



長興
材料

Eternal Materials

Elements of Infinite Possibilities



Development and Transformation in SR BU

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Chief Operating Officer
SR Business group

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Agenda

- A. Eternal Materials Profile**
- B. Financial Information**
- C. Resins Business Overview**
- D. Development and Transformation in SR BU**



Profile



Core Business / Manufacturing, processing and sales

Year of Establishment / 1964

Chairman / Allen K. L. Kao

No of Production Sites / 23

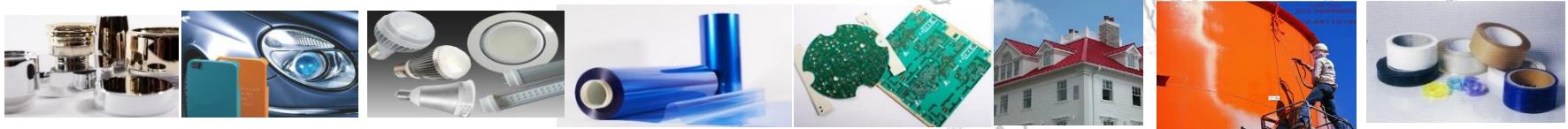
Consolidated Revenue	No. of Employees	Headcounts of Researcher	R&D Expenditures
NTD 38.4 billion (2020)	~5, 000	592	4% of Sales

Eternal is:

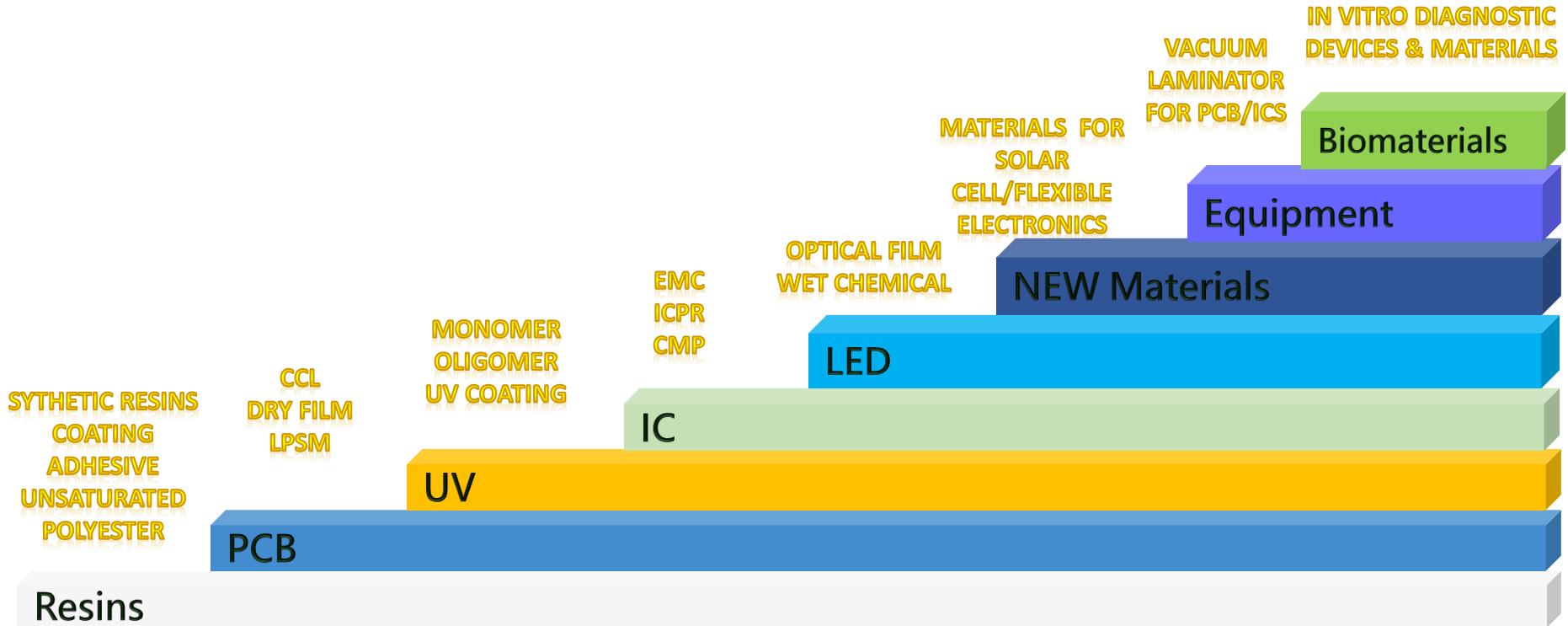
One of the leading suppliers of dry film photoresist in the world.

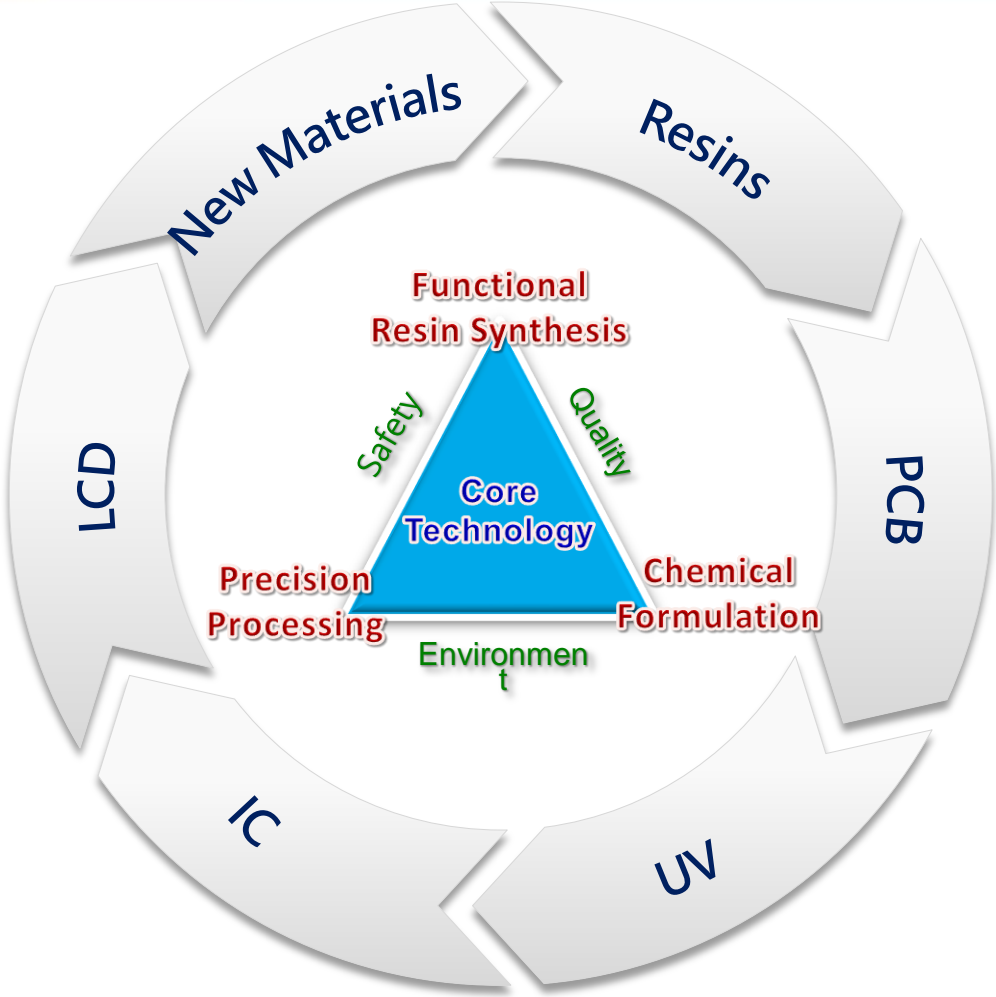
One of three largest UV curable Monomers & Oligomers material suppliers.

One of the leading suppliers of synthetic resin in Asia.

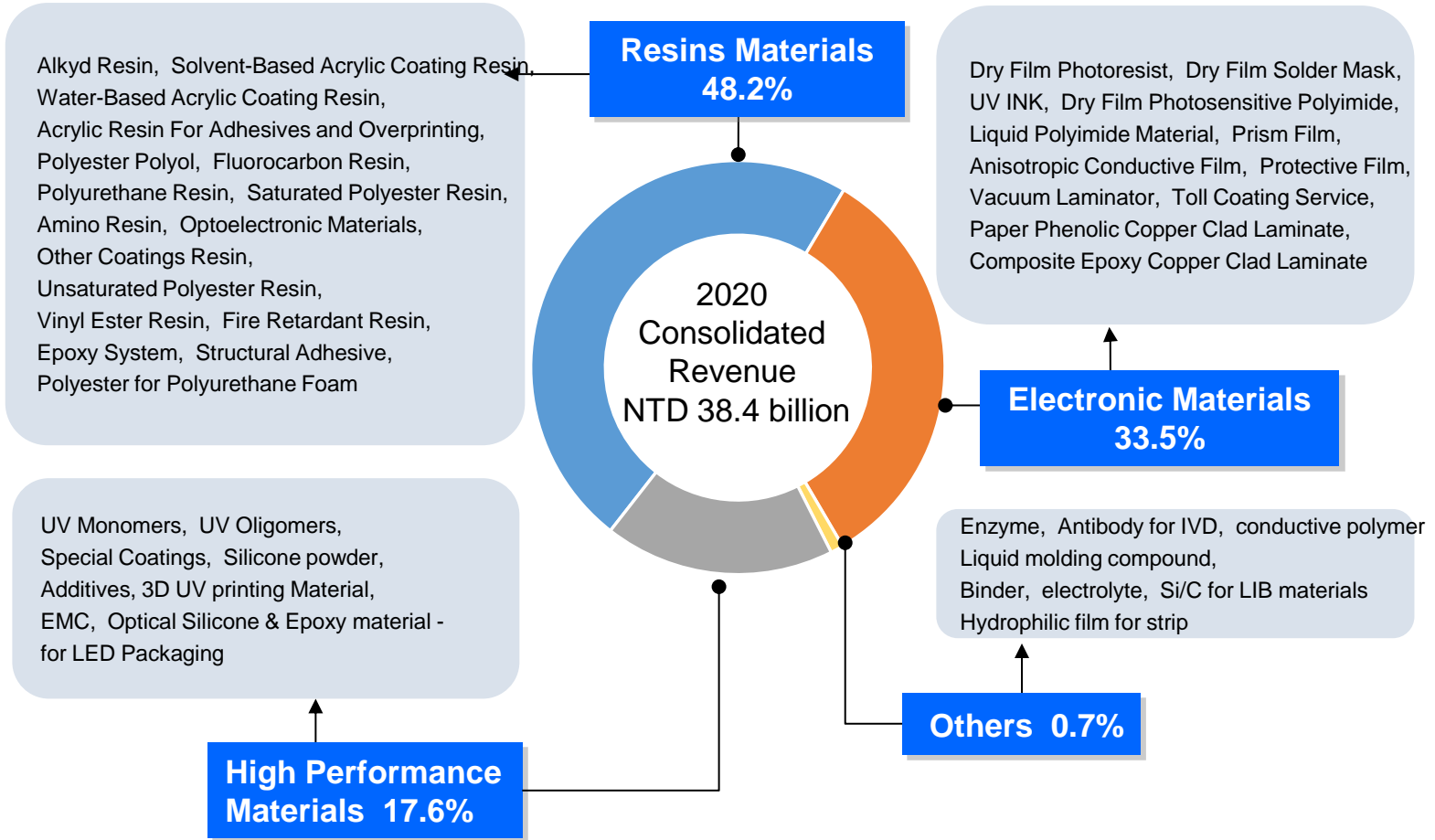


Development Milestones

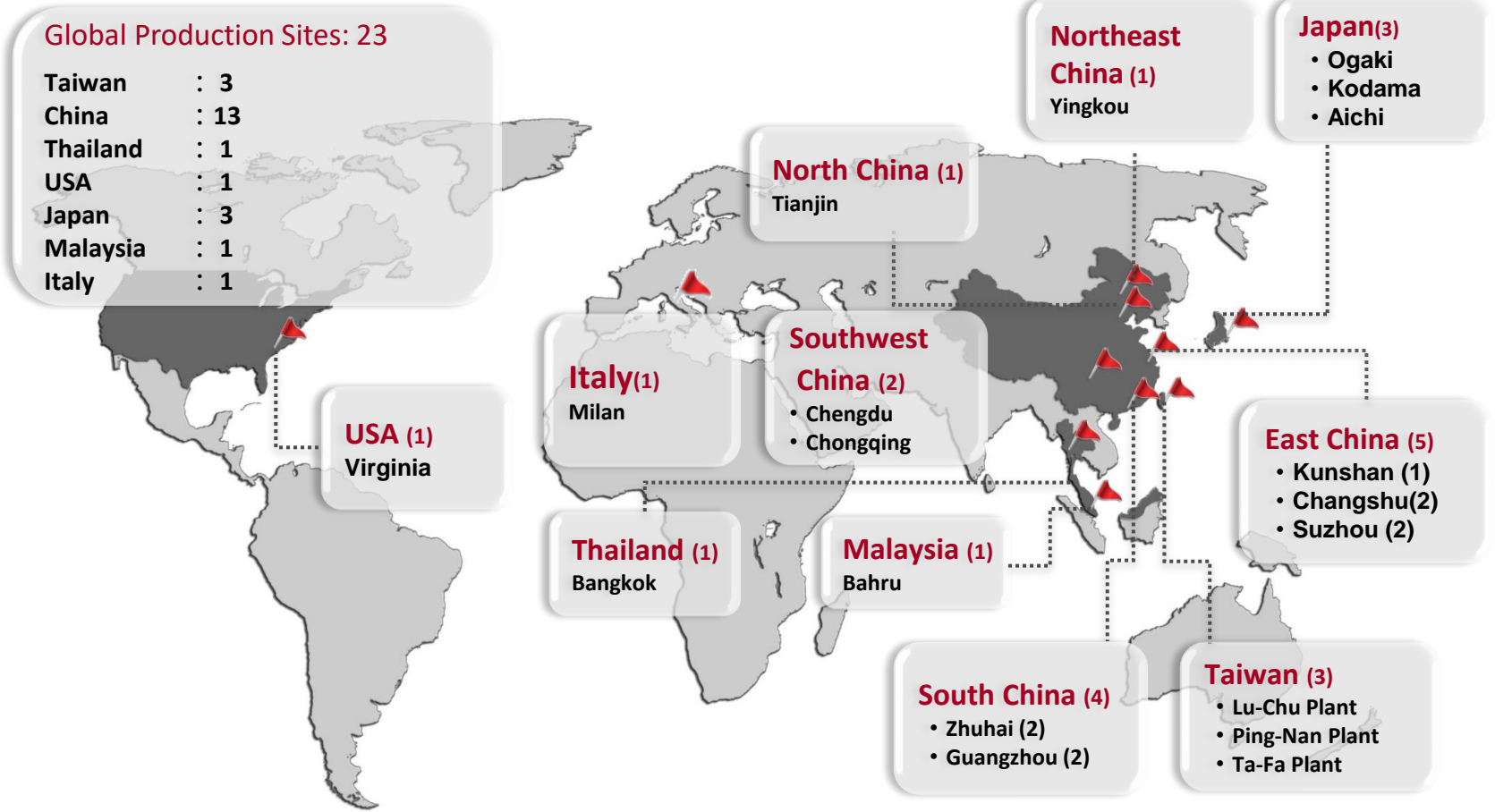




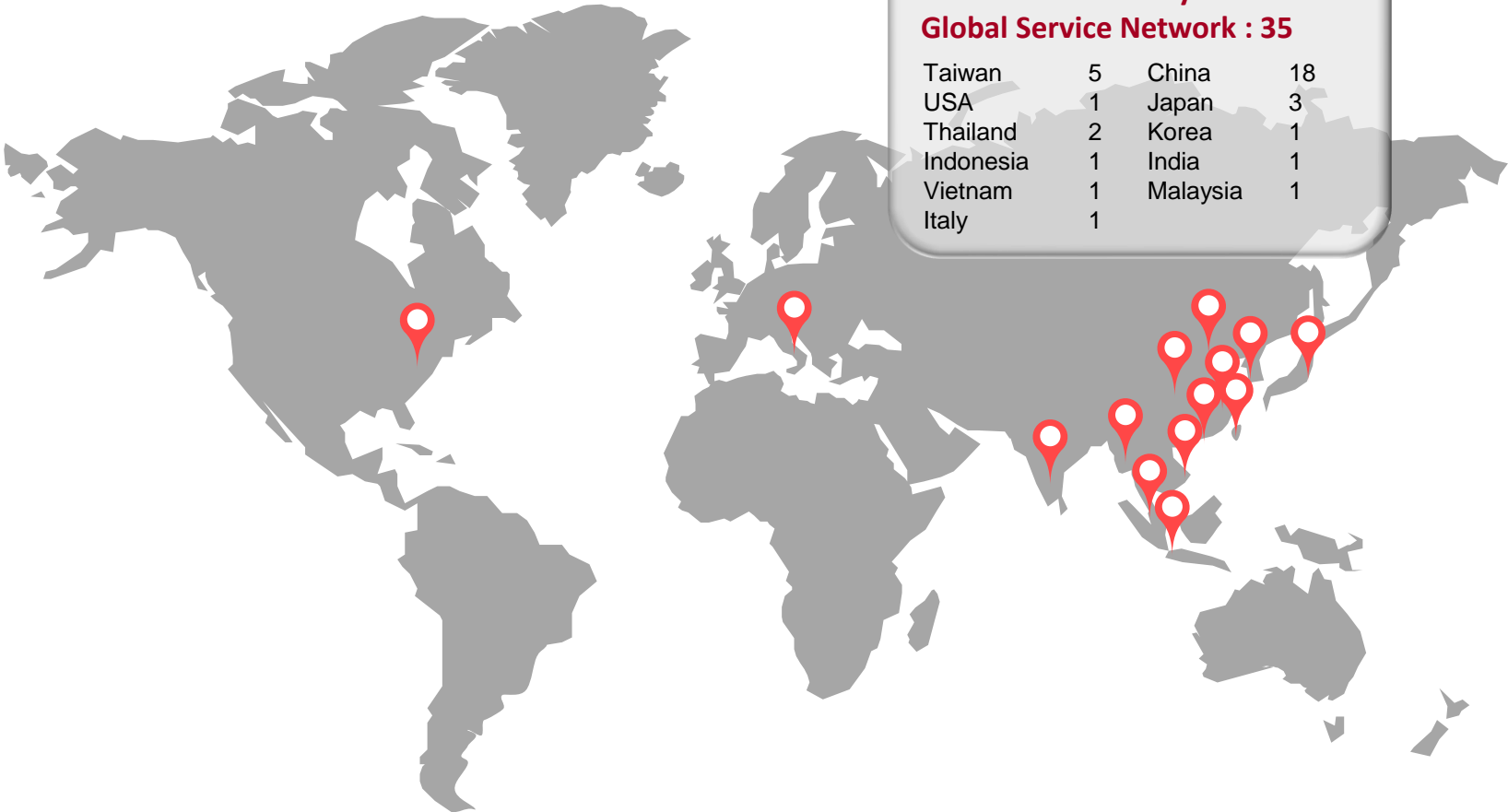
Business Group



Global Production Sites



Global Service Network



Global sales country : 65
Global Service Network : 35

Taiwan	5	China	18
USA	1	Japan	3
Thailand	2	Korea	1
Indonesia	1	India	1
Vietnam	1	Malaysia	1
Italy	1		

Global Research Sites



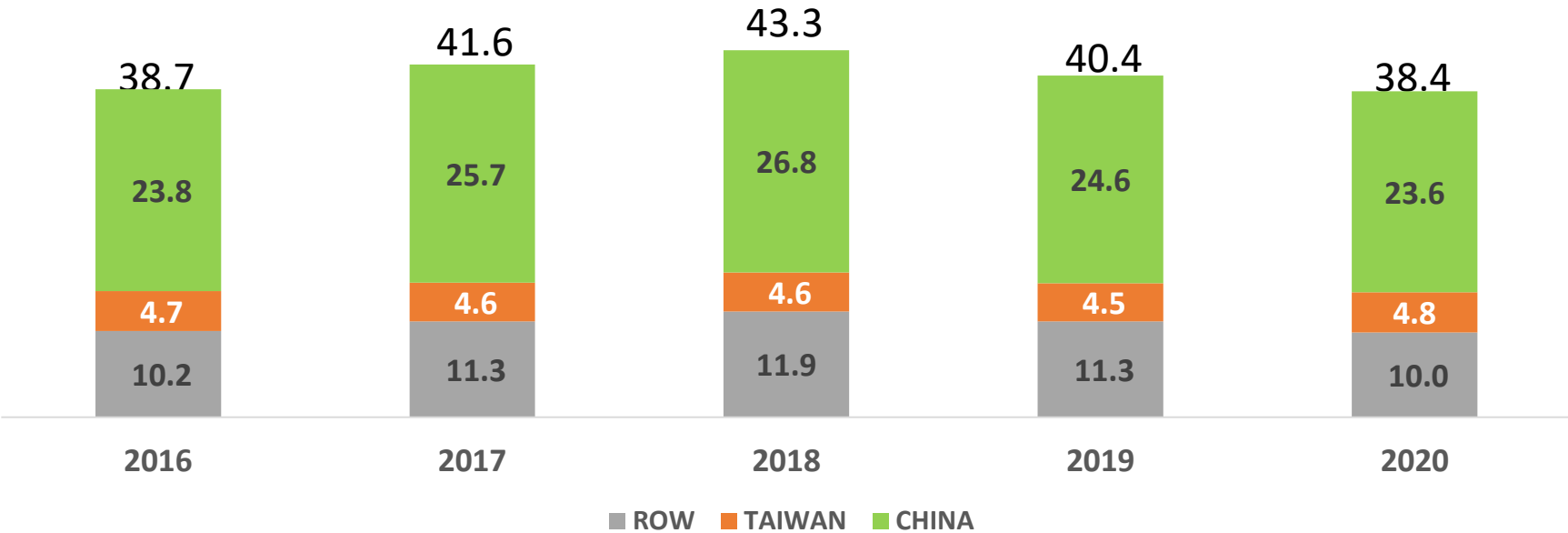
- 1. Taiwan - Research & Development Center
- 2. China - Mainland China R&D Center
- 3. China - Beijing laboratory
- 4. The laboratory of plant (*8)



F2016-F2020 Annual Sales



Sales Amount



Unit : NTD Billion

- 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



Financial Information

Financial information- B/S



Unit : NT\$ Millions

	2021H1		2020		2019	
	Amount	%	Amount	%	Amount	%
Cash and cash equivalents and current financial assets	6,364	<u>11</u>	6,170	<u>11</u>	6,076	<u>11</u>
Accounts receivable	19,131	<u>32</u>	17,523	<u>31</u>	15,361	<u>29</u>
Inventories	9,540	<u>16</u>	7,493	<u>13</u>	7,182	<u>13</u>
Financial assets	3,689	<u>6</u>	3,344	<u>6</u>	3,043	<u>6</u>
Property, plant and equipment	16,158	<u>27</u>	16,623	<u>30</u>	17,436	<u>32</u>
Total Assets	59,808	<u>100</u>	56,189	<u>100</u>	53,797	<u>100</u>
Short-term borrowings	6,464	<u>11</u>	4,404	<u>8</u>	4,415	<u>8</u>
Current portion of long-term borrowings	2,391	<u>4</u>	2,211	<u>4</u>	4,547	<u>9</u>
Long-term borrowings	12,444	<u>21</u>	13,185	<u>23</u>	11,924	<u>22</u>
Total Liabilities	35,099	<u>59</u>	32,950	<u>59</u>	31,877	<u>59</u>
Total Equity	24,709	<u>41</u>	23,238	<u>41</u>	21,920	<u>41</u>
Key Financial Ratios						
Average cash collection days	139		159		139	
Average days required for sale	84		93		86	
Current ratio (%)	197		210		191	

Financial information- P/L



Unit : NT\$ Millions

	2021H1		2020		2019	
	Amount	%	Amount	%	Amount	%
Operating Revenue	24,413	100	38,370	100	40,363	100
Gross profit	5,458	22	8,886	23	7,857	19
Operating expenses	(3,164)	(13)	(5,747)	(15)	(5,522)	(14)
Operating Income	2,295	9	3,139	8	2,335	6
Non-operating income and expenses	117	1	6	0	579	1
Net profit attributable to owners of the company		1,899		2,543		2,466
Key Financial Ratios						
Net profit margin(%)		8		6		6
EPS		1.53		2.05		1.99
ROE(%)		16		11		11

Financial information- Cash flow



Unit : NT\$ Millions

	2021H1	2020	2019
	Amount	Amount	Amount
Cash and cash equivalents at the beginning of the year	6,108	6,010	6,085
Cash flows from operating activities	(413)	4,148	4,946
Acquisition of property, plant and equipment	(857)	(1,458)	(2,111)
Increase (decrease) in borrowings	1,630	(997)	(2,228)
Dividends paid	0	(1,736)	(1,116)
Other items	(734)	134	914
Effects of exchange rate changes on cash and cash equivalents	(223)	7	(480)
Cash and cash equivalents at the end of the period	5,511	6,108	6,010
Free cash flow	(1,270)	2690	2,835
Note: Free cash flow= Cash flows from operating activities - Acquisition of property, plant and equipment			



Synthetic Resins Business overview

Coating

Alkyd resins, Oil-free polyester resins, Acrylic resins, High molecular weight polyester, Fluorocarbons resins, Amino resins, Phenolic resins, PUD.

Application

Architectural, Decorative, Wood coatings, Industrial coatings, Can coatings, Coil coatings, Automotive coatings, Marine and protective coatings,...etc

Adhesives

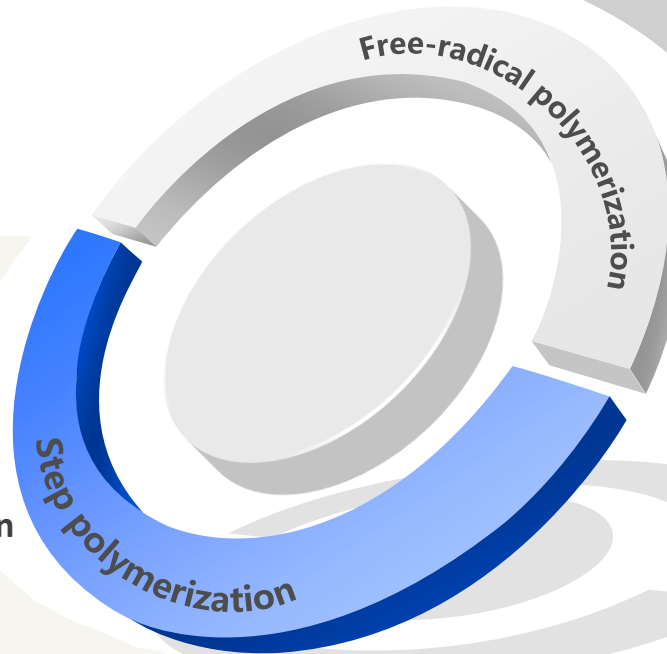
Acrylic resins for PSA, Polyester polyol, , High molecular weight polyester, PUD, PUR

Application

Tapes, Graphic Arts, Labels, Protective Films,...etc.

Step polymerization

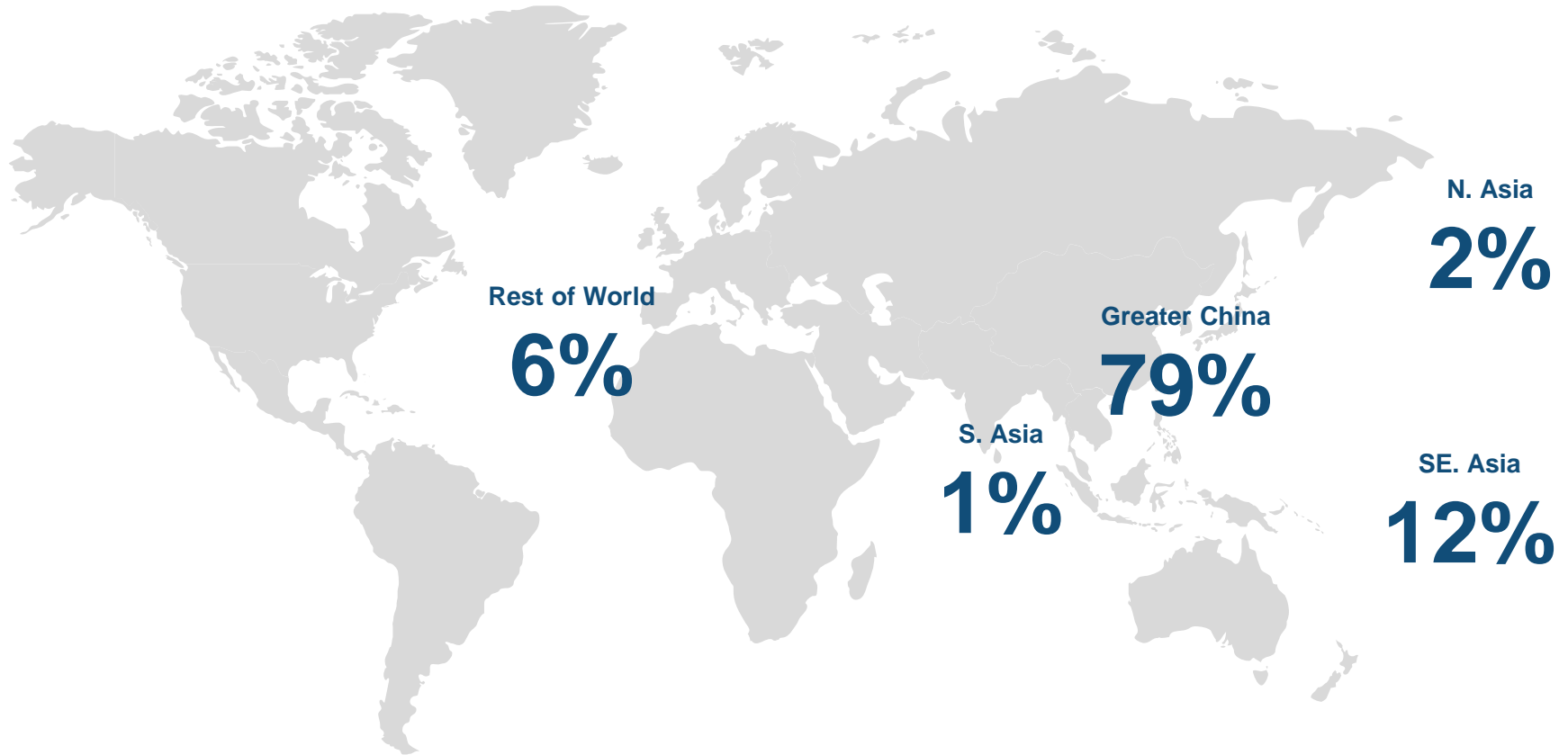
- Polyesterification
- Addition polymerization of isocyanate (Dispersion/solvent based/Solvent free)
- Co-condensation Polymerization (Phenol-formaldehyde/Melamine-formaldehyde)



Free-radical polymerization

- Solution polymerization
- Emulsion polymerization
- Suspension polymerization
- Heterophase Polymerization

Sales by region as of 2020

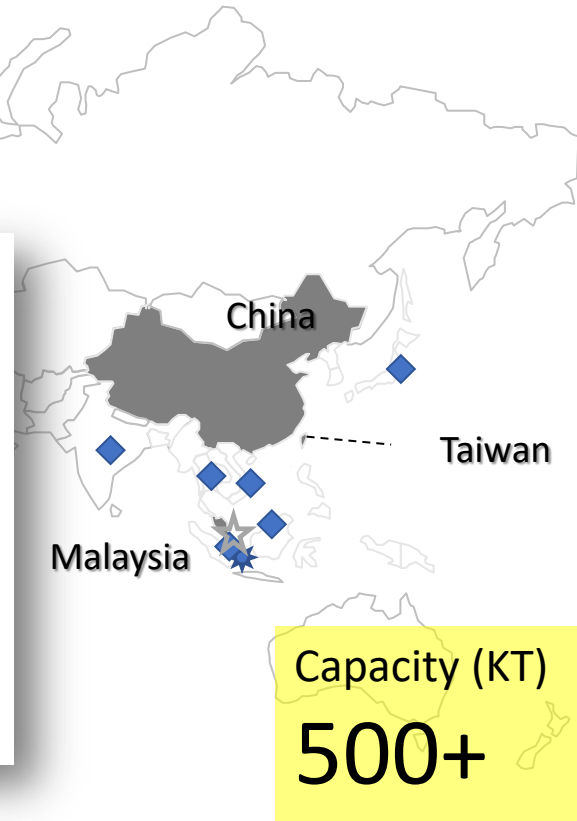
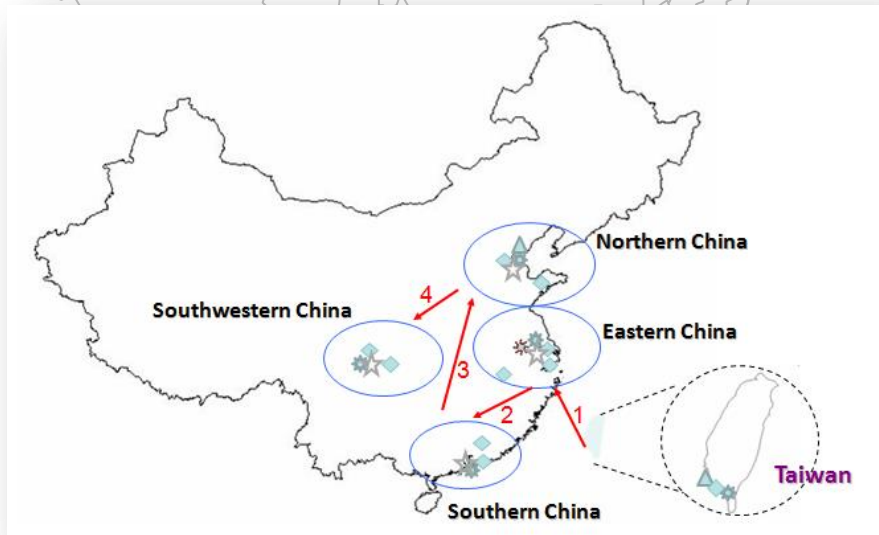


Locations of SR



- ★ Production Site(6) : Pingnan, Kunshan, Guangdong, Tianjin, Chengdu, Malaysia
- ✳ Under Planning (1) : TongLing
- ◆ Sales Office (16)
- ▲ R&D (1)
- ☆ TS (6)

Group and Region procurement.
Three procurement centers: Taiwan, Shanghai, Zuhai

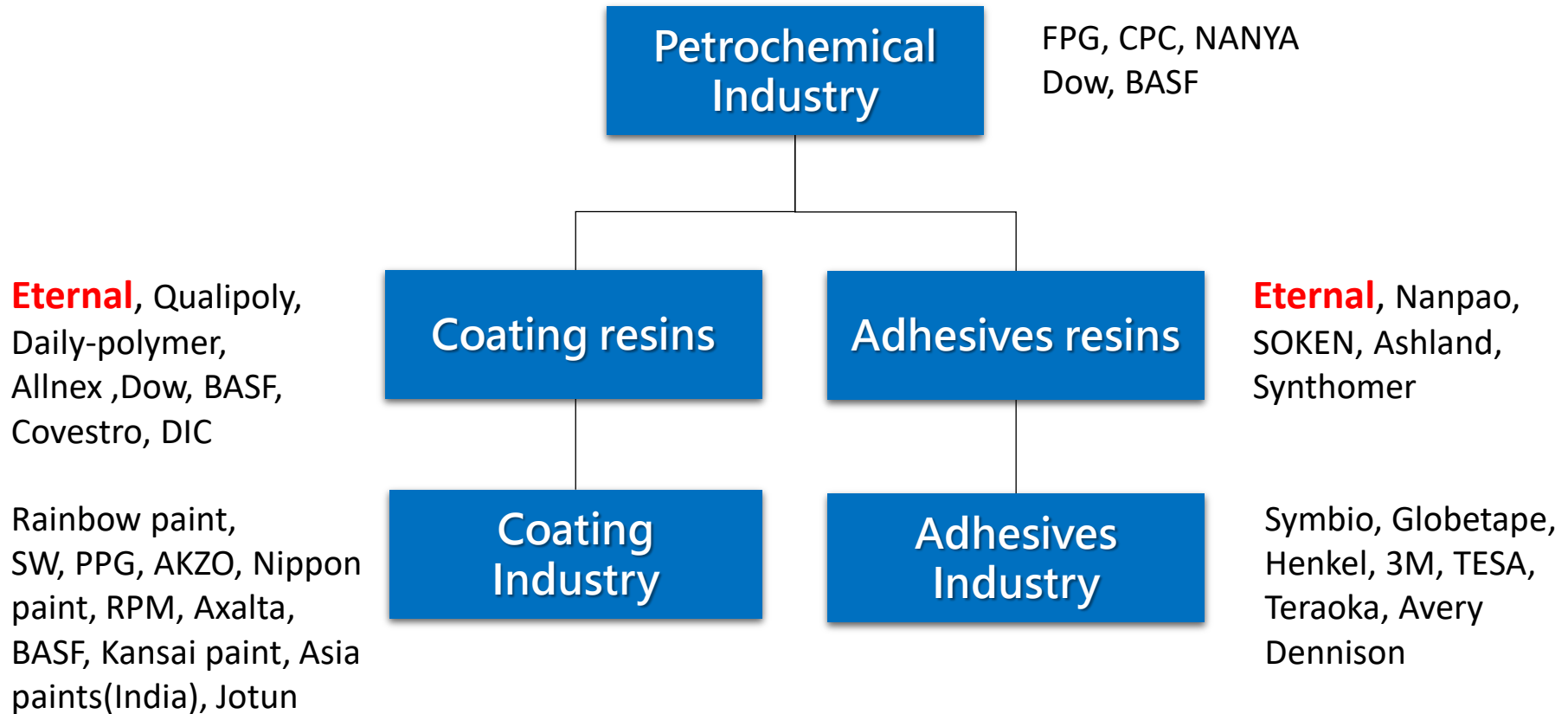


* Map not to Scale



Development and Transformation in SR

Supply chain of coating and adhesives resins

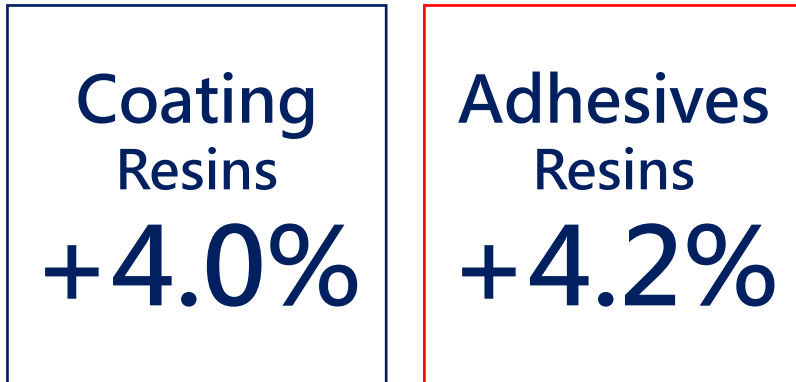


Coating and Adhesives resins market trend



China Market is one of the SR's most important markets.

Coating and Adhesives resins in China,
CAGR, 2021-2026



Source : Forward intelligence Co., Ltd., ShenZheng

- 2021-2026 The analysis report for demand forecast and invest strategy of coating industry in China
- 2021-2026 The analysis report for demand forecast and invest strategy of adhesive industry in China

The trends transfer to solvent-free, waterborne, powder, high-solid, and high-performance for environment-friendly.

The market trends in China

The coating industry keeps consistent with China's development strategy, boosts the sector to upgrade value, enhances the product portfolio, and increases Eco-friendly products.

The adhesives industry will be hard to increase sharply as the past years ago. However, the drive will adjust the product value over the next few years.

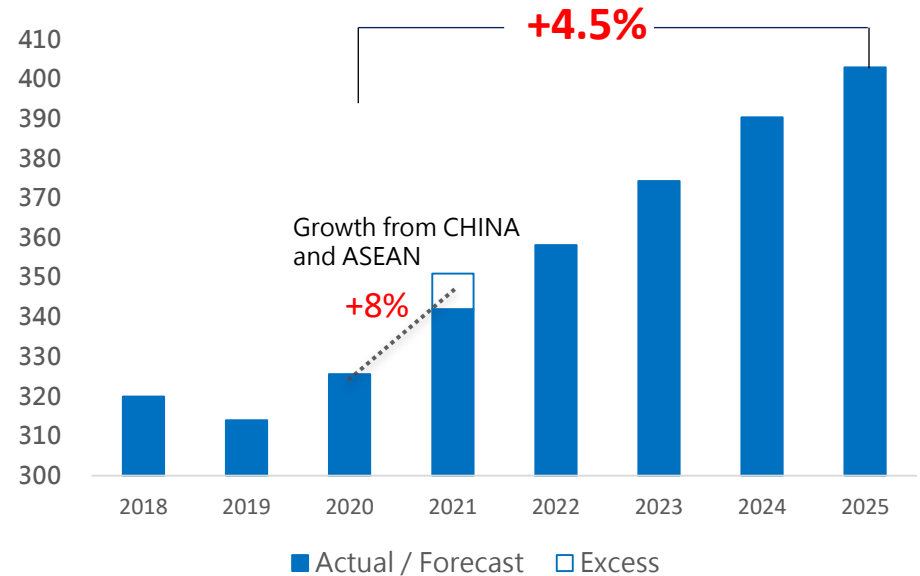
Transformation and development of SR



Transformation and development

- Expand high-value portfolio
- Develop high performance materials
- Focus on Eco-Friendly Materials
- Rooted in ASEAN
- Boost competitions in China

Sales forecast (KT)



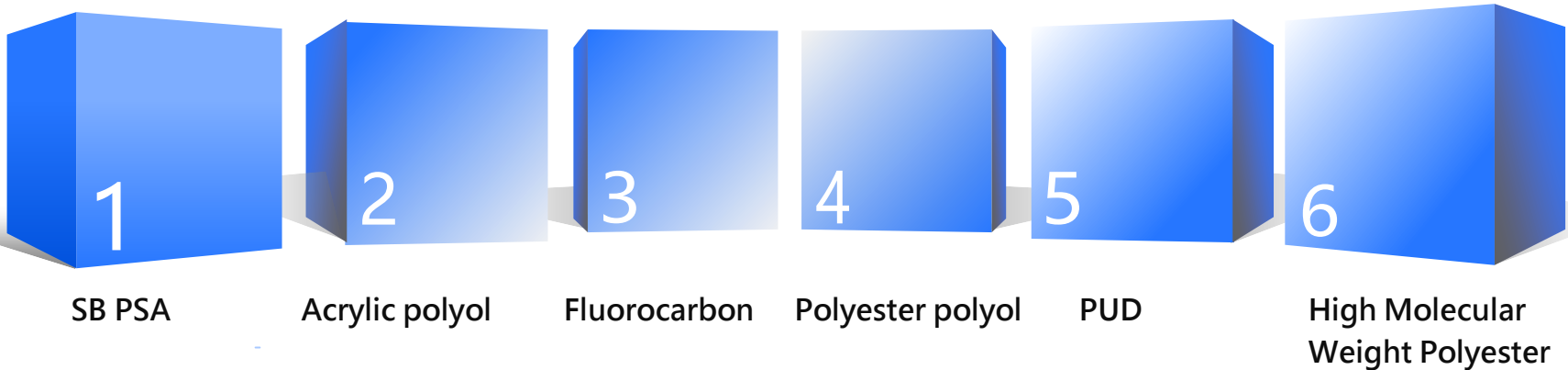
Expand high-value portfolio



High value (GM 25%▲)
% of sales quantity in SR

35%

Expand the high-value products and enter the new application, ex: textile, fluoro industry, etc. It's the way to keep and grow the profit.



Develop High performance materials



Application	Resins materials
Adhesives, matting agent, Ink, textile, leather, heavy-duty coating for mental	Polyurethane dispersion
Glass coating, Solar Industries	Functional resins for anti-reflection and self-cleaning
Interior and exterior decoration coating	Photocatalyst resin
Advanced coating, extrusion profiles, film material	PCTFE
Powder coating for architecture	Fluorocarbon powder resins
Heavy-duty coating for industry	FEVE with solvent
Adhesive for Solar cell back sheet, aluminium plastic composite panel, steel bonding	High molecular weight polyester
Surface treatment for films/Sheet	PEDOT Conductive Polymer, Water borne High Molecular Weight Polyester
Adhesive for Textile, wood, automotive, appliances	PUR
Architecture Coating	Hollow microspheres emulsion
Floor coating, protective coating	Polyaspartic polyuria resins
The protective film for electronic Process	Acrylic PSA, PU PSA, UV Release PSA

Focus on Eco-Friendly Materials



Eco-Friendly and Going green

ETERNAL focus on Functional & Environmental Friendly materials and invests in developing for Low energy consumption, Low-emission, Non-toxic & High-Performance Materials

Low VOC & energy consumption

- High Solid (>80%)
- Solvent free
- PUR
- Solvent free PSA

Materials for Green energy

- Resins for Wind power blades
- Materials for solar cell back sheet

Eco-Friendly

- Dispersion
- Water soluble Resin
- Formaldehyde free Emulsion
- APEO FREE Emulsion

Chemicals & Materials Recycling

- EDA in phenakamine
- Alcohol for polyester/alkyds,
- Formaldehyde/phenol for Phenolic/amino resin
- PET for Alkyds

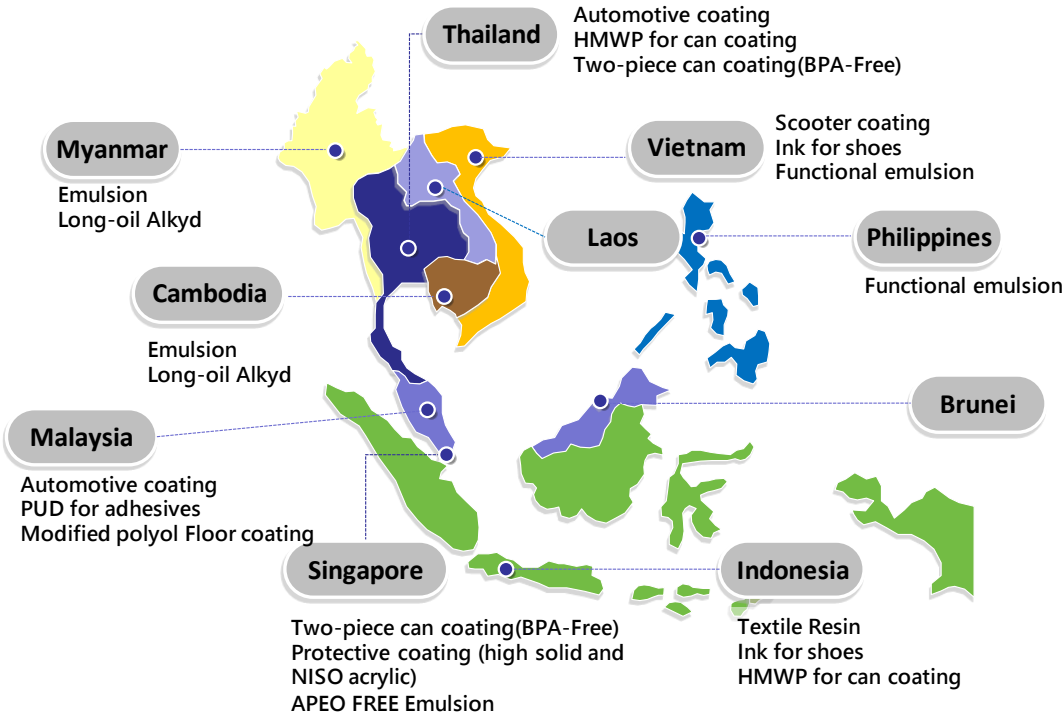
Biodegradable materials

- Lactide
- Biodegradable-Adhesive

Rooted in ASEAN



Opportunities in ASEAN



Eternal Materials Malaysia
CAGR, 2020-2025

↑18%

- Based on Malaysia, Singapore, and Vietnam, blitz Indonesia, distribute Thailand
- Transfer the competitive products in GC to ASEAN
- Start to EMM Phase II construction planning

Boost competitions in China



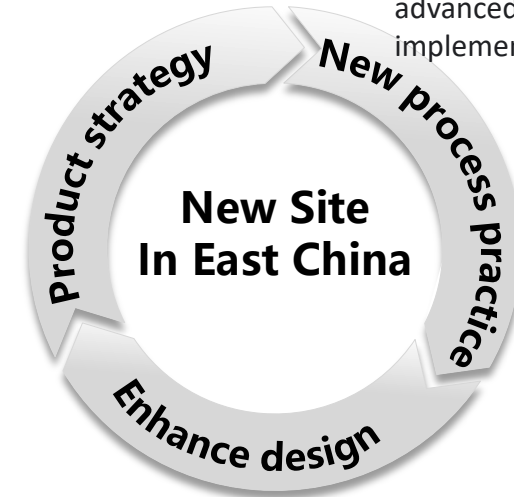
New Site in East China :

- East China Market leads and drives industrial development in China, and also, it's the most critical market in SR BU.
- Capacity in the existed site is overloaded. Due to limited expansion, SR BU cannot practice the new process.
- Enhance process design in New Site.

Item	Tong-ling
Location	Anhui, China
Size (M ²)	150,000
Investment	RMB 683 million
Capacity(KT)	68
Commercial run	2024

Transformative to Eco-Friendly and WB

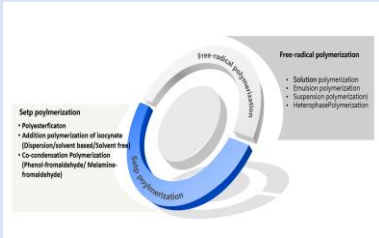
PUD, WB dispersion, Fluorocarbon powder resins, PCTFE, and advanced process implement



Optimal production condition
Energy saving and waste reduction

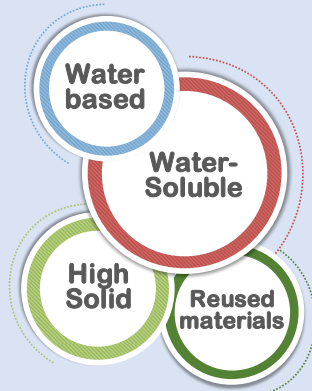
Strategy

Our competences and purpose



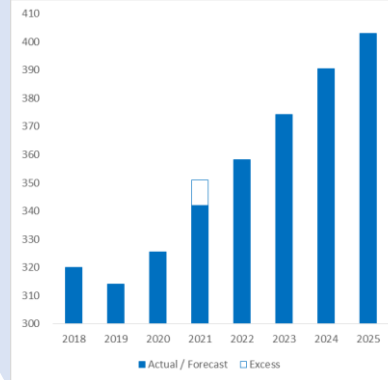
Process technology and stable process

Provide growth opportunities in our focus domains



Keep growth

Transformation + Expansion



With targets that underpin our mission

- Industrial resins key player in Asia
- Create Shareholder Value



Q & A



Thank you for your listening.

