

2023  
11/23



**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

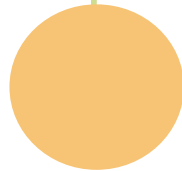
Q & A

# 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**

**451 (2023.09.30)**

**Revenue (2022)**

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

**Revenue (H1 2023)**

**Consolidated : NT\$39.4 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**

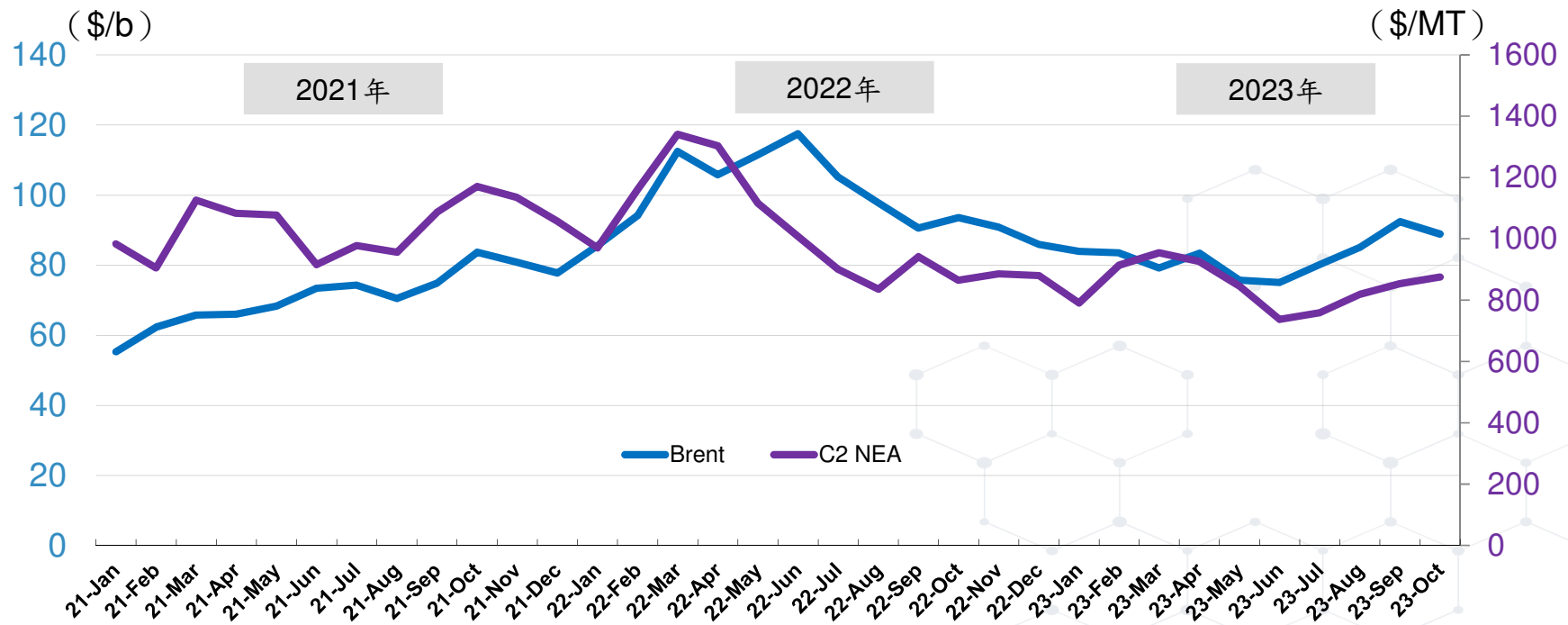
**(Vice President of Sales & Marketing Dept.)**



## **Business Review and Outlook**

# Crude Oil / Ethylene Monomer Review

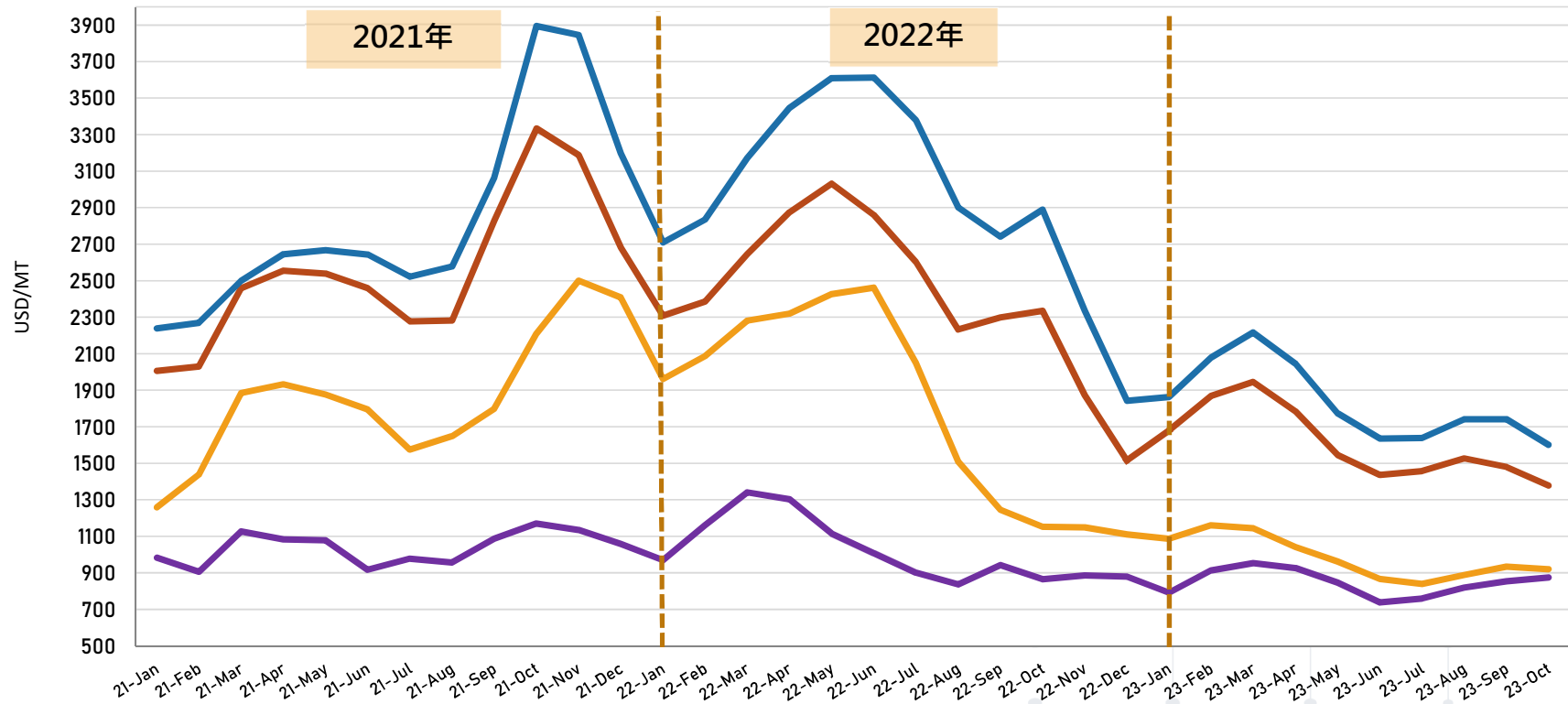
- After the Lunar New Year in 2023, the price of ethylene was stimulated by the lifted lockdown in China, which drove up the price. In Q2, the demand was lower than expected, thus crude oil price went softened. The ample supply of ethylene in the US and the Middle East caused the spot price to fall. In Q3, crude oil reversed to hike due to the reduced production plan of OPEC+ and the consumption peak season in North America. Crude oil price continued to rise, all the way up to US\$95/b at the end of September. Ethylene price was also affected accordingly. In early July, it reversed upwards from US\$730/MT and reached US\$890/MT by the end of September.



Source from: Platts

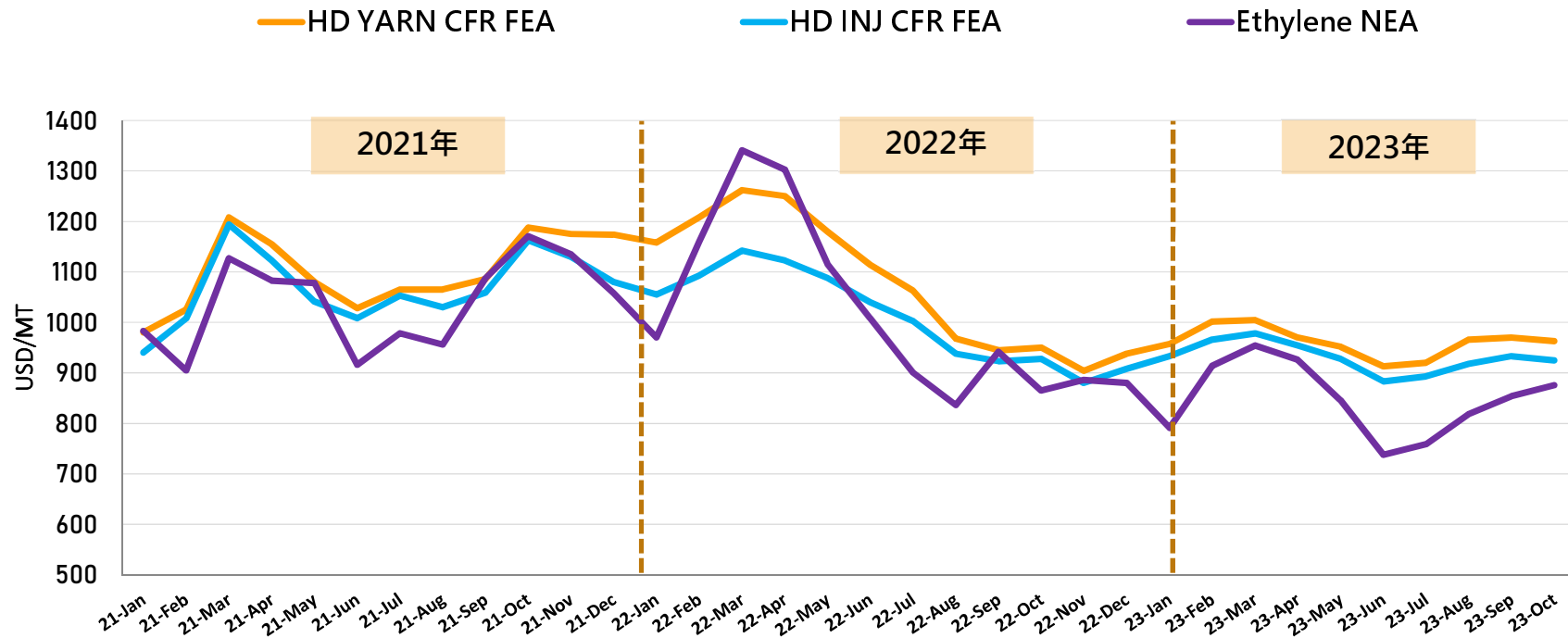
# EVA Market Review

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



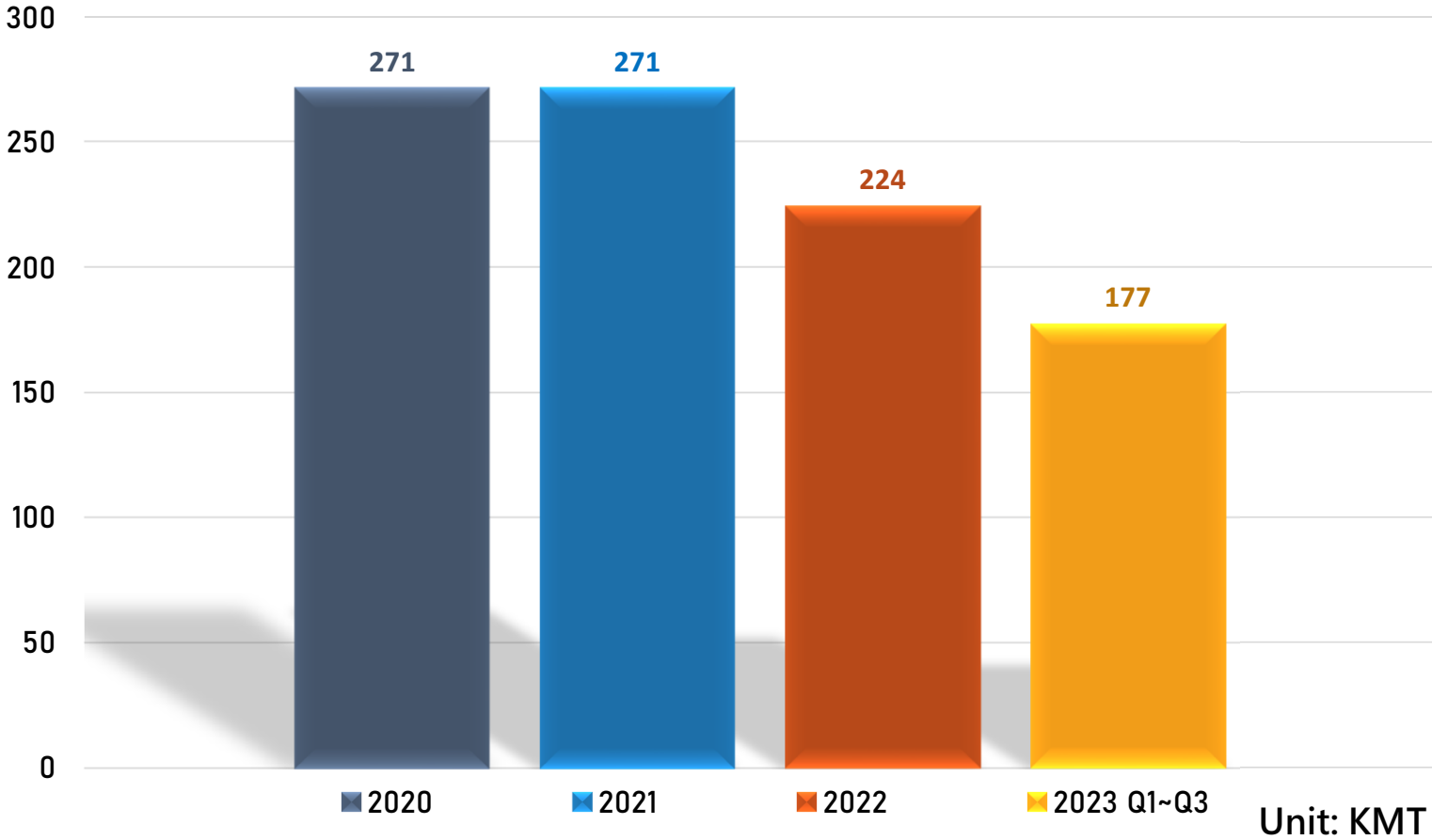
Source from: ICIS

# PE Market Review



Source from: Platts

# Business Review of 2020 to Q3 2023



# Q1~Q3 of 2022 & 2023 Sales Volume Comparison

|                | Jan. – Sep. 2022 | Jan. – Sep. 2023 | Difference |
|----------------|------------------|------------------|------------|
| Total Quantity | 166              | 177              | +11        |

Unit : MT

# EVA Operation Review: Jan. – Sep. 2023

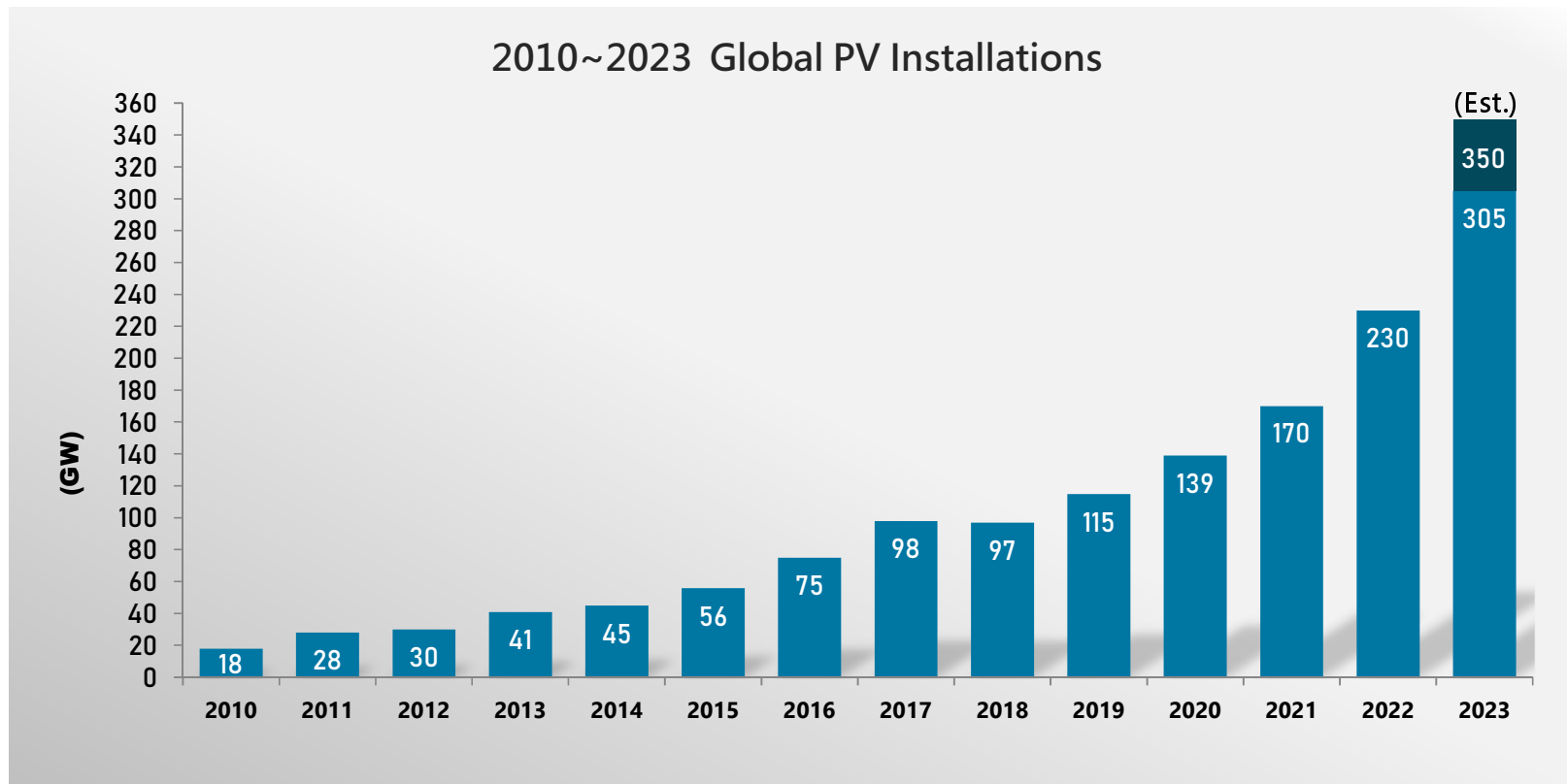
- At the beginning of the year, EVA prices raised from a low point due to traders' active purchasing, and continuous enhanced demand for PV grade EVA. Since late March, the downstream demand became weak and the price turned down. In addition, the EVA production of Gulei Petrochemical was about to start. 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. In late September, PV plants inventories were high. With weakened demand, prices began to fall.
- EVA: Production was stable and ran full capacity. The sales increased by 17% compared with the same period 2022.
- Sales were dominated by PV grades, accounting for 57%; HMA grades accounted for 25%, and foam grades accounted for 18%.

# LDPE/HDPE/LLDPE Operation Review: Jan. – Sep. 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 the first three quarters of 2023, sales decreased by 5,000 MT compared with the same period 2022.
- HDPE: As the PE demand in domestic market was dull, the sales turned to overseas markets actively. Export sales in Q3 increased significantly by 44% compared with Q2. In the first three quarters of 2023, sales decreased by 4% compared with the same period last year.
- LLDPE: The sales were mainly for domestic market. Domestic customers generally had weak demand. The sales in the first three quarters of 2023 dropped by 22% compared with the same period 2022.
- LDPE: Maintaining sales to existing regular customers with APC' s OEM products. The sales in the first three quarters of 2023 decreased by 17% compared with the same period last year.



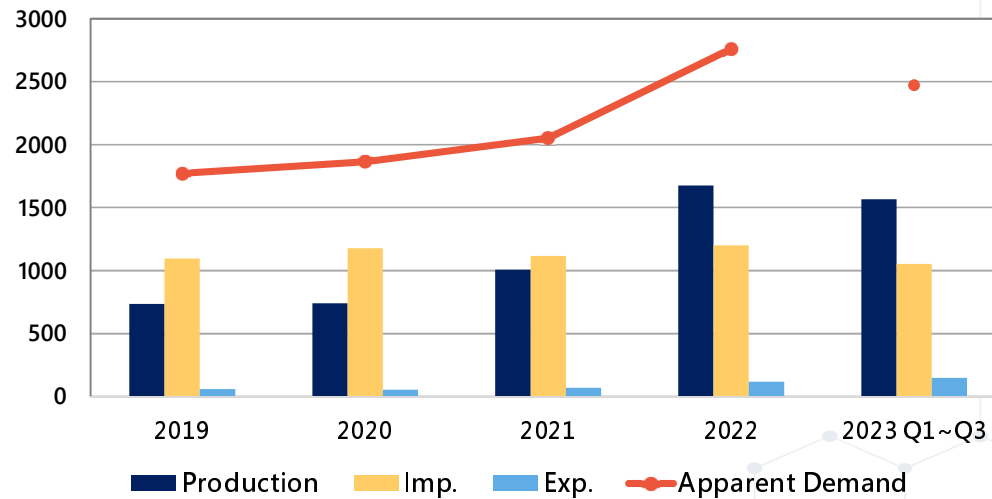
# Global PV Demand



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>2023 Q1~Q3</b> | <b>1,066</b> | <b>1,053</b> | <b>150</b> | <b>2,470</b>    | <b>63%</b>                |
| (2022 Q1~Q3)      | 1,234        | 864          | 84         | 2,014           | 61%                       |



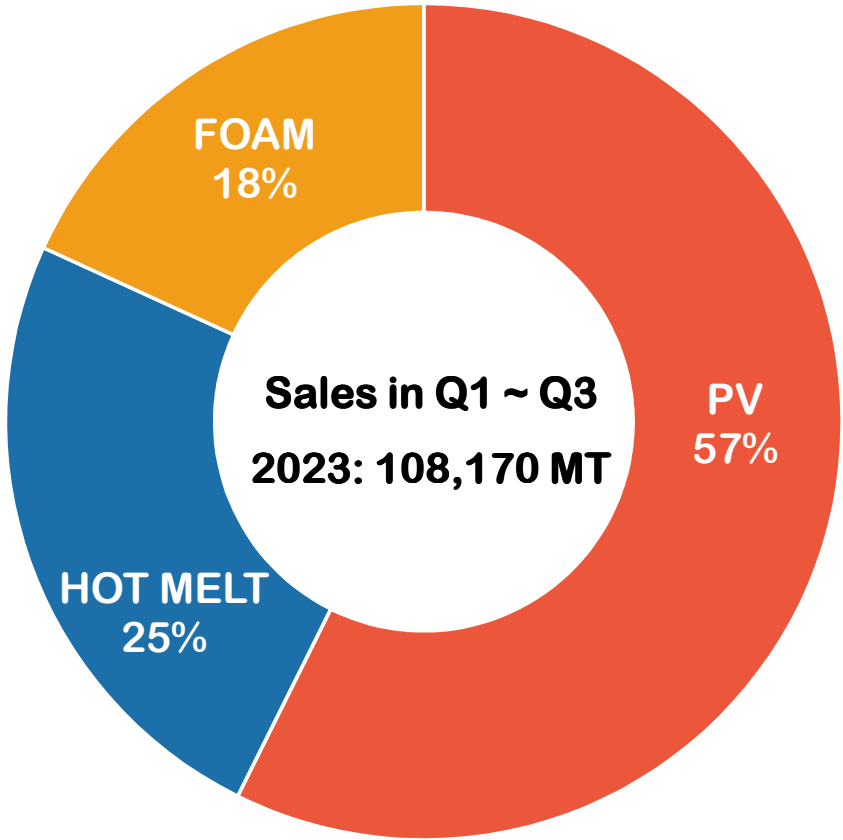
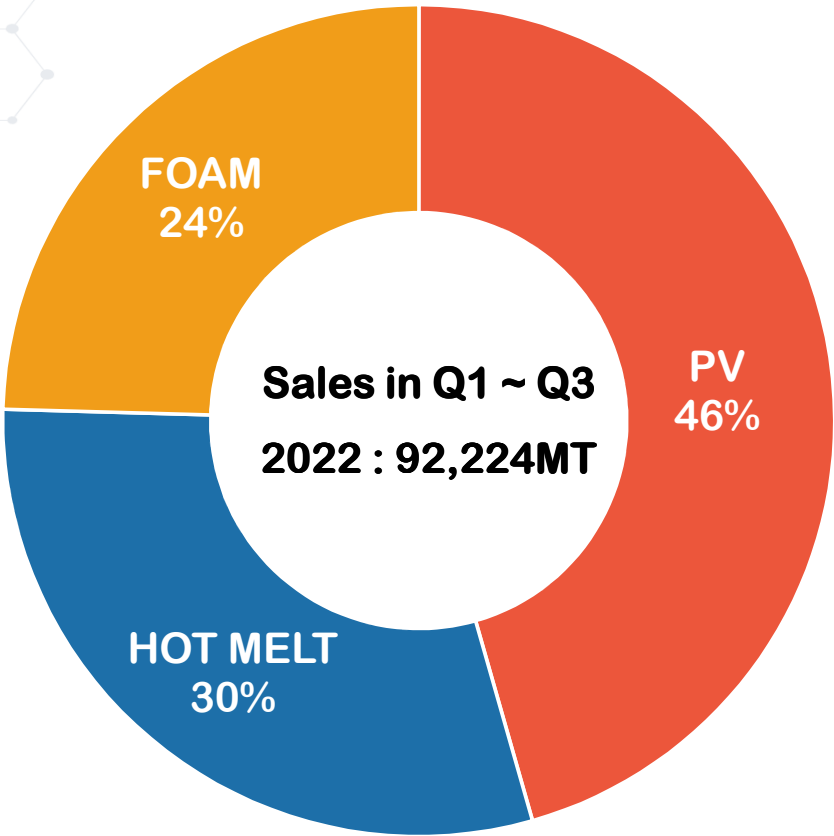
Reference: Chem99,  
China Customs Data

# The Proportion of EVA Applications in China

| Year | PV Film | Foam | W&C  | HMA | Coating | Agri-cultural | Other | Apparent Demand |
|------|---------|------|------|-----|---------|---------------|-------|-----------------|
| 2015 | 18      | 45   | 16   | 9   | 7       | 3             | 2     | 1,175           |
| 2016 | 21      | 40   | 16   | 9   | 8       | 2             | 4     | 1,303           |
| 2017 | 27      | 35   | 16.5 | 7.5 | 8       | 2             | 4     | 1,526           |
| 2018 | 30.5    | 34   | 17   | 7   | 8       | 1             | 2.5   | 1,561           |
| 2019 | 32      | 32   | 17   | 7   | 7       | 2             | 3     | 1,771           |
| 2020 | 34      | 30   | 17   | 8   | 7       | 1             | 4     | 1,864           |
| 2021 | 37      | 28   | 17   | 7   | 7       | 1             | 3     | 2,053           |
| 2022 | 47      | 22   | 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     |
| SINOCEM 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             | 2023~2024Q1 |                                     |
| SINOCEM QUANZHOU PETROCHEMICAL (Debottleneck)       | 40              | 2024        |                                     |
| JIANGSU SAILBOAT PETROCHEMICAL (Phase II)           | 700             | 2024~2025   |                                     |
| ZHEJIANG PETROLEUM & CHEMICAL CO., LTD. (Phase II)  | 400             | 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 Q4

## ◆ Crude oil :

OPEC+ announced to maintain production cuts until the end of 2023. The oil price premium caused by the Israel-Palestine Conflict in October has been eliminated. The market worries about China's economic prospects, and the oil demand is expected to be weak.

## ◆ Ethylene :

The supply of ethylene in Asia is oversupplied and the supply in the US is still sufficient. Overall downstream demand remains sluggish. Crackers maintain low operating rates.

## ◆ VAM :

300 KMT new capacity from Zhejiang Petroleum & Chemical has been put into production in later October. Levima has 90 KMT of new capacity to join early next year. Both new supplies will impact Asian market and bring the price downwards.

# Business Outlook for Q4

## ◆ PE & EVA :

1. The demand for solar energy continues to be promising, but recently the film plants have low intention to purchase due to high inventory. Petrochemical plants reduce prices to sell off inventory which causes the EVA price to decline. Market price in Q4 is at a relatively low point this year so customers are more willing to replenish feedstock.
2. 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 2023 or Q1 2024. It is expected to officially enter the market next year.
3. Regarding PE, the economic recovery and the local demand in China are not as good as expected. With more new capacity joining the market, PE plants in China are actively exporting products at low prices. It is estimated that PE demand in Q4 will barely improve.

# Gulei Petrochemical Project

Shareholders

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

Items

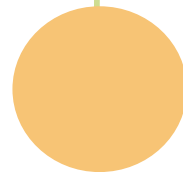
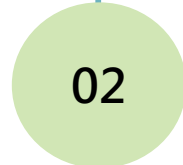
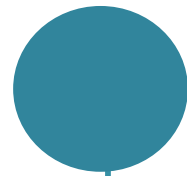
- ◆ Sales and production of Ethylene, Propylene, Butadiene, Ethylene Vinyl Acetate copolymers (EVA), Ethylene Oxide (EO), Ethylene Glycol (EG), and etc..

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 EVA plant put into production**



# Presentation Outline



**USI**

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



## **Finance Information**

**(For the Nine Months Ended Sep. 30, 2023)**

# USI CORPORATION

## Consolidated Statements of Income

(In millions of NTD, except per share data)

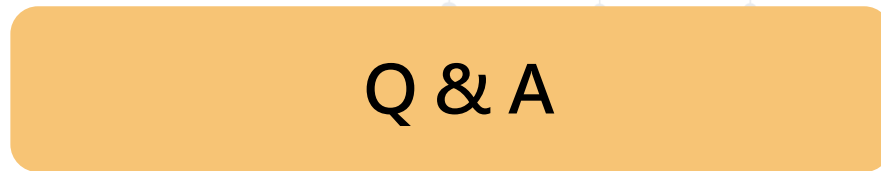
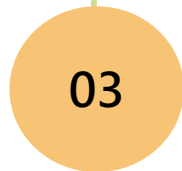
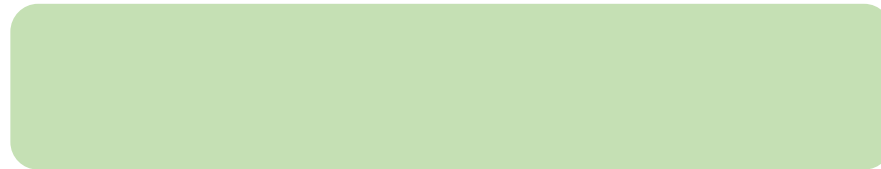
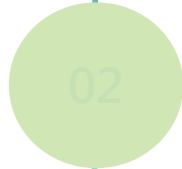
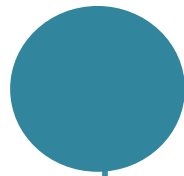
|  | 2023<br>1/1~9/30<br>(Consolidated) | 2022<br>1/1~9/30<br>(Consolidated) | YoY%    | 2022<br>FY<br>(Consolidated) | 2021<br>FY<br>(Consolidated) | 2020<br>FY<br>(Consolidated) |
|--|------------------------------------|------------------------------------|---------|------------------------------|------------------------------|------------------------------|
| <b>Sales</b>                               | <b>39,435</b>                      | <b>51,288</b>                      | -23.1%  | 66,437                       | 71,756                       | 50,201                       |
| <b>Cost of goods sold</b>                  | <b>34,779</b>                      | <b>43,166</b>                      | -19.4%  | 55,497                       | 54,002                       | 39,721                       |
| <b>Gross profit</b>                        | <b>4,656</b>                       | <b>8,122</b>                       | -42.7%  | 10,940                       | 17,754                       | 10,480                       |
| gross profit ratio                         | 12%                                | 16%                                | -4.0%   | 16%                          | 25%                          | 21%                          |
| <b>Selling and administrative expenses</b> | <b>2,638</b>                       | <b>3,793</b>                       | -30.4%  | 4,767                        | 4,441                        | 3,230                        |
| <b>R&amp;D expenses</b>                    | <b>362</b>                         | <b>315</b>                         | 14.9%   | 437                          | 430                          | 363                          |
| <b>Operating income</b>                    | <b>1,656</b>                       | <b>4,014</b>                       | -58.7%  | 5,736                        | 12,883                       | 6,887                        |
| operating income ratio                     | 4%                                 | 8%                                 | -3.6%   | 9%                           | 18%                          | 14%                          |
| <b>Non-operating income(loss)</b>          | <b>(2,214)</b>                     | <b>(3,340)</b>                     | -33.7%  | (5,039)                      | (130)                        | 236                          |
| <b>Income(Loss) before income taxes</b>    | <b>(557)</b>                       | <b>675</b>                         | -182.6% | 697                          | 12,752                       | 7,123                        |
| <b>Income taxes</b>                        | <b>217</b>                         | <b>672</b>                         | -67.7%  | 758                          | 2,673                        | 1,440                        |
| <b>Net income(loss)</b>                    | <b>(775)</b>                       | <b>2</b>                           |         | (61)                         | 10,079                       | 5,683                        |
| net income ratio                           | -2%                                | 0%                                 | -2.0%   | 0%                           | 14%                          | 11%                          |
| <b>Net income(loss) attributable to</b>    |                                    |                                    |         |                              |                              |                              |
| - USI Corporation                          | 161                                | 1,063                              | -84.9%  | 1,555                        | 5,191                        | 2,410                        |
| - non-controlling interests                | (935)                              | (1,061)                            | -11.8%  | (1,616)                      | 4,888                        | 3,273                        |
| <b>Basic Earnings Per Share</b>            | <b>0.15</b>                        | <b>0.99</b>                        | (0.84)  | 1.45                         | 4.84                         | 2.25                         |

# USI Corporation

## Financial Ratio Analysis-Consolidated

|                                   | 2023<br>1/1~9/30 | 2022<br>1/1~9/30 | 2022<br>FY | 2021<br>FY | 2020<br>FY |
|-----------------------------------|------------------|------------------|------------|------------|------------|
| Operating income margin(%)        | 4                | 8                | 9          | 18         | 14         |
| Net income margin(%)              | (2)              | 0                | (0)        | 14         | 11         |
| Debt ratio(%)                     | 35               | 36               | 34         | 34         | 37         |
| Current ratio(%)                  | 262              | 258              | 293        | 227        | 225        |
| Quick ratio(%)                    | 193              | 184              | 215        | 172        | 185        |
| Accounts receivable turnover days | 50               | 45               | 48         | 43         | 54         |
| Inventory turnover days           | 54               | 49               | 49         | 40         | 42         |

# Presentation Outline



Q & A



# Thanks for attending and kind support

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

