

# **USI CORPORATION**

**(Stock Code : 1304)**

## **Investor Conference**

**2022.05.20**

# 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  
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 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

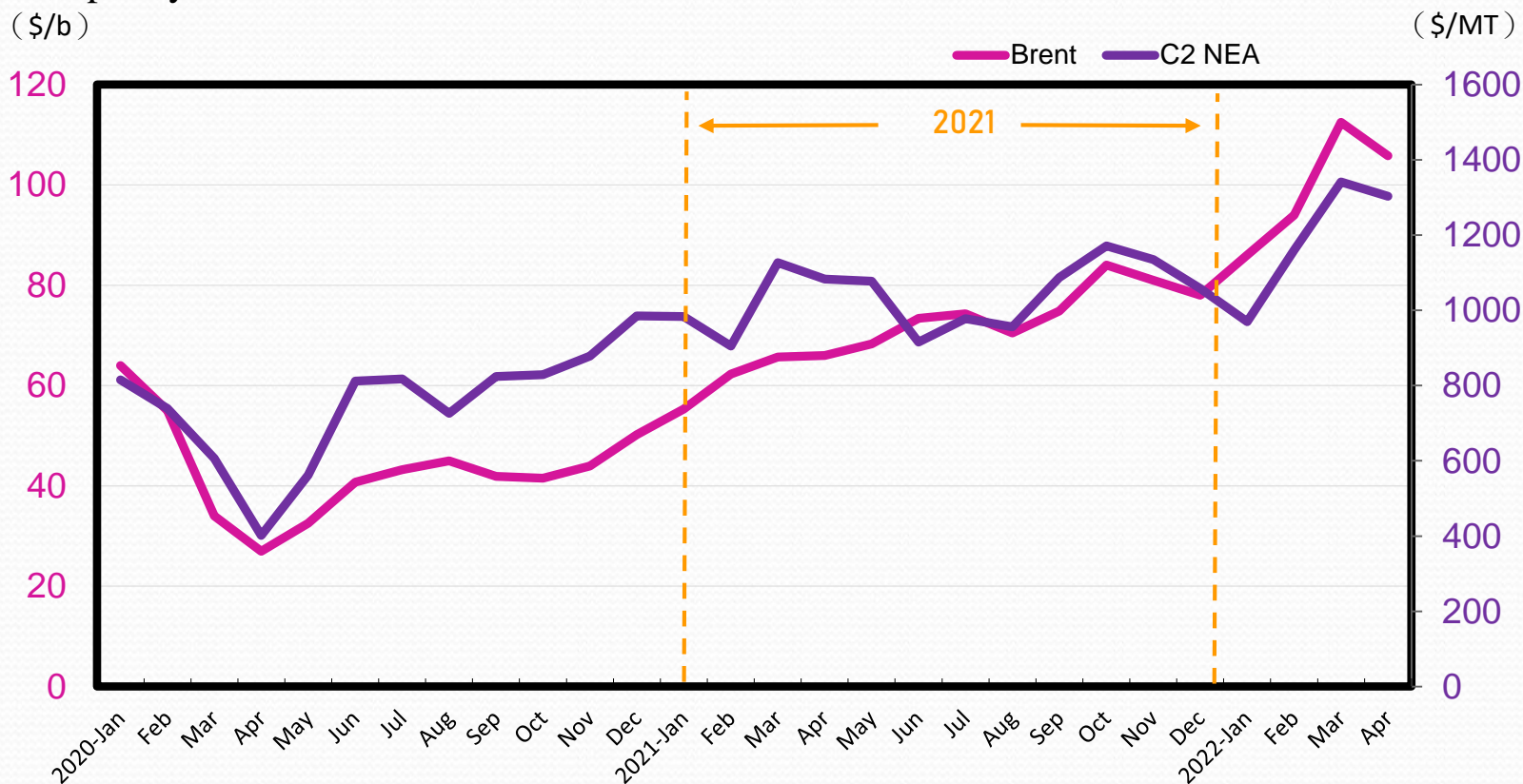
**Reported By: Mark Wu**

(Vice President of Sales & Marketing Dept.)



# Crude/Ethylene Prices Review

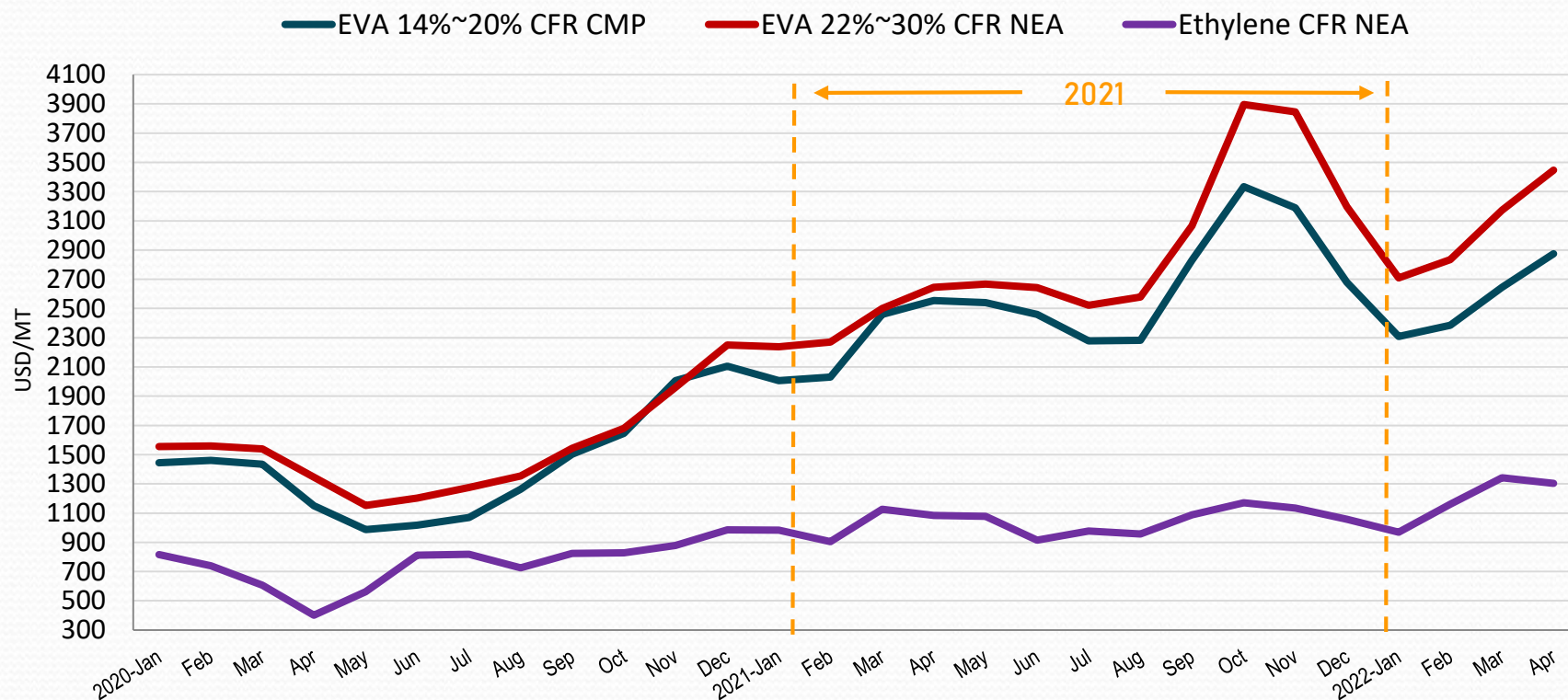
- In Q1 2022, due to the demand recovery and the impact of the Russia-Ukraine war, crude oil prices rose. By feedstock costs supporting, ethylene price rose accordingly. In Q2, it fell due to weakened demand from China's lockdown policy.



Source from: Platts

# EVA Prices Review

## EVA Price Trend

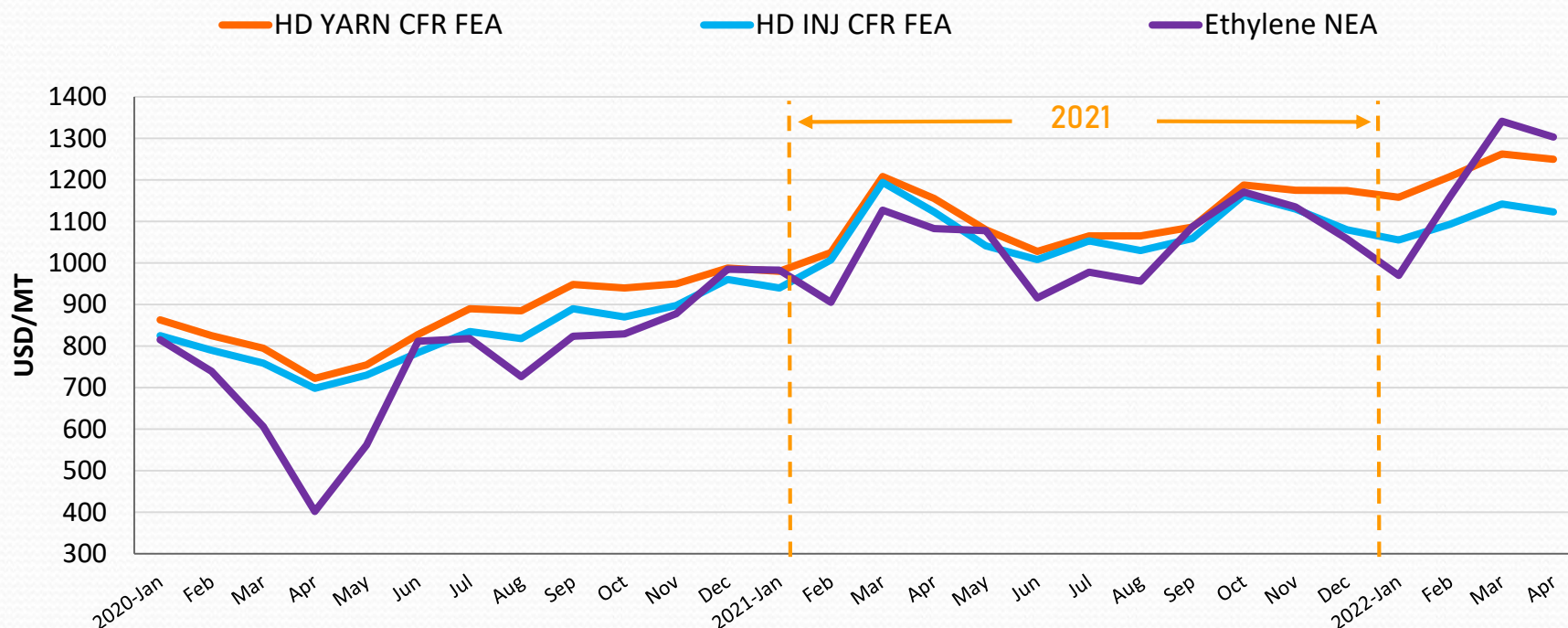


Source from: ICIS



# PE Prices Review

## PE Price Trend

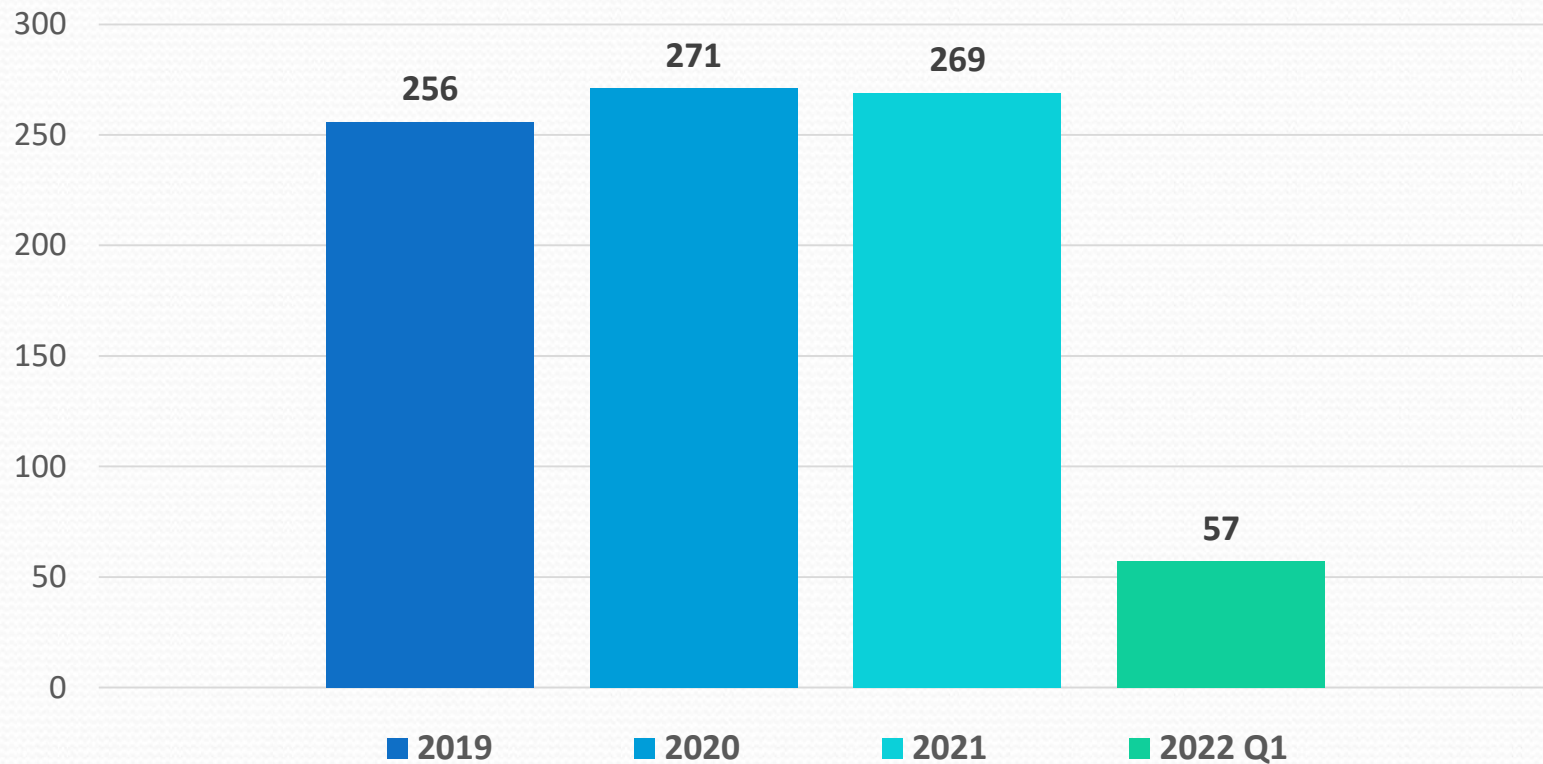


Source from: Platts



# Business Review of 2019 to 2022 Q1

## Comparison of Sales Volume



Unit: KMT

# 2021 & 2022 Q1 Sales Volume Comparison

	2022 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.

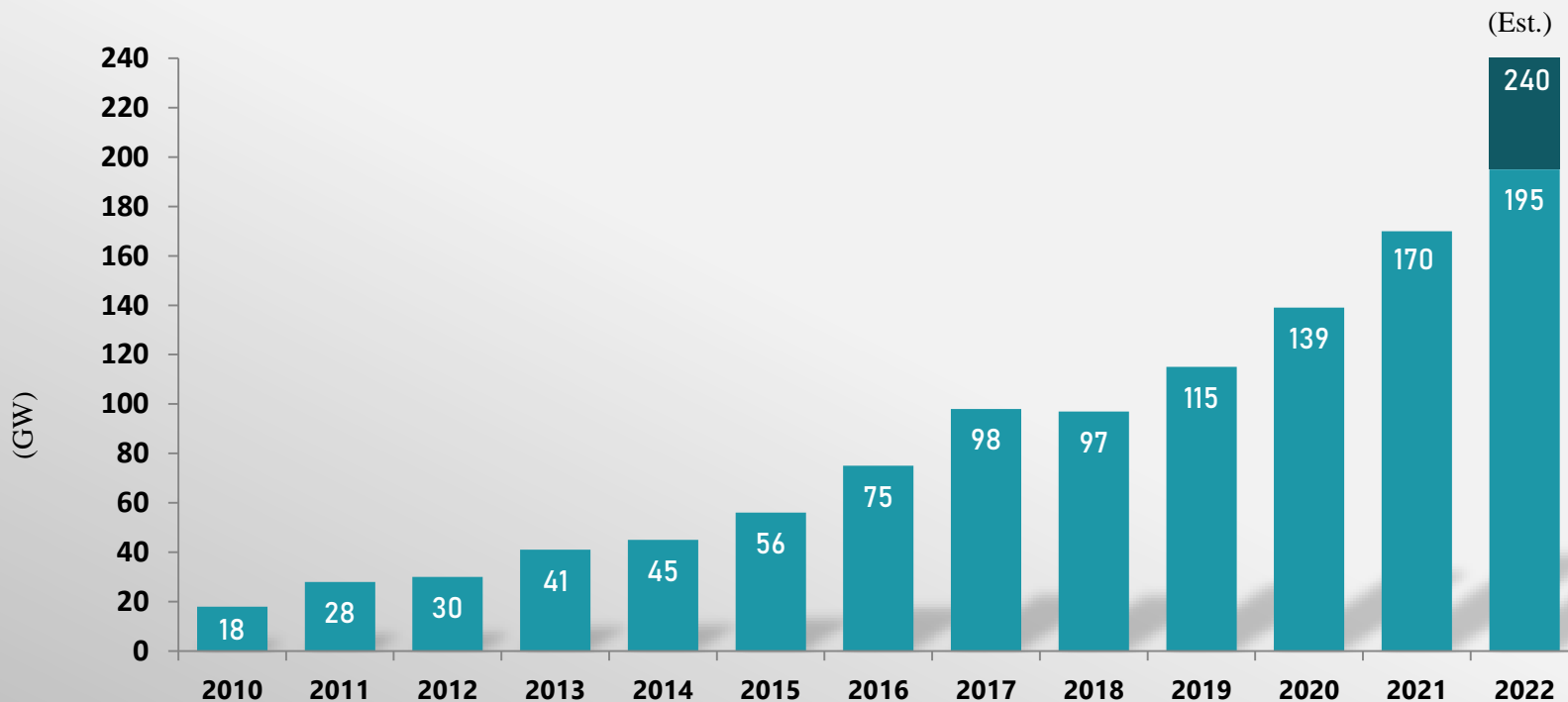


## PE Operation Review : Jan. ~ Mar. 2022

- 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

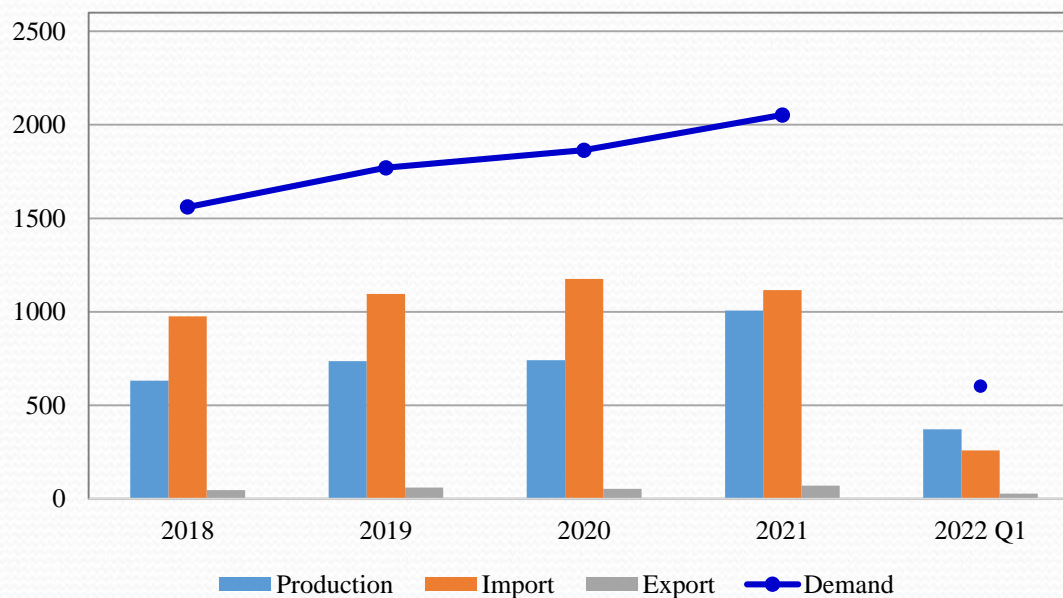


Source from:  
IHS、北極星、Trend Force、SPE、CPIA、  
BNEF、Wood Mackenzie

# 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	
<b>Total</b>	<b>1922 (already start-up)</b>		
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	
<b>Total (New Capacity)</b>	<b>1378</b>		

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

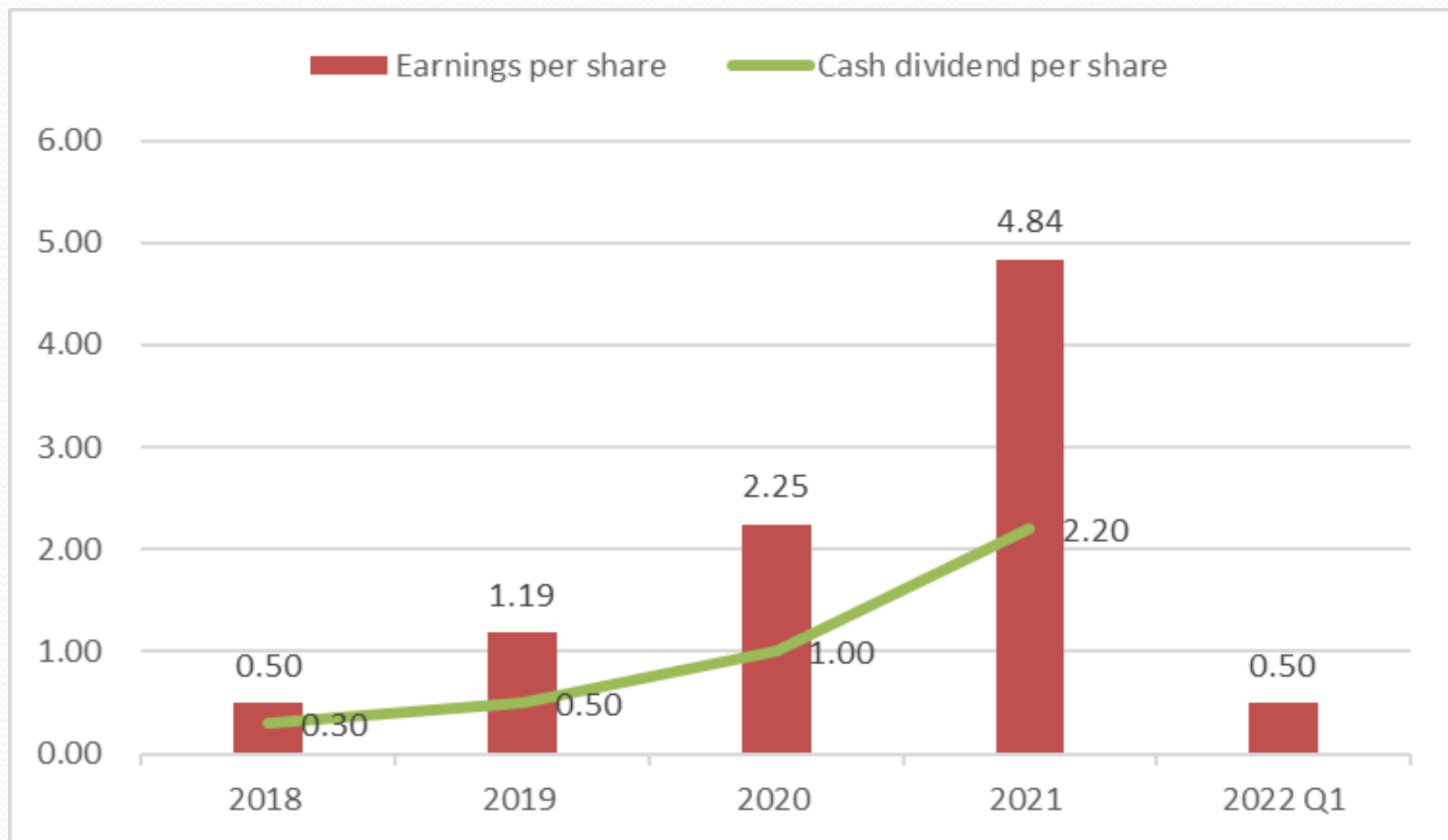


## USI Corporation

### Financial ratio analysis-Consolidated

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

# EPS vs DPS







Thanks for attending the conference and your kind support.

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