



Company Basic Information

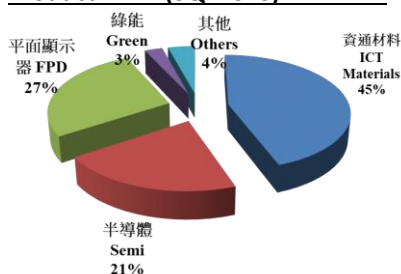
| | |
|---------------------------|----------|
| Closing Price (11/2/2020) | NT\$63.4 |
| 52 WK High | NT\$67.3 |
| 52 WK Low | NT\$41.6 |
| Book Value/share | NT\$51.6 |
| Shares on Issue (M) | 231.4 |
| Market Cap (USD M) | 513 |
| QFII Holding (%) | 16.2 |
| Key Financial Indicators | NT\$50M |

| | 2018 | 2019 | 3Q20 |
|----------------------|-------|-------|-------|
| ROE | 12.3% | 12.1% | 15.3% |
| Debt/Asset | 61.0% | 61.4% | 61.0% |
| Cash Conversion Days | 81.4 | 89.4 | 82.7 |

3010 WL Price Chart (1 yr)



Product Mix (3Q 2020)



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

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Reviewed 3Q 2020 Consolidated Results Announcement

Wah Lee's 3Q 2020 cumulative sales reached NT\$43,350 million, a 6.60% YoY increase from the same period of 2019.

- **Information Communication Technology 11.92% YoY increase:** ICT materials 3Q20 cumulative sales, including Engineering Plastics and PCB materials, reached NT\$19,306 million. In the engineering plastic sector, we saw very strong demands for the optical grade plastic from the Chinese largest camera module maker. Multiple cameras in smartphones and the raise of pixels increase the demands for optical lenses. PCB materials for 5G applications stimulated the PCB sales strongly.
- **Semiconductor 16.49% YoY increase:** Semi sales for 1Q~3Q20 was NT\$9,160 million. Wah Lee's largest semiconductor customer in Taiwan was a leader among the worldwide competitors in terms of high end nodes production. Advanced electronic grade chemicals were in great demands and were reflected in the strong sales growth of double digits. Additionally, our Taiwanese memory maker customers also contributed to the sales growth momentum.
- **FPD 0.83% YoY decline:** FPD sales reached NT\$11,874M for 1Q~3Q20 and was almost flat from a year ago. 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 due to COVID-19 and the slowdown in China's manufacturing activities.
- **Green Energy 28.67% YoY decline:** Green Energy 1Q~3Q20 sales reached NT\$1,197M. 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 and stable income stream.

Cumulative 3Q20 EPS was NT\$6.14, a growth of 28.2% from 3Q19

3Q20 consolidated sales of NT\$16,160M set a record high quarterly sales. Consolidated 1Q~3Q20 gross profit was NT\$3,488M, a 10.6% increase compared to NT\$3,153M in 1~3Q2019. Cumulative 3Q20 gross margin was 8.05%, as compared to 7.75% for the same period in 2019, due to better product mix trend in higher ICT/Semi sales. Operating expense ratio was lowered to 4.34% (4.76% a year ago) and operating profit was NT\$1,607M, a growth of 32.0% from last year. Overall non-operating profit was NT\$413M, mainly contributed from steady profits recognized from long-term investment companies and minor FX loss due to the company's natural hedge position. Pretax profit totaled NT\$2,020M. After tax profit for the first 3Q in 2020 was NT\$1,420M, as compared to NT\$1,108 in 1~3Q19 and posted a 28.2% growth. EPS for the period was NT\$6.14 per share.



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 adverse ~~pull downs on economies~~economic conditions. Wah Lee's high-end engineering plastics ~~was~~ actually benefitted from the drastic increase in demands for NB PCs, high end servers, and communication devices due to the work-from-home and on-line education situations. Optical grade plastics generated strong sales as above mentioned reasons. 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~~ expansions. Semiconductor industry had a ~~strong-very high~~ growth in the first 3 quarters of 2020 from the ~~strong-robust~~ underlying demands for all sorts of logic and memory chips due to the trends in remote working, on-line education, and 5G smartphones and base stations. We expect the strong demands for semi will continue throughout the remaining of ~~the year in~~ 2020. FPD sales remained about flat in 3Q20 because of the pandemic hitting US and EU. Hopefully after the peaks of this ~~epidemie~~pandemic, 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 ~~teamed~~ 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 cautiously optimistic about the development in the rest of year 2020.

| Operating Result (M) | 2018 | 2019 | 1Q18 | 2Q18 | 3Q18 | 4Q18 | 1Q19 | 2Q19 | 3Q19 | 4Q19 | 1Q20 | 2Q20 | 3Q20 |
|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Total Rev | 52,935 | 54,682 | 11,640 | 13,408 | 14,318 | 13,568 | 12,066 | 14,041 | 14,559 | 14,016 | 12,353 | 14,836 | 16,160 |
| Gross Profit | 4,210 | 4,185 | 1,043 | 1,127 | 1,037 | 1,003 | 918 | 1,081 | 1,154 | 1,032 | 1,005 | 1,195 | 1,287 |
| Operating Profit | 1,747 | 1,574 | 458 | 495 | 444 | 350 | 323 | 428 | 465 | 357 | 425 | 545 | 636 |
| After Tax Profit | 1,346 | 1,416 | 155 | 436 | 398 | 356 | 315 | 344 | 449 | 308 | 344 | 440 | 636 |
| 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 |
| EPS (NTD) | 5.82 | 6.12 | 0.67 | 1.89 | 1.72 | 1.54 | 1.36 | 1.49 | 1.94 | 1.33 | 1.49 | 1.90 | 2.75 |
| Operating Result (%) | | | | | | | | | | | | | |
| GP Margin | 8.0% | 7.7% | 9.0% | 8.4% | 7.2% | 7.4% | 7.6% | 7.7% | 7.9% | 7.4% | 8.1% | 8.1% | 8.0% |
| OP Margin | 3.3% | 2.9% | 3.9% | 3.7% | 3.1% | 2.6% | 2.7% | 3.0% | 3.2% | 2.5% | 3.4% | 3.7% | 3.9% |
| AT Profit Margin | 2.5% | 2.6% | 1.3% | 3.3% | 2.8% | 2.6% | 2.6% | 2.4% | 3.1% | 2.2% | 2.8% | 3.0% | 3.9% |
| Growth % YoY | | | | | | | | | | | | | |
| Sales YoY | 23.3% | 3.3% | 26.7% | 32.6% | 22.3% | 14.0% | 3.7% | 4.7% | 1.7% | 3.3% | 2.4% | 5.7% | 11.0% |
| GP YoY | 7.5% | -0.6% | 17.2% | 20.9% | -3.5% | -1.7% | -12.0% | -4.1% | 11.3% | 2.9% | 9.5% | 10.5% | 11.5% |
| OP YoY | 19.7% | -9.9% | 40.5% | 43.9% | 2.5% | -2.0% | -29.5% | -13.5% | 4.7% | 2.0% | 31.6% | 27.3% | 36.8% |
| AT Profit YoY | -4.5% | 5.2% | -47.1% | 60.9% | -4.6% | -17.2% | 103.2% | -21.1% | 12.8% | -13.5% | 9.2% | 27.9% | 41.6% |

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.