

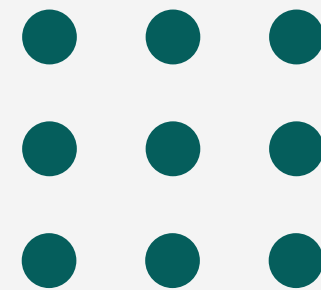
東南水泥股份有限公司
SOUTHEAST CEMENT CORPORATION

2023

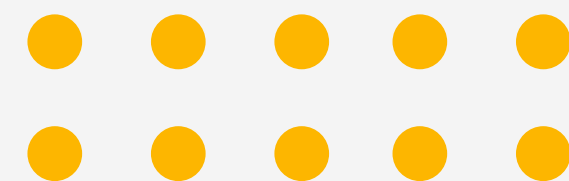
INVESTOR SEMINAR

Stock ID: 1110

Report time: 2023/ 11/ 30

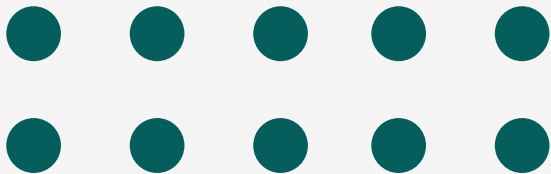


DISCLAIMER



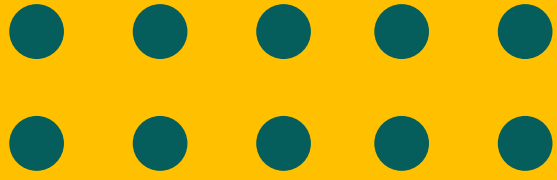
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Content

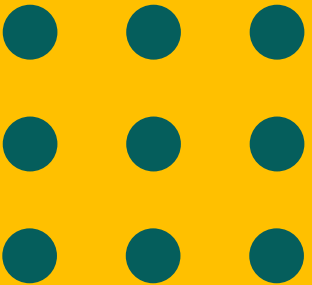


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COMPANY HIGHLIGHTS



COMPANY HISTORY

1



December 28, 1956
Founder Mr. Chiang-Chang Chen
founded Southeast Cement

2



October 1994
Shares listed on TWSE for trading

3



January 1999
Min-Hsien Chen succeeded in the role of Chairman

4



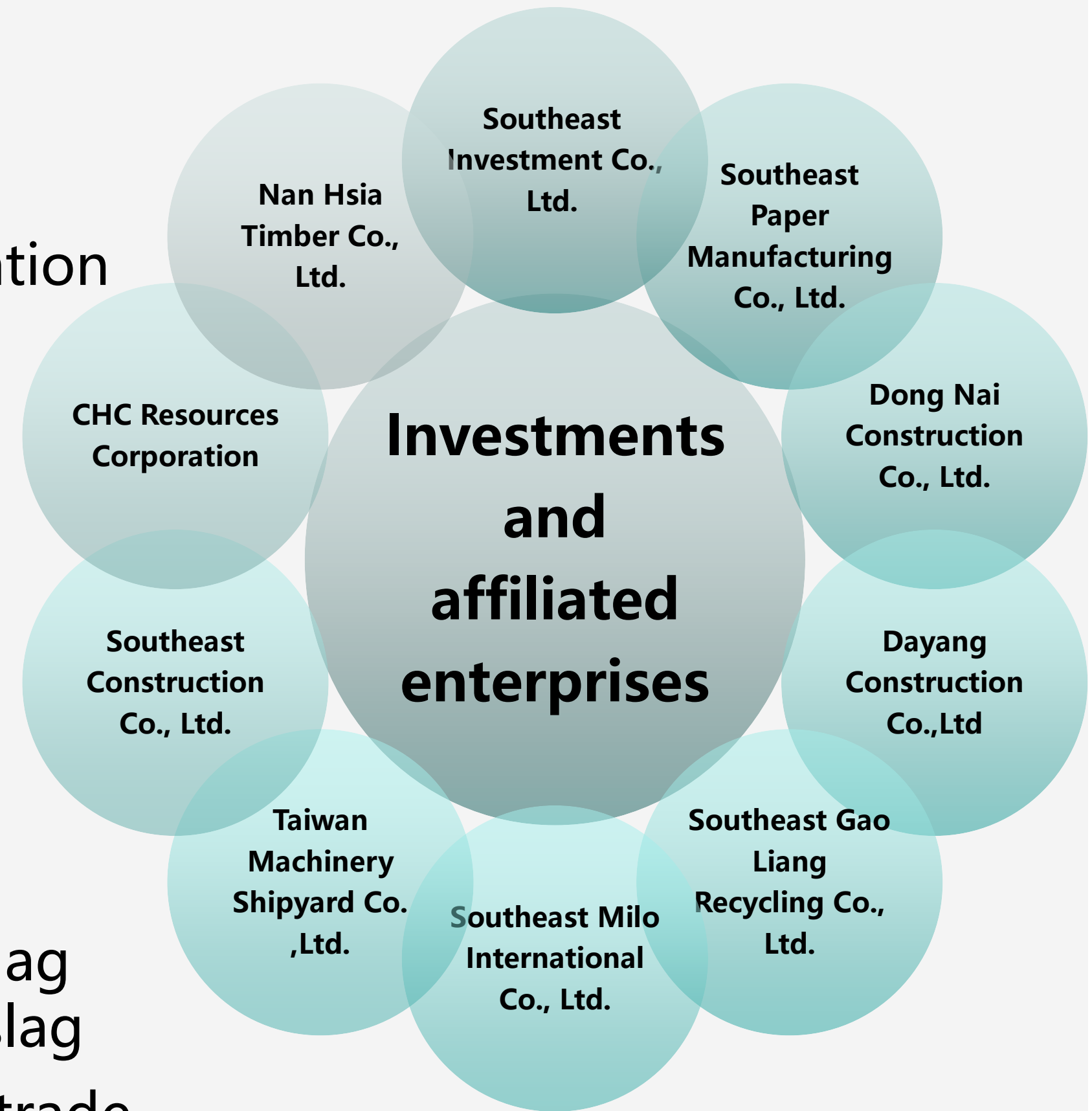
October 2009 - Present
Mr. Min-Tuan Chen succeeded in the role of Chairman



COMPANY PROFILE

Company profile

- Company name: Southeast Cement Corporation
- Date of establishment: December 28, 1956
- Date of listing: October 22, 1994
- Paid-up capital: NT\$5,720,007,970
- Employee count: 82
- Chairman: Min-Tuan Chen
- President: Yan-hui Wu
- Main products: Portland cement, Portland slag cement and water-quenched blast furnace slag
- Business coverage: cement production and trade, house and land leasing, land development and recycling business.



MAIN PRODUCTS AND APPLICATION

Type 1
Portland
cement

Bagged cement, Bulk
cement, Fibc bag

Type 2
Portland
cement

Bulk cement, Fibc
bag

Portland
slag cement

Bulk , Fibc bag

Water-
quenched blast
furnace slag

Bulk



MAIN PRODUCTS AND APPLICATION

Type 1 Portland cement

- ✦ Referred to as general cement, it is the most common type supplied in the market. It is suitable for any structural and concrete work that is not exposed to sulfate soil or groundwater.
- ✦ Southeast Cement Corporation has been dedicated to the local market since it was founded in 1956. It manufactures Portland cement of excellent stability and quality under the Southeast brand, for which it has earned the trust of its customers.

Type 2 Portland cement

- ✦ Applicable for
 - ✧ Construction works with prolonged exposure to sea breeze or corrosion by seawater, such as breakwater, tetra pod, port, caisson and coastal constructions.
 - ✧ Mass concrete constructions, such as a dam, bridge, reservoir, etc.
 - ✧ Underground foundations, such as a building basement, underpass, tunnel and the underground mass railway transit system.

Portland slag cement

- ✦ A mixture of Portland cement and blast furnace slag that meets CNS15286 standard.
- ✦ Properties: lower hydration heat, high compressive strength in the later period, durability and low cost.
- ✦ Bulk slag cement : soil improvement, dam engineering, maritime engineering, tunnel engineering, and sewer, bridge and river bank engineering.

MAIN PRODUCTS AND APPLICATION

Blast furnace slag

- ✦ Steel factories produce molten residues in the form of silicate and aluminate when smelting iron. These residues are quenched into granular form, which are known as blast furnace slag. These blast furnace slag granules are first dried then ground into powder form of appropriate fineness. It is used mainly as a concrete additive or as a cementitious material to replace part of the cement content, or mixed with cement to create Portland slag cement. The raw materials of Southeast slag are water-quenched slag granules sourced from China Steel Corporation. The slag contains no other additive or waste whatsoever, and has been well-known for its consistent and reliable quality.

CNS Mark

- ✦ The CNS Mark is MOEA. product quality certification system. Southeast cement has been certified with the CNS Mark for more than 50 years. Our persistence in terms of quality is the strongest commitment and promise that we can offer consumers.

OVERVIEW OF THE LAND DEVELOPMENT BUSINESS

The subsidiary "Southeast Asset Development Co., Ltd." was duly incorporated in May 2015, Changed its name to "Dong Nai Construction Co. Ltd." in June 2022 with Mr. Chen Min-Tuan serving as the Chairman and Mr. Chen Kuan-Hua serving as the General Manager.

The construction is based on the spirit of "satisfactory service is the supreme priority to guarantee quality with our own brand name," the Company has set up strongholds in Kaohsiung, Pingtung and Tainan through investments in the construction of environmental protection-oriented green buildings for residential and commercial purposes.

Two projects in Pingtung City have been built and completed for sale in 2017 and 2019.

Self-built and joint-built cases under construction

The 41 households in the Dongan case in Dongshan District of Tainan are expected to apply for a use license in December 2023.

The 27 households in the Yannan section of Kaohsiung City's Yannan District are expected to apply for a use license in November 2023.

Pingtung City, Dalian section of the 5th floor elevator Hwa Hsia 140-unit residential structure is now up to the 5th floor of the upper beam is expected to be completed in April 2024.

Self-built and joint planning cases

The west section of New Hougang, Renwu District, Kaohsiung City is planning to jointly own 16 households in the frontage area and 128 residences on the 15th floor. The current construction permit change design is expected to start at the end of 2024.

A total of 20 households in the planned Wufu section of Chaozhou Town, Pingtung County, have obtained construction permits and applied for construction. It is expected to officially start in the first quarter of 2024.

A total of 144 residential units with elevators on the 5th floor of the Fuchun section of Chaozhou Town, Pingtung County, have obtained building permits and are expected to start construction in the third quarter of 2024.



OVERVIEW OF THE LAND DEVELOPMENT BUSINESS

In April 2022, we established a subsidiary "Southeast Milo International Co. Ltd.". The Group holds 51% of the shares as a professional team for the future development of revitalized assets.



Asset activation section

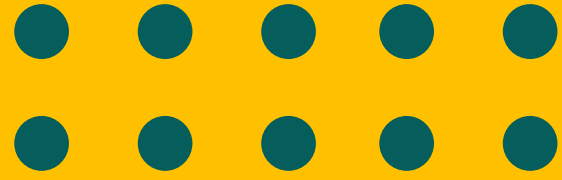
The land in Kaohsiung Asia New Bay Area has been rezoned to 16,129.6 pings and was originally used as a parking lot, and a land lease has been signed with our subsidiary, Southeast Milo International Co., Ltd., In order to establish a market segmentation, the overall planning will be carried out in the form of a park, which is expected to be developed in two areas, A and B. A large manufacturer will be stationed in area A (on the side of Fuxing Road), while 12 large two-story storefronts with flat parking lots are planned in area B (on the side of Chenggong Road), which is expected to attract first-tier chain brands from home and abroad to station there.

CIRCULAR ECONOMY BUSINESS OVERVIEW

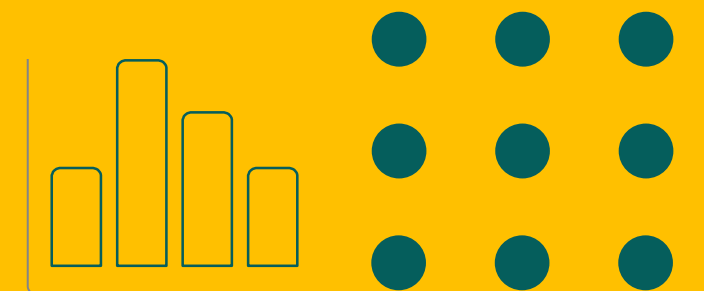
Southeast Gao Liang Recycling Co., Ltd. was established in 2019. Two ready-mixed concrete equipment in the Kaohsiung plant have been completed and put into production. The Kaohsiung plant sold a total of 75,768 cubic meters of ready-mixed concrete in the third quarter of 2023. Due to the increasing demand for construction projects in the Kaohsiung area, the sales volume of ready-mixed concrete will increase year by year in the future.

It is expected to spend more than 500 million yuan to build a new Dafa plant in Dafa Industrial Park, Kaohsiung. The Dafa plant will receive general industrial waste and produce recycled concrete granules, which will be handed over to the Kaohsiung plant to make CLSM and other cement products to meet resource requirements. Effective recycling.

The environmental impact assessment meeting of the Dafa plant has been passed, and the installation permit issued by the Kaohsiung City Government has been obtained. The factory equipment construction, trial operation, operation permit and other procedures are currently in progress. It is expected to complete the plant construction and equipment introduction in the second quarter of 2024 and then apply for trial operation. It will be put into production in the fourth quarter of 2024 after obtaining the operating license.



INDUSTRY HIGHLIGHTS



READY MIXED CONCRETE MARKET

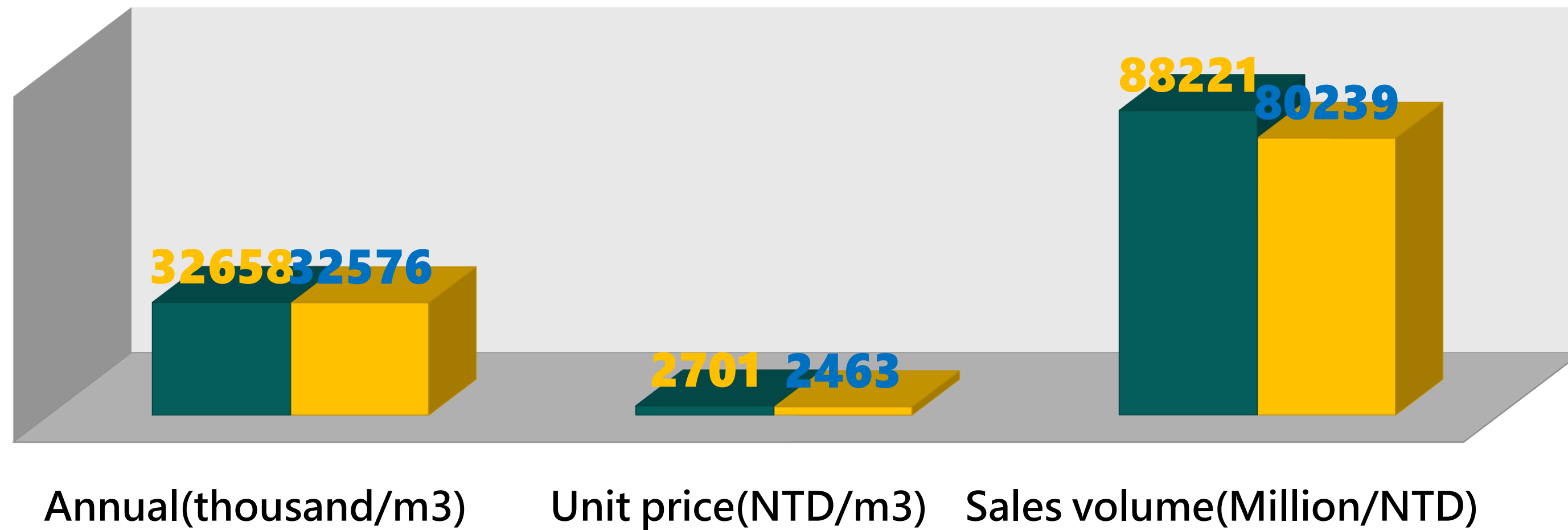
Industry Overview

- Kaohsiung City social housing construction
 - Qiaotou Science Park Section Expropriation Public Works
 - TSMC's factory construction
 - Renwu Industrial Park development
 - MRT Red Line extension project
 - MRT Yellow Line YC01, YC02, YC03 standard civil engineering and facility mechanical and electrical engineering construction and contracting cases
 - Zuoying Military Port tunnel and dock project
 - Civil construction, forward-looking construction plans and public works implementation, IT and semiconductor factory construction, etc.
- Which helps cement shipments grow steadily.

READY MIXED CONCRETE MARKET

which helps cement shipments grow steadily
: Comparison between 2023/1-2023/8 and 2022/1-2022/8

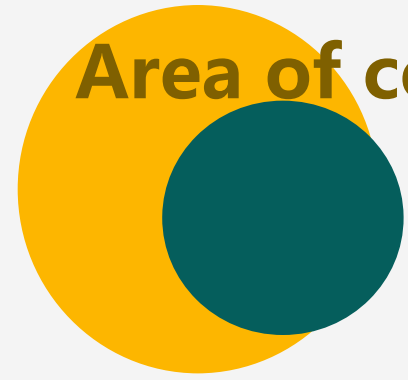
■ 2023/1-2023/8 ■ 2022/1-2022/8



Annual growth in amount % +82 thousand/ m³ +0.25%

Annual growth in sales volume % +238 thousand/ m³ +9.95%

HOUSING MARKET



Area of construction initiated in the Taiwan Region:

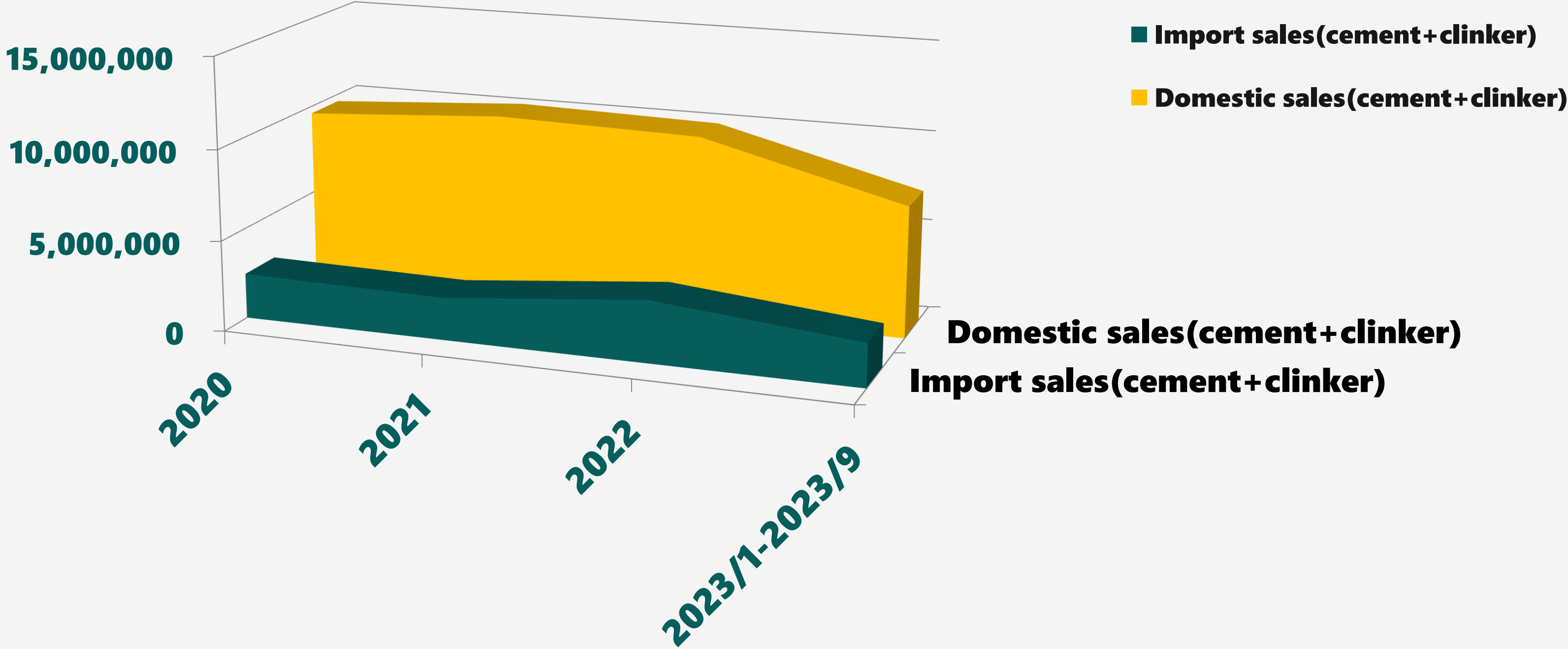
Comparison between 2023/01-2023/08 and 2022/01-2022/08

Unit: square meters

	2023/1-2023/8	2022/1-2022/8	Percentage difference (%)
Northern region	11,555,488	13,146,188	-12.10%
Central region	7,270,643	8,404,401	-13.49%
Southern region	5,046,112	6,447,275	-21.73%
Eastern region	333,804	425,937	-21.63%
Others	398,371	1,440,475	-72.34%
Total	24,604,418	29,864,276	-17.61%

CEMENT INDUSTRY

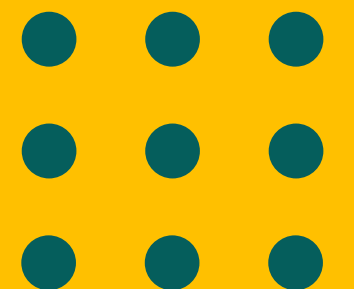
Unit: ton



© In 2023, importers took advantage of low prices and imported large quantities of cement, with the market share reaching 24%, seriously eroding the domestic cement market.



OPERATING HIGHLIGHTS



Q3 PRODUCTION AND SALES ANALYSIS

	Production		Sales	
Type	Cement	Slag	Cement	Slag
2023/1-2023/9	337,945	139,550	410,829	129,111
2022/1-2022/9	310,843	88,876	345,089	101,342
Differential discrepancy	8.72%	57.02%	19.05%	27.40%

© Sales regions: Southern region, with Kaohsiung, Pingtung and Tainan as the main sales targets, off-shore islands and the Central region

SOUTHERN REGION MARKET ANALYSIS

Kaohsiung, Pingtung, and Tainan areas social housing construction

TSMC's factory construction

Renwu Industrial Park development

Qiaotou Science Park Section Expropriation Public Work

MRT Red Line extension project

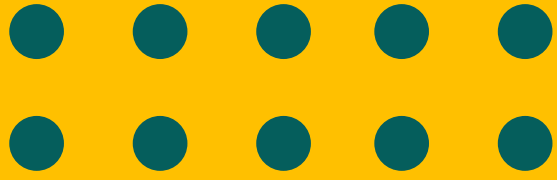
MRT Yellow Line YC01, YC02, YC03 standard civil engineering and facility mechanical and electrical engineering construction and contracting cases

Zuoying Military Port tunnel and dock project

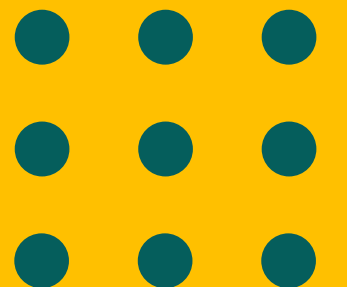
Pingtung E-Da Hospital Construction projects, etc.

Which helps cement shipments grow steadily.





FINANCIAL HIGHLIGHTS



OPERATION RESULTS **Consolidated income statement**

Unit: thousand dollars

	2023/1-2023/9	2022	2021	2020
Operating revenues	1,641,523	1,794,015	1,846,785	1,590,986
Gross profit	114,381	121,279	134,568	67,372
Operating profit	4,172	(31,499)	12,054	(30,573)
Current net income	140,903	108,124	133,811	16,949

OPERATION RESULTS **Consolidated balance sheet**

Unit: thousand dollars

	2023/9/30	%	2022	%	2021	%	2020	%
Cash and cash equivalents	215,718	1.9%	296,374	2.5%	419,504	3.8%	176,743	1.8%
Notes and accounts receivable	465,409	4.1%	374,887	3.1%	341,504	3.1%	415,858	4.2%
Inventory	1,114,798	9.7%	1,016,152	8.5%	841,074	7.7%	884,310	9.0%
Current assets	2,300,255	20.1%	2,486,102	20.7%	2,053,373	18.7%	1,963,779	19.9%
Total assets	11,462,656	100.0%	11,989,689	100.0%	10,958,500	100.0%	9,865,320	100.0%
Short-term borrowing	870,000	7.6%	1,530,000	12.8%	1,240,000	11.3%	235,000	2.4%
Accounts payable	151,225	1.3%	250,786	2.1%	194,523	1.8%	223,854	2.3%
Current liabilities	1,446,110	12.6%	2,381,025	19.8%	1,683,431	15.4%	723,920	7.3%
Non-current liabilities	1,032,355	9.0%	881,996	7.4%	564,360	5.1%	592,681	6.0%
Total shareholders' equity	8,984,191	78.4%	8,726,668	72.8%	8,710,709	79.5%	8,548,719	86.7%

●●●●● OPERATION RESULTS Consolidated revenue performance

Unit: thousand dollars

	2023/1-2023/9	2022/1-2022/9	Annual growth (decline)
Operating revenues	1,641,523	1,231,013	33.35%
Operating costs	1,527,142	1,132,325	34.87%
Gross profit	114,381	98,688	15.90%
Operating expenses	110,209	107,588	2.44%
Operating profit	4,172	(8,900)	146.88%
Other income/expenses	173,662	28,382	511.87%
Pre-tax profit	177,834	19,482	812.81%
Income tax expense	(36,931)	(3,589)	(929.01%)
Current net income	140,903	15,893	786.57%
Other comprehensive income - current	173,609	(76,532)	326.84%
Total comprehensive income - current	314,512	(60,639)	618.66%
Earnings per share	0.28	0.07	300.0%
Closing outstanding shares(thousand shares)	572,000	572,000	-

OPERATION RESULTS

Consolidated Gross Profitability by the Department in Q3

Unit: thousand dollars

Department	2023/1-2023/9	Percentage	2022/1-2022/9	Percentage	Growth rate
Cement	1,161,963	70.78%	944,709	76.74%	23.00%
Slag powder	173,195	10.55%	121,239	9.85%	42.85%
Leasehold	114,530	6.98%	46,097	3.75%	148.45%
Construction	188,227	11.47%	118,968	9.66%	58.22%
Ready mixed concrete	3,608	0.22%	-	-	100.00%
Others	1,641,523	100.0%	1,231,013	100.0%	33.35%

OPERATION RESULTS

Consolidated Operating Revenues by the Department in Q3

Unit: thousand dollars

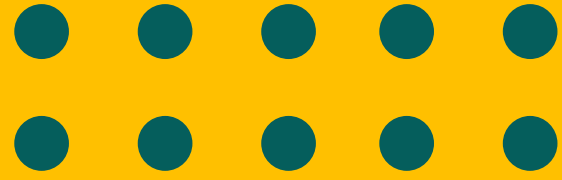
Department	2023/1-2023/9	2022/1-2022/9	Differential discrepancy
Cement	6,915	66,300	(59,385)
Slag powder	32,865	2,033	30,832
Leasehold	67,128	16,030	51,098
Construction	-	-	-
Ready mixed concrete	19,811	14,325	5,486
Others	(12,338)	-	(12,338)
Total	114,381	98,688	15,693

OPERATION RESULTS

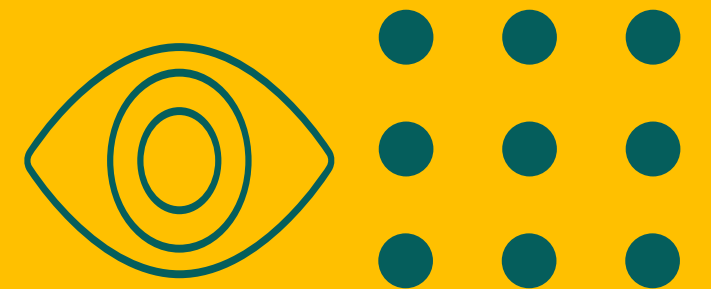
Consolidated financial analysis for the most recent year

Unit: thousand dollars

	2022	2021	2020
Debt Asset ratio (%)	27.22	20.51	13.35
Current Ratio (%)	104.41	121.98	271.27
Return on Assets (%)	1.07	1.37	0.22
Return On Equity (%)	1.24	1.55	0.20
Profit margin (%)	6.03	7.25	1.07
Earnings per share (NTD)	0.26	0.25	0.04
Cash dividends per share (NTD)	0.1	0.2	0.1



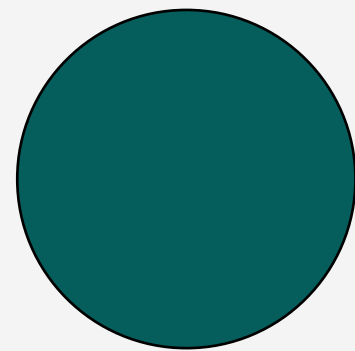
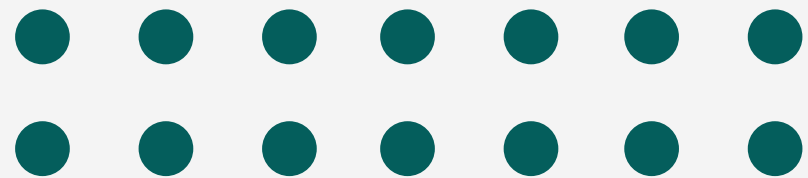
FUTURE PROSPECTS



OPERATING STRATEGY

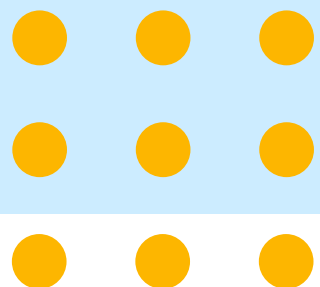
**Develop channels Expand markets
Stabilize market share**

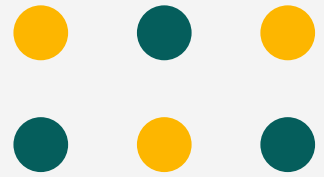
**Strengthen customer service to ensure
competitive advantage and market position**



TRANSFORMATION INTO A DISTRIBUTOR

In conjunction with the Kaohsiung City Government's promotion of the North City Project, the Kaohsiung plant will be renovated in the future. The company has leased the cement storage tank at Pier 45 from the Port of Kaohsiung Taiwan International Ports Corporation, Ltd., converted it to cement trading, and will continue to sell cement. We also rented a furnace slag grinding factory in Xiaogang and continued to grind water-quenched blast furnace slag for sale.



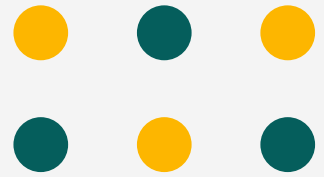


STRENGTHS

- ① Deepen customer service, improve quality levels, and ensure market advantage.
- ② Revitalization of land assets to create an operational niche.
- ③ The group's development encompasses four major cycles: cement sales, land asset development, resource recycling and ready-mixed concrete, and construction companies, dispersing operating pressure and vertically integrating resources.
- ④ Yawan District has a good location and is close to many tourist attractions in Kaohsiung City. It also has convenient transportation and a large number of people.
- ⑤ The investment recruitment team understands the expansion needs of internationally renowned brands and chain stores, which can help introduce iconic manufacturers to the site and create stable development benefits.

WEAKNESSES

- ① The recovery of the global economic boom is weak, the number of factory construction projects in science and technology parks has decreased, and the promotion of private construction projects has tended to ease.
- ② Construction projects are delayed due to lack of labor.
- ③ The retail and catering market in the surrounding Yawan District is relatively mature, and there is still competition from shopping malls such as Far Eastern , MLD, and Dream Mall.
- ④ The land surrounding the existing investment site has not yet been developed and the transportation planning is limited.
- ⑤ To impose a carbon fee in response to climate change.



OPPORTUNITIES

- ① The government promotes a circular economy to allow waste resources to be fully recycled and reused, minimizing waste and maximizing resources, thereby creating investment opportunities.
- ② Kaohsiung City's "North City Project" and "Zuoying High-Speed Rail Technology Heart" are both planned to become a key development area in North Kaohsiung, with unlimited business opportunities.
- ③ The Yawan 2.0 Smart Technology Innovation Park plan promotes the construction of multi-functional commercial and office buildings in the second phase of the Kaohsiung Software Technology Park to provide industrial development, stimulate employment opportunities, and flourish the Kaohsiung waterfront corridor.
- ④ The government plans to build a new 5G AIoT innovation base, and the development projects of "Special Trade 3" and 205 Ordnance Factory are promising, driving manufacturers to move in and create employment opportunities.

THREATS

- ① The imposition of carbon fees in 2024 will definitely increase operating costs.
- ② Importers take advantage of low prices to import large quantities of cement, eroding the domestic cement market.
- ③ In the future, the proportion of green power and natural gas power generation will increase, and the cost of electricity will inevitably rise.
- ④ Online shopping and e-commerce have continued to erode the traditional retail and catering market since their launch, and consumer habits and preferences continue to change.
- ⑤ The post-epidemic era has affected the consumer market. The operations of the catering and retail industries have been affected, and the willingness to expand points has become conservative.



Q & A

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Thanks for Listening

