



HSING TA CEMENT CO., LTD.

Presentation



DISCLAIMER STATEMENT

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Company Profile



- **Date of Establishment : 1964**
- **Main Business : Cement & related products**
- **Capital : NT \$ 3.4 Billion**
- **Chairman : Jee-Shing Yang**
- **Group employees : 684 people**

Company address : 7F, No.37 Pao-Ching Rd., Taipei, Taiwan

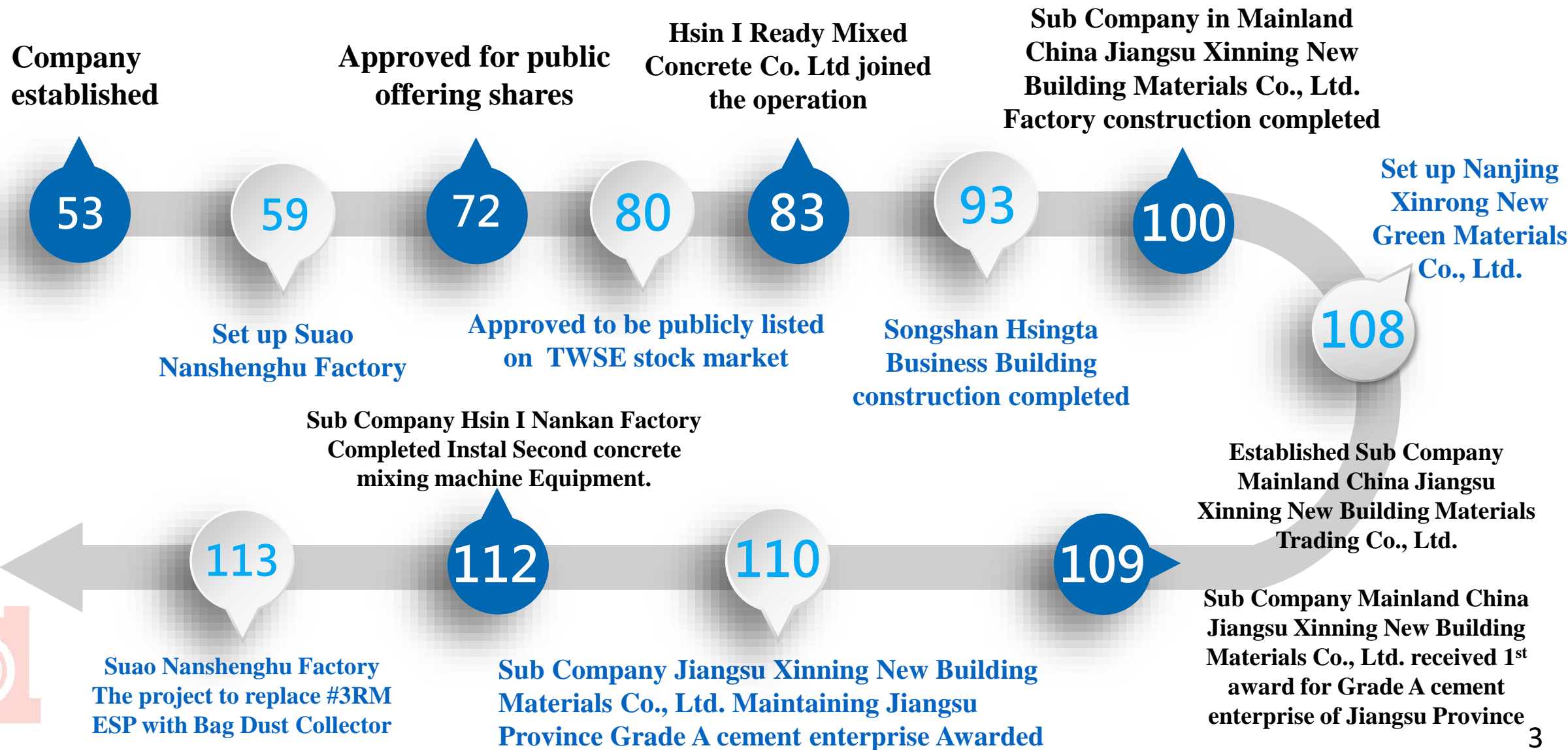


Factory address : No.235, Sec.2 Zhongsha Rd., Suao Township, Yilan County Taiwan



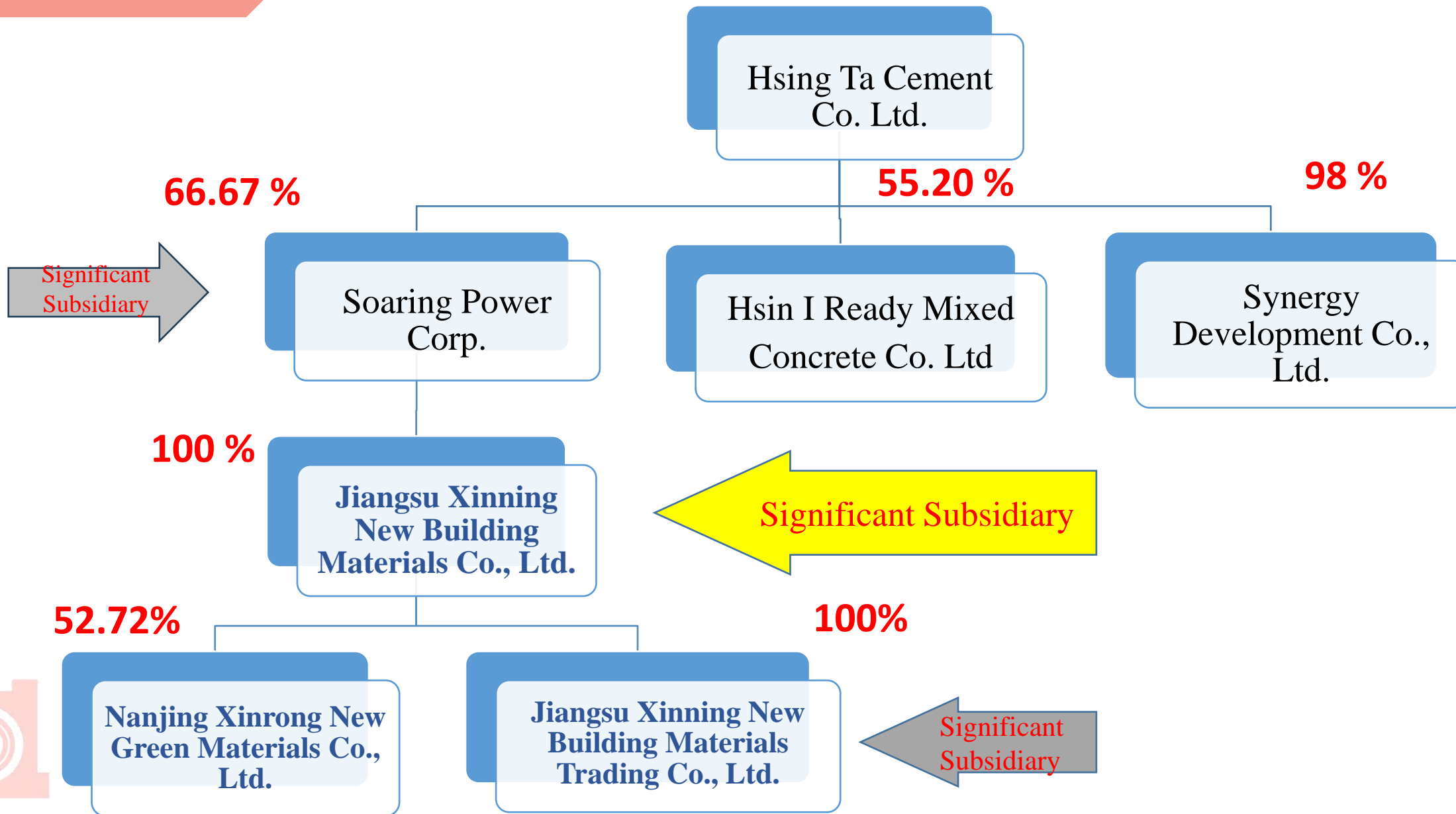


Company History



Investment Framework

Company Profile



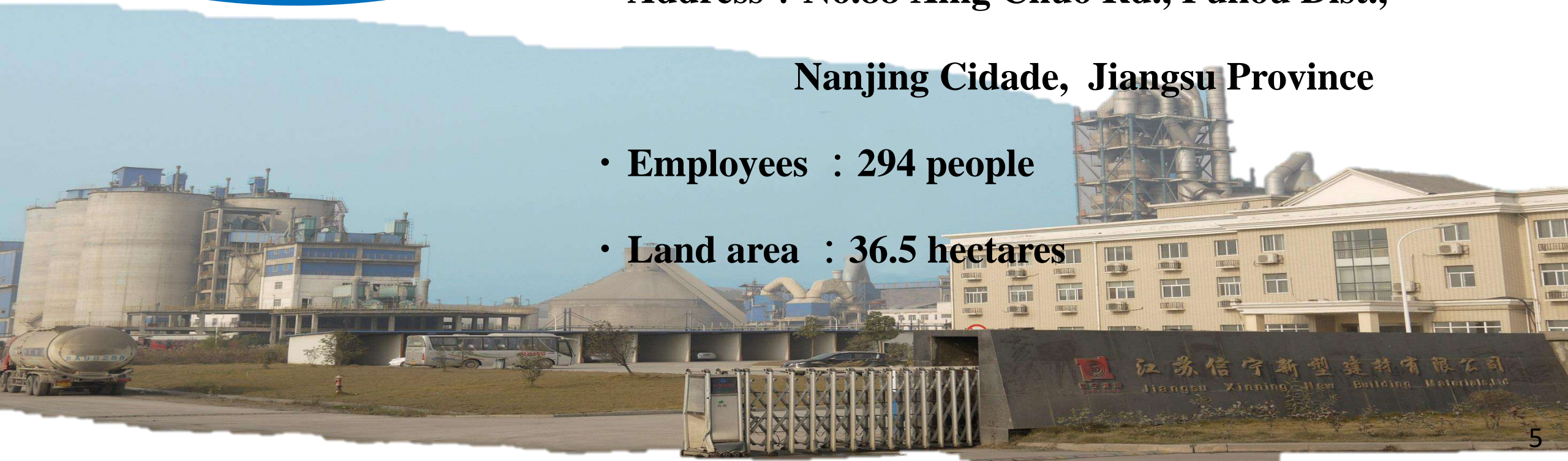
Jiangsu Xinning
New Building
Materials Co.,
Ltd

Subsidiary Company Profile

- **Date of Establishment : 2006**
- **Main Business : Cement production and sales**
- **Capital : NT \$ 2.385 Billion**
- **Chairman : Ren-Hsiung Yang**
- **Address : No.88 Xing Chuo Rd., Pukou Dist.,**

Nanjing Cidade, Jiangsu Province

- **Employees : 294 people**
- **Land area : 36.5 hectares**



Market Share-Cement and Clinker

Operation Overview

Hsing Ta

Taiwan 7.1 %

Jiangsu
Xinning

Nanjing market is about 17%

Main Market : Areas around the factory, including Jiangbei Nanjing Pukou, Jiangbei New District, Liuhe District, Jiangnan Yuhuatai, Binjiang, Hexi District, Jiangning District, and Wujiang in Anhui, 95% of company sales.

Other Market : Areas in Anhui, including Chuzhou, Maanshan, and Hefei, 5% of company sales.

Product Types

Hsing Ta

- Portland Cement Type I
- Portland Cement Type I, Low Alkali
- Portland Cement Type II, Low Alkali
- Portland Cement Type II, Heat of moderate hydration
- Portland Slag Cement

Jiangsu Xinning

- PII 52.5 Cement
- PO 42.5 Cement



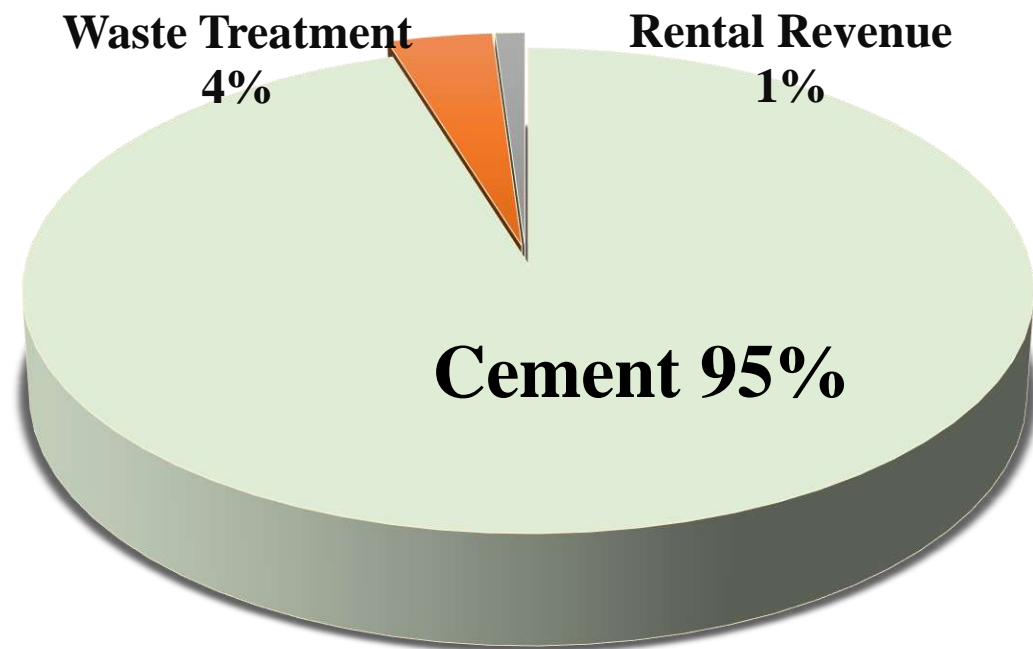
Capacity of production- Cement and Clinker

	Unit : ton
Taiwan	1,560,000
China	2,100,000
Total	3,660,000

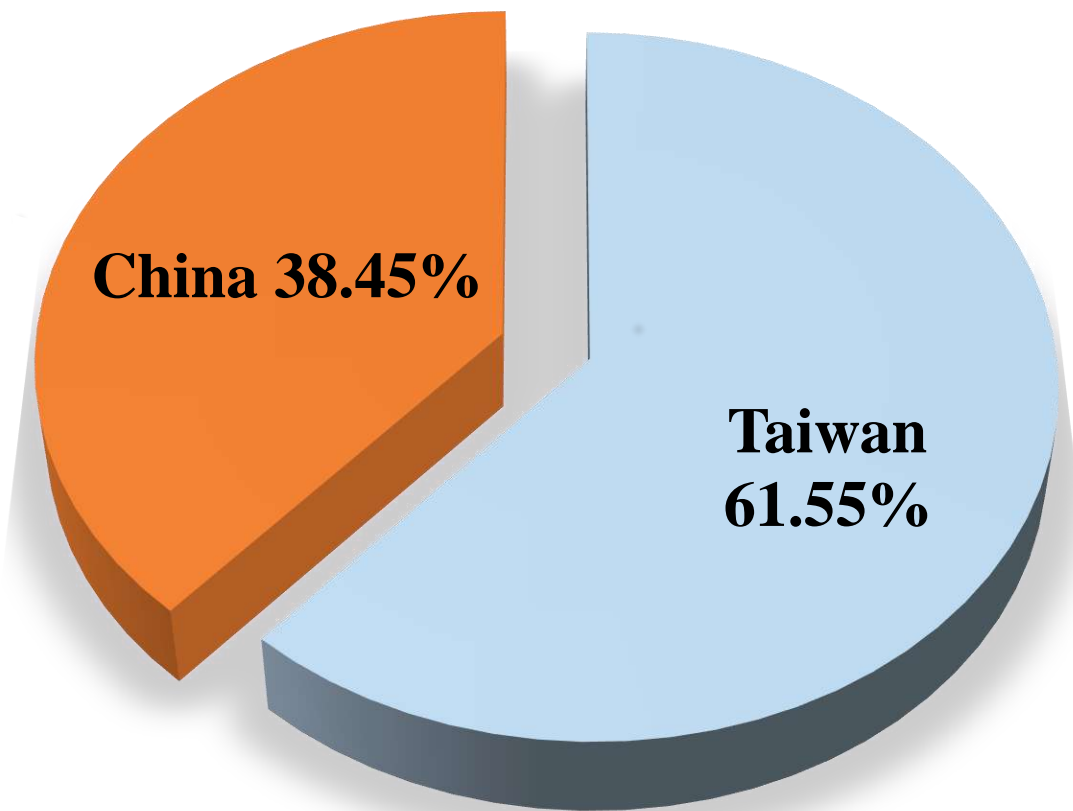


Consolidated Revenue Ratio

Revenue Ratio



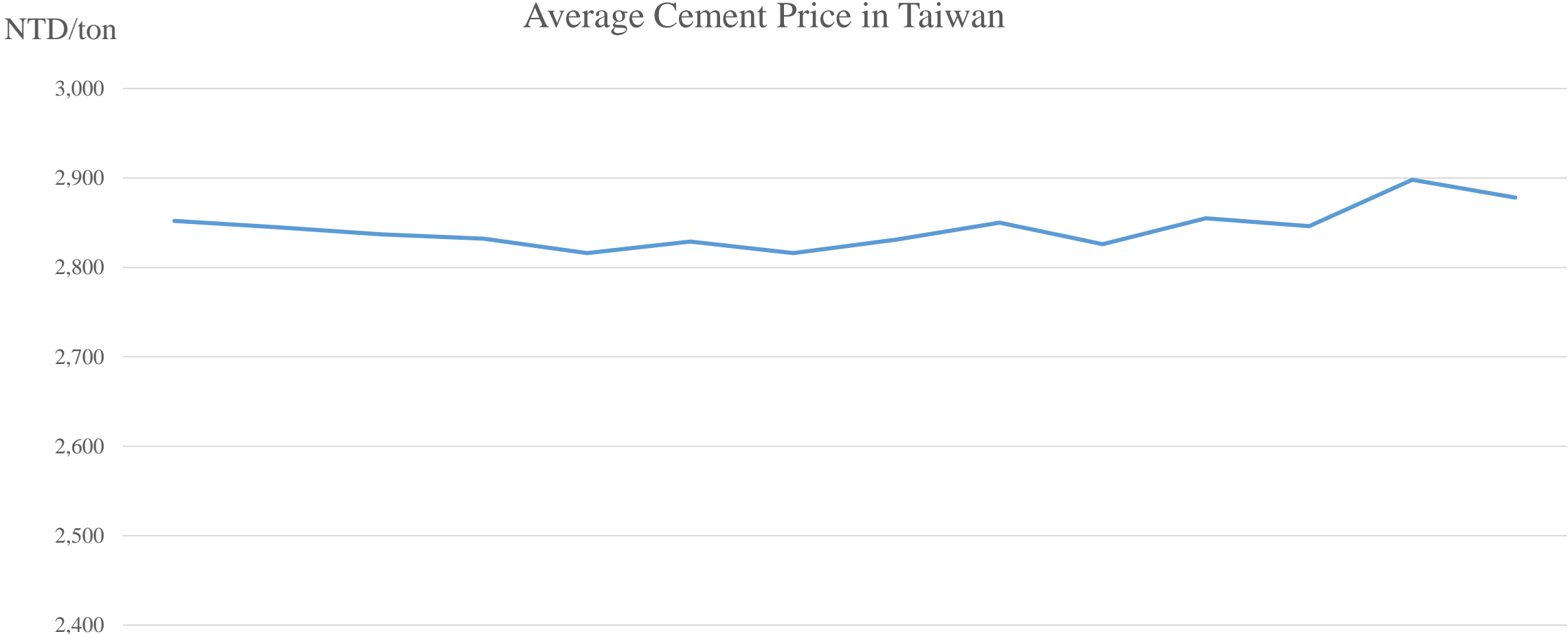
Regional Ratio



Annual Production and Sales- Cement and Clinker

				UNIT : ton
Products	Jan-Sep 2024	2023	2022	2021
Domestic	513,652	731,041	622,805	768,161
Mainland China	891,883	2,056,280	2,297,624	2,225,497
Total	1,405,535	2,787,321	2,920,429	2,993,658
Sales	Jan-Sep 2024	2023	2022	2021
Domestic	521,899	741,792	637,449	819,679
Mainland China	903,892	2,051,142	2,297,624	2,229,791
Total	1,425,791	2,792,934	2,935,072	3,049,470

Cement Sales Unit Price

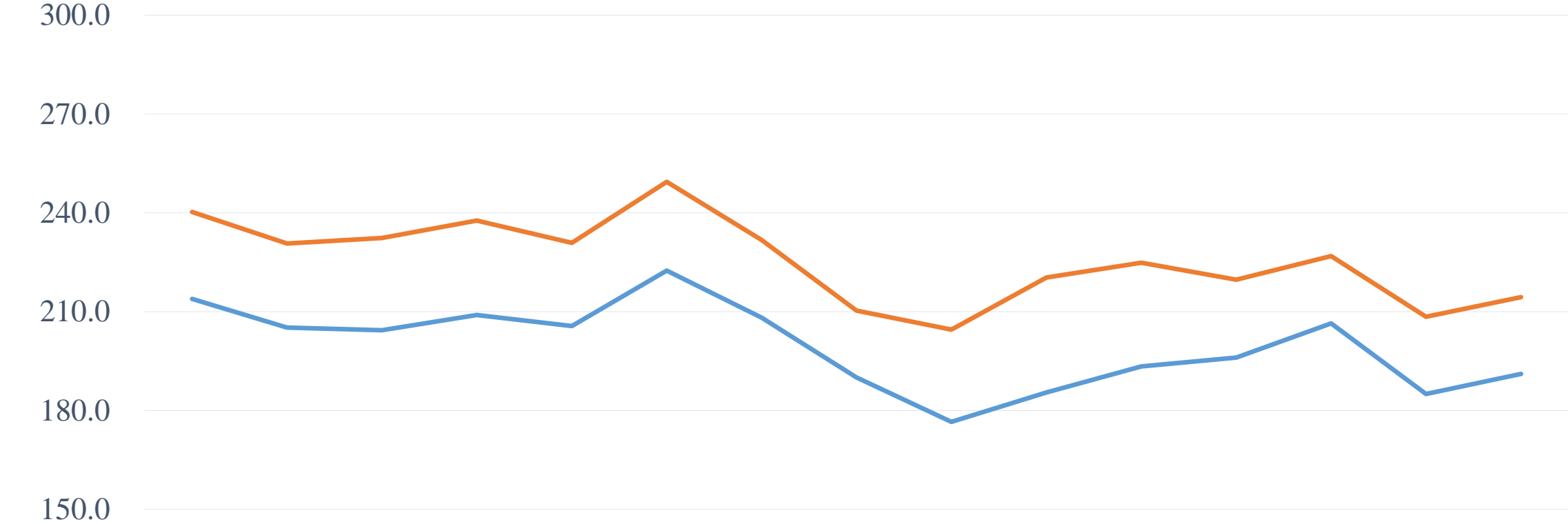


	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24
Average Price	2,852	2,845	2,837	2,832	2,816	2,829	2,816	2,831	2,850	2,826	2,855	2,846	2,898	2,878

Cement Sales Unit Price

CNY/ton

Average Cement Price in China



	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24
PO42.5	213.9	205.2	204.4	209.0	205.7	222.5	208.2	190.0	176.6	185.5	193.4	196.1	206.5	185.1	191.2
PII52.5	240.3	230.7	232.4	237.6	230.9	249.4	231.8	210.3	204.6	220.4	224.9	219.7	226.9	208.5	214.5

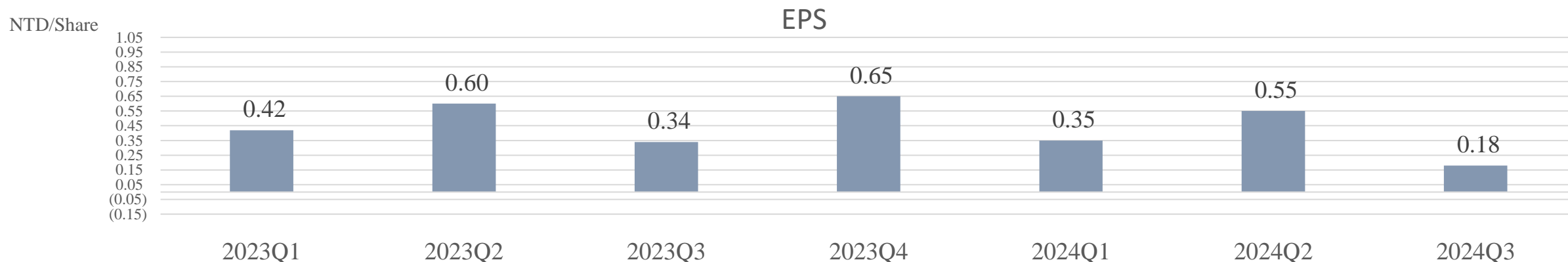
Consolidated Income Statement

Year Item	Thousands of NTD					
	Jan-Sep 2024	%	Jan-Sep 2023	%	Increase (Decrease)	Increase (Decrease) %
Operating Revenue	3,532,176	100	4,625,787	100	(1,093,611)	(24)
Operating Gross Profit	732,677	21	939,679	33	(207,002)	(22)
Operating Income	468,681	13	697,200	27	(228,519)	(33)
Non-operating income and expenses	48,348	1	91,741	1	(43,393)	(47)
Profit after tax	391,560	11	562,562	17	(171,002)	(30)
Profit attributable to owners of the parent	370,699	10	462,965	12	(92,266)	(20)
EPS(NT\$)	1.08		1.36		(0.28)	(21)

Consolidated Income Statement

								Thousands of NTD	
Year Item	Jan-Sep 2024	%	2023	%	2022	%	2021	%	
Operating Revenue	3,532,176	100	6,259,864	100	6,388,338	100	7,378,229	100	
Operating Gross Profit	732,677	20.743	1,341,074	21	1,249,749	20	2,202,927	30	
Operating Income	468,681	13.269	989,292	16	911,139	14	1,757,542	24	
Non-operating income and expenses	48,348	1.3688	122,326	2	81,615	1	81,432	1	
Profit after tax	391,560	11.086	807,587	13	517,738	8	1,212,790	16	
Profit attributable to owners of the parent	370,699	10.495	685,884	11	399,166	6	862,861	11	
EPS(NTD)	1.08		2.01		1.17		2.51		

Earnings Per Share



Year Item	2024 Q3	2024 Q2	2024 Q1	2023 Q4	2023 Q3	2023 Q2	2023 Q1
EPS(NTD)	0.18	0.55	0.35	0.65	0.34	0.60	0.42

Reasons for the Impact on Earnings of the Taiwan Parent Company:

- **Housing Market Control Policies:** Policies such as restricting loan-to-value ratios and credit controls have been implemented by the government to suppress housing demand. This has led to a slowdown in the concrete market.
- **Cement Import Dumping and Intense Competition:** The domestic cement industry faces fierce competition due to dumping of imported cement, particularly from Vietnam. In response, the Cement Industry Association has initiated anti-dumping complaints against Vietnam and is advocating for border carbon fee policies to protect the domestic market.
- **Impact of Environmental Costs:** The Ministry of Environment has announced the implementation of carbon fees starting in 2025. This will impose additional environmental cost burdens, including the need for significant investments in energy-saving equipment and technologies.

Reasons for the Impact on Earnings of Subsidiary Company in Mainland China :

- **Sluggish Real Estate Market:**
The sharp decline in new construction area has kept pressure on cement demand, causing price drops and weak sales performance.
- **Insufficient Support from Infrastructure Investments:**
While infrastructure investments grow, reduced road transportation and public facilities spending has limited the cement market's growth.
- **Limited Positive Impact of Real Estate Policies:**
Favorable housing policies have had minimal impact, with demand showing little short-term recovery.
- **Oversupply in Mainland China's Cement Industry:**
Since 2022, the cement industry has faced oversupply. Aggressive price cuts and intense competition have caused sustained price declines.

Consolidated Balance Sheet

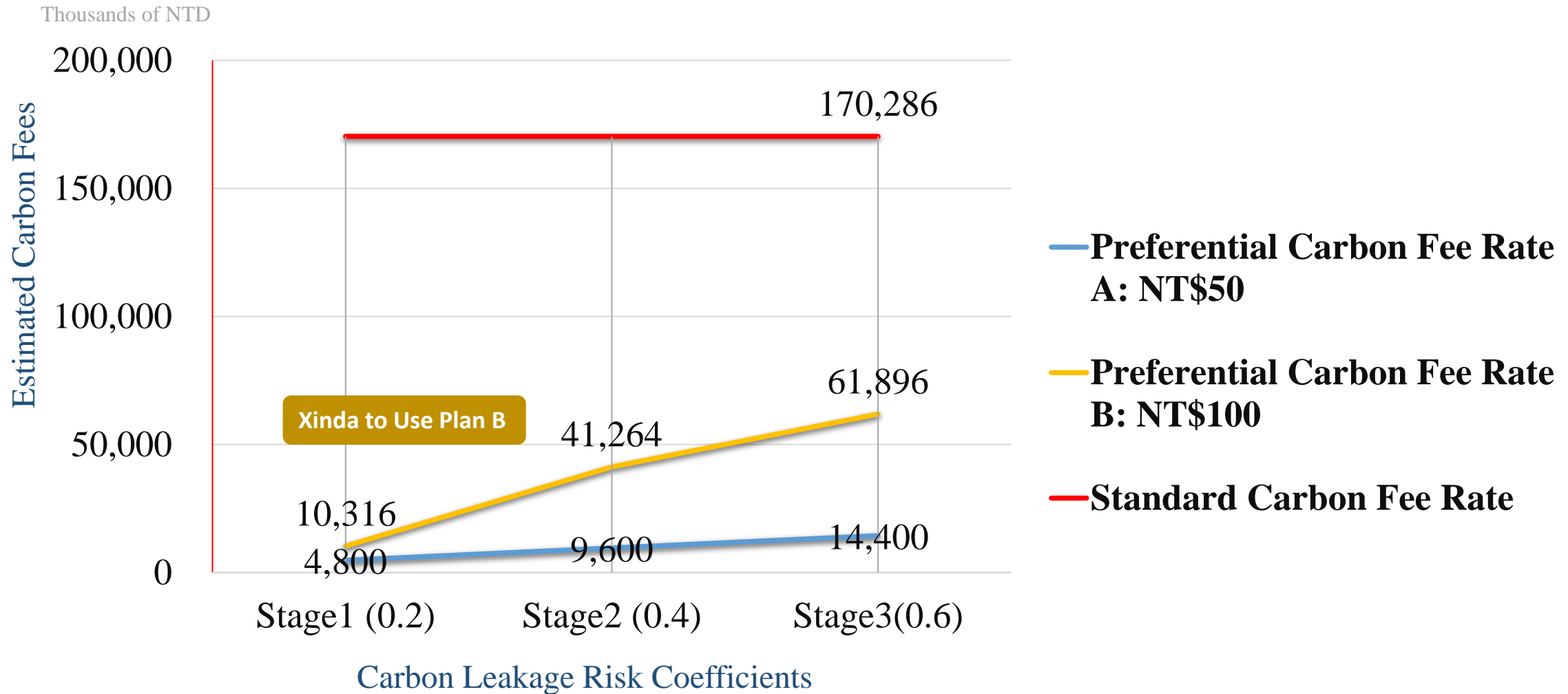
	Thousands of NTD				
Item	2024/9/30	2023/12/31	2022/12/31	2021/12/31	2020/12/31
Current Assets	6,227,525	6,686,926	6,560,477	6,746,334	6,572,996
Non-Current Assets	4,889,036	4,876,244	4,929,549	4,956,011	5,238,057
Total Assets	11,116,561	11,563,170	11,490,026	11,702,345	11,811,053
Current Liabilities	857,321	1,391,300	1,629,093	1,749,952	2,162,621
Non-Current Liabilities	157,845	181,269	197,381	99,221	107,416
Total Liabilities	1,015,166	1,572,569	1,826,474	1,849,173	2,270,037
Equity attributable to owners of parent	8,216,935	8,117,677	7,765,913	7,830,858	7,497,866
Non-controlling interest	1,884,460	1,872,924	1,897,639	2,022,314	2,043,150
Total Equity	10,101,395	9,990,601	9,663,552	9,853,172	9,541,016
Total liabilities and equity	11,116,561	11,563,170	11,490,026	11,702,345	11,811,053
Net Asset Value per Share	\$ 24.09	\$ 23.79	\$ 22.76	\$ 22.90	\$ 21.93

Recent Financial information

	Jan-Sep 2024	2023	2022	2021	2020
Liabilities to Assets Ratio (%)	9.13	13.60	15.9	15.80	19.22
Current Ratio (%)	726.39	480.62	402.71	385.52	303.94
ROA (%)	3.46	7.02	4.47	10.32	12.61
ROE (%)	3.90	8.22	5.31	12.51	15.95
Profit Margin (%)	11.09	12.90	8.1	16.44	19.08
EPS (NT\$)	1.08	2.01	1.17	2.52	2.94
Per DPS (NT\$)	-	1.20	0.80	1.50	1.50



Carbon Fees and Voluntary GHG Emission Reductions



Sustainable Development

ESG Current Status

1

Completed the carbon footprint inventory for Portland cement products, with plans to obtain Type I Portland cement carbon label verification by 2025

2

Successfully developed low-carbon cement; full-scale promotion of Portland limestone cement and slag cement planned for 2025.

3

Installed solar power generation equipment in 2023, achieving a total generation of 1.15 million kWh.

4

Achieved a 29.51% cement reuse rate in 2023.

Future Goals

1

By 2026, replace 50% of Type I Portland cement with Portland limestone cement.

2

Continue developing alternative raw materials and fuels to replace limestone and coal, reducing carbon emissions.

3

Propose a voluntary emission reduction plan in 2025 to drive low-carbon transformation and technologies, lowering carbon fee burdens.

4

Complete greenhouse gas inventory for the entire organization by 2025 and achieve full verification by 2027.

Business Development

Committed to circular economy and Energy saving and carbon reduction policy

- Promote low-carbon cement as a core product, aiming for Portland limestone cement to replace 50% of Type I Portland cement by 2026.
- Continue developing and sourcing alternative raw materials and fuels to reduce the use of limestone and coal.
- Complete the project to replace #3RM ESP with bag dust collector and gradually replace equipment with higher efficiency to achieve carbon reduction benefits.
- Propose a voluntary emission reduction plan in 2025 to drive low-carbon transformation and technologies, mitigating carbon fee burdens.

Sustainable environment and Social responsibility

- Regularly maintain mine site greening operations to reduce landscape impact and restore vegetation.
- Establish international management system standards such as ISO 9001, ISO 45001, ISO 14064, and ISO 14067 to meet regulatory requirements.
- Continuously enhance factory, mine site, and worker safety, aiming for zero workplace accidents.
- Corporate Social Responsibility: Annually sponsor scholarships and support local cultural activities. (Total social engagement expenses in 2023 amounted to 2.184 million NTD.)

Cooperate with Forward-looking Infrastructure Development Program 2.0

- Wide range of Product Category.
- Strive for all types of cement orders required for the project.

Asset Revitalization

- **Hengyang Road No. 106 Land Joint Construction Project:**
 - ① Building permit obtained on May 6, 2024.
 - ② Construction application to be submitted to the Construction Management Office in January 2025.
- **Guanxi Land (194 hectares) Development Assessment:**
 - ① Improved accessibility with the opening of the Gaoyuan Interchange on National Freeway No. 3.
 - ② Continuing collaboration with the Ministry of Finance's National Property Administration on public-private real estate exchange programs.
- **Songshan Building continue leasing.**

Hsing Ta Cement Nanshenghu factory

The project to replace #3RM ESP with Bag Dust Collector

Project Timeline and Impact Assessment

Construction Period: October–December 2024

Estimated Completion: Kiln restart in late December, with production resuming shortly thereafter.

Operational Impact

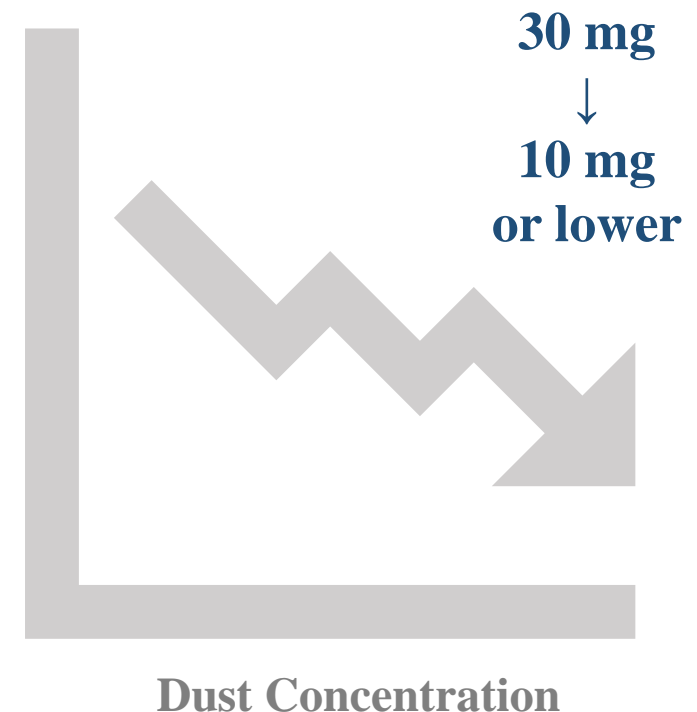
Inventory maximized before construction, but insufficient to fully meet demand during the downtime.

Kiln shutdown from October to December will slightly impact sales, with normal output expected to resume in January 2025.

Benefits and Goals

The bag filter upgrade will significantly reduce air pollution, cutting particulate matter concentrations from 30 mg to 10 mg or lower.

Benefits and Goals



Hsing Ta Cement Second Mine, Third Excavation Area Development

Background & Status

The Third Excavation Area is within an approved mining zone. Development was delayed for 20 years after an environmental review in 2003. In 2024, the review was resubmitted but returned by the Forestry Bureau due to environmental impact differences.

Operational Impact

Current operations continue in the Second Excavation Area, mined jointly with Taiwan Cement. The rejection of the Third Excavation Area review does not directly impact operations.

Mitigation Plan

The company will revise the environmental and mining plans and resubmit for approval. Indigenous consultations will be completed to ensure compliance with regulations and environmental protection standards.

Sustainable Development

As an existing mining zone, this is not new development. Hsing Ta Cement will promote green transformation through transparent communication and scientific assessments, balancing development with environmental protection to maintain investor confidence.

Strength

Cost Advantage:

Abundant limestone and mineral resources provide a cost advantage over industry competitors.

Circular Economy:

Effective use of industrial waste enhances resource efficiency.

Geographical Advantage:

The mainland subsidiary is located near Nanjing Jiangbei New Development Zone, offering competitive logistics and market positioning.

Energy-Saving Technology Upgrades:

Replacement of outdated equipment and installation of energy-saving devices reduce electricity costs and improve efficiency.

Supply Chain Integration:

Strong collaboration with upstream and downstream partners minimizes operational risks.

Weaknesses

Housing Policy and Credit Restrictions:

Housing market control policies in Taiwan have dampened home-buying interest, indirectly affecting cement demand.

Environmental Costs:

Future regulations are expected to increase carbon fees and green energy procurement costs.

Competition from Imported Cement:

Vietnam's low-priced cement presents challenges in Taiwan; anti-dumping measures are being implemented.

Rising Energy Costs:

Although coal prices have fallen, they remain above historical averages, with fluctuations potentially squeezing margins.

China's Real Estate Risks:

Persistent weakness in real estate demand continues to impact local sales.

Domestic Market: Carbon fee implementation drives the shift toward low-carbon technology development.

Cement and Clinker Sales Target:

Target set at **650,000 metric tons**, with 521,000 tons sold by Jan–Sep 2024. Revenue, sales, and profits fell year-over-year due to weak domestic housing demand from government policies.

Carbon Fees:

Starting 2025, a carbon fee of up to 300 NTD per metric ton will be imposed, prompting low-carbon cement development to ease the burden.

Low-Carbon Cement:

Portland limestone cement and slag cement will be fully promoted next year to address climate goals and cut emissions.

Carbon Verification:

Portland cement carbon footprint and label verification will be completed by 2025.

GHG Inventory:

Xinda's subsidiary will finish its GHG inventory in 2025, with third-party verification for the entire organization by 2027.



Mainland Market: Policy support is expected to lift the market out of its slump, enabling steady recovery.

Cement Sales Target:

Sales target: **2.27 million tons**, with **903,000 tons** sold by Jan–Sep 2024. Revenue, sales, and profits fell due to Mainland China's real estate downturn, reducing cement demand.

Real Estate Policies:

Lower down payments and interest rates are expected to stabilize the market, boosting cement demand. Urban renewal and affordable housing projects may drive growth.

Infrastructure Expansion:

Increased investment in transport and urban infrastructure under regional plans is set to support cement demand, with steady growth expected through 2025.

Low-Carbon Transformation:

Carbon neutrality goals drive stricter environmental rules, accelerating energy-saving tech, low-carbon transitions, and green mining for the emissions trading market.

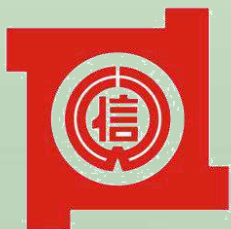




Our high integrity delivers the best quality

Thank you for listening

Q & A



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