

# KD Holding 2016 2<sup>nd</sup> Investor/ Press Conference

2016/09/26



崑鼎投資控股股份有限公司  
KD Holding Corporation

# Agenda

- Review of 2016
- Business Strategy and Future Outlook
- Summary of 2016 1<sup>st</sup> Half Financial Report



# Review of 2016



# Business Development

## EfW (including Maintenance of Mechatronics System) and Waste Management

- Service contract for equipment maintenance, overhaul, mechatronics system upgrade, and refuse crane operation for EfW Plant
- Service contracts for industrial waste management for Taiwan middle region
- Service contract for power system upgrade and high-voltage power system maintenance for airport
- Service contract for functional improvement of HVAC system for universities and medical institutes
- Service contract for test-run of mechatronics system for MRT lines



# Business Development

## EfW (including Maintenance of Mechatronics System) and Waste Management

- Service contracts for O&M supervision for 6 EfW plants in Mainland China
- Service contract for O&M for food waste treatment pilot plant in Macau
- Service contract for functional improvement and O&M for hazardous waste treatment plant in Macau
- Stepping into biomass field, providing technical service for biomass power plant in Mainland China



# Business Development

## Solar Power

- PVPP on harbor area in south Taiwan has partially come online
- PVPP on land of environmental protection related facility is under construction
- Acquired PVPP development right on remediate landfill in south Taiwan
- PVPP in the U.S. has come online in 2016 Q2



## Circular Economy

- r-PET business gradually becomes stable due to the oil price recovery

## Water Resource

- Stepping into water resource field, acquiring 33 years service contract for O&M for sewerage system in Chungli

# Performance

- Miaoli Plant honored with the award of 2015 EfW Premium Performance
- Keelung, Hsintien and Houli Plants honored with the award of 2015 EfW Excellent Performance
- Tainan Plant honored with award of 2015 Premium Occupational Safety and Health Unit
- SESC honored with the award of 2015 Excellent Labor Safety Unit from Taipei City Government
- SESC acquired OHSAS18001:2007 Certifications (2016/1/14~2019/1/13)
- Miaoli and Tainan Plants acquired TOSHMS CNS15506:2011 Certification
- Miaoli and Tainan Plants honored with award of 2015 Badge of Accredited Healthy Workplace
- Owns 21 patents in Taiwan and 10 patents in China (e.g. receiving and storage system, feeding system, incineration and flue gas treatment etc.)



# Awards

- KD Holding Corporation awarded excellent in CSR from CommonWealth Magazine and ranked Top 3 in the medium-size enterprise sector
- KD Holding Corporation evaluated as Top 5% in the 2015 Corporate Governance Evaluation System
- KD Holding Corporate Sustainability Report 2015 certified with AA1000
- FE awarded 2015 Carbon Reduction Excellent Performance from EPA
- GD awarded 2016 Kaohsiung Photovoltaic Intelligent Building Certificate Silver from Kaohsiung City Government
- GD awarded 2016 Top Solar System Award from Bureau of Energy, Ministry of Economic Affairs
- KD ranked the 285<sup>th</sup> in the 2015 CommonWealth Magazine Top 2000 Enterprises Survey, and ranked Top 8 in the holding company sector (SESC ranked the 361<sup>rd</sup> and Top 2 in the environment sanitation service sector)





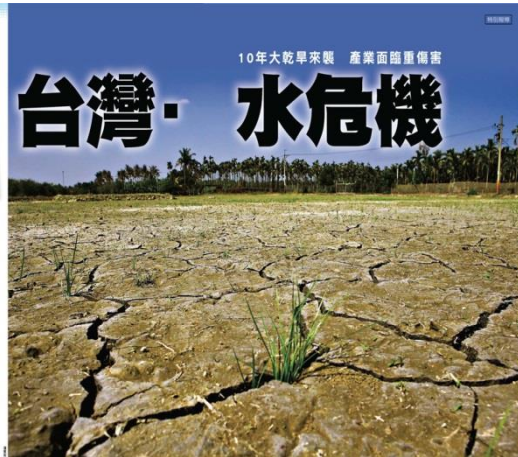
# Business Strategy and Future Outlook



# Challenges from World Rapid Development

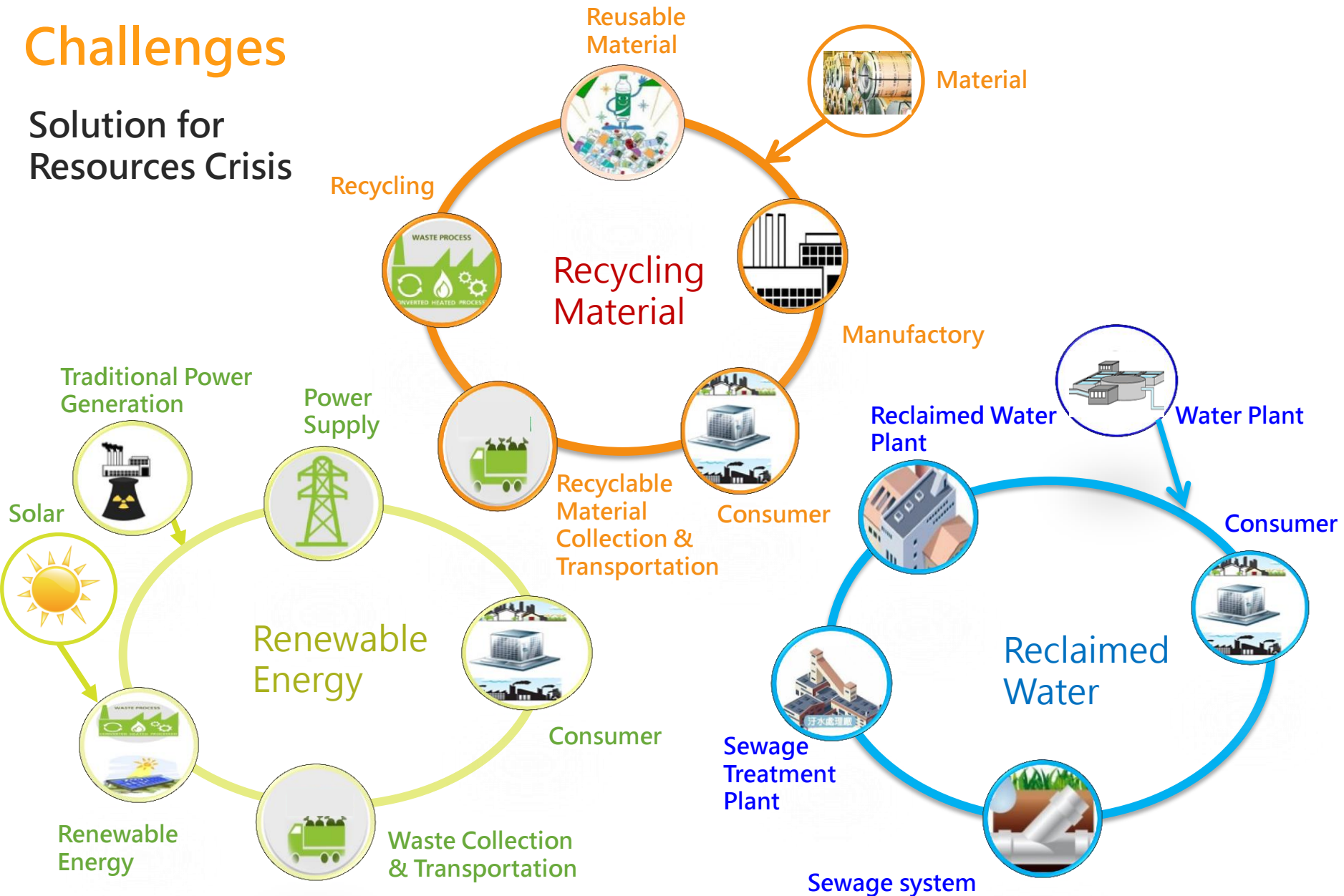
## Resources Crisis

- Material demand growth : Using petrochemical product leads to resource depletion
- Electricity demand growth : Burning of hydrocarbon fuel results in greenhouse gases generation and climate change
- Water demand growth : Global climate change cause extreme water scarcity



# Challenges

## Solution for Resources Crisis



# Challenges from World Rapid Development

## Resource Recycling

- Public : Environmentally conscious
- Enterprise : Corporation social responsibility
- Government : Policy (e.g. solar energy, reclaimed water, biomass etc.)



# New Resource Recycling Policy

## Circular Economy

- Promote resource efficiency and sustainable consumption

## Renewable Energy

- Expand solar power development and plan to have 20GW of solar in place by 2025
- Establish biomass center

## Reclaimed Water

- Plan to build 6 reclaimed water plants

## Waste Management

- Establish new industrial waste treatment plant in industrial park
- Promote EfW plants upgrade to improve performance
- Start new EfW project

## New Southbound Policy

- Assist ASEAN in infrastructure, including power plant, sewerage, EfW plant etc.

# Expanding Resource Recycling Business

Company grows steady and development policy keeps focusing on resource recycling business

Business development based on maximizing existing business and expanding business into new areas and territories

## Existing Business Growth

- EfW and Waste Management : EfW ROT/OT/O&M supervision, mechatronics system upgrade and maintenance and industrial waste management
- Solar Power : Carefully search for the investment targets
- r-PET : Improve equipment competency and increase polyester production from r-PET to enhance competitiveness



# Expanding Resource Recycling Business

## Business Expansion

- EfW and Waste Management

- Domestic

- Industrial waste treatment facility

- Taoyuan biomass center

- Mainland China

- Work with local enterprise on development of WtE PPP project based on experience from O&M supervision

- Strive for investment opportunity of EfW expansion or relocation

- Evaluate the opportunity of biomass power plant O&M service

- ASEAN and India

- Cooperate with local enterprise and CTCI local branch to develop business

- Malaysian WtE plant O&M qualification has been approved and the proposal is under review

# Expanding Resource Recycling Business

## Business Expansion

- **Solar Power**

- Based on the development experiences in the U.S. and the CTCI group' s local resource , KD strives for the overseas opportunity
- Malaysian PVPP project bidding qualification has been approved and the proposal has been submitted

- **Circular Economy**

- Expand business line from PET to other kind of polymers (e.g. PP, PS, PE etc.)
- Evaluate the investment opportunity of metal recycling from wastewater
- Expand overseas market through finding, integrating and be in alliance with Taiwan' s company with proper expertise and overseas partner with local stock sources (e.g. precious metal recycling in India)



# Expanding Resource Recycling Business

## Business Expansion

- Water Resource

- CTCI group has awarded the first project (Fengshan River) and strives for other projects (e.g. Yongkang etc.)

- Other

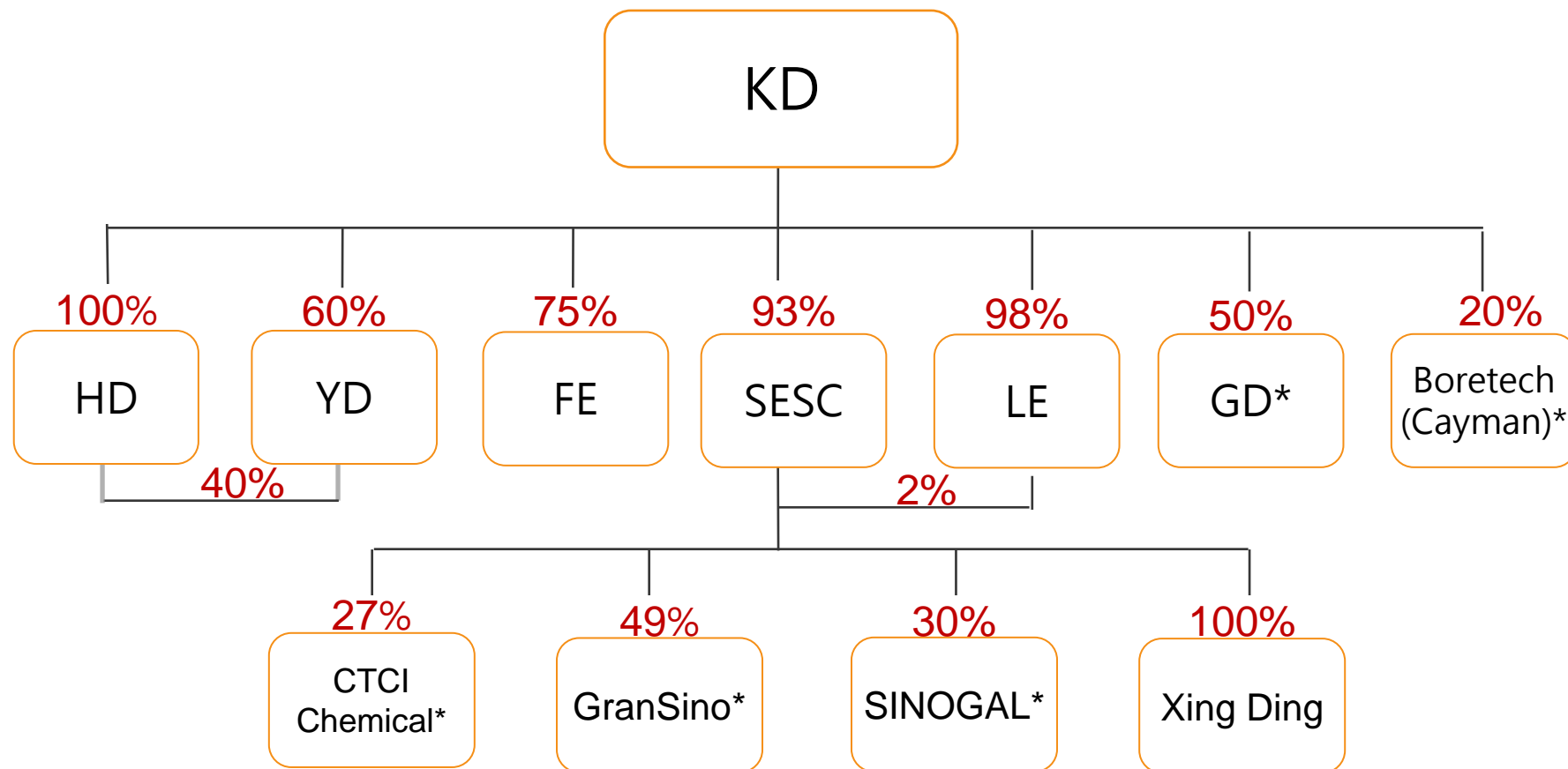
- Together with CTCI group' s subsidiary and local strategical partner in Malaysia strive for the investment opportunity in Malaysia gas power plant

# Financial Highlights - 2016 H1



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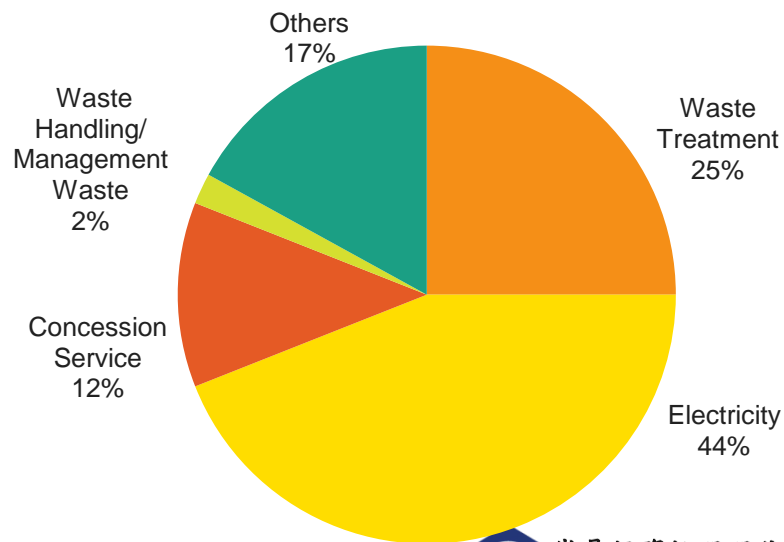
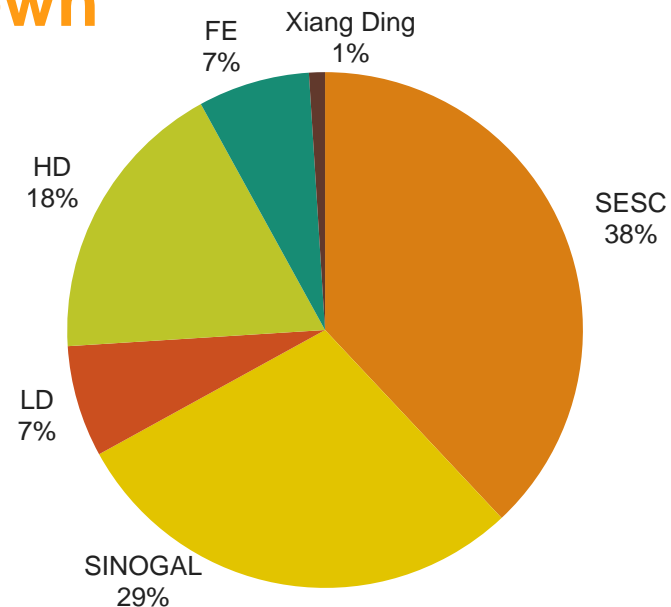
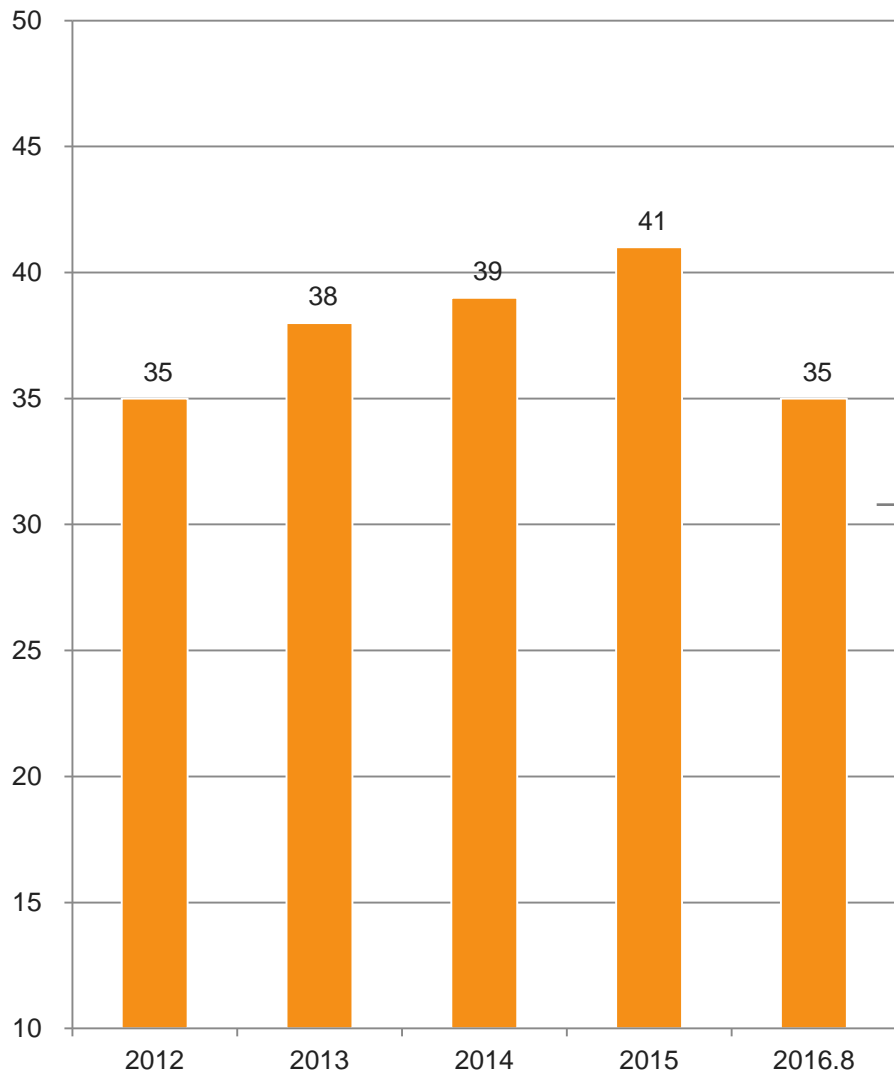
# Investment Structure



\*By Equity Accounting Method

# Consolidated Revenue Breakdown

Unit:NT\$,Billion



# 2016 H1 Consolidated Income Statement

	Unit:NT\$,Thousand				
	<u>2016/06/30</u>		<u>2015/06/30</u>		<u>YOY</u>
Operating Revenue	2,739,329	100.0%	1,981,437	100.0%	38.2%
Operating Costs	(1,550,088)	-56.6%	(1,430,061)	-72.2%	8.4%
Gross Profit	1,189,241	43.4%	551,376	27.8%	115.7%
Operating Expenses	(74,551)	-2.7%	(78,276)	-4.0%	-4.8%
Operating Profit	1,114,690	40.7%	473,100	23.8%	135.6%
Total Non-Operating Income and Expenses	16,332	0.6%	29,171	1.5%	-44.0%
Profit before income tax	1,131,022	41.3%	502,271	25.3%	125.2%
Income Tax Expense	(196,489)	-7.2%	(74,365)	-3.7%	164.2%
Profit for the period	934,533	34.1%	427,906	21.6%	118.4%
Profit attributable to Owners of the parent	481,203	17.6%	367,017	18.5%	31.1%
EPS After Tax (TWD)	7.28		5.62		29.5%

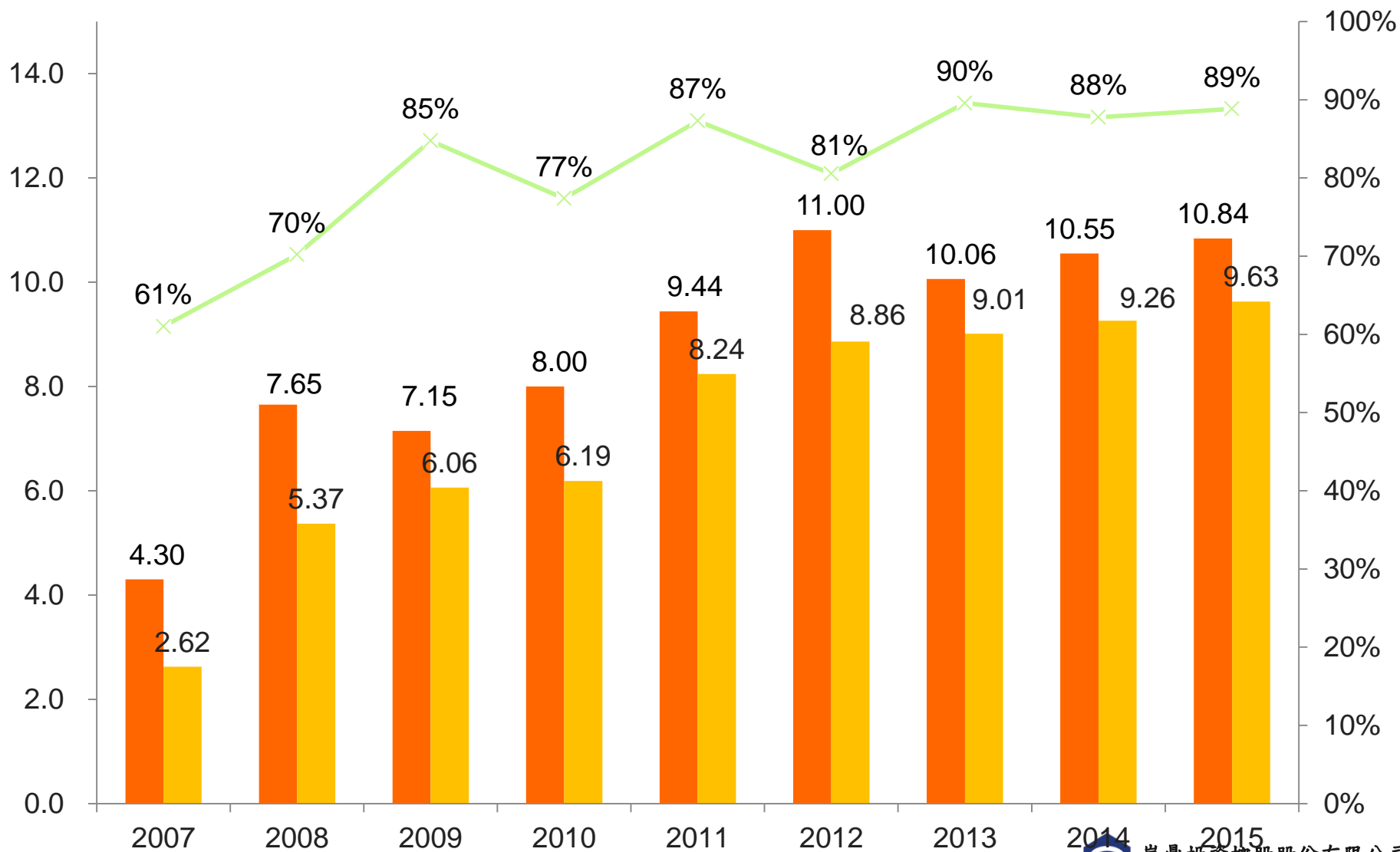
# 2016 H1 Consolidated Balance Sheet

Unit:NT\$,Thousand					
	<u>2016/06/30</u>	<u>2015/06/30</u>		<u>2016/06/30</u>	<u>2015/06/30</u>
Current assets*	3,993,706	3,765,518	Current liabilities	2,123,787	2,362,618
Financial assets	307,135	290,179	Non-current liabilities	715,156	849,265
Non-current assets	3,612,668	3,881,179	Long-term borrowings	268,000	444,000
Property, plant and equipment	50,227	53,001	Other non-current liabilities	447,156	405,265
Intangible assets	3,562,441	3,828,178	Total Liabilities	2,838,943	3,211,883
Other non-current assets			Total equity	4,767,431	4,434,814
Total assets	7,606,374	7,646,697	Total liabilities and equity	7,606,374	7,646,697

\*Cash and cash equivalents:NT\$18bn

# Dividend Payout

■ EPS   ■ Cash DPS   -x- Cash Dividend Payout Ratio(%)





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**Thank you!**