

2023Q3 Investor Conference



HSINLI CHEMICAL INDUSTRIAL CORP.

Stock Code : 4303

Presenter: JHENG, YU-TANG

Nov 23, 2023



Disclaimer

Hsinli's statements of its current expectations are forward-looking statements subject to significant risks and uncertainties and actual results may differ materially from those contained in the forward-looking statements.

Except as required by law, we undertake no obligation to update and forward-looking statement, whether as a result of new information, future events, or otherwise.





Agenda

- Company Profile
- Operation Result
- Financial Review
- Operation Direction



Company Profile





Company profile and overview

- Foundation: Jun. 22, 1973
- Chairman: Chang Yu-Ming General Manager: JHENG, YU-TANG
- Head Office: No. 99, Xingye Rd., Xuejia Dist., Tainan City, Taiwan (R.O.C.)
- Location of factories: PVC Tainan, PU Tainan
- Employees: 70
- Capital: NTD 675 million
- Major Product: PVC leather、PU leather



Major Products

- 1、Dry PU leather ◦
- 2、Wet PU leather ◦
- 3、PU Waterproof and breathable ◦
- 4、PU printing
- 5、PVC faux leather ◦
- 6、PVC furniture leather ◦
- 7、PVC Pearl color leather ◦
- 8、PVC non-slip leather ◦
- 9、PVC leather(Embossed) ◦



Product use and market

Category	Main use
PVC	<p>PVC leather's main using in following items :</p> <ol style="list-style-type: none">1.Soft leather : It's special processing with genuine leather touch ◦2.SEMI-PU : From different nation's special paper texture , Product is similar to genuine leather touch.3.Footwear : Alike the genuine leather .PU surface treatment makes different styles.4.Bags : Surface treatment makes different styles. Good texture5.SILICONE : All kinds of texture with genuine leather touch and varied styles.6. Vintage style crazy horse leather : Present vintage style by special processing.7.Others : All kinds of researching can cooperate with customers requires.8.Sofa leather : By developing varied materials and surface treatment can reach the demanding of properties. Using tooling show the unique.9.Public seat 、 bus seat and yacht : It's requiring product properties exacting with special processing.10. Fireproof leather : Special Formula can raise up flammability and pass BS-5852 Lv.5 standard.





Product use and market

Category	Main use
PU	<p>Wet and dry PU leather's main using in following items :</p> <ol style="list-style-type: none">1.Veneer PU : Different processing can reach varied changes.2.pull-up oiled leather : low solvent .High abrasion resistance . Smooth oiled texture.3.solvent free foaming PU : Applied in shoes . soft and flexibility. solvent free.4.Dry PU : Soft to the touch, tough of the strength.5.Dry waterproof PU : waterproof product and heat well ◦6.TPU : Varied and extending 3D development of patterns better than ordinary visual feeling ◦7. Conductive PU leather : Applied in gloves , used in smart touch panel of cell phones.8.PU waterproof : used widely in clothes 、 shoes and other products ◦9.HS PU : Applied in furniture 、 clothes and etc. High abrasion resistance and flexibility.





Operation Result

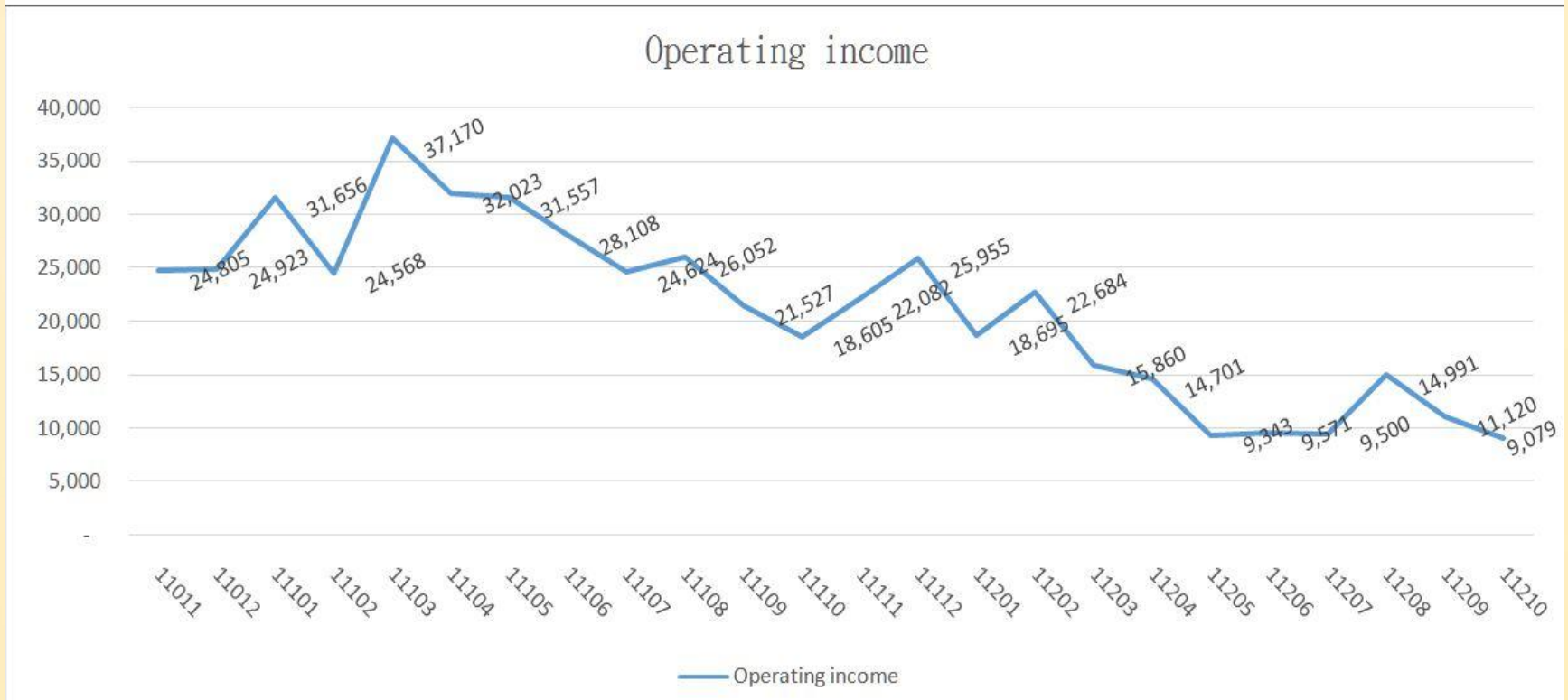


The trend of operation



Year 2023 average revenue compare with last year down approximately 50% , mainly due to inflation, Russo-Ukrainian War, and customer destocking of inventory ect affect orders.

Unit:Thousand

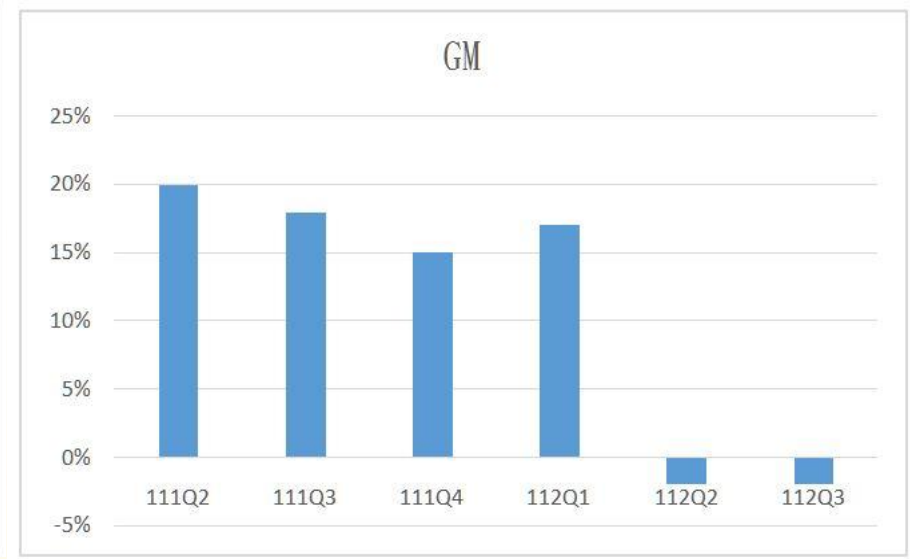
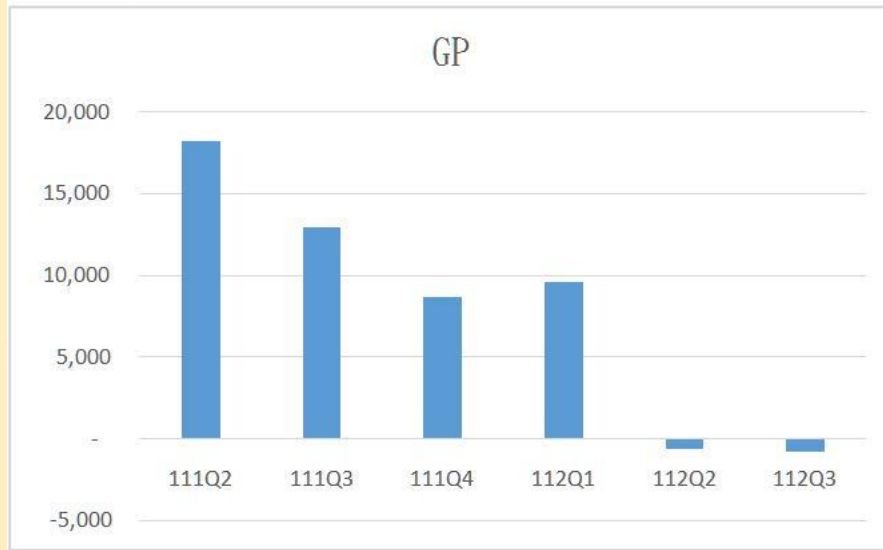




The trend of gross profit margin

The quarterly gross profit and gross profit margin have both decreased compared to the previous year, primarily due to a reduction in customer orders.

Unit: Thousand

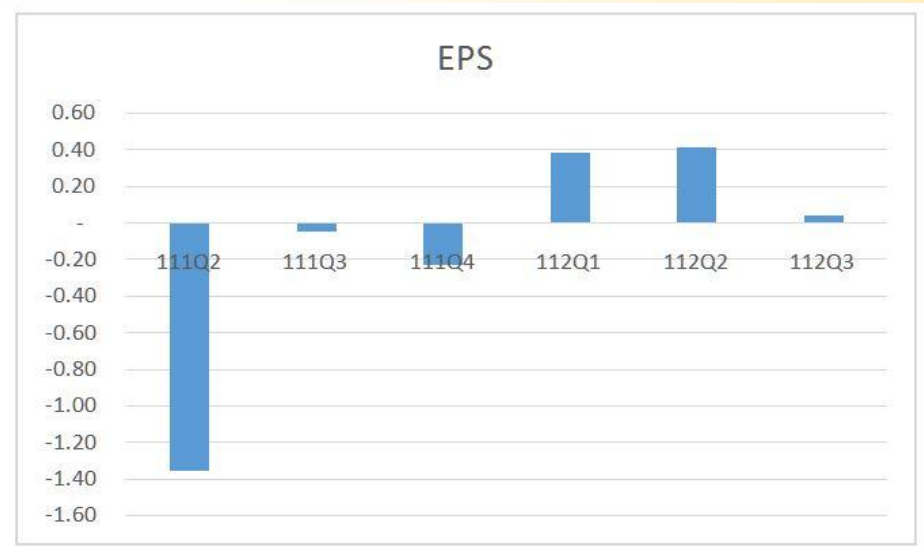




The trend of profits

In the year 2023, despite an overall loss due to insufficient orders in the core business, the net profit for the current period increased from Q1 to Q3 due to the recognition of unrealized gains on investment securities.

Unit: Thousand





Financial Review





Consolidated Statement of Comprehensive Income

OVERVIEW DETAILS TO MOPS

Unit: Thousand	112Q3	111Q3	YOY
Operating income	126,465	256,534	-50.70%
Operating cost	118,367	203,479	-41.83%
Gross Profit (or Loss)	8,098	53,055	-84.74%
Gross margin	6%	21%	
Operating expenses	26,055	28,272	-7.84%
Operating profit (or Loss)	(17,957)	24,783	
Non-operating income and expenses	74,802	(48,182)	-255.25%
Income before Tax (or Loss)	56,845	(23,399)	
Income tax expense (or benefit)	50	2,535	-98.03%
Net Income (Loss)	56,795	(25,934)	-319.00%
Basic earnings per share (NT Dollar)	0.84	(0.38)	



Consolidated balance sheet

OVERVIEW DETAILS TO MOPS

Unit:Thousand	112/09/30	111/12/31	111/09/30
Current assets	389,139	347,404	366,775
Non-current assets	1,145,571	1,094,539	1,045,458
Total assets	1,534,710	1,441,943	1,412,233
Current liabilities	559,697	257,586	219,612
Non-current liabilities	88,934	355,104	349,210
Total liabilities	648,631	612,690	568,822
Capital stock	675,000	675,000	675,000
Additional paid-in capital	9,252	9,252	9,252
Retained earnings	201,751	144,956	159,159
Other equity interest	76	45	0
Treasury stock	0	0	0
Total equity	886,079	829,253	843,411
Net Asset Value per Share(NTD)	13.13	12.29	12.49
Current ratio	69.53%	134.87%	167.01%
Debt ratio	42.26%	42.49%	40.28%



Operation Direction

Deepen roots in Taiwan, align with international standards, and strengthen fundamentals.

Strengthen collaboration with existing customers, obtain international product certifications, and enhance the fundamentals of the products.

Explore new customers and Environmentally friendly products.

Develop environmentally friendly solvent-free products and incorporate recycled materials, aiming at the development of green composite processed products. Additionally, focus on the research and development of water-based breathable PU films to align with the direction of exploring new customer applications.

Upstream and downstream integration, Contributing to the growth of company.

Market extension based on existing products . Planning to integrate upstream and downstream companies and making the operation stay ahead of the pack once again.

Building Roof PV Systems ,Transformation and Upgrade.

Upgrade the solar power generation system, obtain an electricity industry license, enhance added value, and respond to government environmental and green energy policies. Implement ESG (Environmental, Social, and Governance) practices and strengthen corporate governance.



Q & A





THANK YOU

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