



# 華夏海灣塑膠股份有限公司 China General Plastics Corp.

## 法人說明會

11/16/2018

時間 Time	議程 Itinerary	報告人 Reporter
14:00~ 14:30	貴賓報到 VIP Registration	
14:30~ 15:00	2018年Q3回顧及Q4展望 2018 Q3 Review & Q4 Outlook	胡吉宏 副總經理 Otto Hu, VP
15:00~ 15:30	公司2018年Q3財務資訊 2018 Q3 Finance Information	郭建洲 經理 C C Kuo, Manager
15:00~ 15:30	Q & A	林漢福 總經理 H F Lin, President



# China General Plastics Corp. 2018 Q3 Review & Q4 Outlook

Reported by: Otto Hu  
November 16, 2018

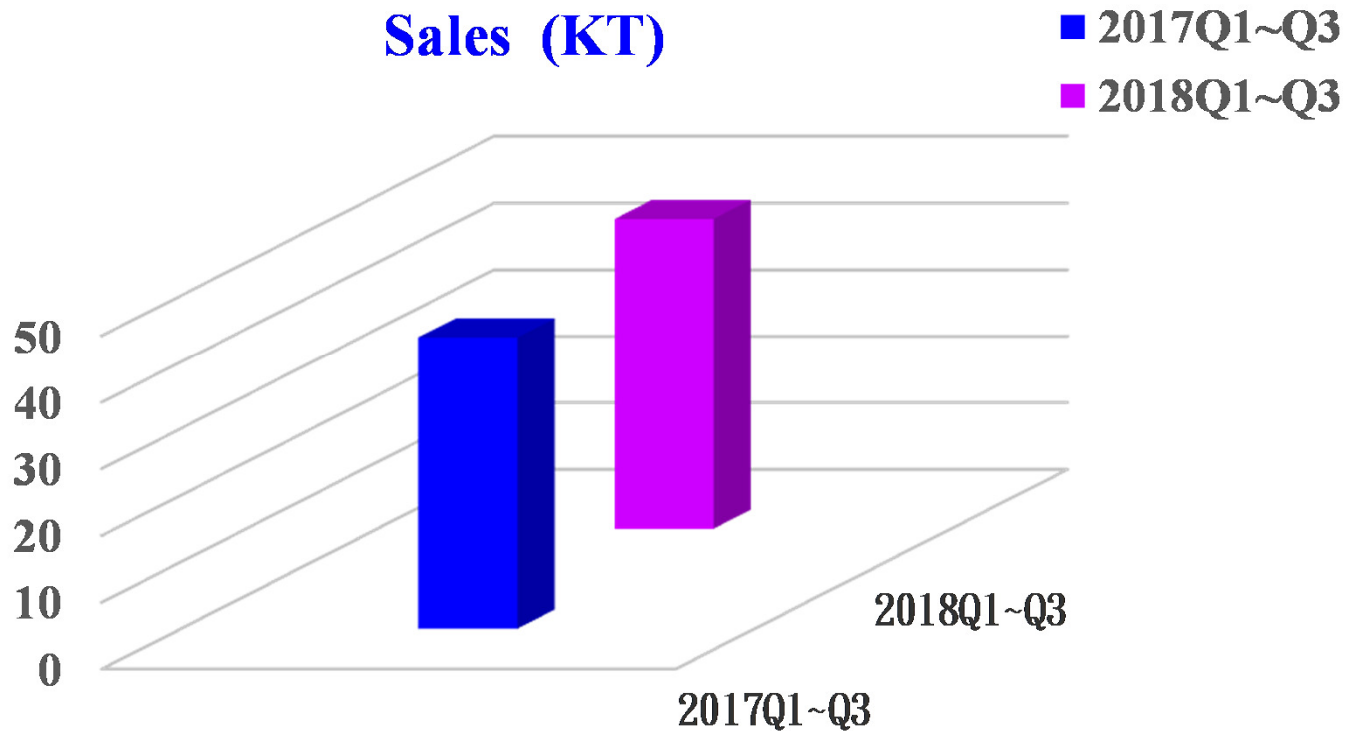
# 2018 Q3 Review (1/3)

- ◆ The Q1~Q3 consolidated net revenue was NT\$11.29B, which increased by NT\$370M (↑3.4%) YoY .
- ◆ Sales quantities in Q1~Q3 (KT):

產 品	2018	2017	Growth
VCM	38	35	3
PVC	259	249	10
PVC Products	53	54	(1)
Alkaline	47	44	3
Total	397	382	15

# 2018 Q3 Review (2/3)

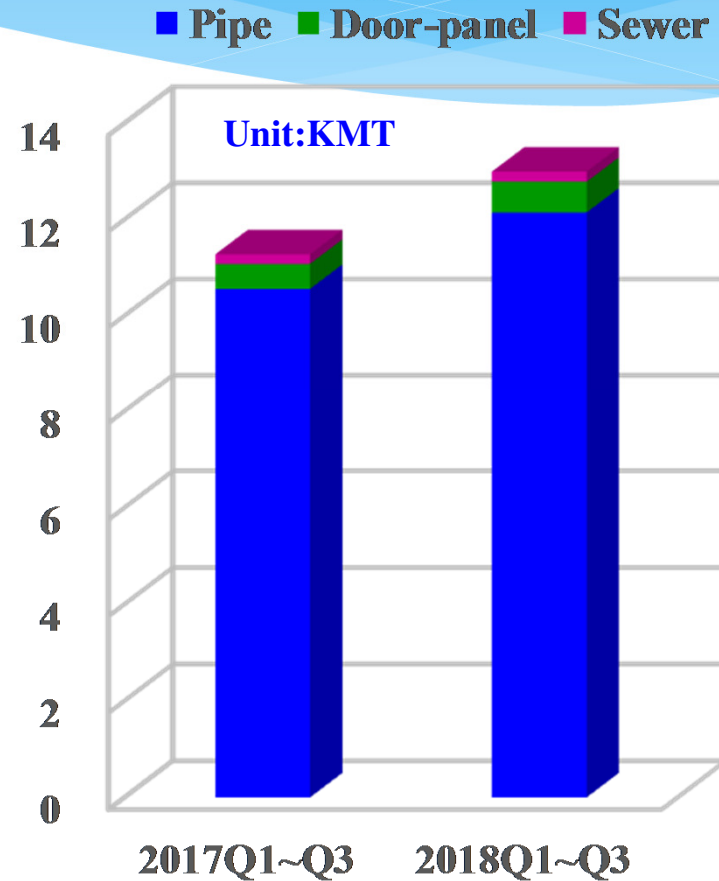
◆ Alkaline products sales quantity in Q1~Q3 was 6.4% increase against last year.



# 2018 Q3 Review (3/3)

## ◆ Quantity Growth in Q1~Q3:

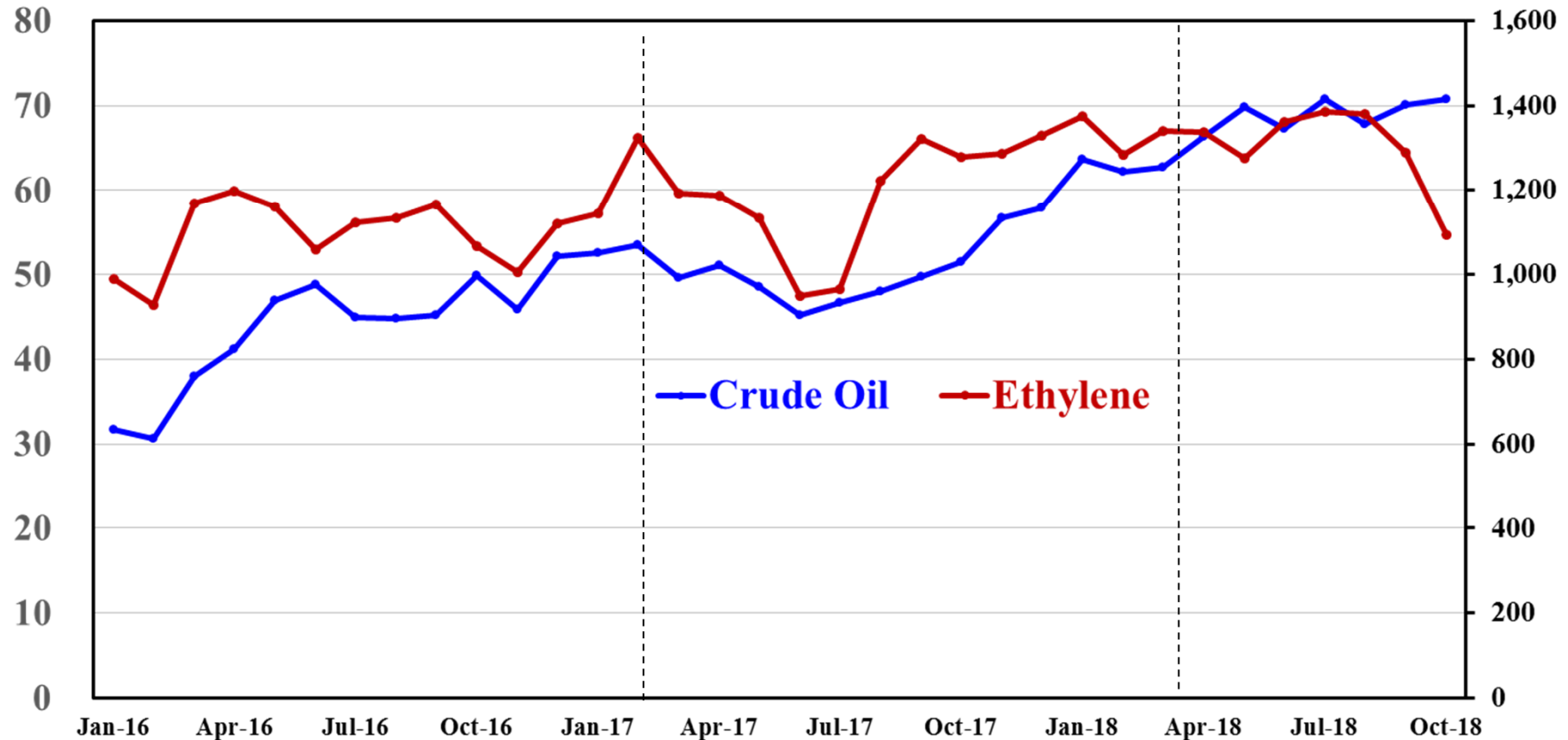
- Pipe: ↑13 %
- Door-panel: ↑18 %
- Sewer: ↑6%



# Crude Oil & Ethylene Monthly Ave. Prices

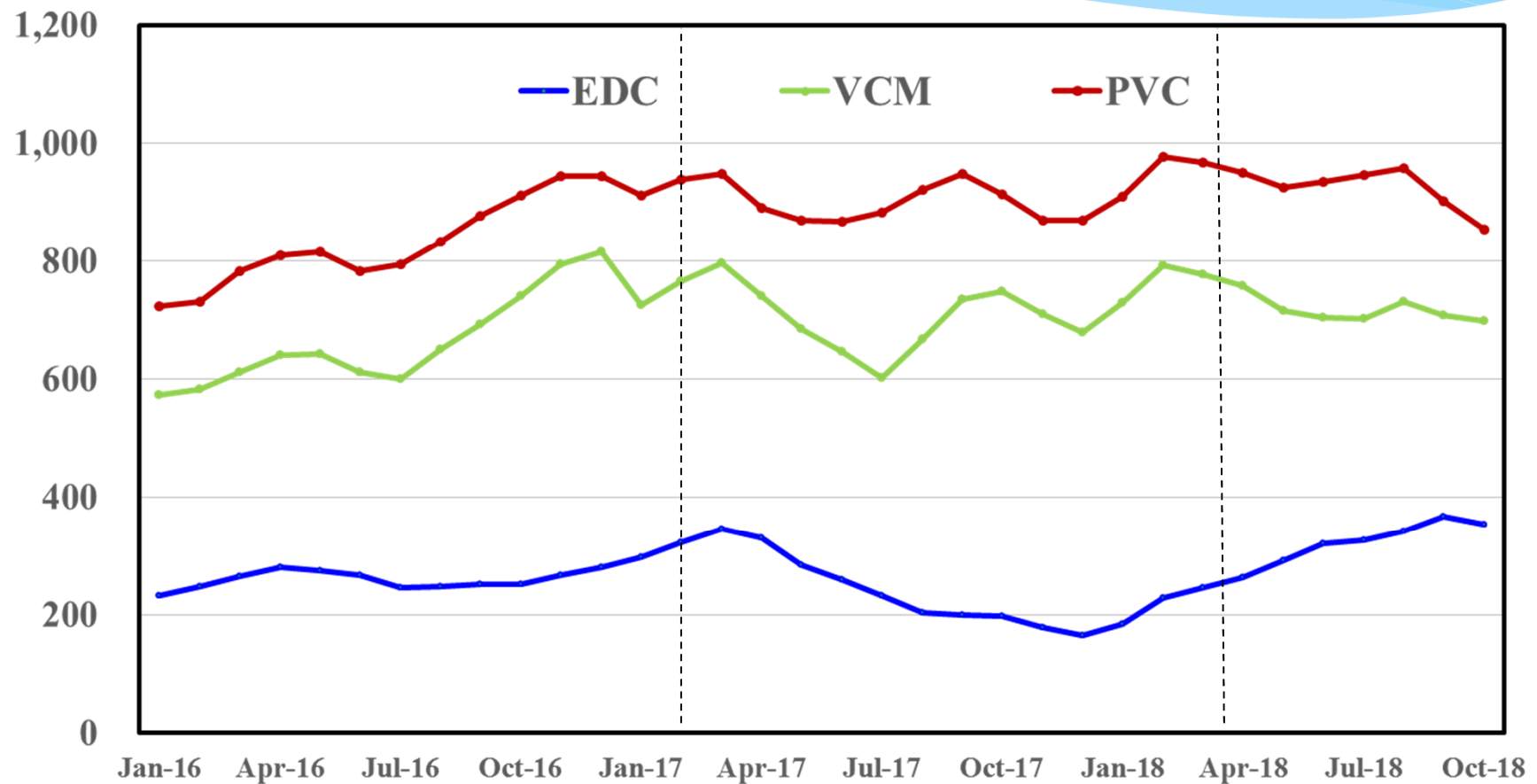
Unit:\$/bbl WTI

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



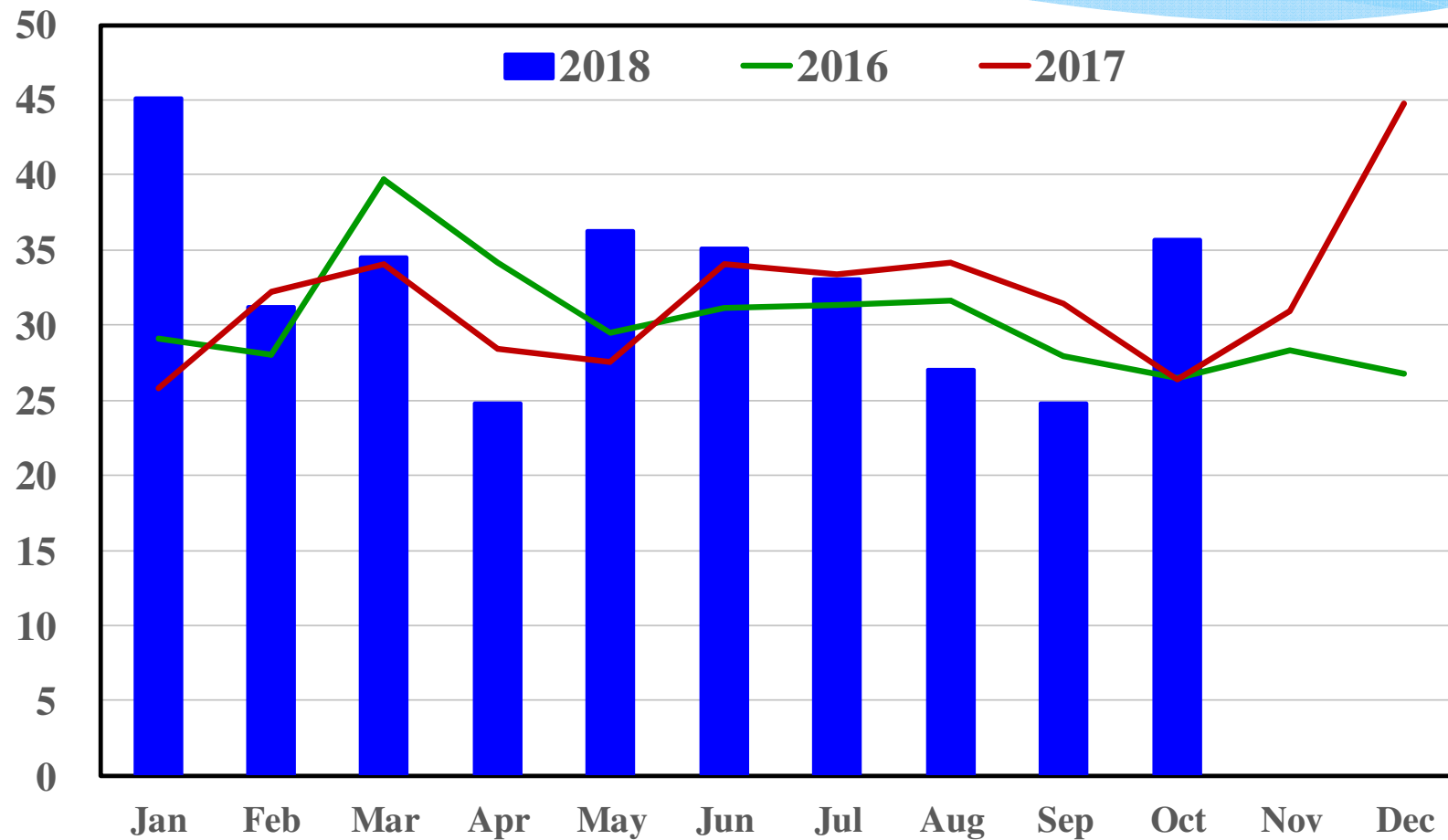
# PVC/VCM/EDC Monthly Avg. Prices (Platts)

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



# Total PVC Monthly Sales

Unit:KMT





# 2018 Q4 Outlook: Ethylene

## ◆ The price is expected low in Q4

- Ethylene supply is expected long. And the demand is weak. The spot price is even lower than contract one.
- Due to the competition of low-cost US products, the ethylene derivatives in Asia are at low running rates. SM is almost at breakeven, which used to support the high ethylene prices.

# 2018 Q4 Outlook: EDC

- ◆ **EDC in Q4 is expected at high price level.**
  - **The EDC import examination restriction in China is loosened this year. The high price of EDC is accepted by solvent application.**
  - **New regulation of Indian import license for caustic soda forced Japanese cargoes sold at lower prices. Low demand of caustic soda has also impacting the operating rate of chlor-alkali and output for EDC.**
  - **Some quantities of US EDC exported to Europe have digested the volumes which used to shipped to Asia.**

# 2018 Q4 Outlook: PVC (1/4)

## ◆ China

- **PVC production is limited owing to environment inspection. Therefore, the production cost especially carbide-based PVC is high. The Chinese domestic PVC price was kept high in Q3.**
- **PVC price for domestic market is higher than the price for export. So the Chinese PVC prefer keeping more PVC allocations for domestic markets.**
- **China didn't impose higher tariff on US PVC finally. But some of PVC users in China have made their backup plan to purchase some quantities in Asia.**

# 2018 H2 Outlook: PVC (2/4)

## ◆ India

- **Indian buyers were keen to purchase PVC of low prices from Iran, Ukraine and Columbia etc., because of Bank's policy (LOU & LOC) change or Rupee's devaluation. However, the PVC import increase is more than 10% YTD.**
- **Due to the season, Rupee appreciation recently and PVC price low enough, PVC buying sentiment was better in 2H October. The further purchasing is expected to start after Diwali holidays.**
- **The 2018 Indian GDP growth forecasted by IMF is 7.3%. The situation is expected to last because of election in 2019.**

# 2018 Q4 Outlook: PVC (3/4)

## ◆ Bangladesh

- **Bangladesh economics kept strong in Q3 . The PVC import is about 20% increase YTD, which is better than expected. The GDP growth July 2018~June 2019 is 7.5% forecasted by Asian Development Bank. The outlook of PVC demand for both Q4 and 2019 are good enough.**
- **Pipe is the major application here for PVC. Fitting, compound, wire and cable are also important converting items. CGPC supply PVC with both low K value and high K value and satisfy customers.**

# 2018 Q4: PVC (4/4)

## ◆ USA

- **US PVC sales volumes for domestic and export in the first three quarters increased. However, without hurricane impact this year, the PVC inventory of 250KT in end of September was highest in last three years according to ACC.**
- **The PVC supply will be tight again in Q4 because of T/A in Shintech and OxyChem and production problems happened in Westlake. The producers have announced price increase separately for domestic and export. More PVC demand is counted on Asian PVC supply.**

## **2018 Q4 Outlook: Alkaline**

- ◆ **Weak demand, price competition from meddle East and import license persist in India, the caustic soda price has dropped to about US\$320 FOB NEA.**
- ◆ **CGPC has not so much impact for the price drop of caustic soda because CGPC service domestic with near distance customers only. The acid supply is short in Q4 because one producer was ordered by the government to shut down the operation. CGPC plan to keep full running for alkaline productions in Q4.**

# 2018 Q4 Outlook: PVC Converted Products

- ◆ **Taiwan domestic public constructions and housing are expected warm in Q4. CGPC is expanding the capacity for door panel production and equip better facilities for pipe production.**
- ◆ **As PVC price is about to reach bottom, the customers are planning to set up more inventories for rigid packaging film and tape film. The currency of NT against US is getting stable, which will help our export business in film and leather products.**





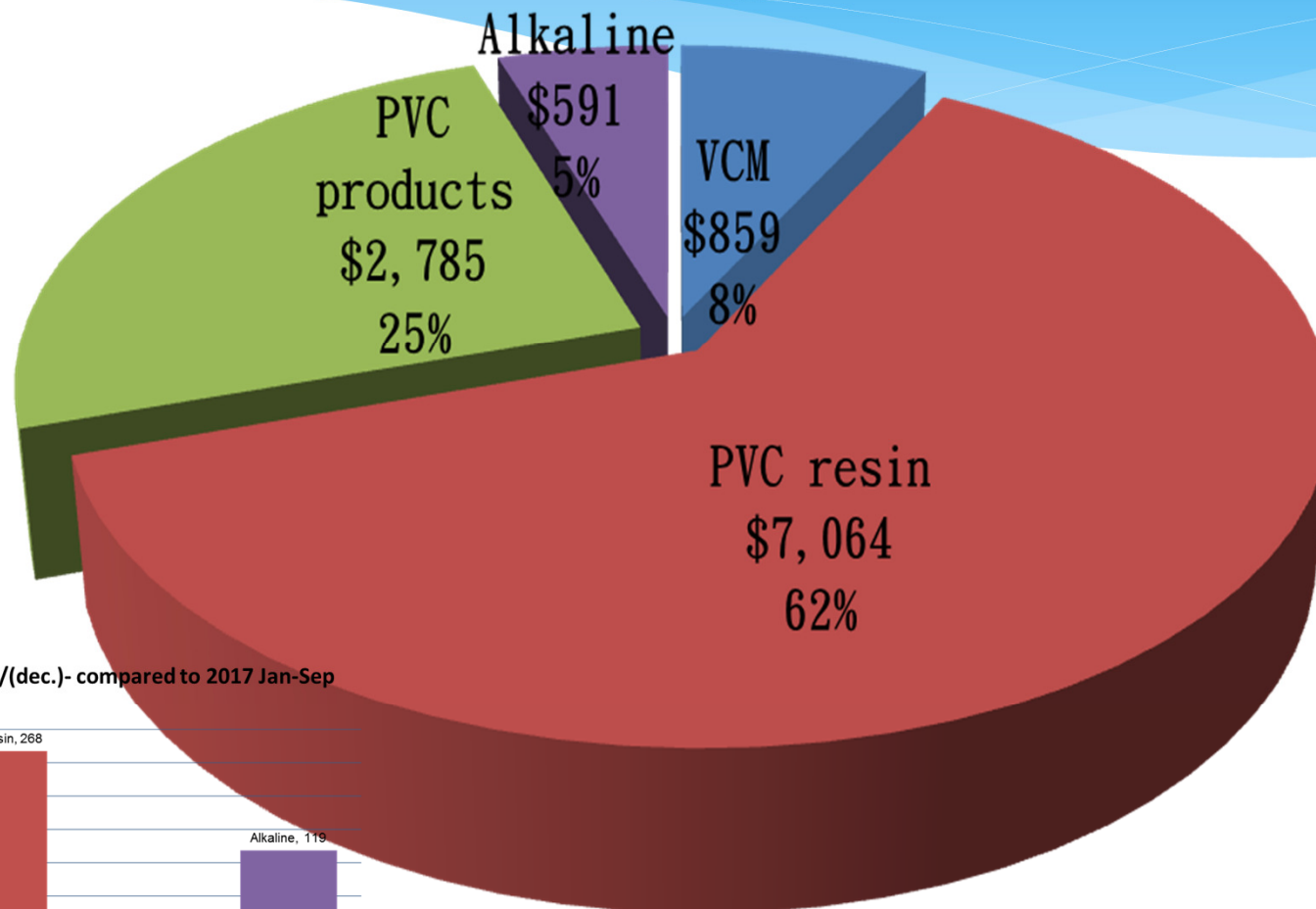
# **China General Plastics Corporation and Subsidiaries**

## **Finance information**

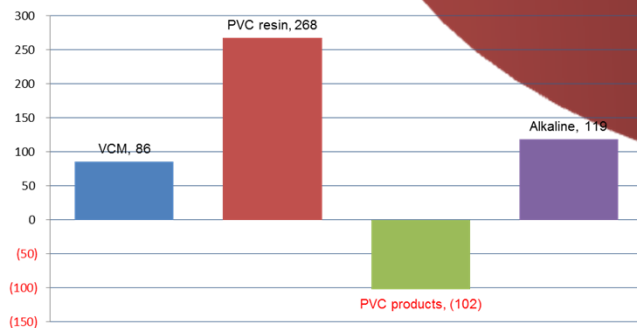
**Reporter : C.C.Kuo Manager**

**Date : 2018, Nov. 16**

# 2018 Jan. – Sep. Sales by product (NT\$million)



2018 Jan-Sep Inc./ (dec.)- compared to 2017 Jan-Sep



# China General Plastics Corporation and Subsidiaries

## Consolidated Statements of Income

(In millions of NTD, except per share data)

	2018 9 mths.	2017 9 mths.	YoY%	2017 FY	2016 FY	2015 FY
Sales	11,299	10,928	3.4%	14,702	14,157	13,842
Cost of goods sold	8,993	8,902	1.0%	11,925	11,217	11,894
Gross profit	2,305	2,026	13.8%	2,777	2,940	1,948
gross profit ratio	20%	19%		19%	21%	14%
Operating expenses	852	833	2.4%	1,126	1,066	1,032
Operating income	1,453	1,193	21.7%	1,651	1,874	916
operating income ratio	13%	11%		11%	13%	7%
Non-operating income(loss) *	81	(50)	-261.0%	(37)	(52)	7
Income before income taxes	1,534	1,143	34.2%	1,614	1,823	923
Income taxes	284	192	48.4%	275	280	111
Net income	1,249	952	31.3%	1,339	1,543	812
net income ratio	11%	9%		9%	11%	6%
Net income attributable to						
- China General Plastics Corporation	1,163	905	28.5%	1,270	1,443	768
- noncontrolling interest	86	45	92.7%	69	100	45
Earnings per share	2.30	1.84	25.0%	2.58	3.02	1.64
adjusted		1.79		2.51	2.85	1.51

\*note: Non-operating income(loss) included discontinued operations income(loss)

# China General Plastics Corporation and Subsidiaries

## Financial ratio analysis

	2018 9 mths.	2017 9 mths.	2017 FY	2016 FY	2015 FY
Operating income margin(%)	12.9	10.9	11.2	13.2	6.6
Net income margin(%)	11.1	8.7	9.1	10.9	5.9
Debt ratio(%)	34	36	35	42	45
Current ratio(%)	308	341	336	290	245
Quick ratio(%)	204	220	229	218	172
Accounts receivable turnover	39	35	39	36	35
Inventory turnover days	60	56	55	58	60

# 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.**
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**Thank You**





# Q & A

