



2016 Earning Release

Taoyuan, Taiwan, R.O.C. –February 23, 2017 – DANEN (TWSE : 3686), a specialized solar ingot and wafer manufacturer based in Taiwan, announces its financial report for Q4 of 2016 and full year. The information is according to IFRSs in millions of NT\$, except where otherwise indicated.

Highlights

- Sales revenue of 2016 totaled NT\$1,371 million. Gross loss was NT\$456 million, net loss was NT\$534 million and net loss after tax was NT\$ 734 million, equivalent EPS after tax claimed NT\$2.10 loss.
- The net cash from operative activities at the end of Q4 2016 demonstrated a 44 million cash inflow with debt ratio of 6.2%, current ratio of 588% and quick ratio of 493%. The financial structure was maintained with stable and good shapes.

Messages from the Managements

The global solar photovoltaic market of 2016 varied violently: the domestic demand of China was strong, the total market condition showed the short supply and the price maintained at high and burning condition at 1H. However, after the end of the rush installation tide of China, the demand of market turn into downward even the installation volume of US and India markets grew but the growing margin is not enough to remedied the rapidly declined of the China market from Q3, which leded the price total supply chain fell down significantly, especially the market price of wafer dropped more than 30% when compared the price of the end of Q2 with the price of the end of Q3. The demand and price recovered slowly until Q4.

The company always focuses on the promotion of quality and conversion efficiency of hi-efficiency wafer. Although the manufacturing cost reduced quarter by quarter, the management team decided to take the countermeasure that turn down the capacity of utilization after evaluated the efficiency of cash flow from operation when faced to the rapidly frozen of market demand and the significantly dropping of price to reduce the impact of the market variation. Therefore, the total sales revenue of the year and the operative condition did not meet the prediction resulted from influence of the quantity adjustment of production and sale and the fell of market price. However, the net cash

flow of the whole year from the operative activities maintained continuously a cash inflow which made the financial structure of the company maintained in a stable shape. According to the prediction from industry research institute that the global solar installation demand will keep growing at 2017, in which the technology and instruments for hi-efficiency products will gradually succeed and the hi-efficiency PERC product will have chance to enter the mass production of high growth stage and the total yield may be double when compared to 2016 which will be a trend with advantage to the operation of the company. The company still looks forward to continuously intensify the leading position at hi-efficiency field by the industry developing trend and hope the promotion of the new energy policy of the government can expand the domestic market of Taiwan to lead the development of local clean energy go straight.

I. Profit & Loss

Unit : Mil.NT	2016	Q4'16	Q3'16	Q4'15	QoQ	YoY
Revenue	1,371	173	279	423	-38%	-59%
Gross Profit	(456)	(139)	(218)	(104)	-36%	34%
Gross Margin	-33%	-80%	-78%	-24%	3%	235%
Operating Income	(534)	(156)	(237)	(122)	-34%	28%
Pre-Tax Income	(530)	(151)	(237)	(121)	-36%	25%
Net Income	(734)	(358)	(232)	(198)	54%	81%
Comprehensive Income	(734)	(358)	(232)	(198)	54%	81%
Comprehensive Income Margin	-54%	-207%	-83%	-47%	149%	340%
EBITDA	23	(13)	(99)	18	86	(31)
EBIT	(528)	(151)	(237)	(120)	86	(31)
EPS(NT\$)	(2.10)	(1.03)	(0.66)	(0.57)	(0.36)	(0.46)

- The sales revenue and operative conditions of the company of 2016 demonstrated a declining situation which was influenced by the rapidly frozen solar industry demand and the price of the total supply chain fell significantly at 2H 2016.

II. Balance Sheet

Unit : Mil.NT	Q4'16	Q3'16	Q4'15	QoQ	YoY
Cash and Cash Equivalents	876	843	903	4%	-3%
Accounts Receivable	71	63	154	13%	-54%
Inventories	138	136	171	1%	-19%
Property, Plant & Equipment	2,712	2,838	3,242	-4%	-16%
Short-term Loans	25	-	75	100%	-67%
Long-term Bank Loans	43	-	58	100%	-26%
Total Liabilities	240	191	430	26%	-44%
Shareholders' equity	3,673	4,031	4,406	-9%	-17%
Total Assets	3,913	4,222	4,837	-7%	-19%

- The net cash from the operative activities remained in a cash inflow. The flexible financial leverage not only maintained the stable financial structure with a stable shape but also could be used to promote the operation and development in different industry for integrating the efficiency of operative source.

III. Ratio Analysis

%	2016	Q4'16	Q3'16	Q4'15
Gross Margin*	-33%	-80% *	-78% *	-24% *
Net Margin*	-54%	-207% *	-83% *	-47% *
Return on Assets	-16.7%	-16.7%	-8.3%	-11.6%
Return on Equity	-18.2%	-18.2%	-8.9%	-12.8%
Debt Ratio	6.1%	6.1%	4.5%	8.9%
Current Ratio	588%	588%	585%	339%
Quick Ratio	493%	493%	488%	289%
AR Turnover Ratio (x)	12.17	12.17	14.71	9.04
AR Turnover Days	30	30	25	40
Inventory Turnover Ratio (x)	11.83	11.83	13.16	11.21
Inventory Turnover Days	31	31	28	33

*Represents quarterly figures

- The company continuously predominated the developing trend of market dynamic technology with stable financial structure and operative strategy to stabilize the relationship of industry supply chain and continuously promote the efficiency of products to maintain the leading and competitive position of the market.

IV. Cash Flow

Unit : Mil. NT	2016	Q4'16	Q3'16	Q4'15	QoQ	YoY
Cash Flow from Operating Activities	44	(40)	(67)	58	27	(98)
Net Income	(530)	(151)	(237)	(121)	86	(30)
Depreciation & Amortization	551	138	138	138	0	0
Others	23	(27)	32	41	(59)	(68)
Cash Flow from Investing Activities	(6)	5	(4)	(1)	9	6
Capital Expenditure	(12)	0	(4)	(1)	4	1
Other Financial Assets	6	5	0	0	5	5
Cash Flow from Financing Activities	(65)	68	(95)	17	163	51
Bank Loans	(65)	68	(95)	17	163	51
Net Cash Flow	(27)	33	(166)	74	199	(41)
Cash Balance-Beginning	903	843	1,009	829	(166)	14
Cash Balance-Ending	876	876	843	903	33	(27)

- Although the market demand and the price of supply chain fell down straightly at 2H 2016, the company tried hard to reduce the cost and adjusted the operative strategy which lead to the net cash from operative activities demonstrated a 44 million cash inflow. The future development and operation funds of the company continuously maintained in low-risk situation.

V. Capacity Expansion

(MW)	2012	2013	2014	2015	2016
Plant I	120	120	120	120	120
Plant II	210	210	210	210	210
Plant III					(220)
TOTAL	330	330	330	330	330 (550)

- Up to the end of Q4 2016, the total capacity remained at 330MW. The company will focus on manpower recruitment and increase its production utilization continuously to expand the supply volume and the capacity of Fab 3 will be put in place dynamically depending on market demand.

IR Contact

Kevin Shih, Assistant Manager

pr@danentech.com

Phone : +886 3 4738788

Fax : +886 3 4738368

About Danen:

Established in 2007, Danen Technology is a specialized multi-crystalline silicon ingots and high -efficiency wafers manufacturer, based in Taoyuan High-Tech Industrial Park, Taiwan, the management team is composed of highly experienced executives and engineers from semiconductor, financial, and related solar industries. The company owns three wafer manufacturing plants, with 330MW capacity currently. Since its establishment, Danen has been highly recognized and earned good reputations from major international cells manufacturers, and continues to be the leading wafer manufacturer of solar value chain in Taiwan by providing competitive price, superior quality and customized service to our customers.