



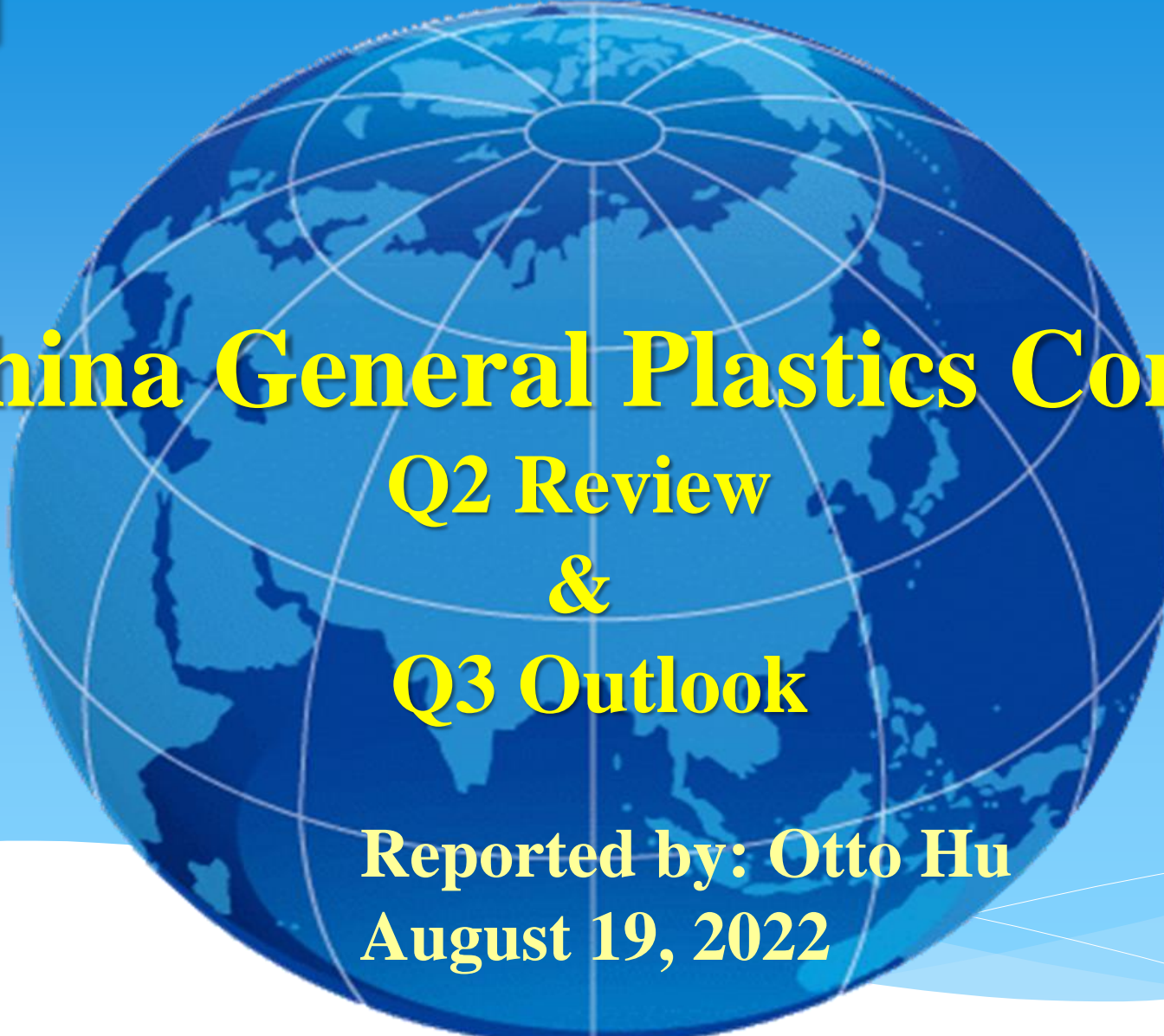
華夏海灣塑膠股份有限公司

China General Plastics Corp.

Investor Conference

2022/8/19

Time	Itinerary	Reporter
15:30~ 16:00	VIP Registration	
16:00~ 16:30	Q2 Review & Q3 Outlook	胡吉宏 執行副總 Otto Hu, Executive VP
	Q2 Finance Information	郭建洲 經理 C C Kuo, Manager
16:30~ 17:00	Wrap up / Q & A	林漢福 副董事長 H F Lin, Vice Chairman



China General Plastics Corp.

Q2 Review & Q3 Outlook

Reported by: Otto Hu
August 19, 2022

Q2 2022 Review: PVC feedstocks

- ◆ **Ethylene** Ongoing war between Russia and Ukraine restricted oil supply. Thus, oil price held at high level. However, China's lockdown and zero-covid policy drags on ethylene and derivatives. Even through Crackers lower the operation rate, the ethylene market still sluggish leading to 15 consecutive declining.
- ◆ **EDC** Due to US Vinyl-relative production glitch and bullish domestic PVC demand, producers were unwilling to sell at low and trying to raise the price resulted in high US export price in Q2. Asian EDC price was affected and declined slowly, which reduced and eroded the margin.
- ◆ **VCM** China's Covid-relative shutdown impacted Vinyl market and caused China Q2 VCM import falling 35% (QoQ). Asian market activity was sparse, and price fell. Buyers adopted a wait and see attitude for PVC price trend.

Q2 2022 Review: PVC

- ◆ **Chinese logistics issues and weak demand in Q2 was mainly due to lockdowns for Covid-19. The PVC inventory was under pressure even though the O/P rate reached low at 75%. The PVC demand was improving but not lasted long in early June. So, more than 1,200kt of PVC was exported in H1, which was 13% up YoY.**
- ◆ **The high prices of energy and polymers were the cause of the War Russia-Ukraine. However, the PVC demand has shrunk by and by owing to inflation, interest raise and strong Dollars. The huge export quantities of Chinese PVC with low prices had destroyed the markets especially in India, Bangladesh and SEA later in Q2 and led prices going down from the highest end.**

Q2 2022 Review: Consolidated Sales

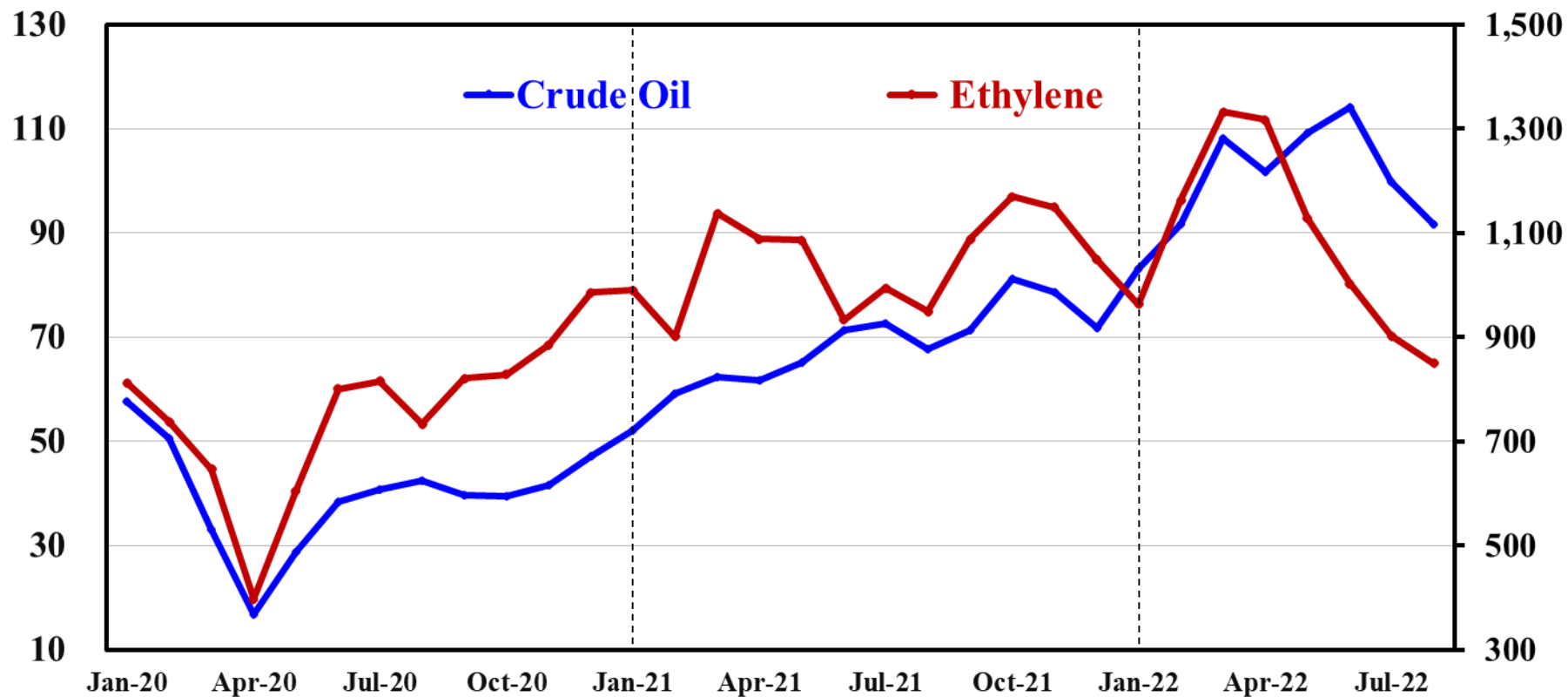
- ◆ The consolidated sales in H1 was NT\$10.147B, which increased by NT\$0.592B YoY (6.2%↑) .
- ◆ Sales Quantities (KT)

	H1 2022	H1 2021	Growth
VCM/PVC	193	181	12
PVC Products	26	31	(5)
Alkaline	29	29	0
Total	248	241	7

Crude Oil & Ethylene Price Trend

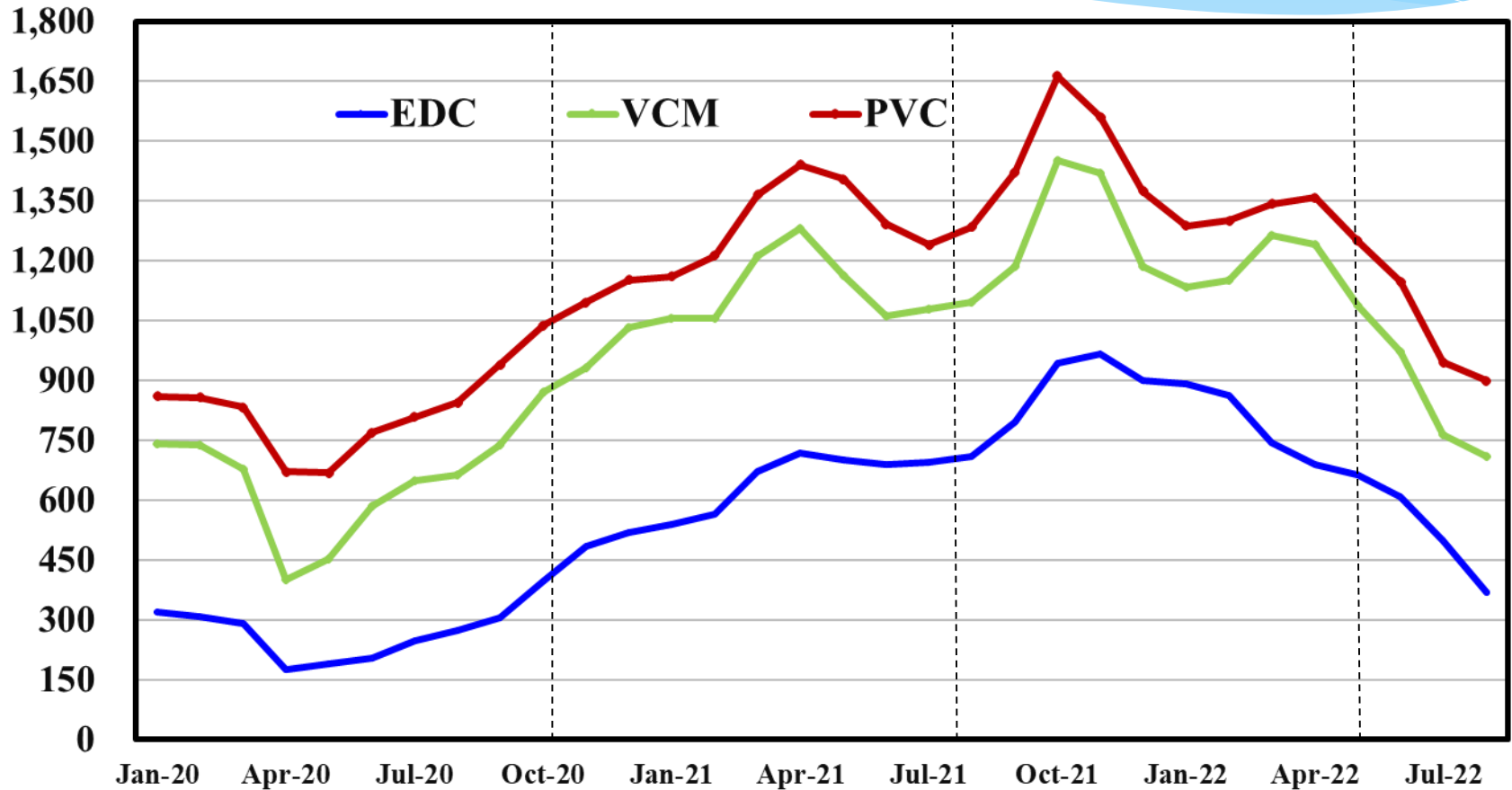
Unit:US\$/bbl WTI

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



PVC/VCM/EDC Price Trend

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



Q3 2022 Outlook: Ethylene

- ◆ **Global energy demand were contracted because cost sharply hiked. WTI fell to pre-Ukraine war level. Both of OPEC⁺ and US slowdown the expand pace due to the demand uncertainty. Crude oil may hold the price within certain range as still conflict in Ukraine.**
- ◆ **US ethylene production and export volume hit a record high and increased 12% and 128% in 2022 H1 compared to last year. As US ethylene capacity is ongoing expansion, US ethylene production and export volume are anticipated to climb further.**
- ◆ **China and US are to lead the charge for ethylene expansions. The expansions are expecting to come online with a total capacity around 10 M mt/yr in 2022 and most of them will start up in H2. The market with surplus of ethylene will be further weighing on price amid supply pressure.**

Q3 2022 Outlook: EDC/VCM

- ◆ **EDC** US EDC production get rid of lower level from Q1 increasing 18% (QoQ), 8.2% (YoY) in Q2 2022. In H1, EDC production increase 5.5% compared to last year. Although US EDC export volume fell 5.7% (YoY), but export volume in Q2 is higher than Q1 by 14.2%, which means US EDC production and Export volume are gradually returning to normal and price as well.
- ◆ Asian C/A O/P rate is expected to keep at high level amid profitable price of caustic soda. Thus, as US EDC production is recovery, overall EDC supply would be more easing in Q3 2022.
- ◆ **VCM** VCM supply is expected to decline as major producers in Japan, S. Korea and Taiwan are having a maintenance in H2 2022. However, the price gap between bid and offer will be wide amid the uncertainty and more cautious stance from buyers.

Q3 2022 Outlook: PVC Supply

- ◆ **Chinese PVC prices rebounded from the bottom in mid. July. Current PVC O/P rate is about 75% and maintains the inventory at stable level. The PVC producers prefer keeping more allocations in domestic market for better profit margin. So, the overseas markets in Asian looks stable currently.**
- ◆ **The T/As in Taiwan, Korea and Indonesia are under schedule in Q3. Some of other producers are also cutting PVC output for slow demand. The overall supply is expected limited.**
- ◆ **US suppliers are trying to move more PVC to overseas markets because of high inventory. The situation is expected to last to year end if the domestic demand is still slow and there is no hurricane impact in the coming months.**

Q3 2022 Outlook: PVC Demand (I)

- ◆ **The Chinese future and spot PVC prices rebounded from the bottom in mid. July because of the actions taken by the government on housing, bank's loan and infrastructure. As 20th National Congress of the Chinese Communist Party is on going, the positive outlook is expected to stabilize the overall Asian PVC markets.**
- ◆ **South Asia: The H1 PVC imports of India increased by 3% YoY despite the low imports in Q1. The PVC demand for agriculture is expected to improve again after monsoon even though buyers are looking for cheap cargoes only right now. Bangladesh buyers took wait & see manner and kept low PVC inventory before August. Currently more and more inquiries are coming out. The traditional applications for wire, cable and pipe are on season near soon. The PVC demand is expected getting stronger.**

Q3 2022 Outlook: PVC Demand (II)

- ◆ **SEA**: Due to the war trade between US and China, the downstream fabricators had moved from China to South East Asia especially to Vietnam. The current annual PVC consumption in Vietnam is about one million tons majorly for window shade and flooring. The order intakes here increased because of Chinese lockdowns for Covid-19 in Q2. Productions and shipments are expected to increase again for the strait crisis between Taiwan and China in the future.
- ◆ **Africa & M East**: US is available to export more PVC since Q3. The target markets cover M East, Turkey and Africa. Based on the cheap prices, US PVC can probably win back the biggest market share soon in these areas. But, Taiwanese PVC suppliers still have chance to maintain the basic business under the strategies of fast shipment and specific grades for some special applications.

Q3 2022 Outlook: PVC Products

- ◆ **The Taiwanese new house opening and transaction have been cooling down since later Q2. However, the business of pipes and door panels for the on going projects of constructions are still good. As for the projects run by the government for T3 of Taoyuan Airport, wind power facilities and new city development are under construction based on the budget.**
- ◆ **The US logistics issues eased finally. Some of customers have digested the inventory of artificial leather gradually in Q2. The new purchases for auto, farm car, marine and furniture are improving. The material costs of PVC, plasticizer and additives have much decreased recently. This will help the downstream fabricators especially the tape industries of auto, packaging and house construction for restocking and run more business.**

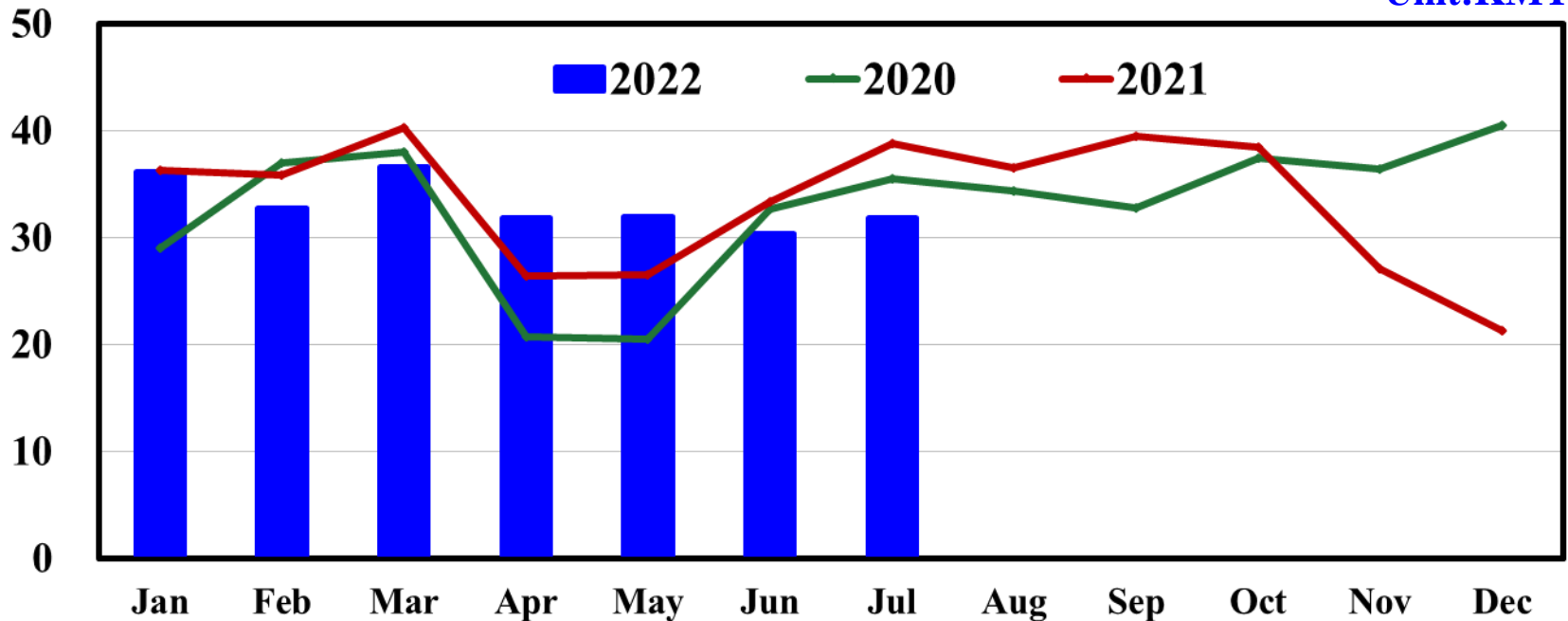
2022 Outlook : PVC Sold by Month

PVC total quantity sold in 2022:

YTD in July: more than 230kt

YoY increase: -2%

Unit:KMT



2022 Outlook :

Consolidated Sales

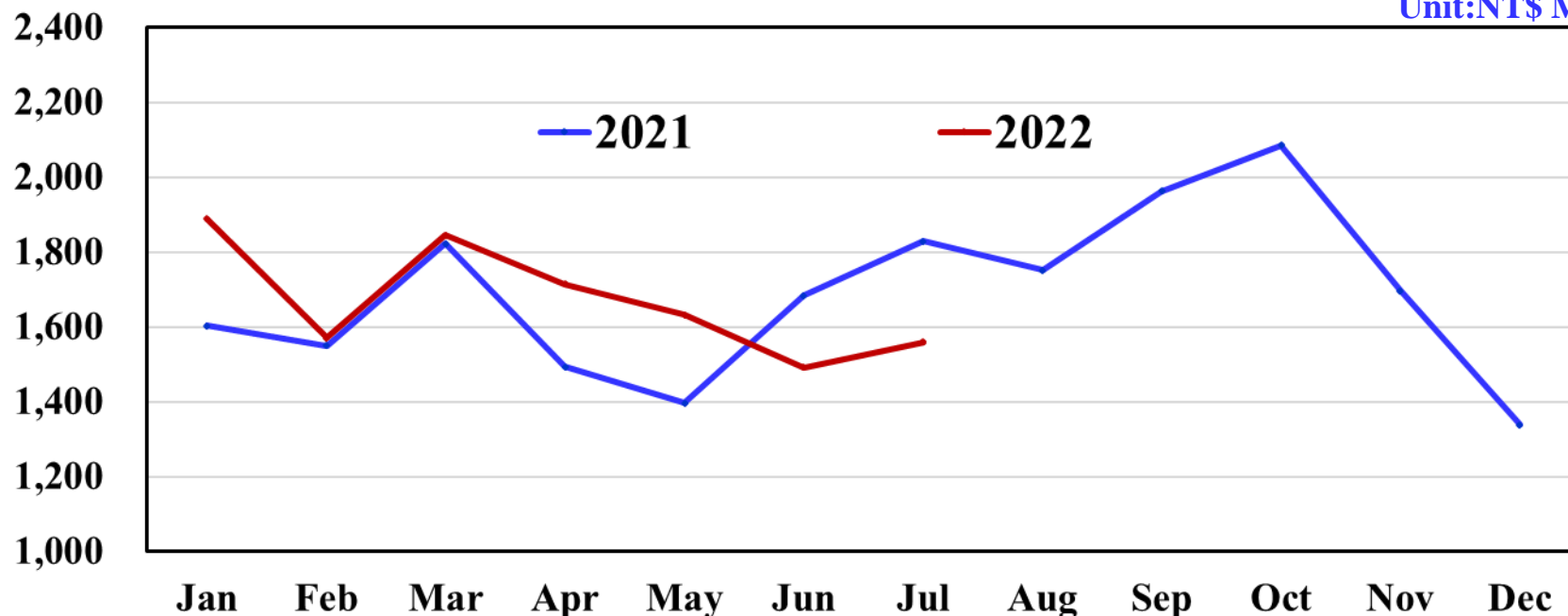
CGPC consolidated net revenue:

YTD in July : 11.708B

YoY increase: +2.9%

CGPC Consolidated Net Revenue

Unit:NT\$ M





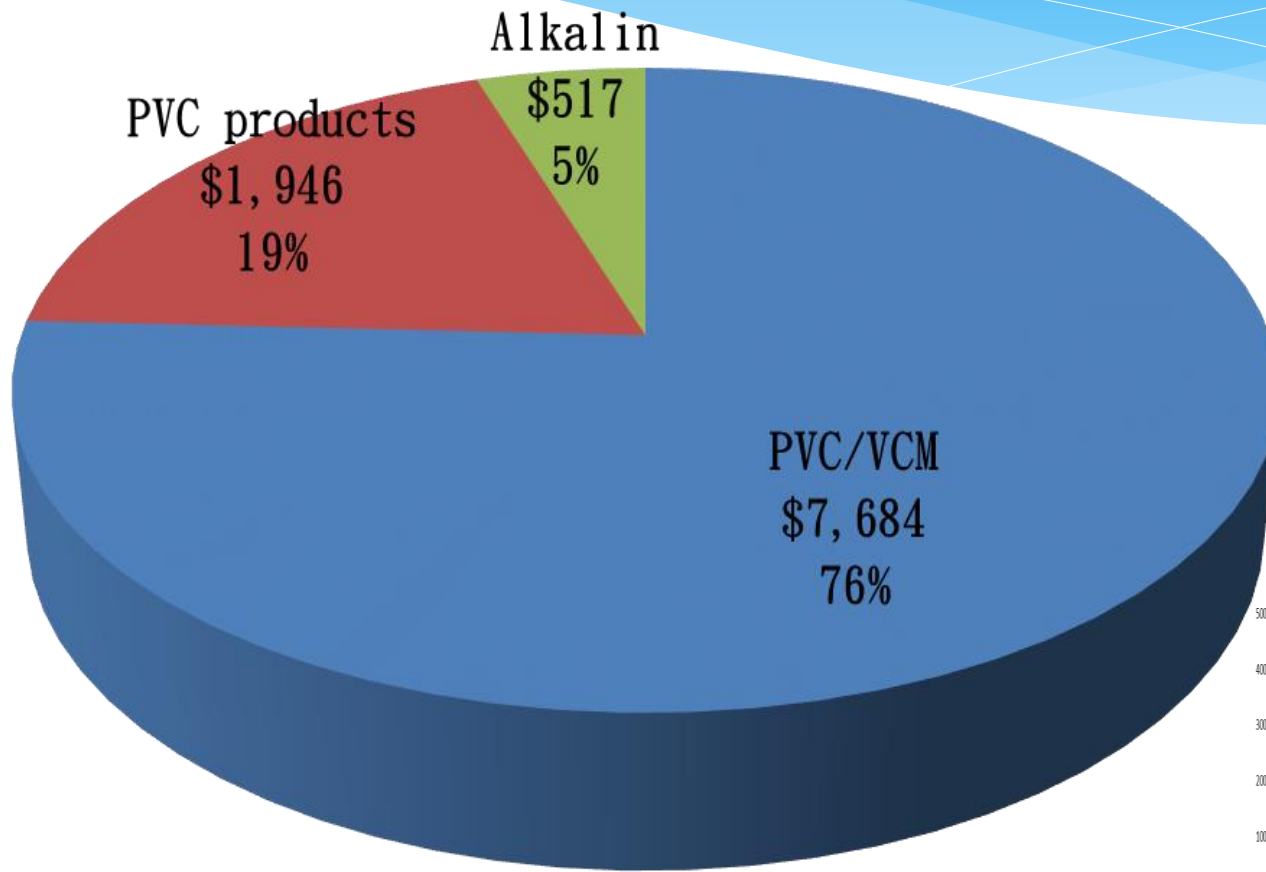
China General Plastics Corporation and Subsidiaries

Finance information

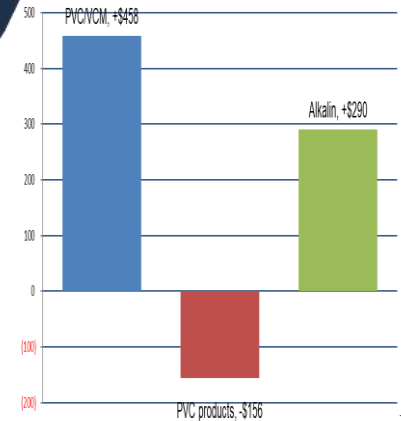
Reporter : C.C.Kuo Manager

Date : 2022, Aug. 19

2022 HY Sales by product (NT\$million)



2022 HY Inc./(dec.)- compared to 2021 HY



China General Plastics Corporation and Subsidiaries

Consolidated Statements of Income

(In millions of NTD, except per share data)

	2022 Jan. - Jun.	2021 Jan. - Jun.	YoY%	2021 FY	2020 FY	2019 FY
Sales	10,147	9,555	6.2%	20,222	13,733	15,118
Cost of goods sold	9,147	6,772	35.1%	15,181	10,374	13,148
Gross profit	1,000	2,783	-64.1%	5,040	3,359	1,969
gross profit ratio	9.9%	29.1%		24.9%	24.5%	13.0%
Operating expenses	938	847	10.7%	1,723	1,206	1,196
Operating income	63	1,936	-96.8%	3,317	2,154	774
operating income ratio	0.6%	20.3%		16.4%	15.7%	5.1%
Non-operating income(loss)	391	(79)	-598.2%	(10)	21	84
Income before income taxes	454	1,858	-75.6%	3,307	2,175	858
Income taxes	42	377	-89.0%	676	374	160
Net income	412	1,480	-72.1%	2,631	1,801	698
net income ratio	4.1%	15.5%		13.0%	13.1%	4.6%
Net income attributable to						
- China General Plastics Corporation	363	1,373	-73.6%	2,469	1,634	643
- noncontrolling interest	49	107	-53.8%	163	158	55
Earnings per share	0.62	2.36	-73.8%	4.25	2.95	1.22
adjusted		2.36		4.25	2.81	1.11

China General Plastics Corporation and Subsidiaries

Financial ratio analysis

	2022 Jan.-Jun.	2021 Jan.-Jun.	2021 FY	2020 FY	2019 FY
Operating income margin(%)	0.6	20.3	16.4	15.7	5.1
Net income margin(%)	4.1	15.5	13.0	13.1	4.6
Debt ratio(%)	37	32	30	26	29
Current ratio(%)	191	192	264	265	288
Quick ratio(%)	95	131	152	208	193
Accounts receivable turnover	33	40	36	45	40
Inventory turnover days	67	44	52	47	44

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- ◆ **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