



Daxin Materials Corporation

Investor Conference

2019.12.11



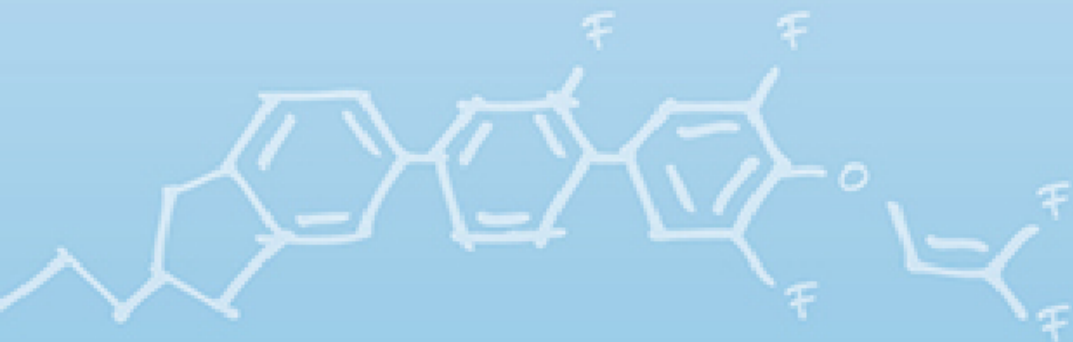
Design House for Chemical Materials

Disclaimer

- DAXIN's statements of its current expectations are forward-looking statements subject to significant risks and uncertainties and actual results may differ materially from those contained in the forward-looking statements.
- Except as required by law, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.

Agenda

- **Company Profile**
- **Operating Result**
- **Operational Highlights & Outlook**



Company Profile

Company Profile

Foundation	July 12 th , 2006 (JV of AUO & Eternal Materials)
Paid-in capital	1,027 million NTD
Employees	358 (until Nov., 2019) R&D ~51.4%
IPO on TAIEX	July, 16 th , 2012 (Code : 5234)
Revenue	Y2018 : 4,413 million NTD Y2019/1~11 : 4,166 million NTD
Major products	Specialty Chemicals for Display, Semiconductor and others.





Locations



Headquarters/R&D Center



AMC* I – Taichung

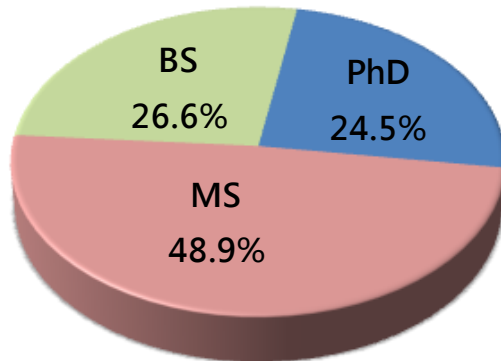


AMC* II – Taichung Harbor

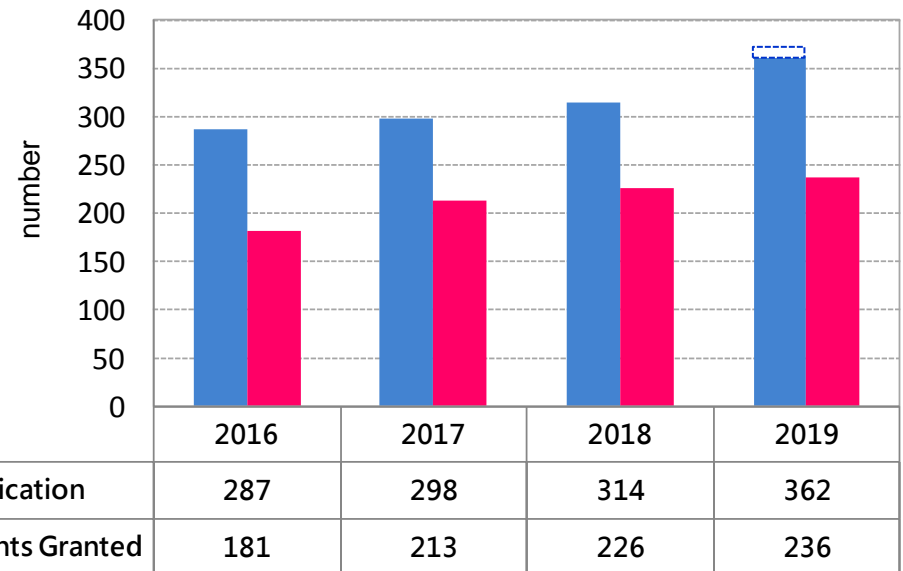


*AMC: Advanced Manufacturing Center

R&D employees > 50%



Patents

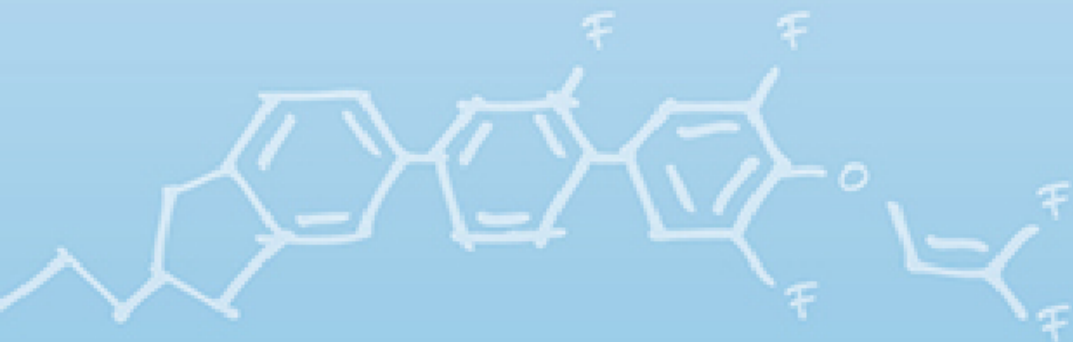


Last Update : 2019.11.30

Number of patent applications to be 365 by 2019/E.

Capital Expenditure

- Investment : NT\$550 million
- Location : Taichung Chungkang Export Processing Zone
- Construction : 2019/Q4 – 2021/Q1
- Funding : Internal and bank financing
- Purpose : Production facility for future products
(ex: Semi Chemicals, Key Raw Materials and Others)



Operation Results

Statements of Comprehensive Income

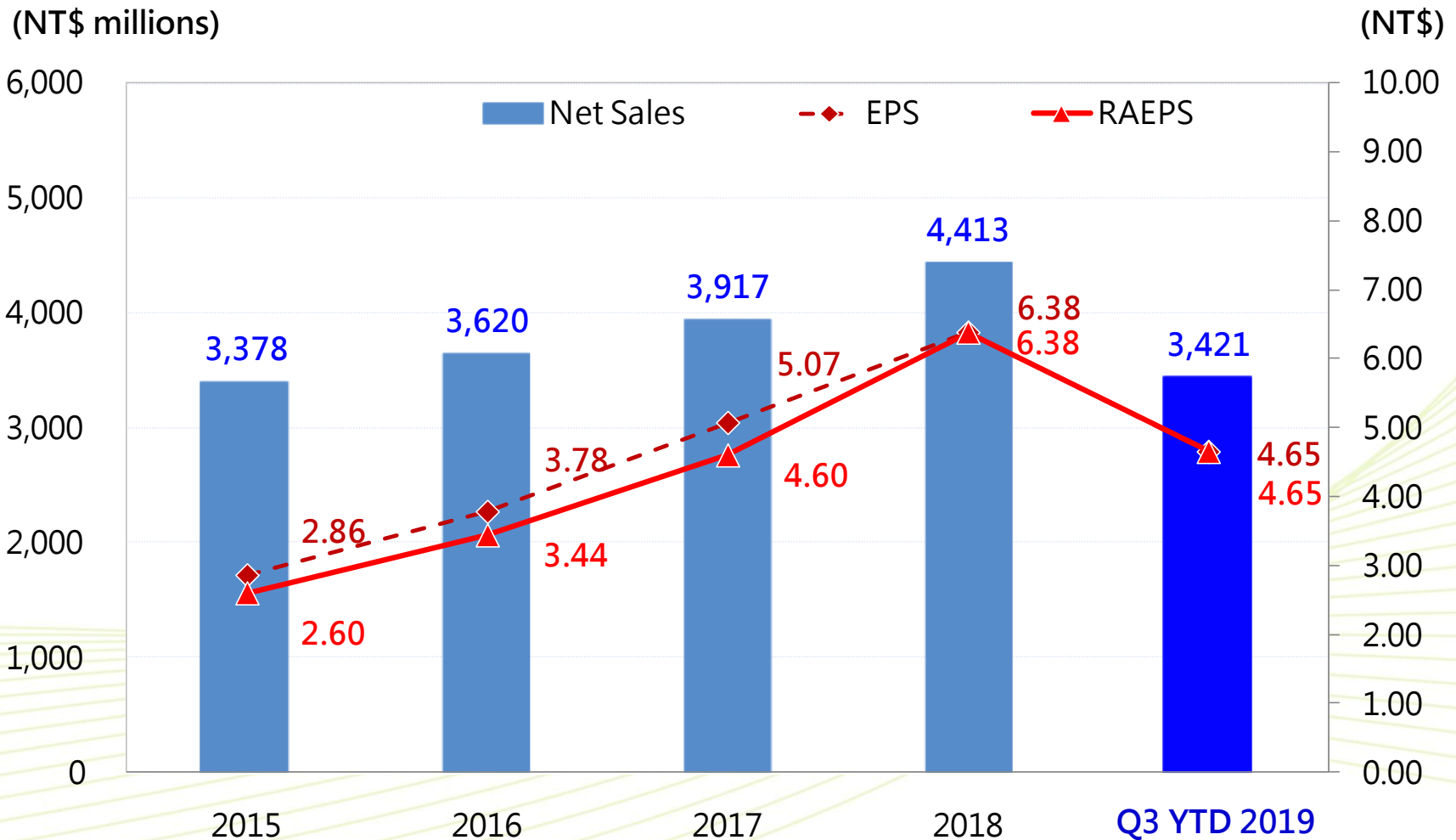
(In NT\$ millions unless otherwise noted)	2019 Q3		2019 Q2		QoQ%	2018Q3		YoY%
Operating revenue	1,165	100.0%	1,134	100.0%	2.7%	1,127	100.0%	3.4%
Operating costs	757	65.0%	751	66.2%	0.8%	741	65.7%	2.2%
Gross profit from operations	408	35.0%	384	33.9%	6.3%	386	34.3%	5.7%
Operating expenses	215	18.5%	202	17.8%	6.4%	192	17.0%	12.0%
Operating income	193	16.6%	181	16.0%	6.6%	195	17.3%	(1.0%)
Non-operating income and expenses	1	0.1%	5	0.4%	(80.0%)	2	0.2%	(50.0%)
Income before income tax	194	16.7%	186	16.4%	4.3%	197	17.5%	(1.5%)
Comprehensive income	166	14.2%	160	14.1%	3.8%	171	15.2%	(2.9%)
 Basic earnings per share (NT\$)	 1.62		 1.56			 1.66		

Statements of Comprehensive Income

-YoY

(In NT\$ millions unless otherwise noted)	Nine months ended Sep. 30, 2019		Nine months ended Sep. 30, 2018		YoY%
Operating revenue	3,421	100.0%	3,223	100.0%	6.1%
Operating costs	2,261	66.1%	2,159	67.0%	4.7%
Gross profit from operations	1,160	33.9%	1,064	33.0%	9.0%
Operating expenses	611	17.9%	541	16.8%	12.9%
Operating income	548	16.0%	523	16.2%	4.8%
Non-operating income and expenses	8	0.2%	9	0.3%	(11.1%)
Income before income tax	556	16.3%	531	16.5%	4.7%
Comprehensive income	478	14.0%	462	14.3%	3.5%
Basic earnings per share (NT\$)	4.65		4.50		

Sales and EPS



Balance Sheets Highlights

(In NT\$ millions)	Sep. 30, 2019		Sep. 30, 2018		DIFF	%
Cash and cash equivalents	93	2.3%	192	5.3%	(99)	(51.6%)
Current financial assets at amortized costs	502	12.6%	433	11.9%	69	15.9%
Accounts receivable	1,410	35.3%	1,373	37.9%	37	2.7%
Inventories	365	9.1%	260	7.2%	105	40.4%
Property, plant and equipment	1,350	33.8%	1,310	36.1%	40	3.1%
Right-of-use assets	203	5.1%	-	0.0%	203	0.0%
Total assets	3,993	100.0%	3,626	100.0%	367	10.1%
Current liabilities	1,186	29.7%	1,174	32.4%	12	1.0%
Non-current liabilities	196	4.9%	-	0.0%	196	0.0%
Total liabilities	1,382	34.6%	1,174	32.4%	208	17.7%
Total equity	2,610	65.4%	2,452	67.6%	158	6.4%

Key financial highlights

Current ratio	204%	196%
Inventory Turnover (Days)	38	30

Cash Flow Highlights

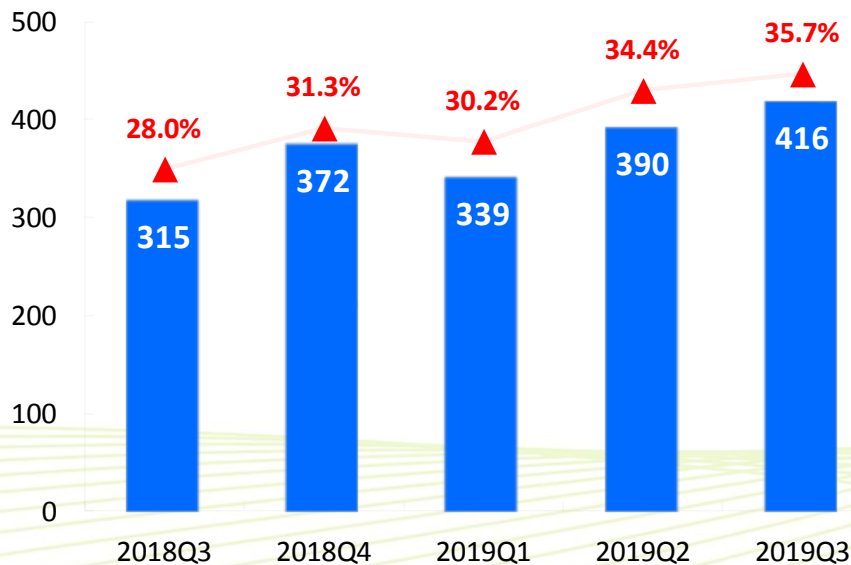
(In NT\$ millions)

	Nine months ended Sep. 30, 2019	Nine months ended Sep. 30, 2018
Income before income tax	556	531
Depreciation and amortization	150	132
Other operating activities	(66)	(73)
Net cash flows from operating activities	522	537
Acquisition of property, plant and equipment	(209)	(140)
Net cash flows used in investing activities	(281)	(160)
Increase in short-term loans	20	-
Repayments of long-term debt	-	(56)
Cash dividends paid	(514)	(327)
Net cash flows used in financing activities	(500)	(383)
Net decrease in cash and cash equivalents	(258)	(6)
Cash and cash equivalents at end of period	93	192

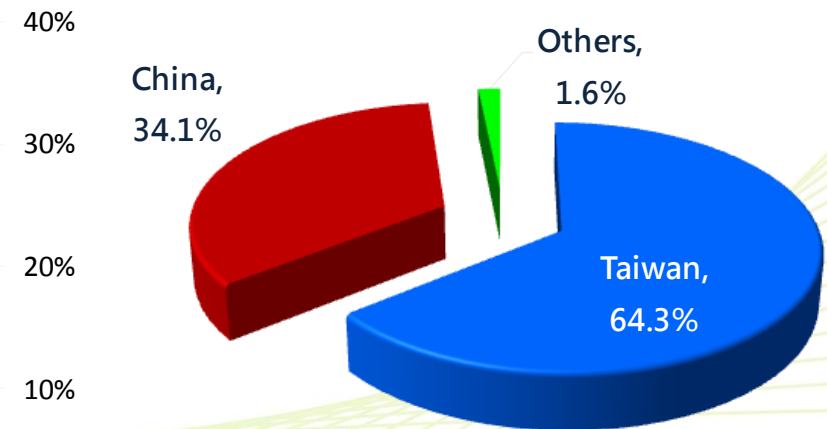
Sales by Region

Sales (NT\$M)

Export sales percentage

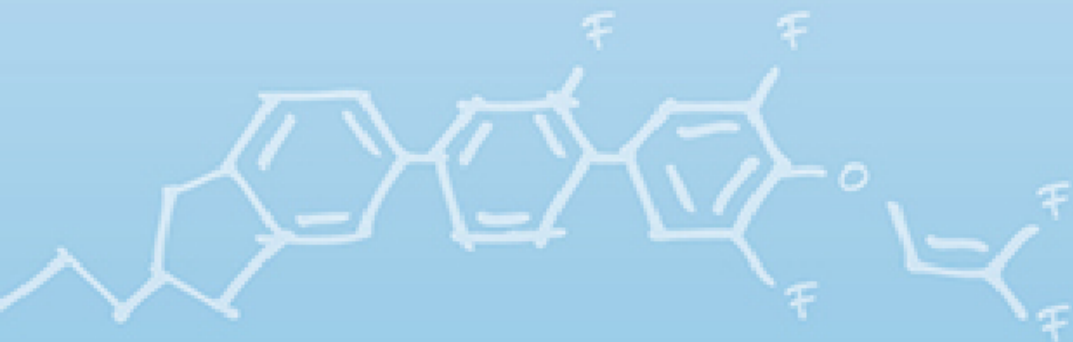


2019Q3



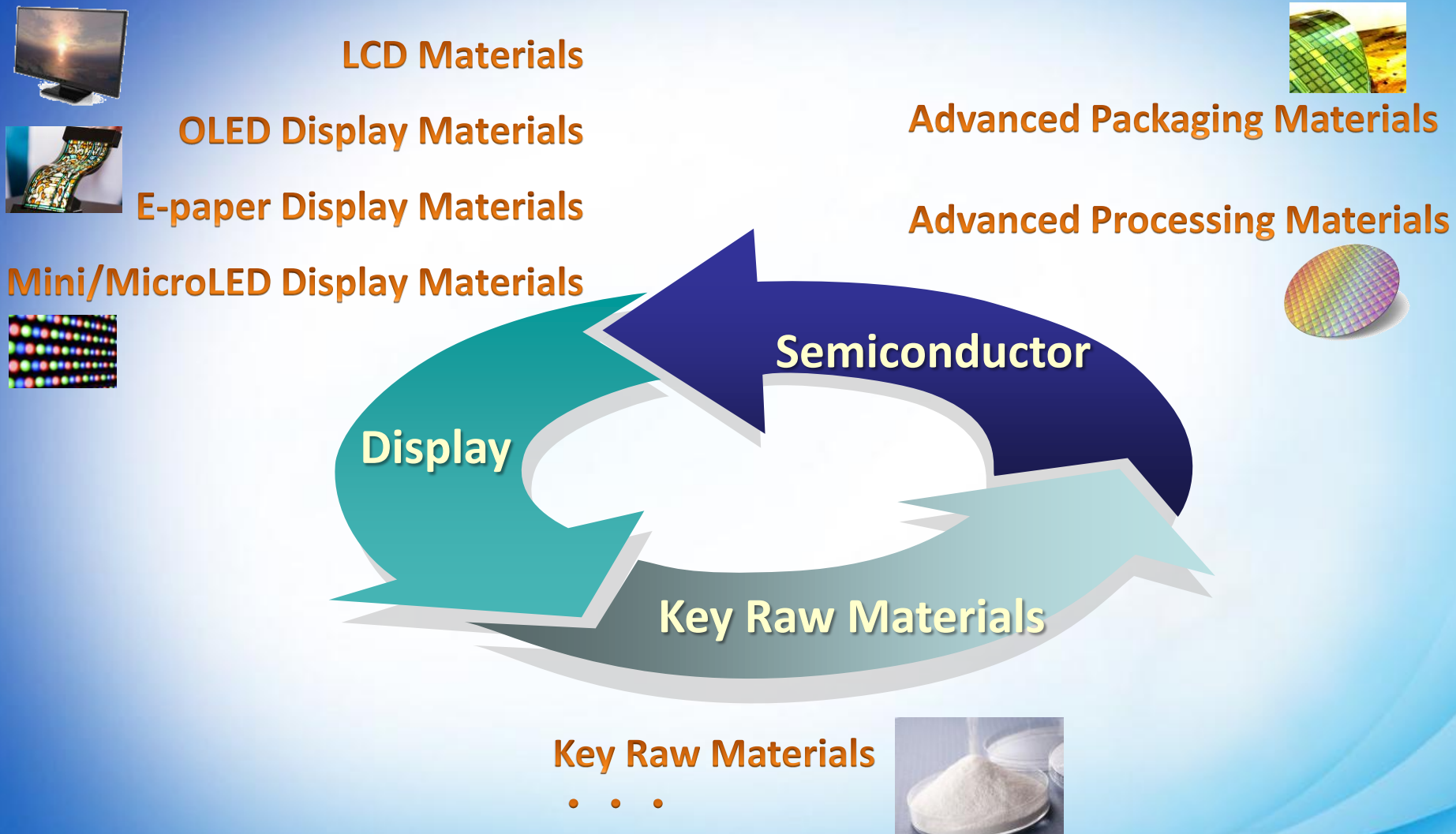
Dividend Policy

Year	EPS	Cash Dividends	Stock Dividends	Dividend Payout Ratio
2018	6.38	5.0	0.0	78%
2017	5.07	3.5	1.0	89%
2016	3.78	3.0	0.0	79%
2015	2.86	2.0	0.0	70%
2014	3.25	2.2	0.0	68%



Operation Highlights & Outlook

Product Domains



Y2019 Achievements

- PS : Maintain leading position of worldwide market share
- LCD PI alignment layer : Stable supply and sustainable growth of Gen. 8.5 and above production lines.
- LCD Cu Etchant, BM : Introduced to new customers. keep increasing market share.
- Sustainable growth of oversea business . (up to 35.7% in Q3)

● Advanced fan-out packaging materials

- Mass production



● Key Raw Materials

- New applications



Results & Future Plans (Display)

➤ Keep developing high performance materials and expanding market share in high-end applications.

LCD



Foldable EPD



Source: EIH

Foldable OLED

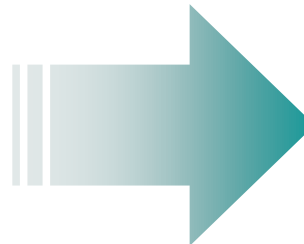


Source: Samsung

Mini / Micro LED



LCD	<ul style="list-style-type: none">✓ Gen 3 Cu Etchant (for 8K)✓ FFS Liquid Crystal (5V/14ms)✓ PSA Liquid Crystal
Foldable EPD	<ul style="list-style-type: none">✓ Planarization Layer
Foldable OLED	<ul style="list-style-type: none">✓ Cover Film (CPI & HC)✓ Colorless PI Substrate (CPI)
Mini / Micro LED	<ul style="list-style-type: none">✓ BM/WM Resists (High THK)



<ul style="list-style-type: none">◆ UV2A PI Alignment Layer◆ PI-less Liquid Crystal◆ FFS PI Alignment Layer
<ul style="list-style-type: none">◆ Next Gen Foldable Cover Lens related Materials
<ul style="list-style-type: none">◆ Next Gen Foldable Cover Lens related Materials
<ul style="list-style-type: none">◆ Planarization Layer (High THK)

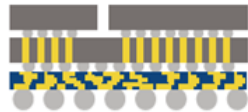
Results & Future Plans (SEMI)

- **Develop new generation materials for diversified applications (5G, IoT, AD, AI) of advanced packaging.**

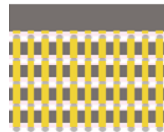
Advanced Packaging Materials



Fan-out

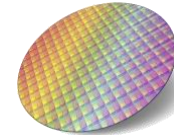


2.5D IC

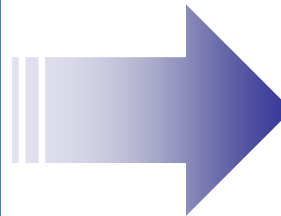


3D IC

Advanced Process Materials



Advanced Packaging Materials	<ul style="list-style-type: none">✓ Temporary Protection Layer✓ High Purity Solvent✓ Passivation Layer✓ Low Df Materials
Advanced Processing Materials	<ul style="list-style-type: none">✓ High Purity Solvent



<ul style="list-style-type: none">◆ Next Gen Laser Release Layer◆ Photosensitive Low Dk/Df Dielectrics◆ High Resolution Dielectrics◆ Thermal Interface Materials◆ Dielectrics for Substrates
<ul style="list-style-type: none">◆ High Purity Cleaner

Y2020 Business Focus



Display

- **LCD :**
Expand market share in high-end application markets.
Develop efficient manufacturing for key raw materials.
- **Foldable EPD :** Grow market share.
- **Foldable OLED :**
Expedite material verification and product realization.
- **Mini/MicroLED :**
Develop new materials for next-generation displays.



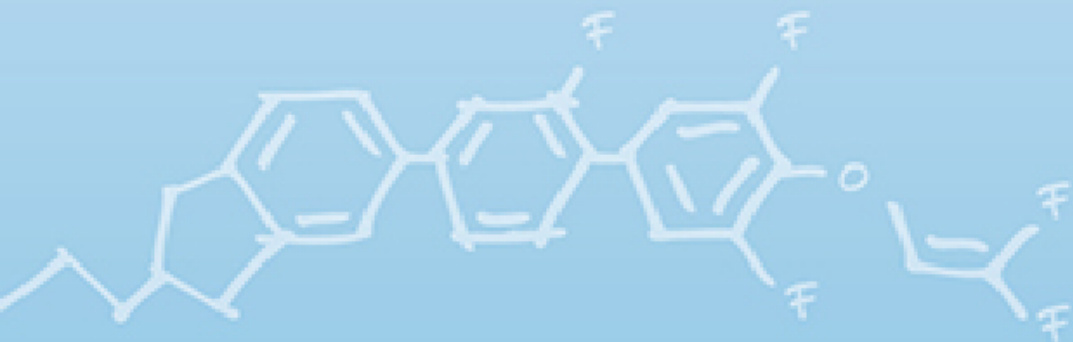
SEMI

- **Advanced Packaging :**
Total solution provider of innovative materials.
Expedite verification and realization of permanent materials.
Expand business into new territories. (JP, SG, US, KR, AU)

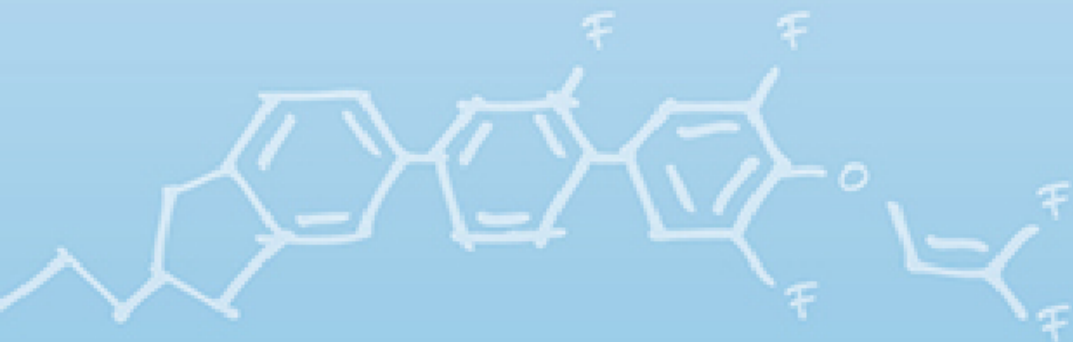


Key Materials

- **Key Raw Materials :**
Build on DAXIN's core technologies.
Extend to new fields and new applications.



Q & A



Thank you