

2024



Investors Conference

2024/11/26



China General Plastics Corp.

Investor Conference

2024/11/26

Time	Itinerary	Reporter
15:30~16:00	VIP Registration	
16:00~16:30	Review for Q3 & Outlook for Q4	J H Wu, Manager
	Finance Information for Q1~Q3	C F Li, Manager
16:30~17:00	Q&A	Otto Hu, President

2024 Q3 Review & Q4 Outlook

November 26, 2024

Reporter : J.H. Wu

2024 Q3 Review: PVC upstream raw materials

- ◆ **Ethylene** : China has frequently rolled out fiscal and consumption stimulus measures, but the effect on boosting the economy is limited. Manufacturing PMI has contracted for months and the weak demand for ethylene derivatives and related plastics has caused the prices of ethylene in Northeast Asian to fall to the lowest point of the year, even though the crackers maintained low operating rates.
- ◆ **EDC** : News of an unexpected shutdown of chlor-alkali plants around the world has affected EDC output. The U.S. EDC exports in Q3 declined by over 13% year-on-year. The tightening supply has made suppliers less willing to sell at low prices. Buyers were concerned about the uncertainty of downstream demand and tended to purchase on an as-needed basis. As a result, EDC price in Asia is experiencing slight fluctuations and downturn.
- ◆ **VCM** : The global PVC market was suppressed by China's export. Some VCM manufacturers in Asia extended annual repair due to poor gross profit. Their unplanned shutdowns and production reductions lead to an overall reduction in supply. However, with the decline in PVC market, VCM prices fell instead of rising and the spread narrowed.

2024 Q3 Review:

PVC General Market Conditions (I)

- ◆ The excess capacity of China's top five commonly-used plastics has aggravated the spillover into the international market. The PVC inspections paragraph has been set up and the operating rate has gradually increased (from 73% to 80%). However, due to China's weak macroeconomic construction, sluggish demand in plastic processing, and the year-on-year decrease in real estate sales and new construction, the domestic demand for PVC was dragged down. Inventory remained high and futures dropped. Benefiting from BIS extension and pressure to reduce inventory, China has actively increased exports and its export volume has risen by 10% year-on-year in the first nine months.

2024 Q3 Review:

PVC General Market Conditions (II)

- ◆ India's monsoon disruption suppressed the rigid demand for pipes and infrastructure. However, with a sharp decline in Asian freight rates, the delayed implementation of BIS, rumors of temporary ADD, and the pressure on China's inventory to sell at low prices, buyers have been doing speculative imports. As a result, Q3 PVC imports remain large with an increase of 4.3% YoY. The neighboring Bangladesh gradually recovered from political turmoil, affecting finance and logistics. PVC demand has slowed down. Southeast Asia was hit by rainy season and typhoons, poor demand for end products and low price of China's goods has resulted in volume decrease and price decline.
- ◆ U.S.'s Q3 related economic data, including PMI, CPI, and unemployment rate, has underperforms. The FED cuts interest rates by 0.5%. Due to annual repair of some PVC manufacturers and healthy demand from summer construction, domestic sales prices and volume was stabilized. The export sales was subject to European ADD and the demand slowed down in traditionally strong sales regions, resulting in falling export prices, reduced volumes, and the increase in inventory.

2024 Q3 Review: Consolidated Sales

- ◆ The YTD consolidated sales till Q3 was NT\$ 8.543 B , which decreased by 1.943 B YoY(19 %↓) 。

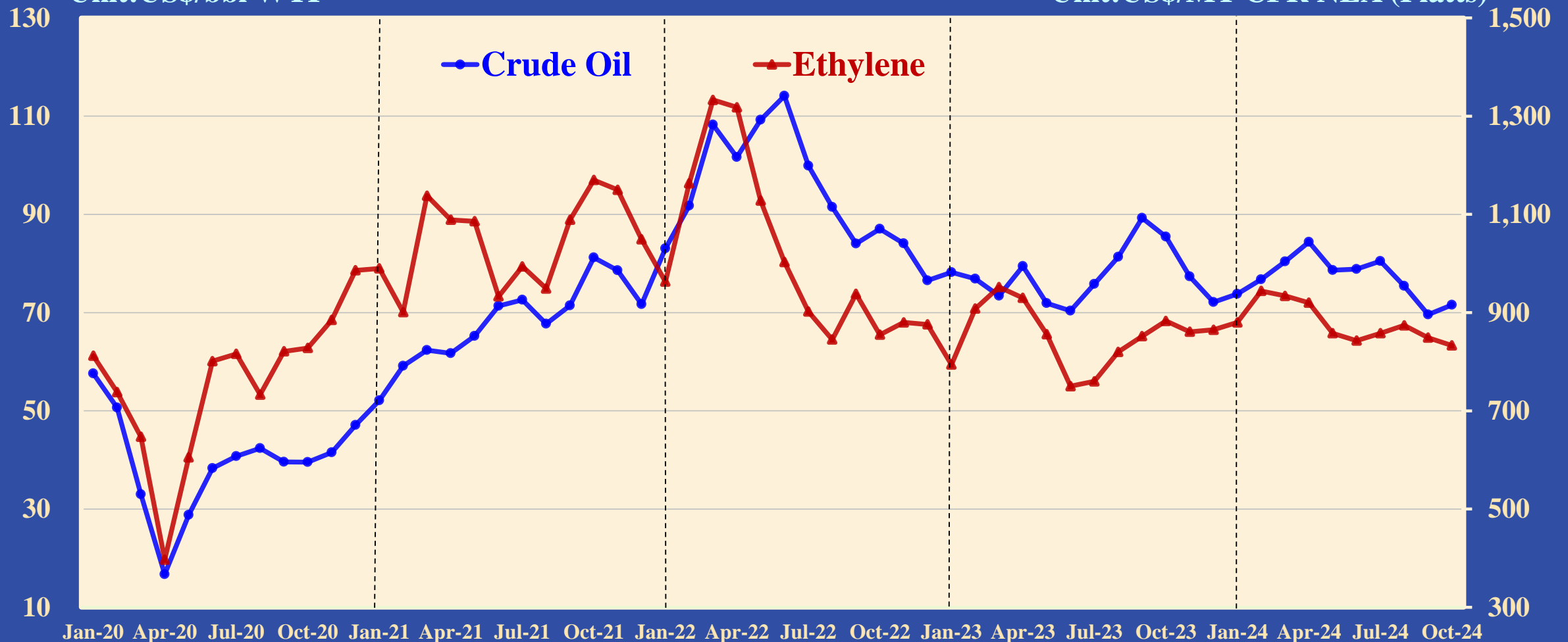
Q1~Q3 Sales Quantities(KT)

	2024	2023	+/-
VCM / PVC	233	294	-61
PVC Products	29	34	-5
Alkaline 100%	44	41	3
Total	306	369	-63

Crude Oil & Ethylene Price Trend

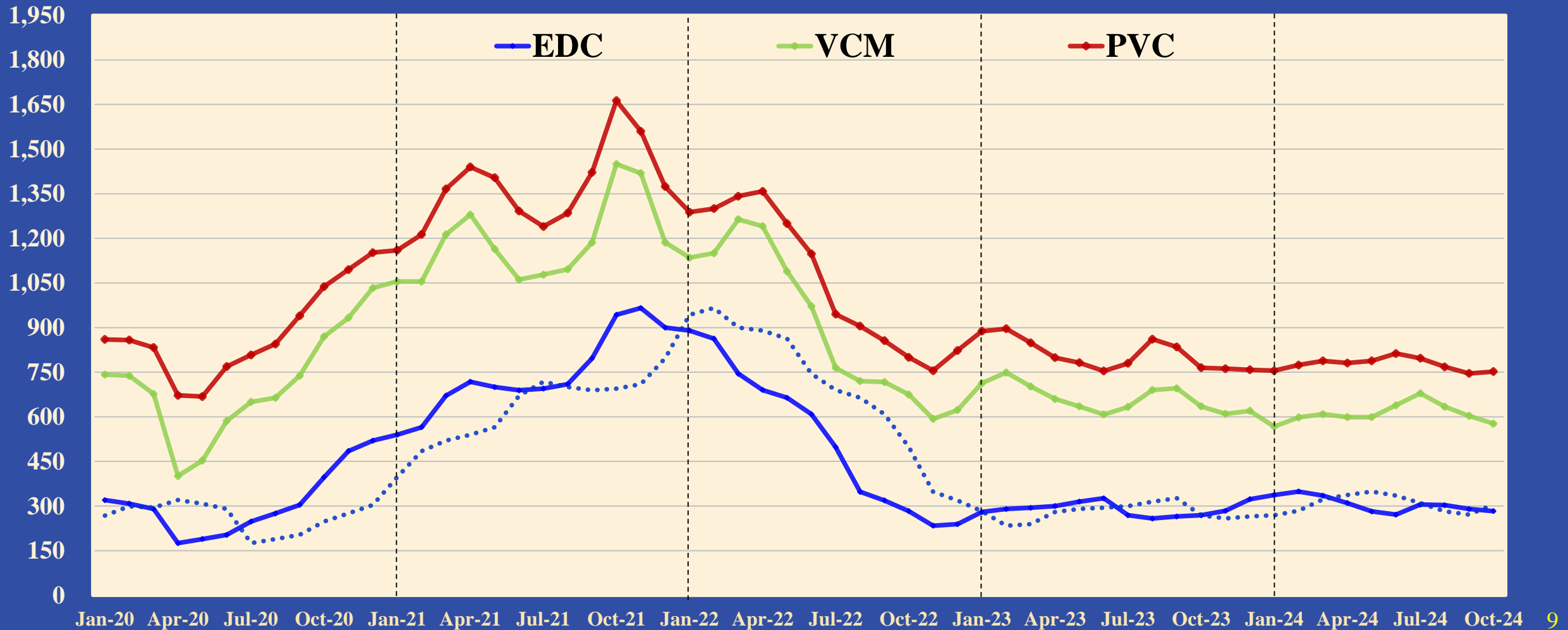
Unit:US\$/bbl WTI

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



PVC / VCM / EDC Price Trend

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



2024 Q4 Outlook: Ethylene

- ◆ Energy agencies have lowered their forecasts for global crude oil consumption growth several times. China's crude oil imports and refinery processing volumes have declined, coupled with a slowdown in global manufacturing. China's excess petrochemical capacity is further affected by the low demand for downstream petrochemical products. Capacity operation of crackers in Asia is conservative, and the Asian ethylene market is expected to sustain.
- ◆ Crackers in the U.S. have been resuming supply from annual repairs and accidents, and ethylene export prices have been rapidly revised down by about 38% from their highs, which has reopened the arbitrage space and led to a rebound in export volumes. However, recent fluctuations in international freight rates have weakened the attractiveness of ocean cargoes.
- ◆ OPEC+ extends production cuts to stabilize prices as international oil prices hit near three-year lows. However, the slowdown in global economic growth and the impact of China's policies are adding to the uncertainties in the demand for petrochemical downstream products. Demand for ethylene derivatives and related plastics is expected to remain weak and the market is expected to be mainly volatile.

2024 Q4 Outlook: EDC / VCM

- ◆ **EDC** : Asian caustic soda prices have risen to an annual high, driven by demand from aluminum refining, which is expected to boost alkali and chlorine operating rates. Additionally, the new EDC production capacity in South Korea will be put into operation by the end of the year, and the supply of EDC is expected to increase. However, due to the slowdown in China's economic growth, the demand for downstream VCM/PVC has slowed down. The spot EDC buyers have a strong wait-and-see intent. As a result, the outlook for EDC prices will be volatile and bearish in the future market.
- ◆ **VCM** : The China government has announced an increase in loan allocations and subsidies for the renovation of old houses, highlighting its determination to stabilize the housing market and the economy. The implementation of these policies in the future is expected to stabilize demand for VCM/PVC. Meanwhile, the market is concerned about India's anti-dumping duty rulings and the delayed BIS follow-up, which will have an impact on major PVC exporting countries and will affect changes in the VCM market.

2024 Q4 Outlook: PVC Supply

- ◆ China's commonly-used plastic continues to have high operating rate, imbalance between production and sales, and unchanged oversupply. In Q4, China's alkali and chlorine operating rate increased (↑82.2%). Considering PVC slight overhaul and new production capacity input, the winter operating rate is expected to be over 80%. Calcium carbide and VCM costs fall slightly but remain high. During the off-season of downstream, PVC social inventory remains high and the demineralization slows down.
- ◆ In Q4, crude oil and light oil prices declined, while ethylene prices remained firm, narrowing negative margins for Asian crackers. However, the demand for downstream derivatives and PVC was uncertain, and the upstream raw material cost of integrate PVC plants was still high. In winter, these plants will maintain normal operations, control the inventory level, and focus on maintaining the gross profit.
- ◆ In Q4, some U.S. manufacturers will complete debottlenecking efforts. The ending of hurricane season and increase of operational rates lead to ample supply. Overall inventory buildup will be rapid. Due to anti-dumping from Europe and India, production capacity is mainly for domestic demand and exports to Latin America, Africa and Southeast Asia.

2024 Q4 Outlook: PVC Demand (I)

- ◆ China government has implemented a series of economic stimulus policies in an attempt to rescue the housing market, promote the economy, achieve GDP targets, and approved RMB 10 trillion for local government debt swap. However, manufacturing PMI has continued to contract for months, and real estate construction has yet to recover. From the perspective of domestic PVC industry chain demand, the forward curve forecast indicates an upward trend. Due to the increase in freight rates, high preliminary anti-dumping duty rate in India, and the imminent implementation of BIS, the export market has shifted to Southeast Asia and Oceania for the purpose of de-stocking.

2024 Q4 Outlook: PVC Demand (II)

- ◆ As the rainy season ends, India's demand for agriculture, pipelines and infrastructure begins to start. However, due to the high import source and sufficient supply in the early stage, rising freight rates and the preliminary ruling of ADD, the Indian side's preparation of materials was slightly delayed. Nevertheless, with inventory levels decreasing by the end of the season and the impending implementation of ADD/BIS, non-China and non-U.S. source of goods are expected to be in strong demand again.
- ◆ U.S. economy weakens and the rates was cut by 0.25% more in November. PVC domestic demand weakens as construction, pipe and window starts to decrease in fall and winter. At the year end, the pressure to reduce inventory and tax is high, which will increase the exports to the traditionally advantaged regions, including Central and South America, the Middle East, Turkey and Africa. Competition from Southeast Asia is preferred in Asia.

Smart manufacturing and Sustainable management

Infra

- IoT
- Data Lake , Data Warehouse

Goal

- ✓ Information Integration
- ✓ Automatic Information
- ✓ Data-Driven workflow

Smart Production

AI gen the Baseline & Boundary

Goal

- ✓ Min Variance
- ✓ Enhance controllability & predictability
- ✓ Yield Up

Flexible Manufacturing

Intelligent production scheduling

Goal

- ✓ Small-volume Large-variety Production
- ✓ Improve efficiency
- ✓ Reduce cost and power consumption

Smart Factory

- Equipment automation
- Heterogeneous system Integration

Goal

- ✓ Improve operational effectiveness
- ✓ Decision support

Twin Transition

Digitalize production
First Time Right



PVC production
Chlor-alkali production
PdM & EQ monitor



2024 Q2

PVC smart scheduling
Chlor-alkali smart scheduling
Processing factory smart scheduling



2024 Q4

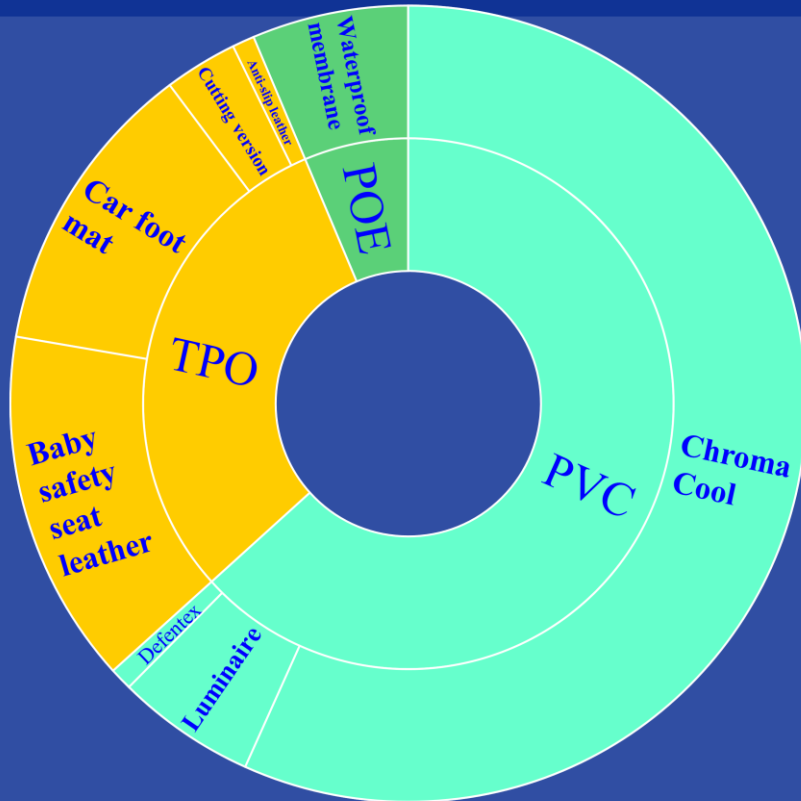


2025 Q3

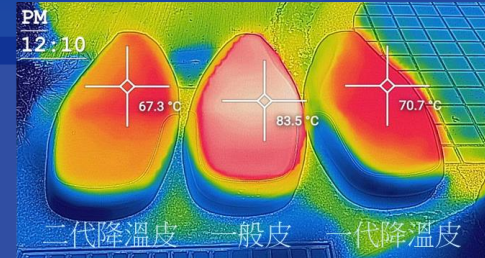
War Room
Auto defect detection
Auto packing & WHMS
Safety monitor & management
ERP Integration
Barcode & RFID with material management

Patenting High Value-added New Products (1/2)

Unit: kg/yd



Chroma Cool



Luminaire



Baby safety seat leather



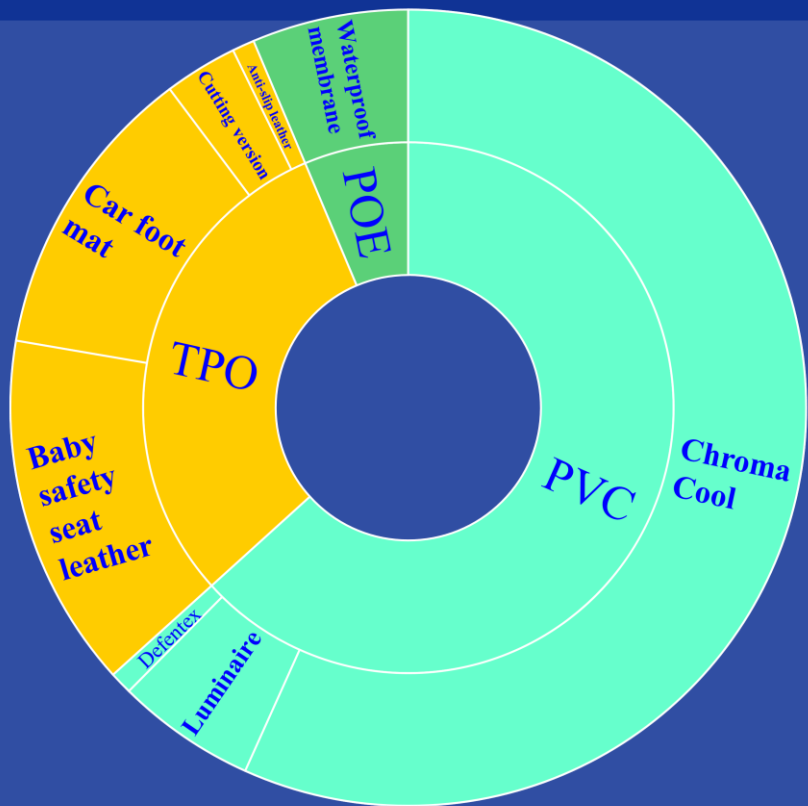
Defentex



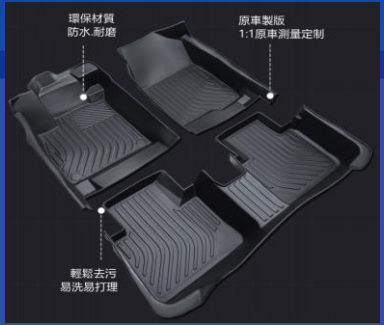
Chroma Cool	Luminaire	Baby safety seat leather	Defentex
122,801	12,287	31,172	1,977

Patenting High Value-added New Products (2/2)

Unit: kg/yd



Car foot mat



Waterproof membrane



Cutting version



Anti-slip leather



Car foot mat	Waterproof membrane	Anti-slip leather	Cutting version
26,122	13,780	1,953	6,430

China General Plastics Corp.

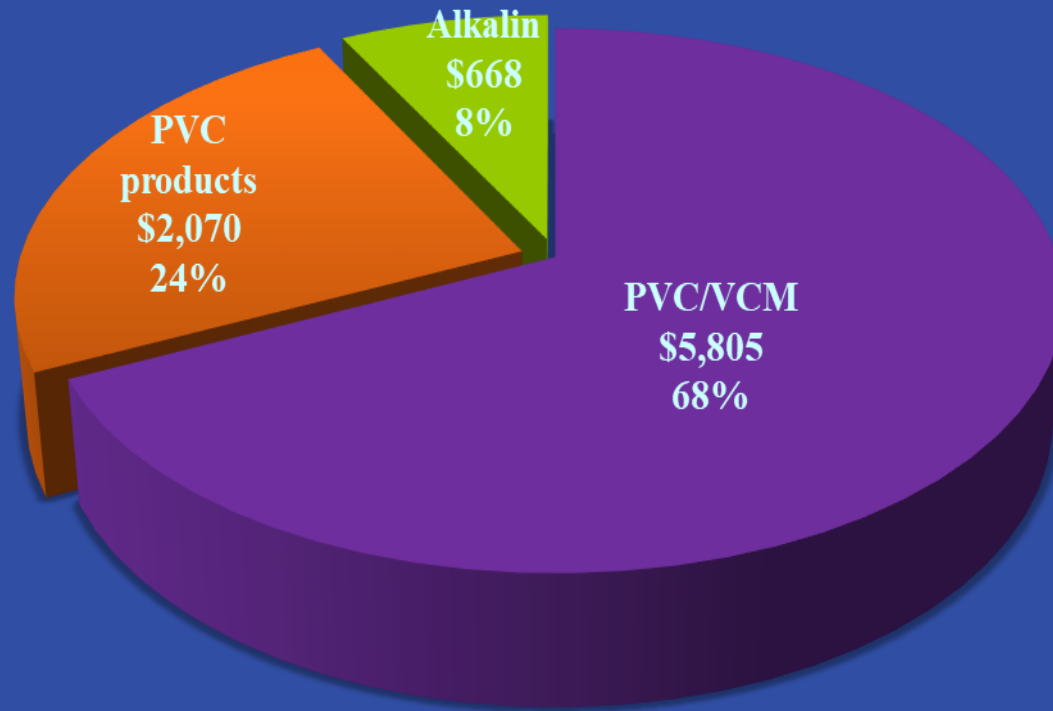
2024 Q1~Q3 Finance Information

November 26, 2024

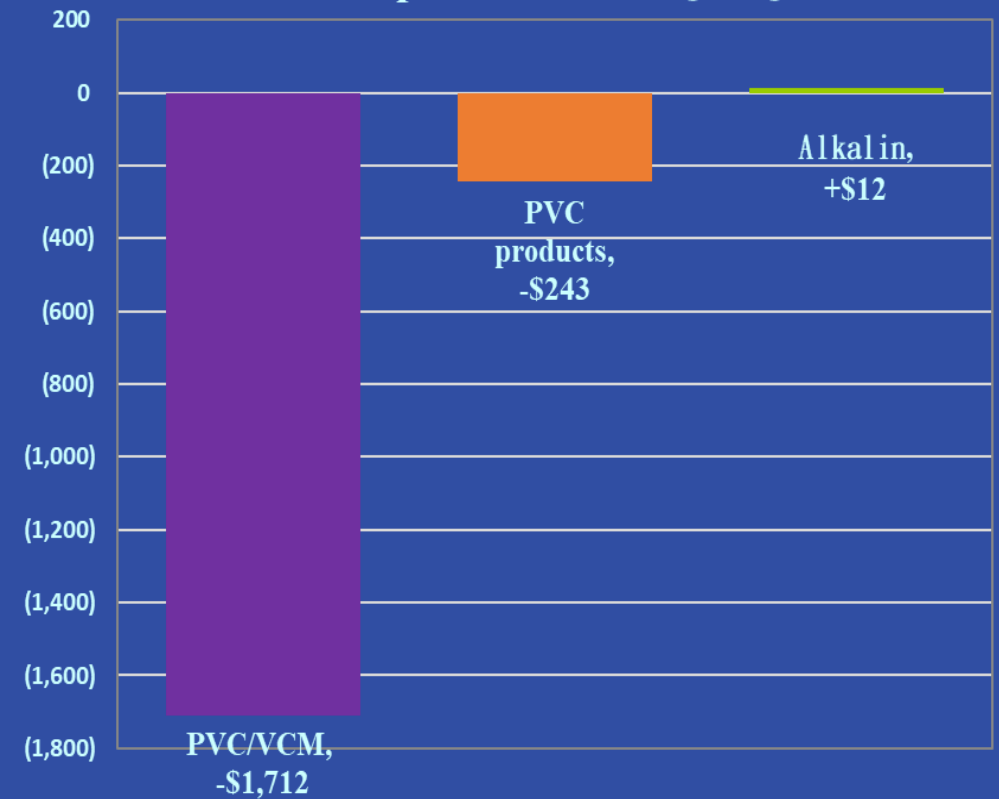
Reporter :C F Li, Manager

2024 Q1~Q3 Sales by Products

(NT\$million)



2024 Q1~Q3 Inc./(dec.)
- compared to 2023 Q1~Q3



Consolidated Statements of Income

Unit:NT\$million , except per share data

	2024 Jan.-Sep.	2023 Jan.-Sep.	YoY%	2023 FY	2022 FY	2021 FY
Sales	8,543	10,486	-18.5%	13,707	17,637	20,222
Cost of goods sold	8,308	9,040	-8.1%	12,030	16,959	15,181
Gross profit	235	1,446	-83.7%	1,677	678	5,040
Gross profit ratio	2.8%	13.8%		12.2%	3.8%	24.9%
Operating expenses	810	921	-12.1%	1,217	1,662	1,723
Operating income(loss)	-575	525	-209.5%	460	-984	3,317
Operating income ratio	-6.7%	5.0%		3.4%	-5.6%	16.4%
Non-operating income(loss)	70	57	22.8%	7	467	-10
Income(Loss) before income taxes	-505	582	-186.8%	467	-517	3,307
Income taxes expense(benefit)	-125	156	-180.1%	73	-179	676
Net income(loss)	-380	426	-189.2%	394	-338	2,631
Net income ratio	-4.4%	4.1%		2.9%	-1.9%	13.0%
Net income(loss) attributable to						
- China General Plastics Corporation	-349	380	-191.7%	342	-370	2,469
- Noncontrolling interest	-31	46	-168.6%	52	32	163
Earnings(loss) per share	-0.60	0.65	-191.6%	0.59	-0.64	4.25
Adjusted		0.65		0.59	-0.64	4.25

Financial Ratio Analysis

	2024 Jan.-Sep.	2023 Jan.-Sep.	2023 FY	2022 FY	2021 FY
Operating income margin(%)	-6.7	5.0	3.4	-5.6	16.4
Net income margin(%)	-4.4	4.1	2.9	-1.9	13.0
Debt ratio(%)	47	41	42	40	30
Current ratio(%)	133	222	204	217	264
Quick ratio(%)	83	139	127	129	152
Average days of collection	34	36	34	36	36
Average inventory turnover days	81	75	77	61	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.



China General Plastics Corp.

The End
Thank You



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Work together to create prosperity

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Q & A



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