

# Asia Polymer Corporation

(No. : 1308)

## Legal Person Conference

2018.5.23

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The information in this presentation is not for investment advices.



# Presentation Outline

1. General Status of APC,  
Business Review and Outlook
2. Finance Information
3. Q&A

# General Status of APC

**Reported By: Samson Tseng    Manager of Sales Dept.**

- \* Established Date : Jan 25, 1977**
- \* Capital : NT\$5,181M**
- \* No. of Employee: 234 ( up to May 16, 2018)**
- \* Revenue(2017) : Individual : NT\$6,241M  
Consolidated: NT\$6,404M**



**\*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-End Foaming/Lamination/PV/W&C Grades)**

## \* Corporate Social Responsibility

\* Based on company principle, APC follows the governmental regulation and keeps the commitment against customers to produce High-Valued LDPE/EVA products so to cooperate with them to satisfy the modern market demand and provide a better living environment to approach the vision of world of tomorrow.

\* **Quality Policy:** 「To provide the satisfied operation quality against customers by improving the quality of products and raising the quality of service continuously」.

\* **Environment Policy:** 「To provide more healthy living environment for the neighbors by improving the quality of environment and regularly auditing the achievement of environmental protection operations」.

\* **Human Rights Policy:** 「APC sets up the Human Rights Policy according to the International Law and the Standard of Human Rights to keep away from the behavior of infringement or contradiction against Human Rights」.

## \*The achievement of Energy Saving & Less GHG Emission

\*The data compared between Plan & Actual in 2017

2017	Plan	Actual	Cost Saved
Power Saving Ratio(Power, %)	1.78	4.26	NT\$8,664,038
Energy Saving Ratio(Power+Steam, %)	2.71	3.94	NT\$10,110,678
Less GHG Emission Ratio(%)	2.20	4.03	

\*The volume of total Energy Consumption, GHG Emission, Energy Saving & Less GHG Emission in 2015~2017

Item	2015	2016	2017
Total Energy Consumption Volume(Power+Steam, GJ)	514,394	698,540	787,587
Total GHG Emission Volume(MT CO <sub>2</sub> e)	74,645	101,324	110,863
Energy Saving Volume(Power+Steam, GJ)	6,353	15,492	32,321
Less GHG Emission Volume(MT CO <sub>2</sub> e)	900	2,253	4,659
Energy Saving Ratio(Power+Steam, %)	0.80	1.93	3.94
Less GHG Emission Ratio(%)	0.81	1.99	4.03



## \* 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:

7 items of “General Safety Management System”

4 items of “Special Safety Management System”

### Certificates of Quality Management System

● ISO-9002

● ISO-9001

### Certificates of SHE Management System

● ISO-14001

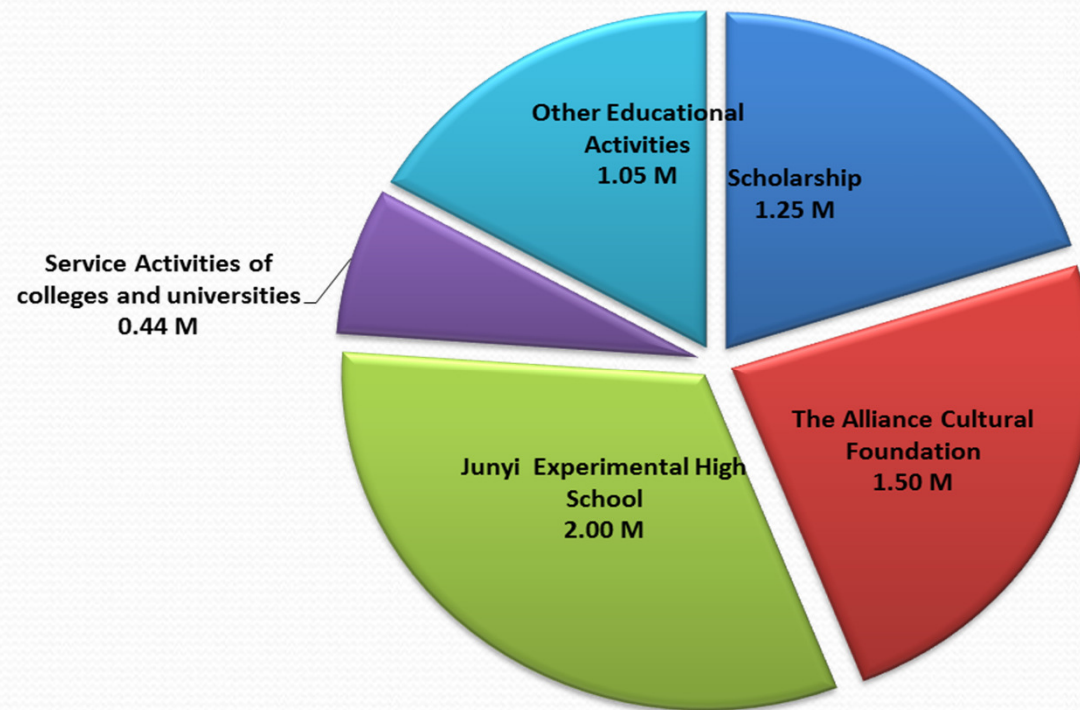
● OHSAS-18001

Attained Environmental Sustainability Award in 2013 from SGS Certification •

APC reaches a new record of Safe Working Hours as there have been not any industrial accident happened to APC from Oct '10 till now •

## \* The Operation Achievement of CSR

\* Based on the principle of “From the society and For the society” , APC has been carrying out its social citizen’s responsibility and participating the activities of public welfare, the operation achievement of Educational Funds of USIG (the Funds was set up by USI & APC on 12/30/11 ) in 2017 is shown as below:





# Business Review and Outlook

**Reported By: Samson Tseng    Manager of Sales Dept.**



# Business Review of 2017

## \* Comparison of Sales Volume between 2016 & 2017

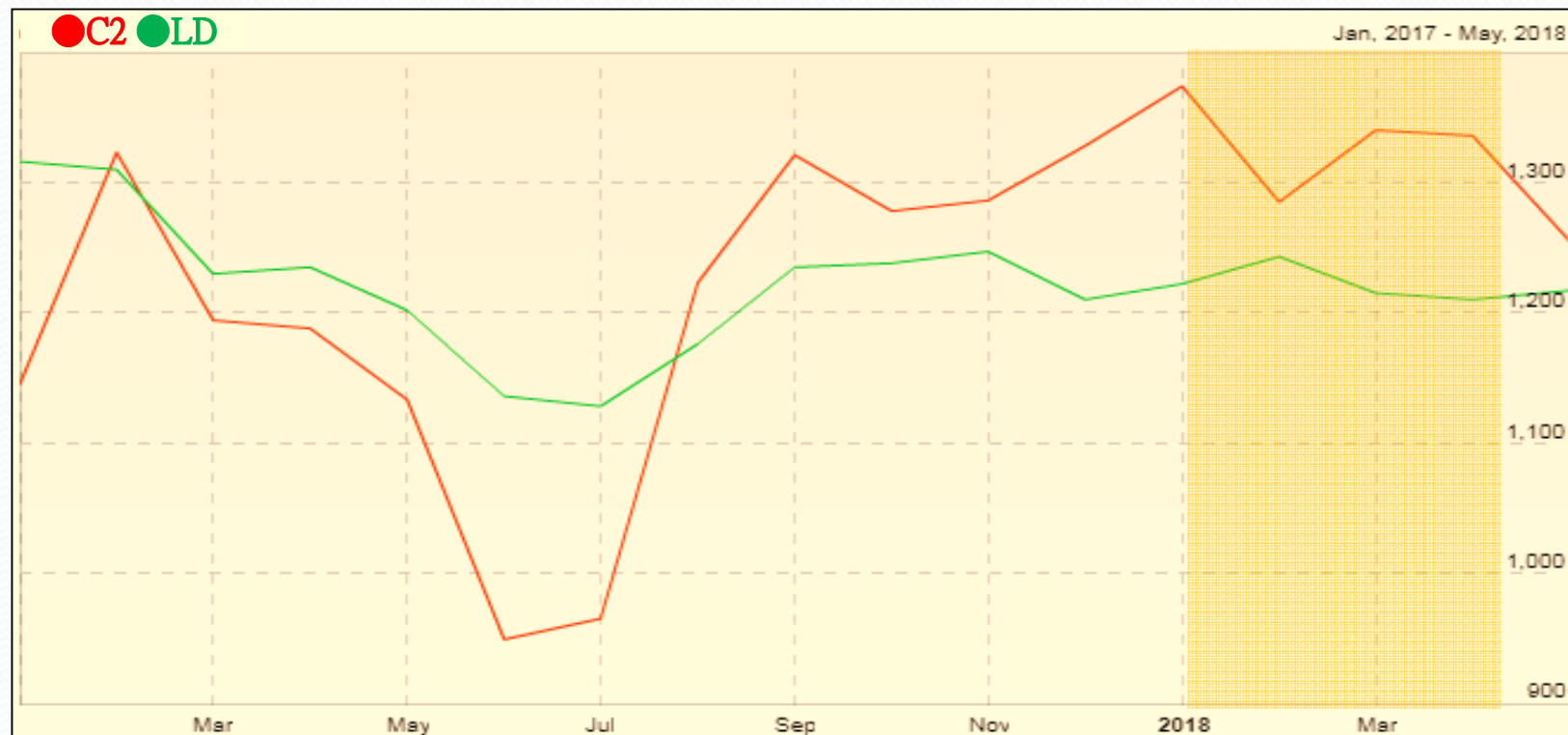
Sales Volume (KMT)	2016	2017	Increase (Decrease)
LDPE	80	79	(1)
EVA	45	54	9
合計	125	133	8

## \*Crude Oil / Ethylene Monomer

\* **Crude:** \* **Status:** Price was kept at low and stable before Oct '17, but gradually increased afterward.



- \* C2 : \* Status: \* Production was unstable in Asia, speculative dealing resulted in price fluctuation, price was even sharply increased due to supply/demand imbalance in Q1 '17 and the period from Aug '17 till early '18 when Asian crackers including CPC's N/C #3 & #4 were in overhaul





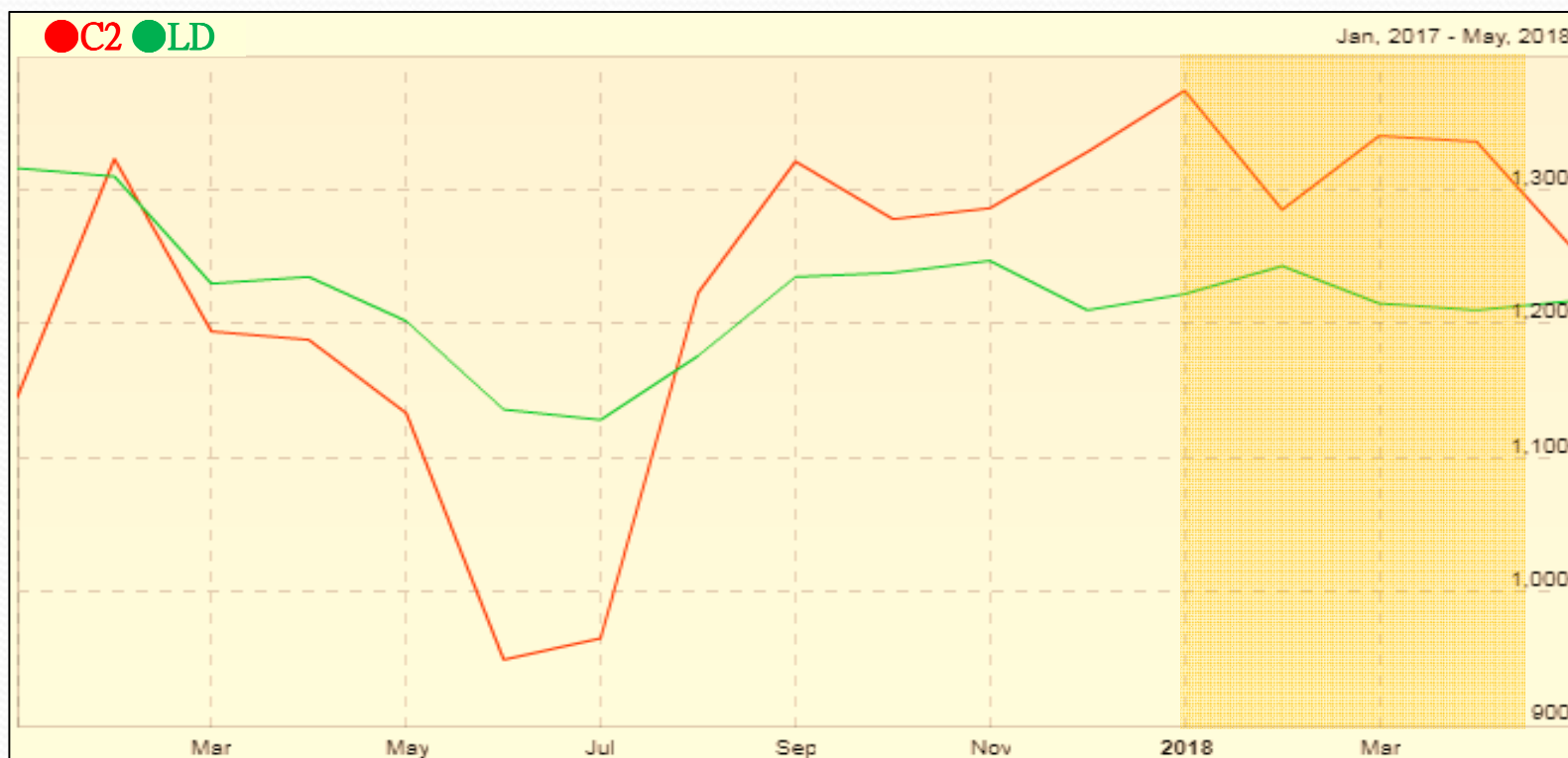
\* Due to CPC's early termination of production of N/C #5 of which resulted in supply limitation of Ethylene, in addition to the new expansion, APC shows insufficiency of Ethylene intake and needs to import partly , cost increased.

\* **Strategy:** High-Valued Products & Best Products Mix→ Produced more high VA content High-Valued EVA to replace more ethylene consumed LDPE.

## \*Sales of LDPE/EVA

- \* **Prices** : To appropriately adjust Dom./Exp. prices according to Operation Cost & Market situation.
- \* **Dom. Sales:** Flexible pricing policy, not only to strengthen steady relationship against the existing customers, but also continuously develop the new customers and market ; the overall performance of Dom. Sales of APC was in order in 2017.

\* **Exp. Sales** : \* Status: New capacities competed in Asia with cheaper prices & the sharply increased cost of Ethylene during Q1/H2 resulted in high business pressure of APC.





- \* Strategy: \* Faced against market competition, APC implemented the flexible strategy in production/sales operation by utilizing the best products mix not only to maintain the existing market but also to maximize the operation benefit.
- \* Utilized the unique performance and the flexibility of Autoclave process developing and producing multiple EVA value-added products such as PV grade, Lamination grade and high-end Foaming/W&C grade to match the special quality requirement of modern finished products of which APC has won reputation in the market and reached the growth achievement of sales volume nearly double compared to which of 2016.

## \* General Status of 2017

Sales Volume of LDPE: 79KMT, 1.3% decreased vs. 2016

(High-valued market continuously developed, considering the increase of ethylene cost the products mix has been modified and the sales volume to the minor market had been reduced. )

Sales Volume of EVA : 54KMT, 19.9% increased vs. 2016

(High-valued export market of PV grade, Lamination grade and high-end Foaming/W&C grade has been actively developed.)

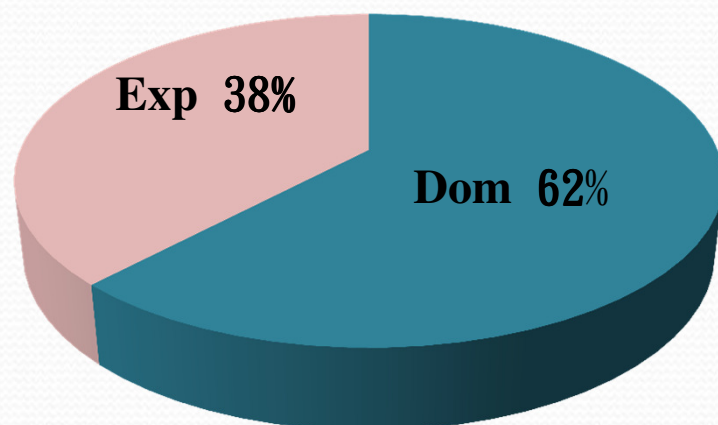
Total Sales Volume of LDPE/EVA : 133KMT, 6.3% increased vs. 2016

Total Sales Amount of LDPE/EVA: NT\$6,241M, 8.6% increased vs. 2016



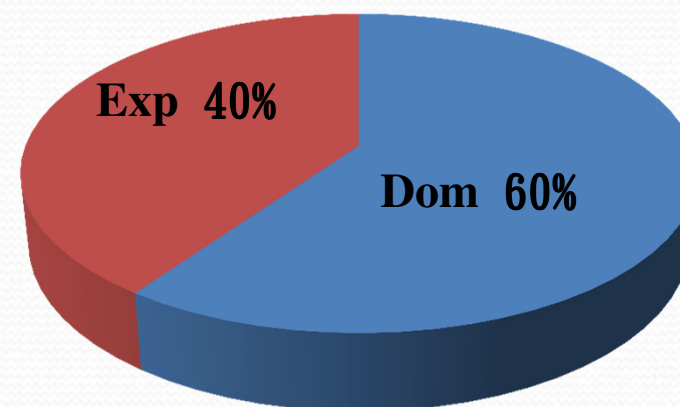
## Ratio Between Dom/Exp of LDPE Sales

2016年



Exp: 30.3KMT; Dom: 49.6KMT

2017年

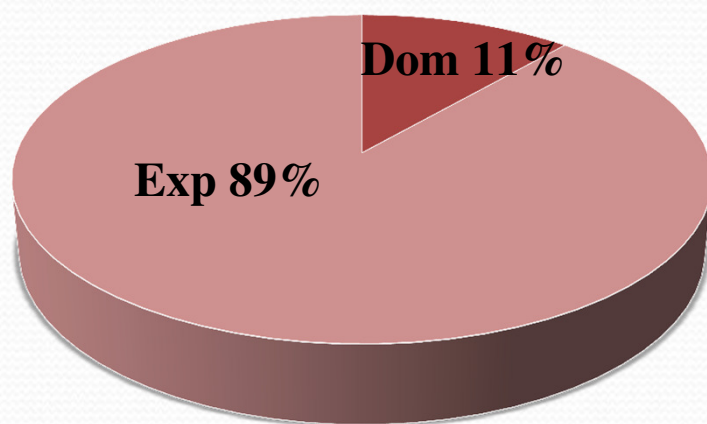


Exp: 31.7KMT; Dom: 47.1KMT



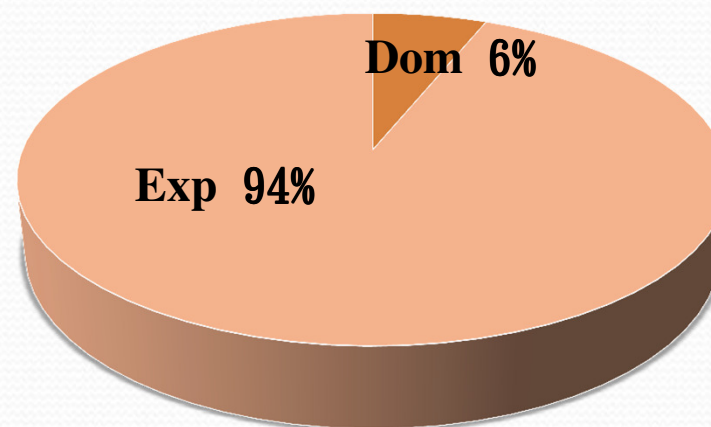
## Ratio Between Dom/Exp of EVA Sales

2016年



Exp: 39.7KMT; Dom: 5.1KMT

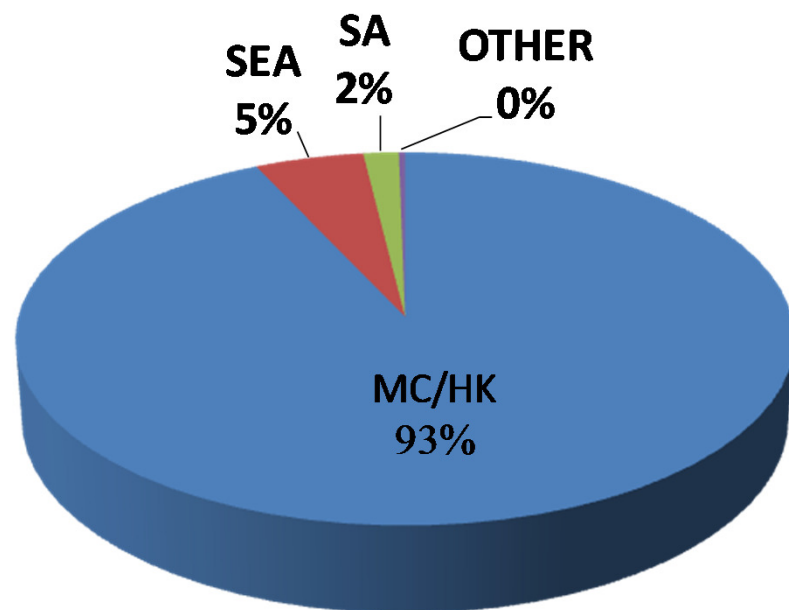
2017年



Exp: 50.5KMT; Dom: 3.3KMT

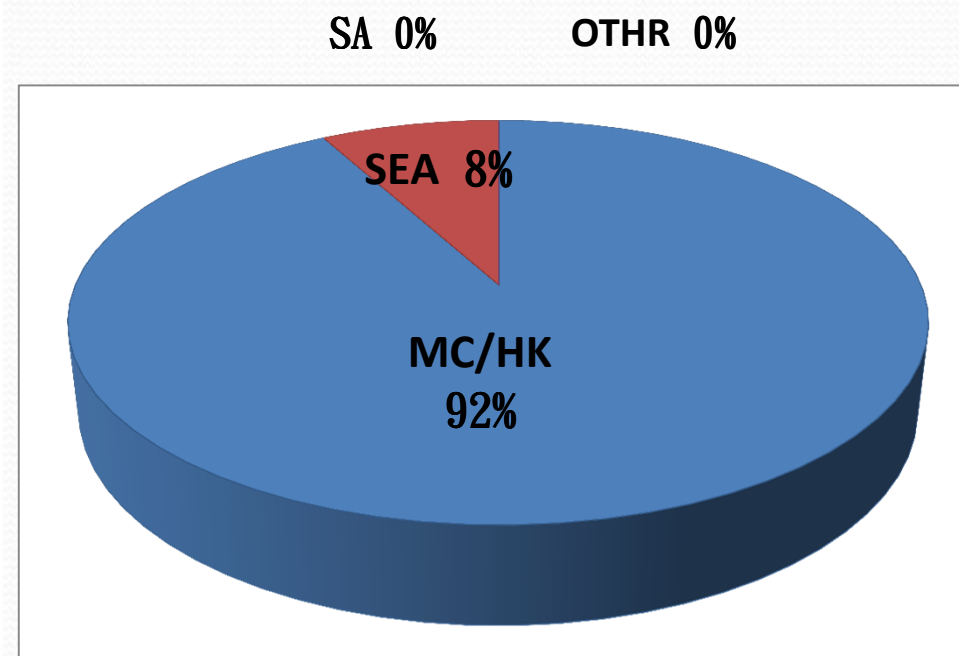
## The Exp. Area of LDPE Sales

2016年



MC/HK: 28.2KMT; SEA: 1.5KMT

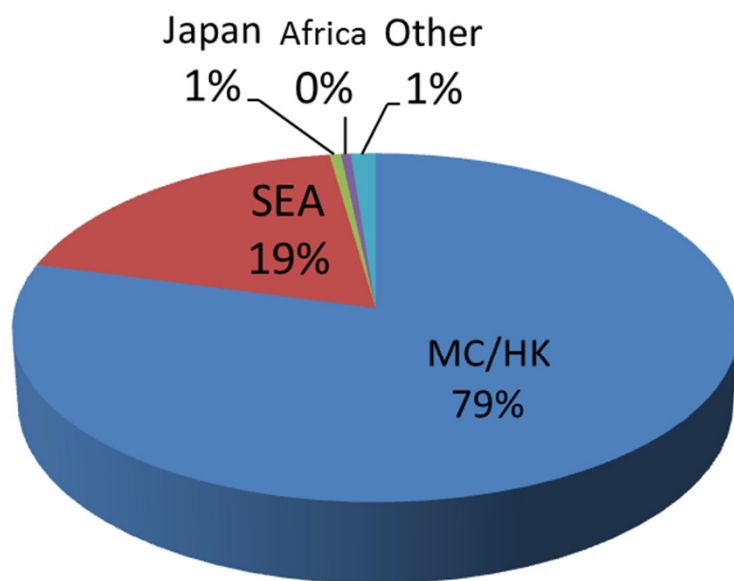
2017年



MC/HK: 29.2KMT; SEA: 2.5KMT

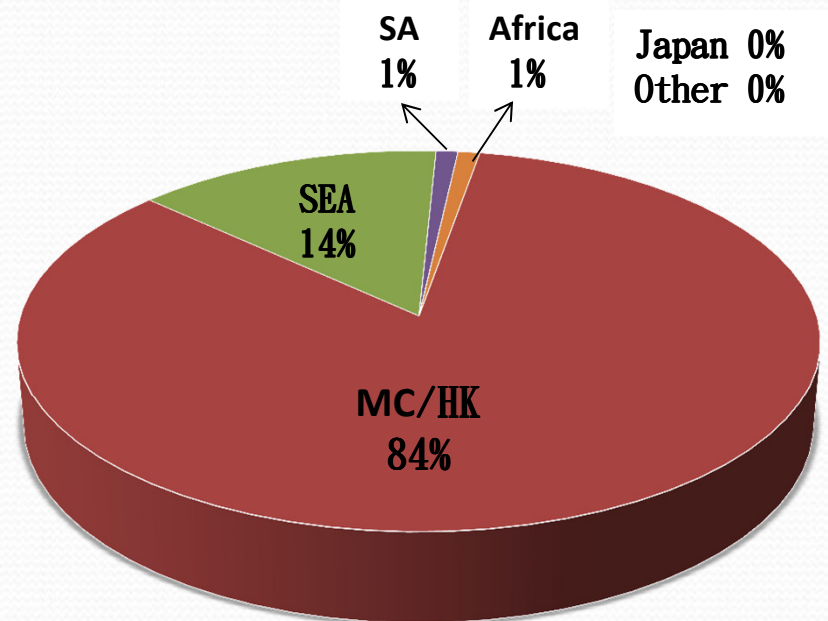
# The Exp Area of EVA Sales

2016年



MC/HK: 31.4KMT; SEA: 7.5KMT

2017年

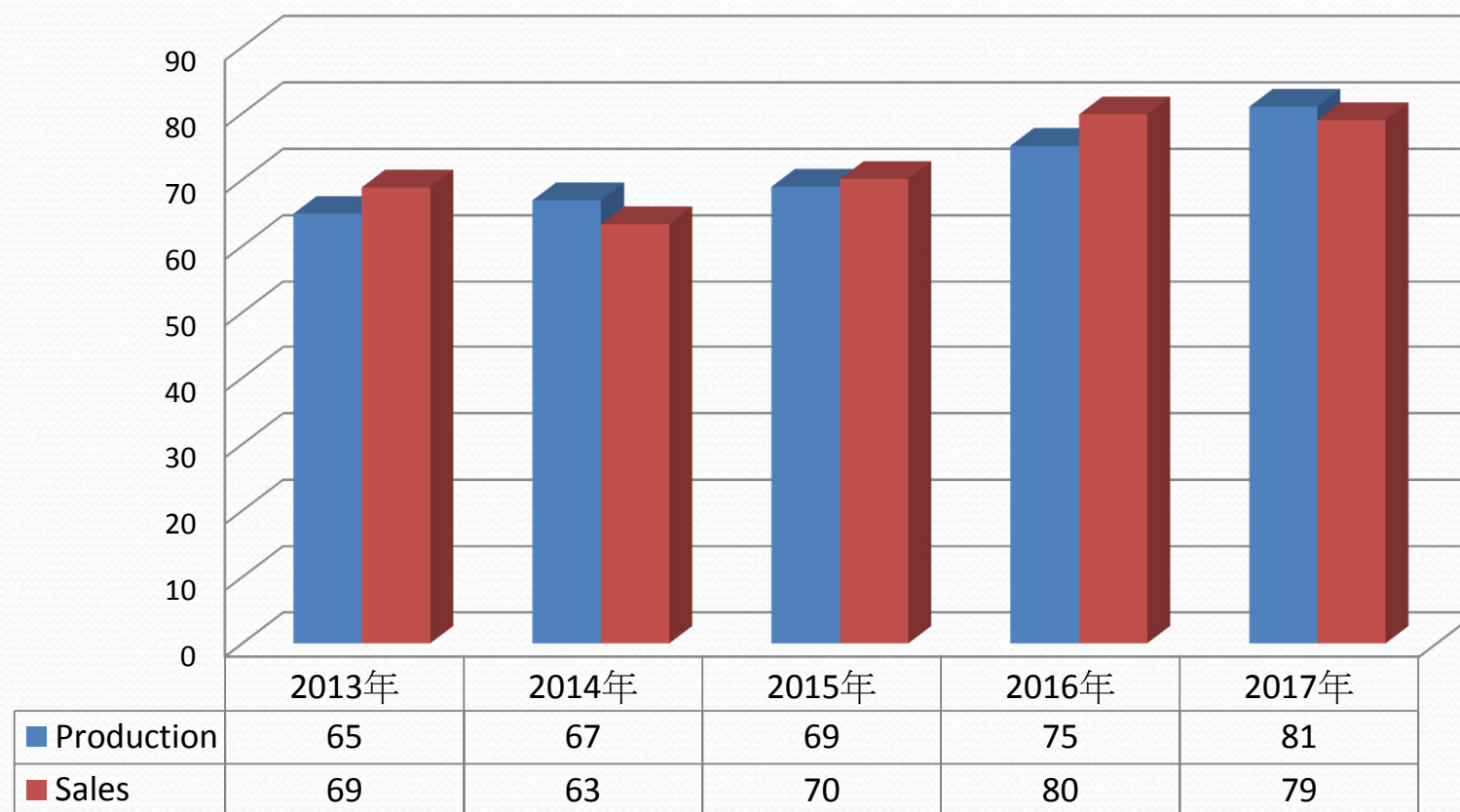


MC/HK: 42.4KMT; SEA: 7.1KMT



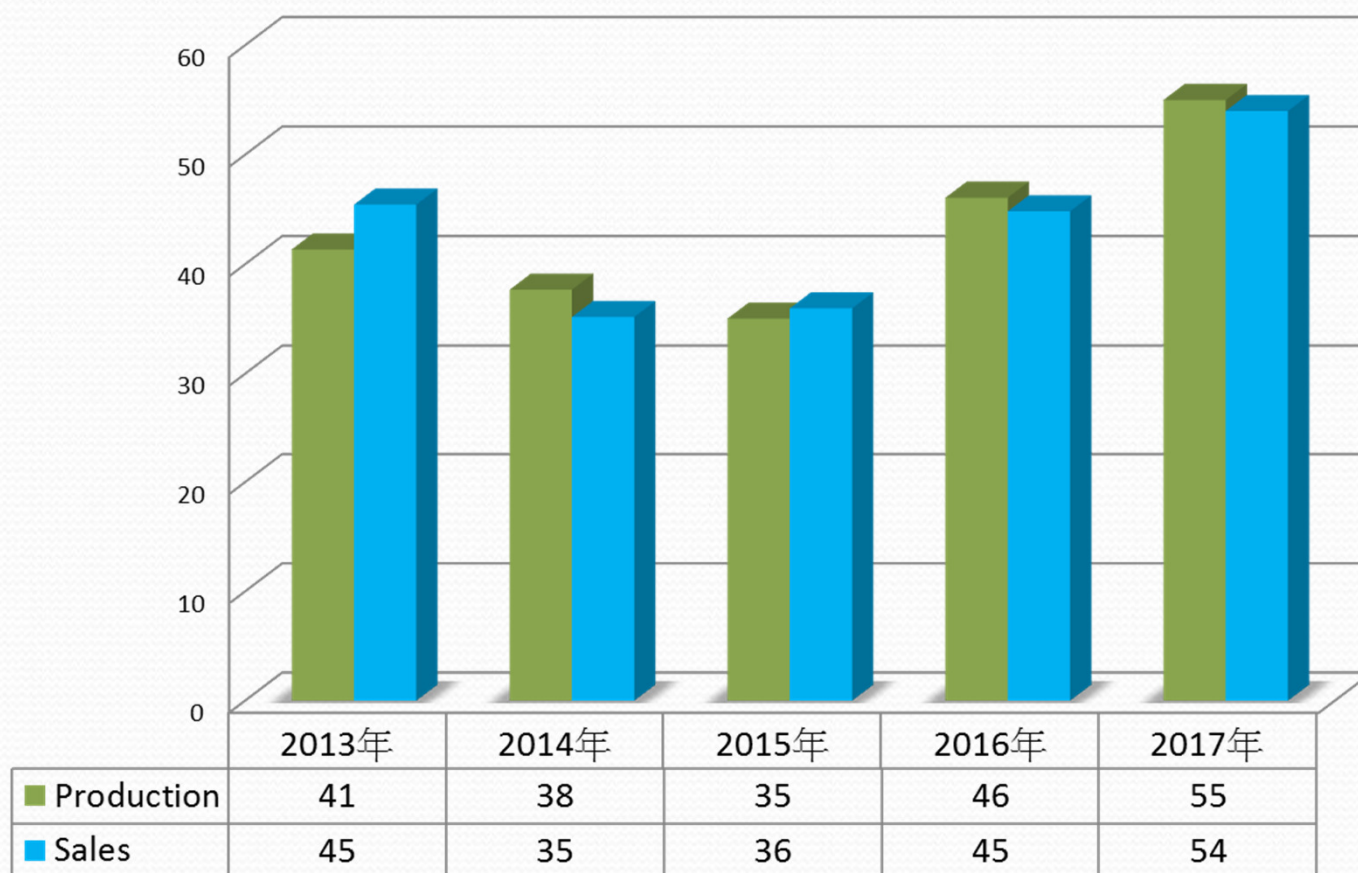
# The Volume of LDPE between Production & Sales

KMT/Year



# The Volume of EVA between Production & Sales

KMT/Year





# Business Outlook of 2018

## \*Crude Oil / Ethylene Monomer

\* **Crude:** Current price fluctuated, future price might possible be increased due to the uncertainty of political situation of Mid-East even though the production of Shale Oil tends to increase.

\* **C2:** \* **Status :** \* Tight supply resulted in higher ethylene price in Q1, however the cost pressure of APC might be lessened because C2 price tends to downward from April due to increasing supply from SEA meanwhile European supply to Asia also increased when indirectly influenced by increasing production of Shale Gas in U.S.A.

\* **Strategy:** \* To contact every possible C2 sources in advance and try to make up the inventory with cheaper C2 through every possible channels including the partner of Gulei Project.



## \* Sales of LDPE/EVA

- \* **Dom. Sales:** Flexible pricing policy→To develop the high-valued market of LDPE Lamination and EVA Foaming grades.
- \* **Exp. Sales:** \* **Status :** Cheaper LDPE/EVA products from the new/expanded capacity of Asia & MC have been continuously competing in Asian market, new capacity of Mid-East being the same; U.S. Products (Tubular process mainly) from Shale Gas is also possible to invade Asia, market might become more competitive.
- \* **Strategy:** \* To raise the quality of Sales & Technical Service to keep better relationship with customers so to maintain the high-valued market share to be at normal.
- \* To continuously utilize the unique performance of Autoclave process producing products which are difficult to be replaced and develop potential customers accordingly.

- \* **Others** \* To conduct the organism of appropriate product mix according to market situation.
- \* The market of EVA value added products such as PV grade, high-end Foaming grade, Lamination grade & W&C grade to be enlarged.
- \* Conducting flexible pricing policy according to the fluctuation of price & market environment to achieve better market share and max. profit margin.
- \* To keep on Implementing the market study and product research of new tailor-made LDPE/EVA products.



# 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 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 Zhangzhou in November 2016.
- Commencement ceremony of Gulei Project in December 2017.



# Finance information

**Reported By: Nicolás Chen    Manager of Accounting Dept.**



# Consolidated Statements of Income

(In millions of NTD, except per share data)

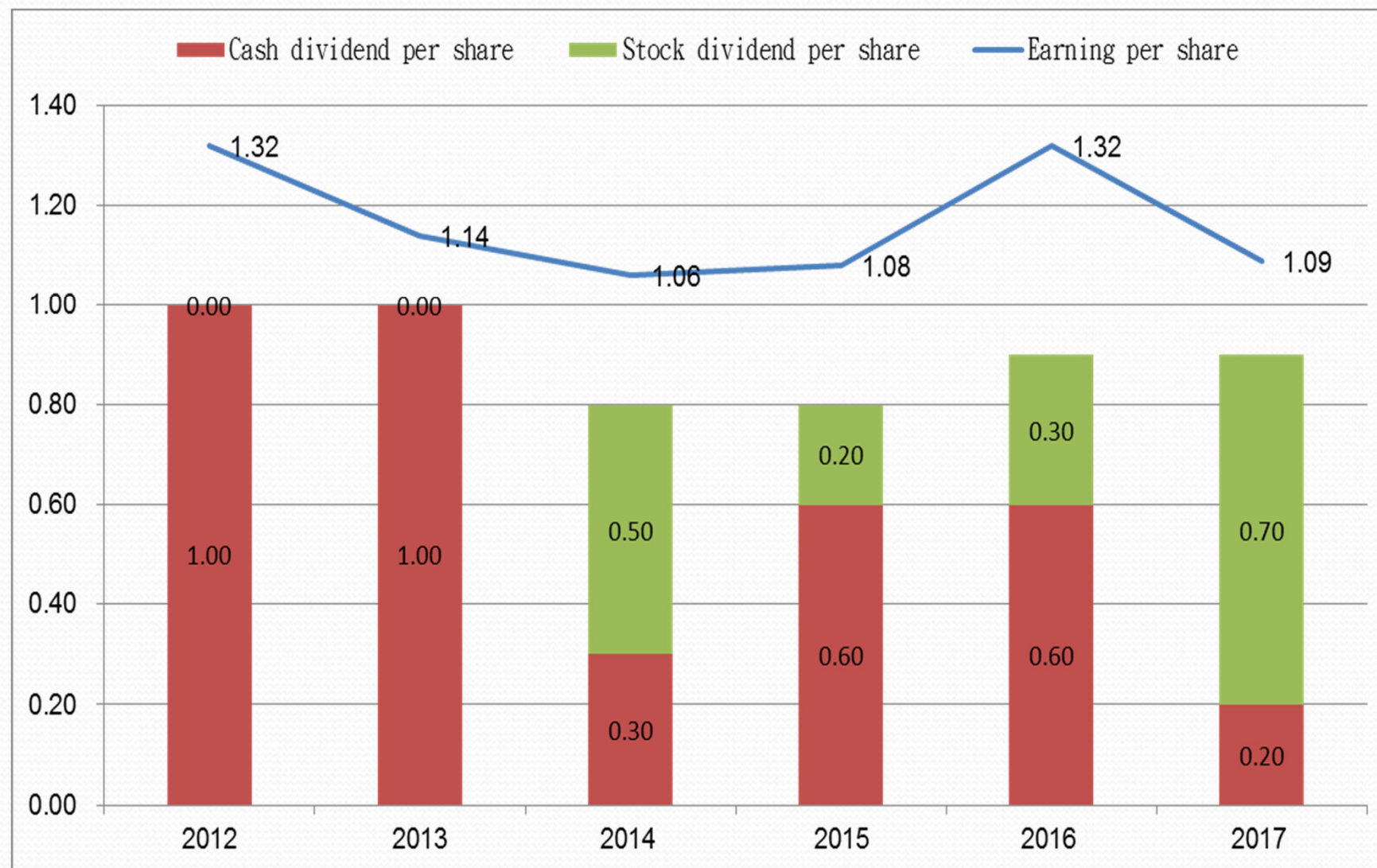
	2018Q1	2017Q1	QoQ%	2017	2016	YoY%	2015
Sales	1,326	1,531	-13%	6,404	5,893	9%	5,187
Cost of goods sold	1,248	1,300	-4%	5,707	5,113	12%	4,578
Gross profit	78	231	-66%	697	780	-11%	609
gross profit ratio	6%	15%		11%	13%		12%
Operating expenses	51	56	-9%	226	212	7%	197
Operating income	27	175	-85%	471	568	-17%	412
operating income ratio	2%	11%		7%	10%		8%
Non-operating income(loss)	59	(1)		185	225		226
Income before income taxes	86	174	-51%	656	793	-17%	637
Income taxes	3	24	-87%	90	122	-26%	98
Net income	83	149	-45%	565	671	-16%	539
net income ratio	6%	10%		9%	11%		10%
Net income attributable to							
- APC	83	149		565	666		532
- former owner	-	-		-	5		8
EPS	0.16	0.30		1.09	1.32		1.06
Adjusted EPS		0.29			1.29		1.03

# Financial ratio analysis

	2018Q1	2017Q1	2017	2016	2015
Operating income margin(%)	2.0	11.4	7.4	9.6	7.9
Net income margin(%)	6.2	9.8	8.8	11.4	10.4
Debt ratio(%)	34	34	34	35	14
Current ratio(%)	225	243	220	256	226
Quick ratio(%)	179	201	182	222	144
Accounts receivable turnover days	38	44	43	43	28
Inventory turnover days	62	51	46	52	66



# EPS vs DPS









Thanks for coming and kindly appreciate your support.

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