



**Company Basic Information**

Closing Price (18/03/2024)	NT\$108.0
52 WK High	NT\$116.0
52 WK Low	NT\$79.4
Book Value/share	NT\$78.6
Shares on Issue (M)	236.2
Market Cap (USD M)	832
QFII Holding (%)	13.8
Monthly Avg Daily Turn	NT\$100M

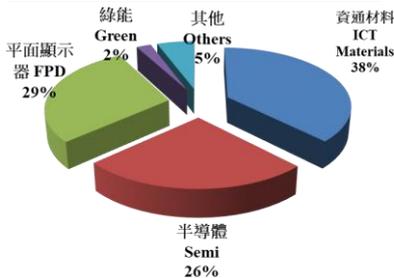
**Key Financial Indicators**

	2021	2022	2023
ROE	19.1%	15.0%	11.9%
Debt/Asset	61.0%	62.0%	59.0%
Cash Conversion Days	76.5	76.0	81.8

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



**Product Mix (FY2023)**



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

**FY2023 Consolidated Results Announcement**

Wah Lee's FY2023 sales reached NT\$66,782 million, a 9.23% YoY decline amid gradual inventory digestion among customers and sluggish macro-economic condition. WL's sales performance was relatively stable as compared to 12-30% sales decline among the distributors.

- **Information Communication Technology 12.38% YoY decline:** ICT sector's sales was adversely affected by the slow demands from consumer electronics, smartphones, and home appliances, as a result of the inflation and high interest rates. It's also hindered by the geopolitical conflicts to move productions out of China and Chinese people's own conservative consumption behaviors after the Covid.
- **Semiconductor 7.87% YoY decline:** While Wah Lee's leading foundry customer maintained high capacity utilization mostly because of the advanced manufacturing nodes, the overall semi industry was still faced with high inventory levels from the demand sides. It is expected the inventory de-stocking of chips will last over the 1H of this year.
- **FPD 5.24% YoY decline:** The FPD FY2023 sales showed a YoY decline because in the beginning of 2022 the electronic whiteboards were shipped in large quantities to avoid the delay of delivery due to the Chinese New Year holidays. The electronic whiteboard sales had gradually returned in 2H23. FPD 4Q23 quarterly sales grew 19.4% YoY.
- **Green Energy 42.47% YoY decline:** The mainland Chinese government phased out their EV subsidy policy starting in 2023. The rush to purchase EVs before the phase out has made the sales of li-battery cathode and anode materials hiked up the demand in 2H 2022 resulting in the YoY decline of the green energy sector in 2023. On the other hand, Wah Lee's solar power stations has reached 65MW in total capacity by the end of 2023 and has delivered stable sales and profits for the group.

**FY2023 EPS: NT\$8.96 and a cash dividend of NT\$5.2/share was announced, dividend payout ratio was 58%**

Full year 2023 consolidated sales totaled NT\$66,782M. FY2023 gross profit was NT\$5,526M with gross margin of 8.28%. FY23 GM was higher than the FY22 GM of 7.57% mostly benefitted from the reversals of reserves for losses in slow-moving and write-off of inventory starting in 2H22, as inventory was gradually digested along the quarters in 2023. FY2023 operating expense ratio was 4.53%, which was higher than a year ago as travel and entertainment expenses increased after the end of Covid, and operating margin was 3.75%. Operating profit was NT\$2,501M. Non-operating profit was NT\$577M, mainly contributed from long-term investment companies. Pretax profit totaled NT\$3,078M. FY2023 after tax and minority profit was NT\$2,113M, with EPS of NT\$8.96. A cash dividend of NT\$5.2/share was proposed by the Board and will be approved in the AGM on May 28.



## 2024 Outlook

We are confident the year of 2024 will be a year of recovery. Due to the low basis of monthly sales in 2023, the cumulative Jan.-Feb. 2024 consolidated sales has grown by 22.53% YoY. Wah Lee's geographic expansions were targeted at the fast-growing markets: China's GDP growth target for 2024 is 5.3%; ASEAN countries' overall GDP growth is expected to be 4.9%; India's GDP growth aims for 7%; while US, Japan, Mexico, and Europe markets all expect to have satisfactory growth rates. Wah Lee plans to aggressively expand its market shares in these major markets. From the application's perspectives, smartphones and NB, PC are expected to see sales volume to resume growth momentum in 2024. With the advent of generative AI, the consumer and enterprise AI sectors will both see exponential demand growths within the next few years. According to industry research, AI servers will grow at a CAGR of 45% within the year from 2022-2026. Wah Lee provides a comprehensive portfolio of raw materials for AI servers or other high performance computing or communication device. From high-end engineering plastics that go into the connectors, sockets for GPU/CPU, and chassis, to the dry films and CCLs required for the production of high-end PCB for AI servers or switches. Furthermore, semiconductor raw materials including photoresist, CMP slurry, bulk chemicals, specialty gases, and spare parts were comprehensively provided by Wah Lee to foundry and DRAM makers for making all the critical GPU/CPU/Memory chips that will make up for the backbone of an AI server or other AI device. EV market is another high potential growth area. By the year of 2030, EV is expected to grow at a CAGR of 17.3%. Wah Lee has already provided GaN and SiC components and device that are required in the high electricity voltage working environment of EV and charging stations. The related 3<sup>rd</sup> generation compound semiconductor sales in Wah Lee has grown by 46% YoY in 2023. Wah Lee has well positioned itself to lead in the continuous development of mega technology trends in the modern world. We will periodically update our latest progress in different frontiers of industries to investors and shareholders.

Operating Result (M)	2021	2022	2023	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Total Rev	70,515	73,570	66,782	16,284	16,866	18,756	18,610	19,510	18,336	19,149	16,575	14,378	16,167	19,019	17,218
Gross Profit	5,983	5,567	5,526	1,438	1,496	1,572	1,476	1,558	1,428	1,438	1,143	1,094	1,510	1,548	1,374
Operating Profit	3,073	2,643	2,502	726	758	804	784	802	697	704	440	431	749	699	623
After Tax Profit	2,843	2,485	2,114	597	641	842	764	768	657	737	323	289	689	712	423
Shares Outstanding	236.02	236.02	236.24	231.40	231.40	236.02	236.02	236.02	236.02	236.02	236.02	236.02	236.02	236.02	236.24
EPS (NTD)	12.05	10.53	8.96	2.53	2.71	3.57	3.24	3.26	2.78	3.12	1.37	1.22	2.92	3.02	1.80
<b>Operating Result (%)</b>															
GP Margin	8.5%	7.6%	8.3%	8.8%	8.9%	8.4%	7.9%	8.0%	7.8%	7.5%	6.9%	7.6%	9.3%	8.1%	8.0%
OP Margin	4.4%	3.6%	3.7%	4.5%	4.5%	4.3%	4.2%	4.1%	3.8%	3.7%	2.7%	3.0%	4.6%	3.7%	3.6%
AT Profit Margin	4.0%	3.4%	3.2%	3.7%	3.8%	4.5%	4.1%	3.9%	3.6%	3.8%	1.9%	2.0%	4.3%	3.7%	2.5%
<b>Growth % YoY</b>															
Sales YoY	19.4%	4.3%	-9.2%	31.8%	13.7%	16.1%	18.3%	19.8%	8.7%	2.1%	-10.9%	-26.3%	-11.8%	-0.7%	3.9%
GP YoY	24.6%	-7.0%	-0.7%	43.1%	25.2%	22.1%	12.4%	8.3%	-4.5%	-8.5%	-22.6%	-29.8%	5.7%	7.6%	20.2%
OP YoY	45.8%	-14.0%	-5.3%	70.8%	39.1%	26.4%	56.5%	10.5%	-8.0%	-12.4%	-43.9%	-46.3%	7.5%	-0.7%	41.6%
AT Profit YoY	52.9%	-12.6%	-14.9%	73.5%	45.7%	32.4%	74.0%	28.6%	2.5%	-12.5%	-57.7%	-62.4%	4.9%	-3.4%	31.0%

### 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.