

July 10, 2023

## **Explanation of FCFC's Consolidated Operating Revenue in June 2023**

I. Comparison of consolidated operating revenue in June 2023 and in May 2023.

NTD in Thousands

June 2023	May 2023	Amount Difference	Growth Rate
25, 153, 038	24, 506, 583	646, 455	2. 6

1. The consolidated operating revenue in June increased by 0. 65 billion on a monthly basis, with a growth rate of 2. 6%. Among the difference, sales amount increased by 2. 45 billion, and price raise affected the rest 1. 8 billion.

2. Aspects of sales volume

i. FCFC : +3. 9 billion

As ARO-3 and SM-3 completed overhaul, production and sales volume of PX and SM as well as raffinate oil sold to FPCC increased, affecting 3. 39 billion altogether. Adding operating hours of power generation units contributed 0. 37 billion in sales. Boosted sales of OX, ABS, and PP resulted in an increase of 0. 35 billion. Clients tend to reduced load or arrange overhaul, decreasing sales of phenol and PTA by 0. 28 billion.

ii. FCNB : -0. 83 billion

Scheduled inspections for PTA and PS in June led to a decrease in production and sales by 0. 85 billion.

iii. Other Subsidiaries :

Due to unfavorable market conditions, clients placed conservative orders, decreasing FIPC sales by 0. 19 billion, FICC by 0. 14 billion, and FTC by 0. 13 billion.

3. Aspects of Selling Price :

While economic situation and market consumption around the world have not yet improved, recovery momentum in China was also below expectation, thus China reduced interest rate in order to boost the economy. This led to fluctuations and decline in prices of crude oil and petrochemical plastic products.

## II. Comparison of consolidated operating revenue of June in 2023 and in 2022 :

NTD in Thousands

June 2023	June 2022	Amount Difference	Growth Rate
25, 153, 038	36, 477, 227	-11, 324, 189	-31. 0

1. Consolidated operating revenue in June 2023 decreased by 11. 32 billion, with a decline rate of 31% on a YOY basis. Among the difference, sales amount decreased by 3. 65 billion, while the selling price affected 7. 67 billion.

### 2. Aspect of sales volume

#### i. FCFC : -2. 19 billion

With weak market conditions and sluggish demand, production and sales were adjusted, product lines with low margin were also cut off, decreasing sales of PX, phenolic ketone, PTA, nylon, rayon, PS, ABS, PP, and raffinate oil by 2. 11 billion compared with the previous year. SM-3 had just resumed from overhaul, lessening production and sales by 0. 17 billion. Other than that, improved profit margins of OX increased sales by 0. 12 billion.

#### ii. FIC in Vietnam : -0. 51 billion

Downstream demand of polyester, PVC film, nylon, and cotton yarn remained weak, resulting in a 0. 84 billion sales decrease. Apart from that, operating hours of power generators were added in response to the Nation's dispatch on electric power, affecting 0. 37 billion.

#### iii. FCNB : -0. 15 billion

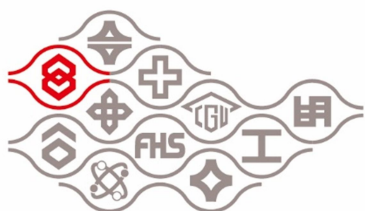
Scheduled inspections for PTA in June decreased production and sales by 0. 27 billion. Adjustments in PIA production and sales were made, decreasing 0. 24 billion. PS and ABS boosted sales, resulting in an increase of 0. 39 billion.

#### iv. Other Subsidiaries :

As market demand remains sluggish, clients reduced their orders, decreasing FTC sales by 0. 49 billion and FIPC by 0. 2 billion.

### 3. Aspect of selling price

Decline in raw material prices, coupled with decreased overall demand, led to an unfavorable market condition compared with the previous year. Clients adopted a more conservative approach to placing orders, and while the expanded production capacity aroused price cutting competition, price drop came as a consequence.



# 台 化 公 司 新 聞 稿

## FORMOSA CHEMICALS & FIBRE CORP.

July 10, 2023

### **Declare of FCFC's Consolidated Profit and Loss** **in the 2<sup>nd</sup> Quarter of 2023**

I. Comparison of consolidated profit and loss in the 2<sup>nd</sup> quarter and 1<sup>st</sup> quarter of 2023 :  
NTD in Thousands

Item/Quarter	2 <sup>nd</sup> Quarter, 2023	1 <sup>st</sup> Quarter, 2023	Difference	Growth Rate%
Consolidated Operating Revenue	75,168,838	83,028,826	-7,859,988	-9.5
Consolidated Profit	-3,148,503	-2,304,944	-843,559	-
Profit Before Income Tax	1,577,059	-1,133,831	2,710,890	-
Profit After Income Tax				
Net Income (with Non-Controlling Interest)	1,637,344	-1,165,655	2,802,999	-
Net Income (Owner of the Parent)	1,682,493	-767,787	2,450,280	-
Profit Attributable to Common Shareholders of the Parent	0.29	-0.13	0.42	-

1. Operating revenue decreased 7.86 billion in the 2<sup>nd</sup> quarter than in the 1<sup>st</sup> quarter of 2023, with a decline rate of 9.5%. Among the difference, sales volume supported 5.21 billion, while price decline affected 2.65 billion.

a. Aspect of sales volume

i. FCFC : -6.69 billion

ARO-3 and SM-3 scheduled for maintenance in the second quarter, thus sales of PX, SM and raffinate oil decreased by 3.68 billion. Product lines of ABS and PP with lower margins were cut off, decreasing sales jointly by 1.58 billion. Operating hours of power generating sets were reduced, affecting 0.8 billion. Poor market conditions of PIA led to a decrease of 0.57 billion in export sales.

ii. FIC in Vietnam :

Operating hours of power generators were added in response to the Nation's dispatch on electric power, affecting 1.13 billion. Export sales of cotton yarn were expanded, increasing 0.37 billion. Nylon and SPP pellets depressed downstream demand and low-priced dumping from China affected sales by 0.37 billion.

iii. FCNB :

Market conditions of PIA and ABS had been affected by Chinese New Year in the previous quarter, yet improved slightly this quarter, increasing sales by 1.2 billion. PTA arranged overhaul in June, decreasing sales by 0.55 billion.

iv. FICC :

While competitors underwent maintenance, strengthening sales efforts to compete for orders resulted in an increase of 0.32 billion.

b. Aspect of Selling Price

Downstream market consumption remained weak, stocks require depletion, and recovery of China's export sales was below expectation. Along with the expanded production capacity, raw material and product prices continues to decline.

2. Consolidated profit before income tax in the 2<sup>nd</sup> quarter of 2023 was 1.58 billion, decreasing by 2.71 billion compared with the previous quarter. Reasons are as follows :

a. Operating loss increased by 0.84 billion :

Although market condition remains depressed, operating loss compared with the first quarter has decreased. Among the operating loss, assessed foreign exchange loss in inventory accounted for 0.51 billion, while sales decrease affected by overhaul in ARO-3、SM-3 was also included. The improvement would have been greater without the factors above, yet there was little improvement of subsidiaries in Ningbo and Vietnam.

b. Consolidated non-operating profit increased by 3.55 billion

i. Cash dividends increased by 4.44 billion.

(FPC 2.05 billion, NPC 1.24 billion, NTC 0.71 billion)

ii. Profit of exchange increased by 0.28 billion.

(0.29 billion/2023 Q2; 0.01 billion/ 2023 Q1)

iii. Investment profit of Equity Method jointly decreased by 1.15 billion.

(FPCC -11.9 billion)

3. Net profit after income tax attributed to owners of the parent in the 2<sup>nd</sup> quarter of 2023 is 1 billion 682 million 490 thousand. The earnings per share is NTD 0.29, NTD 0.42 more than the previous quarter, which was NTD -0.13.

## II. Comparison of consolidated profit and loss in 2023 H1 and 2023 H1 :

NTD in Thousands

Item/Quarter	1H of 2023	1H of 2022	Difference	Growth Rate%
Consolidated Operating Revenue	158,197,664	203,190,223	-44,992,559	-22.1
Consolidated Profit	-5,453,447	6,161,377	-11,614,824	-188.5
Profit Before Income Tax	443,228	16,731,900	-16,288,672	-97.4
Profit After Income Tax				
Net Income (with Non-Controlling Interest)	471,689	14,830,407	-14,358,718	-96.8
Net Income (Owner of the Parent)	914,706	12,369,719	-11,455,013	-92.6
Profit Attributable to Common Shareholders of the Parent	0.16 元	2.11 元	-1.95 元	-92.4

1. Operating revenue decreased by 44.99 billion in the 1H of 2023 than in 2022, with a decline rate of 22.1 %. Among the difference, sales amount decreased by 20.62 billion, while price decline affected the rest 24.37 billion.

### a. Aspects of sales volume

#### i. FCFC : -11.88 billion

Affected by market downturn, sluggish demand, and the expanded production capacity, production and sales were adjusted, and product lines with low margin were cut off, decreasing sales of PX, PTA, PS, ABS, PP, nylon and rayon by 13.29 billion. SM-3 arranged overhaul in the second quarter, decreasing sales by 2.01 billion. Phenol arranged overhaul last year yet ran normal production this year, increasing sales by 1.75 billion. Profit margins of OX improved, increasing sales by 1.49 billion.

#### ii. FIC in Vietnam : -4.59 billion

Film, polyester, cotton yarn, and nylon resulted in a decrease of 2.91 billion. SPP pellets were affected by low-priced dumping from Chinese competitors, decreasing sales by 0.97 billion. Operating hours of power generators were adjusted in response to the Nation's dispatch on electric power, affecting 0.38 billion.

#### iii. FCNB : +2.79 billion

Due to reduced days of overhaul in PTA and ABS compared with last year, production and sales enhanced, while sales of raffinate oil also increased, affecting 2.72 billion altogether.

iv. Other subsidiaries :

Terminal market demand weakened, affecting clients' willing to place orders. FTC decreased sales by 3.57 billion, FICC by 1.58 billion, and FIPC by 1.44 billion.

b. Aspects of Selling Price

Crude oil and energy prices escalated last year, pushing the prices of major products up. This year, however, market conditions and weak demand led to a downward adjustment in raw material prices. Additionally, the expansion of new production capacity by competitors resulted in oversupply in the market, leading to a decrease in product selling prices.

2. Consolidated profit before income tax in 1H of 2023 was 0.44 billion, decreasing by 16.29 billion compared with 1H of 2022.

a. Operating margin decreased by 11.61 billion

As interest rate continues to hike in the United States and Europe to curb inflation., weak market consumption and China's slow economic recovery after the lifting led to deflationary risks. In addition, the expanded production capacity by competitors and oversupply in the market dragged down market conditions, resulting in narrowed profit margins for products and decrease in operating profit.

b. Consolidated non-operating profit decreased by 4.68 billion

i. Investment profit of Equity Method decreased by 4.56 billion.

(FPCC -6.42 billion, MLPC 2.3 billion)

ii. Profit of exchange decreased by 1.1 billion.

(0.30billion/2023; 1.4 billion/ 2022)

iii. Cash dividends jointly increased by 1.57 billion.

(FPC 2.05 billion, NPC 1.24 billion, FPCC -0.99 billion, NTC-0.53 billion )

3. Net profit after income tax attributable to owners of the parent in H1 of 2023 is 914million 710 thousand. The earnings per share is NTD 0.16, NTD 1.95 less H1 of than 2022, which was NTD 2.11.

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