



**GlobalWafers Co., Ltd.**  
**環球晶圓股份有限公司**

**Global Family,  
Global Solutions!**

# **GlobalWafers (6488TT)**

## **Q3 2023 Earnings Call**

2023/11/07





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# Executive Comment



# Executive Comments

## ➤ Financial Highlights

### ● Revenue

- ✓ Q323<sup>1</sup> → NT\$17.4 billion, -2.9% QoQ, second highest over the same period !
- ✓ 3Q23<sup>2</sup> → NT\$53.9 billion, 3.8% YoY, record high !

### ● Gross Profit (%)

- ✓ Q323<sup>1</sup> → 36.6%
- ✓ 3Q23<sup>2</sup> → 38.3%, third highest !

### ● Operating Income (%)

- ✓ Q323<sup>1</sup> → 27.8%
- ✓ 3Q23<sup>2</sup> → 29.9%, third highest !

Note:  
1. Q323: Third quarter of 2023  
2. 3Q23: First three quarters of 2023



## ➤ Financial Highlights

### ● Net Profit (%)

- ✓ Q323<sup>1</sup> → 31.9%, record high !
- ✓ 3Q23<sup>2</sup> → 28.4%, record high !

### ● EPS

- ✓ Q323<sup>1</sup> → NT\$ 12.73, record high over the same period !
- ✓ 3Q23<sup>2</sup> → NT\$ 35.22, record high !

### ● Prepayment

- ✓ NT\$37.9 billion (US\$ 1.2 bn)<sup>3</sup>

Note:

1. Q323: Third quarter of 2023
2. 3Q23: First three quarters of 2023
3. FX Rate: NTD:USD = 32.27, including guarantee



## ➤ Industry Overview

### ● Global Economy

- ✓ Notwithstanding alleviated inflation catalyzed by global monetary policy, declining business and consumer activity continue to burden the semiconductor industry. The outbreak of war in Israel adds to energy cost and inflationary concerns.

### ● Semiconductor Industry

- ✓ Signs of recovery are seen due to stabilized demand, balanced inventories, and the rise in automotive and industrial sectors, while ongoing war, energy crisis and inflation continue to put pressure on macro environment.
- ✓ Fueled by customers' inventory reabsorption, the emergence of applications like AI and automation, and new facilities ramp up, an upturn in 2024 is likely to happen, barring any uncertainties such as geopolitics.
- ✓ Downturn in the memory market led to production cuts and an increase in ASPs, alongside the adjustments in the product mix, particularly favoring DDR5 for high-end servers, bringing rebalance to the global memory market.



## ➤ Industry & Overview

### ● Compound Semiconductor

- ✓ The technological advancements in compound semiconductors have expanded the scope of downstream applications, which, in turn, revitalizes the demand for and investment in compound semiconductors, further enhancing market penetration.

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## Industry Overview

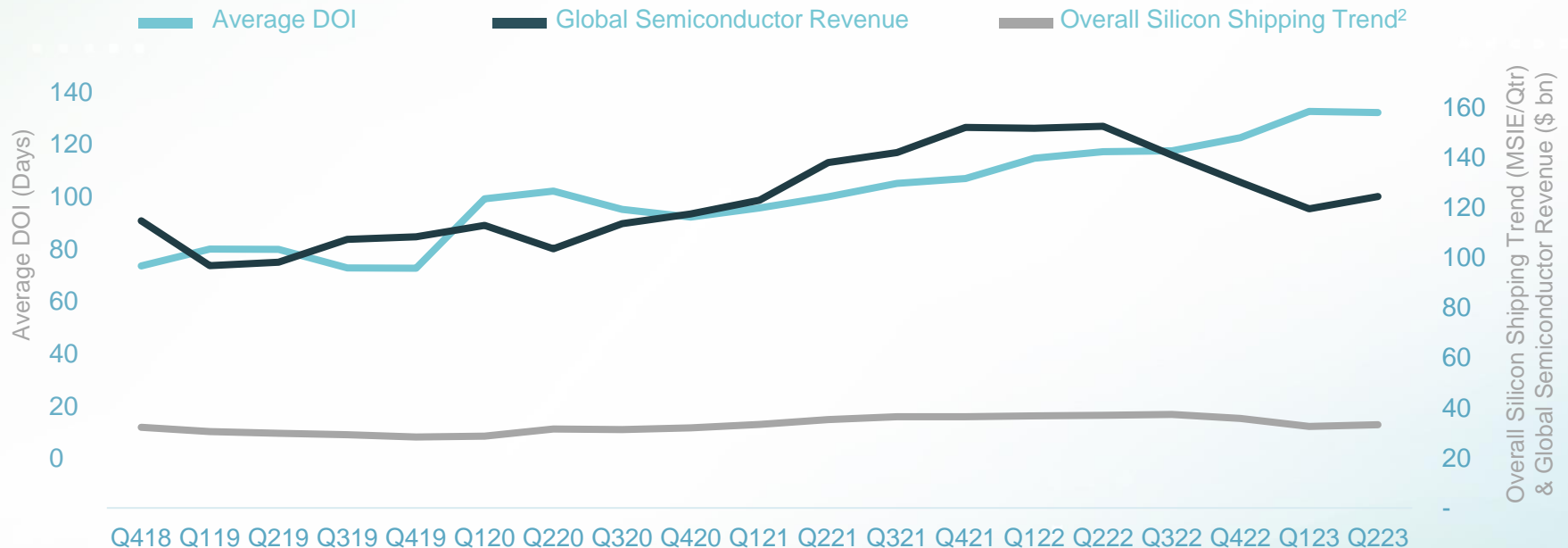




# Customers' Inventory Level

- Based on GlobalWafers' observation the customers' DOI<sup>1</sup> in Q223 shows a mild decline, confirming effectiveness in stock recovery.
- A positive reversal of global semiconductor revenue is perceived in Q123. With the gradual reduction of inventory levels, there will be an accompanying increase in revenue, facilitating the adjustment of inventory towards a more robust trajectory.

GlobalWafers' Observation of Customer Average FG DOI & Global Semiconductor Revenue Q419-Q223



Source: GWC collection of public data, September 2023

Note:

1. DOI stands for Days of Inventory
2. Overall silicon shipping trend in MSIE/Qtr

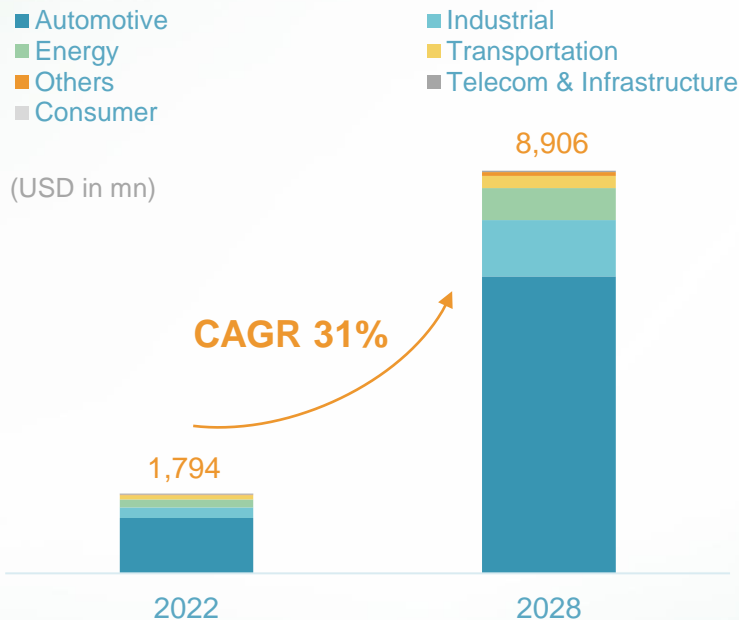
# GlobalWafers' SiC Total Solutions in the Growing SiC Power Device Market



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- The automotive sector, specifically BEV, EV, and the energy supply segment, are the primary catalyst behind the projected growth of the SiC Power device market, with expectations to reach approximately US\$ \$9 billion by 2028 , with a 31% CAGR from 2022 to 2028.
- GlobalWafers provides a comprehensive selection of SiC products to meet varying customer needs and offer a wide array of solutions, including SiC substrates, SiC wafering, and SiC epi.

SiC Power Device Market Forecast



Source: Yole Intelligence, August 2023

GlobalWafers' SiC Solutions



# GlobalWafers' GaN Total Solutions: Empowering the Gan Power Device Market



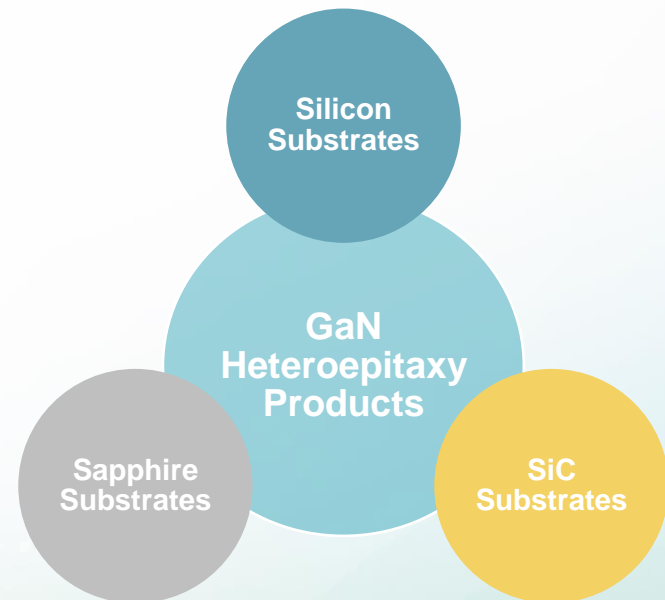
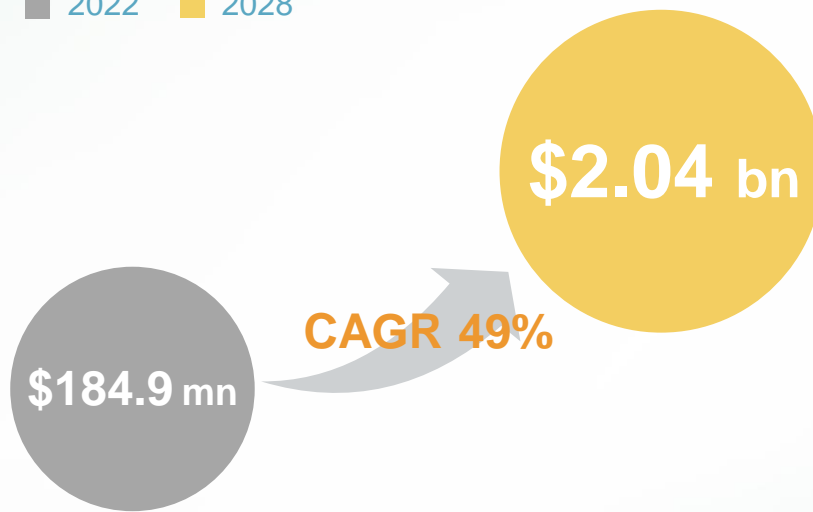
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- The GaN power device market is forecasted to reach a value of \$2.04 billion by 2028, driven by robust growth in automotive and datacom applications, representing a 49% CAGR from 2022 to 2028.
- GlobalWafers focuses on research and development to meet different requirements in an all-round way. The full range of GaN heteroepitaxy products includes silicon, SiC and sapphire substrates.

Global GaN Power Devices Market Forecast

GlobalWafers' GaN Solutions

■ 2022 ■ 2028



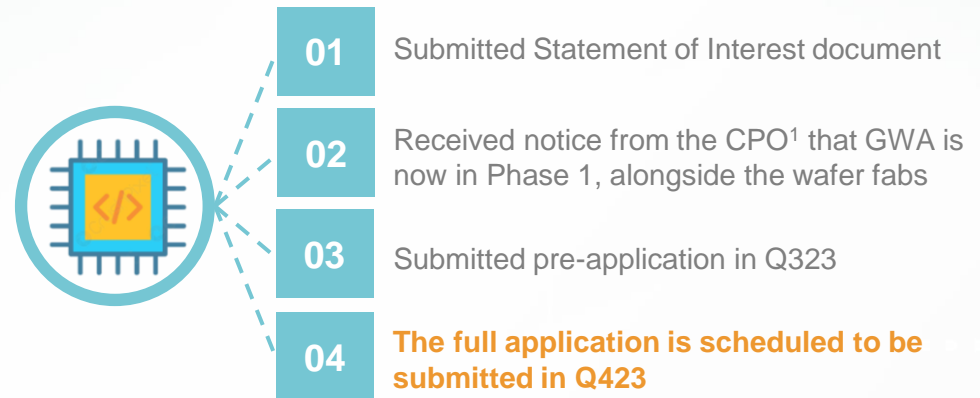
Source:

1. Yole Intelligence, August 2023
2. Yole Intelligence, June 2023

# Greenfield Fab (GlobalWafers America, GWA)

- GlobalWafers' flagship 300-mm factory, **GWA**, is on schedule to achieve sample capability by Q424, with mass production scheduled for a 2025 launch, aligning with the anticipated peak demand in the market.
- GWA is the only source of advanced US-made silicon wafers and will continue to utilize the latest technology for future growth.
- GWA has been incorporated into **Phase 1 of the CHIPS Act applications**, with the pre-application submitted in Q323 and the full application targeted for Q423.

## GWA CHIPS Act Status



## GWA Timeline



Note:  
1. CPO = Chips Program Office



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## Financial Performance



## Financial Highlight : Q323 vs. Q223 vs. Q322

(NT\$ mn)	Q323	Q223	Q322	QoQ	YoY
Revenue	17,376	17,896	18,053	-2.9%	-3.7%
Gross Profit %	36.6%	37.7%	43.7%	-1.1%	-7.1%
Operating Income	4,825	5,210	6,329	-7.4%	-23.8%
Operating Income %	27.8%	29.1%	35.1%	-1.3%	-7.3%
Net Profit	5,538	4,789	5,111	15.7%	8.4%
Net Profit %	31.9%	26.8%	28.3%	5.1%	3.6%
EPS	NT\$12.73	NT\$11.00	NT\$11.74	NT\$1.73	NT\$0.99
EBITDA* <sup>1</sup>	8,224	7,691	8,326	6.9%	-1.2%
EBITDA %	47.3%	43.0%	46.1%	4.3%	1.2%
EBIT	6,510	6,057	6,814	7.5%	-4.5%
ROE* <sup>2</sup> (annualized)	35.4%	32.7%	43.1%	2.7%	-7.7%
ROA* <sup>3</sup> (annualized)	12.7%	11.2%	13.3%	1.5%	-0.6%
CAPEX	10,074	8,994	2,579	-	-
Depreciation	1,709	1,629	1,463	-	-

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 : 3Q23 vs. 3Q22 (Accumulated)

(NT\$ mn)	3Q23	3Q22	YoY
Revenue	53,888	51,899	3.8%
Gross Profit %	38.3%	43.3%	-5.0%
Operating Income	16,137	18,621	-13.3%
Operating Income %	29.9%	35.9%	-6.0%
Net Profit	15,328	9,573	60.1%
Net Profit %	28.4%	18.4%	10.0%
EPS	NT\$35.22	NT\$22.00	NT\$13.22
EBITDA* <sup>1</sup>	23,822	15,616	52.5%
EBITDA %	44.2%	30.1%	14.1%
EBIT	18,869	11,135	69.5%
ROE* <sup>2</sup> (annualized)	33.9%	26.7%	7.2%
ROA* <sup>3</sup> (annualized)	11.9%	8.5%	3.4%
CAPEX	24,184	7,822	-
Depreciation	4,939	4,333	-

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

2. ROE = Net Profit / Average Shareholders Equity

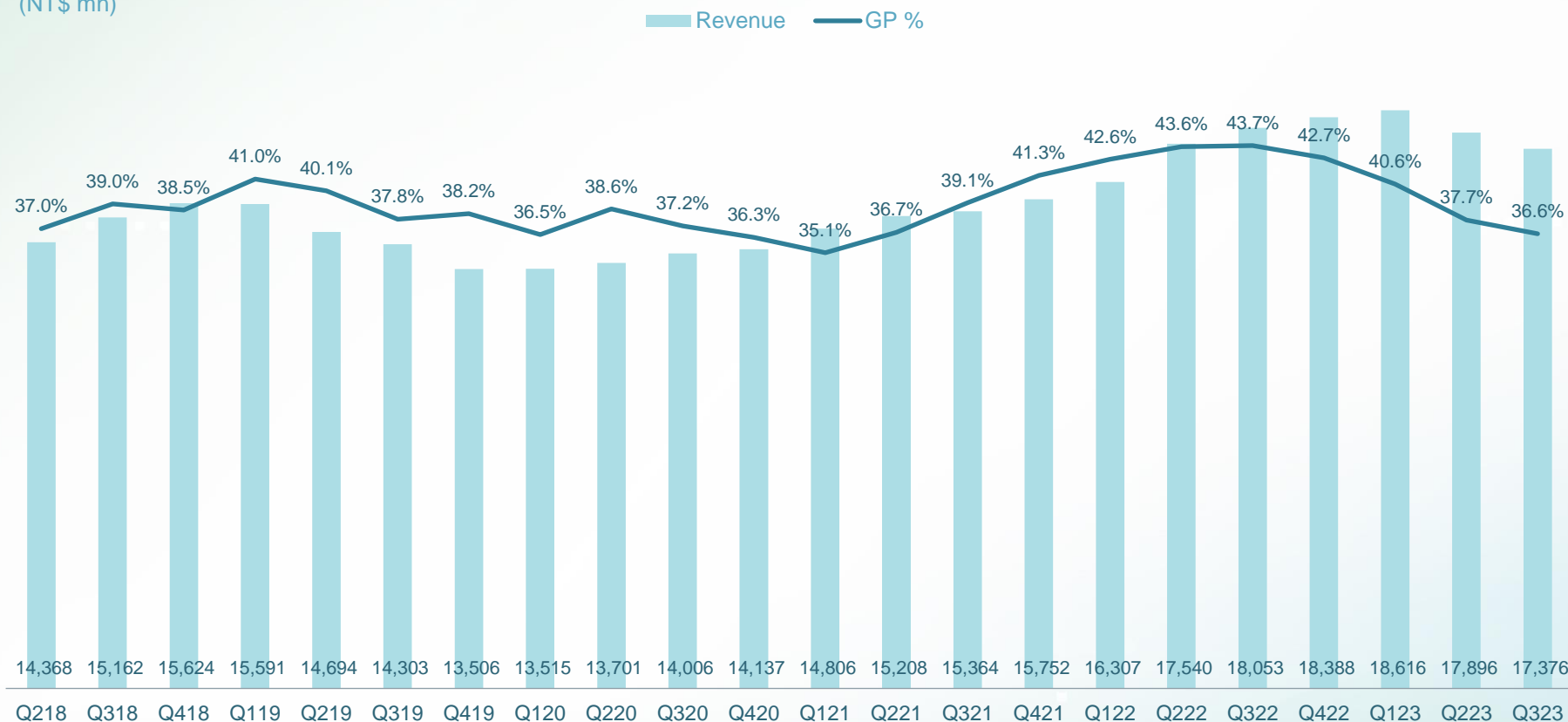
3. ROA = (Net Profit + Interest\*(1- Effective Tax Rate))/Average Asset



# Revenue & Gross Profit (%)

## Revenue & Gross Profit (%)

(NT\$ mn)



Note:

1. Q323 Gross Profit decreased: Mainly due to the increase of depreciation and power cost





# EBITDA & EPS

## EBITDA

(NT\$ Mn)

■ EBITDA

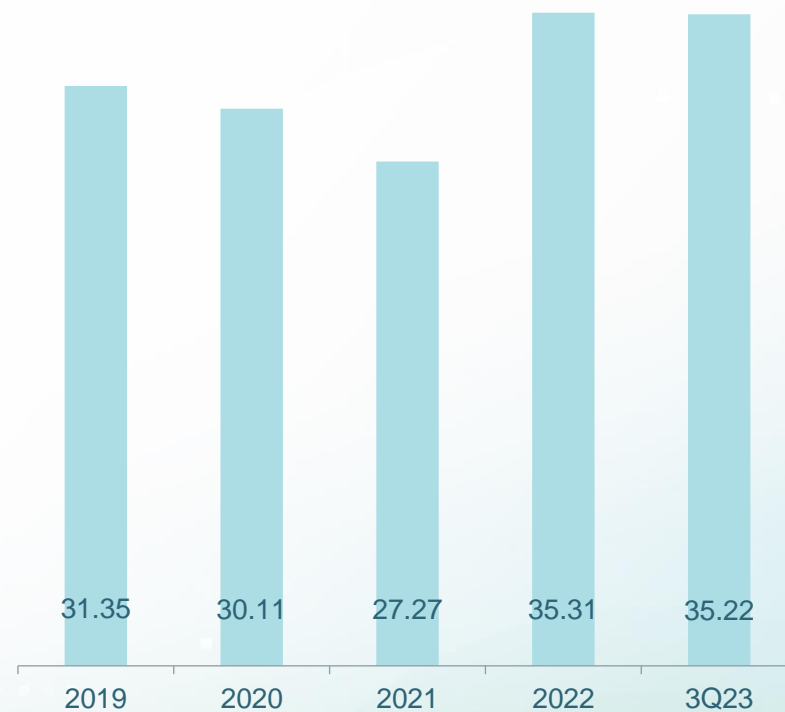
— EBITDA to Revenue



## EPS

(NT\$)

Close to the  
full-year EPS  
for 2022 !





# Income Statement

## Income Statement

(NT\$ Mn)	2022	Q123	Q223	Q323	3Q23 (Acc.)
<b>Revenue</b>	<b>70,287</b>	<b>18,616</b>	<b>17,896</b>	<b>17,376</b>	<b>53,888</b>
<i>Growth (%)</i>	15.0%	1.2%	-3.9%	-2.9%	3.8%
<b>Gross Profit</b>	<b>30,342</b>	<b>7,551</b>	<b>6,744</b>	<b>6,361<sup>2</sup></b>	<b>20,657</b>
<i>Gross Profit (%)</i>	43.2%	40.6%	37.7%	36.6%	38.3%
<b>EBITDA</b>	<b>25,526<sup>1</sup></b>	<b>7,907</b>	<b>7,691</b>	<b>8,224</b>	<b>23,822</b>
<i>EBITDA (%)</i>	36.3%	42.5%	43.0%	47.3%	44.2%
<b>Operating Income</b>	<b>24,983</b>	<b>6,103</b>	<b>5,210</b>	<b>4,825<sup>3</sup></b>	<b>16,137</b>
<i>Operating Income (%)</i>	35.5%	32.8%	29.1%	27.8%	29.9%
<b>Profit before Tax</b>	<b>20,107<sup>1</sup></b>	<b>6,885</b>	<b>6,766</b>	<b>7,148<sup>1</sup></b>	<b>20,799</b>
<i>Profit before Tax Margin (%)</i>	28.6%	37.0%	37.8%	41.1%	38.6%
<b>Net Profit</b>	<b>15,367<sup>1</sup></b>	<b>5,000</b>	<b>4,789</b>	<b>5,538<sup>1</sup></b>	<b>15,328</b>
<i>Net Profit (%)</i>	21.9%	26.9%	26.8%	31.9%	28.4%
<b>EPS (NT\$)</b>	<b>35.311<sup>1</sup></b>	<b>11.49</b>	<b>11.00</b>	<b>12.73</b>	<b>35.22</b>

1. Due to the valuation of realized gains/loss of Siltronic shares measured at fair value through profit or loss and impacts from other factors

2. Q323 Gross Profit decreased: Mainly due to the increase of depreciation and energy cost.



# Balance Sheet

## Balance Sheet

(NT\$ Mn)	2021	2022	Q123	Q223	Q323
<b>Assets</b>					
Cash and cash equivalents	65,894	80,491	74,200	48,827	25,263 <sup>1</sup>
Account receivable	9,118	10,160	10,253	10,726	10,044
Inventories	7,295	8,535	9,233	9,213	9,236 <sup>2</sup>
Property, plant and equipment	33,943	39,487	42,873	49,591	62,006
Other assets	34,395	30,823	38,518	53,724	75,894
<b>Total assets</b>	<b>150,645</b>	<b>169,496</b>	<b>175,971</b>	<b>173,111</b>	<b>182,443</b>

<b>Liabilities</b>					
Short-term loan	6,264	6,544	7,911	23,013	34,990 <sup>3</sup>
Account payable	4,340	4,176	4,993	4,815	4,552
Long-term loan	45,125	42,780	45,235	22,641	15,003 <sup>4</sup>
Other liabilities	49,284	61,672	59,663	63,597	61,711 <sup>5</sup>
<b>Total liabilities</b>	<b>105,013</b>	<b>115,172</b>	<b>117,802</b>	<b>114,066</b>	<b>116,256</b>

<b>Shareholder equity</b>	<b>45,632</b>	<b>54,324</b>	<b>58,169</b>	<b>59,044</b>	<b>66,188<sup>6</sup></b>
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### Cash-related other assets include:

(NT\$ Mn)	Q323
Deposits in banks held for three months or more	45,755
Restricted cash	2,902

\*Restricted cash is temporarily deposited for tax consideration, could be used when necessary.

1. Q323 Cash and cash equivalents decreased: Deposits in banks for over three months are classified as other assets, increase in CapEx, and repurchase of ECB
2. Q323 Inventories increased: Mainly due to increase in finished goods
3. Q323 Short-term loan increased: Mainly due to reclassification of CB based on IFRS principles from long-term loan to short-term loan and increase in bank loans
4. Q323 Long-term loan decreased: Reclassification of CB based on IFRS principles from long-term loan to short-term loan
5. Q323 Other liabilities increased: Increased in deferred income tax liabilities
6. Q323 Shareholder equity increased: Mainly due to the increase in net profits



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## Q&A



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