



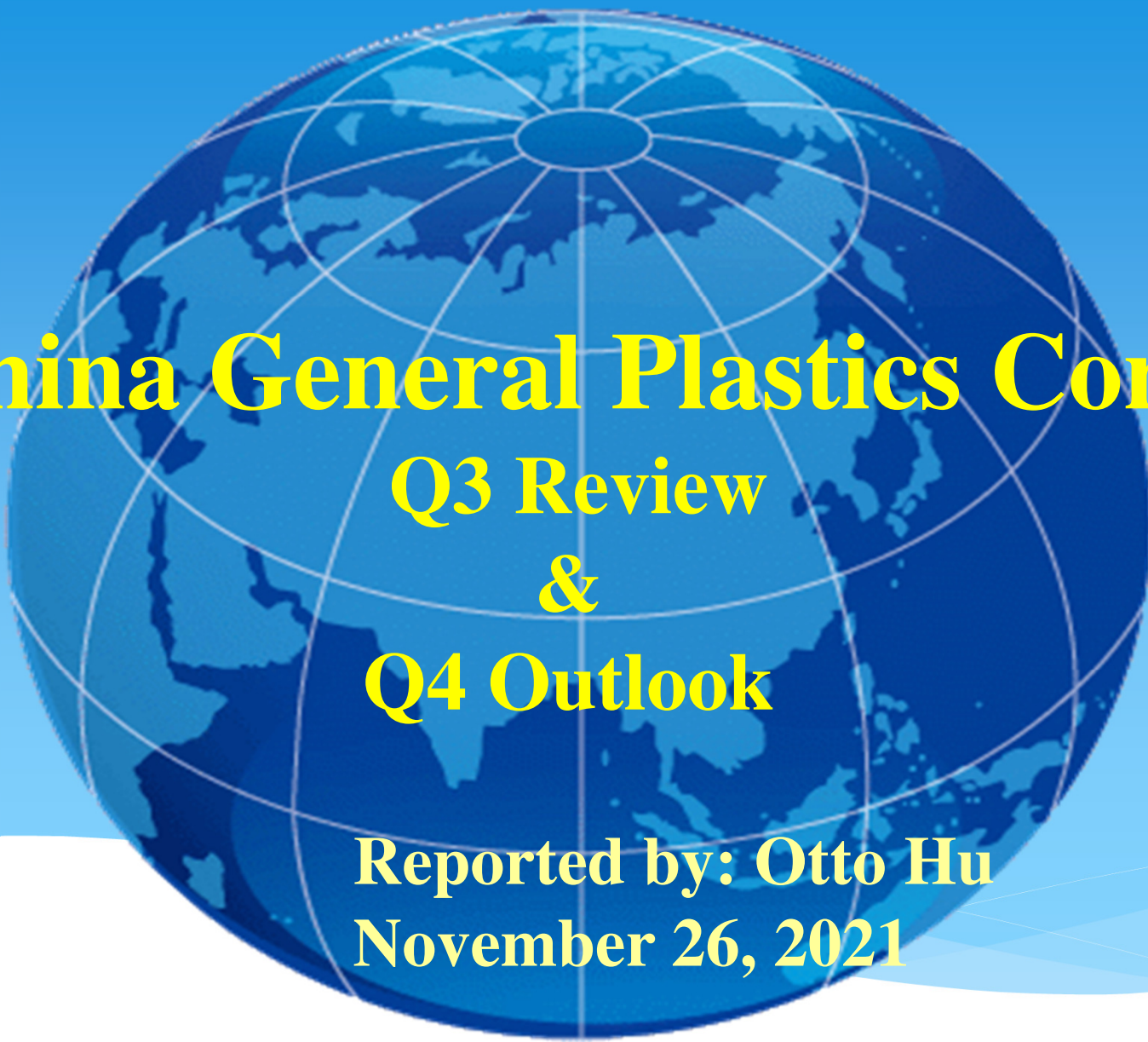
華夏海灣塑膠股份有限公司

China General Plastics Corp.

Investor Conference

2021/11/26

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

Q3 Review & Q4 Outlook

**Reported by: Otto Hu
November 26, 2021**

Q3 2021 Review: PVC feedstocks

- ◆ **Ethylene** Hurricane Ida made landfall in Louisiana on End –Aug and significantly impacted the power supply, utilities system and petrochemical production. About 20% of US ethylene capacity was influenced. Global ethylene market was bullish amid raising supply concern. However, North East Asian ethylene prices was limited due to the massive expansion of ethylene in the past few years.
- ◆ **EDC** US chlor-alkali OP rate in Q3 was expected to noticeable increase amid typically peak demand in summer. Nevertheless, Hurricane-related shutdown hampered the operation. US chlor-alkali OP rate in Q3 only 84.7% below 88.1% in 2017~19 and influenced EDC production to less than normal. Persisting tight availability and good downstream PVC demand result in a all time high of North East Asian EDC price.

Q3 2021 Review: PVC

- ◆ **The Covid-19 pandemic in SEA was getting worse since Q3. The overall PVC demand was weak due to monsoon in South Asia even though the Covid-19 pandemic has cooled down in India. Therefore, the market prices in Asia had been much falling in Q3 and was affecting global markets. Fortunately the PVC demand of post Covid in India was improving and following with urgent purchase requests in late Q3 .**
- ◆ **The Asian PVC producers sold out cargoes and kept low PVC inventory in H1. However, the producers still cut selling prices to stimulate the poor demand in Q3 in order to keep stable operation. The US PVC plants were unexpectedly impacted by hurricane Ida. The sudden PVC supply shortages led PVC prices going up and affecting global markets.**



Q3 2021 Review: Consolidated Sales

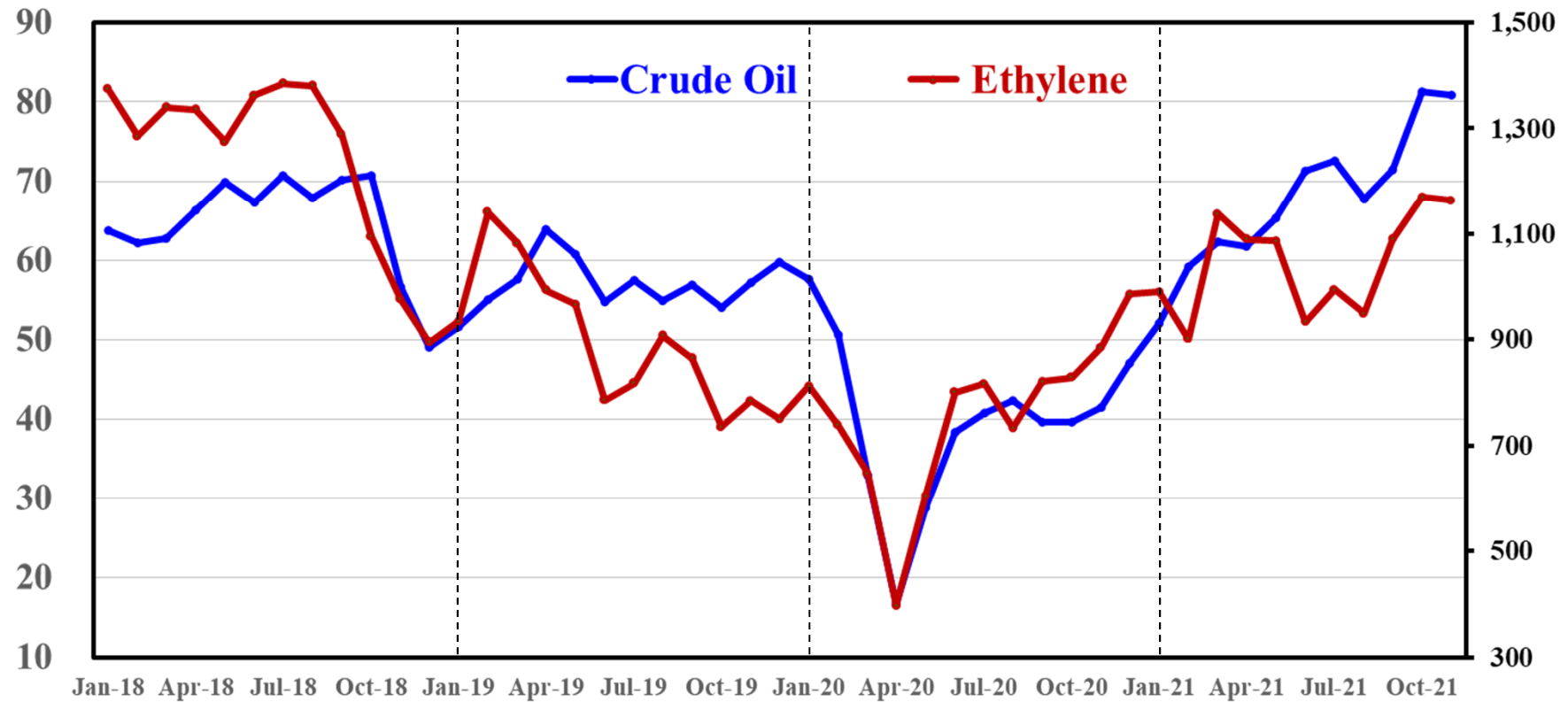
- ◆ The consolidated sales till 2021 Q3 was NT\$15B, which increased by **5.959B** YoY.
- ◆ Sales Quantities(KT)

	2021	2020	Growth
VCM/PVC	299	259	40
PVC Products	48	47	1
Alkaline	44	43	1
Total	391	349	42

Crude Oil & Ethylene Price Trend

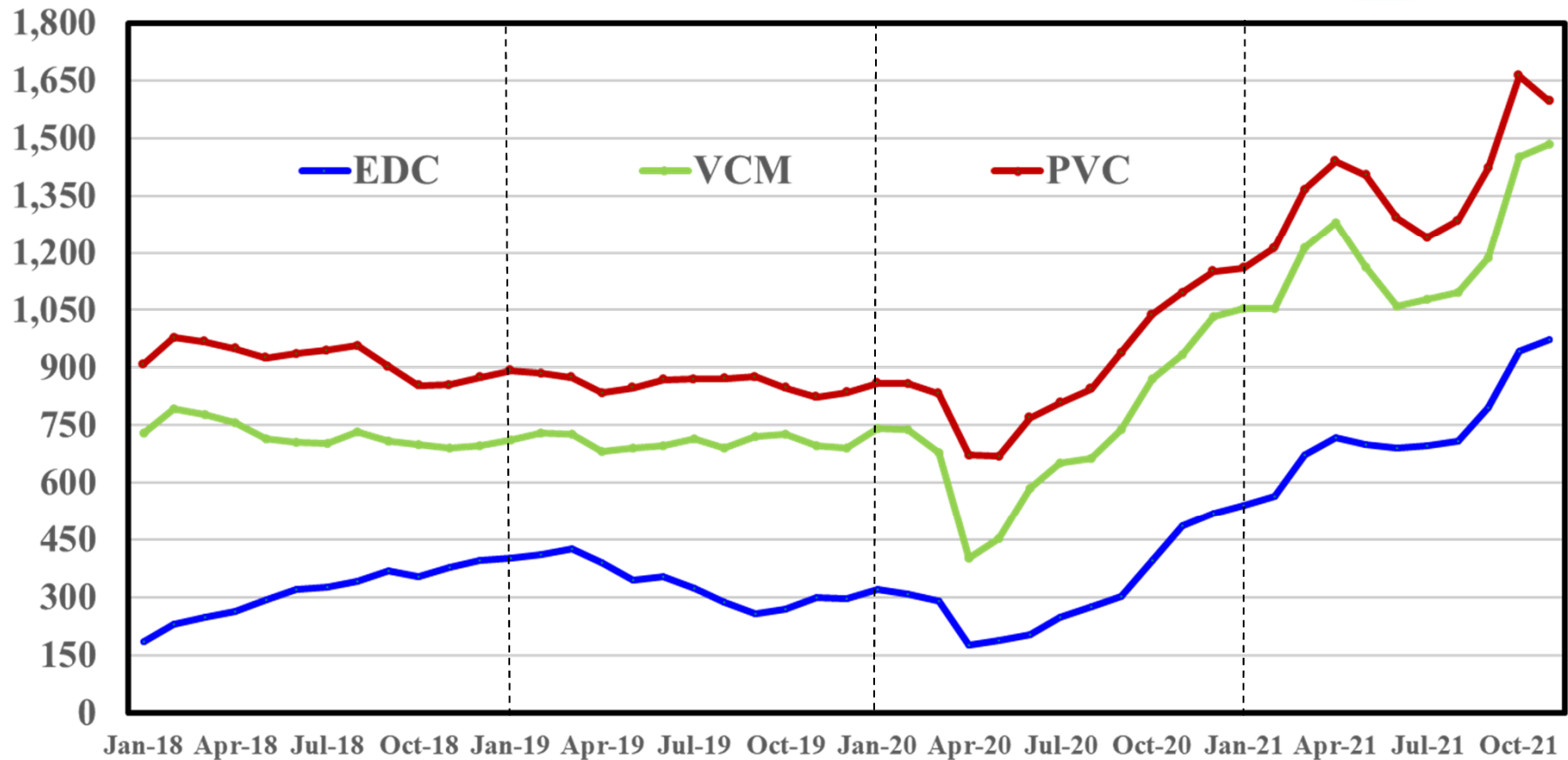
Unit:US\$/bbl WTI

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



PVC/VCM/EDC Price Trend

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



Q4 2021 outlook: Ethylene

- ◆ In Asian and US, expansion rate of ethylene and ethylene derivatives is much higher than demand growth rate. Asian ethylene capacity raised over 9 million mt/yr in 2021 including 6.5 million mt/yr in China. Therefore, price volatility of North East Asian ethylene shows relative flat compared to the past amid loosening supply.
- ◆ Although US ethylene operation was severely influenced twice by extreme climate, ethylene production raise 9% from a year earlier period (Q1~Q3) due to the new start-up capacity. Meanwhile, US ethylene export increased 2% from the same year-age period. US ethylene production and export volume are expected to further increase in Q4 amid supply recovery.
- ◆ Q4 2021 outlook: petrochemicals demand may affect by China's energy policy with high uncertainty. Crude oil may depress by against inflation policy and release the Strategic Petroleum Reserve (SPR). North East Asian ethylene price is expected to move in line with cost volatility.

Q4 2021 outlook: EDC

- ◆ **Brazil EDC imports fall 39% over first 9 months of 2021 indicating that Braskem is ramping up production of chlor-alkali plant, even exports 5k mt to Egypt in Sep. Brazil's EDC import demand is declining.**
- ◆ **US EDC production in Q1~Q3 2021 slide 3.8% compared to the last year due to the consecutive shutdown by extreme climate. Furthermore, US EDC producers may pour nearly all output into PVC production due to the good PVC demand, resulting in sharply reduced in EDC export (less ~40%, YoY).**
- ◆ **Q4 2021 outlook: Global caustic soda price hikes and good profit on Chlorine derivatives which may drive US producers to increase chlor-alkali rate and EDC production. And then Brazil's EDC imports slide. Therefore, the following US EDC outflow and price movements are worth noting.**

Q4 2021 Outlook: PVC Supply (I)

- ◆ **The Chinese PVC output till Q3 was about 16mmt, which increased by 10% YoY. The export till Q3 was about 1.3mmt, which increased by 280% YoY. The PVC OP rate hit 65% low in end September due to electrical power control by the government. The PVC OP rate is raising to 70% or more now. However, PVC inventory is expected increasing but under control in the near future.**
- ◆ **The demand of post Covid in India has been consuming lot of PVC since Q3. The Asian inventories both VCM and PVC are expected tight, because the T/A in Taiwan and Indonesia had just finished in September and the other T/A in Korea, Japan and middle East have been on going since Q4.**

2021 Q4 Outlook: PVC Supply (II)

- ◆ **The US productions both PVC and feedstock was seriously impacted by Hurricane Ida in end August. The PVC inventory in end Q3 was low at about 200 KT due to the F/M from major producers. Due to the slow increasing of PVC inventory, the PVC export availability is still limited. Therefore, the export price is offered high at \$2,000 FOB currently.**
- ◆ **The high costs of energies had been a big issue in Europe since Q3. The supply shortages both EDC and VCM resulted in low running for PVC. Some producers have keeping F/M till now. The PVC supply for Turkey, Middle East and Africa will definitely be impacted in the near future.**

Q4 2021 Outlook: PVC Demand (I)

- ◆ **The Chinese domestic PVC prices in October were up and down with huge range due to output reduction controlled by the government. And the PVC price for import market was impacted too, but the price decrease is not so much. Owing to the shortages of deep sea PVC cargoes, the fabricators have to choose Asian PVC for running the finished goods to export before the end of this year.**
- ◆ **The PVC prices in India have been dropping recently. However, the PVC demand is expected to warm up again for the upcoming peak season together with the right timing of post Covid and post Diwali. The PVC demand growth is expected 7~10% in 2021. And a high growth is also expected for 2022.**

Q4 2021 Outlook: PVC Demand (II)

- ◆ **The lockdowns in SEA for Covid-19 had lifted since end Q3. The post Covid demand for PVC especially in Vietnam, Thailand and Myanmar is stronger than we expected. More PVC imports are required for the sudden demand increase.**
- ◆ **Owing to PVC supply shortages from US and Europe, the traders are looking for PVC cargoes from Asia for the users located in middle East, South America and Africa. The business potential is expected to be lasting till end of this year.**



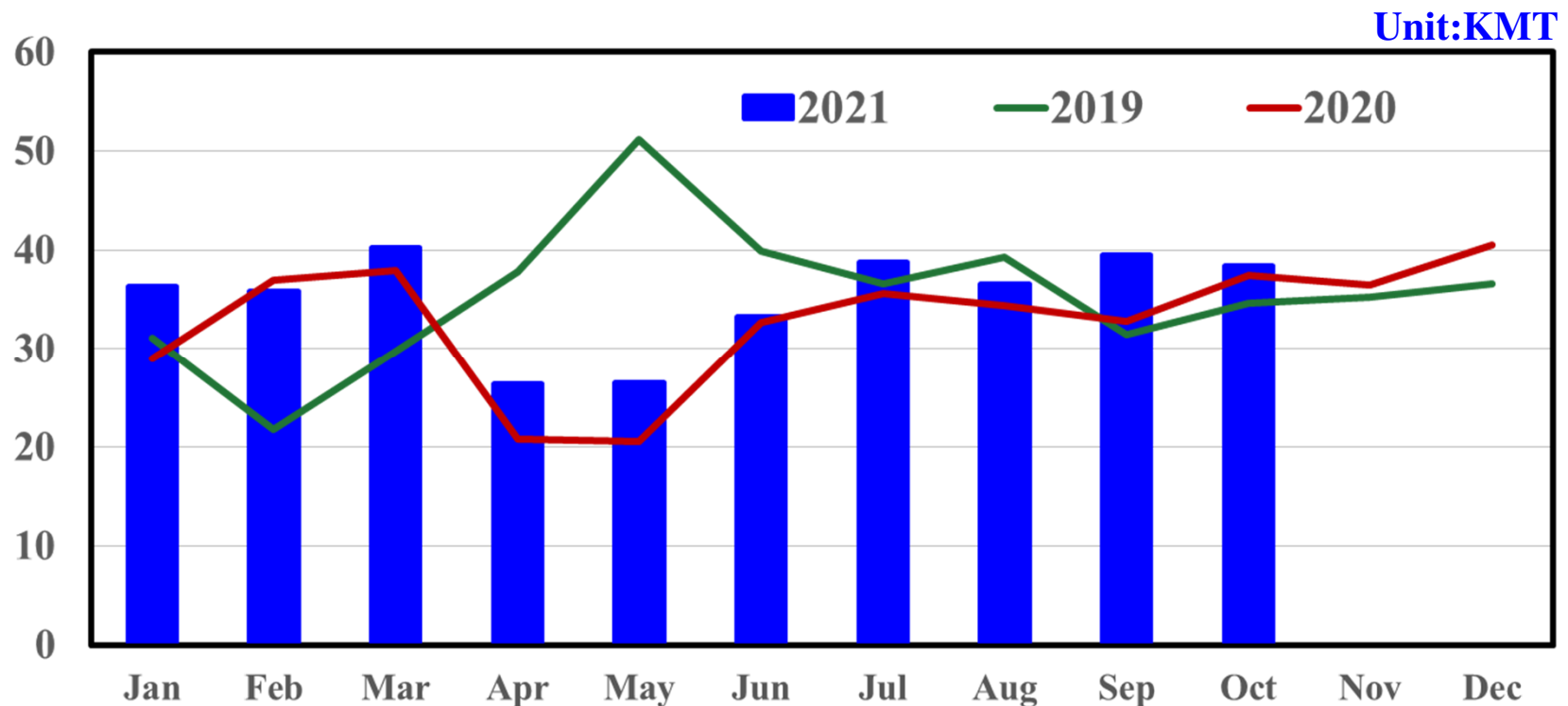
Q4 2021 Outlook: PVC Products

- ◆ **The PVC tape consumption for auto has reduced more or less because of the chips shortage. However, the PVC film demand for packaging, stationery, furniture and ceiling are expected improving. Especially the business for SEA is getting better due to the unstable supply in China due to electricity limitation.**
- ◆ **Our sales YTD October in US for artificial leather of Enduratex increased by 50% YoY. Besides of the main business for auto, we are expanding the markets to cover marine, furniture and public contracts. We are also developing the artificial leather differentiated with dirt-resistant, cool feeling, fire retardant and green materials .**

2021 Outlook : PVC Sold by Month

Quantity sold in October: 3% up YoY

Quantity sold January ~ October : 11% up YoY



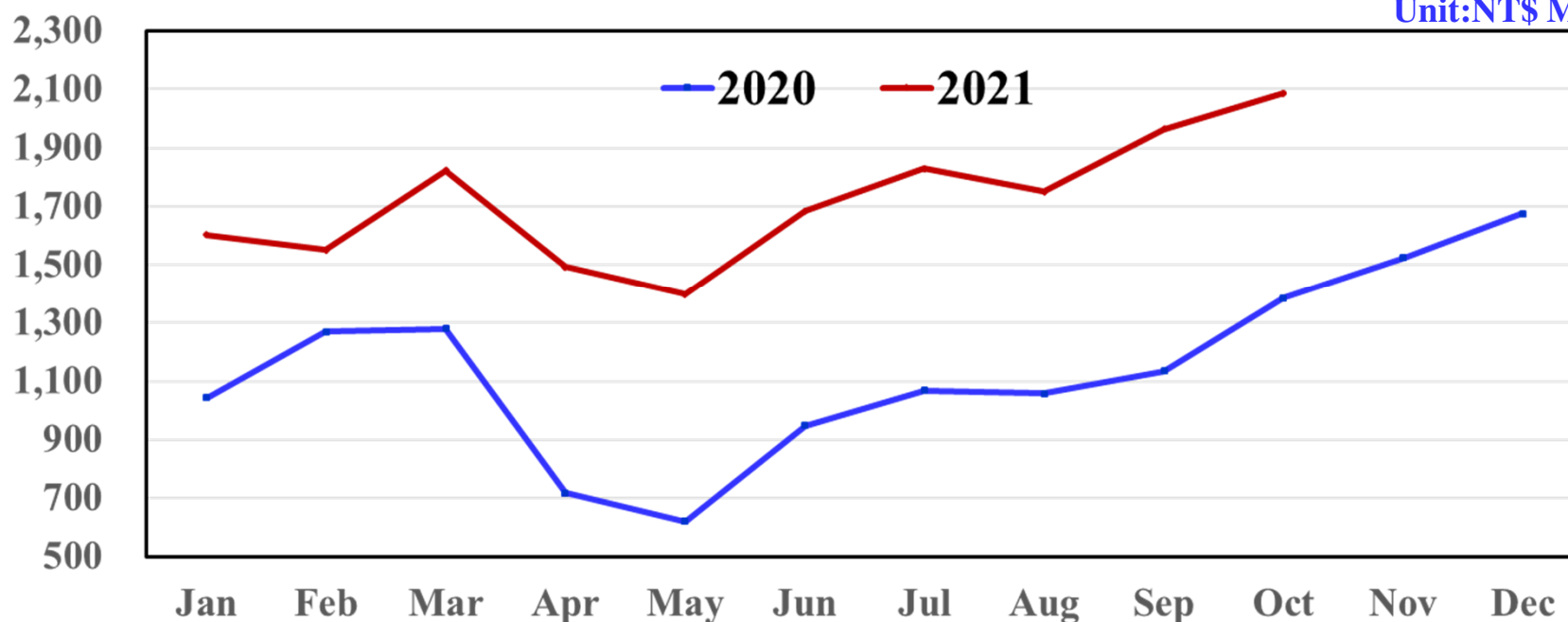
2021 Outlook : Consolidated Sales

Revenue in October: 50% up YoY

Revenue January ~ October : 63% up YoY

CGPC Consolidated Net Revenue

Unit:NT\$ M





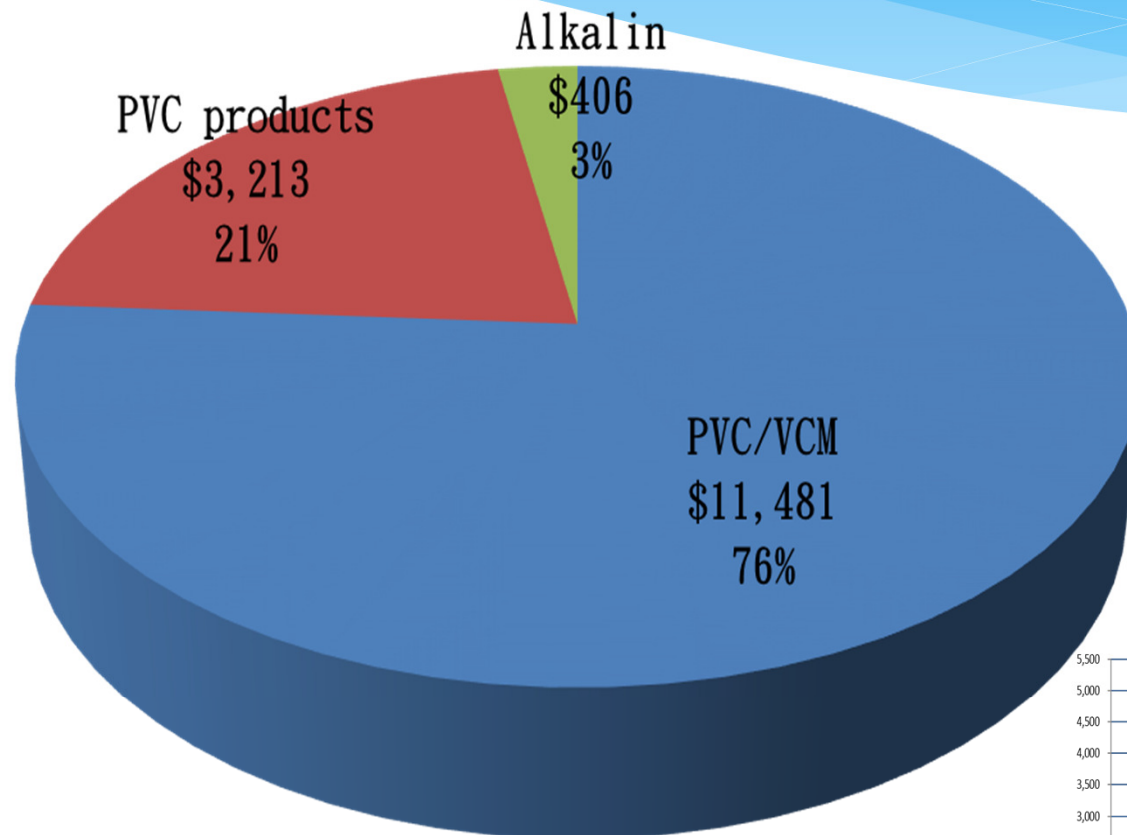
China General Plastics Corporation and Subsidiaries

Finance information

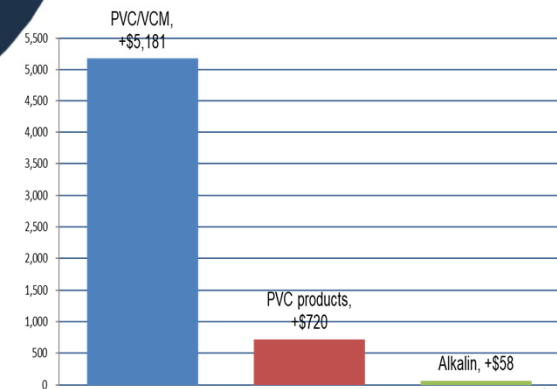
Reporter : C.C.Kuo Manager

Date : 2021, Nov. 26

2021 Jan. – Sep. Sales by product (NT\$million)



2021 Jan. – Sep. Inc./ (dec.)- compared to 2020 Jan. – Sep.



China General Plastics Corporation and Subsidiaries

Consolidated Statements of Income

(In millions of NTD, except per share data)

	2021 Jan. -Sep.	2020 Jan. -Sep.	YoY%	2020 FY	2019 FY	2018 FY
Sales	15,100	9,141	65.2%	13,733	15,118	15,193
Cost of goods sold	11,264	7,556	49.1%	10,374	13,148	12,490
Gross profit	3,836	1,585	142.0%	3,359	1,969	2,703
gross profit ratio	25.4%	17.3%		24.5%	13.0%	17.8%
Operating expenses	1,302	809	61.0%	1,206	1,196	1,130
Operating income	2,534	776	226.6%	2,154	774	1,573
operating income ratio	16.8%	8.5%		15.7%	5.1%	10.4%
Non-operating income(loss)	(43)	28	-250.4%	12	84	89
Income before income taxes	2,491	804	209.7%	2,165	858	1,662
Income taxes	491	132	271.5%	374	160	306
Net income	2,000	672	197.5%	1,792	698	1,356
net income ratio	13.2%	7.4%		13.0%	4.6%	8.9%
Net income attributable to						
- China General Plastics Corporation	1,868	613	204.5%	1,634	643	1,276
- noncontrolling interest	132	59	124.5%	158	55	80
Earnings per share	3.22	1.11	190.5%	2.95	1.22	2.52
adjusted		1.06		2.81	1.11	2.20

China General Plastics Corporation and Subsidiaries

Financial ratio analysis

	2021 Jan.-Sep.	2020 Jan.-Sep.	2020 FY	2019 FY	2018 FY
Operating income margin(%)	16.8	8.5	15.7	5.1	10.4
Net income margin(%)	13.3	7.4	13.1	4.6	8.9
Debt ratio(%)	35	29	26	29	33
Current ratio(%)	191	277	265	288	300
Quick ratio(%)	138	207	208	193	215
Accounts receivable turnover	40	42	45	40	42
Inventory turnover days	42	48	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





Q & A