



Company Basic Information

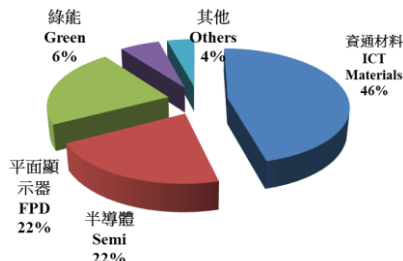
Closing Price (5/24/2018)	NT\$55.6
52 WK High	NT\$60.3
52 WK Low	NT\$48.4
Book Value/share	NT\$47.5
Shares on Issue (M)	231.4
Market Cap (USD M)	430
QFII Holding (%)	28.5
Key Financial Indicators	NT\$24M

	2016	2017	1Q18
ROE	10.6%	13.6%	6.5%
Net Debt/ Equity	22.3%	30.9%	35.9%
Cash Conversion Days	76.0	75.0	81.2

3010 WL Price Chart (1 yr)



Product Mix (1Q 2018)



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

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Reviewed 1Q 2018 Consolidated Results Announcement

Wah Lee's 1Q 2018 sales reached NT\$11,640 million, a 26.7% YoY increase from the same period of 2017.

- **Information Communication Technology 23.81% YoY increase:** ICT materials 1Q18 sales, including Engineering Plastics and PCB materials, reached NT\$5,353 million and posted a strong growth from last year. High-end engineering plastics have more diversified applications, including new USB Type C connectors and DDR4/5 memory sockets, as well as optical lenses for high resolution camera modules for smart phones and automobile ADAS systems.
- **Semiconductor 5.64% YoY increase:** Wah Lee's electronic-grade fine chemicals are provided to Semi customers' high-end manufacturing processes. Semi 1Q18 sales reached NT\$2,487M and grew in line with customers' more production from the advanced processes (such as 2x-1x nm nodes).
- **FPD 98.38% YoY increase:** FPD sales reached NT\$2,591M for 1Q18 and made a significant progress. The industry benefited from the growing demands in niche products (e.g. large-size, 4K LCD TVs) and more raw material needs from Chinese panel makers. We are also expanding our product portfolio and geographic coverage selling next generation electronic product into US and EU markets.
- **Green Energy 11.67% YoY decline:** Green Energy 1Q18 sales reached NT\$716M. Silver paste in solar industry was the main factor for the slowdown in Green Energy, due to the overall oversupplied solar industry and strong competition from local Chinese producers.

1Q2018 EPS was NT\$0.67, due to one-off tax expense

Consolidated 1Q2018 gross profit reached NT\$1,043M, a 17.2% increase, compared to NT\$890M in 1Q2017. 1Q18 gross margin was about 9.0%. Due to the economies of scale in sales, OPEX ratio was lowered to 5.0% and made operating profit as high as NT\$458M, which was a significant 40.7% growth from last year. Overall non-operating profit was lower YoY because of a one-time disposal gain from an investment company recognized in last year. Pretax profit totaled NT\$457M, a 13.2% increase YoY. As Taiwanese government announced a raise in corporate income tax rate from 17% to 20% effective 2018, Wah Lee has to recognize the difference of 3% on its income tax liability arised from the accumulated profits of overseas (mainly Chinese) subsidiaries, which resulted in a one-off tax expense of NT\$130M booked in 1Q18. If we add back the NT\$130M to the net profit after tax of NT\$155M for 1Q18, we will have a number that is about the same level as NT\$293M after-tax profit in 1Q17. The company's Board had decided to propose a cash dividend of NT\$3.3/share from 2017 earnings, to be approved at the AGM on May 30, 2018 and to be paid in early 3Q18.



2018 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/dual or trio digital camera modules on smartphones and more camera modules used on automobiles with autopilot and ADAS functions. Semi sector expects constant growth momentum as foundry and DRAM customers are ramping up their advanced manufacturing processes. FPD is aggressively expanding its product portfolio and geographic coverage to meet customer demands in mainland China and US and EU markets. Green sector will have a more balanced outlook for 2018 as LED and related materials will help drive up the sector and solar will recover from a low base. With the continuous efforts to keep expanding our business scopes, we are optimistic to see another successful year in 2018.

Operating Result (M)	2015	2016	2017	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18
Total Rev	40,044	39,542	42,916	9,102	9,410	10,671	10,861	8,903	10,136	10,153	10,350	9,188	10,115	11,711	11,901	11,640
Gross Profit	3,661	3,754	3,917	847	853	954	1,007	880	927	985	962	890	932	1,075	1,020	1,043
Operating Profit	1,342	1,439	1,460	308	281	345	408	309	364	371	395	326	344	433	357	458
After Tax Profit	1,130	1,045	1,410	268	258	286	318	337	199	265	244	293	271	417	430	155
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	231.40	231.40	231.40
EPS (NTD)	4.88	4.52	6.09	1.16	1.11	1.24	1.37	1.45	0.86	1.15	1.06	1.26	1.17	1.80	1.86	0.67
Operating Result (%)																
GP Margin	9.1%	9.5%	9.1%	9.3%	9.1%	8.9%	9.3%	9.9%	9.1%	9.7%	9.3%	9.7%	9.2%	9.2%	8.6%	9.0%
OP Margin	3.4%	3.6%	3.4%	3.4%	3.0%	3.2%	3.8%	3.5%	3.6%	3.7%	3.8%	3.5%	3.4%	3.7%	3.0%	3.9%
AT Profit Margin	2.8%	2.6%	3.3%	2.9%	2.7%	2.7%	2.9%	3.8%	2.0%	2.6%	2.4%	3.2%	2.7%	3.6%	3.6%	1.3%
Growth % YoY																
Sales YoY	0.4%	-1.3%	8.5%	2.6%	-7.1%	-1.0%	7.3%	-2.2%	7.7%	-4.9%	-4.7%	3.2%	-0.2%	15.4%	15.0%	26.7%
GP YoY	2.4%	2.5%	4.3%	6.9%	-2.8%	-2.2%	8.4%	3.9%	8.7%	3.2%	-4.5%	1.1%	0.5%	9.1%	6.0%	17.2%
OP YoY	6.2%	7.2%	1.5%	7.3%	-9.7%	7.8%	18.0%	0.3%	29.5%	7.5%	-3.2%	5.5%	-5.5%	16.5%	-9.6%	40.5%
AT Profit YoY	-11.3%	-7.5%	34.9%	-7.6%	-11.3%	-17.8%	-7.7%	25.6%	-22.9%	-7.3%	-23.3%	-13.1%	36.2%	56.9%	76.2%	-47.1%

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.