

2023



TSRC CORPORATION

TSRC – Global Specialty Polymers

Investor Conference, November 15th, 2023

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AGENDA

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 2. 2023 Sep Year-to-date Financial performance
 3. Business Results and Market Outlook (2023 - 2024)
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- Thomas Lin, Deputy Spokesperson
 - Edward Wang, CFO
 - Joseph Chai, CEO
 - Joseph Chai, CEO
 - Joseph Chai, CEO





[1]

Introduction

Thomas Lin, Deputy Spokesperson



[2]

2023 Sep Year-to-date Financial Performance

Edward Wang, CFO

YTD Sep 2023 Financial Highlights

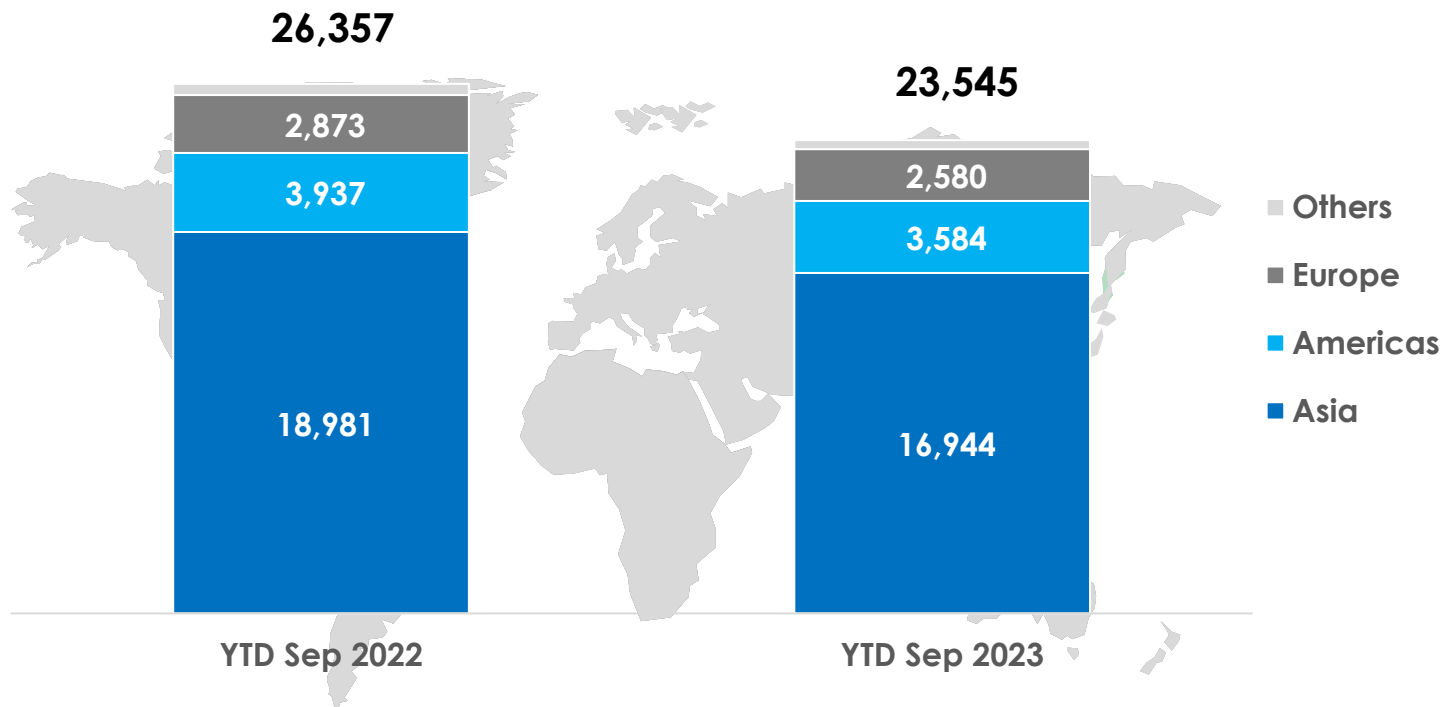
- Soft YTD financial performance with moderate SRD and declined AMD portfolio, impacted by high inventory and low utilization rate amid weak demand.

In NT\$M	YTD Sep'22	YTD Sep'23	YoY
Revenue	26,357	23,545	-11%
Gross Profit	4,724	2,340	-50%
Operating Profit	2,441	572	-77%
Non-Operating	440	387	-12%
Income before Tax	2,881	958	-67%
Net income	1,794	455	-75%
EPS (NT\$)	2.17	0.55	-75%



YTD Sep Revenue by Geography

- YoY Geographic mix unchanged as EU and US supported by higher SRD volume.

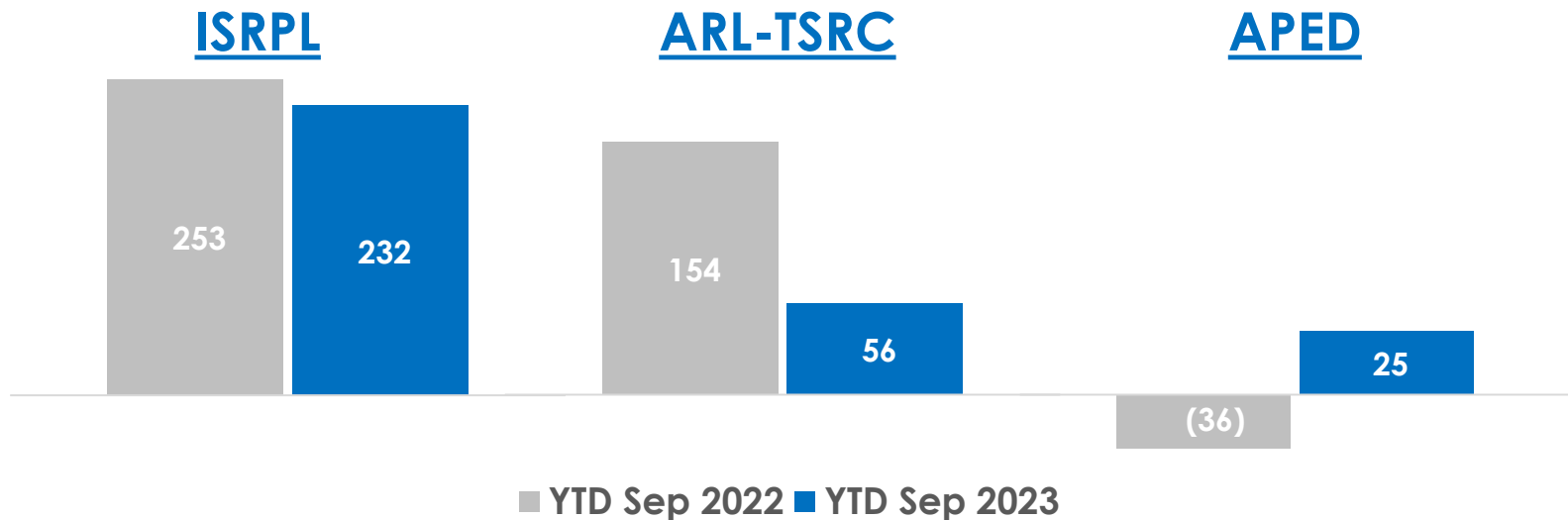


Amount in NT\$M



YTD Sep Major Equity Investment

- ISRPL performance hit by soft demand and compressed spread.
- ARL-TSRC profitability slid due to intensified competition since 2H 2022 amid weak demand.
- APED profitability recovered amid declining coal price.



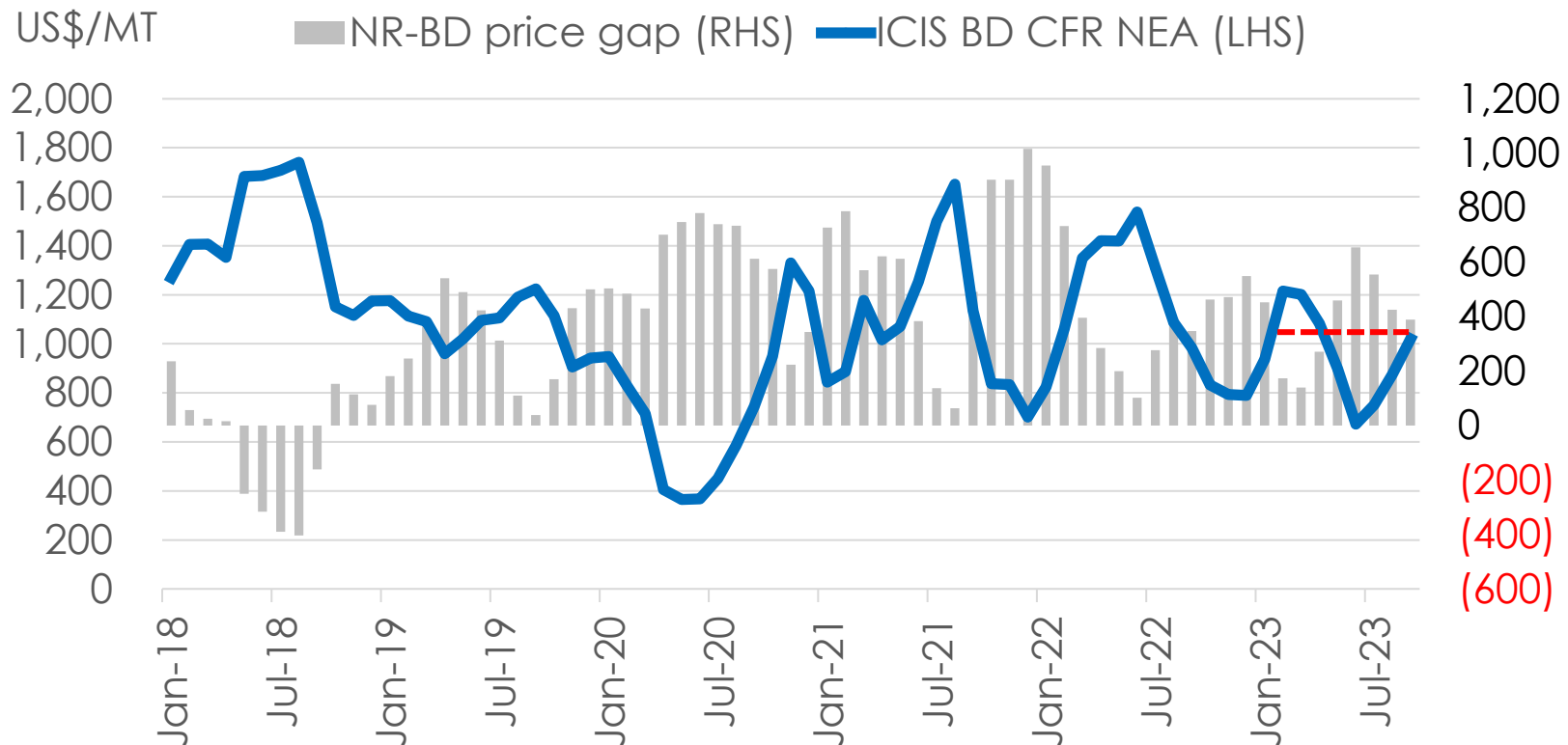
Amount in NT\$M

Note: numbers shown as TSRC's investment income of each investee.



Industry dynamics remain favorable

- YTD profitable NR-BD gap (US\$400/MT) supports Synthetic Rubber performance.





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Business Results and Market Outlook (2023 - 2024)

Joseph Chai, CEO

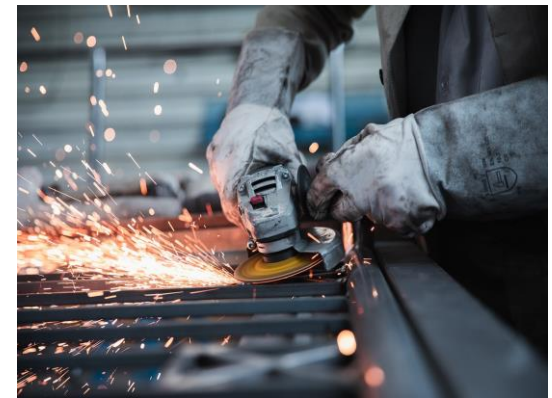
Extremely challenging 2023 for TSRC and other chemical companies

- ◆ **Weak demand across all regions and markets**
 - Tepid growth in mainland China
 - Manufacturing activities remained at low level
 - Continued destocking for most part of 2023
- ◆ **Cost inflation and excess capacity led to margin compression.**
- ◆ **The negative profitability impact is across most part of the chemical value chain.**



Extremely challenging 2023 for TSRC and other chemical companies (con't)

- ◆ Synthetic Rubber business fared better than Advanced Materials business
- ◆ Several product lines (e.g. SIS, BR, NBR) experienced substantial price erosion and volume reduction.
- ◆ Observing some stability on destocking actions but there is still a “unhealthy” supply-demand imbalance



2024 outlook remains challenged and uncertain

- ◆ The demand growth in major developed economies remain stagnated due to elevated cost pressure, geopolitical tensions, and excess capacity
- ◆ Gradual recovery in mainland China amidst persistent structural challenges
- ◆ Tough market competition expected to continue despite gradual improvement in demand-supply imbalance



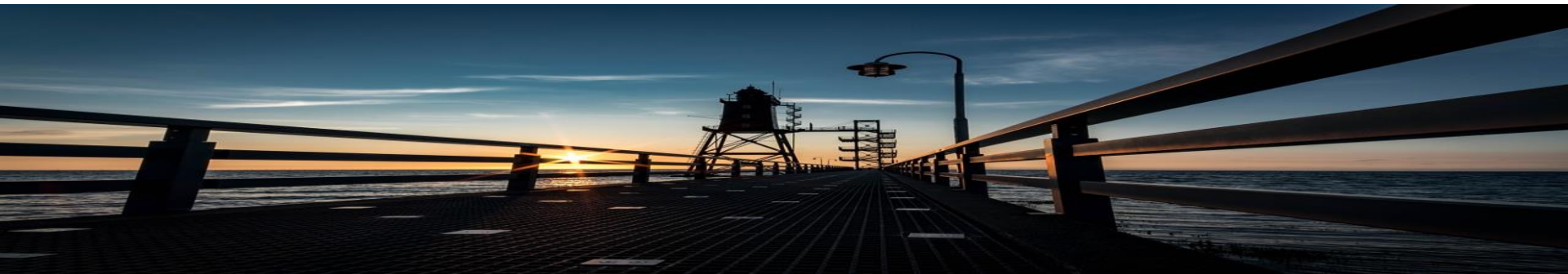
2024 outlook remains challenged and uncertain, but

- ◆ Pocket of stable growth potentially in Southeast Asia
- ◆ Expect some level of demand recovery from Thermoplastic elastomer (TPE) along with stable Synthetic Rubber demand



TSRC maintained concerted effort to defend business and pursue growth

- ◆ Maintain optimal balance between production rate, customer needs, and inventory control
- ◆ Actively pursue new applications and product performance upgrade opportunities
- ◆ Discipline OPEX and CAPEX management



TSRC maintained concerted effort to defend business and pursue growth

- ◆ Leverage technological success in SSBR to expand position in EV Tire
- ◆ Complete Shenhua and ARL-TSRC relocation project on-time and on-budget
- ◆ Engaged in exploring strategic initiatives to deliver growth beyond 3-5 years





[4]

ESG Updates

Joseph Chai, CEO

Key ESG actions/milestones in 2023

- ◆ Onsite solar panel Installation in Dashe (Kaohsiung) and Shanghai
- ◆ ISCC+ certification for Kaohsiung plant
- ◆ Completed product carbon footprint certification
- ◆ Commercialized and sale of new SSBR for EV and high flow SEBS for Medical
- ◆ Stepped up community engagement and education via expanded “ChemCamp ” program



Some ESG accolades in 2023

- ◆ Awarded “Best Companies to Work For” in HR Asia Awards
- ◆ TSRC 2022 Sustainability Report received ESG award by SGS
- ◆ Maintained Taiwan Corporate Governance Rating at top 6-20%





[5]

Summary

Joseph Chai, CEO

Summary



01

- ♦ Very challenging business climate in 2023 which negatively impacted TSRC's financial performance

02

- ♦ 2024 outlook is expected to be challenged with demand stabilization and pockets of growth potentials

03

- ♦ Made concrete progress in ESG plan and improvement in business positioning



Q&A



THANK YOU



TSRC CORPORATION