



HSING TA CEMENT CO., LTD.

Presentation

DISCLAIMER STATEMENT



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- Hsing Ta Cement Co., Ltd never announces financial forecasts. Our actual results of operations, financial conditions or business prospects may differ from those expressed or implied in these forward looking statements for a variety of reasons, including but not limited to market demands, price fluctuations, competition, international economic conditions, exchange rate fluctuations and other risks and factors beyond our control.
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1 | Company Profile

2 | Operation Overview

3 | Financial Results

4 | Prospect & Outlook



Company Profile

- **Date of Establishment : 1964**
- **Main Business : Cement & related products**
- **Capital : NT \$ 3.4 Billion**
- **Chairman : Jee-Shing Yang**
- **Group employees : 773 people**

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

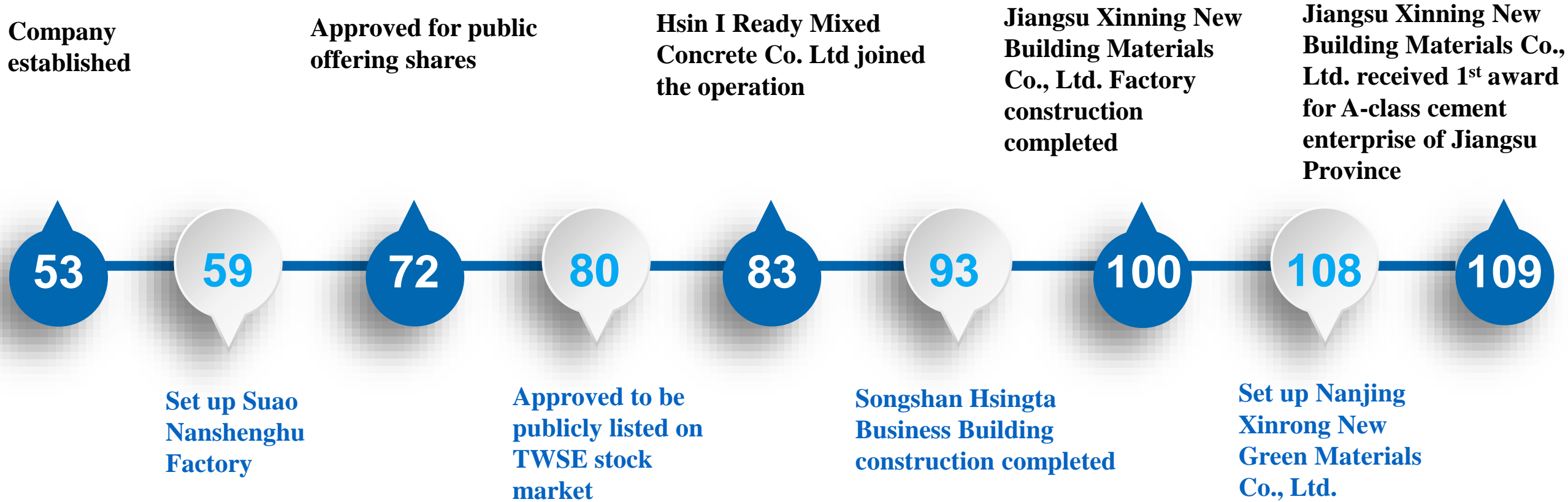


Factory address : No.235, Sec.2 Zhongsha Rd., Suao Township, Yilan County Taiwan





Company History



Investment Framework

Operation Overview



**Subsidiary
Company Profile**

**Jiangsu Xinning
New Building
Materials Co., Ltd**

- **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 : 321 people**
- **Land area : 36.5 hectares**



Market Share-Cement and Clinker

Operation Overview

Hsing Ta

Taiwan 6~7 %

Jiangsu
Xinning

Main Market : Areas near the factory, Jiangbei Nanjing Pukou and Liuhe District, about 60% of sales; Jiangnan Yuhuatai 、 Ben Giang and Hexi District, about 30% of sales.

Other Market : Jiangning District 、 Anhui Wujiang 、 Chuzhou and Maanshan area, about 10% of sales.

Product Types

Hsing Ta

- Portland Cement Type I
- Portland Cement Type I, Low Alkali
- Portland Cement Type II, Low Alkali
- Portland Slag Cement

Jiangsu Xinning

- PII 52.5 Cement
- PO 42.5 Cement

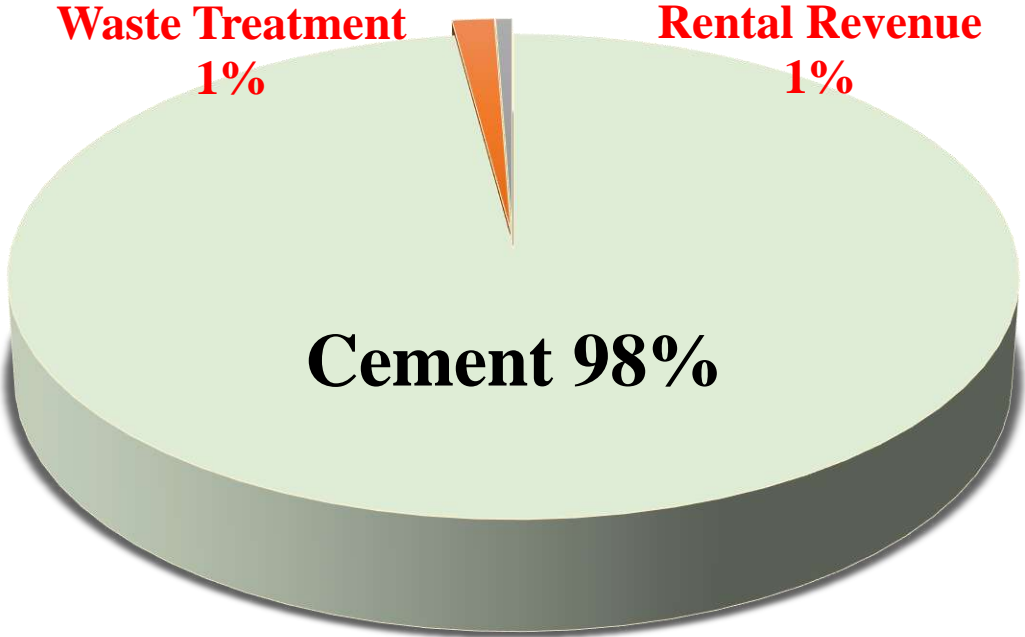
Capacity of production- Cement and Clinker

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Taiwan	1,560,000
China	2,100,000
Total	3,660,000

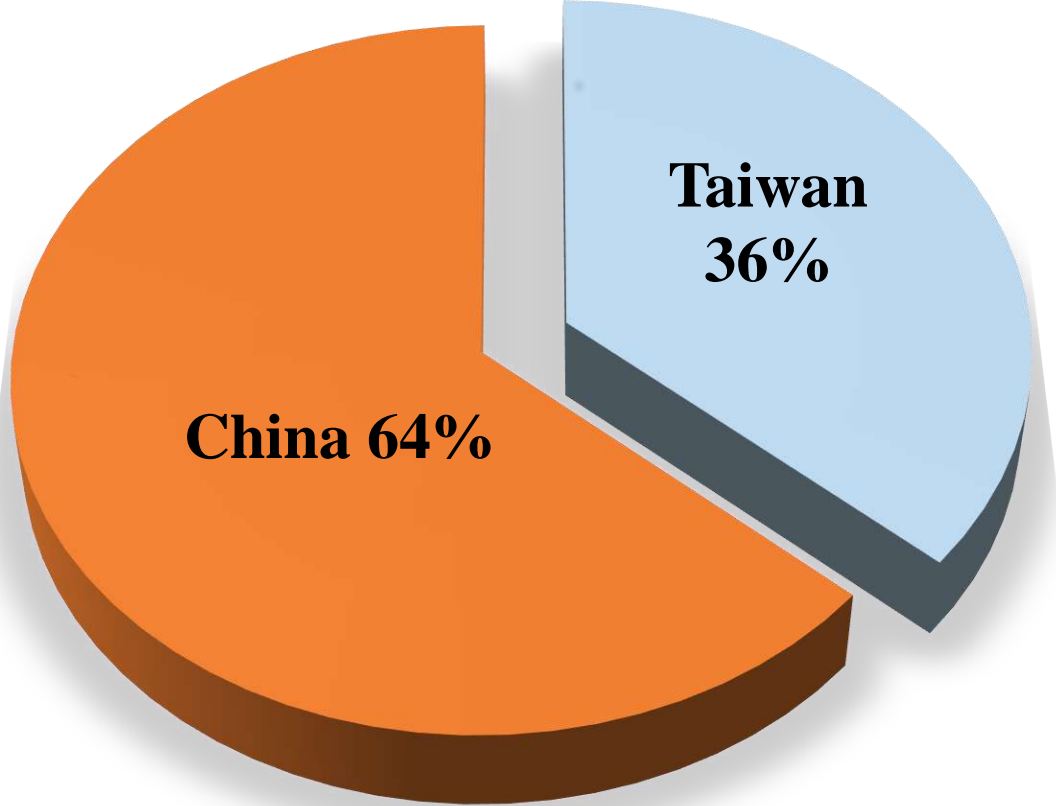


Consolidated Revenue Ratio

Revenue Ratio



Regional Ratio



Annual Production and Sales- Cement and Clinker

				Unit: Ton
Production	110Y H1	109Y	108Y	107Y
Taiwan	376,460	732,371	631,172	605,514
China	1,062,900	2,126,103	2,324,479	2,121,547
Total	1,439,360	2,858,474	2,955,651	2,727,061
Sales	110Y H1	109Y	108Y	107Y
Taiwan	420,373	746,175	665,323	633,631
China	1,058,512	2,118,499	2,327,529	2,113,365
Total	1,478,885	2,992,852	2,746,996	2,746,996

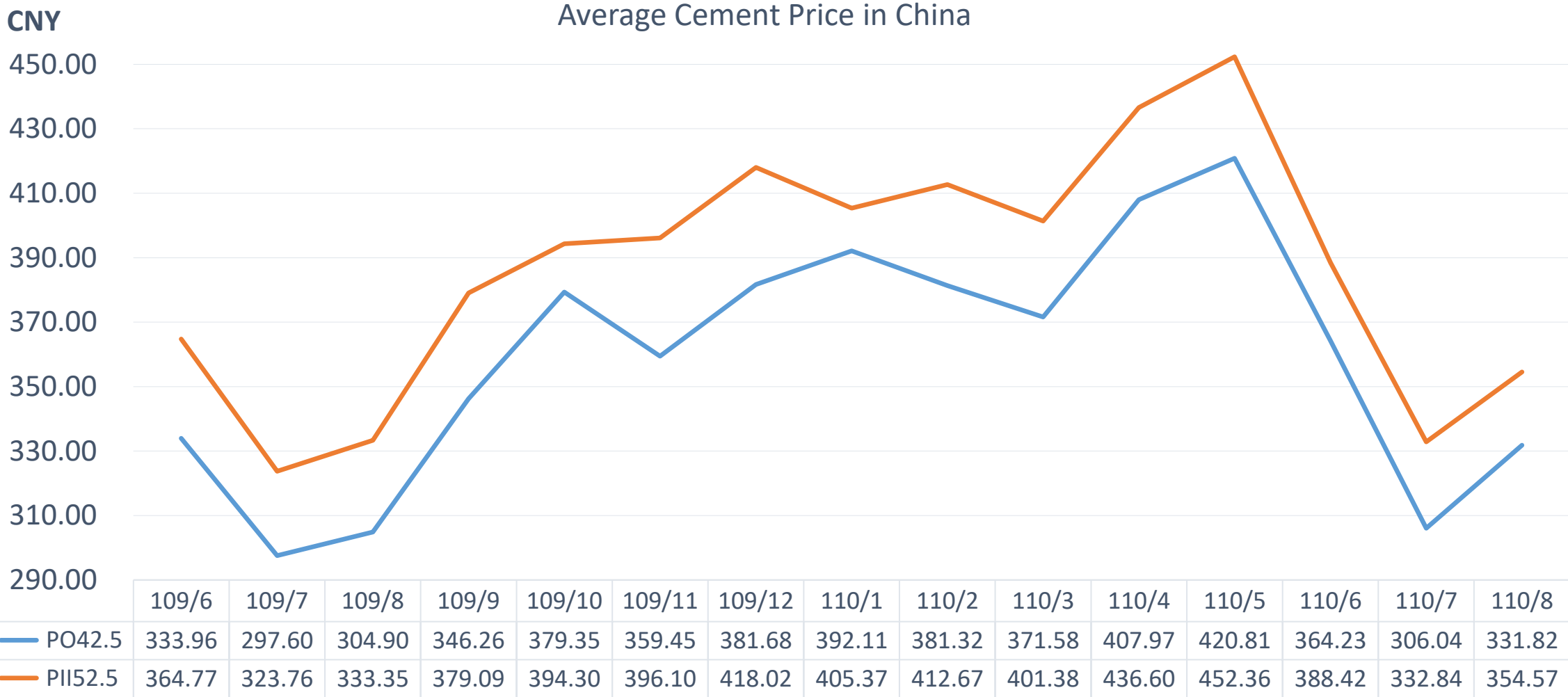
Cement Sales Unit Price

Average Cement Price in Taiwan



	109/6	109/7	109/8	109/9	109/10	109/11	109/12	110/1	110/2	110/3	110/4	110/5	110/6	110/7	110/8
Average Price	2,146	2,134	2,140	2,140	2,146	2,124	2,104	2,118	2,122	2,089	2,101	2,093	2,109	2,123	2,146

Cement Sales Unit Price



Consolidated Income Statement

Thousands of NTD						
Year Item	110Y H1	%	109Y H1	%	Increase(Decrease)	Increase(Decrease) %
Operating Revenue	3,697,732	100	3,255,948	100	441,784	14
Operating Gross Profit	1,215,741	33	1,079,352	33	136,389	13
Operating Income	988,913	27	839,075	26	149,838	18
Non-operating income and expenses	47,442	1	(6,267)	(0)	53,709	857
Profit after tax	636,415	17	477,445	15	158,970	33
Profit attributable to owners of the parent	445,833	12	316,873	10	128,960	41
EPS(NT\$)	1.30		0.93		0.37	40

Consolidated EPS

Year Item	110Q2	110Q1	109Q4	109Q3	109Q2	109Q1
EPS(NTD)	0.47	0.83	1.22	0.79	0.66	0.27



1.30



2.94

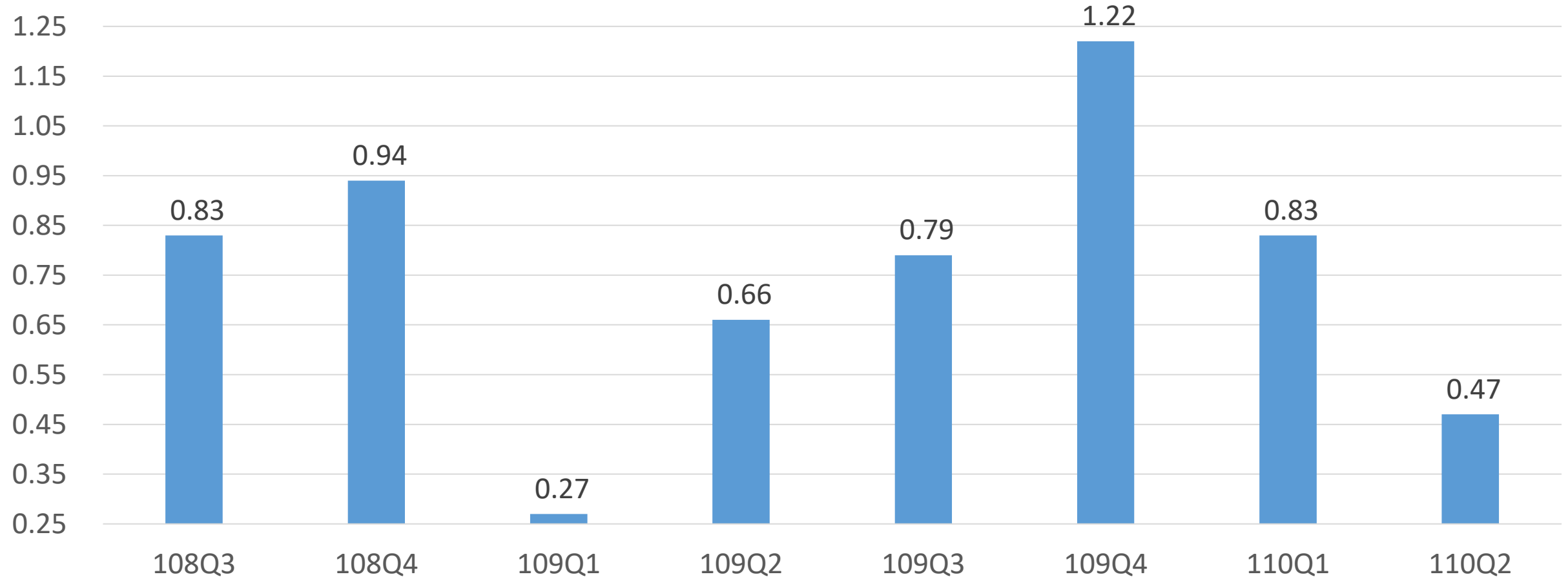
Jiangsu Xinning New Building Materials Co., Ltd. - The reasons of impact on sales for the second half of the year:

- Due to the rainy season, high temperatures, agricultural business and other factors, cement in China is usually in the low season from May to August. This year, coupled with increase of steel price and review of the budget, the construction has slowed.
- Since mid-July, the epidemic in Nanjing has rebounded and several health tests have been carried out at intersections.
- Peripheral roads are being repaired from April to October.
- Due to the rebound of coal prices, falling sales prices and rising costs, profits from the plant in China will decline.

Financial Results

EPS

NTD/Share



Q4 is the peak season.

Q4 is the peak season.

Consolidated Balance Sheet

	Thousands of NTD				
Item	110/6/30	109/12/31	108/12/31	107/12/31	106/12/31
Current Assets	6,446,123	6,572,996	5,683,105	4,533,454	2,977,260
Non-Current Assets	5,042,322	5,238,057	5,508,189	5,639,022	5,599,665
Total Assets	11,488,445	11,811,053	11,191,294	10,172,476	8,576,925
Current Liabilities	1,646,057	2,162,621	2,256,725	1,983,843	965,063
Non-Current Liabilities	103,343	107,416	304,447	498,546	816,786
Total Liabilities	1,749,400	2,270,037	2,561,172	2,482,389	1,781,849
Equity attributable to owners of parent	7,891,432	7,497,866	6,818,517	6,242,201	5,662,973
Non-controlling interest	1,847,613	2,043,150	1,811,605	1,447,886	1,132,103
Total Equity	9,739,045	9,541,016	8,630,122	7,690,087	6,795,076
Total liabilities and equity	11,488,445	11,811,053	11,191,294	10,172,476	8,576,925
Net Asset Value per Share	\$ 23.08	\$ 21.93	\$ 19.94	\$ 17.66	\$ 15.21

Recent Financial information

	110/6/30	109Y	108Y	107Y	106Y
Liabilities to Assets Ratio (%)	15.23	19.22	22.89	24.40	20.77
Current Ratio (%)	391.61	303.94	251.83	228.52	308.50
ROA (%)	5.46	12.61	13.79	13.60	8.54
ROE (%)	5.62	15.95	17.87	17.31	10.82
Profit Margin (%)	17.21	19.08	18.65	18.71	13.21
EPS (NT\$)	1.30	2.94	2.82	2.38	1.32
Per DPS (NT\$)	-	1.50	1.10	0.80	0.10

Business Development

Committed to circular economy policy

- By use of the characteristics of high temperature kiln in the cement industry, heavy metals and other waste can be disposed of to help reduce waste and environmental impact.
- Wastes are recycled and incinerated into recycled pellets for use as cement raw materials.

Social responsibility

- Safety in mining area, Employees' safety and insurance.
- Bench mining to reduce landscape impact.
- Land care, Vegetation recovery and Environmental protection.
- Social welfare - Sponsor of scholarship.
- Community care and Event sponsorship.
- Equipment improved continuously for carbon reduction.

Cooperate with Forward-looking Infrastructure Development Program

- Strive for all types of cement orders required for the project.

Asset Revitalization

- **Joint construction and allocation of housing units on the land located at No. 106 Hengyang Rd. is in progress :**
 - ①The land of joint construction is about 2,131 square feet.
 - ②The percentage of allocation: Hsing Ta Cement Co., Ltd. 70%, Chainqui Construction Development Co., Ltd. 30%.
- **The Guanxi land (196 hectares)-assessment of possibility of diversified management.**
 - ①After the opening of Gaoyuan Interchange of National Highway No. 3, the traffic is more convenient.
 - ②Reapplication of the exchange between national and private property with National property Administration, Ministry of Finance.
 - ③Long-term investment planning projects will continue to be processed.

Prospect & Outlook

Strength

No issue found in mining rights and environmental assessment temporarily.

Key role in the circular economy.

The market arrangement in China is complete. Jiangsu Xinning New Building Materials Co., Ltd. received 1st award for A-class cement enterprise of Jiangsu Province.

Cement production limited and low-grade cement eliminated in China.

Factory equipment improved continuously to reduce electricity costs.

Mature production technology.

Complete upstream and downstream integration.

Weaknesses

Costs increase due to raise price of Coal.

Tightening of government's environmental protection laws continuously and rising of environmental protection awareness.

Inter-industry market competition.

Recruitment in traditional industries are not easy and labor costs are rising year by year.

The impact is unclear due to recurrent epidemic outbreaks in China in the second half of the year.

The domestic market is a mature market with little change

H1: The revenue and profit remain stable and show a slight growth. The cement and clinker sales target is 770,000 metric tons. Sales in the first half of the year reached 420,000 metric tons.

H2: Due to the pandemic in the first half of the year, demand is delayed until after the second half of the year. High price of raw materials affects the cost, and the operating conditions in the second half of the year are conservative.

China market declined from last year

The main axis of cement industry development depends on the economic recovery driving the growth of the demand.

1.The cement sales target is 2.22 million metric tons. Sales in the first half of the year was 1.06 million metric tons.

2.H1: Revenue increased by 16% compared with the same period but profit declined slightly due to portfolio factors of production.

H2: Since August, cement prices in Nanjing rebounded as the rainy season slowed down in China. However, the average price is still not as good as the same period last year and gross margin and profits should be in decline from last year due to raise price of Coal, shipments affected by repair of peripheral roads and other factors.

3. Nanjing Xinrong New Green Materials Co., Ltd., 52.72% reinvested by the company, produces denitrifying agent. Due to the low market demand, the sale is suspended on cost considerations.

4. The peak season will begin in October, and the promotion of infrastructure construction and real estate investment in various places will drive cement demand. There will also be supply-side reforms and peak-shifting production restrictions to curb total cement production. Prices are expected to gradually rise and annual target production volume are expected to be reached.

Q&A



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