

HUNYA FOOD CO., LTD 2017 INVESTORS CONFERENCE

2017.12.5

Disclaimer

- ◎ **The consolidated financial information included in this presentation were prepared based on IFRS and audited/reviewed by CPA.**
- ◎ **Except as required by law, we undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.**

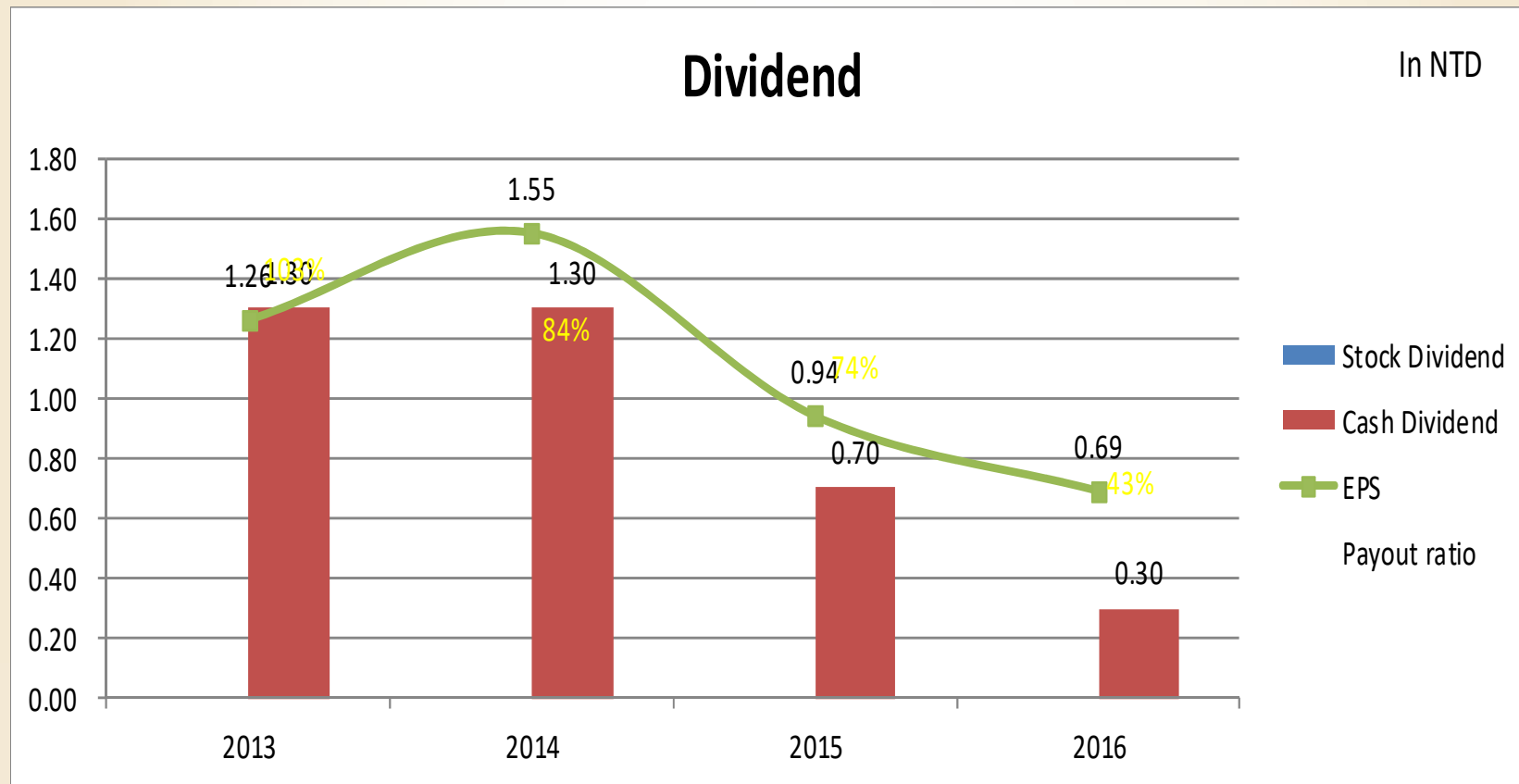
Company profile

- ⦿ Establishment : 1976.6.14
- ⦿ Listed in TWSE: 2001Y
- ⦿ Capital : NT\$10 bn
- ⦿ No of employees: 850
- ⦿ 2016 Consolidated sales: NT\$21.2 bn
- ⦿ Main Product: Chocolate, Cookies, Cakes/
Moon cake baking,
Chocolate Museum

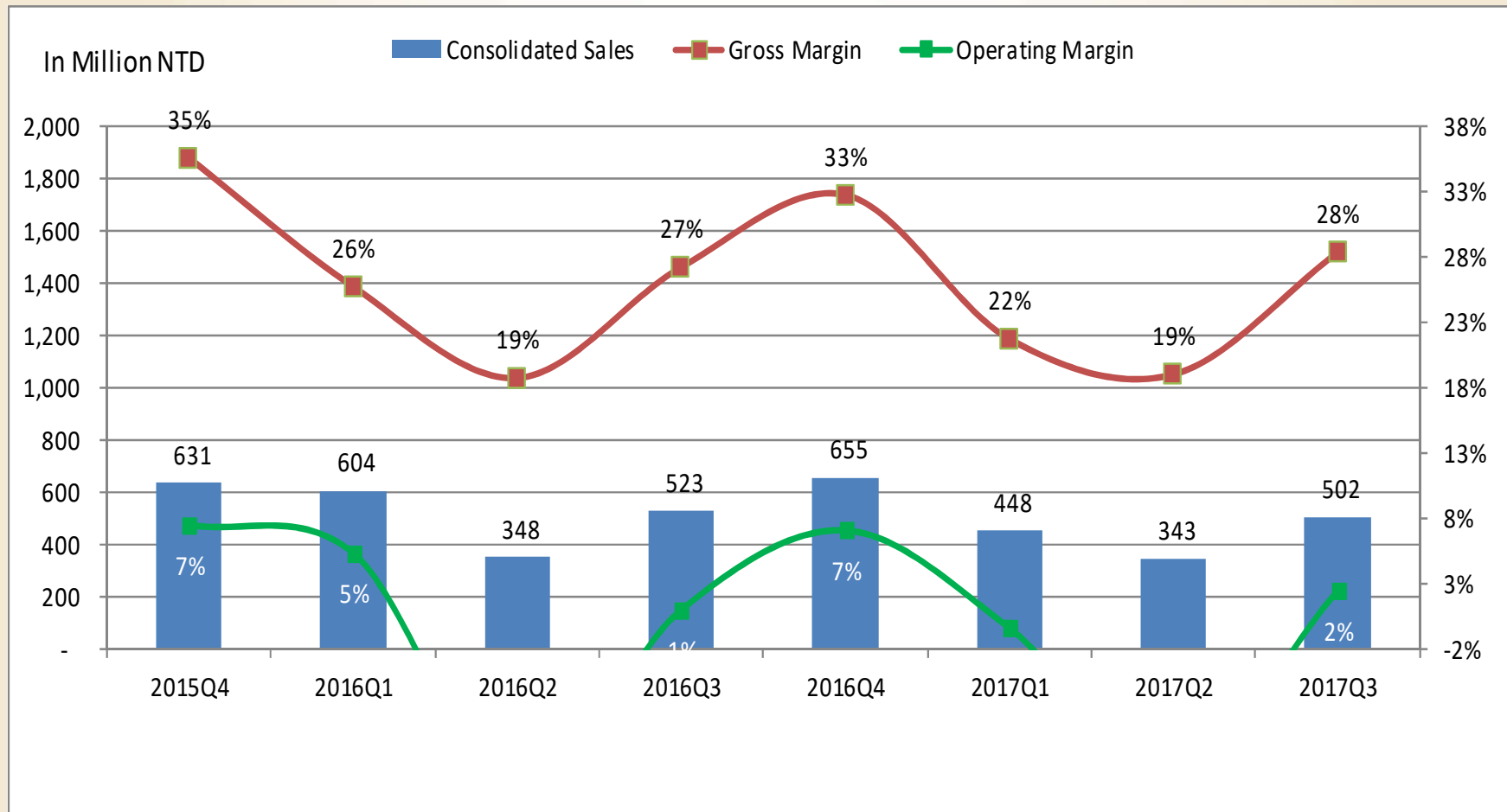
Financial results—Sales & Margin



Dividend Policy



Quarterly Sales and Margin Trend



Consolidated Income Statement- Q o Q

Condensed Consolidated P&L (In Million NTD, except for EPS in NTD)	<u>2017Q3</u>	%	<u>2017Q2</u>	%	<u>2016Q3</u>	%	Q o Q	Y o Y
Net Sales	502	100%	343	100%	523	100%	46%	(4%)
Cost of Good Sold	(359)	(71%)	(278)	(81%)	(381)	(73%)	29%	(6%)
Gross Profit	141	29%	64	19%	142	27%	120%	(1%)
	(114)		(87)		(121)		31%	(6%)
	(15)		(17)		(16)		(12%)	(6%)
Operating Expenses	(130)	(26%)	(104)	(30%)	(137)	(26%)	25%	(5%)
Operating Income	12	2%	(40)	(12%)	5	1%	(130%)	140%
	4		4		15			
	(2)	(%)	(2)	(1%)	(2)	(%)	%	%
Non-Operating Income (Expenses), net	2	%	2	1%	13	3%	%	(85%)
Income (Loss) Before Tax	14	3%	(37)	(11%)	18	3%	(138%)	(22%)
Income Tax	0	%	4	1%	(1)	(%)	(100%)	(100%)
Net Income	14	3%	(33)	(10%)	16	3%	(142%)	(13%)
EPS(Basic)	0.13		(0.31)		0.15		(142%)	(13%)
ROE/Q	0.8%		-1.9%		0.9%			

Consolidated Income Statement - Y o Y

Condensed Consolidated P&L (In Million NTD, except for EPS in NTD)	<u>2016</u>	%	<u>2015</u>	%	Y o Y
Net Sales	2,130	100%	2,317	100%	(8%)
Cost of Good Sold	(1,552)	(73%)	(1,643)	(71%)	(6%)
Gross Profit	578	27%	674	29%	(14%)
	(478)		(502)		(5%)
	(62)		(66)		(6%)
Operating Expenses	(540)	(25%)	(567)	(24%)	(5%)
Operating Income	37	2%	107	5%	(65%)
Non-Operating Income (Expenses), net	52	2%	13	1%	300%
Income (Loss) Before Tax	88	4%	121	5%	(27%)
Income Tax	(13)	(1%)	(19)	(1%)	(32%)
Net Income	75	4%	102	4%	(26%)
EPS(Basic)	0.69		0.94		(27%)
ROE	3.97%		5.38%		

Consolidated Balance Sheet & Financial Ratios

Consolidated Balance Sheet (In Million NTD)

	2017Q3		2017Q2		2016Q3	
Balance Sheet Highlights	Amount	%	Amount	%	Amount	%
cash & Short Term Investmer	94	3%	98	4%	138	4%
Accounts Receivable	322	11%	156	6%	320	10%
Inventory	249	9%	239	9%	210	7%
Net PP&E	1,739	60%	1,771	64%	1,876	59%
Current Liabilities	383	13%	386	14%	638	21%
Non Current Liabilities	770	27%	636	23%	652	21%
Shareholders' Equity	1,738	60%	1,728	63%	1,867	59%
Total Asset	2,891	100%	2,750	100%	3,157	100%
Inventory Turnover (Day)	61		76		49	
AR Turnover (Day)	43		56		43	
Current Ratio	186%		138%		113%	
Quick Ratio	113%		68%		73%	

Cash Flow

Cash Flows (In Million NTD)	<u>2017Q3</u>	<u>2016Q3</u>	YoY
Beginning Balance	10,158	20,365	(50%)
Cash inflow generated from operations	524	9,662	(95%)
Capital expenditures	(1,320)	(6,177)	(79%)
Proceeds from short-term/long-term debt	88	(10,114)	(101%)
Others	(56)	109	(151%)
Ending Balance	<u>9,394</u>	<u>13,845</u>	(32%)

Hunya ~40 years chocolate / cake expert

- Hongya Food Co., Ltd. was founded in the Republic of China in 65 years (1976), and the establishment of "77", "Rivon" the two major brands, since then continue to seek innovation from tradition.
- In 2012 led to establishment of the first Chocolate Museum in Southeast Asia.
- Since its launch in 2015 "We Made" has introduced a series of biscuits that are "non-additive" and "tasty".



Milestone



1976 Establishment in New Taipei City, and Manufactured base on Taoyuan Ba Dao.

1981 Distributor system build up

1990 HQ moved to Xindian

1993 Taoyuan Ba Dao new Plant is completed. Land area 30,000m², invest amount NT\$10bn

1997 ISO 9001 verification

1998 Stock listed on OTC · ISO 14001 verification

2001 Stock listed on TWSE
2005 HACCP verification

2007 ISO 22000 verification

2010 OHSAS 18001 verification
2012 Chocolate Museum Opening

2015 Taoyuan Ba Dao Plant expansion



77 Brand

- Main Product : Nougat Chocolate, New Wafer Pies, Milano, Always Chocolate, Tappl milk Chocolated, Chofers....and so on.



Rivon Brand



- Adhere to the use of raw materials, to provide safe, healthy and high-quality gifts. The creative and ingenious fashion gift box design, not only stunning the consumer mass, forming a new wave



Chocolate Museum



- We are Southeast Asia's first chocolate museum and won the Ministry of Economic Affairs fine tourism factory selection, and was awarded twice the International Highlights Tourism Factory.
- There are about 200,000 visitors, 95% of whom are domestic tourists, 70% whom are family.
- Chocolate DIY course, guide the knowledge of Chocolate and handmade chocolate sales.



Product

(1) Nougat Chocolate



(2) Sugar coated Chocolate

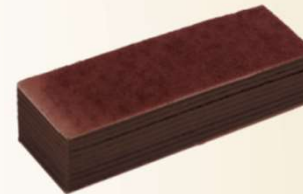


(3) Handmade Chocolate



Product

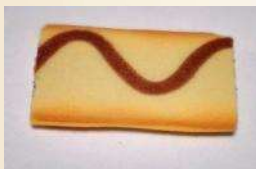
(4) Cake



(5) Flaky Chocolate



(6) Flake cookies



Product

(7) Wafer



(8) Pies



Product

(9) Cookies



Product

(10) Chinese cake



(11) Moon cake



Product

(12) Ice Cream



(13) Cookies



(14) Cluster



(15) Infusion



Challenge

- ⦿ Changes in population structure?
(Aging, newcomers, children less ...)
- ⦿ No longer like to give gifts to others
- ⦿ Hi new tired old.
- ⦿ The new product is difficult to succeed.



Operating model

- EC channel
- Channel portfolio
- Regional intensive



- Product premium
- Product extension
- Brand value and experience
- Relevant innovation

- Food resume
- Quality assurance
- Data management and process improved
- Industry 4.0

Trend:

Relief, health, small Fortunately, not cheap like

Small fortunately

Packaging / taste rich / brand value, experience

Health

Sugar-free / sweetened, natural ingredients / true ingredients



Safety

Raw material 、 Origin 、 Clean Label)



New premium Nougat



Classic-12元



Premium-20元



Wafer

No added aroma

吃出真實香氣



新貴派
小格酥



小口品嚐的獨享格子酥

新貴派
大格酥



大口滿足的同樂格子酥

Milano~Royal

100% Nature butter



We Made

The best quality materials
The best method of cooking



- ✓ 0% 香料
- ✓ 0% 色素
- ✓ 0% 防腐劑
- ✓ 100% 餅乾本味





「Real」 Visual, Taste

Moon cake



奶黃松露酥
頂級黑松露醬配上
法國頂級鮮奶油



醇沙乳香酥
純粹無添加，白
豆沙、綠豆沙、
荷蘭菲仕蘭奶油



私房巧克力月餅
巧克力風味豆沙
+ 台灣在地釀酒
食材入餡



老行家廣式
添加老行家優質燕
窩，包覆整顆蜜栗
子，食感豐盛

Base in Taiwan, Intensive China、 Looking to the worldwide

Strategy	Action plan	To do
China market	CVS, supermarket, Discount store, EC Channels	Build up Sales and marketing team
Nougat launch	Global market launch	China, Korea, HK, Philippine, USA Launch on the main channel
Product portfolio	China Market	Dealer build up EC set up
Global market		New product, new channel, new market

Innovation

1. Human-intensive → Mechanization → Automation → Industry 4.0

2. Traditional factory → sightseeing factory → chocolate dreamer



Business Outlook

