亞洲水泥股份有限公司

Asia Cement Corporation

Stock code:

1102 TT

IR presentation

Mar 2022

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Company Snapshot

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 (9% of revenue in 2021)
- Cold rolled stainless steel (7% of revenue in 2021)

Equity Investments

FENC
(1402 TW)

U-Ming Marine
(2606 TW)

Shanshui Cement
(691 HK)

Cement Business Overview

ACC (China)

1. Located along Yangtze River, total of 33mt
   (Jiangxi 14mt，Sichuan 11mt，Hubei 8mt)
2. 10th largest cement player in China

ACC (Taiwan)

1. Clinker capacity 5mt
2. Cement business integrated from grave mining to prefab.

Investment Portfolio in Far Eastern Group

Incorporated 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
1968	U-Ming Marine Transport Corp.	2606 TT	39.3%	Equity Method	Largest dry bulk carrier in Taiwan
1949	Far Eastern New Century Corp.	1402 TT	23.8%	Equity Method	Holding Company of Far Eastern Group. Core business integrated from petrochemical to textile.
1975	Oriental Union Chemical Corp.	1710 TT	7.2%	FVTOCI	Important supplier of EG and chemical products in Asia-Pacific
1967	Far Eastern Department Stores Ltd.	2903 TT	5.7%	FVTOCI	Leading retailer of department store and supermarket in Taiwan
1992	Far Eastern International Bank	2845 TT	2.4%	FVTOCI	Provide diversified financial services in Greater China
1997	Far EasTone Telecommunications Ltd.	4904 TT	1.0%	FVTOCI	Top 3 telecom company in Taiwan

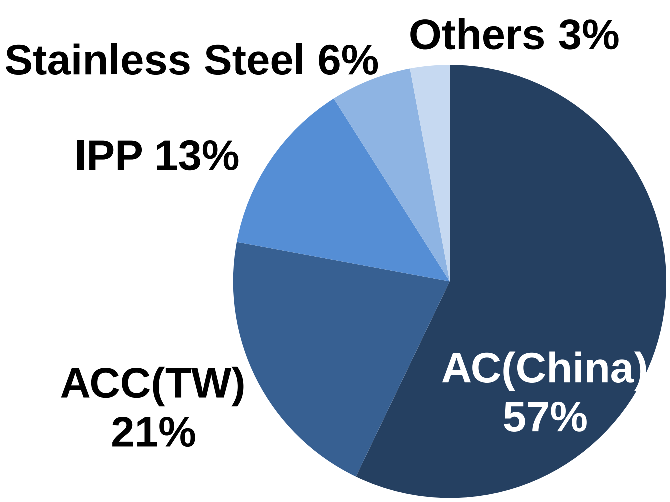
Note: Asia Cement comprehensively holds 72.0% of Asia Cement(China) Holdings.
(100%-owned AC(Singapore) holds a 4.1% stake and Asia Engineering Pte. holds a 0.2% stake of Asia Cement(China))

Operating Revenue by Segments

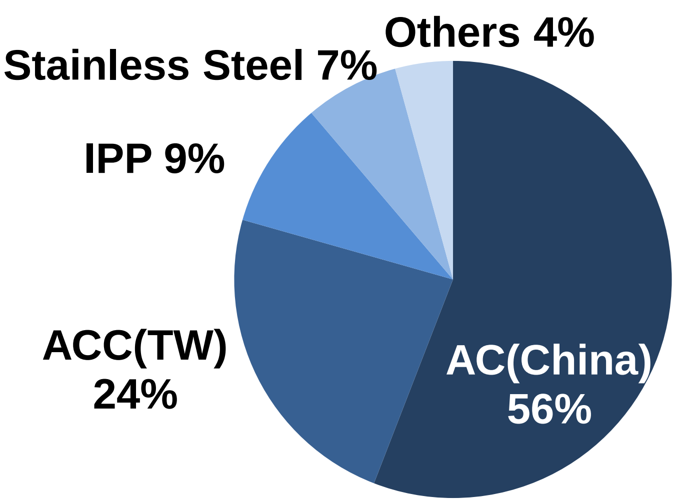
NT$ mn

	4Q21	4Q20	YoY	2021	2020	YoY
Operating Revenue	**27,844**	**23,677**	***18%***	**89,655**	**78,241**	***15%***
Cement business	21,694	20,318	*7%*	71,185	64,907	*10%*
Power business	3,645	1,304	*180%*	8,422	5,933	*42%*
Stainless Steel business	1,686	1,334	*26%*	6,225	4,212	*48%*
Others	818	720	*14%*	3,823	3,189	*20%*

Revenue(4Q21)



Revenue(2021)



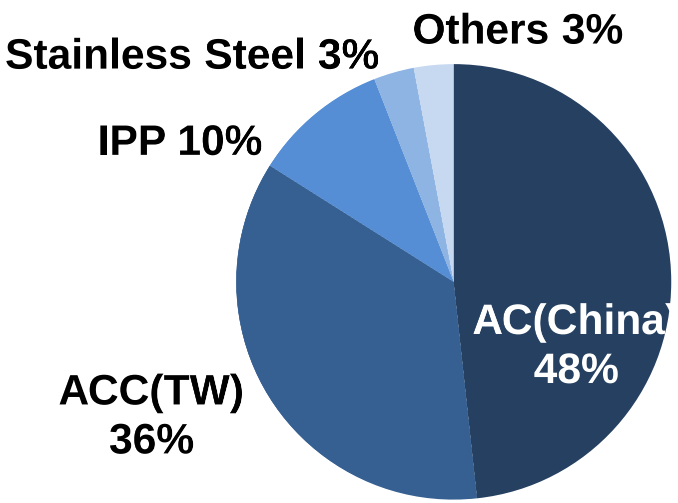
Note: ACC(TW)= Taiwan cement operation, RMC and other downstream value chain

Operating Profits by Segments

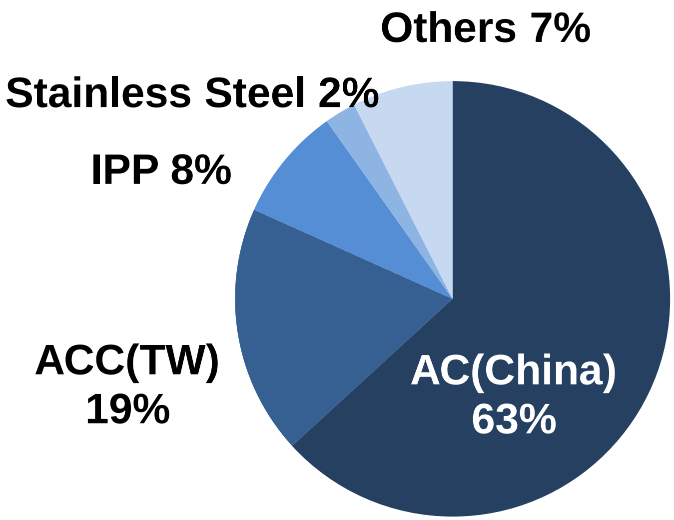
NT$ mn

	4Q21	4Q20	YoY	2021	2020	YoY
Operating profit	**5,153**	**6,593**	***-22%***	**17,686**	**19,670**	***-10%***
Cement business	4,327	6,050	*-28%*	14,452	16,839	*-14%*
Power business	520	432	*20%*	1,499	1,815	*-17%*
Stainless Steel business	155	22	*603%*	413	(6)	*NA*
Others	152	89	*71%*	1,323	1,022	*29%*

Operating Profits(4Q21)



Operating Profits(2021)



Note: ACC(TW)= Taiwan cement operation, RMC and other downstream value chain

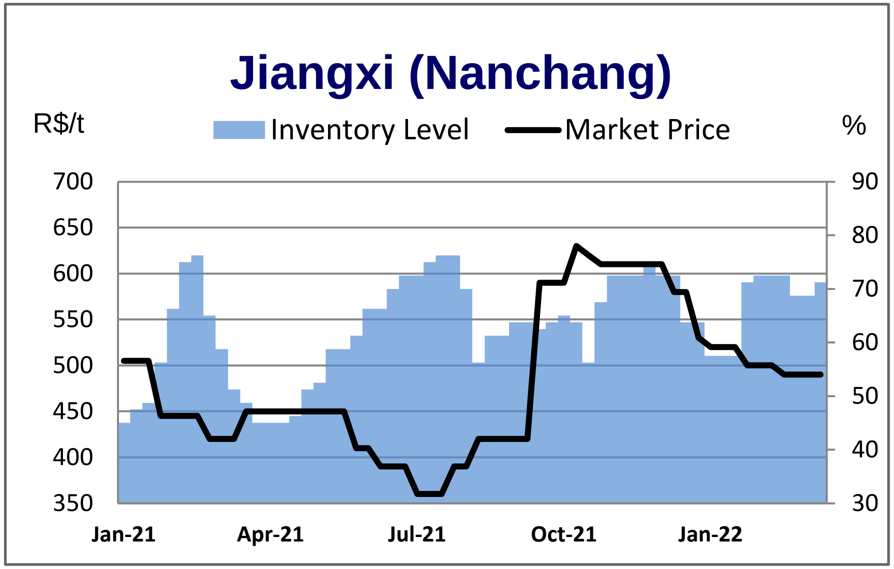
AC(China): 4Q21 Operating Data

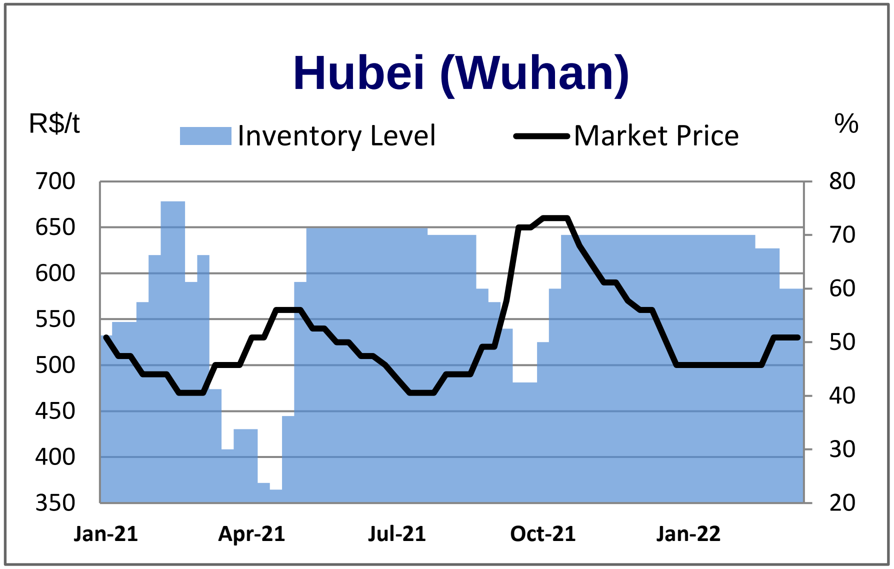
	ASP (R$/t)			Shipment (mt)			Gross Margin (%)		
	4Q21	4Q20	*YoY*	4Q21	4Q20	*YoY*	4Q21	4Q20	*YoY*
Cement	468	351	*33%*	7.0	9.0	*-22%*	30%	45%	*-15ppt*
Clinker	386	281	*37%*	0.6	0.3	*101%*	18%	36%	*-18ppt*
RMC	513	462	*11%*	0.2	0.4	*-48%*	15%	18%	*-2ppt*
Aggregate	75	57	*33%*	1.0	1.7	*-42%*	58%	70%	*-13ppt*

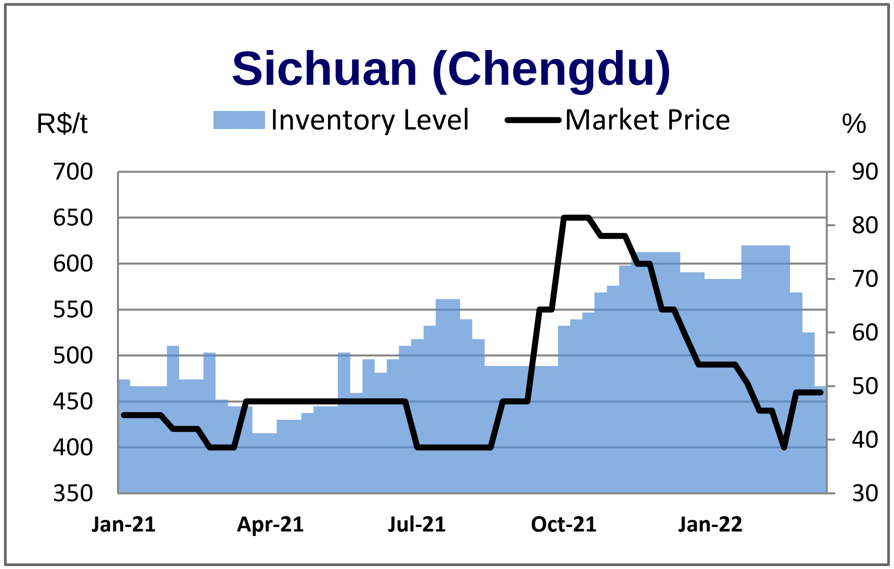
	Cost Breakdown		
	4Q21	4Q20	*YoY*
Coal	46%	31%	*+16ppt*
Power	10%	15%	*-5ppt*
Material	19%	22%	*-4ppt*
D&A	7%	11%	*-4ppt*
Others	18%	22%	*-3ppt*

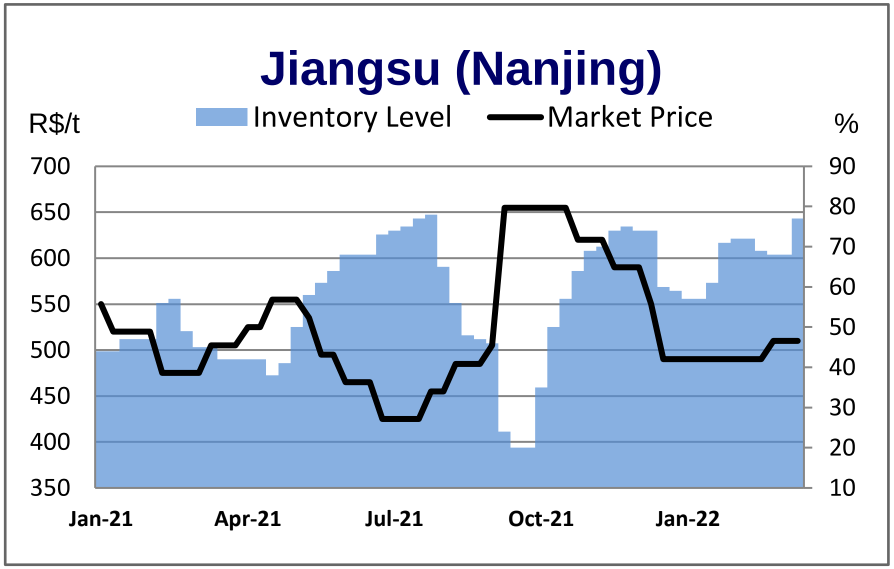
AC(China): Regional P.O42.5 Price & Inventory Level

Unit: R$/t ; %









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

China Cement Industry Policy Trend

Supply Control

- Production halt normalized
- Stricter rules for capacity swap

- Leads the industry to cut overcapacity

Environment

- Rising environmental standards
- Soaring energy prices

- Improve emission and energy efficiency helps to lift competitiveness

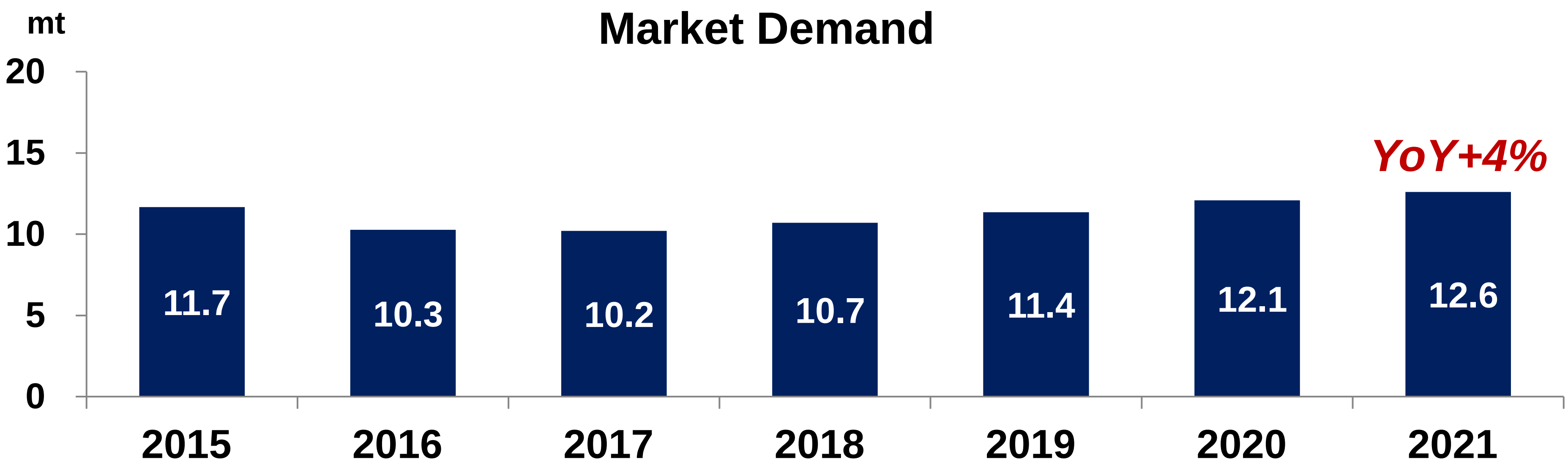
Consolidation

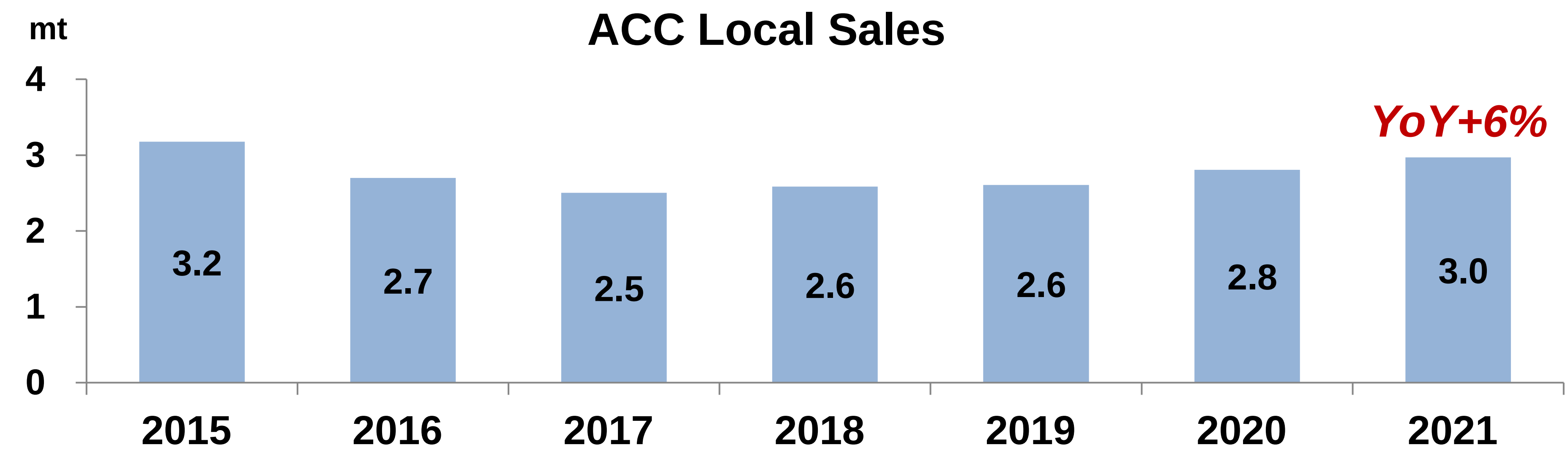
- Encouraging production relocation and consolidation

- Big players pricing power to improve

Source: China Cement Association "De-capacity action plan", "Cement industry 14th five year plan", PRC State Council "Guiding policies to facilitate structural upgrade of building materials industry"

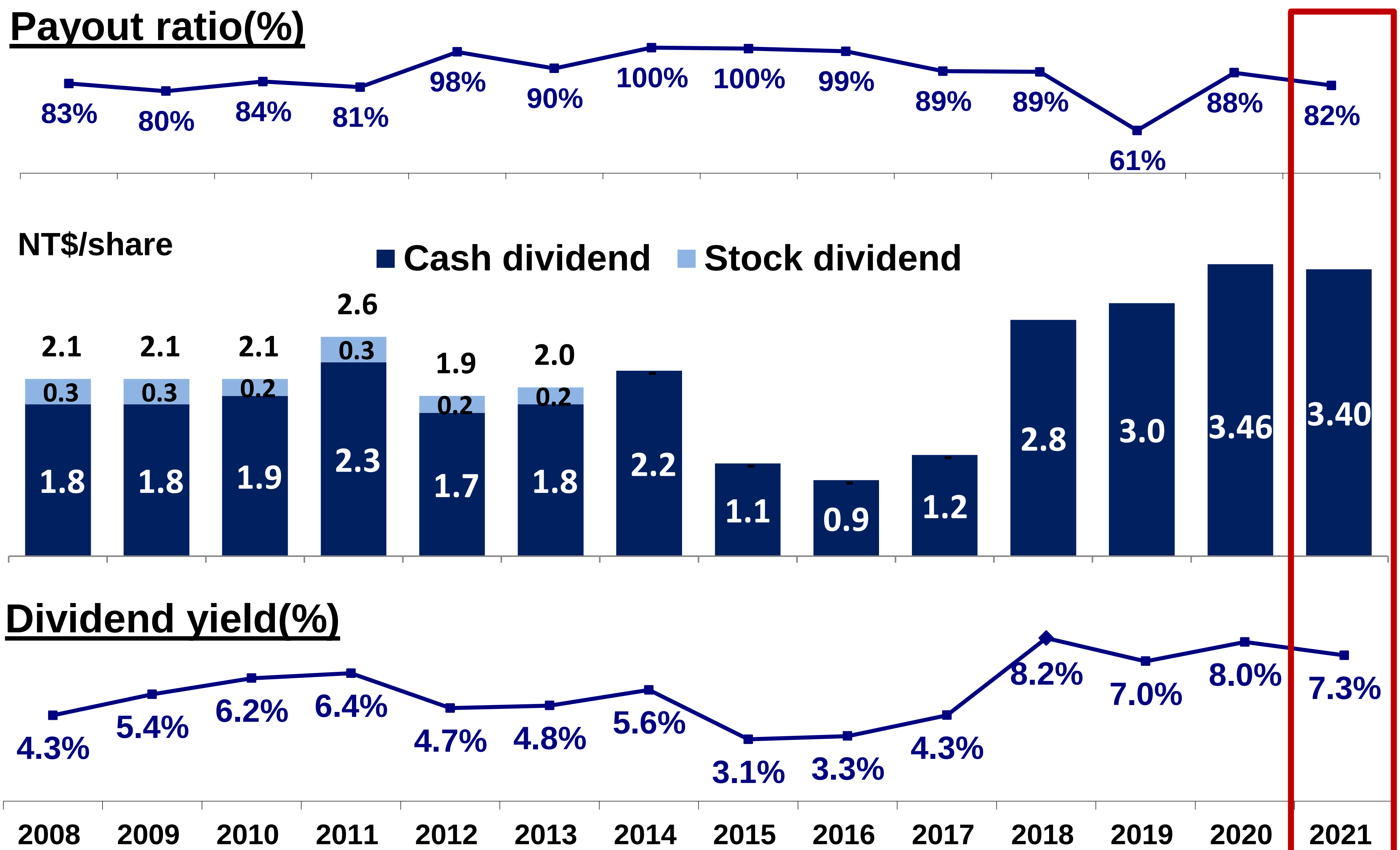
Taiwan Cement Market





Note: consumption＝local＋imports; Source: National Development Council, Taiwan Cement Manufacturers' Association

Steady Payout with Enjoyable Yields



Note1: Payable EPS= Net income – Investment property adjustment

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

Sustainability Recognition

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

The target of emission reduction approved by the SBTi in 03/2021

AC(China) rewarded by

IR Magazine Awards – Greater China 2021

Best in sector: materials

FTSE4Good TIP Taiwan ESG Index

TIP Taiwan Index Plus

Included in the FTSE4Good TIP Taiwan Index by FTSE Russel since 2018

TCSA GCSA

Taiwan & Global Corporate Sustainability Award:

2020 TCSA award

2020 GCSA Great Practice

AREA ASIA RESPONSIBLE ENTERPRISE AWARDS

Asia Responsible Entrepreneurship Awards:

2020 Winner of

Green Leadership

TWSE

TWSE Corporate Governance Evaluation:

2020 Top 6%~20%

& 7 years listed in

“Taiwan High Salary 100 Index”

Source: Asia Cement CSR report

Carbon Reduction Target

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

gcca Global Cement and Concrete Association

2021

2025

2050

The 4th cement operator to pass the SBTi review

The carbon intensity to be lowered by 8%*

ACC with GCCA: Carbon neutrality for concrete in 2050

Note：Asia Cement committed that by 2025, including Taipei headquarter, Hsinchu Plant and Hualien Plant, the emission intensity of cementitious materials (scopes 1 and 2) will be reduced by 8% compared to 2019.
Source: ACC CSR Report

Thank you

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Q&A: Mining Concerns

ACC Eco-friendly Achievements

Download: ACC Financials

Appendix：Financial Results

Summary of P&L

NT$ mn

	4Q21	4Q20	YoY	2021	2020	YoY
Operating Revenue	**27,844**	**23,677**	***18%***	**89,655**	**78,241**	***15%***
Operating Cost	21,701	16,125	*35%*	68,474	54,911	*25%*
Net Gross Profit	**6,143**	**7,552**	***-19%***	**21,181**	**23,329**	***-9%***
SG&A expenses	989	959	*3%*	3,495	3,659	*-5%*
Operating profit	**5,153**	**6,593**	***-22%***	**17,686**	**19,670**	***-10%***
Non-operating income(net)	399	689	*-42%*	4,248	4,474	*-5%*
Equity Income	1,842	1,049	*76%*	6,319	4,640	*36%*
Far Eastern New Century Corp.	44	67	*-34%*	1,461	1,066	*37%*
U-Ming Marine Transport Corp.	682	165	*313%*	1,920	345	*457%*
Shanshui Cement Co. Ltd.	700	573	*22%*	1,954	2,146	*-9%*
Others	416	245	*70%*	983	1,082	*-9%*
Net Interest Income (Expense)	(83)	(5)		(86)	(78)	
Dividend Income	2	2		338	334	
Gain (loss) on exchange	24	(48)		(162)	(162)	
Gain (loss) on FVTPL Financial Assets and Liabilities	321	11		(256)	(241)	
Gain (loss) on Investment Property	159	8		244	238	
Others	(1,866)	(356)		(2,148)	(87)	
Pre tax Income	5,553	7,282		21,934	24,144	
Net income	**4,530**	**5,786**	***-22%***	**17,528**	**18,774**	***-7%***
Profit Attributable to Owners of Parent	**3,998**	**4,370**	***-9%***	**15,068**	**14,710**	***2%***
EPS (NT$/share)	**1.13**	**1.30**	***-13%***	**4.25**	**4.38**	***-3%***
Gross margin	**22.1%**	**31.9%**		**23.6%**	**29.8%**	
Operating margin	**18.5%**	**27.8%**		**19.7%**	**25.1%**	
Net margin	**14.4%**	**18.5%**		**16.8%**	**18.8%**	
Outstanding shares (mn shares)	**3,546**	**3,361**	***5%***	**3,546**	**3,361**	***5%***

Note: EPS is calculated on outstanding shares, which increased by 5% YoY in 4Q21 due to the conversion of the 2018-ECB. By the end of 2021, 99% of the ECB has been converted.

Summary of Balance Sheets & Cash Flow

NT$ mn

Balance Sheets	2021	2020
Current Assets	105,956	87,024
Cash&Cash equivalents	33,451	25,912
Short-term Investments	42,888	35,693
Non-Current Assets	211,110	210,063
Long-term Investment	99,301	96,054
Fixed Assets	78,275	89,409
Total Assets	**317,056**	**297,087**
Current Liabilities	71,082	64,028
Short-term debt	54,489	49,238
Non-Current Liabilities	65,701	63,172
Bonds Payable	45,132	38,800
Bank Loans	7,050	10,945
Total Liabilities	**136,783**	**127,200**
Capital Stock	35,456	33,614
Total Shareholders' Equity	**180,273**	**169,887**
Book Value(NT$/Share)	**44.3**	**44.0**

ROE	**9.9%**	**10.0%**
Net Gearing Ratio	19.3%	25.3%
Net Debt	30,333	37,378

NT$ mn

Cash Flow	2021	2020
Net Income	15,068	14,710
Depr&Amort	4,930	4,948
Changes of non-cash WC	(1,267)	7,137
Acquisition of FVTPL FA[1]	(8,911)	(9,770)
Operating Cash Flow	**8,597**	**19,624**
CAPEX	(3,250)	(6,294)
Disposal of AC FA[2]	1,496	5,931
Investing Cash Flow	**(1,663)**	**(4,506)**
Changes in Debt/Borrowings	14,379	3,614
Dividends Paid	(11,934)	(10,085)
Financing Cash Flow	**966**	**(14,019)**
Effect of FX	(360)	77
Net Changes in Cash	**7,539**	**1,176**
Free Cash Flow	**5,347**	**13,330**

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

Note2: Mainly over 3 months time deposit.

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

AC(China): Summary of P&L

RMB$ mn

	4Q21	4Q20	YoY	2021	2020	YoY
Operating revenue	3,735	3,557	*5%*	11,756	10,824	*9%*
Operating cost	2,657	2,006	*32%*	8,076	6,305	*28%*
Gross Profit	**1,078**	**1,551**	***-30%***	**3,680**	**4,519**	***-19%***
Other net income/(loss)	(360)	19		(295)	132	
Selling&marketing costs	117	138		474	436	
Administative expenses	17	79		289	397	
Operating income	**584**	**1,352**	***-57%***	**2,623**	**3,819**	***-31%***
Finance costs	9	15		52	136	
Shares of results of jointly controlled entities	(2)	3		(6)	4	
Pre tax Income	573	1,339		2,565	3,687	
Tax	165	269		743	936	
Net Income	**408**	**1,070**	***-62%***	**1,821**	**2,750**	***-34%***
Profit Attributable to Owners of Parent	**399**	**1,041**	***-62%***	**1,768**	**2,669**	***-34%***
Minority interests	9	29		53	82	
EPS (RMB$/share)	**0.25**	**0.66**	***-61%***	**1.13**	**1.70**	***-34%***
Gross margin	**28.9%**	**43.6%**		**31.3%**	**41.7%**	
Operating margin	15.6%	38.0%		22.3%	35.3%	
Net margin	**10.7%**	**29.3%**		**15.5%**	**25.4%**	

AC(China): Balance Sheets & Cash flow

RMB$ mn

Balance Sheets	2021	2020
Current Assets	**10,912**	**10,674**
Inventories	1,141	608
Trade and other receivables	2,180	4,786
Bank balances and cash	7,495	5,276
Non-Current Assets	**10,504**	**10,960**
Property,Plant&Equipment	7,041	7,587
Total Assets	**21,417**	**21,634**
Current Liabilities	**3,182**	**2,820**
Borrowings- due within one year	1,118	873
Non-Current Liabilities	**561**	**2,283**
Borrowings- due after one year	351	2,099
Total Liabilities	**3,743**	**5,103**
Total Equity	**17,674**	**16,531**
Book Value(RMB/Share)	**11.0**	**10.3**

ROE	**10.6%**	**17.5%**
Net Gearing Ratio	**-35.3%**	**-14.3%**
Net Debt	(6,092)	(2,303)

RMB$ mn

Cash Flow	2021	2020
Operating Cash Flow	**2,499**	**5,017**
Investing Cash Flow	**1,394**	**(3,750)**
CAPEX	(348)	(481)
Financing Cash Flow	**2,395**	**(4,249)**
Net Changes in Cash	**6,288**	**(2,982)**
Free Cash Flow	**2,151**	**4,536**

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