USI CORPORATION

(Stock Code：1304)

Investor Conference

2021.05.24

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The information in this presentation is not for investment advices.

台聚關係企業

Presentation Outline

- General Information of USI
- Business Review and Outlook
- Finance Information
- Q&A

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 Mar. 31, 2021)
No. of Employees	470 (up to Mar. 31, 2021)
Revenue (2020)	Individual：NT$10,200M Consolidated：NT$50,200M

High Pressure LDPE/EVA Plant

Production Facility	Annual Capacity	Main Products
• 4 sets of High-Pressure Autoclave Production Lines	• LDPE/EVA Total at 150KMT	• Low Density Polyethylene Resins (Injection/Film Grades) • Ethylene Vinyl Acetate Copolymer Resins (Foaming/HMA/PV Grades)

Low Pressure HDPE/LLDPE Plant

Production Facility	Annual Capacity	Main Products
• 1 set of Gas Phase Production Line	• HDPE/LLDPE Total at 130KMT	• High Density Polyethylene Resins (Injection/Yarn/ Rotation Grades) • Linear Low Density Polyethylene Resins (Blown Film/Casting Grades)

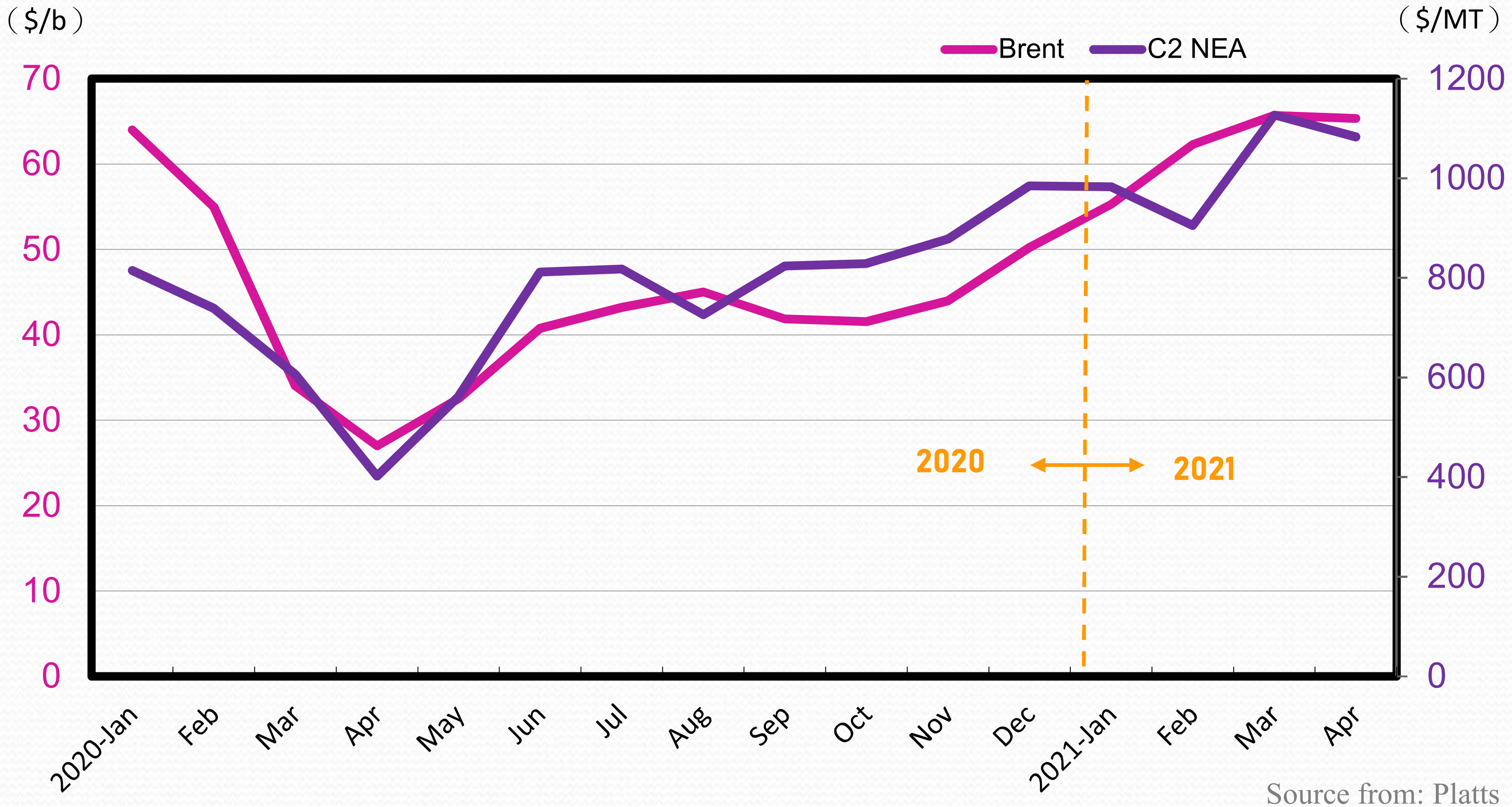
Business Review and Outlook

Reported By: Mark Wu

(Vice President of Sales & Marketing Dept.)

Crude/Ethylene Prices Review

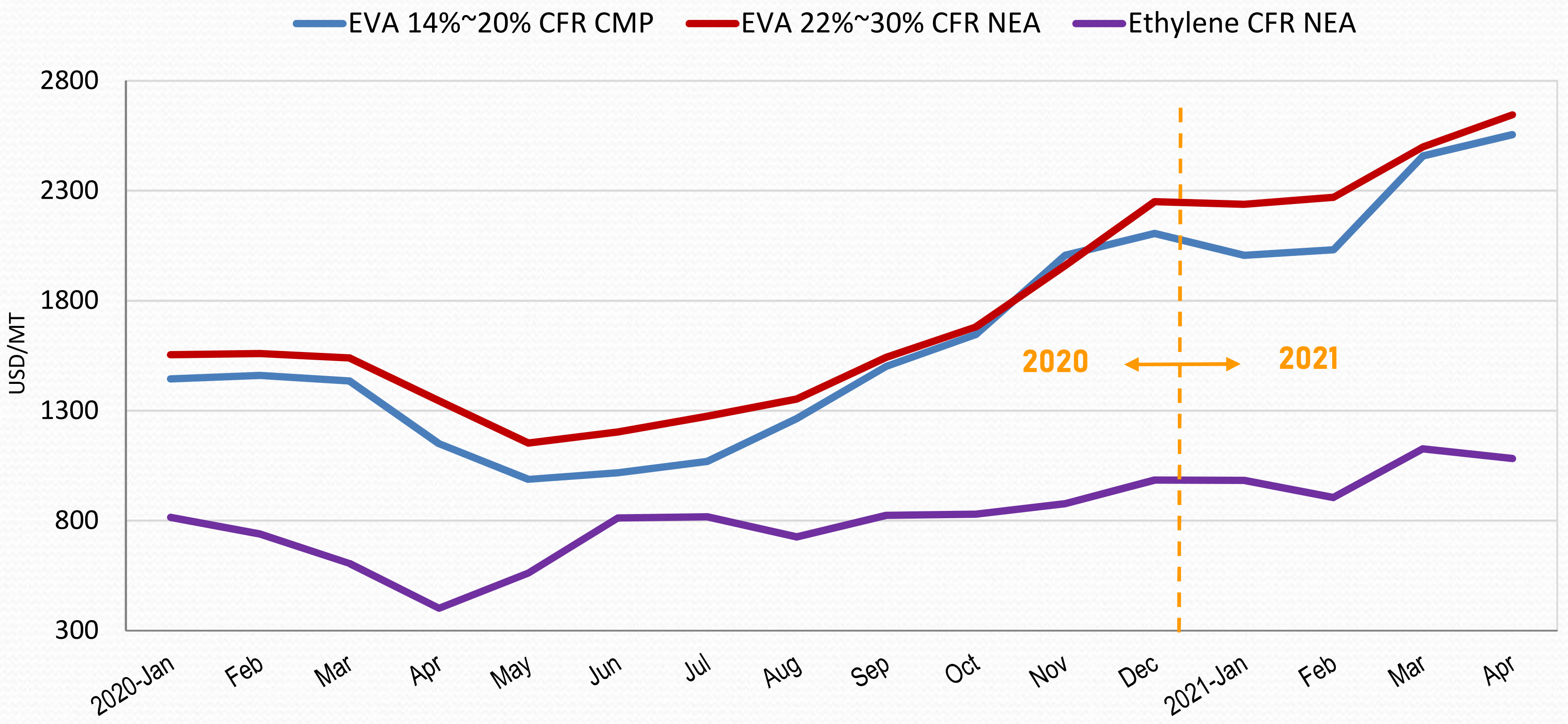
- Ethylene：Due to COVID-19 epidemic disease spread and oil prices fluctuation the price in H1 of 2020 varied a lot. In H2 2020 it was driving sharply up by strong demand of downstream derivatives.



Source from: Platts

EVA Prices Review

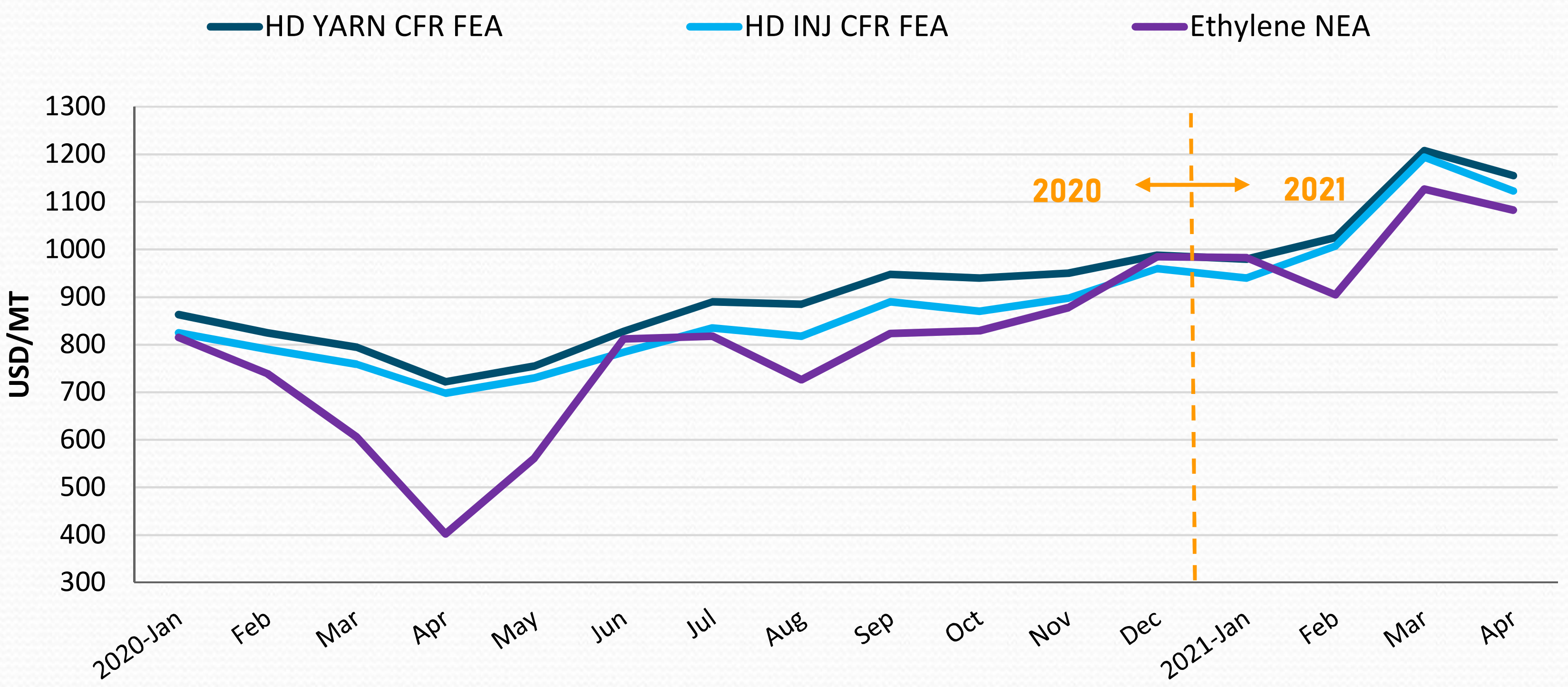
EVA Price Trend



Source from: ICIS

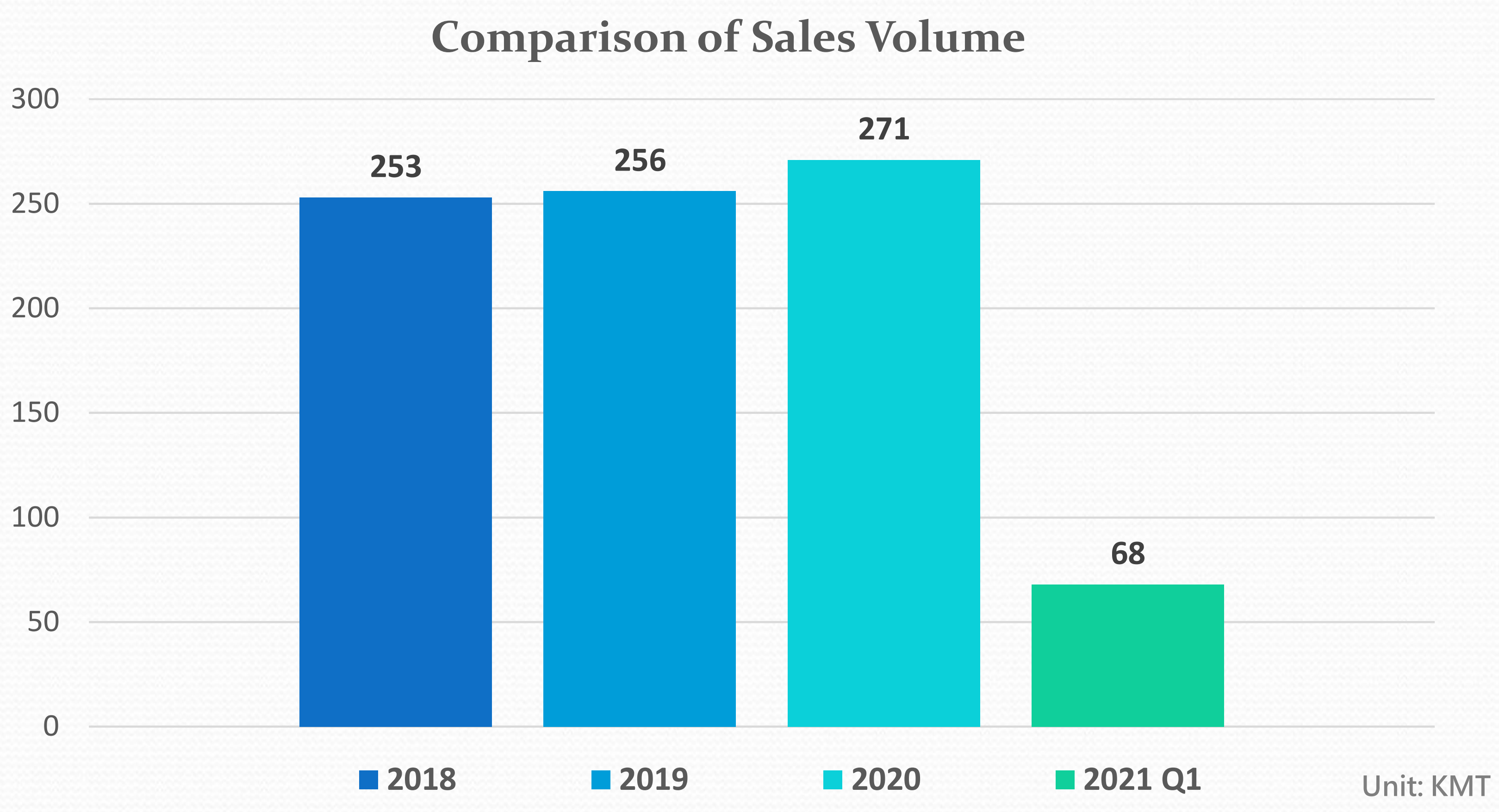
PE Prices Review

PE Price Trend



Source from: Platts

Business Review of 2018 to Q1, 2021



Q1 of 2019 & 2021
Sales Volume Comparison

	Jan.~Mar., 2020	Jan.~Mar., 2021	Variance
Total	57,439	68,188	+10,749

Unit: MT

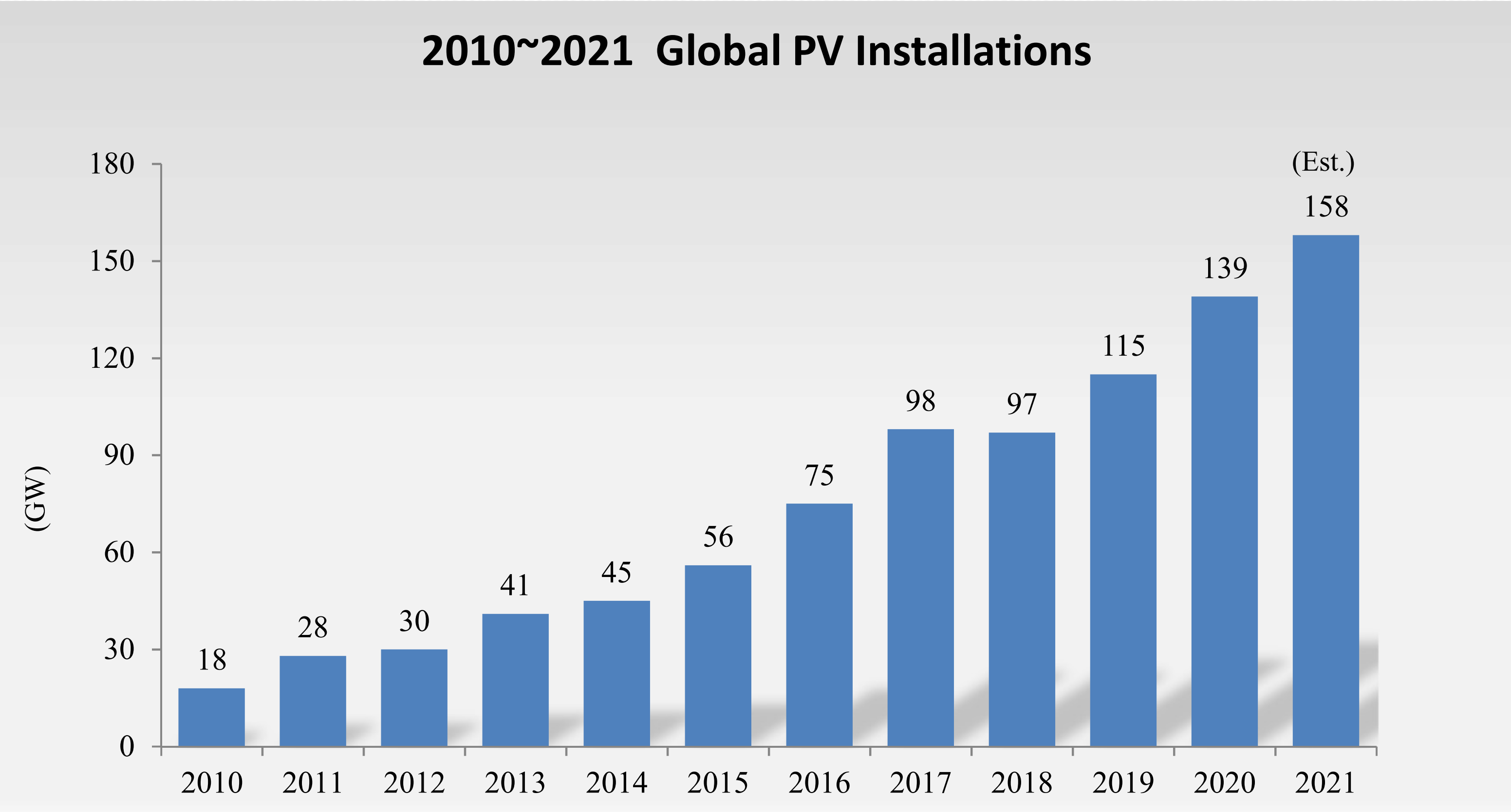
EVA Business Review：Jan. ~ Mar. 2021

- EVA sales in Q1 2021 were with full swing momentum as that in Q4 2020. It weakened shortly before Chinese New Year festival but rose again quickly due to the impact of big earthquake hit Japan and severe ice storm hit Texas USA in Feb. 2021.
- PV demand was softer after CNY festival due to continuous surging of raw materials costs such as polysilicon, glass, EVA, and etc.. Downstream module factories suffered from profit loss and were reluctant to place new orders thus caused PV film demand shrinkage.
- Affected by severe ice storm hit Texas, the EVA raw materials for shoes foaming application faced short supply. Brand shoes OEM factories encountered a shut-down risk due to this belated delivery. They had to seek help from USI for immediate shipment support which resulted in the sales volume of our foaming grades increased significantly compared with the same period of last year.
- EVA sales volume in Q1 2021 increased by 16% compared with Q1 2020.

PE Business Review：Jan. ~ Mar. 2021

- Uncertainty of deep sea cargo. Tight supply from North America caused by Texas ice storm. Subdued Asia supply due to Middle East cargo flowing into EU in the first priority, thus the PE market prices increased sharply after Spring Festival.
- HDPE：Both domestic and export sales volume were increased. Compared with Q1 2020, the sales volume in Q1 2021 increased by 25%.
- LLDPE：Sales focused on regular customers' needs with price-based quantity. The sales volume in Q1 2021 was increased by 24% compared with Q1 in 2020
- LDPE：Limited allocation for regular users only. Using APC's production line to make LDPE. The sales volume in Q1 2021 was decreased by 19 % compared with Q1 in 2020.

Global PV Demand

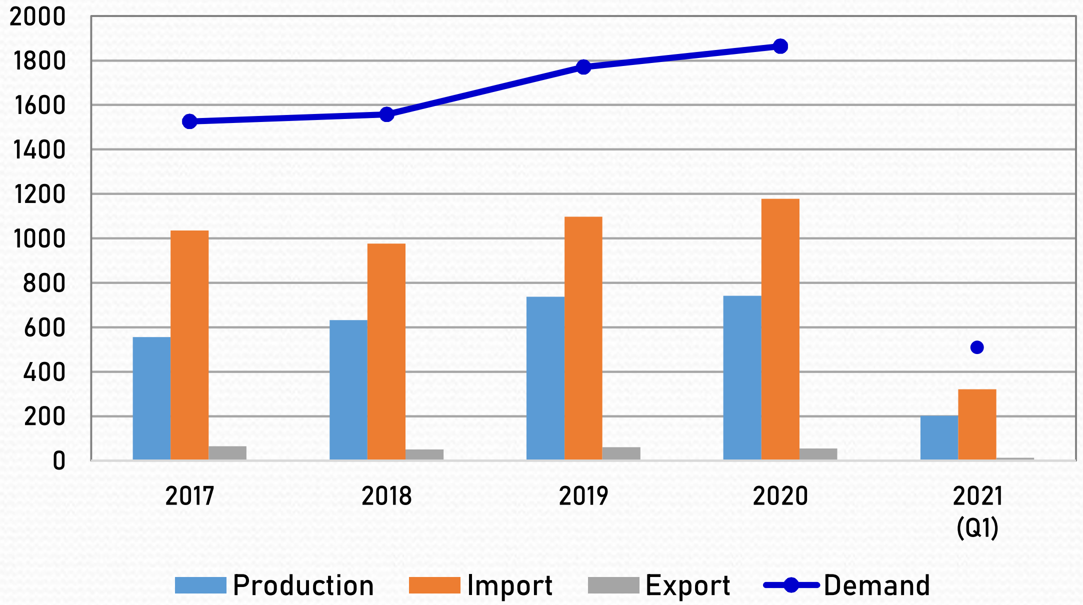


Source from :
1. IHS
2. IEA (International Energy Association)
3. Energy trend
4. CPIA

China EVA Demand

Year	Production	Import	Export	Demand	Self-sufficiency rate
2017	555	1,035	64	1,526	36%
2018	631	976	49	1,558	40%
2019	736	1096	60	1,771	42%
2020	741	1177	54	1,864	40%
2021 Q1	201	321	12	509	39%

Unit: KMT



Reference: Chem99,
China Customs Data

Business Outlook of 2021

- **Crude Oil**：

  Markets hold conservative point of view in 2021 due to many variables like resurgence of COVID-19 and uncertainty of OPEC+ oil-producing movement, and etc.. Yet it is forecasted to be more stable than last year.

- **Ethylene** ：

  Global supply of ethylene in H1 2021 was seriously affected by severe cold damage in Texas and the overhaul of crackers in spring. It is expected to stabilize gradually especially in H2 while new capacity mainly from China will be released into the market.

Business Outlook of 2021

- **PE & EVA：**
  - It is optimistic for long term PV industry development but for short term closely watch is still necessary. In Q1 the progress is lagging behind target. Some clients who fear the same scenario in 2020 will happen again in China have begun to deploy ahead of schedule.
  - Following new EVA capacity released in China this year requires close monitoring which affects the supply and demand status in H2.
  - COVID-19 influence on global economy is continuous. Thus the demand for facial masks and other hygiene materials are sustained. Pay close attention to the needs of customers.
  - Continuously promote high-performance EVA products. Also improve the quality of HD products further to develop niche market.

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. was established.
- 2017/12 Opening ceremony of Fujian Gulei Petrochemical Co. Ltd. was launched.
- 2018/08 Overall design of Gulei Petrochemical Project was approval.
- 2019/05 The Land Usage Proposal and Infrastructure Plan were reviewed.
- 2019/06 Project construction was started
- 2021/03 Test-run of PP item was successfully performed
- 2021/06 SM item will be mechanical completion and test-run
- 2021/Q3 Steam Cracker will be mechanically complete。

USI Corporation and Subsidiaries

Consolidated Financial Information

Reporter :Amy Kuo, Manager of Accounting Dept.

Date : 2021,May.24

USI Corporation
Consolidated Statements of Income

(In millions of NTD, except per share data)

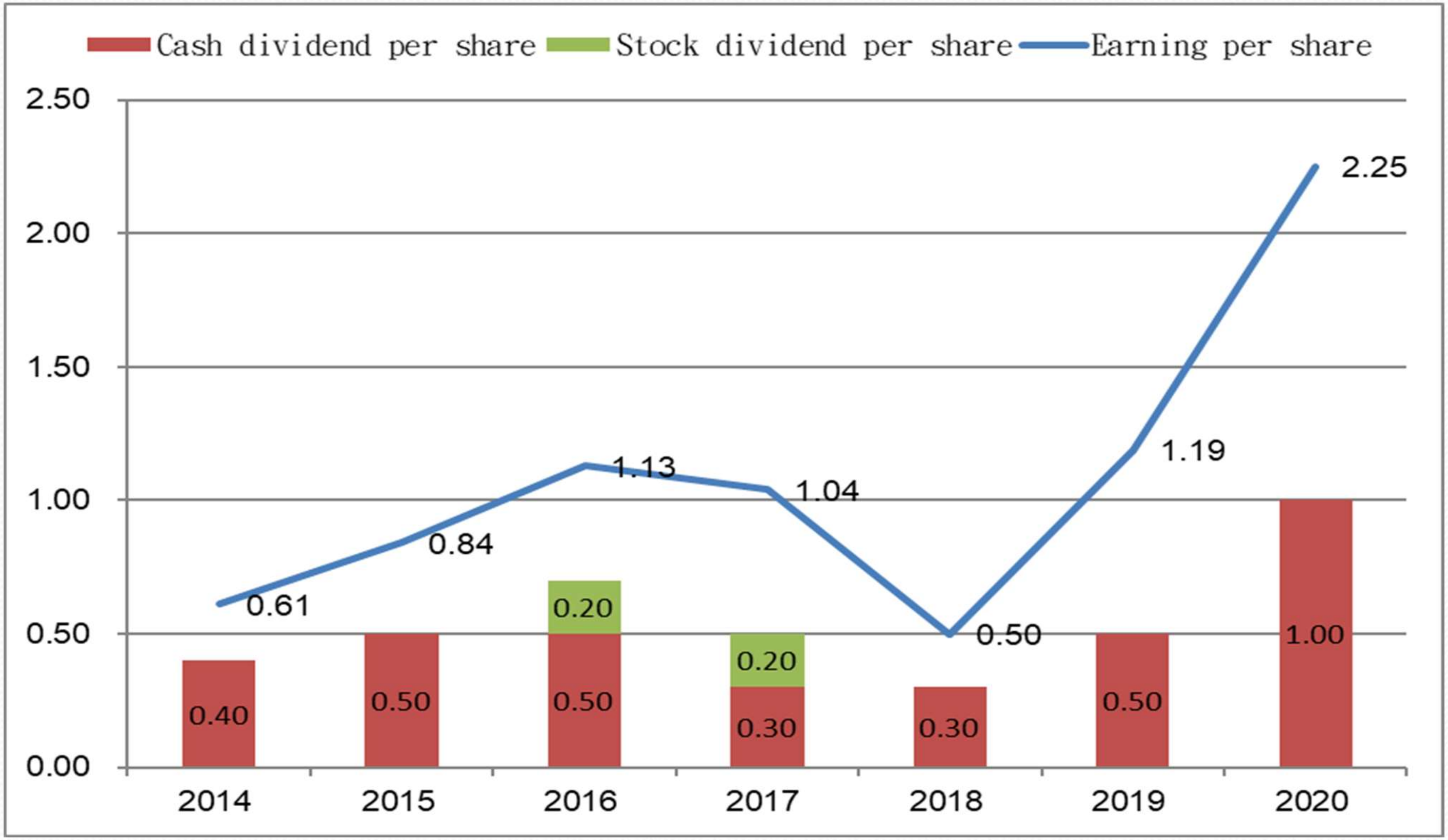
	2021 1/1-3/31	2020 1/1-3/31	YoY%	2020 FY	2019 FY	2018 FY
Sales	16,194	11,356	42.6%	50,201	55,657	60,893
Cost of goods sold	11,738	9,517	23.3%	39,721	48,924	55,098
Gross profit	4,456	1,839	142.3%	10,480	6,732	5,795
gross profit ratio	28%	16%		21%	12%	10%
Selling and administrative expenses	1,148	765	50.1%	3,221	3,385	3,440
R&D expenses	105	85	23.1%	363	416	422
Operating income	3,204	989	223.8%	6,896	2,932	1,933
operating income ratio	20%	9%		14%	5%	3%
Non-operating income(loss)	61	(100)	-160.4%	227	434	597
Income before income taxes	3,265	889	267.1%	7,123	3,366	2,530
Income taxes	690	244	183.4%	1,440	820	654
Net income	2,574	646	298.7%	5,683	2,545	1,876
net income ratio	16%	6%		11%	5%	3%
Net income attributable to						
- USI Corporation	1,249	217	475.5%	2,410	1,281	540
- non-controlling interests	1,326	429	209.2%	3,273	1,264	1,336
Earnings per share	1.16	0.20		2.25	1.19	0.50

USI Corporation

Financial ratio analysis-Consolidated

	2021 1/1-3/31	2020 1/1-3/31	2020 FY	2019 FY	2018 FY
Operating income margin(%)	19.8	8.7	13.7	5.3	3.2
Net income margin(%)	15.9	5.7	11.3	4.6	3.1
Debt ratio(%)	36	43	37	45	47
Current ratio(%)	219	267	225	222	205
Quick ratio(%)	176	212	185	177	155
Accounts receivable turnover days	45	54	54	52	50
Inventory turnover days	36	49	42	43	45

EPS vs DPS



Cash dividend per share
Stock dividend per share
Earning per share
2.50
2.00
1.50
1.00
0.50
0.00
2014
2015
2016
2017
2018
2019
2020
0.61
0.84
1.13
1.04
0.50
1.19
2.25
0.40
0.50
0.50
0.20
0.30
0.20
0.30
0.50
1.00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Thanks for attending the conference and your kind support.

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