




# 華夏海灣塑膠股份有限公司

## China General Plastics Corp.

### Investor Conference

2020/11/17

Time	Itinerary	Reporter
14:00~ 14:30	VIP Registration	
14:30~ 15:00	2020 Q3 Review & Q4 Outlook	胡吉宏 副總經理 Otto Hu, Vice President
	2020 Q1~Q3 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.

## 2020 Q3 Review & 2020 Q3 Outlook

Reported by: Otto Hu  
November 17, 2020

## 2020 Q3 Review: Ethylene & EDC

- ◆ **The global lockdowns had been lifted in end Q2 and Q3 gradually. The overall economics improved and the ethylene demand recovered. Q3 ethylene import in China increased by 14.9% QoQ. The T/A and unexpected shutdowns also made supply tight. The market price was pushed to \$800 CFR FE in Q3.**
- ◆ **The EDC price hit bottom and rebounded in May. The US chlor-alkali ran unexpectedly with low OP rate due to the F/M in two major vinyl manufactures. The short supply of EDC led US EDC price has been going up through Q3. Asian EDC price has been increasing as well.**

## 2020 Q3 Review: PVC

- ◆ **PVC producers had arranged T/A for the poor demand because of Covid-19. The PVC productions decreased further because of Hurricane Laura and production issues in US. Therefore, the low PVC inventory problems have been spreading to global markets.**
- ◆ **After lockdown lifting, customers placed rush orders in order to meet the sudden PVC demand. The hot markets are known well in India, Bangladesh and the countries in S/E Asia. The buyers have been looking for limited cargoes and have been pushing market prices going up and up through Q3.**

# 2020 Q3 Review: Consolidated Sales

- ◆ The consolidated net revenue was NT\$9.141B, which decreased by NT\$2.267B YoY.
- ◆ Sales Quantities (KMT)

	2020	2019	Growth
VCM/PVC	258	317	(59)
PVC products	47	49	(2)
Alkaline	43	43	1
Total	347	408	(60)

# CGPC 2020 Beach Cleaning-1

There were 207 people joined the beach cleaning on 2020/9/19. Thanks for the live report by EBC News.



2020 09 19  
Confidential

# CGPC 2020 Beach Cleaning - 2



2020 09 19



主辦單位：華夏海灣塑膠股份有限公司  
贊助單位：財團法人台聚教育基金會  
指導單位：苗栗縣環保局/竹南鎮公所

# Taiwan Corporate Sustainability Award

CGPC is aiming at corporate sustainability to reach ESG. We joined the TCSA competition this August and were awarded the prizes below.

- Taiwan TOP50 in mixed corporate sustainability
- Platinum prize for written report in conventional industries

台灣TOP50永續企業獎			
<b>電子資訊製造業</b>			
英業達	研華科技	南亞科技	南茂科技
友達光電	致伸科技	華邦電子	
<b>傳統製造業及能源產業</b>			
台灣水泥	台灣汽電共生	東元電機	華新麗華
<b>華夏海灣塑膠</b>	台灣糖業	台灣電力	台灣中油
	中石化	台灣聚合	
<b>服務業及電信傳播業</b>			
富邦momo	遠東百貨	新鼎系統	和泰汽車
崑鼎投資控股	中鋼運通	長榮航空	根基營造
	遠東SOGO	安心食品	
<b>金融及保險業</b>			
台新金控	中華開發金控	永豐金控	
(依名次排序，由左至右再由上而下)			

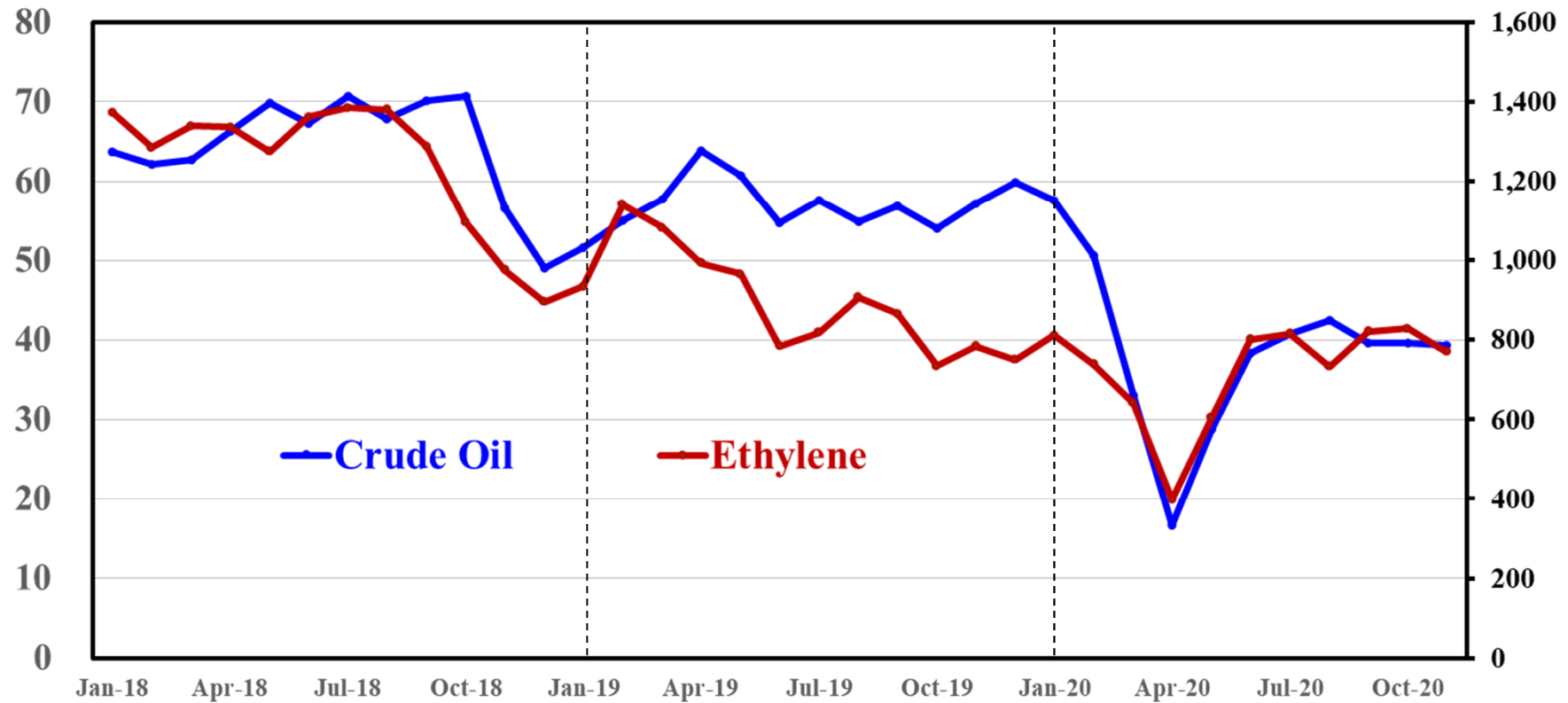
傳統製造業					
年度最佳白金獎	遠東新世紀	金獎	中鋼機械	銀獎	漢翔航空
	中國鋼鐵		中鴻鋼鐵		台灣肥料
	台灣水泥		中聯資源		新光鋼鐵
	台灣聚合		中石化		東聯化學
	東元電機		葡萄王生技		台灣玻璃
	<b>華夏海灣塑膠</b>		台灣鋼聯		李長榮化工
	台灣糖業		臺鹽實業		至興精機
	華新麗華		東和鋼鐵		台灣東洋藥品
	台達化工		聚和國際		三福化工
	亞洲水泥		亞洲聚合		銅獎
臺灣菸酒	振鋒企業	上緯國際投控			
台灣松下電器	中鋼碳素	勤美集團			
中橡投控	中鋼鋁業	光隆實業			
	大亞電線電纜	信昌化學			
	銀獎	新合成纖維	璨揚企業		
			台橡公司		



# Crude Oil & Ethylene Price Trend

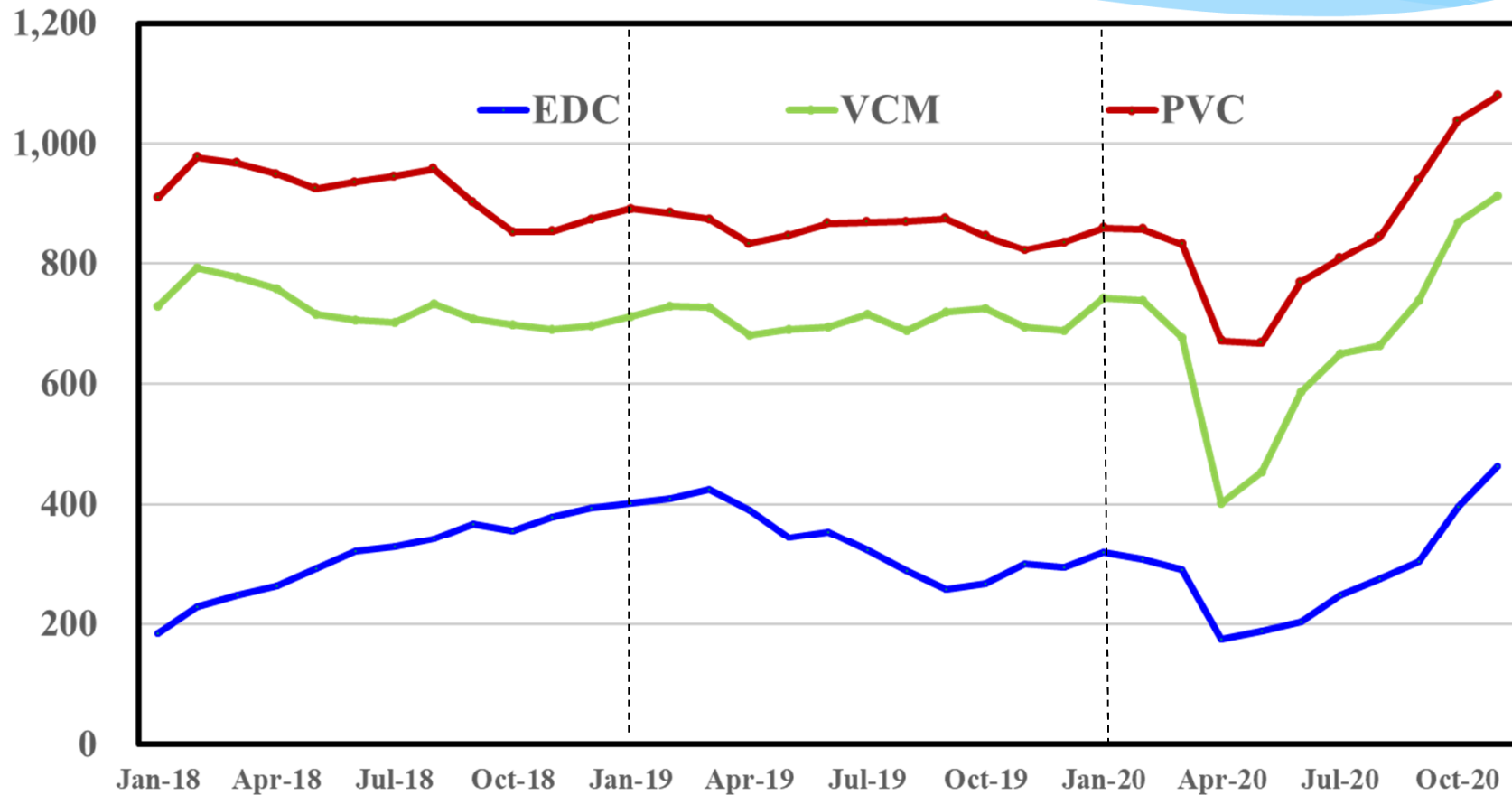
Unit:US\$/bbl WTI

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



# PVC/VCM/EDC Price Trend

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



## 2020 Q4 Outlook: Ethylene

- ◆ **The successful oil production cut deals and positive demand put crude price going up. The 2<sup>nd</sup> Covid-19 pandemic happened both in US and Europe may take lockdowns again. The crude is expected to stay at \$40/bbl and link with naphtha at not so high price.**
- ◆ **The year to Q3 ethylene output in US increased by 5.9% YoY and export increased by 57% YoY. US ethylene both output and export are expected to grow in Q4.**
- ◆ **The global ethylene capacity expansion is more than demand growth in these years. The ethylene price is going up in Asia due to the accident happened in LG in early November. However, the supply is expected long in long term trend.**

## 2020 Q4 Outlook: EDC

- ◆ **The year to Q3 OP rate of chlor-alkali in US was 78%, which was much lower than 87% same time in last year. The export quantity in Q3 decreased by 52% YoY.**
- ◆ **The caustic soda prices for both Asian export and China domestic market have been stable and encouraging higher OP in C/A and more EDC output.**
- ◆ **The F/M in US has not yet lifted, but C/A has restarted and released more EDC gradually. Braskem is expected to run its C/A in end of this year and reduce EDC purchase from US. EDC supply is expected easing sooner or later.**

## **2020 Q4 Outlook: PVC Supply (I)**

- ◆ **PVC import in China has much increased so far this year. The PVC export decreased so much till Q3, but the situation has changed since Q4. The PVC is in good sales both in domestic and export markets. So, the current PVC inventory is lowest so far this year and is expected no pressure in year end.**
- ◆ **PVC producers in Taiwan, Japan and Korea have been unable to keep full supply for the strong PVC demand. Some producers cut PVC allocations for October and November shipments and are pushing the prices higher. The tight situation is expected to last to end of this year.**

## **2020 Q4 Outlook: PVC Supply (II)**

- ◆ **Two US PVC producers announced F/M in August because of the delay in T/A and the power facility outages because of Hurricane Laura. The PVC supply is terribly tight and led inventory lower than 150kt, the abnormal record in the history. There is no need for producers to reduce inventory for tax saving this year end.**
- ◆ **The PVC tight supply also happened in Europe. There were three F/M announced in September and October. The buyers in Turkey, Middle East, North Africa and South America have been looking for PVC cargoes outside Europe with very high prices. The situation is still on going.**

## 2020 Q4 Outlook: PVC Demand

- ◆ **The PVC demand strongly recovered after the global lockdowns had been lifted. As the supply shortage, most of PVC cargoes have been moving to the markets with higher prices. The 2<sup>nd</sup> pandemic of Covid-19 seems serious in US and Europe. The lockdowns may be taken again. Fortunately, PVC markets have not yet influenced.**
- ◆ **The current PVC import prices reached the record high in recent years. The highest price of \$1,350 CFR was seen in Turkey and South Africa , \$1,200 CFR or more was seen in India and Bangladesh, \$1,100~1,150 CFR was seen in China. The going up price trend is expected continuing in the near future because of the global PVC supply shortages.**

## **2020 H2 Outlook: PVC Products**

- ◆ **The new house start and used house trading in Q4 are expected better. This is because of low interest rate, foreign hot money return and real house demand improving. The infrastructure projects handled by the government are expected to continue. Therefore, the pipes, door panels and the other construction products are expected selling well in Q4.**
- ◆ **Owing to the excellent control on the Covid-19 pandemic in Taiwan, CGPC is able to supply with MIT artificial leather products for US market. We have been successfully selling our products especially for auto, marine and farm cars with Enduratex brand to replace the supply chains from India and Mexico. The outlook for 2021 is optimistic as well.**

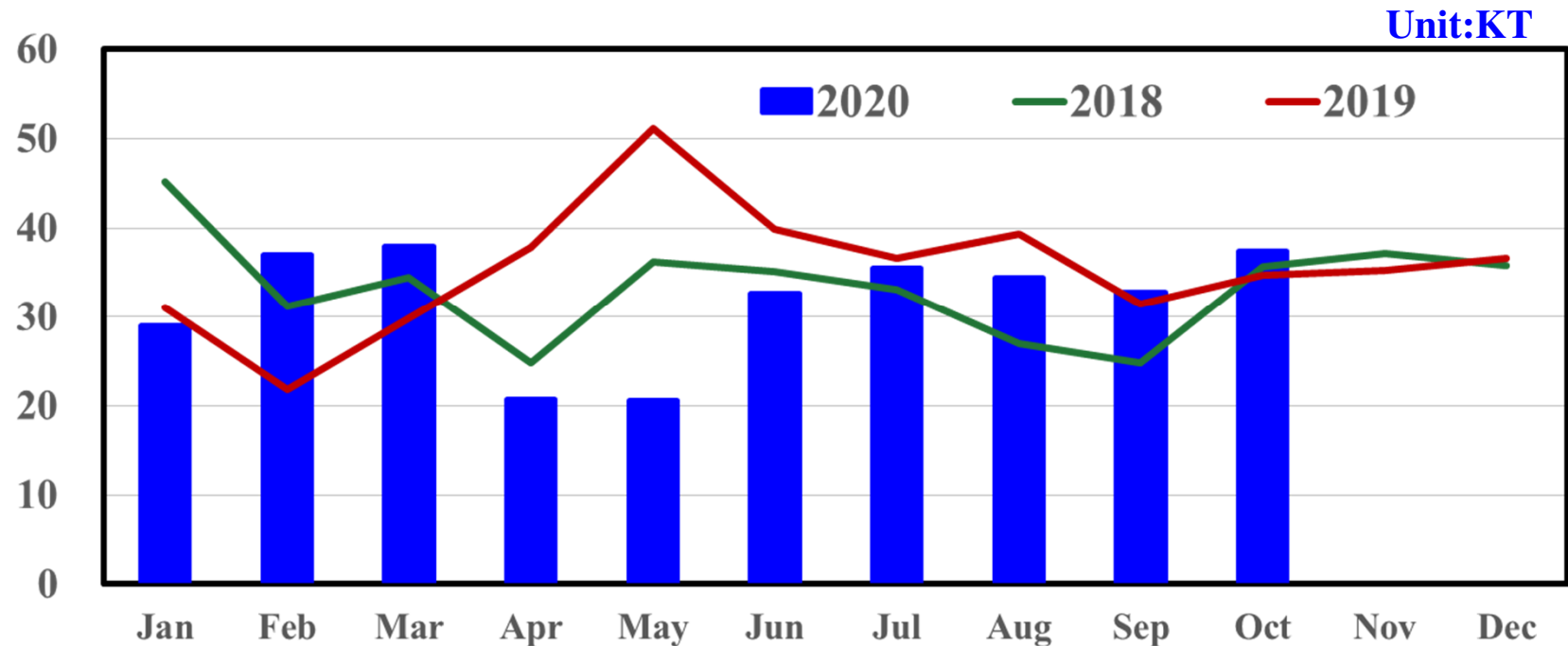


# 2020 PVC Sales Quantity

**PVC total quantity sold in 2020:**

**YTD: more than 318 kt**

**YoY increase: -10%**



# 2020 Consolidated Sales

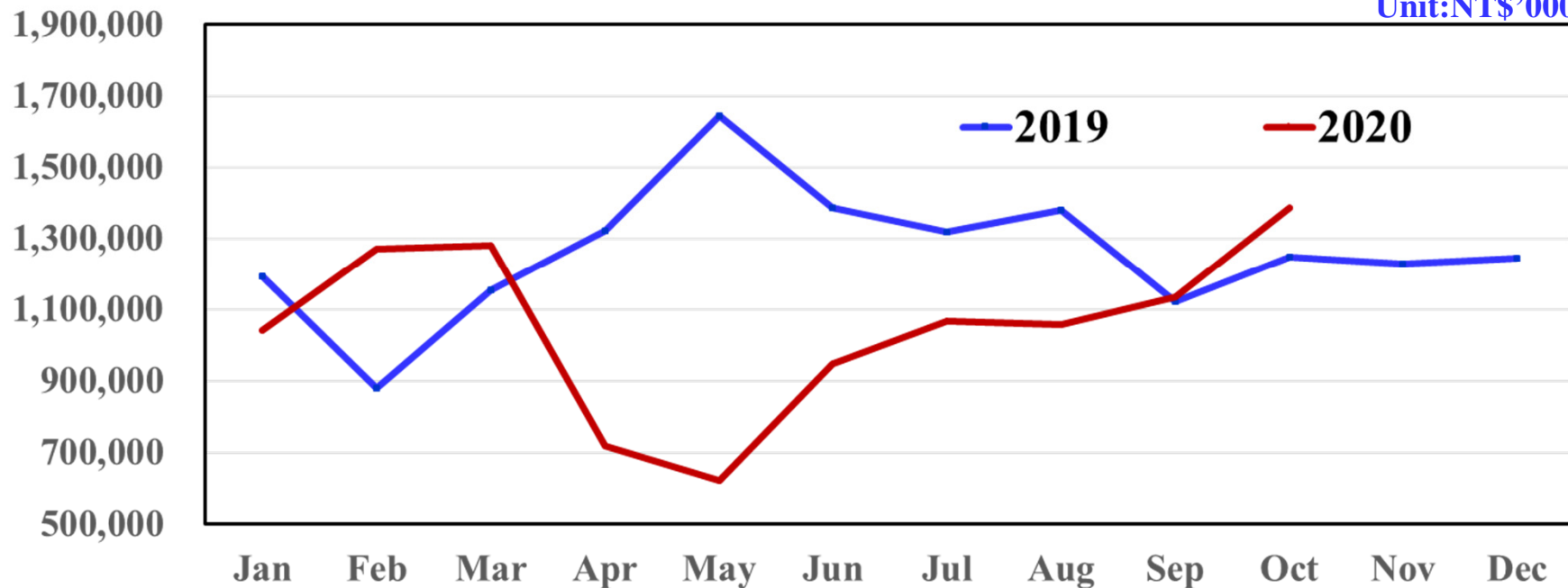
**CGPC consolidated net revenue:**

**YTD: NT\$10.526B**

**YoY increase: -26%**

**CGPC Consolidated Net Revenue**

Unit:NT\$'000





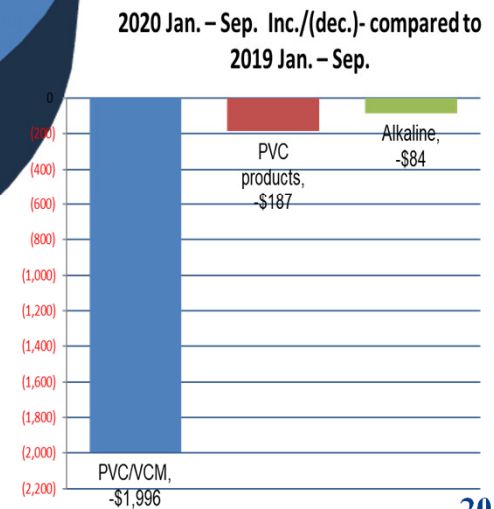
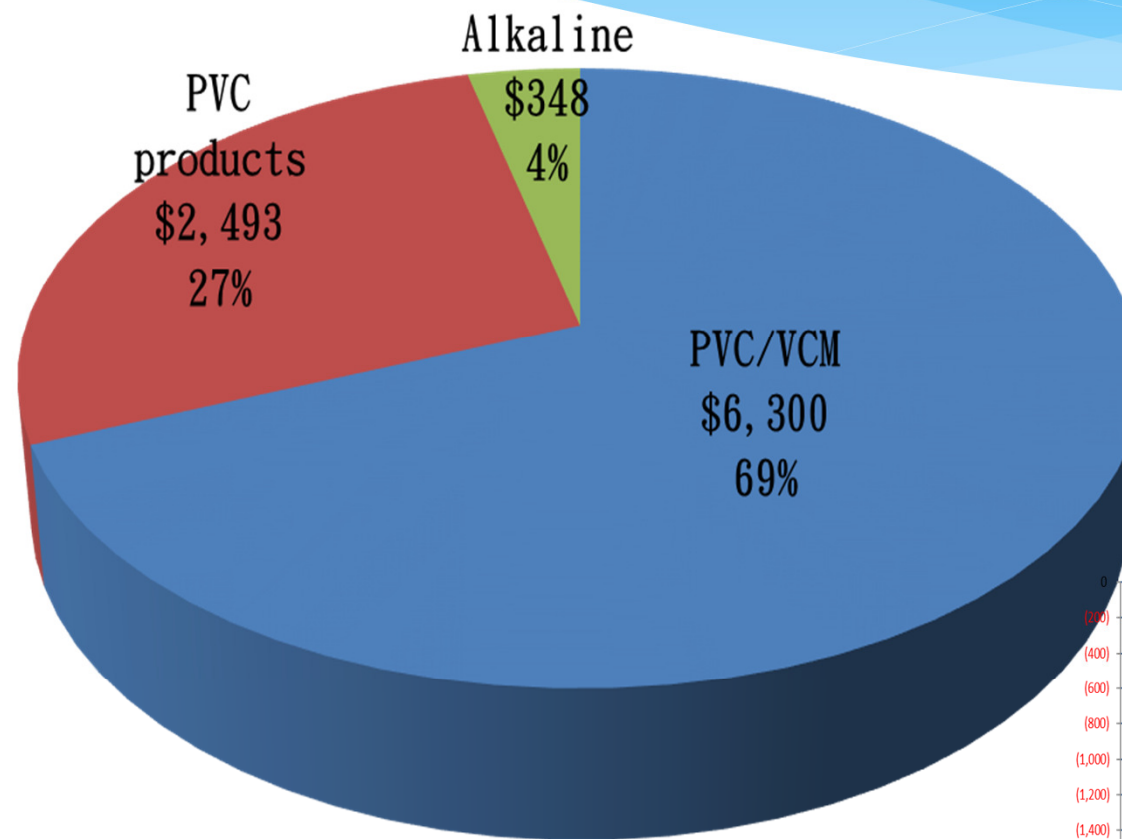
# **China General Plastics Corporation and Subsidiaries**

## **Finance information**

**Reporter : C.C.Kuo Manager**

**Date : 2020, Nov. 17**

# 2020 Jan. – Sep. Sales by product (NT\$million)



# China General Plastics Corporation and Subsidiaries

## Consolidated Statements of Income

(In millions of NTD, except per share data)

	2020 Jan. - Sep.	2019 Jan. - Sep.	YoY%	2019 FY	2018 FY	2017 FY
Sales	9,141	11,407	-19.9%	15,118	15,193	14,702
Cost of goods sold	7,556	10,079	-25.0%	13,148	12,490	11,925
Gross profit	1,585	1,328	19.4%	1,969	2,703	2,777
gross profit ratio	17%	12%		13%	18%	19%
Operating expenses	804	888	-9.5%	1,196	1,130	1,126
Operating income	781	440	77.5%	774	1,573	1,651
operating income ratio	9%	4%		5%	10%	11%
Non-operating income(loss) *	23	84	-72.3%	84	89	(37)
Income before income taxes	804	525	53.3%	858	1,662	1,614
Income taxes	132	98	34.9%	160	306	275
Net income	672	427	57.6%	698	1,356	1,339
net income ratio	7%	4%		5%	9%	9%
Net income attributable to						
- China General Plastics Corporation	613	404	51.9%	643	1,276	1,270
- noncontrolling interest	59	23	159.1%	55	80	69
Earnings per share	1.11	0.77	44.8%	1.22	2.52	2.58
adjusted		0.73		1.16	2.31	2.29

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

# China General Plastics Corporation and Subsidiaries

## Financial ratio analysis

	2020 Jan.-Sep.	2019 Jan.-Sep.	2019 FY	2018 FY	2017 FY
Operating income margin(%)	8.5	3.9	5.1	10.4	11.2
Net income margin(%)	7.4	3.7	4.6	8.9	9.1
Debt ratio(%)	29	31	29	33	35
Current ratio(%)	277	298	288	300	336
Quick ratio(%)	207	201	193	215	229
Accounts receivable turnover	42	43	40	42	39
Inventory turnover days	48	45	44	52	55

# 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