

# YFY

## 2Q22 Earnings Results

2022/08/15

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## 2Q22 and 1H22 Financial Results

| (NTD \$M)                     | 2Q22   | 1Q22   | Q/Q    | 1H22   |
|-------------------------------|--------|--------|--------|--------|
| Sales                         | 20,066 | 19,816 | 1.3%   | 39,882 |
| Gross Profit                  | 3,060  | 2,941  | 4.1%   | 6,001  |
| Operating Profit              | 569    | 431    | 32.0%  | 1,001  |
| Profit Attributable to Owners | 519    | 244    | 112.3% | 764    |
| EPS (NTD)                     | 0.31   | 0.15   |        | 0.46   |
| OP Margin                     | 2.8%   | 2.2%   | +0.7%  | 2.5%   |

## None-Operating Income/Expenses

| (NTD \$M)                     | 2Q22       | 1Q22       | 1H22       | 1H21       |
|-------------------------------|------------|------------|------------|------------|
| Financial Costs               | -195       | -134       | -328       | -262       |
| Interest Income               | 53         | 32         | 85         | 55         |
| Share of Profit of Associates | 382        | 224        | 606        | 553        |
| FX Gains/Losses               | -133       | 8          | -125       | -170       |
| Dividend Income               | 48         | -          | 48         | 36         |
| Other Income                  | 254        | 57         | 311        | 292        |
| <b>Total</b>                  | <b>409</b> | <b>187</b> | <b>597</b> | <b>504</b> |

## Segment Information

The YFY Group classifies its products and services into five segments in accordance with the business characteristics, as follows :

**(1.) Forest, Pulp and Fine Paper Business Groups**

Including pulp, cultural papers, packaging paper, specialty paper and cardboard.

**(2.) Containerboard and Packaging Business Groups**

Including industrial cardboard containers, colored cases and food containers.

**(3.) Consumer Product Business Groups**

Household products including tissue paper, napkins, deteratives and cosmetics

**(4.) Specialty Materials Business Group**

Products of Specialty materials.

**(5.) Others Business**

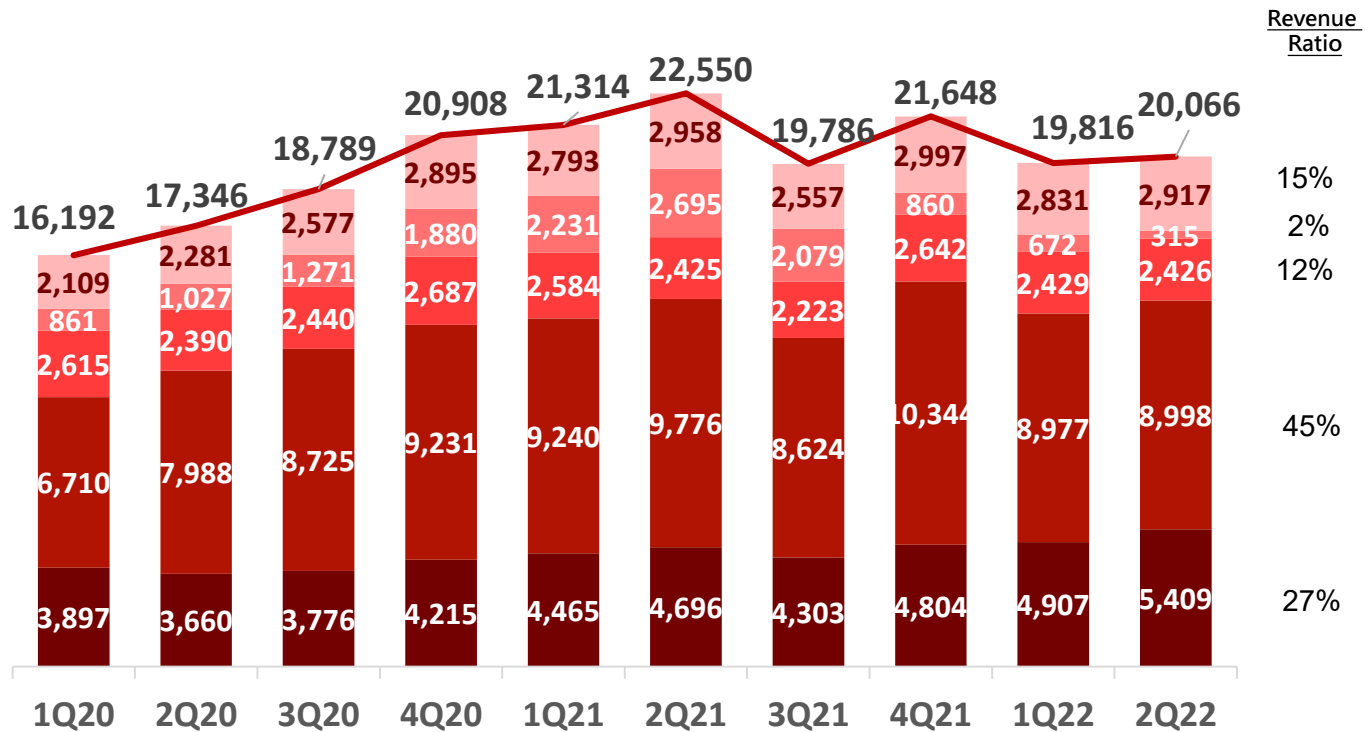
Products other than paper including RFID, packaging designs and other services.

(The performance of segments is measured at operating profits of the business. Revenue and profit between segments have been adjusted; these adjustments include the elimination of intra-segment transactions to reconcile the segment information with that reported for the Group as a whole.

# Quarterly Revenue Trends by Operating Segments

## Revenue of Operating Segments (NTD\$ M)

■ Forest, Pulp & Paper 
 ■ Containerboard & Packaging 
 ■ Consumer Products 
 ■ Specialty Materials 
 ■ Others



## Investment Incomes

| (NTD \$M)                       | 2Q22         | 1Q22       | 1H22         |
|---------------------------------|--------------|------------|--------------|
| Forest, Pulp & Paper            | 177          | -147       | 30           |
| Containerboard & Packaging      | -40          | 72         | 31           |
| Consumer Products               | 270          | 278        | 548          |
| Specialty Materials             | 60           | 153        | 213          |
| Others                          | 103          | 76         | 179          |
| <b>Other Investments</b>        |              |            |              |
| Eink and Others                 | 382          | 224        | 606          |
| Dividend Income from Others     | 48           | -          | 48           |
| <b>Total Investment Returns</b> | <b>1,000</b> | <b>656</b> | <b>1,655</b> |

# Performance Summary

## 2Q22

1. The consolidated revenue of YFY in 2Q22 was NT\$20.066 billion, revenue has increased 1.3% Q/Q. The consolidated operating profit income was NT\$569 million resulted in the operating profit ratio to be 2.8%. It was mainly due to the inflation happened in 2Q and the increase cost in raw materials, energy, and transportation, which have significantly affected the operating profits.
2. In terms of non-operating incomes and expenses, the Share of Profit from Associates recorded NT\$ 382 million in the current quarter which was attributed by the outstanding performance of E Ink Holdings Inc. The overall consolidated net profit after-tax attributable to the parent company in 2Q22 was NT\$ 519 million. The EPS of 2Q22 was NT\$ 0.31.

## 1H22

1. Forest, Pulp and Fine Paper Business Groups: 1H22 consolidated revenue was NT\$10.316 billion, with market demand driven the price of pulp and paper prices the revenue resulted in 12.6% growth Y/Y. However, the operating profit was affected by the increasing price of raw materials, it has decreased as compared to 2Q21. Will continue to develop recyclable and low-carbon eco-friendly materials to achieve the goal of replacing plastic with paper.
2. Containerboard and Packaging Business Groups: 1H22 consolidated revenue was NT\$17.975 billion. The revenue decreased by 5.5% due to the impact of the epidemic in various regions, which has temporarily downturned the market demand. Moreover, the price wasn't able to reflect the overgrowth of costs, the operating rate was then affected. However, will flexibly adjust the product mix in response to market demand changes in Taiwan, Vietnam and China.
3. Consumer Product Business Groups: The consolidated revenue of 1H22 was NT\$4.856 billion. The operating profit was affected by the epidemic control in China and the increase cost of raw material and energy. The business group plan to upgrade production facilities with NT\$1.01 billion investment to drive future growth.
4. Specialty Materials Business Group: Due to the lack of demand in the glove market, 1H22 revenue was NT\$987 million, which has declined as compared to Y/Y. Furthermore, the operating profit was also affected. The company will continue to exploit the market and applications for a stable and long-term development.
5. The share of profit from associates was contributed by E Ink Holdings Inc. for NT\$621 million. The dividend income from other invested companies were NT\$48 million, which has resulted a growth of profit as compared to Y/Y. In addition, other income came from the disposal of invested properties was NT\$130 million, which has enhanced the growth of non-operating incomes as compared to Y/Y.

To sum up, the overall consolidated revenue of 1H22 was NT\$39.882 billion, the operating profit was NT\$1.001 billion, the consolidated net profit after-tax attributable to the parent company in 1H22 was NT\$ 746 million. The EPS of 1H22 was NT\$ 0.46.



## Outlook of 2022

### Outlook

In the second half of 2022, the downside of macroeconomics has affected by the epidemic, geopolitics, inflation ,and other factors, that leads to the raise of uncertainty and unpredictable short-term market demand. Even though YFY will continuously take steady steps as the main axis:

- Diversifies investment structures to improve the return on assets
- Prudent working capital management to stabilize operating profit
- Improves the energy structure and increases the use of renewable energy

Facing under the extremely challenging market conditions and highly uncertain international disputes and other factors, the company will carefully observe the market trends, meanwhile, moving towards the major three goals of low carbon, low energy, and de-fossil. To enable the company to grow sustainably and steadily, in order to continuously create reasonable investment value for shareholders.



Thank You

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