



Wah Lee Industrial Corp. (3010.TT)
2024 3Q Management Report
November 13, 2024

Company Basic Information

Closing Price (11/11/2024)	NT\$125.5
52 WK High	NT\$157.0
52 WK Low	NT\$94.3
Book Value/share	NT\$85.8
Shares on Issue (M)	259.4
Market Cap (USD M)	1,014
QFII Holding (%)	8.8
Monthly Avg Daily Turn	NT\$100M

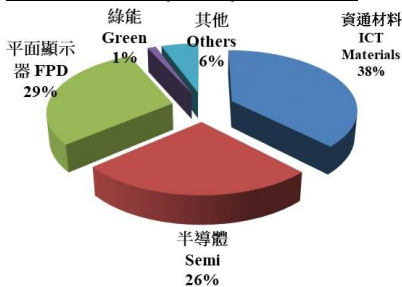
Key Financial Indicators

	2022	2023	3Q24
ROE	15.0%	11.9%	11.6%
Debt/Asset	62.0%	59.0%	54.0%
Cash Conversion Days	76.0	81.8	73.5

3010 WL Price Chart (1 yr)



Product Mix (3Q24)



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

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3Q2024 Consolidated Results Announcement

Wah Lee's 1~3Q2024 sales reached NT\$59,818 million, a 20.7% YoY growth after the inventory digestion among customers and recovering macro-economic condition. 3Q24 sales of NT\$21,413 million has set a record high quarterly sales.

- **Information Communication Technology 21.12% YoY growth:** ICT sector's 1~3Q24 sales reached NT\$22,549 million and has posted a strong growth from the low basis a year ago. To be particularly noticed is that the demands of engineering plastics and PCB consumable raw materials applied in AI servers/switches have boosted the related sales, including CPU/GPU/HBM(High Bandwidth Memory) sockets, connectors, dry films for high-end PCBs and low Dk/Low Df CCLs.
- **Semiconductor 16.26% YoY growth:** 1~3Q24 semi sector sales was NT\$15,613 million. Wah Lee provides photoresist, slurry, and advanced packaging material to foundry customer's 5/3 nm nodes and CoWoS packaging process. Specialty gases are also provided to semi and other industries. Wah Lee has started to export specialty gases to the leading foundry's Japan and US expansion plants which will have good growth potential in the future.
- **FPD 22.58% YoY growth:** The FPD 1~3Q24 sales reached NT\$17,585 million and showed a strong recovery from last year because electronic whiteboard sales has returned to its growth track. Large screen LCD TV demands also showed growth and drove the sales of our optical sheets/films such as light guide sheets and polarizer sheets.
- **Green Energy 33.83% YoY decline:** The Chinese EV and EV battery markets have become very competitive and the price erosions of EVs and batteries and its upstream raw materials were overwhelmingly serious. Chinese government phased out their EV subsidy policy also played a role in the decline of the green energy sector.

1~3Q24 EPS: NT\$6.87

1~3Q 2024 consolidated sales totaled NT\$59,818M. 1~3Q24 gross profit was NT\$4,446M with gross margin of 7.43% because of the higher growth rate of FPD sector. 1~3Q24 operating expense ratio was 3.98%, which was lower than the 4.59% a year ago as the larger sales number enjoyed the economies of scale. 1~3Q24 operating margin was 3.45% and operating profit was NT\$2,066M. 1~3Q24 non-operating profit was NT\$498M. Pretax profit totaled NT\$2,565M. 1~3Q24 after tax and minority profit was NT\$1,726M. The outstanding common shares of the company as of September 30, 2024 grew to 259,436,800 shares from 236,239,200 shares as of end of 2023 because of the conversion of convertible bonds into stocks. The dilution effect was about 9.82%. 1~3Q24 EPS was NT\$6.87, which was slightly lower than NT\$7.16 for 1~3Q23 due to the dilution effect.



2024 Outlook

We are very confident that the year of 2024 will be a year of growth and the annual sales will return above the NT\$70 billion threshold again. The cumulative Jan.-Oct. 2024 consolidated sales has grown by 19.35% YoY and reached NT\$66.43 billion already. Wah Lee's future growth will synchronize with the major technology advancements since we are the critical upstream raw material provider to all of the major technology players in the industry. 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% during 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/HBM, 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 advanced packaging materials 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 AI data centers. EV market is another 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. Wah Lee has well positioned itself to lead in the continuous development of mega technology trends in the modern world and to benefit from them.

Operating Result (M)	2021	2022	2023	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24
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	17,251	21,154	21,413
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	1,321	1,503	1,622
Operating Profit	3,073	2,643	2,502	726	758	804	784	802	697	704	440	431	749	699	623	558	690	818
After Tax Profit	2,843	2,485	2,114	597	641	842	764	768	657	737	323	289	689	712	423	433	581	712
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	250.70	259.35	259.44
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	1.80	2.30	2.77
Operating Result (%)																		
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%	7.7%	7.1%	7.6%
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%	3.2%	3.3%	3.8%
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%	2.5%	2.7%	3.3%
Growth % YoY																		
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%	20.0%	30.8%	12.6%
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%	20.7%	-0.5%	4.8%
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%	29.5%	-7.9%	17.0%
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%	49.8%	-15.7%	0.0%

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.