



Company Basic Information

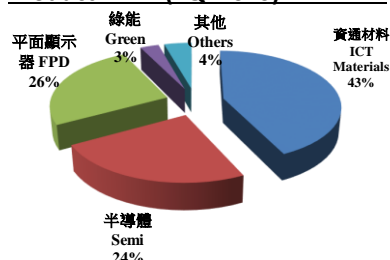
Closing Price (5/15/2020)	NT\$54.4
52 WK High	NT\$58.4
52 WK Low	NT\$41.6
Book Value/share	NT\$50.0
Shares on Issue (M)	231.4
Market Cap (USD M)	416
QFII Holding (%)	21.5
Key Financial Indicators	NT\$10M

	2018	2019	1Q20
ROE	12.3%	12.1%	10.9%
Debt/Asset	61.0%	61.4%	61.0%
Cash Conversion Days	81.4	89.4	93.8

3010 WL Price Chart (1 yr)



Product Mix (1Q 2020)



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

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Reviewed 1Q 2020 Consolidated Results Announcement

Wah Lee's 1Q 2020 sales reached NT\$12,353 million, a 2.38% YoY increase from the same period of 2019.

- **Information Communication Technology 10.09% YoY increase:** ICT materials 1Q20 sales, including Engineering Plastics and PCB materials, reached NT\$5,307 million and posted an increase from last year. Despite the COVID-19 pandemic, Chinese manufacturing using high-end plastics slowed in February but recovered since March and PCB materials for 5G applications stimulated the PCB sales strongly.
- **Semiconductor 23.49% YoY increase:** During the pandemic, semiconductor industry, using less labor, was less affected by the lockdowns in China and remained active in Taiwan. Semiconductor sector in both places had double digit growth rates because of the early pull-ins of raw material inventory fearing the interruptions in supply chains. Semiconductor industry production remained in high levels in 1Q20. Semi sales for 1Q20 was NT\$2,974 million.
- **FPD 14.05% YoY decline:** FPD sales reached NT\$3,166M for 1Q20 and posted a slowdown in sales. Next generation electronic products (including TV mainboards and very large screen LCD TV with touch panel module for educational/commercial purposes) had been affected by the US/EU adverse economic situations and the slowdown in China's manufacturing activities.
- **Green Energy 36.07% YoY decline:** Green Energy 1Q20 sales reached NT\$367M. The drop in sales was mainly attributable to the silver paste for solar modules that was losing market share due to fierce competitions in China. 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.

1Q2020 EPS was NT\$1.49, a growth of 9.1% from 1Q19

Consolidated 1Q2020 gross profit was NT\$1,005M, a 9.5% increase, compared to NT\$918M in 1Q2019. 1Q20 gross margin was 8.14%, as compared to 7.61% in 1Q19, due to better product mix trend in higher ICT/Semi sales. Operating expense ratio was lowered to 4.7% (4.9% a year ago) and operating profit was NT\$425M, a growth of 31.3% from last year. Overall non-operating profit was NT\$57M, with steady profit contributions from long-term investment companies. Pretax profit totaled NT\$481M. After tax profit for 1Q20 was NT\$344M, as compared to NT\$315 in 1Q19 and posted a 9.1% growth. EPS for 1Q20 was NT\$1.49 per share. The AGM for 2019 will be held on May 28, 2020 and will approve Board's proposal of cash dividend NT\$3.3/share, after which shall be paid in early 3Q20.



2020 Outlook

Despite the intense situation caused by the COVID-19 pandemic, 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, and thus was so far less impacted by the severe pull downs on economies. Wah Lee's high-end engineering plastics was actually benefitted from the drastic increase in demands for NB PCs and game consoles due to the work-from-home and on-line education situations. PCB sector is leading in the provision of materials for 5G network, which is being enthusiastically promoted by the governments to increase the stimulus on economies by the expansions on infrastructures. Semiconductor industry had a very high growth in 1Q20 due to the early pull-ins of raw material inventory by semiconductor customers who have seen constant orders from their customers. We will still need to observe what the order flow will be coming into 2Q20. FPD sales remained about flat in 1Q20 because of the pandemic hitting US and EU. Hopefully after the peaks of this epidemic, the fundamental demands will be restored. 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 efforts and our deployment in 5G, biomedical, EVs and ESS, we are still cautiously optimistic about our development in 2020.

Operating Result (M)	2017	2018	2019	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20
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	12,353
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	1,005
Operating Profit	1,460	1,747	1,574	326	344	433	357	458	495	444	350	323	428	465	357	425
After Tax Profit	1,410	1,346	1,416	293	271	417	430	155	436	398	356	315	344	449	308	344
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)	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	1.49
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%	8.1%
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%	3.4%
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%	2.8%
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%	2.4%
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%	9.5%
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%	31.6%
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%	9.2%

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.