



2024

Sesoda Corporation
Investor Conference

2024/11/29

Disclaimer

Disclaimer of outlook and financial reports



OUTLOOK

We undertake no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.



IFRS

The financial numbers herewith are based on International Financial Reporting Standards(IFRS).



CPA

Cumulative consolidated numbers have been reviewed by the CPA.



Company Profile

Sesoda Corporation was established in 1957 in collaboration with the government's chemical industry projects.

Main Businesses

Potassium Sulfate (SOP)
Soda Ash, Sodium Bicarbonate
Liquid Calcium Chloride(CaCl_2)
Bulk vessel shipping

Employees

Total : 181
Average Year of Service : 11.61 years

Office & Factories

Taipei Head office, Suao Factory, Taichung Warehouse,
Changhua Warehouse



Potassium Sulfate

(SOP)

Capacity

14 production lines with an annual capacity of 140,000mt. By-products include Hydrochloric Acid (HCl) and Liquid Calcium Chloride (CaCl²).

Sales Strategy

98% of the output is for exports. Diversification of export markets avoids the pitfall of concentrating on any single market.

2024 Overview

- Stable prices supported by strong global demand, with a slight price decrease in Q4.
- Due to global geopolitical instability etc. factors, shipping costs have been fluctuating and may affect customer's willingness to order.

Potassium Sulfate (SOP)

SOP demand has been high so far this year. After the gradual decrease in MOP prices since 4Q 2023, **MOP supply and demand have been stable, allowing SOP prices to be stable too.** But **as global geopolitical conflicts continue to unfold, freight rates is fluctuating, posing significant challenges to SOP sales. Hence flexibility in sales strategies should be made in response to market conditions.**

With the Trump's re-elected in November's US presidential election, global manufacturing exports are bracing for changes. The upcoming changes in **U.S. tariff policies impact the raw material supply chain and international trade, potentially even reshuffling them – will be a key area for close monitoring next year.**

The future direction of **China's fertilizer export restrictions policy, implemented since October 2021, remains unclear.** It is anticipated that when China's SOP exports return to normal, it will inevitably impact Taiwan's SOP exports to a certain extent.

Extreme weather conditions due to global climate change, including sudden heavy rainfall, floods, or severe droughts, have spoiled many major agricultural lands, disrupting fertilizer application timing and quantities, indirectly affecting potash demand.

Domestic Sales Overview

Outlook

Soda Ash & Sodium Bicarbonate

In 2024, because of the economic recession and demand shrinking domestically in China, therefore, it speeds up its Soda Ash and Sodium Bicarbonate exporting, which significantly impacts our sales volume and profits.

Stable Supply with Market Expansion

In 2024, the severe competition and weak demanding that has affected our profits. Luckily, as the sales portion is not so significant that does not impact us a lot. Still, the up to date profit is better than in same period of 2023 **Looking forward to 2025, the company aims for a steady growth through flexible purchasing strategies and secure market shares policies.**

Sodium Bicarbonate Production

For reducing carbon footprint, the company kicked off a sodium bicarbonate production line since 4Q, 2023. **looking ahead in 2025, we will continue optimizing manufacturing process and improving the efficiency as well as developing new customers and starting to produce foot grade baking soda to lift up profits.**



Domestic Sales Overview

Outlook

Calcium Chloride

The growing demands of the semi-conductor industry, Sesoda company has been gradually expanding its Calcium Chloride's manufacturing capacity to meet the demands. Not only the contributing profits is up, it also assists the growth of Taiwan's semi-conductor industry.

Stable Supply with Market Expansion

The company expects that Calcium Chloride's demand will be upward in 2025 as more semi-conductor factories set up in the future.

ESG Carbon Reduction

Completed Energy Saving and Carbon Reduction Project

- **Apply to the Ministry of Economic Affairs for the 'Large With Small' Manufacturing Industry Low-Carbonization Project, and obtain government subsidies.**
- **Established the first domestic factory for recycling CO₂ into production of baking soda.**
- **Improved the combustion efficiency of the reactors/furnaces, reducing fuel consumption.**
- Gradual replacement of LED lighting and high-efficiency equipment in different manufacturing zones.

Carbon Reduction Plan under Consideration

- Capturing CO₂ from calcium chloride manufacturing process and applying to produce Algae –based biofuels.
- Evaluating the installation of solar panels and energy storage equipment.
- Waste heat recovery, it can reduce electricity consumption and carbon emissions

Shipping

Sesoda established Sesoda Steamship Corporation in 1995. Sesoda Steamship Corporation is a 100% owned subsidiary and also the holding company of the shipping business.

Currently, we have 15 handy-size (28,000DWT~38,000DWT) vessels in operation. Our shipping business accounts for approximately 30% of the company's total revenues until the 3rd quarter of this year.

Short or long terms

All vessels are charter out by time charter. Basically, we try to fix a long-time charter when the market benefit us and fix it a short- term on the contrary.



A large container ship with a red and blue hull is sailing on the ocean. The ship has several white cranes on its deck. The water is blue with white waves.

Shipping Outlook

Generally the hire level for handy-size is more stable than other bulkers such as Capesize/Panamax.

Revenue :

Hire revenue of first three quarters increase about 3.46% year-over-year due to increase demand of commodities. Fleet inefficiencies caused by the Red Sea crisis and conflicts in Ukraine and Middle East shall support hire rate till 2025.

Cost :

Interest rate, the major cost of shipping business, begin decrease from this Sep.. Higher profit may be expected as this trend going on.

IMF forecast the global economy to grow by 3.2% in 2025. That means a support to shipping business Fundamentals. Our shipping outlook is optimistic because fleet inefficiencies caused by Red Sea crisis, conflict in Ukraine and the Middle East expected to continue. Chinese fiscal stimulus and U.S. manufacturing potential refluxing will support/increase the demand of shipping transportation.

Statement of Comprehensive Income

Selected Items from Statements of Comprehensive Income	2024 Q1~Q3	2023 Q1~Q3
Net Revenue	4,680	4,406
Gross Margin	34%	10%
Operating Expenses	648	464
Operating Margin	20%	(1%)
Non-Operating Items	12	(73)
Net Income to Shareholders of the Parent Company	783	(124)
Net Profit Margin	16%	(3%)
EPS(NT Dollar)	3.14	(0.5)
ROE	12%	(2%)

- In NT\$ millions unless otherwise noted.
- The weighted average number of shares outstanding were 249 m shares at 9/30/24.
- ROE is based on average equity attributable to shareholders of parent company.

Balance Sheets

Selected Items from Balance Sheets	2024 Q3	2023 Q3
Cash & Marketable Securities	2,491	1,598
Accounts & Notes Receivable	738	665
Inventories	610	694
Long-term Investments	104	356
NET PP&E	9,280	9,708
Others	614	629
Total Assets	13,837	13,650
Current Liabilities	3,804	4,250
Non-current Liabilities	3,158	2,912
Total Liabilities	6,962	7,162
Total Shareholders' Equity	6,875	6,488

- In NT\$ millions.


Statement of Cash Flows

Selected item from Statements of Cash Flows	2024 Q3	2023 Q3
Beginning Balance	1,601	1,295
Cash from operating activities	1,430	627
Capital expenditures	(243)	(279)
Cash dividends	(374)	(747)
Short-term borrowings	52	993
Long-term debts	(61)	(359)
Investments and Others	(41)	65
Ending Balance	2,364	1,595

- In NT\$ millions.

Q & A

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