



Taiwan Cement Corporation

1Q/2016 Investors' Conference

May 5, 2016

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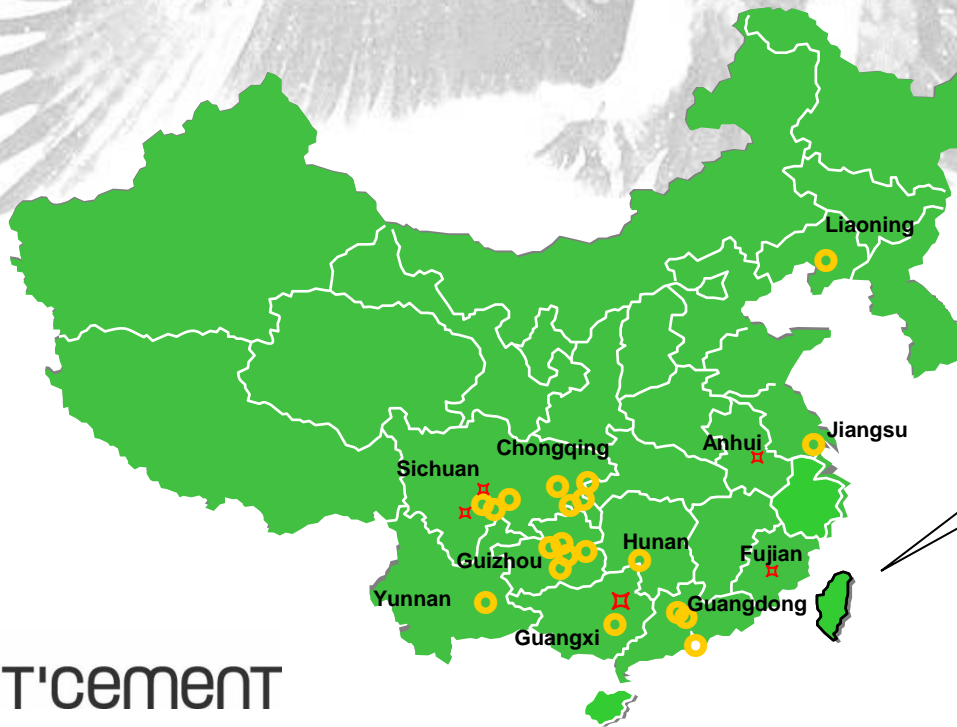
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Agenda

- **Company Snapshot**
- Key catalysts
- 2015 Financial Results
- Production Capacity in China

Company Snapshot

Established in Taiwan	May, 1946	Production Capacity by 2015 (MM tons)			
Headquarter	Taipei, Taiwan		Taiwan	China	total capacity
IPO in TWSE	February, 1962	clinker capacity	9.5	48.5	58.0
number of outstanding shares	3,692.2 million	equivalent to cement capacity	10.4	58.6	69.0
closed price (NTD/share)	30.0	grinding capacity	-	6.7	6.7
Market cap (as of Apr/07/2016)	NTD 109.10 billion USD 3,414 million (USD/NTD=32.442)	total cement capacity	10.4	65.3	75.7
Number of employees as of Mar/31/2016	Taiwan: 839 China: 8,751				



- Cement production
- RMC production
- ★ Research lab
- ⊕ Port facility
- ⊞ Power production
- ⊞ Slag powder production

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Key catalysts for cement in 2016

Demand

China infrastructure spending seems start to rise since 4Q15, although not sure the sustainability



Supply

325 product phase out plan becomes more concrete

Cost

Coal price continues to be under pressure

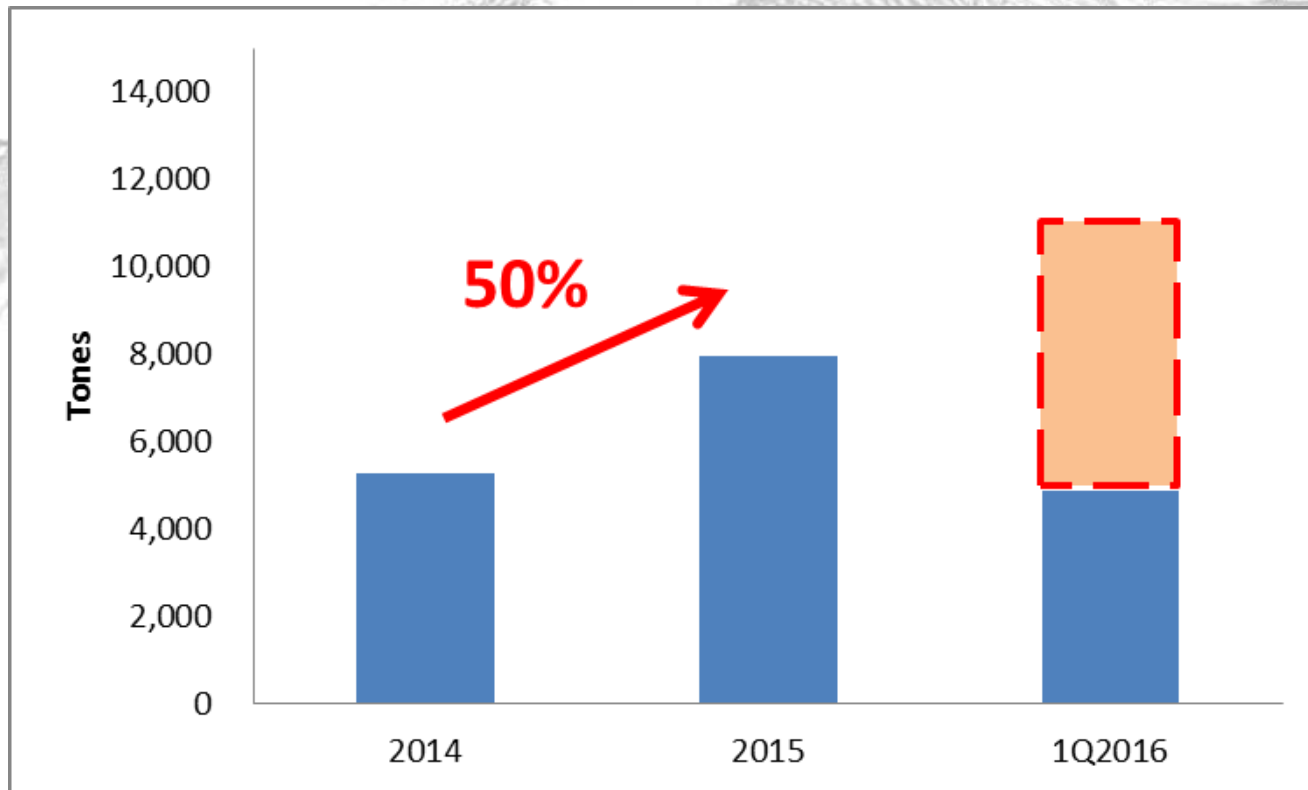
Taiwan

Anti-dumping clause expects to remain
Infrastructure spending hope to increase on the back of new government

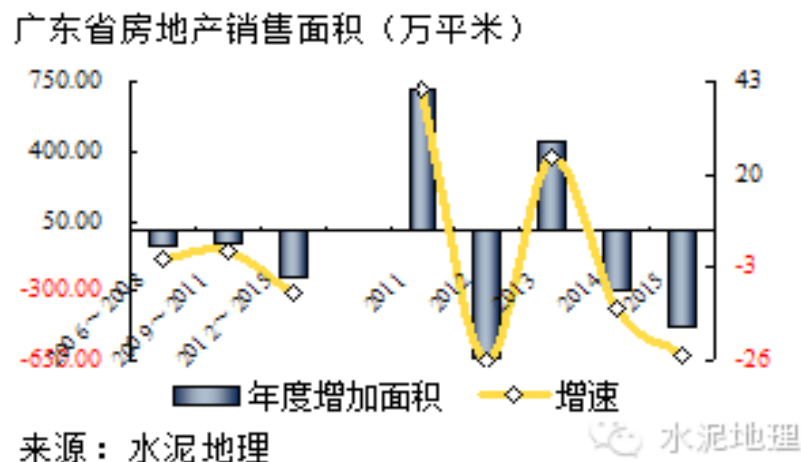
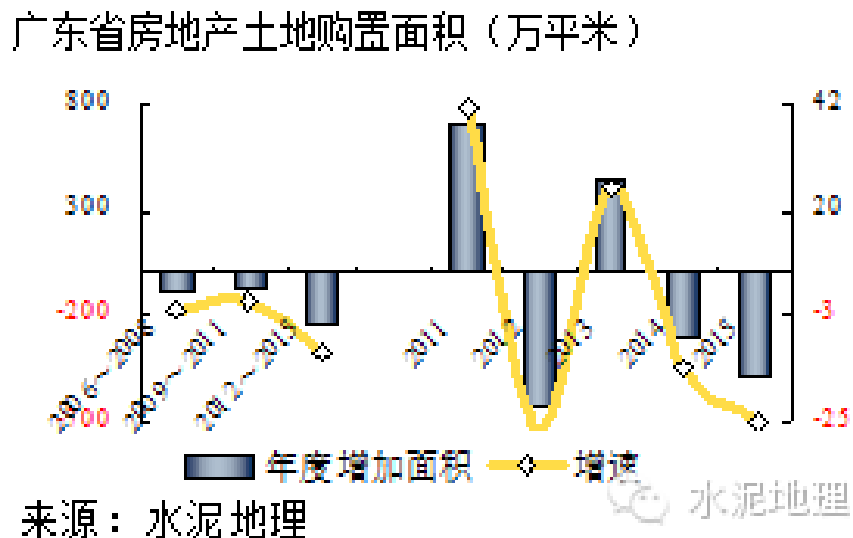
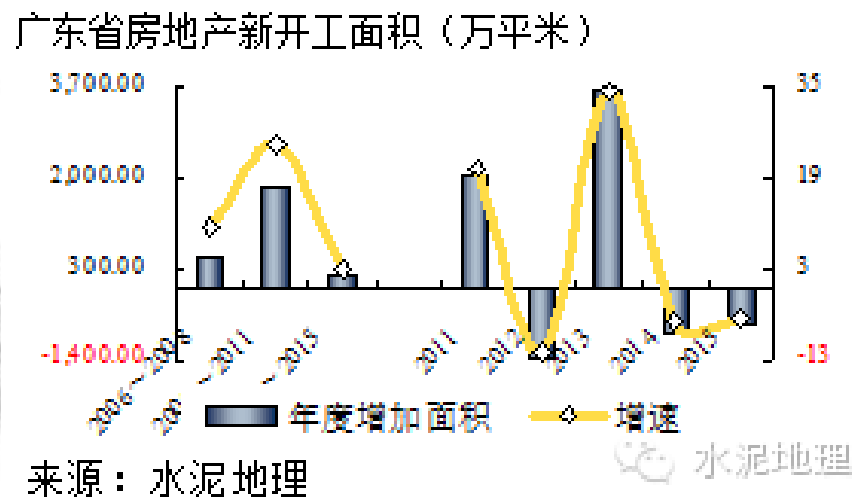
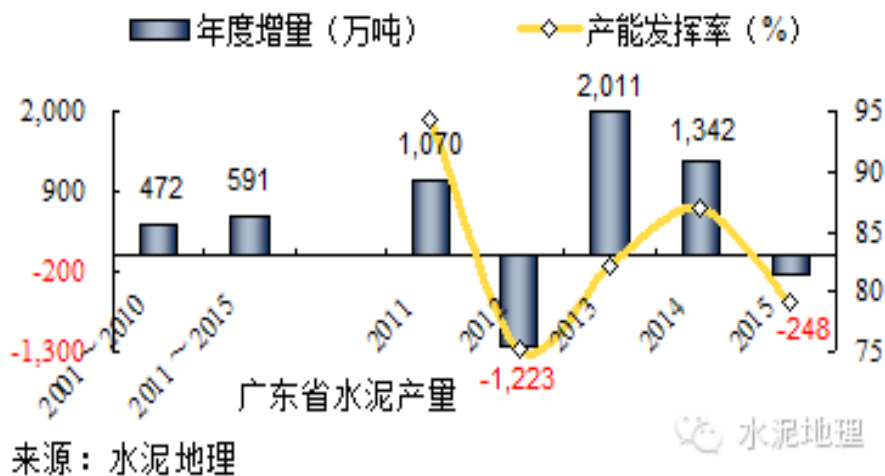


Infrastructure projects seem to rise again

From our own sales team feedback, take GuangDong for example, 2015 's open bidding projects are about 50% yoy growth, while 1Q2016 is at similar level to that of 2014 full year. There is a possibility that infrastructure spending might stimulate overall cement consumption in 2016.



However, overall demand concern remains



MRT Bannan Line extension

- Total 14.29 kms, includes 12 stations, overhead construction, implies a potential 3% monthly RMC consumption increase in North Taiwan area (i.e. $900\text{K M}^3 / 30\text{months construction period} = 30\text{ K M}^3 \text{ per month}$)
- Our two plants are within 3-30 mins transportation time, thus, we believe that we have a competitive advantage to win the bid.



Key catalysts for TCC

M&A synergy

Not only from procurement, but also from technology, management efficiency, market pricing power...etc.



Carbon capture

Green business opportunities



Rich cash yield

BOD resolution to maintain 85% cash payout ratio, i.e. DPS of 1.33 implies a 4.3% yield, much better than peers

MSW co-processing

This is not only a value added service, but also a future trend.



M&A synergy

Huaihua & Jingzhou plant

1. Residual power generation increased 3~5 kwh in #1K after acquisition.
2. Power consumption per tone decreased 1.5~2kwh in both #1K and #2K after debottlenecking.
3. Overall clinker production cost cut from 220-240/t before acquisition to 160~170/t now, and expects to reach below 150/t by the year-end.

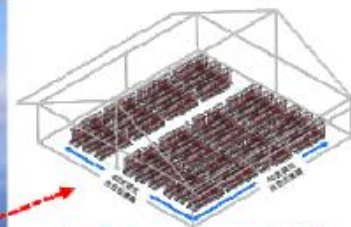
HuaYing plant

1. Power consumption per tone decreased 3~5kwh after debottlenecking.
2. Overall clinker production cost cut from 180-220/t before acquisition to 130~140/t now, and expects to reach below 130/t by the year-end.

Green business opportunities

- TCC worked with ITRI to not only further reduce the carbon emission through calcium looping system, but also use the captured CO₂ to develop chlorella, especially high value added ones, i.e. **haematococcus pluvialis** (雨生紅球藻)
- Haematococcus pluvialis is a freshwater species, which is well known for its high content of the strong antioxidant **astaxanthin** (蝦紅素), which is important in aquaculture, and cosmetics. In April 2009, the United States FDA approved astaxanthin as an additive for fish feed as a component of a stabilized color additive mixture.
- The primary use of astaxanthin for humans is as a food supplement. Research shows that, due to astaxanthin's potent antioxidant activity, it may be beneficial in cardiovascular, immune, inflammatory and neurodegenerative diseases. In addition to the compound's powerful anti-inflammatory and anti-oxidative capabilities, evidence indicates that astaxanthin has the potential to modulate aging.
- **TCC is working with ITRI for potential business opportunities to commercialize this research, while total investment is small (i.e. NTD100-200mn), the potential benefit could be significant.**

Green business opportunities



公頃級兩生紅球藻
養殖示範系統
(50 m x 200 m)



室內兩生紅球藻生
產養殖系統
(1~3樓)

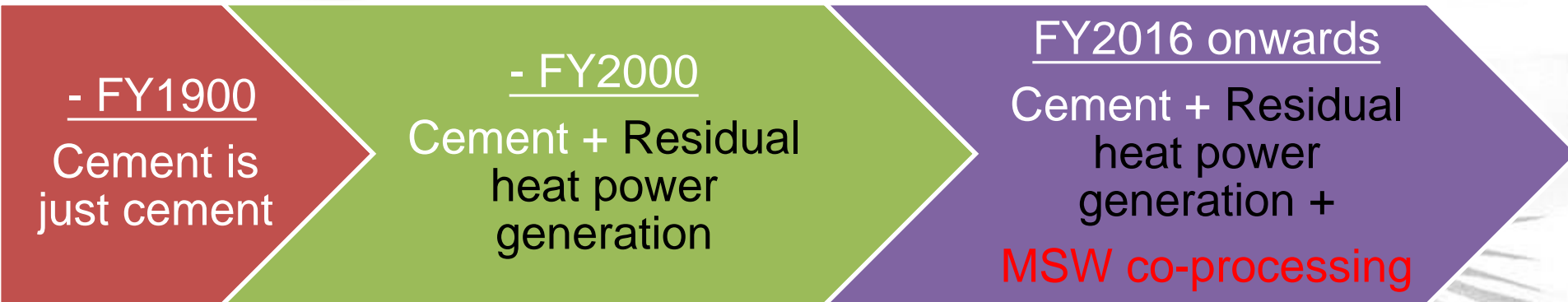
CCS 示範廠
(40 m x 70 m)



微藻養殖示範場
(20 m x 30 m)



More value added services - MSW co-processing



- Taiwan Cement's Anshun plant is ramping up our first waste management project in China by 2015 year-end, to work with local government to help handle the household refuse.
- Not only this project itself is a positive IRR project, but also we believe this would lead to the next step for all the cement plants – incinerators.
- Our experience in Taiwan - Suao plant has 10% of its earnings contributed from handling the industrial wastes. We see this would also be the trend in China in the next decade.

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4Q/2015 Results Highlights

(In NT millions except otherwise noted)

	4Q/15	3Q/15	4Q/14	QoQ/%	YoY/%
Net Sales_Cement (Taiwan + China)	17,706	15,579	19,699	13.7	(10.1)
EBITDA Cement (Taiwan + China)	2,693	1,743	4,087	54.5	(34.1)
Gross Margin (%) (Taiwan + China)	14.0%	8.6%	21.2%	5.3	(7.2)
Profit⁽¹⁾	1,775	949	2,584	87.0	(31.3)
EPS (NT\$)	0.48	0.26	0.70	0.22	(0.22)
ROE (%)	6.3%	3.3%	8.9%	3.0	(2.6)
ROA (%)	3.0%	1.3%	5.6%	1.7	(2.6)
Total Assets	293,066	296,749	292,744	(1.2)	0.1
Total Liabilities	137,582	139,109	130,726	(1.1)	5.2
Total Shareholders' Equity	108,043	109,456	117,959	(1.3)	(8.4)
Free Cash Flow⁽²⁾	3,580	1,981	1,432	80.7	150.0

(1) Attributable to shareholders of the parent company

(2) Free Cash Flow = Operating Cash Flow - CAPEX - L/T Investment

Year 2015 Results Highlights

(In NT millions except otherwise noted)

	2015	2014	YoY/%
Net Sales_Cement (Taiwan + China)	63,805	73,980	(13.8)
EBITDA Cement (Taiwan + China)	8,715	17,367	(49.8)
Gross Margin (%) (Taiwan + China)	11.7%	22.2%	(10.5)
Profit⁽¹⁾	5,776	10,829	(46.7)
Basic EPS (NT\$)	1.56	2.93	(46.7)
ROE (%)	5.1%	9.4%	(4.3)
ROA (%)	2.4%	5.8%	(3.4)
Total Assets	293,066	292,744	0.1
Total Liabilities	137,582	130,726	5.2
Total Shareholders' Equity	108,043	117,959	(8.4)
Free Cash Flow⁽²⁾	12,048	14,149	(14.8)

(1) Attributable to shareholders of the parent company

(2) Free Cash Flow = Operating Cash Flow - CAPEX - L/T Investment

4Q/2015 Statement of Comprehensive Income

<i>(In NT millions except otherwise noted)</i>	<u>4Q/15</u>	<u>3Q/15</u>	<u>4Q/14</u>	<u>QoQ/%</u>	<u>YoY/%</u>
Net Sales	24,561	22,684	29,641	8.3	(17.1)
COGS	20,117	19,378	23,448	3.8	(14.2)
Gross Profit	4,444	3,306	6,193	34.4	(28.2)
Gross Margin	18.1%	14.6%	20.9%	3.5	(2.8)
Operating Expense	1,378	1,310	1,502	5.2	(8.3)
Operating Income	3,066	1,996	4,691	53.6	(34.6)
Operating Margin	12.5%	8.8%	15.8%	3.7	(3.3)
Non-operating Income	(284)	(825)	574	65.6	(149.5)
Profit before Tax	2,782	1,171	5,265	137.6	(47.2)
Income Tax Expense	(548)	(182)	(1,236)	201.1	55.7
Profit	2,234	989	4,029	125.9	(44.6)
Net Margin	9.1%	4.4%	13.6%	4.70	(4.50)

4Q/2015 Statement of Comprehensive Income

(In NT millions except otherwise noted)

	<u>4Q/15</u>	<u>2Q/15</u>	<u>4Q/14</u>	<u>QoQ/%</u>	<u>YoY/%</u>
Profit	2,234	989	4,029	125.9	(44.6)
Other comprehensive income(loss)	(4,315)	(290)	4,609	1,387.9	(193.6)
Total comprehensive income(loss)	(2,081)	699	8,638	(397.7)	(124.1)
Profit attributable to					
Owners of the Parent	1,775	949	2,584	87.0	(31.3)
Non-Controlling Interests	458	40	1,445	1,045.0	(68.3)
Total	2,233	989	4,029	125.8	(44.6)
Total Comprehensive Income attributable to					
Owners of the Parent	(1,412)	(255)	6,459	453.7	(121.9)
Non-Controlling Interests	(669)	954	2,179	(170.1)	(130.7)
Total	(2,081)	699	8,638	(397.7)	(124.1)
Basic EPS (NT\$)	0.48	0.26	0.70	87.1	(31.3)

Year 2015 Statement of Comprehensive Income

(In NT millions except otherwise noted)

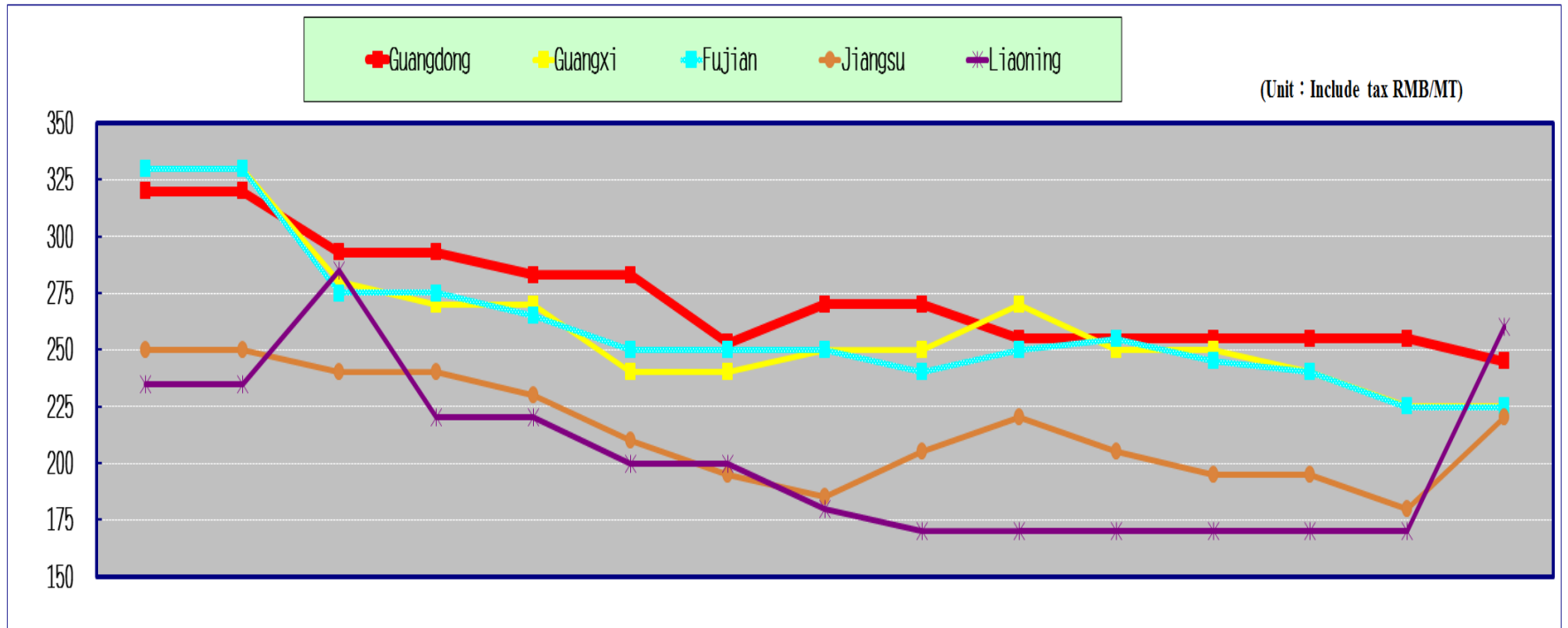
	2015	2014	YoY/%
Net Sales	93,679	118,326	(20.8)
COGS	79,151	93,453	(15.3)
Gross Profit	14,528	24,873	(41.6)
Gross Margin	15.5%	21.0%	(5.5)
Operating Expense	4,854	5,015	(3.2)
Operating Income	9,674	19,858	(51.3)
Operating Margin	10.3%	16.8%	(6.5)
Non-operating Income/(Expense)	(1,008)	1,341	(175.2)
Profit before Tax	8,666	21,199	(59.1)
Income Tax Expense	(1,740)	(4,615)	62.3
Profit	6,926	16,584	(58.2)
Net Margin	7.4%	14.0%	(6.6)

Year 2015 Statement of Comprehensive Income

(In NT millions except otherwise noted)

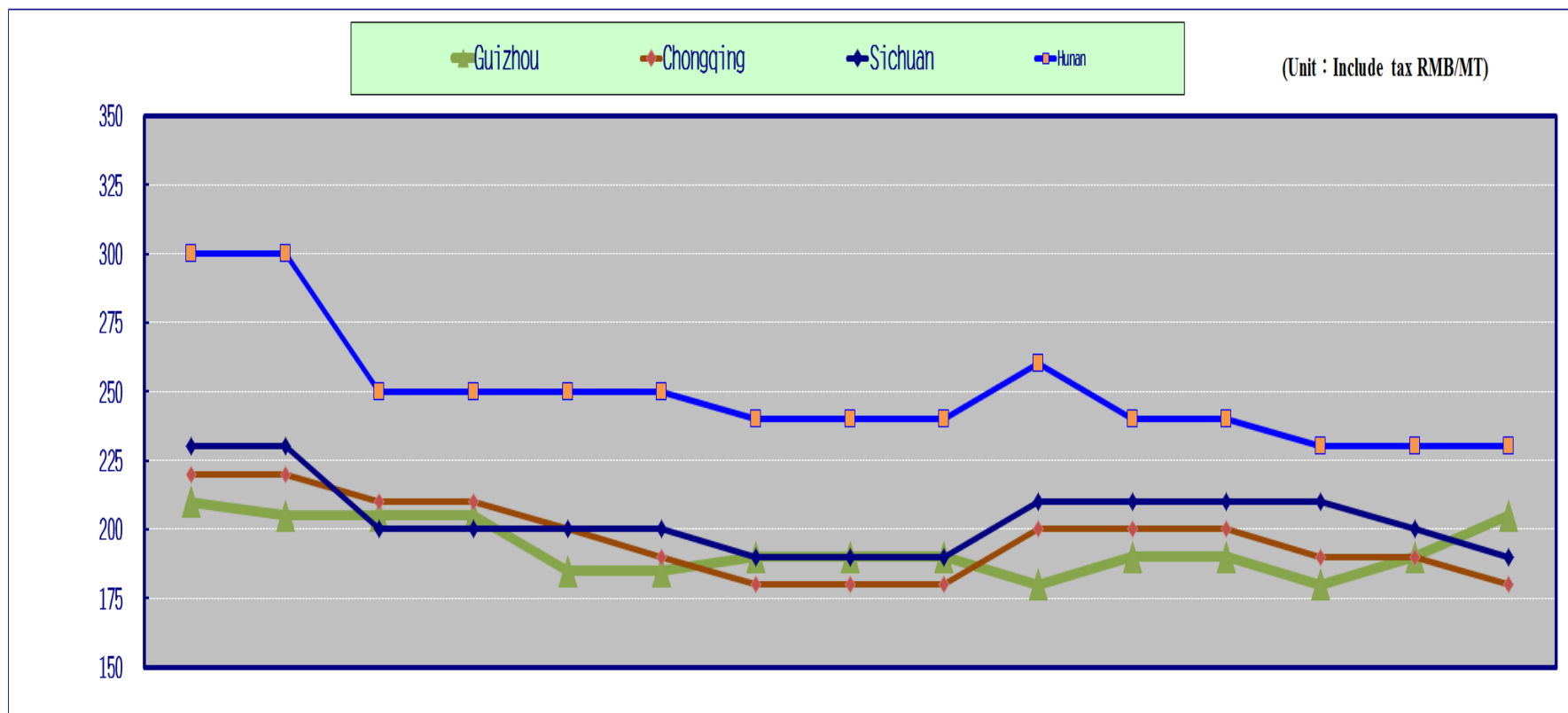
	2015	2014	YoY/%
Profit	6,926	16,584	(58.2)
Other comprehensive income(loss)	(7,517)	3,226	(333.0)
Total comprehensive income(loss)	(591)	19,810	(103.0)
Profit attributable to			
Owners of the Parent	5,776	10,829	(46.7)
Non-Controlling Interests	1,150	5,755	(80.0)
Total	6,926	16,584	(58.2)
Total Comprehensive Income attributable to			
Owners of the Parent	(806)	13,341	(106.0)
Non-Controlling Interests	215	6,469	(96.7)
Total	(591)	19,810	(103.0)
Basic EPS (NT\$)	1.56	2.93	(46.7)

China PO.42.5 Cement Price by District



District \ Period	2015												2016		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Guangdong	320	320	293	293	283	283	253	270	270	255	255	255	255	255	245
Guangxi	330	330	280	270	270	240	240	250	250	270	250	250	240	225	225
Fujian	330	330	275	275	265	250	250	250	240	250	255	245	240	225	225
Jiangsu	250	250	240	240	230	210	195	185	205	220	205	195	195	180	220
Liaoning	235	235	285	220	220	200	200	180	170	170	170	170	170	170	260

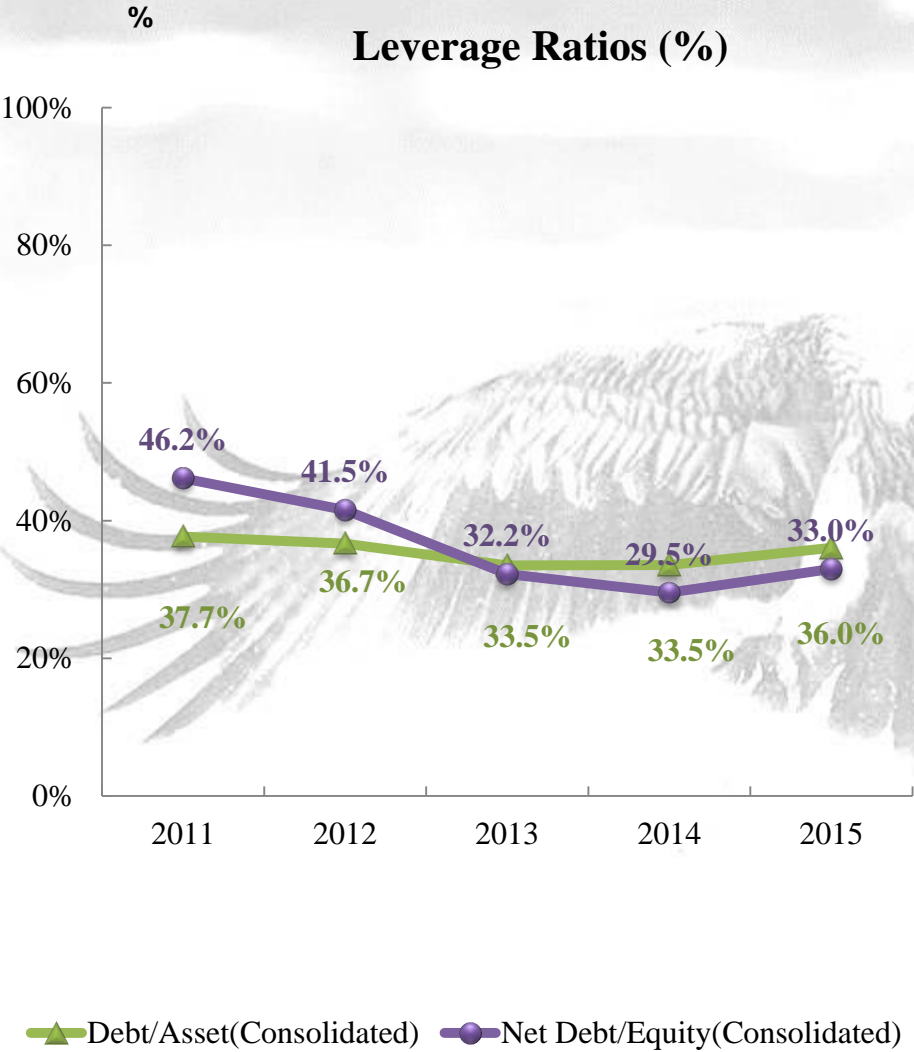
China PO.42.5 Cement Price by District



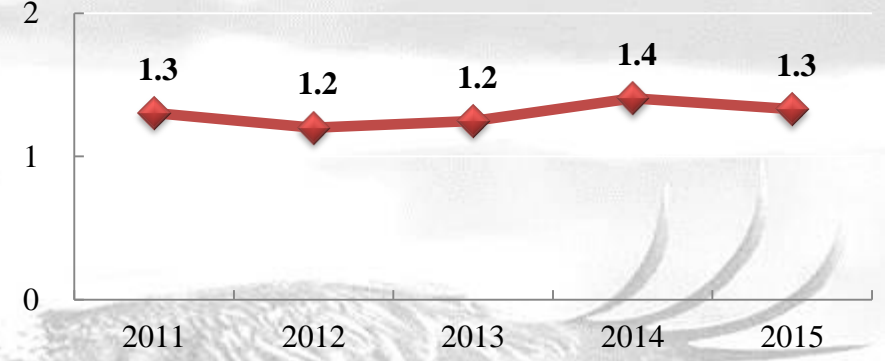
District \ Period	2015												2016		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Guizhou	210	205	205	205	185	185	190	190	190	180	190	190	180	190	205
Chongqing	220	220	210	210	200	190	180	180	180	200	200	200	190	190	180
Sichuan	230	230	200	200	200	200	190	190	190	210	210	210	210	200	190
Hunan	300	300	250	250	250	250	240	240	240	260	240	240	230	230	230

Solid Financial Structure

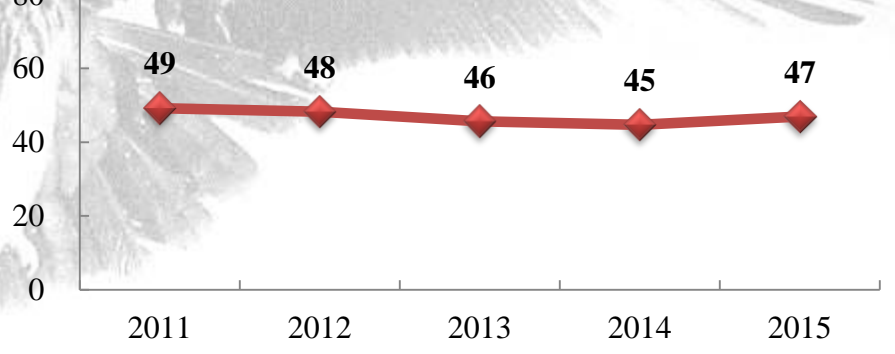
Leverage Ratios (%)



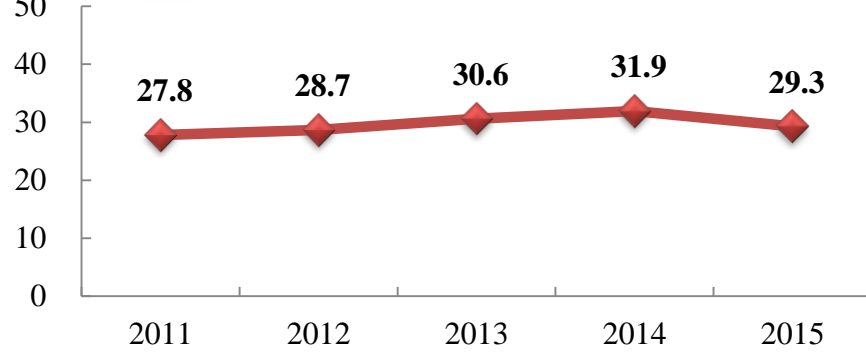
Current Ratio



Debt Ratio (%)



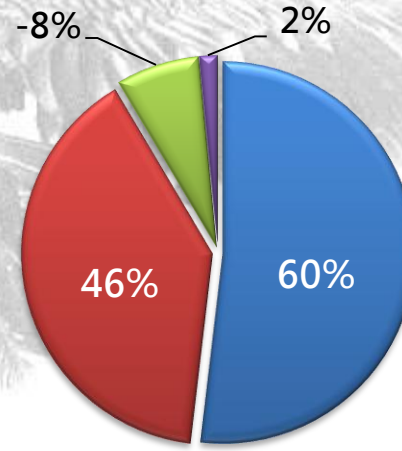
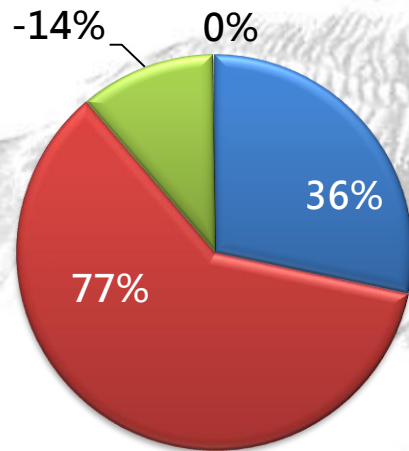
Book Value per share



Profit by Segment

4Q 2015

4Q 2014

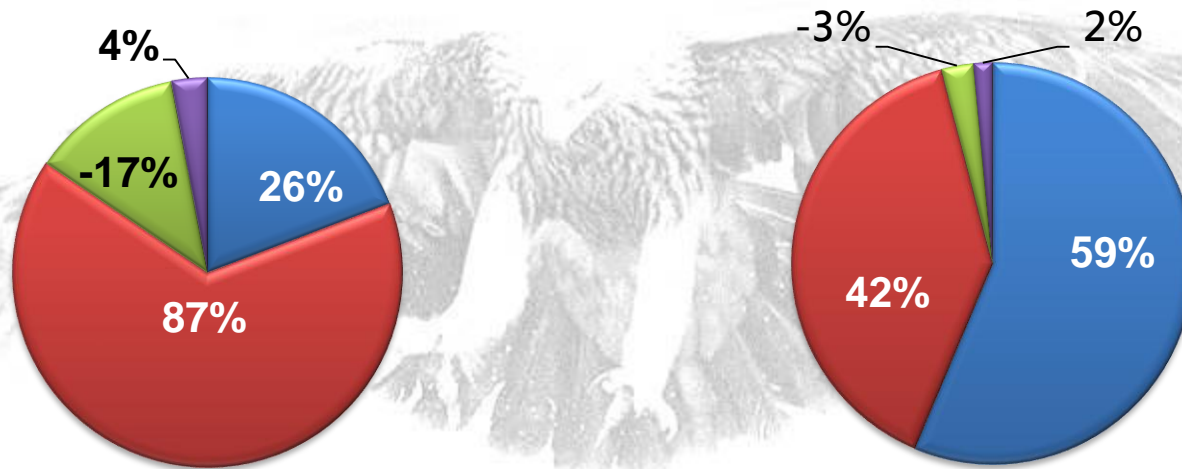


■ cement ■ power ■ chemical ■ others

Profit by Segment

2015

2014



■ cement ■ power ■ chemical ■ others

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- **Production Capacity in China**

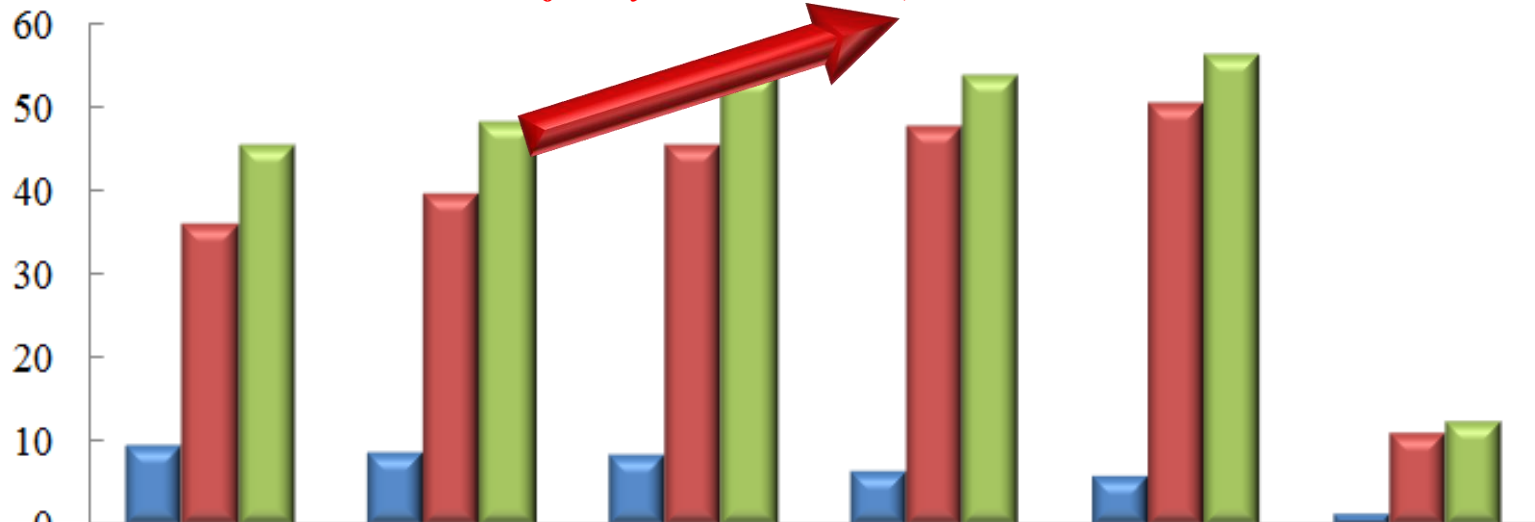
Sales Volume in Recent 5 Years

Cement, Clinker, and Slag Shipments

PRC CAGR 8.8 %

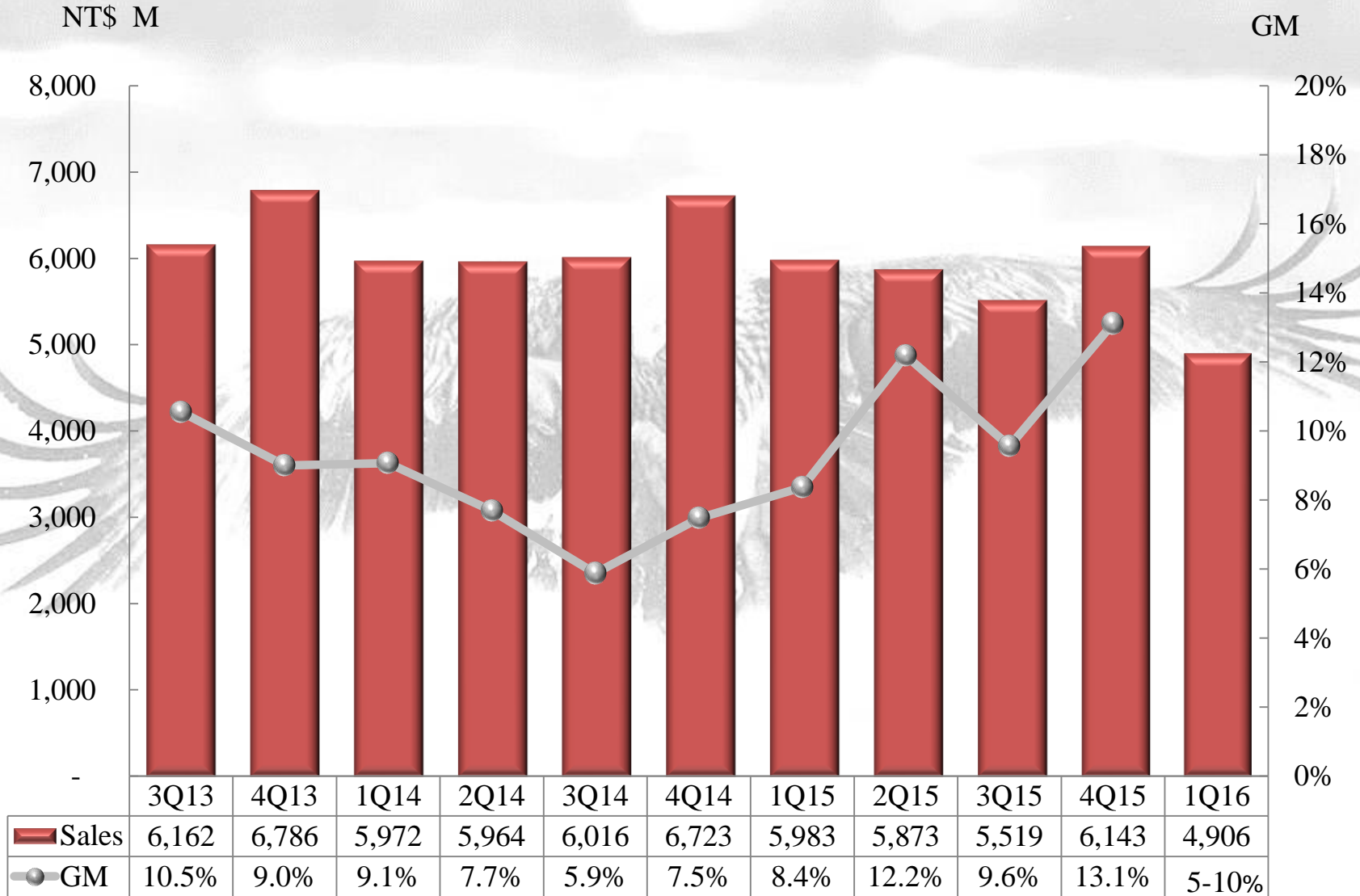
(from year 2011 to 2015)

MN tons



	2011	2012	2013	2014	2015	1Q/16
■ Taiwan	9.6	8.6	8.5	6.3	5.9	1.3
■ PRC	36.0	39.7	45.5	47.7	50.4	11.2
■ Total	45.6	48.3	54.0	54.0	56.3	12.6

Sales / GM – Taiwan Cement Division

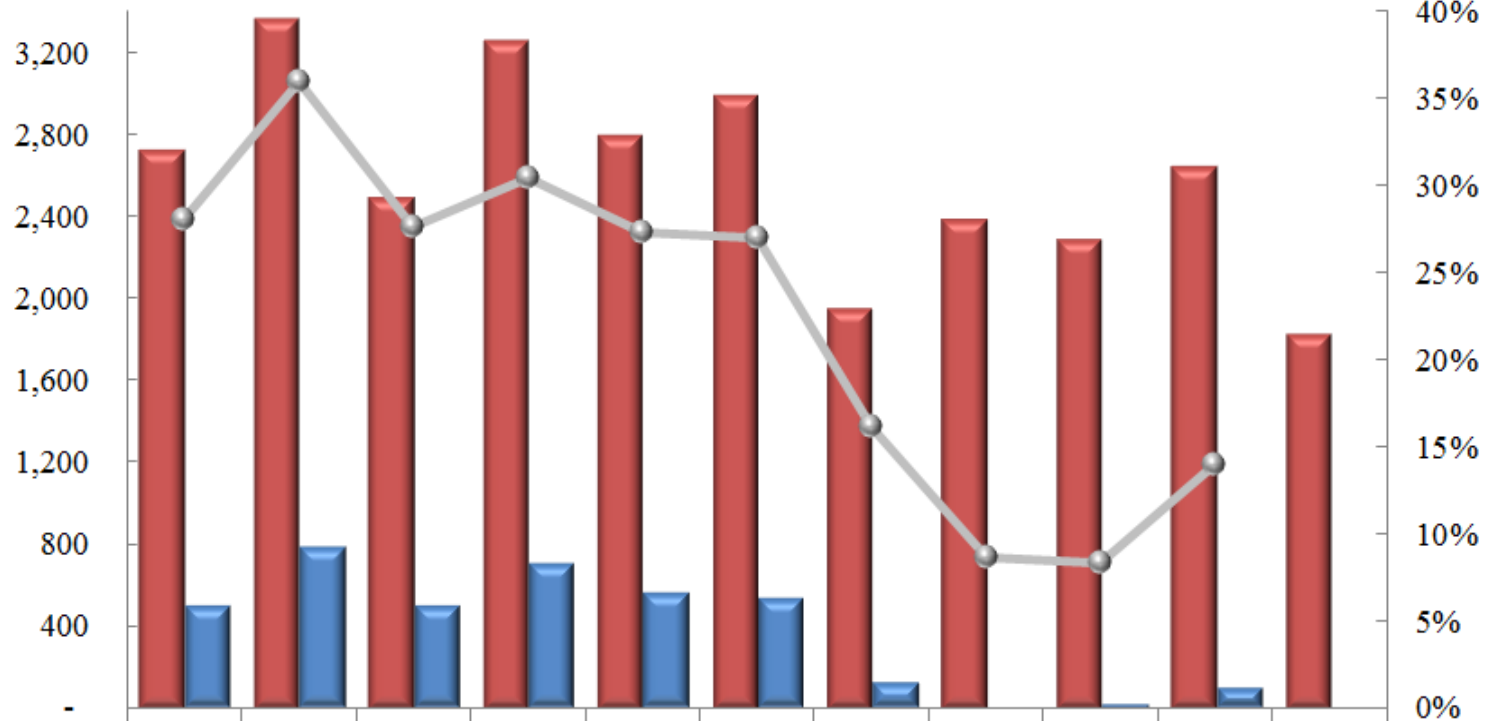


Sales / GM – China Cement Division

RMB\$ M

■ Sales ■ Operation Income ● GM (%)

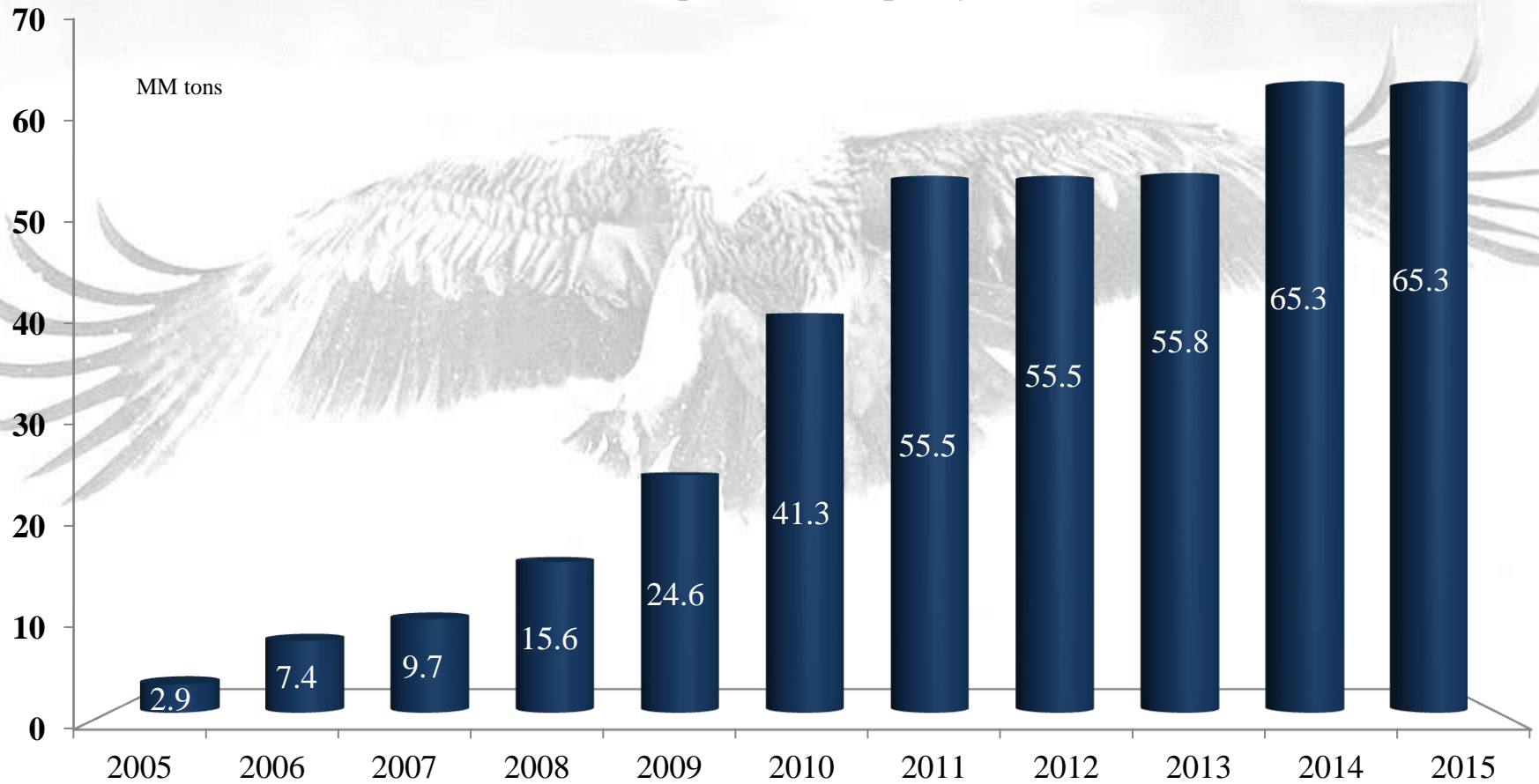
GM (%)



	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16
■ Sales	2,728	3,368	2,494	3,257	2,800	2,995	1,951	2,393	2,289	2,643	1,834
■ Operation Income	496	780	504	703	565	533	131	(22)	22	101	NA
GP/T	63.2	93.4	69.7	75.6	62.9	61.2	34.3	15.9	14.0	23.6	5-10
● GM (%)	28.0%	36.0%	27.6%	30.4%	27.3%	27.0%	16.2%	8.6%	8.3%	13.9%	5-10%

China Capacity Rapidly Expanded

■ production capacity

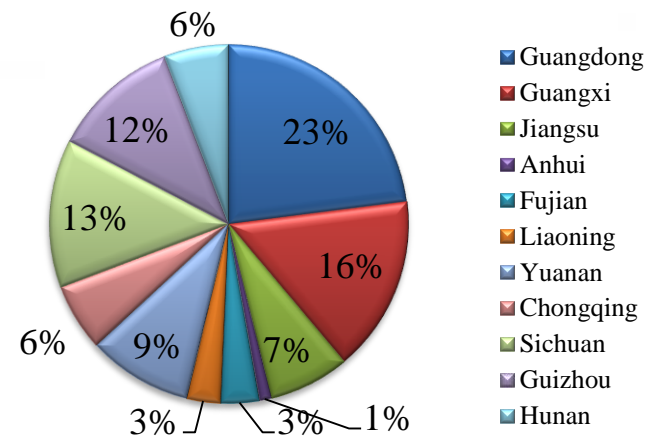


Capacity Allocation by Regions

MM tons

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Guangdong	0.0	4.5	4.5	9.0	9.0	15.3	15.0	15.0	15.0	15.0	15.0
Guangxi	0.7	0.7	0.7	1.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4
Jiangsu	0.0	0.0	2.3	2.3	2.3	4.5	4.5	4.5	4.8	4.8	4.8
Anhui	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Fujian	1.5	1.5	1.5	2.2	2.2	2.2	2.2	2.2	2.2	2.3	2.3
Liaoning	0.0	0.0	0.0	0.0	0.0	2.0	2.0	2.0	2.0	2.0	2.0
Yunnan	0.0	0.0	0.0	0.0	0.0	4.2	4.2	4.2	4.2	6.2	6.2
Chongqing	0.0	0.0	0.0	0.0	0.0	2.0	4.0	4.0	4.0	4.0	4.0
Sichuan	0.0	0.0	0.0	0.0	0.0	0.0	6.3	6.3	6.3	8.7	8.7
Guizhou	0.0	0.0	0.0	0.0	0.0	0.0	6.2	6.2	6.2	7.5	7.5
Hunan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.8	3.8
total	2.9	7.4	9.7	15.6	24.6	41.3	55.5	55.5	55.8	65.3	65.3

2015 capacity allocation



2015 Capacity Allocation

Now: 65.3 million tons

Unit: tons

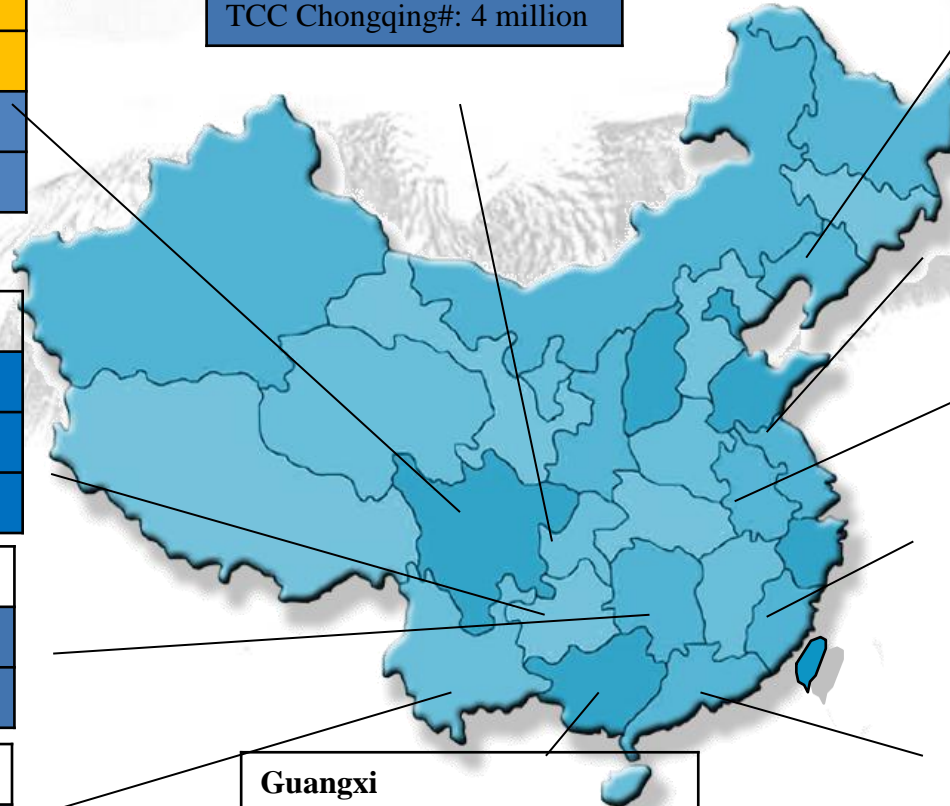
Sichuan
Guangan #: 2.0 million
Naxi Scitus #: 2.0 million
HoJiang Scitus #: 0.3 million
Luzhou Scitus #: 2.0 million
Hua Ying #: 2.4 million

Guizhou
TCC Anshun #: 4 million
Kong On *: 1.2 million
Kaili #: 2.33 million

Hunan
TCC Huaihua #: 2.45 million
TCC Jingzhou #: 1.35 million

Yunnan
Anning *: 2.64 million
Baoshan *: 3.52 million

Chongqing
TCC Chongqing #: 4 million



Liaoning
TCC Liaoyang #: 2 million

Jiangsu
TCC Jurong #: 4.75 million

Anhui
AKB #: 0.7 million

Fujian
TCC Fuzhou #: 2.25 million

Guangdong
TCC Yingde #: 9.0 million
YDM #: 6.0 million

FY2015 Ranking 7th in China



Capacity targeted to reach 100 million tons

target capacity: 100 million tons

China's
Top tier
players

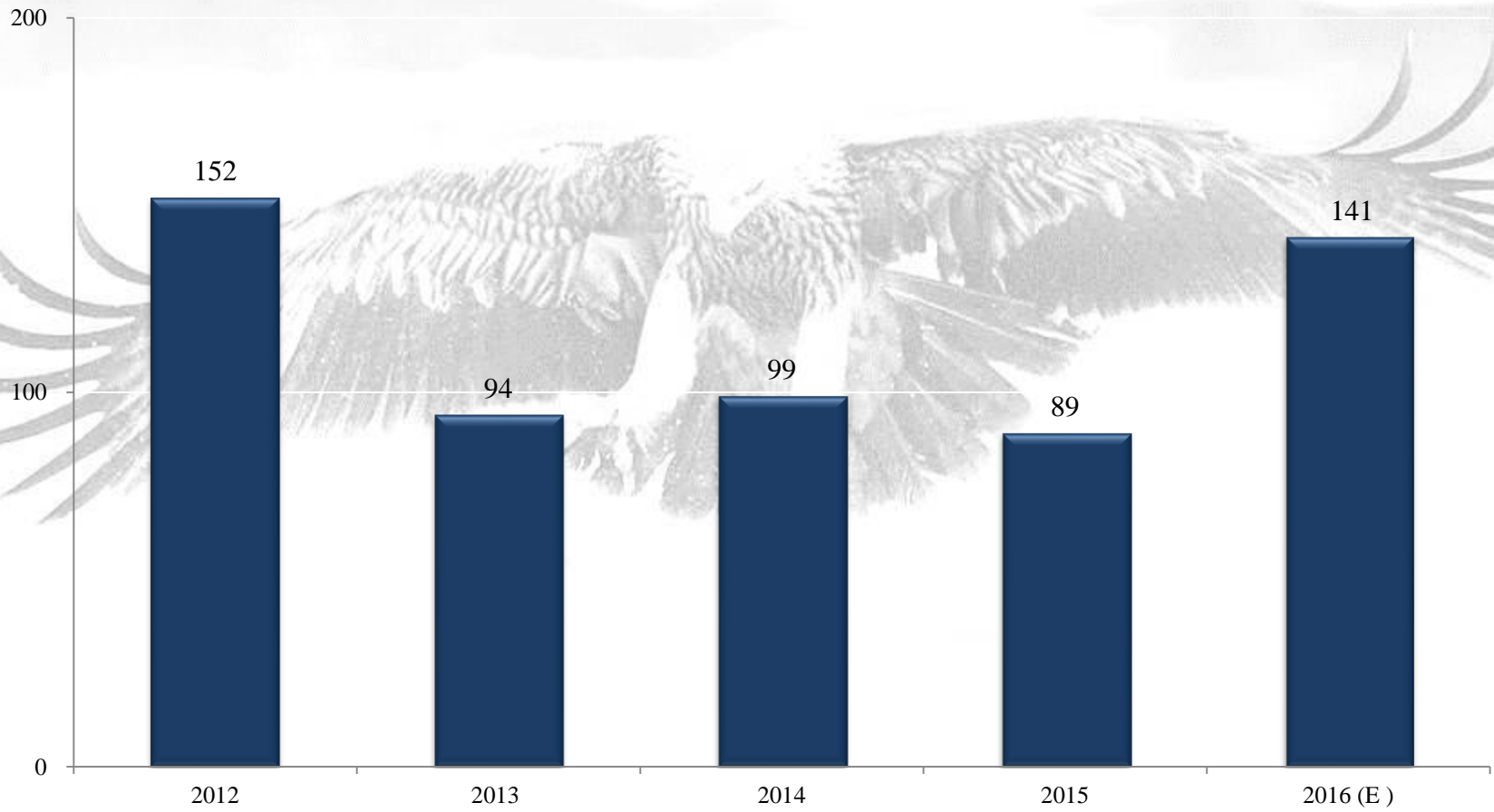
Green field project
Merge & Acquisition

65.3 mm tons

Existing capacity in operation

Capital Expenditures

US \$ M



Accountability, Teamwork and Execution





Thank You

ir@taiwancement.com