



遠東集團
FAR EASTERN GROUP



 **Far Eastern New Century**
(TWSE: 1402)

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About FENC

Far Eastern New Century (“FENC”) is a publicly traded company (<http://www.fenc.com/?lang=en>) in Taiwan with a market capitalization of approximately US\$5 billion. It’s a constituent of the MSCI ESG Leaders Indexes and FTSE4Good Emerging Index. FENC is also the flagship company of Far Eastern Group and has diversified businesses ranging from production business, to property development and investments. The production business spans the petrochemical, polyester, and textiles businesses.

Regarding its production business, FENC aims to expand its green material business by increasing its scale of recycled products. After expanding its capacities in Taiwan, Japan and the United States, FENC has become one of the world’s largest post-consumer recycled polyester producers. With high quality and speed to market, FENC’s products have been accepted and adopted by well-known global brands including Coca-Cola, Nike and Adidas.

FENC is a global top-three PET producer in terms of capacity and the leading PET producer in Asia. The Company remains agile and flexible in business operations, maintaining its ability to expand and thrive in the global landscape. The production sites of FENC, located in Taiwan, the United States, Vietnam, China, Japan and Southeast Asia, have been vertically integrated into a streamlined system from production to sale. FENC’s strategy is to strengthen its position as a leading polyester producer by maintaining long-term client partnerships, upgrading its product mix and enhancing research and development capabilities.

Currently FENC has total investment properties of 200,000 pings (662,000 square meters) in Taiwan, the majority of which are located in prime areas of northern Taiwan. The Taipei Far Eastern Telecom Park (Tpark) project in Banqiao, New Taipei City is one of FENC’s development priorities.

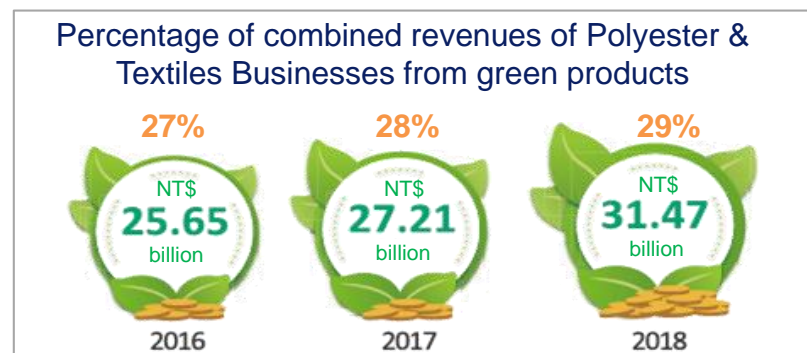
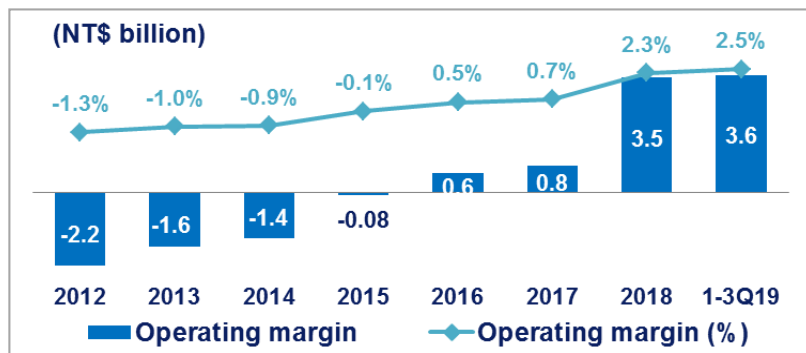
The majority of the Company’s investment portfolio is listed companies on the Taiwan Stock Exchange with proven track records, including Asia Cement Co., Far EastOne Telecommunications Co., Far Eastern International Bank, Oriental Union Chemical Co., Far Eastern Department Stores Limited, and Everest Textile Co. Limited, thus providing the Company consistent dividend and investment income each year.

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Company Highlights

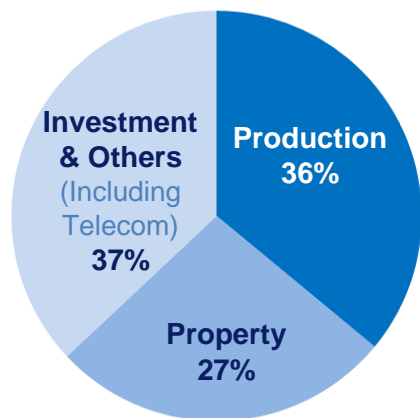
- **A constituent of the MSCI ESG Leaders Indexes, FTSE4Good Emerging Index & TWSE CG 100 Index**
- **Consistent Dividends Payout** (refer to page 19)
- **Management Efforts on the Production Business** (refer to page 7-13)
 - With a fully integrated polyester value chain, the combined operating margin of the Production Business turned a loss of NT\$ -2.2 bn in 2012 to a profit of NT\$ 3.6 bn in 1-3Q, 2019. The turnaround in operating margin is attributable to:
 - **Long term client partnerships and a better product mix.**
 - **R&D efforts:** The Taiwan in-house R&D center cooperates with well-known brand clients to customize specialty products.
 - **From an Asian to a global producer:** FENC grew via organic growth or acquisitions in order to better service existing clients locally, such as Coca Cola, Nike, Columbia, and avoid antidumping duties imposed across borders. (refer to page 8)
 - **Asia's largest recycled PET (R-PET) producer:** R-PET capacity expansion in Taiwan, Japan and U.S. to meet strong demand from the brands green missions. (refer to page 10)



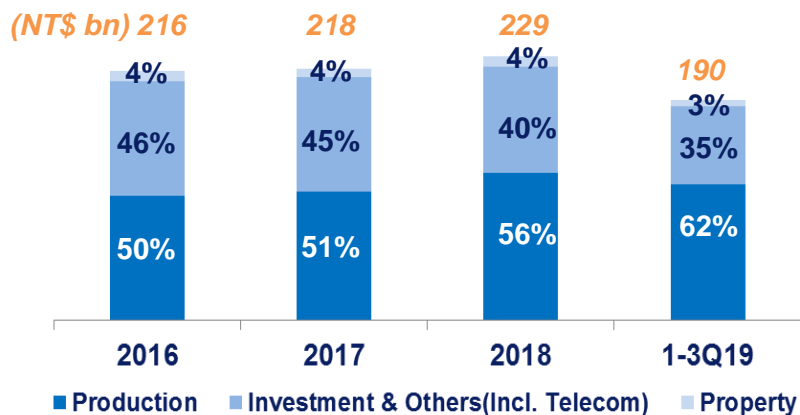
- **Investment Properties** (refer to page 14-18)
- **Investments & Others** (refer to page 6)

Company Overview

- Year of establishment: 1954
- Employees: 33,636
- Asset allocation as of Sep 30, 2019 (Total assets: NT\$ 553 billion / Book value per share: **NT\$ 37.9 /share**)

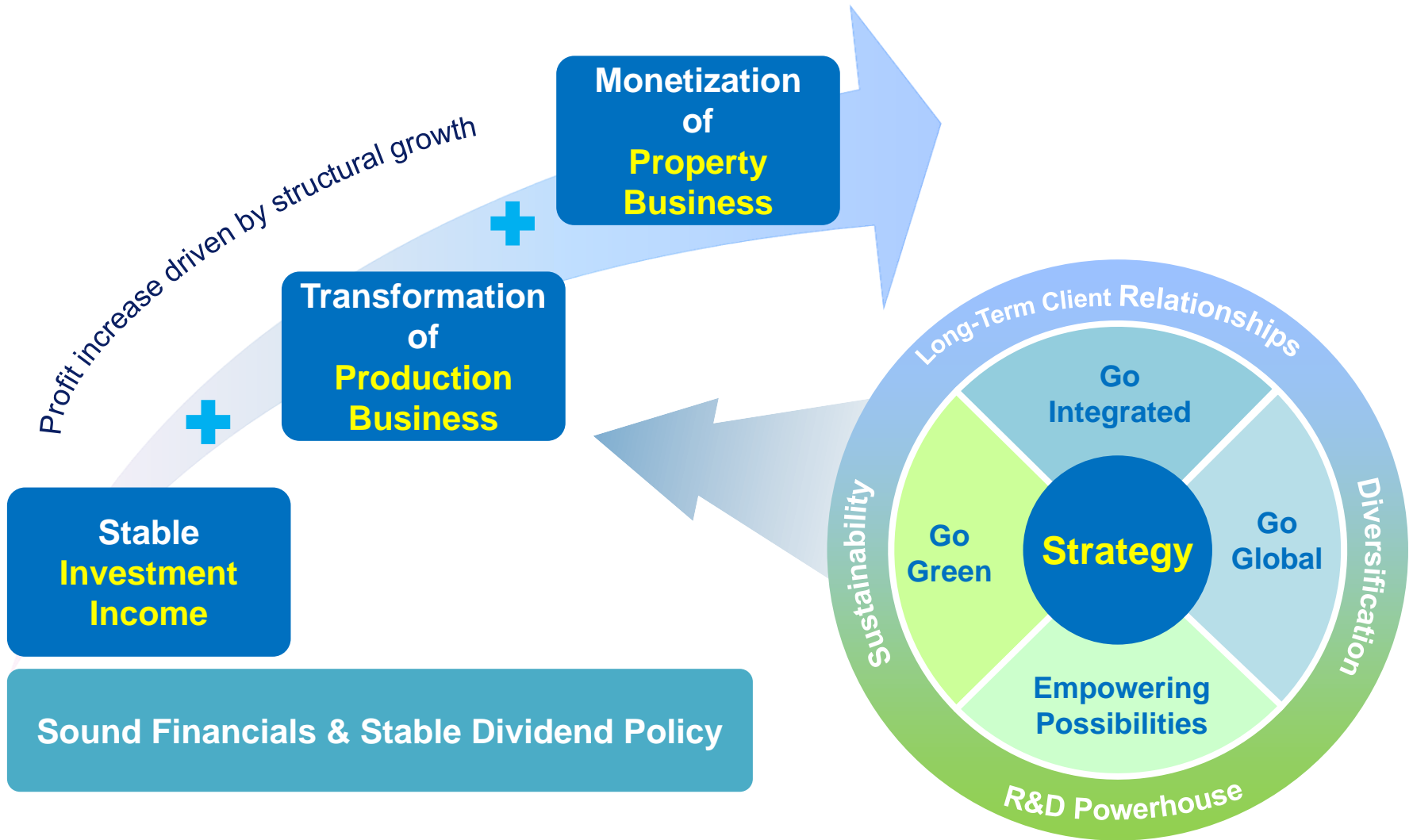


• Revenue breakdown:










Business Segments		Production Sites	Capacity (As of Dec 31 2018)
Production	Petrochemical	Taiwan & China	PTA: 1.99 mm tons/yr
	Polyester	Taiwan, China, Vietnam, United States, Japan, Malaysia	Polymer: 1.96 mm tons/yr PET: 1.49 mm tons/yr PSF: 451K tons/yr Polyester Filament: 97K tons/yr Others Nylon 6,6 filaments: 21K tons/yr PET Sheets: 145K tons/yr PET films: 20K tons/yr Recycled-PET(R-PET): 247K tons/yr
	Textiles	Taiwan, China, Vietnam	Yarn: 391K spindles/yr Knitted Fabrics: 31K tons/yr Industrial Fabrics: 22K tons/yr Industrial Yarn: 144K tons/yr Apparels: 7 mm dozens/yr
Property		Various locations in Northern Taiwan	Total size: 200k pings (662k sq meters)
Telecom (Far EastTone)		Integrated service provider - mobile, fixed line, ISP, etc.	# of subs: 7.08 mm (As of Jan 2020)
Investment & Others		Cement, retail, financial services...etc.	

Strategic Summary



Value of Major Investments - Listed Companies

Stock code	Investees	Holdings	(NT\$ million)	
			Book value (2019.9.30)	Market value (2020.2.26)
1102 TT	 Asia Cement	26%	22,954	38,193
1460 TT	 Everest Textile	26%	1,171	1,048
1710 TT	 Oriental Union Chemical	31%	5,675	5,401
2606 TT	 U Ming Marine	0%	-	-
2845 TT	 Far Eastern International Bank	16%	6,824	6,508
2903 TT	 Far Eastern Department Stores	25%	7,703	8,463
4904 TT	 Far EasTone	38%	27,045	82,339
Total			71,372	141,952

Note: 5,353 million shares of FENC common stock were issued and outstanding as of 30 Sep 2019.

A Leading Integrated Polyester Producer



WORLDWIDE
TOP 3
PET Resin

ASIA
TOP 1
PET Sheet

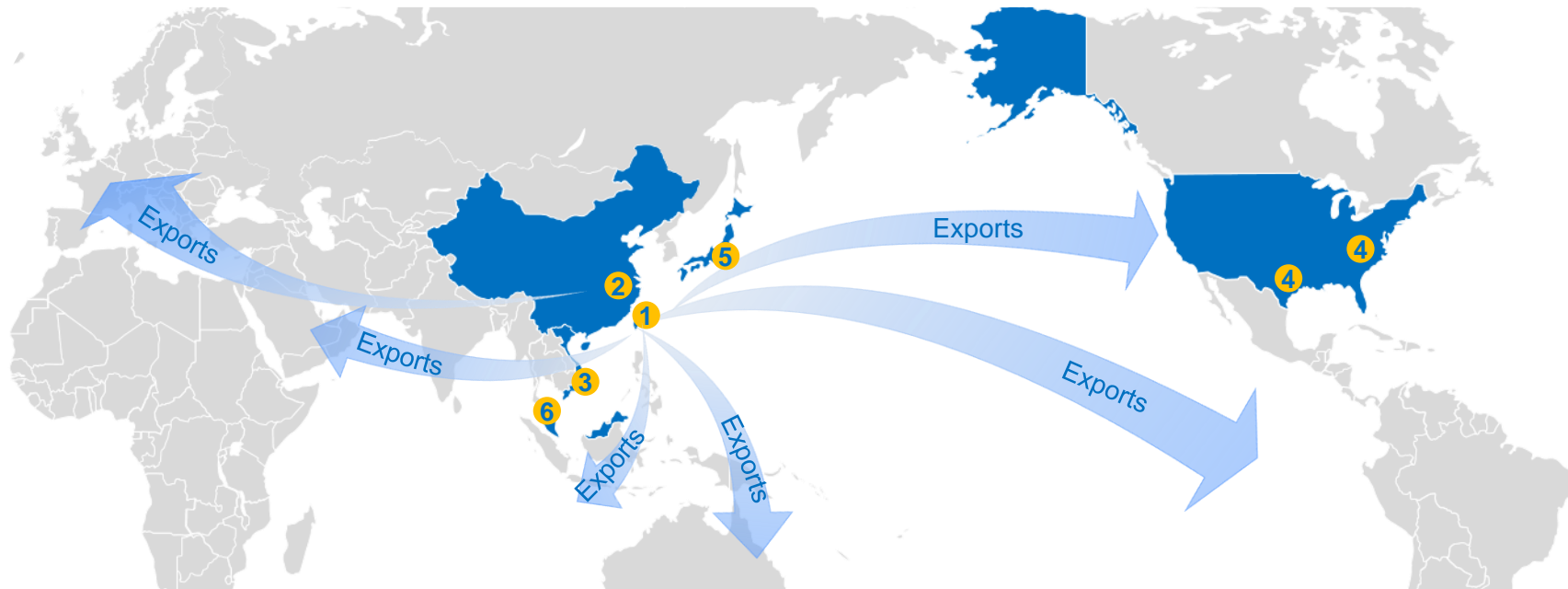
WORLDWIDE
TOP 2
Nonwoven Polyester
Staple Fiber

WORLDWIDE
TOP 2
Recycled PET

ASIA PACIFIC
TOP 1
Nylon 6,6 Filament

Go Global: From An Asian to A Global Producer

- Globalization of the de-globalization era: production site diversification and flexible sales & distribution to mitigate the effects of trade barriers.



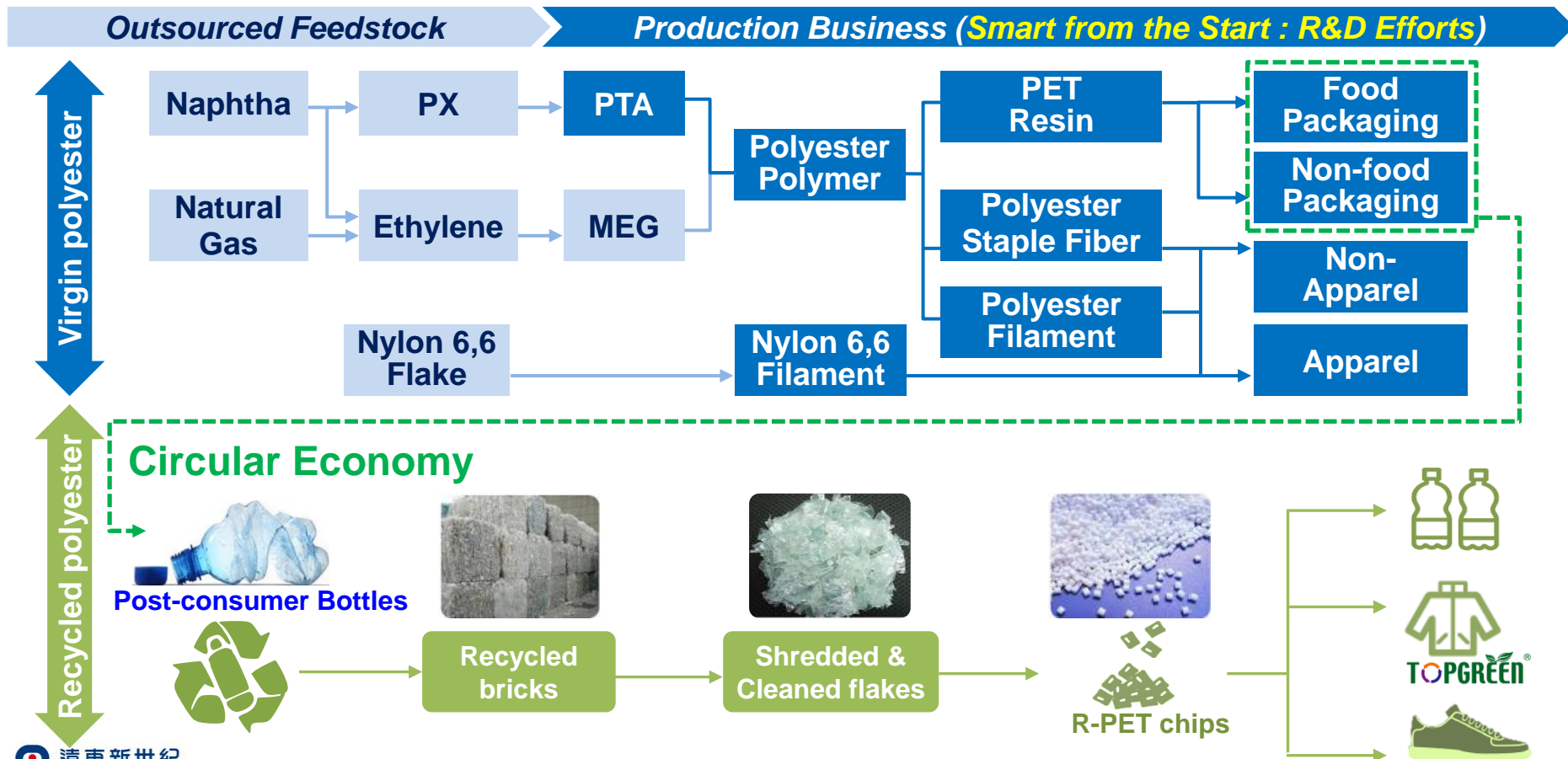
- FENC's production sites are in Taiwan, China, Vietnam, United States, Japan and Malaysia.

1 Taiwan PTA / PET PSF HTY Filament / Fabric R-PET	2 China PTA / PET PSF HTY Filament / Fabric Apparel	3 Vietnam PET PSF (Trial run) Fabric Apparel	4 U.S. Via M&A <i>(Note)</i> { PET (2018) CCP JV (2018) R-PET (2019)	5 Japan R-PET
				6 Malaysia PET

(Note) :The CCP JV project with Alpek & Indorama, annual planned capacity of PET 1.1 MM & PTA 1.3 MM tons, is currently under construction. Each party has the right to off-take one-third of the capacity and to source its feedstock independently.

Go Integrated: What Differentiates FENC from Peers?

- **Award winning innovations:** modifying polymer “gene” (technology built in) by R&D team and thus producing textiles difficult for peers to clone. → Smart, functional & sustainable textiles.
- **Single pellet solution:** To provide international brand customers total solution with ready to use resin combining virgin & recycled PET.



Go Green: Asia's Largest Recycled PET Producer

FENC R-PET business

- **Leading in the R-PET business:** FENC has invested deeply for over 30 years.
- **Key milestones for brand supply:**
 - ① **Green products certifications received:** Safe for food packaging use

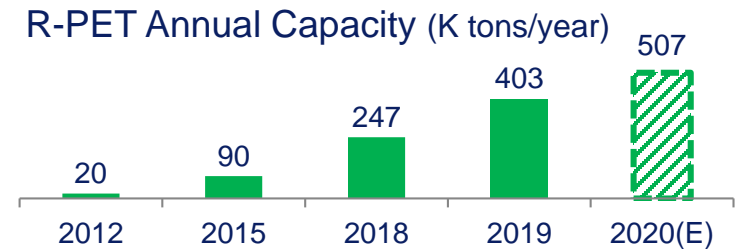


② Secure feedstock supply:

- Sourcing globally: closed loop locally
- Production sites outside China: Benefit from the China's plastic waste import ban began in Jan 2018

FENC R-PET expansion plan

- **To expand R-PET capacity through organic growth or M&A.**



FENC successful circular economy projects

- **R-PET market: Strong demand from the brands green missions**



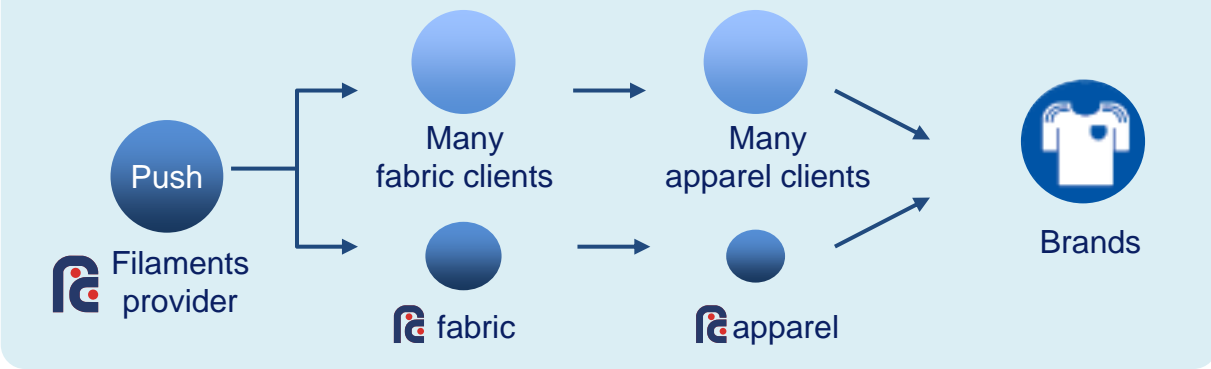
(Nike's jerseys: 2019 European Football League & 2018 World Cup & 2017~2019 NBA games / Adidas's "For the Oceans" program)

Empowering Possibilities (I): Close Customer Partnerships

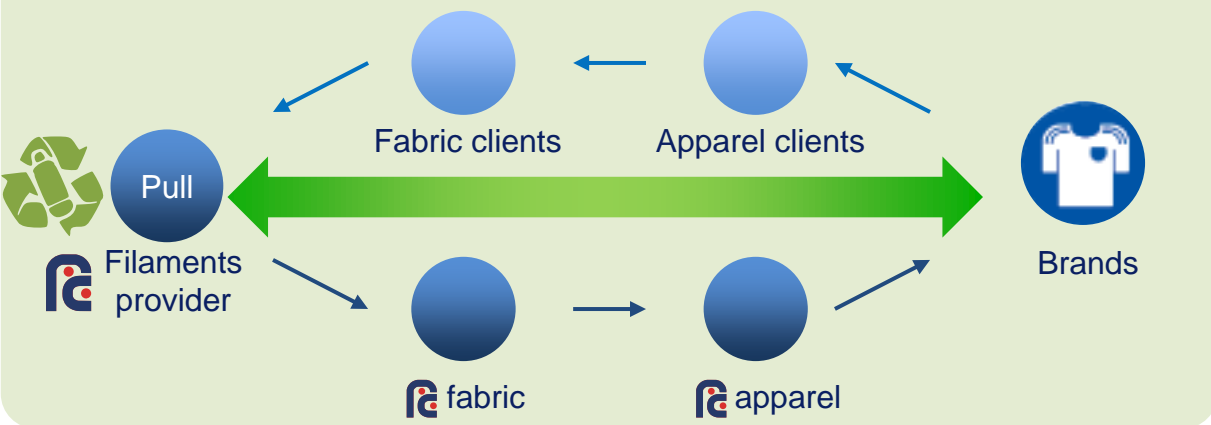


Empowering Possibilities (II) : From Reaction to Creation

Before: One way communication → clients decided materials



Currently: Two way communication → partnership with brand clients



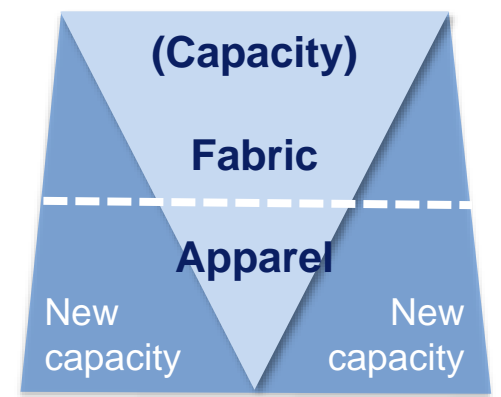
• **What's changed?**

– **Marketing to brands directly:**

- 1) **Pull-through strategy:** to anticipate future trends by creating innovative filaments
- 2) **“FEX”:** FENC’s B2B total solution brand → Award winning innovations raised its profile amongst brands.

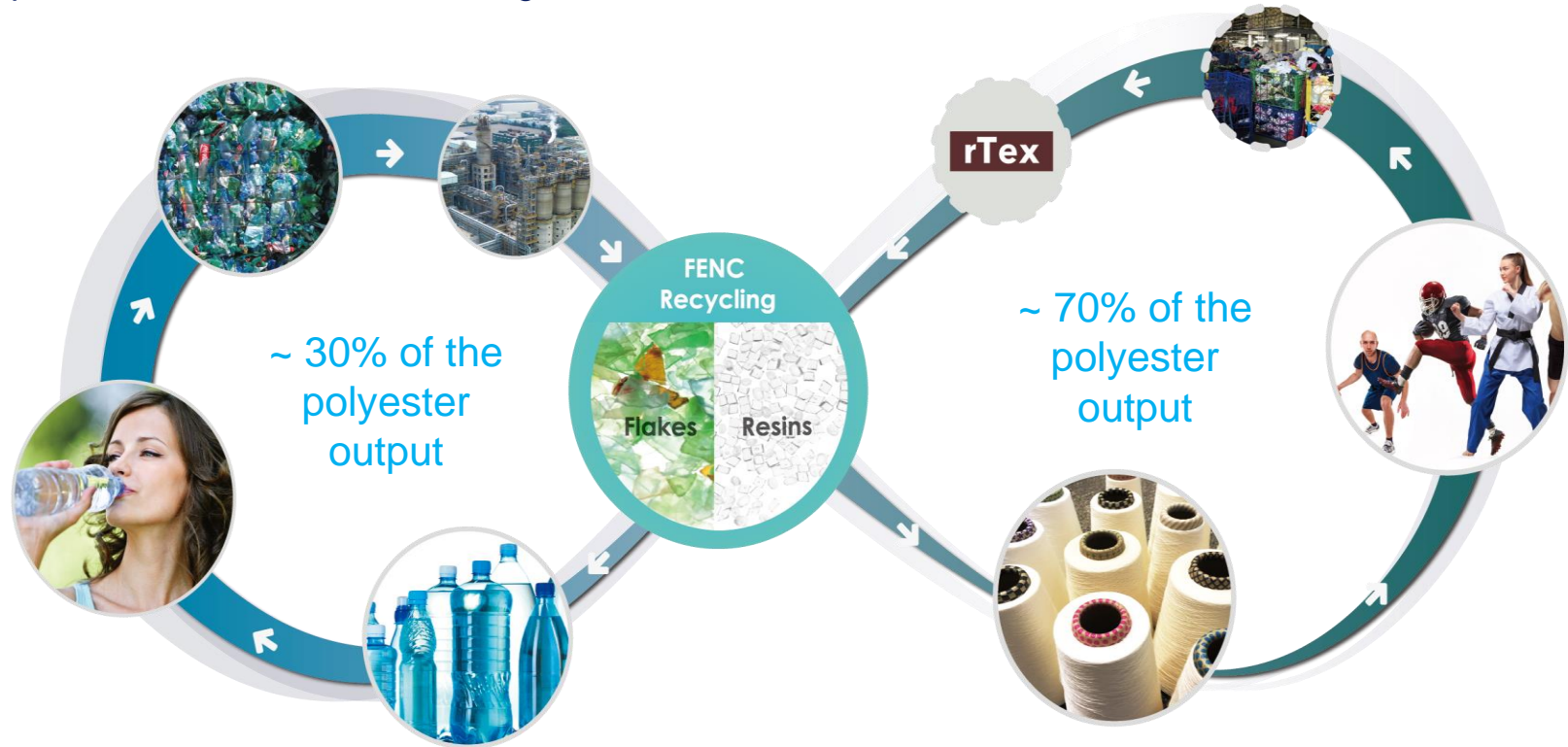
– **Scale-up of the downstream capacity:**

Vietnam expansion project is to fill the gap in limited fabric & apparel capacity



Invest in the Future: Post Consumer Textile Recycling

- FENC® TopGreen® rTex is a world's first that will be able to recycle the polyester from all types of post-consumer textiles, including mixed streams.



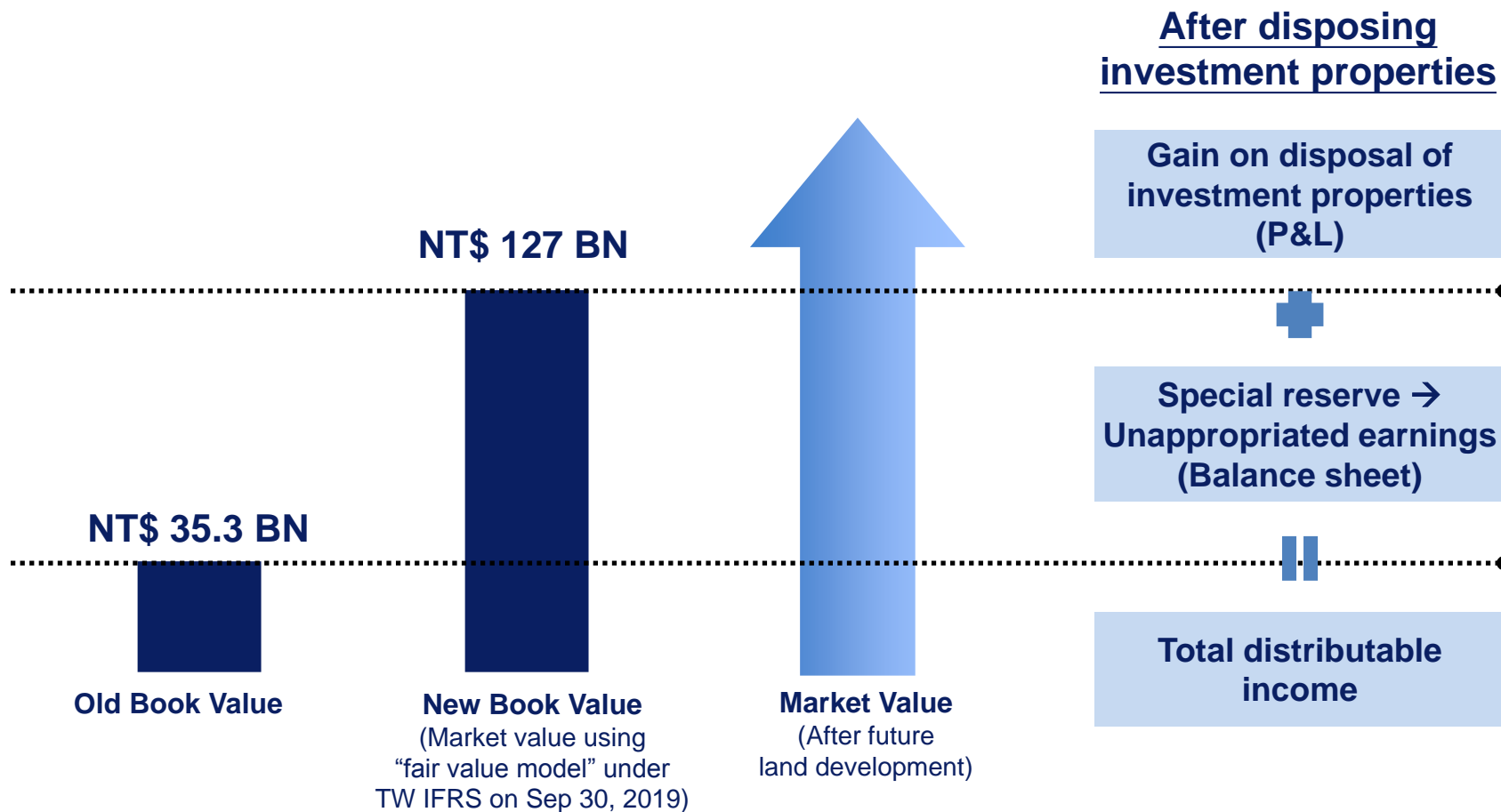
Commercial Run

From Lab to Trial Run

Note: Video introduction please refer to <https://www.youtube.com/watch?v=6rs5Eb2uKN8>

Land Holdings Owned by FENC

- Total land holdings: approximately 570k pings (1,887k sq meters)
- Investment properties as at **Sep 30, 2019**: approximately 200k pings (662k sq meters)



Investment Properties – Major Pieces of Land



Banjiao

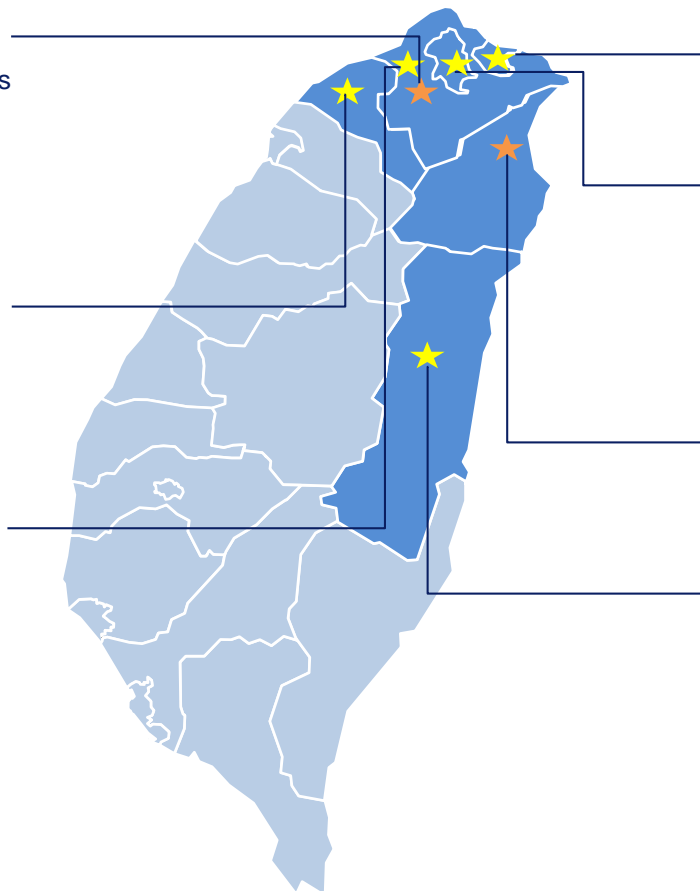
Size: 82,967 pings (274,621 sq meters)
Book value: 60~65% of investment properties

Tau Yuan City

Size: 38,407 pings (127,127 sq meters)

Taishan & Wugu

Size: 16,250 pings (53,788 sq meters)



Others

Size: 11,476 pings (37,986 sq meters)

Taipei City (Note a)

Size: 1,651 pings (5,465 sq meters)

Yilan (SPA resort)

Size: 30,694 pings (101,597 sq meters)
Phase I plan: villa concept, around 200 rooms

Hualien

Size: 9,446 pings (31,266 sq meters)

a) Land holdings in Taipei City include self-use and investment properties

b) 1 ping = 3.31 sq m = 35.58 sq ft

A smart green campus, with sole property ownership, integrated with residential zones (for sale), commercial offices (for lease), a medical center, a college, and a hypermarket in the neighborhood



Land development plan (in terms of land size):

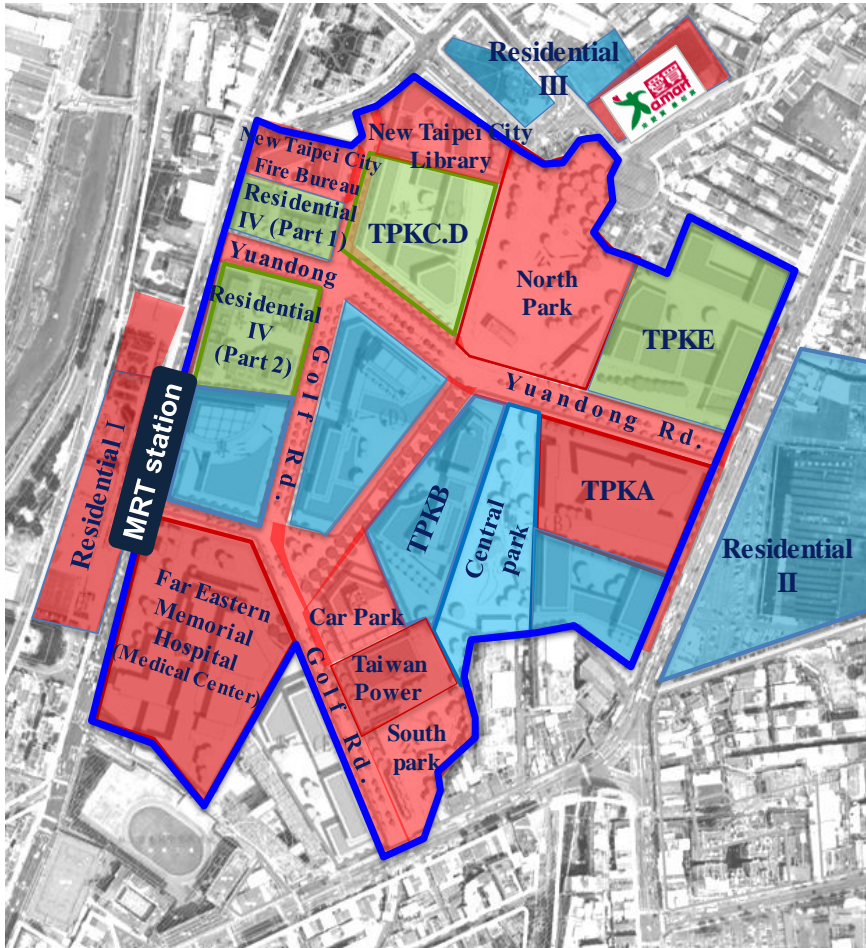
Approximately 24 hectares
(around 73.7K pings / 244K sq meters)

- 46% | R&D Office Building Zone**
 - An anchor tenant confirmed to develop a new office complex in Tpark
 - Current tenants: Amazon Web Service (AWS), Ericsson, Telecom Technology Center, etc
- 7% | Residential Zone**
- 4% | Retail / Commercial Zone**
- 11% | Regional Medical Center**
Far Eastern Memorial Hospital
- 32% | Public Facilities**
New Taipei City library, New Taipei City Fire Bureau, infrastructure & green parks, etc.

Green Building in Tpark: TPK A (TW EEWH rating - Certificated)

Buildings under application: TPK D (U.S. LEED rating - Gold & TW EEWH - Gold) / TPK C (TW EEWH rating - Gold)

- Developed area (2008-2018)
- Developing area (2019-2022)
- Developing area (after 2022)



Commercial office building: TPK C&D (Completed)



- **TPK-C (FETone IDC center)**
 - 11-floor building; GFA of 10.2k pings (33.8k sqm)
- **TPK-D (No.2 office building)**
 - The entire building was rented out.
 - 16-floor building; GFA of 17.7k pings (58.5k sqm)
 - The combined land area of TPK C&D: 4.7K pings (15k sqm)
- **TPK-E (No.3 office building): under planning**

No. 2 residential product: Residential IV - part 1



- 27-floor building; land area of 1.5k pings (5k sqm)
- GFA (for sale): 7k pings (23k sqm)
- Slated to complete construction at end 2020

Tpark Photo in 2018



No. 1 commercial office building: TPK A



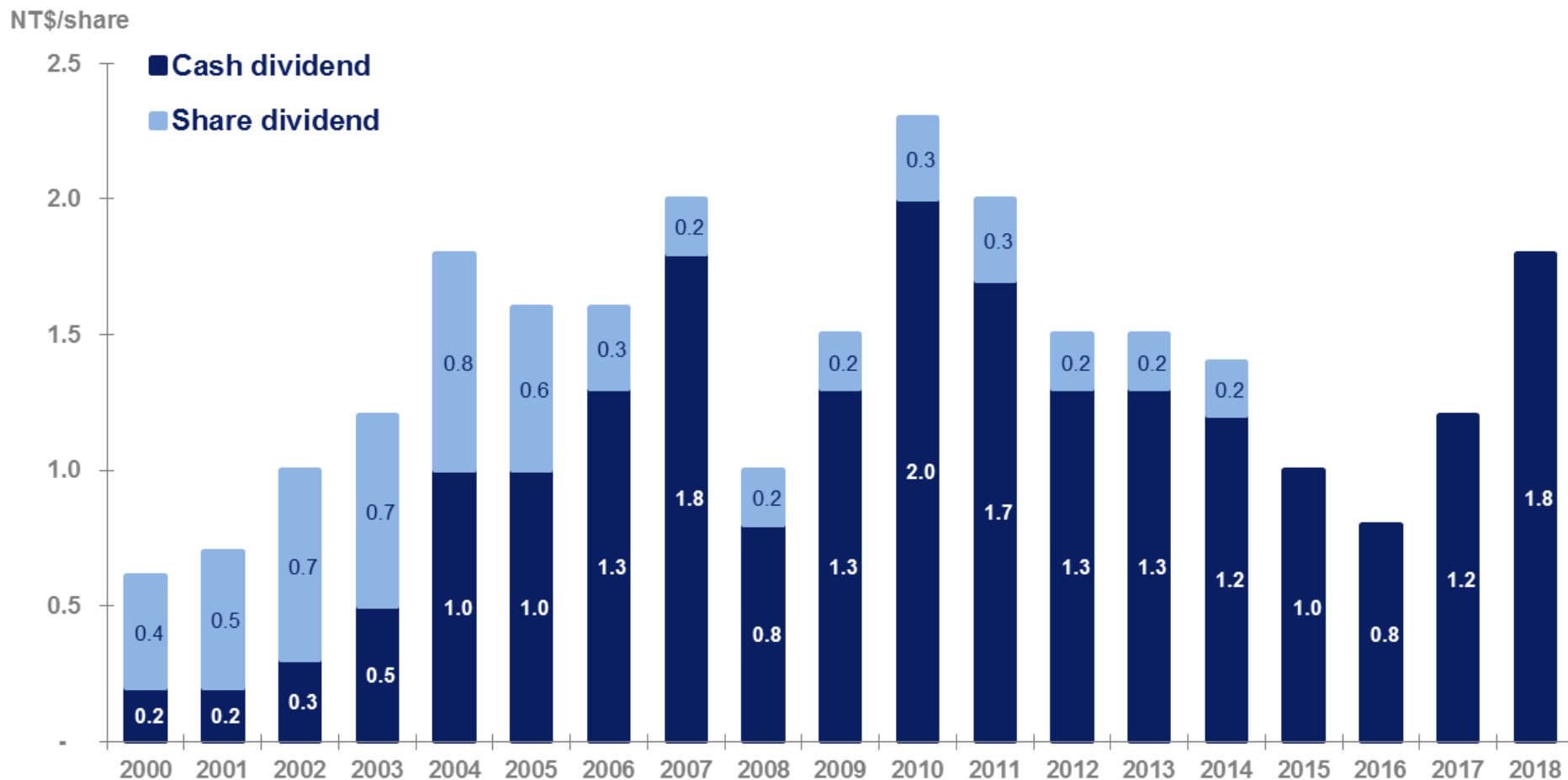
- 11-floor building, with 2 floor underground parking lot
- GFA: 18.7k pings (62k sqm)

No. 1 residential product: California Dream

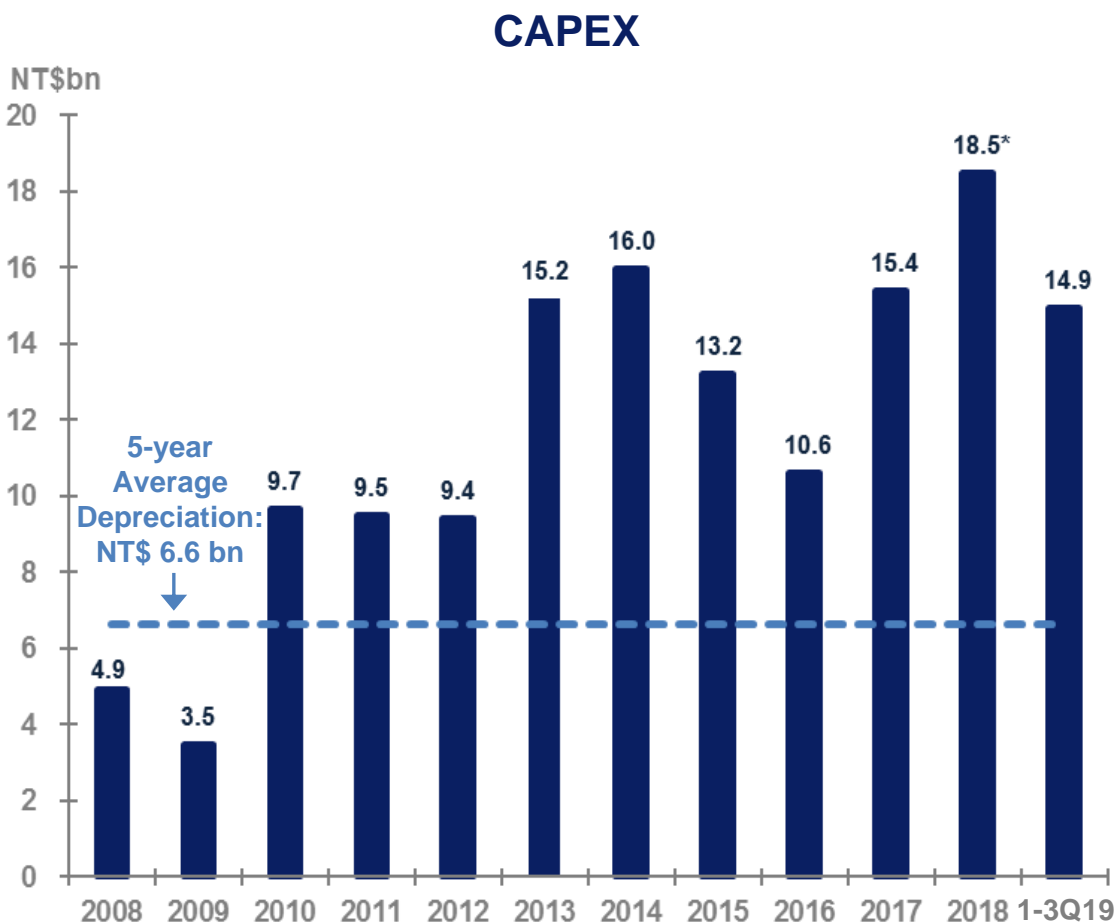


- 2 to 4 bedrooms designed for typical TW families
- Sales of phase I in 2009
 - GFA: 19.3k pings (64k sqm), and around 396 units
 - ASP at around NT\$ 420k/ping (US\$ 4k/sqm)
- Sales of phase II in 2016
 - GFA: around 5.5k pings (18k sqm), or 154 units
 - ASP at around NT\$ 553k/ping (US\$ 5k/sqm)

Dividends Payout History



CAPEX – Excluding Telecom Business Segment



*Including the investment in joint operation of CCP JV project. (refer to page 8)

- Historically, the maintenance CAPEX was covered by the depreciation expense
- Re-expansion period starting from 2010 to grow and transform
- Major new CAPEX items:
 - From 2010 to 2015
 - Production Business:** PTA expansion and energy cost saving projects in Taiwan, recycled-PET expansion plans in Taiwan and Japan, nonwoven hygiene products in China, Nylon 6,6 filament in Taiwan and China.
 - Property Business:** the office building TPK-A and the entire infrastructure of the Tpark
 - From 2016 onwards
 - Vietnam expansion plan:** to build the 3rd production site targeting textile products and PET resins for food packaging.
 - U.S. M&A projects:** to acquire M&G PTA & PET assets.
 - R-PET expansion plan:** to build a new line in Japan.
 - Tpark:** the construction of new office buildings and residential products.

Key Financial Highlights (IFRS-consolidated Base)

(NT\$ million)	3Q19		3Q18		YoY	1-3Q, 19		2018		2017	
Revenues	61,710	100%	61,799	100%	0%	190,352	100%	228,662	100%	217,847	100%
Profit from Operations	3,861	6%	5,018	8%	-23%	11,585	6%	14,784	6%	15,434	7%
Investment Income(Equity method)-Net	1,558	2%	1,652	3%	-6%	4,970	3%	6,224	3%	4,114	2%
Interest Expenses-Net	(697)	-1%	(630)	-1%	n.a.	(2,215)	-1%	(2,387)	-1%	(2,119)	-1%
Gain on revaluation of investment property	543	1%	128	0%	323%	857	0%	646	0%	1,040	0%
Others	(0)	0%	(26)	0%	n.a.	(46)	0%	1,788	1%	(1,577)	-1%
Consolidated Income before Tax	5,267	8%	6,142	10%	-14%	15,150	8%	21,055	9%	16,892	8%
Tax Expenses	747	1%	704	1%	6%	2,146	1%	2,664	1%	2,691	1%
Consolidated Net Income	4,520	7%	5,438	9%	-17%	13,004	7%	18,392	8%	14,201	7%
Attributable to:											
Shareholders of the Company	2,945	5%	3,476	6%	-15%	8,466	4%	12,028	5%	8,066	4%
Non-Controlling Interests	1,575	2%	1,962	3%	-20%	4,538	3%	6,363	3%	6,135	3%
EPS (NT\$) ⁽¹⁾	0.59		0.70			1.69		2.41		1.61	
Depreciation & Amortization	3,136	5%	5,249	8%	-40%	16,396	9%	21,104	9%	20,513	9%
Excluding FETone:											
Depreciation & Amortization	2,263	6%	1,658	4%	37%	6,760	5%	6,792	5%	6,561	5%
EBITDA ⁽²⁾	3,148	8%	3,393	8%	-7%	9,260	7%	9,203	6%	7,779	6%
Total Assets						553,120	100%	565,589	100%	516,766	100%
Total Debt						286,132	52%	297,860	53%	261,227	51%
Net Interest-bearing Debt						188,673	34%	187,471	33%	168,066	33%
Total Equity						266,988	48%	267,729	47%	255,539	49%
Total Shareholders' Equity of Parent Company						202,678	37%	203,535	36%	194,360	37%
Non-Controlling Interests						64,310	11%	64,194	11%	61,179	12%
Book Value Per Share						37.9		38.0		36.3	
Return on Equity						5.6%		6.0%		4.2%	

Performance by Business Segments

(NT\$ million)	3Q19	3Q18	YoY	1-3Q, 19	2018	2017
Reclassified for Presentation Purposes						
Gross Revenue						
Petrochemical	14,045	17,116	-18%	47,392	47,512	30,426
Polyester	20,728	20,404	2%	67,522	71,643	61,970
Textiles	10,052	9,618	5%	29,046	35,906	34,054
Telecom	21,407	21,059	2%	62,652	86,635	92,070
Property	1,361	1,873	-27%	5,673	9,031	7,943
Investment & Others ⁽¹⁾	2,912	3,016	-3%	9,203	11,889	11,039
Subtotal	70,505	73,086	-4%	221,488	262,616	237,502
Inter-company Sales	7,192	9,606	-25%	26,099	27,685	15,281
Revenue-net	63,312	63,479	0%	195,389	234,931	222,220
Profit from Operations						
Petrochemical	165	1,202	-86%	308	167	(1,262)
Polyester	718	853	-16%	2,518	2,778	1,007
Textiles	270	89	203%	725	550	1,091
Telecom	2,978	3,283	-9%	9,085	12,373	14,216
Property	237	189	26%	580	786	760
Investment & Others ⁽¹⁾	1,530	1,014	51%	3,385	4,117	3,809
Subtotal	5,898	6,629	-11%	16,600	20,772	19,620
Other Adjustments	(428)	69	n.a.	21	281	187
Reclassified Profit from Operations	5,470	6,699	-18%	16,621	21,053	19,808
For Reconciliation Purposes						
- Investment Income(Equity method)-Net	1,558	1,652	-6%	4,970	6,224	4,114
- Dividend Income	49	29	71%	67	45	259
Profit from Operations	3,864	5,018	-23%	11,585	14,784	15,434

Recent Achievements & CSR



- Issued NT\$ 3 billion green bond in 2018 for investing in green projects
- TW (S&P) long-term credit rating: TW A

F **Fostering robust governance**
Strive for honest and ethical conducts, establish management mechanism and reduce operational risks in pursuit of sustainable development.

E **Enabling unlimited innovation**
Utilize R&D ability, transition into smart production, operation and product service to meet the needs of human development.

N **Navigating a green future**
Strive toward clean and sustainable operation and maximize efficiency in the use of resources to minimize impact on the environment and the habitat.

C **Creating inclusive society**
Foster employee competitiveness, promote supply chain sustainability and improve public welfare to achieve the mission of inclusive growth.

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