

# 2020



TSRC CORPORATION

## TSRC – Global Specialty Polymers

Investor Conference, 16<sup>th</sup> Oct 2020

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We undertake no obligation to publicly update or revise any statements regarding those information presented and referred herein in the event of any further changes or updates to the information presented herein.





# AGENDA

1. Introduction
  - Thomas Lin, Deputy Spokesperson
2. 1H2020 Financial Performance
  - Edward Wang, CFO
3. TSRC's Response to Pandemic Challenges – Adapt and Optimize to Emerge Stronger
  - Joseph Chai, CEO
4. Q&A





**[1]**

# Introduction

Thomas Lin, Deputy Spokesperson

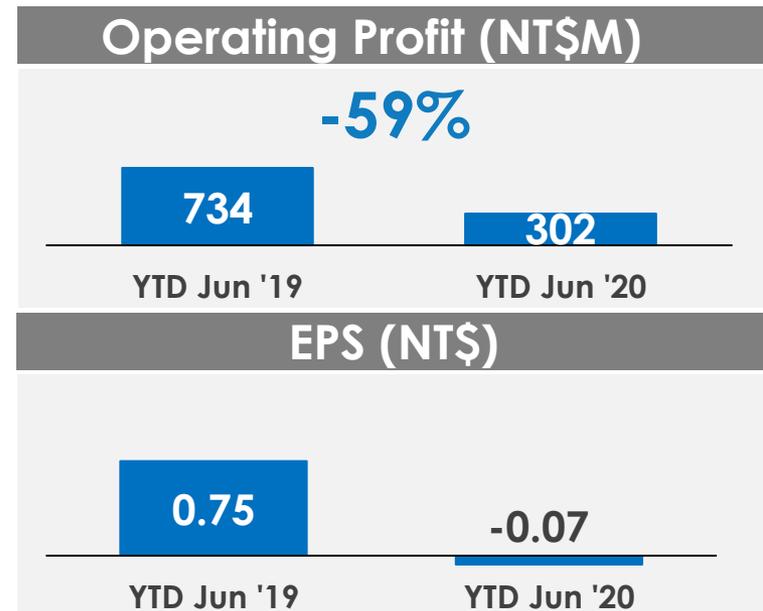
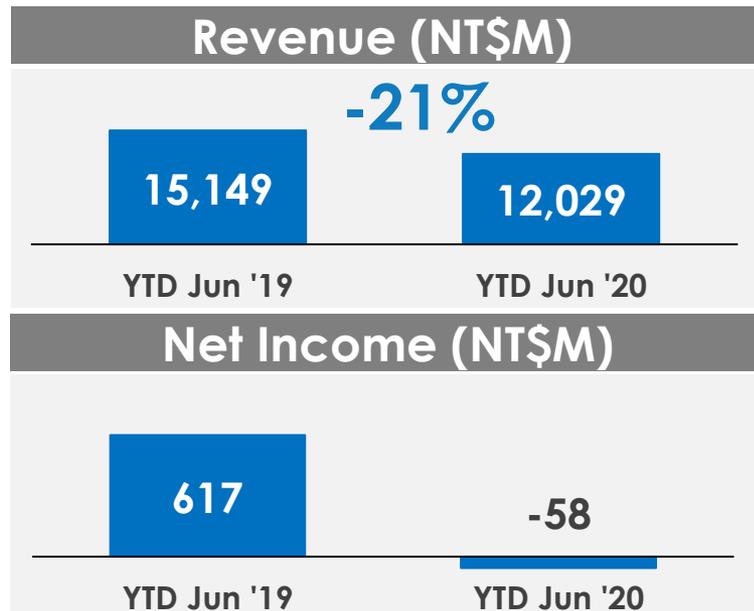


# [2] 1H 2020 Financial Performance

Edward Wang, CFO

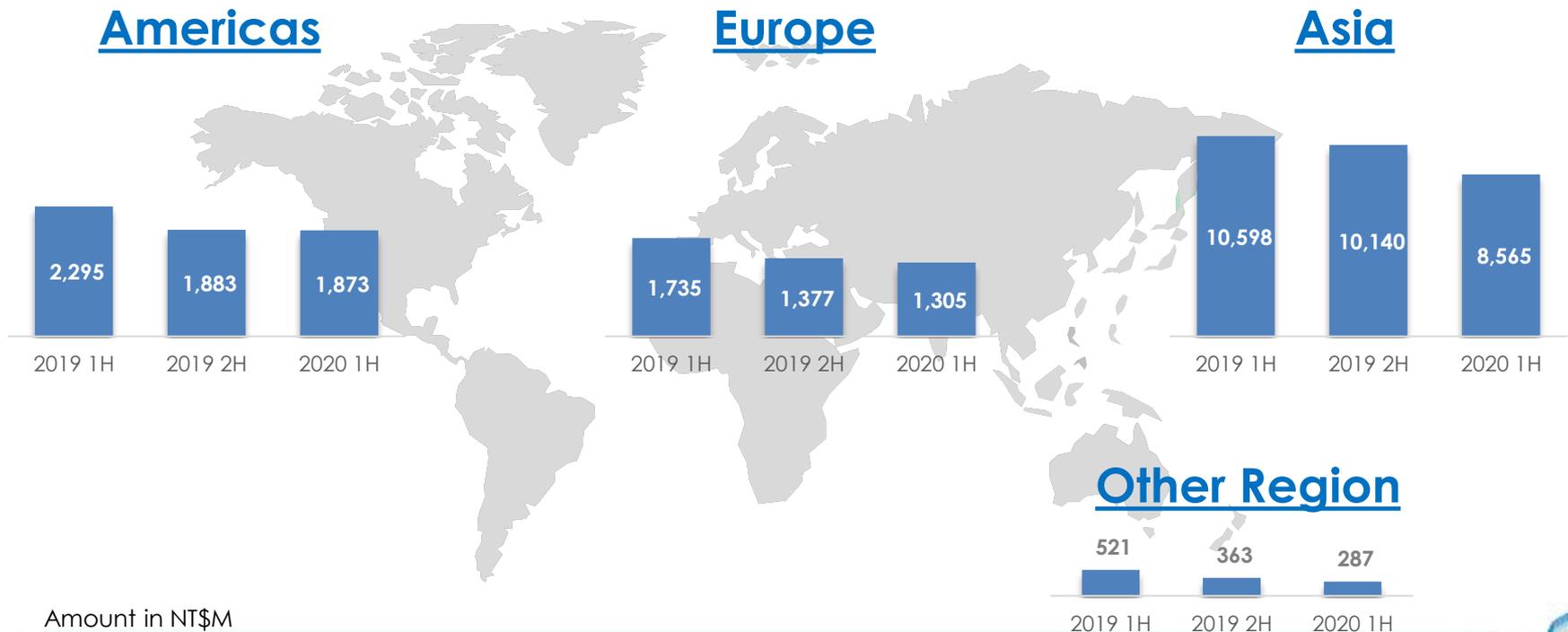
# COVID-19: Navigating Diverse Economic Impact

- Pandemic and related containment measures deeply affected world economy differently across regions and sectors
- Revenue and profitability faced headwinds amid declining raw material price and end-market slowdown
- Performance of investee also negatively impacted by disrupted demand and lockdown policy



# Revenue by Geography

- Decline in revenue reflected low raw material price and a challenging market environment - automotive and consumer market slowdown, especially in developed countries
- Sales volume edged up 1% YoY with strengthened market position following China's lead on recovery

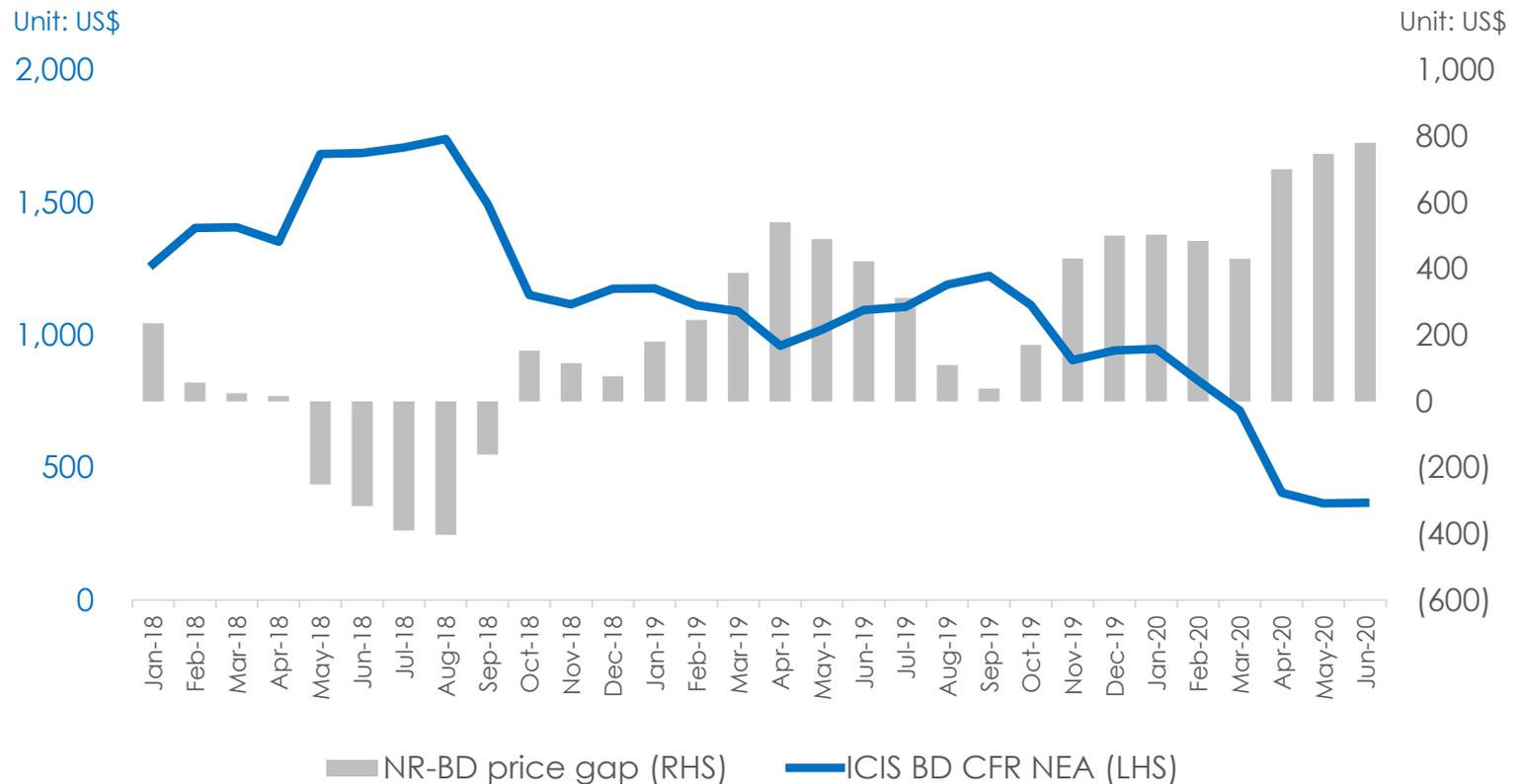


Amount in NT\$M



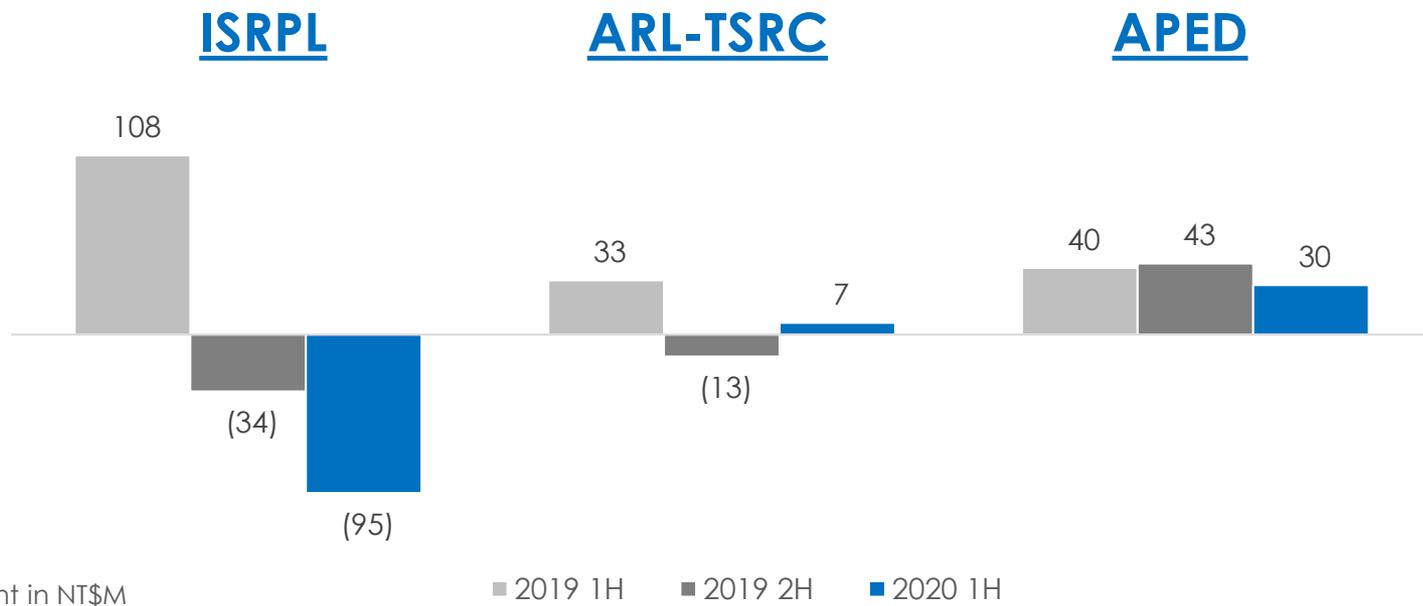
# Strengthened Position amid Improving Market Dynamic

- Despite sharp decline in BD price, business dynamic turned favorable with the support of widened NR-BD price gap, and further enhances TSRC's market competitiveness



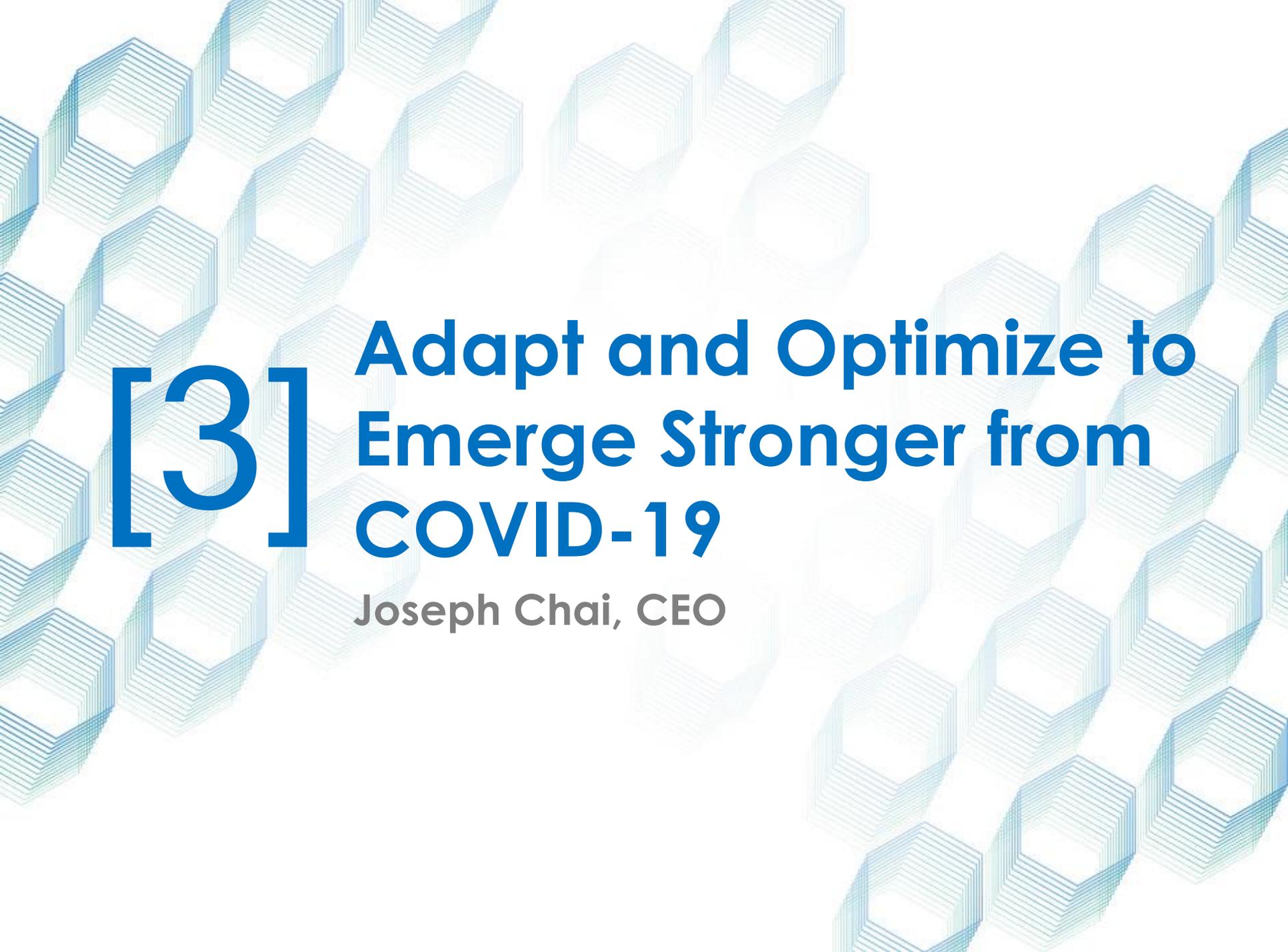
# Major Equity Investment

- ISRPL's performance was impacted by India government's lockdown measures
- Performance of ARL-TSRC saw gradual improvement in 1H 2020 with demand recovery in China
- APED continued to deliver stable results



Note 1: Full name of each investee: ISRPL- Indian Synthetic Rubber Private Limited, ARL-TSRC- ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd., APED- Asia Pacific Energy Development Co., Ltd.

Note 2: Numbers shown as TSRC's investment income from each investee



[3]

**Adapt and Optimize to  
Emerge Stronger from  
COVID-19**

Joseph Chai, CEO

# TSRC Strategic Objectives and Actions

- Transformation: Global specialty company

Specialty business > 50%

- Growth: High value and profitable applications

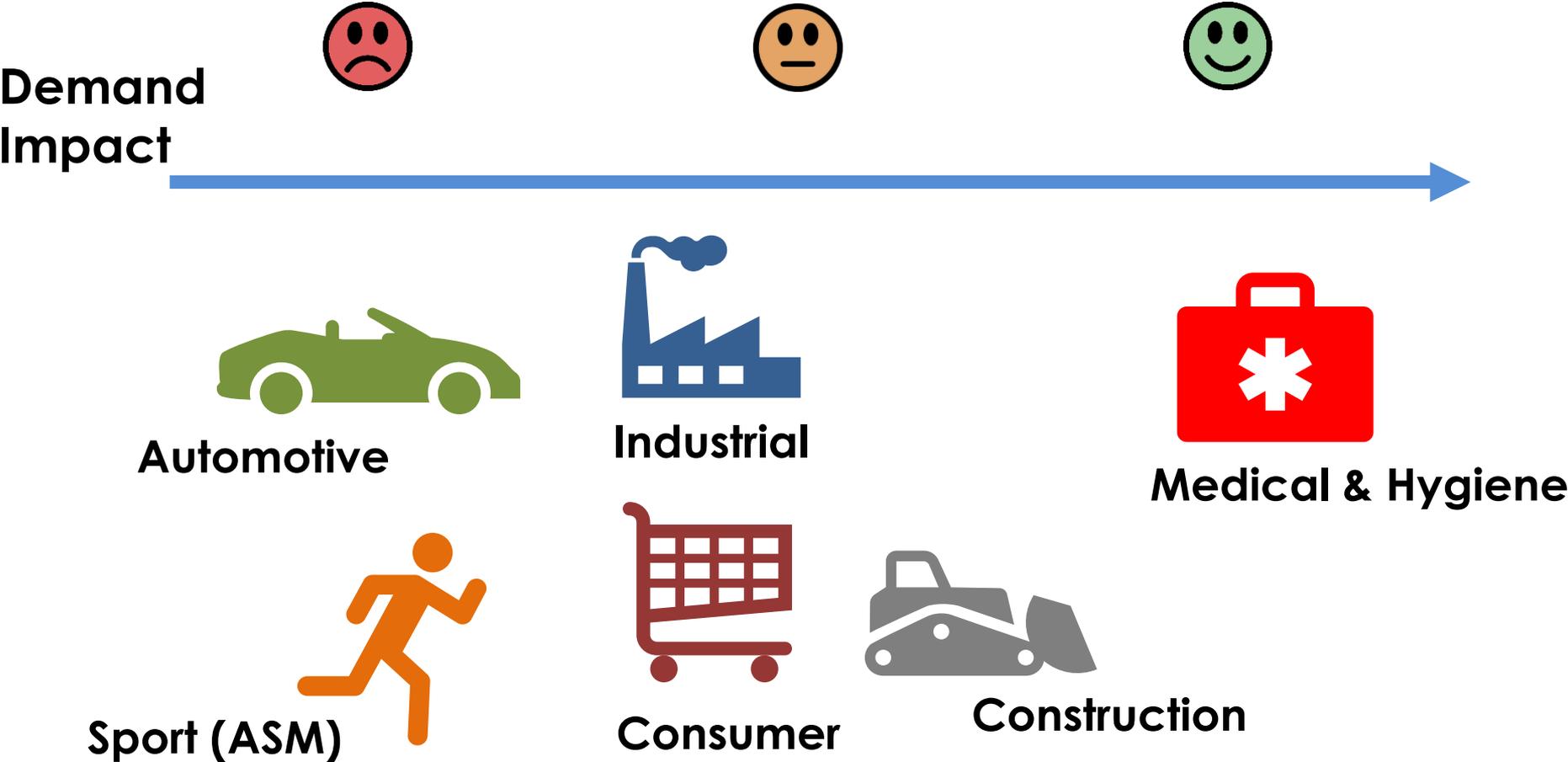
Increase investment in R&D, application, and process technologies

- Long Term Sustainability: Strong business portfolio and organization capabilities

Enhance business models and strategic alliance



# COVID-19 Caused Significant Impact and Disruptions to Market Demand



# Effective Execution through Pandemic



- Ensured employees safety
- Provided sufficient facemask and PPE
- Redeployed resources to avoid retrenchment or furlough



- Continued safe operation of global sites
- Ensured supply chain and business continuity to customers



- Maintained strong cash flow and financial stability & liquidity despite challenging market conditions
- Substantial reduction in operating and capital expenses



# **SRD – Strong Performance Leveraging on China Recovery**

- **Strong sales volume in China offset severe demand destruction outside of China**
- **Leveraging on healthy price spread between Natural Rubber and BD**
- **Optimize earnings across spot, contract, and Formula-based business segmentation**



# AMD – Navigate through Massive Demand Destructions

- **Automotive and Sport Shoe market weakness posed tough challenges**
- **Expand coverage at less impacted applications**
- **Accelerate development of new applications and material technologies**



# Long Term Investment Remains Intact

**New polymer platforms  
and applications  
development**

- New high-performance HSBC platform
- Next generation ASM foaming technology
- Medical grade SEBS
- Sytrenic viscosity modifier for lubricants
- New elastic non-woven materials

**Expand global  
capabilities and value  
delivery**

- New R&D and application lab closer to target market regions
- Assets to support commercialization and supply of new products and technologies

**Sustainable specialty  
chemicals business  
model**

- Implement enhanced business and value models
- Continue to explore strategic alliances
- Build organizational capabilities and competitive advantage



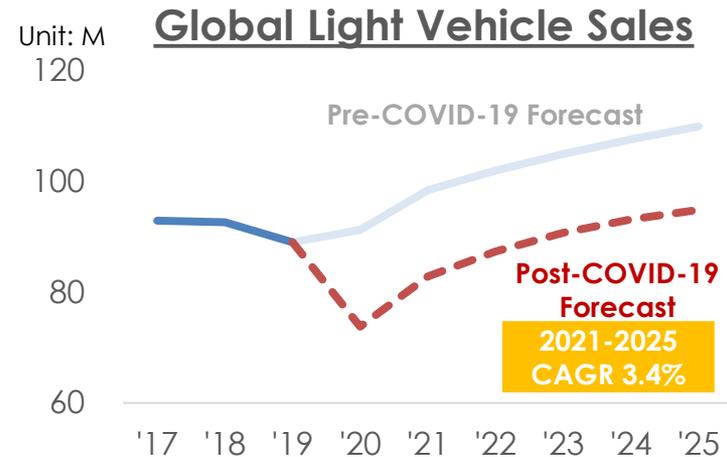
# Pandemic Outlook Points to Uneven Recovery

## Global GDP Growth Projection



- **Growth momentum expected to continue after recovery**
- **Expect drastic changes in market trend post-pandemic**

- **Battled economic requires at least 2 years recovery**
- **Market demand recovery varies by end-market and regions**



Source: Economist Intelligence Unit Aug 2020 Forecast; LMC Automotive Sep 2020 Forecast; TSRC forecast

# Optimize to Emerge Stronger



Greater health awareness favors ASM and medical applications

Major thrust into medical and hygiene with total solution approach of polymers, compounds, and semi-finished products

Increase value share of materials for automotive

Proven Synthetic Rubber business capability leverage on stable Natural Rubber price, ample BD supply, and stable ESRB supply capacity



# Examples

Medical devices e.g.  
IV bags, tubing, film



- Strong growth ~ 5% CAGR for next decade
- Move to non-PVC materials
- TPE more environmentally friendly and sustainable

Elastic non-woven e.g. diaper,  
facemask, hygiene products



- Strong growth ~ 7% CAGR for next 5 years
- Wide end-use applications
- TPE elastic non-woven provides new performance features and cost advantage

High value automotive e.g.  
lubricant VM,  
high performance  
Tires



- Higher value materials for automotive applications
- Partnership with key companies involved



# Summary



1

YTD 2020  
Business  
Performance



2

Adapt and  
Optimize to  
Emerge Stronger



3

TSRC Vision

**Business result affected by COVID-19 impact on TSRC end-markets**

**Respond effectively to short term challenges. Committed to long term investment in technology, markets and applications**

**Maintain the momentum toward our vision to become a Global Specialty Chemical Company**



# Q&A



# THANK YOU

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