



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

法人說明會

8/16/2019

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H1回顧及H2展望 2019 H1 Review & H2 Outlook	胡吉宏 副總經理 Otto Hu, VP
	公司2019年H1財務資訊 2019 H1 Finance Information	郭建洲 經理 C C Kuo, Manager
15:00~ 15:30	Q & A	林漢福 副董事長 H F Lin, Vice Chairman



China General Plastics Corp. 2019 H1 Review & H2 Outlook

Reported by; Otto Hu
August 16, 2019

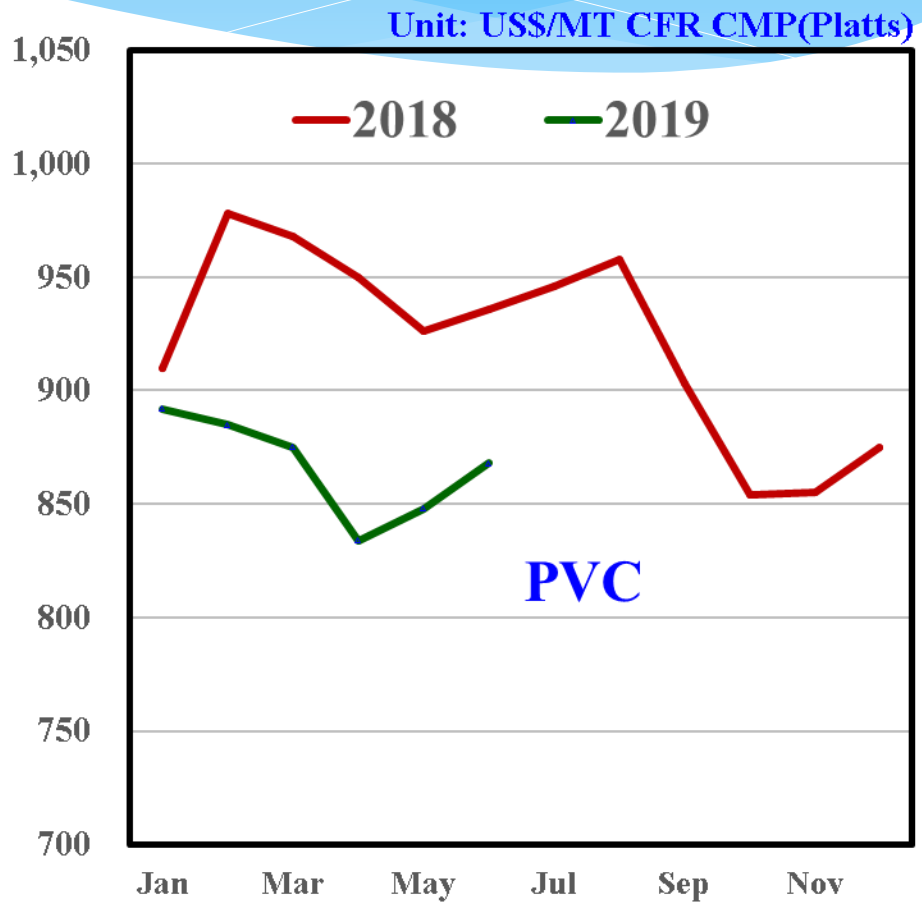
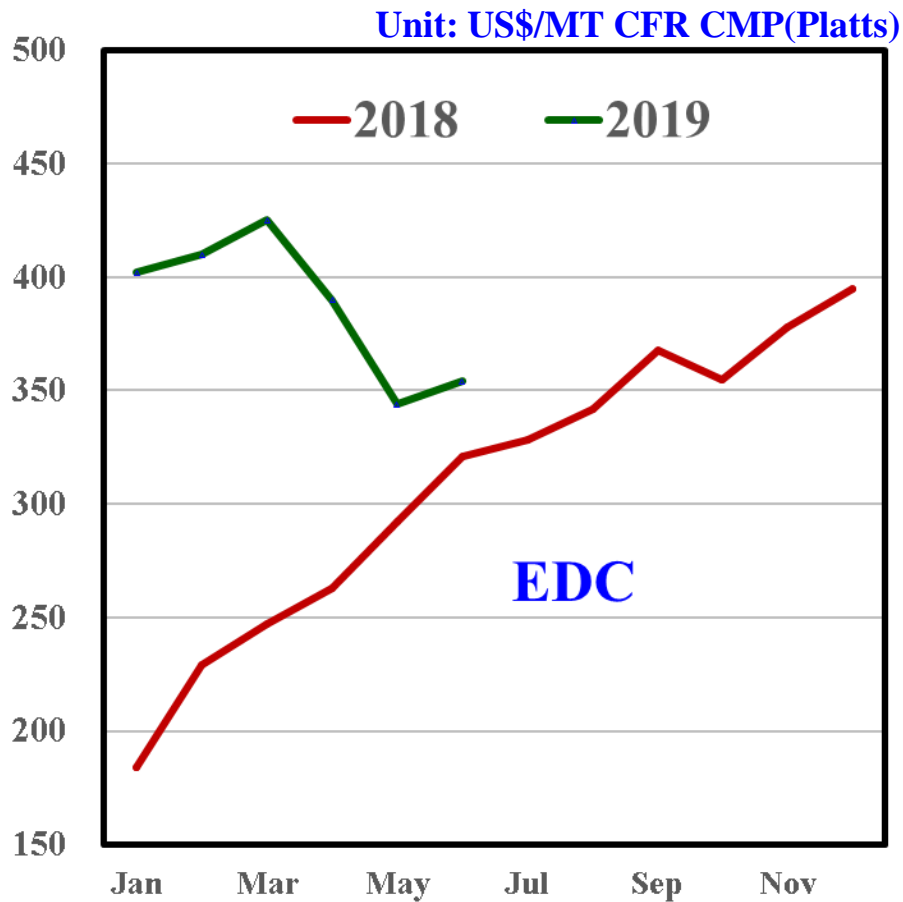
2019 H1 Review: Ethylene & EDC

- ◆ **Ethylene:** Due to T/A, unexpected S/D and purchasing by SM producers, the ethylene hit \$1,200 CFR NEA in Q1. The major users for PE and EG lowered down the operating rate because they were unable to afford the high cost. The market price started going down in Q2.
- ◆ **EDC:** The EDC supply in Q1 was tight due to lower outputs in US and Asia for export limit issues. The situation changed in Q2 for the increasing purchases for Braskem's shutting down in chlor-alkali and EDC. So, the EDC prices in most H1 were high. However the higher operating rate in chlor-alkali was required later in May for more caustic soda import for Braskem and Alounorte. The EDC price were going down again eventually.

2019 H1 Review: PVC

- ◆ **The PVC demand in China and SEA were slow in Q1 for the uncertainty of trade war between US and China. Indian market was little better in Q1, but most buyers just focused the cheaper prices of deep sea cargos. The Asian PVC producers had a big pressure for high inventories.**
- ◆ **The situation in Q2 totally changed. The PVC demand in South Asia, SEA and North America had been recovering. In addition, the strong PVC import demand came from South America because of supply shortage in Braskem. The large PVC purchases happened in end Q2, which was never seen before.**

2019 H1 Review: PVC/EDC Price Status



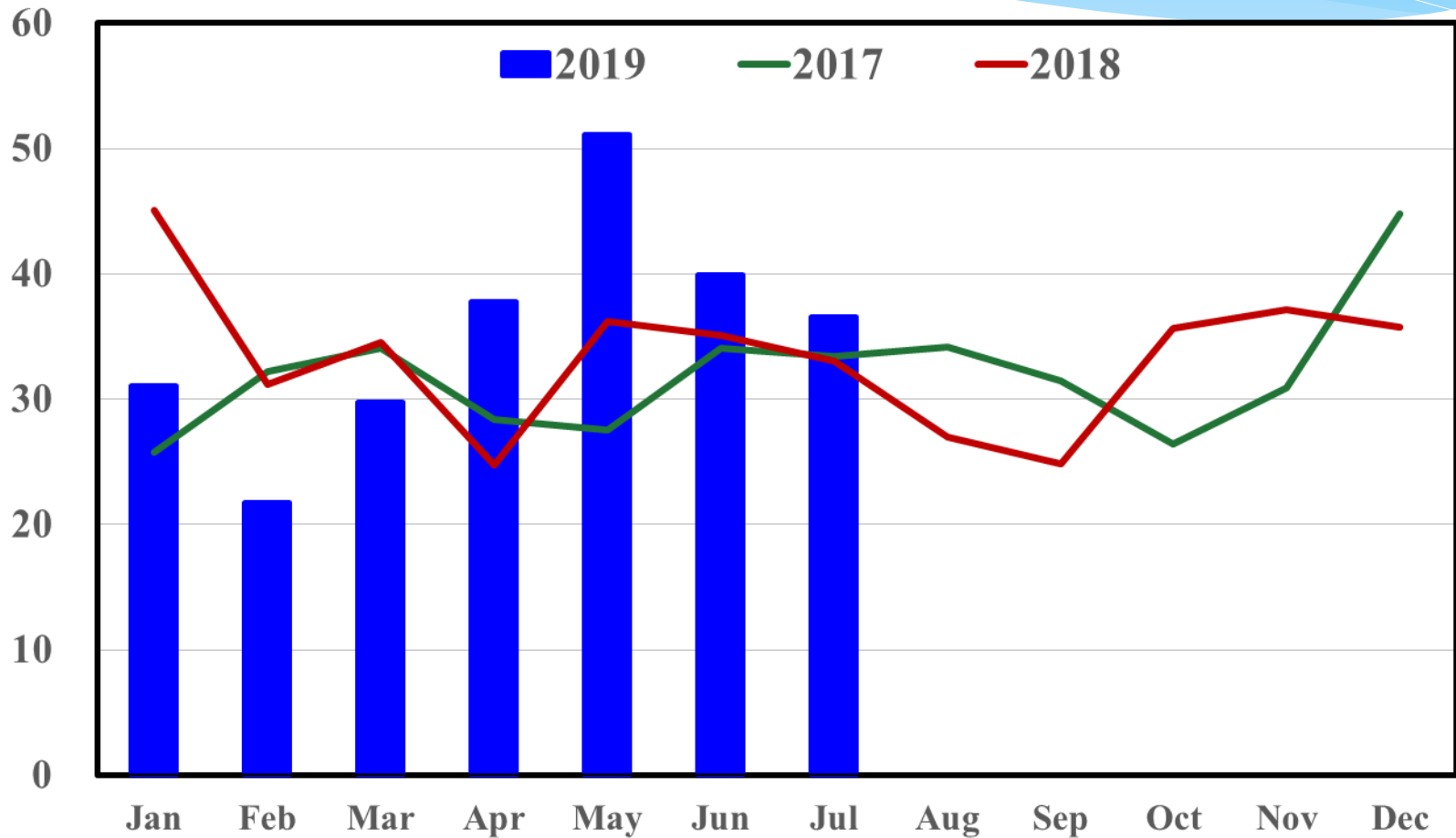
2019 H1 Review: Consolidated Sales

- ◆ The consolidated net revenue was NT\$7.582B, which decreased by NT\$240M YoY.
- ◆ Sales quantity: (KT)

	2019 H1	2018 H1	Growth
VCM	22	27	(5)
PVC	190	185	5
PVC product	32	33	(1)
Alkaline	28	31	(3)
合計	272	276	(4)

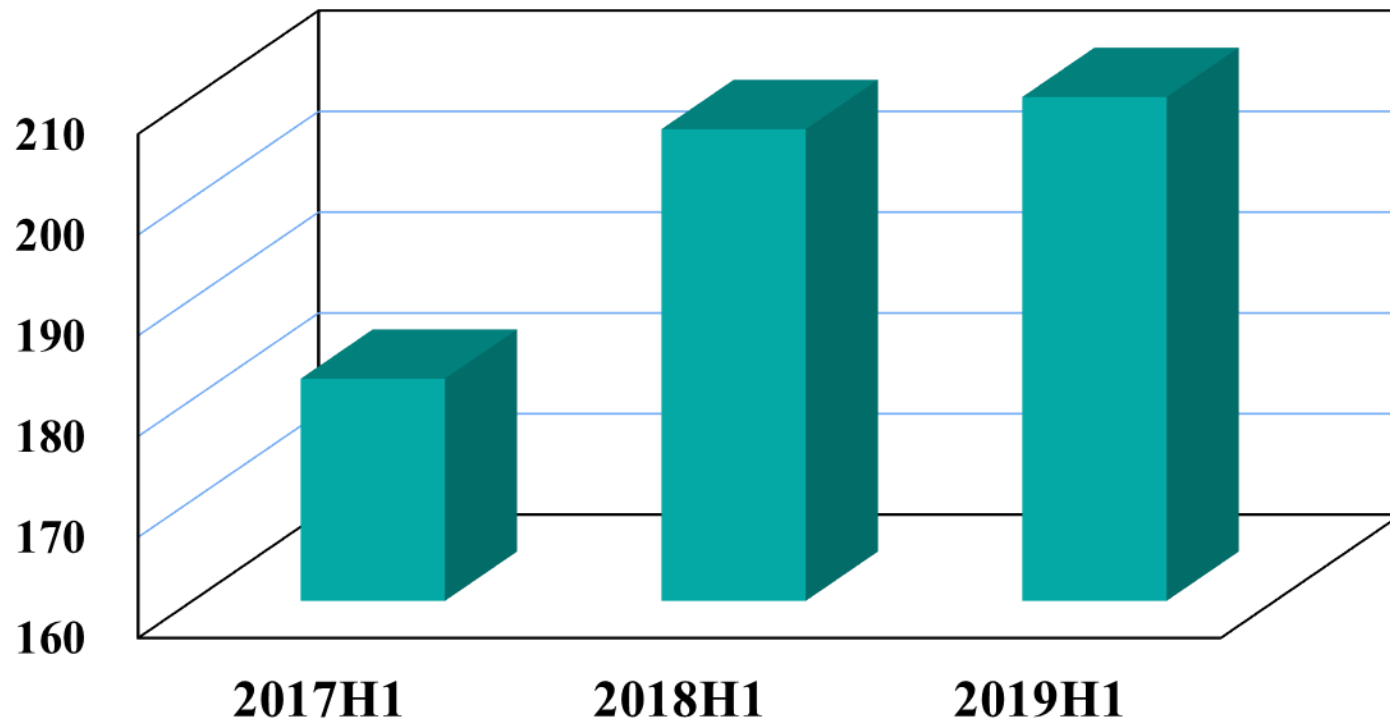
2019 H1 Review: PVC Sold by Month

Unit:KMT

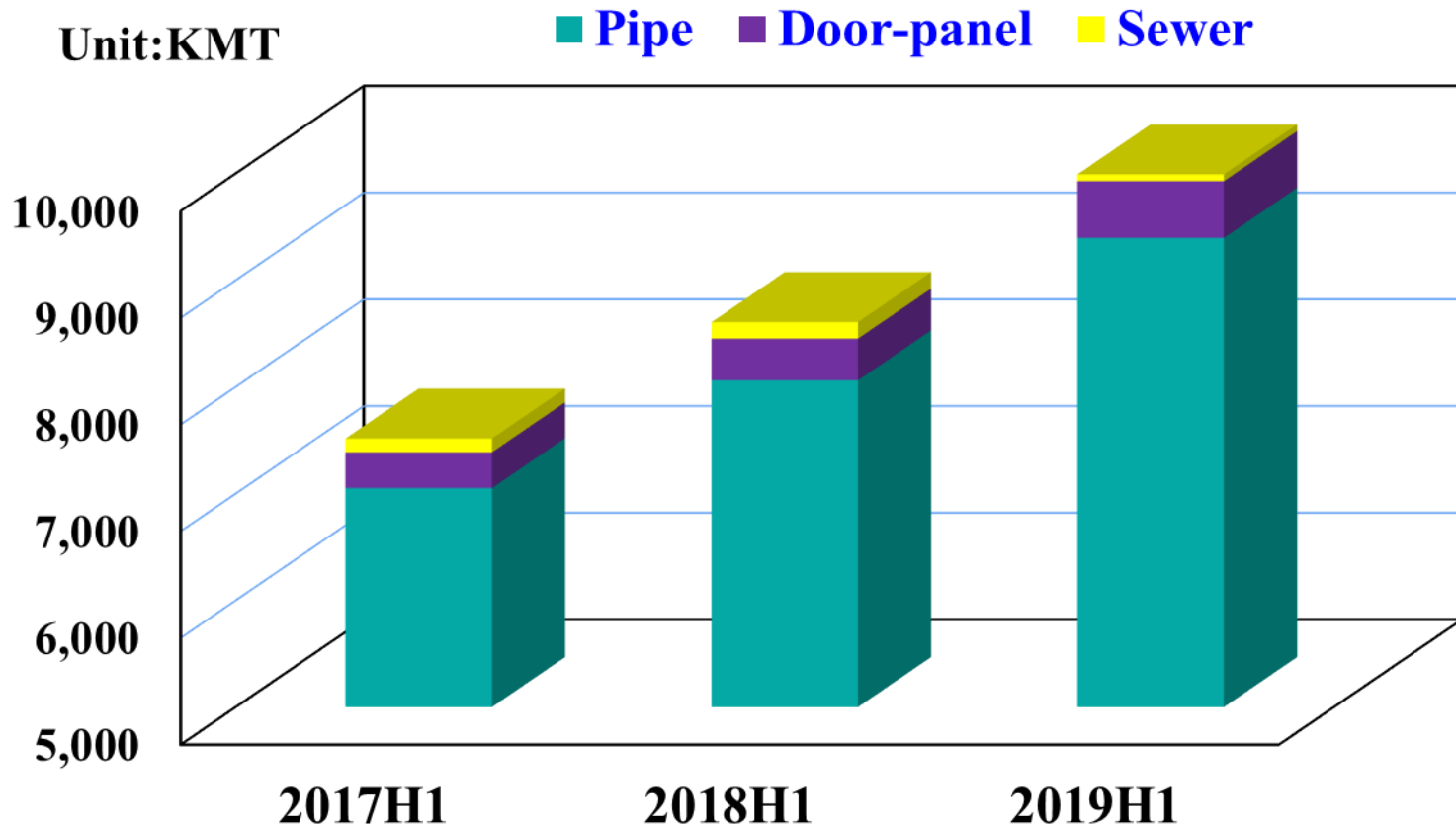


2019 H1 Review: PVC Sold in 3Yrs

PVC Sold(KMT)



2019 H1 Review: Construction Products Sold in 3 Yrs



2019 H1 Review: CSR Report Update

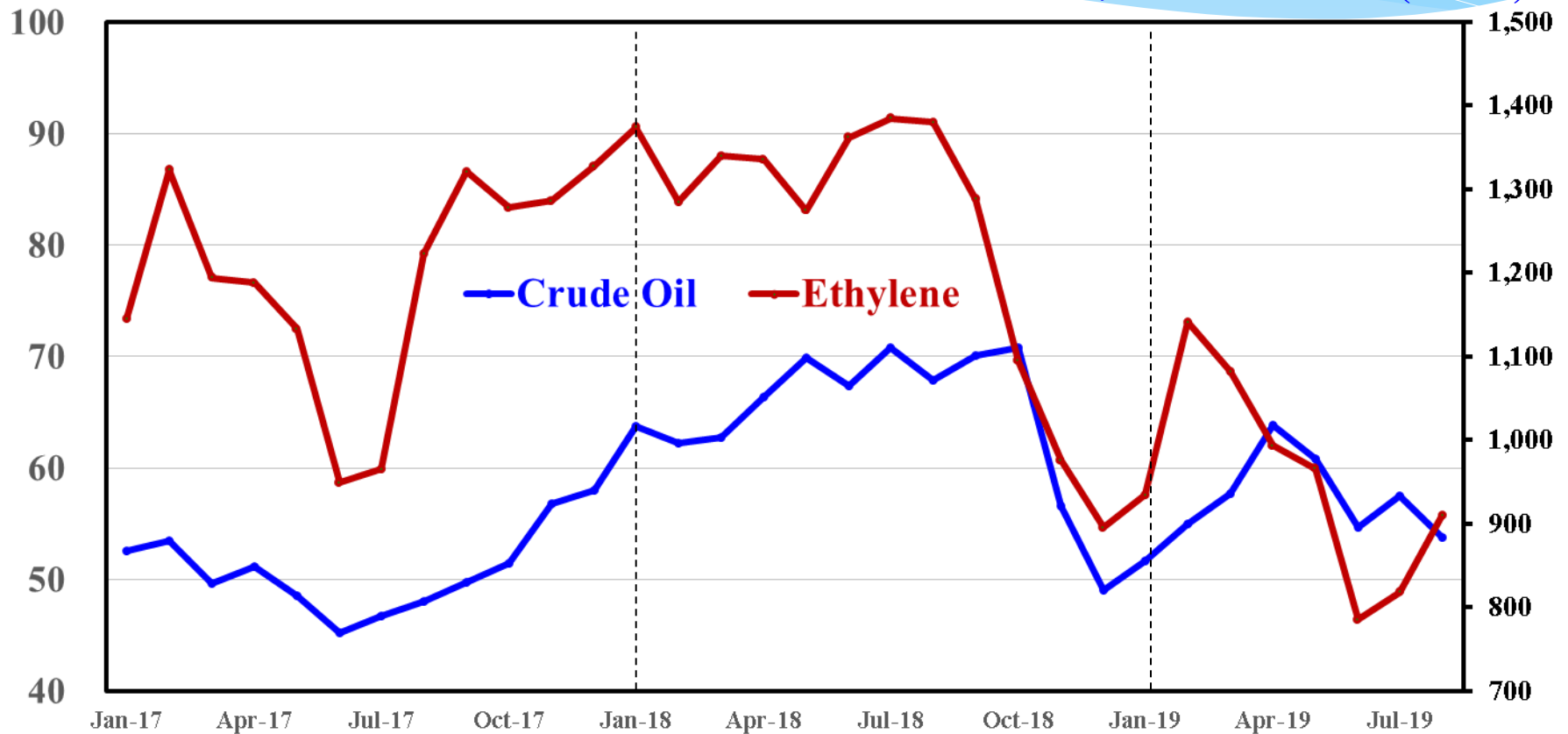
The CGPC 2018 CSR report had finished on schedule. We also got the certificate from BSI (British Standards Institution) on June 26, 2019.



Crude Oil & Ethylene Monthly Ave. Prices

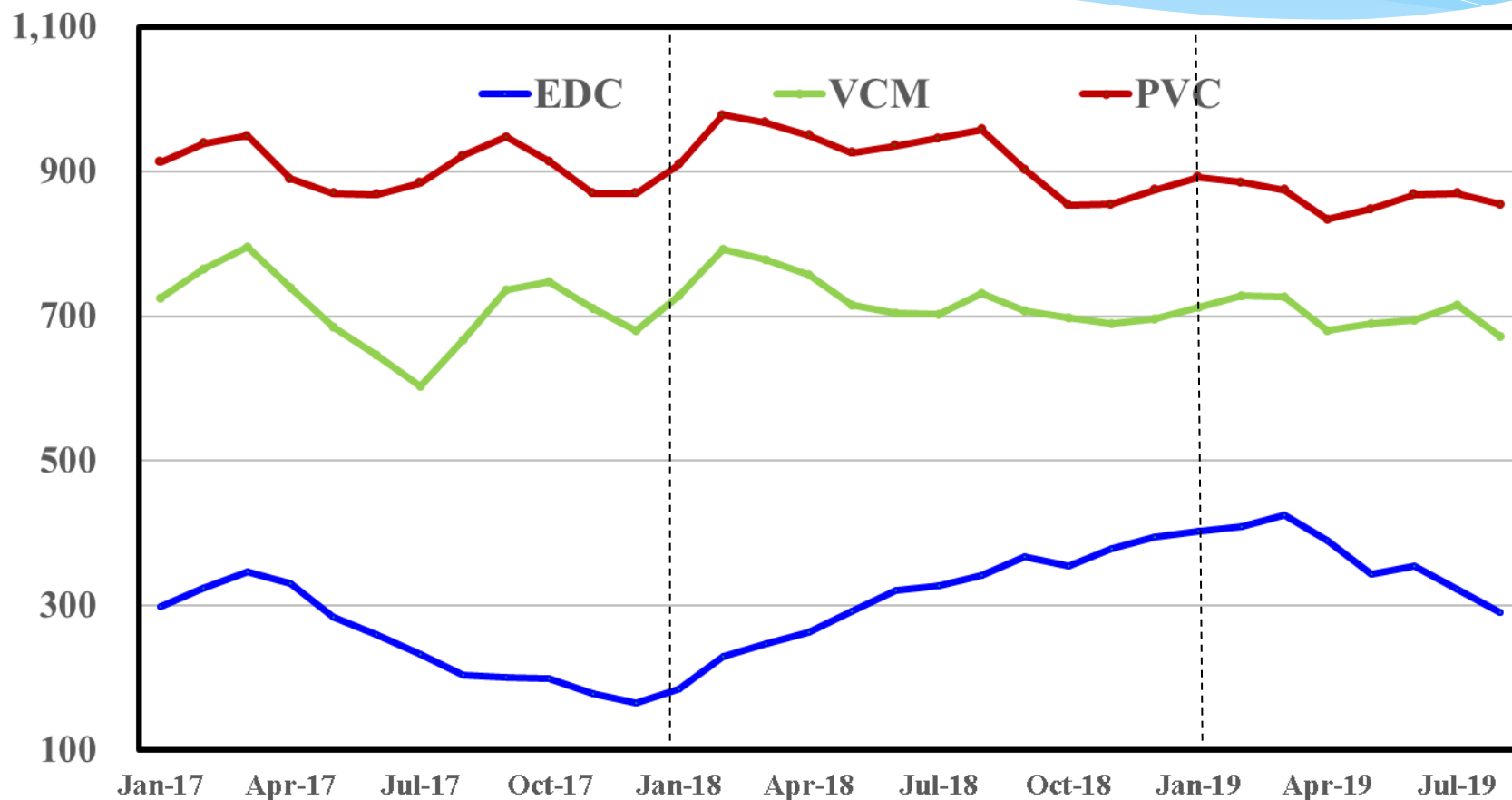
Unit:\$/bbl WTI

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



PVC/VCM/EDC Monthly Avg. Prices (Platts)

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



2019 H2 Review: Ethylene

- ◆ **The spot prices of ethylene and derivatives had a big drop for worrying about slow economics and weak demand after US announced on May 31 for 25% tariff on the commodities of US\$200B imported from China. The C2 price in NEA hit \$760 CFR, which was lowest in 10 years.**
- ◆ **Exxon Baytown on fire on July 31 resulted in US spot C2 hit \$19.50/lb. The crackers in Asia are running planned T/A in Q3. The tight supply pushes Asian C2 back to \$900 above in NEA recently.**
- ◆ **Even though Taiwan CPC T/A for #4 cracker starting from November, the C2 supply before end 2019 is expected long because T/A finish and commissioning of some expansions.**

2019 H2 Review: EDC

- ◆ **The demand increase for caustic soda because Braskem shut down its chlor-alkali on May 9 and Alunorte was agreed by the government to increase running for another 50% on May 20. The O/R in US chlor-alkali had been seeing from 83 % in Mar/Apr, 86 % in May and 89 % in Jun.**
- ◆ **The more EDC output in line with the high O/R in chlor-alkali made the spot EDC price had dropped to \$225/MT FOB USG in July. The price in Asia was forced to adjust too .**
- ◆ **The EDC price in H2 is relative to O/R of chlor-alkali majorly in US and Asia, PVC O/R and ethylene price. However, the further market price is expected to be stable to lower.**

2019 H2 Outlook: PVC (1/3)

- ◆ **Owing to severe monitoring on both environment and safety by government, PVC productions have been limited this year in China. Less export and more domestic sales is the strategy for profit. The PVC import in H1 is 350kt with 3% increase YoY, but the export in H1 is only 280kt with 26% decrease YoY. The overseas PVC price softened in early H2, but the China domestic PVC price still keeps stable because of limited supply.**
- ◆ **The PVC H1 import in India is 1M tons with 10% increase YoY. The on going infrastructure projects, lower PVC ADD duty and season start of pre-monsoon are expected to pick up PVC demand in Q3 or later.**

2019 H2 Outlook: PVC (2/3)

- ◆ **The SEA countries are on season in Q2. Vietnam has more opportunities due to the trade war between US and China. The PVC demand is expected 600kt this year, and half of the number will rely on import.**
- ◆ **The PVC demand in Myanmar and Cambodia are improving this year. However, Bangladesh is even better in this area. The H1 PVC import in Bangladesh is huge. Bangladesh buyers are looking for more PVC cargos to arrive in August and September even though the PVC prices had been softening in early H2.**

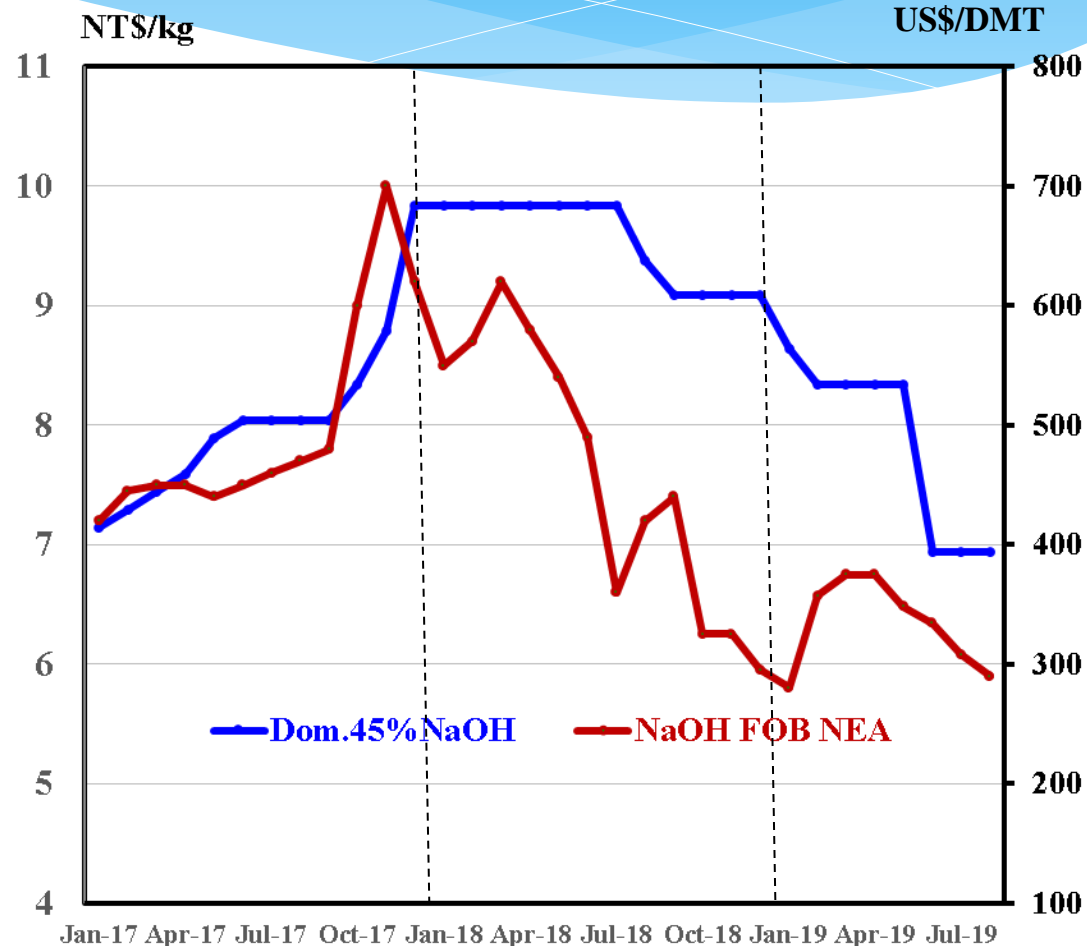
2019 H2 Outlook: PVC (3/3)

- ◆ **The unstable politic and economic situation in Turkey, sanction on Iran by US and overall weaker demand in middle East led PVC selling in this area not good. However, the PVC demand for pipe, fittings, wire and cable are getting better in Jordan, Yemen and Syria.**
- ◆ **The overall better economic situation in H1 have supported PVC demand in South America. Owing to the shutdown for chlor-alkali and EDC by Braskem in May, more PVC imports have been requesting for this shortage. This is continuous business and issue even though the urgent shortage had been eased.**

2019 H1 Review – Alkaline

NaOH Price

◆ The BIS certificate for caustic soda import to India and the production limit on Alunorte being lifted since May led chlor-alkali raise O/R especially in US. But caustic soda demand has been weak recently for the slow business in alumina industry. The spot price for caustic soda in NEA has dropped to the bottom that happened in early this year. However, the caustic soda price in Taiwan domestic market is still stable and can provide the contribution in the operation.



2019 H2 Outlook: PVC Products

- ◆ **In view of the global weak economics and uncertainty, Taiwan government strengthen the policies for infrastructure, which can consume more PVC pipe and construction materials. So, we are proceeding the upgrade projects for our extrusion machines in order to improve the production efficiency and output in H2 or later.**
- ◆ **US announced the 10% tariff on the remaining US\$300B of commodities imported from China since Dec. 15. Some items in the list are still relative to PVC materials. The impact to us is not so much because we already to run with market diversification for our products. In fact, our film and leather products for furniture, marine, car, stationery, medical sold to US have been increasing YTD.**



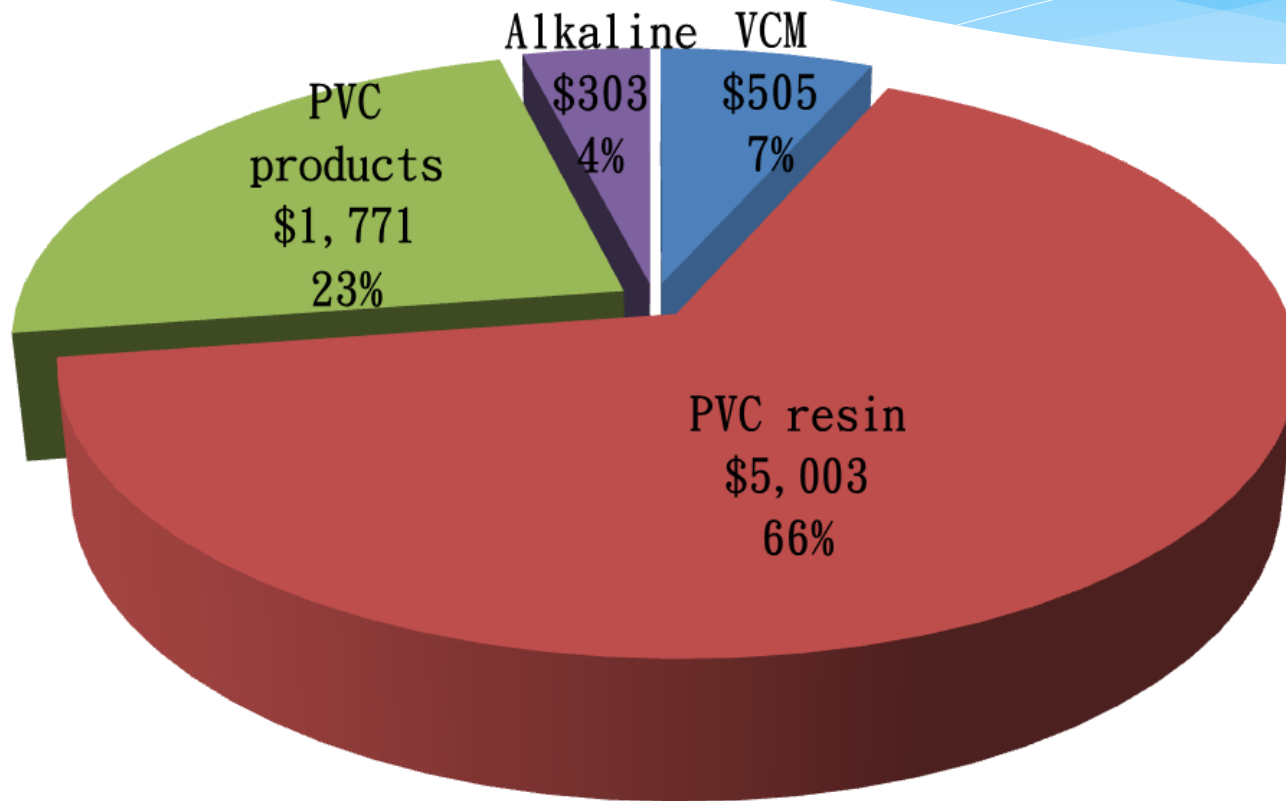
China General Plastics Corporation and Subsidiaries

Finance information

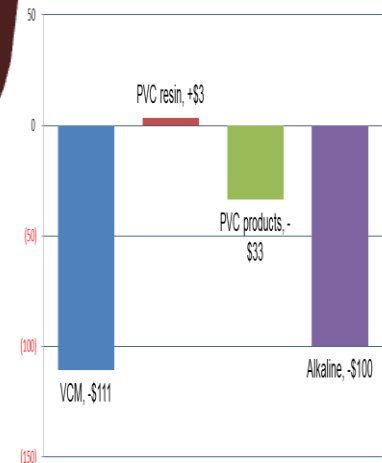
Reporter : C.C.Kuo Manager

Date : 2019, Aug. 16

2019 1st Half Year Sales by product (NT\$million)



2019 HY1 Inc./dec.- compared to 2018 HY1



China General Plastics Corporation and Subsidiaries

Consolidated Statements of Income

(In millions of NTD, except per share data)

	2019 HY1	2018 HY1	YoY%	2018 FY	2017 FY	2016 FY
Sales	7,582	7,823	-3.1%	15,193	14,702	14,157
Cost of goods sold	6,778	6,053	12.0%	12,490	11,925	11,217
Gross profit	804	1,770	-54.6%	2,703	2,777	2,940
gross profit ratio	11%	23%		18%	19%	21%
Operating expenses	590	590	0.0%	1,130	1,126	1,066
Operating income	214	1,179	-81.9%	1,573	1,651	1,874
operating income ratio	3%	15%		10%	11%	13%
Non-operating income(loss) *	80	41	94.5%	89	(37)	(52)
Income before income taxes	294	1,220	-76.0%	1,662	1,614	1,823
Income taxes	55	218	-74.9%	306	275	280
Net income	239	1,002	-76.2%	1,356	1,339	1,543
net income ratio	3%	13%		9%	9%	11%
Net income attributable to						
- China General Plastics Corporation	234	924	-74.7%	1,276	1,270	1,443
- noncontrolling interest	5	45	-89.0%	80	69	100
Earnings per share	0.44	1.82	-75.9%	2.52	2.58	3.02
adjusted		1.75		2.42	2.51	2.85

*note: Non-operating income(loss) included discontinued operations income(loss)

China General Plastics Corporation and Subsidiaries

Financial ratio analysis

	2019 HY1	2018 HY1	2018 FY	2017 FY	2016 FY
Operating income margin(%)	2.8	15.1	10.4	11.2	13.2
Net income margin(%)	3.2	12.8	8.9	9.1	10.9
Debt ratio(%)	37	36	33	35	42
Current ratio(%)	222	269	300	336	290
Quick ratio(%)	146	199	215	229	218
Accounts receivable turnover	46	38	42	39	36
Inventory turnover days	49	53	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



CGPC 華夏海灣塑膠