

2024
03/21



Investor Conference





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Presentation Outline

01

General Information of USI
Business Review and Outlook

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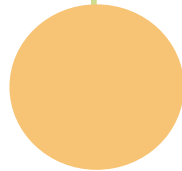
Q & A

Presentation Outline

01

General Information of USI
Business Review and Outlook

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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

457 (2023.12.31)

Revenue (2023)

Parent Company Only : NT\$11.5 Billions

Consolidated : NT\$52.3 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

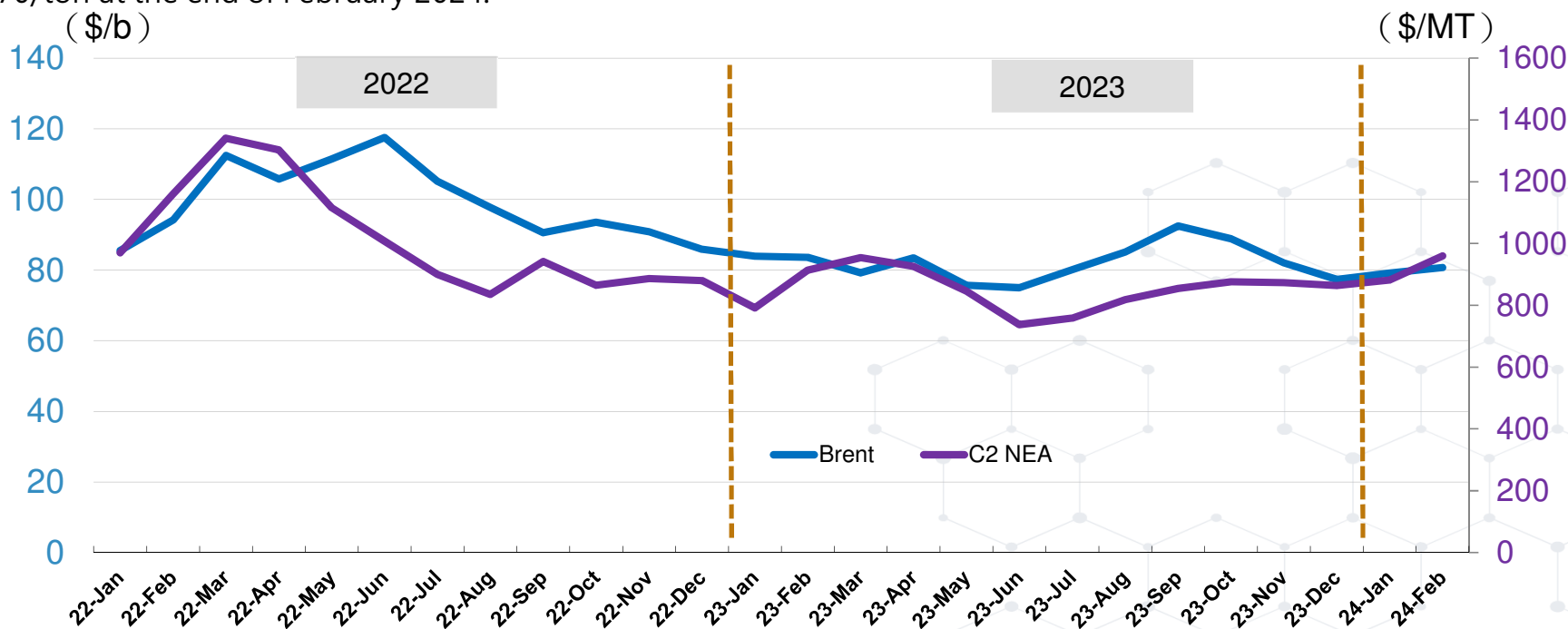
(Vice President of Sales & Marketing Dept.)



Business Review and Outlook

Crude Oil / Ethylene Monomer Review

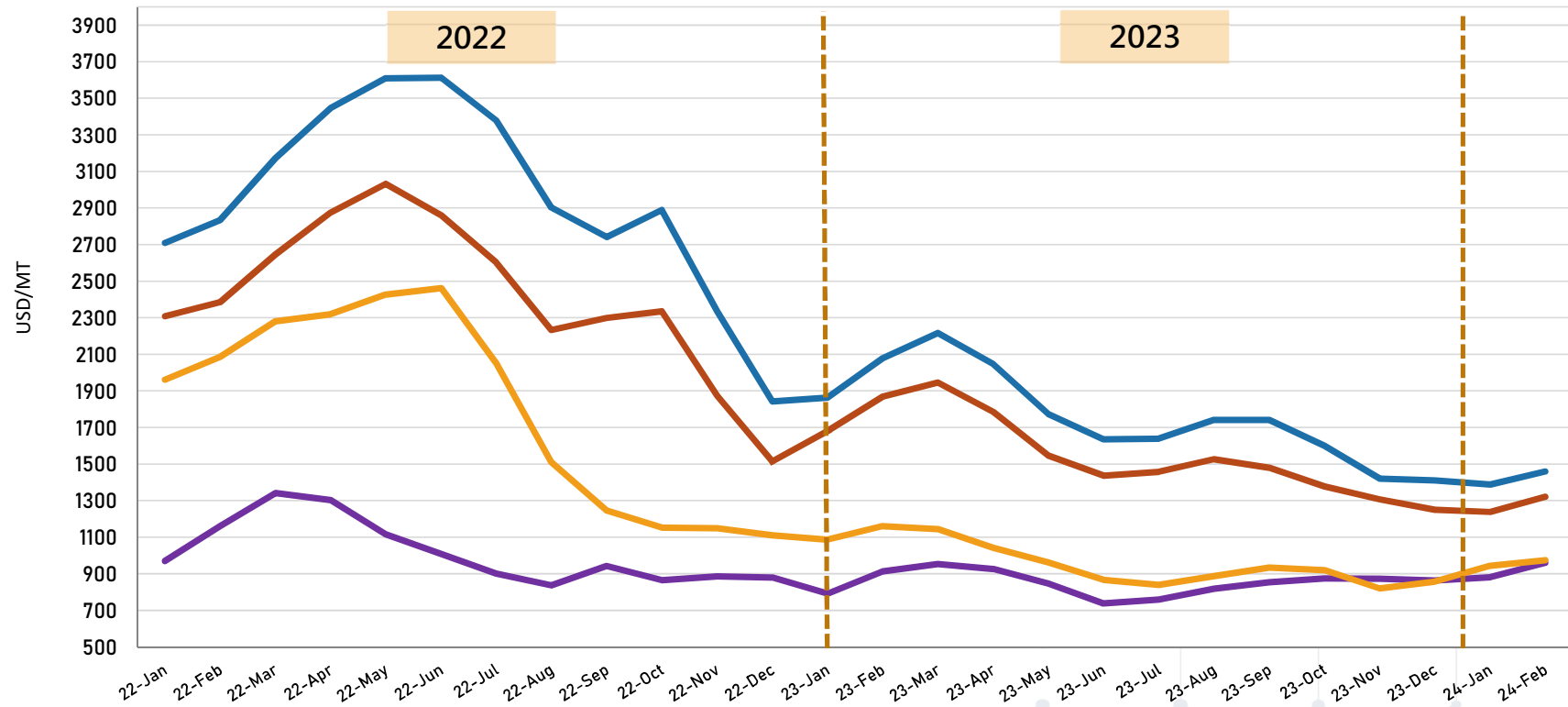
- After the Lunar New Year in 2023, the price of ethylene was stimulated by the lifted lockdown in China, which drove up the price. In Q2, due to the large supply of ethylene in the US and the Middle East, the price dropped. In Q3, crude oil reversed to hike due to the reduced production plan of OPEC+ 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. In Q4, ethylene mostly remained at US\$850-890/ton. However, due to the dry water in the Panama Canal and the geopolitical influence of the Red Sea area, the overseas ethylene supply decreased significantly. The price in Asia was affected, the spot price began to rise slightly at the end of December, reaching US\$970/ton at the end of February 2024.



Source from: Platts

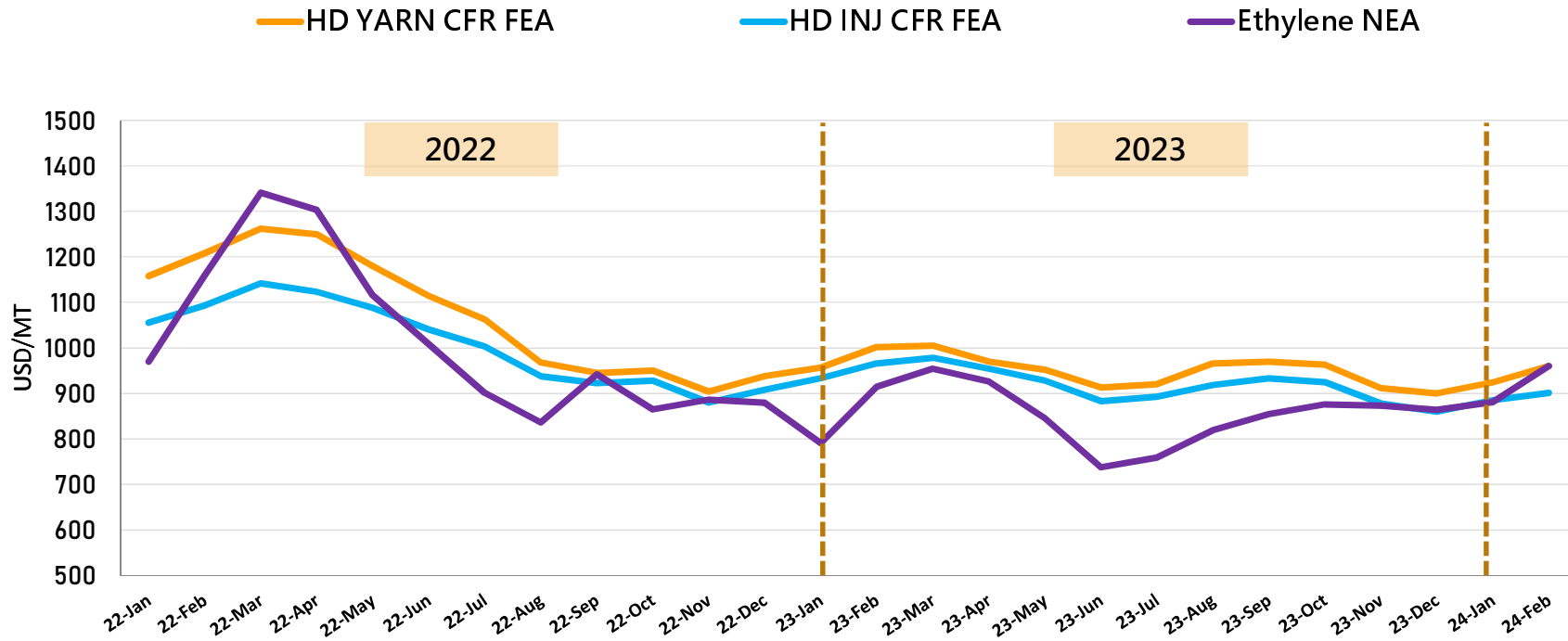
EVA Market Review

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



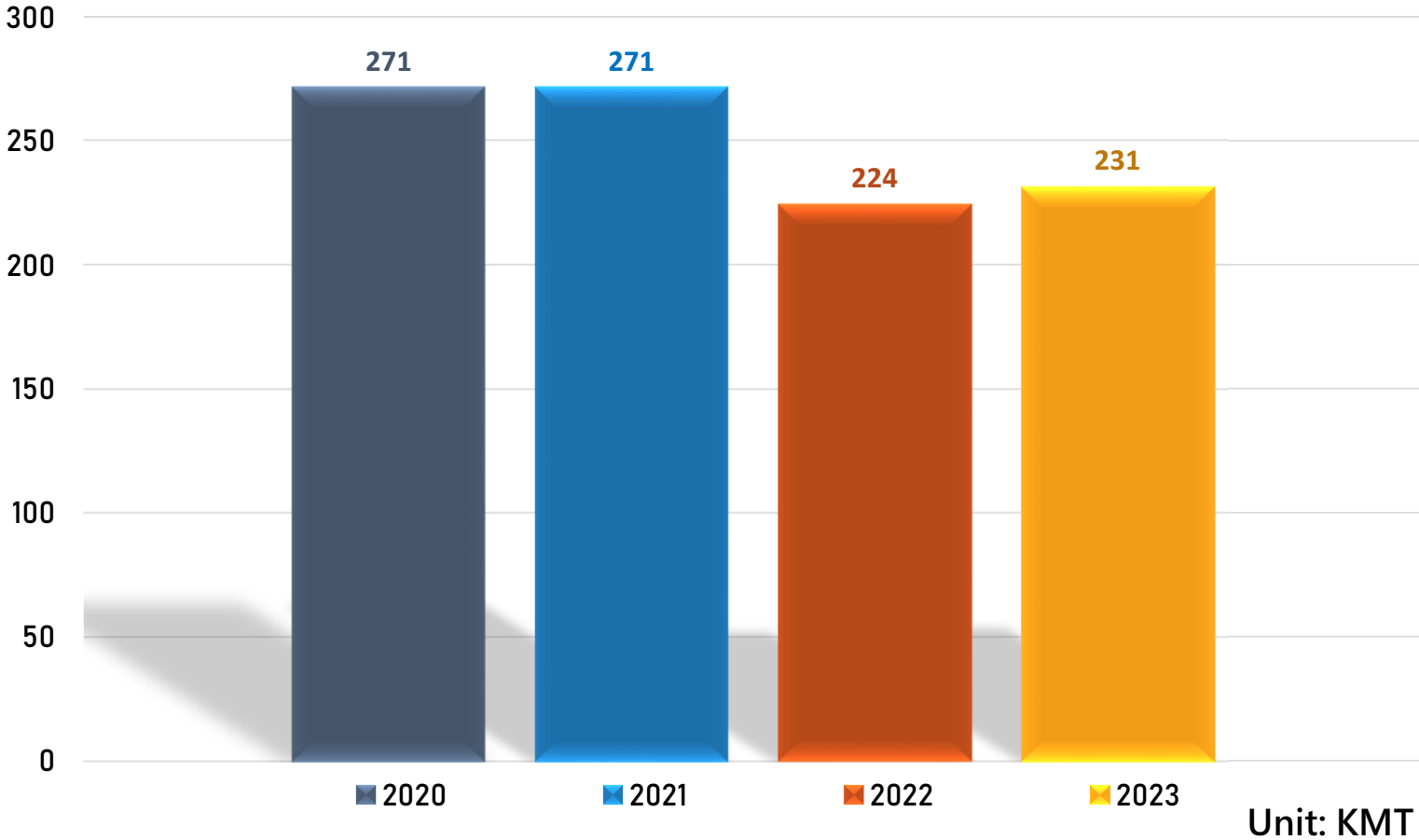
Source from: ICIS

PE Market Review



Source from: Platts

Business Review of 2020 to 2023



2022 & 2023 Sales Volume Comparison

	2022	2023	Difference
Total Quantity	224	231	+7

Unit : KMT

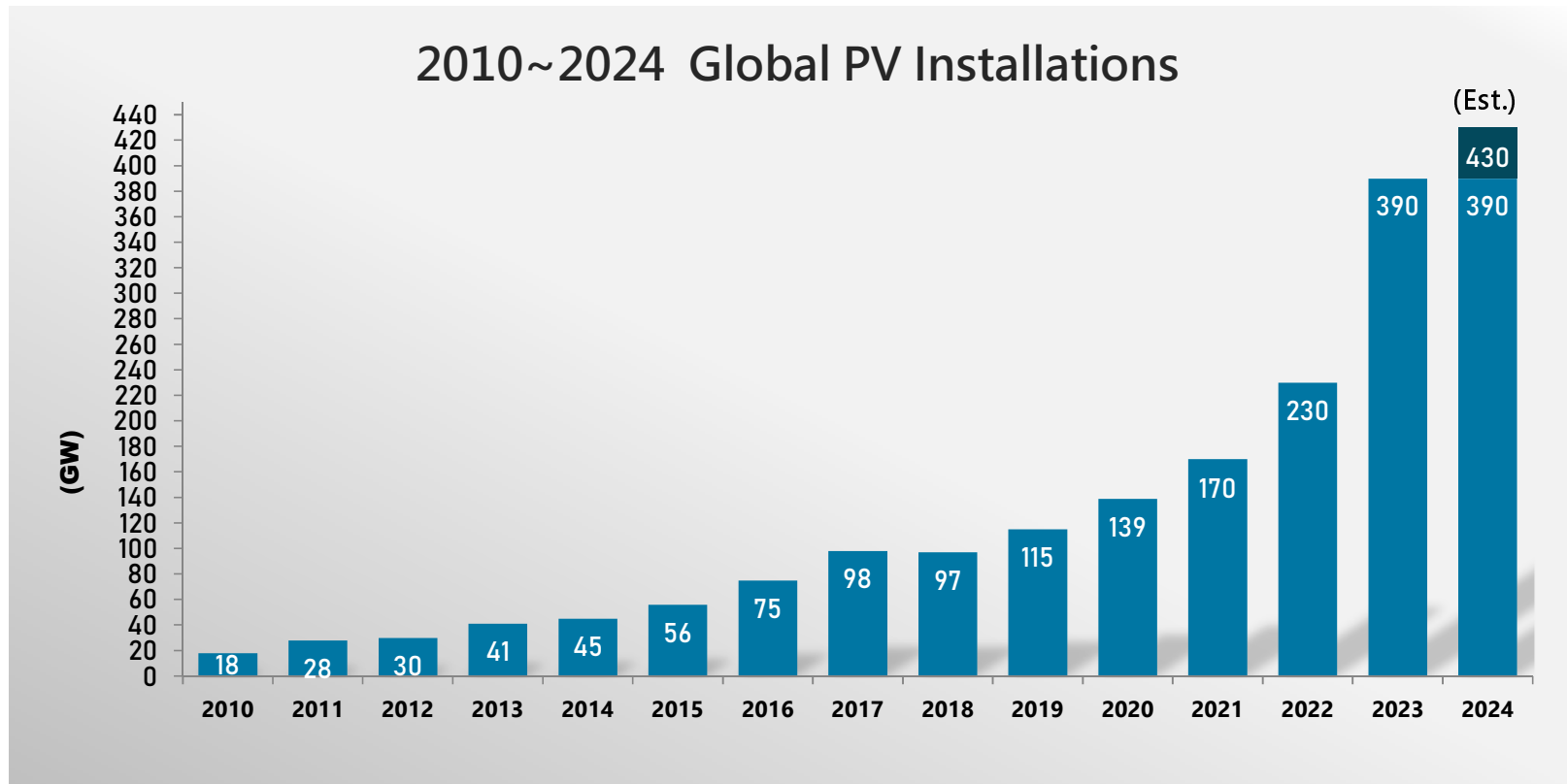
EVA Operation Review: 2023

- 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 without improvement until the end of the year.
- EVA: Production was stable and ran full capacity in 2023. The sales increased by 12% compared with last year.
- Sales were dominated by PV grades, accounting for 53%; HMA grades accounted for 28%, and foam grades accounted for 19%.

LDPE/HDPE/LLDPE Operation Review: 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 significantly reduced. In addition, the continuous annual maintenance of CPC's new third refinery and fourth refinery has affected the HD/LLD operating rate. The total sales decreased by 7,700 MT compared with last year.
- HDPE: As the PE demand in domestic market was dull, the sales turned to overseas markets actively. While export quantity was similar to of last year, the sales in 2023 decreased by 6% compared with Year 2022.
- LLDPE: The sales were mainly for domestic market. Domestic customers generally had weak demand. The sales dropped by 19% compared with last year.
- LDPE: Maintaining sales to existing regular customers with APC' s OEM products. The sales decreased by 11% compared with last year.

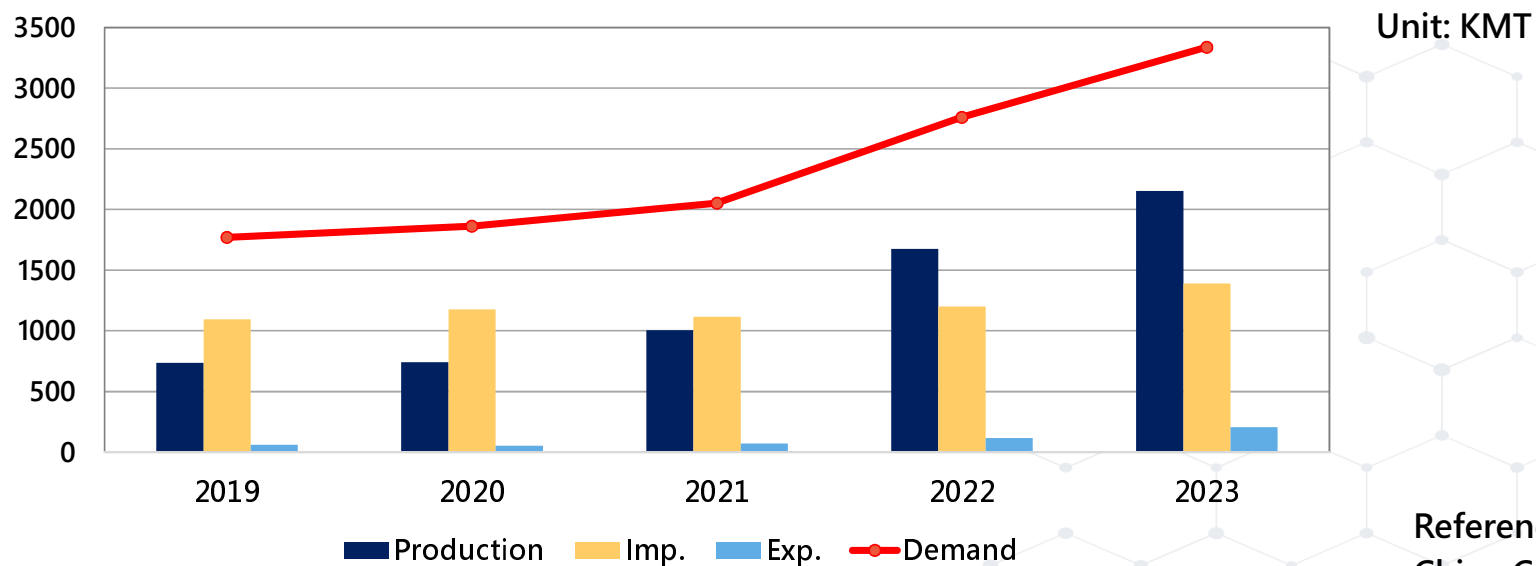
Global PV Demand



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

China EVA Demand

Year	Production	Imp.	Exp.	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	117	2,761	61%
2023	2,154	1,391	206	3,339	65%

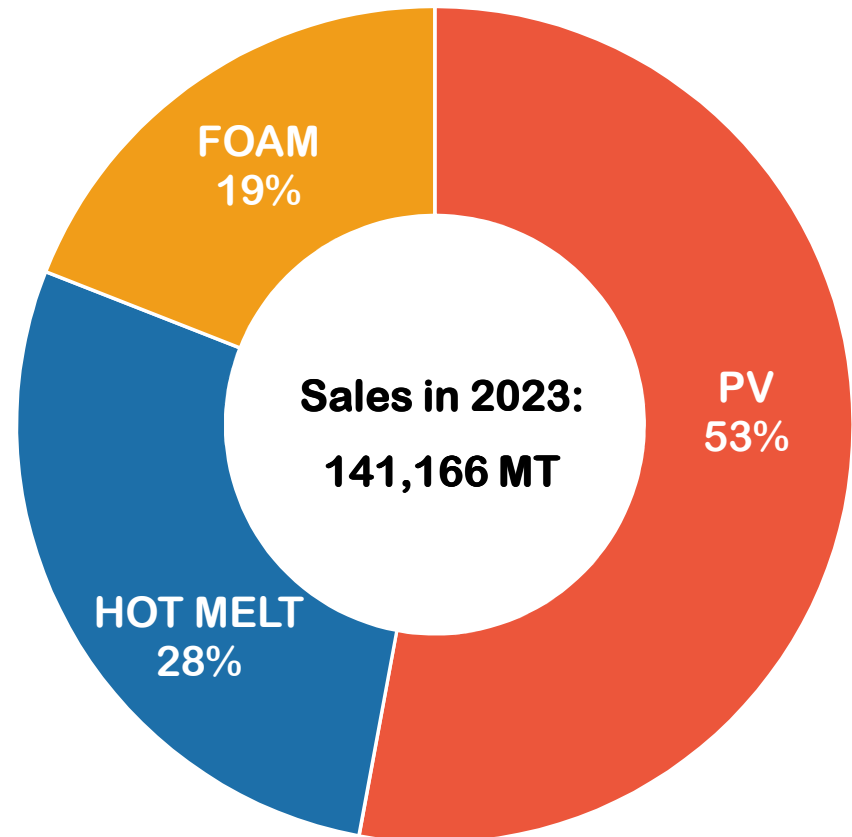
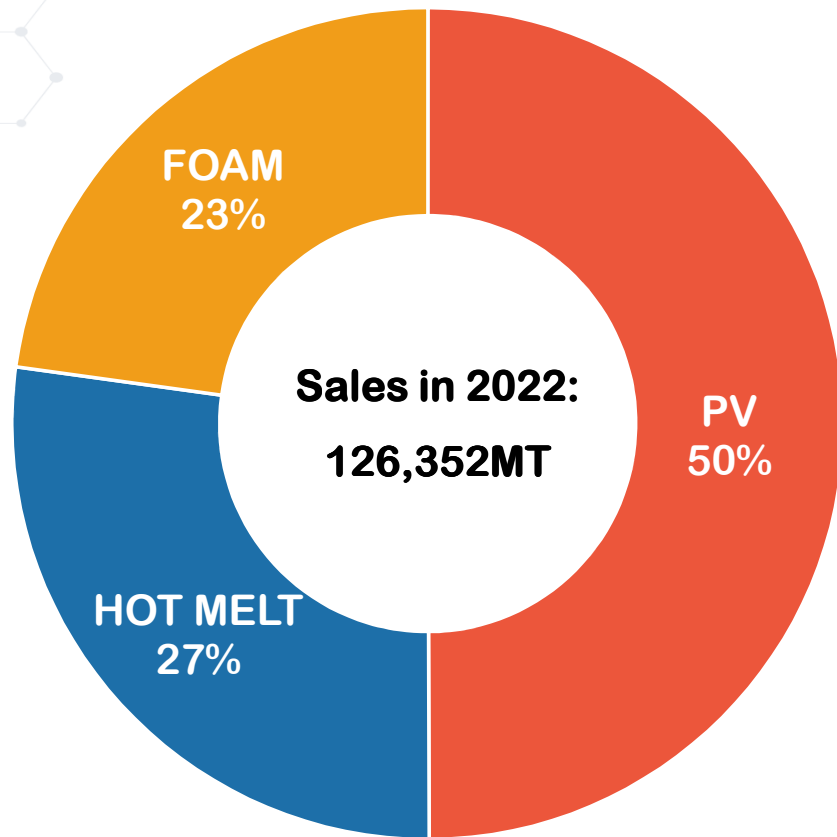


The Proportion of EVA Applications in China

Year	PV Film	Foam	W&C	HMA	Coating	Agri-cultural	Other	Apparent Demand
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	2,761
2023	55	19	13	5	5	1	3	3,339

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
NINGXIA BAOFENG ENERGY	250	2024Q1	
Total (already in production)	2700		
JIANGSU SAILBOAT PETROCHEMICAL (Phase II)	700	2024Q4~2025	
SINOCHEM QUANZHOU PETROCHEMICAL (Debottleneck)	40	2025	
LEVIMA GREEN(SHANDONG) NEW MATERIALS CO., LTD	200	2025	
ZHEJIANG PETROLEUM & CHEMICAL CO., LTD. (Phase II)	400	2025	
ABUNDANT DRAGON GROUP	700	2025-2026	
FUJIAN BILLION PETROCHEMICAL	350	2026	
JIANGSU FENGHAI HIGH TECH MATERIALS CO., LTD	200	2026	
HUNAN YUEYANG PETROCHEMICAL COMPANY	300	2026	
SINOPEC ZHONGKE (GUANGDONG) REF.& CH. (Phase II)	100	2026	
Total (New Capacity)	2990		

Unit : KMT

Business Outlook for Q1

◆ Crude oil :

The rising geopolitical risks caused by the Israeli–Palestinian conflict, and the increased uncertainty in crude oil transportation were the main reasons for the rise in oil prices in the first quarter. However, the slow global economic recovery limits the growth of demand. Oil prices are expected to fluctuate at a high level.

◆ Ethylene :

The U.S. supply of goods has been affected by the Panama Canal congestion and high ocean freight. The supply to Asia has dropped sharply. Meanwhile, suffering from losses, Asian cracking plants continue to reduce production and arrange annual maintenance. Ethylene prices are at a high level, driven by specific procurement in China.

◆ VAM :

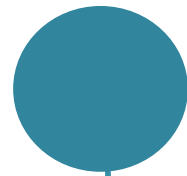
Affected by the tight supply of ethylene, resulting in a shortage of vinyl acetate supply, good demand for PVA before the Chinese New Year stimulated price increases. From March to April, many manufacturers in Asia implement annual maintenance, so the price will remain high.

Business Outlook for Q1

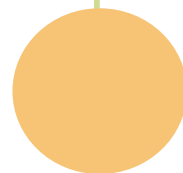
◆ PE & EVA :

1. The EVA market price was still at a low level in January. Traders believed that the price had been reached the bottom and purchased materials actively to increase inventory. The EVA market stopped falling and rebounded. After the CNY in February, prices continued to rise slightly and on going in March.
2. Ningxia Baofeng's new production capacity of 250,000 MT was put into operation in February, and the remaining new production capacity is not expected to be put into operation until Q4 this year.
3. PE market demand is still sluggish. In Q1, production is affected by the continuous annual maintenance of CPC's forth refinery and new third refinery. HD/LLD plants still need to be shut down during the period. The time to resume operation depends on the maintenance schedule of CPC's new third refinery .

Presentation Outline



Finance Information



USI

Reported By: Amy Kuo
(Accounting Manager)



Finance Information

(For the year Ended Dec 31, 2023)

USI CORPORATION

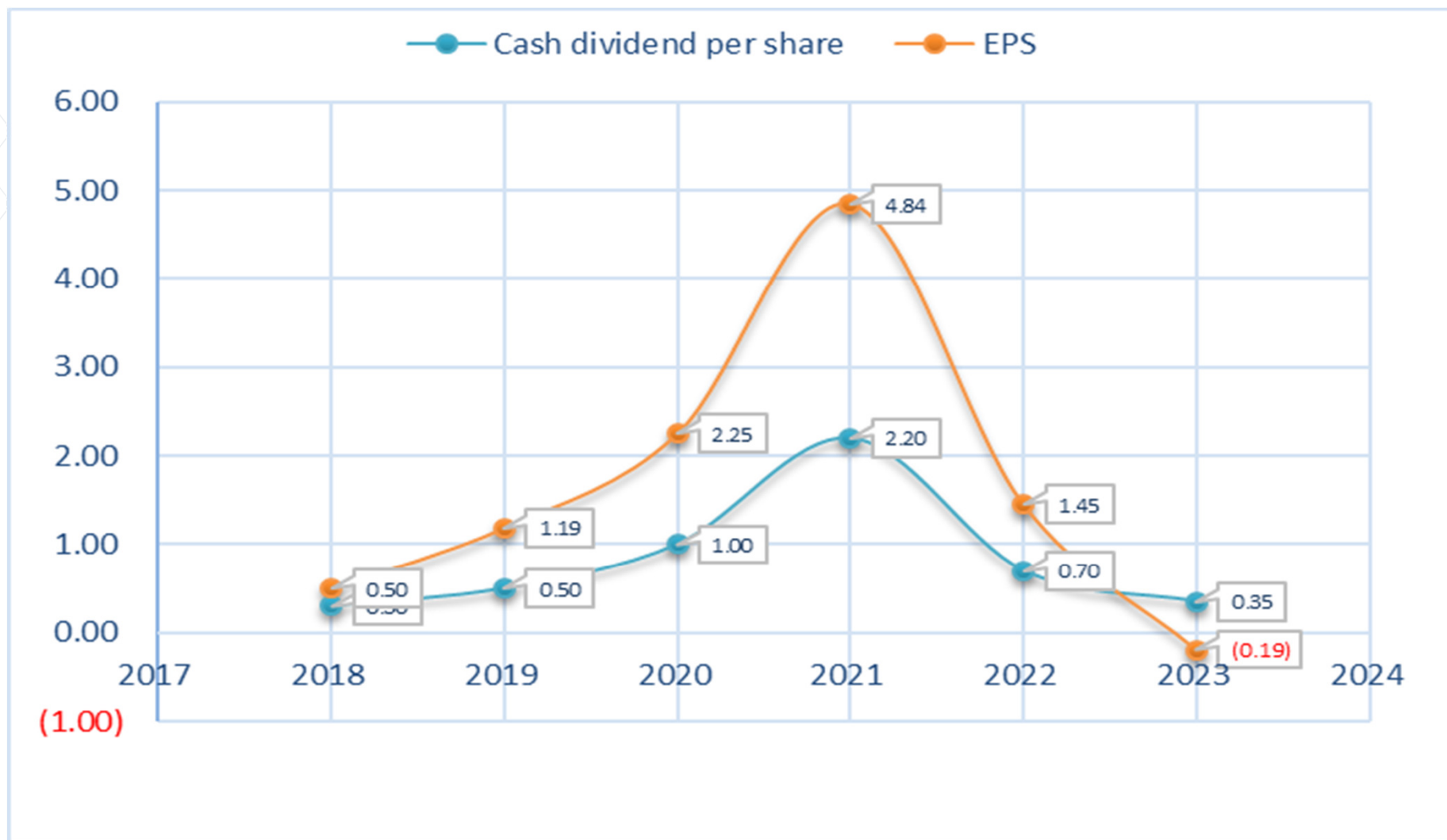
Consolidated Statements of Income

(In millions of NTD, except per share data)

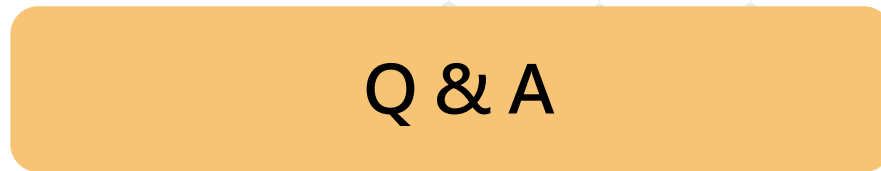
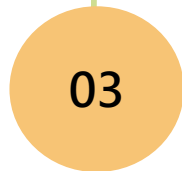
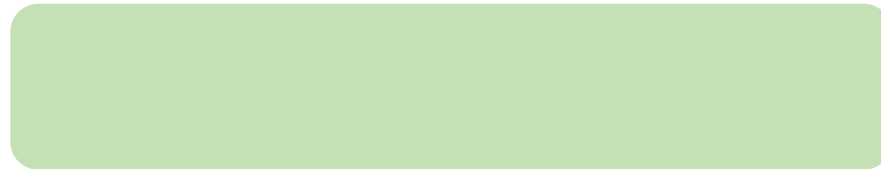
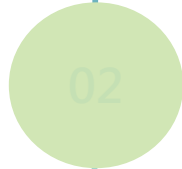
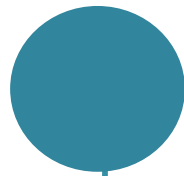
	2023 FY (Parent Company Only)	2023 FY (Consolidated)	YoY%	2022 FY (Consolidated)	2021 FY (Consolidated)	2020 FY (Consolidated)	2019 FY (Consolidated)
Sales	11,449	52,265	-21.3%	52,265	71,756	50,201	55,657
Cost of goods sold	9,820	46,658	-15.9%	46,658	54,002	39,721	48,924
Gross profit	1,630	5,606	-48.8%	5,606	17,754	10,480	6,732
gross profit ratio	14%	12%		12%	25%	21%	12%
Selling and administrative expenses	457	3,519	-26.2%	3,519	4,441	3,221	3,385
R&D expenses	144	468	7.2%	468	430	363	416
Operating income	1,029	1,619	-71.8%	1,619	12,883	6,896	2,932
operating income ratio	9%	3%		3%	18%	14%	5%
Non-operating income(loss)	(1,288)	(3,556)	-29.4%	(3,556)	(130)	227	434
Income(Loss) before income taxes	(260)	(1,937)	-377.9%	(1,937)	12,752	7,123	3,366
Income tax expense (benefit)	(53)	(30)	-104.0%	(30)	2,673	1,440	820
Net (Loss)Income	(207)	(1,907)	3016.0%	(1,907)	10,079	5,683	2,545
net (loss)/income ratio	-2%	-4%		-4%	14%	11%	5%
Net Loss(Income) attributable to							
- USI Corporation	(207)	(207)	-113.3%	(207)	5,191	2,410	1,281
- non-controlling interests	0	(1,700)	5.2%	(1,700)	4,888	3,273	1,264
Basic Earnings Per Share	(0.19)	(0.19)		(0.19)	4.84	2.25	1.19

USI Corporation Financial Ratio Analysis-Consolidated

	2023 FY	2022 FY	2021 FY	2020 FY	2019 FY	2018 FY
Operating income margin(%)	3	9	18	14	5	3
Net income margin(%)	(4)	(0)	14	11	5	3
Debt ratio(%)	36	34	34	37	45	47
Current ratio(%)	249	293	227	225	222	205
Quick ratio(%)	184	215	172	185	177	155
Accounts receivable turnover days	47	48	43	54	52	50
Inventory turnover days	55	49	40	42	43	45



Presentation Outline



Q & A



Thanks for attending and kind support

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

