

FORMOSA CHEMICALS & FIBRE CORPORATION

1H2024 Result Conference

FCFC



Aug 28, 2024

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Consolidated Financial Performance

(Amount: NT\$ billion)	<u>1H2024</u>	<u>1H2023</u>	HoH	<u>2Q2024</u>	<u>1Q2024</u>	QoQ
Sales Revenue	180.4	158.2	14.0%	96.5	83.9	15.0%
COGS	(171.1)	(156.4)		(90.8)	(80.3)	
Gross Profits	9.3	1.8	416.7%	5.7	3.6	58.3%
Gross Margin	5.2%	1.1%		5.9%	4.3%	
Operating Expense	(7.9)	(7.3)		(4.2)	(3.7)	
Operating Profit	1.4	(5.5)		1.5	(0.1)	
Operating Margin	0.8%	(3.5%)		1.6%	(0.1%)	
Non-Operating Profit (Loss)	2.3	5.9	(61.0%)	0.6	1.7	(64.7%)
Profit Before Tax	3.7	0.4	825.0%	2.1	1.6	31.3%
Net Profit	3.5	0.5	600.0%	2.0	1.5	33.3%
Net Profit Margin	1.9%	0.3%		2.1%	1.8%	
EPS(NTD)	0.58	0.16		0.32	0.26	

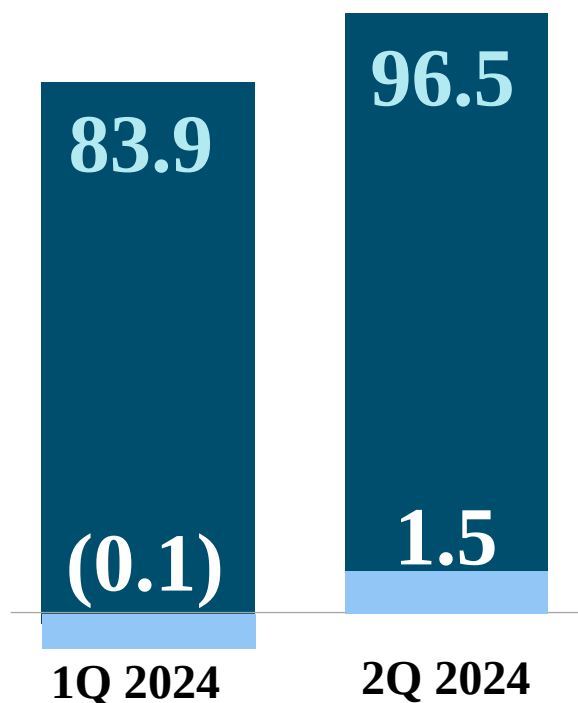


Change in Consolidated Revenue -QoQ

(In NT\$ billion)

■ Sales
Revenue

■ Operation
Income



Consolidated revenue in 2Q2024

increased by 12.6 billion compared with 1Q2024, representing a growth rate of 15.0% on a QoQ basis.

■ Volume variance +6.6 billion:

Market conditions of OX, SM, PTA, PS, ABS, and PP improved, phenol and acetone underwent overhaul last quarter yet resumed normal production this year. PIA seized the market since overall supply was tight, thus sales increased as a consequence. Other than that, PTA-6 commenced production and increased sales, while PX gain internal use and reduced external sales.

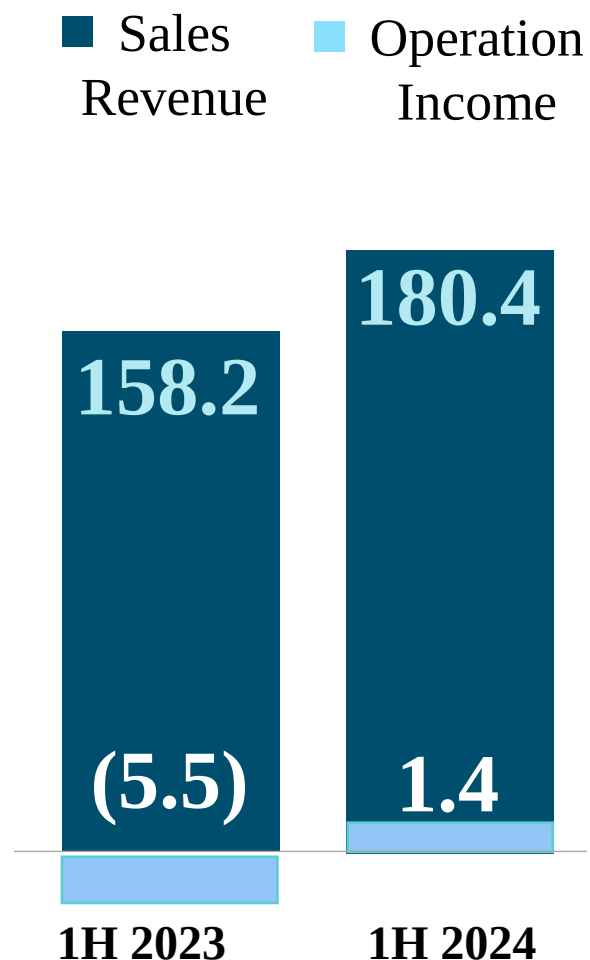
■ Price variance+6.0 billion:

The increase in revenue this quarter was partly due to rising product prices. The main reason can be attributed to the rise in petrochemical product prices and crude oil prices, as well as peers reducing production to maintain prices.



Change in Consolidated Revenue -HoH

(In NT\$ billion)



Consolidated revenue in 1H2024

increased by 22.2 billion compared with 1H2023, representing a growth rate of 14% on a HoH basis.

■ Price variance +14.1 billion

SM-3 underwent overhaul last year yet ran normal production this year. Production commencement of PTA-6, increased sales of raffinate oil sold to FPCC, and reduced production of PIA from industry peers were the reason for sales increase. Other than that, while PTA scheduled for maintenance, PS, ABS, and PP suffered from poor market condition and reduced operation rate, leading to decrease in sales.

■ Volume variance +8.1 billion

While prices of SM and acetone went up due to tight supply caused by reduced production from industry peers, that of other products were also pushed up with the support of rising raw material price, limited production volume and adjustments to product portfolio. Only electricity price fell in response to reduced coal cost.



Change in Profit Before Tax - QoQ

(In NT\$ billion)



Profit Before Tax was **2.1 billion** in 2Q2024, decreasing by 0.5 billion compared with 1Q2024, representing a growth rate of 31.3% on a QoQ basis.

■ Operating income +1.6 billion

Production and sales reduced due to new year holiday in the 1st quarter, yet resumed normal production under improved market condition in the 2nd quarter. Other products were affected by the upward pressure of oil price, thus profit margin improved as a result.

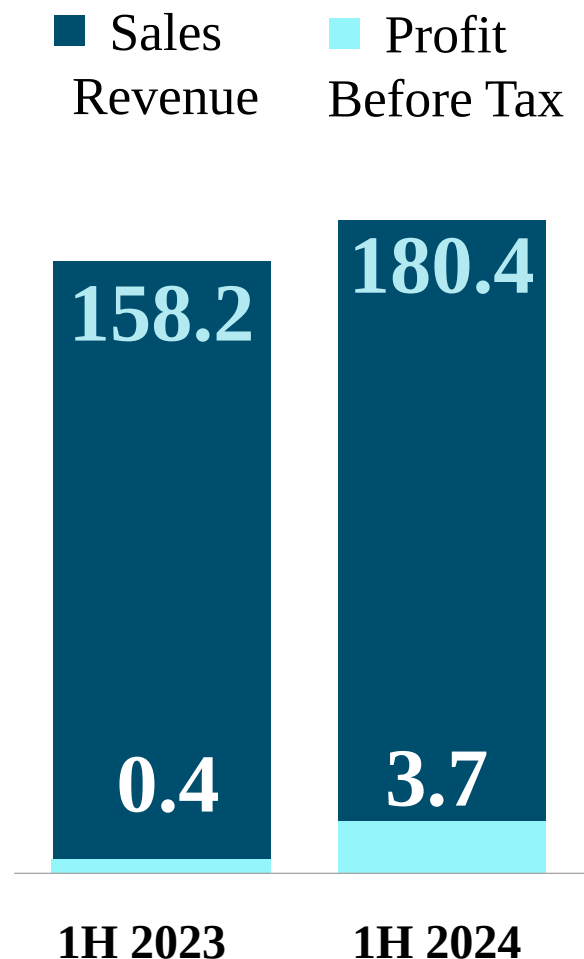
■ Non-operating income -1.1 billion

- (1) Investment profit from Equity Method decreased by **0.63 bn.** (FPCC -0.51bn, FR -0.19bn)
- (2) Foreign currency exchange loss increased by **0.5 bn.** (-0.23bn/2Q2024, 0.27/1Q2024)



Change in Profit Before Tax - HoH

(In NT\$ billion)



Profit Before Tax was 3.7 billion in 1H2024, increasing by 3.3 billion compared with 1H2023.

■ Operating income +6.9 billion

Weak market conditions and demand in the previous year, along with new production line commenced by industry peers, led to oversupply in the market. This year, the company has continued to adjust its production and sales strategy to eliminate unprofitable products and develop high-value specifications. Prices of crude oil rebounded, expanding commodity-product spreads and overall operating profit.

■ Non-Operating income -3.6 billion

(1) Dividend income decreased

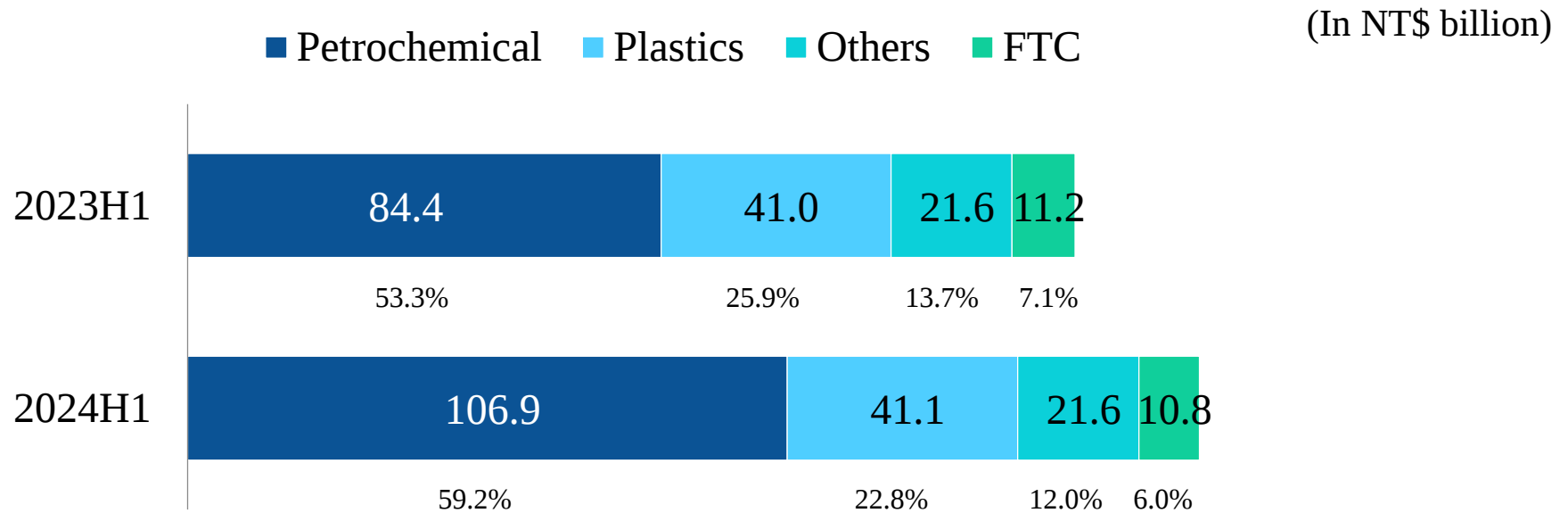
by **4.23 bn.** (FPC -2.05 bn, NC -1.24 bn, NTC -0.71 bn)

(1) Foreign currency exchange profit decreased by **0.26 bn.**

(3) Investment profit from Equity Method increased by **1.21 bn.** (FPCC +1.05bn, MLPC +0.39 bn)



Revenue Breakdown by Segment



- **Petrochemical:** With the support of rising raw material cost, the revenue of petrochemical product in 2024 H1 was 106.9 billion, an increase of 22.5 billion on a HoH basis, representing a growth rate of 26.7%. Since market condition of petrochemical products was better than that of plastic products, the petrochemical segment has witnessed a heightened contribution to overall revenue, which increased from 53.3% to 59.2%.
- **Plastics:** Plastic product revenue reached 41.1 billion in the first half of 2024. Due to soaring freight costs and weak market demand, coupled with conservative customer orders, revenue remained flat compared to the same period last year. Plastic products accounted for 22.8% of total revenue, down from 25.9% in 2023.

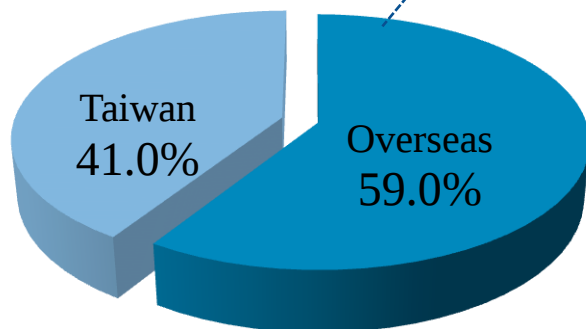


Revenue Breakdown by Geography

1H2023

Sales Revenue: NT\$158.2 billion

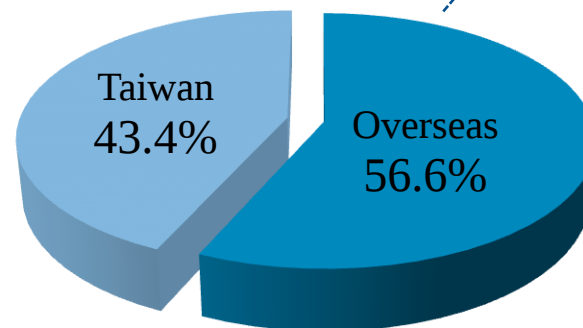
China(HK,MAC included):43.1%
Rest of Asia: 10.5%
Americas: 3.1%
Europe:1.6%
Others:0.7%
Overseas:59.0%



1H2024

Sales Revenue: NT\$180.4 billion

China(HK,MAC included):41.3%
Rest of Asia: 10.1%
Americas: 3.1%
Europe:1.7%
Others:0.4%
Overseas:56.6%



- China(Hong Kong and Macau included) is the primary market, whose percentage of sales revenue decreased from **43.1%** in 2023 to **41.3%** in 2024(domestic sales particularly from subsidiaries in China accounted for **32.6%** in 2023 and **32.9%** in 2024).



ESG-Carbon Performance in 2023

Annual carbon
reduction

359 kt

CO₂e

Energy Efficiency Strategy

- ❑ **Optimized production process, reclaimed waste heat, and enhanced energy efficiency.**
- ❑ Invested **1.64** billion and completed **259** process improvement projects in 2023.
- ❑ Saved thermal energy by **62.7** tons/hr; electricity consumption by **9.1** MWh/hr; fuel usage by **6.2** tons/hour. Total carbon reduction for the year was **359** kt CO₂e.

Annual carbon
reduction

38 kt

CO₂e

Energy Transition Strategy

- ❑ **Green Power:** Generated 67,547 MWh of solar and hydro energy, reducing **34** kt CO₂e per year.
- ❑ **Low-Carbon Energy:** Converted 4 oil-fired boilers to natural gas, reducing **4** kt CO₂e per year.

Circular Economy Strategy

- ❑ **Recycling Marine Waste:** Recycled fishing nets and oyster ropes into eco-friendly products, reducing **5** kt CO₂e per year.
- ❑ **Recycling Plastics:** Developed 100% recycled PCR pellets with third-party certification, reducing **3** kt CO₂e per year.
- ❑ **Recycling CO₂:** Transforming process-generated CO₂ into CO without additional light oil input., reducing **3** kt CO₂e per year.
- ❑ **Eco-Friendly Products:** Recycled PET bottles into polyester fibers and offer them to clothing manufacturers, reducing **1** kt CO₂e per year.

Annual carbon
reduction

13 kt

CO₂e

Q&A

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We Produce We Recycle

