

# Walsin Lihwa Corporation Investor Conference for Q4 2019



## 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 assumes no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.

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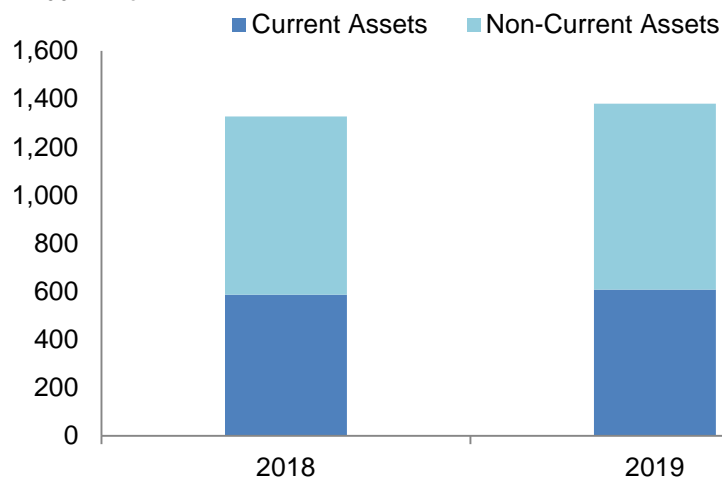
# Earnings in 2019

- Net income for 2019 was NT\$3.15 billion, with EPS being NT\$0.95
- Cash dividend for 2019 was NT\$0.5 per share

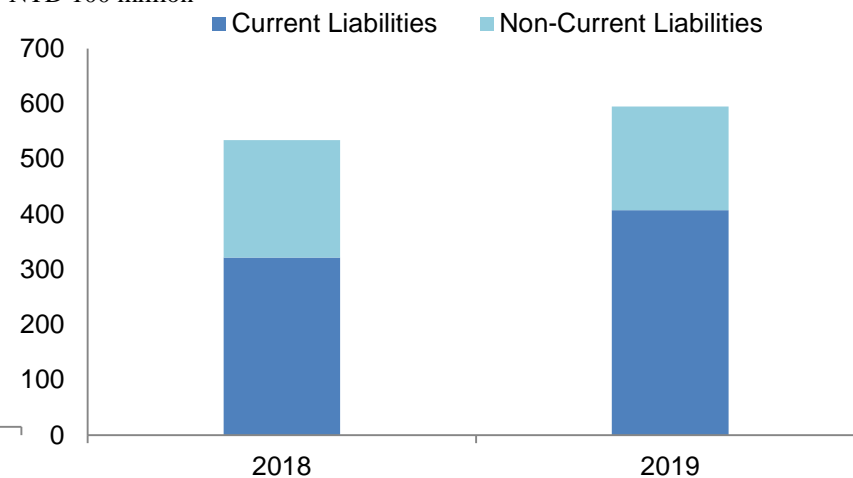
In 100 Million NTD	2016	2017	2018	2019
Net Income	45.7	65.6	117.6	31.5
Earnings Per Share (NTD)	1.33	1.97	3.53	0.95
EBITDA	83.3	117	191.2	57.9
EBITDA-Manufacturing Segment + Reinvestments	79.5	83.3	107.8	43.8

## ■ Total Assets and Liabilities

NTD 100 million



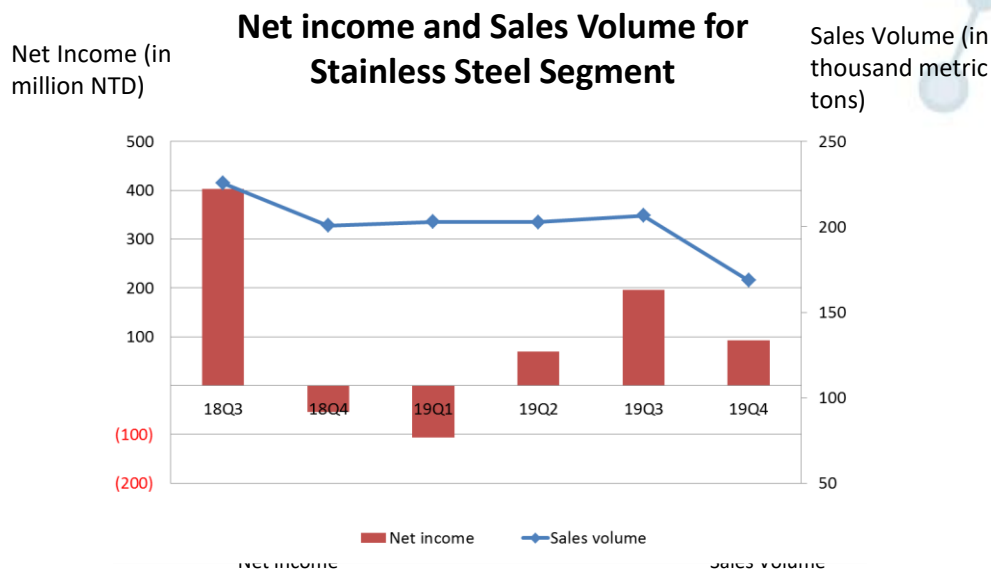
NTD 100 million



# Stainless Steel Segment

## Changes in Long-term Competitions

- Ongoing impacts of the US-China trade war
- The mass supply of stainless steel products made from ferronickel, product prices were inconsistent with global raw material prices, thereby affecting profitability



**LME Nickel/Nickel pig iron/ Stainless Steel Scrap Market Price Trend Chart**

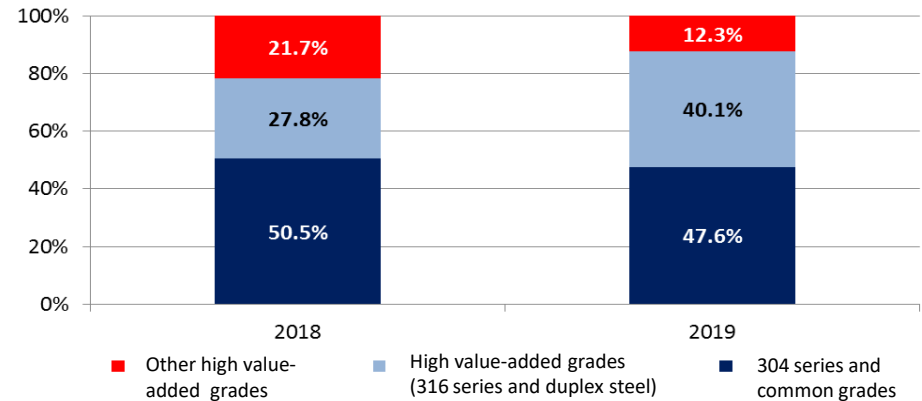


# Stainless Steel Segment

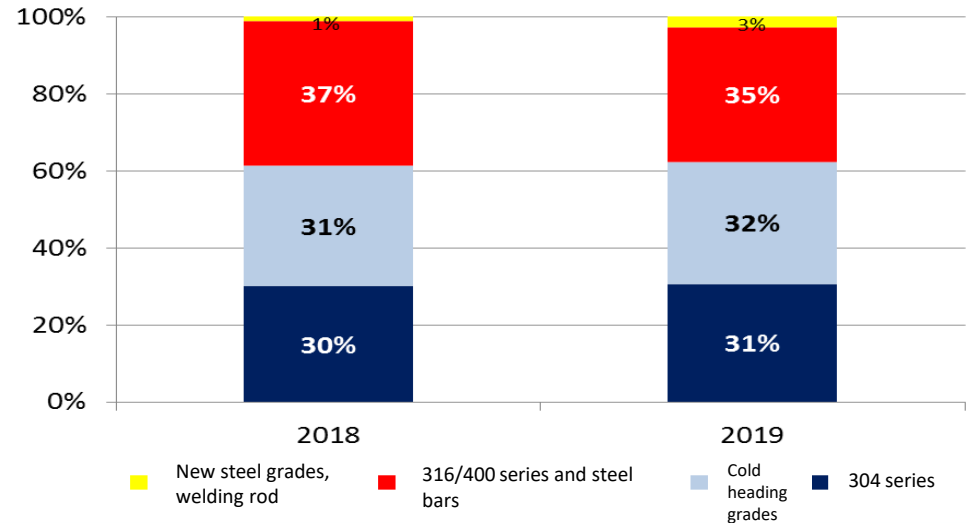
## ■ Strategies in response to the general environment

- Expand into upstream raw material markets to enhance stability of raw material supply.
- Stay cost competitive for raw materials, and increase the ability to dynamically adjust raw materials proportioning and purchasing strategies.
- Increase the percentage of high value-added products through capital expenditure to improve product quality and by developing new steel grades and expanding product specifications, in order to maintain product profitability.

### Bar Product Mix in China



### Long Bar Product Mix in Taiwan



# Wire and Cable Segment

## ■ Stable Earnings for Wire and Cable Segment

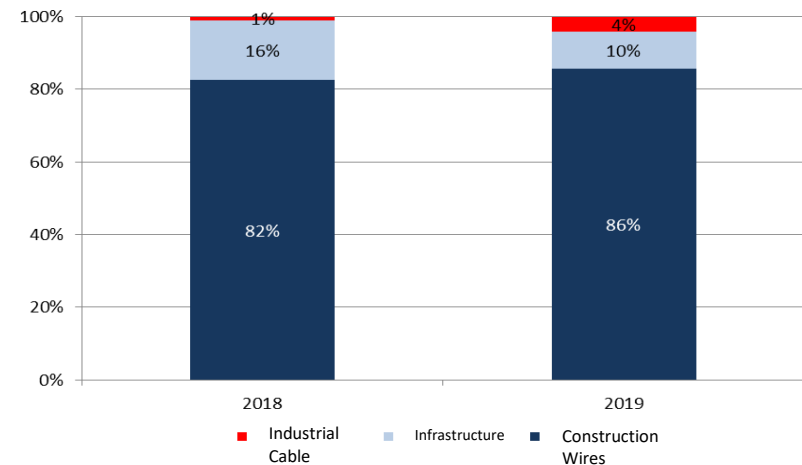
### ■ Power Cable

- Construction cables and structured cables profit stably.
- Solar and wind power and port machinery cable industries have promising growth.
  - Offshore wind power projects are in discussion of cooperation.
  - Solar power and port machinery cables received international orders.

### ■ Copper Wire Materials

- The sale of Nanjing Walsin (Copper Wire), one of the subsidiaries, had a bigger influence on the revenue and sales volume, but had only limited influence on the overall profitability

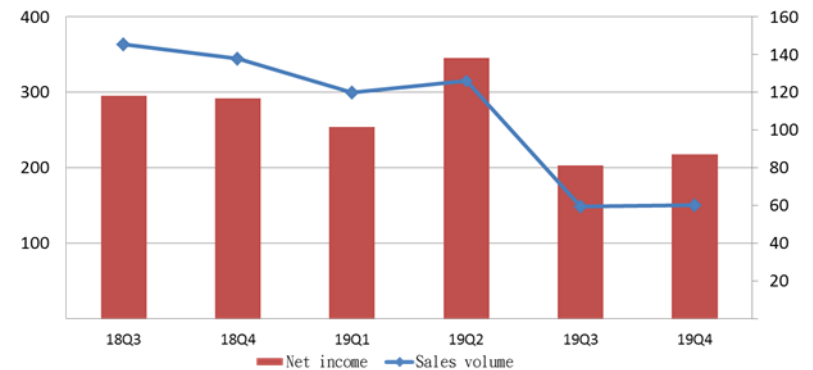
Power Cable Product Mix



Net Income (in million NTD)

Net income and Sales Volume for Wire and Cable Segment

Sales Volume (in thousand metric tons)



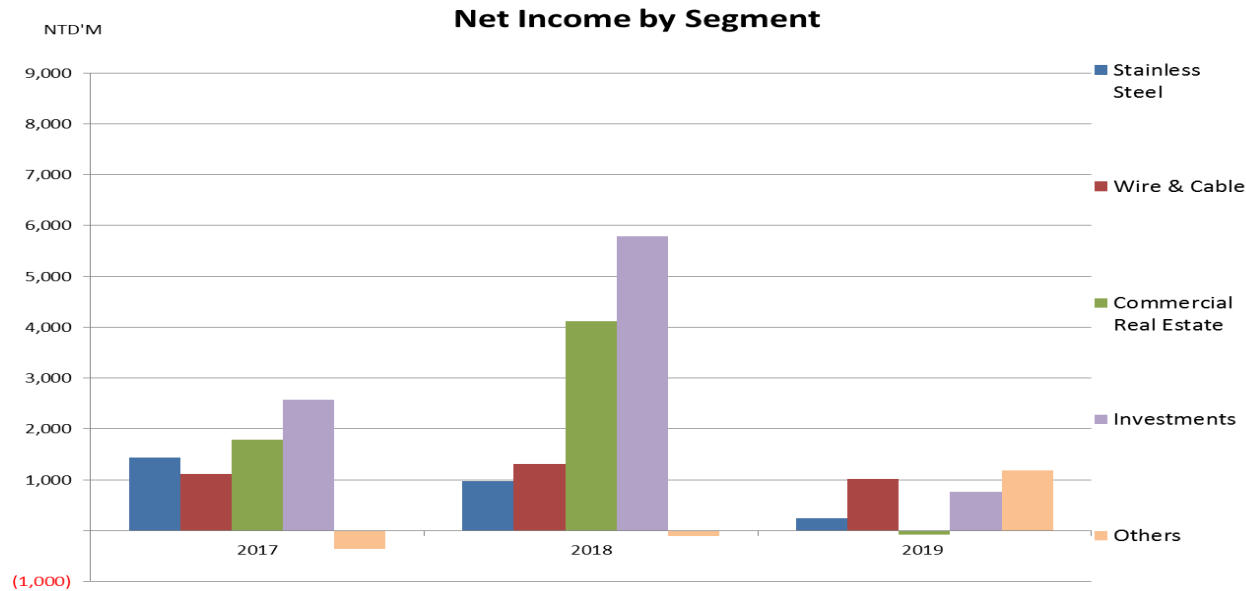
# Commercial Real Estate Segment



- **The shopping mall Nanjing Walsin Centro has been successfully opened in mid-2019. At present, customers and business are growing steadily.**
- **The sale of the third phase of the residential products “Jinguan” on Lot D of Nanjing Walsin Centro may be completed, awaiting the sales permit issued by the Nanjing City Government.**
- **Office building products of Nanjing Walsin Centro on Lots A&B will be developed and sold in phases. Building #6 is scheduled for leasing in Q3 2020, and Building #1 is currently under construction and is expected to be constructed by the end of 2021.**



# Reinvestments and Others



## ■ Reinvestments

- US-China trade war affected the Company's reinvestment profit, except for investment in Borrego, a US solar energy company.
- Recognized investment losses in Powertec Energy Corp. of NT\$1.68 billion

## ■ Others

- Recognized profits from sale of Nanjing Walsin (Copper Wire, one of the subsidiaries) and sale and leasing of vacant properties.
- Hedging losses of raw material Nickel

Please refer to the Appendix for the definition of each business unit

# Impact of Novel Coronavirus – status of work resumption

	Day of work resumption	Ratio of worker on board
Dongguan Walsin	2/10	74%
Shanghai Walsin	2/17	40%
Yantai Walsin	2/25	work resumption by 3 phases
Jiangyin Walsin (Alloy)	2/19	56%
Changshu Walsin	2/10	81%
Jiangyin Walsin (Steel & Cable)	2/12	75%
Nanjing Walsin Centro	2/27	–

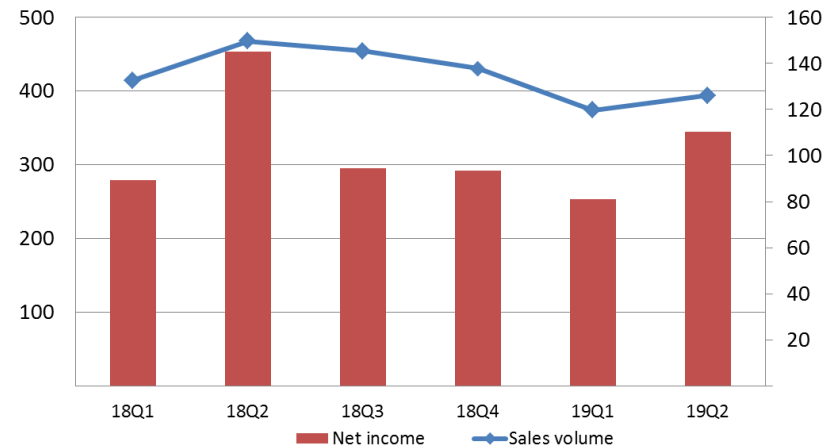
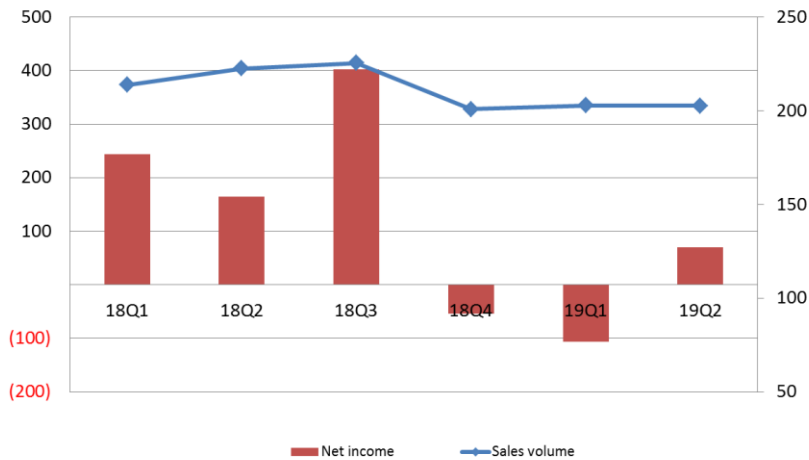
- China plants had individually resumed operations after mid February and will be back on track of operations after late March.

# Update of 2019Q2 Investor Conference Materials



## ■ P5. Update of Net income and Sales Volume for Stainless Steel Segment

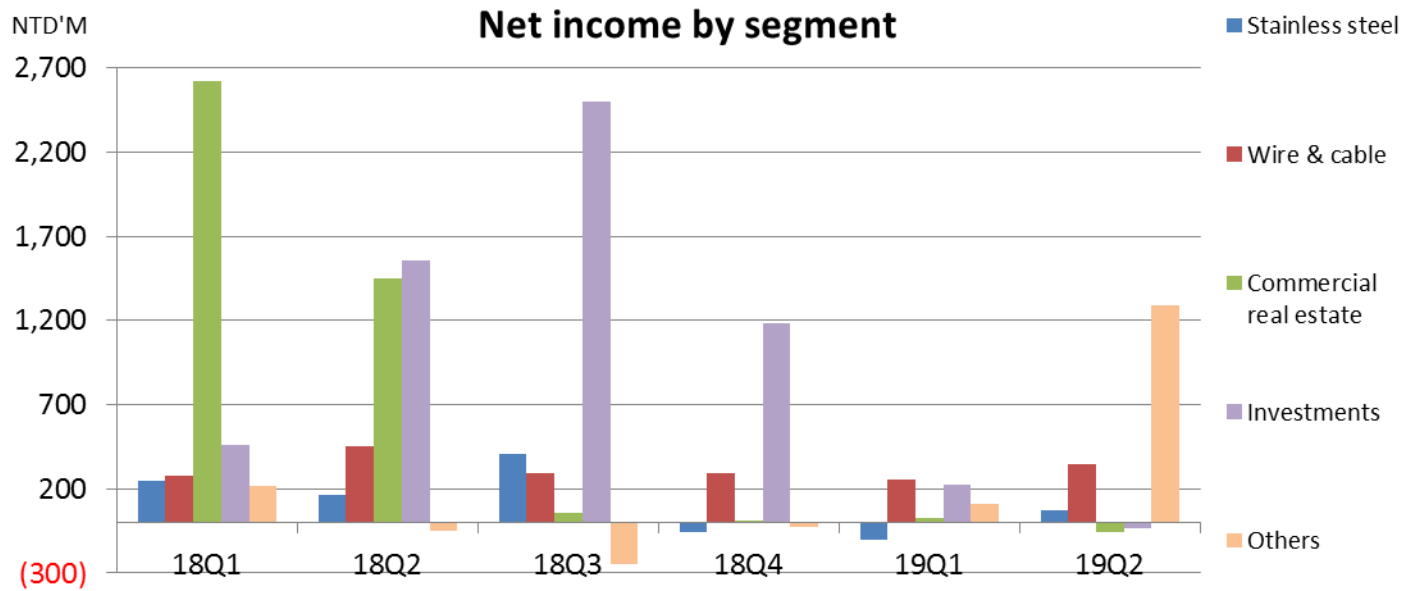
## ■ P7. Update of Net income and Sales Volume for Wire and Cable Segment



# Update of 2019Q2 Investor Conference Materials



## ■ P9. Update of Net income by Segment





## Appendix– Segment Definitions

# Segment Definitions

- **Stainless Steel Segment:** Yenshui Plant, Taichung Plant, Yantai Walsin, Jiangying Walsin (Alloy), Jiangying Walsin (Steel & Wire), Baihe Walsin and Changshu Walsin
- **Wire and Cable Segment:** Hsinchuang Plant, Yangmei Plant, Nanjing Walsin (Copper Wire), Dongguan Walsin and Shanghai Walsin
- **Reinvestment:** Winbond, Walsin Technology Corporation, Walton Advanced Engineering, Hannstar Display Corporation, Hannstar Broad Corporation, Borrego, Lippo, WPT, Hangzhou Walsin Power Cable & Wire Co., Ltd., Jinxin Investment and Powertec Energy Corp.
- **Others:** Impairment losses, tax on undistributed earnings and others