

FORMOSA CHEMICALS & FIBRE CORPORATION

1H2022 Result Conference

FCFC



AUG 24, 2022

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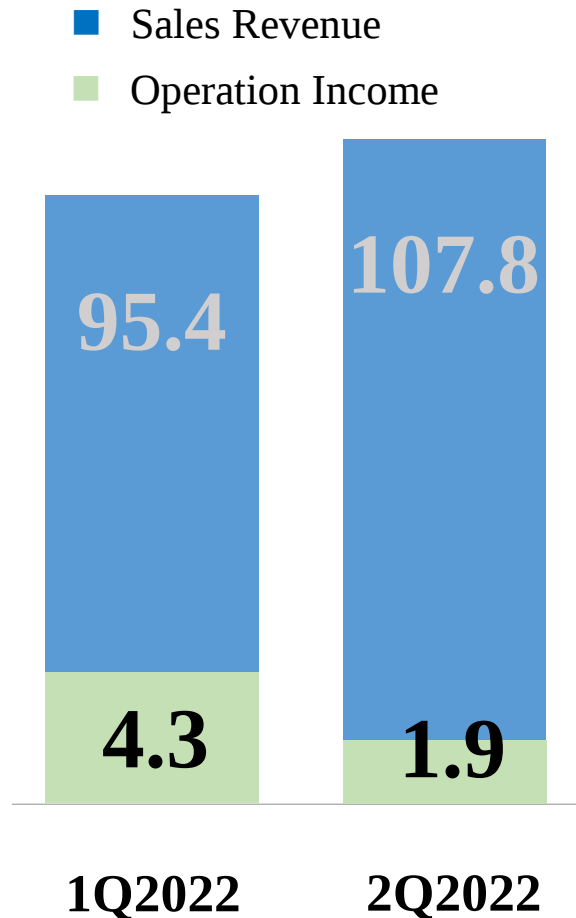
Consolidated Financial Performance

(Amount: NT\$ billion)	<u>1H2022</u>	<u>1H2021</u>	HoH	<u>2Q2022</u>	<u>1Q2022</u>	QoQ
Sales Revenue	203.2	180	12.9%	107.8	95.4	13.0%
COGS	(187.3)	(145.5)		(101.1)	(86.2)	
Gross Profits	15.9	34.5	(53.9%)	6.7	9.2	(27.2%)
Gross Margin	7.8%	19.2%		6.2%	9.6%	
Operating Expense	(9.7)	(8.7)		(4.8)	(4.9)	
Operating Profit	6.2	25.8	(76.0%)	1.9	4.3	(55.8%)
Operating Margin	3.1%	14.3%		1.8%	4.5%	
Non-Operating Profit (Loss)	10.5	7.5	40.0%	6.7	3.8	76.3%
Profit Before Tax	16.7	33.3	(49.8%)	8.6	8.1	6.2%
Net Profit	14.8	27.9	(47.0%)	7.9	6.9	14.3%
Net Profit Margin	7.3%	15.5%		7.3%	7.2%	
EPS(NTD)	2.11	4.32		1.08	1.03	



Change in Consolidated Revenue –QoQ

(In NT\$ billion)



Consolidated revenue increased 12.4 billion in 2Q2022, up 13% compared to 1Q2022.

■ Price variance+8.7 billion:

Quotations of ABS and phenol were affected by Chinese cities' lockdown and the weak demand. Aside from that, most of the products prices were pushed up as a result of the Russia Invasion.

■ Volume variance+3.7 billion:

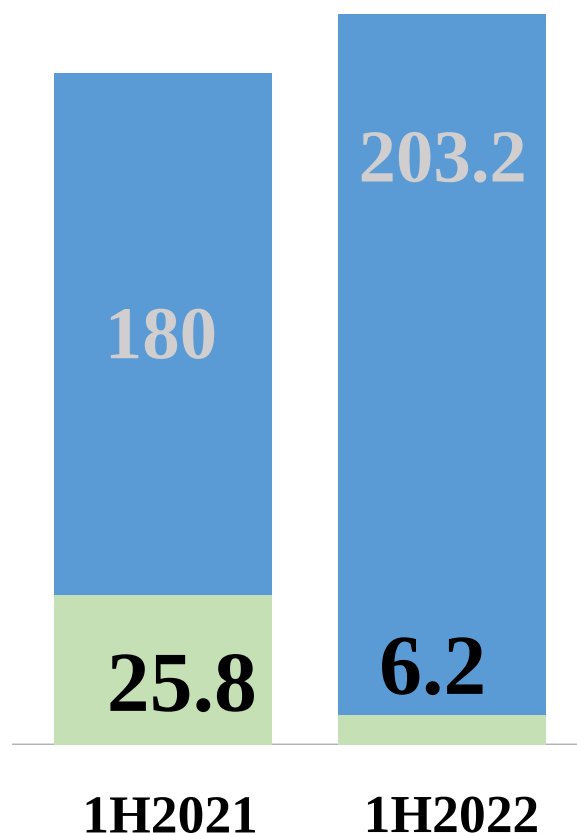
Mainly due to the improvement of the PX processing margin, the Aromatic plant increased the output shown a volume variance +6.6 billion, while PTA and PP arranged regular inspections and its sales volume variance shown a -2.15 billion QoQ.



Change in Consolidated Revenue –YoY

(In NT\$ billion)

- Sales Revenue
- Operation Income



Consolidated revenue increased 23.2billion in 1H2022 compared with it in 1H2021, representing 12.9% growth rate.

■ Price variance+27.3 billion

Supply chain imbalance, coupled with the impact of the Russia n-Ukrainian war, pushed up oil and raw material prices, driving up petrochemical products. While acetone, ABS, PC and acetic acid are affected by China's restriction control and new production capacity competition, caused weak demand and price decline

■ Volume variance -4.2 billion

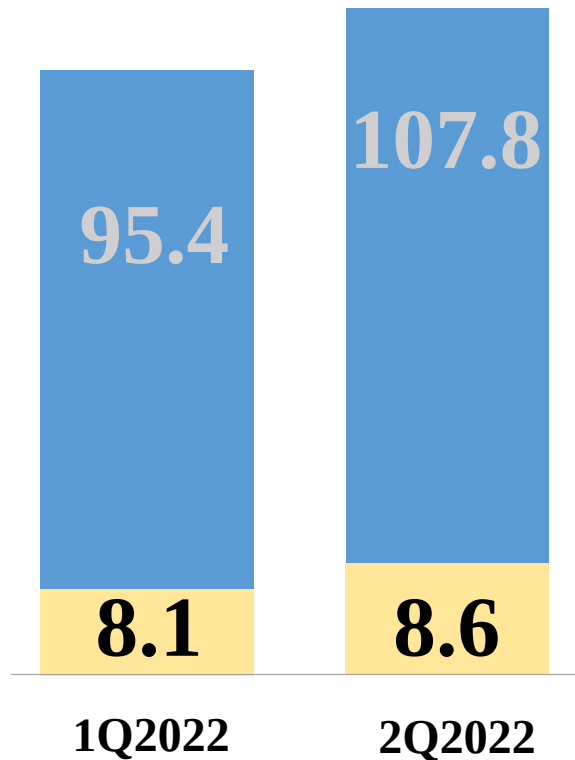
PX, phenol, PP, PIA(Mailiao), PTA(Ningbo) have a difference of -9.09 billion due to their regular inspections during this period. Sales volume variance of ABS, nylon, yarn and Vietnam's power shown a total -3.14 billion mainly due to the market factor. Ningbo PIA completed and put into production, the sales volume difference was +4.61 billion. SM reduced its self-use ratio and increased external sales shown volume variance +3.8 billion.



Change in Profit Before Tax - QoQ

(In NT\$ billion)

- Sales Revenue
- Profit Before Tax



Profit Before Tax increased 0.5 billion in 2Q2022 compared to 1Q2022, representing 6.2% growth rate.

■ Operating income -2.4 billion

Affected by the Russia Invasion and the supply chain imbalance, inflation got worse. Central banks raise interest rates to fight inflation, which has also raised concerns about the world's economic downturn. Plus Chinese government's Zero-Covid policy. Demands shrank and processing margin narrowed affecting the operating profit on a seasonal basis.

■ Non-Operating income +2.9 billion

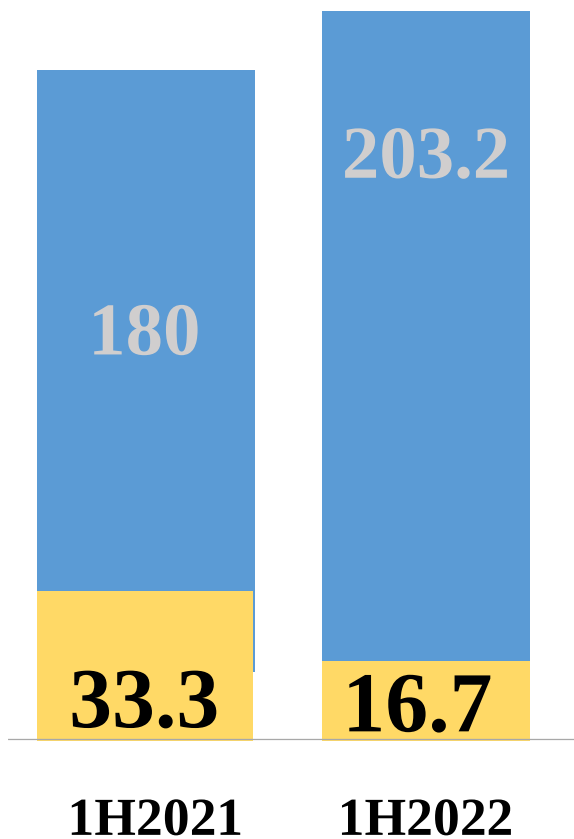
- 1) Dividend income increased by 2.87 billion.
- 2) Investment profit from Equity Method increased by 0.6 billion.
- 3) Foreign currency exchange profit decreased by 0.55 billion.



Change in Profit Before Tax - HoH

(In NT\$ billion)

- Sales Revenue
- Profit Before Tax



Profit Before Tax was 16.7 billion, decreasing 16.6 billion compared with 1H2021, representing 49.8% decline rate.

■ Operating income increased -19.6 billion

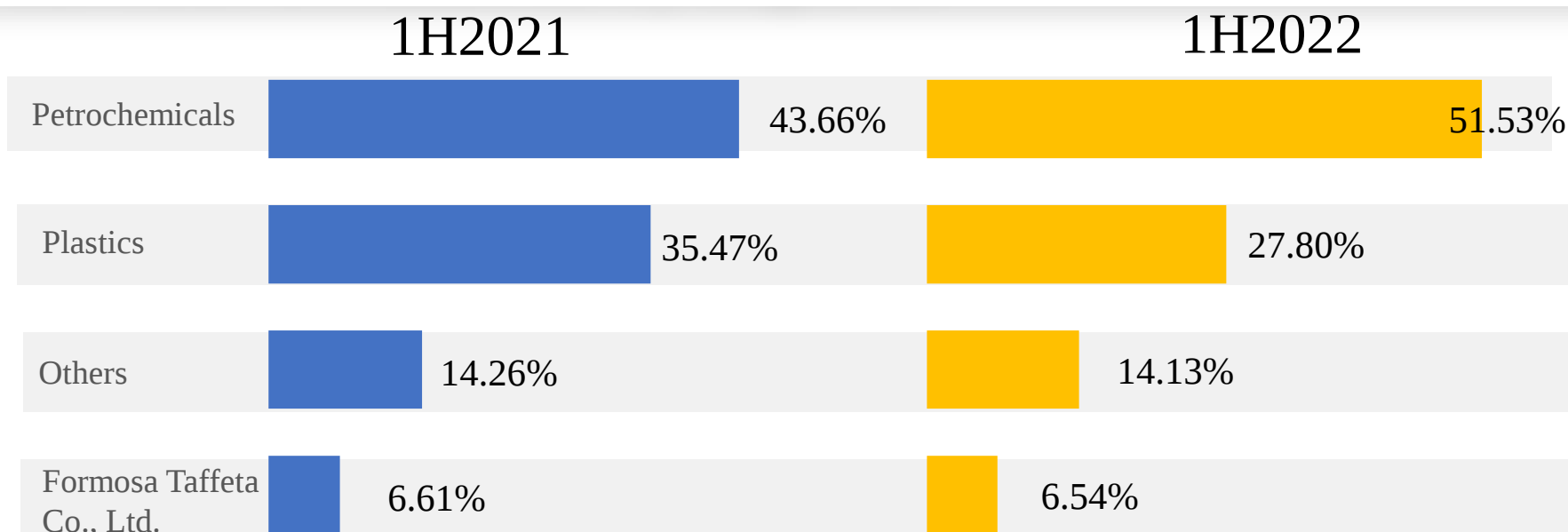
The new production capacity of the industry continued to launch, the supply has increased, but the demand has slowed down due to inflation and the lockdown in mainland China. Customers were conservative in purchasing materials. The prices increase of petrochemical plastic products is not as high as that of raw materials.

■ Non-Operating income increased +3 billion

- 1) Dividend income increased by 2.87 billion.
- 2) Foreign currency exchange profit decreased by 1.91 billion.
- 3) Investment profit from Equity Method increased by 1.78 billion.



Revenue Breakdown by Segment



Petrochemical : In the first half of 2022, the company's petrochemical product revenue was 104.7, an increase of 26.1 billion compared with the same period in 2021, a growth rate of 33%, mainly due to oil prices raise, which also caused petrochemical product revenue accounting for 51.53% of overall revenue, an increase from 43.66% in the same period of 2021.

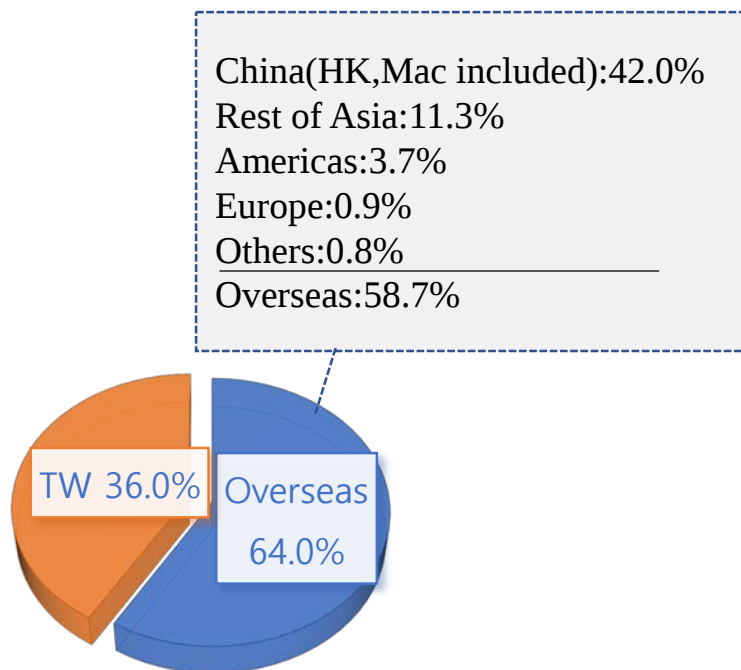
Plastics: In the first half of 2022, the revenue was 56.48 billion. Although the price of raw materials increased, due to the slowdown in demand and competition in the new production capacity of the industry, buyers shrank their hands, the price and volume of plastic products fell, a decrease of 7.38 billion compared with 63.85 billion in the same period in 2021, a decrease of 11.6%. Products accounted for 27.8% of overall revenue, down from 35.47% in the same period in 2021.



Revenue Breakdown by Geography

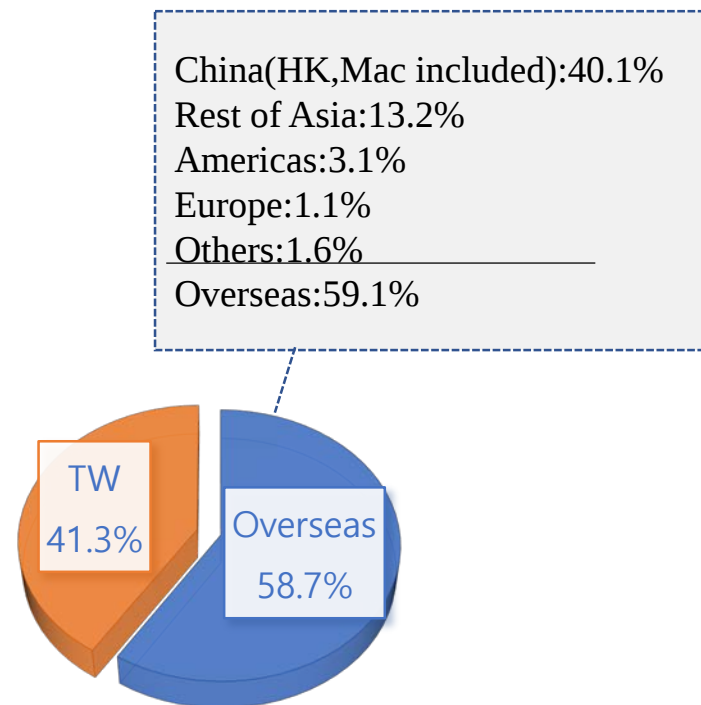
1H21

Sales Revenue: NT\$180 billion



1H22

Sales Revenue: NT\$203.2 billion



- China(Hong Kong and Macau included) is still our primary market, accounted for 40.1% of total revenue in 1H22, slight decreasing from 42.0% in the same period of 2021.

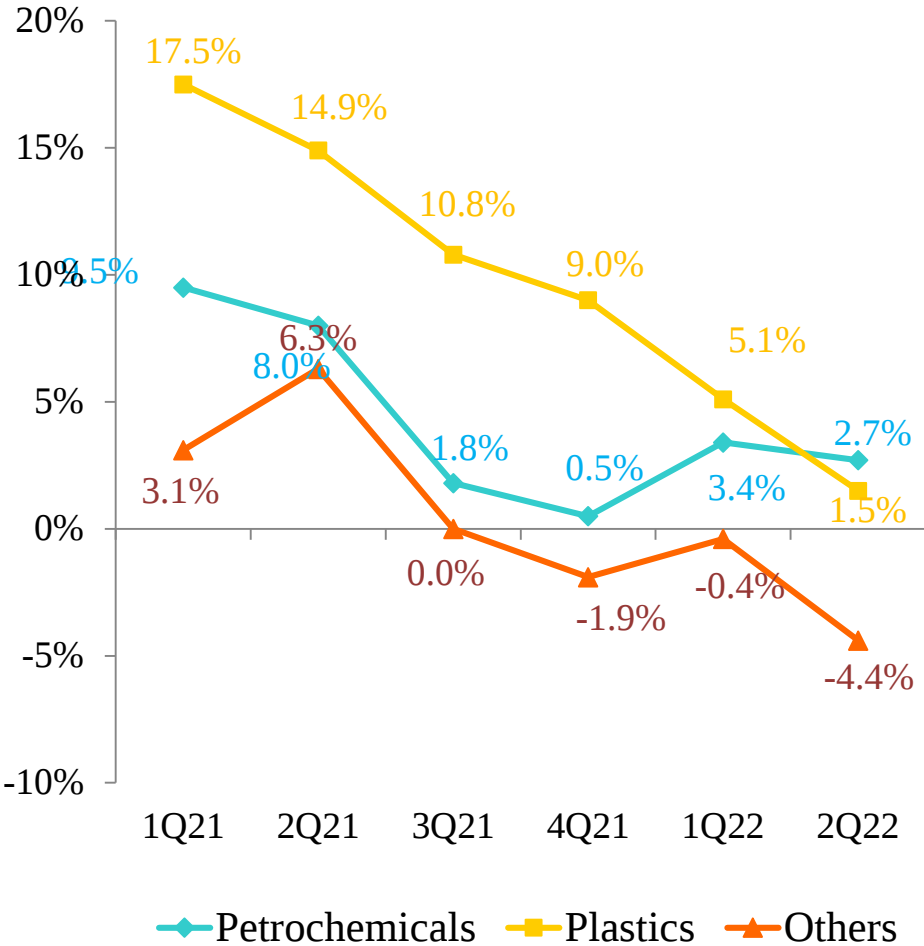


Operating Profits Breakdown by Division

Operating Profit %



% change in Operating Margin





Capacity Expansion Plans

► Taiwan(Chiayi)

Product Line	Addition	Current (Group wide)	Expected Completion date
Compound II	36KT	36KT	2024Q1
PS IV	100KT	640KT	2024Q4

► China(Ningbo)

Product Line	Addition	Current (Group wide)	Expected Completion date
ABS	250KT	950KT	2022Q3
PTA#6	1,500KT	2,900KT	2023Q3



ESG Projects

Decarbonization

- ❑ Energy conservation and carbon reduction programs
Process optimization, recover waste heat and improve heat integration, improve energy efficiency.
- ❑ Energy transition
Fuels transition, green power, equipment electrification.
- ❑ Recovery and reuse of CO₂
- ❑ Employee electric scooter grant; replacing official vehicles with gasoline-electric hybrid vehicles.

Circular Economy

- ❑ Waste fishing nets recycling project
Worked with clients to recycle and reprocess waste fishing nets into CPL to replace fresh raw materials.
- ❑ Recycled plastic products
- ❑ Eco-friendly yarn products

We PRODUCE
RECYCLE



FCFC

Digitalization

- ❑ Factory simulation
- ❑ Digitalization of production and marketing management
- ❑ Comprehensive digital optimization and transformation

Q&A

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