亞洲水泥股份有限公司

Asia Cement Corporation

Stock code:

1102 TT

IR presentation

Aug 2020

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Table of Contents

Company Snapshot

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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.

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

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

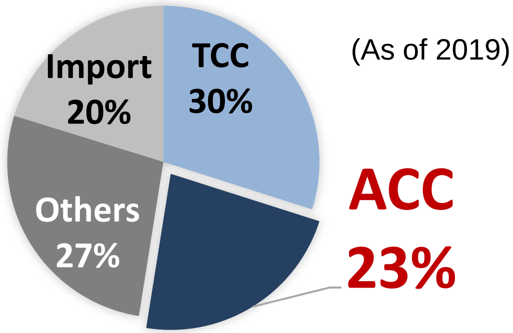
Equity Investments

- **FENC** *(1402 TW)*
- **U-Ming Marine** *(2606 TW)*
- **Shanshui Cement** *(691 HK)*

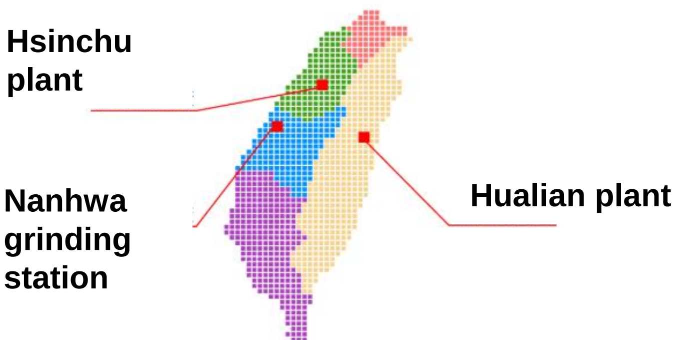
ACC Taiwan & Other Business

1. **Cement:** 2nd Largest Cement Player in Taiwan.
2. **IPP:** Expanding phase II project with 500MW, COD on 1Q21.
3. **Stainless Steel:** Producing 300 and 400 series products, export oriented.

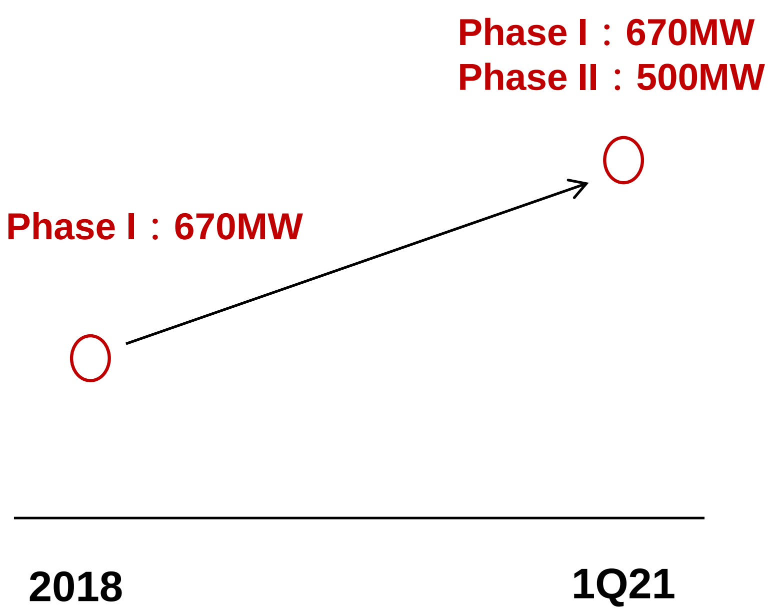
Cement market share in TW



Capacity in TW

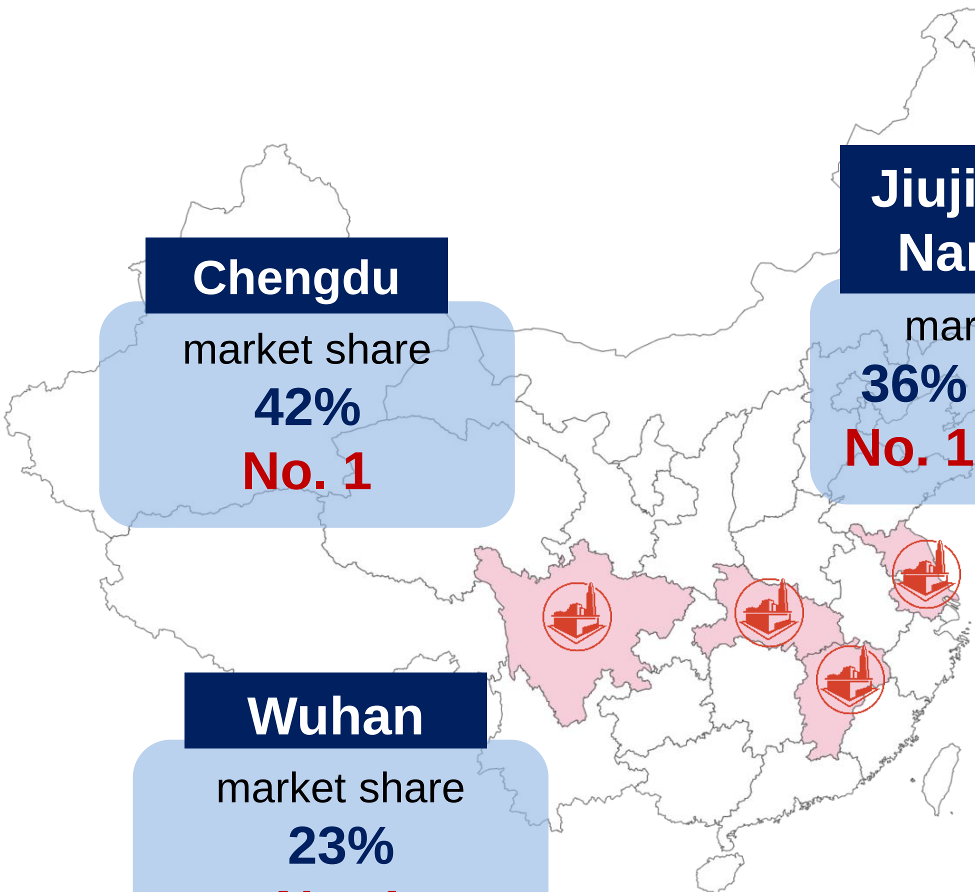


IPP Phase II project in TW



AC(China) Overview

1. Located in the Yangtze River Economic Belt.
2. Leading player in top-tier cities of each operating province.



Chengdu

market share

42%

No. 1

Jiujiang and Nanchang

market share

36% and 25%

No. 1 and No.2

Wuhan

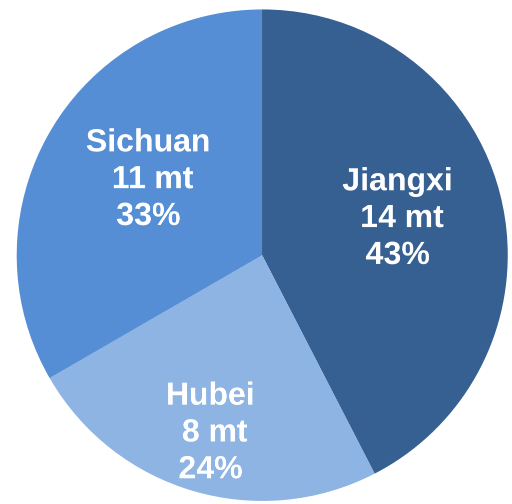
market share

23%

No. 1

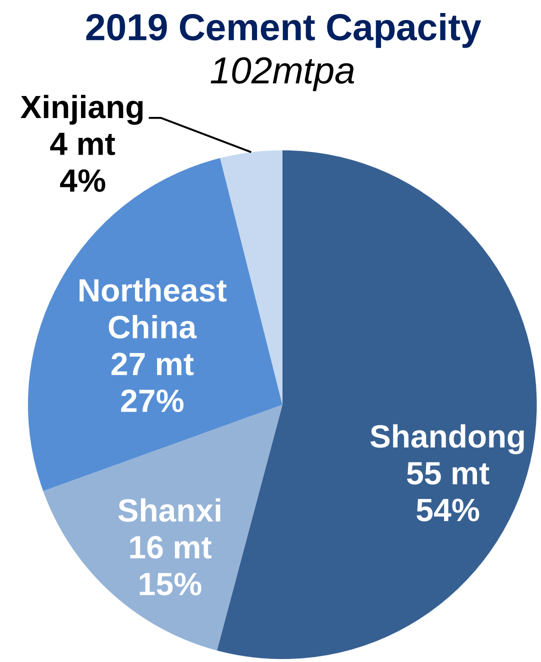
2019 Cement Capacity

33mtpa



Shanshui Cement Overview

1. One of the major cement producers in Northern China.
2. 7th largest National wide and 2nd largest in Shandong province.



Note: Northeast China region includes Liaoning province and Inner Mongolia.
Source: China Shanshui Cement Group Ltd. 2019 financial report and 2019 annual report.

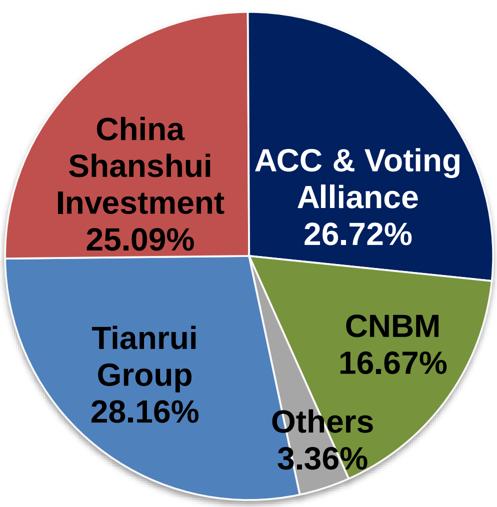
Investment in Shanshui

Timeline

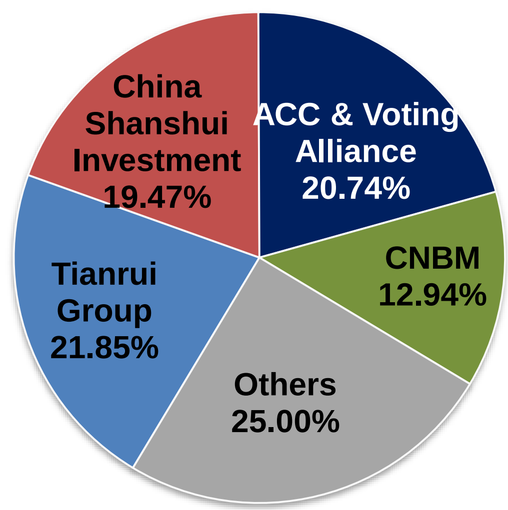
- **2010** — ACC began to invest Shanshui
- **5/2018** — ACC entered the BOD
- **10/2018** — Reclassified the stake as equity investment

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.

Investment Portfolio in Far Eastern Group

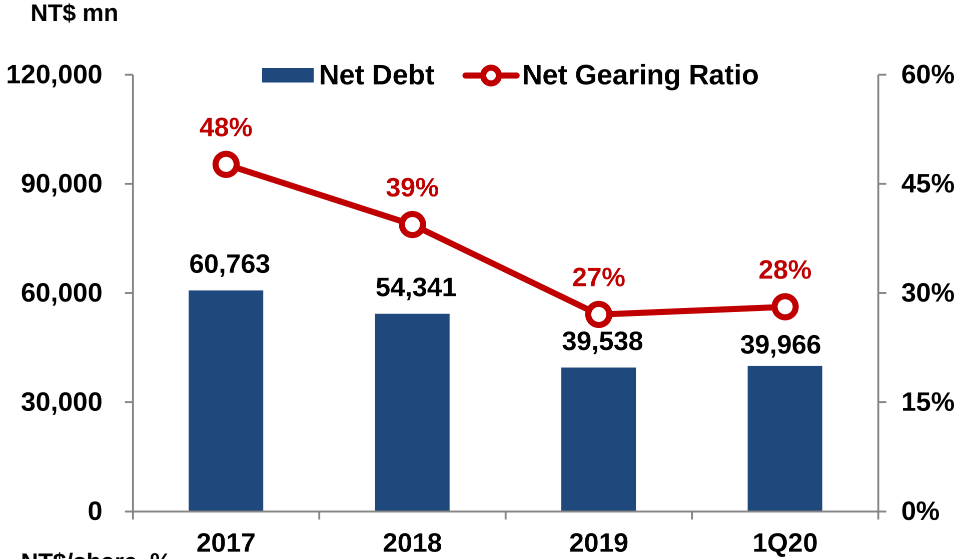
NT$ mn

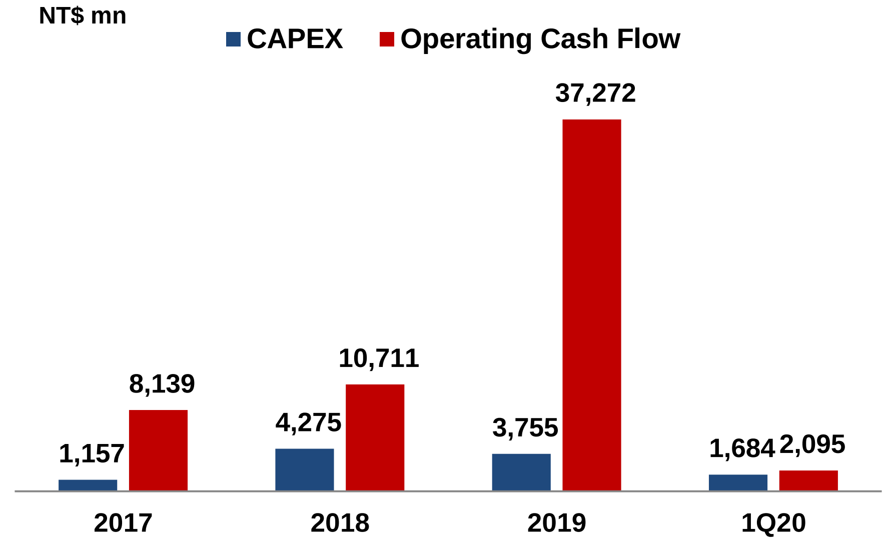
Incor-porated Year	Investees	Stock Code	Holdings	Category	Company Introduction
2004	Asia Cement (China) Holdings Corp.	743 HK	67.7%	Consolidation	Top 10 cement producer in China
1997	Far EasTone Telecommunications Ltd.	4904 TT	1.0%	FVTOCI	Top 3 telecom company in Taiwan
1992	Far Eastern International Bank	2845 TT	2.4%	FVTOCI	Provide diversified financial services in Greater China
1975	Oriental Union Chemical Corp.	1710 TT	7.2%	FVTOCI	Important supplier of EG and chemical products in Asia-Pacific
1968	U-Ming Marine Transport Corp.	2606 TT	39.3%	Equity Method	Largest dry bulk carrier in Taiwan
1967	Far Eastern Department Stores Ltd.	2903 TT	5.7%	FVTOCI	Leading retailer of department store and supermarket in Taiwan
1949	Far Eastern New Century Corp.	1402 TT	23.8%	Equity Method	Holding Company of Far East Group. Core business integrated from petrochemical to textile.

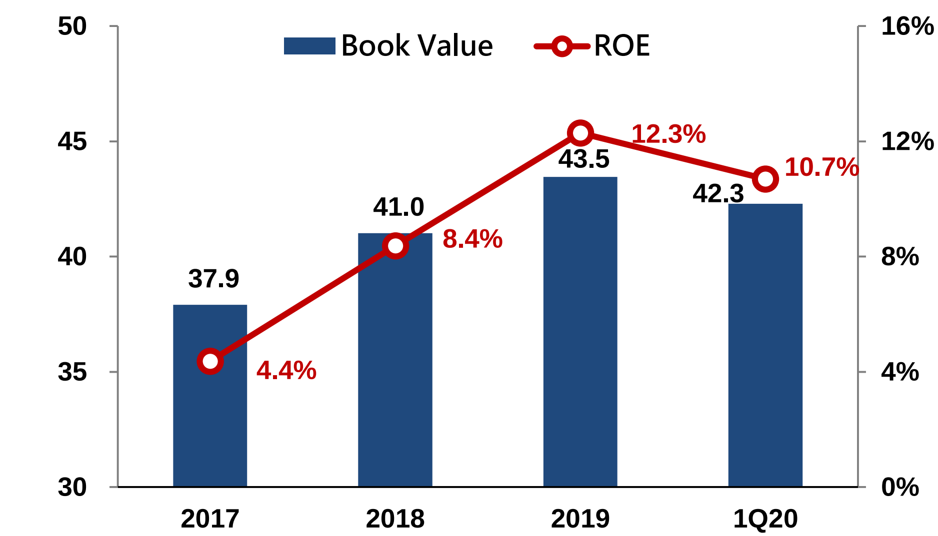
Note: Asia Cement comprehensively holds 72.0% of Asia Cement(China) Holdings.
(100%-owned AC(Singapore) holds a 4.1% stake and Asia Engineering Pte. holds a 0.2% stake of Asia Cement(China))

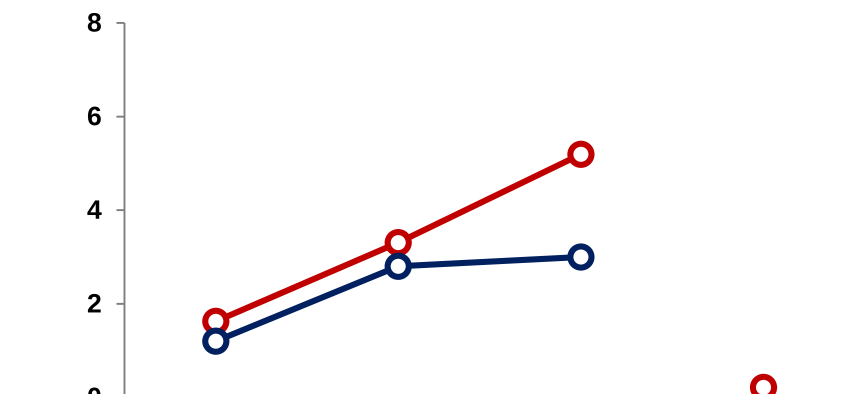
Financial Highlights

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





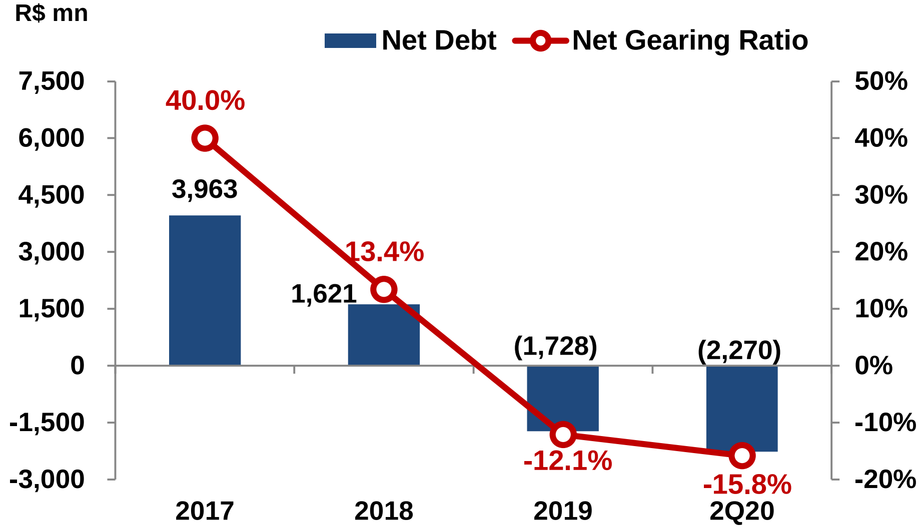


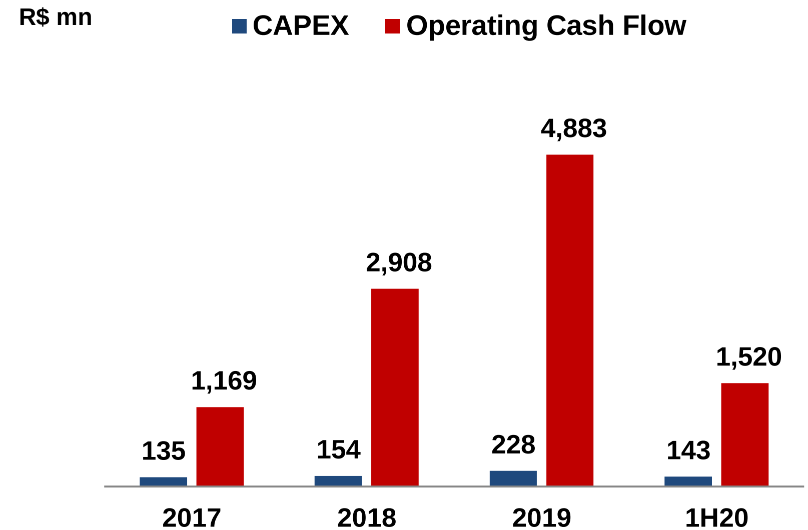


	2017	2018	2019	1Q20
EPS	1.63	3.31	5.19	0.22
DPS	1.20	2.80	3.00	

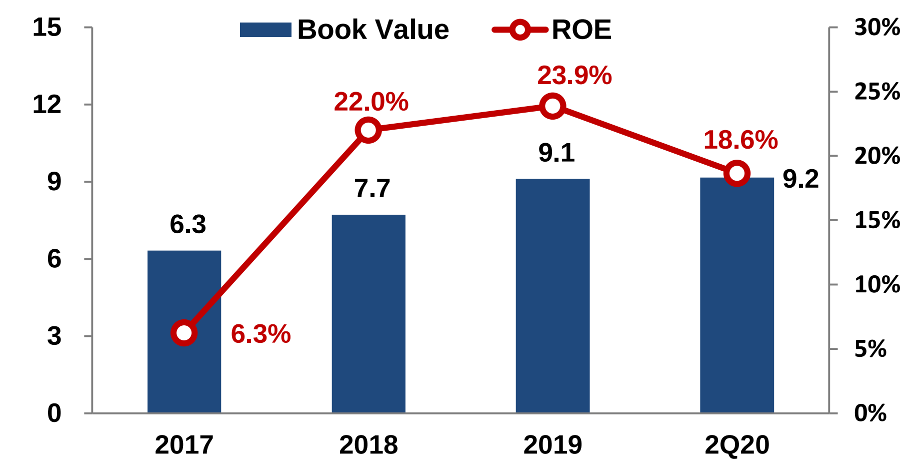
Note: EPS is calculated using total outstanding shares.

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

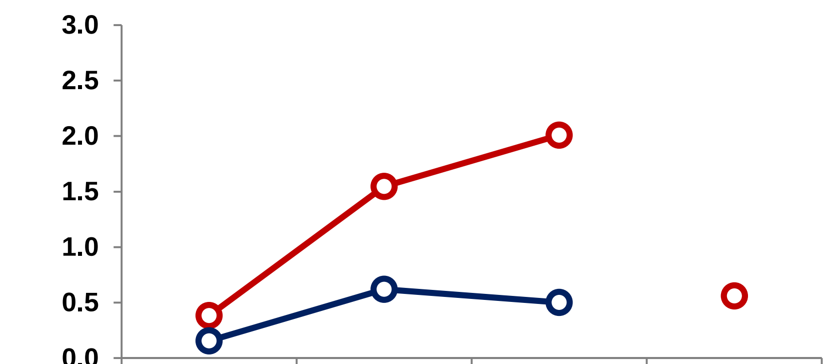




R$/share, %



R$/share



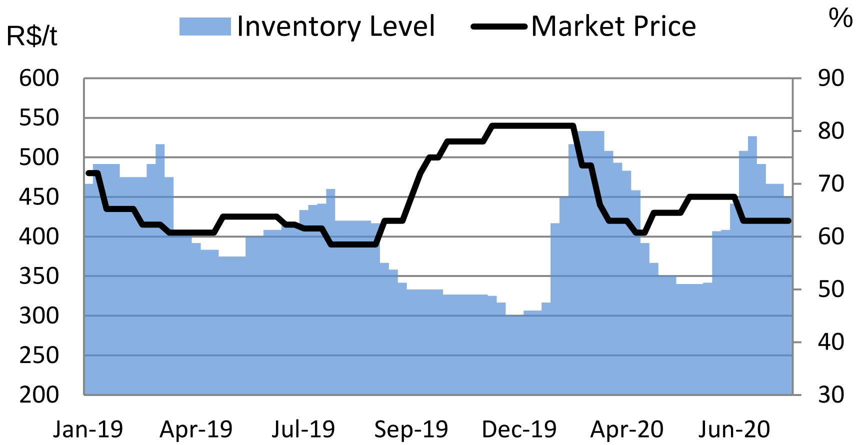
	2017	2018	2019	1H20
EPS	0.38	1.55	2.01	0.56
DPS	0.155	0.62	0.5	

Asia Cement (China) Operating Data

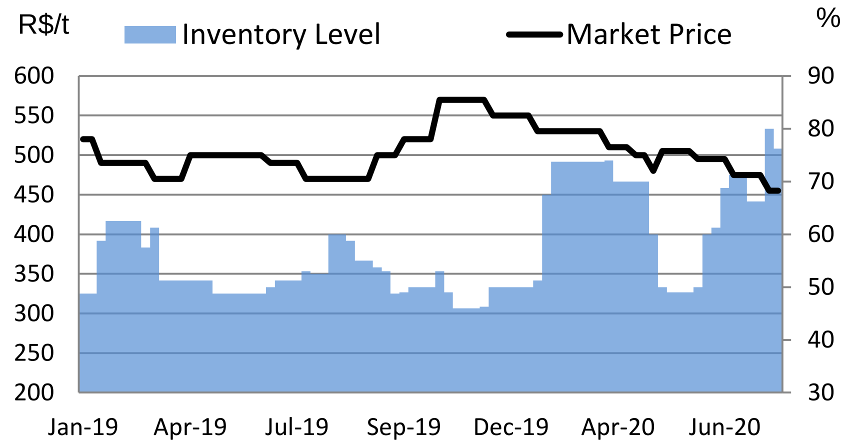
AC(China): Regional P.O42.5 Price & Inventory Level

Unit: R$/t ; %

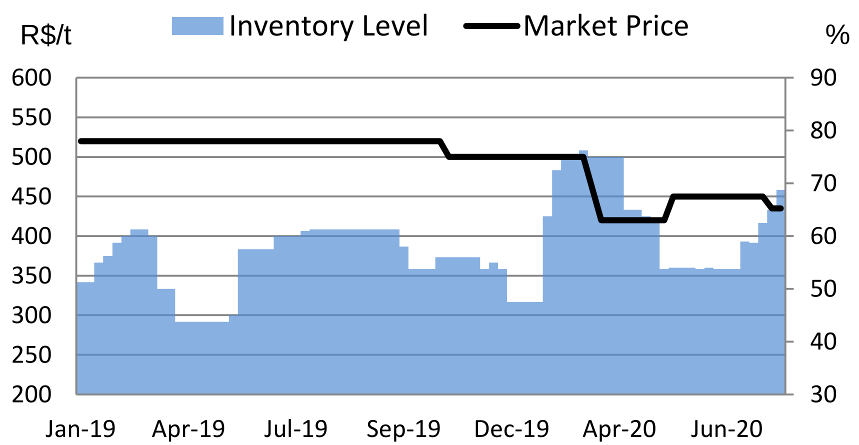
Jiangxi (Nanchang)



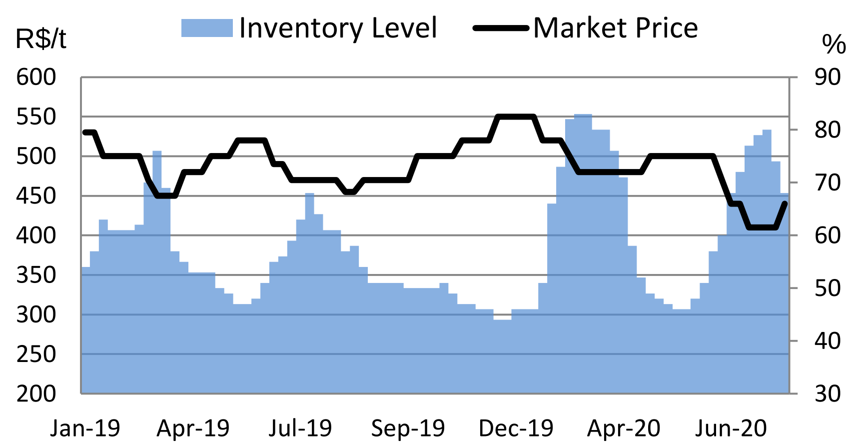
Hubei (Wuhan)



Sichuan (Chengdu)



Jiangsu (Nanjing)

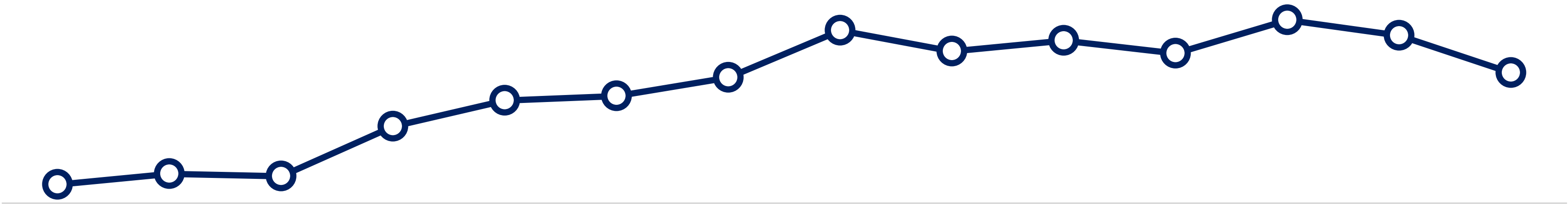


Source: Digit Cement. Inventory level is based on the average of province.

AC(China): Quarterly ASP and GP/t

R$/t

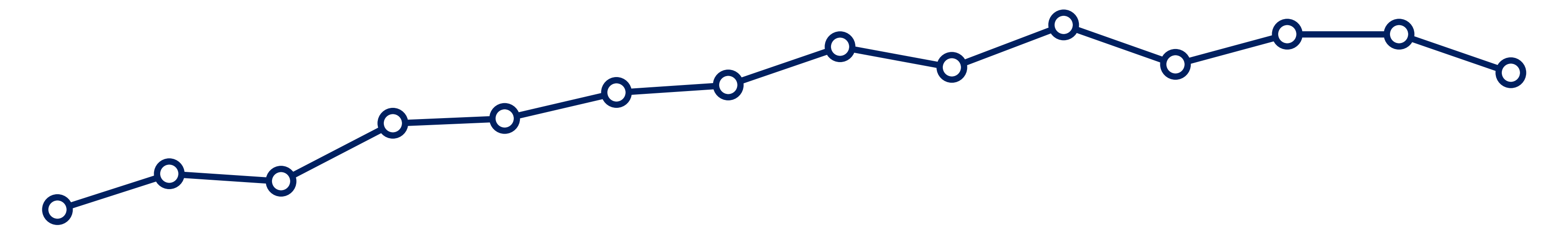
ASP by Quarter



1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20
221	**233**	**230**	**285**	**314**	**319**	**339**	**391**	**368**	**380**	**366**	**403**	**385**	**344**

R$/t

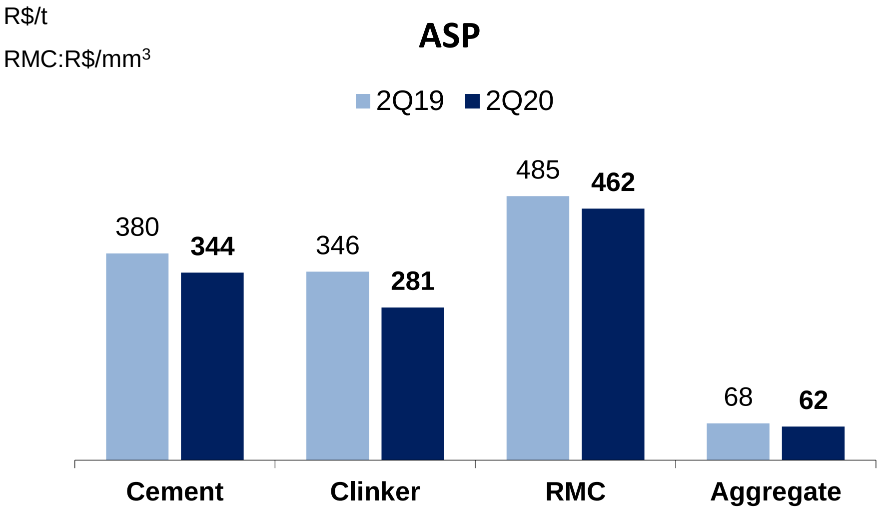
GP/t by Quarter



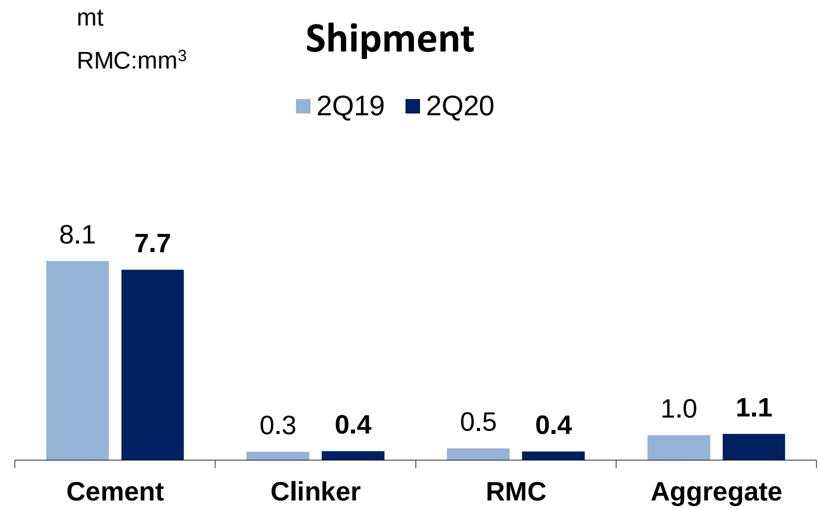
1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20
23	**55**	**48**	**99**	**104**	**127**	**133**	**167**	**149**	**186**	**151**	**178**	**178**	**144**

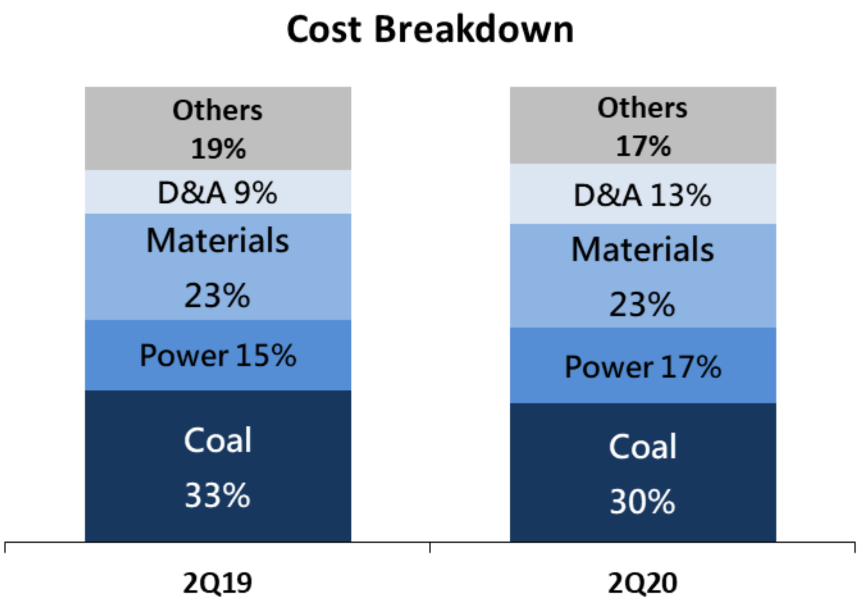
Note: According to IFRS, losses on work stoppages, which is the fixed operating cost RMB 115mn in 1Q20, were recognized as operating expense.

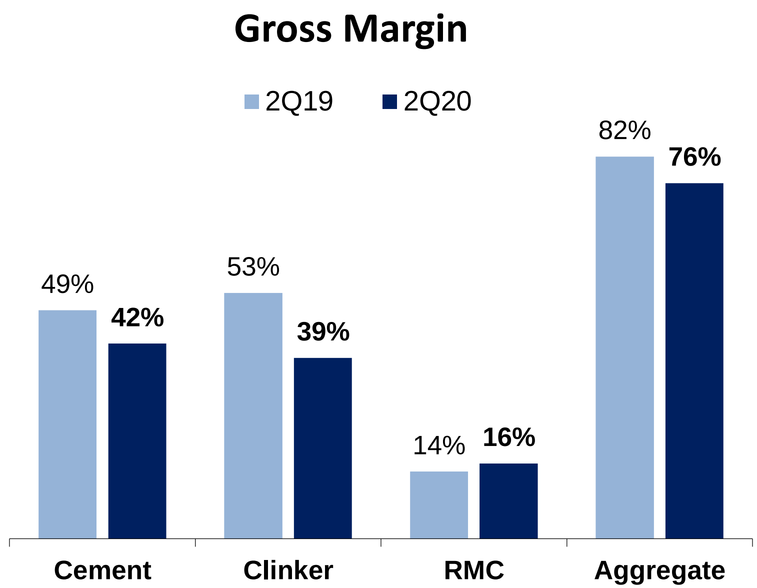
AC(China): 2Q20 Operating Data



Note: Net of VAT

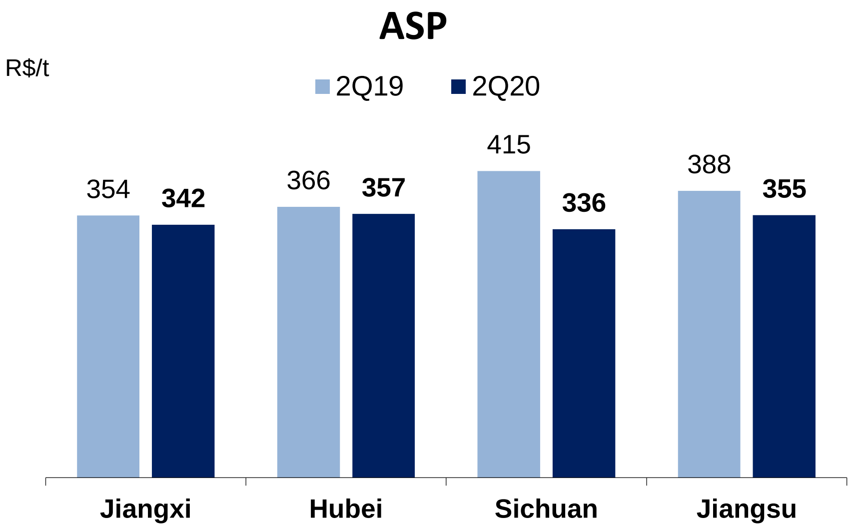


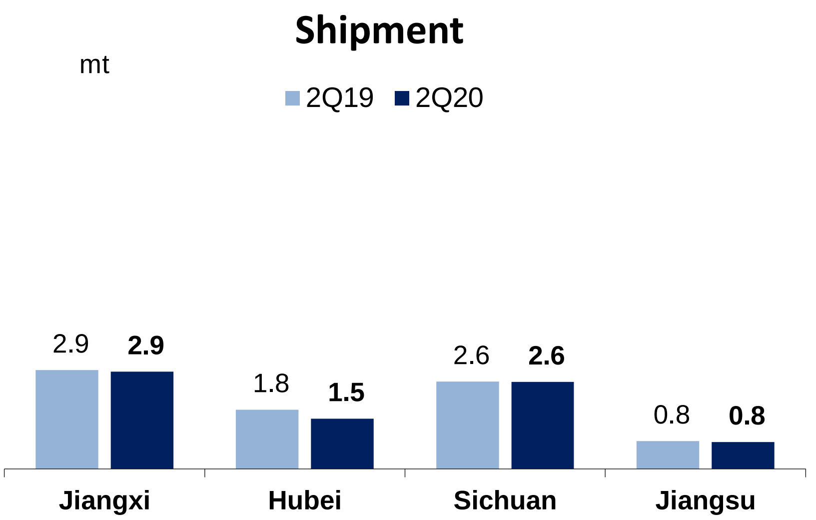




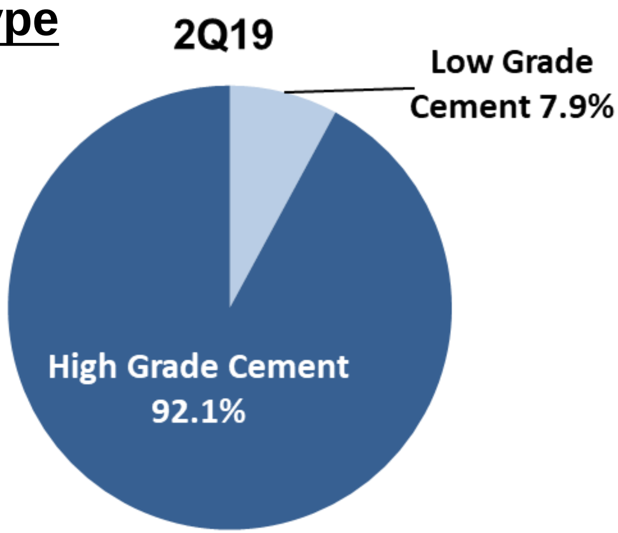
AC(China): 2Q20 Operating Data

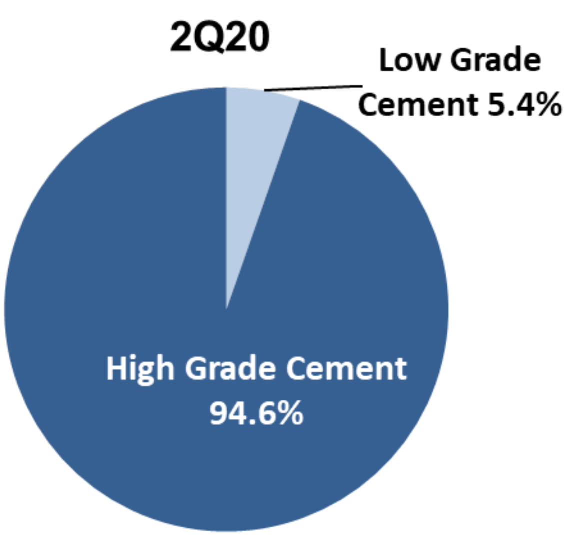
Cement Product by Regions



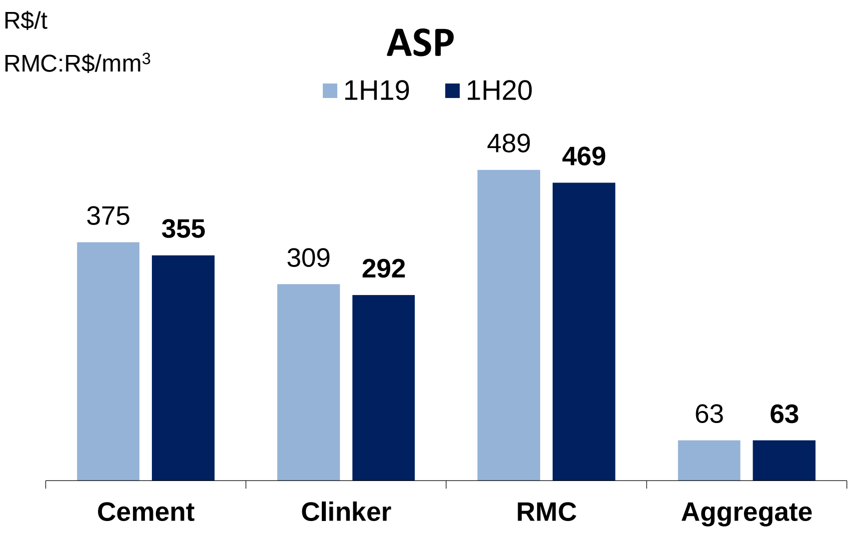


Product Type

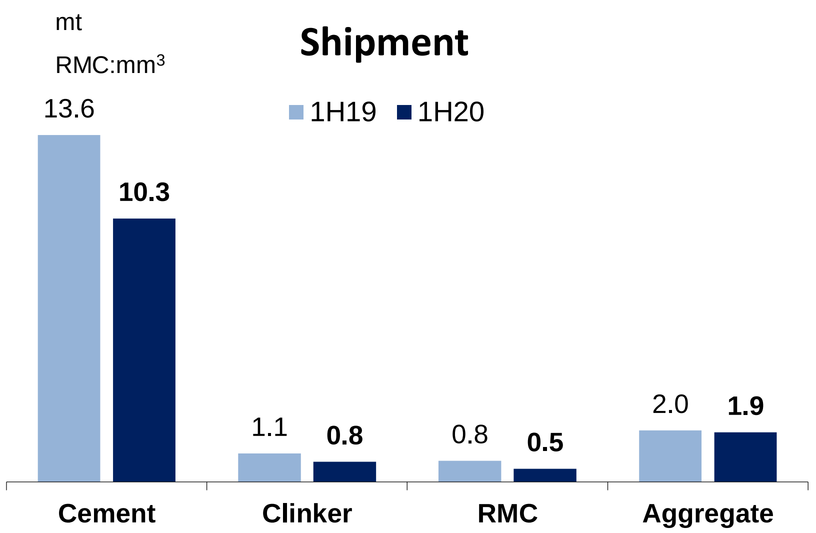


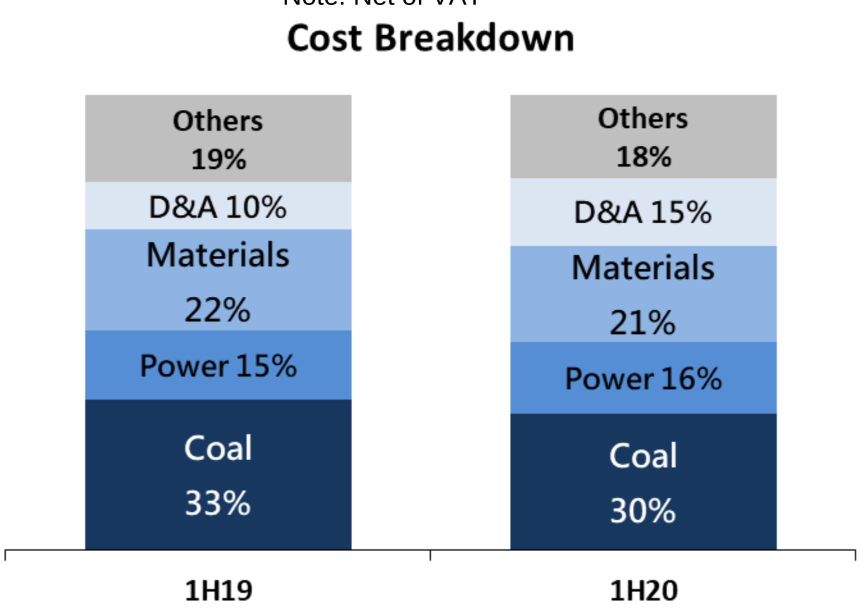


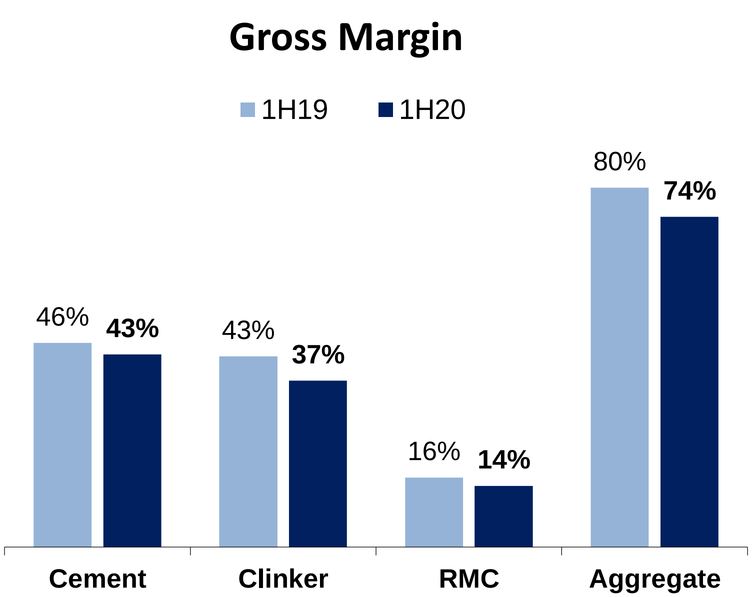
AC(China): 1H20 Operating Data



Note: Net of VAT

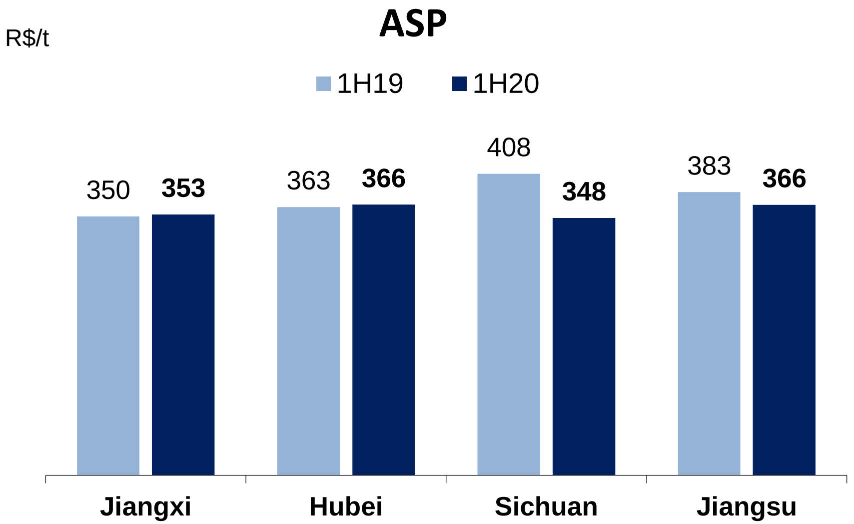


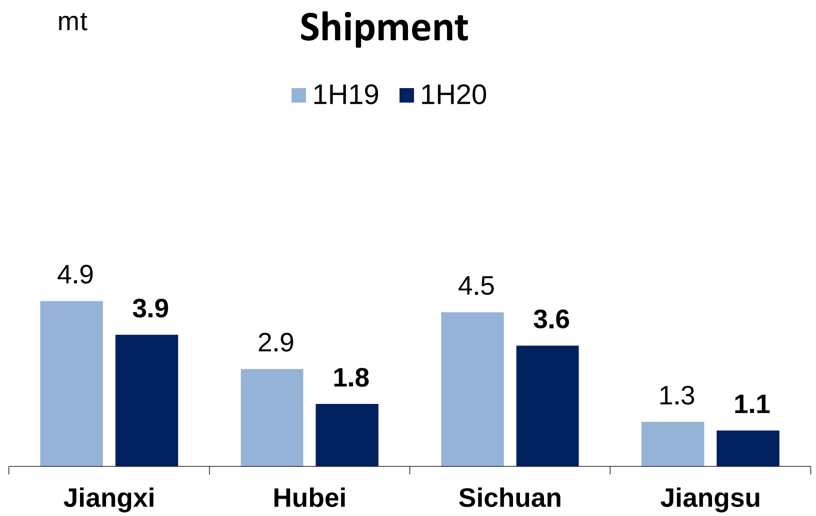




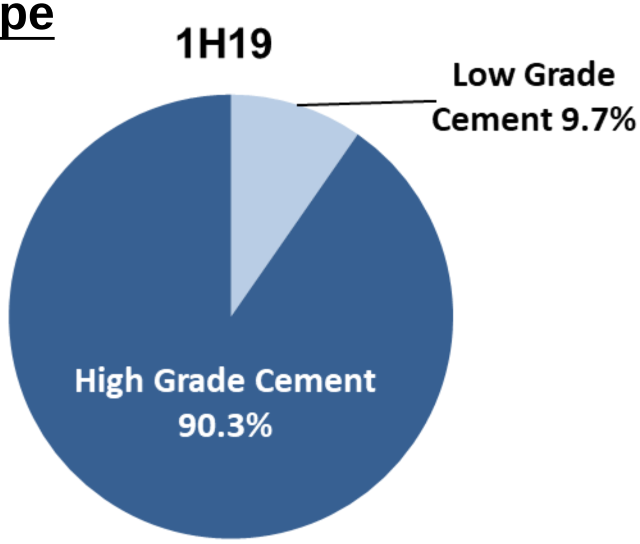
AC(China): 1H20 Operating Data

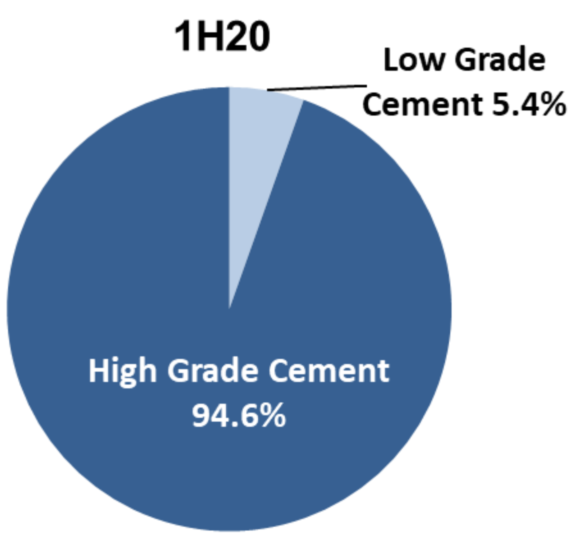
Cement Product by Regions





Product Type

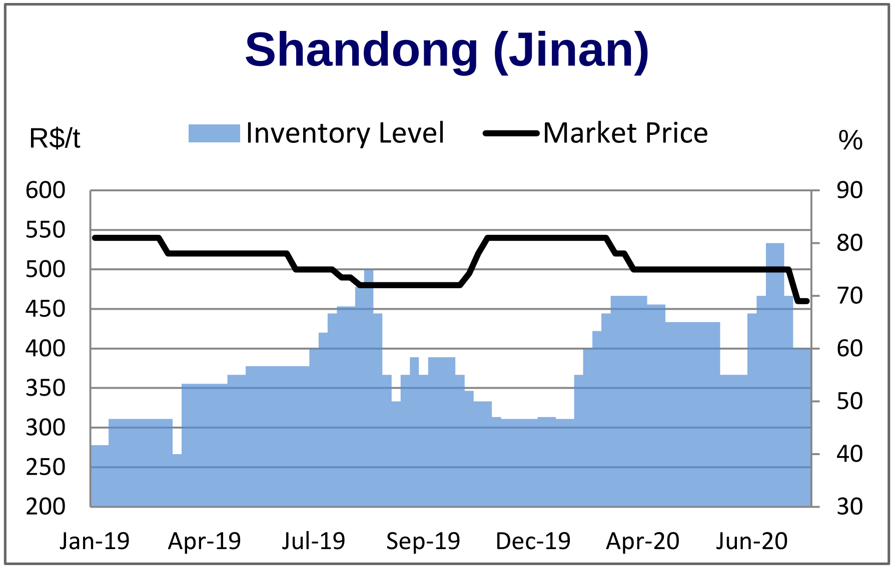


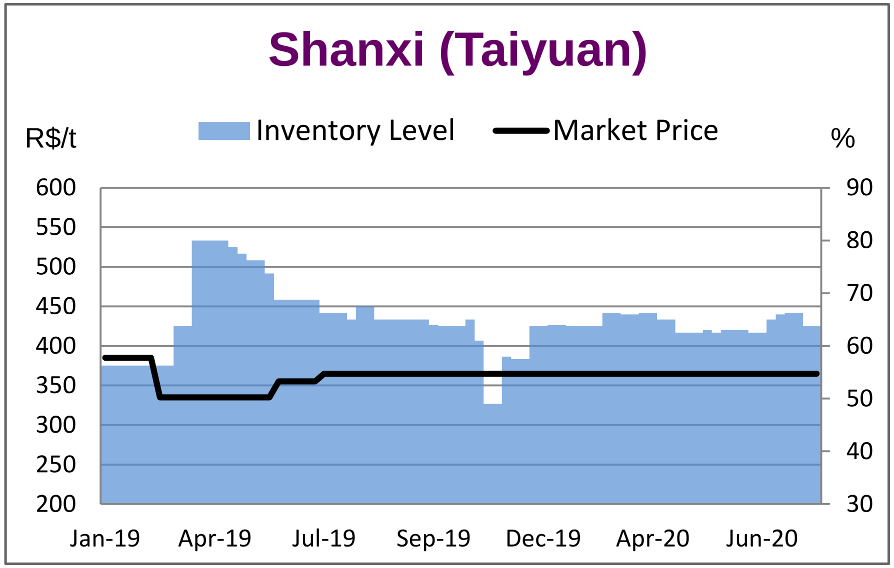


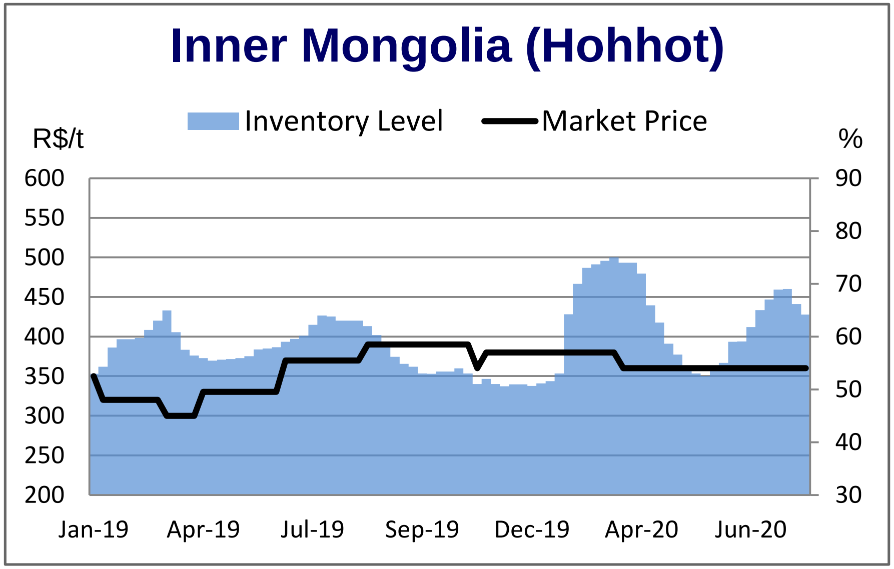
Shanshui Cement Operating Data

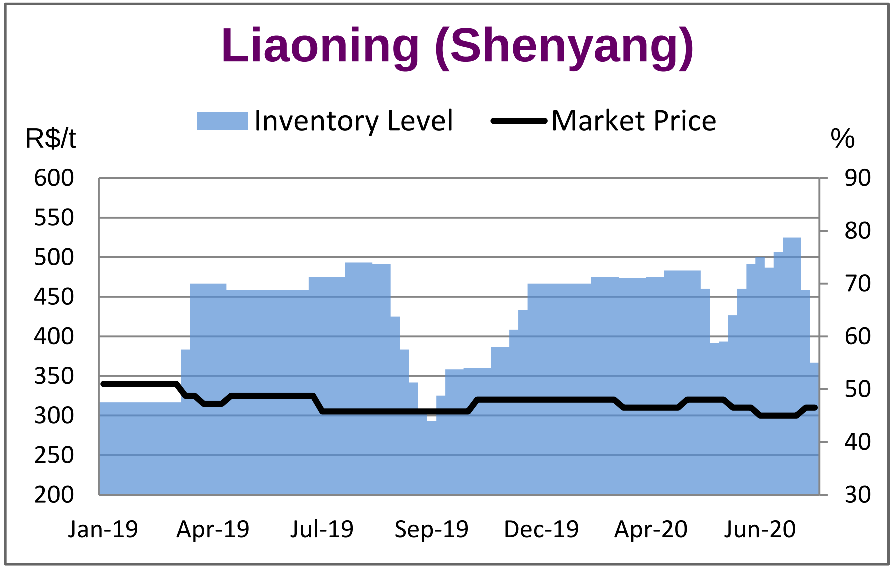
Shanshui: Regional P.O42.5 Price & Inventory Level

Unit: R$/t ; %





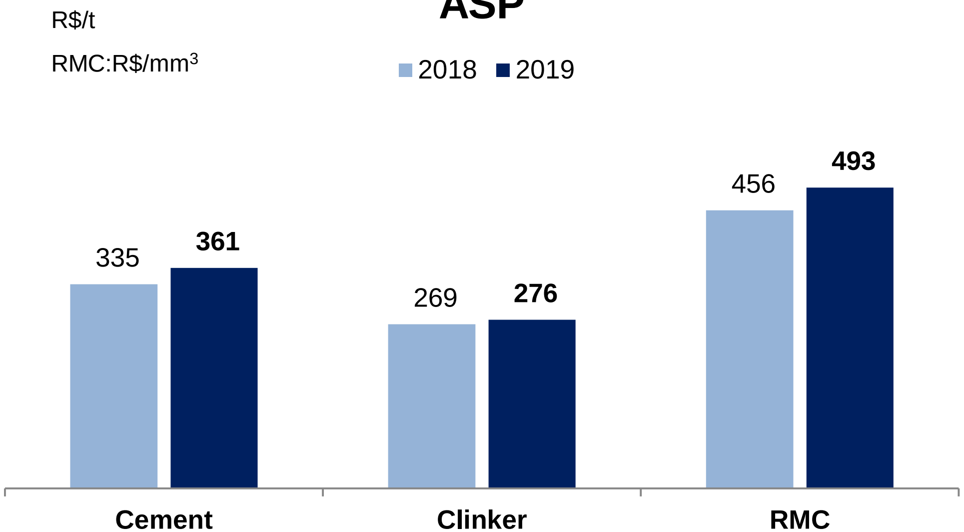




Source: Digit Cement. Inventory level is based on the average of province.

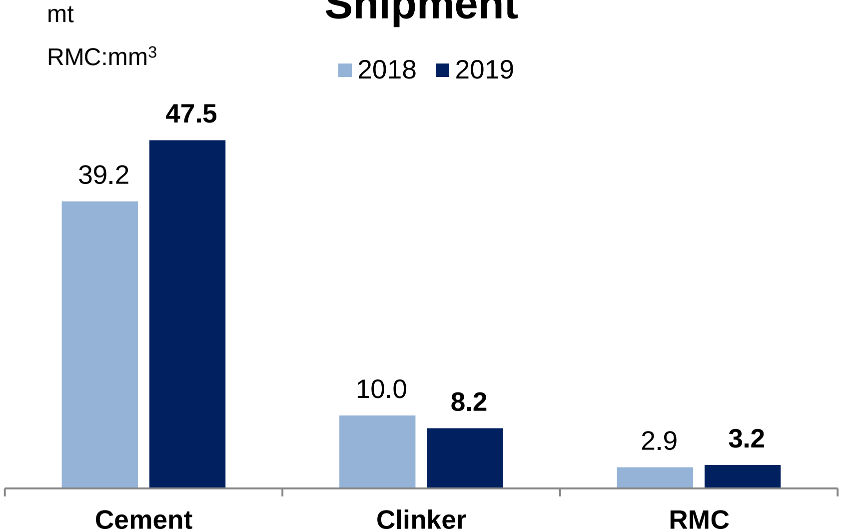
Shanshui: 2019 Operating Data

ASP

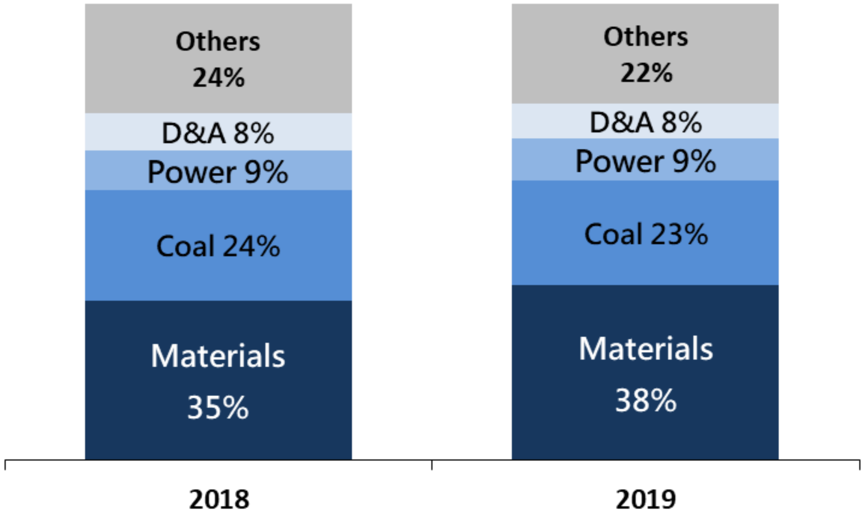


Note: Net of sales tax and surcharge.

Shipment



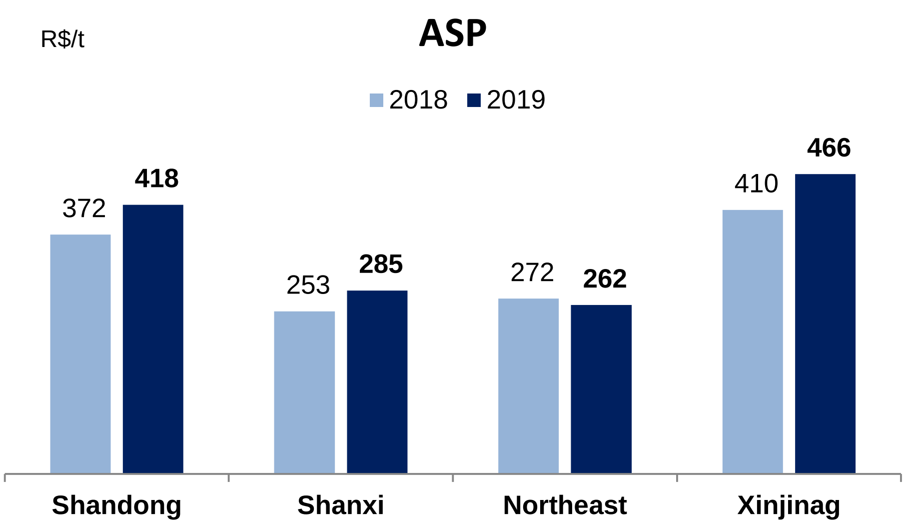
Cost Breakdown



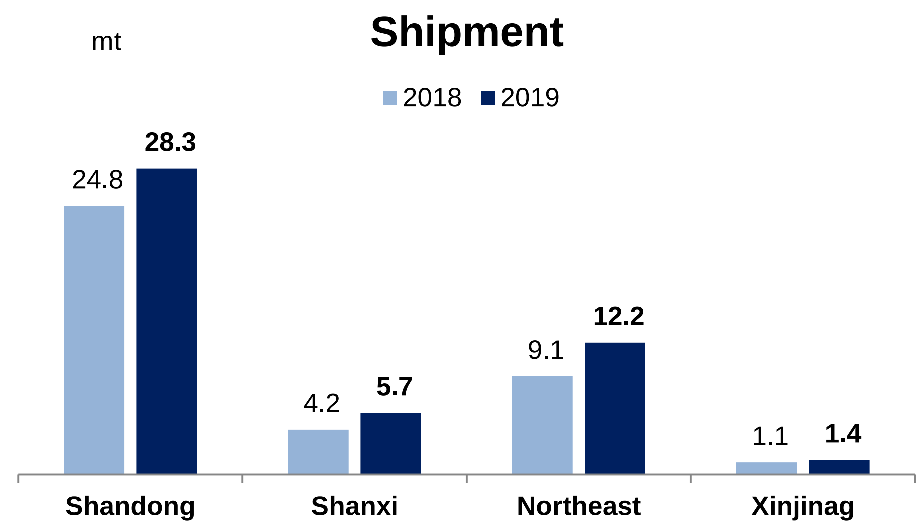
Source: China Shanshui Cement Group Ltd. 2019 annual report.

Shanshui: 2019 Operating Data

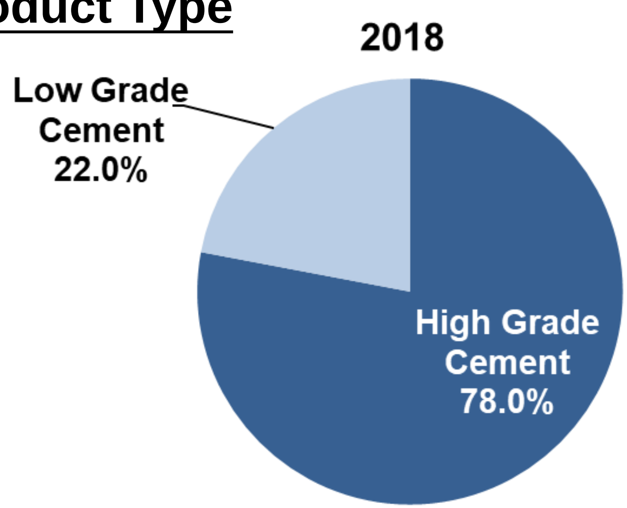
Cement Product by Regions

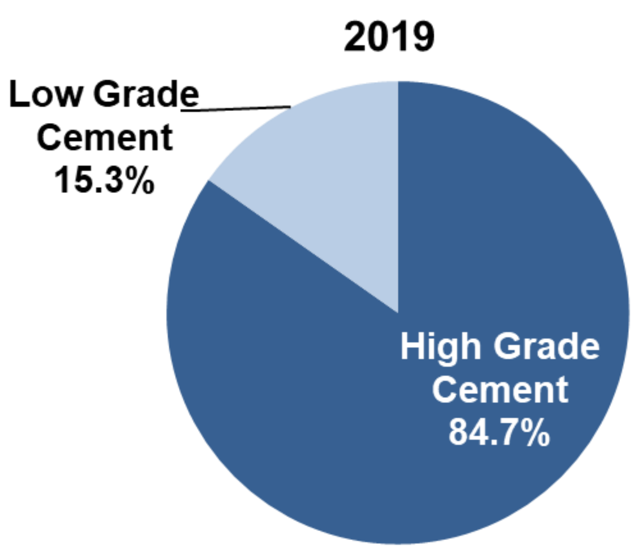


Note: Net of sales tax and surcharge.



Product Type





Source: China Shanshui Cement Group Ltd. 2019 annual report

PRC Industry Overview

China Cement Demand Outlook

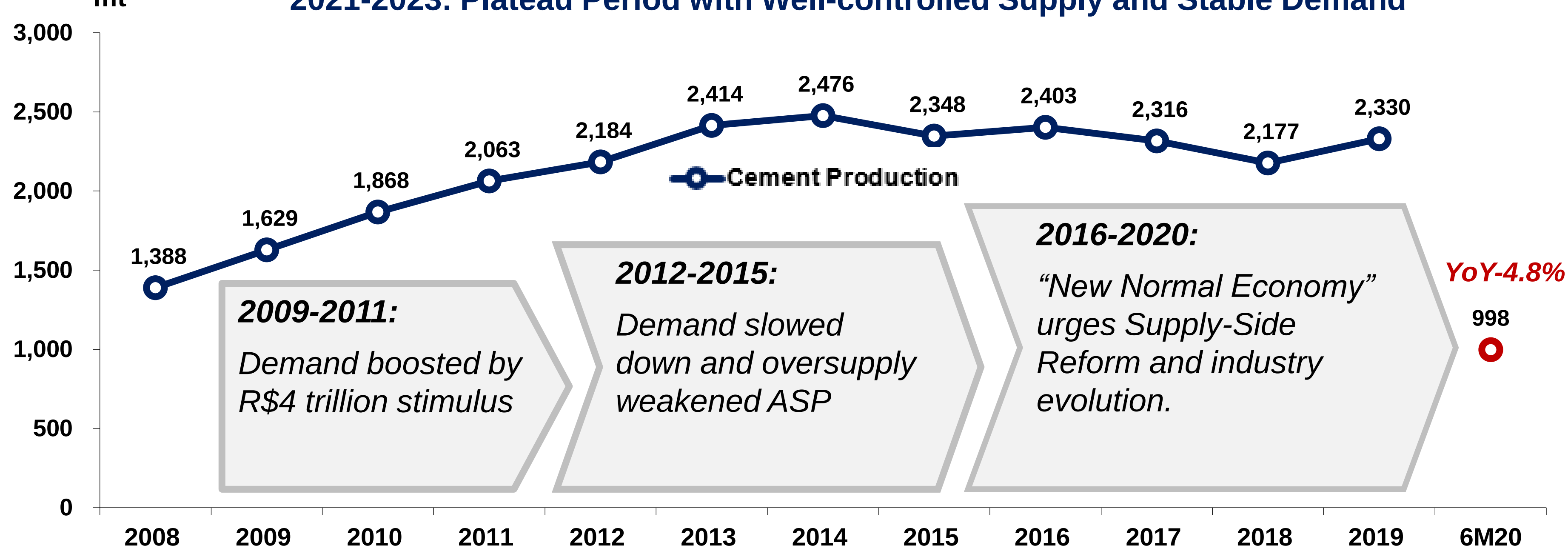
Infrastructure:

- RMB$3.75 tn local government special bond for 2020 (RMB$2.15 tn for 2019) and RMB$1 tn special central government bond all indicate sufficient funding for infrastructure investment growth in 2H20 and 2021.

Property:

- Housing demand is benefiting from policy easing.
- Construction activities are expected to continue to accelerate in 2H20.

2021-2023: Plateau Period with Well-controlled Supply and Stable Demand



Source: ccement, National Bureau of Statistics

China Cement Industry Policy Trend

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.

Blue sky protection campaign carries on

1. Production halt has continued to contribute to supply discipline since 2016.
2. Stricter regulations developing into ultra low emission and differentiation.

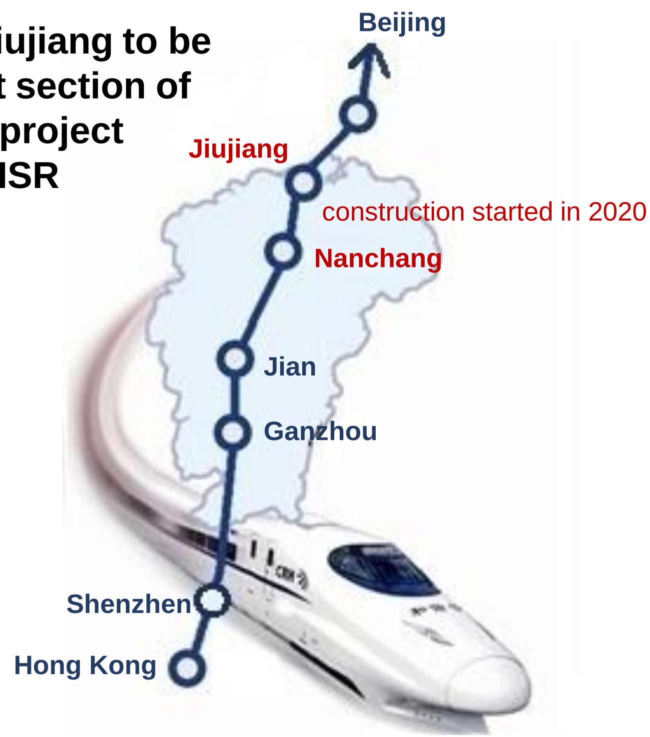
Encourage consolidation

1. M&A, cross holding, JVs, sales platform
2. Subsidizing the exiting capacity with de-capacity funds.

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"

Jiangxi: Guaranteed Mid-long Term Demand

Nanchang-Jiujiang to be an important section of the national project Beijing-HK HSR



1. 2020 annual investment plan reached RMB$239 bn, YoY+16.5%.
2. Major projects:

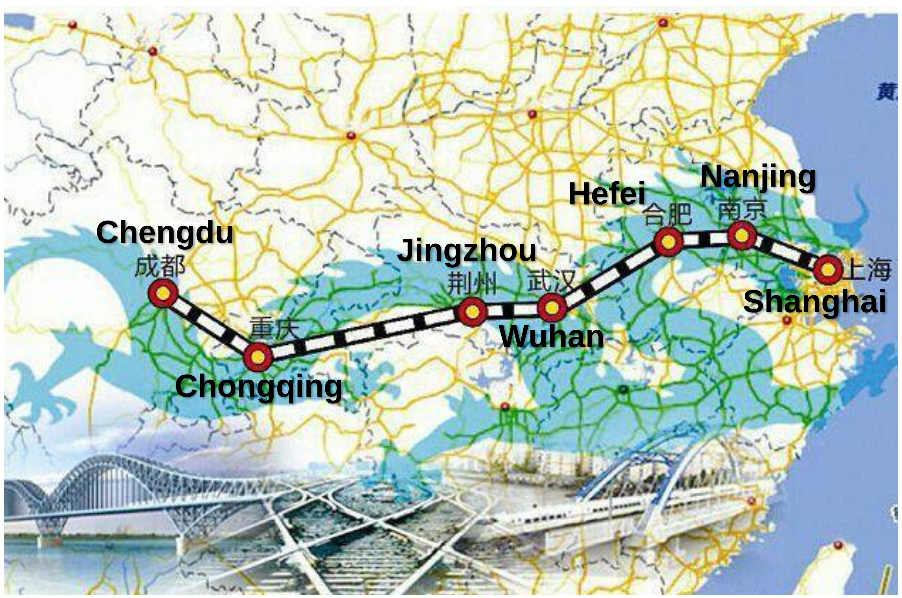
Projects	Estimated Construction Period
Nanchang-Jiujiang High-speed Railway	2020~2023
Anqing-Jiujiang High-speed Railway	2018~2022
Nanchang-Huangshan High-speed Railway	2019~2023
Expansion of Nanchang City Ring Expressway	2020~TBD

Source: Jiangxi Provincial Development and Reform Commission, Sina news, people.cn

Sichuan: Gateway to the West

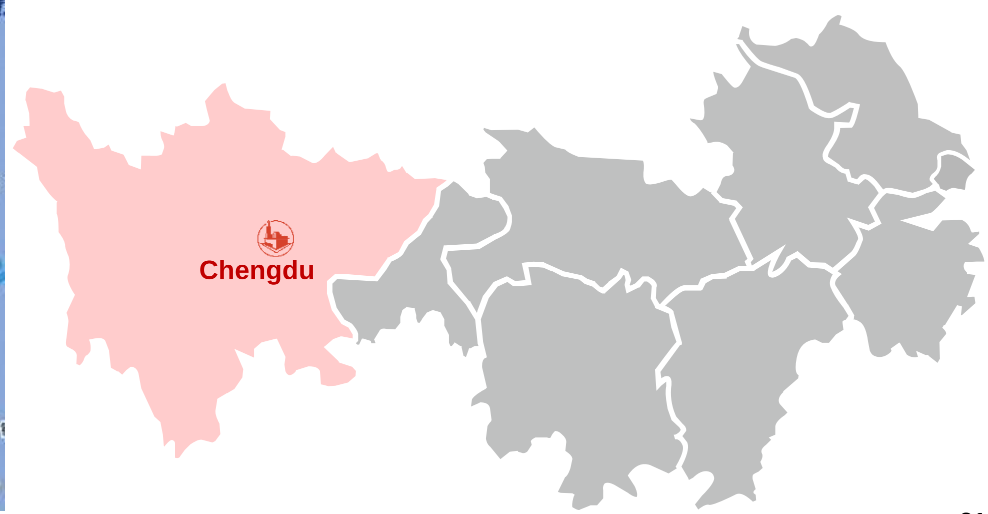
Sichuan-Tibet Railway

High-speed Railways along the Yangtze River



1. Hub of coordinated development between eastern and western regions.
2. Primary beneficiary of Western Development.
3. Major projects:

Projects	Estimated Construction Period
Sichuan-Tibet Railway	2013~2026
High-speed railways along the Yangtze River	2020~2025
Xian-Chengdu High-Speed Railway	2019~2025
Transportation Integration of Chengdu-Chongqing Twin Cities Economic Circle	2020~2022



Source: National Development and Reform Commission, Xinhua news agency, ccement, itw01.com

Hubei: Post-pandemic Surge of Infrastructure Projects

Two Great Bridges to Be Constructed in Wuhan

Wuhan West Railway Station

1. Great stimulus especially in transportation infrastructure after Covid-19
2. 14th Five-Year Comprehensive Transportation Plan of Wuhan
3. Major projects:

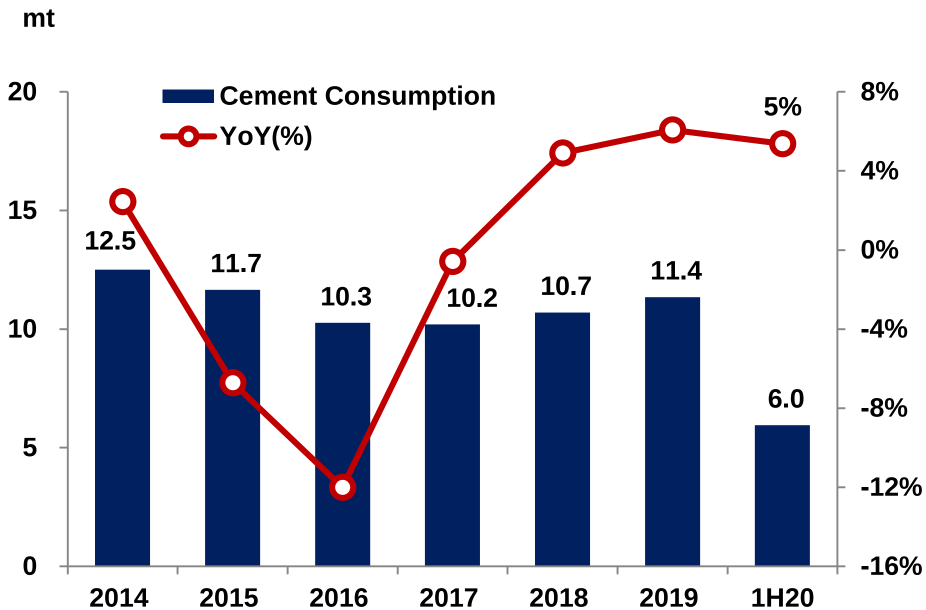
Projects	Estimated Construction Period
Wuhan west railway station	2021~TBD
Wuhan-Dawu Highway	2018~2021
Wuhan-Yangxin Expressway	2018~2020
Shuangliu Yangtze Great Bridge	2020~TBD
Guanggu Yangtze Great Bridge	2020~TBD
Expansion of Tianhe International Airport	2020~TBD

Source: Hubei Provincial Development and Reform Commission, ccement, Fang.com, Tencent news

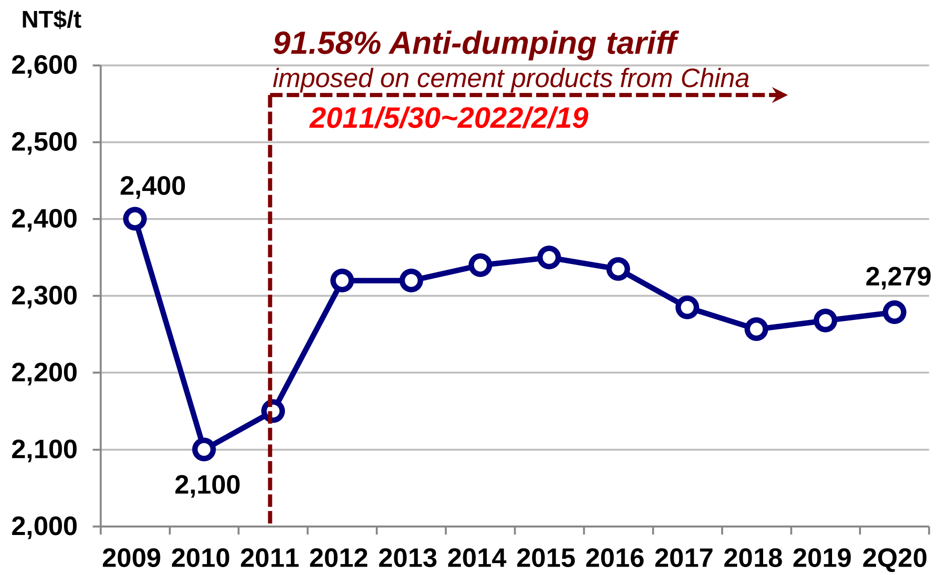
Taiwan Industry Overview

Taiwan Cement Market

Demand getting warm since 2018



ASP remain steady



1. Central government proposed the Forward-looking Infrastructure Development Program (2018-2021) with a budget of NT$420 bn.
2. Trade frictions prompt Taiwanese corporate to return to invest in Taiwan.

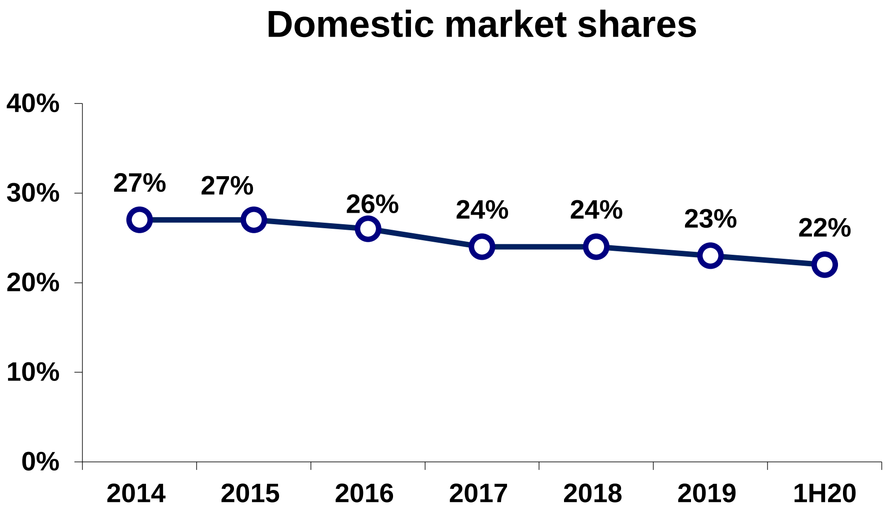
1. ASP remains steady since anti-dumping tariff blocked import from China.

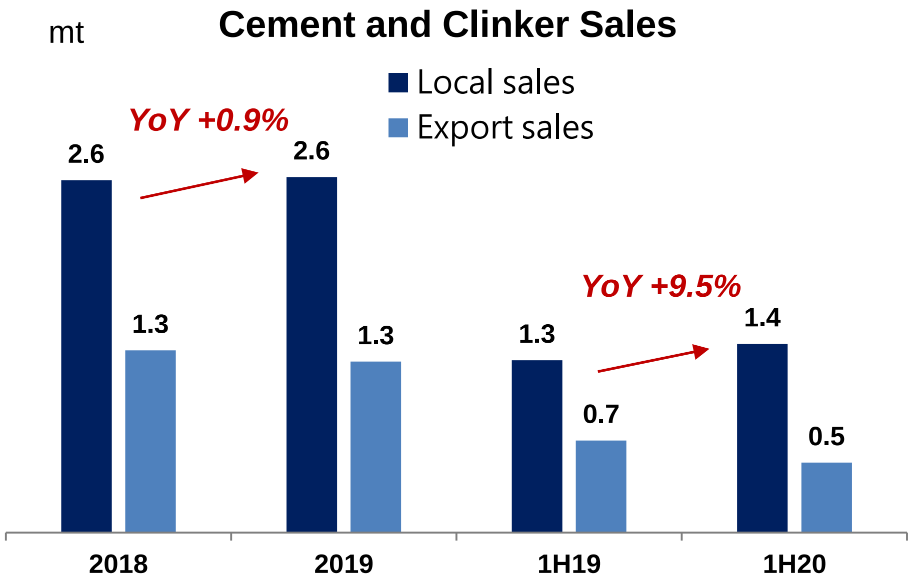
Note: consumption＝local＋imports

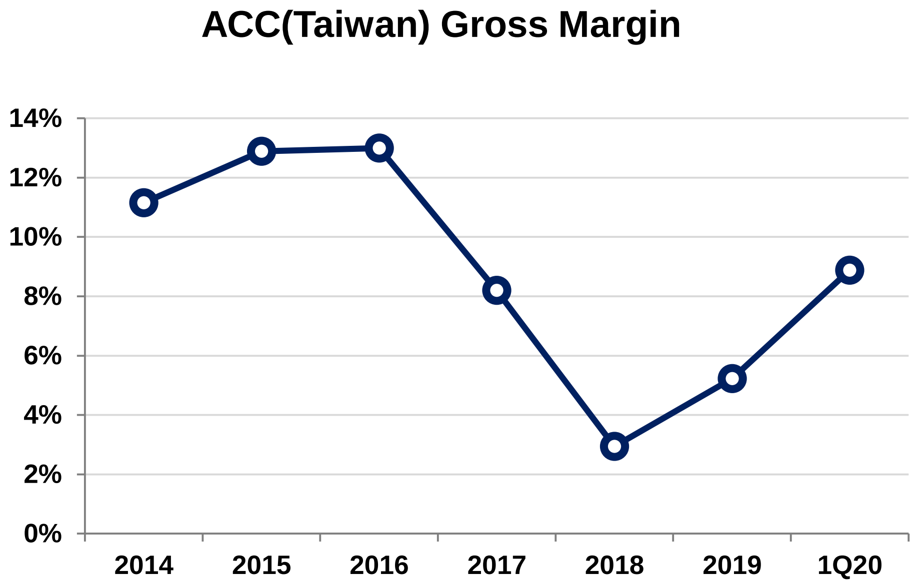
Source: National Development Council, Taiwan Cement Manufacturers’ Association

ACC Taiwan Outlook: Improving sales and margins

1. Local sales improved in 2020.
2. Gross margin continued to pick up on lower coal cost.

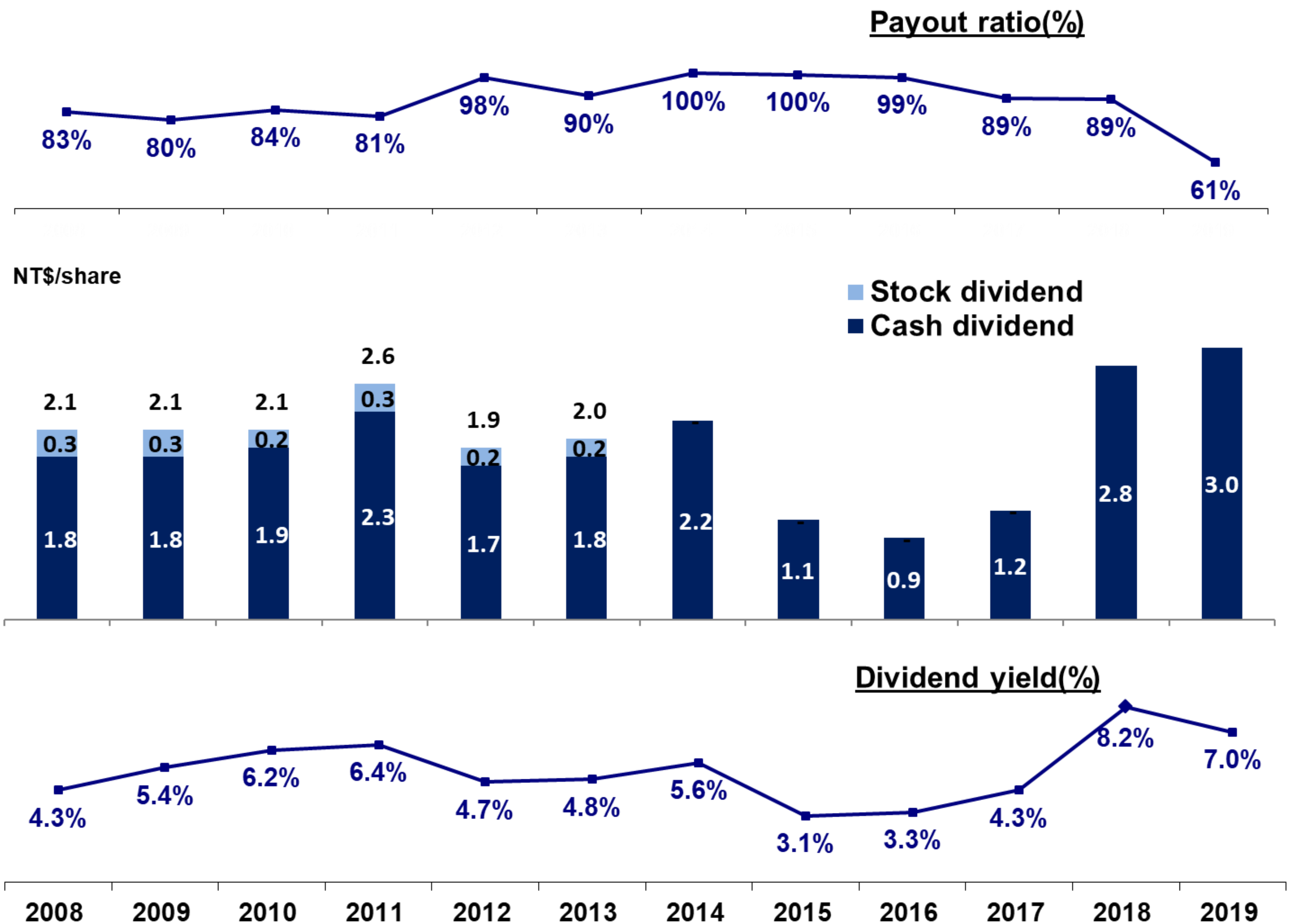






Financials

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

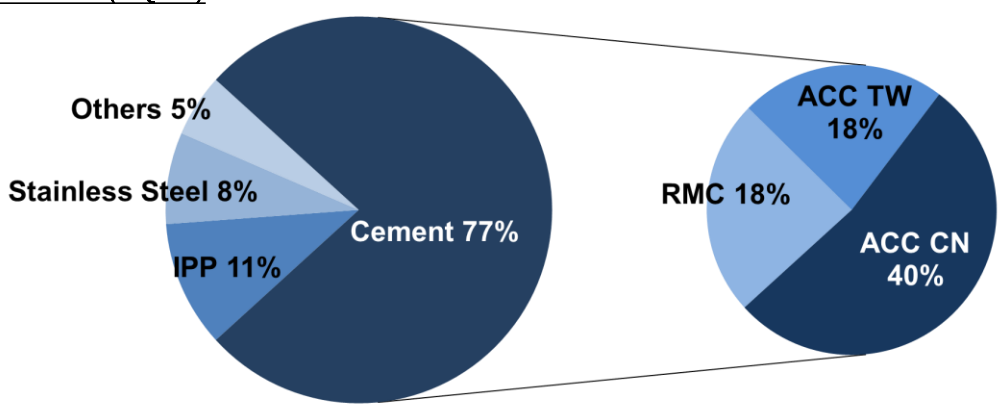
	1Q20	1Q19	YoY	2019	2018	YoY
Operating Revenue	**13,139**	**19,386**	***-32%***	**89,348**	**82,741**	***8%***
Operating Cost	10,441	14,727	*-29%*	63,747	61,585	*4%*
Net Gross Profit	**2,698**	**4,659**	***-42%***	**25,601**	**21,156**	***21%***
SG&A expenses	676	881	*-23%*	3,523	3,018	*17%*
Operating 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%*
Far Eastern New Century Corp.	333	331		1,638	2,343	
U-Ming Marine Transport Corp.	(152)	37		637	655	
Shanshui Cement Co. Ltd.	(342)	(169)		2,212	377	
Others	319	136		1,004	770	
Net Interest Expense	(81)	(262)		(695)	(1,303)	
Dividend Income	3	3		451	435	
Gain (loss) on exchange	77	22		(260)	91	
Gain (loss) on FVTPL Financial Assets and Liabilities	(641)	760		1,129	(256)	
Gain (loss) on Investment Property	34	35		198	98	
Others	(3)	73		16	(992)	
Pre tax Income	1,568	4,743		28,393	20,370	
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%	
Net margin	5.7%	15.1%		19.5%	13.4%	

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

RMB$ mn

	2Q20	2Q19	YoY	1H20	1H19	YoY
Operating revenue	3,027	3,531	-14%	4,314	6,043	-29%
Operating cost	1,799	1,873	-4%	2,528	3,400	-26%
Gross Profit	**1,228**	**1,658**	**-26%**	**1,786**	**2,643**	**-32%**
Other net income/(loss)	17	48		74	93	
Selling&marketing costs	115	122		179	221	
Administative expenses	66	130		251	242	
Operating income	**1,063**	**1,453**	**-27%**	**1,431**	**2,274**	**-37%**
Finance costs	42	75		95	143	
Shares of results of jointly controlled entities	3	2		1	2	
Pre tax Income	1,024	1,380		1,337	2,134	
Tax	335	414		427	585	
Net Income	**690**	**966**	**-29%**	**910**	**1,549**	**-41%**
Profit Attributable to Owners of Parent	**668**	**942**	**-29%**	**878**	**1,510**	**-42%**
Minority interests	21	24		31	38	
EPS (RMB$/share)	**0.43**	**0.60**	**-29%**	**0.56**	**0.96**	**-42%**
Gross margin	**40.6%**	**47.0%**		**41.4%**	**43.7%**	
Operating margin	35.1%	41.2%		33.2%	37.6%	
Net margin	**22.1%**	**27.4%**		**20.4%**	**25.6%**	
EBITDA margin	43.0%	47.2%		43.8%	44.5%	
EBITDA	**1,302**	**1,667**	**-22%**	**1,888**	**2,690**	**-30%**

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

RMB$ mn

	2Q20	1Q20	2019
Current Assets	12,274	14,490	12,620
Inventories	726	803	674
Trade and other receivables	2,367	3,079	3,963
Bank balances and cash	9,157	10,583	7,943
Non-Current Assets	11,112	11,239	11,366
Property,Plant&Equipment	7,803	7,918	8,077
Total Assets	**23,387**	**25,729**	**23,986**
Current Liabilities	6,199	6,539	7,695
Borrowings- due within one year	4,592	4,387	4,770
Trade and other payables	1,246	1,807	2,174
Non-Current Liabilities	2,497	4,327	1,647
Borrowings- due after one year	2,295	4,105	1,444
Total Liabilities	**8,696**	**10,866**	**9,343**
Total Equity	**14,690**	**14,863**	**14,643**
Equity Attributable to Parent	14,359	14,474	14,264
Book Value(RMB/Share)	**9.2**	**9.2**	**9.1**
ROE	**18.6%**	**20.6%**	**23.9%**
ROA	11.1%	12.0%	14.1%
Net Gearing Ratio	**-15.8%**	**-14.4%**	**-12.1%**
Net Debt	(2,270)	(2,091)	(1,728)

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

AC(China): Summary of Cash Flow Statement

RMB$ mn

	2Q20	2Q19	YoY	1H20	1H19	YoY
Net Income						
Depr&Amort						
Changes of non-cash WC						
Other Ope. CF Items						
Operating Cash Flow	**1,073**	**1,394**	***-23%***	**1,520**	**2,307**	***-34%***
CAPEX				(143)	(54)	*NA*
Other Inv. CF Items						
Investing Cash Flow	**(1)**	**(617)**	***NA***	**(21)**	**(207)**	***NA***
Changes in Debt/Borrowings						
Dividends Paid						
Other Fin. CF Items						
Financing Cash Flow	**(2,498)**	**574**	***NA***	**(285)**	**(231)**	***NA***
Net Changes in Cash	**(1,426)**	**1,351**	***NA***	**1,214**	**1,869**	***-35%***
Free Cash Flow						

Shanshui: Summary of P&L

RMB$ mn

	2Q20	2Q19	YoY	1H20	1H19	YoY
Operating revenue	6,914	6,865	*1%*	8,747	9,441	*-7%*
Operating cost	4,331	4,265	*2%*	5,725	6,159	*-7%*
Gross Profit	**2,583**	**2,600**	***-1%***	**3,022**	**3,282**	***-8%***
Other net income/(loss)	247	103		295	115	
Selling&marketing costs	170	175		251	274	
Administative expenses	374	570		1,107	1,184	
Operating income	**2,286**	**1,958**	***17%***	**1,959**	**1,939**	***1%***
Finance costs	101	62		185	244	
Shares of results of jointly controlled entities	7	16		9	19	
Pre tax Income	2,191	1,912		1,783	1,714	
Tax	414	434		459	508	
Net Income	**1,778**	**1,478**	***20%***	**1,324**	**1,206**	***10%***
Profit Attributable to Owners of Parent	**1,679**	**1,407**	***19%***	**1,297**	**1,196**	***8%***
Minority interests	98	71		27	9	
EPS (RMB/share)	**0.39**	**0.40**		**0.30**	**0.27**	
Gross margin	**37.4%**	**37.9%**		**34.5%**	**34.8%**	
Operating margin	33.1%	28.5%		22.4%	20.5%	
Net margin	**24.3%**	**21.5%**		**14.8%**	**12.8%**	

Shanshui: Summary of Balance Sheets

RMB$ mn

	2Q20	2019	2018
Current Assets	7,421	6,217	5,858
Inventories	2,226	1,995	1,459
Trade and other receivables	2,427	1,937	2,127
Bank balances and cash	1,754	1,364	1,304
Non-Current Assets	20,364	20,611	20,215
Property,Plant&Equipment	17,982	18,331	18,131
Total Assets	**27,784**	**26,828**	**26,073**
Current Liabilities	11,105	11,182	13,228
Borrowings- due within one year	3,372	3,911	5,919
Trade and other payables	4,011	3,742	3,240
Non-Current Liabilities	2,770	3,046	3,258
Borrowings- due after one year	2,021	2,249	2,501
Total Liabilities	**13,876**	**14,227**	**16,486**
Total Equity	**13,909**	**12,600**	**9,586**
Equity Attributable to Parent	13,778	12,497	9,522
Book Value(RMB/Share)	**3.2**	**2.9**	**2.2**
ROE	**25.1%**	**27.0%**	**32.7%**
ROA	11.3%	11.2%	8.6%
Net Gearing Ratio	**24.2%**	**36.5%**	**71.8%**
Net Debt	3,329	4,567	6,839

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

Shanshui: Summary of Cash Flow Statement

RMB$ mn

	1H20	1H19	YoY	2019	2018	YoY
Net Income		1,196		2,973	2,197	
Depr&Amort		721		1,533	1,395	
Changes of non-cash WC		(401)		(181)	(1,645)	
Other Ope. CF Items		126		(158)	234	
Operating Cash Flow	**1,602**	**1,642**	***-2%***	**4,167**	**2,180**	***91%***
CAPEX		(682)		(1,105)	(713)	
Other Inv. CF Items		(76)		(461)	(136)	
Investing Cash Flow	**(456)**	**(758)**	***NA***	**(1,567)**	**(849)**	***NA***
Changes in Debt/Borrowings		(819)		(2,563)	(1,639)	
Issuance of Common Stock		0		0	339	
Dividends Paid		0		0	0	
Other Fin. CF Items(1)		(11)		9	952	
Financing Cash Flow	**(742)**	**(830)**	***NA***	**(2,554)**	**(349)**	***NA***
Effect of FX	(14)	(2)		14	13	
Net Changes in Cash	**404**	**54**	***647%***	**46**	**983**	***-95%***
Free Cash Flow		**960**		**3,061**	**1,467**	

CSR Achievements

ACC: Sustainable Mining Mountain

Mining Monitoring

- 24/7 vibration monitoring to make explosion feelingless.

Safe Mining Technique

- Inward stepping down method to lower the impact to the landscape.

Green Manufacturing

- Realizing waste reduction and energy reuse in production.

Flood Detention

- No landslide caused by the mining for 40 years.

Source: ACC CSR report

ACC: Local Care and Interactions

Providing job opportunities to local aboriginal people

Type	Total	Local Employees		Aboriginal People	
		Number	%	Number	%
Employee	306	293	96%	86	28%
Subcontractor	898	268	30%	446	50%
Total	1,204	561	47%	532	44%

Communicating with outside and eliminating the doubts
A global model mining mountain

Periodically inviting local people to visit the limestone quarry and reporting water/soil preservation work, greening with vegetation, mining site safety
Highly recognized by scholars from Japan, Australia, etc

Satisfying the needs of the community by applying the engineering expertise

Offering house repairing service, installing water tank and mountain spring water pipes, and electricity bill subsidy free of charge

Supporting the education for aboriginal youth

Aboriginal students' after-school learning

Source: ACC CSR report

ACC: ESG Awards

Taiwan & Global Corporate Sustainability Award:

2019 TCSA Top 50

2019 GCSA Great Practice

FTSE4Good TIP Taiwan ESG Index

2019 Included as a member of the FTSE4Good TIP Taiwan Index by **FTSE Russel**

Asia Responsible Entrepreneurship Awards:

2019 Winner of

Green Leadership

6 years listed in

"Taiwan Corporate Governance 100 Index" and

"Taiwan High Salary 100 Index"

by TWSE

TWSE Corporate Governance Evaluation:

Top 6%~20%

Carbon Disclosure Project:

2019 B List

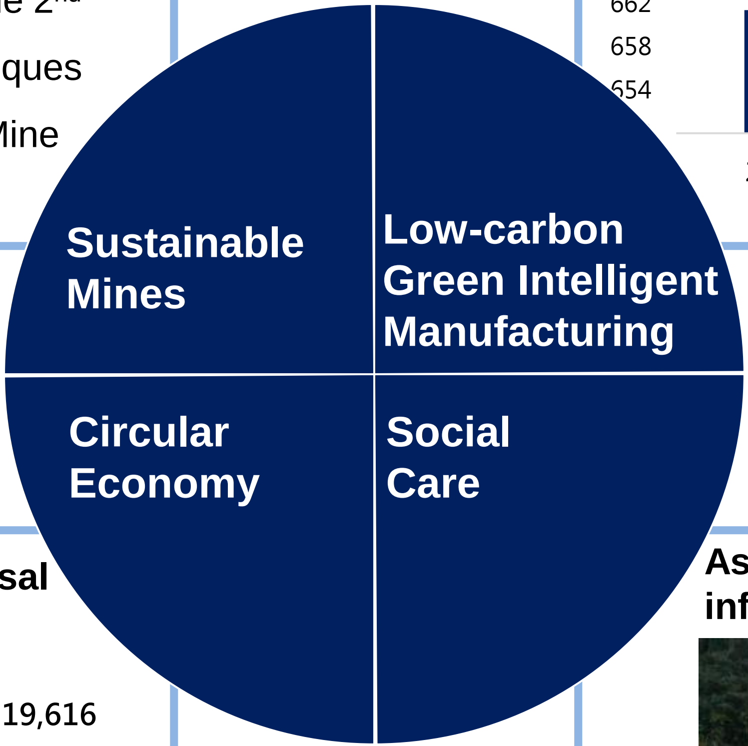
Ministry of Economics Affairs:

6 times award winner of Excellent Company in GHG Voluntary Reduction

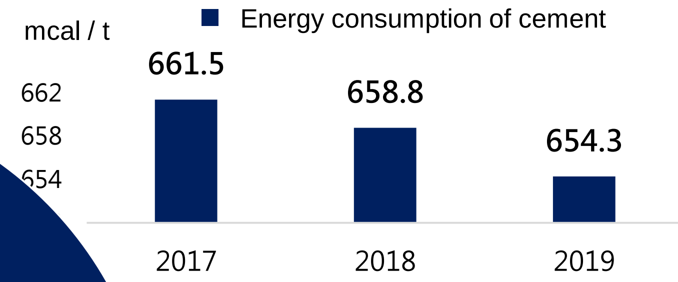
Source: ACC CSR report

AC(China): Sustainable Green Cycling

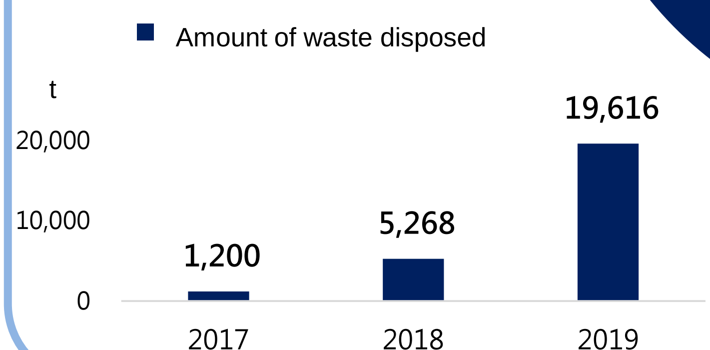
- 4 mines listed as 2019 National Green Mine
- Jiangxi Yadong awarded the 2nd prize of Green Mine Techniques by Zhongguancun Green Mine Industry Alliance



Strive to improve energy efficiency



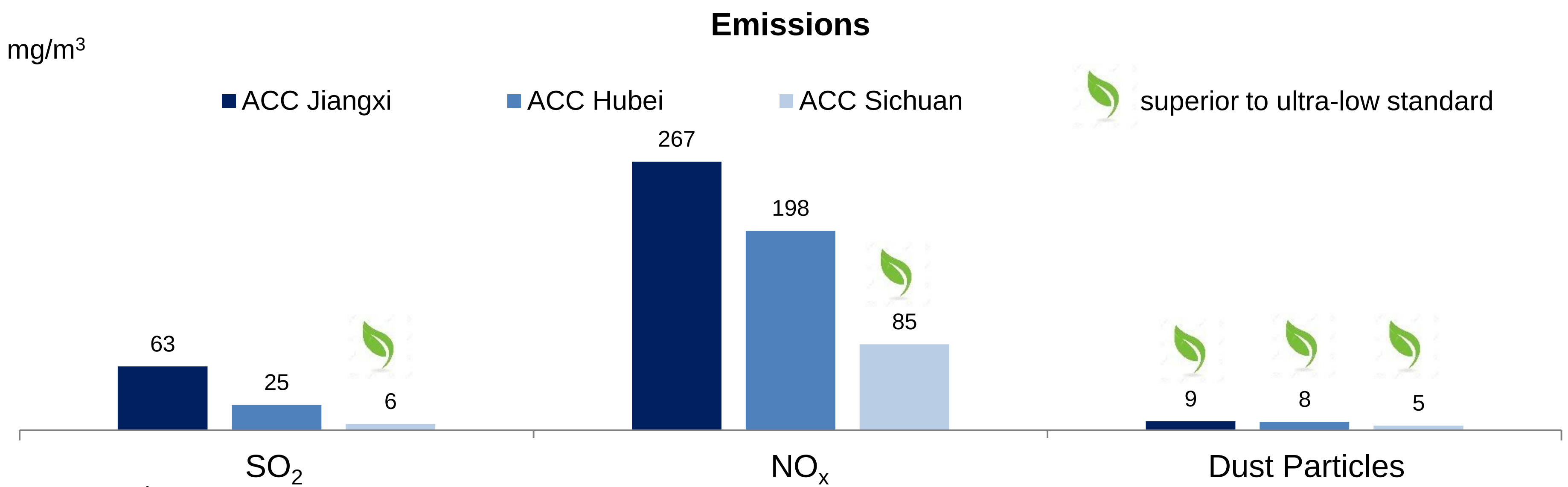
Performance of Waste Disposal



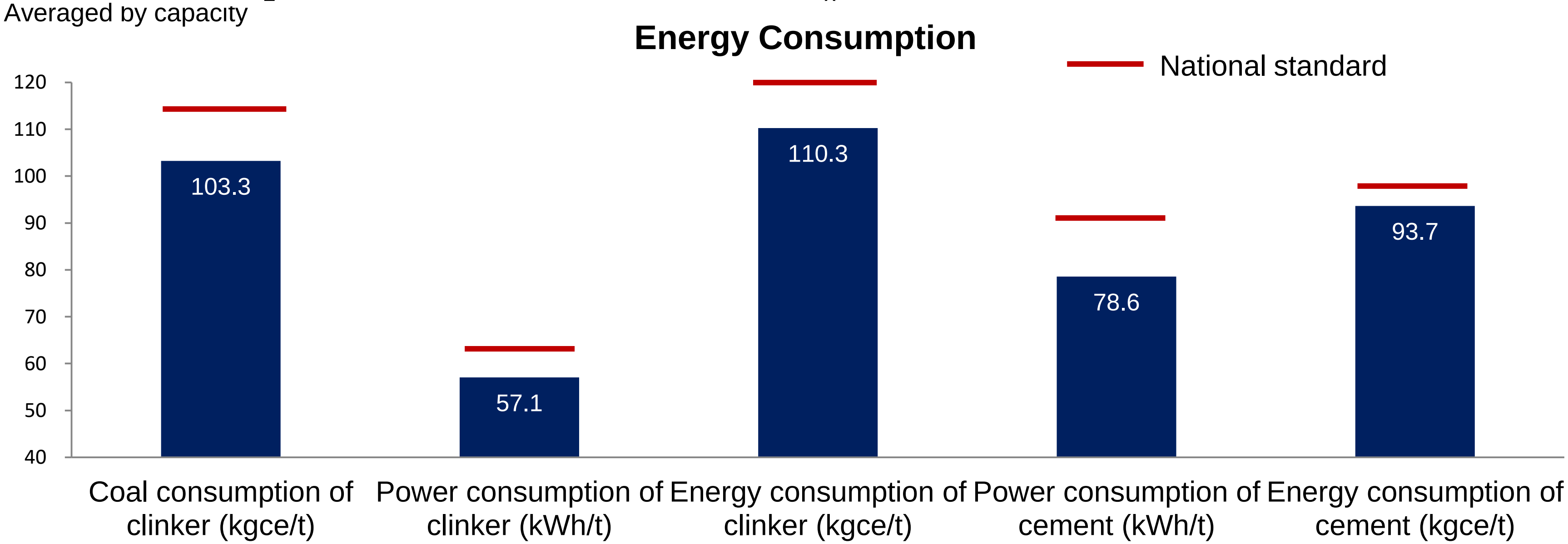
Assisting in community infrastructure

Source: AC(China) CSR report

AC(China): Lower Emissions and Energy Consumption



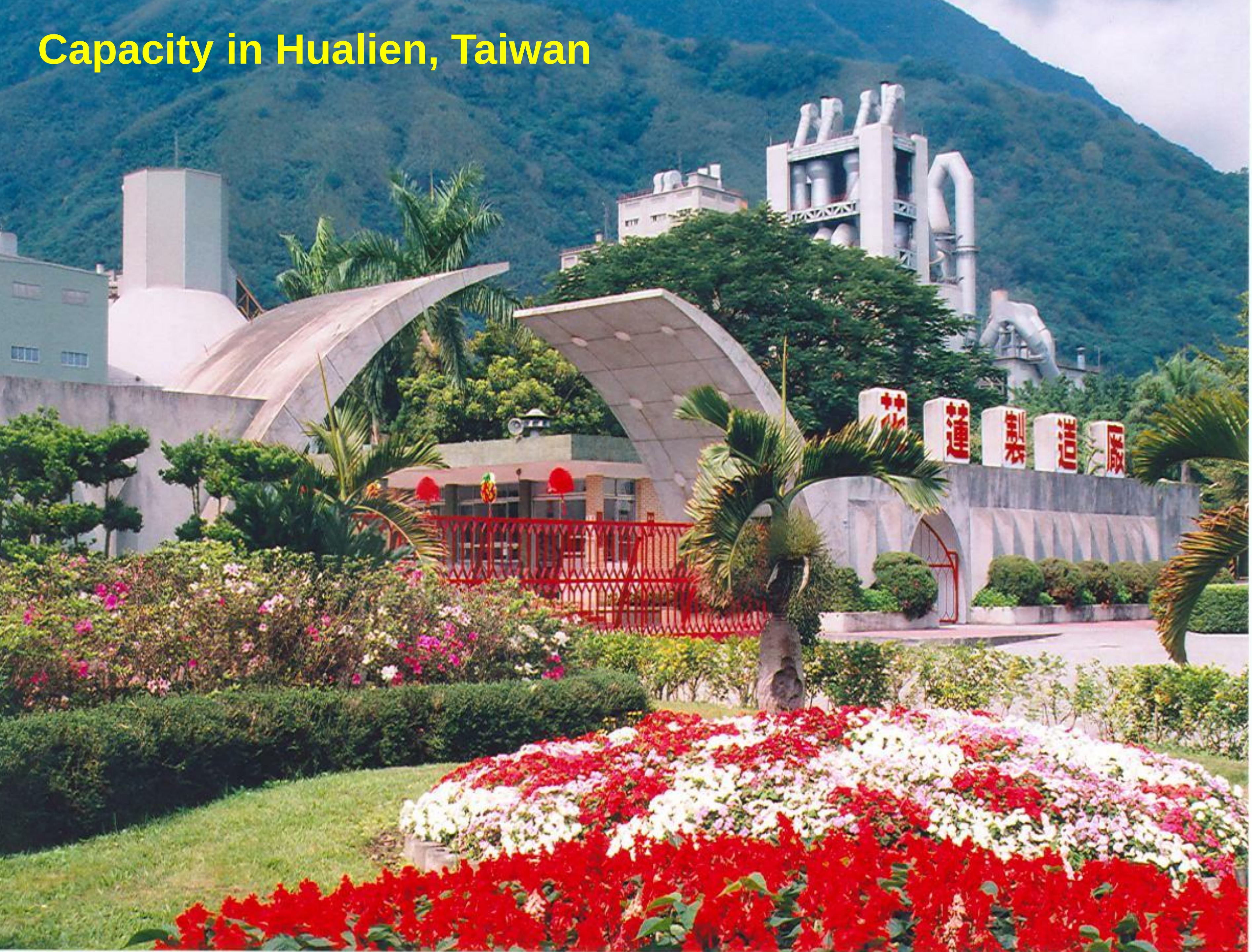
Note: Averaged by capacity



Source: AC(China) CSR report

Capacity in Jiangxi, China

Capacity in Hualien, Taiwan



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Q&A: Mining Concerns

ACC Eco-friendly Achievements

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