Wah Lee Industrial Corp. (3010.TT)
2013 Q3 Management Report
October 31, 2013

Company Basic Information

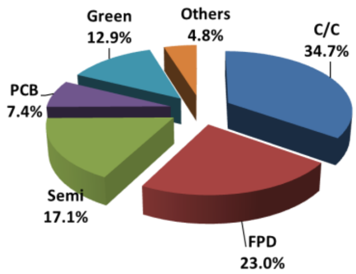
Closing Price (10/30/2013)	NT$47.00
1 Yr High	NT$47.50
1 Yr Low	NT$35.80
Book Value/share	NT$37.42
Shares on Issue (M)	231.4
Market Cap (USD M)	370
QFII Holding (%)	15.88
6-Mon Avg Daily Turn	NT$16.7M

Key Financial Indicators

	2011	2012	2013 Q3
ROE	12.0%	12.6%	13.6%
Net Debt/ Equity	31.0%	20.7%	26.2%
Cash Conversion Days	78.2	76.9	71.9

3010 WL Relative to TSE

Product Mix



Wah Lee Consolidated Entities include Wah Lee Taiwan and subsidiaries in China, Japan, Korea, and Singapore.

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Unaudited 2013 Q3 Consolidated Results Announcement

Wah Lee's 2013 Q3 accumulated sales reached NT$25.5 billion, a 7.5% YoY growth from 2012 Q3.

- ***FPD 41% YoY growth*****:** FPD accumulated sales showed solid momentum, up 41% YoY, thanks to increasing demands for high-resolution products as well as the market share gain in main panel customers. FPD sales are expected to remain strong into 2014 mainly driven by market demands from our comprehensive solution in panel and touch IC applications.
- ***Semiconductor 10% YoY Growth:*** Semiconductor accumulated sales were fueled by foundries' and DRAM makers' thriving demands, up 10% compared to the same period last year. Due to new product spec requirements, customers continuously expand into advanced processes, and the corresponding material sales are expected to grow as production ramps up.
- ***Green Energy up 4% QoQ and up 70% compared to the single quarter of 2012 Q3***: This year Taiwan solar firms has enjoyed booming market demands from Japan and USA, as well as demands from EU due to European anti-dumping measures on China. Hence, 2013 Q3 sales in the green energy sector grew 4% compared to 2013 Q2 and increased 70% compared to 2012 Q3. Due to the change of sales model from stock to commission, accumulated sales declined 8% YoY. Japan solar development remains robust next year and green energy sector sales are expected to move in an upward trend in 2014.
- ***PCB 4% YoY growth*****:** PCB accumulated sales increased 4% YoY and new products such as the high-end server application will contribute the growth of PCB sales in the following quarters.
- ***Engineering Plastic in Computer Communication generated roughly the same sales amount as last year***.

2013 Q3 EPS reached NT$3.72, a 13.6% increase, compared to NT$3.27 in the same period last year.

Consolidated 2013 Q3 gross profit reached NT$2,290 million, a 3.2% increase, compared to NT$2,219 million in 2012 Q3. Due to effective expense control measures, operating income increased 7.8% YoY, to NT$756.1 million.

Long term investment companies showed a 10% YoY decline with contribution reaching NT$ 265.8 million. Due to appreciation of RMB and USD against NTD and depreciation of Yen, foreign exchange showed a gain of 89.8 million YTD to 2013 Q3 compared to a loss of 25 million during the same period last year. As a result, YTD to Q3's overall non-operating profit grew by 44.4% to reach NT$453.6 million with pretax profit totaling NT$1,209.6 million. Net profit after tax and minority interests was NT$859.5 million a YoY increase of 14% and EPS reached NT$3.72, based on 231.4 million outstanding shares.

2013 Q4 & 2014 Outlook

Even though Q4 is the traditional lower season in high technology industry including 3C and solar sectors, some of the expected decline sales in can be offset with new products that were launched this year which provide additional sales momentum: Our FPD customers will launch new models in Q4 and our semiconductor customers continue to work on advanced processes. Some of the decline in 3C related engineering plastic can be offset with our successful expansion into the new applications such as glasses frame, coffee machine and juicer parts, and other consumer products.

For 2014, we expect overall company growth to outpace 2013's growth rate with double-digit from FPD and semiconductor sectors. In the FPD sector, our IC total solution for panel and touch application can assist customers in 4K/2K TV development as well as in low-cost & high-performance tablet and mobile phone models. With a high penetration rate currently in Taiwan FPD market, we expect IC sales growth will mainly come from China customers in 2014. In the semiconductor sector, besides sales growth from major customers' positive business outlook, additional sales will be driven by advanced-process ramp up and the market share gain in chemical materials. Worldwide solar development is expected to grow 15% in 2014, and Taiwan solar manufacturers continue to face strong demands from Japan, USA, and other major countries; hence, we expect green energy sales will increase accordingly in 2014. Engineering Plastic material's sales growth in 2014 will be partly from new applications in medical, food packaging, & LED lighting and partly from new models for computer communication co-developed with brand customers. In PCB sectors, sales momentum will come from new materials for high-end servers and 4G base stations which will thrive for cloud computing.

Operating Result (M)	2011	2012	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13
Total Rev	31,225	31,545	8,588	8,210	7,415	7,011	7,734	8,279	7,709	7,822	7,625	8,738	9,127
Gross Profit	2,822	2,858	918	833	647	424	684	755	780	639	671	774	845
Operating Result	940	834	401	346	156	36	233	228	241	133	206	271	279
After Tax Profit	952	981	364	334	228	25	241	221	295	224	287	260	313
Shares Ourstanding	231.4	231.4	231.4	231.4	231.4	231.4	231.4	231.4	231.4	231.4	231.4	231.4	231.4
EPS (NTD)	4.12	4.24	1.57	1.44	0.99	0.11	1.04	0.95	1.27	0.97	1.24	1.12	1.36
Operating Result (%)													
GP Margin	9.0%	9.1%	10.7%	10.1%	8.7%	6.0%	8.8%	9.1%	10.1%	8.2%	8.8%	8.9%	9.3%
OP Margin	3.0%	2.6%	4.7%	4.2%	2.1%	0.5%	3.0%	2.8%	3.1%	1.7%	2.7%	3.1%	3.1%
AT Profit Margin	3.0%	3.1%	4.2%	4.1%	3.1%	0.4%	3.1%	2.7%	3.8%	2.9%	3.8%	3.0%	3.4%
Growth % YoY/QoQ													
Sales YoY/QoQ	15.5%	1.0%	111.1%	-7.7%	6.8%	-1.5%	-9.9%	0.8%	4.0%	11.6%	-1.4%	5.5%	18.4%
GP YoY/QoQ	-19.7%	1.3%	109.7%	-27.9%	-25.2%	-42.9%	-25.5%	-9.4%	20.6%	50.8%	-1.9%	2.5%	8.3%
OP YoY/QoQ	-35.9%	-11.2%	237.4%	-33.0%	-52.8%	-82.5%	-42.0%	-34.2%	53.7%	269.9%	-11.7%	18.9%	15.8%
AT Profit YoY/QoQ	-31.3%	3.0%	-0.3%	-19.4%	-52.6%	-87.9%	-33.8%	-34.0%	29.2%	783.5%	18.9%	17.6%	6.1%