



FORMOSA CHEMICALS & FIBRE CORPORATION

Investor Meeting

Aug.2017



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Agenda

- **Overview**
- **Financial Results**
- **Capacity Expansion Plan**
- **Q&A**



Overview

Highlights

- **Established in March 1965.**
- **Main Members:** Formosa Taffeta Co., Formosa Advanced Technologies Co. and other investees.
- **Listing Date:** December 20, 1984
- **Top 9th private corporations in Taiwan** (Totalled 536.9 bn market value dated Aug. 15, 2017)
- **Number of employee:** 18,914 (Data dated Dec. 31st, 2016)
- **Factory Location :** Total 51 plants worldwide; Taiwan(36 plants) 、 China(7 plants) 、 Vietnam(8 plants)
- **Business Area :** Petrochemicals 、 Plastics 、 Fiber 、 Fabrics 、 Cogeneration
- **Market Position:**

FCFC :

- The 2nd largest SM manufacturer worldwide
- The 3rd largest manufacturer of ABS and PHENOL worldwide
- The 5th largest PS manufacturer worldwide
- The 7th largest manufacturer of AROMA, PTA and PC worldwide

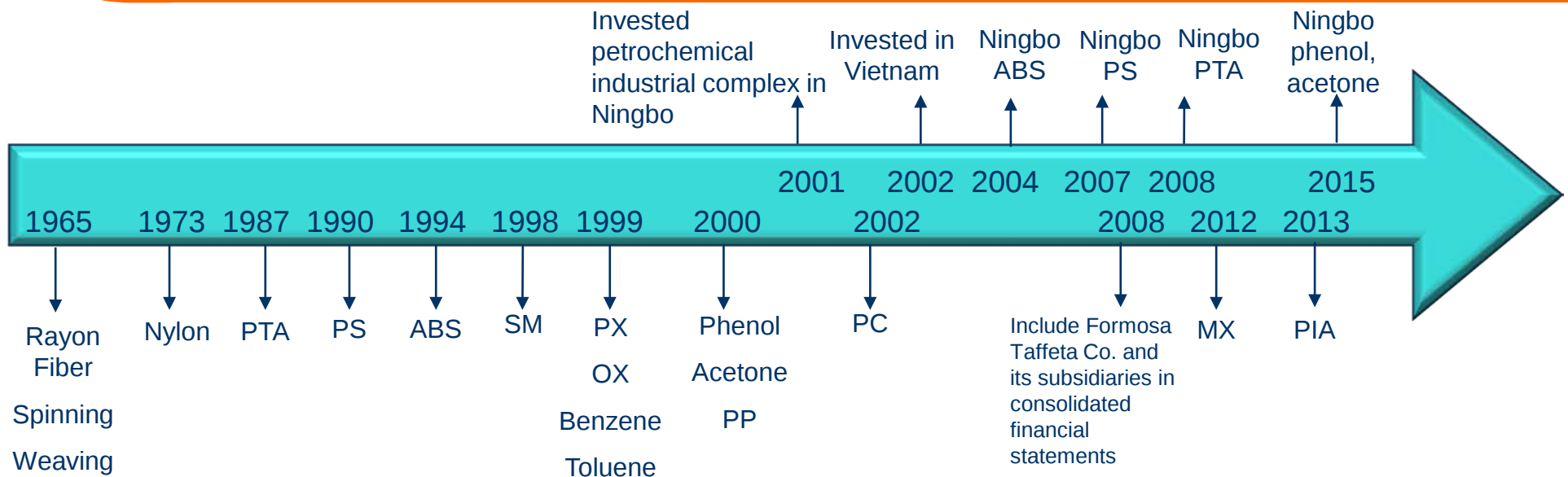
Formosa Taffeta Co. :

- GORE-TEX fabric is the first technical authorized product from American company, Gore
- Woven fabric has successfully gained 1st significant market share supply for top four sport and casual wears brand worldwide



Overview

Company History

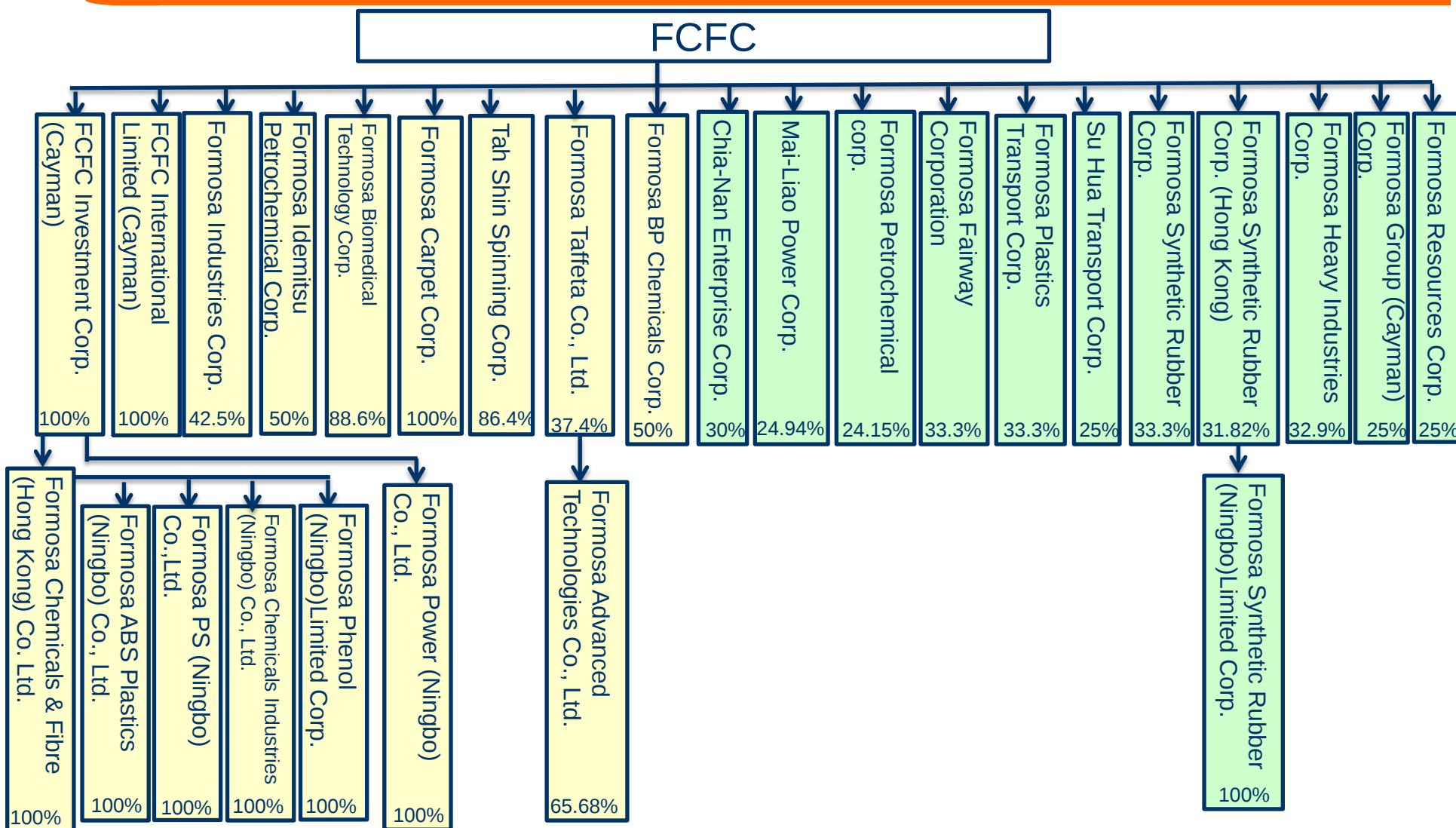


- 1965 Company founded and initially focus on production of fabric and fiber products.
- 1973~1994 Began production of Nylon ,PTA ,PS , and ABS.
- 1998Sixth Naphtha Cracker first SM production facility. 1999~2000 Began operation & launch into petrochemical Industry.
- 2001Invested petrochemical industrial complex in China Ningbo and began mass production of ABS,PS,PTA successively.
- 2002FCFC and NPC jointly invested in Vietnam and founded Formosa Industries Corp.(42.5% shares hold).Began mass production of fabrics, nylon, plastics products successively.
- FCFC holds over half of the Board seats after the stockholders' meeting of Formosa Taffeta Co. on June, 2008. FCFC have control over Formosa Taffeta Co. and accordingly include Formosa Taffeta Co. and its subsidiaries in consolidated financial statements.
- 2015 Began mass production of phenol, acetone in China.



Overview

Core Business and Subsidiaries



Note: The companies listed above are significant subsidiaries and equity investees.



Financial Results

Consolidated income statement

(In hundreds of millions,NTD)

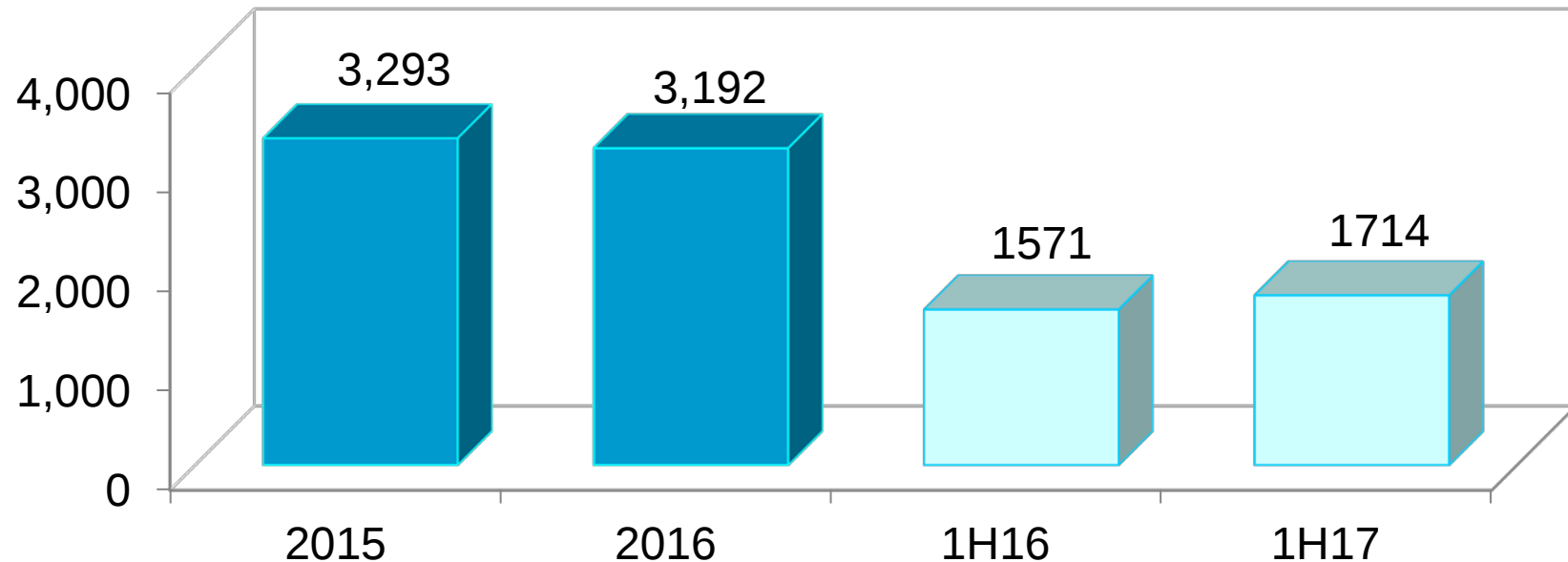
Year	1H 2017	2016	2015	2014	2013	2012
Sales Revenue	1,714.30	3,192.0	3,293.5	4,014.5	4,280.0	3,916.0
COGS	1,481.10	2,716.5	2,956.4	3,836.6	3,954.4	3,764.3
Gross Margin	233.2	475.5	337.1	178.0	325.6	151.7
Operation Expense	67.9	141.2	143.4	137.5	135.8	120.0
Operation Income	165.3	334.4	193.7	40.4	189.8	31.7
Non-operating income and expenses	98.8	212.4	166.2	116.5	113.3	61.2
Profit before income tax	264.1	546.8	359.9	156.9	303.1	92.9
Income Tax Expense	30	59.1	43.7	16.7	36.3	7.9
Net Income	234.1	487.7	316.2	140.2	266.8	85.0
Net income attributable to:						
Owners of the parent	201.5	438.3	275.8	105.3	248.6	73.2
Non-controlling interest	32.6	49.3	40.4	34.9	18.1	11.9
EPS(After Tax)	3.45	7.5	4.7	1.8	4.3	1.3



Financial Results

Consolidated Revenue

(In hundreds of millions,NTD)



■ Revenue in 2016 decreased 3.1% YoY due to:

Sell price decreased due to oil price decline since 2015 resulting in 14.8 billion unfavorable differences in sales price ; while the completion of overseas expansion increase sales volume resulting in 4.7 billion favorable differences in sales volume.

■ Revenue in 2017 1H increased 9.1% HoH due to :

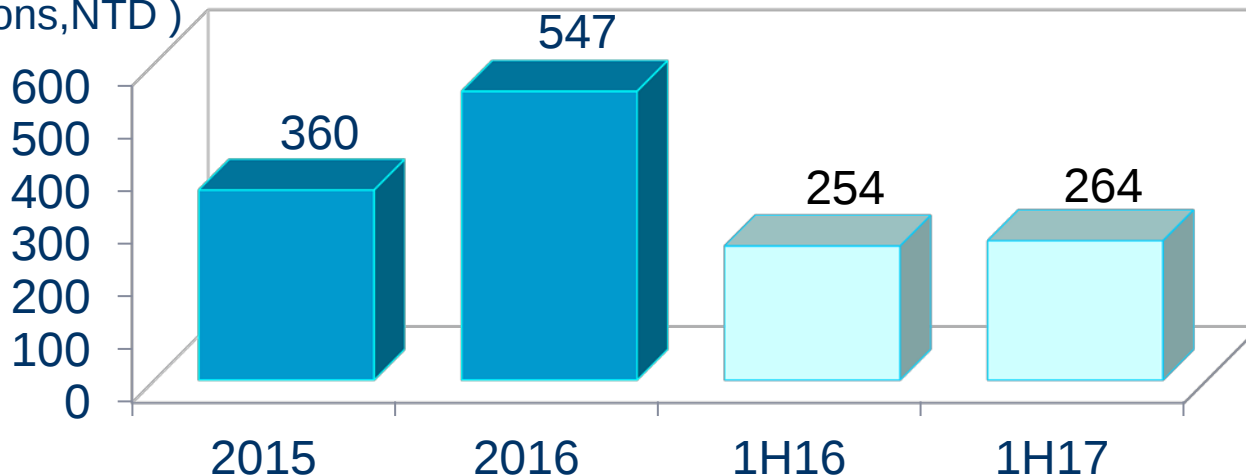
Increasing prices of petrochemical and plastics products in 2017 1H is driven by the rising of oil prices compare to 2016 1H.



Financial Results

Pre-tax Income

(In hundreds of millions,NTD)



■ 51.9% YoY increase in 2016 pre-tax income due to:

1. Operating income increased 14.1bn is driven by the profits expansion from petrochemical and plastics products.
2. Equity income increased NT\$6.8bn YoY.
3. Foreign exchange loss , impairment of assets and other gains/losses resulting in income decreased 2.2bn.

■ 2017 1H pre-tax income increased by 3.9% HoH due to :

1. Operating income decreased 1.6bn :

Due to the decline of oil price in the first half of year, lower profit between cost and product of petrochemicals, annual maintenance of big plants, i.e. ARO-3, SM-3, and reduction of sales volume, the operating income is decreasing.

2. Non-Operating income increased 2.6bn :

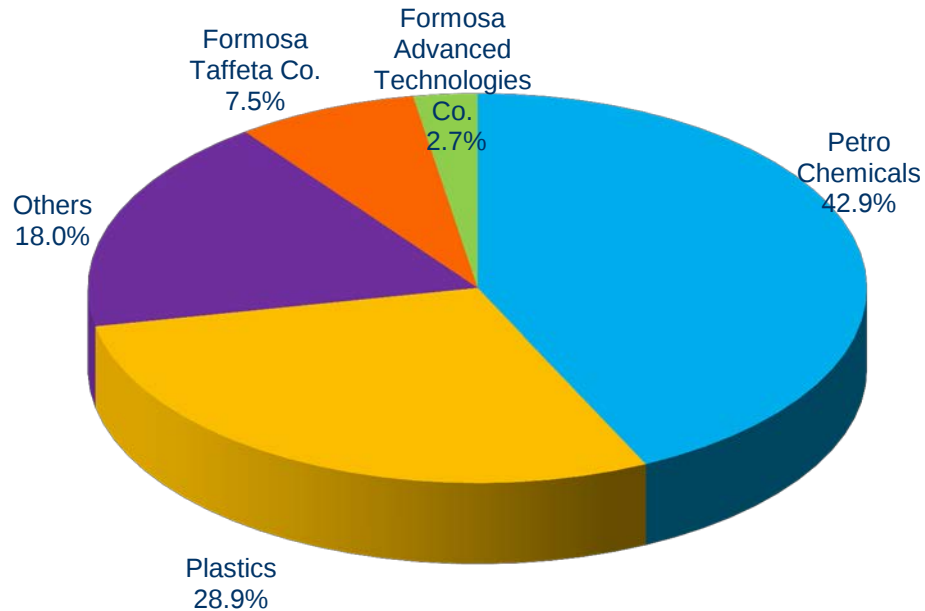
Due to ex-dividend date of Nanya Technology Co. and FPC in July , cash dividend increased 2.79bn.



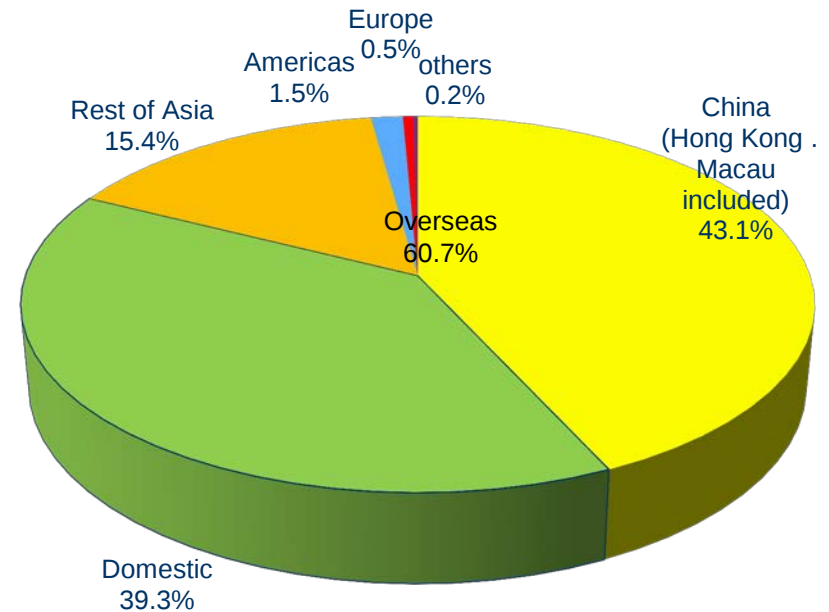
Financial Results

Revenue Breakdown

2016 Net Sales
NT\$ 319.2 billion



2016 Net Sales
by Geography



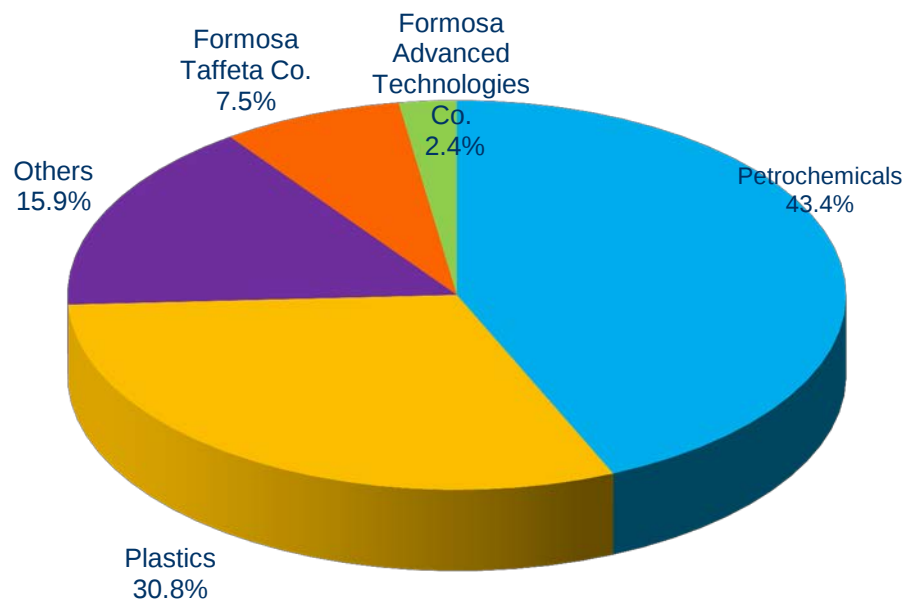
- Main revenue contribution in the next few years is still driven by petrochemical and plastics products which account for 71.8% consolidated revenue in 2016.
- China(Hong Kong, Macau included), Taiwan and rest of other areas represent 43.1%, 39.3% and 17.6% among the revenue by geography.



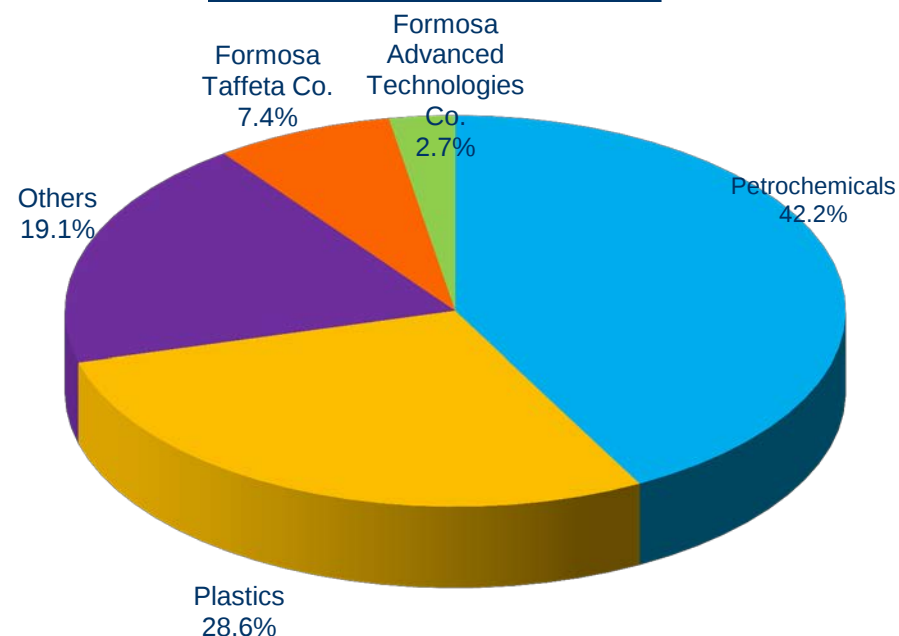
Financial Results

Revenue Breakdown by Division

2017 1H Net Sales
NT\$ 171.4 billion



2016 1H Net Sales
NT\$ 157.1 billion



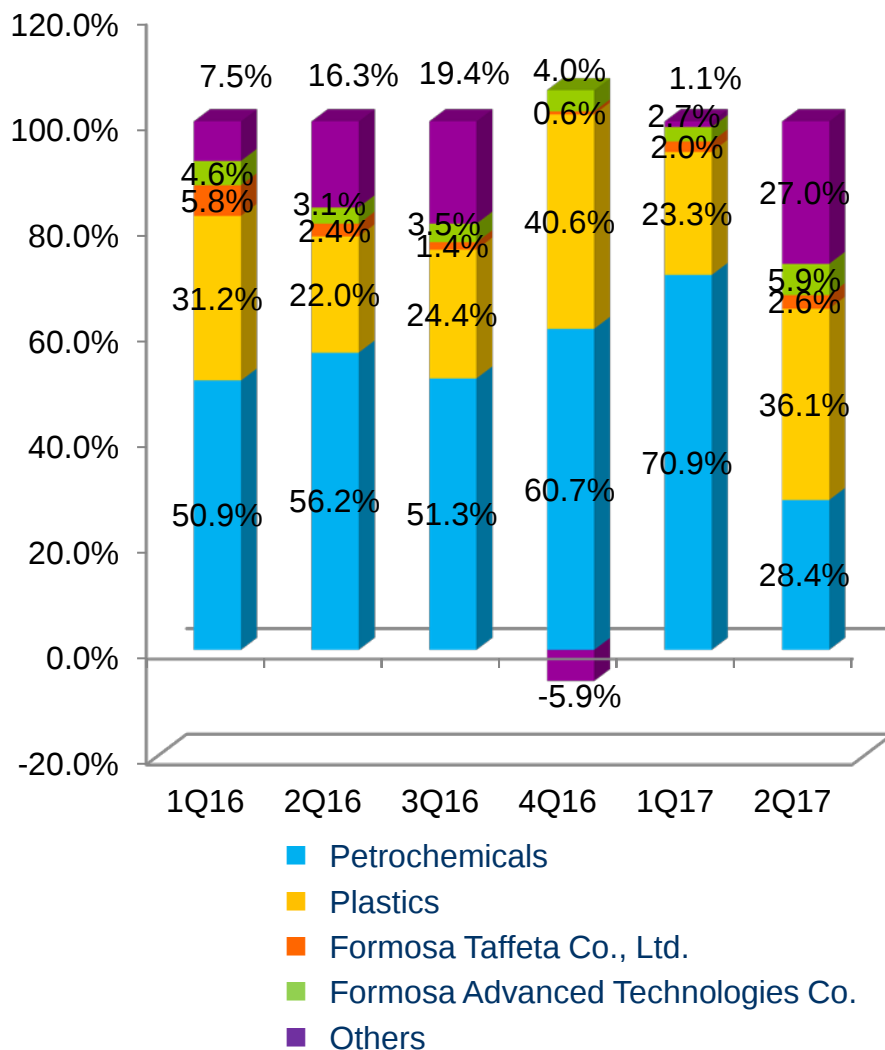
- Revenue in 2017 1H increased 9.1% HoH.
- Prices of petrochemical and plastics product increased because of oil and material price raised up.
- Changhua plant involuntary closed down in Oct. last year resulting in declined income of textile and nylon which is also the main factor of reduced other revenue.



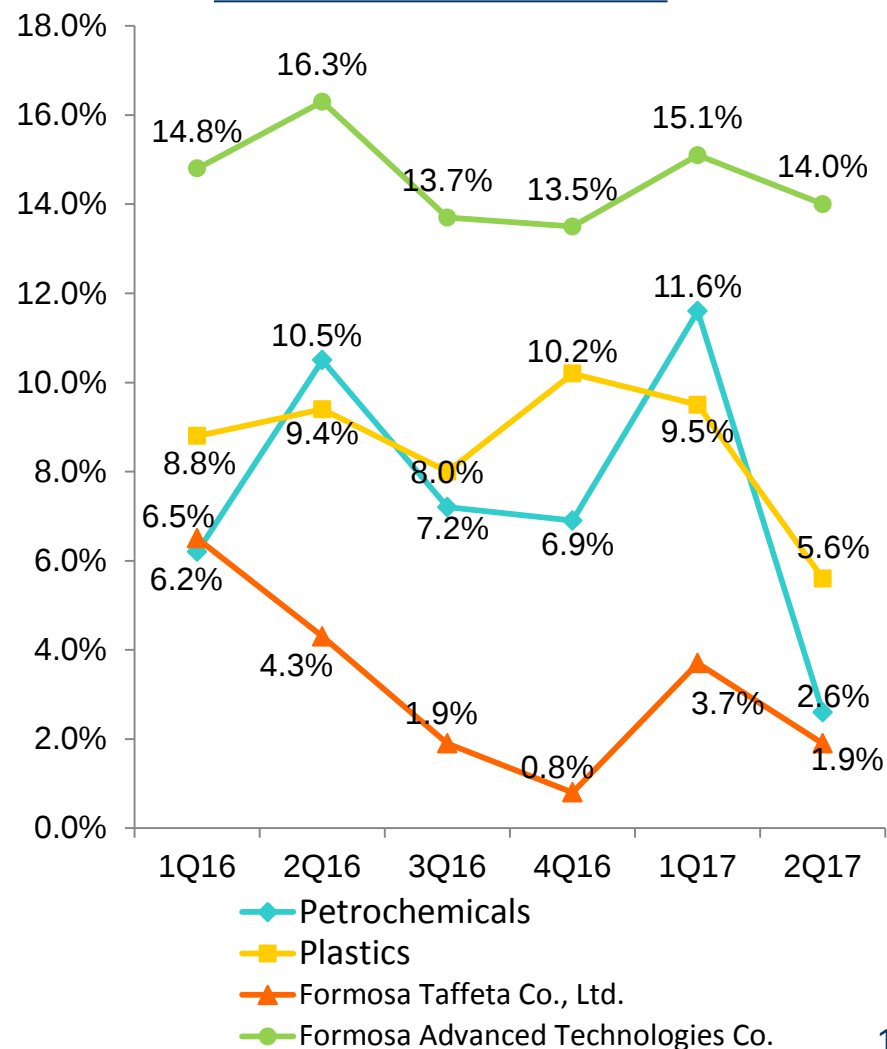
Financial Results

Operating Profits Breakdown by Division

Operating Profits



Operating Margins





Capacity Expansion Plan

Product	Location	Year Capacity (KT)	Year Capacity after expansion (KT)	Completion Date	Capacity Increase (%)
MX/PIA	China (Ningbo)	-	13.5/20	2019/10	
Phenol		30	40	2019/09	33%
Acetone		18.5	24.6	2019/09	33%
PC/ABS Alloys		Under evaluation and the detail will be announced after the board of directors meeting.			
ABS					
PP/EG	America (Louisiana)	FCFC and FPCC plan to invest in Louisiana jointly and the detail will be announced after the board of directors meeting.			



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