Chung Hwa Pulp Corporation

3Q20 Earnings Results

2020.11.13

Disclaimer

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Company Profile

Chung Hwa Pulp Corporation

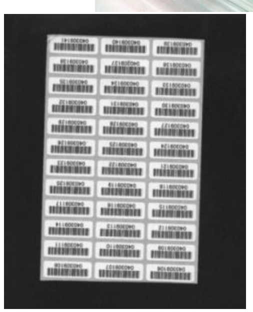
- Stock Code：1905.TW
- Capital：NTD$ 11,028 Million
- Date of Establishment：1968/7/5
- Consolidated business with Paper and Board business unit of YFY in Oct 2012

Major Products

- Pulp
- Cultural Paper & Paperboard
  - ✓ Cultural Paper
    - ➢ Woodfree Paper
    - ➢ Coated Paper
    - ➢ Copy paper
  - ✓ Specialty Paper
    - ➢ Glassine Paper
    - ➢ Masking Paper
- Fertilizer
- Chemicals

Pulp

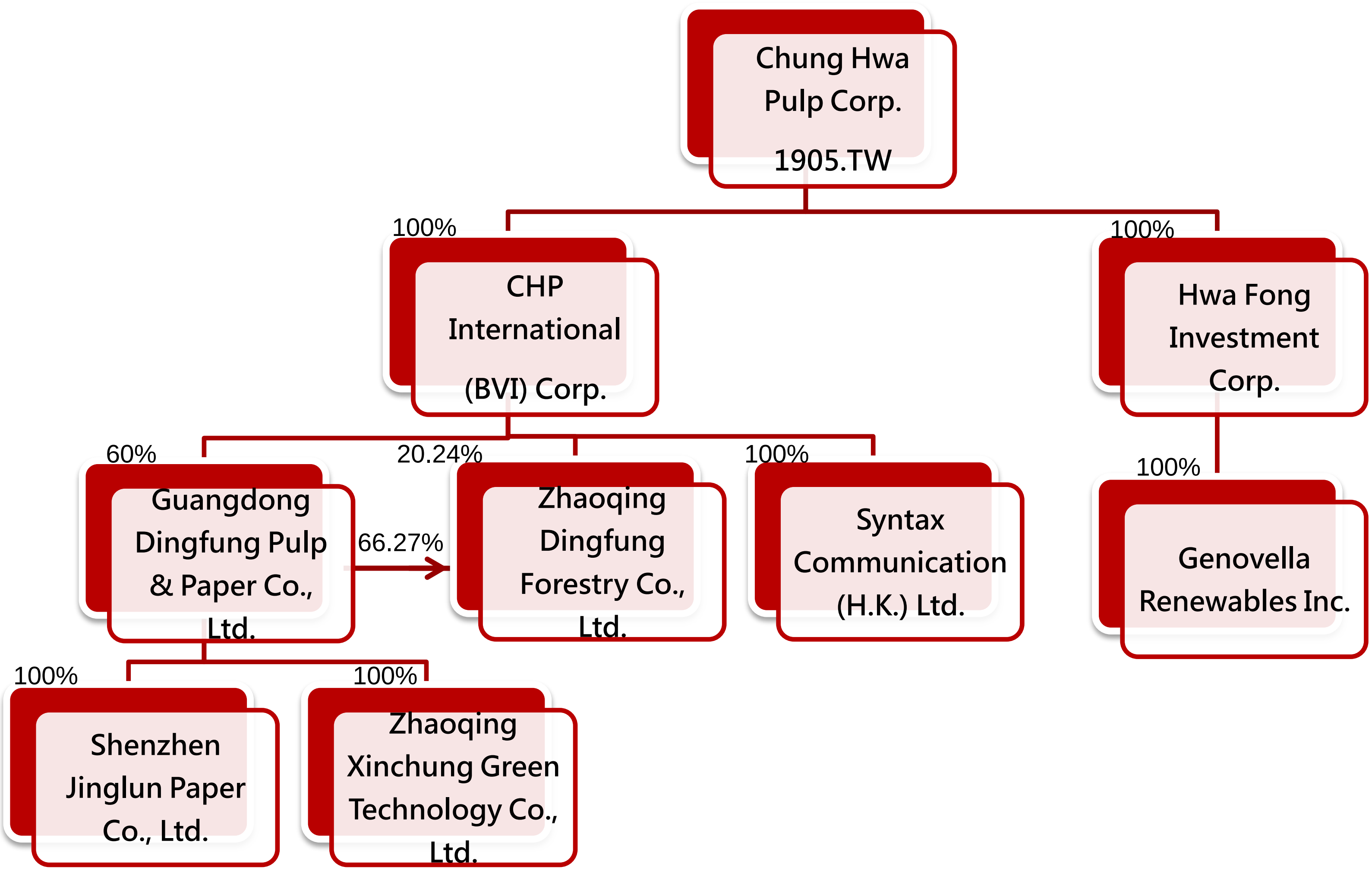
Cultural Paper



Glassine Paper

Masking Paper

Holding Structures



Operating Locations

- Taipei(Sales, Accounting and Finance Office)
- Manufacturing Sites(Hualien, Jiutang, Taitung, Guanyin and Zhaoqing)
- Sales Offices(Taichung, Tainun, Shenzhen, Shanghai and Hongkong)

2020 3Q & 3Qytd Financial Results

In NT Thousand	2020 3Q		2020 3Qytd		2019 3Qytd	
	Amount	%	Amount	%	Amount	%
Net Sales	4,493,534	100.0	13,555,474	100.0	15,664,361	100.0
COGS	4,306,783	95.9	12,764,522	94.2	14,560,519	93.0
Changes in Biological Assets	-538	-	179	-	- 4,617	-
Gross Profit	186,213	4.1	791,131	5.8	1,099,225	7.0
Operating Profit	- 208,573	- 4.6	- 375,625	- 2.7	- 115,236	- 0.7
Other Income/Expense	38,563	0.8	86,525	0.6	38,185	0.2
-Finance costs	-20,550	-0.5	-64,277	-0.5	-45,989	-0.3
-Foreign exchange gain(losses) and Gain (loss) on financial instruments at FVTPL	18,131	0.4	-10,806	-0.1	-34,226	-0.2
-Share of profit of associates	12,928	0.3	44,390	0.3	-16,513	-0.1
-Dividend income	3,480	0.1	75,023	0.6	76,543	0.5
-Other incomes	24,574	0.5	42,195	0.3	58,370	0.4
Profit Before Tax	-170,010	-3.8	- 289,100	- 2.1	-77,051	-0.5
Profit After Tax	-171,494	-3.8	- 297,077	- 2.2	- 53,845	- 0.3
Profit Attributable to Owners	-133,666	-3.0	- 214,959	- 1.6	- 29,646	- 0.2
After Tax EPS(NTD)	-0.12		- 0.20		- 0.03	

Summary

3Q20

➢Due to the continued weakness of the global pulp prices and the influence of inventory adjustment. The 3Q20 consolidated revenue was NTD 4.5 billion, and the Gross Profit Margin was 4.1%. Due to the foreign exchange gained and share of profit of associates in other income, the non-operation income was NTD 38,560 thousand. The net loss attributable to owner was NTD 134 million and recorded NTD -0.12 EPS of the quarter.

3Qytd20

➢The 3Qytd consolidated revenue was NTD 13.56 billion, due to the global pulp prices and pandemic, which declined 13.5% Y/Y. The 3Qytd20 Gross Profit Margin and Operating Profit Margin were 5.8% and -2.7% respectively. The 3Qytd20 net loss attributable to owner was NTD215 million and recorded EPS with NTD -0.20.

4Q20 Outlook

➢Recently the pandemic raising again, and the economic recovery still remain to be observed. Though the 4Q Quarter is traditional busy season, the company remain conservatives to the operation. CHP will also pay attention to the international situation, control costs and adjust the production line planning, and focus on high-value-added specialty papers to fulfill the market demand.

➢The Board of CHP approved to acquire a plant in Guanyin Industrial Zone, Taoyuan City in October for the mid to long term transformation development of the Company. The new plant will be planed as the R&D base of non-plastic materials and transshipment warehouse center. By utilizing the strength of recyclable feature of paper, CHP continuous develop non-plastic applications to increase the added value of products, and enhance the strength of customer services..

CHP Future Development-Fiber Materials

Fiber Materials for Tomorrow

Petrochemical Materials for Today

Thank you