

Oct 11, 2024

Explanation of FCFC's Consolidated Operating Revenue in September 2024

I. Comparison of consolidated operating revenue in September 2024 and in August 2024.

NTD in Thousands

Sep 2024	Aug 2024	Amount Difference	Growth Rate
27, 508, 402	29, 371, 521	-1, 863, 119	-6. 3

1. The consolidated operating revenue in September decreased by 1. 86 billion on a monthly basis, with a decline rate of 6. 3 %. Among the difference, sales amount decreased by 0. 81 billion, while price decline affected 1. 05 billion.

2. Aspects of sales volume

i. FCFC : -1. 46 billion

Poor market condition for PX and SM led to a decrease in external sales by 1. 58 billion. Phenol faced an abnormal production cut from its downstream clients, thus reduced delivery orders by 0. 14 billion. Other than that, ARO-2 resumed from overhaul and ran normal production, thus OX and raffinate oil increased external sales by 0. 34 billion.

ii. FCNB : +0. 46 billion

PTA and PIA reconciled inventory and boosted sales by 0. 62 billion. Other than that, external sales of raffinate oil decreased by 0. 27 billion in cater to the production plan and inventory level.

iii. FIC in Vietnam :

Operating hours of power generators were increased in response to the Nation's dispatch on electric power, affecting sales by 0. 23 billion.

3. Aspects of Selling Price :

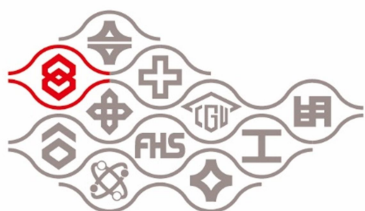
Market concerns over US-China crude oil demand have led to a continuous decline in oil prices. While raw material costs declined under lack of support, and clients held a cautious attitude against placing orders, prices of major products were negatively affected. Additionally, limited supply led to rising phenol prices due to shipping delays by competitors.

II. Comparison of consolidated operating revenue of September in 2024 and in 2023 :

NTD in Thousands

September 2024	September 2023	Amount Difference	Growth Rate
27, 508, 402	30, 995, 485	-3, 487, 083	-11. 3

1. Consolidated operating revenue in September 2023 decreased by 3. 49 billion, with a decline rate of 11.3% on a YOY basis. Among the difference, sales amount decreased by 2. 07 billion, while price decline affected 1. 42 billion.
2. Aspect of sales volume
 - i. FCFC : -3. 36 billion
With unfavorable market conditions and weak demand, oil price declined, and buyers adopt a wait-and-see attitude by reducing operating rates and controlling inventory, leading to decrease in sales of PX, SM, PS, ABS, and PP.
 - ii. FCNB : +0. 8 billion
Due to poor PTA demand, production cuts and active market development were made to deplete inventory, boosting sales by 1. 43 billion. However, PS and ABS decreased sales by 0. 67 billion due to consumption downgrading and shrinking demand.
 - iii. Other subsidiaries :
Operating hours of power generators were increased in response to the Nation's dispatch on electric power, affecting sales by 0. 38 billion. FICC and FIPC arranged overhaul last year, yet resumed normal production this year, increasing sales by 0. 28 billion.
3. Aspect of selling price:
Falling oil prices led to price declines of PTA, OX, and raffinate oil. Other than that, average prices of SM were higher than last year as competitors curbed production. PS and ABS also performed better with sales boost in high-value specifications and support from raw material costs.



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FORMOSA CHEMICALS & FIBRE CORP.

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Declare of FCFC's Consolidated Profit and Loss **in the 3rd Quarter of 2024**

- I. Comparison of consolidated profit and loss in the 3rd quarter of 2024 and 2nd quarter of 2023 :

NTD in Thousands

Item/Quarter	3 rd Quarter, 2024	2 nd Quarter, 2024	Difference	Growth Rate%
Consolidated Operating Revenue	86, 898, 525	96, 475, 275	-9, 576, 750	-9. 9
Consolidated Profit	-2, 097, 712	1, 549, 762	-3, 647, 474	-235. 4
Profit Before Income Tax	-1, 896, 711	2, 156, 216	-4, 052, 927	-188. 0
Profit After Income Tax				
Net Income (with Non-Controlling Interest)	-1, 269, 266	1, 987, 607	-3, 256, 873	-163. 9
Net Income (Owner of the Parent)	-1, 929, 180	1, 833, 342	-3, 762, 522	-205. 2
Profit Attributable to Common Shareholders of the Parent	-0. 33	0. 32	-0. 65	-203. 1

1. Operating revenue decreased 9. 58 billion in the 3rd quarter of 2024 compared to the 2nd quarter of 2024, with a decline rate of 9. 9%. Among the difference, sales volume decreased 7. 37 billion, while price decline affected 2. 21 billion.

- a. Aspect of sales volume

- i. FCFC : -4. 04 billion

Overcapacity, sluggish demand, and declining oil prices reduced clients' willingness to place orders, thus sales of SM, PTA, PS, ABS, and PP decreased by 2. 88 billion altogether. Overhaul in ARO-2 led to production and sales decrease in OX and raffinate oil by 1. 4 billion. Other than that, PX decreased internal use yet increased external sales by 0. 38 billion.

- ii. FCNB : -1. 37 billion

PTA scheduled defect rectification and maintenance, decreasing production and sales by 1. 99 billion. PS clients procured based on demand under tepid market consumption, decreasing sales by 0. 2 billion. ABS promoted sales by developing differentiation specifications, increasing revenue by 0. 4 billion. Raffinate oil adjusted inventory and increased sales by 0. 4 billion.

iii. Other Subsidiaries :

FIC in Vietnam adjusted operating hours of power generators in response to the Nation's dispatch on electric power, decreasing sales by 0.82 billion. FTC decreased A/W orders of long filament fabric due to seasonal change, affecting sales by 0.49 billion. FIPC reduced production to maintain price, decreasing sales by 0.41 billion. Terminal demands were sluggish under the off-peak season in the third quarter, thus FICC sales decreased by 0.27 billion.

b. Aspect of Selling Price

Declining crude oil prices and sluggish market demand places negative impacts on major product prices. Other than that, shipping delays of phenol counterparts, as well as production cuts made to maintain price by some ABS manufacturers, led to price increase due to limited overall supply.

2. Consolidated profit before income tax in the 3rd quarter of 2024 was -1.89 billion, decreasing by 4.05 billion compared with the previous quarter. Reasons are as follows :

a. Operating profit decreased by 3.65 billion :

Sluggish market demand and declining oil price provide lack of support for raw material costs and product prices, thus profit margins for products narrowed or turned into losses, reducing operating income. Production was cut back on according to market condition, and in order to speed up depletion of high-cost inventory and improve both quantity and profitability in orders, there is close monitoring of the market's response to China's economic stimulus policies.

b. Consolidated non-operating profit decreased by 0.4 billion

i. Investment profit of Equity Method jointly decreased by 2.05 billion.

(FPCC -1.38 billion, FHI -0.41 billion, FR -0.13 billion)

ii. Cash dividends increased by 1.48 billion.

(FPCC +0.73 billion, FPC +0.49 billion, NYPC +0.29 billion)

iii. Loss of exchange decreased by 0.25 billion.

(0.02 billion/Q3; -0.23 billion/Q2)

3. Net loss after income tax attributed to owners of the parent in the 3rd quarter of 2024 is 1 billion 929 million 180 thousand, resulting in a basic loss per share of NTD 0.33. This represents a decrease of NTD 0.65 compared to the basic earnings per share of NTD 0.32 in the 2nd quarter of 2024.

II. Comparison of consolidated profit and loss in the first three quarters of 2024 and that of 2023 :

NTD in Thousands

Item/Quarter	Q1-Q3 of 2024	Q1-Q3 of 2023	Difference	Growth Rate%
Consolidated Operating Revenue	267,315,493	245,021,791	22,293,702	9.1
Consolidated Profit	-696,659	-3,392,084	2,695,425	-
Profit Before Income Tax	1,836,950	7,873,500	-6,036,550	-76.7
Profit After Income Tax				
Net Income (with Non-Controlling Interest)	2,199,422	7,676,694	-5,477,272	-71.3
Net Income (Owner of the Parent)	1,435,052	8,430,210	-6,995,158	-83.0
Profit Attributable to Common Shareholders of the Parent	0.25	1.44	-1.19	-82.6

1. Operating revenue increased by 22.29 billion in the first three quarters of 2024 compared to that of 2023, with a growth rate of 9.1 %. Among the difference, sales amount increased revenue by 10.51 billion, while price raise affected 11.78 billion.

- a. Aspects of sales volume

- i. FCFC : +3.97 billion

SM-3 scheduled maintenance last year yet ran normal production this year, increasing production and sales by 5.81 billion. Raffinate oil sold to FPCC increased by 2.15 billion. PIA expanded market share and enhanced sales by 2 billion. Downstream demand for OX and acetone rebounded, affecting sales by 0.39 billion. Additionally, with excess capacity and sluggish market demand, operating rate was reduced to manage inventory PS, ABS, and PP decreasing sales by 2.95 billion. PX increased internal use yet reduced external sales by 1.87 billion. Supply for PTA switched from Taiwan to Ningbo since there was little benefit from exporting, thus sales decreased by 1.61 billion.

- ii. FCNB : +5.85 billion

PTA-6 commenced production and increased sales by 7.98 billion. Other than that, PS and ABS reduced production to maintain inventory, decreasing sales by 2.47 billion.

- iii. Other subsidiaries :

FICC kept low level of inventory due to stable demand from its clients, increasing sales by 1.4 billion. Vietnam in FIC increased operating hours, affecting sales by

1.5 billion. Clients of polyester yarn increased demand, thus inventory reduced, and sales increased by 0.49 billion. Other than that, SPP, film and cotton yarn were affected by China's price-cutting competition and overcapacity, decreasing sales by 1.48 billion. FIPC faced a sales decrease of 1.05 billion due to market competition and volume control pricing strategies.

b. Aspects of Selling Price

Acetone prices increased due to limited supply, while other products such as benzene, synthetic phenol, SM, PS, ABS, and PP were supported by rising raw material prices, volume control pricing, and adjustments in production and sales combinations, leading to higher average product prices than last year. While the selling price of electricity produced by power generators reflected declining coal costs, PTA faced oversupply and weak raw material costs, thus declines were seen in both prices.

2. Consolidated profit before income tax in the first three quarters of 2024 was 1.84 billion, decreasing by 6.04 billion compared with that of 2023.

a. Operating profit increased by 2.7 billion.

Despite soft market demand and competitors' large capacity openings, the market maintains an oversupply pattern. Continuous adjustments were made in production and sales strategies to eliminate weak products and develop high-value specifications, thus operating profit showed significant improvement in the first half of the year compared to last year. However, impacted by fluctuations in crude oil prices and high-cost inventory in the third quarter.

b. Consolidated non-operating profit decreased by 8.74 billion

i. Investment profit of Equity Method decreased by 4.62 billion.

(FPCC -3.49 billion, FR -0.76 billion, FHI -0.33 billion)

ii. Cash dividends decreased by 3.07 billion.

(FPC -1.56 billion, NYPC -0.95 billion, NTC -0.73 billion)

iii. Profit of exchange decreased by 0.47 billion.

(0.05 billion/2024; 0.52 billion/2023)

3. Net profit after income tax attributable to owners of the parent in the first three quarters of 2024 is 1 billion 435 million 50 thousand. The earnings per share is NTD 0.25, NTD 1.19 less than that of 2023, which was NTD 1.44.

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