

# 1Q2024 REVIEW OF THE WORLDWIDE POLYETHYLENE INDUSTRY

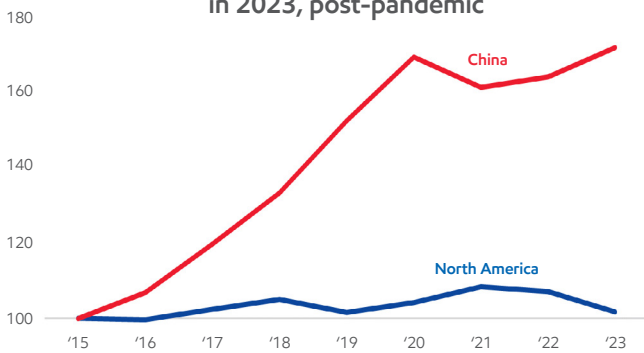
tomorrow's  
 performance  
 today

## Demand growth returns in China but margin compression remains; Red Sea conflict creating price and material dislocations

After 2 years of sluggish demand, China apparent demand growth resumes, +8% vs. year on year, driven by consumer spending and industrial demand. Demand in India is strong, Atlantic basin subdued.

PE margins compressed with bottom of cycle market conditions. New capacity continues to outpace demand growth, new capacity start-ups in China of 3.1MT in '23 and 3.1MT expected in '24.

PE demand growth rebounding in Asia in 2023, post-pandemic



Index to 2015  
 Sources: ICIS, ACC, EM Analysis

AP PE-Naphtha spread remains historically compressed

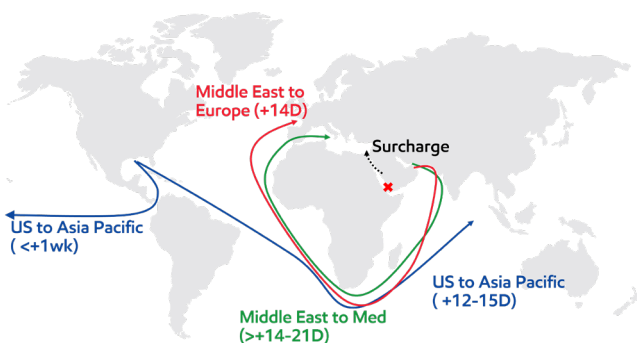


Sources: ICIS, EM Analysis  
 The line at \$300/T represents the 2011-2013 minimum during the previous bottom of cycle conditions.

Red Sea conflict has most carriers avoiding the area and instead sailing around the Cape of Good Hope. Longer term industry capacity is expected to be sufficient, dislocation to remain until lanes normalize; timing is uncertain.

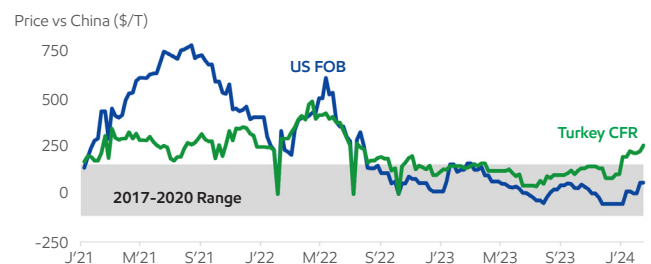
Price dislocation materializing with Atlantic Basin uncertainty, USGC suppliers have deployment choices and volume to redirect to higher price destinations. Import regions to expect volatility as traders/producers seize arbitrage opportunities.

Red Sea conflict increasing shipping transit time ~2 weeks



Source: EM Insights

Turkey prices disconnecting from Asia with Red Sea and material dislocation



Source: ICIS



## Construction of new Chinese chemical complex ahead of schedule

We continue to progress on our multi-billion dollar chemical complex in the Dayawan Petrochemical Industrial Park in Huizhou, Guangdong Province in China.



The facility will help meet expected demand growth for performance chemical products in China. The final investment decision was made in November 2021; the team is helping set new Chinese construction records, and start-up is now expected ahead of schedule in early 2025.

The facility in Guangdong Province will manufacture performance chemical products for packaging, hygiene, automotive, and agricultural industries. The facility supports progress toward China's national petrochemical development priorities, which include self-sufficiency, diversified feedstock sources and advancing new competitive technology.

The project includes a flexible feed steam cracker, three performance polyethylene lines, and two differentiated performance polypropylene lines. It will have the capability to produce 1,650 Kta of performance polyethylene and 850 Kta of performance polypropylene, which will bring domestic supply capability of our flagship performance products to allow us to continue to grow and innovate with our customers. The facility is being built using > 90K tons of steel structure, more than two Beijing Olympic Stadium birds nest structures, and ~7000 km of cable which is enough to reach from New York to London.

## Why ExxonMobil PE? Why today?

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What some might view as solutions that will only happen in the future, ExxonMobil PE is making possible today – through our innovative and reliable products, collaborative approach, technology leadership and support, and our unmatched global supply and resources. Why wait for tomorrow to advance your business today? Contact your ExxonMobil PE representative and begin experiencing tomorrow's performance today.



Polyethylene Market Insights  
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