Jinan Acetate Chemical

4763 TT

Investor Presentation

April 2021

The Little Giant in a Global Oligopoly Industry

- ✓ Jinan Acetate is a fully-integrated, independent manufacturer of **superior quality acetate tows and flakes**, participating in a highly profitable **oligopoly market with high entry barriers**. Acetate tows are the key raw material used in making cigarette filters. Acetate flakes are primarily used in the production of acetate tows and optical frames.

- ✓ **We continue to invest while producing robust cash flows**. Advanced R&D and production expertise keep our **costs significantly lower than our global peers**, who are reducing and repurposing their capacity while we **target double digit annual capacity growth** over the next 5 years. In order to stay ahead of industry trends, we are developing new biodegradable products and new applications for existing products. We have also been investing in cost-saving equipment to maintain our cost advantage.

- ✓ We are optimistic on the prospects for demand growth in our core markets over the next five years. Southeast Asia and Africa & the Middle East are characterized by younger, growing populations with rising incomes. Cigarette consumption is projected to grow in these markets, while consumption in the developed world remains flat to slightly down.

- ✓ We aim to **grow our capacity of acetate tows and flakes by at least 10% annually** over the next five years to drive top line growth and to expand our market share. Our focus clients are **mid-to-small sized brands located in emerging market countries**, which have greater growth potential than the established global brands. We also hope to gain business from one or more Tier-1 Tobacco players within the next 12-24 months.

- ✓ We aim to maintain a cash dividend payout ratio between 60-80% and ROE in excess of 20%.

Jinan Acetate Chemical @ a Glance

- **Ticker:** 4763 TT
- **Market Cap – 31 March 2021**: US$236 mn
- **2020 Revenue**: US$80 mn
- **ROE**: Averaged 23% in 2016 through 2020
- **2020 Cash Dividend**: NT$5.50 per share
- **Business Scope**: Exports to more than 50 countries
- **Client Diversification**: Top 5 are less than 40% of sales

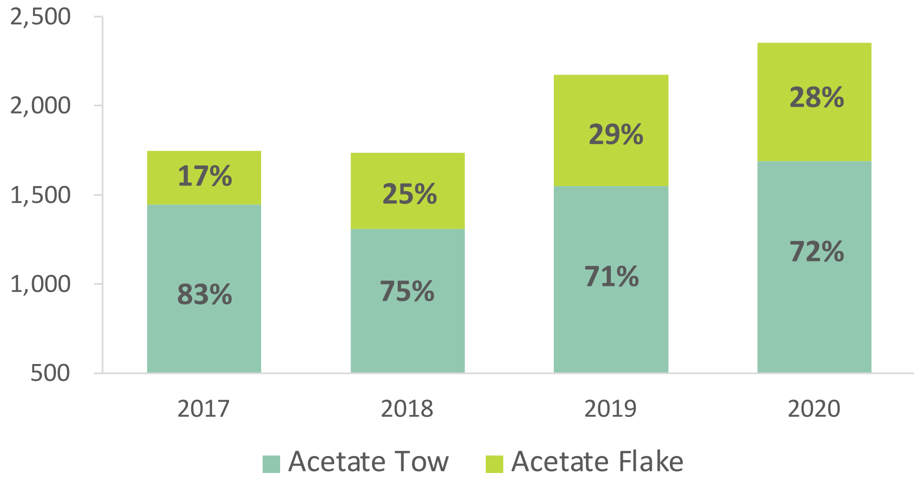
Jinan Acetate

- Jinan, Shandong
- Acetate Tow Production
- Employees: 183

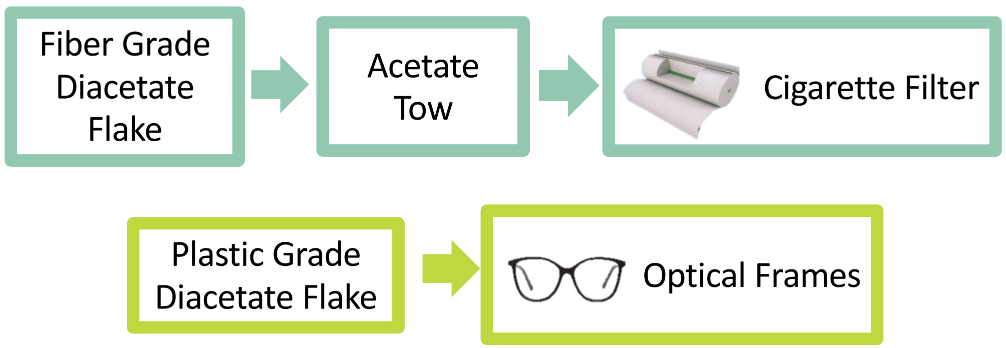
Acetek Material

- Zaozhung, Shandong
- Acetate Flake Production
- Employees: 134

Sales Breakdown by Products



Products - Applications



4Q20 Performance

Key 4Q20 Performance Metrics

- ✓ 2020 sales grew 8% YoY to NT$2,353m.
- ✓ Revenue from acetate tows rose 9% YoY, and acetate flake revenue rose 6% YoY.
- ✓ Key Performance Highlights were:
- Gross margin was 33.5% versus 31.0% in 2019.
- Operating margin was 21.2% vs 18.0% in 2019.
- Net Income adjusting out the MTM effect of Acetek's CB was NT$449m, up 36% YoY.[1]
- EPS adjusted for CB MTM effect was NT$8.95.[1]

4Q20 and 2020 Highlights

- ✓ 4Q20 revenue hit a record high as acetate tow and flake revenue grew 4% and 21% YoY respectively.
- ✓ We successfully raised tow prices by 1% across customer groups.
- ✓ Continuous optimization of our manufacturing process, greater economies of scale and production efficiency improvements led to margin improvement.
- ✓ On April 15th, a cash dividend of NT$5.50 and a stock dividend of NT$1.50 was approved at Jinan Acetate's Annual General Shareholders Meeting.

Note 1: Mark-to-market paper gain/loss from the 2Q17 and 3Q20 CB issue are not included in these calculations, to better reflect core earning capability.

Capacity Utilization Remained High in 2020

Secure Demand from Key Customers

- ✓ Since 2015, our utilization rate for acetate tows has averaged above 90%. During that time, our capacity increased by 78%.
- ✓ Strategic alliances with key customers have secured a market niche in South America and stable business from downstream suppliers to Tier 1 eyeglass frame makers Luxottica and Safilo.

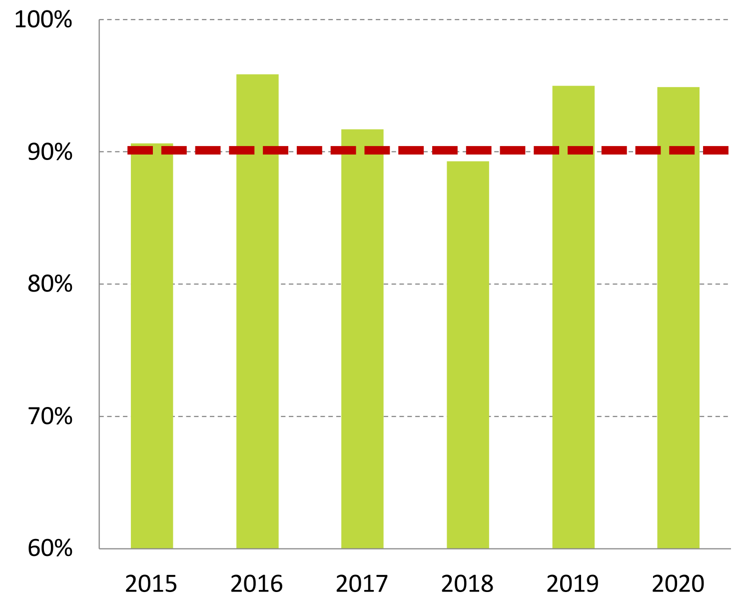
Self-sufficient in Acetate Flake Production

- ✓ Access to key raw materials is one of the most difficult barriers to entry and survival in this industry.
- ✓ Acetate flakes account for almost 90% of acetate tow raw material cost. We completed the construction and ramp up of our acetate flake plant in 2017-2018.

Our Plant Construction Cost is 50% Lower than Peers

- ✓ Vertical integration has enhanced our cost competitiveness, especially since our construction costs are 50% lower than peers.

Acetate Tow Utilization Rate Averages above 90%



Investing in our Future Through R&D

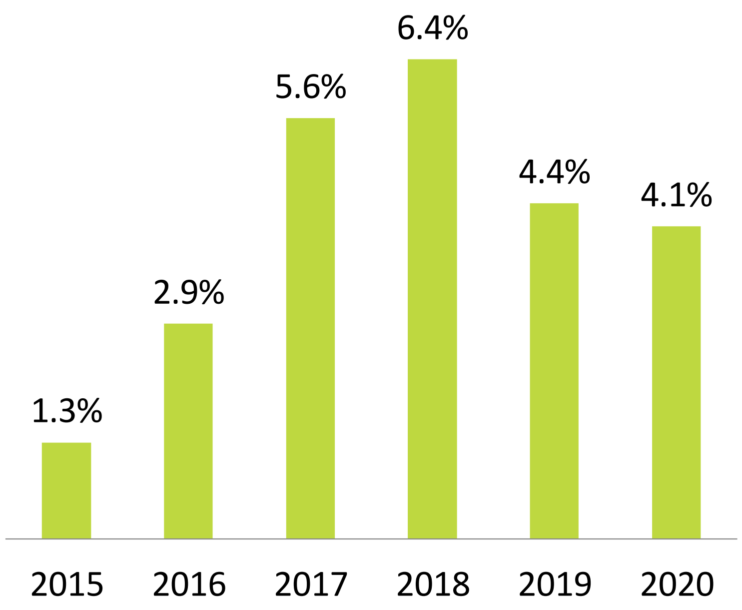
The Current Focus of our R&D spending is biodegradable products

- ✓ R&D spending was roughly 4.1% of sales in 2020. We have been developing several types of biodegradable products, including tows, non-woven material and straws.
- ✓ We plan to increase in R&D spending by 10% YoY in 2021, as we gear up for initial mass production of our green products, in particular disposable straws for sale in the China domestic market.

It takes 12 to 24 months for R&D spending to create earnings growth

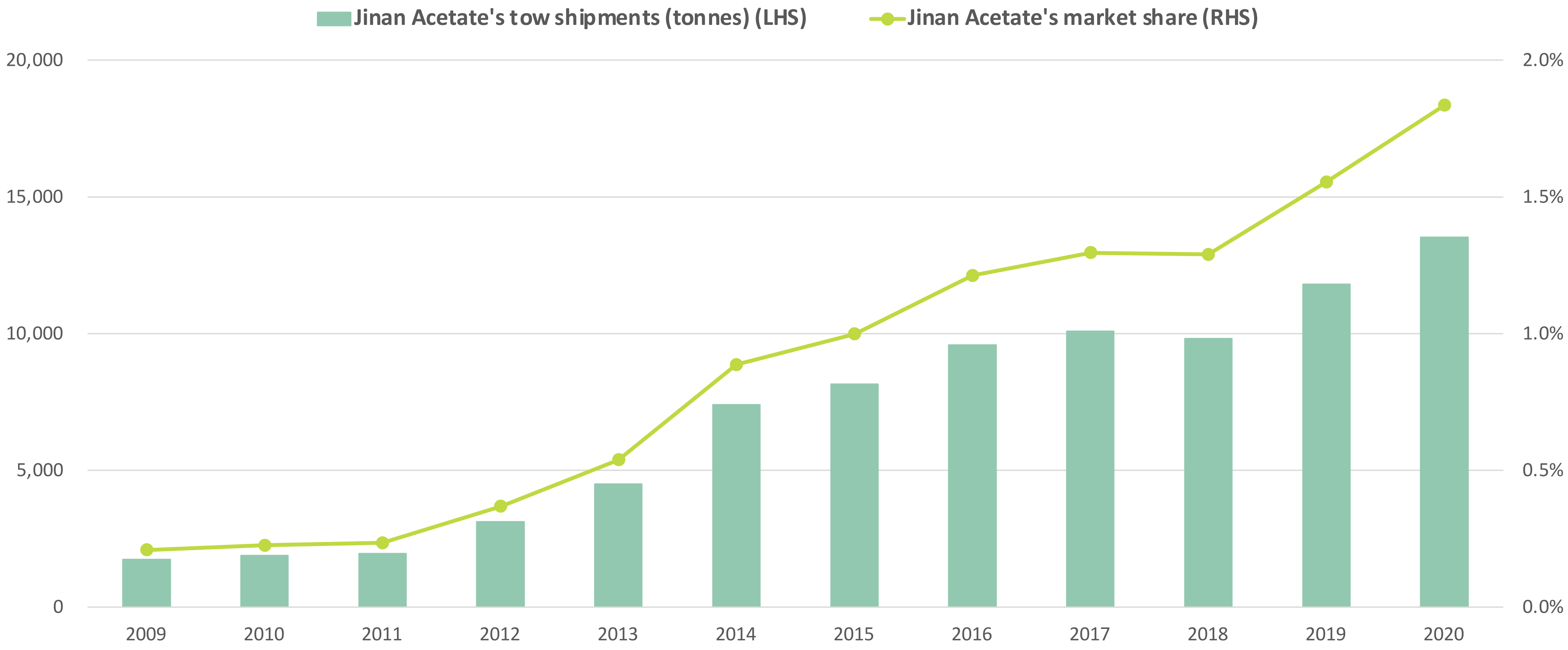
- ✓ R&D as a percent of sales was 5-6% of sales in 2017 and 2018 as we built, tested, debugged and began production of acetate flakes.
- ✓ In 2019 and 2020, R&D spending has remained close to peak levels in absolute terms, while falling as a percent of sales.

R&D Expense as % of Revenue (%)



The Acetate Tow Industry's Little Giant – Market Share Increased Further in 2020

✓ Acetek has rapidly increased its market share, and is now undeniably a 'member of the club'



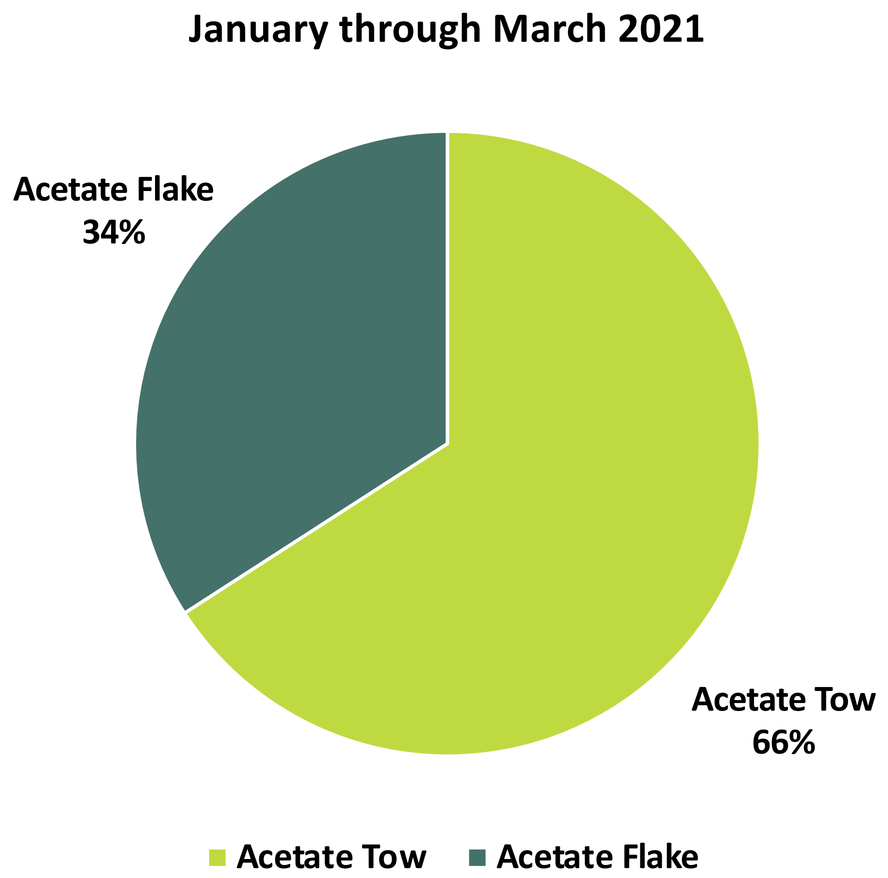
Source: Tobacco Merchants Association & Bloomberg

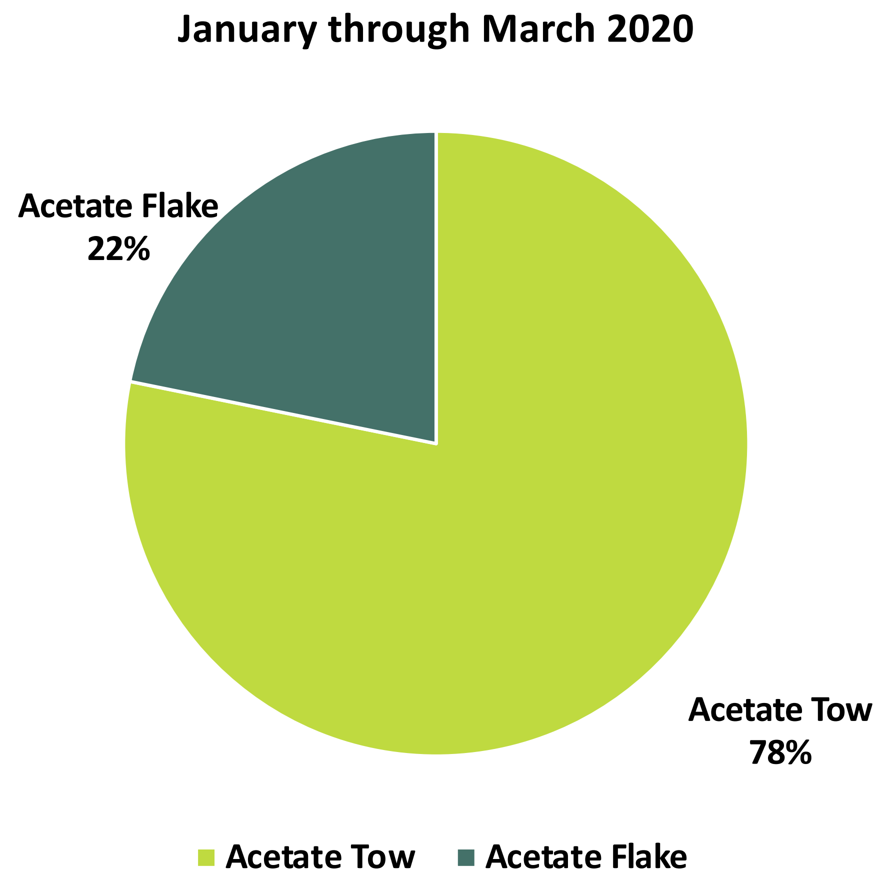
Outlook for 2021

1Q21 sales were NT$631m, up 20% YoY because of strong demand for flakes both from fiber-grade flakes from China Tobacco and plastic-grade flakes for optical frames.

Tows	1Q21 tow revenue grew 1% YoY. Demand remains robust, with excellent order visibility. We successfully raised tow prices by 1% in 4Q20 and by 1% again in 1Q21 across our client base. Our peers have also raised prices. On Celanese's 4Q20 Results Call, CEO Lori Ryerkerk commented, "As we've been negotiating in '20 for '21, I'd say the prices are stable and, in some cases, a little bit up…We saw less decline in smoking last year than expected. In some areas, even an increase in smoking."
Flakes	Flake sales grew 88% YoY in 1Q21, as shipments of plastic grade flakes for eyewear frames rebounded strongly. We are now in low season for sales of flakes for eye wear, but demand has remained strong; and shipments of fiber grade flakes to China Tobacco have contributed strongly to 1Q21 acetate flake sales. Order guidance from customers for 2021 for plastic and fiber grade flakes is robust, and we expect flake revenues to grow strongly as we begin to utilize the 5k tonnes of acetate flake capacity that we added in 2H20. In 1Q21, we have achieved price increases of 2-3% for plastic grade flakes across our client base.
Sales Growth & Profitability	Based on current order visibility, double digit growth in revenues appears likely in 2021. Regarding the outlook for margins, a strong demand environment for tows and flakes has created a favorable pricing environment, and further price hikes are possible. We have also negotiated a 2-3% reduction in wood pulp prices and will benefit from improved economies of scale in flake production. Furthermore, we will see a considerable reduction in costs in 2H21 when our Acetic Anhydride plant begins commercial production. However, the NT$:US$ average rate was 28.24 in 1Q21 versus 30.13 in 1Q20, an appreciation of 6.7%; and acetic anhydride prices have jumped 85-90% from their 2H20 lows. Shipping costs also remain high but appear likely to moderate moving into 2H21.

Sales Breakdown

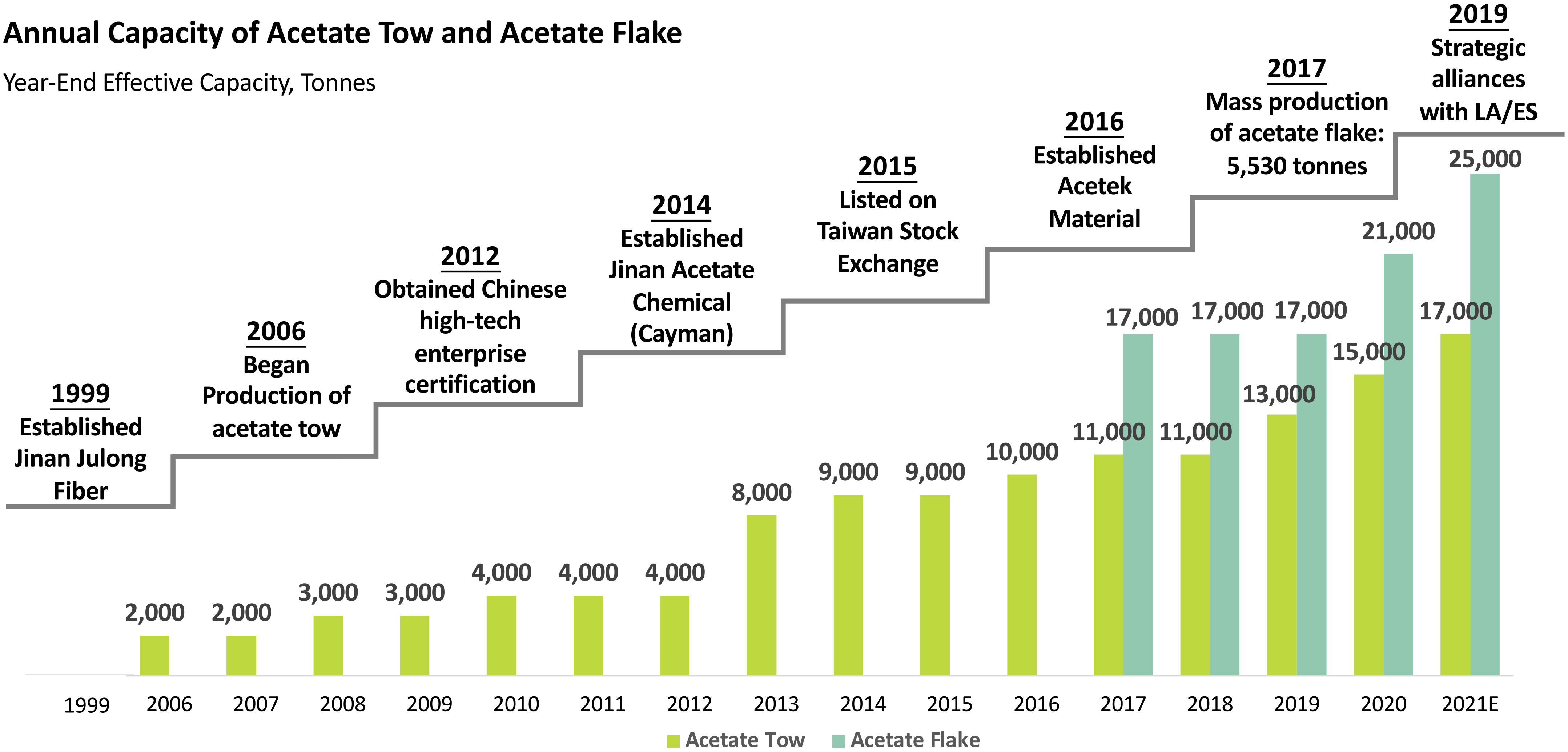




Company Milestones

Annual Capacity of Acetate Tow and Acetate Flake

Year-End Effective Capacity, Tonnes



Note: Tow capacity on this slide is design capacity. Flake capacity is stated in terms of effective capacity because roughly 70% of our production is fiber grade flakes for tows and 30% is plastic grade which consumes more capacity. Design capacity for 100% fiber grade flake production was 25k tonnes at y/e 2020.

Vertical Integration into the Production of Acetic Anhydride

We are on schedule to begin test runs in early June and we aim to begin commercial production in July.

We expect to spend roughly NT$213m to build 60,000 tonnes of design capacity.

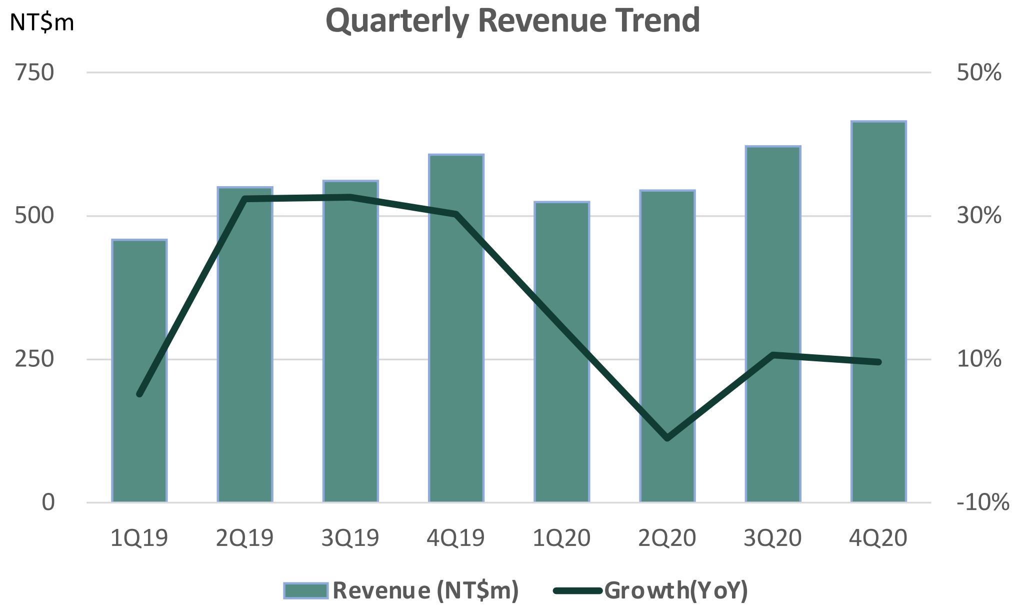
We expect this vertical integration into the production of acetic anhydride to greatly reduce the impact of acetic anhydride spot price movements, resulting in a more stable bottom line.

The factory site is big enough to provide for future expansion.

Item	Details
Land Area	100 Chinese Mu
Leasing Cost, Land	NT$38m
Plant and Equipment	NT$175m
Est. Annual Depreciation	About NT$14m
Construction Begins	2020 Q4
Completion Date	2021 Q2
Design Capacity	60,000 tonnes
Current Internal Use	35,000 tonnes

Revenue and Margin Trend

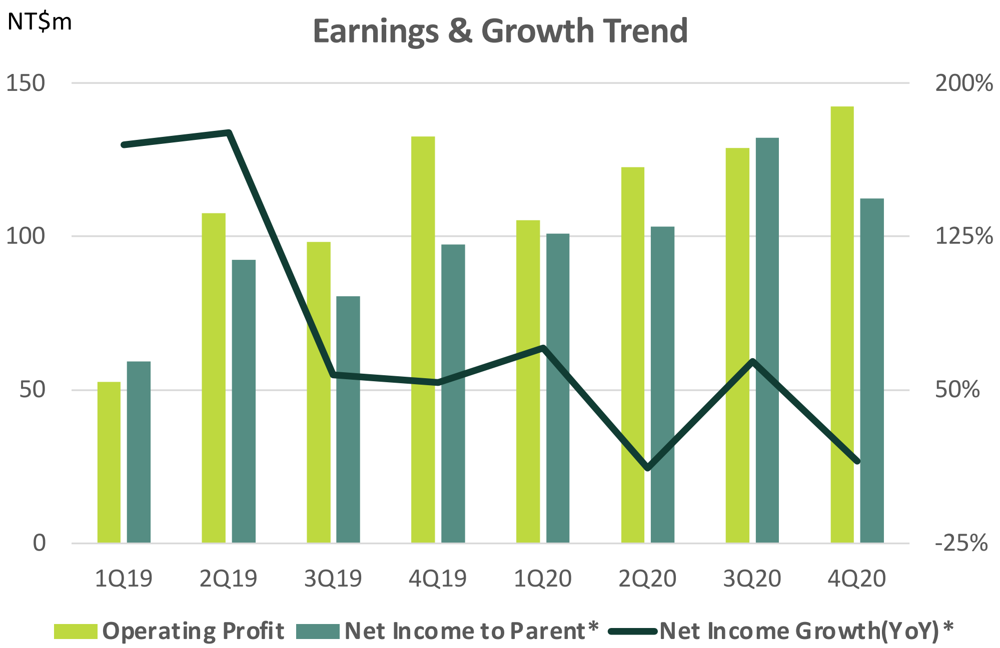
- 4Q20 revenue reached a record high of NT$665m, increasing 10% YoY and 7% QoQ.
- Gross margin reached 33.8%, surpassing 30% for the seventh quarter in a row, while operating margin was 21.4%. Gross and operating margins have been trending up since 2Q18, on production efficiency improvements, vertical integration into acetate flakes and strong top line growth.
- 4Q20 mark-to market paper gain on our CBs was NT$87mn. 4Q20 Net margin was 16.9%, not including the MTM paper gains.

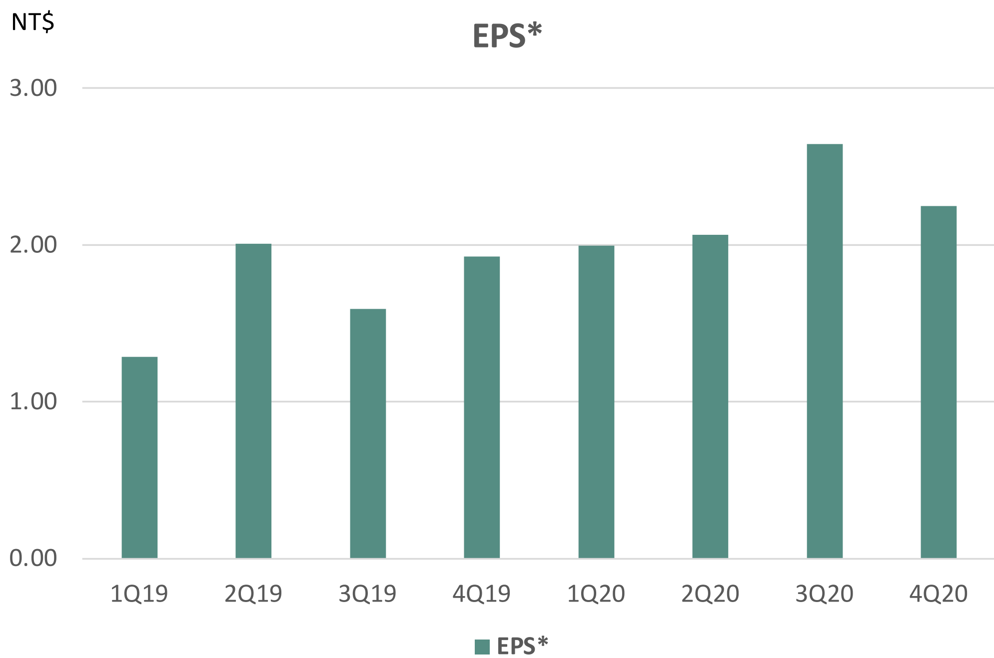


* Note: On this page, Net Margin numbers exclude the mark-to-market paper gain/loss from the 2Q17 and 3Q20 CB issue.

Earnings and Growth Trend

- 4Q20 Operating Income hit a record high NT$142m, rising 7% YoY.
- 4Q20 Net Income rose 15% YoY to NT$112m. 4Q20 EPS was NT$2.25. Net Income and EPS have shown positive YoY growth for 10 consecutive quarters.





* Note: On this page, all Net Income & EPS numbers, as well as related growth calculations, exclude the mark-to-market paper gain/loss from the 2Q17 and 3Q20 CB issue.

Consolidated Statements of Income - Quarterly

Unit: NTD million	4Q20	3Q20	4Q19	QoQ (%)	YoY (%)
Net Revenue	665	621	607	7	10
Gross Profit	225	199	214	13	5
Gross Margin	33.8%	32.0%	35.2%		
Operating Expenses	82	70	81	18	2
OPEX/Sales	12.4%	11.3%	13.3%		
Operating Income	142	129	133	10	7
Operating Margin	21.4%	20.8%	21.9%		
MTM Gain (Loss) on CB (non-cash)	87	(51)	5		
Other Non-Operating Income (Loss), Net	(18)	17	(4)		
Pre-Tax Income	211	95	133	123	58
Income Tax Expense	11	10	32		
Minority Interest	0	3	(0)		
Net Income to Parent	199	81	102	146	95
Net Margin	30.0%	13.1%	16.8%		
EPS (NT$)	3.98	1.62	2.02	146	97
ROE – not annualized	31.7%	6.7%	8.4%		
Depreciation	28	27	25		
CAPEX	132	36	38		

Consolidated Statements of Income – 2020 vs 2019

Unit: NTD million	**2020**	**2019**	**YoY(%)**
Net Revenue	2,353	2,175	8
Gross Profit	789	673	17
Gross Margin	33.5%	31.0%	
Operating Expenses	289	282	3
OPEX/Sales	12.3%	13.0%	
Operating Income	499	391	28
Operating Margin	21.2%	18.0%	
MTM Gain (Loss) on CB (non-cash)	56	0	
Other Non-Operating Income (Loss), Net	(2)	(13)	
Pre-Tax Income	553	378	46
Income Tax Expense	43	47	
Minority Interest	5	2	
Net Income to Parent	505	330	53
Net Margin	21.4%	15.2%	
EPS (NT$)	10.07	6.52	54
ROE	36.7%	27.0%	
Depreciation	105	98	
CAPEX	221	105	

Consolidated Balance Sheet – 2020

Unit: NT$ million	2020/12/31		2020/09/30		2019/12/31	
	$	%	$	%	$	%
Cash and Cash Equivalents	831	27	1,020	33	589	23
Notes and Accounts Receivable, Net	661	21	571	19	438	17
Inventories	220	7	207	7	243	9
Other Current Assets	200	6	135	4	260	10
Fixed Assets	898	29	851	28	827	32
Other Long-term Assets	298	10	276	9	230	9
Total Assets	**3,109**	**100**	**3,061**	**100**	**2,586**	**100**
Current CB Payable	474	15.2	469	15	457	18
Other Current Liabilities	442	14.23	600	20	748	29
Non-Current CB Payable	514	16.52	509	17	0	0
Other Non-Current Liabilities	71	2.27	109	4	9	0
Total Liabilities	**1,501**	**48**	**1,688**	**55**	**1,214**	**47**
Common Stock	511		511		511	
Total Equity	**1,608**	**52**	**1,373**	**45**	**1,373**	**53**
Book Value per Share (NT$)	29.8		25.1		24.9	
Key Indices						
Current Ratio (Current Assets / Current Liabilities)	209%		181%		127%	
Net Cash (Debt) to Equity	-13%		1%		-5%	

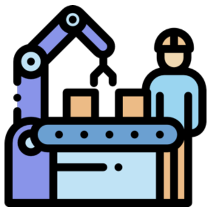
Jinan Acetate Formula for Success

Building a Better Moat

- ✓ R&D and Production Team have strong technical skills, extensive industry experience
- ✓ Lowest production cost in the industry
- ✓ Securing a stable market position through industry alliances

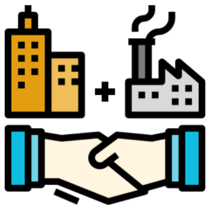
Targeting an Attractive Market Niche

- ✓ The cellulose acetate tow market is an oligopoly market with a favorable pricing environment
- ✓ Demand is stable, and improves in hard economic times due to the ‘lipstick and cigarettes‘ effect
- ✓ Larger players have been rationalizing capacity, opening up opportunities for Acetek



New Markets and Capacity Expansion

- ✓ We expand in line with new order visibility and have historically maintained capacity utilization of 90% or above.
- ✓ We are developing new market opportunities in the Middle East and Africa



Strategic Alliances

- ✓ Marketing & Distribution
- ✓ Vertical Integration
- ✓ Plastic Acetate Flake and the Plastic Eyeglass Frame Market

Building a Better Moat

Building a Better Moat

Strategic Alliances

Vertical Integration

Emerging Market Focus

Advanced R&D Skills

Experienced Technical Team

- ✓ Secure Customers
- ✓ Secure Raw Materials
- ✓ The Low-Cost Producer
- ✓ Better Growth Prospects

Emerging Markets Focus

Better growth prospects

- ✓ Many of our customers are reliant on Acetek for supply of tows. We help them get bigger so we can grow bigger.
- ✓ Our target customers are mostly mid-to-small sized brands located in emerging market countries. They have greater growth potential than international brands.
- ✓ Regulations on tobacco use are more relaxed in our target markets. Other vice products may be prohibited.

Offering customized products

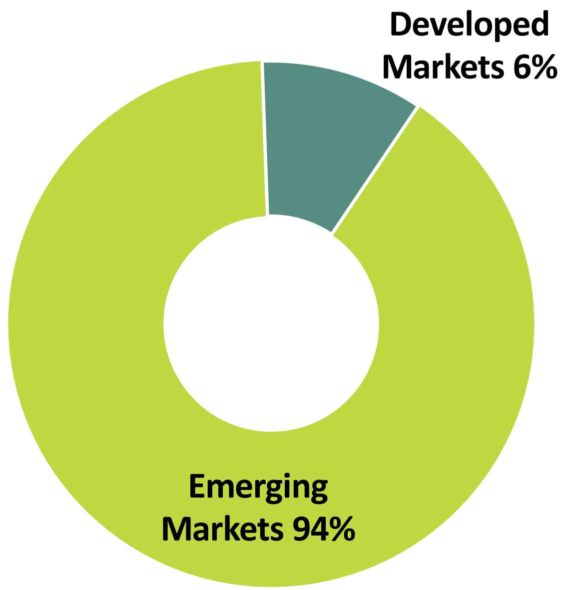
- ✓ We offer products in small quantity and with specialized packaging based on customer requirements, creating a strong bond with our clients.

A Dedicated Acetate Flake and Tow Producer

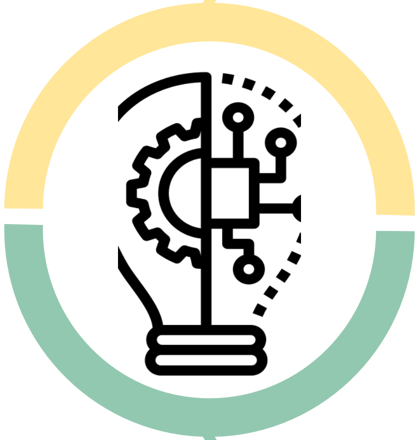
- ✓ Acetate tow is only a fraction of our peers' revenues.
- ✓ The payoff to them of driving us out of the market – with measures such as price cuts – are not worth the cost.

Almost 95% of Our Tow Shipments are to Emerging Markets

% of shipments by volume



Chemical Fiber Production Expertise Drives Our Competitive Edge



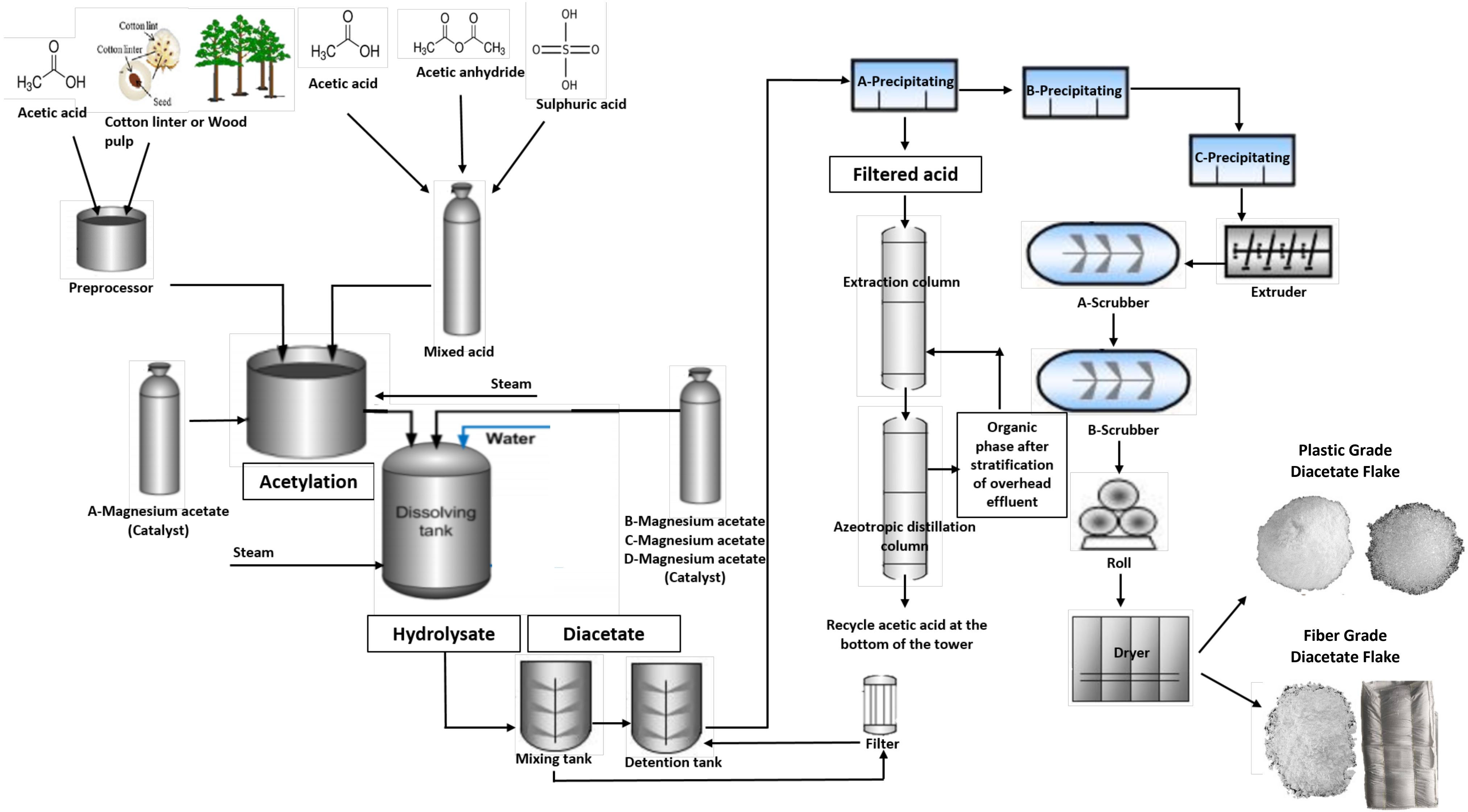
Patented Technology

- ✓ Acetek Founder and President Wang Ke-Zhang is a formally trained chemical fiber engineer with **over 35 years** of technical production experience.
- ✓ Acetek is the only fully-integrated, independent manufacturer of superior quality acetate tows and flakes with proprietary intellectual property rights in China.

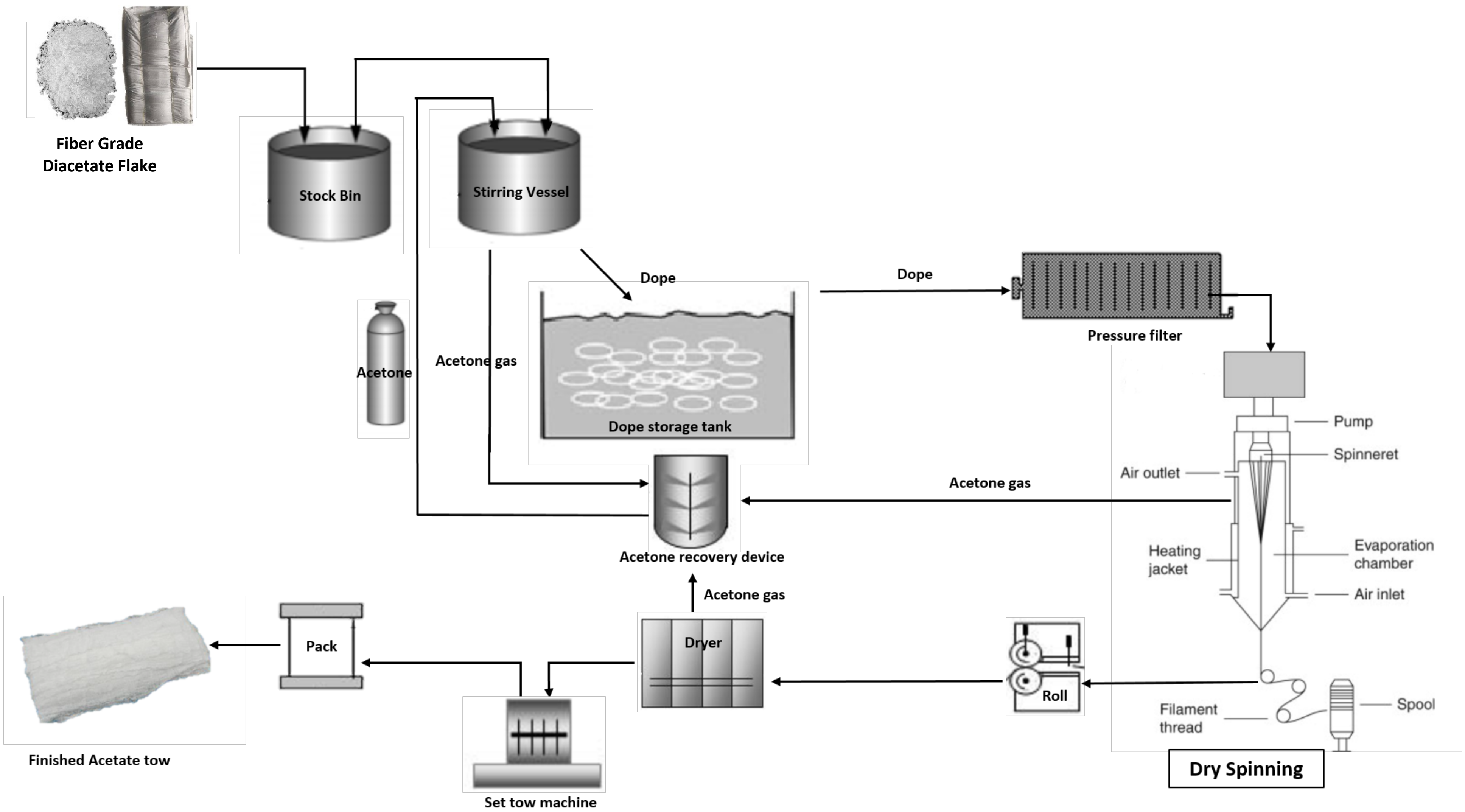
Industry Leader in Cost Competitiveness

- ✓ The ability to design the plant and machines ourselves results in at least 50% cost-saving in building a new plant.
- ✓ We continue to improve our production process through measures such as reducing steam usage and improving water treatment & RM recovery techniques. We expect to achieve further cost reductions over the next 2-3 years.

Production Process for Acetate Flakes



Production Process for Acetate Tows

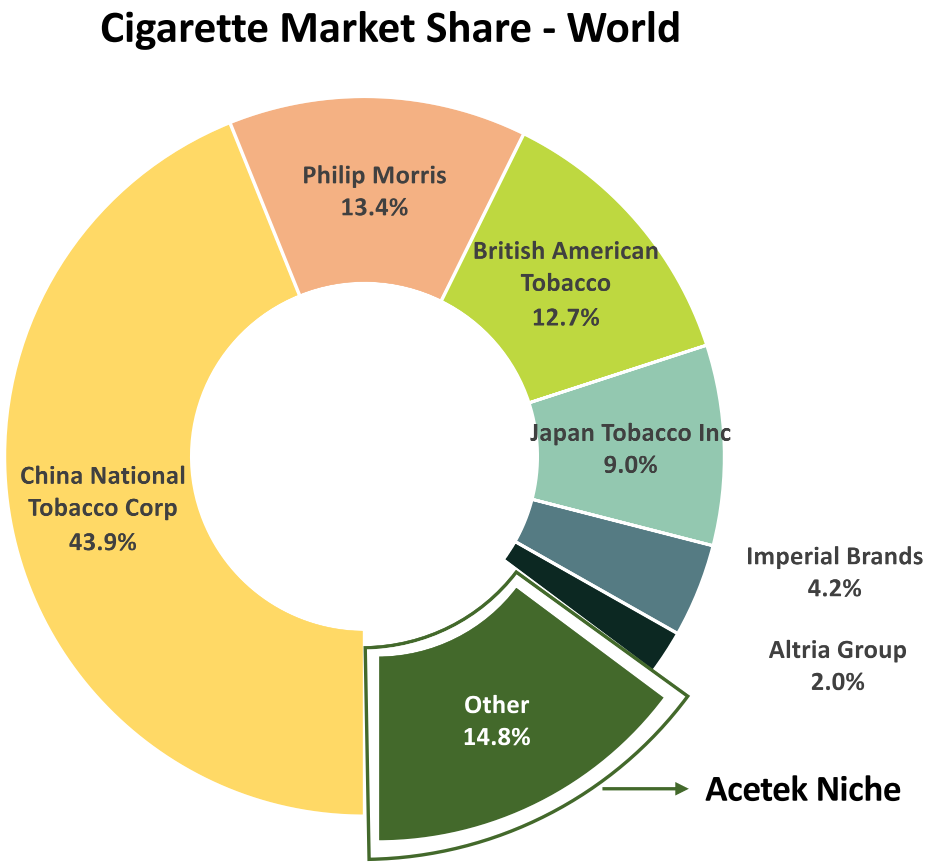


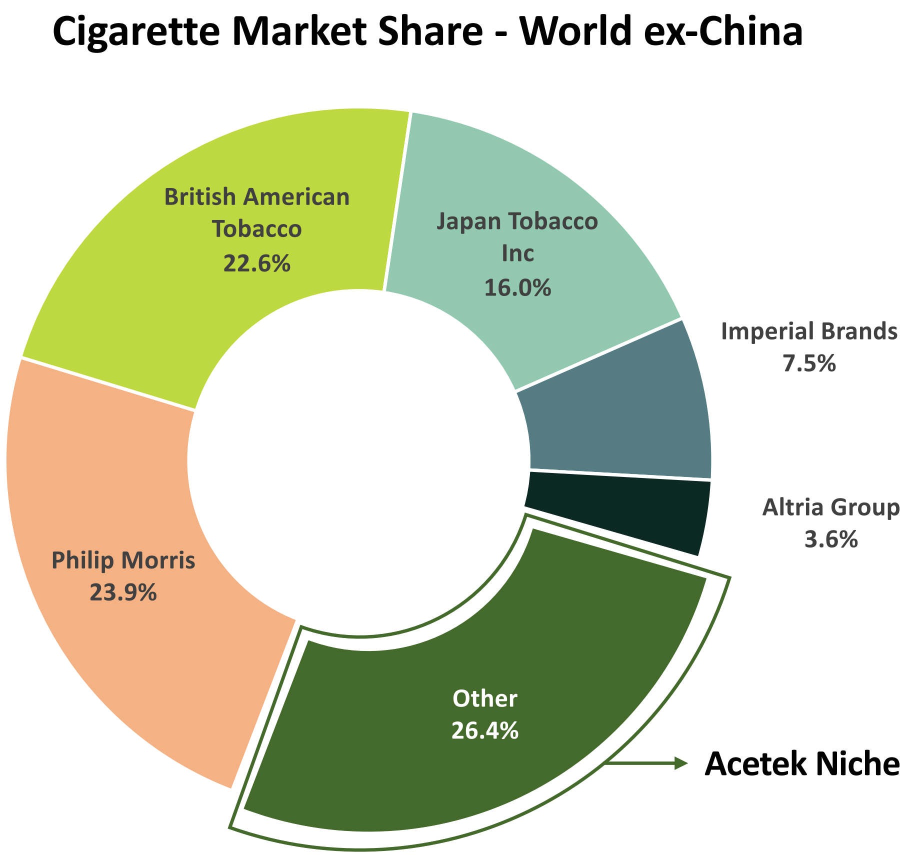
Targeting an Attractive Market Niche

Plastic Grade Cellulose Diacetate

The Structure of the Global Cigarette Market

We Partner with Emerging Market Brands

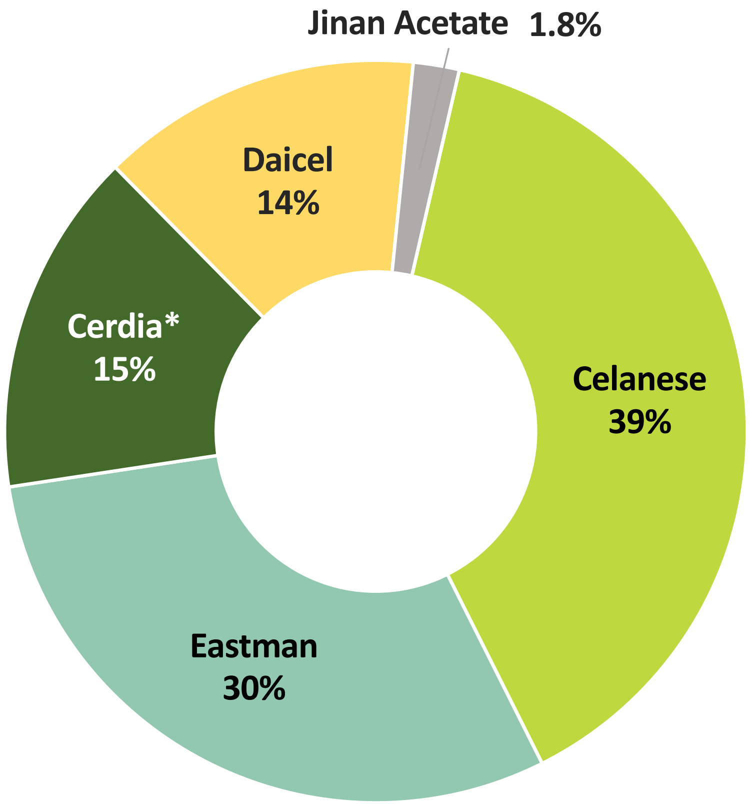




Source: Tobacco Merchants Association & Bloomberg

Acetate Tow Industry – An Oligopoly Market

2020 Acetate Tow Industry Market Share



* Company name was Rhodia Acetow prior to 2019.

Source: Company data

01 Profitable Industry

The very profitable acetate fiber industry has consolidated to six major companies.

02 Entry Barriers

New entrants are deterred by barriers, such as technology, raw materials, legal complexity, etc.

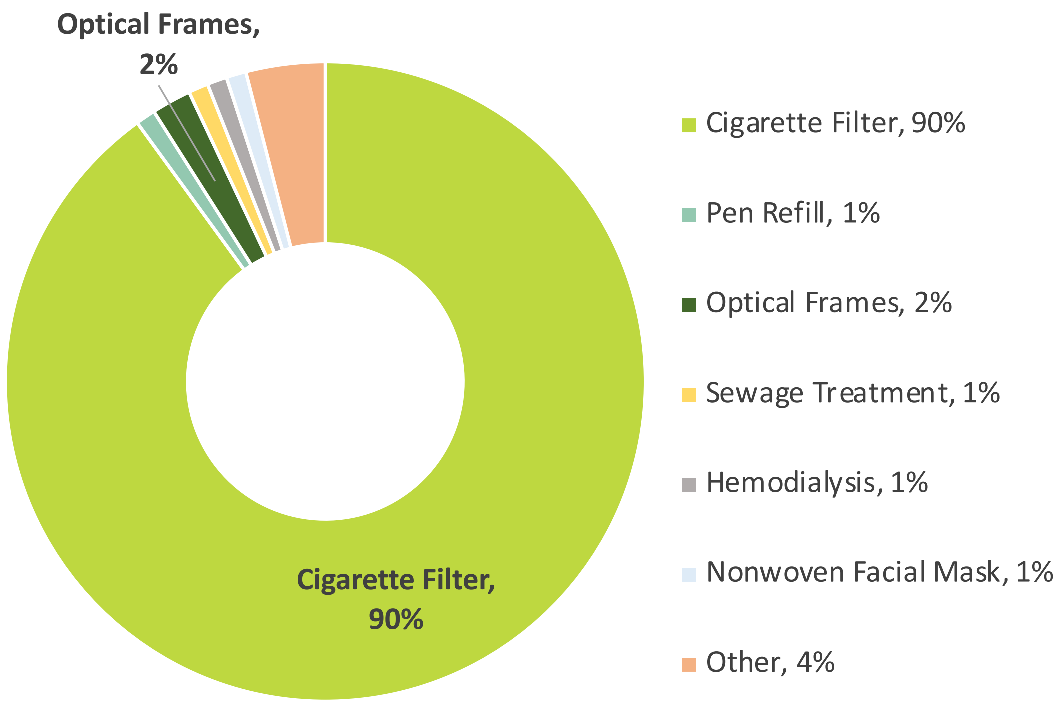
03 Rising Operating Rates

Driven by the closure of higher cost Western facilities.

Note: The sixth major company is China Tobacco who has Joint Venture plants in China with Celanese, Eastman and Daicel.

Acetate Flake Market

Acetate Flakes Industry Products Applications



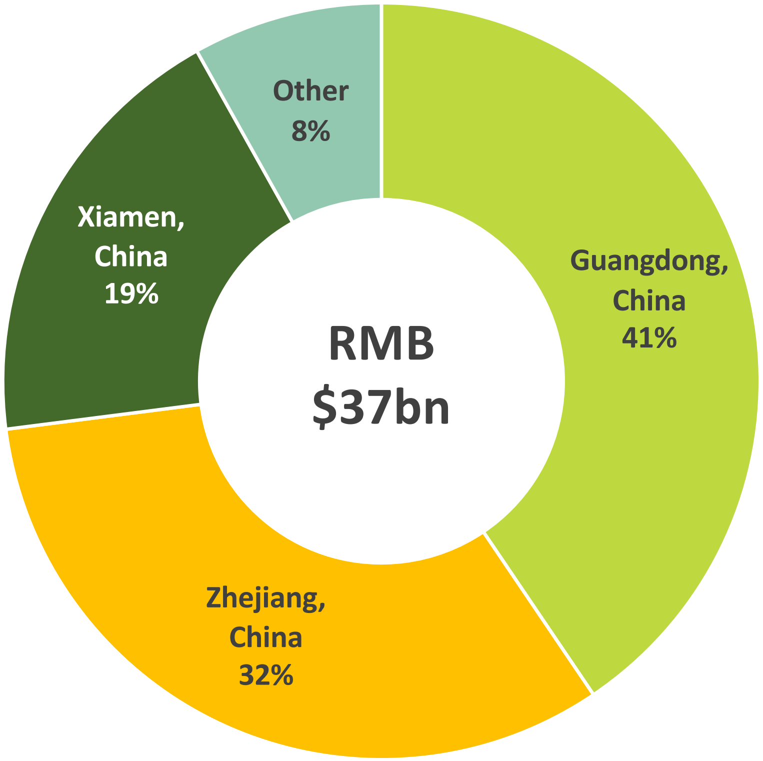
01 **The global market for cellulose acetate is projected to grow at a 5.7% CAGR, reaching US$5.7Bn by 2025.**

02 **Optical frames are the top non-cigarette application for acetate flakes**

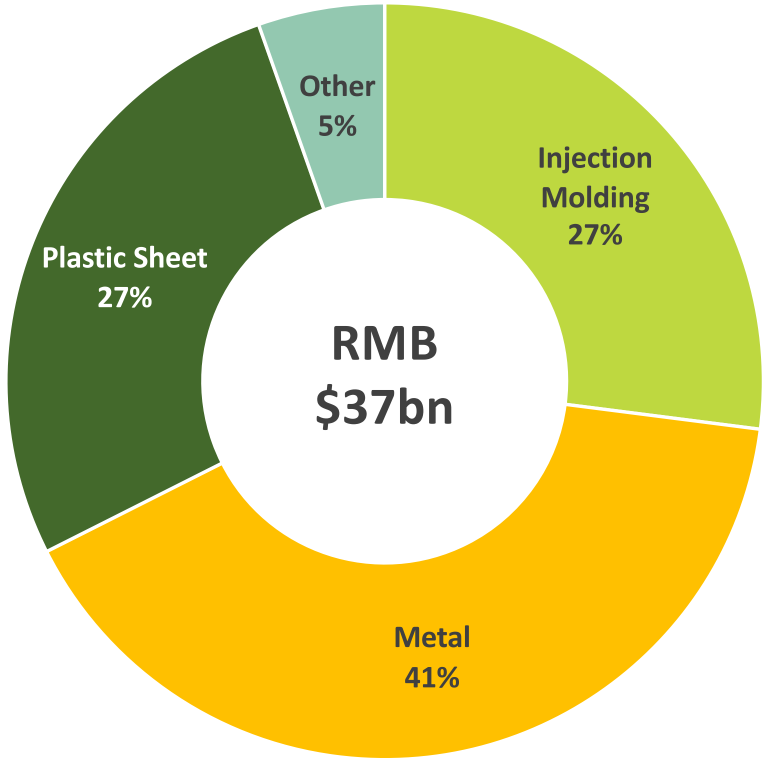
03 **The major acetate flake producers are expanding their product scope**

Global Optical Frame Market

Global Optical Frame Production By Region



Global Optical Frame Market By Material Type



* Plastic grade acetate flakes are used to produce injection-molded and plastic sheet optical frames.

Source: Company Estimates

Tow Prices Have Stabilized and Begun to Trend Upwards Due to Cost Push and Capacity Rationalization

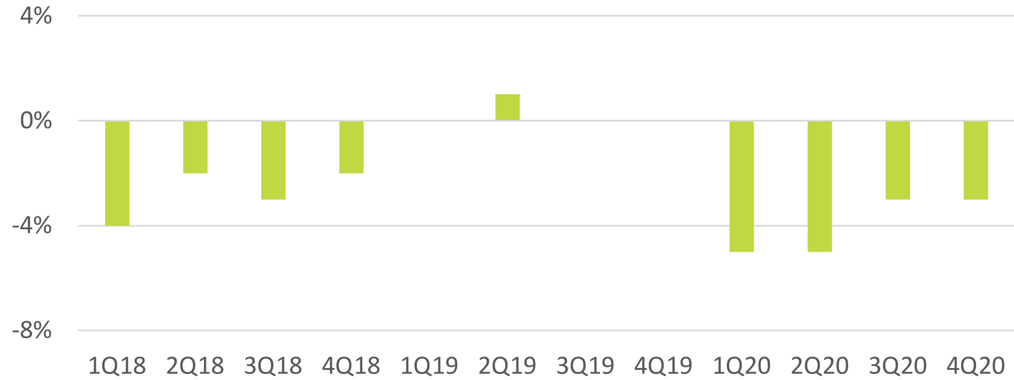
Capacity Rationalization

- ✓ From 2014 to 2018, the industry utilization rate dropped from nearly 100% to around 80%.
- ✓ In March 2015, Eastman announced the closing of its UK acetate tow manufacturing site.
- ✓ June 2018, Celanese announced plans to discontinue acetate tow production at its Mexico facility.

Asset Repurposing

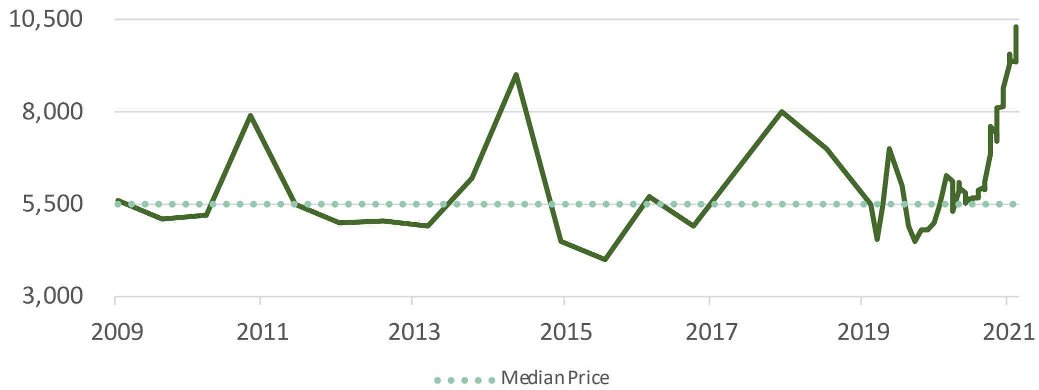
- ✓ Celanese and Eastman are repurposing manufacturing capacity from acetate tow to new products.
- ✓ Celanese and Eastman are also pursuing growth opportunities in textile and nonwoven applications.

Celanese Acetate Tow Price YoY Change



Acetic Anhydride Prices at Higher End of Historical Range

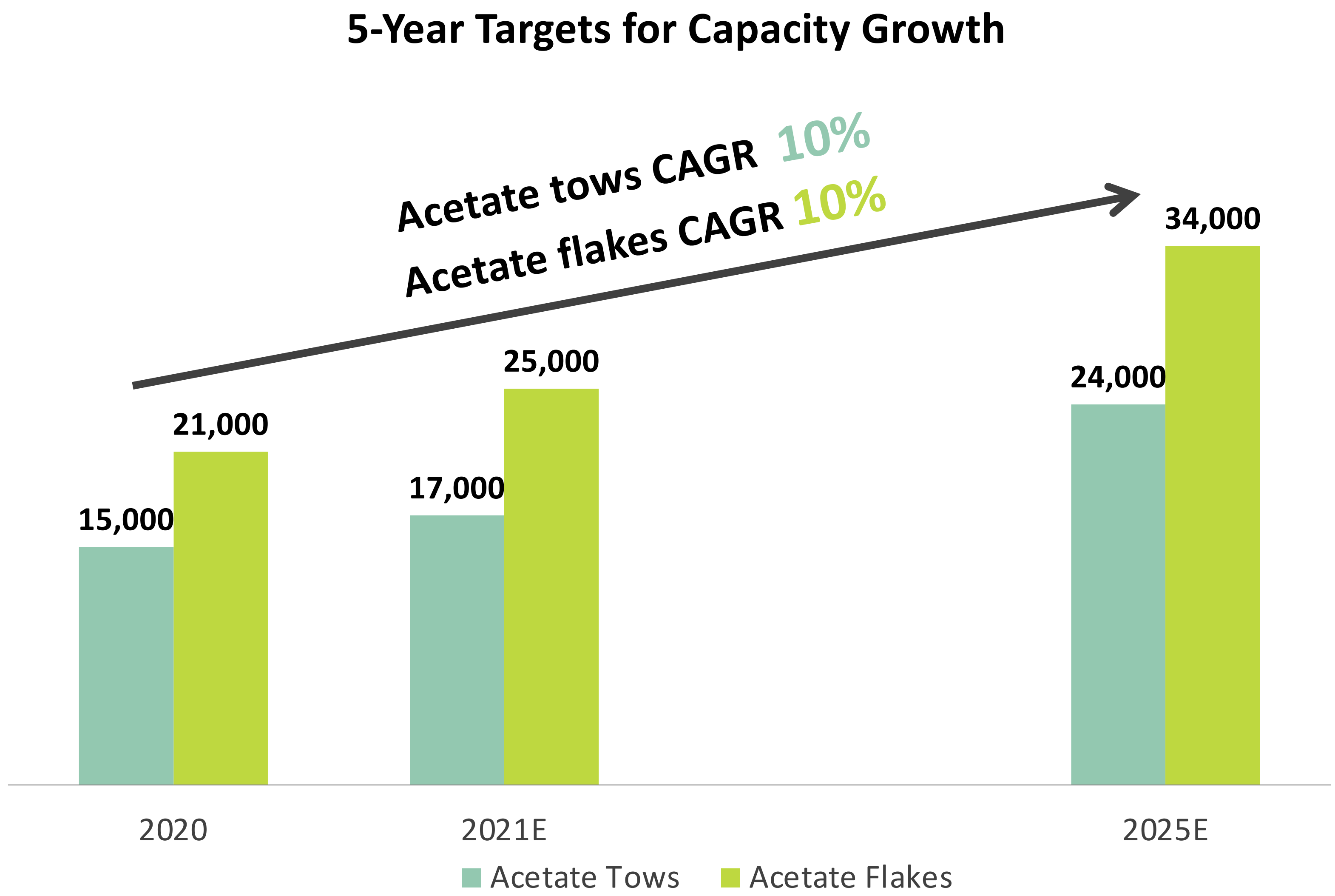
Acetic Anhydride Price (RMB$/tonnes)



Source: Celanese Quarterly Reports & Company Data

Claiming More Market Share

Capacity Expansion to Support Our Growth



Gain Share by Developing New Markets

Key Target Markets

- Middle East, North Africa and Southeast Asia
- The China market is an important new market for acetate flakes. We target new orders this year.

Taking Advantage of One Belt, One Road

- We are expanding in sync with China's One Belt, One Road initiative.
- Yankuang Lunan Chemical, strategic shareholder in Acetek Material and supplier of upstream RM, is a State-Owned Enterprise in China.

Breaking into Tier-1

- We hope to gain business from one or more Tier-1 Tobacco players within 12-24 months.
- Until now, Big Tobacco has mostly partnered with the 'Big Four' filter acetate tow producers. This would be a huge milestone, opening up opportunities for rapid growth.

One Belt, One Road

Staying Ahead of Industry Trends and Developing New Revenue Sources

Biodegradable cigarette filters

By 2025 all cigarettes sold in the EU will be required to have filters that will biodegrade within 45 days after use.

Heated tobacco products

Acetate tow for heated tobacco products, such as IQOS, GLO, and Ploom Tech.

Biodegradable cigarette filters

Acetate film for agriculture

Heated tobacco products

Other plastic products

Biodegradable cellulose acetate film

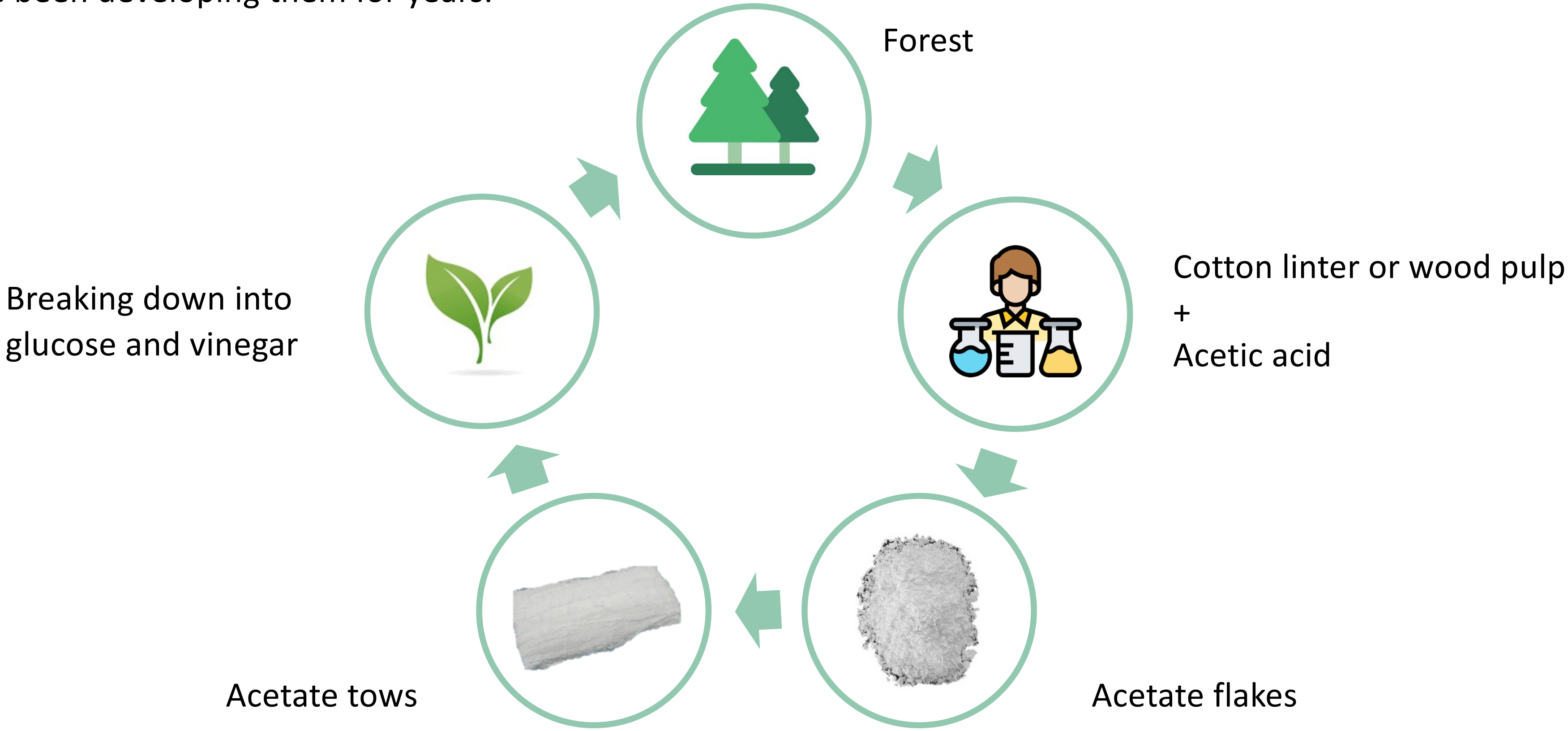
- Sun houses for agriculture
- Agricultural and consumer packaging to meet EU requirements
- Diaphragm membranes for lithium batteries.

Biodegradable flakes for other products

- Recyclable straws
- Recyclable Facial Masks
- Other Non-Woven Products
- Hair Dye and Hair Color Products

Investing in Sustainable Materials for Long-term Growth

Materials based on Acetate flakes are compostable and biodegradable. Under the right conditions, they will break down into glucose and vinegar, eventually becoming carbon dioxide and water as they enter back into the earth's 'bio cycle.' Such acetate-based materials are an excellent production input for making sustainable materials, and we have been developing them for years.



Acetek has Received EU Certification for Biodegradable Acetate-Based Materials

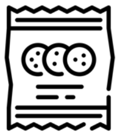
- ✓ **EU certification was Received in Early April**: It will will help Acetek better promote and develop these new materials in various applications in Europe.
- ✓ **The global drive for improved sustainability is driving stricter regulations for the use of plastics and other materials:**
  - By 2025 all cigarettes sold in the EU will be required to have filters that will biodegrade within 45 days after use.
  - In China, more than 30 states and cities started to ban single-use plastic bags, tableware, straws, etc. this year.
- ✓ **Wide range of applications:** Our products can replace non-biodegradable, environmentally harmful microplastics in applications such as cosmetics and personal care products. They can also be used as biodegradable film in agriculture or in food packaging.

compostable

Biodegradable Cellulose Acetate Products Markets Are Growing Rapidly

- ✓ We estimate the annual market for biodegradable cellulose acetate products is **US$300m – US$500m**
- ✓ The applications of biodegradable cellulose acetate products are:

Cellulose Acetate Film
Food Packaging



Cellulose Acetate Fiber
Apparel

Cellulose Acetate Sheet
Premium Eyewear

Spherical Cellulose Acetate Particles
Personal Care Products

- ✓ Although TAM is relatively low, green and biodegradable products have become a global trend.

Actual Market Size of Target Segments

Global Polyester Staple Fiber Market
US$27bn

Global Polyester Filament Yarn Market
US$89bn

Global Food Plastic Packaging Market
US$125bn

Microplastics in Personal Care Products:
Toothpaste, Shower Gel, Shampoo, Cleanser, Facial Masks, Sunscreen, Lipsticks, Mascara, Hair Dye, Blush, Conditioner, Nail Polish

* TechSci Research, Fior Markets, Mordor Intelligence, Peer company IR presentations

Examples of Some of the Industry's Most Innovative Biodegradable Cellulose Acetate Products

Eastman - Naia

The Naia portfolio of cellulosic acetate fibers includes cellulosic staple fiber and cellulosic filament yarn. These sustainable fibers transform into luxurious, comfortable, and easy-to-care-for fabrics with supreme softness, improved dry rates, and reduced pilling.

Daicel - BELLOCEA

BELLOCEA, spherical cellulose acetate, elicits a feeling of softness and smoothness from fine particles, and gives a moist and smooth feeling to makeup products such as foundation and skin care products.

Celanese - Clarifoil

Clarifoil is a sustainable and highly aesthetic cellulose acetate film. Applications include carton windows, anti-fog film, print lamination, labels, tape.

Our 5-Year Targets

01 Expand capacity of acetate tows and flakes by at least 10% annually over the next five years

02 Be an industry leader in the development of biodegradable acetate flakes

03 We aim to maintain a cash dividend payout ratio between 60-80%*

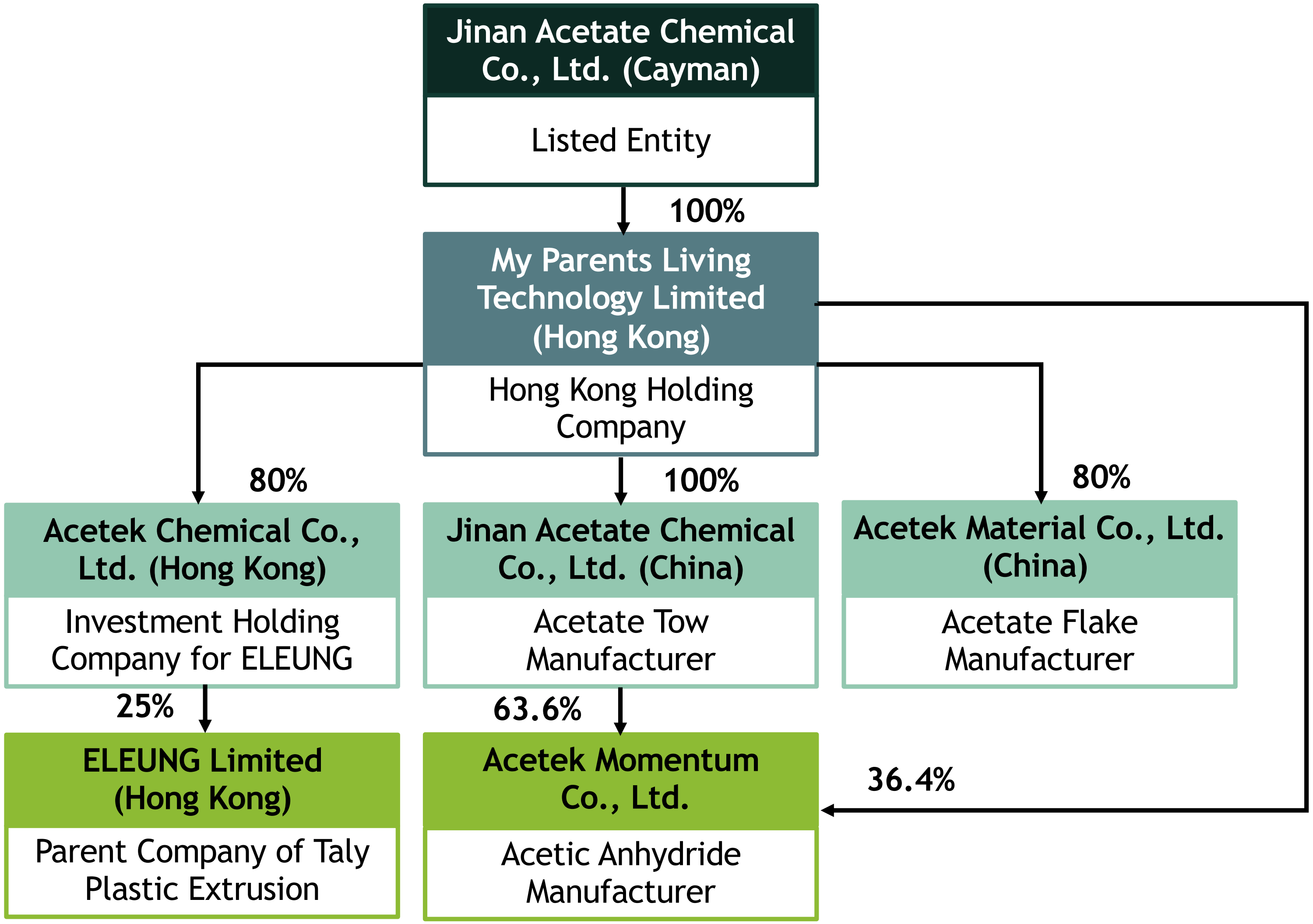
04 Sustain ROE in excess of 20%

*Based on net income before mark-to-market paper gain/loss from the 2Q17 and 3Q20 CBs.

Strategic Alliances

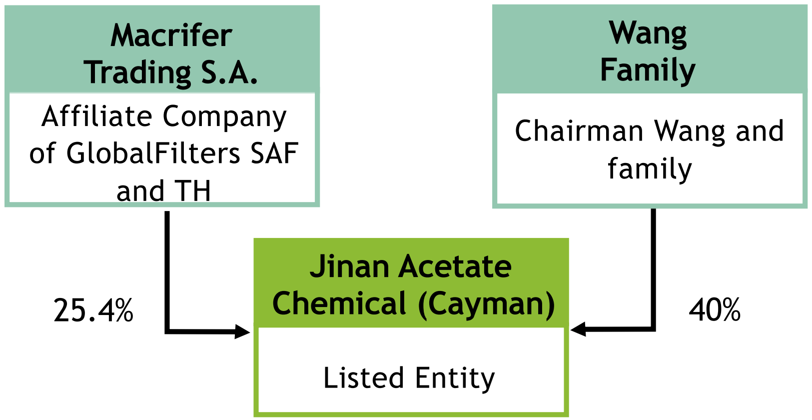
Planting a Flag and Staking Our Claim

Jinan Acetate Chemical Corporate Structure



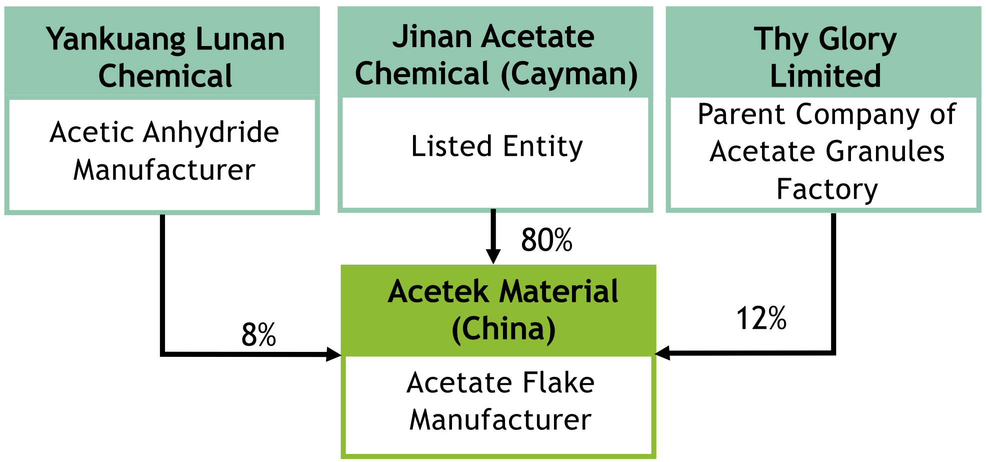
Acetate Tow Strategic Alliances

Marketing & Distribution Strategic Alliances



- **South America Market:**
  The owner of Macrifer owns GlobalFilters and Tabacalera Hernandarias (TH). GlobalFilters is the largest cigarette filter producer in South America. TH is a Top 5, branded cigarette producer in South America. Both are customers of Acetek.
- **Market Expansion:**
  GlobalFilters is expanding geographically and will begin production in Argentina and Miami, Florida (USA) in 2020.
  TH is developing products for Asia and the Middle East.

Vertical Integration Strategic Alliances



- **Upstream:**
  Yankuang Lunan, an upstream supplier of acetic anhydride, contributed the land on which Acetek Material is built.
- **Downstream:**
  Thy Glory owns an acetate granules factory which is Acetek's customer.
- **Vertical Integration – 100% self-sufficient in flakes for tow:**
  70% of the acetate flake that Acetek Material produces is supplied to Jinan Acetate for production of acetate tow.

Plastic Grade Flake Strategic Alliances

✓ Strike Alliances with Downstream Acetate Granule and Plate Manufacturers

Thy Glory, JINLIANG, and TALY are cellulose acetate plate and granules manufacturers. All are downstream customers of Acetek's plastic grade acetate flake.

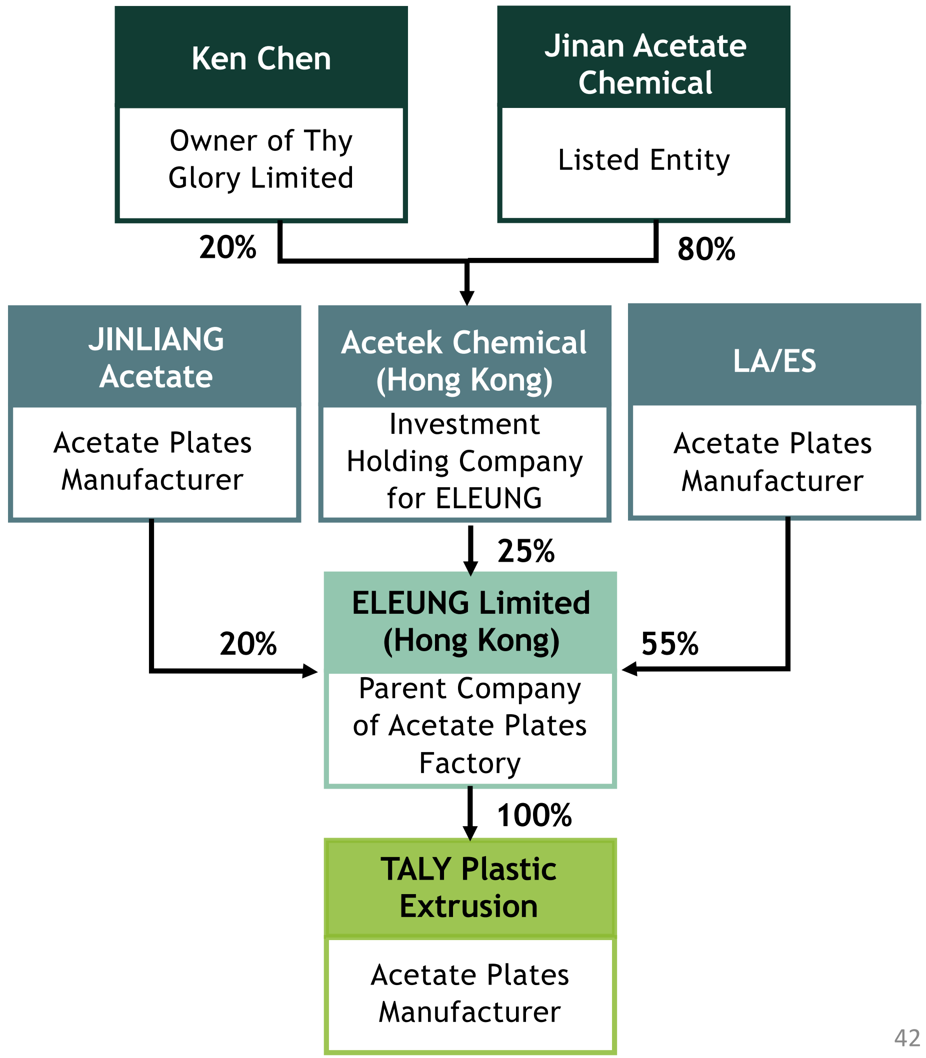
✓ Access to Tier 1 Suppliers to Luxury Optical Frame Brands

LA/ES is a strategic partner of Acetek. It supplies cellulose acetate plates to Luxottica and Safilo, who between them hold a dominant market share for all luxury optical frame brands. Luxottica's share amongst luxury optical frame and sunglass brands is 80%. Safilo is the No. 2 player.

✓ Order Commitments

70% of granules Taly buys are made from Acetek flake.

Plastic Grade Diacetate Flake → Plastic Acetate Granules → Colored Plastic Acetate Sheet → Optical Frames



ESG

Raw Material Reuse & Recycling, Developing Greener Products

1 Developing Eco-Friendly Products

- Biodegradable products
- Recyclable products

2 Improving Waste Management

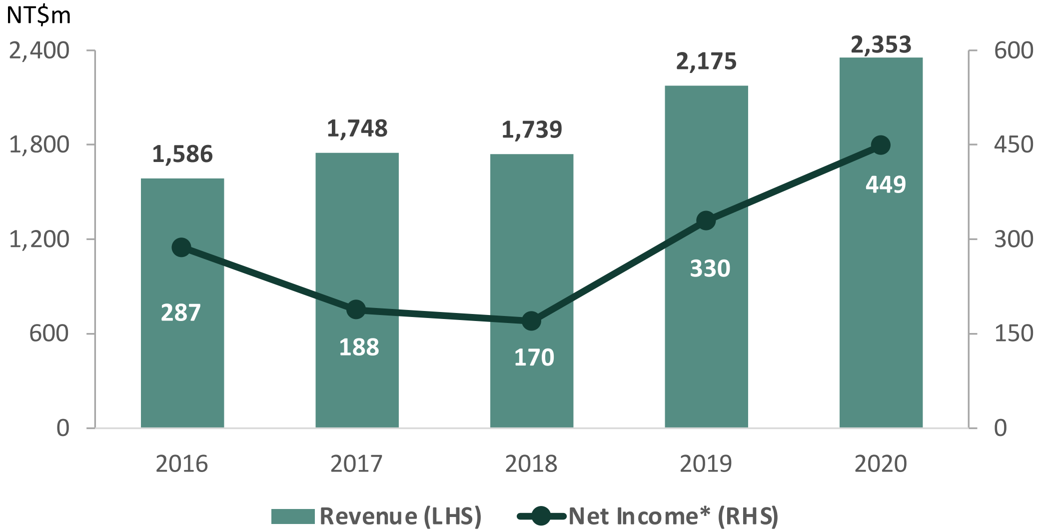
- Enhancing our sewage treatment and water recycling processes.

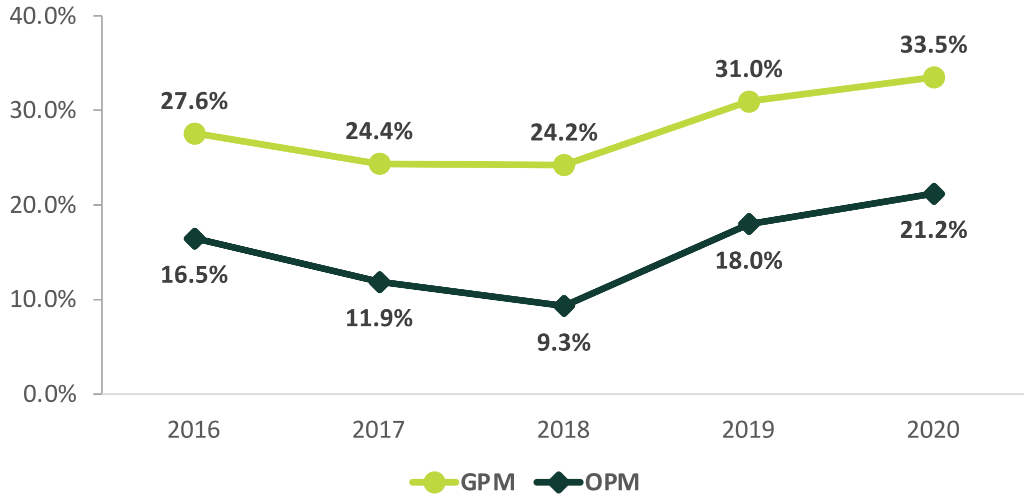
3 Increasing Reuse of Manufacturing Inputs

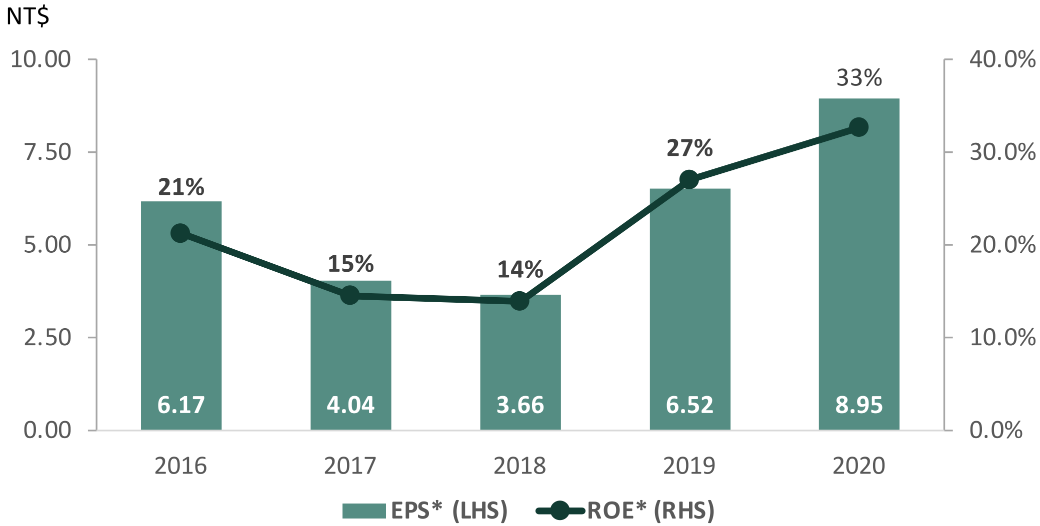
- Improving the efficiency of our acetone and acetic acid regeneration processes.

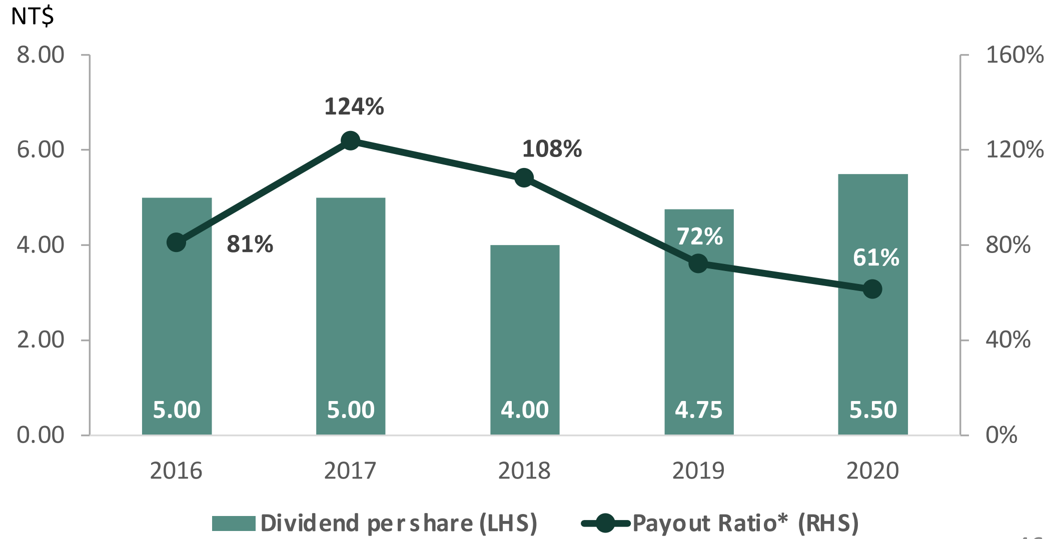
Financial Performance

Key Financial Performance Metrics









* Excludes the mark-to-market impact from the convertible bonds issued in 2Q17 and 3Q20.

Income Statement Highlights

NT$ million	2016	2017	2018	2019	2020
Sales Revenue	**1,586**	**1,748**	**1,739**	**2,175**	**2,353**
Gross Profit	**437**	**426**	**421**	**673**	**789**
Operating Profit	**261**	**207**	**162**	**391**	**499**
MTM Gain (Loss) on CB	0	(16)	55	0	56
Other Non-Operating Income (Loss), Net	58	(23)	(7)	(13)	(2)
Pretax Income	**319**	**169**	**210**	**378**	**553**
Net Income to Parent	**287**	**172**	**225**	**330**	**505**
EPS (NT$)	**6.17**	**3.70**	**4.85**	**6.52**	**10.07**

YoY (%)				
2016	2017	2018	2019	2020
10	**10**	**(1)**	**25**	**8**
10	**(3)**	**(1)**	**60**	**17**
8	**(21)**	**(22)**	**141**	**28**
-	-	-	-	-
(5)	(140)	-	-	-
5	**(47)**	**25**	**80**	**46**
8	**(40)**	**31**	**46**	**53**
(3)	**(40)**	**31**	**34**	**54**

	2016	2017	2018	2019	2020
Gross Margin	**27.6%**	**24.4%**	**24.2%**	**31.0%**	**33.5%**
Operating Margin	**16.5%**	**11.9%**	**9.3%**	**18.0%**	**21.2%**
Net Margin	**18.1%**	**9.8%**	**12.9%**	**15.2%**	**21.4%**
ROE	**21.2%**	**13.3%**	**18.4%**	**27.0%**	**36.7%**

Balance Sheet Highlights

NT$ million	2016	2017	2018	2019	2020
TOTAL ASSETS	**1,604**	**2,437**	**2,317**	**2,586**	**3,109**
Cash	364	206	369	589	831
NR & AR	128	378	312	438	661
Inventory	375	416	321	243	220
Fixed Assets	320	832	864	827	898
TOTAL LIABILITIES	**235**	**1,062**	**1,025**	**1,214**	**1,501**
CB Payable	0	424	440	457	988
NP&AP	85	289	245	222	157
TOTAL EQUITY	**1,368**	**1,375**	**1,291**	**1,373**	**1,608**

Percent of Total Assets (%)				
2016	2017	2018	2019	2020
100	**100**	**100**	**100**	**100**
23	8	16	23	27
8	16	13	17	21
23	17	14	9	7
20	34	37	32	29
15	**44**	**44**	**47**	**48**
0	17	19	18	32
5	12	11	9	5
85	**56**	**56**	**53**	**52**

A/R turnover days	**48**	**53**	**72**	**63**	**85**
Inventory turnover days	**95**	**109**	**102**	**68**	**54**
A/P turnover days	**69**	**52**	**74**	**57**	**44**
Cash conversion cycle	**74**	**110**	**100**	**75**	**95**

Dividend Payout & Capex

(NT$m)	2016	2017	2018	2019	2020
Net Income to Parent*	287	188	170	330	449
Dividend Paid	232	232	184	238	275
Cash DPS (NT$)	5.00	5.00	4.00	4.75	5.50
Cash Payout ratio*	81%	124%	108%	72%	61%
Dividend yield	2.8%	3.9%	2.7%	3.6%	4.1%
Capex	356	261	190	105	221
Capex/Sales	22.4%	14.9%	10.9%	4.8%	9.4%

* Excludes the mark-to-market impact from the convertible bonds issued in 2Q17 and 3Q20.

Note: Yield calculated using market cap on the day prior to ex-dividend date for 2016-2019. 2020 yield is calculated using market cap on 2021/3/31.

Appendix

CB-1 Terms and Trading Information

Issue Date	2017/06/09
Maturity Date	2022/06/09
Maturity Term	5 years
Coupon Rate	0.00%
Issue Amount	NT$ 500,000,000
Issue Price	NT$ 101.0
Latest Conversion Price	NT$ 137.0
Conversion Premium	103.59%
Trading Price (2021/03/31)	NT$ 105.00

CB Holder Redemption Option		
Date	Put Price (NT$)	Yield to Put
2020/06/09	101.5075	0.5%
2021/06/09	102.0151	1.0%

CB-2 Terms and Trading Information

Issue Date	2020/09/25
Maturity Date	2025/09/25
Maturity Term	5 years
Coupon Rate	0.00%
Issue Amount	NT$ 600,000,000
Issue Price	NT$ 101.0
Latest Conversion Price	NT$ 130.7
Conversion Premium	102%
Trading Price (2021/03/31)	NT$ 108.10

CB Holder Redemption Option		
Date	Put Price (NT$)	Yield to Put
2023/09/25	100.75	0.25%
2024/09/25	101.00	0.50%

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