

# Walsin Lihwa Corporation 2018/Q4 Investor Conference



# Disclaimer

- Walsin's statements of its current expectations are forward looking statements subject to significant risks and uncertainties and actual results may differ materially from these forward-looking statements.
- Except as required by law, Walsin undertakes no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.

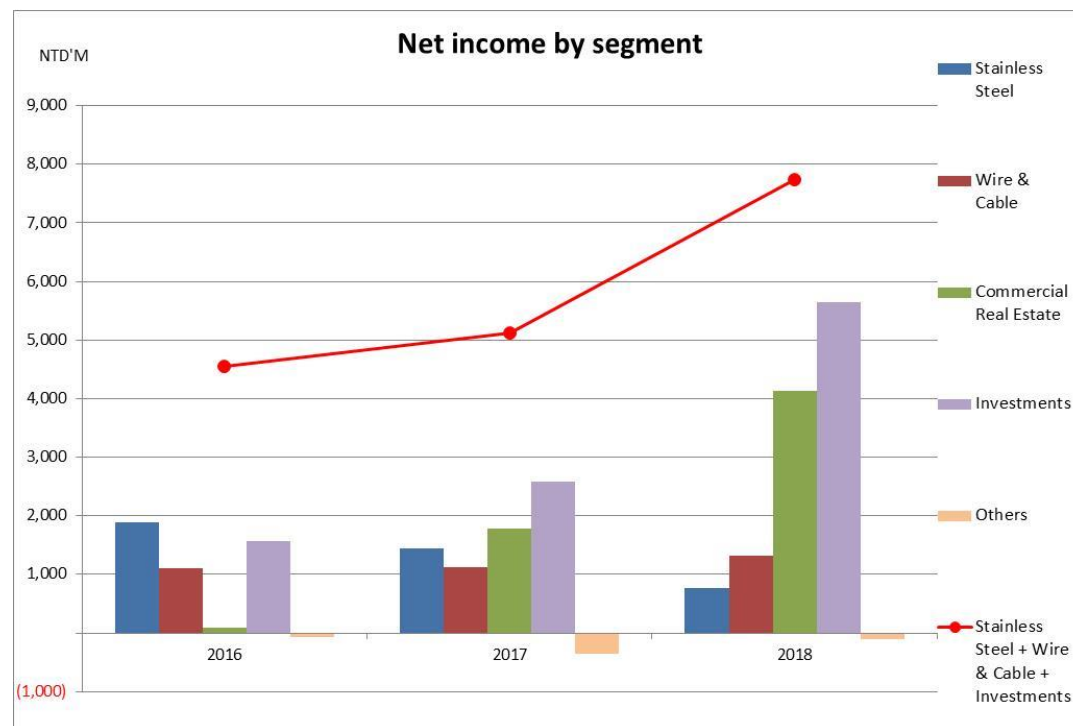
# Agenda

- **2018 Profit** P4
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- **Commercial Real Estate Segment** P8
- **Appendix** P9 ~ P10
  - **Segment Definitions**

# 2018 Profit

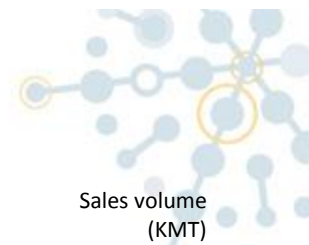
- The company's profits hit record high. However, supply and demand imbalance in the stainless steel market intensified in the second half of the year, impacting the stainless steel segment's profits
- The commercial real estate segment recognized profits from the closing of the Phase I office units on Lot AB and Phase II residential units on Lot D
- Investments profits increased mainly due to recognition of increased profits from the investment in Walsin Technology Corporation
- 2018 EPS was NTD3.53 and the company declared a dividend of NTD1.2 per share

| NTD'M                                      | 2016  | 2017   | 2018   |
|--|-------|--------|--------|
| Net income                                 | 4,568 | 6,560  | 11,757 |
| EPS (NTD)                                  | 1.33  | 1.97   | 3.53   |
| EBITDA                                     | 8,332 | 11,699 | 19,124 |
| EBITDA-Manufacturing segment + investments | 7,950 | 8,331  | 10,732 |



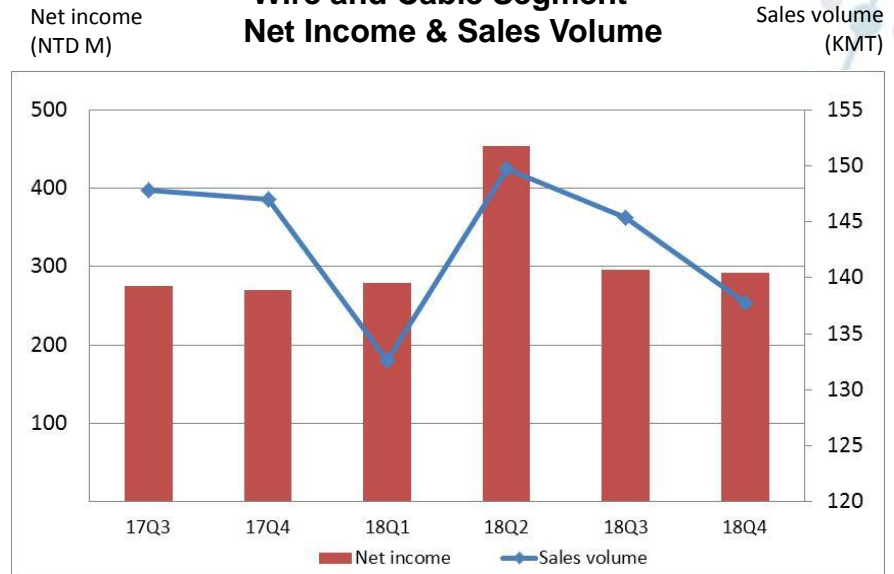
Please refer to the Appendix for each segment's definition

# Wire and Cable Segment

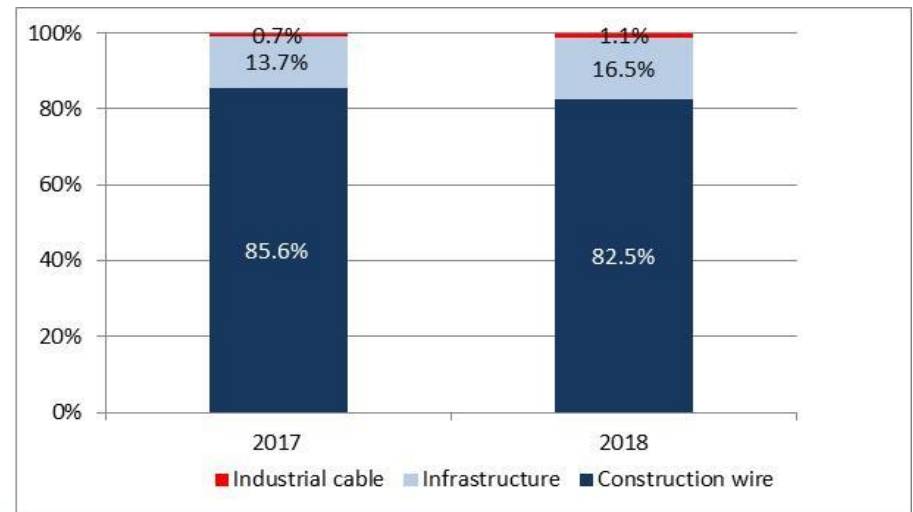


- **Stable sales volume and profits for the Wire and Cable Segment**
- **Copper Wire**
  - Nearing full capacity, with stable profits
- **Power Cable**
  - Higher profits in Q2 due to concentration of infrastructure profit recognition
  - Continuously increasing the sales proportion of industrial cable products (green energy and port machinery) and looking for opportunity to expand the export market

**Wire and Cable Segment – Net Income & Sales Volume**



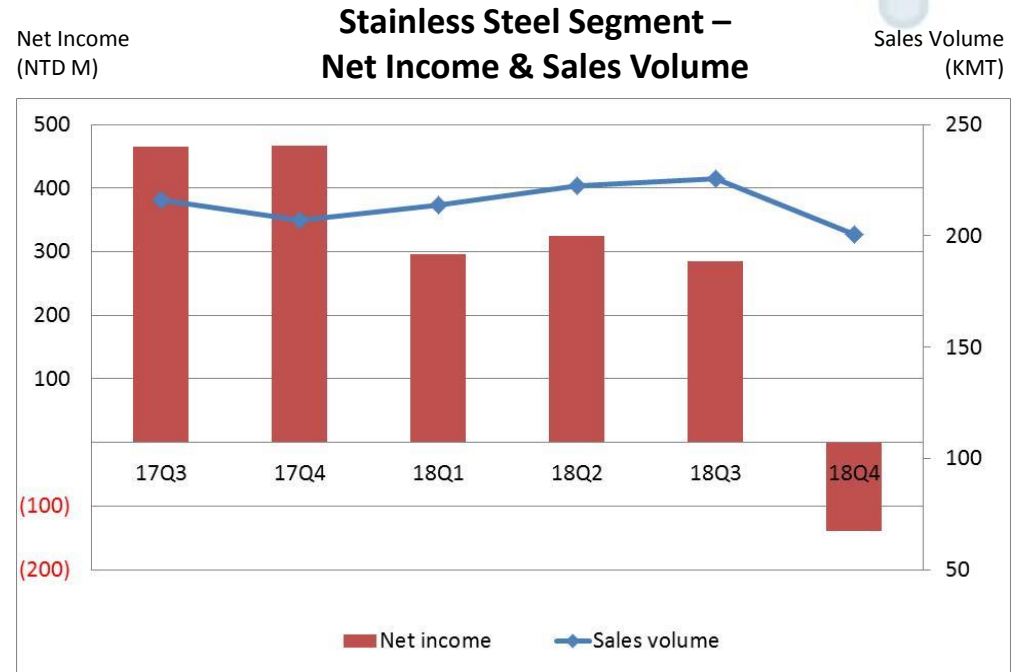
**Power Cables Product Mix**



# Stainless Steel Segment

## ■ Profits of the Stainless Steel Segment declined

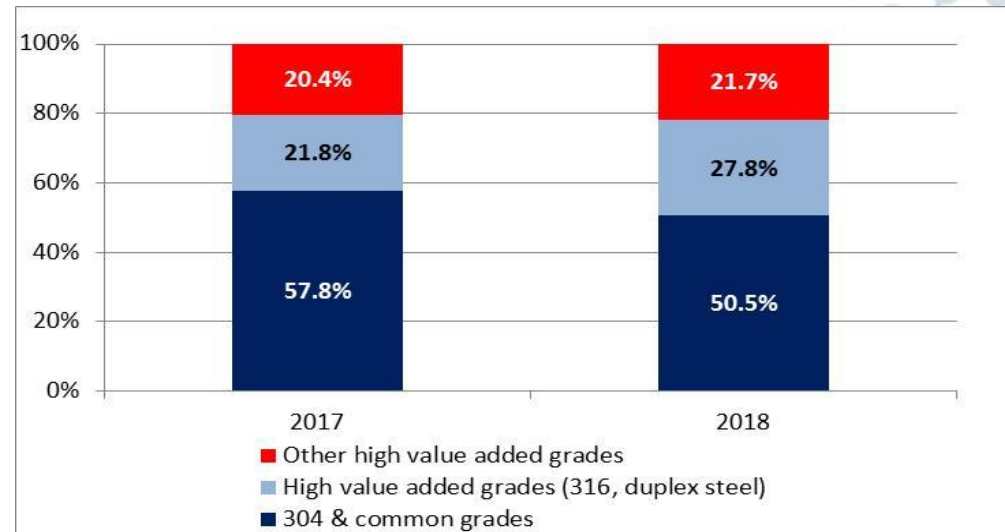
- Mainland China raised the export rebate rate in Q4 for wire rod products, competition in the export market intensified, affecting profits
- Competitors in Indonesia and Mainland China continued expanding their capacity, intensifying the long-term supply and demand imbalance in the stainless steel market



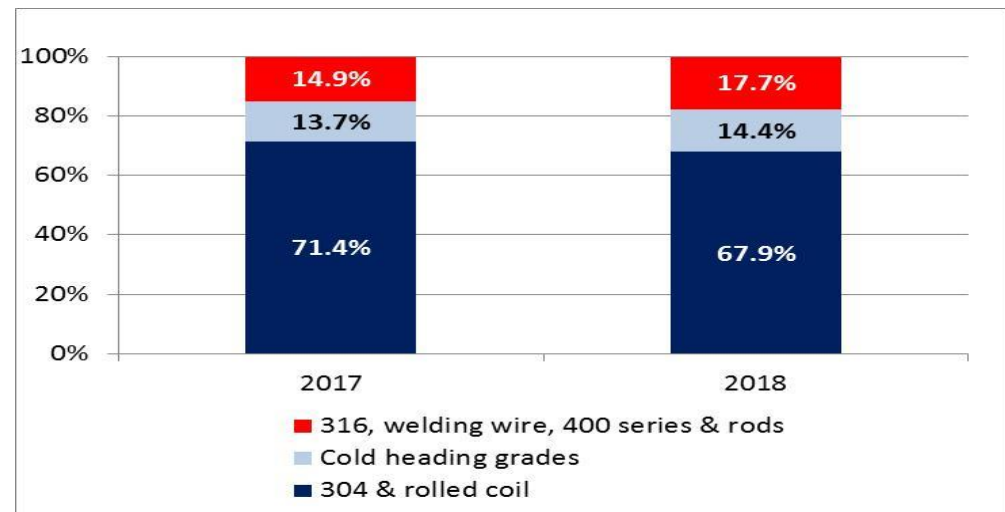
# Stainless Steel Segment

- Accelerating the development of new steel grades and expanding variety of product sizes, increasing sales proportion of high-value products, adjusting product structure and increasing industrial applications
- Increasing production and sales volumes of straight bars

Rods in Mainland China- Product Mix



Stainless Steel in Taiwan – Product Mix



# Commercial Real Estate Segment

- Rental occupancy of Taipei Xinyi Headquarter is close to 100%, bringing steady rental income annually
- Construction of the “Jingyuan” residential project on Lot D of Nanjing Walsin Centro was completed in 2017:

| Status   | Area<br>(K m <sup>2</sup> ) | Sale Price<br>(RMB billion) | Remarks                                       |
|----------|-----------------------------|-----------------------------|---|
| Closed   | 52.3                        | 2.27                        | Recognized RMB 328 million net income in 2018 |
| For sale | 30.3                        | NA                          | Excluding 700 parking spaces                  |

- Office buildings on Lot AB of Nanjing Walsin Centro are being developed in various phases:

| Status             | Area<br>(K m <sup>2</sup> ) | Sale Price<br>(RMB billion) | Remarks   |
|--------------------|-----------------------------|-----------------------------|---|
| Closed             | 106.8                       | 2.1                         | Recognized RMB 560 million net income in January 2018; the sale price and net income includes sales of 286 parking spaces |
| Under Construction | 120.6                       | NA                          | Office building attached to the mall, excluding 650 parking spaces; expected to be completed by the end of 2020           |
| In Planning        | 183.8                       | NA                          | Excluding 1100 parking spaces   |

- OneMall, located on plot AB of Nanjing Walsin Centro, has a total gross floor area of approximately 170,000 m<sup>2</sup>. We adopted “Healthy Life”, “Fun for Parents and Children” and “Aesthetics Experiences” as the three core elements in designing and building living aesthetics areas and planning art-sharing and cultural spaces. OneMall is expected to be open in May 2019.





# **Appendix**

## **- Segment Definitions**

## Segment Definition

- Stainless Steel Segment: Yansheui Factory, Taichung Factory, Yantai Walsin, Jiangyin Walsin Specialty Alloy, Jiangyin Walsin Steel Cable, Shanghai Baihe Walsin and Changshu Walsin.
- Wire and Cable Segment: Xinzhuang Factory, Yangmei Factory, Nanjing Walsin Metal, Dongguan Walsin and Shanghai Walsin Power Wire & Cable.
- Investments: Winbond, Walsin Technology Corporation, Walton Advanced Engineering, HannStar Display Corporation , HannStar Board Corporation, Borrego, Lippo, WPT, Hangzhou Walsin Power Cable & Wire Co., Ltd., Jinxin Investment Co., Ltd and Powertec Energy Corp.
- Others: impairment loss, tax for undistributed surplus earnings, etc.