Results for First Quarter of FY2020

台塑勝高科技股份有限公司

FORMOSA SUMCO TECHNOLOGY CORPORATION

(Code:3532)

May 27, 2020

Notes Regarding the Forecasts

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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.

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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。

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Financial Overview
（財務概況）

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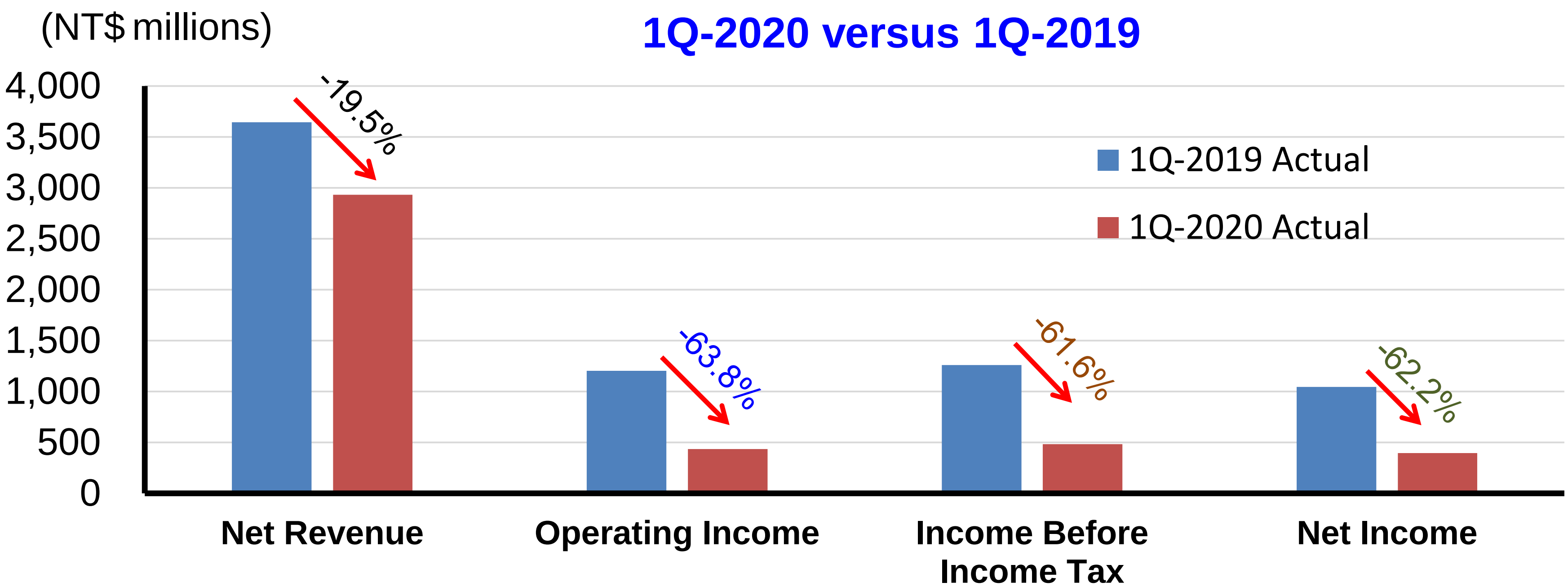
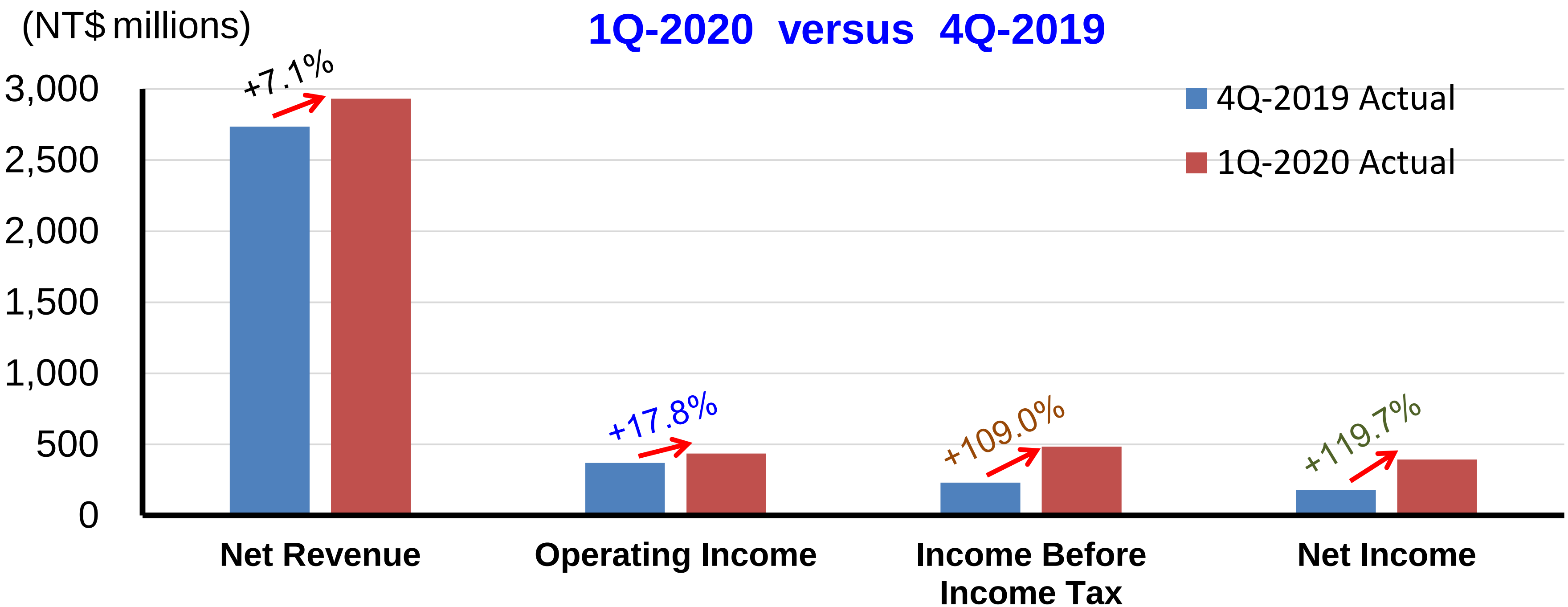


(In NT$ thousands)

1Q-2020 Consolidated Business Results	1Q-2020 Actual	1Q-2019 Actual	Change
Net Revenue	2,931,543	3,642,545	-19.5%
Operating Income	435,710	1,203,983	-63.8%
Income Before Income Tax	483,427	1,259,433	-61.6%
Net Income	394,657	1,043,706	-62.2%

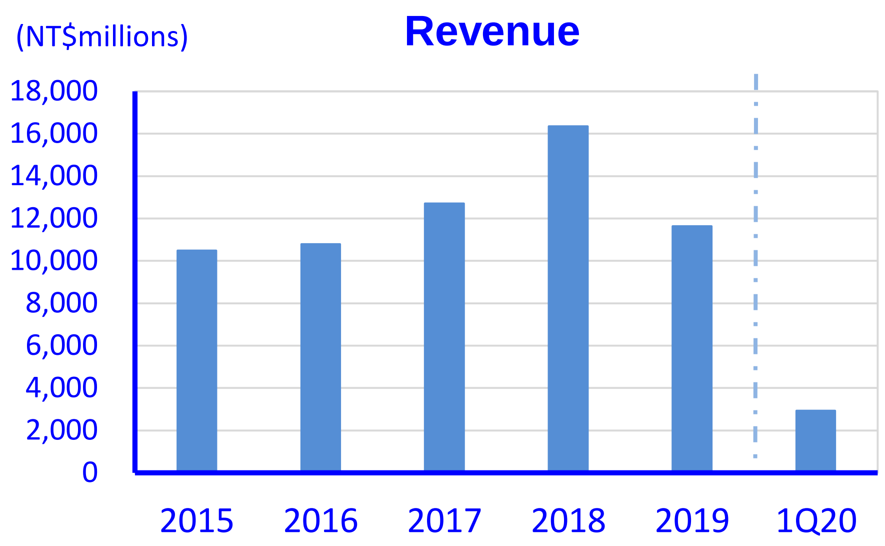
1-1 Analysis of Changes in Business Results

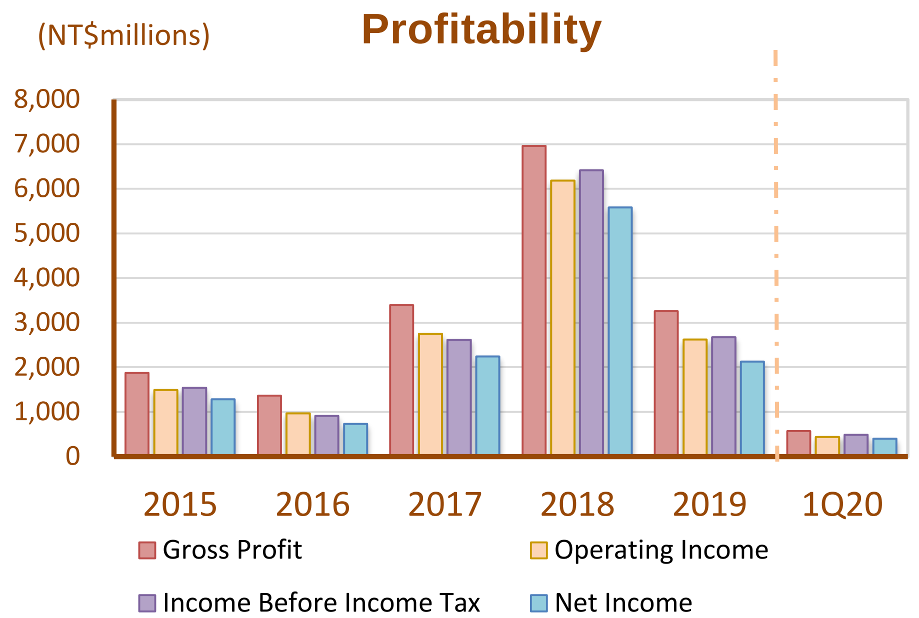


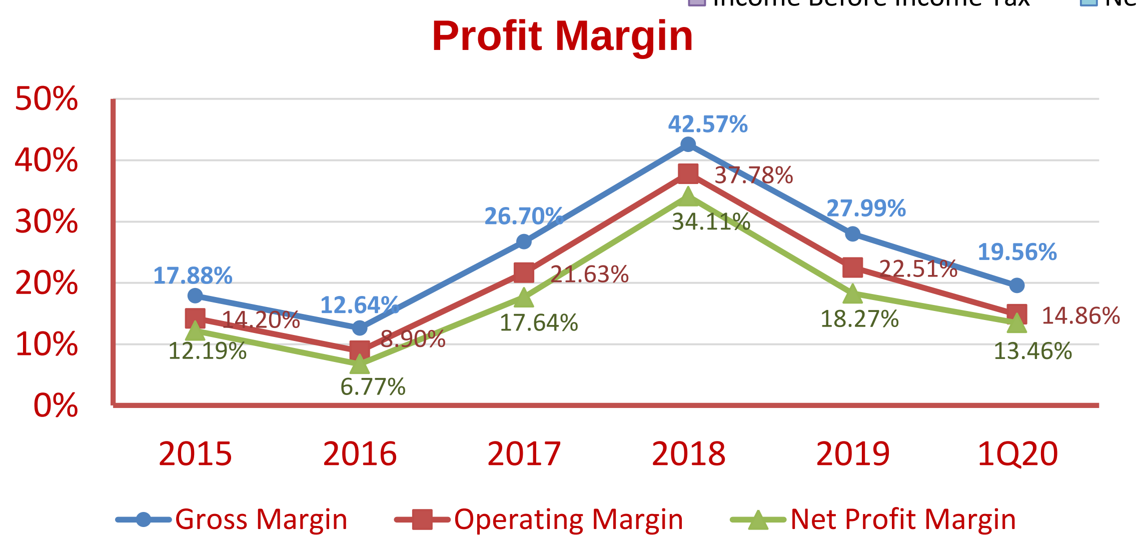
(In NT$ thousands)

1Q-2020 Consolidated Business Results	1Q-2020 Actual	4Q-2019 Actual	Change
Net Revenue	2,931,543	2,736,233	7.1%
Operating Income	435,710	369,756	17.8%
Income Before Income Tax	483,427	231,287	109.0%
Net Income	394,657	179,643	119.7%

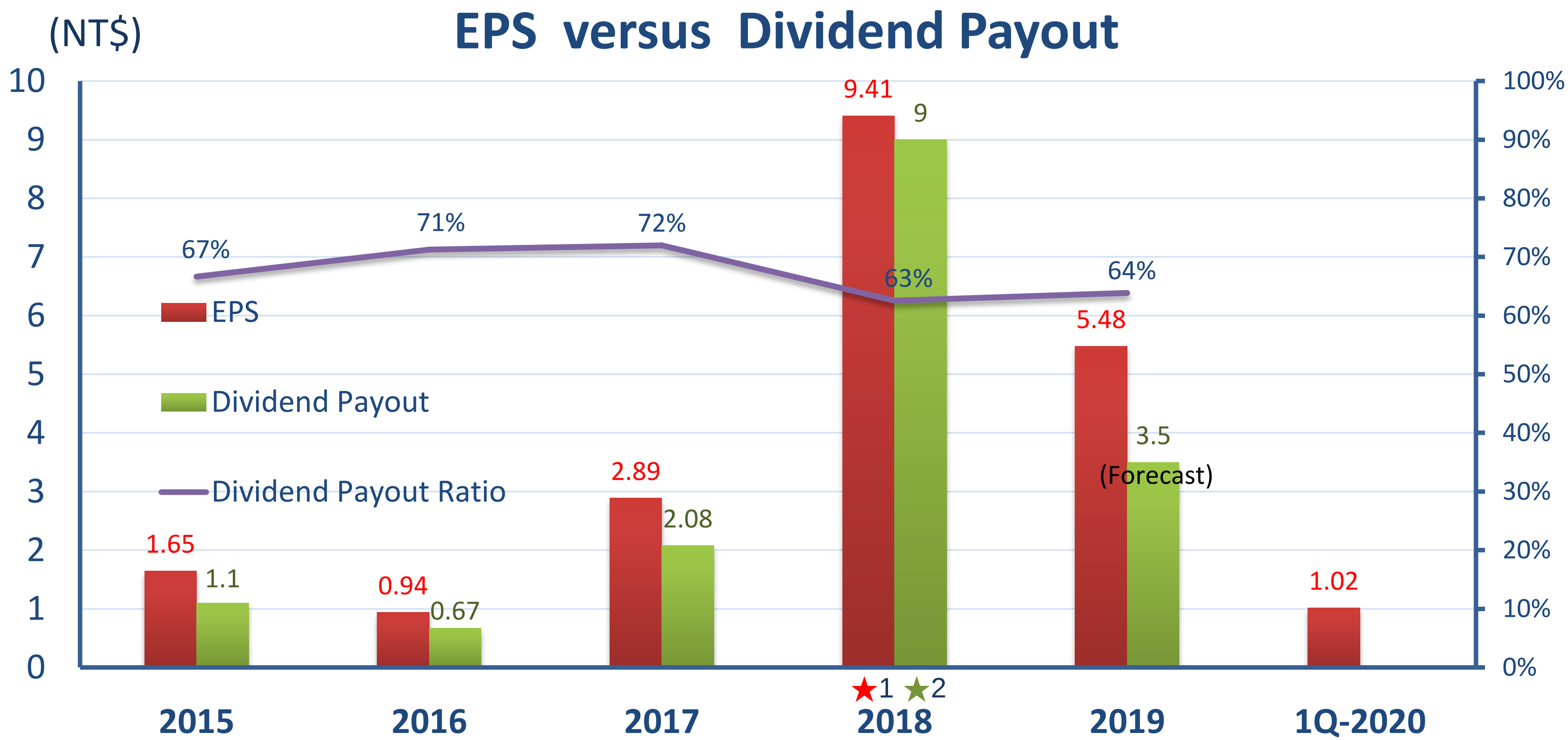
1-2 Summary of Consolidated Business Results







1-3 EPS & Dividend Payout

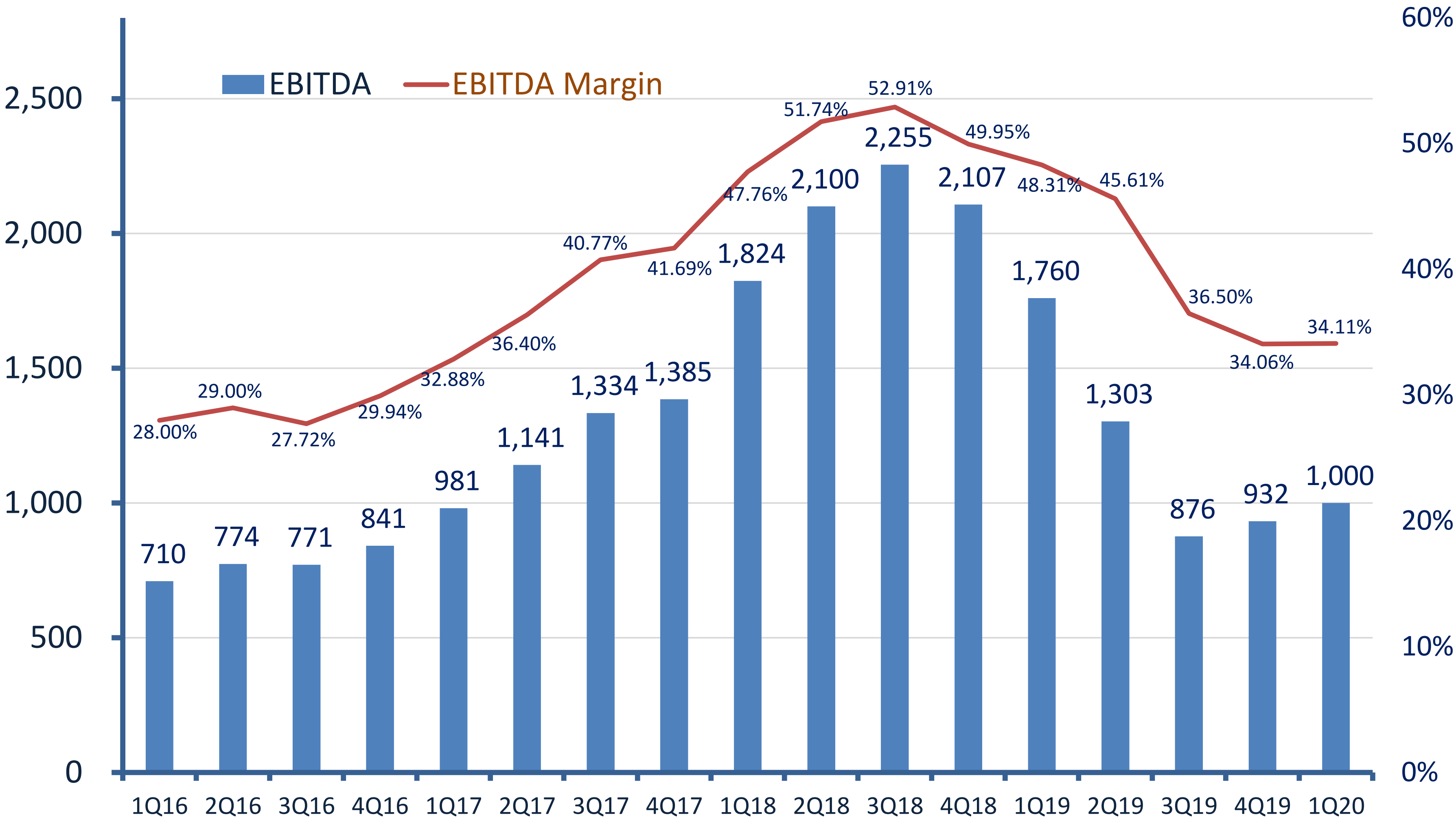


1.EPS calculated based on weighted average number of ordinary shares(**593,163**k).

2.Dividend Payout & Payout Ratio are calculated based on new ordinary shares data(**387,848**k).

1-4 Quarterly Trend-EBITDA

(NT$millions)



Note： EBITDA=Operating Income + Depreciation + Amortization

EBITDA Margin=EBITDA/Net Revenue

1-5 Summary of Consolidated Business Results

(In NT$ thousands)

	2016	2017	2018	2019	1Q20
Net Revenue	10,794,340	12,713,025	16,358,126	11,636,040	2,931,543
Gross Profit	1,364,550	3,394,509	6,963,797	3,257,055	573,284
Gross Margin	12.64%	26.70%	42.57%	27.99%	19.56%
Operating Income	961,122	2,749,810	6,179,888	2,619,363	435,710
Operating Margin	8.90%	21.63%	37.78%	22.51%	14.86%
Non-Operating Income and Expenses	(55,795)	(134,618)	227,894	49,595	47,717
Income Before Income Tax	905,327	2,615,192	6,407,782	2,668,958	483,427
Net Income	730,390	2,242,774	5,580,459	2,125,798	394,657
Net Profit Margin	6.77%	17.64%	34.11%	18.27%	13.46%
EPS(NT Dollar)	0.94	2.89	9.41	5.48	1.02
ROE(Annualized)	3.64%	10.76%	25.69%	10.08%	7.67%
Depreciation	2,092,538	2,079,783	2,101,655	2,249,977	562,607
EBITDA	3,095,790	4,840,619	8,284,626	4,870,912	998,796

Note: EBITDA=Operating Income + Depreciation + Amortization

1-6 Consolidated Balance Sheet

(In NT$ thousands)

	2016	2017	2018	2019	1Q20
Cash and cash equivalents	4,400,895	7,609,722	7,350,286	6,624,751	6,558,493
Trade receivable	1,602,346	2,128,776	2,858,159	1,973,598	2,152,641
Inventories	2,065,542	2,344,785	2,759,706	2,891,305	3,048,836
Property, plant and equipment	13,225,806	11,812,997	10,892,981	10,871,889	10,613,377
Other assets	431,105	338,687	911,456	454,571	488,139
Total assets	**21,725,694**	**24,234,967**	**24,772,588**	**22,816,114**	**22,861,486**
Short-term borrowings	-	-	-	-	-
Trade payables	623,138	542,620	691,542	513,717	556,932
Long-term borrowings	-	-	-	-	-
Other payables	608,040	1,320,721	1,236,218	1,147,603	608,016
Other liabilities	493,275	699,618	1,071,689	760,025	901,073
Total liabilities	**1,724,453**	**2,562,959**	**2,999,449**	**2,421,345**	**2,066,021**
Share capital	7,756,966	7,756,966	3,878,483	3,878,483	3,878,483
Capital surplus	5,739,080	5,739,082	5,739,151	5,739,217	5,739,265
Retained earnings	6,479,624	8,164,521	12,128,438	10,750,979	11,145,636
Other equity	25,571	11,439	27,067	26,090	32,081
Total equity	**20,001,241**	**21,672,008**	**21,773,139**	**20,394,769**	**20,795,465**

1-7 Consolidated Cash Flow

(In NT$ thousands)

	2016	2017	2018	2019	1Q20
Income before income tax	905,327	2,615,192	6,407,782	2,668,958	483,427
Total adjustments to reconcile profit (loss)	2,096,663	2,130,012	2,121,259	2,199,747	551,127
Changes in operating assets and liabilities	162,974	(630,826)	(893,656)	400,236	(736,857)
Other cash inflow and outflow	(181,423)	(107,374)	(434,727)	(905,400)	11,564
Net cash generated from operating activities	2,983,541	4,007,004	7,200,658	4,363,541	309,261
Net cash used in investing activities	(572,789)	(330,628)	(1,934,693)	(1,597,714)	(364,410)
Net cash used in financing activities	(845,284)	(511,709)	(5,483,044)	(3,492,754)	(647)
Effects of exchange rate	47,915	44,160	(42,357)	1,392	(10,462)
Net increase(decrease) in cash and cash equivalents	1,613,383	3,208,827	(259,436)	(725,535)	(66,258)

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

2-1 FST Sales Trend

■1Q-2020

✓ Volume -Demand recovered steadily for both 300 and 200 mm wafers after a 2019/3Q bottom.
-Demand for logic and memory was solid; inventory adjustment continued for memory.
-Customers moved to increase their safety (emergency) stock amid COVID-19 impact concerns.

✓ Pricing -Long-term agreement prices holding steady, spot prices weak.

■2Q-2020 Forecast

✓ Volume -Modest recovery is expected to continue for both 300 and 200 mm wafers.
-The spread of teleworking is driving demand for PCs, tablets, and data centers; but COVID-19 has impacted global supply chain.

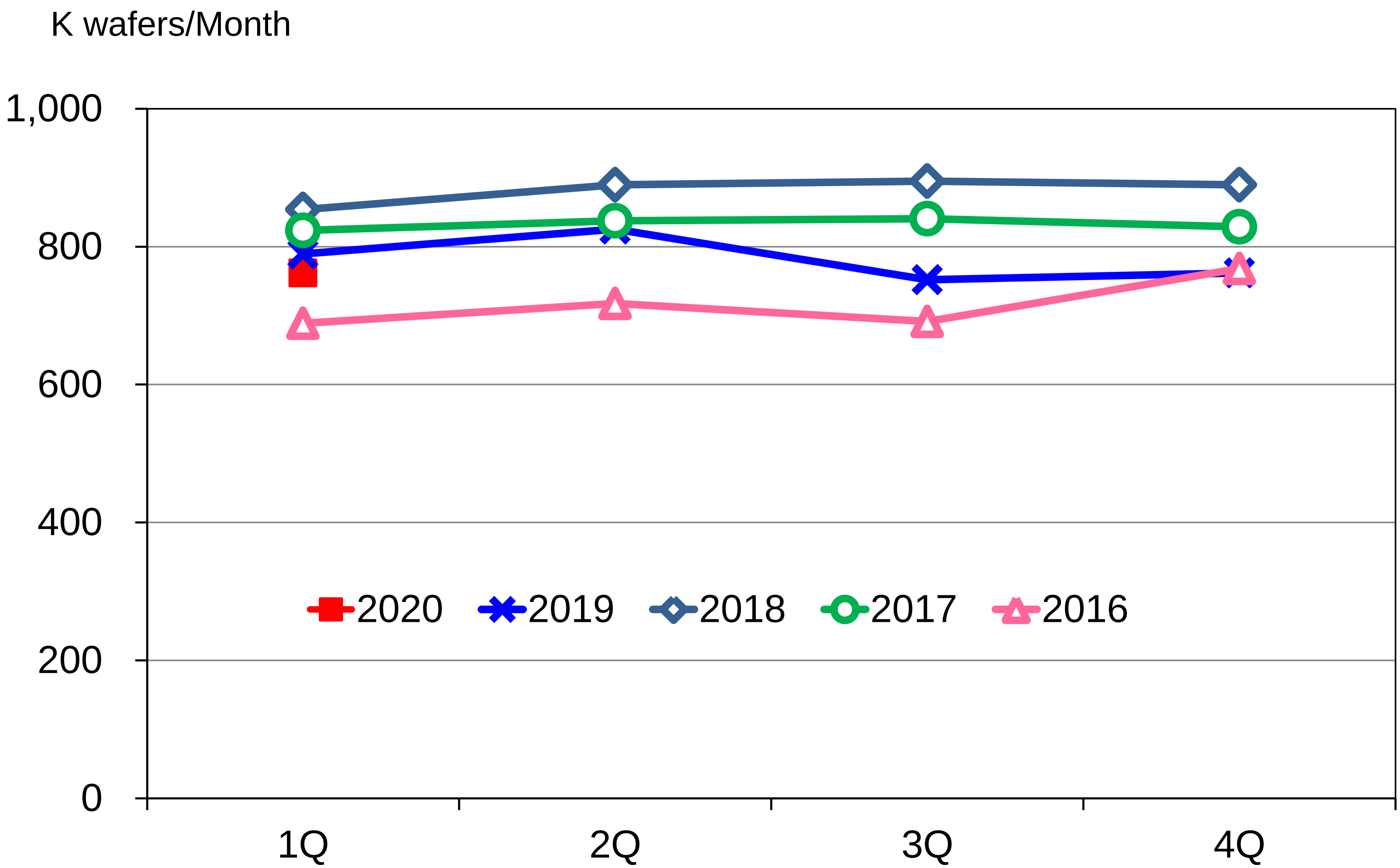
✓ Pricing -Long-term agreement prices to hold firm, spot prices relatively stable.

■ Outlook

✓ Growth in silicon wafer demand is expected to remain relatively strong as greater use of teleworking, distance learning and online shopping is driving demand for PCs, tablets, and data centers. However, we still need to respond cautiously to uncertain prospects for recovery of demand in the consumer and industrial, which has fallen sharply due to the spread of COVID-19.

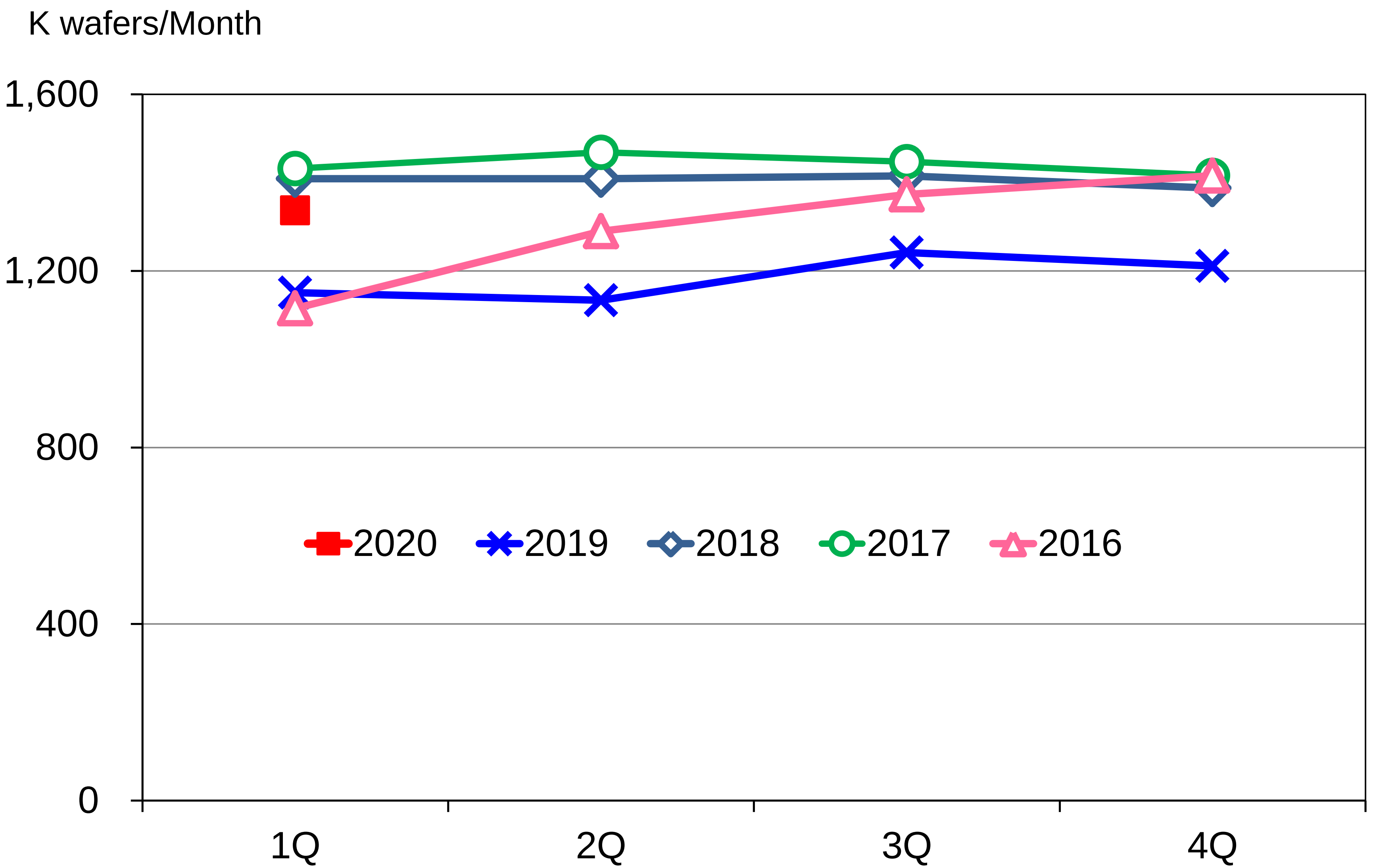
✓ Once COVID-19 subsides, strong demand is seen, as along with the previously expected spread of 5G, and teleworking, consumer and industrial demand should recover as well.

2-2 Taiwan 200mm Wafer Trend



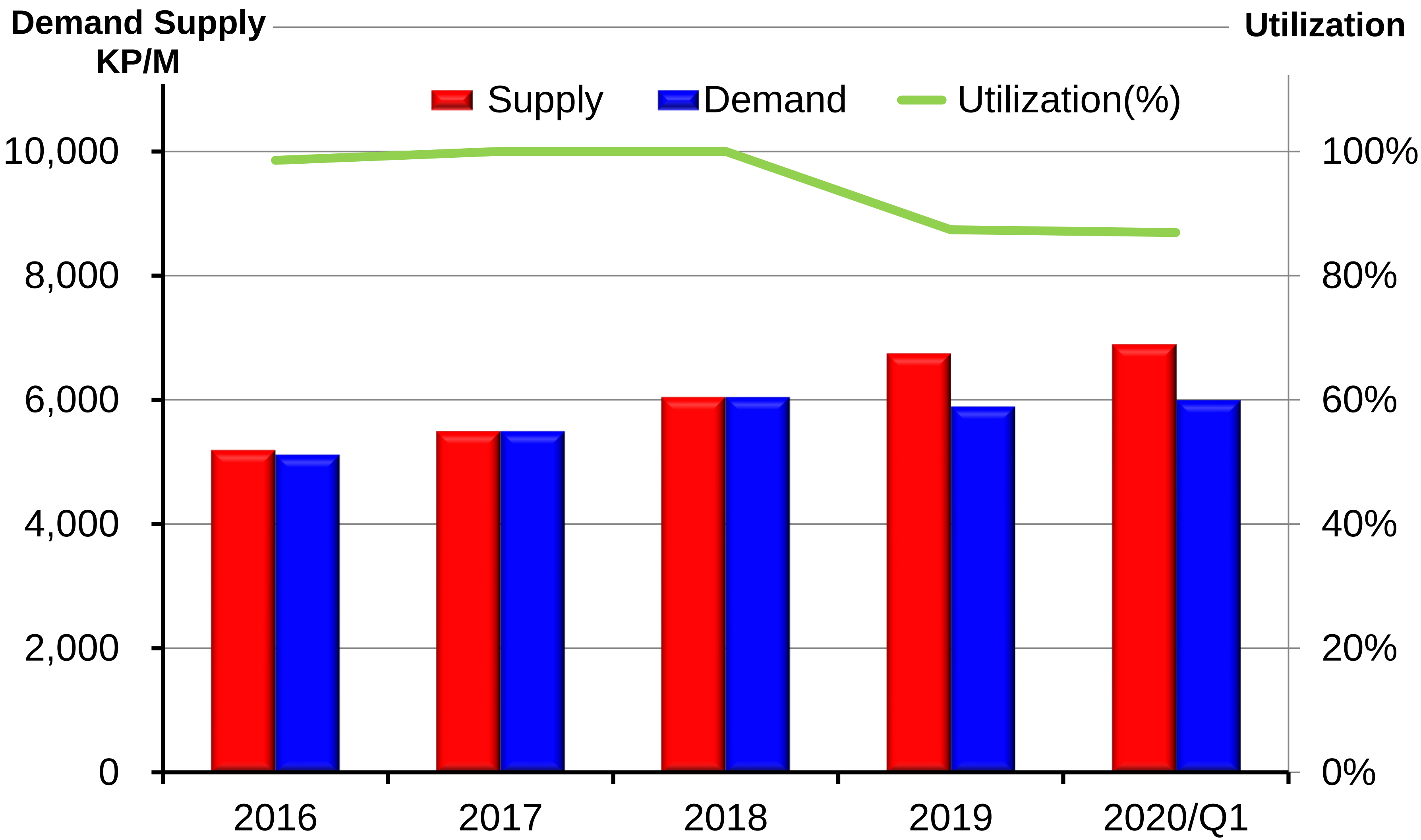
(Source: FST estimation)

2-3 Taiwan 300mm Wafer Trend



(Source: FST estimation)

2-4 300mm Wafer Global Supply and Demand



(Source: FST estimation)

Thank you

Have a nice day