



2020 Investor Conference
Formosa Taffeta Co., Ltd.
Stock code : 1434

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Agenda

1. Corporate Overview
2. Product Development
3. Financial Status
4. Operation Orientation
5. Q&A



Corporate Overview



Establishment of Production Bases



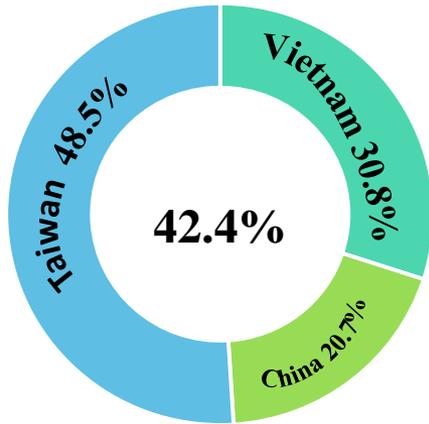
Number of employees of five plants

Plant	Headcount
Taiwan	4,339
China	816
Vietnam	2,160
Total	7,315

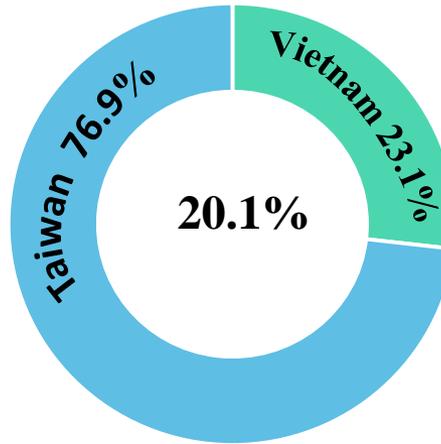
Formosa Taffeta Co., Ltd whose paid in capital is 16.8 billion, has five production bases which are respectively located in Taiwan, China, and Vietnam. The Company's consolidated revenue as of 30th Sep., 2020 is NT\$ 21.63 billion.



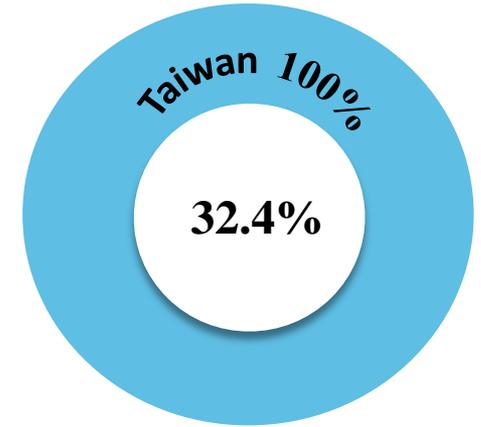
Products Breakdowns by Production Bases



**Filament Woven
Fabrics of 1st Business
Segment**



**Polyamine/Polyester
Tire Cord Fabric of 2nd
Business Segment**

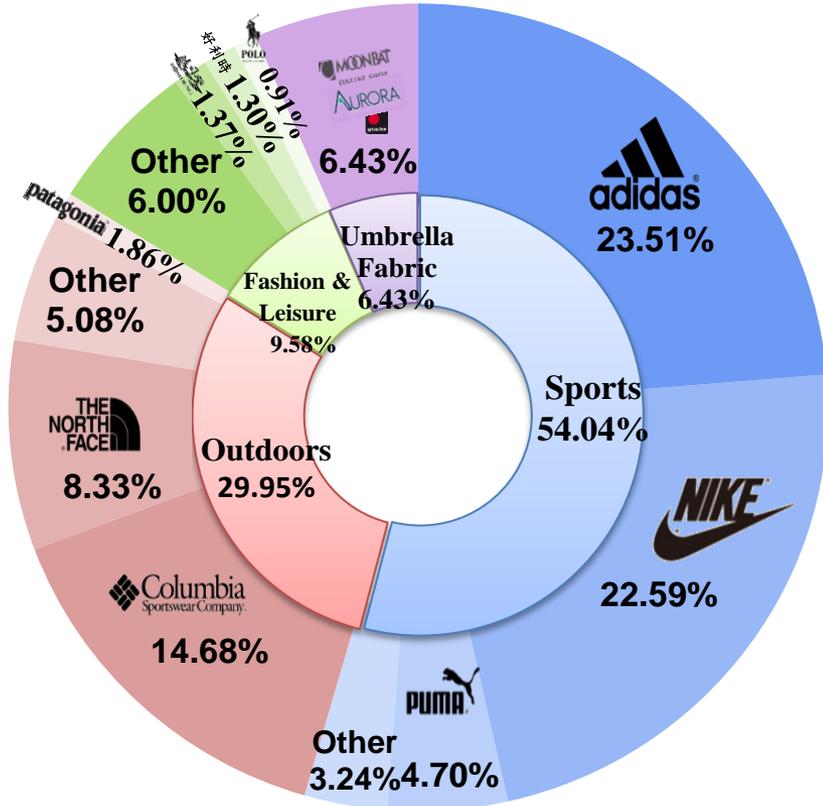


**Petroleum
goods/service of 2nd
Business Segment**





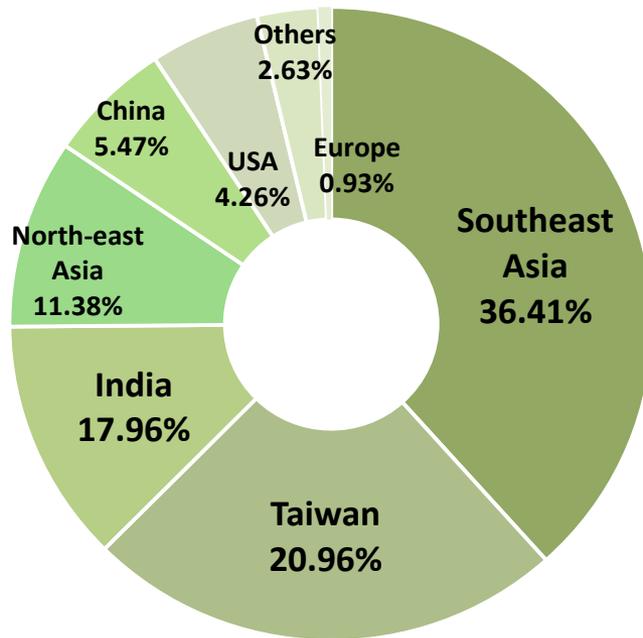
Sales Volume Breakdown of Polyamide/Polyester Filament Fabrics



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



Sales Volume Breakdown of Polyamide/Polyester Tire Cord Business



Data collected from Jan. to Sep., 2020

Representative Customers

Taiwan	●Cheng Shin (Maxxis) ●Kenda ●Bridgestone ●Federal ●Hwa Fong ●Nankang
Japan	●Yokohama ●Sumitomo ●BS
Korea	●Hankook ●Hung-A ●Kumho ●Nexen
India	●MRF ●Apollo ●JK ●Ceat
Europe	●Continental ●Michelin ●Pirelli Tire
USA	●Goodyear ●Cooper ●Titan
South-east Asia	●Multistrada ●Samson ●Casumina ●Da Nang



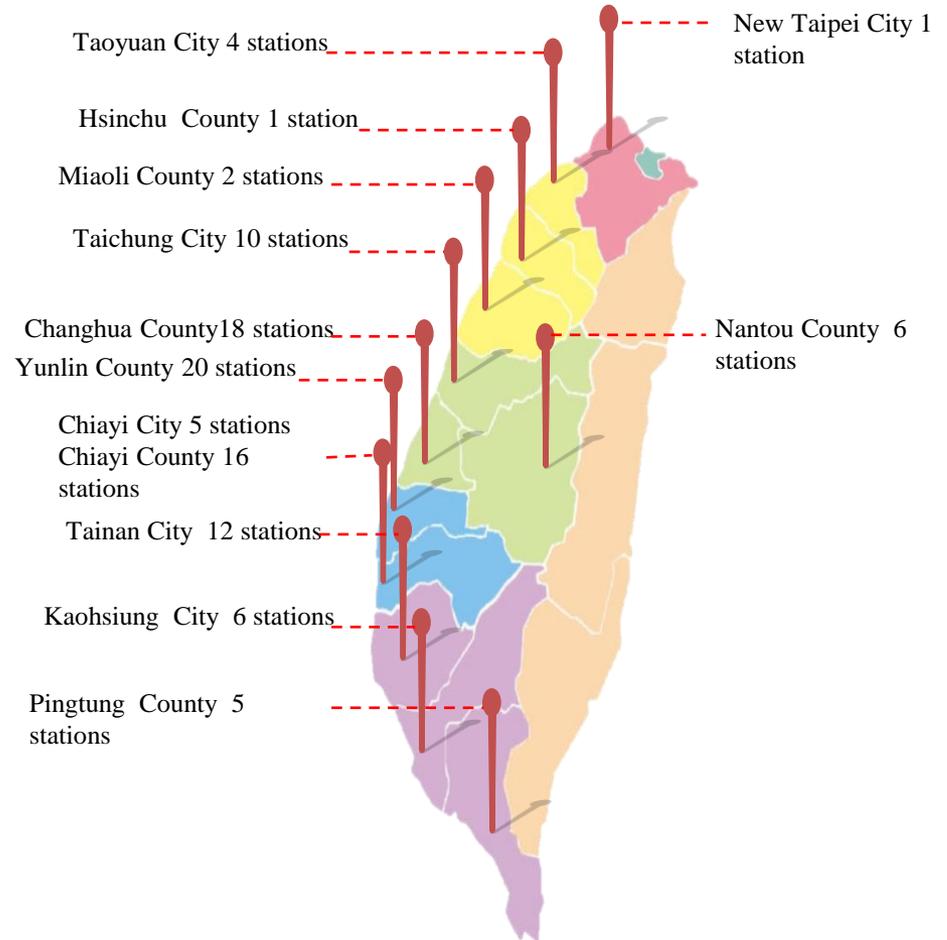
Sale of Petrol and Diesel

Until Oct., 2020, there are 106 Formosa Petroleum Stations whose locations are shown on the right.



**Taizi Rd., Rende Dist., Tainan City,
opened on 13rd July, 2020**

106 Locations of Formosa Petroleum Stations





Smart Textiles Functional Applications



POCKET FABRIC

- Body mapping in woven and special fabric structure of dual-layer downproof is made through special patented fabric structure design and dyeing and finishing process.





Application of Intelligent Temperature Module—POLO11



Product press conference (in Dec. , 2017)

- Intelligent temperature control clothing
 - Launch press conference on 15 Dec., 2017
- POLO11
 - Ralph Lauren’s launch in Jan, 2019;
 - All functional fabrics for lining that are of water-repellent and tear resistance are made by the FTC’s Taiwan Plant



- Advanced Edition in the Next Generation:
 - Expected to be launched in 2020;
 - Functions:
 - adjustable proactive heating control and preservation;
 - weather warning;
 - GPS positioning;
 - fall detection;
 - physiological monitoring (such as heart rate monitoring);
 - active emergency SOS;
 - LED light security warning;
 - immediate image transmission etc.





A+ SMART THERMAL TECHNOLOGY

Advantages : the smart thermal technology system can be utilized and re-designed like building blocks base on different use.
Functions: Light Warning, Sound Reminded, Intuition Controlled, Smart Thermal Controlled, Location Service, DMR/P2P Switched, Personal Locator Beacon, Call for Help Spontaneously, Alert for Environment, Online Streaming.
Power supply: Any 5V power bank available the market, use time may varied due to different function featured in garment products.





Performance for the Industrial Cluster

Outdoors & Sports



Military personnel, the police, and fire fighters



long-term care



Maternal and Child Health



Assistance for the vision-impaired



Safe Driving



智慧溫控	觸控控制	光顯警示	環境提醒	領隊功能	生命跡象 (市售相容)
跌倒偵測	求救系統	影像直播	定位服務	蜂鳴提醒	雲端分析 (搭配平台)



A+ SMART THERMAL TECHNOLOGY Got Awarded

- FTC has created the Smart Clothing System for Mountaineering in collaboration with Taiwan Textile Research Institute.
- Awarded the Taiwan Outdoor Group (TOG).





Quality and Technological innovation

- **Schoeller aerobrane:**

Schoeller aerobrane consists of an ultra-fine and hydrophilic polyurethane composite. It offers a softer feel and higher air permeability. Compared with Microporous, its weight is 1/3 lighter and its air permeability can be reached three times.



aerobrane



Microporous



Hydrophilic



PTFE



Omni-Heat Thermal Reflective technology

The precise calculation of the compaction of dotted aluminum alloys properties is able to keep the heat produced from the body in the clothing through the physical reflection principle. It not only increases the warmth performance by 20% and has the breathable functions.





WEAR 2 WEAR™ 100 % recycled PET

- **Wear2Wear** is an international eco-friendly organization and dedicated to establishing a production system that can transform the second hand clothes into new functional textiles
- Schoeller and Schoeller Asia was inspired by Wear2Wear and create a 100 % recycled PET high quality protective fabric collection. This production has passed the certification of Bluesign and Oeko-tex Standard 100.





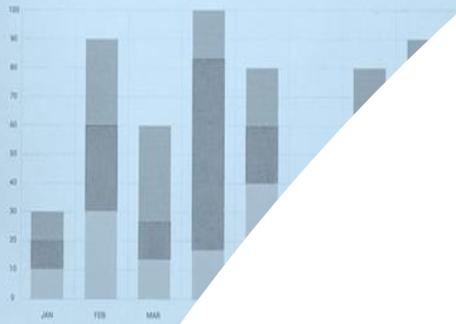
Products made from Recycled Ghost

- FTC has applied the recycled nylon material, made from Ghost nets in the ocean, to the development and manufacture of fabrics which is estimated to produce five million yards per year (nearly three million clothing can be produced) , so as to protect the environment by reducing pollution resulted from Ghost nets and their impacts on marine ecology.





Our company



Business items



Financial Status



Consolidated Income Statement

Expressed in Thousands of NTD

	Nine months ended September 30			2020		
	2020	2019	Variance	Q3	Q2	Q1
Sales revenue	21,627,329	28,443,860	-24.0%	6,595,319	6,443,074	8,588,936
Net operating margin	2,190,619	3,172,936		508,594	666,115	1,015,910
Net margin	10.1%	11.2%	-1.0%	7.7%	10.3%	11.8%
Operating profit (loss)	343,927	1,094,132		-78,974	50,966	371,935
Operating profit Margin	1.6%	3.9%	-2.3%	-1.2%	0.8%	4.3%
Total non-operating income and expenses	1,562,914	2,166,215		224,183	1,262,339	76,392
Profit before income tax	1,906,841	3,260,347	-41.5%	145,209	1,313,305	448,327
Profit for the period from continuing operations	1,788,700	3,765,068	-52.5%	151,810	1,282,792	354,098
Rate of profit for the year	8.3%	13.2%		2.3%	19.9%	4.1%
Profit attributable to common shareholders of the parent	1.13	2.14	-47.2%	0.09	0.78	0.26



Comparison of revenues of the nine months of different businesses

Expressed in thousands of NTD

		1 st Business Segment	Tire Cord Business	Oil Product Business	Others	Total
Nine months ended Sep. 30	2020	9,166,198	4,345,959	7,016,883	1,098,289	21,627,329
	2019	12,367,703	5,986,294	8,841,303	1,248,560	28,443,860
	Variance	-3,201,505	-1,640,335	-1,824,420	-150,271	-6,816,531
	Growth Rate	-25.9%	-27.4%	-20.6%	-12.0%	-24.0%

- **A drop of 6.81 billion (24.0 %) in 2020 consolidated revenue of nine month—21.63 billion, compared to that of 2019 —28.44 billion, comes from:**
 1. Disadvantageous difference in sale quantity of 4.04 billion: a result of an decrease of 2.96 billion of the filament fabric of the 1st Business Segment, and a decrease of 1.04 billion of tire cord fabric.
 2. Disadvantageous difference in sale price of 2.77 billion: a result of an decrease of 0.24 billion of the filament fabric of the 1st Business Segment, a decrease of 0.6 billion of tire cord fabric, and a decrease of 1.79 billion of Petroleum Business



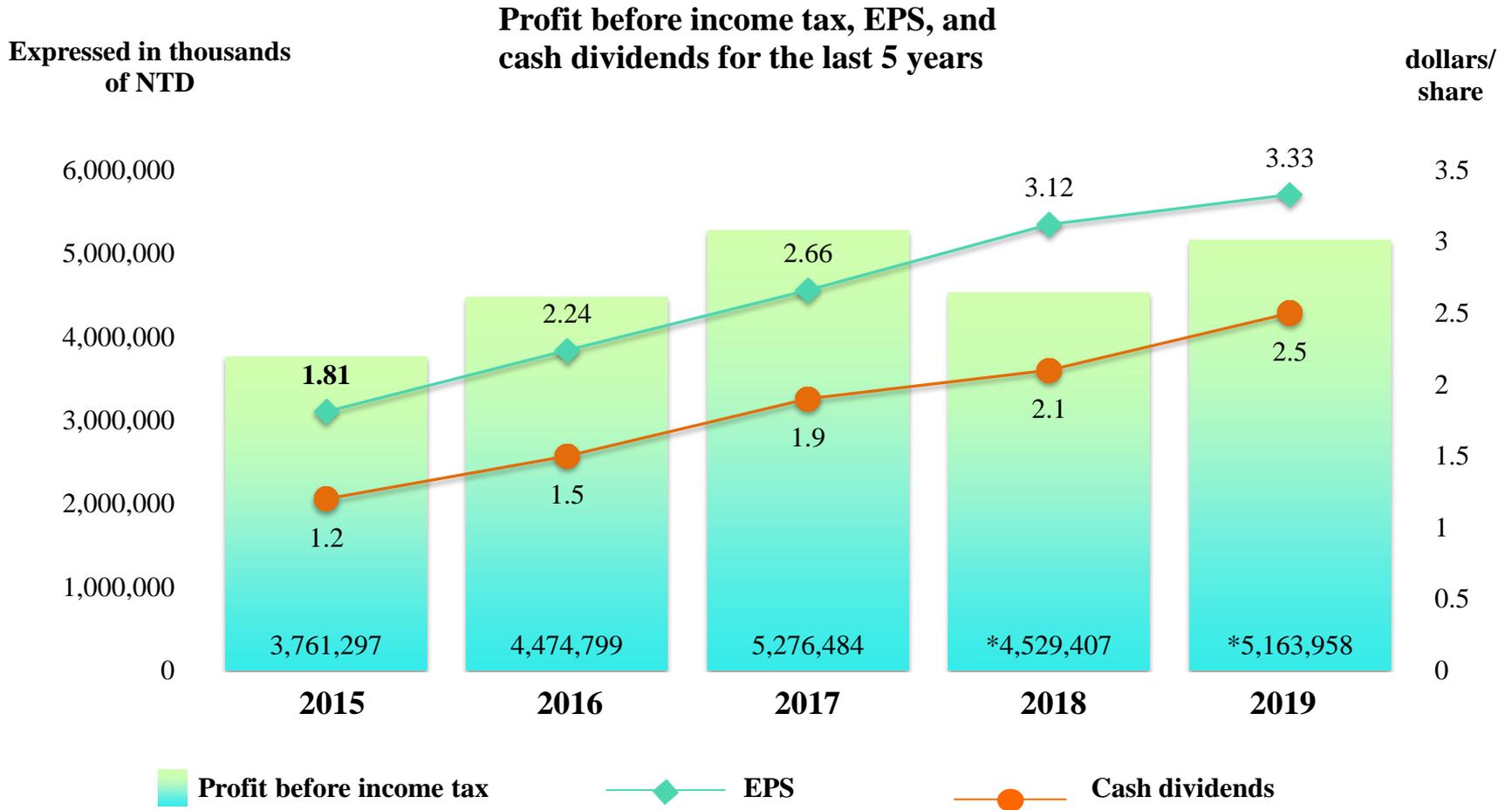
Cash Flow Statement

Expressed in thousands of NTD

	Nine months ended Sep. 30	
	2020	2019
Cash at beginning of period	3,236,624	3,391,896
Net cash flows from operating activities (A)	3,627,000	5,084,374
Capital Expenditures (B)	-880,414	-1,828,364
Financial assets	-129,080	-373,096
Investment in Schoeller	-1,238,843	
Bank borrowings	2,650,102	281,928
Dividends paid	-4,214,432	-4,129,205
Other	131,287	-22,850
Cash and cash equivalent at end of period	2,919,670	2,404,683
Free cash flow (A-B)	2,746,586	3,256,010



Stable Profitability and Dividends Distribution



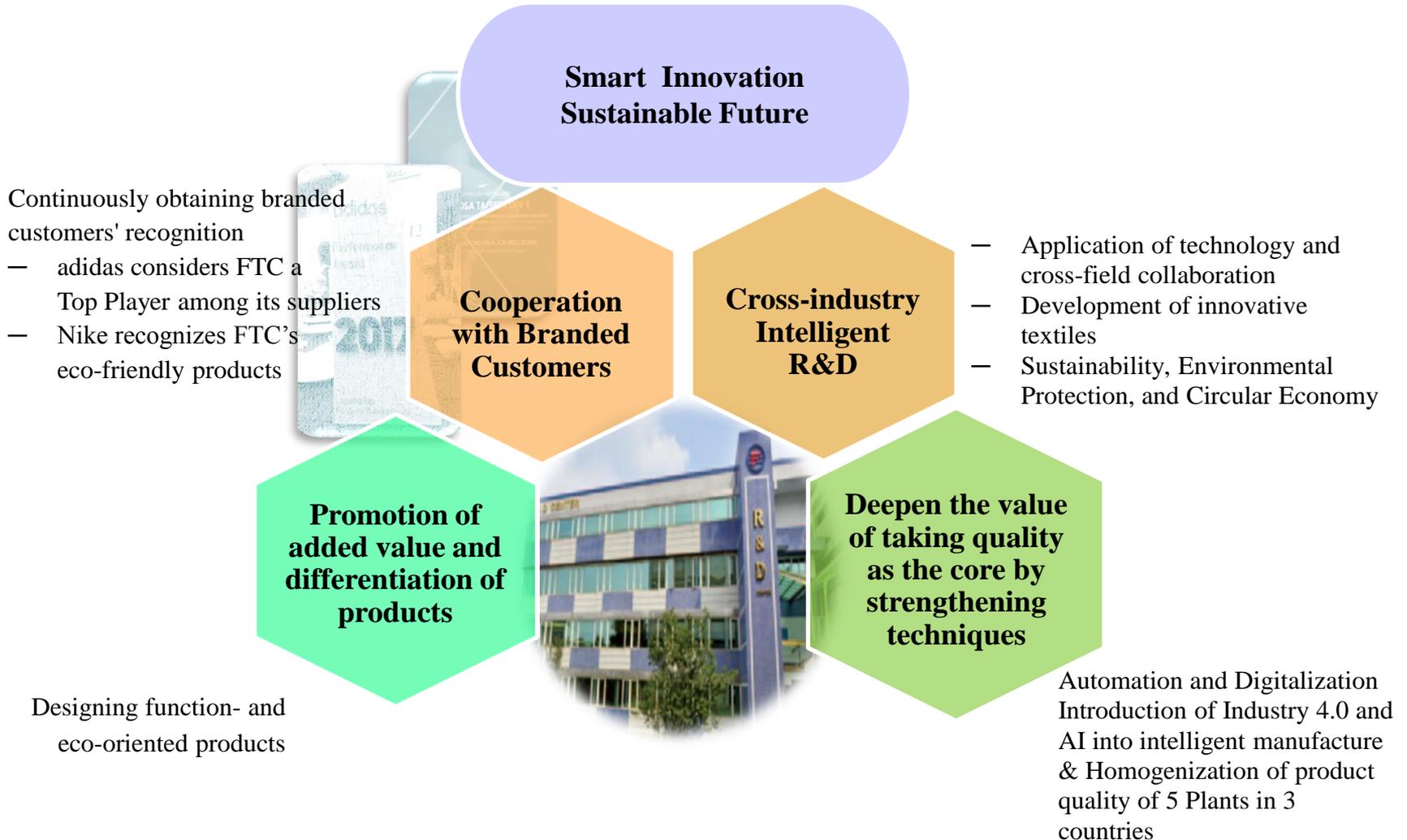
Note: “*” refers to continuing operations



Operation Orientation



Operation Orientation—Overall

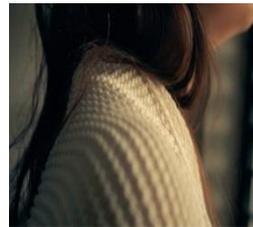




Operation Orientation—

Equity Co-investment into Schoeller Textil AG

- Subscription of 50% Schoeller Textil AG's shares with CHF\$ 39.58 million (about NT\$ 1.23 billion)
- Movement from FTC's acquisition of authority of technology and manufacture towards collaboration between two parties of overall innovation, R&D, technology and manufacture
- Developed products
 - Functional textile : Sports, outdoors, daily-life
 - Protective textile : The police/military



Expanded Corporation between FTC and Schoeller Textil AG in 2020



Set up Schoeller F.T.C. (Hong Kong) Co., Ltd. with Schoeller in 2001



Deployment of Textile Products



Taiwan

1. Logistics Platform
2. R&D Center

China

1. Advantages of China's internal trade
2. Preferential Tariff Scheme for RCEP

Vietnam

1. Generalized System of Preferences (GSP)
2. Preferential Tariff Scheme for RCEP
3. Advantageous Locations—located in the hub of Global Textile Industry Cluster — Maximized Benefits of Local-to-local Supply Chain

Switzerland

1. Movement from FTC's acquisition of authority of technology and manufacture towards collaboration between two parties of overall innovation, R&D, technology and manufacture
2. New Development on Technology, Leading position on the Brand



Operation Orientation

- To carry out the corporate social responsibility, emphasize environmental protection and strive for sustainable development

Effectiveness of Completed Conservation Projects						
Plant	Conserved Steam (MT/HR)	Conserved Water (MT/Day)	Conserved Electricity (KW)	Conserved Fuel (KG/HR)	Reduced Emissions of CO ₂ (Tons/Year)	Accumulated Amount (Thousands of NTD/Year)
Taiwan Plant	5.74	2156.45	290.47	0.00	20,286.3	51,005.0
Zhong-Shan Plant	0.33	0.0	30.15	0.00	1,283.7	3,064.8
Chang-Shu Plant	0.20	0.1	4.11	0.068	660.21	1,488.62
Long-an Plant	1.30	25.29	142.43	85.35	14,521.0	42,541.5
Dong-nai Plant	7.79	1,876.8	144.06	0.00	25,539.0	69,059.0
Total	15.36	5,058.54	611.21	85.42	62,290.4	167,159.0

Data above the table collected from Jan. to Sep., 2020.

- Formosa Taffeta Co., Ltd participated in the climate change and water security question of CDP and was namely awarded “A-” and “A” (Leadership) in 2020.





Q&A

