

Asia Polymer Corporation

Operation Performance Highlights

Apr 20, 2017

Agenda	Speaker
Introduction of APC & Business Review and Outlook	Samson Tseng Sales Manager
Finance Information of APC	Nicolas Chen Accounting Manager
Q & A	K. H. Lee President

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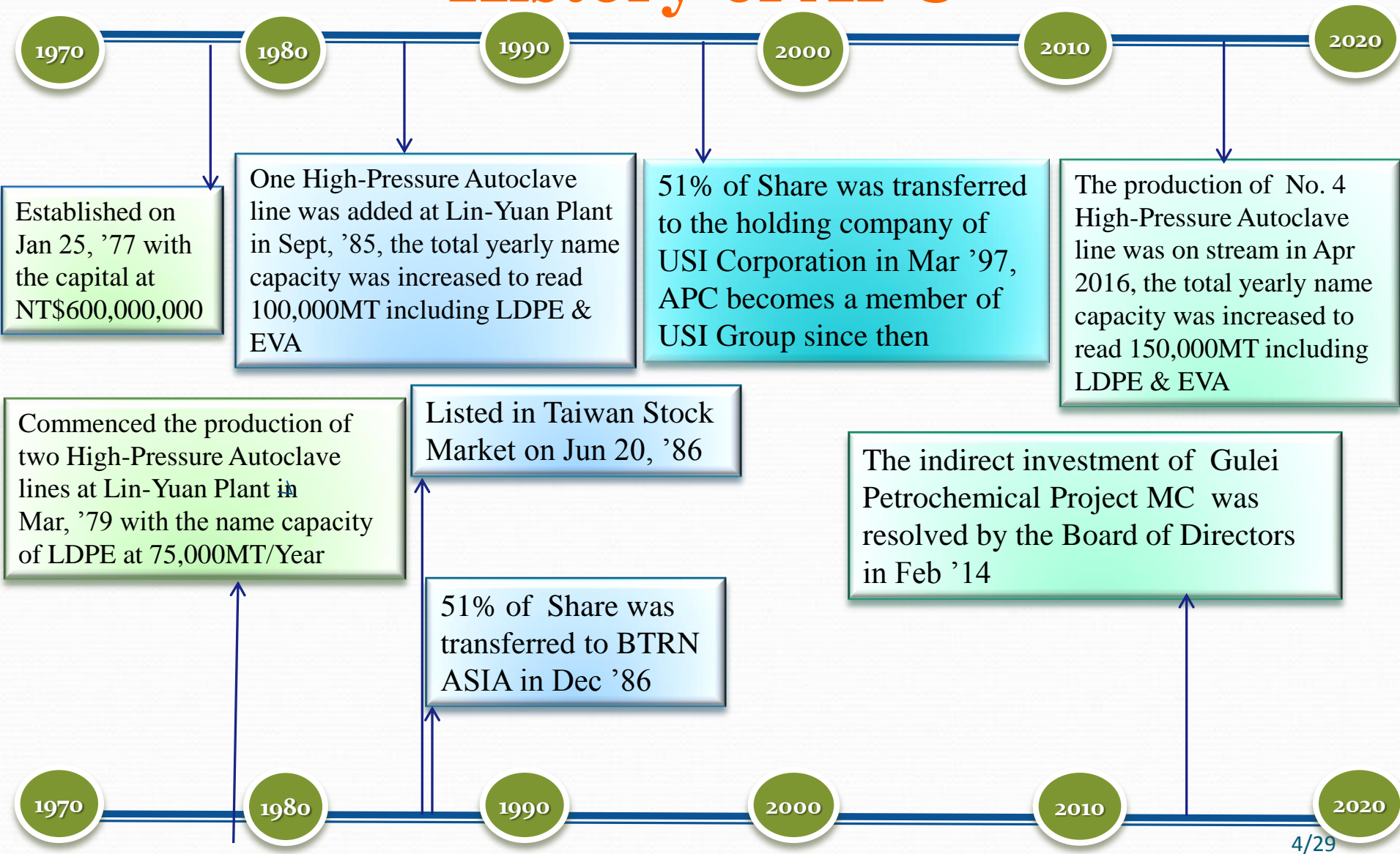
The information in this presentation is not for investment advices.

Introduction of APC

Business Review and Outlook

Speaker :Samson Tseng
Sales Manager

History of APC



Main Products of The Group

APC : LDPE Resins & EVA Resins

- USI : LDPE Resins & EVA Resins
HDPE Resins & LLDPE Resins
- CGPC : PVC Resins 、Compounds 、Pipes 、Profiles 、Sheets 、
Artificial Leather 、Consumed Products
- TTC : EPS Resins 、GPPS Resins 、HIPS Resins 、ABS Resins 、
SAN 、Glass Wool 、Cubic Printing
- TVCM : Vinyl Chloride Monomer
- Swanson : Stretch Film 、Emboss Film 、Diaper 、Food-Wrap Film 、
Protection Film 、Heavy Duty Bag 、Lamination Film 、
Shrink Film 、Release Film...etc.

Introduction of APC

Date of Establishment	Jan 25, 1977
Capital	NT\$5,030,000,000
Employees	234 (2016. 12. 31.)
Revenue (2016)	Individual : NT\$5,750,000,000 Consolidated : NT\$5,890,000,000
Production Equipment	4 High-Pressure Autoclave Production Lines with the name capacity at 150,000MT/Year
Main Products	LDPE Resins & EVA Resins

Main Locations of APC

Head Quarter & Lin-Yuan Plant

No. 3, Industrial 1st Road,
Lin-Yuan., Kaohsiung



Taipei Office

12F, No.37, Ji-Hu Road,
Nei-Hu Dist., Taipei



LDPE

APC's Products and The Applications

產品

應用

Lamination & Coating Grades

Injection Grades

Film Grades & Tube Grades

Liquid Packaging 、Flexible Packaging 、Food Container/Industrial Paper Coating
Toys 、Can Lids 、Artificial Trees 、Micro Fiber
General Packaging 、Cosmetic/Industrial Tubes 、Bottles



EVA

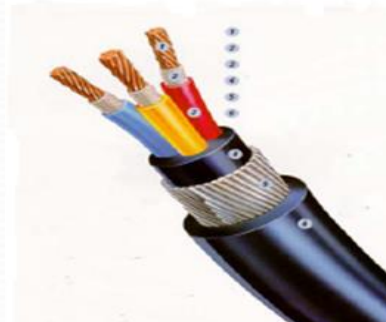
APC's Products and The Applications 26

產 品

Foam & Extrusion Grades
Lamination Grades
Solar Grade
HMA Grades & W&C Grades

應 用

Mid-High End Shoe Soles 、Foamed Sheets 、
Housewares 、PEVA Sheets 、Adhesives
Thermal Films
Encapsulation Films for Solar Cell
Hot Melt Adhesive 、Wire & Cable



Business Review of 2016

Sales Volume (KMT)	2015	2016	Increase (Decrease)
LDPE	70	80	10
EVA	36	45	9
Total	106	125	19

Business Review of 2016

Crude Oil / Ethylene Monomer:

- * **Crude:** **H1**→Strong uptrend, **H2**→Comparatively stable.
- * **C2:** * Status: * Speculation, Prices between **US\$1000~1200/MT.**
 - * Taiwan needs import partly , **cost increased.**

Strategy: **High-Valued Products / Best Product Mix**

Sales of LDPE/EVA:

- * **Prices** : To adjust Dom/Exp prices based on **Cost & Market.**
- * **Dom Sales:** Appropriate **market layout**, performance was in order.
- * **Exp Sales** : * Status: **New capacity competed** in Asia, sales pressure increased.
 - * Strategy: * **Strengthened the relationship** between the end users & APC.

Business Review of 2016

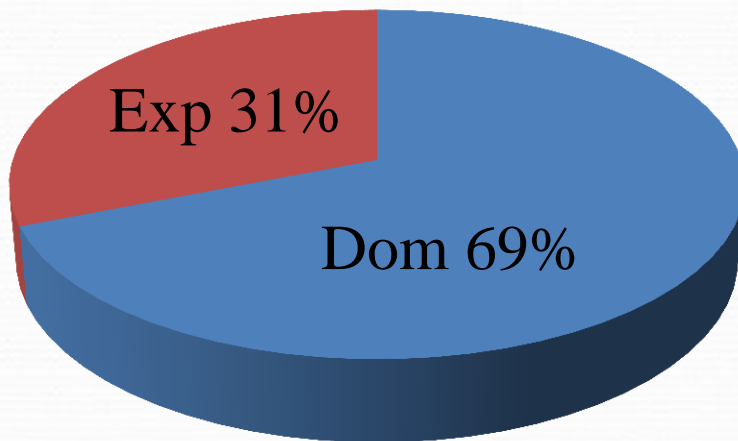
* Utilized the **unique performance and flexibility** of the **process** developing and producing **multiple high-valued products** to **match the special quality requirement** of modern finished products of which APC has won reputation in the market.

* General Status of 2016:

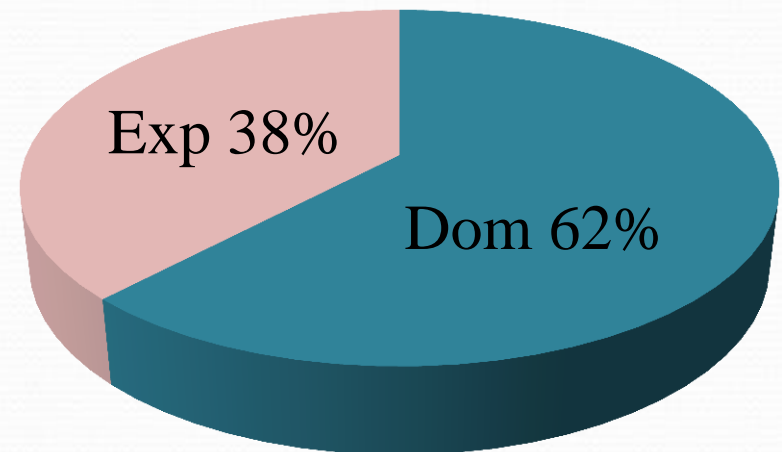
Sales of **LDPE** at 80KMT/Y, **13.9%** increased vs. 2015(**high-valued market developed**); **EVA** at 45KMT/Y, **24.6%** increased vs. 2015 (**L#4 onstream & high-valued market of export developed**); **Overall** sales at 125KMT, **17.5%** increased vs. 2015; **Revenue** increased at **13.9%** vs. 2015; Total **sales volume** exceeds production at **3.5KMT/Y**.

Ratio Between Dom/Exp of LDPE Sales

2015

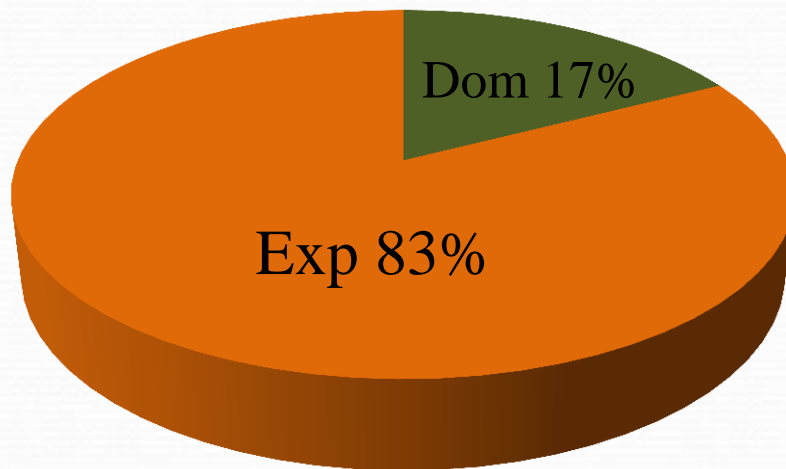


2016

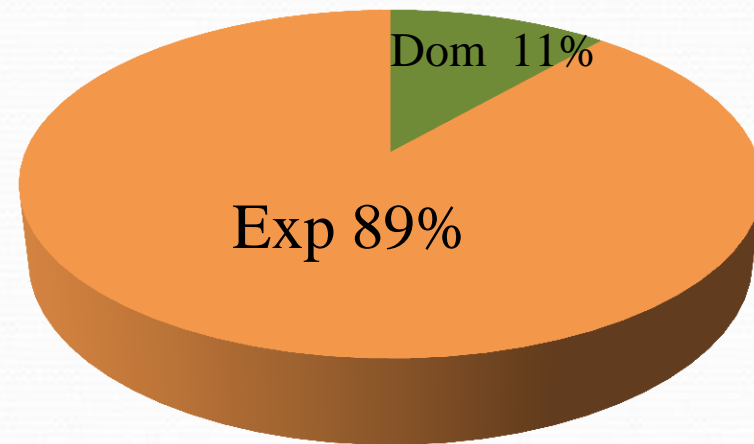


Ratio Between Dom/Exp of EVA Sales

2015

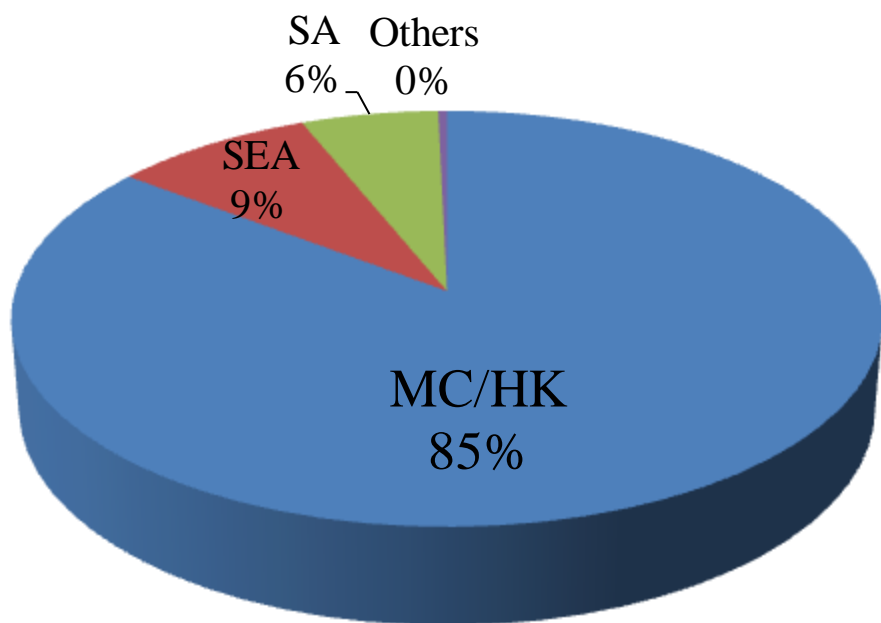


2016

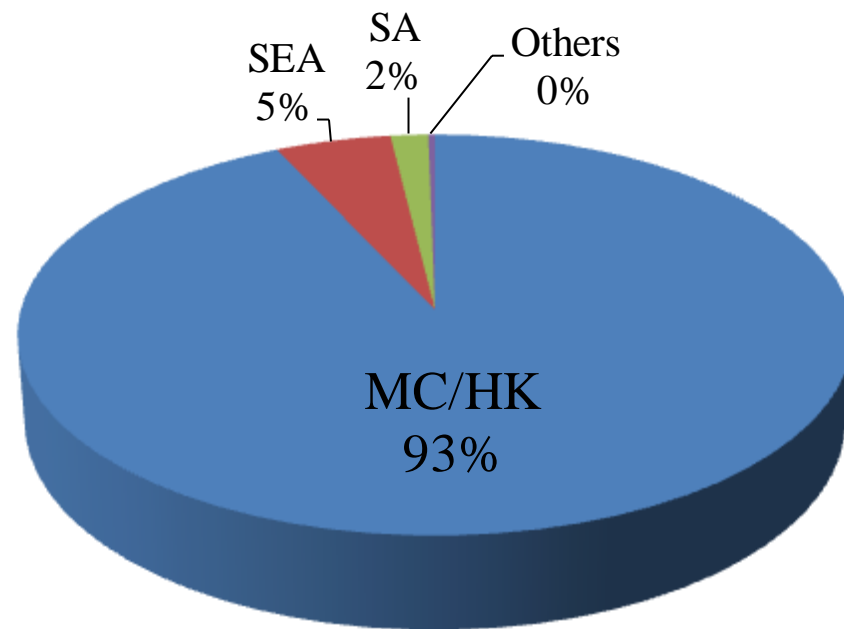


The Exp Area of LDPE Sales

2015

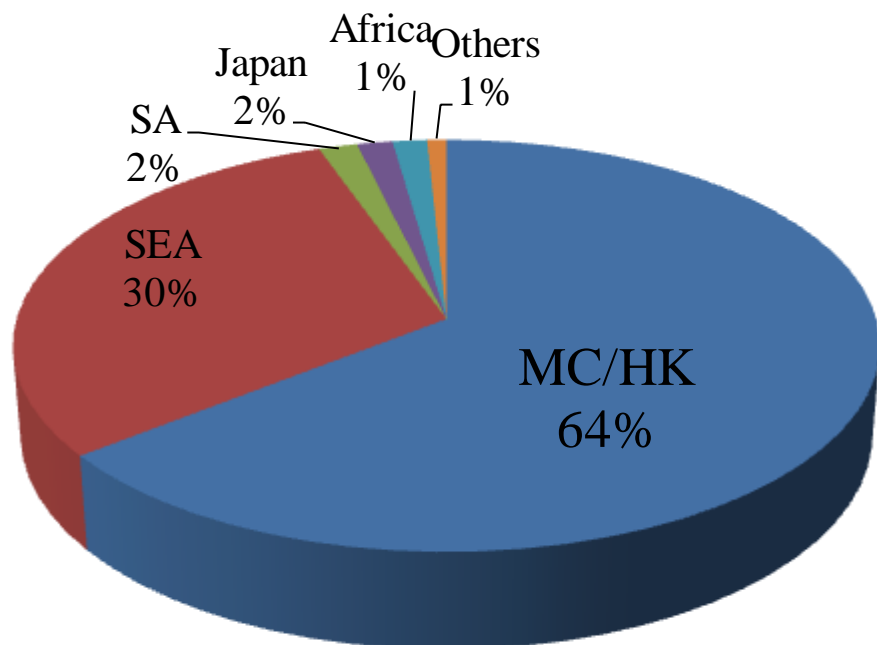


2016

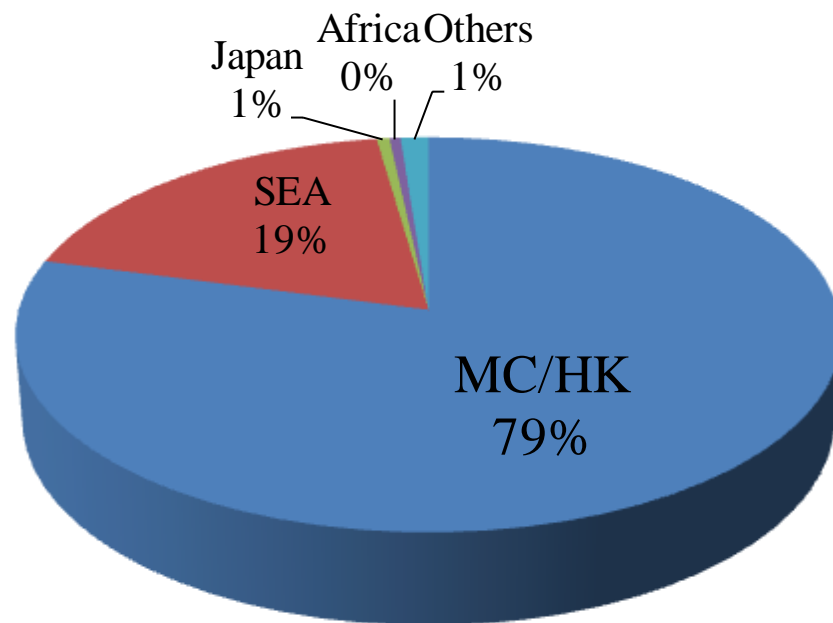


The Export Area of EVA Sales

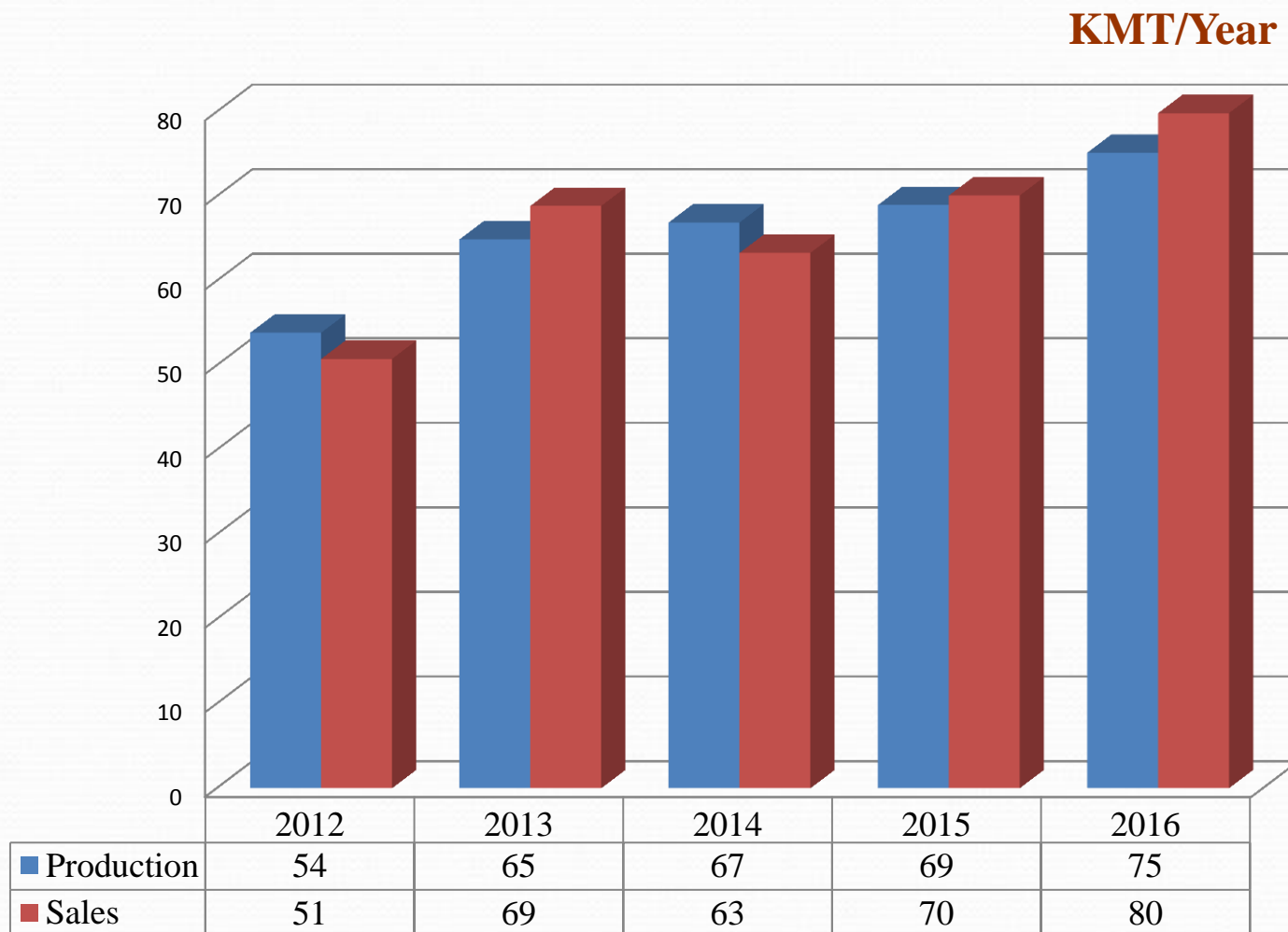
2015



2016

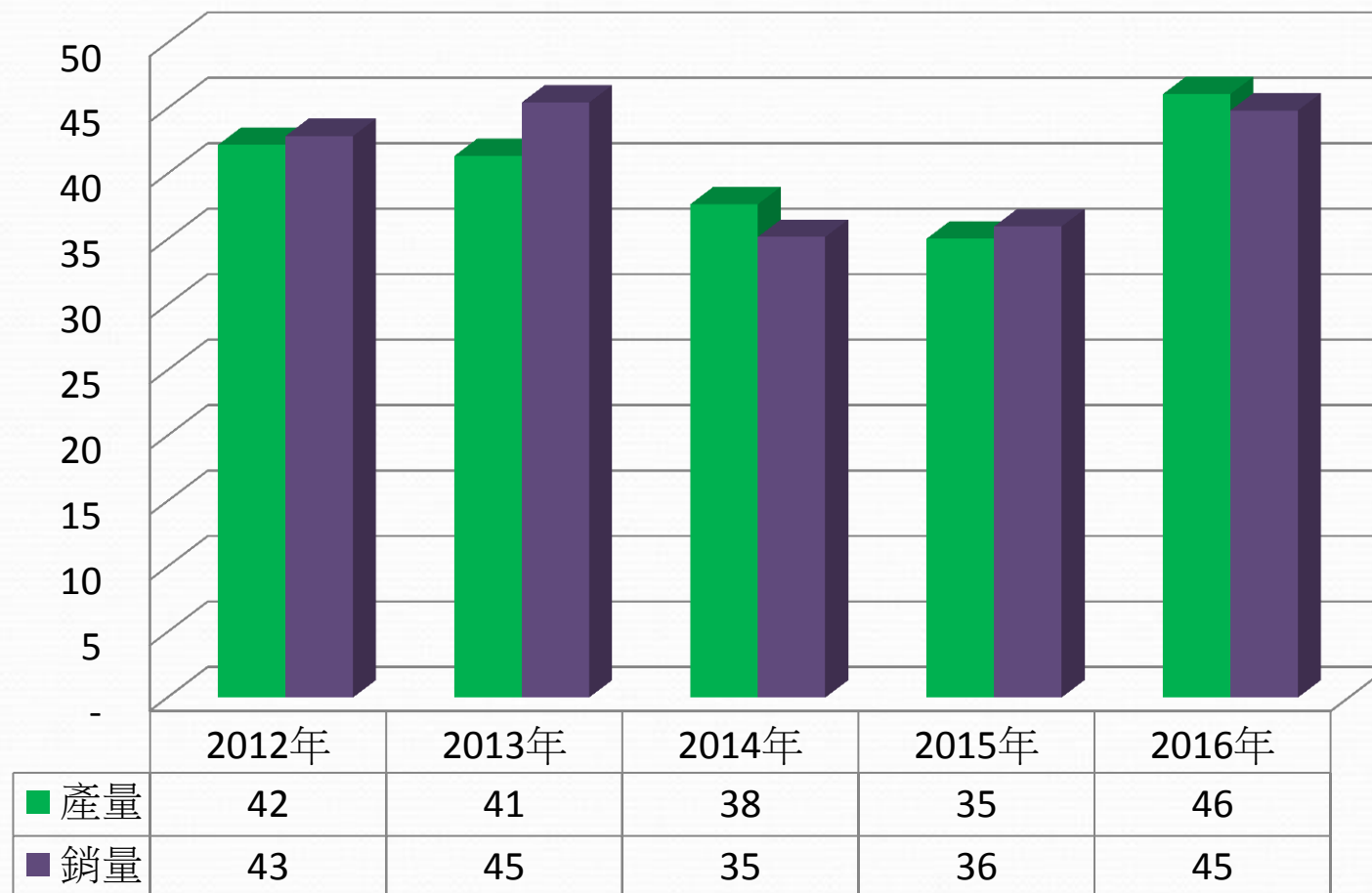


The Volume of LDPE between Production & Sales



The Volume of EVA between Production & Sales

KMT/Year



Business Outlook of 2017

Crude Oil / Ethylene Monomer:

* **Crude:** Prices fluctuated, Shale Oil tends to come back, less chance of sharp increase of price.

* **C2:** * Status: * Long shutdown of New N/C #3, pressure of material shortage & cost increased.

* Less impact by N/C #4 overhaul in Nov '17, C2 supply in rest of 2017 might not be tight.

Strategy: * To prepare C2 sources in advance and try to make up the inventory of C2 through every possible channels.

Business Outlook of 2017

Sales of LDPE/EVA:

- * **Dom Sales:** Flexible pricing policy → To enlarge the high-valued market of LDPE Lamination and EVA Shoe Sole Foaming.
- * **Exp sales:** * Status: Cheaper LDPE/EVA products (Tubular process mainly) converted from Shale Gas plus new capacity of China would invade Asian market, the Sales might become tougher.

Business Outlook of 2017

- * Strategy:
 - * To raise the **service quality** and keep better **relationship** with customers so to maintain **the market share** at normal.
 - * To continuously utilize the **unique performance** of **Autoclave** process producing products which are **difficult to replace** to maintain and even enlarge **high-valued market**.
- * **Others**
 - * By conducting the organism of **appropriate product mix**, APC might be capable to balance the **cost & market requirement** to approach the target of **best market layout & max. profit margin**.

Industrial Safety & Environmental Protection



* To strengthen the safety control of the operators/neighbors at the plant site and to raise the operating liability of the production facilities, Lin-Yuan Plant has been conducting:

“General Safety Management System”

“Special Safety Management System”

Certificates of Quality Management System

● ISO-9002

● ISO-9001

Certificates of SHE Management System

● ISO-14001

● OHSAS-18001

Attained Environmental Sustainability Award in 2013 from SGS Certification.

Reached 2. 65 million safe working hours from Oct., '10 ~ Mar., '17

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) : 台聚關係企業 approximately 27.38 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

- Shareholders of Taiwan and China co-signed the JV agreement and corporate charter in May 2016.
- Registration of Fujian Gulei Petrochemical Co. Ltd. was complete in Xiamen on November 7, 2016.

Finance information

Speaker : Nicolás Chen Manager

Consolidated Statements of Income

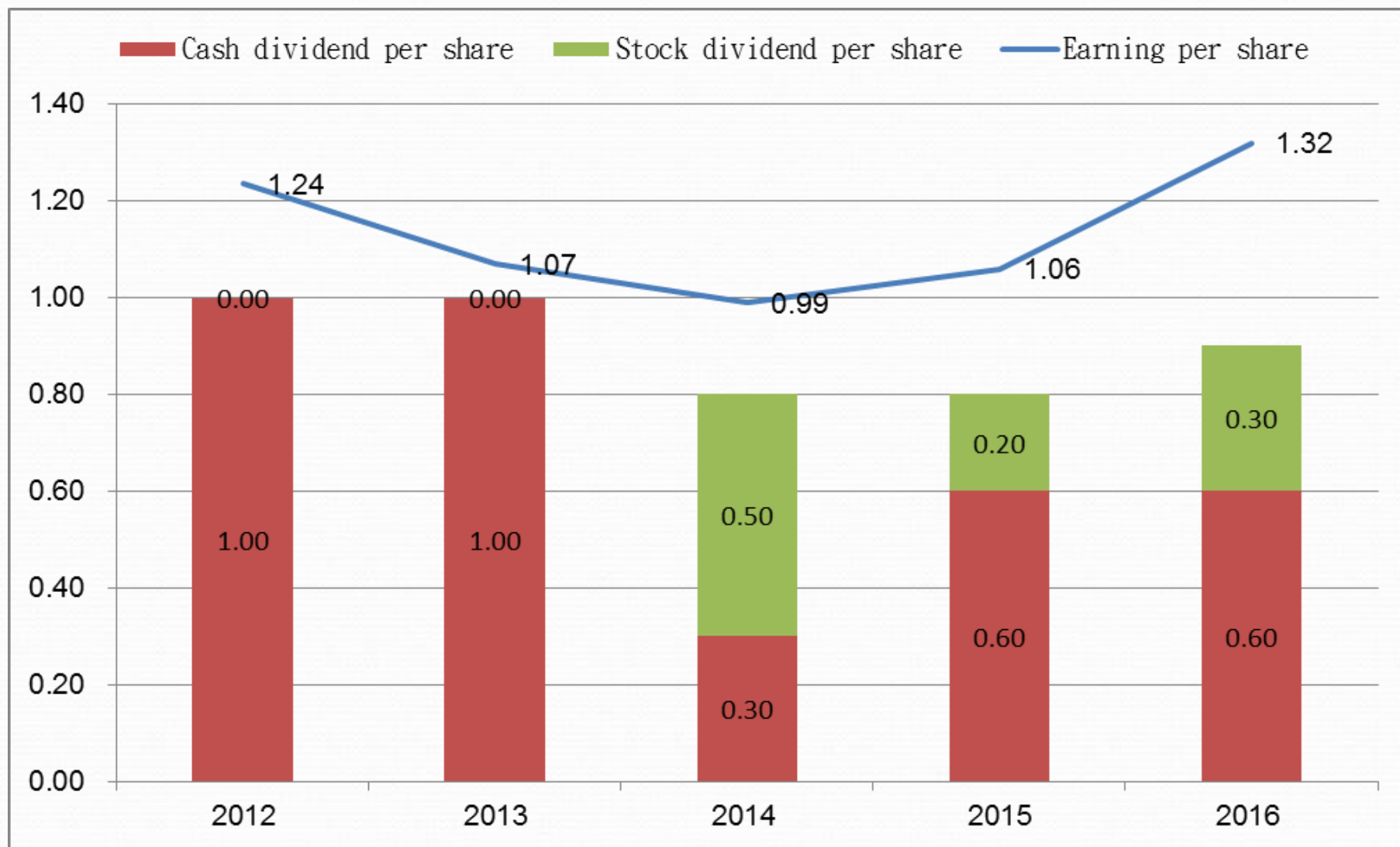
(In millions of NTD, except per share data)

	2016	2015	YoY%
Sales	5,893	5,187	13.6%
Cost of goods sold	5,113	4,578	11.7%
Gross profit	780	609	28.1%
gross profit ratio	13%	12%	
Operating expenses	212	197	7.6%
Operating income	568	412	37.9%
operating income ratio	10%	8%	
Non-operating income(loss)	225	226	-0.2%
Income before income taxes	793	637	24.4%
Income taxes	122	98	24.3%
Net income	671	539	24.4%
net income ratio	11%	10%	
Net income attributable to			
- APC	666	532	25.3%
- former owner	5	8	
Earnings per share	1.32	1.06	

Financial ratio analysis

	2016	2015
Operating income margin(%)	9.6	7.9
Net income margin(%)	11.4	10.4
Debt ratio(%)	35	14
Current ratio(%)	256	226
Quick ratio(%)	222	144
Accounts receivable turnover days	43	28
Inventory turnover days	52	66

EPS vs DPS



Thank you

Q & A