



GlobalWafers (6488 TT) Q122 Results Presentation

May, 2022



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Executive Comments

➤ Financial Highlights

● Revenue

- ✓ Q122¹ → NT\$16.3 billion, 10.1% YoY, record high!
- ✓ Since the first quarter of 2020, GWC's revenue has increased sequentially!

(NT\$ mn)	Q419	Q120	Q220	Q320	Q420	Q121	Q221	Q321	Q421	Q122
Revenue	13,506	13,515	13,701	14,006	14,137	14,806	15,208	15,364	15,752	16,307

● Gross Margin

- ✓ Q122¹ → 42.6%, record high!
- ✓ Since the second quarter of 2021, GWC's gross margin has increased sequentially!

(%)	Q121	Q221	Q321	Q421	Q122
Gross Margin	35.1%	36.7%	39.1%	41.3%	42.6%

● Operating Profit Margin

- ✓ Q122¹ → 36.1%, the highest in the history!

1. Q122: First quarter of 2022



➤ Financial Highlights

● EPS

✓ Q122¹ EPS → NT\$4.01

→ EPS would have increased to NT\$14.68 if excluding realized loss of Siltronic shares measured at fair value through profit or loss (NT\$10.67), record high!

➤ Prepayment

NT\$ 33,106.8 mn (US\$ 1,156.6 mn)²

➤ Planned Dividend Payout

- 2021 Dividend — NT\$ 16 (1H21: NT\$8 + 2H21: NT\$8)
- 2021 Payout Ratio — 58.7%
- Record Date — July 18, 2022
- Payment Date — August 5, 2022

1. Q122: First quarter of 2022
2. FX Rate: NTD:USD = 28.625



➤ Industry & Overview

● Global Economy

IMF has lowered 2022 global GDP forecast nearly a full percentage point down to 3.6% growth, and 2023 down 0.2 points to also 3.6%. World economy will remain below pre-pandemic levels through 2026.

● Semiconductor Industry

Strong momentum is expected to last on top of a strong 2021 driven by megatrend such as 5G, EV, AI, server and cloud service, but disturbing elements such as supply chain disruption, rising energy cost, exacerbating inflation, geopolitical concerns and COVID-19 may partially diminish the growth.

● Potential implication of the Ukraine crisis

- ✓ Further increase the economic risk in the second half of the year, particularly in the European market due to the close proximity.
- ✓ No evidence of wafer order reductions for now, partially because the war happened recently and the supply chains have long response dynamics, and customers are stockpiling prior to the war.

● 5G

The broadening adoption of 5G will drive strong demand for power management, display driver, DRAM, NAND, Wi-Fi, Bluetooth, and a wide range of other products, consequently, will consume high-volume wafers.



➤ Industry & Overview

● Automotive & WBG Semiconductors

- ✓ Expect global light vehicle production to be lowered due to logistics, disruptive supply chain and shortages of critical vehicle components.
- ✓ EV is projected to grow due to government stimulus packages
- ✓ Accelerated charging infrastructure deployment leads to wide band gap semiconductor demand

➤ China Lockdown

- China subsidiary, SST, suspended production during April 2 ~ 27 due to the local government's COVID-19 control measures, and resumes partial production now.
- GlobalWafers takes the advantage of its global presence in flexibly adjusting production in order to minimize impact on customers.
- No material impact on finance and operation.

➤ Corporate Governance

Awarded top 5% Corporate Governance Evaluation among all Taiwan listed companies for 4 consecutive years.



Industry Overview



Global GDP Growth Forecast

- The conflict between Russia and Ukraine has evolved quickly into an unexpected way, dragging down much of the global economic activities and raising inflationary pressures broadly.
- As such, IMF has downgraded 2022 GDP growth forecast for World twice in a row from 4.9% to 3.6% and made downward revisions for Advanced Economics and Emerging Markets & Developing Economics by 1.2% and 1.3% respectively.

2022 World Economic Outlook

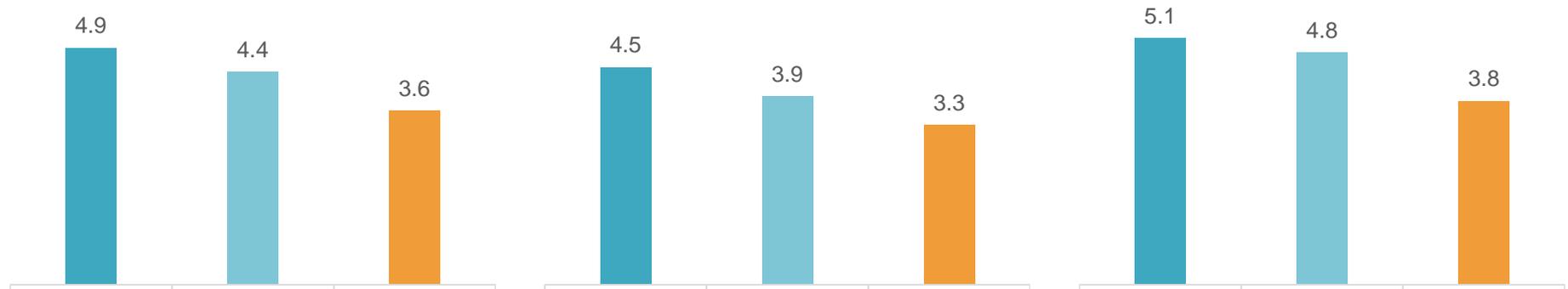
(Unit: %)

■ Forecast on October 2021 ■ Forecast on January 2022 ■ Forecast on April 2022

World

Advanced Economics

Emerging Markets &
Developing Economics



Source: IMF, October 2021, January 2022 & April 2022.

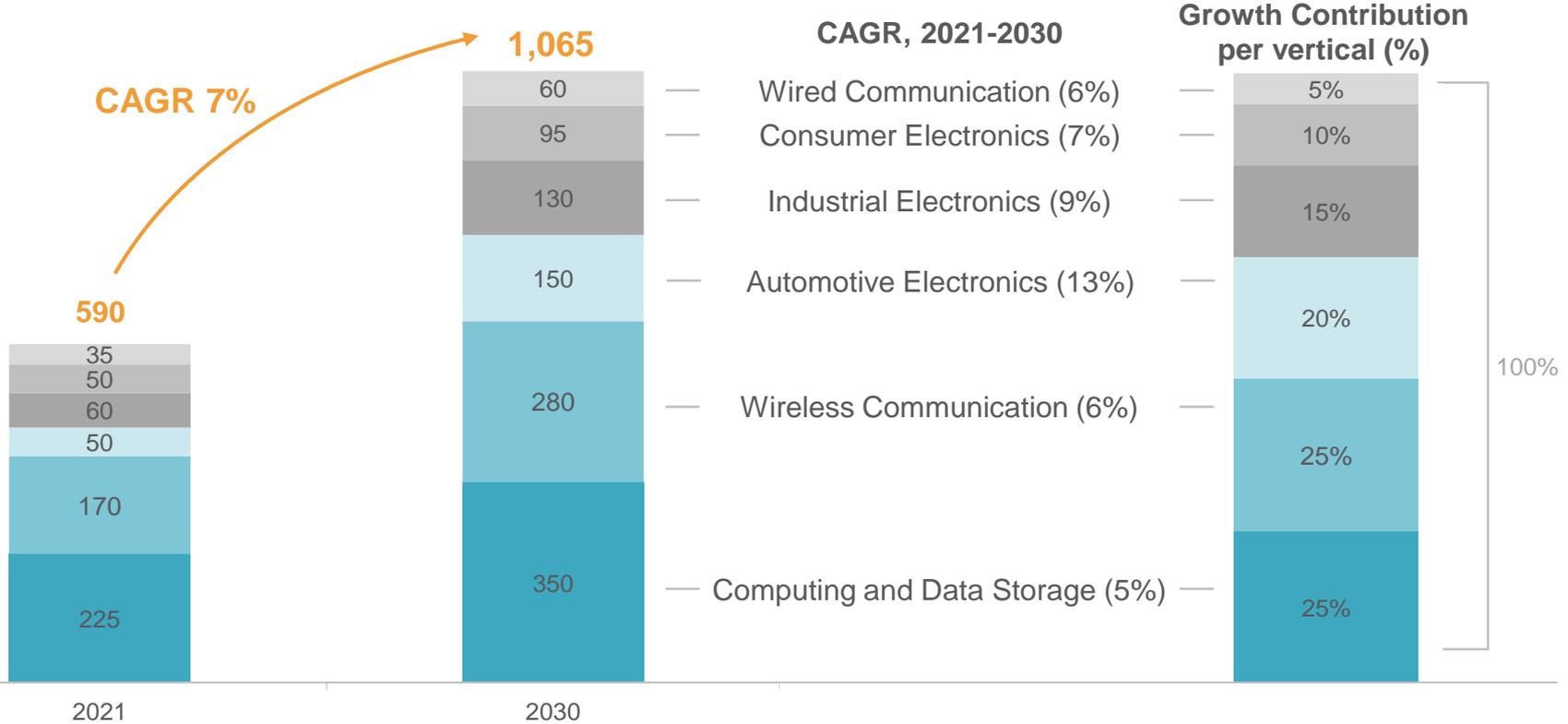


Semiconductor - A Trillion-Dollar Industry by 2030

- McKinsey report states that semiconductor industry's aggregate CAGR will be 7% a year, and will become a trillion-dollar industry by 2030 with about 70% of growth driven from 3 sectors including computation and data storage, wireless and automotive.

Semiconductor Market Value Forecast

(Unit: \$bn)



Source: McKinsey & Company, April 2022



2022 Semiconductor Industry Revenue Forecast

- IC Insights predicts semiconductor revenue will increase 11% in 2022. This increase, on top of gains of 25% in 2021 and 11% in 2020, and would be the first time since 1993-1995 for 3 consecutive years of growth.
- Most of the research institutions estimate strong growth rate in 2022, which reflects significant momentum across all major product categories including analog, memory and logic.

Worldwide Semiconductor Sales Forecast

(Unit: %)

2022 Market Sales Forecast: \$600 billion

2022 Average market Growth: 9.5%



Source: VLSI, TechInsight, IC Insights, WSTS, Deloitte, Gartner, Semico, Omdia

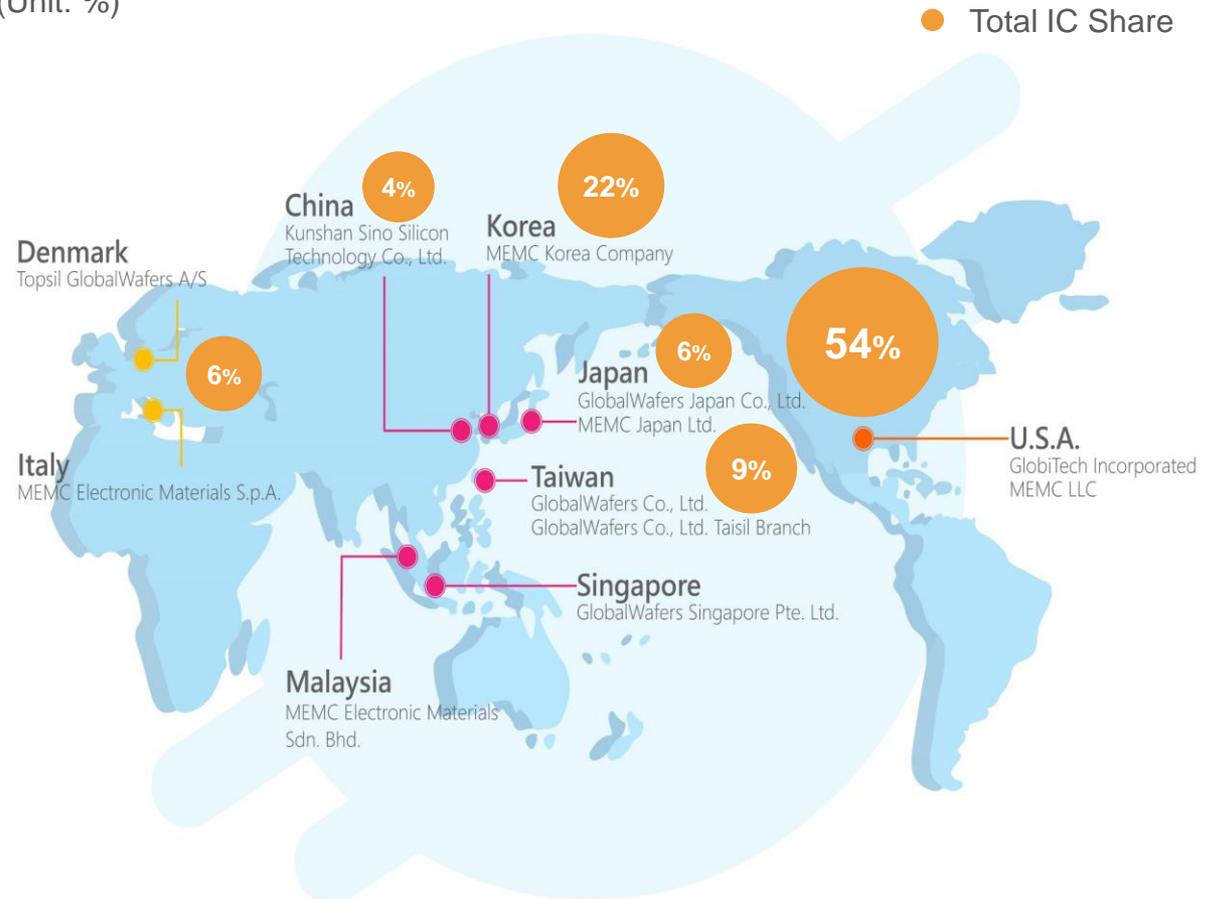


GlobalWafers' Global Presence for Reshaped World Supply Chain

- Production disruptions due to Russia-Ukraine War, geopolitics, COVID-19 have reinforced calls to reshape global supply chain. To lower carbon footprint and corporates' pursuit for ESG have further spurred the necessity to localizing or regionalizing production for greater self-sufficiency.
- GlobalWafers' global presence strategically locates near the major semiconductor players, local supply favorable for timely response with shipping flexibility to mitigate geopolitical tensions and macro instability.

2021 Worldwide IC Company Market Share by Headquarters Location¹

(Unit: %)



Source: IC Insights, April 2022
1. Not including foundries.



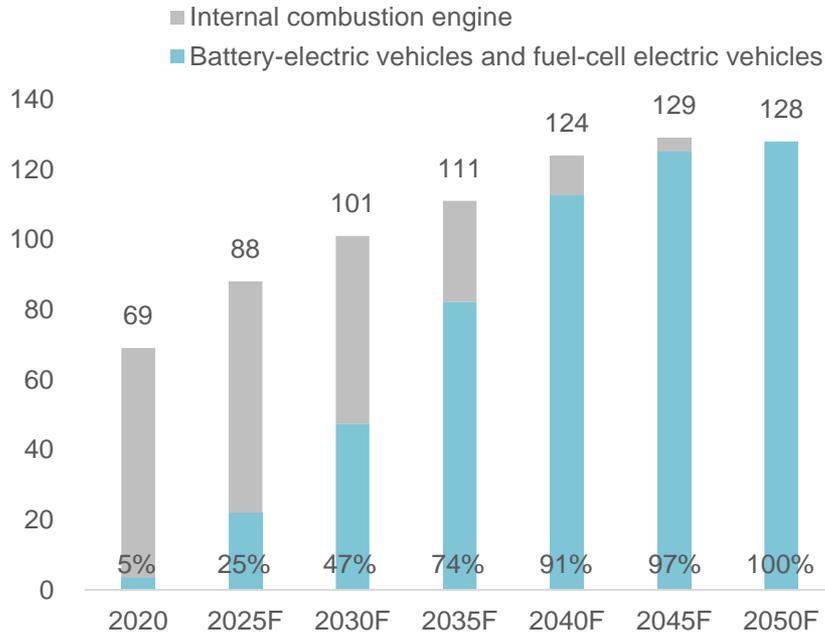
Net-Zero Transitions

Involve a Shift to EVs and Lower Cost of Passenger Cars

- Net-Zero Emissions Policies will lead to a strong shift in demand towards low-emissions vehicles including battery-electric vehicles and fuel-cell electric vehicles, and sales of EVs will grow substantially, reaching 128 million of vehicles by 2050.
- In the short term, consumers will pay more for low-emissions vehicles than internal combustion engine car, and the gap is expected to narrow over time as battery prices fall and fuel prices rise.

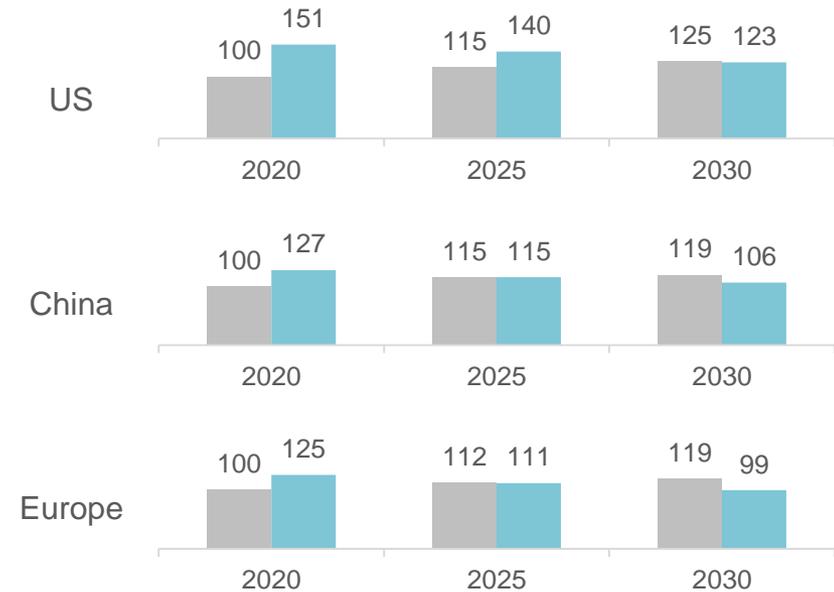
Sales of Passenger Cars

(Unit: million of vehicles)



Cost of Passenger Cars

(Unit: index 100 (Y2020) for internal combustion engine cars in region¹)



Source: McKinsey & Company, The Net-Zero Transition Report, January 2022

1. Total cost of ownership accounts for purchase price, operating costs, for instance fuel and maintenance costs, and resale value; based on 3-year ownership of a new car.



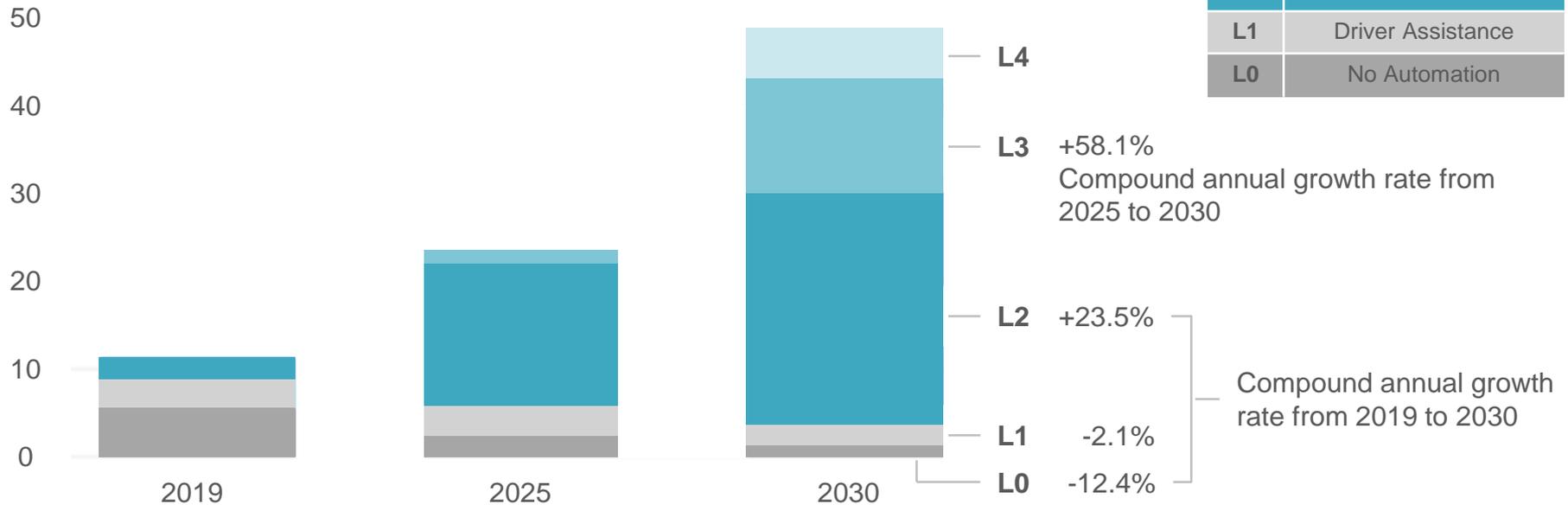
Autonomous Chip Market

Expects to Expand Significantly by 2030

- Revenue for autonomous chip market¹ forecasts to rise to \$29 billion per year and ASP increases to \$350 per vehicle by 2030.
- Cars with Level 2 or higher autonomy account for about 23% of revenue for automotive chips in 2019 and will jump to 93% of revenue in 2030.

Autonomous Semiconductor Market Forecast

(Unit: \$bn)



Source: McKinsey & Company, August 2021

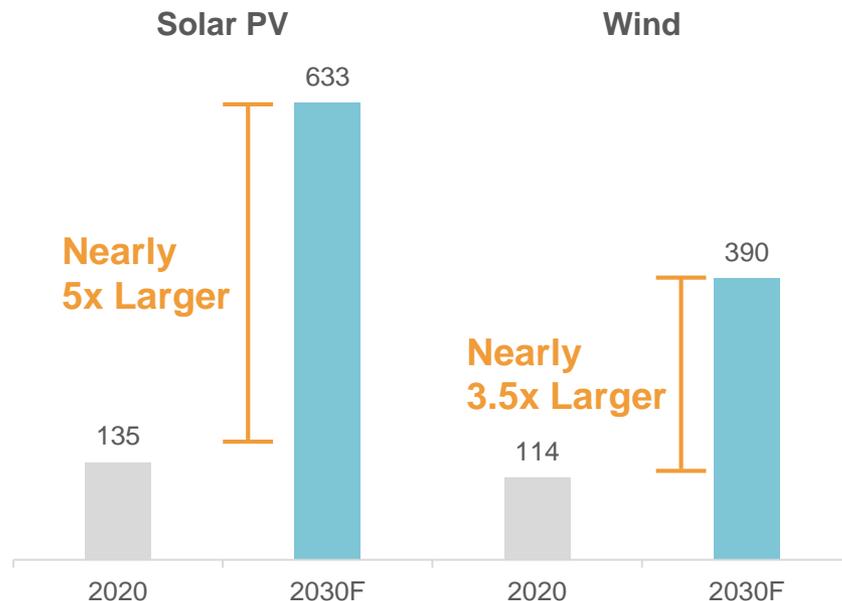
1. Autonomous chip market only includes Level 2 (Advanced) + L3 + L4

Silicon Carbide in Renewable Energy

- To reach Net Zero Emissions, the capacity additions of solar and wind power will grow nearly 5 and 3.5 times larger respectively by 2030 through accelerated deployment of clean and efficient energy technologies.
- By replacing traditional Silicon MOSFETs with Silicon Carbide (SiC) MOSFETs, SiC Inverter for renewable energy will enhance the efficiency while reducing system losses, shrinking product size and lowering overall cost per watt.

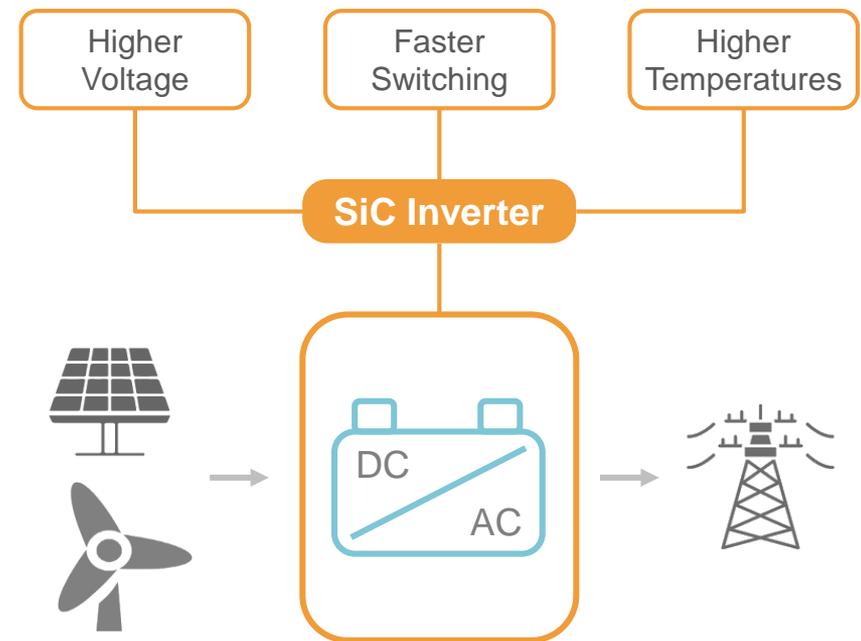
Capacity Additions of Green Energy for Net Zero

(Unit: GW)



Source: IEA, Net Zero by 2050, May 2021

SiC Inverter for Renewable Energy





Performance Update



Financial Highlight : Q122 vs. Q421 vs. Q121

(NT\$ mn)	Q122	Q421	Q121	QoQ	YoY
Revenue	16,307	15,752	14,806	3.5%	10.1%
Gross Profit Margin %	42.6%	41.3%	35.1%	1.3%	7.5%
Operating Profit	5,891	4,819	3,952	22.3%	49.1%
Operating Profit %	36.1%	30.6%	26.7%	5.5%	9.4%
Net Profit	1,746	2,120	2,690	-17.7%	-35.1%
Net Profit %	10.7%	13.5%	18.2%	-2.8%	-7.5%
EPS	NT\$4.01	NT\$4.87	NT\$6.18	-NT\$0.86	-NT\$2.17
EBITDA* ¹	1,802	5,144	5,051	-65.0%	-64.3%
EBITDA %	11.1%	32.7%	34.1%	-21.6%	-23.0%
EBIT	338	3,689	3,544	-90.8%	-90.5%
ROE* ² (annualized)	15.0%	18.2%	24.2%	-3.2%	-9.2%
ROA* ³ (annualized)	3.5%	6.0%	11.3%	-2.5%	-7.8%

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

2. ROE = Net Profit / Average Shareholders Equity

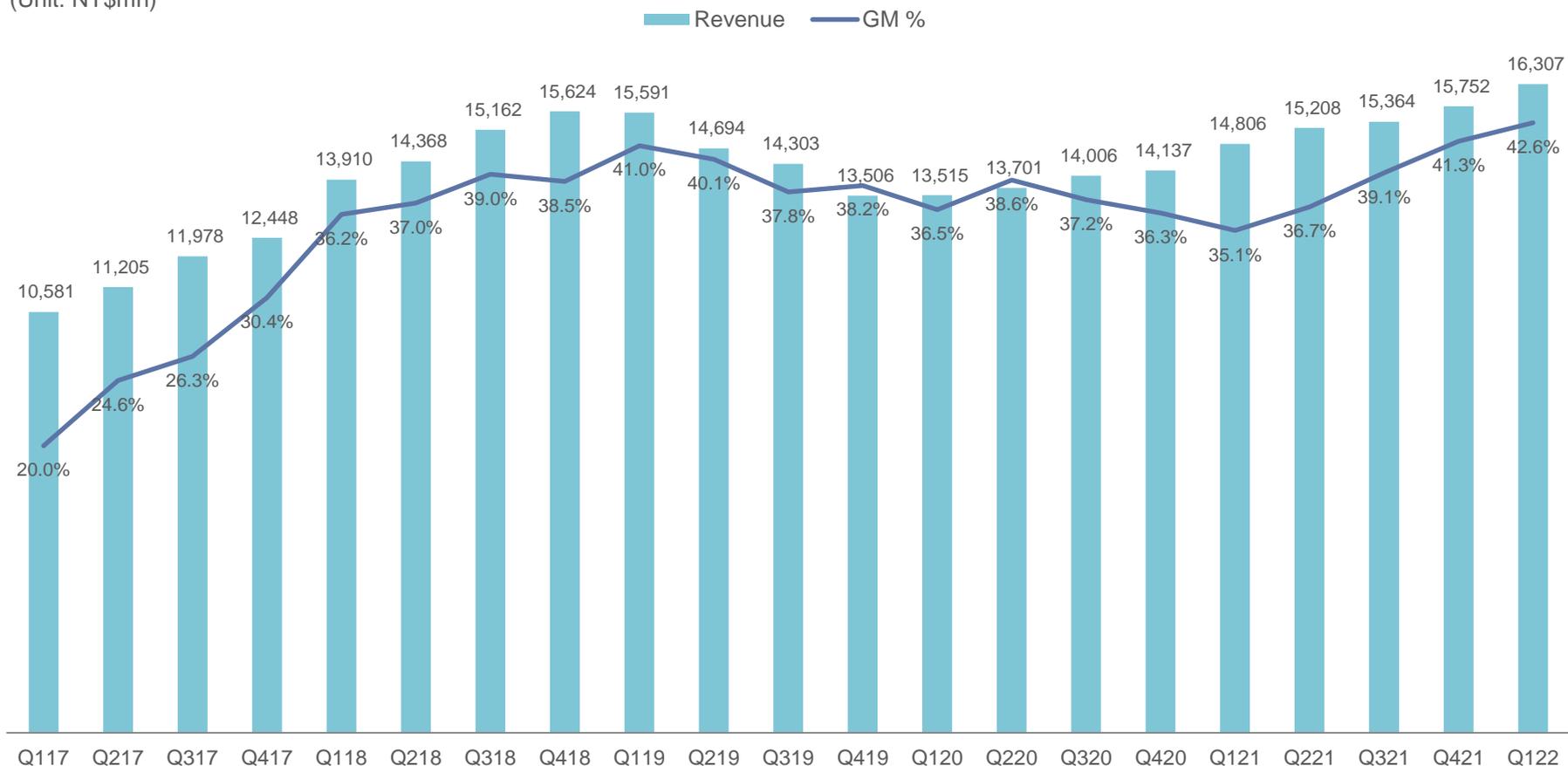
3. ROA = (Net Profit + Interest*(1- Effective Tax Rate))/Average Asset



Revenue & Gross Margin

Revenue & Gross Margin

(Unit: NT\$m)

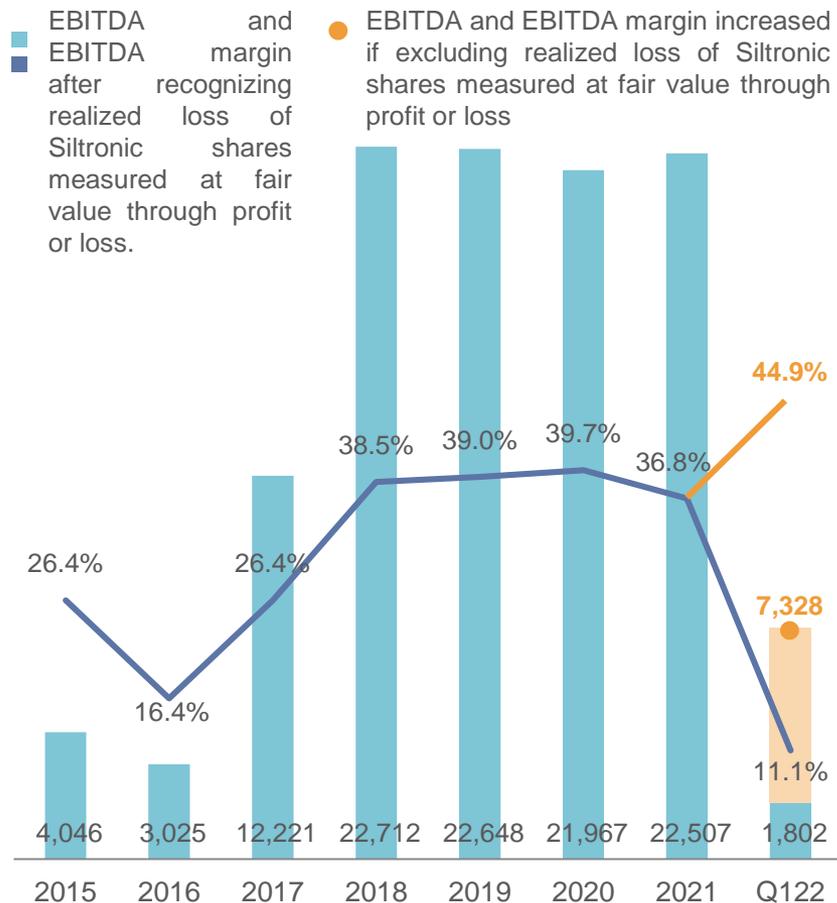




EBITDA & EPS

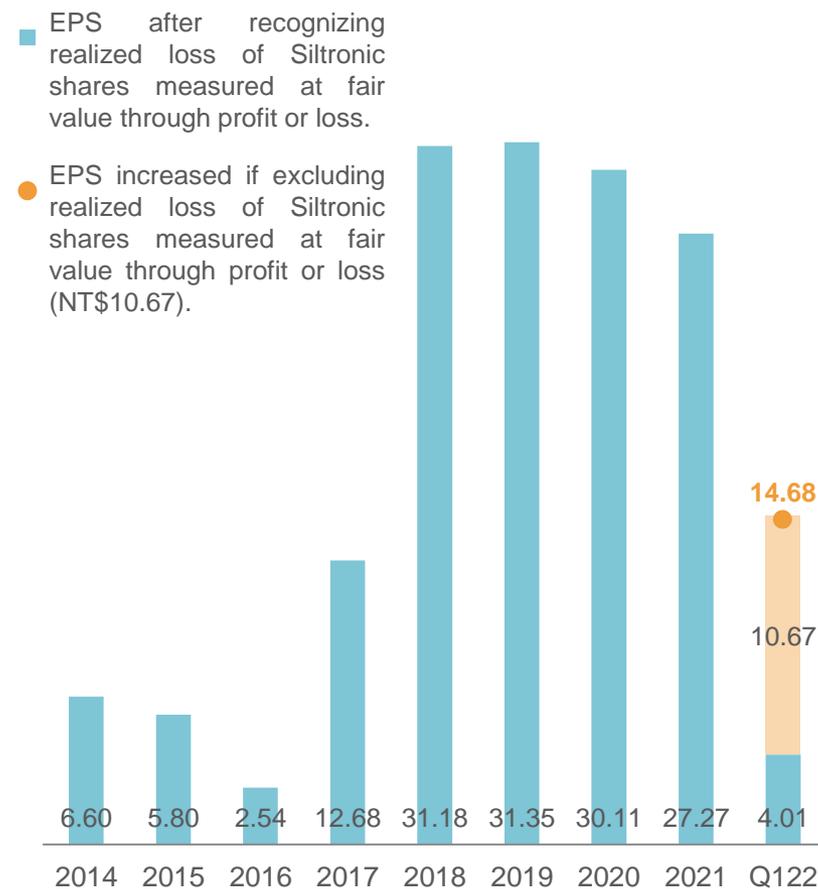
EBITDA

(Unit: NT\$mn)



EPS

(Unit: NT\$)





Income Statement

Income Statement

(NT\$m)	2019	2020	2021	Q121	Q221	Q321	Q421	Q122
Revenue	58,094	55,359	61,131	14,806	15,208	15,364	15,752	16,307
<i>Growth (%)</i>	-1.6%	-4.7%	10.4%	4.7%	2.7%	1.0%	2.5%	3.5%
Gross Profit	22,847	20,568	23,286	5,193	5,584	6,010²	6,498²	6,948
<i>Gross Profit Margin (%)</i>	39.3%	37.2%	38.1%	35.1%	36.7%	39.1%	41.3%	42.6%
EBITDA	22,648	21,967	22,507	5,051	6,919¹	5,393³	5,144	1,802⁵
<i>EBITDA Margin (%)</i>	39.0%	39.7%	36.8%	34.1%	45.5%	35.1%	32.7%	11.1%
Operating Profit	17,897	15,287	17,693	3,952	4,259	4,664	4,819	5,891
<i>Operating Profit Margin (%)</i>	30.8%	27.6%	28.9%	26.7%	28.0%	30.4%	30.6%	36.1%
Profit before Tax	18,554	16,615	16,445	3,529	5,408¹	3,881³	3,627⁴	304⁵
<i>Profit before Tax Margin (%)</i>	31.9%	30.0%	26.9%	23.8%	35.6%	25.3%	23.0%	1.9%
Net Profit	13,636	13,104	11,870	2,690	3,955	3,105	2,120	1,746^{5&6}
<i>Net Profit Margin (%)</i>	23.5%	23.7%	19.4%	18.2%	26.0%	20.2%	13.5%	10.7%
EPS (NT\$)	31.35	30.11	27.27	6.18	9.09	7.13	4.87	4.01^{5&6}

1&3. Due to Siltronic share evaluation at fair value.

2. Due to higher ASP and production mix.

4. Due to NT\$1.6 billion (EUR 50 million) of termination fee from Siltronic M&A.

5. Due to realized loss of Siltronic shares measured at fair value through profit or loss.

6. Reversing the deferred tax liability based on no dividend distribution of offshore earning.



Balance Sheet

Balance Sheet

(NT\$m)	2019	2020	2021	Q121	Q221	Q321	Q421	Q122
Assets								
Cash and cash equivalents	32,822	22,439	65,894	12,700 ¹	46,768 ⁴	56,919 ⁵	65,894	70,354
Account receivable	8,140	8,037	9,118	9,094	8,874	9,176	9,118	9,436
Inventories	6,849	7,208	7,295	6,772	6,974	7,036	7,295	7,496
Property, plant and equipment	34,697	37,111	33,943	35,331	34,163	33,210	33,943	34,995
Other assets	14,078	20,056	34,395	32,684 ²	34,723	33,407	34,395	27,525
Total assets	96,586	94,852	150,645	96,581	131,502	139,747	150,645	149,806
Liabilities								
Short-term loan	9,886	9,871	6,264	15,445 ³	10,543	6,464	6,264	6,384
Account payable	3,837	3,895	4,340	4,075	4,027	3,918	4,340	3,953
Long term loan	0	0	45,125	0	32,479 ⁴	45,045 ⁵	45,125	45,204
Other liabilities	37,789	36,930	49,284	32,314	38,955	36,909	49,284	46,978
Total liabilities	51,513	50,697	105,013	51,834	86,004	92,336	105,013	102,520
Shareholder equity	45,073	44,155	45,632	44,747	45,497	47,411	45,632	47,286

1. Due to Siltronic shares acquisition and cash dividends distribution

2. Due to Siltronic shares acquisition

3. Due to increasing bank loan for acquiring Siltronic shares

4. Due to issuance of ECB & corporate bond

5. Due to issuance of corporate bond



Q&A



Thank You
