



HeySong



HEYSONG CORP.
Code: 1234

2020
Investor Conference



Disclaimer

- The consolidated financial numbers are based on International Financial Reporting Standards (IFRS) and also audited or reviewed 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	550 (as of November 2020)



Vision, Mission and Values

Corporate Values: To Serve with Integrity

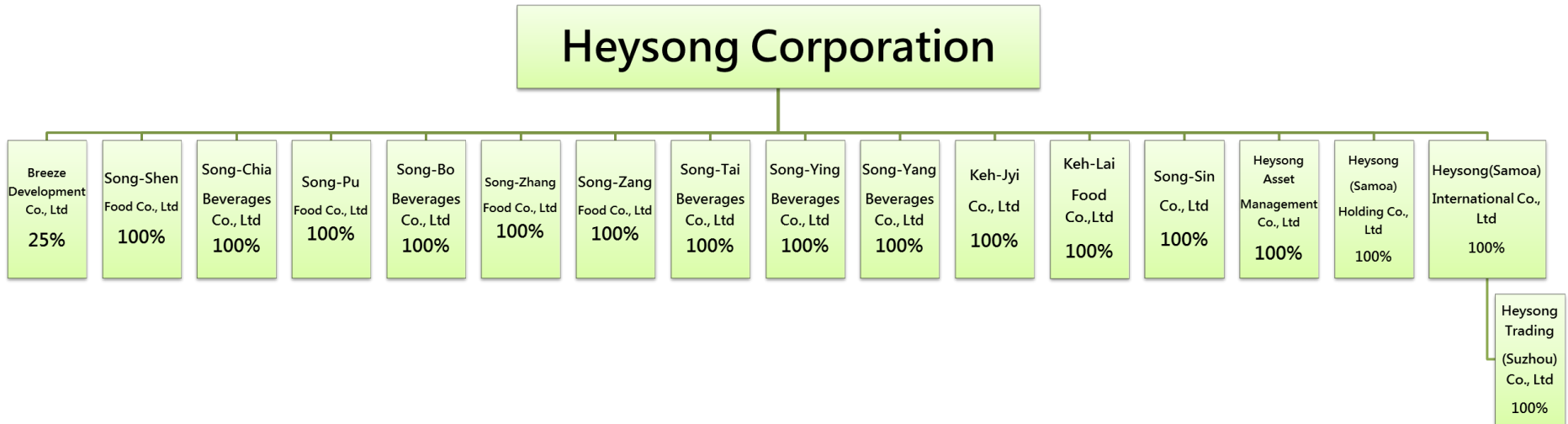
Corporate Mission: To Be Your “Quality Life” Partner.

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





Investment Structure





Beverages

Market Scale and Market Share

(Source: 2019 &2020 statistics, Ministry of Economic Affairs)

	2020Q1~Q3	2019
	Market Scale (NT\$ billion)	Market Scale (NT\$ billion)
Beverage Market	44.56	53.47
Tea Drinks	16.05	20.03
Juice Drinks	4.58	5.95
Coffee Drinks	4.38	5.66
Carbonated Drinks	4.42	5.06
Mineral Water	2.47	3.20
Sports Drinks	2.55	2.75
Others	10.11	10.82
Heysong's Beverage Market Share	8.0%	7.9%



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Beverages

Brands

Carbonated Soft Drinks

Heysong Sarsaparilla Drink
Heysong C&C Sparkling Drink
Heysong Citron Drink



Tea Drinks

Heysong Premium Tea
Heysong Camellia Green Tea
Other Heysong Tea Products



Sports Drinks

FIN Sports Drink



Coffee Drinks

Wincafe





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Corporate Overview

Beverages

Brands

Juice Drinks

HeySong Fruit Juice Drink
Oasis Juice



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





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



Others

Rémy Martin





Health Care Products

Brands

Lactobacillus

Heysong L-137 Lactobacillus plantarum capsule

Heysong Fructooligosaccharides powder



capsule

Heysong Antrodia capsule





Investment in China

Heysong Trading (Suzhou) Co., Ltd.

Investment Year: 2015

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

Operating Income: RMB57.77 million in 2019; RMB33.86 million in January-
September 2020

Profit after Tax: RMB1.05 million in 2019; RMB3.01 million in January-
September 2020



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	718
	Douliu Plant	23,268	304	12,112	20
Song-Sin Co. Ltd.	Shenkeng Yongan Section	11,722	1,114	3,921	1
	Taipei Tonghua Section	258	252	2,826	23
HeySong Asset Management Co., Ltd.	Taipei Dunhua Section (Breeze Center)	5,115	3,953	22,345	971
Other		1,142	97	512	4
Total		74,611	7,107	67,729	1,737

Note: 1. The provision of the land value increment tax is deducted from the book value of land.

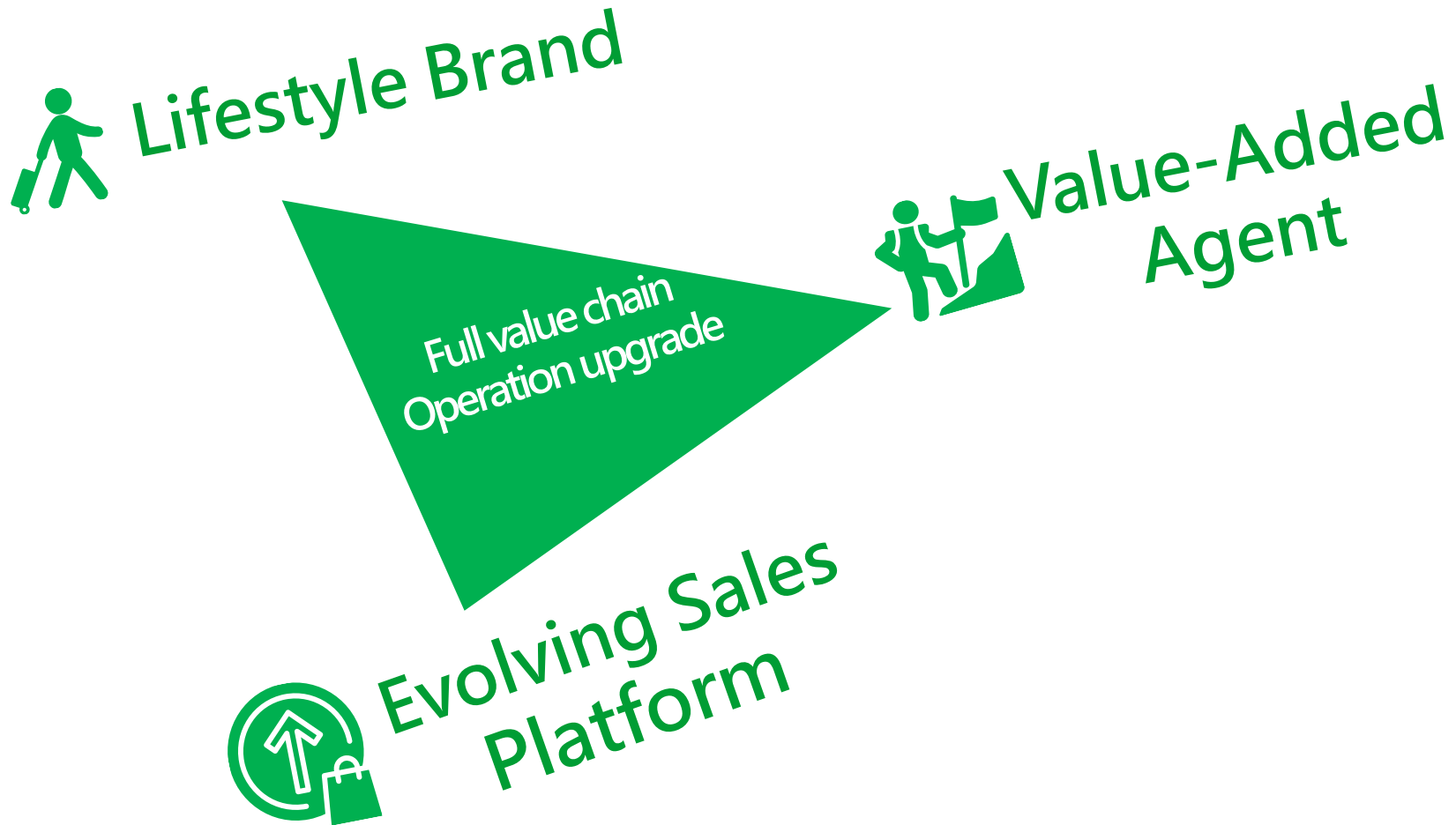
The provision of accumulated depreciation has been deducted from the book value of housing.

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\$43 million in 2020. Taipei Dunhua Section (Breeze Center) is leased with the annual rent of NT\$490 million in 2020.



Three Operational Policy Achievements for 2020





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Corporate Overview



Lifestyle Brand

Exert Positive Influence during COVID-19

Donations of HeySong Products to Encourage Frontline Personnel

Medical Care Personnel, Pharmacists, Emergency Operation Center Personnel, Social Workers, Policemen



圖片來源：擷至天主教輔仁大學附設醫院FB





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Lifestyle Brand

Exert Positive Influence during COVID-19

70th Anniversary MV for HeySong Sarsaparilla

Documented 6 Brave Taiwanese Films to Convey "Bad Things will Pass, Good Things will Prevail"





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Lifestyle Brand

Health Value of New Products during COVID-19 Period

Launched
new products
fitting consumer
needs

With Japanese patented
"L-137" plant lactic acid bacteria,
Which is beneficial for regulating
physiological functions

Launched
on 5/6



Launched
on 5/20





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Beyond Agent

Kinmen Kaoliang Liquor (50 % ABV above product line)

Combine with current events to create topics and brand exposure

Develop limited themed products as gifts and collections

Promote the marketing concept of "Appreciation of liquor aged"



Forever Crystal Love Kinmen Kaoliang Liquor (Co-branded with Swarovski)



58 Kinmen Kaoliang Liquor 58th Anniversary Legendary Edition



1000-Day Aged Kaoliang Liquor



Retailers' Cocktail Party



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Beyond Agent



Collaboration between HeySong and "Accolade Wines",
the 4th Biggest Worldwide



Diversified Product Strategy

Expansion into all channels

Build Brand Spirit





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Beyond Agent Build The Next Milestone Together with Lipton

- Since becoming the agent for Lipton in 2006, the sales volume gradually increased.
- Market share of ambient milk tea expanded to 18% from 14%.
- Both parties completed the 2nd 5-year contract (2021~2025) on Lipton's ambient drinks in December.

* **Lipton's hit products -> diversified channels with merchandising**



- * **Launched Lipton's first oolong & black tea in the world**
- * **YouTube brand enhancement research -> achieved first-class advertising effect**





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Corporate Overview



Evolving Sales Platform

HeySong is more than a Beverage manufacturer,
We are looking to build a strong

sales service platform

9

Direct
Dealer

53

Beverage
Distributor

71

Liquor
Distributor

15,000+

KA

12,000+

GT+SC

8,000+

V/M



Corporate Overview

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Evolutionary Sales Platform



Product Channel Strategy

Self-Operated E-Commerce



Channel E-Commerce



Develop Virtual Channel Marketing



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Evolutionary Sales Platform

-HeySong BiotechH+

Targeted Online Advertising

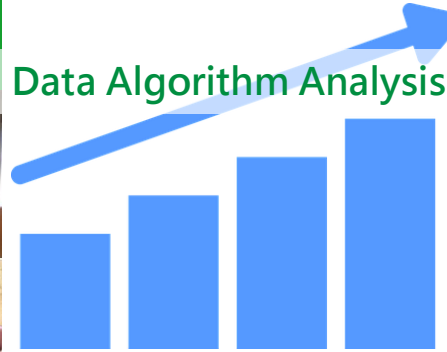


Own Brand Official Website

Health.heyson.com.tw



YouTuber Recommendations



Owned Media





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Corporate Overview



Evolutionary Sales Platform

Accelerate the development of KA clients' EC platform

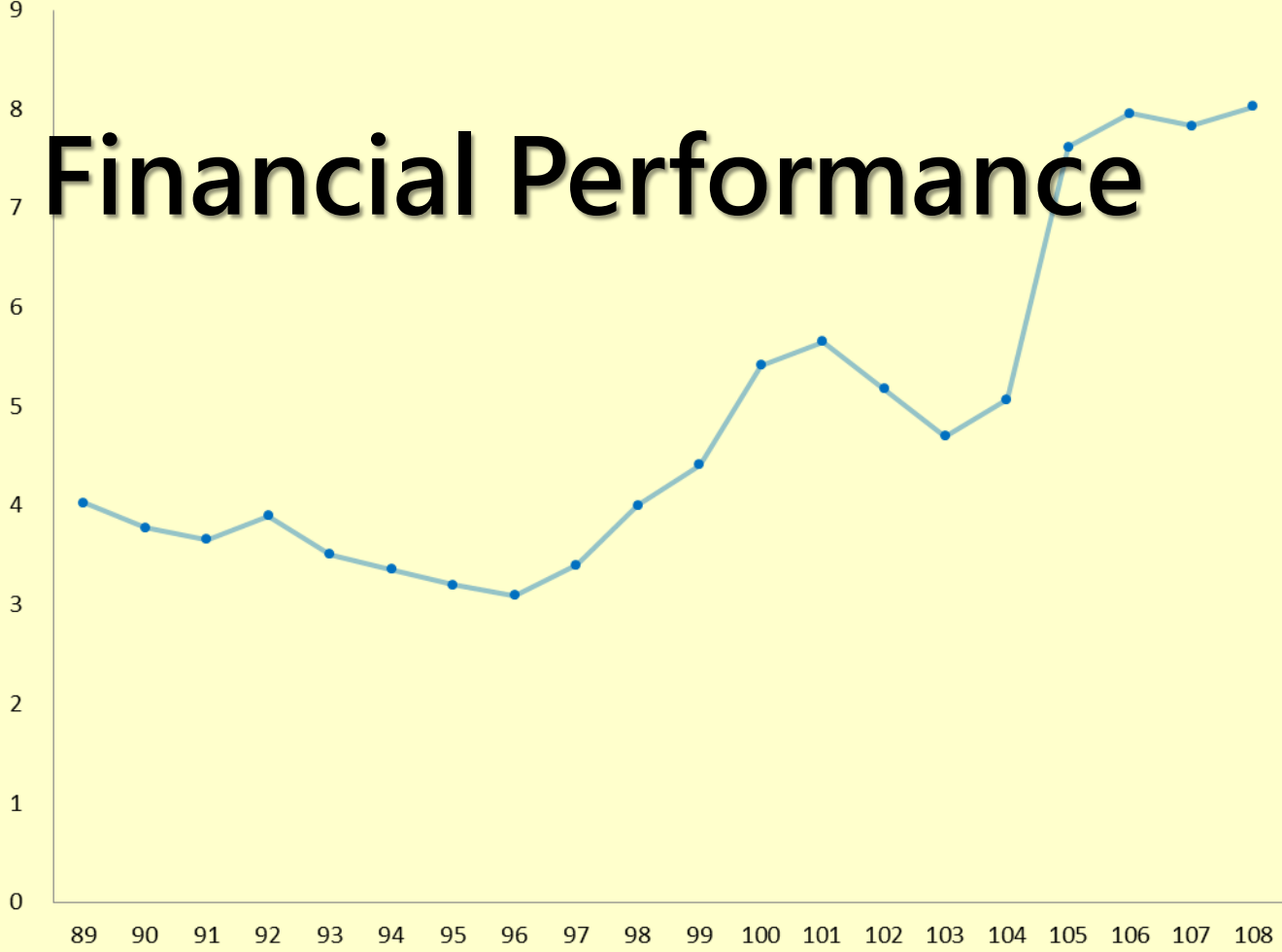
Expand operations on Conventional E-commerce channels





Revenue(NT\$billion)

Financial Performance





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Financial Performance

CONSOLIDATED BALANCE SHEETS

Amounts in NT\$ millions	September 30, 2020	December 31, 2019	September 30, 2019
Cash and cash equivalents	\$ 1,215	\$ 1,223	\$ 1,249
Notes and accounts receivable, net	1,130	756	1,045
Inventories	5,261	5,278	5,567
Investments accounted for using the equity method	721	777	734
Property, plant and equipment	6,282	6,359	6,392
Investment property	7,673	7,698	7,707
Total assets	<u>22,793</u>	<u>22,643</u>	<u>23,201</u>
Short-term loans	1,450	1,400	2,050
Total liabilities	<u>4,889</u>	<u>4,761</u>	<u>5,536</u>
Total equity	<u>17,904</u>	<u>17,882</u>	<u>17,665</u>
Book value per share(NT\$)	<u>\$ 44.6</u>	<u>\$ 44.5</u>	<u>\$ 43.9</u>



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Financial Performance

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Amounts in NT\$ millions	For the nine months ended September 30, 2020	For the nine months ended September 30, 2019
Net sales	\$ 6,869	\$ 6,751
Operating costs	<u>(4,845)</u>	<u>(4,946)</u>
Gross profit	2,024	1,805
Operating expenses	<u>(1,529)</u>	<u>(1,465)</u>
Income from operations	495	340
Non-operating income and expenses	<u>316</u>	<u>412</u>
Income before income tax	811	752
Net income	<u>718</u>	<u>685</u>
Earnings per share(NT\$)	<u>\$ 1.79</u>	<u>\$ 1.70</u>



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CONSOLIDATED STATEMENTS OF CASH FLOWS

Amounts in NT\$ millions	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Net cash used in operating activities	\$ 759	\$ 516
Net cash (used in) provided by investing activities	(118)	170
Net cash generated by financing activities	(648)	(708)
Effect of exchange rate changes on cash and cash equivalents	<u>(1)</u>	<u>(5)</u>
Net decrease in cash and cash equivalents	<u>(8)</u>	<u>(27)</u>
Cash and cash equivalents, end of period	<u>\$ 1,215</u>	<u>\$ 1,249</u>



EPS and Dividend for 5 years

Heysong(1234)		
Dividend Years	EPS	Cash Dividend(NT\$)
2019	2.11	1.70
2018	1.73	1.60
2017	1.35	1.50
2016	2.75	2.00
2015	1.54	1.50



Future Outlook

Create Health Value



- Develop products with natural ingredients and less sugar
- Satisfy family health needs
- Expand healthcare business

Enhance Agent Competitiveness



- Lipton products: Increase milk tea sales volume and product diversification
- Kinmen Kaoliang Liquor (50 % ABV above product line) : Create product value
- Accolade Wines: Multi-brand and Expansion into all channels



Q & A

