

SunEdison Semiconductor Ltd
Form DFAN14A
August 18, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

SunEdison Semiconductor Limited

(Name of Registrant as Specified In Its Charter)

GlobalWafers Co., Ltd.

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

August 18, 2016
GlobalWafers
Agreement to Acquire
SunEdison
Semiconductor

Additional Information and Where You Can Find It

This communication may be deemed to be solicitation material in respect of the proposed transaction between SunEdison Semiconductor and GlobalWafers. In connection with the proposed transaction, SunEdison Semiconductor will file a proxy statement with the U.S. Securities and Exchange Commission (SEC). The proxy statement will be mailed to the shareholders of SunEdison Semiconductor. **SHAREHOLDERS OF SUNEDISON SEMICONDUCTOR ARE URGED TO READ THE PROXY STATEMENT WHEN IT BECOMES AVAILABLE AND ANY OTHER INFORMATION FILED WITH THE SEC IN CONNECTION WITH THE PROPOSED TRANSACTION OR INCORPORATED BY REFERENCE THEREIN (IF ANY) BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.** The proxy statement (when it becomes available) will be filed by SunEdison Semiconductor or GlobalWafers with the SEC, may be obtained free of charge at the SEC's website at www.sec.gov. We urge you to read the proxy statement and the other relevant materials when they become available before making any decision with respect to the proposed transaction.

transaction.

Certain Information Concerning Participants

Each of GlobalWafers, SunEdison Semiconductor and their respective directors and executive officers may be deemed to be part of proxies from SunEdison Semiconductor shareholders in favor of the proposed transaction. GlobalWafers currently owns approximately 10% of the outstanding ordinary shares of SunEdison Semiconductor. Information about GlobalWafers and its directors and executive officers is set forth in Schedule 14A filed by GlobalWafers with the SEC on August 18, 2016. Information about SunEdison Semiconductor's directors and their ownership of SunEdison Semiconductor's ordinary shares is set forth in its proxy statement for its 2016 Annual General Meeting and its most recent annual report on Form 10-K. Additional information regarding the direct or indirect interests of participants in connection with the contemplated transactions, by security holdings or otherwise, will be included in the proxy statement and filed with the SEC in connection with the transaction.

Cautionary Statement Regarding Forward-Looking Information

This material contains forward-looking statements. These statements include a belief that the transaction can be closed by the end of 2016, based on the expectations by GlobalWafers of the benefits of the transaction. These forward-looking statements are subject to risks and uncertainties, and actual results and experience may materially differ from those contained in any forward-looking statements. Such risks and uncertainties include that the transaction may not be completed in a timely manner or at all, which may adversely affect SunEdison Semiconductor's ordinary shares; the failure to obtain SunEdison Semiconductor shareholder approval of the proposed transaction; the possibility that the conditions to the transaction may not be satisfied or waived, including that a governmental entity may prohibit, delay or refuse to grant regulatory approval; delay in closing the transaction or the possibility of non-consummation of the transaction; the potential for the transaction to require divestitures in connection with the proposed transaction; the occurrence of any event that could give rise to termination of the Transaction Agreement; the risk of shareholder litigation that may be instituted in connection with the contemplated transactions; risks related to the diversion of management's attention from SunEdison Semiconductor's ongoing business operations; the failure of GlobalWafers to obtain the necessary approvals to complete the transaction; the effect of announcement of the transaction on SunEdison Semiconductor's ability to retain and hire key personnel and maintain relationships with customers, suppliers and other third parties; and difficult global economic and capital markets conditions. These statements speak only as of the date they are made. Readers are cautioned not to put undue reliance on forward-looking statements. SunEdison Semiconductor makes no commitment to revise or update any forward-looking statements in order to reflect events or circumstances occurring after the date any forward-looking statement is made.

Agenda

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Transaction overview

100% equity in SunEdison Semiconductor Limited (NASDAQ: SEMI)
US\$12.00 per SEMI share
Represents a transaction value of \$683 million including SEMI net debt
1
100% cash consideration
45% premium to last trading day close
2,3
79% premium to 30 day average
2

103% premium to 90 day average

2

Acquisition will be implemented by way of a Scheme of Arrangement under Section 210 of the Companies Act, Chapter 50 of Singapore

SEMI shareholder approval

U.S. CFIUS

Taiwan Investment Commission

Antitrust review in the US, Germany and Austria

Transaction expected to close by the end of 2016

Acquisition funded using existing cash on hand and committed acquisition financing

1.

Equity value based on purchase of basic common shares outstanding and outstanding options and RSUs.

2.

Last trading day prior to the announcement was 17 August 2016

3.

Close price on the last trading day prior to the announcement was \$8.28.

Purchase Price

Premia

Consideration

Acquisition

method

Key conditions to

close

Timing to close

Financing

1

Target

Transaction summary

Overview of the Target

SEMI company history
1959
1962
Developed
dislocation-free CZ
silicon crystal
growth process
1975
Achieved first

commercial
production of
100mm wafers
1984
Commercialized
200mm wafers
1998
Developed
agglomerated
defect free Perfect
Silicon
2009
Began high
volume
manufacturing of
SOI wafers
2013
Deployed
diamond wire
cutting
technology;
parent company
changed name
from MEMC to
SunEdison, Inc.
2015
Announced
closure of
Malaysian Ipoh
facility, moved
200mm wafer
production to Italy
to lower costs /
maximize
utilization
1965
Developed
chemical-
mechanical
polishing process
1991
Developed 300mm
wafers
2011
Qualified wafers for
production in 28
nanometer node
2014
Spun off from
SunEdison, Inc. in

May and listed on
NASDAQ
1982
Developed
the use
of EPI wafers in
CMOS applications
2000
Introduced defect-
free engineered
products MDZ
&
Optia
Founded as
MEMC;
headquartered in
St. Peters,
Missouri
2
2

Overview of SEMI

Source: Company information.

SEMI is a global supplier of SOI and EPI wafers with synergistic/complementary 300mm high volume production with a global manufacturing footprint

Utsunomiya, Japan

St. Peters, MO

Hsinchu, Taiwan

Cheonan,

South Korea

Novara, Italy
Merano, Italy
Singapore
Kuala Lumpur, Malaysia
Location
Sq. Ft.
Product
St. Peters, MO
431k
200
/ 300mm SOI
Merano, Italy
98k
Single Crystal Silicon Ingots
Novara, Italy
418k
200mm
Kuala
Lumpur
55k
Polished wafers
Singapore
3k
Business Operations
Utsunomiya, Japan
328k
300mm polished and EPI wafers
Cheonan, S. Kor.
469k
EPI, 200mm, 300mm
Hsinchu, Taiwan
558k
EPI, 200mm, 300mm
Production facilities
SEMI Facility
3

SEMI uses a Unique Advanced Equipment Automation Platform to maximize process capability & productivity; differentiated semi-continuous granular poly based crystal process
Manufacturing capability provides new growth platform
opportunity
Polysilicon
Crystal growth
Wire saw
Wafer polishing
Epitaxial deposition

Wafer bonding

Polished wafers

EPI wafers

SOI wafers

Significantly enhanced EPI throughput through OEE programs

One of only 2 fully integrated SOI manufacturers

600+ published and pending patents

Source: Company information.

4

Source: Company information

1.

Based on 2015A Revenue of \$778 million.

SEMI serves all of the top 25 customers in the semiconductor industry

North America

Europe

Asia

Customers

5

Taiwan
23%
Korea
23%
USA
17%
Germany
8%
China
8%
Italy
5%
France
4%
Ned.
3%
Malaysia
2%
Other
8%
Revenue
by
geography
1
Top customers

Financial
highlights

Source: Company information.

Although the overall volumes are shrinking due to softness in chip demand, SEMI has focused on optimizing operations and materials costs to drive EBITDA margin

Revenue

EBITDA

934.2

920.6

840.1
777.5
(22.0%)
(1.5%)
(8.7%)
(7.5%)
(25.0%)
(20.0%)
(15.0%)
(10.0%)
(5.0%)
0.0%
0
200
400
600
800
1,000
2012A
2013A
2014A
2015A
\$m
Revenue
% Growth
74.9
74.6
92.3
103.6
8.0%
8.1%
11.0%
13.3%
0.0%
5.0%
10.0%
15.0%
20.0%
0
30
60
90
120
2012A
2013A
2014A
2015A
\$m
EBITDA
% Margin

Strategic rationale

A combination of GWC and SEMI provides a unique opportunity to expand customer base, enhance product offerings and production capabilities and increase scale

Strategic rationale for the transaction

Expand production capability with opportunity to optimize production facilities

2

Diversify customer base and revenue base

1

Achieve
greater

operating
scale

by
creating

the
3

rd
largest

semiconductor

silicon wafer manufacturer globally

3
7

Potential for meaningful synergy creation

4

Source: Company information.

GWC will gain access to the new customers and more diversified revenue base

Customer diversification introduces new customer base

Combination will diversify geographic revenue base

Diversify customer base and revenue base

1

8

Taiwan
23%
S. Korea
23%
Europe
19%
USA
17%
China
8%
Malaysia
2%
Other
8%
Taiwan
22%
Europe
17%
USA
16%
Japan
15%
S. Korea
14%
China
8%
Other
8%
Japan
35%
Taiwan
21%
Europe
15%
USA
13%
China
9%
S. Korea
1%
Other
6%

Production facilities overview

GWC facilities

SEMI
facilities

1

Source: Company information.

SEMI's global manufacturing presence would meaningfully expand GWC's production

capabilities while also providing opportunities for cost savings through facility optimization

GWC Facility

SEMI Facility

St. Peters, MO

Novara, Italy

Merano, Italy

Singapore

Kuala Lumpur,

Malaysia

Sherman, Texas

Kunshan, China

Niigata, Japan

Tokuyama, Japan

Oguni, Japan

Location

Sq. Ft.

Product

St. Peters, MO

431k

200

/ 300mm SOI

Merano, Italy

98k

Single Crystal Silicon Ingots

Novara, Italy

200k

200mm

Kuala

Lumpur

55k

Polished wafers

Singapore

3k

Business Operations

Utsunomiya,

Japan

328k

300mm polished and EPI

wafers

Cheonan, S. Kor.

469k

EPI,

200mm, 300mm

Hsinchu, Taiwan

558k

EPI, 200mm, 300mm

Location

Sq. Ft.

Product

Hsinchu, Taiwan

101k
75mm 200mm Ingots; 75mm
150mm wafers;
Heavily-doped
/
Lapped / Etched / Polished /
Diffused wafers
Kunshan, China
151k
75mm 200mm
wafers;
Heavily-
doped wafers
Texas, USA
16k
125mm 200mm wafers; EPI
wafers
Japan
(4 Fabs)
979k
125mm 300mm wafers; Light &
Heavily-doped wafers; Annealed
/ Diffused
/
SOI
/
EPI
wafers
Copenhagen, Denmark
61k
150mm-200mm wafers;
ultrapure
silicon based on FZ
technology
Warsaw, Poland
8k
CZ/FZ
wafering
and
polishing;
EPI on CZ wafers
Utsunomiya, Japan
Hsinchu, Taiwan
Cheonan,
South Korea
Sekikawa, Japan
Expand production capability with
opportunity to optimize production facilities
Warsaw, Poland
Copenhagen, Denmark

9
2

2015A wafer manufacturing worldwide revenue

Source: CapitalIQ, company information.

Note: Assumes USD/TWD exchange rate of 32.8045.

1.

Includes Topsil revenue.

The combination of GWC with SEMI will result in the 3rd largest semiconductor silicon wafer manufacturer globally (the largest among non-Japanese manufacturers) with significant additional scale relative to peers

Achieve greater operating scale by creating the 3rd largest silicon wafer manufacturer globally

10
3
6%
27%
26%
17%
13%
10%
9%
7%
3%
2%
1%
1%
0%
10%
20%
30%
1%
1
1

GWC track record and potential synergy

with SEMI

GWC targets post-tax synergies of approximately US\$50 million through the acquisition of SEMI

April

2008

August 2011

May 2016

August 2016

Globitech

Covalent Materials

(Silicon Wafer Business)

Topsil

SEMI

Note: Cross selling includes cross selling new products to each other's customers. Synergies and commentary are as per each

Revenue

Synergies

Cost Synergies

Capex / R&D

Cross Selling

Complementary

Geographic Mix

Procurement /

Enhanced Buyer Power

Corporate SG&A /

Personnel Expense

Debt

Financing

Integrated

Manufacturing

New Technology

Introduction

Integrated R&D

1

2

3

4

5

6

7

8

Completion /

Announcement Date

Target

11

4

Q&A