

KD Holding Corporation

2015

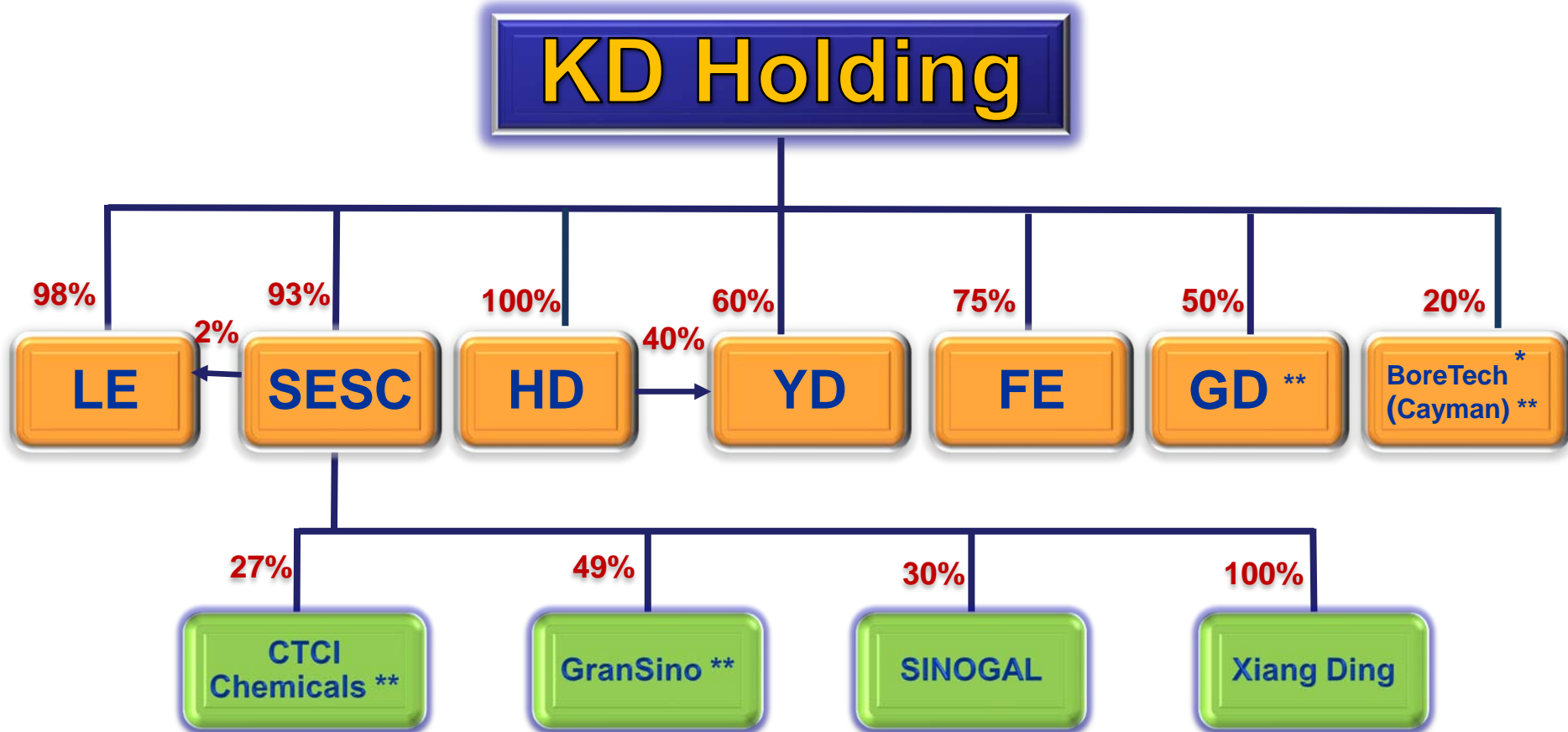
1st Investor / Press Conference

2015.03.23

Agenda

- **KD Investment Structure**
- **2014 Consolidated Income Statements**
- **Consolidated Revenues Breakdown
(by Subsidiaries & Categories)**
- **Cash Dividends and EPS**
- **Review of 2014**
- **Prospect to 2015**

KD Investment Structure



* BORETECH Resource Recovery Engineering Co., LTD,
Investment in July, 2014.

** By Equity Accounting Method

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Consolidated Income Statement

In TWD '000

	2014		2013		YOY
	Amount	%	Amount	%	%
Operating Revenues	3,925,027	100.00%	3,750,376	100.00%	4.66%
Operating Costs	(2,897,443)	-73.82%	(2,760,233)	-73.60%	4.97%
Gross Profit	1,027,584	26.18%	990,143	26.40%	3.78%
Operating Expenses	(170,953)	-4.35%	(164,395)	-4.38%	3.99%
Operating Income	856,631	21.83%	825,748	22.02%	3.74%
Non-Operating Income	69,642	1.77%	23,249	0.62%	199.55%
Net Income (Before Tax)	926,273	23.60%	848,997	22.64%	9.10%
Net Income (After Tax)	674,036	17.17%	620,318	16.54%	8.66%
EPS After Tax (TWD)	10.47		10.06		

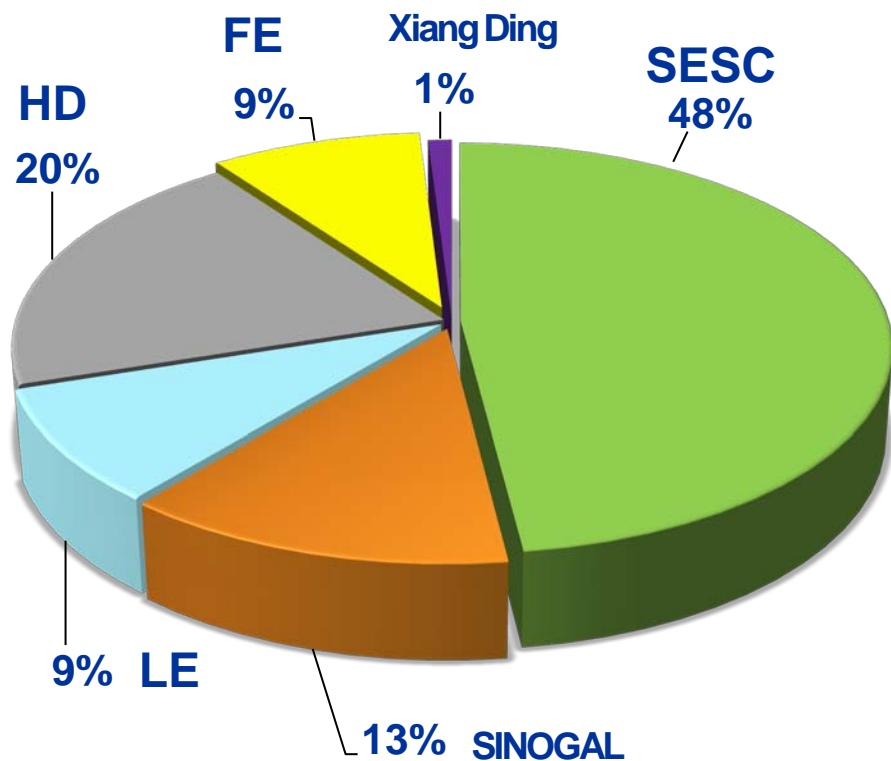
Consolidated Balance Sheet

In TWD '0000

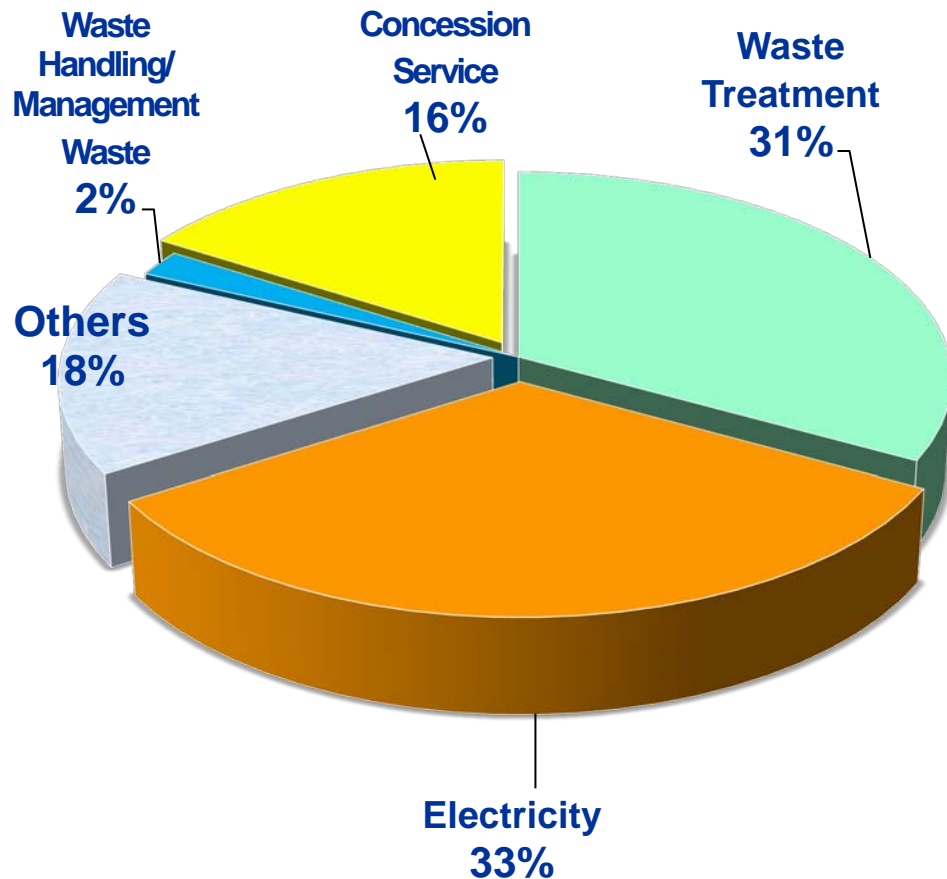
	2014/12/31		2013/12/31	
	Amount	%	Amount	%
Current Assets	3,323,216	45.93%	3,218,309	45.74%
Investments Accounted for using Equity Method	496,769	6.87%	154,521	2.20%
Property, Plant & Equipment	60,915	0.84%	52,927	0.75%
Other Non-Current Assets	3,354,970	46.36%	3,609,974	51.31%
Total Assets	7,235,870	100.00%	7,035,731	100.00%
Current Liabilities	1,638,459	22.64%	1,479,002	21.02%
Non-Current Liabilities	918,757	12.70%	1,111,993	15.81%
Total Liabilities	2,557,216	35.34%	2,590,995	36.83%
Equity	4,678,654	64.66%	4,444,736	63.17%
Total Liabilities & Equity	7,235,870	100.00%	7,035,731	100.00%

Consolidated Revenues Breakdown

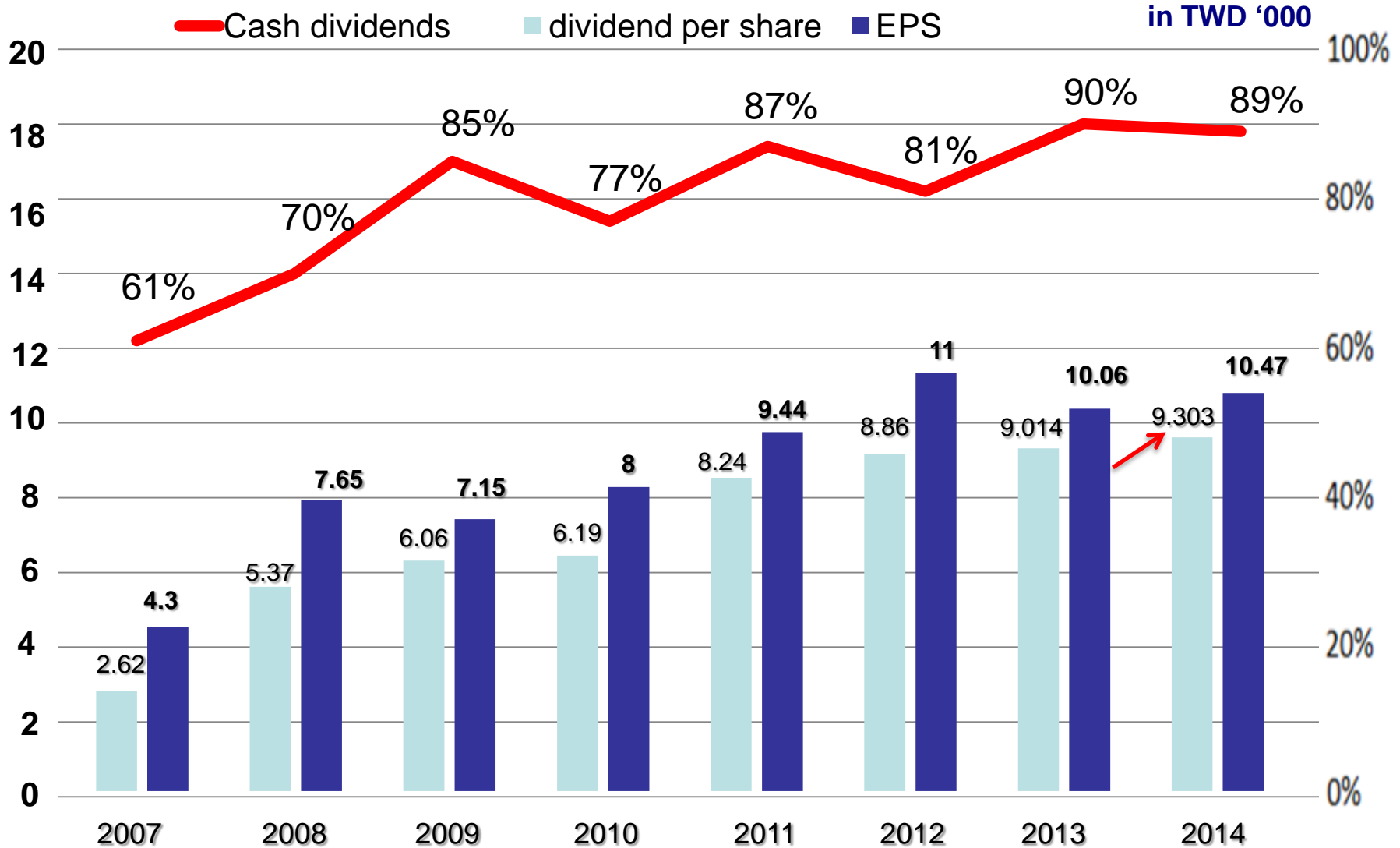
2014 Consolidated Revenues Breakdown by Subsidiaries



2014 Consolidated Revenues Breakdown by Categories



Cash Dividends and EPS



Review of 2014 (1/3)

■ Corporate Management and Operation

- ▶ Operating performance continued steady growth, in line with the company's business objectives
- ▶ Up to date, acquired 14 patents domestically, 7 patents in China
- ▶ Followed 2013, 2014 ranked again as “Grade A++” in the “Information Disclosure and Transparency Rankings”

■ Business Development

- ▶ **Waste Management and Renewal/Upgrade of Mechatronics System**
 - Acquired the service contract for equipment maintenance and refuse crane operation for Southern District WtE Plant of Kaohsiung City (another 16th annual contract)
 - Acquired the service contract for plant overhaul for Middle District WtE Plant of Kaohsiung City (another 11st annual contract)
 - Followed the project of O&M for incineration plant of Taoyuan international airport, acquired the service contract of renewal/upgrade of mechatronics system of the plant

Review of 2014 (2/3)

■ Business Development (continued)

▶ Waste Management and Renewal/Upgrade of Mechatronics System

- Acquired the service contract for plant overhaul for Pingtung WtE Plant
- Followed the project of O&M supervision for Shanghai Laokang WtE plant, acquired the same service contract for Northern Zhongshan WtE plant of Guangdong province for 3 years
- Acquired the service contract for test-run of mechatronics system for Taoyuan airport MRT line

▶ Green Energy: PVPP

- Acquired 20-year PPA of PVPP for Yanchao depot of THSR, commercial operated
- Acquired 20-year PPA of PVPP for Wurih depot of THSR, commercial operated
- Acquired 20-year PPA of PVPP for northern depot of Kaohsiung MRT, commercial operated
- Stepped in US, acquired the concession right for PVPP (10 MW approx.) in New Jersey, planned to achieve commercial operation in middle of 2016

Review of 2014 (3/3)

■ Business Development (continued)

- ▶ **Resources Recycling: supplying of PET bottle cleaning/slicing equipment and producing of PET fiber**
 - Acquired 20% share of BORETECH Resource Recovery Engineering Co., LTD (Cayman), stepped in resources recycling business
 - Besides the existed market in China, achieved commercial operation of PET bottle recycling/slicing plant in US, to launch a new market of PET recycling business

Prospect to 2015 (1/4)

- **Development towards professional diversification and international territory**
- **Business implementing through Investment, O&M Management and Renewal/Upgrade of Mechatronics System**
- **Environmental Protection, Renewal/Upgrade & Maintenance of Mechatronics system in domestic:**
 - ▶ **To improve technical capability deeply, to expand sales horizontally**
 - ▶ **Environmental protection and water treatment:**
To strive for BOT or O&M service for sewage treatment project, e.g. Chungli sewerage treatment project
 - ▶ **Renewal/Upgrade of mechatronics system:**
Corrosion prevention and renewal of boiler tube of WtE plant; because of the coming commercial operation of Taoyuan airport MRT line, Kaohsiung light rail, and operation model of airport being changed towering as enterprise, the demand of this area will be continuously growth

Prospect to 2015 (2/4)

■ Market Outlook

▶ Actively expanding of WtE (incineration plant) business

China:

- Followed the successful experience of Shanghai Laokong , another O&M supervision service contract was awarded in Guangdong Zhongshan last year. The market demand will continuously increased because of government will overall introduced such in Shanhhai and Guangdong Zhongshan in 2015, as well as later in other areas.
- Based on the successful experiences to strive for the O&M supervision work in every Provinces. To launch investment or O&M management service as the policy, statutory rule and government environmental protection management getting better and more practical.

Southeast Asia:

- After years of market contacts and regional needs on environmental protection, the potential of southeast Asian market is increasing, to keep actively developing and carefully choose appropriate targets.
- Passed the PQ of Singapore No.6 WtE project, actively preparing the proposal.

Prospect to 2015 (3/4)

■ Market Outlook (continued)

▶ Environmental Protection and Waste Management (overseas)

India:

- With rapid economic growth and environmental pollution issues becoming more serious, government is towering the implementation of WtE BOT project.
- With approximately 45 municipals having more than 100 million population accompanied garbage generated around 80,000 tons, at least 80 WtE plants of 1,000 T/D scale in the country is predicted.
- Based on the good local EPC experiences and the optimized technology and cost, to cooperate with local enterprise with good operational record as well as having well local connection, to jointly develop the local market.

▶ Resources Recycling

- To vertically integrate and horizontally expand of the PET bottle recycling business
- The expansion work of recycled PET fiber plant will be completed in middle of 2015, the production capability will increased.

Prospect to 2015 (4/4)

■ Market Outlook (continued)

▶ Resources Recycling (continued)

- ▶ American recycling market is large, through the duplication of the successful experience in US, to expand business volume in US.
- ▶ Kinds of spent resins/plastics also have large market volume e.g. PS, PE, PP etc., by applying the PET bottle washing/slicing technology to expand more areas in such resources recovery business

▶ Green Energy

- ▶ To expand the project volume steadily
- ▶ Domestic solar power generation policy is bound to continue or more active, the market volume is expected still large, investment targets will be continually and carefully chosen in the fierce competition market.
- ▶ Based on the successful development experiences in US and the global EPC project of CTCL group, to find the appropriate investment targets.



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