



Outlook for Southeast Asia Market of Synthetic Resins

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profile, development milestones, core technologies, main products, production sites, global service network, sales, performance, honors

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Profile

Core Business

Manufacturing, processing and sales

Year of Establishment

1964

No of Production Sites

23

**Consolidated
Revenue**

**NTD 40.36 million
(FY 2019)**

No. of Employees

4,790

**Headcounts of
Researchers**

566

R&D Expenditures

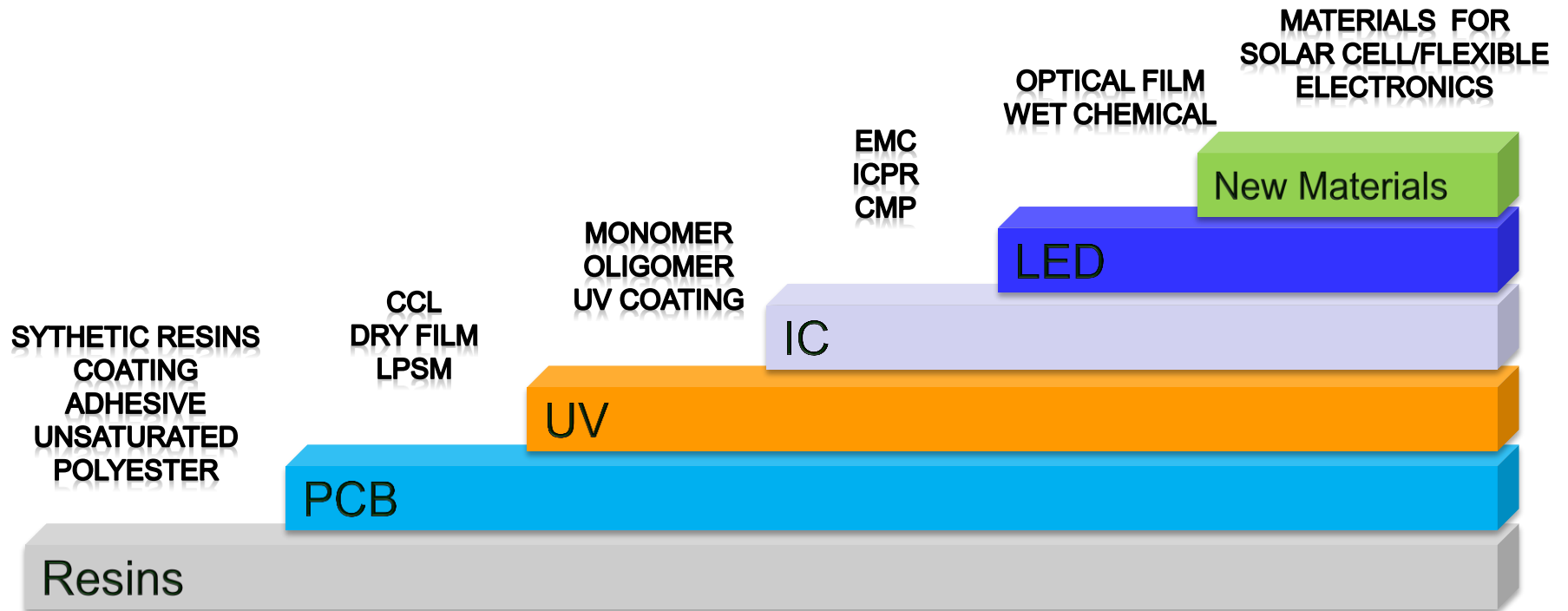
3% of revenue

Eternal is:

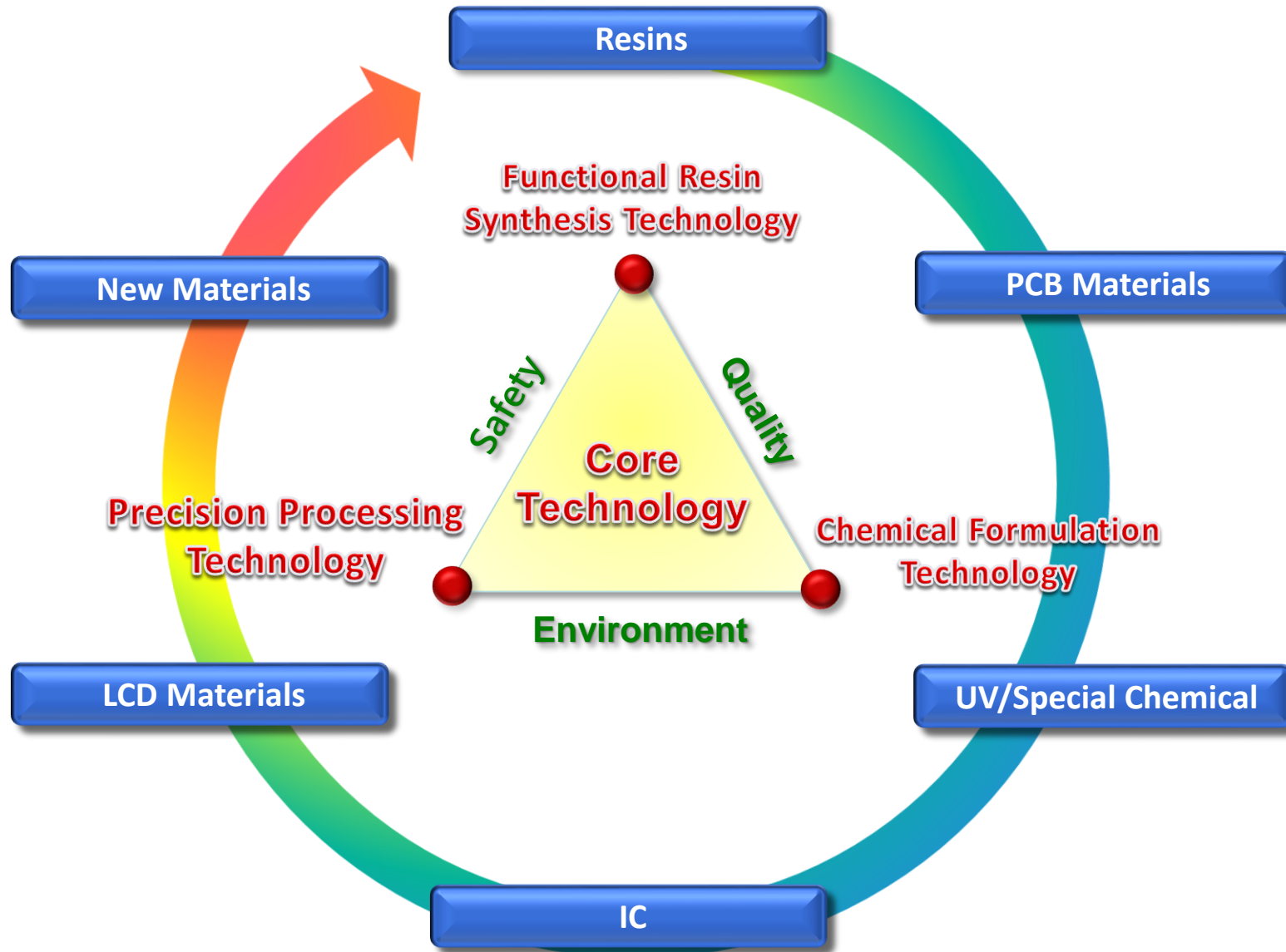
- **One of the leading suppliers of dry film photoresist in the world.**
- **One of three largest UV curable Monomers & Oligomers material suppliers.**
- **One of the leading suppliers of synthetic resin in Asia.**



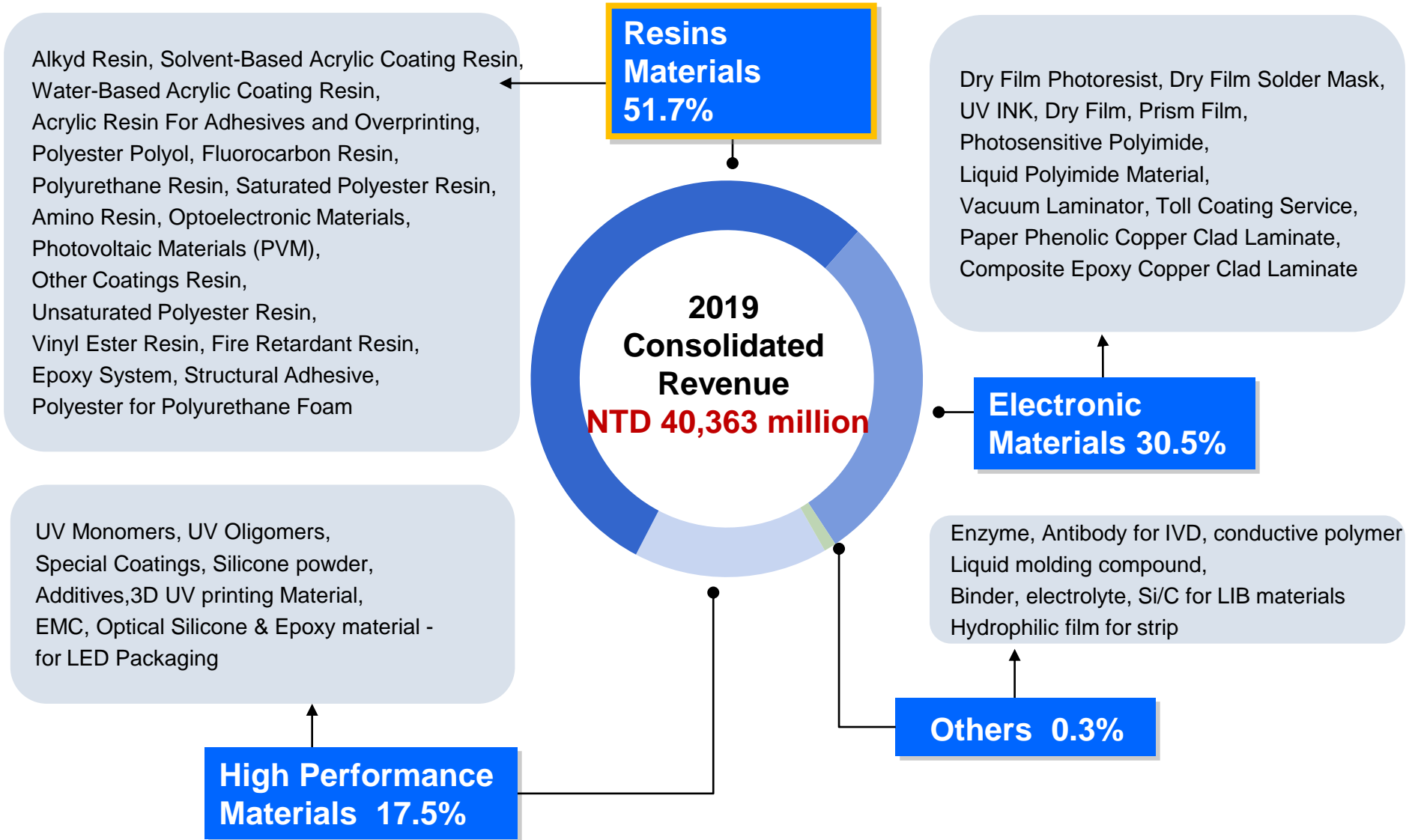
Development Milestones



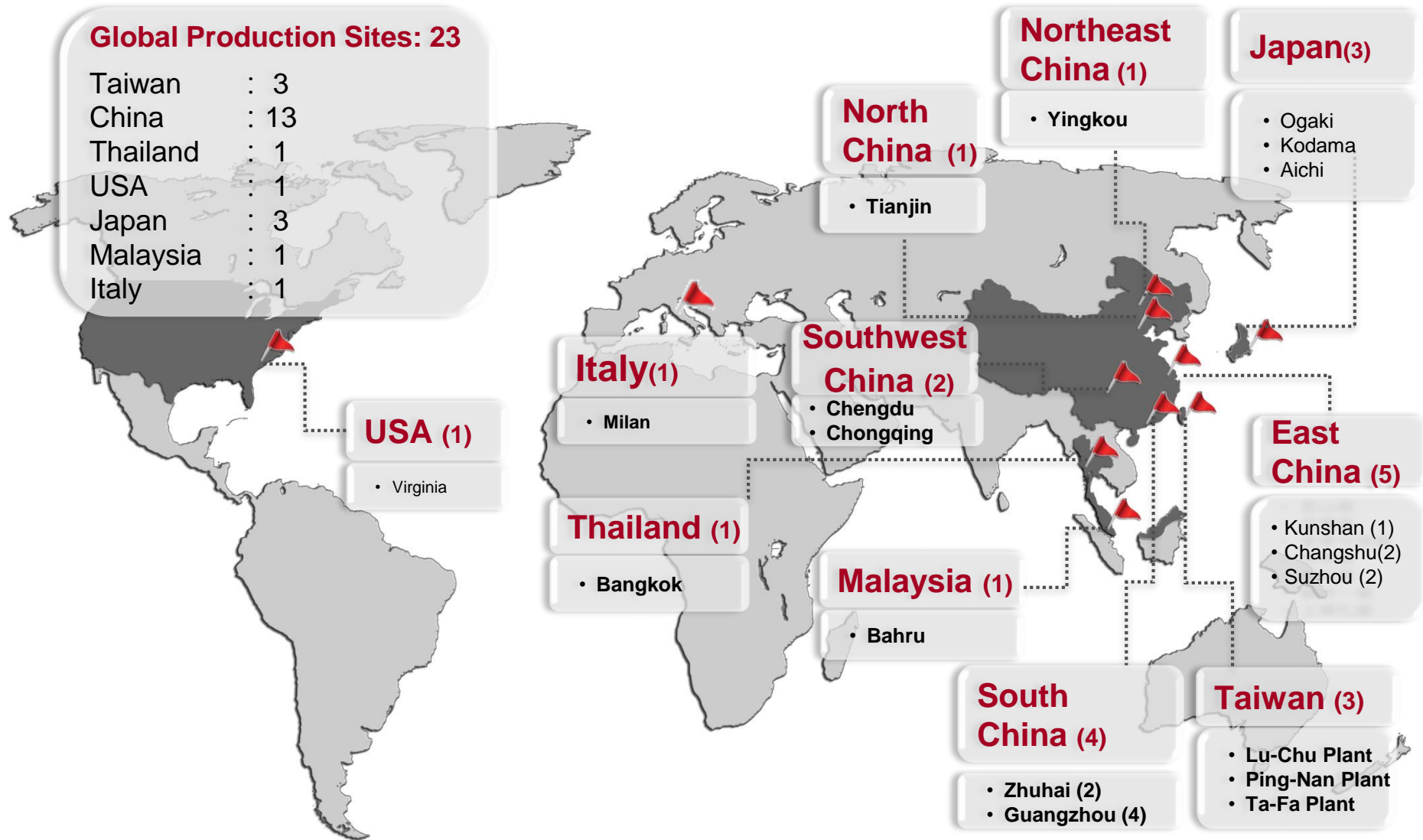
Core Technology



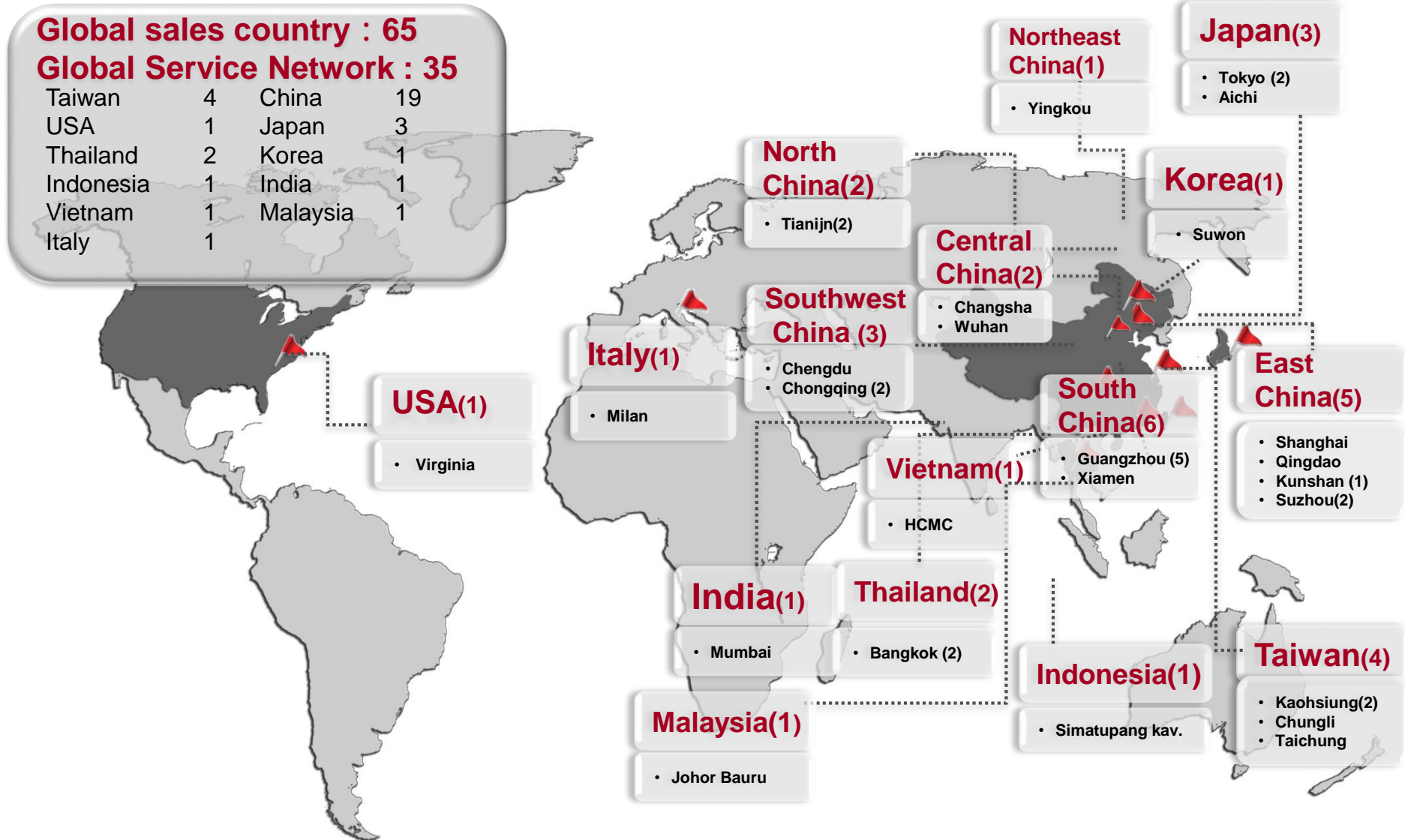
Main Products



Global Production Sites



Global Service Network

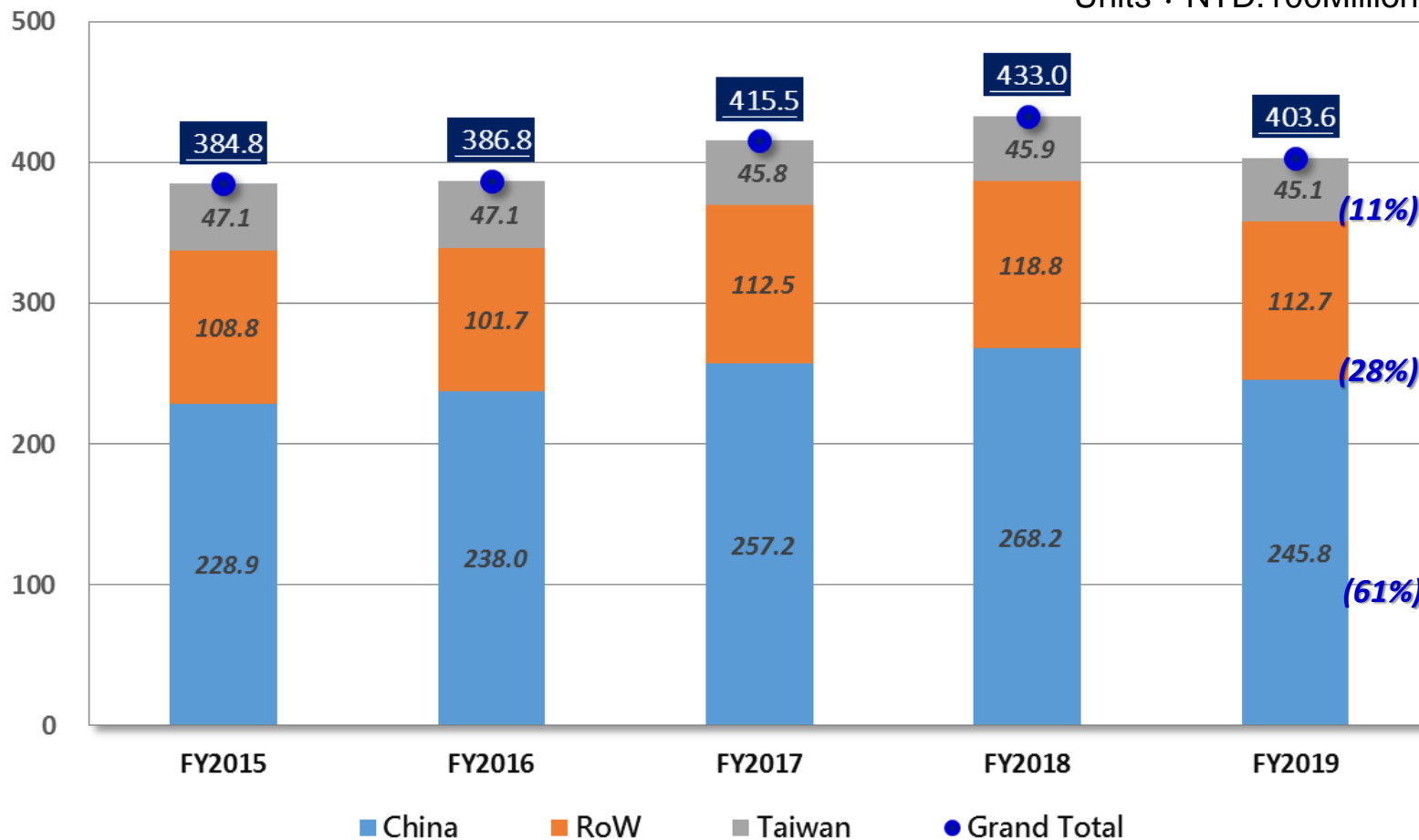


2015 – 2019 Annual Sales



Consolidated Sales

Units : NTD.100Million



Financial Highlights

Units : NTD. Million

Account Names / Year	FY2015	FY2016	FY2017	FY2018	FY2019
Sales Revenue	38,487	38,680	41,551	43,300	40,363
Gross Profit	8,747	8,582	7,438	7,280	7,857
Operating Expenses	5,349	5,453	5,576	5,467	5,522
Operating Income	3,397	3,129	1,862	1,813	2,335
Net Income	2,872	2,606	1,864	1,492	2,428
Earnings per Share	2.81	2.26	1.65	1.25	1.99

Honors

- 2001 Distinguished Award for Industry Technology Advancement, the highest honor granted
- 2003 Set up Industrial Technology Innovation Center approved by Ministry of Economic Affairs
- 2005 Honored NBIA International Incubation Award from Open Laboratory /Incubation Center of ITRI
- 2007 Awarded Innovation Elite Prize of Taiwan nanotechnology (Industry Award) by Taiwan Nanotechnology Industry Development Association
- 2008 Awarded Industrial Contribution Prize in TCIA Industrial Excellent Award 2008
- 2008 Awarded "Long-Standing Enterprise for 40-year upward " by Ministry of Economic Affairs, R.O.C
- 2009 Awarded "National Standardization Award" by Ministry of Economic Affairs, R.O.C.
- 2010 Awarded Outstanding Enterprise Innovation Award by Taiwan Nanotechnology
- 2013 Awarded "Taiwan Mittelstand Award" by Ministry of Economic Affairs, R.O.C.
- 2015 Awarded Talent Quality Management System(TTQS) enterprise version Gold Medal by Ministry of Labor , R.O.C
- 2016 Awarded "National Defense Industry Contribution Award" by NCSIST
- 2018 Awarded "20TH Technology Management Award" by Chinese Society for Management of Technology

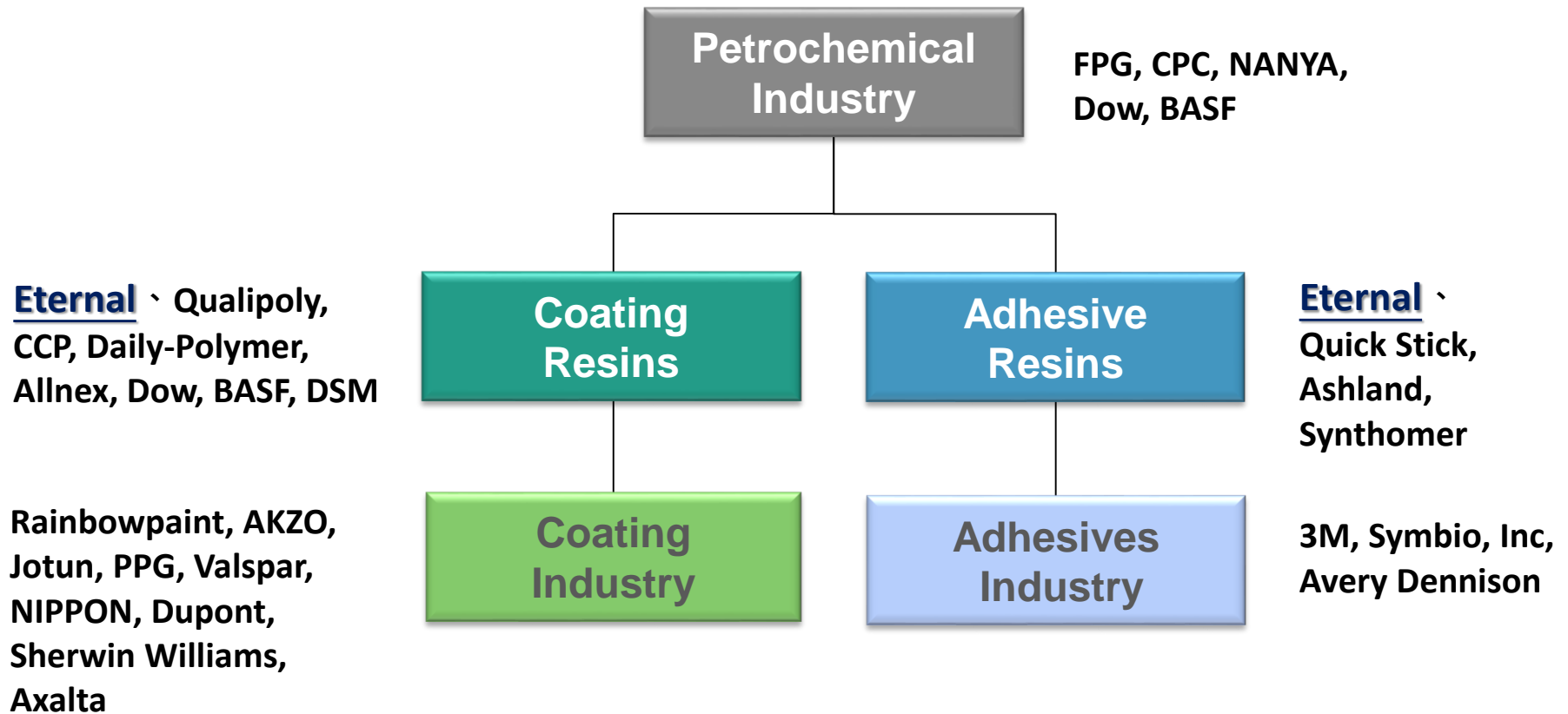
Certificates of SR Division



- ISO 9001
- ISO 14001
- OHSAS18001 / TOSHMS
- ISO 50001
- Verification Statement Carbon Footprint
- Verification statement water footprint
- Green Factory Stamp Certificate
- National Workplace Safety And Health Week Series Activities Implementation Plan Participation Certificate
- CPR+AED Certificate
- Green Building Stamp Certificate
- 2019 Outstanding Healthy Workplace and Excellent Promoters

Outlook for Southeast Asia Market of Synthetic Resins

The Supply Chain of Synthetic Resins



(applied to consumer goods industry)

Products & Applications

Coating Resins	Applications
<ul style="list-style-type: none">• Alkyd resins• Oil-free polyester resins• Acrylic resins• High molecular weight polyester• Waterborne polyurethane• Fluoro resins• Amino resins• Phenolic resins	<ul style="list-style-type: none">• Construction paints• Wood coatings• Industrial coatings• Can and coil coatings• OEM coatings• Car refinish• 3C coatings• Fluoro paints



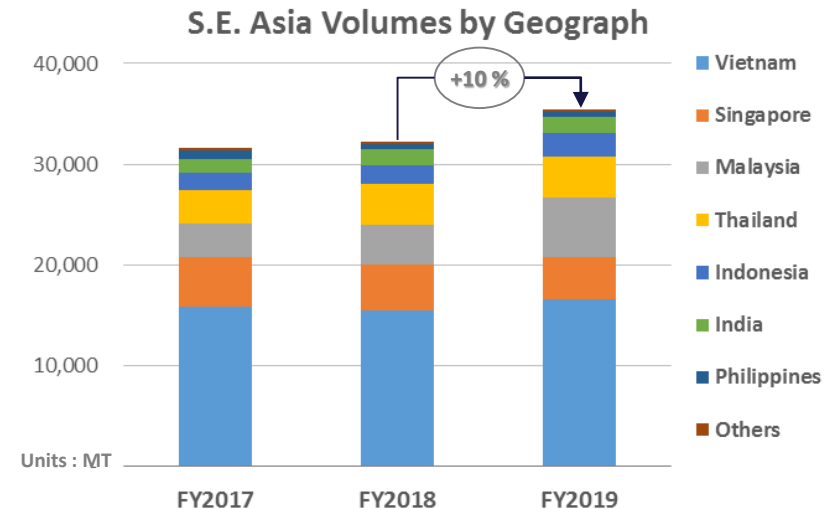
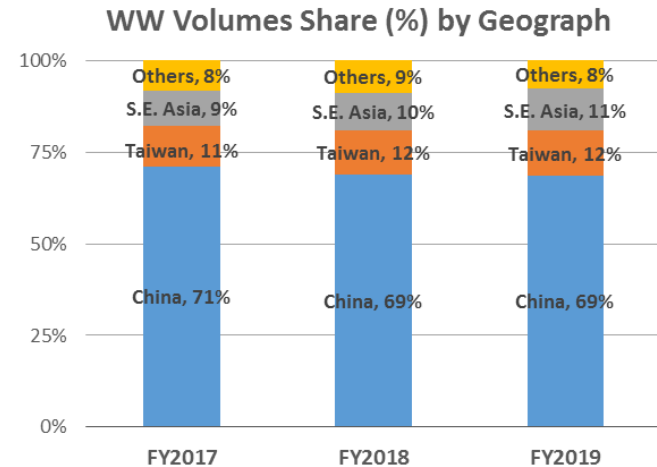
Products & Applications

Adhesive Resins	Applications
<ul style="list-style-type: none"> • Acrylic resins for pressure sensitive adhesives <ul style="list-style-type: none"> • Water Borne • Solvent Borne • Polyester polyol • Epoxy Resins & Curing Agent • LOCA • Peelable Mask • PU for Adhesive 	<ul style="list-style-type: none"> • Tapes • Graphic Arts • Labels • Protective Films • Paper overprinting • TPU and Adhesives • Epoxy Resins for PC Boards • Curing agent for hardener • Touch panel Materials



Sales Volume of Synthetic Resins by Country

- With its long-term presence in Asia, the sales volume in Taiwan and Mainland China weighs 80% of Eternal Materials' aggregated revenue. In face of the fast growing demand and high potential market in Southeast Asia, Eternal has actively invested and penetrated into the region to set the foundation for the next business scales.
- Southeast Asia is currently the third largest sales market by volume of Eternal, whose sales is distributed mainly in Vietnam, Singapore, Malaysia, Thailand and Indonesia. While the sales weight of these countries account for 90%, the market share lies around 5%, which implies room for growth in the future. The sales of coating resins accounts for 90% of the product mix.



Source : Analysis by Eternal Market Report

An Overview of the Southeast Asia Market

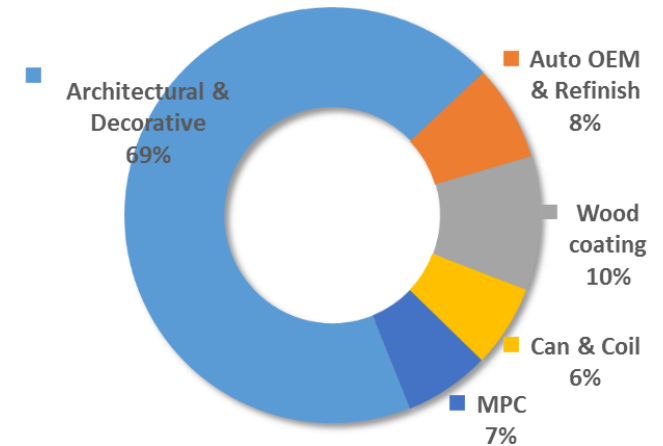
- The number of population of ASEAN Economic Community (AEC) established in the end of 2015 is the third largest after that of China and India. It was the fifth-largest economy in the world with a gross domestic product (GDP) of around US\$3.1 trillion* in 2019, according to the latest ASEAN report.
- Over the past decade, the region's average growth rate lies above 5% and outperforms its peers. With its demographic dividends, urbanization, industrialization and high growth drives, the demand for infrastructure has surged exponentially.
- The China-US trade war puts made-in-China end products at disadvantage when selling to the U.S. and elicits demand to switch to Southeast Asia region, whose chances to export to the U.S. will increase. At the same time, manufacturers are setting their production sites in Southeast Asia region to diversify risk. This change intensifies the competition and reforms the position of each business in the regional supply chain.
- The regional market is still driven by the low cost products. Despite the awareness of environmental protection and constraints of weak purchase power, the speed for product transformation remains slow. There is also a lack of state level policy to create the drive.
- The fluctuation of the feedstock price is difficult to be passed onto the price of end products; thus pricing is a challenge.
- Economic slowdown due to the impact of COVID-19 spread

Remark: International Monetary Fund World Economic Outlook (October-2019), 2019/11/16

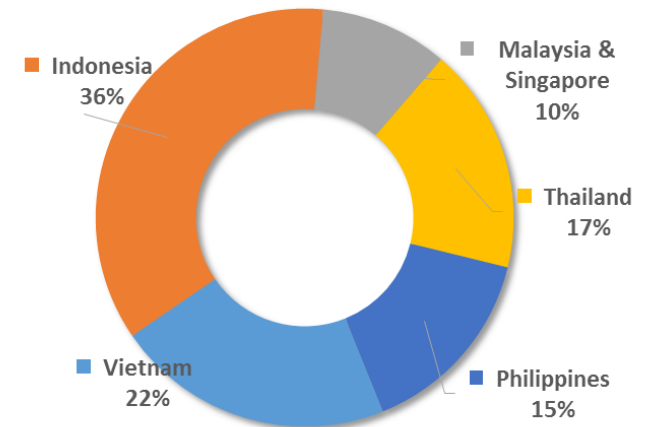
The Coating Industry in Southeast Asia

- Benefit from demographic dividend, high growth of the middle class, and growing demand for infrastructures, the downstream coating markets in Southeast Asia is dominated by architectural and decorative paints, contributed nearly 70% of the share, followed by paints for auto OEM & refinish 8%, wood 10%, MPC 7%, and can and coil 6%. The compound growth rate is estimated to reach 6%.
- The total volume of synthetic resins for paints is 720,000 metric tonnes. The consumption ranking by country will be Indonesia 36%, Vietnam 22%, Thailand 17%, the Philippines 15%, and Singapore and Malaysia 10%. The active resin volume*, after deducting the in-house production volume, is 600,000 metric tonnes.
- Aside from weathering resistance, dirt resistance and anti-bacterial requirement for high performance coatings, the development for environmentally friendly coatings and resins based on waterborne, high solid, UV-cured and powder technologies has become an important trend to mitigate the impact to the environment.

Paints Volumes Share (%) by End-user Industry



Paints Volumes Share (%) by Country



Source: *Paints and Coatings Market for Selected Countries in Asia-Pacific and Analysis by Eternal Market Report*

Remarks: The active resin volume is the total market volume deducting the in-house volume.

Product Map of Synthetic Resins Business Group

- Ecofriendly resins to replace solvent-borne technology is the key to transformation;
- High valued added product development for heavy duty, weathering resistance and high performance;
- Performance materials applied in high end electronic products, wind power and solar energy.

Short term	Mid term	Long term
<ul style="list-style-type: none"> • Waterborne alkyd, polyester and acrylic (water soluble and water dispersion) • Waterborne PUD (self-matting and adhesives) • Waterborne fluoro resins • AMINO resins (for electrophoretic matt coating) • Phenolic resins • DIUREA technology (anti-sagging resins) • High solid solvent borne acrylic resins • Polyol (polyester and polycarbonate) • Free radical suspension technology • High molecular weight polyester (amorphous, crystallization, waterborne) • Solvent borne adhesives • Adhesives for plastic film on the lithium batteries • PU adhesives for protective films 	<ul style="list-style-type: none"> • Moisture-cured polyurethane adhesives • Organic/inorganic hybrid resin technologies 	<ul style="list-style-type: none"> • Functional materials and waterborne photocatalysts on glass • FEVE and PCTFE for powder coatings • Anti-fouling coatings • Phenalkamine • Bio-based materials

Strategic Locations in Southeast Asia

- Commissioned in the end of 2017 with 90,000 metric tones of annual capacity, the Johor Bahru factory is the strategic hub in the Southeast Asia for Synthetic Resins Business Group.
- Johor Bahru acts as the focal point to liaise sales office in each country and construct a localized sales and service network.
- Explore market needs in nearby countries, such as ANZ, India and the Middle East.
- Facing the wave of economic and trade integration led by regionalism, Johor Bahru factory will serve as the key to enter the regional supply chain and FTA network.



Outlook for Southeast Asia Market

- Consistent process of the production line
- Complete site switch supply approval by customers
- Localization supply to Southeast Asia customers
- Develop close relation and rapport with Southeast Asia customers

- Garner new project development scale with multi-national customers
- Expand local business
- New business development
- Increase productivity and improve cost structure of the site
- Optimize localization of raw materials and reduce the cost position

- Johor Bahru site to act as the focal point and expand markets in Southeast Asia and nearby countries.
- Develop and promote customer/market oriented products
- Continuously improve the site's cost structure and efficiency to enhance its competitive advantage
- Reinforce regional supply chain management
- Integrate local culture and values and nurture local talents





Q & A
