



Company Basic Information

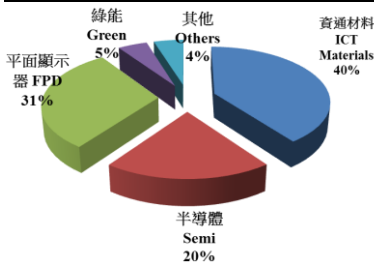
Closing Price (5/15/2019)	NT\$53.2
52 WK High	NT\$57.5
52 WK Low	NT\$47.5
Book Value/share	NT\$49.9
Shares on Issue (M)	231.4
Market Cap (USD M)	400
QFIL Holding (%)	26.2
Key Financial Indicators	NT\$10M

	2017	2018	1Q19
ROE	13.3%	12.3%	10.9%
Net Debt/ Equity	28.8%	56.6%	49.4%
Cash Conversion Days	73.8	81.4	99.5

3010 WL Price Chart (1 yr)



Product Mix (1Q 2019)



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

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Reviewed 1Q 2019 Consolidated Results Announcement

Wah Lee's 1Q 2019 sales reached NT\$12,066 million, a 3.66% YoY increase from the same period of 2018.

- **Information Communication Technology 9.96% YoY decline:** ICT materials 1Q19 sales, including Engineering Plastics and PCB materials, reached NT\$4,821 million and posted a decline from last year. In addition to the Chinese New Year holiday effect, the decline in sales of ICT sector reflected the conservative attitude of customers across ICT industries in the 1Q stocking preparation.
- **Semiconductor 3.16% YoY decrease:** It's a consensus among semiconductor industry experts that 1Q19 would be a slowdown from the last quarter and the slowest quarter in year 2019. Industry sales should be picking up starting 2Q19 and the average industry growth rate for the whole year would still be positive. Wah Lee's electronic-grade fine chemicals are provided to Semi customers' high-end manufacturing processes and will lead in the growth trend. Semi 1Q19 sales reached NT\$2,408M.
- **FPD 42.14% YoY increase:** FPD sales reached NT\$3,683M for 1Q19 and continued its growth. Next generation electronic products (including TV mainboards and very large screen LCD TV with touch panel module for educational/commercial purposes) led the sector's growth momentum.
- **Green Energy 19.92% YoY decline:** Green Energy 1Q19 sales reached NT\$574M. Wah Lee will put more emphasis on Taiwan government's goal to achieve 20 gigawatts from solar power before 2025 and attain related business opportunities.

1Q2019 EPS was NT\$1.36, significant growth from 1Q18

Consolidated 1Q2019 gross profit was NT\$918M, a 12.0% decrease, compared to NT\$1,043M in 1Q2018. 1Q19 gross margin was 7.6%, as compared to 9.0% in 1Q18, due to product mix change. Operating expense ratio was maintained at 4.9% and operating profit was NT\$323M. Overall non-operating profit was NT\$97M, with steady profit contributions from long-term investment companies. Pretax profit totaled NT\$421M. After tax profit for 1Q19 was NT\$315M, as compared to NT\$155 in 1Q18 and posted a 103% growth. This is because of the change of corporate income tax rate by Taiwanese government and resulted in a one-time tax expense increase of NT\$130M in 1Q18. 1Q19 effective tax rate returned to around the normal 20% level. The company's Board has decided to propose a cash dividend of NT\$3.2/share from 2018 earnings, to be approved at the AGM on May 30, 2019 and to be paid in early 3Q19.



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	1Q19
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	12,066
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	918
Operating Profit	1,439	1,460	1,747	309	364	371	395	326	344	433	357	458	495	444	350	323
After Tax Profit	1,045	1,410	1,346	337	199	265	244	293	271	417	430	155	436	398	356	315
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)	4.52	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	1.36
Operating Result (%)																
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%	7.6%
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%	2.7%
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%	2.6%
Growth % YoY																
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%	3.7%
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%	-12.0%
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%	-29.5%
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%	103.2%

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.