Chung Hwa Pulp Corporation

2017 2Q Financial Results

2017.8.16

Disclaimer

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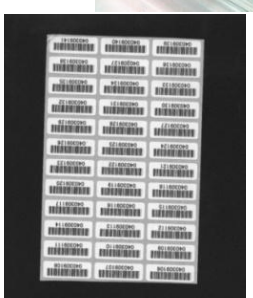
Company Profile

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



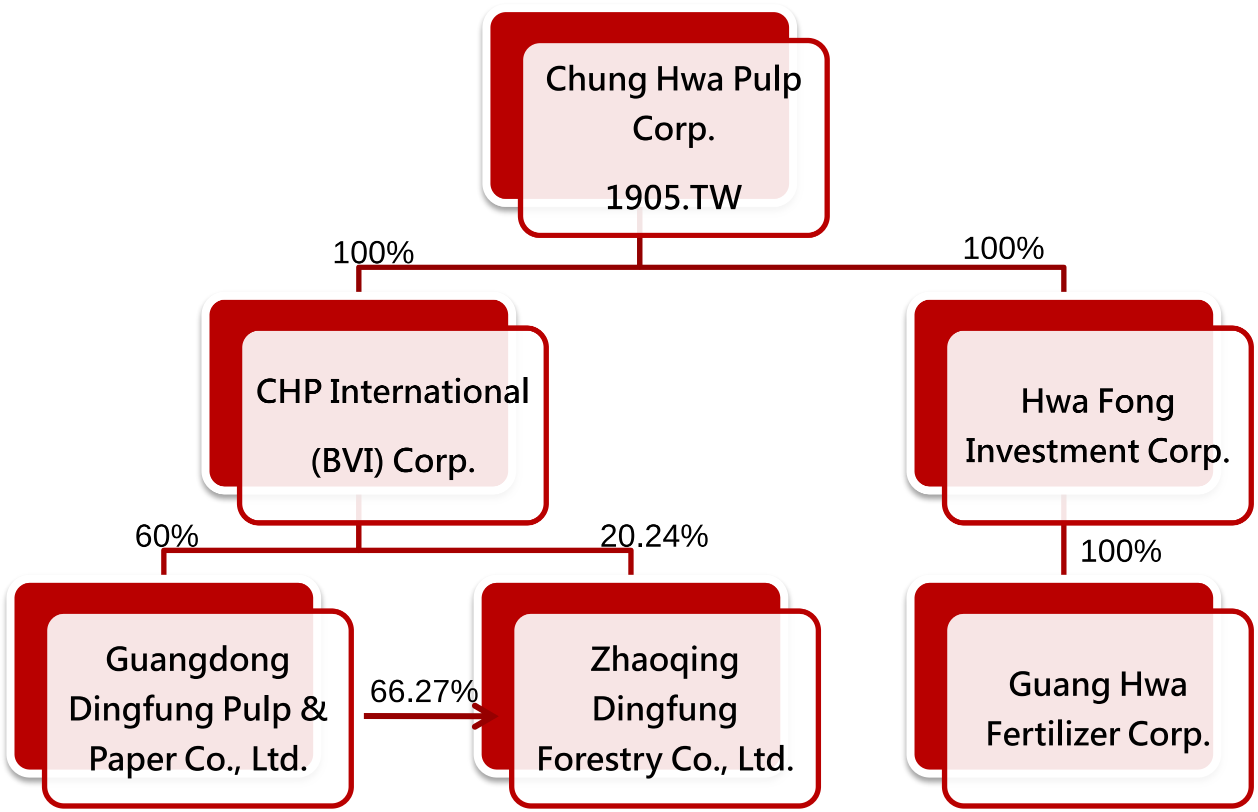
Glassine Paper

Masking Paper

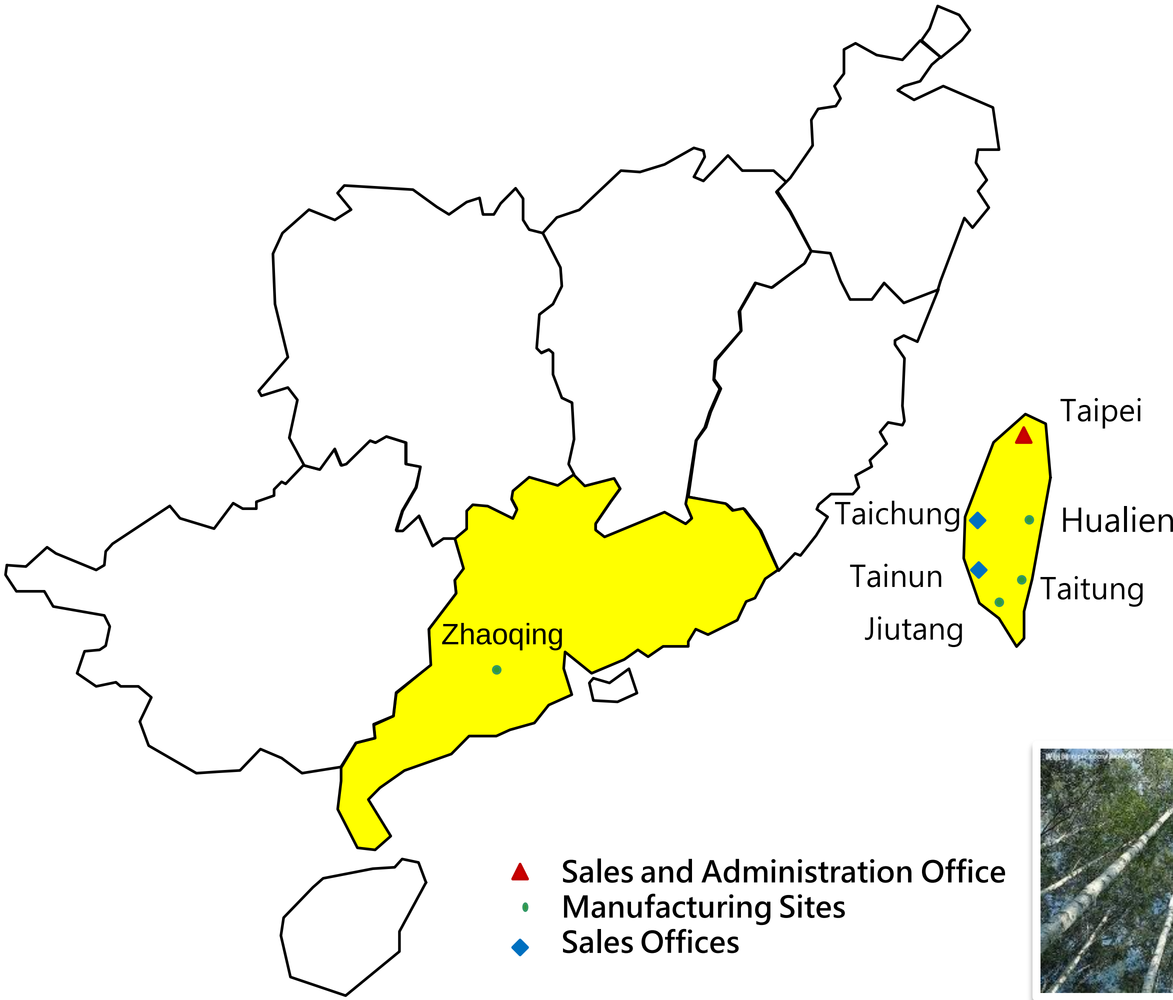
Major Products

- 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



2017 2Q Financial Results

In NT Thousands	2017 2Q		2017 1Q		QoQ	2016 2Q		YoY
	Amount	%	Amount	%	%	Amount	%	%
Net Sales	5,324,001	100.0	5,549,218	100.0	-4.1	5,578,708	100.0	-4.6
COGS	4,790,859	90.0	4,972,345	89.6	-3.6	5,135,686	92.1	-6.7
Changes in Biological Assets	-1,672	-	-1,498	-	-	140	-	-
Gross Profit	531,470	10.0	575,375	10.4	-7.6	443,162	7.9	19.9
Operating Profit	169,680	3.2	213,846	3.9	-20.7	75,689	1.4	124.2
Other Income/Expense	28,695	0.5	-31,678	-0.6	-	10,901	0.2	163.2
Profit Before Tax	198,375	3.7	182,168	3.3	8.9	86,590	1.6	129.1
Profit Attributable to Owners	161,681	3.0	135,103	2.4	19.7	106,771	1.9	51.4
After Tax EPS	0.15		0.12			0.10		

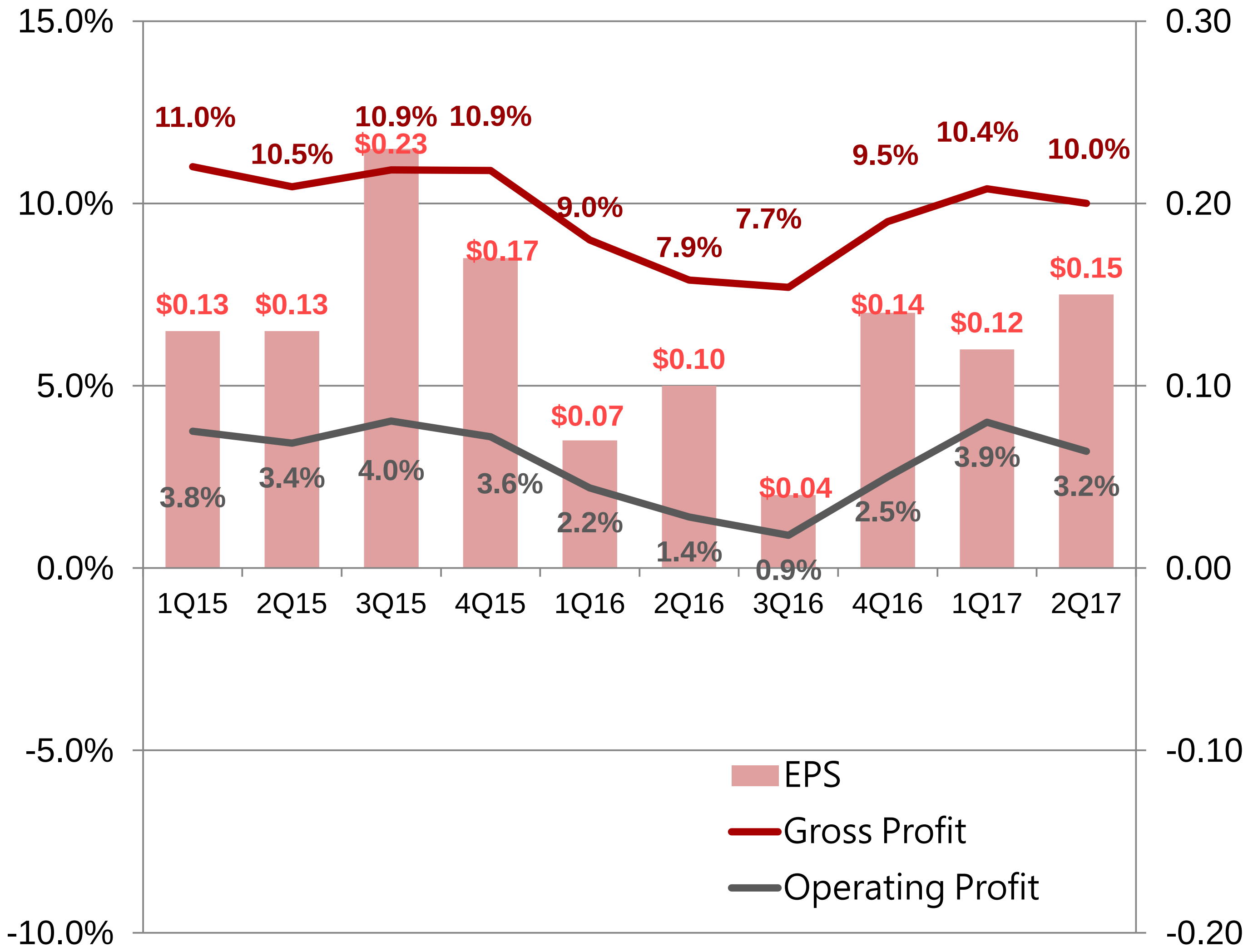
2017 2Q Non-Operating Income and Expenses

Unit : NT Thousands	2017 2Q	2017 1Q	2016 2Q
Finance costs	- 11,820	- 14,136	- 7,863
Foreign exchange gain(losses)	28,439	- 29,035	- 16,549
Share of profit of associates	3,030	2,010	23,084
Other incomes	9,046	9,483	12,229
Total	28,695	- 31,678	10,901

2017 H1 Financial Results

Unit : NT Thousands	2017 H1		2016 H1		YoY
	Amount	%	Amount	%	%
Net Sales	10,873,219	100.0	10,845,016	100.0	0.3
COGS	9,763,204	89.8	9,922,827	91.5	-1.6
Changes in Biological Assets	-3,170	-	-6,918	-	
Gross Profit	1,106,845	10.2	915,271	8.4	20.9
Operating Profit	383,526	3.5	191,268	1.8	100.5
Other Income/Expense	-2,983	-	- 25,114	- 0.2	-
Profit Before Tax	380,543	3.5	166,154	1.5	129.0
Profit Attributable to Owners	296,784	2.7	184,795	1.7	60.6
After Tax EPS	0.27		0.17		

Quarterly Performance



Dividends in The Last Three Years

Year	EPS	Cash Dividends	Dividend Yield	Payout Ratio
2016	0.35	0.35	3.76%	100.0%
2015	0.66	0.60	6.36%	90.9%
2014	0.02	0.10	1.10%	500.0%

Note：The 2016 Cash dividends will be issued on 2017//08/18.

CHP Recap

2Q 2017

- The 2Q17 consolidated revenue was NTD $5.32 billion. Due to the routine annual maintenance in Taiwan area that shorten working days, the consolidated revenue declined 4.1% Q/Q and 4.6% Y/Y. The Gross Margin rate and Operating Profit rate were 10.0% and 3.2% , with annual growths of 2.1 ppt. and 1.8ppt. respectively.
- The lower fluctuation of USD FX rate and appreciation of CNY EX rate resulted foreign exchange gained NT$28 million, and helped the non-operating income to be improved Y/Y. The net profit of 2Q17 was NT$162 million, growth 19.7% Q/Qand 51.4% Y/Y. 2Q17 EPS was NT$0.15.

H1 2017

- The 1H17 consolidated revenue was NTD $10.87 billion, with 0.3% Y/Y growth. The 1H17 Gross Profit rate and Operating Profit rate were 10.2% and 3.5% respectively, with a growth of 1.8 ppt. and 1.7ppt. Y/Y. The net profit after tax of 1H 2017 was NT$297 million, growth 60.6% Y/Y and EPS of 1H17 was NT$0.27.

2017 outlook

- The market demand remain stable under the fluctuated macro environment, CHP remain prudent on the development of the year.
- In marketing strategy, CHP continue to focus on the market development and product R & D of the Specialty paper and strengthen customer service to enlarge the company's overall operational competitiveness.

Thank you