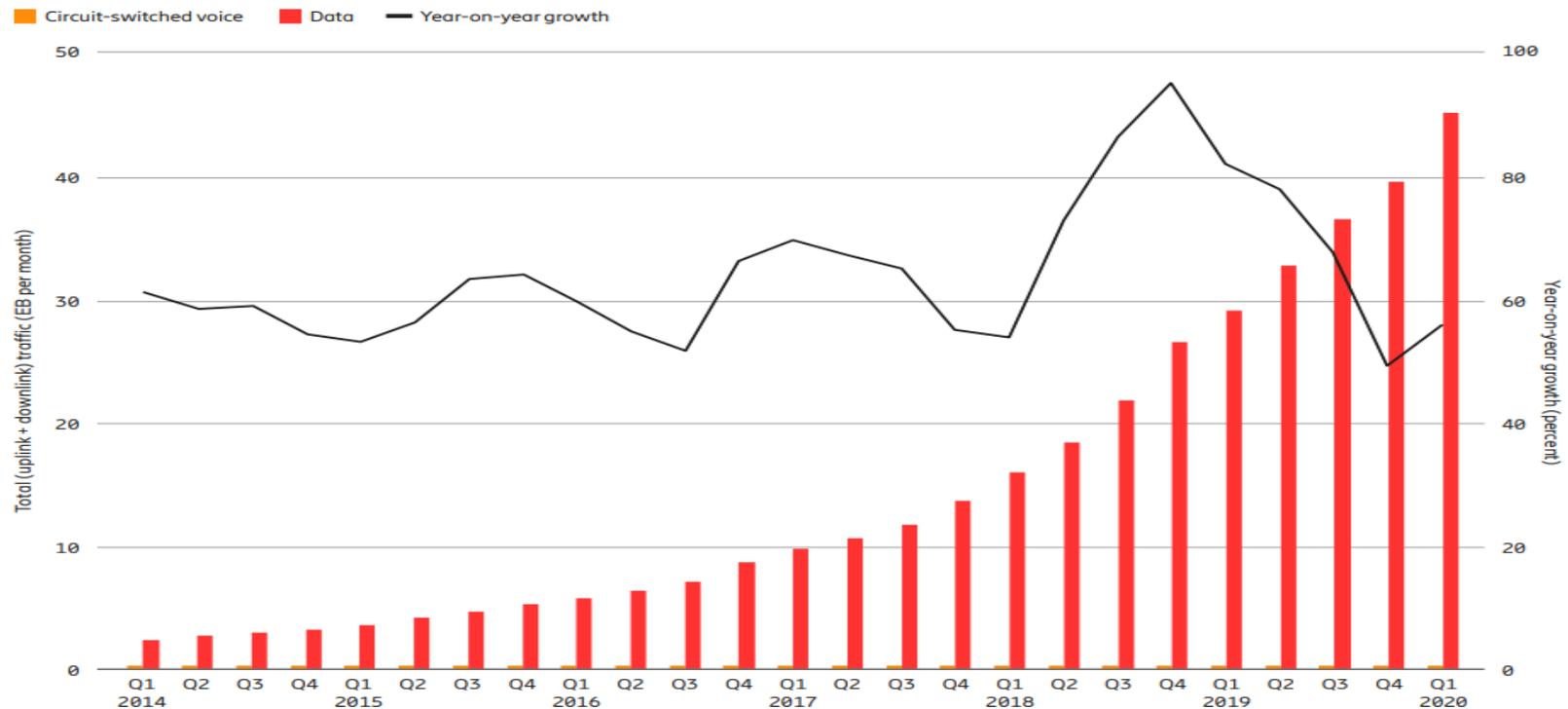
Source: Ericsson Mobility Report, June, 2020



Global Mobile Network Data Traffic

- Mobile network data traffic grew 56% between 1Q19 and 1Q20. This effect was most pronounced in 1Q20 caused by COVID-19 lockdown restrictions, fueled primarily by more viewing of video content.

Global Mobile Network Data Traffic & YoY Growth



Note: Mobile network data traffic also includes traffic generated by fixed wireless access (FWA) services

¹ Traffic does not include DVB-H, Wi-Fi or Mobile WiMAX. VoIP is included

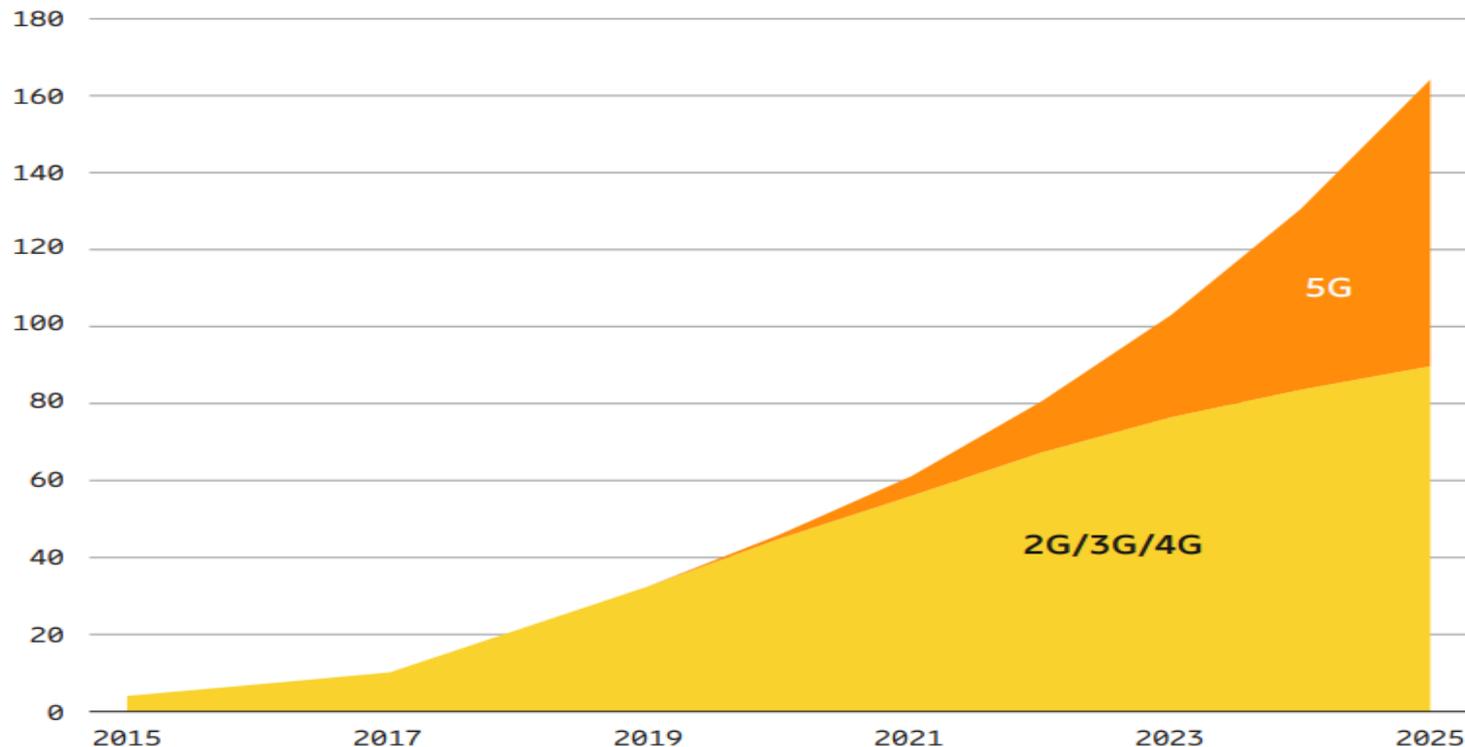
Source: Ericsson Mobility Report, June, 2020



Global Mobile Network Data Traffic Outlook

- Global total mobile data traffic reached around 33EB per month by the end of 2019, and is projected to reach 164EB per month in 2025.
- In 2025, 5G networks will carry nearly half of the world's mobile data traffic.

Global Mobile Data Traffic (EB Per Month)



Note: This graph does not include traffic generated by fixed wireless access (FWA) services

Source: Ericsson Mobility Report, June, 2020



2Q20 Performance Update



2Q20 Financial Highlights

- **2Q20 profitability (%) edges up and beats last 3 quarters.**
- **Net Profit 24.8% hits record.**
- **Robust demand for WFH and medical electronics make 2Q better than 1Q.**
 - ✓ Revenue: 13,701mn (QoQ : 1.4%)
 - ✓ EBITDA: 5,609mn (QoQ : 11.8%)
 - ✓ EBIT: 4,344mn (QoQ : 13%)
- **Good Profits despite of COVID-19**
 - ✓ Gross Margin: 38.6% (QoQ : 2.1%)
 - ✓ Operating Profit: 30.9% (QoQ : 2.7%)
 - ✓ **Net Profit : 24.8% (QoQ : 3.5%) - Best Ever !**
 - ✓ EPS: NTD 7.81 (QoQ : NTD 1.19)
- **Financial Leverage**
 - Sufficient cash*² position – NT\$ 32,097 mn (US\$ 1,083 mn)*¹
 - Prepayment – NT\$ 18,458 mn (US\$ 623 mn)*¹

Note:

1. FX Rate: NTD:USD = 29.63

2. Cash = cash and the equivalent + restricted cash



Financial Highlight : 2Q20 vs. 1Q20

(NT\$mnn)	2Q20	1Q20	QoQ
Revenue	13,701	13,515	1.4%
EBITDA* ¹	5,609	5,015	11.8%
EBITDA %	40.9%	37.1%	3.9%
EBIT	4,344	3,845	13.0%
Operating Profit	4,229	3,805	11.2%
Operating Profit %	30.9%	28.2%	2.7%
Net Profit	3,397	2,880	18.0%
Net Profit %	24.8%	21.3%	3.5%
EPS	NT\$7.81	NT\$6.62	NT\$1.19
ROE* ² (annualized)	29.6%	28.2%	1.4%
ROA* ³ (annualized)	13.2%	12.0%	1.2%

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 : 2Q20 vs. 2Q19

(NT\$m)	2Q20	2Q19	YoY
Revenue	13,701	14,694	-6.8%
EBITDA* ¹	5,609	5,872	-4.5%
EBITDA %	40.9%	40.0%	0.9%
EBIT	4,344	4,682	-7.2%
Operating Profit	4,229	4,673	-9.5%
Operating Profit %	30.9%	31.8%	-0.9%
Net Profit	3,397	3,542	-4.1%
Net Profit %	24.8%	24.1%	0.7%
EPS	NT\$7.81	NT\$8.15	-NT\$0.34
ROE* ² (annualized)	29.6%	35.5%	-5.9%
ROA* ³ (annualized)	13.2%	16.0%	-2.8%

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

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Financial Highlight : 1H20 vs. 1H19

(NT\$m)	1H20	1H19	YoY
Revenue	27,216	30,285	-10.1%
EBITDA* ¹	10,624	12,235	-13.2%
EBITDA %	39.0%	40.4%	-1.4%
EBIT	8,189	9,922	-17.5%
Operating Profit	8,034	9,873	-18.6%
Operating Profit %	29.5%	32.6%	-3.1%
Net Profit	6,278	7,399	-15.2%
Net Profit %	23.1%	24.4%	-1.3%
EPS	NT\$14.42	NT\$17.02	-NT\$2.60
ROE* ² (annualized)	29.6%	35.5%	-5.9%
ROA* ³ (annualized)	13.2%	16.0%	-2.8%

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

2. ROE = Net Profit / Average Shareholders Equity

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Financial Highlight : 1H20 vs. 2H19

(NT\$mnn)	1H20	2H19	YoY
Revenue	27,216	27,809	-2.1%
EBITDA* ¹	10,624	10,412	2.0%
EBITDA %	39.0%	37.4%	1.6%
EBIT	8,189	7,980	2.6%
Operating Profit	8,034	8,024	0.1%
Operating Profit %	29.5%	28.9%	0.6%
Net Profit	6,278	6,237	0.7%
Net Profit %	23.1%	22.4%	0.7%
EPS	NT\$14.42	NT\$14.33	NT\$0.09
ROE* ² (annualized)	29.6%	29.9%	-0.3%
ROA* ³ (annualized)	13.2%	13.5%	-0.3%

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

2.ROE = Net Profit / Average Shareholders Equity

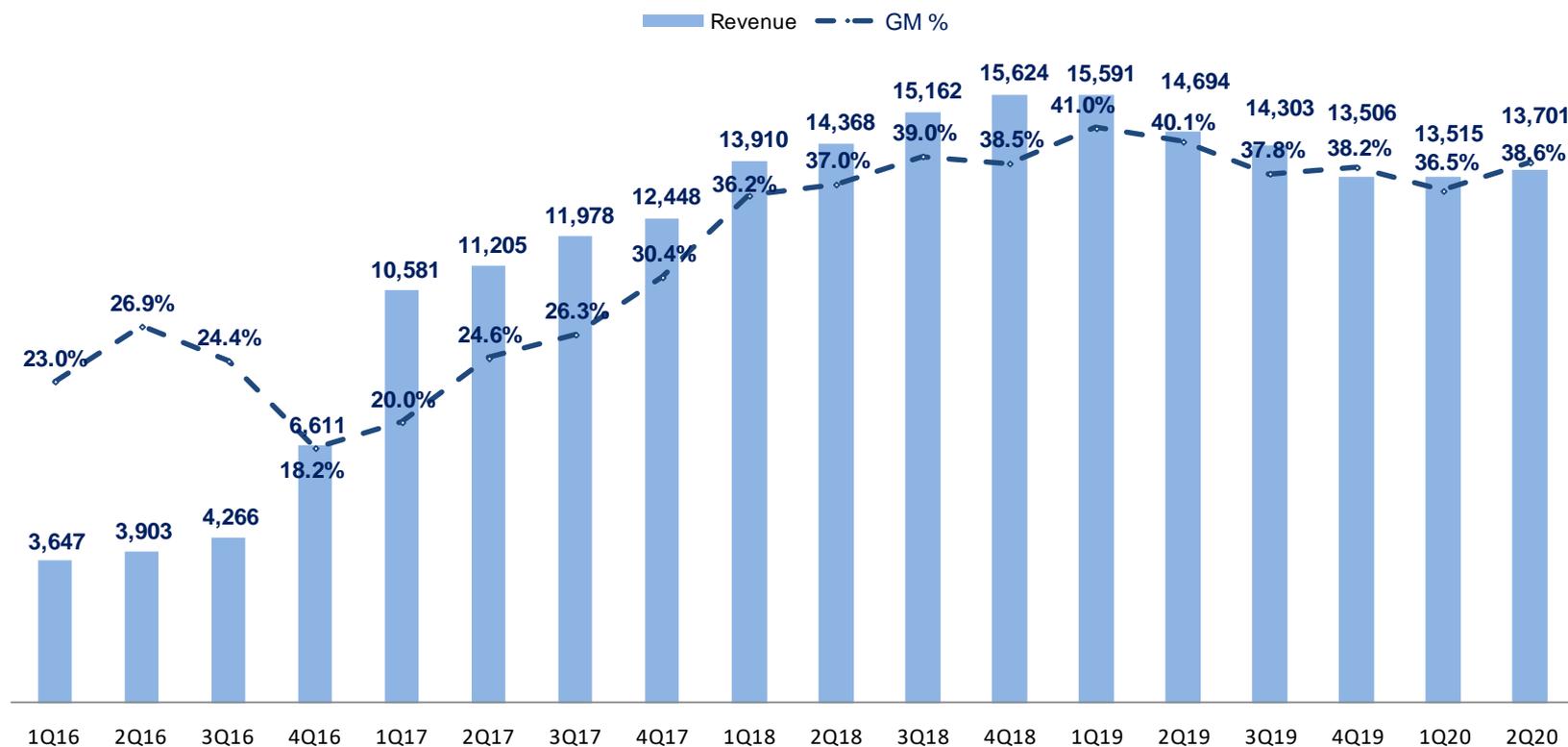
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Revenue & Gross Margin

Revenue & Gross Margin

(NT\$mn)

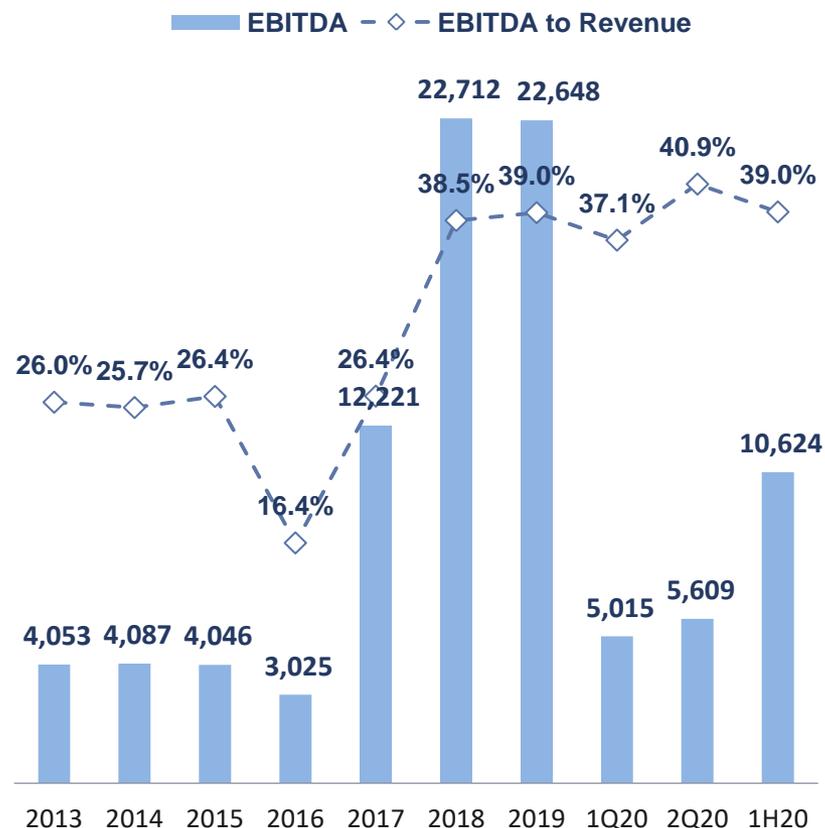




EBITDA & EPS

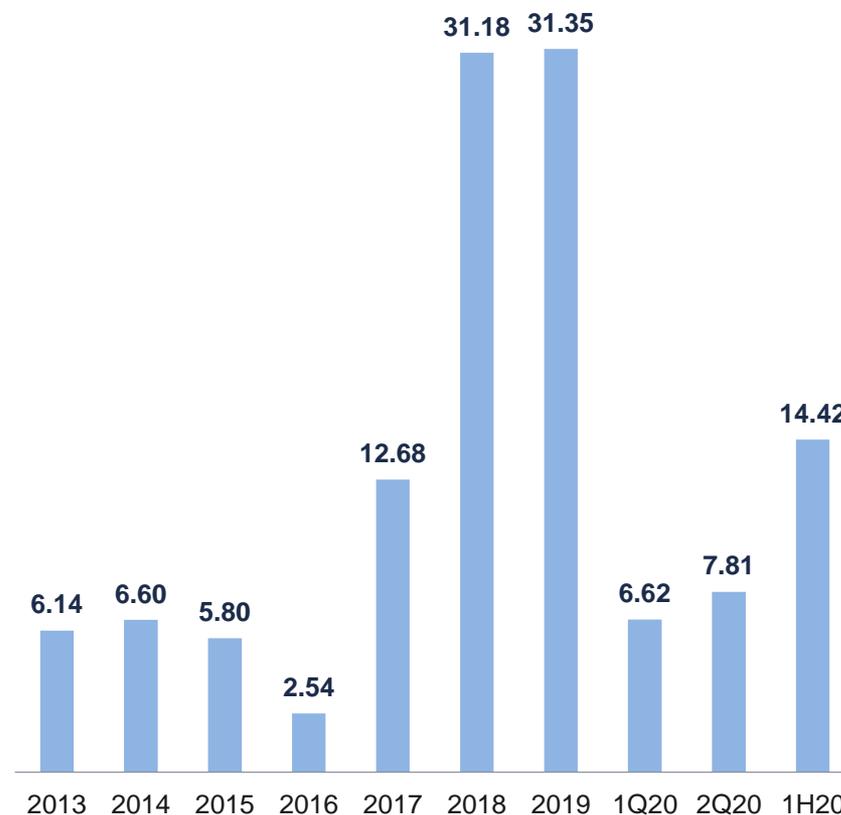
EBITDA

(NT\$mn)



EPS

(NT\$)

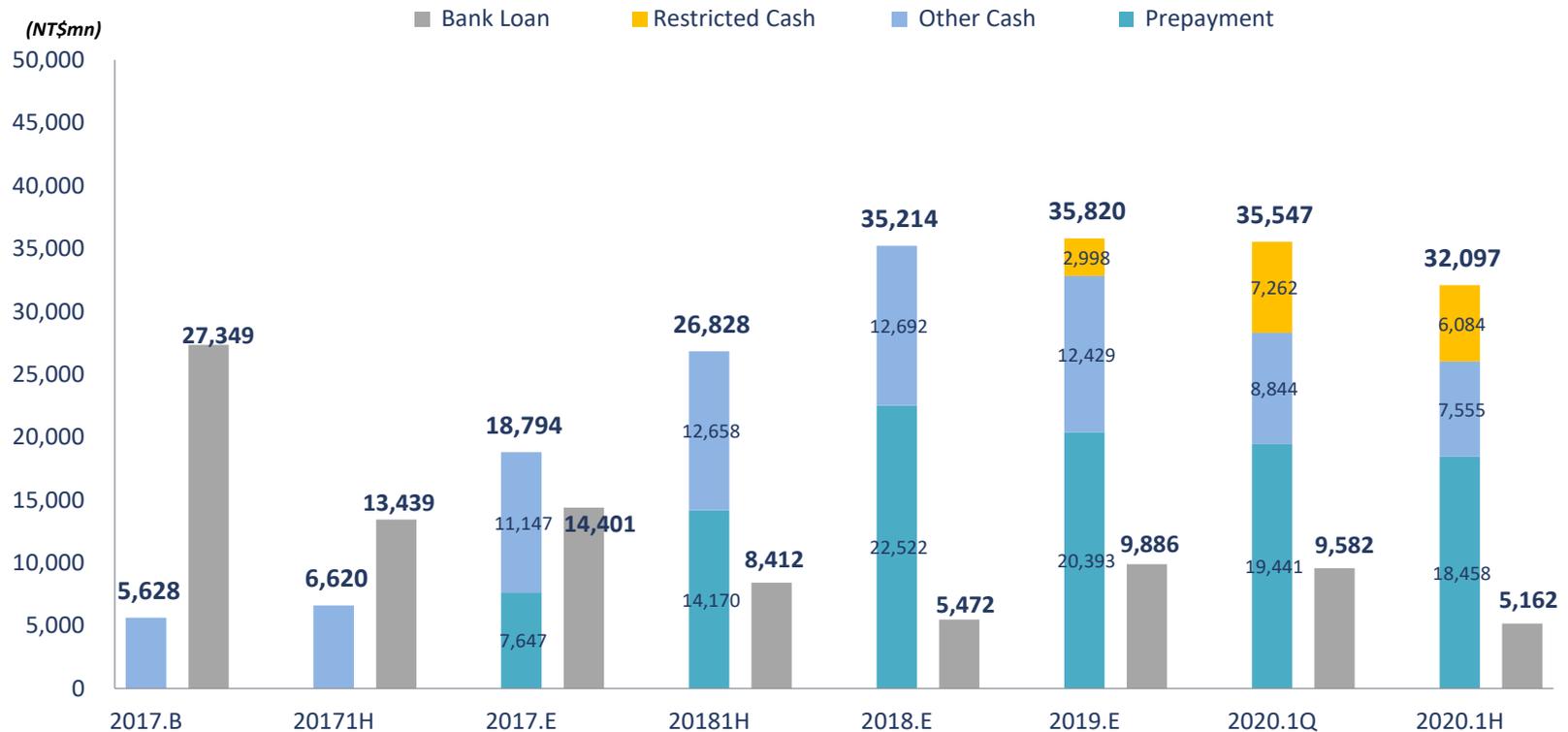




Financial Leverage

- Sufficient cash makes GlobalWafers capable of sustainable development.
- The ability to repay bank loans rapidly reflect our successful navigation through COVID-19.

Cash Structure and Bank Loan



Note: Cash = cash and the equivalent + restricted cash



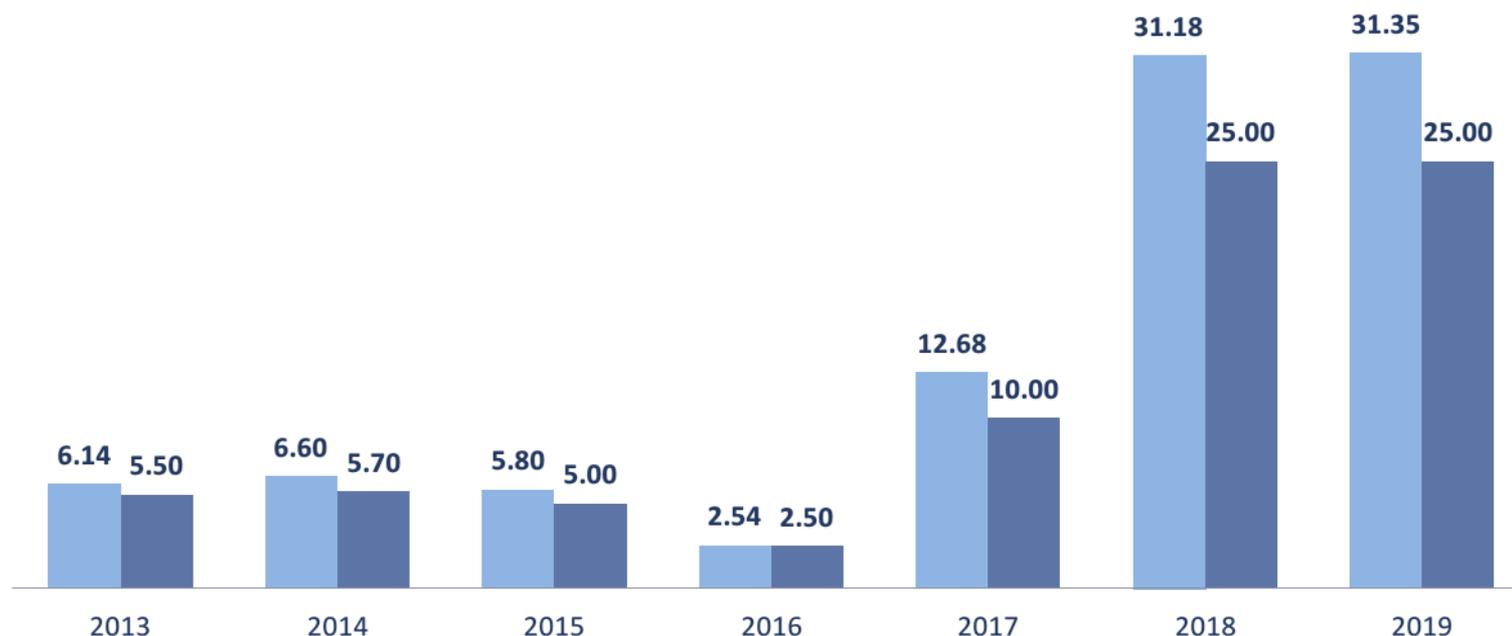
Dividend Payout

➤ Record high EPS in conjunction with a high dividend payout.

Dividend Payout va.EPS

(NT\$)

■ EPS ■ Dividend



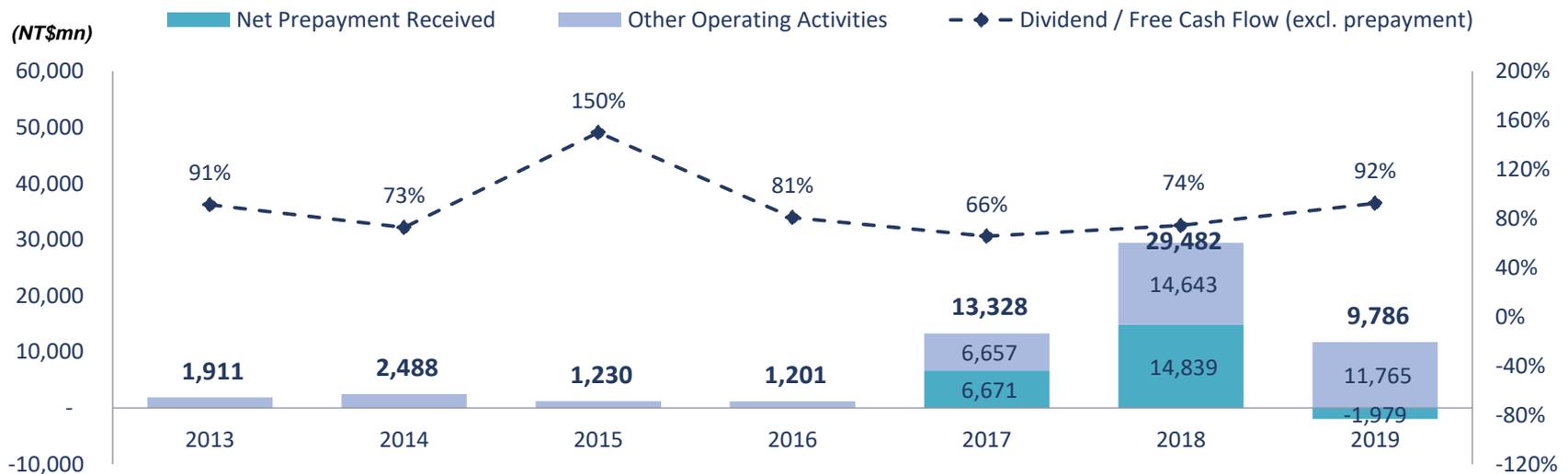
Year	Dividend Payout Ratio%
2013	89.6%
2014	86.4%
2015	86.2%
2016	98.4%
2017	78.9%
2018	80.2%
2019	79.7%



Smoothing Out the Shareholder Dividend Stream

- Dividend payout once every 6 months to smooth out the income stream for shareholders.
- Our track record of consistently robust dividend payouts reflects GlobalWafers commitment to shareholder value creation.
- Dividend Distribution schedule :
 - 1H20 dividend → to be distributed in 1Q21
 - 2H20 dividend → to be distributed in 3Q21

Dividend Distribution vs. Free Cash Flow*



Note:

1. 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	1Q20	2Q20	1H20
Revenue	15,570	15,922	15,310	18,427	46,213	59,064	58,094	13,515	13,701	27,216
<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	4,938	5,284	10,221
<i>Gross Profit Margin (%)</i>	23.5%	23.4%	26.6%	22.4%	25.6%	37.8%	39.3%	36.5%	38.6%	37.6%
EBITDA	4,053	4,087	4,046	3,025	12,221	22,712	22,648	5,015	5,609	10,624
<i>EBITDA Margin (%)</i>	26.0%	25.7%	26.4%	16.4%	26.4%	38.5%	39.0%	37.1%	40.9%	39.0%
Operating Profit	2,194	2,336	2,685	1,378	7,414	17,578	17,897	3,805	4,229	8,034
<i>Operating Profit Margin (%)</i>	14.1%	14.7%	17.5%	7.5%	16.0%	29.8%	30.8%	28.2%	30.9%	29.5%
Profit before Tax	2,204	2,679	2,808	1,344	6,875	18,253	18,554	3,922	4,424	8,346
<i>Profit before Tax Margin (%)</i>	14.2%	16.8%	18.3%	7.3%	14.9%	30.9%	31.9%	29.0%	32.3%	30.7%
Net Profit	1,948	2,095	2,044	939	5,278	13,634	13,636	2,880	3,397	6,278
<i>Net Profit Margin (%)</i>	12.5%	13.2%	13.4%	5.1%	11.4%	23.1%	23.5%	21.3%	24.8%	23.1%
EPS (NT\$)	6.14	6.60	5.80	2.54	12.68	31.18	31.35	6.62	7.81	14.42

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	1Q20	1H20
Assets									
Cash and cash equivalents	1,536	2,685	3,662	5,628	18,794	35,214	32,822	28,285	26,013
Account receivable	3,165	3,694	4,538	7,642	7,869	9,226	8,140	8,574	8,337
Inventories	3,291	2,829	3,262	7,307	7,347	7,040	6,849	6,416	6,985
Property, plant and equipment	9,796	8,972	9,361	31,036	28,202	30,887	34,697	35,747	36,392
Other assets	3,286	3,204	2,994	8,948	8,020	7,455	14,078	17,691	16,308
Total assets	21,074	21,385	23,816	60,560	70,232	89,822	96,586	96,713	94,035
Liabilities									
Short-term loan	1,302	2,069	696	12,982	10,738	5,042	9,886	9,582	5,162
Account payable	1,816	1,789	1,383	5,126	4,269	4,870	3,837	3,746	4,053
Long term loan	--	--	--	14,367	3,663	430	--	--	--
Other liabilities	4,821	4,325	5,012	12,267	17,508	36,324	37,790	46,812	45,122
Total liabilities	7,939	8,184	7,091	44,742	36,178	46,666	51,513	60,140	54,337
Shareholder equity	13,135	13,201	16,725	15,819	34,054	43,156	45,073	36,573	39,698

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.



ESG Highlights

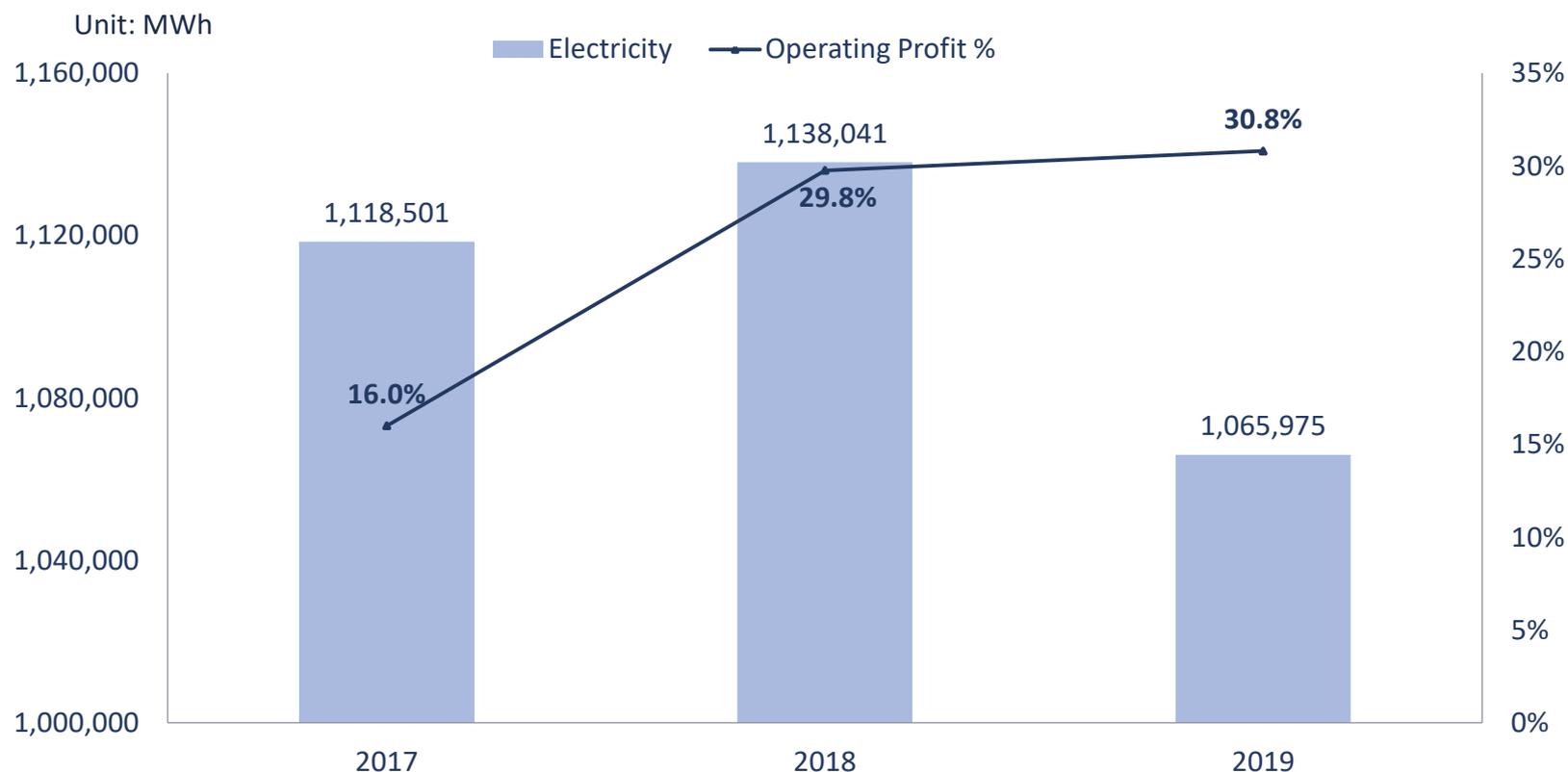
- Responsible Growth is our principle in business practices.
- GlobalWafers aims at being at the forefront of global responsibility in the aspects of environment, health & safety and corporate governance.



Sustainable Environment - Electricity

- By introducing energy saving measures, GlobalWafers lowers power consumption successfully without impeding it from enlarging production ability.
- Optimizing electricity consumption group wide has helped us improve operating profit by 14.8% in 3 years.

GWC-Group Electricity Consumption vs. OP%

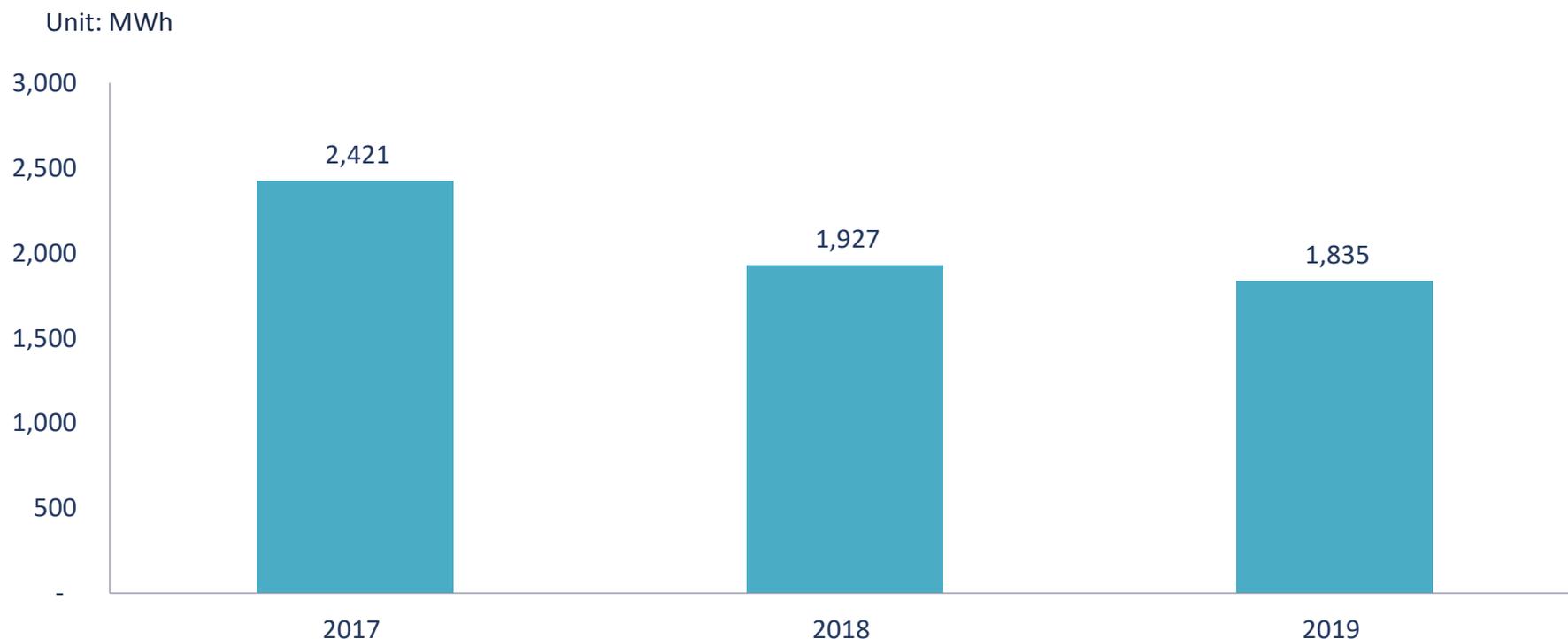




Improvement on Electricity Consumption

- Though ingot growing and wafering consume a great deal of energy, GlobalWafers dedicates in enhancing energy efficiency and achieves same revenue with less energy.

Electricity Needed to Generate NTD100mn Revenue





Ethical Business Practice



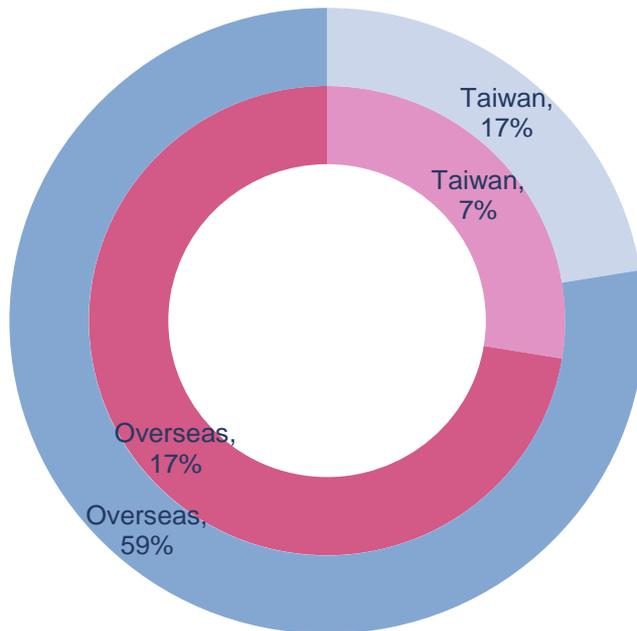


Diversity and Inclusion

- GlobalWafers is committed to supporting gender equality, advancing women in the workplace globally.
- Women in our global workforce is 24% overall, 14% on our board.

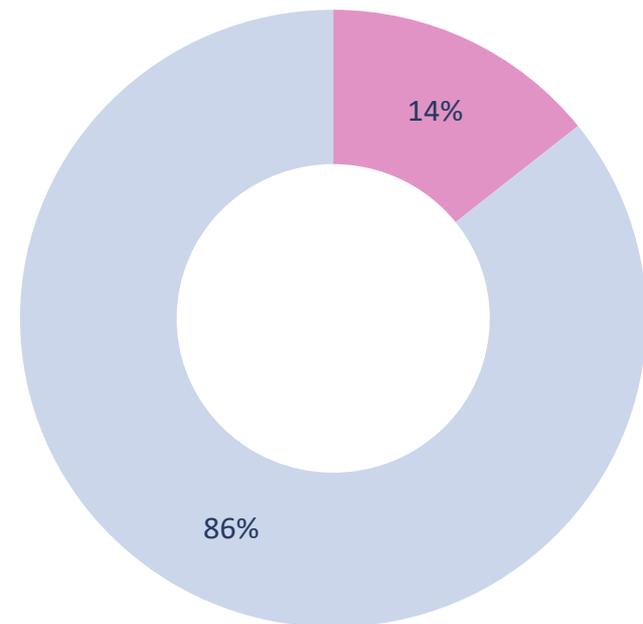
Percentage of Women in Our Global Workforce

Male Female



Percentage of Women on Our Board (%)

Female Male





Q&A



Thank You
