



長興材料

ETERNAL MATERIALS

Elements of Infinite Possibilities

The background of the top half of the slide features a collage of scientific imagery. On the left, a glass beaker contains a liquid and is overlaid with a chemical structure of a dihydroxybenzene derivative. In the center, a glass pipette is shown dispensing a drop of liquid into a beaker, with another chemical structure overlaid. The background also includes a blurred periodic table of elements and various chemical formulas and structures.

2023 First Quarter Earnings Conference

Speaker : B.C. Liu, Spokesman / CFO

Date :2023/05/19



Agenda

1. Profile
2. 1Q23 Financial results
3. Key messages
4. Q&A



Profile - Overview

Chairman — Allen K. L. Kao

Core Business — Manufacturing, processing and sales

Founding

1964

Employees

4,898

Overall Sales Revenue

USD\$ 1,649 million

Headcounts of Researcher

596

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 December 31,2022

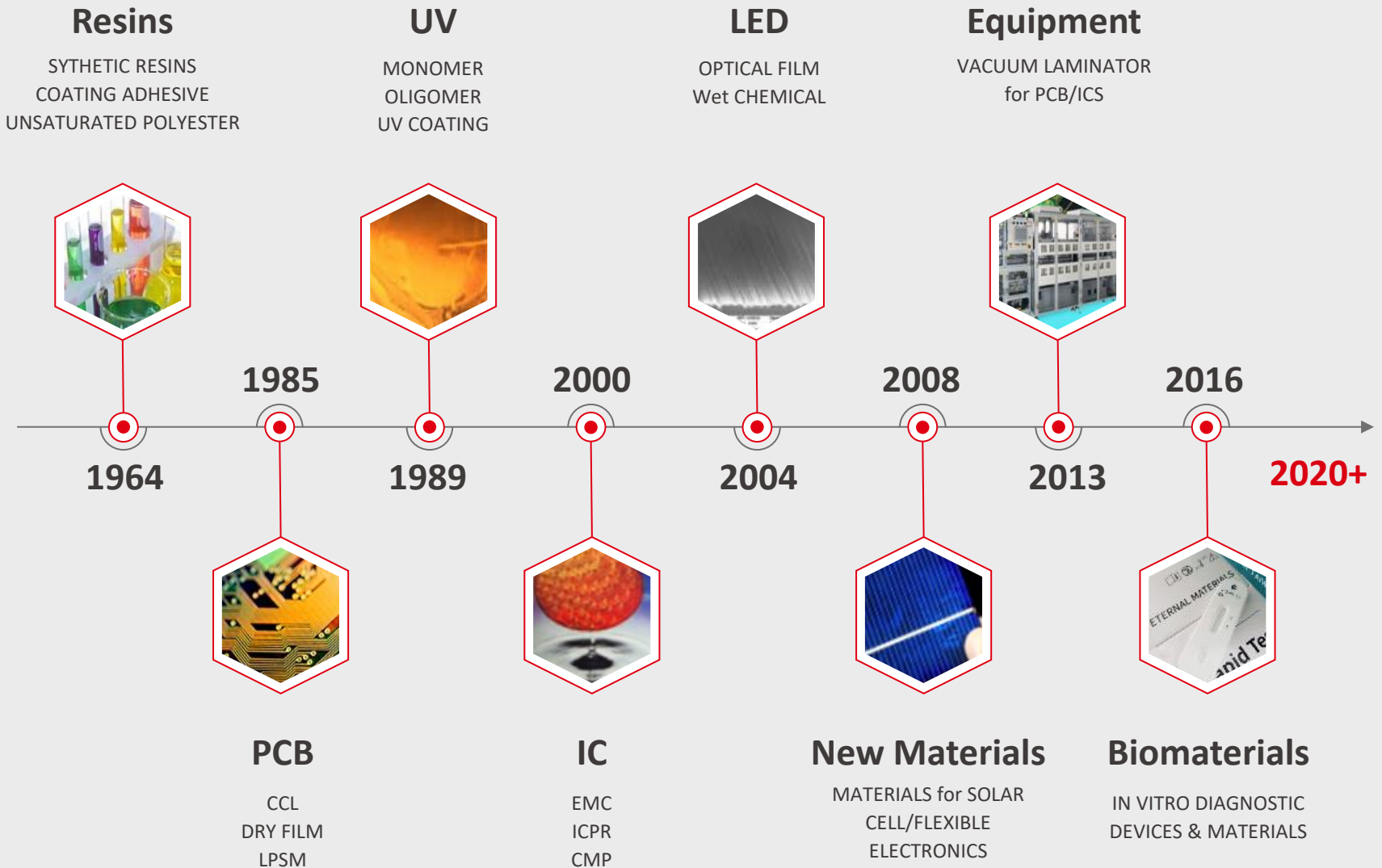
Notes 2 :

Sales Revenue refer to year 2022 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-2022 Product Lines Sales Ratio

Resins Materials 49.1%

- 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 0.8%

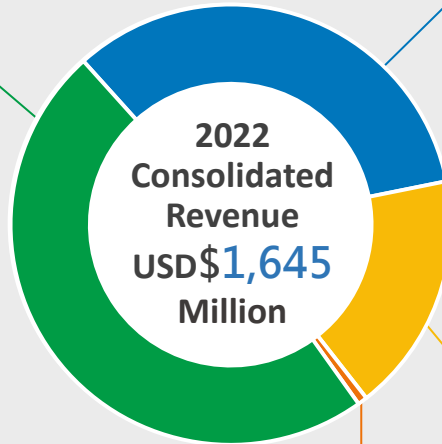
- Enzyme
- antibody for IVD
- conductive polymer
- Liquid molding compound
- Hydrophilic film for strip
- Electrolyte
- Si/C for LIB materials
- Binder

Electronic Materials 27.2%

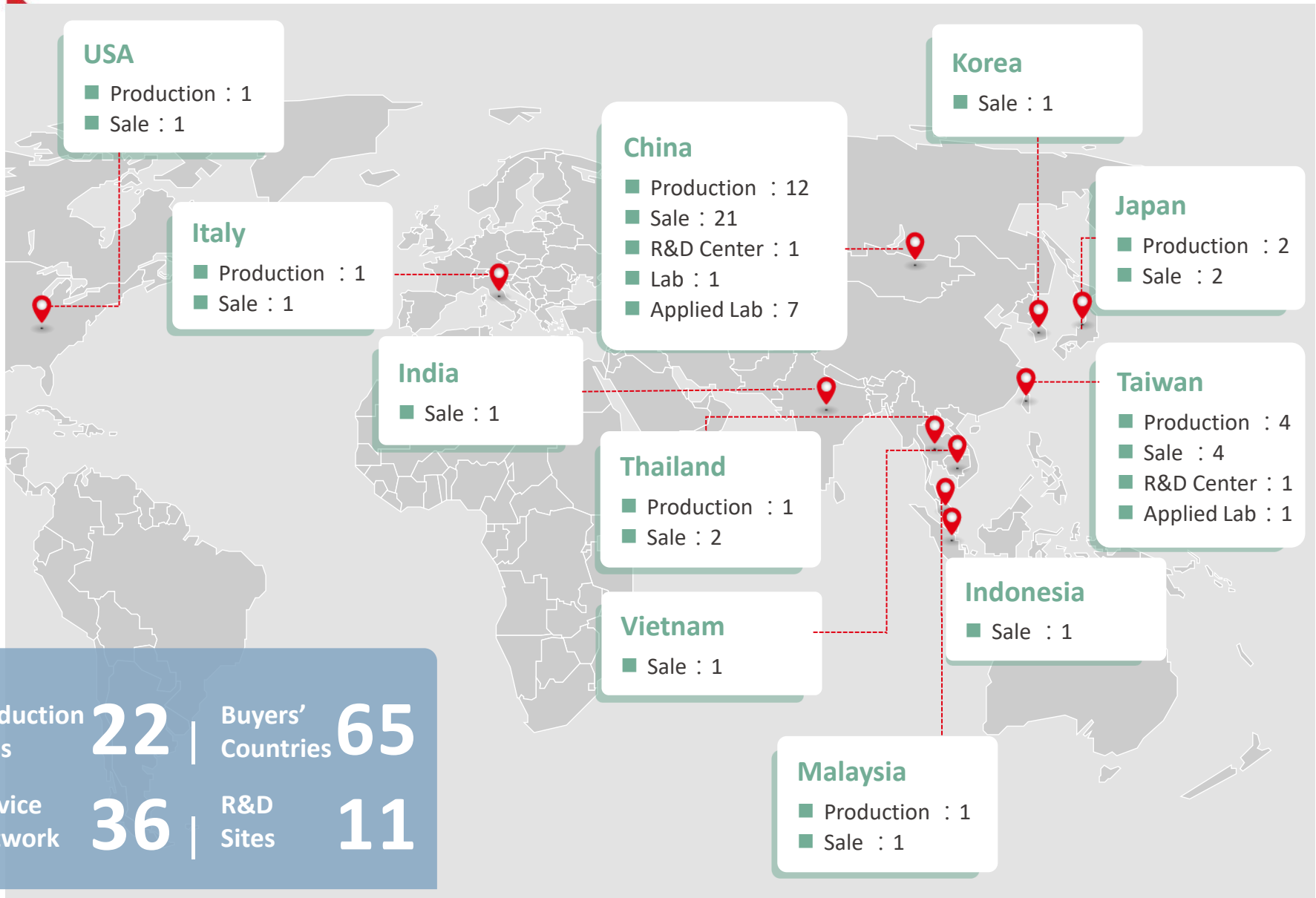
- Dry Film Photoresist
- Dry Film Solder Mask
- UV INK
- Dry Film Photosensitive Polyimide
- Liquid Polyimide Material
- Vacuum Laminator
- Toll Coating Service
- Paper Phenolic Copper Clad Laminate
- Composite Epoxy Copper Clad Laminate

High Performance Materials 22.9%

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

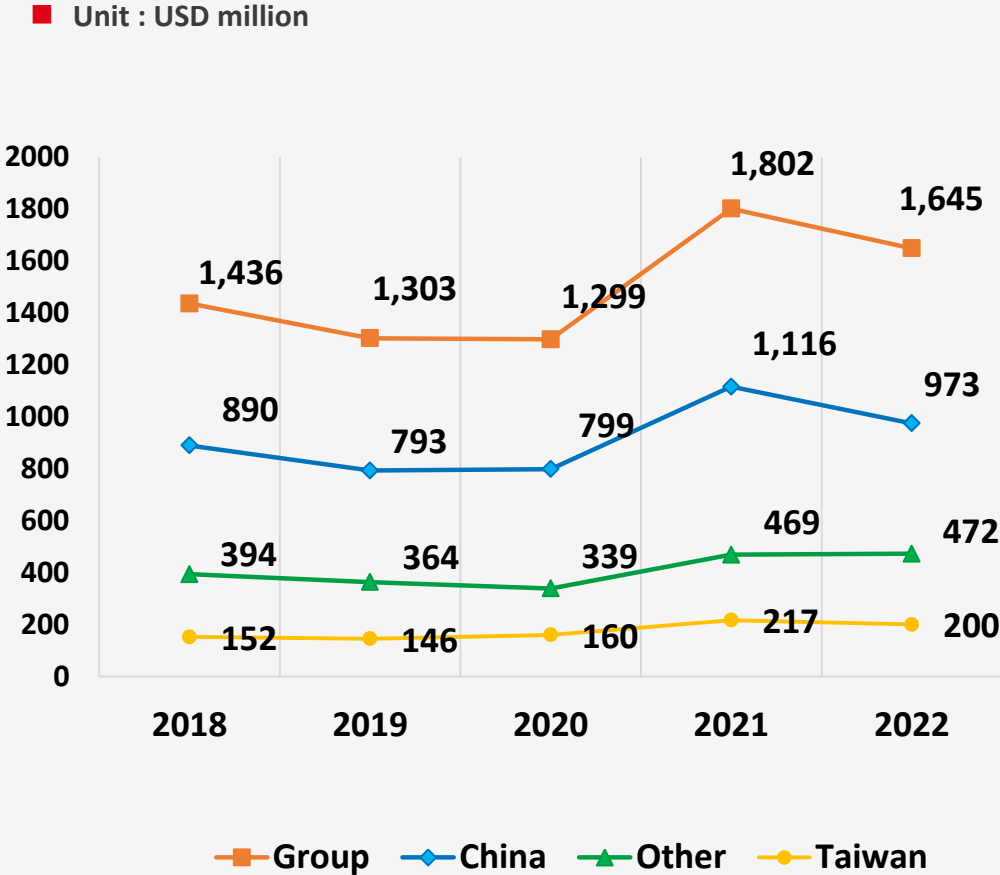


Profile-Global Sites : Production / Sales / R&D



| | | | |
|------------------|-----------|-------------------|-----------|
| Production Sites | 22 | Buyers' Countries | 65 |
| Service Network | 36 | R&D Sites | 11 |

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



Financial Information-Balance Sheets & Key Indices



Unit : TWD Millions

| | 2023Q1 | | 2022 | | 2021 | |
|--|---------------|-------------------|---------------|-------------------|---------------|-------------------|
| | Amount | % | Amount | % | Amount | % |
| Cash and cash equivalents and current financial assets | 6,697 | <u>12</u> | 6,671 | <u>11</u> | 4,444 | <u>7</u> |
| Accounts receivable | 15,101 | <u>26</u> | 17,132 | <u>29</u> | 20,071 | <u>33</u> |
| Inventories | 9,766 | <u>17</u> | 9,716 | <u>16</u> | 10,678 | <u>18</u> |
| Financial assets | 3,284 | <u>6</u> | 3,155 | <u>5</u> | 3,506 | <u>6</u> |
| Property, plant and equipment | 17,656 | <u>30</u> | 17,473 | <u>29</u> | 16,369 | <u>27</u> |
| Total Assets | 58,042 | <u>100</u> | 59,455 | <u>100</u> | 60,536 | <u>100</u> |
| Short-term borrowings | 5,114 | <u>9</u> | 5,364 | <u>9</u> | 4,588 | <u>8</u> |
| Current portion of long-term borrowings | 3,006 | <u>5</u> | 3,040 | <u>5</u> | 4,326 | <u>7</u> |
| Long-term borrowings | 12,948 | <u>22</u> | 13,988 | <u>24</u> | 12,506 | <u>21</u> |
| Total Liabilities | 34,117 | <u>59</u> | 34,384 | <u>58</u> | 35,869 | <u>59</u> |
| Total Equity | 23,926 | <u>41</u> | 25,071 | <u>42</u> | 24,667 | <u>41</u> |
| Key Financial Ratios | | | | | | |
| Average cash collection days | 157 | | 141 | | 138 | |
| Average days required for sale | 115 | | 98 | | 85 | |
| Current ratio (%) | 187 | | 206 | | 190 | |

Financial Information-Statements of Comprehensive Income



Unit : TWD Millions

| | 2023Q1 | | 2022 | | 2021 | |
|--|---------|------|---------|------|---------|------|
| | Amount | % | Amount | % | Amount | % |
| Operating Revenue | 9,575 | 100 | 49,014 | 100 | 50,471 | 100 |
| Gross profit | 1,710 | 18 | 10,163 | 21 | 10,694 | 21 |
| Operating expenses | (1,466) | (15) | (6,886) | (14) | (6,599) | (13) |
| Operating Income | 244 | 3 | 3,277 | 7 | 4,095 | 8 |
| Non-operating income and expenses | (18) | 0 | 238 | 0 | 337 | 1 |
| Net profit attributable to owners of the company | 137 | | 2,618 | | 3,549 | |
| Key Financial Ratios | | | | | | |
| Net profit margin (%) | 1 | | 5 | | 7 | |
| EPS | 0.12 | | 2.15 | | 2.86 | |
| ROE (%) | 2 | | 11 | | 15 | |

Financial Information-Cash Flow Statements



Unit : TWD Millions

| | 2023Q1 | 2022 | 2021 |
|---|---------|---------|---------|
| | Amount | Amount | Amount |
| Cash and cash equivalents at the beginning of the year | 5,451 | 4,289 | 6,108 |
| Cash flows from operating activities | 2,116 | 6,581 | 750 |
| Acquisition of property, plant and equipment | (743) | (2,783) | (2,049) |
| Increase (decrease) in borrowings | (1,299) | 681 | 1,743 |
| Dividends paid (Including Capital reduction) | - | (2,481) | (1,860) |
| Other items | 49 | (947) | (216) |
| Effects of exchange rate changes on cash and cash equivalents | (12) | 110 | (187) |
| Cash and cash equivalents at the end of the period | 5,561 | 5,451 | 4,289 |
| Free cash flow | 1,373 | 3,799 | (1,299) |

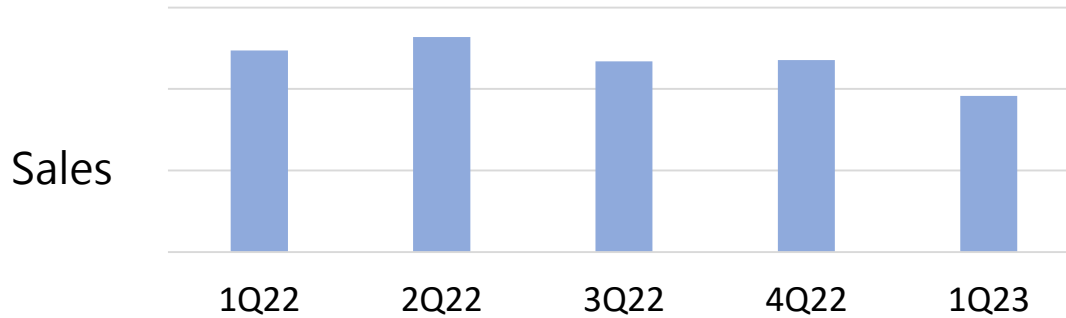
Note: Free cash flow=

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

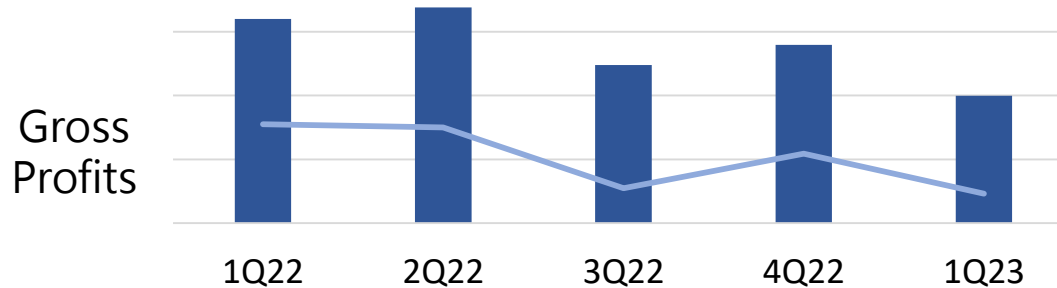
Sales Revenues & Gross Profits



Unit : TWD Millions



| | 1Q22 | 2Q22 | 3Q22 | 4Q22 | 1Q23 |
|--------------|--------|--------|--------|--------|-------|
| Sales | 12,364 | 13,185 | 11,695 | 11,771 | 9,575 |

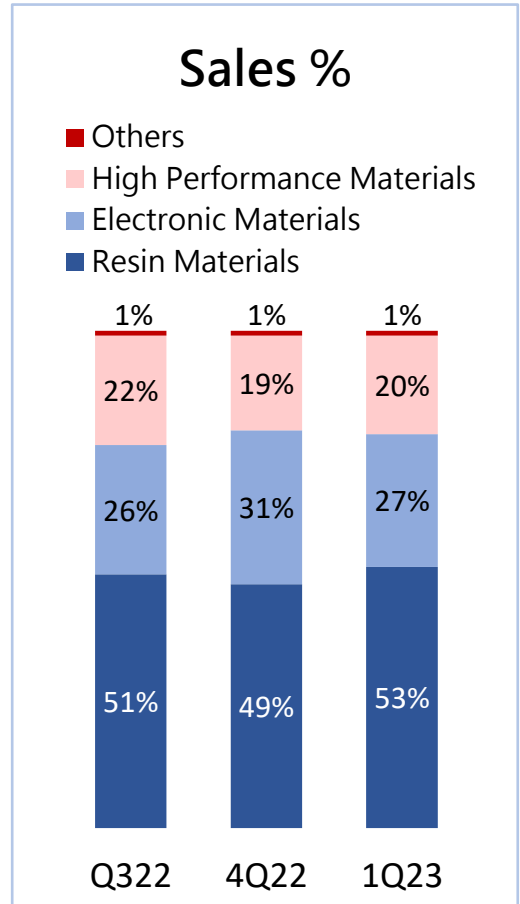


| | 1Q22 | 2Q22 | 3Q22 | 4Q22 | 1Q23 |
|------------|-------|-------|-------|--------|--------|
| GP | 2,745 | 2,899 | 2,124 | 2,395 | 1,710 |
| GPM | 22.2% | 22% | 18.2% | 20.35% | 17.86% |

| | 1Q23 | y/y | q/q |
|----------------------|------|--------|--------|
| Sales | | -22.6% | -18.7% |
| Gross Profits | | -37.7% | -28.6% |

Performance by Segment

| | TWD Millions | 1Q Sales | | 1Q Operating Profits | | |
|----------------------------|--------------|----------|------|----------------------|------|------|
| | | y/y | q/q | y/y | q/q | |
| Resin Materials | 5,068 | -17% | -12% | 93 | -51% | 2% |
| Electronic Materials | 2,558 | -15% | -30% | 118 | -54% | -71% |
| High Performance Materials | 1,874 | -41% | -16% | 144 | -80% | -46% |



Recap of Recent Major Events

- Eternal Materials Board of Directors resolved a cash capital increase of CNY150 million for subsidiary Eternal Material Industry (Tongling) Co., Ltd. for the purchase of land. (2023/03/10)



Q & A





長興材料

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Elements of Infinite Possibilities

