



Company Basic Information

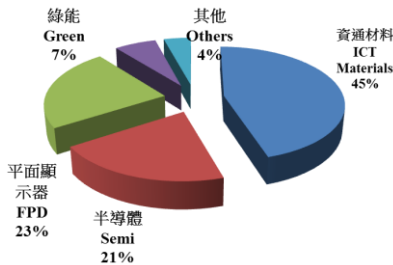
Closing Price (8/15/2018)	NT\$54.5
52 WK High	NT\$60.3
52 WK Low	NT\$48.4
Book Value/share	NT\$45.9
Shares on Issue (M)	231.4
Market Cap (USD M)	410
QFII Holding (%)	27.3
Key Financial Indicators	NT\$12M

	2016	2017	2Q18
ROE	10.6%	13.6%	11.3%
Net Debt/ Equity	22.3%	30.9%	45.6%
Cash Conversion Days	76.0	75.0	81.8

3010 WL Price Chart (1 yr)



Product Mix (2Q 2018)



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

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Reviewed 2Q 2018 Consolidated Results Announcement

Wah Lee's 1H 2018 sales reached NT\$25,048 million, a 29.8% YoY increase from the same period of 2017.

- **Information Communication Technology 27.39% YoY increase:** ICT materials 1H18 sales, including Engineering Plastics and PCB materials, reached NT\$11,341 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 increasing numbers of 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 1H18 sales reached NT\$5,169M and grew in line with customers' more production from the advanced processes (such as 2x-1x nm nodes).
- **FPD 90.92% YoY increase:** FPD sales reached NT\$5,844M for 1H18 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 products into US and EU markets.
- **Green Energy 6.83% YoY increase:** Green Energy 1H18 sales reached NT\$1,633M. Despite the limitation in China policy for solar power plant expansion, Wah Lee's solar business benefitted from Taiwan government's goal to achieve 20 gigawatts from solar power for 2025.

1H2018 EPS was NT\$2.56, 5.3% YoY increase

Consolidated 1H2018 gross profit reached NT\$2,170M, a 19.1% increase, compared to NT\$1,822M in 1H2017. 1H18 gross margin was about 8.7%, due to product mix changes. Because of the economies of scale in sales, OPEX ratio was lowered to 4.86% and made operating profit as high as NT\$953M, which was a significant 42.3% growth from last year. Overall non-operating profit of NT\$111M was lower YoY because of a one-time disposal gain from an investment company recognized in last year. Pretax profit totaled NT\$1,065M, a 25.6% increase YoY. As a result of the one-off tax expense increase in 1Q18, the effective tax rate for 1H18 was higher than last year. 1H18 after-tax and after minority interest profit was NT\$591M, as compared to NT\$563M in 1H17 and posted a 5% YoY increase. 1H18 EPS was NT\$2.56/share, as compared to NT\$2.43/share for 1H17. The cash dividend of NT\$3.3/share from 2017 earnings was paid on July 26, 2018 and has been remitted to shareholders' accounts.



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. More and more high-end plastics are also used in auto parts such as relays, motors, pistons, and connectors. We expect the stable business from the auto industry to provide us with a cornerstone for our future growth. 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 resumes its growth trend this year, benefitting from the local Taiwanese solar expansion projects guided by the government policy. With the continuous efforts to keep expanding our business scopes, we are optimistic to see a successful year in 2018.

Operating Result (M)	2015	2016	2017	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18
Total Rev	40,044	39,542	42,916	9,410	10,671	10,861	8,903	10,136	10,153	10,350	9,188	10,115	11,711	11,901	11,640	13,408
Gross Profit	3,661	3,754	3,917	853	954	1,007	880	927	985	962	890	932	1,075	1,020	1,043	1,127
Operating Profit	1,342	1,439	1,460	281	345	408	309	364	371	395	326	344	433	357	458	495
After Tax Profit	1,130	1,045	1,410	258	286	318	337	199	265	244	293	271	417	430	155	436
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	1.11	1.24	1.37	1.45	0.86	1.15	1.06	1.26	1.17	1.80	1.86	0.67	1.89
Operating Result (%)																
GP Margin	9.1%	9.5%	9.1%	9.1%	8.9%	9.3%	9.9%	9.1%	9.7%	9.3%	9.7%	9.2%	9.2%	8.6%	9.0%	8.4%
OP Margin	3.4%	3.6%	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%	3.7%
AT Profit Margin	2.8%	2.6%	3.3%	2.7%	2.7%	2.9%	3.8%	2.0%	2.6%	2.4%	3.2%	2.7%	3.6%	3.6%	1.3%	3.3%
Growth % YoY																
Sales YoY	0.4%	-1.3%	8.5%	-7.1%	-1.0%	7.3%	-2.2%	7.7%	-4.9%	-4.7%	3.2%	-0.2%	15.4%	15.0%	26.7%	32.6%
GP YoY	2.4%	2.5%	4.3%	-2.8%	-2.2%	8.4%	3.9%	8.7%	3.2%	-4.5%	1.1%	0.5%	9.1%	6.0%	17.2%	20.9%
OP YoY	6.2%	7.2%	1.5%	-9.7%	7.8%	18.0%	0.3%	29.5%	7.5%	-3.2%	5.5%	-5.5%	16.5%	-9.6%	40.5%	43.9%
AT Profit YoY	-11.3%	-7.5%	34.9%	-11.3%	-17.8%	-7.7%	25.6%	-22.9%	-7.3%	-23.3%	-13.1%	36.2%	56.9%	76.2%	-47.1%	60.9%

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.