

# Formosa Taffeta Co., Ltd. Investor Conference

June 27, 2023



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## Agenda

- I. Operating Performance
- II. Product Development
- III. Operation Orientation
- IV. Q&A



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Q123 Operating Performance



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# Consolidated Income Statement

Unit: NT\$1,000

Item	Q123	Q422	QoQ	Q122	YoY
Sales revenue	7,652,703	7,777,371	-1.6%	8,913,782	-14.2%
Net operating margin	802,522	894,869	-10.3%	1,025,297	-21.7%
Net margin	<b>10.5%</b>	<b>11.5%</b>		<b>11.5%</b>	
Operating profit (loss)	224,168	330,048	-32.1%	366,761	-38.9%
Operating profit Margin	<b>2.9%</b>	<b>4.2%</b>		<b>4.1%</b>	
Total non-operating income and expenses	-101,491	-80,506		289,060	
Profit before income tax	122,677	249,542	-50.8%	655,821	-81.3%
Profit for the period from continuing operations	81,603	227,147	-64.1%	557,205	-85.4%
Rate of profit for the year	<b>1.1%</b>	<b>2.9%</b>		<b>6.3%</b>	
Profit attributable to common shareholders of the parent	0.06	0.14		0.38	

# Comparison of Revenues of Different Businesses

Unit: NT\$1,000

Item	1 <sup>st</sup> Business Segment	Tire Cord Business	Oil Product Business	Others	Total
<b>Q123</b>	3,491,079	984,574	2,746,411	430,639	7,652,703
<b>Q122</b>	3,788,717	1,666,846	2,960,589	497,630	8,913,782
<b>Variance</b>	(297,638)	(682,272)	(214,178)	(66,991)	(1,261,079)
<b>Growth Rate</b>	-7.9%	-40.9%	-7.2%	-13.5%	-14.2%

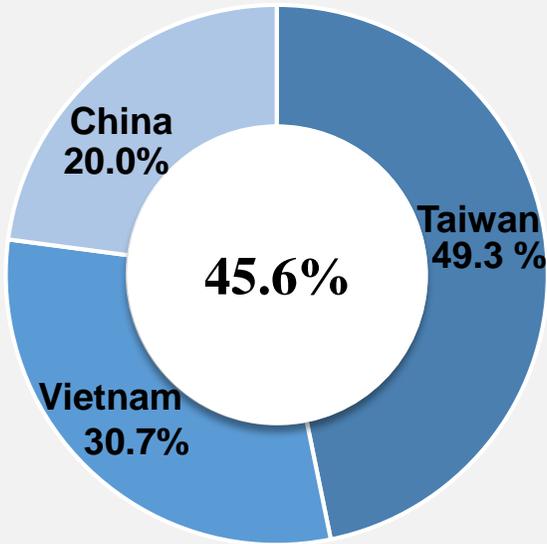
A decrease of NT\$ 1.26 billion (14.2%) in consolidated revenue from January to March, 2023—NT\$ 7.65 billion, compared to that of 2022—NT\$ 8.91 billion

Advantageous difference in sale quantity of NT\$ 0.44 billion: a result of an increase of NT\$ 0.49 billion of the filament fabric of the 1<sup>st</sup> Business Segment, a decrease of NT\$ 0.1 billion of tire cord fabric, an decrease of NT\$ 0.02 billion of oil product business division, and an increase of NT\$ 0.07 billion of industrial material business division.

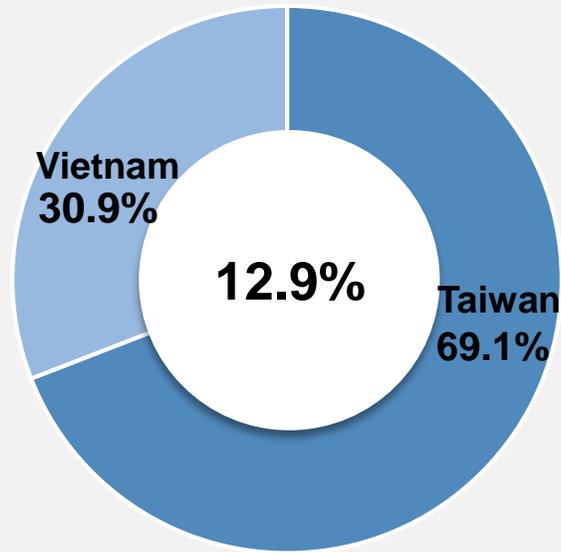
Disadvantageous difference in sale price of NT\$ 0.17 billion: a result of an decrease of NT\$ 0.79 billion of the filament fabric of the 1<sup>st</sup> Business Segment, a decrease of NT\$ 0.58 billion of tire cord fabric, a decrease of NT\$ 0.19 billion of oil product business division, and a decrease of NT\$ 0.14 billion of industrial material business division.

# Q123 Products Breakdowns by Production Bases

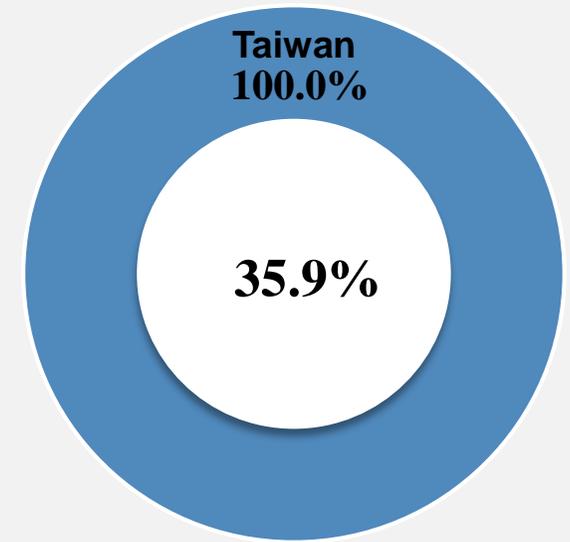
Filament Woven Fabrics  
of 1<sup>st</sup> Business Segment



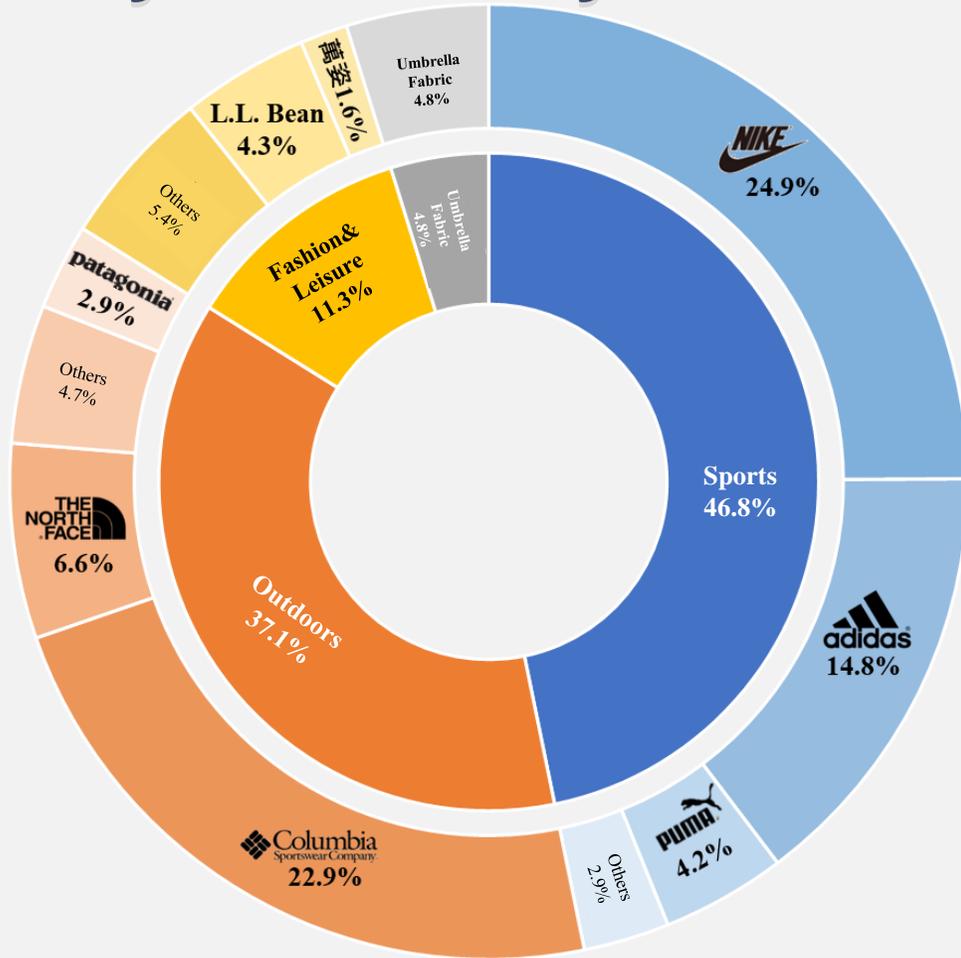
Polyamine/Polyester Tire Cord  
Fabric of 2<sup>nd</sup> Business Segment



Petroleum goods/service  
of 2<sup>nd</sup> Business Segment



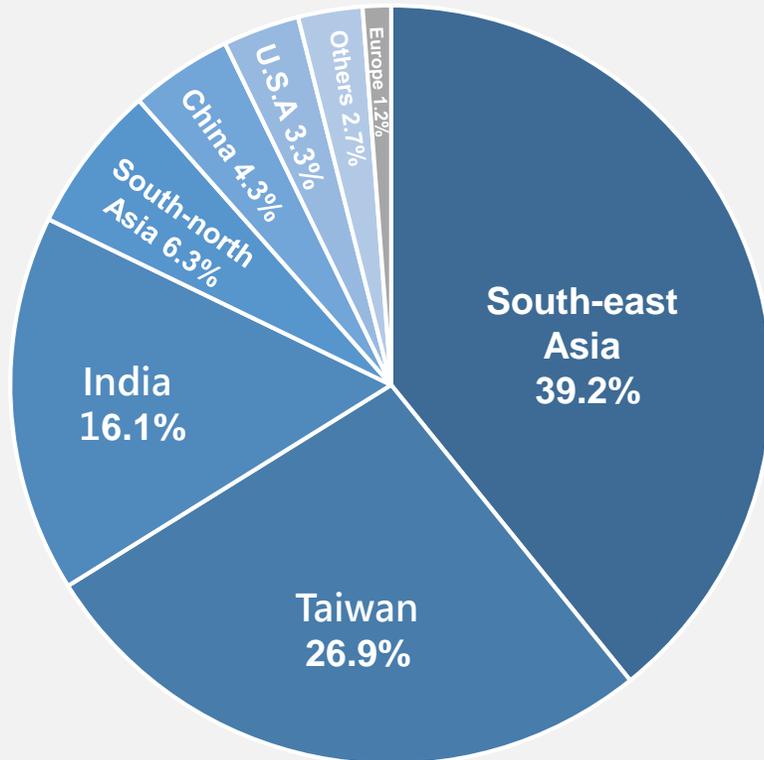
# Q123 Sales Volume Breakdown of Polyamide/Polyester Filament Fabrics



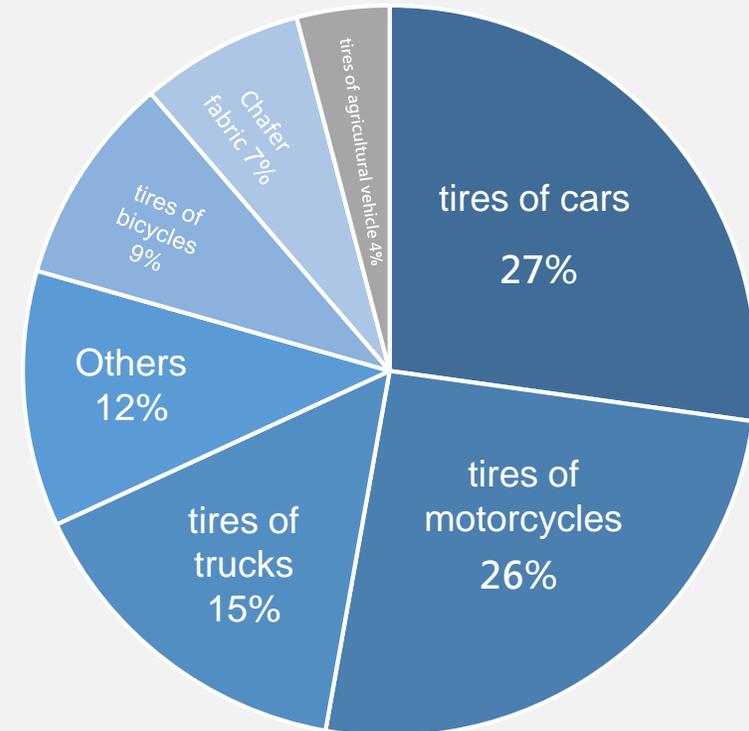
Usage	Required Cloth	Functionality
<b>Sports</b>	fabric of flexibility and with multiple functions	moisture absorbent and quick drying, deodorant, and anti-bacterial
<b>Outdoors</b>	fabric with multiple functions, and coating & lamination processes	moisture permeability, waterproof, light-weighted and keeping warm
<b>Fashion &amp; Leisure</b>	fabric as materials and of flexibility, whose hand emphasizes variety of garment styles	natural hand, flexibility
<b>Umbrella Fabric</b>	for both sunny and rainy days	UV-cut, shading and cooling-down

# Q123 Sales Volume Breakdown of Polyamide/Polyester Tire Cord Business

## Breakdown by sales area



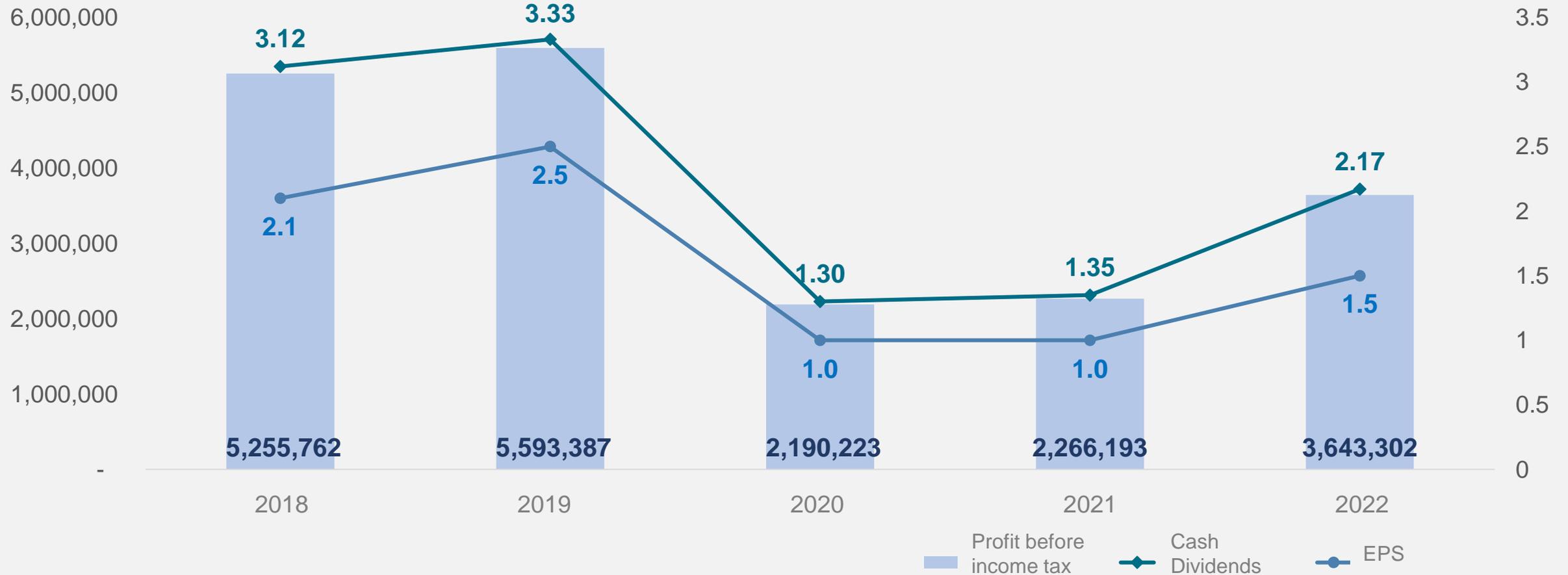
## Breakdown by product



# Stable Profitability and Dividends Distribution

Unit: NT\$1,000

DOLLARS/SHARE





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Product Development



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**|02** N6 &N66 Mechanical  
Stretch Fabric

**|03** Bio-based N11 WPB Film  
high waterproof breathable  
20K/20K laminated products

**|04** Expanding the development  
of Ocean Recycled Nylon

**|05** Recycled Nylon Tire Cord  
Fabric

**|06** Recycled Mechanical Stretch  
Conjugated Yarn with  
Different Shrinkage

# 01 Carbon Capture EG PET

Due to the rapid industrial development in the past century, a large amount of fossil fuels such as coal and oil have been consumed, causing an increase in greenhouse gas concentrations in the atmosphere and leading to global warming. This has resulted in various extreme weather conditions such as droughts, sudden heavy rainfalls, and blizzards.

Our product, carbon capture EG PET fabric actively captures greenhouse gases such as CO and carbon CO<sub>2</sub> and converts them through recycling industrial waste gas. It not only reduce the consumption of oil but also decrease about 30% of greenhouse gas emissions while maintaining the same quality and characteristics as normal PET fabrics. It can be combined with different treatments according to different functional requirements, such as wicking , quick-drying, water repellent and waterproof breathable.





**COMOFIT™**



# N6 & N66 **02**

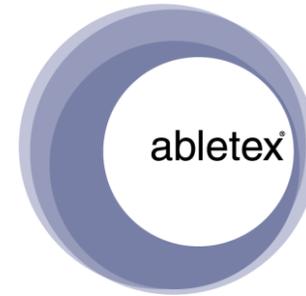
## Mechanical Stretch Fabric



This series of products are nylon fabrics with excellent elasticity and comfortable handfeel without using spandex yarn.

The fabric are high power stretch with natural fluffy and soft handfeel, which providing wearers an experience of unrestricted movement and ease during activities. Combined with functional finishing such as wicking, waterproof breathable, it is suitable for various activities and all seasons.

The product can be used as a single nylon material outfit that is easy to recycle and reuse, match to the concept of circular economy.



# 03 Bio-based N11 WPB Film high waterproof breathable 20K/20K laminated products

- ◆ Environmentally friendly | Combining recycled fabrics and Bio-based N11 film to create eco-friendly products.
- ◆ High functionality | High MVP 20K/ WP 20K performance with excellent washing durability.
- ◆ Energy-saving and carbon reduction | New generation of lamination technology can reduce carbon emission and enhance moisture vapor permeability.
- ◆ Market feedback | Received orders for sample sales from major outdoor sports brands in Europe and America.
- ◆ Look into the future | Customized laminated products of various different fabrics to meet the market trend.



# 04 Expanding the development of Ocean Recycled Nylon

**From beach shorts and casual jackets to down jackets, sportswear, and cold jackets... etc.**

Formosa Plastics Group and local fishermen are working together to establish a complete recycling system of ocean waste such as discarded oyster ropes and fishing nets. Through this recycling system to recycle and reuse, further achieve oceans ecological conservation and reduce resource consumption.

The Company transforms waste into fabrics with eco-friendly weaving, dyeing, and finishing techniques . It has expanded its product line from beach shorts ,casual jackets to down jackets, sportswear and jackets for cold weather.

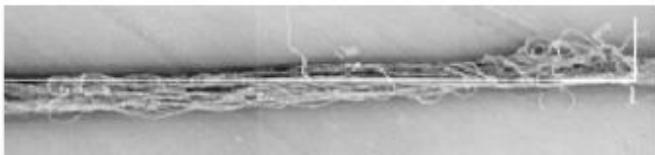


# 05 ETYCORD

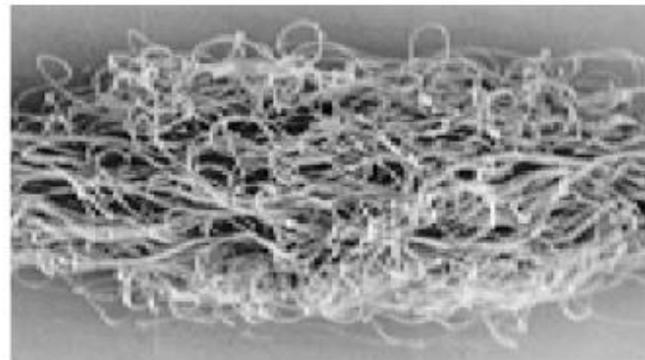
## Recycled Nylon Tire Cord Fabric

In line with the environmental trends, Cheng Shin Rubber Ind. Co., Ltd., Formosa Chemical & Fibre Corporation, and Formosa Taffeta Co., Ltd. collaborated to develop recycled product from sea waste. FCFC uses wasted fishing net to produce nylon tire cord yarn, FTC produces tire cord fabric, and Chen Shin produces tires of bicycles to fulfill the circular economy.





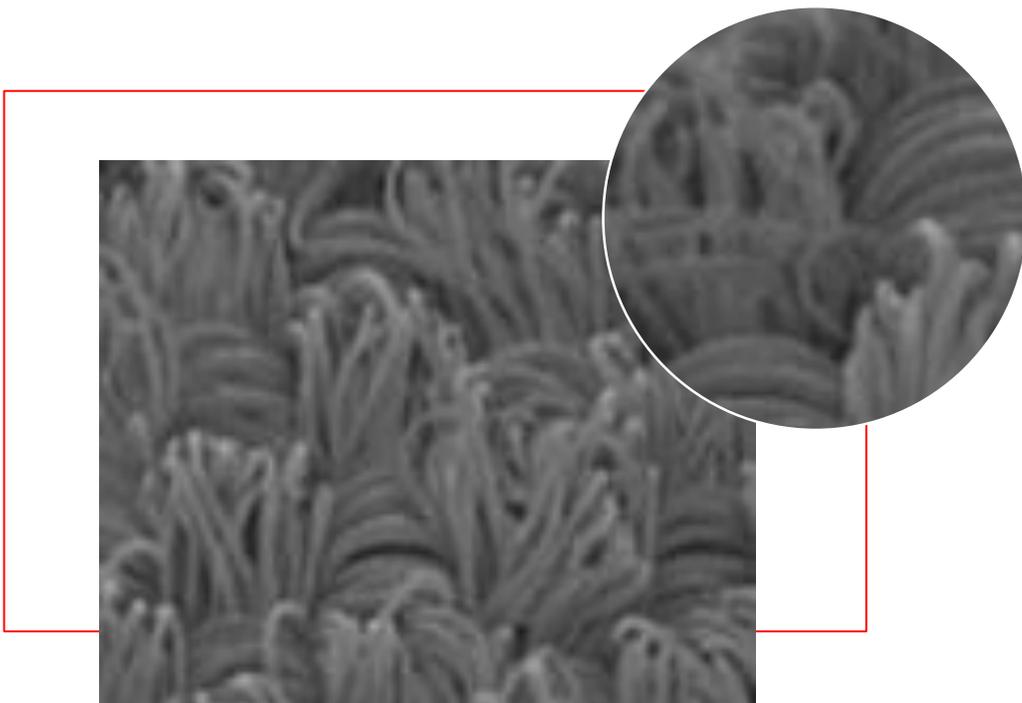
Heating-treatment



06

## Recycled Mechanical Stretch Conjugated Yarn with Different Shrinkage

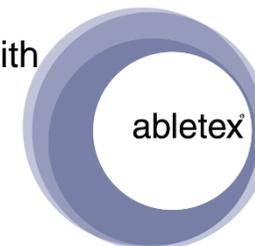
FTC collaborates with the upstream suppliers to develop recycled mechanical stretch conjugated yarn with different shrinkage. By utilizing the unique shrinkage properties, we create a collection of products with fluffy and breathable feature. In comparison with other fabrics of the same quality, the fabrics made from **conjugated yarn with different shrinkage** are lighter, thicker, softer and with peached handfeel.



### Products Collection



1. Quick-drying + UV-protection series: superior wicking and quick-drying and higher UV protection performance, excellent breathability and comfort.
  2. High waterproof breathable series: providing warmth with and thick texture.
- In comparison of fabrics with same quality : fabric volume goes up 50%. breathability is increased by about 30%. moisture absorption rate improved by 25%. UPF 100+





# FORMOSA TAFFETA

Operation Orientation



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# Operation Orientation



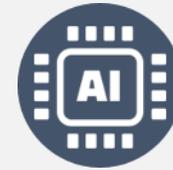
## Expanded Cooperation

- Cooperation with Branded Customers.
- Development of functional, environmental, and high-value fabrics to expand the branded customers.



## Sustainable Environment

- Green Energy, Carbon Emission Reduction, and Water Conservation.
- Circular Economy, and development of environmental friendly products.



## Smart Manufacturing

- Smart Manufacturing, and Introduction of AI and AOI technology.
- Digitalization, to improve the efficacy of product management.



## Global Deployment

- Solidify the global supply chain to maintain the stable raw material sources.
- proper capacity adjustment among the five factories in Taiwan, China, and Vietnam to assure smooth production and delivery.

# ESG Highlights



1 2022 CDP/ climate change – A, the highest honor

2 2022 CDP/ water security-Leadership

3 TIP Taiwan ESG Index

4 FTSE4GOOD

5 9<sup>th</sup> Corporate Governance Evaluation of TWSE/TPEX listed companies 6~20%

6 Taiwan Employment Creation 99 index

7 Best enterprise for voluntarily energy conservation and carbon reduction

8 Validation of Science Based Targets initiative, SBTi



# Q&A