



## 2017 Earning Release

Taoyuan, Taiwan, R.O.C. –February 27, 2018 – DANEN ( TWSE : 3686), a specialized solar ingot and wafer manufacturer based in Taiwan, announces its financial report for Q4 of 2017 and full year. The information is according to IFRSs in millions of NT\$, except where otherwise indicated.

### Highlights

- Sales revenue of Q4 2017 totaled NT\$333 million, an increase of 42% and 92% independently compared to Q3 2017 and the same period of last year.
- Sales revenue of 2017 totaled NT\$949 million. Gross loss was NT\$621 million, net loss was NT\$688 million and net loss after tax was NT\$ 691 million, equivalent EPS after tax claimed NT\$1.98 loss.
- The net cash from operative activities at the end of Q4 2017 demonstrated a 11 million cash inflow with debt ratio of 8.6%, current ratio of 332% and quick ratio of 276%. The financial structure was maintained with stable and good shapes.

### Messages from the Managements

The global solar photovoltaic market of 2017 demonstrated a cold state first and then turned hot. Due to the delayed subsidy policy of China at 1H and the stocking effect incubated by US code 201, the market conditions recovered slowly at Q3 and the demand and price become continuously stable. The global installation volume breakthrough 100GW since the main market, such as China, Europe and India grew fast, which demonstrated a 25% increasing compared to 2016 and the demand of solar industry continuously keeps growing.

Look into 2018, the demand of global market is up to 100GW with growing which is predicted by industry research institute, in which the most demand is from China market. Besides, the cost of photovoltaic reduced year by year leads the demand of the regions other than main markets appears. The major driving force for maintained 100GW of global market at 2018 includes not only the recovering demand from Europe national market but also the large ground power stations of France, Netherland and Spain successively completed from 2018 Q3. The company will appropriately make the middle-term and long-term operating plan according to the development of industry

technology with stable financial shape and flexible operating strategy, and continuously dedicates to the cost reducing and promotes the quality of products and satisfies the demand of clients to make the operation of company turn to the direction with profit.

## I. Profit & Loss

Unit : Mil.NT	2017	Q4'17	Q3'17	Q4'16	QoQ	YoY
Revenue	949	333	234	173	42%	92%
Cost of Good Sold	1,578	473	378	325	25%	46%
Cost of Good Sold-LCM	(8)	7	(3)	(13)	-333%	-154%
Gross Profit	(621)	(131)	(141)	(139)	-7%	-6%
Gross Margin	-65%	-39%	-60%	-80%	-35%	-51%
Operating Expenses	67	15	16	17	-6%	-12%
Operating Income	(688)	(146)	(157)	(156)	-7%	-6%
Operating Margin	-72%	(0)	(1)	(1)	-34%	-51%
Pre-Tax Income	(689)	(144)	(156)	(151)	-8%	-5%
Pre-Tax Income Margin	-73%	(0)	(1)	(1)	-35%	-50%
Net Income	(691)	(143)	(156)	(358)	-8%	-60%
Net Margin	-73%	(0)	(1)	(2)	-36%	-79%
Comprehensive Income	(691)	(143)	(156)	(358)	-8%	-60%
Comprehensive Income Margin	-73%	-43%	-67%	-207%	-36%	-79%
EBITDA	(144)	(10)	(19)	(13)	9	3
EBIT	(688)	(144)	(155)	(151)	11	7
EPS(NT\$)	(1.98)	(0.41)	(0.45)	(1.02)	0.04	0.61

- The sales revenue of 2017 Q4 recovered significantly when compared to 2017 Q3 and the same period of 2016, and the loss was also reduced continuously.

## II. Balance Sheet

Unit : Mil.NT	Q4'17	Q3'17	Q4'16	QoQ	YoY
Cash and Cash Equivalents	705	660	876	7%	-20%
Accounts Receivable	51	75	71	-32%	-28%
Inventories	112	141	138	-21%	-19%
Property, Plant & Equipment	2,172	2,304	2,712	-6%	-20%
Short-term Loans	48	80	25	100%	92%
Long-term Bank Loans	-	4	43	-100%	-100%
Total Liabilities	280	301	240	-7%	17%
Shareholders' equity	2,982	3,125	3,673	-5%	-19%
Total Assets	3,262	3,426	3,913	-5%	-17%

- 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

%	2017	Q4'17	Q3'17	Q4'16
Gross Margin*	-65%	-39% *	-60% *	-80% *
Net Margin*	-73%	-43% *	-67% *	-207% *
Return on Assets	-19.2%	-19.2%	-14.9%	-16.7%
Return on Equity	-20.8%	-20.8%	-16.1%	-18.2%
Debt Ratio	8.6%	8.6%	8.8%	6.1%
Current Ratio	332%	332%	321%	588%
Quick Ratio	276%	276%	253%	493%
AR Turnover Ratio (x)	15.54	15.54	11.19	12.17
AR Turnover Days	23	23	33	30
Inventory Turnover Ratio (x)	12.56	12.56	10.56	11.83
Inventory Turnover Days	29	29	35	31

\*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	2017	Q4'17	Q3'17	Q4'16	QoQ	YoY
Cash Flow from Operating Activities	11	81	(22)	(41)	103	122
Net Income	(689)	(144)	(156)	(151)	12	7
Depreciation & Amortization	544	133	136	138	(3)	(5)
Others	156	92	(2)	(28)	94	120
Cash Flow from Investing Activities	(162)	0	(5)	6	5	(6)
Capital Expenditure	(7)	0	(5)	0	5	0
Other Financial Assets	(155)	0	0	6	0	(6)
Cash Flow from Financing Activities	(20)	(36)	(56)	68	20	(104)
Bank Loans	(20)	(36)	(56)	68	20	(104)
Net Cash Flow	(171)	45	(83)	33	128	12
Cash Balance-Beginning	876	660	743	843	(83)	(183)
Cash Balance-Ending	705	705	660	876	45	(171)

- The company tried hard to reduce the cost and adjusted the operative strategy which lead to the net cash from operative activities demonstrated 11 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	2017
Plant I	120	120	120	120	120	120
Plant II	210	210	210	210	210	210
Plant III						(220)
TOTAL	330	330	330	330	330	330 (550)

- Up to the end of Q4 2017, 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, 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.