




華夏海灣塑膠股份有限公司

China General Plastics Corp.

Investor Conference

2021/3/22

Time	Itinerary	Reporter
14:00~ 14:30	VIP Registration	
14:30~ 15:00	2020 Review & 2021 Q1 Outlook	胡吉宏 副總經理 Otto Hu, Vice President
	2020 Finance Information	郭建洲 經理 C C Kuo, Manager
15:00~ 15:30	Wrap up / Q & A	林漢福 副董事長 H F Lin, Vice Chairman



China General Plastics Corp.

2020 Review & 2021 Q1 Outlook

Reported by: Otto Hu
March 22, 2021

2020 Review: Ethylene & EDC

- ◆ **As the global economics was impacted by Covid-19, the demand of ethylene and downstream polymers drastically reduced in Q2. Due to crude oil cuts and lockdowns lifting, ethylene price hit bottom and rebounded in May and was maintaining till Q3 at \$600~800. The price went up to \$1,000 in Q4 because of the T/A and accidents happened.**
- ◆ **The Vinyl-Chain followed the same trend as ethylene. The oversupply and weak demand resulted in the record low US EDC price in Q2. The worse demand of caustic soda on Covid-19 and the F/M happened in US and European chlor-alkali plants in Q3, which lowered the OP rate and limited EDC output then pushed price at highest one of 2020 in the year end.**

2020 Review: PVC

- ◆ **The global PVC situation was still good in early 2020 same as last year end. However, Covid-19 happened in China and was spreading to other countries later. The lockdowns resulted in big demand drop for PVC. So, the producers reduced the productions for both PVC and VCM.**
- ◆ **After Chinese economics recovering and lockdown lifting later, the rush orders from India and the other Asian countries pushed PVC prices going up since end May. The US F/M on PVC because hurricane damages and T/A delays made the supply shortage more serious. The global PVC prices reached the whole year high level in end 2020.**

2020 Review:

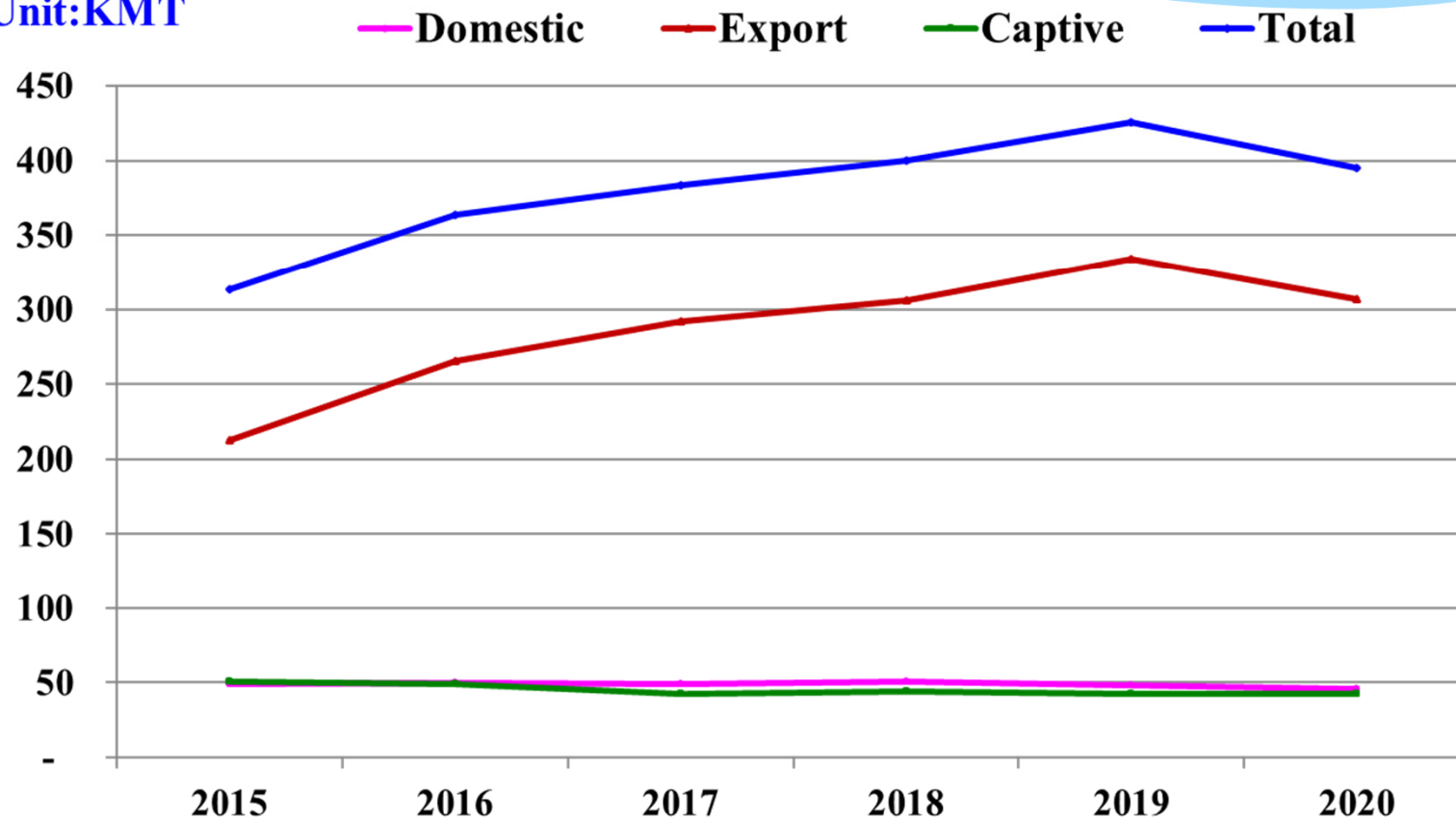
Consolidated Sales

- ◆ The consolidated net revenue in 2020 was NT\$13.733B, which decreased by NT\$1.385B YoY.
- ◆ Sales Quantities (KT)

	2020	2019	Growth
VCM/PVC	365	421	(56)
PVC products	63	65	(2)
Alkaline	58	58	0
Total	486	544	(58)

2020 Review : PVC Sales Mix

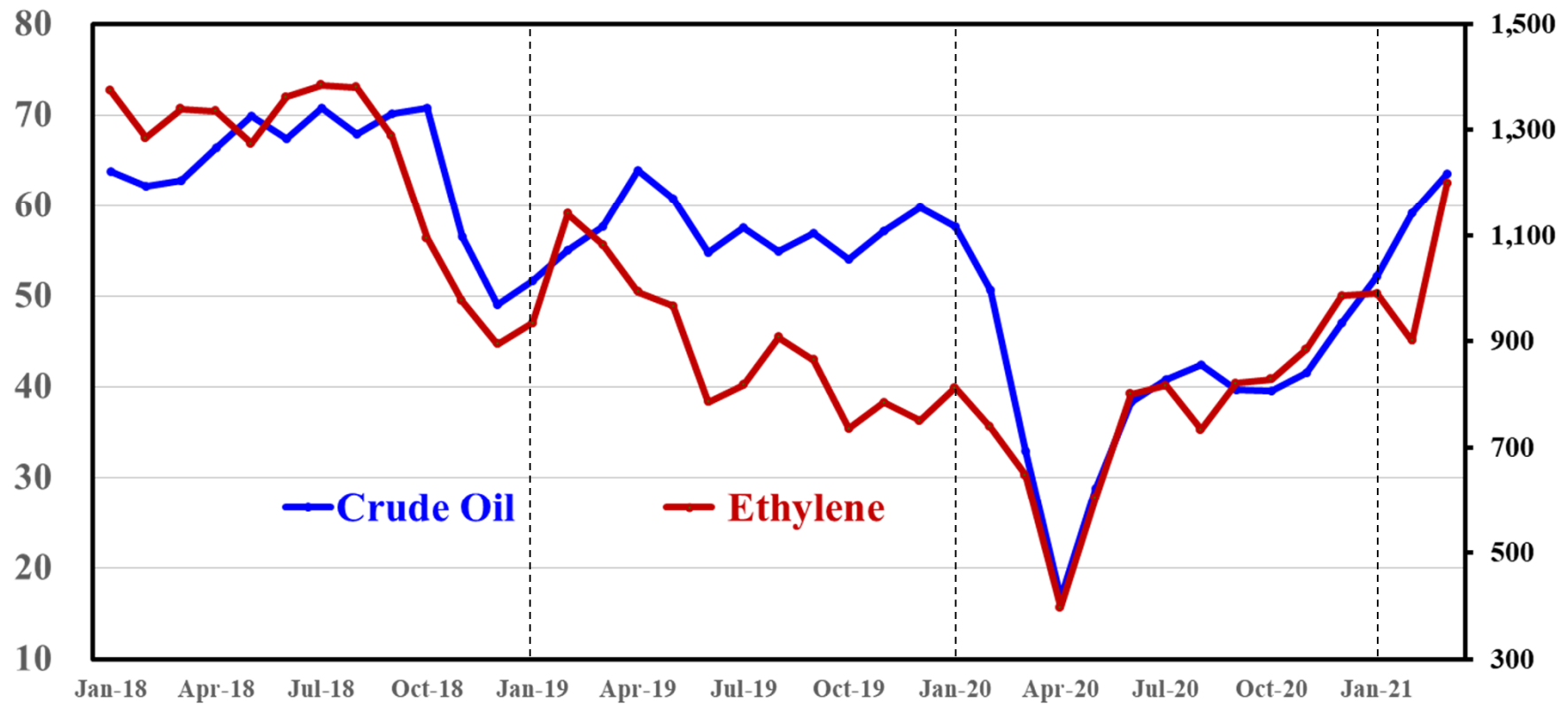
Unit:KMT



Crude Oil & Ethylene Price Trend

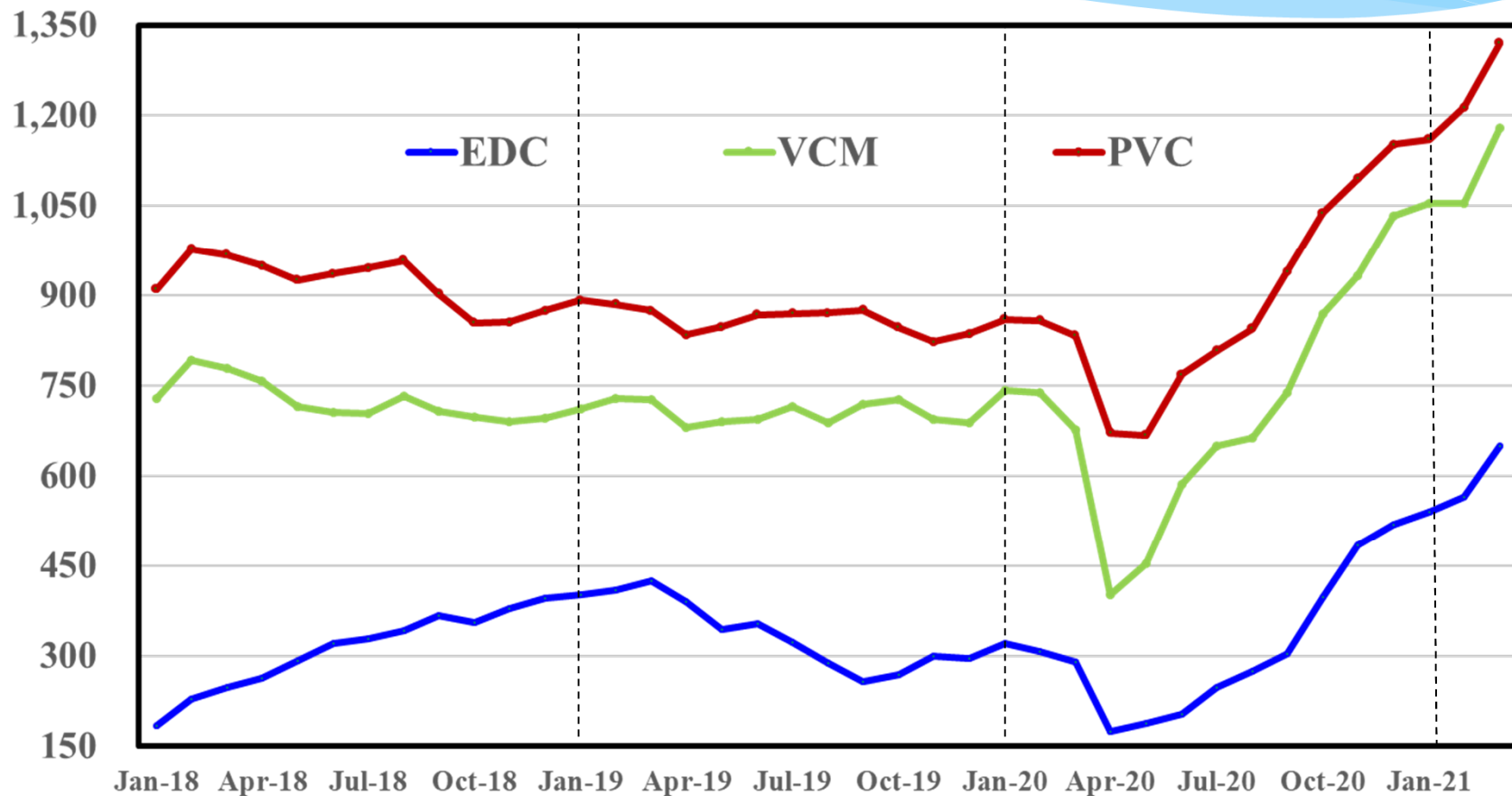
Unit:US\$/bbl WTI

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



PVC/VCM/EDC Price Trend

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



2021 Q1 Outlook: Ethylene

- ◆ **The US ethylene expansion of 3 million tons resulted in the increases for both production and export in 2020. More than 80% of export was for Asia. The global ethylene supply is basically expected long in 2021 because of the new expansions of 10 million tons majorly in China.**
- ◆ **The global demand in crude and ethylene is expected stable in Q1. The snow storm suddenly happened to Texas in mid February and drastically limited the supply and relatively pushed ethylene to \$1,200 in Asia. The further price increase should be limited due to the Thai expansion will start running soon.**

2021 Q1 Outlook: EDC

- ◆ **Owing to lowering OP rate of US chlor-alkali for low price of caustic soda, EDC output decreased by 3% approx in 2020. Braskem was planning for its chlor-alkali to run OP rate at 66% in end Q1. This is helpful for PVC makers to get more EDC for PVC production.**
- ◆ **The snow storm happened in Texas made EDC supply tight again. However, the situation is expected to ease in upcoming months because of T/A for VCM/PVC scheduled in March and April and the purchase reduction from Braskem. More EDC are expected to export to Asia finally.**

2021 Q1 Outlook: PVC Supply (I)

- ◆ **The current PVC OP rate in China is high at 85%. The YTD PVC output increased by 15% YoY. As the PVC are in good sales both in domestic and export markets, the overall Chinese PVC inventory is under control.**
- ◆ **The NEA countries other than China have maximized PVC sales to satisfy the post Covid-19 for global markets since 2H 2020. So, most of PVC producers are under low inventories now. Upcoming T/A for both VCM and PVC scheduled in Asia are on going. The PVC supply in Q1 or later is expected extremely tight.**

2021 Q1 Outlook: PVC Supply (II)

- ◆ **US PVC shortage caused by Covid-19 and hurricane since Q3 2020 has been getting normal early this year. But the shortage got worse again after the snow storm happened in Texas in February. The four major PVC producers announced F/M and led the supply issues and impacts spreading to global markets.**
- ◆ **US is the key exporters for EDC and VCM. The vinyl chains in Mexico, Columbia, Brazil, Argentina and some European countries were deadly influenced by this snow storm. The worldwide PVC supply shortage is expected to last for couple of months.**

2021 Q1 Outlook: PVC Demand

- ◆ **The Chinese domestic PVC market started getting slow this January. But most of downstream users kept operations during Chinese New Year and supported PVC demand. So, the domestic PVC prices both ethylene-base and carbide-base hit the record high after New Year. Couple of weeks later, the Texas snow storm effect has been spreading and pushed the new offer for Chinese import PVC to \$1,500 CFR.**
- ◆ **Mankind is more confident to achieve the economics recovery after the success of vaccinations for Covid-19. The PVC demand is extremely strong in some other markets. The market reports are shown as below.**
 - **South Asia: India for example is on annual season now. As the import PVC is short, the offering is close to \$1,700 CFR ◦**
 - **Africa & M East: The import PVC prices are expected to reach \$1,800 CFR or above due to supply shortages from US and Europe.**
 - **C&S America: The governments here have started the stimulus packages especially in infrastructures. The import PVC price is expected at \$2,000 CFR soon because of the supply shortages for both EDC and PVC.**

2021 Q1 Outlook: PVC Products

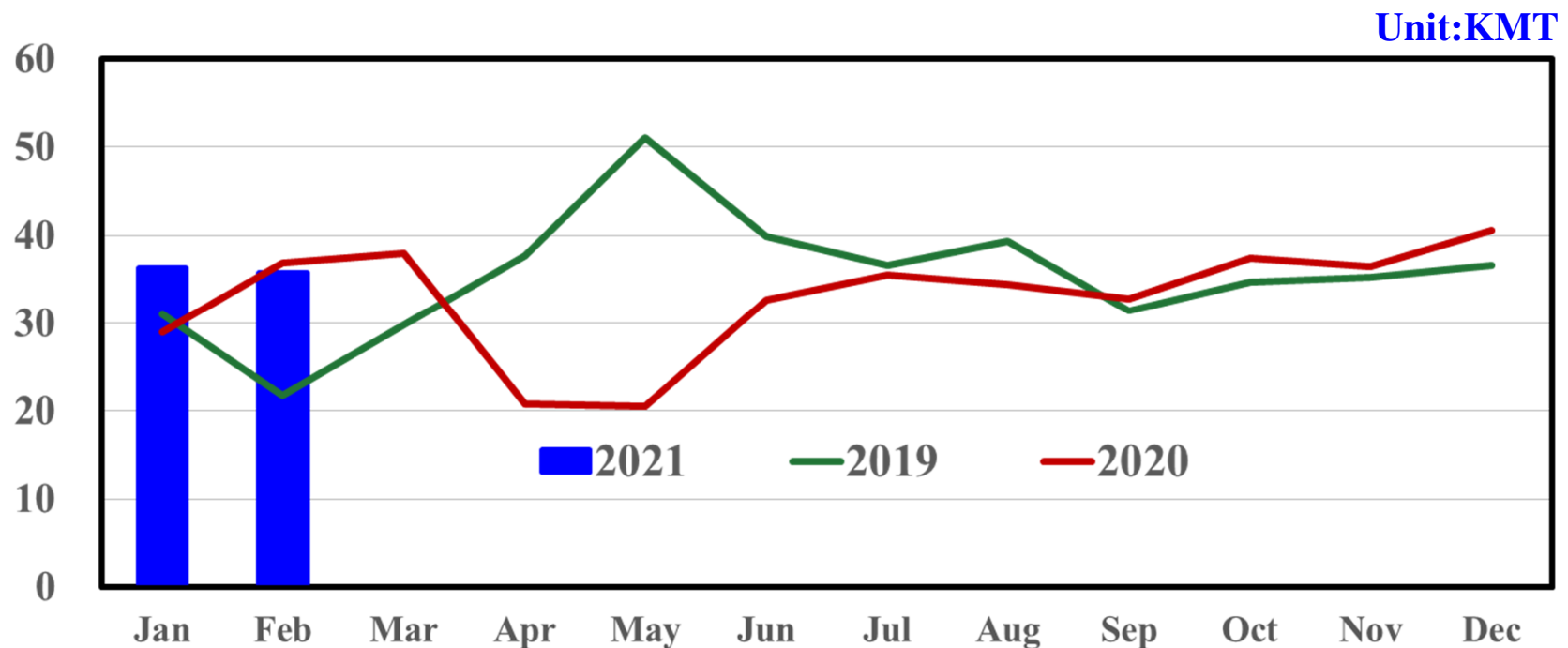
- ◆ **The business of PVC film for tapes have recovered since Q4 2020 and is getting better in Q1 this year. The PVC film demand for flooring, ceiling, furniture and door decorations are expected to recover in the domestic market and the export markets such as US, SEA and Australia.**
- ◆ **Our artificial leather products named Enduratex have been popular in US for many years. Owing to the quick developing, quality consistency and on-time delivery, we have gained more business and have replaced US suppliers and the import chains from India and Mexico. Our Q1 sales is expected with a significant growth. For long term of business expansion and consideration, we have taken actions since last year end.**

2021 Outlook : PVC Sold by Month

PVC total quantity sold in 2021:

YTD in February: more than 72 kt

YoY increase: 9%



2020 Outlook : Consolidated Sales

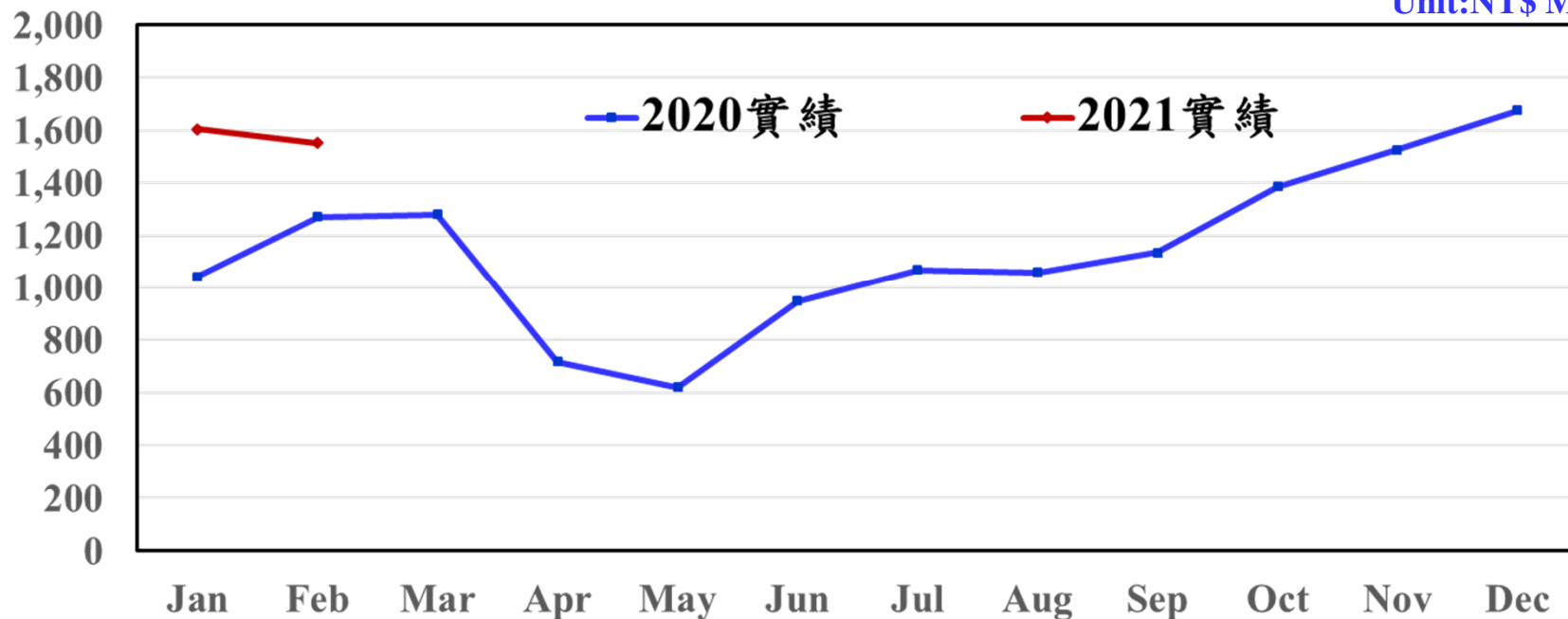
CGPC consolidated net revenue:

YTD in February: NT\$3.155B

YoY increase: 36.5%

CGPC Consolidated Net Revenue

Unit:NT\$ M





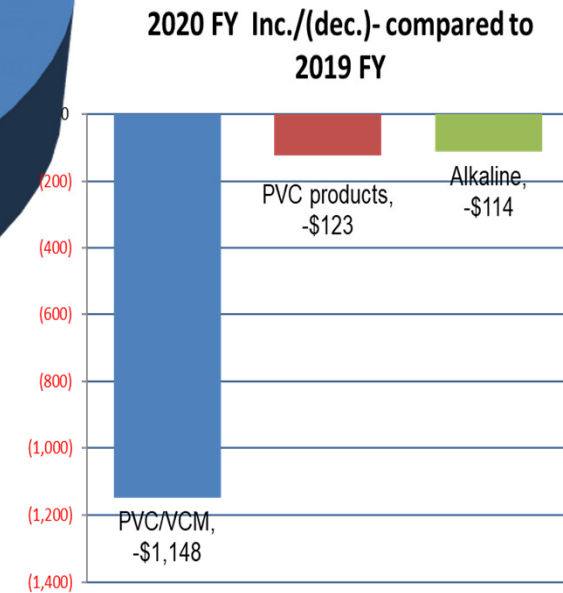
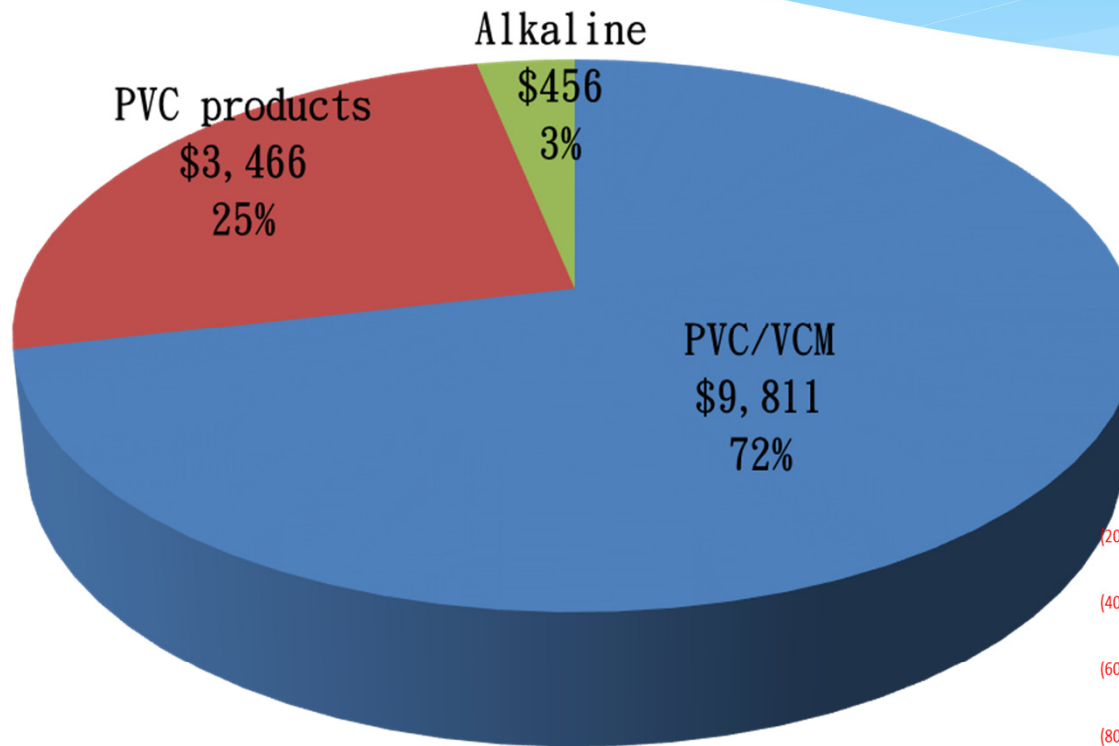
China General Plastics Corporation and Subsidiaries

Finance information

Reporter : C.C.Kuo Manager

Date : 2021, Mar. 22

2020 Sales by product (NT\$million)



China General Plastics Corporation and Subsidiaries

Consolidated Statements of Income

(In millions of NTD, except per share data)

	2020 FY	2019 FY	YoY%	2018 FY	2017 FY
Sales	13,733	15,118	-9.2%	15,193	14,702
Cost of goods sold	10,374	13,148	-21.1%	12,490	11,925
Gross profit	3,359	1,969	70.6%	2,703	2,777
gross profit ratio	24%	13%		18%	19%
Operating expenses	1,206	1,196	0.8%	1,130	1,126
Operating income	2,154	774	178.3%	1,573	1,651
operating income ratio	16%	5%		10%	11%
Non-operating income(loss) *	12	84	-86.0%	89	(37)
Income before income taxes	2,165	858	152.3%	1,662	1,614
Income taxes	374	160	133.2%	306	275
Net income	1,792	698	156.7%	1,356	1,339
net income ratio	13%	5%		9%	9%
Net income attributable to					
- China General Plastics Corporation	1,634	643	154.3%	1,276	1,270
- noncontrolling interest	158	55	184.8%	80	69
Earnings per share	2.95	1.22	141.9%	2.52	2.58
adjusted		1.16		2.31	2.29

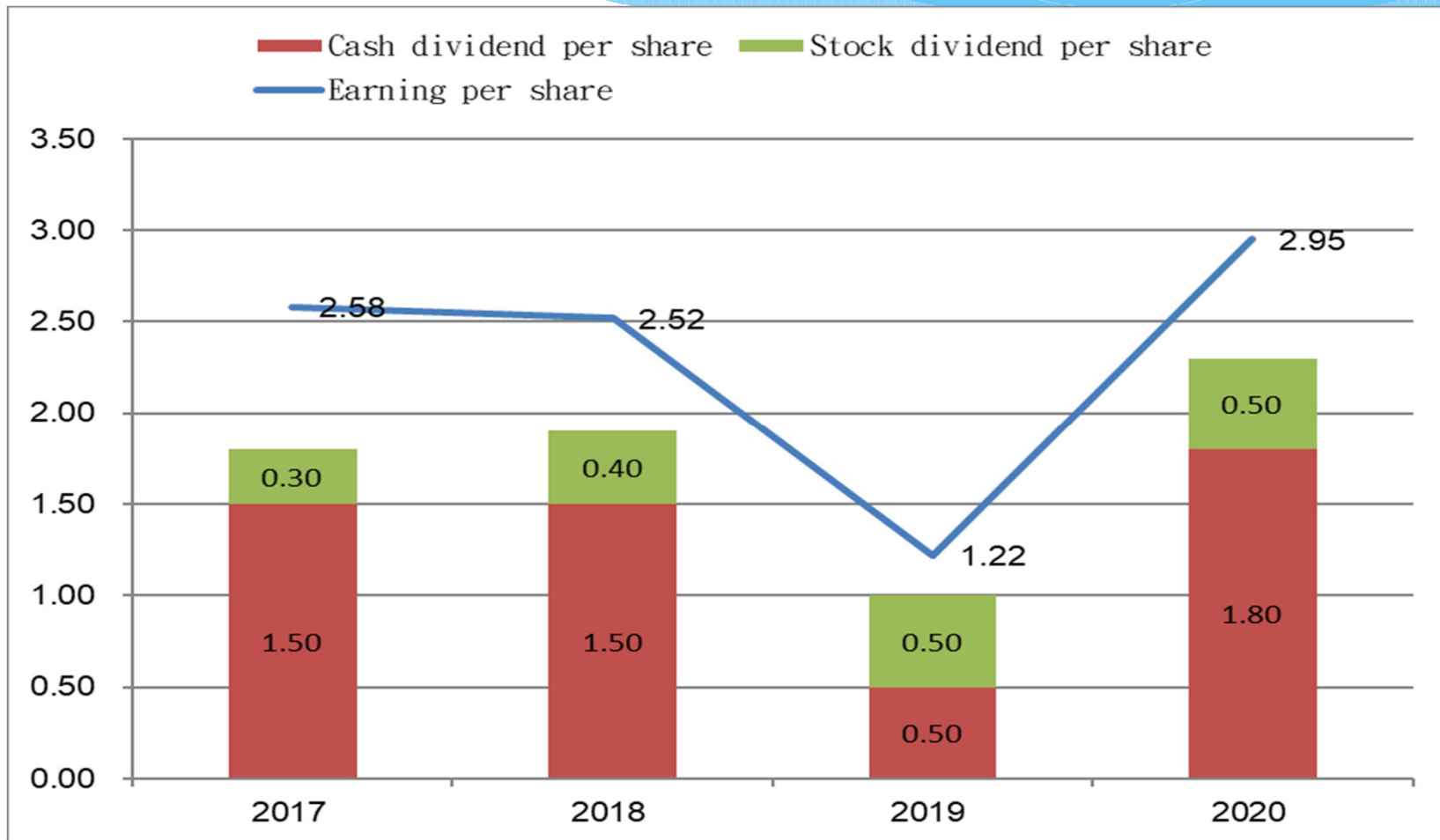
*note: Non-operating income(loss) included discontinued operations income(loss)

China General Plastics Corporation and Subsidiaries

Financial ratio analysis

	2020 FY	2019 FY	2018 FY	2017 FY
Operating income margin(%)	15.7	5.1	10.4	11.2
Net income margin(%)	13.1	4.6	8.9	9.1
Debt ratio(%)	26	29	33	35
Current ratio(%)	265	288	300	336
Quick ratio(%)	208	193	215	229
Accounts receivable turnover	45	40	42	39
Inventory turnover days	47	44	52	55

EPS vs DPS



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





Wrap Up

Q & A