



GlobalWafers (6488 TT) Q121 Results Presentation

May, 2021



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Executive Comments

➤ Q121

- Revenue - sequential growth regardless of headwind.
- GM & EPS - relatively low because of
 - ✓ Extreme winter storm in US
 - ✓ Earthquakes in Japan
 - ✓ Rising shipping costs because of Suez Canal obstruction
 - ✓ Urgent coordination for container shortage
 - ✓ Increased prices of many raw materials

➤ Planned Dividend Payout Adjustment

- After a comprehensive review of our business and financing strategies, GlobalWafers' board approved our decision to strategically adjust down our above industry average dividend pay out and redirect the cash into the growth of the business efficiently at the right window and achieve optimal capital structure in view of the industry uptick
- 2020 Dividend – NTD 18 (1H20 : NTD 8 + 2H20: NTD 10)
- 2020 Payout ratio – 60% (1H20: 55% + 2H20: 64%)

➤ Update on Siltronic Transaction

- Received Korea antitrust clearance (Korea Fair Trade Commission)
(To date, GlobalWafers has received clearance from the German, Austrian and Korean anti-trust authorities as well as CFIUS in the US.)

1. 2020 dividend payout is subject to AGM approval on June 22, 2021



➤ **Planned Financing Measures**

- Up to NTD 22 billion unsecured domestic corporate bond offerings as mid-to-long-term financing mainly for repayment of debt
- Up to USD 1 billion unsecured overseas Euro convertible bond offering for the procurement of raw materials in foreign currencies
- Up to 50 million new shares through a domestic share and/or global depositary receipt issuance to fund various initiatives, including 1) M&A, 2) strategic alliance, 3) general working capital, 4) repayment of debt, 5) investment, and/or capital expenditures, which is subject to shareholders' approval

➤ **Industry & Outlook**

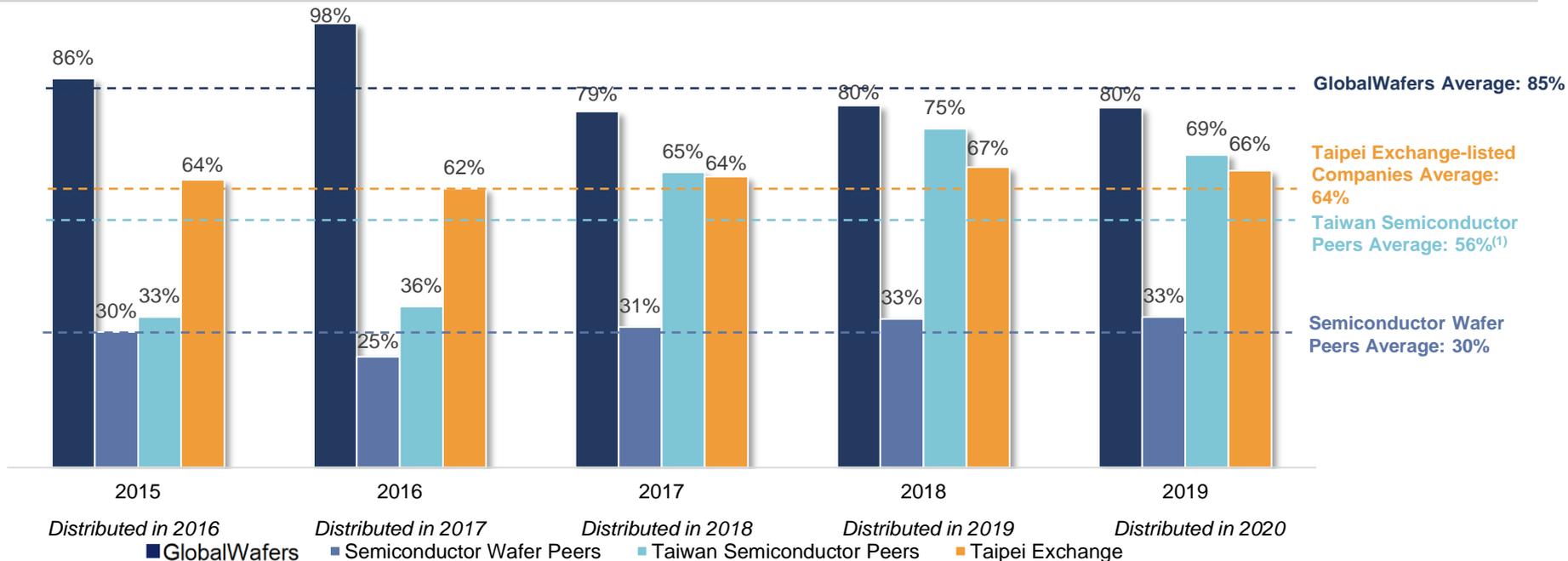
- With additional fiscal support in a few large economies and anticipated vaccine-powered recovery in 2H21, IMF forecasts 2021 Global GDP growth to be 6%.
- 1Q21 semiconductor industry total wafer shipments set new all-time record, ahead of the prior record set in 3Q18. Shipments up across diameters.
- 5G - the rising focus on building partnerships by 5G system integration providers with telecom operators is estimated to augment the adoption of the services.
- Automotive - the future of connected and autonomous cars is expected to create potential opportunities for the semiconductor industry.



GlobalWafers' Historically High Dividend Payout Ratio

- GlobalWafers has consistently maintained a significantly higher dividend payout ratio than its peers, the average of Taiwan semiconductor peers as well as the overall average of Taipei Exchange-listed companies.
- By strategically adjusting down our above industry average dividend payout, GlobalWafers is empowered to pursue future growth by investing in process and capability improvement in view of the industry uptick and to feedback shareholders with business growth and sustainable dividends.

Historical Dividend Payout Ratio



Source: CapitalIQ, FactSet.

Note: Semiconductor wafer peers refer to Siltronic, Shin-Etsu and SUMCO; Taiwan semiconductor peers include Formosa Sumco, Wafer Works and Episcil-Precision.

1. Excludes Episcil-Precision's payout ratio of c. 625% from FY 2019 (based on 2019 DPS of NTD0.25 and EPS of 0.04), as this was due to the significant drop in its net income in 2019 and hence should be deemed an outlier.

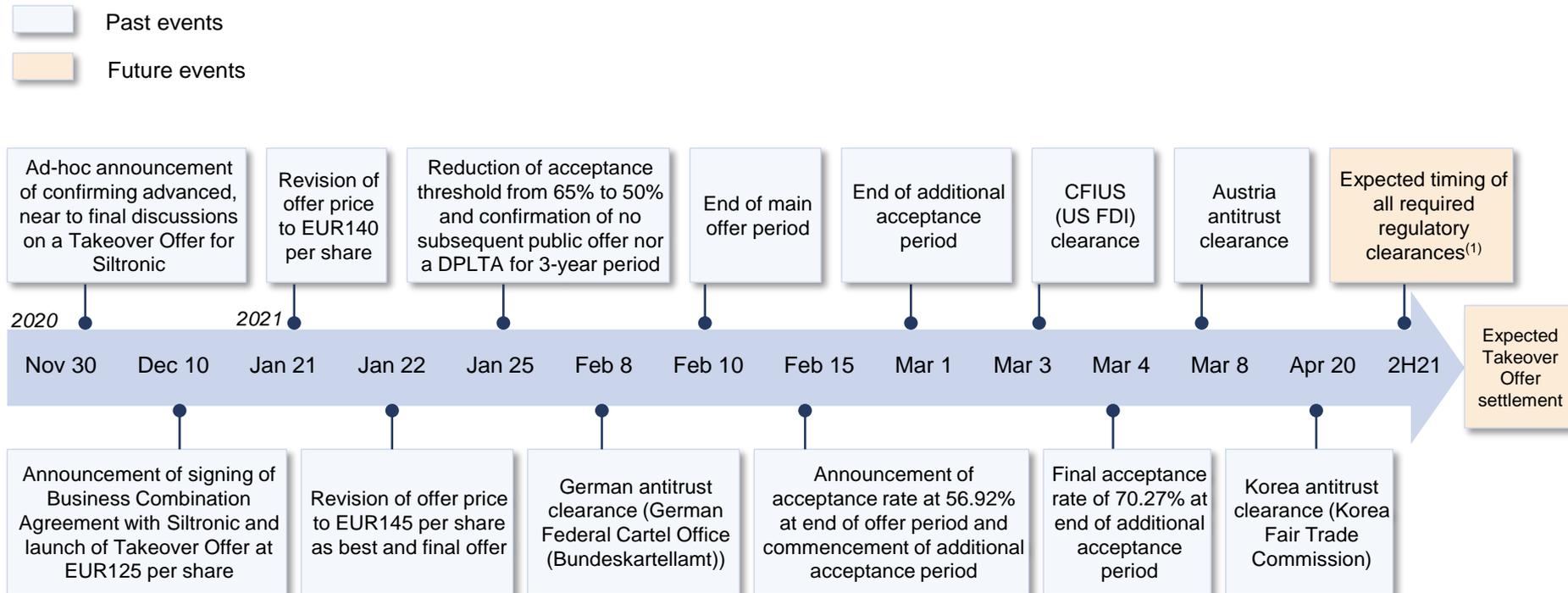


About Siltronic Transaction



Development of Takeover Offer for Siltronic

- GlobalWafers achieved a final acceptance rate of 70.27%
- Settlement of the Takeover Offer is expected in the second half of 2021, following receipt of required regulatory approvals



1. Further anti-trust approvals required in USA, China, Taiwan, Japan, and Singapore; foreign direct investment ("FDI") approvals in Germany and UK (if required).



Planned Financing Measures



Planned Financing Measures

- Intended to contribute to an overall strengthening of GlobalWafers' financing structure and improved capital allocation
- **Announced measures:**
 - Up to NTD 22 billion unsecured domestic corporate bond offerings as mid-to-long-term financing mainly for repayment of debt
 - Up to USD 1 billion unsecured overseas Euro convertible bond offering for the procurement of raw materials in foreign currencies
 - Up to 50 million new shares through a domestic share and/or global depository receipt issuance to fund various initiatives, including 1) M&A, 2) strategic alliance, 3) general working capital, 4) repayment of debt, 5) investment, and/or capital expenditures, which is subject to shareholders' approval
- **Rationale:**
 - Taking advantage of the currently attractive market conditions and financing terms, GlobalWafers is considering several fundraising initiatives involving a combination of debt and equity by taking the following into consideration:
 - Maintaining a balanced and optimal capital structure, which is less influenced by the economic cycle and the current COVID-19 pandemic
 - Limited dilution impact on shareholders' equity
 - Accelerating profitable growth in light of industry uptick
 - To strengthen capital allocation and be best positioned for future growth



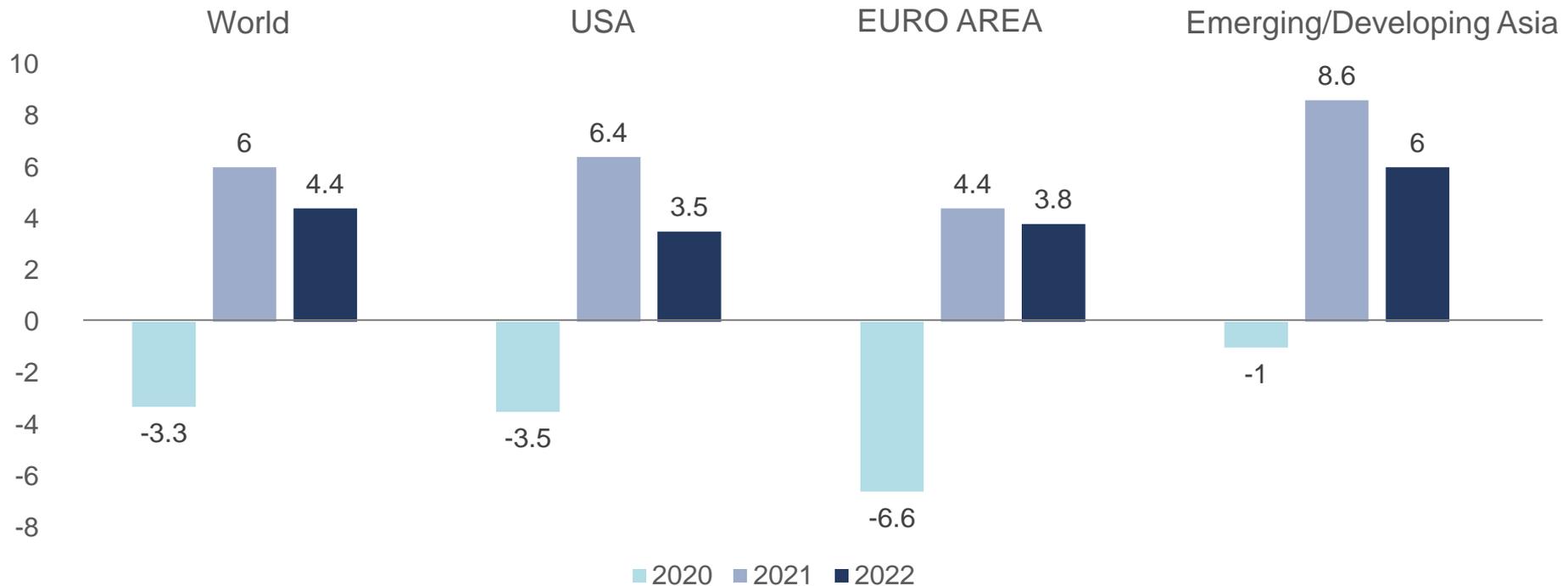
Industry Overview



Global GDP Growth Forecast

- IMF estimates a smaller 2020 global GDP contraction of -3.3% and has increased its forecast to 6% Global GDP growth in 2021.
- IMF states “The ascent out of this calamity is likely to be long, uneven, and highly uncertain”.

World Economic Outlook (April 2021)



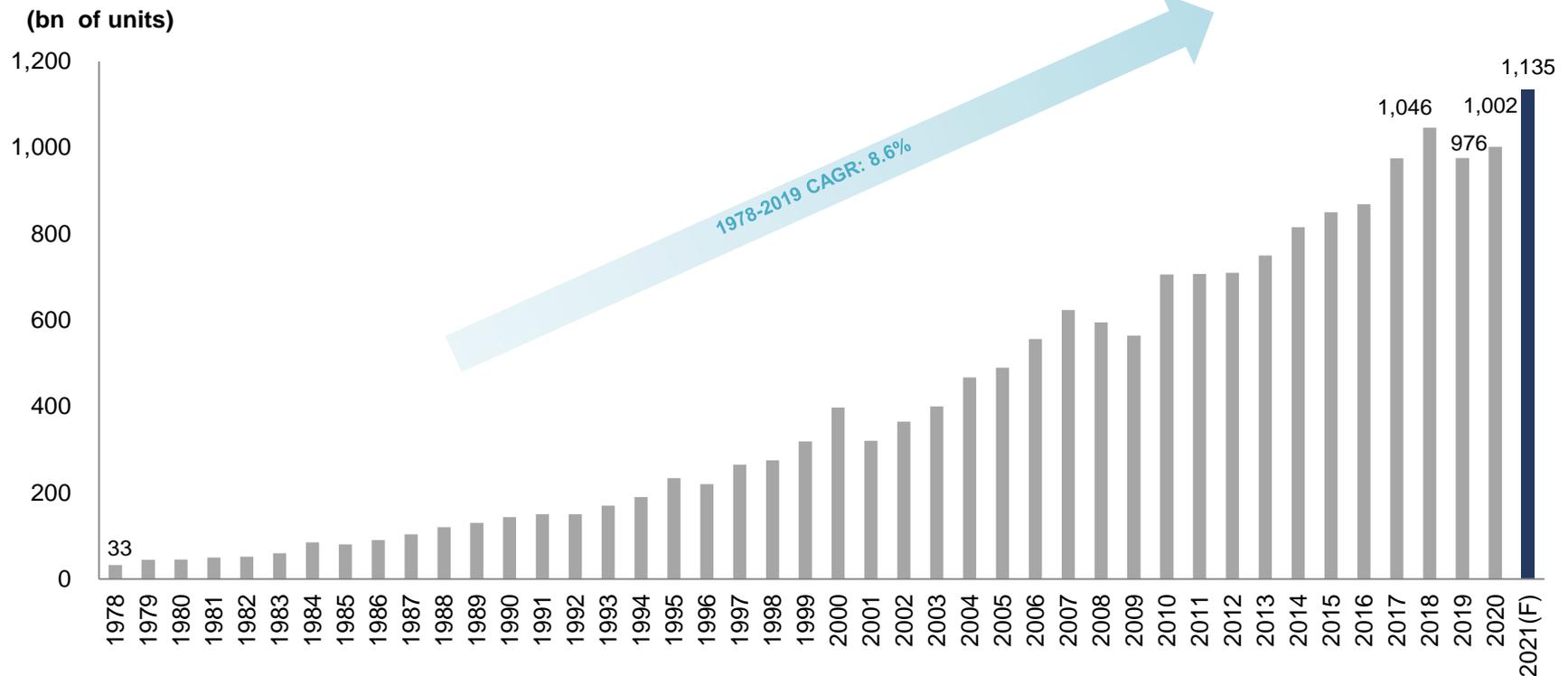
Source: IMF, April 2021



Semiconductor Unit Shipment

- Total semiconductor unit shipments are forecast to rise 13% in 2021, to 1,135 bn, setting a new all-time annual record and marks the third time that surpassed one trillion units in a calendar year.

Tracking Semiconductor Unit Growth



Source : IC Insights, April 2021

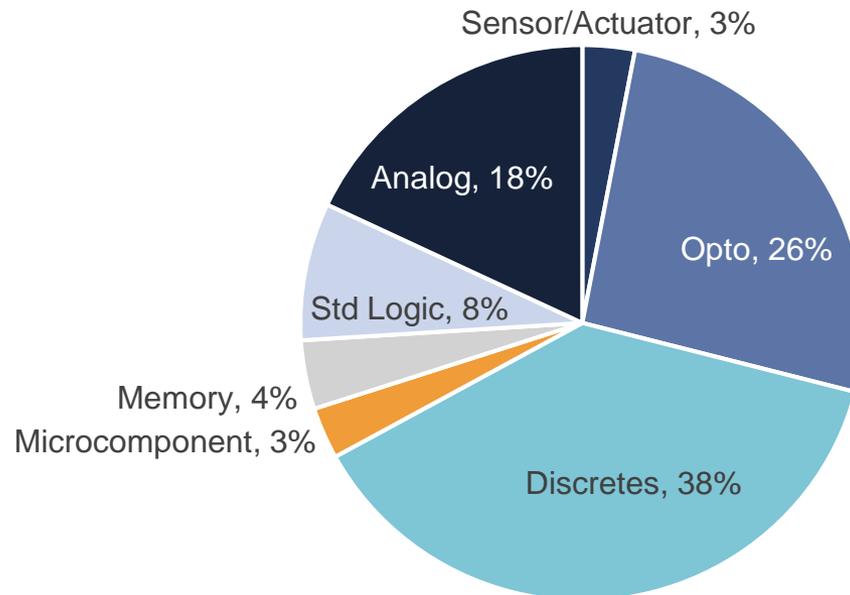
Note: Shipment includes IC, optoelectronics, sensor/actuator, and discrete (O-S-D) device



Semiconductor Unit Shipment by Application (2021F)

- Total semiconductor shipments are expected to remain weighted toward O-S-D (optoelectronics, sensor/actuator, and discrete) devices in 2021, accounting for 67%.
- The strongest unit growth in 2021 are components that target network and cloud computing systems, contactless (touchless) systems, automotive electronics including autonomous systems, and devices that are essential to the rollout of 5G technology applications.

Semiconductor Unit Shipment by Application (2021F)



Source : IC Insights, April 2021

Note: Shipment includes IC, optoelectronics, sensor/actuator, and discrete (O-S-D) device

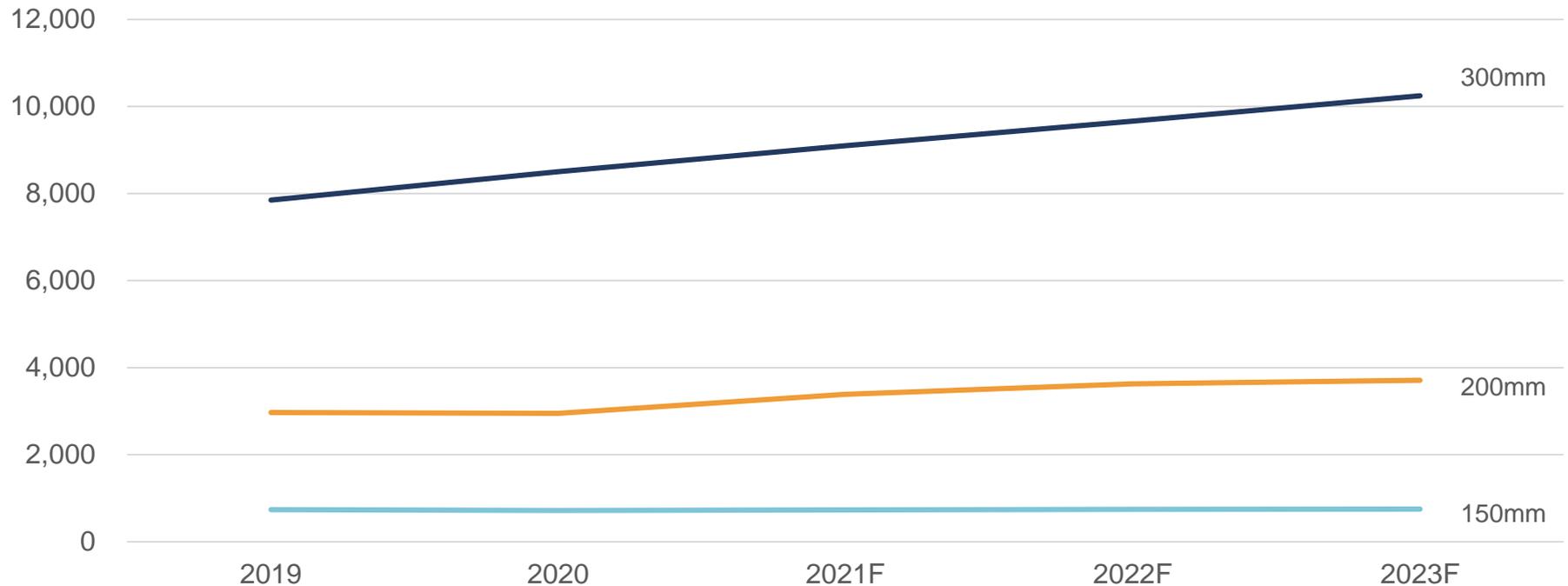


Semiconductor Wafer Shipment Forecast by Diameter

➤ Shipments of all diameters are expected to increase throughout 2023.

Semiconductor Wafer Shipment Forecast by Diameter

(Unit: MSI)



Source: SEMI ORG report + GWC estimates, April 2021



IC Market Growth

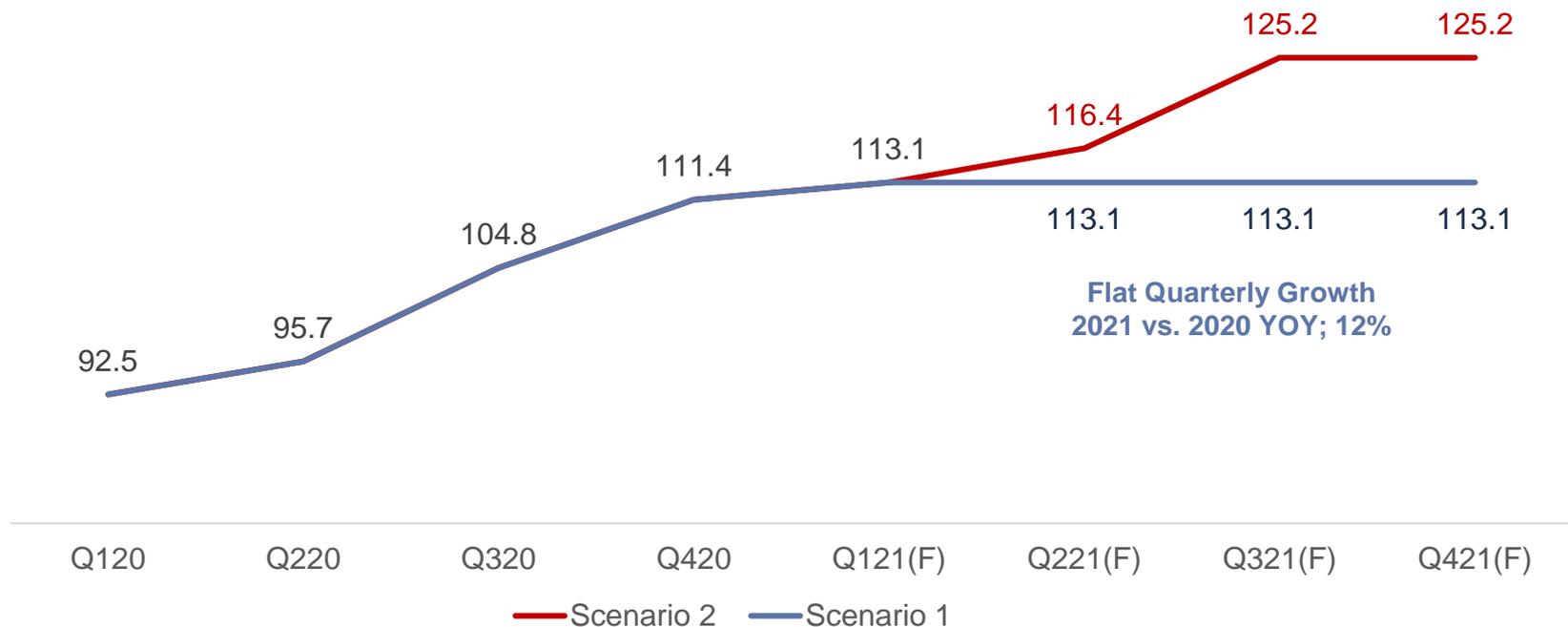
- Research institute raises its 2021 IC market forecast from 12% to 19% growth. Rising market expectations are being witnessed across most IC product lines from Analog to Logic to DRAM.

IC Market Growth Rate Scenarios (Q221~Q421)

(Unit: \$bn)

Improving Quarterly Growth
2021 vs. 2020 YOY; 19%

Flat Quarterly Growth
2021 vs. 2020 YOY; 12%

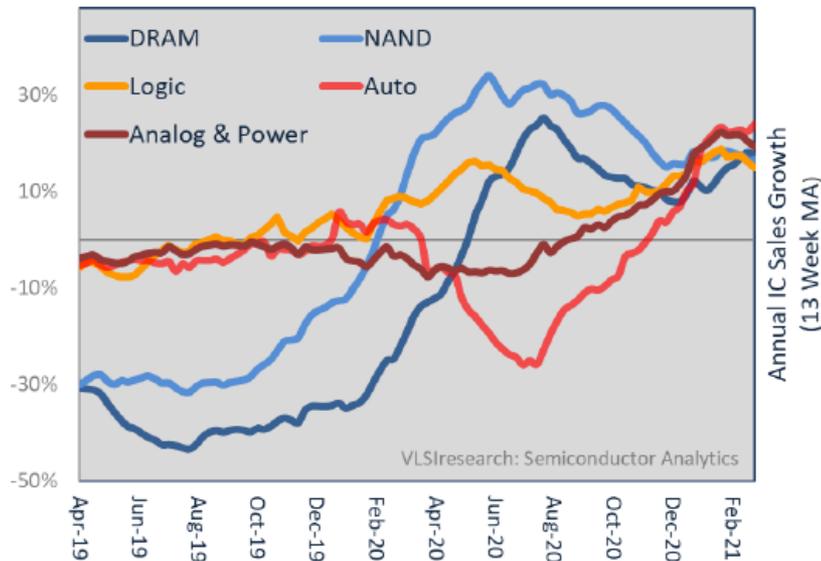


Source: IC Insights, March, 2021

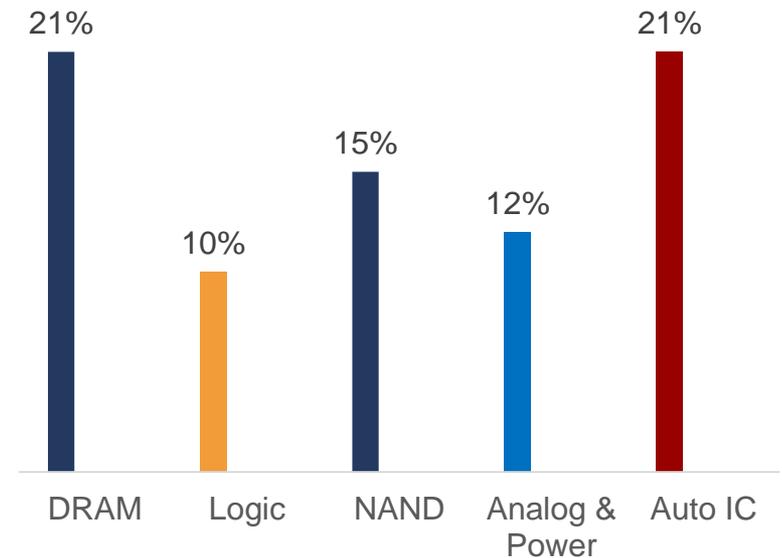
Semiconductor Sales Growth

- VLSI reports that unlike the past two years, all semi device type markets are trending toward >10% revenue growth.

Semiconductor Sales Growth



Growth Forecast (2021F)



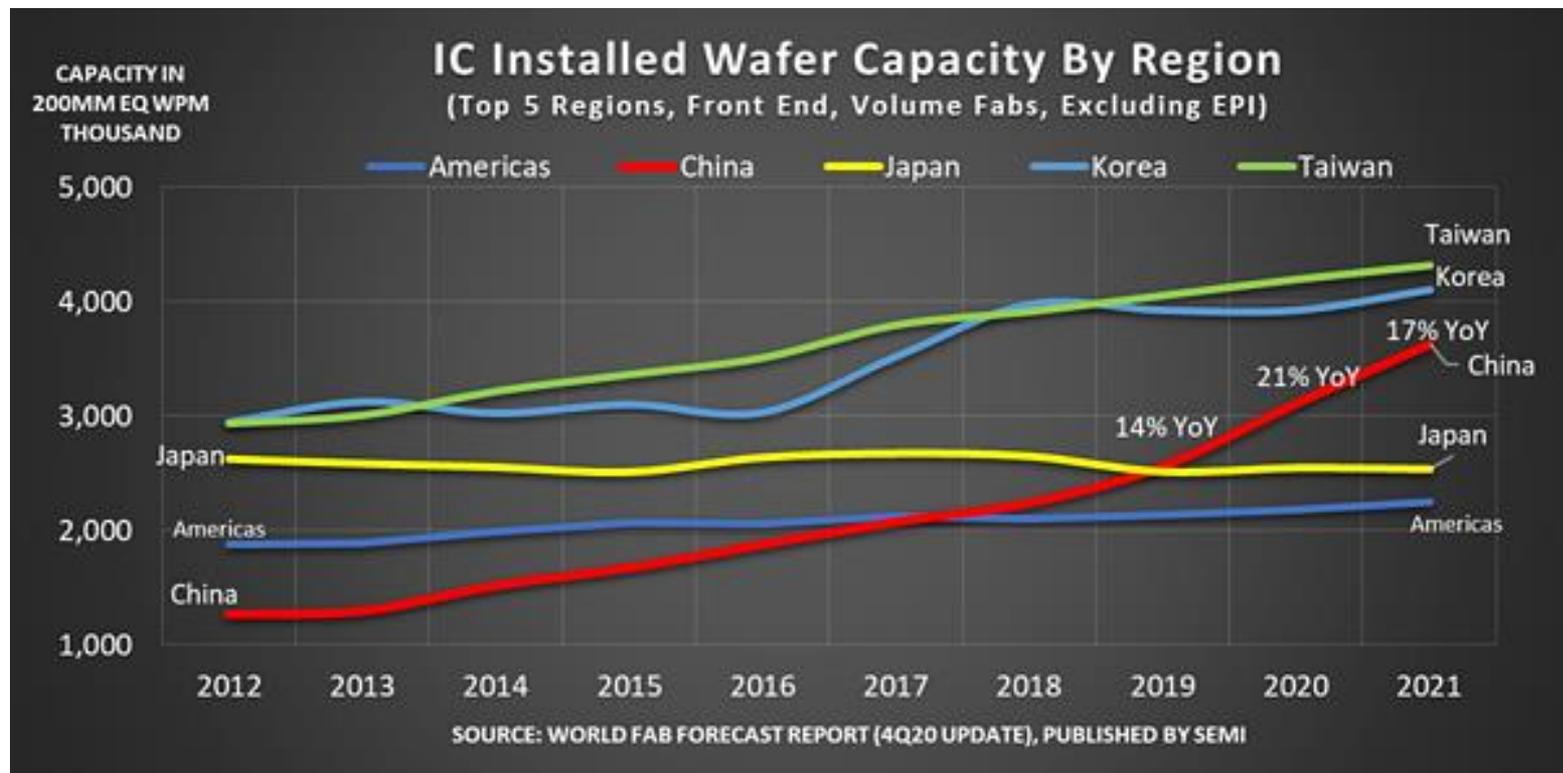
Source: VLSI Research, March 2021



Semi Fab Capacity by Region

- According to SEMI, China's fab wafer capacity growth increased 14% in 2019 and 21% in 2020 and is expected to grow at least 17% this year. Of all regions, Taiwan has the second strongest growth rate over the same period at 3% to 4%.

Installed Wafer Capacity by Region

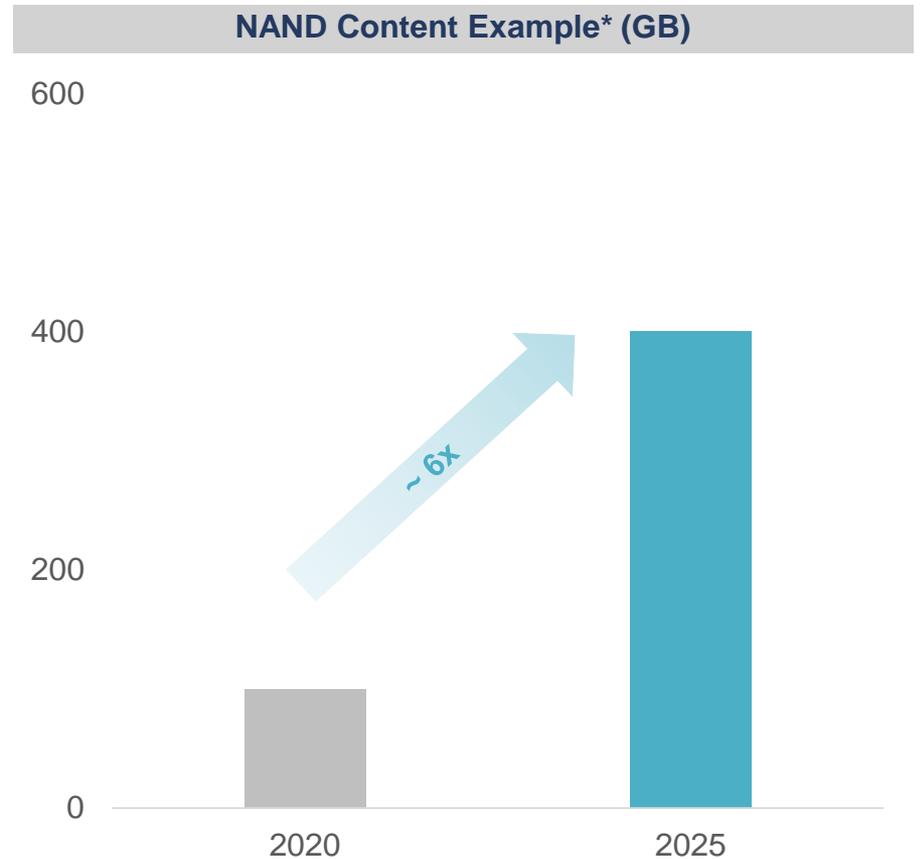
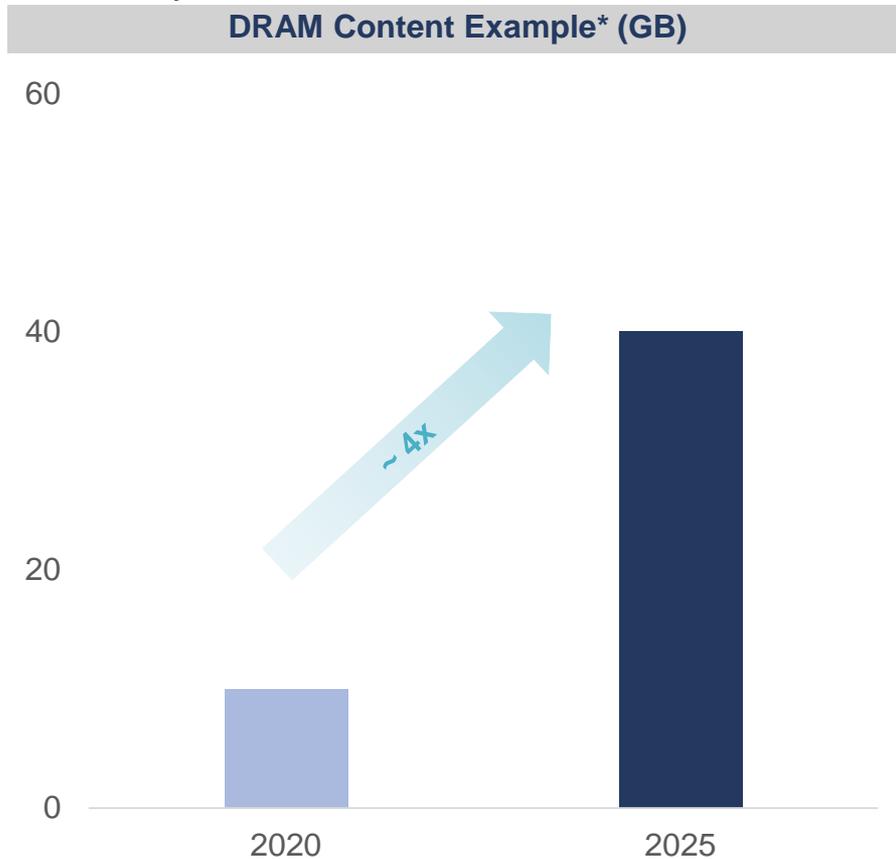


Source: SEMI Org, 4Q20



Automotive: Fastest Growing Memory and Storage Market

- According to market intelligence, automotive segment will outpace other memory segments.
- Most of automotive memory content today is infotainment, but autonomous driving will force most growth in memory demand.



Note: Large Sedan E Segment non-Luxury Example
Source: IHS, Micron



The 5G Ecosystem is Broadening

- 5G adoption is growing in momentum, and the pace of 5G introductions is accelerating with many network developments and support in devices.

Key Figures in 5G Rollout

20%

In the first 6 months of the COVID-19, mobile traffic grew by 20%

69%

Today, 69% of Service providers have launched 5G for smartphones commercially

3.5bn

5G subscriptions are forecast to reach 3.5 billion in 2026

54%

In 2026, 5G will account for an estimated 54% of total mobile data

Source: Ericsson Mobility Report, November, 2020



Performance Update



Financial Highlights

➤ 1Q21

- Revenue – NTD 14,806 mn, sequential growth regardless of headwind.
- GM (35.1%) & EPS(NTD 6.18) - relatively low because of
 - ✓ Extreme winter storm in US
 - ✓ Earthquakes in Japan
 - ✓ Rising shipping costs because of Suez Canal obstruction
 - ✓ Urgent coordination for container shortage
 - ✓ Increased prices of many raw materials



Financial Highlight : Q121 vs. Q120

(NT\$m)	Q121	Q120	YoY
Revenue	14,806	13,515	9.6%
EBITDA* ¹	5,051	5,015	0.7%
EBITDA %	34.1%	37.1%	-3.0%
EBIT	3,544	3,845	-7.8%
Operating Profit	3,952	3,805	3.9%
Operating Profit %	26.7%	28.2%	-1.5%
Net Profit	2,690	2,880	-6.6%
Net Profit %	18.2%	21.3%	-3.1%
EPS	NT\$6.18	NT\$6.62	-NT\$0.44
ROE* ² (annualized)	24.2%	28.2%	-4.0%
ROA* ³ (annualized)	11.3%	12.0%	-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

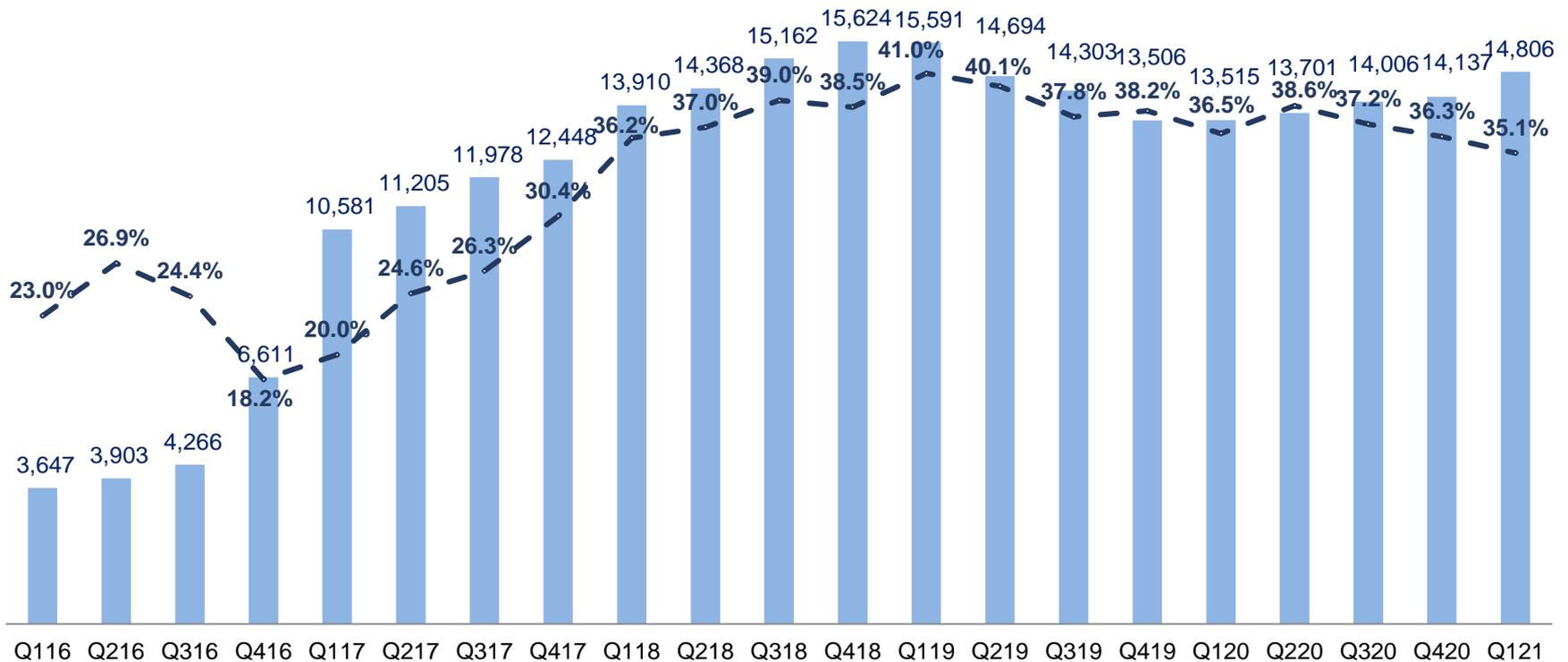


Revenue & Gross Margin

Revenue & Gross Margin

(NT\$mn)

Revenue GM %

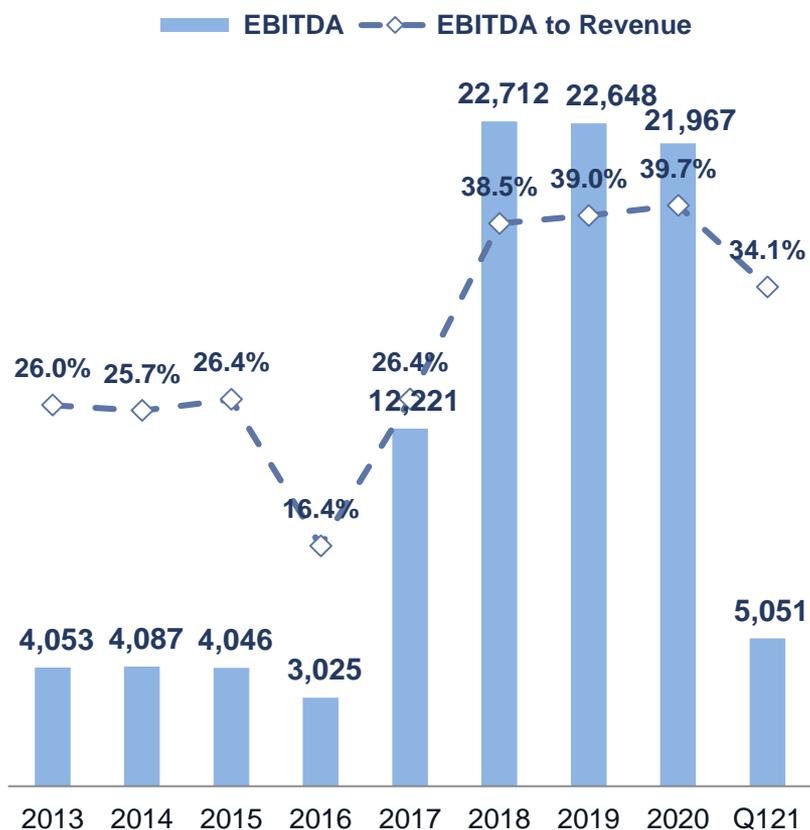




EBITDA & EPS

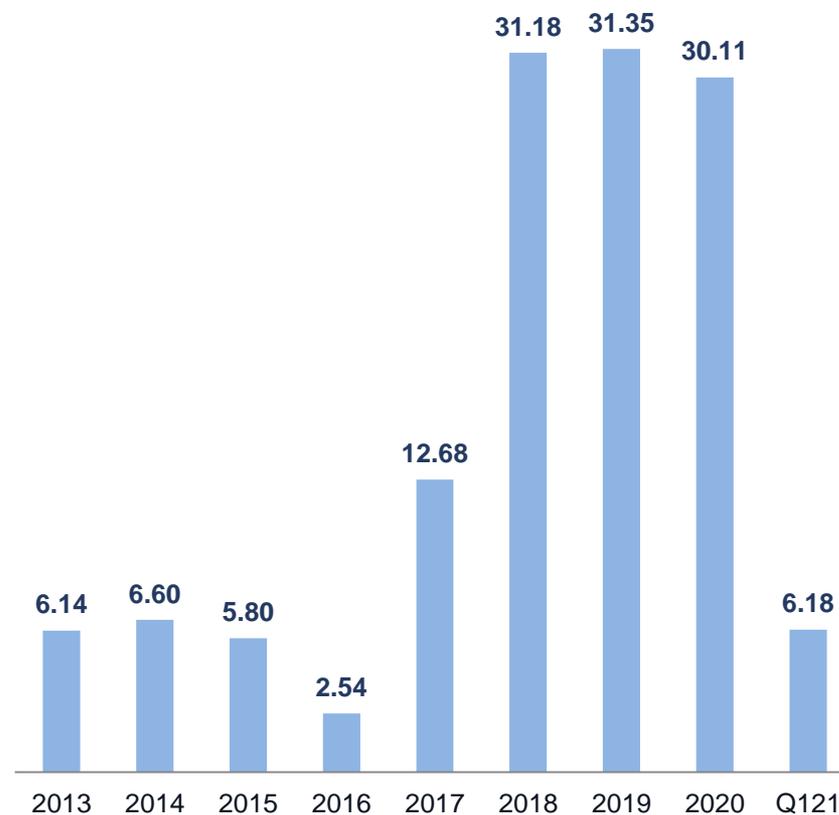
EBITDA

(NT\$mn)



EPS

(NT\$)





Income Statement

Income Statement

(NT\$m)	2013	2014	2015	2016	2017	2018	2019	2020	1Q21
Revenue	15,570	15,922	15,310	18,427	46,213	59,064	58,094	55,359	14,806
<i>Growth (%)</i>	-	2.3%	-3.8%	20.4%	150.8%	27.8%	-1.6%	-4.7%	-
Gross Profit	3,663	3,728	4,073	4,130	11,808	22,299	22,847	20,568	5,193
<i>Gross Profit Margin (%)</i>	23.5%	23.4%	26.6%	22.4%	25.6%	37.8%	39.3%	37.2%	35.1%
EBITDA	4,053	4,087	4,046	3,025	12,221	22,712	22,648	21,967	5,051
<i>EBITDA Margin (%)</i>	26.0%	25.7%	26.4%	16.4%	26.4%	38.5%	39.0%	39.7%	34.1%
Operating Profit	2,194	2,336	2,685	1,378	7,414	17,578	17,897	15,287	3,952
<i>Operating Profit Margin (%)</i>	14.1%	14.7%	17.5%	7.5%	16.0%	29.8%	30.8%	27.6%	26.7%
Profit before Tax	2,204	2,679	2,808	1,344	6,875	18,253	18,554	16,615	3,529
<i>Profit before Tax Margin (%)</i>	14.2%	16.8%	18.3%	7.3%	14.9%	30.9%	31.9%	30.0%	23.8%
Net Profit	1,948	2,095	2,044	939	5,278	13,634	13,636	13,104	2,690
<i>Net Profit Margin (%)</i>	12.5%	13.2%	13.4%	5.1%	11.4%	23.1%	23.5%	23.7%	18.2%
EPS (NT\$)	6.14	6.60	5.80	2.54	12.68	31.18	31.35	30.11	6.18

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. 3Q20: Accumulated number



Balance Sheet

Balance Sheet

(NT\$mn)	2013	2014	2015	2016	2017	2018	2019	2020	1Q21
Assets									
Cash and cash equivalents	1,536	2,685	3,662	5,628	18,794	35,214	32,822	22,439	12,700
Account receivable	3,165	3,694	4,538	7,642	7,869	9,226	8,140	8,037	9,094
Inventories	3,291	2,829	3,262	7,307	7,347	7,040	6,849	7,208	6,772
Property, plant and equipment	9,796	8,972	9,361	31,036	28,202	30,887	34,697	37,111	35,331
Other assets	3,286	3,204	2,994	8,948	8,020	7,455	14,078	20,056	32,684
Total assets	21,074	21,385	23,816	60,560	70,232	89,822	96,586	94,852	96,581
Liabilities									
Short-term loan	1,302	2,069	696	12,982	10,738	5,042	9,886	9,871	15,445
Account payable	1,816	1,789	1,383	5,126	4,269	4,870	3,837	3,895	4,075
Long term loan	--	--	--	14,367	3,663	430	--	--	--
Other liabilities	4,821	4,325	5,012	12,267	17,508	36,324	37,790	36,930	32,314
Total liabilities	7,939	8,184	7,091	44,742	36,178	46,666	51,513	50,697	51,834
Shareholder equity	13,135	13,201	16,725	15,819	34,054	43,156	45,073	44,155	44,747

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
