Lucky Cement Corporation

Earnings Conference
2020/11/10

Disclaimer

The contents of this presentation are based on the financial statements reviewed or audited by the accountants. The financial statements are prepared in accordance with IFRS. Please refer to the financial statements of Lucky Cement Co., (the Company) for the complete contents and data.

The forward-looking statements contained in this presentation are subject to risks and uncertainties and actual results may be different. This presentation is not expressly or implicitly expressed or warranted to be correct and complete, nor does it represent a complete discussion of the Company's subsequent or consequential significant developments.

The Company is not responsible for the updating and revising of any forward-looking statements.

Logo Story

Mr. Chen Liang-Chuan, the founder started his business in housing construction. He hopes that every young person who wants to get married could have a house, and their life could feel warm and happy. Therefore, the life's goal of Mr. Chen Liang-Chuan is to produce cement with high quality and reasonable price to build a house.

Agenda

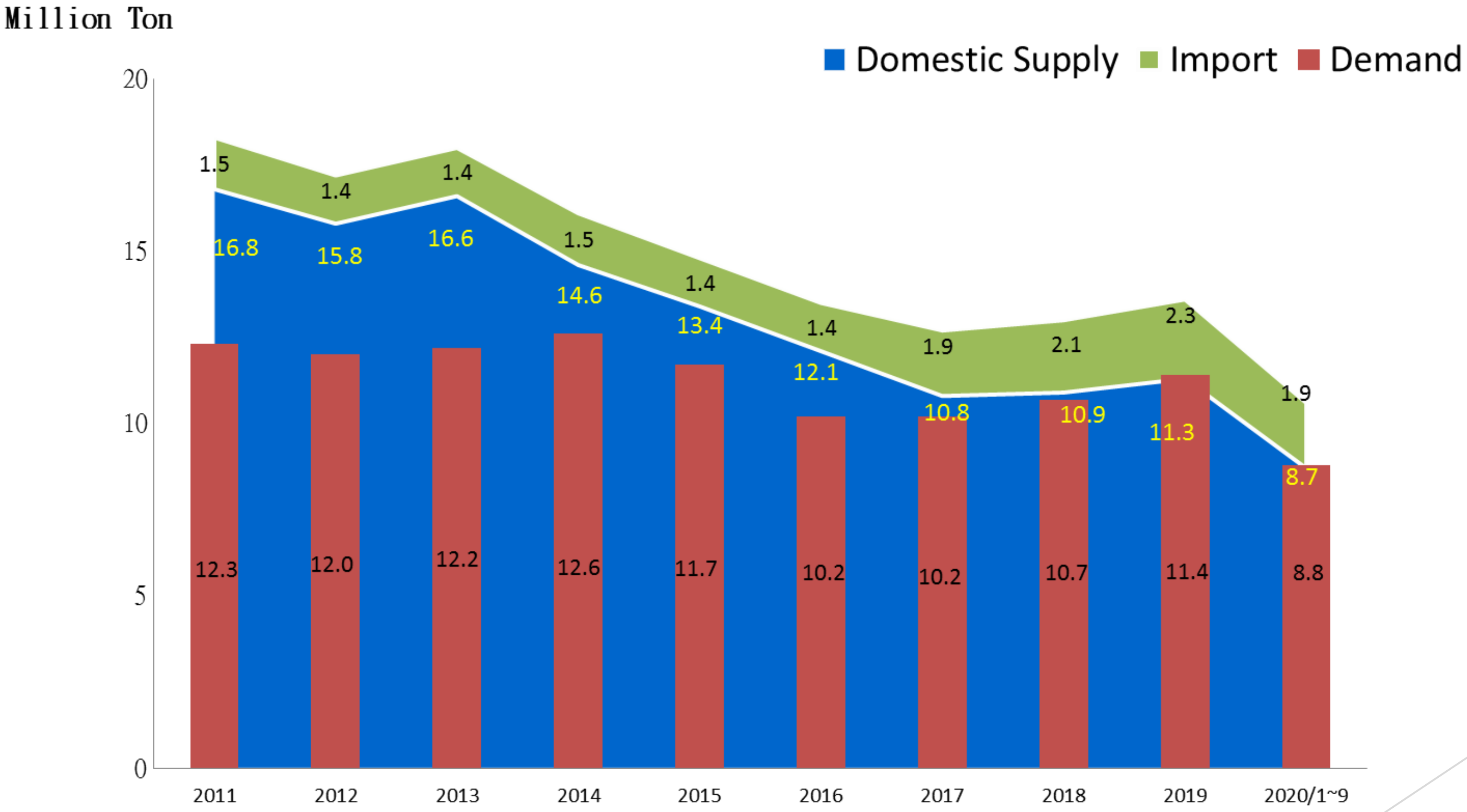
- Market Review & Perspective
- Operating Performance Review
- Operating Strategy
- Da-Sheng Project Progress
- Q&A

Market Review & Perspective

- 2020 Q1~Q3 Domestic Cement and Concrete Sale : Demand Increasing and Price Keeping Stable
- 2021 Market Perspective : Demand Growing Up
  - Less Covid-19 Impact
  - A Homecoming Trend Among Taiwanese Entrepreneurs
  - Low Interest Rate
  - Infrastructure Disbursement

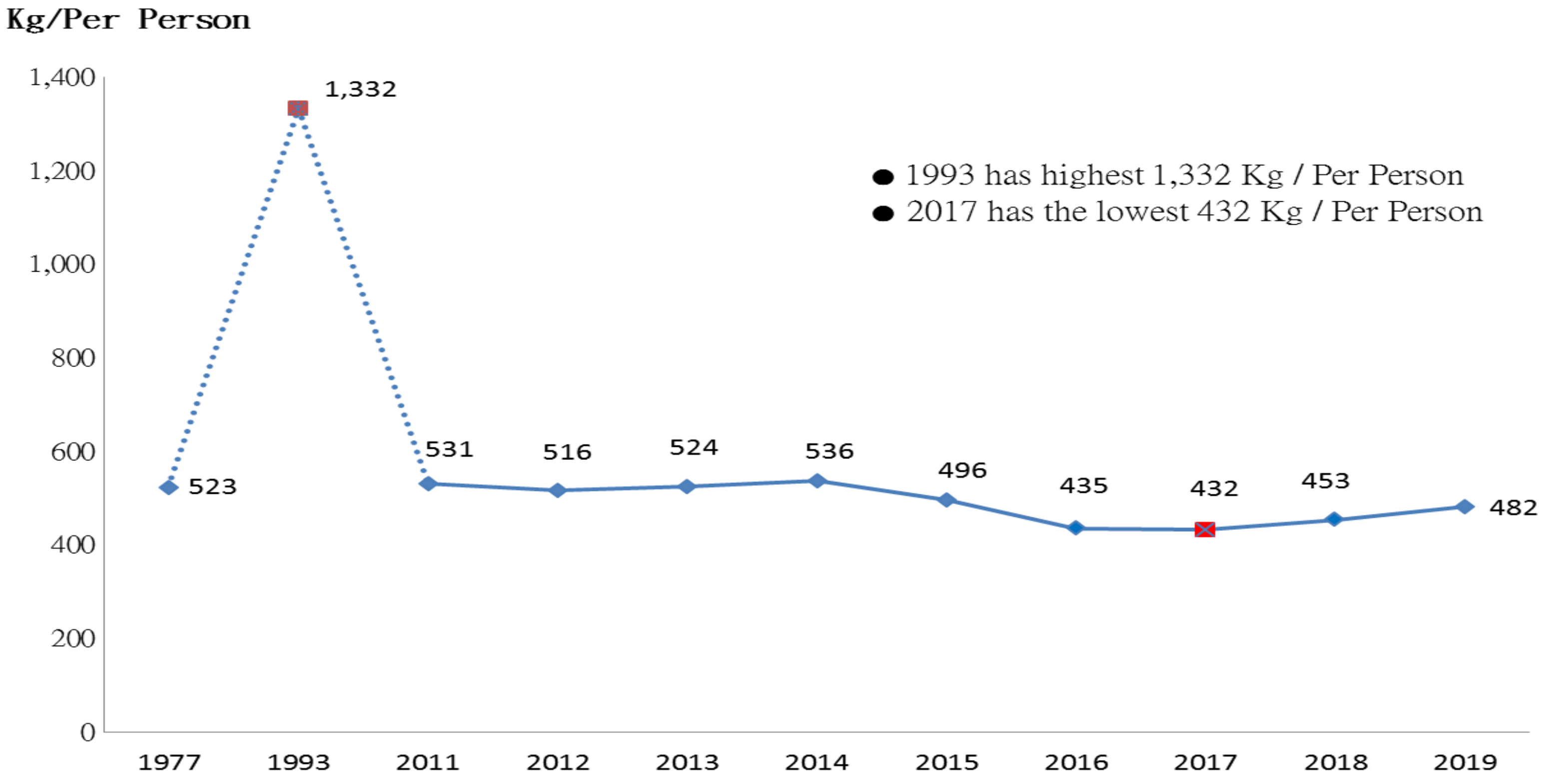
Cement Supply and Demand

2020/1~9 domestic cement demand YoY 6.62%
domestic cement supply YoY 7.4% ，imported cement YoY 3.67%



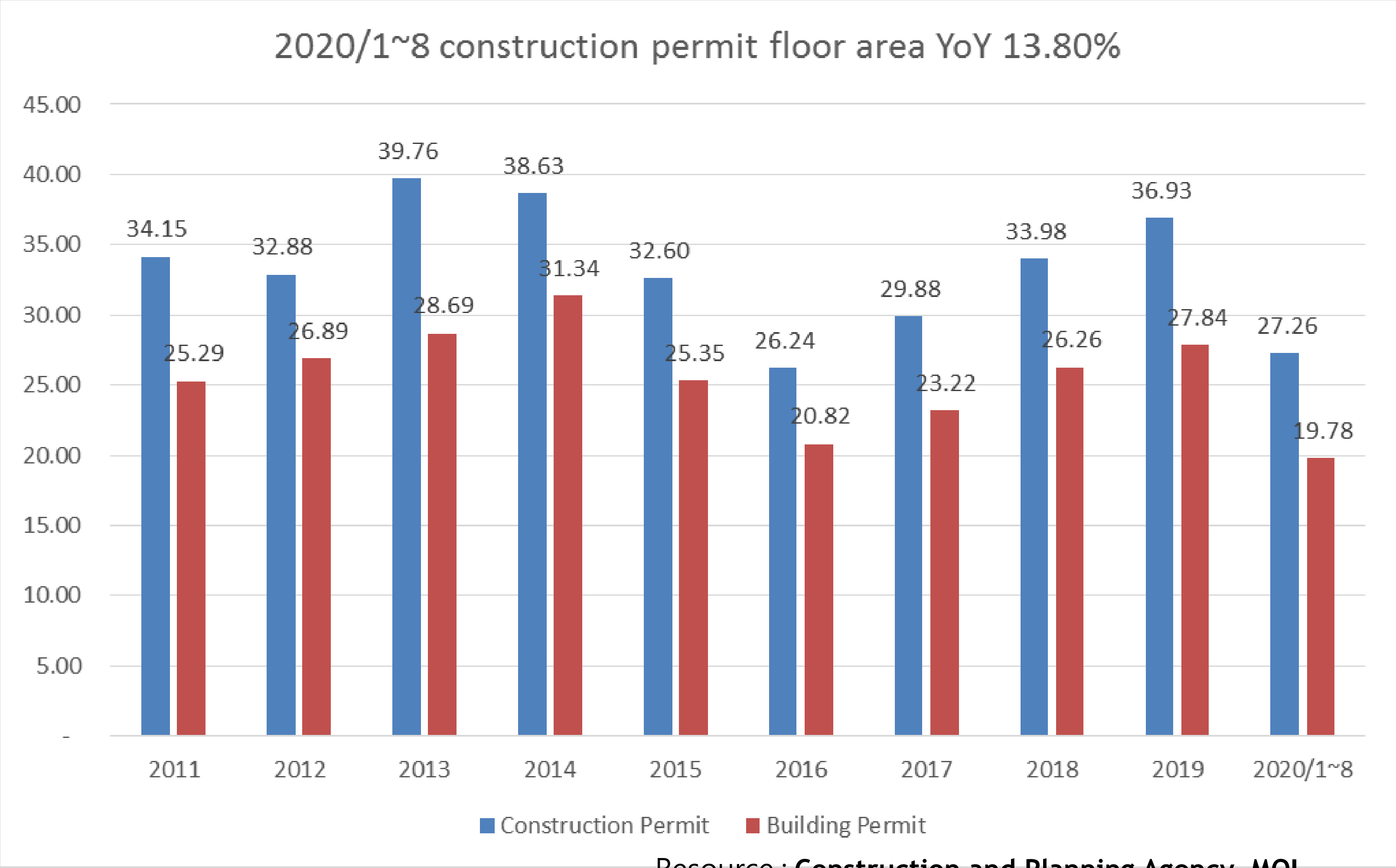
Resource : Taiwan Cement Manufacturers' Association

Average Cement Consumption



Resource : Taiwan Cement Manufacturers' Association

The Statistics of Building License and Construction License

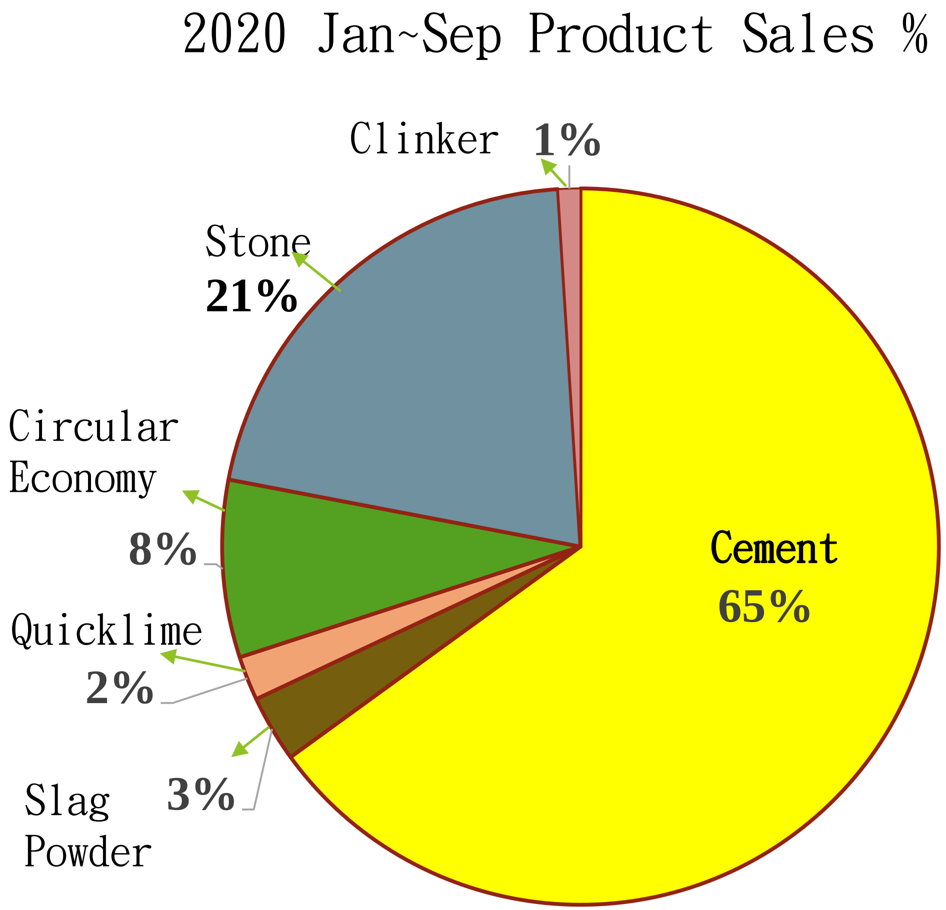


Resource : **Construction and Planning Agency, MOI**

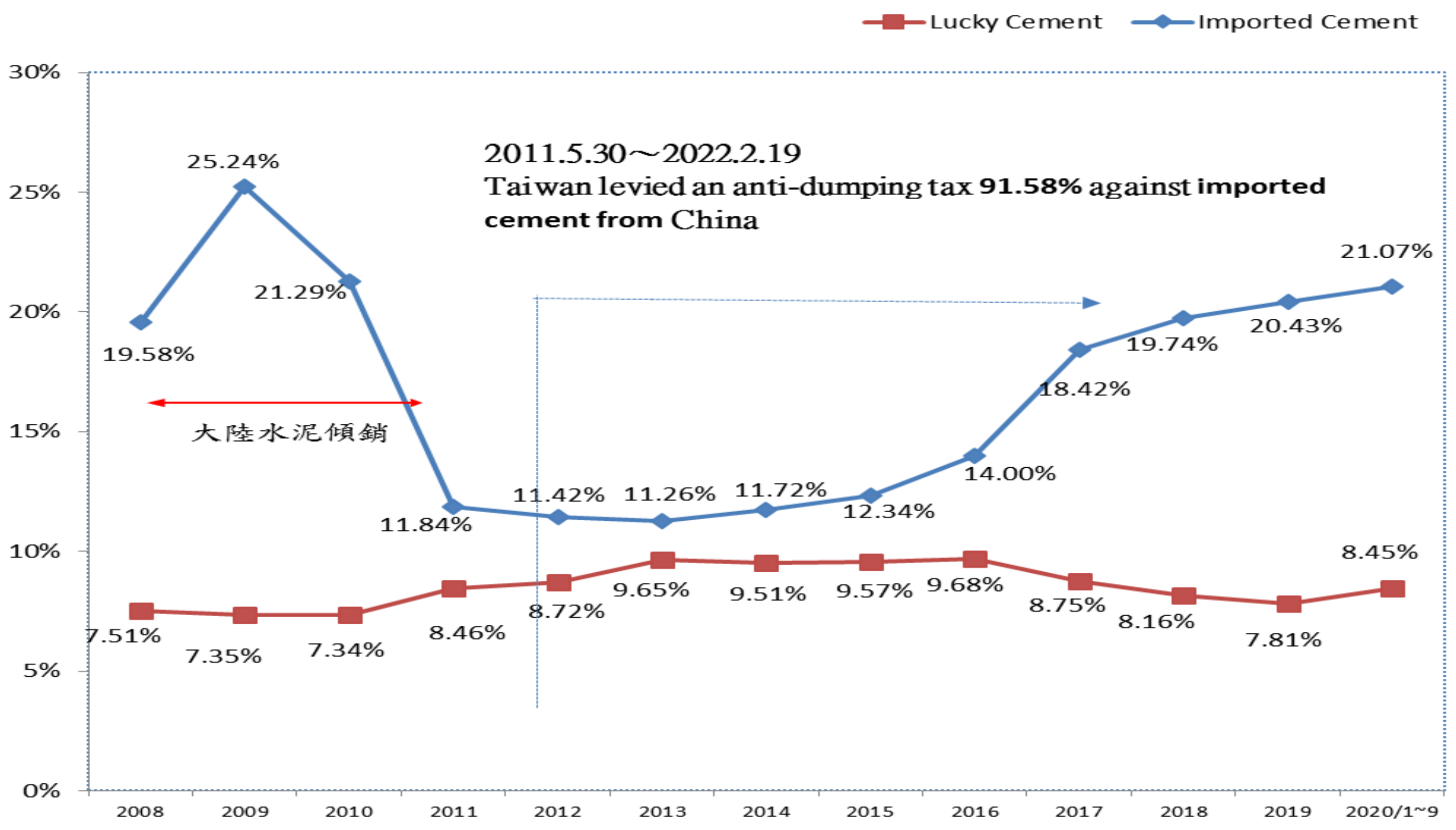
Agenda

- Market Review & Perspective
- Operating Performance Review
- Operating Strategy
- Da-Sheng Project Progress
- Q&A

Sales Revenue Proportion

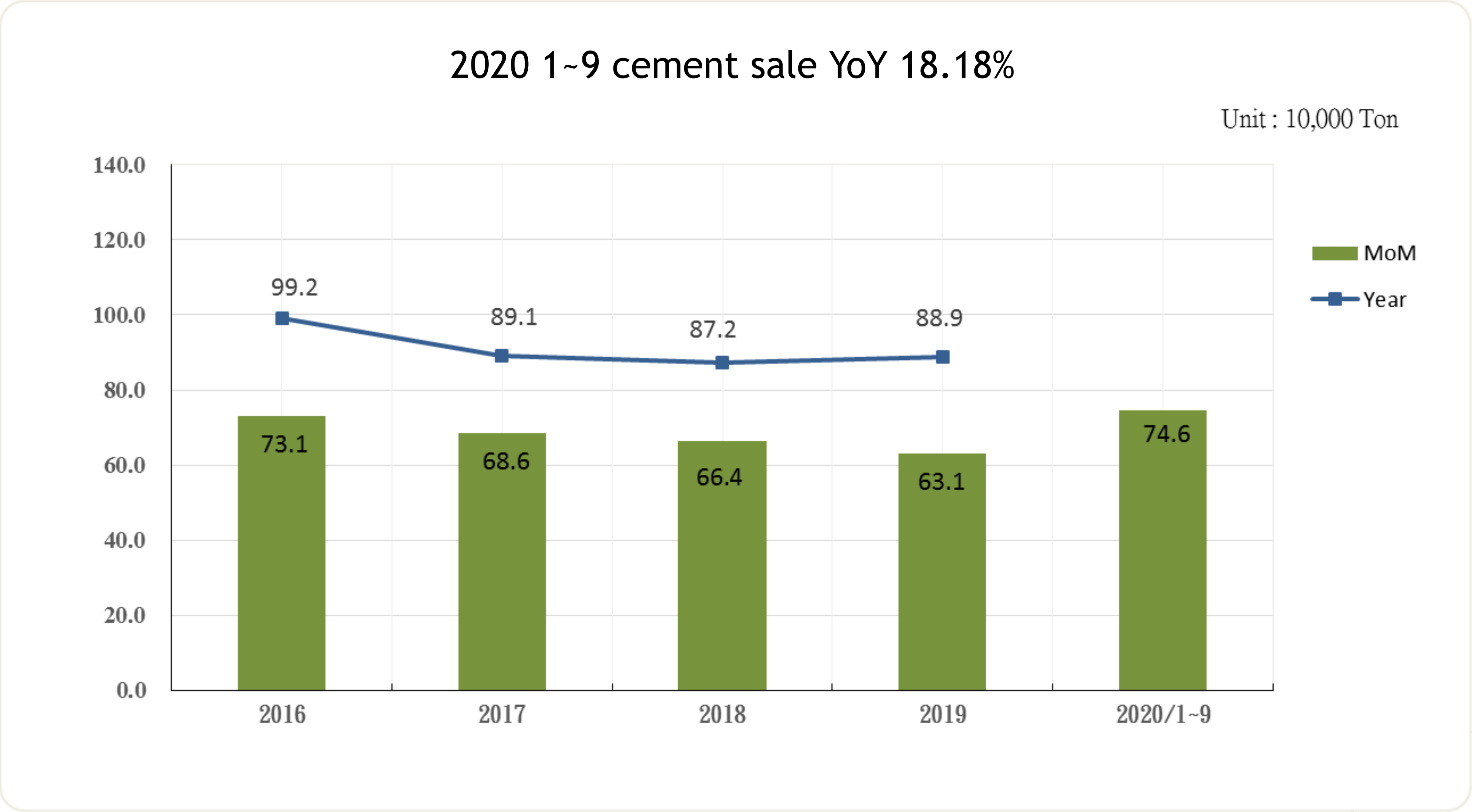


Cement Market Share



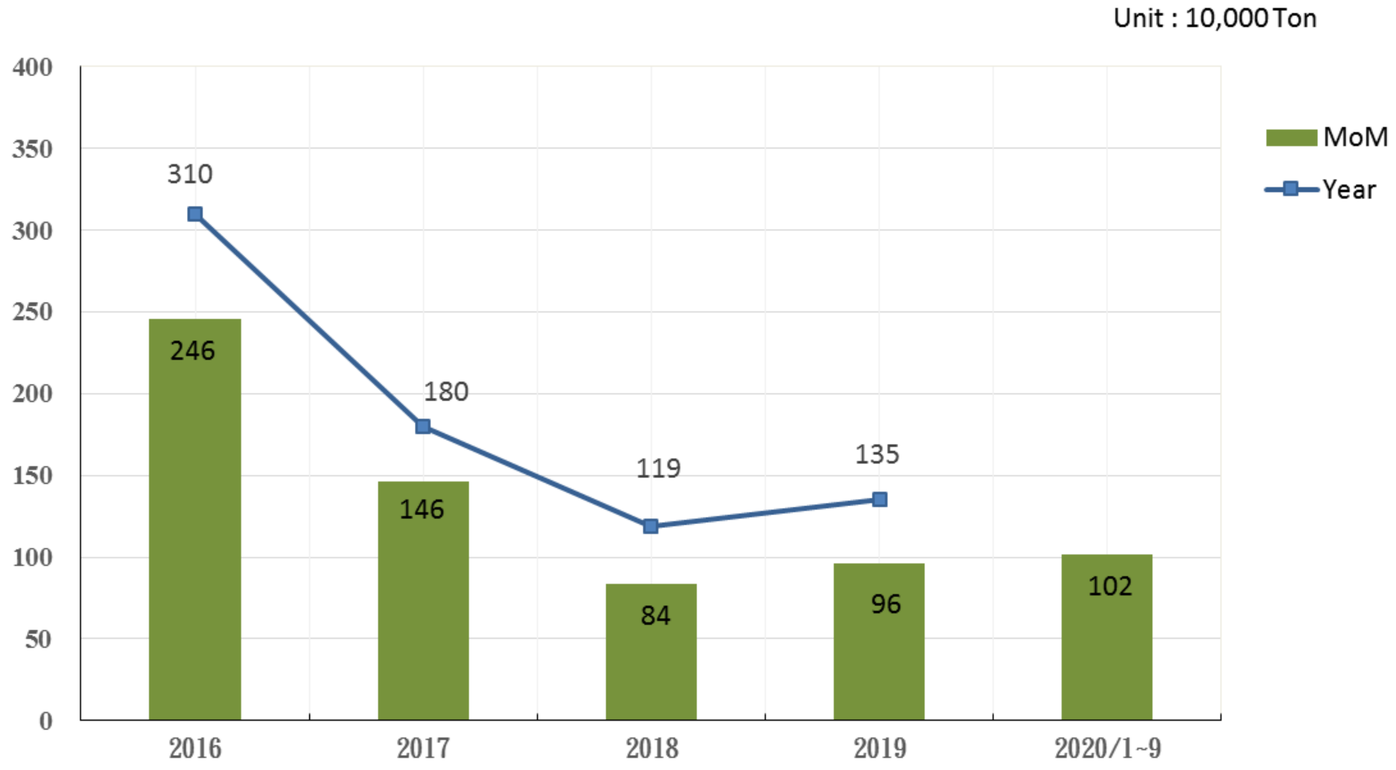
Resource : Taiwan Cement Manufacturers' Association

Cement Sale Trend

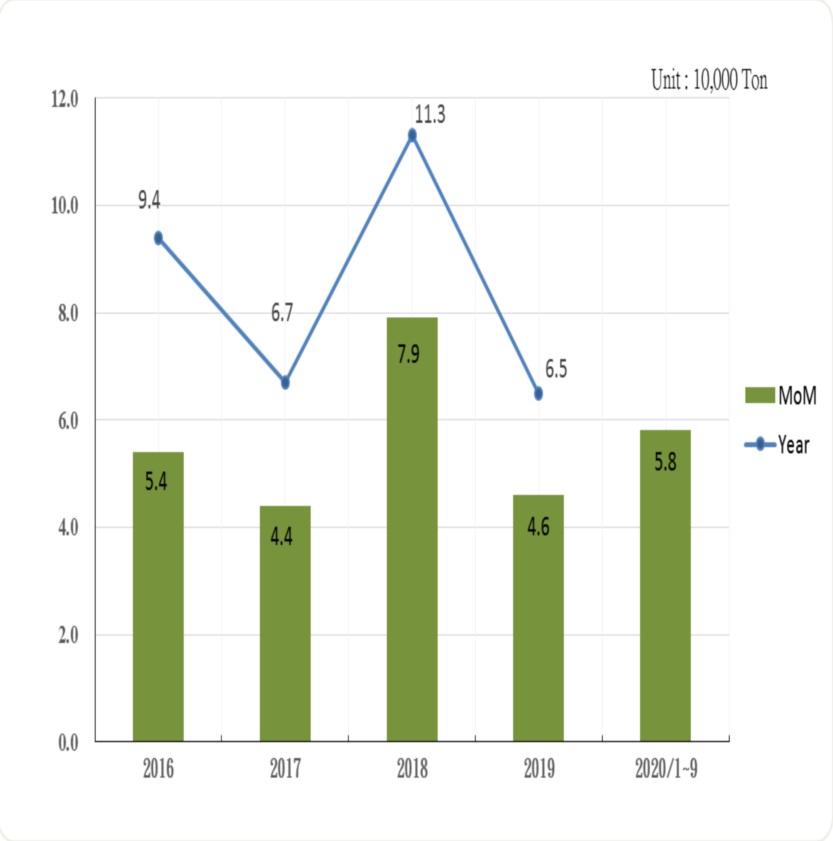


Stone Sale Trend

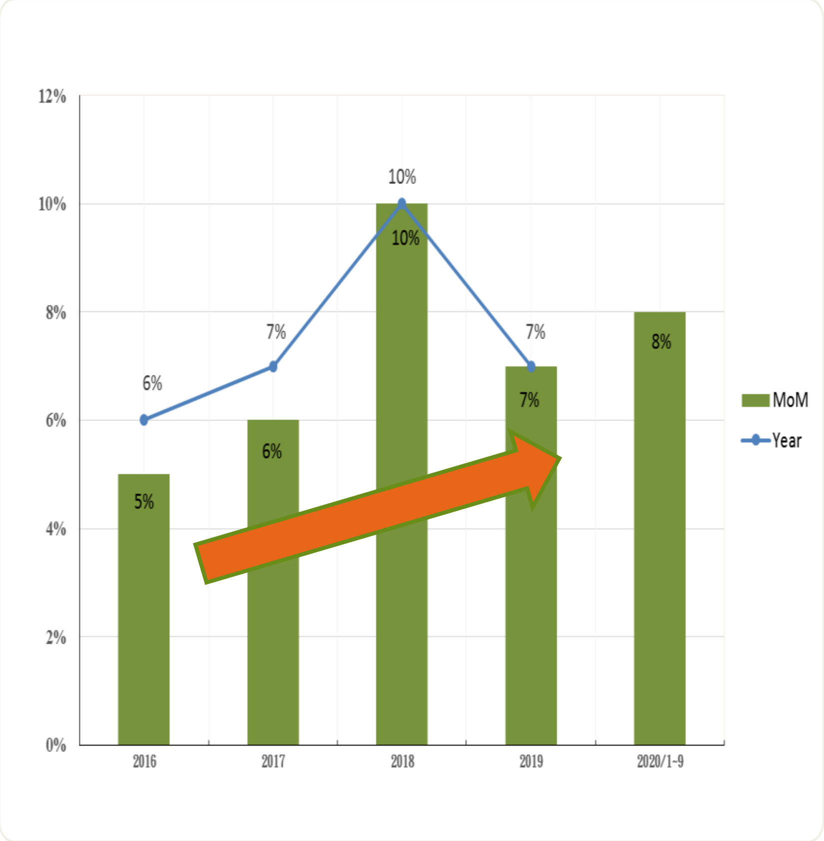
2020 1~9 stone sale YoY 6.05%
KL & Taipei port imported stone YoY -12.56%



Circular Disposal Volumes Trend



Process Volumes

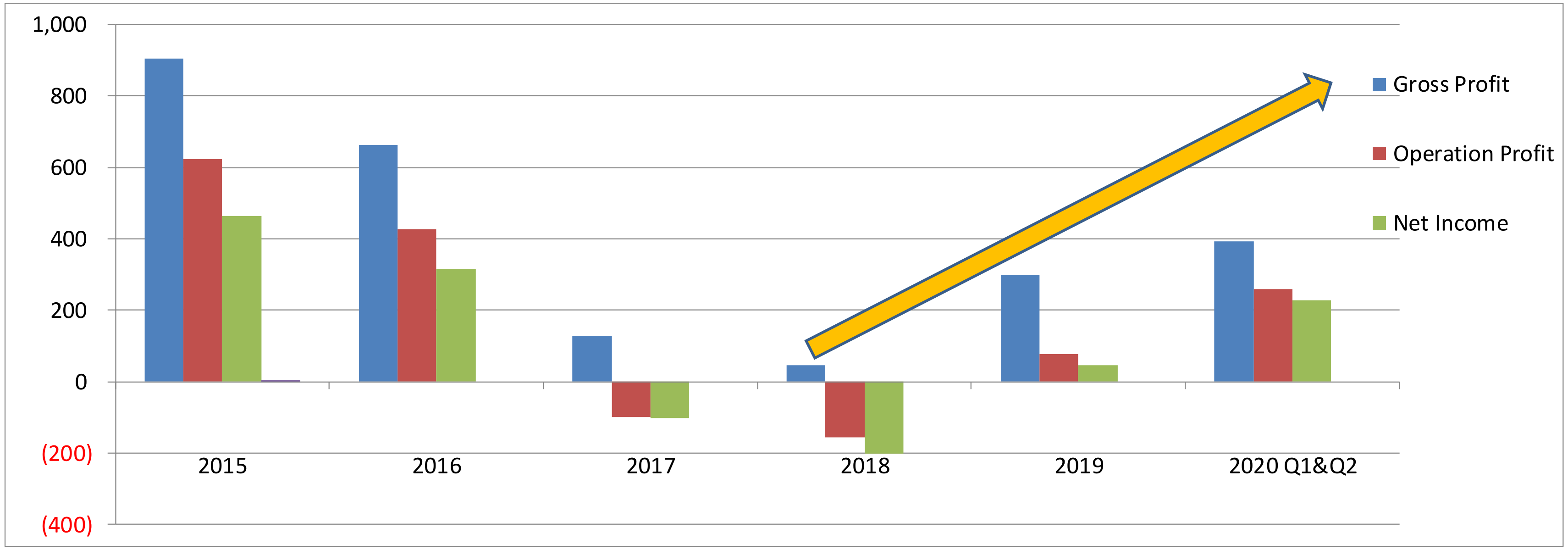


Revenue

Operating Performance Review

Consolidated Income Statement

Currency:Million NTD



	2015	%	2016	%	2017	%	2018	%	2019	%	2020 Q1&Q2	%
Sale Revenue	5,021	100	4,251	100	3,434	100	3,331	100	3,732	100	2,227	100
Gross Profit	906	18	662	16	129	4	47	1	299	8	393	18
Operation Profit	624	12	426	10	(100)	(3)	(155)	(5)	78	2	259	12
Net Income	463	9	315	7	(103)	(3)	(202)	(6)	46	1	228	10

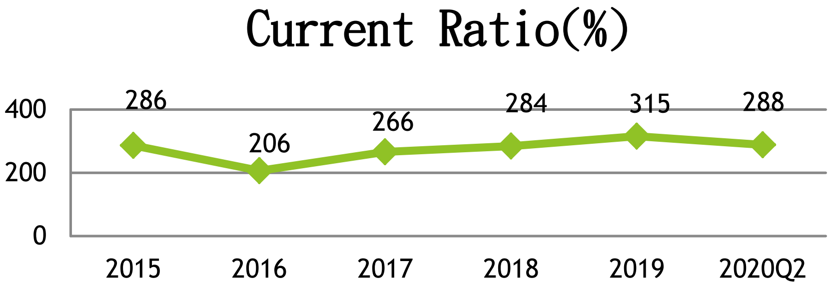
Operating Performance Review

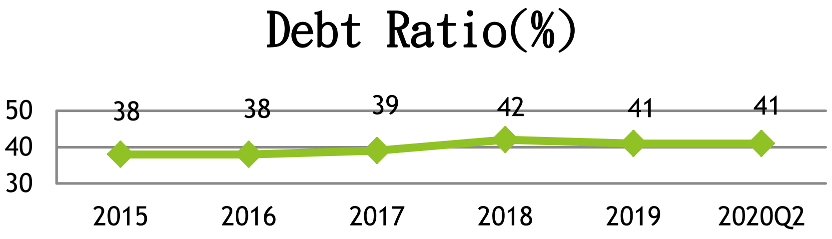
Consolidated Balance Sheet

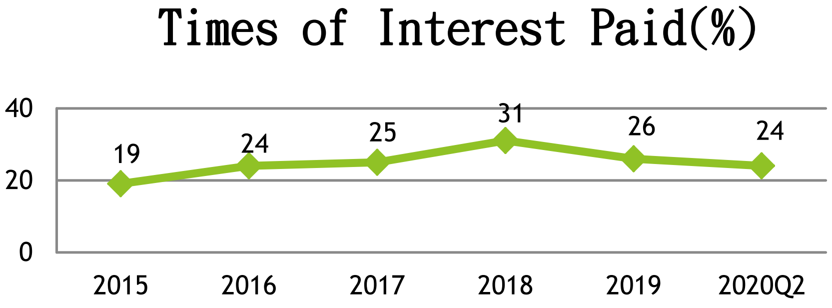
Currency : Million NTD

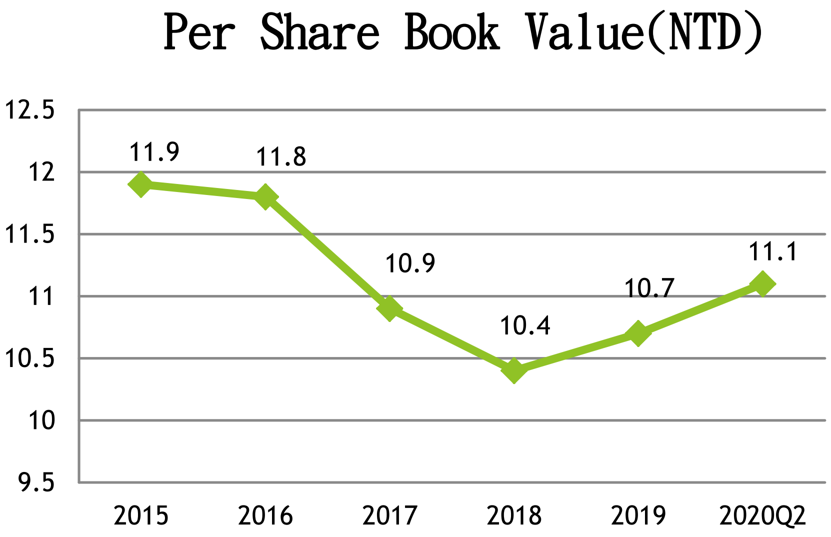
	2017	%	2018	%	2019	%	2020/6/30	%
Current Assets	5,121	71%	4,939	68%	5,087	69%	5,153	68%
Property、Building & Plants	1,649	23%	1,877	26%	1,712	23%	1,639	22%
Other Assets	467	6%	478	7%	530	7%	771	10%
Total Assets	7,237	100%	7,293	100%	7,329	100%	7,563	100%
Current Liabilities	1,925	27%	1,736	24%	1,617	22%	1,786	24%
Non-Current Liabilities	883	12%	1,330	18%	1,391	19%	1,293	17%
Total Liabilities	2,808	39%	3,066	42%	3,008	41%	3,079	41%
Equity	4,429	61%	4,227	58%	4,321	59%	4,484	59%

Healthy Financial Ratio





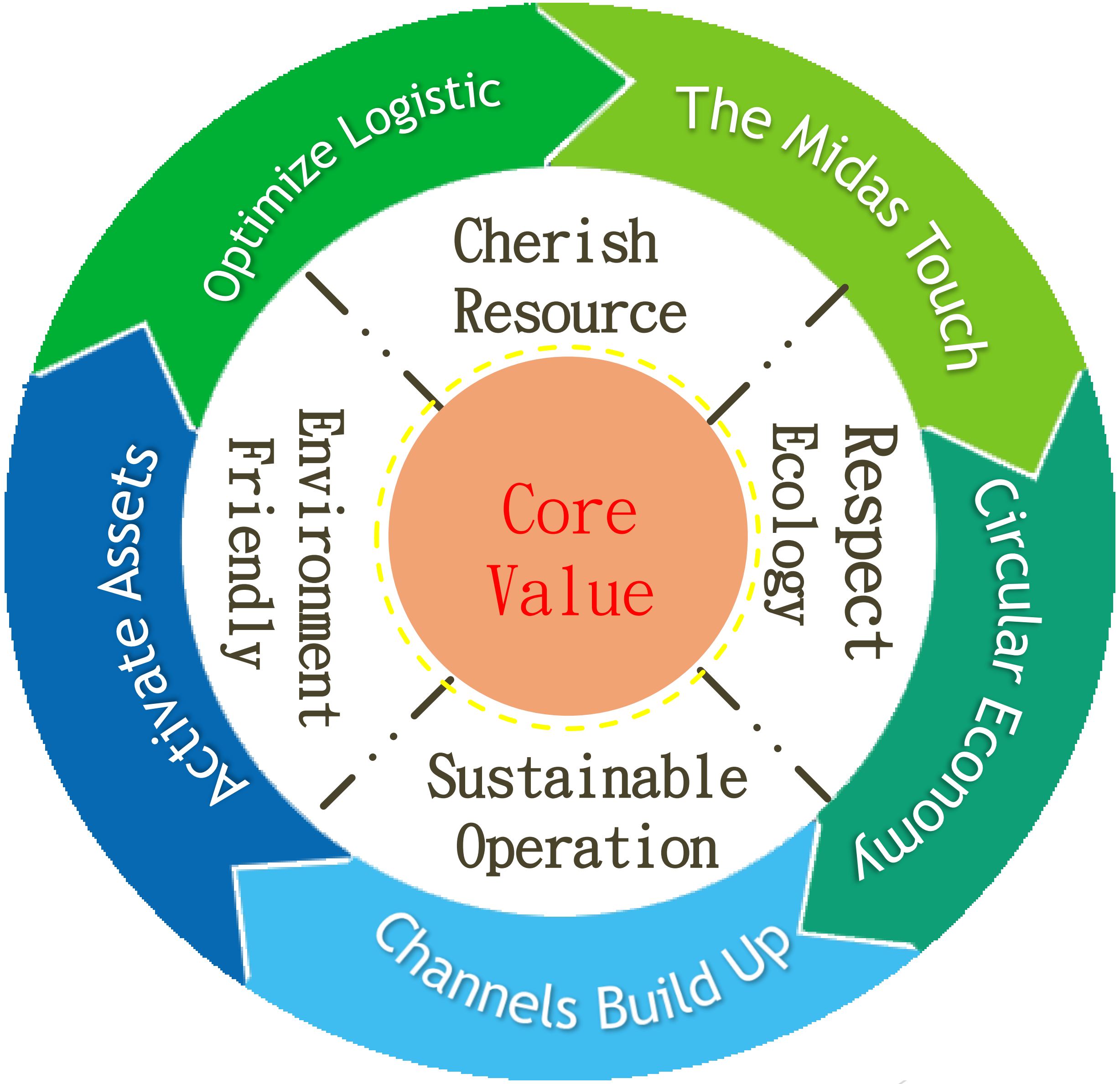




Agenda

- Market Review & Perspective
- Operating Performance Review
- Operating Strategy
- Da-Sheng Project Progress
- Q&A

Corporate Governance Evaluation Rank Top 20 in recent 3 Years



Operating Strategy

Optimize Logistic

In 2020Q4~2021Q3, company will upgrade 128 units of cement & stone transporting vehicles. Company also has a plan to purchase 40 units of stone vehicles to enhance dispatching capacity.
2020 Q3 company purchased some trucks to transport waste goods. It would integrate logistic means to optimize transportation profits.

Operating Strategy

The Midas Touch

To comply government stable supply stone policy and less China stone purchase, company invest sand exploring equipment. Horen plant is the largest sand producer in Taiwan. Exploring stone thru digging a shaft and transport stone by conveyor, it is an energy saving, carbon reducing, and less noise facility. It optimize production capacity and enhance logistic.

Operating Strategy

Circular Economy

Alternative Material:
Slag、bottom ash、Waste casting sand 、construction waste、organic sludge、fly ash、back plaster、calcium fluoride sludge、sludge mixtures、non-hazardous waste、non-hazardous fly ash

Alternative Energy:
Organic sludge、sewage sludge、oil sludge、scrapped plastic、scrapped wooden

Alternative Material:
Desulfurization gypsum、chemical gypsum、slag、fly ash

Energy Friendly & Circular Economy

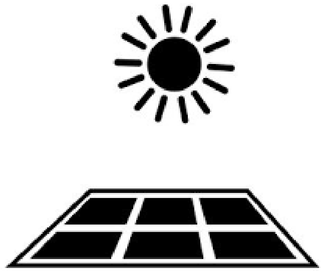
2019 DongAo Plant Energy Saving Results

Actions	Saving(KWh)	Power Factor	CO2 Reduce (Ton)	Reduce Coal Use(Ton)	Factor	CO2Reduce (Ton)	Total(Ton)
1.#2Cooler#5F an use Invertor	94,900	0.528	50.11				10,758.29
2.#2Cooler EP Fan Renovation	281,333		148.54				
3.Packing use invertor compressor	35,000		18.48				
4.Use non-hazardous oil sludge or scrapped oil for energy				2,483	2.56	6,359.94	
5.Use organic sludge for energy				1,632.4		4,181.22	
	411,233		217.13	4,115.4		10,541.16	

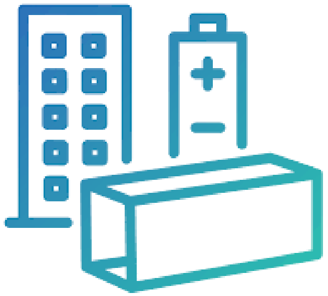
Energy Friendly & Circular Economy

Wind Energy

Solar Energy



Energy Storage



Green Energy Certificate

再生能源憑證
2019台灣國際智慧能源週推廣活動用

憑證號碼：[illegible]
Certificates No.

發電時間：2019年9月4日～2019年10月17日 16:43
Generation Period 16:43 Oct 17,2019

發電類型：太陽能
Energy Source Solar Energy

持有人：[illegible]
T-REC Holder

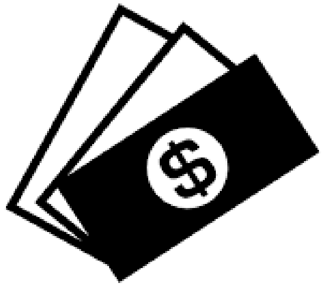
發電度數：1,000 度(1REC)
Amount Generated

發行日期：2019年10月17日
Date of Issue Oct 17,2019

經濟部標準檢驗局

T-REC 國家再生能源憑證中心

Purchase GE Right



Factors Affect Green Energy Choice

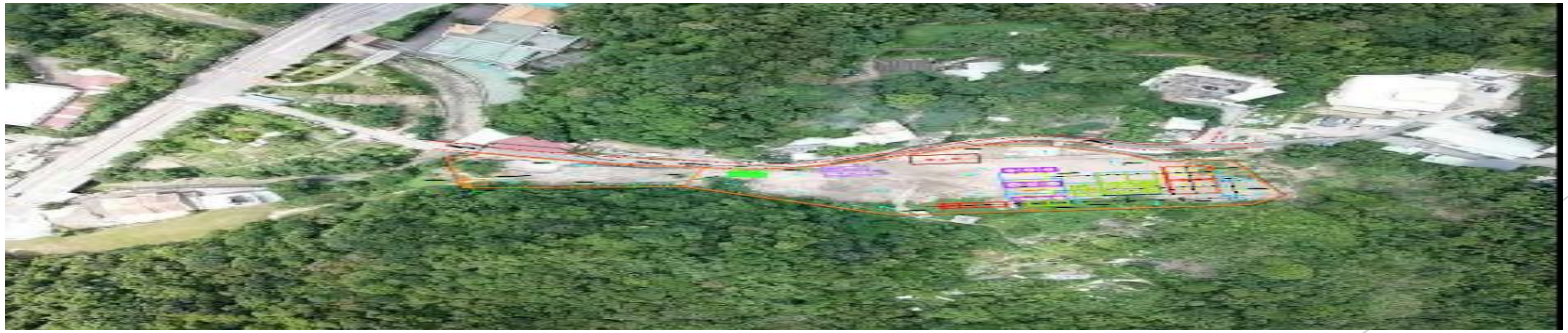
- □ Location
- □ Climate
- □ Space Constraint
- □ Cost-Effect
- □ Environmental
- □ Few GE Certificate Available in Market

Operating Strategy

Channels Build Up

The Wu Gu ready mix plant was demolished. To provide satisfactory service to customers, Company implement following actions:

1. Rearrange other ready mix plants to supply concrete to customers.
2. Consign other ready mix factories to produce concrete to company.
3. Lease ready mix facility.
4. Build a new ready mix factory in Hui Long.



Operating Strategy

Activate Assets

Asset	Location	Area(坪)	Building Code
Puxin Plant	Yangmei District, Taoyuan City	8,929.25	Industry
Puxin Plant	Yangmei District, Taoyuan City	4,011.19	Industry
Puxin Plant (Sold)	Yangmei District, Taoyuan City	64.73	Resident
	Yangmei District, Taoyuan City	5.14	Railroad
Total		13,010.31	

Agenda

- Market Review & Perspective
- Operating Performance Review
- Operating Strategy
- Da-Sheng Project Progress
- Q&A

Project Location

Project Development Aerial View

Project Phase I

Phase 1, , area 4.04 hectare, infrastructure development was completed in 2018. KL land authority already complete survey works.

Project Phase II

Phase II, area 13.47 hectare, is on grading & reclaiming stage. Soil erosion work is 88% complete.


Thank you
Q&A