

2024
05/28



Investor Conference





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Presentation Outline

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General Information of USI
Business Review and Outlook

02

Finance Information

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Q & A



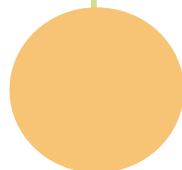


Presentation Outline

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

444 (2024.04.30)

Revenue (2023)

Parent Company Only : NT\$11.5 Billions

Consolidated : NT\$52.3 Billions

Revenue (2023 Q1)

Consolidated : NT\$13.17 Billions

Revenue (2024 Q1)

Consolidated : NT\$12.02 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

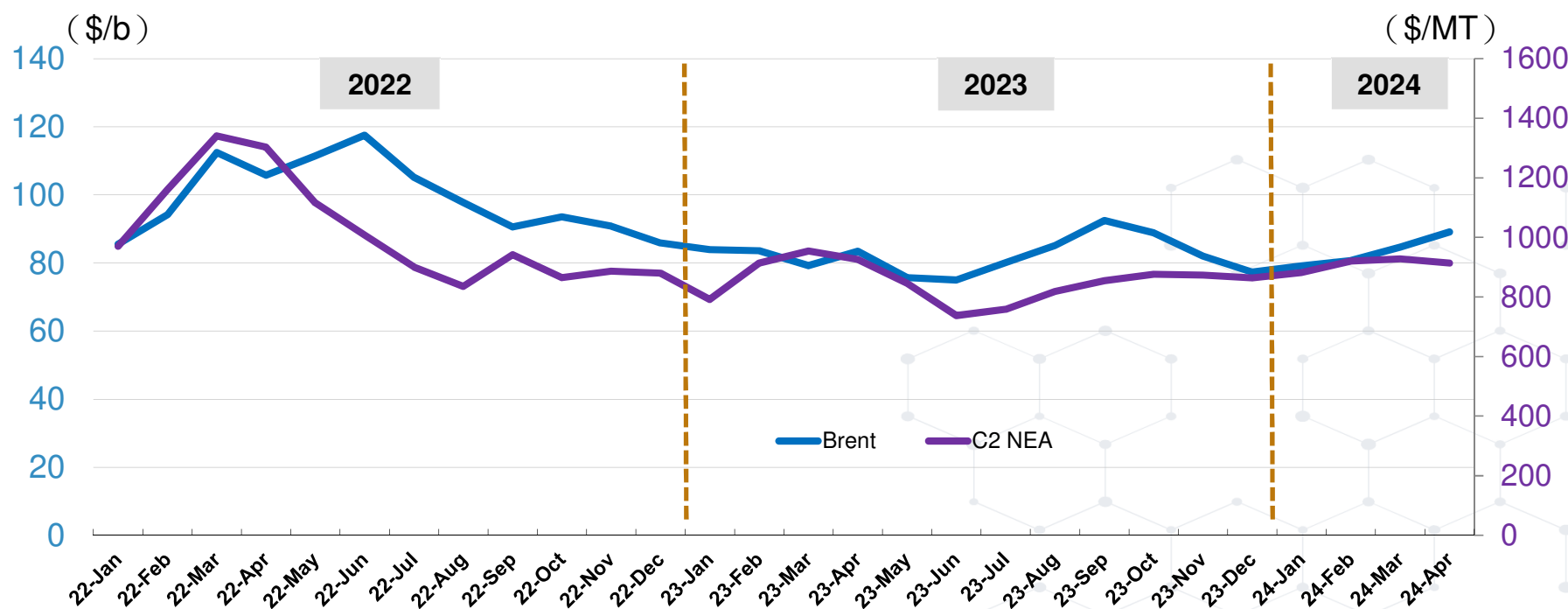
(Vice President of Sales & Marketing Dept.)



Business Review and Outlook

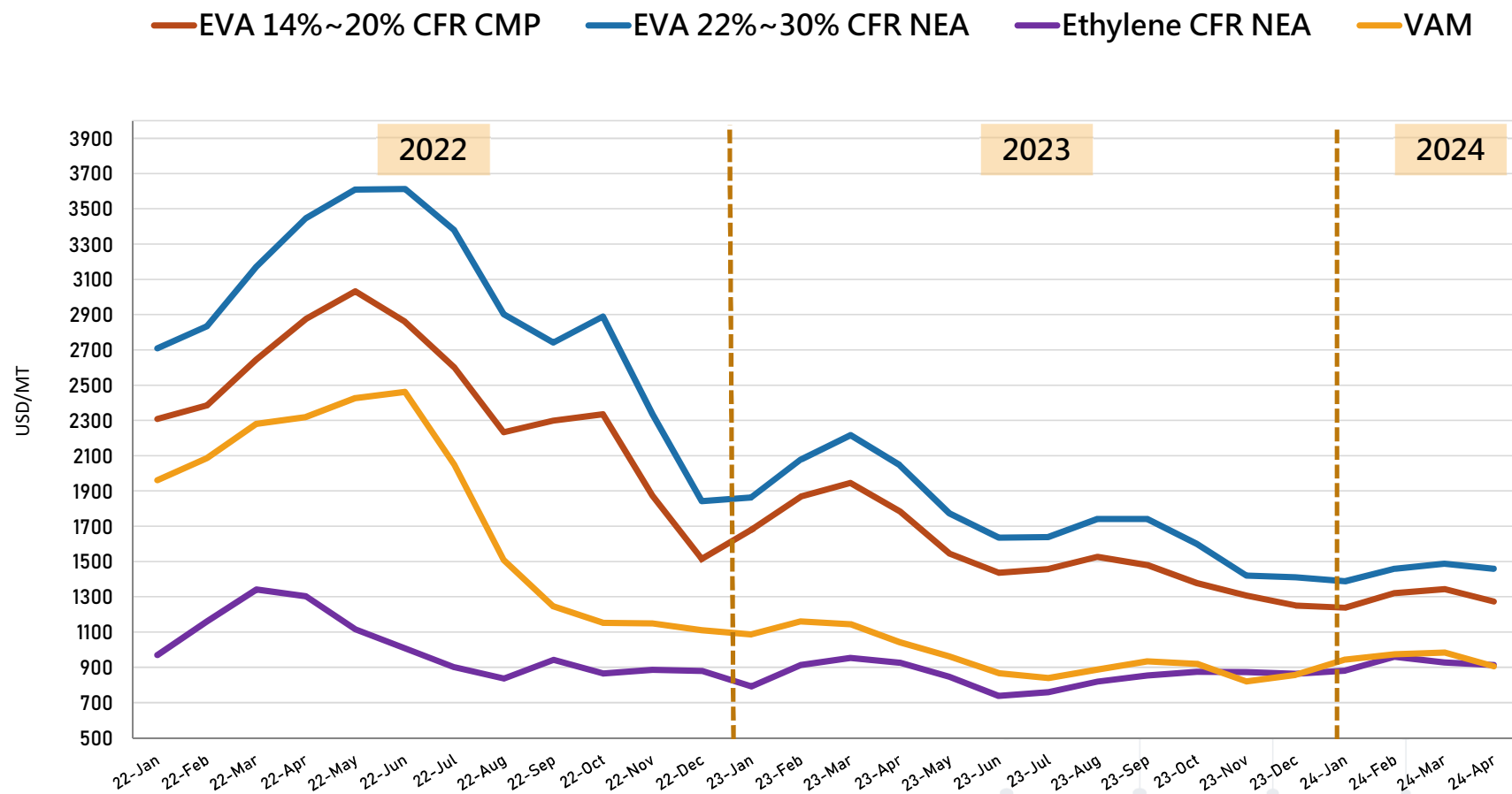
Crude Oil / Ethylene Monomer Review

- International geopolitics and wars caused oil price to rise continuously in the first quarter. The drying up of the Panama Canal led to a surge in freight rates for ethylene. The cargoes from the US were unable to come to Asia, and frequent unexpected shutdowns in SEA pushed up the spot price of ethylene. It reached a maximum of USD 955/MT at the end of February. Overseas cargoes were expected to arrive in April and the price began to fall from its highs.



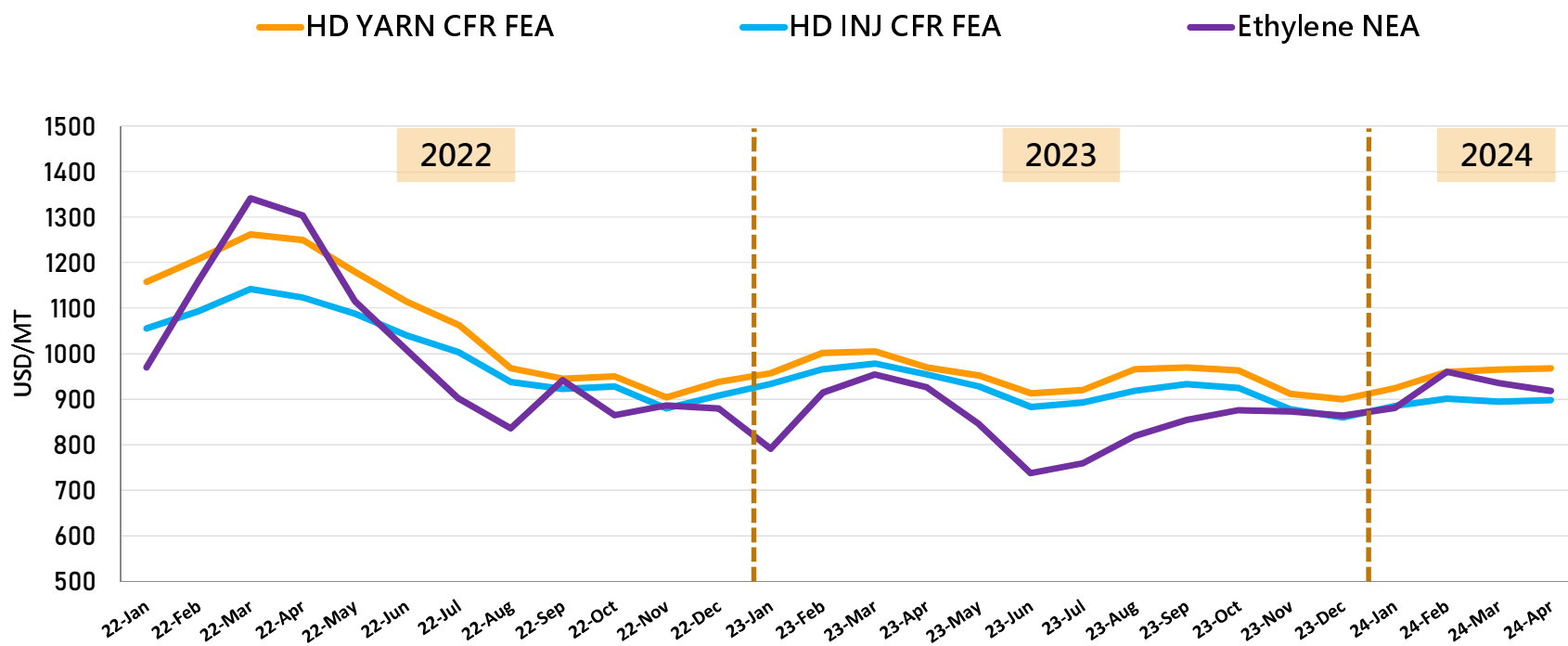
Source from: Platts

EVA Market Review



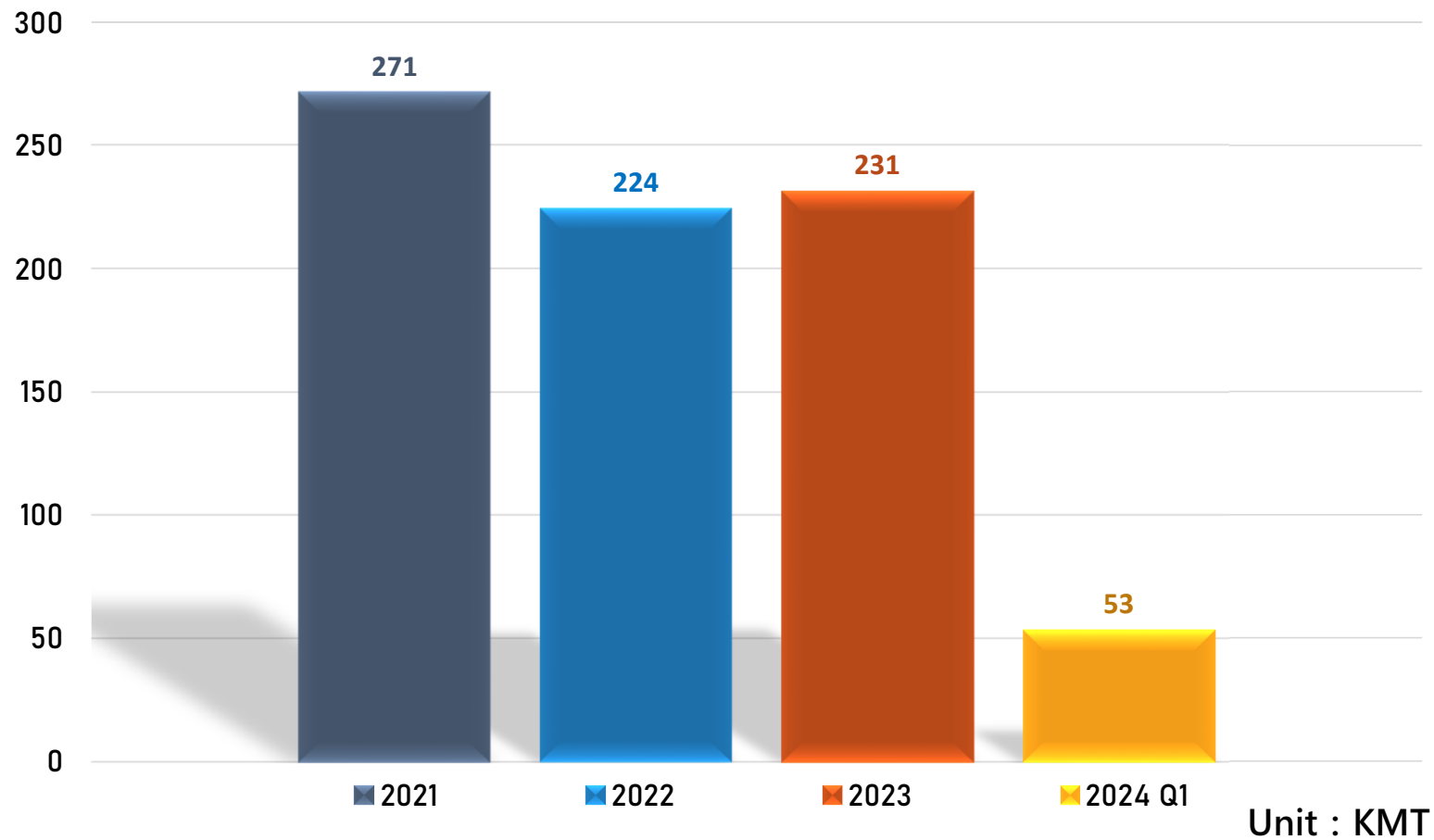
Source from: ICIS

PE Market Review



Source from: Platts

Business Review of 2021 to 2024



Sales Comparison Q1 2023 and 2024

	Q1 2023	Q1 2024	Difference
Total Quantity	58	53	-5

Unit : KMT

EVA Operation Review: Q1 2024

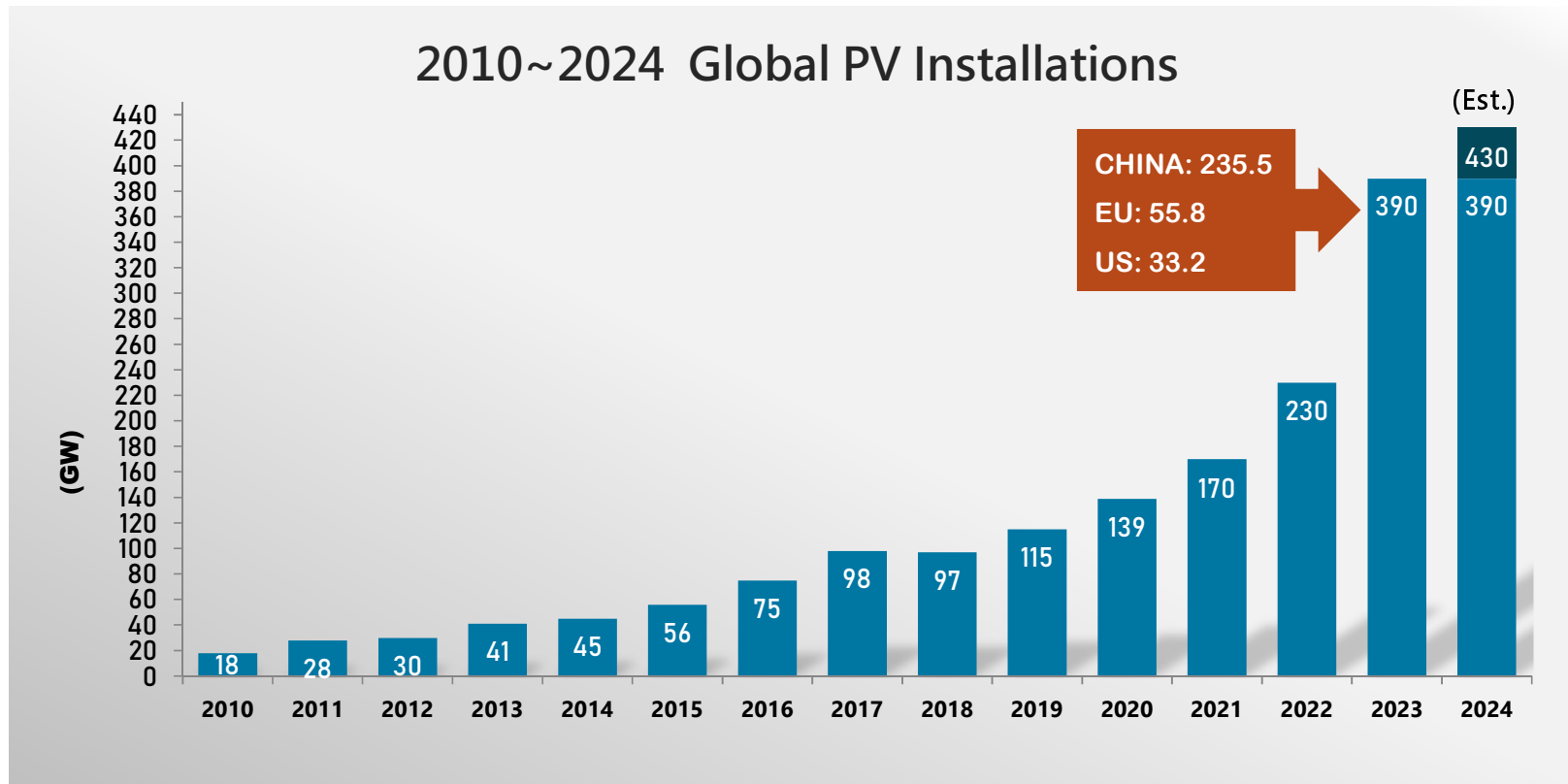
- The EVA market has continued to decline since the fourth quarter of last year. The price was still on low level in January. The market believed that the low point had been reached and actively entered the market to purchase materials. Then the EVA market stopped falling and rebounded. After the Lunar New Year in February, the price continued to rise slightly. Price continued to rise in March.
- EVA : In Q1, due to a production line scheduled to be repaired for one month at the end of February, sales volume in Q1 2024 decreased by 5% compared with the same period last year.
- Sales distribution: HMA grades accounted for 34%, PV grade accounted for 33%, and foam grades accounted for 33%.



LDPE/HDPE/LLDPE Operation Review: Q1 2024

- 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 sluggish. In the first quarter, the continuous annual maintenance of CPC's new third refinery and fourth refinery reduced the supply of ethylene which affected the HD/LLD operating rate.
- HDPE: Domestic sales did not get improved. Affected by shutdown, availability was decreased. To maintain the supply to regular customers' demand was in priority. The sales in Q1 of 2024 decrease by 18% compared with the same period in 2023.
- LLDPE: The sales were mainly for domestic market. Domestic customers generally had plain demand. The sales in Q1 of 2024 increased by 2% compared with the same period last year.
- LDPE: Maintaining sales to existing regular customers with APC' s OEM products. The sales in Q1 of 2024 increased by 15% compared with the same period in 2023.

Global PV Demand



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

China EVA Demand

Year	Production	Imp.	Exp.	Demand	Self-sufficiency Rate (%)
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%
Q1 2024	632	295	55	872	72%

(Q1 2023)

489

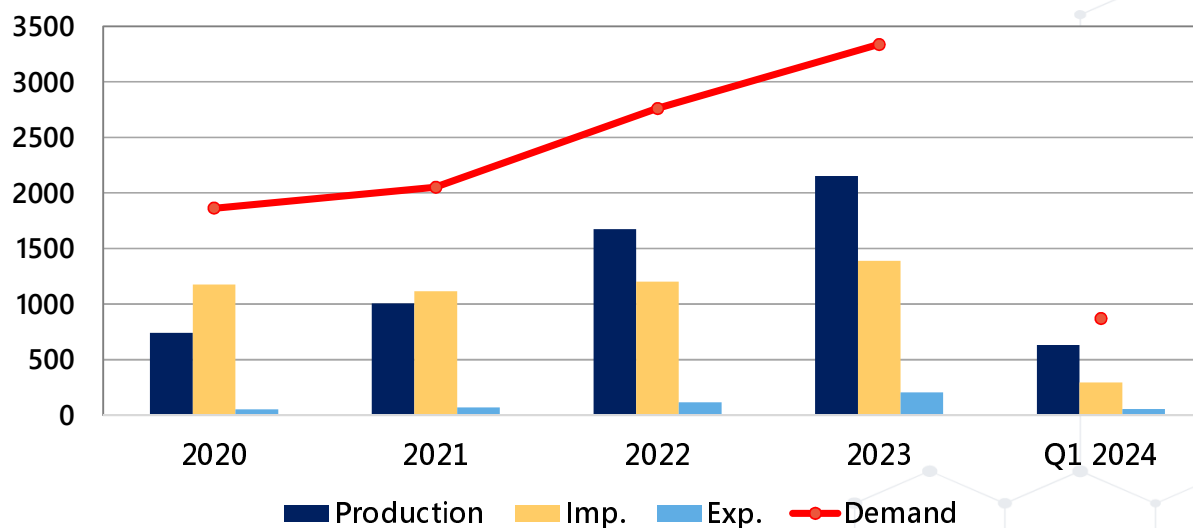
334

40

783

62%

Unit: KMT



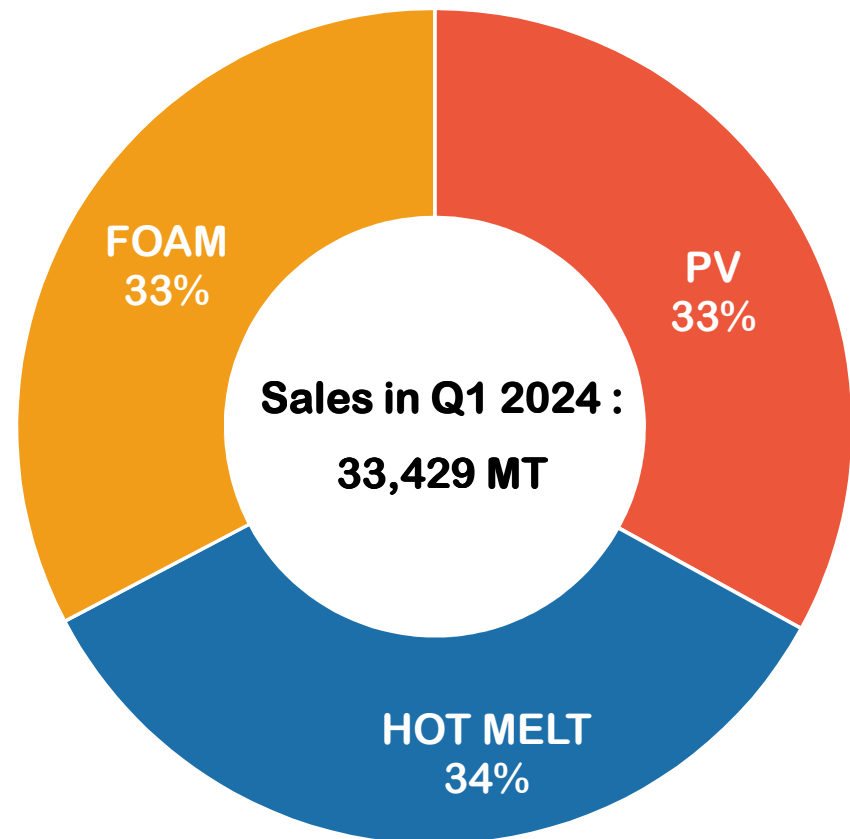
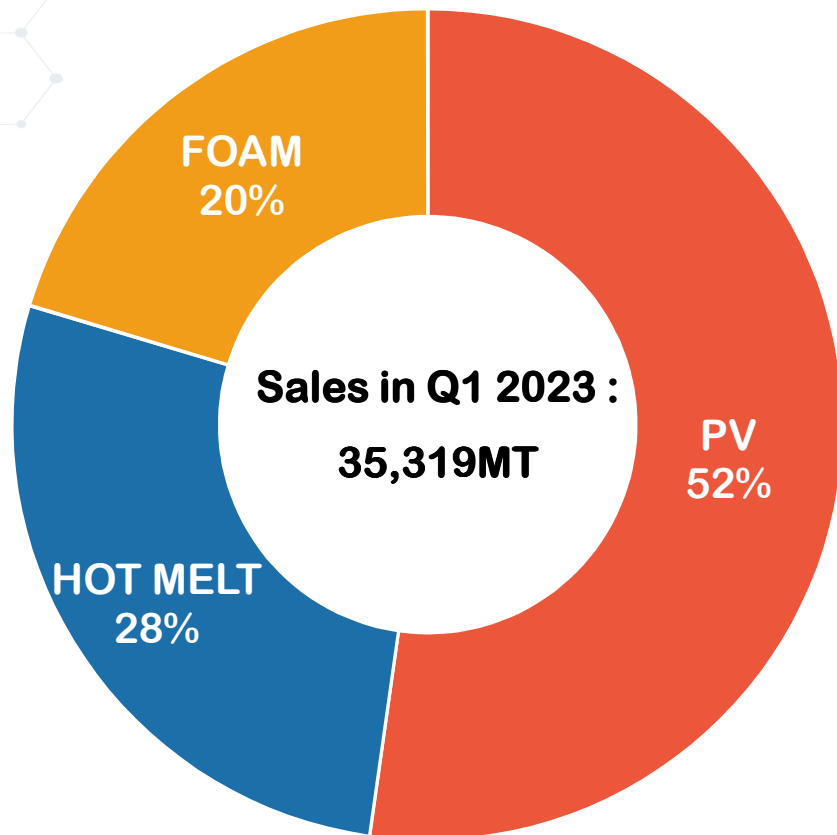
Reference: Chem99,
China Customs Data

The Proportion of EVA Applications in China

Year	PV Film	Foam	W&C	HMA	Coating	Agri-cultural	Other	Apparent Demand
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
SINOCHEN 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	
SINOCHEN 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 Q2

◆ Crude oil :

The Israeli-Palestinian armistice agreement is in progress, the FED will not cut interest rates in the second quarter, and the global economic recovery is slow, it is difficult to maintain high oil prices. However, attention to be paid that OPEC+ continues to reduce production in the second quarter which may be extended to the third quarter. As it comes to the traditional oil consumption peak season in the northern hemisphere.

◆ Ethylene :

Due to the rise in Asian prices and the fall in naphtha in Q1, cracking plants have increased their production capacity to sell spot cargoes. In addition, the supply operation of cracking plants in SEA has resumed, ethylene spot prices are expected to be weak.

◆ VAM :

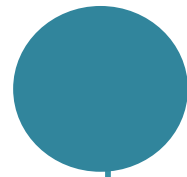
With the completion of equipment maintenance in Q1, the stable new capacity production of 300 KMT VAM with more following new capacity in China, and major EVA manufacturers are expected to focus on maintenance in April and May, VAM demand decreases, and supply is expected to be relatively loose.

Business Outlook for Q2

◆ PE & EVA :

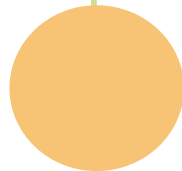
1. In April, the price of EVA dropped from a high point, and downstream demand was weak. In May, the price was weak and fell. The equipment in the industry was one by one shut down for maintenance, and the market supply was reduced. The demand was mostly basic demand, and downstream customers generally had low inventories. The market outlook predicts that EVA prices will remain on low level.
2. In the past few years, global EVA growth has mainly occurred in PV industry. According to statistics from market research institutions, the global installed capacity in 2023 will be approximately 390GW, a nearly 70% increase from the previous year. Global installed capacity demand in 2024 is generally estimated to be approximately 390-430GW. The market is still optimistic about the medium and long-term demand for solar energy.
3. The overall PE market demand is still sluggish. CPC 's new third refinery has resumed production in early April, and the HD/LLD factory has started operation ahead of schedule at the end of March. Domestic market is steadily supplied, and export market is proactively expanded while improving factory utilization rate is in top priority in Q2.

Presentation Outline



02

Finance Information



USI

Reported By: Amy Kuo
(Accounting Manager)



Finance Information

(For the Three Months Ended March 31, 2024)

USI CORPORATION

Consolidated Statements of Income

(In millions of NTD, except per share data)

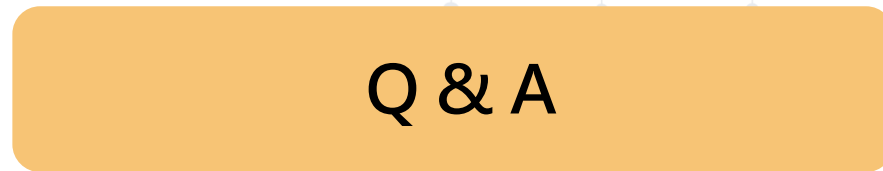
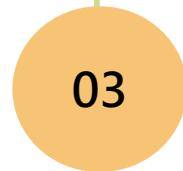
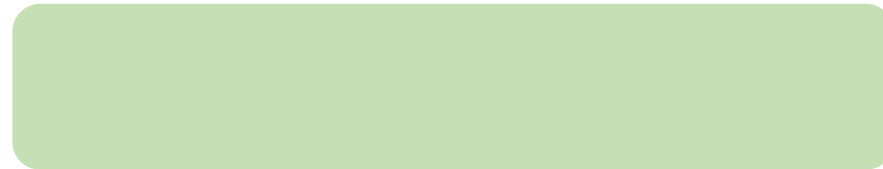
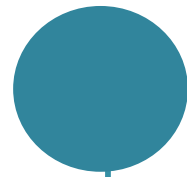
	2024 1/1~3/31 (Consolidated)	2023 1/1~3/31 (Consolidated)	YoY%	2023 FY (Consolidated)	2022 FY (Consolidated)	2021 FY (Consolidated)	2020 FY (Consolidated)
Sales	12,024	13,176	-8.7%	52,265	66,437	71,756	50,201
Cost of goods sold	11,502	11,427	0.7%	46,658	55,497	54,002	39,721
Gross profit	522	1,749	-70.1%	5,606	10,940	17,754	10,480
gross profit ratio	5%	13%		12%	17%	25%	21%
Selling and administrative expenses	848	892	-4.9%	3,519	4,767	4,441	3,221
R&D expenses	112	118	-4.9%	468	437	430	363
Operating income(loss)	(438)	738	-159.4%	1,619	5,736	12,883	6,896
operating income ratio	-3%	6%		3%	9%	18%	14%
Non-operating income(loss)	(702)	(1,295)		(3,556)	(5,039)	(130)	227
Income(Loss) before income taxes	(1,140)	(556)	104.9%	(1,937)	697	12,752	7,123
Income tax expense (benefit)	(163)	32		(30)	758	2,673	1,440
Net (Loss)Income	(977)	(588)	66.1%	(1,907)	(61)	10,079	5,683
net (loss)/income ratio	-8%	-4%		-4%	0%	14%	11%
Net Loss(Income) attributable to							
- USI Corporation	(394)	(97)	308.1%	(207)	1,555	5,191	2,410
- non-controlling interests	(583)	(492)	18.5%	(1,700)	(1,616)	4,888	3,273
Basic Earnings Per Share	(0.37)	(0.09)		(0.19)	1.45	4.84	2.25

USI Corporation

Financial Ratio Analysis-Consolidated

	2024 1/1~3/31	2023 FY	2022 FY	2021 FY	2020 FY
Operating income margin(%)	(3)	3	9	18	14
Net income margin(%)	(8)	(4)	(0)	14	11
Debt ratio(%)	36	36	34	34	37
Current ratio(%)	234	249	293	227	225
Quick ratio(%)	175	184	215	172	185
Accounts receivable turnover days	42	47	48	43	54
Inventory turnover days	53	55	49	40	42

Presentation Outline





Thanks for attending and kind support

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

