

USI CORPORATION

(Stock Code : 1304)

Investor Conference

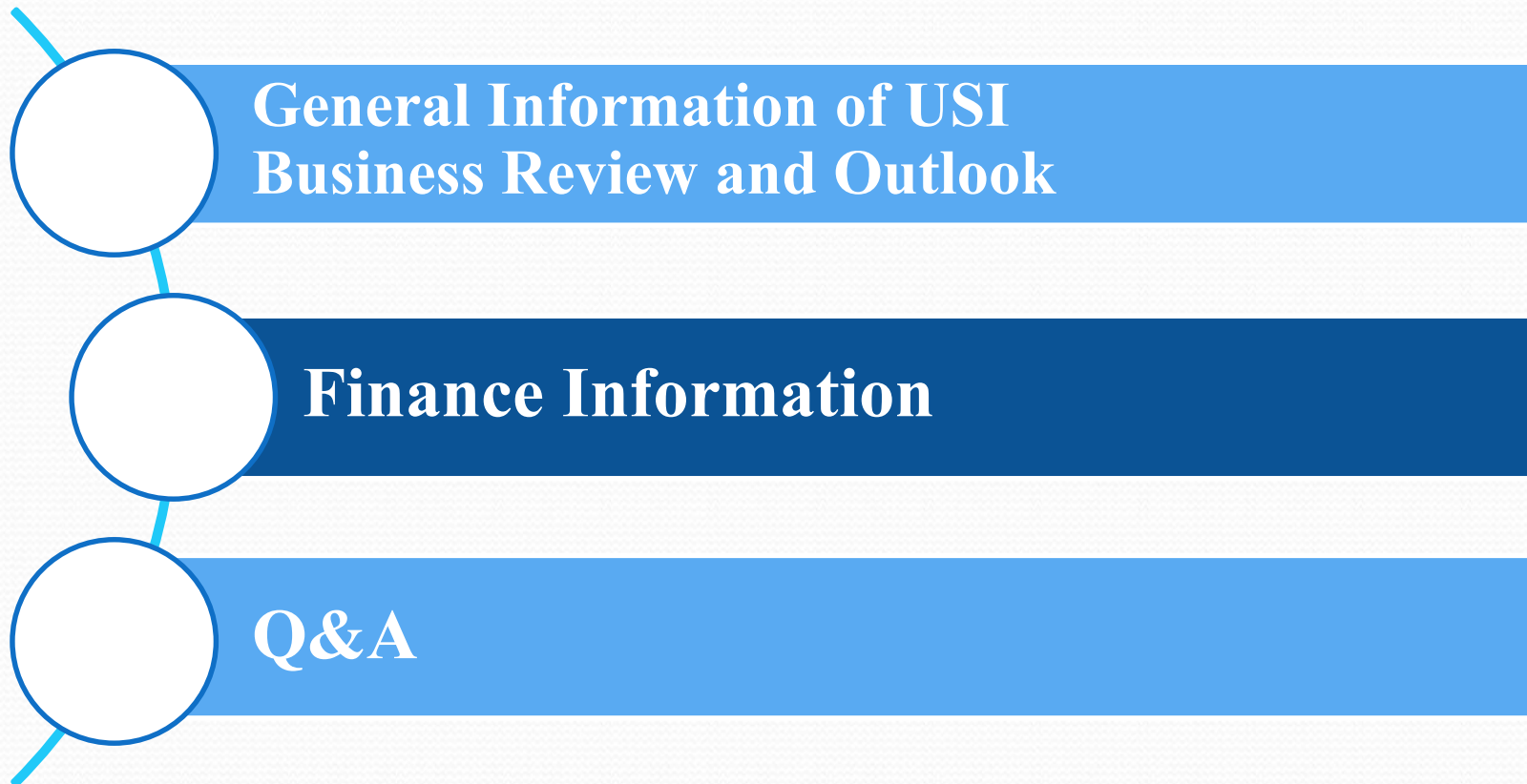
2020.11.23

Disclaimer

This presentation includes the Company's current information. Any development or adjustments thereof will be published according to laws, regulations or rulings. The Company is not obligated to update or revise this presentation.

The information in this presentation is not for investment advices.

Presentation Outline



General Information of USI

Reported By: Mark Wu

(Vice President of Sales & Marketing Dept.)

Established Date

May 26, 1965

Capital

NT\$11,888M (up to Sep. 30, 2020)

No. of Employees

467 (up to Sep. 30, 2020)

Revenue (2018)

**Individual : NT\$11,000M
Consolidated : NT\$55,700M**

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)

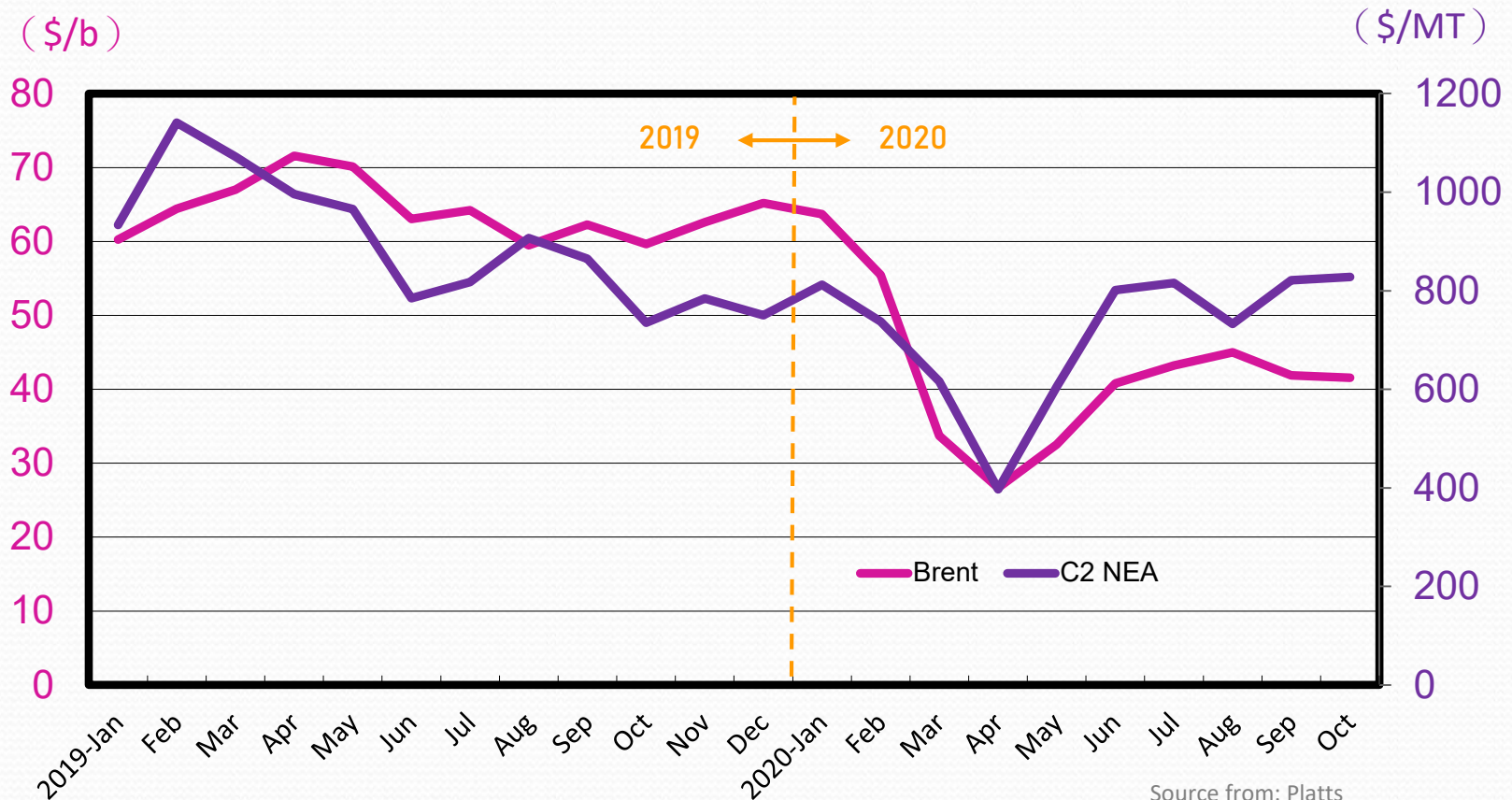
Business Review and Outlook

Reported By: Mark Wu

(Vice President of Sales & Marketing Dept.)

Crude/Ethylene

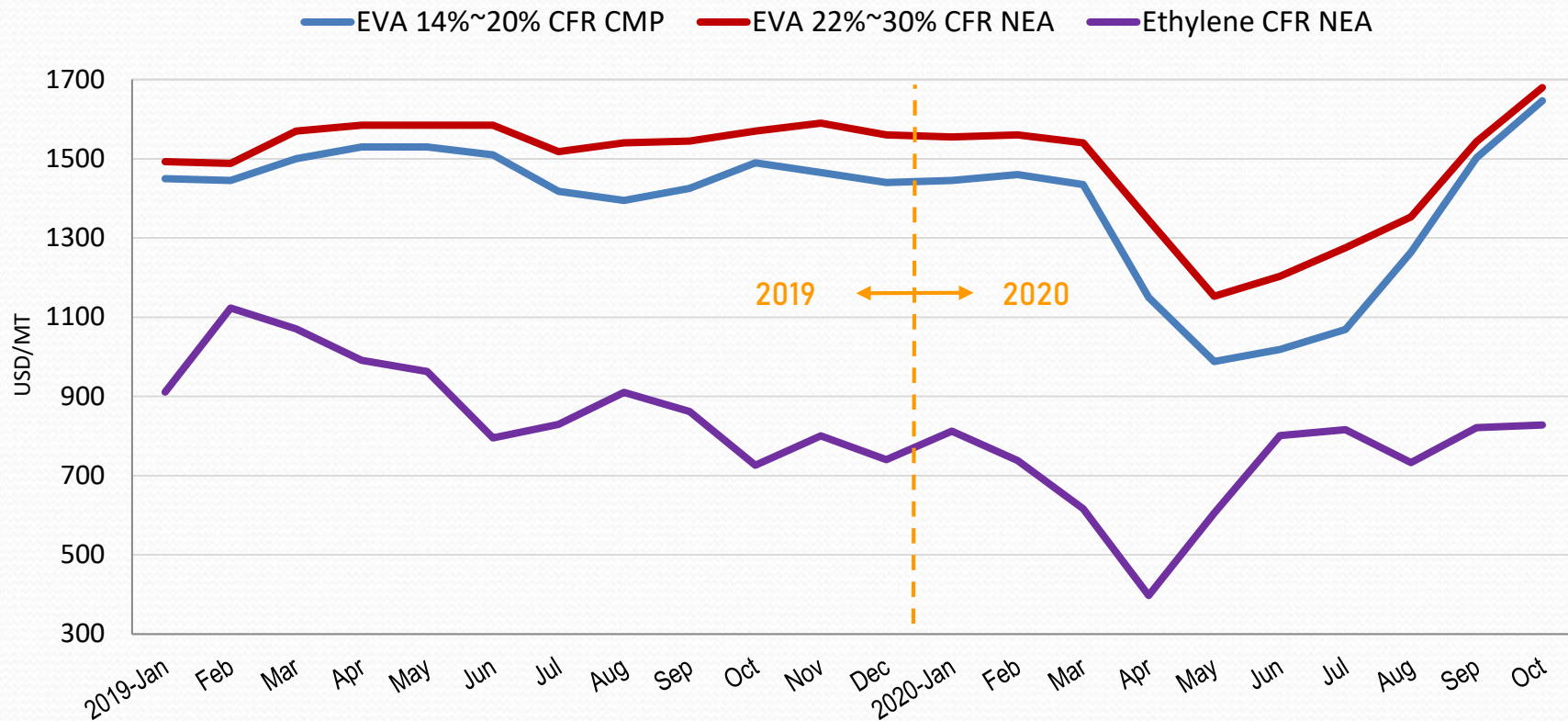
- Ethylene : Price in H1 of 2020 was unstable due to epidemic and crude price impact. The strong downstream demand from China lifted ethylene price in H2 of 2020.



Source from: Platts

EVA Prices Review

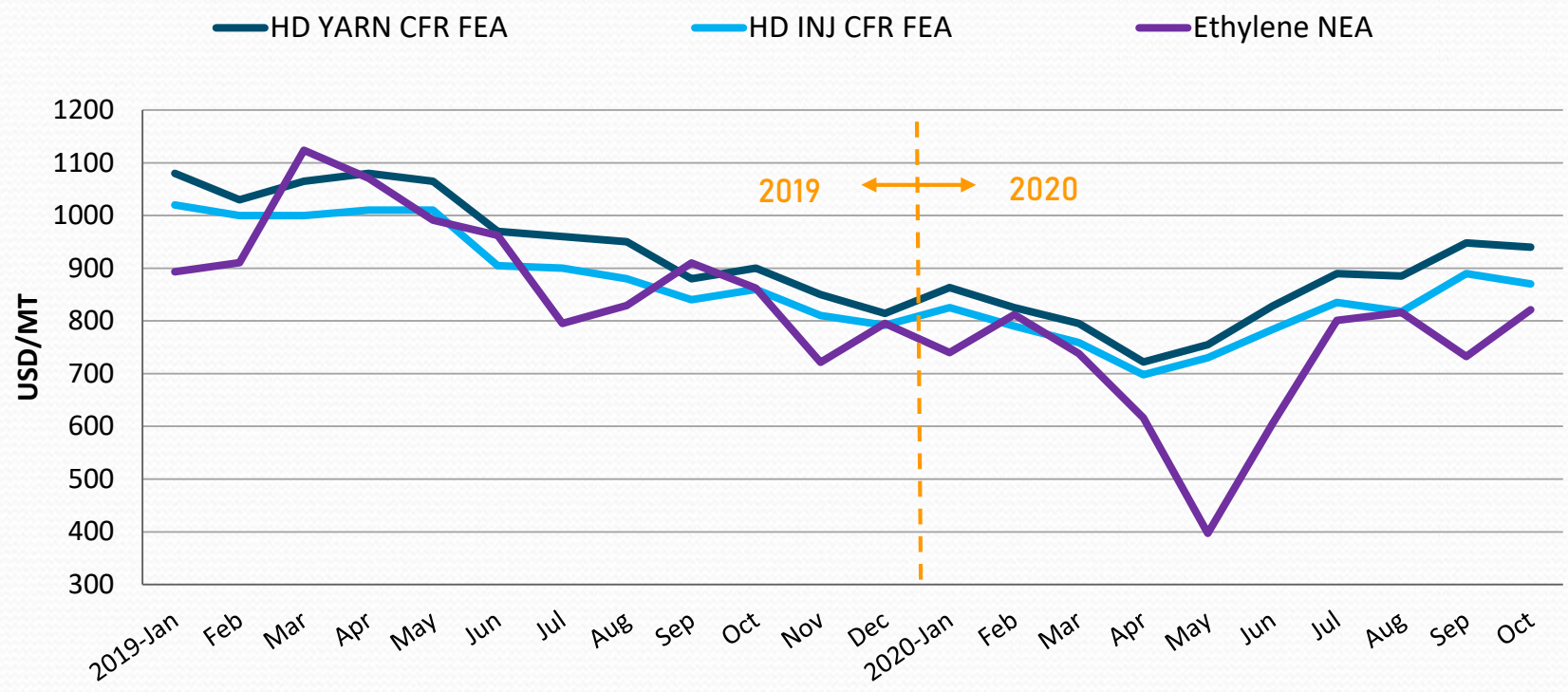
EVA Price Trend



Source from: ICIS

PE Prices Review

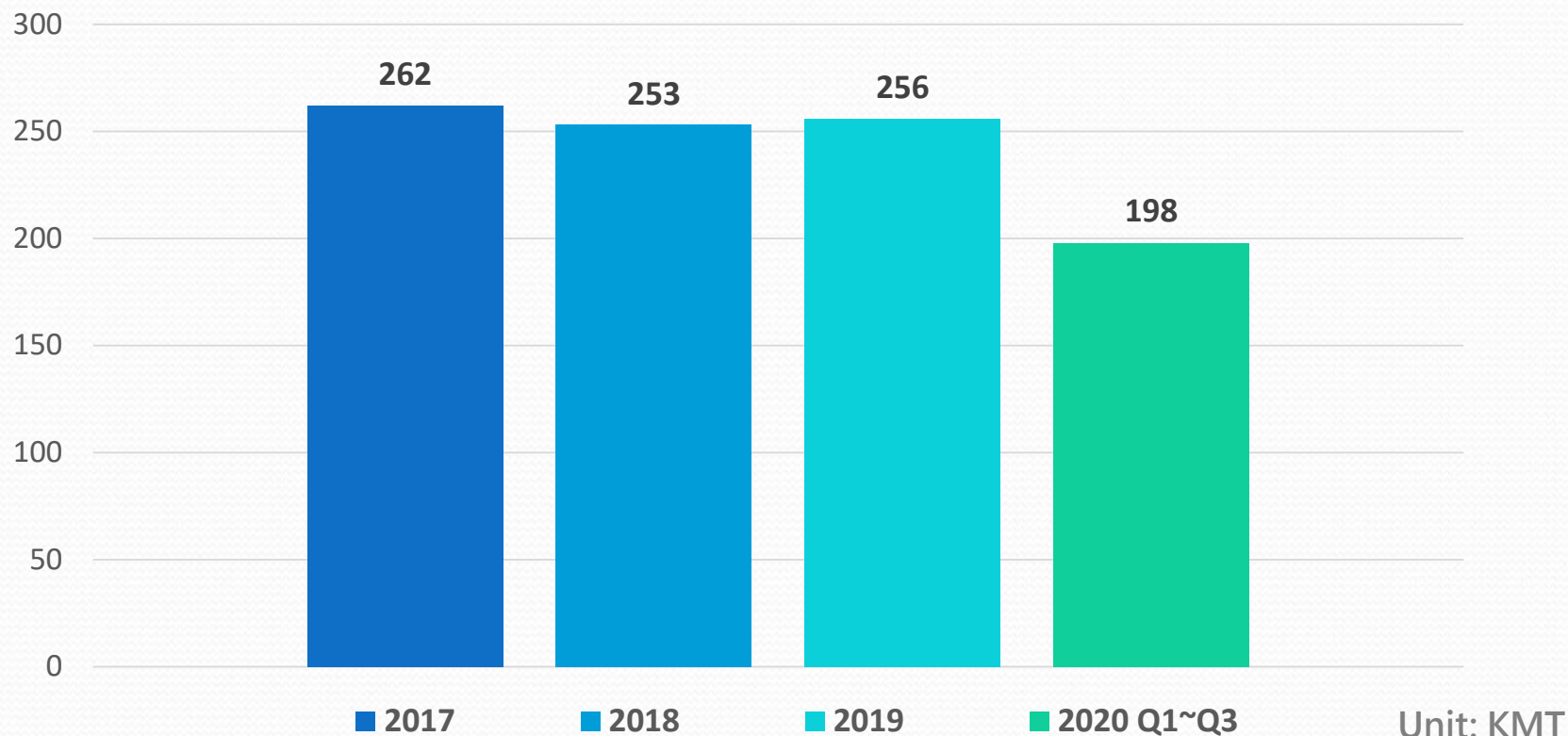
PE Price Trend



Source from: Platts

Business Review of 2017 to Q3, 2020

Comparison of Sales Volume



Q1 ~ Q3 of 2019 & 2020 Sales Volume Comparison

	Jan. ~ Sep., 2019	Jan. ~ Sep., 2020	Variance
Total	191,738	197,925	+6,187

Unit: MT

EVA Operation Review: Jan. ~ Sep. 2020

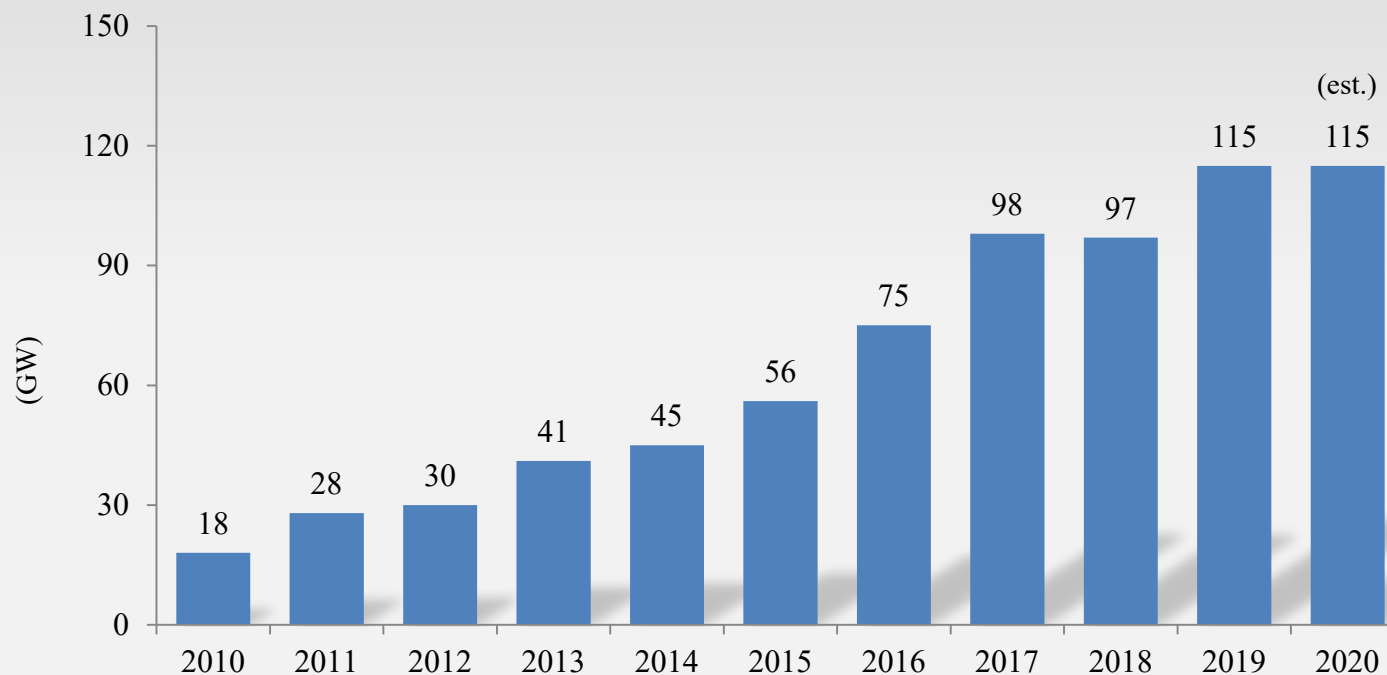
- In the first half of this year, China solar cell plants' installation capacity affected by COVID-19 pandemic disease only reached 11GW which was far from the yearly target volume of 40GW. In the second half of the year, PV film customers sprinted with all their strength to help meet the annual target. Since Q3, EVA demand for PV film broke out strongly while the supply of EVA foam and wire/cable grades were edged out. Due to the robust EVA demand over limited supply, the prices have risen sharply and continuously.
- Foam grade EVA : After Sports shoe brands adjusting their inventory in the first half of the year, coupled with the opening of sports events from the end of July, the orders recovered since August. By the impact of 2nd wave COVID-19 pandemic disease, EVA export volume of deep sea cargos to Asia has decreased significantly. The inquiries of this application has thus increased since August in Asia.
- EVA : Sales volume up to Q3 of 2020 decreased by 10% compared to the same period in 2019.

PE Operation Review: Jan. ~ Sep. 2020

- Although the whole world is still under the effect of COVID-19 pandemic disease, our HDPE sales has benefited from it because the demand for masks has greatly increased, resulting in a substantial increase in the domestic and foreign sales of our HDPE.
- HDPE: Both domestic and foreign markets sales increased. Sales volume in the first three quarters of 2020 increased by 25% compared with the same period in 2019.
- LLDPE: Mainly sold to regular customers and maintained price-based volume. Sales volume in the first three quarters of 2020 increased by 3% compared with the same period in 2019.

Global PV Demand

2010~2020 Global PV Installations

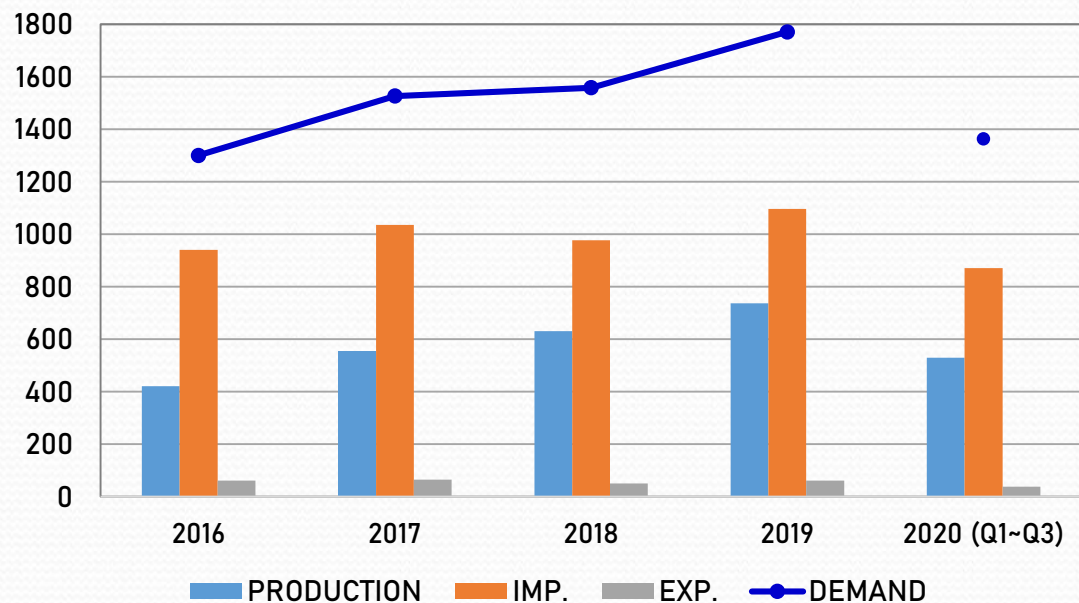


Source from:

1. Wood Mackenzie
2. IEA (International Energy Association)
3. Energy trend
4. Bloomberg New Energy Finance

China EVA Demand

Year	Production	Import	Export	Demand	Self-sufficiency rate
2016	420	940	60	1,300	32%
2017	555	1,035	64	1,526	36%
2018	631	976	49	1,558	40%
2019	736	1096	60	1,771	42%
2020 (Q1~Q3)	529	870	37	1,362	39%



Source from:
Chem99, China Customs Data

2021 Outlook

■ Crude :

In H2 of 2020, crude price returns to rationality gradually, but the market is worrying that the economic recovery is affected by the secondary epidemic and vaccine variables. Market participants have a conservative view on crude prices in 2021.

■ Ethylene :

In 2021, the growth of global ethylene production capacity will be greater than the growth of demand. The main new capacity areas will be China, South Korea and Thailand. It is expected that the annual ethylene supply will be relatively stable.

Operation Outlook in 2021

■ PE and EVA :

- The planned commissioning of 300KMT new EVA production capacity in China this year is postponed till Q1 2021 due to the impact of COVID-19. After that new capacity increased, the surging price of EVA due to the imbalance supply and demand is expected to gradually return to normal in the second half of next year.
- The impact of COVID-19 on global economy is still ongoing. Therefore the demand for masks and other hygiene materials is estimated to remain. To pay close attention to the needs of downstream customers and actively sell our HDPE to meet the needs for both domestic and foreign customers.
- Due to the cost of solar power decreased, green energy has become a global trend. It is estimated that the demand for encapsulated film grade EVA will continue to grow.
- Continuously promoting high-performance EVA products. To improve the quality of HDPE products further and develop niche market customers as well.

USI Corporation and Subsidiaries

Consolidated Financial Information

Reporter :Amy Kuo, Manager of Accounting Dept.

Date : 2020,Nov.23

USI Corporation

Consolidated Statements of Income

(In millions of NTD, except per share data)

	2020 1/1-9/30	2019 1/1-9/30	YoY%	2019 FY	2018 FY	2017 FY
Sales	34,627	41,985	-17.5%	55,657	60,893	58,134
Cost of goods sold	28,733	37,195	-22.8%	48,924	55,098	51,007
Gross profit	5,894	4,790	23.1%	6,732	5,795	7,127
gross profit ratio	17%	12%		12%	10%	12%
Selling and administrative expenses	2,219	2,502	-11.3%	3,385	3,440	3,360
R&D expenses	260	325	-20.1%	416	422	389
Operating income	3,415	1,963	74.0%	2,932	1,933	3,378
operating income ratio	10%	5%		5%	3%	6%
Non-operating income(loss) *	84	482	-82.5%	434	597	108
Income before income taxes	3,499	2,445	43.1%	3,366	2,530	3,486
Income taxes	765	587	30.5%	820	654	776
Net income	2,734	1,858	47.1%	2,545	1,876	2,710
net income ratio	8%	4%		5%	3%	5%
Net income attributable to						
- USI Corporation	1,113	998	11.5%	1,281	540	1,111
- non-controlling interests	1,621	860	88.4%	1,264	1,336	1,599
Earnings per share	1.04	0.93		1.19	0.50	1.06
adjusted						1.04

*Note: Non-operating income(loss) included discontinued operations income(loss)

USI Corporation

Financial ratio analysis-Consolidated

	2020 1/1-9/30	2019 1/1-9/30	2019 FY	2018 FY	2017 FY
Operating income margin(%)	9.9	4.7	5.3	3.2	5.8
Net income margin(%)	7.9	4.4	4.6	3.1	4.7
Debt ratio(%)	39	46	45	47	46
Current ratio(%)	249	212	222	205	237
Quick ratio(%)	202	168	177	155	178
Accounts receivable turnover days	50	53	52	50	48
Inventory turnover days	43	44	43	45	48



Thanks for attending the conference and your kind support.

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