亞洲水泥股份有限公司

Asia Cement Corporation

Stock code:

1102 TT

IR presentation

May 2020

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Table of Contents

Company Snapshot

Company Snapshot

Market Cap: US$ 4.9 bn / NT$ 147.2 bn (as of 14 May 2020)

Asia Cement
(1102 TT)

Consolidated Entities

ACC Taiwan
- Established in 1957
- 2nd largest cement producer
- Cement capacity: 5.0 mtpa.

ACC China *(743 HK)*
- 10th largest cement producer
- In Central and Western China
- Cement capacity: 33.0 mtpa.

Other Business
- LNG fired IPP (8% of revenue)
- Cold rolled stainless steel (6% of revenue)

Equity Investments

FENC *(1402 TW)*

U-Ming Marine *(2606 TW)*

Shanshui Cement *(691 HK)*

Investment Portfolio in Far Eastern Group

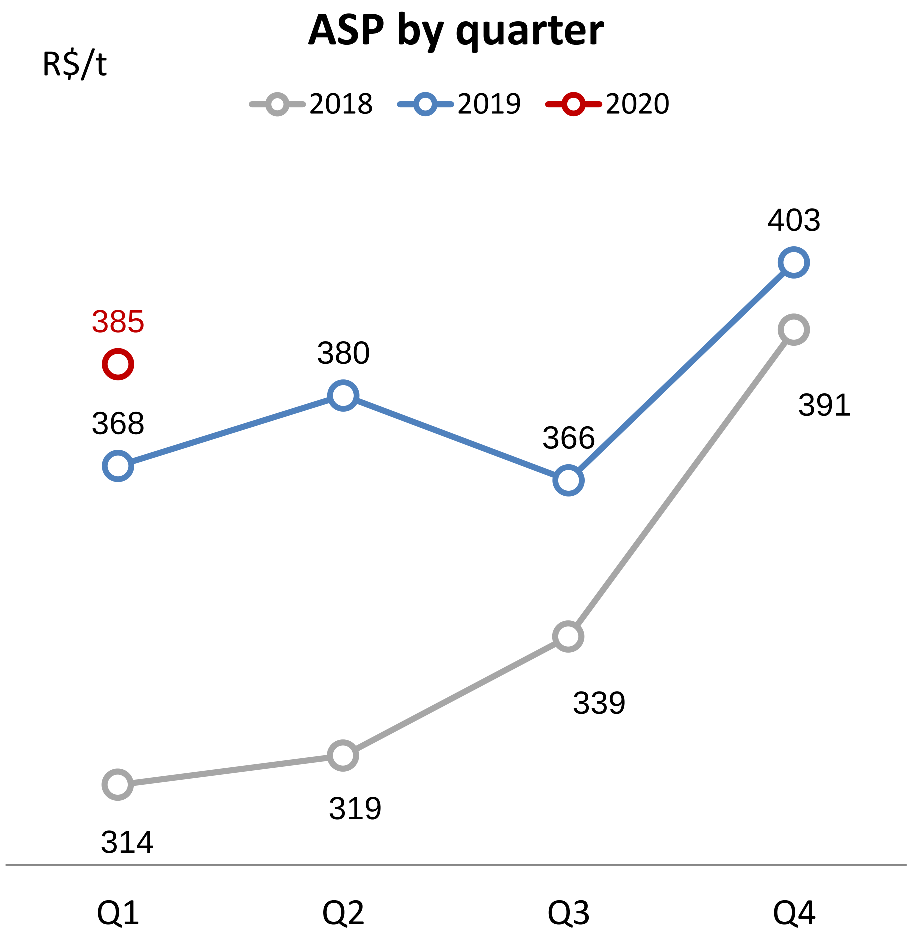
NT$ mn

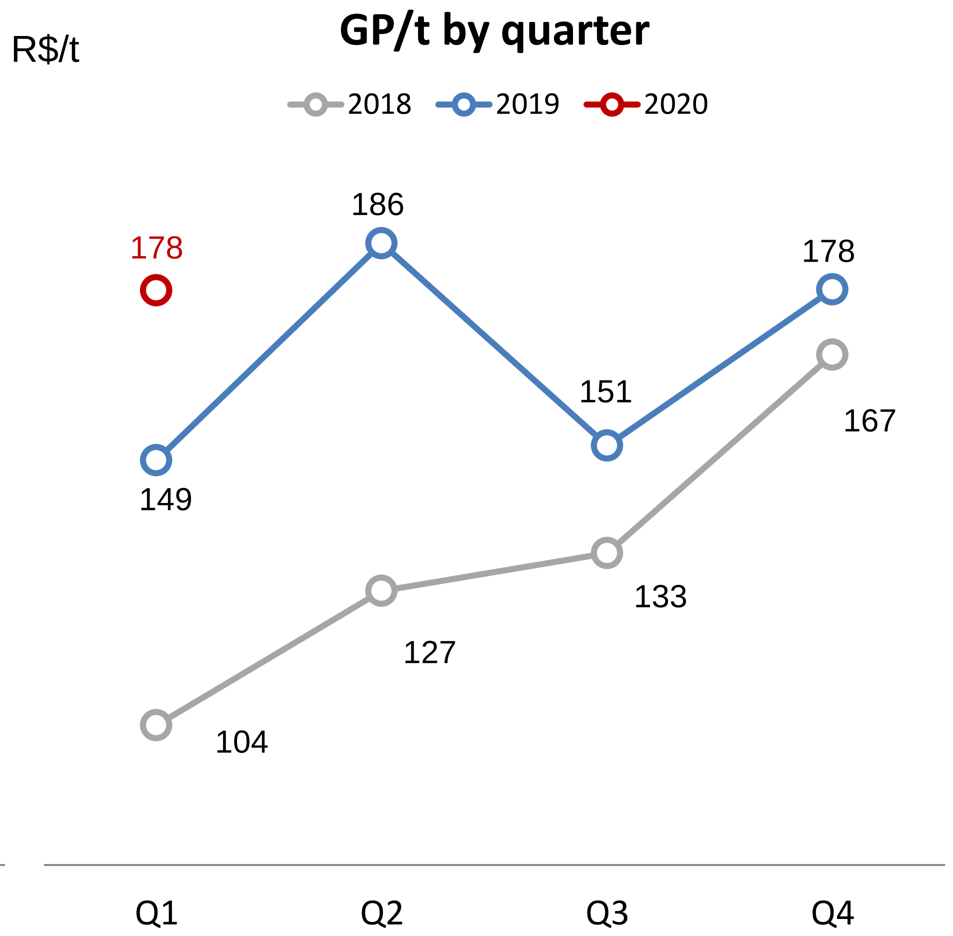
Incor-porated Year	Investees	Stock code	Holdings (1)	Market Value (2)	Equity Income				
					1Q19	2Q19	3Q19	4Q19	1Q20
2004	Asia Cement (China) Holdings Corp.	743 HK	67.7%	38,629					
1997	Far EasTone Telecommunications Ltd.	4904 TT	1.0%	2,040					
1992	Far Eastern International Bank	2845 TT	2.4%	844					
1975	Oriental Union Chemical Corp.	1710 TT	7.2%	1,062					
1968	U-Ming Marine Transport Corp.	2606 TT	39.3%	9,320	37	13	338	249	(152)
1967	Far Eastern Department Stores Ltd.	2903 TT	5.7%	1,805					
1949	Far Eastern New Century Corp.	1402 TT	23.8%	33,909	331	518	469	320	333
	Others				(33)	1,514	1,174	561	(23)
	Total			**87,609**	**335**	**2,046**	**1,980**	**1,130**	**158**

Note1: Asia Cement comprehensively holds 72.0% of Asia Cement(China) Holdings.
(100%-owned AC(Singapore) holds a 4.1% stake and Asia Engineering Pte. holds a 0.2% stake of Asia Cement(China))
Note2: The market value is calculated on the basis of ACC's holding shares and the equity's closing price at 14 May 2020.

What’s New

What's New: Strong ASP and GP growth of ACCH



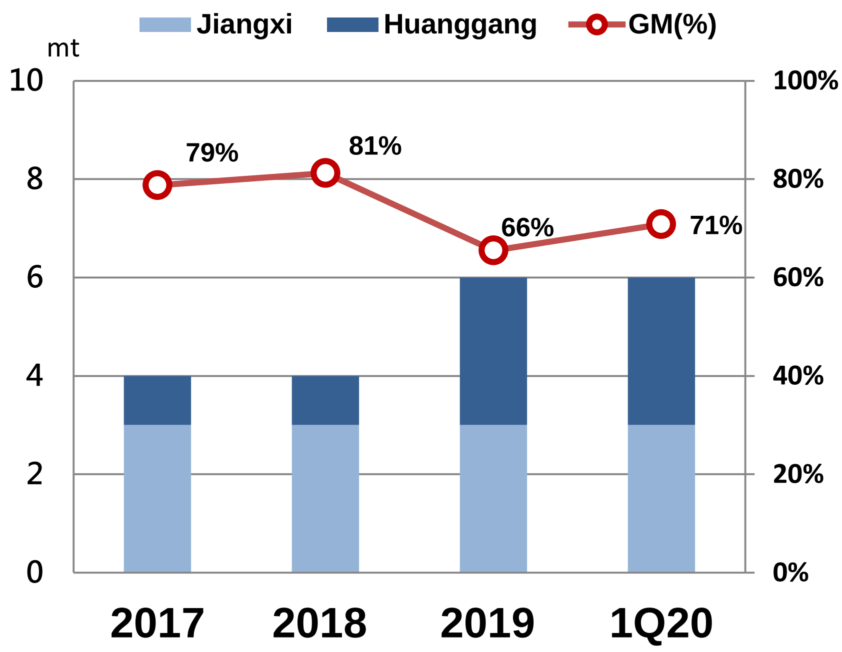


Note: According to IFRS, losses on work stoppages, which is the fixed operating cost RMB 115mn in 1Q20, were recognized as operating expense.

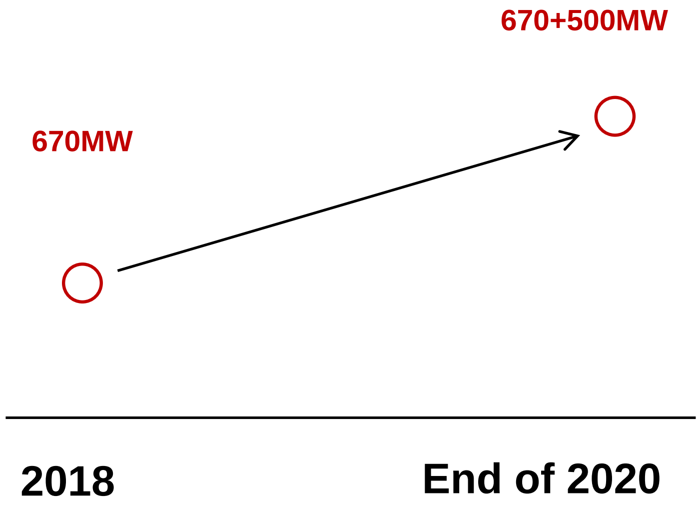
What's New: Undergoing Investments and Future Prospects

1. GM of aggregate recovered after the production resumed in 1Q20.
2. IPP phase II project is expected to start operation by the end of 2020. Total CAPEX budget is NT$10.7bn.

Aggregate Capacity in China



IPP Phase II project in TW



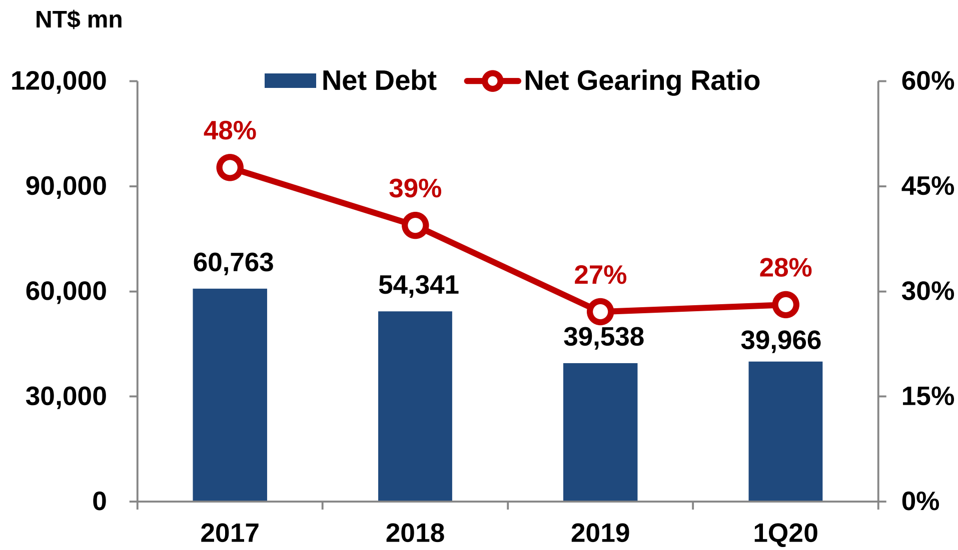
What's New: Growing investment income

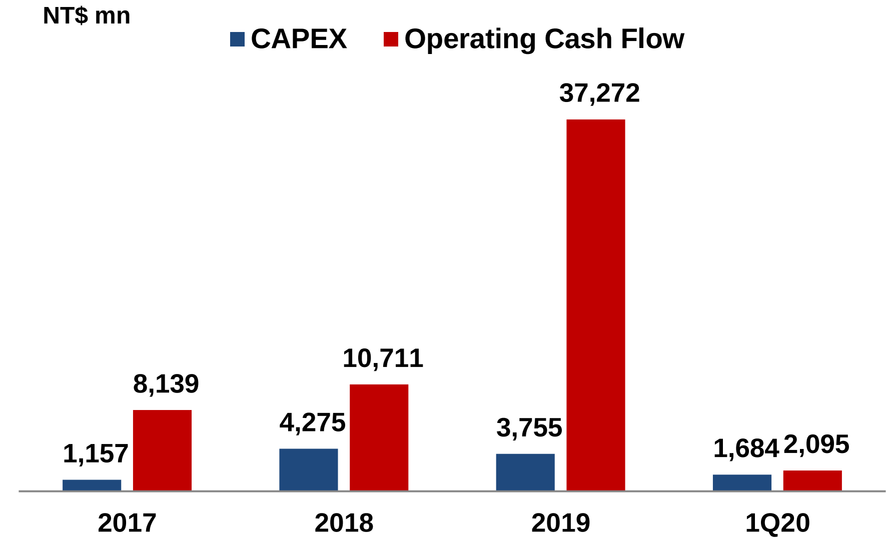
1. U-Ming: The rebound of BDI is under pressure due to the weakness in bulk shipping demand.
2. FENC: PET spread could be supported by lower raw material costs amid weak oil prices. Development of the new office complex in Tpark could contribute to the property segment's profits.
3. Shanshui Cement: Supply-demand could continue improving thanks to infrastructure and well-implemented off-peak production halt in the north.

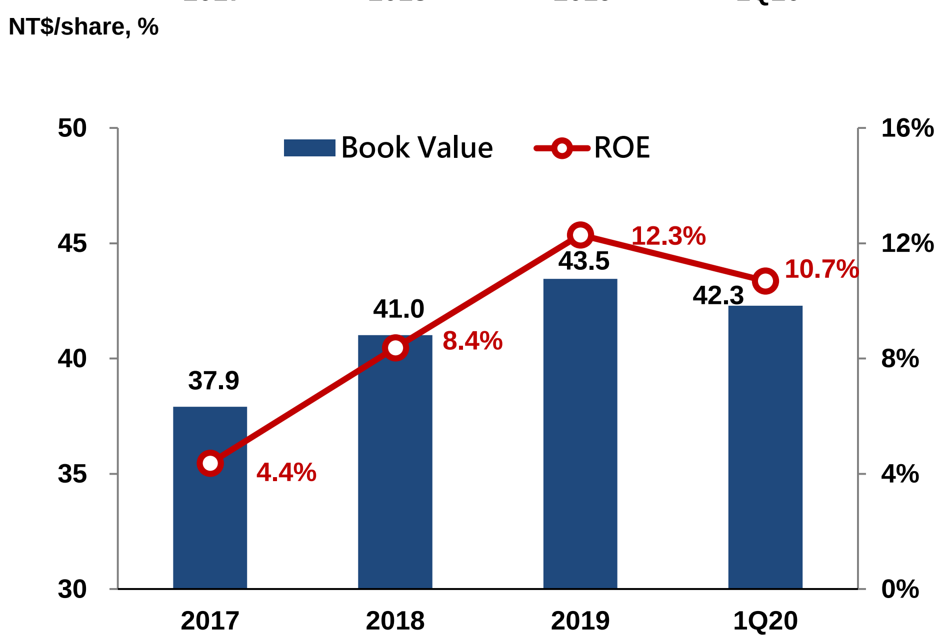
NT$ mn

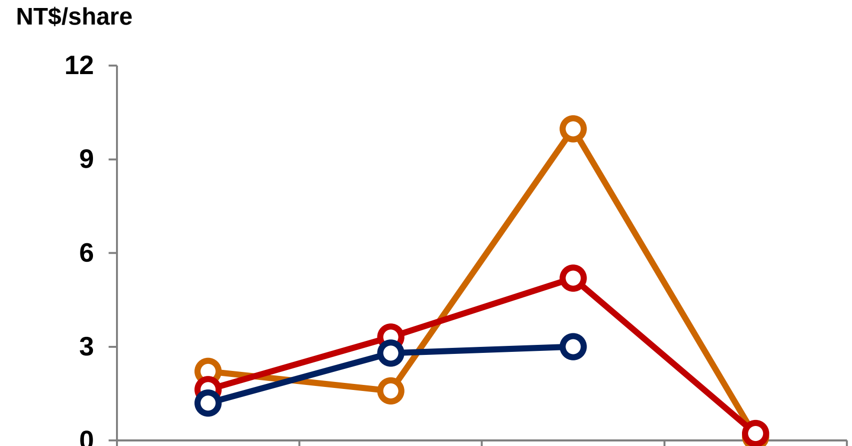
Investees	Holdings	Equity income (1102 TT)						
		2018	1Q19	2Q19	3Q19	4Q19	2019	1Q20
U-Ming Marine Transport Corp.	39.3%	655	37	13	338	249	637	(152)
Far Eastern New Century Corp.	23.8%	2,343	331	518	469	320	1,638	333
Shanshui Cement Co. Ltd.	17.5%	377	(169)	1,119	885	376	2,212	(342)
Others (unlisted investees)		770	136	395	288	185	1,004	319
Total		**4,144**	**335**	**2,046**	**1,980**	**1,130**	**5,490**	**158**

Asia Cement (1102 TW):
Robust financial structure and high dividend Payout





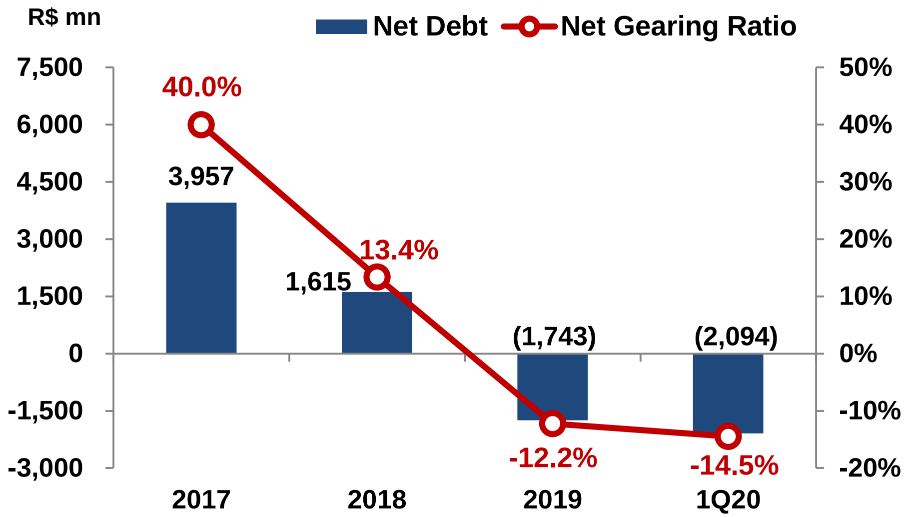


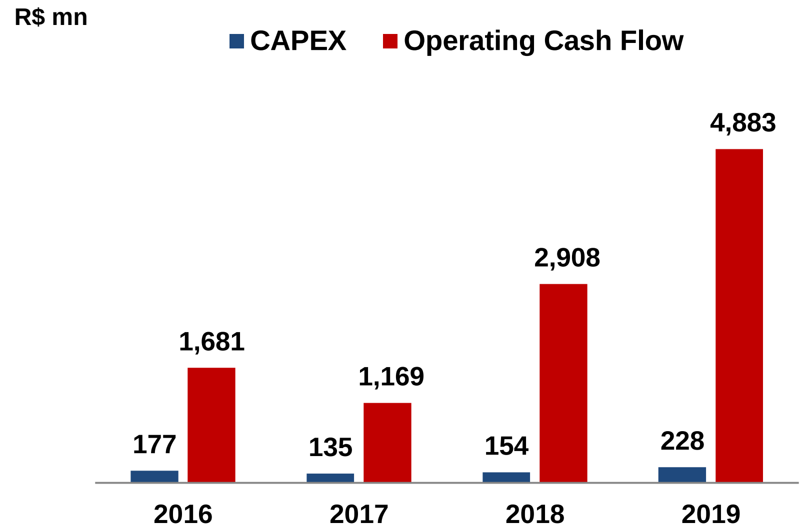


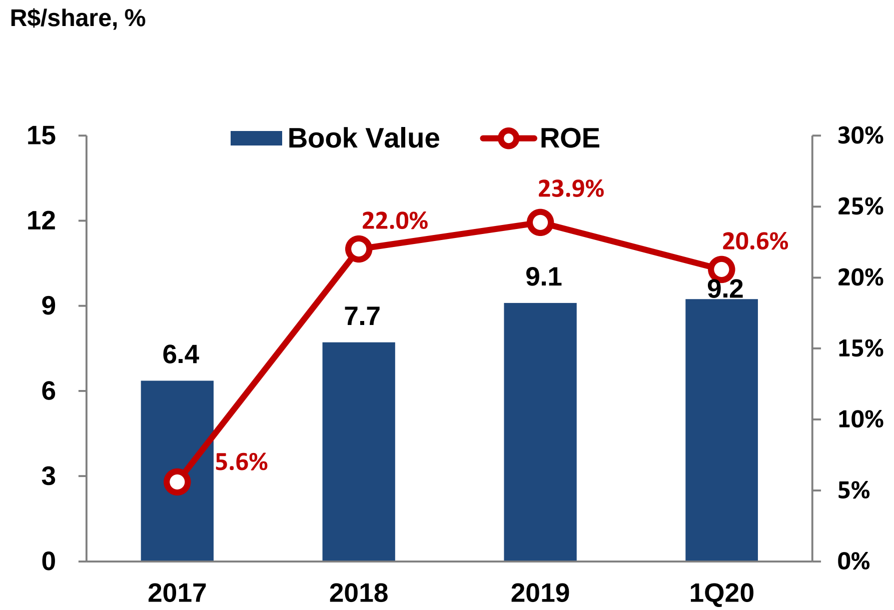
	2017	2018	2019	1Q20
FCF	2.22	1.59	10.0	0.1
EPS	1.63	3.31	5.19	0.22
DPS	1.20	2.80	3.00	

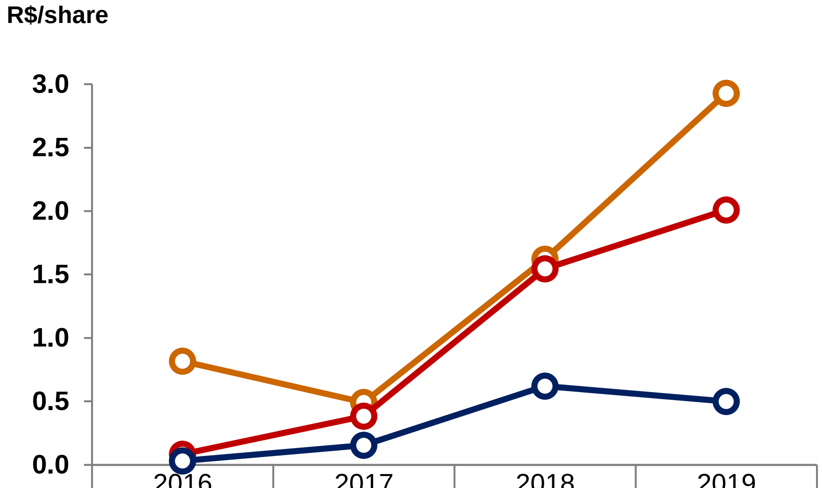
Note: EPS is calculated using total outstanding shares.

Asia Cement (China)(743 HK): Excellent profitability and rich cash flow









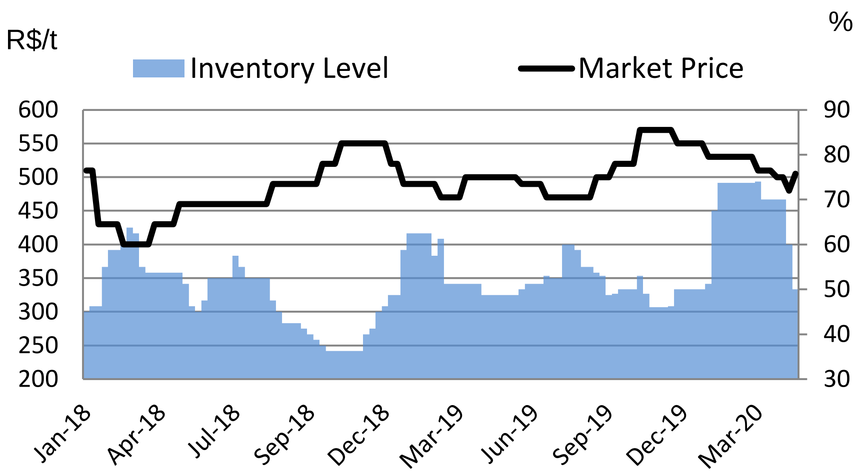
	2016	2017	2018	2019
FCF	0.82	0.49	1.62	2.93
EPS	0.09	0.38	1.55	2.01
DPS	0.03	0.16	0.62	0.5

Asia Cement (China) Operating Data

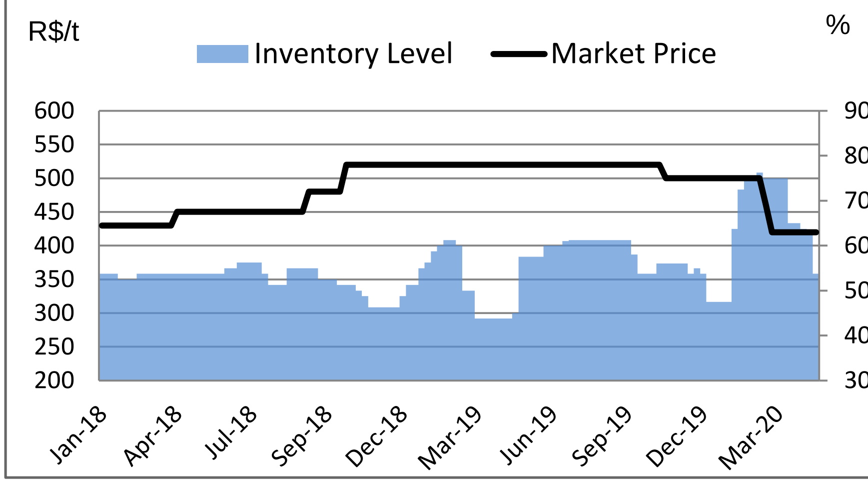
AC(China): Regional P.O42.5 Price & Inventory Level

Unit: R$/t ; %

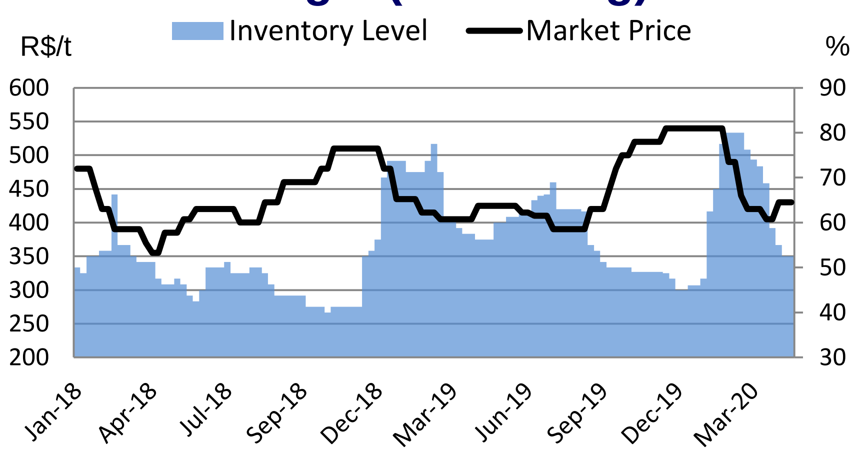
Hubei (Wuhan)



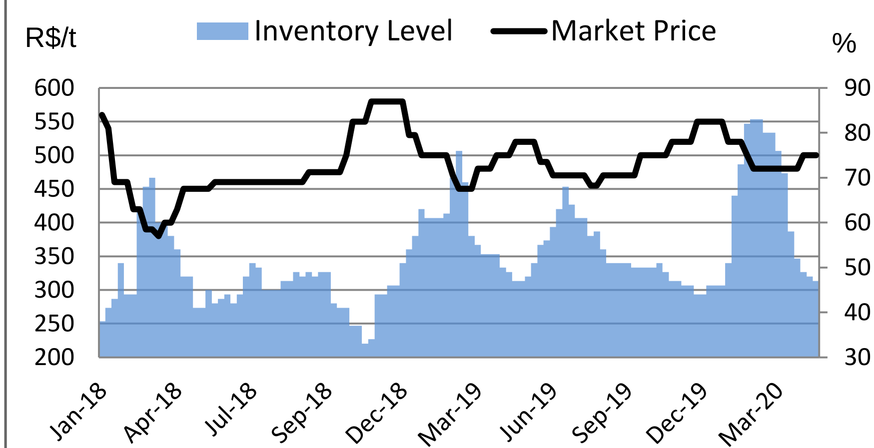
Sichuan (Chengdu)



Jiangxi (Nanchang)

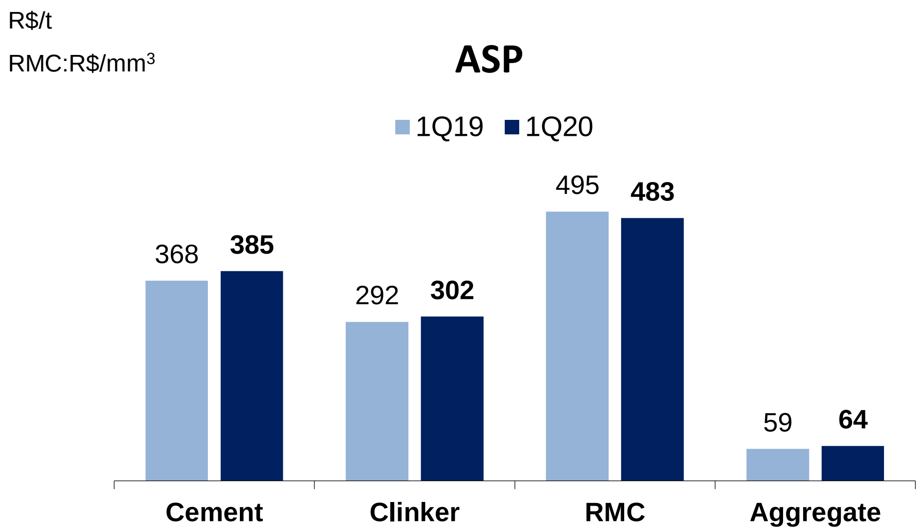


Jiangsu (Nanjing)

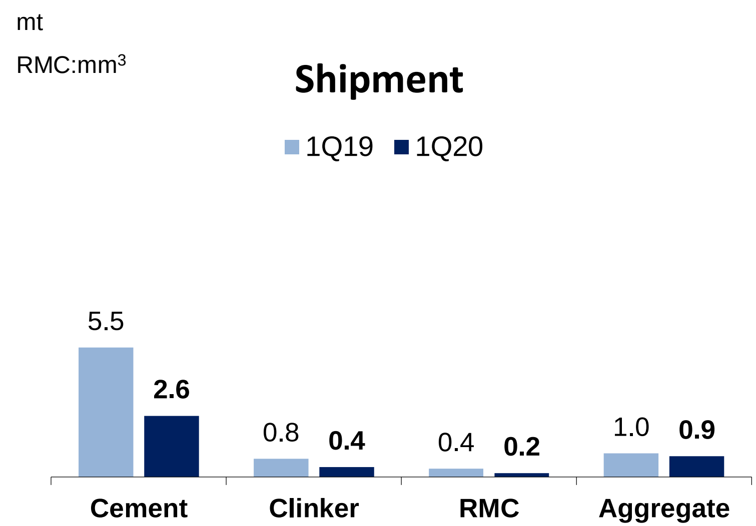


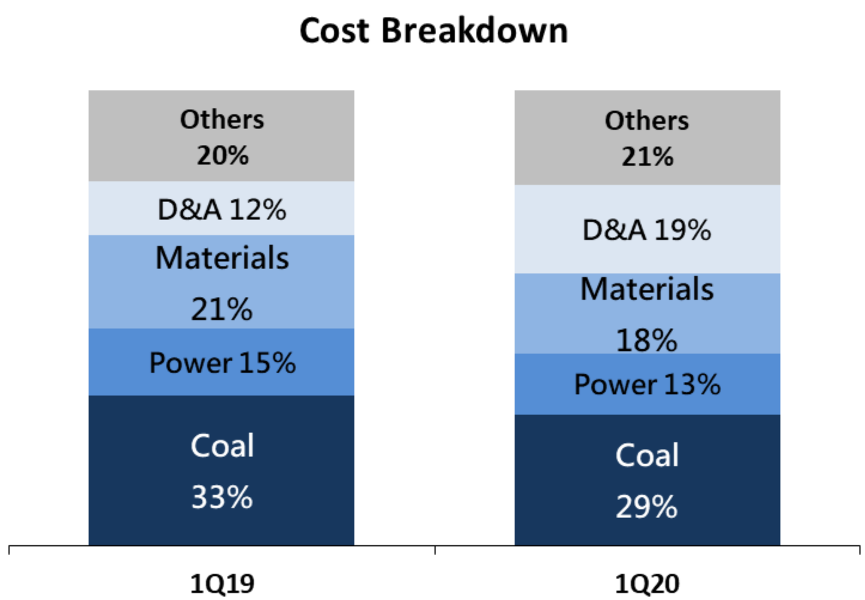
Source: Digit Cement. Inventory level is based on the average of province.

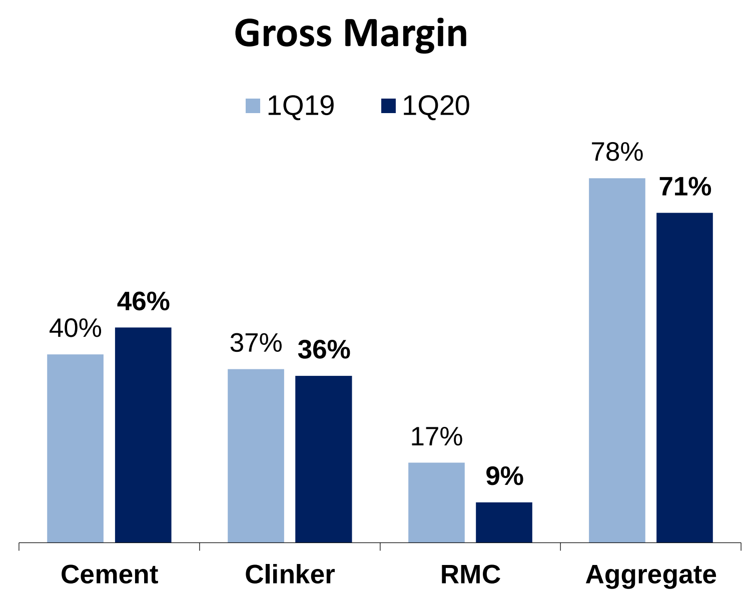
AC(China): 1Q20 Operating data points



Note: Net of VAT

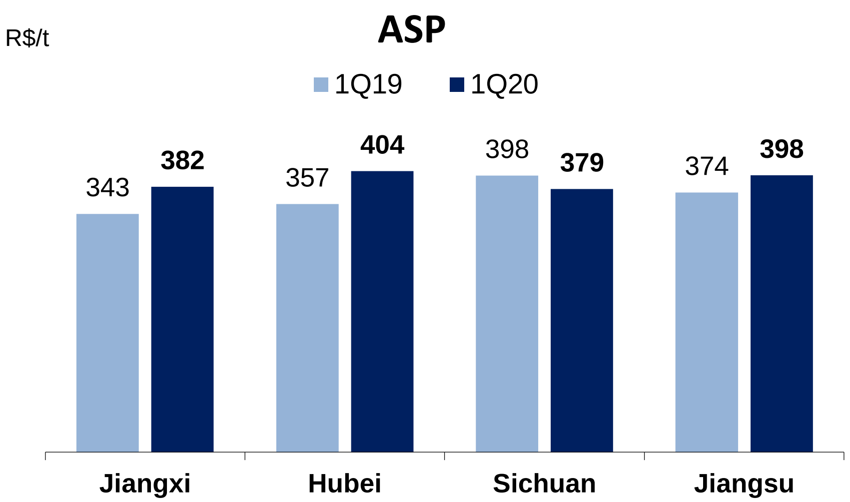


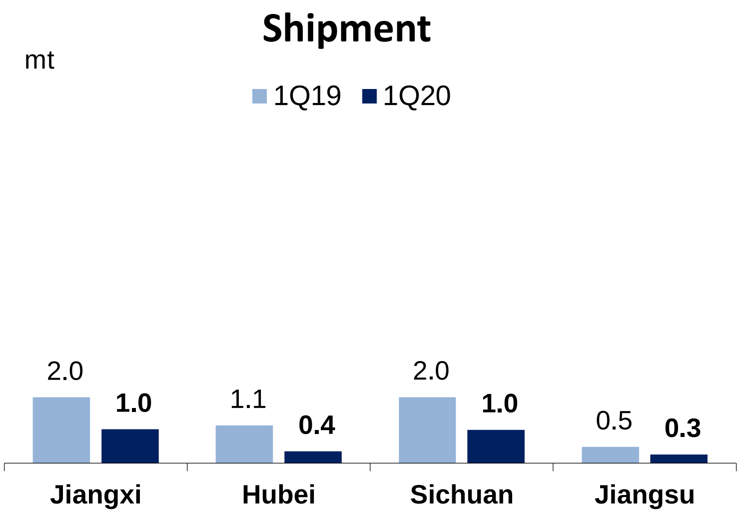




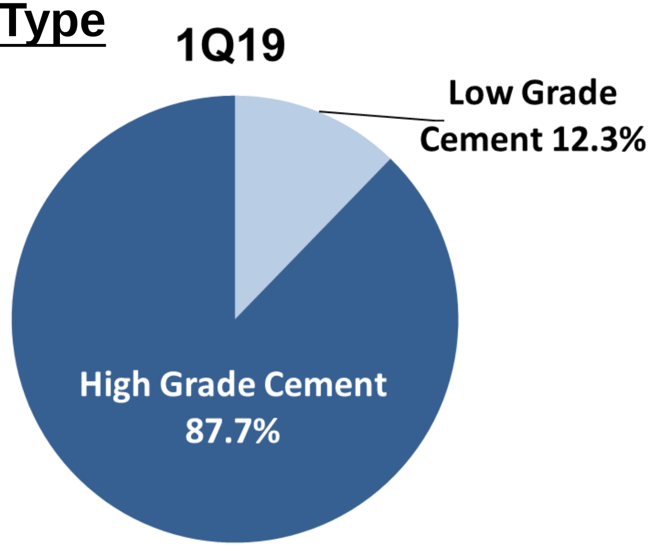
AC(China): 1Q20 Operating data points

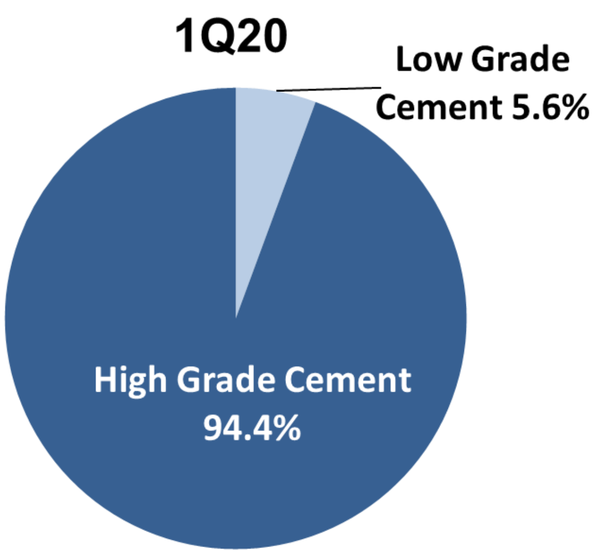
Cement Product by Regions





Product Type

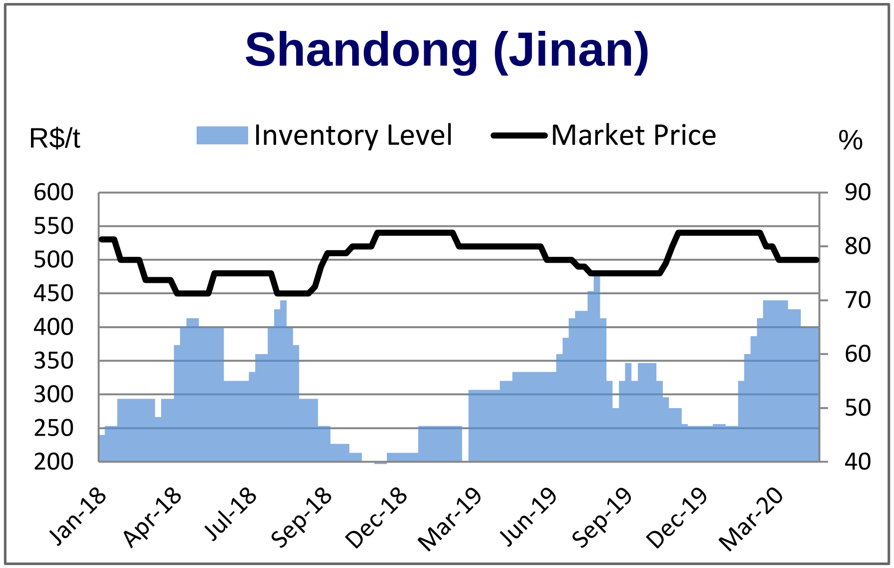


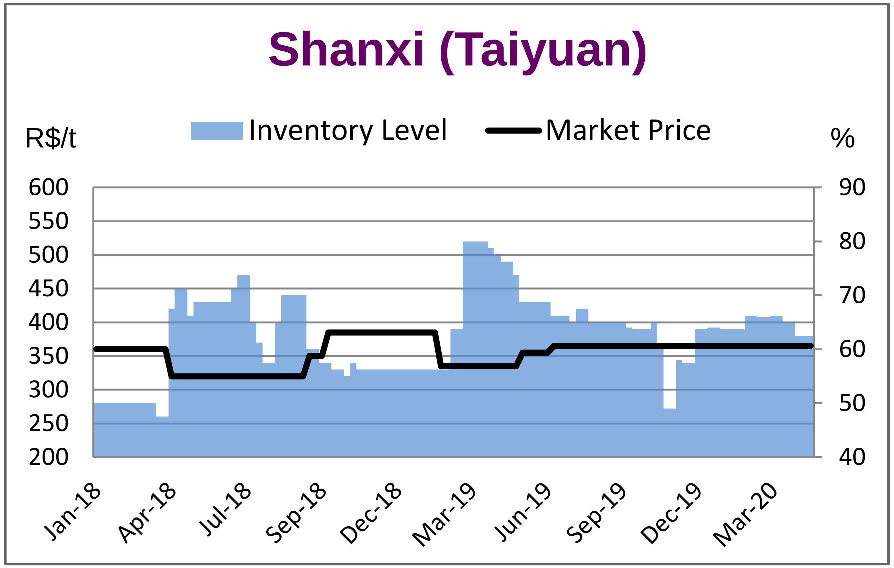


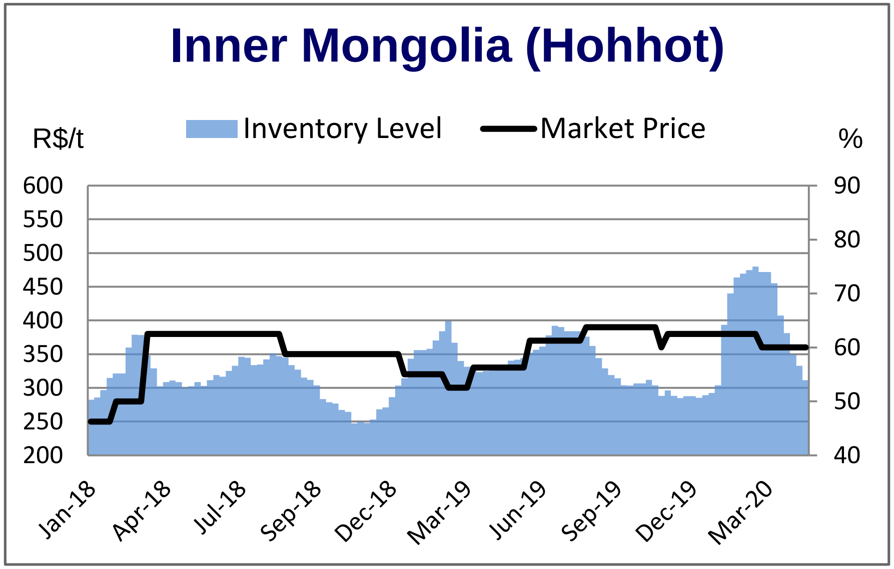
Shanshui Cement Profile

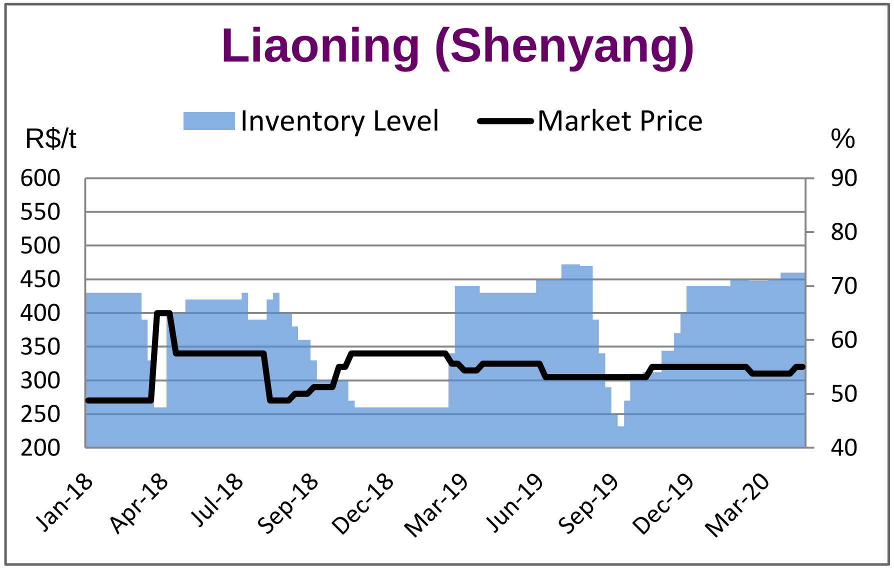
Shanshui: Regional P.O42.5 Price & Inventory Level

Unit: R$/t ; %



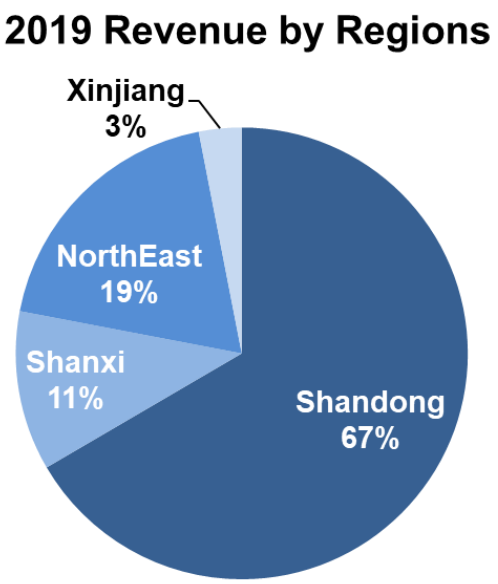


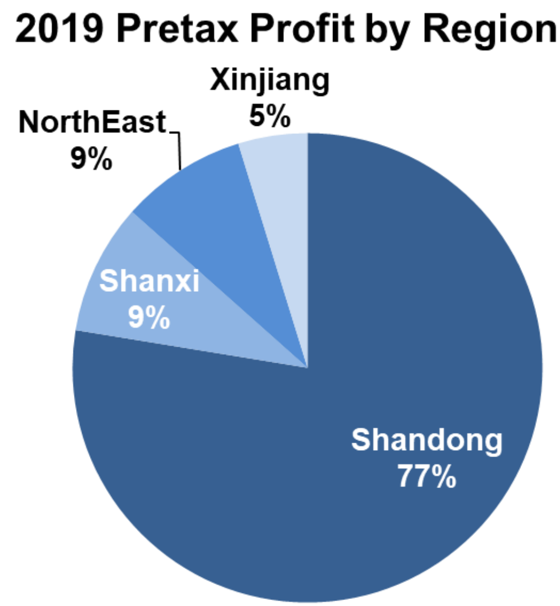


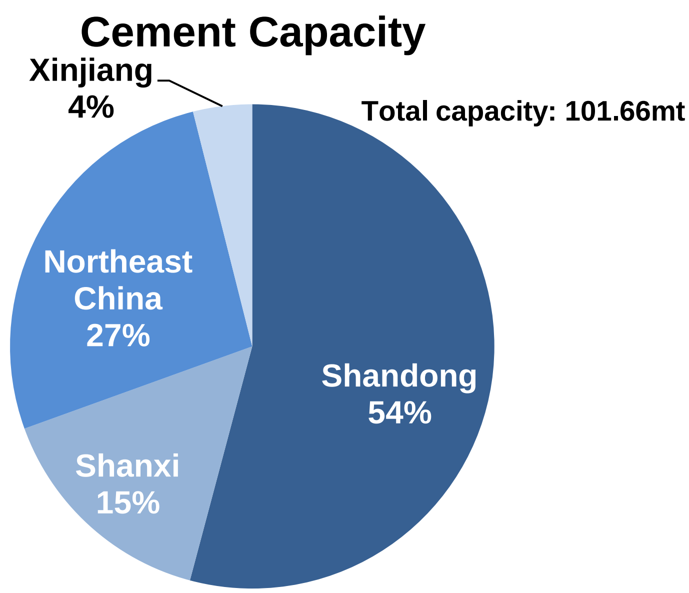


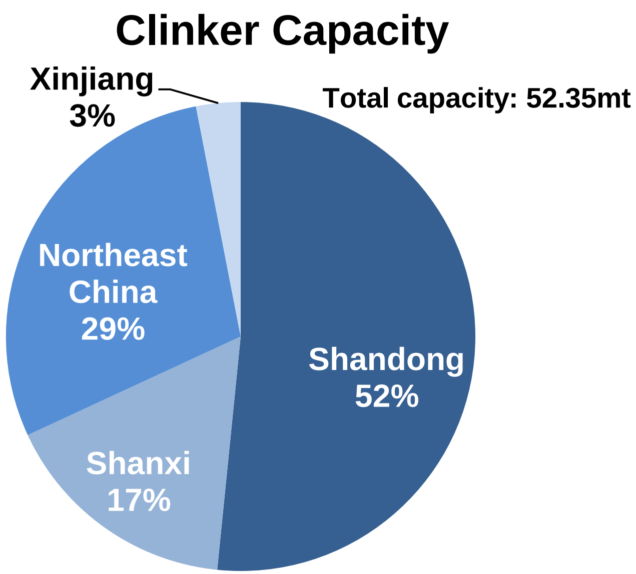
Source: Digit Cement. Inventory level is based on the average of province.

Shanshui: Overview by Regions



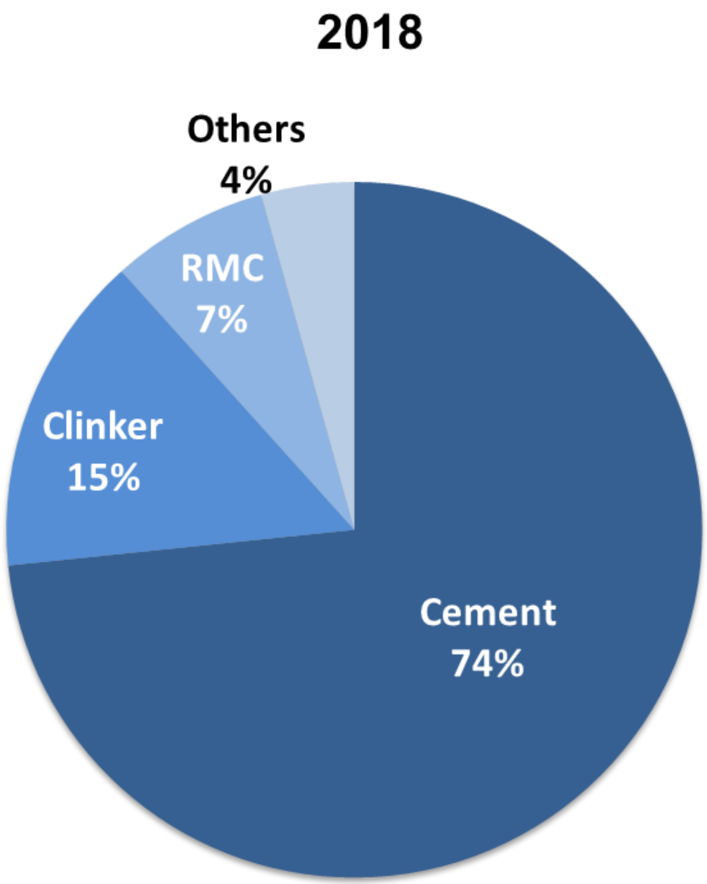


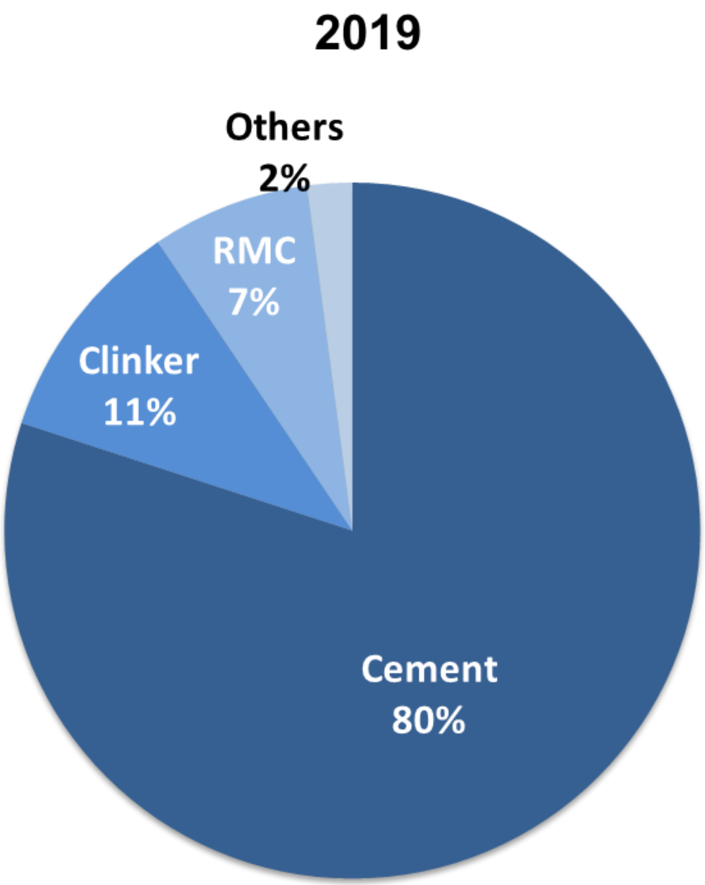




Note: Western Shandong region includes the capacities in Tianjin city. Northeast China region includes Liaoning province and Inner Mongolia.
Source: China Shanshui Cement Group Ltd. 2019 financial report and 2019 annual report.

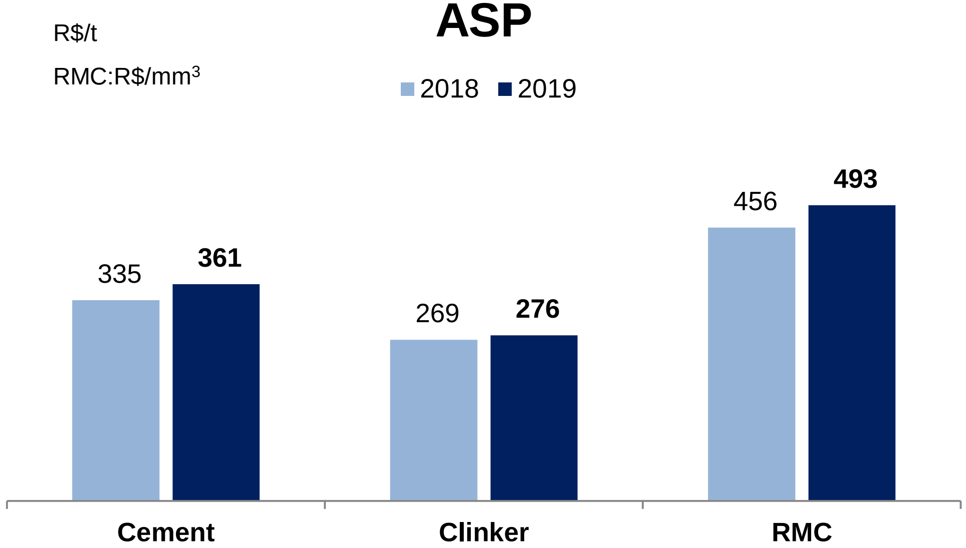
Shanshui: Revenue Breakdown

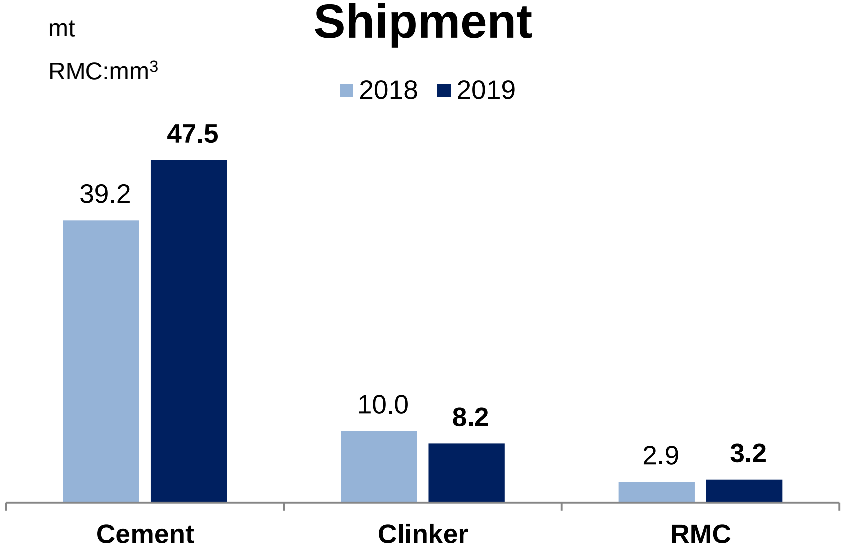




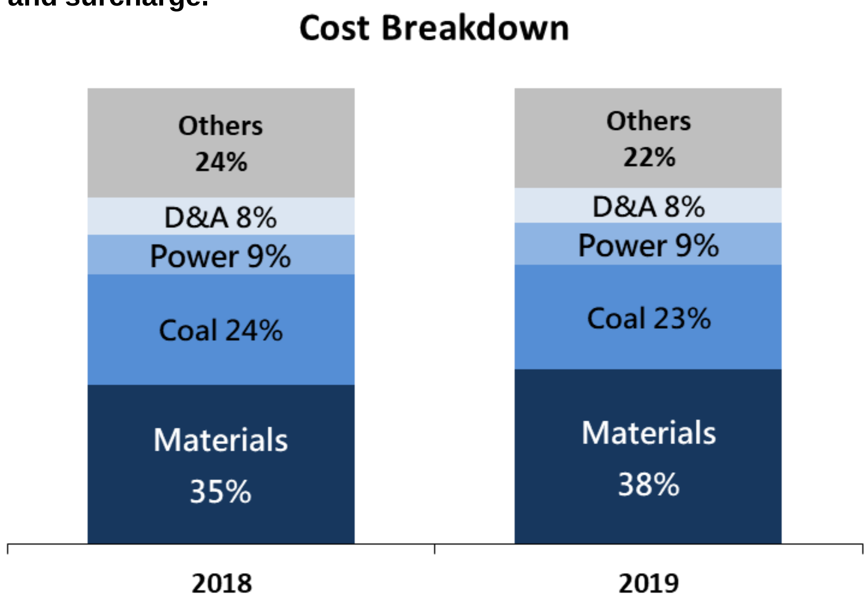
Source: China Shanshui Cement Group Ltd. 2019 financial report

Shanshui: 2019 Operating data points





Note: Net of sales tax and surcharge.



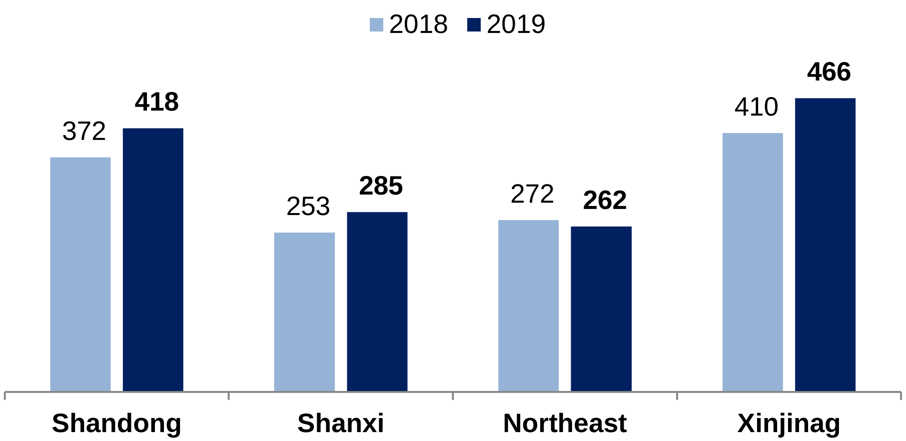
Source: China Shanshui Cement Group Ltd. 2019 annual report.

Shanshui: 2019 Operating data points

Cement Product by Regions

R$/t

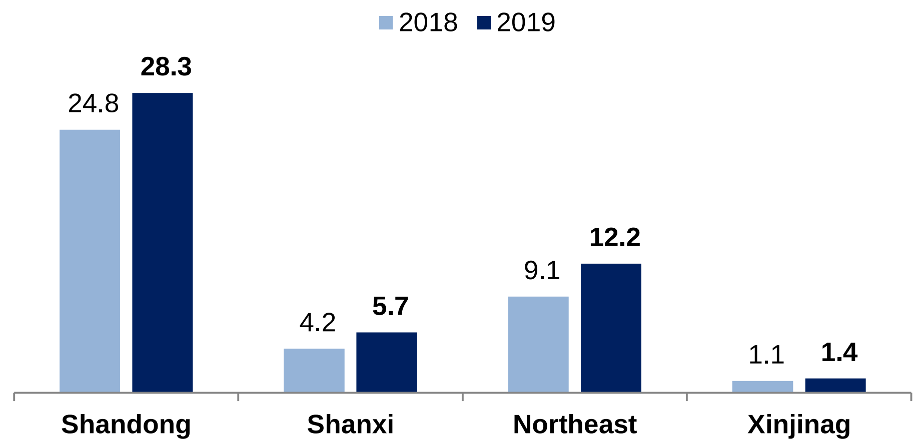
ASP



Note: Net of sales tax and surcharge.

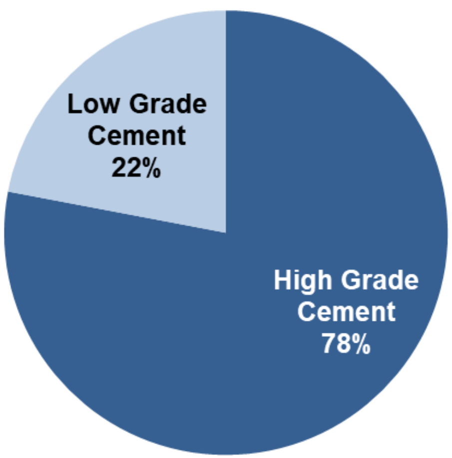
mt

Shipment

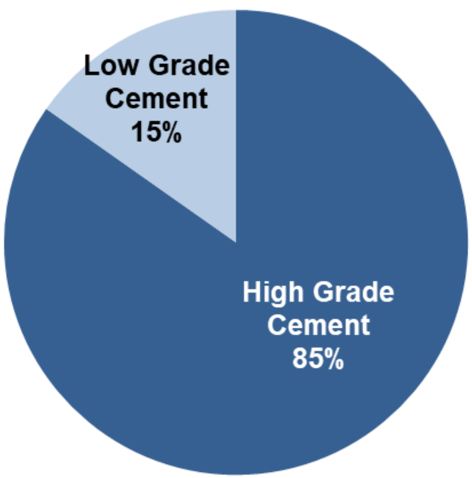


Product Type

2018



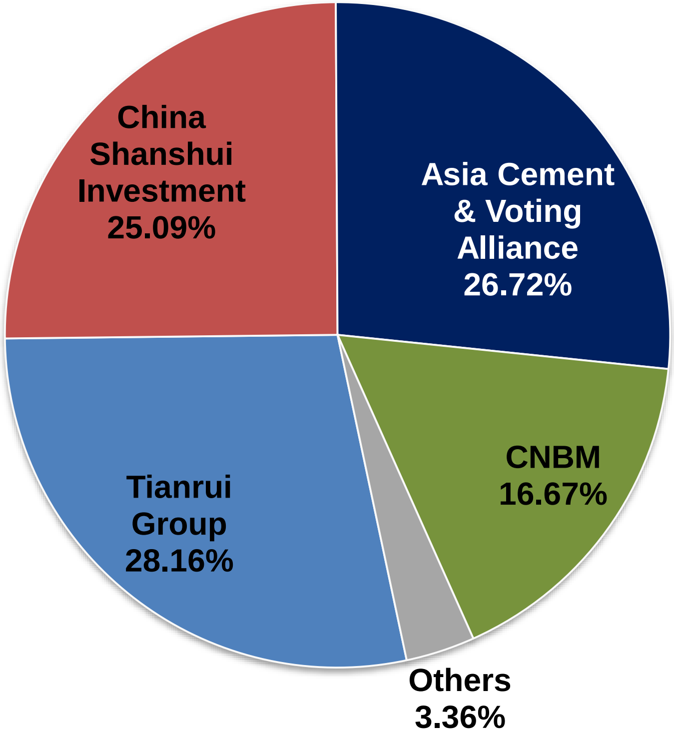
2019



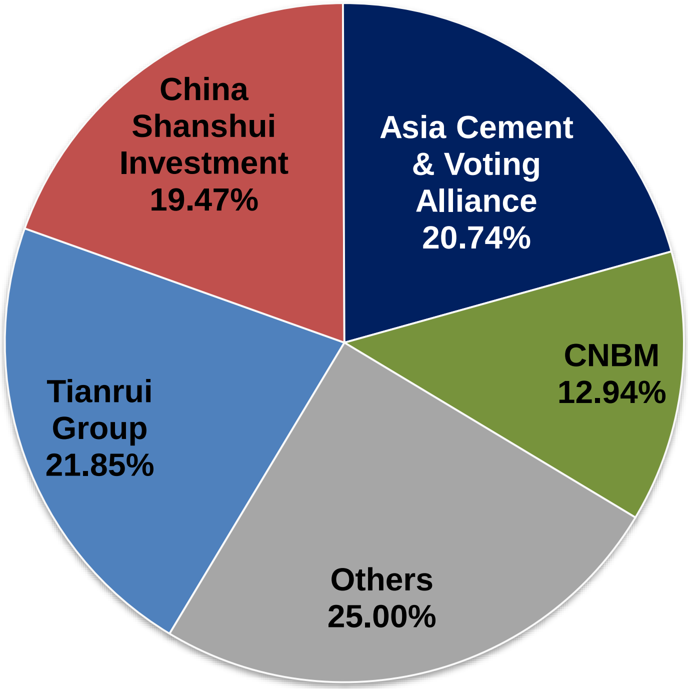
Source: China Shanshui Cement Group Ltd. 2019 annual report

Shanshui: Shareholder Structure

Prior EGM 2018/10/30



Current



Note: Asia Cement holds 17.46%, and 3.28% of the interests are held through agreement to acquire interests in the Company, required to be disclosed under s.317(1)(a) and s.318 of the SFO.

Source: http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/1030/LTN20181030956_C.pdf.

PRC Market Overview

China Cement Demand: The New Normal

2009-2011:

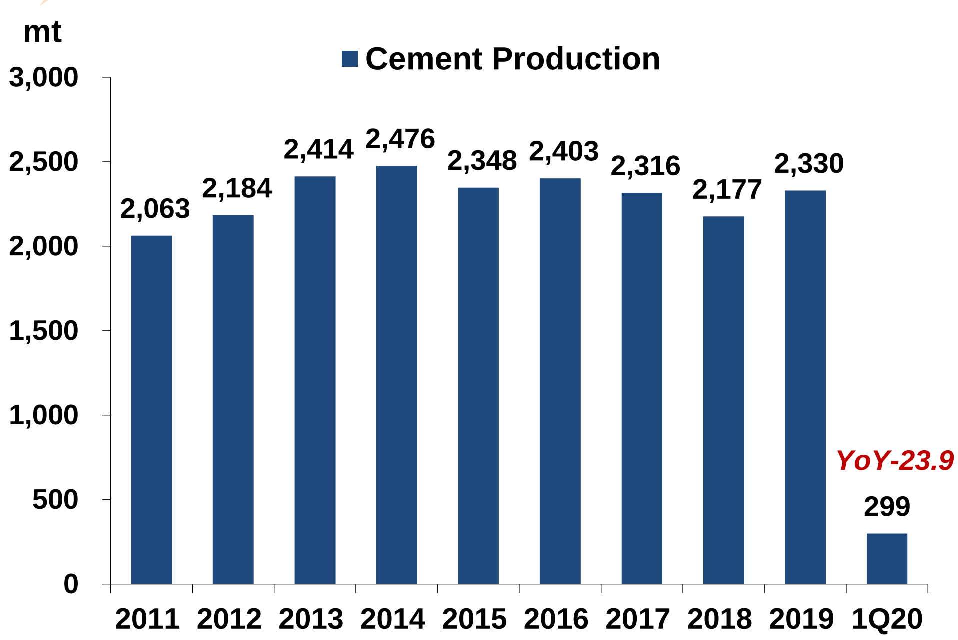
Demand boosted by R$4 trillion stimulus

2012-2015:

Demand increase slowed down and oversupply weakened ASP

2016-2020:

"New Normal Economy" urges Supply-Side Reform and industry evolution.



2020 cement demand :

- Infrastructure: China government is proactively taking counter-cyclical measures and issuing more special bonds to offset the economic downturn.
- Property: Housing demand could benefit from more policy easing.

Source: Ministry of Industry and Information Technology(MIIT), National Development and Reform Commission(NDRC), China Cement Association(CCA)

China Cement Supply-side Reform:

Control capacity expansion

1. Prohibit using outdated pipelines for capacity swap
2. Tightening regulation for cross-provincial capacity swap

Phase out capacities by lifting industry standards

1. Raise UT rate from 70% to 80%
2. Eliminate PC 32.5R grade of cement
3. Promote intelligent manufacturing

Schedule production halt to restrain output

1. The government plays a more active role on implementing.
2. Differentiation measures provide uncertainty in 2020.

Encourage consolidation

1. M&A, cross holding, JVs, sales platform
2. Carry out pilot program to subsidize the exiting capacity

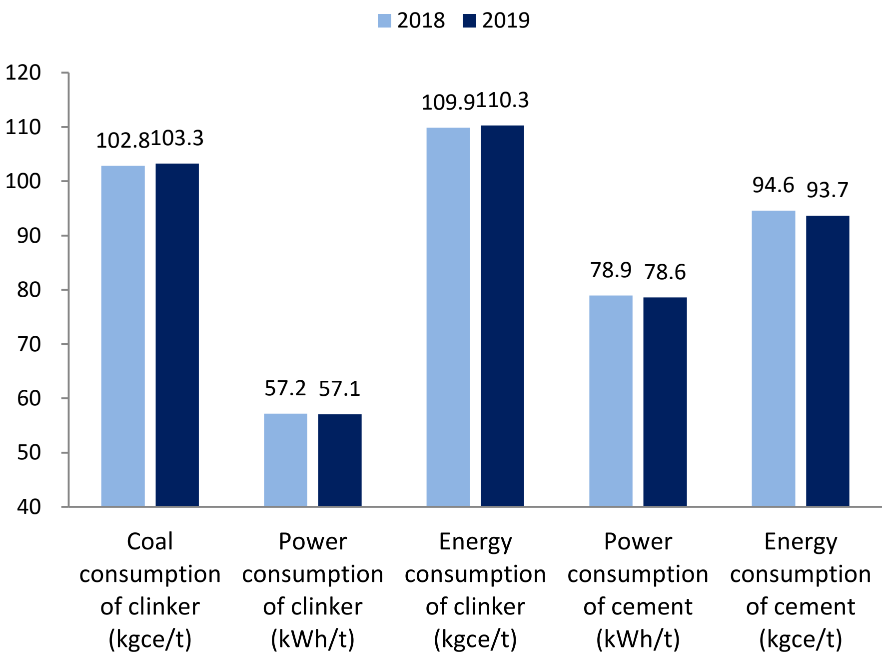
Source: China Cement Association “De-capacity action plan”, ”Cement industry 13th five year plan”, PRC State Council “Guiding policies to facilitate structural upgrade of building materials industry”

AC(China): Survival of the Fittest

Strength of AC(China)

- Superior to regulatory requirements in energy efficiency and GHG emission
- Sufficient limestone resources and reserves
- ＞90% sales are high-grade cement
- 90% UT rate and no ≦ 2500 t/d clinker lines

Energy Consumption and Emission



Unit: mg/m^3	SO_2		NO_X		Dust Particles	
	2018	2019	2018	2019	2018	2019
ACC Jiangxi	59	63	282	267	16	9
ACC Hubei	18	25	252	198	8	8
ACC Sichuan	4	6	130	85	5	5
National Standard	200		400		30	
Special Limit	100		320		20	
Ultra-low Standard	35		100		10	

Note: Averaged by capacity

AC(China): Foreseeable Solid Regional Demand

Yangtze River Economic Belt

Rise of Metropolitan Regions

Rigid Demand for Property

Hubei & Sichuan:
Production Halt well-implemented, forming market efficiency

Source: National & Provincial Development and Reform Commission

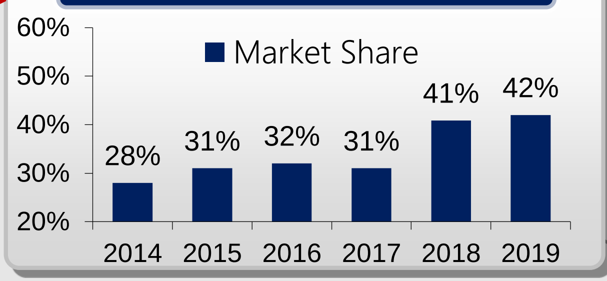
AC(China) Strategy: to Dominate Locally

2019: Capacity Rank top 10 nationwide

Capacity : 11 mt / year

No.1

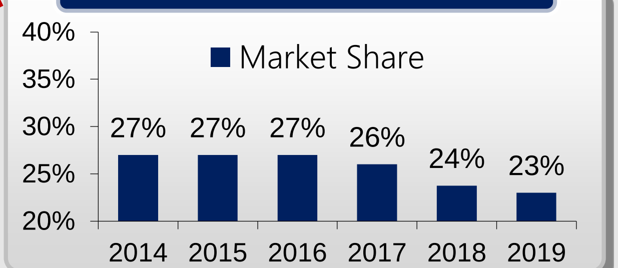
Chengdu - Sichuan

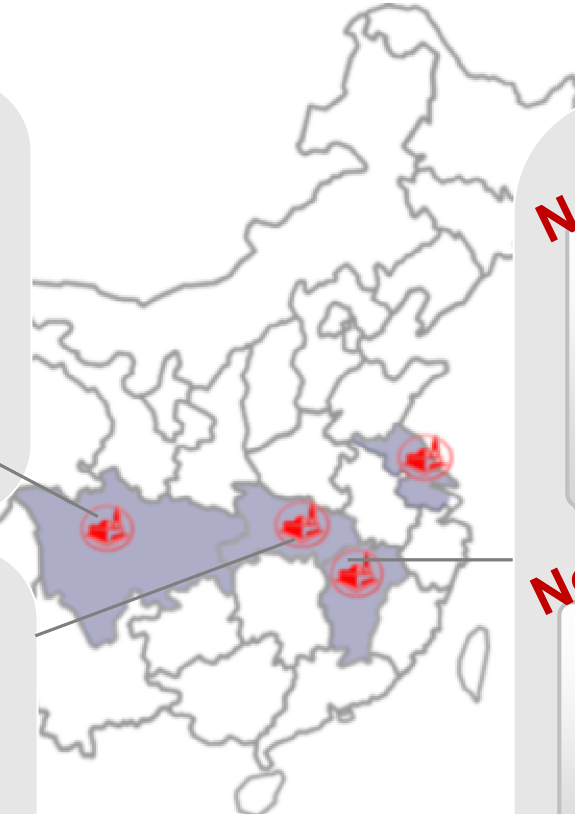


Capacity : 8 mt / year

No.1

Wuhan - Hubei

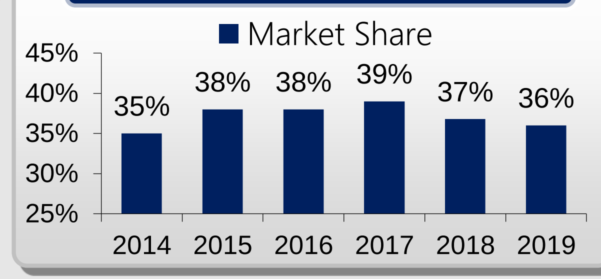




Capacity : 14 mt / year

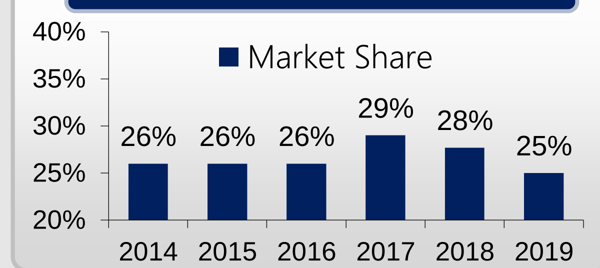
No.1

Jiujiang - Jiangxi



No.2

Nanchang - Jiangxi

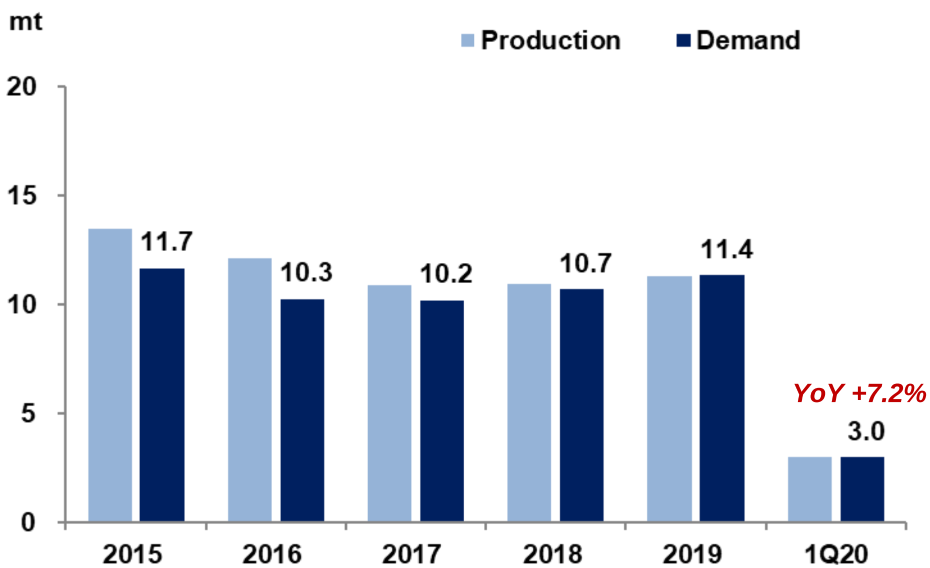


Source: ACC(C) annual report

Taiwan Market Overview

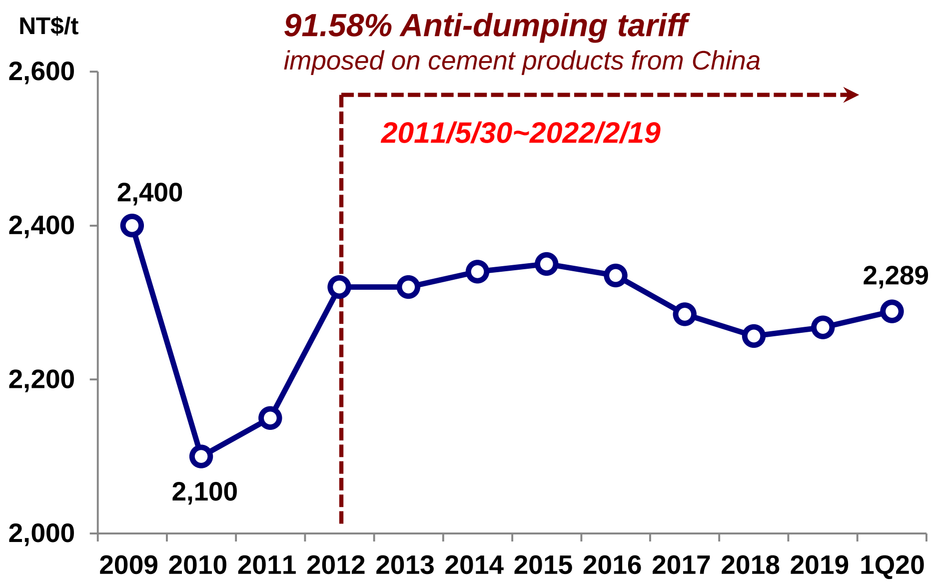
TW Cement Market: Sophisticated and Highly Concentrated

Mature and net export cement market



- Demand bottomed in 2017 due to private sector weakness.
- Catalyst: NT$420 billion infrastructure budget from 2018~2021

Oligopoly keeps ASP steady

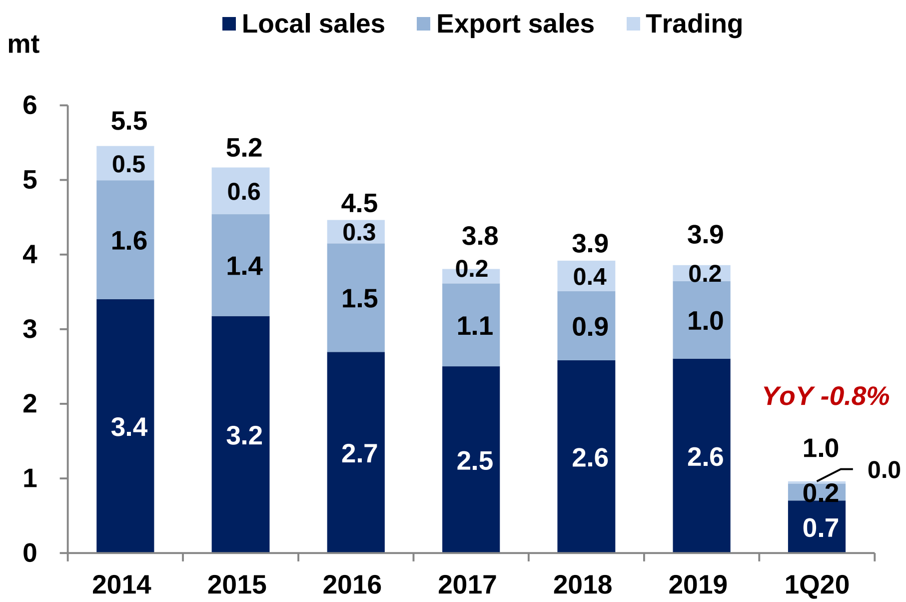


- **ACC & TCC dominate 75% of production**
- ASP remains steady since anti-dumping tariff blocked import from China

Source: Taiwan Cement Manufacturers' Association, TCMA

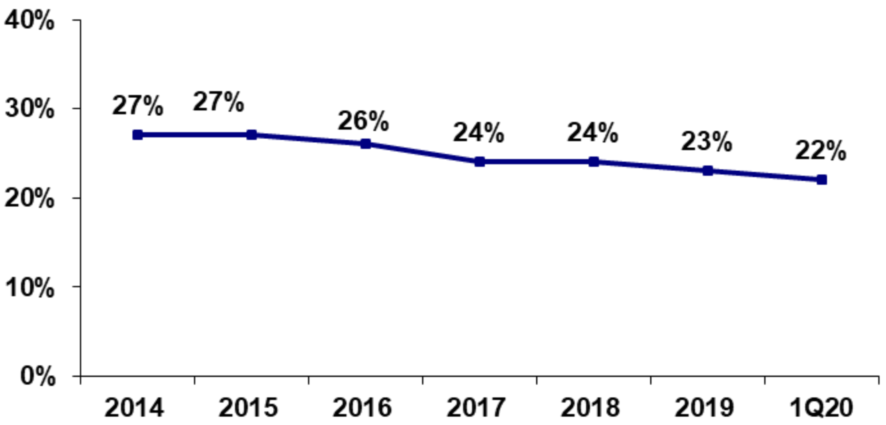
ACC: 2nd Largest Cement Player in Taiwan

- **ACC: Cement & Clinker Sales Volume**

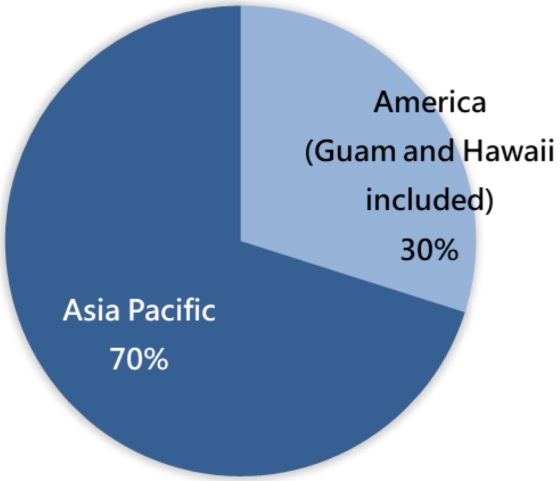


- Stable local market share and shipments
- Pressure from imports still exists.

- **Domestic market shares**

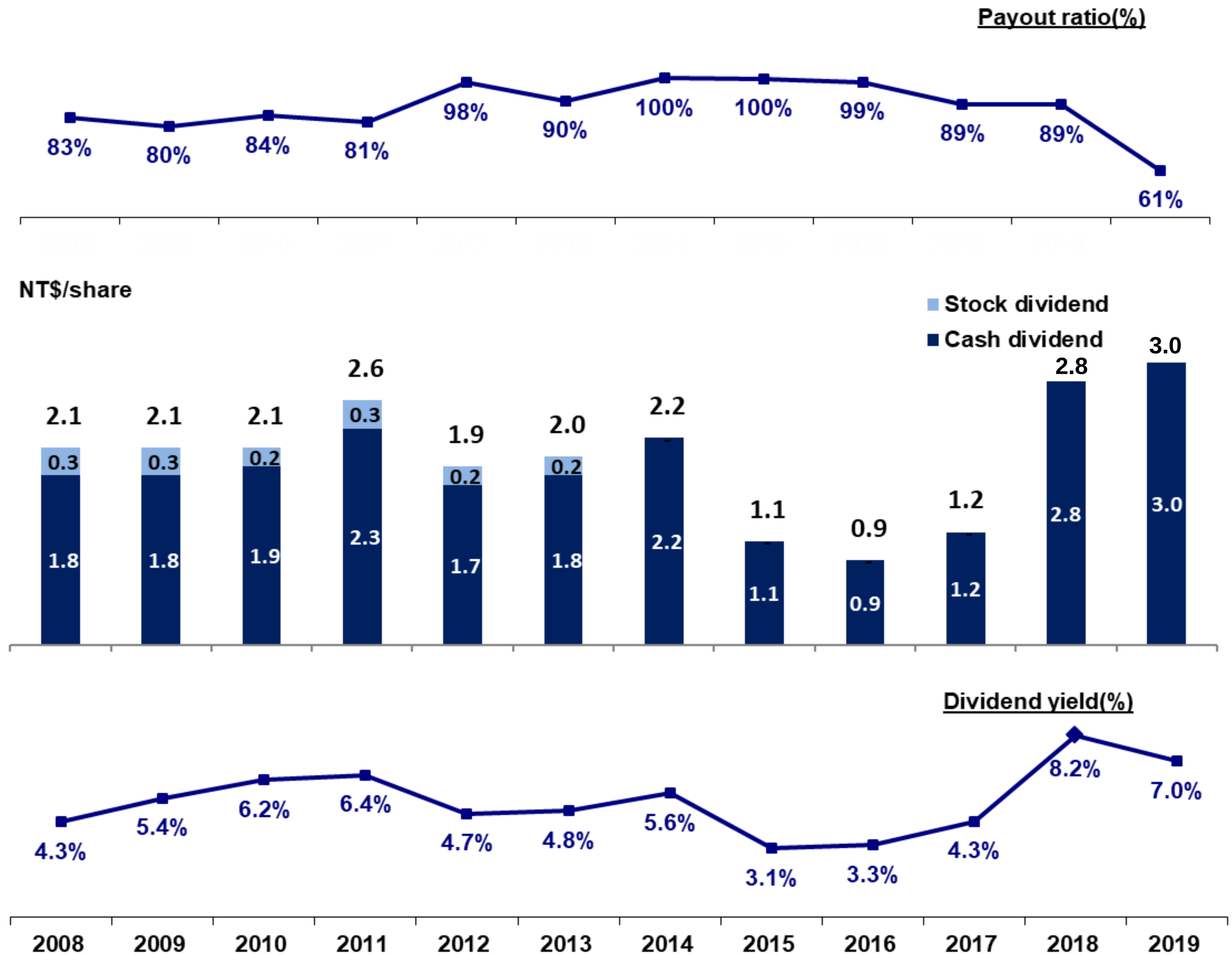


- **1Q20 Export market coverage**



Dividend & Financials

Steady Payout with Enjoyable Yields



Note1: Payable EPS= Net income – Investment property adjustment

Note2: Dividend yield= Cash dividend / Last 12-month average share price

Summary of P&L

NT$ mn

	1Q20	1Q19	YoY	2019	2018	YoY
Operating Revenue	**13,139**	**19,386**	***-32%***	**89,348**	**82,741**	***8%***
Operating Cost	10,441	14,727	*-29%*	63,747	61,585	*4%*
Net Gross Profit	**2,698**	**4,659**	***-42%***	**25,601**	**21,156**	***21%***
SG&A expenses	676	881	*-23%*	3,523	3,018	*17%*
Operating profit	**2,022**	**3,778**	***-46%***	**22,063**	**18,153**	***22%***
Non-operating income(net)	(453)	966		6,330	2,217	
Equity Income	158	335	*-53%*	5,490	4,144	*32%*
Net Interest Expense	(81)	(262)		(695)	(1,303)	
Dividend Income	3	3		451	435	
Gain (loss) on Investment Property	34	35		198	98	
Gain (loss) on exchange	77	22		(260)	91	
Gain (loss) on FVTPL Financial Assets and Liabilities	(641)	760		1,129	(256)	
Others	(3)	73		16	(992)	
Pre tax Income	1,568	4,743		28,393	20,370	
Tax	438	933		6,149	5,481	
Net income	**1,131**	**3,810**	***-70%***	**22,244**	**14,889**	***49%***
Profit Attributable to Owners of Parent	**744**	**2,929**	***-75%***	**17,460**	**11,117**	***57%***
EPS (NT$/share)	**0.24**	**0.93**	***-75%***	**5.56**	**3.54**	***57%***
Gross margin	**20.5%**	**24.0%**		**28.7%**	**25.6%**	
Operating margin	15.4%	19.5%		24.7%	21.9%	
EBITDA margin	24.7%	25.9%		31.5%	27.6%	
EBITDA	3,250	5,017		28,183	22,803	

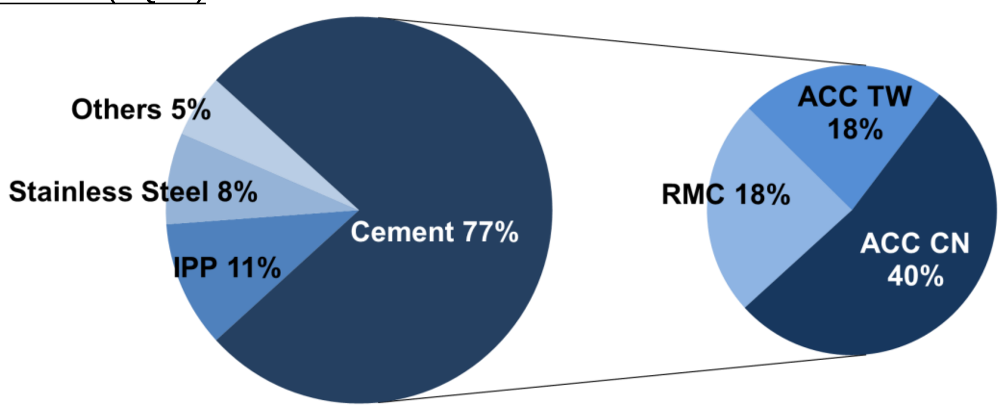
Performance by Segments

NT$ mn

Note: Cement revenue= Taiwan cement operation(cement, RMC and other downstream value chain) + China cement operation

	1Q20	1Q19	YoY	2019	2018	YoY
Operating Revenue	**13,139**	**19,386**	***-32%***	**89,348**	**82,741**	***8%***
Cement business	10,116	15,641	*-35%*	73,849	67,340	*10%*
Power business	1,390	1,577	*-12%*	7,115	6,682	*6%*
Stainless Steel business	1,007	1,649	*-39%*	5,439	5,677	*-4%*
Others	626	519	*21%*	2,945	3,042	*-3%*
Operating Cost	10,441	14,727	*-29%*	63,747	61,585	*4%*
Net Gross Profit	**2,698**	**4,659**	***-42%***	**25,601**	**21,156**	***21%***
SG&A expenses	676	881	*-23%*	3,523	3,018	*17%*
Operating profit	**2,022**	**3,778**	***-46%***	**22,063**	**18,153**	***22%***
Cement business	1,663	3,550	*-53%*	19,974	15,952	*25%*
Power business	292	245	*19%*	1,382	1,206	*15%*
Stainless Steel business	(24)	30	*NA*	85	120	*-29%*
Others	90	(48)	*NA*	622	876	*-29%*

Revenue (1Q20)



Summary of Balance Sheets

NT$ mn

	1Q20	2019	2018
Current Assets	98,317	89,242	80,359
Cash&Cash equivalents	29,628	24,735	14,929
Short-term Investments	39,551	31,724	27,170
Others	29,138	32,783	38,259
Non-Current Assets	205,122	208,036	198,829
Long-term Investment	92,957	96,140	88,646
Fixed Assets	87,357	86,858	88,515
Intangible Assets	6,897	7,000	3,695
Other Assets	17,912	18,038	17,975
Total Assets	**303,439**	**297,279**	**279,188**
Current Liabilities	71,389	74,336	62,804
Short-term debt	56,236	55,895	50,655
Others	15,153	18,440	12,150
Non-Current Liabilities	66,218	53,494	57,335
Bonds Payable	19,303	19,281	12,193
Bank Loans	33,606	20,821	33,594
Others	13,309	13,392	11,549
Total Liabilities	**137,607**	**127,829**	**120,140**
Total Shareholders' Equity	165,832	169,449	159,048
Book Value(NT$/Share)	**42.3**	**43.5**	**41.0**
ROE	**10.7%**	**12.3%**	**8.4%**
Net Debt	39,966	39,538	54,341
Net Gearing Ratio	28.1%	27.1%	39.4%
Net Debt/EBITDA	1.5	1.4	2.4

Note: Net gearing = Nebt debt / (total shareholders' equity - minority interest)

Summary of Cash Flow Statement

NT$ mn

	1Q20	1Q19	YoY	2019	2018	YoY
Net Income	744	2,929		17,460	11,117	
Depr&Amort	1,228	1,239		6,120	4,919	
Changes of non-cash WC	2,119	3,852		5,798	(7,479)	
Disposal/(Acquisition) of FVTPL FA(1)	(834)	(436)		5,660	(3,051)	
Other Ope. CF Items	(1,163)	(1,300)		2,234	5,205	
Operating Cash Flow	**2,095**	**6,285**	***-67%***	**37,272**	**10,711**	***248%***
CAPEX	(1,684)	(679)		(3,755)	(4,275)	
Disposal/(Acquisition) of AC FA(2)	(7,159)	(2,448)		(8,716)	(9,538)	
Disposal/(Acquisition) of FVTOCI FA	(1,145)	(57)		(275)	(556)	
Other Inv. CF Items	(81)	(2,296)		(2,721)	(90)	
Investing Cash Flow	**(10,070)**	**(5,479)**	***NA***	**(15,466)**	**(14,459)**	***NA***
Changes in Debt/Borrowings	13,018	(56)		254	15,793	
Dividends Paid	0	0		(9,412)	(4,034)	
Other Fin. CF Items	(57)	116		(2,005)	(768)	
Financing Cash Flow	**12,961**	**60**	***21396%***	**(11,163)**	**10,992**	***NA***
Effect of FX	(93)	203		(836)	(54)	
Net Changes in Cash	**4,893**	**1,069**	***358%***	**9,806**	**7,190**	***36%***
Free Cash Flow	**410**	**5,606**	***-93%***	**33,517**	**6,436**	***421%***

Note1: Under the IFRS 9 applied since 2018, mutual fund investment has been classified as operating activities.

Note2: Mainly over 3 months time deposit.

AC(China): Summary of P&L

R$ mn

	1Q20	1Q19	*YoY*	2019	2018	*YoY*
Operating revenue	1,287	2,513	*-49%*	12,609	11,330	*11%*
Operating cost	729	1,528	*-52%*	7,290	6,944	*5%*
Gross Profit	**559**	**985**	***-43%***	**5,319**	**4,386**	***21%***
Other net income/(loss)	57	46		170	(4)	
Selling&marketing costs	63	99		447	446	
Administative expenses	185	112		429	316	
Operating income	**367**	**821**	***-55%***	**4,613**	**3,620**	***27%***
Finance costs	53	67		268	244	
Shares of results of jointly controlled entities	(2)	0		5	8	
Pre tax Income	312	753		4,350	3,383	
Tax	92	171		1,120	882	
Net Income	**220**	**582**	***-62%***	**3,230**	**2,501**	***29%***
Profit Attributable to Owners of Parent	**210**	**568**	***-63%***	**3,147**	**2,421**	***30%***
Minority interests	10	14		83	80	
EPS (RMB/share)	**0.13**	**0.36**	***-63%***	**2.01**	**1.55**	***30%***
Gross margin	**43.4%**	**39.2%**		**42.2%**	**38.7%**	
Operating margin	28.5%	32.7%		36.6%	31.9%	
Net margin	**17.1%**	**23.2%**		**25.6%**	**22.1%**	
EBITDA margin	45.6%	40.7%		45.4%	39.7%	
EBITDA	**587**	**1,023**	*-43%*	**5,724**	**4,499**	*27%*

Note: According to IFRS, losses on work stoppages, which is the fixed operating cost RMB 115mn in 1Q20, were recognized as operating expense.

AC(China): Summary of Balance Sheets

R$ mn

	1Q20	2019	2018
Current Assets	14,490	12,620	10,452
Inventories	803	674	726
Trade and other receivables	3,079	3,963	4,105
Bank balances and cash	10,583	7,943	5,009
Non-Current Assets	11,239	11,366	10,271
Property,Plant&Equipment	7,918	8,077	8,598
Total Assets	**25,729**	**23,986**	**20,722**
Current Liabilities	6,539	7,695	4,055
Borrowings- due within one year	4,387	4,770	2,475
Trade and other payables	1,807	2,174	988
Non-Current Liabilities	4,327	1,647	4,225
Borrowings- due after one year	4,105	1,444	4,155
Total Liabilities	**10,866**	**9,343**	**8,280**
Total Equity	**14,863**	**14,643**	**12,442**
Equity Attributable to Parent	14,474	14,264	12,088
Book Value(RMB/Share)	**9.2**	**9.1**	**7.7**
ROE	**20.6%**	**23.9%**	**22.0%**
ROA	12.0%	14.1%	13.0%
Net Gearing Ratio	**-14.5%**	**-12.2%**	**13.4%**
Net Debt	(2,094)	(1,743)	1,615

Note: Net gearing = Net debt / (total shareholders' equity – minority interests)

AC(China): Summary of Cash Flow Statement

R$ mn

	1Q20	1Q19	YoY	2019	2018	YoY
Net Income				3,147	2,421	
Depr&Amort				1,071	871	
Changes of non-cash WC				240	(1,071)	
Other Ope. CF Items				425	687	
Operating Cash Flow	**447**	**913**	***-51%***	**4,883**	**2,908**	***68%***
CAPEX				(228)	(154)	
Other Inv. CF Items				12	83	
Investing Cash Flow	**(20)**	**410**	***NA***	**(217)**	**(71)**	***NA***
Changes in Debt/Borrowings				(416)	1,727	
Dividends Paid				(971)	(243)	
Other Fin. CF Items				(346)	(252)	
Financing Cash Flow	**2,213**	**(805)**	***NA***	**(1,733)**	**1,232**	***NA***
Effect of FX						
Net Changes in Cash	**2,640**	**519**	***409%***	**2,934**	**4,068**	***-28%***
Free Cash Flow				**4,655**	**2,754**	

Shanshui: Summary of P&L

R$ mn

	1Q20	1Q19	YoY	2019	2018	YoY
Operating revenue	1,833	2,576	*-29%*	21,479	17,873	*20%*
Operating cost	1,394	1,894	*-26%*	14,207	11,949	*19%*
Gross Profit	**439**	**682**	***-36%***	**7,272**	**5,923**	***23%***
Other net income/(loss)	48	12		337	407	
Selling&marketing costs	81	99		673	528	
Administative expenses	614	733		2,243	2,023	
Operating income	**(327)**	**(19)**	***NA***	**4,693**	**3,779**	***24%***
Finance costs	84	181		510	778	
Shares of results of jointly controlled entities	2	3		43	46	
Pre tax Income	(408)	(198)		4,226	3,047	
Tax	46	74		1,198	878	
Net Income	**(454)**	**(272)**	***NA***	**3,028**	**2,169**	***40%***
Profit Attributable to Owners of Parent	(383)	(211)	*NA*	2,973	2,197	*35%*
Minority interests	(71)	(61)		55	(28)	
EPS (RMB/share)	**(0.09)**	**(0.06)**		**0.68**	**0.62**	
Gross margin	**24.0%**	**26.5%**		**33.9%**	**33.1%**	
Operating margin	-17.8%	-0.8%		21.8%	21.1%	
Net margin	**-24.7%**	**-10.6%**		**14.1%**	**12.1%**	

Shanshui: Summary of Balance Sheets

R$ mn

	1Q20	2019	2018
Current Assets	6,420	6,217	5,858
Inventories		1,995	1,459
Trade and other receivables		1,937	2,127
Bank balances and cash		1,364	1,304
Non-Current Assets	20,040	20,611	20,215
Property,Plant&Equipment		18,331	18,131
Total Assets	**26,460**	**26,828**	**26,073**
Current Liabilities	11,305	11,182	13,228
Borrowings- due within one year		3,911	5,919
Trade and other payables		3,742	3,240
Non-Current Liabilities	2,985	3,046	3,258
Borrowings- due after one year		2,249	2,501
Total Liabilities	**14,290**	**14,227**	**16,486**
Total Equity	**12,170**	**12,600**	**9,586**
Equity Attributable to Parent		12,497	9,522
Minority interests			64
Total Liabilities & Shareholders' Equity			26,073
Book Value(RMB/Share)		**2.9**	**2.2**
ROE		**27.0%**	**32.7%**
ROA		11.2%	8.6%
Net Gearing Ratio		**36.5%**	**71.8%**
Net Debt		4,567	6,839

Note: Net gearing = Net debt / (total shareholders' equity – minority interests)

Shanshui: Summary of Cash Flow Statement

R$ mn

	2019	2018	YoY
Net Income	2,973	2,197	
Depr&Amort	1,533	1,395	
Changes of non-cash WC	(181)	(1,645)	
Other Ope. CF Items	(158)	234	
Operating Cash Flow	**4,167**	**2,180**	***91%***
CAPEX	(1,105)	(713)	
Other Inv. CF Items	(461)	(136)	
Investing Cash Flow	**(1,567)**	**(849)**	***NA***
Changes in Debt/Borrowings	(2,563)	(1,639)	
Issuance of Common Stock	0	339	
Dividends Paid	0	0	
Other Fin. CF Items	9	952	
Financing Cash Flow	**(2,554)**	**(349)**	***NA***
Effect of FX	14	13	
Net Changes in Cash	**46**	**983**	***-95%***
Free Cash Flow	**3,061**	**1,467**	

CSR Achievement

ESG Awards: ACC

Taiwan Corporate Sustainability Awards:

2018 Top 50

Included as a member of the FTSE4Good TIP Taiwan Index by FTSE Russel

Asia Responsible Entrepreneurship Awards:

Winner of Green Leadership

5 years listed in

“Taiwan Corporate Governance 100 Index” and

“Taiwan High Salary 100 Index”

by TWSE

Ministry of Economics Affairs:

6 times award winner of Excellent Company in GHG Reduction

Carbon Disclosure Project:

2018 B List

Sustainable Green Cycling

Local Communication

- Conducting “mining area safety” hearing in Fushi village.
- Create LINE group talk for instant message and communicating.

Mining Area Safety

- Feelingless explosion：Vibration value under 1.5mm/s.
- Water draining and flood detention.
- Slope stability enhancement.

Mining Mountain Greenery

- Mimic natural eco vegetation.
- 23.7 thousand tons of CO_2 reduction.
- 25% waste heat power used in the plant.

Community Caring

- 25% aboriginal hiring in Hualien plant.
- Electric bill subsidy and property repair.
- Promoting tribe education.

ESG Awards: AC(China)

Awards/Recognition

- Jiangxi Yadong and Huanggang Yadong awarded the third prize of **Green Mines Techniques** by **Green Mine Industry Alliance**
- Jiangxi Yadong awarded the name **Remarkable Eco-friendly Cement Corporation** by **China Cement Association**
- AC(China) assessed by **China Building Materials Federation** to be the **Demonstration Company of Energy conservation and Emission Reduction**

Low-carbon Green Intelligent Manufacturing

- Greatly **reduce the use of ammonia water and NO_x** by applying the denitrification techniques of low-nitrogen combustion.
- Reduced the amount of clinker used and saved electricity, equivalent to **decrease of 0.21mt on CO_2 emission** in 2018.
- **29.6% waste heat** power used in the plant.
- Emissions of pollutants all **above the national requirements**.

Sustainable Mines

Completed the experimental scheme for **green mines** in 2018.

Circular Economy

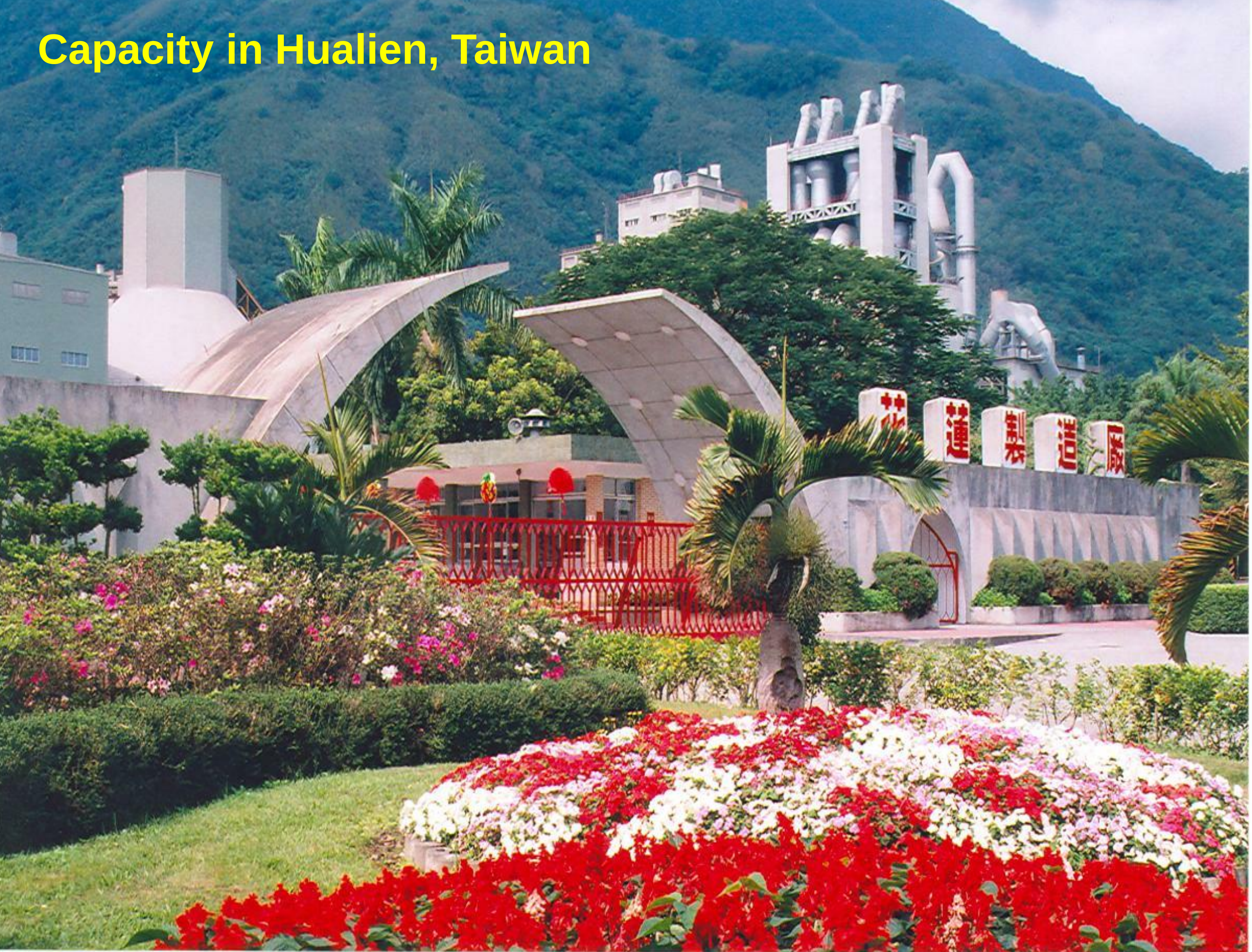
Disposed **12 thousand tons** of wastes in 2018 and strictly follow **classification, recycling, and reuse**. Actively engage in waste co-processing.

Social Care

Donate cement to the neighboring communities, **help the disadvantaged**, and actively participate in charity activities.

Capacity in Jiangxi, China

Capacity in Hualien, Taiwan



Thank you

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Q&A: Mining Concerns

ACC Eco-friendly Achievements

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