



Company Basic Information

Closing Price (22/03/2023)	NT\$88.7
52 WK High	NT\$114.5
52 WK Low	NT\$76.5
Book Value/share	NT\$71.0
Shares on Issue (M)	236.0
Market Cap (USD M)	685
QFII Holding (%)	11.7
Monthly Avg Daily Turn	NT\$100M

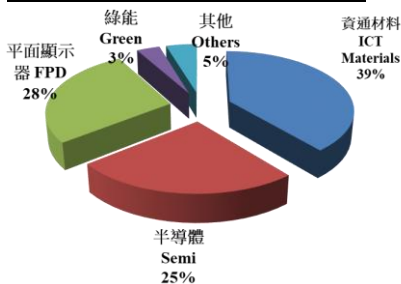
Key Financial Indicators

	2020	2021	2022
ROE	14.5%	19.1%	15.0%
Debt/Asset	62.0%	61.0%	62.0%
Cash Conversion Days	86.3	76.5	76.0

3010 WL Price Chart (1 yr)



Product Mix (FY2022)



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

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4Q22 Consolidated Results Announcement

Wah Lee's 4Q22 cumulative sales reached NT\$73,570 million, a 4.33% YoY increase and record high annual sales in company history.

- Information Communication Technology 4.83% YoY decline:** Consecutive US interest rate hikes, post-pandemic softer demands, and high inventory levels of Tech customers have resulted in the slow-moving of ICT materials in year 2022. Wah Lee's ICT sales posted a YoY decline. However, the continuous development in AI, which is based on HPC (High Performance Computing), will eventually lead to the recovery of demands for Wah Lee's high-end engineering plastics and PCB raw materials which are the nuts and bolts of advanced servers and computing device.
- Semiconductor 32.72% YoY increase:** Wah Lee's semiconductor raw materials for the high end manufacturing processes, now into 3 nm, are playing a critical role in the semiconductor industry. We are also gaining more market shares in other semi customers' supplies in Taiwan, China, and Singapore. Our well-established logistics network for transporting DG (Dangerous Goods) chemicals is also heavily relied upon by the semi customers.
- FPD 5.32% YoY decline:** Recent price declining trends in the FPD industry and softer demands for display products such as large screen TV sets had slowed down our FPD sales in the last few months of 2022. Our next generation electronic products (electronic whiteboards) were still in good demands and are gaining market shares from new customers.
- Green Energy 35.80% YoY increase:** Green Energy 2022 sales reached NT\$2,574M. Lithium battery material sales grew substantially as Wah Lee supplied cathode and anode materials to both Taiwanese and Chinese Li-battery manufacturers. With close to 60MW of solar power capacity by yearend 2022, Wah Lee will be able to provide customers with carbon rights and strengthen its total solution provider position under the ESG requirements.

Full year 2022 EPS was NT\$10.53, cash dividend of NT\$6.1/share

FY2022 consolidated sales of NT\$73,570M set a record high with 4.3% YoY increase. Consolidated 2022 gross profit was NT\$5,567M with a gross margin of 7.6%, which was under pressure due to reservations for slow-moving inventory and write-downs and will be reversed once the inventory is sold. Operating expense ratio lowered to 3.97%, due to better economies of scale, and operating margin was 3.6%. Operating profit was NT\$2,643M. Non-operating profit was NT\$892M, contributed from steady profits recognized from long-term investment companies. Pretax profit totaled NT\$3,536M. After tax and minority profit was NT\$2,485M. FY2022 EPS was NT\$10.53 and a cash dividend of NT\$6.1/share was announced after the recent Board meeting.



2023 Outlook

The sell-through in the first couple of months of year 2023 was slow and the GP margin may be under pressure in the 1st half due to reservations for slow-moving inventory and write-downs and will be reversed once the inventory is sold. We still have faith that the 2nd half should gradually see the recovery of demands and the annual 2023 sales will outperform that of year 2022. The current slow moving of sales was the result of high inventory levels of overall tech customers as most of them were chasing after raw material supplies in year 2021 due to the chaos in the supply chain. As a result, the commodity prices rose sharply. The Russia-Ukraine war made things worse and the geopolitical tensions led to global inflations. On top of that, high employment rate and the above 5% CPI growth rate in the US forced the FED to start the interest rate hike cycle and caused the prevalent conservative consumption patterns. However, we believe that the general trends in the mega technology advancements will continue to move on. AIoT (e.g. ChatGPT), HPC, 5G communications, EV/automobiles, smartphones, consumer electronics, high-end semiconductor manufacturing will eventually bring the general demands back to a positive growth cycle. Gradual digestions of customers' inventory levels will also lead to the return of technology raw material demands. Wah Lee is well-positioned in the raw material supply chain and will ride on the mega trends of technology advancements. We will be in the forefront of demand returns and closely monitor the inflection point of underlying economic cycles.

Operating Result (M)	2020	2021	2022	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
Total Rev	59,081	70,515	73,570	12,353	14,836	16,160	15,731	16,284	16,866	18,756	18,610	19,510	18,336	19,149	16,575
Gross Profit	4,801	5,983	5,567	1,005	1,195	1,287	1,313	1,438	1,496	1,572	1,476	1,558	1,428	1,438	1,143
Operating Profit	2,108	3,073	2,643	425	545	636	501	726	758	804	784	802	697	704	440
After Tax Profit	1,859	2,843	2,485	344	440	636	439	597	641	842	764	768	657	737	323
Shares Outstanding	231.40	236.02	236.02	231.40	231.40	231.40	231.40	231.40	231.40	236.02	236.02	236.02	236.02	236.02	236.02
EPS (NTD)	8.03	12.05	10.53	1.49	1.90	2.75	1.89	2.53	2.71	3.57	3.24	3.26	2.78	3.12	1.37
Operating Result (%)															
GP Margin	8.1%	8.5%	7.6%	8.1%	8.1%	8.0%	8.3%	8.8%	8.9%	8.4%	7.9%	8.0%	7.8%	7.5%	6.9%
OP Margin	3.6%	4.4%	3.6%	3.4%	3.7%	3.9%	3.2%	4.5%	4.5%	4.3%	4.2%	4.1%	3.8%	3.7%	2.7%
AT Profit Margin	3.1%	4.0%	3.4%	2.8%	3.0%	3.9%	2.8%	3.7%	3.8%	4.5%	4.1%	3.9%	3.6%	3.8%	1.9%
Growth % YoY															
Sales YoY	8.0%	19.4%	4.3%	2.4%	5.7%	11.0%	12.2%	31.8%	13.7%	16.1%	18.3%	19.8%	8.7%	2.1%	-10.9%
GP YoY	14.7%	24.6%	-7.0%	9.5%	10.5%	11.5%	27.2%	43.1%	25.2%	22.1%	12.4%	8.3%	-4.5%	-8.5%	-22.6%
OP YoY	33.9%	45.8%	-14.0%	31.6%	27.3%	36.8%	40.3%	70.8%	39.1%	26.4%	56.5%	10.5%	-8.0%	-12.4%	-43.9%
AT Profit YoY	31.3%	52.9%	-12.6%	9.2%	27.9%	41.6%	42.5%	73.5%	45.7%	32.4%	74.0%	28.6%	2.5%	-12.5%	-57.7%

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.