




華夏海灣塑膠股份有限公司

China General Plastics Corp.

Investor Conference

2022/3/22

Time	Itinerary	Reporter
14:00~ 14:30	VIP Registration	
14:30~ 15:00	2021 Review & Q1 2022 Outlook	胡吉宏 執行副總 Otto Hu, Executive VP
	2021 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 Review & Q1 2022 Outlook

Reported by: Otto Hu
March 22, 2022

2021 Review: PVC Feedstock

- ◆ **Ethylene** In 2021, extreme climate change significantly disrupted US petrochemical production and raising concerns of global supply. Therefore, ethylene price held at relatively elevated levels compared to last year. As Crude oil demand is gradually improving amid increasing global vaccination rates, ethylene was propped up by rising cost.
- ◆ **EDC/VCM EDC**: Supply from US is limited due to the production issues and influenced the EDC output decline for two consecutive years. In addition, domestic demand in US is strong due to post-COVID industry demand recovery. US EDC export declined 33% in 2021 compared to last year. EDC price remained high amid tight supply. **VCM**: VCM price hit a record high in line with strong PVC demand in 2021. Japan is the major VCM export in Asia. In 2021, Japan VCM export increased 8.9% (YoY), the highest since 2010 amid an PVC unit permanently shut down in Japan.

2021 Review: PVC

- ◆ **As the shutdowns in Texas due to snow storm in last February and the Asian T/A in last March and April, the PVC supply was short in last Q1. Covid-19 happened again last April in India influenced overall Asian PVC supply and demand. The US Gulf attacked by Hurricane Ida and the Chinese energy usages controlled and limited by China in H2 resulted in global PVC supply was even tighter than H1. ◦**
- ◆ **The global PVC prices hit record high in Q1 due to the short supply. The PVC prices were unexpectedly moving higher in last October and made another records due to Hurricane Ida in US and the energy limit in China. The supply had recovered in Q4 because of normal running both in US and China, but the global demand was going down since October till Chinese New Year. The PVC prices had a big drop unavoidably.**

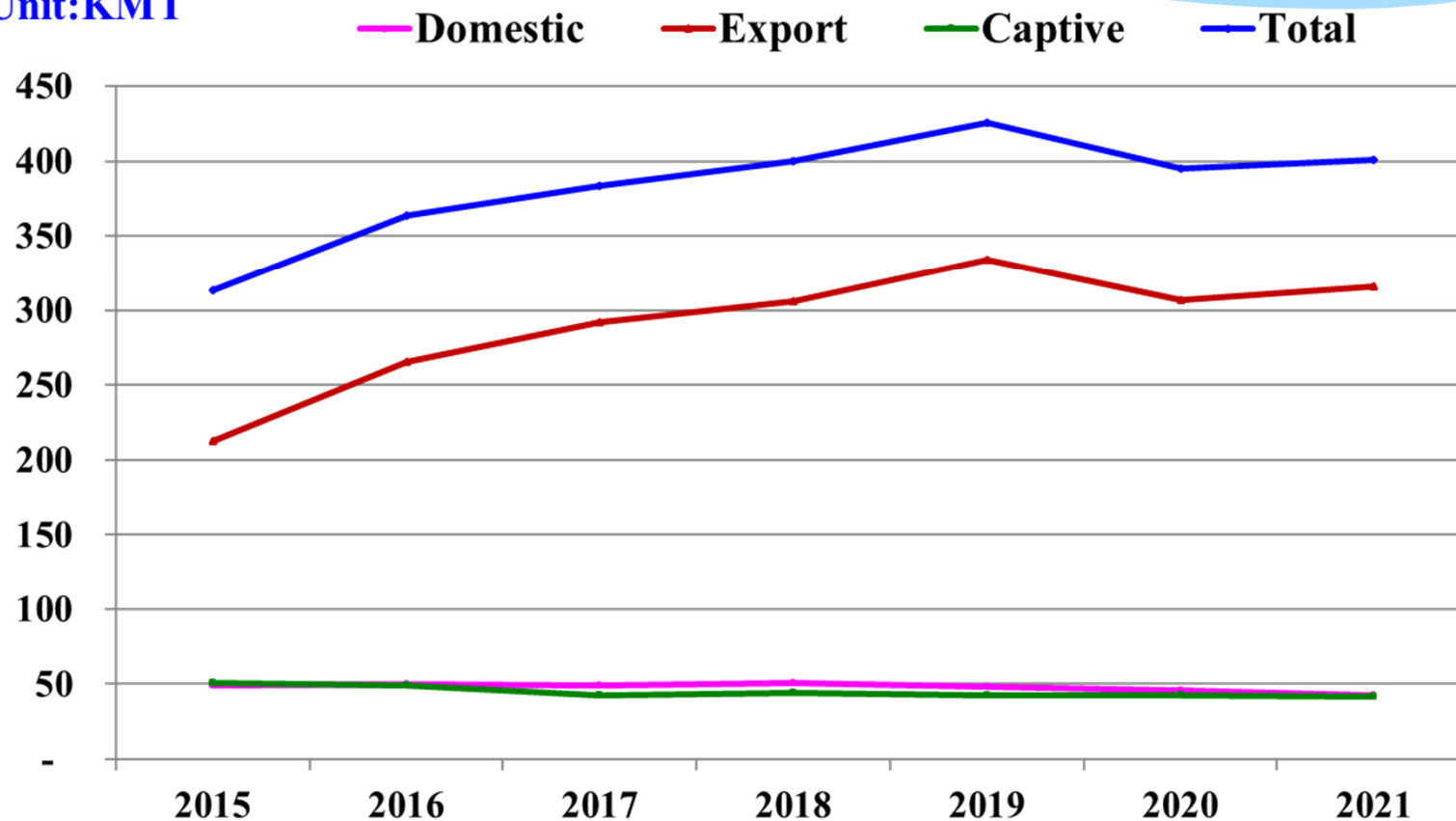
2021 Review: Consolidated Sales

- ◆ The consolidated sales in 2021 was NT\$20.222B, which increased by NT\$6.488B YoY (47%↑) .
- ◆ Sales Quantities (KT)

	2021	2020	Growth
VCM/PVC	387	365	22
PVC Products	63	63	0
Alkaline	60	58	2
Total	510	486	24

2021 Review : PVC Sales Mix

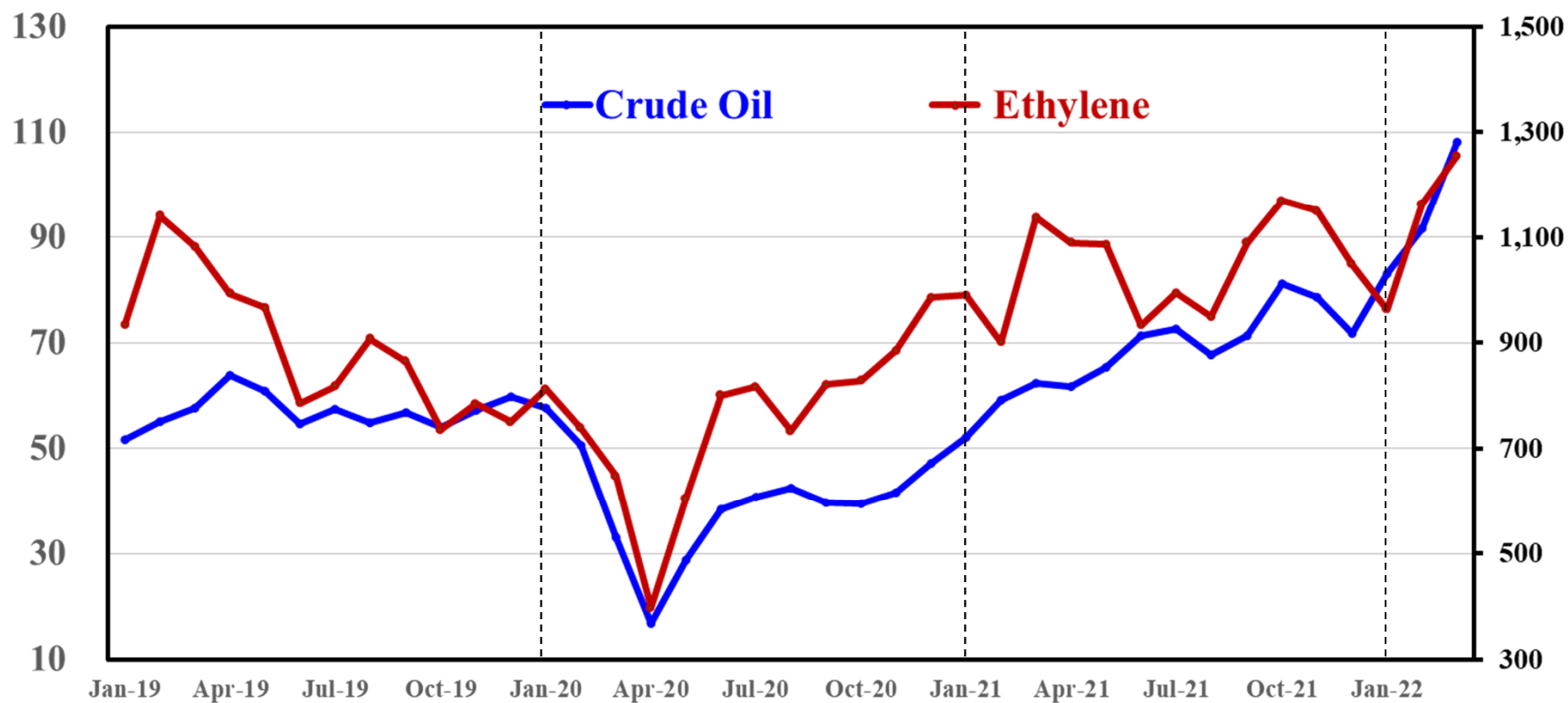
Unit:KMT



Crude Oil & Ethylene Price Trend

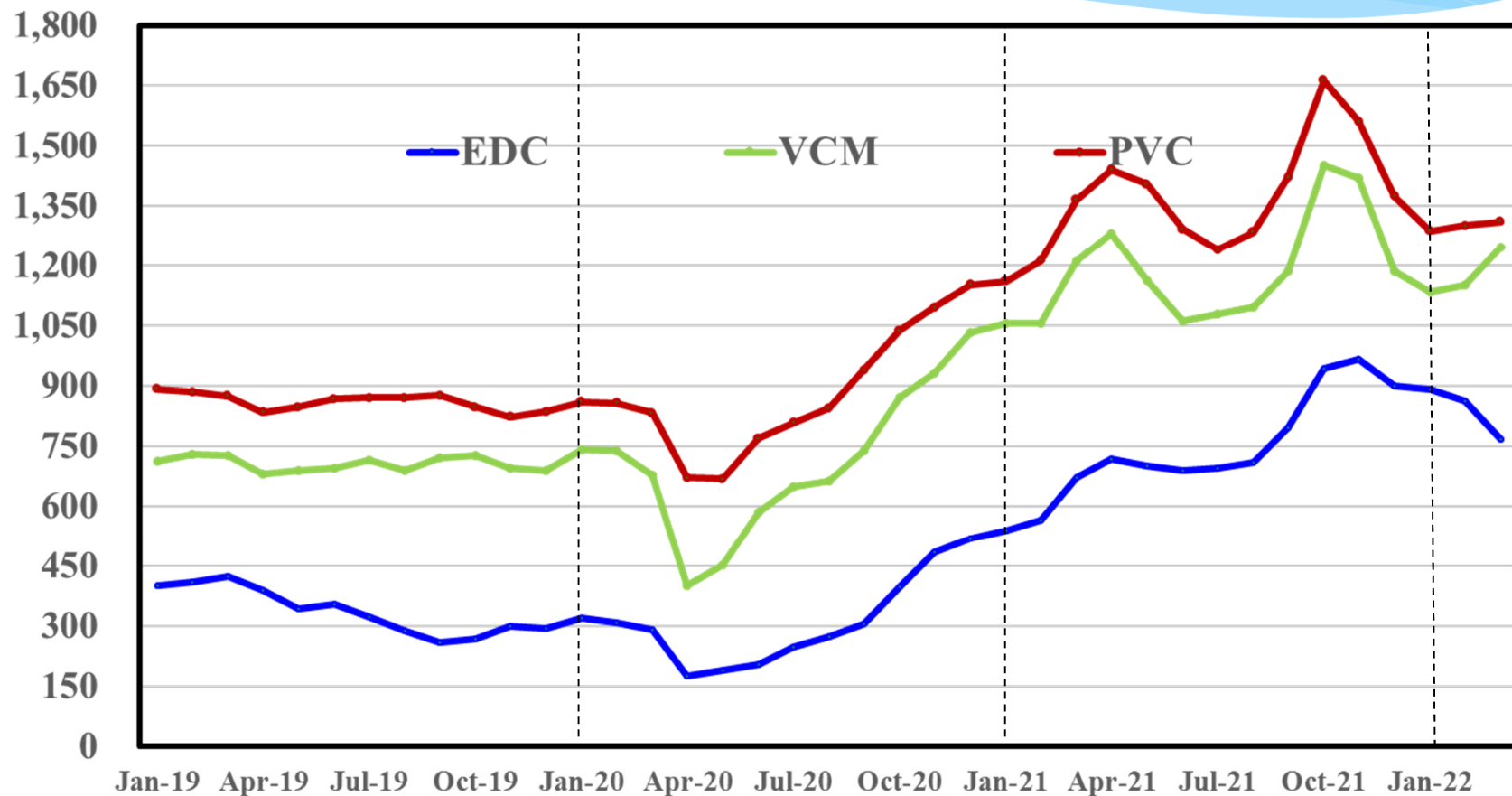
Unit:US\$/bbl WTI

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



PVC/VCM/EDC Price Trend

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



Q1 2022 Outlook: Ethylene

- ◆ The ethylene production and export volume in US has hit record high for past two consecutive years amid rapidly capacity expansion. In 2022, more than 4 million mt/yr of ethylene capacity is expected to start-up in US. Combined with the plan expansion in Asia, overall new capacity will be added to exceed 10M mt/yr in 2022.
- ◆ The oil demand recovery and OPEC+ resisted to increased output. The oil price held at high levels amid tight supply. However, the conflict of Russia and Ukraine weighing on the shortage, sent prices soaring. The oil price fluctuated. So, crackers were reluctant to improve operation rate due to high upstream volatility and poor margin of derivatives. North East Asian ethylene price is expected to move to reasonable range amid new capacity gradually start-up and war may be limit in a region.

Q1 2022 Outlook: EDC/VCM

- ◆ Braskem's chlor alkali plant may fully resumed the production. In 2021, Brazil's EDC import is lower 42% (YoY) to 206 kmt.
- ◆ **EDC**: US EDC production in Q4 2021 increase 12.1% compared to last quarter, the highest quarter since Q3 2015. Global EDC supply would be more balance amid consisting firm PVC and caustic soda market.
- ◆ **VCM**: Global PVC price is sharply declined after China dual-control policy last year. VCM sentiment fell. Therefore, the buyers and traders' inventory were held at lower levels. However, heavy turnaround and unplanning outage weighing on supply. PVC sentiment is turning to positive and driving VCM buyer to purchase. The VCM market outlook would be optimistic this year.

Q1 2022 Outlook: PVC Supply (I)

- ◆ Chinese PVC O/R had been going up from the bottom in last October. Current rate is about 80%, which is not so high as 85% in last Q1. The current PVC inventory in East Coast is lowest in last five year. Chinese PVC production is expected running at rather low lever because of supply shortage and high price of VCM, expensive carbide and weak PVC demand in domestic market.
- ◆ Korean cracker shut down, T/A before April in Korea and Japan and power shut accident happened in Taiwan will definitely reduce the PVC outputs in near future.

Q1 2022 Outlook: PVC Supply (II)

- ◆ **The US PVC running had been abnormal until last October. The inventory hit the bottom in last November. As the peak season in US is coming, the PVC production and sales are almost break-even currently. However, the PVC sellers are more interesting to deal with Asian cargoes for the strong global demand because of the problems of logistics and ocean shipment issues happened in US.**
- ◆ **Russia and Ukraine used to be the PVC exporters. There are no export business for these two countries because of the war. The high energy costs and production cuts in Europe have been reducing PVC output as well.**

Q1 2022 Outlook: PVC Demand

- ◆ **The Eastern Chinese domestic PVC after Chinese New Year increased by ¥600 and the import PVC increased by US\$60 in the same period. Buyers of import PVC aimed at cargoes from Taiwan, Korea and Japan. The new offer for April shipment is expected to increase again.**
- ◆ **The global demand of post-Covid is improving. The PVC market prices hit the bottom and going upward.**
 - **South Asia: The buying season starts first in India and Bangladesh and Sri Lanka follow. This is the No. 1 area for price increase.**
 - **Africa & M East: The main markets for cargoes of US and Europe need Asian cargoes to support because of the supply shortages from Europe, US, Russian and Ukraine.**
 - **C/S America: The PVC demand is improving because of the starts of infrastructure and government housing for the poor.**

Q1 2022 Outlook: PVC Products

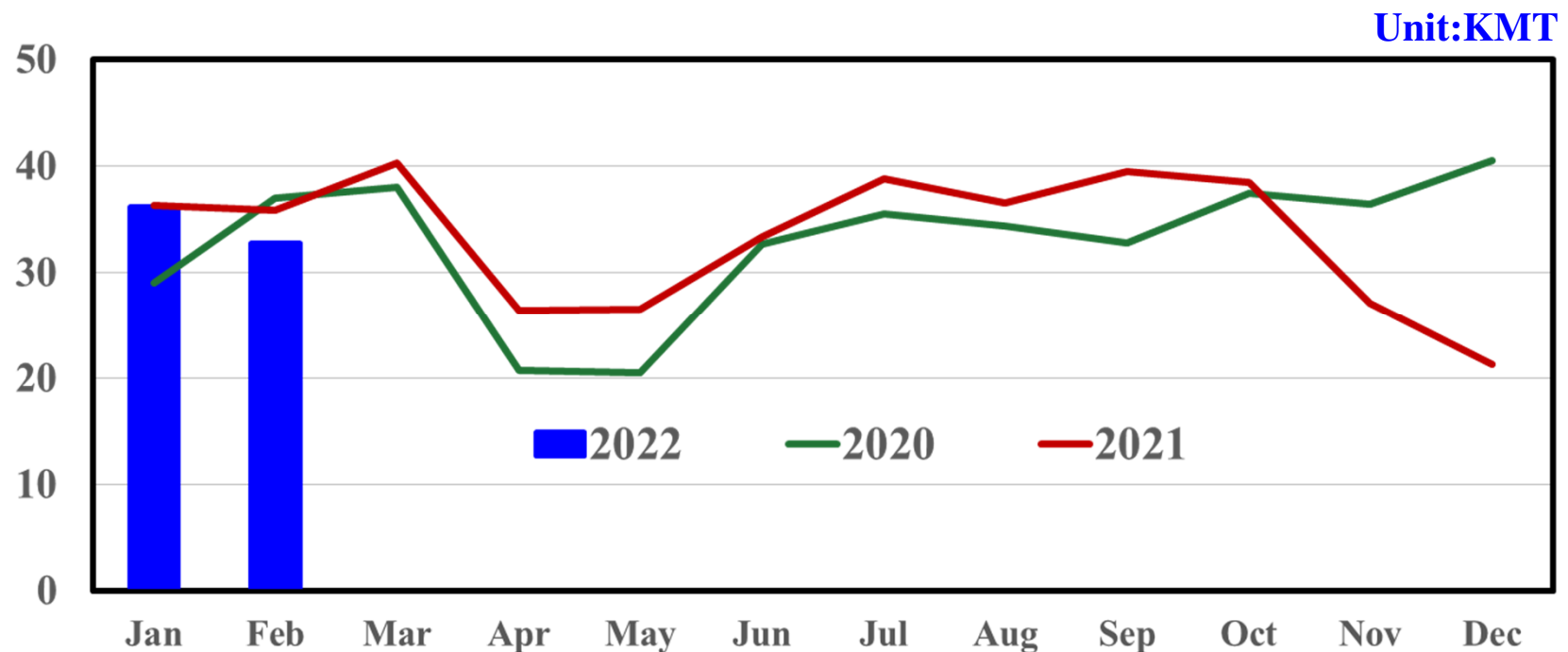
- ◆ **The overall global demand is improving. But the PVC film business is limited due to the international shipping problems. The price increases of PVC and plasticizer have obviously been pushing the film purchases especially for tape applications this year. The demand in Europe is weak because of the war between Russia and Ukraine. However, the demand in US, Australia and SEA is expected improving.**
- ◆ **Our sales of artificial leather in US has been slow since last Q4 due to ocean transportation problems and high inventory at customer end. However, we have enhanced our new developments with physical properties and diversity. The properties cover cool temp., anti-scratch, stain resistance, abrasion resistant and environment friendly materials. The new developments will expand wider business scope and achieve our business growth.**

2022 Outlook : PVC Sold by Month

PVC total quantity sold in 2021:

YTD in February:

YoY increase:

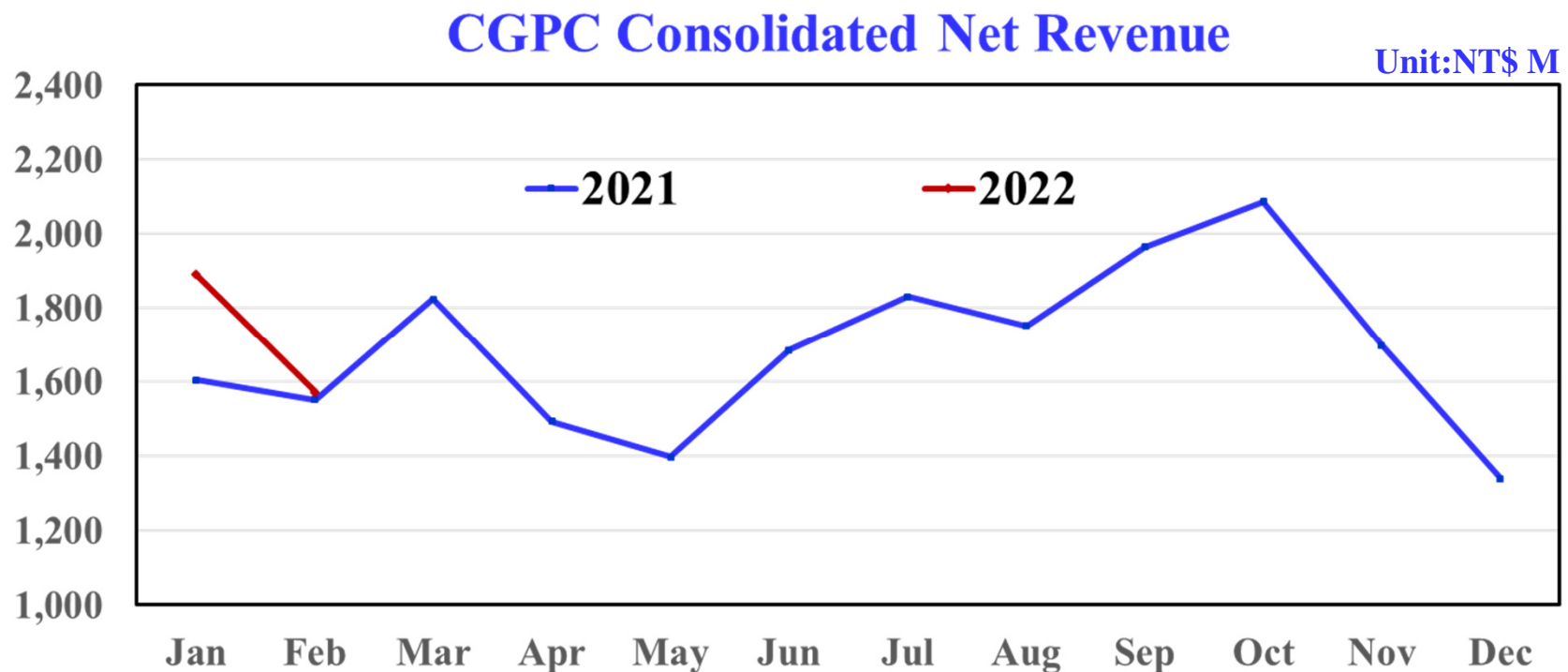


2022 Outlook : Consolidated Sales

CGPC consolidated net revenue:

YTD in February:

YoY increase:





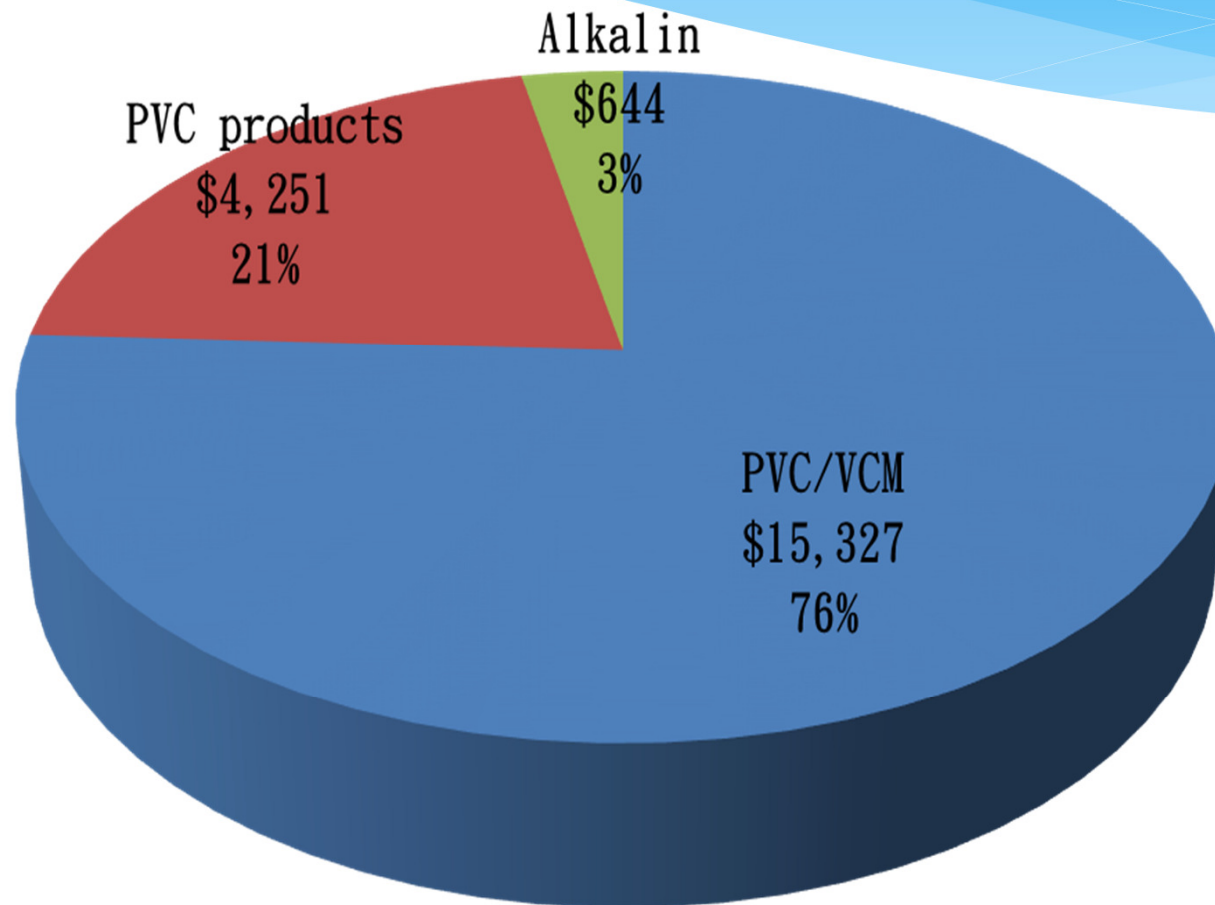
China General Plastics Corporation and Subsidiaries

Finance information

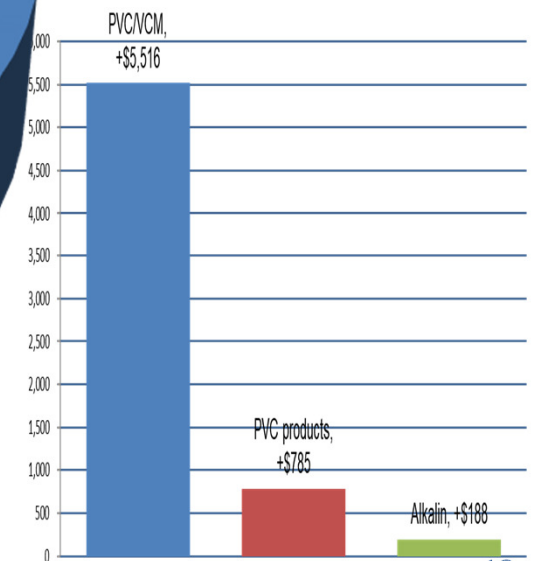
Reporter : C.C.Kuo Manager

Date : Mar. 22, 2022

2021 Sales by product (NT\$million)



2021 F.Y. Inc./ (dec.) - compared to 2020 F.Y.



China General Plastics Corporation and Subsidiaries

Consolidated Statements of Income

(In millions of NTD, except per share data)

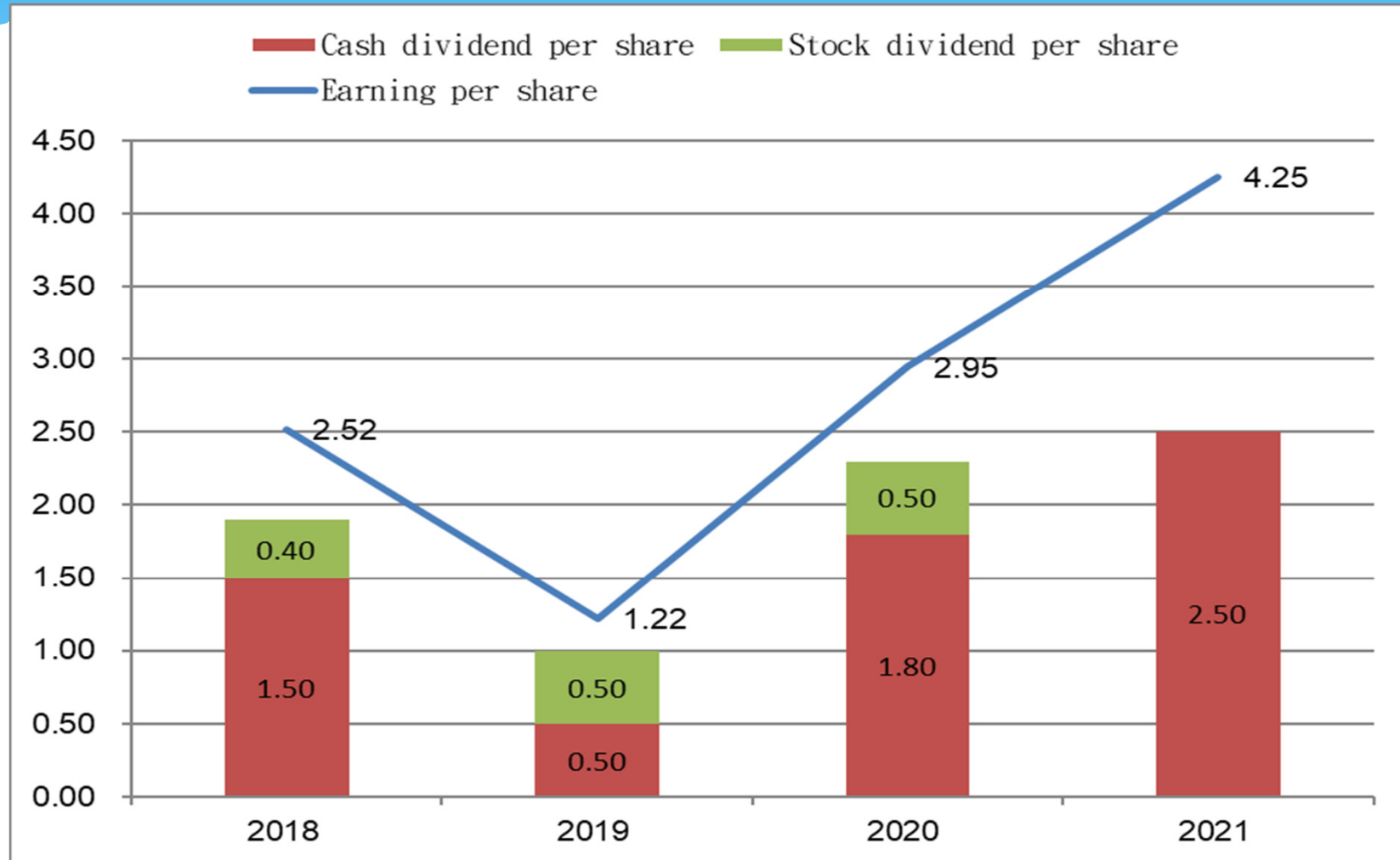
	2021 FY	2020 FY	YoY%	2019 FY	2018 FY
Sales	20,222	13,733	47.2%	15,118	15,193
Cost of goods sold	15,181	10,374	46.3%	13,148	12,490
Gross profit	5,040	3,359	50.0%	1,969	2,703
gross profit ratio	24.9%	24.5%		13.0%	17.8%
Operating expenses	1,723	1,215	41.8%	1,196	1,130
Operating income	3,317	2,144	54.7%	774	1,573
operating income ratio	16.4%	15.6%		5.1%	10.4%
Non-operating income(loss)	(10)	21	-147.7%	84	89
Income before income taxes	3,307	2,165	52.7%	858	1,662
Income taxes	676	374	80.8%	160	306
Net income	2,631	1,792	46.9%	698	1,356
net income ratio	13.0%	13.0%		4.6%	8.9%
Net income attributable to					
- China General Plastics Corporatio	2,469	1,634	51.1%	643	1,276
- noncontrolling interest	163	158	3.3%	55	80
Earnings per share	4.25	2.95	43.9%	1.22	2.52
adjusted		2.81		1.11	2.20

China General Plastics Corporation and Subsidiaries

Financial ratio analysis

	2021 FY	2020 FY	2019 FY	2018 FY
Operating income margin(%)	16.4	15.7	5.1	10.4
Net income margin(%)	13.0	13.1	4.6	8.9
Debt ratio(%)	30	26	29	33
Current ratio(%)	264	265	288	300
Quick ratio(%)	152	208	193	215
Accounts receivable turnover	36	45	40	42
Inventory turnover days	52	47	44	52

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



Q & A