



HeySong

HEYSONG CORP.
Code: 1234

Investor Conference



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- The consolidated financial numbers are based on International Financial Reporting Standards (IFRS) and also audited by CPA.
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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.
Manufacturing Sites	Chungli Plant & Douliu Plant
Number of Employees	566 (as of November 2018)



Vision, Mission and Values

Corporate Values: To Serve with Integrity

Corporate Mission: To Be Your “Quality Life” Partner.

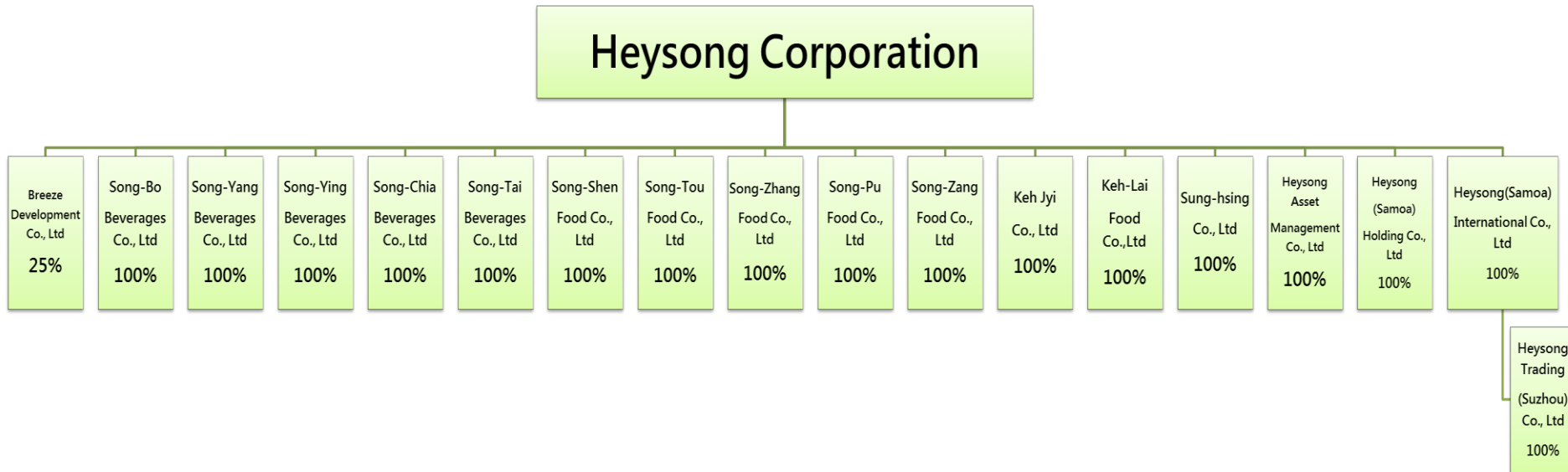
Corporate Vision: To Provide Safe, Reliable Food and Drinks for a Joyful environment ;
To Share Cross-strait Resources for Market Expansion.





Investment Structure

December 01, 2018





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	<ul style="list-style-type: none"> • Microorganism, Bisphenol A, caffeine, Ochraceus A, melamine, plasticizers, heavy metals • Accreditation Program for Laboratory of the Hygiene Standards of Tobacco and Alcohol in the Tobacco and Alcohol Administration Law(Ethanol,Methanol,Lead,Sulfur Dioxide,Benzoic acid and Sorbic Acid,Lutein)
	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



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
HeySong Alkaline Ion Water





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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

Market Scale and Market Share

(Source: 2017 statistics, Ministry of Economic Affairs)

	Market Scale (NT\$ billion)
Drinks Market	55.59
Tea	23.66
Juice	5.93
Carbonated Drinks	5.12
Mineral Water	3.08
Sports Drinks	2.55
Coffee	6.35
Others	8.90

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)



Liqueur

CHOYA



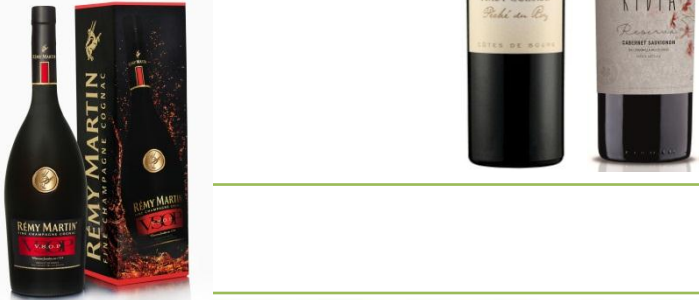
Sake

Hakushika
Takashimizu
Kenbishi



Wine

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



Other

Rémy Martin



Revenue (Parent company only)

	2017	January – September 2018
	Percentage (%)	Percentage (%)
Drinks (including OEM & Consignment)	54	55
Alcoholic Drinks	46	45



Investment in China

HeySong
Trading
(SUZHOU) Co.,
Ltd.

Year of Investment: 2015

Amount of Investment: US\$8 million (equivalent to NT\$262 million)

Operating income: RMB46.87 million in 2017; RMB35.07 million in January-September 2018

Profit after tax: RMB5.31 million in 2017; RMB2.78 million in January-September 2018



Asset Management

Main Real Estate

Company	Location	Land		Housing	
		Area Ping=3.3m ²	Book Value (NT\$ million)	Area Ping=3.3m ²	Book Value (NT\$ million)
HeySong Corporation	Chungli Plant	33,106	1,387	26,013	800
	Douliu Plant	23,268	304	12,112	18
Song Hsin Co. Ltd.	Shenkeng Yongan Section	11,722	1,114	3,921	5
	Taipei Tonghua Section	258	252	2,826	26
HeySong Asset Management Co., Ltd.	Taipei Dunhua Section (Breeze Center)	5,115	3,953	22,345	1,034
Other		1,142	97	512	4
Total		74,611	7,060	67,729	1,887

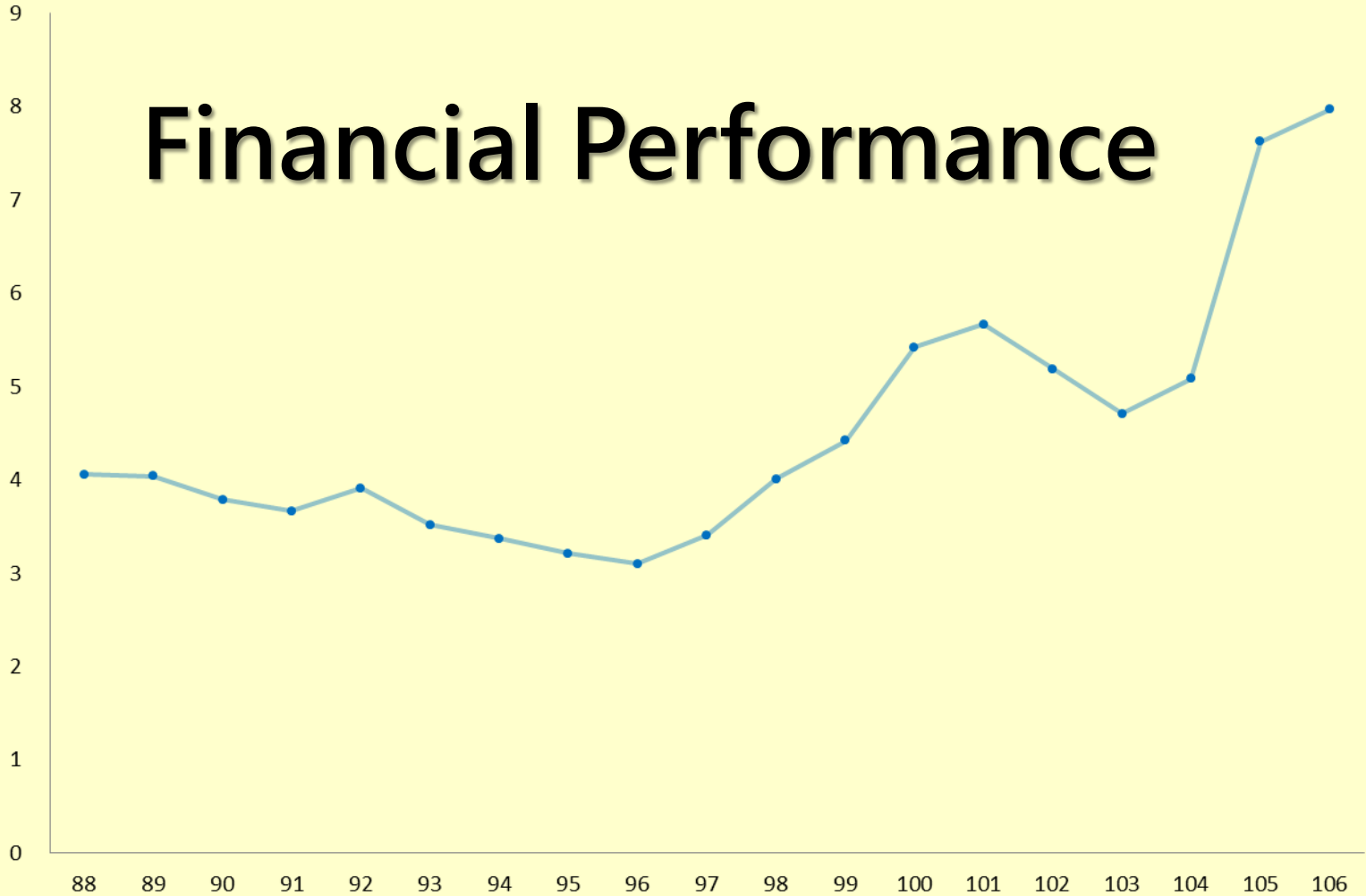
Note: 1. The provision of the land value increment tax is deducted from the book value of land. The provision of accumulated depreciation has been deducted from the book value of housing.

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\$57 million. Taipei Dunhua Section (Breeze Center) is leased with the annual rent of NT\$478 million in 2018.



Revenue(NT\$billion)

Financial Performance





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Financial Performance

CONSOLIDATED BALANCE SHEETS

Amounts in NT\$ thousands	September 30, 2018	December 31, 2017	September 30, 2017
Cash and cash equivalents	\$ 1,217,232	\$ 1,283,278	\$ 1,335,378
Notes and accounts receivable, net	1,104,891	634,170	1,056,665
Inventories	5,449,105	4,839,571	4,668,494
Investments accounted for using the equity method	704,380	668,422	658,125
Property, plant and equipment	6,538,031	6,559,257	6,564,342
Investment property	7,740,855	7,766,446	7,775,337
Total assets	<u>23,593,386</u>	<u>22,855,928</u>	<u>23,393,736</u>
Short-term loans	2,630,000	2,070,000	2,320,000
Total liabilities	<u>6,058,452</u>	<u>5,293,782</u>	<u>5,904,037</u>
Total equity	<u>17,534,934</u>	<u>17,562,146</u>	<u>17,489,699</u>
Book value per share(NT\$)	<u>\$ 43.6</u>	<u>\$ 43.7</u>	<u>\$ 43.5</u>



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Financial Performance

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Amounts in NT\$ thousands	For the nine months ended September 30, 2017	For the nine months ended September 30, 2016
Net sales	\$ 7,003,696	\$ 7,046,095
Operating costs	<u>(5,130,554)</u>	<u>(5,203,840)</u>
Gross profit	1,873,142	1,842,255
Operating expenses	<u>(1,683,230)</u>	<u>(1,686,098)</u>
Income from operations	189,912	156,157
Non-operating income and expenses	<u>455,626</u>	<u>370,672</u>
Income before income tax	645,538	526,829
Net income	<u>575,265</u>	<u>453,044</u>
Earnings per share(NT\$)	<u>\$ 1.43</u>	<u>\$ 1.13</u>



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Financial Performance

CONSOLIDATED STATEMENTS OF CASH FLOWS

Amounts in NT\$ thousands

	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Net cash used in operating activities	\$ (58,508)	\$ (841,223)
Net cash (used in) provided by investing activities	41,042	(556,094)
Net cash generated by financing activities	(44,191)	484,202
Effect of exchange rate changes on cash and cash equivalents	<u>(4,389)</u>	<u>(17,913)</u>
Net decrease in cash and cash equivalents	<u>(66,046)</u>	<u>(931,028)</u>
Cash and cash equivalents, end of period	<u>\$ 1,217,232</u>	<u>\$ 1,335,378</u>



EPS and Dividend for 5 years

Heysong(1234)		
Dividend Years	EPS	Cash Dividend(NT\$)
2017	1.35	1.5
2016	2.75	2.0
2015	1.54	1.5
2014	0.98	1.2
2013	0.64	1.5



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Future Outlook



Enhance Drinks Business

- Focus on core brands to increase revenue
- Development of functional beverages
- Food safety
Lab testing certification 、 Clean Label
- Develop Intelligent vending machine
- Distribution system transformation ; independent channel distributor
Increase product lines and expand services

Alcoholic Drinks and OEM Business

- Alcoholic Drinks
(Kinmen Kaoliang Liquor 、 CHOYA 、 Hakushika)
- Beverages OEM & consignment (Lipton)

Real estate development

- The Shenkeng Property
(Logistics center in Taipei)

Export into New Markets

- China market ; Hong Kong and Macao market
- ASEAN market
(Philippines, Singapore, Malaysia , Thailand and Vietnam)
- Export Kinmen Kaoliang Liquor



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Thank You!



Q & A

