

Market Overview

- China & ASEAN

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**ETERNAL
MATERIALS**
長興材料

<http://www.etalgroup.com>

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Introduction

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**Market Overview
- China & ASEAN**

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UV Curable Technology

1

Introduction

- Company Profile
- History
- Core Technology
- Main Product
- Global Sites
- Financial Information

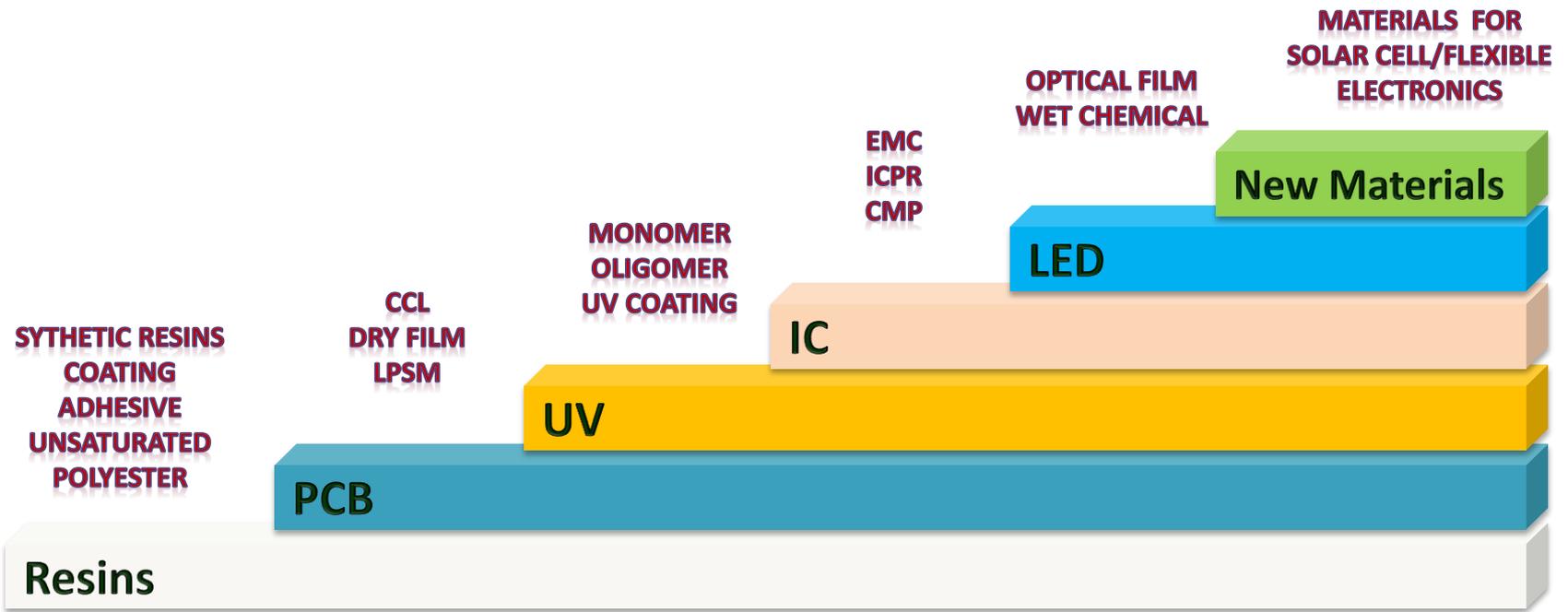
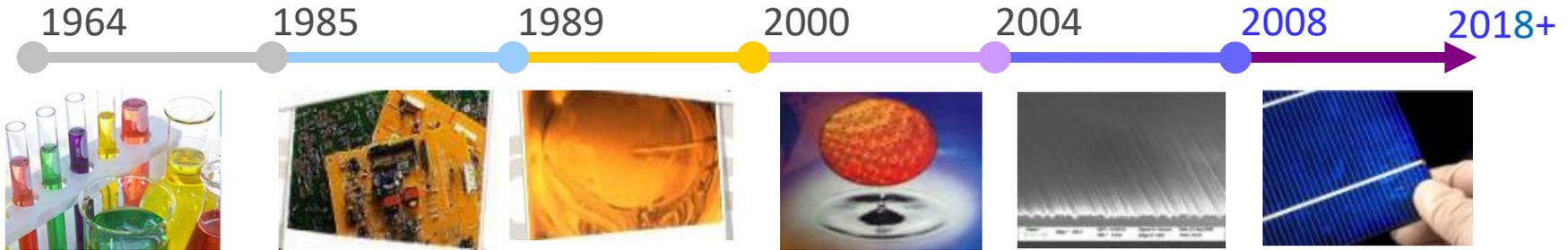
- **Core Business** : Electronic and Chemical materials manufacturing, processing and sales
- **Founding** : in 1964 , Headquarters in Kaohsiung, Taiwan
- **Number of Production Sites** : 23
- **Number of Employees** : 4,864
- **Overall Sales Revenue in 2019** : NTD 40,363 million
- **Headcounts of Researchers** : 571 (R&D expenditures accounted for 3% of sales revenue)

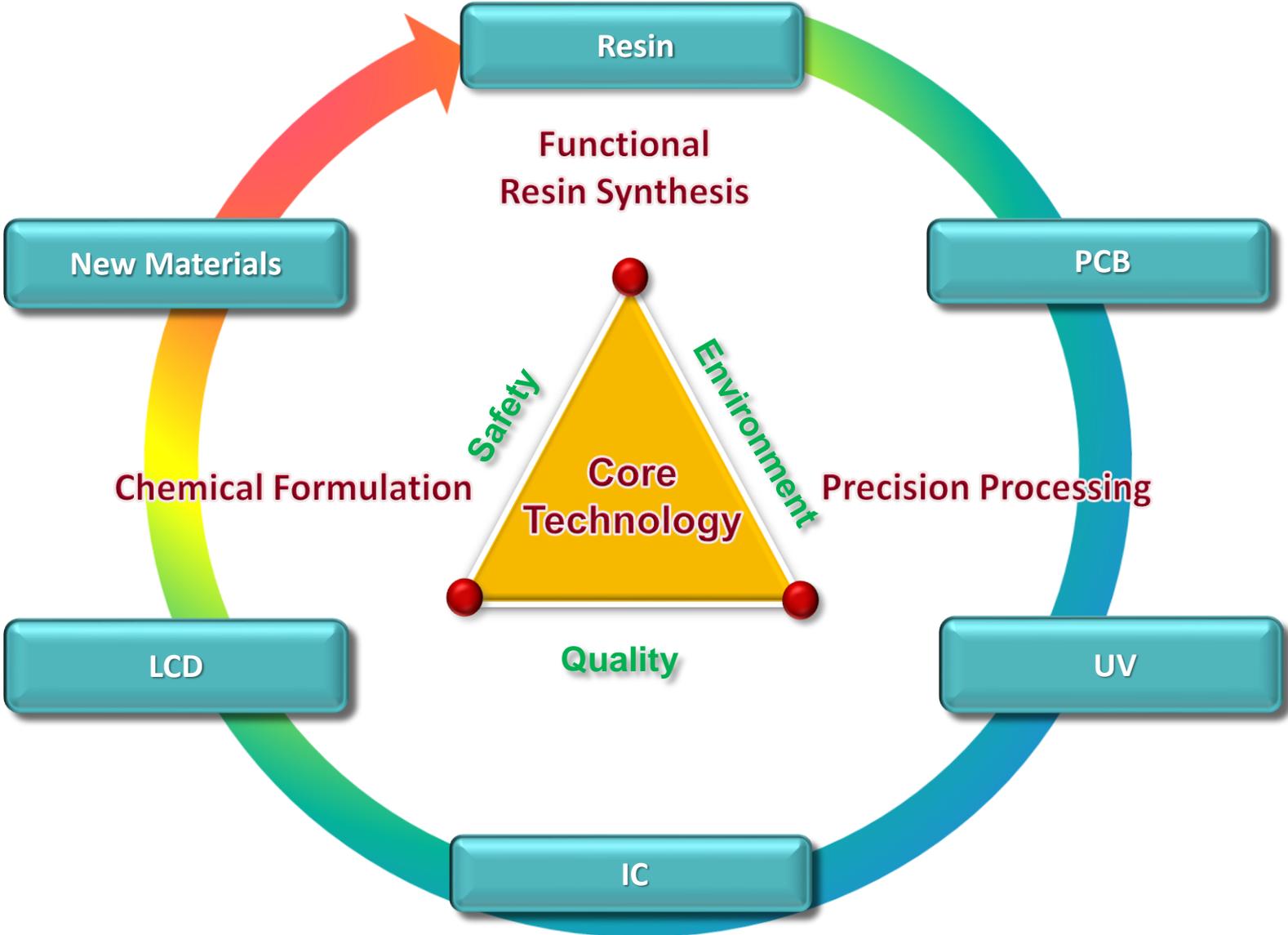


Eternal is:

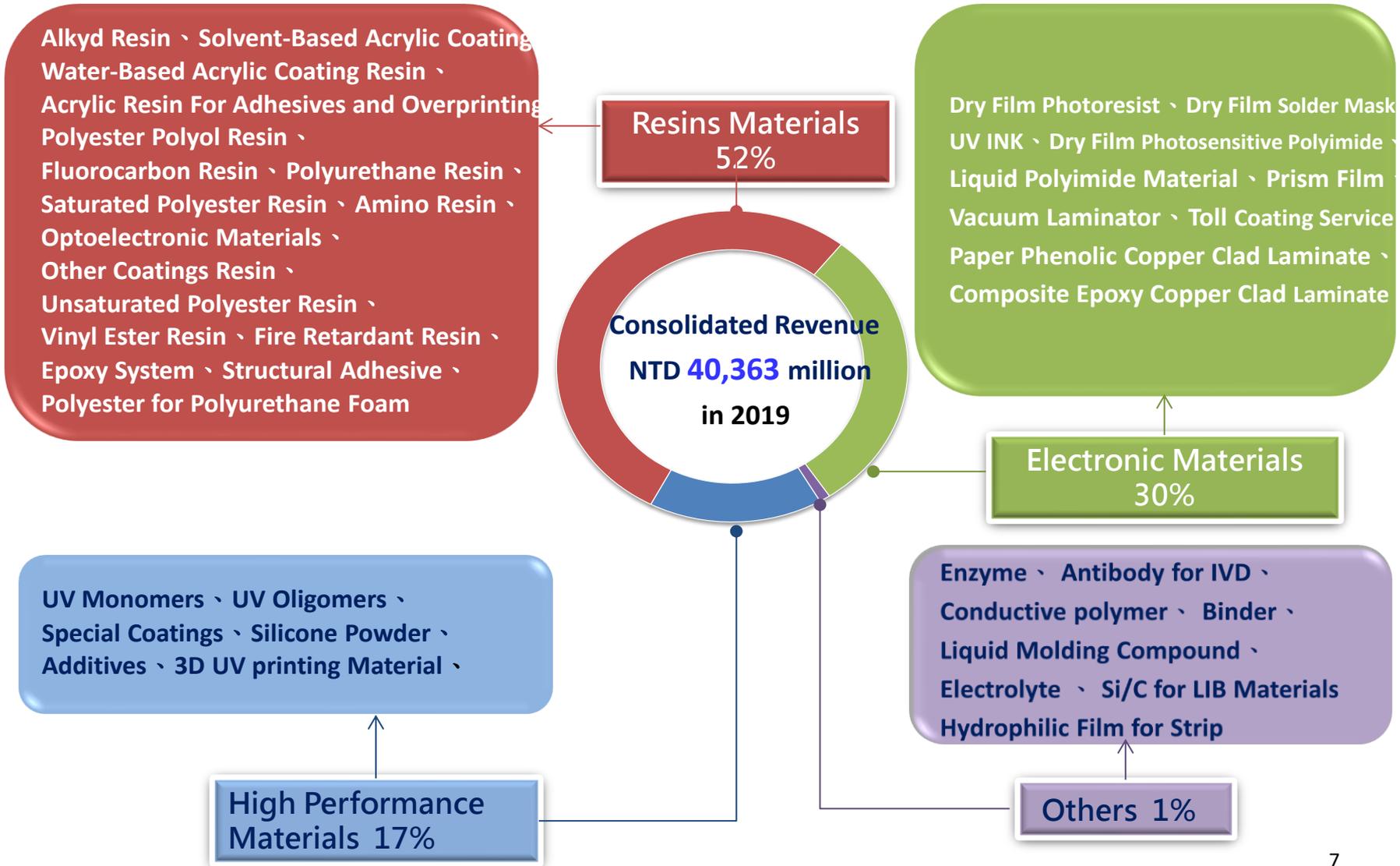
- One of the leading suppliers of Dry film photoresist in the world.
- One of three largest UV curable Monomers & Oligomers material suppliers.
- One of the leading suppliers of synthetic resin in Asia.

Introduction - History





Introduction - Main Product

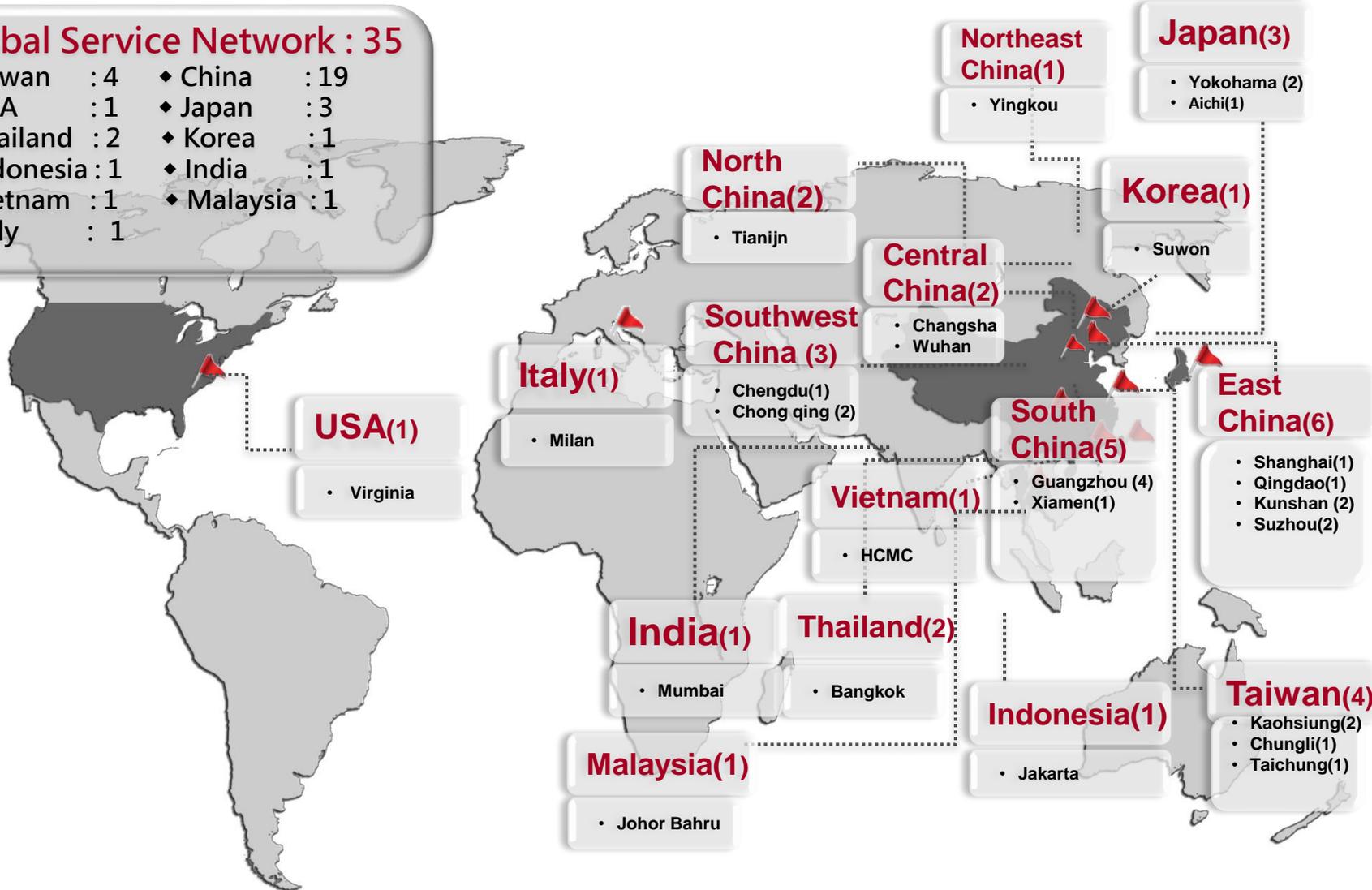


Introduction - Global Service Network



Global Service Network : 35

- ◆ Taiwan : 4
- ◆ USA : 1
- ◆ Thailand : 2
- ◆ Indonesia : 1
- ◆ Vietnam : 1
- ◆ Italy : 1
- ◆ China : 19
- ◆ Japan : 3
- ◆ Korea : 1
- ◆ India : 1
- ◆ Malaysia : 1

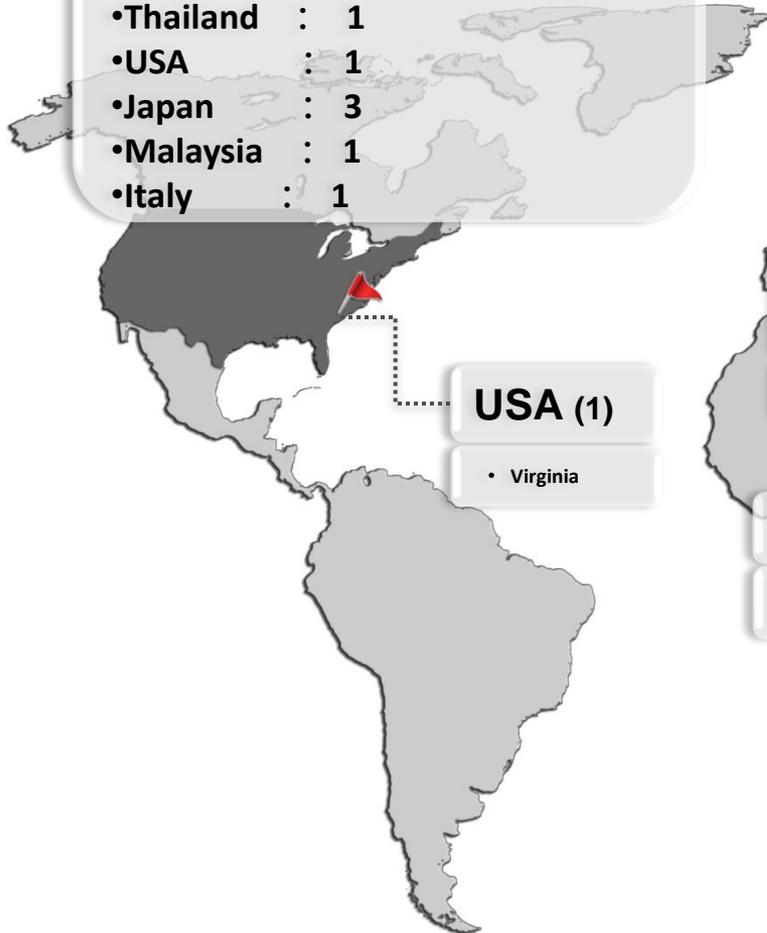


Introduction - Global Production Sites



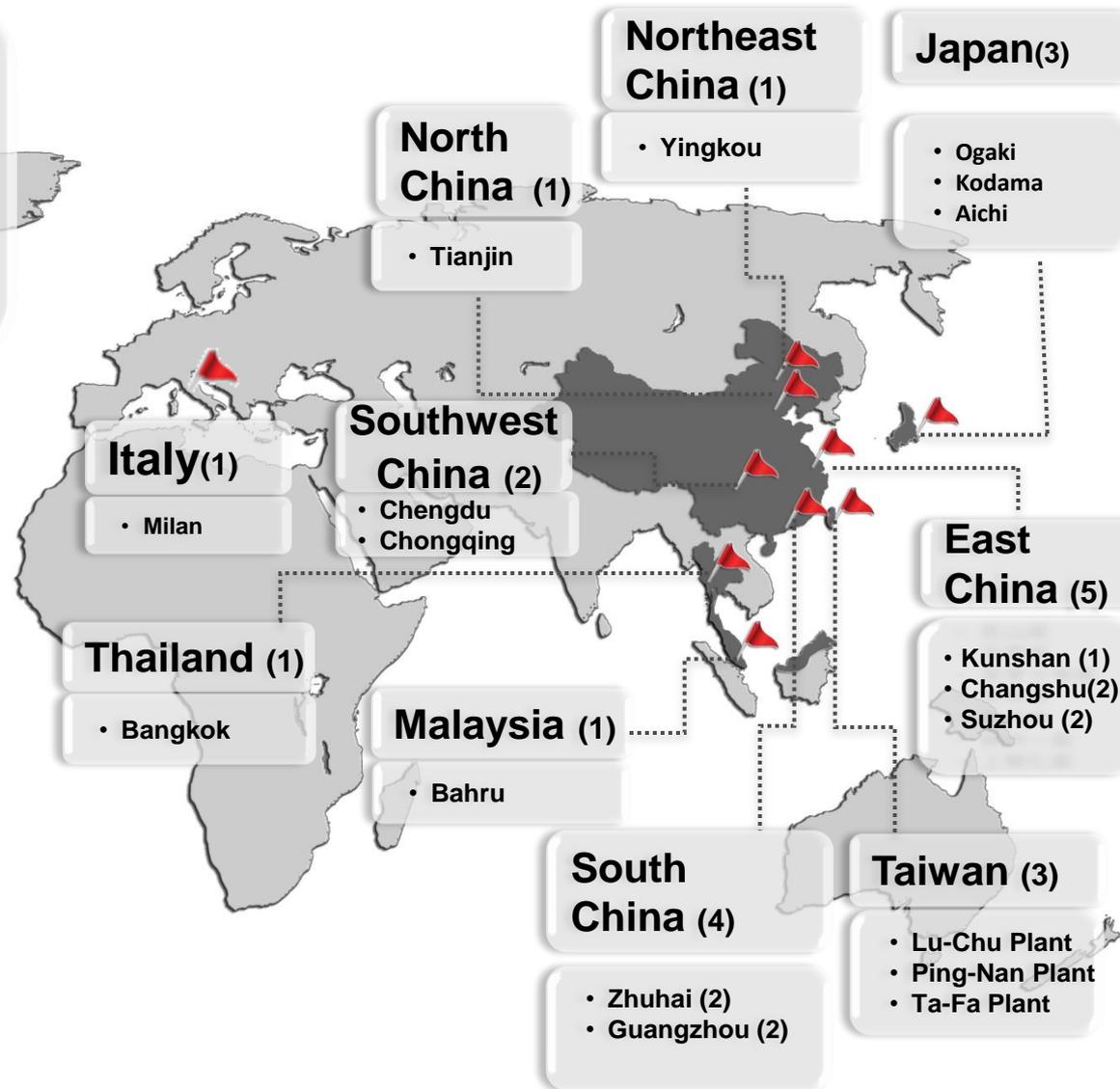
Global Production Sites :23

- Taiwan : 3
- China : 13
- Thailand : 1
- USA : 1
- Japan : 3
- Malaysia : 1
- Italy : 1



USA (1)

- Virginia



Introduction - R&D Sites



- 1. Taiwan – Research & Development Center
- 2. China – Mainland China R&D Center
- 3. China – Beijing laboratory
- 4. The laboratory of plant (*8)



Financial Information - Balance Sheet & Key Financial Ratios



Unit : NTD Million

Items	2020Q3		2019		2018	
	Amount	%	Amount	%	Amount	%
Cash and cash equivalents and current financial assets	6,893	<u>13</u>	6,076	<u>11</u>	6,327	<u>11</u>
Accounts receivable	14,803	<u>28</u>	15,361	<u>29</u>	14,783	<u>27</u>
Inventories	7,157	<u>13</u>	7,182	<u>13</u>	7,918	<u>15</u>
Financial assets	3,179	<u>6</u>	3,043	<u>6</u>	2,820	<u>5</u>
Property, plant and equipment	16,523	<u>31</u>	17,436	<u>32</u>	18,792	<u>35</u>
Total Assets	53,425	<u>100</u>	53,797	<u>100</u>	54,360	<u>100</u>
Short-term borrowings	4,128	<u>8</u>	4,415	<u>8</u>	5,146	<u>10</u>
Current portion of long-term borrowings	2,204	<u>4</u>	4,547	<u>9</u>	3,676	<u>7</u>
Long-term borrowings	14,080	<u>26</u>	11,924	<u>22</u>	14,166	<u>26</u>
Total Liabilities	31,650	<u>59</u>	31,877	<u>59</u>	32,735	<u>60</u>
Total Equity	21,775	<u>41</u>	21,920	<u>41</u>	21,625	<u>40</u>
Key Financial Ratios						
Average cash collection days	159		139		128	
Average days required for sale	98		86		81	
Current ratio	226		191		212	

Financial Information - Statement of Comprehensive Income



Unit : NTD Million

Items	2020Q3		2019		2018	
	Amount	%	Amount	%	Amount	%
Operating Revenue	26,474	<u>100</u>	40,363	<u>100</u>	43,300	<u>100</u>
Gross profit	6,141	<u>23</u>	7,857	<u>19</u>	7,280	<u>17</u>
Operating expenses	(4,076)	<u>(15)</u>	(5,522)	<u>(14)</u>	(5,467)	<u>(13)</u>
Operating Income	2,064	<u>8</u>	2,335	<u>6</u>	1,813	<u>4</u>
Non-operating income and expenses	88	<u>0</u>	579	<u>1</u>	51	<u>0</u>
Net profit attributable to owners of the company	1,758		2,466		1,550	
Net profit margin	7		6		3	
EPS	1.42		1.99		1.25	
ROE	8		11		7	

Financial Information - Cash Flow Statements



Unit : NTD Million

	2020Q3	2019	2018
Cash and cash equivalents at the beginning of the year	6,010	6,085	7,984
Cash flows from operating activities	4,059	4,946	2,883
Acquisition of property, plant and equipment	(1,083)	(2,111)	(2,479)
Increase (decrease) in short-term borrowings	(240)	(931)	(873)
Issuance of Corporate Bonds	0	3,000	0
Increase (decrease) in long-term Borrowings	(112)	(4,297)	(1,338)
Dividends paid	(1,736)	(1,116)	(579)
Other items	(1,488)	914	627
Effects of exchange rate changes on cash and cash equivalents	(125)	(480)	(140)
Cash and cash equivalents at the end of the period	5,285	6,010	6,085
Free cash flow	2,976	2,835	404

Note: Free cash flow= Cash flows from operating activities - Acquisition of property, plant and equipment

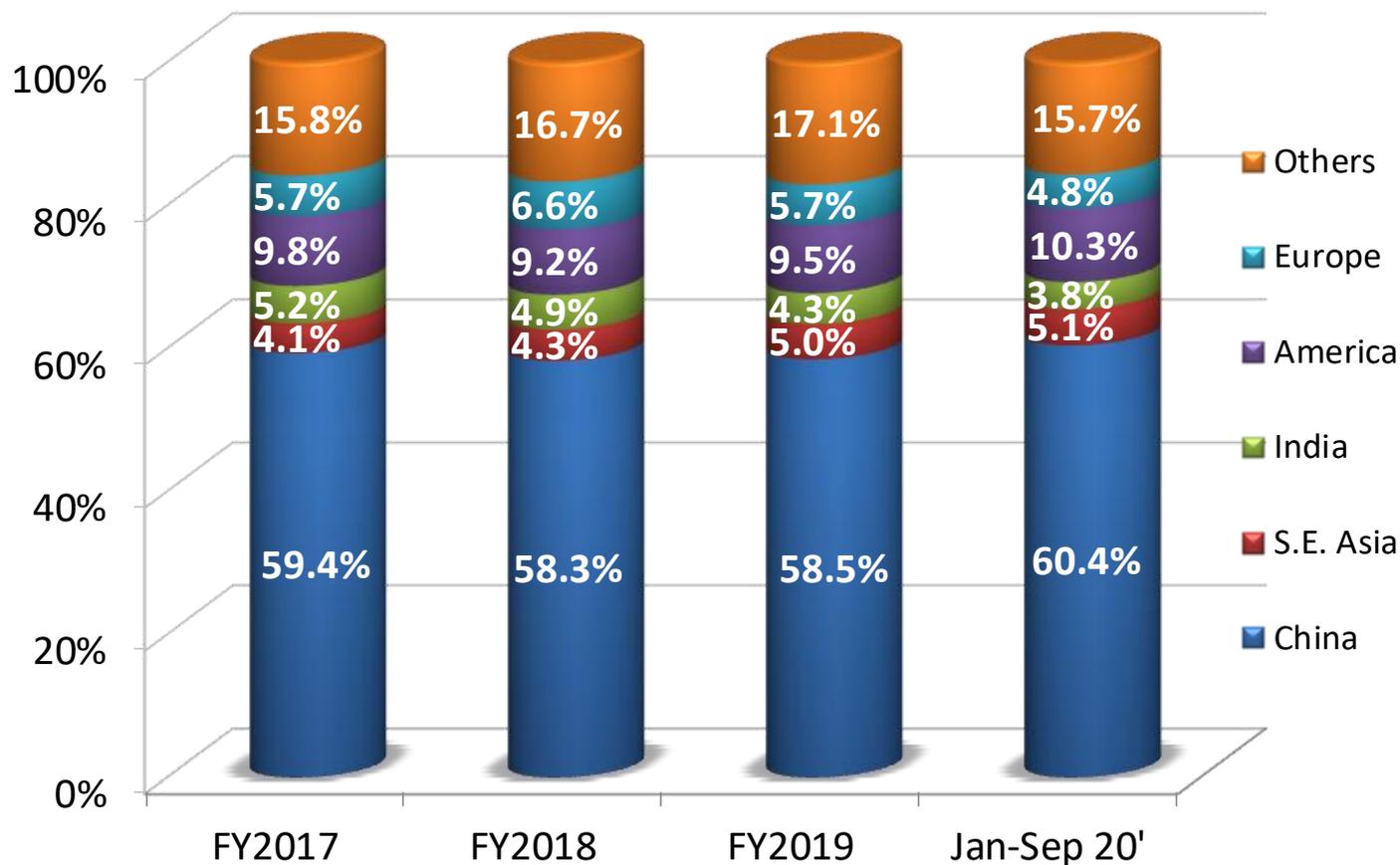
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Market Overview - China & ASEAN

- Sales Distribution
- Market Status
- Sites in ASEAN
- Market Prospects



Specialty Materials WW Volumes Share %





➤ Recovery of Economy

Demand of down stream was affected by COVID-19 in Q1. The recovery of consumer electronics, printing, and cosmetic packaging industries started in April. The lens industry retrieved 80% of normal consumption in end of Q3. All industries are back to normal in Q4.

➤ Growth of UV Waterborne Oligomers

Due to the regulation on VOC emission limit, multi-country coating customers have largely adopted Eternal UV waterborne oligomers for laptop coatings. This also leads the market towards the reduction of VOC emission.

➤ Extension of Segment

Higher demand of lens industry, new application in cross-linking, and increase of supply items contribute to the growth of sales in 2020.





➤ High-Momentum Growth

The general economy was affected by COVID-19, whereas the growth momentum is still high.

➤ Move of Supply Chain

Due to the tariff war and risk assessment, the manufacturers invested more in ASEAN, especially Vietnam. The industrial cluster of consumer electronics already formed in northern Vietnam.

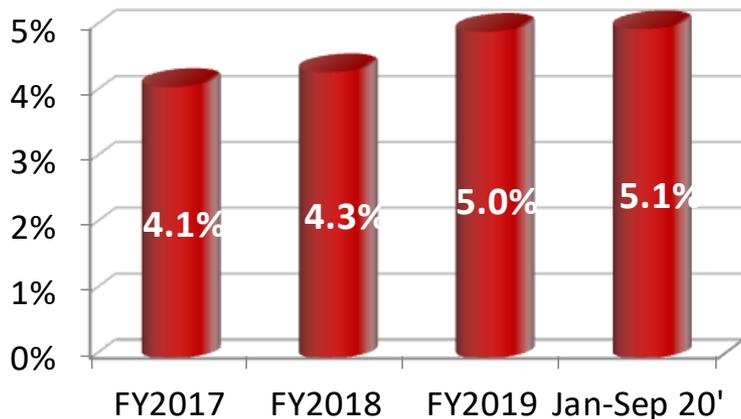
➤ Transform from Convention Coatings to UV Curable Coatings

Aside of the growth of wood coating and printings, plastic coating and adhesive industries are also shifting to UV curable technology.

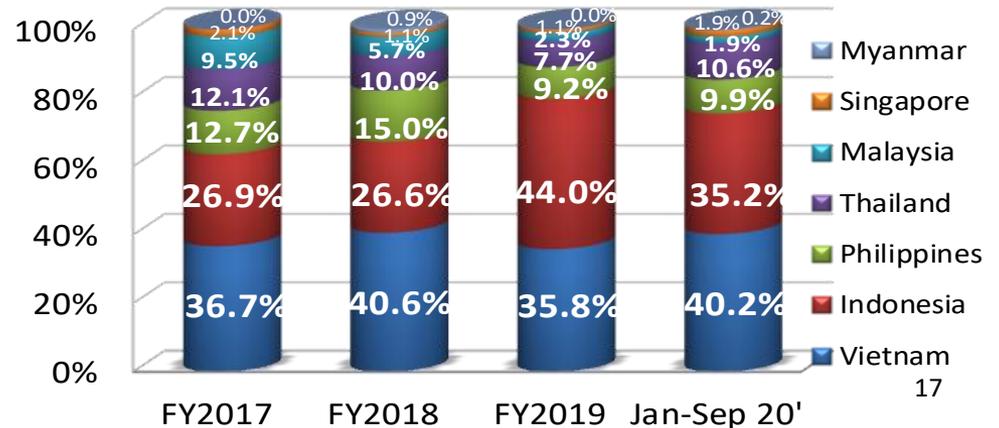
➤ Increase of High-End Application

Existing business grows steadily, with high-end industries getting popular, the UV curable market in ASEAN is promising.

Specialty Materials Volumes Share % in S.E Asia



Volumes Share % by Geograph



China

➤ Strengthen the Lead

To follow the authority regulations of environment protection and industry upgrading, Eternal will keep inventing new products also tightly collaborate with the main customers.

➤ Explore New UV Curable Applications

Transformation from conventional materials to UV curable materials: adhesives (electronic adhesives, hotmelt/pressure sensitive adhesives, etc.), metal coating (tin-plate, coil, anti-corrosion, etc.), film coating (QD film, anti-fogging film, etc.)

ASEAN

➤ With the growth of economy and moving of supply chain into ASEAN, Eternal will promote our products and technology with the successful experience in Chinese market.

- Superior service ⇨ Localized commercial and technical service
- Cultivating ASEAN market ⇨ Tailor-made development for domestic demand
- Cross-country collaboration ⇨ Expand ASEAN market with global customers
- Foster local talents ⇨ Embrace local culture and values



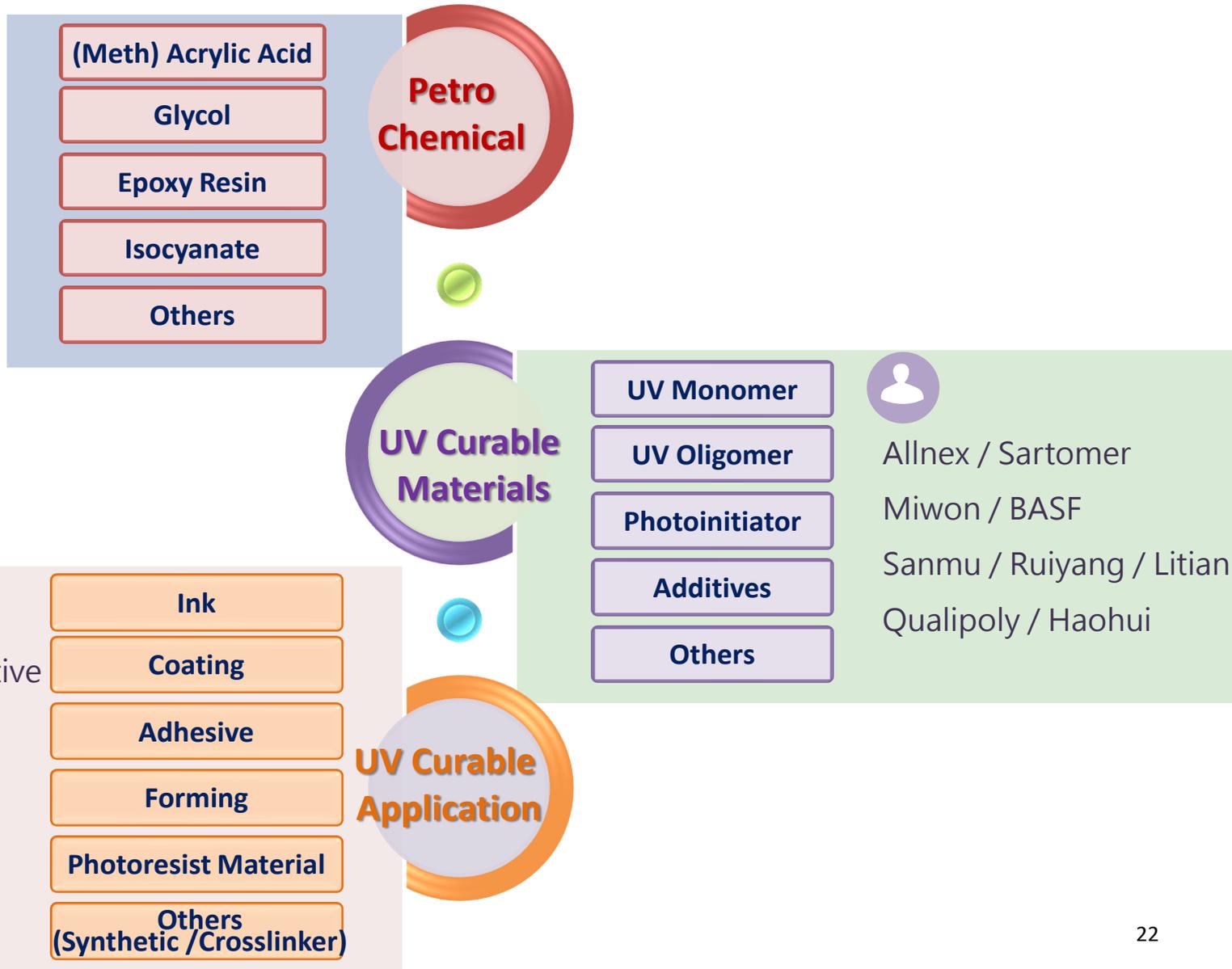
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UV Curable Technology

- ❑ Feature
- ❑ Applications
- ❑ Related Industries
- ❑ Eternal Capacity
- ❑ Product Categories
- ❑ Future Development



UV Curable Technology - Related Industries



UV Curable Technology - Product Categories

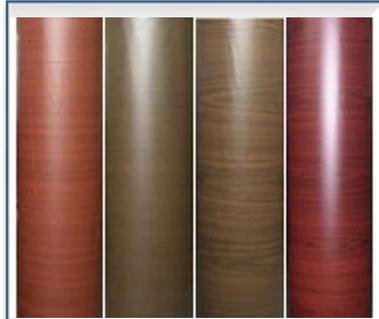


Ink	<ul style="list-style-type: none">• Offset, Flexo, Gravure, Screen, Inkjet
Plastic Coating	<ul style="list-style-type: none">• 3C, 5G, VM, PVC, Nail Polish
Wood coating	<ul style="list-style-type: none">• Solvent-Free Spray, Matting, Non-BPA, Weather resistance
Adhesive	<ul style="list-style-type: none">• UV PSA, UV Hotmelt PSA, Electronic, Optoelectronic
UV Waterborne Oligomer	<ul style="list-style-type: none">• Wood, Plastic, Monocoat, Composite Coatings
Synthetic Monomer & Crosslinker	<ul style="list-style-type: none">• Acrylic Resin, Emulsion, Textile, Water Treatment, SAP
High Purity Monomer	<ul style="list-style-type: none">• Low Migration, Synthetic Resin, Adhesive
Bulk	<ul style="list-style-type: none">• 3D, Lens, CTP (computer to plate)
High RI	<ul style="list-style-type: none">• BEF, Lens
Dual Cure	<ul style="list-style-type: none">• Automotive Decoration

Ink - Printing /Packaging



Printing



Decorative Film

Ink - Digital printing



Wallpaper/Tile



Screen

Printing - PET Hologram



Packaging Film



Hologram Film

Coating - Flooring /Furniture

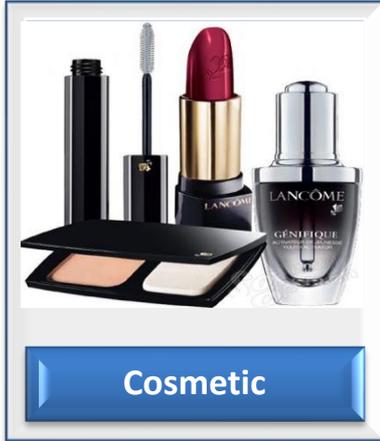


Flooring

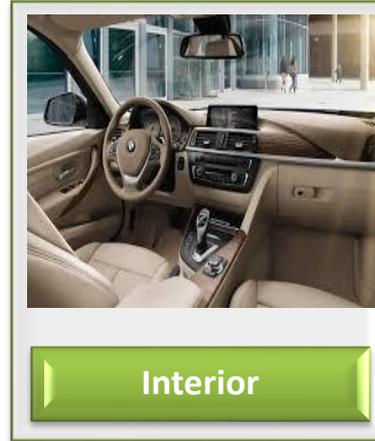


Furniture

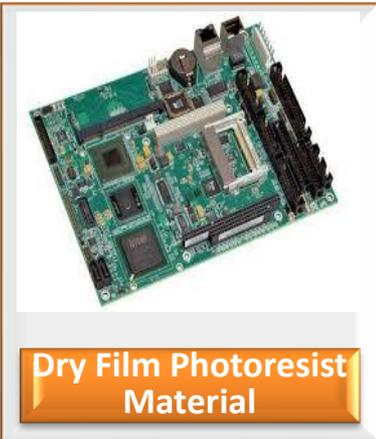
Coating -Cosmetic / Appliance



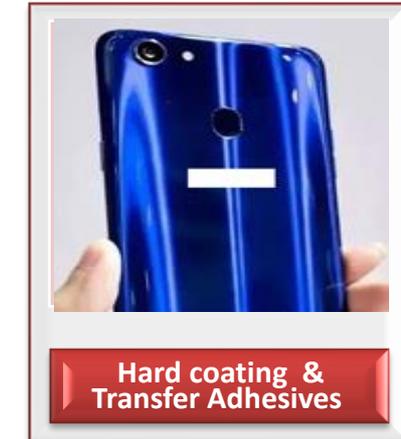
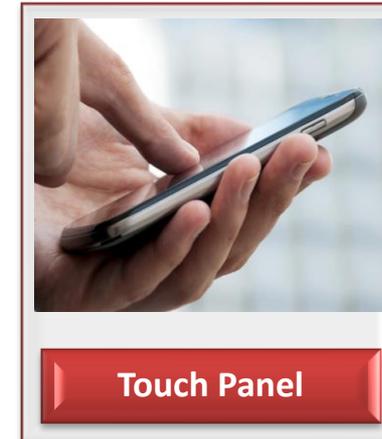
Coating -Automotive



Electronics - PCB / LCD



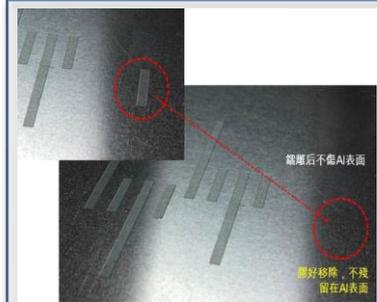
Electronics - Touch Panel /Mobile



Adhesive - PEELABLE MASK

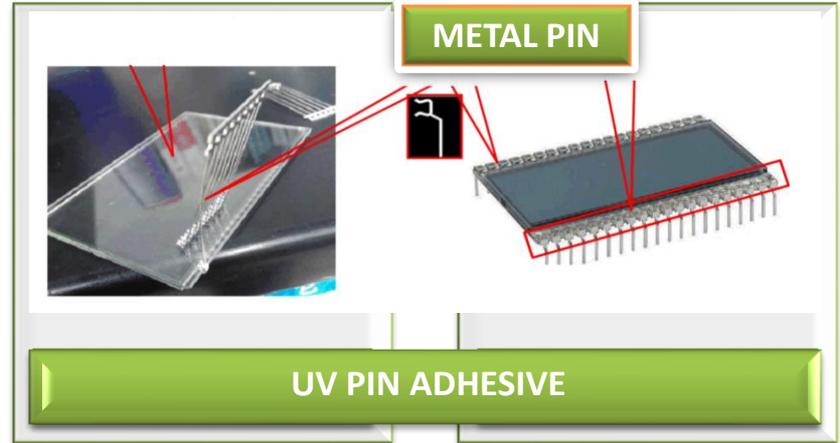


Protection for Processing



Protection for laser marking

Adhesive - Adhesive for Different Substrate



Others - 3D Printing



Tool Part



Medical Assistive



Consumer Model/Casting



Elastic part

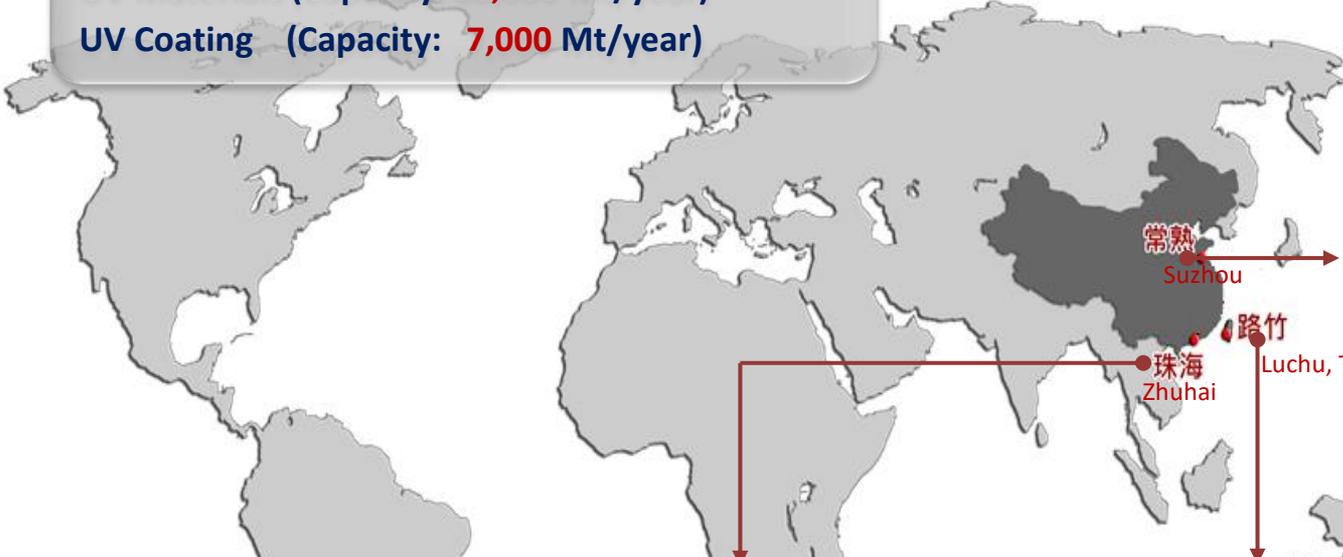
UV Curable Technology - Capacity of Eternal



Year 2019

UV Materials (Capacity: **86,000** Mt/year)

UV Coating (Capacity: **7,000** Mt/year)



Improving & Optimizing

To increase 6,000Mt capacity
in 2021

To increase 6,000Mt capacity
in 2022

Novel Market & Application Development

LED Curable, EB Curable

3D Printing, UV Inject

Coating for back shell of 5G mobile
Automotive Interior Decoration

Expanding the Export Sales

South Asia

America

India

Green, High Value Product

Waterborne UV Materials,
UV Hotmelt PSA

Adhesive for Electronics,
Solvent-free spray

High Solid Content Coating
UV PSA

Q & A



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Thank you !