

FORMOSA CHEMICALS & FIBRE CORPORATION

2018 1H Operations Results

Aug.30,2018

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Statements of Comprehensive Income

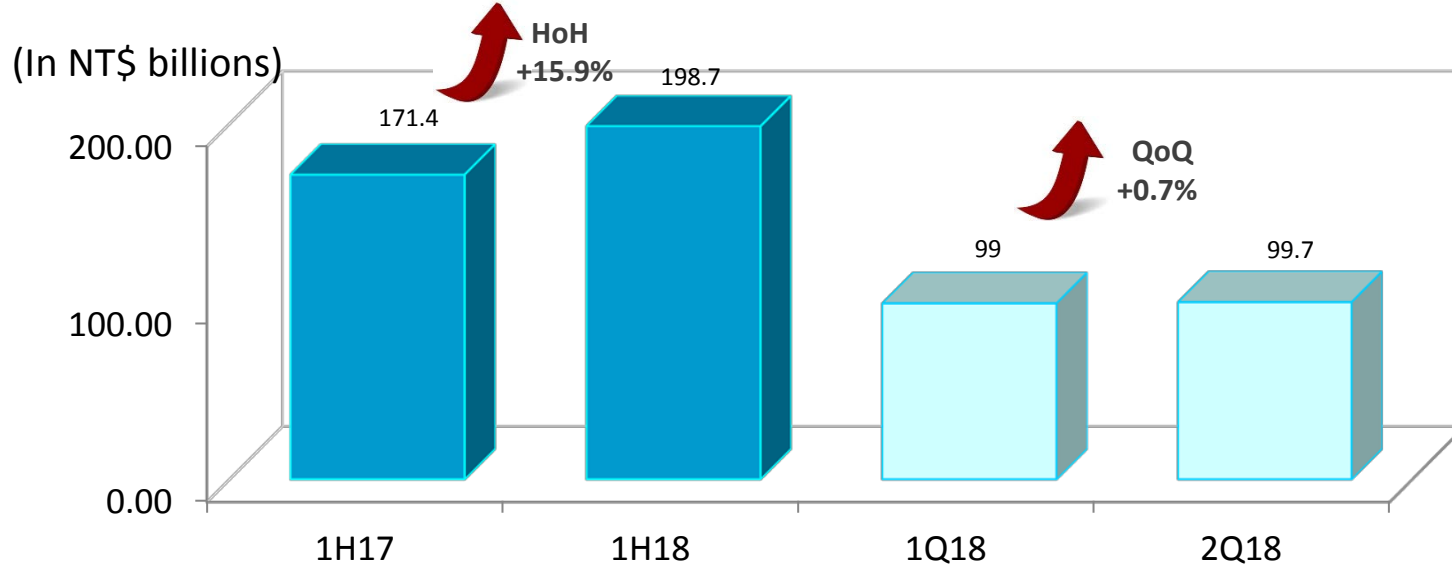
(In NT\$ billions unless otherwise noted)

	<u>1H 2018</u>	<u>1H 2017</u>	<u>HoH</u>	<u>2Q 2018</u>	<u>1Q 2018</u>	<u>QoQ</u>
Sales Revenue	198.7	171.4	15.9%	99.7	99.0	0.7%
COGS	(168.7)	(148.1)		(85.5)	(83.2)	
Gross Profits	30.0	23.3	28.8%	14.2	15.8	-10.1%
Gross Margin	15.1%	13.6%		14.3%	15.6%	
Operation Expense	(7.3)	(6.8)		(0.36)	(0.37)	
Operation Income	22.6	16.5	37.0%	10.5	12.1	-13.2%
Operating Margin	11.4%	9.6%		10.5%	12.2%	
Total non-operating income and expenses	13.3	9.9	34.3%	9.2	4.1	124.4%
Income Tax Expense	35.9	26.4	35.9%	19.7	16.2	21.6%
Net Income	30.6	23.4	30.8%	16.2	14.3	13.3%
Net Profit Margin	15.4%	13.7%		16.2%	14.4%	
EPS(NT Dollar)*	4.67	3.45	35.4%	2.45	2.22	10.4%

*Profit attributable to common shareholders of the parent



Consolidated Revenue Analysis



■ Revenue increased 27.3bn in 1H2018 with 15.9% growth HoH:

Production & Sales Volume Increased +8.9bn:

Due to less scheduled maintenance work compare to 1H2017(ARO-3 only in 1H2018).

Price Spread +18.4bn:

Petrochemical and plastics prices raised reflect higher oil prices and strong demand from downstream.

■ Revenue increased 0.7bn in 2Q2018 with 0.7% growth QoQ:

Production & Sales Volume Slightly Decreased -2.4bn:

Due to the scheduled maintenance of ARO-3.

Price Spread +3.1bn:

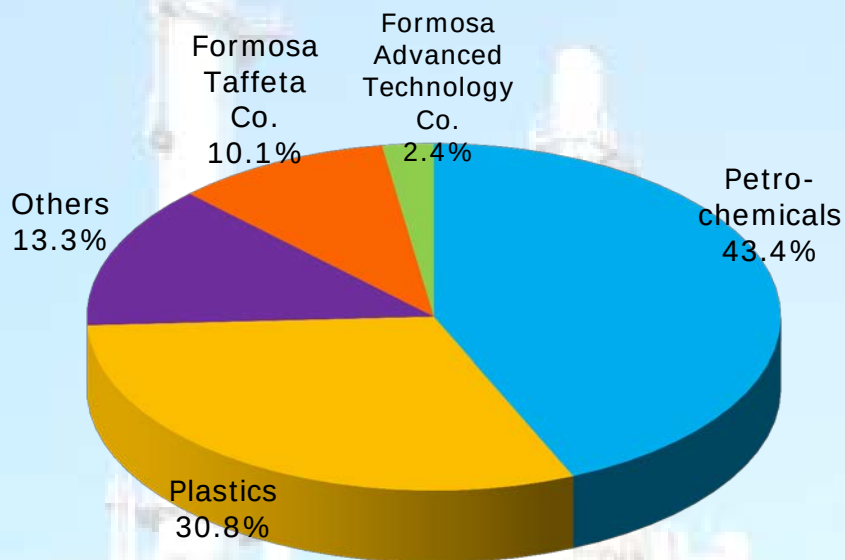
High oil price drive up the Petrochemical and plastics prices.



Revenue Breakdown by Division

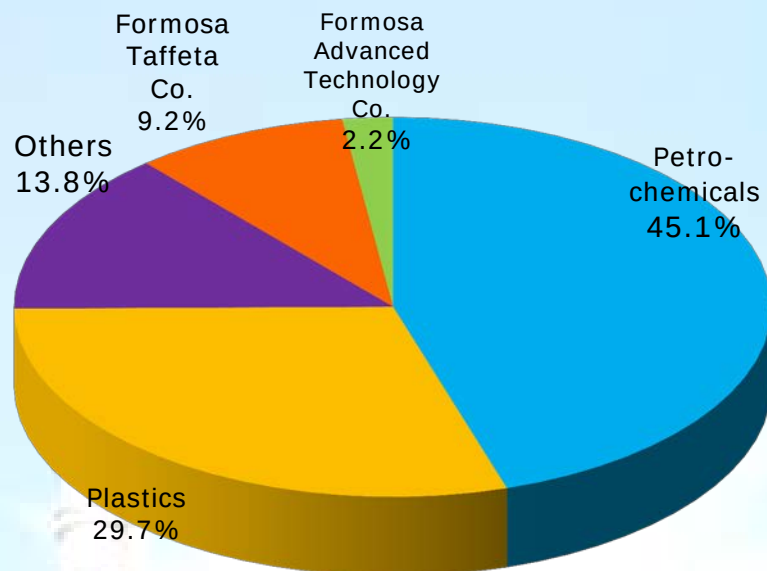
1H17

(1H17 Net Sales: NT\$171.4 billion)



1H18

(1H18 Net Sales: NT\$198.7 billion)



■ Petrochemical :

Revenue of petrochemical 89.6bn represents 45.1% among total sales. Petrochemical increased YoY mainly due to the growing sales of PX 、SM and PHENOL.

■ Plastics:

Focusing on customized and High-value-added Plastics Products, our sales of plastics products was 59 bn accounts for 30% of total sales with 6.2bn increased HoH.

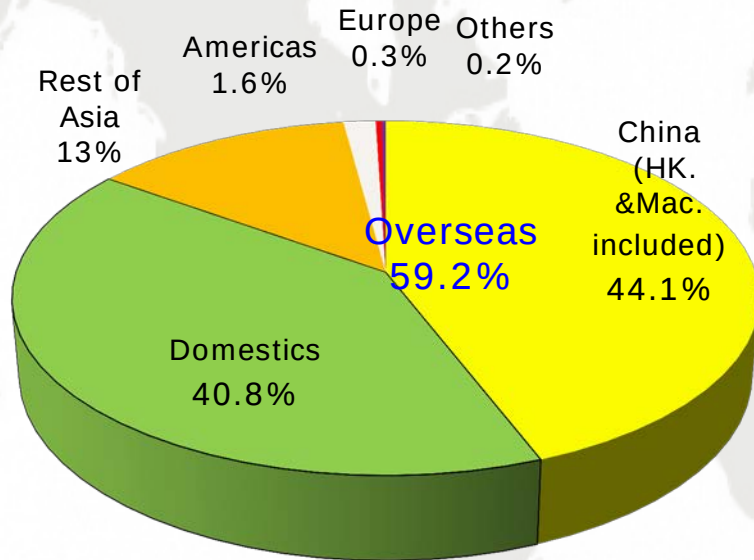
- Main revenue in the next few years is still driven by petrochemical and plastics products which account for 74.8% consolidated revenue in 1H2018.



Revenue Breakdown by Geography

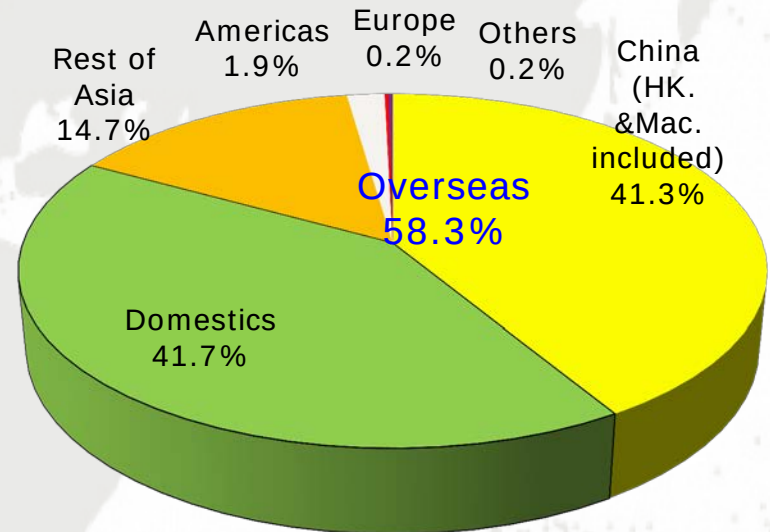
1H17

(1H17 Net Sales:NT\$171.4 billion)



1H18

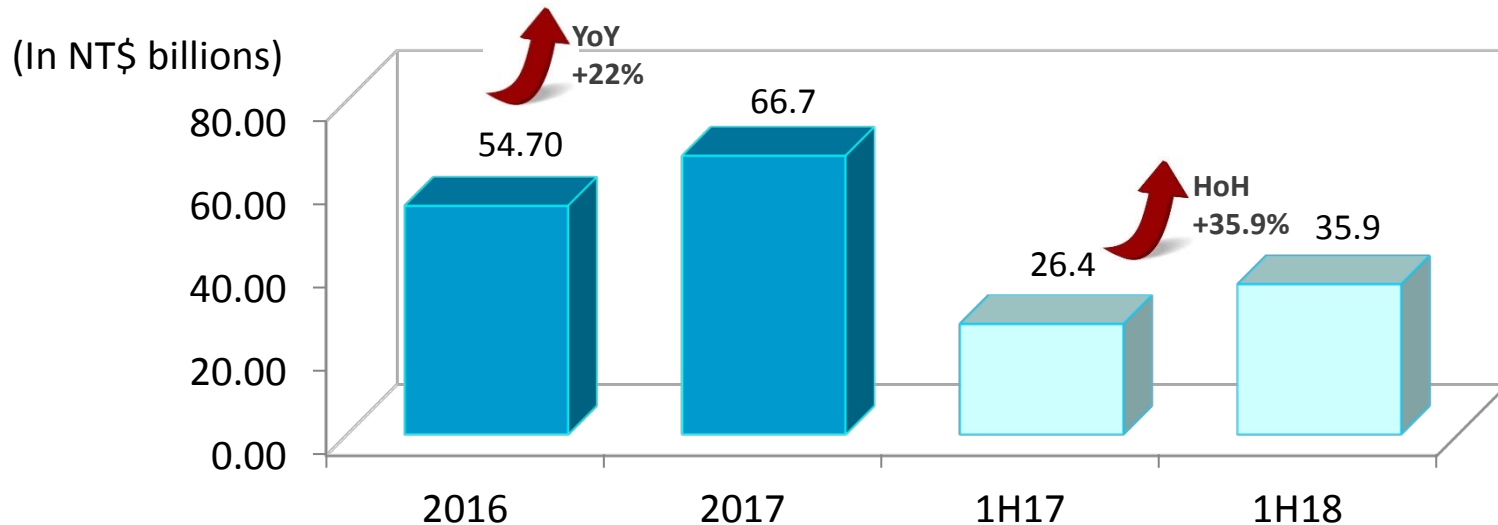
(1H18 Net Sales:NT\$198.7 billion)



- China(Hong Kong &Macau included) plays an important role regionally and represent 44.1% in 1H17 and 41.3% in 1H18 of total sales respectively.



Operating Profits Analysis



■ 2017 pre-tax income increased 12bn with 22% growth YoY:

- 1.Profits spread of petrochemical and plastics expand 5.4bn due to rising oil price, strong demand from downstream and restriction on scrap plastic imports from China.
- 2.Gain on sales of stock (Nanya Technology Co.) and land(Pingtung xin yuan) total 2.66bn.
3. Cash dividend increased 1.22bn and exchange losses decreased, total gain 1.22bn.

■ 1H2018 pre-tax income increased 9.5bn with 35.9% growth HoH:

1.Operating income increased 6.1bn:

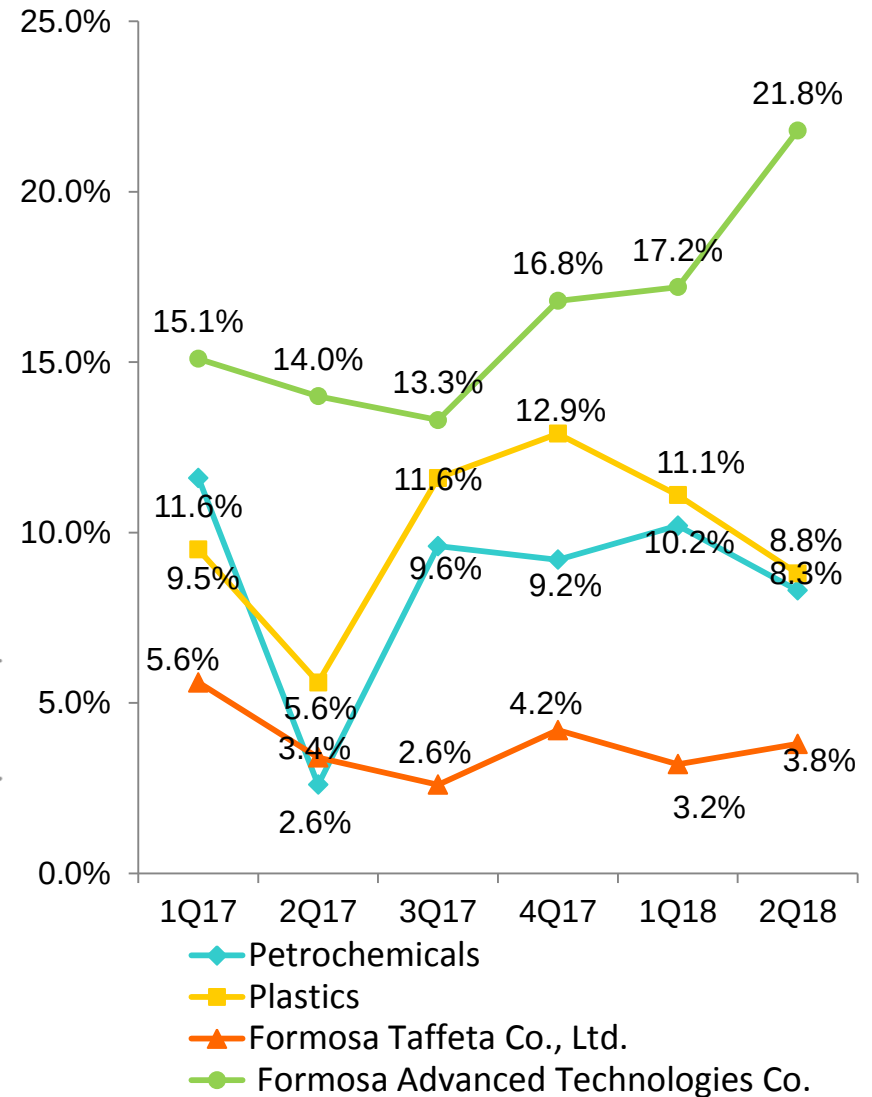
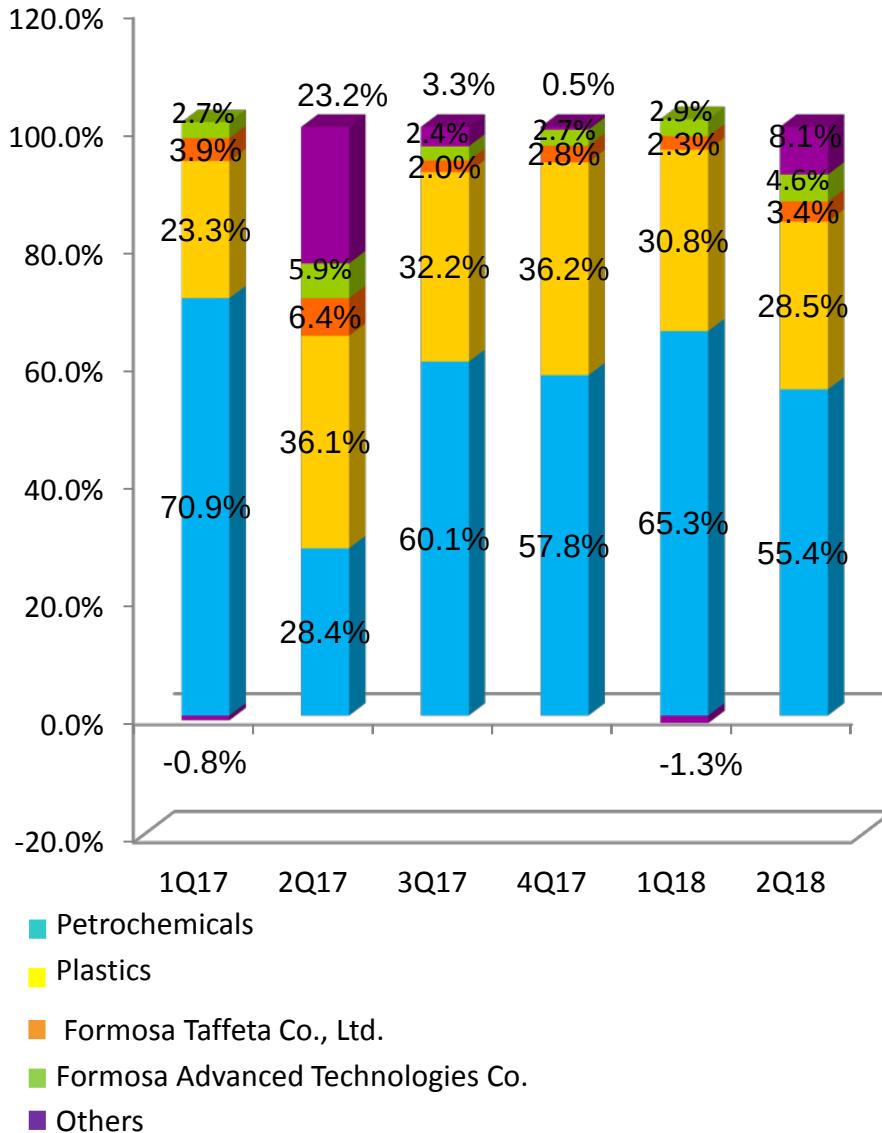
High oil price drive up the petrochemical and plastics prices in 1H2018 and maintenance work of ARO-3 、SM-3 finished in 1H2017.

2.Non-Operating income increased 3.4bn :

Equity income increased 2.3bn, exchange gain increased 2.3bn and cash dividend decline 1.5bn(Due to ex-dividend date of FPC in July but June in 2017).



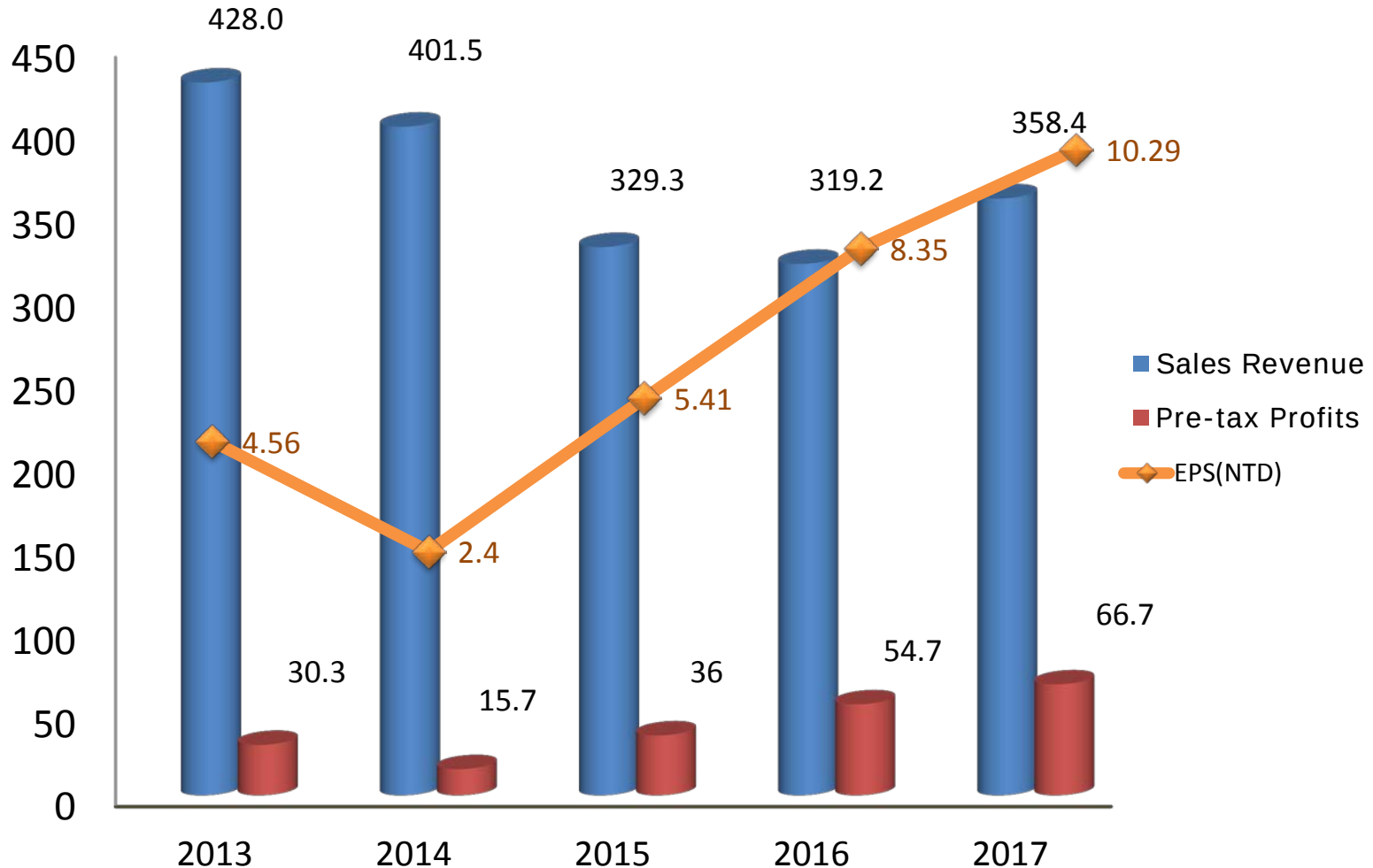
Operating Profits Breakdown by Division





Financial Summary

(In NT\$ billions unless otherwise noted)





Capacity Expansion Plan

01

China(Ningbo)

Product	Capacity (KT/Year)	Capacity Planning (KT/Year)	Capacity Increase(%)	Completion Date
MX/PIA	-	13.5/20	-	2020/03
Phenol	30	44	47%	2020/05
Acetone	18.5	27.2	47%	2020/05

02

America(Louisiana)

Product	Capacity Planning (KT/Year)	Completion Date
EG(stage1)	90	2023/08
PP	60	2024/01
EG(stage2)	90	2028/12

Q&A

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