



NAN YA PLASTICS CORPORATION

Press Release

2021/3/5

Nan Ya Plastics Corporation February 2021 non-audited Consolidated Operating Revenue Announcement

I. MoM Comparison:

Units: NT\$ thousands

2021/2	2021/1	Diff.	Growth rate (%)
25,991,621	29,346,765	-3,355,144	-11.43

The consolidated operating revenue of 2021/2 was 25,992 million, decreased by 3,355 million (11.43% decline) compared to 2021/1, which included 4,721 million decreasing in sales volume variance due to less working days in February, and 1,366 million increasing in sales price variance. The decline in February revenue was significantly less than expected. The main reason was that despite the impact of Spring Festival holidays, China's stay put during Spring Festival policy reduced the days off in upstream and downstream industries, coupled with the rapid resumption of work after holidays, strong market demand, and rising oil prices, resulting in the rise of product price. Besides, the impact on industrial supply caused by the severe cold weather in Texas had boosted the raw material cost and product prices, which had enhanced the company's product sales and profitability. The monthly revenue breaks the highest record in February since the implementation of IFRSs.

Among the consolidated revenues in February, the parent company in Taiwan accounted for 48.8%, the subsidiaries in China accounted for 29.1%, the subsidiaries in the US accounted for 9.5%, and other

subsidiaries (Nanya PCB, etc.) accounted for 12.6%. In terms of products, electronic material products accounted for 43.2%, chemical products accounted for 27.8%, polyester products accounted for 15.1%, and plastic products accounted for 12.4%.

1. Analysis by region:

(1) Taiwan: decreased by 1,674 million (10.19% decline).

Due to the Spring Festival holidays, revenue decreased.

(2) China: decreased by 1,226 million (12.25% decline).

Since fewer working days, revenue decreased, but there was an increase in chemical product revenue, mainly due to the increase in the price of BPA.

(3) U.S.: decreased by 455 million (15.63% decline).

The EG-1 plant was under turnaround full month, and the EG-2 plant was under shut-down due to the supply shortage of the raw material Ethylene in January and the winter storm in the late February. As a result, the external sales were suspended to first supply to the company's polyester plant in Lake City, South Cardina for self-use, resulting in a decrease in external sales.

2. Analysis by product:

(1) Electronic material products: decreased by 2,338 million (sales volume -2,702, sales price +364).

The stay-at-home economy and automotive electronics demand remained robust, leading to the rise of the electronic material products price. However, due to the fewer working days in February, sales volume and revenue declined.

(2)Plastic products: decreased by 660 million (sales volume -653, sales price -7).

The end demand was stable, but shipments were coordinated with downstream schedules for the Spring Festival holidays, resulting in a decrease in revenue in February.

(3)Polyester products: decreased by 366 million (sales volume -484, sales price +118).

Fewer working days in February resulted in less delivery volume.

(4)Chemical products: decreased by 84 million (sales volume -974, sales price 890).

a. Phthalate plasticizers: decreased by 129 million (sales volume -149, sales price +20).

The rise in raw material prices boosted product prices. However, the downstream was closed during the Spring Festival, resulting in a decrease in sales.

b. EG: decreased by 109 million (sales volume -529, sales price +420).

The sales price had soared since the Chinese government encouraged to celebrate Chinese New Year onsite, which reduced the number of shutdown days in the downstream polyester industry, coupled with factors such as competitors' turnaround and the extreme cold storm in Texas, pushing the price of EG to increase by 16.5% compared with January. In terms of sales volume, the EG1 plant in Texas was under turnaround (2020/12/21~2021/7/31), and the EG2 plant in Texas was under shut down due to the supply shortage of Ethylene(1/4~1/29) and the shortage of electric power affected by the weather during 2/15~2/28. As a result, the

external sales was suspended to first supply to the polyester plant in Lake city for self-use, resulting in the decrease in the external sales volume.

- c. BPA: increased by 154 million (sales volume -300, sales price +454).

Affected by the earthquake in Japan and the weather in Texas, the price of raw materials phenol and acetone increased. Besides, the BPA import delay of China and competitors' turnaround also caused the average price of BPA to rise by 19.1% in February, resulting in revenue growth.

II. YoY Comparison:

Units: NT\$ thousands

2021/2	2020/2	Diff.	Growth rate (%)
25,991,621	19,999,005	5,992,616	29.96

Compared to 2020/2, revenue increased by 5,993 million (29.96% growth), which included 3,236 million increasing in sales volume variance and 2,757 million increasing in sales price variance. Last year, the spread of Covid-19 in China severely affected economic activities. Although the pandemic was not fully under control this year, the industrial environment had improved significantly, increasing revenues of various products.

1. Analysis by region

- (1)Taiwan: increased by 1,544 million (11.68% growth).

The market demand for chemical products such as EG, BPA, plasticizers, and electronic material products such as CCL, Epoxy resins, PCB were significantly superior to 2020,

resulting in revenue growth.

(2)China: increased by 4,639 million (112.04% growth).

Despite the fact of the Spring Festival holidays (in Feb this year versus in Jan last year), there was industry stagnation last year affected by the spread of the Covid-19 pandemic in China. Since the economy improved significantly, the sales this year from various products had increased relatively.

(3)U.S.: decreased by 189 million (7.16% decline).

Since the Texas EG1 plant was under turnaround, external sales volume decreased, leading to a sales decline.

2. Analysis by product:

(1)Electronic material products: increased by 3,839 million (sales volume +2,805, sales price +1,034).

With the rapid development for remote connections under the Covid-19 pandemic and the ongoing evolution of 5G applications and automotive electronics, there was substantial demand from CCL, Epoxy resins, and PCB, resulting in higher sales.

(2)Chemical products: increased by 1,780 million (sales volume - 28, sales price +1,808).

a. BPA: increased by 962 million (sales volume +94, sales price +868).

The demand from downstream PC and Epoxy resins was superior than last year, which caused the price of BPA to rise by 69% compared with last year, leading to revenue growth.

b. Phthalate plasticizers: increased by 534 million (sales volume +213, sales price +321).

Since the industry in China recovered, sales prices and volumes had increased.

- c. 1.4BG: increased by 223 million (sales volume +92, sales price +131).

Due to the better market demand than last year, sales increased.

- d. EG: decreased by 5 million (sales volume -492, sales price +487).

Since the turnaround of the Mailiao EG2 plant (2/1~2/18), and the Texas EG1 plant full month, the sales volume decreased compared with last February. In terms of sales prices, EG prices had continued to rise recently. The average price in February rose 31% from the same period last year, contributed to a significant increase in profit margin.

- (3)Plastic products: increased by 268 million (mainly from sales volume).

Since the postponed resumption of work and the lockdown in China last year, this year's revenue increased relatively.

- (4)Polyester: increased by 35 million (sales volume +115, sales price -80).

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