

October 11, 2022

Explanation of FCFC's Consolidated Operating Revenue in September 2022

I. Comparison of consolidated operating revenue in September 2022 and in August 2022.

NTD in Thousands

September 2022	August 2022	Amount Difference	Growth Rate
30,822,873	28,666,166	2,156,707	7.5

1. The consolidated operating revenue in September increased by 2.16 billion on a monthly basis, with a growth rate of 7.5%. Among the difference, sales amount increased by 1.9 billion, and price raise supported the rest 0.26 billion.
2. Aspects of sales volume
 - i. FCFC : +2.69 billion
Markets of phenol、PS、ABS and PP rebounded, increasing sales by 1.72 billion. Resuming from overhaul, operation rate raised, increasing sales by 0.37 billion. PX was put more into sales than production due to PTA-3 overhaul. Sales of PIA were adjusted, increasing sales by 0.29 billion.
 - ii. FCNB : -0.45 billion
PIA overhaul and reconciliation of raffinate oil affected 0.74 billion altogether. Additionally, markets of phenol and ABS rallied, increasing sales by 0.32 billion.
 - iii. Other Subsidiaries :
FIC in Vietnam decreased the operating hours of electricity, affecting 0.36 billion in sales. Orders diminished as FTC clients overstocked in tire chord and lessened their demand in long filament fabric, decreasing sales by 0.22 billion. FIPC maintained market share by aggressive selling, bringing 0.17 billion sales increase.
3. Aspects of Selling Price :
Overall market confidence were much affected by the factors of inflation and risen interest rates. Thus, customers preferred to empty their reserve and only purchased according to their inelastic demand. Prices of crude oil and other primary products consolidates, yet market recovery in BPA pushed prices up exclusively for phenol. The overall supply of PTA and acetone among the industry decreased, leading to moderate rebound in prices.

II. Comparison of consolidated operating revenue of September in 2022 and in 2021 :

NTD in Thousands

September 2022	September 2021	Amount Difference	Growth Rate
30, 822, 873	30, 263, 865	559, 008	1. 8

1. Consolidated operating revenue in September 2022 increased by 0. 56 billion, with a growth rate of 1. 8% on a YOY basis. Among the difference, sales amount decreased by 0. 63 billion, while the selling price supported 1. 19 billion.

2. Aspect of sales volume

i. FCFC : -1. 23 billion

Downstream demand and sales for SM, phenol, ABS, PP weakened, raffinate oil sold to FPCC decreased, together affecting 1. 85 billion. However, increasing market share by pushing sales of PIA, and adjusting sales on acetone, togetherly increased 0. 64 billion.

ii. FIC in Vietnam : -0. 41 billion

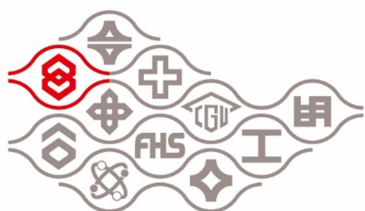
Demand for cotton yarn and polyester remained weak, thus sales declined by 0. 26 billion. Operating hours of electricity was reduced, affecting 0. 13 billion.

iii. Other Subsidiaries :

FIPC increased sales by 0. 71 billion while FICC increased 0. 34 billion. Overhaul was arranged in the previous year, yet production returned normal this year.

3. Aspect of selling price

Market confidence remains low, volatile prices of crude oil and the other primary products were still higher than the previous year. Electricity price of Taiwan Power Co. climbed to reflect the rising coal costs, weak demand in acetone and plastic products led to a further price drop.



July 11 ,2022

Declare of FCFC's Consolidated Profit and Loss in the 3rd Quarter of 2022

- I. Comparison of consolidated profit and loss in the 3rd quarter and the 2nd quarter of 2022 :

NTD in Thousands

Item/Quarter	3 rd Quarter, 2022	2 nd Quarter, 2022	Difference	Growth Rate%
Consolidated Operating Revenue	90, 738, 545	107, 791, 185	-17, 052, 640	-15. 8
Consolidated Profit	-6, 210, 696	1, 833, 195	-8, 043, 891	-438. 8
Profit Before Income Tax	1, 693, 169	8, 562, 806	-6, 869, 637	-80. 2
Profit After Income Tax				
Net Income (with Non-Controlling Interest)	2, 232, 796	7, 858, 193	-5, 625, 397	-71. 6
Net Income (Owner of the Parent)	2, 490, 583	6, 308, 934	-3, 818, 351	-60. 5
Profit Attributable to Common Shareholders of the Parent	0. 43	1. 07	-0. 64	-59. 8

1. Operating revenue decreased 17. 05 billion in the 3rd quarter than in the 2nd , with a decline rate of 15. 8%. Among the decline, sales volume accounted for 9. 83 billion and the price supported the rest 7. 22 billion.

a. Aspect of sales volume

i. FCFC : -9. 11 billion

A decline of 7. 36 billion could be traced back to the weak downstream demand of SM, phenol, PTA, PS, ABS, PP, and OX. Low processing margin of PX and reduced sales of raffinate oil affected 2. 34 billion in total. In contrast, pushing sales of PIA successfully enhanced market share, therefore generating an extra 0. 77 billion in sales.

ii. FCNB : +2. 28billion

PTA overhauled in the 2nd quarter, yet recovered production in the 3rd quarter, increasing sales by 3. 45 billion. Conversely, PIA underwent its overhaul this quarter, thus made an adjustment in production, decreasing sales by 1. 44 billion.

iii. Other subsidiaries :

FIC in Vietnam reduced electricity operating hours, demand for polyester and film were dented, decreasing 1.81 billion in total. FTC clients shifted their orders from long filament fabric to A/W, decreasing sales by 0.81 billion. The 0.37 billion decrease in FICC can be attribute to the weak demand during off-season period.

b. Aspect of Selling Price

Inflation, climbing interest rate and the Chinese pandemic lockdown dented ultimate consumption. Thus, clients tend to deplete inventory which resulted in price competition. Prices of crude oil and other primary products fell, whereas Taiwan Power Co. raised electricity price to reflect the rising coal costs.

2. Consolidated profit before income tax in the 3rd quarter of 2022 was 1.69 billion, increasing by 6.87 billion. Reasons are as follows :

a. Operating margin decreased 8.04 billion :

Driven by the consumption of the Russia-Ukraine War, Russia's halt of gas supply and the Chinese pandemic lockdown, inflation spikes, and fuel price were pushed even higher. Central banks all over the world pursue tight monetary policies, most currencies has lost ground against the U.S. dollar, lowering buying power overseas. Depressed downstream demand aroused price-cutting competition, lowering the profit margin of major products, hence operating margin decreased as a consequence.

b. Consolidated non-operating profit increased by 1.17 billion

i. Cash dividends jointly increased by 4.7 billion.

(FPC 3.99 billion; NC 3.1 billion; FPCC -1.39 billion; NTC -1.26 billion)

ii. Profit of exchange increased by 0.65 billion.

(1.07 billion/2022 Q3; 0.42 billion/ 2022 Q2)

iii. Investment profit of Equity Method decreased by 4.39 billion. FPCC accounted for a 5.45 billion decrease, while FPCC accounted for a 0.76 billion increase.

3. Net profit after income tax attributed to owners of the parent in the 2nd quarter was 2 billion 490 million 580 thousand. Profit Attributable to Common Shareholders of the Parent was NTD 0.43, NTD 0.64 less than the 2st quarter, which was NTD 1.07.

II. Comparison of consolidated profit and loss in the first three quarters of 2022 and in 2021 :

NTD in Thousands

Item/Quarter	Q1-Q3 of 2022	Q1-Q3 of 2021	Difference	Growth Rate%
Consolidated Operating Revenue	293, 928, 768	271, 155, 846	22, 772, 922	8. 4
Consolidated Profit	-49, 319	31, 153, 284	-31, 202, 603	-100. 2
Profit Before Income Tax	18, 425, 069	44, 946, 912	-26, 521, 843	-59. 0
Profit After Income Tax				
Net Income (with Non-Controlling Interest)	17, 063, 203	38, 276, 731	-21, 213, 528	-55. 4
Net Income (Owner of the Parent)	14, 860, 302	34, 794, 804	-19, 934, 502	-57. 3
Profit Attributable to Common Shareholders of the Parent	2. 54	5. 95	-3. 41	-57. 3

1. Operating revenue increased 22. 77 billion for the first three quarter of 2022 than in 2021, with a growth rate of 8. 4%. Among the difference, the sales amount decreased by 11. 45 billion, yet the price raise supported the rest 34. 22 billion instead.

a. Aspects of sales volume

i. FCFC : -12. 25 billion

Affected by the pandemic lockdown and inflation, a decline of 8. 21 billion could be traced back to the weak demand of PS, ABS, and PP. Depressed demand for phenol and PTA, along with the overhaul arrangement, decreased sales by 3. 37 billion. Low processing margin of PX and reduced sales of raffinate oil affected 2. 3 billion in total. Apart from that, internal use of SM for production reduced brought an increase of 3. 38 billion from export,.

ii. FCNB : +2. 59 billion

while the new production line went into operation, sales for PIA and raffinate oil increased 4. 38 billion. Reconciliation of phenol increased 0. 53 billion. Weak downstream demand for PS and ABS decreased sales by 1. 33 billion. Additional days for PTA overhaul and reduced operating hours due to high coal cost affected 1. 01 billion altogether.

iii. FIC in Vietnam : -2. 22 billion

Polyster and yarn decreased by 1. 46 billion as the clients turned conservative

toward the market. Hours of the electricity grid dropped, decreasing sales by 0.84 billion.

iv. Other subsidiaries :

FTC confronted a decline of 1.03 billion sales due to pandemic lockdown and depressed market. Orders of long filament fabric increased, affecting 0.56 billion. FICC underwent overhaul in the previous year, yet ran normal production this year, increasing sales by 0.7 billion.

b. Aspects of Selling Price

Driven by the Russia-Ukraine war and the mismatched supply chain, the price of oil, energy, food and raw materials soar. Interest rates were raised worldwide to depress inflation, and economic growth slowed down as a consequence. Prices of petroleum and fabric still remained higher than last year, electricity and steam also went up reflecting coal cost, whereas the prices of acetone, ABS, PP, PC and acetic acid slid compared to the previous year.

2. Consolidated profit before income tax in the first three quarters of 2022 was 18.43 billion, decreasing by 26.52 billion compared with that of 2021.

a. Operating margin decreased 31.2 billion

The price of oil and the raw materials plunged, yet remained higher than the previous year. Overall production gained among the industry, and with the extra supply, price can hardly move up. The Russia-Ukraine War puts pressure in inflation, central banks all over the world pursue tight monetary policies with the attempt to depress inflation rate, which on the otherhand slows down economic growth and dent consumption. The pandemic lockdown undermined downstream demand, clients tend to deplete inventory, thus price-cutting was inevitable to compete for sales, furthermore bringing to the loss of operating profit margin.

b. Consolidated non-operating profit increased by 4.68 billion

i. Cash dividends jointly increased by 7.33 billion.

(FPC 2.82 billion, NC 2.11 billion, FPCC 1.17 billion, NTC 0.82 billion, FPC(US) 0.17 billion)

ii. Profit of exchange increased by 2.75 billion.

(2.46 billion/2022, -0.29 billion/2021)

iii. Investment profit of Equity Method decreased by 5.52 billion.

(FPCC -3.97 billion, MLPC -1.26 billion, FRC -0.44 billion)

3. Net profit after income tax attributable to owners of the parent in the first three Quarters was 14 billion 860 million 300 thousand. Profit attributed to common shareholders of the parent was NTD 2.54 per share, NTD 3.41 less than the first 3 quarters of 2021.

Spokesperson
Fu-Yuan Hong
Chairman
Tel : 02-2712-2211