



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 : 724 people**

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



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



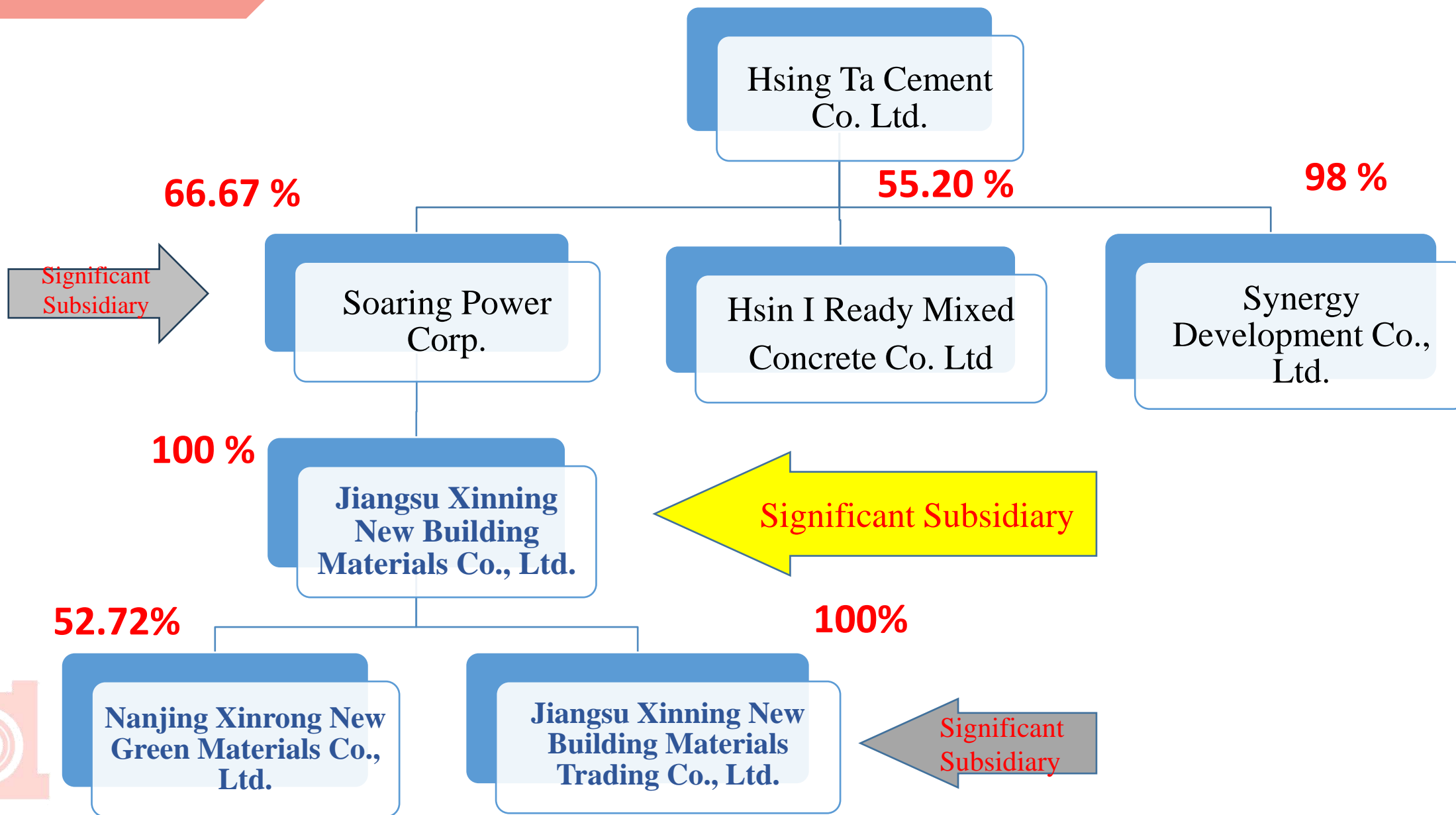


Company History



Investment Framework

Company Profile



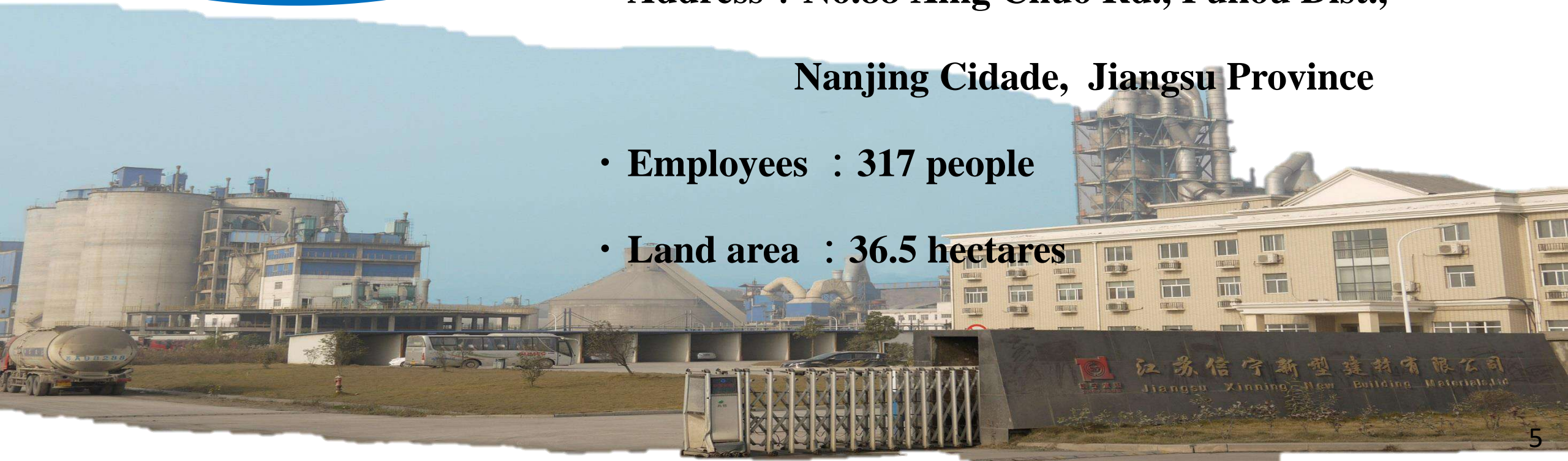
Subsidiary Company Profile

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



Market Share-Cement and Clinker

Operation Overview

Hsing Ta

Taiwan 5~6 %

Jiangsu
Xinning

Nanjing market is about 14%

Main Market : Areas around the factory, Jiangbei Nanjing Pukou and Liuhe District, Jiangnan Yuhuatai, Ben Giang, Hexi District, Jiangning District and Anhui Wujiang, 99% of company sales.

Other Market : Anhui Chuzhou, Maanshan area and Hefei District, 1% 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



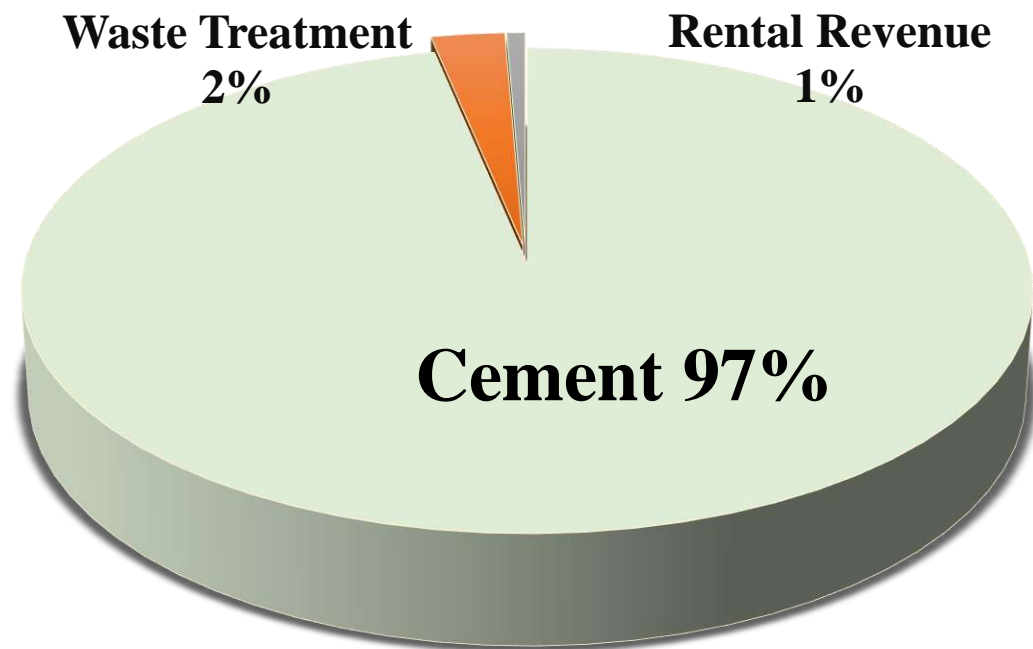
Capacity of production- Cement and Clinker

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

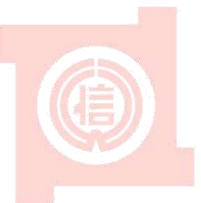
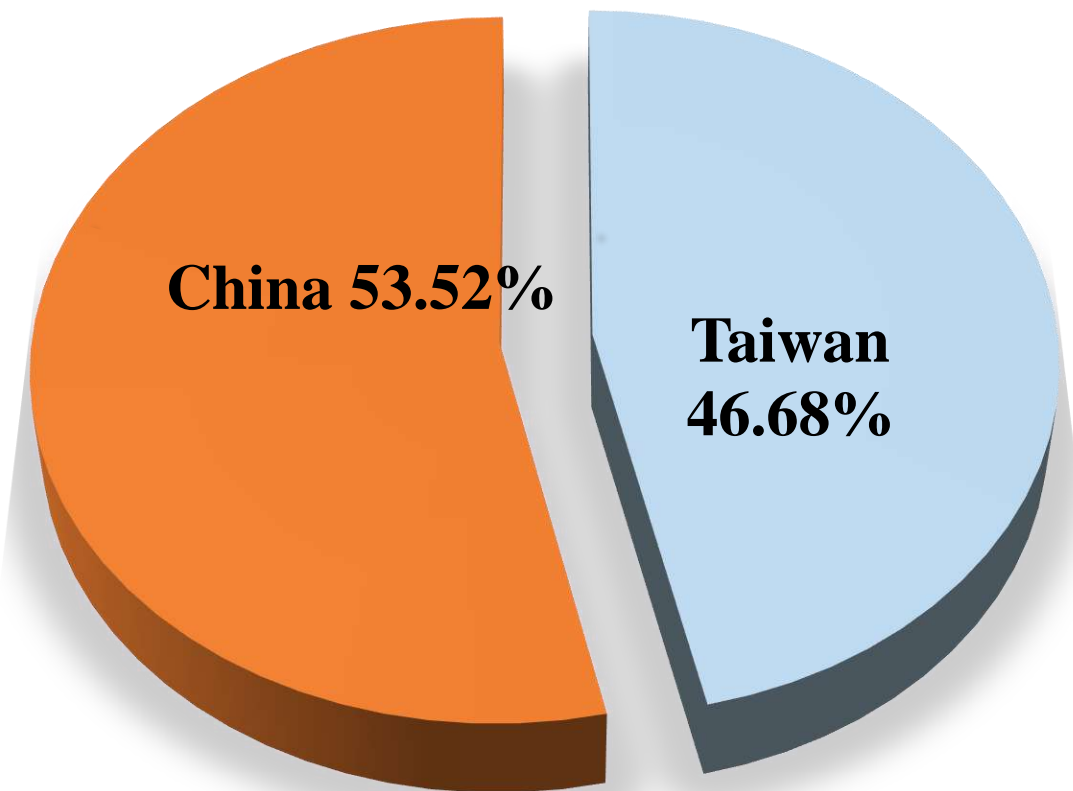


Consolidated Revenue Ratio

Revenue Ratio



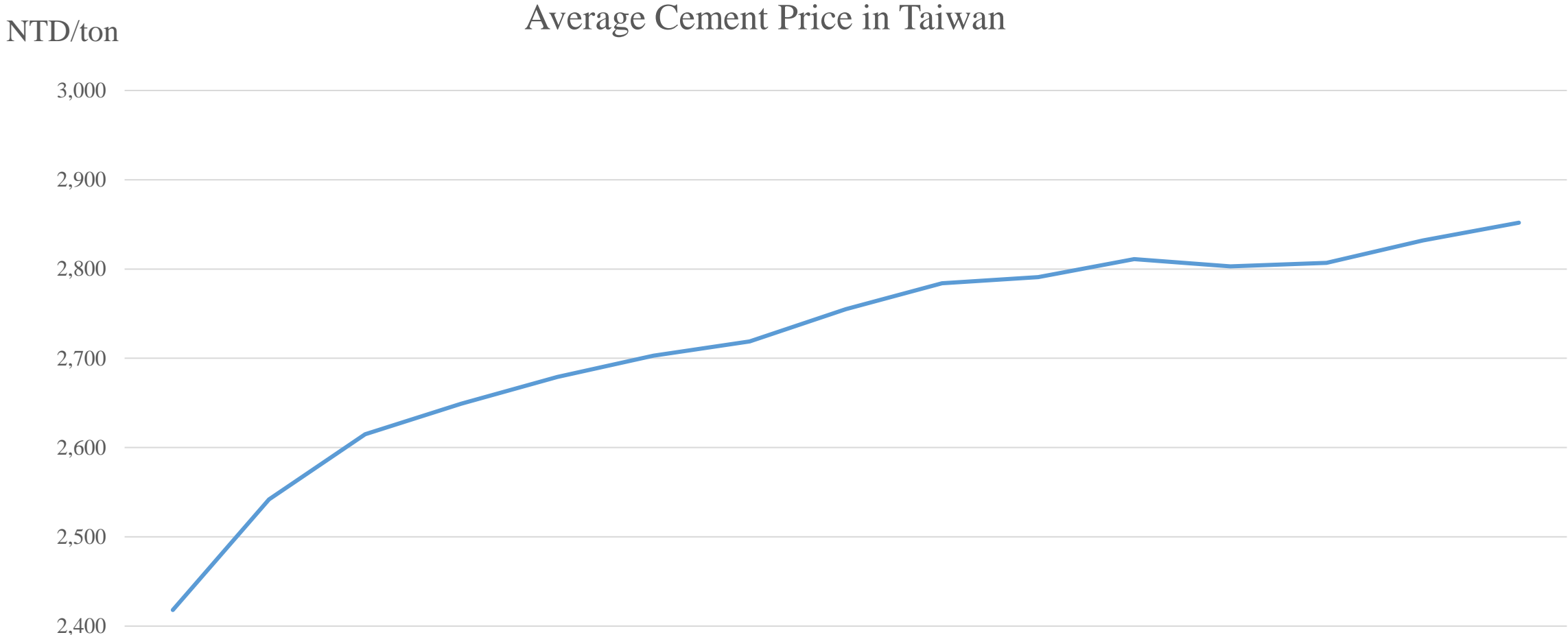
Regional Ratio



Annual Production and Sales- Cement and Clinker

				UNIT : ton
Products	112Y H1	111Y	110Y	109Y
Domestic	351,153	662,805	768,161	732,371
Mainland China	827,123	2,297,624	2,225,497	2,126,103
Total	1,178,276	2,960,429	2,993,658	2,858,474
Sales	112Y H1	111Y	110Y	109Y
Domestic	368,394	637,449	819,679	746,175
Mainland China	833,699	2,297,624	2,229,791	2,118,499
Total	1,202,093	2,935,072	3,049,470	2,864,674

Cement Sales Unit Price

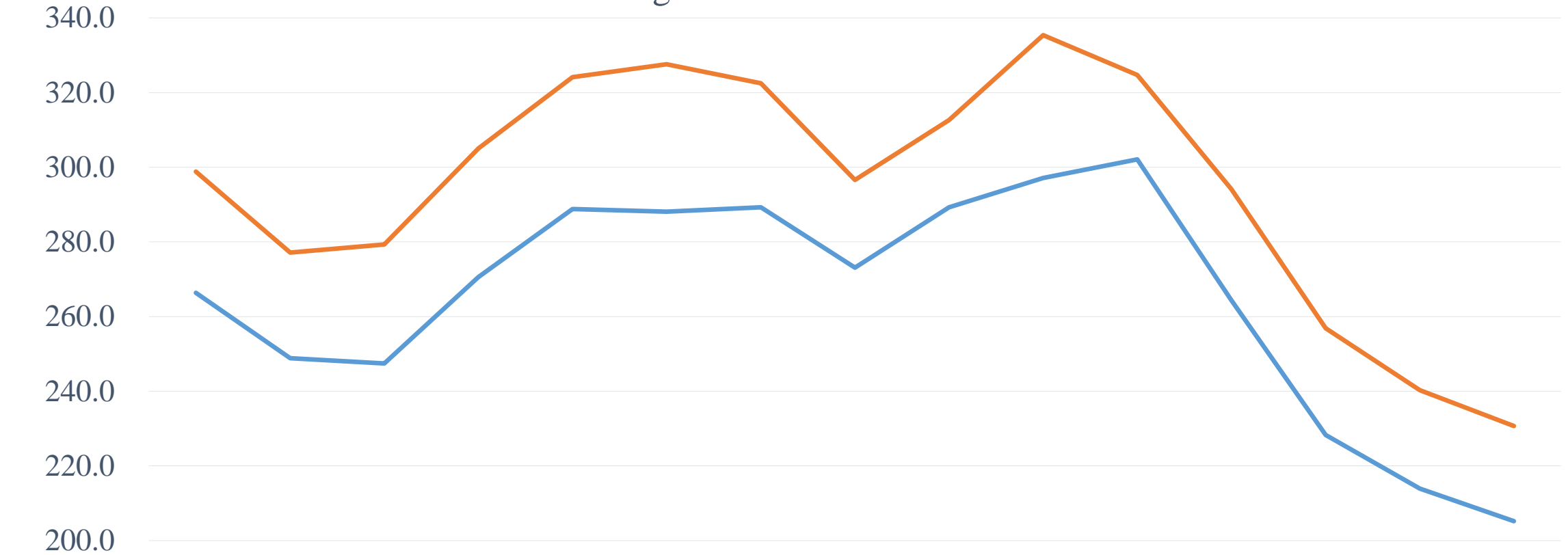


	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23
Average Price	2,418	2,542	2,615	2,649	2,679	2,703	2,719	2,755	2,784	2,791	2,811	2,803	2,807	2,832	2,852

Cement Sales Unit Price

CNY/ton

Average Cement Price in China



	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23
PO42.5	266.3	248.8	247.4	270.6	288.8	288.1	289.3	273.1	289.3	297.1	302.1	264.4	228.3	213.9	205.2
PII52.5	298.8	277.2	279.3	305.0	324.2	327.6	322.5	296.6	312.7	335.4	324.7	294.2	256.9	240.3	230.7

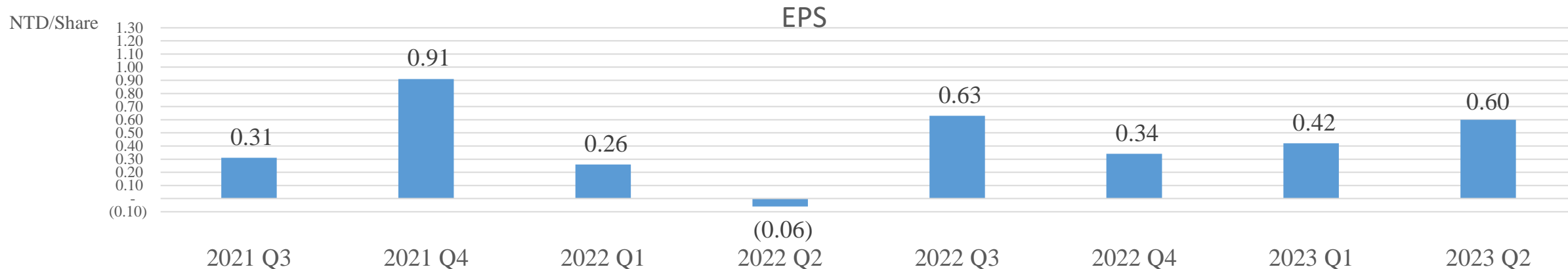
Consolidated Income Statement

Year Item	Thousands of NTD					
	112Y H1	%	111Y H1	%	Increase (Decrease)	Increase (Decrease) %
Operating Revenue	3,030,613	100	3,004,875	100	25,738	1
Operating Gross Profit	649,581	21	584,266	19	65,315	11
Operating Income	496,706	16	420,469	14	76,237	18
Non-operating income and expenses	72,322	2	4,882	0	67,440	1,381
Profit after tax	416,980	14	114,258	4	302,722	265
Profit attributable to owners of the parent	346,527	12	66,898	2	279,629	418
EPS(NT\$)	1.02		0.20		0.82	410

Consolidated Income Statement

								Thousands of NTD	
Year Item	112Y H1	%	111Y	%	110Y	%	109Y	%	
Operating Revenue	3,030,613	100	6,388,338	100	7,378,229	100	7,593,294	100	
Operating Gross Profit	649,581	22	1,249,749	19	2,202,927	30	2,609,782	34	
Operating Income	496,706	17	911,139	14	1,757,542	24	2,102,359	28	
Non-operating income and expenses	72,322	2	81,615	1	81,432	1	16,072	0	
Profit after tax	416,890	14	517,738	8	1,212,790	16	1,448,873	19	
Profit attributable to owners of the parent	346,527	12	399,166	6	862,861	12	1,004,034	13	
EPS(NTD)	1.02		1.17		2.52		2.94		

Earnings Per Share



Q4 is the peak season.

Q4 is the peak season but this time wasn't .

Year Item	112Q2	112Q1	111Q4	111Q3	111Q2	111Q1
EPS(NTD)	0.60	0.42	0.34	0.63	(0.06)	0.26

1.02

1.17

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

- In 2022, the cost increased due to the Ukraine-Russia war, leading to a gradual price adjustment. Existing orders at the old prices were gradually fulfilled, while new orders at the new prices were delivered successively, resulting in higher gross profit this year compared to last year.
- As the pandemic stabilizes and government forward-looking project construction progresses, the market's cement demand is steadily growing, and sales volume has also increased compared to the same period last year.

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

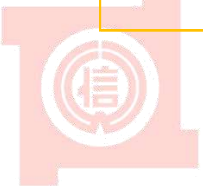
- The slow progress of real estate construction projects and market funding shortages, among other factors, have resulted in an oversupply in the cement market.
- Q2 is usually the peak season. due to factors such as heavy rain and a continuous decline in new housing construction rates, except for a brief increase in cement demand in mid-March, the cement market demand is weak, presenting a 'peak season not booming' phenomenon.
- Since late April, Competitors in cement industry in Mainland China has continuously lowered cement prices, resulting in a decline in cement sales prices.

Consolidated Balance Sheet

						Thousands of NTD
Item	112/6/30	111/12/31	110/12/31	109/12/31	108/12/31	
Current Assets	6,597,137	6,560,477	6,746,334	6,572,996	5,683,105	
Non-Current Assets	4,896,580	4,929,549	4,956,011	5,238,057	5,508,189	
Total Assets	11,493,717	11,490,026	11,702,345	11,811,053	11,191,294	
Current Liabilities	1,780,363	1,629,093	1,749,952	2,162,621	2,256,725	
Non-Current Liabilities	155,300	197,381	99,221	107,416	304,447	
Total Liabilities	1,935,663	1,826,474	1,849,173	2,270,037	2,561,172	
Equity attributable to owners of parent	7,751,844	7,765,913	7,830,858	7,497,866	6,818,517	
Non-controlling interest	1,806,210	1,897,639	2,022,314	2,043,150	1,811,605	
Total Equity	9,558,054	9,663,552	9,853,172	9,541,016	8,630,122	
Total liabilities and equity	11,493,717	11,490,026	11,702,345	11,811,053	11,191,294	
Net Asset Value per Share	\$ 22.72	\$ 22.76	\$ 22.90	\$ 21.93	\$ 19.94	

Recent Financial information

	112/6/30	111Y	110Y	109Y	108Y
Liabilities to Assets Ratio (%)	16.84	15.90	15.8	19.22	22.89
Current Ratio (%)	370.55	402.71	385.52	303.94	251.83
ROA (%)	3.63	4.47	10.32	12.61	13.79
ROE (%)	4.34	5.31	12.51	15.95	17.87
Profit Margin (%)	13.76	8.10	16.44	19.08	18.65
EPS (NT\$)	1.02	1.17	2.52	2.94	2.82
Per DPS (NT\$)	-	0.80	1.50	1.50	1.10



Business Development

Committed to circular economy and Energy saving and carbon reduction policy

- By use of high temperature kiln in the cement, dispose of organic and inorganic substances that cannot be resolved by incinerators and landfills.
- Actual measures to reduce carbon emissions :
 1. The manufacturing process uses 'recycled materials' to produce low-carbon blended cement. As of the end of August in the current fiscal year, the company has produced and delivered approximately 48,000 metric tons of blast furnace cement in its blended cement products.
 2. The carbon fee is expected to be implemented starting the year after next(2025), and research is being conducted on the use of alternative fuels.

Sustainable environment and Social responsibility

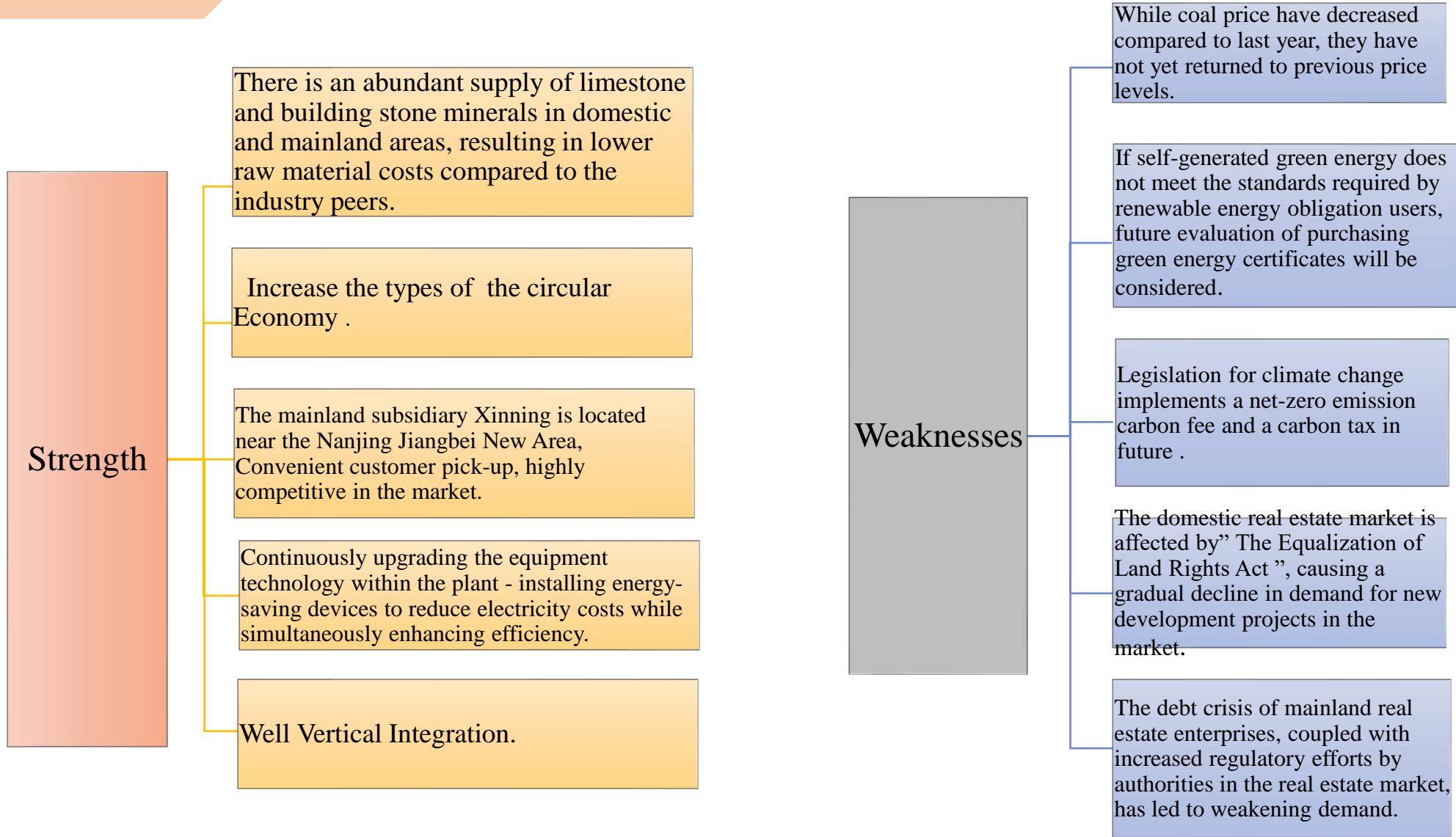
- Safety in mining area, Employees' safety and insurance.
- Equipment improved continuously for reducing energy consumption.
- Bench mining to reduce landscape impact. reducing exposed area, vegetation recovery and Environmental protection.
- Social welfare - Sponsor of scholarship and culture events every year .

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

- **Building permit supplement 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 (194 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.
- **Songshan Building continue leasing.**



The domestic market is a mature market , Gross requirements with little change.

1. The Cement and Clinker sales target is **650,000** metric tons. Sales in the first half of the year reached **368,400** metric tons. Revenue, sales volume, and profits have all increased compared to the same period last year.
2. Last year, due to the Ukraine-Russia war, coal costs increased, leading to gradual adjustments in cement prices, reflecting in the 2023 fiscal year.
3. After the stabilization of the pandemic, the benefits of tech companies expanding their factories due to the return of Taiwanese businesses continue to grow. Coupled with the construction of government forward-looking project initiatives, the market's cement demand remains stable.
4. Promoting limestone cement and blast furnace cement to reduce carbon emissions.



Mainland China market- Entering the post-pandemic recovery phase

1. The cement sales target is 2.27 million metric tons. Sales in the first half of the year was 0.83 million metric tons.
2. H1: Revenue decreased by 20% compared with the same period, Due to the prolonged downturn in the real estate market and intensified price competition within the cement industry since last year, the cement revenue and sales volume for this period have decreased compared to the same period last year.
3. Nanjing Xin Rong New Green Materials Co., Ltd., 52.72% reinvested by the company. Currently, due to low market demand, liquidation procedures will be carried out based on cost and operational considerations.
4. The local real estate and infrastructure investments in the mainland are gradually slowing down, and they are affected by the debt crisis of real estate companies, leading to an expected decline in cement demand.

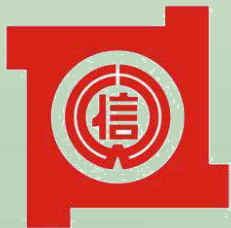




Our high integrity delivers the best quality

Thank you for listening

Q & A



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