

Formosan Union Chemical Corporation

2017 Investor Conference

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(Security Code: 1709)

Disclaimer

Information in this presentation may include forward-looking statements and does not represent all of the company's possible future business activities, events or developments. The statements are based on our presumptions of future operation while political, economic and market factors are not in our control. Actual operational results may significant deviate from the statements.

Company Historical Highlights

total capacity to 21,000 tons.

February 20th in the year.

May 2012

January 2014

•	June 1973	Established in Taipei City on June 21, 1973. The registered capital is NT\$
		50,000,000.
•	April 1977	Completed Linyuan Factory in Kaohsiung. Started producing detergent-use alkyl
		benzene.
•	July 1986	Company stock officially offered to the market for trading.
•	August 1995	Received ISO-9002 Quality Certification.
•	March 2000	Received ISO-14001 International Environmental Quality certification.
•	December 2002	Received ISO-9001 Quality Certification.
•	October 2004	Nonylphenol plant expansion, annual production capacity is 25,000 tons.
•	June 2010	Received OHSAS 18001 Occupational Health and Safety Management Certification.
•	December 2010	Replaced old alkylation equipment with new ones. Increased the total capacity of
		alkyl benzenes to 125,000 tons.

Built the second production line for hydrogenated hydrocarbon resin. Increased the

debenture. The total amount is NT\$ 0.7 billion. The debenture has been listed since

Received the permission to release the first domestic unsecured convertible

November 2017 The total capital is NT\$ 9 billion and the actual receipt capital is NT\$ 4,908,496,700.

Business Scope

Main business:

We're committed to the manufacturing, processing and sale of alkyl benzene, normal olefin, alkyl phenol, hydrogenated hydrocarbon resin and the derivatives. We also operate and invest in the related businesses.

Business Proportion of Main Products (Departments)
 Our main business focuses on the manufacturing and sale of the following products and derivatives: Alkyl benzene, alkyl phenol, alkyl benzene sulfonic acid and hydrocarbon resin.

Year	20	16	20	15
Item	Amount	Ratio (%)	Amount	Ratio (%)
Alkylation Department	5,623,045	65.58	6,126,011	64.74
Resin Department	2,625,007	30.61	2,979,988	31.49
Agriculture & Others	326,368	3.81	355,830	3.77
Total	8,574,420	100.00	9,461,829	100.00
Unit: NT\$ thousands				

Our Products

- **1. Alkyl benzene:** An upstream material used in the production of laundry powder and detergent, daily necessity products.
- 2. Alkyl benzene sulfonic acid: After the sulfonation of alkyl benzene, it becomes the main component of cleaning agent. It is extensively used in the household cleaning and personal care products such as laundry powder, detergent and household cleaner.
- **3. Alkyl phenol:** An upstream material for surfactant and lubricant additive. It's mainly used in the production of industrial detergent, antioxidant, high-class printing ink resin, hardener and lubricant.
- **4. C9 hydrocarbon resin/hydrogenated hydrocarbon resin:** It's the upstream material for adhesive and hot melt adhesive. It increases viscosity and moisturization.
- **5. Other:** Sales of agrochemical products and sugar related business.

Market Analysis

Primary sales region of product

Unit: NT\$ thousands

Ye	ear	201	L 6	2015		
Sales Regio	on	Amount	Ratio (%)	Amount	Ratio (%)	
Domes	tic sales	2,560,990	29.87	2,720,166	28.75	
	China	1,720,012	20.06	1,770,203	18.71	
	Vietnam	599,023	6.99	716,505	7.57	
Export	Philippines	495,334	5.77	554,931	5.86	
sales	Guatemal	363,483	4.24	525,175	5.55	
	Others	2,835,578	33.07	3,174,849	33.56	
Net	sales	8,574,420	100	9,461,829	100	

Short and Long Term Business Development Plans

Alkyl benzene

- 1. Short term: Strengthen customer relationship and solidify our market.
- Long term: Provide sophisticated customer services and develop new uses of products through our flexible supporting operation.

Alkyl phenol

- 1. Short term: Develop Europe and U.S. markets to increase the market share.
- Long term: To maintain operating rate and increase operating income, we develop other alkylphenol products such as lubricant additive.

Hydrogenated hydrocarbon resin

- 1. Short term: Provide a complete line for hydrogenated and non-hydrogenated C9 hydrocarbon resin. Develop highly hydrogenated hydrocarbon resin with high softening point to meet customization needs.
- Long term: Expand the production capacity and increase production efficiency.

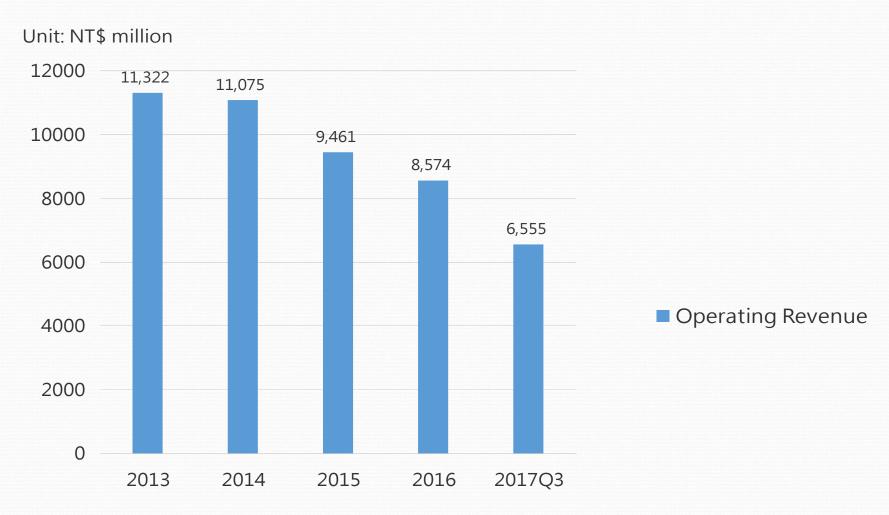
SIMPLIFIED CONSOLIDATED STATEMENTS OF INCOME IN THE LAST 5 YEARS

Unit: NT\$ million	2013	%	2014	%	2015	%	2016	%	2017Q3	%
Operating revenue	11,322	100	11,075	100	9,462	100	8,574	100	6,555	100
Operating costs	10,241	90	10,146	92	7,939	84	6,747	79	5,260	80
Gross profit	1,081	10	929	8	1,523	16	1,827	21	1,295	20
Operating expenses	719	6	719	6	735	8	783	9	582	9
Profit from operations	362	3	210	2	788	8	1,044	12	713	11
Non-operating income and expenses	43	0	44	0	58	1	66	1	(8)	0
Profit before income tax	405	4	254	2	846	9	1,110	13	705	11
Income tax expense	101	1	52	0	144	2	209	2	138	2
Net profit	304	3	202	2	702	7	901	11	567	9
Earnings per share (NT\$)	0.69		0.43		1.48		1.96		1.13	
Cash dividends (NT\$)	0.60		0.60		1.18		1.51			

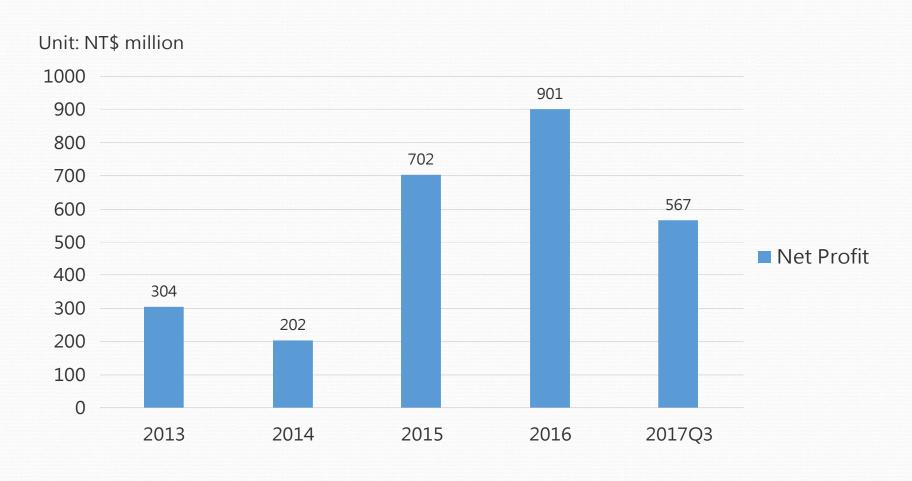
Financial Overview

Financial information for the last 5 years

CONSOLIDATED REVENUE IN THE LAST 5 YEARS



NET PROFIT IN THE LAST 5 YEARS



SIMPLIFIED CONSOLIDATED STATEMENTS OF INCOME

Unit: NT\$ million	2017Q3	%	2016Q3	%	Amount of increase (or decrease)	Rate of increase (or decrease) (%)
Operating revenue	6,555	100	6,539	100	16	0
Operating costs	5,260	80	5,076	78	183	4
Gross profit	1,295	20	1,463	22	(168)	(11)
Operating expenses	582	9	586	9	(4)	(1)
Profit from operations	713	11	877	13	(165)	(19)
Non-operating income and expenses	(8)	0	(37)	(1)	29	(78)
Profit before income tax	705	11	840	13	(135)	(16)
Income tax expense	138	2	148	2	(10)	(7)
Net profit for the period	567	9	692	11	(125)	(18)

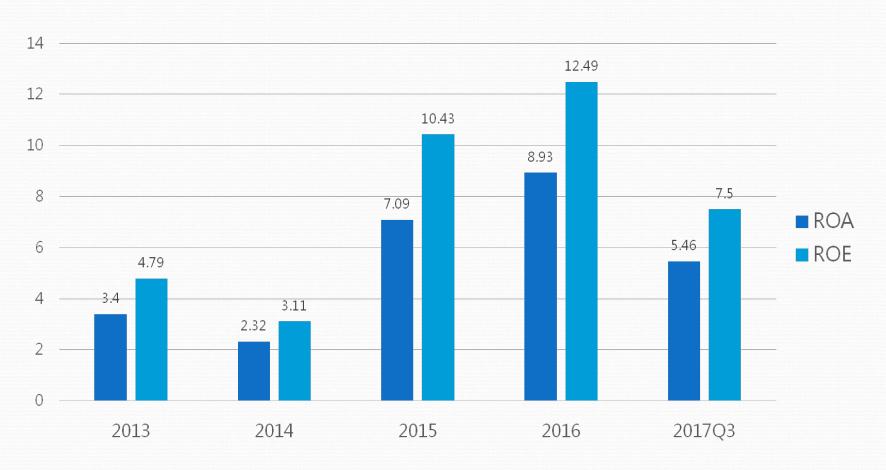
SIMPLIFIED CONSOLIDATED BALANCE SHEETS IN THE LAST 5 YEARS

Unit: NT\$ million	2013	%	2014	%	2015	%	2016	%	2017Q3	%
Assets										
Current assets	6,070	61	5,844	57	5,324	52	5,113	49	4,849	46
Non-current assets	3,870	39	4,334	43	4,953	48	5,226	51	5,792	54
Total assets	9,940	100	10,178	100	10,277	100	10,339	100	10,641	100
Liability										
Current liabilities	2,527	25	2,441	24	1,941	19	1,641	16	2,124	20
Non-current liabilities	927	10	1,209	12	1,400	14	1,209	12	899	8
Total liabilities	3,454	35	3,650	36	3,341	33	2,850	28	3,023	28
Equity										
Equity attributable to owners of the company	6,200	62	6,197	61	6,549	63	7,080	68	7,235	68
Other equity	286	3	331	3	387	4	409	4	383	4
Total equity	6,486	65	6,528	64	6,936	67	7,489	72	7,618	72
Total liabilities and equity	9,940	100	10,178	100	10,277	100	10,339	100	10,641	100
Receivable Turnover (Days)	30.34		33.79		42.00		44.18		43.04	

SIMPLIFIED CONSOLIDATED BALANCE SHEETS

Unit: NT\$ million	2017 Q3	%	2016 Q3	%	Amount of increase (or decrease)	Rate of increase (or decrease) (%)
Assets						
Current assets	4,849	46	5,790	53	(941)	(16)
Non-current assets	5,792	54	5,149	47	643	12
Total assets	10,641	100	10,939	100	(298)	(3)
Liability						
Current liabilities	2,124	20	2,507	23	(383)	(15)
Non-current liabilities	899	8	1,256	11	(357)	(28)
Total liabilities	3,023	28	3,763	34	(740)	(20)
Equity						
Equity attributable to owners of the company	7,235	68	6,778	62	457	7
Other equity	383	4	398	4	(15)	(4)
Total equity	7,618	72	7,176	66	442	6
Total liabilities and equity	10,641	100	10,939	100	(298)	(3)
Receivable Turnover (Days)	43.04		42.09			

Financial ratio analysis in the last 5 years



Vision

- The feedstock price has been raising recently and international competition is ever-increasing. Although objective conditions have imposed pressure on our business, we proactively negotiate with the customers for price adjustment. At the same time we strive to lower the production cost to ensure we maintain a stable and reasonable profit margin.
- We strive our best in our operations. Our co-investment with Chang-Chun Group, the nonylphenol plant in Jiangsu, China, will startup next year (2018). This plant will contribute to our overall operating profit. The macroeconomic environment is not ideal next year; however, we will continue to diversify our business to achieve excellence in enterprise value.