



2024 Results Presentation

MAY 2024

Ace-tek 

濟南大自然新材料股份有限公司
Jinan Acetate Chemical Co., LTD.

AGENDA

1. Introduction
2. ESG/
Sustainable Environment
3. 2024 Q1 Results
4. Outlook

Jinan Acetate Chemical @ a Glance

- **Ticker:** 4763 TT
- **Market Cap – 16 May 2024:** NT\$71,963 mn
- **2023 Revenue:** NT\$11,026 mn
- **ROE:** Averaged 41% in 2019 through 2023
- **2023 Cash Dividend&Stock Dividend:**
NT\$11.5&NT\$0.5per share
- **Business Scope:** Exports to more than 50 countries

Jinan Acetate



- Jinan, Shandong
- Acetate Tow Production
- Employees: 226

Acetek Environmental



- Jinan, Shandong
- Acetate Tow Production
- Employees: 135

Acetek Material



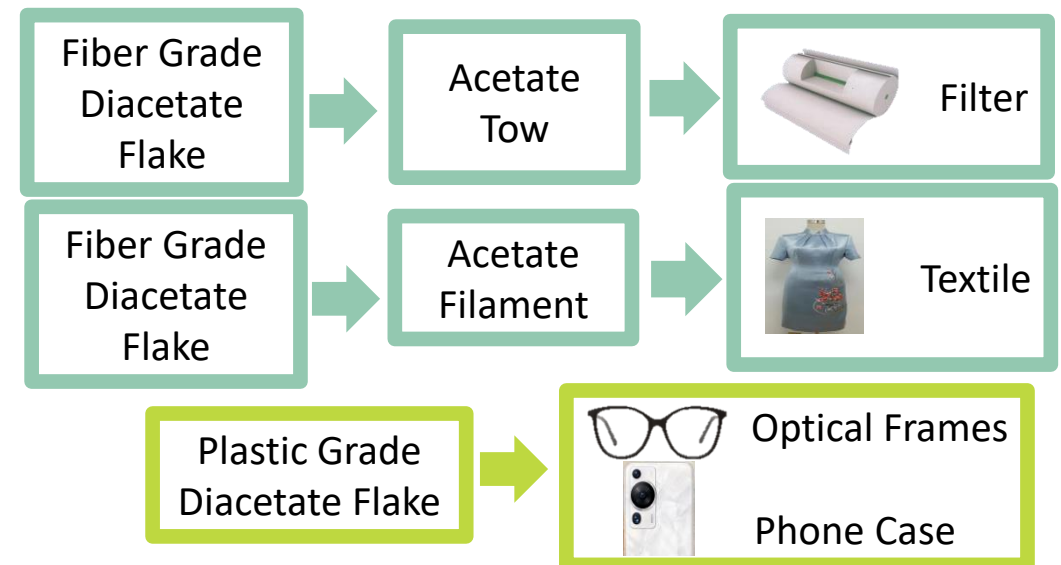
- Zaozhung, Shandong
- Acetate Flake Production
- Employees: 155

Acetek Momentun



- Zaozhung, Shandong
- Cellulose Anhydride
- Employees: 44

Products - Applications



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New factory construction progress



✓ **The double-digit growth momentum expected to extend to next year**

With strong demand and continuous capacity expansion, Optimistic about 2024 annual revenue reaching a new high. Growing above industry average leads to market share gain and strengthens our position in the industry.

✓ **Structurally improved margins**

With falling raw material costs, coupled with the upstream integration strategy and supply and demand issues, product sales prices are high. 1Q24 gross margin was around 67%, which was the same as the previous quarter and higher than the average level in the past five years of 39% due to vertical integration. We continue to communicate with customers about delivery schedules, and the continued increase in production capacity has expanded the economic scale. We are optimistic that the profit performance in 2024 will be better than that in 2023.

✓ **Taking advantage of the circular-economy opportunities while aiming to be more vertically integrated**

We will increase investment in research and development of green, environmentally friendly materials. We see some encouraging results in the biodegradable fibers that we are developing. We are promoting the products and evaluating the investment for production expansion. We also aim to increase our exposure to alternative cigarette products and continue to look for opportunities to integrate vertically further.

ESG-Carbon Footprint Certification

- Our company's main sales customer (one of the four largest tobacco companies in the world) went to four factories in Jinan and Tengzhou to conduct carbon footprint inspections in August this last year. The two parties conducted full communication and exchanges on carbon footprint calculations.
- The estimated carbon emissions per unit of major sales customers is approximately 5.180, which is the average of international peers. The company's carbon emissions per unit calculated based on the calculation method provided by the customer is approximately 3.225.
- Conclusion: **The carbon emissions calculated by the company are much smaller than those estimated by major sales customers.**

Source	UOM	KG CO2 EQ Per Unit
Acetate Tow	Tons	5.180
Source	UOM	E.F Ton CO2 c/ Ton Mat
Nat Gas Burner (天然氣)	m3	1.262
Solar PV(太陽能光電)	kwh	0.002
		1.264
Electricity from grid (電網用電)	kwh	0.493
Steam from Steam Company (蒸汽)	Tons	0.038
		0.531
Acetate Flakes (<u>醋片</u>)	Tons	1.400
中峰-->大自然	km	0.030
		1.430
		3.225

✓ Environmental management

Our company introduced and established the ISO14001 environmental management system, and passed the verification of the third-party Shanghai Ingle Certification Co., Ltd. in 2018, demonstrating its determination to spare no effort in environmental management. Among them, the cost of wastewater treatment 、 environmental fees and the cost of new and renovated environmental protection facilities are the most important, and these three items account for 93% of the environmental protection expenditure, which shows that the Company attaches great importance to environmental management.

✓ Water Resources and Wastewater Treatment

Our company's recycled water volume in 2023 will reach 562,200 tons, accounting for 53.04% of the total annual water consumption. Our company's factory is located in an area related to non-ecological conservation, so water protection sources are all supplied by water companies. Therefore, there is no concern about the impact on water resources and water resource protection in local nature reserves. All wastewater is collected in the factory's sewage treatment facilities for treatment, and it is ensured that the discharge reaches the relevant standards of the local environmental protection department before being released. In 2023, target control will be proactively proposed in the event of exceeding standards.

✓ Raw material management/recycling

Instructions for the recovery of acetic acid by Acetek Material : 30% dilute acid is produced in the production process of the finished product line of acetate, which is fed into the acetic acid recovery system. After filtration, extraction and rectification, 99.5% acetic acid is obtained into the storage tank, and enters the cellulose acetate as a raw material The production line is reused to reduce material consumption.

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Gesellschaft für Konformitätsbewertung mbH


NOTIFICATION OF REGISTRATION

Holder JINAN ACETATE CHEMICAL CO., LTD
Room 409, Unit 2, Building 7
Shangang Xintiandi
No.61 Gongye South Road, Lixia District
Jinan City
250101 SHANDONG
CHINA

Product Compostable intermediates

Type, Model Diacetate

Testing basis DIN EN 13432:2000-12
ASTM D 6400:2019-01
Certification scheme products made of compostable materials (2020-01)




Mark of conformity 
kompostierbar

Registration No. 7H0157


Valid until 2027-04-30

Right of use With this notification of registration the holder is granted the special entitlement for advertising purposes according to §6 (5) of the Regulations governing Use of the Mark and the Trademark Usage Guidelines for the mark of conformity shown above in conjunction with the specified registration number.
See annex for further information.

2021-04-01
Dipl.-Phys. Carlo Seiser
Head of Certification Body


  

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Ministero dello Sviluppo Economico

Ricevuta di presentazione
per
Brevetto per invenzione industriale

Domanda numero: 102022-55
Data di presentazione: 11/11/2022

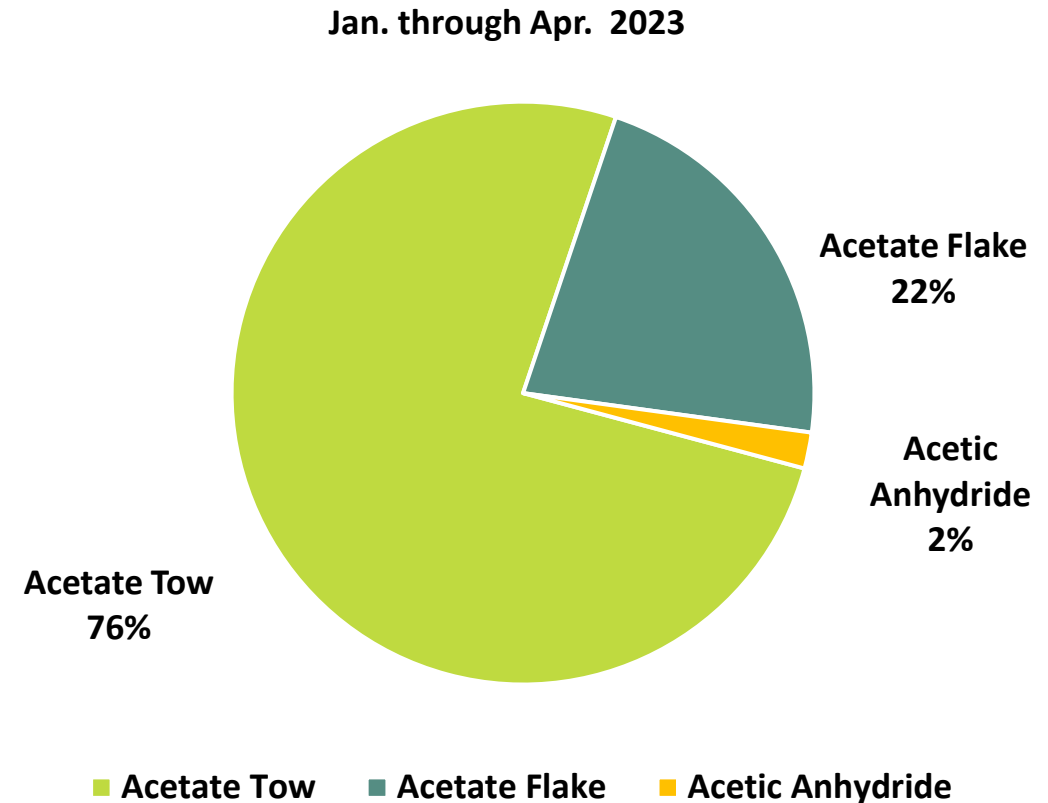
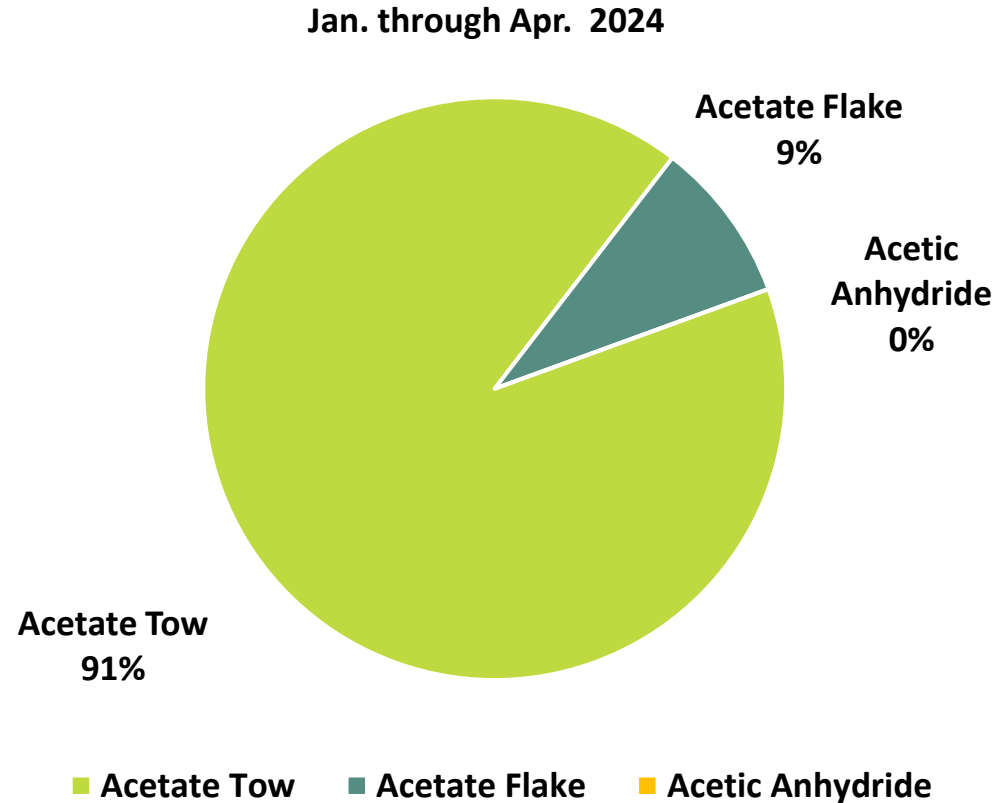

Ministero dello Sviluppo Economico

Ricevuta di presentazione
per
Brevetto per invenzione industriale

Domanda numero: 102022-52
Data di presentazione: 11/11/2022

Sales Breakdown

The sales situation by product category from January to April 2024 and January to April 2023 is as follows:



Key 2024 Q1 Performance Metrics

- ✓ Sales grew 131% YoY to NT\$3,613mn in 2024Q1. Set a new high for the same period in history.
- ✓ Tow sales grew 196% YoY and Flake sales decline 19% YoY.
- ✓ Key Performance Highlights were:
 - Gross profit grew 187% YoY to NT\$2,430m.
 - Gross margin was 67.3%, increase of 13% compared with the same period last year.
 - Net profit was NT\$2,103m, and net profit margin was 59%.
 - Earnings per share were NT\$24.48.

Key Observations

- ✓ The sales in the 2024Q1 was due to the substantial in acetate tow revenue, and the demand for spinning-grade vinegar tablets and plastic-grade vinegar tablets for eyeglasses remained strong. Supply and demand issues lead to price increases.
- ✓ Completion of tow production capacity expansion of 9,000 tons in April 2023, with an annual production capacity of 37,000 tons.
- ✓ The operating expense rate was 5.6%, a decrease of 7.5% from 13.1% in the same period last year.
 - Cash and equivalent cash are abundant, and interest income has also increased.
 - USD/CNY exchange rate rises slightly.

Sales Growth & Profitability

- The demand for tows、 filament and flakes is strong, and we continue to communicate with customers about delivery schedules. It is expected that the selling price in 2024 will be better than that in 2023. In addition, the continued increase in production capacity will expand the economic scale, and the prices of raw materials (acetic acid, wood pulp) will remain low. leading to expected growth in revenue and gross profit margin
- It is expects to complete the expansion of 9,000 tons of tow production capacity in mid-July 2024, and to expand another 9,000 tons of tow production capacity in January 2025, for a total of 18,000 tons of tow production capacity. After the expansion, the tow production capacity will reach 55,000 tons.
- The filament production capacity is expected to increase from the existing 720 tons to 1,200 tons starting in August 2024, with an additional expansion of 1,200 tons in October, and an additional 3,600 tons in August 2025. After the expansion, the filament production capacity will reach 6,000 tons.
- It is also expected to complete the expansion of flake production capacity by 35,000 tons in the second quarter of 2025, bringing the flake production capacity to 70,000 tons.
- In addition, the plan to set up factories (tow) in Southeast Asia is currently proceeding step by step, including negotiating joint ventures with large local tobacco companies.

HNB(IQOS) Prospects

Amazing growth rate

- According to the "World Tobacco Development Report", HNB (Heat Not Burn), as one of the mainstream categories of new cigarette products, was approximately US\$15.321 billion in 2019. By 2022, the global market will reach US\$31.3 billion, more than doubling in three years.
- The global HNB market size in 2019 was US\$15.321 billion, a year-on-year increase of 28%, achieving rapid growth from scratch. The growth in the past five years has been mainly driven by the Japanese market. In 2019, the Japanese market's HNB revenue accounted for 56.4% of the global market. As the largest consumer country, South Korea accounts for 10.5%, making it the second largest consumer country, and Russia becomes the third largest consumer country, accounting for 7%.
- The global cigarette output value growth rate is about 1~2% per year. According to statistics, the global cigarette product market will have an output value of approximately US\$912 billion in 2022, but HNB only accounts for 3.43%.

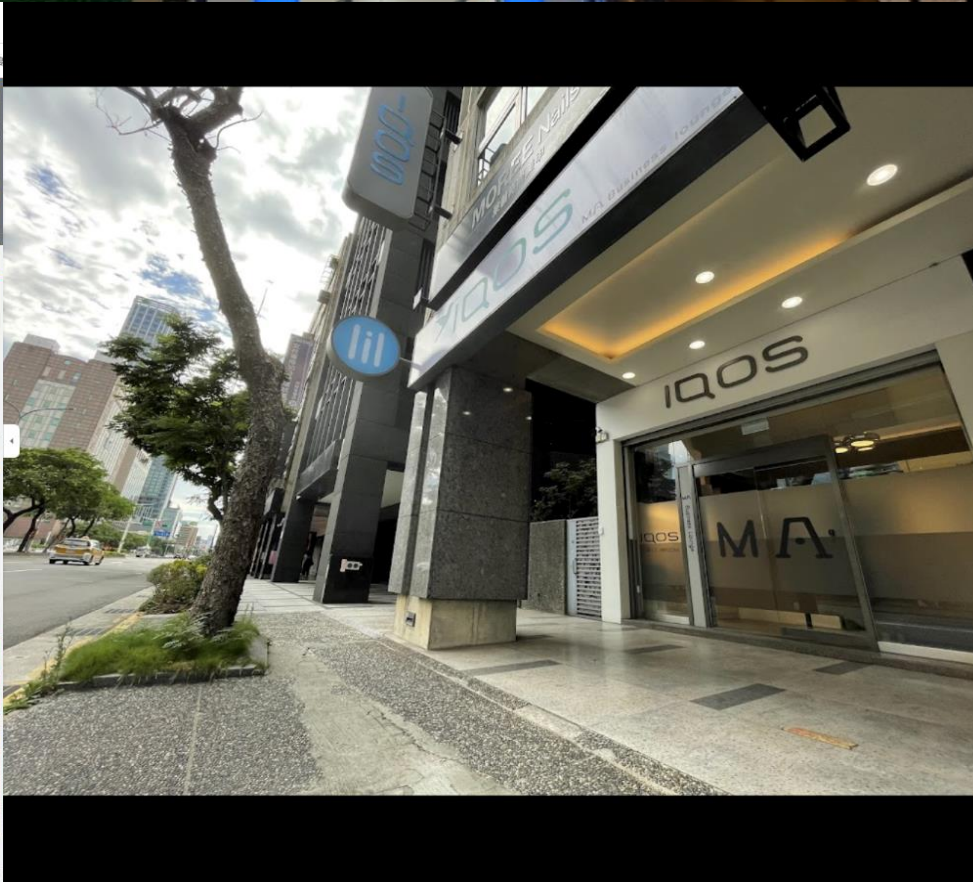
The annual compound growth rate exceeds 20%

- According to "PRNewswire", a U.S. consulting company recently released the future development trends of the global heated tobacco products market. The report pointed out that by 2025, the compound annual growth rate of the global heat-not-burn tobacco products market will exceed 22%. The consulting firm's analysis believes that the popularity of heated tobacco products in the United States, Japan and South Korea in recent years has caused such products to grow at an alarming rate.

In the future, major countries will open their markets and have full potential.

- Currently, there are only 63 countries open to the market. The main markets are Japan, South Korea and the European Union. Big Mac markets such as the United States (only open in some areas), China, India, and Brazil are not yet open. Therefore, the market for heat-not-burn smoke is still open. Space is still developing.

HNB(IQOS)
There are many stores
in Taipei



Introduction to diacetate fiber filament-Characteristic

1. The luster is elegant, the dyeing is bright, and the dyeing fastness is strong.
2. It feels soft and smooth, light texture, has excellent natural quality and is comfortable to wear.
3. It has low moisture regain, good elasticity, not easy to wrinkle, has good drape, thermoplasticity and dimensional stability, and does not require washing and shaping.
4. It has stable anti-pilling and anti-static properties, and the appearance of the garment always remains unchanged.
5. Its fabric is moderately hygroscopic, quick-drying, and can withstand high-temperature ironing and low-temperature pleating.
6. Silk, as a luxury fabric, has a long production cycle, high prices and complex processes; it usually requires more time and effort to produce.
7. Compared with the physical and mechanical properties of mulberry silk, acetate fiber has lower strength, greater elongation at break, and lower moisture regain than mulberry silk. Its wet strength to dry strength ratio, relative hook strength and knotting strength, elastic recovery rate, etc. are not much different from those of mulberry silk. Among chemical fibers, its performance is close to that of mulberry silk. The production process is simpler and the cost is relatively low ◦



Introduction to diacetate fiber filament- Application scope

1. Clothing lining: The preferred lining for high-end suits and skirts.
2. Fashion and high-end clothing fabrics.
3. Segment fabrics and knitted fabrics, decorative silks, base materials for embroidery products, embossed silks, yarn-dyed silks, wrapping tapes, printed label fabrics, plush, velvet, imitation suede, vinegar and silk covered yarns and other fabrics.
4. Medical (medical gauze), industrial (data cable connector).



Introduction to diacetate fiber filament- Market expectation

As far as we know that Eastman's supply to China is close to 10,000 tons/year, and Lithuania's supply is about 1,000 tons/year. The total domestic demand is about 25,000 tons/year, indicating that the country currently relies on imports.

The diacetate fiber filament industry is in a growth stage, with strong downstream demand in the industry. The number of companies in the industry is still on the rise. Acetate fiber has excellent performance, wide range of uses, and high product added value. The production process of acetate filament has low energy consumption and little pollution. , raw materials can be regenerated and suitable for sustainable development, which is of great significance for enterprises to enhance market competitiveness and maintain sustainable development.

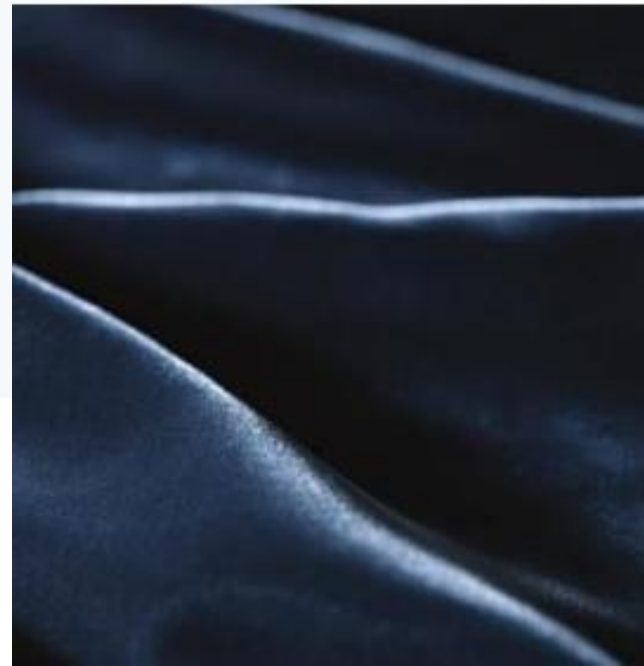
Currently, acetic acid fabrics have been widely used in the recently popular new Chinese-style (such as Tang Dynasty Peony) clothing, and the acetic acid yarn content is as high as more than 85%.

Construction of new tow and filament plant



Introduction to diacetate fiber filament- Capacity expansion planning

The inherent excellence and sustainability of acetate fiber make it an irreplaceable, fashionable, environmentally friendly and low-carbon material. As the only domestic company capable of producing acetate fiber filament, Acetek Environmental has the advantages of time, location, people and people. The group decided to fill the gap in its reliance on imports and make every effort to expand the production capacity of acetate fiber filament based on the existing production capacity. It is planned to increase by 480 tons in August 2024, 1,200 tons in October, and 3,600 tons by August 2025. By then, Acetek Environmental total production capacity will reach 6,000 tons/year, giving it an important position in the entire acetate filament market.



Our 5-Year Targets



01

Expand our global market share in acetate tows to 7%

02

Be an industry leader in the development of biodegradable acetate flakes, and recyclable acetate flakes for optical frames, aiming to take advantage of circular-economy opportunities

03

Sustain ROE in excess of 20%

04

Continue to perform well and strengthen the commitment and practice of environmental sustainability

Industry trends: Industry is stable and upward



市場概況 > 索爾維集團

33.96 EUR

+13.10 (62.80%) ↑ 過去 1 年

5月14日 上午10:32 [GMT+2] · 免責聲明

1 天 | 5 天 | 1 個月 | 6 個月 | 本年迄今 | 1 年 | 5 年 | 最久



開盤	34.22	市值	35.93億	CDP 得分	A-
最高	34.23	本益比	1.88	52 週高點	36.62



Thank You



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