Chung Hwa Pulp Corporation

2016 3Q Results

2016.11.15

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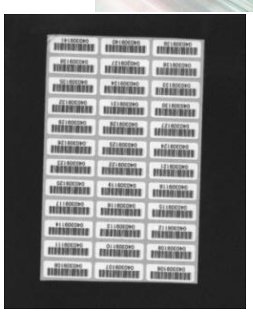
Company Profile

Chung Hwa Pulp Corporation

- Stock Code：1905.TW
- Capital：NTD$ 11,028,353,160
- Date of Establishment：1968/7/5
- Consolidated business with Paper and Board business unit of YFY in Oct 2012

Pulp

Cultural Paper



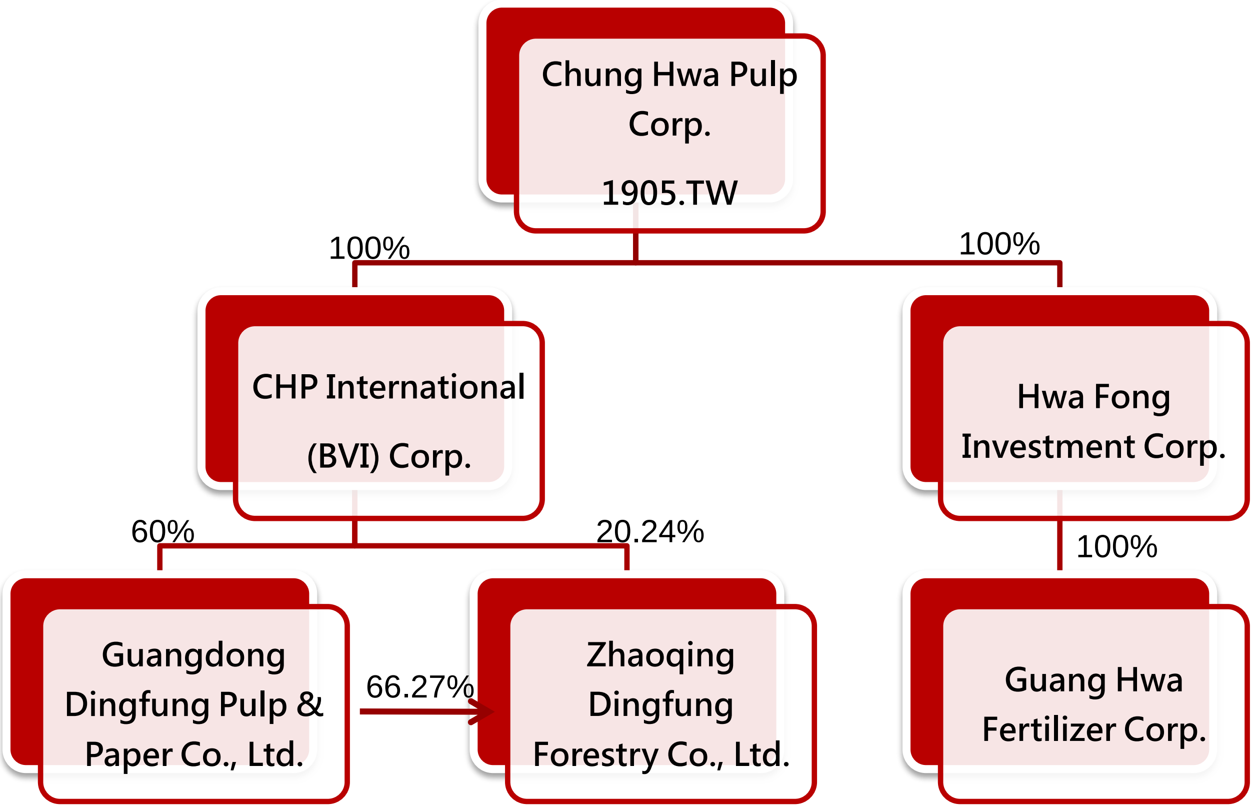
Glassine Paper

Masking Paper

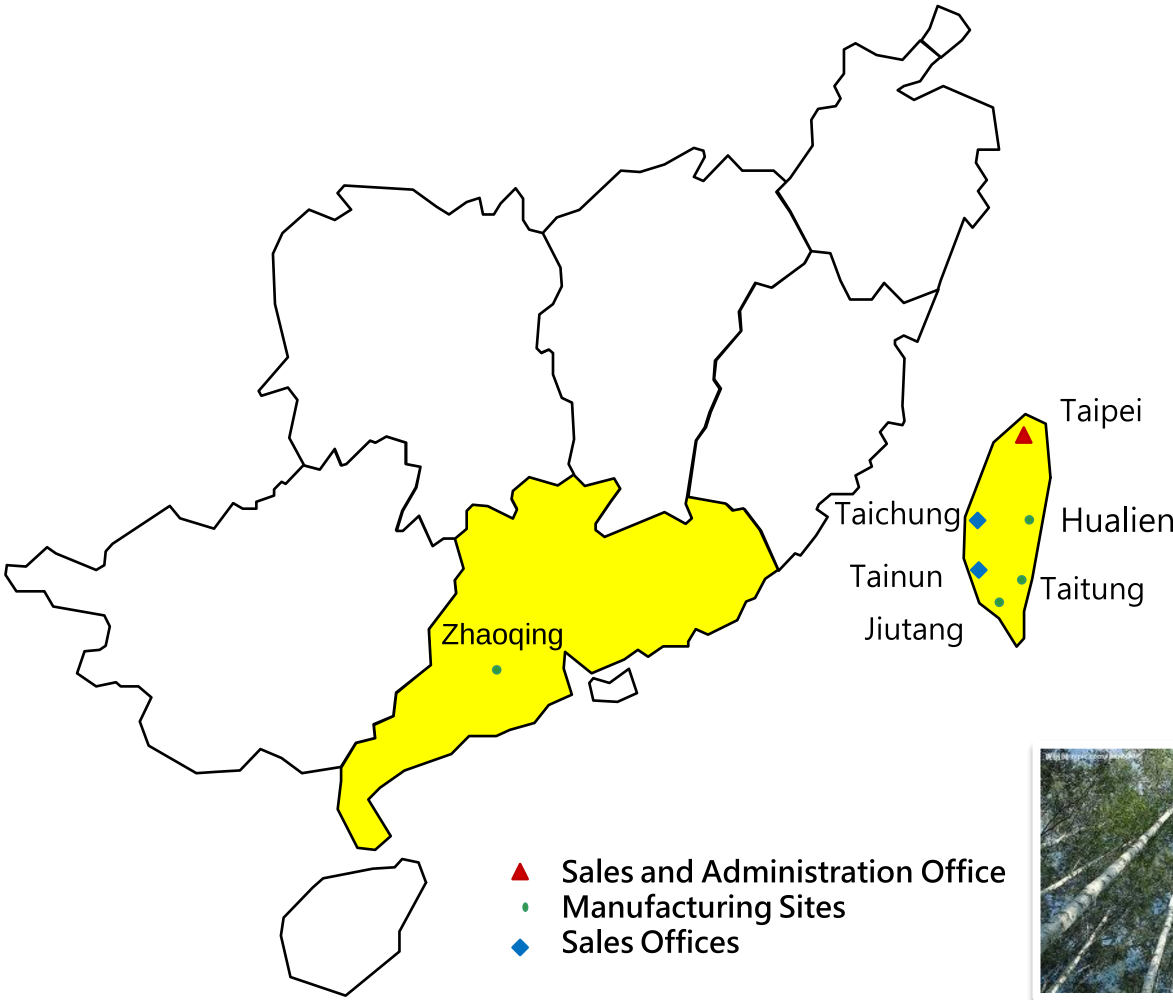
Major Products

- Pulp
- Paperboard
  - ✓ Uncoated Board, Core Board
  - ✓ Chip Board
- Cultural Paper
  - ✓ Woodfree Paper
  - ✓ Coated Paper
- Specialty Paper
  - ✓ Glassine Paper
  - ✓ Masking Paper
  - ✓ Glass Interleaving Paper, Greaseproof card
- Fertilizer
- Chemicals

Holding Structures



Operation Locations



2016 3Q Financial Results

In NT Thousands	2016 3Q		2016 2Q		QoQ	2015 3Q		YoY
	Amount	%	Amount	%	%	Amount	%	%
Net Sales	5,348,744	100.0	5,578,708	100.0	- 4.1	5,435,279	100.0	- 1.6
COGS	4,936,911	92.3	5,135,686	92.1	- 3.9	4,841,969	89.1	2.0
Gross Profit	411,833	7.7	443,022	7.9	- 7.0	593,310	10.9	- 30.6
Operating Profit	46,534	0.9	75,689	1.4	- 38.5	219,031	4.0	- 78.8
Other Income/Expense	- 7,188	- 0.1	10,901	0.2	-	86,685	1.6	-
Profit Before Tax	39,346	0.7	86,590	1.6	- 54.6	305,716	5.6	- 87.1
Profit Attributable to Parent	51,551	1.0	106,771	1.9	- 51.7	269,344	5.0	- 80.9
After Tax EPS	0.05		0.10			0.23		

2016 3Q Other Income/Expense

Unit : NT Thousands	2016 3Q	2016 2Q	2015 3Q
Finance costs	- 8,102	- 7,863	- 7,846
Foreign exchange gain(losses)	- 35,586	- 16,549	26,055
Share of profit of associates	8,118	23,084	15,083
Dividend income	30,393	-	40,379
Other incomes (losses)	-2,011	12,229	13,014
Total	- 7,188	10,901	86,685

2016 3QYTD Financial Results

In NT Thousands	2016 3QYTD		2015 3QYTD		YoY
	Amount	%	Amount	%	%
Net Sales	16,193,760	100.0	15,543,008	100.0	4.2
COGS	14,859,738	91.8	13,865,641	89.2	7.2
Gross Profit	1,334,022	8.2	1,677,367	10.8	- 20.5
Operating Profit	237,802	1.5	581,760	3.7	- 59.1
Other Income/Expense	- 32,302	- 0.2	71,072	0.5	-
Profit Before Tax	205,500	1.3	652,832	4.2	- 68.5
Profit Attributable to Parent	236,346	1.5	588,277	3.8	- 59.8
After Tax EPS	0.21		0.49		

CHP Recap

3Q16

- The 3Q16 consolidated revenue was NTD $5.35 billion. Due to low seasonal demands and impacts of typhoons causing shipment delays, the 3Q16 consolidated revenue declined 4.1% Q/Q and 1.6% Y/Y. Furthermore, with the decline of global pulp prices and annual maintenance at certain factories, the 3Q16 gross and operating profits were 7.7% and 0.9%, respectively.
- The fluctuation of USD FX rate yielded a NTD $35.6 million exchange loss. The Net Profit After Taxes was NTD $51.6 million, and CHP reported an EPS of NTD $0.05 for the period.

2016 3QYTD

- The 2016 3QYTD consolidated revenue had a 4.2% Y/Y growth and reached NTD $16.19 billion. This growth was thanks to the stable market share of cultural paper and the sustainable demands of specialty paper. Nevertheless, the 2016 3QYTD gross profit was impacted by the weakened pulp prices, and result of the 2016 3QYTD gross and operating profits were 8.2% and 1.5%, respectively, which was equivalent to a decrease of 2.6 ppt. and 2.2 ppt. Y/Y respectively.
- The Net Profit After Taxes for 2016 3QYTD was NTD $236 million, and CHP reported an EPS of NTD $0.21 for the period.

Thank you