



2018年7月

台灣水泥股份有限公司
法人說明會





台泥簡介

投資重點

策略展望

財務摘要

台泥為台灣及大陸南部、西南部領導水泥生產商



Leading cement producer in the region with over 70 years of industry experience



No. 1 cement manufacturer in Taiwan since inception, with over 30% market share and an annual capacity¹ of 10.4 mm tons



Top 3 position in 4 provinces² and No. 6 in China with an annual capacity¹ of 64.3 mm tons³

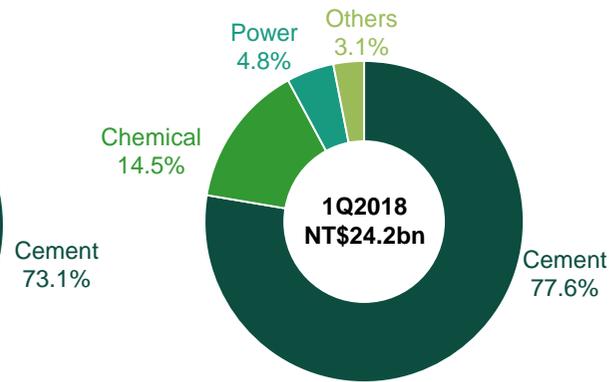
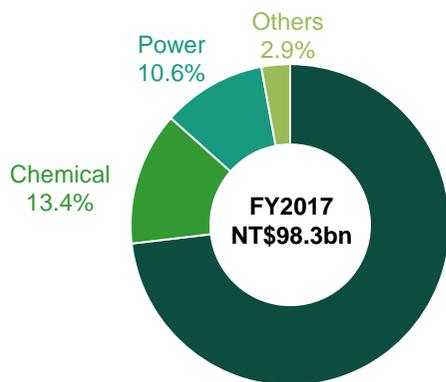


Steady footprint in power, chemical, environmental and transportation businesses

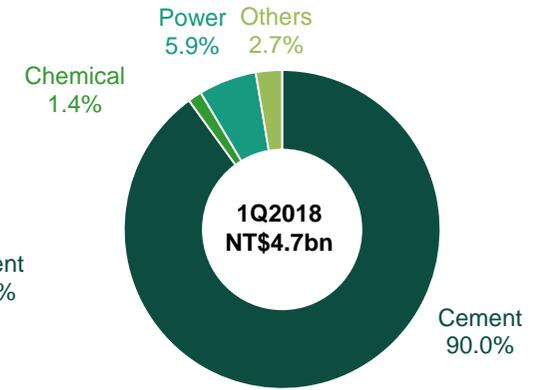
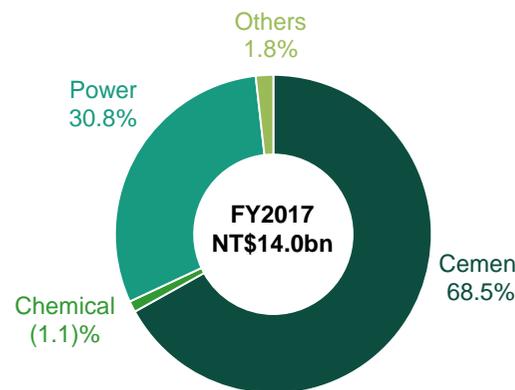


Expanding into green energy and waste treatment businesses

Revenue by segment



Operating profit by segment



台泥旗下事業橫跨多項類別

	 Cement	 Power	 Chemical	 Others	
				 Environmental¹	 Transportation
Business Scope	<ul style="list-style-type: none"> Manufactures cement, cement products and ready mix concrete (RMC) Cement capacity of 10.4 mm tons in Taiwan and 64.3 mm tons in China respectively² 3 and 23 plants in Taiwan and China² 	<ul style="list-style-type: none"> Ho-Ping Power sells electricity generated by its thermal power plant to Taiwan Power Company Growing renewable energy portfolio 	<ul style="list-style-type: none"> TPCC focuses mainly on phenol, acetone and cyclohexanone products 	<ul style="list-style-type: none"> 8 waste water treatment plants in Taiwan 8 incineration plants in Taiwan Anshun plant handles household garbage in China 	<ul style="list-style-type: none"> Ta-Ho Maritime, Taiwanese bulk-focused shipping company Hoping Industrial Port in Taiwan
Key Stats	<ul style="list-style-type: none"> No. 1 in Taiwan since inception No. 6 in China cement market and top 3 position in 4 provinces³ Present in the Chinese market since 2004 	<ul style="list-style-type: none"> 21.0% market share⁴ Total installed capacity of 1.3 GW Renewable assets of 2MW in operation and 56 MW in progress 	<ul style="list-style-type: none"> Production capacity of 1,420k tons as of YE 2017 32% market share in phenol, 46% in acetone, and 100% in cyclohexanone in Taiwan⁵ 	<ul style="list-style-type: none"> Largest waste collector in Taipei⁶ with 55,000 metric tons of annual household waste collection 	<ul style="list-style-type: none"> Fleet of 9 ships⁷ Capacity of 414,342 mt deadweight tonnage

台泥簡介

➤ 投資重點

策略展望

財務摘要

台泥為台灣及大陸南部、西南部水泥領導生產商，
擁有多元的獲利來源並致力於綠色經濟

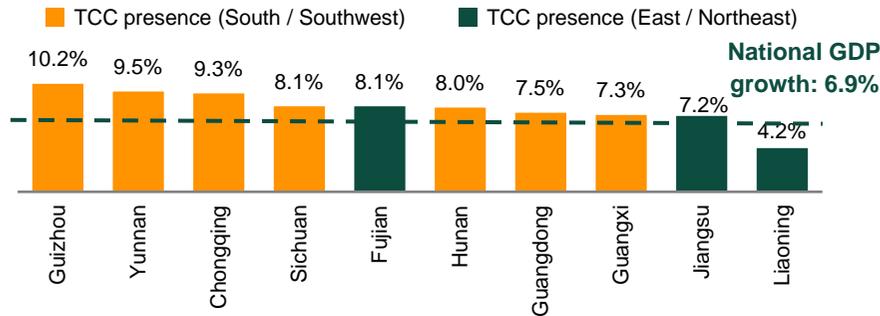


- 1** *Strategically focused presence in attractive South and Southwest China cement markets*
- 2** *Supply side reform in China supporting favorable supply-demand dynamics and price trend*
- 3** *Front running the green revolution in the Chinese cement industry with direct economic benefits*
- 4** *Undisputed market leader in the Taiwanese cement market*
- 5** *Diversified earnings supported by synergistic, stable and well-performing non-cement operations*
- 6** *Consistently delivering strong results for its shareholders*

1 專注經營高吸引力的大陸南部、西南部水泥市場

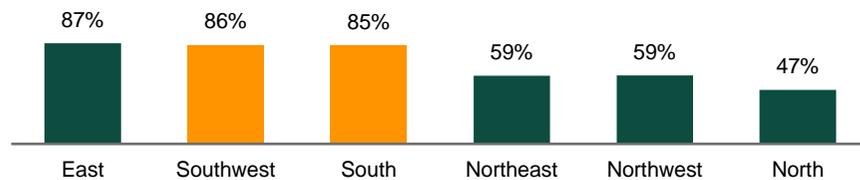
Faster growth backed by strong demand drivers

2017 GDP growth in provinces with TCC presence



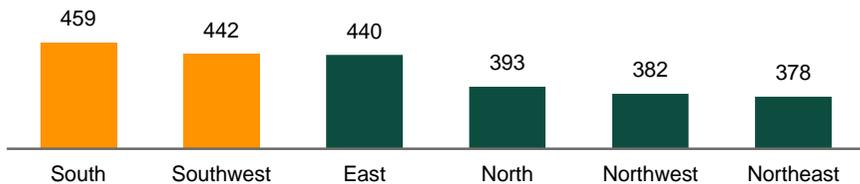
- Major infrastructure projects include Greater Bay Project

Higher utilization rates¹



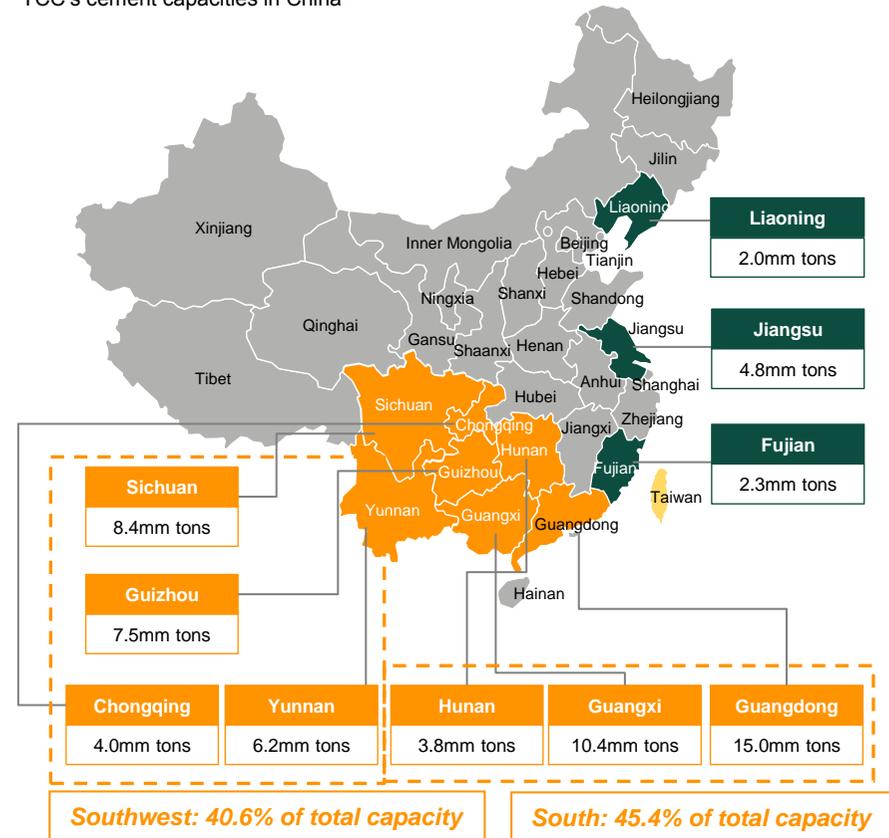
Attractive cement price dynamics²

(RMB / ton)



Focused exposure to South and Southwest China

TCC's cement capacities in China³



Leading positions in its key markets

- 86% of capacity focused on South and Southwest provinces
- Top 3 position in 4 provinces⁴ (59% of TCC's capacity)



Source: ccement.com, Digital Cement, company material

Note: ¹ China's cement utilization by region as of 2017; ² China's cement prices by region as of 1Q 2018, prices calculated as average of January – March 2018 monthly data; ³ As of Jun 30, 2018; ⁴ Guangdong, Guangxi, Jiangsu, and Guizhou provinces

2 大陸供給策改革支持有利的供需平衡及價格走勢

Chinese cement industry policy leads to supply decline...

Supply-side reform



- Off-peak production
- Tightening capacity replacement measures
- Multi-tiered electricity tariffs policy
- Cement product standard revision (eliminate PC32.5 grade)

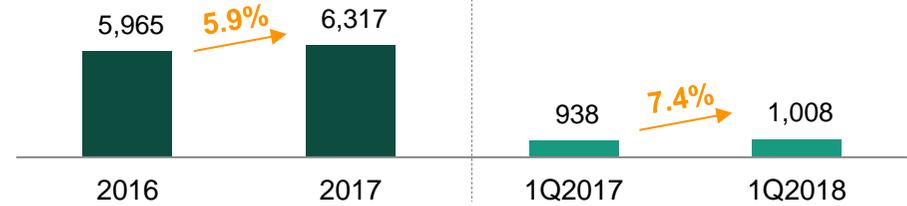
Environmental protection



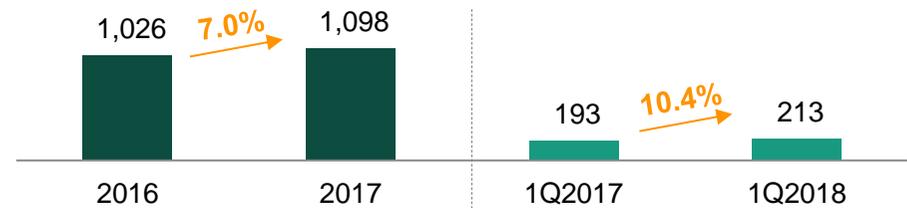
- Strict environmental protection requirements
- Central & provincial environmental inspection

...while robust growth in fixed asset and real estate investments provides demand

Investments in fixed assets (RMBbn)

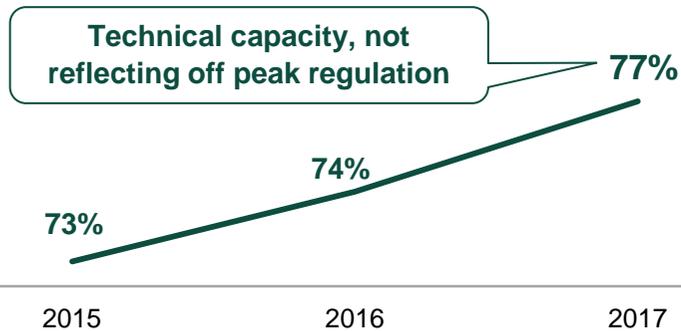


Investments in real estate (RMBbn)



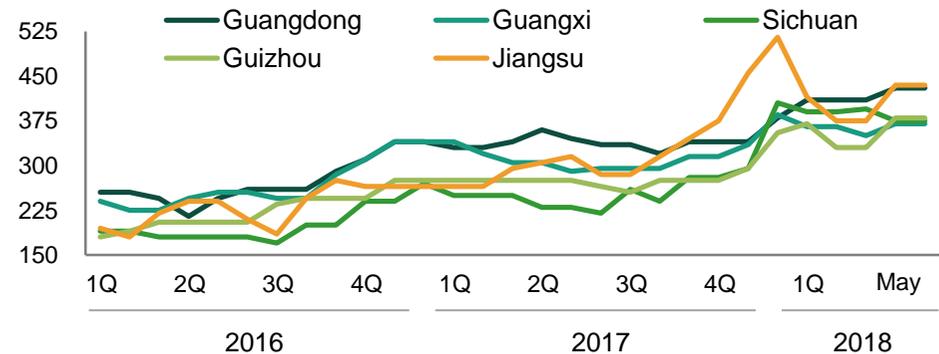
Improving clinker supply-demand balance

Clinker utilization rate in China



TCC has seen steady price growth over the last two years

TCC prices¹ (RMB / ton)



2 規模及效率使台泥受益於產業結構性改革

TCC's scale and efficiency...

23 plants and 31 kilns in China¹

#6 in China

Top 3 position in 4 provinces²

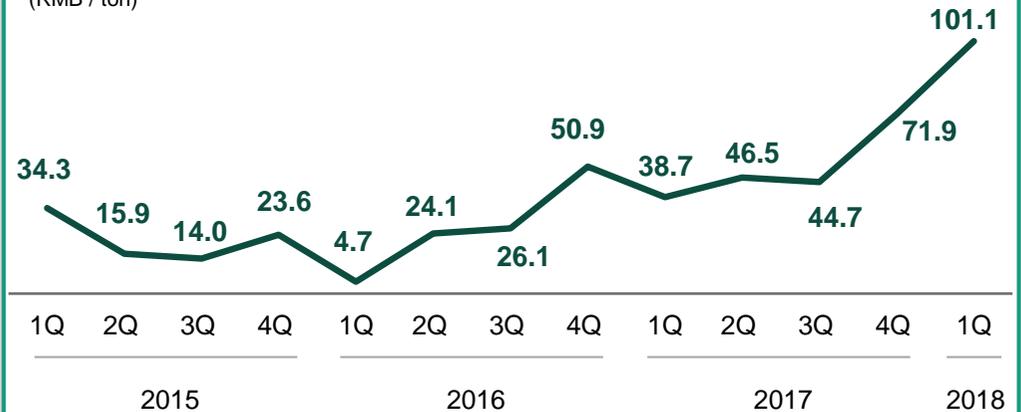
22/31 of large-scale³ clinker lines in China
(74%⁴ of TCC's capacity in China)

Dedicated R&D engineering team

...provide competitive advantages

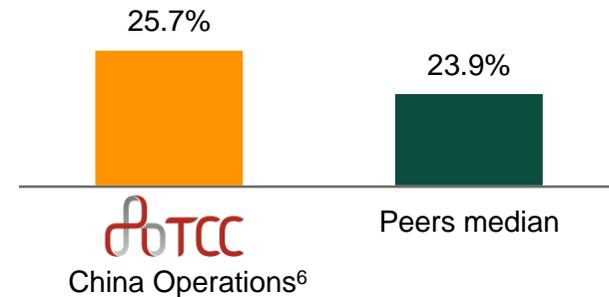
Strong momentum in gross profit / ton⁵

(RMB / ton)



Superior profitability

1Q18 operating margin⁶ (%)

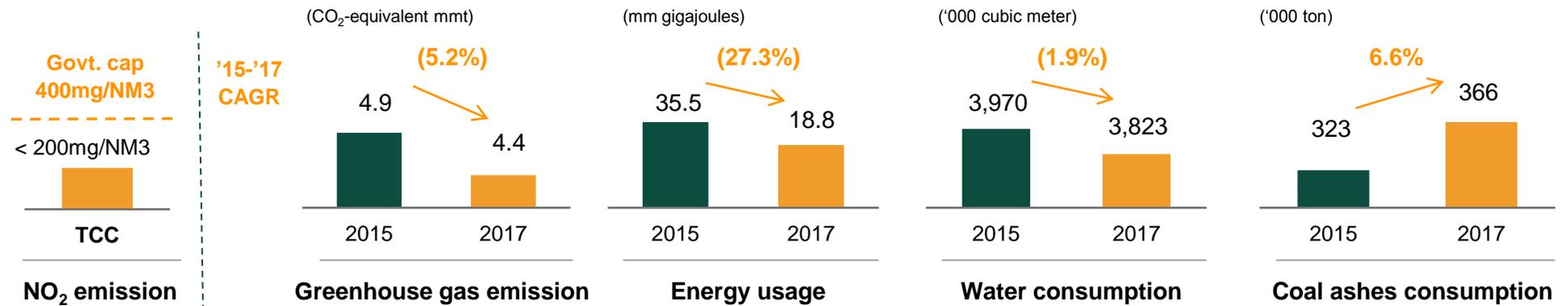


Pioneering environmentally friendly technology



- Waste heat power generation since 1992
- Green fuels (RDF) since 2015
- Industrial / domestic waste co-processing since 2001 / 2015
- Award-winning innovations:
 - Carbon capture utilization and storage (CCUS)
 - Microalgae cultivation technology

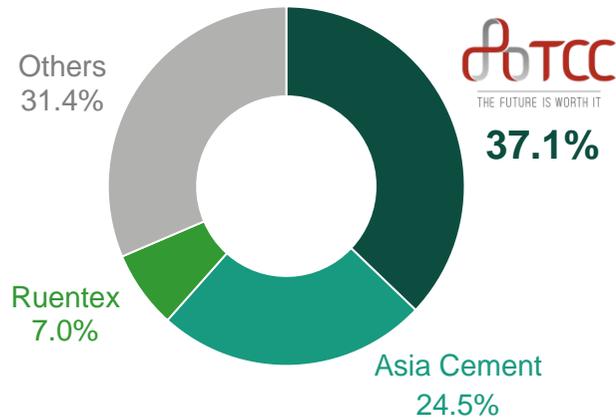
Substantial progress over past years



台泥為台灣水泥市場的領導者

Undisputed leader with a very long track record

Market share¹



- Consistent **#1 position** since inception
- **Concentrated** market with top 2 players accounting for 60%+ share
- **Leading ready-mixed concrete (RMC) player** with strong access to end markets
- **Stable cement prices**
- Potential benefits from government-backed **infrastructure projects**
- Present **since 1946**

Extensive and dominant presence in Taiwan



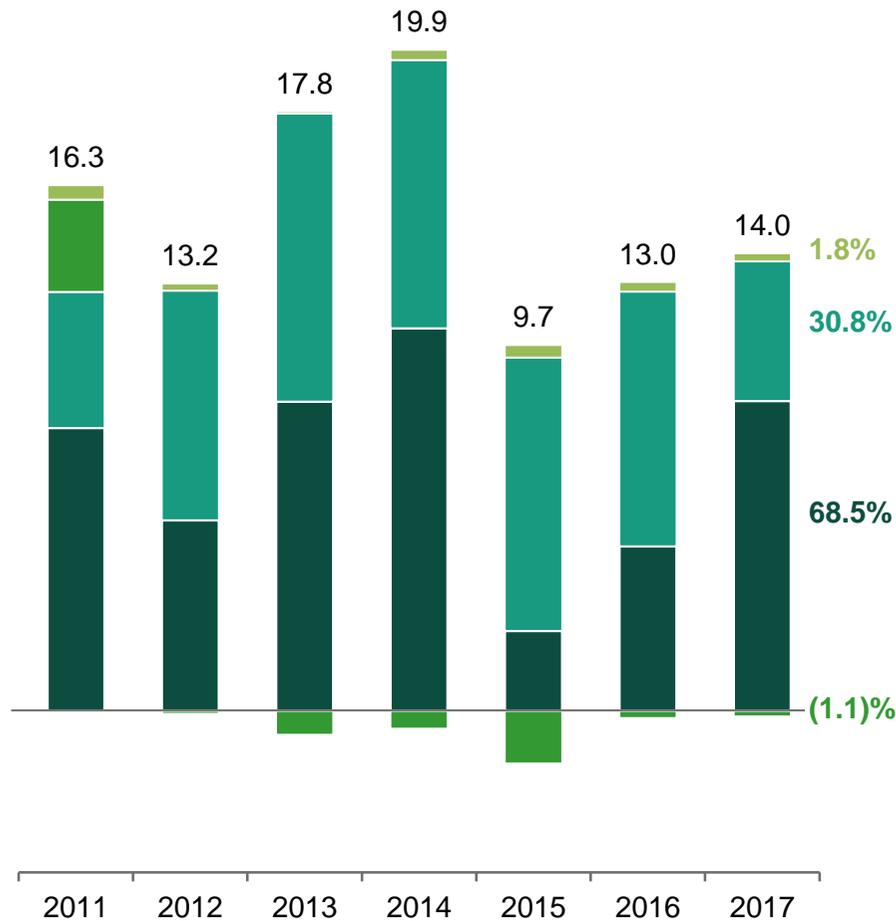
穩定並經營良好的非水泥營運部門 為提供台泥多元的獲利來源和協同效應



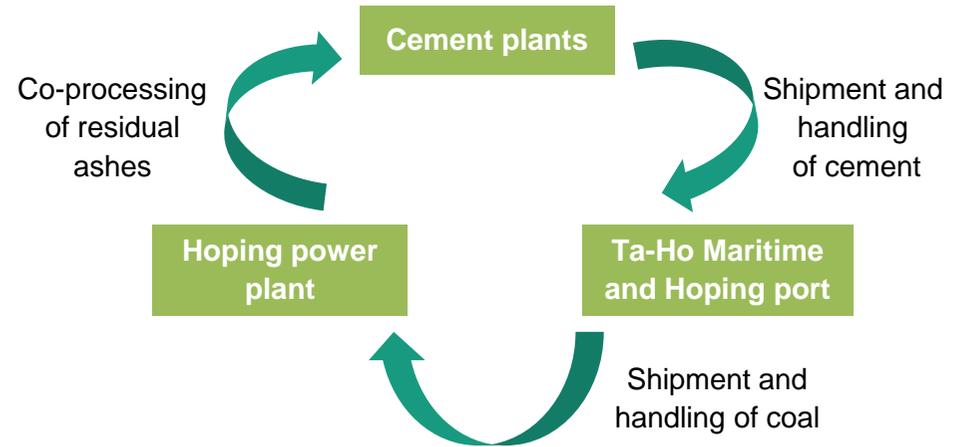
Non-cement operations mitigate cement's earnings volatility

Operating income (NT\$bn)

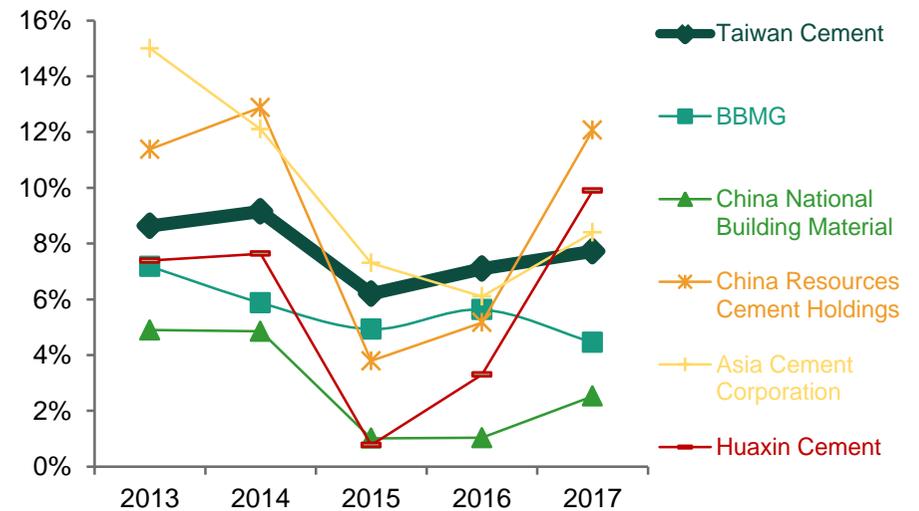
■ Cement ■ Power ■ Chemical ■ Others¹



Identifiable synergies through inter-segment operations



More consistent earnings² compared to its peers



Source: Company filings

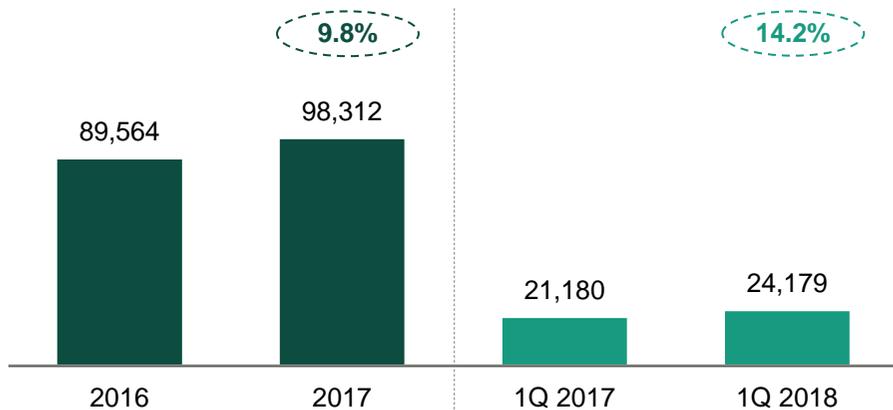
Note: ¹ Others include Transportation segment, Environment segment and production and sale of refractory materials; ² Chinese and Taiwanese cement peers' net income margin based on net income attributable to shareholders



台泥持續達成良好的營運成果

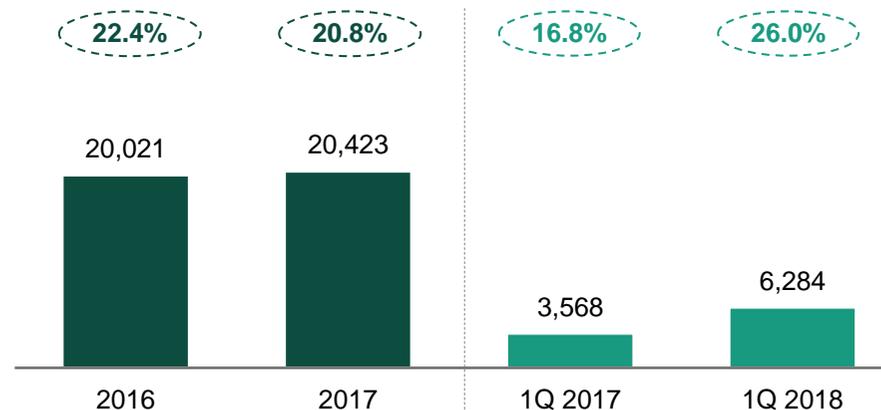
Revenue (NT\$mm)

○ % growth



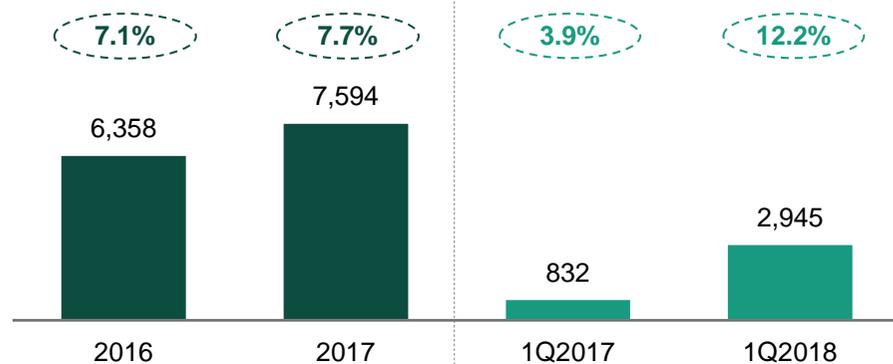
EBITDA¹ (NT\$mm)

○ % margin



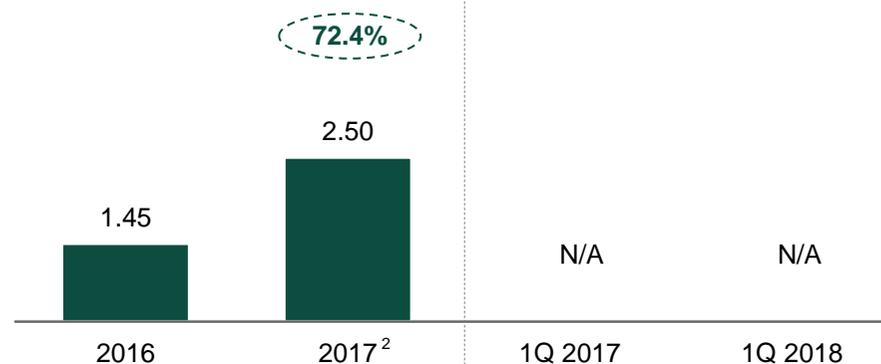
Net income attributable to shareholders (NT\$mm)

○ % margin



Dividend per share (NT\$)

○ % growth





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財務摘要

台泥在水泥、再生能源與廢棄物處理的策略佈局

Cement



- **Maintain:** market position in China and Taiwan
- **Consolidate:** opportunities in existing markets in China
- **Highest standards:** stay ahead of regulatory environmental requirements
- **Expansion opportunities:** beyond Taiwan and China
 - Seek inorganic opportunities
 - Potential partnership with Sanko Holding in Turkey

Renewable energy



- **Capitalize on unique opportunity:**
 - 20% of renewable energy by 2025
 - Attractive incentives for investors
- **Grow and deliver asset pipeline:**
 - Assets with 2MW in operation and 56 MW in progress
- **Lever TCC advantages:**
 - Power market understanding
 - National presence
 - R&D and engineering expertise

Waste treatment

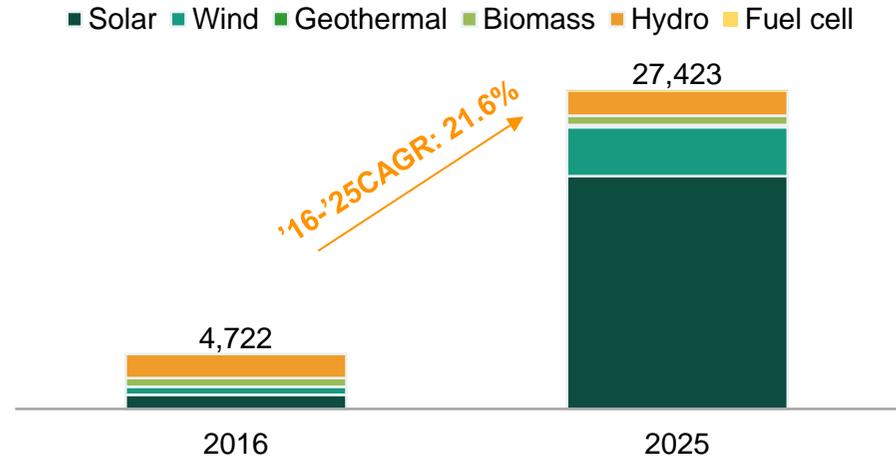


- **“Home-grown” experience:**
 - Long track record of waste treatment expertise in Taiwan
 - Taiwan kilns operating with 18% alternative raw materials
- **Developments in co-processing:**
 - Waste processing plant in Anshun
 - Cement plant with dedicated waste disposal facilities in Shaoguan
- **Strategic alliances:** partner of choice for global and regional champions:
 - Veolia, Beijing Oriental Landscape

政府支持為再生能源帶來高成長潛力

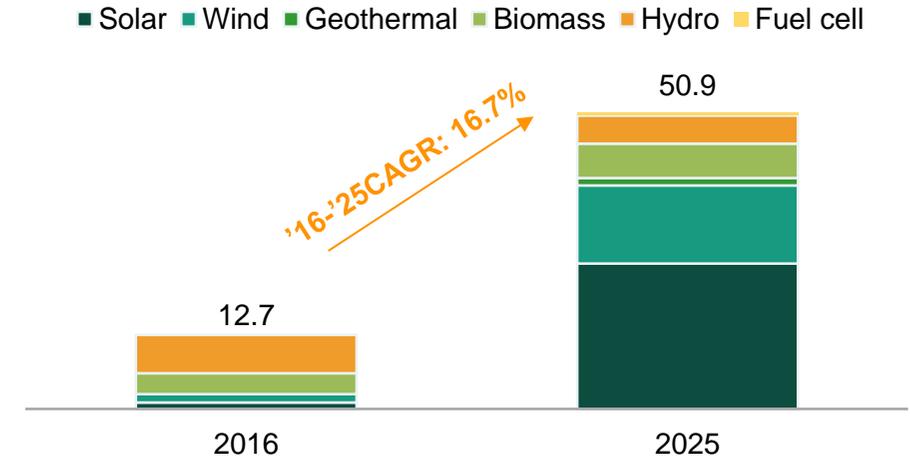
Strong renewables growth on back of government support

Taiwan's renewable power capacity in MW



Stable growth in renewables power demand and generation

Taiwan's renewable power generation in TWh



Growing pipeline of renewable energy assets

	Changbin solar		Changbin wind	Chiayi fishery solar	Total
Capacity (MW)	2	12	7	37	58
Completion	In operation	June 2019	June 2019	2019	-

Well-positioned to grow pipeline and deliver projects

- Stringent project screening process with **high return threshold**
- R&D and engineering expertise
- Better access to **secure land parcels and complete projects**
- Understanding of power generation market**

台泥簡介

投資重點

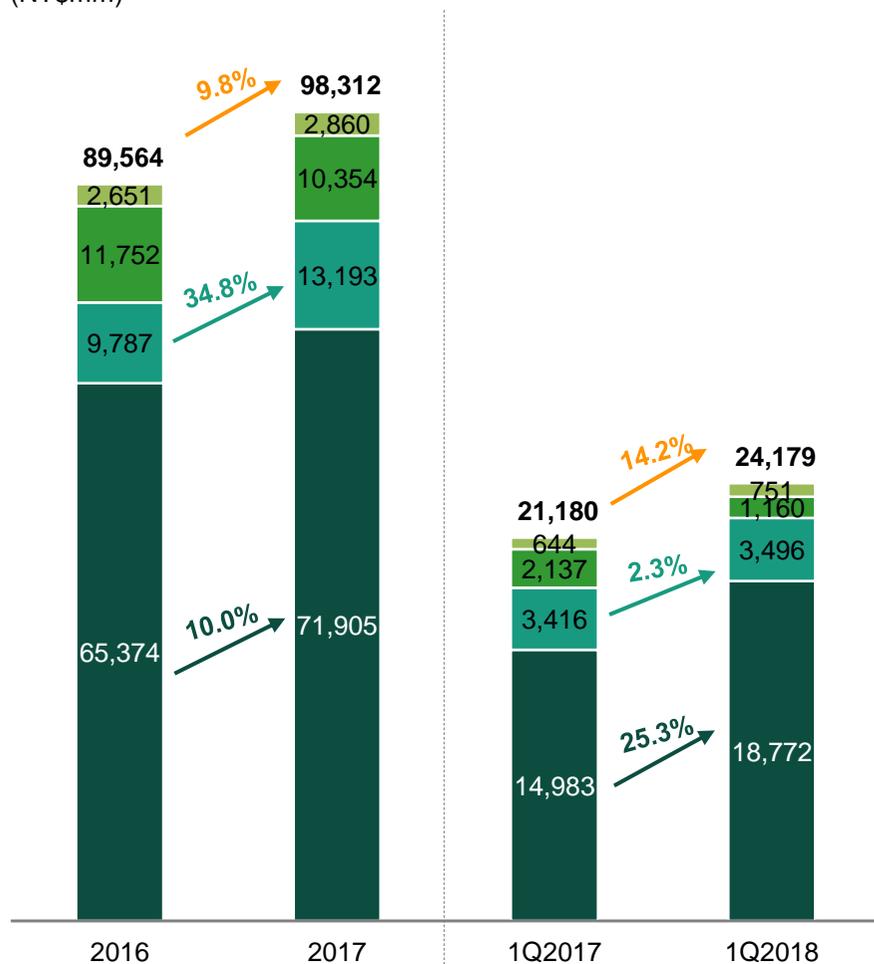
策略展望

 財務摘要

水泥及化工部門良好的營運成果持續推動收入成長

Consolidated revenue

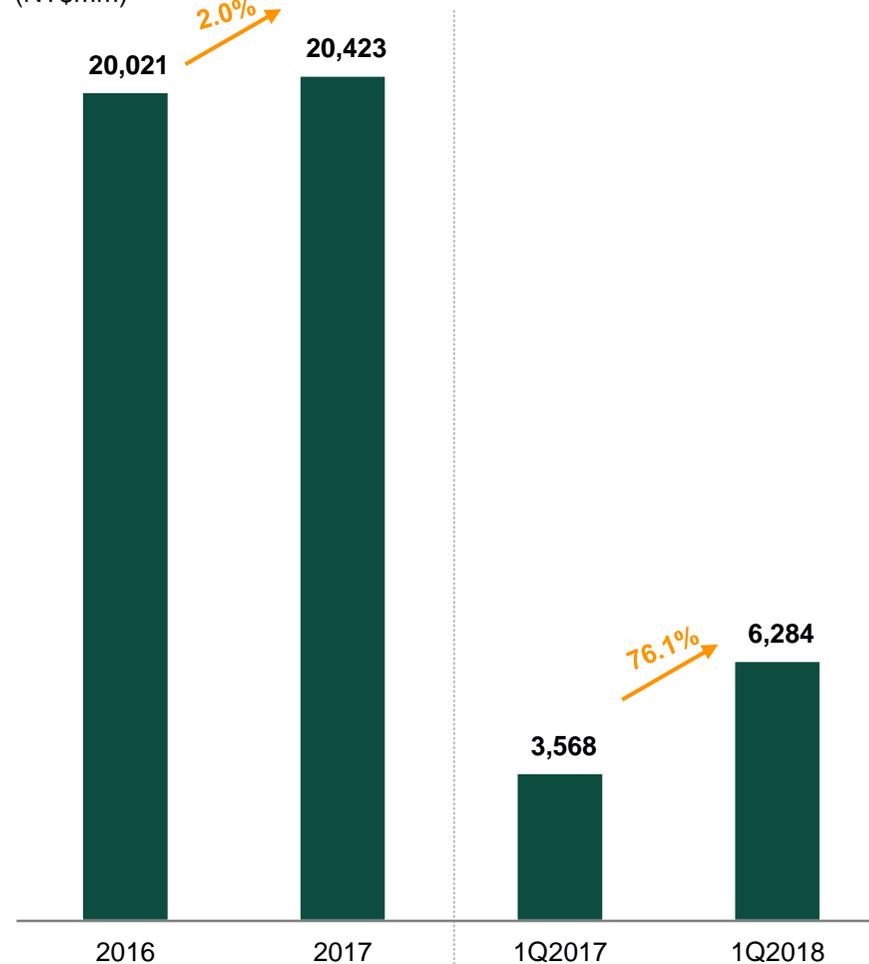
(NT\$mm)



■ Cement ■ Chemical ■ Power ■ Others

EBITDA¹

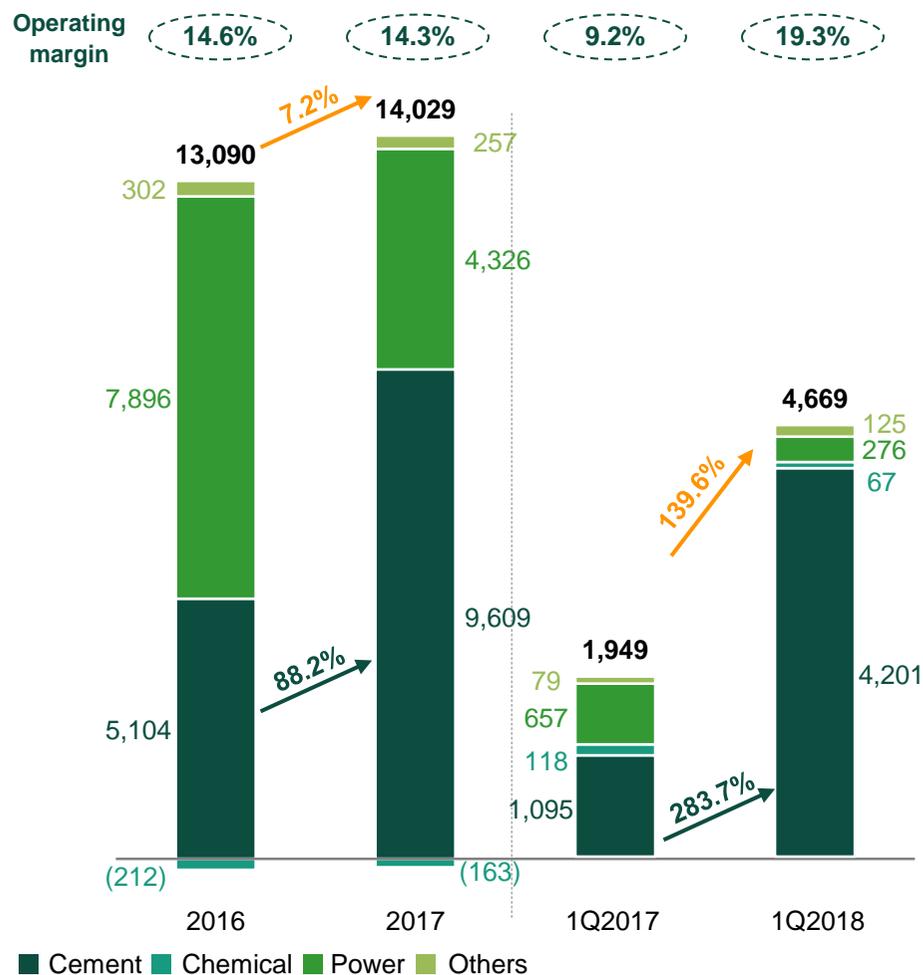
(NT\$mm)



利潤率及營收的成長拉動獲利

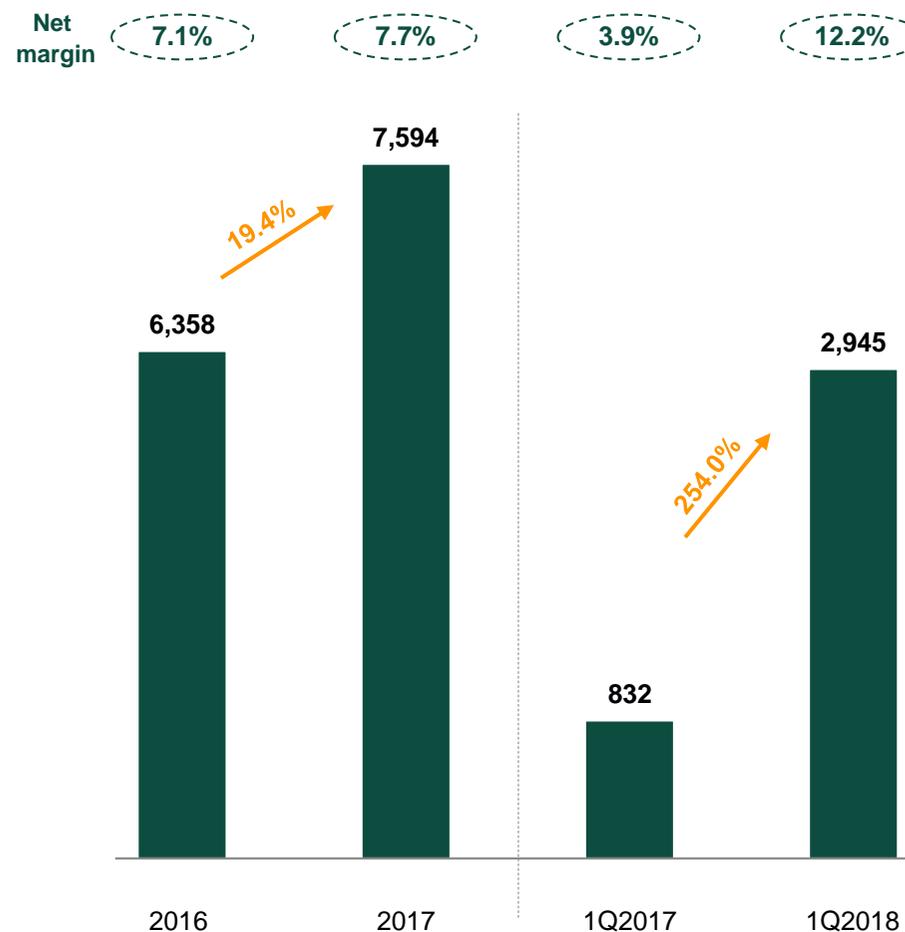
Operating income breakdown by segment¹

(NT\$mm)



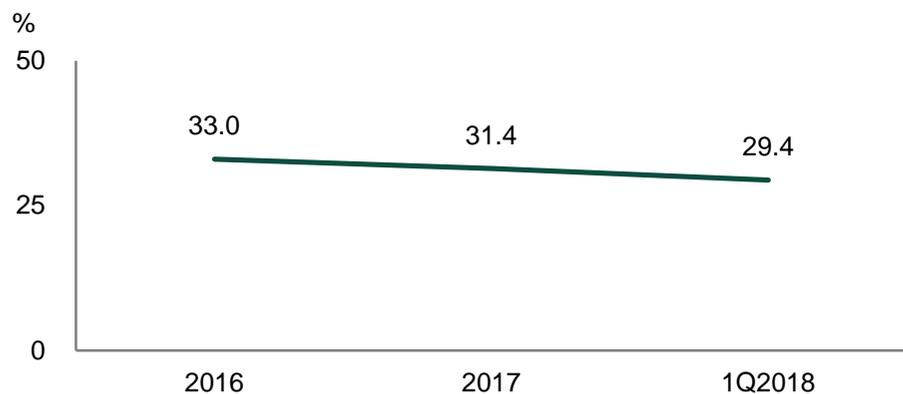
Net income attributable to shareholders

(NT\$mm)

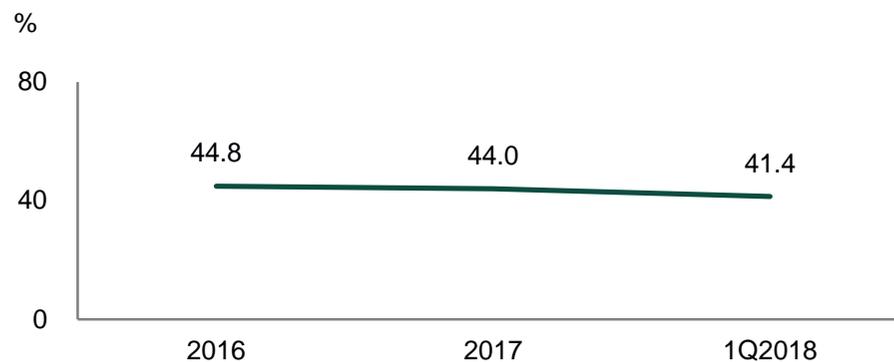


健全的財務結構

Gearing ratio¹



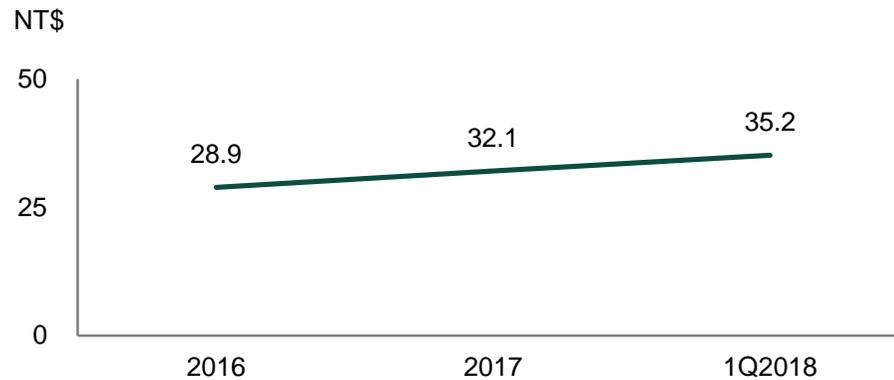
Debt ratio²



Current ratio³



Book value per share⁴



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