



# 台灣水泥股份有限公司

## 2016年第1季 法人說明會簡報資料

May 5, 2016

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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.

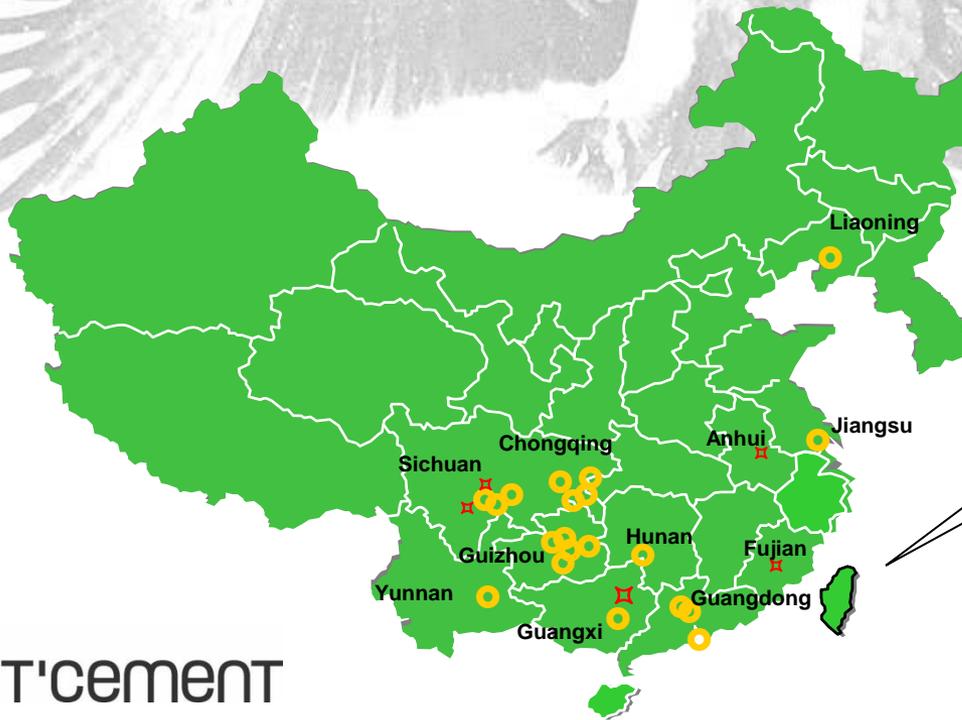
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# 報告內容

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

# 公司簡介

設立日期	1946年5月	2015年第四季產能			
總公司	台北 台灣	(百萬噸)	台灣	大陸	合計
上市時間	1962年2月	熟料產能	9.5	48.5	58.0
流通在外股數	3,692.2 百萬股	相當於水泥產能	10.4	58.6	69.0
收盤價 (新台幣/股)	30.0	研磨產能	-	6.7	6.7
市值	新台幣1,091億元	水泥總產能	10.4	65.3	75.7
(2016年4月07日)	美金34.14億元 (USD/NTD=32.442)				
員工數	台灣: 839				
(2016年3月31日)	大陸: 8,751				



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

# 報告內容

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- **Key catalysts**
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# 2016 水泥行業主要亮點

## 需求面

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



## 供給面

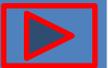
325 product phase out plan becomes more concrete

## 成本面

Coal price continues to be under pressure

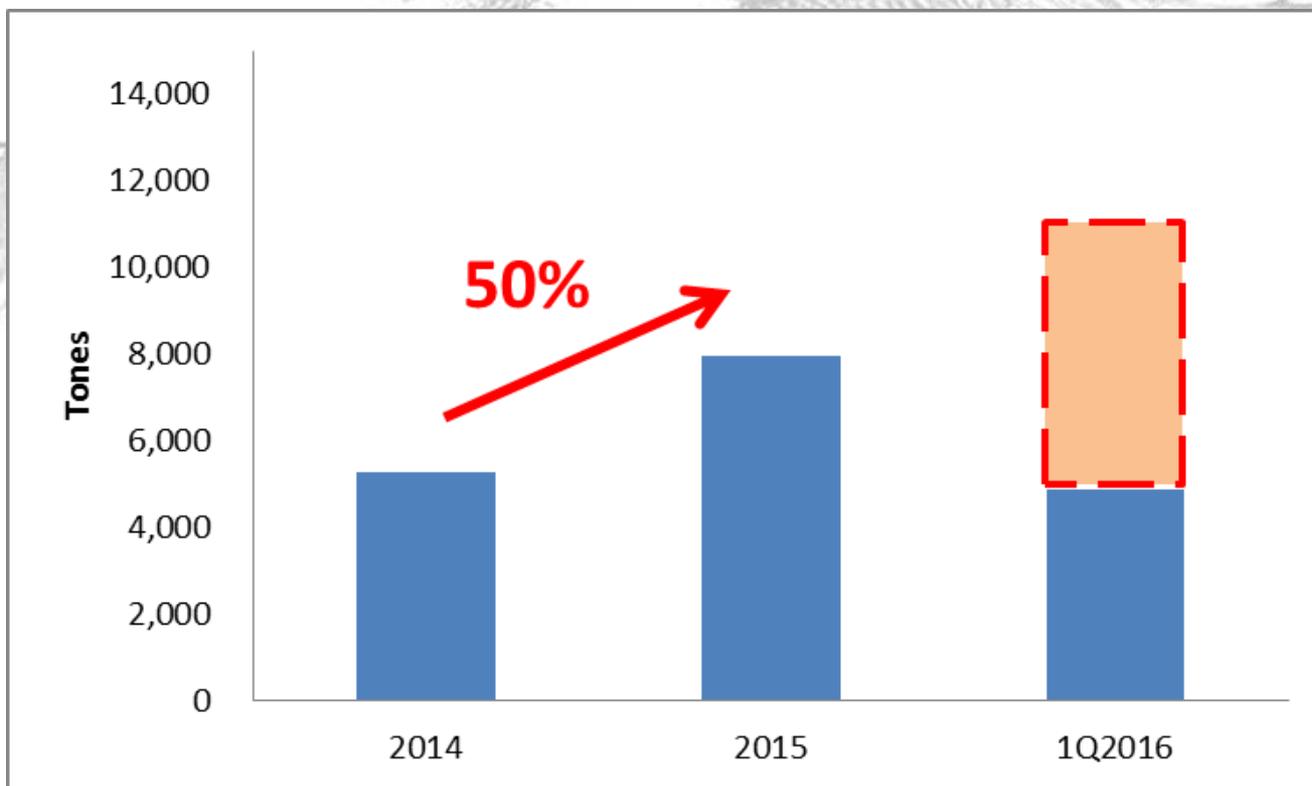
## 台灣

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

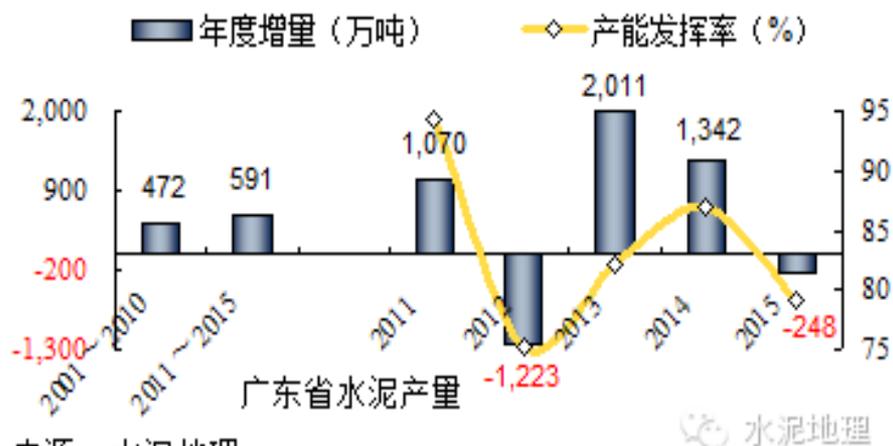


# 中國大陸公共工程建設案量增加

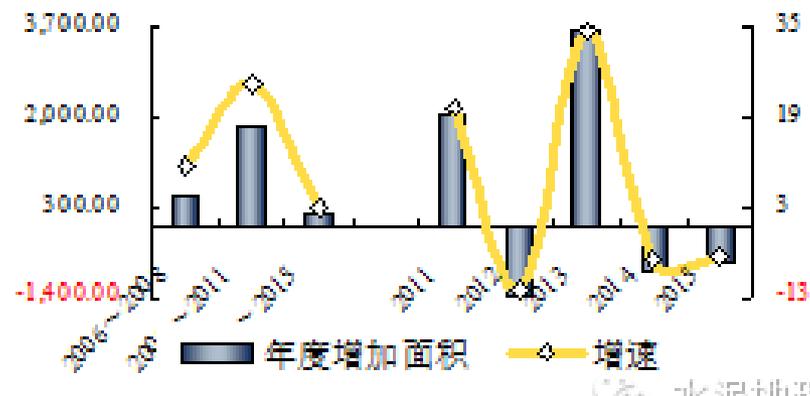
From our own sales team feedback, take GuangDong for example, 2015 's open bidding projects are about 50% yoy growth, while 1Q2016 is at similar level to that of 2014 full year. There is a possibility that infrastructure spending might stimulate overall cement consumption in 2016.



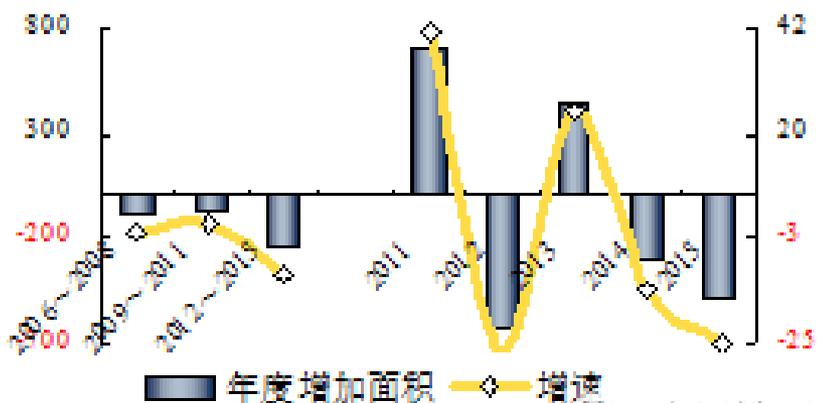
# 然而，整體需求動能仍偏弱



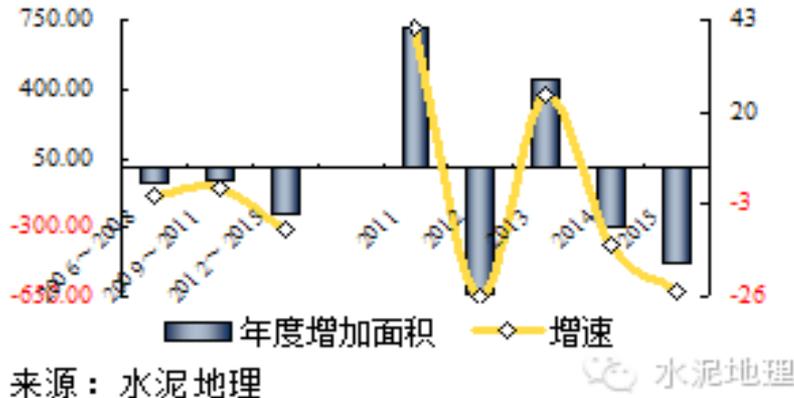
广东省房地产新开工面积 (万平方米)



广东省房地产土地购置面积 (万平方米)



广东省房地产销售面积 (万平方米)



# MRT 板南延伸線

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



# 2016台泥主要亮點

## 併購綜效

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



## 碳捕捉

Green business opportunities

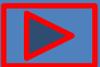


## 高現金殖利率

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

## 城市垃圾協同處理

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



# 併購綜效

## 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.

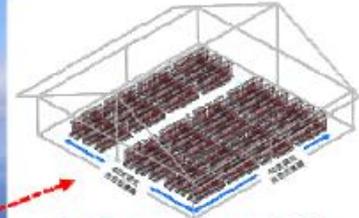
## HuaYing plant

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.

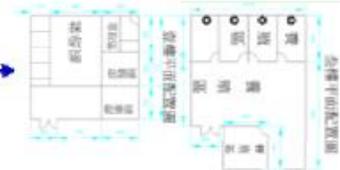
# 綠能商機

- TCC worked with ITRI to not only further reduce the carbon emission through calcium looping system, but also use the captured CO<sub>2</sub> 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.**

# 綠能商機



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)

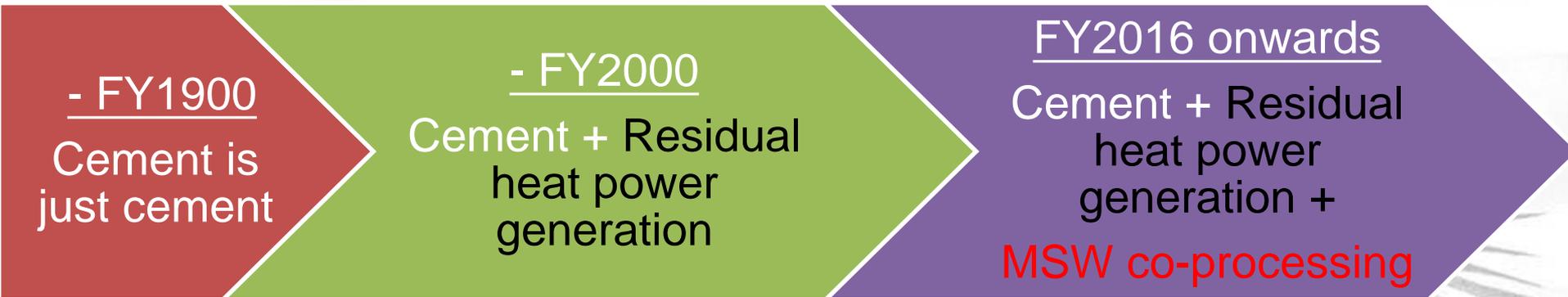


CCS 示範廠  
(40 m x 70 m)



微藻養殖示範場  
(20 m x 30 m)

# 更多高附加價值的服務 - 城市垃圾協同處理



- 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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# 2015年第四季營運表現

(In NT millions except otherwise noted)

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

# 2015年營運表現

*(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 <sup>(1)</sup>	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 <sup>(2)</sup>	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

# 2015年第四季營運表現(合併綜合損益)

<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)
<b>Operating Income</b>	<b>3,066</b>	<b>1,996</b>	<b>4,691</b>	<b>53.6</b>	<b>(34.6)</b>
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
<b>Profit</b>	<b>2,234</b>	<b>989</b>	<b>4,029</b>	<b>125.9</b>	<b>(44.6)</b>
Net Margin	9.1%	4.4%	13.6%	4.70	(4.50)

# 2015年第四季營運表現(合併綜合損益)

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

# 2015年營運表現(合併綜合損益)

(In NT millions except otherwise noted)

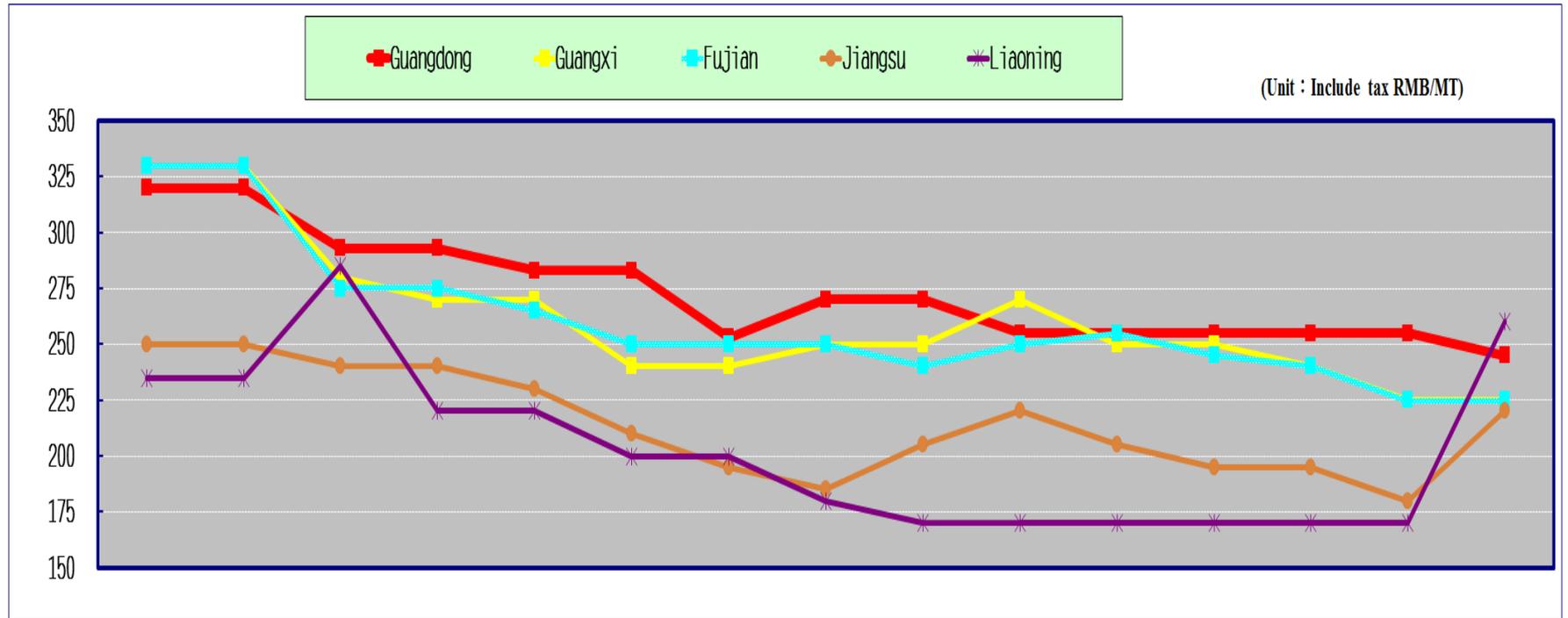
	2015	2014	YoY/%
Net Sales	93,679	118,326	(20.8)
COGS	79,151	93,453	(15.3)
Gross Profit	14,528	24,873	(41.6)
Gross Margin	15.5%	21.0%	(5.5)
Operating Expense	4,854	5,015	(3.2)
<b>Operating Income</b>	<b>9,674</b>	<b>19,858</b>	<b>(51.3)</b>
Operating Margin	10.3%	16.8%	(6.5)
Non-operating Income/(Expense)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

# 2015年營運表現(合併綜合損益)

(In NT millions except otherwise noted)

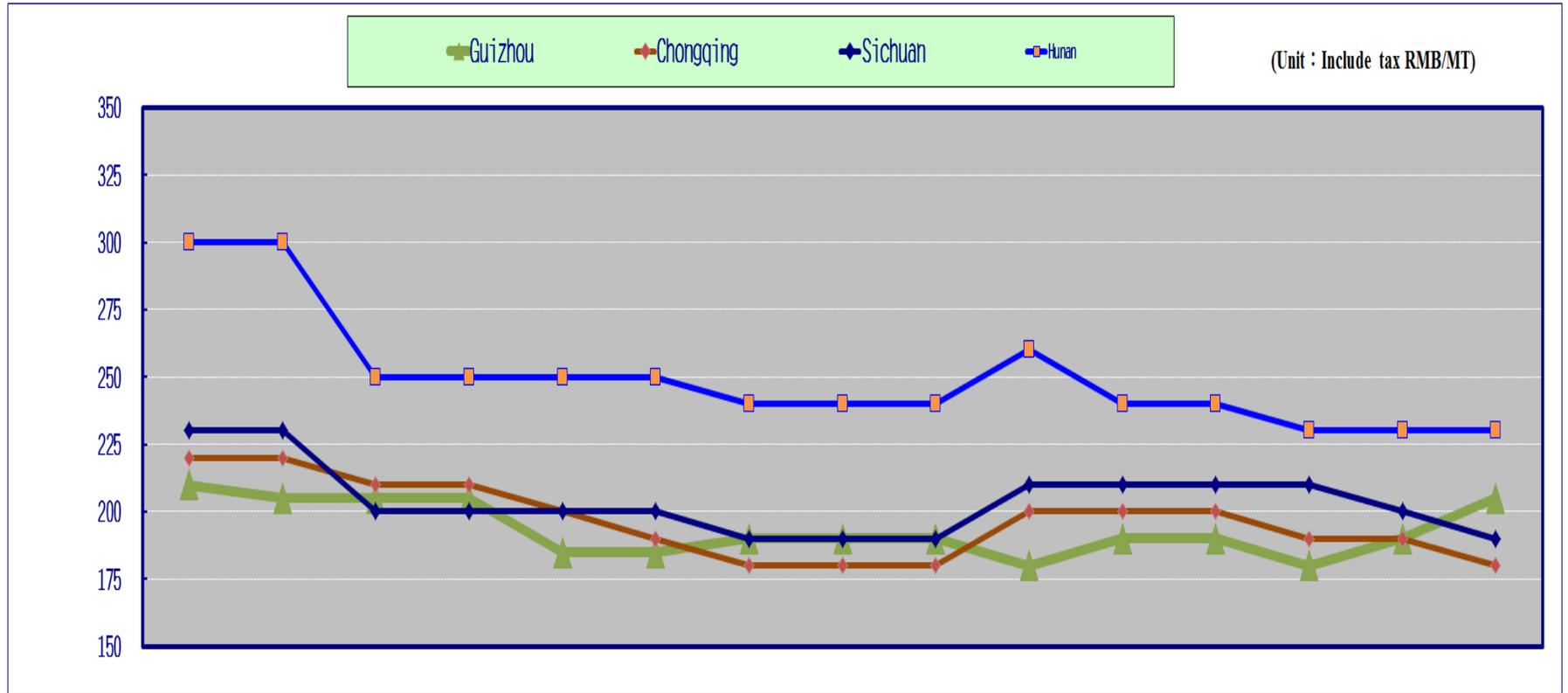
	2015	2014	YoY/%
<b>Profit</b>	<b>6,926</b>	<b>16,584</b>	<b>(58.2)</b>
<b>Other comprehensive income(loss)</b>	<b>(7,517)</b>	<b>3,226</b>	<b>(333.0)</b>
<b>Total comprehensive income(loss)</b>	<b>(591)</b>	<b>19,810</b>	<b>(103.0)</b>
<b>Profit attributable to</b>			
<b>Owners of the Parent</b>	<b>5,776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

# China PO.42.5 Cement Price by District



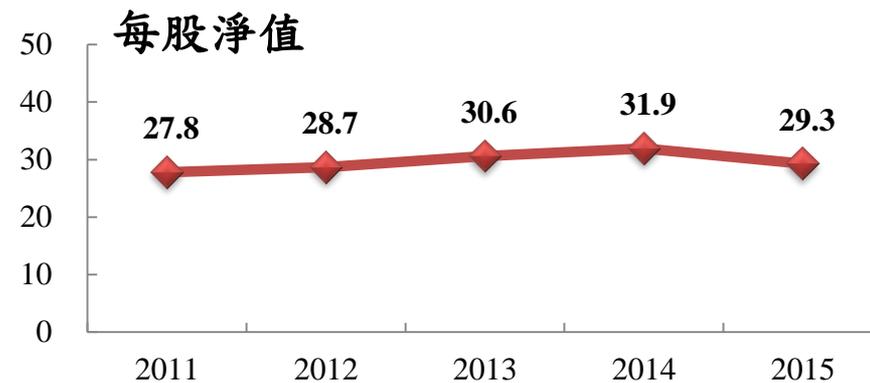
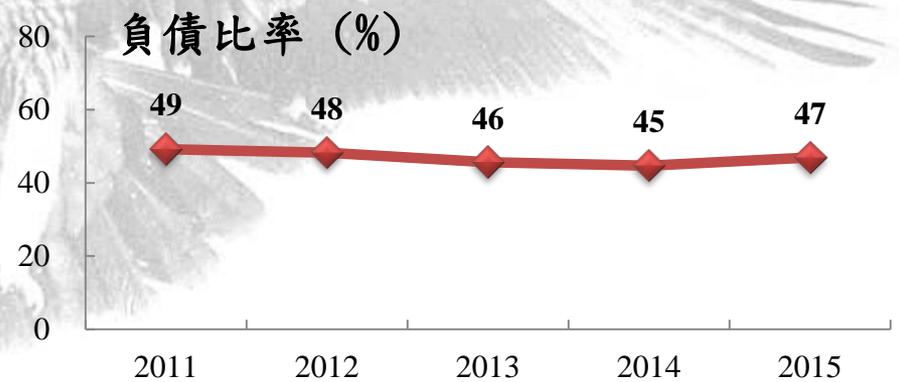
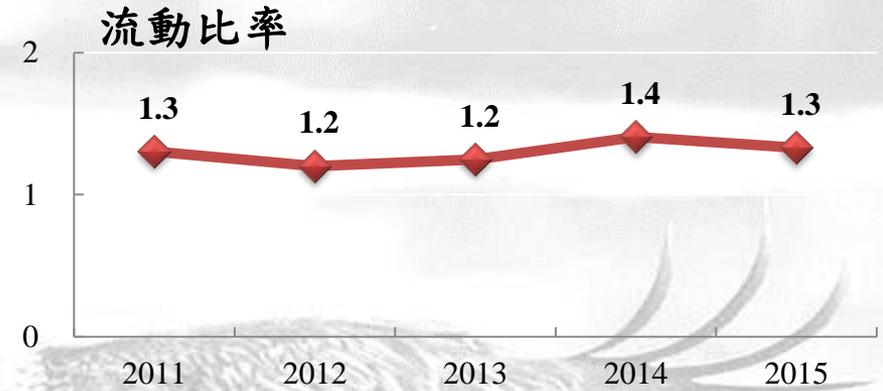
District \ Period	2015												2016		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Guangdong	320	320	293	293	283	283	253	270	270	255	255	255	255	255	245
Guangxi	330	330	280	270	270	240	240	250	250	270	250	250	240	225	225
Fujian	330	330	275	275	265	250	250	250	240	250	255	245	240	225	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

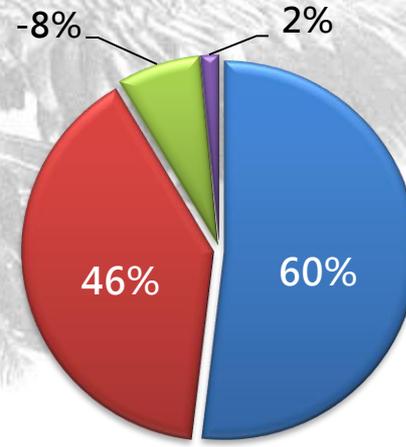
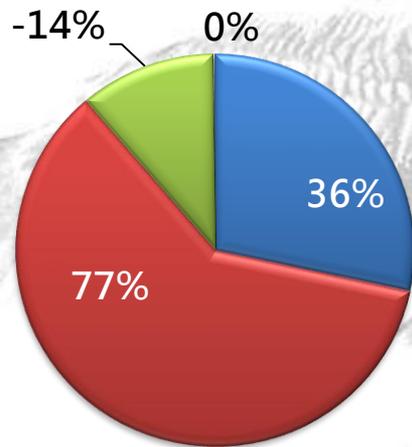
# 健全財務結構



# 2015第四季部門獲利

4Q 2015

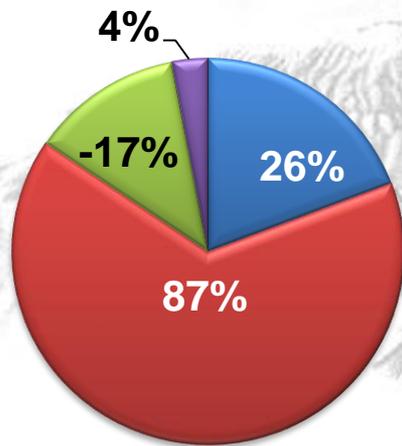
4Q 2014



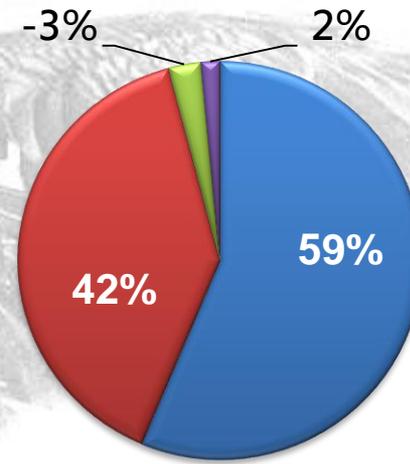
■ cement ■ power ■ chemical ■ others

# 2015 部門獲利

2015



2014



■ cement ■ power ■ chemical ■ others

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# Sales Volume in Recent 5 Years

## Cement, Clinker, and Slag Shipments

**PRC CAGR 8.8 %**

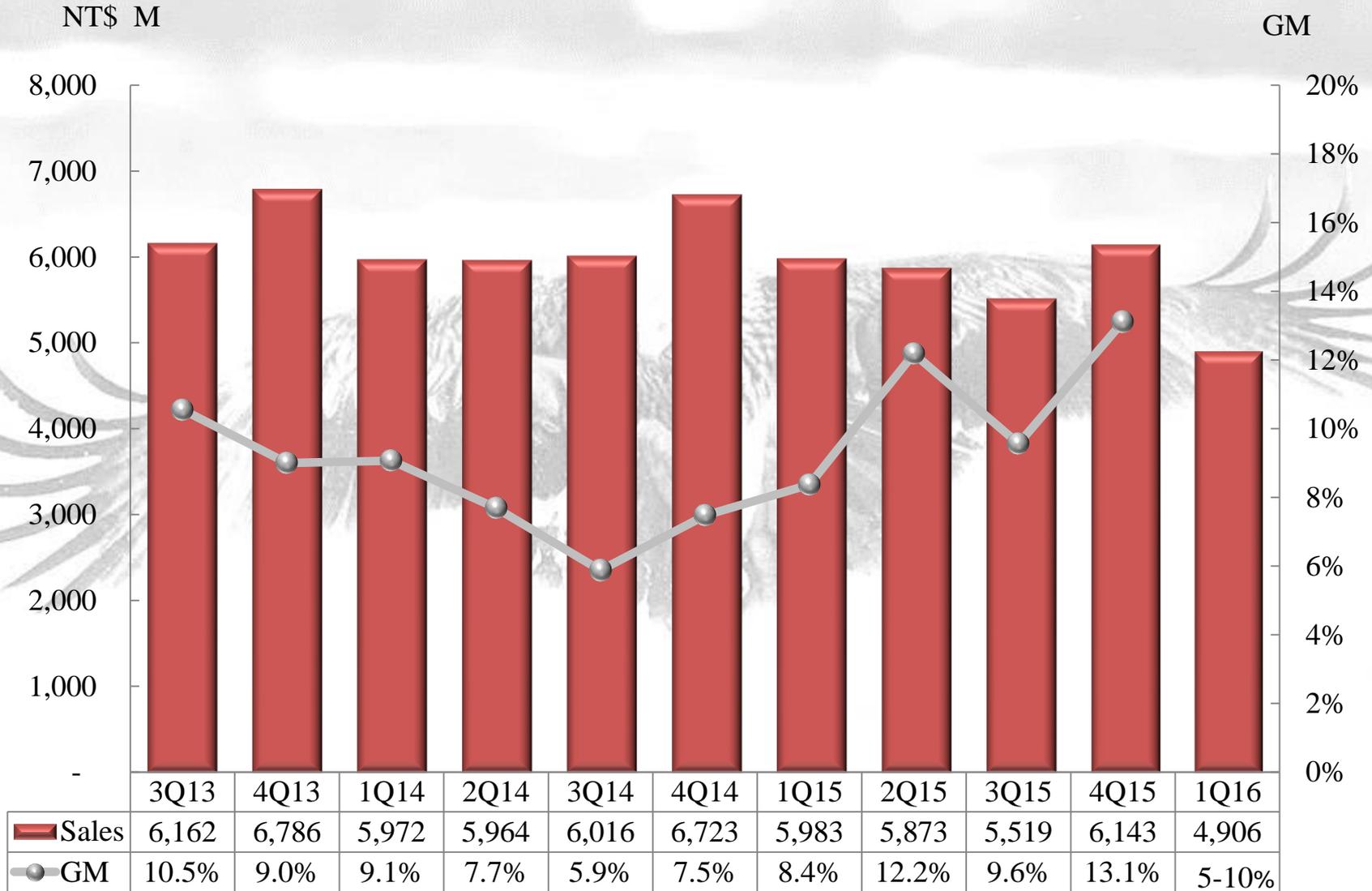
*(from year 2011 to 2015)*

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

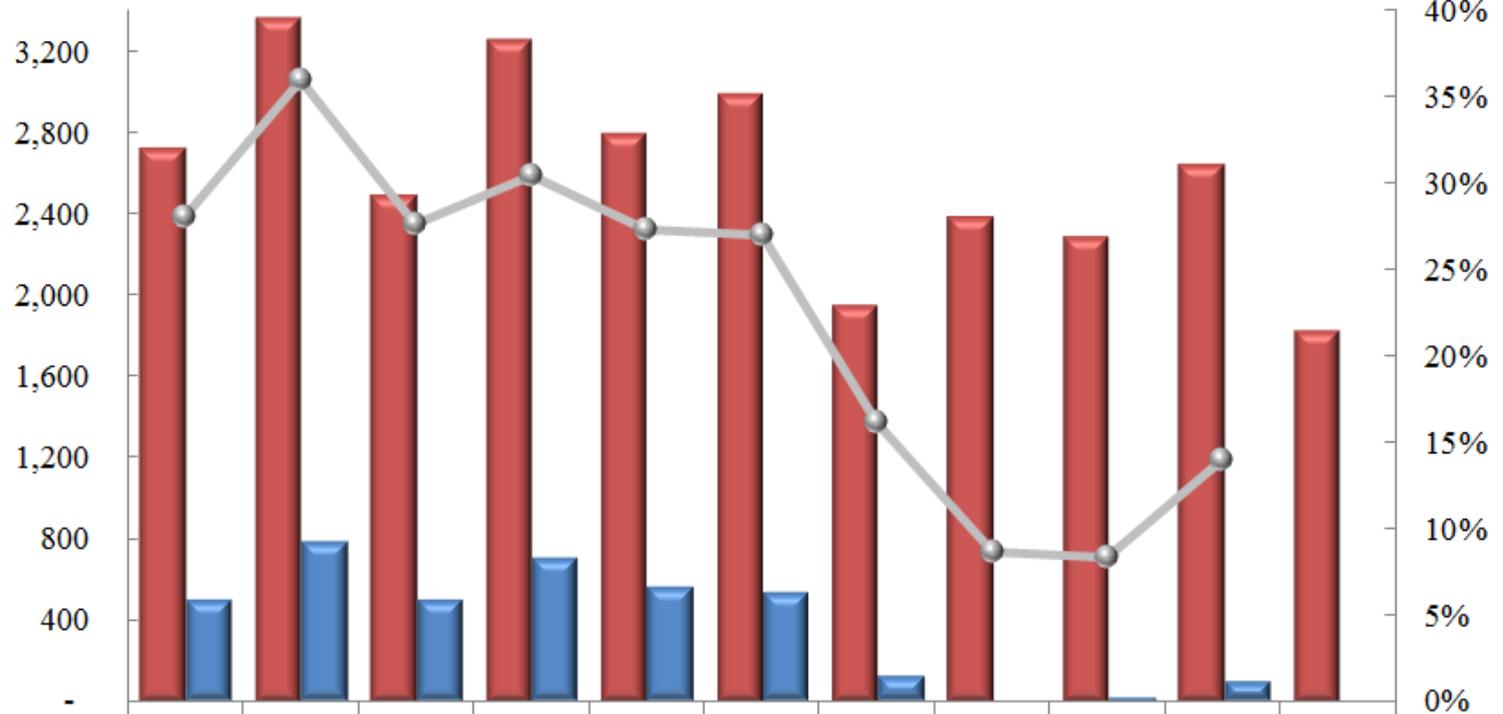


# Sales / GM – China Cement Division

RMB\$ M

■ Sales ■ Operation Income ● GM (%)

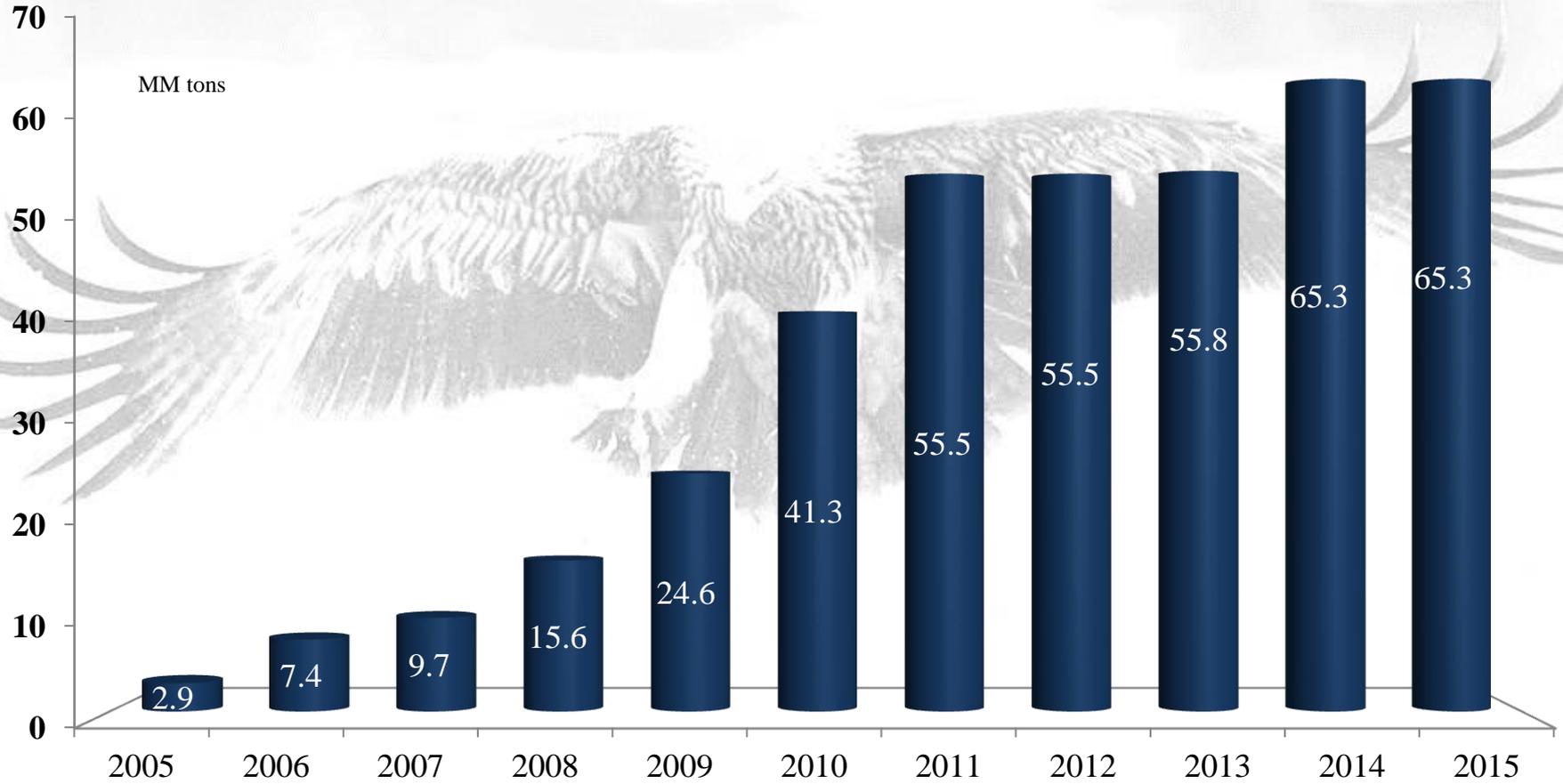
GM (%)



	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%

# 中國大陸產能擴充

■ production capacity

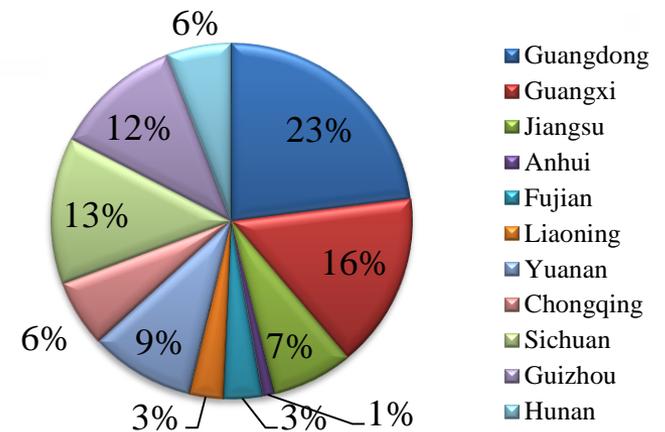


# 產能分佈區域

百萬噸

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	1H/15
廣東	0.0	4.5	4.5	9.0	9.0	15.3	15.0	15.0	15.0	15.0	15.0
廣西	0.7	0.7	0.7	1.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4
江蘇	0.0	0.0	2.3	2.3	2.3	4.5	4.5	4.5	4.8	4.8	4.8
安徽	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
福建	1.5	1.5	1.5	2.2	2.2	2.2	2.2	2.2	2.2	2.3	2.3
遼寧	0.0	0.0	0.0	0.0	0.0	2.0	2.0	2.0	2.0	2.0	2.0
雲南	0.0	0.0	0.0	0.0	0.0	4.2	4.2	4.2	4.2	6.2	6.2
重慶	0.0	0.0	0.0	0.0	0.0	2.0	4.0	4.0	4.0	4.0	4.0
四川	0.0	0.0	0.0	0.0	0.0	0.0	6.3	6.3	6.3	8.7	8.7
貴州	0.0	0.0	0.0	0.0	0.0	0.0	6.2	6.2	6.2	7.5	7.5
湖南	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.8	3.8
合計	2.9	7.4	9.7	15.6	24.6	41.3	55.5	55.5	55.8	65.3	65.3

2015年產能分佈



# 2015年產能分佈

Now: 6,530 萬噸

Unit: tons

四川
Guangan #: 2.0 million
Naxi Scitus #: 2.0 million
HoJiang Scitus #: 0.3 million
Luzhou Scitus #: 2.0 million
Hua Ying #: 2.4 million

重慶
TCC Chongqing #: 4 million

遼寧
TCC Liaoyang #: 2 million

江蘇
TCC Jurong #: 4.75 million

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

安徽
AKB #: 0.7 million

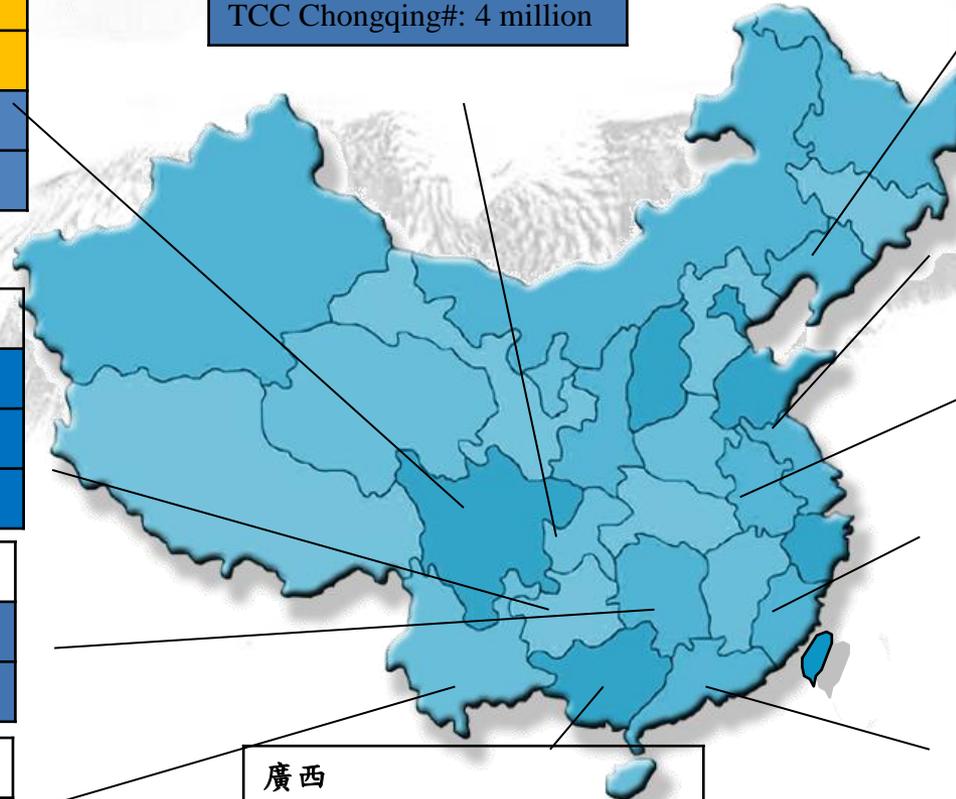
湖南
TCC Huaihua #: 2.45 million
TCC Jingzhou #: 1.35 million

福建
TCC Fuzhou #: 2.25 million

雲南
Anning *: 2.64 million
Baoshan *: 3.52 million

廣西
TCC (Guigang) #: 9.0 million
TCC Liuzhou *: 1.4 million

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



■ Cement Capacity

■ Grinding Capacity

# 中國大陸地區產能排名第七



# 中國大陸地區產能目標

**target capacity: 100 million tons**

China's  
Top tier  
players

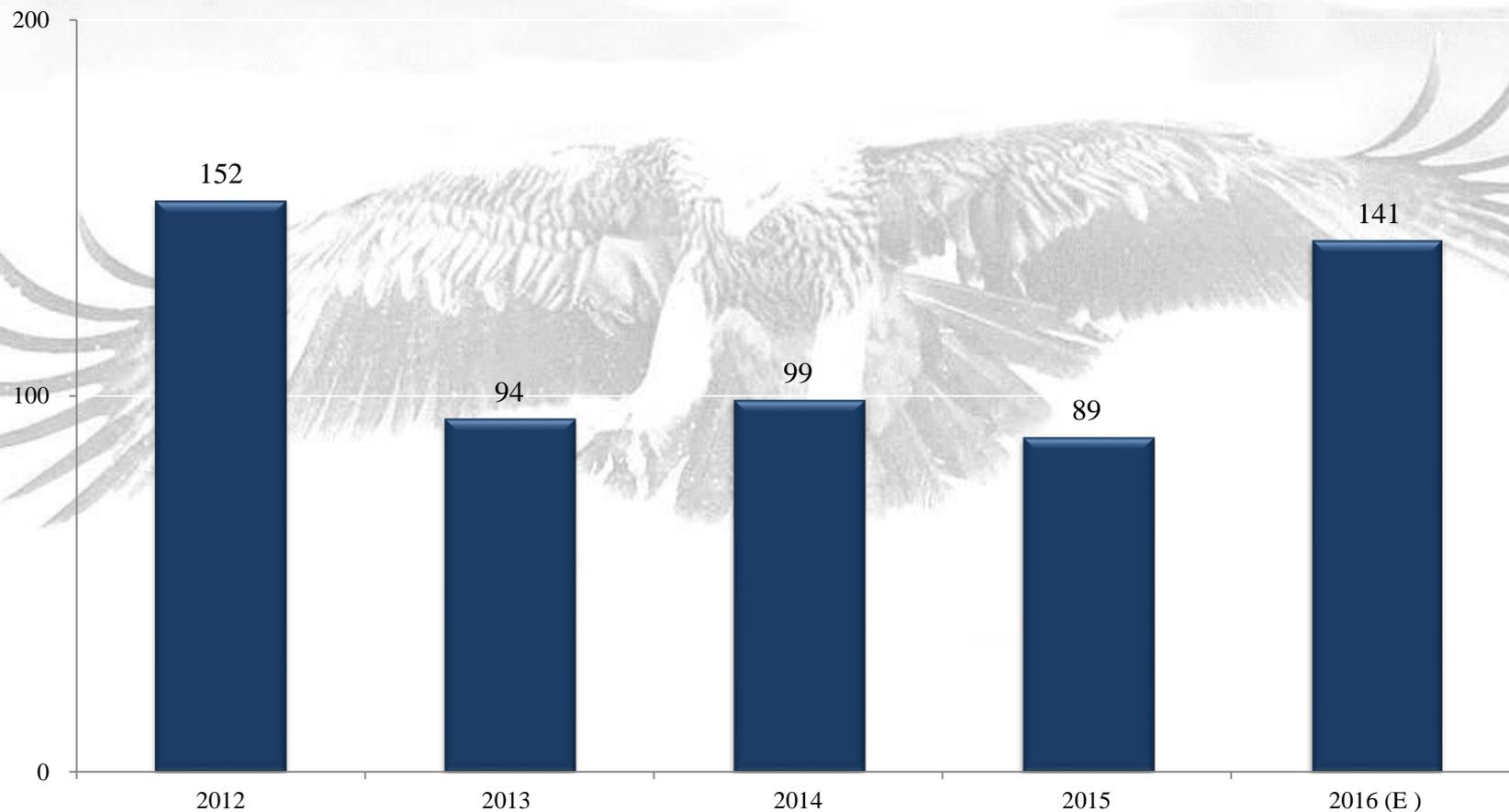
Green field project  
Merge & Acquisition

**65.3 mm tons**

Existing capacity in operation

# 資本支出

US \$ M



# Accountability, Teamwork and Execution





Thank You

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