



**FORMOSA
TAFFETA**



2018 Investor Conference

福懋興業股份有限公司

Formosa Taffeta Co., Ltd. (FTC)

Stock code: 1434

November 30, 2018

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A G E N D A

- ☞ **Corporate Overview**
- ☞ **Sales Statistics**
- ☞ **Competitive Advantages**
- ☞ **Financial Status**
- ☞ **Operation Orientation**
- ☞ **Q&A**

Corporate Overview

Corporate Profile

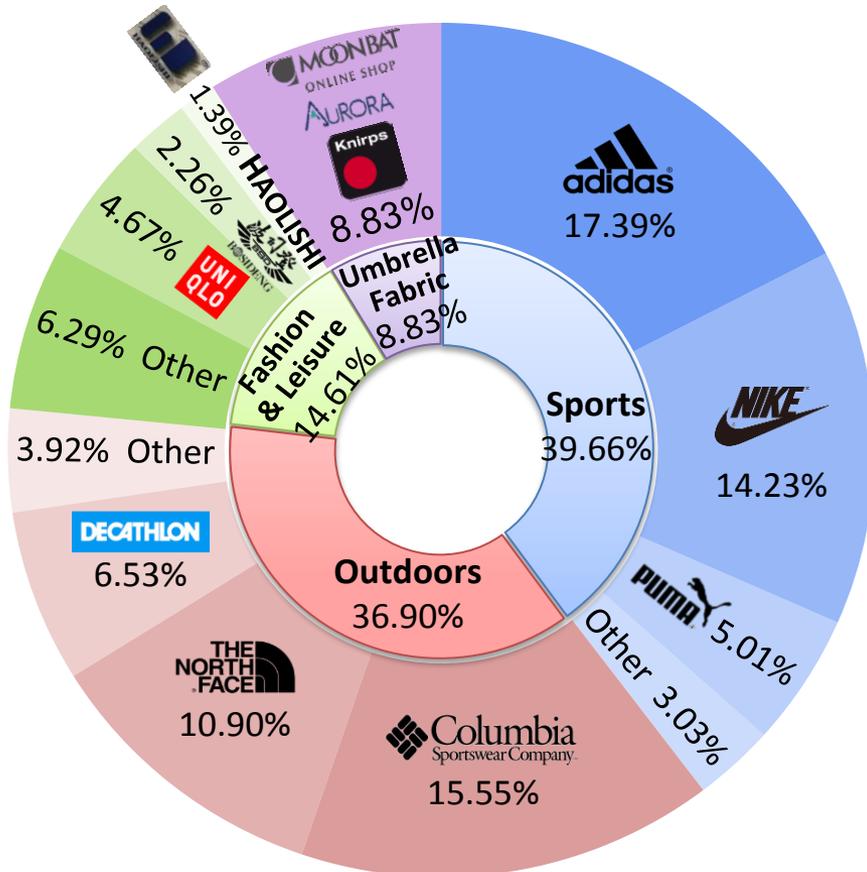
Established Date	April 1973	Listing Date	December 24, 1985
Capital	NT\$16.847 billion		
Number of Global Employees	Taiwan 7,100	10,175 in total	
	Oversea 3,075		
Chairman	William Wang		
Vice Chairman	Shih-Ming Hsie		
President	Ming-Chang Lee		
Main Operations	<ul style="list-style-type: none"> ● Production and sales of polyamide fabric, polyester fabric, spinning fabric and carbon fiber fabric ● Production and sales of tyre cord fabric ● Retail of petroleum and diesel ● IC assembly , testing, module 		



Sales Statistics

Sales Volume Constitution of Polyamide/Polyester Filament Fabrics

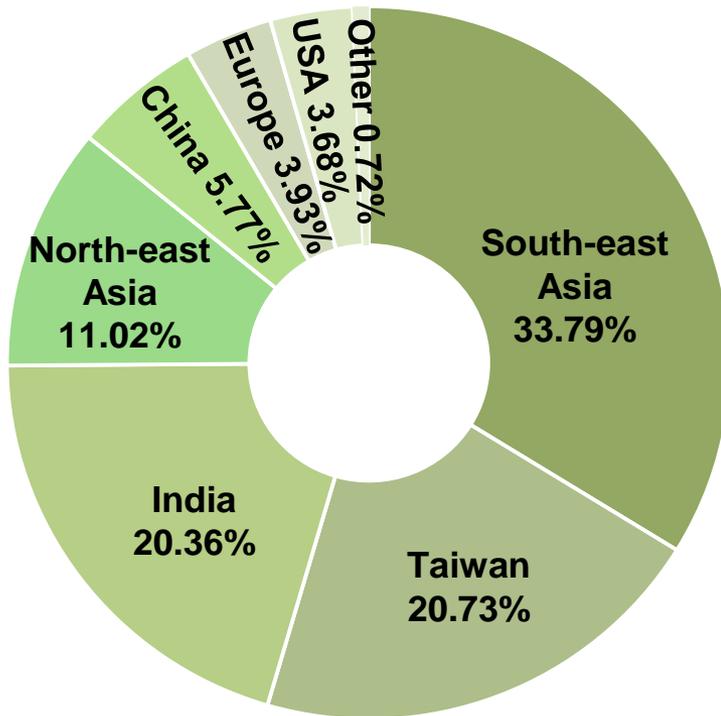
**Sales Volume Constitution of
Filament Fabrics from Jan. to Sep. of 2018
_by Usage & Branded Customers**



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 Constitution of Polyamide/Polyester Tyre Cord Business

**Sales Constitution of Tyre Cord
Business from Jan. to Sep. of 2018
_ by Area**



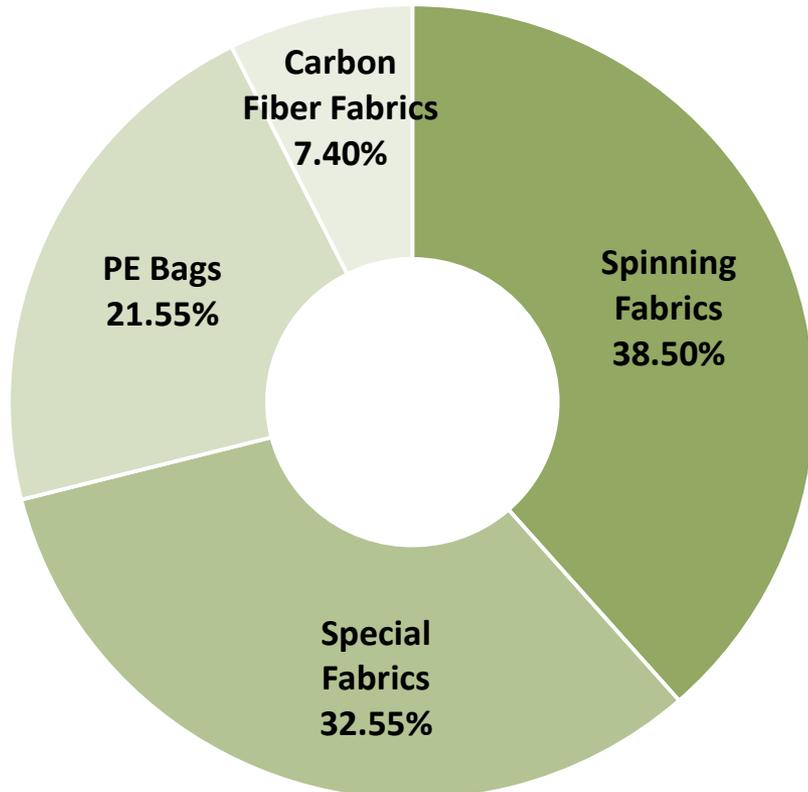
Representative Customers

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



Sales Revenue Constitution of Industrial Material Business

**Sales Revenue Constitution of Industrial Material Business from Jan. to Sep. of 2018
_by Categories of Products**



Product	Application
Special Fabrics	<ul style="list-style-type: none"> ● Flameproof fabric ● Bulletproof fabric ● Anti-static fabric
Spinning Fabrics	<ul style="list-style-type: none"> ● Conventional yarn ● Functional yarn ● MVS yarn
PE Bags	<ul style="list-style-type: none"> ● R-Bag ● T-Bag
Carbon Fiber Fabrics	<ul style="list-style-type: none"> ● Woven carbon fiber cloth ● Carbon fiber panel ● UD prepreg fabric



Petroleum Business

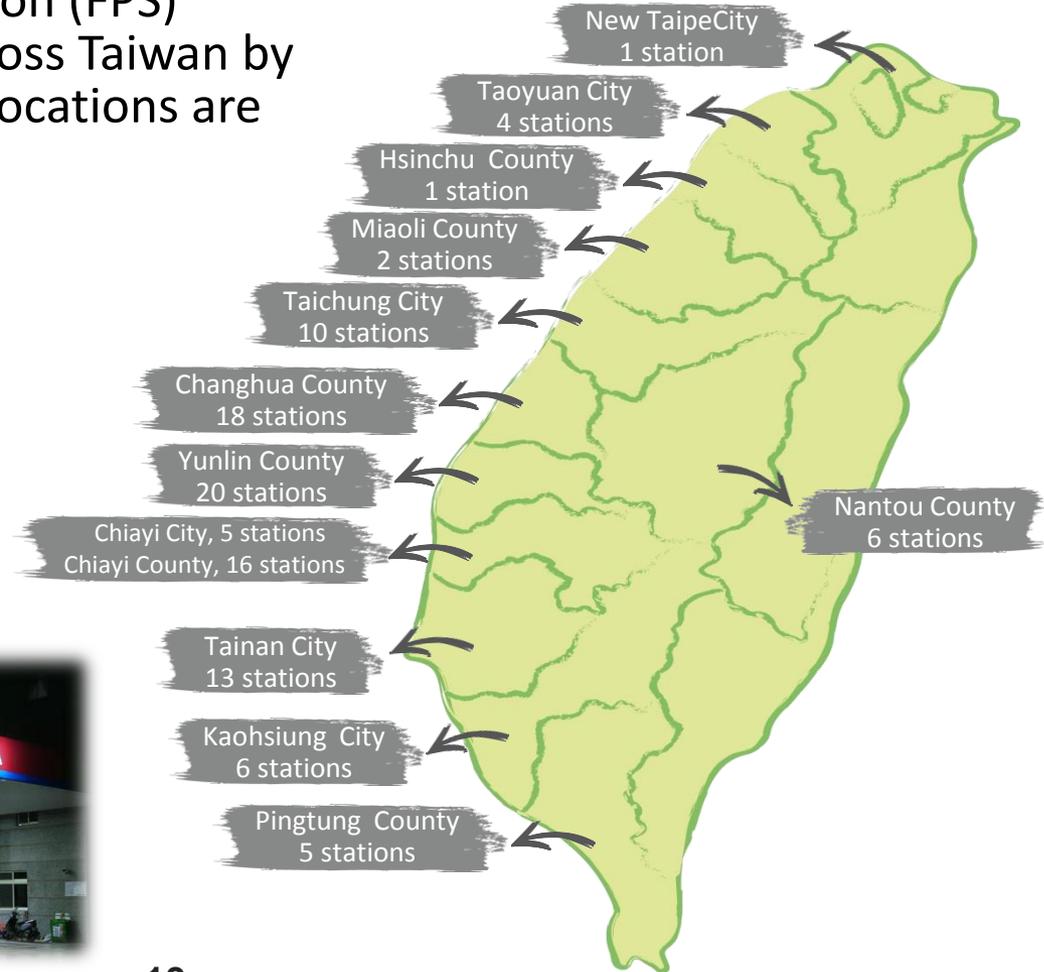
- Formosa Petroleum Station (FPS) operates 107 stations across Taiwan by October 2018, and their locations are shown as the right:



Newly established
Minxiong station
in Chiayi County



107 Stations of FPS



Competitive Advantages



Operational Strategies

Embeddedness of Production and Sales

To improve product competitiveness through taking Taiwan as a R&D center and logistics platform for production and sales, deeply cultivating China's domestic market, and taking advantage of lower costs and Preferential Tariff Scheme for ASEAN free Trade Area as a result of Vietnam's industry cluster niche

Vertical Integration

Cooperation with branded customers in design, development and manufacture through vertical integration of the supply chain of the textile industry

R&D Innovation

Strong capabilities in R&D and product design allow FTC to cooperate with branded customers to develop new products and meet their needs in a timely manner.

Green Sustainability

Promotion of circular economy, avocations of energy saving and carbon reduction, pursuit of green materials, efficient management of hazardous chemicals, and realization of green production processes

Embeddedness of Textile Products _5 Plants in 3 Countries

Vietnam

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



Taiwan

1. Logistics Platform
2. R&D Center



China

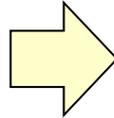
1. Advantages of China's internal trade
2. Preferential Tariff Scheme for the ASEAN Free Trade Area



Strategic Alliance through Vertical Integration for FTC's Textile Products

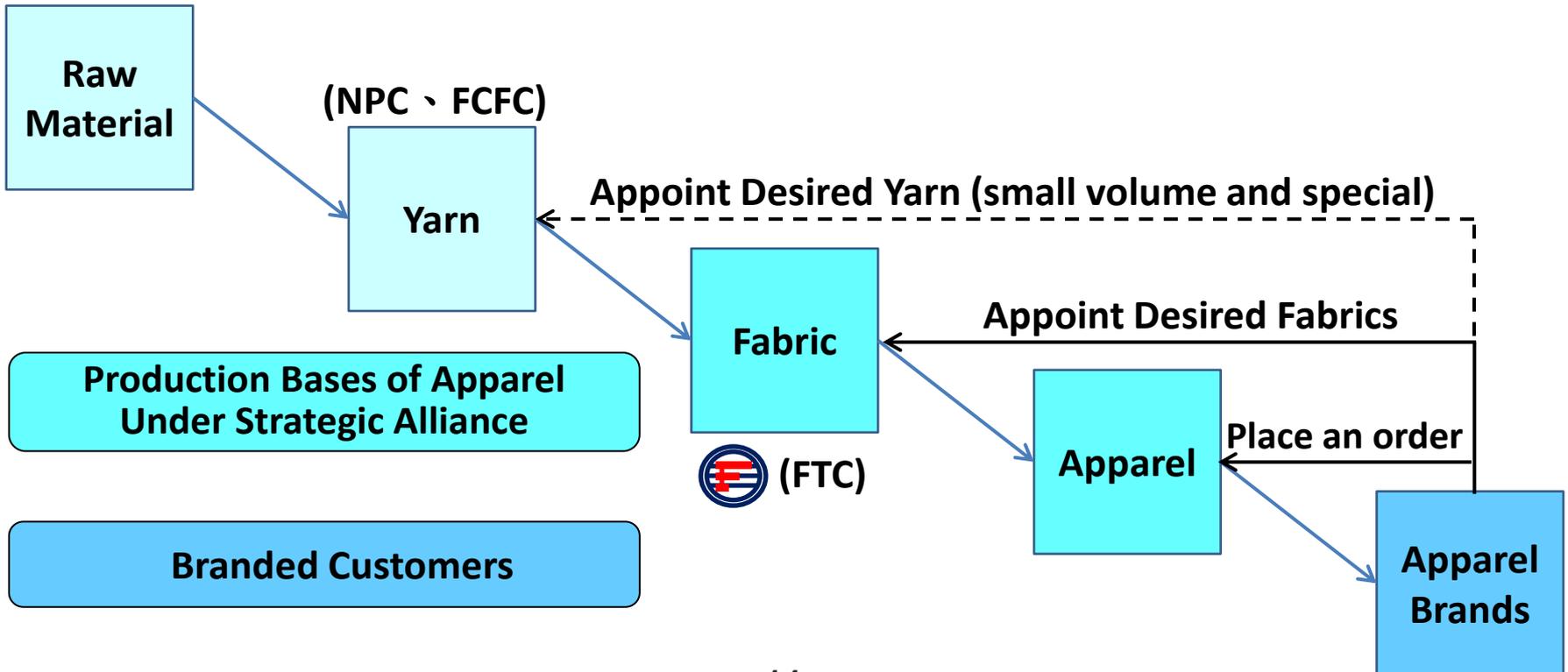
Branded customers appoint

- 1) fabrics for apparel firms' production
- 2) yarn that is special and in small volume



The downstream drive the upstream to collaboratively develop branded customers.

- 1) The upstream can fully understand the end customers' needs to catch/lead the trend.
- 2) FTC can provide better integrated service.

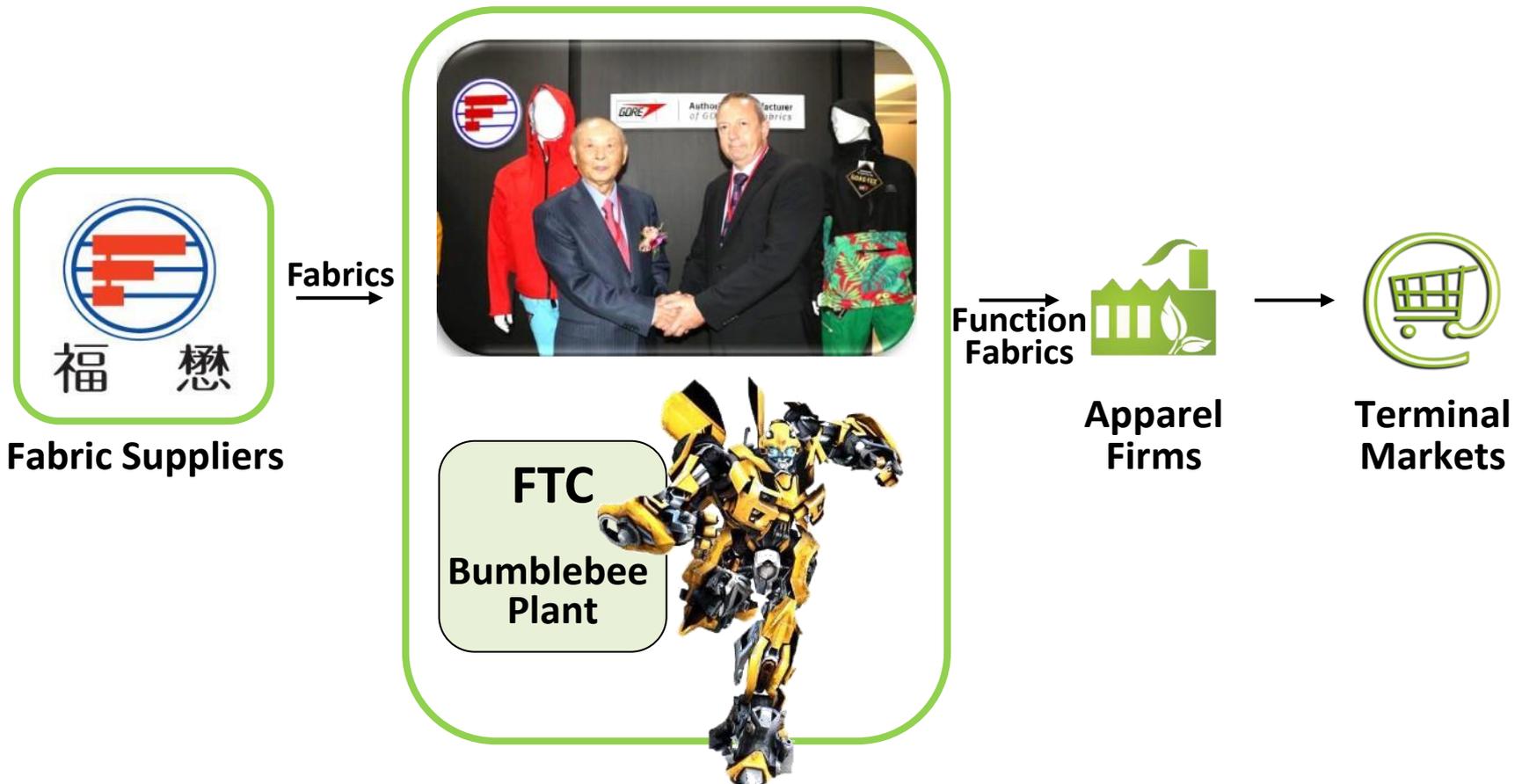


Circular Economy _Products Made from Recycled Ghost Nets

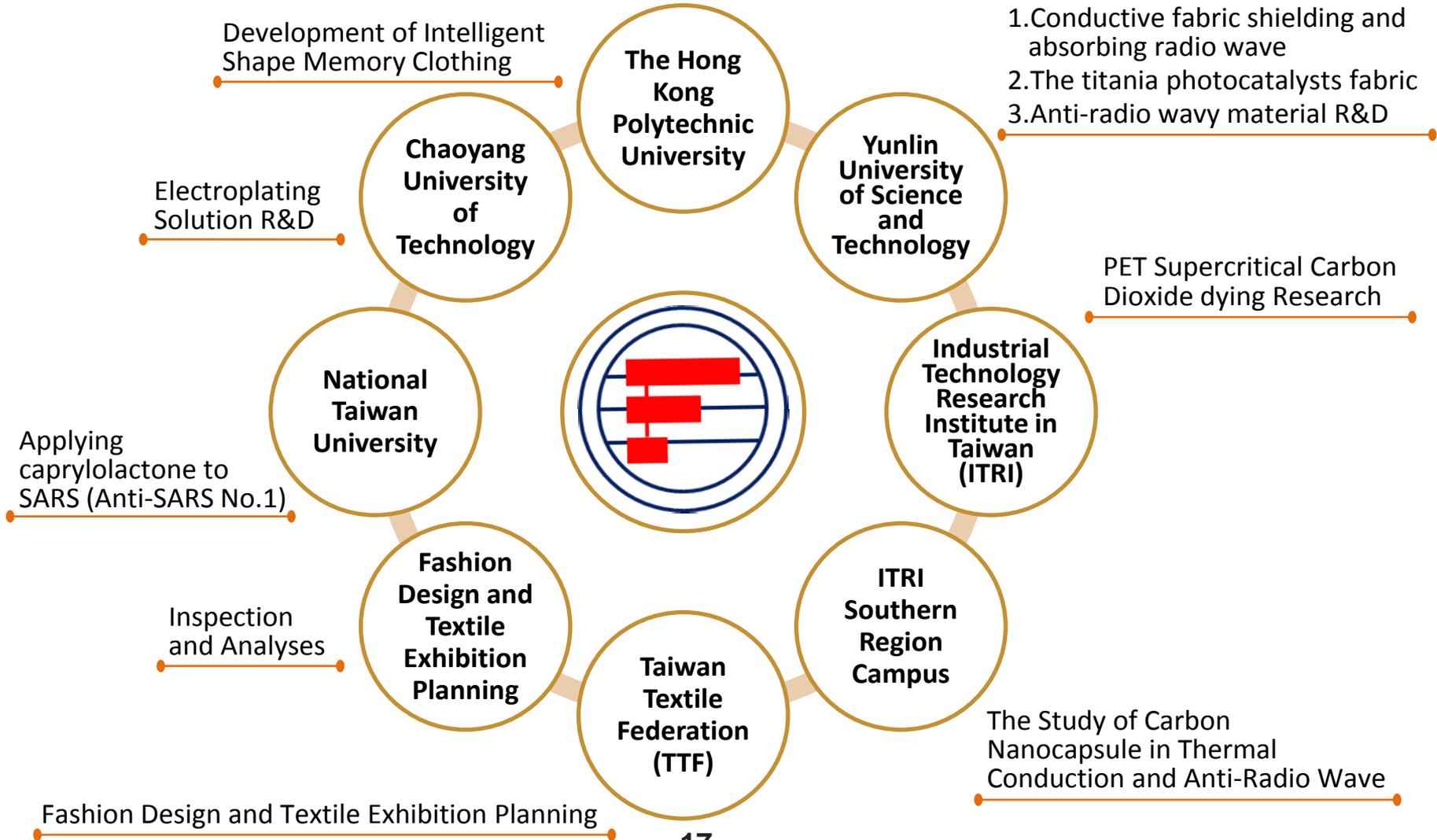


Strategic Alliance between FTC and GORE

**FTC is selected as
the Global 1st Lamination Finishing Supplier by GORE in 2017**



R & D Innovation _External Associations Participation





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R & D Innovation_Cross-Industry Cooperation Research and Development

Intelligent Temperature Control Clothing



(Holding a product press conference on
15th of December in 2017)



Intelligent
Temperature
Control
Clothing



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R & D Innovation_Sustainable Products

Ocean Recycling Moisture Permeable Film

FTC weaves ocean recycled bottles yarn into fabrics and laminates the permeable film which is also made of ocean recycled bottle. It is an Omni directionally waterproof breathable fabric.



Chemical fibers and plastic products in the ocean are broken into micro-plastics and eaten by marine organisms, which affects the food chain significantly. (Photo / European News Agency)

Ocean
Recycling
Moisture
Permeable
Film



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R & D Innovation_Sustainable Products

Products Made from Recycled Ghost Nets

In addition to the application of recycled PET for garment material, FTC has further applied the recycled nylon material, made from Ghost nets in the ocean, to the development and manufacture of various types of fabrics so as to protect the environment by reducing pollution resulted from Ghost nets and their impacts on marine ecology.



Products
made
from
Recycled
Ghost
Nets



R & D Innovation_Sustainable Products

Lyocell Filament Fabrics

- Lyocell filament is an environmentally-friendly regenerated cellulose fiber with silky luster, soft touch and excellent drape.
- The high moisture regain rate of the fiber provides excellent humidity control, high moisture absorption, antistatic performance and a cooling touch.
- The oil-free and recyclable solvent is used in the spinning process, which is eco-friendly in that the cellulose material of Lyocell filament can be decomposed by organisms.
- When it applies to the design of polyamide or polyester fiber fabrics, those fabrics can have merits as those of interwoven textile.



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R & D Innovation_Energy-saving Products

Solution Dye Fabric

Energy-saving Fabrics



Solution
Dye Fabric



R & D Innovation_Energy-saving Products

Ultra-Cooling Feel and Breathable Fabrics



By taking advantage of constructions of woven design, fabrics are of high breathability; further adoption of cooling materials, ultra-cooling feel and breathable fabrics for spring and summer are developed.

Ultra-Cooling
Feel and
Breathable
Fabrics



R & D Innovation _Technologically Functional Products

**EVA
Uniform
Development**



FTC's fabric development has been promoted from the sports and leisure field to the aviation industry. FTC collaborates with EVA airline on new generation of uniforms with excellent stretchy and anti-static features.

**EVA
Uniform
Development**



**FORMOSA
TAFETA**

R & D Innovation _Warm, Comfort Products

New Style Downproof Textile



The downproof and warm-up effects of new style downproof textile are upgraded and its seamless feature makes the appearance of apparel much more elegant.



New Style
Downproof
Textile



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R & D Innovation _Trendy, Fashion Products

**Complex
Flockxaing**

Complex embossed:

A shiny pattern with embossed fabrics

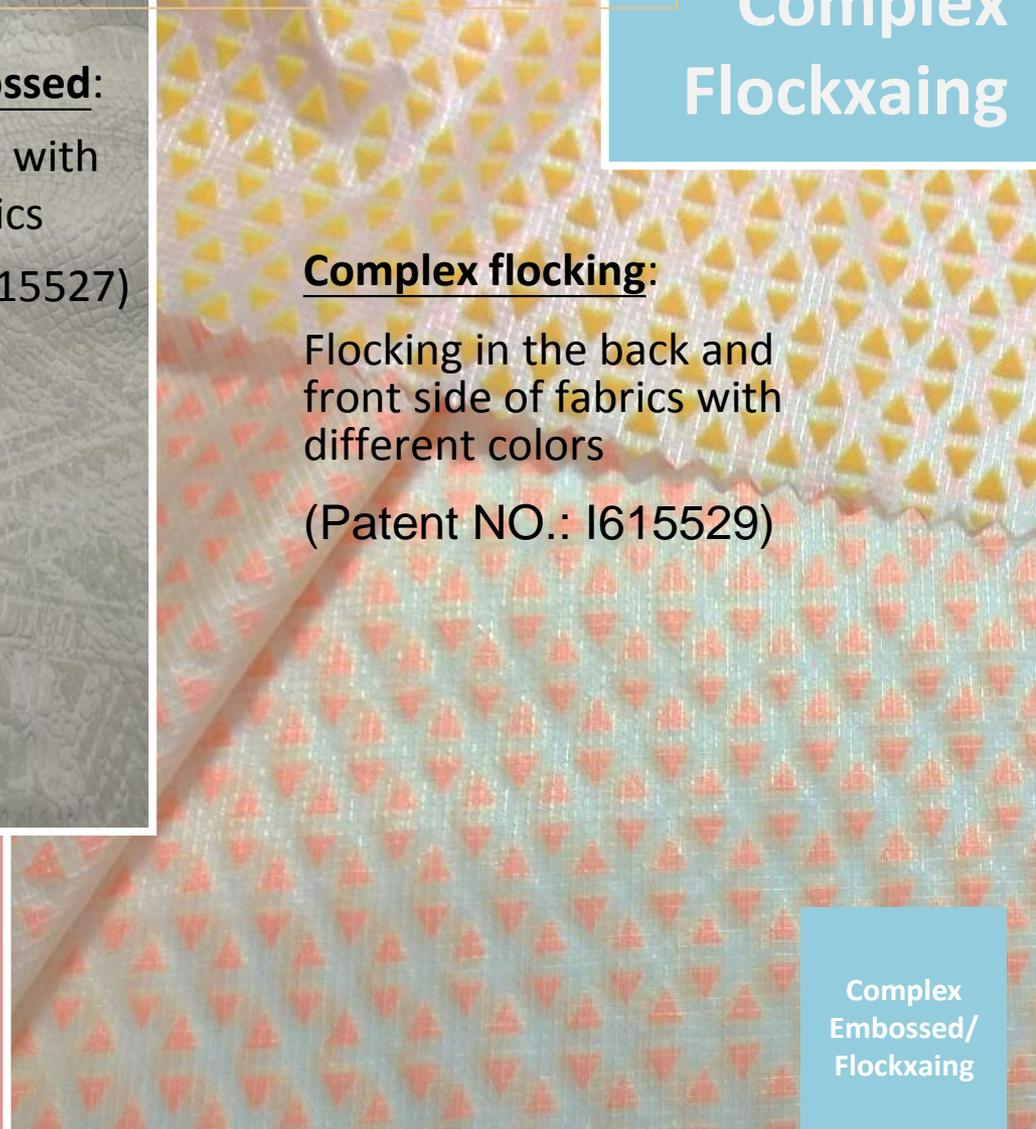
(Patent NO.: I615527)



Complex flocking:

Flocking in the back and front side of fabrics with different colors

(Patent NO.: I615529)



**Complex
Embossed**

**Complex
Embossed/
Flockxaing**

International Exhibition_TITAS

Exhibition name: 2018 Taipei Innovative Textile Application Show

Time: **2018.10.16~2018.10.18**

Location: Taipei



4 Major Exhibitions

International Exhibitions in Shanghai

Exhibition name: Shanghai INTERTEXTILE Textile Exhibition (international hall)

Time: **2018.09.27~2018.09.29**

Location: Shanghai

Exhibition name: Shanghai INTERTEXTILE Textile Exhibition (domestic hall)

Time: **2018.09.27~2018.09.29**

Location: Shanghai



4 Major Exhibitions

International Exhibitions in USA

Exhibition name: OR Summer 2017
Time: **2017.07.26~2017.07.29**
Location: Salt lake city, USA

Exhibition name: OR Winter 2018
Time: **2018.01.25~2018.01.28**
Location: City and County of Denver, USA



4 Major
Exhibitions

International Exhibitions in Germany

Exhibition name: OUTDOOR 2017
Time: **2017.06.18~2017.06.21**
Location: Friedrichshafen, Germany

Exhibition name: ISPO Winter 2018
Time : **2018.01.28~2018.01.31**
Location: Munich, Germany



4 Major
Exhibitions

Financial Status

Green Sustainability

Certification Items

Certificates of Eco Products & Production Processes: Oeko-Tex[®] Standard 100 Certification

GOTS Organic Cotton Certification

OE Organic Cotton Certification

GRS Polyester Recycle Standards

Organization Quantification and Reporting of Greenhouse Gas (GHG) Emissions (ISO 14064-1)

Occupational Health and Safety Administration System Certification (OHSAS 18001), 2007

Taiwan Occupational Safety and Health Management System (TOHMAS Certification)

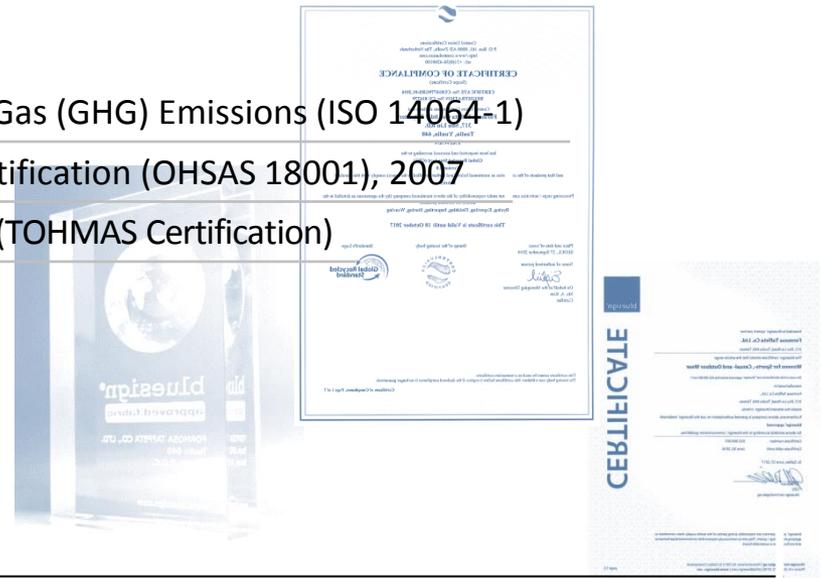
Environmental Management System	(ISO 14001:2015)
	(ISO 14001:2004)

Quality Management System	(ISO 9001:2015)
	(ISO 9001:2008)

bluesign[®] Standard Certification

Product Carbon Footprint Certification PAS2050, 2011

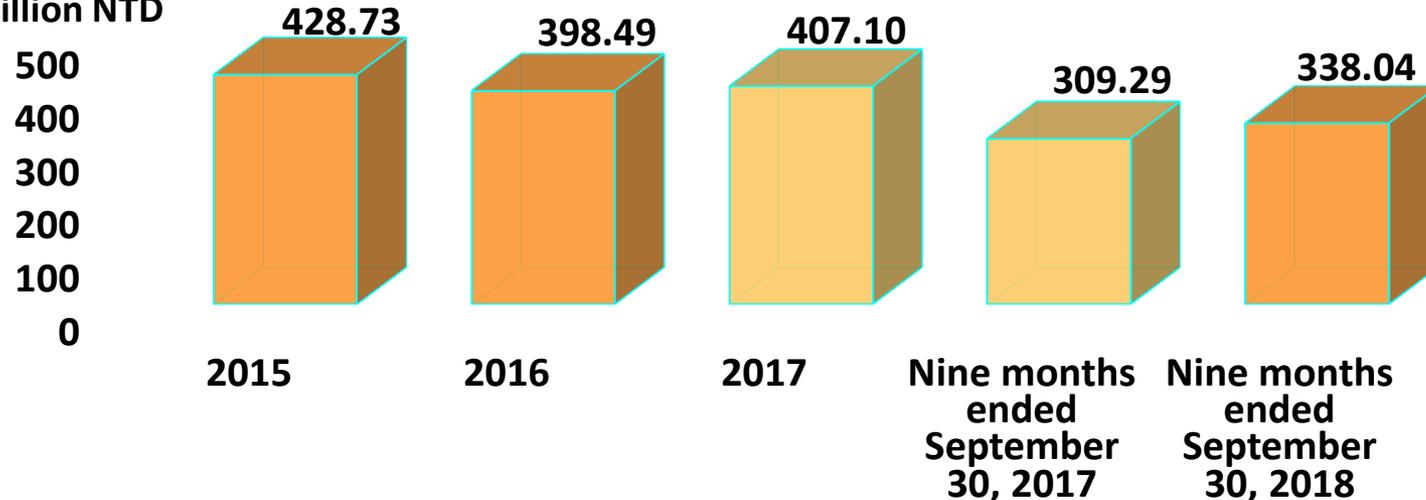
Energy Management System (ISO 50001), 2011





Sales Revenue in Consolidated Financial Statements

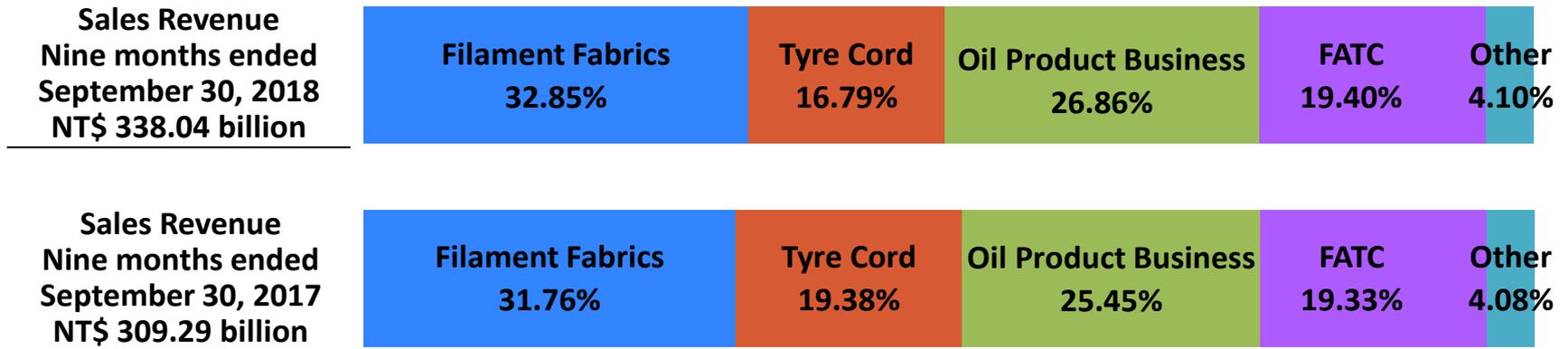
Expressed in
ten million NTD



- **The sales revenue increased by 9.3% (January to September 2018 vs. January to September 2017), an increase of NT\$ 2.875 billion, which can mainly attribute to:**
1. Differences of NT\$ 0.626 billion in sales quantity:
increase of NT\$ 0.199 billion from filament fabrics of the 1st Business Segment and NT\$ 0.447 billion from FATC.
 2. Differences of NT\$ 2.249 billion in sales prices:
increase of NT\$ 0.681 billion from filament fabrics of the 1st Business Segment, NT\$ 1.299 billion from Oil Product Business Division of the 2nd Business Segment and NT\$ 0.121 billion from FATC.



Structure of Sales Revenue _ by Business



Expressed in thousands of NTD

Revenue, nine months ended September 30, of 2018 vs. that of 2017

		Filament Fabrics	Tyre Cord	Oil Product Business	FATC	Other	Total
Nine months ended September 30	2018	11,105,059	5,677,085	9,080,440	6,556,523	1,385,272	33,804,379
	2017	9,822,684	5,993,423	7,871,154	5,978,529	1,263,624	30,929,414
Difference		1,282,375	-316,338	1,209,286	577,994	121,648	2,874,965
Growth rate (%)		13.06%	-5.28%	15.36%	9.67%	9.63%	9.30%

Consolidated Statement of Comprehensive Income

Expressed in thousands of NTD

	Nine months ended September 30		Growth rate	Q3		Seasonal growth rate
	2018	2017		2018	2017	
Sales revenue	33,804,379	30,929,414	9.30%	11,336,698	9,829,248	15.34%
Gross operating margin	4,235,024	3,831,349	10.54%	1,373,944	1,150,418	19.43%
Net margin	12.53%	12.39%		12.12%	11.70%	
Net operating margin	2,120,186	1,814,636	16.84%	647,070	457,936	41.30%
Rate of net operating margin	6.27%	5.87%		5.71%	4.66%	
Total non-operating income and expenses	3,734,054	2,758,611	35.36%	2,696,442	516,687	421.87%
Profit before income tax	5,854,240	4,573,247	28.01%	3,343,512	974,623	243.06%
Profit for the year	5,028,203	4,191,484	19.96%	3,237,700	916,742	253.17%
Rate of profit for the year	14.87%	13.55%		28.56%	9.33%	
Basic and diluted EPS (in dollars)	2.97	2.37	25.32%	1.81	0.45	302.22%



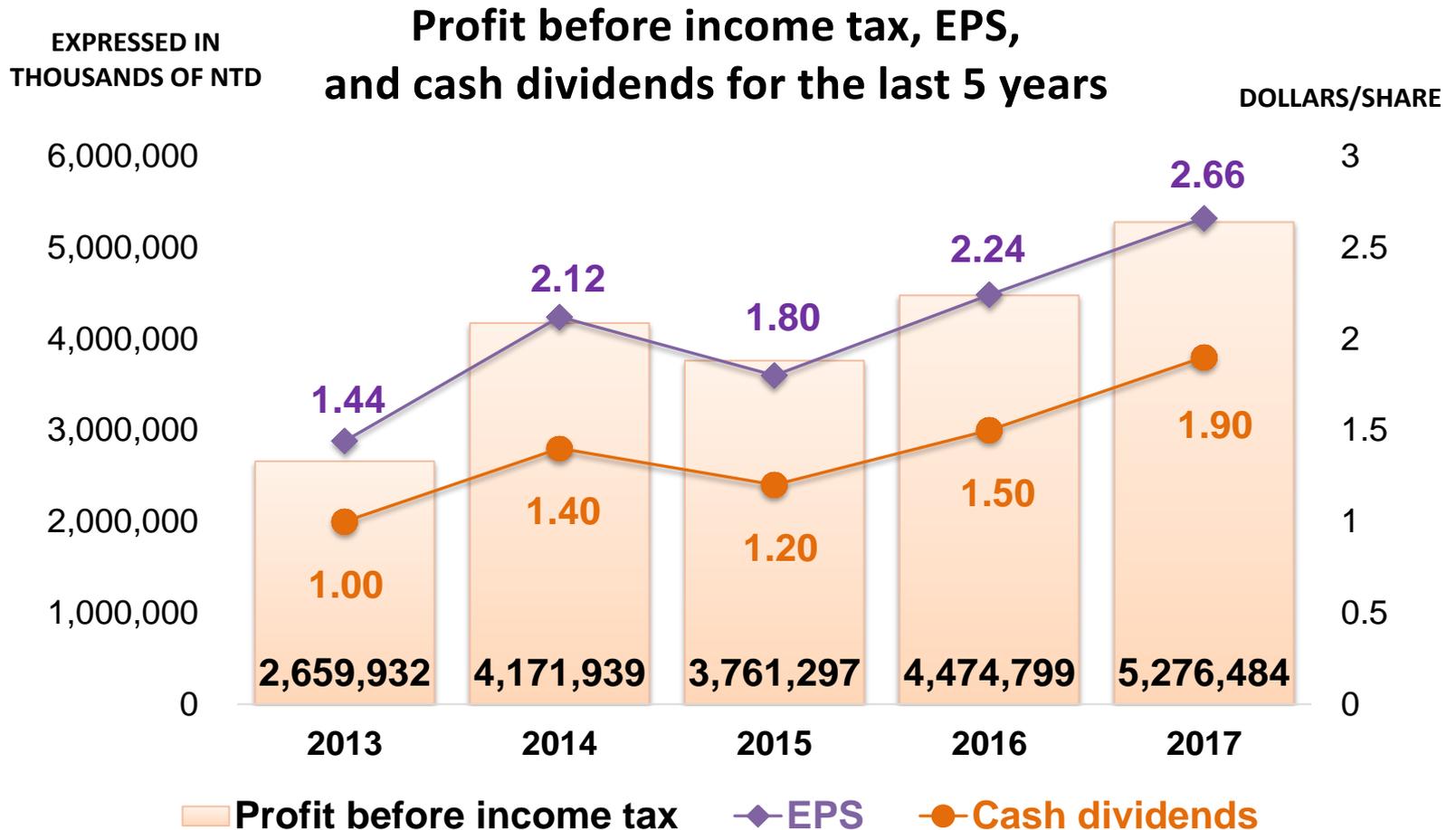
Summarized Statement of Cash Flows

Expressed in thousands of NTD

	Nine months ended September 30	
	2018	2017
Cash at beginning of period	4,942,919	5,653,854
Net cash flows from operating activities (A)	4,390,396	5,462,368
Capital Expenditures (B)	(2,250,214)	(1,687,807)
Financial assets	180,439	(987,740)
Bank borrowings	(2,678,992)	165,593
Dividends paid	(3,580,953)	(2,838,239)
Share transaction of 19% FATC's stocks	3,039,857	0
Other	(21,526)	(33,839)
Cash and cash equivalent at end of period	4,021,926	5,734,190
Free cash flow (A-B)	2,140,182	3,774,561



Stable Profitability and Dividends Distribution



Operation Orientation

Operation Orientation

Smart Fashion with Sustainability

Continuously obtaining branded customers' recognition

- adidas considers FTC a Top Player of its suppliers
- Nike recognizes FTC's eco-friendly products

**Cooperation
with
Branded
Customers**

**Cross-
industry
Intelligent
R&D**

- Application of technology and cross-field collaboration
- Development of innovative textiles
- Circular Economy_ recycling Ghost nets

**Promotion of
added value
and
differentiation
of products**

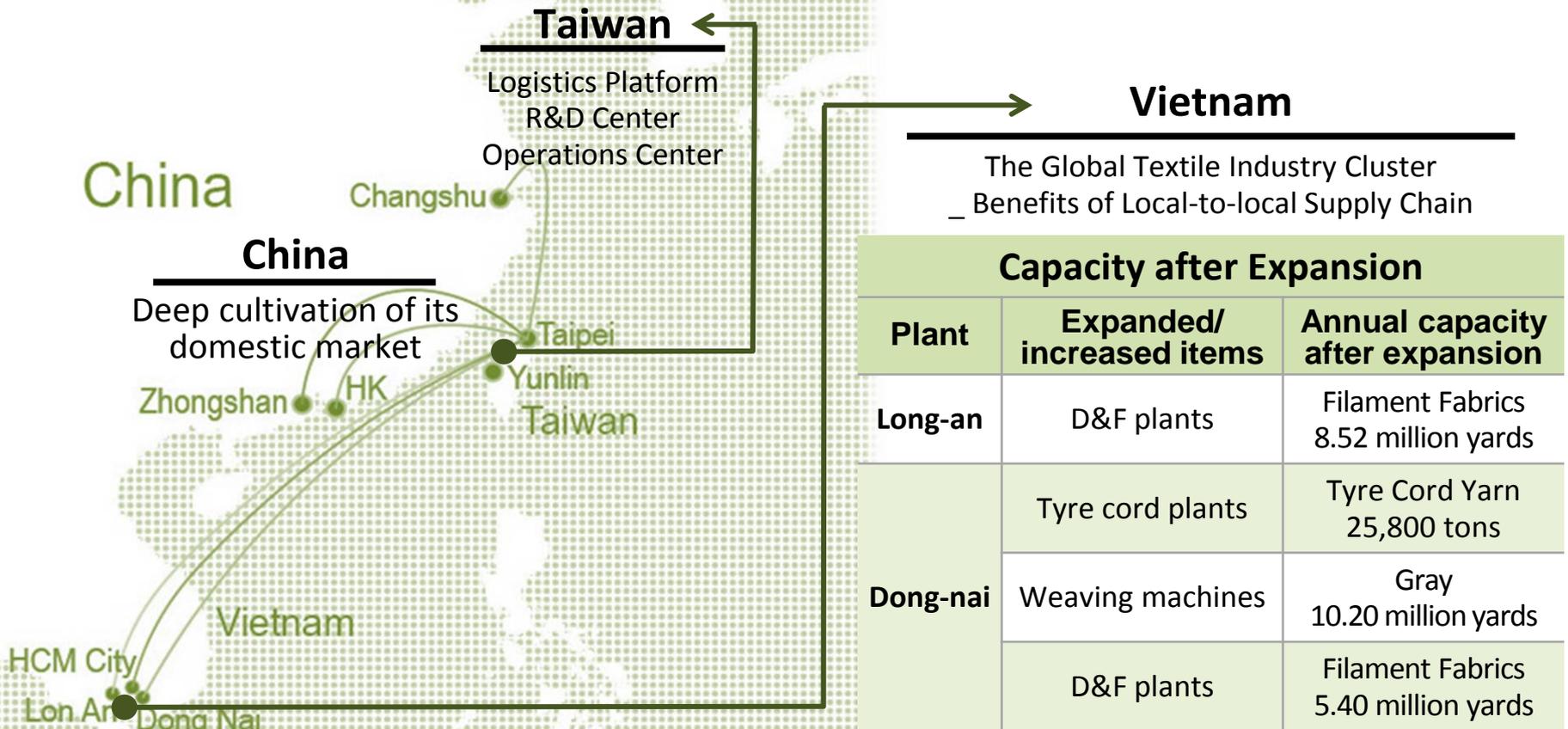
**Deepen the
value of taking
quality as the
core by
strengthening
techniques**

Designing function-
and eco-oriented
products

Homogenization of
product quality of 5
Plants in 3 countries

Operation Orientation

- To take advantage of geographic synergies of 3 Plants in 5 countries





Operation Orientation

- **To take the social corporate responsibility and emphasize environmental protection and sustainable development**

- Completed conservation projects of 9 months ended Sep. 30 in 2018
_Taiwan 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)	Investment Amount (Thousands of NTD)
0.27	1,405.43	367.07	6.25	3,084.60	14,566.16	22,558.5

- Planned effluent recycling projects of 5 Plants in 3 countries in 2019:
 1. Estimated Invested amount: NT\$ 238 million
 2. Anticipated recycling rate: 65~70%
 3. Anticipated completion time for all effluent recycling projects: by 2019

Q & A