



HeySong



**HEYSONG CORP.**  
**Code: 1234**

**Investor Conference**



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HeySong



# Corporate Overview



## Corporate Profile

Date of Incorporation	December 13, 1969
Date of Listing	March 12, 1999
Capital	NT\$4.02 billion
Chairman	Pin-Tang, Chang
Address	3F, No. 296, Sec. 4, Hsin Yi Rd., Taipei City, Taiwan, R.O.C.
Sites	Chungli Plant & Douliu Plant
Number of Employees	562 (as of November 2017)



## Milestones

1925

Chin Shing Co., Ltd. was founded.

1936

Chin Shing Co., Ltd. was renamed to Chin Shing Beverages Co.

1946

Resumed business and was reorganized as Chin Shing Beverages Co., Ltd.

1969

Reorganized as HeySong Beverages Co., Ltd.

1981

Securities & Futures Institute approved public offering. Company was renamed to the HeySong Corporation.

1999

Officially listed on the Taiwan Stock Exchange Corporation (TWSE).

2013

Adopted capital reduction by cash. The current capital is NT\$4.02 billion.



## Vision, Mission and Values

Vision  
Mission  
& Values

**Corporate Values:** To Serve with Integrity

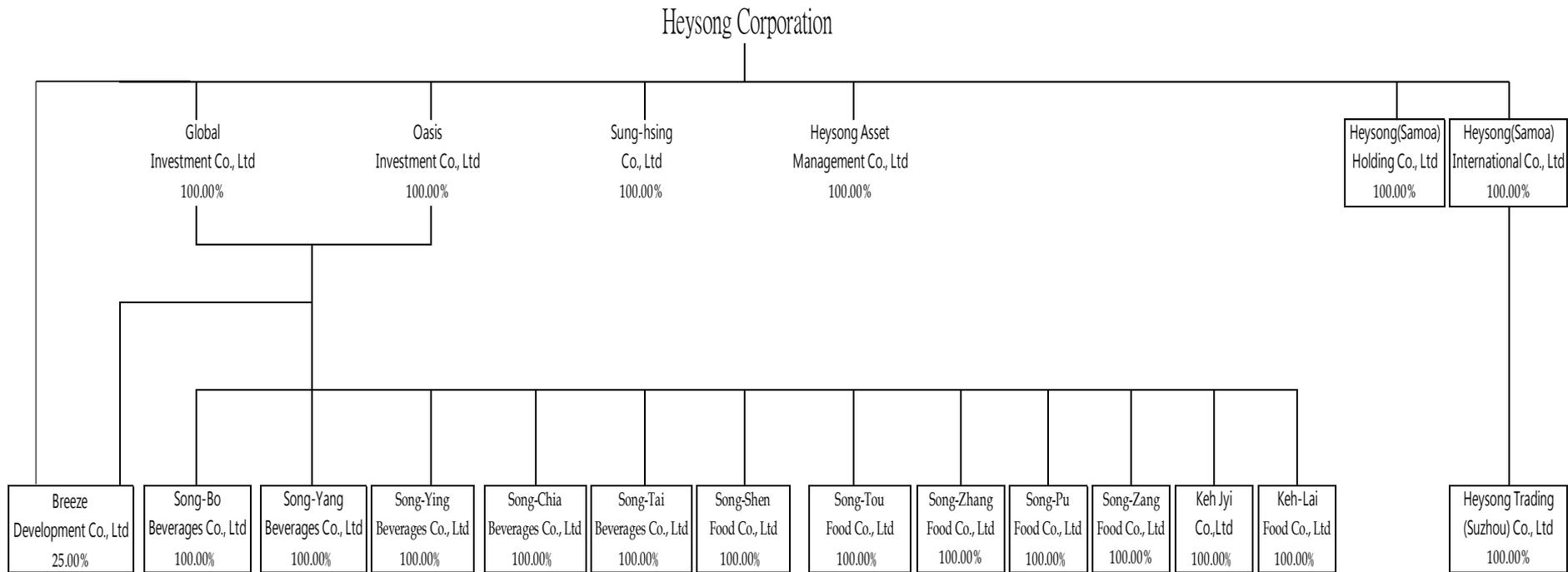
**Corporate Mission:** To Be Your "Quality Life" Partner.

**Corporate Vision:** To Provide Safe, Reliable Food and Drinks ;  
To Create a Joyful Environment





## Investment Structure





# Corporate Overview





## Beverages

## Production & Products

Production Line		Category of Products	
		Carbonated Soft Drinks	Non-Carbonated Soft Drinks
PET Bottle	4	Carbonated Soft Drinks & High Nutrient Content Carbonated Soft Drinks	Tea Drinks, Juice, Sports Drinks, and Coffee
Can	2		
Carton	5		
Cup-pack	1		



## Beverages

## Quality Assurance

Certification/Verification Item		Scope of Certification
Quality	ISO9001 Quality Management System	HeySong Corporation
Food Safety	ISO22000 Food Safety Management System	Chungli Plant & Douliu Plant
	FSSC22000 Food Safety Management System	Chungli Plant & Douliu Plant
	Taiwan Quality Food (TQF)	Full line of Chungli Plant & Douliu Plant (the canning line is added in 2017 and currently under verification)
	Certificate of Food Safety Accreditation & Certification System , TFDA	Chungli Plant & Douliu Plant
	TAF Laboratory Accreditation	Microorganism, Bisphenol A, caffeine, Ochraceus A, melamine, plasticizers, heavy metals
	TFDA Laboratory Accreditation	Melamine, heavy metals
Environmental Protection	ISO50001 Energy Management System	Chungli Plant
	ISO 14064-1 Organization Level Greenhouse Gas Emissions Verification	Chungli Plant
	Carbon Footprint Labeling Certificate, Environmental Protection Administration	PET600ml HeySong Sarsaparilla Drink & PET580ml FIN Healthy-Support Drink
	Water Footprint Verification	PET600ml HeySong Sarsaparilla Drink
	Green Building Label, Ministry of the Interior	Manufacturing Plant #3, Chungli Plant (silver-grade)
Health Food	Health Food Certification	HeySong Camellia Green Tea & Cherry Princess Iron Supplement Drink
	Symbol of National Quality (SNQ)	Cherry Princess Iron Supplement Drink



# Corporate Overview

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## Beverages

### Brands

Carbonated soft  
Drinks

HeySong Sarsaparilla Drink  
HeySong Sarsaparilla Drink  
Light  
HeySong C&C Sparkling Drink  
HeySong Citron Drink



Tea

HeySong Premium Tea  
HeySong Camellia Green Tea  
Other HeySong Tea Products



Sports Drinks

FIN Sports Drink



Coffee

Wincafe





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# Corporate Overview

## Beverages

### Brands

Juice

Oasis Juice  
HeySong Fruits Juice Drink



Water

Tien-Lin Pure Water  
HeySong Pure Water



Healthy products

Cherry Princess Iron Supplement Drink  
FIN Sports Drink Sachets





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# Corporate Overview

Beverages

OEM & Consignment



Lipton RTD  
Since 2016



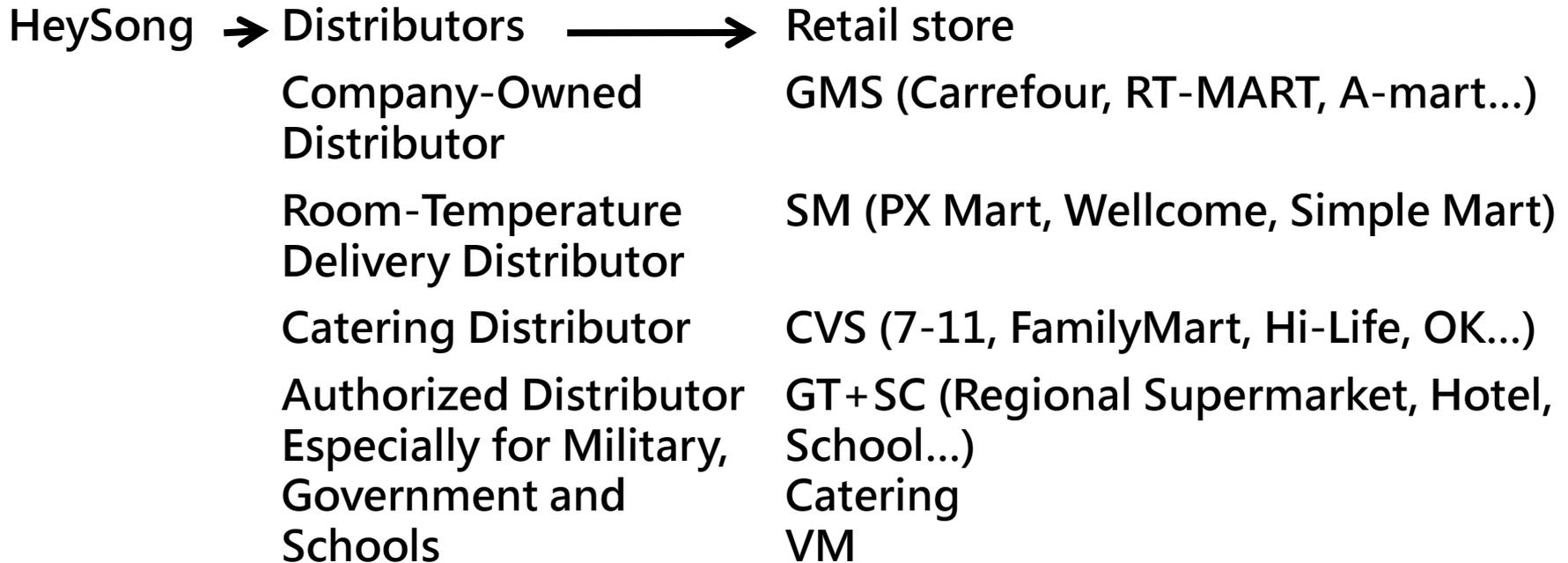
Suntory C.C.Lemon  
Since 2008, OEM & export to Hong Kong





## Beverages

## Sales Channel





## Beverages

### Market Scale and Market Share

(Source: 2016 statistics, Ministry of Economic Affairs )

	Market Scale (NT\$ billion)
Drinks Market	55.86
Tea	23.55
Juice	5.93
Carbonated Drinks	5.30
Mineral Water	3.02
Sports Drinks	2.74
Coffee	6.52
Others	8.80

HeySong all products account for 7% in terms of market share.



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# Corporate Overview

## Alcoholic Drinks

### Licensed Brands

Chinese Liquor

Kinmen Kaoliang Liquor  
(50 % ABV above product line)



Contract duration:  
Sep.2015-Aug. 2018

Liqueur

CHOYA



Sake

Hakushika  
Takashimizu  
Kenbishi



Wine

Wine from France, Spain, Chile, Italy, and Australia



Other

Rémy Martin (contract duration: Apr. 2015-Mar. 2018)



## Alcoholic Drinks

## Sales Channel

HeySong → Distributors → Retail Store

Authorized  
Distributor of  
Alcohol

ON-trade: (PUB, Hotel...)  
Catering

Authorized  
Distributor of  
Beverage  
(including  
company-owned  
distributor)

OFF-trade: GMS (Carrefour, RT-MART, A-mart...)  
SM (PX Mart, Wellcome, Simple  
Mart...)  
CVS (7-11, FamilyMart, Hi-Life, OK...)  
Liquor Store (retail), Local  
Supermarket, Hypermarket,  
Grocery Store...



## Revenue (Parent company only)

	2016	January – September 2017
	Percentage (%)	Percentage (%)
Drinks (including OEM & Consignment)	60	56
Alcoholic Drinks	40	44



## Investment in China

HeySong Food  
(SUZHOU) Co.,  
Ltd.

Year of Investment: 2003  
Year of Liquidation: 2016  
Scope of Business: Production and sales of drinks  
Reason for Liquidation: Suzhou Government  
acquired the property, plant and equipment.



HeySong  
Trading  
(SUZHOU) Co.,  
Ltd.

Year of Investment: 2015  
Amount of Investment: US\$8 million (equivalent to NT\$262 million)  
Operating income: RMB52.29 million in 2016; RMB37.53 million in January-  
September 2017  
Profit after tax: RMB2.28 million in 2016; RMB-2.35 million in January-  
September 2017 (mainly due to exchange losses)



## Asset Management

Main Real Estate

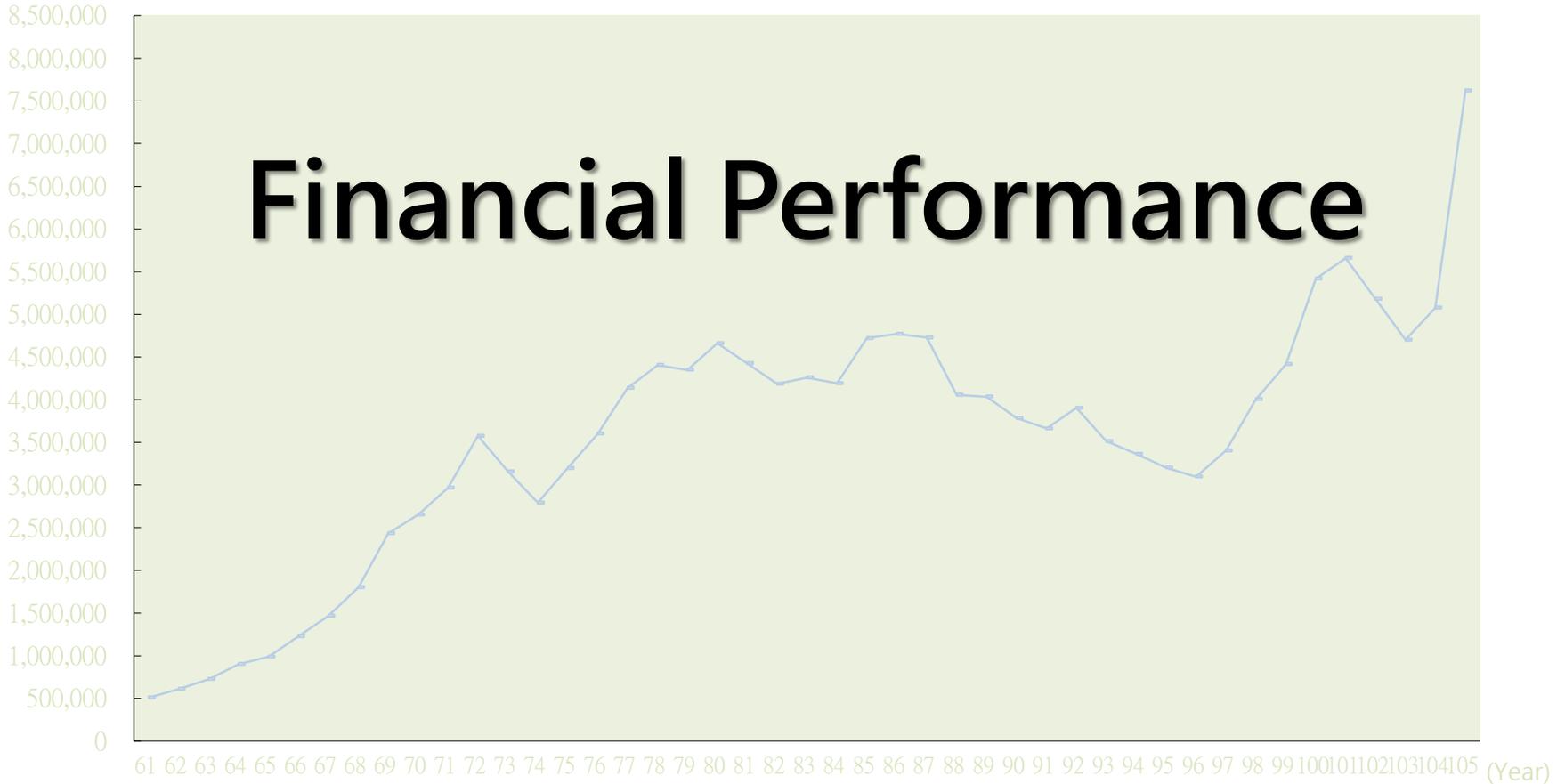
Company	Location	Land		Housing	
		Area Ping=3.3m <sup>2</sup>	Book Value (NT\$ million)	Area Ping=3.3m <sup>2</sup>	Book Value (NT\$ million)
HeySong Corporation	Chungli Plant	33,106	1,387	26,013	831
	Douliu Plant	23,268	304	12,112	26
	Shenkeng Yongan Section	616	170	215	3
Song Hsin Co. Ltd.	Shenkeng Yongan Section	11,106	897	3,706	3
	Taipei Tonghua Section	258	252	2,826	27
HeySong Asset Management Co., Ltd.	Taipei Dunhua Section (Breeze Center)	5,115	3,953	22,345	1,066
Other		1,142	97	512	5
Total		74,611	7,060	67,729	1,961

Note: 1. The provision of the land value increment tax is deducted from the book value of land. The provision of accumulated depreciation has been deducted from the book value of housing.

2. Chungli Plant and Douliu Plant are used by HeySong Corporation. Part of Shenkeng Yongan Section and Taipei Dunhua Section are used by HeySong Corporation and part of are leased with the annual rent of NT\$44 million. Taipei Dunhua Section (Breeze Center) is leased with the annual rent of NT\$463 million in 2017.



Sales(Amounts in thousands of New Taiwan Dollars)





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# Financial Performance

## CONSOLIDATED BALANCE SHEETS

Amounts in thousands of New Taiwan Dollars	September 30, 2017	December 31, 2016	September 30, 2017
Cash and cash equivalents	1,335,378	2,266,406	2,239,555
Notes and accounts receivable, net	1,056,665	679,303	1,120,519
Inventories	4,668,494	3,581,650	3,346,147
Investments accounted for using the equity method	658,125	672,960	665,008
Property, plant and equipment	6,564,342	5,619,886	5,620,803
Investment property	7,775,337	7,804,111	7,813,735
Total assets	<u>23,393,736</u>	<u>22,294,964</u>	<u>22,243,685</u>
Short-term loans	2,320,000	1,030,000	980,000
Total liabilities	<u>5,904,037</u>	<u>4,457,169</u>	<u>4,474,449</u>
Total equity	<u>17,489,699</u>	<u>17,837,795</u>	<u>17,769,236</u>
Book value per share(in New Taiwan Dollars)	43.5	44.4	44.2



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# Financial Performance

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Amounts in thousands of New Taiwan Dollars	For the nine months ended September 30, 2017	For the nine months ended September 30, 2016
Net sales	7,046,095	6,630,816
Operating costs	<u>(5,203,840)</u>	<u>(4,798,944)</u>
Gross profit	1,842,255	1,831,872
Operating expenses	<u>(1,686,098)</u>	<u>(1,688,681)</u>
Income from operations	156,157	143,191
Non-operating income and expenses	<u>370,672</u>	<u>968,216</u>
Income before income tax	526,829	1,111,407
Net income	<u>453,044</u>	<u>999,539</u>
Earnings per share(in New Taiwan Dollars)	<u>1.13</u>	<u>2.49</u>



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# Financial Performance

## CONSOLIDATED STATEMENTS OF CASH FLOWS

Amounts in thousands of New Taiwan Dollars	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Net cash used in operating activities	(841,223)	(1,255,617)
Net cash (used in) provided by investing activities	(556,094)	131,750
Net cash generated by financing activities	484,202	21,849
Effect of exchange rate changes on cash and cash equivalents	<u>(17,913)</u>	<u>(35,477)</u>
Net decrease in cash and cash equivalents	<u>(931,028)</u>	<u>(1,137,495)</u>
Cash and cash equivalents, end of period	<u>1,335,378</u>	<u>2,239,555</u>



## EPS and Dividend for 5 years

Heysong(1234)		
Dividend Years	EPS	Cash Dividend(NT\$)
2016	2.75	2.0
2015	1.54	1.5
2014	0.98	1.2
2013	0.64	1.5
2012	14.25	2.5



*HeySong*



# Future Outlook



## Enhance Drinks Business

- **Brand management**  
Develop key brands to increase revenue
- **Development of functional beverages**  
Offer natural, healthy, nutritious, and burden-free drinks
- **Food safety**  
Food safety certification
- **Equipment upgrade, increasing production efficiency**

## Expand Alcoholic Drinks and OEM Business

- **Alcoholic Drinks**
- **Beverages OEM & consignment**

## Develop New Markets

- **Export market**  
(Hong Kong, Philippines, Singapore, and Thailand)
- **China market** (HeySong Trading (SUZHOU) Co., Ltd.)



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Thank You!



# Q & A

