



**Company Basic Information**

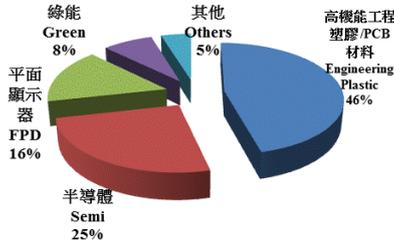
Closing Price (8/17/2017)	NT\$51.4
52 WK High	NT\$52.2
52 WK Low	NT\$43.2
Book Value/share	NT\$42.2
Shares on Issue (M)	231.4
Market Cap (USD M)	390
QFII Holding (%)	24.3
Key Financial Indicators	NT\$10.4M

	2015	2016	1H17
ROE	11.6%	10.6%	11.5%
Net Debt/ Equity	35.9%	22.3%	26.0%
Cash Conversion Days	79.9	76.0	76.3

**3010 WL Price Chart (1 yr)**



**Product Mix (1H 2017)**



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

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**Reviewed 2Q 2017 Consolidated Results Announcement**

Wah Lee's 2Q 2017 cumulative sales reached NT\$19,304 million, a 1.39% YoY increase from the same period of 2016.

- **Computer & Communication 9.64% YoY increase:** C/C 2Q17 cumulative sales, including Engineering Plastics and PCB materials, reached NT\$8,903 million. High-end engineering plastics have grown steadily. PCB materials, including Dry Film and CCL, posted double digit growth as a result of the surging demand from the new iPhone 8 manufacturing process.
- **Semiconductor 12.65% YoY growth:** Wah Lee's electronic-grade fine chemicals are designed for Semi customers' advanced manufacturing processes. 1H17 sales reached NT\$4,893M and grew in line with customers' more production from the high-end nodes. Wah Lee not only started to supply raw materials for 10nm (N10) process, but also provided samples to the N7 and N5 R&D processes for spec in.
- **FPD 4.28% YoY increase:** FPD sales reached NT\$3,061M for 1H17. The industry benefited from the overall balance of supply-demand situation, growing demands in niche products (e.g. large-size, 4K LCD TVs), and gradually rising unit price. We are expanding our product portfolio and geographic coverage in order to catch the growing momentum.
- **Green Energy, solar industry slowdown:** Green Energy 1H17 sales reached NT\$1,528M and posted a YoY decline. Solar, LED, and rechargeable battery related raw materials are the main contributors to the Green Energy sales. Solar industry was in oversupply situation and solar module installation came down from its peak in 2016 in China.

**1H2017 EPS reached NT\$2.43, 5.1% growth from last year**

Consolidated 1H2017 gross profit reached NT\$1,823M, a 0.9% increase, compared to NT\$1,807M in 1H2016. 1H17 gross margin was 9.44% as compared to 9.49% in 1H16. Due to the slight decline in gross margin, operating income decreased marginally by 0.4% YoY, to NT\$670M. Overall non-operating profit increased by 31.1% and reached NT\$178M. The rise in non-operating profit was the result of the increase in profitability of equity-method investment companies. As a result, pretax profit totaled NT\$848M, a 4.9% growth YoY. Net profit after tax was NT\$563M, a YoY increase of 5.1%. 1H17 EPS reached NT\$2.43 based on 231.4 M outstanding shares. The proposal of cash dividend of NT\$2.6 per share was approved by the AGM in May. The ex-dividend date will be on August 28<sup>th</sup> and the cash dividend will be remitted to shareholders on September 22<sup>nd</sup>.



## 2017 Outlook

Wah Lee is well diversified among different industries and various customers and is constantly catching up in line with the latest development in product applications and technology trends. For example, high-end engineering plastics are seeing growing demands from optical lenses used in the higher pixel digital camera modules on smartphones and more camera modules used on automobiles with autopilot and ADAS(Advanced Driver Assistance System) functions. PCB materials such as Dry Film and CCL(Copper Clad Laminate) are finding increasing demands from the new SLP(Substrate Like PCB) manufacturing processes adopted by the new iPhone 8. With the continuous efforts to keep expanding our business scopes, we are optimistic to see another fruitful year in 2017 for the company.

Operating Result (M)	2015	2016	2017H1	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17
Total Rev	40,044	39,542	19,304	9,102	9,410	10,671	10,861	8,903	10,136	10,153	10,350	9,188	10,115
Gross Profit	3,661	3,754	1,823	847	853	954	1,007	880	927	985	962	890	932
Operating Profit	1,342	1,439	670	308	281	345	408	309	364	371	395	326	344
After Tax Profit	1,130	1,045	563	268	258	286	318	337	199	265	244	293	271
Shares Outstanding	231.40	231.40	231.40	231.40	231.40	231.40	231.40	231.40	231.40	231.40	231.40	231.40	231.40
EPS (NTD)	4.88	4.52	2.43	1.16	1.11	1.24	1.37	1.45	0.86	1.15	1.06	1.26	1.17
Operating Result (%)													
GP Margin	9.1%	9.5%	9.4%	9.3%	9.1%	8.9%	9.3%	9.9%	9.1%	9.7%	9.3%	9.7%	9.2%
OP Margin	3.4%	3.6%	3.5%	3.4%	3.0%	3.2%	3.8%	3.5%	3.6%	3.7%	3.8%	3.5%	3.4%
AT Profit Margin	2.8%	2.6%	2.9%	2.9%	2.7%	2.7%	2.9%	3.8%	2.0%	2.6%	2.4%	3.2%	2.7%
Growth % YoY													
Sales YoY	0.4%	-1.3%	1.4%	2.6%	-7.1%	-1.0%	7.3%	-2.2%	7.7%	-4.9%	-4.7%	3.2%	-0.2%
GP YoY	2.4%	2.5%	0.9%	6.9%	-2.8%	-2.2%	8.4%	3.9%	8.7%	3.2%	-4.5%	1.1%	0.5%
OP YoY	6.2%	7.2%	-0.4%	7.3%	-9.7%	7.8%	18.0%	0.3%	29.5%	7.5%	-3.2%	5.5%	-5.5%
AT Profit YoY	-11.3%	-7.5%	5.1%	-7.6%	-11.3%	-17.8%	-7.7%	25.6%	-22.9%	-7.3%	-23.3%	-13.1%	36.2%

### Safe Harbor Notice

Wah Lee Industrial Corp. (the Company) has made forward-looking statements in this report. The forward-looking statements contain information regarding, among other things, the Company's financial condition, future expansion plans and business strategies. The Company has based these forward-looking statements on its current expectations and projections about future events. Although the Company believes that these expectations and projections are reasonable, such forward-looking statements are inherently subject to risks, uncertainties and assumptions about it. The Company undertakes no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this report might not occur and the actual result could differ materially from those anticipated in these forward-looking statements.