



長興材料

# ETERNAL MATERIALS

Elements of Infinite Possibilities





# 2022 Third Quarter Earnings Conference

Speaker : B.C. Liu, Spokesman / CFO

Date :2022/03/16



## Agenda

1. Profile
2. 3Q22 Financial results
3. Key messages
4. Q&A



# Profile - Overview

**Chairman** — Allen K. L. Kao

**Core Business** — Manufacturing, processing and sales

**Founding**

**1964**

**Employees**

**4,894**

**Overall Sales Revenue**

**USD\$ 1,803 million**

**Headcounts of Researcher**

**589**

**R&D expenditures**

**For sales revenue 3%**

**Production Sites**

**22**

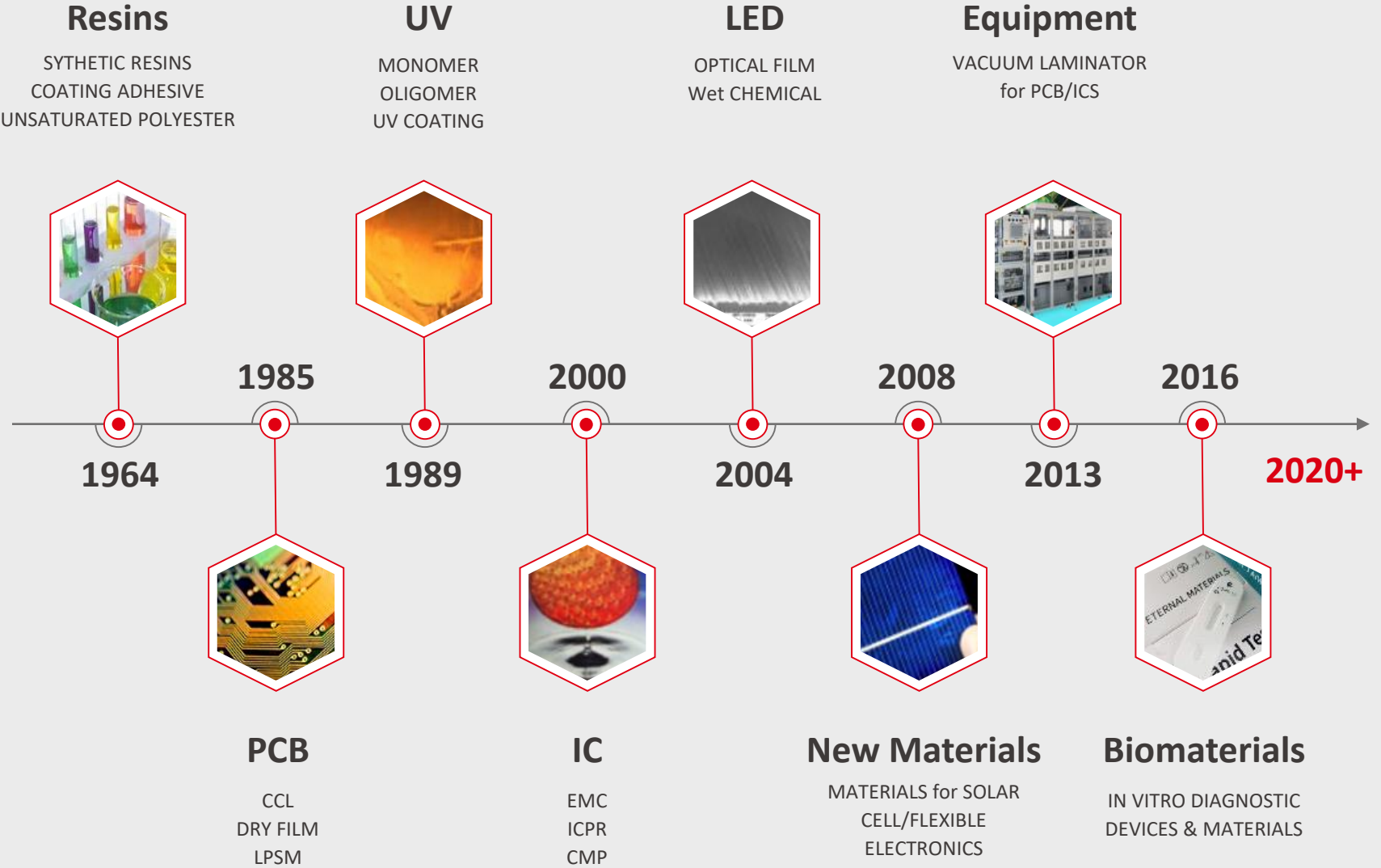
- Taiwan **4**
- China **12**
- USA **1**
- Thailand **1**
- Japan **2**
- Malaysia **1**
- Italy **1**

Notes 1 :  
 Number of Employees on September 30,2022

Notes 2:  
 Sales Revenue refer to year 2021 statement

- 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 Asian.

# Profile-Development Milestones



# Profile-2021 Product Lines Sales Ratio

Electronic Materials **33.5%**

- Dry Film Photoresist
- Dry Film Solder Mask
- UV INK
- Dry Film Photosensitive Polyimide
- Liquid Polyimide Material
- Vacuum Laminator
- Toll Coating Service
- Paper Phenolic Copper Clad Laminate
- Composite Epoxy Copper Clad Laminate

Resins Materials **48.2%**

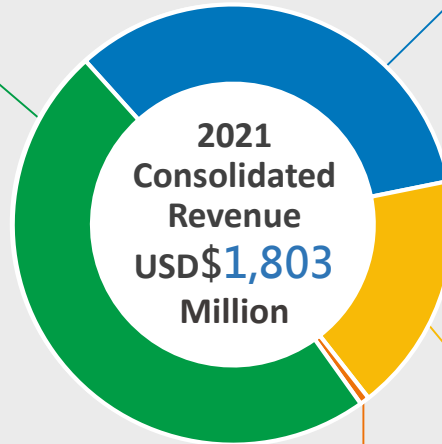
- Alkyd Resin 、 Solvent-Based Acrylic Coating Resin
- Water-Based Acrylic Coating Resin
- Acrylic Resin For Adhesives and Overprinting
- Polyester Polyol Resin 、 Fluorocarbon Resin
- Polyurethane Resin 、 Saturated Polyester Resin
- Amino Resin 、 Optoelectronic Materials
- Other Coatings Resin
- Unsaturated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

Others **0.7%**

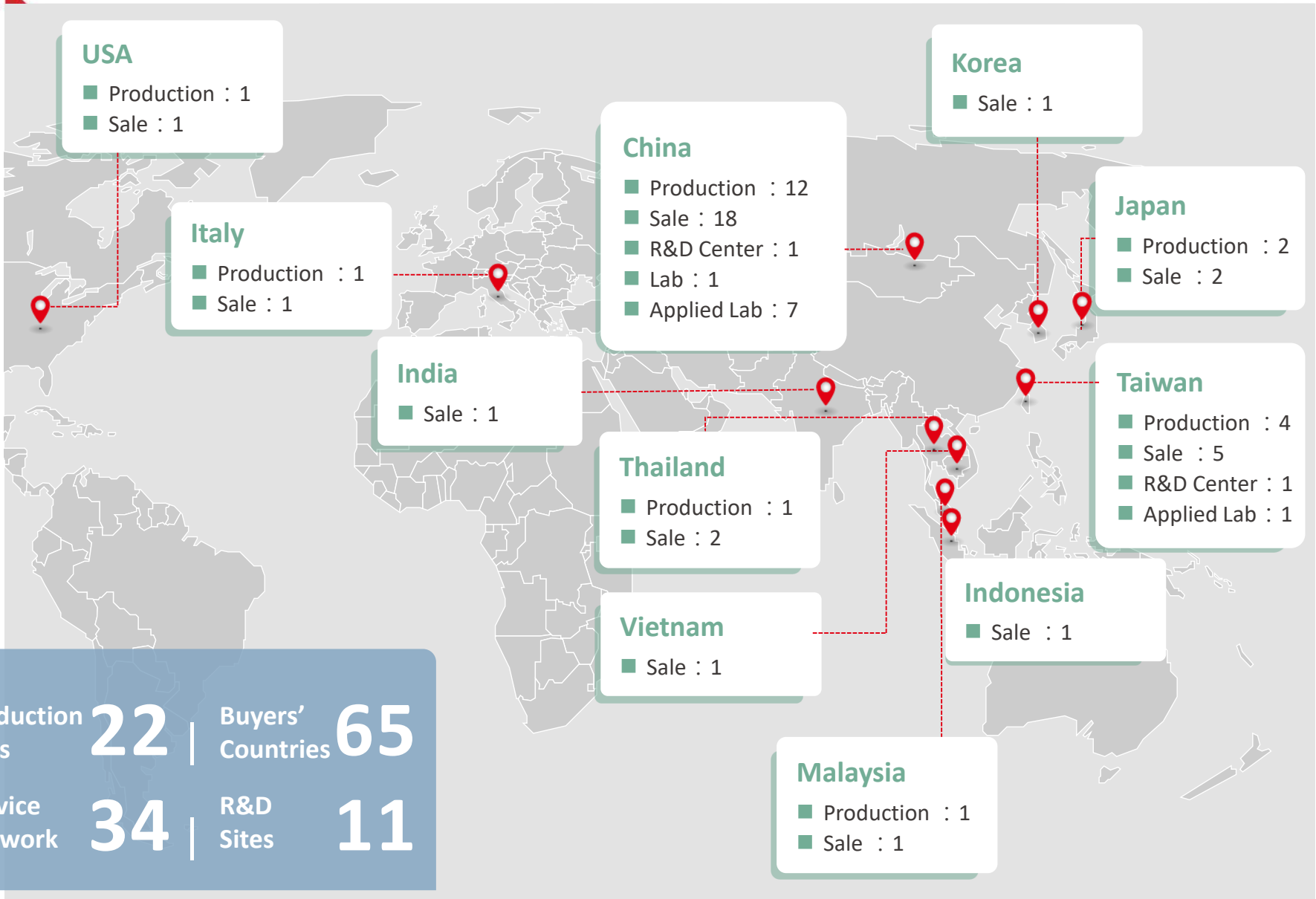
- Enzyme
- antibody for IVD
- conductive polymer
- Liquid molding compound
- Hydrophilic film for strip
- Electrolyte
- Si/C for LIB materials
- Binder

High Performance Materials **17.6%**

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



# Profile-Global Sites : Production / Sales / R&D

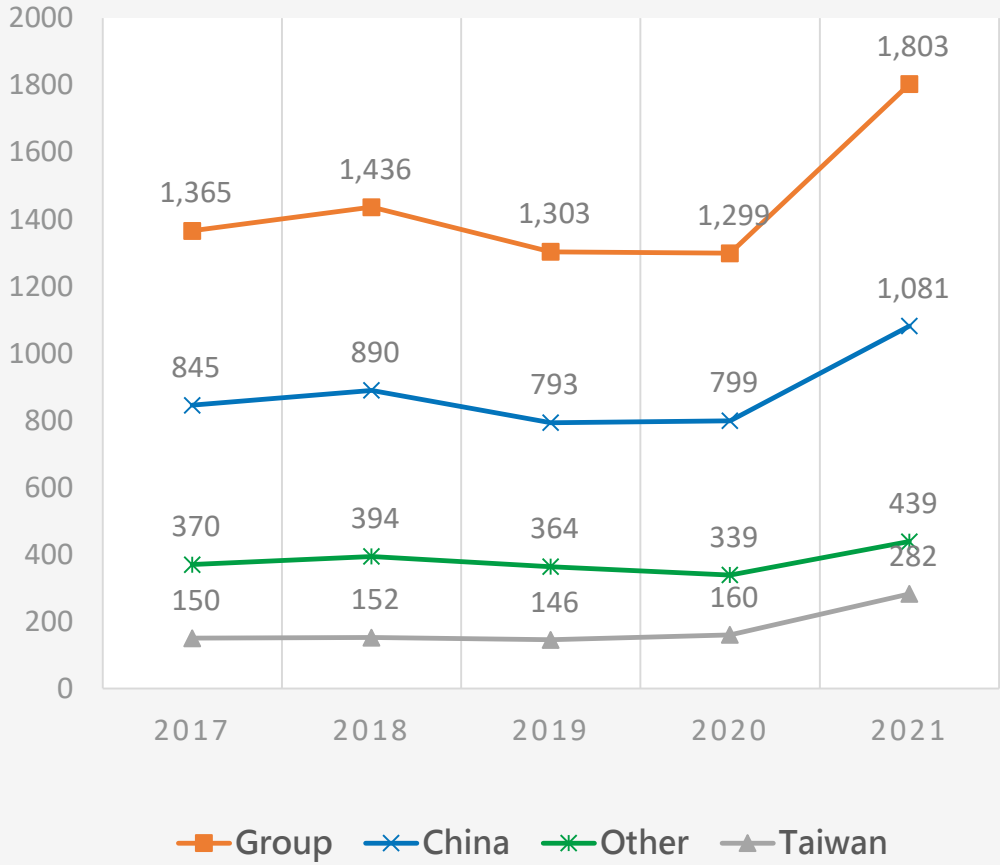


Production Sites	<b>22</b>	Buyers' Countries	<b>65</b>
Service Network	<b>34</b>	R&D Sites	<b>11</b>

# Profile-Annual Sales Distribution (In the recent 5 years)



■ Unit : USD million





# Financial Information-Balance Sheets & Key Indices



Unit : TWD Millions

	2022Q3		2021		2020	
	Amount	%	Amount	%	Amount	%
Cash and cash equivalents and current financial assets	7,806	<u>13</u>	4,444	<u>7</u>	6,170	<u>11</u>
Accounts receivable	17,884	<u>29</u>	20,071	<u>33</u>	17,523	<u>31</u>
Inventories	10,304	<u>17</u>	10,678	<u>18</u>	7,493	<u>13</u>
Financial assets	3,222	<u>5</u>	3,506	<u>6</u>	3,344	<u>6</u>
Property, plant and equipment	17,159	<u>28</u>	16,369	<u>27</u>	16,623	<u>30</u>
<b>Total Assets</b>	<b>61,631</b>	<b><u>100</u></b>	<b>60,536</b>	<b><u>100</u></b>	<b>56,189</b>	<b><u>100</u></b>
Short-term borrowings	7,911	<u>13</u>	4,588	<u>8</u>	4,404	<u>8</u>
Current portion of long-term borrowings	4,297	<u>7</u>	4,326	<u>7</u>	2,211	<u>4</u>
Long-term borrowings	12,044	<u>20</u>	12,506	<u>21</u>	13,185	<u>23</u>
<b>Total Liabilities</b>	<b>36,734</b>	<b><u>60</u></b>	<b>35,869</b>	<b><u>59</u></b>	<b>32,950</b>	<b><u>59</u></b>
<b>Total Equity</b>	<b>24,897</b>	<b><u>40</u></b>	<b>24,667</b>	<b><u>41</u></b>	<b>23,238</b>	<b><u>41</u></b>

## Key Financial Ratios

Average cash collection days	141	138	159
Average days required for sale	99	85	93
Current ratio (%)	176	190	210

# Financial Information-Statements of Comprehensive Income



Unit : TWD Millions

	2022Q3		2021		2020	
	Amount	%	Amount	%	Amount	%
Operating Revenue	37,243	100	50,471	100	38,370	100
Gross profit	7,768	21	10,694	21	8,886	23
Operating expenses	(5,092)	(14)	(6,599)	(13)	(5,747)	(15)
Operating Income	2,675	7	4,095	8	3,139	8
Non-operating income and expenses	254	1	337	1	6	0
Net profit attributable to owners of the company	2,267		3,549		2,543	
<b>Key Financial Ratios</b>						
Net profit margin (%)	7		6		6	
EPS	2.86		2.05		1.99	
ROE (%)	14		11		11	

# Financial Information-Cash Flow Statements



Unit : TWD Millions

	2022Q3	2021	2020
	Amount	Amount	Amount
Cash and cash equivalents at the beginning of the year	4,289	6,108	6,010
Cash flows from operating activities	4,501	750	4,148
Acquisition of property, plant and equipment	(2,117)	(2,049)	(1,458)
Increase (decrease) in borrowings	2,548	1,743	(997)
Dividends paid	(1,860)	(1,860)	(1,736)
Other items	8	(216)	134
Effects of exchange rate changes on cash and cash equivalents	173	(187)	7
Cash and cash equivalents at the end of the period	7,542	4,289	6,108
Free cash flow	2,384	(1,299)	2,690

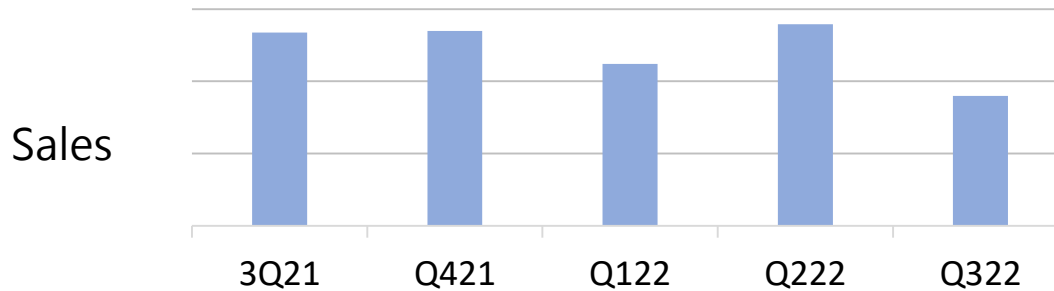
*Note:* Free cash flow=

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

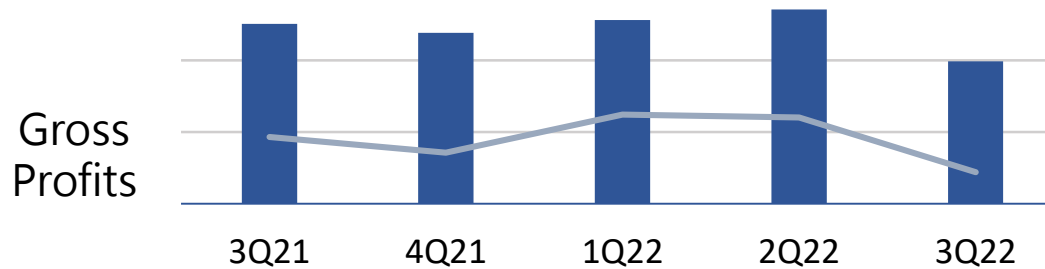
# Sales Revenues & Gross Profits



Unit : TWD Millions



■ Sales	13,010	13,048	12,364	13,185	11,695
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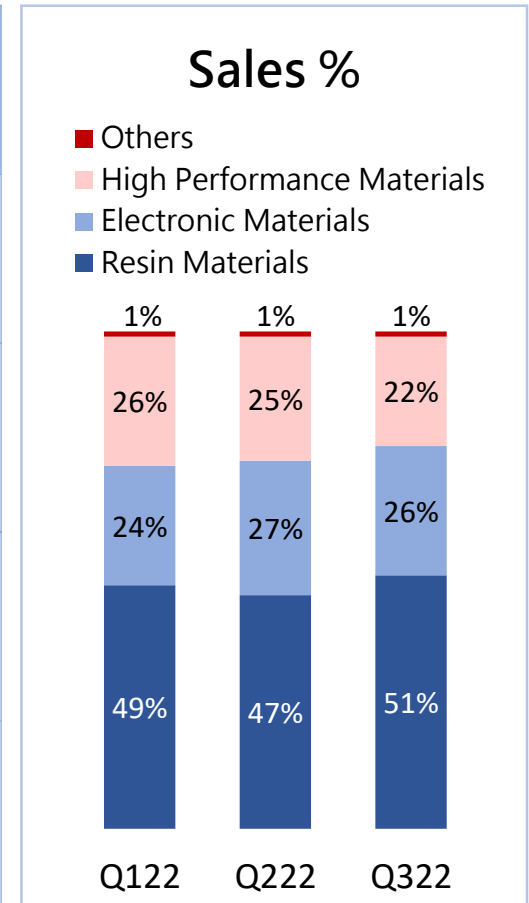
■ GP	2,685	2,550	2,745	2,899	2,124
— GPM	20.6%	19.5%	22.2%	22%	18.2%

	3Q22	y/y	q/q
Sales		-10.1%	-11.3%
Gross Profits		-20.9%	-26.7%

# Performance by Segment



	TWD Millions	3Q Sales		3Q Operating Profits		
		y/y	q/q	y/y	q/q	
Resin Materials	5,958	-5%	-5%	8	+156%	-95%
Electronic Materials	3,079	-14%	-13%	232	-54%	-47%
High Performance Materials	2,569	-16%	-21%	348	-48%	-40%



## Recap of Recent Major Events

- Eternal Materials Board of Directors resolved a cash capital increase of USD11,000 thousand for subsidiary Eternal Materials (Malaysia) Sdn. Bhd. for the acquisition of the right-of-use land. (2022/11/11)



# Q & A





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