




# 華夏海灣塑膠股份有限公司

## China General Plastics Corp.

### Investor Conference

2021/5/17

Time	Itinerary	Reporter
14:00~ 14:30	VIP Registration	
14:30~ 15:00	2021 Q1 Review & Q2 Outlook	胡吉宏 副總經理 Otto Hu, Vice President
	2021 Q1 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.

## 2021 Q1 Review & Q2 Outlook

Reported by: Otto Hu  
May 17, 2021



## Q1 2021 Review: PVC feedstocks

- ◆ **Ethylene** In early Q1, North East Asia ethylene price reached above \$1,000 due to the regional supply remained tight on the back of the delayed restart of crackers. Subsequently, ethylene price has become weaker as supply recovery. However, in mid-Feb, the record cold winter storm impacted the US Gulf region and disrupted the power, water and other utilities. Nearly 80% of US ethylene production were influenced. US spot ethylene price surged sharply driving the uptrend of Asia and European ethylene prices. North East Asia ethylene maintained a premium prices.
- ◆ **EDC** US chlor-alkali operating rate has been sluggish since last year amid the weaker caustic soda demand and hurricane related shutdown. EDC supply was restricted. Nevertheless, the severe winter storm hit the US Gulf region and caused chlor-alkali operating rates moving down to 70% approx. in Q1. The US EDC exports in Q1 2021 fell by about 50% YoY. Global EDC supply was under pressure and triggered North East Asia EDC price over \$700

## 2021 Q1 Review: PVC

- ◆ **Most of Chinese downstream users kept operations during Lunar New Year and supported PVC demand and kept the domestic PVC prices moving higher after the New Year. Couple of weeks later, the Texas snow storm effect has made the supply tighter and pushed the Chinese PVC prices going up again.**
- ◆ **The Asian PVC producers had a very good sales everywhere in Q1 to meet the strong demand of post Covid-19. The supply shortage on US snow storm accident was another cause to push the global PVC and hit the records high.**



## 2021 Q1 Review: Consolidated Sales

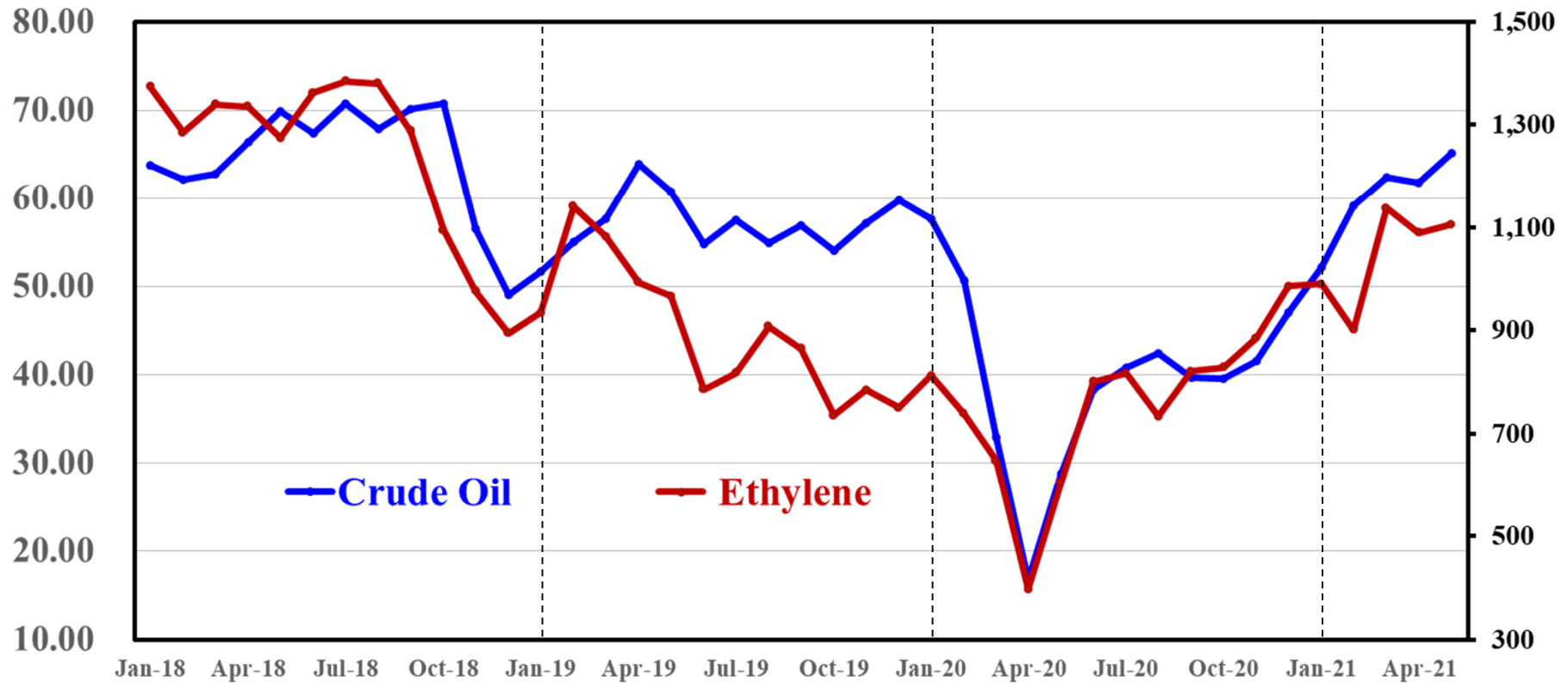
- ◆ The consolidated sales in 2021 Q1 was NT\$4.979B, which increased by **1.388B** YoY.
- ◆ Sales Quantities(KT)

	2021 Q1	2020 Q1	Growth
VCM/PVC	102	101	1
PVC Products	16	16	0
Alkaline	15	15	0
Total	133	132	1

# Crude Oil & Ethylene Price Trend

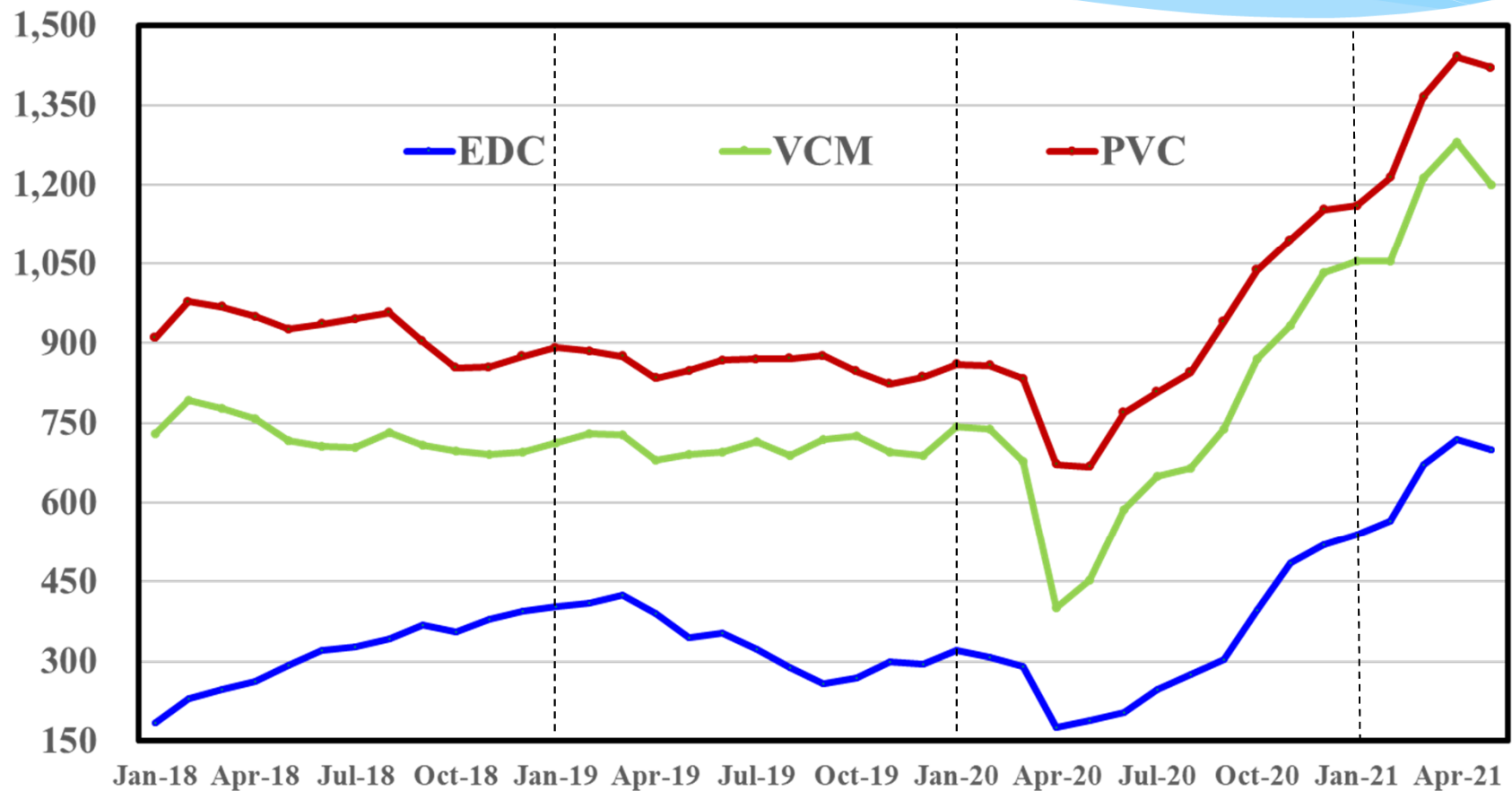
Unit:US\$/bbl WTI

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



# PVC/VCM/EDC Price Trend

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



## Q2 2021 outlook: Ethylene

- ◆ **US ethylene output in Q1 was roughly down by 20% from Q4 2020 amid winter storm related shutdown. The arbitrage window was closed due to the premium US ethylene prices; hence the US ethylene exports in Q1 2021 fell by about 40% QoQ. The ethylene outflows to Asia was sharply declined by about 60% QoQ.**
- ◆ **Huge global ethylene expansions have been on schedule in recent years. The expansions for Asia is expected with 10 million tons in 2021, 20% of which for China and Thailand has started commission in Q1. The regional supply growth is expected more than demand.**
- ◆ **Crude oil and ethylene demand recovery is moving forward, which is majorly propelled by significant GDP growth. The overall ethylene supply in Q2 is limited amid heavy turnaround season and less deep sea cargoes from US. The Asian ethylene price is forecasted to fluctuate in current price level.**



## Q2 2021 outlook: EDC

- ◆ It is said Braskem has restarted its chlor-alkali and reached operating rate at 66% in end Q1. Braskem aimed to completely restart the plant over the summer. So, the EDC imports for Brazil would be reduced in coming months.
- ◆ Alumina & pulp market has been recovering, therefore US chlor-alkali operating rates may move up and yield more EDC supply finally.
- ◆ EDC demand is expected decreasing in Q2 due to the heavy turnarounds for PVC and VCM in Asia. And US chlor-alkali operating rates is anticipated to raise gradually. Braskem will continue its ramp up process and may reduce the EDC import little by little. The EDC supply would be eventually more balance, and price would likely be down from record high.

## 2021 Q2 Outlook: PVC Supply (I)

- ◆ **The Chinese PVC output in Q1 was 15% higher YoY. The domestic sales was stable, however, the export quantity in Q1 was almost triple YoY. So, the overall PVC inventory at present in China is low and healthy.**
- ◆ **Asian PVC producers had been selling with high volumes every month since H2 2020 for the strong demand and left the low inventory currently. The scheduled T/A of both VCM and PVC since May for the producers in Taiwan, Japan, Korea and SEA are expected to lead PVC supply still tight in the near future.**

## 2021 Q2 Outlook: PVC Supply (II)

- ◆ **The damages of US PVC and upstream facilities caused by the snow storm were recovering slowly in Q1. The PVC inventory in end Q1 was 19% lower QoQ and 38% lower YoY according to ACC (American Chemistry Council). Therefore, the PVC F/M announced by major producers in February are not yet lifted till now.**
- ◆ **The overall PVC inventory in Europe is still low because of output reductions for raw material shortages. The PVC supply for Turkey, Middle East and Africa will definitely be impacted and is not long in the near future.**

## 2021 Q2 Outlook: PVC Demand

- ◆ **The PVC inventory in China is low now because both domestic and export PVC were sold well in Q1. Good control of Covid-19 and upcoming peak season will help to increase the PVC import to reach 600~800 kt per year as usual.**
- ◆ **The Indian economics is definitely impacted by Covid-19 recently. It is expected the Covid-19 can probably be controlled and eased in September. The peak season post monsoon for PVC is expected in the same timing.**
- ◆ **The outlook for other markets are as following.**
  - **USA: The housing start in March is 19% up MoM. The domestic PVC quantity sold in Q1 was 4.4% up YoY. The good situation is on going.**
  - **M East & Muslim areas: Ramadan's ending is encouraging buyers going back to PVC markets now.**
  - **S America: The lockdowns for Covid-19 has been lifted in end April. Buyers are implementing PVC for the shortages. The longer term of PVC import is optimistic owing to the local supply shortage.**

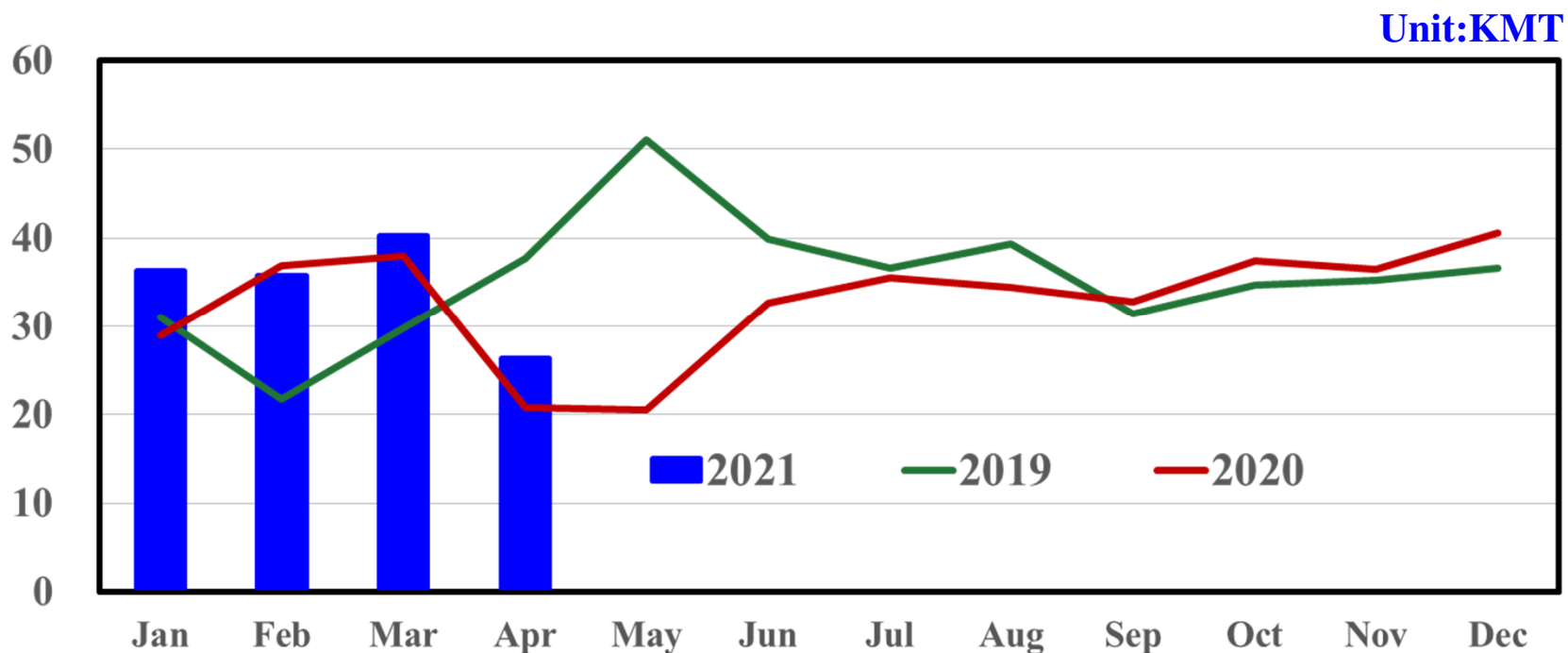
## 2021 Q2 Outlook: PVC Products

- ◆ **Although chips shortage for automotive, the harness tapes are expected restocking for both new cars or used cars. The demand has been improving for plastic tile, furniture, door panel, ceiling and stationary in US and European countries. The current demand or restocking of PVC films for those applications are getting better.**
- ◆ **We have been aiming at new product developments, quality control and on time delivery for US channels. Our Enduratex is recognize as one of the best brands of artificial leathers in US. The Q1 sales here increased by 40% or more YoY. The strong demand is expected continuing. So, we are taking overall long term of actions for business expansions.**

# 2021 Outlook : PVC Sold by Month

**Quantity sold in April: 27% up YoY**

**Quantity sold Jan. ~ Apr. sold: 11% up YoY**



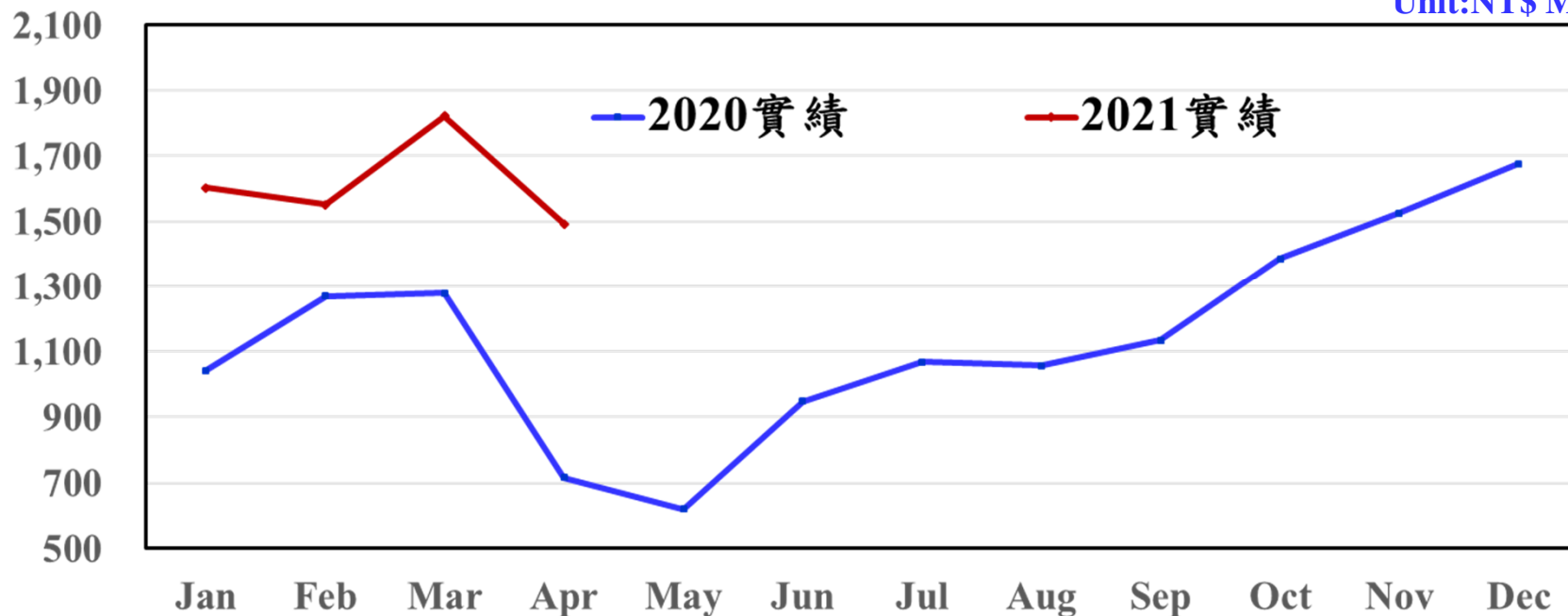
# 2021 Outlook : Consolidated Sales

**Revenue in April : 108% up YoY**

**Revenue Jan. ~ Apr.: 50% up YoY**

**CGPC Consolidated Net Revenue**

Unit:NT\$ M





# **China General Plastics Corporation and Subsidiaries**

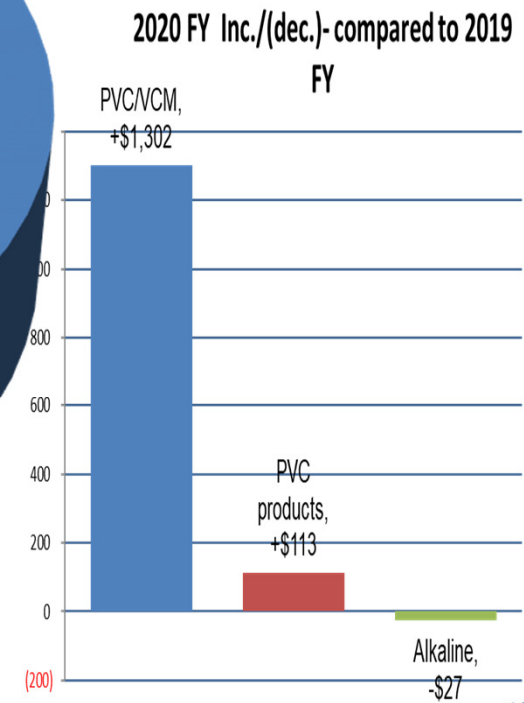
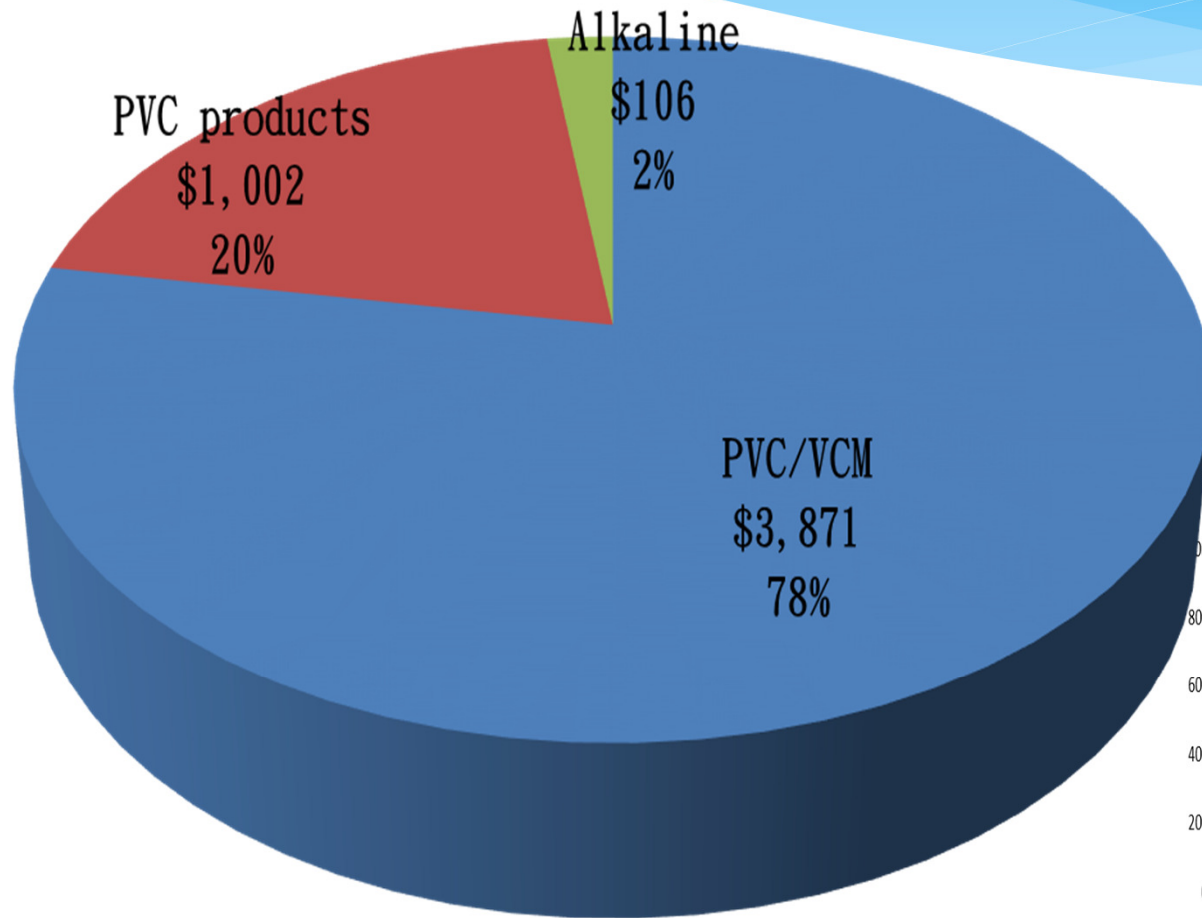
## **Finance information**

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

**Date : 2021, May 17**



# 2021 Q1 Sales by product (NT\$million)



# China General Plastics Corporation and Subsidiaries

## Consolidated Statements of Income

(In millions of NTD, except per share data)

	2021 Jan. -Mar.	2020 Jan. -Mar.	YoY%	2020 FY	2019 FY	2018 FY
Sales	4,979	3,591	38.6%	13,733	15,118	15,193
Cost of goods sold	3,382	2,871	17.8%	10,374	13,148	12,490
Gross profit	1,597	720	121.7%	3,359	1,969	2,703
gross profit ratio	32%	20%		24%	13%	18%
Operating expenses	493	299	64.8%	1,206	1,196	1,130
Operating income	1,104	421	162.3%	2,154	774	1,573
operating income ratio	22%	12%		16%	5%	10%
Non-operating income(loss) *	3	25	-89.1%	12	84	89
Income before income taxes	1,106	446	148.0%	2,165	858	1,662
Income taxes	220	97	125.4%	374	160	306
Net income	887	349	154.3%	1,792	698	1,356
net income ratio	18%	10%		13%	5%	9%
Net income attributable to						
- China General Plastics Corporation	827	311	165.8%	1,634	643	1,276
- noncontrolling interest	60	38	59.6%	158	55	80
Earnings per share	1.49	0.59	152.4%	2.95	1.22	2.52
adjusted		0.56		0.00	1.16	2.31

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

# China General Plastics Corporation and Subsidiaries

## Financial ratio analysis

	2021 Jan.-Mar.	2020 Jan.-Mar.	2020 FY	2019 FY	2018 FY
Operating income margin(%)	22.2	11.8	15.7	5.1	10.4
Net income margin(%)	17.8	9.7	13.1	4.6	8.9
Debt ratio(%)	26	28	26	29	33
Current ratio(%)	269	314	265	288	300
Quick ratio(%)	203	208	208	193	215
Accounts receivable turnover day	39	39	45	40	42
Inventory turnover days	36	50	47	44	52

# 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