

Oct 11, 2023

Explanation of FCFC's Consolidated Operating Revenue in September 2023

I. Comparison of consolidated operating revenue in September 2023 and August 2023.

NTD in Thousands

Sep 2023	Aug 2023	Amount Difference	Growth Rate
30, 995, 485	29, 077, 841	1, 917, 644	6. 6

1. The consolidated operating revenue in September increased by 1. 92 billion on a monthly basis, with a growth rate of 6. 6%. Among the difference, sales amount increased by 0. 56 billion, and price raise affected the rest 1. 36 billion.

2. Aspects of sales volume

i. FCFC : +1. 08 billion

ARO-1 resumed from overhaul in August, increasing production and sales of PX, OX and raffinate oil, affecting 1. 21 billion in total. PIA increased export sales to China, while SM was put less into production and more into sales, affecting 0. 37 billion altogether. Other than that, clients of phenol and acetone underwent overhaul, thus downstream demand dropped and decreased sales by 0. 49 billion.

ii. FCNB : -0. 15 billion

PIA orders were shift to Taiwan, decreasing sales by 0. 23 billion.

iii. Other Subsidiaries :

Driven by unfavored market condition and overhaul in September, sales of FIPC were decreased by 0. 26 billion, and FICC by 0. 11 billion.

3. Aspects of Selling Price :

Recovery in global oil demand and OPEC+ supply cuts pushed up prices of crude oil and petrochemical products. However, prices of textile fiber products consolidate and remained at relatively low level.

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

NTD in Thousands

Sep 2023	Sep 2022	Amount Difference	Growth Rate
30, 995, 485	30, 822, 873	172, 612	0. 6

1. Consolidated operating revenue in September 2023 increased by 0. 17 billion, with a growth rate of 0. 6% on a YOY basis. Among the difference, sales amount increased by 1. 13 billion, while the selling price decreased 0. 96 billion.

2. Aspect of sales volume

i. FCFC : +1. 34 billion

SM and phenol enhanced operating rates, increasing production and sales by 1. 41 billion. PX was put less into production and more into sales, while raffinate oil sold to FPCC increased, affecting 0. 62 billion altogether. Improved profit margin of OX increased sales by 0. 31 billion. However, in response to unfavorable market conditions, PTA and PP reduced load, decreasing sales by 0. 85 billion; PIA also made adjustment in shipments, affecting 0. 24 billion.

ii. FCNB : +1. 17 billion

Production expansion and commencement of ABS increased sales by 0. 58 billion, while reconciliation in raffinate oil also increased sales by 0. 55 billion.

iii. FIPC : -0. 63 billion

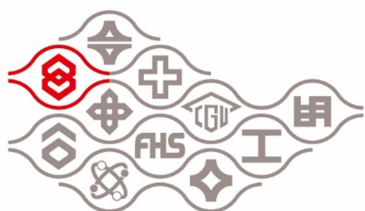
China's anti-dumping measure on imports and overhaul in September were the main reasons of sales decrease.

iv. Other Subsidiaries :

Sluggish market demand, price cutting competition from China and overhaul arrangements led to FTC sales decrease by 0. 41 billion, FICC by 0. 21 billion, and FIC in Vietnam by 0. 12 billion.

3. Aspect of selling price

Although market demand slightly rebounded, prices for phenol, PIA, and plastic products remained lower than the previous year due to supply surplus caused by the expanded production capacity.



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Declare of FCFC's Consolidated Profit and Loss in the 3rd Quarter of 2023

I. Comparison of consolidated profit and loss in the 3rd quarter and 2nd quarter of 2023 :
NTD in Thousands

Item/Quarter	3 rd Quarter, 2023	2 nd Quarter, 2023	Difference	Growth Rate%
Consolidated Operating Revenue	86, 824, 127	75, 168, 838	11, 655, 289	15. 5
Consolidated Profit	2, 068, 639	-3, 153, 454	5, 222, 093	
Profit Before Income Tax	7, 437, 938	1, 592, 060	5, 845, 878	367. 2
Profit After Income Tax				
Net Income (with Non-Controlling Interest)	7, 157, 668	1, 689, 369	5, 468, 299	323. 7
Net Income (Owner of the Parent)	7, 494, 161	1, 697, 248	5, 796, 913	341. 5
Profit Attributable to Common Shareholders of the Parent	1. 28	0. 29	0. 99	341. 4

1. Operating revenue increased 11. 66 billion in the 3rd quarter than in the 2nd quarter of 2023, with a growth rate of 15. 5%. Among the difference, sales volume supported 9. 42 billion, while price raise affected 2. 24 billion.

a. Aspect of sales volume

i. FCFC : +8. 4 billion

ARO-3 and SM-3 underwent overhaul in the second quarter, yet resumed normal production in the third quarter, affecting sales of PX, SM and raffinate oil jointly by 5. 58 billion. Expectations of higher crude oil prices aroused clients' stock replenishment needs, affecting sales of PS, ABS and PP by 1. 72 altogether. Operating hours of power generators were added, affecting 0. 72 billion.

ii. FCNB : +2. 42 billion

PTA-5 underwent overhaul in the second quarter, yet resumed normal production in the third quarter. ABS commenced new production lines, increasing sales jointly by 2. 57 billion.

iii. FIC in Vietnam : -0.61 billion

Operating hours of power generators were reduced in response to the Nation's dispatch on electric power, affecting 0.71 billion.

iv. Other Subsidiaries:

FTC shift S/S orders of long filament fabric to A/W orders, decreasing sales by 0.45 billion. FIPC and FICC underwent overhaul, leading to a total decrease of 0.39 billion.

b. Aspect of Selling Price

Rising oil price raised raw material costs, and furthermore pushed up prices of petrochemical products. However, as oversupply in plastic products aroused price-cutting competitions, prices could hardly go up despite the increased material costs.

2. Consolidated profit before income tax in the 3rd quarter of 2023 was 7.44 billion, increasing by 5.85 billion compared with the previous quarter. Reasons are as follows :

a. Operating profit increased by 5.22 billion :

Large product lines, such as ARO-3 and SM-3, underwent overhaul and resumed normal production in the third quarter. Production was increased in cater to sales strategy, and with the support of rising oil price, product prices and processing margins of petrochemical products both went up, turning operating loss into gain.

b. Consolidated non-operating profit increased by 0.63 billion

i. Investment profit of Equity Method jointly increased by 4.61 billion.
(FPCC 4.02 billion, MLPC 0.62 billion)

ii. Cash dividends decreased by 3.97 billion.
(FPC -2.05 billion, NPC -1.24 billion, NTC -0.71 billion)

3. Net profit after income tax attributed to owners of the parent in the 3rd quarter of 2023 is 7 billion 494 million 160 thousand. The earnings per share is NTD 1.28, NTD 0.99 more than the previous quarter, which was NTD 0.29.

II. Comparison of consolidated profit and loss in the first three quarters 2023 and in 2022 :
NTD in Thousands

Item/Quarter	Q1-Q3 of 2023	Q1-Q3 of 2022	Difference	Growth Rate%
Consolidated Operating Revenue	245,021,791	293,928,768	-48,906,977	-16.6
Consolidated Profit	-3,389,759	-14,688	-3,375,071	
Profit Before Income Tax	7,896,167	18,431,352	-10,535,185	-57.2
Profit After Income Tax				
Net Income (with Non-Controlling Interest)	7,681,382	17,108,868	-9,427,486	-55.1
Net Income (Owner of the Parent)	8,423,622	14,864,265	-6,440,643	-43.3
Profit Attributable to Common Shareholders of the Parent	1.44 元	2.54 元	-1.10 元	-43.3

1. Operating revenue decreased by 48.91 billion in the first three quarters of 2023 than in 2022, with a decline rate of 16.6 %. Among the difference, sales amount decreased by 15.04 billion, while price decline affected the rest 33.87 billion.

a. Aspects of sales volume

i. FCFC : -5.97 billion

Driven by weak market conditions, sluggish demand, and expanded supply from industry peers, products and sales were adjusted, product lines with low margin were also cut off. Sales of PTA, PIA, ABS, PP, filament, rayon, and cotton yarn were decreased by 13.27 billion in total. ARO-1 arranged overhaul in the third quarter, decreasing sales of PX by 0.5 billion. Apart from that, phenol resumed from overhaul and ran normal production, increasing sales by 3.65 billion. Profit margin of OX improved, increasing sales by 2.31 billion. Operating hours of power generator sets were added, affecting 1.74 billion.

ii. FIC in Vietnam : -5.46 billion

Demand for film, polyester and nylon yarn shrank, along with low-priced dumping by Chinese counterparts, sales decreased by 4.38 billion. Operating hours of power generators were reduced in response to the Nation's dispatch on electric power, decreasing sales by 0.72 billion

iii. FCNB : +6.1 billion

Production expansion and commencement of ABS as well as PTA resumption from overhaul increased sales by 3.68 billion. Sales of raffinate oil, PIA, PS and

acetone were adjusted in response to market condition and inventory reconciliation, increasing 1.99 billion.

iv. Other subsidiaries :

Market demand remained sluggish under overall economic downturn, thus clients adopted prudent attitudes in placing orders. FTC sales decreased by 5.17 billion, FIPC by 2.32 billion, and FICC by 1.81 billion.

b. Aspects of Selling Price

However, as market conditions and demand both remained sluggish this year, material price fell. Along with oversupply caused by expanded production capacity from industry peers, price drop in products came as a consequence. Only prices of acetone rised exceptionally due to decrease in overall supply.

2. Consolidated profit before income tax in the first three quarters of 2023 was 7.9 billion, decreasing by 10.54 billion compared with that of 2022.

a. Operating profit decreased by 3.38 billion

Although interest rate hikes has slowed down, it is anticipated that the high level will remain within certain period of time, dampening market consumer momentum. Whether China's economic policies will work is still to be observed. Production and sales were adjusted to align with market strategies and rising trends of oil price, improving product margins. However, despite these factors, operating profits was still lower than last year.

b. Consolidated non-operating profit decreased by 7.16 billion

i. Cash dividends jointly decreased by 5.56 billion due to sluggish market demand.

ii. Profit of exchange decreased by 1.95 billion.

(0.51 billion/2023; 2.46 billion/2022)

iii. Investment profit of Equity Method increased by 1.28 billion.

(MLPC 3.5 billion, FPCC -1.41 billion, FATC -0.39 billion, FRC -0.39 billion)

3. Net profit after income tax attributable to owners of the parent in the first three quarters of 2023 is 8 billion 423 million 620 thousand. The earnings per share is NTD 1.44, NTD 1.1 less than the first three quarters of 2022, which was NTD 2.54.

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