

ฟอทซีซี

THE FUTURE IS WORTH IT

2018 Q3

TCC Group

Investors' Conference

*To see a world in a grain of sand  
Heaven in a wildflower  
Hold Infinity in the palm of your hand  
And Eternity in an hour*

*-William Blake*

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- 01 ● Macroeconomics Impact to the Industry
- 02 ● Financial Results
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- 06 ● CSR of TCC



# 00

01

Macroeconomics Impact  
to the Industry

# US / China Trade War

## 1. Tariffs Increased

China ← US

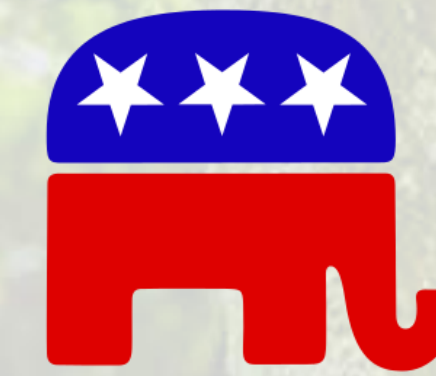
- 6/15 US\$ 34 billion, 25% (7/6)
- 8/7 US\$ 16 billion, 25% (8/23)
- 9/17 US\$ 200 billion, 10% (9/24)  
→ 25% (2019/1/1)



China → US

- 6/16 US\$ 34 billion, 25% (7/6)
- 8/7 US\$ 16 billion, 25% (8/23)
- 9/18 US\$ 60 billion, 5-10% (9/24)

## 2. US Midterm Election



Senate	51	47
House	198	232
Governor	25	23

Source: The New York Times, Nov 18, 2018

## 3. Next Step



Both parties support a tougher stance on Chinese trade.

**Walmart** ↑



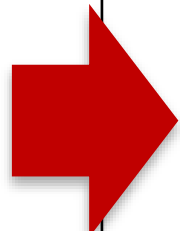
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**Trade Talk**

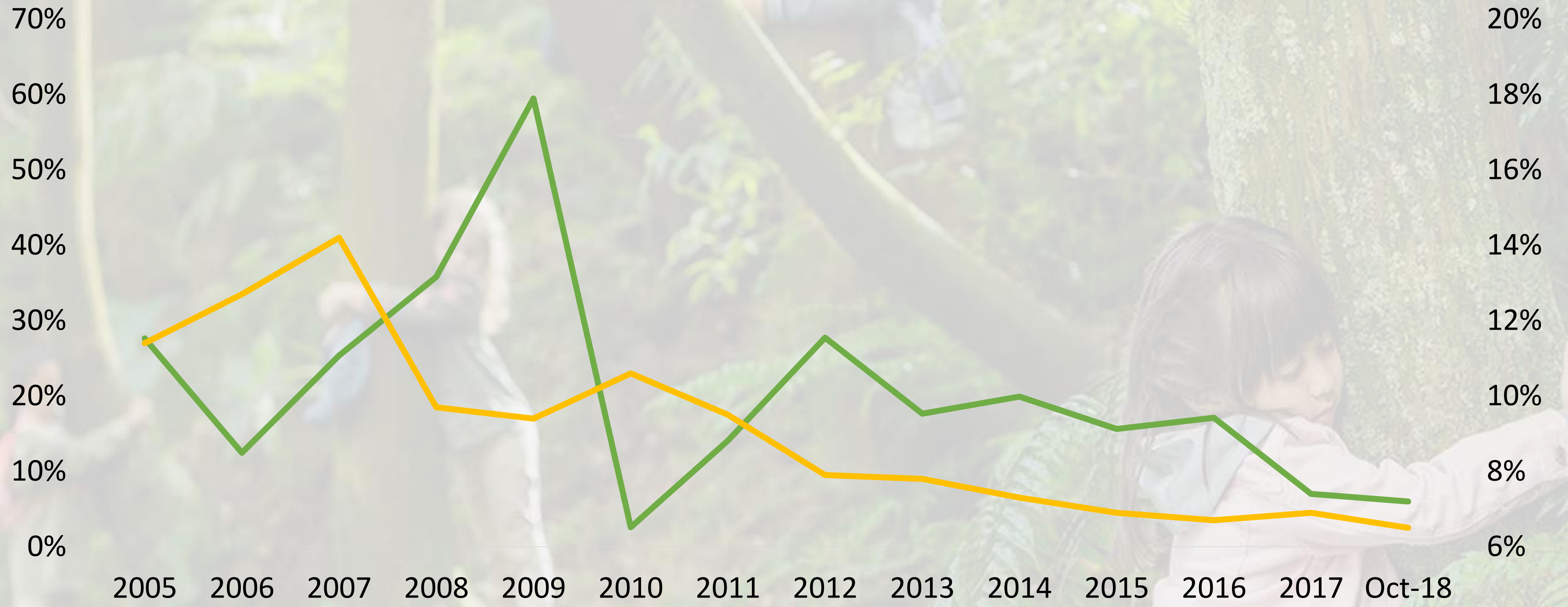
**Government Interest (21 Trillion Debt) ↑**  
**Mortgage Cost ↑**  
**SME Borrowing Difficulty ↑**

# China May Take Similar Actions As 2008 Crisis

	2008	2009
Private Consumption	36.1%	36.2%
Total Investment	43.2%	 46.3%
Government Expenditure	13.2%	13.2%
Export - Import	7.6%	4.3%
Total	100.0%	100.0%

1. Cut Interest Rates → RMB 5 Trillion
2. Economic Stimulus Package → RMB 4 Trillion
  - a) Housing
  - b) Infrastructure
  - c) Transportation
3. RMB Depreciation
4. Improve Export Competitiveness
  - Power Price Down
  - Coal Price Down

# Policies Bring Benefits To Cement Industry

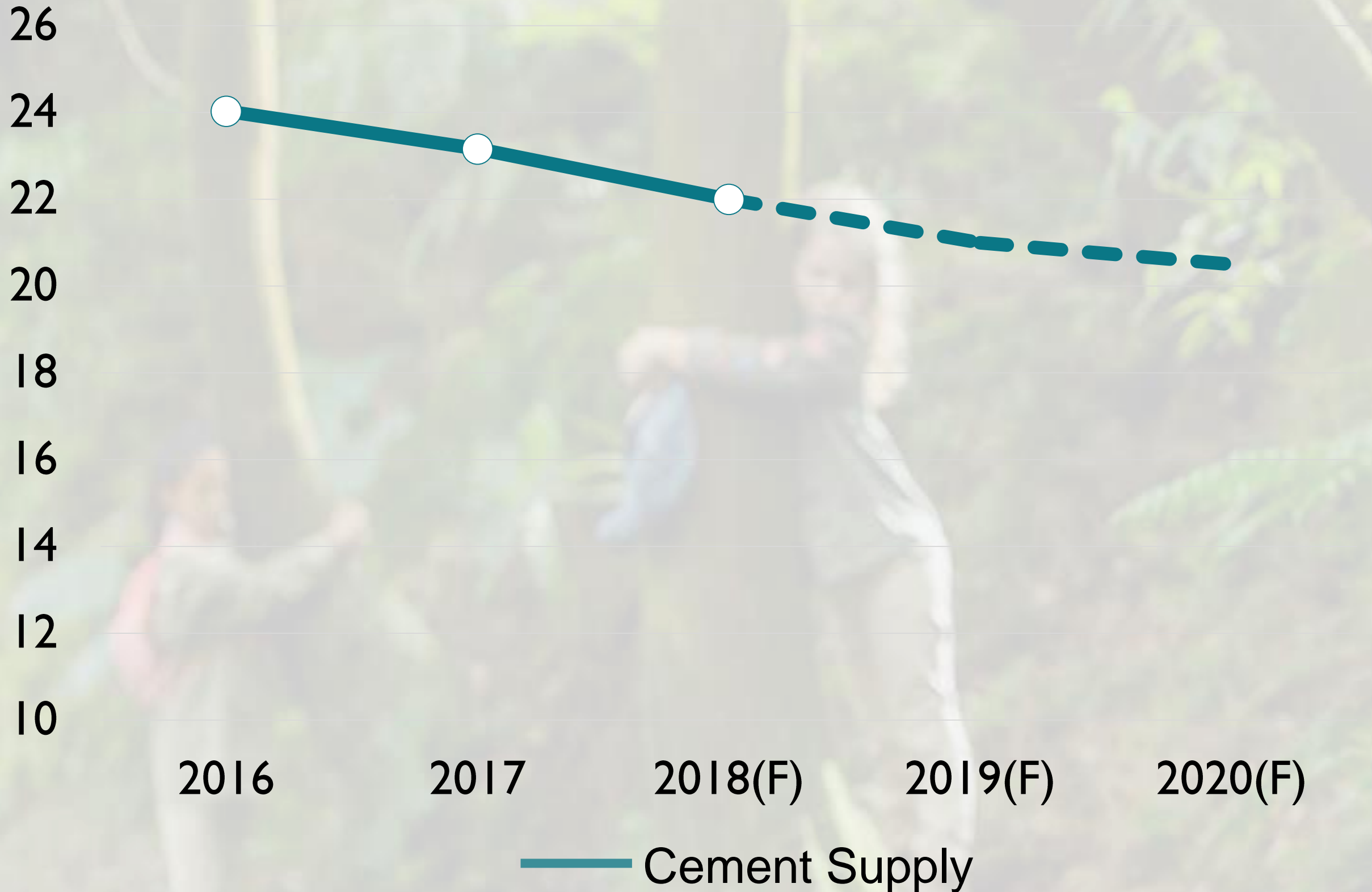


— Total Investment In FA By Government Growth Rate      — GDP Growth Rate



# China Cement Industry Policy

Supply Side Reform Hundred Million Tons



## 中国水泥协会文件

中水协字[2017]118号

### 关于印发《水泥行业去产能行动计划（2018~2020）》的通知

水泥行业去产能行动计划（2018~2020）

为贯彻落实国务院办公厅《关于促进建材工业稳增长调结构增效益的指导意见》（国办发〔2016〕34号）文件精神，实现水泥行业“十三五”期间的去产能、调结构、稳增长、增效益的目标任务，为加快推进水泥行业产能利用率的稳步提升，根据2017年3月中国水泥协会组织的昆明C12+3峰会《共识意见书》之决定，成立水泥行业去产能领导小组，并由去产能领导小组牵头组织起草《水泥行业去产能2020行动计划》，上报政府行业主管部门，并通知各省市自治区水泥（建材）协会，由各省市自治区协会向所在地政府主管部门提出去产能实施方案建议，在地方主管部门领导下，尽快落实和组织实施去产能行动计划。中国水泥协会去产能领导小组将在工信部的支持下，负责牵头组织、协调、检查，推进全行业去产能工作。

# China Cement Industry Policy

## 多家水泥企业需全面停产！江苏常州水泥企业停产细节出台，附企业产能名单

更新日期: 2018年07月30日 来源: 数字水泥网 【字体: 小 大】

摘要: 常州市区两级经信、环保部门企业根据申报, 组织专家展开了现场核况, 工艺水平、排污状况等。根据核查结果, 对相关企业限产比例进行动态

## 停产! 整改! 又一批水泥厂因环保违规被通报!

2018-06-24 14:04 来源: 水泥内参

连日来, 中央第四环境保护督察组在江西省各地积极开展督察工作, 这是对江西省生态文明建设的一次全面体检和把脉会诊。

## 环保大整治, 徐州水泥熟料生产线无论大小企业或将都拆除!!! (附名单)

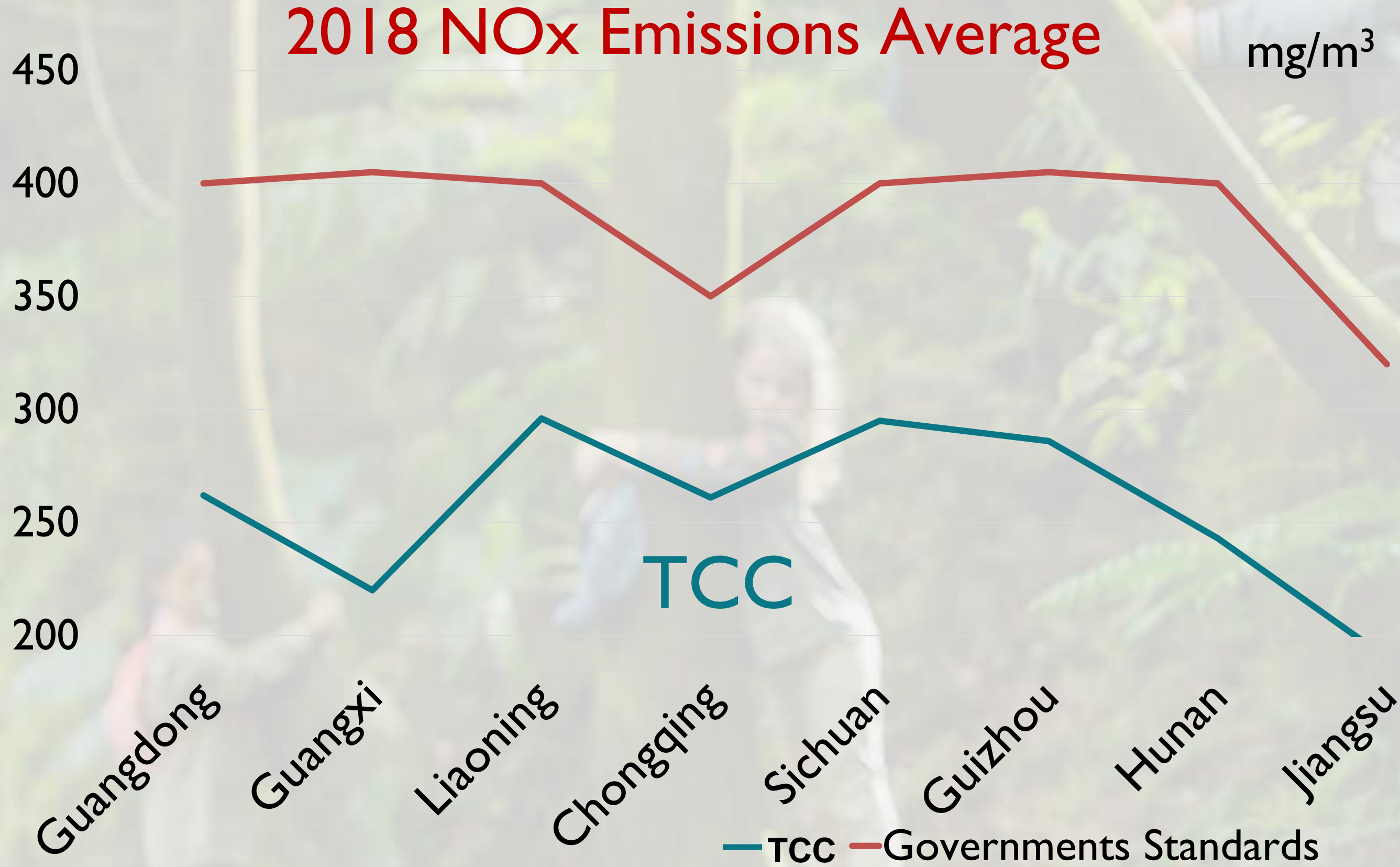
更新日期: 2018年05月25日 来源: 数字水泥网 【字体: 小 大】

摘要: 徐州市2018年重点引导城市北区水泥粉磨和熟料企业转移退出, 实现“一退一减”, 提出(1)大幅退出熟料产能。引导淮海中联水泥有限公司整体退出, 减少矿山开采和煤炭消耗;(2)大幅消减粉磨企业。加快兼并重组和搬迁转移, 减少铜山区、贾汪区、开发区粉磨企业数量。

督察过程中暴露出不少问题, 其中噪音、粉尘污染察中也发现了没有环评手续、违反卫生防护距离等

举报转办和边督边改公开情况中水泥行业部分问题, 做好日常管理, 共同打造好青山绿水的生态环

# China Cement Industry Policy



To comply with environmental standards, we spent RMB 456 million in the past two years

	2017	2018	Total
RMB Million	164	292	456

# Core Business Remains Strong

2016

2017

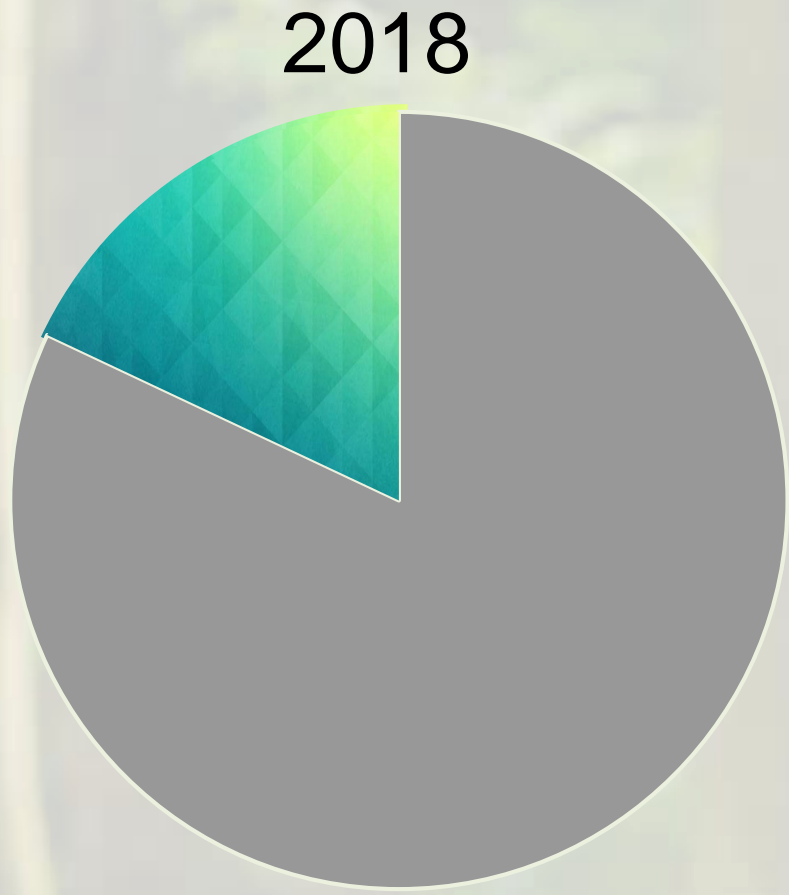
2018

PAT  
NT\$ Hundred Million



- Greater China Cement
- Other Businesses

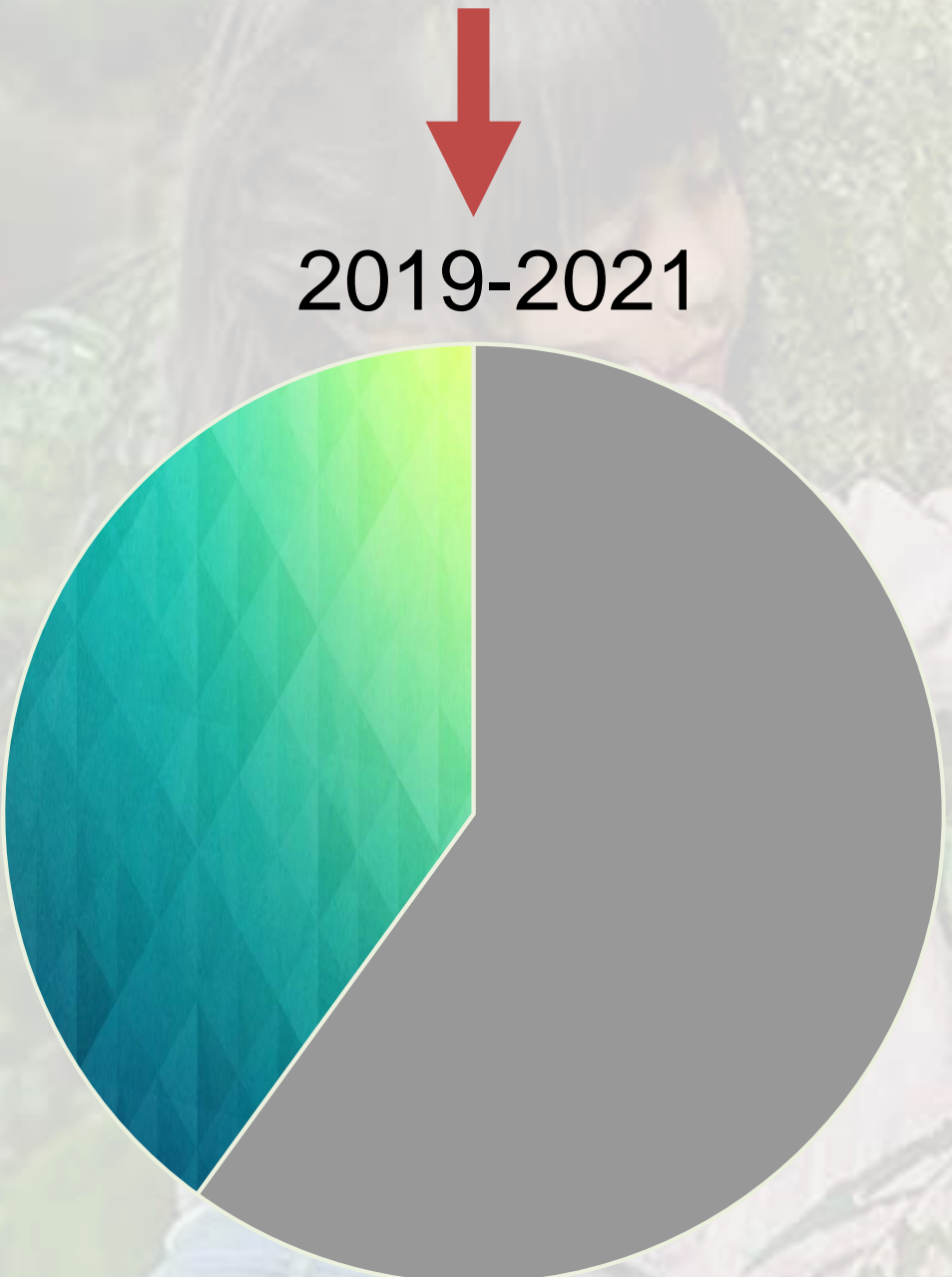
# Globalization & Diversification



Stable  
Greater China Cement



Fast Growth  
1.Ecology: Globalization  
2.Energy  
3.Environmental

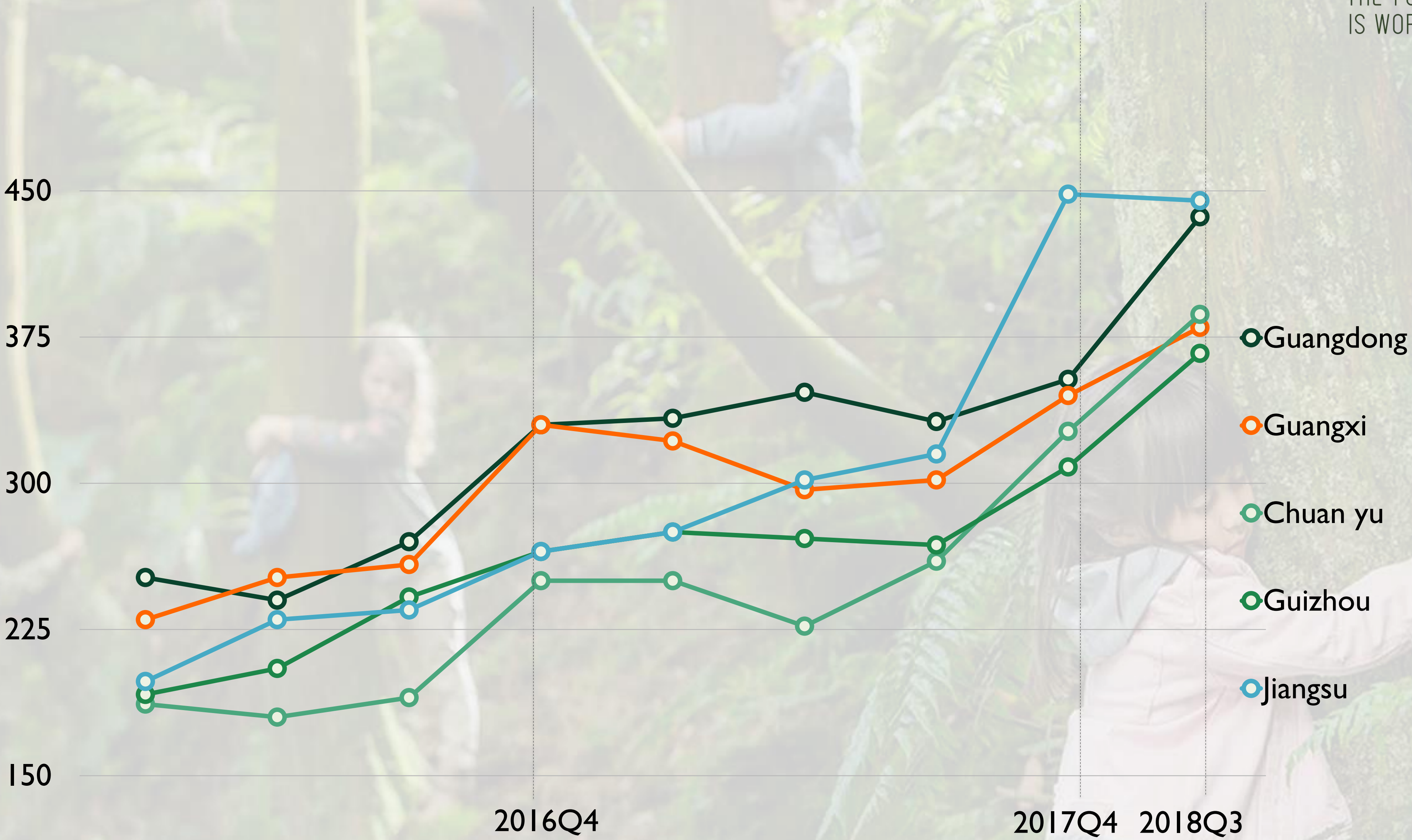




02

# Financial Results

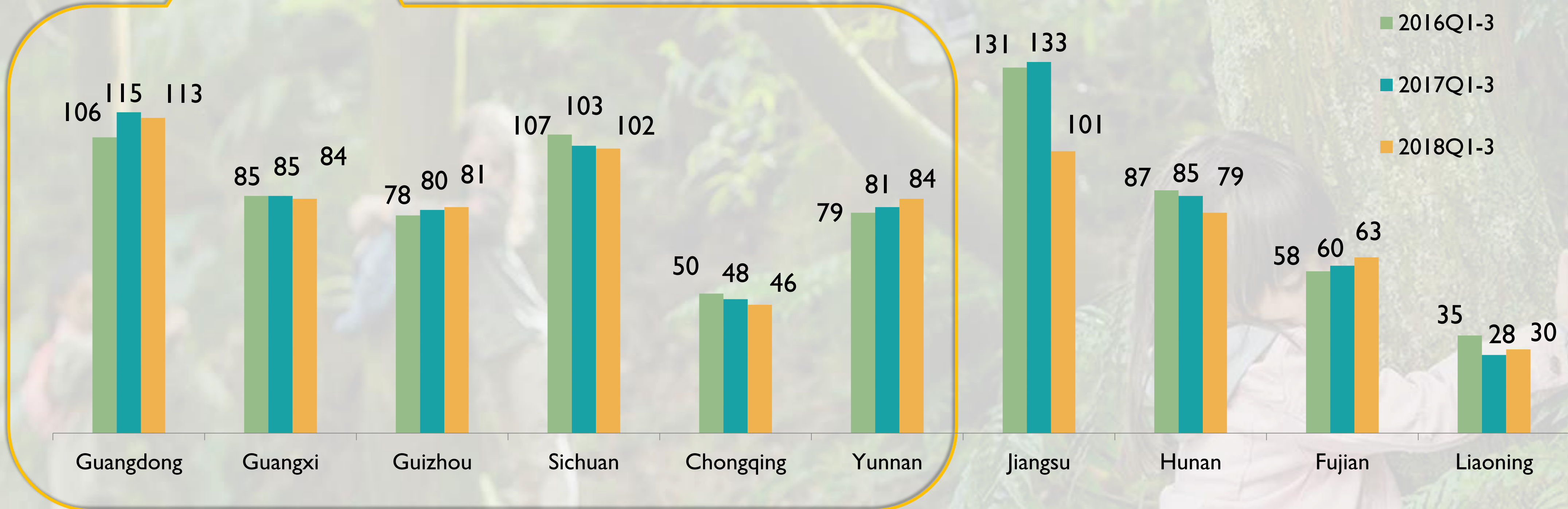
# TCC PO42.5 Price Trends



(Unit: Tax-included RMB/ton)

# Demand in TCC's Major Markets Remains Strong

Unit: Million Tons





# Gross Profit Per Ton Increased in China



	17Q1	17Q2	17Q3	17Q4	18Q1	18Q2	18Q3
Sales Volume	11	14	13	16	11	14	14
Revenue	2,545	3,348	3,068	4,186	3,429	4,656	4,430
GP Per Ton	38.7	46.5	44.7	71.9	101.1	126.2	120.9
Operating Profit	200	502	407	792	882	1,461	1,391
GM%	17.6%	20.8%	20.3%	28.5%	33.7%	38.7%	38.3%

Operating Profit = Revenue – COGS – Operating Expense

# Gross Profit in Taiwan

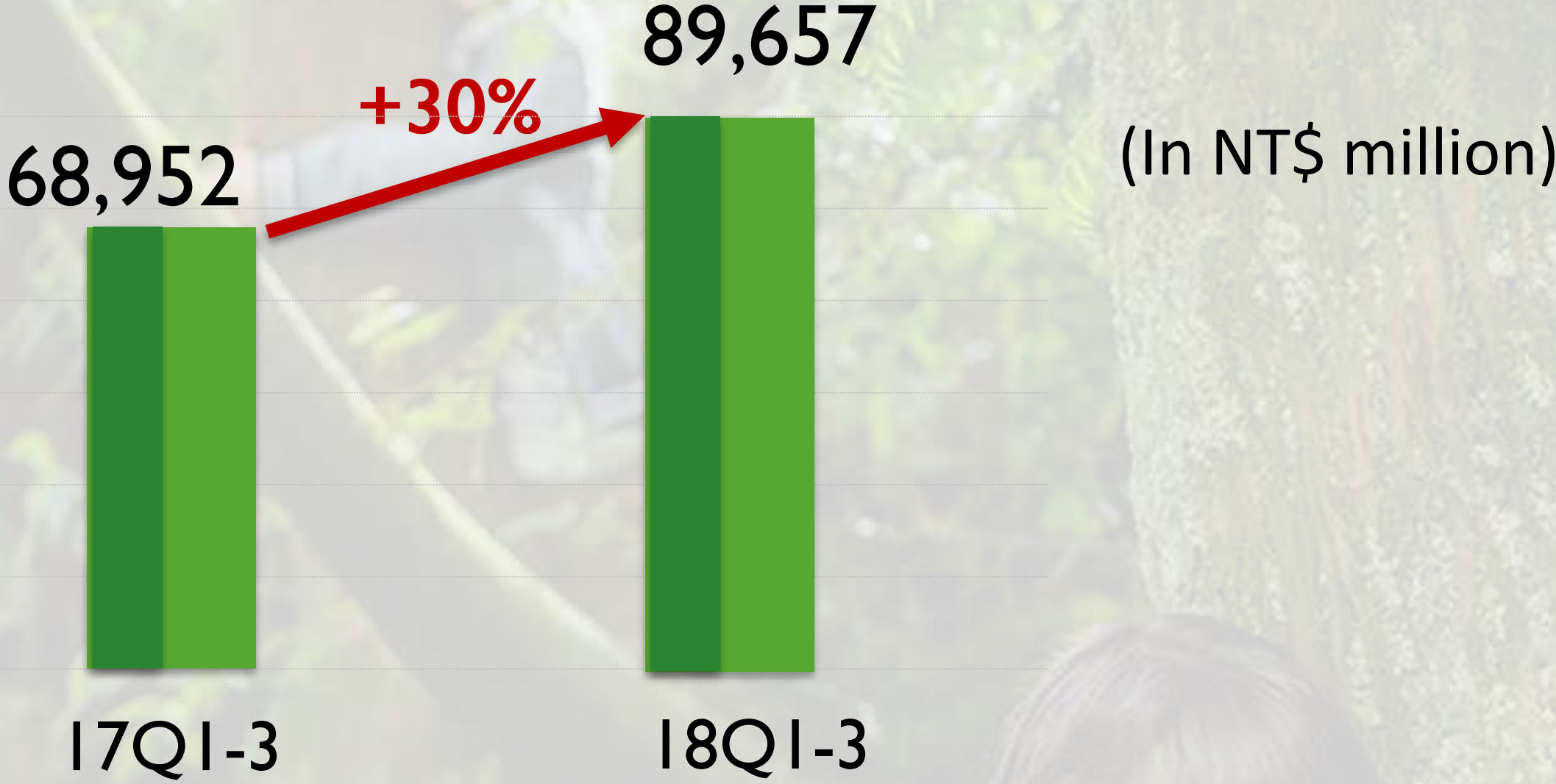


	17Q1	17Q2	17Q3	17Q4	18Q1	18Q2	18Q3
Revenue	4,920	4,748	4,658	4,867	4,297	4,530	4,353
GM%	9.6%	12.8%	12.8%	7.4%	9.9%	10.6%	7.8%

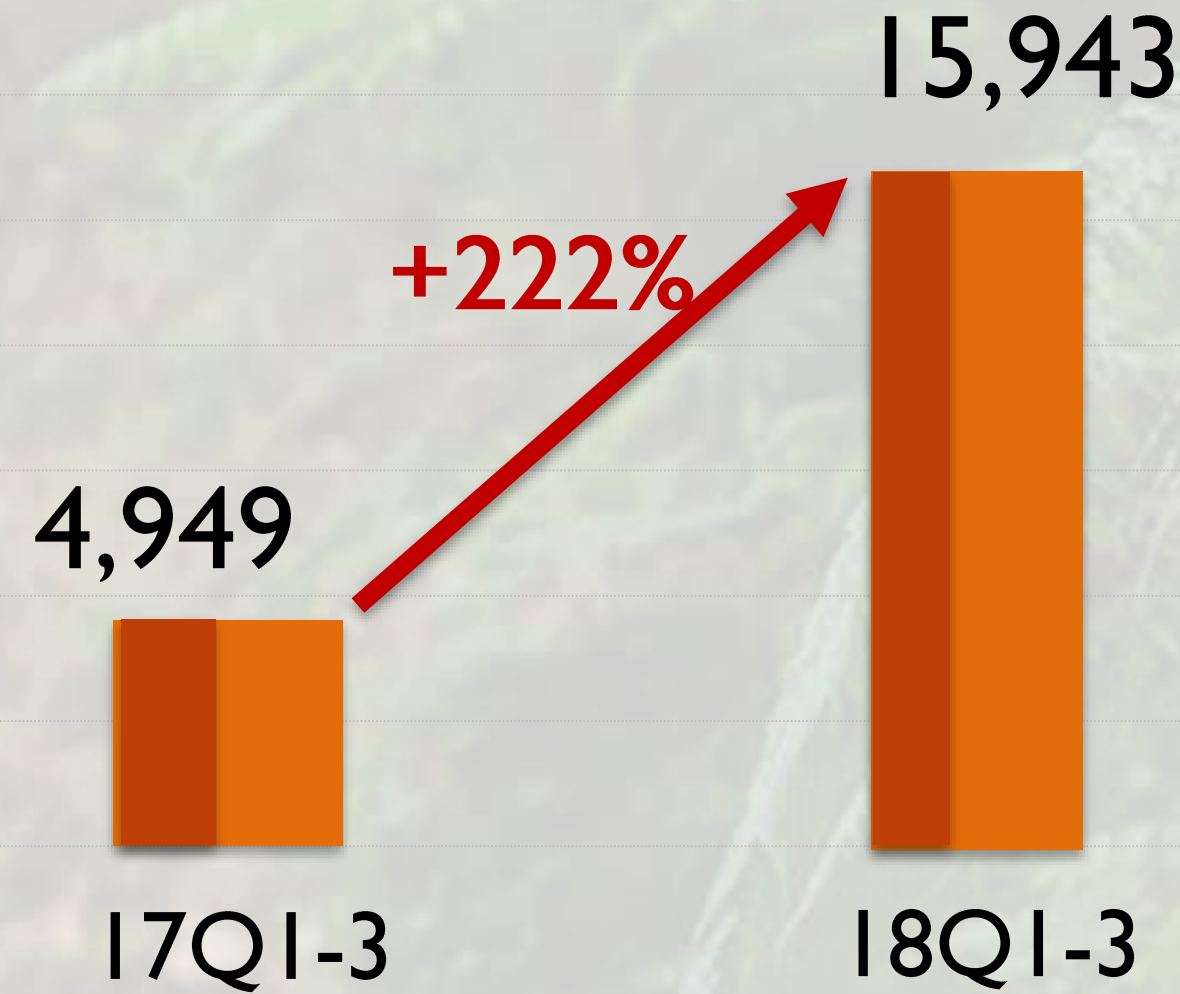
GM% = Gross Profit / Revenue  
 Notes: The sales and profit of concrete were included respectively

# Continuous Growth of Revenue and Net Income


## Consolidated Revenue



## Net Income Attributed to Shareholders of the Parent



# Funding Plan

<u>Date</u>	<u>Type</u>			
2018/2/2	Syndication			
2018/5/10, 6/12	Corporate Bond		1.Pay Back Expensive Loans	Int. Saving NT1.07 billion
2018/5/10, 6/28 7/31, 10/19	GDR+ECB		2.Avoid Currency Risks	Avoid NT1.5 billion Currency Risk
2018/5/10, 6/28 10/19	Preferred Stock		3.Improve Financial Ratios	Continued On Next Page



# Improve Financial Structure

	2016	2017	2018Q3
Net Interest-Bearing Loan (NTD Hundred Million)	552	470	481
Debt/Equity	1.12	0.88	0.72
Net Debt/EBITDA	2.82	2.18	1.24
EPS	1.72	2.03	3.35

# Cash + Marketable Securities Increased ( 2018 Q3 )

Unit: NT Hundred Million

01

Cash

(+167)

430

02

Marketable Securities

(+124)

417

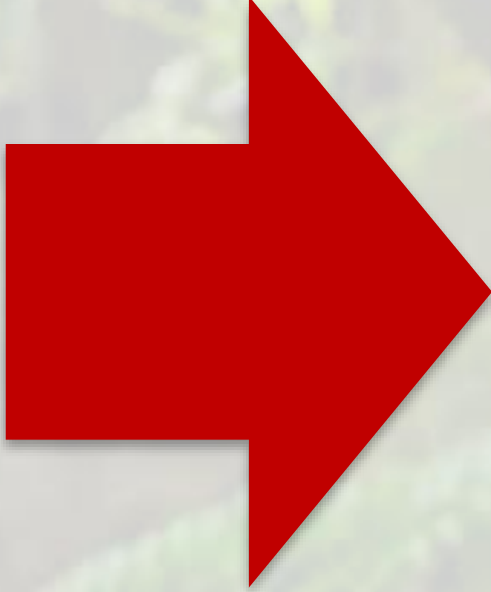
03

Property

Next Page

# Reclaimed Land Projects

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03  
Energy





# Green Energy

## Planning

**284.00 MW**

Central land 54.00 MW

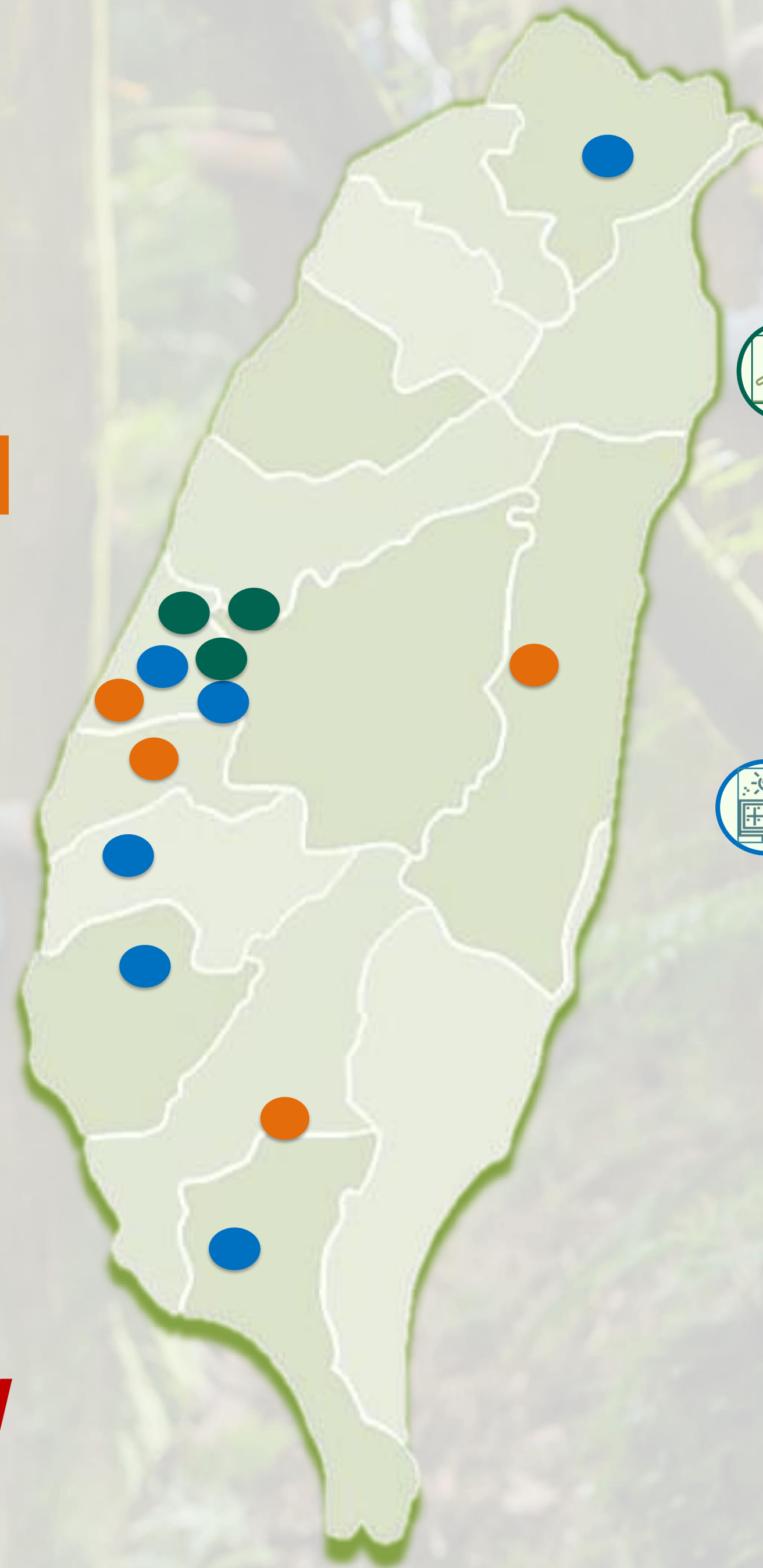
Yunlin 120.00 MW

Pingtung 104.00 MW

Hualien 6.00 MW



**Total 377MW**



## Wind Power

**Total 36.00 MW**

Changbin Phase I	7.20	MW
Changbin Phase II	14.40	MW (2022,6)
Central	14.40	MW

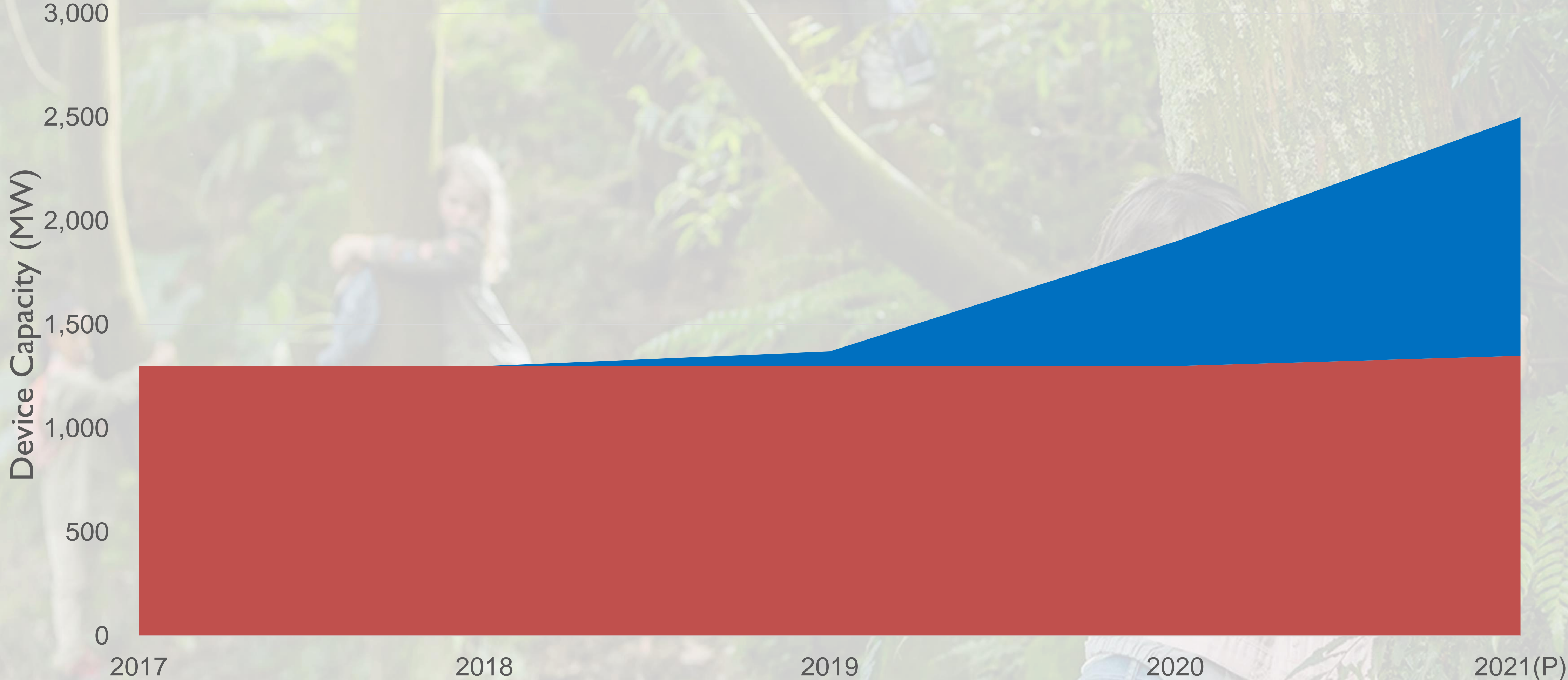


## Solar Photovoltaic

**Total 57.00 MW**

Headquarter	43.20	KW
Changbin Phase I	2.00	MW
Changbin Phase II	10.08	MW
Tainan E-one Moli Energy	300.00	KW
Chiayi fishing and electricity	43.90	MW
Kaohsiung CSRC Warehouse	700.00	KW

# Total Energy Contribution

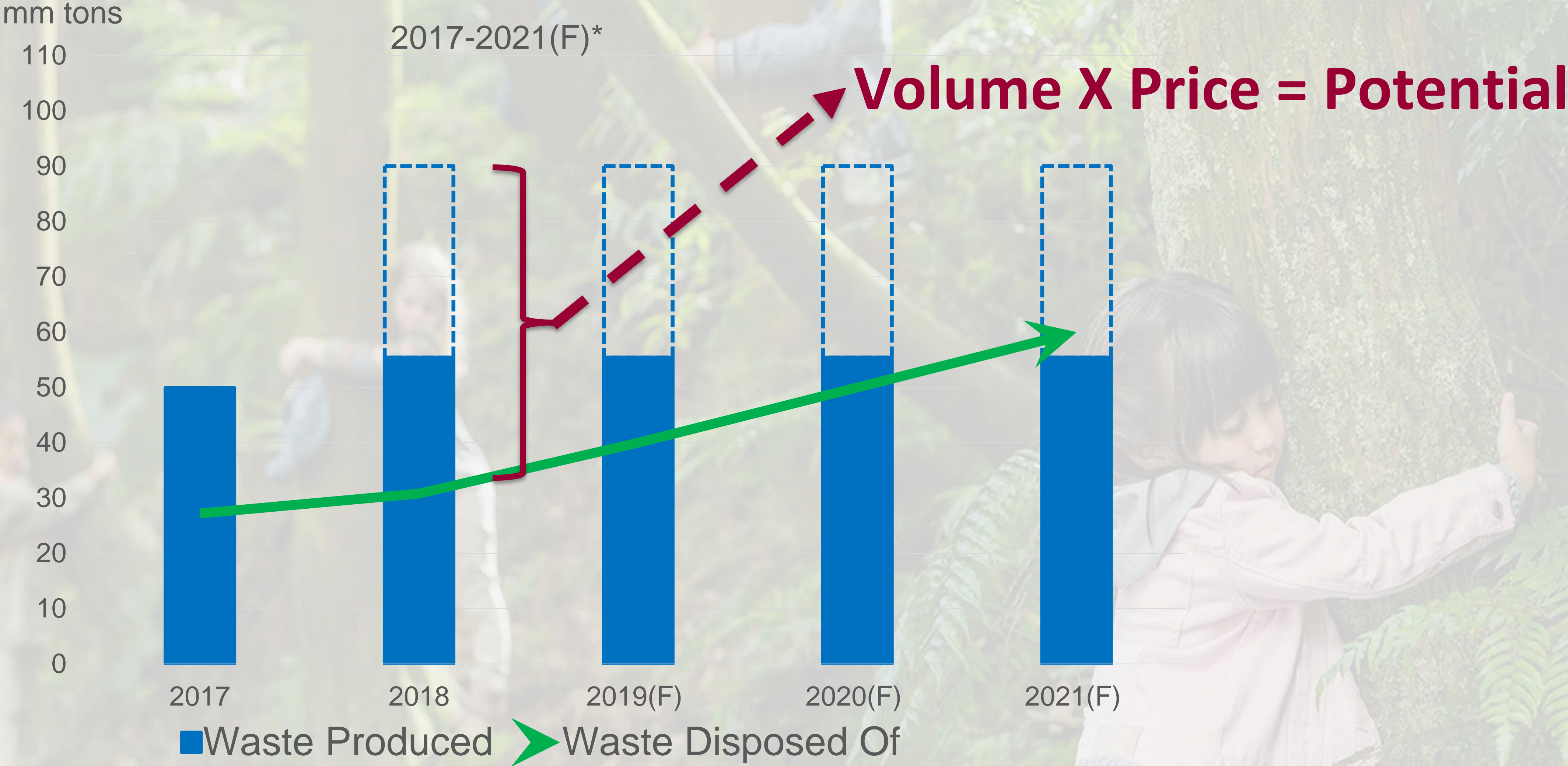


04

Environmental



# Industrial Waste Market Potential



# Environmental Business Potential

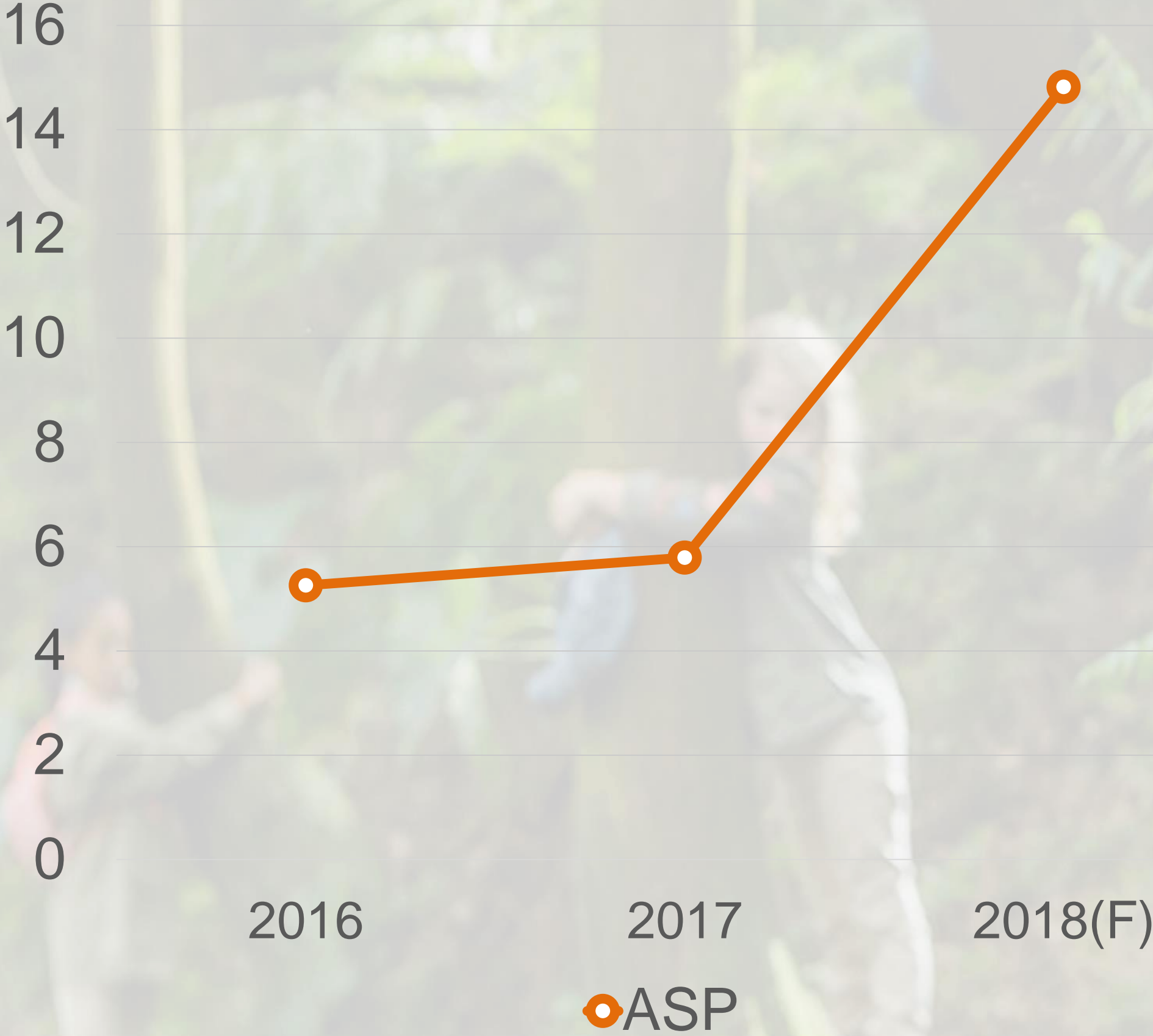


## Disposal Volume Ton/Year

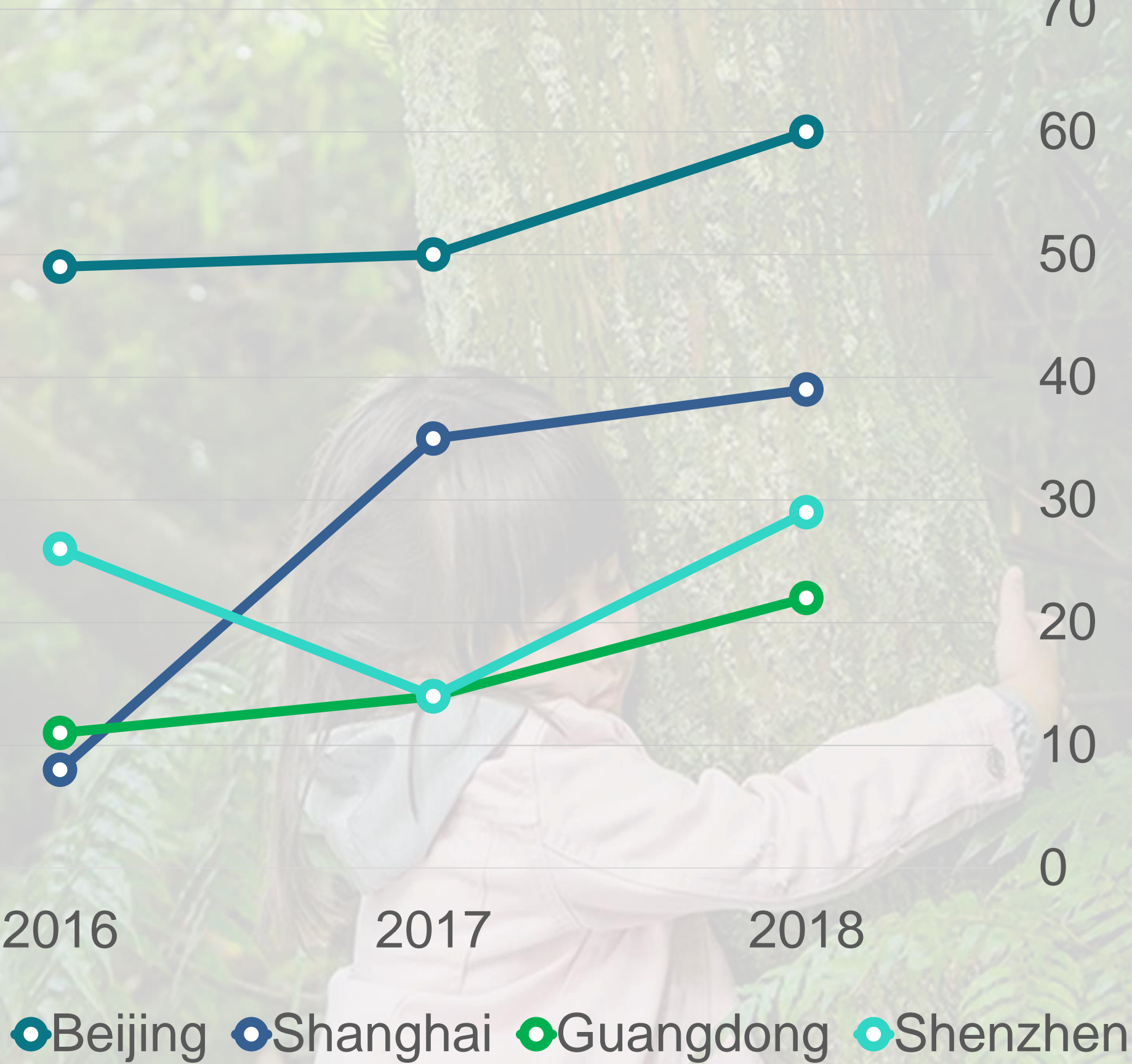
	2018	2021(F)
Incinerator	1,993,452	2,499,885
Waste Water	395,742,125	429,714,500
Industrial Waste	--	1,000,000

# CO2 Reduction Potential

### Europe Sales Price (EUR)



### China Sales Price (RMB)



05

# Ecology: Globalization



# Globalization

- Total 1.2 billion Population
- GDP Growth Rate 2.1-4.1%
- Total Cement Consumption 500mm tons

## Balkans Peninsula

- Total Population: 25 mm
- 2018E GDP Growth: 3.5%
- Cement Consumption: c.7.7 mm tons

## Turkey

- Total Population: 80 mm
- 2018E GDP Growth: 3.5%
- Cement Consumption: c.74 mm tons

## Southern Europe

- Total Population: 128 mm
- 2018E GDP Growth: 2.1%
- Cement Consumption: c.37.3 mm tons

## Turkey

## Central Asia

- Total Population: 72 mm
- 2018E GDP Growth: 4.1%
- Cement Consumption: c.25 mm tons

## West Africa

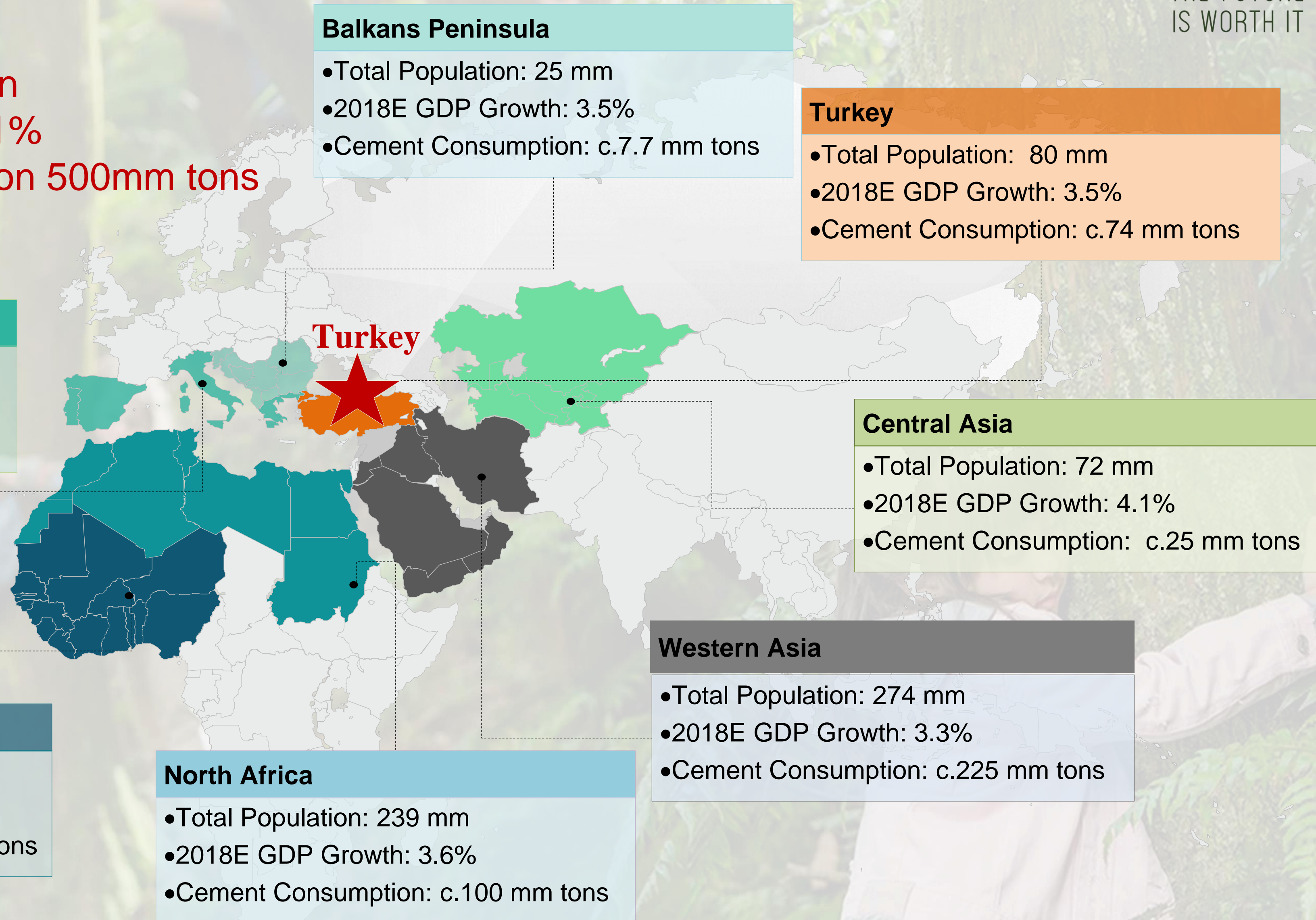
- Total Population: 385 mm
- 2018E GDP Growth: 3.8%
- Cement Consumption: c.35 mm tons

## North Africa

- Total Population: 239 mm
- 2018E GDP Growth: 3.6%
- Cement Consumption: c.100 mm tons

## Western Asia

- Total Population: 274 mm
- 2018E GDP Growth: 3.3%
- Cement Consumption: c.225 mm tons



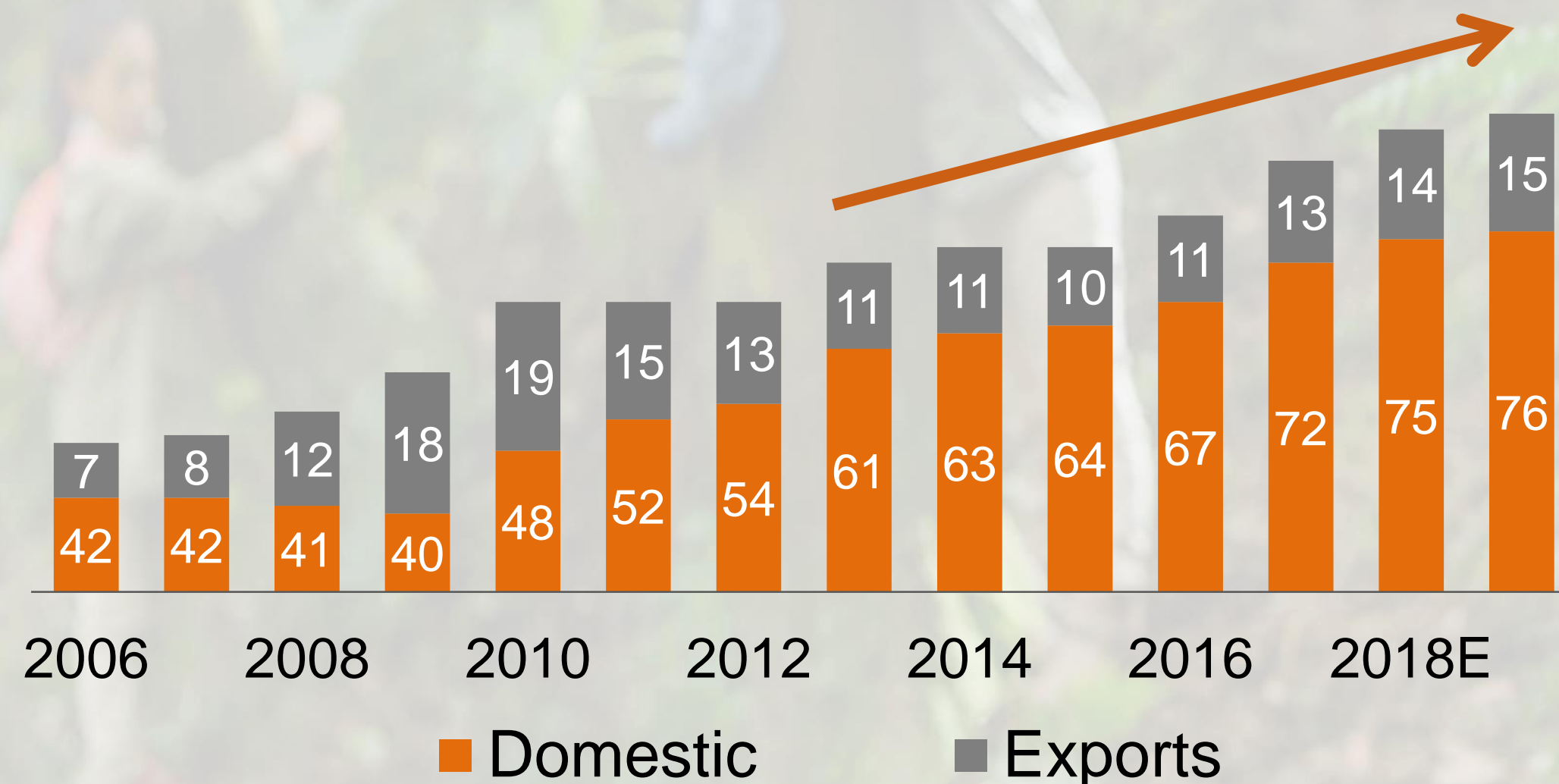


# Why Turkey ?

## Macroeconomic Indicators (2017)

Population	
Population	80 mm
Population growth (% change p.a.)	1.6%
Urbanization	74.4%
Economy	
GDP per capita	US\$10,541
Cement consumption per capita	831 kg
Total cement consumption	74 mm tons

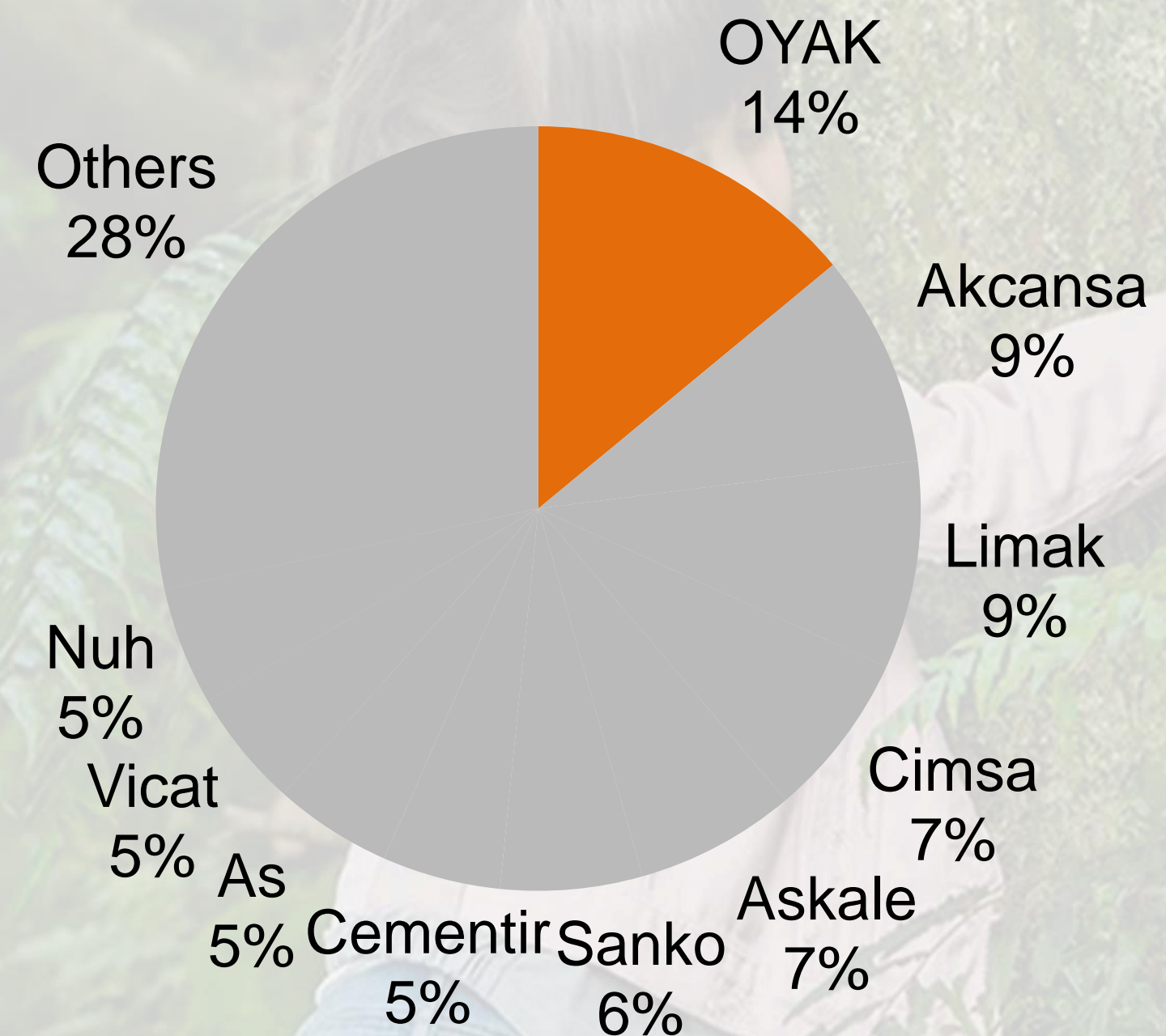
## Domestic Cement Consumption and Exports in Turkey (mm tons)



## Highlights

- 1) 7<sup>th</sup> largest cement producer
- 2) 53 integrated plants and 18 grinding stations
- 3) Domestic cement consumption in Turkey grew at 07' - 17' CAGR of 5.5% for the past ten years

## Turkey Cement Market Share(%)



# Why OYAK?

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One of the largest Turkish industrial conglomerates with strategic investments in profitable growth sectors including steel, cement, automotive, energy, etc. (**c.US\$20 bn assets & c.US\$10 bn revenue<sup>(1)</sup>**)

**#1 player** in the Turkish cement market (16% market share and 14% clinker share<sup>(2)</sup>), with well diversified portfolio to serve most markets in Turkey

**Strong export capability driven by white cement capacity**, with 50% market share in Turkey

**Technically and commercially competent team** and cement know-how

Source: Company data.

Note: (1) As of 2017. (2) 11.4 million tons of clinker production capacity and c.20 million tons of cement production capacity.



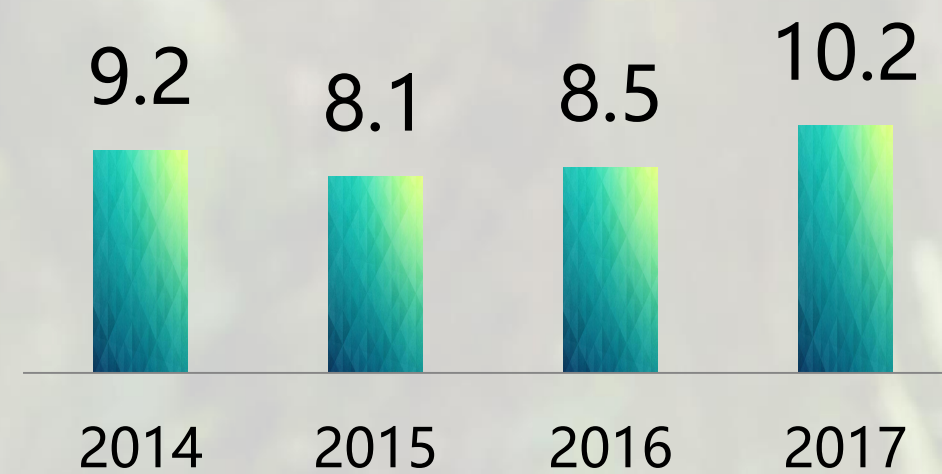
# OYAK Group At a Glance

## Highlights

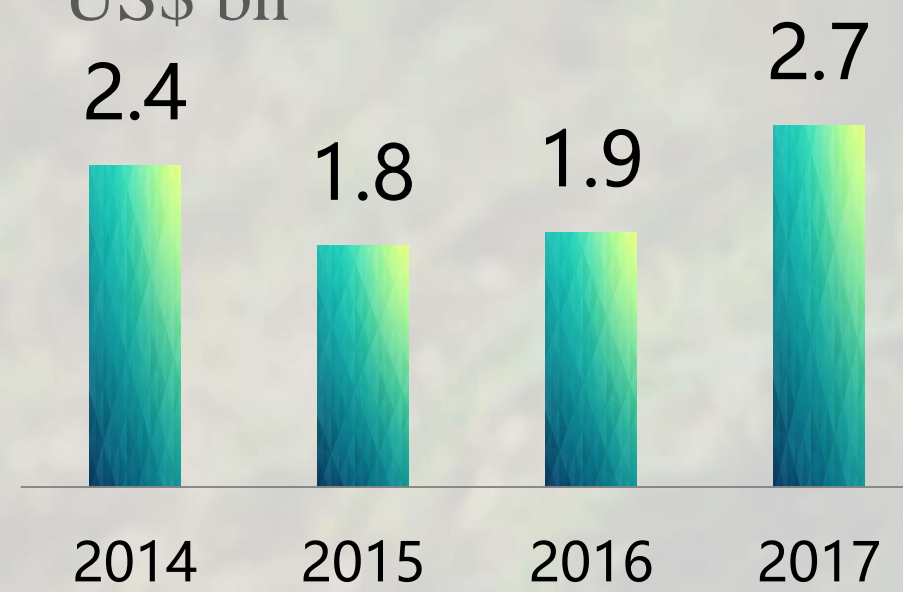
- Largest steel production capacity in Turkey
- Market leader in cement with 16.1% market share
- Largest market-share in domestic passenger-car sales
- A leading global player in polymer additives
- Global leader in the development, manufacture and supply of premium alumina and alumina-based products
- Energy generation capacity of 1,320 MW

## Key Financials

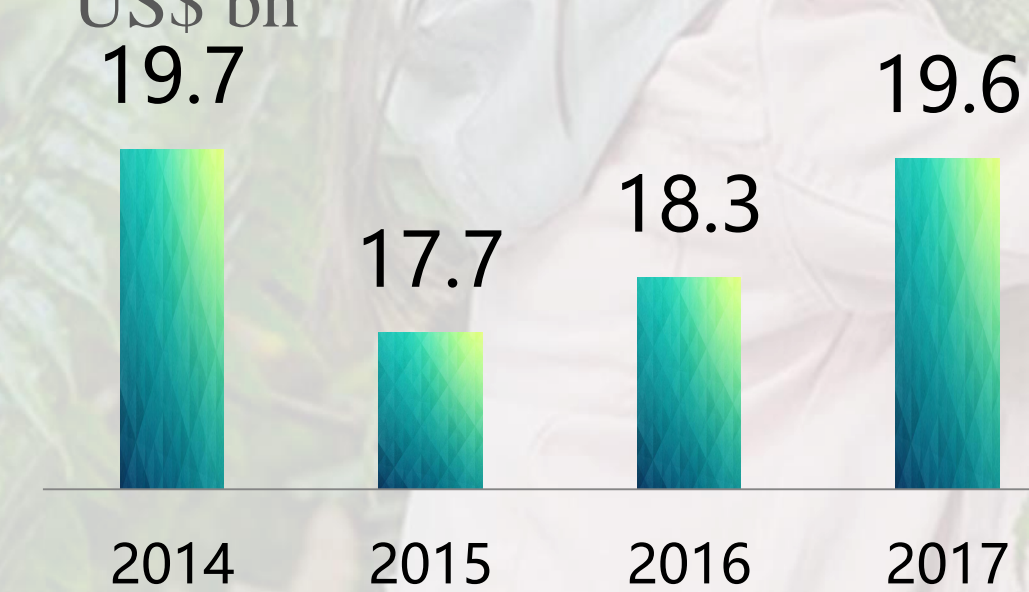
Revenue  
US\$ bn



EBITDA  
US\$ bn



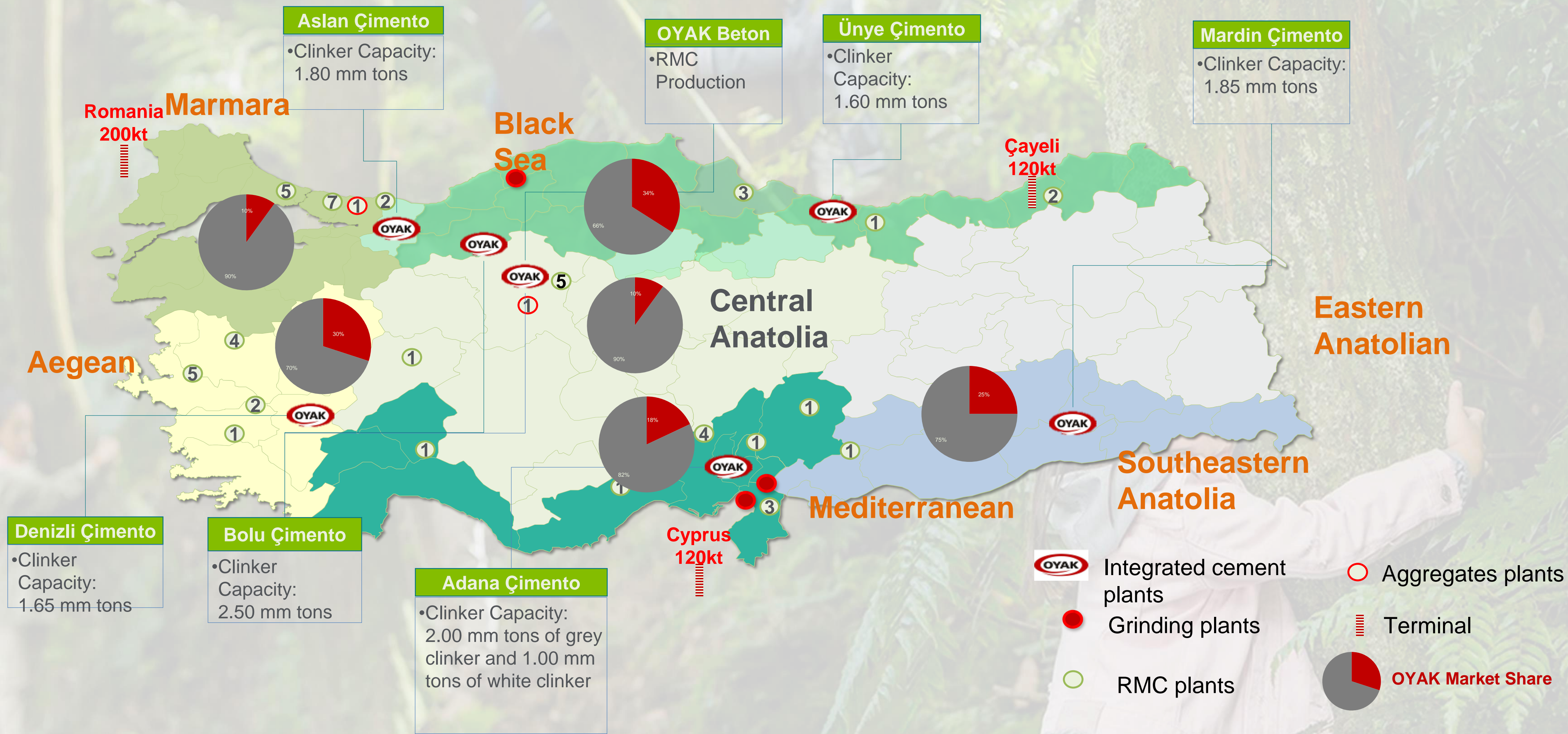
Total Assets  
US\$ bn



OYAK's total exports of US\$4.4bn comprised of 2.8% of total exports from Turkey

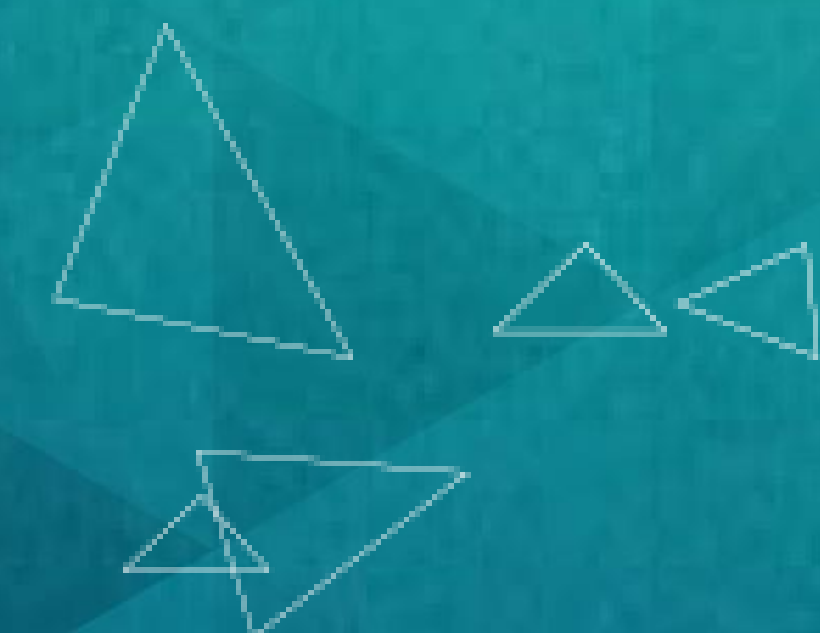
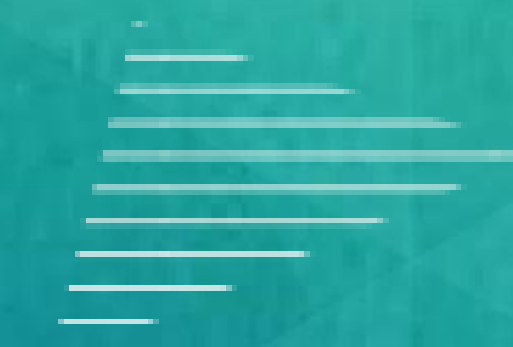
# OYAK Cement Production Facilities

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Source: Company filings and presentation.

06  
CSR of TCC



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Waste Recycling Up to 100%

Dioxin Value from Burning Waste Tires at **0.015 ng/Nm<sup>3</sup>**,  
Much Lower Than National Standard at 1ng/Nm<sup>3</sup>

**Captures 200t CO<sub>2</sub>e**

Accumulatively with CO<sub>2</sub> Capture Technology

Passed **16** Items of Portland Cement Certification by  
Taiwan Accreditation Foundation (TAF)

**500,000 kWh**

Support for the Voluntary Green Power

**814,007tonnes**

Collaborative Processing of Non-Toxic Waste: 814,007 Tonnes

Successfully Reproduced the **570** Silky  
Camellia (*Pyrenaria buisanensis*) Trees

Passed Low-Carbon Cement Certification.

TCC Vertical Shaft Method

Hoping Harbor Planted **5,000** Trees

Saved **62,816t CO<sub>2</sub>e**

Reduced CO<sub>2</sub> by

**317,172kga** Year Hoping Harbor

Waste Heat Generation

**7,492.60 kWh**

Diamond Grade Green Building Mark

TCC Headquarters

Mine Rehabilitation

Accumulative Electricity Output Up to **635** Million kWh from

Maintenance Coverage has Reached **80%**

Waste Heat Generation Reduced About **333,600t CO<sub>2</sub>e**.

Passed ISO 14000 EMS  
Certification and ISO 14061 GHG  
Emissions Inventory and  
Certification

**186 KG**

Replaced Raw Materials for  
Each Ton of Cement

The Board of Directors Approved the Establishment of  
the "Sustainable Development Committee" as an ad  
hoc Function Committee.

Botanical Conservation Center

Cultivated **32,465** Species of Plants

GHG Emissions at **7,704t CO<sub>2</sub>e**,

**2,652t CO<sub>2</sub>e** Less Than the Base Year

# 2018 TCC CSR Evaluation Results

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## Won the 2018 CSR Citizen Award

Ranked 17th in the large enterprise group, the first in the traditional manufacturing industry

## Shortlisted in 2018, 14th Vision CSR-

Environmentally Friendly Group

## Taiwan's International Brand Value in 2018

## Won the 2018 TCSEA

Taiwan Enterprise Sustainability Award

Chinese Report  
Climate Leadership Award  
Social Inclusion Award\*2

English Report  
Circular Economy Leadership  
Award  
Enterprise Comprehensive  
Performance Category

Best over  
the years



# 2018 TCC CSR Evaluation Results

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Asian Sustainability Report Award (ASRA)  
Taiwan Manufacturing Industry has not Participated Yet



亞洲企業社會責任獎  
Asian Corporate Social Responsibility Award (AREA)



First Response to the CDP Questionnaire



Dow Jones Sustainability Indexes  
Expected 2019 First Response Questionnaire



2019 Taipei Golden Eagle Micro-movie Festival



POCC  
THE FUTURE IS WORTH IT  
台泥企業團



初階班

中階班

高階班

# 2018台泥水泥手作工作坊 和平築夢。打造未來

報名：即日起至2018年10月12日(五)中午12:00止

地點：花蓮縣秀林鄉和平村263號(台泥和平廠)

報名專線：(03)868-2111分機6707或手機0938-020-332 和平廠林經理

初階班	12歲以上	中階班	16歲以上	高階班	20歲以上
10/20(六)		10/21(日)		10/21(日)、10/22(一)	
10/27(六)		10/28(日)		10/28(日)、10/29(一)	



## The Cement Feels Warm!

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# ASTAXANTHIN



MEET THE ANTIOXIDANT  
THAT IS 550 TIMES  
**STRONGER THAN**  
VITAMIN E

Coming Soon

# Disclaimer

The forward-looking statements contained in this presentation are subject to risks and uncertainties and actual results may differ materially from those expressed or implied in these forward-looking statements.

Taiwan Cement Corporation makes no representation or warranty as to the accuracy or completeness of these forward-looking statements and nor does China Synthetic Rubber Corporation undertake any obligation to update any forward-looking statements, whether as a result of new information or future events.