

USI CORPORATION

(Stock Code : 1304)

Investor Conference

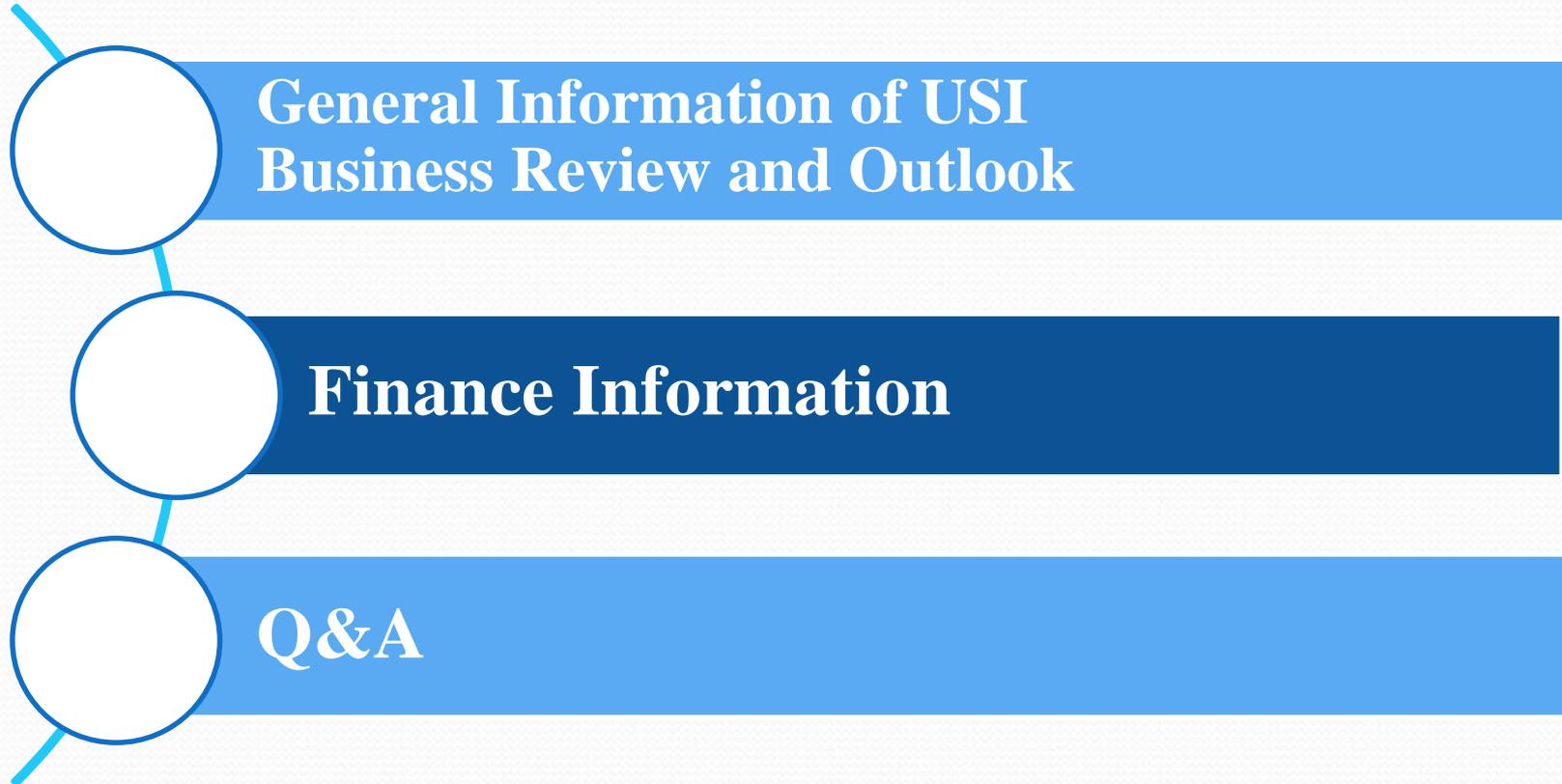
2022.05.20

Disclaimer

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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 Dec. 31, 2021)

No. of Employees

459 (up to Apr. 30, 2022)

Revenue (2021)

**Individual : NT\$16,030M
Consolidated : NT\$71,760M**

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)

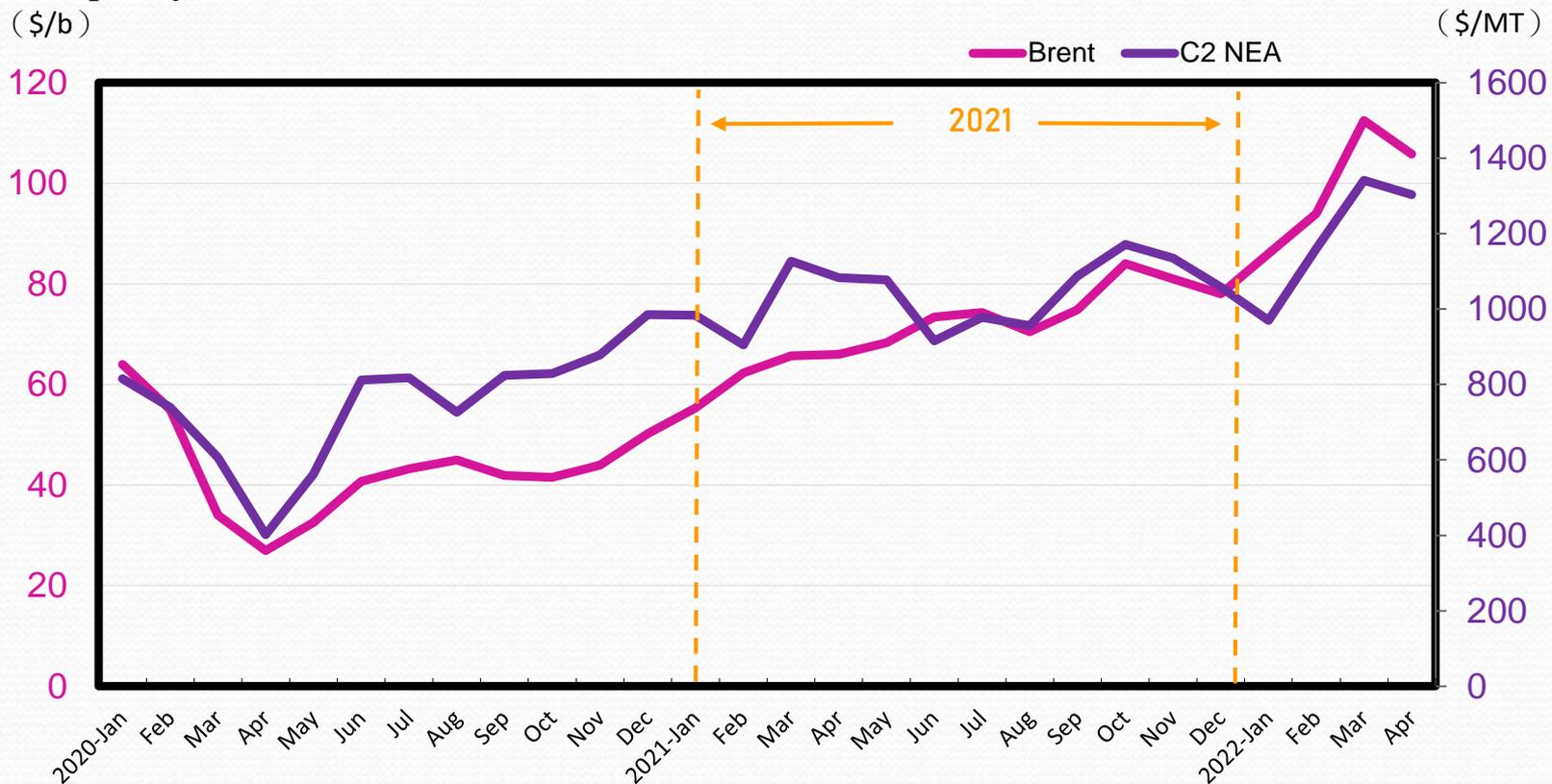
Business Review and Outlook

Reported By: Mark Wu

(Vice President of Sales & Marketing Dept.)

Crude/Ethylene Prices Review

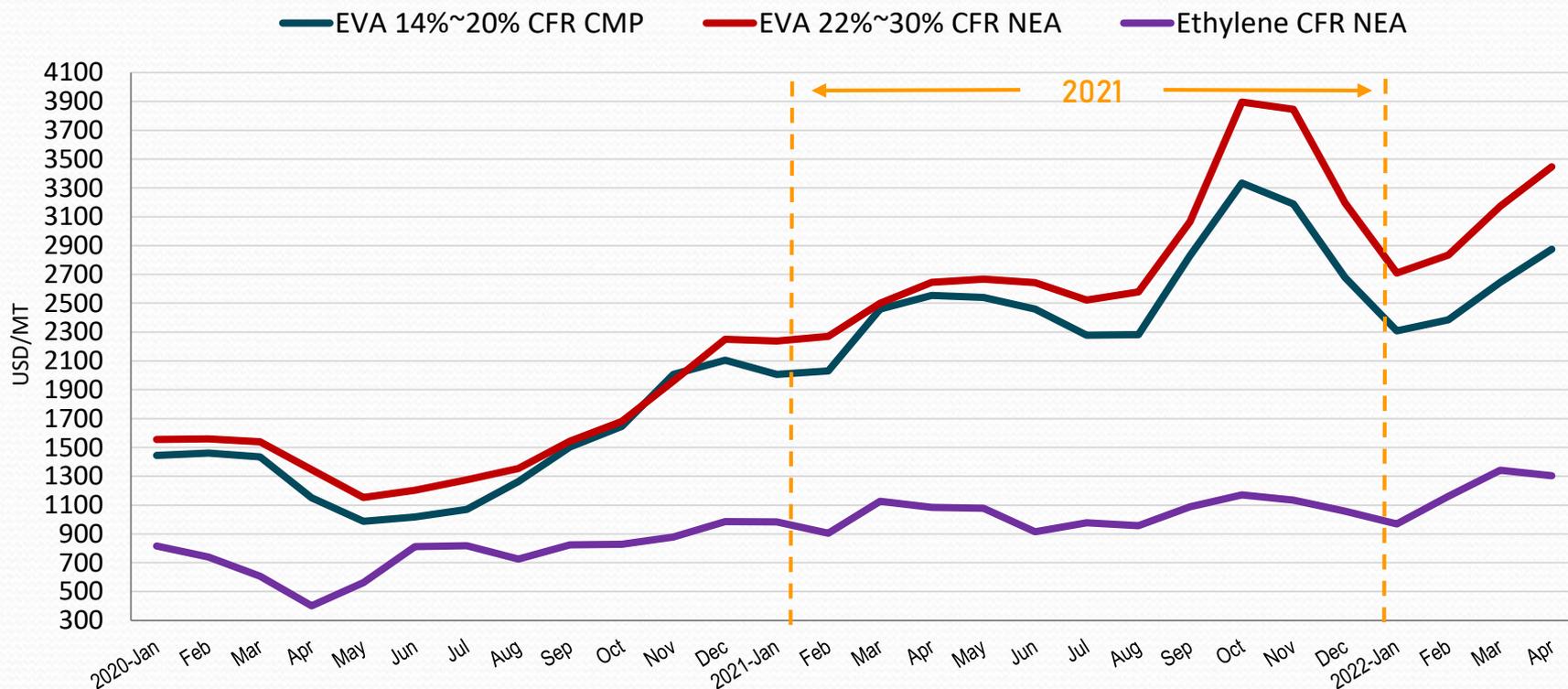
- In Q1 2022, due to the demand recovery and the impact of the Russia-Ukraine war, crude oil prices rose. By feedstock costs supporting, ethylene price rose accordingly. In Q2, it fell due to weakened demand from China's lockdown policy.



Source from: Platts

EVA Prices Review

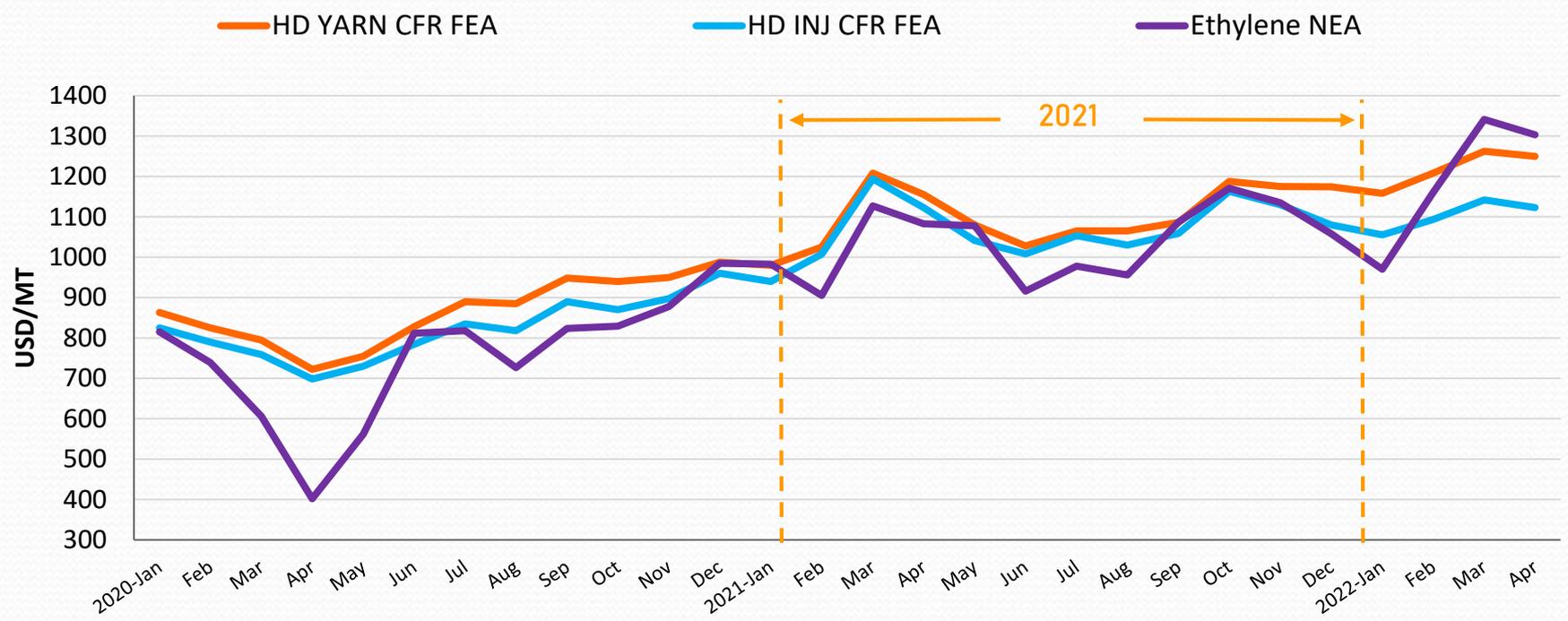
EVA Price Trend



Source from: ICIS

PE Prices Review

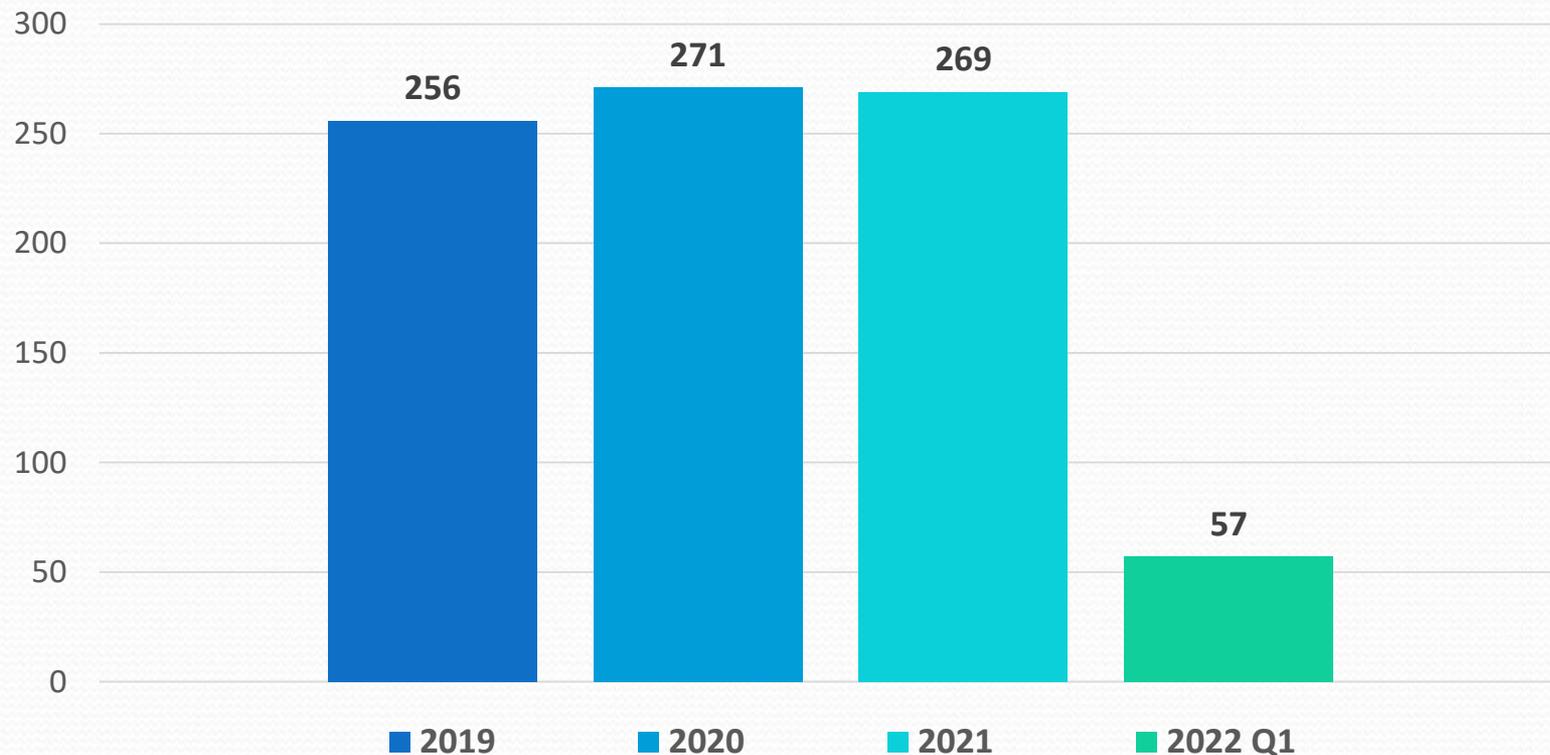
PE Price Trend



Source from: Platts

Business Review of 2019 to 2022 Q1

Comparison of Sales Volume



Unit: KMT

2021 & 2022 Q1 Sales Volume Comparison

	2021 Q1	2022 Q1	Variance
Total	68,188	57,382	-10,806

Unit : MT

EVA Operation Review : Jan. ~ Mar. 2022

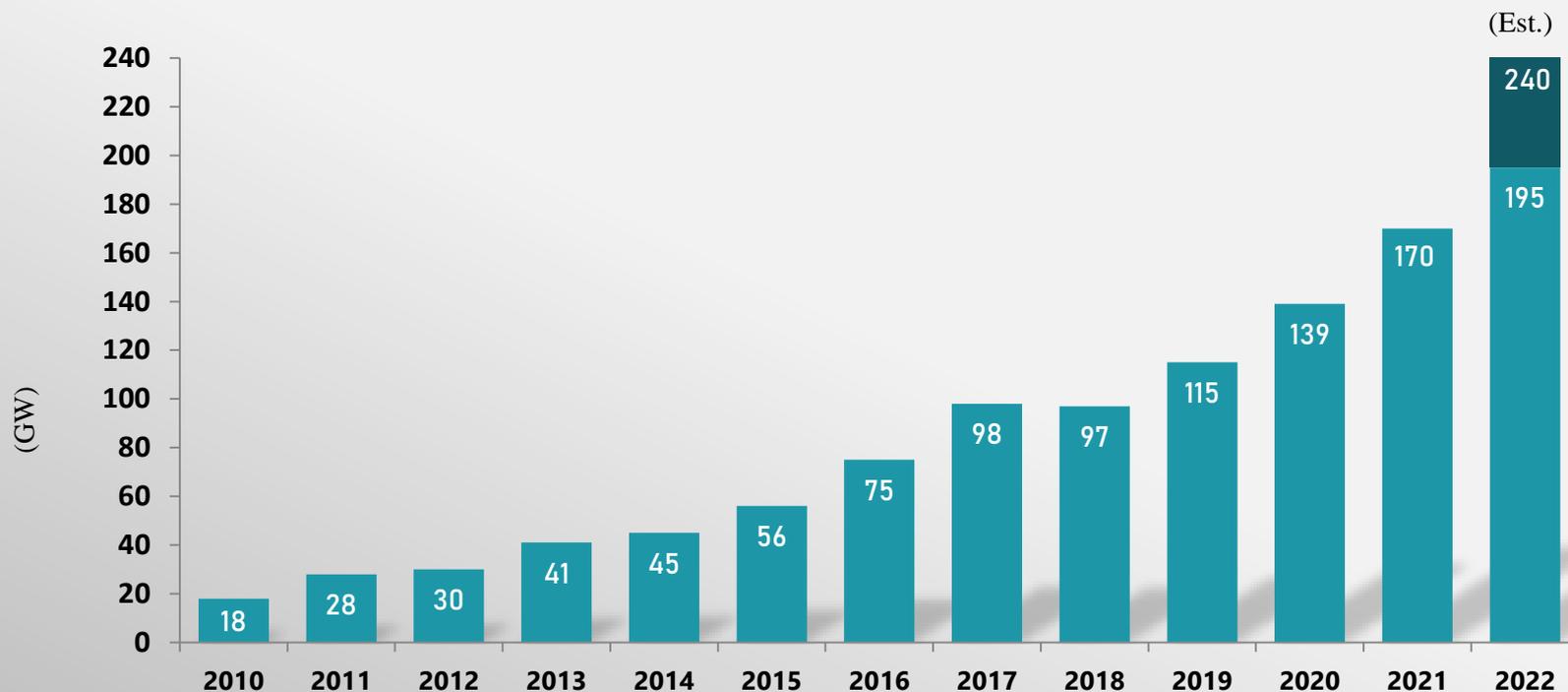
- In Q1 2022, the outside effect from geopolitical turmoil in Eastern Europe caused international oil price soaring. The war between Russia and Ukraine seems hard to quell in the short term, thus the cost will stay high. In addition, the Omicron variant spreads faster which will subdue the global economic recovery as well. Inside Taiwan, there was a massive power outage in March which affected factory production resulting in a sharp drop in March deliveries.
- Under higher energy prices, the demand for solar power has recovered rapidly. EVA sales has gained significantly after the Lunar New Year both in quantity and price.
- EVA: Q1 2022 sales decreased by 13% compared with the same period of last year.

PE Operation Review : Jan. ~ Mar. 2022

- Crude oil soared due to the impact of the Russia-Ukraine war which resulted in rising raw material costs. Coupled with the impact of the COVID variant, downstream demand has plummeted.
- HDPE: Affected by the rise in raw materials costs and the epidemic influence, both demand for domestic and foreign markets declined thus sales decreased. Q1 sales in 2022 dropped by 26% compared with the same period of last year. ◦
- LLDPE: The strengthened sales to downstream customers increased sales volume. In Q1 2022, it increased by 47% compared with the same period of last year.
- LDPE: Maintaining sales to existing customers with APC's OEM production. Its sales in Q1 2022 increased by 12% compared with the same period of last year.

Global PV Demand

2010~2022 Global PV Installations

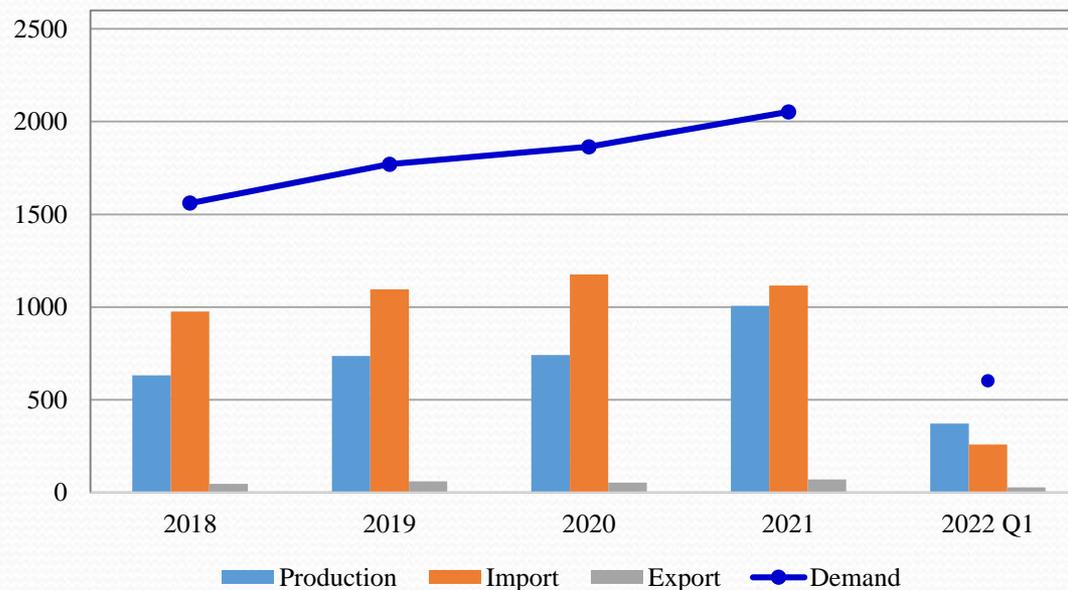


Source from:
IHS、北極星、Trend Force、SPE、CPIA、
BNEF、Wood Mackenzie

China EVA Demand

Year	Production	Import	Export	Demand	Self-sufficiency rate (%)
2018	632	975	46	1561	40%
2019	736	1096	60	1,771	42%
2020	741	1177	54	1,864	40%
2021	1007	1117	71	2,053	49%
2022 Q1	372	259	28	602	62%

Unit: KMT



Reference: Chem99,
China Customs Data

CHINA EVA CAPACITY

Company	Annual Capacity	Start Date	Product Application
BEIJING DONGFANG PC	40	1995	film/packaging
BEIJING HUA MEI POLYMER COMPANY LIMITED	60	2010	HMA
SINOPEC YANSHAN COMPANY	200	2011	film/foam/lamination
BASF-YPC COMPANY LIMITED	200	2005	film/foam(contain high VA)/W&C
LEVIMA ADVANCED MATERIALS TECHNOLOGY	100	2015	foam(contain high VA)/W&C/PV
FORMOSA PLASTICS CORP.NINGBO	72	2016	foam(contain high VA)/W&C/PV
JIANGSU SAILBOAT PETROCHEMICAL	300	2017	foam(contain high VA)/W&C/PV/HMA
SHAANXI YANCHANG COAL YULIN EN. AND CH.	300	2021	film/foam/W&C/PV
SINOPEC YANGZI PC	100	2021	foam(contain high VA)/PV/HMA
SINOCHM QUANZHOU PETROCHEMICAL	100	2021	foam/W&C
ZHEJIANG PETROLEUM & CHEMICAL CO., LTD.	300	2021	PV
SINOPEC ZHONGKE (GUANGDONG) REF.& CH.	100	2022	
LEVIMA ADVANCED MATERIALS TECHNOLOGY (DEBOTTLENECK)	50	2022	
Total	1922 (already start-up)		
FUJIAN GULEI PETROCHEMICAL	300	2022	
XINJIANG DUSHANZI TIANLI HIGH&NEW TECH	200	2022	
SHENHUA NINGXIA COAL INDUSTRY - SABIC BASIC INDUSTRY	100	2022	
FORMOSA PLASTICS CORP.NINGBO (DEBOTTLENECK)	28	2022	
NINGXIA BAOFENG ENERGY	250	2023	
ABUNDANT DRAGON GROUP	300	2024	
JIANGSU SAILBOAT PETROCHEMICAL (Phase II)	200	2025	
Total (New Capacity)	1378		

UNIT : KMT

Operation Outlook In 2022

■ Oil :

Affected by the Russia-Ukraine war and sanctions against Russia, the oil price trend is expected to fluctuate slowly downward from a high point, considering China's adherence to the zero-COVID strategy ◦

■ Ethylene :

In H1 2022, due to the annual maintenance of crackers and the curbed production with economic concerns, its global supply is lower than expected. In the second half of the year, new production capacity expanded in China and South Korea coupled with the reduction of scheduled annual maintenance, supply side is relatively sufficient but prices will still subject to fluctuations of naphtha.

Operation Outlook In 2022

■ PE and EVA :

- Under the influence of the ongoing Russia-Ukraine war, China's COVID prevention and control, US's lift rates, and inflation, worldwide market demand is weak and global economic growth rate is not optimistic.
- Global attention is focusing on carbon reduction and green energy issues with implementations step by step. For PV market, its demand looks optimistic for long term. The demand of EVA film in Q1 is obviously better than before which eases the pressure from new capacity. The price of May had reached the highest point yearly. Global PV installation forecast is 195-240GW with growth rate 20-40% annually.
- EVA foaming grades demand in China has slowed down while PV becomes the largest EVA application market there. Its demand has become the key factor to influence the EVA market.
- Continuously promoting high-performance EVA products and improving the quality of HD/LLD products to develop niche market customers.

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), 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.
- 2021/08 Test-run of Steam cracker 、SM 、EO/EG item was successfully performed.
- 2021/10 Test-run of SBS item was successfully performed.
- 2021/12 Fujian Gulei Petrochemical Co. Ltd. started commercial operations.

USI Corporation and Subsidiaries Consolidated Financial Information

(For the Three Months Ended March 31, 2022)

**Reported by: Amy Kuo,
(Manager of Accounting Dept.)**

USI Corporation

Consolidated Statements of Income

(In millions of NTD, except per share data)

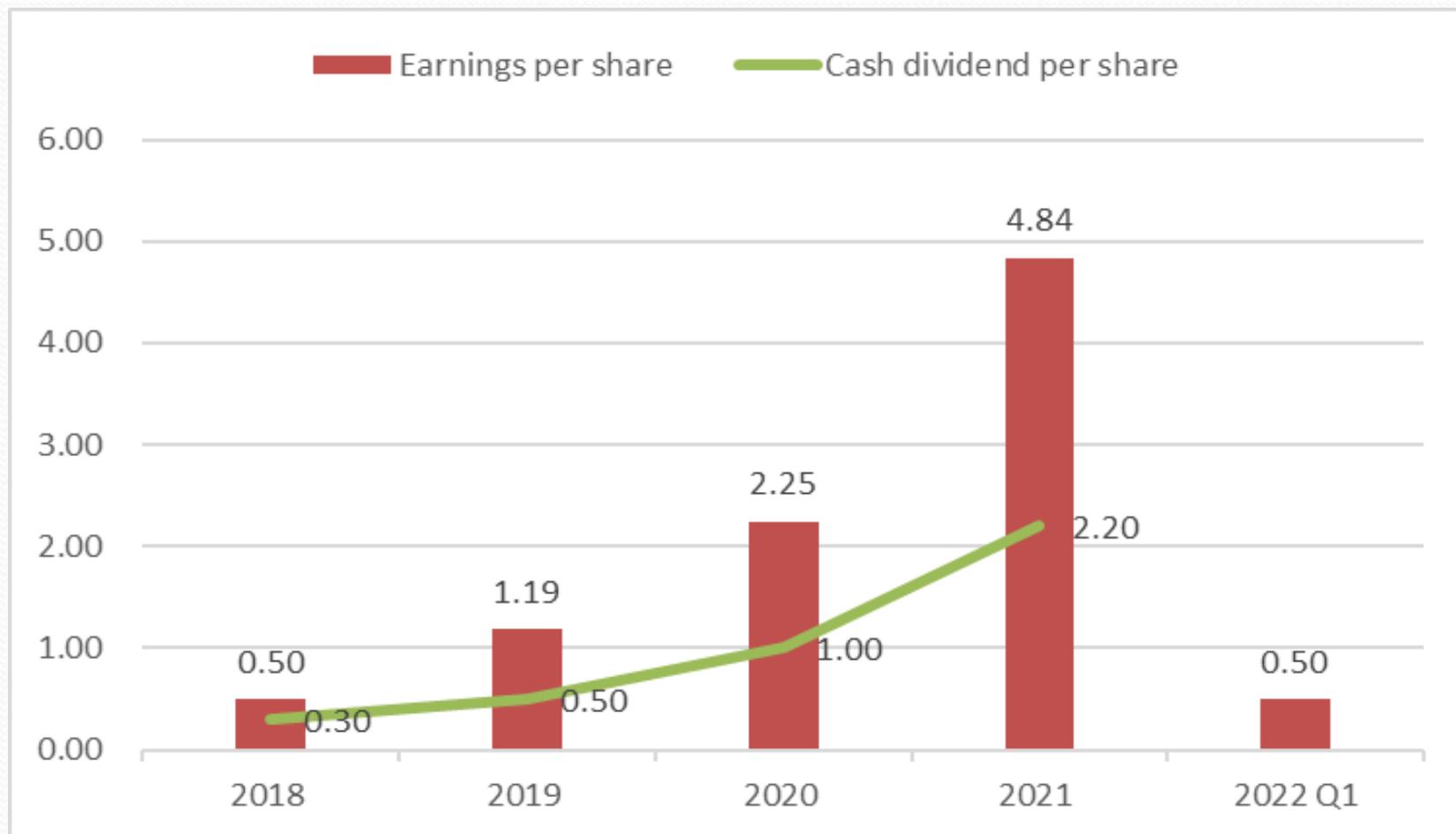
	2022 1/1-3/31	2021 1/1-3/31	YoY%	2021 FY	2020 FY	2019 FY
Sales	17,098	16,194	5.6%	71,756	50,201	55,657
Cost of goods sold	13,969	11,738	19.0%	54,002	39,721	48,924
Gross profit	3,129	4,456	-29.8%	17,754	10,480	6,732
gross profit ratio	18%	28%		25%	21%	12%
Selling and administrative expenses	1,361	1,148	18.6%	4,441	3,221	3,385
R&D expenses	100	105	-4.9%	430	363	416
Operating income	1,668	3,204	-47.9%	12,883	6,896	2,932
operating income ratio	10%	20%		18%	14%	5%
Non-operating income(loss)	(680)	61	-1224.2%	(130)	227	434
Income before income taxes	988	3,265	-69.7%	12,752	7,123	3,366
Income taxes	258	690	-62.7%	2,673	1,440	820
Net income	730	2,574	-71.6%	10,079	5,683	2,545
net income ratio	4%	16%		14%	11%	5%
Net income attributable to						
- USI Corporation	535	1,249	-57.2%	5,191	2,410	1,281
- non-controlling interests	196	1,326	-85.2%	4,888	3,273	1,264
Earnings per share	0.50	1.16		4.84	2.25	1.19

USI Corporation

Financial ratio analysis-Consolidated

	2022 1/1-3/31	2021 1/1-3/31	2021 FY	2020 FY	2019 FY
Operating income margin(%)	10	20	18	14	5
Net income margin(%)	4	16	14	11	5
Debt ratio(%)	32	36	34	37	45
Current ratio(%)	264	219	227	225	222
Quick ratio(%)	194	176	172	185	177
Accounts receivable turnover days	46	45	43	54	52
Inventory turnover days	51	36	40	42	43

EPS vs DPS





Thanks for attending the conference and your kind support.

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