



**Company Basic Information**

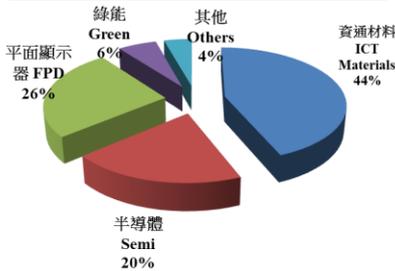
Closing Price (04/08/2019)	NT\$53.5
52 WK High	NT\$59.0
52 WK Low	NT\$47.5
Book Value/share	NT\$47.8
Shares on Issue (M)	231.4
Market Cap (USD M)	400
QFII Holding (%)	26.3
Key Financial Indicators	NT\$10M

	2016	2017	2018
ROE	10.6%	13.6%	12.3%
Net Debt/ Equity	22.3%	30.9%	56.6%
Cash Conversion Days	76.0	75.0	81.4

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



**Product Mix (4Q 2018)**



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

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**Audited FY2018 Consolidated Results Announcement**

**Wah Lee's full year 2018 cumulative sales reached NT\$52,935 million, a 23.3% YoY growth from year 2017.**

- **Information Communication Technology 16.4% YoY increase:** ICT materials FY2018 sales, including Engineering Plastics and PCB materials, reached NT\$23,209 million and posted a strong growth from last year. High-end engineering plastics have more diversified applications in optical lenses for smart phones and automobile ADAS systems, as well as auto parts. PCB segment is leading in the provision of 5G related materials, which has high growth potentials.
- **Semiconductor 4.2% YoY increase:** Wah Lee's electronic-grade fine chemicals are provided to Semi customers' high-end manufacturing processes. Semi FY18 sales reached NT\$10,577M and grew in line with industry average and customers' increased production in the advanced processes (such as 2x-1x and 7 nm nodes).
- **FPD 76.1% YoY increase:** FPD sales reached NT\$13,694M for FY2018 and made a significant progress. The growing demands from capacity expansion from Chinese panel makers have contributed to the growth of our FPD sector. We are also growing especially from the strong sales momentum in the next generation electronic products in the FPD industry, including ICs, TV main board modules, and large size interactive touch panel TVs. We are setting foot in the US and EU markets, as well as the emerging markets.
- **Green Energy 4.0% YoY increase:** Green Energy cumulative FY18 sales reached NT\$3,177M. 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 before 2025. We have integrated the material and module sales from upstream to downstream and secured demands from the solar power plant building business.

**FY2018 EPS was NT\$5.82, cash dividend is NT\$3.2/share**

Consolidated FY2018 gross profit reached NT\$4,210M, a 7.5% increase, compared to NT\$3,917M in 2017. Although 2018 gross margin lower than 2017, 8.0% vs 9.1% due to product mix changes, keeping OPEX ratio at 4.6% resulted NT\$1,747M in operating profit, a 19.7% growth from last year. With non-operating profit of NT\$283M, total pretax profit reached NT\$2,030M, a 3.0% increase YoY. As a result of the one-off tax expense increase in 1Q18, the effective tax rate for 2018 was higher than last year. FY2018 after-tax and after minority interest profit was NT\$1,346M. FY2018 EPS was NT\$5.82/share and the Board proposed a cash dividend of NT\$3.2/share, to be distributed in 3Q 2019.



## 2019 Outlook

Wah Lee is well diversified among different industries and various customers and is constantly staying ahead of the latest development in product applications and technology trends. High-end engineering plastics will have a good year in 2019 as well because of the growing demands for optical grade plastics for lenses used in camera modules on smartphones and automobiles with autopilot and ADAS functions. More and more high-end plastics are also used in auto parts to replace metals for weight-reducing and more environmental endurance. Wah Lee's PCB sector is leading in the provision of 5G materials, which is expected to start commercial production beginning in this year. Wah Lee provides low dk, high frequency PCB materials that fit the requirements of 5G antenna and other communication devices. Semiconductor industry is expected to post a slow Q1 and gradually return to growth starting from Q2 and still shows an overall growth for the whole year. Wah Lee's semicon sector will grow in line with the industry as it is dominant in providing one-stop-shopping services for chemicals and other consumables to its clients in the industry. FPD is aggressively expanding its product portfolio and geographic coverage to meet customer demands in mainland China, US, EU and emerging markets. It now not only provides upstream materials for FPD industry but also sells semi-finished modules and finished products such as interactive touch panel TVs. Green Energy sector will have a strong growth potential for it is integrating the supply chain from upstream materials to downstream solar modules and building solar power plants with Taiwanese government's supports. It is also penetrating into the ESS (Energy Storage System) market to provide energy-saving solutions for factories and enterprises. We team up with the largest telecom carrier in Taiwan to provide a total solution platform. With the above endeavors to keep expanding our business scopes, we are optimistic to see another successful year for 2019.

Operating Result (M)	2016	2017	2018	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	
Total Rev	39,542	42,916	52,935	8,903	10,136	10,153	10,350	9,188	10,115	11,711	11,901	11,640	13,408	14,318	13,568	
Gross Profit	3,754	3,917	4,210	880	927	985	962	890	932	1,075	1,020	1,043	1,127	1,037	1,003	
Operating Profit	1,439	1,460	1,747	309	364	371	395	326	344	433	357	458	495	444	350	
After Tax Profit	1,045	1,410	1,346	337	199	265	244	293	271	417	430	155	436	398	356	
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	
EPS (NTD)	4.52	6.09	5.82	1.45	0.86	1.15	1.06	1.26	1.17	1.80	1.86	0.67	1.89	1.72	1.54	
<b>Operating Result (%)</b>																
GP Margin	9.5%	9.1%	8.0%	9.9%	9.1%	9.7%	9.3%	9.7%	9.2%	9.2%	8.6%	9.0%	8.4%	7.2%	7.4%	
OP Margin	3.6%	3.4%	3.3%	3.5%	3.6%	3.7%	3.8%	3.5%	3.4%	3.7%	3.0%	3.9%	3.7%	3.1%	2.6%	
AT Profit Margin	2.6%	3.3%	2.5%	3.8%	2.0%	2.6%	2.4%	3.2%	2.7%	3.6%	3.6%	1.3%	3.3%	2.8%	2.6%	
<b>Growth % YoY</b>																
Sales YoY	-1.3%	8.5%	23.3%	-2.2%	7.7%	-4.9%	-4.7%	3.2%	-0.2%	15.4%	15.0%	26.7%	32.6%	22.3%	14.0%	
GP YoY	2.5%	4.3%	7.5%	3.9%	8.7%	3.2%	-4.5%	1.1%	0.5%	9.1%	6.0%	17.2%	20.9%	-3.5%	-1.7%	
OP YoY	7.2%	1.5%	19.7%	0.3%	29.5%	7.5%	-3.2%	5.5%	-5.5%	16.5%	-9.6%	40.5%	43.9%	2.5%	-2.0%	
AT Profit YoY	-7.5%	34.9%	-4.5%	25.6%	-22.9%	-7.3%	-23.3%	-13.1%	36.2%	56.9%	76.2%	-47.1%	60.9%	-4.6%	-17.2%	

### 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.