



華夏海灣塑膠股份有限公司 China General Plastics Corp.

法人說明會

5/24/2019

時間 Time	議 程 Itinerary	報告人 Reporter
14:00~ 14:30	貴賓報到 VIP Registration	
14:30~ 15:00	2019年Q1回顧及Q2展望 2019 Q1 Review & Q2 Outlook	胡吉宏 副總經理 Otto Hu, VP
	公司2019年Q1財務資訊 2019 Q1 Finance Information	郭建洲 經理 C C Kuo, Manager
15:00~ 15:30	Q & A	林漢福 總經理 H F Lin, President



China General Plastics Corp. 2019 Q1 Review & Q2 Outlook

Reported by Otto Hu, VP
May 24, 2019

2019 Q1 Review: Raw Materials

- ◆ **Ethylene supply was tight for T/A and unexpected shut down. But the demand was a little slow due to high inventories in SM, MEG and PTA. Asian ethylene prices still fluctuated in Q1, but the buying sentiment was not so hot as last year.**
- ◆ **The EDC supply to Asia was limited in Q1 due to the lower O/R, high consumption for PVC and export to Europe. Import caustic soda was limited in India due to BIS request which let EDC supply short and pushed price high. But the price started falling in end Q1.**

2019 Q1 Review: PVC

- ◆ **Chinese domestic PVC demand was slow for cold weather, the import quantity of PVC was less than last year for the trade war. PVC import in India more or less kept the same level as last year, but buyers focused on low price sources, such as Brazil, Columbia, Russia, Africa etc.,**
- ◆ **PVC demand in Bangladesh, S/E Asia and Brazil were stable. But the PVC transaction dropped a lot after price went down after February.**

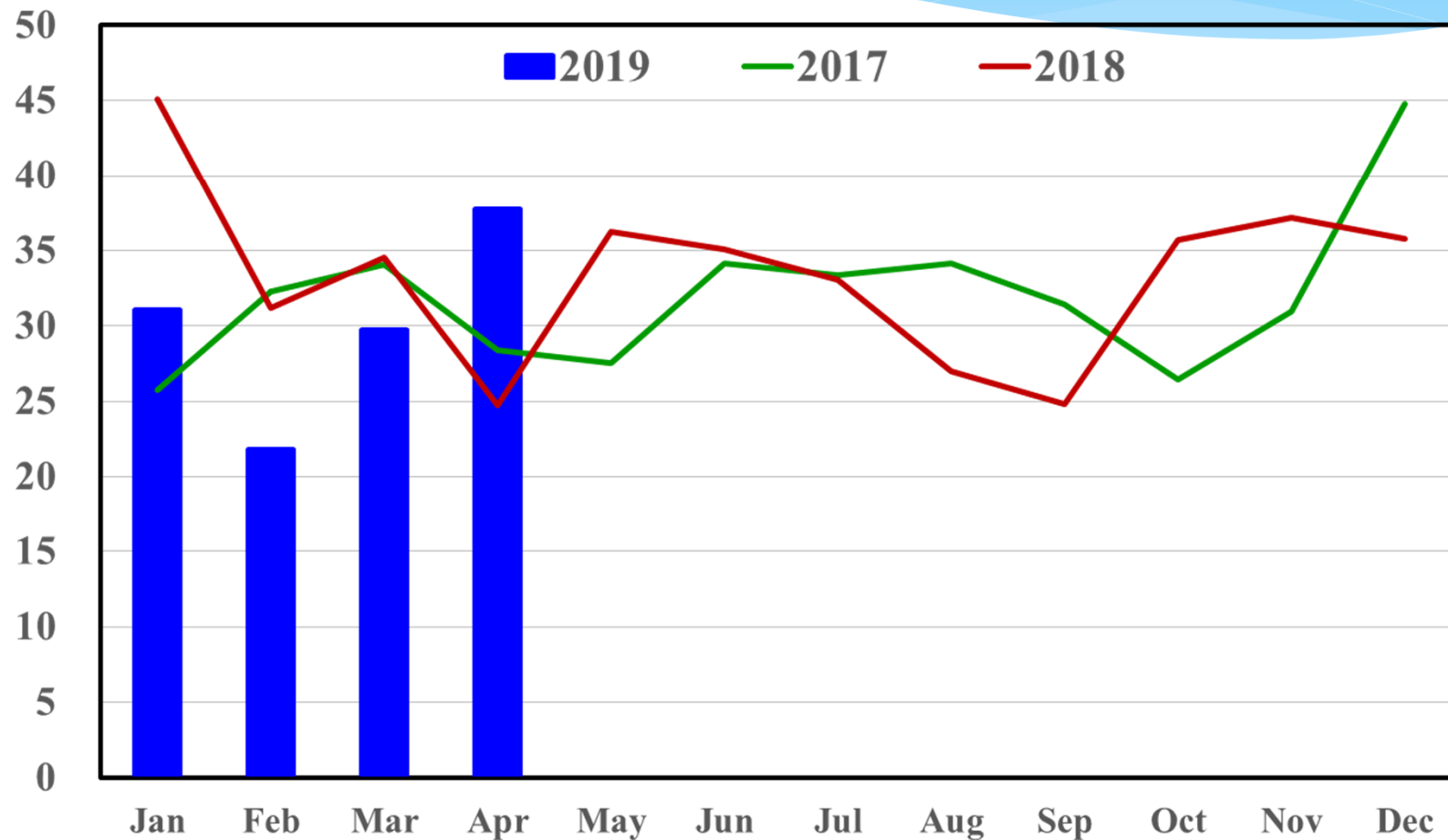
2019 Q1 Review - Sales

- ◆ The consolidated sales revenue was NT\$3.22B , which decreased by NT\$916M.
- ◆ Sales Quantity (KT):

	2019 Q1	2018 Q1	Growth
VCM	12	17	(6)
PVC	73	100	(27)
PVC products	16	16	(1)
Alkaline	14	16	(2)
Total	114	149	(35)

Total PVC Monthly Sales

Unit:KMT



2019 Q1 Review

- ◆ **In corporate governance evaluation CGPC was scored at 99.41 in 2018, which was ranking in 5% of the listed companies. The performance was better than in 2017 ranked in the 6~20% of the listed companies.**
- ◆ **CGPC is working on all steps to target for better evaluation performance.**

2019 Q2 Outlook: Ethylene

- ◆ **As the Asian derivatives of ethylene face cheap US cargos, the ethylene price in Asia is expected low in Q2. However, current price rebounds again after China long holidays especially on the impacts of strike in Hanwha and T/A in Japan.**
- ◆ **Due to the tariff increase influenced by trade war, the market prices of ethylene derivatives are going down. The Asian ethylene price in H2 is expected going downward because of the new start of C2 expansion of 2,200kta in Asia and more C2 import from US after the completion of extra shipping facilities.**

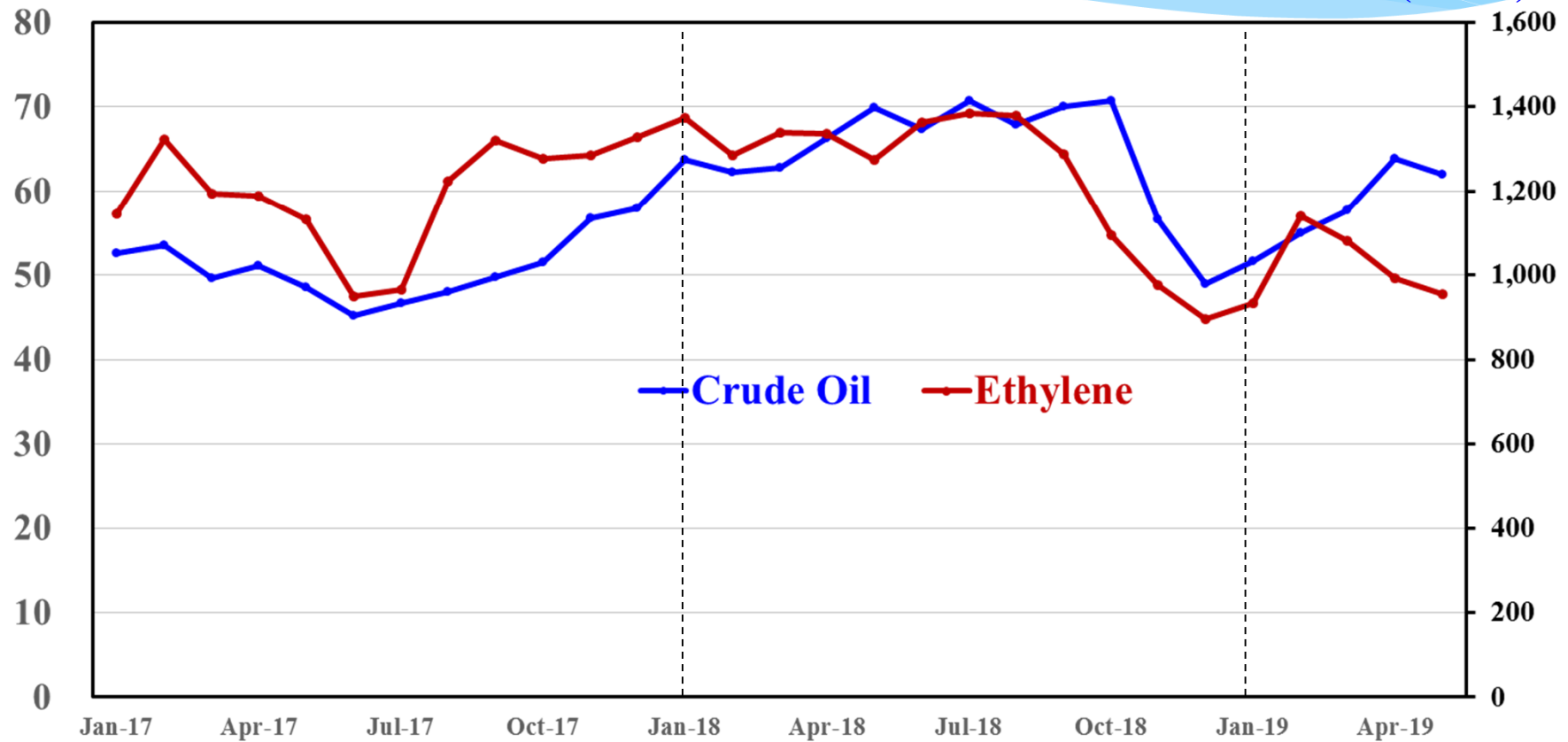
2019 Q2 Outlook: EDC

- ◆ **The BIS licenses for caustic soda import to India have been released to some producers. The O/R for chlor-alkali is expected to increase. The T/A delay in middle East also makes supply long. The EDC demand decreased in early Q1 due to the lower PVC production for narrow spread between PVC and raw materials. So, the EDC price is going down.**
- ◆ **PVC demand improved recently which pushed EDC demand recovery. Braskem shutting down chlor-alkali and EDC productions in May for environment issues will influence the operation in vinyl lines. Besides PVC import, EDC import is necessary in short term. The salt import for further process is expected one of the steps in long term. The caustic soda purchase from US is expected to increase because the restriction on Alunorte has been lifted on May 20. US chlor-alkali is expected to increase O/R and yield more EDC as well.**

Crude Oil & Ethylene Prices

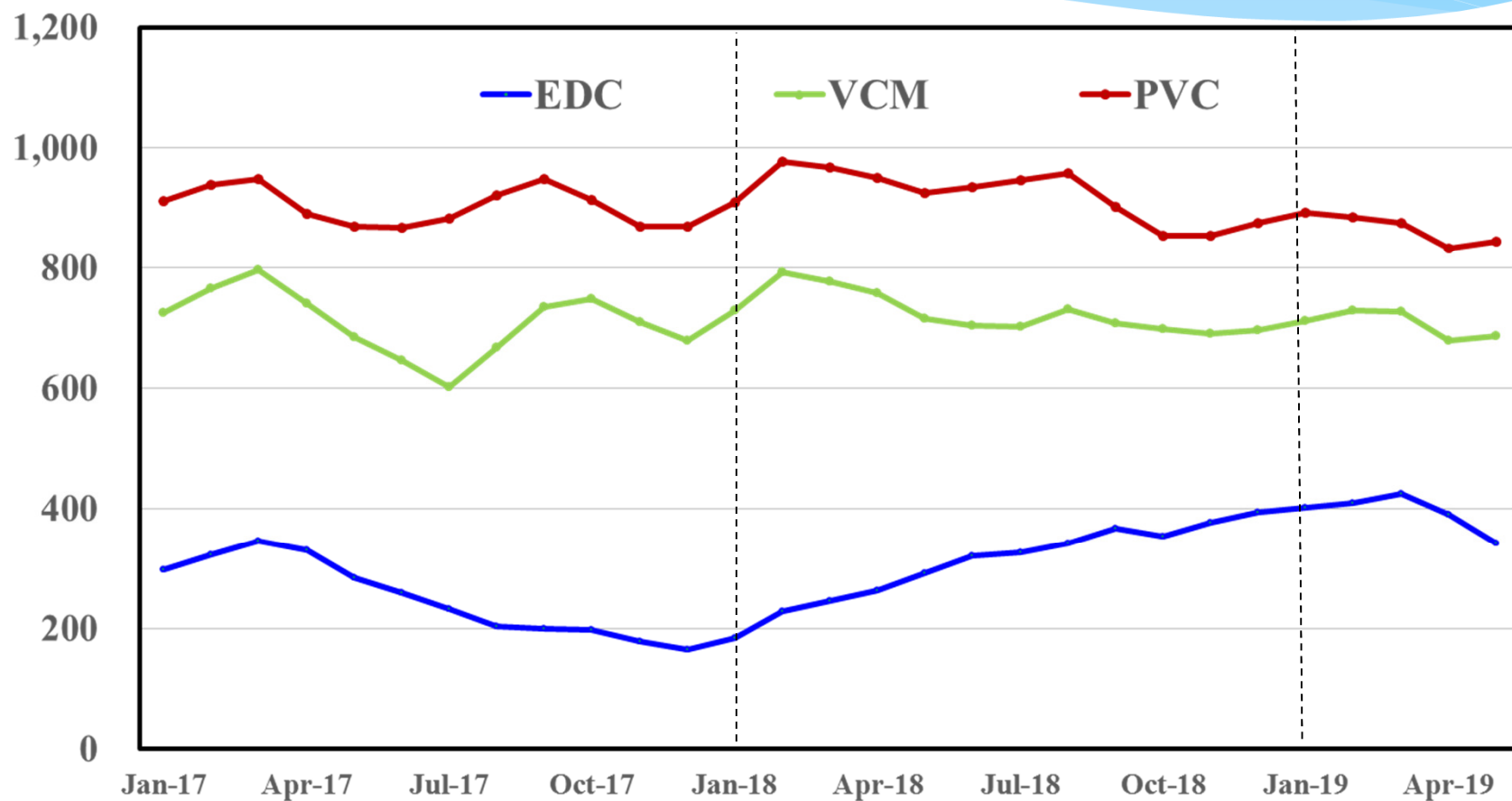
Unit:\$/bbl WTI

Unit: US\$/MT CFR NEA (Platts)



PVC/VCM/EDC Prices

Unit: US\$/MT CFR CMP(Platts)



2019 Q2 Outlook – PVC (I)

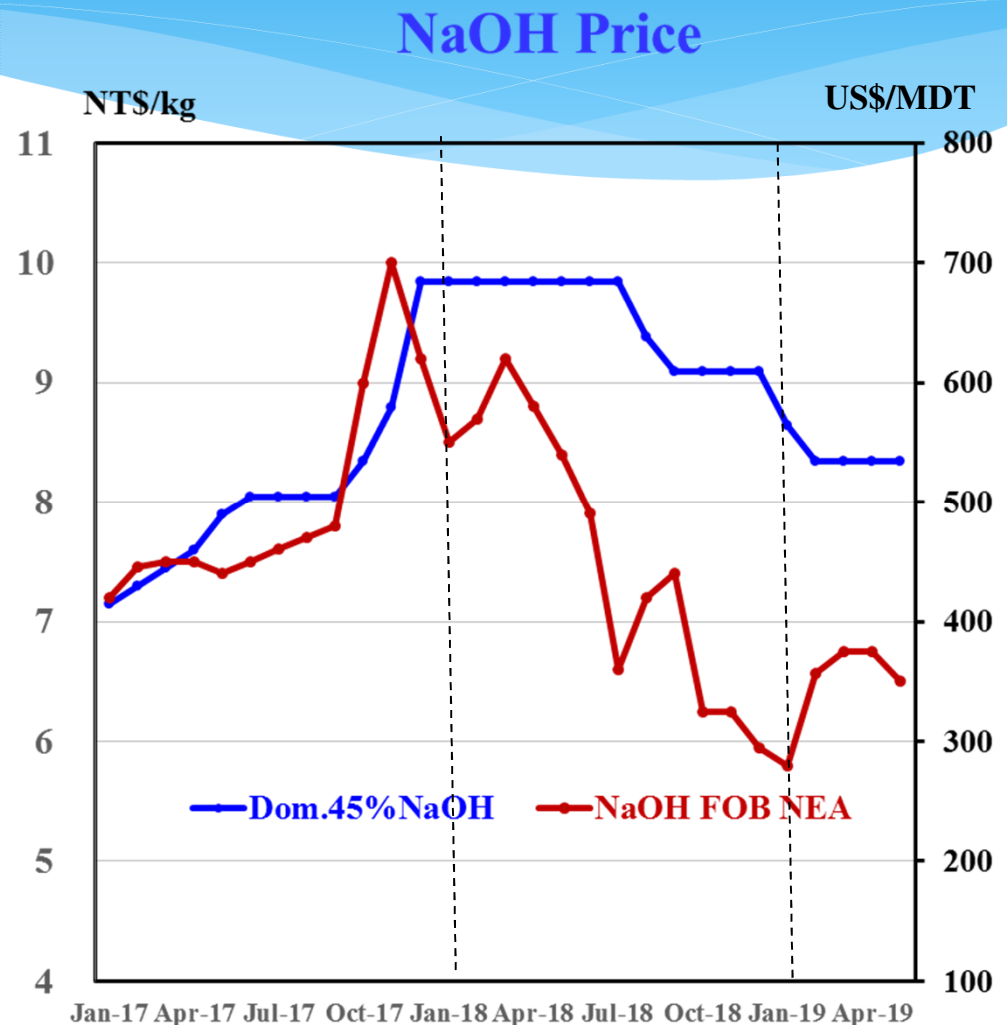
- ◆ **Owing to environmental and safety issues, the domestic prices have been keeping stable in Q2 even though the overseas trading prices were deeply dropping. The domestic PVC prices both ethylene based and carbide based have reached ¥7,000 per ton. The more T/A schedules are on going from May. The export availability is expected limited.**
- ◆ **The PVC import calculated by 2018 fiscal year is 1.8M MT, which is the record high. Even though monsoon is coming, the PVC demand is expected picking up because of the election finish on 5/19 and PVC ADD expiry on 6/13.**

2019 Q2 Outlook – PVC (II)

- ◆ **The major PVC producers in SEA were lowering inventory when market price going down. Some PVC cargos are moving to China for selling higher price based on FTA advantage. More down stream convertors moving to SEA due to the continuous trade war is expected.**
- ◆ **The outlook of PVC demand in Bangladesh, Myanmar and Cambodia is better than expected. Bangladesh especially is on season earlier this year. The PVC buying sentiment for pipe, fitting, wire & cable and compound is expected to last to Q3.**

2019 Outlook: Alkaline

- ◆ The caustic soda raised to \$375/DMT FOB NEA in April and is softer now. The demand is expected better due to BIS license release to some overseas suppliers, post-election in India and season in post-Ramadan. The demand and market price in Taiwan are expected positive and stable.



2019 Q2 Outlook: PVC Products

- ◆ **The sales quantity for pipe and door panel in Q1 increased by 20% YoY. Q2 is still on season not only for private housing but also for public constructions such as swage system, power plant, public housing and pipe lines of waterworks.**
- ◆ **The impact on the down stream products of PVC film and leather has been easing recently even though the trade war between US and China not yet settled. The CGPC PVC leather sales in US has been improving and expected better after Q2.**



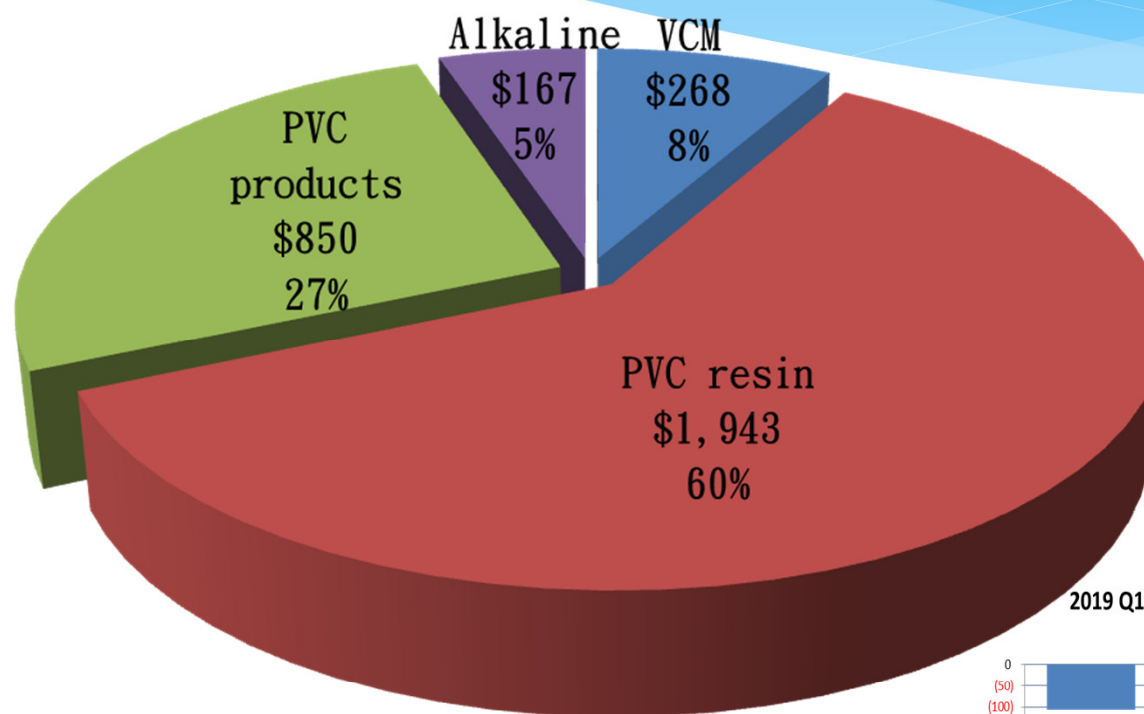
China General Plastics Corporation and Subsidiaries

Finance information

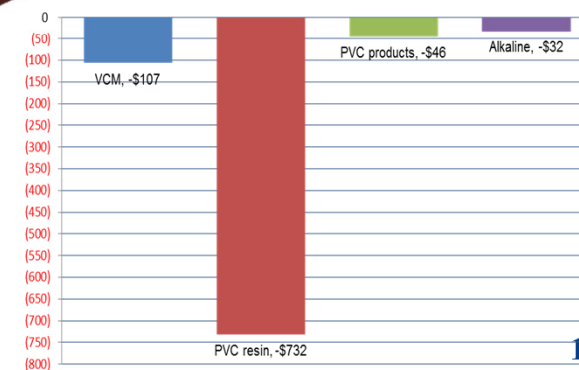
Reporter : C.C.Kuo Manager

Date : 2019, May 24

2019 Jan. – Mar. Sales by product (NT\$million)



2019 Q1 Inc./ (dec.)- compared to 2018 Q1



China General Plastics Corporation and Subsidiaries

Consolidated Statements of Income

(In millions of NTD, except per share data)

	2019 Q1	2018 Q1	YoY%	2018 FY	2017 FY	2016 FY
Sales	3,228	4,144	-22.1%	15,193	14,702	14,157
Cost of goods sold	2,779	3,174	-12.4%	12,490	11,925	11,217
Gross profit	449	970	-53.8%	2,703	2,777	2,940
gross profit ratio	14%	23%		18%	19%	21%
Operating expenses	265	314	-15.6%	1,130	1,126	1,066
Operating income	184	656	-72.0%	1,573	1,651	1,874
operating income ratio	6%	16%		10%	11%	13%
Non-operating income(loss) *	43	25	67.6%	89	(37)	(52)
Income before income taxes	226	682	-66.8%	1,662	1,614	1,823
Income taxes	35	98	-64.0%	306	275	280
Net income	191	584	-67.3%	1,356	1,339	1,543
net income ratio	6%	14%		9%	9%	11%
Net income attributable to						
- China General Plastics Corporation	184	542	-66.0%	1,276	1,270	1,443
- noncontrolling interest	7	45	-85.0%	80	69	100
Earnings per share	0.36	1.10	-67.3%	2.52	2.58	3.02
adjusted		1.07		0.00	2.51	2.85

China General Plastics Corporation and Subsidiaries

Financial ratio analysis

	2019 Q1	2018 Q1	2018 FY	2017 FY	2016 FY
Operating income margin(%)	5.7	15.8	10.4	11.2	13.2
Net income margin(%)	5.9	14.1	8.9	9.1	10.9
Debt ratio(%)	32	31	33	35	42
Current ratio(%)	295	369	300	336	290
Quick ratio(%)	168	268	215	229	218
Accounts receivable turnover	49	35	42	39	36
Inventory turnover days	70	50	52	55	58

Disclaimer

- ◆ **This presentation includes the Company's current information and any development or adjustments thereof will be published according to laws, regulations or rulings. The Company is not obligated to update or revise this presentation.**
- ◆ **The information in this presentation is not for investment advices.**



Thank You





Q & A

