

January 10, 2023

## **Explanation of FCFC's Consolidated Operating Revenue in December 2022**

### I. Comparison of consolidated operating revenue in December 2022 and in November 2022.

NTD in Thousands

December 2022	November 2022	Amount Difference	Growth Rate
28, 831, 311	26, 691, 678	2, 139, 633	8. 0

1. The consolidated operating revenue in December increased by 2. 14 billion on a monthly basis, with a growth rate of 8%. Among the difference, sales amount increased by 3. 7 billion, and price raise affected the rest 1. 56 billion.

#### 2. Aspects of sales volume

##### i. FCFC : +2. 52 billion

PX and phenol adjusted production and increased sales, while raffinate oil sold to FPCC also increased, affecting 2. 47 billion. SM in Mailiao resumed from overhaul, increasing sales by 0. 13 billion. PTA clients replenished stock before Chinese New Year, increasing sales by 0. 13 billion. According to plan, generator sets were closed down, and PS arranged overhaul, affecting 0. 23 billion.

##### ii. FCNB : +0. 7 billion

Phenol and ABS promoted sales actively, bringing an extra 0. 44 billion in sales. PIA clients stocked up on inventory before Chinese New Year, affecting 0. 21 billion.

##### iii. Other Subsidiaries :

Demand rebounded as clients replenished inventory before new year, increasing FIPC sales by 0. 25 billion, FTC by 0. 14 billion, and FIC in Vietnam by 0. 14 billion.

#### 3. Aspects of Selling Price :

Production capacity in the industry expanded, and Chinese officials shows an open attitude towards the pandemic, labors were in shortage due to the pandemic outbreak. The downstream industry reduced production, clients purchase in a rather conservative way, furthermore leading to the drop in prices.

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

NTD in Thousands

December 2022	December 2021	Amount Difference	Growth Rate
28, 831, 311	31, 274, 998	-2, 443, 687	-7. 8

1. Consolidated operating revenue in December 2022 increased by 2. 44 billion, with a decline rate of 7. 8% on a YOY basis. Among the difference, sales amount decreased by 2. 17billion, while the selling price affected 0. 27 billion.

### 2. Aspect of sales volume

#### i. FCFC : -0. 55 billion

Inflation and the pandemic dented demand, PTA, phenol, and PP decreased sales by 1. 93 billion. SM in Maliao arranged overhaul decreasing sales by 0. 35 billion. In addition, PX adjusted production and increased exported sales by 1. 29 billion. OX price raise and PIA inventory storage increased sales by 0. 38 billion.

#### ii. FCNB : +0. 34 billion

Operation rates of PIA and raffinate oil were reduced due the dual control system on energy consumption and total consumption. Operation rates were enhanced and sales were promoted this year, bringing an 1. 15 billion sales increase. Meanwhile, Phenol in Ningbo arranged overhaul, decreasing production and sales by 0. 67 billion.

#### iii. FIC in Vietnam : -0. 68 billion

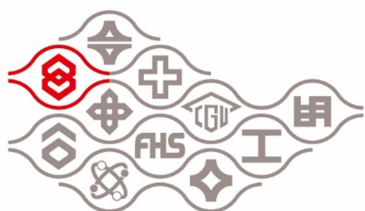
Demand for cotton yarn and polyster remained weak, thus sales declined by 0. 48 billion. Operating hours of electricity was reduced, affecting 0. 17 billion.

#### iv. Other Subsidiaries :

Affected by inflation and the rising interest rate, market demand remains weak, decreasing FTC sales by 0. 59 billion, FICC by 0. 42 billion, FIPC by 0. 32 billion.

### 3. Aspect of selling price

Affected by inflation, the rising interest rate, and the cancellation of the Chinese pandemic lockdown, labors were in shortage due to the pandemic outbreak. The downstream industry reduced production, clients purchase in a rather conservative way, furthermore leading to the drop in prices.



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## **Declare of FCFC's Consolidated Profit and Loss in the 4<sup>th</sup> Quarter of 2022**

- I. Comparison of consolidated profit and loss in the 4<sup>th</sup> quarter and the 3<sup>rd</sup> quarter of 2022 :

NTD in Thousands

Item/Quarter	4 <sup>th</sup> Quarter, 2022	3 <sup>rd</sup> Quarter, 2022	Difference	Growth Rate%
Consolidated Operating Revenue	85,967,795	90,738,545	-4,770,751	-5.3
Consolidated Profit	-5,315,532	-6,176,065	860,533	-
Profit Before Income Tax	-8,842,338	1,699,452	-10,541,790	-620.3
Profit After Income Tax				
Net Income (with Non-Controlling Interest)	-7,974,309	2,278,461	-10,252,770	-449.9
Net Income (Owner of the Parent)	-7,455,103	2,494,546	-9,949,649	-398.9
Profit Attributable to Common Shareholders of the Parent	-1.27	0.43	-1.70	-395.3

1. Operating revenue decreased 4.77 billion in the 4<sup>th</sup> quarter than in the 3<sup>rd</sup>, with a decline rate of 5.3%. Among the decline, sales volume accounted for 0.06 billion and the price affected the rest 4.83 billion.

a. Aspect of sales volume

i. FCFC : +2.59 billion

Phenol, acetone, ABS and PP adjusted production, increasing sales by 2.48 billion. In cater to the purchase policies of Taipower Co., operating hours of electricity was enhanced, affecting 1.23 billion. The increased processing margin of OX affected 0.77 billion, while expanded market share attributed to sales promotion of PIA affected 0.42 billion altogether. On the other hand, ARO-2 and SM in Mailiao arranged overhaul, decreasing sales of PX and SM by 1.58 billion. BZ and PTA adjusted production in response to the market condition, decreasing sales by 0.83 billion.

ii. FCNB : -1.3 billion

Phenol arranged overhaul, which decreased sales by 1.69 billion with acetone altogether. The Chinese pandemic lockdown affected operating rates, PTA sales decreased by 0.38 billion. Production was adjusted in response to market condition, PS, ABS, PIA and raffinate oil increased sales by 1.99 billion in total.

iii. FIC in Vietnam : -1.15 billion

FIC in Vietnam reduced electricity operating hours, decreasing sales by 0.69 billion. Market demand weakened, decreasing sales of SPP, polyester, and yarn by 0.42 billion in total.

iv. Other subsidiaries :

Market demand remains weak, clients deplete their stocks and purchase based on their inelastic demand. FTC long filament and tire chord decreased sales by 0.8 billion, while FIPC decreased 0.6 billion.

b. Aspect of Selling Price

In exclusive of the overall weak market condition, prices of PX, OX, PTA and PIA rised with the support of oil price and demand. Price of electricity provided by cogeneration also climbed as Taipower Co. raised the purchase price to reflect rising cost of coal.

2. Consolidated profit before income tax in the 4<sup>th</sup> quarter of 2022 was 8.84 billion, decreasing by 10.54 billion. Reasons are as follows :

a. Operating loss decreased 0.86 billion :

Driven by the Russia-Ukraine War and inflation, central banks all over the world pursue tight monetary policies. In addition, the new-added production capacity in the industry brought a surge of supply, which furthermore led to the price drop. Downstream clients purchase based on their inelastic demand, yet with the effort of continuous sales promotion, losses has been reduced in the 4<sup>th</sup> quarter compared to the previous.

b. Consolidated non-operating profit increased by 11.4 billion

i. Cash dividends jointly decreased by 7.57 billion.

(FPC -3.99 billion; NC -3.1 billion; APIC -1.6 billion)

ii. Investment profit of Equity Method decreased by 1.98 billion.

(FPCC -1.41 billion, FPTC -0.17 billion, FHI -0.16 billion, QVE -0.12 billion)

iii. Profit of exchange decreased by 1.32 billion.

(-0.25 billion/2022 Q4; 1.07 billion/ 2022 Q3)

3. Net profit after income tax attributed to owners of the parent in the 4<sup>th</sup> quarter was 7 billion 455 million 100 thousand. The earnings per share is NTD -1.27, NTD 1.7 less than the 3rd quarter, which was NTD 0.43.

## II. Comparison of consolidated profit and loss in 2022 and in 2021 :

NTD in Thousands

Item/Quarter	2022	2021	Difference	Growth Rate%
Consolidated Operating Revenue	379,896,563	365,812,098	14,084,465	3.9
Consolidated Profit	-5,330,220	34,432,730	-39,762,950	-115.5
Profit Before Income Tax	9,589,014	50,159,895	-40,570,881	-80.9
Profit After Income Tax				
Net Income (with Non-Controlling Interest)	9,134,559	42,707,431	-33,572,872	-78.6
Net Income (Owner of the Parent)	7,409,162	38,359,347	-30,950,185	-80.7
Profit Attributable to Common Shareholders of the Parent	1.27	6.56	-5.29	-80.6

1. Operating revenue increased 14.08 billion in 2022 than in 2021, with a growth rate of 3.9 %. Among the difference, sales amount decreased by 20.26 billion, yet price raise supported the rest 34.34 billion instead.

### a. Aspects of sales volume

#### i. FCFC : -17.63billion

Affected by the pandemic lockdown and inflation, a decline of 11.39 billion could be traced back to the weak demand of PS, ABS, PP, rayon, electricity and protofilament. Depressed demand for phenol and PTA, along with the overhaul arrangement, decreased sales by 5.78 billion. Low processing margin of PX and

reduced sales of raffinate oil affected 1.89 billion in total. BZ adjusted production and gained internal use, which affected 0.74 billion. Apart from that, internal use of SM for production reduced brought an increase of 2.05 billion from export,.

ii. FCNB : +3.8 billion

While the new production line went into operation, sales for PIA and raffinate oil increased 6.82 billion. Weak downstream demand for PS and ABS decreased sales by 1.95 billion. Phenol arranged overhaul, decreasing sales by 0.69 billion. Apart from that, operating hours of generator set was reduced due to high coal cost, affecting 0.26 billion.

iii. FIC in Vietnam : -4.3 billion

Polyster, yarn, nylon and film decreased by 2.93 billion in total as the clients turned conservative toward the market. Hours of the electricity grid dropped, decreasing sales by 1.27 billion.

iv. Other subsidiaries :

FTC confronted a 1.54 billion sales decline in tire chord due to the depressed market. FIPC decreased sales by 1.14 billion. FICC underwent overhaul in the previous year, yet ran normal production this year, increasing sales by 0.52 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 2022 was 9.59 billion, decreasing by 40.57 billion compared with 2021.

a. Operating margin decreased 39.76 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 other hand 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.

3. Consolidated non-operating profit increased by 0.81 billion
  - i. Investment profit of Equity Method decreased by 10.27 billion.  
(FPCC -8.39 billion, MLPC -1.2 billion, FHIC -0.65 billion)
  - ii. 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)
  - iii. Profit of exchange increased by 2.48 billion.  
(2.21 billion/2022, -0.27 billion/2021)
4. Net profit after income tax attributable to owners of the parent in 2022 was 7 billion 491 million 600 thousand. Profit attributed to common shareholders of the parent was NTD 1.27 per share, NTD 5.29 less than 2021, which was NTD 6.56.

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