

FORMOSA CHEMICALS & FIBRE CORPORATION

2020H1 Result Conference

FCFC



AUG 26, 2020

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Consolidated Financial Performance

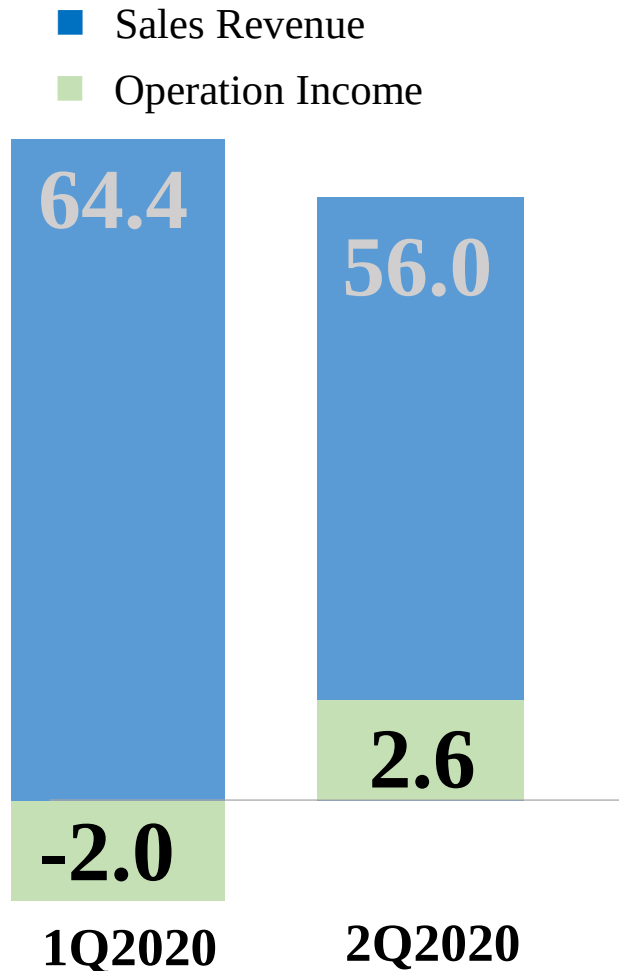
(Amount: NT\$ billion)	<u>1H2020</u>	<u>1H2019</u>	<u>HoH</u>	<u>2Q2020</u>	<u>1Q2020</u>	<u>QoQ</u>
Sales Revenue	120.4	168.8	(28.7%)	56.0	64.4	(13.1%)
COGS	(112.8)	(148.0)		(50.0)	(62.8)	
Gross Profits	7.6	20.8	(63.5%)	6.0	1.6	275.0%
Gross Margin	6.3%	12.3%		10.7%	8.1%	
Operating Expense	(7.0)	(7.7)		(3.4)	(4.0)	
Operating Profit	0.6	13.1	(95.4%)	2.6	2.0	230.0%
Operating Margin	0.5%	7.8%		4.6%	2.8%	
Non-Operating Profit (Loss)	(2.7)	6.4	(142.3%)	(0.6)	(2.1)	71.4%
Profit Before Tax*	(2.1)	19.5	(110.8%)	2.0	(4.1)	148.8%
Net Profit	(2.5)	16.9	(114.8%)	1.8	(4.3)	141.9%
Net Profit Margin	(2.1%)	10.0%		3.2%	(6.7%)	
EPS(NTD)	(0.59)	2.35		0.2	(0.79)	

*Exempted the Income from Formosa Advanced Tech(as Formosa Taffeta lose its control on Dec.16, 2019), which is reclassified as NI from the discontinued segment and included in company's total NI set out above.



Change in Consolidated Revenue –QoQ

(In NT\$ billion)



Consolidated revenue decreased 8.4 bn in 2Q2020 compared with 1Q2020, representing 13.1% decline rate.

■ **Price variance-9.37bn:**

Prices for petrochemicals and plastics products plummeting in 2Q2020 due to ongoing pandemic and tumbling crude oil price.

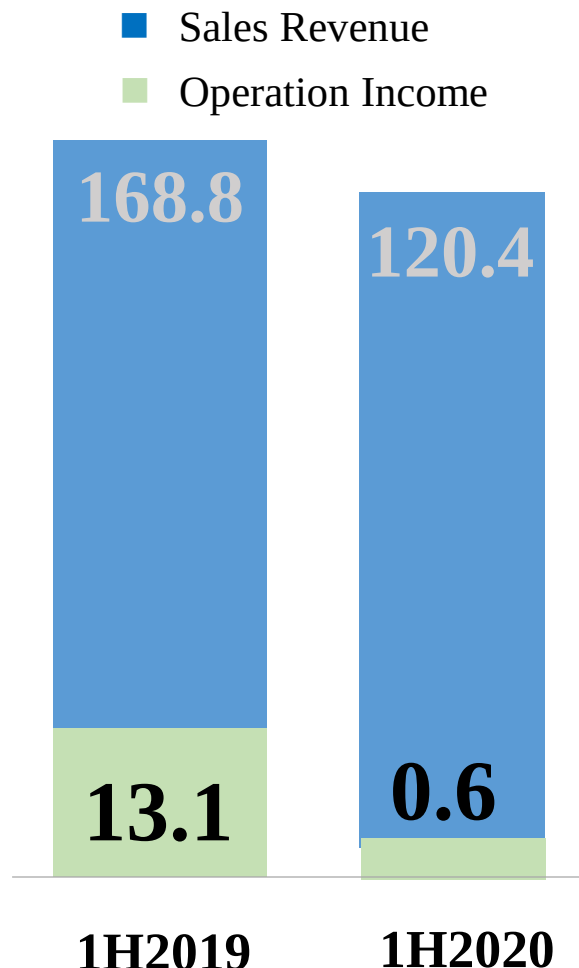
■ **Volume variance+0.91bn:**

Sales volume increase in 2Q2020 due to the resuming operations of downstream factories in China along with the rising demand of ABS, PS, PP, PTA, PIA.



Change in Consolidated Revenue –HoH

(In NT\$ billion)



Consolidated revenue decreased 48.4 bn in 1H2020 compared with 1H2019, representing 28.7% decline rate.

■ Price variance -34.44bn

Except the price of acetone is on the rise with its strong demand for the end-use in hand sanitizers and protective sheets, most of petrochemicals ,plastics and textiles products price were drop as demand shrank .

■ Volume variance-13.98bn

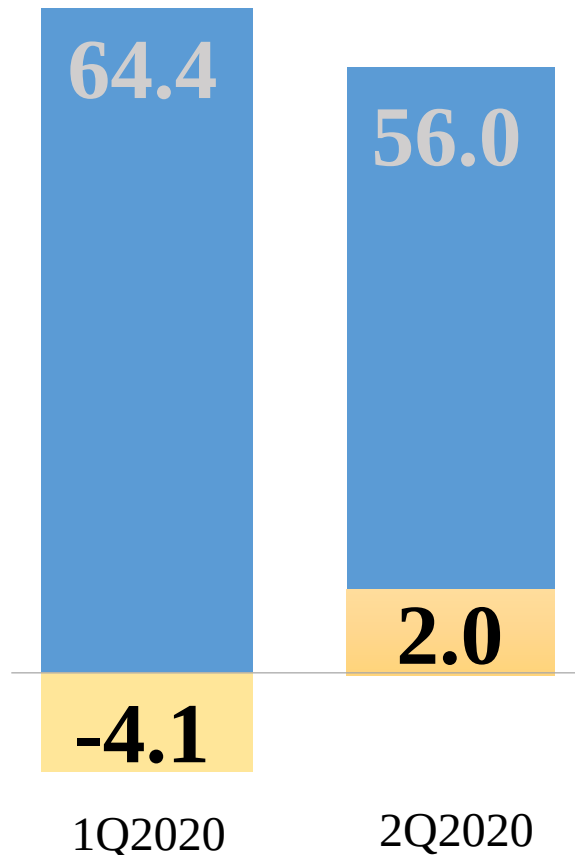
Except the sales volume of PTA and phenol and acetone were rise due to turnaround in 1H2019 and the demand for epidemic prevention end-use, respectively, most products sales volume were drop in 1H2020 as demand shrank .



Change in Profit Before Tax - QoQ

(In NT\$ billion)

- Sales Revenue
- Profit Before Tax



Profit(Loss) Before Tax increased 6.1 bn and turn out of the red in 2Q2020 compared with 1Q2020.

■ Operating income increased 4.6 bn

As high-priced inventories consumed and the operating rates of factories in China rising, the profit margin increased in Q2.

■ Non-Operating income increased 1.5 bn

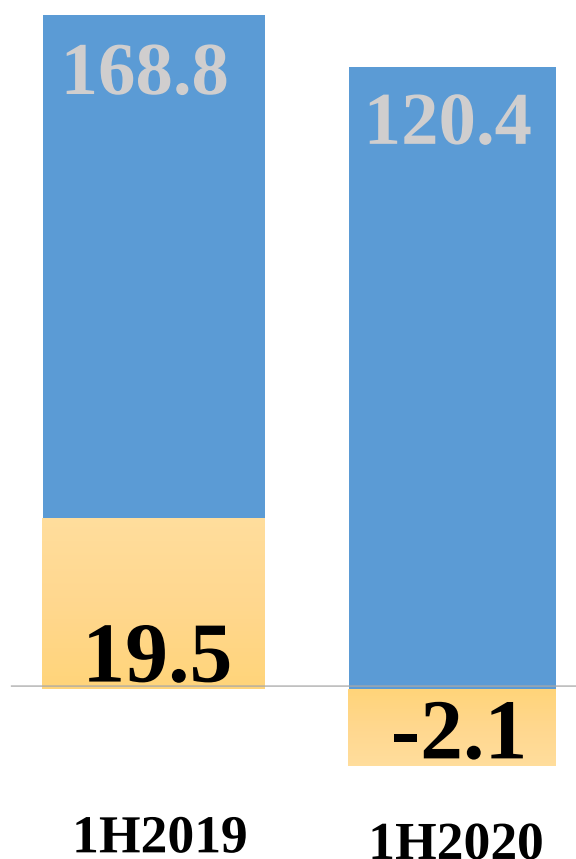
- 1.Cash dividend increased 1.08 bn.
- 2.Equity income increased 0.34 bn.



Change in Profit Before Tax - YoY

(In NT\$ billion)

- Sales Revenue
- Profit Before Tax



Profit(Loss) Before Tax decreased 2.1 bn in 1H2020 compared with 1H2019, representing 110.8% decline rate.

■ Operating income decreased 12.5 bn

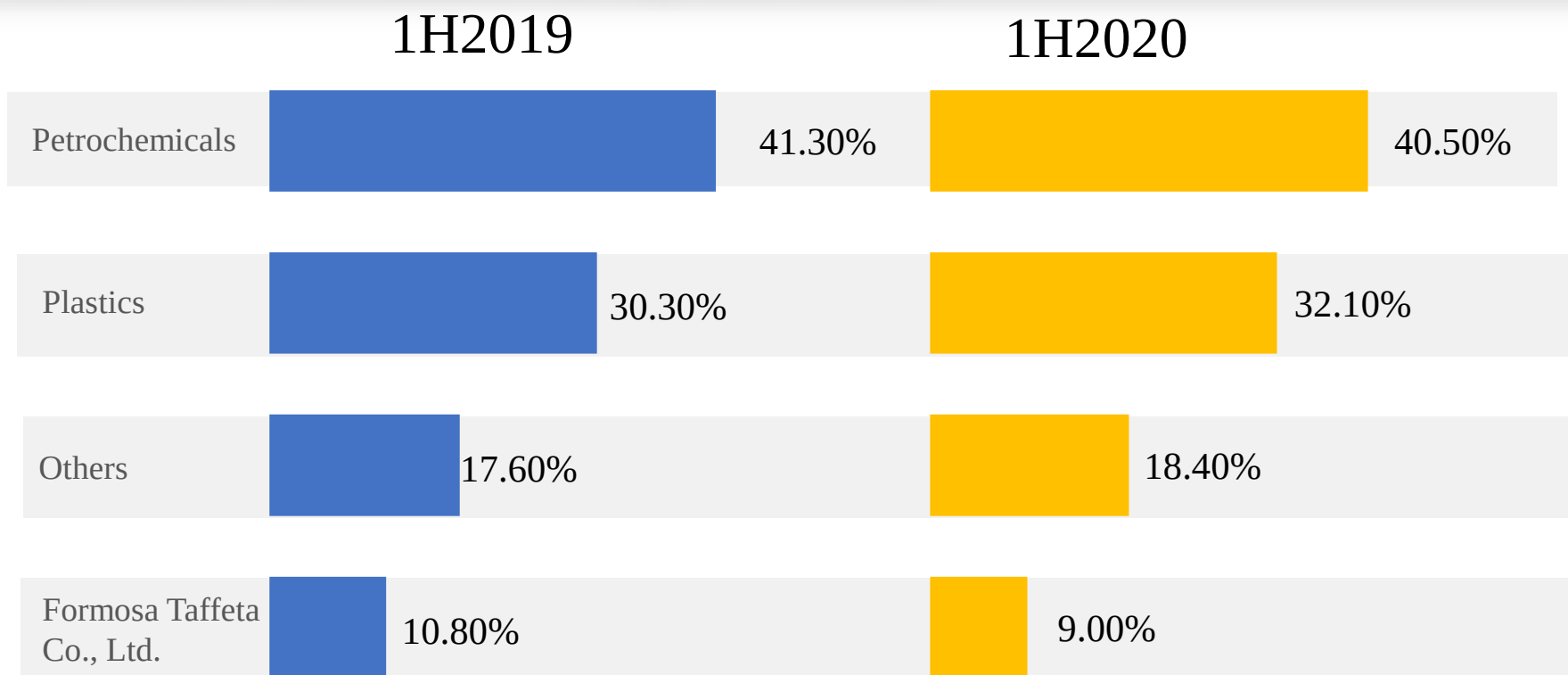
Operating income decreased in 1H2020 result in a significant decline both in sales price and sales volume due to plummeting crude oil prices and weakening demand amid the pandemic.

■ Non-Operating income decreased 9.1bn

- 1.Equity income decreased 7.7 bn.
- 2.Dividends income decreased 0.82 bn.
- 3.Exchange Gain decreased 0.72 bn.



Revenue Breakdown by Division



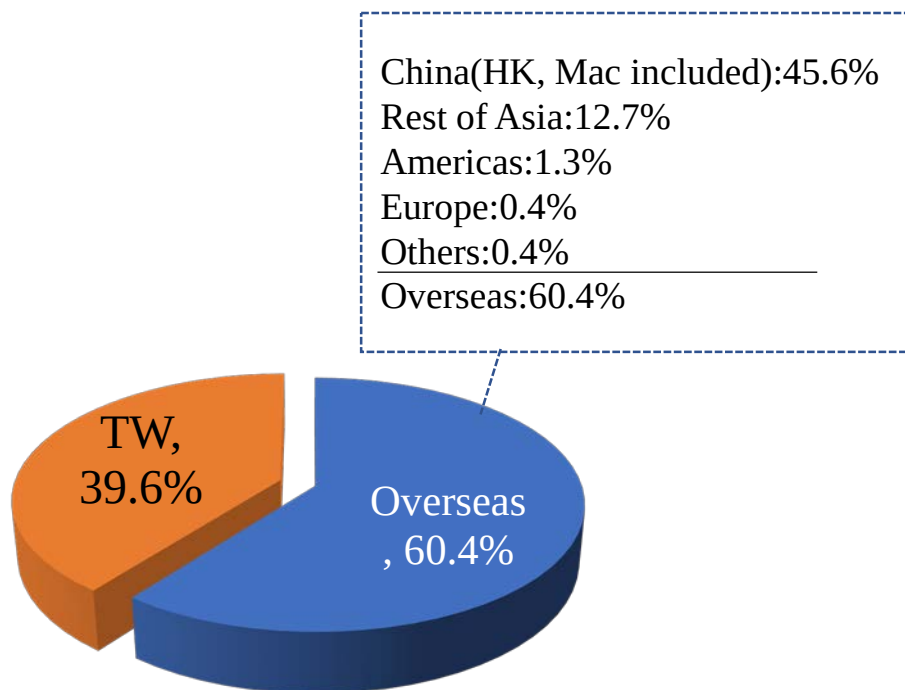
- **Petrochemical** :Sales of petrochemical products in 1H2020 of 48.8 bn, accounted for 40.5% of revenue, a decrease of 22.8 bn from the same period of 2019 due to the impact of pandemic and the drops in oil prices.
- **Plastics**: Sales of plastic product in 1H2020 of 38.6 bn, a decrease of 26% from 52.5 bn of the same period a year ago due to the demand shrank amid pandemic.
- **Sales of petrochemical and plastics products accounted for 72.6% of consolidated revenue in 1H2020.**



Revenue Breakdown by Geography

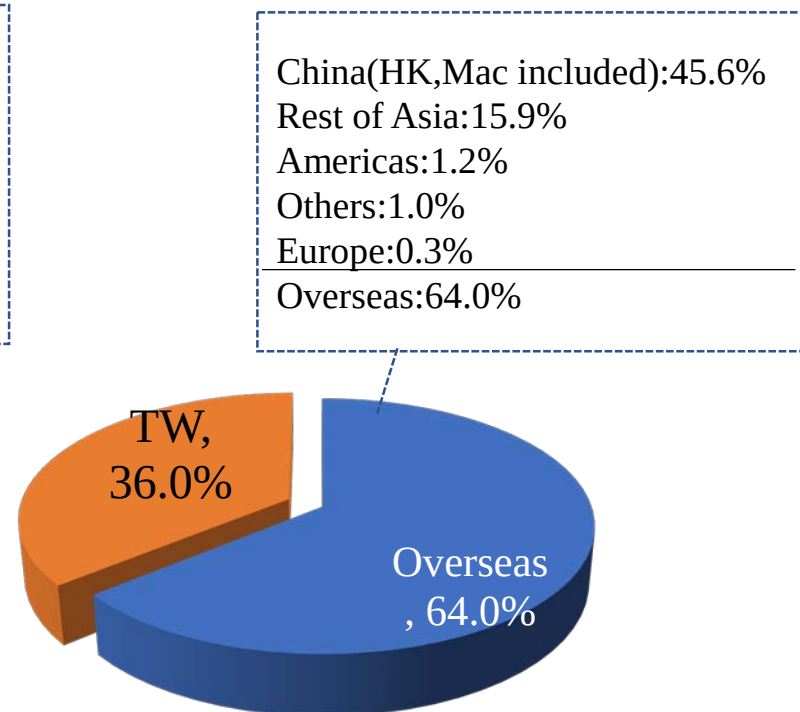
1H2019

Sales Revenue: NT\$168.8 billion



1H2020

Sales Revenue: NT\$120.4 billion

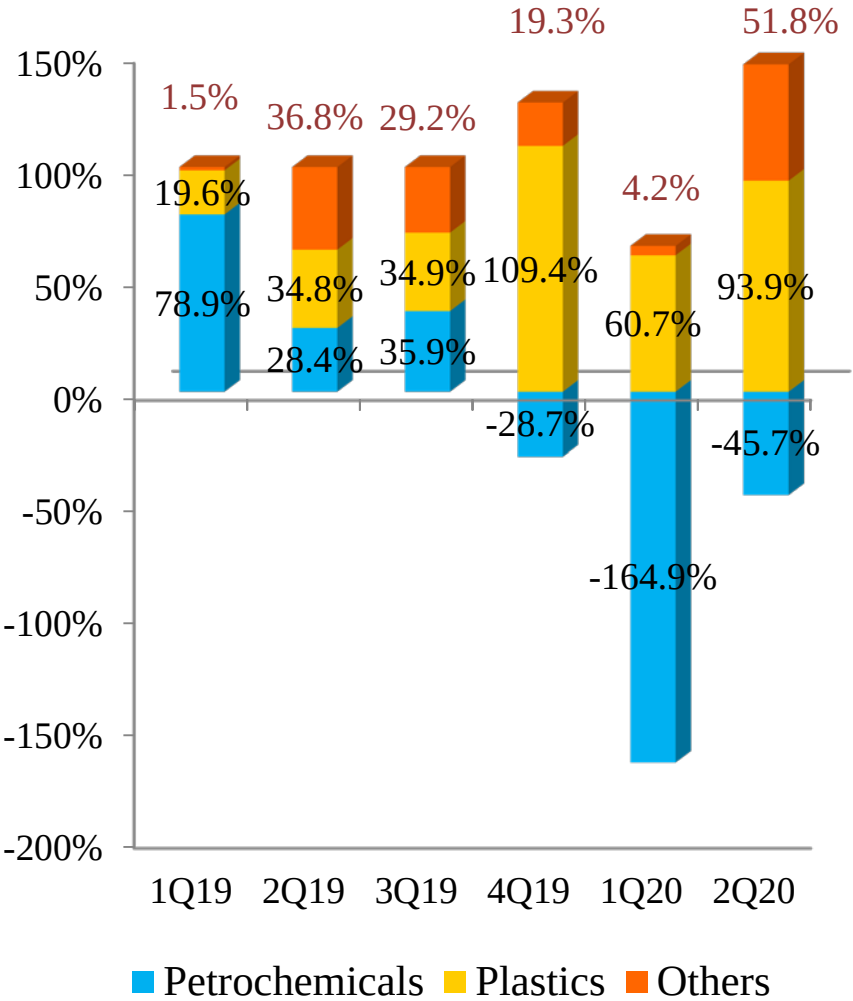


- **China(Hong Kong and Macau included) is still our primary market and accounted for 45.6% both in 1H2020 and 1H2019 of total sales.**

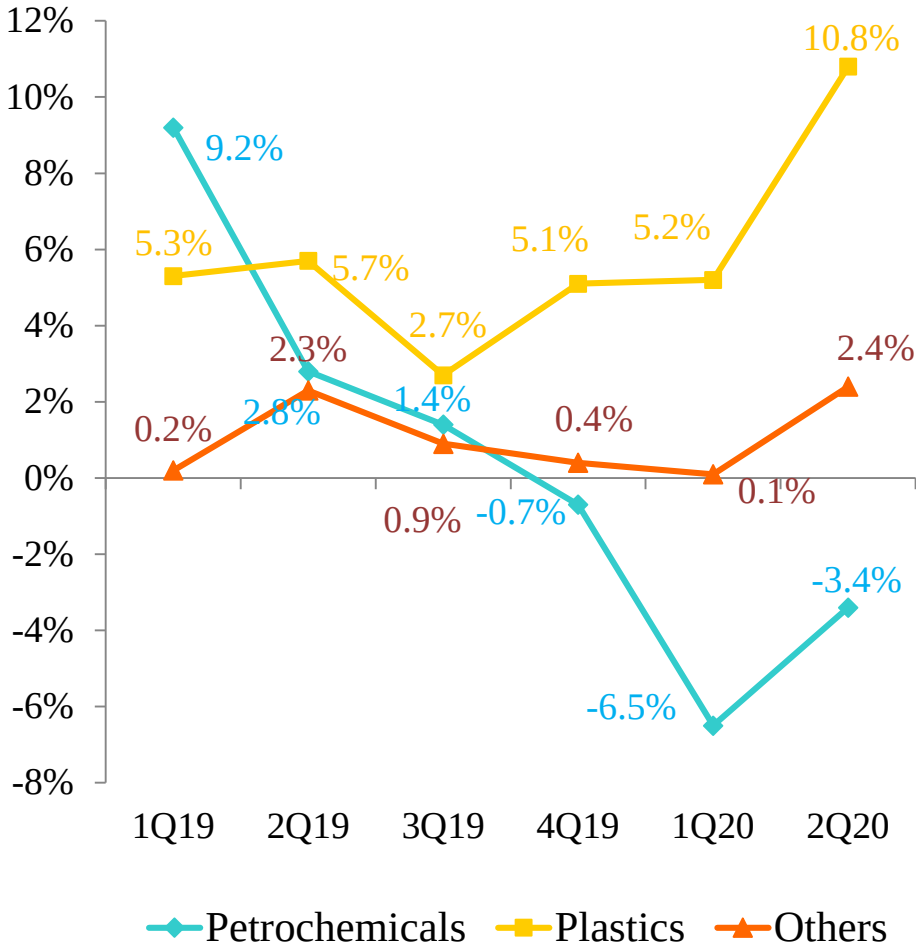


Operating Profits Breakdown by Division

Operating Profit %



% change in Operating Margin





Capacity Expansion Plans

► China(Ningbo)

MX/PIA

Capacity:
Addition
135 KT/200 KT
Completion date:2020/Q4

Phenol/Acetone

Capacity:
Current 300 KT/185KT
Addition 100KT/ 61KT
Completion date:2020/Q4

PTA

Capacity:
Current 1,200 KT
Addition 1,500 KT
Completion date:2022/Q2

ABS

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



Q&A

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