# 2021 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

# Company Profile

| | | |
|---|---|---|
| **Chairman** | Wen-Yuan Wong | |
| **Vice Chairman** | Shih-Ming Hsie | |
| **President** | Ming-Chang Lee | |
| **Number of employees at five plant of three countries(as of June 30, 2021)** | Taiwan | 4,481 |
| | China | 804 |
| | Vietnam | 2,253 |
| | Total | 7,538 |
| **Capital** | NT$16.8 billion | |


**2020**
**Expanded Corporation between FTC and Schoeller Textil AG**

**2005**
**Formosa Taffeta Chang-shu Co., Ltd.**

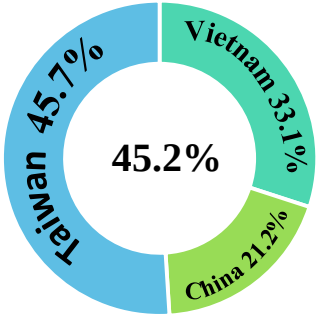
**2004**
**Formosa Taffeta Dong-nai Co., Ltd.**

**1999**
**Formosa Taffeta Vietnam Co., Ltd.**

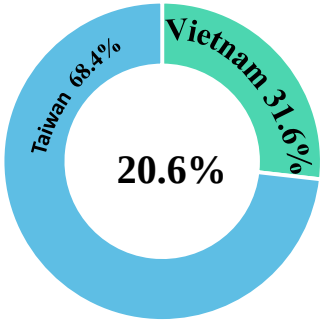
**1992**
**Formosa Taffeta Zhong-shan CO., Ltd.**

**1973**
**Formosa Taffeta Co., Ltd.**

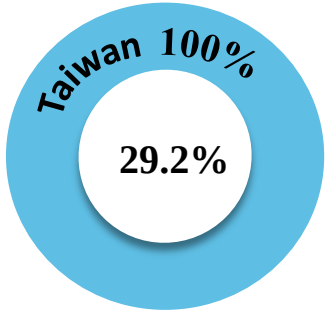
# Products Breakdowns by Production Bases of the first half of 2021




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



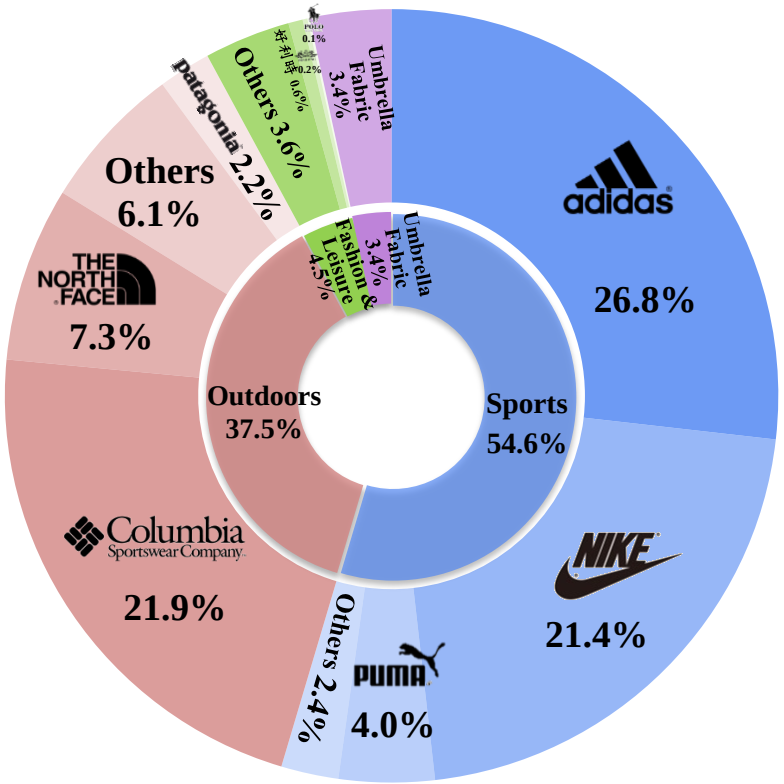

**Polyamine/Polyester Tire Cord Fabric of 2nd Business Segment**




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

# Sales Volume Breakdown of Polyamide/Polyester Filament Fabrics

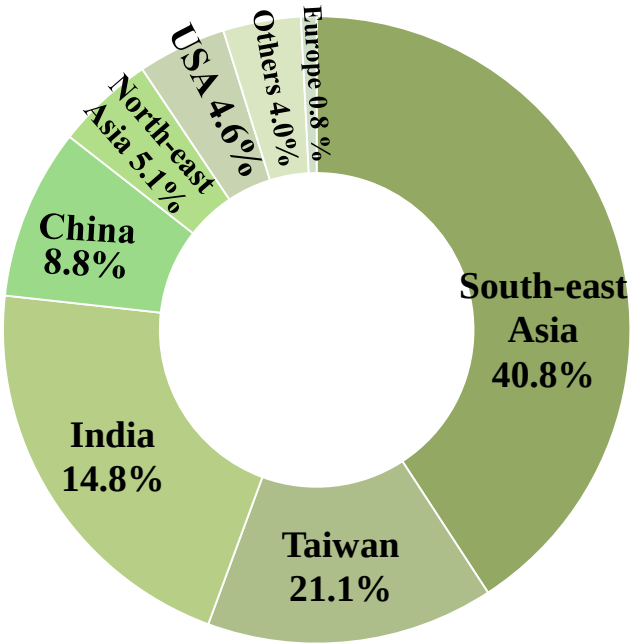
**Sales Volume Breakdown of Polyamide/Polyester Filament Fabrics of the first half of 2021 _ based on the usage**




| 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

**Sales Volume Breakdown of Polyamide/Polyester Tire Cord Business of the first half of 2021 _based on regions**

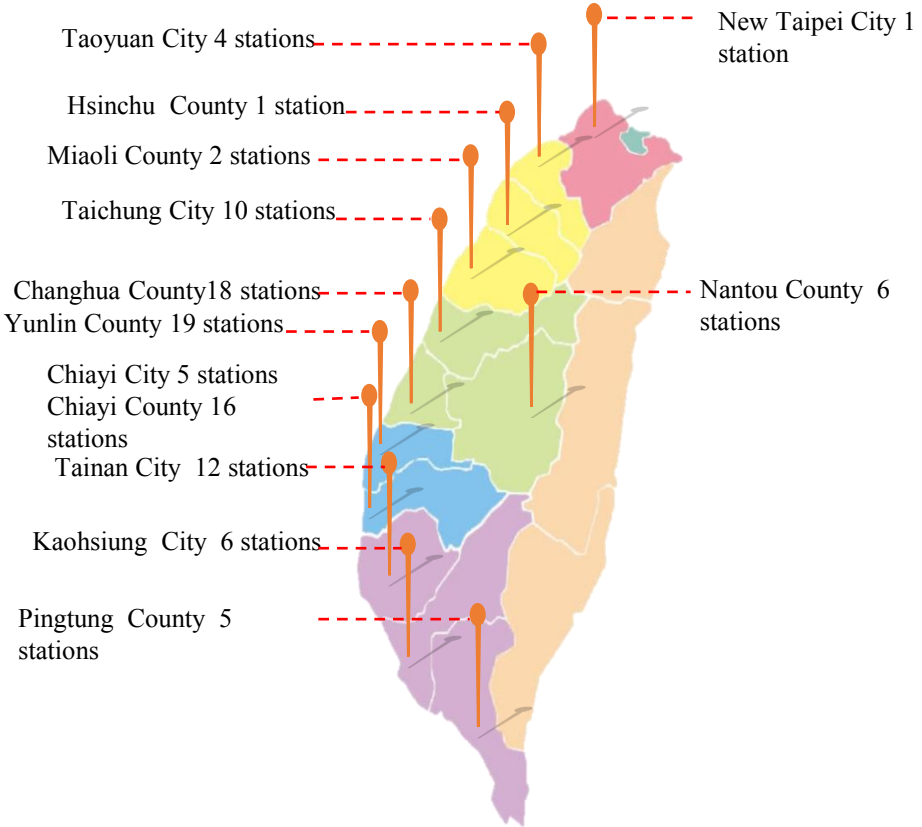



| Representative Customers | |
|---|---|
| **Taiwan** | ●Cheng Shin ( Maxxis ) ●Kenda ●Bridgestone ●Federal ●Hwa Fong ●Nankang |
| **Japan** | ●Yokohama ●Sumitomo ●BS |
| **Korea** | ●Hankook ●Hung-A ●Kumho ●Nexen |
| **India** | ●MRF ●Apollo ●JK ●Ceat |
| **Europe** | ●Continental ●Michelin ●Pirelli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

# Sale of Petrol and Diesel

As of the end of July, 2021, 105 Formosa Petroleum Stations are located in Taiwan locations (shown as the right picture).


Expansion：A new Formosa Petroleum Station to be opened at Douliu, Yunlin County in Dec, 2021.



RESEARCH & DEVELOPMENT

# Smart Innovation Sustainable Future

# Textile Technology Innovation

## Tie dyed finish

Tie dyed finish is a treatment with highly fashionable look and can give every piece of garment an unique style. It is suitable for sportswear and athleisure style.

## 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.

## Blended Heather Natural Feel Stretch Fabric

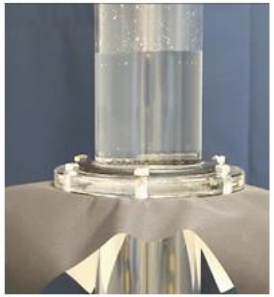
FTC combines this trend with eco friendly material such as recycled PET yarn and advanced production process to produce a series of versatile product that are fashionable, functional and sustainable. With different finishing, these stretch products can have functions like wicking, breathable waterproof, UV protection or durable water repellency. They can be used in sports, casual and outdoor wear.

# 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 reached three times.

aerobrane



Microporous

Hydrophilic

PTFE

# SMART CLOTHING

## Nano spinning waterproof breathable fabric

- New nano spinning waterproof breathable (WPB) fabric uses highly breathable membrane which adopts unique technology to extract nano fiber ,then form a film with micro-pores that can prevent the rain from entering.
- Nano spinning film is much lighter and softer. The special breathability can significantly improve the comfort and functionality.
- Nano spinning WPB fabric can be widely use in outdoor wear, daily wear and work clothing. This is a truly revolutionary waterproof breathable fabrics.

## 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.


# 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).


## Recycled fishing net polyamide fabric

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.

## Recycled oyster net polyamide fabric

FCFC was in collaboration with Ocean Affairs Council and Chiayi County Government for oyster lines recycling and built a recycled nylon material plant to offer the material to FTC.

# Eco-Friendly Fabrics

## Bio Degradable Recycled Polyester Ultra-lightweight Fabrics

New ultra-lightweight recycled polyester fabric is lightweight, soft, powdery and smooth. Functions can be added such as PFCs free DWR and breathable downproof.

Suitable for windbreaker, down jacket and sleep bag.

## Recyclable 3 layers lamination

New recyclable 3 layers lamination high functional fabric that includes face fabric , tricot to membrane are all made of recycled polyester. Therefore the entire garment can be recycled and reproduced into consumer goods. This product meets the goal of circular economy, it also has high performance WP:20K,MVP:10K (JIS B1) and elasticity which enables people to join any outdoor activity with comfort and protection.

# 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.


# Bio-based Polyamide

Bio-based Polyamide
- From the natural botanic and animal resources.
- Reproducible and renewable.
- Non- food agricultural plants oriented

Bio-based Polyamide

## PA 11/PA 410 Strengths:

01 No food competition

02 Castor can be planted from drought to subtropical zone

03 Renewable Energy

04 Energy Conservation

05 Sustainable intensification

* PA410 consists of 70% renewable plant source and 30 % petroleum source.
* PA11 consists of 100% of renewable source.


# Financial Status

# Consolidated Income Statement

**Expressed in Thousands of NTD**

| | Six months ended June 30 | | | Compared with quarter | | |
|---|---|---|---|---|---|---|
| | 2021 | 2020 | Variance | Q221 | Q121 | Variance |
| **Sales revenue** | 16,769,028 | 15,032,010 | 11.6% | 8,609,111 | 8,159,917 | 5.5% |
| **Net operating margin** | 2,301,517 | 1,682,025 | 36.8% | 1,210,636 | 1,090,881 | 11.0% |
| **Net margin** | 13.7% | 11.2% | ↑ | 14.1% | 13.4% | ↑ |
| **Operating profit (loss)** | 968,960 | 422,901 | 129.1% | 527,394 | 441,566 | 19.4% |
| **Operating profit Margin** | 5.8% | 2.8% | ↑ | 6.1% | 5.4% | ↑ |
| **Total non-operating income and expenses** | 275,586 | 1,338,731 | -79.4% | 76,863 | 198,723 | -61.3% |
| **Profit before income tax** | 1,244,546 | 1,761,632 | -29.4% | 604,257 | 640,289 | -5.6% |
| **Profit for the period from continuing operations** | 1,121,372 | 1,636,890 | -31.5% | 547,460 | 573,912 | -4.6% |
| **Rate of profit for the year** | 6.7% | 10.9% | ↓ | 6.4% | 7.0% | ↓ |
| **Profit attributable to common shareholders of the parent** | 0.74 | 1.05 | | 0.36 | 0.38 | |

# Comparison of Revenues of Different Businesses

**Expressed in thousands of NTD**

| | | 1st Business Segment | Tire Cord Business | Oil Product Business | Others | Total |
|---|---|---|---|---|---|---|
| Six months ended June 30 | **2021** | 7, 236, 676 | 3, 553, 150 | 5, 099, 195 | 880, 007 | 16, 769, 028 |
| | **2020** | 6, 951, 198 | 2, 711, 463 | 4, 553, 872 | 815, 477 | 15, 032, 010 |
| **Variance** | | 285, 478 | 841, 687 | 545, 323 | 64, 530 | 1, 737, 018 |
| **Growth Rate** | | 4. 1% | 31. 0% | 12. 0% | 7. 9% | 11. 6% |

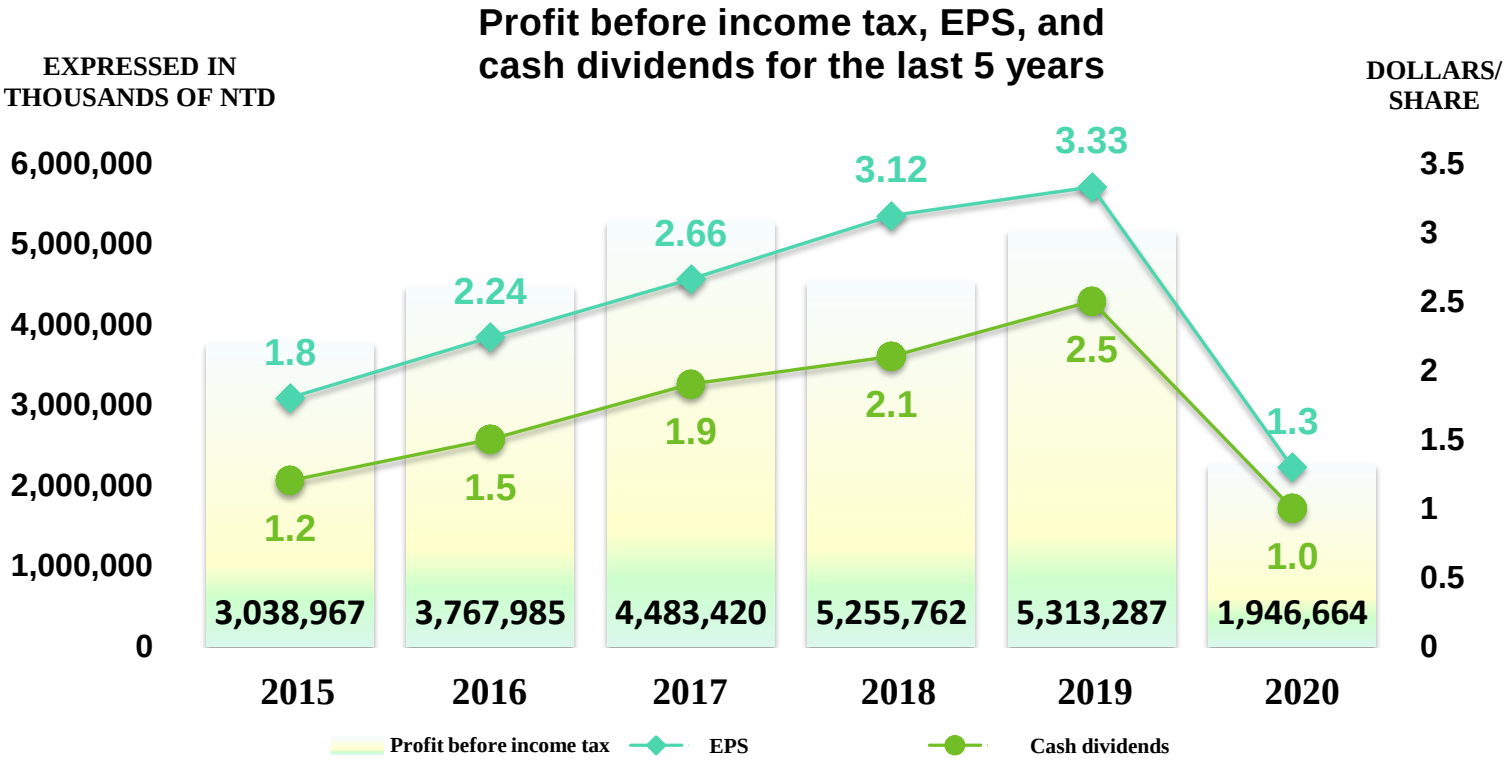
- **An increase of NT$ 1.74 billion (11.6% )in consolidated revenue of the first half of 2021—NT$ 16.77 billion , compared to that of 2020—NT$ 15.03 billion , comes from:**
  1. Advantageous difference in sale quantity of NT$ 0.35 billion: a result of an increase of NT$ 0.28 billion of the filament fabric of the 1st Business Segment, an increase of NT$ 0.31 billion of tire cord fabric, a decrease of NT$ 0.33 billion of oil product business division, and an increase of NT$ 0.05 billion of industrial material business division.
  2. Advantageous difference in sale price of NT$ 1.39 billion: a result of an increase of NT$ 0.53 billion of tire cord fabric, an increase of NT$ 0.87 billion of oil product business division.

# Cash Flow Statement

Expressed in thousands of NTD

| | Six months ended June 30 | |
|---|---|---|
| | **2021** | **2020** |
| Cash at beginning of period | 3,083,322 | 3,236,624 |
| Net cash flows from operating activities (A) | 790,275 | 885,352 |
| Capital Expenditures (B) | (222,367) | (596,878) |
| Financial assets | 0 | (129,080) |
| Investment in Schoeller | 0 | (1,286,576) |
| Net cash flows (used in) from financing activities | (346,439) | 457,766 |
| Other | (248,039) | (10,533) |
| Cash and cash equivalent at end of period | 3,056,752 | 2,556,675 |
| Free cash flow | 567,908 | 288,474 |

# Stable Profitability and Dividends Distribution (Parent Company)



# Operation Orientation

# Operation Orientation

**Smart Innovation**

- Digitalization, Smart Manufacturing, and Introduction of Industry 4.0
- R&D Center, the core of technology textile
- In collaboration with Schoeller, innovation and high-end textile products.

**Sustainable Future**

- Sustainability and Environmental Protection
  Green Energy, Carbon Emission Reduction, and Water Conservation

**Cooperation with Branded Customers**

- Continuously obtaining branded customers' recognition
  adidas considers FTC a Top Player among its suppliers
- Nike recognizes FTC's products

# Equity Co-investment into Schoeller Textil AG

Leverage the technology and Product upgrade

- 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

**2020**

**Expanded Corporation between FTC and Schoeller Textil AG**

**2001**

**Set up Schoeller F.T.C. (Hong Kong) Co., Ltd. with Schoeller Textil AG**

# Global Deployment


## Vietnam

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

## China

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

## Taiwan

1. high-end textile products
2. Develop and Produce in Taiwan and Switzerland

## 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

# Energy conservation & Waste and Carbon Emission reduction

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

| Plant | Effectiveness of Completed Conservation Projects | | | | | |
|---|---|---|---|---|---|---|
| | 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** | 7.46 | 2,160.2 | 647.64 | 3.5 | 28,543.5 | 72,601.9 |
| **Zhong-Shan Plant** | 0.33 | 0 | 30.15 | 0.00 | 1,283.6 | 3,064.8 |
| **Chang-Shu Plant** | 0.2 | 0 | 4.11 | 0.068 | 660.2 | 1,488.6 |
| **Long-an Plant** | 1.3 | 25.29 | 142.43 | 85.35 | 14,521.3 | 42,541.5 |
| **Dong-nai Plant** | 7.79 | 1,876.8 | 144.06 | 0.00 | 25,539.0 | 69,059.1 |
| **Total** | 17.08 | 4,062.29 | 968.38 | 88.918 | 70,547.6 | 188,755.9 |

# Green Energy Program for Carbon Reduction

- In March, 2019, FTC was contracted to INDEFOL Solar for a 1,000 KW solar power-generating infrastructure in Vietnam Plant; the equipment started to use since September, 2019, and its annual power generation reaches to 1.7 million kWh.
- In March, 2021, both parties continued for the solar power-generating infrastructure of phase II, and the capacity is raised up to 1,750 KW. The equipment is scheduled to complete in September, 2021 when the annual generation will reach to three million kWh.
- In May, 2021, in collaboration with Jirui Electric company (吉瑞電業公司), FTC will set up a solar photovoltaic system in Taiwan plant. The system is scheduled to complete the phase I of 2.6 MW, and the phase II of 22.4 MW is going to be completed in October, 2022. After the completion of the work, the annual power generation will reach to 32 million kWh.
- The amount of the annual power generation of the equipment set up in Douliu and Vietnam plants could reach to 35 million kWh. It is calculated that 17,815 tons of CO2 emissions can be reduced, equal to the amount of carbon sequestration of 2.51 million trees of a year.

# Carry out the Corporate Social Responsibility

## Sustainability Performance of 2020

1. A- (leadership) of 2020 CDP climate change
2. A (leadership) of 2020 CDP water security
3. Awarded FTC Plant II of the best enterprise for voluntarily energy conservation and carbon reduction
4. Awarded the best enterprise of Yunlin County for Green Procurement by Environmental Protection Bureau, Yunlin County
5. Taiwan Employment Creation 99 index
6. FTSE4Good TIP Taiwan ESG Index

# Q&A