

2024
8/28



Investor Conference





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Presentation Outline

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General Information of USI
Business Review and Outlook

02

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Q & A



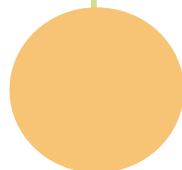


Presentation Outline

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

438 (2024.07.31)

Revenue (2023)

Parent Company Only : NT\$11.5 Billions

Consolidated : NT\$52.3 Billions

Revenue (2024 Q2)

Consolidated : NT\$13.5 Billions

Revenue (2024 H1)

Consolidated : NT\$25.5 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

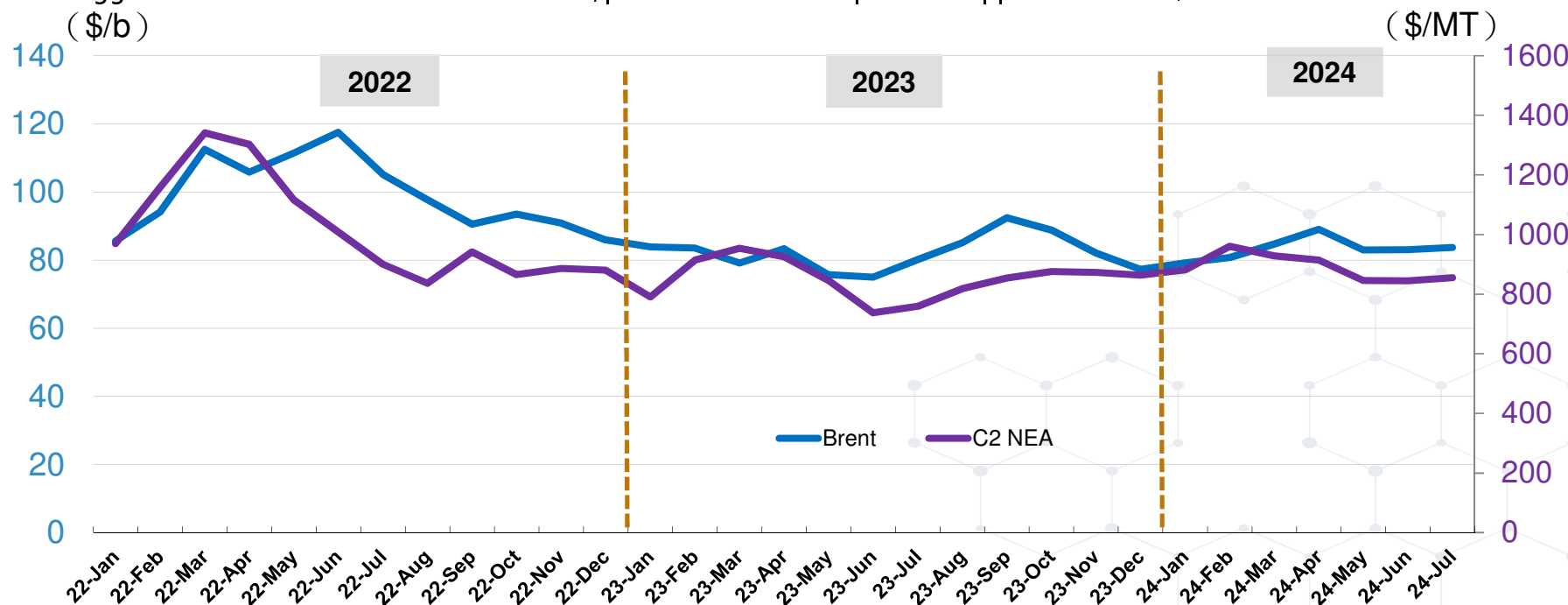
(Vice President of Sales & Marketing Dept.)



Business Review and Outlook

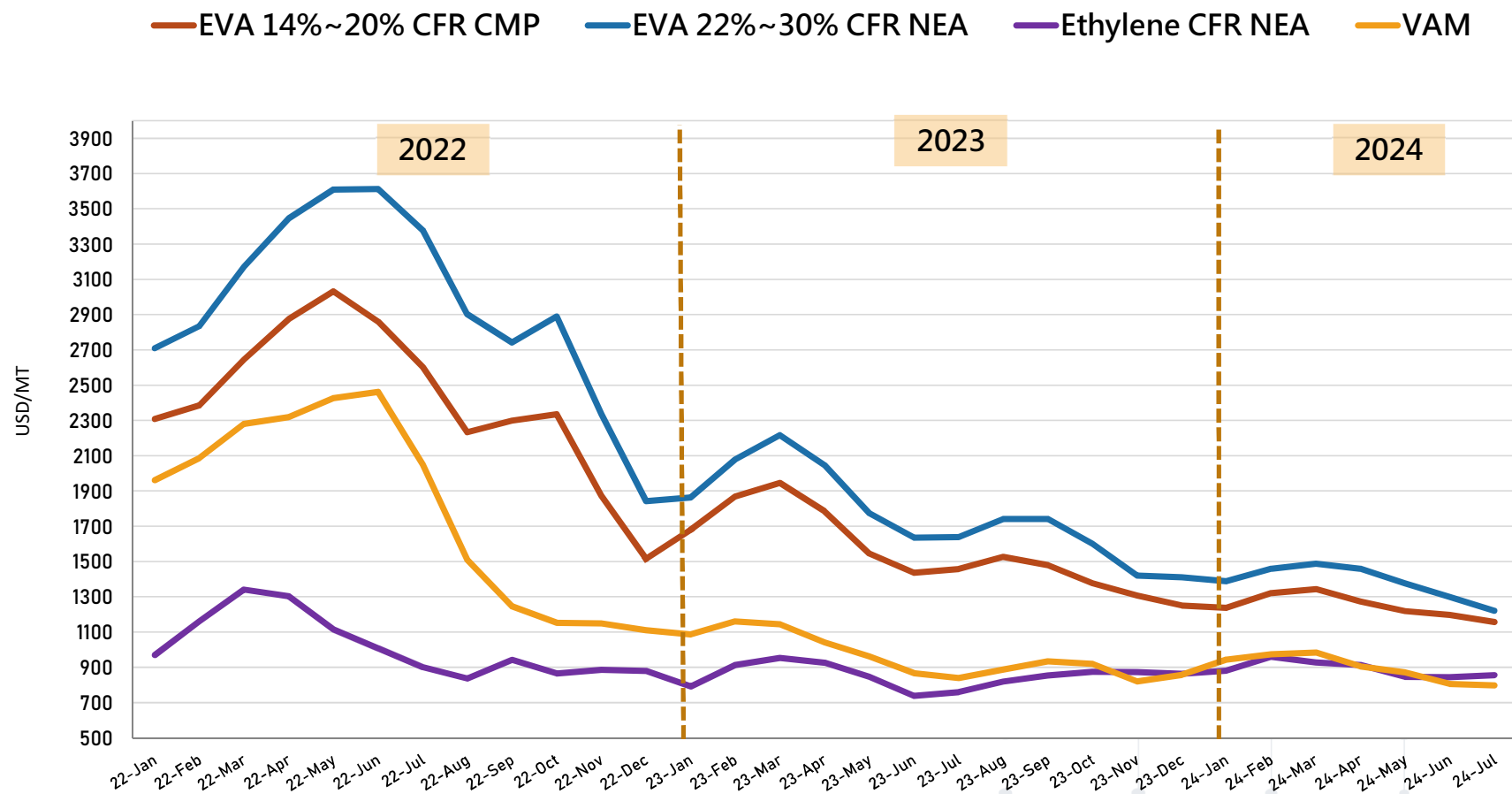
Crude Oil / Ethylene Monomer Review

- International geopolitics and wars caused oil price to rise continuously in the first quarter. In the second quarter, geopolitical issues in the Middle East were alleviated. OPEC+ extended production cuts, which was inconsistent with market expectations, and oil prices fell significantly. 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, which pushed up the spot price of ethylene. Later, as the water level of the Panama Canal increased, more U.S. ethylene supply came to Asia. With sluggish demand for downstream derivatives, prices in the second quarter dropped to around \$850.



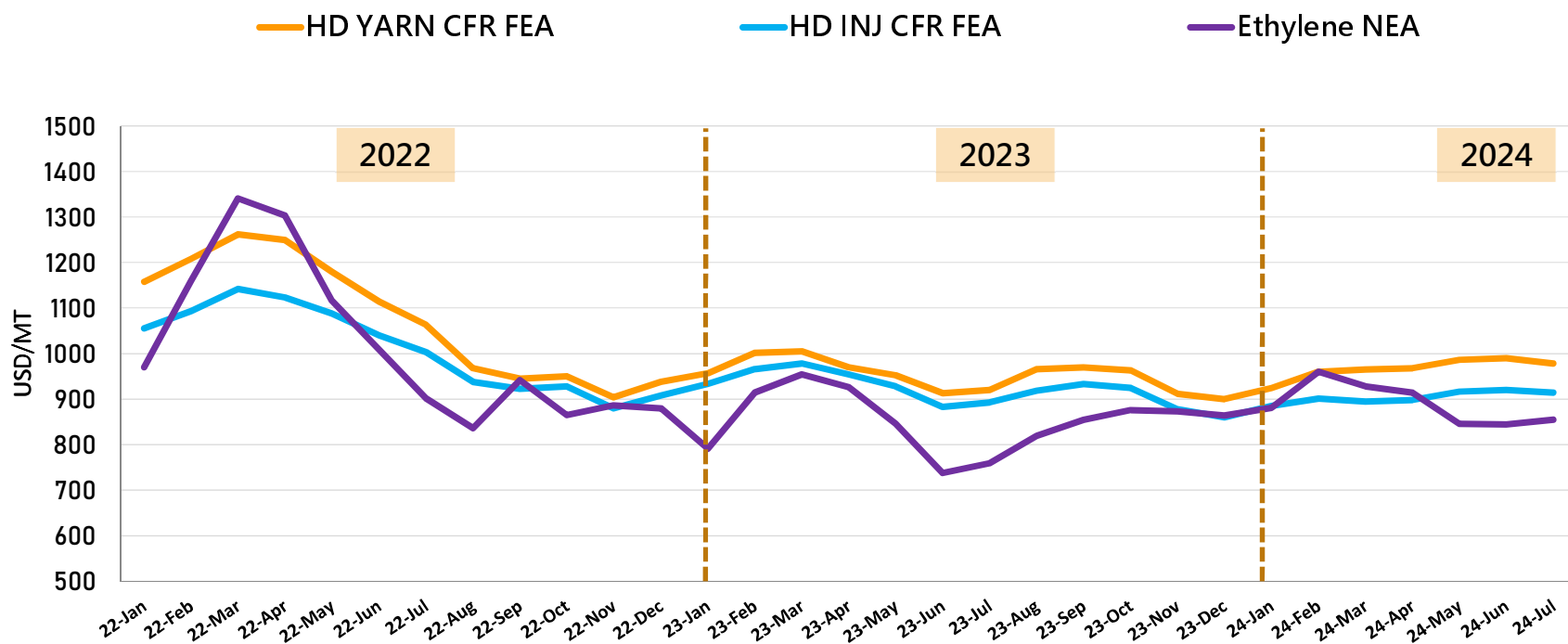
Source from: Platts

EVA Market Review



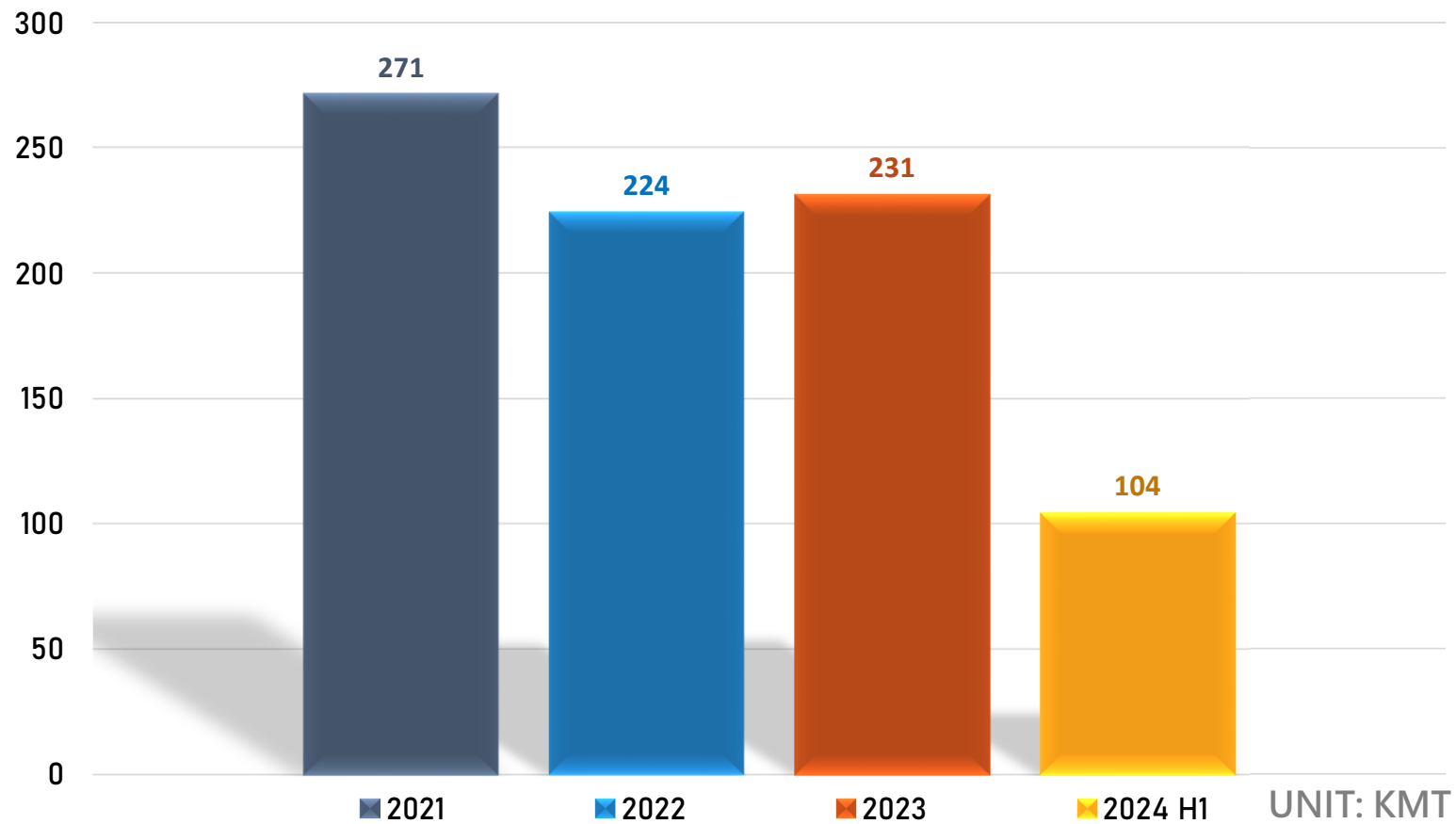
Source from: ICIS

PE Market Review



Source from: Platts

Business Review of 2021 to 2024



Sales Comparison H1 2023 and 2024

	H1 2023	H1 2024	Difference
Total Quantity	112	104	-8

Unit : KMT

EVA Operation Review: H1 2024

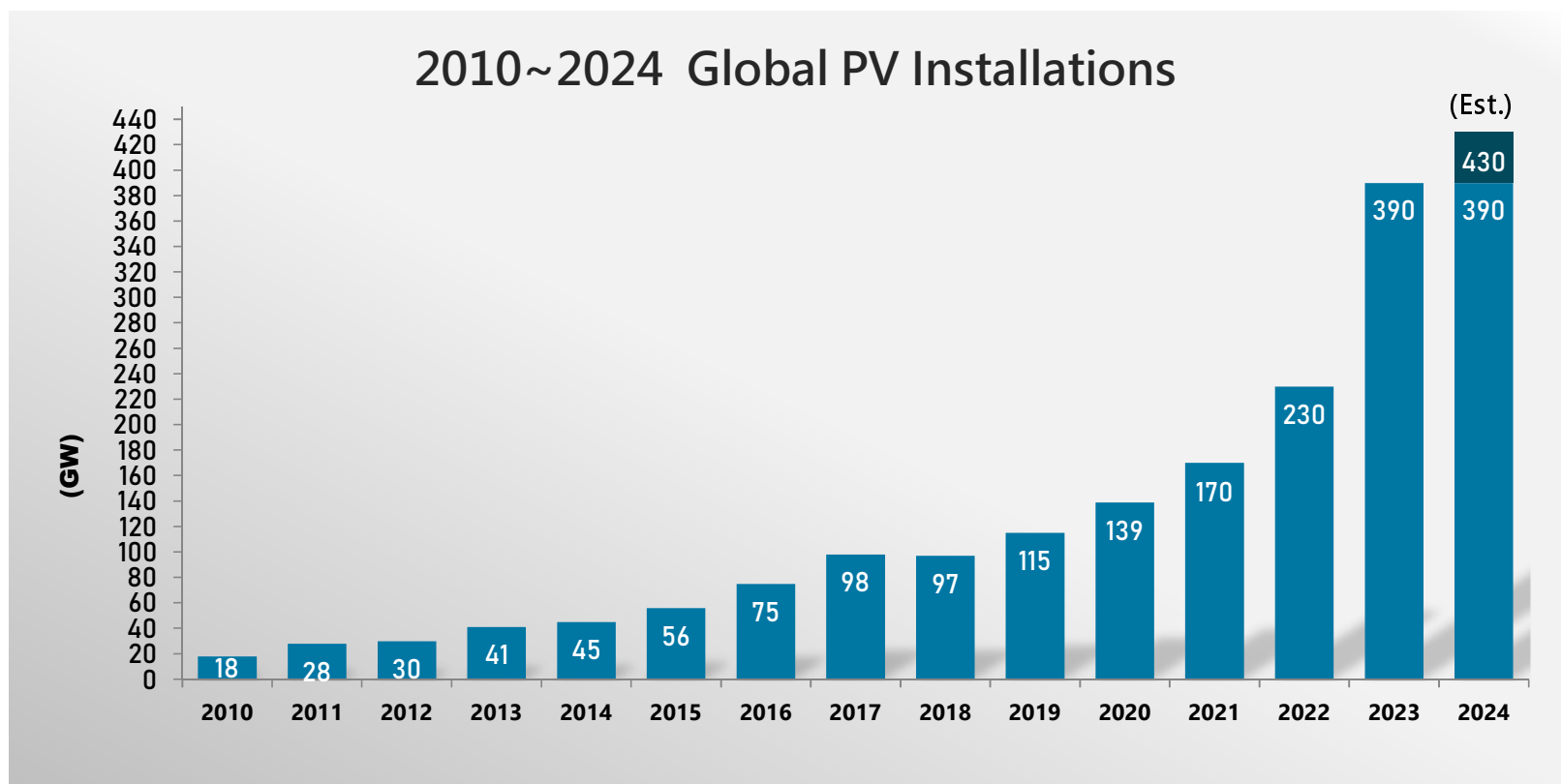
- In January, EVA price was on low level. The market believed that the low point had been reached and actively entered the market to purchase materials. Then the EVA market stopped falling and rebounded. After the Lunar New Year in February, the price continued to rise slightly. Price continued to rise in March. In the second quarter, due to poor photovoltaic demand and stagnant demand for other applications such as foaming and wires and cables, although mainland EVA peers had arranged annual maintenance successively, overall EVA was still oversupplied, causing the EVA market to fall in the second quarter.
- EVA : In Q1, due to a production line scheduled to be repaired for one month at the end of February, sales volume in H1 2024 decreased by 11% compared with the same period last year.
- Sales distribution: HMA grades accounted for 33%, PV grade accounted for 35%, and foam grades accounted for 32%.



LDPE/HDPE/LLDPE Operation Review: H1 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. CPC's new third refinery resumed production on April 2. The supply volume returned to normal which is conducive to earn orders.
- Orders from domestic customers were stable, and the supply had returned to normal in the second quarter. Though the sales increased by 4,376 MT compared with the first quarter, H1 sales in 2024 were still 3% lower than the same period last year.
- LLDPE : The sales were mainly for domestic market. Domestic customers generally had plain demand. The sales in H1 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 H1 of 2024 increased by 21% compared with the same period in 2023.

Global PV Demand



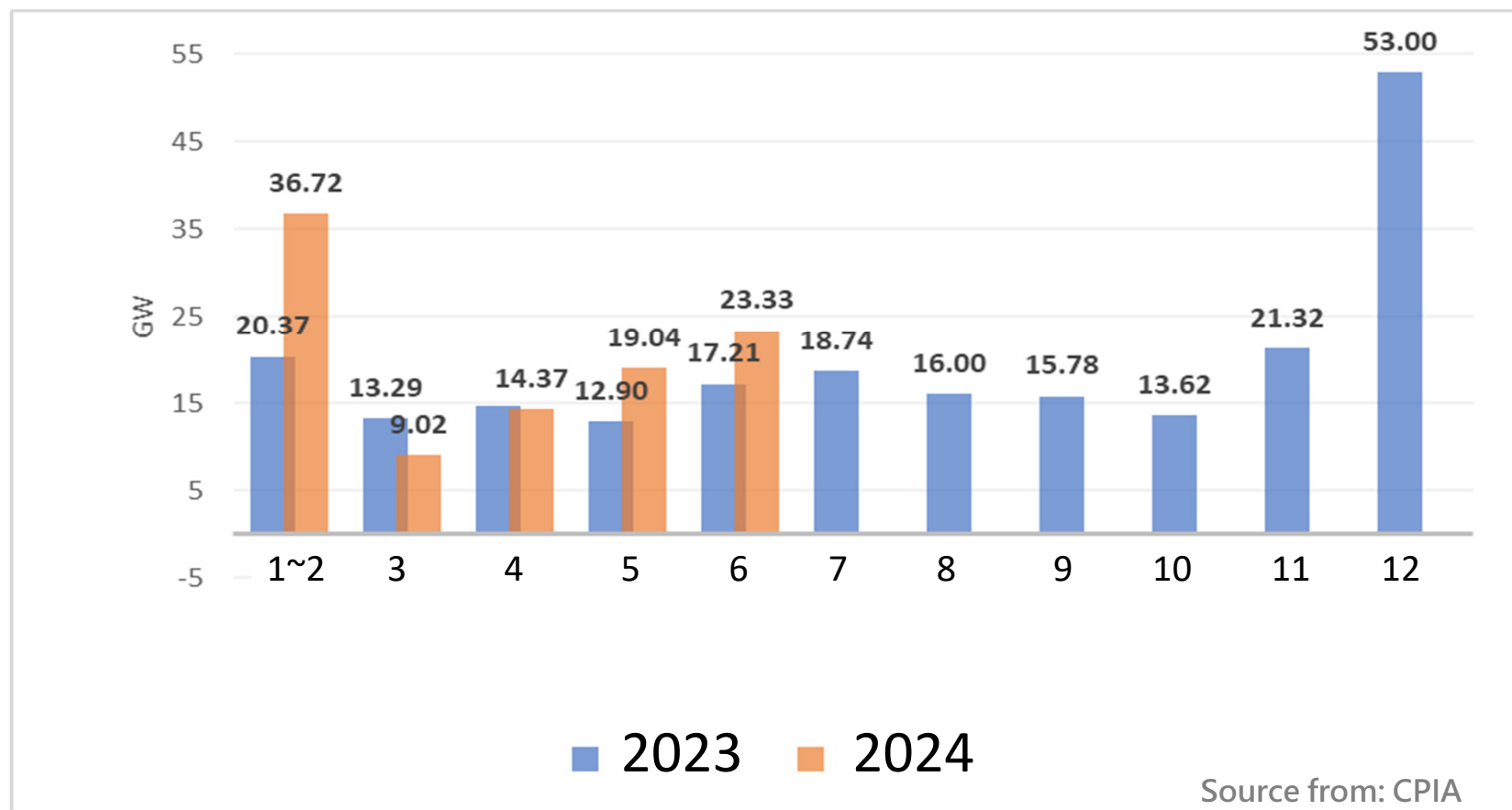
Source from :
IHS 、Trend Force 、CPIA 、
BNEF 、Wood Mackenzie

Major Global New PV Installations in Q1 2024

Countries	New Installations (GW)	Quarter on Quarter
China	45.74	+36%
USA	11.8	+79%
India	10	+400%
Brazil	4	+20%
Germany	3.7	+19%
Italy	1.72	+64%
France	1.01	+59%

Source from: SEIA, Mercom, ONS, German Federal Network Agency, and EnergyTrend.

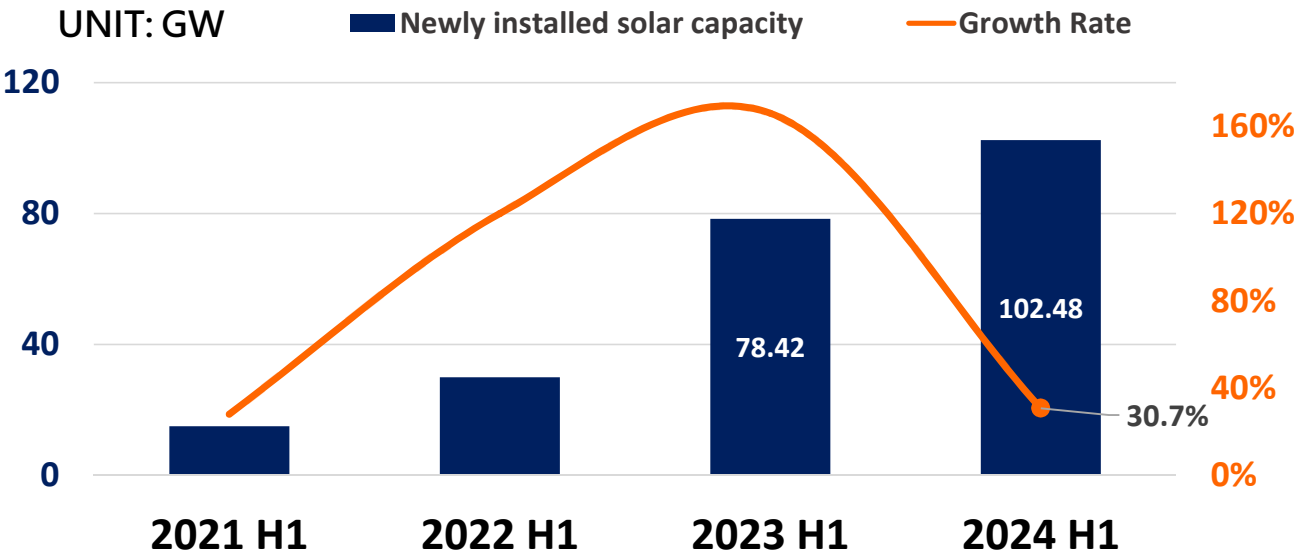
China New PV Installations in H1 2024



The National Energy Administration of China announced that the newly installed PV capacity in H1 was 102.48 GW, a year-on-year increase of 30.7%.

It is calculated that the new PV capacity in June reached 23.33 GW, a year-on-year increase of 35.6%.

China Solar Power Generation Construction Overview

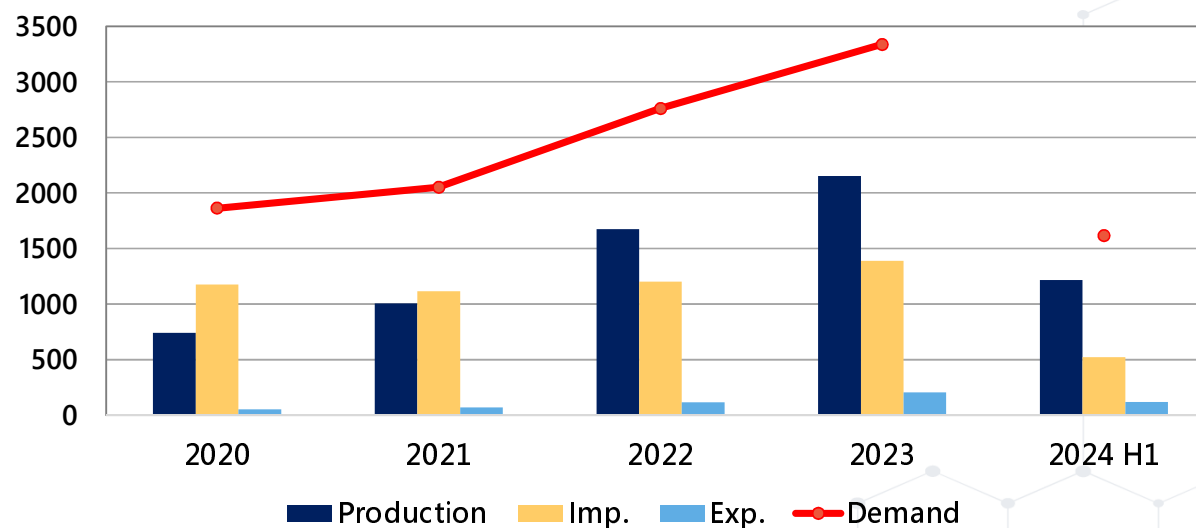


Unit : GW	Newly installed solar capacity
H1 2024	102.48
H1 2023	78.42
Year 2023	216.3

Source from : https://xbj.nea.gov.cn/dtyw/hyxx/202407/t20240731_267288.html , 2024/7/31

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%
H1 2024 (H1 2023)	1,216 991	521 652	119 90	1,618 1,553	75% 64%



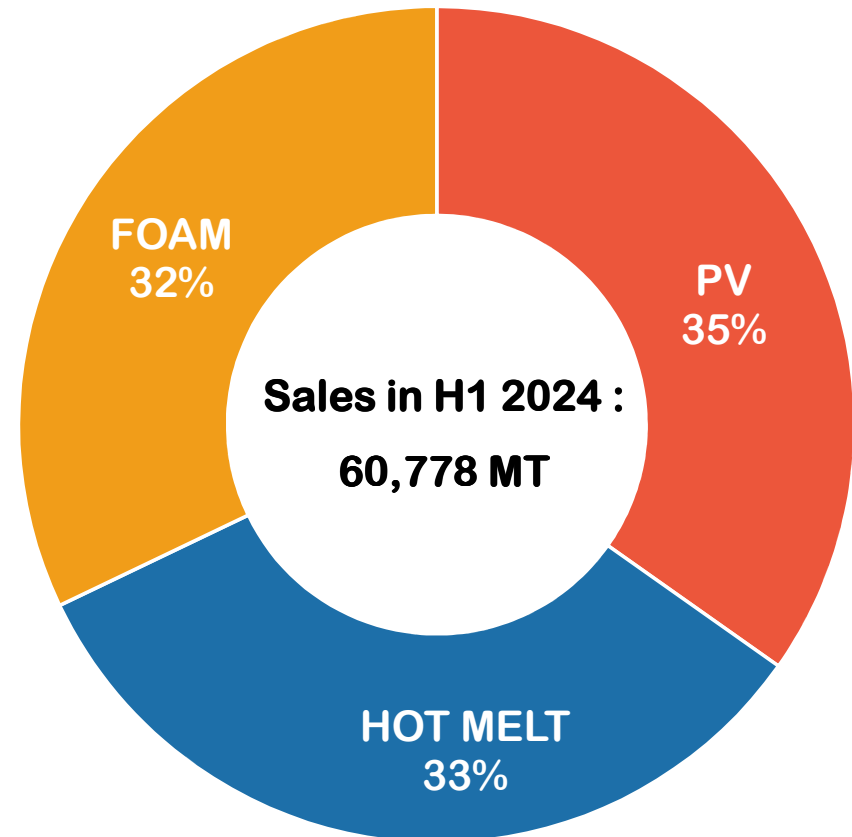
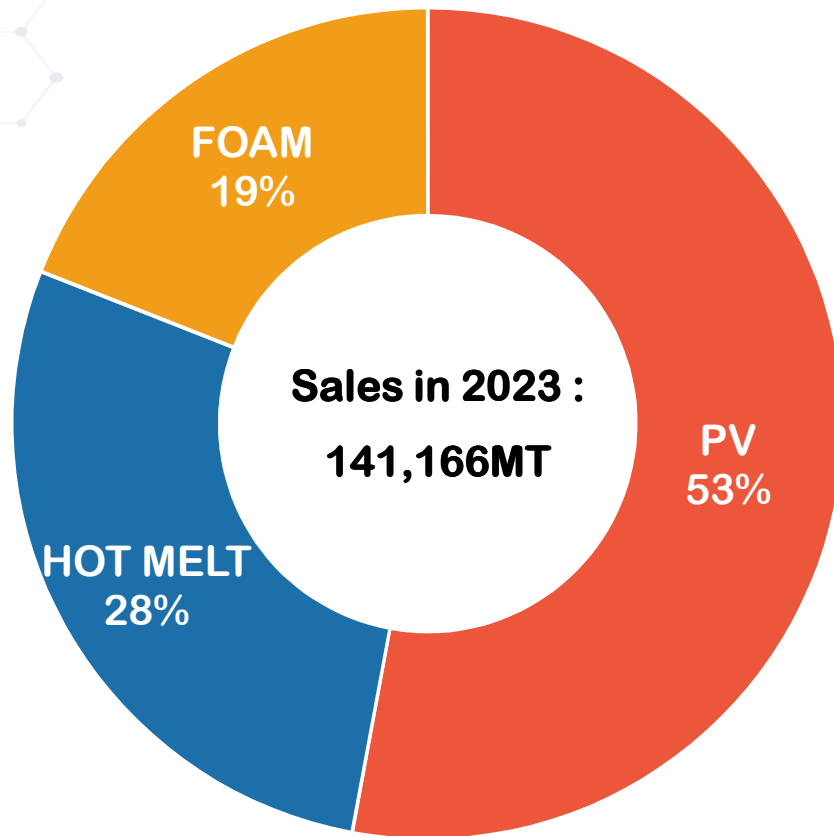
Reference: Chem99,
China Customs Data

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	2024 Q4-2025	
SINOCHEN QUANZHOU PETROCHEMICAL (Debottleneck)	40	2025	
LEVIMA GREEN(SHANDONG) NEW MATERIALS CO., LTD	200	2025	
ZHEJIANG PETROLEUM & CHEMICAL CO., LTD. (Phase II)	400	2025	
JIANGSU FENGHAI HIGH TECH MATERIALS CO., LTD	200	2025	
SHANDONG YULONG PETROCHEMICAL CO., LTD.	700	2025-2026	
BILLION INDUSTRIAL HOLDINGS LIMITED	350	2026	
HUNAN YUEYANG PETROCHEMICAL COMPANY	300	2026	
CHINA ENERGY GROUP NINGXIA COAL INDUSTRY CO., LTD.	100	2026	
Total (New Capacity)	2990		

UNIT: KMT

Business Outlook for Q3

◆ Crude oil :

Subject to geopolitical tensions and hurricane season factors, the supply contains potential risks. On the other hand, OPEC+ gradually reduces the production cuts to increase supply. The ending of peak season for gasoline consumption, and the reduced production of refineries due to nonprofitable indicate the weak demand. However, interest rate cuts still stand a chance to push up oil prices. Brent oil prices are expected to be between \$70 and 90 in the third quarter.

◆ Ethylene :

Cargoes from the US were unable to ship to Asia due to hurricanes in summer, and cracking plants in Asia were not restarted smoothly after annual repairs. Supply and demand are imbalanced in a short period of time, driving ethylene prices to rise to around \$880~\$900.

◆ VAM :

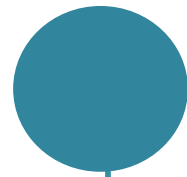
New capacity continues to join the market: an approximately 300,000 MT of VAM new capacity from Levima and Anhui Wan Wei was successfully put into operation in April 2024; Haiquan' s 200,000 MT capacity is expected to be put into operation in August 2024; Baihong' s 100,000 MT capacity is expected to be put into operation by the end of the year. With weak demand, supply is expected to be ample continuously.

Business Outlook for Q3

◆ PE & EVA :

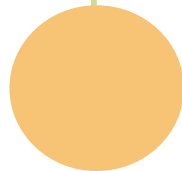
1. PV demand remains dull, and foaming has entered the off-season. EVA maintenance in Q3 will be less than in Q2. Although some peers, such as Lotte in South Korea and TPI in Thailand, have switched to LDPE production due to better spreads and demand than EVA, the pressure of oversupply of EVA is still high. Add up the weak demand, EVA market is unlikely to improve in the short term. To promote differentiated products will be continuously executed.
2. According to statistics from market research institutions, Mainland China installed capacity in H1 2024 is 102.5GW, a 31% increase over the same period last year. It is generally expected that Mainland China installed capacity demand in 2024 will remain on the same level as last year (216 GW). The market is still optimistic about the medium and long-term demand for solar energy.
3. 1.HD/LLD market demand is mediocre, with stable supply to regular customers, and continuous development of export market orders. Recently, ocean freight rates soar significantly, making it more challenging to earn orders from export customers.

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)

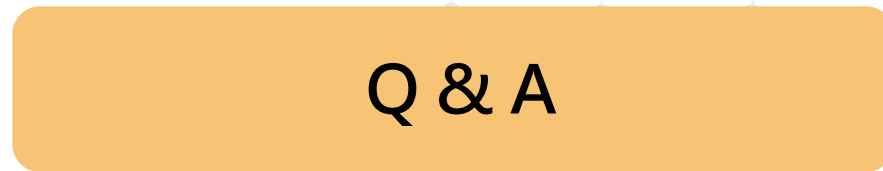
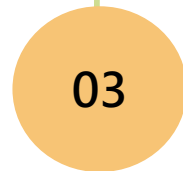
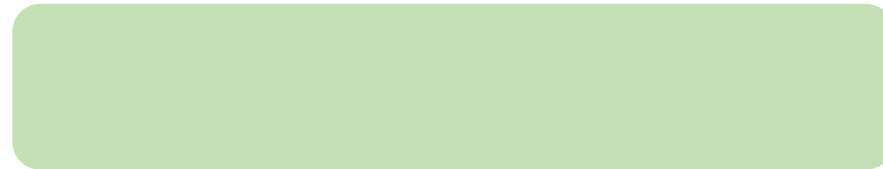
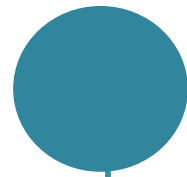
	2024 1/1~3/31 (Consolidated)	2023 1/1~3/31 (Consolidated)	YoY%	2023 FY (Consolidated)	2022 FY (Consolidated)	2021 FY (Consolidated)	2020 FY (Consolidated)
Sales	12,024	13,176	-8.7%	52,265	66,437	71,756	50,201
Cost of goods sold	11,502	11,427	0.7%	46,658	55,497	54,002	39,721
Gross profit	522	1,749	-70.1%	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>

