



Hunya Foods Institutional Investors' Conference

2019.12.17

Safe Harbor Notice

- The statements of our financial factors are presented in accordance with IFRS. All the financial factors have been reviewed by CPA firm.
- Except as required by law, we obtain the ownership of the statements. Any unauthorized use is not permitted.

- Business Outlook
- Finance Performace

Company Brief Introduction

 **HUNYA FOODS**



- Founded Date:1976/06/14
- Share Listed in Taiwan: Year 2001
- Capital Amount:NT\$108 Million
- Employee Amount : Around 787 staffs
- Year 2018 Total Sales turnover: NT\$197 Million
- Major Products: Chocolate, Biscuits, Wedding Cookies, Moon Cakes and Chocolate Museum (Republic of Chocolate)

SDG Strategic Blue Print

Cores & Missions

Trust

(= From Management Performance)

Through transparent and trustable management, Well control internal management and 100% Safety Food principle plus happy employee working environment to create the Trust image.

Passion

(= From Execution and Policy)

Linking Hunya company's passion to social, environmental and economical sides, taking actions to create dynamic values to the people.

Innovation

(= From Innovative Performance)

Subvert traditional commercial promotion techs, using innovative way of thinking to breakthrough all the challenges and extend the companys market.



- **For Consumer**
Sharing Sweet and Happiness
Enjoy the moment
(Product)



- **For Next Consumer**
Inherit Fresh and Positive Energy
(Environment)



- **For Society**
Inject Positive and Love
(Society)



- **With Partners ...**
Create Win-Win
Relationship
(Supplier)



- **For Employee**
Create Energetic and
Friendly Working
Environment
(Employee Caring)

2019~2025 Hunya Business Strategy



Leader of Taiwan Exportation

- ① 2025: \$ 250% ↑
- ② Formal trading with China
- ③ Development of emerging markets
- ④ ODM and agency



RIVON 禮坊

Expert In Sweetest Gift

- ① 2025: \$ 150% ↑
- ② Expanding in wedding and souvenirs market
- ③ Development of trading channel and service integration
- ④ Expanding in daily bakery



Leader of Snack Industry

- ① 2025: \$ 160% ↑
- ② Expanding in biscuits & chocolate market
- ③ Development of snack market
- ④ Expanding in various products



Joyful Communicator

- ① 2025: \$ 150% ↑
- ② Provide knowledge and experience of chocolate
- ③ Provide an enjoyable space
- ④ A platform for food sustainable development and idea incubation center

77 maintained double digit growth in the biscuit market and 77 chocolate increased penetration rapidly

- 77 biscuit product lines maintained double digit growth (+12.9% vs. 市場 +3.7%- Resource: Nielsen Retail Audit, Sept MAT 2019) • New products meet consumer needs in healthier foods with less additives and clean labels.
- 77 Nougat increased penetration rapidly through product upgrade, limited seasonal products and co-branding cross category products. (Kantar survey: Consumer Research Points: +24%)
- Consumers showed strong interests toward new 77 chocolate products such as Ruby Thin Chocolate, Rich Nougat, Nougat with black diamond peanut and chewy QQ balls. These new products offered greater product values through new innovations as well as by adding trendy ingredients.



Rivon expanded the user base by upgrading product portfolios and service

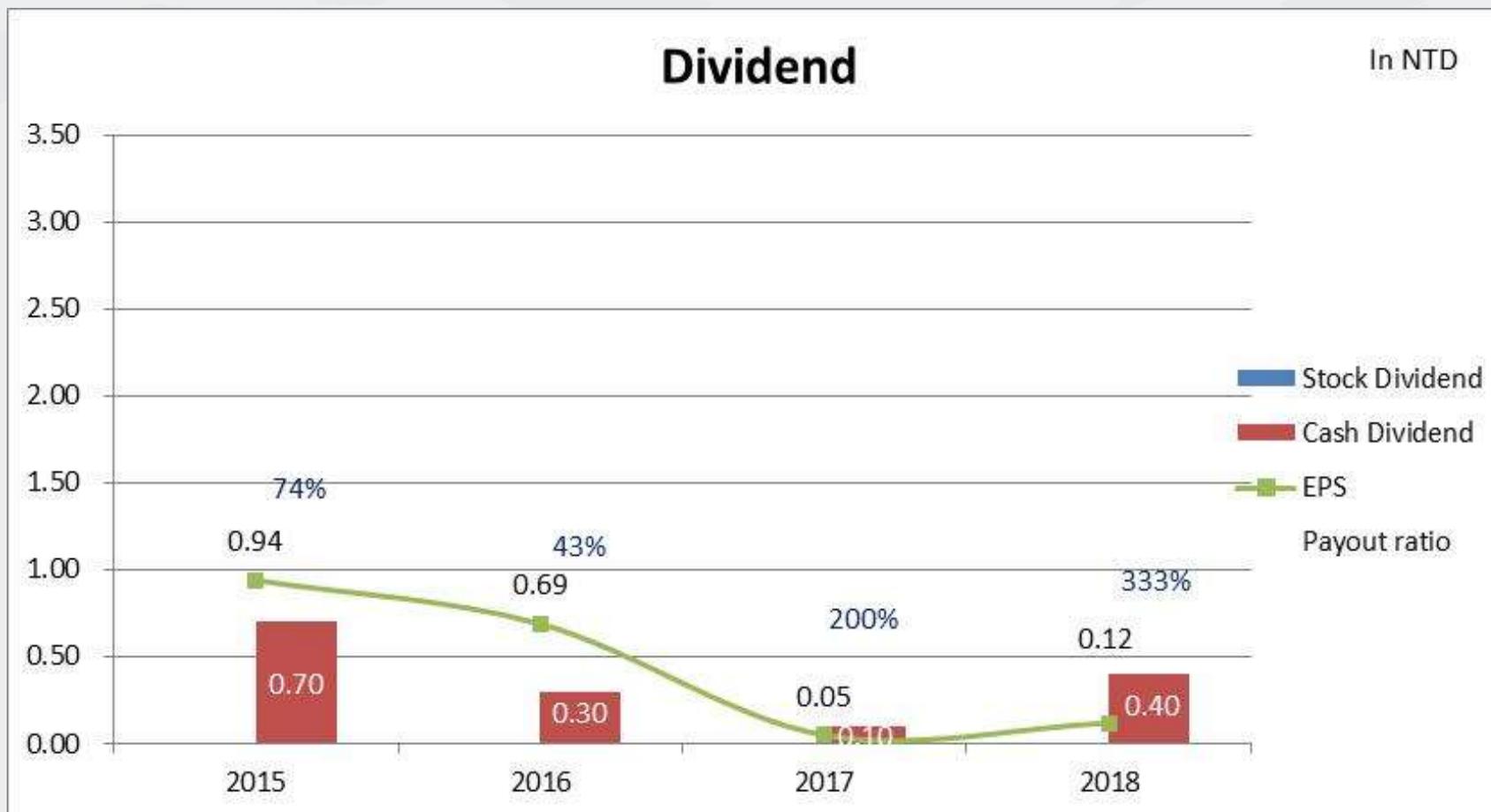
- Launched the whole new branding gift product lines including French-style biscuits and cakes. Set up on-line sales channels.
- Upgraded service and new product trial sets in the flagship stores to provide better gift-shopping experiences. All stores will complete new decoration remodeling by 2020.
- Premium wedding gift boxes allowed customized product mixes, meeting young TA needs.



Operating Revenue & Gross Profit Margin



Dividend Policy



Operating Revenue and Gross Margin-QoQ



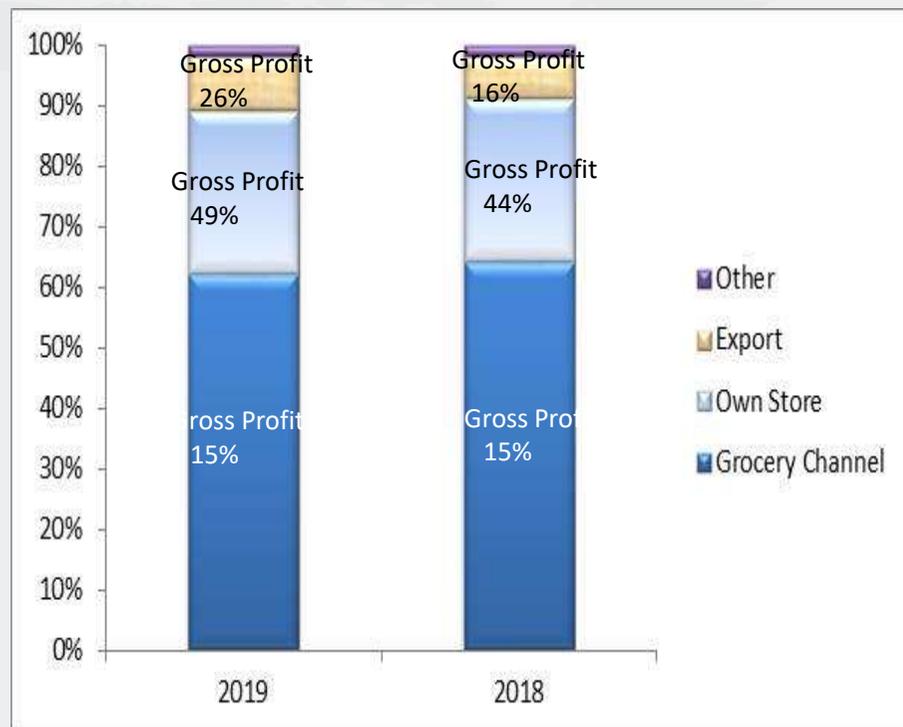
Consolidated Statement of Comprehensive Income-YoY

Condensed Consolidated P&L (In Million NTD, except for EPS in NTD)	<u>2018</u>	%	<u>2017</u>	%	Y o Y
Net Sales	1,973	100%	1,879	100%	5%
Cost of Good Sold	(1,446)	(73%)	(1,376)	(73%)	5%
Gross Profit	527	27%	503	27%	5%
Operating Expenses					
Selling expenses	(465)		(456)		2%
Admin expenses	(55)		(47)		17%
Operating Expenses sub-total	(520)	(26%)	(503)	(27%)	3%
Operating Income	7	%	0	%	#DIV/0!
Non-Operating Income (Expenses), net	11	1%	9	%	22%
Income (Loss) Before Tax	18	1%	9	%	100%
Income Tax	(5)	(%)	(4)	(%)	25%
Net Income	13	1%	5	%	160%
EPS(Basic)	0.12		0.05		140%
ROE	0.74%		0.28%		

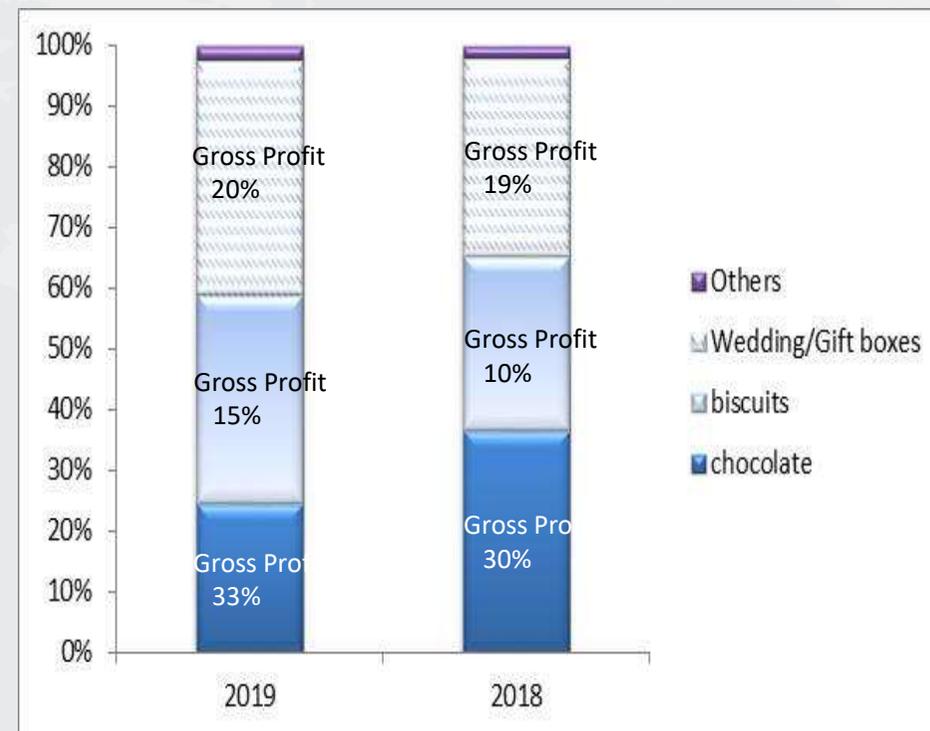
Consolidated Statement of Comprehensive Income-QoQ

Condensed Consolidated P&L (In Million NTD, except for EPS in NTD)	2019.3Q	%	2019.2Q	%	2018.3Q	%	Q o Q	Y o Y
Net Sales	459	100%	322	100%	512	100%	43%	(10%)
Cost of Good Sold	(319)	(69%)	(258)	(80%)	(393)	(77%)	24%	(19%)
Gross Profit	139	31%	62	19%	119	23%	124%	17%
Operating Expenses								
Selling expenses	(98)		(106)		(122)		(8%)	(20%)
Admin expenses	(29)		(14)		(18)		107%	61%
Operating Expenses Sub total	(127)	(27%)	(120)	(37%)	(139)	(27%)	6%	(9%)
Operating Income	12	3%	(57)	(18%)	(20)	(4%)	(121%)	(160%)
	4		4		4			
	(1)	(%)	2	1%	(1)	(%)	(150%)	%
Non-Operating Income (Expenses), net	3	1%	6	2%	3	1%	(50%)	%
Income (Loss) Before Tax	15	3%	(51)	(16%)	(18)	(4%)	(129%)	(183%)
Income Tax	(3)	(1%)	(1)	(%)	(1)	(%)	200%	200%
Net Income	11	2%	(52)	(16%)	(19)	(4%)	(121%)	(158%)
EPS(Basic)	0.10		(0.48)		-0.17		(121%)	(159%)
ROE/Q	0.7%		-3.0%		-1.0%			

Product & Channel portfolio



Channel contributed %



Product contributed %

Consolidated Balance Sheets and Financial Ratios

Consolidated Balance Sheet
(In Million NTD)

Balance Sheet Highlights	2019.3Q		2019.2Q		2018.3Q	
	Amount	%	Amount	%	Amount	%
cash & Short Term Investr	53	2%	62	3%	49	2%
Accounts Receivable	328	13%	208	8%	310	12%
Inventory	208	8%	211	9%	194	7%
Net PP&E	1,534	61%	1,559	63%	1,619	61%
Current Liabilities	431	17%	361	15%	376	15%
Non Current Liabilities	450	18%	460	19%	487	18%
Shareholders' Equity	1,634	65%	1,640	67%	1,797	68%
Total Asset	2,515	100%	2,461	100%	2,660	100%
Inventory Turnover (Day)	60		71		54	
AR Turnover (Day)	53		79		46	

Current Ratio	142%	143%	155%
Quick Ratio	90%	77%	98%
Debt Ratio	35%	33%	32%
Inventory turnover Ratio	1.52	1.27	1.68
A/R turnover Ratio	1.71	1.16	1.96

Statements of Cash Flows

Cash Flows (In Million NTD)	<u>2019.3Q</u>	<u>2018.3Q</u>	YoY
Beginning Balance	405	798	(49%)
Cash inflow generated from operations	1,381	1,724	(20%)
Capital expenditures	(92)	(99)	(7%)
Proceeds from disposal PP&E	51	18	185%
Proceeds from disposal Stocks	(127)	640	--
Proceeds from short-term/long-term debt	(169)	(1,980)	(91%)
Repayments of preference share liabilities	0	0	
Cash dividend paid	(433)	(108)	--
Payments to acquire treasury shares	0	0	
Others	(483)	(500)	(3%)
Ending Balance	<u>532</u>	<u>492</u>	8%

2019~2020 Automation in Production



2020~

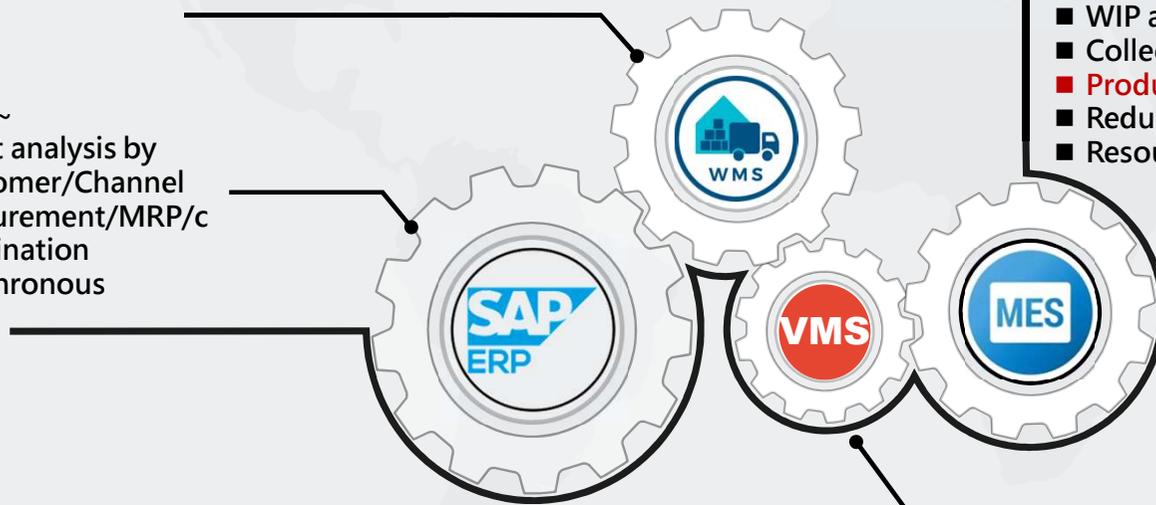
- Batch management
- Expiration management
- Quality Control Management
- Real-time Inventory Management

2020~

- Real-time production status making accurate delivery
- Balance between supply, production and marketing
- WIP and defects control to reduce cost
- Collect manufacturing history by BCS/RFID
- Product quality control management
- Reducing manual reports to increase on-site manpower
- Resource efficiency management

2019年~

- Profit analysis by Customer/Channel
- Procurement/MRP/c coordination
- Synchronous



2020~

- Automatic Guide Vehicle-Unmanned Handling
- Reduce unskilled labors

		
Competitive	Efficiency	Cost

2020~2025 Hunya Foods Total Solution



Brand



CSR



Product



Competitive



Product



Efficiency



Cost

Green manufacture



Brand



CSR

Heat Recycle

Reusing the scrap of heat in the manicuring process

Solar Cell (Green Energy)

- 2018/9 Phase I setup completed
- 2020/3 Phase II Setup starting

NG PROD' s 2nd Way

- Sell at union welfare stores
- Donation of cash from saving Food Fair
- Donation of products to social charity and remote counties

SCRAP PROD and Mtl 2nd Way

- Fodder
- **Fertilizer**



HY Green Recycle System

2020 Target

SCRAP Plastic / Film

Pyrolysis process to FUEL for others requester

Certification of Food Safety Laboratory ISO level-up



Brand



CSR

**CETF
LAB**

- 19YR Food Safety Department established
- 20YR Food Safety Department in operation

Food Safety Lab certification

We upgrade our laboratory and improve R&D of our products.



**FSSC
CERF.**

- ISO 22000 Upgrade

ISO Upgrade

FSSC 22000

**Food Safety System
Certification 22000**

2019~2025 Smart Production

INDUSTRY 1.0



Y2019

Mechanization

- Packaging
- Delivering

INDUSTRY 2.0



Y2019

Mass Production

- PROD Line

INDUSTRY 2.5



Y2020

Standardization

- LEAN
- SOP

INDUSTRY 3.0



Y2020

Flexible Production

- Automation
- Smart Production

INDUSTRY 3.5



Y2021

Automation

- Sensor
- Systematic

INDUSTRY 4.0



Y2025

Smart Production

- Supply chain
- Digital Solution

Thanks.

Adaptable × Proactive × People Oriental × Yes, I say OK.

在地永續 幸福延續。

Happy
Happy