# Results for Second Quarter of FY2017

台塑勝高科技股份有限公司

FORMOSA  SUMCO TECHNOLOGY CORPORATION

(Code:3532)

Sep. 21, 2017

# Notes Regarding the Forecasts



This material is prepared for the purpose of disclosure to general shareholders and investors and will not constitute an offer or solicitation of securities of the Company in any states or jurisdictions.

The estimate, expectation, forecast and other future information is prepared based on the information which is available for the Company as of today and on certain assumptions and qualifications(which includes our subjective judgment) and the actual financial performance or result may be substantially different from such future information contained in the material due to risk factors including domestic and global economic conditions, trend of semiconductor market and foreign exchanges.

本資料僅提供給股東及投資者參考用使用，並不構成本公司在任何國家或地區之證券要約或招攬目的。

本資料是依照特定的假設及目前可獲得之資訊（包含我們的主觀判斷)去評估、預測及對未來之資訊之推估而成，而實際的財務表現及營運結果可能會因為未來國內外的經濟情況、半導體市場的趨勢變化及匯率變動等風險而有顯著不同。

# Contents

# Company Overview
# （公司概況）

# 1-1 Management Philosophy

**Chairman / Jason Lin**
董事長 / 林健男

**President / Takashi Fukushima**
總經理 / 福島隆

- **Diligence & Frugality**
  （勤勞樸實）
- **Search For Root Causes**
  （追根究柢）
- **Fast Service & Reputation First**
  （服務迅速及信譽第一）
- **High Quality**
  （高品質）
- **Reasonable Management**
  （合理化管理）

# 1-2 Milestone



| 1995.11 | 1996.12 | 2005.8 | 2007.1 | 2007.12 |
|---|---|---|---|---|
| FKS（台灣小松）Establish | 200mm Start Construction | 300mm Start Construction | Rename FST（台塑勝高） | Go Public（股票上市） |

# 1-3 Company Profile

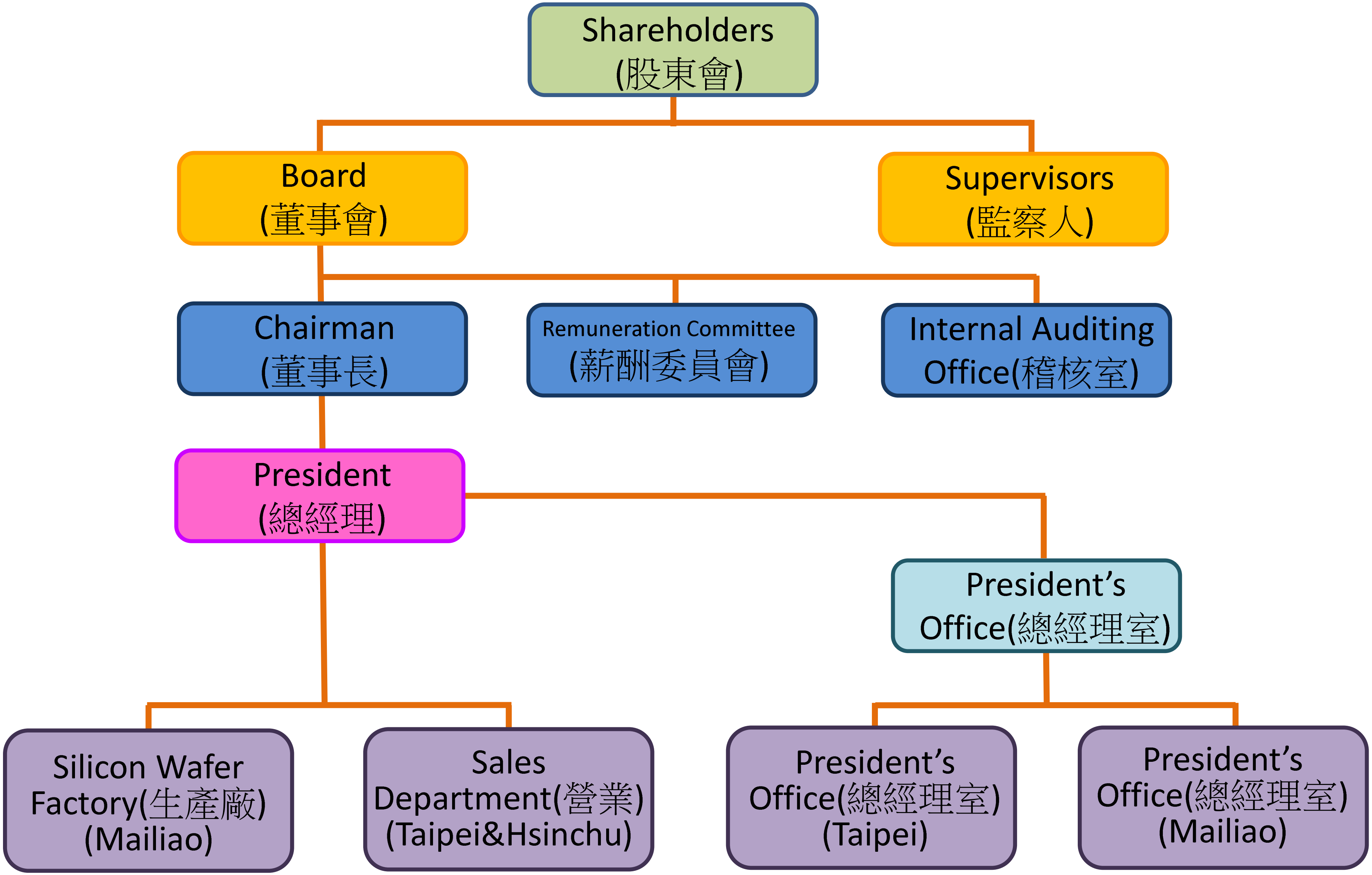
- **Established** : **Nov.21, 1995** (民國84年11月21日)
- **Capital** : **NT$ 7,756 million** (新台幣77.56億元)
- **Shareholders** :

| | |
|---|---|
| **SUMCO TECHXIV Corporation** | **48.3%** |
| **Formosa Plastics Corporation** (台塑公司) | **29.1%** |
| **Asia-Pacific Investment Corporation** (亞太投資公司) | **14.0%** |
| **Others** | **8.6%** |

- **Employee** : **1,261 Persons(2017/8)** (民國106年8月 1,261人)
- **Product** : **200mm&300mm Silicon Wafer** (8吋及12吋矽晶圓)

# 1-4 Organization

Flexibility
Speed
Technology

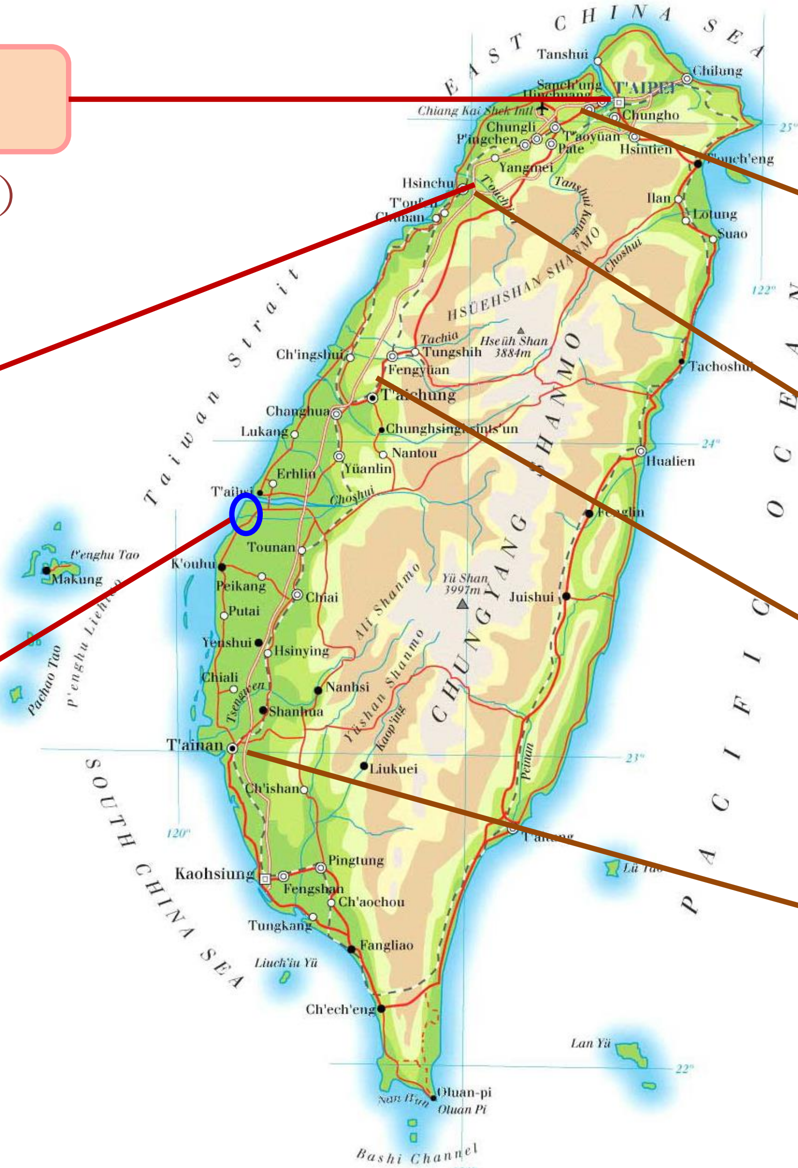


# 1-5 Location

**Taipei Office**
（台北辦公室）

**Hsinchu Office**
（新竹辦公室）

**Mai-Liao Factory**
（麥寮工廠）




**Hwa Ya Technology Park (Taoyuan)**
（華亞科學園區）

**Hsinchu Science Park**
（竹科）

**Central Taiwan Science Park**
（中科）

**Southern Taiwan Science Park**
（南科）

# 1-6 Applications & Customers

## Foundry

tsmc

VIS

UMC

Maxchip

SMIC

HHGrace

## Memory

NANYA

MXIC

Micron

winbond

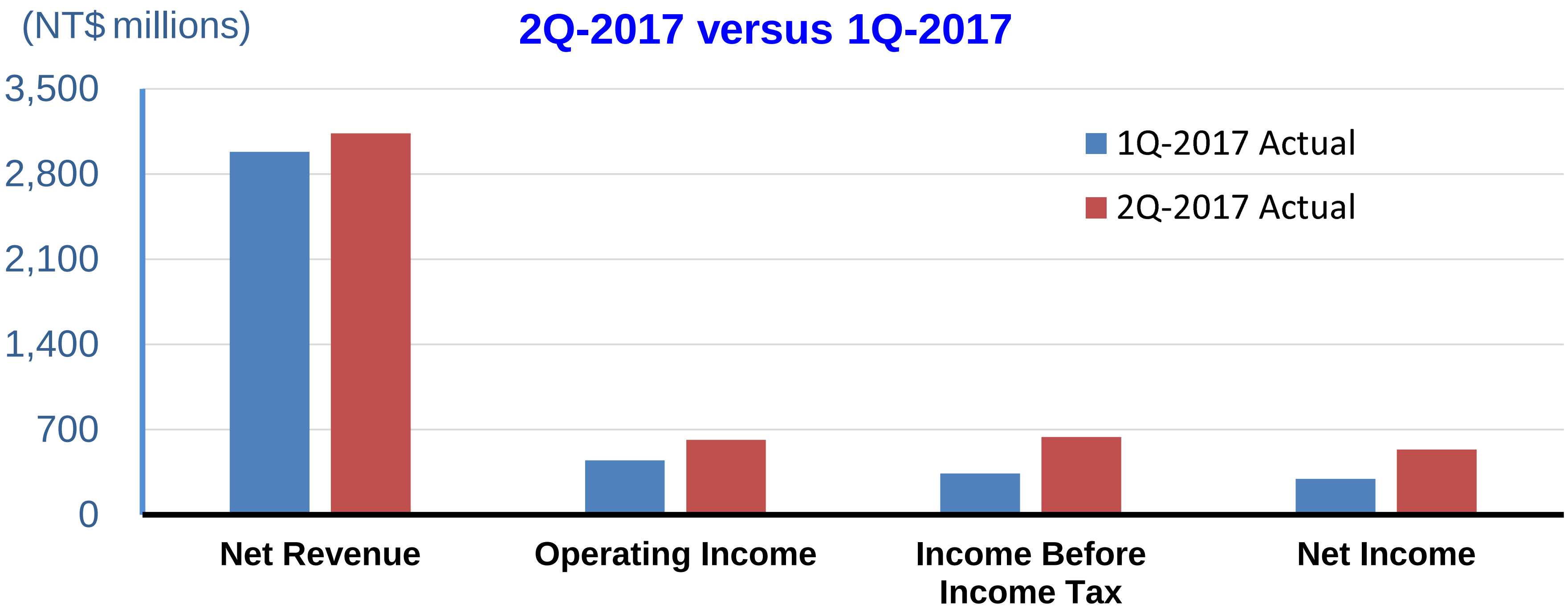
Powerchip 力晶科技

XMC

# Financial Overview
# （財務概況）

# 2-1 Analysis of Changes in Business Results



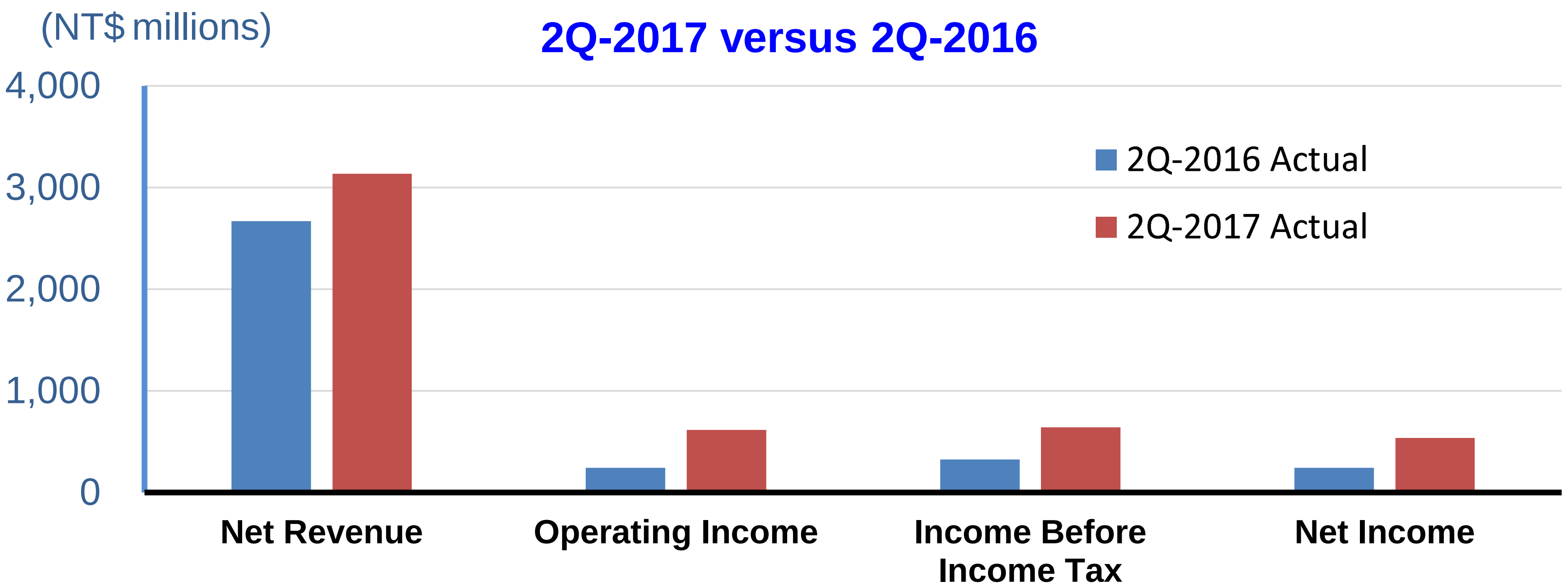



(In NT$ thousands)

| 2Q-2017 Consolidated Business Results | 2Q-2017 Actual | 1Q-2017 Actual | Change |
|---|---|---|---|
| Net Revenue | 3,134,829 | 2,984,109 | 5.1% |
| Operating Income | 616,141 | 448,679 | 37.3% |
| Income Before Income Tax | 640,191 | 341,167 | 87.6% |
| Net Income | 537,305 | 294,761 | 82.3% |

# 2-1 Analysis of Changes in Business Results



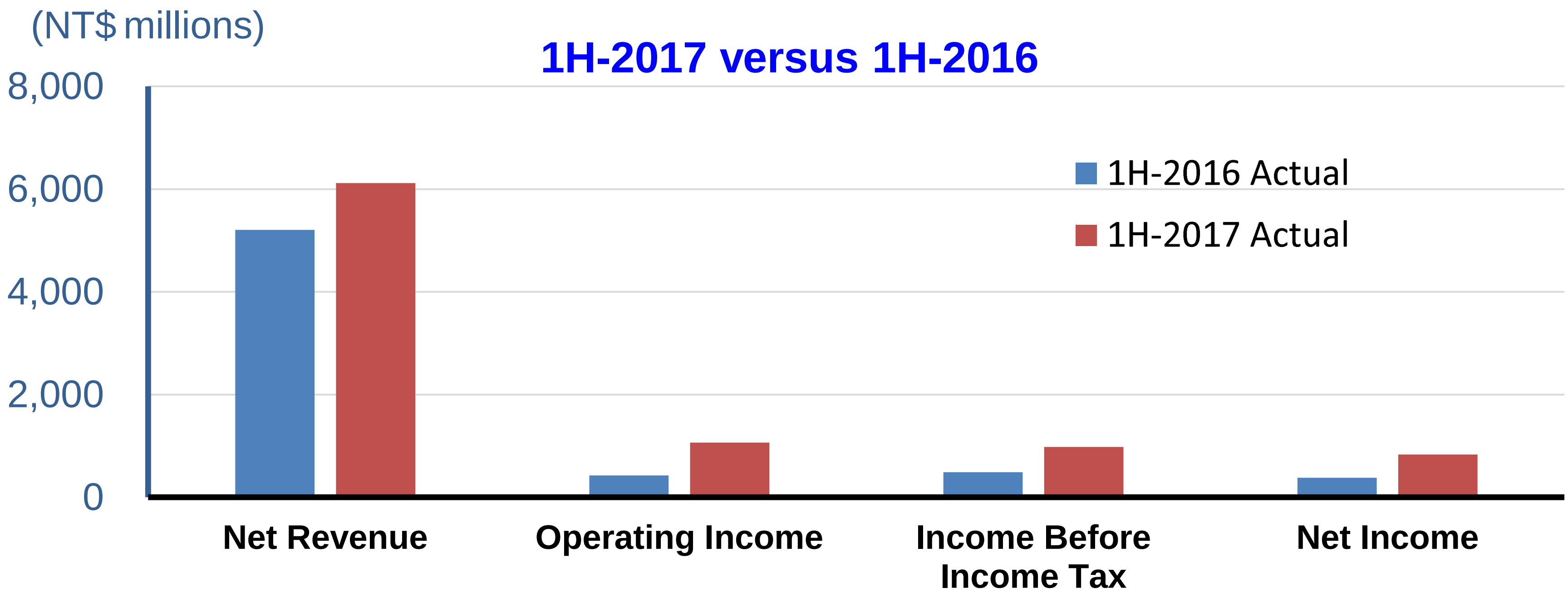



(In NT$ thousands)

| 2Q-2017 Consolidated Business Results | 2Q-2017 Actual | 2Q-2016 Actual | Change |
|---|---|---|---|
| Net Revenue | 3,134,829 | 2,669,105 | 17.4% |
| Operating Income | 616,141 | 242,748 | 153.8% |
| Income Before Income Tax | 640,191 | 325,543 | 96.7% |
| Net Income | 537,305 | 242,715 | 121.4% |

# 2-1 Analysis of Changes in Business Results

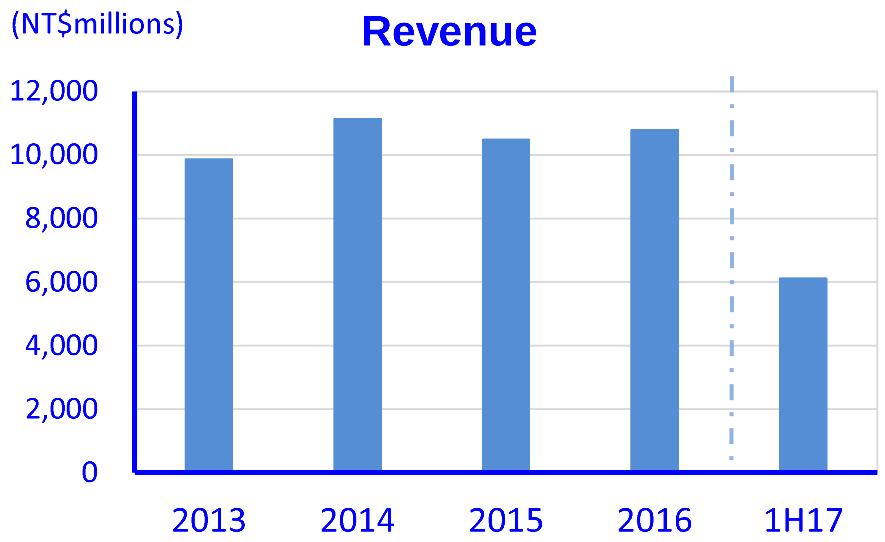


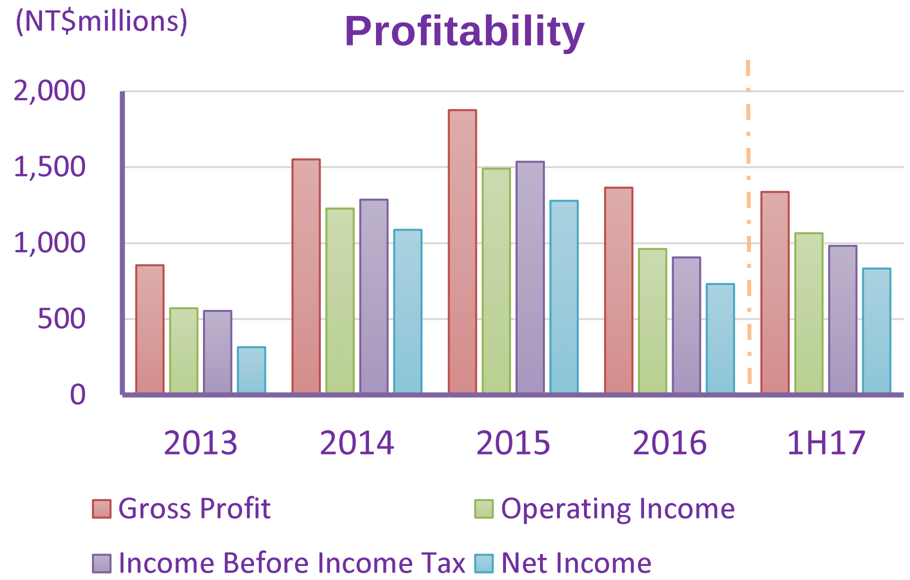


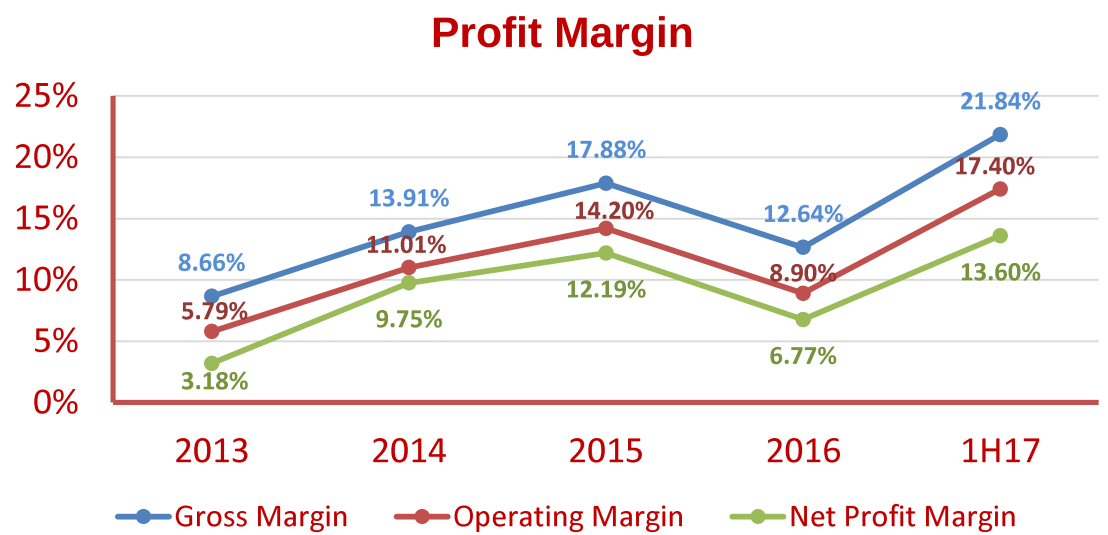

(In NT$ thousands)

| 1H-2017 Consolidated Business Results | 1H-2017 Actual | 1H-2016 Actual | Change |
|---|---|---|---|
| Net Revenue | 6,118,938 | 5,205,022 | 17.6% |
| Operating Income | 1,064,820 | 424,234 | 151.0% |
| Income Before Income Tax | 981,358 | 490,018 | 100.3% |
| Net Income | 832,066 | 378,208 | 120.0% |

# 2-2 Summary of Consolidated Business Results

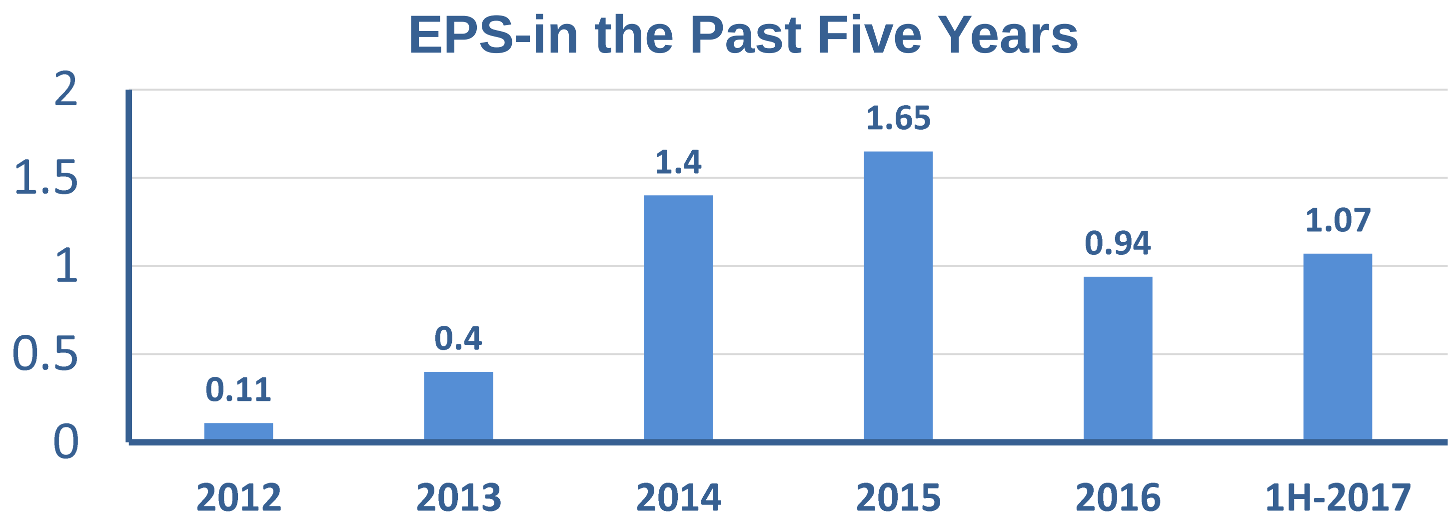


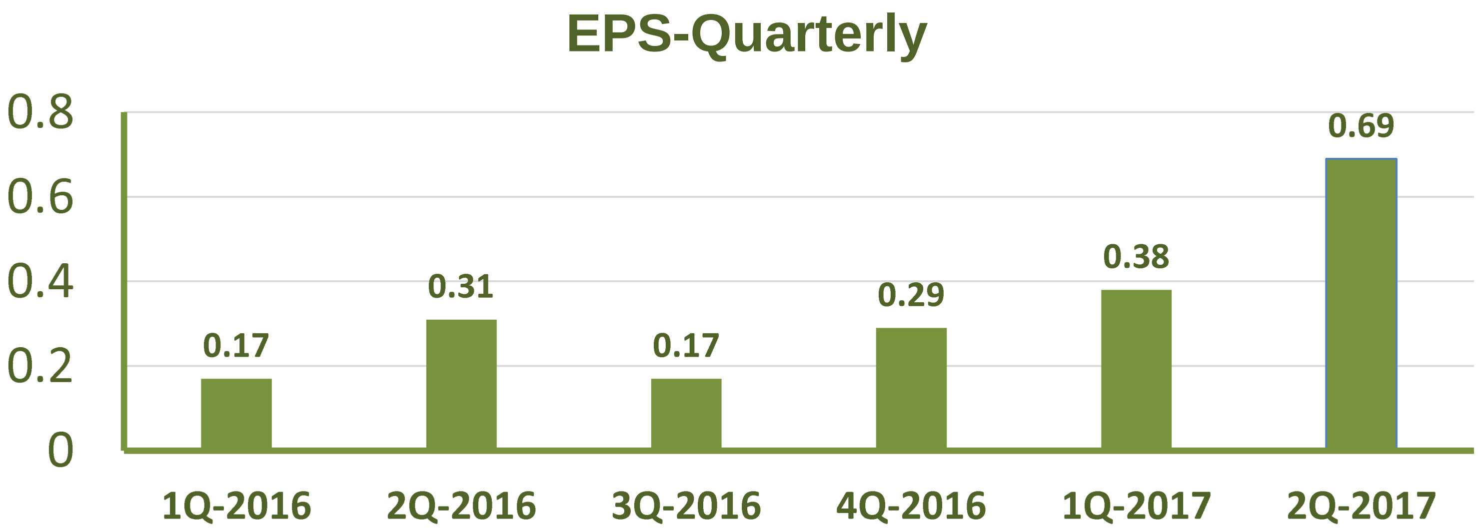



# 2-3 EPS(NT$)

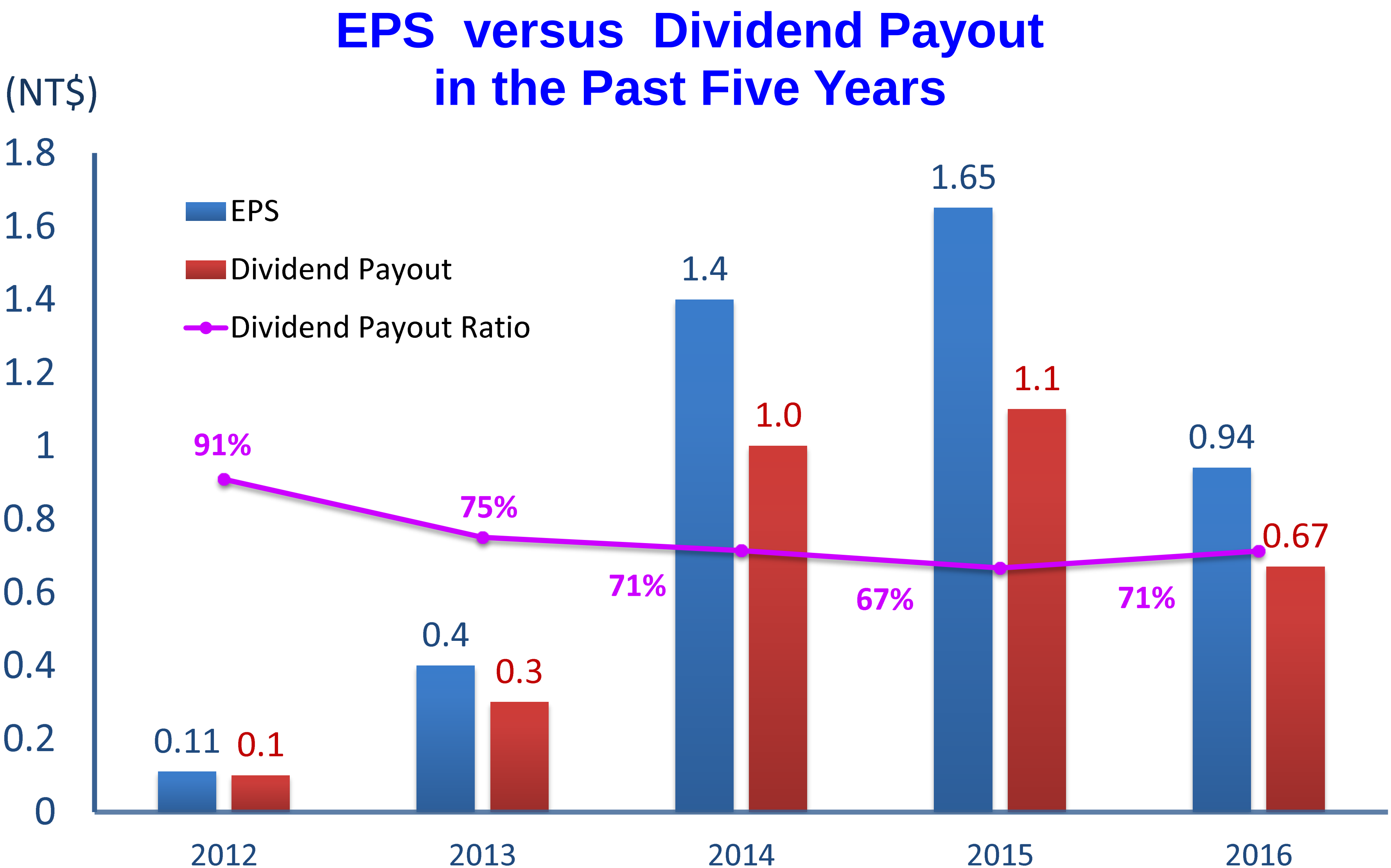



EPS-in the Past Five Years
2
1.5
1
0.5
0
0.11
0.4
1.4
1.65
0.94
1.07
2012
2013
2014
2015
2016
1H-2017


EPS-Quarterly
0.8
0.6
0.4
0.2
0
0.17
0.31
0.17
0.29
0.38
0.69
1Q-2016
2Q-2016
3Q-2016
4Q-2016
1Q-2017
2Q-2017

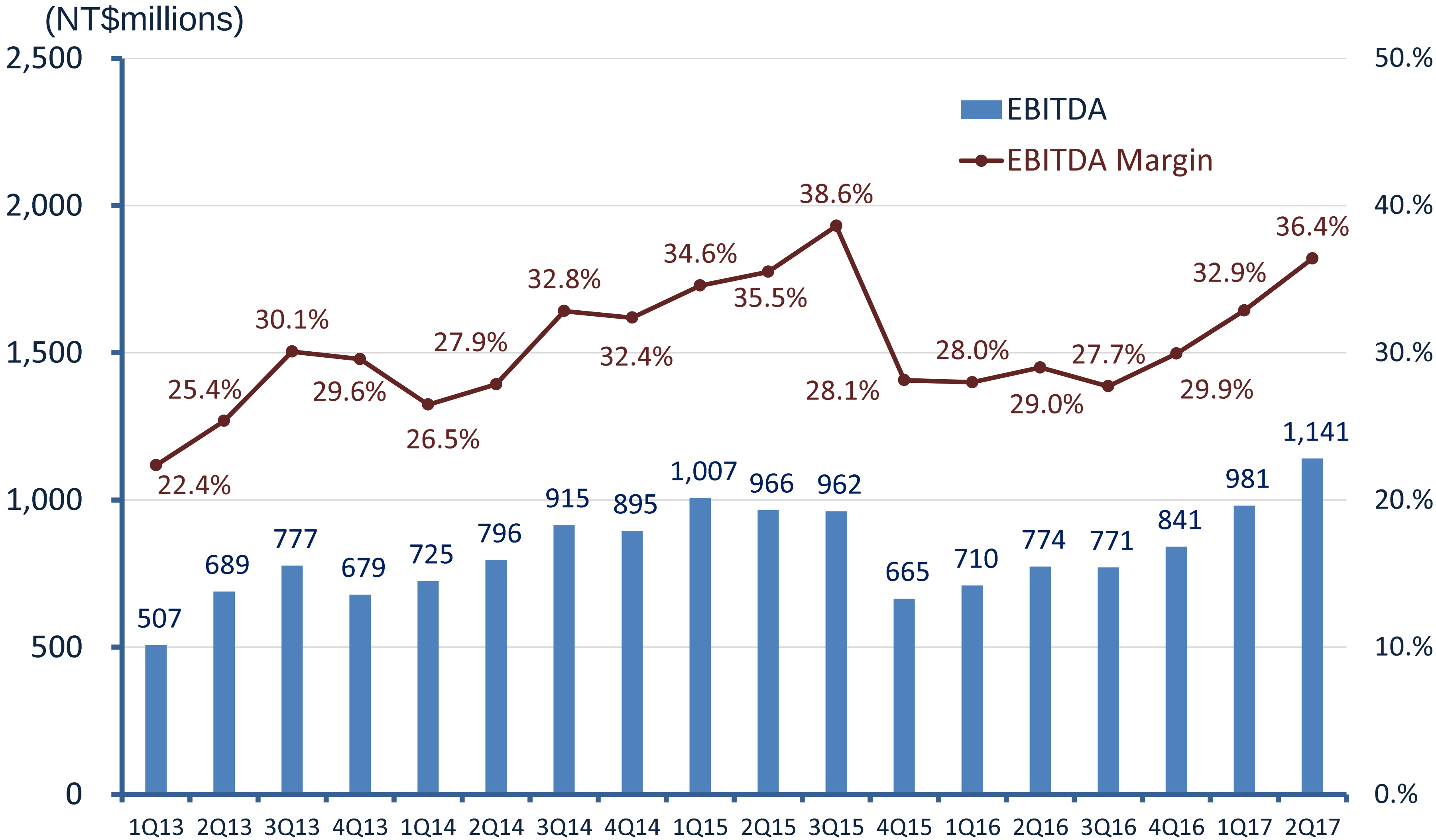
# 2-4 EPS & Dividend Payout





# 2-5 Quarterly Trend-EBITDA






**Note：** EBITDA=Operating Income + Depreciation + Amortization

EBITDA Margin=EBITDA/Net Revenue

# 2-6 Summary of Consolidated Business Results



(In NT$ thousands)

| | 2013 | 2014 | 2015 | 2016 | 2Q17 | 1H17 |
|---|---|---|---|---|---|---|
| Net Revenue | 9,862,583 | 11,147,014 | 10,487,897 | 10,794,340 | 3,134,829 | 6,118,938 |
| Gross Profit | 853,773 | 1,550,616 | 1,875,002 | 1,364,550 | 755,885 | 1,336,318 |
| Gross Margin | 8.66% | 13.91% | 17.88% | 12.64% | 24.11% | 21.84% |
| Operating Income | 570,985 | 1,227,049 | 1,489,440 | 961,122 | 616,141 | 1,064,820 |
| Operating Margin | 5.79% | 11.01% | 14.20% | 8.90% | 19.65% | 17.40% |
| Non-Operating Income and Expenses | (17,863) | 58,441 | 45,652 | (55,795) | 24,050 | (83,462) |
| Income Before Income Tax | 553,122 | 1,285,490 | 1,535,092 | 905,327 | 640,191 | 981,358 |
| Net Income | 314,077 | 1,086,935 | 1,278,051 | 730,390 | 537,305 | 832,066 |
| Net Profit Margin | 3.18% | 9.75% | 12.19% | 6.77% | 17.14% | 13.60% |
| EPS(NT Dollar) | 0.40 | 1.40 | 1.65 | 0.94 | 0.69 | 1.07 |
| ROE | 1.68% | 5.66% | 6.43% | 3.64% | 2.65% | 4.13% |
| Depreciation | 1,967,518 | 2,025,554 | 2,039,012 | 2,092,538 | 524,002 | 1,047,148 |
| EBITDA | 2,650,922 | 3,331,756 | 3,599,965 | 3,095,790 | 1,141,078 | 2,122,115 |

**Note:**EBITDA=Operating Income + Depreciation + Amortization

# 2-7 Consolidated Balance Sheet



(In NT$ thousands)

| | 2013 | 2014 | 2015 | 2016 | 1H17 |
|---|---|---|---|---|---|
| Cash and cash equivalents | 72,017 | 2,245,067 | 2,787,512 | 4,400,895 | 6,041,266 |
| Trade receivable | 1,577,796 | 1,635,271 | 1,422,400 | 1,602,346 | 1,762,845 |
| Inventories | 2,038,786 | 1,743,834 | 2,286,752 | 2,065,542 | 2,112,018 |
| Property, plant and equipment | 17,321,344 | 15,481,904 | 14,797,376 | 13,225,806 | 12,238,464 |
| Other assets | 894,684 | 864,554 | 863,992 | 431,105 | 368,965 |
| **Total assets** | **21,904,627** | **21,970,630** | **22,158,032** | **21,725,694** | **22,523,558** |
| Short-term borrowings | 605,400 | - | - | - | - |
| Trade payables | 700,688 | 691,397 | 633,804 | 623,138 | 624,141 |
| Long-term borrowings | 690,916 | 345,458 | - | - | - |
| Other payables | 426,373 | 506,550 | 865,142 | 608,040 | 1,138,852 |
| Other liabilities | 700,516 | 790,925 | 529,677 | 493,275 | 453,192 |
| **Total liabilities** | **3,123,893** | **2,334,330** | **2,028,623** | **1,724,453** | **2,216,185** |
| Share capital | 7,756,966 | 7,756,966 | 7,756,966 | 7,756,966 | 7,756,966 |
| Capital surplus | 5,739,080 | 5,739,080 | 5,739,080 | 5,739,080 | 5,739,080 |
| Retained earnings | 5,284,460 | 6,140,069 | 6,608,606 | 6,479,624 | 6,791,973 |
| Other equity | 228 | 185 | 24,757 | 25,571 | 19,354 |
| **Total equity** | **18,780,734** | **19,636,300** | **20,129,409** | **20,001,241** | **20,307,373** |

# 2-8 Consolidated Cash Flow

Flexibility
Speed
Technology

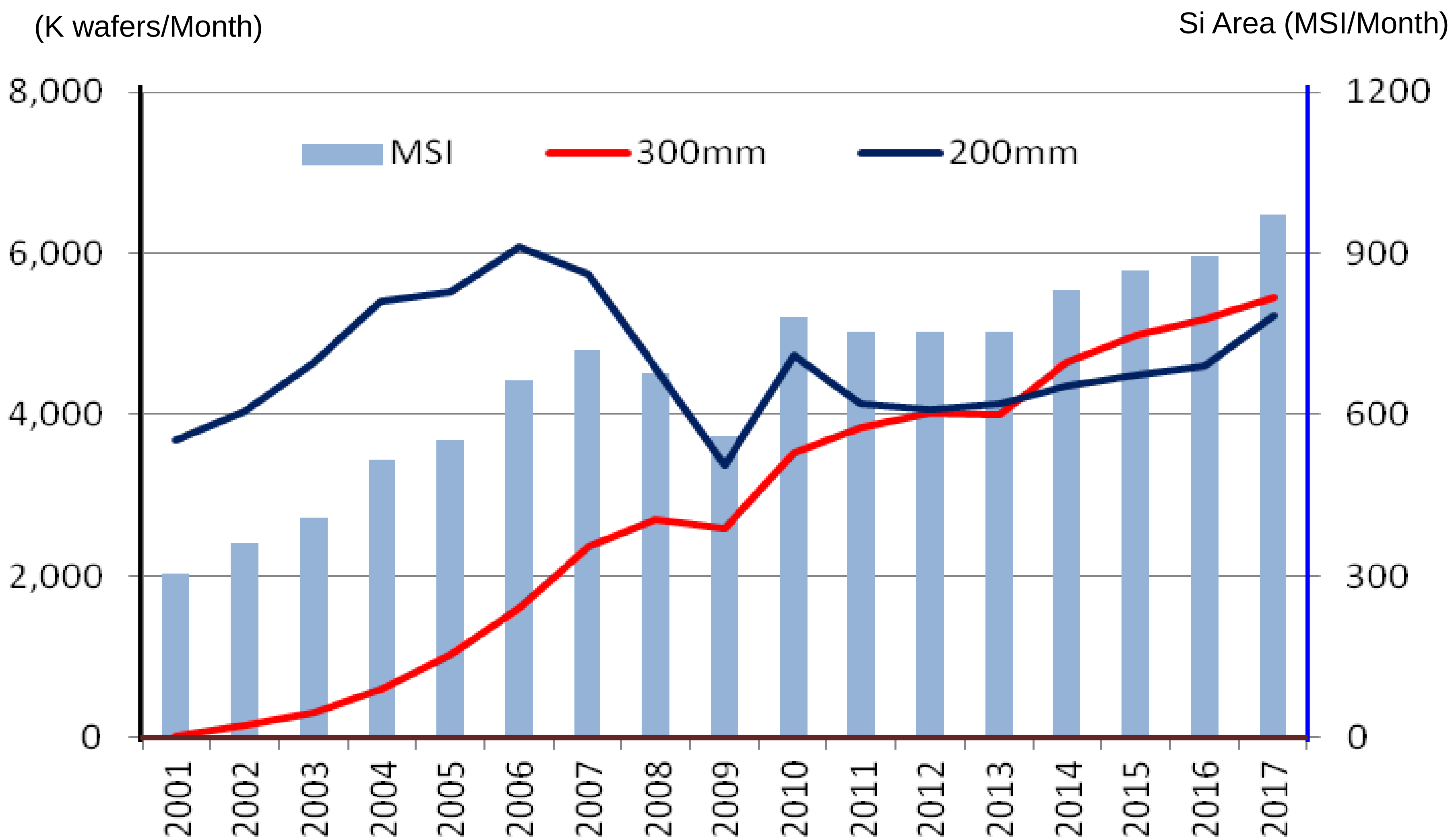
(In NT$ thousands)

| | 2013 | 2014 | 2015 | 2016 | 1H17 |
|---|---|---|---|---|---|
| Income before income tax | 553,122 | 1,285,490 | 1,535,092 | 905,327 | 981,358 |
| Total adjustments to reconcile profit (loss) | 2,063,777 | 2,085,270 | 2,094,662 | 2,096,663 | 1,057,849 |
| Changes in operating assets and liabilities | 159,087 | 433,266 | (282,800) | 162,974 | (231,667) |
| Other cash inflow and outflow | (67,528) | (86,098) | (147,593) | (181,423) | (125,864) |
| **Net cash generated from operating activities** | 2,708,458 | 3,717,928 | 3,199,361 | 2,983,541 | 1,681,676 |
| **Net cash used in investing activities** | (352,534) | (364,508) | (1,218,305) | (572,789) | (66,916) |
| **Net cash used in financing activities** | (2,600,177) | (1,179,204) | (1,460,768) | (845,284) | 4,068 |
| Effects of exchange rate | (4,929) | (1,166) | 22,157 | 47,915 | 21,543 |
| **Net increase(decrease) in cash and cash equivalents** | (249,182) | 2,173,050 | 542,445 | 1,613,383 | 1,640,371 |

# Silicon Wafer Market Environment
# （矽晶圓市場環境）

# 3-1 Worldwide Silicon Wafer Shipment (through July 2017)

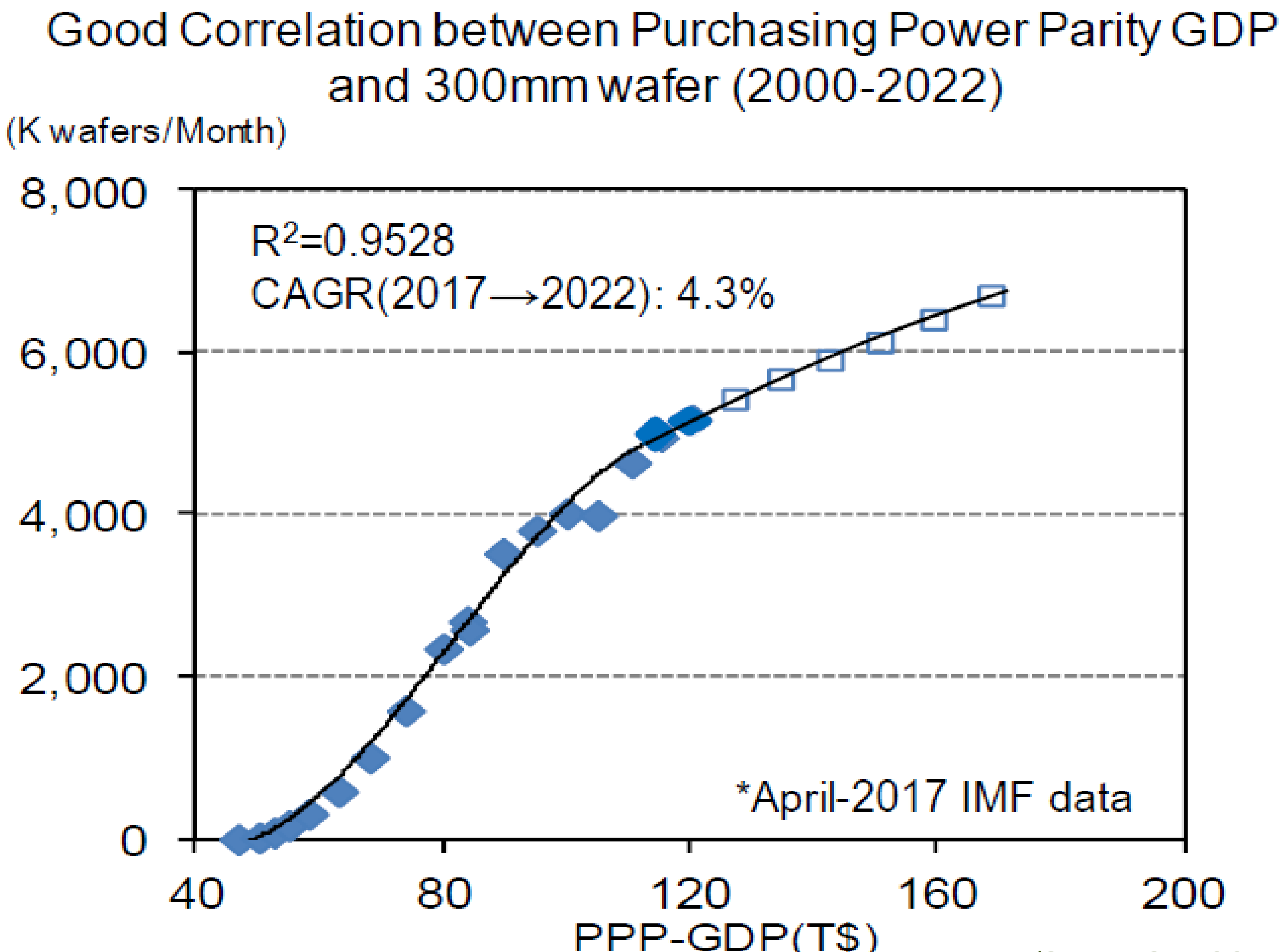
Flexibility
Speed
Technology




*" Silicon Area" included 300mm, 200mm and ≦150mm. (Source: SUMCO、FST estimation)

# 3-2 300mm Demand Based on PPP-GDP

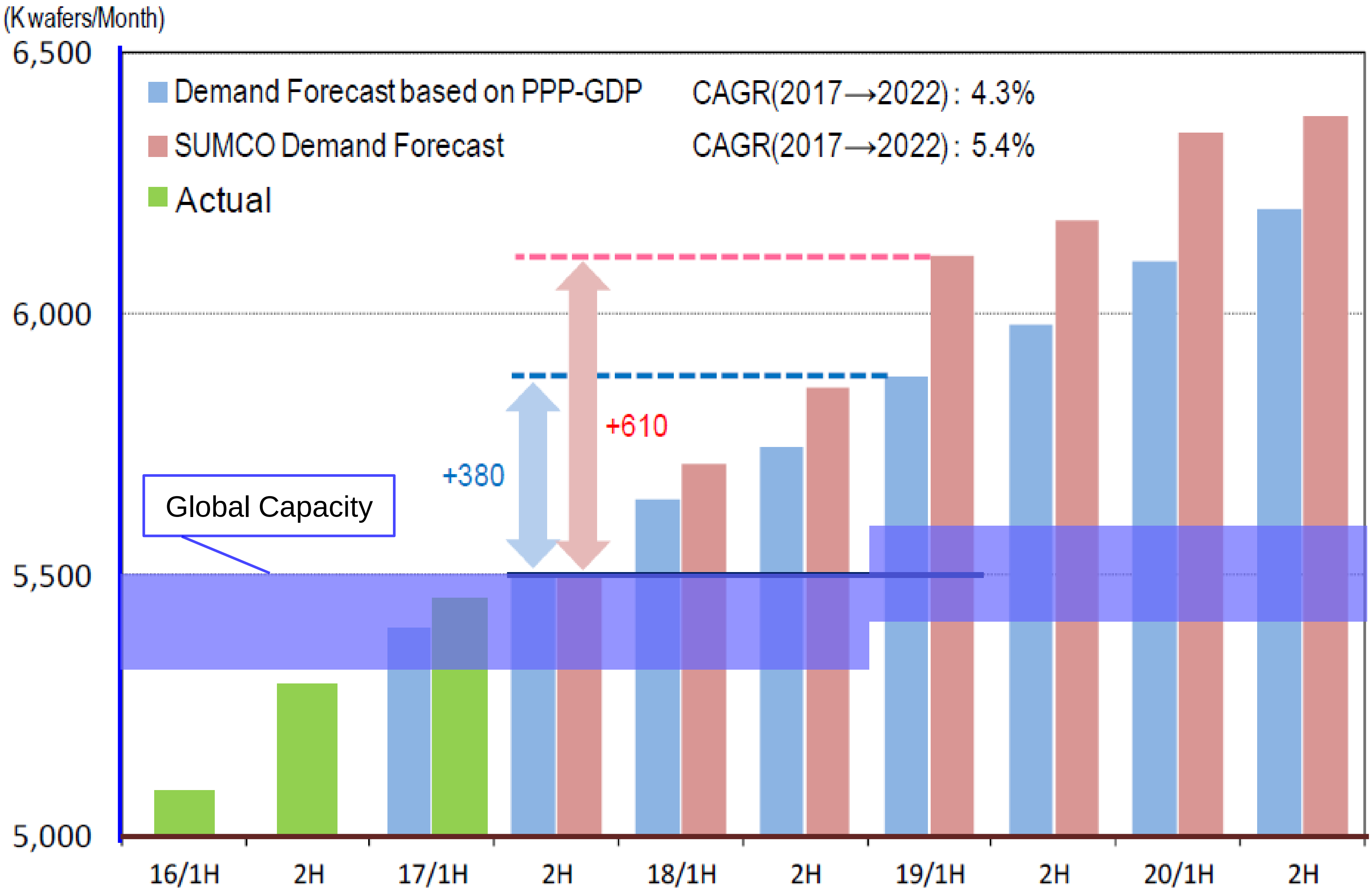





(Source: SUMCO estimation)

# 3-3 300mm Demand Forecast

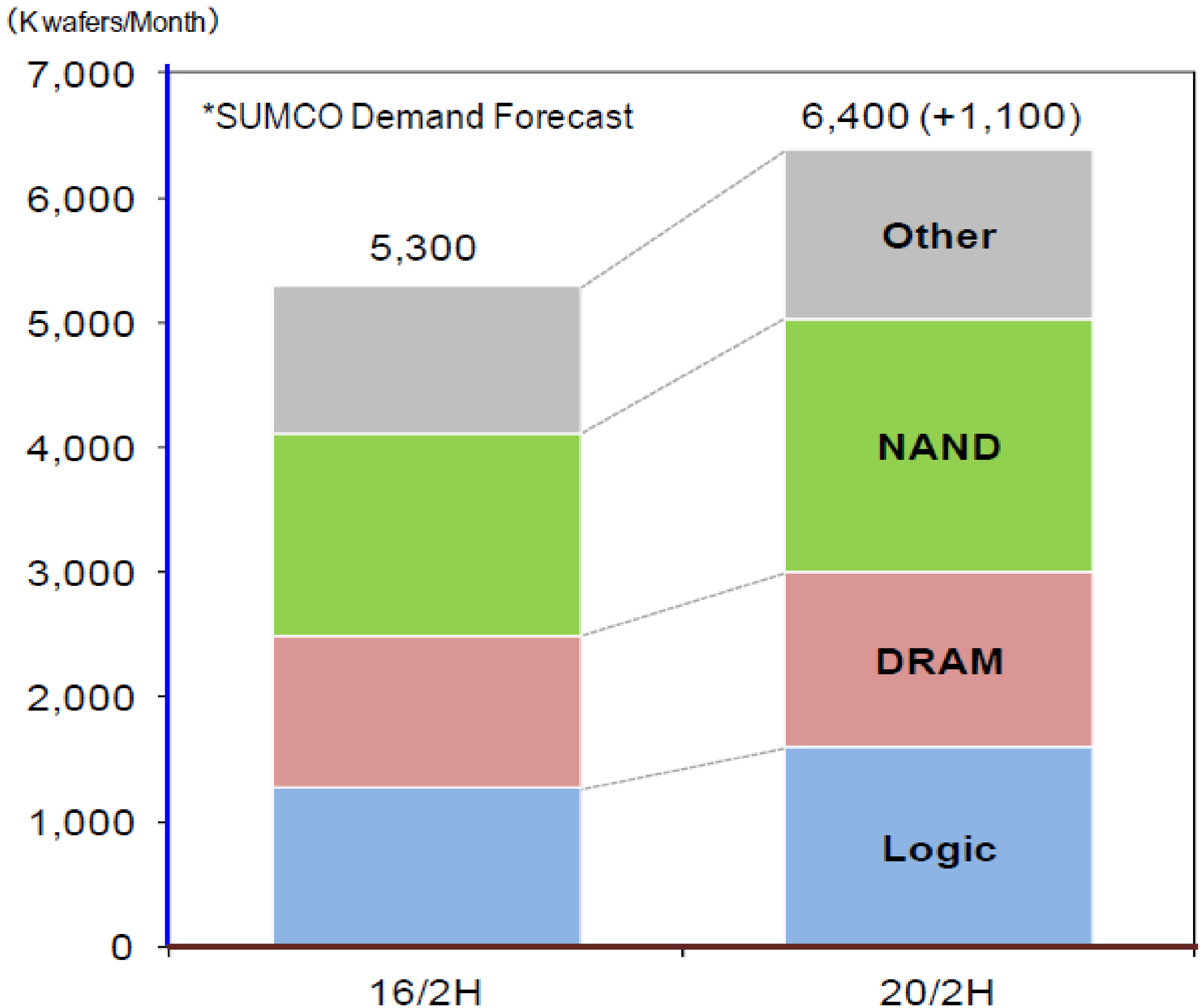
Flexibility
Speed
Technology




(Source: SUMCO、FST estimation)

# 3-4 300mm Demand Forecast by Devices

Flexibility
Speed
Technology




(Source: SUMCO estimation)

# 3-5 Expansion Plans of China 300mm Customers

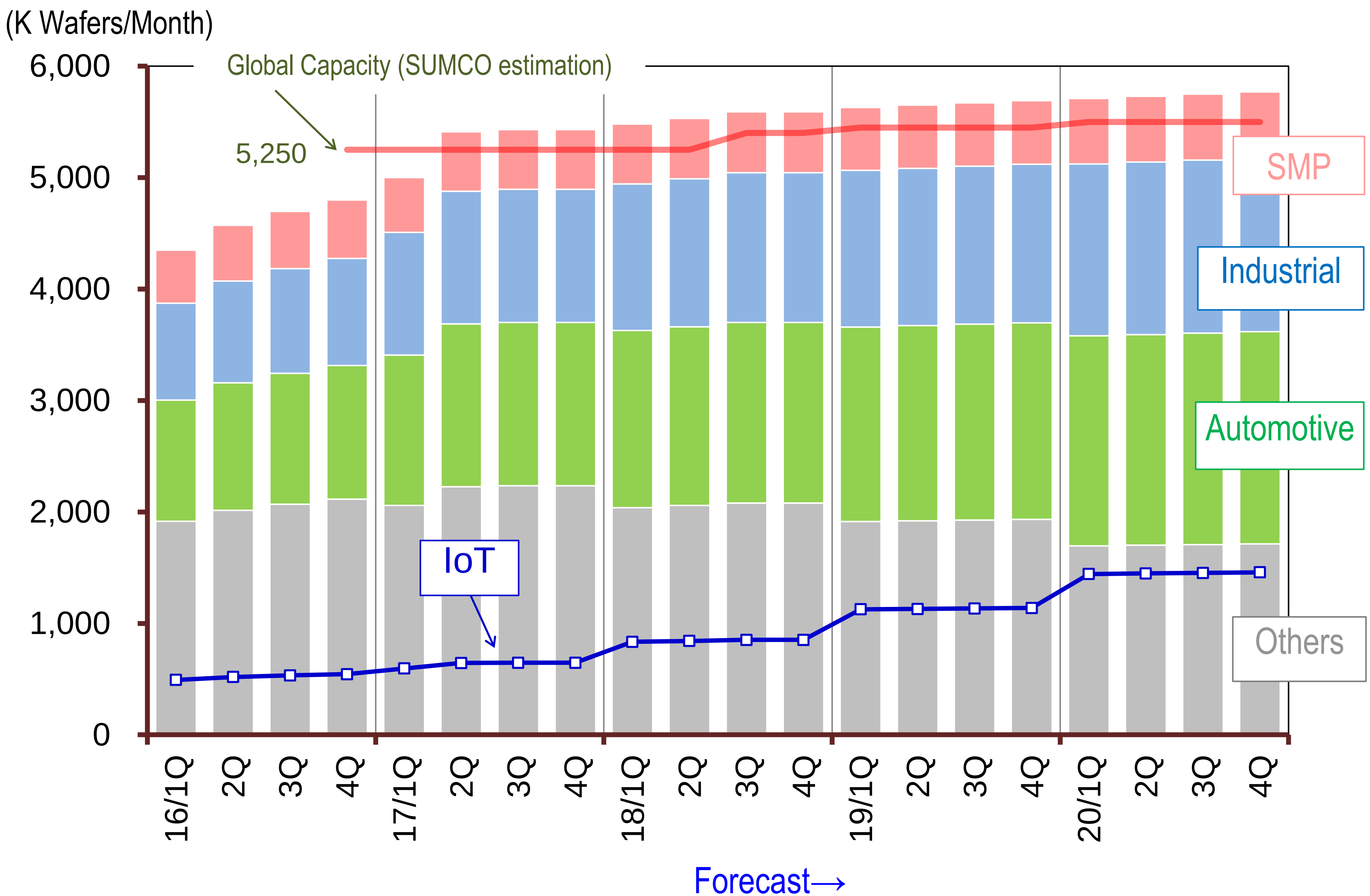
Flexibility
Speed
Technology


| Customer | Location | 2017 | 2018 | 2019 | 2020 | 2025 |
|---|---|---|---|---|---|---|
| Intel | Dalian | 60 | 60 | 60 | 70 | 70 |
| SMIC | Beijing | 80 | 105 | 110 | 120 | 120 |
| Samsung | Xi'an | 120 | 120 | 120 | 200 | 200 |
| TSMC | Nanjing | 0 | 20 | 25 | 35 | 50 |
| Shanghai Huali | Shanghai | 30 | 35 | 40 | 50 | 75 |
| SMIC | Shanghai | 25 | 35 | 50 | 70 | 80 |
| SK Hynix | Wuxi | 150 | 150 | 155 | 160 | 160 |
| Innotron | Hefei | 0 | 3 | 60 | 100 | 120 |
| Nexchip | Hefei | 5 | 10 | 20 | 40 | 50 |
| XMC | Wuhan | 12 | 45 | 100 | 200 | 300 |
| JHICC(Fujian) | Jinjiang | 0 | 10 | 30 | 30 | 30 |
| UMC | Xiamen | 20 | 30 | 30 | 50 | 50 |
| SMIC | Shenzhen | 5 | 5 | 10 | 36 | 36 |
| Total(Kpcs/M) | | 507 | 628 | 810 | 1,161 | 1,341 |

(Source: FST estimation)

# 3-6 200mm Demand Forecast

Flexibility
Speed
Technology




(Source: SUMCO estimation)

FST 台塑勝高科技股份有限公司
FORMOSA SUMCO TECHNOLOGY CORPORATION

# 3-7 Summary



■Volume

Worldwide Silicon wafer shipment by wafer area continued to grow by 6-7% from 2014 to 2017, and 300mm and 200mm increase leaded the market growth.

(300mm)

- The demand forecast from 2017 to 2022 will increase by 4.3-5.4% per year based on SUMCO estimation. NAND flash memory and Logic will lead the market growth.
- The market demand, which we estimated as 5.5 Million per month, already might exceed the supply capacity and customers' aggressive capacity expansion plan will accelerate the wafer shortage.

(200mm)

- 200mm demand will continue to recover because of strong growth of industrial and automotive use.
- Wafer suppliers downsized their capacity through the past recession and supply shortage started for every wafer types.

■Pricing

- Price recovery started from 2017 for various diameters, however 300mm adjustment is significant because of heavy price erosion for past decade.

# Q&A



# Thank you

## Have a nice day