FORMOSA CHEMICALS & FIBRE CORPORATION

1H2019 Investor Presentation

FCFC

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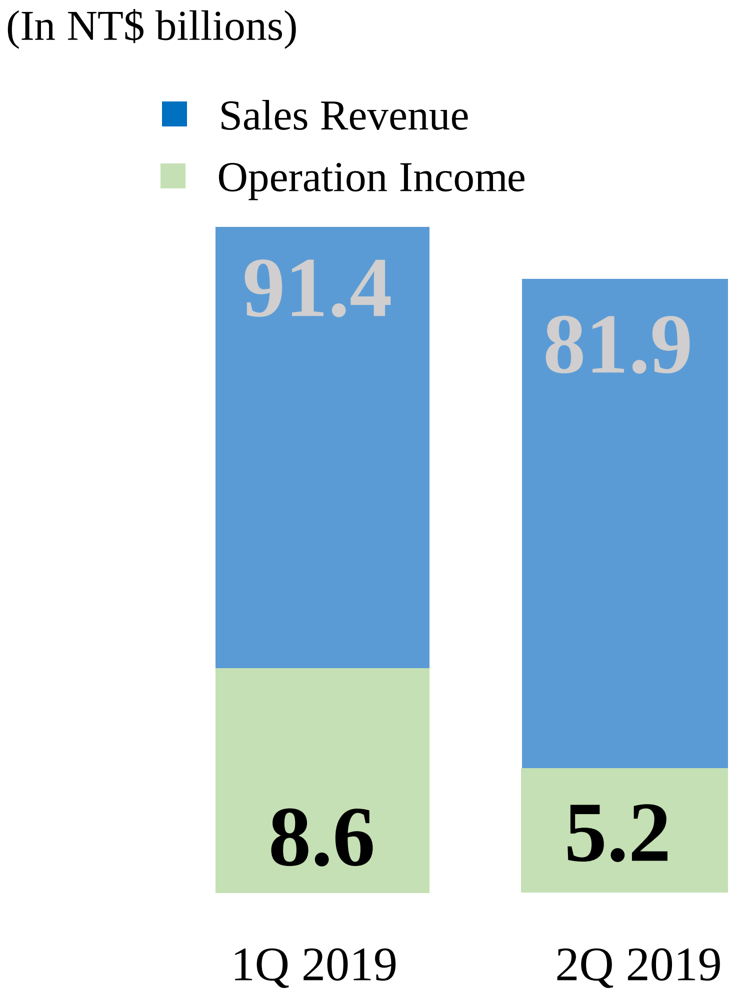
Consolidated Financial Performance

(In NT$ billions except per share amounts)	1H 2019	1H 2018	HoH	2Q 2019	1Q 2019	QoQ
Sales Revenue	**173.3**	**198.7**	**-12.8%**	**81.9**	**91.4**	**-10.4%**
COGS	(151.7)	(168.8)		(72.9)	(78.8)	
Gross Profits	**21.6**	**29.9**	**-27.8%**	**9.0**	**12.6**	**-0.28%**
Gross Margin	**12.5%**	**15.0%**		**11.0%**	**13.7%**	
Operation Expense	(7.8)	(7.3)		(3.8)	(4.0)	
Operation Income	**13.8**	**22.6**	**-38.9%**	**5.2**	**8.6**	**-39.5%**
Operating Margin	**8.0%**	**11.3%**		**6.3%**	**9.4%**	
Total non-operating income and expenses	6.5	13.3	-51.1%	4.3	2.2	95.5%
Profit Before Tax	**20.3**	**35.9**	**-43.5%**	**9.5**	**10.8**	**-12.0%**
Net Income	**16.9**	**30.6**	**-44.8%**	**7.7**	**9.2**	**-16.3%**
Net Profit Margin	**9.8%**	**15.4%**		**9.4%**	**10.1%**	
EPS(NT Dollar)*	**2.45**	**4.67**		**0.99**	**1.46**	

*Profit attributable to common shareholders of the parent

Change in Consolidated Revenue –QoQ



Consolidated revenue decreased 9.5 bn in 2Q2019 compared with 1Q2019, representing 10.4% decline rate.

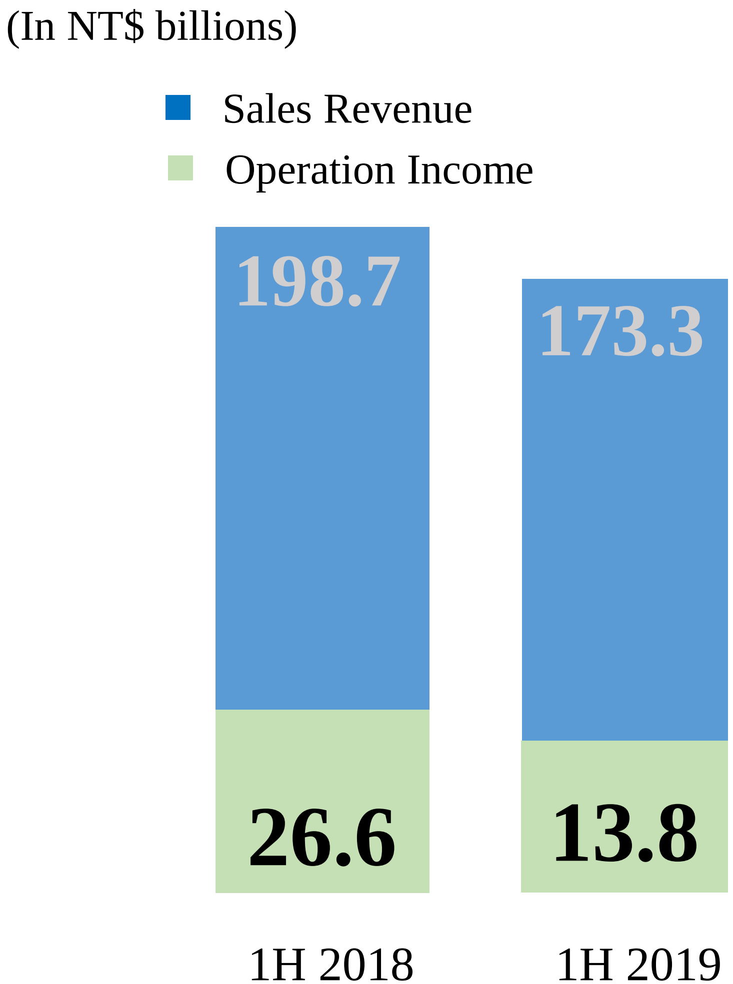
- **Volume variance-8.94bn:**

An unfavorable volume variance in 2Q 2019 is due to explosion incident at ARO-3 and periodic inspections of our two major plants.

- **Price variance-0.56bn:**

Price falling in 2Q 2019 result from the low-level of confidence in the market and the severe pollution inspection enforced by the China government.

Change in Consolidated Revenue –YoY



Consolidated revenue decreased 25.4 bn in 1H2019 compared with 1H2018, representing 12.8% decline rate.

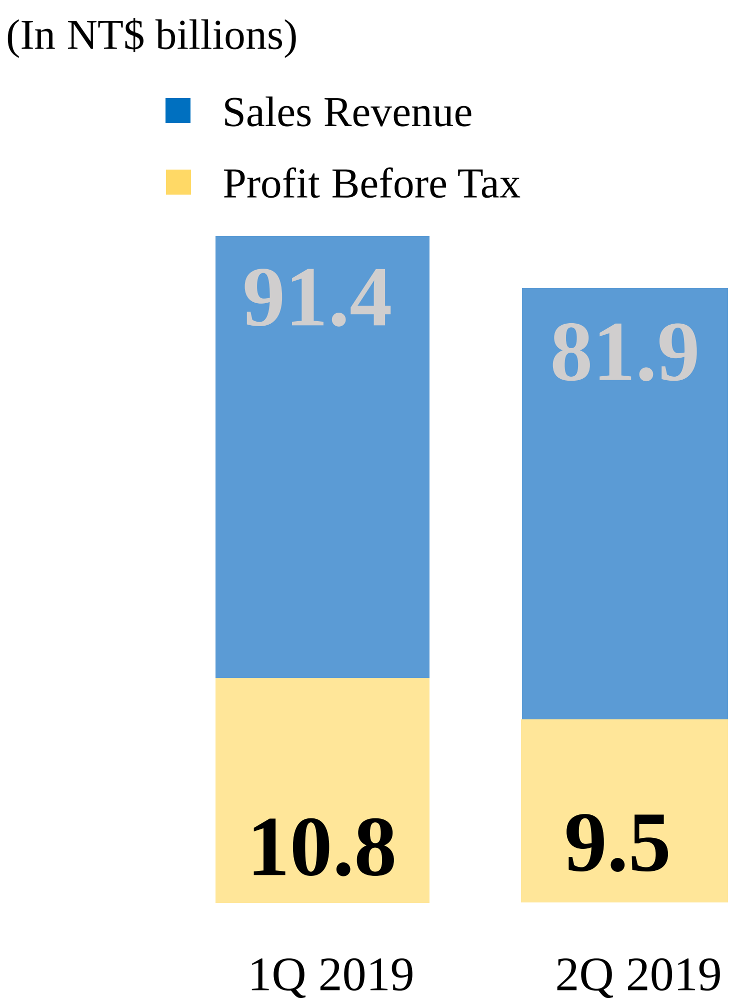
- **Volume variance-8.92 bn**

Commencement periodic inspection for three of our plants and the explosion incident at ARO-3 had caused volume to drop during 1H2019.

- **Price variance -16.48 bn**

The US-China trade dispute weaken the demand of global market and threaten the price of petrochemicals and plastics products.

Change in Profit Before Tax - QoQ



Profit Before Tax decreased 13 bn in 2Q2019 compared with the previous quarter, representing 12% decline rate.

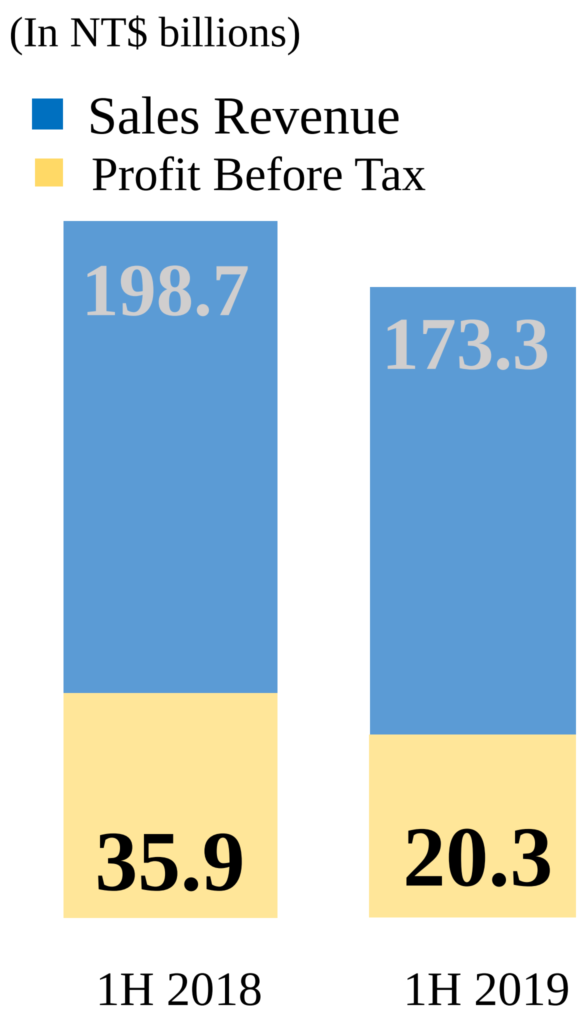
- **Operating income decreased -3.4 bn**

Facing the tense trade relations between US and China and large-scale production of petrochemical from China, the petrochemical price volatility expanded. Moreover, the ARO-3 explosion incident and periodic inspections schedule cut profits in 2Q 2019.

- **Non-Operating income increased 2.1 bn**

1.Cash dividend increased 1.9 bn.
2.Equity income increased 0.4 bn.
3.Exchange gain decreased 0.2 bn.

Change in Profit Before Tax - YoY



Profit Before Tax decreased 15.6 bn in 1H 2019 compared with 1H2018, representing 43.5% decline rate.

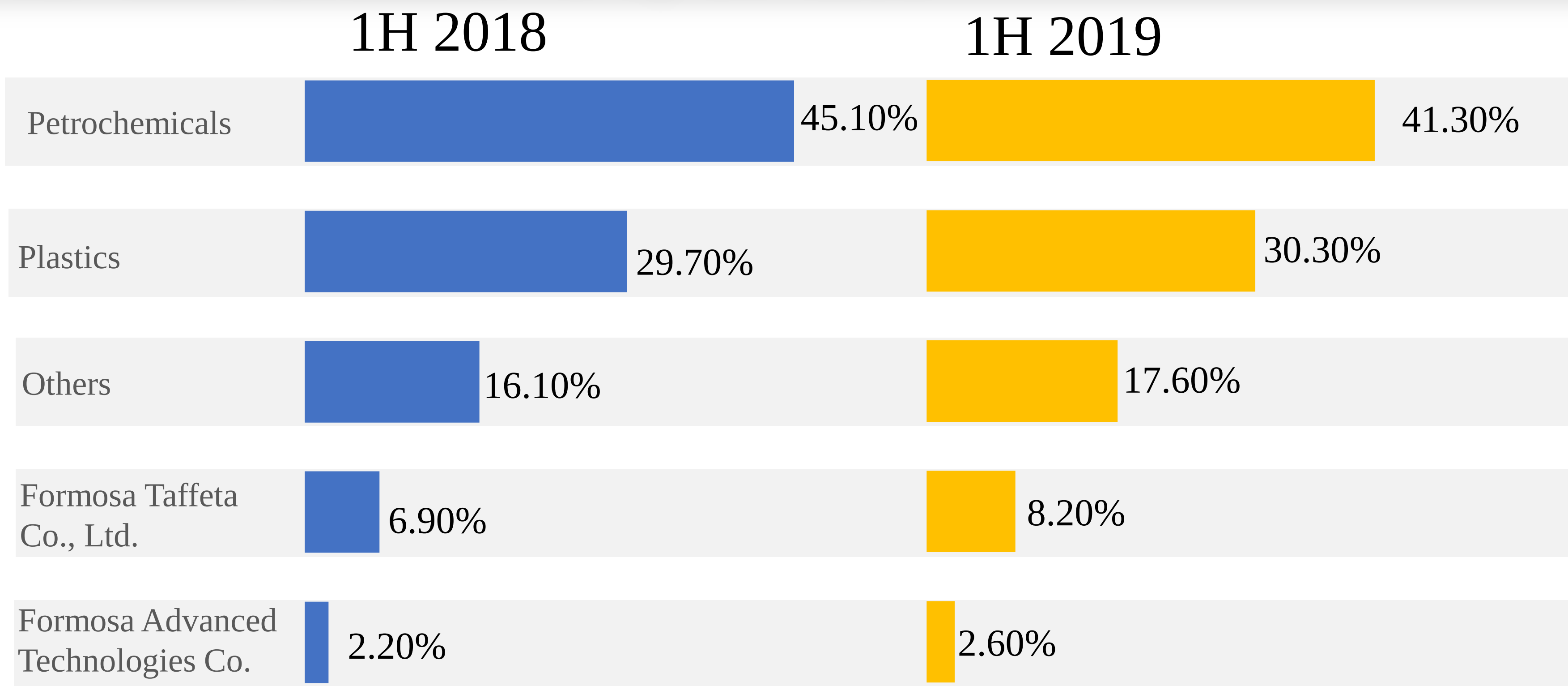
- **Operating income decreased 8.8 bn**

Operating income decreased in 1H2019 caused by downward pressures on oil price, large-scale production of petrochemical from China and ARO-3 explosion incident.

- **Non-Operating income decreased 6.7bn**

1. Equity income decreased 6.4 bn.
2. Gain on sales of land decreased 0.8 bn.
3. Exchange gain decreased 0.2 bn.
4. Cash dividend increased 0.6 bn.

Revenue Breakdown by Division



- **Petrochemical :**

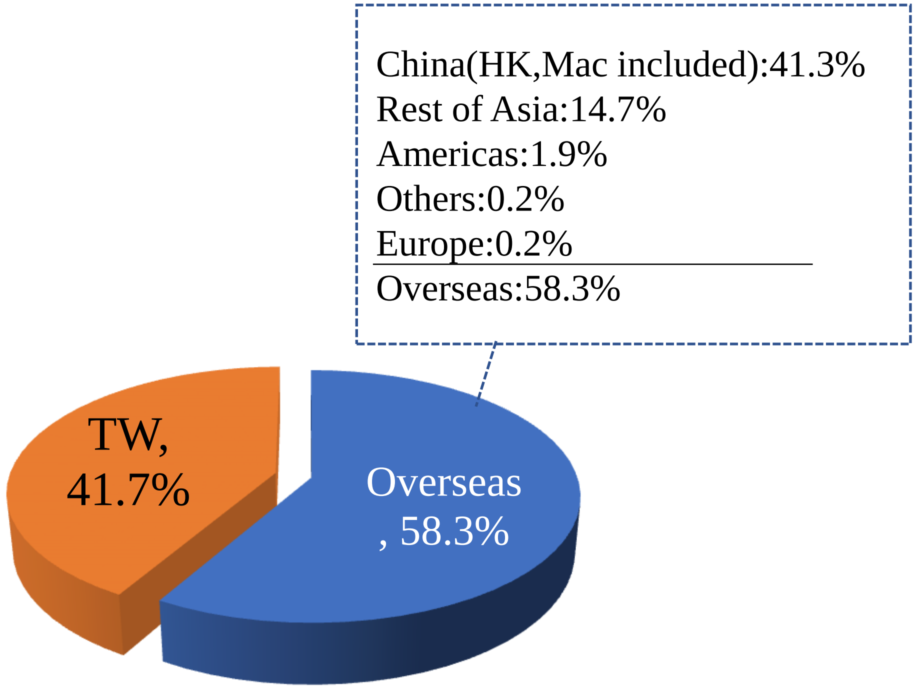
  Petrochemical revenue account for 41.3%,which was 71.59 bn in 1H2019. The ARO-3 explosion incident and decline price and volume of PX、SM and PHENOL were the main factor to the falling revenue in 1H2019.

- **Plastics:** Under the impact of trade war, sales revenue decreased 6.5 bn in 2019 HoH.
- **Petrochemical and plastics products remains to be the main contributors to the revenue ,which accounted for 71.6% of consolidated revenue in 1H 2019.**

Revenue Breakdown by Geography

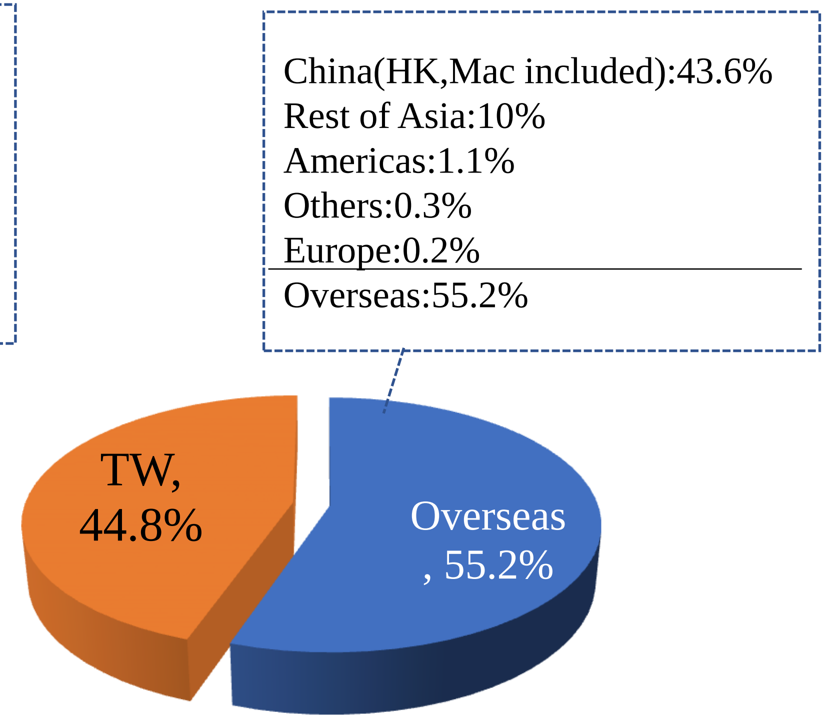
1H 2018

Sales Revenue:NT$198.7 billion



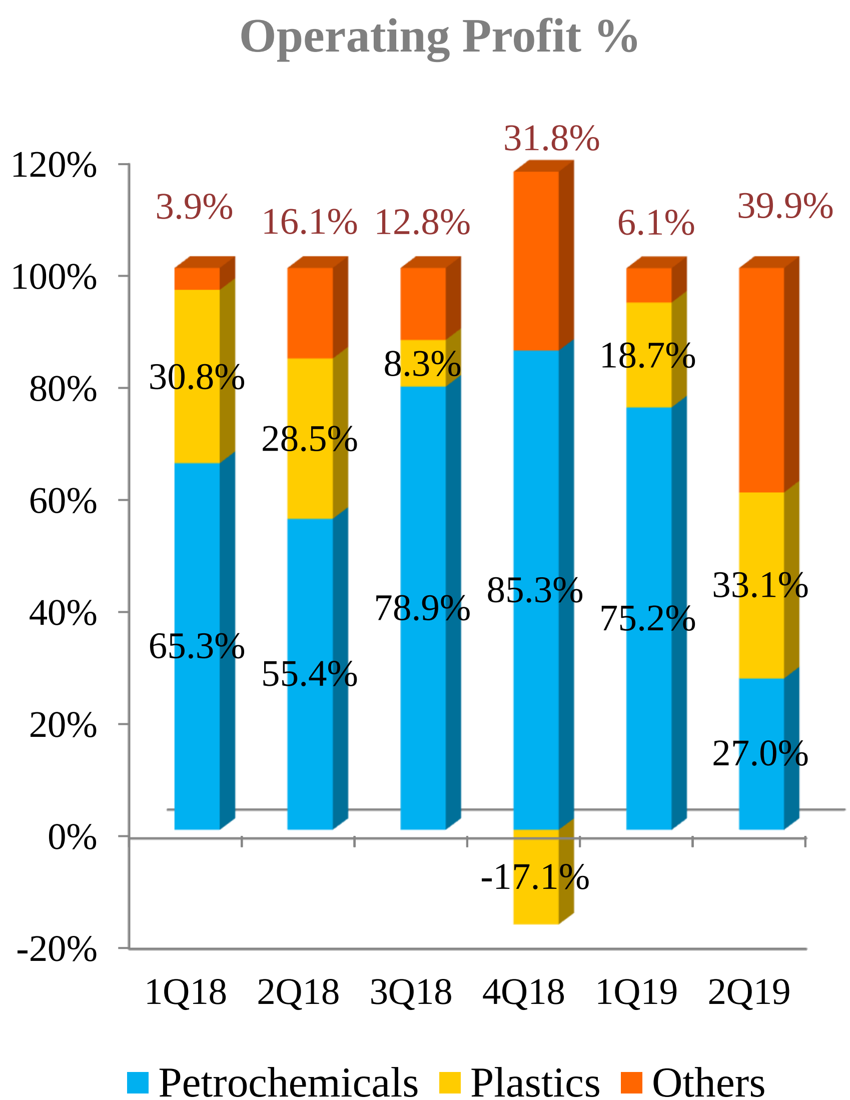
1H 2019

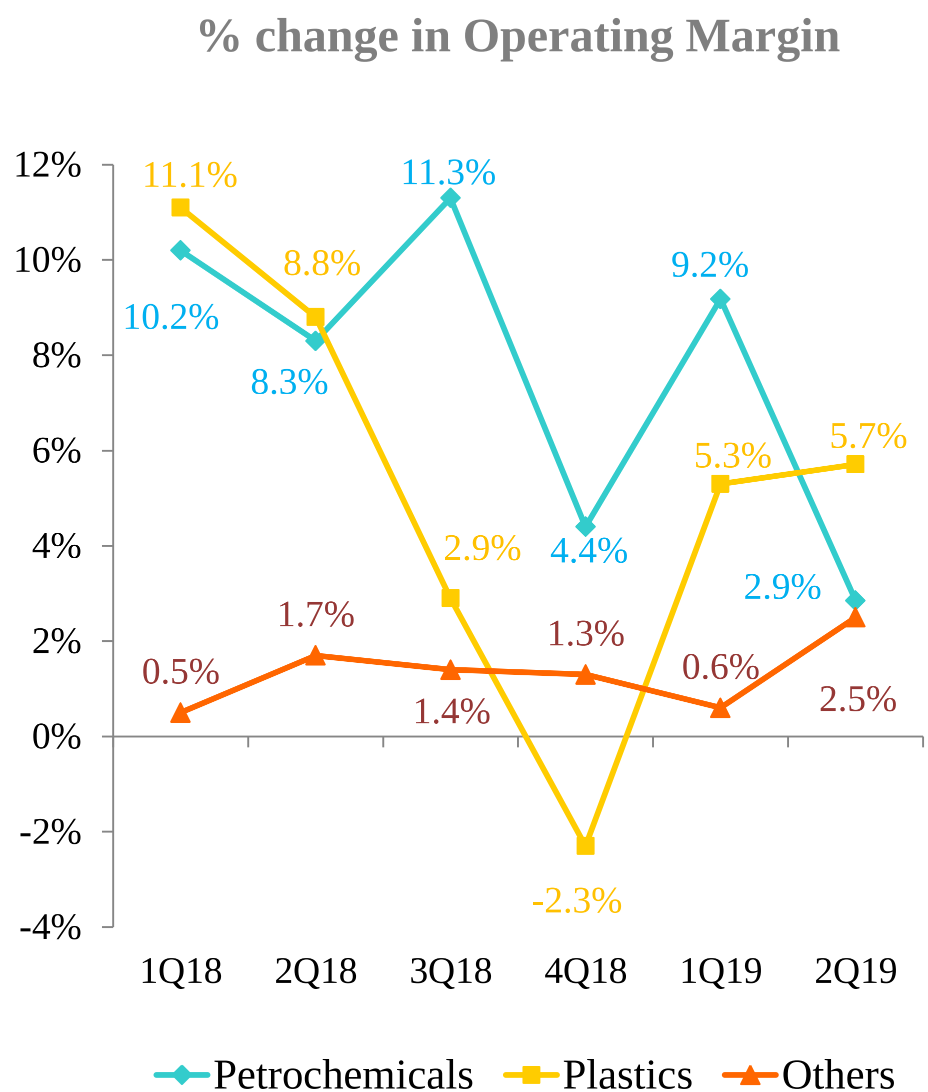
Sales Revenue:NT$173.3 billion



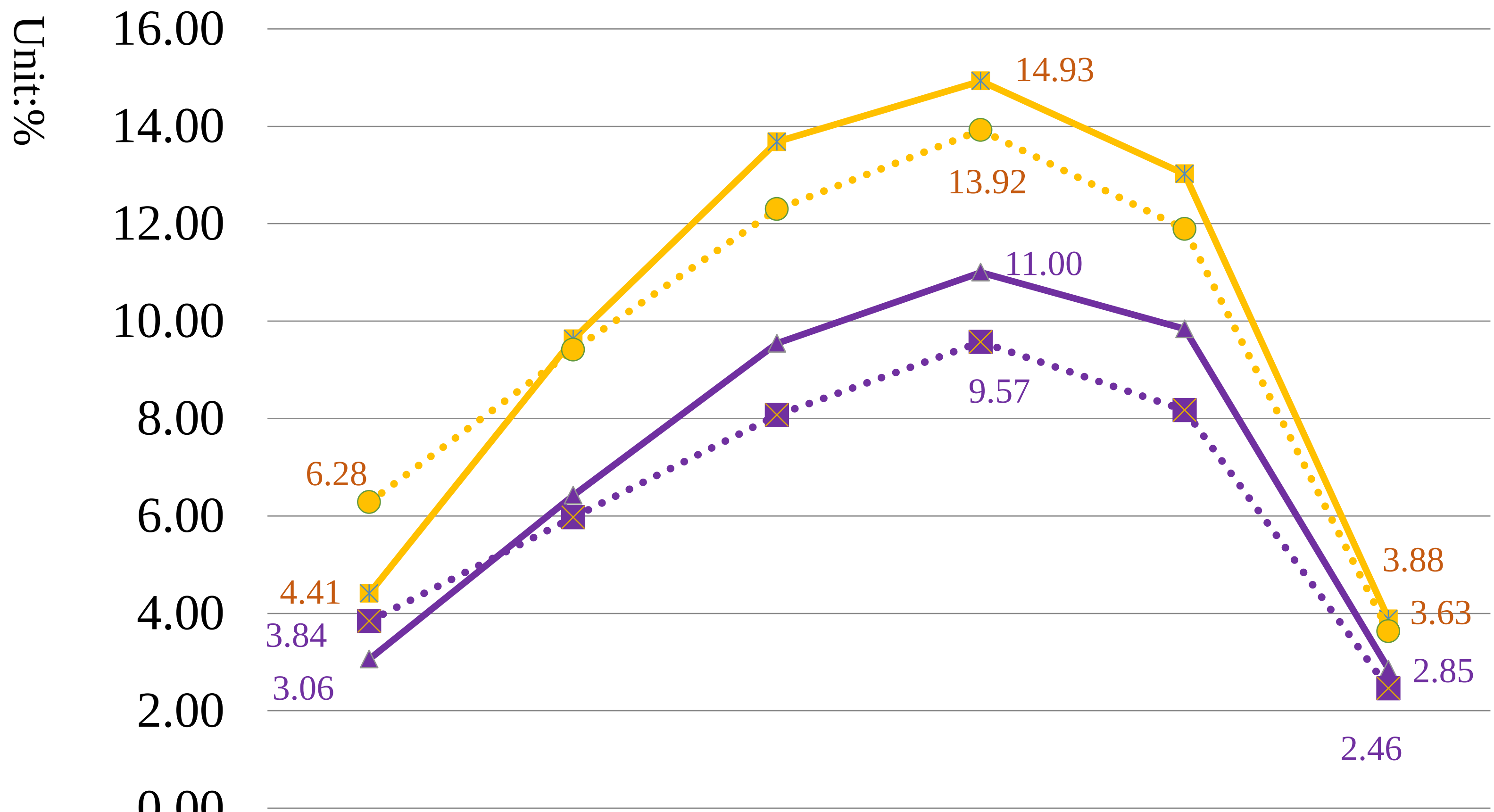
- **China(Hong Kong and Macau included) is still our primary market and account for 41.3% in 1H 2018 and 43.6% in 1H 2019 of total sales respectively.**

Operating Profits Breakdown by Division



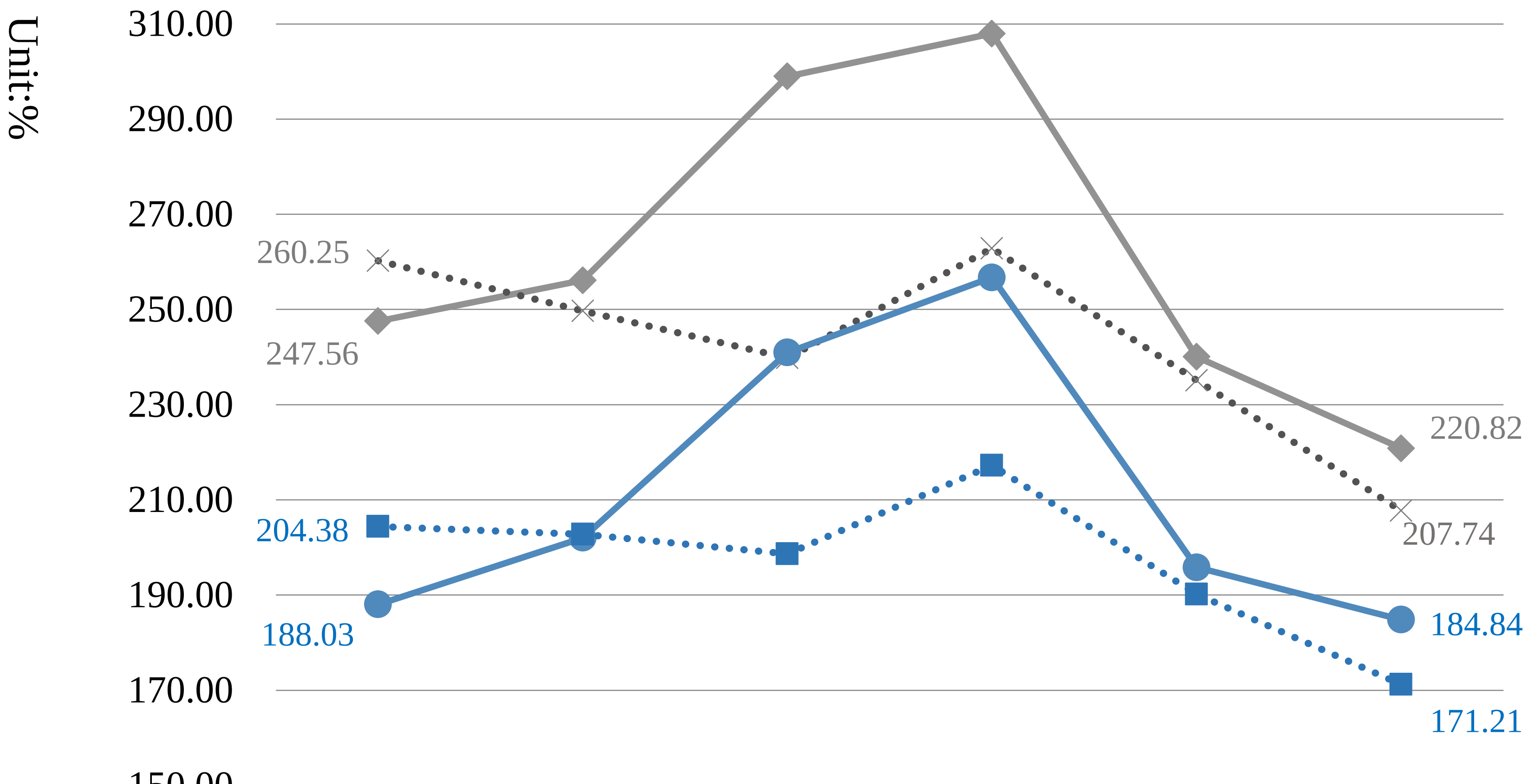


Financial Highlight - Profitability Ratios



		2014	2015	2016	2017	2018	2Q2019
ROA(%)	FCFC	3.06	6.42	9.54	11.00	9.84	2.85
	Benchmark	3.84	5.97	8.07	9.57	8.17	2.46
ROE(%)	FCFC	4.41	9.63	13.68	14.93	13.02	3.88
	Benchmark	6.28	9.41	12.3	13.92	11.89	3.63

Financial Highlight - Liquidity Ratios



		2014	2015	2016	2017	2018	2Q2019
Current Ratio(%)	FCFC	247.56	256.13	298.96	307.96	240.04	220.82
	Benchmark	260.25	249.72	239.83	262.81	235.1	207.74
Acid Test(%)	FCFC	188.03	202.01	240.96	256.72	195.82	184.84
	Benchmark	204.38	202.79	198.67	217.22	190.19	171.21

Capacity Expansion Plans

China(Ningbo)

MX/PIA

Capacity:
Addition
135 KT/200 KT
Completion date:2020/Q2

PTA

Capacity:
Current 1,200 KT
Addition 1,500 KT
Completion date:2022/Q1

Phenol/Acetone

Capacity:
Current 300 KT/185KT
Addition 100KT/ 61KT
Completion date:2020/Q2

ABS

Capacity:
Current 500 KT
Addition 250 KT
Completion date:2021/Q4

Q&A

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