FCFC

FORMOSA CHEMICALS & FIBRE CORPORATION

Investor Presentation

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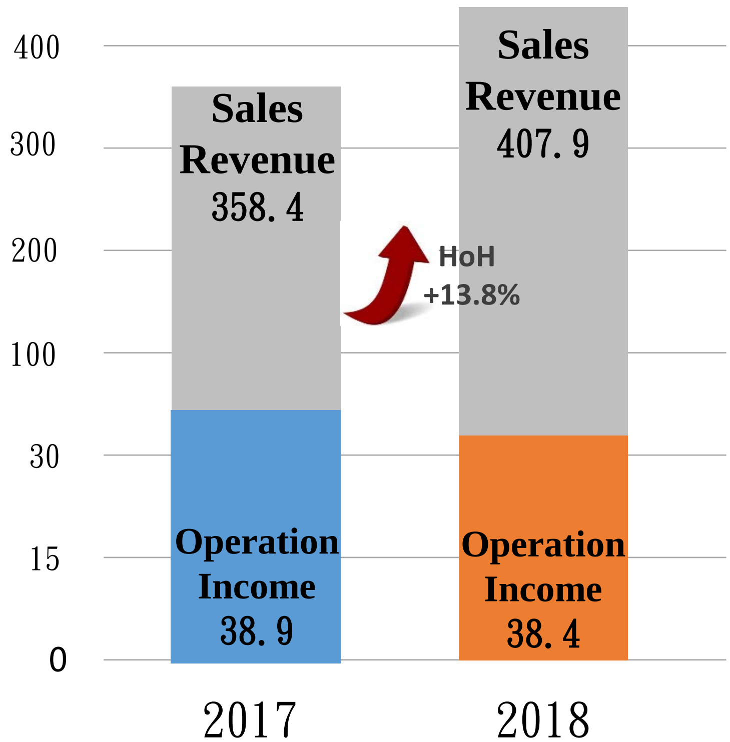
Consolidated Financial Performance

(In NT$ billions except per share amounts)	2018	2017	YoY	4Q2018	3Q2018	QoQ
Sales Revenue	407.9	358.4	13.8%	101.6	107.6	-5.6%
COGS	(354.3)	(305.2)		(93.5)	(92.1)	
Gross Profits	53.6	53.2	0.8%	8.1	15.5	-47.7%
Gross Margin	13.1%	14.8%		8.0%	14.4%	
Operation Expense	(15.2)	(14.3)		(4.0)	(3.9)	
Operation Income	38.4	38.9	-1.3%	4.1	11.6	-64.7%
Operating Margin	9.4%	10.85%		4.0%	10.8%	
Total non-operating income and expenses	25.3	27.8	-9.0%	(0.8)	12.9	-106.2%
Profit Before Tax	63.7	66.7	-4.5%	3.3	24.5	-86.5%
Net Income	55.4	60.0	-7.7%	2.3	22.6	-89.8%
Net Profit Margin	13.6%	16.7%		2.3%	21%	
EPS(NT Dollar)*	8.36	9.33	-10.4%	0.30	3.39	-91.2%

*Profit attributable to common shareholders of the parent

Change in Consolidated Revenue -YoY



(In NT$ billions)

Consolidated revenue increased 49.5 bn in FY2018 compared with the previous year, representing 13.8% growth rate.

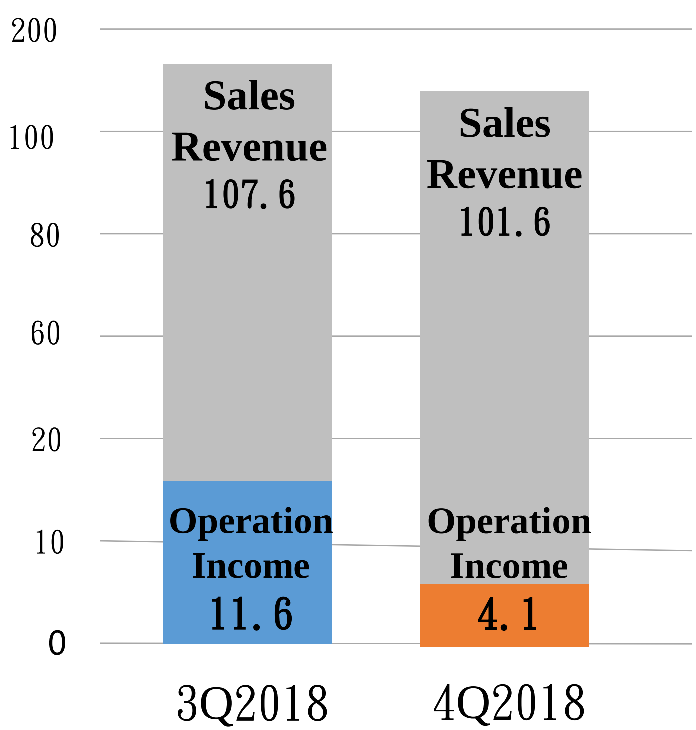
- **Volume Spread +8. 41bn:**

Volume increased due to less scheduled maintenance work in FY2018.
(Only ARO-2 was scheduled in FY2018).

- **Price Spread +41. 09 bn:**

Although the trade war caused oil slumps in 4Q2018,prices still raised owing to the fact that high utilization and demand of inventory replenishment.

Change in **Consolidated Revenue** - QoQ



(In NT$ billions)

Consolidated revenue decreased 6 bn in 4Q2018 compared with the previous quarter, representing 5.6% decline rate.

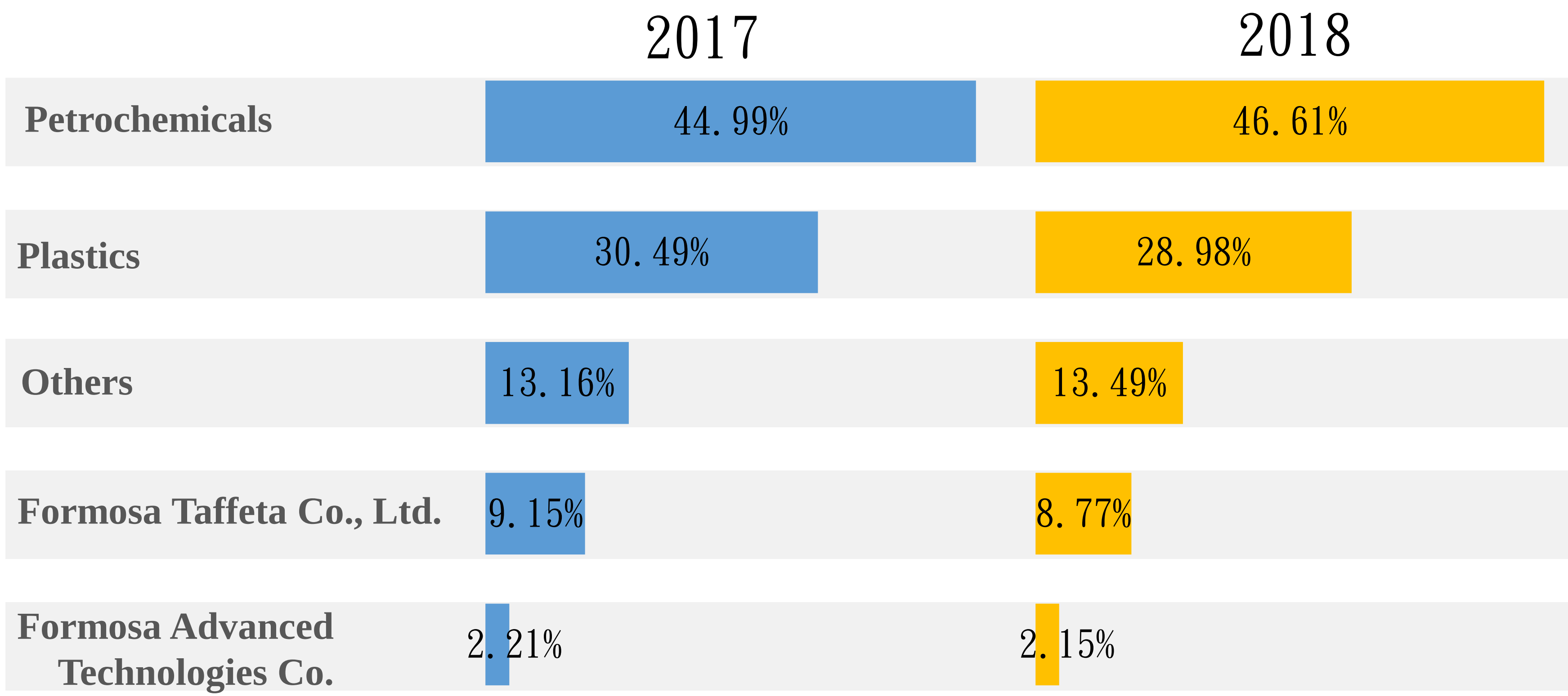
- **Volume Spread +1.15 bn:**

Volume increased in 4Q2018 due to the completion of maintenance work at ARO-2 and PC plant in 3Q2018.

- **Price Spread −7.15 bn:**

Prices went down in 4Q2018 under the pressure of U.S.-China trade war, weaker demand from downstream and rising oil supply.

Revenue Breakdown by Division

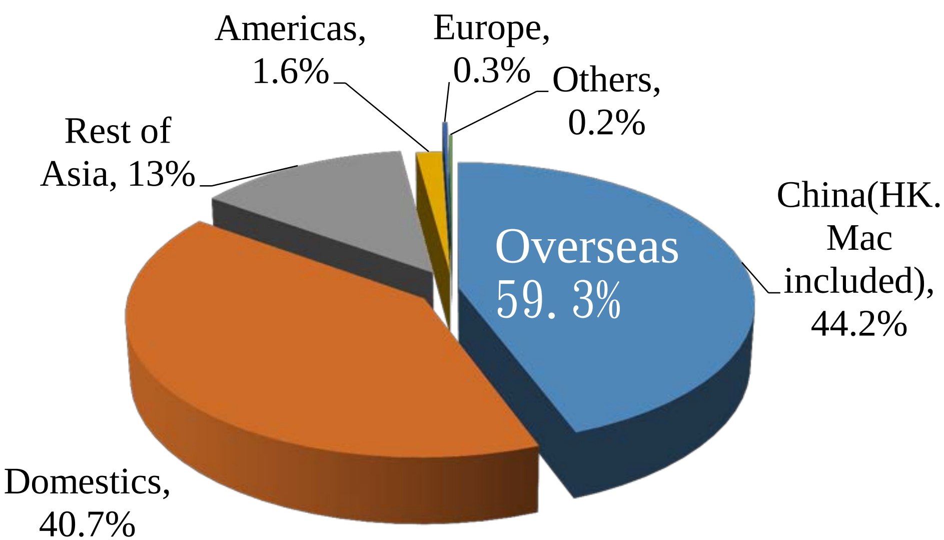


- **Petrochemical :**Revenue d petrochemical 190.1bn represents 46.61% among total sales. Price and volume variance increased due to the growing sales of PX、SM and PHENOL.
- **Plastics:** Focus on customized and High-value-added Plastics Products, sales of plastics products increased 8.9 bn in FY2018 compare to FY2017.
- **Main revenue in the next few years is still driven by petrochemical and plastics products which account for 75.59% of consolidated revenue in 2018.**

Revenue Breakdown by Geography

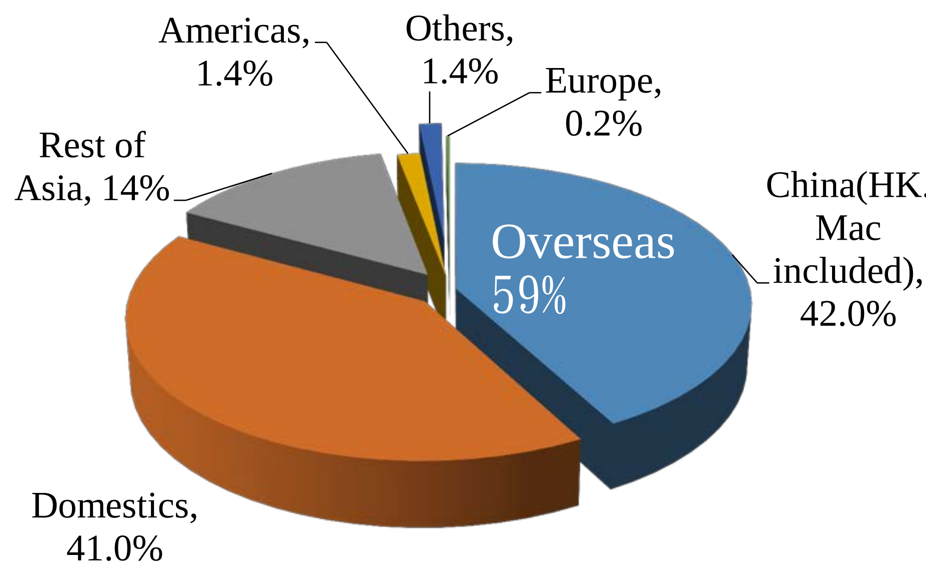
2017

(2017 Sales Revenue:NT$358.4 billion)



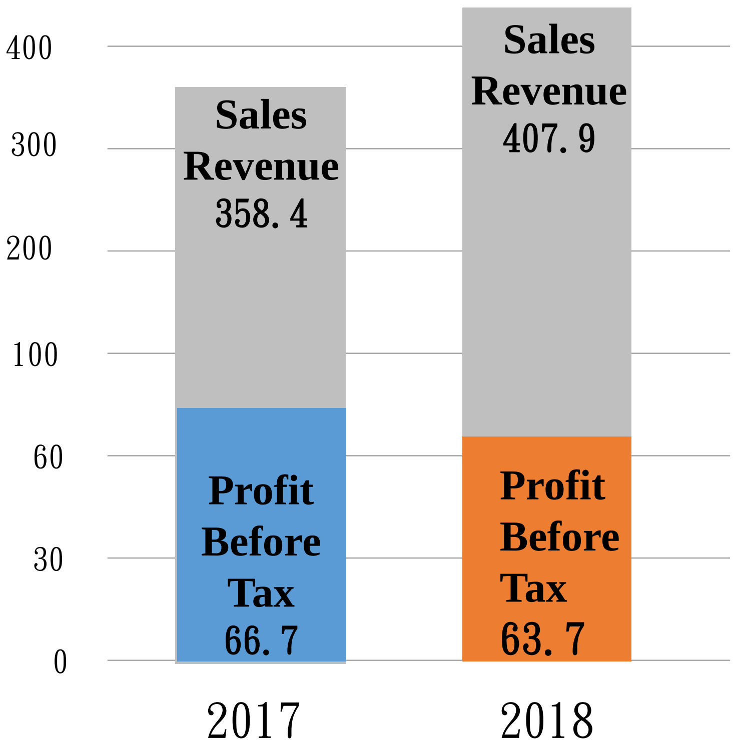
2018

(2018 Sales Revenue:NT$407.9 billion)



- **China(Hong Kong &Macau included) plays an important role regionally and represent 44.2% in 2017 and 42% in 2018 of total sales respectively.**

Change in Profit Before Tax -YoY



(In NT$ billions)

Profit Before Tax decreased 3 bn in FY2018 compared with the previous year, representing 4.5% decline rate.

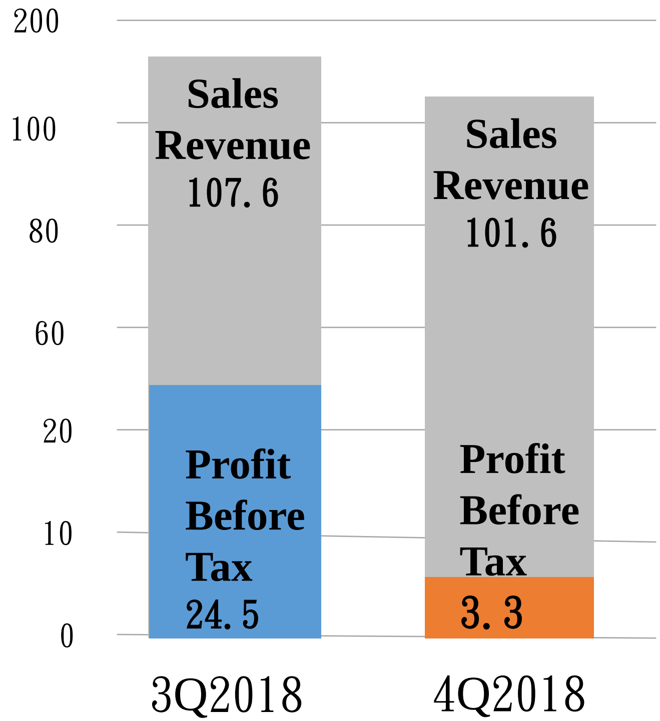
■ **Operating income decreased 0.6 bn:**

Operating income decreased in 4Q2018 caused by downward pressures on global demand and high inventory cost.

■ **Non-Operating income decreased 2.4bn：**

1. Equity income decreased 4.1 bn.
2. Gain on sales of stock decreased 2.1 bn.
3. Impairment Loss of Changhua plant 3 bn.
4. Cash dividend increased 2.2 bn.
5. Exchange gain increased 1.8 bn.

Change in Profit Before Tax - QoQ



(In NT$ billions)

Profit Before Tax decreased 21.2 bn in 4Q2018 compared with the previous quarter, representing 86.5% decline rate.

- **Operating income decreased 7.5bn:**

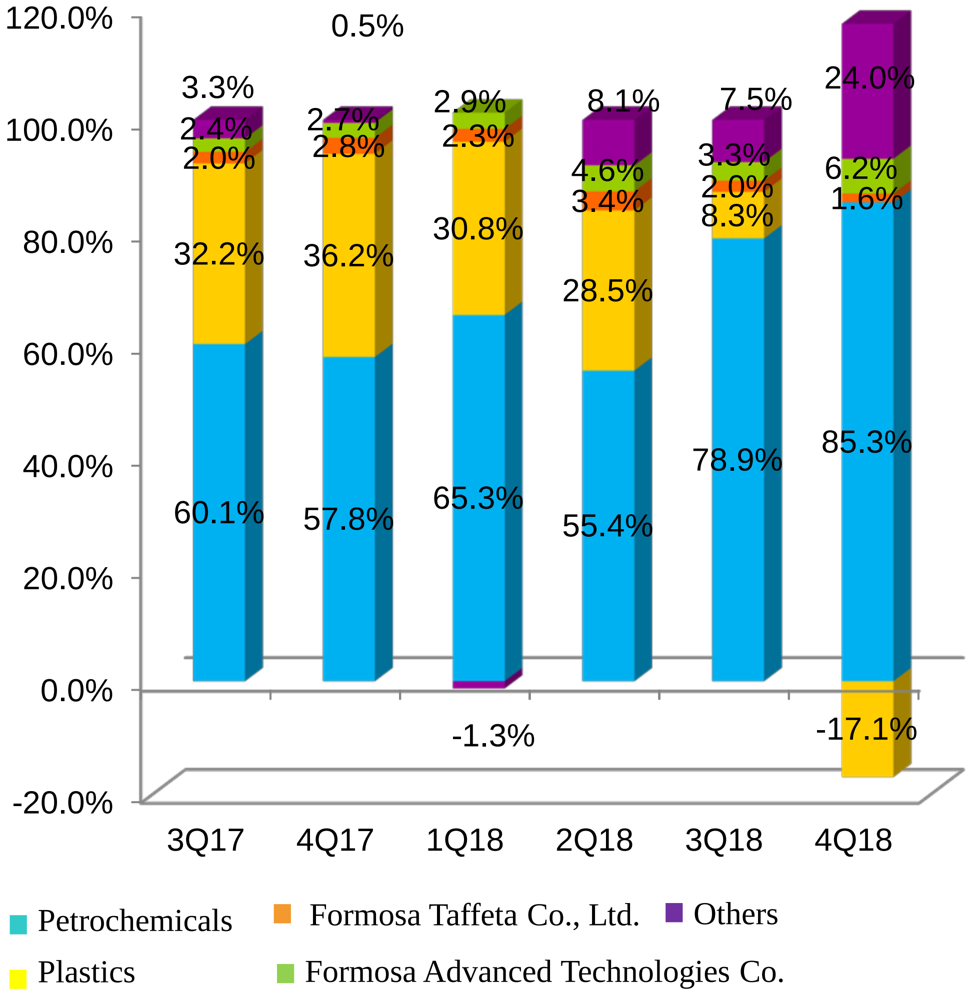
  Under the impact of sinking oil price, sales prices fall and existing high inventory cost had caused operating income dropped in 4Q2018.

- **Non-Operating income decreased 13.7bn：**

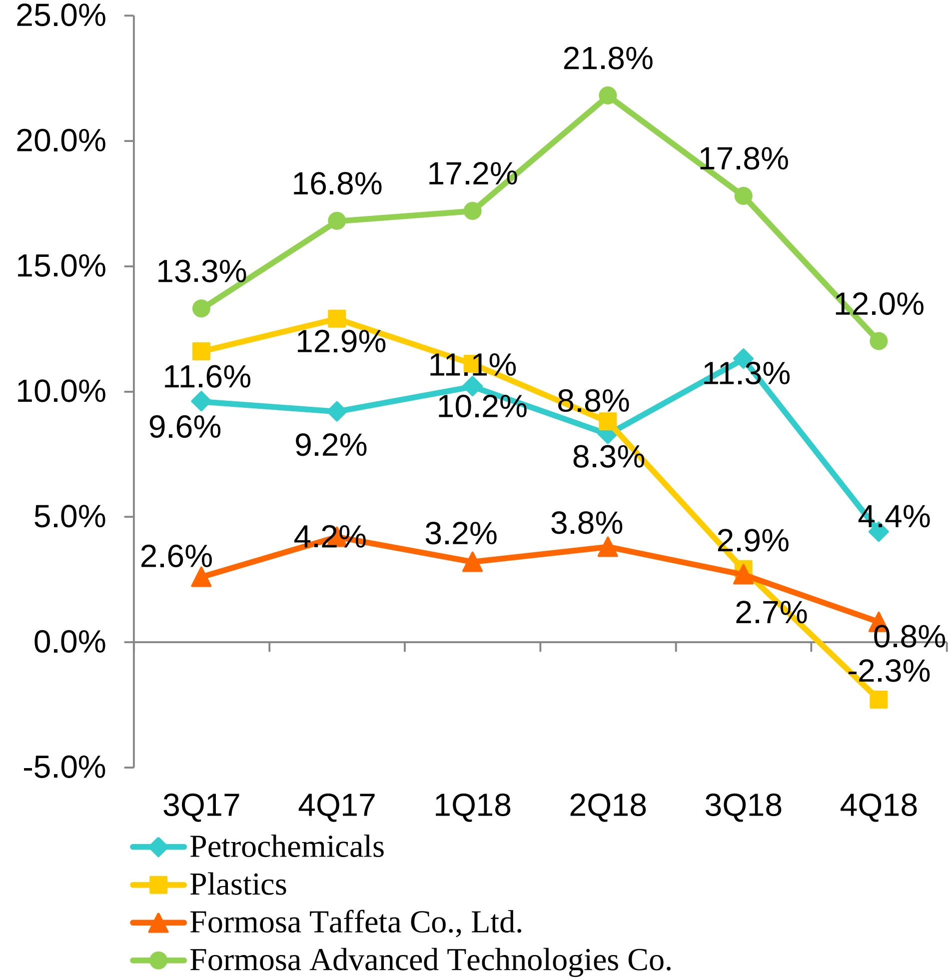
  1. Cash dividend decreased 8.3 bn.
  2. Equity income decreased 6.4 bn.
  3. Exchange gain increased 1.0 bn.

Operating Profits Breakdown by Division

Operating Margin

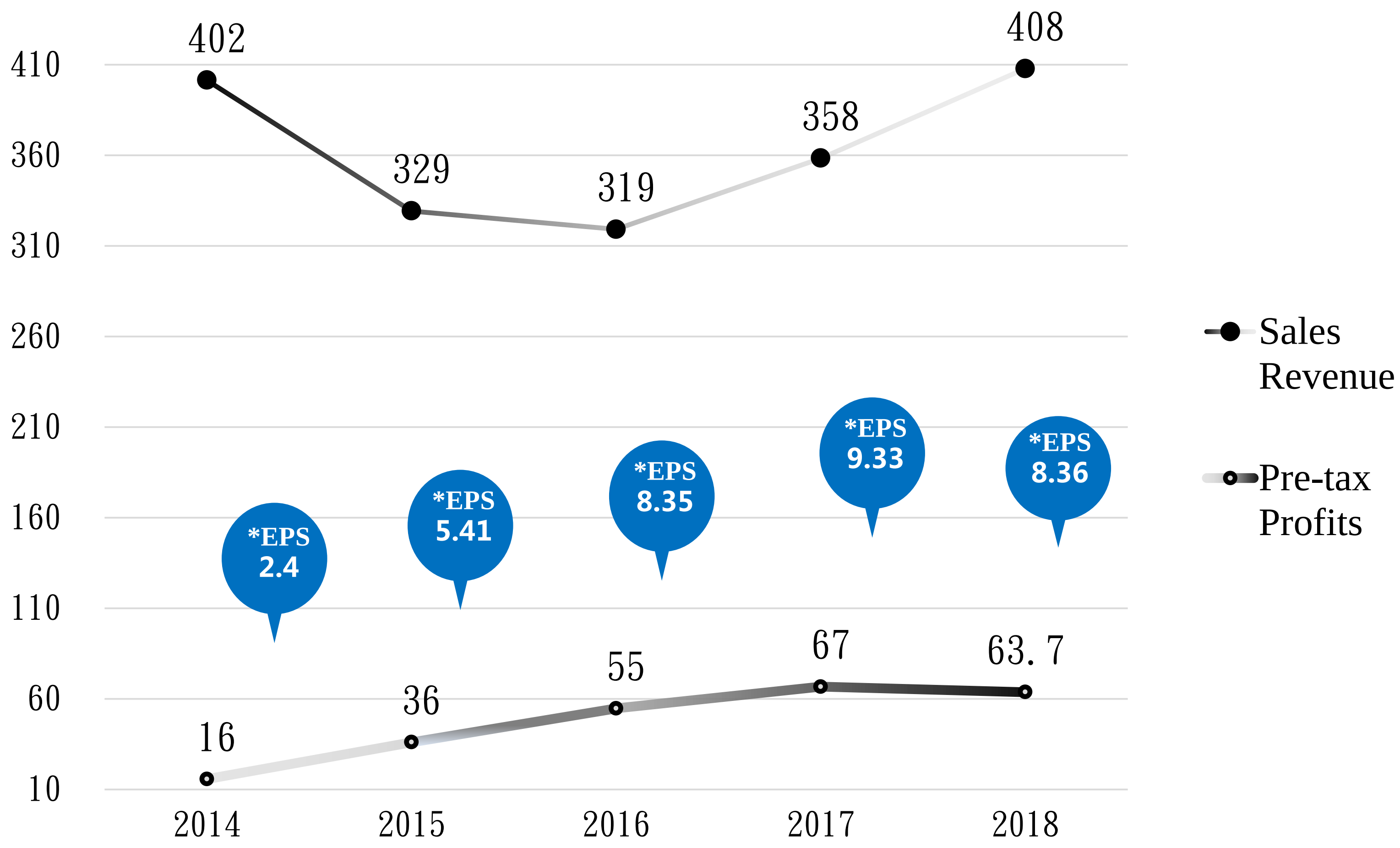


% change in Operating Margin



Financial Highlight

(In NT$ billions
except per share amounts)



*EPS in NT Dollar.

Capacity Expansion Plans

U.S.(Louisiana)

EG（stage1）

Capacity:
Addition 90 KT
Completion date:2024/02

EG（stage2）

Capacity:
Addition 90 KT
Completion date:2028/12

PP

Capacity:
Addition 60 KT
Completion date:2024/03

China(Ningbo)

MX/PIA

Capacity:
Addition 13.5 KT/20 KT
Completion date:2020/03

PTA

Capacity:
Current 120 KT
Addition 150 KT
Completion date:2022/Q1

Phenol/Acetone

Capacity:
Current 30 KT/18.5KT
Addition 14KT/ 8.7KT
Completion date:2020/05

ABS

Capacity:
Current 50 KT
Addition 25 KT
Completion date:2021/07

Q&A

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