



Daxin Materials Corporation

# Investor Conference

2019.12.11

$$R_2Si(OMe)_2 + H_2O \rightarrow \begin{matrix} R \\ | \\ -Si-O- \\ | \\ R \end{matrix} + MeOH$$





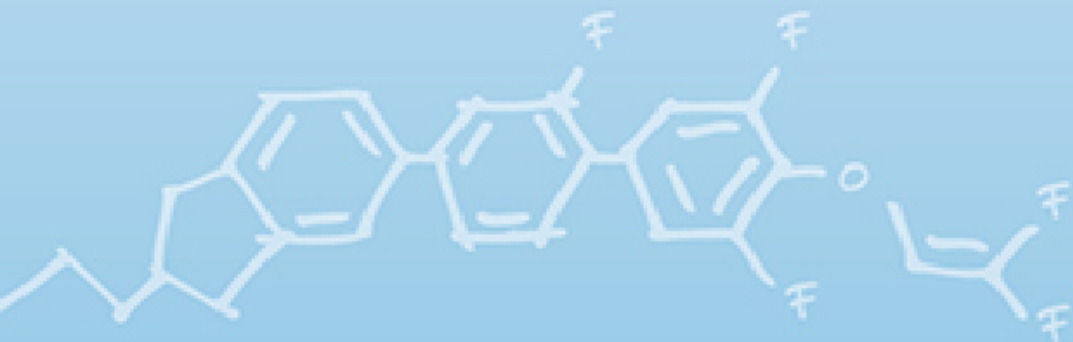
Design House for Chemical Materials

# 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

**DAXiN**

**Foundation** July 12<sup>th</sup>, 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<sup>th</sup>, 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**



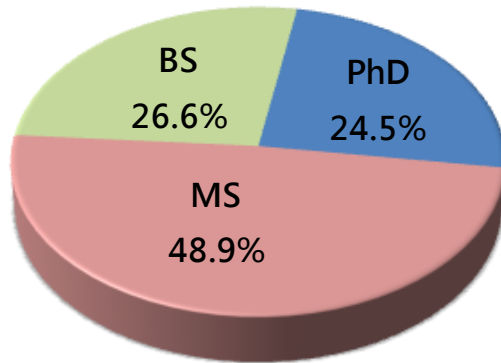
**AMC\* II – Taichung Harbor**



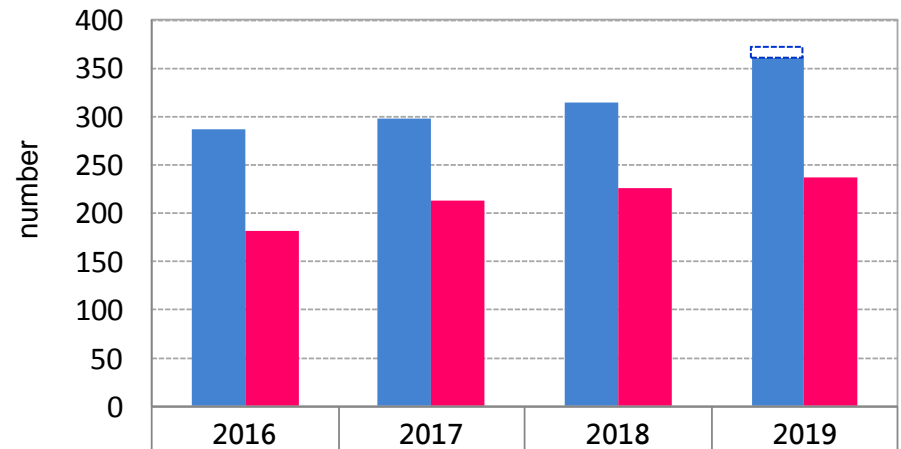
\*AMC: Advanced Manufacturing Center

# R&D Status

R&D employees > 50%



## Patents



Application	287	298	314	362
Patents Granted	181	213	226	236

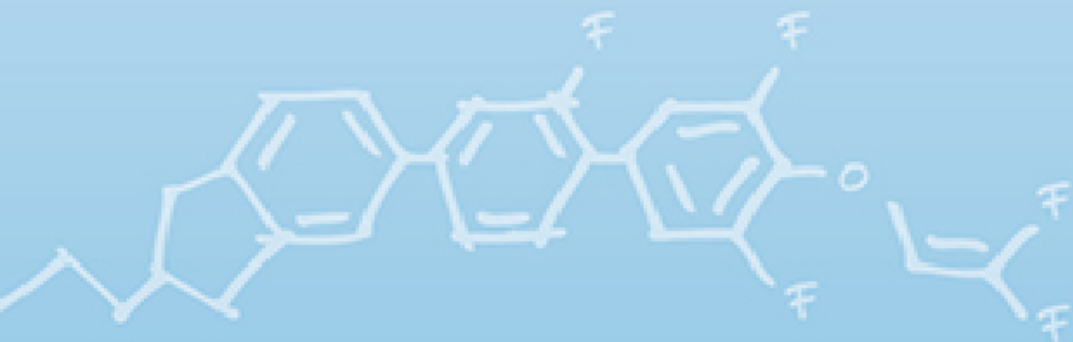
Last Update : 2019.11.30

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

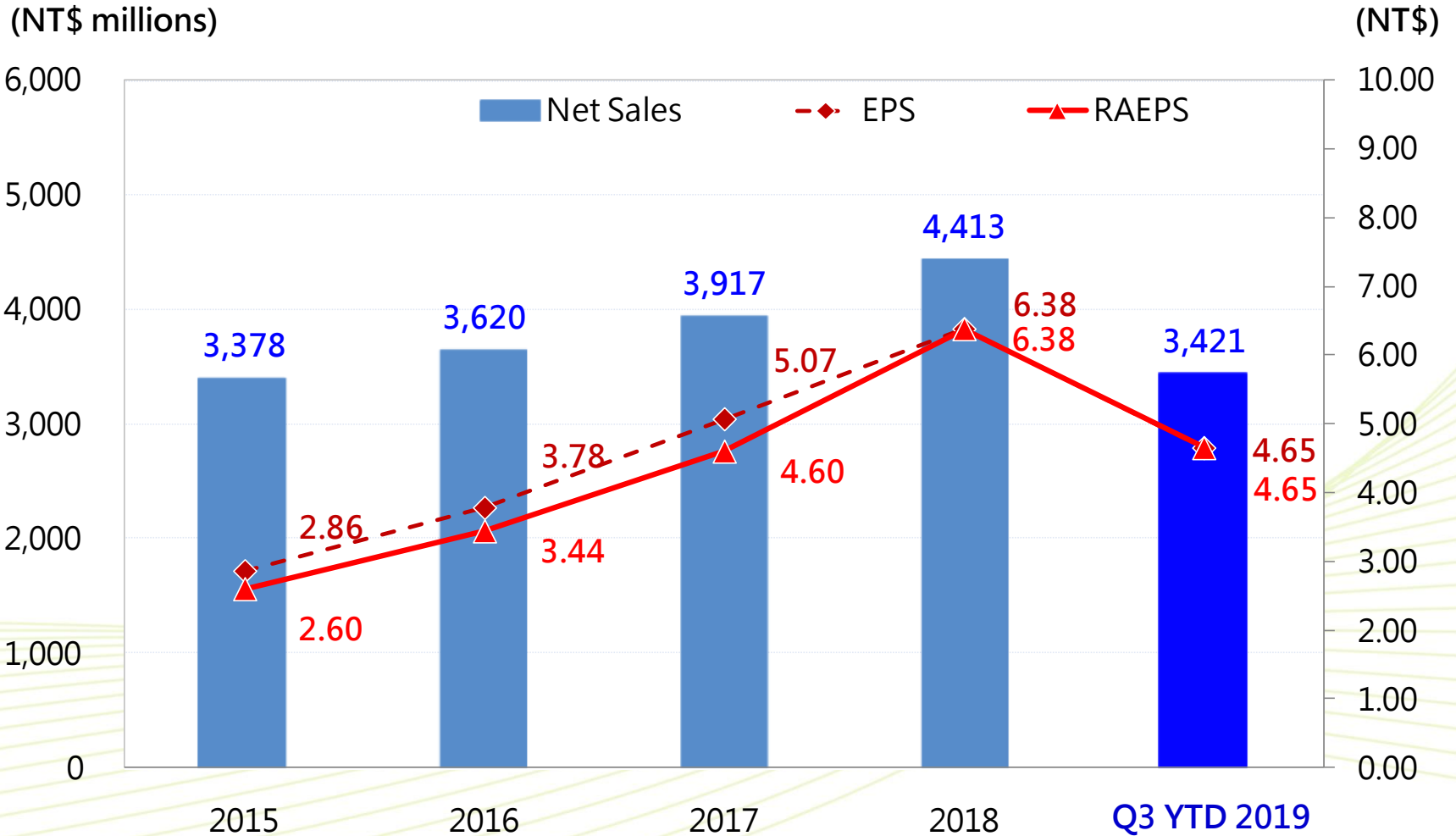
(In NT\$ millions unless otherwise noted)

	2019 Q3		2019 Q2		QoQ%	2018Q3		YoY%
<b>Operating revenue</b>	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%
<b>Gross profit from operations</b>	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%
<b>Operating income</b>	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%)
<b>Income before income tax</b>	194	16.7%	186	16.4%	4.3%	197	17.5%	(1.5%)
<b>Comprehensive income</b>	166	14.2%	160	14.1%	3.8%	171	15.2%	(2.9%)
<b>Basic earnings per share (NT\$)</b>	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%
<b>Operating revenue</b>	3,421	100.0%	3,223	100.0%	6.1%
Operating costs	2,261	66.1%	2,159	67.0%	4.7%
<b>Gross profit from operations</b>	1,160	33.9%	1,064	33.0%	9.0%
Operating expenses	611	17.9%	541	16.8%	12.9%
<b>Operating income</b>	548	16.0%	523	16.2%	4.8%
Non-operating income and expenses	8	0.2%	9	0.3%	(11.1%)
<b>Income before income tax</b>	556	16.3%	531	16.5%	4.7%
<b>Comprehensive income</b>	478	14.0%	462	14.3%	3.5%
<b>Basic earnings per share (NT\$)</b>	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%
<b>Total assets</b>	<b>3,993</b>	<b>100.0%</b>	<b>3,626</b>	<b>100.0%</b>	<b>367</b>	<b>10.1%</b>
Current liabilities	1,186	29.7%	1,174	32.4%	12	1.0%
Non-current liabilities	196	4.9%	-	0.0%	196	0.0%
<b>Total liabilities</b>	<b>1,382</b>	<b>34.6%</b>	<b>1,174</b>	<b>32.4%</b>	<b>208</b>	<b>17.7%</b>
<b>Total equity</b>	<b>2,610</b>	<b>65.4%</b>	<b>2,452</b>	<b>67.6%</b>	<b>158</b>	<b>6.4%</b>

## Key financial highlights

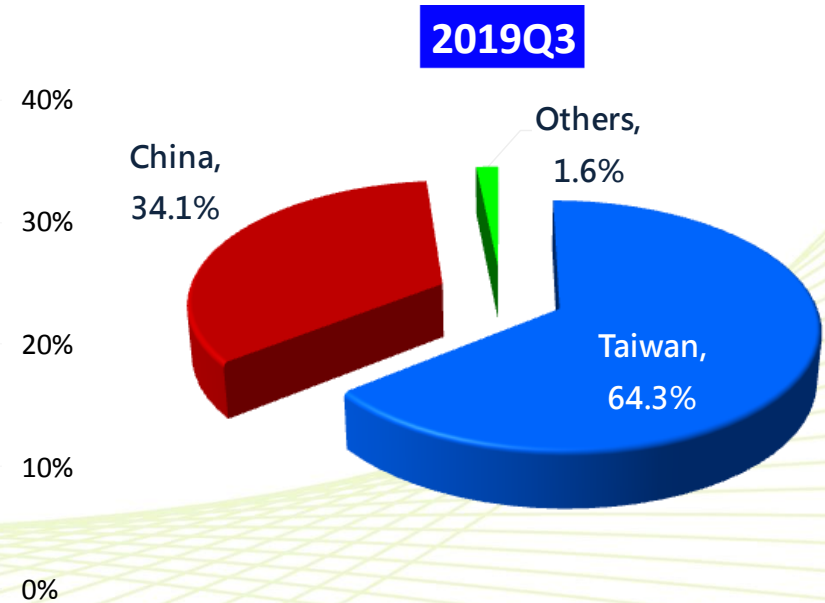
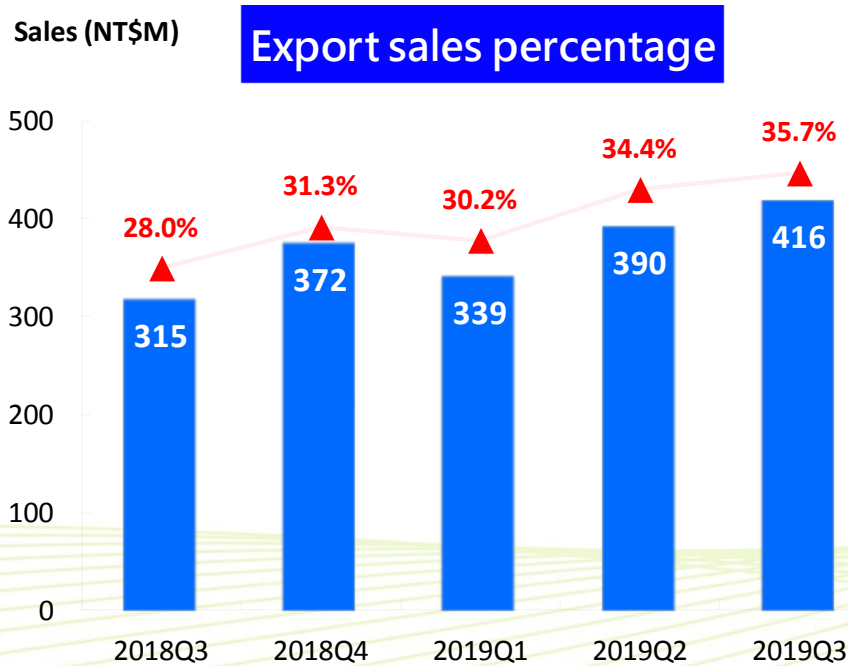
Current ratio	204%	196%
Inventory Turnover (Days)	38	30

# 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)
<b>Net cash flows from operating activities</b>	<b>522</b>	<b>537</b>
Acquisition of property, plant and equipment	(209)	(140)
<b>Net cash flows used in investing activities</b>	<b>(281)</b>	<b>(160)</b>
Increase in short-term loans	20	-
Repayments of long-term debt	-	(56)
Cash dividends paid	(514)	(327)
<b>Net cash flows used in financing activities</b>	<b>(500)</b>	<b>(383)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(258)</b>	<b>(6)</b>
<b>Cash and cash equivalents at end of period</b>	<b>93</b>	<b>192</b>

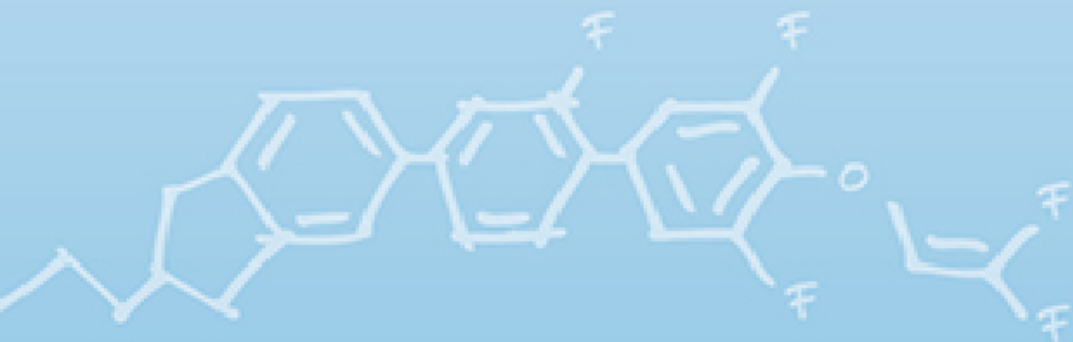
# Sales by Region



# 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



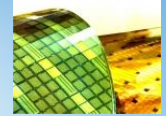
LCD Materials



OLED Display Materials

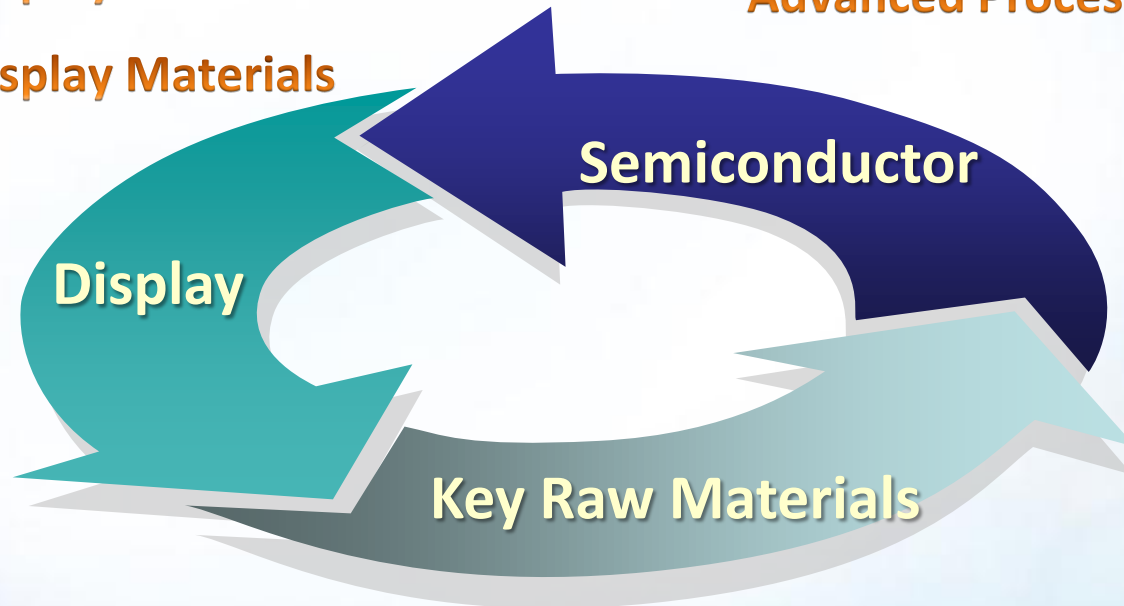
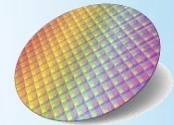
E-paper Display Materials

Mini/MicroLED Display Materials



Advanced Packaging Materials

Advanced Processing Materials



Key Raw Materials



# 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



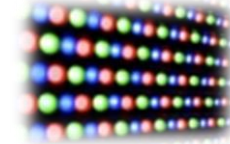
Source: EIH

## Foldable OLED

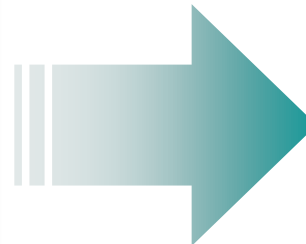


Source: Samsung

## Mini / Micro LED



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



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

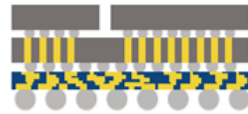
# Results & Future Plans (SEMI)

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

## Advanced Packaging Materials



Fan-out

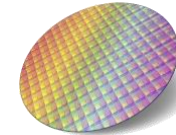


2.5D IC

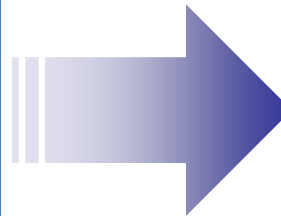


3D IC

## Advanced Process Materials



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



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

# Y2020 Business Focus



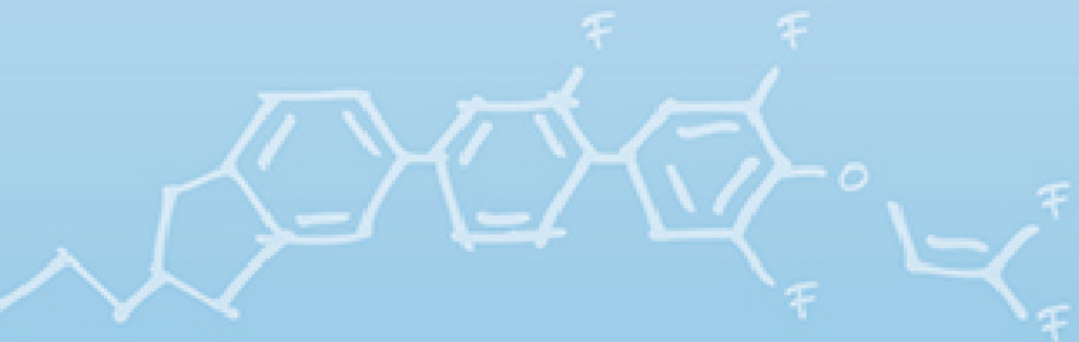
- **LCD :**  
Expand market share in high-end application markets.  
Develop efficient manufacturing for key raw materials.
- **Foldable EPD :** Grow market share.
- **Foldable OLED :**  
Expedite material verification and product realization.
- **Mini/MicroLED :**  
Develop new materials for next-generation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



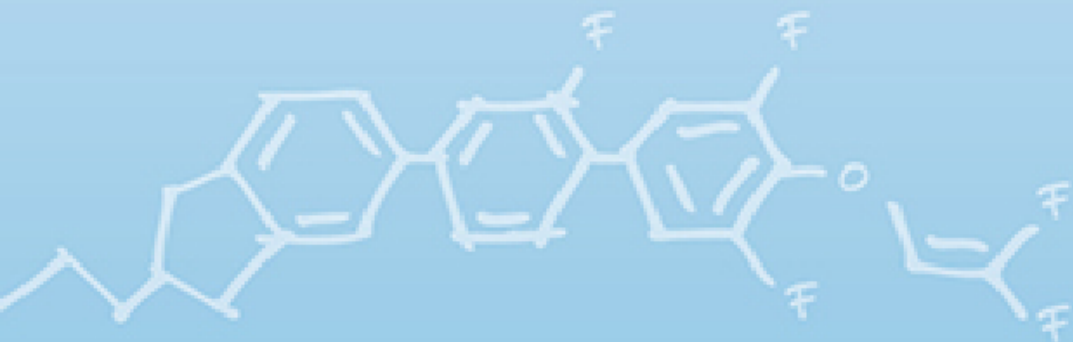
- **Advanced Packaging :**  
Total solution provider of innovative materials.  
Expedite verification and realization of permanent materials.  
Expand business into new territories. (JP, SG, US, KR, AU)



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



# Q & A



# Thank you