

# DAXiN

Daxin Materials Corporation

# Investor Conference

2020.12.17

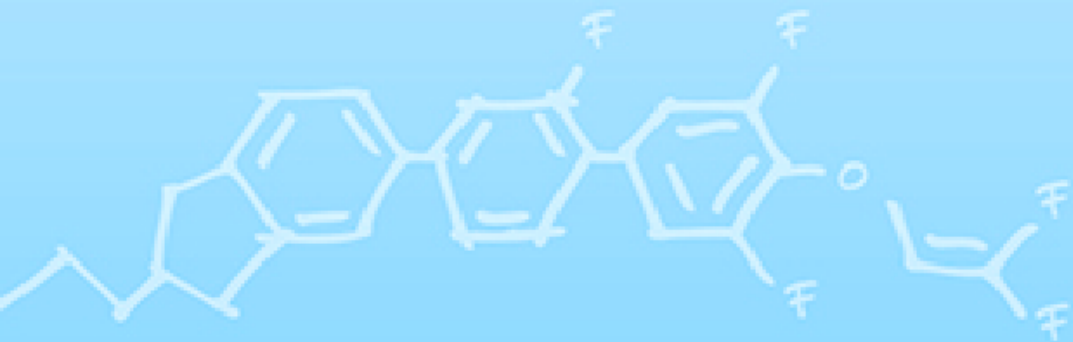


# Disclaimer

- 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 12th, 2006  
(JV of AUO & Eternal Materials)

Paid-in capital

1,027 million NTD

Employees

357 (as of Nov., 2020)  
**R&D > 50%**

IPO on TAIEX

July, 16th, 2012 (Code : 5234)

Revenue

Y2019 : 4,531 million NTD  
**Y2020/1~11 : 3,956 million NTD**

Major products

Display Materials,  
Semiconductor Materials  
Key Raw Materials  
Other Specialty Chemicals

# Locations



**Headquarters/R&D Center**



**AMC\* I – Taichung**



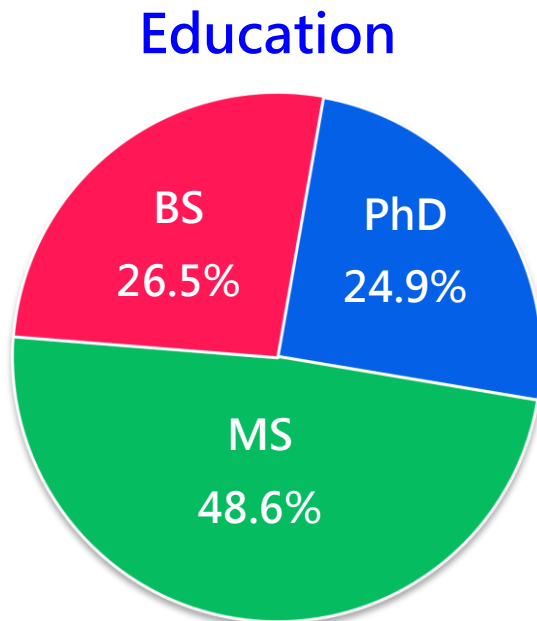
**AMC\* II – Taichung Harbor**



\*AMC: Advanced Manufacturing Center

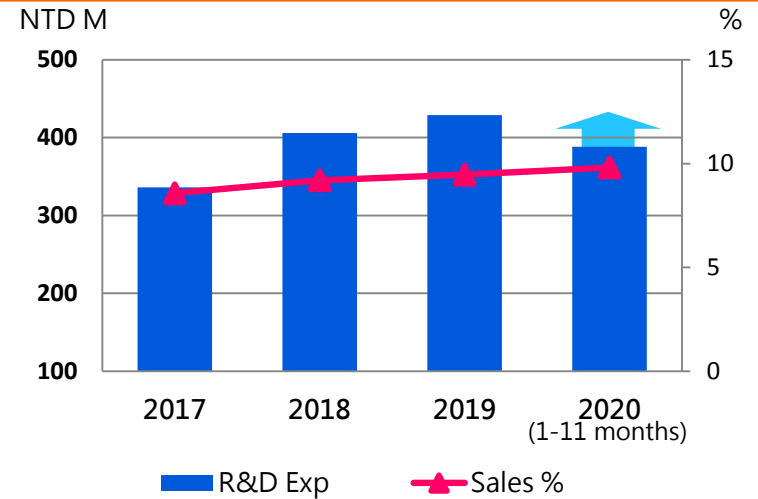
# R&D Status

R&D employees > 50%

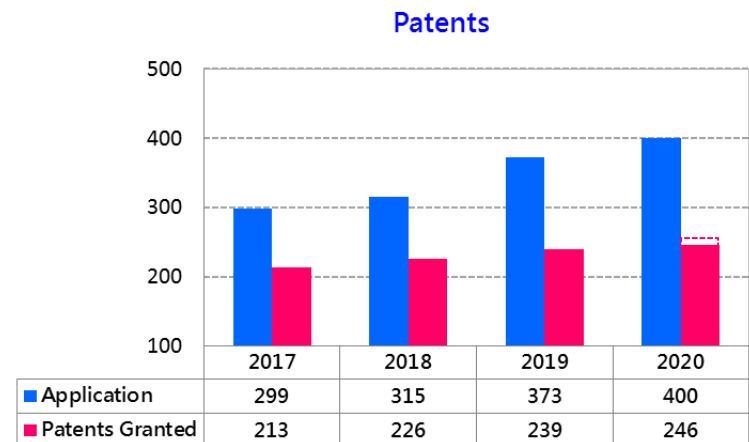


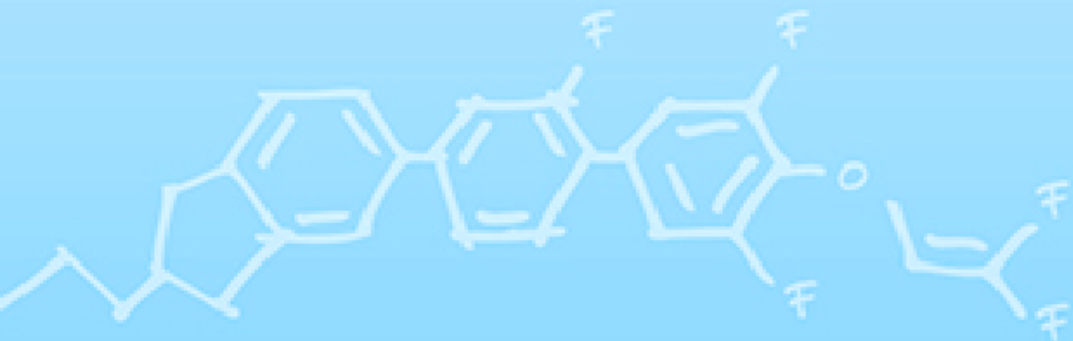
Last Update : 2020.11.30

## R&D Expenses 10% of Sales



## No. of patent applications 400 by 2020/E





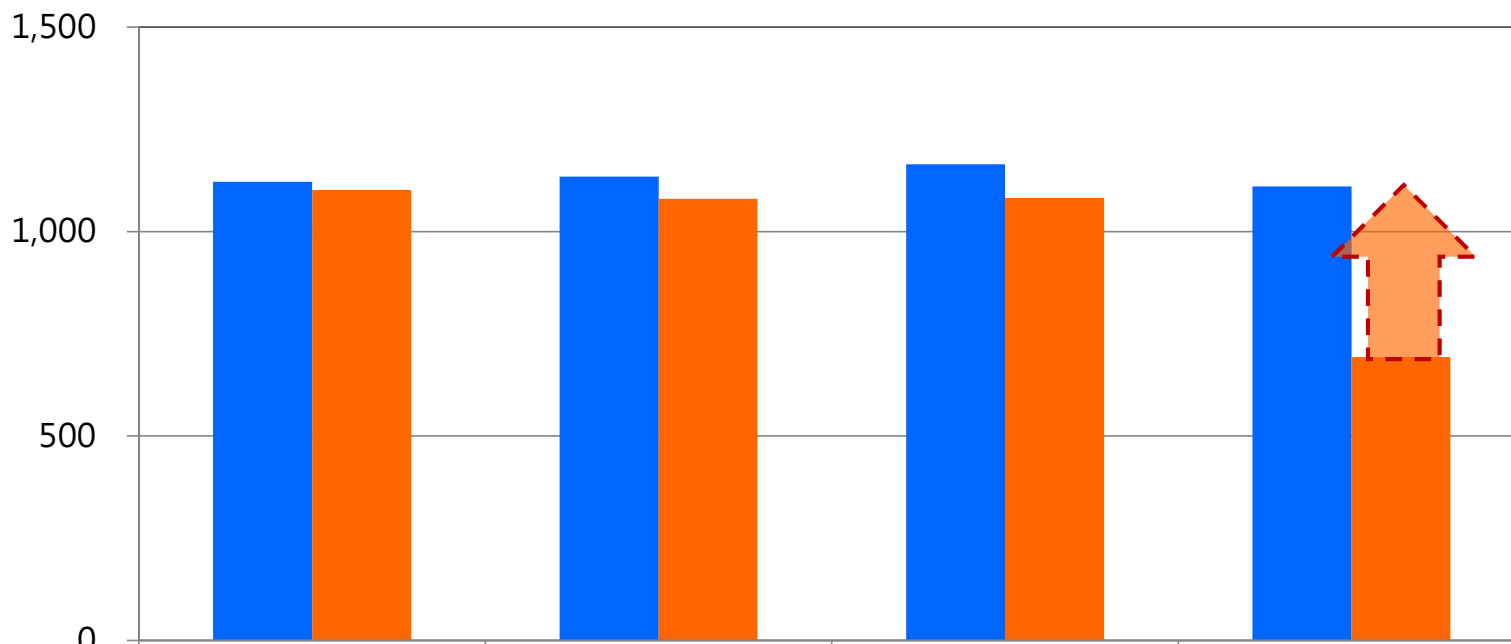
# Operation Results



# Sales by Quarter



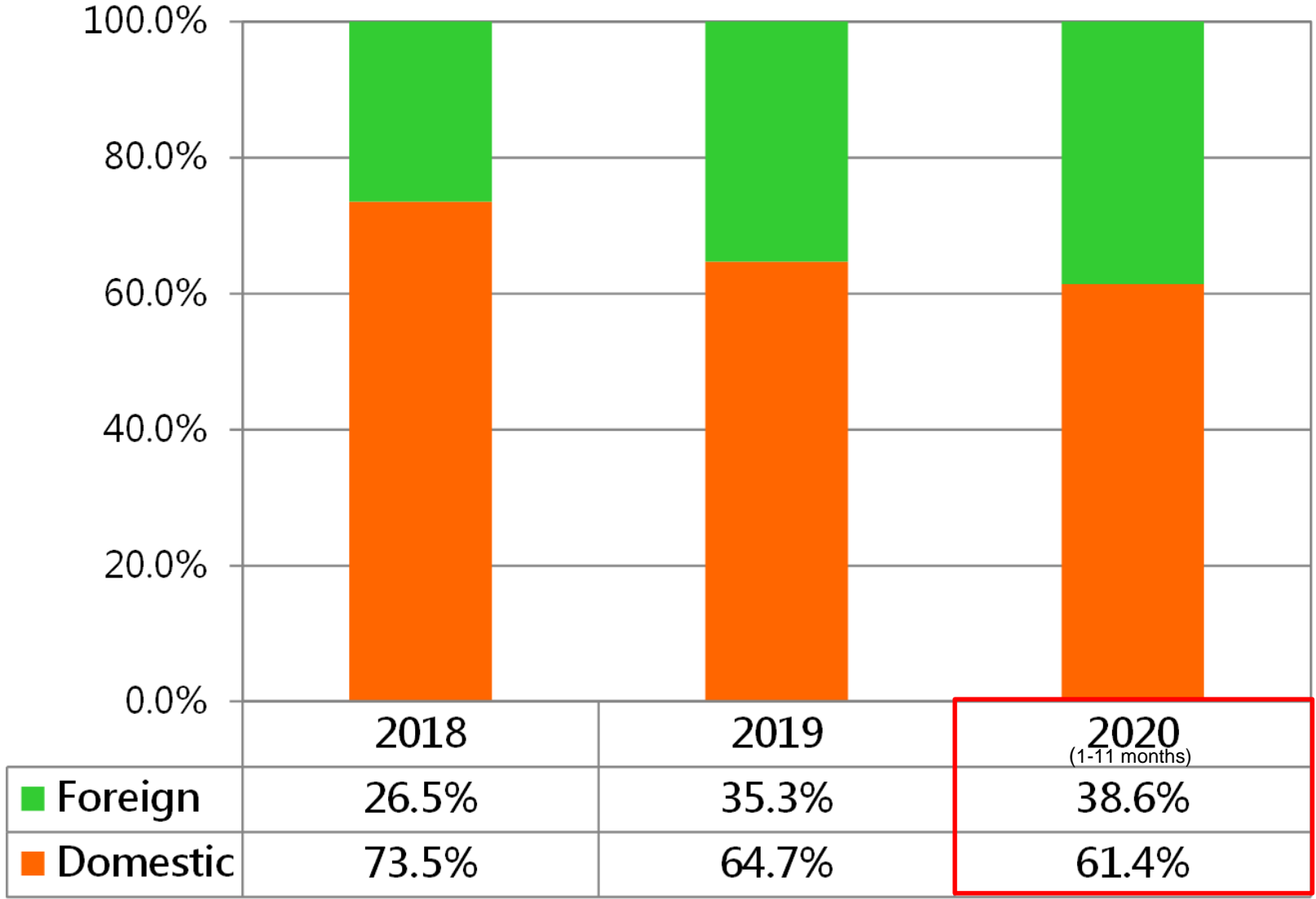
Unit: NTD M



	Q1	Q2	Q3	Q4
■ 2019 Sales	1,122	1,134	1,165	1,110
■ 2020 Sales	1,101	1,080	1,082	693 *

\*2020/10-2020/11

# Domestic and Foreign Sales **DAXiN**



# Consolidated Statements of Comprehensive Income



(In NT\$ millions unless otherwise noted)	2020 Q3		2020 Q2		QoQ%	2019 Q3		YoY%
<b>Operating revenue</b>	1,082	100.0%	1,080	100.0%	0.2%	1,165	100.0%	(7.1%)
Operating costs	700	64.7%	695	64.4%	0.7%	757	65.0%	(7.5%)
<b>Gross profit from operations</b>	382	35.3%	385	35.6%	(0.8%)	408	35.0%	(6.4%)
Operating expenses	201	18.6%	199	18.4%	1.0%	215	18.5%	(6.5%)
<b>Operating income</b>	181	16.7%	186	17.2%	(2.7%)	193	16.6%	(6.2%)
Non-operating income and expenses	(4)	(0.4%)	(8)	(0.7%)	(50.0%)	1	0.1%	(500.0%)
<b>Income before tax</b>	177	16.4%	178	16.5%	(0.6%)	194	16.7%	(8.8%)
<b>Comprehensive income</b>	157	14.5%	155	14.4%	1.3%	166	14.2%	(5.4%)
<b>Basic earnings per share (NT\$)</b>	1.53		1.51			1.62		

# Consolidated Statements of Comprehensive Income -YoY



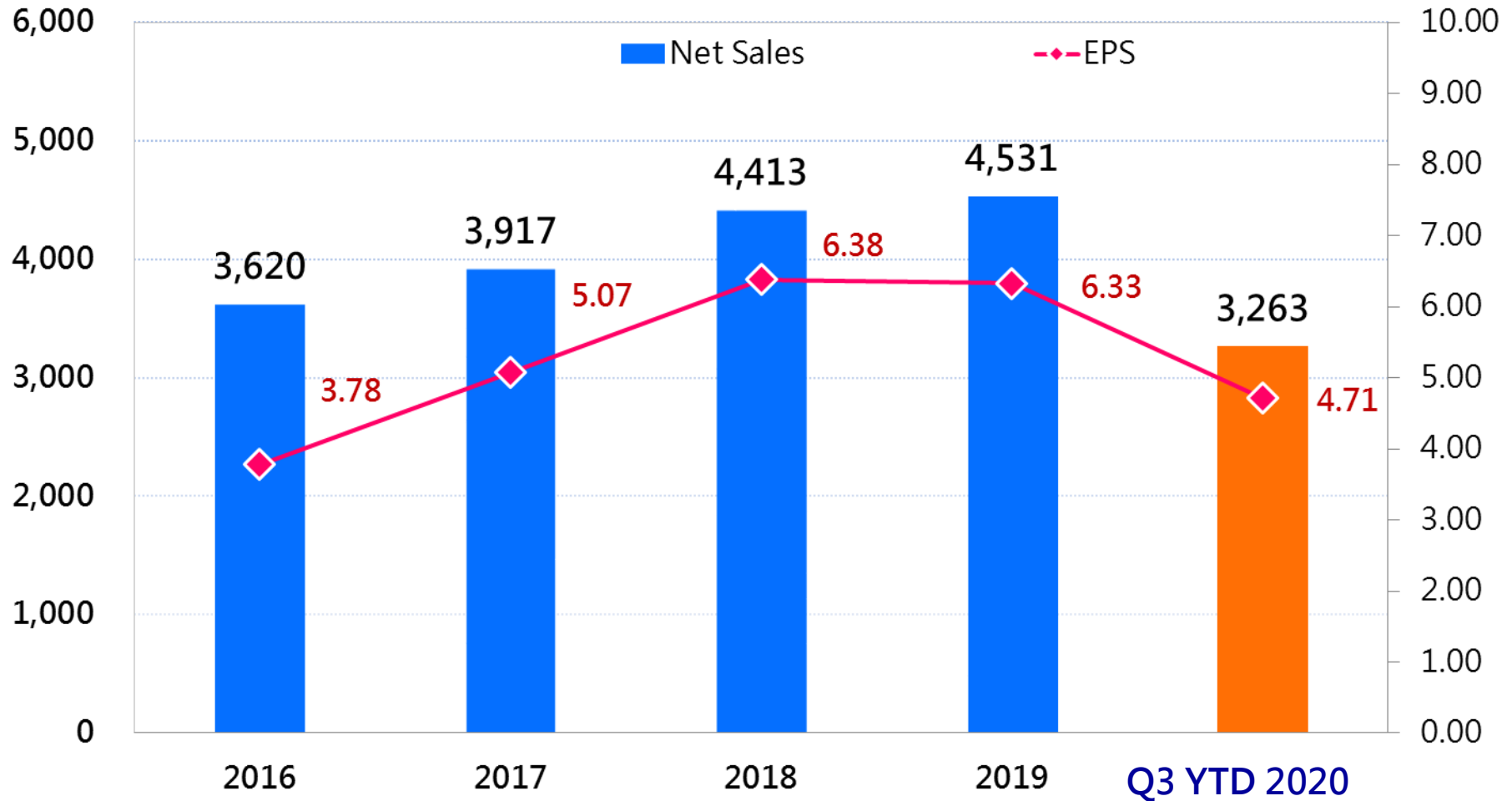
	Nine months ended Sep. 30				
	2020		2019		YoY%
(In NT\$ millions unless otherwise noted)					
<b>Operating revenue</b>	3,263	100.0%	3,421	100.0%	(4.6%)
Operating costs	2,095	64.2%	2,261	66.1%	(7.3%)
<b>Gross profit from operations</b>	1,168	35.8%	1,160	33.9%	0.7%
Operating expenses	610	18.7%	611	17.9%	(0.2%)
<b>Operating income</b>	558	17.1%	548	16.0%	1.8%
Non-operating income and expenses	(5)	(0.2%)	8	0.2%	(162.5%)
<b>Income before tax</b>	552	16.9%	556	16.3%	(0.7%)
<b>Comprehensive income</b>	483	14.8%	478	14.0%	1.0%
<b>Basic earnings per share (NT\$)</b>	4.71		4.65		

# Sales and EPS



Unit: NTD M

Unit: NTD



# Consolidated Balance Sheets Highlights



(In NT\$ millions)

	Sep. 30, 2020		Sep. 30, 2019		YoY	YoY %
Current financial assets at amortized costs	733	17.6%	502	12.6%	231	46.0%
Accounts receivable	1,259	30.2%	1,410	35.3%	(151)	(10.7%)
Inventories	263	6.3%	365	9.1%	(102)	(27.9%)
Property, plant and equipment	1,350	32.3%	1,350	33.8%	-	0.0%
Right-of-use assets	192	4.6%	203	5.1%	(11)	(5.4%)
<b>Total assets</b>	<b>4,175</b>	<b>100.0%</b>	<b>3,993</b>	<b>100.0%</b>	<b>182</b>	<b>4.6%</b>
Current liabilities	1,077	25.8%	1,186	29.7%	(109)	(9.2%)
Non-current liabilities	345	8.3%	196	4.9%	149	76.0%
<b>Total liabilities</b>	<b>1,423</b>	<b>34.1%</b>	<b>1,382</b>	<b>34.6%</b>	<b>41</b>	<b>3.0%</b>
<b>Total equity</b>	<b>2,753</b>	<b>65.9%</b>	<b>2,610</b>	<b>65.4%</b>	<b>143</b>	<b>5.5%</b>

## Key financial highlights

Current ratio	243%	204%
Inventory Turnover (Days)	36	38

# Consolidated Cash Flow Highlights



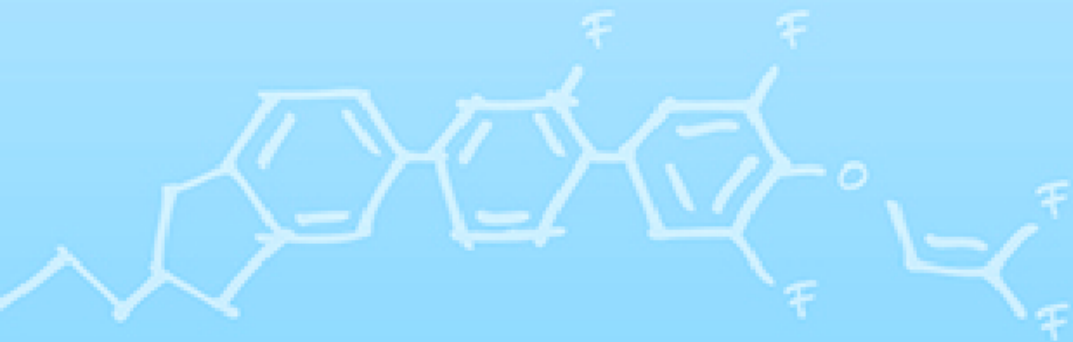
(In NT\$ millions)	Nine months ended Sep. 30	
	2020	2019
Income before tax	552	556
Other operating activities	67	(66)
<b>Net cash flows from operating activities</b>	<b>720</b>	<b>522</b>
Acquisition of property, plant and equipment	(170)	(209)
Acquisition of financial assets at amortised cost	(203)	(71)
<b>Net cash flows used in investing activities</b>	<b>(375)</b>	<b>(281)</b>
Increase in short-term loans	-	20
Increase in long-term loans	159	-
Cash dividends paid	(514)	(514)
<b>Net decrease in cash and cash equivalents</b>	<b>(16)</b>	<b>(258)</b>
<b>Cash and cash equivalents at end of period</b>	<b>318</b>	<b>93</b>

# Dividend Policy

## ■ High Dividend Policy

Year	EPS	Cash Dividends	Stock Dividends	Dividend Payout Ratio
2019	6.33	5.0	0.0	79%
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%



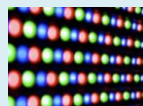


# Operation Highlights & Outlook

# Product Domains

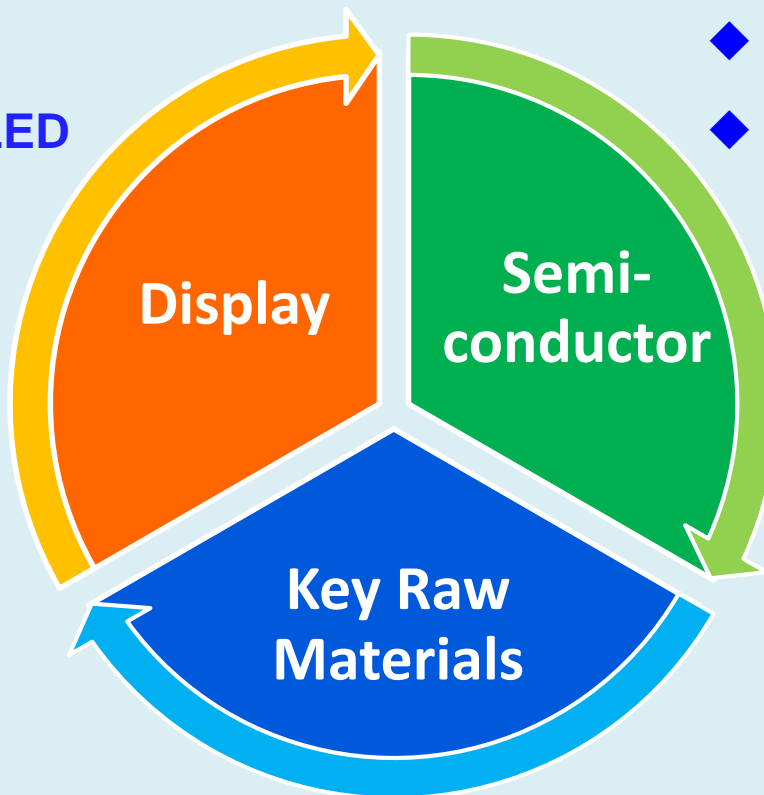
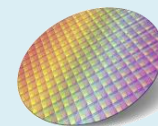
Materials for

- ◆ LCD
- ◆ OLED, EPD, MicroLED
- ◆ Foldable Display



Materials for

- ◆ Advanced Processes
- ◆ Advanced Packaging (Fan-out, 2.5D, 3D)



- ◆ Functional Monomers
- ◆ Specialty Polymers



# Y2020 Achievements

## Display

- **LCD photo spacer :**  
Expanded to new customers and maintain worldwide leading position.
- **LCD PI alignment layer :**  
Expanded to new customers.
- **LCD Cu etchant :**  
Implemented next generation etchants for 8K panels.
- **LCD black-matrix resist :**  
Expanded to new customers and new production lines.

## Semiconductor

- **Indirect materials for advanced packaging:**  
Implemented new products in production.
- **Direct materials for advanced packaging:**  
Developed new products.

## Key Raw Materials

- **Functional monomers :**  
Developed new products with high performance and high purity.

# R&D Plans- Display

- Increase competitiveness by expediting the in-house development and production of key raw materials and manufacturing processes.
- Develop high performance materials and expand market share.

## LCD

- UV2A PI alignment layer
- PI-less liquid crystal
- Fast response LC (gaming)



## Foldable/ MicroLED

- Foldable cover materials
- New materials for next generation processes
- Packaging materials



# R&D Plans- Semiconductor **DAXiN**

- Develop new materials for heterogeneous integration in advanced packaging.
- Develop technologies for manufacturing raw materials with ultra-high purity .

**Advanced  
Packaging**

- Photo-sensitive dielectrics with low Dk/Df materials
- Die attach materials



Image credit: JYPIX / Adobe stock photos  
Source : JYPIX



Fan-out



2.5D IC



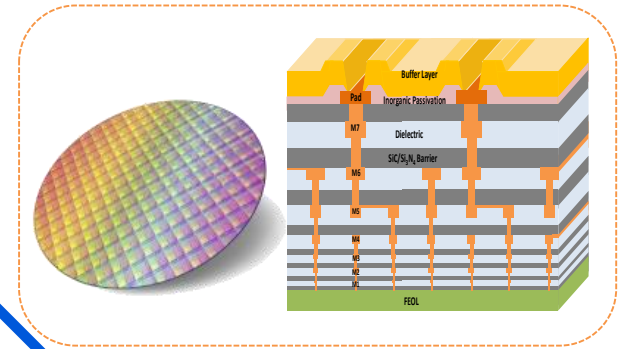
3D IC

# R&D Plans- Key Raw Materials

- Develop molecular design, synthesis and manufacturing technologies for new functional and specialty materials.
- Target high-end applications in semiconductor market.

**Functional monomers**

- Adhesion promoters
- Ultra-high purity additives
- Key monomers to achieve low dielectric loss



Source : ETtoday

# New Plant at Chungkang

- Major products: Semiconductor materials



- 2020/03 Groundbreaking
- 2021/H2 Start production

# Y2021 Business Focus

## Display

- **LCD :**  
Expedite production of key raw materials and expand market share.
- **Foldable/ MicroLED :**  
Develop new materials for next generation displays.

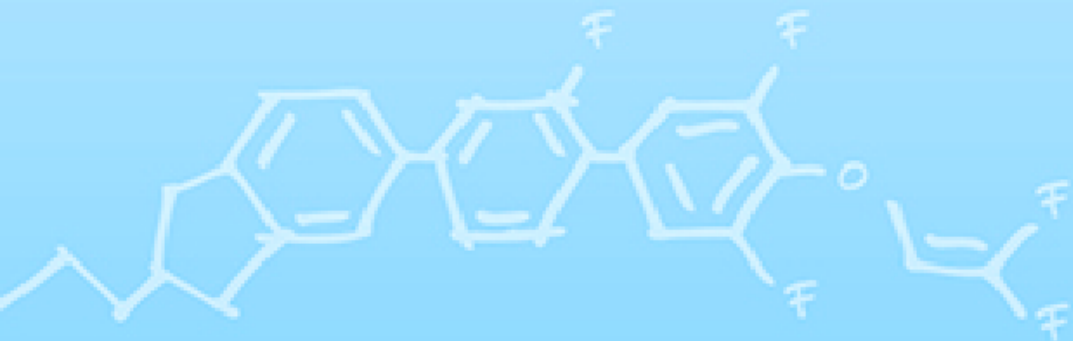
## Semi-conductor

- **Advanced Packaging:**  
Provide material solutions for heterogeneous integration.  
Develop new products with high performance.  
Expedite verification and implementation of direct materials.

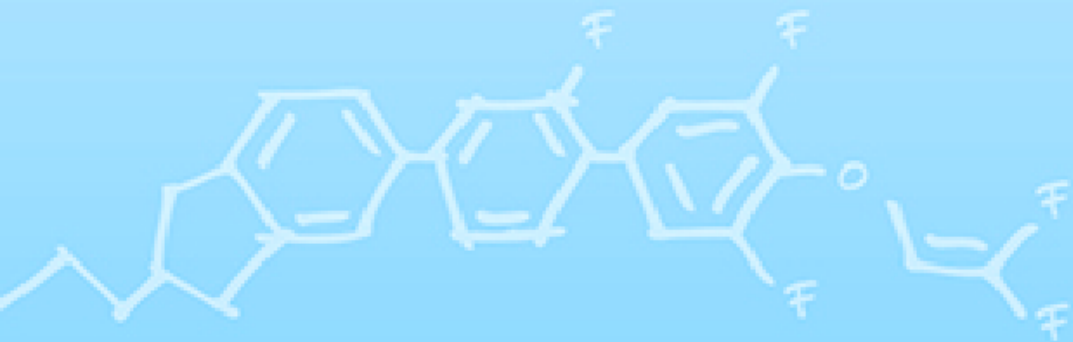
## Key Raw Materials

- **Functional Monomers:**  
Develop core technologies for key raw materials.  
Explore applications in new fields.





# Q & A



# Thank you