# Lucky Cement Corporation

## Earnings Conference

2019/12/26

# 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.

# Agenda

- Company Profiles
- Products & Circular Economy
- Market
- Performance Review
- CSR
- Future Development
- Q&A

# 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.

# Company Profiles

- **Stock Code : 1108**
- **Company Name : Lucky Cement Corporation**
- **Date of Establishment : May 7, 1974**
- **Listed Date : June 6, 1990**
- **Paid-in Capital：NT$4,047,380,490**
- **Chairman：Mr. Chen Liang-Chuan**
- **Head Office : 15F, 237 Songjiang Rd., Taipei, Taiwan**
- **Plants：Dongao Plant, Puxin Plant, Horen Plant**
- **Employees：409 Head Count**

# Company Milestone

- 1974 Lucky Cement Co., established
- 1981 Dongao Plant started to operate
- 1990 Listed on TWSE
- 1992 Merged Puxin Plant
- 1996 Launch Slag Powder product in market
- 2000 Started Circular Economy
- 2008 Horen plant Completed phase 2 expansion
- 2008  ISO9001:2008 Certified
- 2017  ISO9001:2015 Certified

# Subsidiaries

Fuyu Development Company

Luckicon Ready-mixed Concrete Factory Co., Ltd

Dasheng Enterprise Co., Ltd.


Lucky Cement Corp., Japan

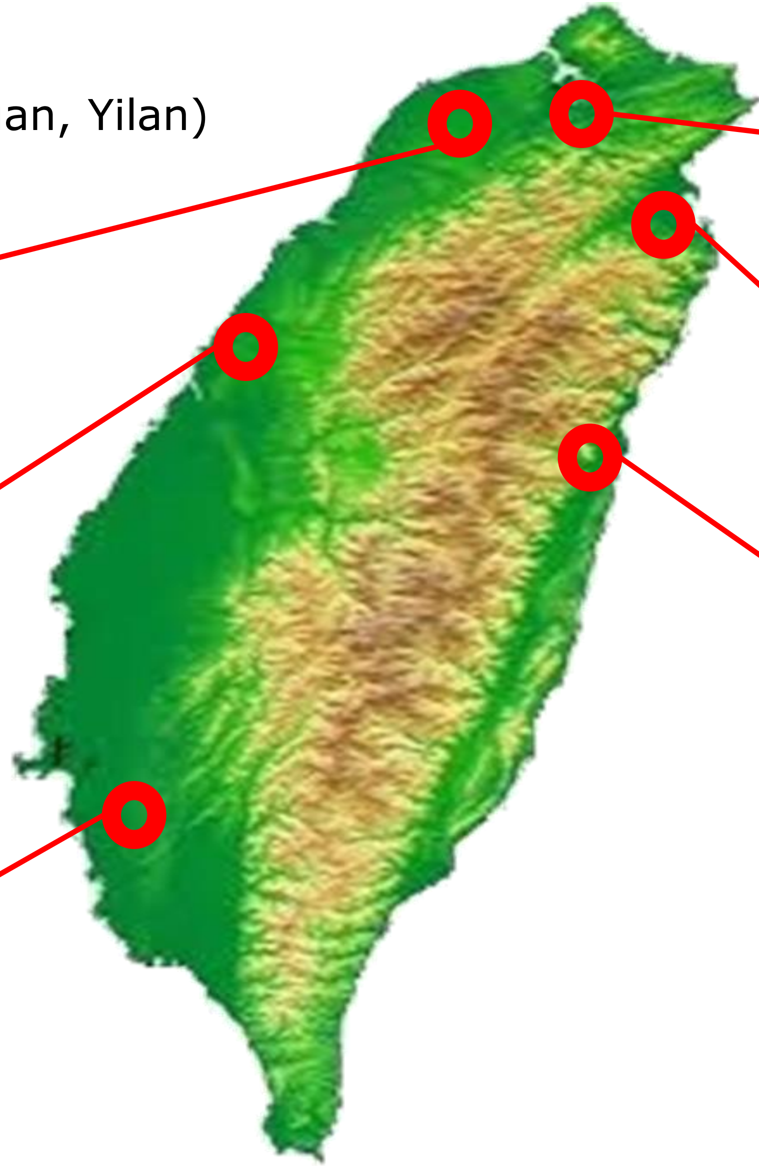
Luckyship Marine Co., Ltd

# Production Plants


| Dongao Plant | Puxin Plant | Horen Plant |
|---|---|---|
| Clinker & Cement | Cement & Slag Powder | Limestone, & Aggregate |
| Clinker 2M ton / Year | Grinding 1.4M Ton / Year | 6.2M Ton / Year |

# Service Offices

Cement Sale % (108.1~11)
North : 71.6%(Tappei, Taoyuan, Yilan)



# Products & Circular Economy

Cement: Portland I & II


limestone

Stone

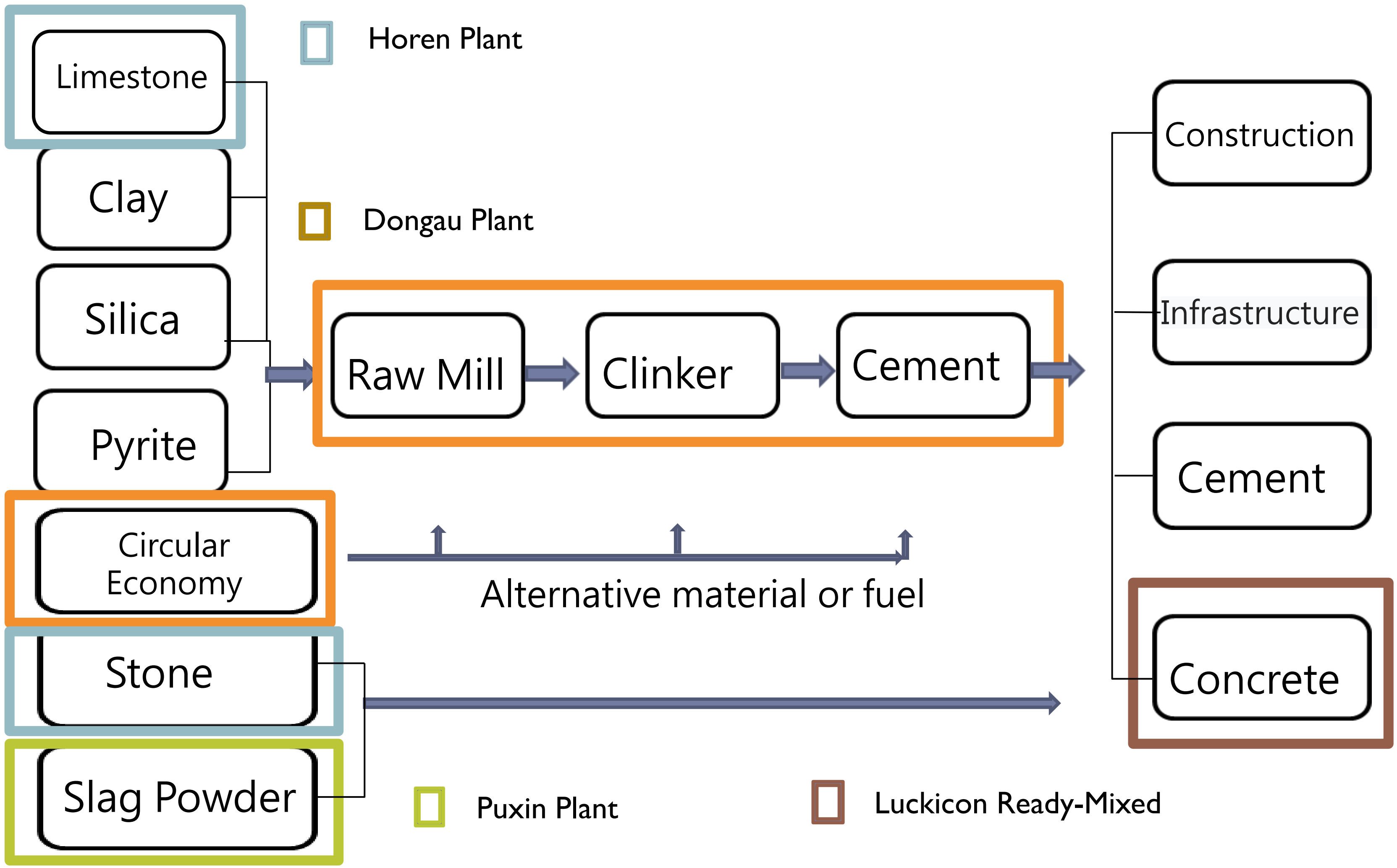
Aggregates

Slag Powder

Quicklime

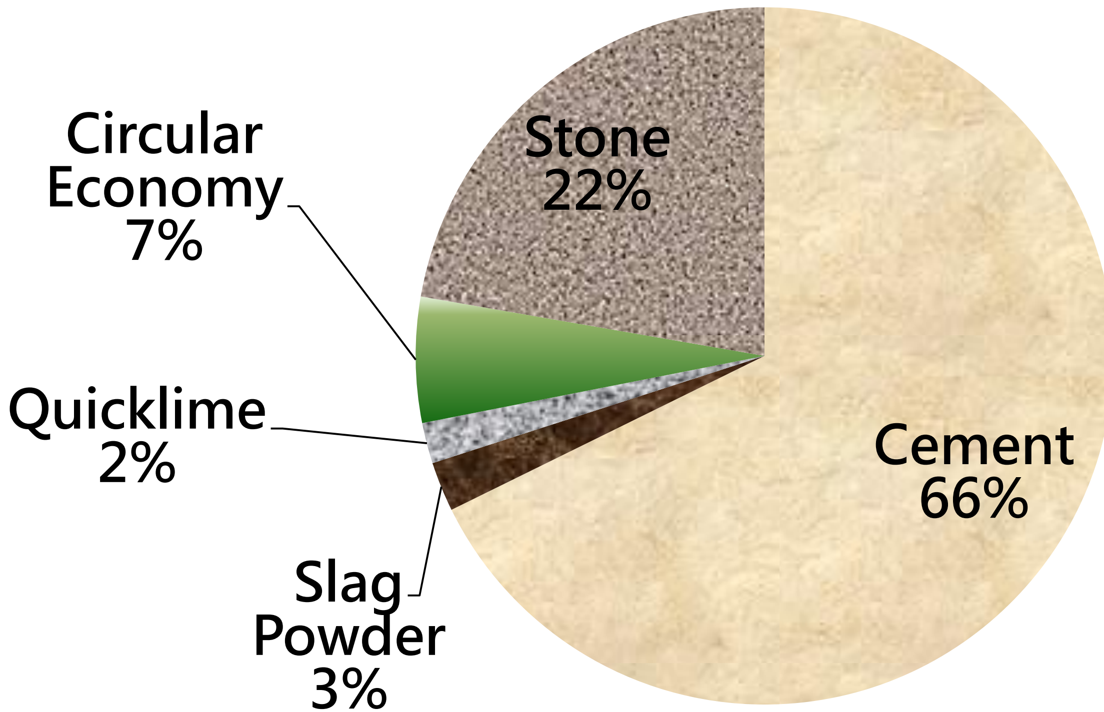
Circular  Economy : Replace fuel and raw materials

# Product & Industry Relationship



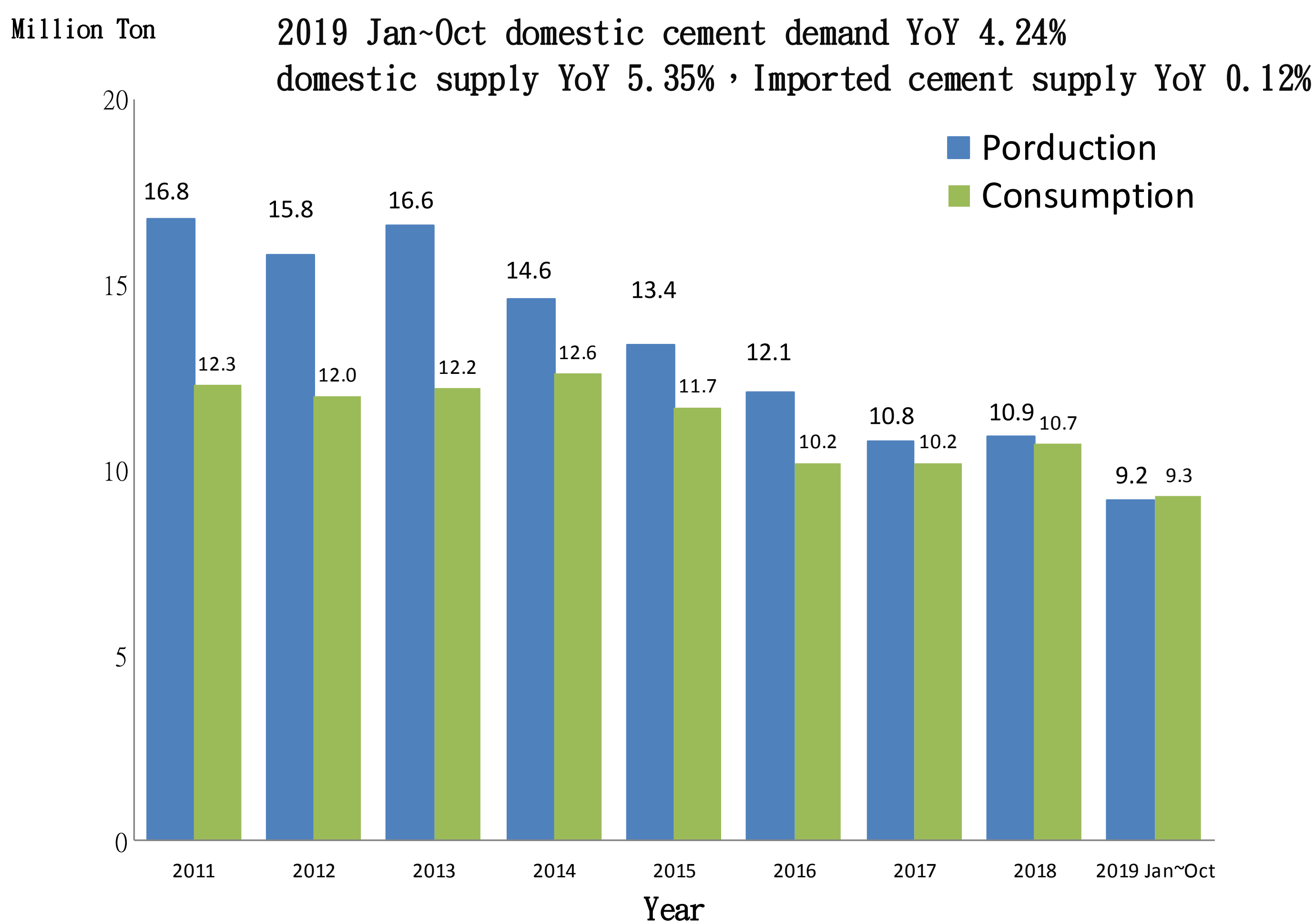
# Sales Revenue Proportion

Periods from Jan to Nov, 2019




Resource: Sales Department

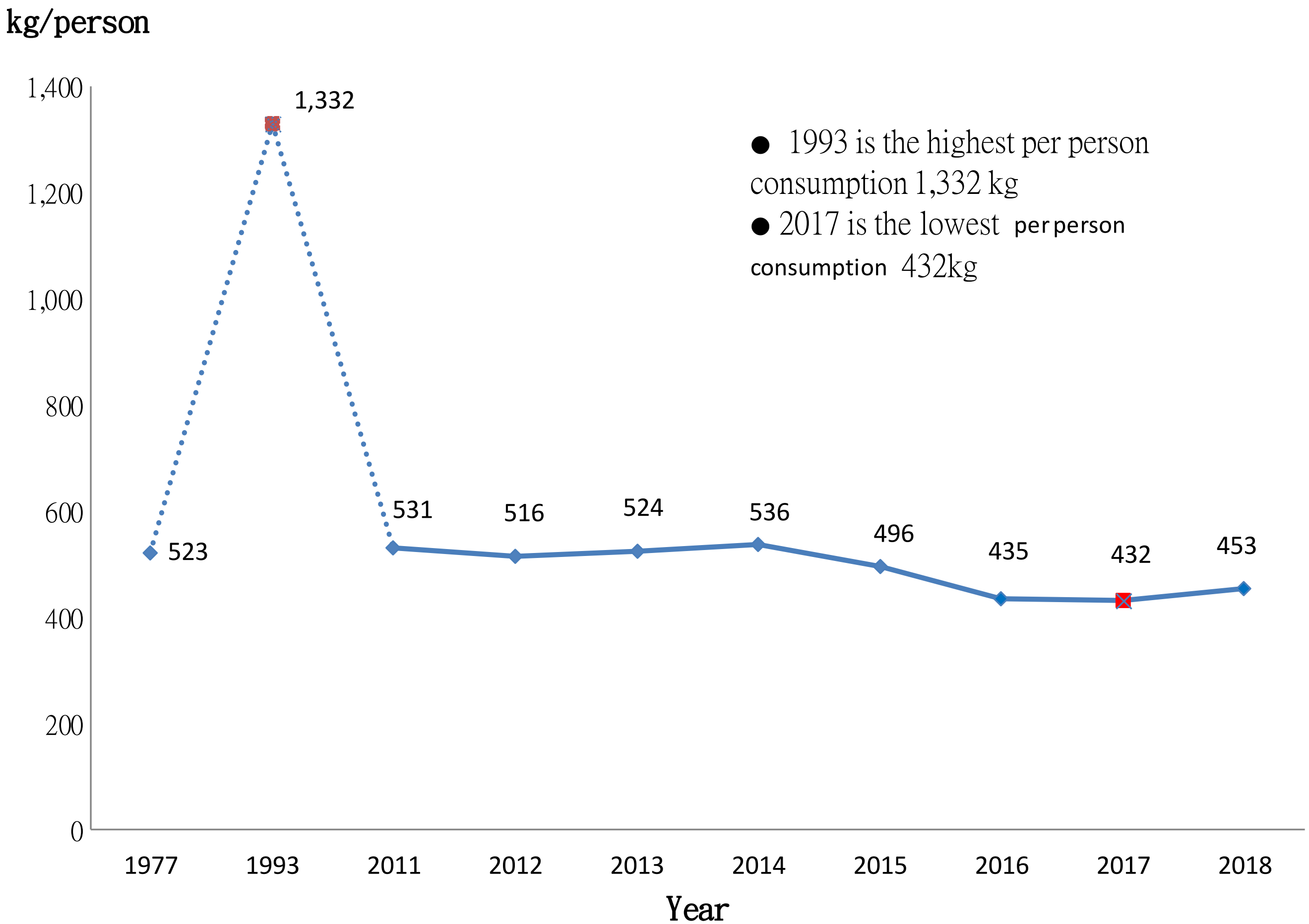
# Cement Supply & Demand






Resource : Taiwan Cement Manufacturers' Association

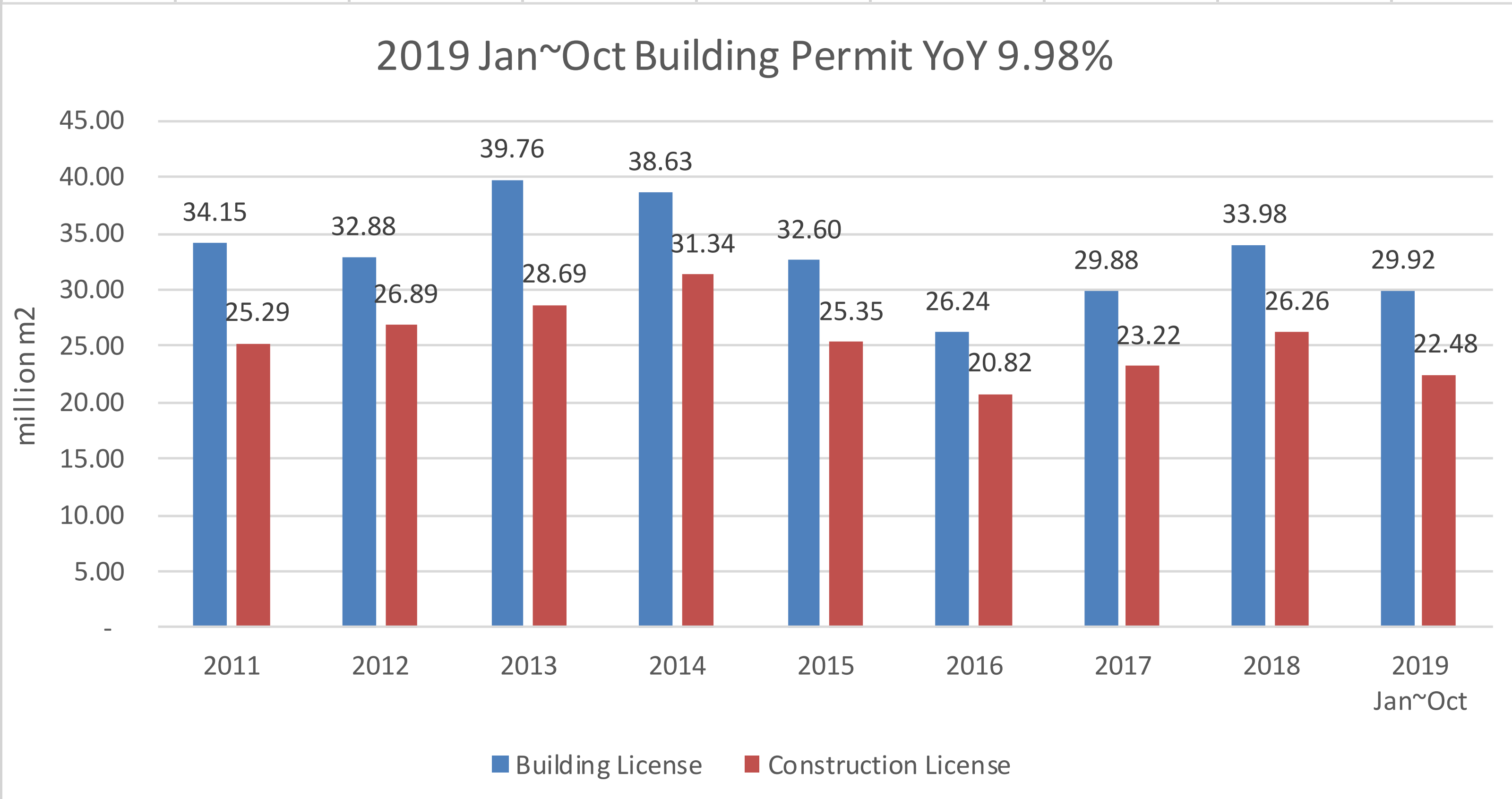
# Average Cement Consumption




- 1993 is the highest per person consumption 1,332 kg
- 2017 is the lowest per person consumption 432kg

Resource : Taiwan Cement Manufacturers' Association

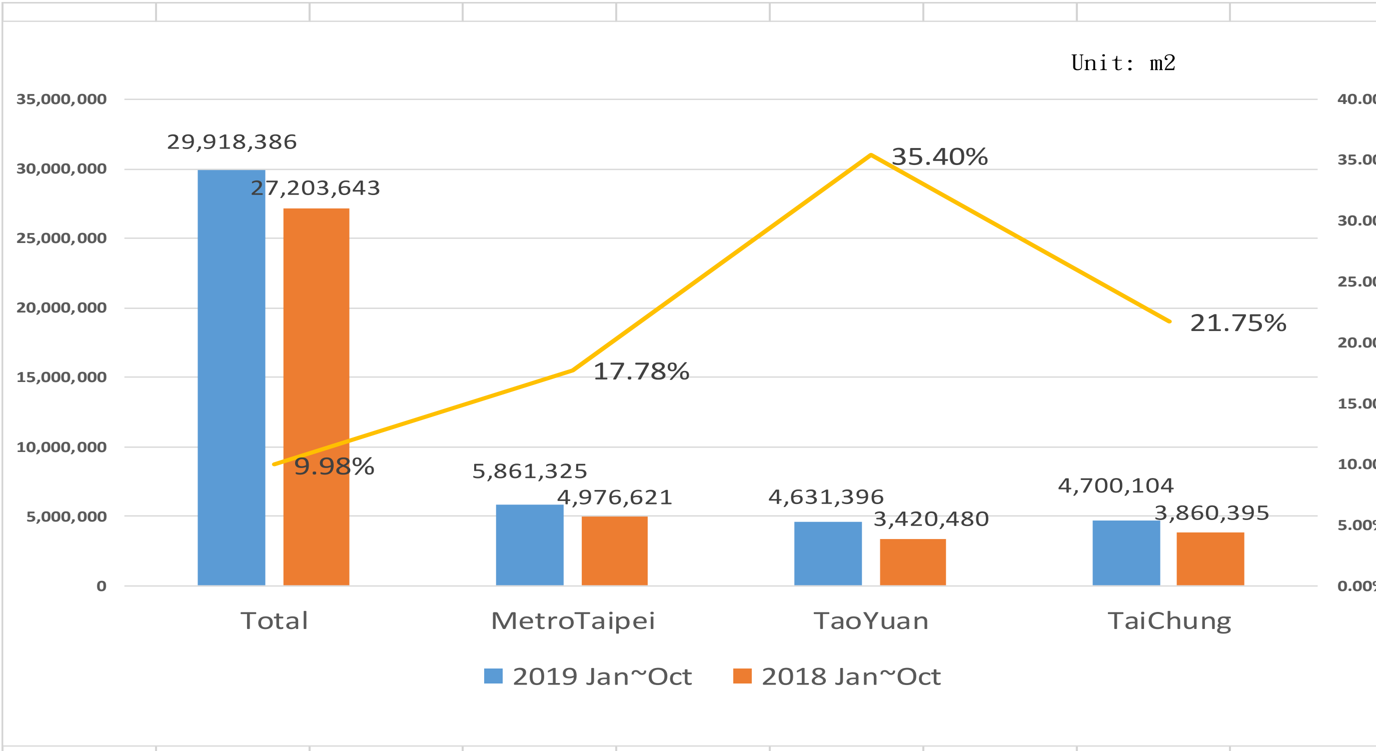
# The Statistics of Building License and Construction License






Resource : Construction and Planning Agency, Ministry of the Interior

# The Statistics of Building License Floor Area

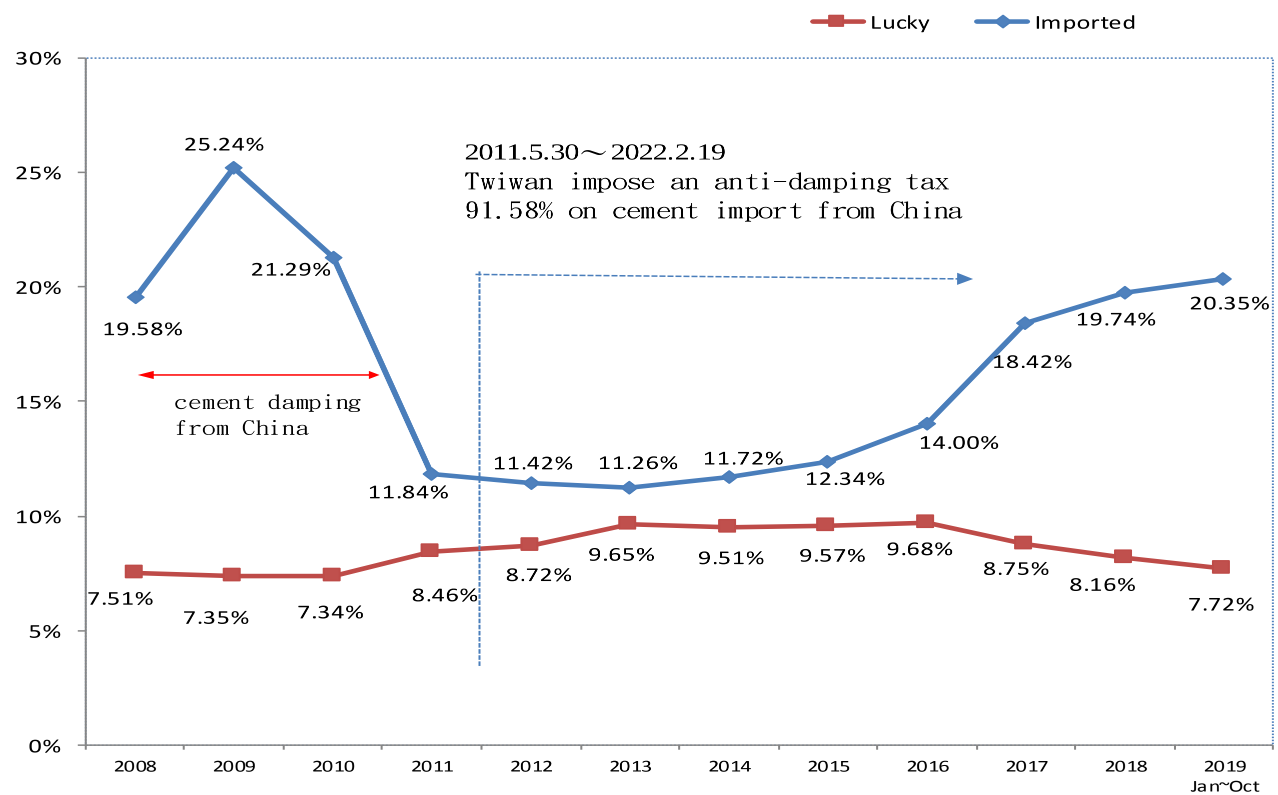



| Area Sale % | Year | Taipei | TaoYuan | TaiChung |
|---|---|---|---|---|
| | 2019 Jan~Oct | 31.0% | 38.0% | 14.6% |
| | 2018 | 29.7% | 36.4% | 15.4% |

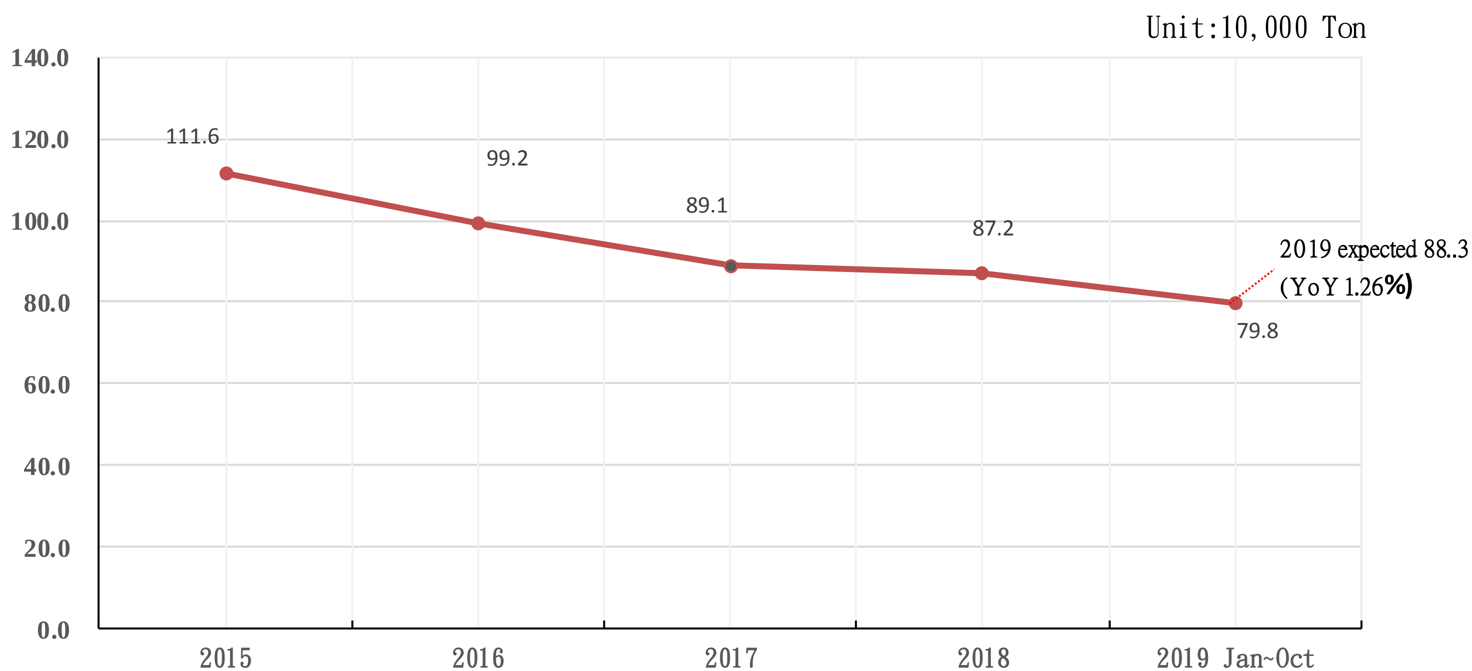


Resource : Construction and Planning Agency, Ministry of the Interior

# Cement Market Share



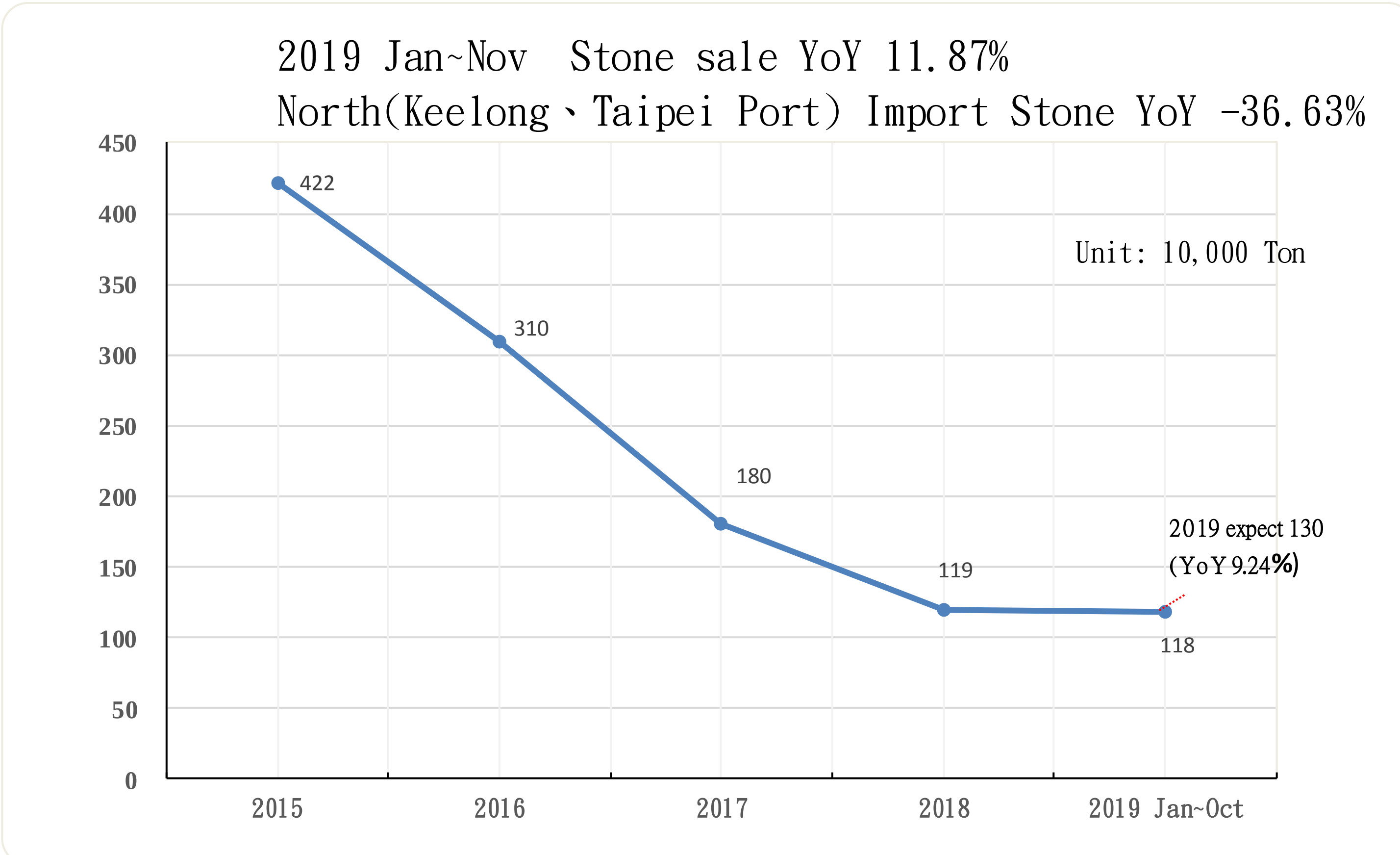
# Company Cement Sale Trend






Source : Lucky Cement - Sale Department

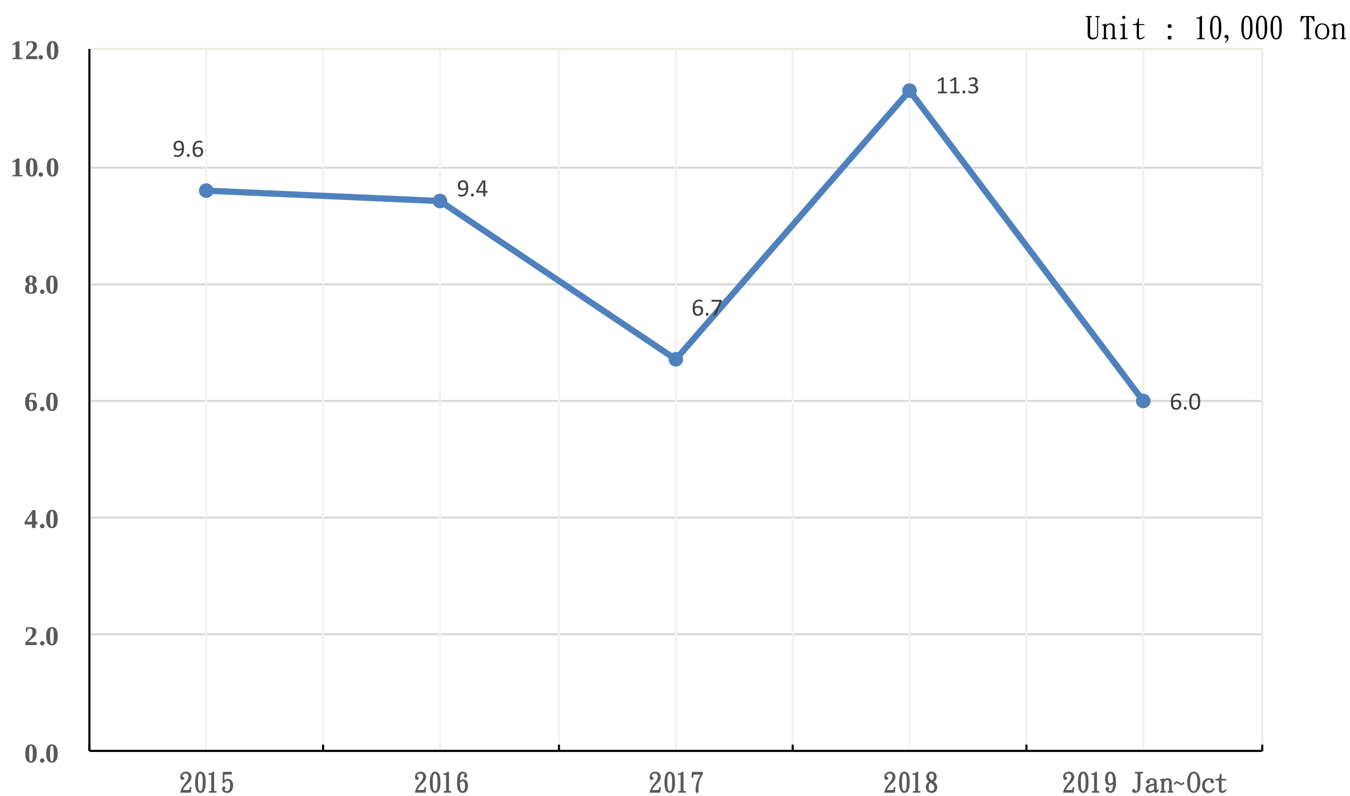
# Company Stone Sale Trend



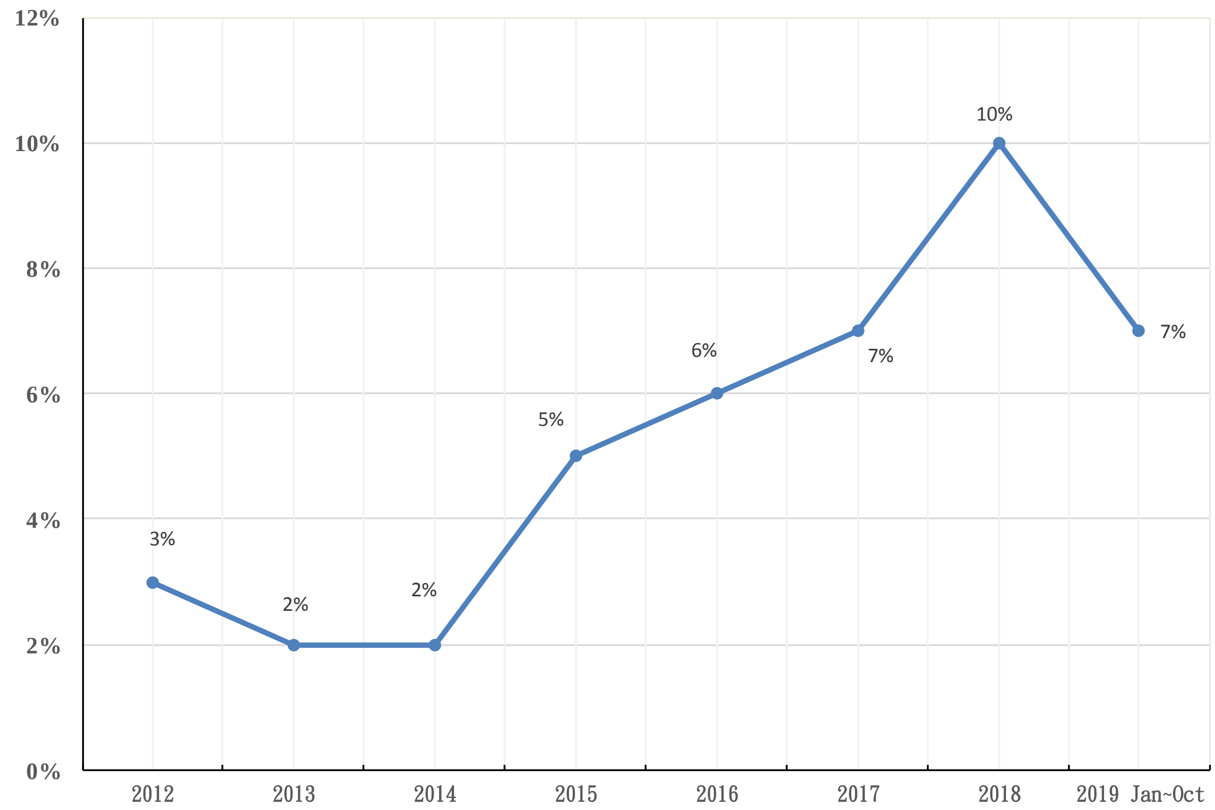



Source : Lucky Cement - Sale Department

# Company Circular Disposal Volumes Trend



# Circular Revenue Sale vs Total Revenue %



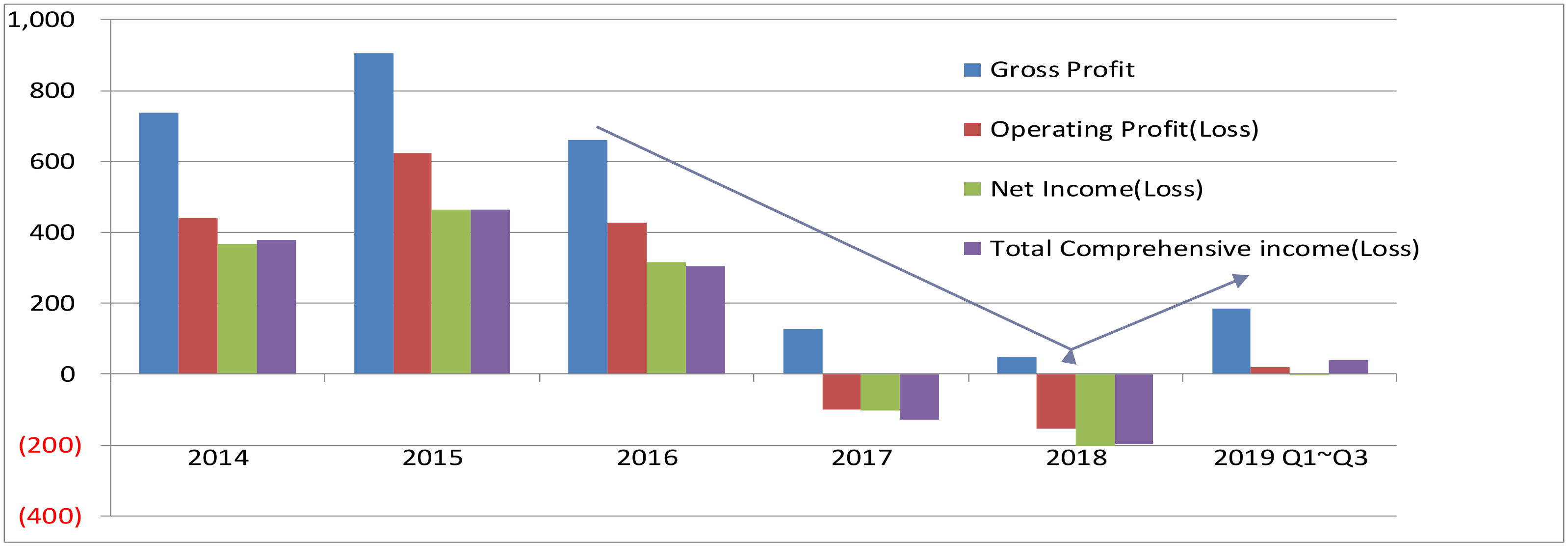



Source : Lucky Cement - Sale Department

# Operating Performance

Consolidate PnL

Currency : Million NTD

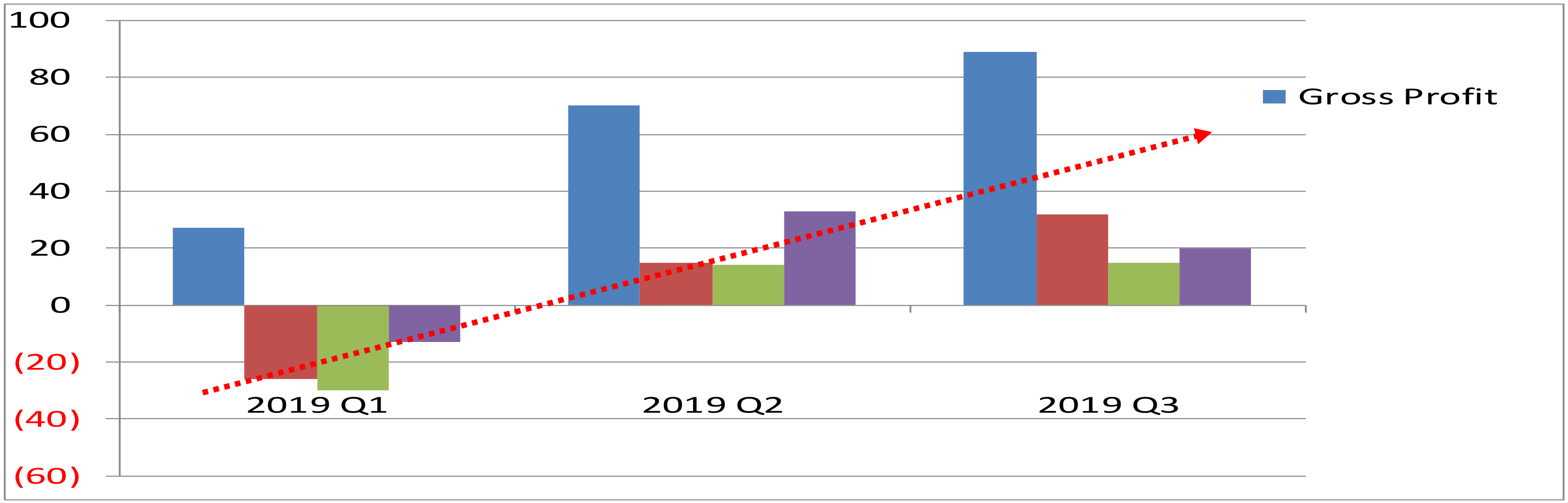



| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 Q1~Q3 |
|---|---|---|---|---|---|---|
| Revenue | 5,099 | 5,021 | 4,251 | 3,434 | 3,331 | 2,660 |
| Gross Profit | 739 | 906 | 662 | 129 | 47 | 186 |
| Operating Profit(Loss) | 441 | 624 | 426 | (100) | (155) | 20 |
| Net Income(Loss) | 367 | 463 | 315 | (103) | (202) | (1) |
| Total Comprehensive income(Loss) | 379 | 463 | 304 | (129) | (197) | 40 |

# Operating Performance

Currency : Million NTD

Consolidate PnL




| | 2019 Q1 | 2019 Q2 | 2019 Q3 |
|---|---|---|---|
| Revenue | 834 | 901 | 925 |
| Gross Profit | 27 | 70 | 89 |
| Operating Profit(Loss) | (26) | 15 | 32 |
| Net Income(Loss) | (30) | 14 | 15 |
| Total Comprehensive income(Loss) | (13) | 33 | 20 |

# Operating Performance

Currency : Million NTD

Consolidated Balance Sheet

| | 2016 | % | 2017 | % | 2018 | % | 2019 Sep 30 | % |
|---|---|---|---|---|---|---|---|---|
| Current Assets | 5,361 | 69% | 5,121 | 71% | 4,939 | 68% | 5,051 | 68% |
| Property, Building & Equipment | 1,900 | 25% | 1,649 | 23% | 1,877 | 26% | 1,750 | 24% |
| Other Assets | 492 | 6% | 467 | 6% | 478 | 7% | 596 | 8% |
| Total Assets | 7,753 | 100% | 7,237 | 100% | 7,293 | 100% | 7,397 | 100% |
| Current Liability | 2,605 | 34% | 1,925 | 27% | 1,736 | 24% | 1,932 | 26% |
| Non-Current Liability | 346 | 4% | 883 | 12% | 1,330 | 18% | 1,198 | 16% |
| Total Liability | 2,951 | 38% | 2,808 | 39% | 3,066 | 42% | 3,130 | 42% |
| Equity | 4,802 | 62% | 4,429 | 61% | 4,227 | 58% | 4,267 | 58% |

# CSR

Employee

Environment Protection

Society

Circular Economy

Value Chain

**Corporate Sustainability** - Corporate Governance rank top 20% among Taiwan public listing companies.

# CSR

Employee

1. The Company has fair salary system, employee benefits policies, labor safety and health system, and implements the concept ,"respect for life and pursuit Zero disaster ", to create a harmonious labor relations.
2. ISO45001 Certified on 2019/8/26
3. Various staff education and training, enhance staff skills,  and fulfill human resource development
4. Diverse complaints mechanism ensure labor rights.

TÜV NORD

CERTIFICATE

Management system as per
ISO 45001: 2018

In accordance with TÜV NORD CERT procedures, it is hereby certified that
LUCKY CEMENT CORPORATION TUNG-AO PLANT
No. 101, Sec. 3, Su Hua Rd., Tung Yo Vil.,
Nan-Ao, I-Lan 27291, Taiwan (R.O.C.)

applies a management system in line with the above standard for the following scope

Manufacturing of Cement Product

Valid from 2019-08-26
Valid until 2022-08-25
Initial Certification 2019-08-26

Certification Body
at TÜV NORD CERT GmbH

TUV ASIA PACIFIC LIMITED
Taiwan Branch

This certification was conducted in accordance with the TÜV NORD CERT auditing and certification procedures and is subject to regular surveillance audits.

TÜV NORD CERT GmbH  Langemarckstrasse 20  45141 Essen  www.tuev-nord-cert.com



# CSR

Society

1. Assist local resident and native people in employment
2. Provide Lucky cement scholarship and sponsor a variety of school activities
3. Emergency assistance for villagers
4. Volunteer for community services including road maintenance and beach clean
5. Assist community building activities

# CSR

Society

Appreciation of recognition from our Sponsored people




# CSR

## Environment Protection

1. Greening in plants

2. Improve air pollution Prevention by replacing old equipment


3. Implement energy-saving policies by upgrading production equipment.

4 Use recycling water in production process and carwash.

# CSR

Value Chain

## Suppliers：

We work with suppliers to improve corporate social responsibility, promote sustainable development of the environment, improve labor rights, safety and health, to safeguard basic human rights.

## Customers：

With professional services and excellent product quality, we establish customer-oriented quality system to pursue a win-win goal for customers and the Company.

Customer Service Satisfaction is 93.73 % in 2018.

# Future Development

## Optimize Logistic

Upgrade cement & stone transporting vehicles to enhance dispatching capacity.

# Future Development

## Rearrange Facilities

Rearrange grinding plant and ready mixed plants to optimally utilize assets and serve customers.

# Future Development

## The Midas Touch

With improvement highway system and foreseeable market demand, Horen plant will boom its productivity to create more profits.

# Future Development

## Circular Economy

Cement industry is the heart of circular economy. Through 1400℃ of high temperature and other characteristics, the production process can reduce Toxic gas (such as dioxin). It will be helpful to reduced Greenhouse effect.

# Future Development

## Activate Assets

The Puxin plant was established in 1992 in YangMay county with a land lot about 43,000 m2. it serves cement and concrete customers surrounding TaoYuan. With YangMay city developing for the past decades, resident & commercial buildings dominate city development. Company plans to relocate grinding and concrete plants. The land lot of Puxin plant will be rezoned for real estate development.

# Land Development – DaGanLin Project

# Land Development

Phase 1, , area 4.04 hectare, infrastructure development was completed in 2018.

# Land Development

Phase II, area 13.47 hectare, is on grading & reclaiming stage.  Soil erosion work is 80% complete.


Thank you
Q&A