



**Company Basic Information**

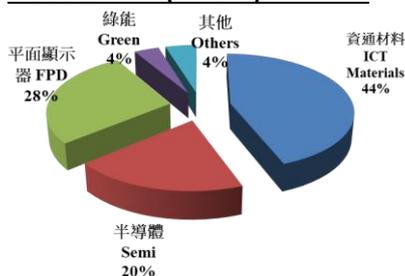
Closing Price (4/17/2020)	NT\$55.4
52 WK High	NT\$58.4
52 WK Low	NT\$41.6
Book Value/share	NT\$49.5
Shares on Issue (M)	231.4
Market Cap (USD M)	400
QFII Holding (%)	22.2
Key Financial Indicators	NT\$10M

	2017	2018	2019
ROE	13.3%	12.3%	12.1%
Debt/Asset	56.7%	61.0%	61.4%
Cash Conversion Days	73.8	81.4	90.1

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



**Product Mix (FY2019)**



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

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**Audited 4Q 2019 Consolidated Results Announcement**

**Wah Lee's full year 2019 sales reached NT\$54,682 million, a 3.30% YoY increase from the same period of 2018.**

- **Information Communication Technology 4.28% YoY increase:** ICT materials full year 2019 sales, including Engineering Plastics and PCB materials, reached NT\$24,202 million and posted a 4.3% growth. Despite the headwinds in macro economy, Wah Lee's ICT sector has seen strong consecutive growth in Q3 and Q4 in sales due to demand recovery.
- **Semiconductor 1.32% YoY increase:** Despite the YoY decline in the 1<sup>st</sup> half of the year, semiconductor industry has showed resilience in the 2<sup>nd</sup> half of 2019. The 2<sup>nd</sup> half sales was a 12% growth from the 1<sup>st</sup> half and a 5% growth from a year ago. It is believed that 5G related demands have started to push the increased production of chips for either smartphones or base stations. In addition, Wah Lee has expanded its business in the Chinese semiconductor industry and will enjoy the uprising trend among its successful Taiwanese and Chinese semicon customers. Semi full year 2019 sales reached NT\$10,717M.
- **FPD 10.29% YoY increase:** FPD cumulative 2019 sales reached NT\$15,104M. 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 34.90% YoY decline:** Green Energy cumulative 2019 sales reached NT\$2,068M. 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. The solar power generation business will provide a recurring income stream for Wah Lee's profit portfolio.

**Full year 2019 EPS was NT\$6.12, 5.2% growth YoY**

Full year 2019 gross profit was NT\$4,185M, almost flat compared with last year's, due to slight decline in gross margin from the product mix changes. FY2019 gross margin was 7.65%, as compared to 7.95% in 2018. Operating expense ratio was maintained at 4.77% and operating profit was NT\$1,574M. Overall non-operating profit was NT\$392M, with steady profit contributions from long-term investment companies. FY2019 pretax profit reached NT\$1,966M. FY2019 after tax and after minority interest profit was NT\$1,416M, as compared to NT\$1,346M in FY2018 and posted a 5.2% growth. FY2019 EPS was NT\$6.12/share, as compared to NT\$5.82/share for 2018. Wah Lee's Board has resolved in March to propose a cash dividend of NT\$3.3/share to be approved in AGM which will be held by the end of May. Dividend payout will be made in 3Q.



## 2019 Review

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 enjoys its leading position in the industry as there are 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 year 2020. Wah Lee provides low dk, high frequency PCB materials that fit the requirements of 5G antenna and other communication devices. Semiconductor industry returned to growth for the full year in 2019 due to the growing demands in memories and 5G chips. Wah Lee's semicon sector has grown 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 aggressively expanded 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 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. By entering into the solar power generation business, it can provide a recurring income stream for Wah Lee's profit portfolio. Wah Lee is also teaming up with external funds that flowed back to Taiwan from China in building more solar power plants and will possibly reap some capital gains from selling some of the power plants with lucrative returns. 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. We have seen some successful results in 2019.

Operating Result (M)	2017	2018	2019	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19
Total Rev	42,916	52,935	54,682	9,188	10,115	11,711	11,901	11,640	13,408	14,318	13,568	12,066	14,041	14,559	14,016
Gross Profit	3,917	4,210	4,185	890	932	1,075	1,020	1,043	1,127	1,037	1,003	918	1,081	1,154	1,032
Operating Profit	1,460	1,747	1,574	326	344	433	357	458	495	444	350	323	428	465	357
After Tax Profit	1,410	1,346	1,416	293	271	417	430	155	436	398	356	315	344	449	308
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)	6.09	5.82	6.12	1.26	1.17	1.80	1.86	0.67	1.89	1.72	1.54	1.36	1.49	1.94	1.33
Operating Result (%)															
GP Margin	9.1%	8.0%	7.7%	9.7%	9.2%	9.2%	8.6%	9.0%	8.4%	7.2%	7.4%	7.6%	7.7%	7.9%	7.4%
OP Margin	3.4%	3.3%	2.9%	3.5%	3.4%	3.7%	3.0%	3.9%	3.7%	3.1%	2.6%	2.7%	3.0%	3.2%	2.5%
AT Profit Margin	3.3%	2.5%	2.6%	3.2%	2.7%	3.6%	3.6%	1.3%	3.3%	2.8%	2.6%	2.6%	2.4%	3.1%	2.2%
Growth % YoY															
Sales YoY	8.5%	23.3%	3.3%	3.2%	-0.2%	15.4%	15.0%	26.7%	32.6%	22.3%	14.0%	3.7%	4.7%	1.7%	3.3%
GP YoY	4.3%	7.5%	-0.6%	1.1%	0.5%	9.1%	6.0%	17.2%	20.9%	-3.5%	-1.7%	-12.0%	-4.1%	11.3%	2.9%
OP YoY	1.5%	19.7%	-9.9%	5.5%	-5.5%	16.5%	-9.6%	40.5%	43.9%	2.5%	-2.0%	-29.5%	-13.5%	4.7%	2.0%
AT Profit YoY	34.9%	-4.5%	5.2%	-13.1%	36.2%	56.9%	76.2%	-47.1%	60.9%	-4.6%	-17.2%	103.2%	-21.1%	12.8%	-13.5%

### 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.