

2023
5/24



Investor Conference





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The information in this presentation is not for investment advices.

Presentation Outline

01

General Information of USI
Business Review and Outlook

02

Finance Information

03

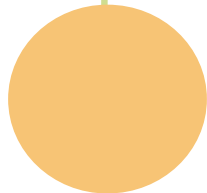
Q & A

Presentation Outline

01

General Information of USI
Business Review and Outlook

02



USI

Reported By: Mark Wu

(Vice President of Sales & Marketing Dept.)



General Information of USI

台灣聚合化學品股份有限公司 USI Corporation

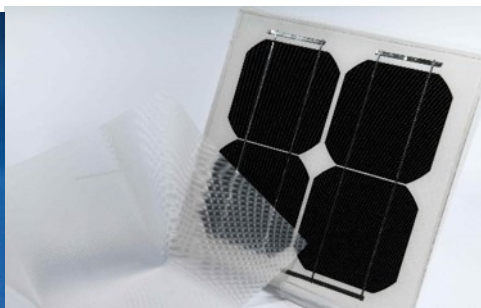


Establishment	May 26, 1965
Capital	US\$ 397 Millions (up to Mar. 31, 2023)
Main Product	EVA, LDPE, LLDPE, HDPE
Employees	453 (up to Mar. 31, 2023)
Revenue	(Consolidated) US\$ 2.2 Billions (2022 fiscal year)
	(Individual) US\$ 520 Millions (2022 fiscal year)

Besides continuously developing high value-added and differentiated products, the Company also constantly implemented green design concepts to new product R&D, such as green fire-retardant materials, ecofriendly heat-shielding coatings, and recycling waste oyster shells.



CBC / Bio diagnostic & Medical



EVA / Solar Cell Encapsulant



Renwu
Factory

Capacity (year)	
LDPE/EVA	150,000 ton
HDPE/LLDPE	130,000 ton
CBC	5,000 ton

CBC

LDPE/EVA

HDPE/LLDPE

2021 TCIA
Industry Contribution Award



USI

Reported By: Mark Wu

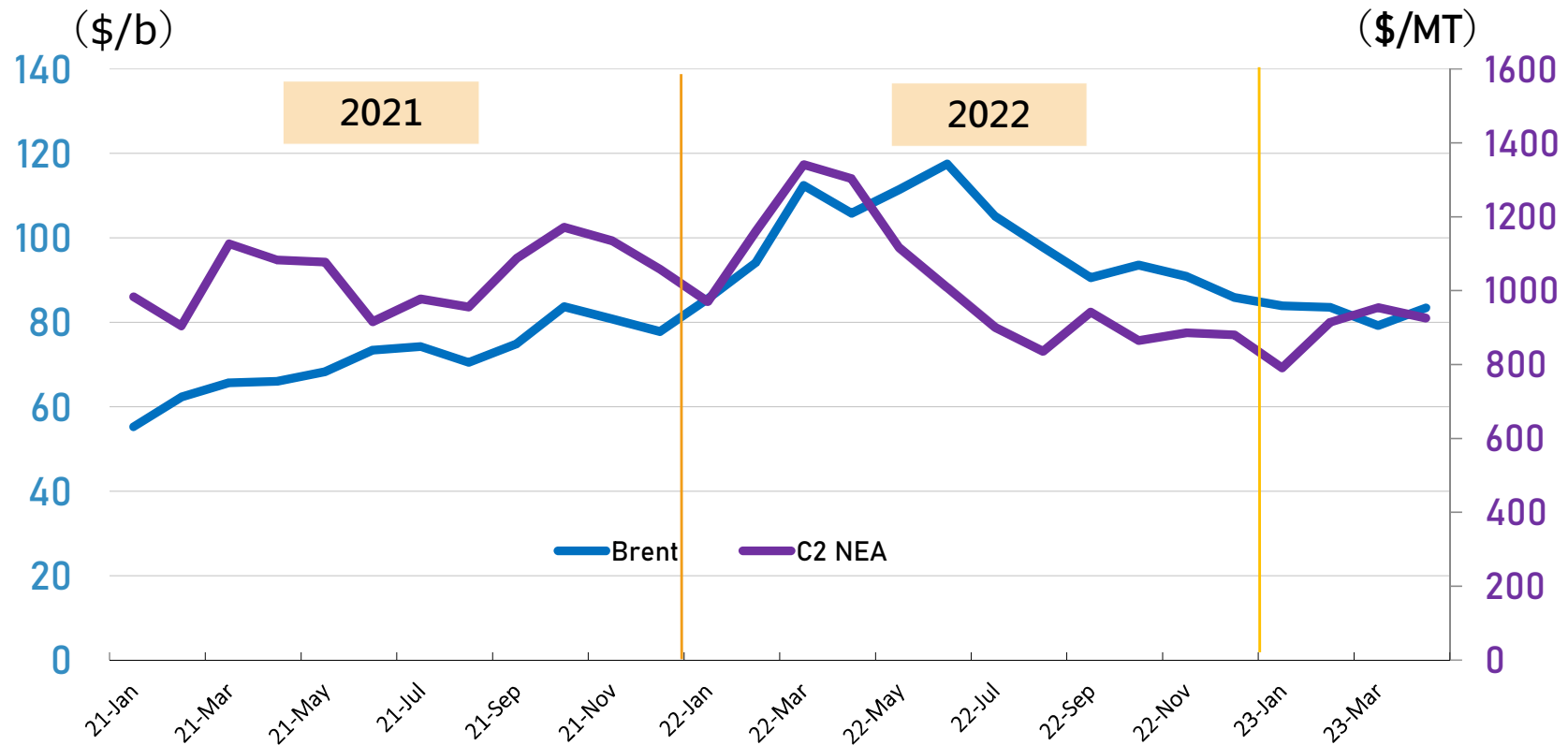
(Vice President of Sales & Marketing Dept.)



Business Review and Outlook

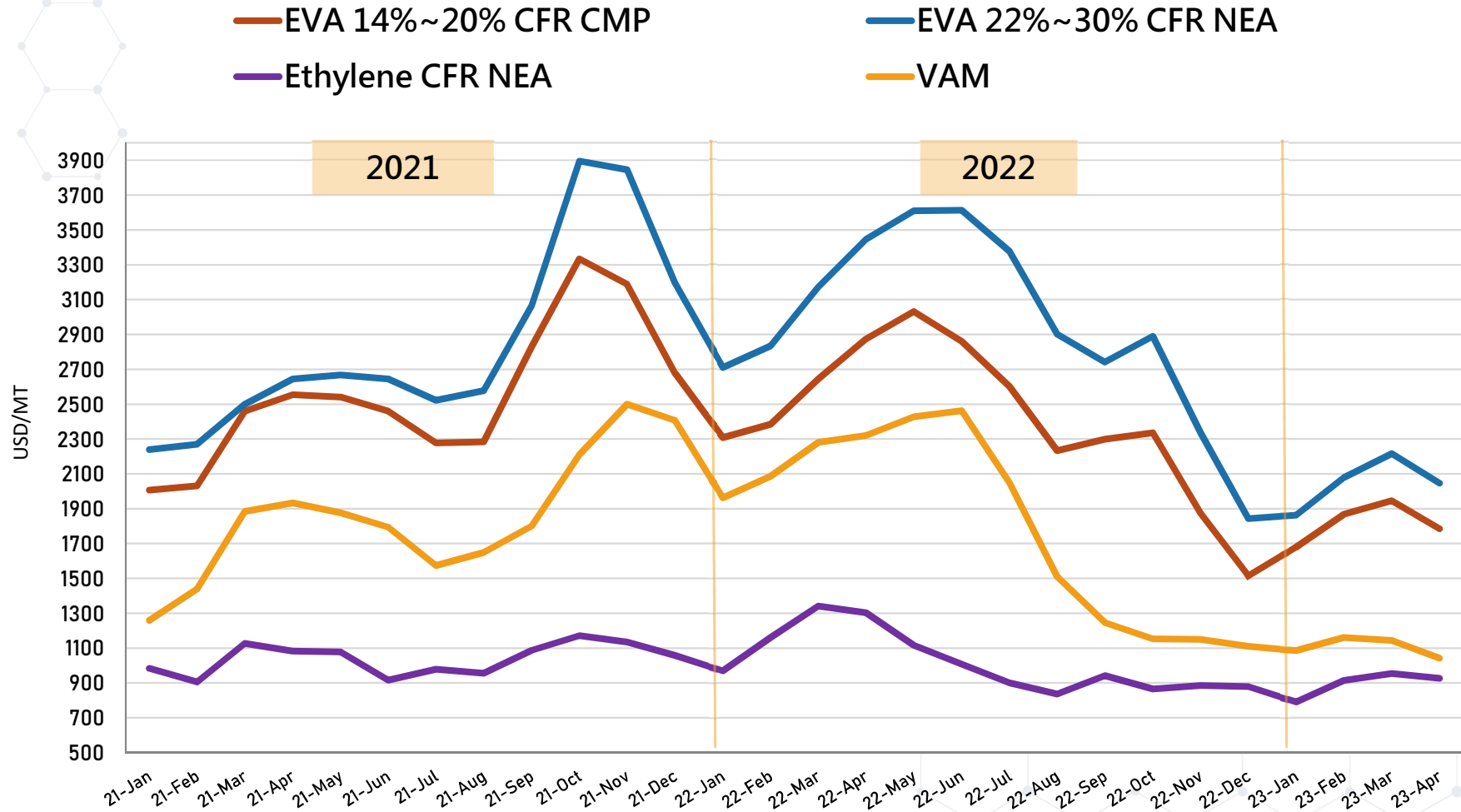
Crude Oil / Ethylene Monomer Review

- In Q1 2023, Brent oil prices fluctuated from a high of US\$86/b due to the poor economic situation. In mid-March, because of the turmoil of Silicon Valley Bank in the United States, the market panicked, and oil prices plummeted. On Mar. 20, it was at the low point US\$70/b yet quickly rebounded and returned to US\$80/b at the end of March. The price of ethylene was expected to rise after the end of lockdown in China. It hit a low of US\$765/MT on Jan. 16 and then gradually rose to US\$960/MT but reversed to fall on Mar. 17.



Source from: Platts

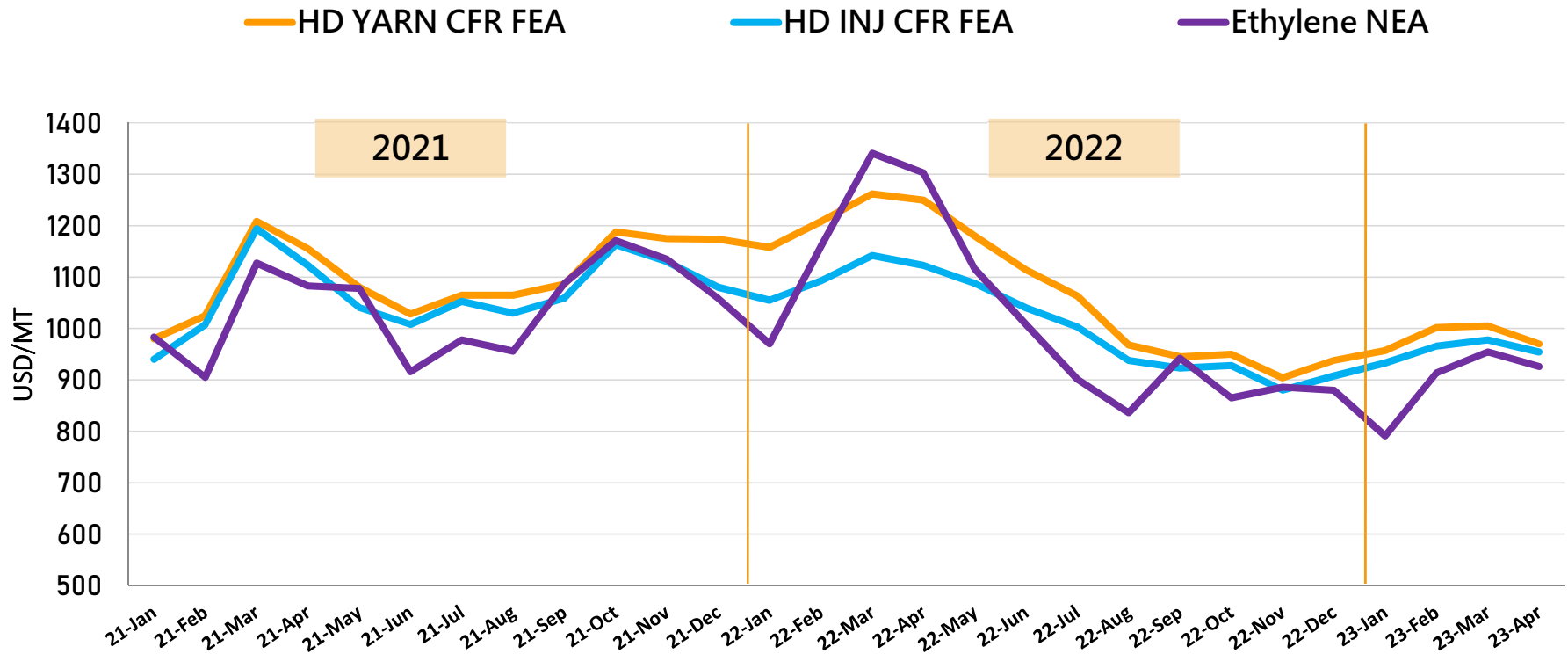
EVA Market Review



Source from: ICIS

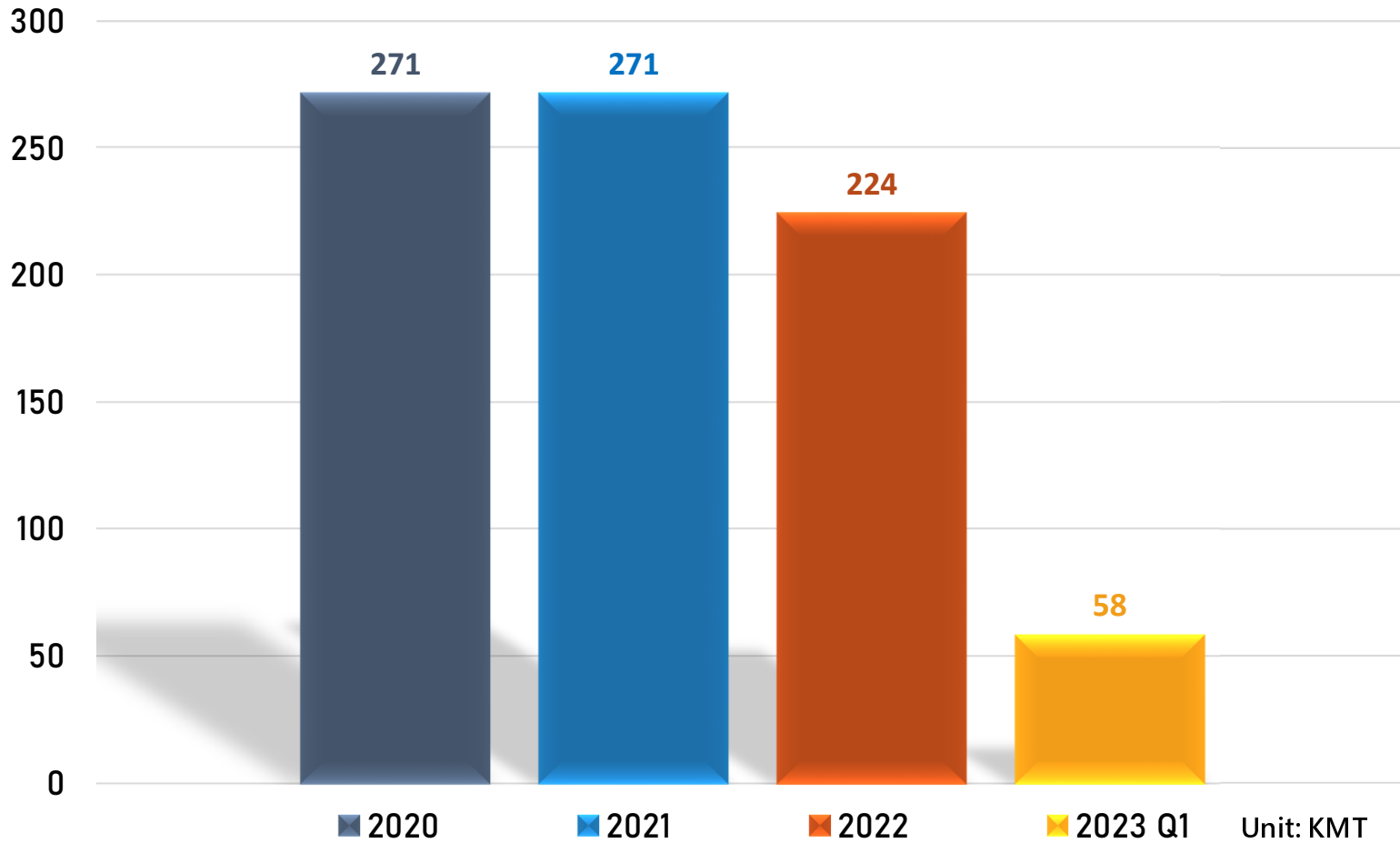


PE Market Review



Source from: Platts

Business Review of 2020 to Q1 2023



Sales Comparison Q1 2022 and 2023

	Q1 2022	Q1 2023	Difference
Total Quantity	57,382	57,831	+449

Unit : MT



EVA Operation Review: Q1 2023

In the first quarter, the EVA market price first rose and then fell. End demand was generally poor except for photovoltaic.

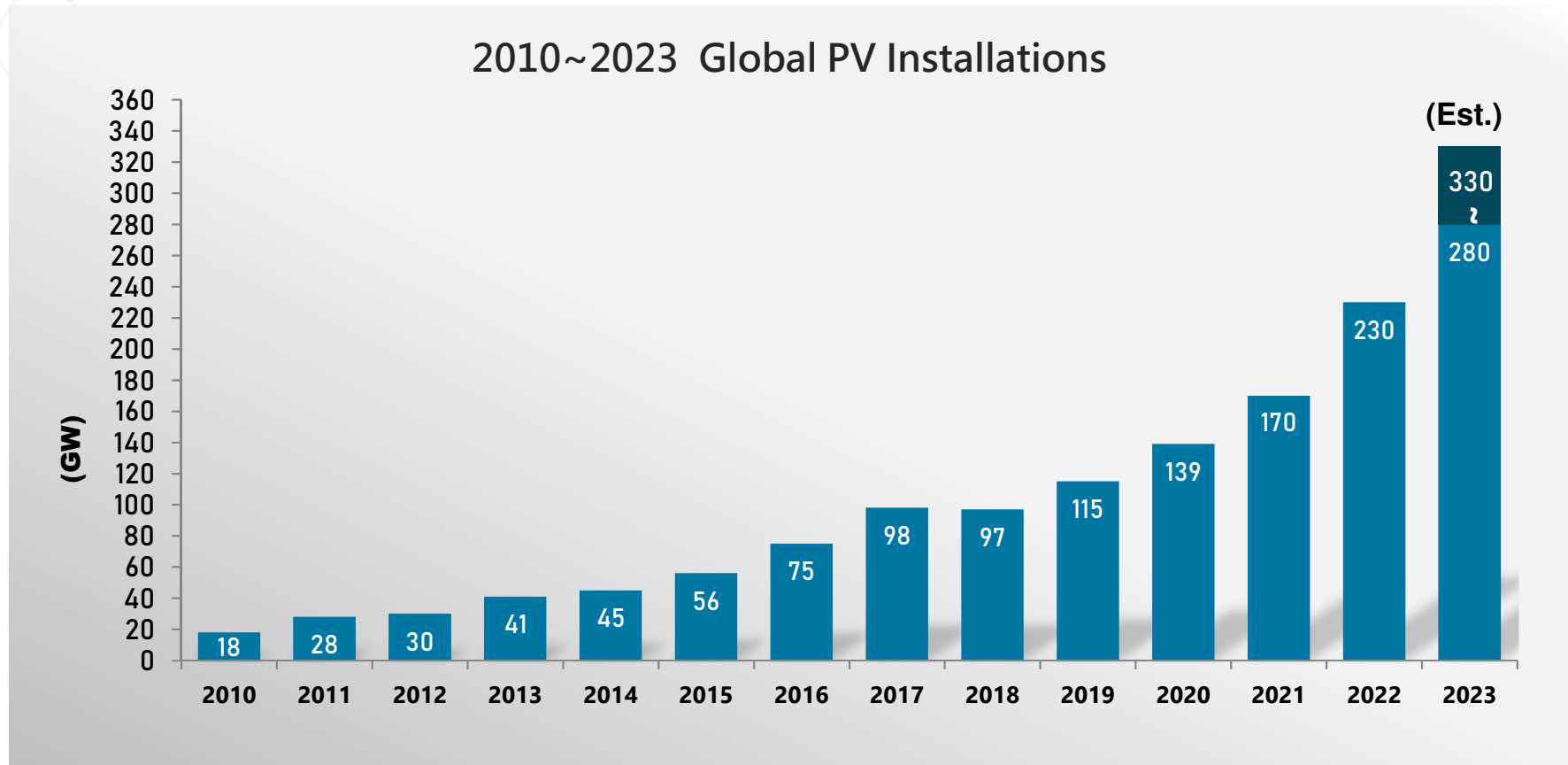
- The lockdown in China was terminated in early January while the price of EVA settled at a low point. Traders entered the market proactively for purchasing, and the demand for PV grade EVA improved, which contributed to raise EVA prices continuously. In late March, except for PV industry, downstream demand was weak. Traders sold with small profits for quick turnover, and the price turned down.
- EVA: Production was stable and ran full capacity. The sales increased by 11% compared with the same period 2022.
- Sales were dominated by PV grades, accounting for **52%**; HMA grades accounted for **29%**, and foam grades accounted for **19%**.



LDPE/HDPE/LLDPE Operation Review: Q1 2023

- Affected by the downturn of the global economy, inflation affected consumption in the end market, and the downstream demand of PE for both domestic and foreign markets was greatly reduced. In Q1 2023, sales decreased by 3,120 MT compared with the same period 2022.
- HDPE: The PE demand in China was dull, and the local PE production capacity was actively exported, which created great competitive pressure in overseas markets. Domestic customers in Taiwan had less export orders and weak demand. In Q1 2023, sales decreased by 7% compared with the same period 2022.
- LLDPE: Domestic customers generally had weak demand, and the sales in Q1 2023 dropped by 39% compared with the same period last year.
- LDPE: Maintained sales to existing regular customers with APC' s OEM products. The sales in Q1 2023 decreased by 26% compared with the same period 2022.

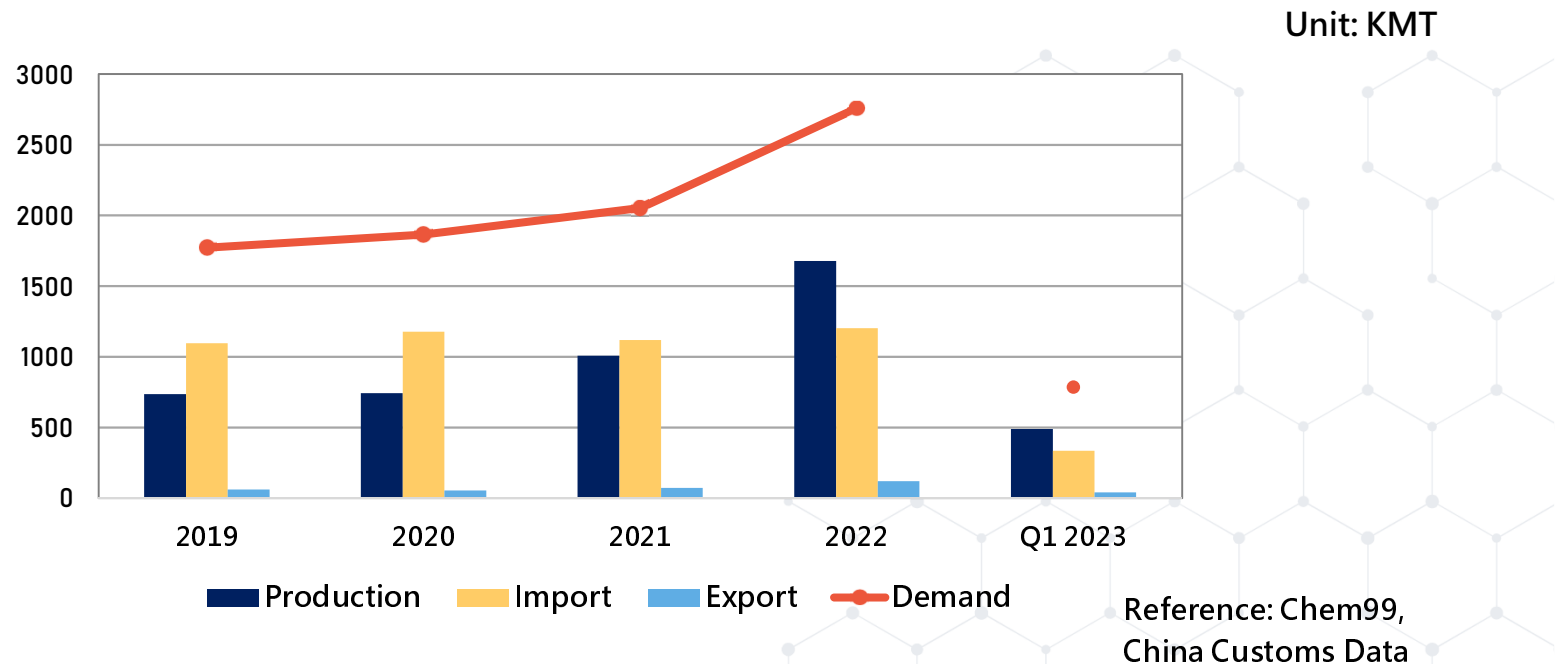
Global PV Demand



Source from:
IHS · Trend Force · CPIA ·
BNEF · Wood Mackenzie

China EVA Demand

Year	Production	Import	Export	Apparent Demand	Self-sufficiency Rate (%)
2019	736	1,096	60	1,771	42%
2020	741	1,177	54	1,864	40%
2021	1,007	1,117	71	2,053	49%
2022	1,676	1,202	119	2,760	61%
Q1 2023	489	334	40	783	62%
Q1 2022	372	259	28	602	62%



The Proportion of EVA Applications in China

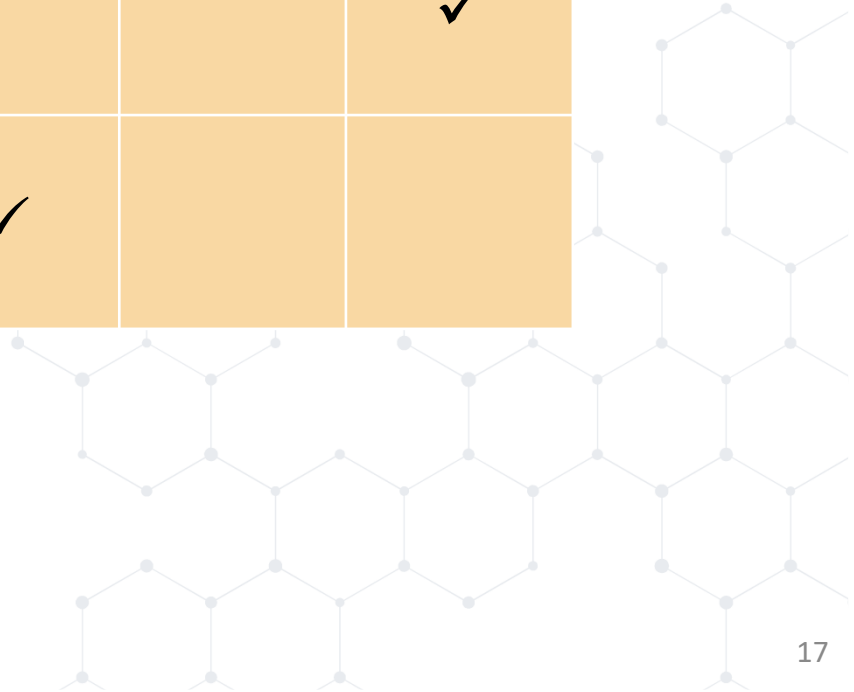
Year	Foam	PV Film	W&C	HMA	Coating	Agri-cultural	Other	Apparent Demand
2015	45	18	16	9	7	3	2	1,175
2016	40	21	16	9	8	2	4	1,303
2017	35	27	16.5	7.5	8	2	4	1,526
2018	34	30.5	17	7	8	1	2.5	1,561
2019	32	32	17	7	7	2	3	1,771
2020	30	34	17	8	7	1	4	1,864
2021	28	37	17	7	7	1	3	2,053
2022	22	47	15	6	6	1	3	2,760

Source from: Chem99
 Unit of applications ratio: %
 Unit of apparent demand: KMT

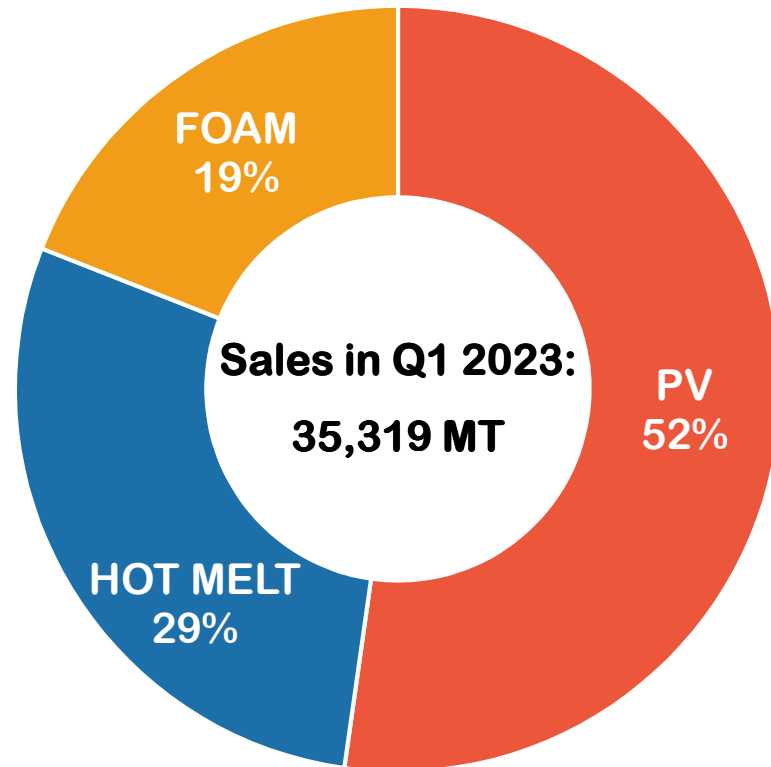
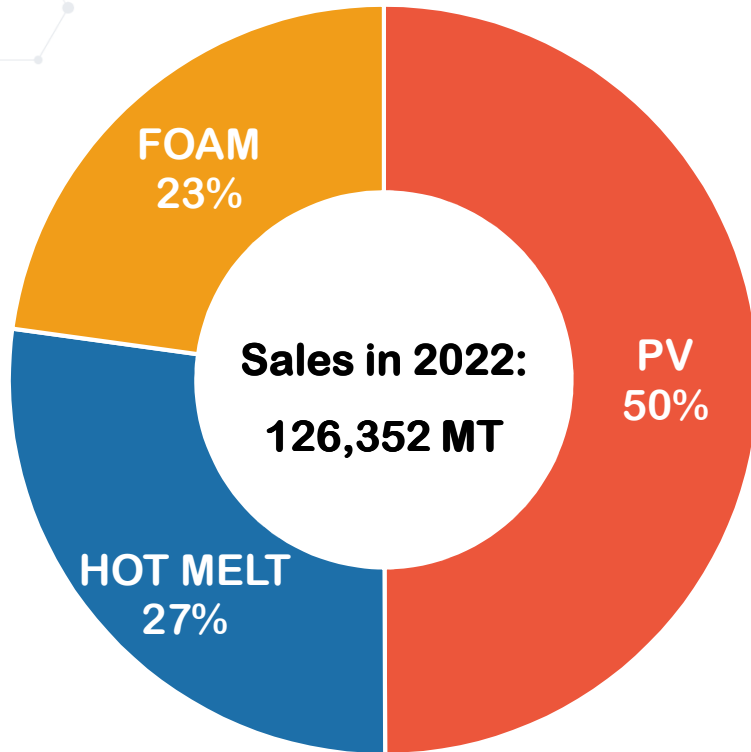


EVA Product Category in USIG 2023

	Foam	PV Film	W&C	HMA	Coating
USI	✓	✓		✓	
APC	✓	✓			✓
GULEI	✓	✓	✓		



USI' s EVA Application Proportion



EVA Capacity in China

Company	Annual Capacity	Start Year	Product Applications
BEIJING DONGFANG PC	40	1995	Film/packaging
BASF-YPC COMPANY LIMITED	200	2005	Film/foam(containing high VA)/W&C
BEIJING HUA MEI POLYMER COMPANY LIMITED	60	2010	HMA
SINOPEC YANSHAN COMPANY	200	2011	Film/foam/lamination
LEVIMA ADVANCED MATERIALS TECHNOLOGY	100	2015	Foam(containing high VA)/W&C/PV
FORMOSA PLASTICS CORP.NINGBO	72	2016	Foam(containing high VA)/W&C/PV
JIANGSU SAILBOAT PETROCHEMICAL	300	2017	Foam(containing high VA)/W&C/PV/HMA
SHAANXI YANCHANG COAL YULIN EN. AND CH.	300	2021	Film/foam/W&C/PV
SINOPEC YANGZI PC	100	2021	Foam(containing high VA)/PV/HMA
SINOCHM QUANZHOU PETROCHEMICAL	100	2021	Foam/W&C
ZHEJIANG PETROLEUM & CHEMICAL CO., LTD.	300	2021	PV
SINOPEC ZHONGKE (GUANGDONG) REF.& CH.	100	2022	Foam/W&C/PV
LEVIMA ADVANCED MATERIALS TECHNOLOGY (Debottleneck)	50	2022	Foam(containing high VA)/W&C/PV
XINJIANG DUSHANZI TIANLI HIGH&NEW TECH	200	2022	Foam/PV
FORMOSA PLASTICS CORP.NINGBO (Debottleneck)	28	2022	Foam(containing high VA)/W&C/PV
Total (already in production)	2150		
FUJIAN GULEI PETROCHEMICAL	300	2023	
NINGXIA BAOFENG ENERGY	250	2023	
ZHEJIANG PETROLEUM & CHEMICAL CO., LTD. (Phase II)	400	2024	
SINOCHM QUANZHOU PETROCHEMICAL (Debottleneck)	40	2024	
JIANGSU SAILBOAT PETROCHEMICAL (Phase II)	700	2024~2025	
ABUNDANT DRAGON GROUP	300	2025	
FUJIAN BILLION PETROCHEMICAL	350	2025	
LEVIMA GREEN(SHANDONG) NEW MATERIALS CO., LTD	200	2025	
GUANGXI PETROCHEMICAL OF CHINA PETROLEUM	400	2025	
SINOPEC ZHONGKE (GUANGDONG) REF.& CH. (Phase II)	100	2025	
Total (New Capacity)	3040		

Unit: KMT



Business Outlook for Q2

◆ Crude oil :

The hesitation of economic recession caused oil prices to fall. However, OPEC begins to reduce production from May, the peak summer season is approaching, and the strategic petroleum reserve in the US will start to replenish soonest in Q3. The prices in short-term are still braced.

◆ Ethylene :

In H1 2023, cracking plants have arranged numerous maintenance and new downstream production capacity in China is gradually released. However, the sluggish price of naphtha and downstream demand will weaken ethylene price.

◆ VAM :

After the new production capacity of Shenghong Petrochemical is released, it provides stable supply every month. It is expected that there will be 2-3 sets of capacity with ethylene method production released in China in the second half of the year, and the price will run weakly.

Business Outlook for Q2

◆ PE & EVA :

- 1. The Russia-Ukraine war continues, inflation and interest rate hikes affect terminal consumption, and the market expects that the future economic situation is not optimistic.**
- 2. The overall demand for EVA is expected to slow down in Q2. The outlook of the demand in PV market is fair. The consumption of shoe foaming, hot-melt adhesives, and coatings shrinks due to inflation. The end demand is expected to be sluggish. Gulei's 300 KMT new capacity has been put into operation this month. It increases EVA supply and will make the price difficult to rise.**
- 3. The post-epidemic economic recovery is not as good as expected. It is estimated that the PE market demand will remain weak in Q2, and new production capacity in China will be put into operation one after another. Under the fierce price competition, PE sales will be even more challenging.**
- 4. Continuously developing niche market customers by promoting high-performance EVA products and improving the quality of HD/LLD products.**

Gulei Petrochemical Project

Shareholders

- ◆ Taiwan and China each holds 50 %.
- ◆ Total investment (Taiwan & China) : 30.39 Billion RMB.

Items

- ◆ Sales and production of Ethylene, Propylene, Butadiene, Ethylene Vinyl Acetate copolymers (EVA), Ethylene Oxide (EO), Ethylene Glycol (EG), and etc..

Developments

- ◆ 2016/11 Fujian Gulei Petrochemical Co. Ltd. established.
- ◆ 2017/12 Opening ceremony of Fujian Gulei Petrochemical Co. Ltd. launched
- ◆ 2018/08 Overall design of Gulei Petrochemical Project approved
- ◆ 2019/05 The Land Usage Proposal and Infrastructure Plan approved
- ◆ 2019/06 Project construction started
- ◆ 2021/03 Test-run of PP item successfully performed
- ◆ 2021/08 Test-run of Steam cracker, SM, EO/EG item successfully performed
- ◆ 2021/10 Test-run of SBS item successfully performed
- ◆ 2021/12 Fujian Gulei Petrochemical Co. Ltd. commercial operation started
- ◆ 2022/10 EVA mechanical system completion
- ◆ **2023/05 Test-run of EVA started**

USI

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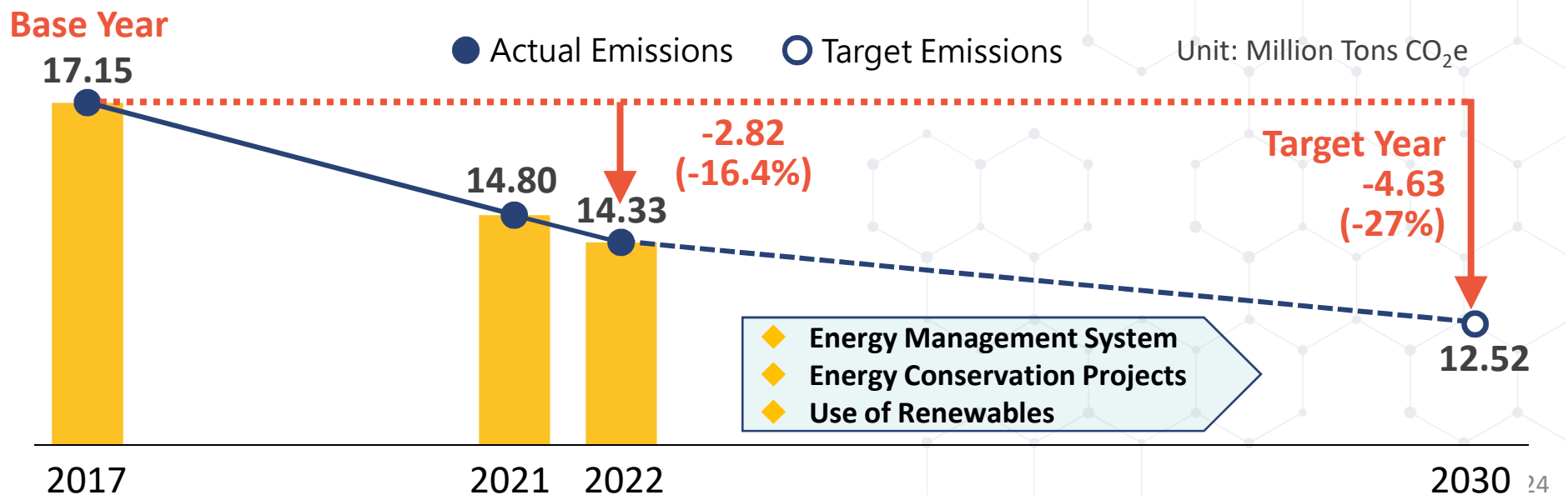
Carbon Reduction Roadmap & ESG

USI Carbon Reduction Roadmap by 2030

USI follows USIG carbon reduction targets: **27% less emissions over 2017 by 2030**. Emissions in 2022 reduced by 16.4% compared to the base year (2017).

For USI, emissions from electricity use account for more than 80%. Thus, the Company actively engage in the renewables planning.

- ◆ **Solar Energy** : In 2022, the Company already developed solar generation of nearly 5.9MW, and the capacity is expected to reach 20 MW in 2027.
- ◆ **Geothermal Energy** : The site is located in Taitung. The post-exploration work is in progress.
- ◆ **Offshore Wind Energy** : Formed an alliance with petrochemical peers to negotiate power purchases with wind power developers.



ESG Performance in 2022

Water Efficiency Management

- ISO 46001:2019 Water Efficiency Management System implemented.
- Total water withdrawal in 2022 was 72.7 million liters less than it in 2021 (7.85% of total water withdrawal).

Water Reclamation

- Continuous monitoring and reclamation of effluents
- Detention basin and storm water reclamation channel
- Steam Condensate Recovery

Effluents Management

- The all water quality items of discharge complied with the regulatory limits, and after discharging effluents to the **Houjin** River in Kaohsiung.

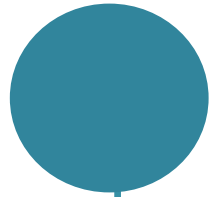
Air Pollution Control

- VOCs equipment component leakage: 0.038%. It is a decrease year by year compared with 0.057% in 2020 and 0.038% in 2021.

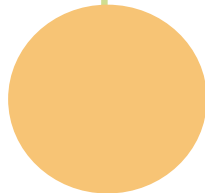
Energy Conservation and Carbon Reduction

- The Company implemented 6 energy conservation projects, with an annual electricity saving rate of 1.31% and carbon reduction of 2,138 tons of CO₂e.

Presentation Outline



02



Finance Information



USI

Reported By: Amy Kuo
(Accounting Manager)



Finance Information

(For the Three Months Ended March 31, 2023)

USI CORPORATION

Consolidated Statements of Income

(In millions of NTD, except per share data)

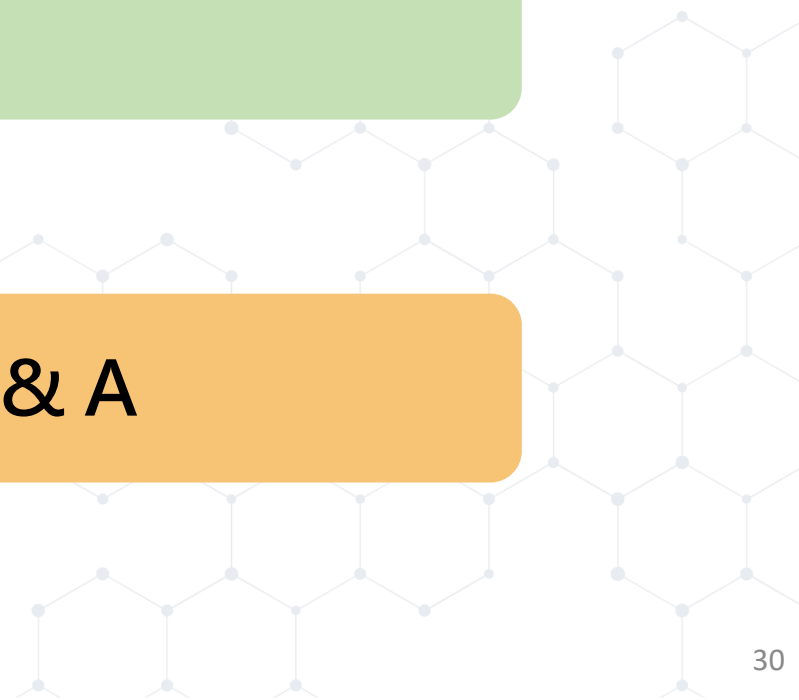
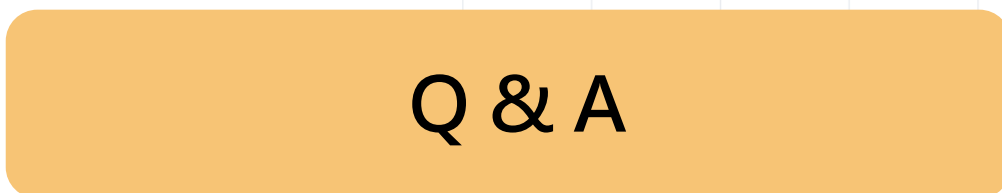
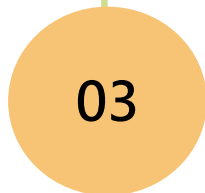
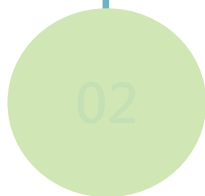
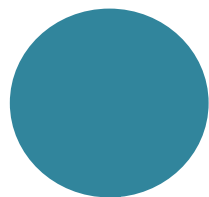
	2023 1/1~3/31 (Consolidated)	2022 1/1~3/31 (Consolidated)	YoY%	2022 FY (Consolidated)	2021 FY (Consolidated)	2020 FY (Consolidated)
Sales	13,176	17,098	-22.9%	66,437	71,756	50,201
Cost of goods sold	11,427	13,969	-18.2%	55,497	54,002	39,721
Gross profit	1,749	3,129	-44.1%	10,940	17,754	10,480
gross profit ratio	13%	19%		16%	25%	21%
Selling and administrative expenses	893	1,361	-34.4%	4,767	4,441	3,221
R&D expenses	118	100	18.4%	437	430	363
Operating income	738	1,668	-55.7%	5,736	12,883	6,896
operating income ratio	6%	10%		9%	18%	14%
Non-operating income(loss)	(1,294)	(680)	90.2%	(5,039)	(130)	227
Income(Loss) before income taxes	(556)	988	-156.3%	697	12,752	7,123
Income taxes	32	258	-87.7%	758	2,673	1,440
Net income(loss)	(587)	730	-180.4%	(61)	10,079	5,683
net income ratio	-4%	4%		0%	14%	11%
Net income(loss) attributable to						
- USI Corporation	(97)	535	-118.0%	1,555	5,191	2,410
- non-controlling interests	(491)	195	-351.7%	(1,616)	4,888	3,273
Basic Earnings (Loss) Per Share	(0.09)	0.50		1.45	4.84	2.25

USI CORPORATION

Financial Ratio Analysis - Consolidated

	2023 1/1~3/31	2022 1/1~3/31	2022 FY	2021 FY	2020 FY
Operating income margin(%)	6	10	9	18	14
Net income margin(%)	(4)	4	0	14	11
Debt ratio(%)	35	32	34	34	37
Current ratio(%)	314	264	293	227	225
Quick ratio(%)	228	194	215	172	185
Accounts receivable turnover days	50	46	48	43	54
Inventory turnover days	59	51	49	40	42

Presentation Outline





Thanks for attending and kind support

Company Website : <https://www.usife.com.tw>

