

# Asia Polymer Corporation

(No. : 1308)

# Legal Person Conference

2021.5.18

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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 \$5,820M**

**No. of Employees**

**230 (2021.4.22)**

**Revenue (2020)**

**Individual : NT \$5,510M**  
**Consolidated : NT \$5,700M**

## Production Facility

- 4 sets of High-Pressure autoclave production lines

## Annual Capacity

- Total at 150KMT

## Main Products

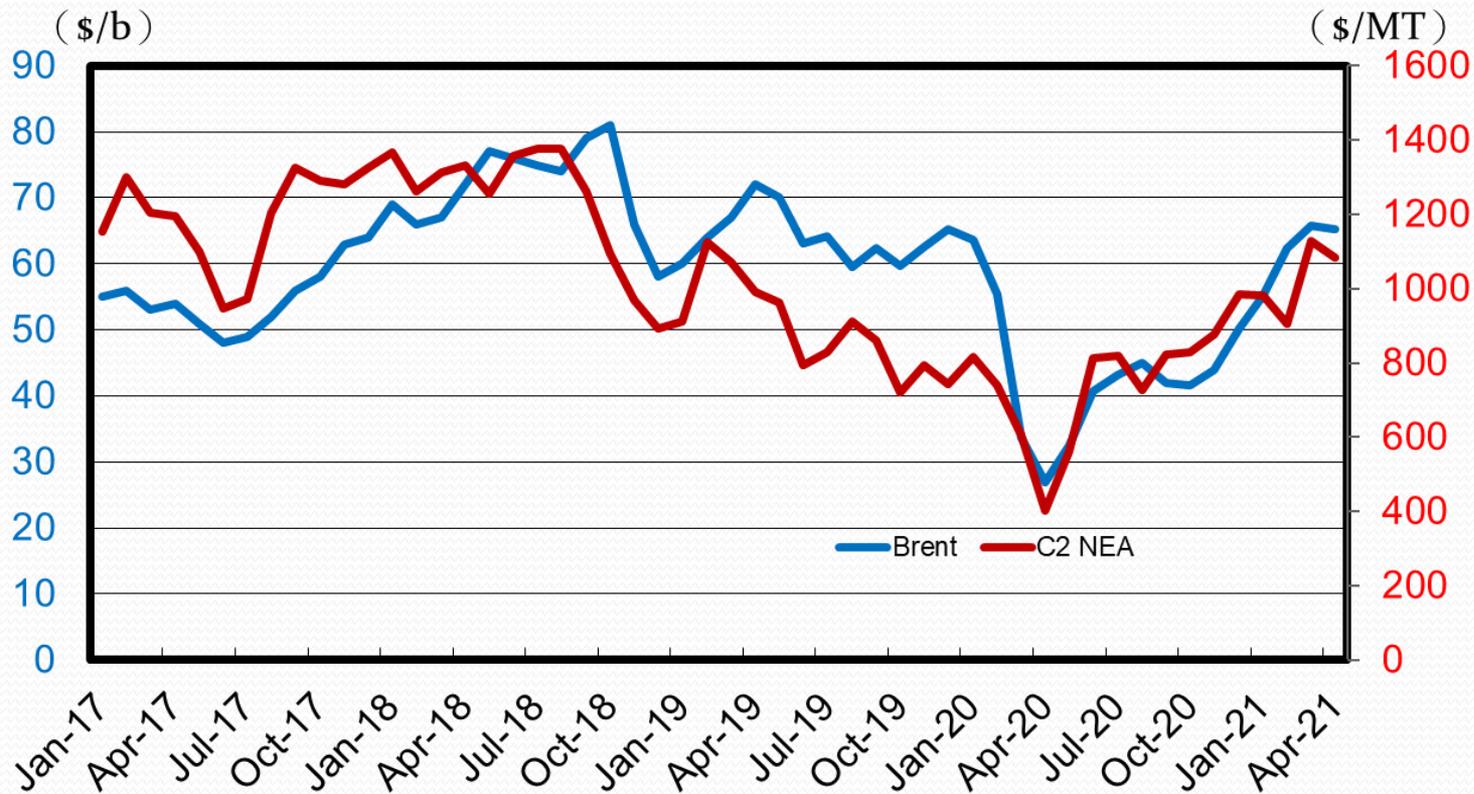
- Low Density Polyethylene Resin (Lamination/Injection/Film Grades)
- Ethylene-Vinyl Acetate Copolymer Resin(High-Elastic Foaming/Extrusion Coating/PV/W&C Grades)

# Business Review and Outlook

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

# Crude Oil / Ethylene Monomer

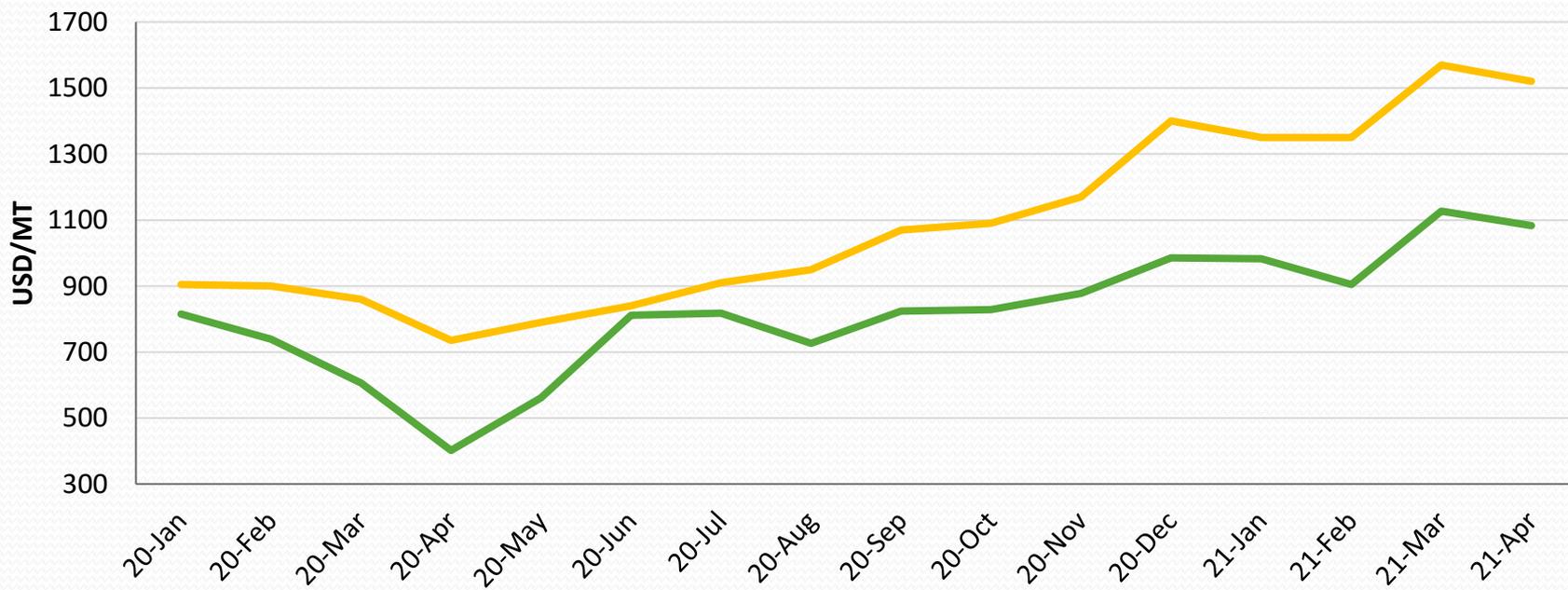
- The 2020 crude oil price and COVID-19 pandemic significantly effected the ethylene price. The strong demand of downstream has caused spot ethylene price upward during the second half of 2020.



# PE Market Review

## LDPE Price Trend

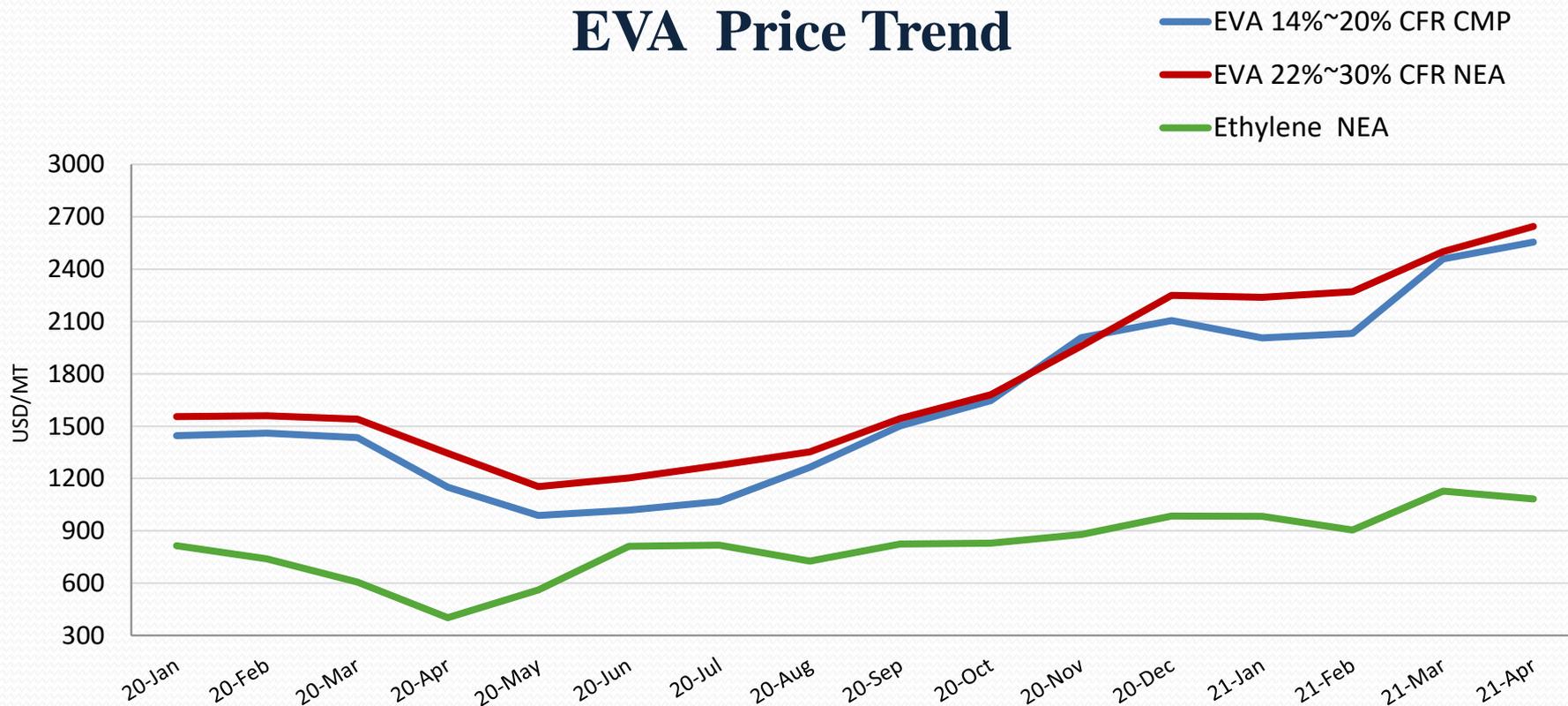
— LDPE-GP-CFR FEA  
— Ethylene NEA



Source: Platts

# EVA Market Review

## EVA Price Trend



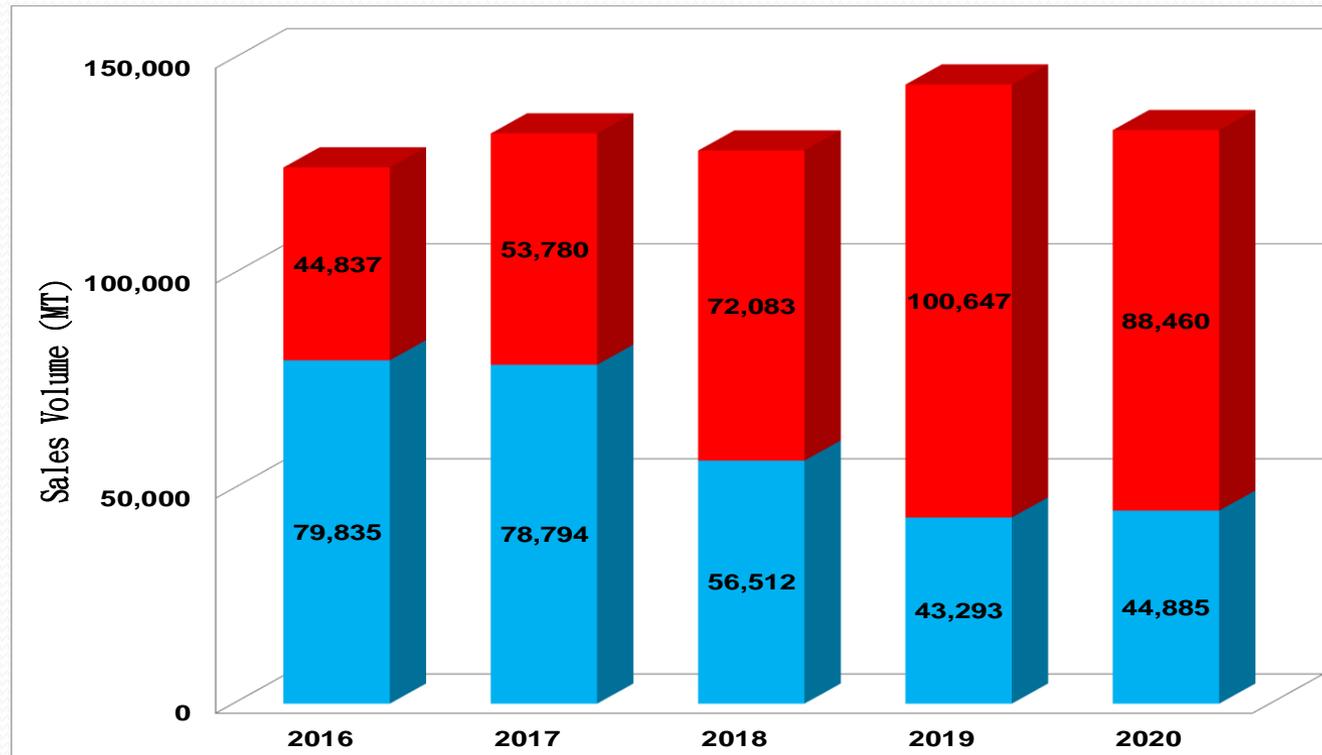
Source: ICIS, Platts

# Business Review of 2020

## \* LDPE/EVA Sales Volume Comparison

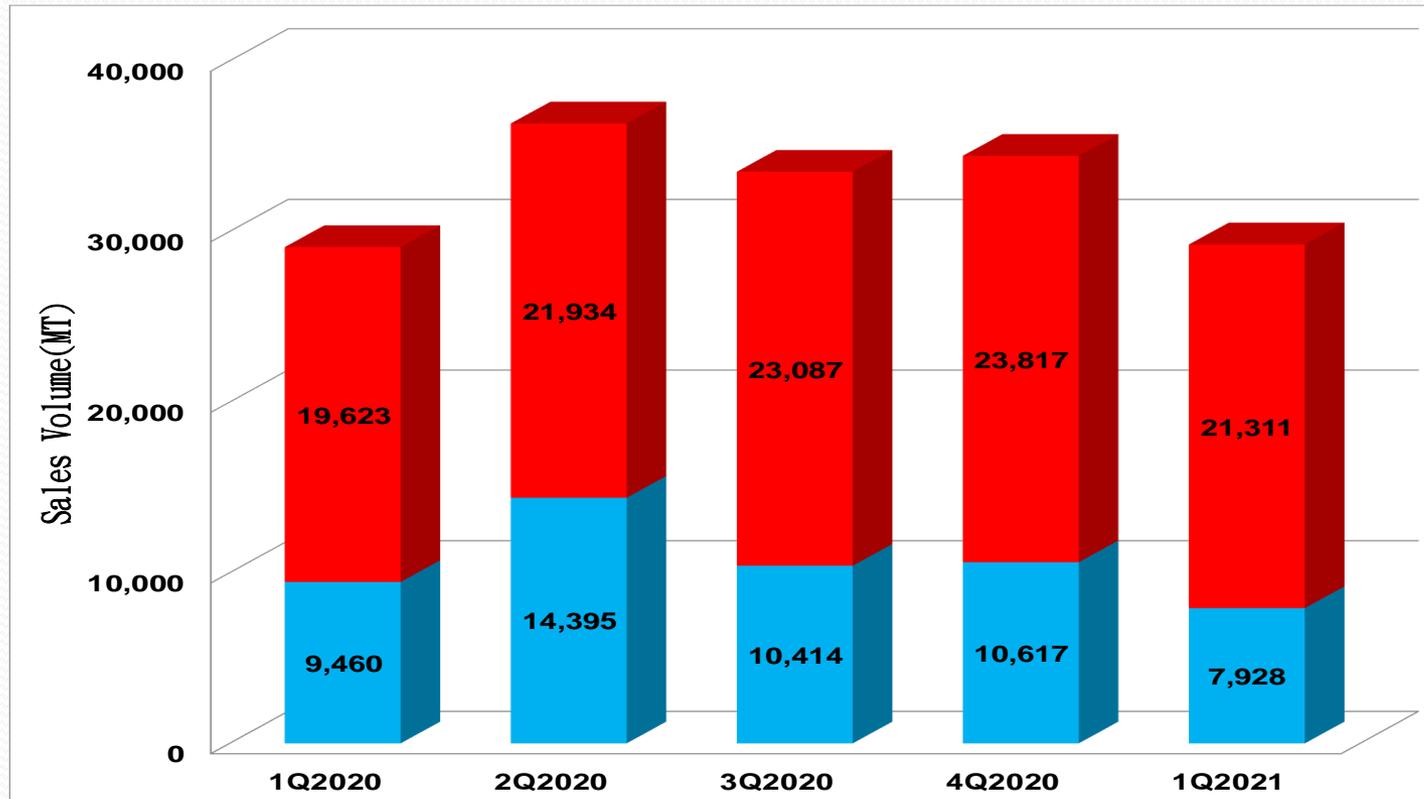
Sales Volume (KMT)	2019	2020	Increase (Decrease)
LDPE	43	45	2
EVA	101	88	(13)
Total	144	133	(11)

# Sales volume in recent five years



	2016	2017	2018	2019	2020
LDPE	79,835	78,794	56,512	43,293	44,885
EVA	44,837	53,780	72,083	100,647	88,460
<b>TOTAL</b>	<b>124,672</b>	<b>132,574</b>	<b>128,595</b>	<b>143,940</b>	<b>133,345</b>

# 2020~2021 Q1 Sales Volume Comparison



	1Q2020	2Q2020	3Q2020	4Q2020	1Q2021
LDPE	9,460	14,395	10,414	10,617	7,928
EVA	19,623	21,934	23,087	23,817	21,311
<b>TOTAL</b>	<b>29,083</b>	<b>36,329</b>	<b>33,501</b>	<b>34,434</b>	<b>29,239</b>

## Business Review of 2020—LDPE

- The COVID-19 outbreak increased the demands of non woven disposable coveralls and food packaging materials. Considering the weak EVA demand, we switched to produce more LDPE during March ~ May of 2020.
- In Q4 of 2020 ,the pandemic of COVID-19 caused high ocean-freight and delay shipment of deep sea LDPE, hiked Asian LDPE price. However, the LDPE margin was still far below EVA, our constrained LDPE supply was focused on regular key customers.
- The 2020 LDPE sales volume was 3.7% higher than that of 2019.

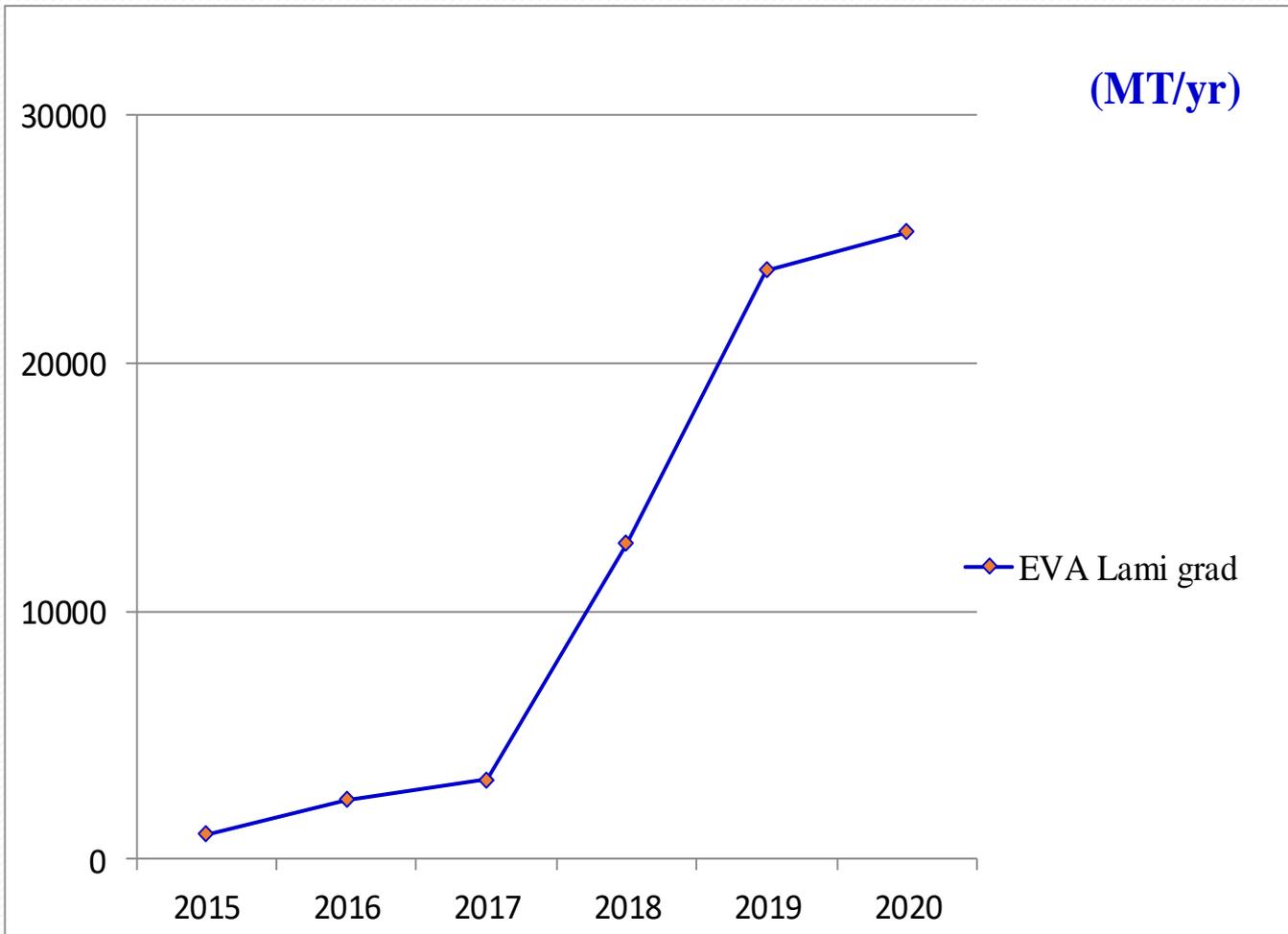
## Business Review of 2020 –EVA

- Despite the COVID-19 outbreak in Q1 and sluggish EVA demand in export market, the EVA market price was still sustained in Q1. It started to drop sharply in April, down to the bottom and remained steady in June, rebounded slightly during July to September and then rose sharply in Q4.
- The EVA demand was highly uncertain during April to May, so many EVA manufacturers was either shutdown for maintenance or transferred to LDPE production. Meanwhile, many traders and downstream processors reduced their inventories in Q2, As a result, the EVA became tight supply while the EVA demand recovered in Q3. Afterward the solar demand ramped up in Q4, pushed EVA manufacturers to produce more solar grade EVA and aggravated foam grade EVA shortage. In addition, traders took advantage of the market boost, that caused EVA price in end of 2020 hiked to the ever highest level since 2011.

## Business Review of 2020 –EVA

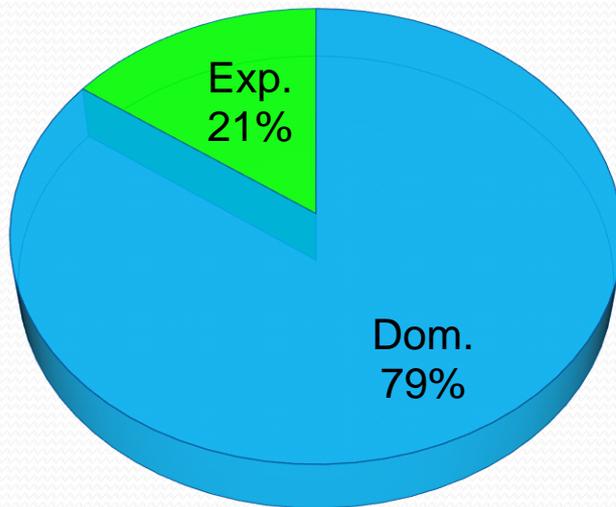
- The PV encapsulant makers in China started to use local EVA since 2019 Q4 and the situation was more extensive in 2020 Q4 due to the shortage of solar grade EVA, that intensified the competition in solar EVA market.
- The market price of EVA lamination grade was rather stable, its price volatility was mild as EVA sky-rocketing market price happened in Q4. Our 2020 sales volume of EVA laminate grade had only 6.4% growth rate of previous year.

# Sales volume of Lami-grade EVA



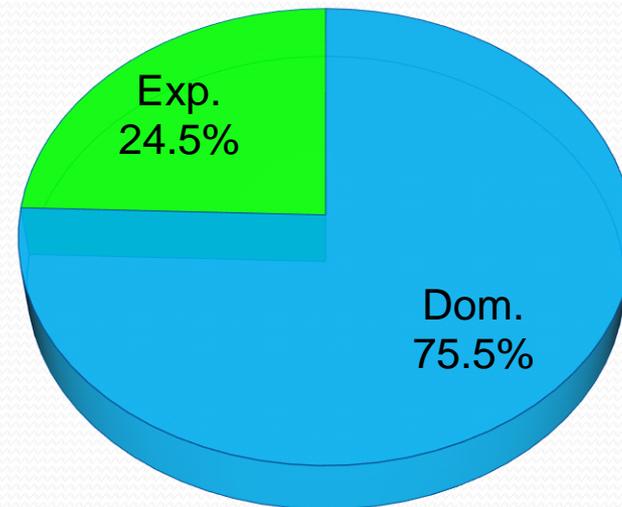
# Ratio of LDPE Dom./Exp. Sales

**2019**



Dom.: 33.9MT, Exp.: 9.4KMT

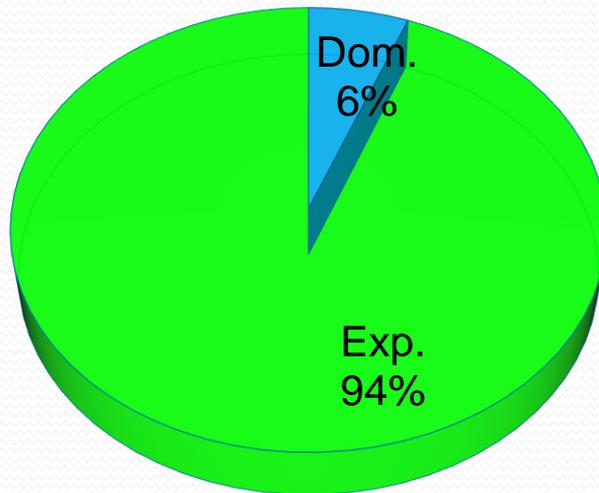
**2020**



Dom.: 33.9KMT, Exp.: 11KMT

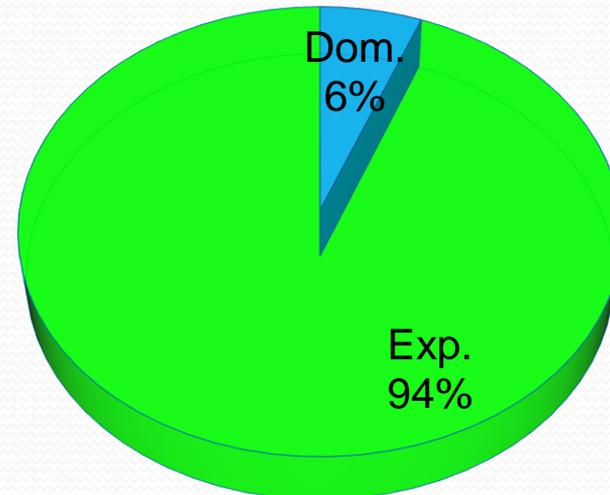
# Ratio of EVA Dom./Exp. Sales

**2019**



Exp.: 94.6MT; Dom.: 6KMT

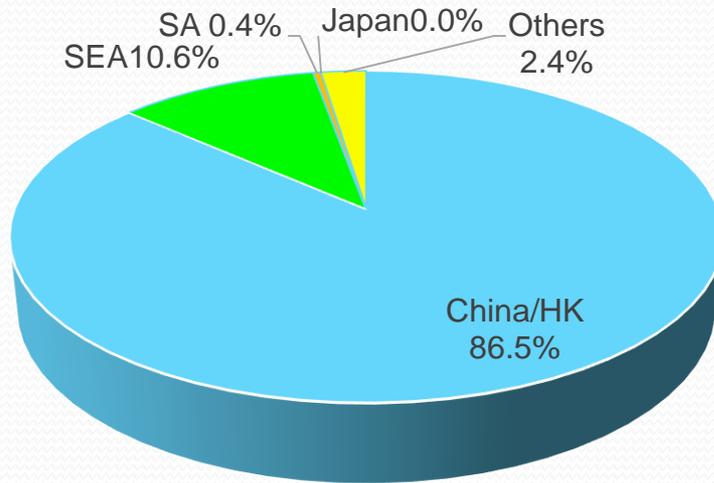
**2020**



Exp.: 83.1KMT; Dom.:5.3KMT

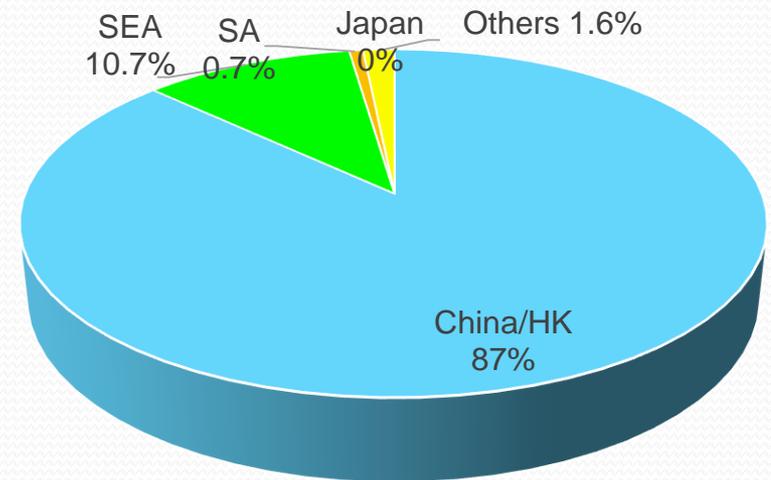
# LDPE Export Sales by Area

**2019**



China/HK: 8.1KMT; SEA: 1.0KMT

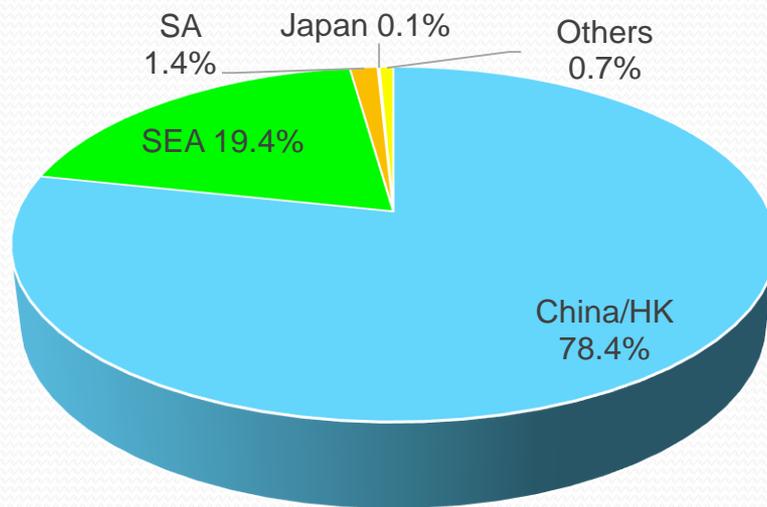
**2020**



China/HK: 9.6KMT; SEA: 1.3KMT

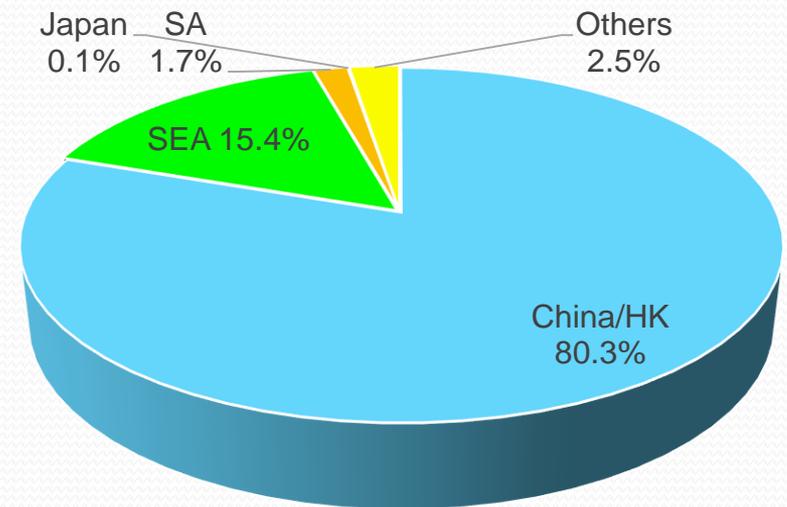
# EVA Export Sales by Area

**2019**



China/HK: 76.6KMT, SEA: 19.0KMT

**2020**



China/HK: 66.7KMT; SEA:12.8KMT

# Business Outlook of 2021

## ■ Overview

- Global economy gains rock-bottom recovery underpinned from the implementation of loose monetary policy, it may create favorable support of petrochemical demand. However, we should pay close attention to the third wave of COVID-19 pandemic would lead to another resurgence of countries or cities lockdown (i.e. South Asian Region).
- The uncertainty of shipping schedule and high ocean-freight constrain supply chain within limited regions and suppress the competition of cargo to long-distance areas.

## ■ Ethylene monomer :

- Amid the earthquake in Japan and severe winter storm in Texas, ethylene price rose sharply after the Chinese New Year, US crackers ratcheted up operation since April, the high operation rate of downstream and massive overhaul of Asia's steam crackers during May to July support the ethylene price. In case ethylene supply of North America's crackers get back on track in second half of 2021, ethylene could be in loose-supply status as compared to first half of the year.

# Business Outlook of 2021

## ■ Sales of LDPE/EVA :

- Uncertainty of shipping schedule for deep-sea cargoes, tight PE supply in North America caused by abnormal weather event, and Middle East cargoes mainly sold to Europe gave rise to PE supply shortage in Asia, LDPE market price rose sharply after Chinese New-Year, and it retreated from the peak recently.
- The long-term outlook of solar market is optimistic, but we still need to take close watch on the uncertainty of short-term demand.  
The actual PV installation in Q1 is lag behind projection. Some worried that the supply status of EVA solar grade in 2021H2 could be tight again as it happened in 2020 H2. Some of our customers are making ahead of material reservation.
- There would be several EVA new projects going to start-up in near future, we should pay close attention to the impact of the supply and demand situation of EVA market.
- Nowadays, there is no remarkable higher margin between our lamination grade EVA and foam grade EVA. However, the lamination grade EVA has higher technical threshold and fewer competitors. The EVA lamination grade is still one of our market-niche products.

# 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
- 2021/06 SM item will be mechanical completion and test-run
- 2021/Q3 Steam Cracker will be mechanically complete °

# Finance information

**Speaker : Nicolás Chen Manager**

# Consolidated Statements of Income

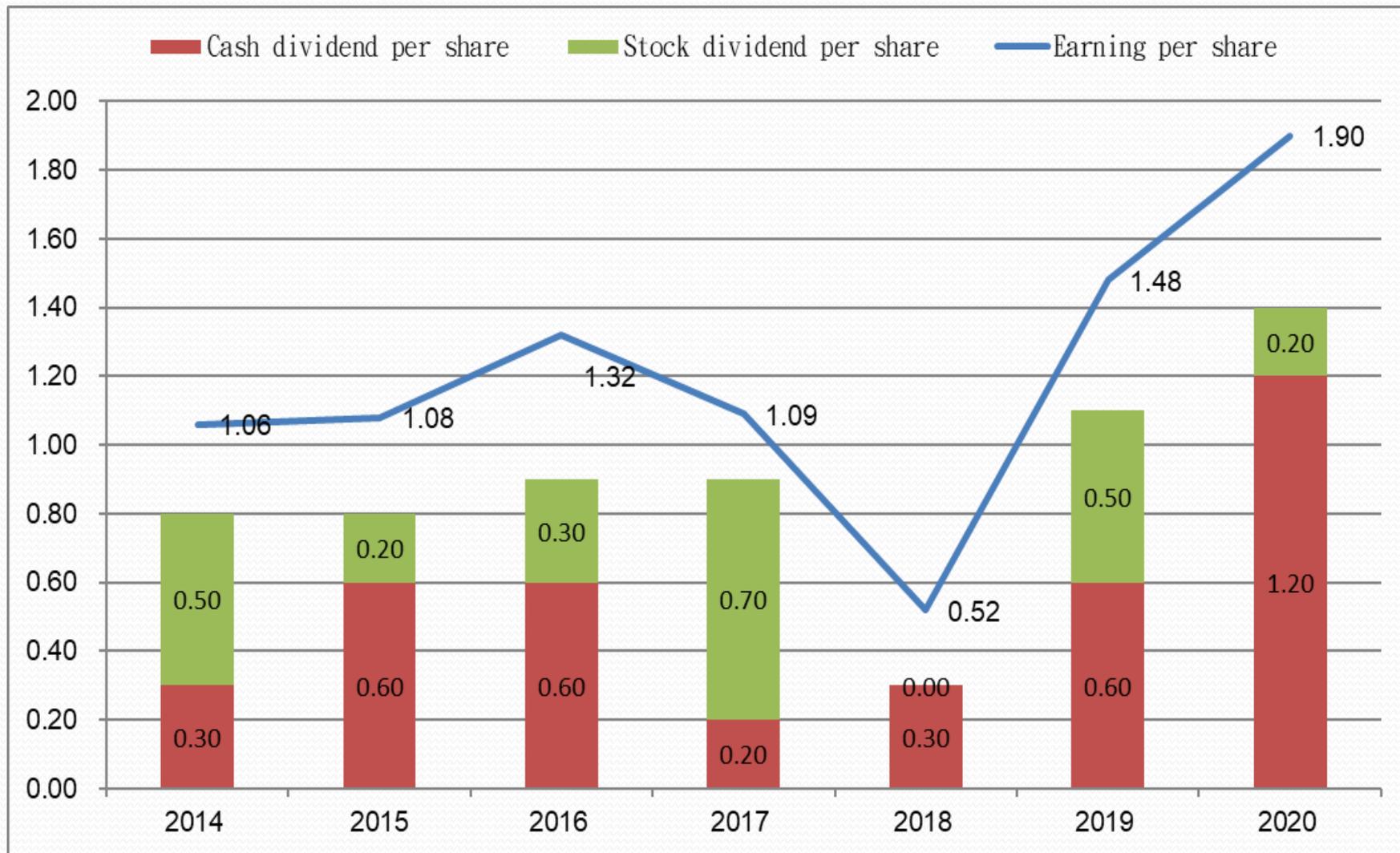
(In millions of NTD, except per share data)

	2021Q1	2020Q1	QoQ%	2020	2019	YoY%	2018
Sales	1,853	1,314	41%	5,704	6,791	-16%	6,375
Cost of goods sold	1,210	1,078	12%	4,574	5,756	-21%	6,091
Gross profit	643	236	172%	1,129	1,035	9%	284
gross profit ratio	35%	18%		20%	15%		4%
Operating expenses	71	55	30%	207	237	-13%	212
Operating income	572	181	215%	922	798	16%	72
operating income ratio	31%	14%		16%	12%		1%
Non-operating income(loss)	97	(1)		363	186		245
Income before income taxes	669	181	271%	1,285	985	31%	317
Income taxes	114	34	233%	182	164	11%	30
Net income	555	146	279%	1,104	821	34%	287
net income ratio	30%	11%		19%	12%		4%
EPS	0.95	0.26		1.90	1.48		0.52
Adjusted EPS		0.25			1.41		0.49

# Financial ratio analysis

	2021Q1	2020Q1	2020	2019	2018
Operating income margin(%)	30.9	13.8	16.2	11.8	1.1
Net income margin(%)	30.0	11.1	19.3	12.1	4.5
Debt ratio(%)	26	38	28	40	38
Current ratio(%)	158	167	200	200	177
Quick ratio(%)	130	138	171	179	142
Accounts receivable turnover days	38	47	48	44	43
Inventory turnover days	28	38	28	37	46

# EPS vs DPS





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