

2025



Investor Conference

2025/3/19





China General Plastics Corp.

Investor Conference

2025/3/19

Time	Itinerary	Reporter
14:00~14:30	VIP Registration	
14:30~15:00	Review for 2024 & Outlook for 2025 Q1	J H Wu, Director
	Finance Information for 2024	C F Li, Manager
15:00~15:30	Q&A	Otto Hu, President

2024 Review & 2025 Q1 Outlook

March 19, 2025

Reporter : J.H. Wu, Director

2024 Review : PVC feedstocks

- ◆ **Ethylene:** Weak global plastics demand, severe impact of China's excess petrochemical capacity, and insufficient spreads between ethylene and Naphtha have forced Asian crackers to maintain conservative operations. Besides, China's domestic demand recovery is delayed and global market is in the doldrums, Northeast Asia ethylene price is oscillating between \$900/ton.
- ◆ **EDC:** The global demand for caustic soda recovered, causing the alkali and chlorine operating rates to increase. US EDC production increased by 9% year-on-year, resulting in a slight easing of EEC supply tension. The large volume of PVC exports from China continued to suppress the overall market for Vinyl, and the spread between VCM/EDC narrowed to a low point since 2006.
- ◆ **VCM:** The slow recovery of China's housing market suppressed domestic demand for PVC/VCM, with VCM imports falling by more than 16% annually. Some VCM manufacturers in Asia extended annual repair or reduced operation rate due to poor gross profit . VCM price still weakened in tandem with PVC price, compressing the profit margins of producers.

2024 Review : PVC (I)

- ◆ The spillover arising from the excess capacity of China's commonly-used plastics has aggravated the situation in the international market. Among them, PVC new production capacity was input, and the operating rates remained high (79–81%) in the second half of the year. However, weak domestic consumption and a sluggish real estate sector dragged down the plastics processing industry and PVC demand. Although Q4 macroeconomic construction stimulus policies were introduced, they were still difficult to safe PVC's weakness. With de-stocking, locking in overseas dumping, benefiting from the BIS extension, and temporary unimplemented ADD, China's PVC export volume has risen by 15% year-on-year.

2024 Review : PVC (II)

- ◆ India's economic growth has slowed down. However, there is a potential rigid PVC demand for public construction, infrastructures and pipelines. Due to the delayed implementation of BIS, uncertainty of ADD, and the dumping of CN goods, PVC imports increased by 2.3% year-on-year. Bangladesh's economic recovery was slow. It's trading volume of PVC declined due to the restriction of financial flows and the price disruption in the neighboring regions. Southeast Asia is processing and export oriented. Due to poor demand for finished products in Europe and the US and the suppression of the CN market, the volume of PVC in Southeast Asia is decreasing and prices are falling.
- ◆ U.S. year-end related economic data, including PMI, CPI, and unemployment rate, has turned good. The FED cuts interest rates by 1%. Some PVC manufacturers added new capacity, resulting in a 7.8% year-over-year increase in total production. Domestic PVC prices and sales remained stable and the sales volume in traditionally strong regions is expanding. However, such was subject to ADD regulations in various markets, resulting in falling export prices, and the increase in inventory (+25% year-on-year).

2024 Review : Consolidated Sales

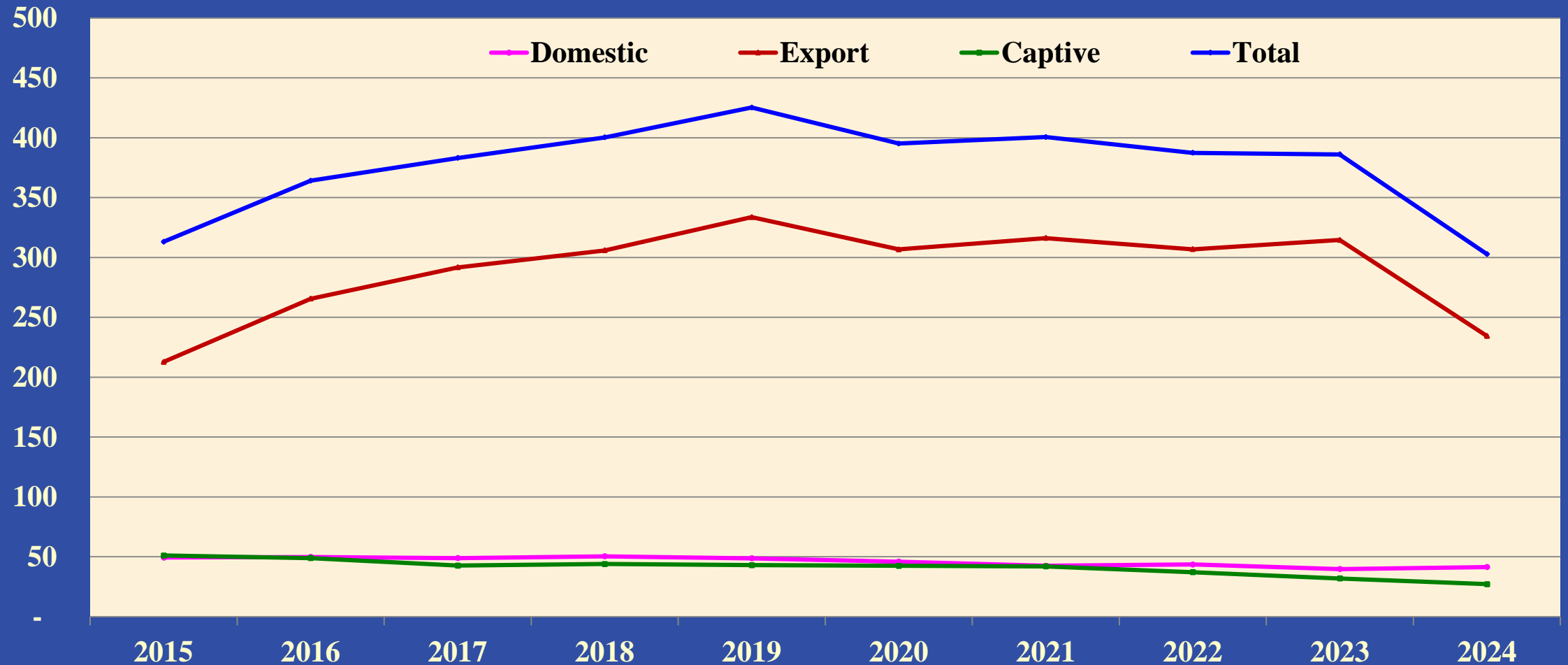
- ◆ The consolidated sales in 2024 was NT\$11.087B, which decreased by 2.62B YoY (19%↓).

Sales Quantities (KT)

	Y2024	Y2023	+/-
VCM/PVC	303	384	-81
PVC Products	37	46	-9
Alkaline	58	55	3
Total	398	485	-87

2024 Review : PVC Sales Mix

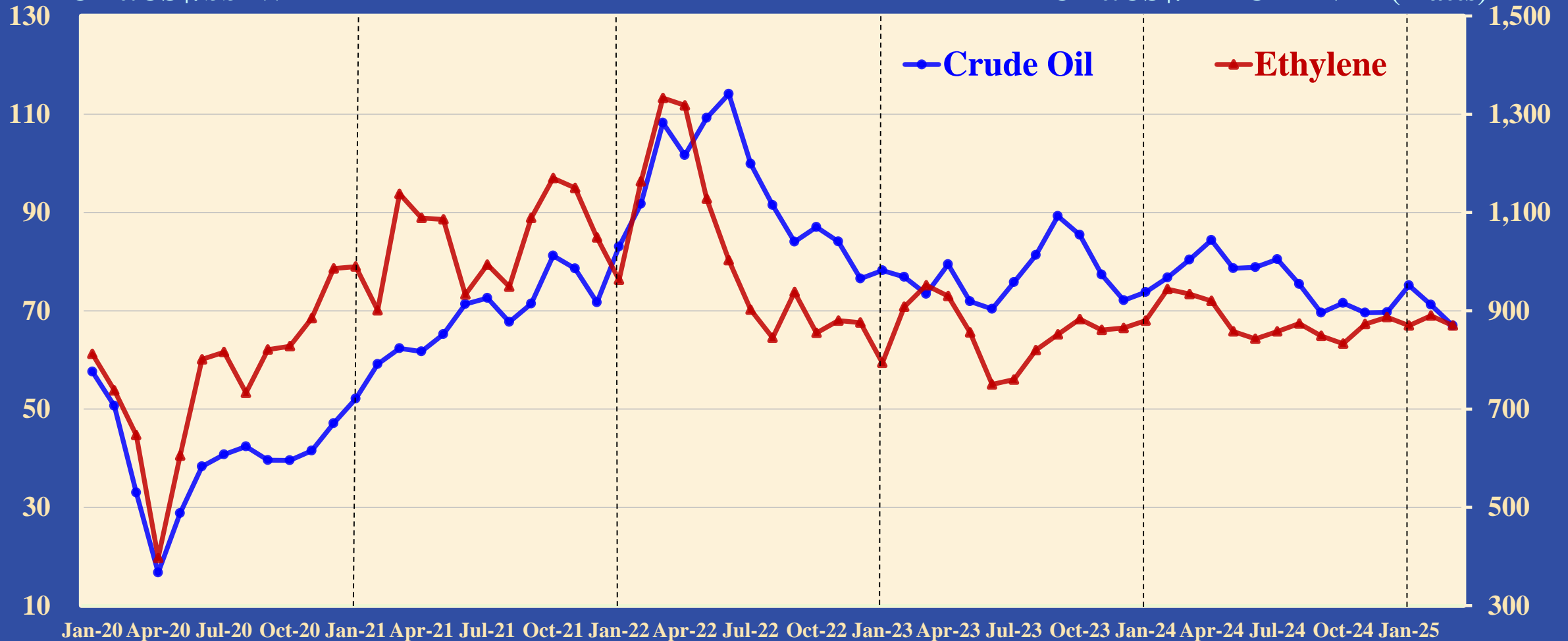
Unit:KT



Crude Oil & Ethylene Price Trend

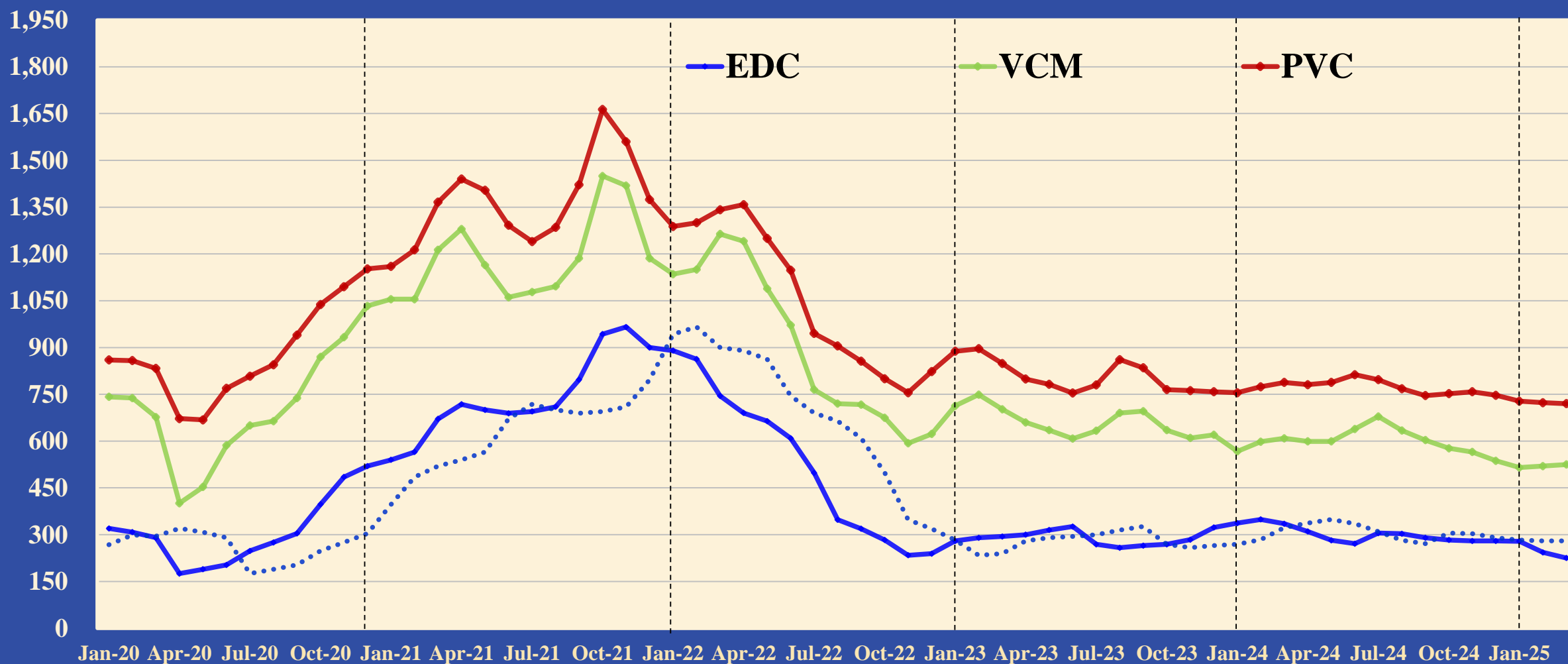
Unit:US\$/bbl WTI

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



PVC / VCM / EDC Price Trend

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



2025 Q1 Outlook : Ethylene

- ◆ The U.S. has shown its determination to increase crude oil production, and OPEC will cancel the production cut agreement. However, the global demand for petrochemical products is growing slowly, and the U.S. trade and tariff policies are not favorable to the outlook for terminal demand, so the oil price trend is weak.
- ◆ Asian Naphtha Crackers continued to adjust their operating rates to ensure negative margins. Utilization of crackers in Japan have been shrinking for many months. Although post-Lunar New Yea restocking demand has driven Northeast Asian ethylene prices back above \$900/ton, buyers turned to wait-and-see under the compression of ethylene derivatives' negative margins. Ethylene markets are facing corrective pressures.
- ◆ China's planned refining capacity expansion does not slow down. Although the economic data in February slightly improved, it has yet to be reflected in the price trend of petrochemical products. The imbalance between supply and demand in the ethylene market is expected to remain, and ethylene prices will be prone to fall rather than rise.

2025 Q1 Outlook : EDC / VCM

- ◆ **EDC:** Stronger caustic soda market has led to the improvement of overall electrolysis margins, encouraged alkali and chlorine operating rates and increased EDC production. As the new EDC production capacity in Asia gradually being put into operation, it is estimated that EDC supply will be higher than that of the same period. However, the downstream demand for PVC/VCM has limited improvement. The EDC market is gradually weakening with buyers only transacting with lower prices.
- ◆ **VCM:** Asian VCM plants still have annual repair program in Q1, and the supply will not be spared. The market is concerned about the implementation of India's anti-dumping duty and China's economic revitalization measures. If it can drive the PVC market back to where it was, VCM spread compression is expected to be alleviated.

2025 Q1 Outlook : PVC Supply

- ◆ China will continue to invest in large PVC production capacity in 2025. In Q1, PVC's overhaul was slight and the alkali and chlorine operating rate increased (↑83.2%). Calcium carbide and VCM costs remained stable. High operating rate was maintained around the Chinese New Year. PVC social inventory remains high. The domestic demand industry was in a severe internal competition and the demineralization mainly focused on overseas sales expansion.
- ◆ In Q1, crude oil and light oil prices declined, while ethylene prices remained firm, gradually improving negative margins for Asian crackers . However, the demand for downstream derivatives and PVC was sluggish. Despite of the falling EDC price, the negative margins of integrate PVC was still unbalanced. Many VCM/PVC plants in Asia downgraded or overhauled, resulting in tight supply in Q1.
- ◆ In Q1, U.S. transportation and production were impacted by strikes and winter cyclones, leading to a QoQ decline in supply. The export sales were disrupted by Asian freight rates and falling PVC prices, resulting in sluggish sales in Latin America, Africa, and Southeast Asia. Inventory remained high, and it relied on domestic sales to de-stock.

2025 Q1 Outlook : PVC Demand(I)

- ◆ China's economic recovery is still facing multiple pressures. In addition to setting growth targets, the convening of two sessions have also promoted economic policies to stimulate domestic demand through proactive fiscal measures and monetary easing. From the PVC demand by domestic industrial chain, the demand is weak in the short term but has strong long-term growth potential. However, Trump's policy of increasing tariffs is an obstacle for the export processing industry to de-stock PVC. The downward adjustment of freight rates, the unclear final ruling of India's ADD and before the implementation of the BIS, PVC's sale to India is expected to maintain its advantage before Q2.

2025 Q1 Outlook : PVC Demand(II)

- ◆ India's agriculture, pipelines, and infrastructure show rigid demand. However, Q1 is approaching fiscal year-end settlements. Coupled with the high imports from China in the previous period, sufficient supply of cargoes, and falling freight rates, the material preparation by Indian was slightly delayed at the end of the period. With the ADD final ruling approaching, the impending implementation of BIS, the sales volume of non-CN goods in Q2 is expected to turn over.
- ◆ U.S. economic situation remained stable in Q1, and the FED did not cut interest rates for the time being. As construction, pipeline and window industries start to strengthen with the starting of work in spring, PVC domestic demand is increasing and price remains stable. However, the overseas market is challenged by ADD of exporting countries and the competitive pricing of CN goods. The traditionally advantaged regions like Central and South America, the Middle East, Turkey and Africa are under increasing pressure of de-stocking and pricing.

Introduction of AI application results and plans for 2025



Introduction of AI application results and plans for 2025

Main Topics

**AI automation
control of the
dryers in the PVC
process**



#5 dryer completed, specific steam consumption reduced by 5.7%.

#6 and #7 dryer project is under implementation, the specific consumption of steam is reduced by 4.9% and 19%.

#3 , #4 2025 kick-off.

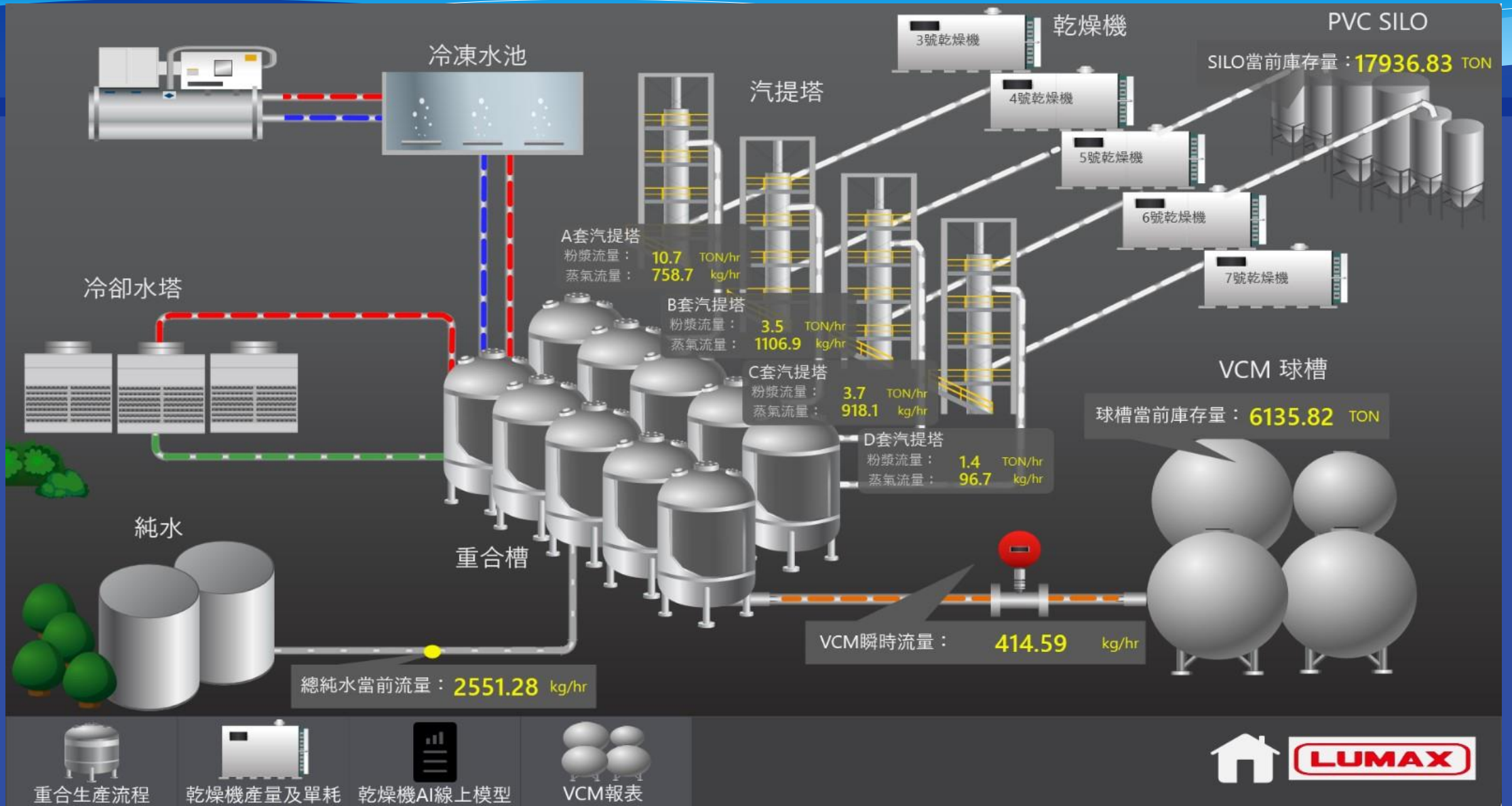
**AI image
recognition of
pipe thickness**



2025 kick-off

Goals: 1. Improve production quality.
2. Reduce power consumption.

AI automation control of the dryers in the PVC process

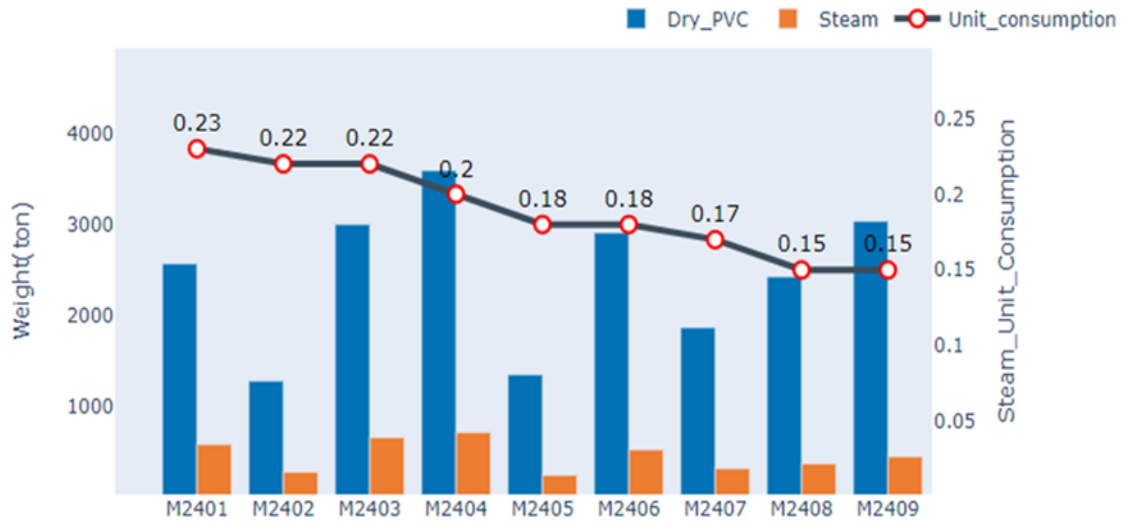


AI automation control of the dryers in the PVC process

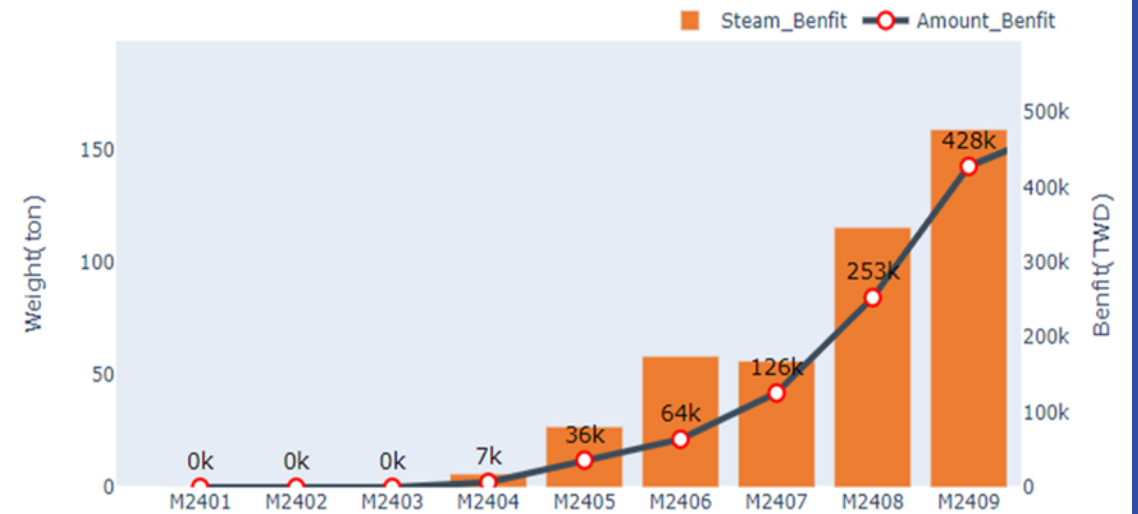
#7 Monitor Board

Benefit Statistics

PVC(type58) vs Steam



Accumulate Steam Benefit



Introduction of AI application results and plans for 2025

2024/Jun ~ 2025/Feb

The actual benefits of CGPC Dryer's introduction of intelligent AI process optimization.

\$ 1,360k

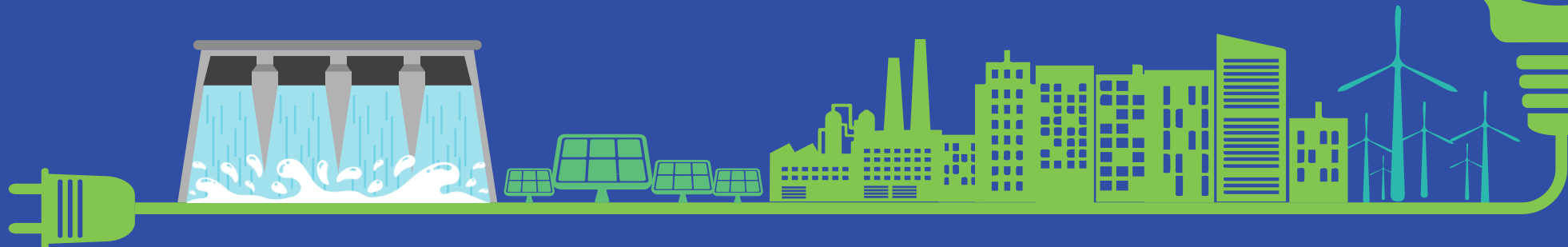
Cost Saving (TWD)

183.2

CO₂e (ton)

1

Daan Forest
Park



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

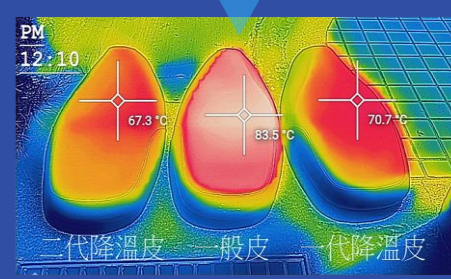
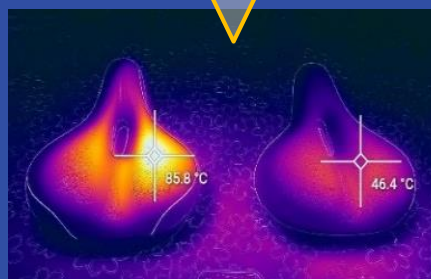
1. DEFENTEX :

- TPO imitation fabric luggage
Lightweight, anti-fouling, wear-resistant, water-repellent, mildew-proof, anti-bacterial and anti-viral.



2. CHROMA Cool :

- After being exposed to the sun, the surface temperature of motorcycle seat/bicycle saddle is 20~50°C lower than that of regular leather.
- WeMo electric scooter seat.



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

3. Inkjet printing leather :

- WeMo scooter advertising seat .



4. Fully recycled TPE leather : ESG green material.

- Hiking shoes.
- Hotel's slippers.



TPE Fully recycled hiking shoes



TPE Fully recycled hiking slippers



5. Water-based coating for leather products :

- Comply with environmental regulations, reduce VOC emissions and improve the working environment.



2024 Finance information

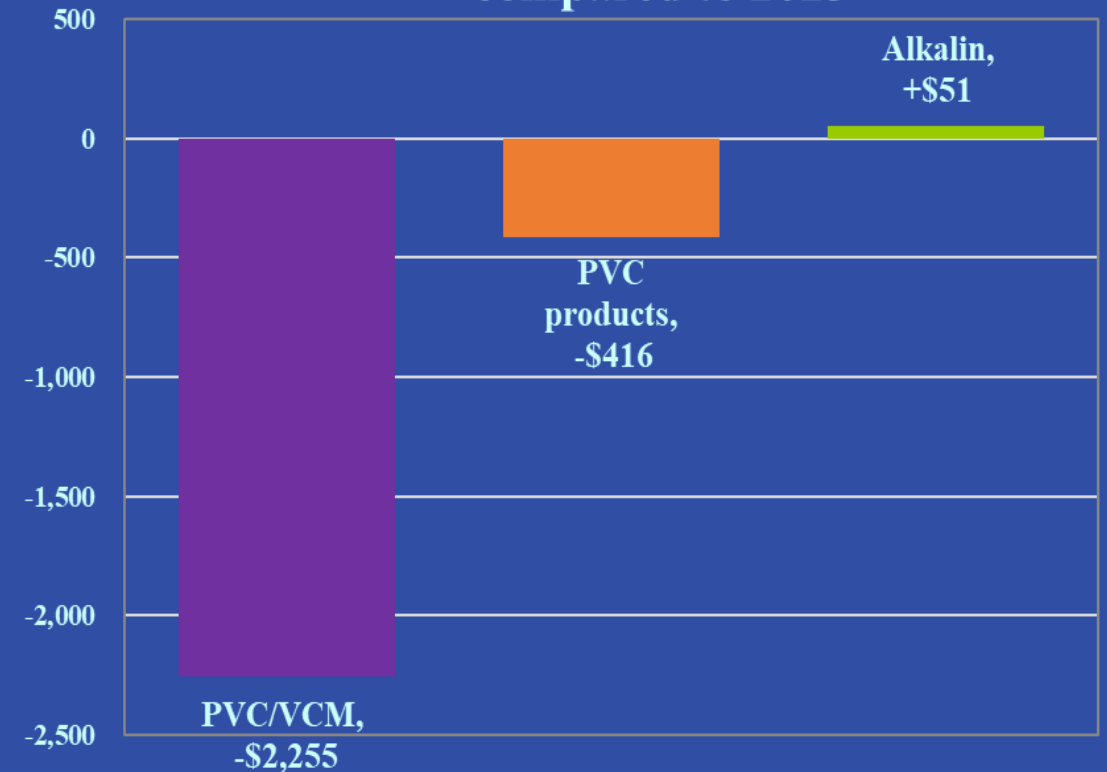
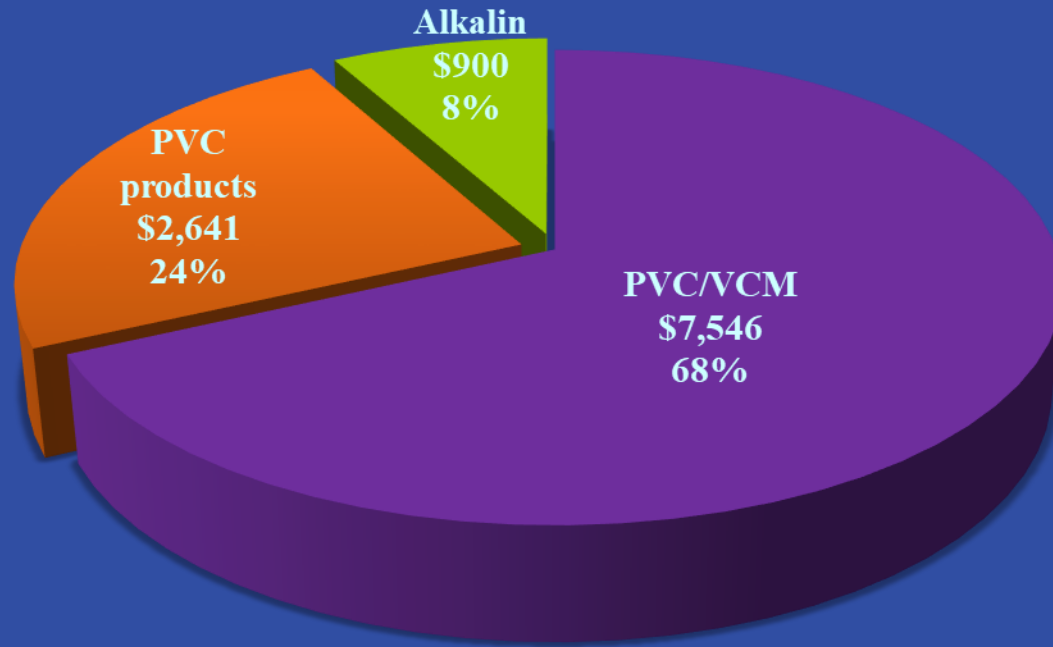
March 19, 2025

Reporter : C F Li, Manager

2024 Sales by Products

(NT\$million)

2024 Inc./(dec.)
- compared to 2023



Consolidated Statements of Income

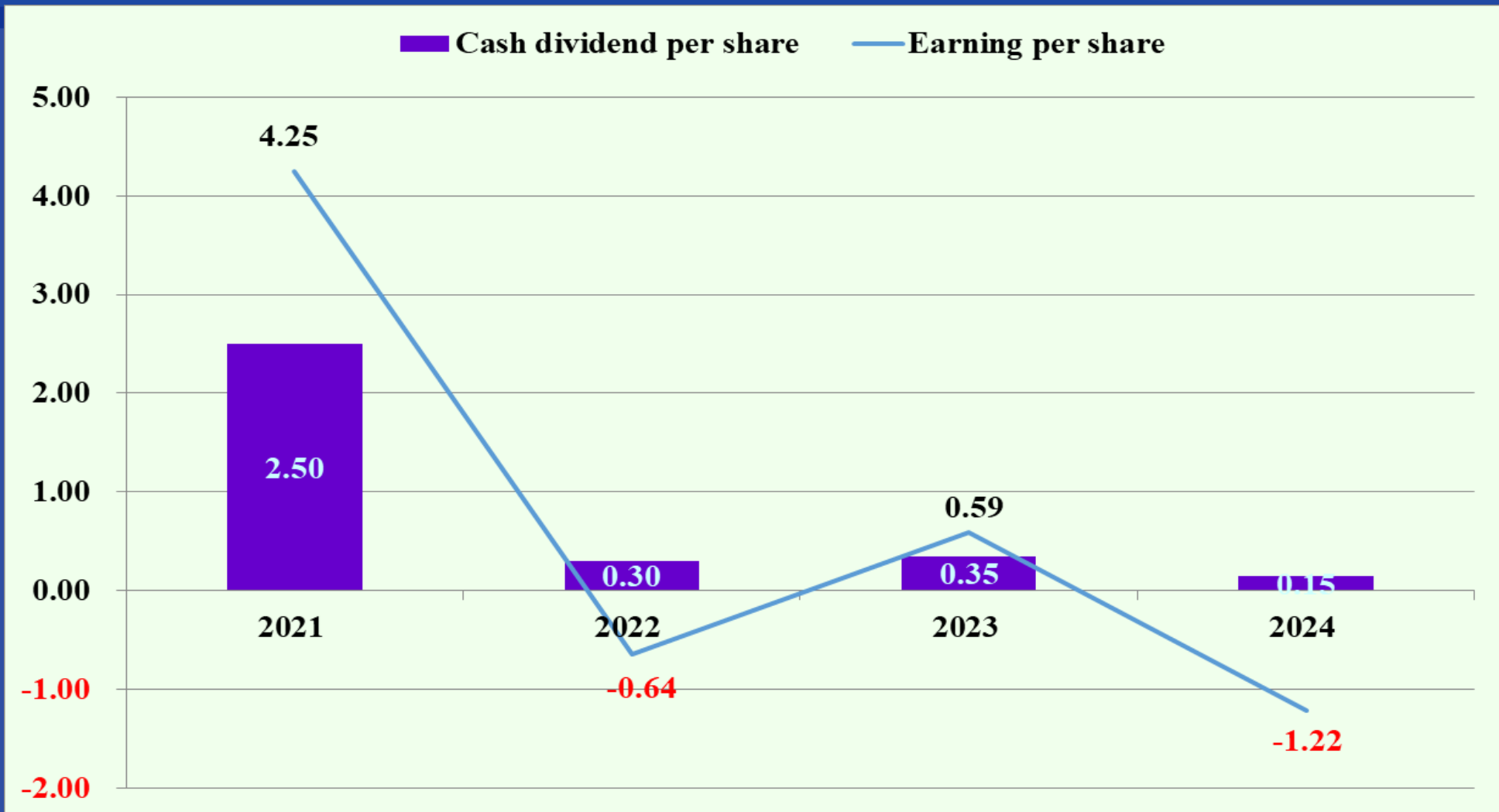
Unit : NT\$million , except per share data

	2024 FY	2023 FY	YoY%	2022 FY	2021 FY
Sales	11,087	13,707	-19.1%	17,637	20,222
Cost of goods sold	10,876	12,030	-9.6%	16,959	15,181
Gross profit	211	1,677	-87.4%	678	5,040
Gross profit ratio	1.9%	12.2%		3.8%	24.9%
Operating expenses	1,054	1,217	-13.4%	1,662	1,723
Operating income(loss)	-843	460	-283.3%	-984	3,317
Operating income ratio	-7.6%	3.4%		-5.6%	16.4%
Non-operating income(loss)	-77	7	-1200.0%	467	-10
Income(Loss) before income taxes	-920	467	-297.0%	-517	3,307
Income taxes expense(benefit)	-169	73	-331.5%	-179	676
Net income(loss)	-751	394	-290.6%	-338	2,631
Net income ratio	-6.8%	2.9%		-1.9%	13.0%
Net income(loss) attributable to					
- China General Plastics Corporation	-710	342	-307.6%	-370	2,469
- Noncontrolling interest	-41	52	-178.8%	32	163
Earnings(loss) per share	-1.22	0.59	-306.8%	-0.64	4.25

Financial Ratio Analysis (Consolidated Basis)

	2024 FY	2023 FY	2022 FY	2021 FY
Operating income margin(%)	-7.6	3.4	-5.6	16.4
Net income margin(%)	-6.8	2.9	-1.9	13.0
Debt ratio(%)	48	42	40	30
Current ratio(%)	136	204	217	264
Quick ratio(%)	82	127	129	152
Average days of collection	34	34	36	36
Average inventory turnover days	85	77	61	52

DPS vs. EPS





China General Plastics Corp.

The End
Thank You



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Work together to create prosperity

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Investor Conference

Q & A



2025/3/19

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