

# Taiwan Cement

A Multi-Domestic Company

2020Q1

Investors' Conference



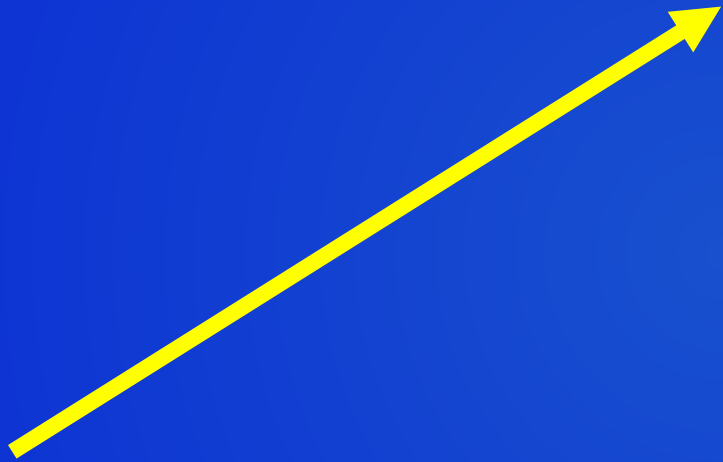
# Strong Cash Position

2016

2019

61

134



- Cash
- Marketable Securities
- Cash Equivalent Receivables

Unit: NTD Billion

# Capital Structure



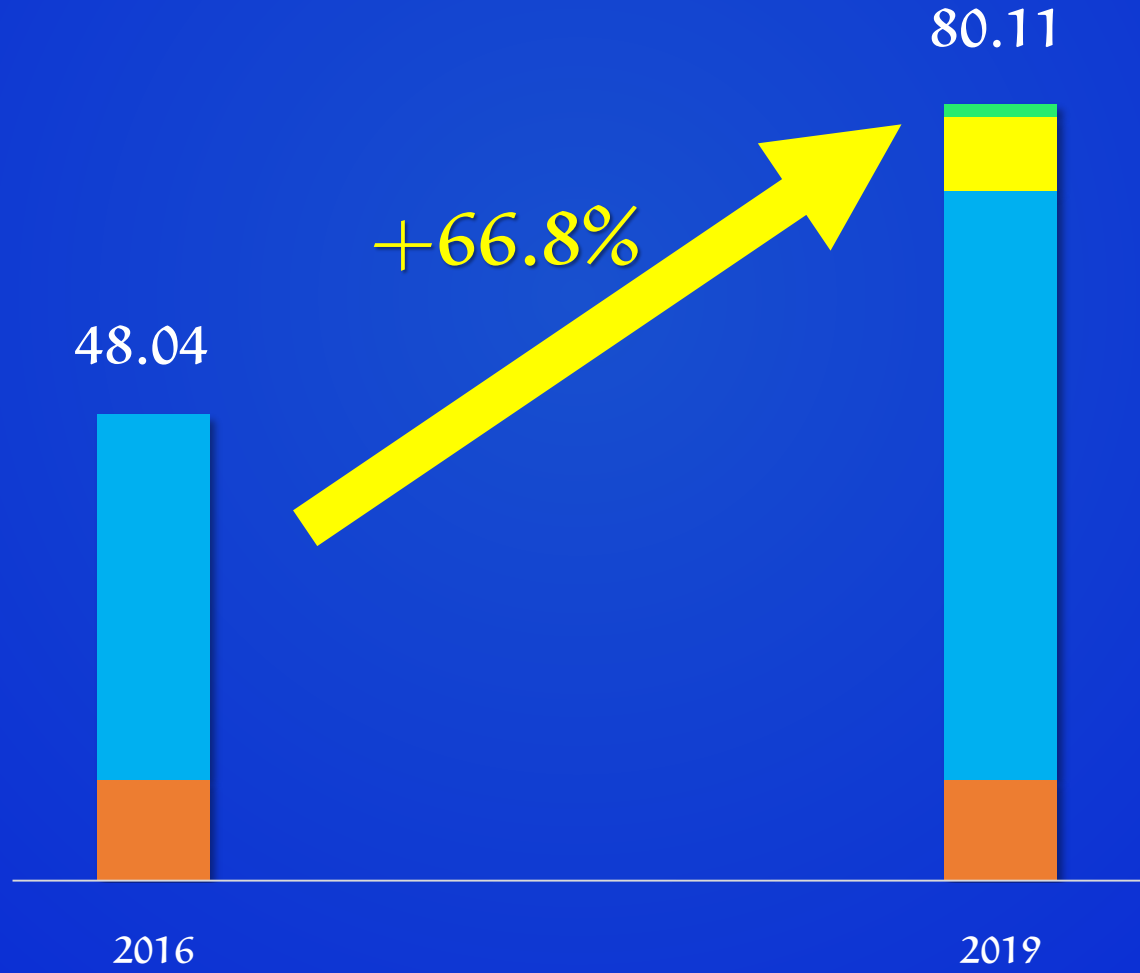
TCC WACC  
**7.4%**

**V.S.**

Top 20 Taiwan  
Companies\*  
**9.3%**

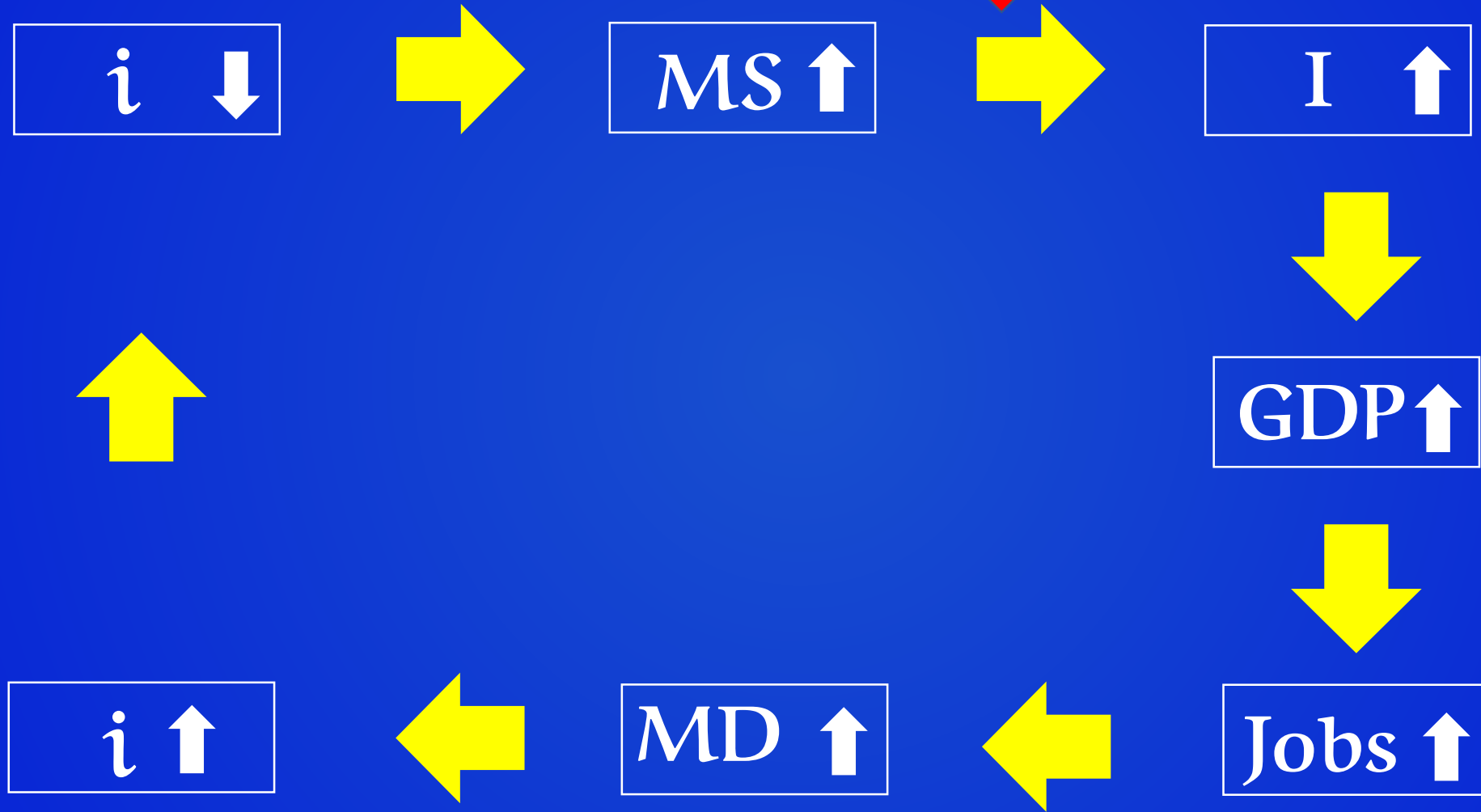
# Internationalization

Taiwan Mainland China Turkey Portugal



Unit: Million Tons

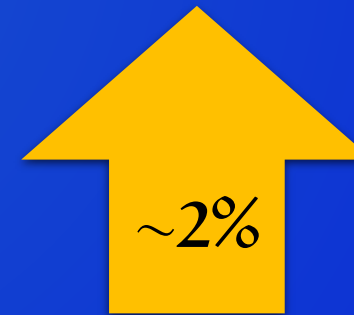
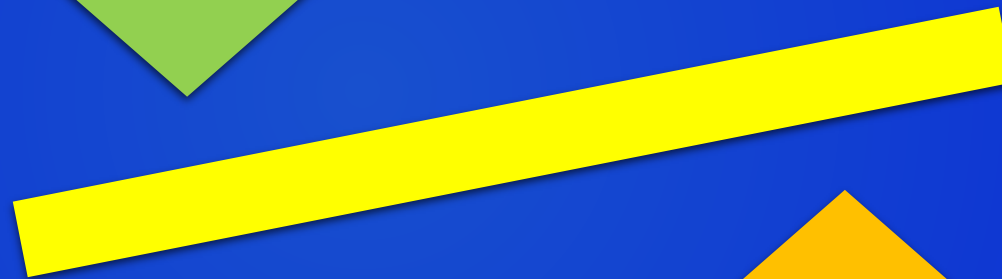
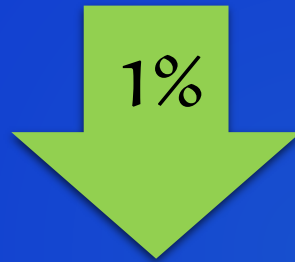
# Monetary and Fiscal Policies



# Okun's Law

SS Payments ↓  
Tax Income ↑  
Consumption ↑

Unemployment Rate

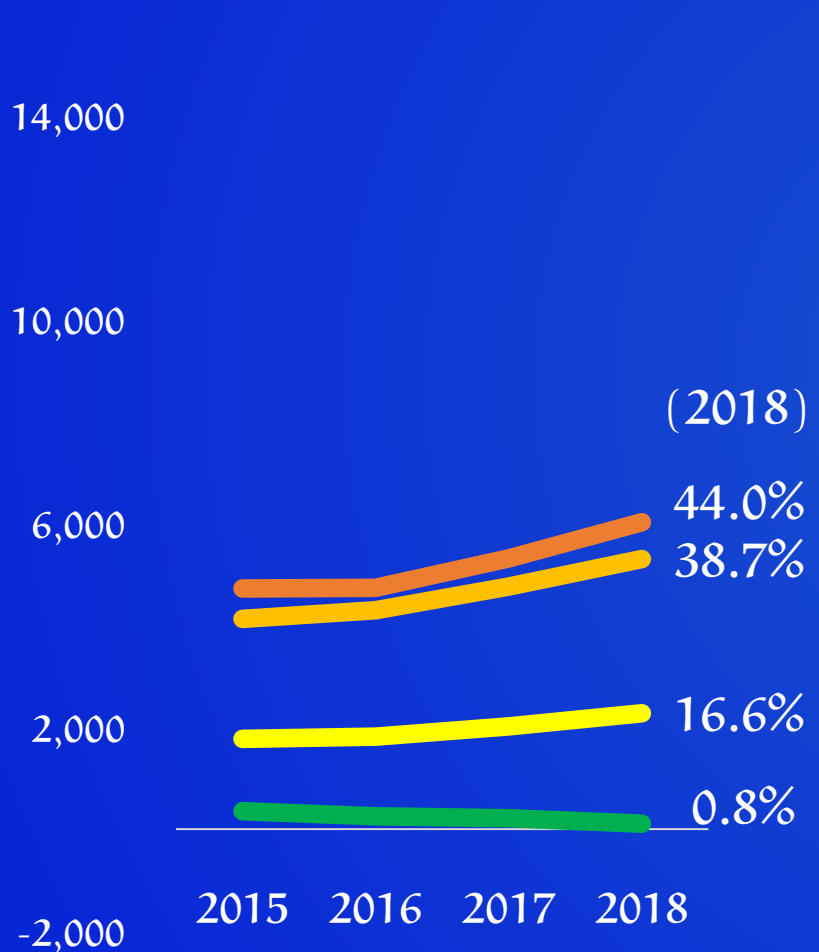


GDP Growth

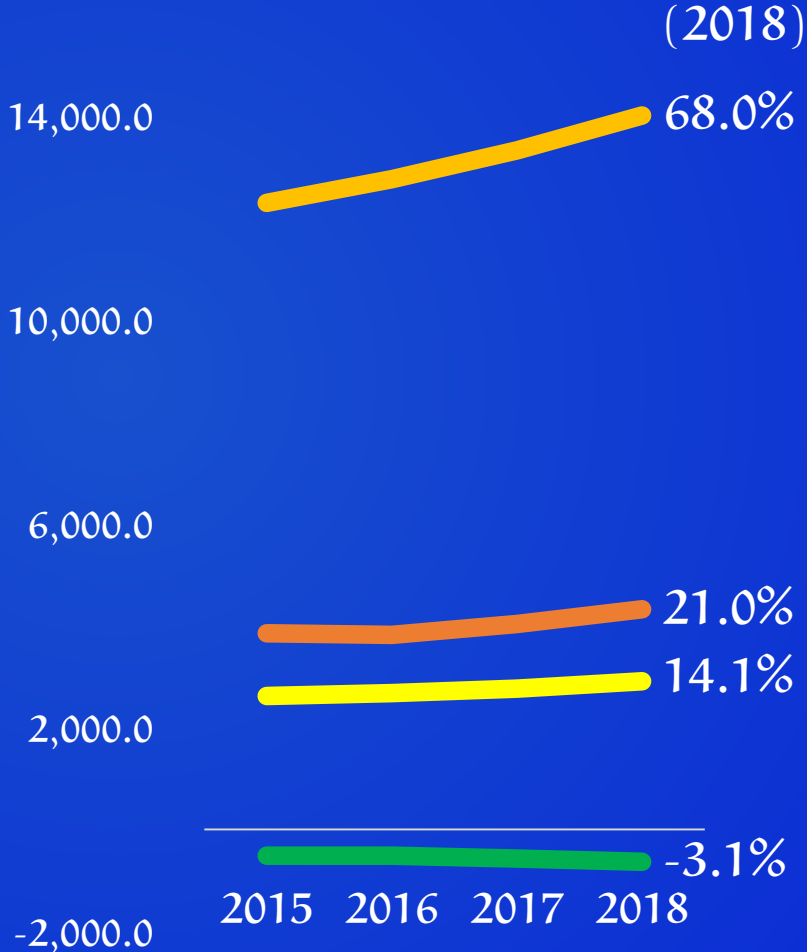
# GDP Components

Unit: USD Billion

### Mainland China



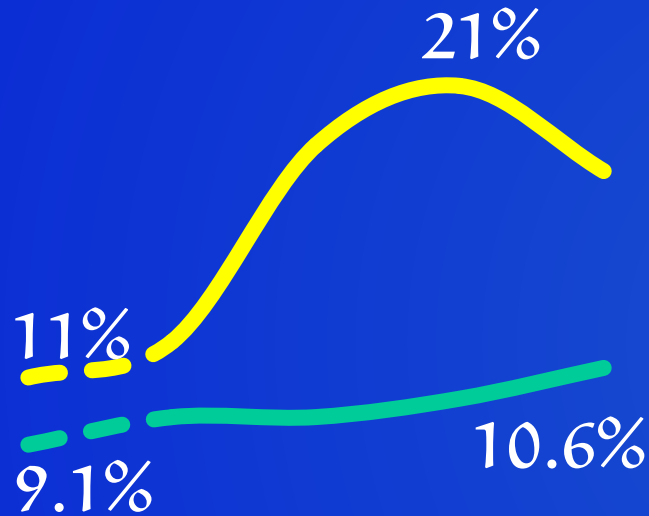
### US



- Consumption
- Investment
- Government Spending
- Exports-Imports

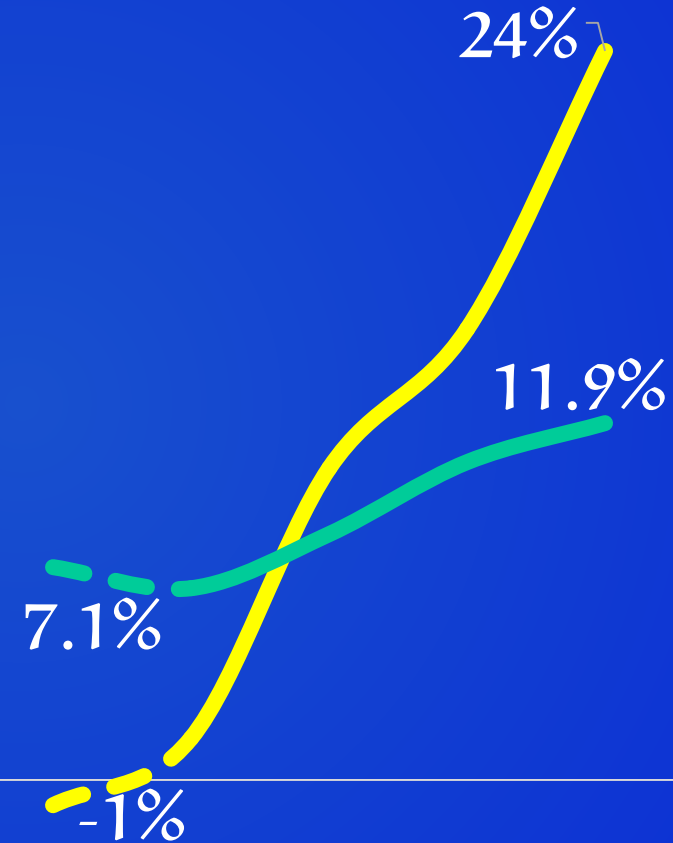
# Mainland China Cement Sales After Crisis

## 2003 SARS



2003 Q1    2003 Q2    2003 Q3    2003 Q4    2004 Q1

## 2008 Subprime



2008 Q3    2008 Q4    2009 Q1    2009 Q2    2009 Q3

— Cement Sales Volume YoY  
— GDP Growth Rate YoY



# Mainland China Cement

Unit: RMB

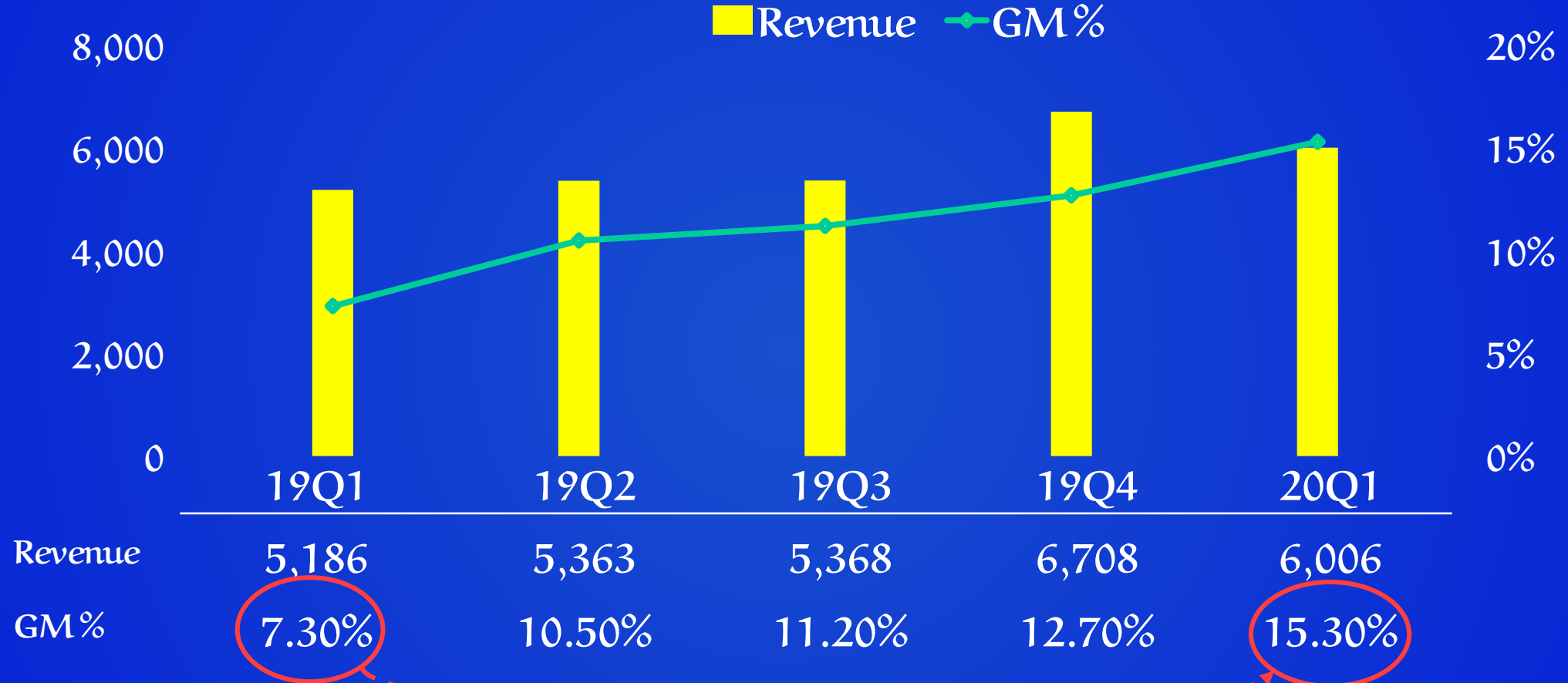


Sales Volume (Million Tons)	10.6	15.0	15.0	16.9	7.7
Revenue (RMB Million)	3,419	4,673	4,418	5,441	2,437
GPPerTon (RMB)	113	115	103	124	106
Operating Profit (RMB Million)	893	1,332	1,075	1,642	541
GM%	35.0%	36.7%	35.0%	38.5%	33.2%

Operating Profit = (Revenue - COGS - Operating Expense)

# Taiwan Cement

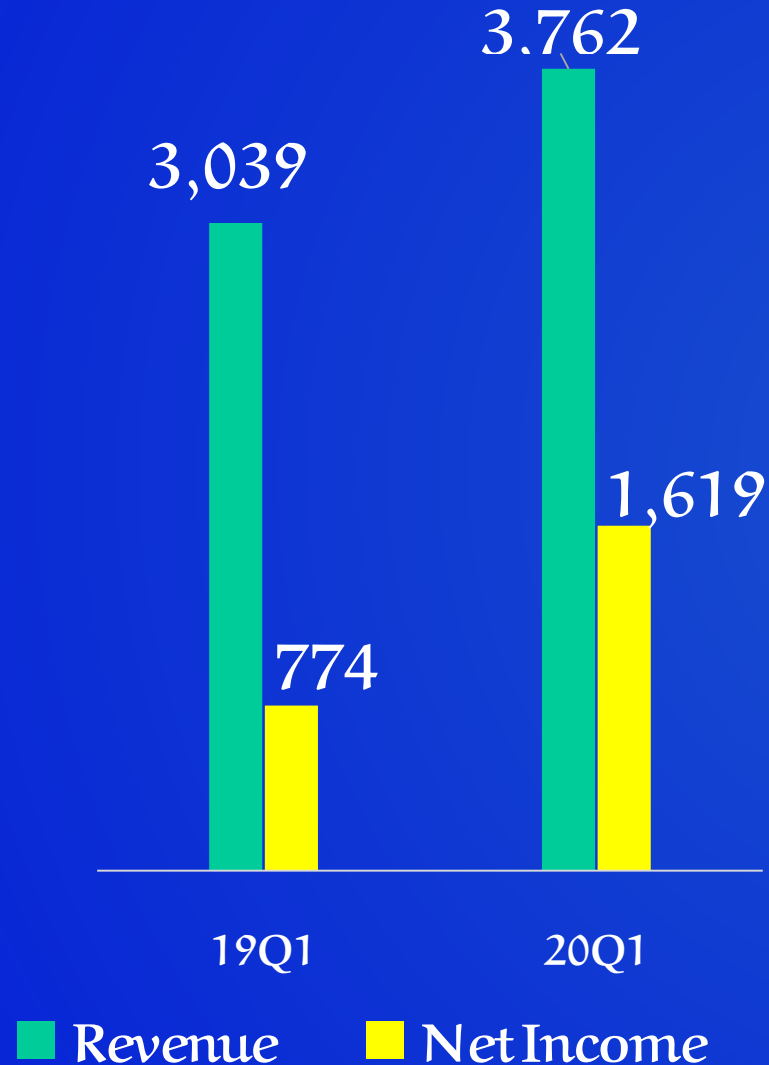
Unit: NTD Million



GM% = Gross Margin / Revenue  
 GM = Cement and RMC  
 Due to Different Sales Unit => No Profit Per Unit Provided

# Ho-Ping Power

Unit: NTD Million



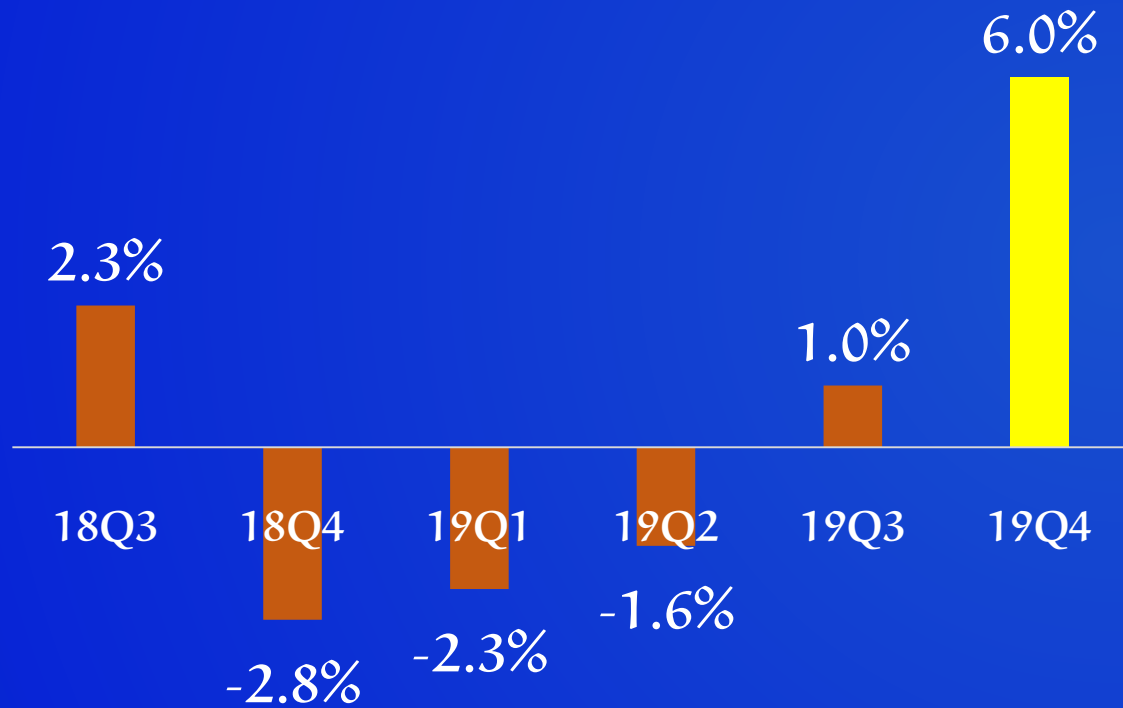
Energy Charge ↓ <

Coal Cost ↓

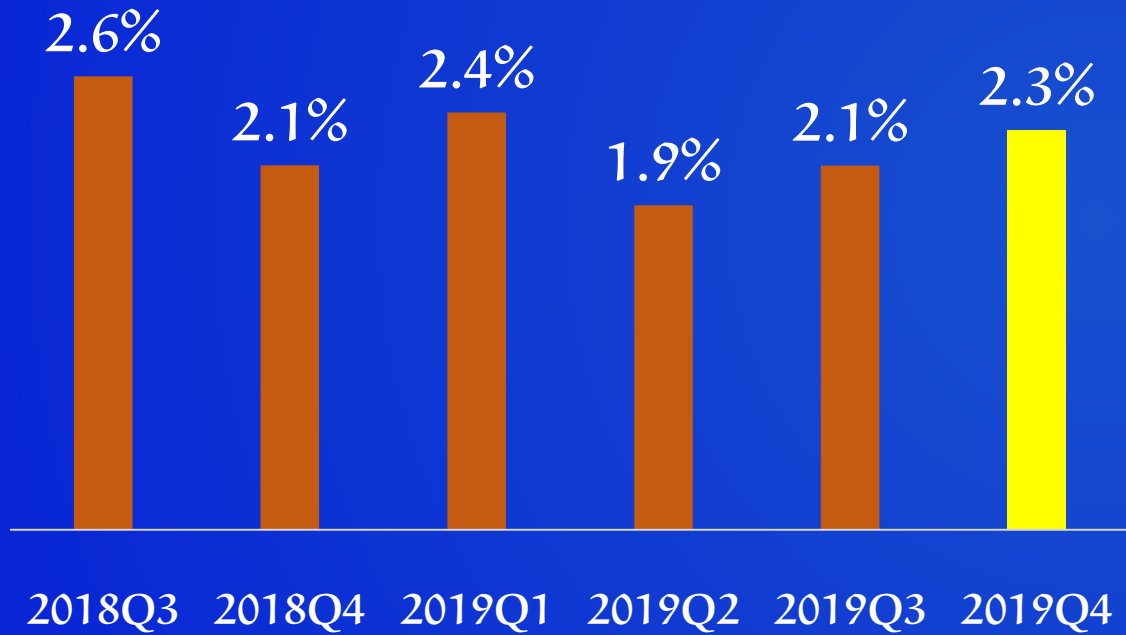
More Operation Days

> 15 days

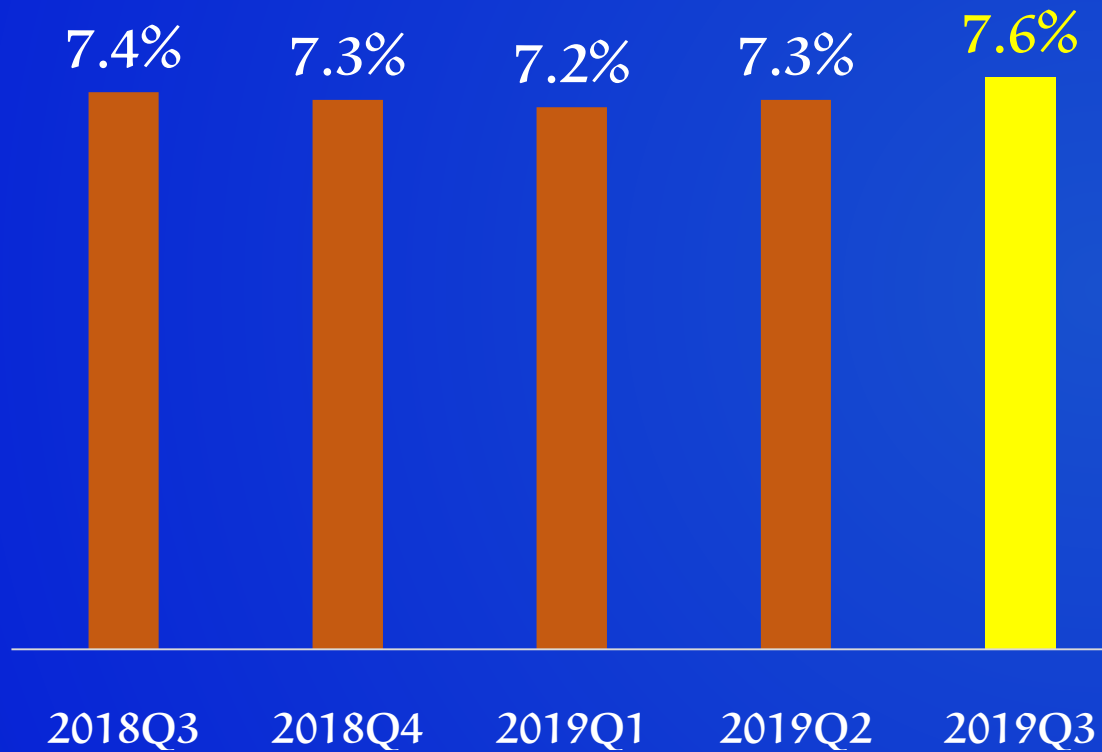
## Real GDP Growth Rate (YoY)



## Real GDP Growth Rate (YoY)



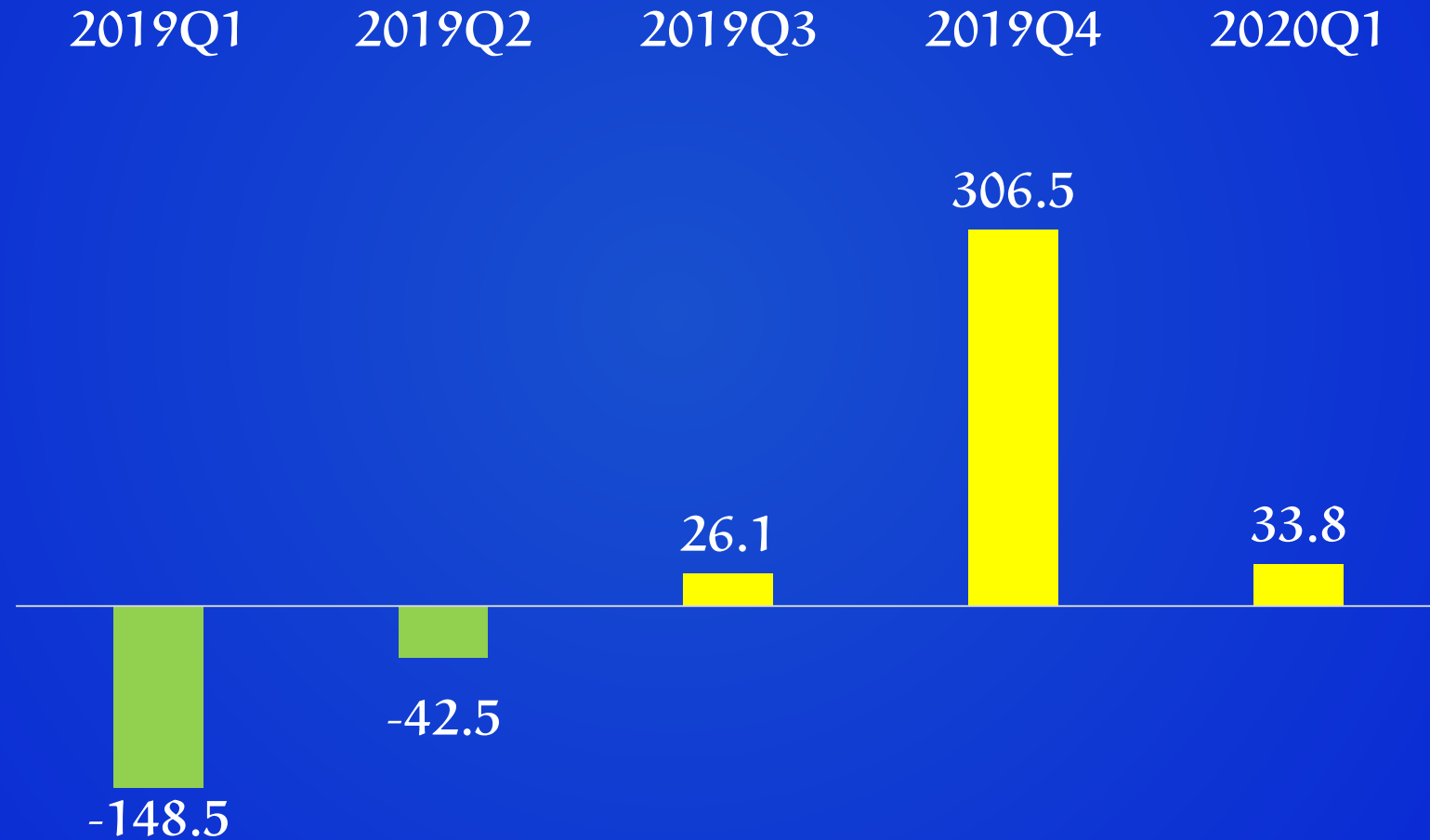
## Real GDP Growth Rate (YoY)

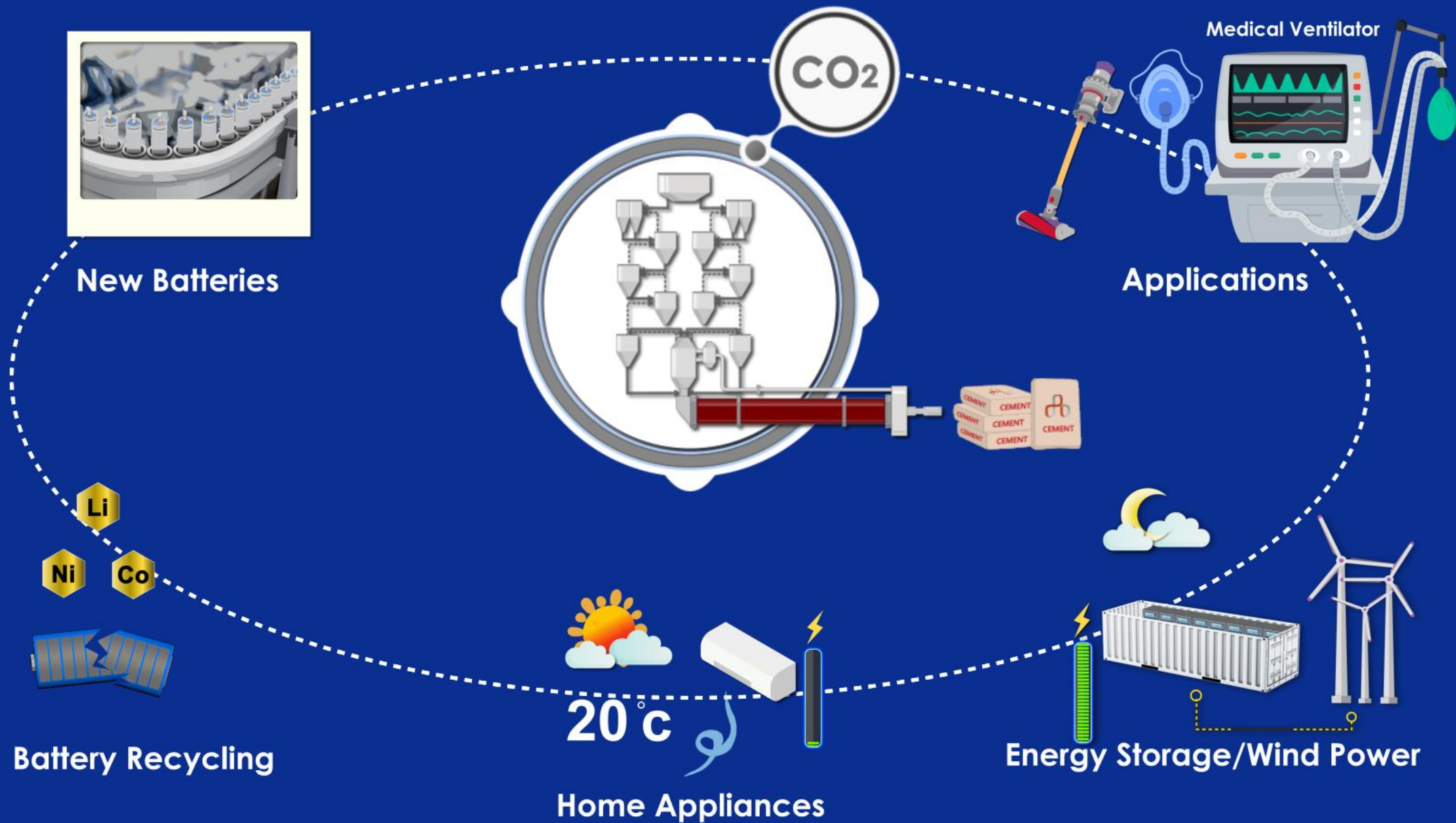


# Diversification

Unit: NTD Million

## OYAK & Cimpor Net Income (TCC40%)

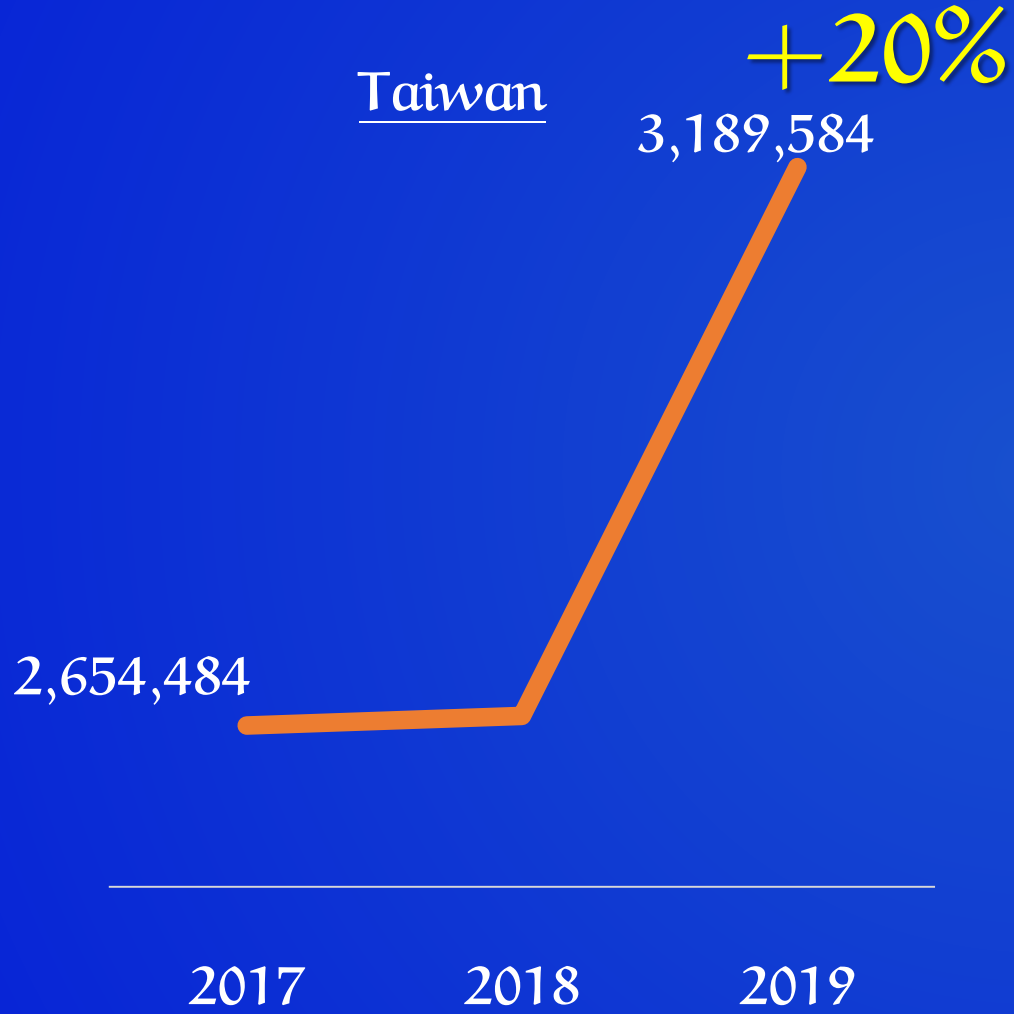






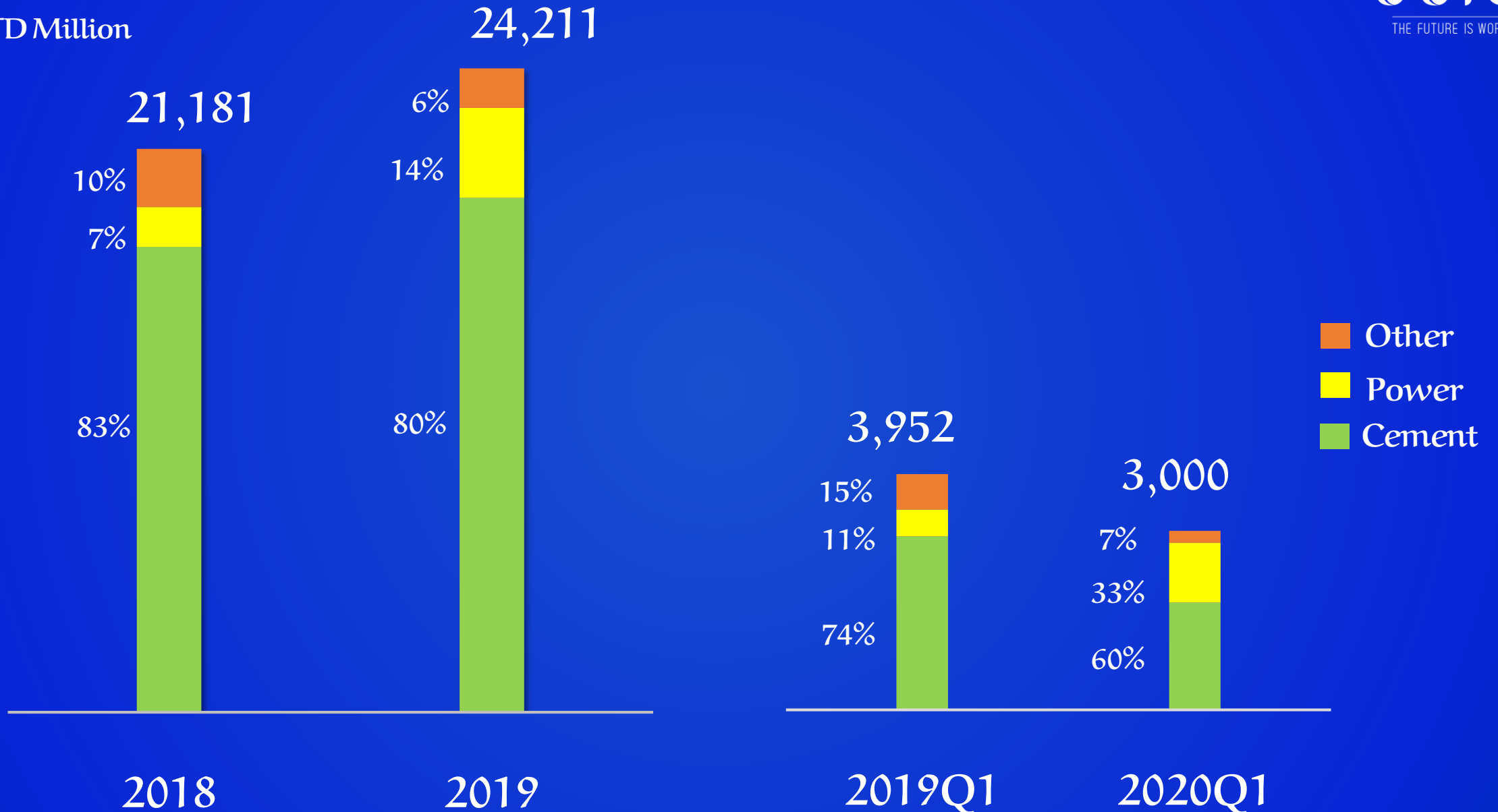
# Waste Treatment Capacity

Unit: Tons



# Net Income

Unit: NTD Million



# TCC SBT (2016 VS 2025)

Unit: tCO<sub>2</sub>

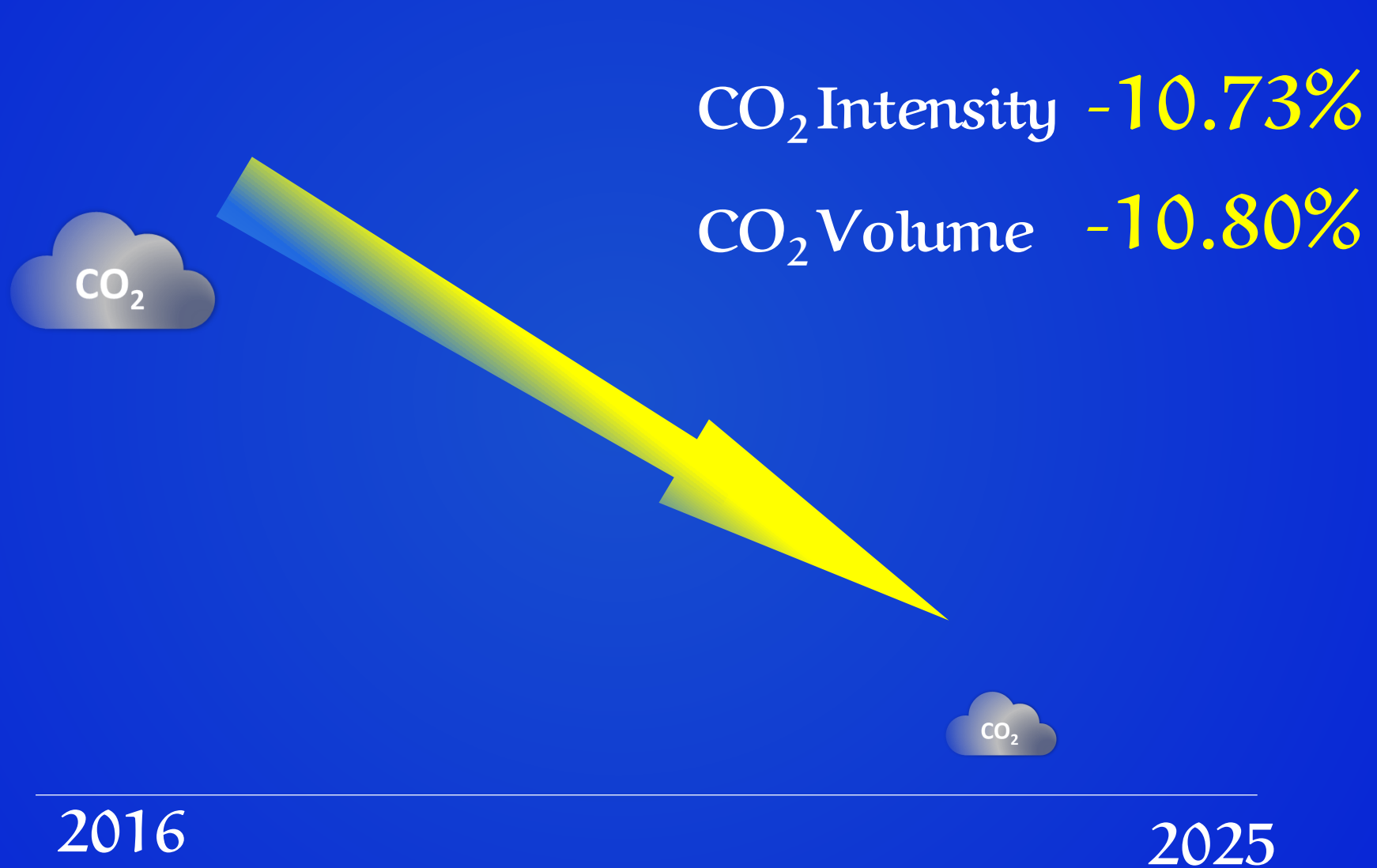
5,000,000

4,500,000

4,000,000

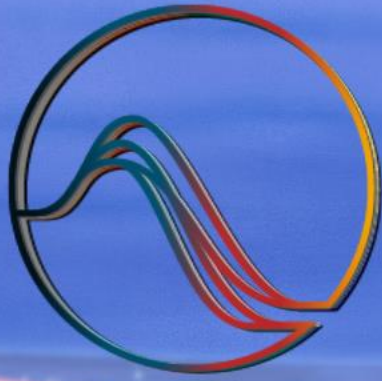
3,500,000

3,000,000



2016

2025

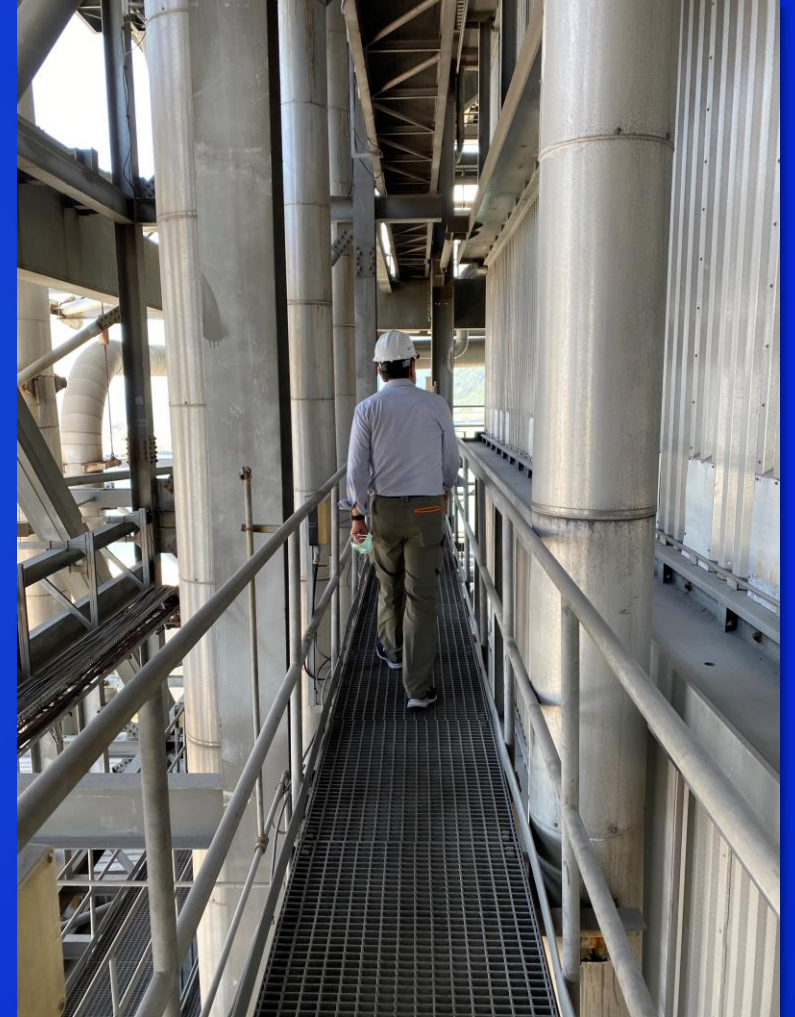


# SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



# ESG





*We Appreciate You for Listening!*

# Appendix

# ESG: Environment

## Carbon Reduction

- ✓ Science Based Targets (SBT) commitment to reduce 10.8% of carbon emissions in 2025 compared to base year of 2016, accommodating the 2 degrees Celsius goal in the Paris Agreement.
- ✓ CDP Management Level (Level B) and Supplier Engagement Rating A-
- ✓ Waste heat electricity generated and used, equivalent to 53,478 tCO<sub>2</sub> of carbon reduction.
- ✓ Service & Solution Award from International Innovation Award 2019 (IIA)
- ✓ First cement company to promote product carbon footprint and carbon emissions label on products.

## Waste Treatment

- ✓ 859,360 tons of recycled resources, reduced carbon emissions by 32,046 tCO<sub>2</sub>e.
- ✓ CNS61 Gold Cement Green Label, awarded when the cement product has more than 15% of recycled material, from Taiwan's Environmental Protection Agency.

## Green Energy

- ✓ 28.8MW of wind power
- ✓ 2.1MW of rooftop solar power station
- ✓ 2019 green energy generated: 15GWh, equivalent to 7,995 tCO<sub>2</sub> of carbon reduction
- ✓ Ongoing project: The first large-size photovoltaics project in Taiwan, solar installation of 44MW, scheduled commission in 2021 Q4.

## Ecology

- ✓ Ho-Ping: 2019 EcoPorts
- ✓ Greening by planting 28,958 trees, equivalent to 434 tCO<sub>2</sub> of carbon reduction.



# ESG: Social

## Society

- ✓ TCC DAKA: Ecological Open Factory, obtained tourism factory license in April 2020
- ✓ TCC Cement Handicraft Workshops: 10 workshops attended by over 1,000 people.
- ✓ In 2019, TCC held two summer camps in Taiwan and Mainland China with approximately 100 students participating.
- ✓ TCC provides scholarships for students in Taiwan and Mainland China, the accumulated number of students that benefited from the scholarship is 6,826.
- ✓ In 2019, TCC held a drawing contest in Ho-Ping, Hualien for young students to observe and paint the beauty of Hualien.

## Workplace Environment

- ✓ Certified by OHSAS 18001 (Occupational Health and Safety Assessment Series)
- ✓ CNS 15506 (2011): Taiwan Occupational Safety and Health Management System.
- ✓ TCC Group follows UN's Human rights policies including diversity in the workforce, health and safety work environment, the freedom to assemble and work-life balance for all paid employees, contract workers and interns.
- ✓ In 2019, there were two non-fatal work-related injuries caused by employees

## Employee Care

- ✓ TCC has group-wide collective agreements and health and safety policies that apply to all employees and contractors.
- ✓ In 2019, TCC held 18 labor pay meetings, 25 employee benefits and care meetings, and 9 union meetings.
- ✓ Employee stock ownership trust: 92.08% of employees joined.
- ✓ TCC ensures gender equality in employment and respect personal dignity by establishing the Special Regulations for Workplace Sexual Harassment Prevention and related grievance channels.
- ✓ The Company contributes to each employee's individual labor pension reserve account.
- ✓ The Company contributes 6% of each employee's monthly wage to their personal pension account.
- ✓ TCC provides health care, post-mortem care, insurance care, work-life balance care, learning assistance, and holiday care (in the form of vouchers)

## COVID-19 Measures

- ✓ Changed work schedule to flexible hours to avoid crowding.
- ✓ Switched all meetings to online meetings
- ✓ Moved recruitment process to online
- ✓ Donated masks prepared for plant employees to neighboring communities in Ho-Ping and Su-Ao.
- ✓ Helped neighboring elementary schools to disinfect the classrooms and the campus once every two weeks.

# ESG: Governance

## Board

- ✓ Risk Management Committee, chaired by an independent director
- ✓ Established Corporate Sustainable Development Committee chaired by the Company chairperson with five working groups that oversee ethical governance and risk management, circular manufacturing, sustainable environment and products, employee care and social care.

## Financial

- ✓ Supporter of TCFD, first among Taiwan traditional companies.
- ✓ Most profitable cement company in Taiwan according to CommonWealth Magazine Survey

## Management

- ✓ Identified climate change risks and opportunities, operation risks, financial risks and disaster risks.
- ✓ First place in Traditional Industry by Global Vision 2020 CSR Award
- ✓ 2019 ASRA: Asia's Best Workplace Reporting Award in Silver (the only company in Taiwan's manufacturing industry to receive this award).

## Company

- ✓ The Company has ethical corporate management policies and regulations.
- ✓ The Company signs ethical regulations contracts with suppliers.
- ✓ The Company set up grievances and reporting channels.
- ✓ TCC employees are required to sign *Statement of Integrity and Ethical Standards* on their first day of work.

# 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 Taiwan Cement Corporation undertake any obligation to update any forward-looking statements, whether as a result of new information or future events.