

Taita Chemical Co., Ltd



Tianjin FAC

2019 Investor Conference

Zhong Shan FAC

Glass-wool FAC
Cubic FAC

Head Office

Chien Chen FAC

Lin Yuan FAC

2019 05 27

Taita Chemical Co., Ltd

2019 Investor Conference

Agenda	Reported by
Company Briefing	T M Yen
2018 Market Review	T M Yen
2019 Market Outlook	T M Yen
Finance Information	Tony Lin
Q & A	Paul Wu

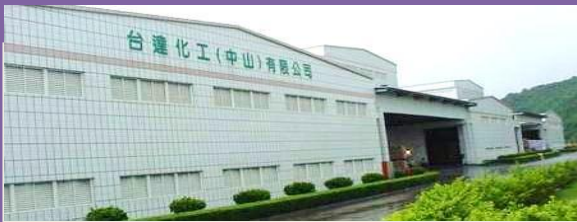
Production Capacities

Tianjin Factory (Est. 2005 09)



➤ EPS Cap: 140,000 MTA

Zhong Shan Factory (Est. 2000 05)



➤ EPS Cap: 180,000 MTA

Taita's Major Products

- . ABS/SAN
- . GPS/IPS
- . EPS
- . GW/Cubic

Tianjin FAC

Zhong Shan

Glass-wool
Cubic

Lin Yuan

Chien Chen

Lin Yuan FAC (Est. 1979 08)



➤ ABS/SAN Cap: 125,000 MTA

Head Office
Taipei



Cubic FAC (Est. 1987 06)
Glasswool FAC (Est. 1991 03)



- Cubic Printing Cap: 200,000 JIG/Y
- Glass-wool Cap: 10,000 MTA

Chien Chen FAC (Est. 1960 04)



- EPS Cap: 60,000 MTA
- GPS/IPS Cap: 100,000 MTA

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2018 Market Review

- ◆ Economy
- ◆ Feedstocks
- ◆ Performance

2018 Review – Events

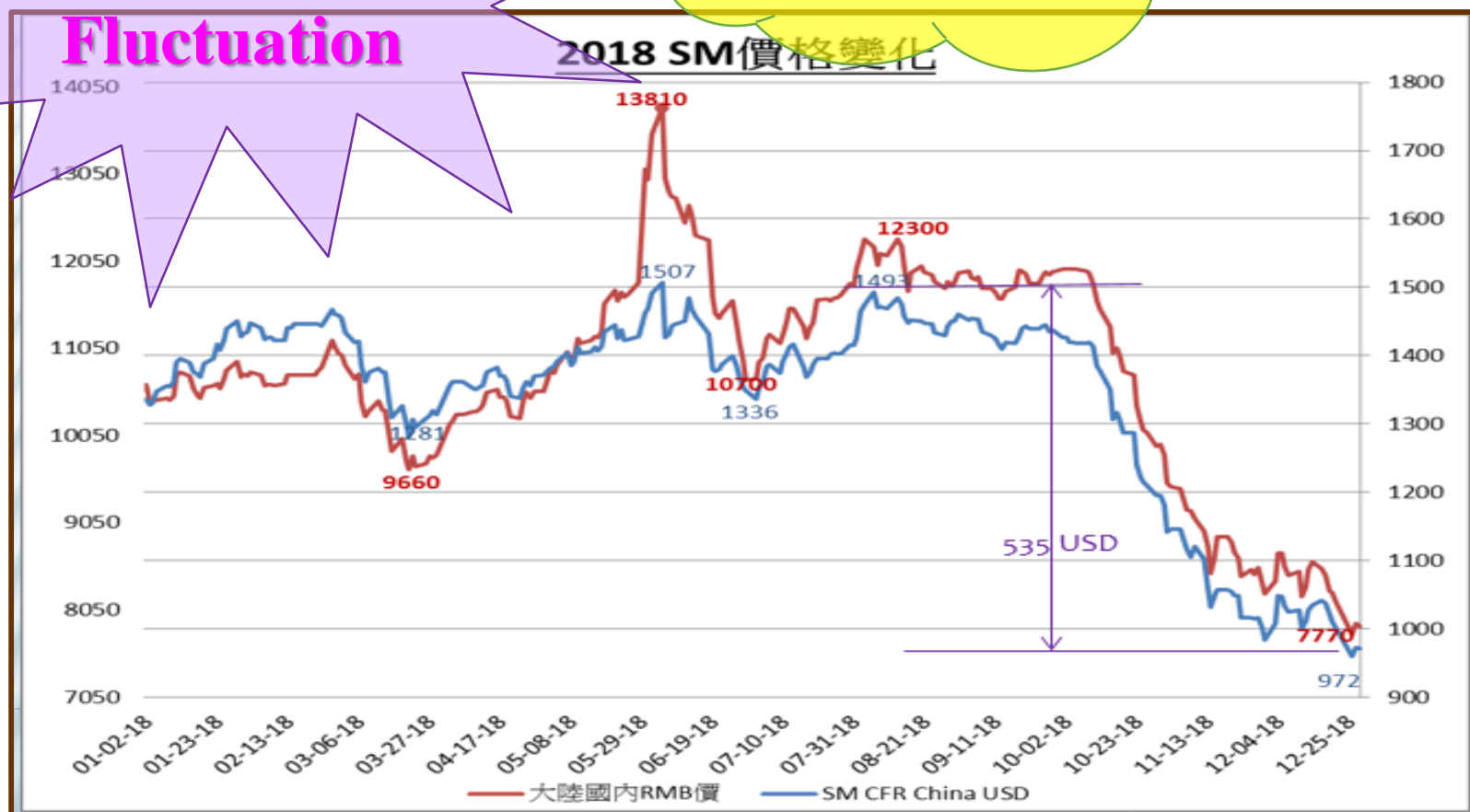


- ◆ 2018.07.06: US imposed 25% of additional tariff on 818 items or \$34 billion of imports from China.
- ◆ 2018.08.07: US announced 25% of additional tariff on 279 items or \$16 billion of imports from China effective Aug 23.
 - Including PS 及ABS plastic resins and downstream PS film.
- ◆ 2018.09.18: US announced 10% of additional tariff on \$200 billion of imports from China effective Sep 24, and starting 2019 01 01 the additional tariff will increase to 25%.
 - Including electrical appliances(air conditioner , fridge , vacuum cleaner , TV , battery)and car parts . China products faced order cancellation or delay production. Plastic demands, especially ABS, was heavily affected.
- ◆ 2018.12.01: After G20 summit , US announced to postpone the tariff increase of 2019 01 01.

2018 Review - Feedstocks







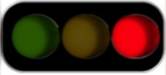
**Price
Fluctuation**

**Impact
Performance**

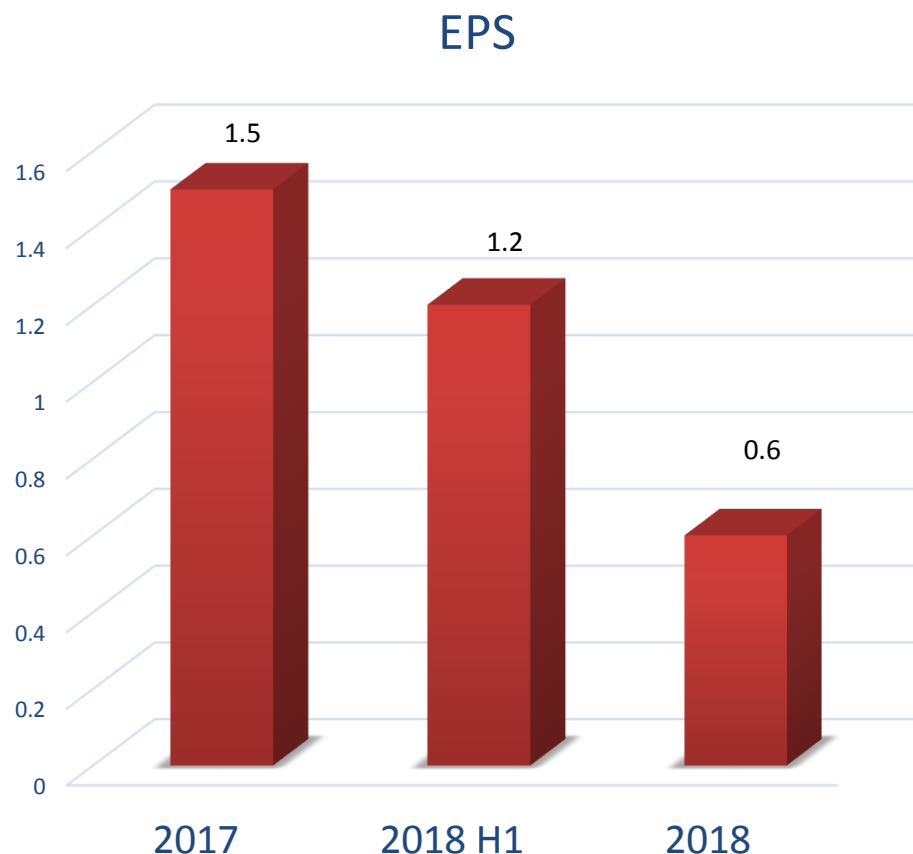


2018 Review – Performance

Sales Q'ty

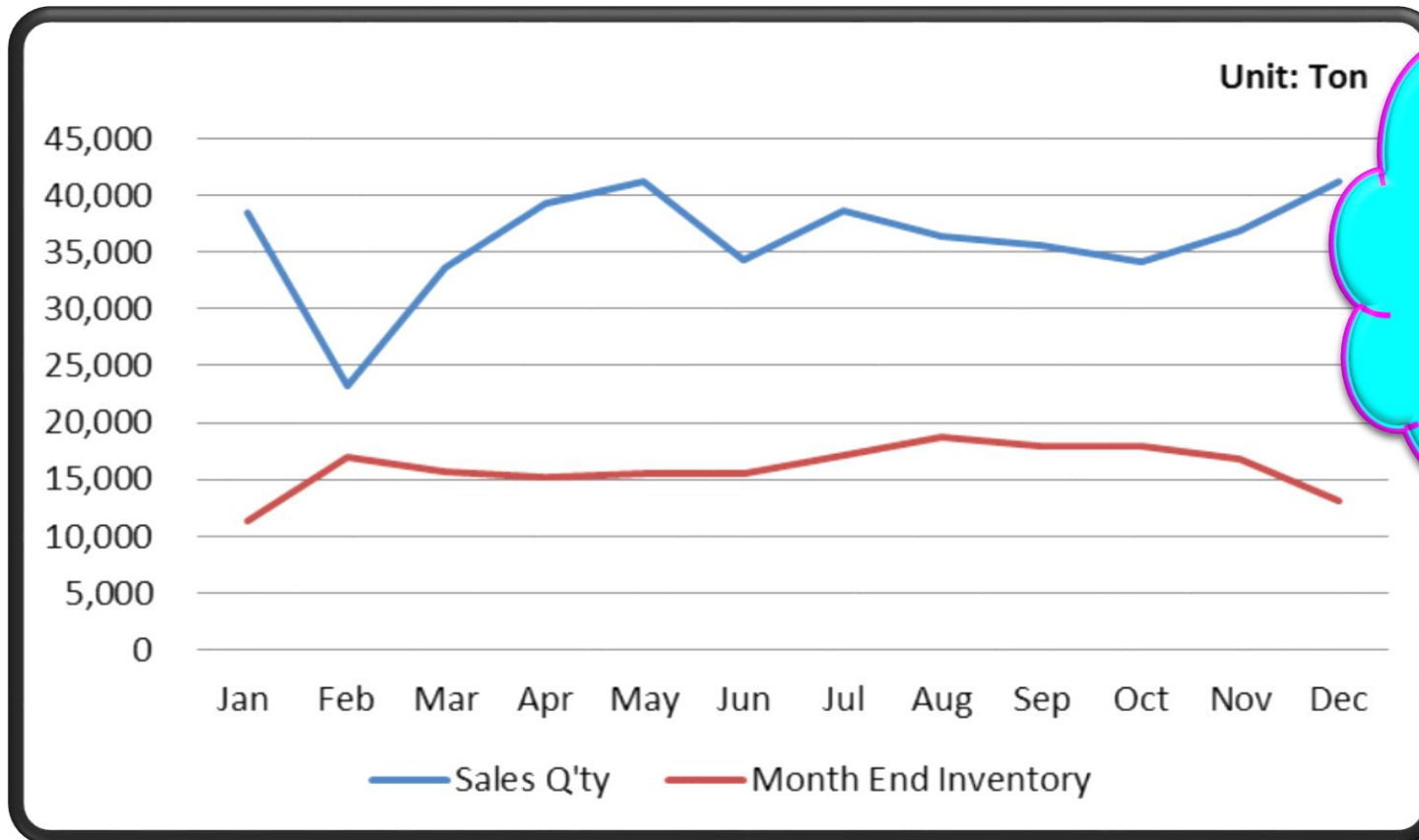
unit: MT		2018 vs 2017	
ABS/SAN		- 0.4%	
GPS		+ 9.8%	
EPS	Taiwan	+ 1.7%	
	Zhong Shan	+ 1.5%	
	Tian Jin	+ 59.7%	
GW		+ 5.0%	
CUBIC		- 7.3%	

Earning Per Share



2018 review – Performance

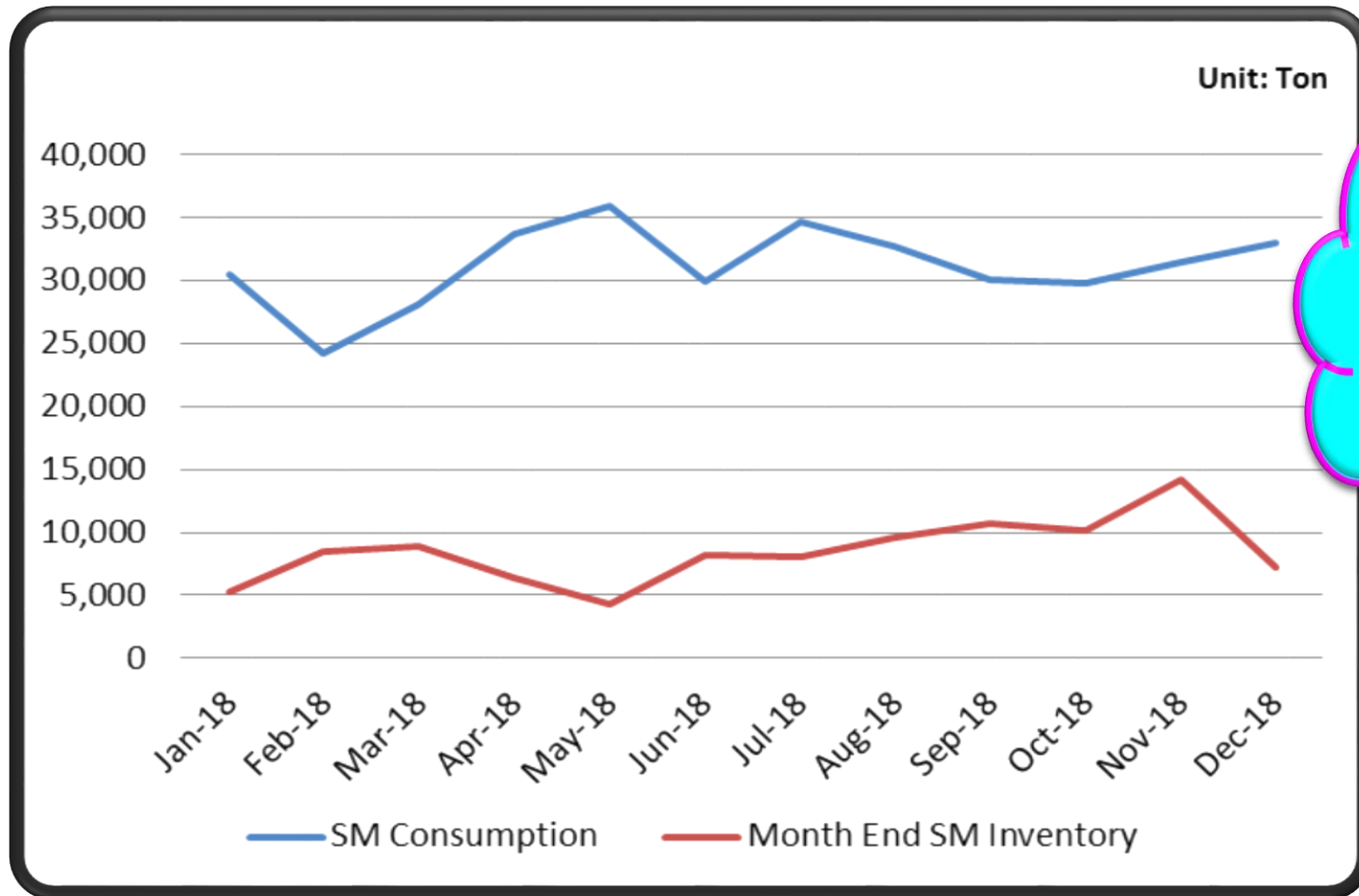
Sales vs Product Inventory (Taiwan + China)



Integrated
Supply Chain
Management

2018 review – Performance

SM Usage vs SM Inventory (Taiwan + China)



Integrated
Supply Chain
Management

Taita Chemical Co., Ltd

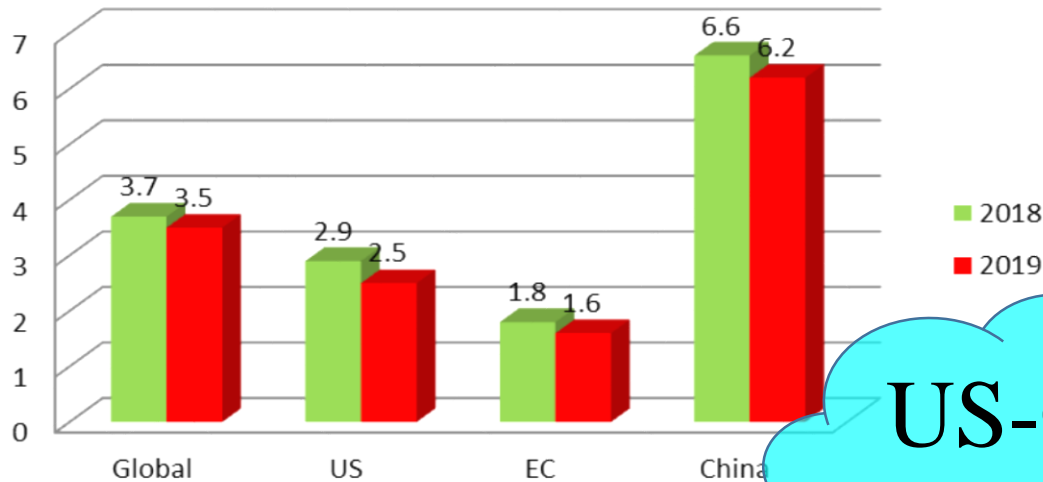
2019 Investor Conference

2019 Market outlook

- ◆ Economy
- ◆ Industry
- ◆ Feedstocks
- ◆ Management
- ◆ Performance

2019 Market Outlook – Economy

GDP Growth rate%



- Area Conflict
- Environment
- Crude price

US-China Trade War

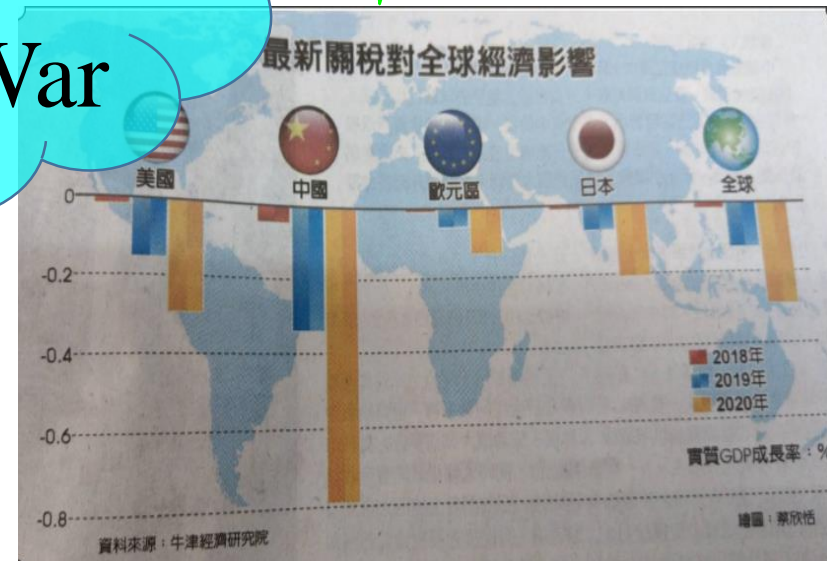
Source: IMF (2019. 4)

US-China Trade war 2019

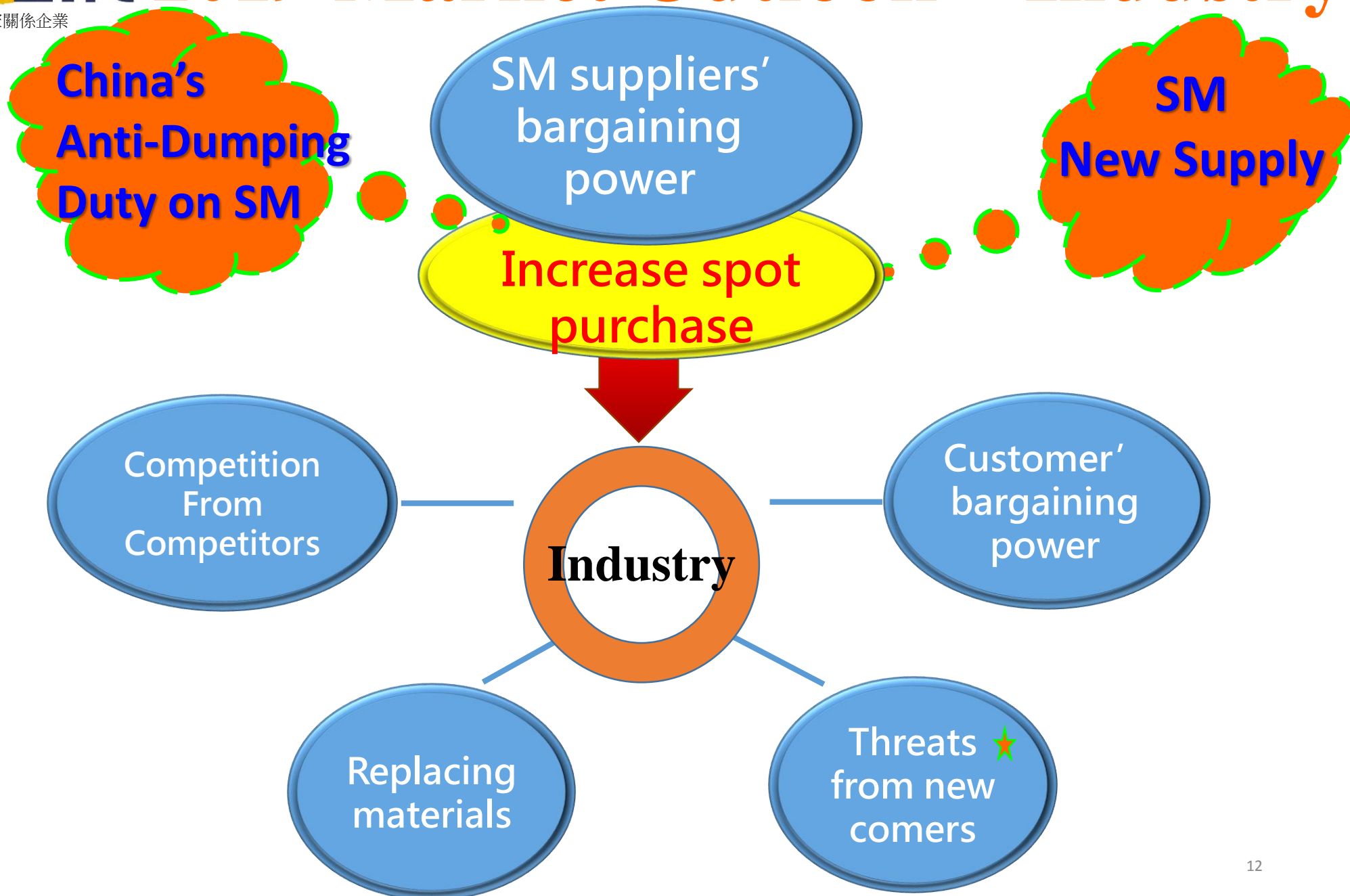
2019 01 01: US delayed the schedule of tariff increase for 200 billion worth of import from China. Market is optimistic on a peaceful solution.

2019 05 05: Trump tweets that the US will increase the level of tariffs from 10% to 25% on 200 billion worth of Chinese imports. Also will start the process of raising tariff on the remaining, 300 billion worth, of Chinese import.

2019 05 13: China retaliates by announcing the tariff increase for 5140 items, or 60 billion worth, of import from the US. Rate from 5% to 25%.



2019 Market Outlook – Industry



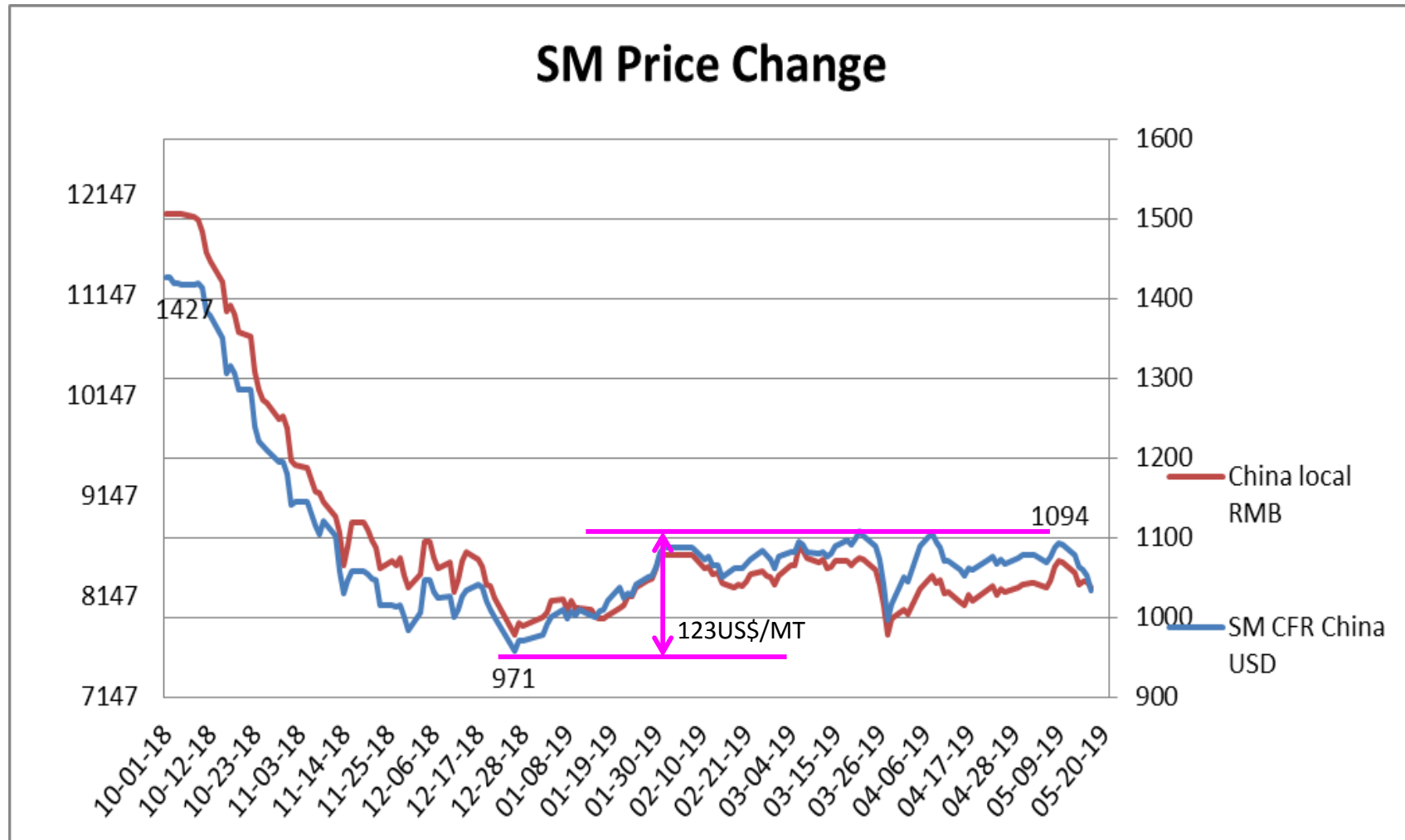
2019 Market Outlook – Industry (China)

Unit: x 10,000 MT

	ABS *		GPS	EPS	SM	
Current Capacity	406		344	638	925	
New Capacity	2019	20	---	---	2019	520
	2020	15			I	
	2021	45			2022	

- ICIS report

2019 Market Outlook – Management



2019 Market Outlook – Management

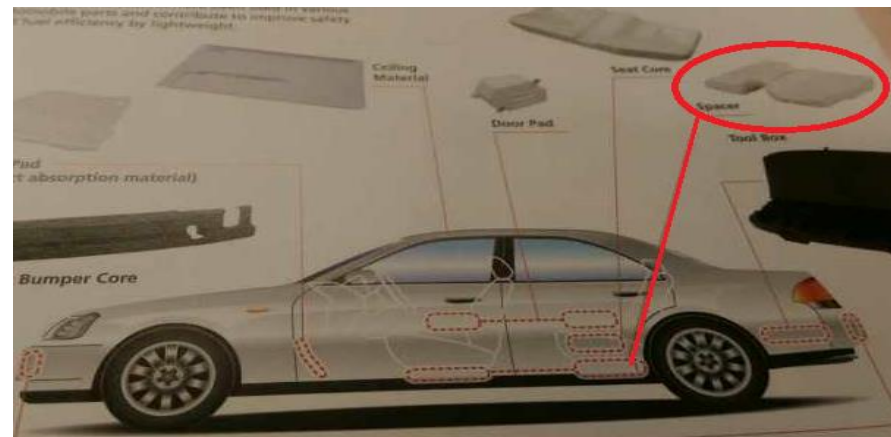


2019 Market Outlook – Management

EPS as protection packaging of TFT-LCD Panel



Car interior decoration



GW new product development- Endcapped sealed glasswool

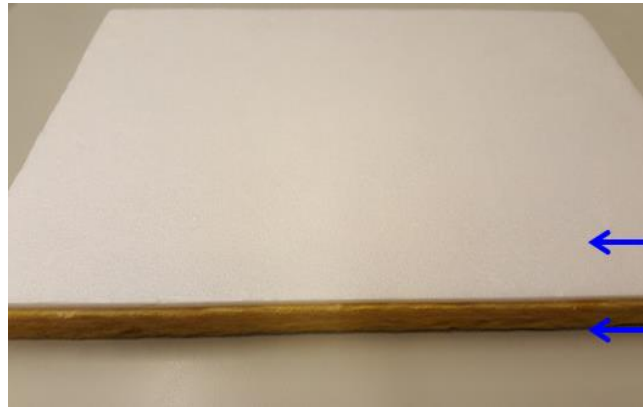


Naked glasswool endcapped & sealed by PE film • Advantage:

- 1. Reduce dust.**
- 2. Reduce the pruritus on construction workers when expose to naked glasswool.**



GW new development– Port board floor insulation



Port Board structure

← 3mm PSP board

← 100K 15mm glasswool board













1. New revision in Construction Guideline. Insulation for floor impact shall be $\geq 17\text{dB}$ ($\Delta L_w \geq 17\text{dB}$) , implemented starting 2019/7/1 .

2. Port Board had been tested by Performance Experiment Center, Architecture and Building Research Institute, Ministry of the Interior. Test result shows Impact floor Sound Transmission loss 26 dB ($\Delta L_w 26\text{dB}$)

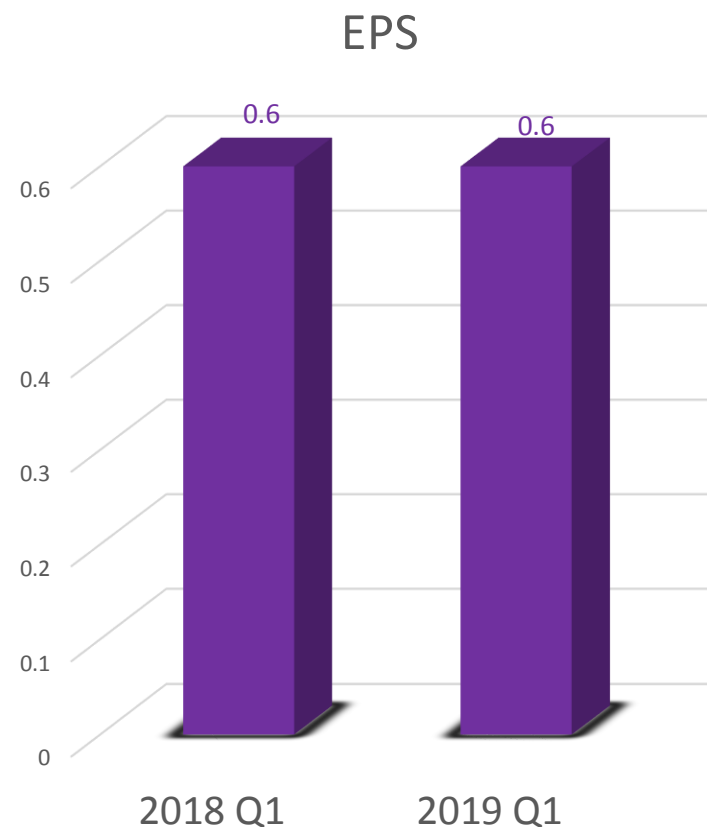


2019 Market Outlook – Performance

Sales Q'ty

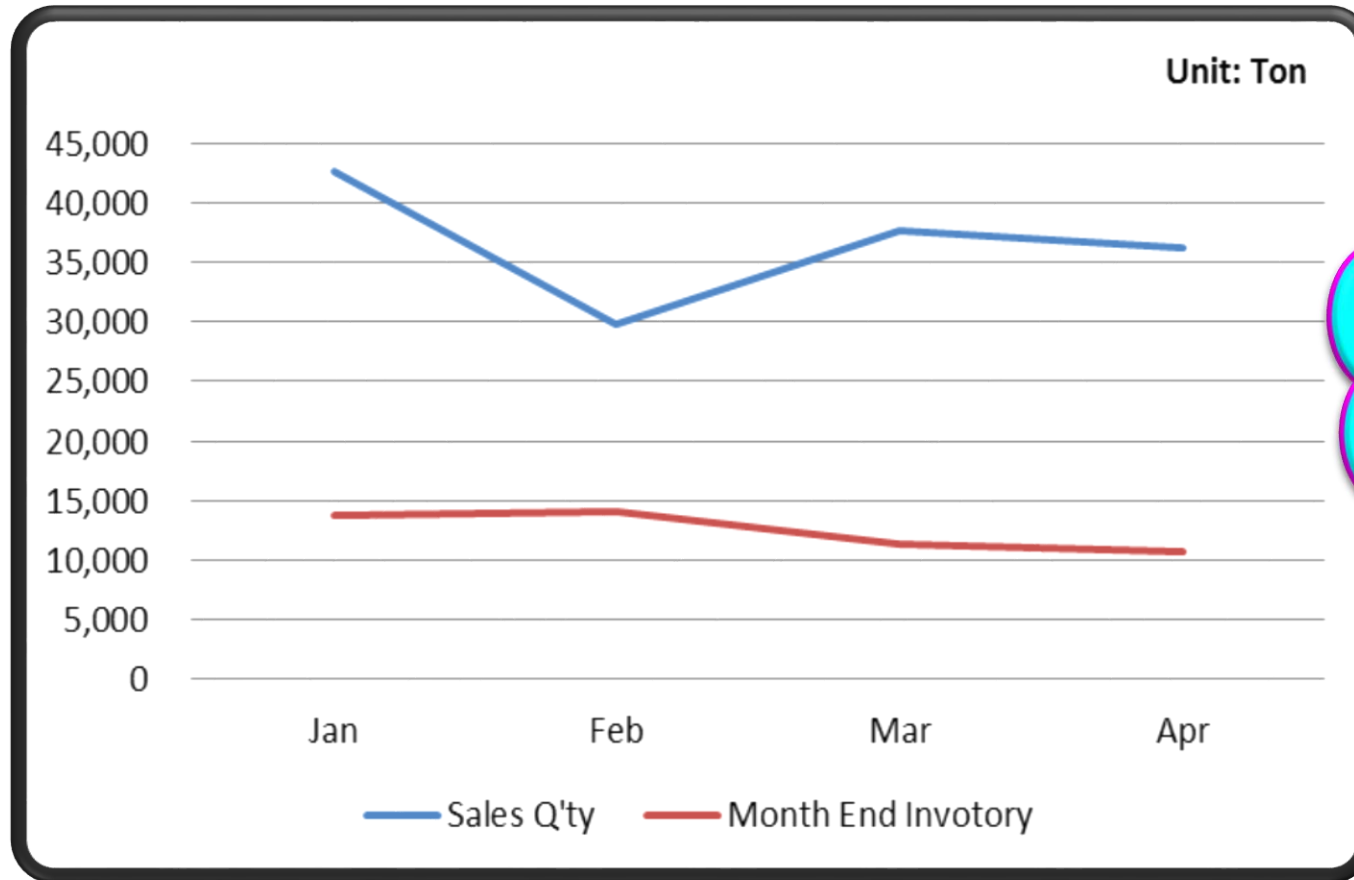
unit: MT		2019 (P) vs 2018		2019 (P) vs 2019 (A) (Jan to Apr)	
ABS/SAN		+ 1.6%		+14.2%	
GPS		- 0.7%		+13.3%	
EPS	Taiwan	+ 2.4%		+3.9%	
	Zhongshan	+ 2.2%		+1.6%	
GW		+ 8.4%		-3.7%	
CUBIC		+ 7.6%		-30.5%	

Earning Per Share



2019 Market Outlook – Management

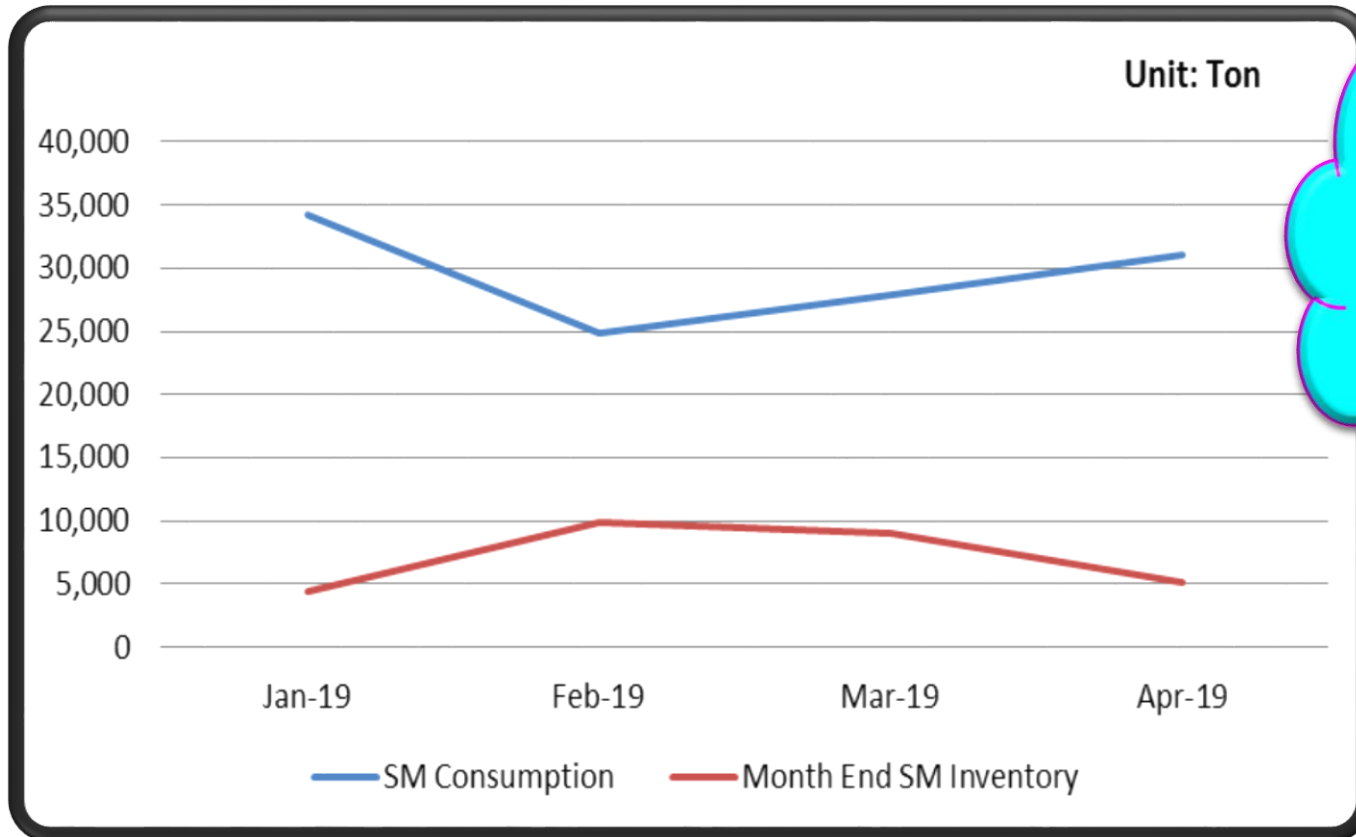
Sales vs Product Inventory (Taiwan + China)



Integrated
Supply Chain
Management

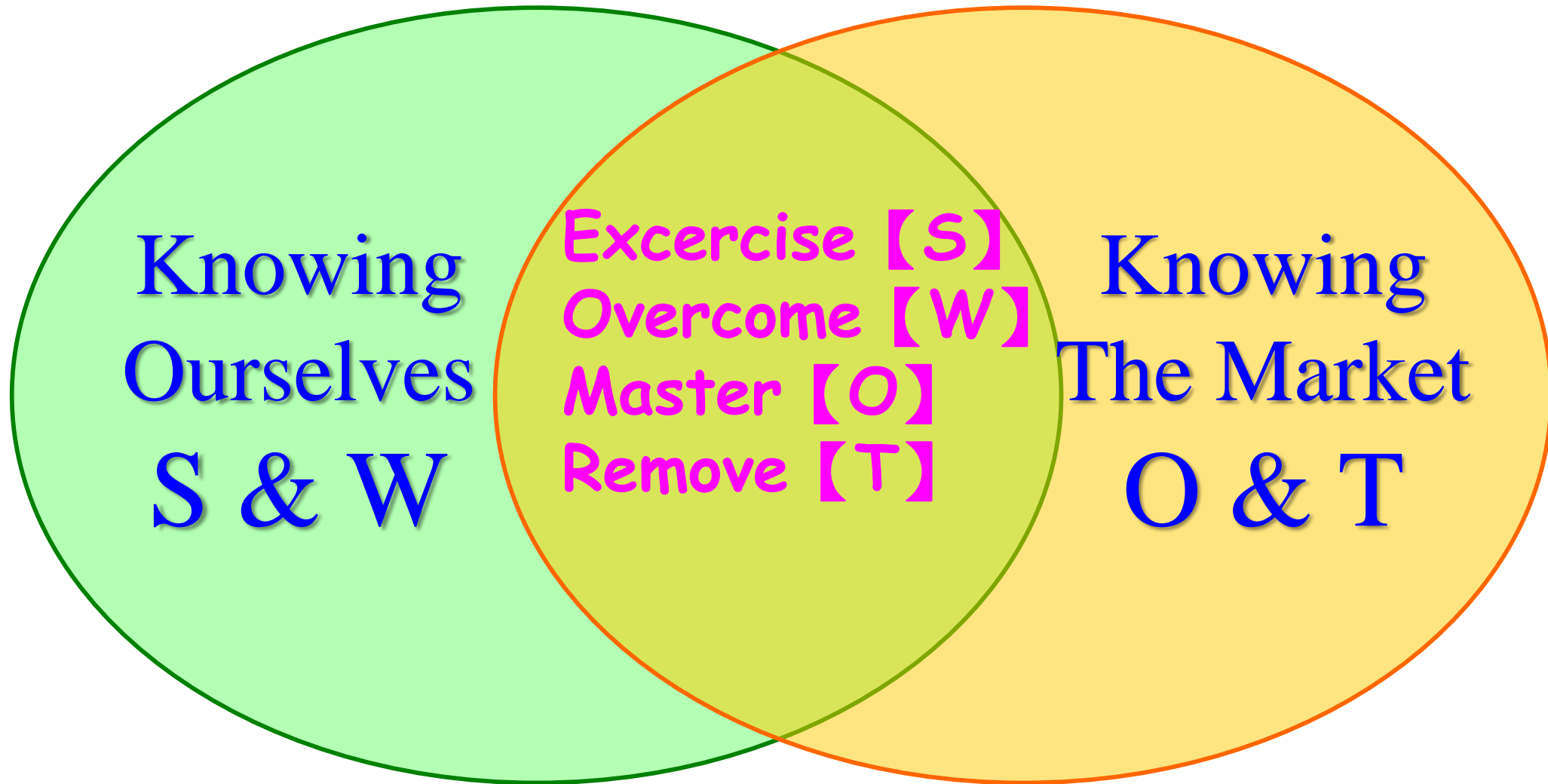
2019 Market Outlook – Management

SM Usage vs SM Inventory (Taiwan + China)



Integrated
Supply Chain
Management

2019 Market Outlook



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Finance Information

- * Consolidated I/S
- * Sales by product
- * Financial ratio analysis

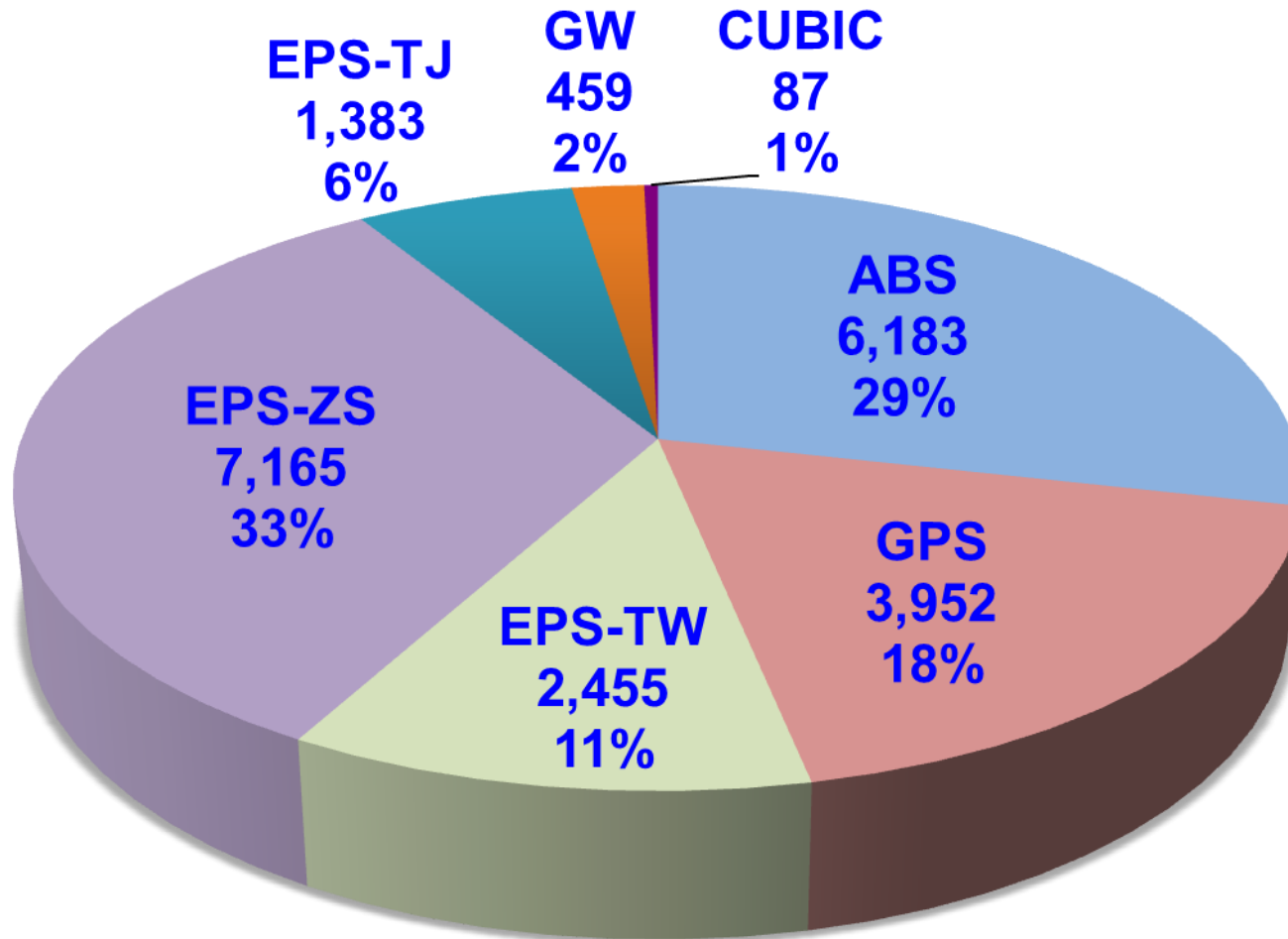
Consolidated Statements of Income

In millions of NTD,
except per share data

	2018	2017	YoY%
Sales Volume(MT)	433,401	414,678	4.52%
Sales	21,684	19,821	9.40%
Cost of goods sold	20,640	18,387	12.25%
Gross profit	1,044	1,434	(27.20%)
gross profit ratio	5%	7%	
Operating expenses	766	758	1.06%
Operating income	278	676	(58.88%)
operating income ratio	1%	3%	
Non-operating income(loss)	53	2	2550.00%
Income before income taxes	331	678	(51.18%)
Income taxes	123	176	(30.11%)
Net income	208	502	(58.57%)
net income ratio	1%	3%	
Earnings per share(NTD)	0.63	1.53	(58.57%)

Sales by product - 2018

In millions of NTD



Financial ratio analysis

(Consolidated Statement)

	2018	2017
Operating income margin(%)	1.28	3.41
Net income margin(%)	0.96	2.53
Debt ratio(%)	54.26	55.68
Current ratio(%)	162.56	169.61
Quick ratio(%)	125.07	125.74
Accounts receivable turnover days	49	47
Inventory turnover days	21	26

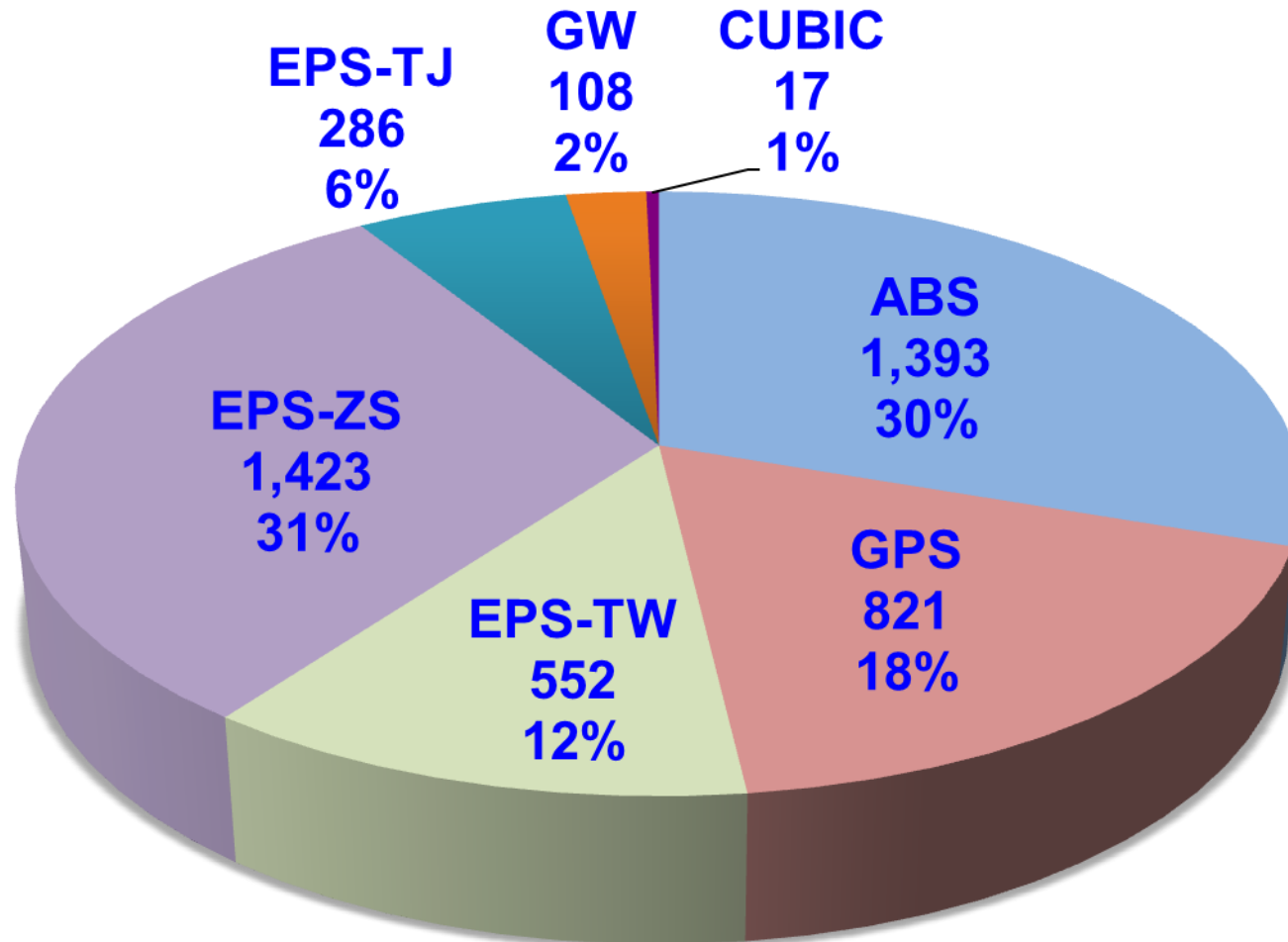
Consolidated Statements of Income

In millions of NTD,
except per share data

	2019Q1	2018Q1	YoY%	2018	2017	2016
Sales Volume(MT)	116,000	101,000	14.85%	433,401	414,678	395,988
Sales	4,600	4,842	(5.00%)	21,684	19,821	16,419
Cost of goods sold	4,207	4,467	(5.82%)	20,640	18,387	15,474
Gross profit	393	375	4.80%	1,044	1,434	945
gross profit ratio	9%	8%		5%	7%	6%
Operating expenses	183	181	1.10%	766	758	714
Operating income	210	194	8.25%	278	676	231
operating income ratio	5%	4%		1%	3%	1%
Non-operating income(loss)	40	29	37.93%	53	2	(34)
Income before income taxes	250	223	12.11%	331	678	197
Income taxes	55	34	61.76%	123	176	76
Net income	195	189	3.17%	208	502	121
net income ratio	4%	4%		1%	3%	1%
Earnings per share(NTD)	0.60	0.58	3.17%	0.63	1.53	0.37

Sales by product - 2019 Q1

In millions of NTD



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