



Eternal Materials Co., Ltd.

Q1 2022 Earnings Conference

Nick Pan
Chief Operation Officer
Specialty Materials Division

2022/05

Stock symbol 1717

A graphic featuring a large blue circle with the word "Agenda" in white text. This central circle is surrounded by a thin grey ring and several smaller blue circles of varying sizes, some of which are also surrounded by thin grey rings, creating a network-like or orbital structure.

Agenda

- **01. Introduction**
- **02. UV Curable Technology**
- **03. Financial Information**
- **04. Opportunity and Prospect**



PART ONE Introduction

Profile

Service Network

Production Sites

Core Technology

New Development

International Certificate

Chairman - Allen K. L. Kao

Core Business - Manufacturing, processing and sales

Founding

1964

Employees

4,920

Overall Sales
RevenueUSD\$ 1,802
millionProduction
Sites

23

Taiwan 4

China 13

USA 1

Thailand 1

Japan 2

Malaysia 1

Italy 1

Headcounts of
Researcher

585

R&D
ExpendituresFor sales
revenue
3%

Notes 1 :

Number of Employees
on March 31,2022

Notes 2:

refer to year 2021
Consolidated statement



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



One of three largest UV curable monomer & oligomer suppliers



One of the leading suppliers of synthetic resin in Asia

Others 0.7%

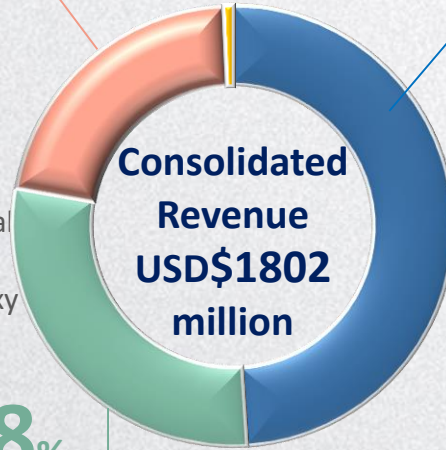
- Enzyme for IVD
- antibody
- conductive polymer
- Liquid molding compound
- Hydrophilic film for strip
- Electrolyte
- Si/C for LIB materials
- Binder

High Performance Materials 21.5%

- UV Monomers
- UV Oligomers
- Special Coatings
- silicone powder, Additives
- 3D UV printing Material EMC
- Optical Silicone & Epoxy material for LED encapsulation

Electronic Materials 28.8%

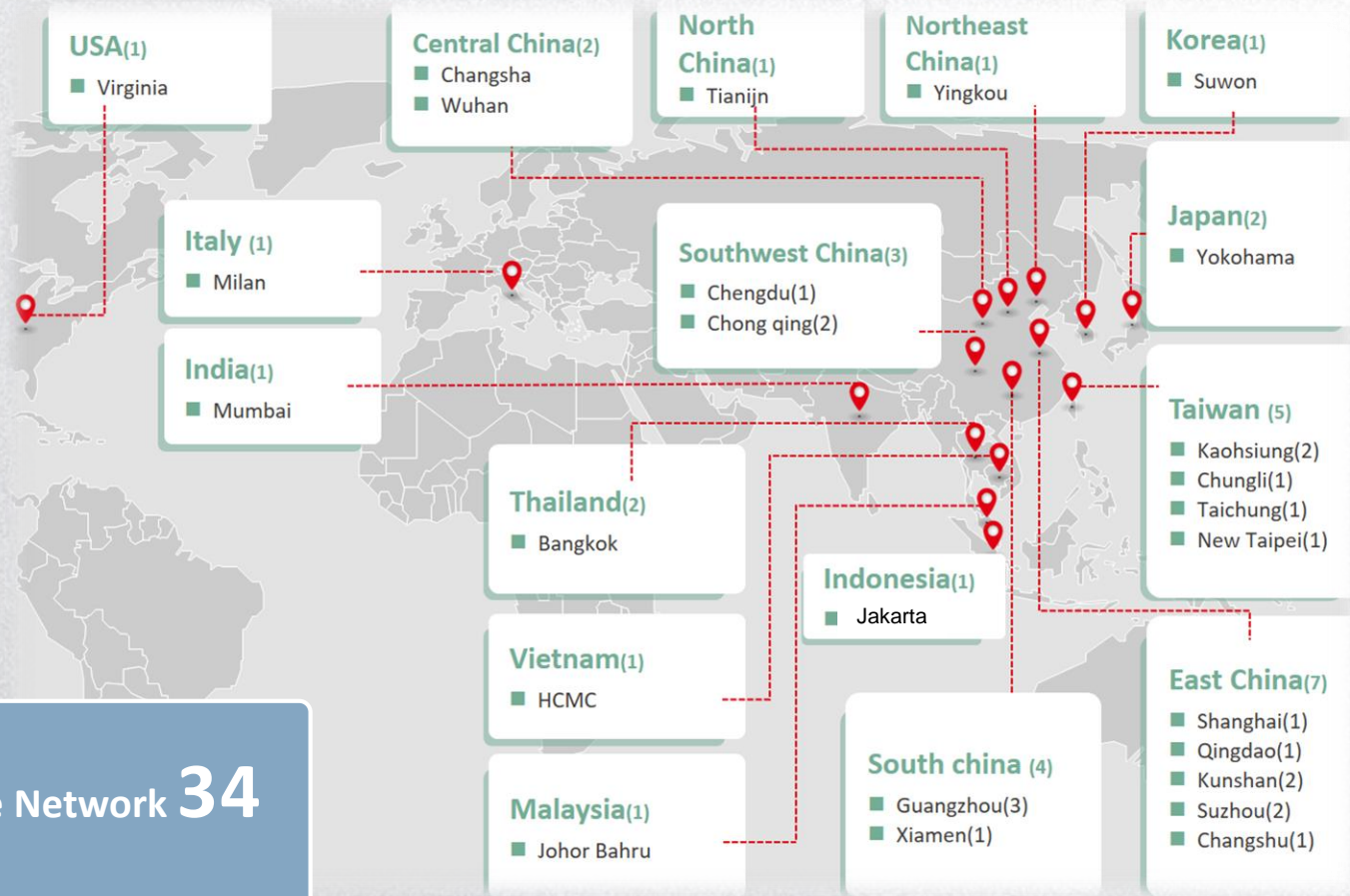
- Dry Film Photoresist
- Dry Film Solder Mask
- UV INK
- Dry Film Photosensitive Polyimide
- Liquid Polyimide Material



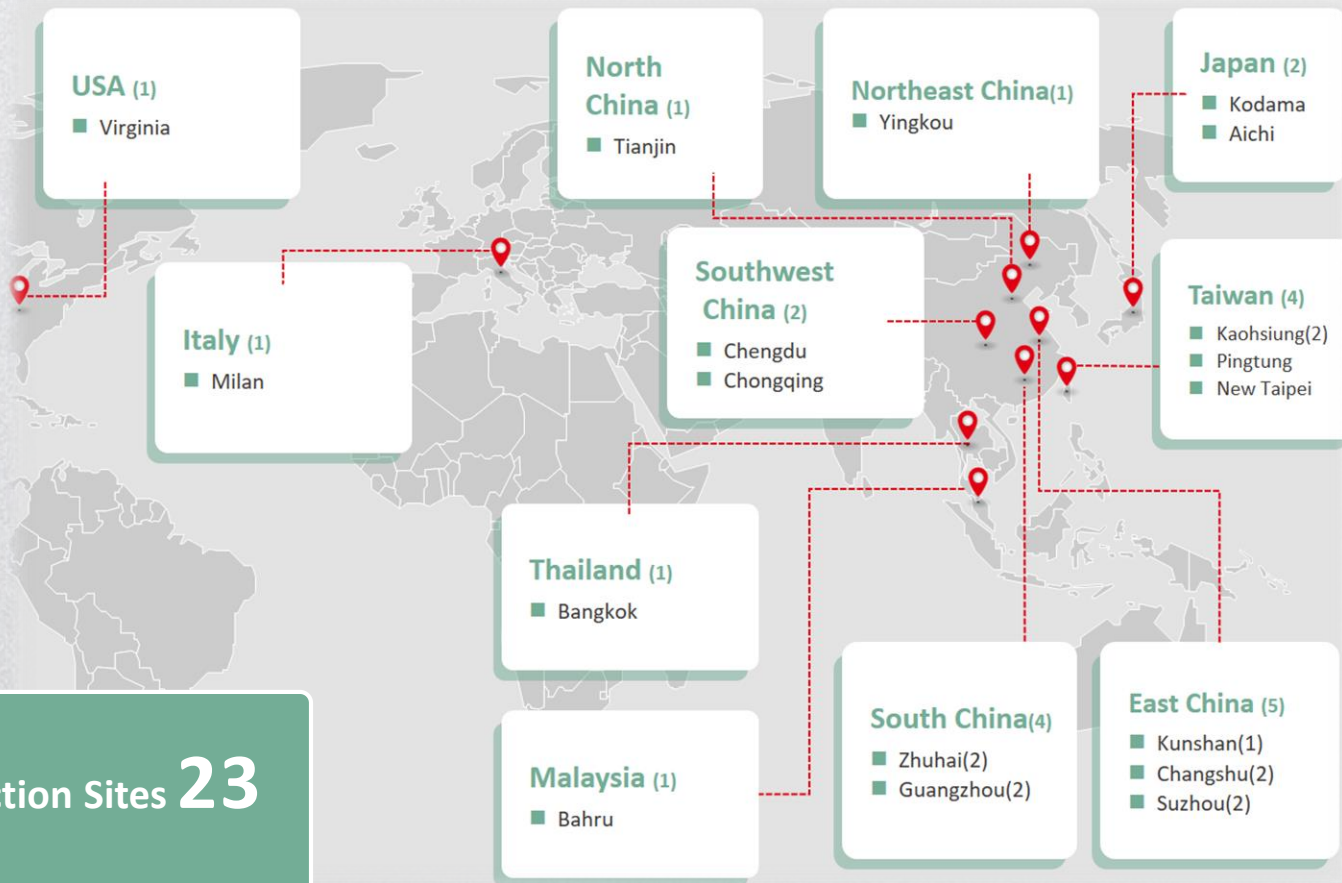
Resins Materials 49.0%

- Alkyd Resin, Solvent-Based Acrylic Coating Resin
- Water-Based Acrylic Coating Resin
- Acrylic Resin For Adhesives and Overprinting
- Polyester Polyol Resin, Fluorocarbon Resin
- Polyurethane Resin, Saturated Polyester Resin
- Amino Resin, Optoelectronic Materials
- Other Coatings Resin
- Unsaturated Polyester Resin
- Vinyl Ester Resin, Fire Retardant Resin
- Epoxy System, Structural Adhesive
- Polyester for Polyurethane Foam

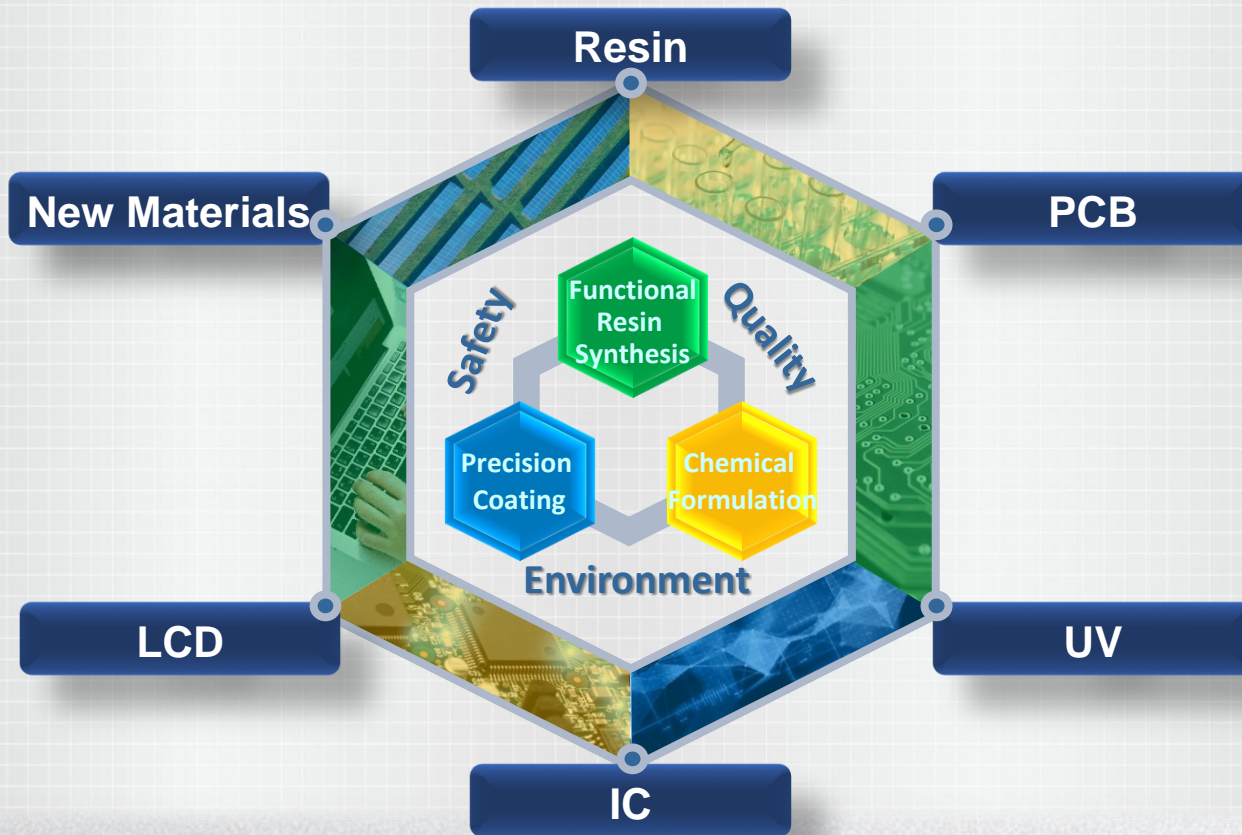
- Vacuum Laminator
- Toll Coating Service
- Paper Phenolic Copper Clad Laminate
- Composite Epoxy Copper Clad Laminate



Global Service Network **34**



Global Production Sites **23**



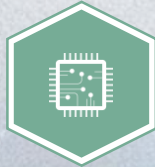
Biomaterials

- Diagnostic Enzymes for Molecular Biology
- Diagnostic Enzymes for Biochemistry of Blood
- Dengue Virus-related Monoclonal Antibodies
- Biomedical Diagnostic materials



Advanced packing materials

- Liquid Epoxy Molding Compound



High performance resin materials

- Organic-inorganic hybrid materials
- Fluorocarbon polymer
- Nano-structured polymer
- Liquid crystal polymer
- High performance thermoplastic composites



New Applications Development

Functionality Improvement



Flexible electronics materials

- Dry Film Solder Mask
- Polyimide; PI
- Photosensitive polyimide
- PSPI



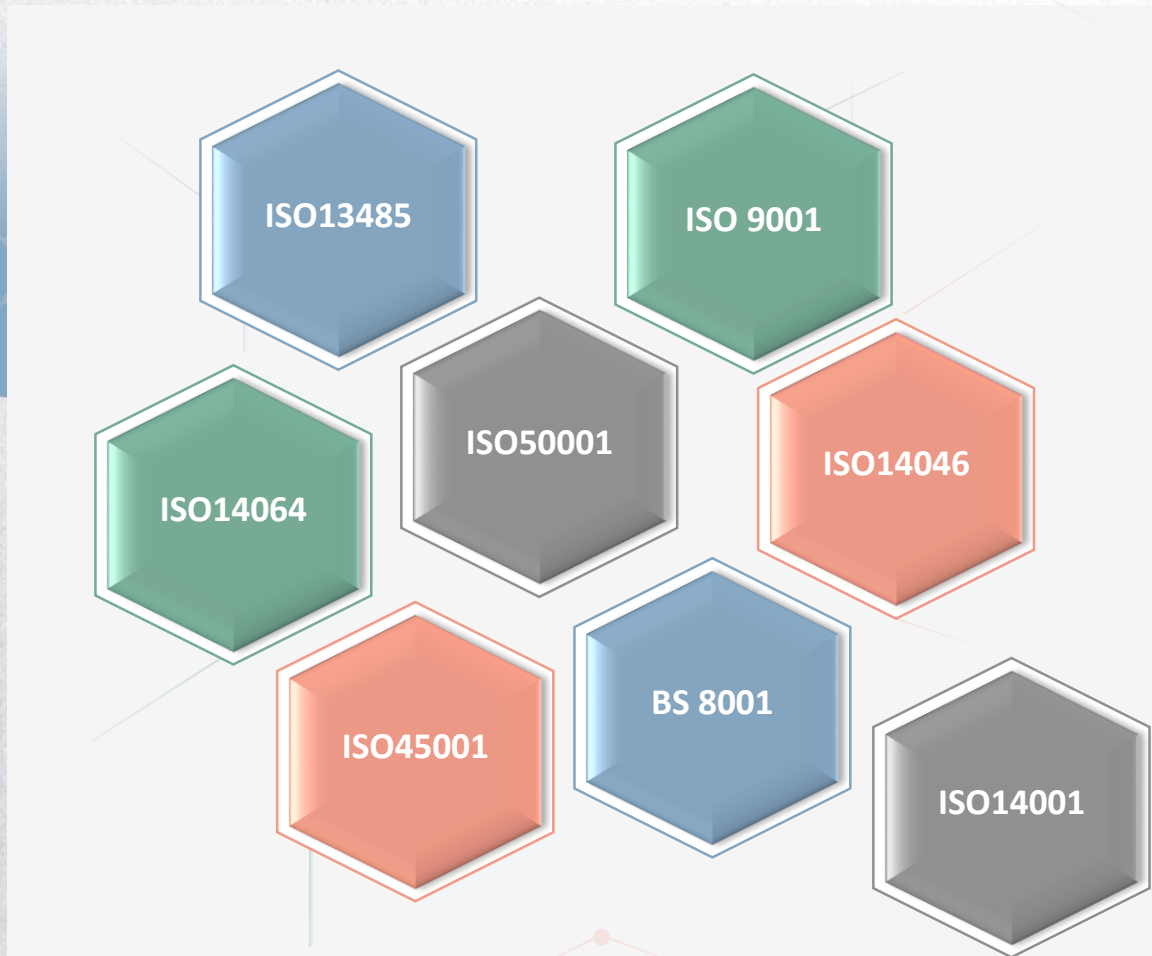
Green energy/energy storage materials

- Conductive polymer
- Solar cell and wind power materials
- Binder, Si/C, Electrolyte additives
- Graphene for Lithium Battery



Environmental protection idea product

- Water-based resins
- UV curable resins
- Lead/halogen/chromium-free materials
- Biomass materials





PART TWO

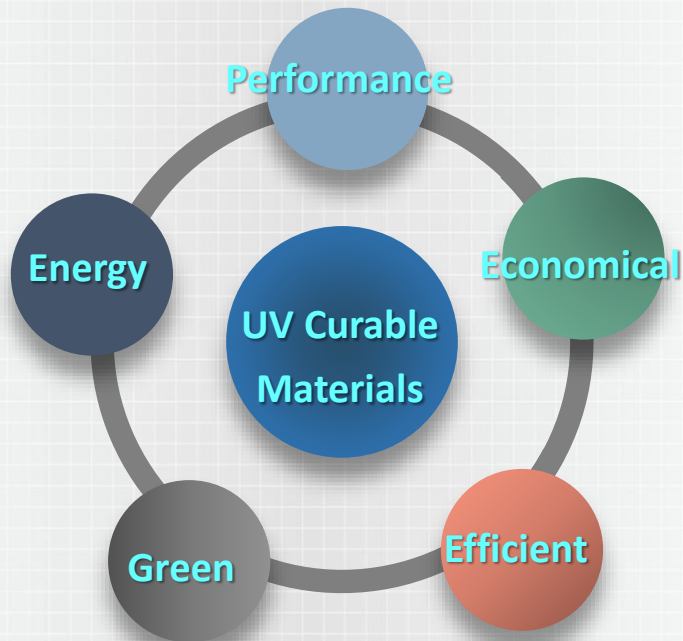
UV Curable Technology

Feature

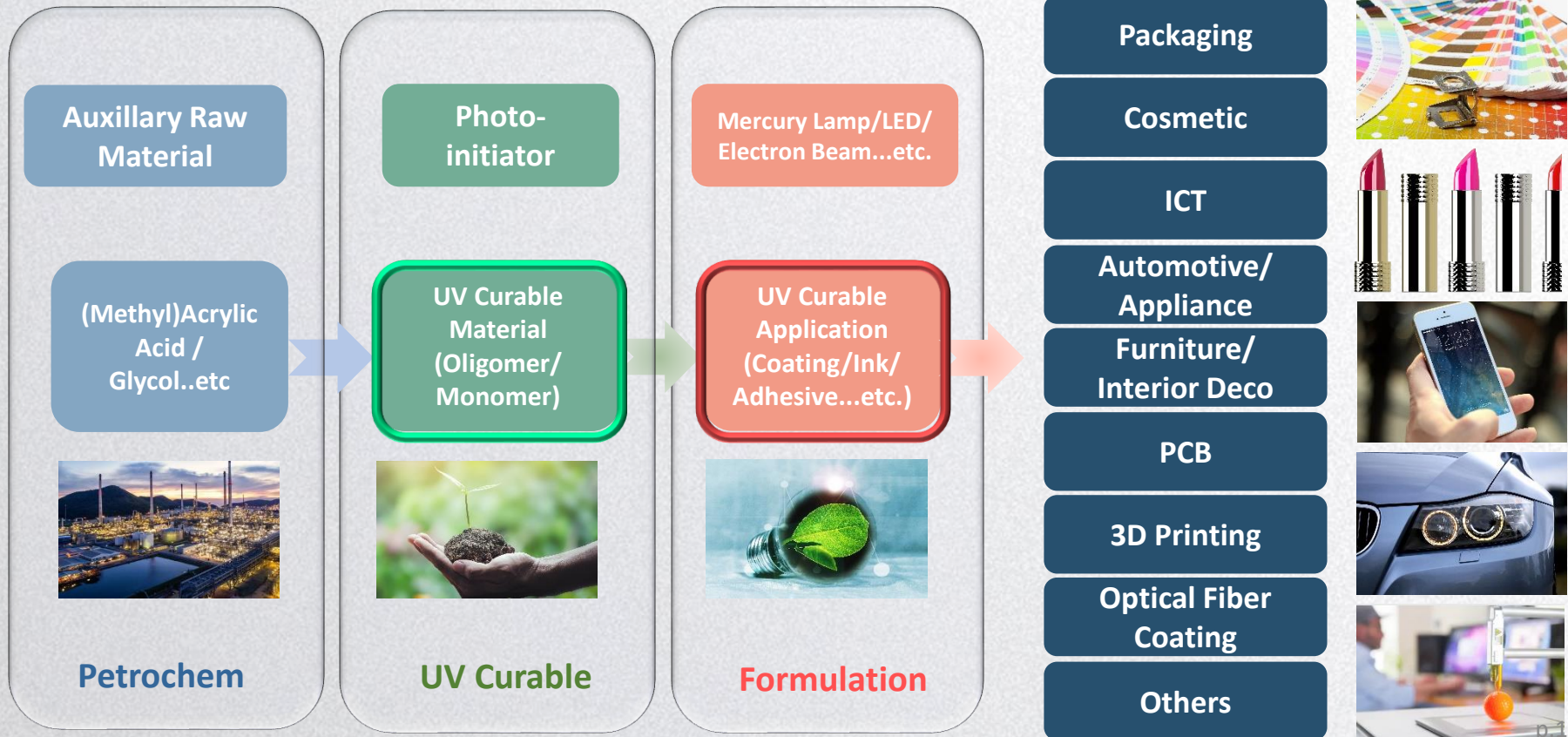
Related Industries

Sales Information

Eternal Capacity

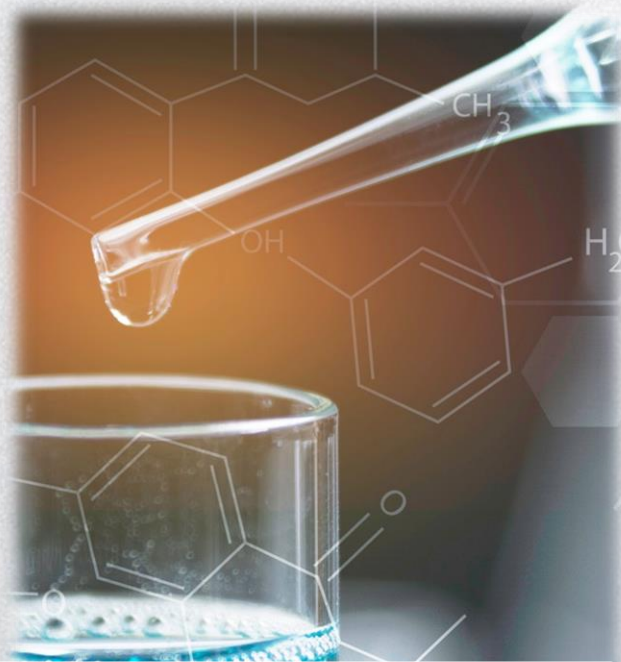


UV Curable Technology - Related Industries



Specialty Materials Volumes YoY%





UV Materials (Capacity: **98,000** Mt/year)

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





PART THREE

Financial Information

Balance Sheets

Statements of Comprehensive Income

Cash Flow Statements

Unit : TWD Millions

	2022Q1		2021		2020	
	Amount	%	Amount	%	Amount	%
Cash and cash equivalents and current financial assets	4,991	<u>8</u>	4,444	<u>7</u>	6,170	<u>11</u>
Accounts receivable	19,822	<u>32</u>	20,071	<u>33</u>	17,523	<u>31</u>
Inventories	11,774	<u>19</u>	10,678	<u>18</u>	7,493	<u>13</u>
Financial assets	3,700	<u>6</u>	3,506	<u>6</u>	3,344	<u>6</u>
Property, plant and equipment	16,617	<u>26</u>	16,369	<u>27</u>	16,623	<u>30</u>
Total Assets	62,783	<u>100</u>	60,536	<u>100</u>	56,189	<u>100</u>
Short-term borrowings	7,017	<u>11</u>	4,588	<u>8</u>	4,404	<u>8</u>
Current portion of long-term borrowings	4,074	<u>6</u>	4,326	<u>7</u>	2,211	<u>4</u>
Long-term borrowings	11,076	<u>18</u>	12,506	<u>21</u>	13,185	<u>23</u>
Total Liabilities	36,269	<u>58</u>	35,869	<u>59</u>	32,950	<u>59</u>
Total Equity	26,514	<u>42</u>	24,667	<u>41</u>	23,238	<u>41</u>
Key Financial Ratios						
Average cash collection days		150		138		159
Average days required for sale		108		85		93
Current ratio (%)		181		190		210

Unit : TWD Millions

	2022Q1		2021		2020	
	Amount	%	Amount	%	Amount	%
Operating Revenue	12,364	100	50,471	100	38,370	100
Gross profit	2,745	22	10,694	21	8,886	23
Operating expenses	(1,674)	(14)	(6,599)	(13)	(5,747)	(15)
Operating Income	1,071	9	4,095	8	3,139	8
Non-operating income and expenses	66	1	337	1	6	0
Net profit attributable to owners of the company	889		3,549		2,543	
Key Financial Ratios						
Net profit margin (%)	7		7		6	
EPS	0.72		2.86		2.05	
ROE (%)	14		14		11	

Unit : TWD Millions

	2022Q1 Amount	2021 Amount	2020 Amount
Cash and cash equivalents at the beginning of the year	4,289	6,108	6,010
Cash flows from operating activities	669	750	4,148
Acquisition of property, plant and equipment	(554)	(2,049)	(1,458)
Increase (decrease) in borrowings	572	1,743	(997)
Dividends paid	0	(1,860)	(1,736)
Other items	(379)	(216)	134
Effects of exchange rate changes on cash and cash equivalents	105	(187)	7
Cash and cash equivalents at the end of the period	4,702	4,289	6,108
Free cash flow	115	(1,299)	2,690

Note: Free cash flow=

Cash flows from operating activities - Acquisition of property, plant and equipment



PART FOUR

Opportunity and Prospect

China Market

Oversea Market

Future Prospect

■ Market Demand

✓ Energy Saving & Carbon Reduction

Environmental protection and sustainability are leading the trend in every industry, accelerating the transformation from conventional solventborne system to UV curable.

✓ Smart Manufacturing

Expand the application of UV curable technology into different production processes.

✓ Application Increasing

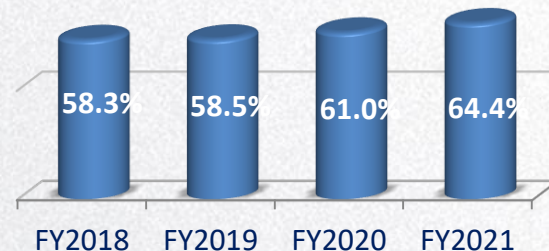
(Pandemic Prevention/Green Energy/Eco-Friendly/Functional)

Lens, Photovoltaic, Insulating Material, Additive Manufacturing...etc.

✓ ICT & EV Industries

The increased application of UV curable adhesive and waterborne material in ICT and EV industries are the growing potential for future.

Specialty Materials Volumes Share % in China



■ Market Demand

✓ Stable Demand

Economy in Europe and America recovered from the pandemic in 2021. The demand of main applications like graphic arts, wood coating, and plastic coating are stable.

✓ Increased Application

Bio-based material, adhesive, composite, insulating material, additive manufacturing...etc.

✓ Raw Material Shortage

The increased cost of crude oil/natural gas/feedstock and tight supply chain of UV curable materials, make the customers to cooperate with Eternal more to stabilize their material availability.

■ Foreseeable Global Growing

- Pandemic, inflation, and Ukraine-Russia conflict make the global economy situation unpredictable.
- Energy saving, carbon emission reduction, and smart manufacturing will drive the growth of UV curable industry.

■ Strengthen the lead in China Market

- Follow the regulation, environmental protection, and industry evolution in China. Keep promoting new product into more different industries.
- Establish the collaboration platform with multi nation companies and leading companies in each industry. Stabilize the supply chain.
- Keep expanding the production capacity in China to meet the growing market demand.

■ Expanding new application

- **Transforming from conventional to UV curable. For example:**
 - Adhesive (electronic assembly adhesive, (hot melt) PSA, processing adhesive...etc.)
 - Metal Coating (can coating, coil coating, anti-corrosive...etc.)
 - Film (Quantum dot film, anti-fogging film... etc.)
- **New industries:** ICT, EV...etc.



Q & A

Eternal Materials

Thank you!