



GlobalWafers Co., Ltd.
環球晶圓股份有限公司

**Global Family,
Global Solutions!**

GlobalWafers (6488TT)

Q3 2024 Earnings Call

2024/11/05





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01

Executive Comment



Executive Comments

➤ Financial Highlights

● Revenue

- ✓ Q324¹ → NT\$15.9 billion, 3.6% QoQ, third highest over the same period !
- ✓ 3Q24² → NT\$46.3 billion, -14.1% YoY, third highest over the same period !

● Gross Profit (%)

- ✓ Q324¹ → 30.0%
- ✓ 3Q24² → 32.2%

● Operating Income (%)

- ✓ Q324¹ → 20.2%
- ✓ 3Q24² → 22.8%

Note:
1. Q324: Third quarter of 2024
2. 3Q24: First three quarters of 2024



➤ Financial Highlights

● Net Profit (%)

- ✓ Q324¹ → 18.6%
- ✓ 3Q24² → 20.2%

● EPS

- ✓ Q324¹ → NT\$ 6.18
- ✓ 3Q24² → NT\$ 20.19

● Prepayment

- ✓ NT\$33.1 billion (US\$ 1.05 bn)³

Note:

1. Q324: Third quarter of 2024
2. 3Q24: First three quarters of 2024
3. FX Rate: NTD:USD = 31.65, including guarantee



➤ Industry Overview

● Global Economy

- ✓ Global economy growth is expected to remain modest, with strong demand for semiconductors and AI in Asia, while the U.S. sees gains and Europe faces challenges. Emerging markets navigate geopolitical tensions and weather extremes, adding to uncertainties in the economic outlook.

● Semiconductor Industry

- ✓ Semiconductor Market Outlook: Growth in 2025 will be led by AI, high-performance computing (HPC), data centers, and personal computing, despite softer demand in automotive and industrial sectors.
- ✓ Wafer Market Recovery: The semiconductor wafer market shows an uneven recovery with advanced node constraints and a surplus in legacy technology, as sluggish demand in automotive and consumer electronics impacts 2024 revenue; while customer inventory absorption has improved conditions, it remains slower than anticipated.



➤ Industry Overview

- ✓ Inventory Levels: Customer Inventory levels remain slightly above average, moderating silicon wafer shipments in 2024; however, a gradual recovery is expected by 2025, driven by rising AI demand and advanced processing needs that are boosting fab utilization.
- ✓ Capital Expenditure Trends: Demand for advanced sub-3nm nodes and AI technologies is expected to grow, prompting fab utilization. GlobalWafers is well-positioned to capitalize on this momentum by strategically prioritizing capital expenditures in advanced and specialty products.

● Compound Semiconductor Industry

- ✓ SiC Market Outlook: The SiC market faces pressure from EV market deceleration, excess supply, and price competition, with potential for industry consolidation. GlobalWafers leverages financial resilience, efficient supply chains, and a focus on quality to sustain competitiveness in this challenging landscape.

● Global Expansion

- ✓ U.S. Expansion Updates: The GlobalWafers America (GWA) Greenfield plant is on schedule. The U.S. Treasury and IRS have confirmed a 25% tax reduction for semiconductor manufacturing under the Advanced Manufacturing Investment Credit (AMIC), benefiting GWA and MEMC LLC. Together with direct cash funding, these subsidies enable better resource allocation, are vital for GlobalWafers' expansion in the U.S., and are central to its efforts to achieve substantial growth in the U.S. market.



02

Industry Overview



Global GDP Forecast

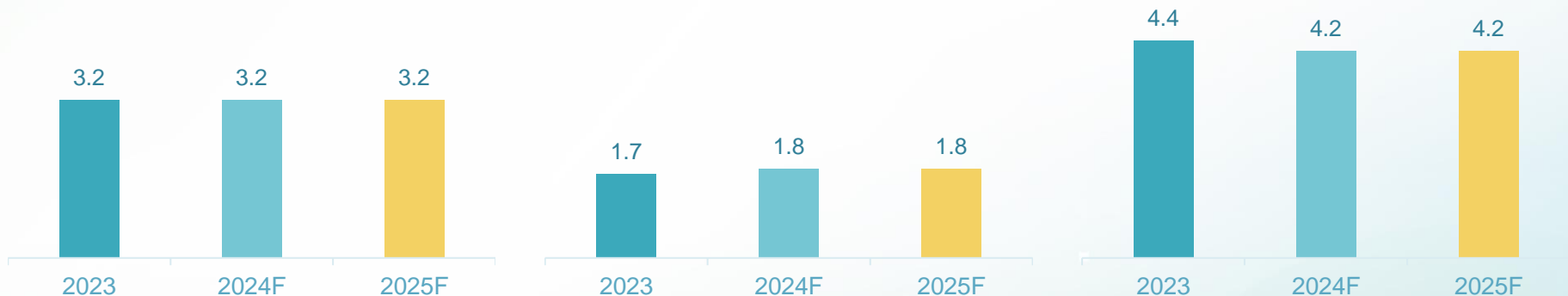
- Global growth is projected at 3.2% for 2024 and 2025, with upward revisions for the United States offsetting declines in advanced economies, particularly major European nations. Emerging markets face challenges from geopolitical tensions and extreme weather, while demand for semiconductors and investments in AI bolster growth in emerging Asia.
- Future economic prospects remain uncertain due to the current landscape of financial market volatility and geopolitical fragmentation presents both risks and opportunities for long-term growth and stability.

Global Economy

Advanced Economics

Emerging Market &
Developing Economics

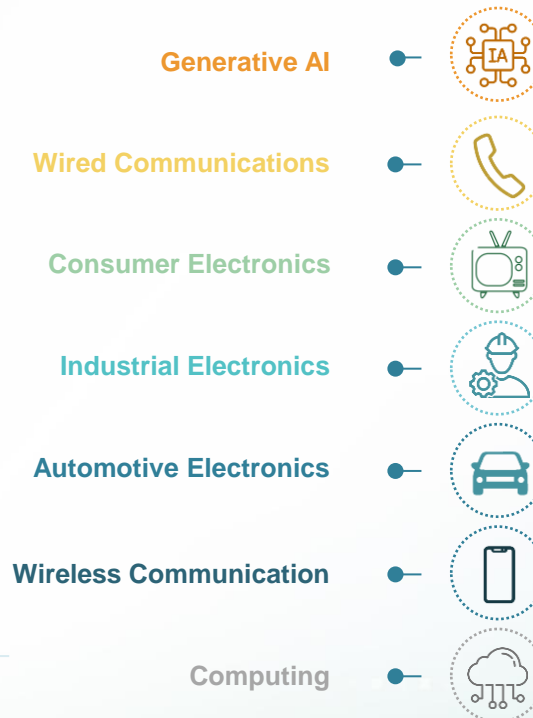
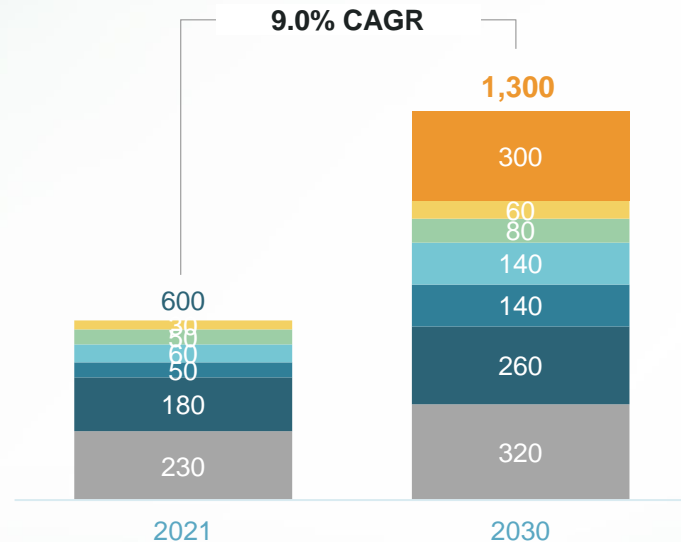
(Unit: %)



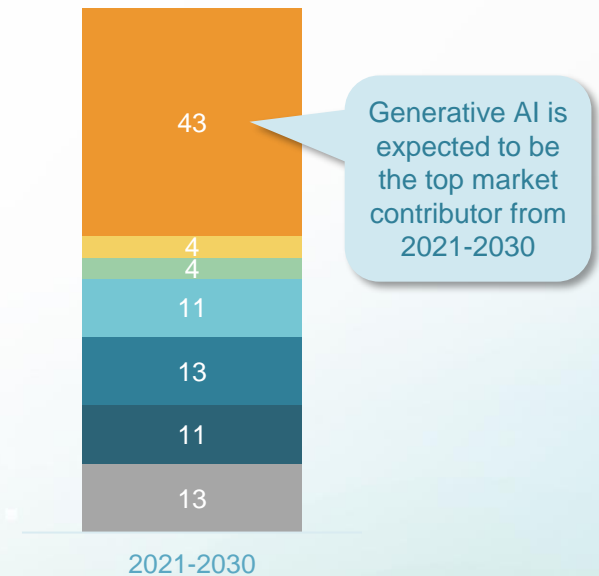
Global Semiconductor Market Forecast

- McKinsey has raised its semiconductor market growth projection from the original **US\$1 trillion to \$1.3 trillion by 2030**, driven by advancements in AI and strong demand from computing and wireless sectors.
- 300mm silicon wafer shipments, after contracting in 2023, are expected to remain flat in 2024 and expand in 2025, driven by added capacity, rising utilization rates, and a gradual recovery in demand.

Global Semiconductor Market Forecast
US\$ in Billions



Global Contribution Forecast, %

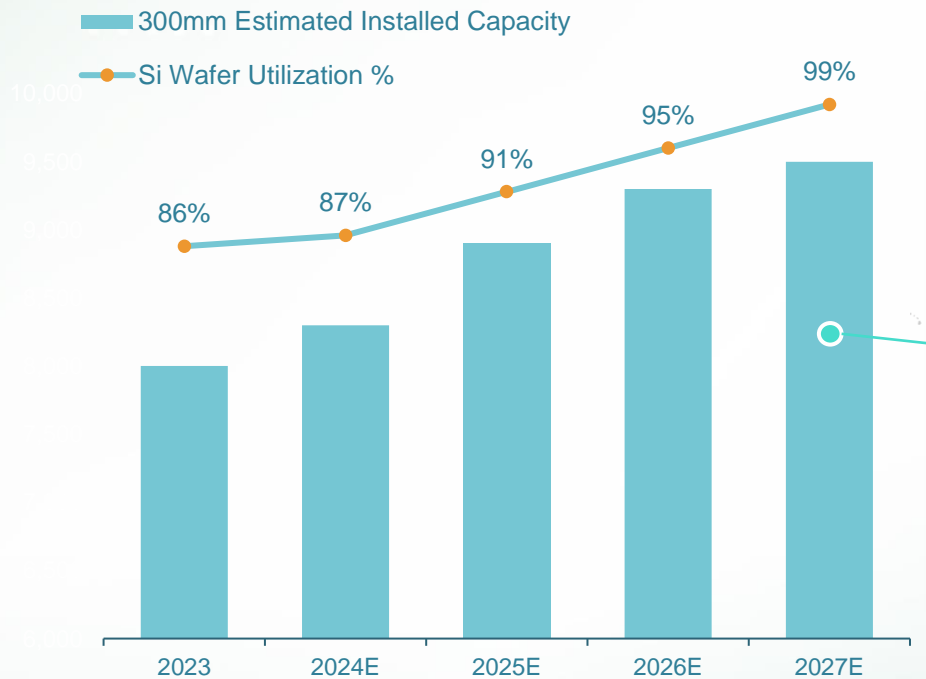


Source:
1. McKinsey & Company, September 2024
2. OMDIA, September 2024

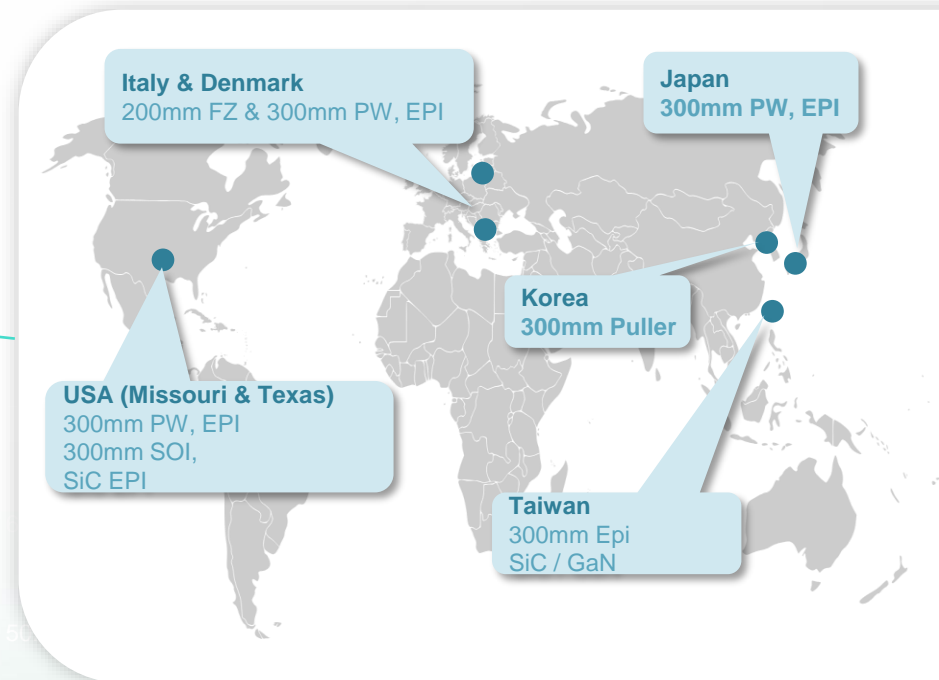
300mm Silicon Wafer Capacity

- The projected utilization of 300mm wafer production capacity is expected to exceed 90% from 2025 to 2027, driven by downstream demand and aligned with upstream production.
- Utilization capacity is projected to reach saturation levels, ranging from the low to mid-90% in 2025 and 2026, with nearly full saturation anticipated by 2027.

300mm Global Estimated Installed Capacity vs Si Wafer Utilization, (KWFS / Month vs %)

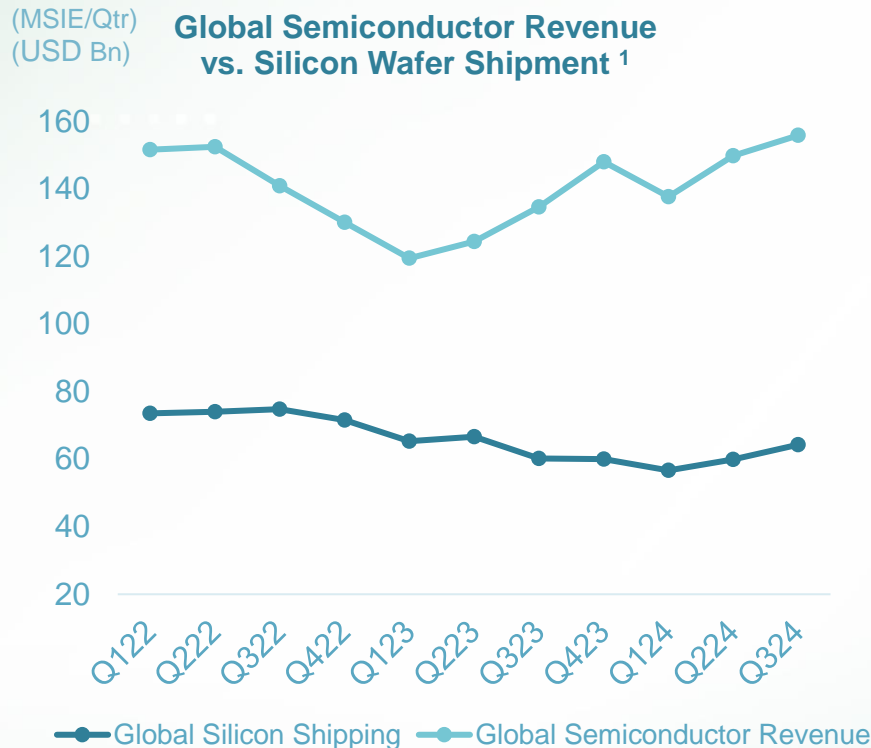


GlobalWafers Capacity Expansion (300mm Wafer Fabs)



Global Semiconductor Customer Inventory Trends

- Global semiconductor revenue has demonstrated an upward trend in recent quarters, though recovery remains uneven across segments. In the upstream market, silicon wafer shipments are also indicating signs of recovery, typically lagging by 1-2 quarters.
- While global customer revenues have rebounded in Q324, the decline in customers' average inventory days (DOIs) has been slower than expected, underscoring the need for inventory absorption amid a gradual recovery in end markets, particularly in industrial and automotive sectors.



Source: World Semiconductor Trade Statistics (WSTS), Silicon Manufacturers' Group (SMG)

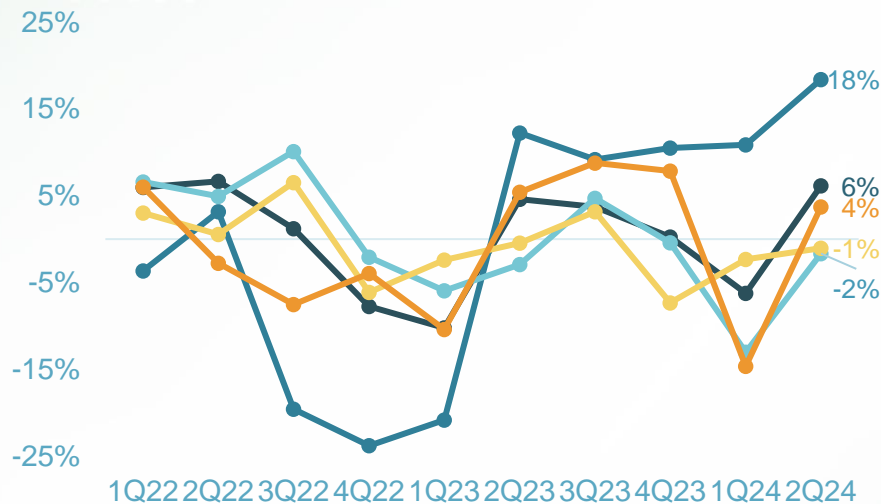
Note: 1. Based on GWC's existing customers as of Oct. 2024 ; 2. Based on GWC's existing customers as of October 2024, the inventory consists solely of finished goods.



Global Semiconductor Market (by Segment and Region)

- Utilization rates differ across technological nodes, with advanced nodes experiencing shortages and legacy technologies facing excess capacity. While the memory, foundry, and MPU segments have shown growth, the Analog/IC and Power segments are reporting mixed results, reflecting the uneven recovery across segments.
- Taiwan and Korea have demonstrated growth, but signs of recovery remain absent in Europe and Japan.

GlobalWafers' Worldwide Customers'
Quarterly Revenue Growth by Segment Region¹



Foundry Memory Analog/IC/MCU
Power/Discrete MPU

GlobalWafers' Worldwide Customers'
Quarterly Revenue Growth by Market Region¹



EU JAP KOR NA TWN



03

Financial Performance



Financial Highlight : Q324 vs. Q224 vs. Q323

(NT\$ Mn, except EPS)	Q324	Q224	Q323	QoQ	YoY
Revenue	15,870	15,326	17,376	3.6%	-8.7%
Gross Profit %	30.0%	32.3%	36.6%	-2.3p.p.	-6.6p.p.
Operating Income	3,200	3,367	4,825	-4.9%	-33.7%
Operating Income %	20.2%	22.0%	27.8%	-1.8p.p.	-7.6p.p.
Net Profit	2,952	2,879	5,538	2.6%	-46.7%
Net Profit %	18.6%	18.8%	31.9%	-0.2p.p.	-13.3p.p.
EPS ¹	NT\$6.18	NT\$6.02	NT\$12.73	NT\$0.16	-NT\$6.55
EBITDA ^{*2}	5,024	4,600	8,224	9.2%	-38.9%
EBITDA %	31.7%	30.0%	47.3%	1.7p.p.	-15.6p.p.
EBIT ³	2,922	2,614	6,510	11.8%	-55.1%
ROE ^{*4} (annualized)	12.8% ⁴	14.2%	35.4%	-1.4p.p.	-22.6p.p.
ROA ^{*5} (annualized)	5.4% ⁵	5.6%	12.7%	-0.2p.p.	-7.3p.p.
Capex ⁶	14,699	12,699	10,074	-	-
Depreciation	2,097	1,981	1,709	-	-

1. EPS = Net Profit Attributable To The Shareholders of The Company / Weighted-average Number of Ordinary Shares Outstanding During The Period

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

3. EBIT = Net Profit + Tax + Interests

4. ROE = Net Profit / Average Shareholders Equity; Q324 ROE vs. Q323 ROE decreased: Mainly due to declining revenue, net income was affected, with capital injections for recent GDR raising average shareholder equity

5. ROA = (Net Profit + Interest (1- Effective Tax Rate)) / Average Assets; Q324 ROA vs. Q323 ROA decreased: Mainly due to declining revenue, net income was impacted, and increased fixed assets compared to Q224 led to higher average assets

6. Capex = Ending Property, Plant & Equipment - Beginning Property, Plant & Equipment + Depreciation



Financial Highlight : 3Q24 vs. 3Q23 (Accumulated)

(NT\$ Mn, except EPS)	3Q24	3Q23	YoY
Revenue	46,283	53,888	-14.1%
Gross Profit %	32.2%	38.3%	-6.1p.p.
Operating Income	10,534	16,137	-34.7%
Operating Income %	22.8%	29.9%	-7.1p.p.
Net Profit	9,364	15,328	-38.9%
Net Profit %	20.2%	28.4%	-8.2p.p.
EPS ¹	NT\$20.19	NT\$35.22	-NT\$15.03
EBITDA ^{*2}	15,506	23,822	-34.9%
EBITDA %	33.5%	44.2%	-10.7p.p.
EBIT ³	9,561	18,869	-49.3%
ROE ^{*4} (annualized)	15.5% ⁴	33.9%	-18.4p.p.
ROA ^{*5} (annualized)	6.3% ⁵	11.9%	-5.6p.p.
Capex ⁶	37,836	24,184	-
Depreciation	5,929	4,939	-

1. EPS = Net Profit Attributable To The Shareholders of The Company / Weighted-average Number of Ordinary Shares Outstanding During The Period

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

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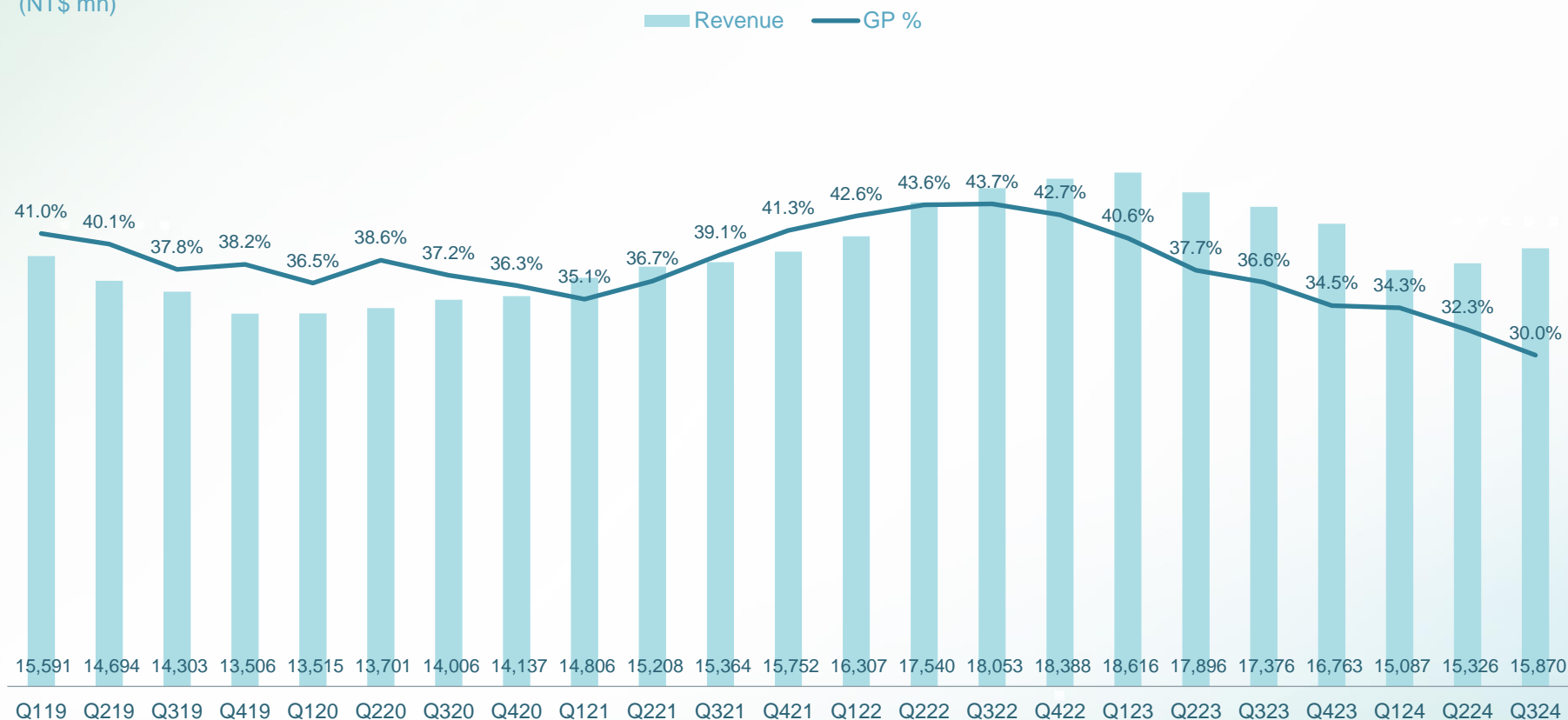
6. Capex = Ending Property, Plant & Equipment - Beginning Property, Plant & Equipment + Depreciation



Revenue & Gross Profit (%)

Revenue & Gross Profit (%)

(NT\$ mn)



Note:

1. Q324 Gross Profit decreased: Primarily due to higher depreciation, lower SiC volumes and prices, shifts in product, and increased power costs driven by hot weather across various countries



EBITDA & EPS

EBITDA

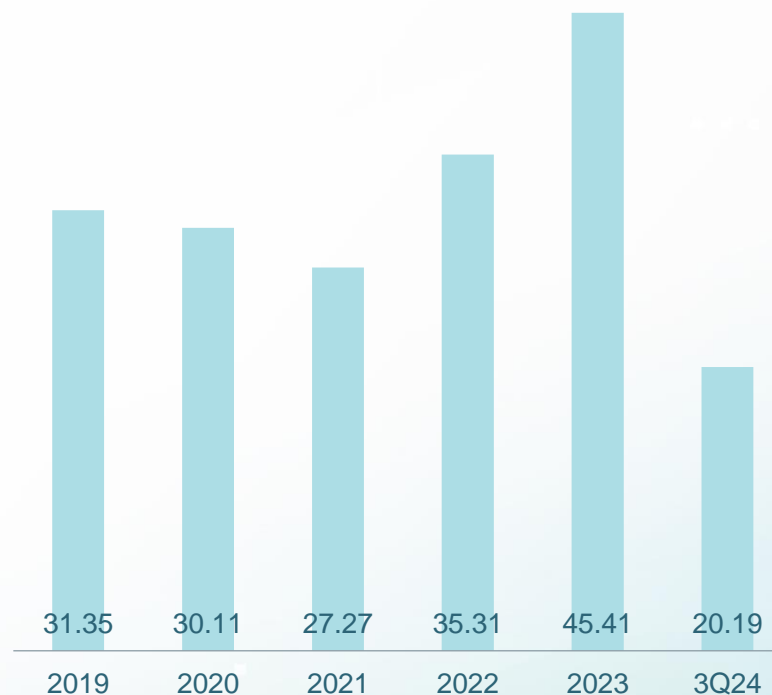
(NT\$ Mn)

■ EBITDA — EBITDA to Revenue



EPS

(NT\$)





Income Statement

Income Statement

(NT\$ Mn)	2023	Q124	Q224	Q324	3Q24 (Acc.)
Revenue	70,652	15,087	15,326	15,870	46,283
<i>Growth (%)</i>	<i>0.5%</i>	<i>-10.0%</i>	<i>1.6%</i>	<i>3.6%</i>	<i>-14.1%</i>
Gross Profit	26,441	5,168	4,951	4,767¹	14,886
<i>Gross Profit (%)</i>	<i>37.4%</i>	<i>34.3%</i>	<i>32.3%</i>	<i>30.0%¹</i>	<i>32.2%</i>
EBITDA	30,630	5,882	4,600	5,024	15,506
<i>EBITDA (%)</i>	<i>43.4%</i>	<i>39.0%</i>	<i>30.0%</i>	<i>31.7%</i>	<i>33.5%</i>
Operating Income	20,059	3,968	3,367	3,200	10,534
<i>Operating Income (%)</i>	<i>28.4%</i>	<i>26.3%</i>	<i>22.0%</i>	<i>20.2%</i>	<i>22.8%</i>
Profit before Tax	26,496	4,558	3,531	3,543	11,633
<i>Profit before Tax Margin (%)</i>	<i>37.5%</i>	<i>30.2%</i>	<i>23.0%</i>	<i>22.3%</i>	<i>25.1%</i>
Net Profit	19,770	3,533	2,879	2,952³	9,364
<i>Net Profit (%)</i>	<i>28.0%</i>	<i>23.4%</i>	<i>18.8%</i>	<i>18.6%³</i>	<i>20.2%</i>
EPS (NT\$)	45.41	8.10	6.02	6.18³	20.19³

Note:

1. Q324 Gross Profit decreased: Primarily due to higher depreciation, lower SiC volumes and prices, shifts in product mix, and increased power costs driven by hot weather across various countries
2. Reversing the deferred tax liability based on no dividend distribution of offshore earning
3. In conjunction with the capital increase, the number of shares is calculated on a weighted average basis, so EPS is not a constant equation



Balance Sheet

Balance Sheet

(NT\$ Mn)	2022	2023	Q124	Q224	Q324
Assets					
Cash and cash equivalents	80,491	26,165	35,672	44,178	41,728 ¹
Account receivable	10,160	10,116	10,061	9,783	9,881
Inventories	8,535	9,359	10,737	11,056	12,134 ²
Property, plant and equipment	39,487	72,251	82,399	94,434	107,335
Other assets	30,823	71,097	63,914	75,373	59,055 ³
Total assets	169,496	188,988	202,783	234,825	230,134
Liabilities					
Short-term loan	6,544	40,000	36,630	45,786	44,035
Account payable	4,176	5,027	5,189	4,049	4,526
Long-term loan	42,780	14,542	29,007	28,664	28,531
Other liabilities	61,672	62,966	60,436	65,537	58,635 ⁴
Total liabilities	115,172	122,534	131,262	144,036	135,726
Shareholder equity	54,324	66,454	71,521	90,789	94,407⁵

Cash-related other assets include:

(NT\$ Mn)	Q324
Deposits in banks held for three months or more	12,944 ⁶
Restricted cash	13,508

Note:

- Q324 Cash and cash equivalents decreased: Due to cash usage for dividend payout
- Q324 Inventories increased: Due to a rise in finished goods in anticipation of the Q424 maintenance schedules across various facilities, ensuring active inventory management
- Q324 Other assets decreased: Due to a reduction in deposits held in banks for three months or more for loan repayment
- Q324 Other liabilities decreased: Reduction in dividend payable and equipment payments
- Q324 Shareholder equity increased: Attributed to profit recognition in Q324 and revaluation from USD appreciation
- Q324 Deposits in banks held for three months or more decreased: Due to cash utilized for loan repayment related to CAPEX



04

Q&A



GlobalWafers Co., Ltd.
環球晶圓股份有限公司



Thank You



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