



Company Basic Information

Closing Price (12/05/2023)	NT\$86.4
52 WK High	NT\$104.5
52 WK Low	NT\$76.5
Book Value/share	NT\$68.5
Shares on Issue (M)	236.0
Market Cap (USD M)	672
QFII Holding (%)	11.5
Monthly Avg Daily Turn	NT\$100M

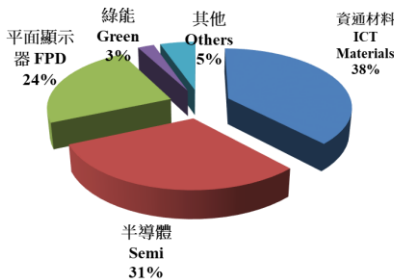
Key Financial Indicators

	2021	2022	1Q23
ROE	19.1%	15.0%	7.1%
Debt/Asset	61.0%	62.0%	60.0%
Cash Conversion Days	76.5	76.0	97.3

3010 WL Price Chart (1 yr)



Product Mix (1Q23)



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

IR Contact
Eric Lin
+886-2-2715-2087 ext.22061
eric.lin@wahlee.com

1Q23 Consolidated Results Announcement

Wah Lee's 1Q23 cumulative sales reached NT\$14,378 million, a 26.30% YoY decrease.

- Information Communication Technology 34.97% YoY decline:** Consecutive US interest rate hikes, post-pandemic softer demands, and high inventory levels of Tech customers have continued to cause the slow-moving of ICT materials in 1Q23. Wah Lee's high-end engineering plastics and PCB/MB materials both posted YoY declines. The current conservative sentiment of the market has delayed the expected return of demand growth to Q3~Q4 of this year. As soon as the demand starts to pick up, Wah Lee, as the leading upstream raw material provider, will be among the first in the industry supply chain to benefit from the recovery.
- Semiconductor 14.73% 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. Despite the challenging industry environment, our semiconductor sector sales still posted a YoY growth because of customers' continuous migration of manufacturing processes to the advanced nodes. The IC chips of the American brand name company's next generation smartphones will utilize the 3 nm process to produce which will further help the demands of high-end semiconductor materials.
- FPD 40.51% YoY decline:** The decline of FPD related sales in 1Q23 was obvious because in January 2022 the electronic whiteboards were shipped in large quantities to avoid the delay of delivery due to the Chinese New Year holidays. The current conservative consumer behaviors also add to the slow sales of related display products and thus the slowdown of their upstream raw materials.
- Green Energy 45.45% YoY decline:** The mainland Chinese government has formally phased out their EV subsidy policy starting in 2023 and the rush to purchase EVs before the phase out in Q4 2022 has even further driven down the demands of EV batteries in 1Q23. Cathode material and electrolyte demands and prices have been hit severely.

1Q23 EPS was NT\$1.22, 2022 cash dividend will be paid in early 3Q23

1Q23 consolidated sales totaled NT\$14,378M. Consolidated 1Q23 gross profit was NT\$1,094M with a gross margin of 7.6%, which was lower than 8.0% in 1Q22 due to reservations for slow-moving and write-downs of inventory and will be reversed once the inventory is sold. Operating expense ratio was 4.61% due to the lower sales and operating margin was 3.0%. Operating profit was NT\$431M. Non-operating profit was NT\$16.6M, mainly because of the depressed performances of long-term investment companies. Pretax profit totaled NT\$447M. After tax and minority profit was NT\$289M. 2022 cash dividend of NT\$6.1/share shall be approved in the AGM on May 30th and be paid in early Q3 this year.



2023 Outlook

The sell-through in 1Q23 was slow and the GP margin was under pressure due to reservations for slow-moving and write-downs of inventory and will be reversed once the inventory is sold. We are approaching and expect to see the light at the end of the tunnel after 2Q23 and will see gradual pick up of the overall demands in 3Q~4Q this year. 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	1Q23
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	14,378
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	1,094
Operating Profit	2,108	3,073	2,643	425	545	636	501	726	758	804	784	802	697	704	440	431
After Tax Profit	1,859	2,843	2,485	344	440	636	439	597	641	842	764	768	657	737	323	289
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	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	1.22
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%	7.6%
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%	3.0%
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%	2.0%
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%	-26.3%
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%	-29.8%
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%	-46.3%
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%	-62.4%

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.