

Press information

## Current Operation Update on Yageo

February 21<sup>st</sup>, 2020

This is the factory operation update of Yageo. The outbreak of Coronavirus ( COVID-19 ) has caused high cost and very low output of our productions.

1. Labor shortage

Although the Chinese government gradually releases the restrictions of labor return and hiring, both of the personnel mobility control regulations and the 14-day quarantine still keep the shortage badly. The labor shortage will last for quite a while.

2. Low Inventory Level

The imbalance of supply/demand since the 2nd half of Y2019 has made Yageo very low inventory level. And we are not able to improve the low inventory level shortly with the currently limited workforce.

3. High cost of labor, logistics, and material

The cost has been increased tremendously, namely labor, freight charge, material and low utilization in order to maintain the factory operations.

Under such challenging circumstances, Yageo is making all the necessary actions to recover the capacities of our factories in both of Suzhou and Dongguan while our factories in Kaohsiung are running normally to reduce the impact.

We are communicating all the situations with customers to get their understanding and support to solve the issues of low output and high cost.

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