

# Asia Polymer Corporation

(No. : 1308)

## Investor Teleconference

2022/5/18

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The information in this presentation is not for investment advices.

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- Brief Introduction to APC
- Business Review and Outlook
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Established Date

Jan. 25, 1977

Capital

NT \$5, 940M

No. of Employees

227 (2022. 4. 22)

Revenue(2021)

Individual : NT \$9, 290M  
Consolidated : NT \$9, 570M

## Production Facility

- 4 sets of High-Pressure autoclave production lines

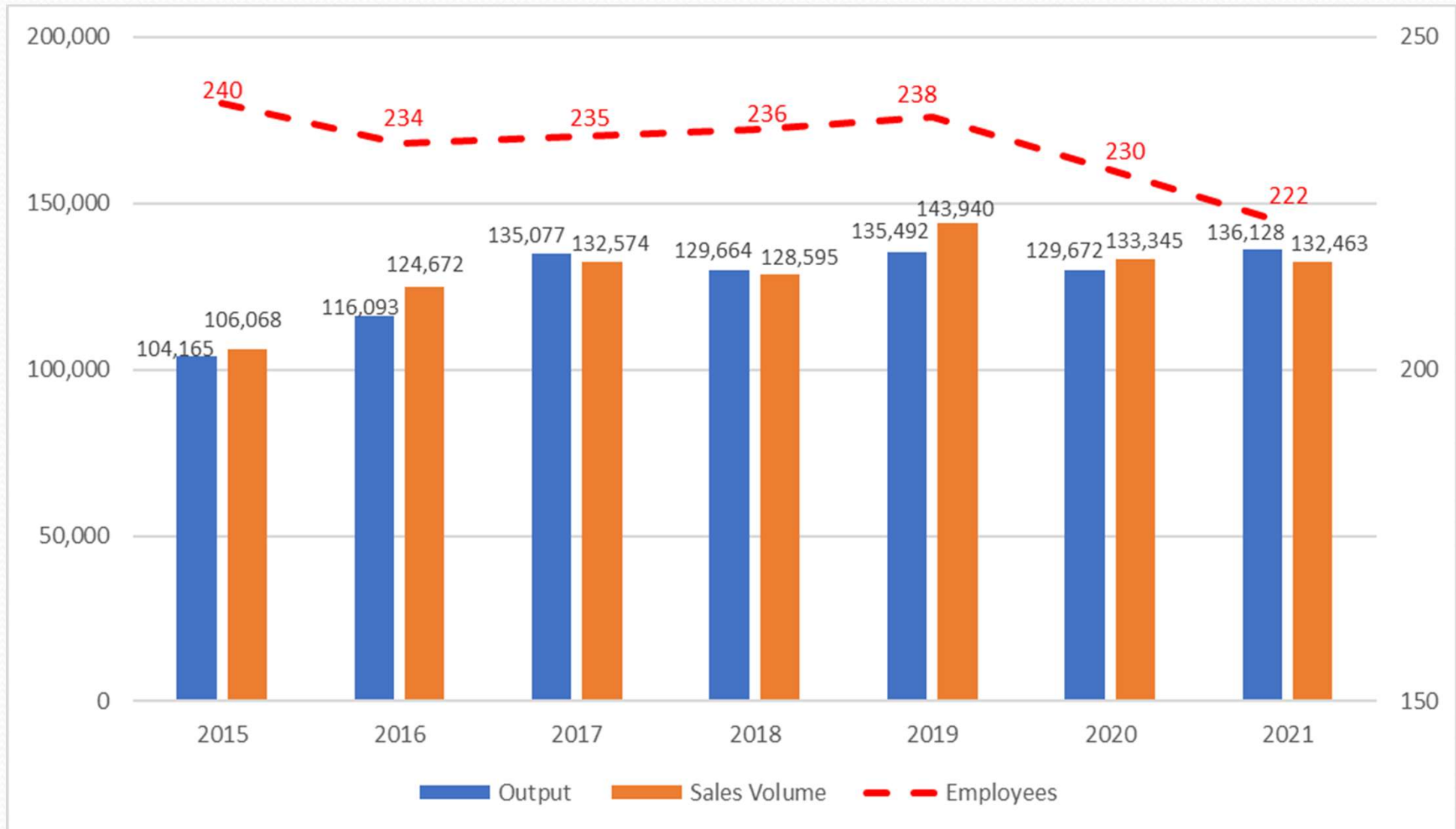
## Annual Capacity

- Total at 150KMT

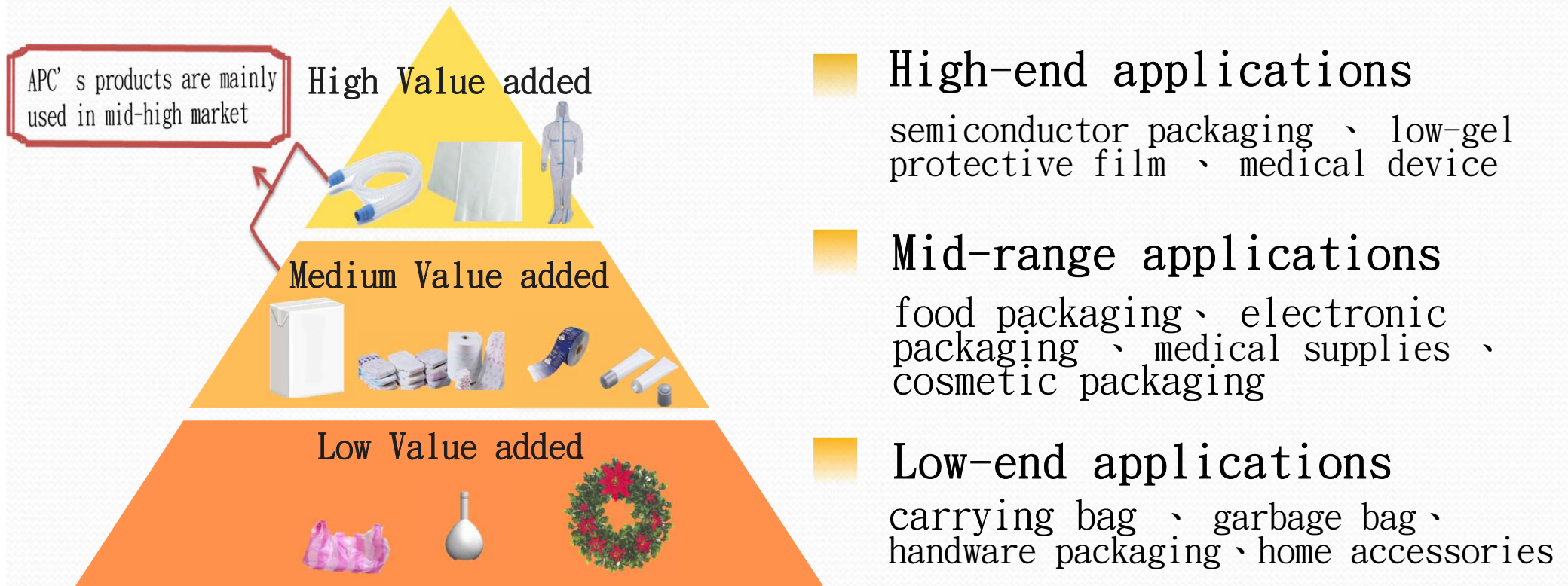
## Main Products

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

# Sales volume VS Employees



# Differential/Tailor-made Products

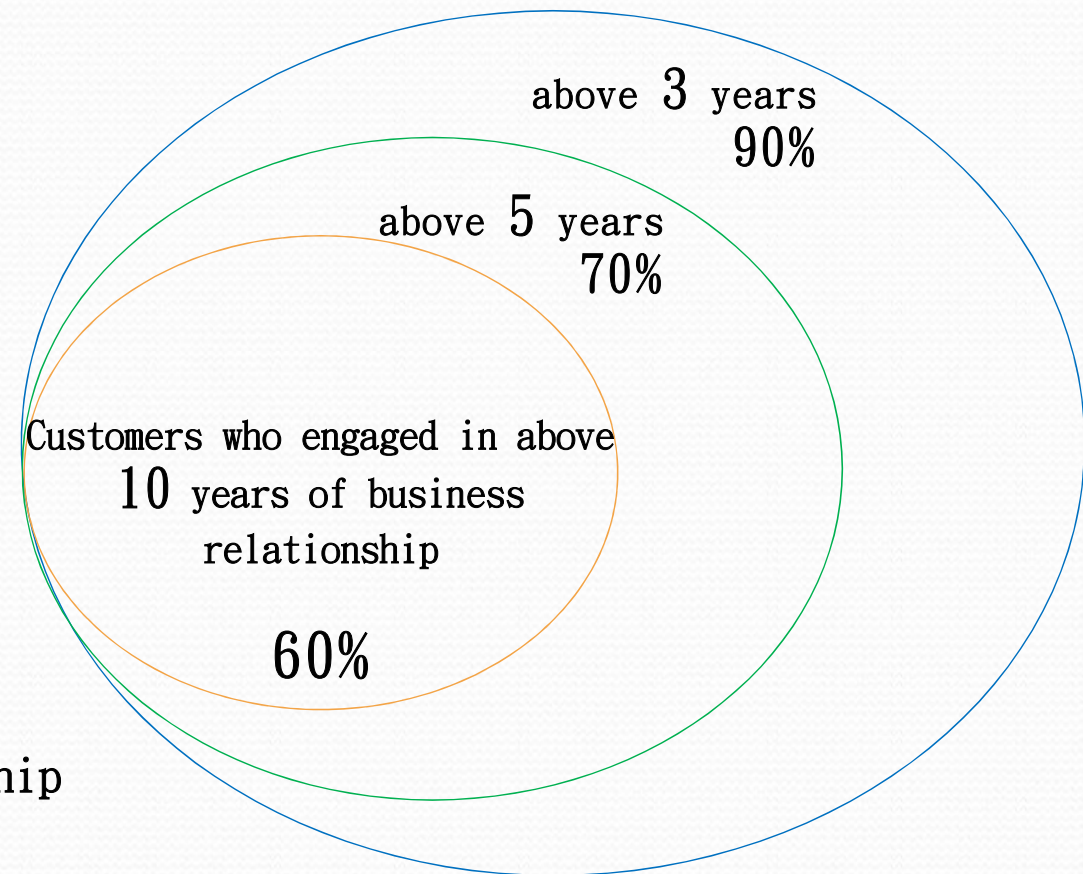


In 2021, Taiwan LDPE demand was around 200 KT, and Asia polymer accounted for about 14.5% market share.

# LDPE Customers

Focusing on domestic market

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





# Moving Toward the Leading EVA Supplier in Asia

Ten years ago

Focus on general purpose foam applications (LOWER BARRIER)



Foam Grade

Now

Higher barrier



EVA Solar Grade

27%



EVA Coating Grade

21%



Sporting Goods / Well-known shoe's material

Foam Grade 34%

High performer Grade 18%

# EVA Solar Grade

## One of the key component of solar module

Until 2021, USI group was engaged in the supply of EVA solar grade equivalent to 27.5 GW PV installation or 13.8 million tons of CO<sub>2</sub> emissions.

(In 2021, USI group's EVA was applied to 13% of global cumulative PV panel installed)

Note : According to Taiwan insolation duration, 1 KW solar panel can annually produce 1,250 kWh, and 1 kWh can reduce 0.502 Kg CO<sub>2</sub>e.



# Sales Volume of EVA Lami

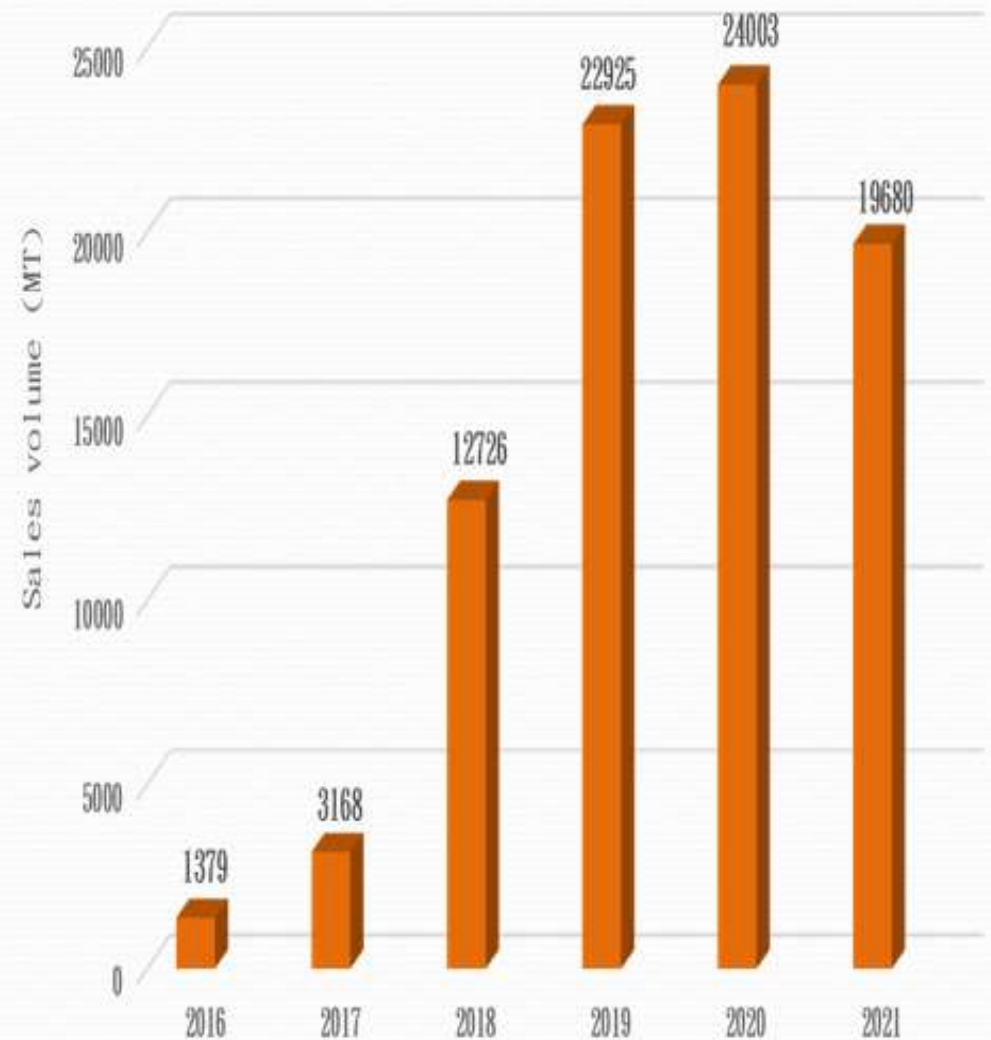
- thermal laminating pouches



- pre-coated thermal lamination film



Sales volume of EVA Lami



# 2021 Sustainability Performance



## Governance

- Net revenue NT\$ **9.56 billion**, Increased 67% from 2020, record high
- Net profit NT\$ **3.10 billion**, Increased 181% from 2020, record high
- Total production **136,127 MT**, record high
- Ranked the Top **6~20 %**, The Corporate Governance Evaluation 2021
- Corporate Sustainability Report **Platinum award**, at the 2021 Taiwan Corporate Sustainability Award(TCSA)



## Environment

- Electricity saving **1.46 million kWh**
- Energy saving **6,526 GJ**
- Carbon reduced **836 MT CO<sub>2</sub>e**
- Annual reduction, Energy by **0.82 %** Carbon by **0.75 %**



## Social

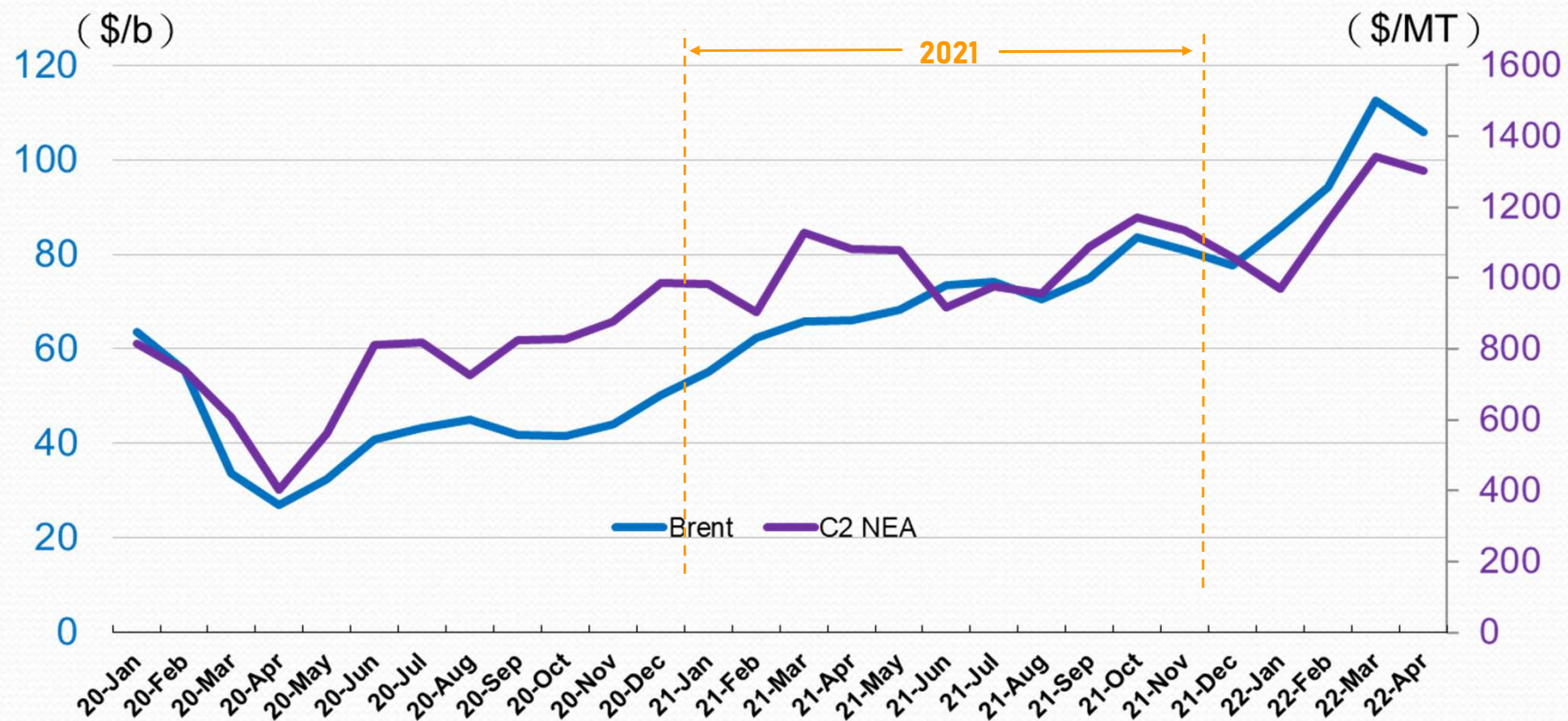
- Employee turnover rate **1.80 %**
- The accumulated hours worked without disability injuries were **4.86 million hours**, from 2010.10.14 to 2021.12.31
- Sponsored the USI Education Foundation NT\$ **4 million**

# Business Review and Outlook

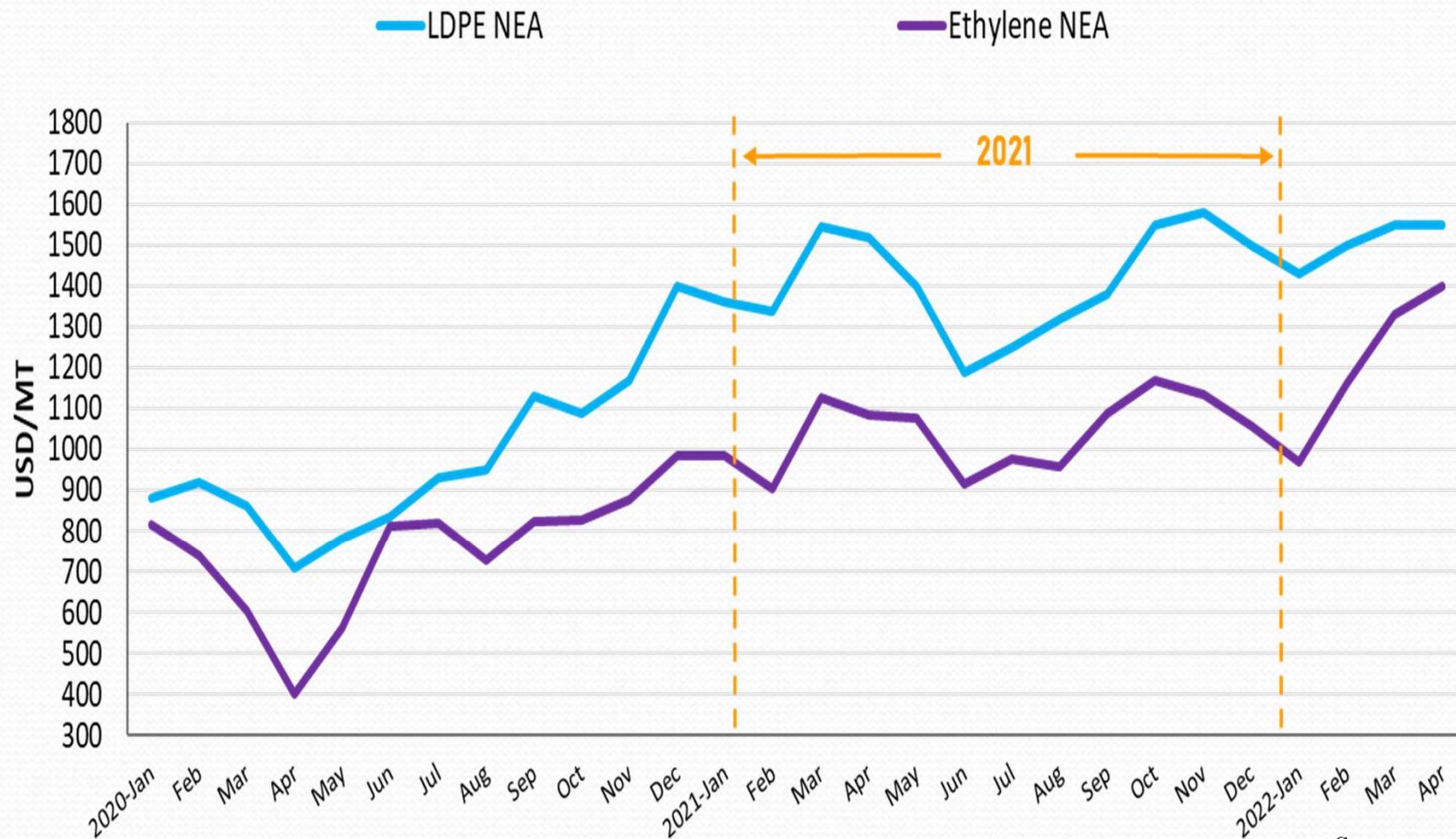
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# Crude Oil / Ethylene Monomer

- Crude Oil : When gradually getting rid of the Lock-down, the oil price rose from around US\$55/barrel at the beginning of 2021 to US\$80/barrel by the end of the year.
- Ethylene Monomer : Roughly fluctuated between US\$900~1200/ton.



# PE Market Review



Source : Platts

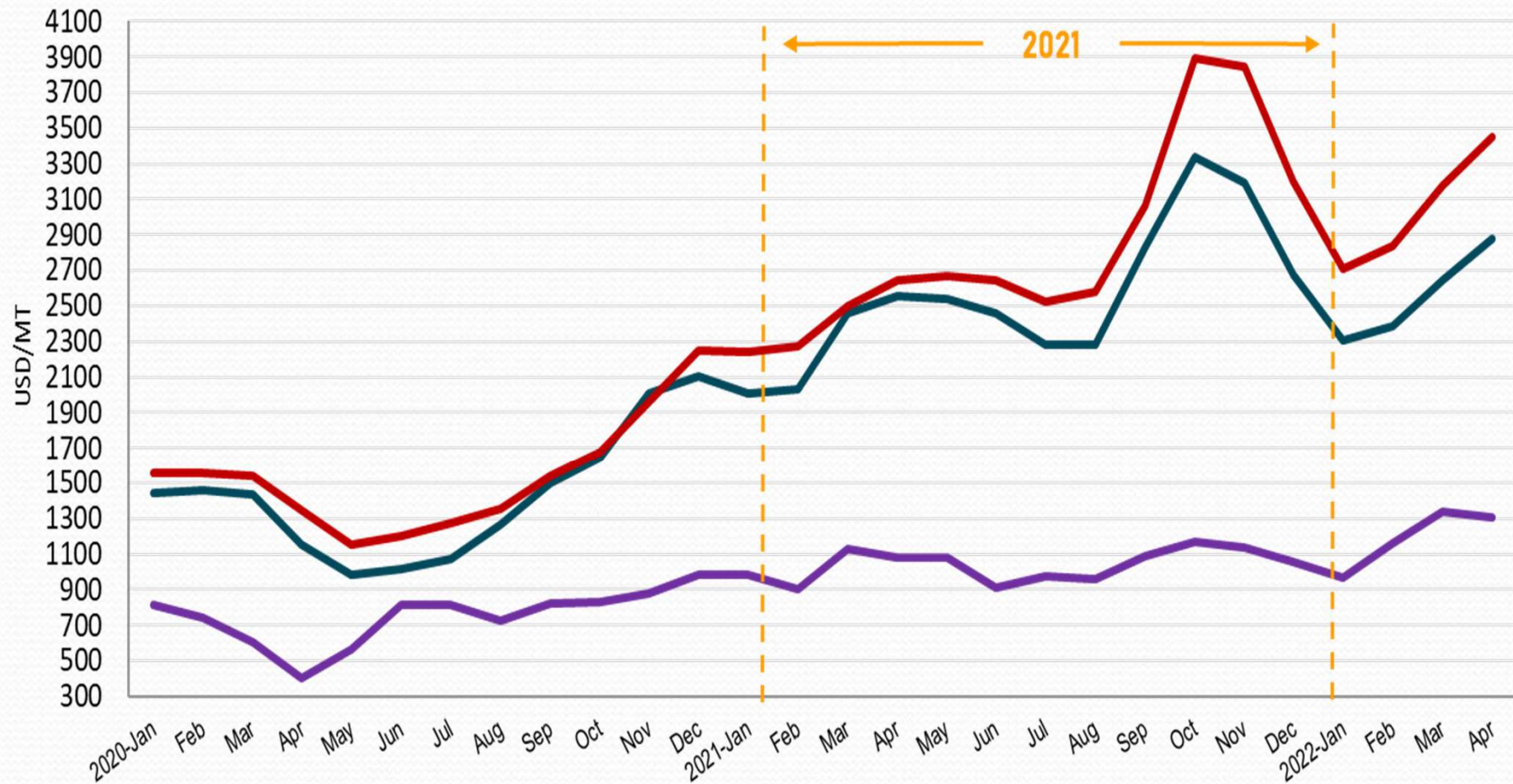
# Business Review of 2021—LDPE

- ◆ In 2021 Q1, due to the abnormal weather in North America, PE exports from America were significantly reduced, which led to Q1 Asia LDPE price moving up. In Q2, the North American petrochemical plants gradually recovered, the PE price reversed and fell. In the second half of the year, worse port congestion, unstable arrival of deep-sea cargos and uprising ocean freight, pushed the LDPE market price moving up.
- ◆ The new production capacity of autoclave process was mainly to produce EVA, which was very limited in LDPE, so that the supply of coating grade LDPE was tight in Asia.
- ◆ As EVA's price surged and profit margins were much higher than LDPE, we slightly adjusted our product mix that caused LDPE sales volume 20% lower than that of 2020.



# EVA Market Review

— EVA 14%~20% CFR CMP    
 — EVA 22%~30% CFR NEA    
 — Ethylene CFR NEA



Source : Platts / ICIS

# Business Review of 2021—EVA

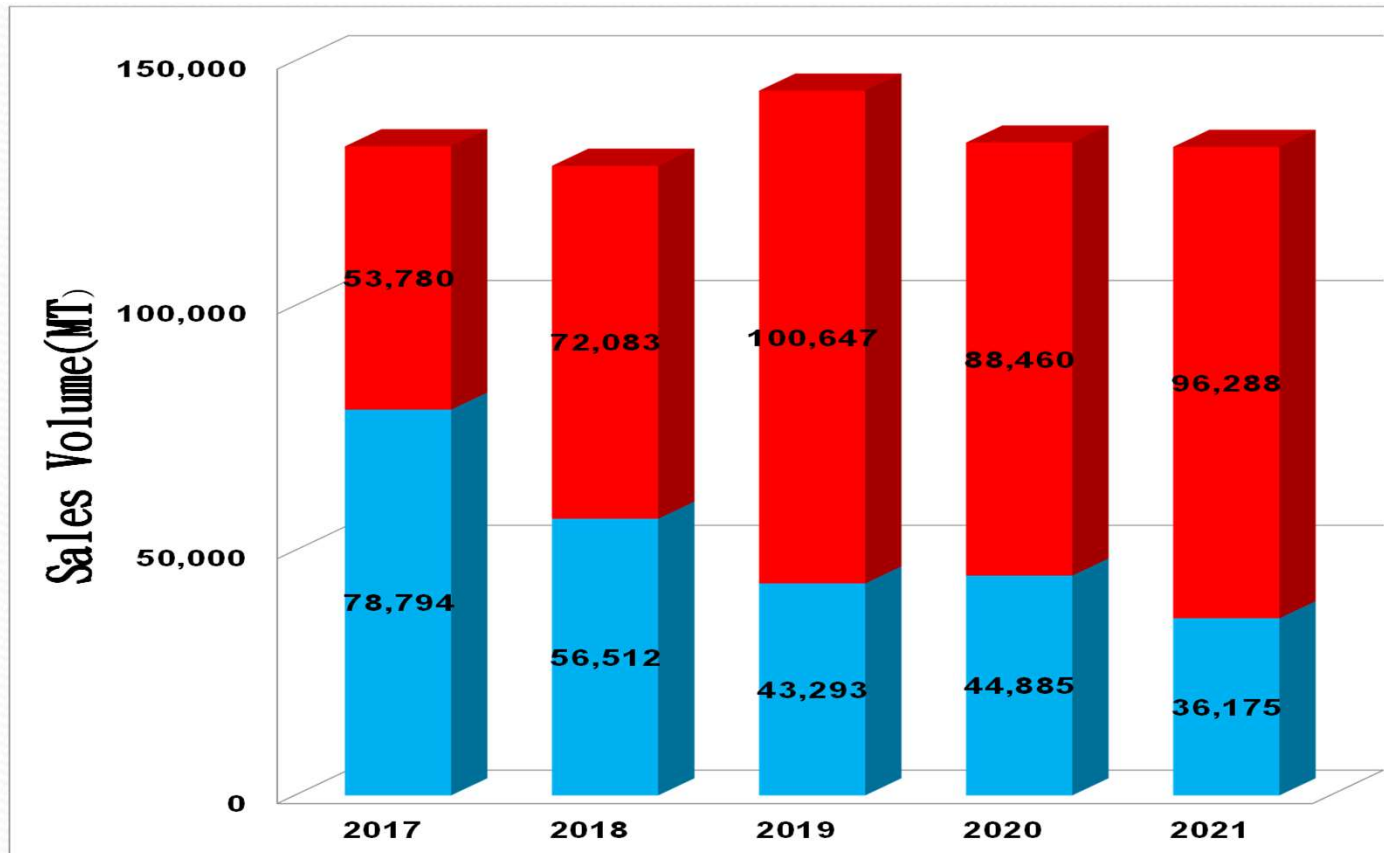
- ◆ In 2021, the supply/demand situation of EVA had great change. In Q1, the US suffered from severe cold weather, which caused global supply/demand imbalance and price moved up. In Q2, the PV demand has turned weak, coupled with the release of EVA new capacity in China, the EVA price turned down. In the second half of the year, the demand of solar energy gradually recovered, and the price started to rise in August. During the end of September to mid-October, dual control of energy consumption in China became a big issue. Considering the EVA production in China might be affected, so the quote of EVA price moved up sharply. The price of solar grade rose to around US\$4,000/ton, which was a record high. After mid-November, the price fell down from the peak.
- ◆ The price of Lami EVA in Q4 was also upward. The market hype is not serious as foaming and solar grades due to limited supplier and less trading participants, and that resulting in the Lami-EVA price rally lagging behind, we adjusted the sales of product mix in Q4, that caused the sales volume of Lami-EVA in 2021 was about 18% lower than that in 2020.

# Business Review of 2021

## \* LDPE/EVA Sales Volume Comparison

Sales Volume (KMT)	2020	2021	Increase (Decrease)
LDPE	45	36	(9)
EVA	88	96	8
Total	133	132	(1)

# Sales Volume in Recent Five Years



	2017	2018	2019	2020	2021
LDPE	78794	56,512	43,293	44,885	36,175
EVA	53,780	72,083	100,647	88,460	96,288
<b>TOTAL</b>	<b>132,574</b>	<b>128,595</b>	<b>143,940</b>	<b>133,345</b>	<b>132,463</b>

# Business Outlook of 2022

## ■ Overview :

The Russia-Ukraine war could remand lock in stalemate, crude price would be uprising rather than falling, the epidemic in China is taking prevention and control policies, all of those could suppress the demand for downstream petrochemical products. Inflation may bring concern to global economic growth. High ocean freight and port congestion are not resolved. Due to the war and boycott of Russia, the trading map of ethane and natural gas in Europe has been reshuffled. There are still many variables and uncertainties in near future.

- The outlook for solar demand is optimistic, due to green energy and carbon reduction issues are hot, and Europe and the US are gradually emerging from the haze of the epidemic. Most countries are developing the way to coexist with the virus, and the impact of the epidemic is expected to gradually ease.

## ■ Ethylene monomer :

Crude price remained high and ethylene price rose sharply in Q1, but demand for most ethylene derivatives were poor. In the past two years, due to the expansion of petrochemical plants in China and South Korea and the increasing of export capability of North America, the Asia ethylene supply environment is expected to become looser.

# Business Outlook of 2022

## ➤ Sales of LDPE/EVA :

- LDPE : In 2022 Q1, due to the unstable delivery time of deep-sea cargo from US and Mid-East, LDPE supply in Asia is tight, and the price of LDPE coating grade maintained at high level. We will still focus on the niche market.
- Solar energy : Q1 demand is obviously better than that of previous years, which greatly eases the pressure from EVA new expansion. After the Chinese New Year, the EVA supply became very tight again due to strong solar demand. In 2022, the China solar installation estimated to be 75~90GW, the global forecast estimated to be 195~240GW, and the annual growth rate is 20~40%.
- The EVA new expansion in China has come to an end temporarily, and it is estimated that there is still about 600 to 700 thousand tons per year of new capacity in Q4.
- The demand growth of foaming grade in China is slowing down. Solar grade has become the largest EVA application in China. The demand situation of solar grade has become the key driving force of the EVA market.
- There are limited EVA coating grade supplier. The price is relatively stable due to less market speculation. Our product mix will be flexibly adjusted depending on the price difference between coating grade and foaming grade.

# Finance Information

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Speaker : Nicolás Chen Manager

# Consolidated Statements of Income

(In millions of NTD, except per share data)

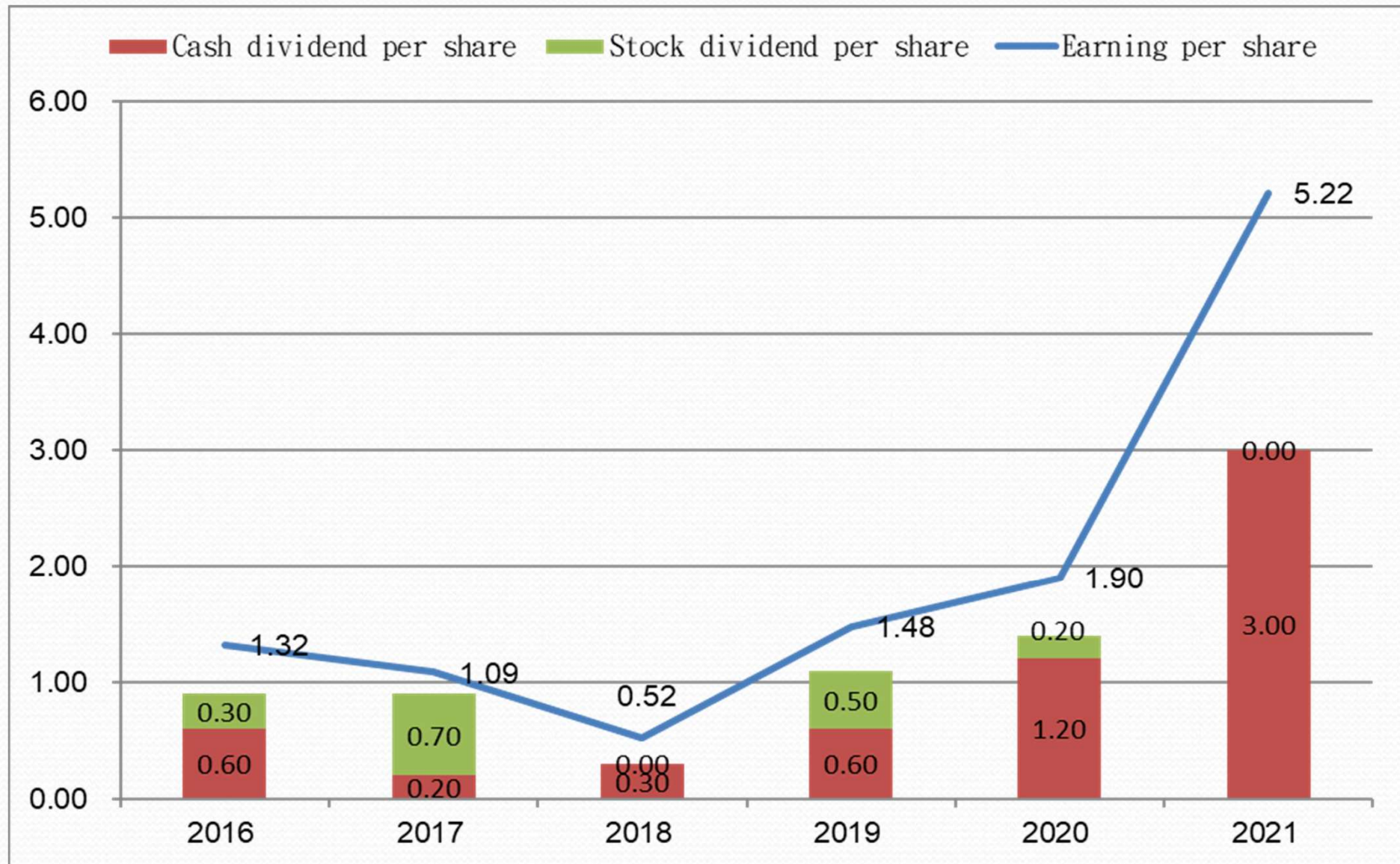
	2022Q1	2021Q1	QoQ%	2021	2020	YoY%	2019
Sales	2,142	1,853	16%	9,566	5,704	68%	6,791
Cost of goods sold	1,585	1,210	31%	5,968	4,574	30%	5,756
Gross profit	557	643	-13%	3,598	1,129	219%	1,035
gross profit ratio	26%	35%		38%	20%		15%
Operating expenses	90	71	27%	278	207	35%	237
Operating income	466	572	-18%	3,319	922	260%	798
operating income ratio	22%	31%		35%	16%		12%
Non-operating income(loss)	(193)	97		419	363		186
Income before income taxes	273	669	-59%	3,738	1,285	191%	985
Income taxes	43	114	-63%	637	182	250%	164
Net income	231	555	-58%	3,101	1,104	181%	821
net income ratio	11%	30%		32%	19%		12%
EPS	0.39	0.95		5.22	1.90		1.48
Adjusted EPS		0.93			1.86		1.38



# Financial Ratio Analysis

	2021Q1	2020Q1	2020	2020	2019
Operating income margin(%)	21.8	30.9	34.7	16.2	11.8
Net income margin(%)	10.8	30.0	32.4	19.3	12.1
Debt ratio(%)	15	26	19	28	40
Current ratio(%)	263	158	211	200	200
Quick ratio(%)	221	130	173	171	179
Accounts receivable turnover days	51	38	41	48	44
Inventory turnover days	30	28	27	28	37

# EPS vs DPS



# Q & A

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Thanks for attending and kindly appreciate your support.

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