永豐餘

YFY

3Q20 Earnings Results

2020/11/13

Disclaimer

This presentation is prepared according to the reviewed financial statements by CPA and the financial numbers hereby are based on IFRS, please refer to the published financial statements for full content.

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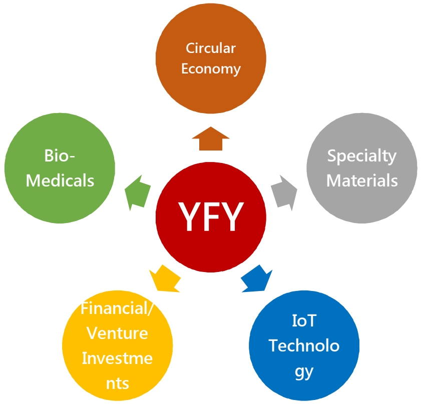
YFY's Management Targets

Improve Shareholders Equity

Dedicate ESG-Circular Economy

➢**Business Model：**

Develop 5 invested industries.



➢**Revitalize Assets：**

•Circular Economy Building：

Apply the technology of water and energy management generated from paper manufacturing into the design of buildings

•Develop Green Energy Building

➢Not Incremental Cost but Profit Model

•Circular and Economics：

•Water circular is one of YFY's 5 major circular economy. The biogas power generation system has integrated with TPC. Furthermore, the Anaerobic bacteria may sell to other needed industries. The second generation of biogas power generation will be operating in 2021 Q1.

•SRF power generation system used the manufacturing remainders as fuel to replace coal. It reduced the waste processing costs and has excess capacity to process waste from the neighborhood.(2021Q1)

➢Global #1 Paper Company to Implement BS8001 Qualification

•Achieving "Optimizing" Grade, the Highest Level of Maturity

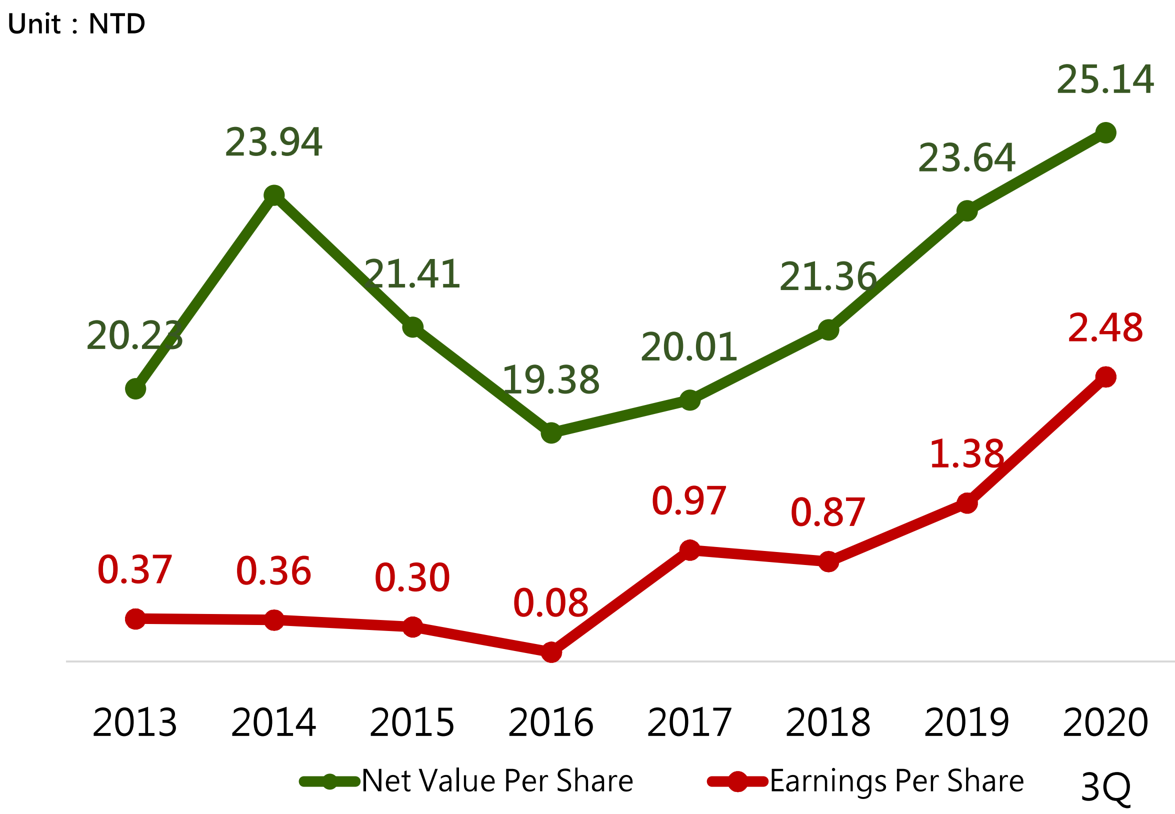
•YFY Packaging is implementing ESG practices to pursue a sustainable business model.

YFY's Investment Portfolio in Financial Statements

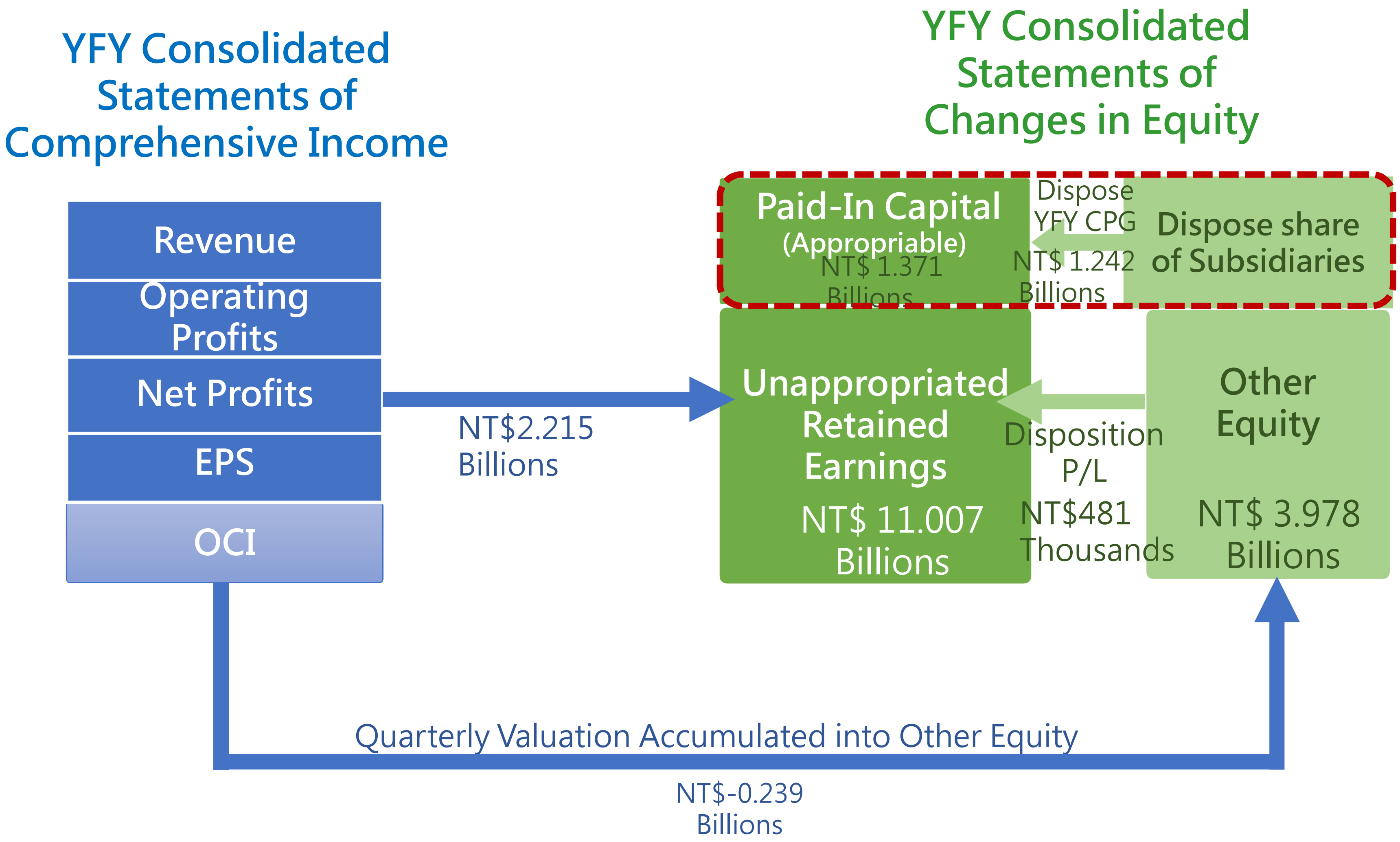
Investment Category	Holding Shares	YFY' s Investment Portfolio	Investment P/L in Financial Statements: Periodical P/L	Disposal Gain/Losses	Valuations
Subsidiaries	≧50% *Controlling shares	Circular Economy: CHP、YFY Packaging、YFY Consumer Products Specialty Materials: Shin Foong IoT Technology: RFID Others：Jupiter	Operating Profits ↓ Net Income (By % of share holdings)	Maintain Status：Paid-in Capital Price-BV Status Changed：Net Income Price-BV	Other Comprehensive Income By % of the share holdings of the subsidiaries
Affiliates	20~50% *Non-Controlling Shares	IoT Technolog: Eink Bio-Medicals: Taiwan Global Biofund	OI/OE ↓ Net Income (By % of share holdings)	Net Income Price -BV	Other Comprehensive Income By %of the share holdings of the affiliates
FVOCI	≦20% *minority interest	Financial/Venture Investments: SinoPac, TWSE, etc. Bio-Medicals: Medeon, TaiGen, etc.	OI/OE ↓ Net Income Dividend Income	Other Comprehensive Income Price -BV	Other Comprehensive Income FVOCI

Blue Area：Statements of Comprehensive Income
Green Area：Balance Sheet

3Q20 Net Value Per Share Growth



3Q20 YFY Assets Allocation Maximized Retained Earnings



*Numbers based on the 3Q20Financial statements

3Q20 Financial Results

(NTD $M)	3Q20	2Q20	Q/Q	3Q19	Y/Y	3Q20 YTD	3Q19 YTD	Y/Y
Sales	18,789	17,346	8.3%	19,096	-1.6%	52,326	55,421	-5.6%
Cost of Goods Sold	14,959	14,060	6.4%	15,995	-6.5%	42,017	46,319	-9.3%
Gross Profit	3,830	3,285	16.6%	3,100	23.5%	10,309	9,102	13.3%
Operating Expenses	2,325	2,052	13.3%	2,420	-3.9%	6,655	6,944	-4.2%
Operating Profit	1,504	1,234	21.9%	680	121.1%	3,654	2,158	69.3%
None-Operating Income/Expenses	1,824	717	154.5%	858	112.6%	2,548	686	271.5%
Profit before Tax	3,328	1,950	70.6%	1,538	116.4%	6,202	2,844	118.1%
Income Tax Expenses	688	413	66.5%	248	177.8%	1,319	688	91.7%
Net Profit	2,639	1,537	71.8%	1,290	104.5%	4,883	2,156	126.5%
Profit Attributable to Owners	2,215	1,267	74.9%	1,179	87.9%	4,117	1,840	123.8%
EPS(NTD)	1.33	0.77		0.71		2.48	1.11	
Gross Profit Margin	20.4%	18.9%	1.4%	16.2%	4.1%	19.7%	16.4%	3.3%
Operating Profit Margin	8.0%	7.1%	0.9%	3.6%	4.4%	7.0%	3.9%	3.1%

3Q20 None-Operating Income/Expenses

(NTD $M)	3Q20	2Q20	3Q19
Financial Costs	- 158	- 182	- 219
Interest Income	24	36	59
Share of Profit of Associates	134	192	181
FX Gains/Losses	62	-89	8
Dividend Income	85	671	700
Other Income	1,676	89	128
Total	1,823	717	858

Segment Information

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

(1.) Pulp and Fine Paper Business Groups

Including cardboard, paper and pulp and related products.

(2.) Containerboard and Packaging Business Groups

Including industrial cardboard containers, colored cases and food containers.

(3.) Consumer Product Business Groups

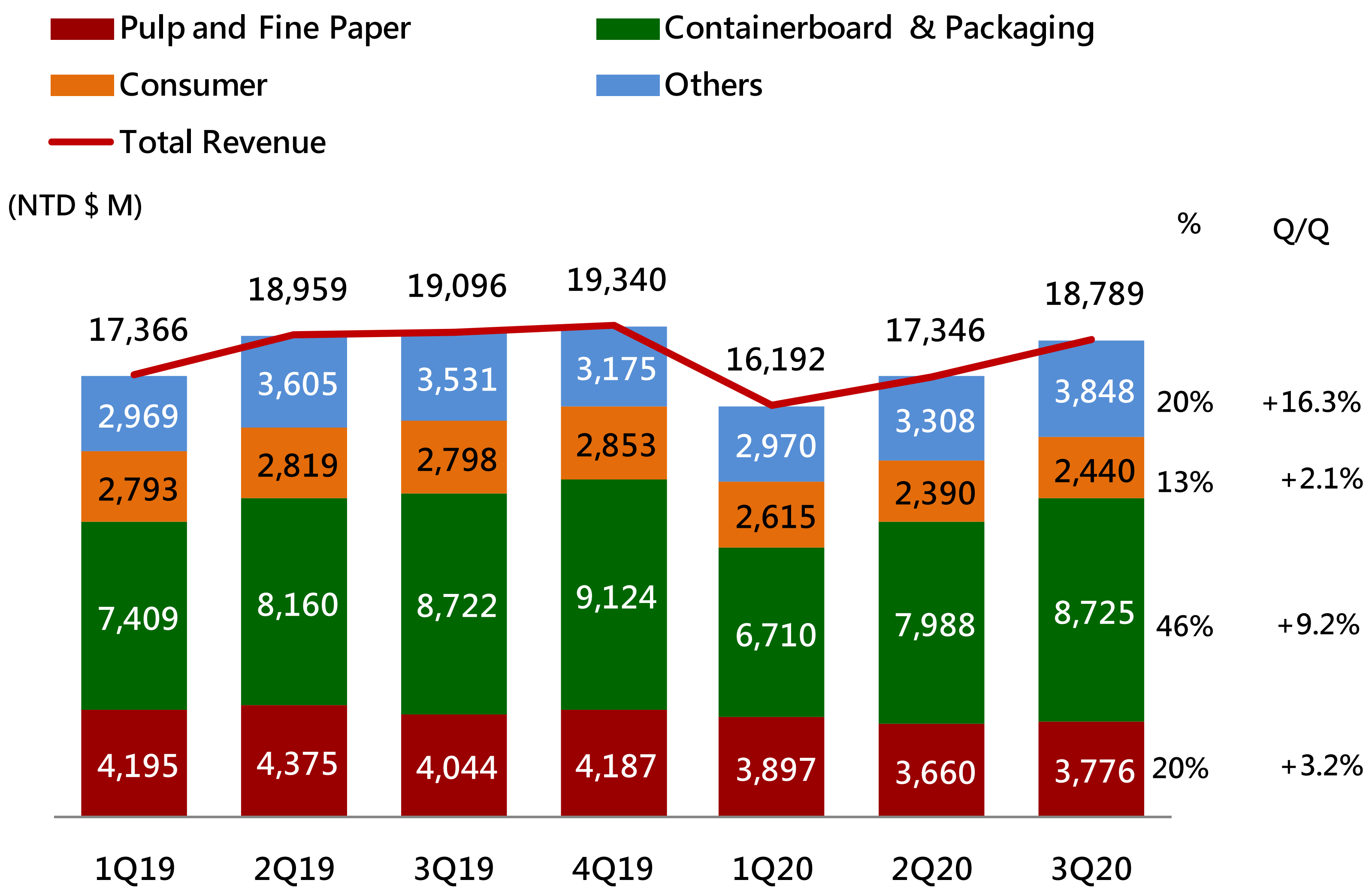
Household products including tissue paper, napkins, detersives and cosmetics

(4.) Others Business

Products other than paper including Specialty materials, RFID, Bio-medical investments 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.

Revenue Trend By Operating Segments



Realized Investment Income to Increase Profitability

NT$ Million	2020 Q3					2020 3Q YTD				
	Operating Profits	Dividend Income	Share of profit of associates	Profit from Disposal of Land	Disposal of investments in equity instruments designated as at FVOCI	Operating Profits	Dividend Income	Share of profit of associates	Profit from Disposal of Land	Disposal of investments in equity instruments designated as at FVOCI
Pulp and Fine Paper	-209	-	-		-	-376	-	-		-
Containerboard and Packaging	693	-	-		-	1,532	-	-		-
Consumer Products	362	-	-	355	-	1,187	-	-	355	-
Others		-	-		-		-	-		-
1. Shin Foong	597	-	-		-	1,153	-	-		-
Others & Adjustments	61	-	-	1,384	-	158	-	-	1,384	-
Other investments										
1. Eink	-	-	130		-	-	-	417		-
2. Bio-Medical Investments	-	-	-5		7.2	-	-	4		7.4
3. Financial and Venture Investments	-	58	-		-	-	729	-		-
4. Others	-	27	9		-6.7	-	27	13		-6.7
Total	**1,504**	**85**	**134**	**1,739**	**0.5**	**3,654**	**756**	**434**	**1,739**	**0.7**

Global #1 Paper Company to Implement BS8001:2017 Principles of Circular Economy, Achieving "Optimizing" Grade, the Highest Level of Maturity

YFY Packaging Inc. follows BS8001:2017 guidance to implement circular economy business model. The maturity model for the "YFY Circular Ecology" is Optimizing grade.

BS 8001 includes 6 principles: system thinking, innovation, stewardship, collaboration, value optimization, and transparency. YFY Packaging Inc. has achieved the highest Level 4 in all 6 dimensions.

The BS8001 Conformity Statement represents that the economic, environmental and social benefits are aligned with global audit standards. YFY Packaging is implementing ESG practices to pursue a sustainable business model.

The circular process starts from paper making with 95% of recycled paper; the biogas power generated from wastewater management process has become the largest biogas power in Taiwan. SRF (Solid Recovered Fuel) is processed from waste and then transported to renewable energy. YFY Packaging implements the most complete and largest scale circular economy model in the paper industry.

Thank you