

# Asia Polymer Corporation

(No. : 1308)

## Legal Person Conference

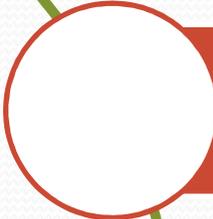
2020.5.29

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The information in this presentation is not for investment advices.

# Presentation Outline



**General Status of APC  
Business Review and Outlook**



**Finance Information**



**Q&A**

# General Status of APC

**Reported By: Kevin Huang    Manager of Sales Dept.**

**Established  
Date :**

**Jan. 25, 1977**

**Capital**

**NT \$5,540M(2020.5.6)**

**No. of Employees**

**235 (2020.5.6)**

**Revenue (2018)**

**Individual : NT \$6,580M  
Consolidated : NT \$6,790M**

### Production Facility

- 4 sets of High-Pressure autoclave production lines

### Annual Capacity

- Total at 150KMT

### Main Products

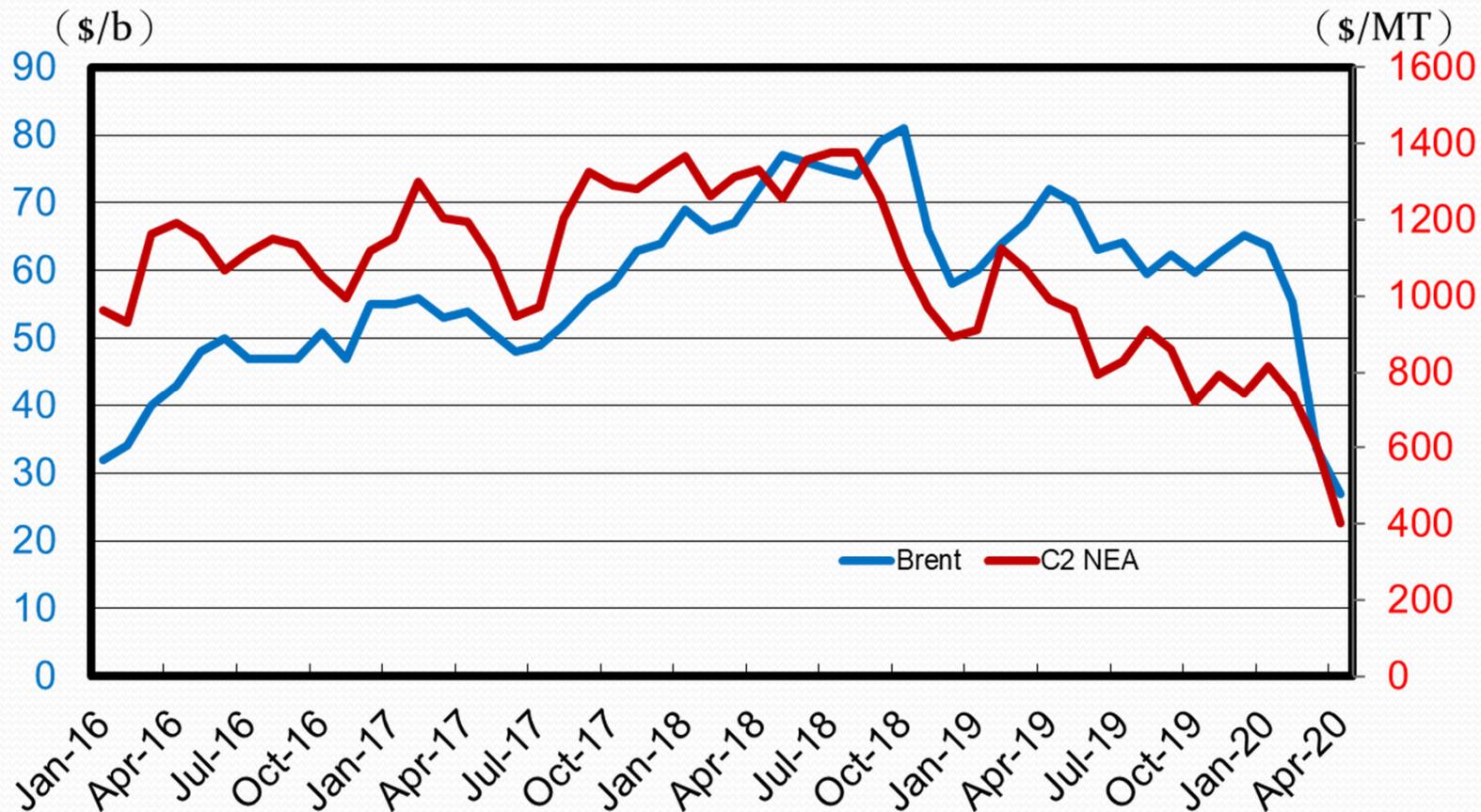
- Low Density Polyethylene Resin (Lamination/Injection/Film Grades)
- Ethylene-Vinyl Acetate Copolymer Resin(High-Elastic Foaming/Extrusion Coating/PV/W&C Grades)

# Business Review and Outlook

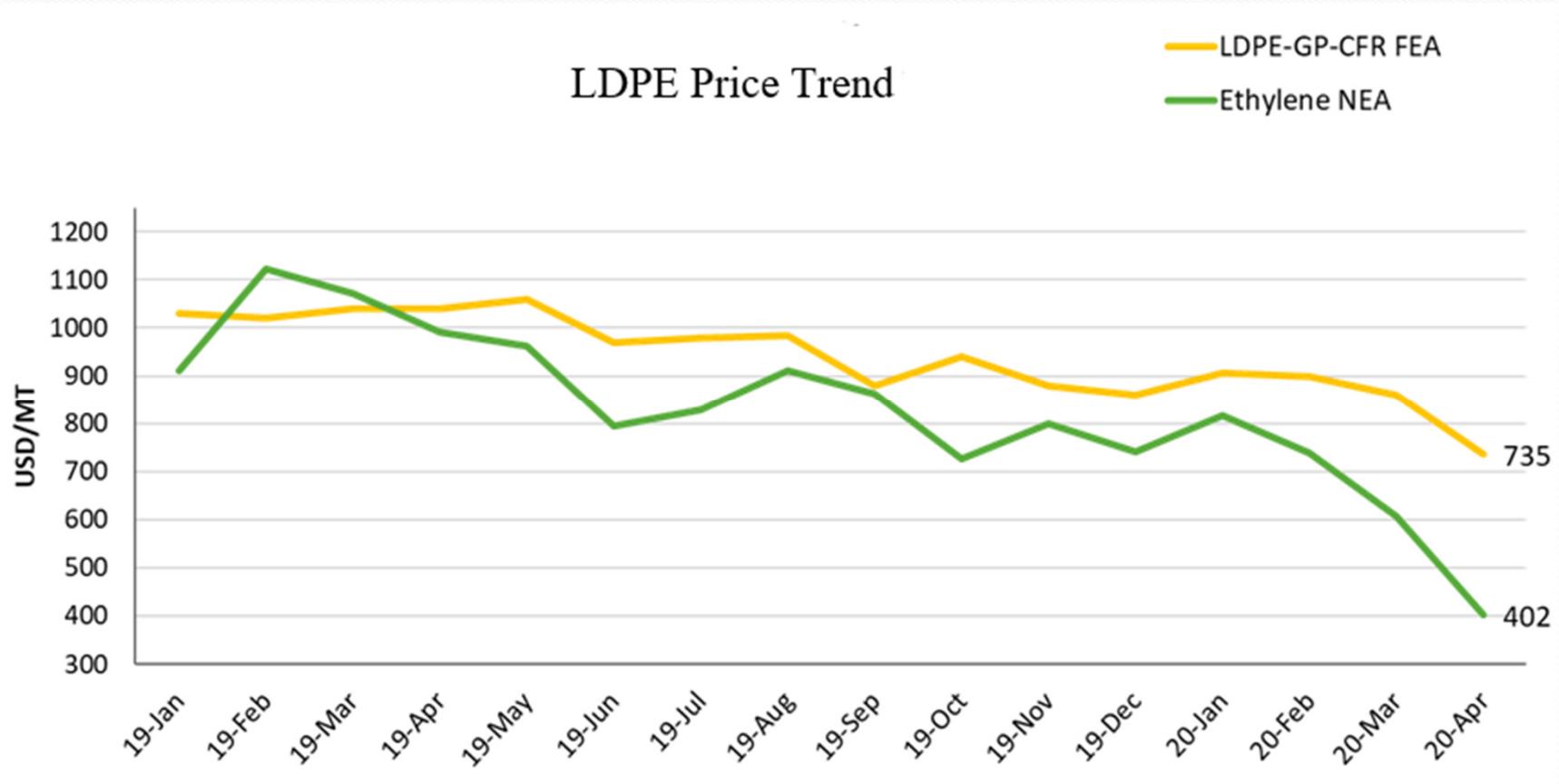
**Reported By: Kevin Huang    Manager of Sales Dept.**

# Crude Oil / Ethylene Monomer

- Ethylene price fluctuated up and down in the first half of 2019 due to the variation of oil price and some naphtha crackers shut down. Some new crackers started-up caused the price to drop in the second half.

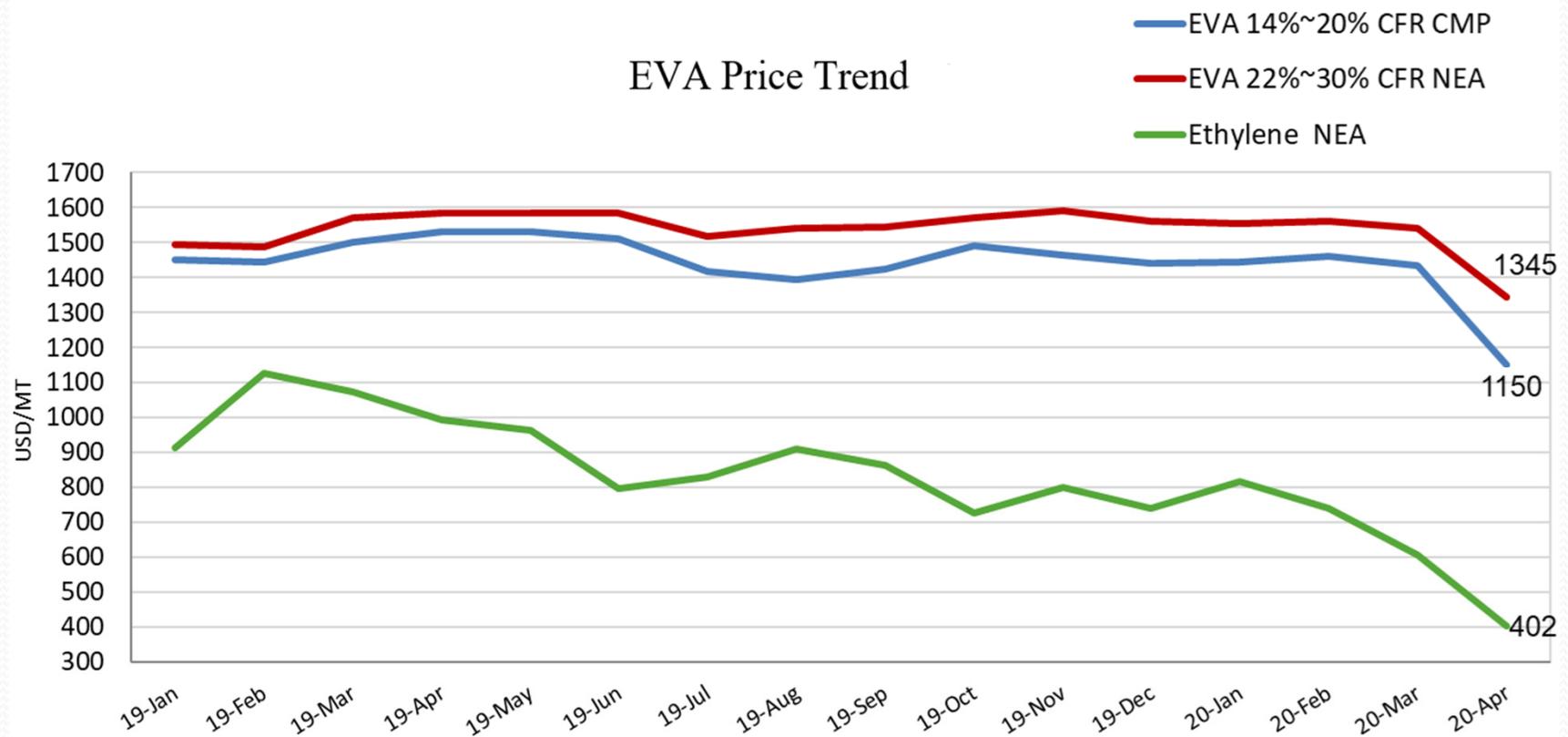


# PE Market Review



Reference: Platts

# EVA Market Review



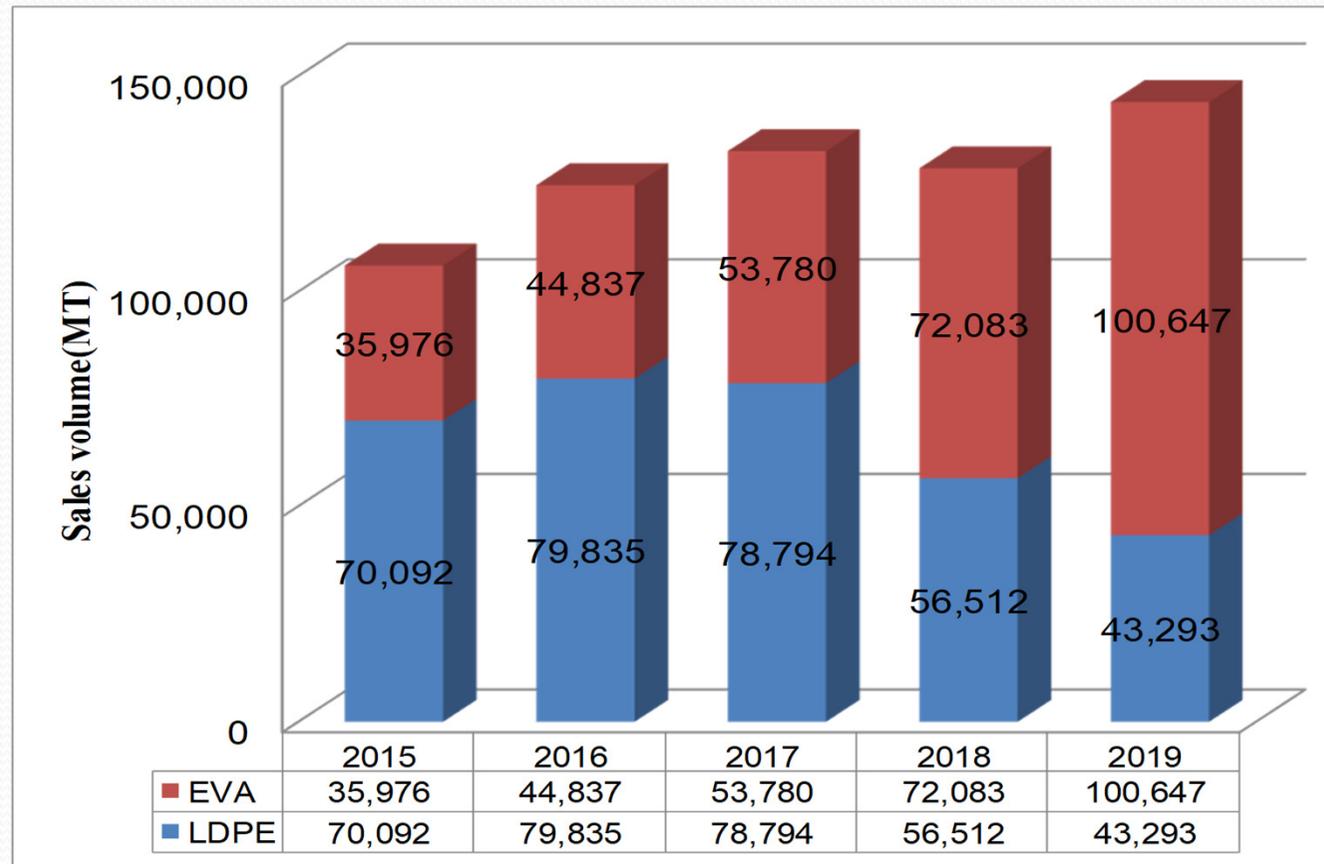
Reference: ICIS, Platts

# Business Review of 2019

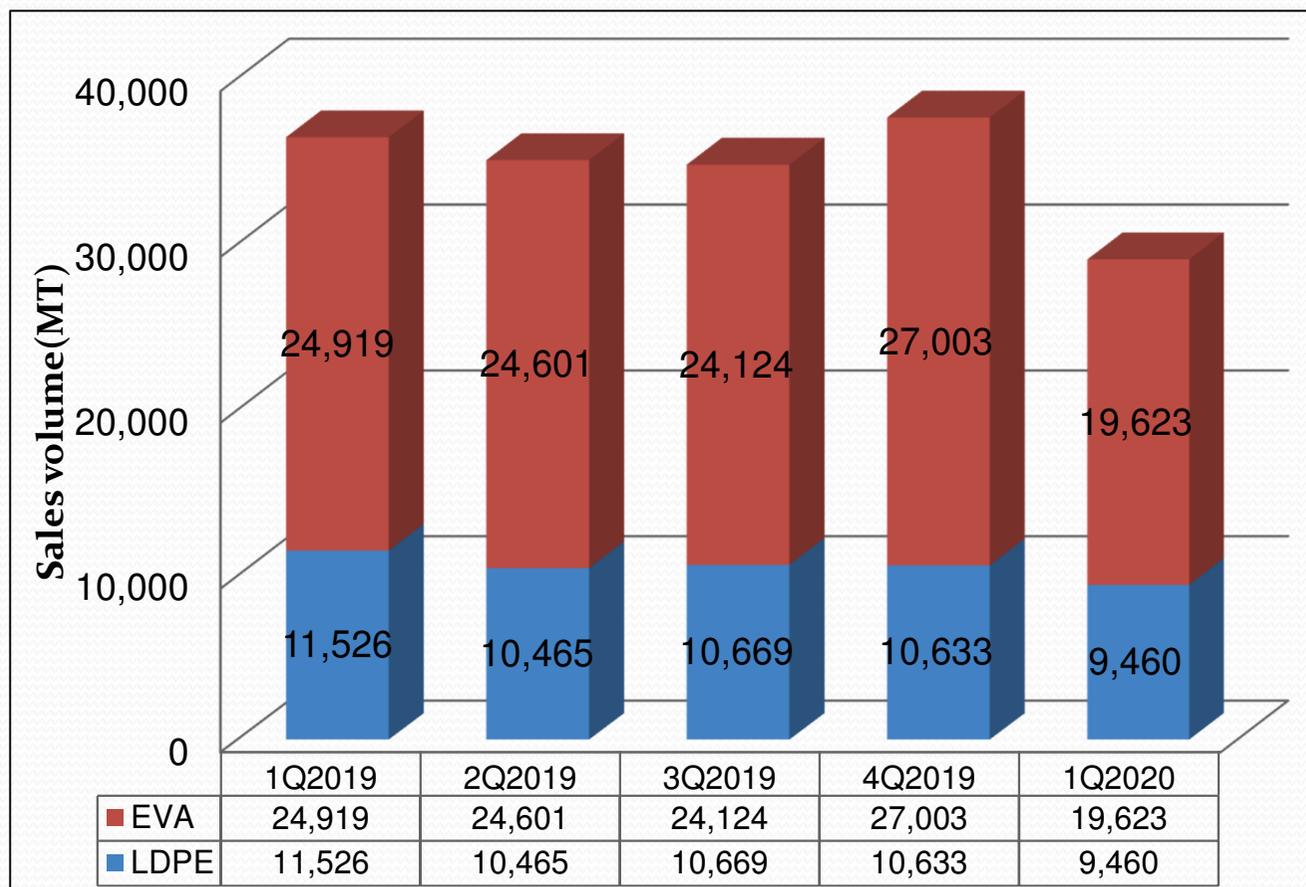
## \* LDPE/EVA Sales Volume Comparison

Sales Volume (KMT)	2018	2019	Increase (Decrease)
LDPE	57	43	(14)
EVA	72	101	29
合計	129	144	15

# Sales volume in recent five years



# 2019~2020 Q1 Sales Volume Comparison





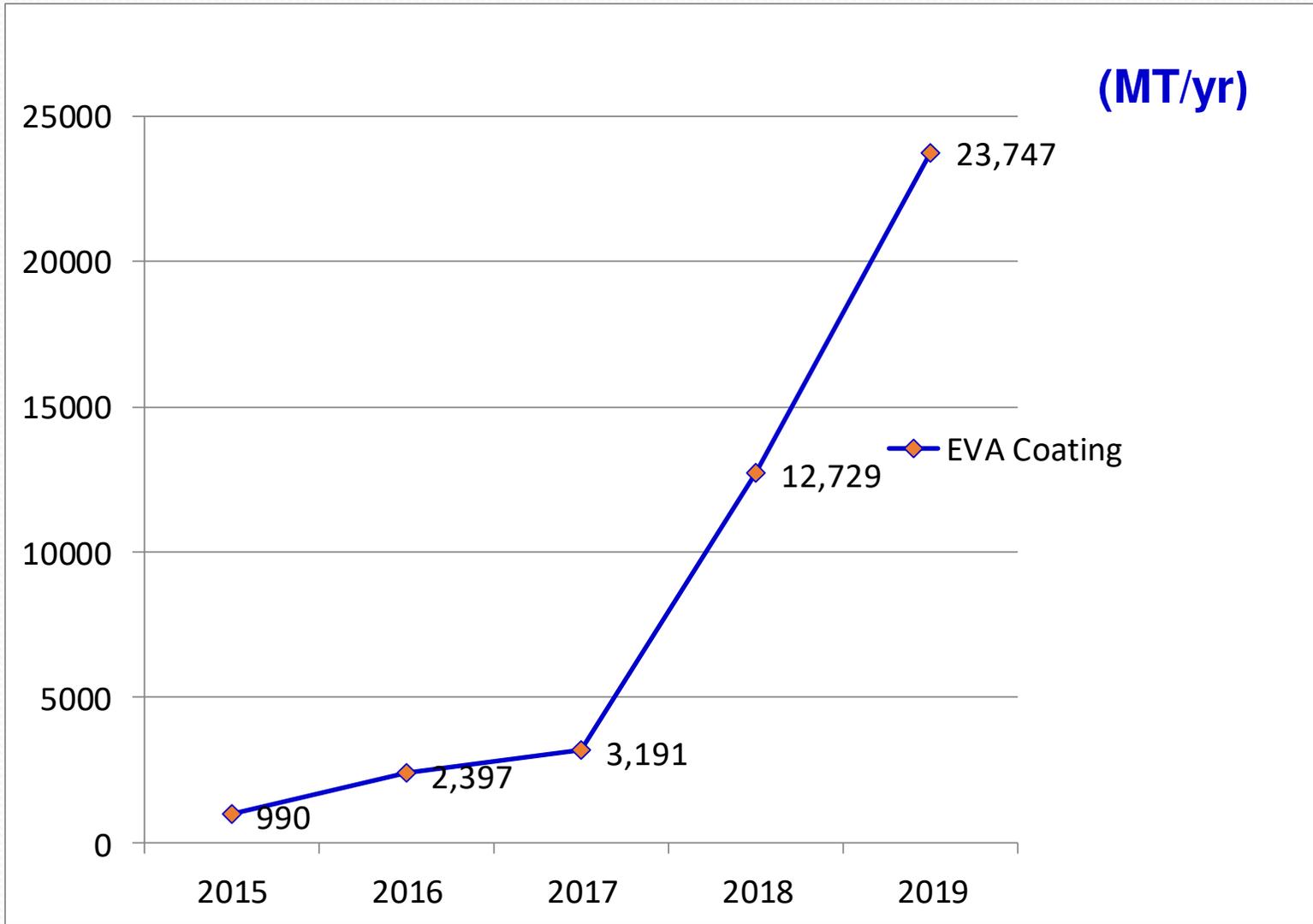
## Business Review of 2019—LDPE

- General purpose LDPE price was depressed by low-price competitors from the Middle East and the US, and also by the weak demand due to the China –US trade war.
- Within better margin of EVA, we reduced some LDPE production and switched to produce more EVA . The LDPE sales volume decreased by 25% in 2019.

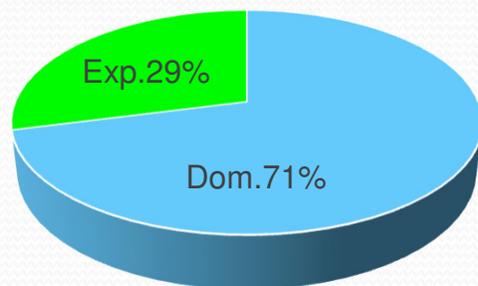
## Business Review of 2019 –EVA

- The ethylene price fell gradually, though the strong demand of PV grade and the significant growth of EVA demand in China sustained EVA price, the spread of EVA was the best in recent 6 years, the Company tuned business strategy by increasing EVA sales and production, the EVA sales was more than 100,000 MT, that is the ever highest record.
- The manufacturing technology of EVA extrusion coating grade was persistent improving, the quality and the market recognition was continuously increased. The sales of EVA coating grade was up more than 80% over 2018.
- The demand of EVA solar grade was strong. Some encapsulant makers in China sought for local EVA supply due to shortage of PV grade. It made the competition of PV grade tougher and reduced the price gap between PV and general purpose grades.

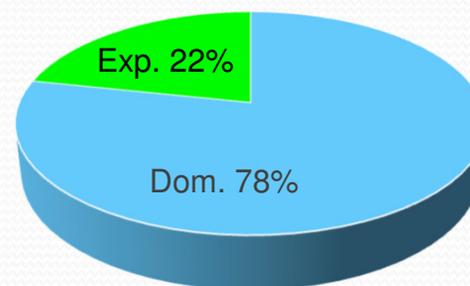
# Sales volume of V18161



## Ratio of LDPE Dom./Exp. Sales



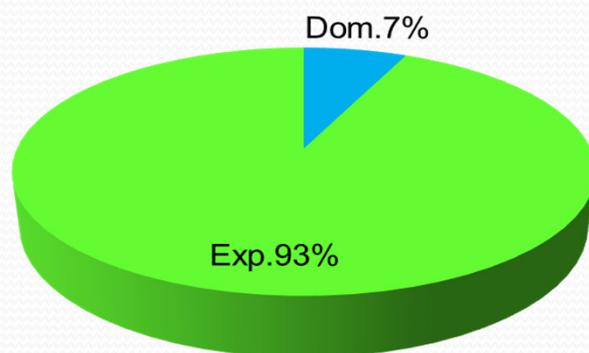
Exp.: 16.5KMT; Dom.: 40.0KMT



Exp.: 9KMT; Dom.: 33.9KMT

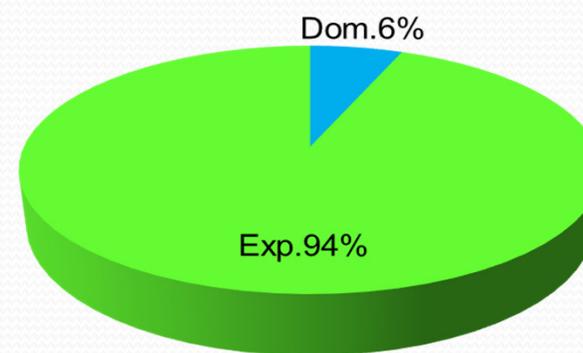
## Ratio of EVA Dom./Exp. Sales

**2018**



Exp.: 67.1KMT; Dom.: 4.9KMT

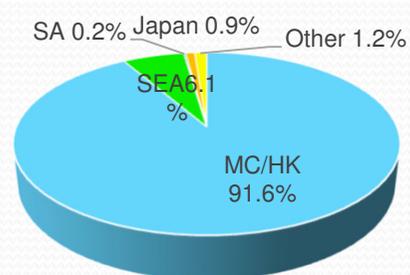
**2019**



Exp.: 94.6KMT; Dom.: 6.0KMT

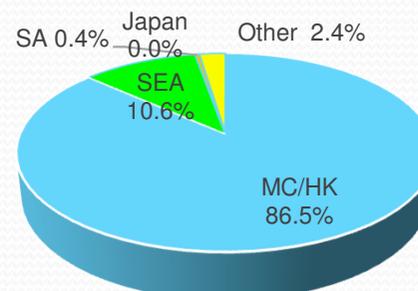
# LDPE Export Sales by Area

2018



MC/HK: 15.1KMT; SEA: 1.0KMT

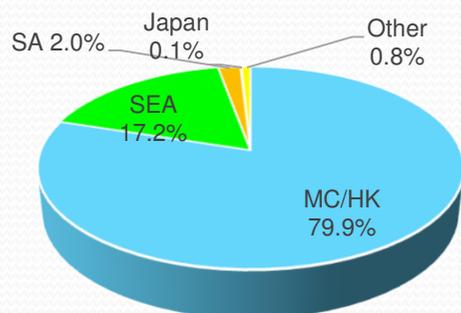
2019



MC/HK: 8KMT; SEA: 1.0KMT

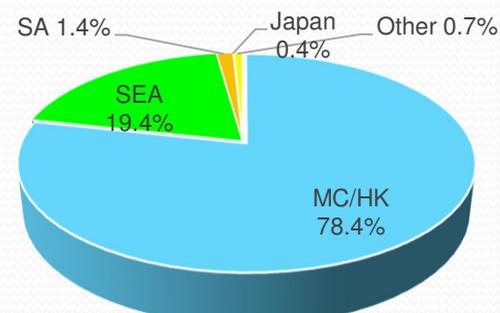
# EVA Export Sales by Area

2018



MC/HK: 53.6KMT; SEA: 11.5KMT

2019



MC/HK: 76.6KMT; SEA: 19.0KMT

# Business Outlook of 2020



## ■ Overview

- European and American countries began to consider easing lockdown, it could help the PE&EVA demand gradually recover, however we still need to pay close attention to the possibility of the second wave spreading. It still takes time for the global economic activities back to normal situation.
- The Sino-US trade dispute seems to be warmed up again.
- Lockdown measures do not only affect the crude oil and petrochemical demands, but also change the patterns of PE/EVA trade flow.
- Low oil and naphtha price makes the competitiveness of coal-to-olefin descend, and the incentive for PE deep-sea cargo is also weakened.

## ■ Ethylene monomer :

- The crude oil and ethylene prices dropped sharply since February, and ethylene price rebounded in early May.
- The supply of ethylene is expected to remain ample because there were some new capacities of crackers in China gradually started-up by the end of 2019 and also the ethylene export capability in North America is increased. The downstream demand of ethylene is expected to be weakened due to the impact of Covid-19.

# Business Outlook of 2020

## ■ Sales of LDPE/EVA :

- Taiwan's domestic sales had little impact by Covid-19. The demand for China export products such as footwear and solar applications had shrunk significantly, the demand of the applications from China local market is recovering gradually.
- EVA price fell slightly before mid-March, the decline is intensified from the end of March to the end of April, and stood firm as buying interest returned in early May.
- The outbreak has brought the uncertainties in the demand growth of global solar energy, and caused bigger gap between the optimistic and pessimistic estimates for the full year, the demand of EVA solar grade in 2020 is temporarily estimated flat, but not excluding the possibility of a small contraction.
- As a niche product, we will keep expanding the market share of EVA coating grade .
- We will pay close attention to the impact of new EVA plants launching in Mainland China.

# Gulei Petrochemical Project

## Items

Ethylene, Propylene, Butadiene, Ethylene Vinyl Acetate copolymers (EVA), Ethylene Oxide (EO), Ethylene Glycol (EG), etc.

## Fujian Gulei Petrochemical Co. Ltd

Taiwan and China each holds 50% of the joint venture company's shares.

## Investment

- Total investment (Taiwan and China) : approximately 30.39 billion RMB
- According to APC Board's FID (March 2016), APC will indirectly invest the Gulei Project in Fujian Province, China via a third place. The amount of investment will not exceed NT\$ 6 billion. Capital will be in place consecutively after government's approval.

## Milestone

- May 2016: Fujian Gulei Petrochemical Co. Ltd. was established.
- Dec 2017 : Opening ceremony of Fujian Gulei Petrochemical Co. Ltd. was launched.
- Aug 2018 : Overall design of Gulei Petrochemical Project was approval.
- May 2019: The Land Usage Proposal and Infrastructure Plan were reviewed.
- Jan 2020: Basic design package was complete.



# Finance information

**Speaker : Nicolás Chen Manager**

# Consolidated Statements of Income

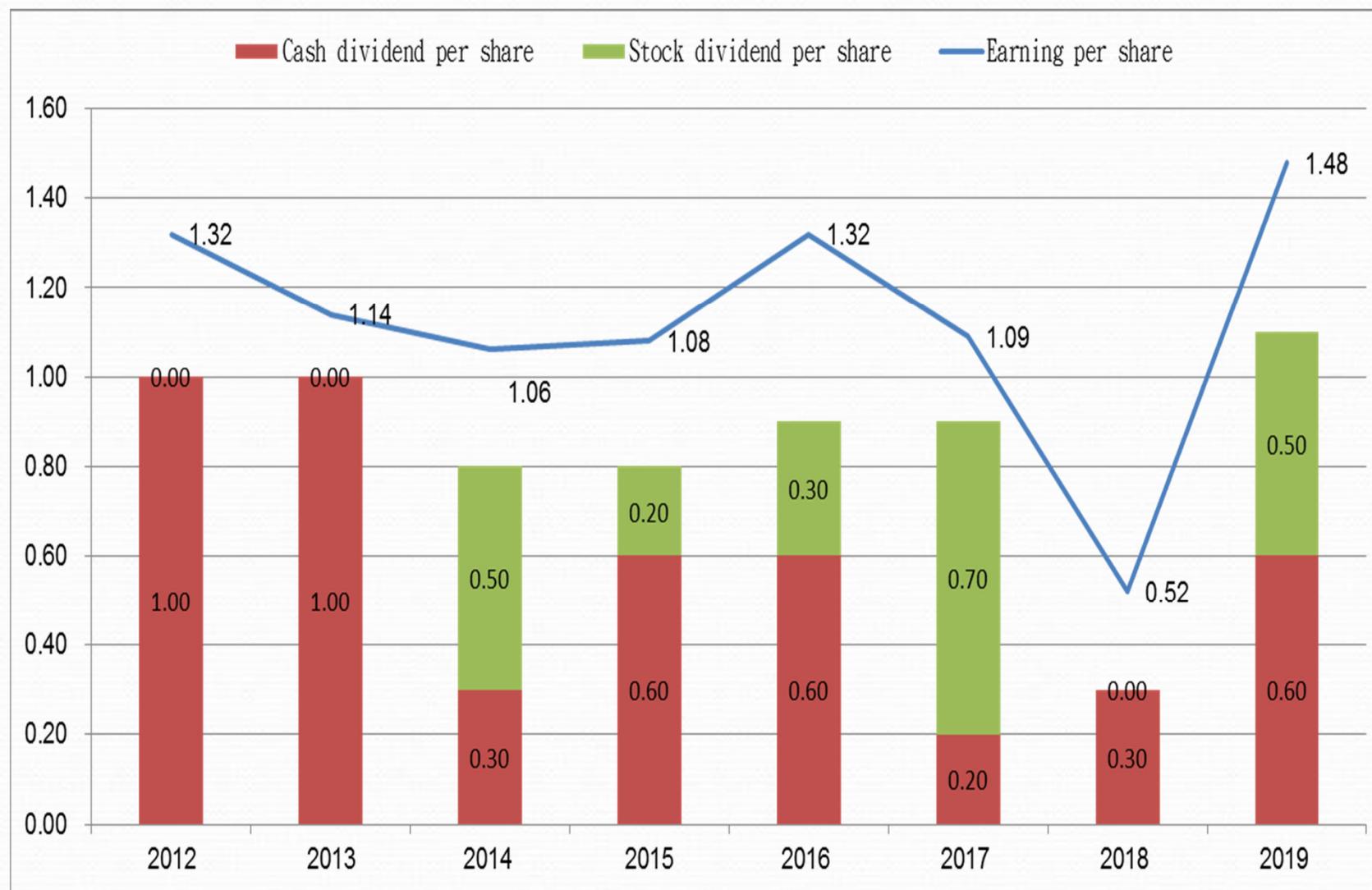
(In millions of NTD, except per share data)

	2020Q1	2019Q1	QoQ%	2019	2018	YoY%	2017
Sales	1,314	1,710	-23%	6,791	6,375	7%	6,404
Cost of goods sold	1,078	1,533	-30%	5,756	6,091	-5%	5,707
Gross profit	236	177	33%	1,035	284	264%	697
gross profit ratio	18%	10%		15%	4%		11%
Operating expenses	55	58	-6%	237	212	12%	226
Operating income	181	119	52%	798	72	1009%	471
operating income ratio	14%	7%		12%	1%		7%
Non-operating income(loss)	(1)	43		186	245		185
Income before income taxes	181	162	12%	985	317	211%	656
Income taxes	34	25	37%	164	30	445%	90
Net income	146	137	7%	821	287	186%	565
net income ratio	11%	8%		12%	4%		9%
Net income attributable to							
- APC	146	137		821	287		565
EPS	0.26	0.25		1.48	0.52		1.09
Adjusted EPS		0.25			0.52		1.02

# Financial ratio analysis

	2020Q1	2019Q1	2019	2018	2017
Operating income margin(%)	13.8	7.0	11.8	1.1	7.4
Net income margin(%)	11.1	8.0	12.1	4.5	8.8
Debt ratio(%)	38	41	40	38	34
Current ratio(%)	167	205	200	177	220
Quick ratio(%)	138	176	179	142	182
Accounts receivable turnover days	47	46	44	43	43
Inventory turnover days	38	43	37	46	46

# EPS vs DPS





Thanks for coming and kindly appreciate your support.

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