

**2023**  
**8/18**



**Investor Conference**





# Disclaimer

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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

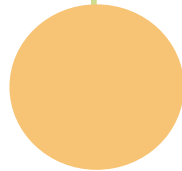
Q & A

# 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**



**Established Date**

May 26, 1965

**Capital**

NT\$ 11.9 Billions

**No. of Employees**

448 (2023.07.31)

**Revenue (2022)**

Parent Company Only : NT\$15.6 Billions  
Consolidated : NT\$66.4 Billions

**Revenue (H1 2023)**

Consolidated : NT\$25.9 Billions

# High Pressure LDPE/EVA Plant

## Production Facility

- 4 sets of High-Pressure Autoclave Production Lines

## Annual Capacity

- LDPE/EVA Total at 150KMT

## Main Products

- Low Density Polyethylene Resins (Injection / Film Grades)
- Ethylene Vinyl Acetate Copolymer Resins (Foaming / HMA / PV Grades)



# Low Pressure HDPE/LLDPE Plant


## Production Facility

- 1 set of Gas Phase Production Line

## Annual Capacity

- HDPE/LLDPE Total at 130KMT

## Main Products

- High Density Polyethylene Resins  
(Injection / Yarn / Rotation Grades)
  - Linear Low Density Polyethylene Resins  
(Blown Film / Casting Grades)
- 



**USI**

**Reported By: Mark Wu**

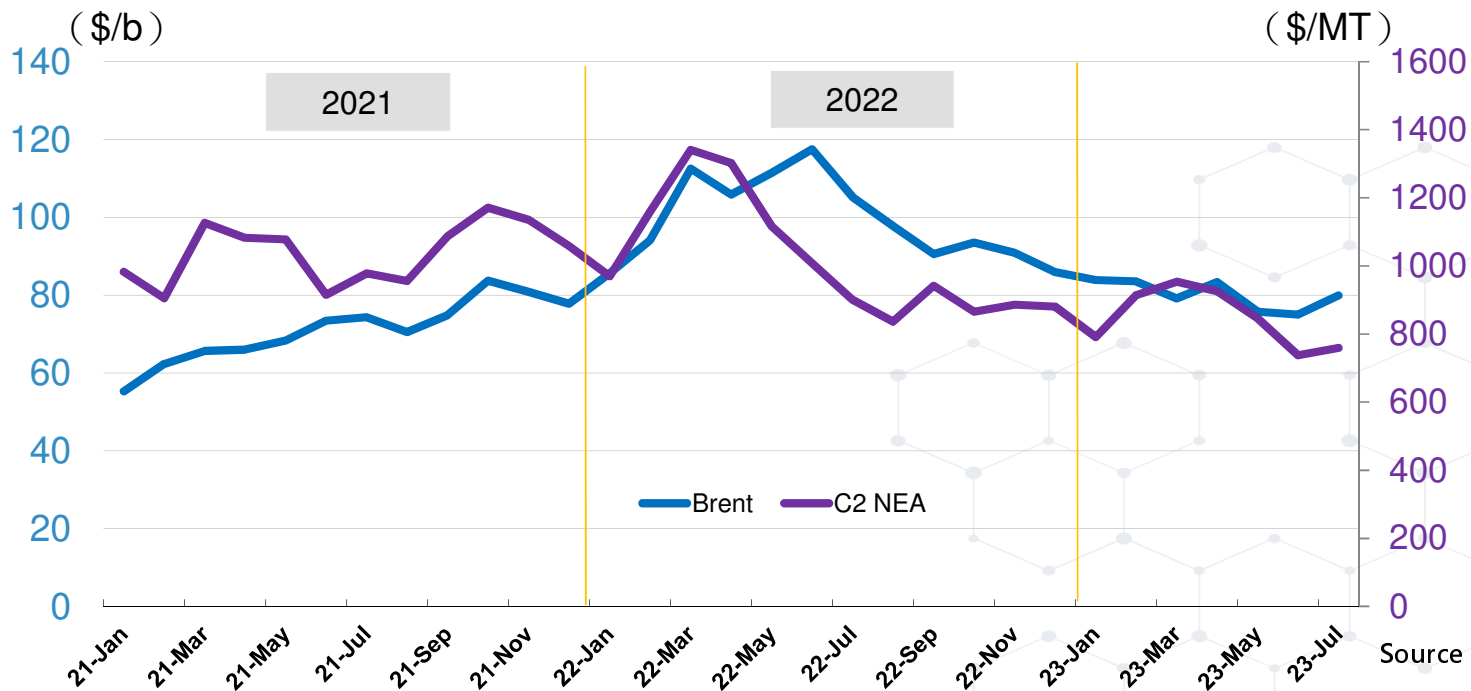
**(Vice President of Sales & Marketing Dept.)**



## **Business Review and Outlook**

# Crude Oil / Ethylene Monomer Review

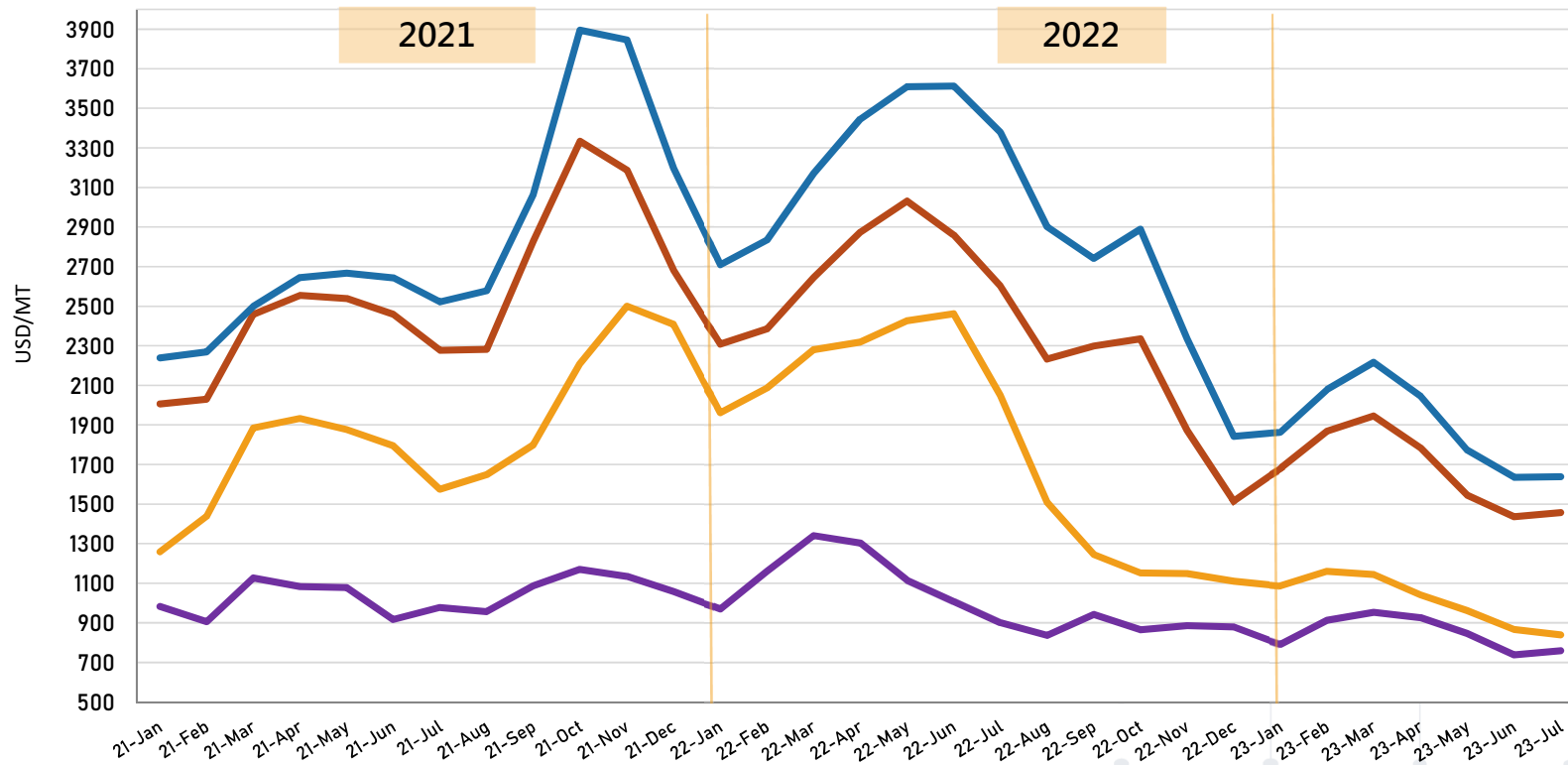
- After the Lunar New Year in 2023, driven by the termination of lockdown in China, the price of ethylene raised up. In Q2, the demand was not as good as expected, the price of crude oil went soft. Large supply of ethylene in the US and the Middle East triggered the spot price to fall. Oil price surged in early July as oil-producing countries announced continuous production cuts.



Source from: Platts

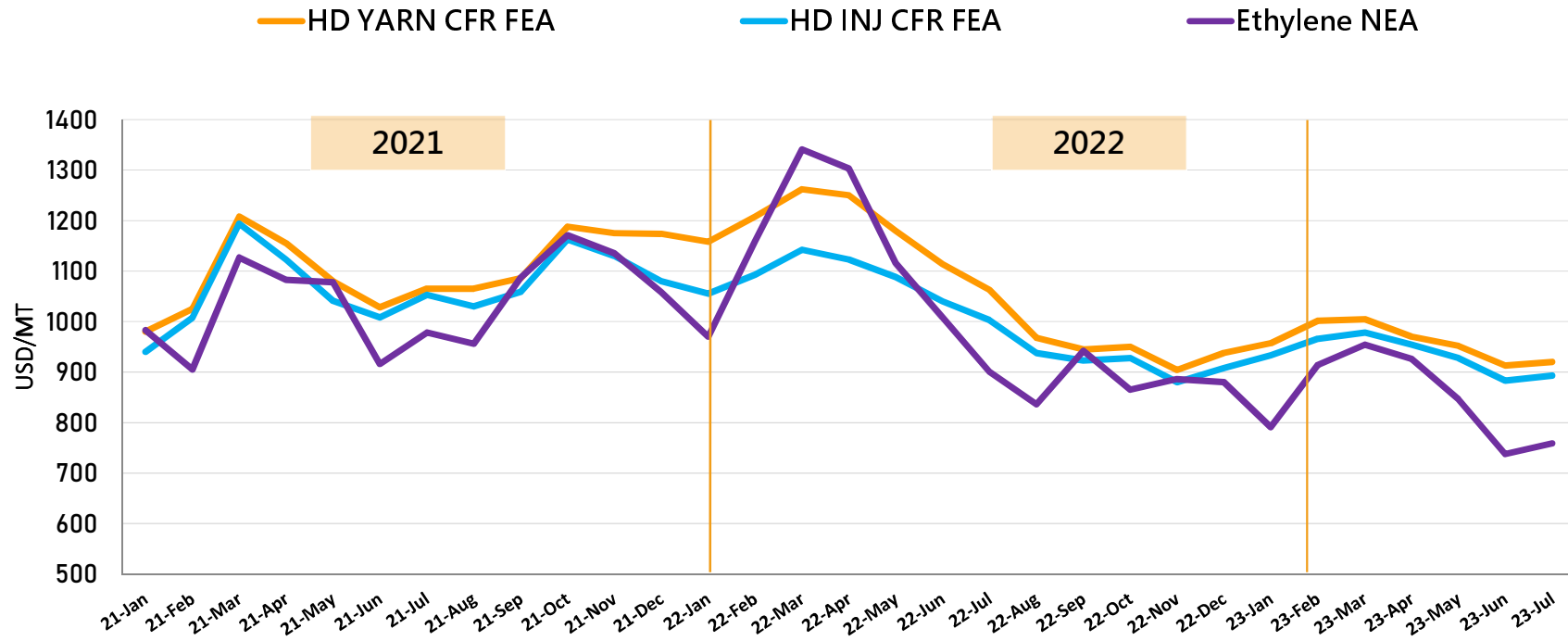
# EVA Market Review

— EVA 14%~20% CFR CMP   
 — EVA 22%~30% CFR NEA   
 — Ethylene CFR NEA   
 — VAM



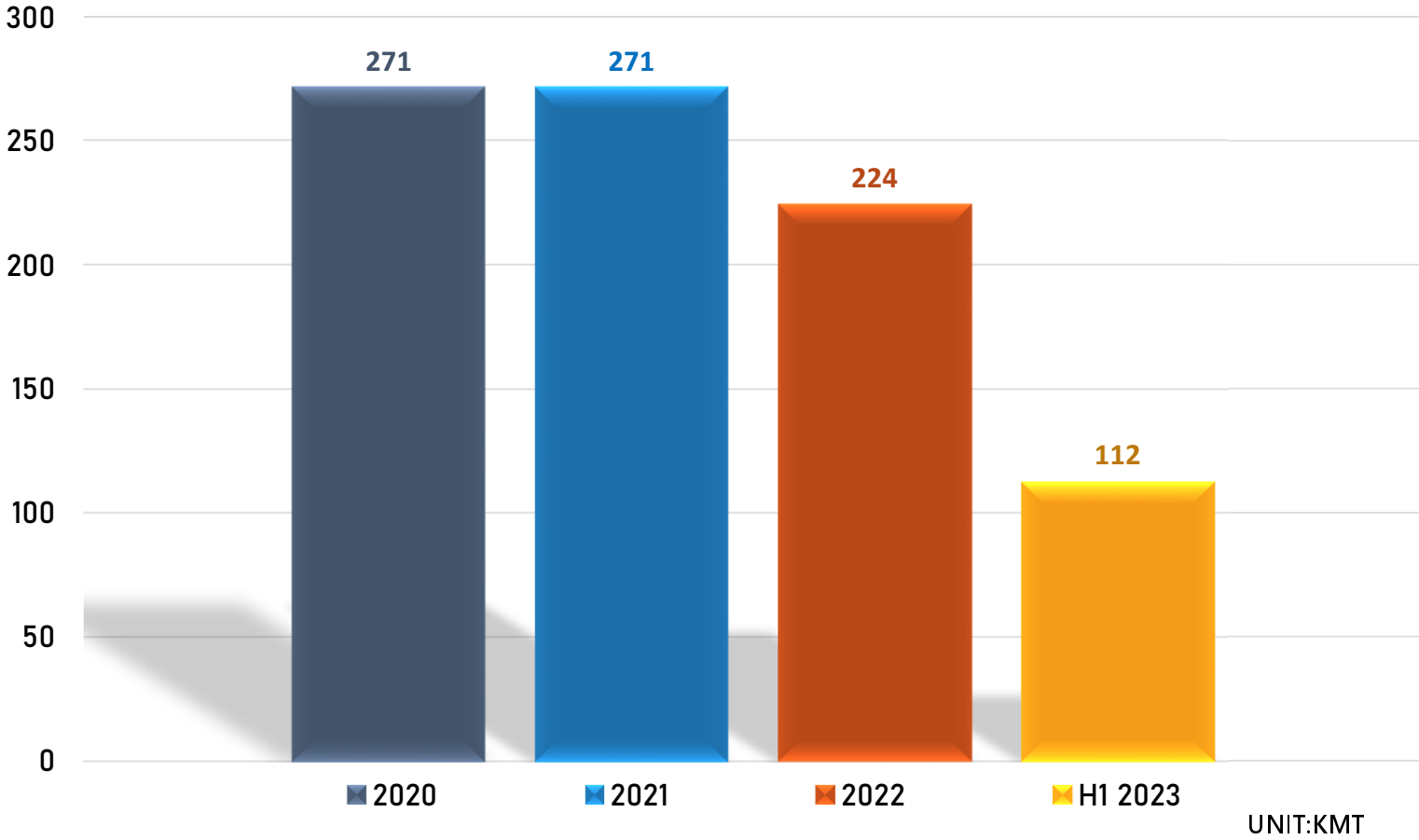
Source from: ICIS

# PE Market Review



Source from: Platts

# Business Review of 2020 to H1 2023



# Sales Comparison H1 2022 and 2023

	H1 2022	H1 2023	Difference
Total Quantity	118.7	111.7	-7

Unit : MT

# EVA Operation Review: H1 2023

**In the first half of 2023, the EVA market price first rose and then fell. End demand was generally poor except for photovoltaic.**

- At the beginning of the year, EVA prices raised from a low point due to traders' active purchasing, and continuous enhanced demand for PV grade EVA. Since late March, the downstream demand became weak and the price turned down. In addition, the EVA production of Gulei Petrochemical was about to start. The buyers were sitting on the fence which made price continue to slump. The EVA plant of Gulei Petrochemical successfully put into production in May 2023. The market believed that the low point of EVA had reached, and the willingness of entering the market to buy materials increased. The price began to rise from the bottom in late July.
- EVA: Production was stable and ran full capacity. The sales increased by 1% compared with the same period 2022.
- Sales were dominated by PV grades, accounting for 58%; HMA grades accounted for 25%, and foam grades accounted for 17%.

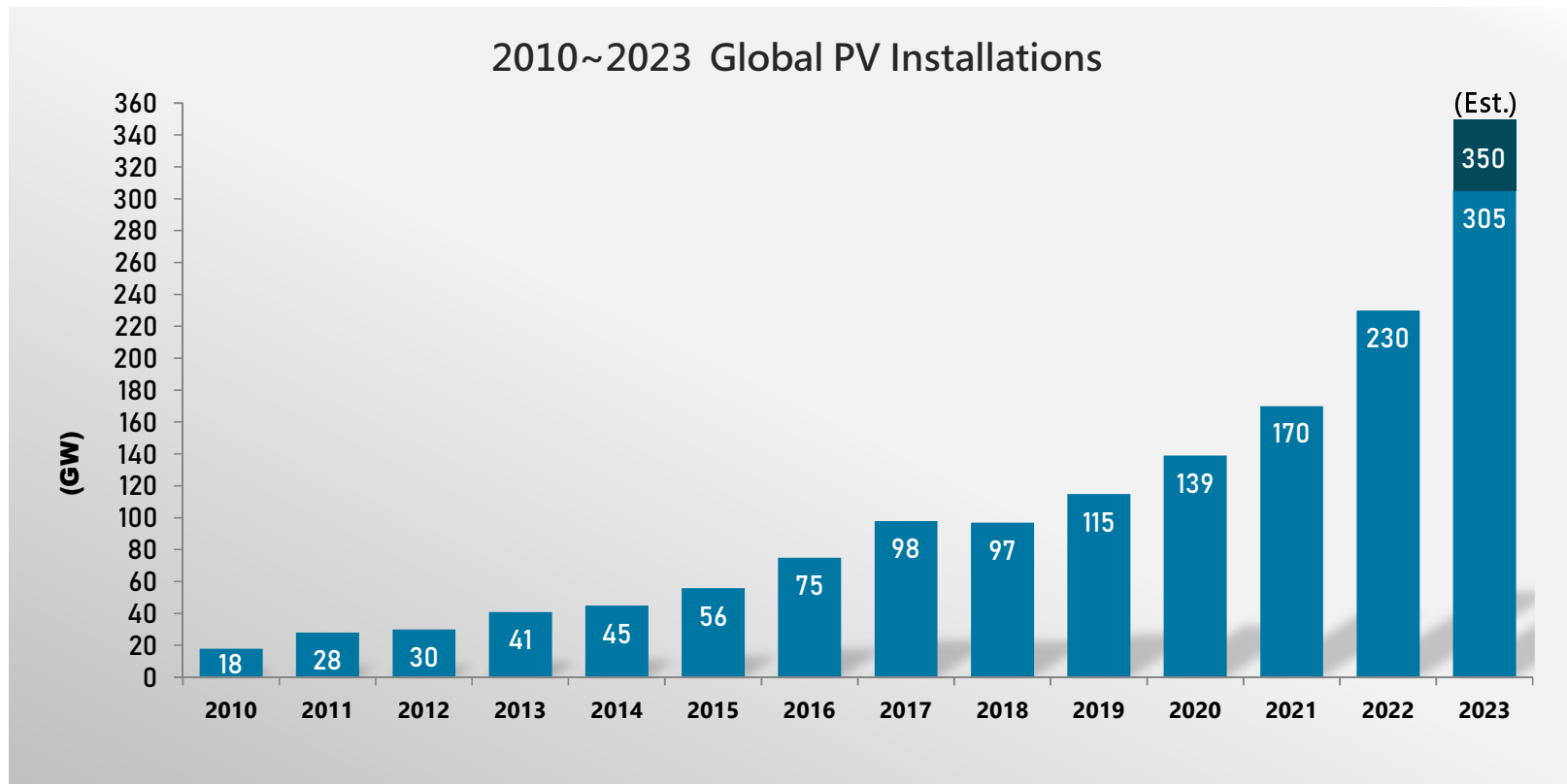


# LDPE/HDPE/LLDPE Operation Review: H1 2023

- Affected by the downturn of the global economy, and diminished consumption in the end market brought by inflation, the downstream demand of PE for both domestic and foreign markets was greatly reduced. In H1 2023, sales decreased by 7,700 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 H1 2023, sales decreased by 12% compared with the same period last year.
- LLDPE: Domestic customers generally had weak demand. The sales in H1 2023 dropped by 30% compared with the same period 2022
- LDPE: Maintaining sales to existing regular customers with APC' s OEM products. The sales in H1 2023 decreased by 26% compared with the same period last year.



# Global PV Demand

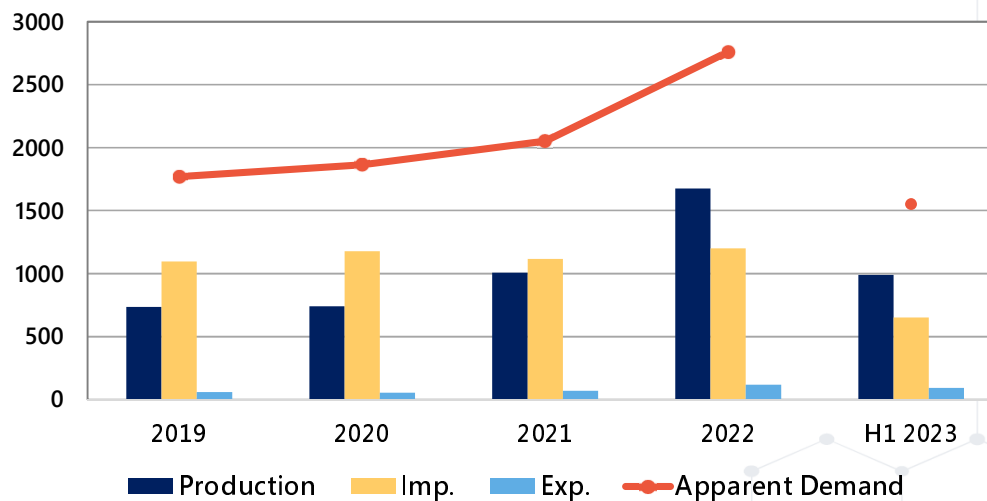


Source from:  
IHS、Trend Force、CPIA、  
BNEF、Wood Mackenzie

# China EVA Demand

Year	Production	Imp.	Exp.	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%
<b>H1 2023</b>	<b>991</b>	<b>652</b>	<b>92</b>	<b>1,551</b>	<b>64%</b>
(H1 2022)	796	545	56	1,286	62%

unit:KMT



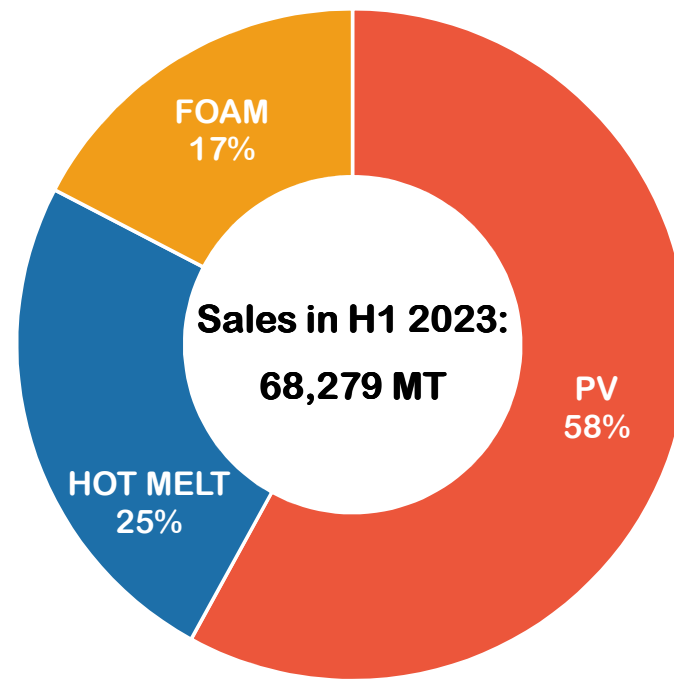
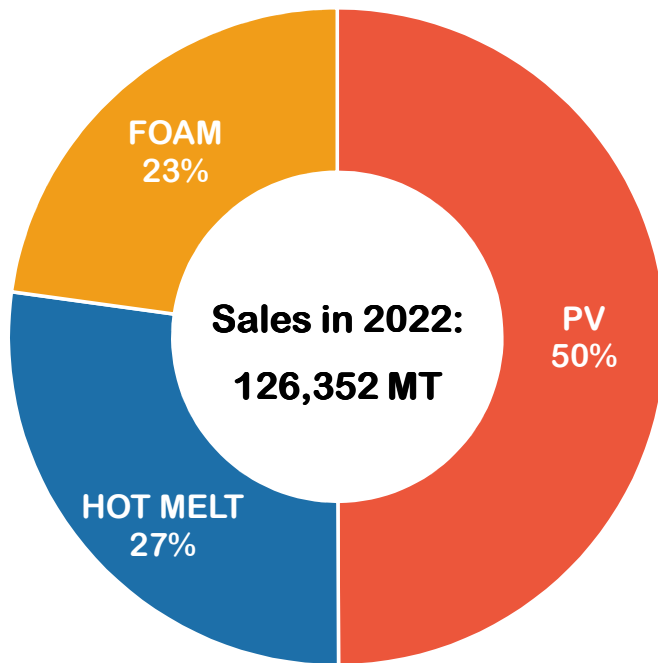
Reference: Chem99,  
China Customs Data

# 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

# 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/HMA/PV
SHAANXI YANCHANG COAL YULIN EN. AND CH.	300	2021	Film/foam/W&C/PV
SINOPEC YANGZI PC	100	2021	Foam(containing high VA)/HMA/PV
SINOCHEM QUANZHOU PETROCHEMICAL	100	2021	Foam/W&C/PV
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
FUJIAN GULEI PETROCHEMICAL	300	2023	Foam(containing high VA)/W&C/PV
<b>Total (already in production)</b>	<b>2450</b>		
NINGXIA BAOFENG ENERGY	250	2023	
ZHEJIANG PETROLEUM & CHEMICAL CO., LTD. (Phase II)	400	2024	
SINOCHEM 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	
<b>Total (New Capacity)</b>	<b>2740</b>		

Unit : KMT

# Business Outlook for Q3

## ◆ Crude oil :

Oil-producing countries cut production while shale-producing areas cut spending and increase production slowly. The supply of crude oil becomes tighter. On the demand side, considering factors regarding global economy and China's economic stimulus plans, the oil price trend goes slightly upwards and is expected to fluctuate between US\$80 and US\$95.

## ◆ Ethylene :

The overall supply of ethylene in Asia is oversupplied and the supply in the US is still sufficient. Asian manufacturers have lowered their production to maintain price level.

## ◆ VAM :

Downstream demand (construction-related especially) has not yet improved. Along with the new production capacity of 300 KMT from Zhejiang Petrochemical is expected to be put into operation before October, the oversupply situation will most likely remain.

# Business Outlook for Q3

## ◆ PE & EVA:

1. Affected by the Russia-Ukraine war and the continuous tightening of monetary policies against inflation, the global economy this year has slowed down significantly compared to last year, and demand continues to be weak.
2. The demand for solar energy continues to be optimistic. Professional institutions have revised the installation capacity forecasts from 280-330GW to 305-350GW for this year. In addition to the new EVA production capacity of Gulei Petrochemical, Ningxia Baofeng's new production capacity is expected to be put into production in Q4, and it is expected to officially enter the market next year. It is expected that the price of EVA in Q3 will rise slowly month by month.
3. Regarding PE, the economic recovery and the local demand in China are not as good as expected after the end of lockdown. PE plants in China are actively exporting products at low prices which makes the competition in foreign markets extremely fierce. It is estimated that PE demand in Q3 will hardly improve.

# Gulei Petrochemical Project

Shareholders

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

Items

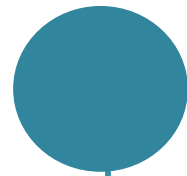
- ◆ Sales and production of Ethylene, Propylene, Butadiene, Ethylene Vinyl Acetate copolymers (EVA), Ethylene Oxide (EO), Ethylene Glycol (EG), and etc..

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**

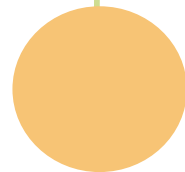


# Presentation Outline



02

Finance Information



**USI**

**Reported By: Amy Kuo**  
**(Accounting Manager)**



## **Finance Information**

**(For the Six Months Ended June 30, 2023)**

# USI CORPORATION

## Consolidated Statements of Income

(In millions of NTD, except per share data)

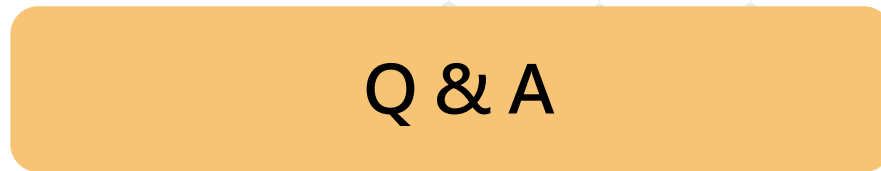
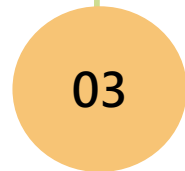
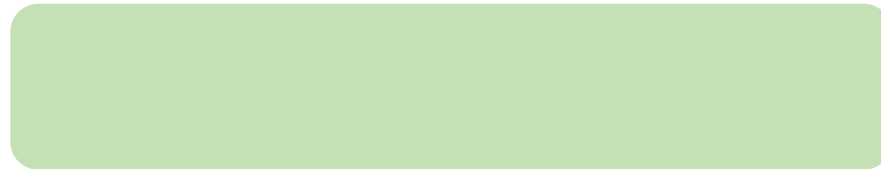
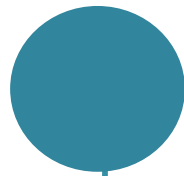
	2023 1/1~6/30 (Consolidated)	2022 1/1~6/30 (Consolidated)	YoY%	2022 FY (Consolidated)	2021 FY (Consolidated)	2020 FY (Consolidated)
<b>Sales</b>	25,935	34,950	-25.8%	66,437	71,756	50,201
<b>Cost of goods sold</b>	22,680	28,790	-21.2%	55,497	54,002	39,721
<b>Gross profit</b>	3,255	6,159	-47.2%	10,940	17,754	10,480
gross profit ratio	13%	18%		16%	25%	21%
<b>Selling and administrative expenses</b>	1,718	2,605	-34.1%	4,767	4,441	3,221
<b>R&amp;D expenses</b>	243	203	20.0%	437	430	363
<b>Operating income</b>	1,294	3,351	-61.4%	5,736	12,883	6,896
operating income ratio	5%	10%		9%	18%	14%
<b>Non-operating income(loss)</b>	(2,121)	(1,954)	8.5%	(5,039)	(130)	227
<b>Income(Loss) before income taxes</b>	(827)	1,397	-159.2%	697	12,752	7,123
<b>Income taxes</b>	140	650	-78.5%	758	2,673	1,440
<b>Net income(loss)</b>	(967)	747	-229.4%	(61)	10,079	5,683
net income ratio	-4%	2%		0%	14%	11%
<b>Net income(loss) attributable to</b>						
- USI Corporation	(69)	889	-107.8%	1,555	5,191	2,410
- non-controlling interests	(897)	(142)	533.4%	(1,616)	4,888	3,273
<b>Basic Earnings (Loss) Per Share</b>	(0.06)	0.83		1.45	4.84	2.25

# USI Corporation

## Financial Ratio Analysis-Consolidated

	2023 1/1~6/30	2022 1/1~6/30	2022 FY	2021 FY	2020 FY
Operating income margin(%)	5	10	9	18	14
Net income margin(%)	(4)	2	(0)	14	11
Debt ratio(%)	36	38	34	34	37
Current ratio(%)	262	203	293	227	225
Quick ratio(%)	191	143	215	172	185
Accounts receivable turnover days	50	45	48	43	54
Inventory turnover days	58	54	49	40	42

# Presentation Outline



Q & A



# Thanks for attending and kind support

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

