Lucky Cement Corporation Earnings Call

December 26, 2022

Disclaimer

This presentation is based on our audited or reviewed financial statements, which have been prepared in accordance with IFRS reporting standards. For complete details and data, please refer to the Company's financial statements.

The information provided in this presentation may contain forward-looking statements that are subject to risks and uncertainties. Actual results may differ from these forward-looking statements. This presentation makes no express or implied representation or warranty as to its accuracy or completeness and does not claim to be a complete statement of subsequent material developments with respect to the Company or related industries.

The Company assumes no responsibility in updating or revising the information in this presentation.

Table of Contents

Company Profile

- Time of Incorporation: May 7, 1974
- Time of Listing: June 6, 1990
- Chairman: Liang-Chuan Chen

Milestone

1976

- On May 7, 1974, the founder, Mr. Liang-Chuan Chen established Lucky Cement Corporation

1990

- In 1981, Dong’ao Plant was officially operated
- On June 6, 1990, the shares were publicly listed.

2008

- In 1992, Puxin Plant was bought
- In 1996, the blast furnace slag products were launched
- In 2000, the circular economy business was added
- In 2003, the Class B Waste Disposal Permit was obtained
- In 2008, the expansion of Phase 2 of the Heren Plant was completed, and became the largest manufactured sand production plant in Taiwan.

2020

- In March 2020, the lands for the Shulin Plant, Luckicon Ready Mixed Concrete Factory Co., Ltd. were bought, and the construction commenced in November 2022

2022

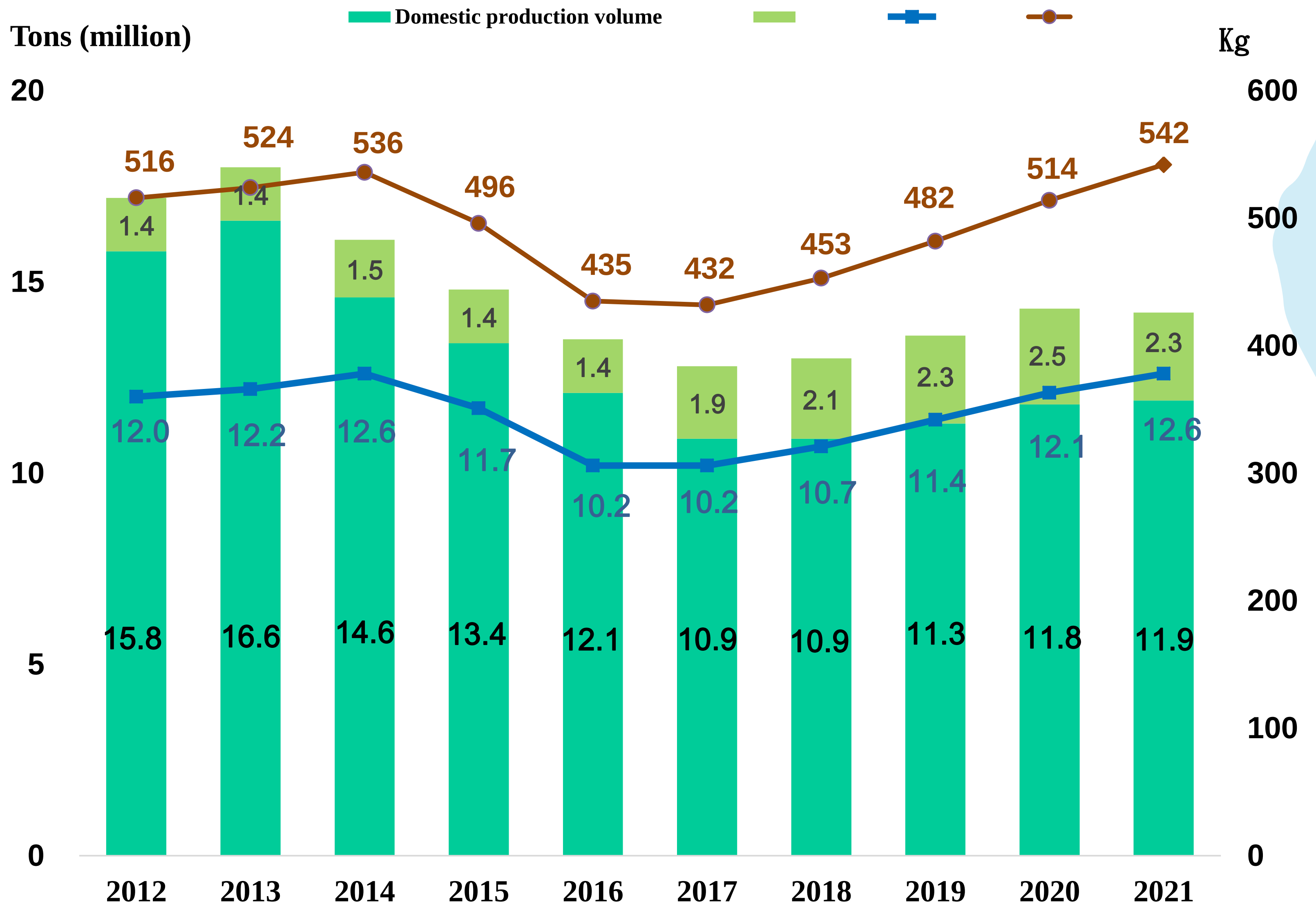
- In April 2022, the lands for Luzhu Plant, Luckicon Ready Mixed Concrete Factory Co., Ltd. were bought, and the construction permit was obtained in December 2022.

The Story of the Logo

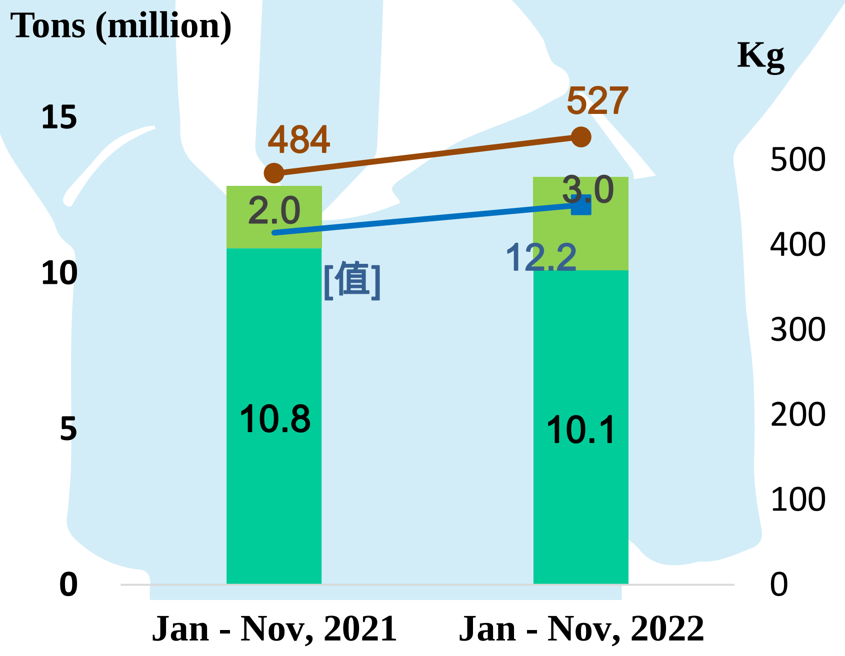
The founder, Mr. Chen Liang-Chuan, started his nascent career in construction, hoping that every young person who wanted to start a family could own a house and feel warm and happy in life. Therefore, to produce high quality and reasonably priced cement for sturdy houses is Mr. Chen's lifelong ambition and goal.

Table of Contents

Overview of Cement Supply and Demand in Taiwan

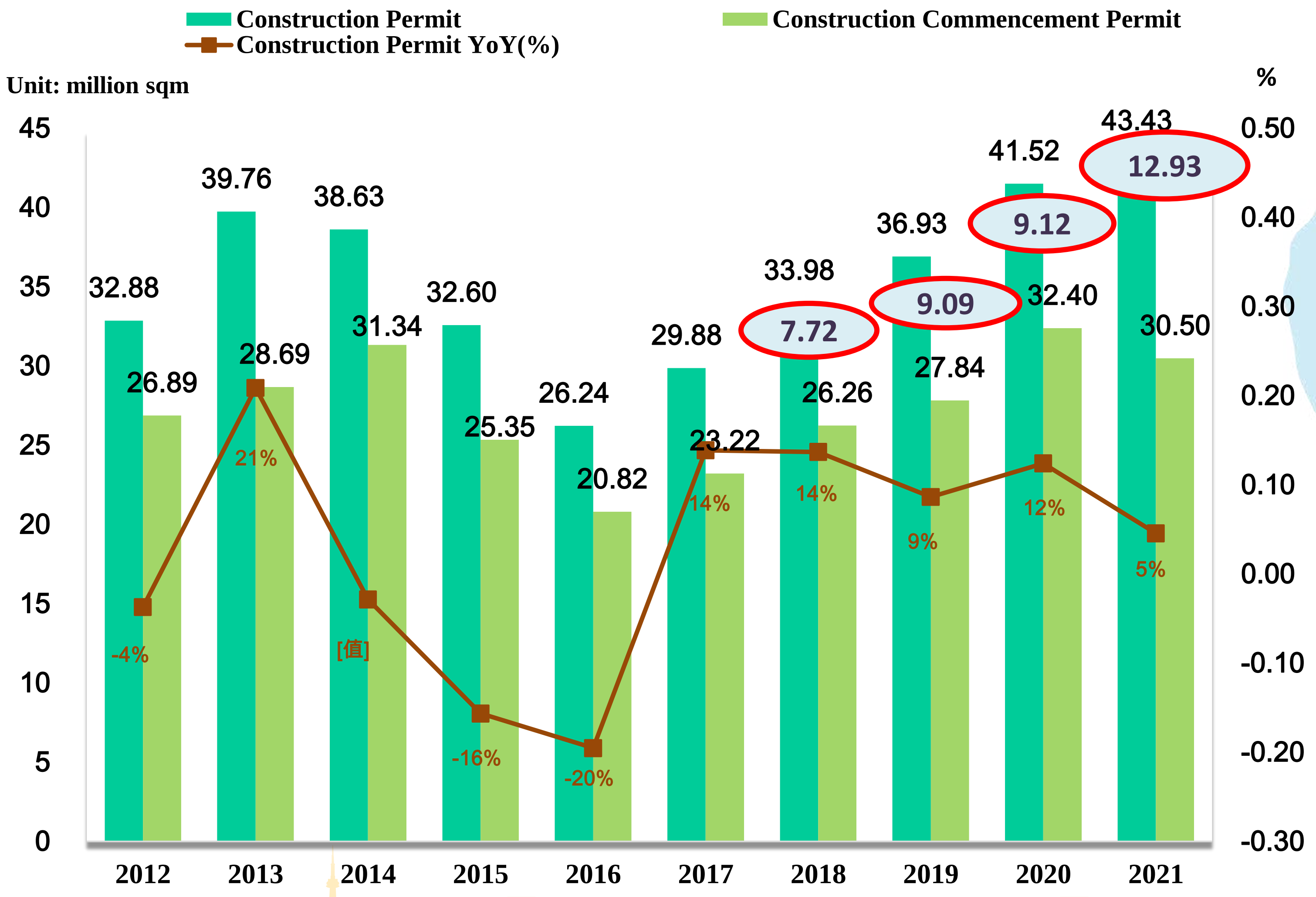


- Jan-Nov 2022 vs. Jan-Nov 2021
  Domestic cement consumption increased by 7.85% YoY
  Per capita volume increased by 8.9%
  Domestically produced cement decreased by 1.16%
  Imported cement increased by 50.0%

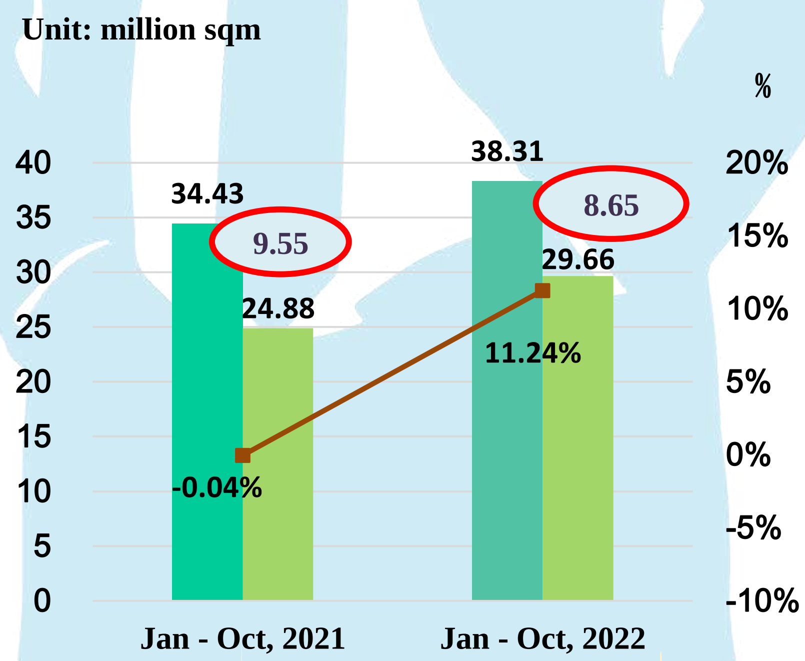


Source: Taiwan Cement Manufacturers' Association

Building Construction Licenses and Construction Commencement Total Floor Area Statistics



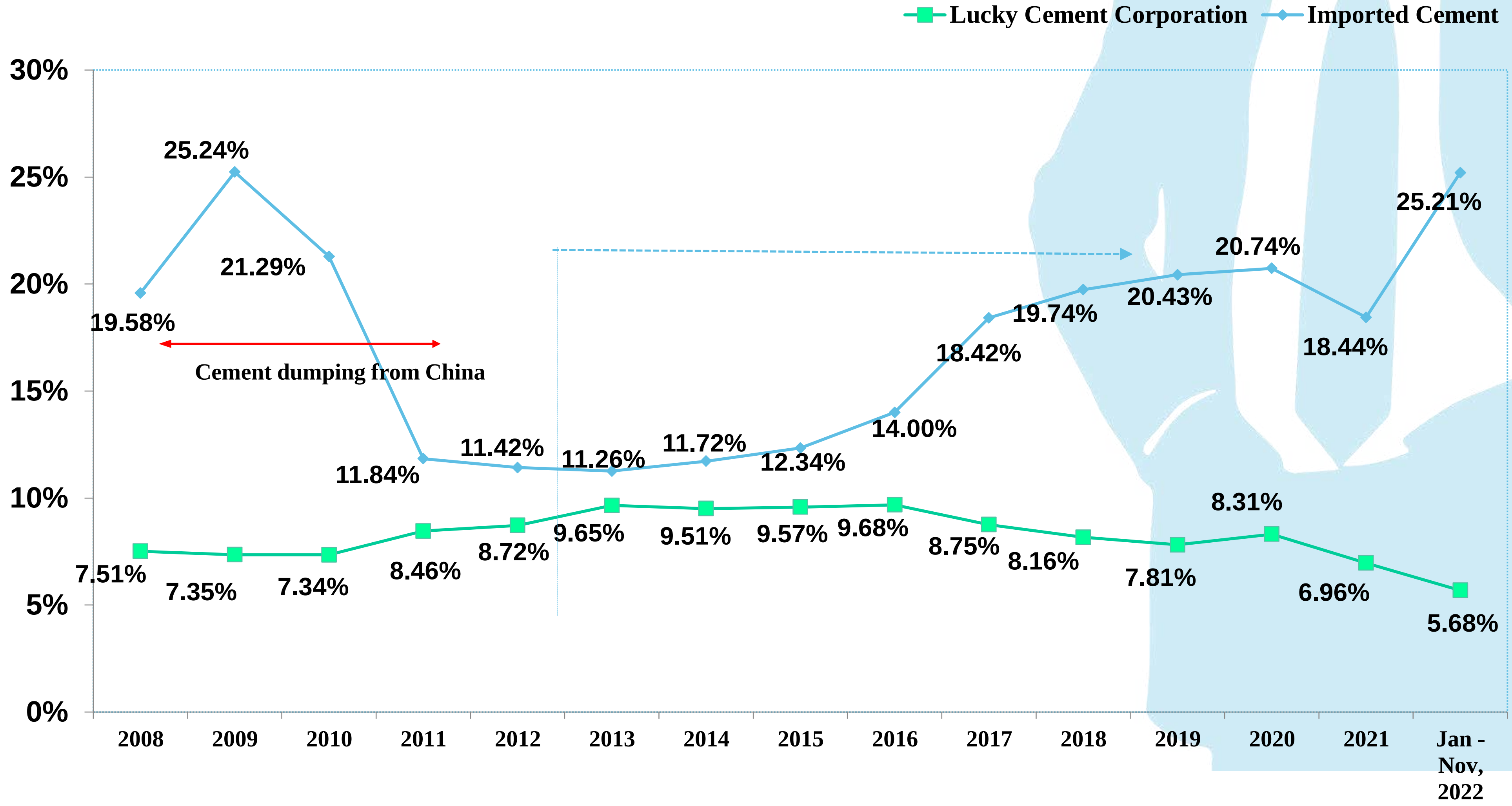
- Jan-Oct 2022 vs. Jan-Oct 2021 Gross floor area for building licenses increased at the annual growth rate of 11.24%



Source: Construction and Planning Agency, Ministry of the Interior

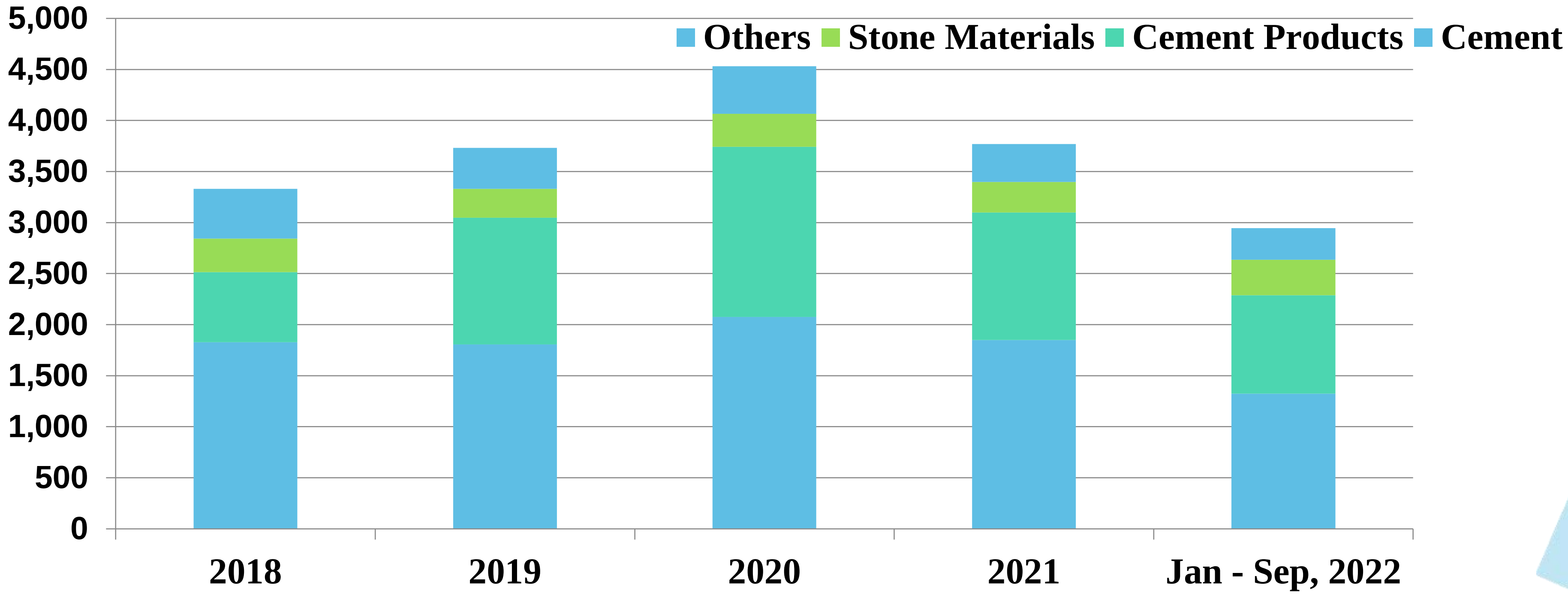
Table of Contents

Cement Market Share



Source: Taiwan Cement Manufacturers' Association

The Company’s revenue by product for the past five years

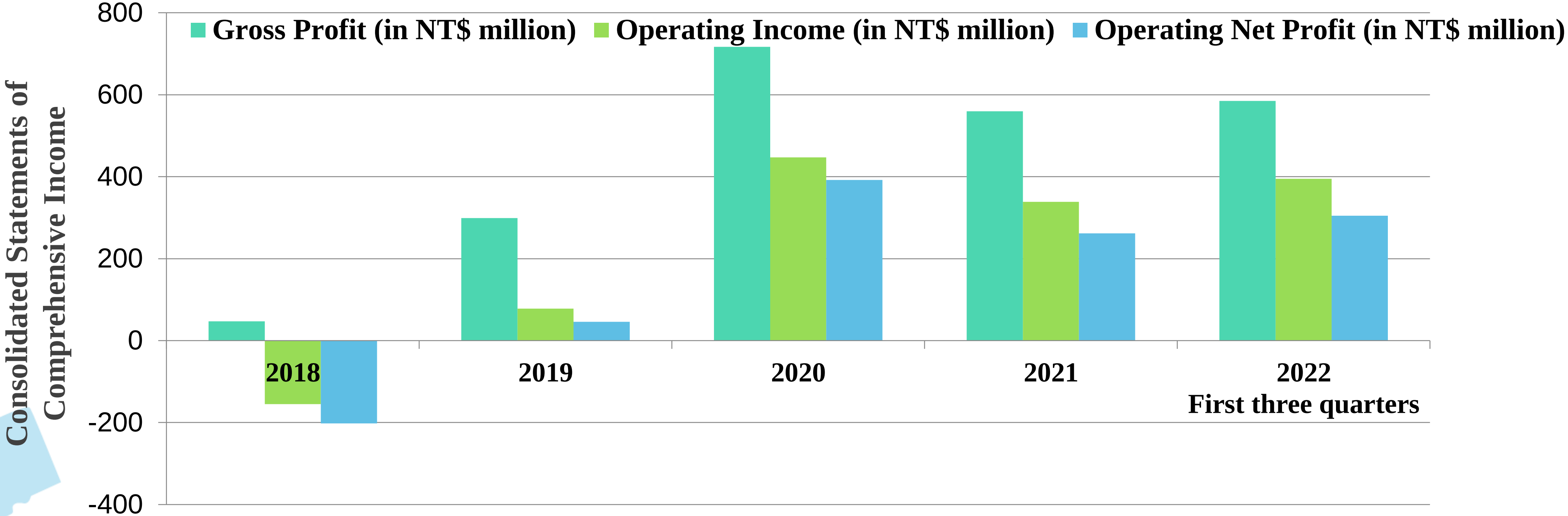


Unit: NT$ million

	2018	%	2019	%	2020	%	2021	%	Jan-Sep, 2022	%
Cement	1,826	55	1,805	48	2,074	46	1,849	46	1,323	45
Cement Product	689	21	1,243	33	1,669	37	1,249	37	964	33
Stone Materials	328	10	282	8	323	7	300	7	349	12
Others	488	14	402	11	464	10	371	10	310	10
Total	3,331	100	3,732	100	4,530	100	3,769	100	2,946	100

P&L for the first three quarters, 2018 to 2022

Unit: NT$ million



	2018	%	2019	%	2020	%	2021	%	Jan-Sep, 2022	%
Revenue (in NT$ million)	3,331	100	3,732	100	4,530	100	3,769	100	2,946	100
Gross Profit (in NT$ million)	47	1	299	8	717	16	560	15	585	20
Operating Income (in NT$ million)	-155	-5	78	2	447	10	339	9	395	14
Net Profit (in NT$ million)	-202	-6	46	1	392	9	262	7	305	10
Earnings Per Share (NT$)	-0.44		0.11		0.97		0.65		0.75	

Balance sheet of Q3, 2018 to 2022

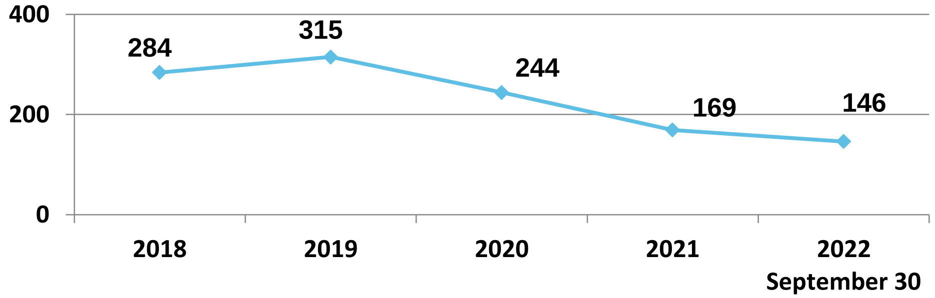
Unit: NT$ million

Consolidated balance sheet

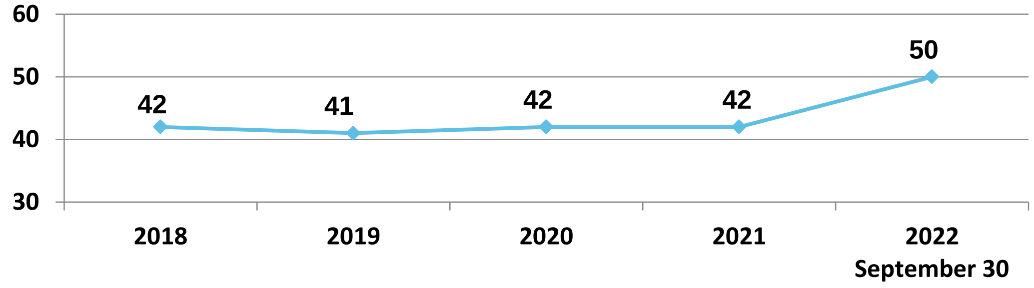
	2018	%	2019	%	2020	%	2021	%	Sep.30 2022	%
Current Assets	4,939	68%	5,087	69%	5,259	66%	5,118	64%	5,676	61%
Property, plant and equipment	1,877	26%	1,712	23%	2,223	28%	2,302	29%	2,351	25%
Other Assets	477	7%	530	7%	545	7%	622	8%	1,206	13%
Total Assets	7,293	100%	7,329	100%	8,027	100%	8,042	100%	9,233	100%
Current Liabilities	1,736	24%	1,617	22%	2,151	27%	3,032	38%	3,876	42%
Non-current Liabilities	1,330	18%	1,391	19%	1,219	15%	364	5%	748	8%
Total Liabilities	3,066	42%	3,008	41%	3,370	42%	3,396	42%	4,624	50%
Shareholders' Equity	4,227	58%	4,321	59%	4,657	58%	4,646	58%	4,609	50%

Financial Ratios and Book Value Per Share

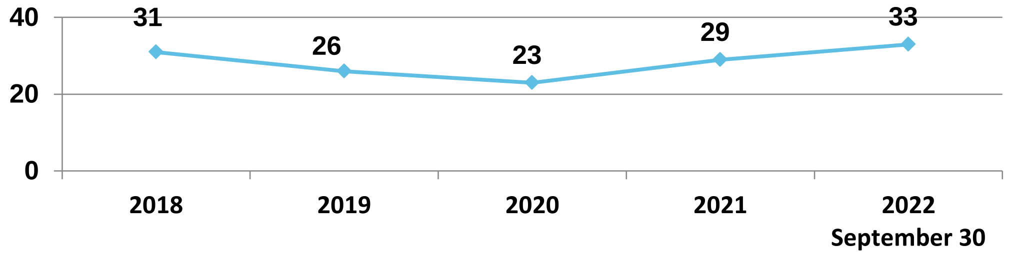
Current Ratio (%)



Debt Ratio(%)



Interest-bearing Debt Ratio (%)



Book value per share (NT$)

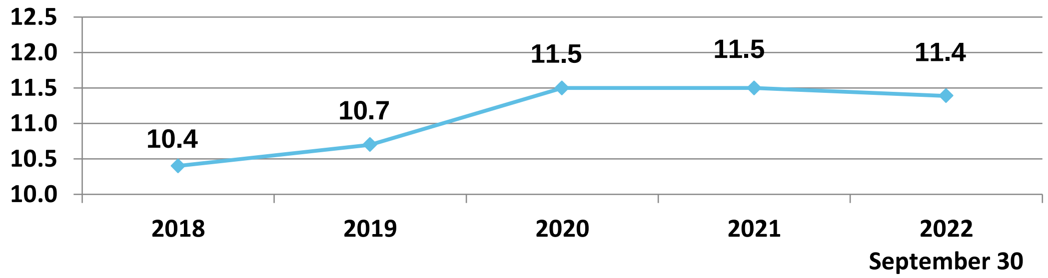


Table of Contents

Love the Earth with Reduced Carbon
ESG

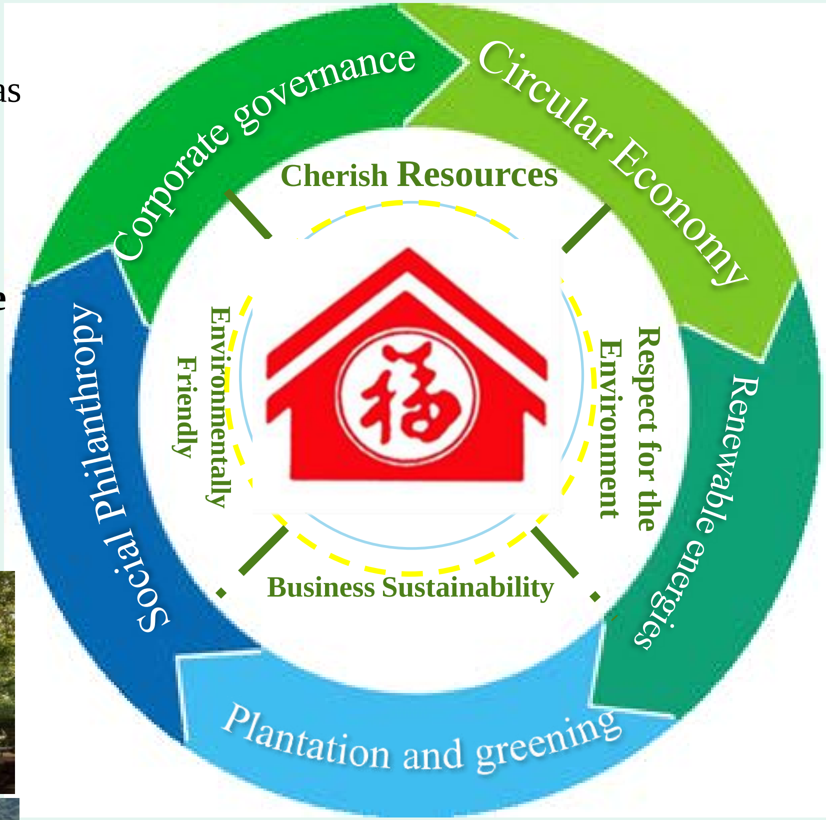
- Head of Corporate Governance appointed in June 2021

- Nominating Committee established in June 2021

- The Corporate Social Responsibility Committee was renamed the Corporate Sustainable Development Committee, and the CSR report was renamed the sustainability report in May 2021

- Grade 2, top 6%-20% in Corporate Governance Evaluation on 2021

- Community care
- Humanity education and culture
- Care for the Indigenous Community



Heren mine
- Plantation and greening for 11 hectares
- Total 21 levels
- 11,000 seedlings were plant

Alternative raw materials/ fuel/ carbon-reduction

Year	Alternative consumption (ton)	Carbon reduction (ton)
Jan - Nov, 2022	78,458	17,599

The reduced carbon was equivalent to 45 Da'an Park

Solar Power
- Compulsory installed capacity: 800 kw
- Location of installation: Hsing-Fu Golf Club, Linkou
- Space of installation: 3,600 square meters

The construction is expected to be completed at the end of December 2023

2021 energy-saving measures and the reduced emission of greenhouse gas

Reduction Measures		Electricity Savings (kWh)	Electricity Discharge Coefficient	CO2 reduction (tons)	Coal saving (tons)	Customized Coefficients	CO2 reduction (tons)	Total (tons)
Carbon-reducing measures of the equipment in plants	Replace the lining board of the #2 rawmill, and adjust and replace the steel ball ratio.	1,797,000	0.509	914.673	-	-	-	18,115.83
	Replace the lining board of the #1 container of the #2 cement mill, and adjust the steel ball ratio.	961,200	0.509	489.2508	-	-	-	
	Replace the lining board of the #2 coal pulverizer.	361,350	0.509	183.92715	-	-	-	
	Clinker grinder refurbishment	267,300	0.509	136.0557	-	-	-	
Alternative clinker	grinding stone				10,410.52	0.9487	9,876.46	
Alternative Fuels	Organic sledge				11,291.97	0.577	6,515.47	
		3,386,850		1723.90665	21,702.49		16,391.93	

Total 18,115.83 (ton) CO_2 = the carbon absorbed by 47 Da’an Park in a year.

Calculated based on the formula of the Council of Agriculture, each hectare of forest absorbs 15 tons of carbon per year, and one Da'an Park (25.8 hectares) absorbs 384.6 hectares per year.

ESG

- Community care
  (1) Aid to emergencies of villagers
  (2) Canteen for elders
  (3) Repair and maintenance of roads
  (4) Community environment cleaning
  (5) Beach cleaning

- Humanity education and culture
  (1) Scholarship provided
  (2) Sponsorship for various school activities (sports games and remote training for the archery team)
  (3) Performance of indigenous culture out of the county (indigenous dance)
  (4) Flying fish festival of Atayal

- Care for the Indigenous Community
  Employment opportunities provided

Social Philanthropy

Corporate Governance

- Head of Corporate Governance appointed in June 2021
- Nominating Committee established in June 2021
- The Corporate Social Responsibility Committee was renamed the Corporate Sustainable Development Committee, and the CSR report was renamed the sustainability report in May 2021
- TOP6%-20% in Corporate Governance Evaluation on 2021
- Corporate Social Responsibility Committee established in 2017
- Corporate Social Responsibility Report published since 2014

ESG - social care

》Meal party for Mother's Day in the Elder's Canteen, Dong'ao

》Beach cleaning event in Fenniaolin, Dong'ao

》Dong'ao community cleaning and sterilization

》Reconstruction of parks for Dongyue community

》Participation in the sports game of Dong'ao Elementary School and King Young Elementary School in Nan'ao

Table of Contents

Land development in Daganlin Area

Legends
R: residence
C: commercial
W: warehouse
C': conservation area
P: land for parking lot
A: land for governmental agencies
S: land for schools
P': land for parks
W': land for tap water
Land for road
Scope of lands held by Dai Shen
Scope of development by phases

- For the lands of Phase I, the land transaction contract was entered with construction companies including Aishanlin in March 2022.
- The payments will be made in three installments.
- The transaction will be completed within four years (March 2026), and the gains from the disposal are recognized for NT$922 million.
- Please refer to the material information released on the MOPS by the Company on March 9, 2022.

Keelung City Daitian Temple Phase II Private Sponsored Urban Land Readjustment Project

Phase II in the table is the consolidation of Phase II and III in the urban planning project,
and the development area is 13.47 hectares

1

Change of urban plan (School site adjustment)

Estimated work progress

May 2020 to March 2023

2

Cadastral survey implementation plan

Estimated work progress

November 2019 to December 2023

3

Rezoning Project construction contracting, acceptance and maintenance

Estimated work progress

January 2019 to August 2024

Pre-and post-rezoning land valuation and assessment

Estimated work progress

March 2024 to September 2023

Calculation of costs and allocation design

Estimated work progress

January 2025 to March 2025

Announcement of allocation results and handling of objections

Estimated work progress

March 2025 to April 2025

Cadastral survey and registration

Estimated work progress

April 2025 to May 2025

Land Transfer and Settlement

Estimated work progress

May 2025 to June 2025

9

Application for Construction Permit

Estimated work progress

June 2025

10

Certificate of Total Rezoning Costs for Application of Land Readjustment

Estimated work progress

June 2025 to July 2025

The locations of the city government and schools were changed several times and thus the development timetable was delayed.


Connection to the tourism path of
the Lover’s Lake here.


Land for schools


Land for
schools

泰樂客運公司
1550


Reversal zone for TAI LE Tourist Coach
Enter the community here

Lucky Cement Corporation Earnings Call December 26, 2022

Q & A

Thank you for your attention