

2023

5/16



台聚集團

Asia Polymer Corporation Investor Teleconference





Disclaimer

This presentation includes the Company's current information and any developments 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.



Contents

01

Brief Introduction to APC

02

Business Review and Outlook

03

Finance Information

04

Q & A

Contents

01

Brief Introduction to APC

02

Business Review and Outlook

03

Finance Information

04

Q & A

APC

**Reported By: Dave Tseng
(Sales Manager)**



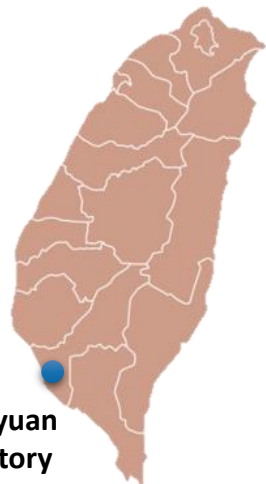
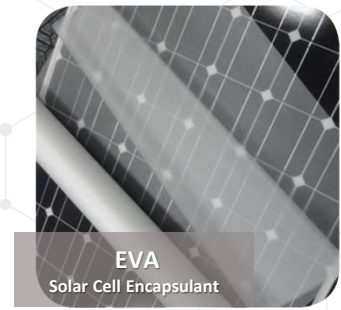
Brief Introduction to APC

Asia Polymer Corporation



Establishment	Jan, 25, 1977
Capital	US \$ 192 Millions (up to Feb. 28, 2023)
Main Product	EVA 、 LDPE
Employees	232 (up to Mar. 31, 2023)
Revenue	【 Consolidated 】 US \$ 319 Millions (2022 fiscal year)
	【 Individual 】 US \$ 313 Millions (2022 fiscal year)

The products continue to progress towards high-value and high-end applications, including EVA product development such as laminating and high-end foaming applications, retaining the R&D technology in the domestic market with projection to the Great China market, and thereby to improve the competitiveness in international markets.

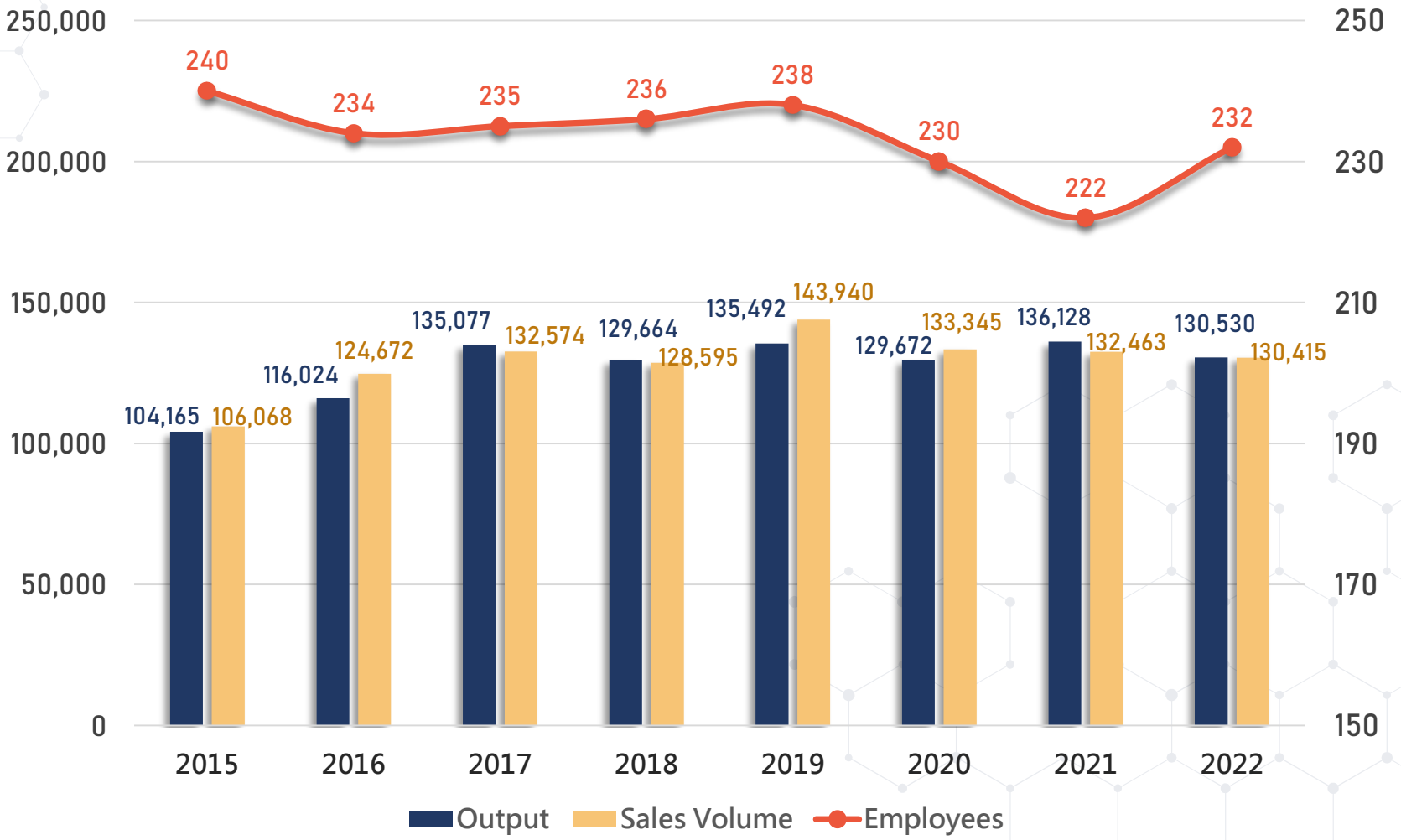


Linyuan Factory

Capacity (year)	
LDPE/EVA	150,000 Ton

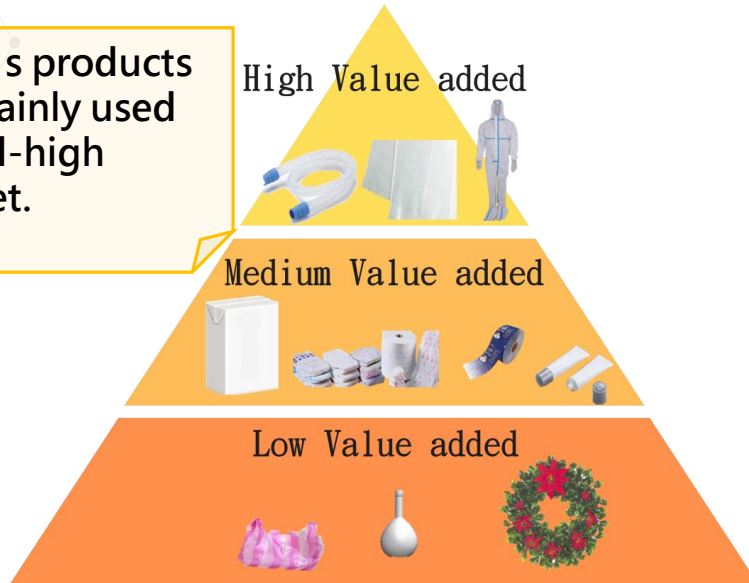
The investment of the “Gulei refining-chemical integration project” in the third region – Zhangzhou, Fujian, will stabilize the supply of upstream raw materials in the future, vertically integrate steam cracking, petrochemical Intermediates, and plastic products, and thereby lower transportation costs and update competitive niche, diving the company to become the forerunner in EVA plastic industry.

Sales volume VS Employees



Differential/Tailor-made Products

APC' s products are mainly used in mid-high market.



High-end applications

semiconductor packaging 、 low-gel protective film 、 medical device

Mid-range applications

food packaging 、 electronic packaging 、 medical supplies 、 cosmetic packaging

Low-end applications

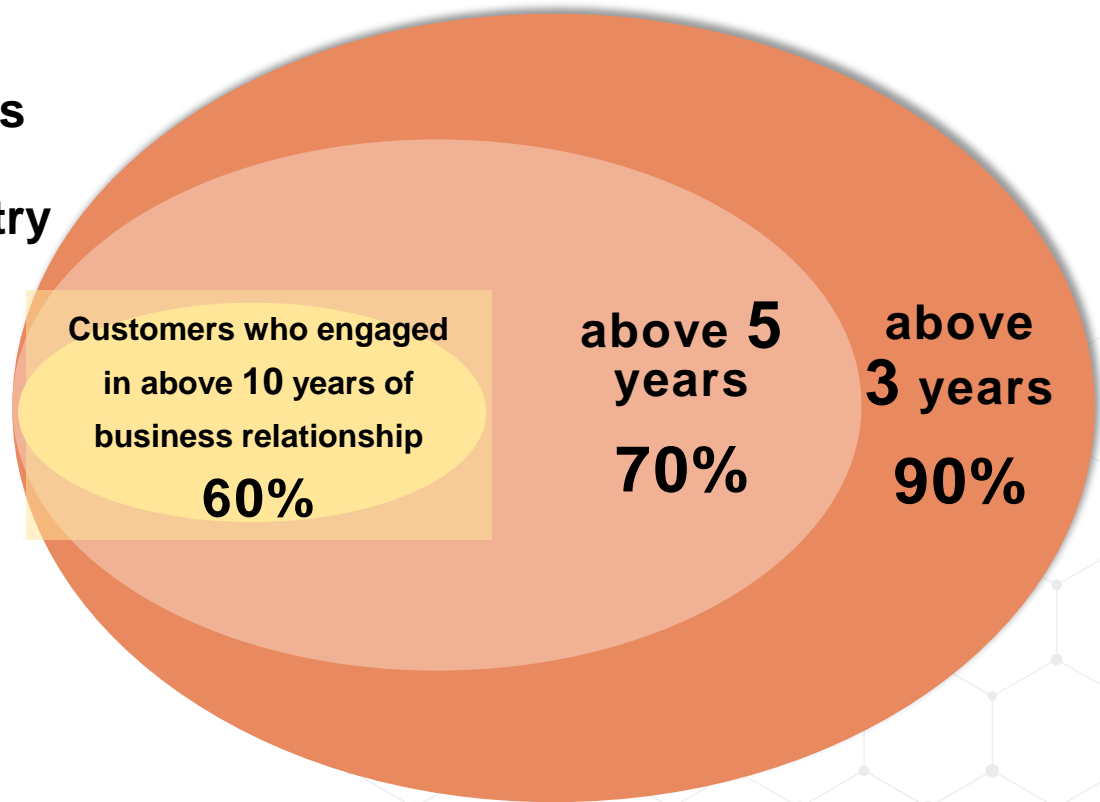
carrying bag 、 garbage bag 、 hardware packaging 、 home accessories

In 2022, Taiwan LDPE demand was around 180 KT, and Asia polymer accounted for about 14% market share.

Focusing on domestic market

LDPE Customers

- Develop tailor-made products
- Fully support domestic industry
- Maintain Long-term customer relationship



Focus on upgrade EVA application level

Ten years ago

Focus on general purpose foam applications (LOWER BARRIER)



Foam Grade

Now

HIGH BARRIER



EVA Solar Grade



EVA Coating Grade



Sporting Goods / Well-known shoe's material

High Performer Grade 14%

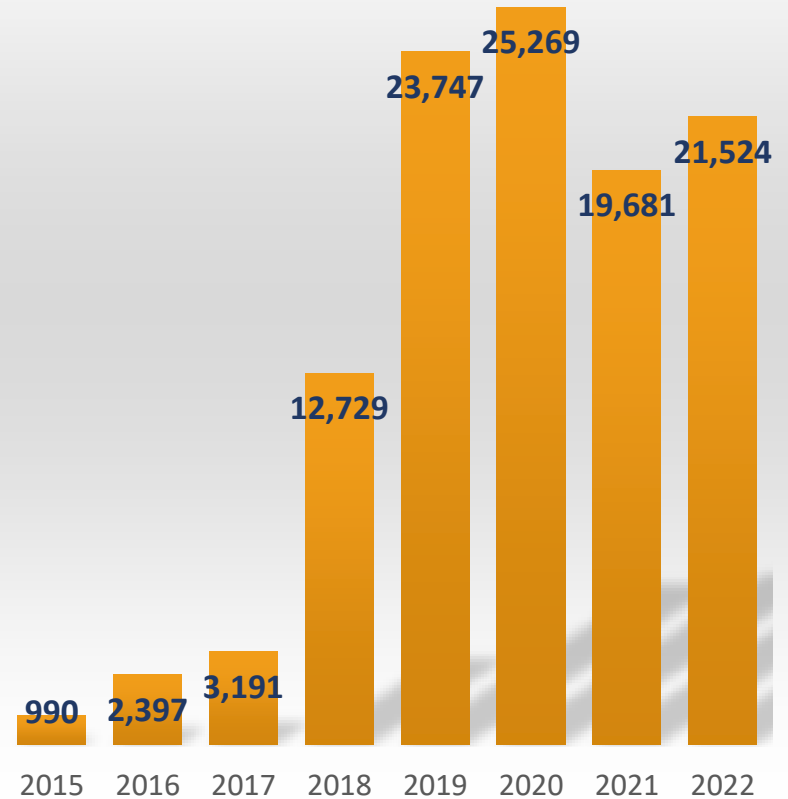
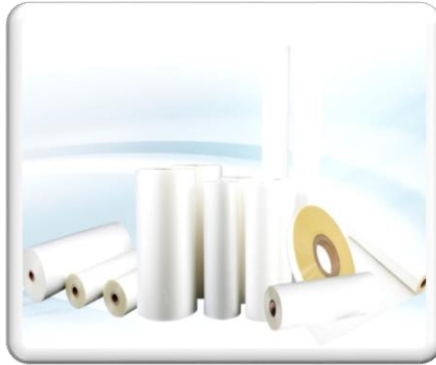
Sales Volume of EVA Lami

Unit: MT/Yr.

**thermal laminating
pouches**

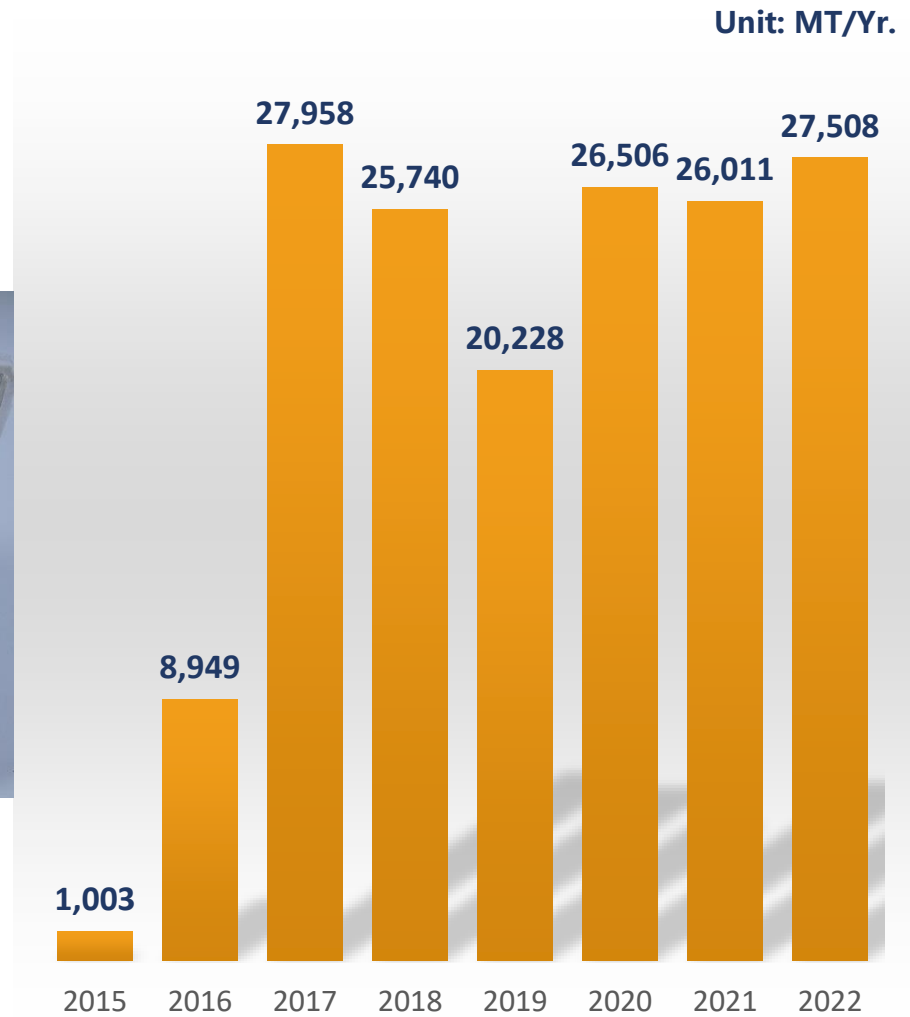
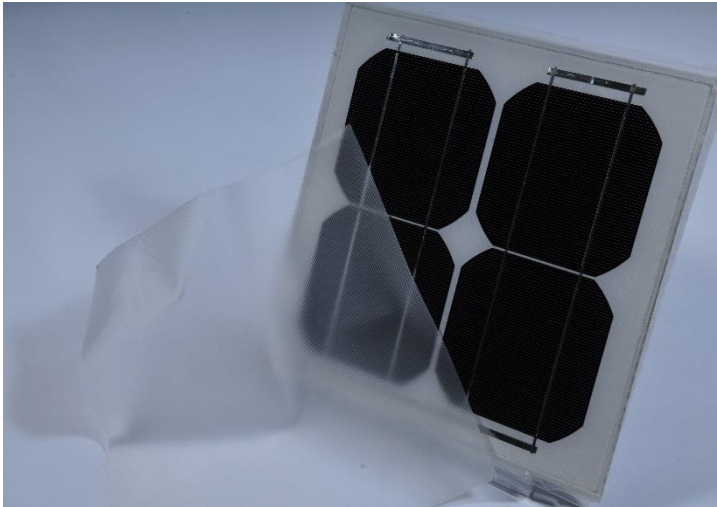


**pre-coated thermal
lamination film**



Sales Volume of EVA PV

PV film



2022 Sustainability Performance



Governance

- Net revenue NT\$ **9.82** , Increased **2.6%** from 2021
- Net profit NT\$ **1.45** billion
- Total production **130,119** MT,
- Corporate Sustainability Report **Golden award**, at the 2022 Taiwan Corporate Sustainability Award(TCSA)
- Ranked **A** Level by Cathay Securities Corporation ESG Evaluation



Environment

- 2015-2022 average electricity reduction **1.63%**
- 2022 Greenhouse gas emissions **111,865** MT CO₂e, reduced **4.5%** than base year (2017)



Social

- Employee turnover rate **2.14 %**
- The accumulated hours worked without disability injuries were **5.32 million hours**, from 2010.10.14 to 2022.12.31
- Sponsored the USI Education Foundation NT\$ **5 million**

Contents

01

Brief Introduction to APC

02

Business Review and Outlook

03

Finance Information

04

Q & A

APC

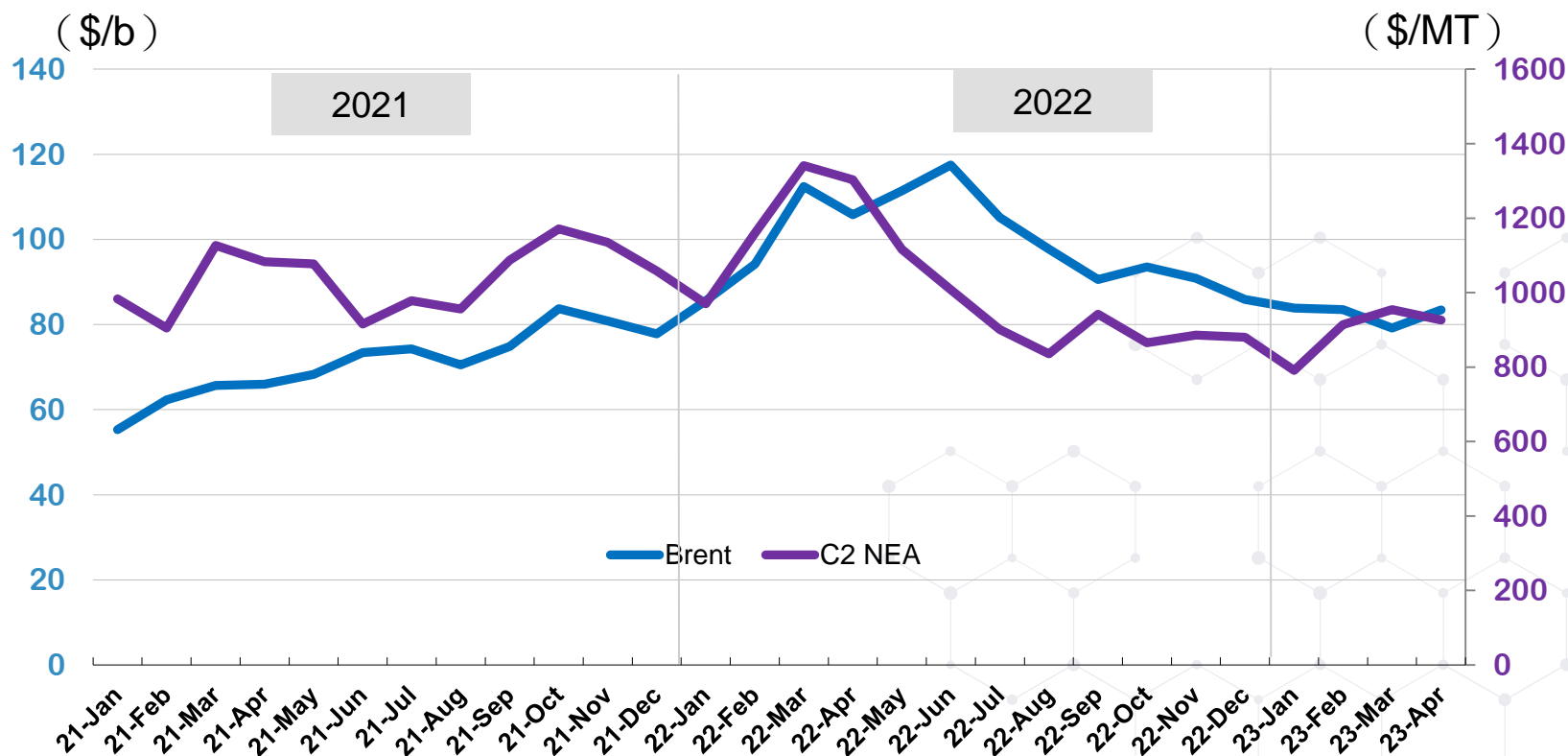
**Reported By: Dave Tseng
(Sales Manager)**



Business Review and Outlook

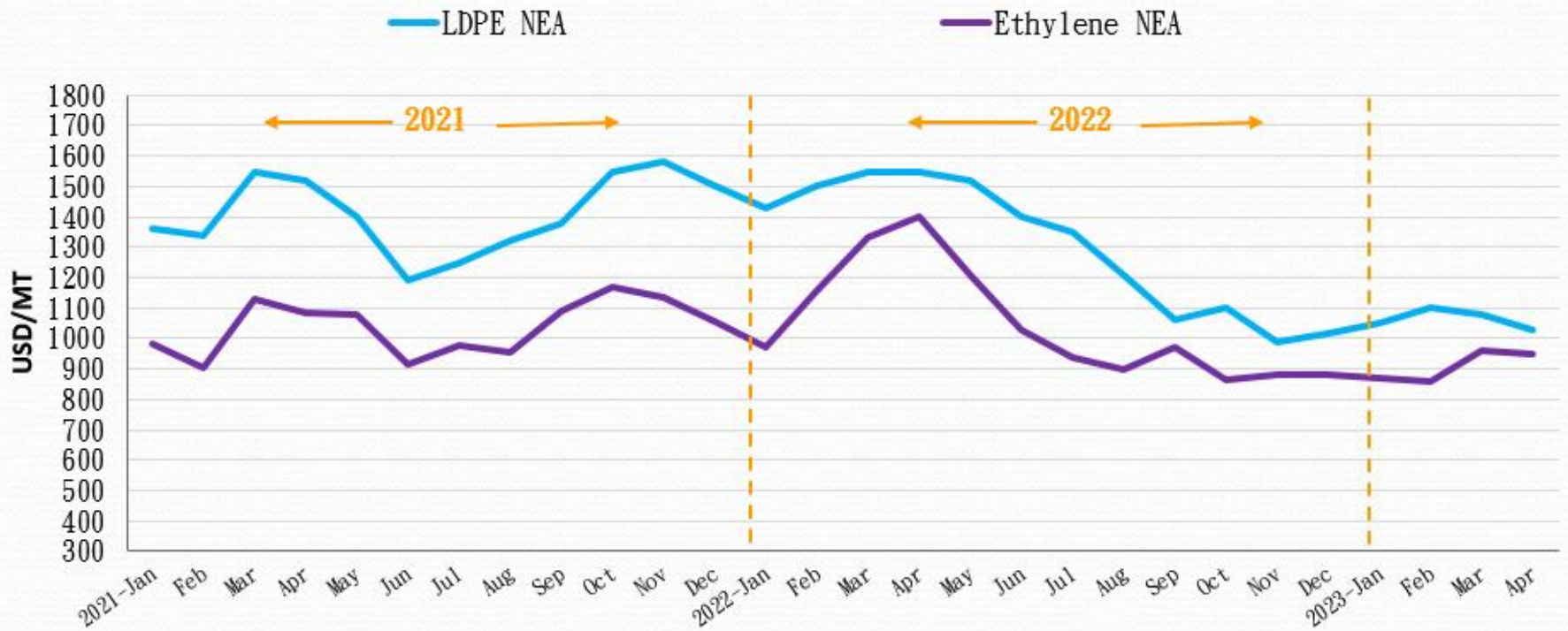
Crude Oil / Ethylene Monomer Review

◆ Affected by the Russian-Ukrainian War, prices of crude oil and ethylene rose with same rate in Q1 2022. From Q2 onwards, the price of ethylene fell owing to the insufficient capacity of downstream products. In the second half of the year, due to inflation and interest rate hikes, downstream demand decreased, and prices of crude oil and ethylene fell simultaneously.



Source from: Platts

PE Market Review



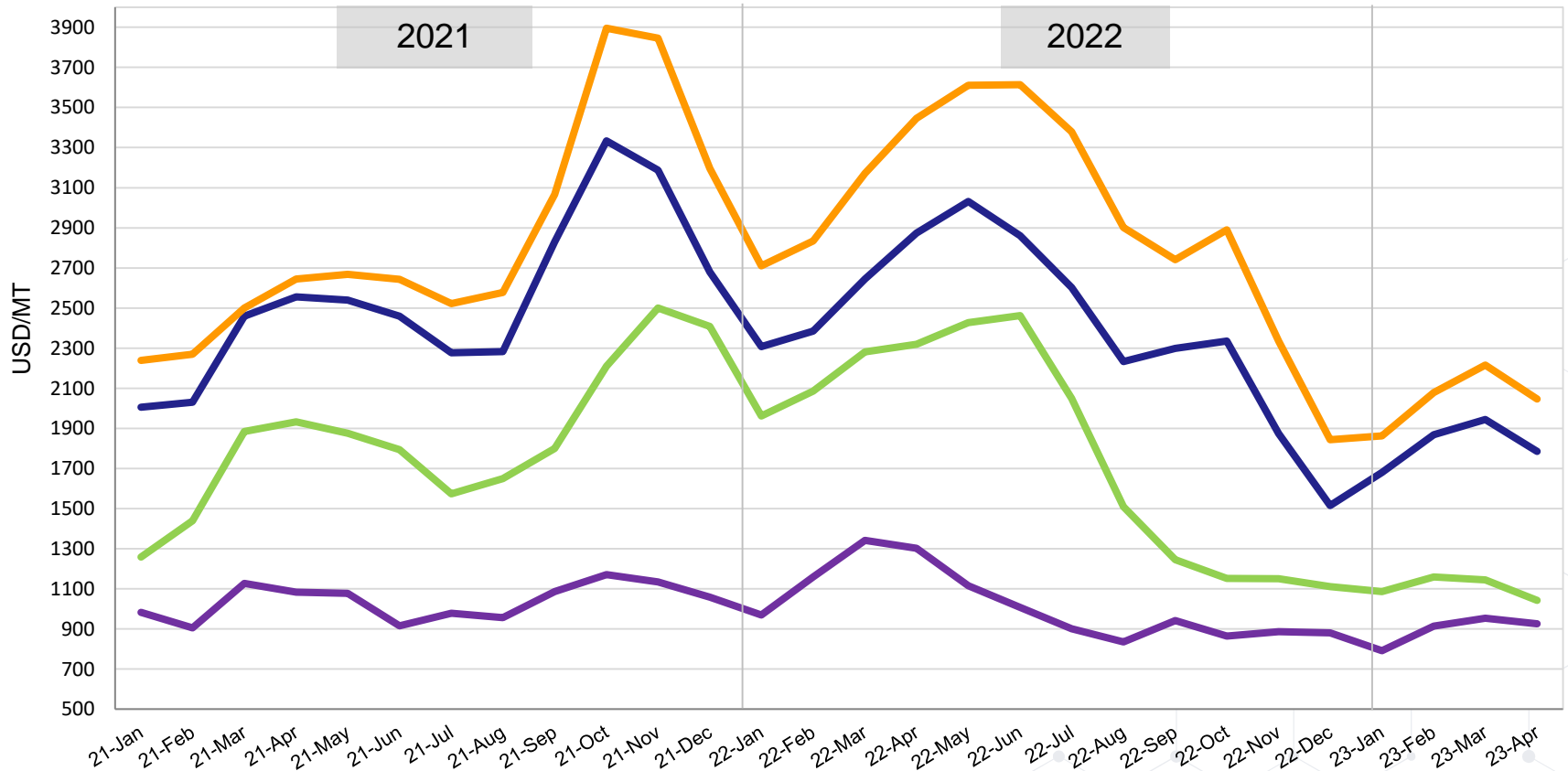
Source from: Platts

Business Review of 2022—LDPE

1. At the beginning of 2022, affected by the Russian-Ukrainian War, the international oil price rose sharply and broke through the hundred-dollar mark which enhanced raw material costs. In Q1, LDPE market rose with the sharp rise of ethylene price. In Q2, the lockdown in China caused overall weak demand that led to continuous drop in prices of upstream and downstream raw materials.
2. The new capacity with autoclave production is mainly for producing EVA so the new capacity of coating grade LDPE is very limited. Compared with general grade LDPE, the spread of coating grade LDPE is better.
3. The demand and profit of EVA are better than that of LDPE. By adjusting the product mix, the sales volume of LDPE in 2022 was 4,132 MT lower than that in 2021. ◦

EVA Market Review

- EVA 14%~20% CFR CMP
- EVA 22%~30% CFR NEA
- Ethylene CFR NEA
- VAM



Business Review of 2022—EVA

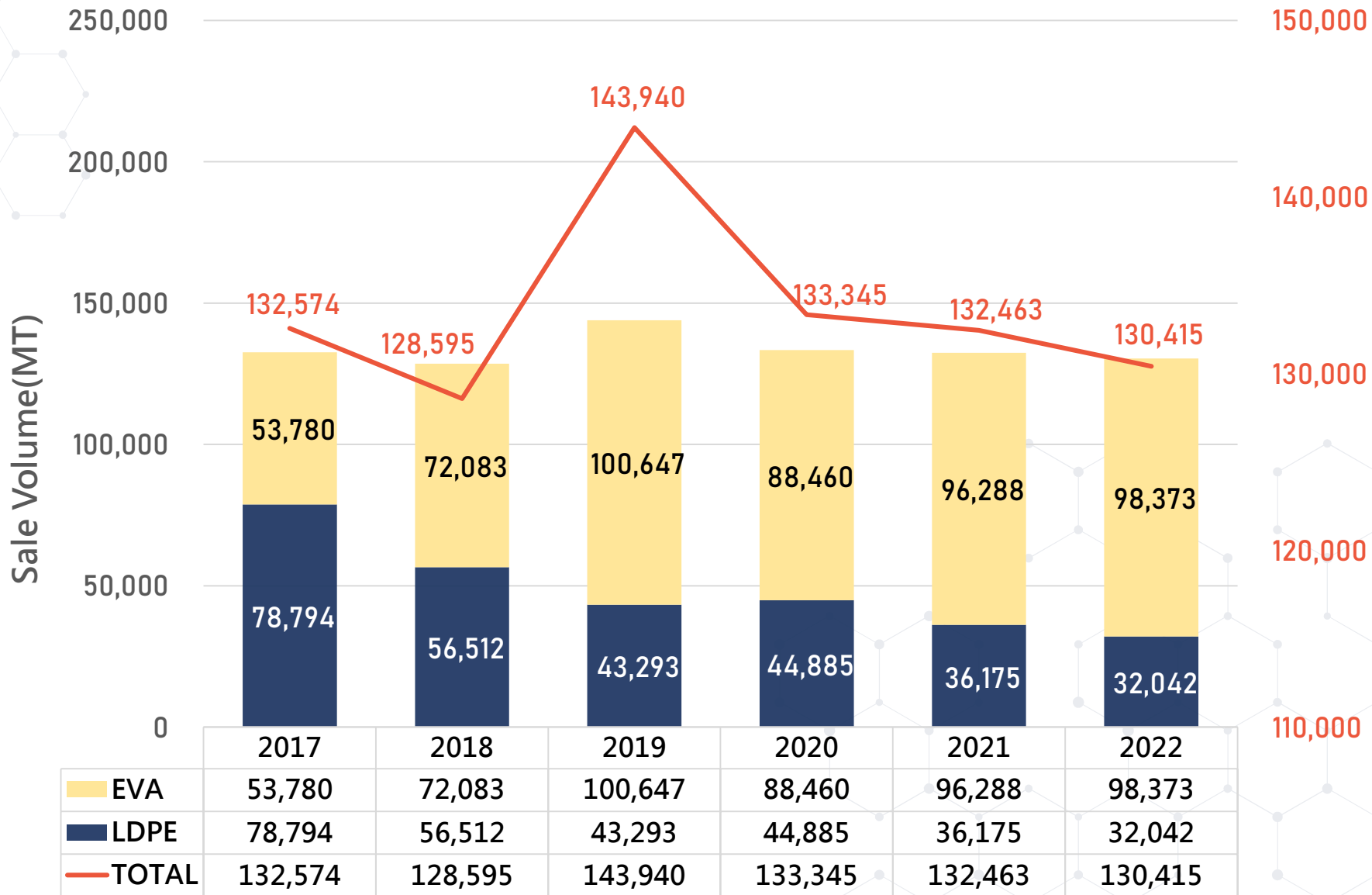
1. At the beginning of 2022, the strong demand for solar energy pushed up the EVA market. After the price reached the highest point in the first half of the year, the soaring raw material prices and the lack of cost transfer from downstream module factories led to weakened demand of encapsulant films. Meanwhile, the decrease in orders from shoe factories lessened the foam grade EVA demand. The EVA market price turned down in the middle of the year. Although the market stopped falling for a short period, it reversed and declined again because of the lack of improvement in demand. It did not stabilize until the end of the year. The sales volume of EVA in 2022 was the second highest in the history.
2. Lami grade EVA is a major product for the Company. The manufacturers with similar products are limited. The market hype atmosphere is not like foam and solar grades. The sales volume of lami grade EVA in 2022 increased by about 9% compared with 2021.

Business Review of 2022

LDPE/EVA Sales Volume Comparison

Sales Volume (KMT)	2021	2022	Increase (Decrease)
LDPE	36	32	(4)
EVA	96	98	2
TOTAL	132	130	(2)

Sales Volume in Recent Six Years



Business Outlook of 2023

◆ Overall economic environment:

The international market is still full of uncertainties this year: the Russia-Ukraine War, the subsequent development of post-Covid, the rate of interest rate hikes and inflation cooling in various countries, and the impact of geopolitical risks on the prices of raw materials. Along with new production capacity being put into market one after another, the market competition is fierce. Operations this year are still full of challenges.

◆ Crude oil:

Crude oil production in the Americas will increase. Affected by the moderate economic recovery, oil prices are unlikely to turn around.

◆ Ethylene:

New production capacity has been released to the market in recent years, but the demand for downstream derivatives has not kept up, resulting in an overall oversupply. On the other hand, cracking plants have arranged numerous maintenance and production reduction, so that the price of ethylene comes close to the cost of naphtha.

◆ VAM:

After the new production capacity of Shenghong Petrochemical is released, it provides stable supply every month. It is expected that there will be 2-3 sets of capacity with ethylene method production released in China in the second half of the year, and the price will run weakly.

Business Outlook of 2023

◆ LDPE/EVA :

1. Under the interference of global inflation and interest rate hikes, the demand for PE market continues to be sluggish. In addition, new production capacity in China has been put into production. Under the fierce price competition, PE sales are becoming more and more challenging. The price of coating grade LDPE is relatively good. The Company continues focusing on niche products.
2. The supply of polysilicon has been greatly improved which enhances PV market orders. The demand in Q1 has rebounded significantly. In 2022, the installed capacity in China is 87 GW, and it is estimated to be 95-120 GW in 2023. The global forecast is 280-330 GW in 2023, with an annual growth rate of 20-40%.
3. In 2023, EVA capacity in China will increase by about 550 KMT, including 300 KMT of Gulei Petrochemical's EVA, which will soon be put into production. PV has become the largest EVA application market in China (accounting for 47% in 2022), and the demand of PV industry has become the crucial factor to EVA market.
4. Coating grade EVA has high entry barrier, limited supply manufacturers, and less fluctuation from market hype. The product mix will be flexibly adjusted depending on the price difference between coating grade and foam grade.

Contents

01

Brief Introduction to APC

02

Business Review and Outlook

03

Finance Information

04

Q & A

APC

**Reported By: Nicolas Chen
(Accounting Manager)**



Finance Information

Consolidated Statements of Income

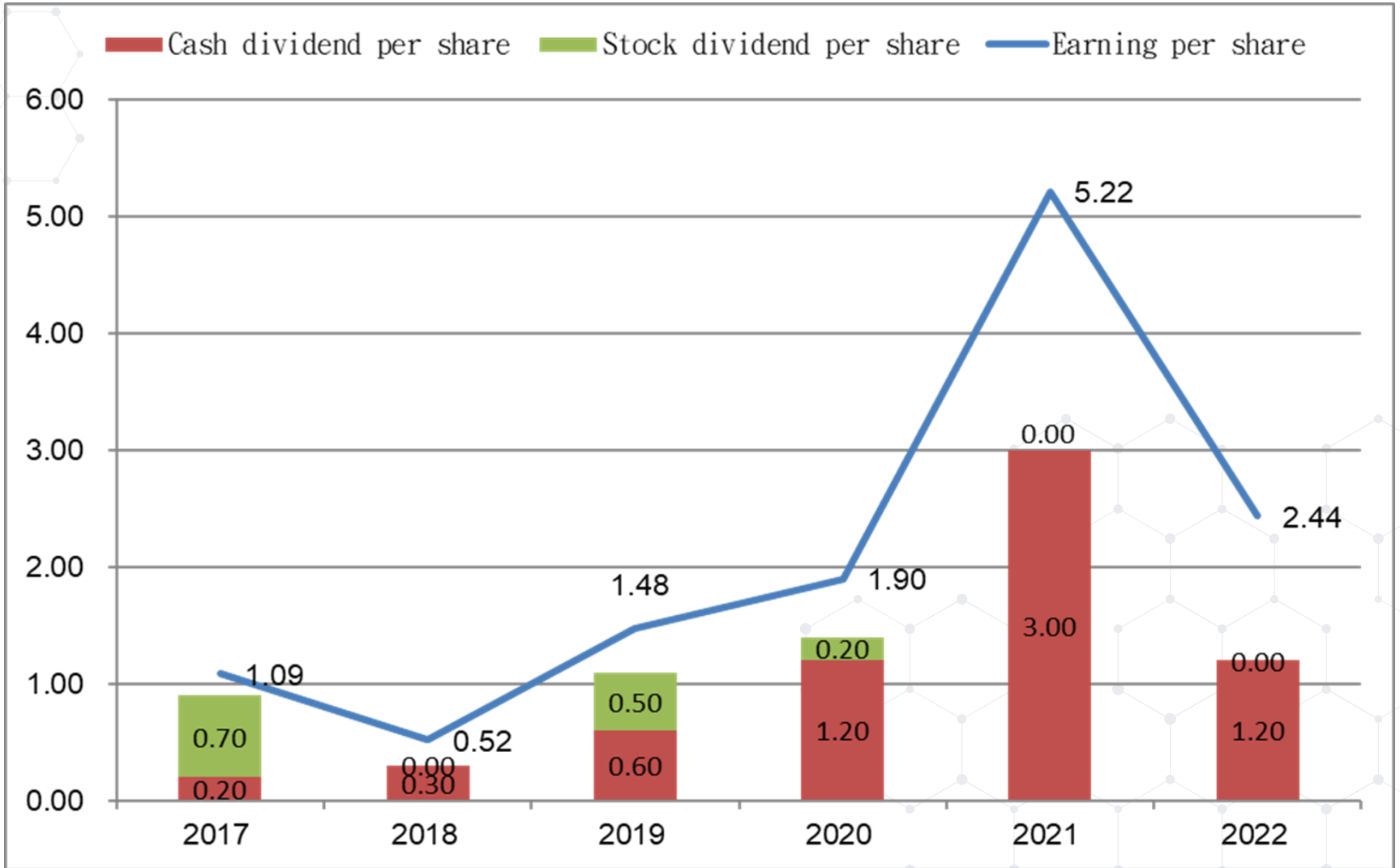
(In millions of NTD, except per share data)

	2023Q1	2022Q1	QoQ%	2022	2021	YoY%	2020
Sales	1,569	2,142	-27%	9,815	9,566	3%	5,704
Cost of goods sold	1,256	1,585	-21%	6,582	5,968	10%	4,574
Gross profit	313	557	-44%	3,233	3,598	-10%	1,129
gross profit ratio	20%	26%		33%	38%		20%
Operating expenses	60	90	-34%	286	278	3%	207
Operating income	253	466	-46%	2,947	3,319	-11%	922
operating income ratio	16%	22%		30%	35%		16%
Non-operating income(loss)	(287)	(193)		(1,129)	419		363
Income(Loss) before income taxes	(33)	273	-112%	1,818	3,738	-51%	1,285
Income taxes expense(benefit)	(8)	43	-119%	370	637	-42%	182
Net income(loss)	(25)	231	-111%	1,447	3,101	-53%	1,104
net income ratio	-2%	11%		15%	32%		19%
Earnings(Loss) per share	(0.04)	0.39		2.44	5.22		1.90
Adjusted EPS		0.39		2.44	5.22		1.86

Financial Ratio Analysis

	2023Q1	2022Q1	2022	2021	2020
Operating income margin(%)	16.1	21.8	30.0	34.7	16.2
Net income margin(%)	(1.6)	10.8	14.7	32.4	19.3
Debt ratio(%)	12	15	13	19	28
Current ratio(%)	285	263	244	211	200
Quick ratio(%)	229	221	199	173	171
Accounts receivable turnover days	48	51	46	41	48
Inventory turnover days	40	30	31	27	28

EPS vs DPS



Contents

01

Brief Introduction to APC

02

Business Review and Outlook

03

Finance Information

04

Q & A



**Thanks for attending and kindly
appreciate your support.**



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

