

CTCI Corporation

Yuanta Securities 2021 Q3 Outlook Virtual
Investment Forum

August 18, 2021



Disclaimer

- The consolidated financial statement is hereby based on International Financial Reporting Standards (IFRS) and audited by CPA.
- This presentation may include forward-looking statements with respect to the operations and business of the company other than the historical results. The actual results may differ from those indicated forward-looking statements due to unknown risks and uncertainties. Investors should make their own judgement and control the investment risk.

Contents

- Company Overview
- Operation Review for Current Status
- Market Opportunities
- Financial Highlights
- Carbon Neutral Strategy and Action

Company Overview

Company Profile

History

1979 – CTCI Corporation was established and engaged in EPC business

1993 – CTCI Corporation started to list in Taiwan Stock Exchange
(code: TWSE 9933)

Paid-in CapitalTWD 7.63 Billion (USD 273 Million)

CTCI Market CapTWD 29.3 Billion (USD 1.0 Billion)

Group Market Cap * TWD 47.4 Billion (USD1.7 Billion)

Base date: July 30, 2021
USD:NTD=1:27.925

* including two listed subsidiaries of ECOVE Environment and CTCI ASI in the sectors of resource cycling and intelligent solution respectively

CTCI offers a comprehensive range of services, products, and solutions for EPC lump-sum projects in **Hydrocarbon, Power, Environmental, Transportation and Advanced Technology Facility.**



Global Network

CTCI has around 7,000 employees in around 40 affiliates spanning across more than 15 countries worldwide

Date: 2021.03



Manpower

Taiwan
5,195

China
678

Thailand
301

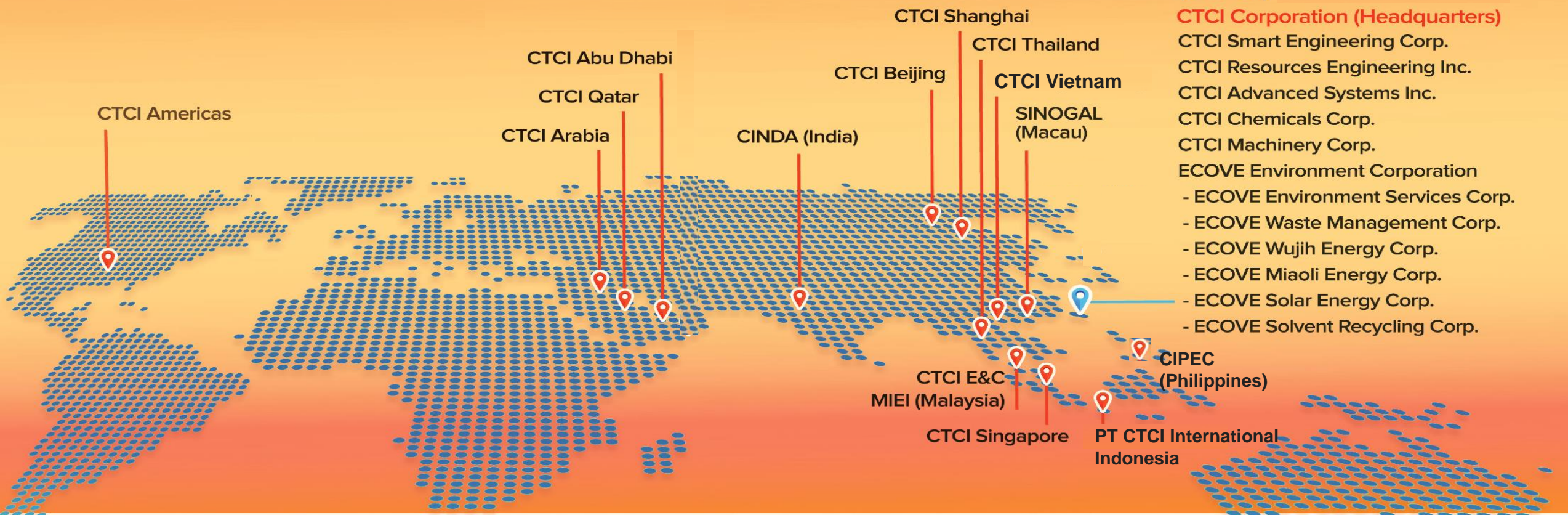
Vietnam
175

India
244

Malaysia
53

Singapore
(Taiwan) 53

USA
102



Growth Path and Strategy – 1/2

From Design to Lump Sum Turn Key



Design (3D/4D)



Construction



Lump Sum Turn Key

From Domestic to Global



Taiwan



Middle East



Southeast Asia



USA

Growth Pattern and Strategy – 2/2

From Single Business to Diversified Footprint



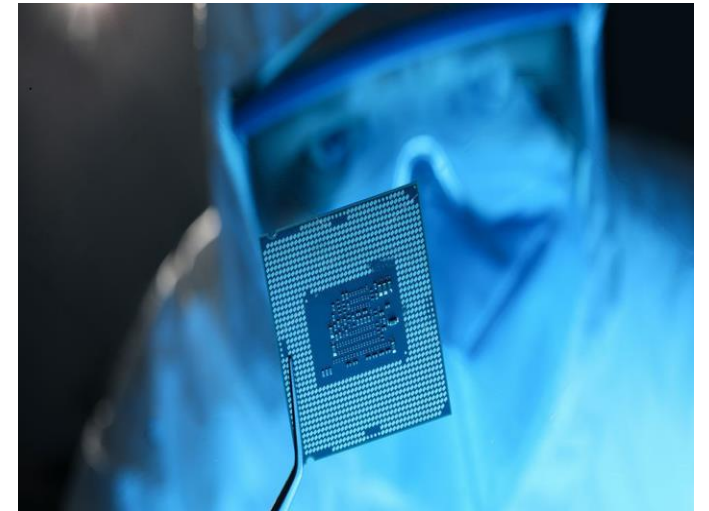
1980s

Refining
Petrochemical



2000s

Power
Transportation
General Industry
Environment



2020s

Green Energy
Low Carbon
Hi-tech

Company at a Glance

Global Top 100/
Taiwan No.1
Leading EPC company

One of Global Major EPC Players

- ▶ Over 40 years of industry experience, involved in numerous landmark projects in Taiwan with solid customer profile and track records
- ▶ Enhancement of bidding competitiveness by flexible strategy of bidding alone or with alliance partners (e.g. licensors, critical vendors, other world-class EPC companies) to win US\$ billions projects worldwide

Most Reliable Engineering Service

- ▶ Commitment to reliable project execution as acknowledged by customers honorably
- ▶ Continuing improvement of unique abilities, such as Intelligent EPC(i – EPC) systematic integration by adopting AI technology and big data analysis, modularization technology, etc.
- ▶ Well-diversified three business groups via group-wide subsidiaries to have a consolidated synergy

Solid Foundation in ESG

- ▶ Embedded “ESG” as part of corporate DNA and transformed into the core competitiveness of business
- ▶ Active engagement in the field of green energy & environment related to ensure stable income and profit on a long-term contract basis

Maintain Steady Dividend Yield

- ▶ Consistently higher dividend yield in TWSE average

Operation Review for Current Status

Outline for 2021 till Present



New Fields (High-Tech), New Markets' (U.S.) Accomplishment



Backlog Breaks Through New Record High (NT\$318 Billion)



Global Low-Carbon Economy and Green Transformation Trend



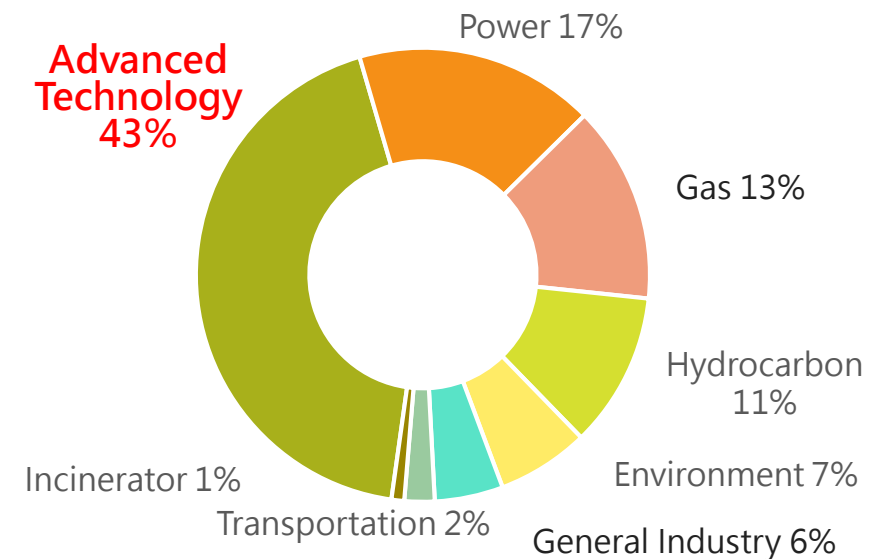
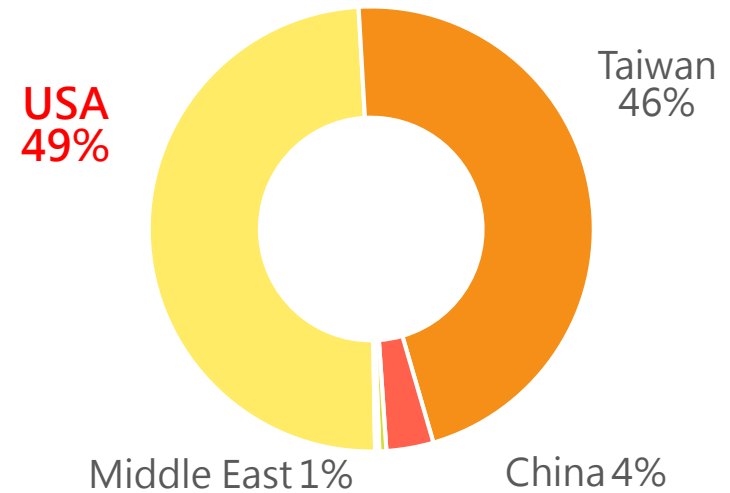
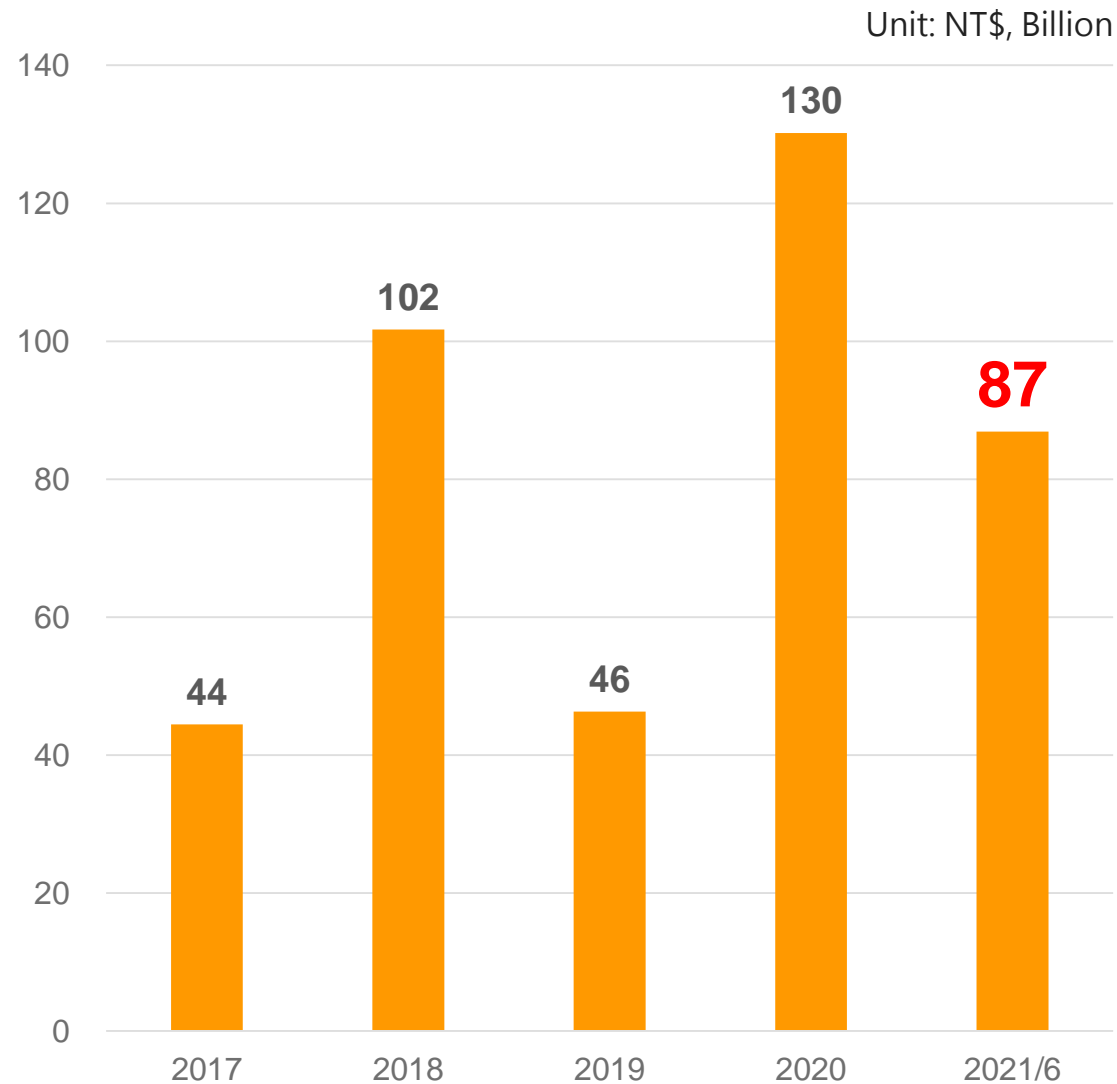
The Impact of COVID-19



Fluctuations in raw material and labor prices

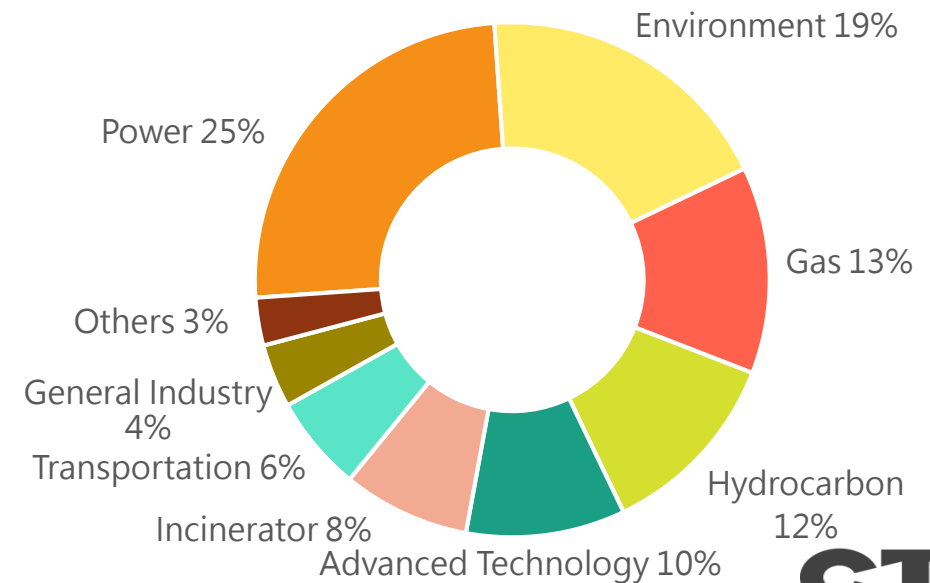
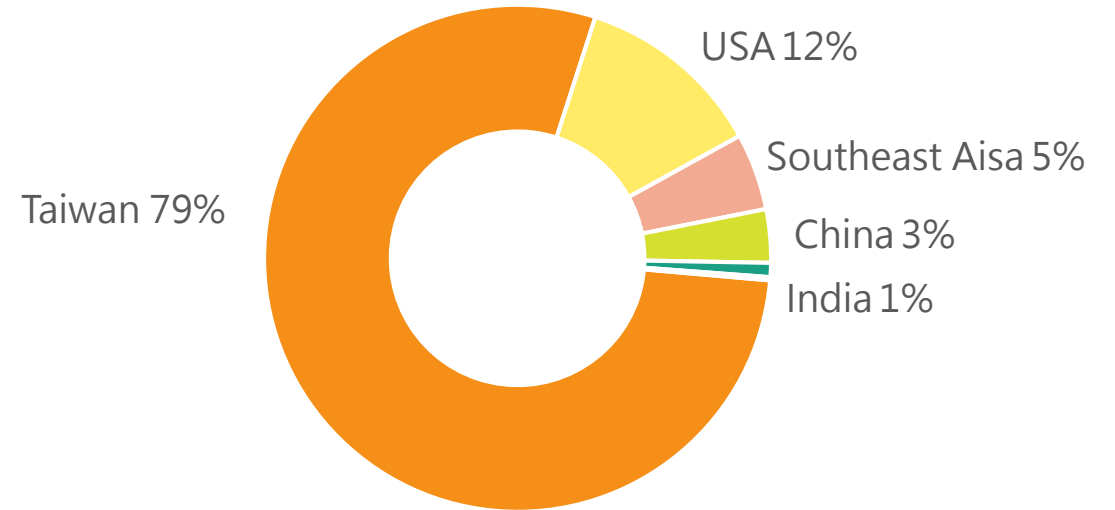
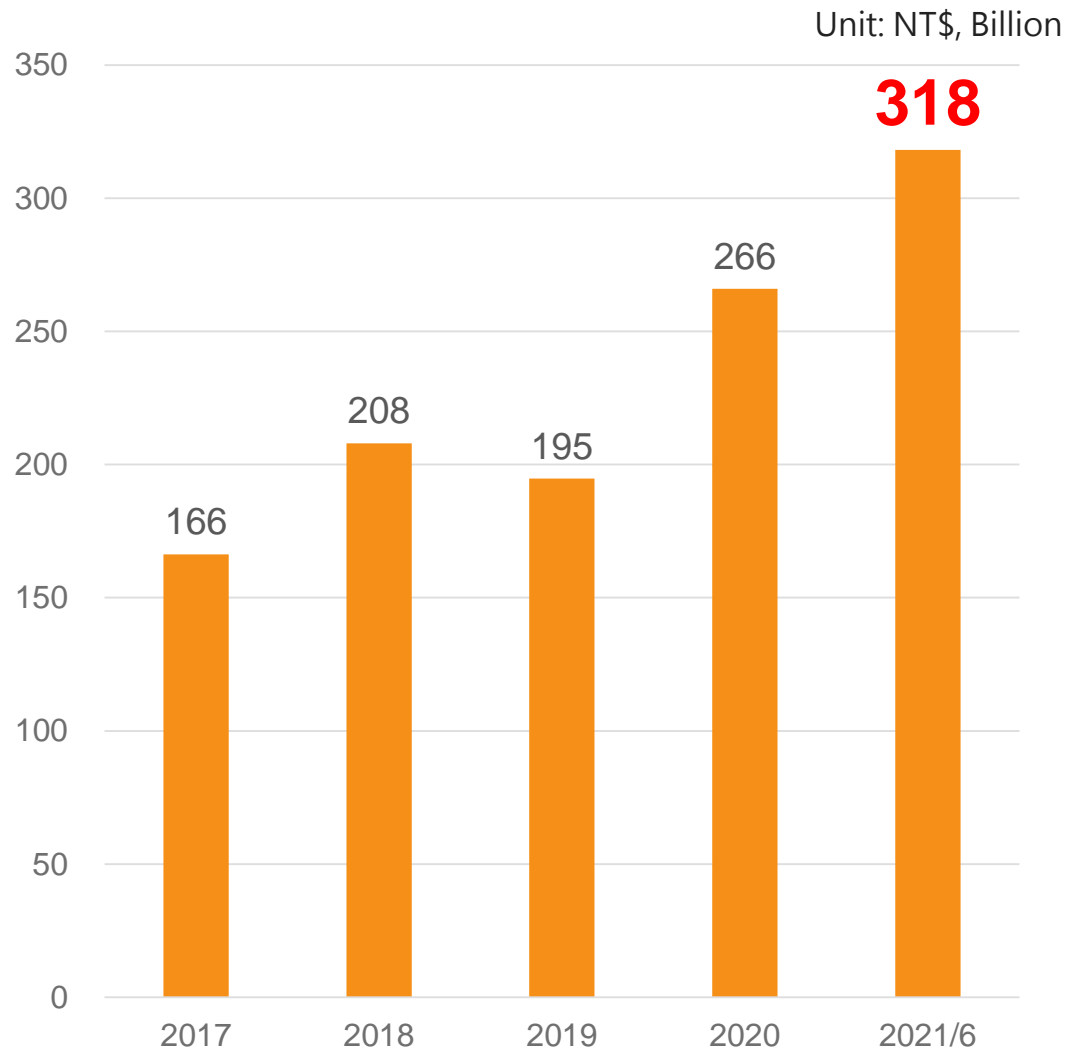
New Fields (High-Tech), New Markets' (U.S.) Accomplishment

New Contract up to 30 June, 2021



Backlog Breaks Through New Record High

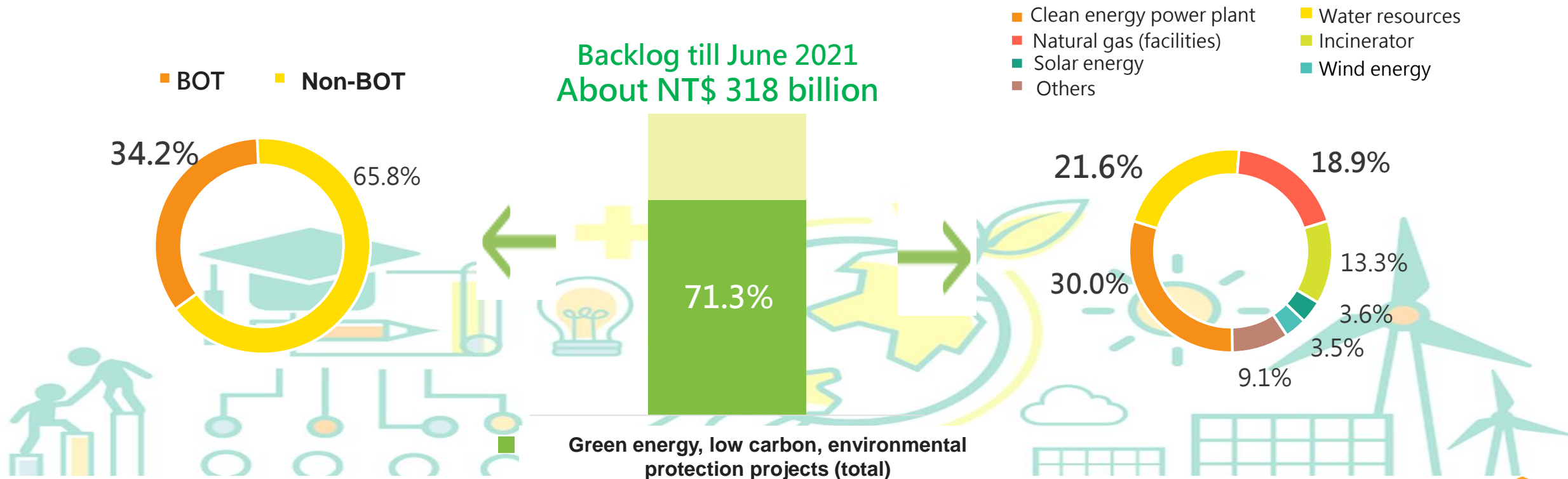
Backlog up to 30 June, 2021



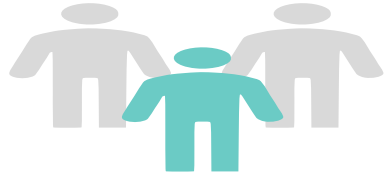
Global Low-Carbon Economy and Green Transformation Trend

Long-term attention in Global Warming, Climate changing, ESG, etc.

- Actively cultivate strengths in clean energy, water resources, waste treatment, etc., via dedicated business units from many years ago.
- Actively participates in investment development and operations in addition to EPC work in order to pursue long-term stable revenue and profit.



The Impact of COVID-19



Overview

- Many countries have successively unblocked due to the popularity of vaccines
- Global Investment plans gradually recover
- India and UK have successively appeared coronavirus variants, and the epidemic situation in Taiwan has also become tense, causing pressure to restart the epidemic



Influences

- Most overseas construction sites have been under normal construction, and only a project in south Vietnam has affected the construction progress



Actions

- The epidemic situation in Taiwan is rising:
 - Socially distanced workforce, separated seating arrangement, online meetings, etc.→ Back to Normal Operation
 - Has been implemented COVID-19 rapid antigen test by Taipei Medical University Hospital and provided free rapid test kits for employees to take at home
 - Assist in the health care of the confirmed staff
- Public constructions can apply for cost compensation and project period extension caused by epidemic
- Actively strive for relief subsidies from various countries

Fluctuations in Raw Material and Labor Prices

Overview

- ▶ The epidemic has eased, the global economy has recovered rapidly cause shortage of supply
- ▶ Government's incentive measures have driven capital back to Taiwan enhance new constructions
- ▶ Large Hi-Tech factories have built new plants, and labor demand has increased
- ▶ Significant price increases both in raw material and labor from in 2020Q3

Influences

- ▶ The projects awarded in 2020H2 have moderately reflected the price increases in the cost estimation
- ▶ The projects acquired before 2020H2, the prices of some materials are higher than budgeted

Action

- ▶ Public constructions can apply price adjustment clauses to adjust the project cost
- ▶ Bids in preparation:
 - Sign pre-bid agreements with subcontractors/ suppliers
 - Carefully evaluate and appropriately increase the risk reserve
 - Continue to exercise copper hedging

Market Opportunities

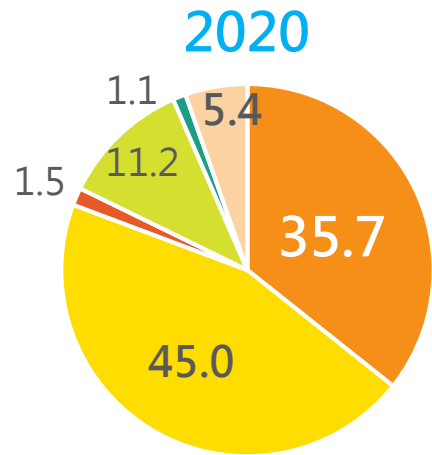
Domestic Clean Energy Opportunities

Taiwan 2025 Energy Policy:

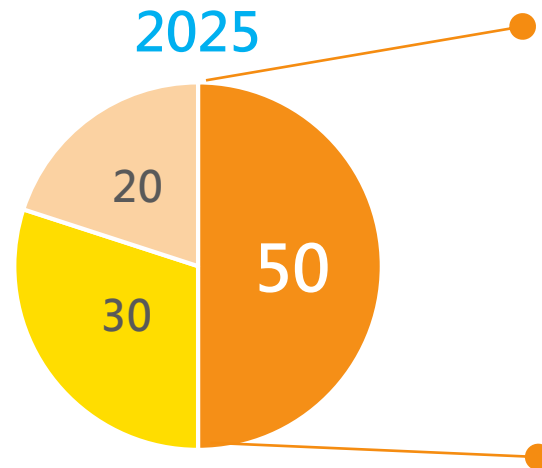
“ Reduce Coal-fired, Increase Nature Gas, and Promote Green Energy ”

Natural gas is a clean energy with environmental advantages, and the growth of natural gas use is a world trend

Current Status of Power Generation (%)



Transformation Goal (%)



Gas Power Plant

- Taipower Power Plant:
→ about 11,800MW
- Private power plant (IPP):
→ about 5,100MW

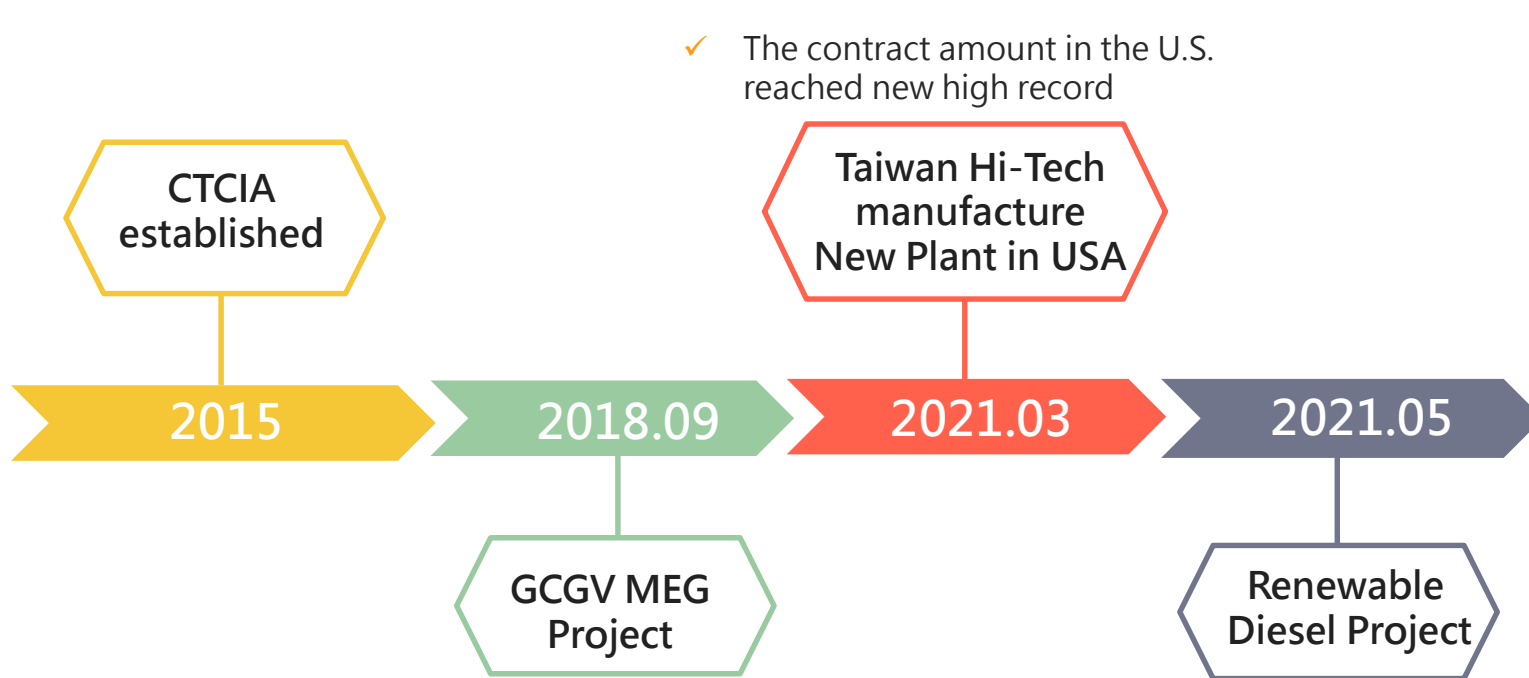


LNG Terminal Related Facilities

- Wingon Receiving Station
- Taichung Receiving Station

- Datan Power Plant is Taipower's first gas-fired power plant to be outsourced under lump sum contract. After that, the total capacity of gas-fired power plants via publicly tendered under the lump sum contract totaled 13,850MW, and CTCI Corp. awarded about 74%.
- CTCI Corp. is the only domestic engineering firm who is capable of executing lump sum contracts for LNG gasification facilities and storage tanks.

Deploy Strongly in the U.S. Market



✓ The contract amount in the U.S. reached new high record

CTCIA established

Taiwan Hi-Tech manufacture New Plant in USA

2015

2018.09

2021.03

2021.05

GCGV MEG Project

Renewable Diesel Project

- ✓ ExxonMobil and SABIC's major investment in the Gulf Coast which is the largest MEG modularized plant in the world
- ✓ Cooperate with McDermott and the advanced modularization technology obtain the recognition and trust of the owner
- ✓ The contract amount is close to US\$ 1 billion
- ✓ It is expected to be completed successfully this year



- ✓ Step into renewable energy and low-carbon business

+ Semiconductor Industry Business Opportunities

- Huge demand for electric vehicles and 5G
- The U.S. intends to expand local semiconductor production capacity and Taiwan companies plan to have new investment there.
- Drive high-tech industry supply chain manufacturers to copy Taiwan's successful experience to the U.S.

+ Renewable fuel business opportunities

- The demand for clean energy continues to grow
- Biden government strongly supports green energy and environmental protection industry
- U.S. multi-state governments offer incentive policies for renewable fuels

New Opportunities in China

- ✓ BASF Petrochemical Complex Project in Zhanjiang, Guangdong
- ✓ Dow Chemical Manufacturing Hub for Specialty Chemicals in Zhanjiang, Guangdong
- ✓ SABIC/Fuhaichuang Petrochemical Complex Project in Gulei, Fujian

Investment from Taiwan :

- ✓ Quanzhou Grand Pacific Chemical Co. Ltd.
- ✓ Zhangzhou CHIMEI Chemical Co., Ltd.
- ✓ Formosa Petrochemical Corporation (FPCC)
- ✓ Chang Chun Petrochemical Co., Ltd.
- ✓ Taita Chemical Co., Ltd.



Foreign Investment Increase

Foreign investment restrictions are loosened, 100% foreign investments are allowed in large-scale refining and chemical integration projects, cause new foreign investment projects in China are gradually increasing.



China's Fourteenth Five-Year Plan

Announced to accelerate the goal to enlarge high-value downstream polymers, implement the elimination of backward production, and promote the integration of production capacity.



BASF designated partner

Following large engineering companies in the U.S. and Japan, CTCI Group becomes a limited qualified partners who been designated by BASF.

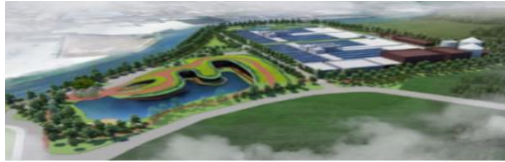


Advantages of Deep Farming

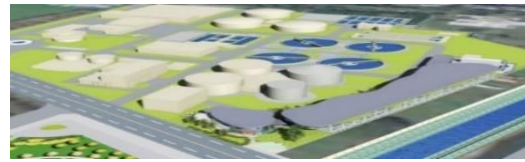
CTCI Beijing has been in China close to 30 years and is one of the few foreign engineering companies that entered China in the 1990s. The localization and the Class A qualifications of chemical and petrochemical, municipal administration, etc., enhance the competitiveness,

Water Investment Drives Business Opportunities

Domestic Water Resources Performance



Construction of sewage sewer system in Zhongli area



Kaohsiung Fengshan Creek Reclaimed Water Plant



Kaohsiung Linhai Sewage Treatment Plant and Reclaimed Water



Tainan Science Park Reclaimed Water Plant

<p>BOT 2+33 year</p>	<p>BTO 2+15 years</p>	<p>BTO 3+15 years</p>	<p>BOT 1.5+20 years</p>
156,000 tons/day	45,000 tons/day	33,000 tons/day	20,000 tons/day
The total length of the pipeline is 246 km, connecting 200,000 households	The first domestic municipal sewage recycling BTO demonstration project	The first domestic project that combines municipal sewage treatment and reclaimed water systems	The world's first project of high-tech wastewater reclaimed to the semiconductor process

- ✓ From 2019 to 2025, 11 new reclaimed water plants (with a daily capacity of nearly 300,000 tons of water) are planned. CTCI awarded the only two which were released on investment/construction/operating basis among the four reclaimed water plants outsourced.
- ✓ Government plans to release five desalination plants (Taoyuan, Hsinchu, Chiayi, Tainan, Kaohsiung) on investment/construction/operation basis.
- ✓ As a only one domestic professional player with both municipal sewage and industrial sewage treatment capabilities, together with the abilities in full life cycle performance in investment/construction/operation in reclaimed water business.

Opportunities for Waste Treatment

Investment/Construction/Operation

4 Plants

- 24 large-scale municipal waste incineration plants in Taiwan, CTCI Group owns 2 plants (Wuri Plant/Miaoli Plant) among the three plants of which are on the investment/construction/operation basis, and also undertakes the operation of the third one.
- Cross into the investment/construction/operation of comprehensive waste treatment sectors(Taoyuan Biomass Energy Center and Changbin Resource Treatment Center)

Large-scale municipal waste incineration plant operation

10 Plants

- CTCI Group is the largest incinerator operator in Taiwan.
- A total of 19 large-scale municipal waste incineration plants operated by the private players and CTCI Group obtained 8 plants, plus 2 overseas incineration plants

- ✓ In the next 5 years, it is estimated that there will be 12 municipal waste incineration plants for new construction, remapping or expansion plans to adopt investment/construction/operation basis (estimated opportunity is about NT\$140 billion).
- ✓ The demand for waste treatment plants in the industry has greatly increased due to insufficient industrial waste treatment capacity
- ✓ The only domestic professional player with full life cycle performance in investment/construction/operation of the incineration industry.



Rail Transportation Market Potentials




In the next five years, three track constructions will be launched one after another and localization policies will be cited

Total mechanical and electrical budget: NT\$31.5 billion



Extension of the transportation network in Taipei, Taichung and Kaohsiung or the promotion of new route plans

Total mechanical and electrical budget: NT\$87 billion



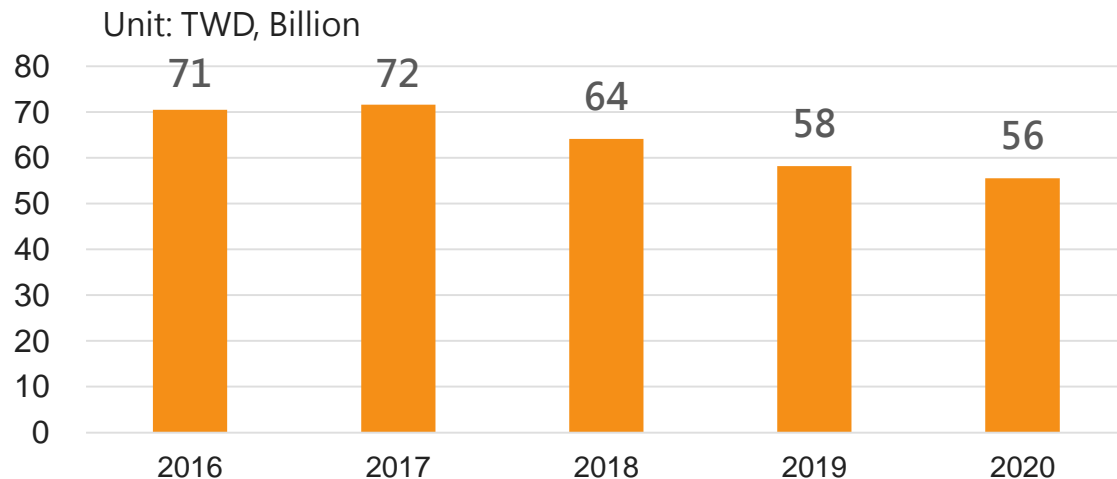
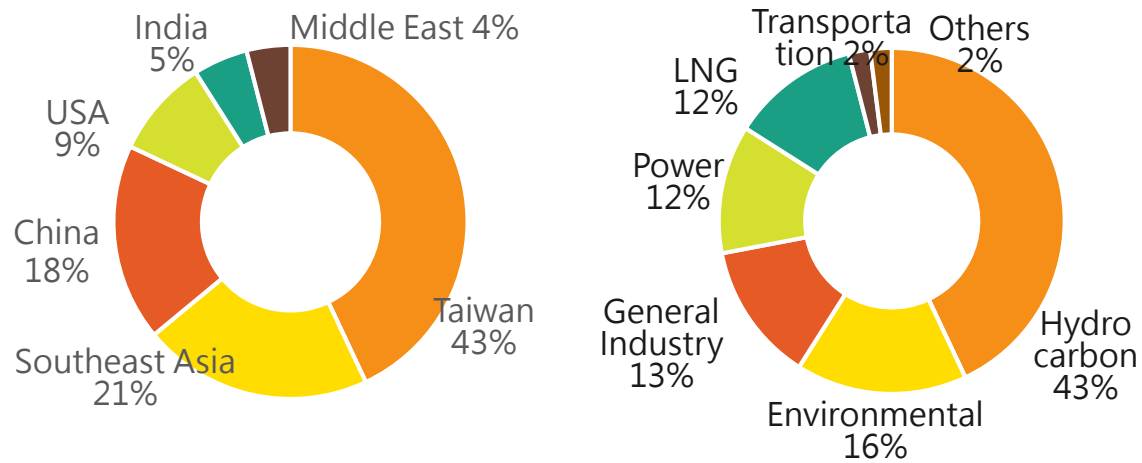
CTCI is the leading player in
domestic MRT system E&M work
lump sum turnkey business



Financial Highlights

YR2020 Financial Performance

2020 Consolidated Revenue

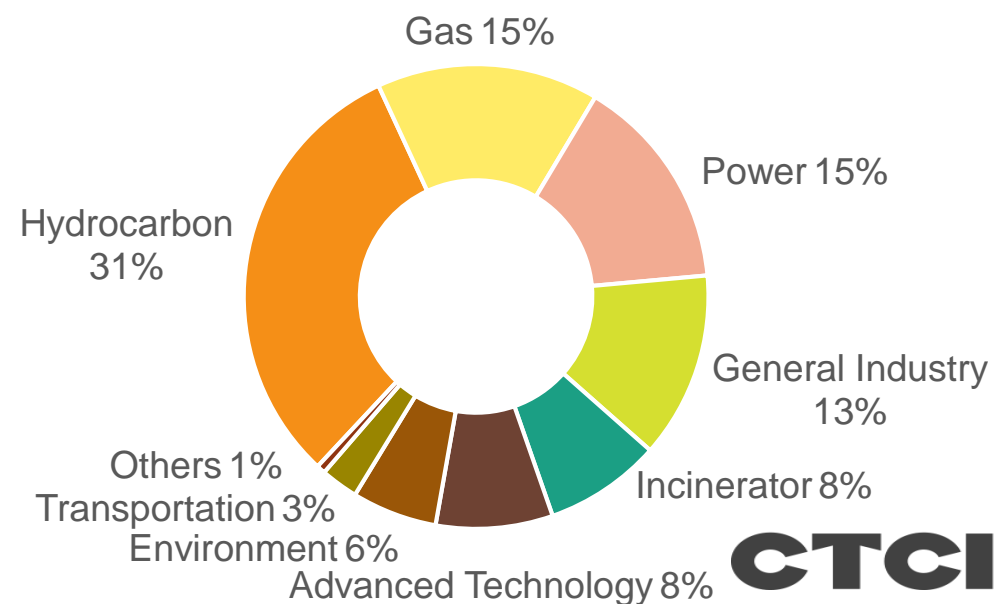
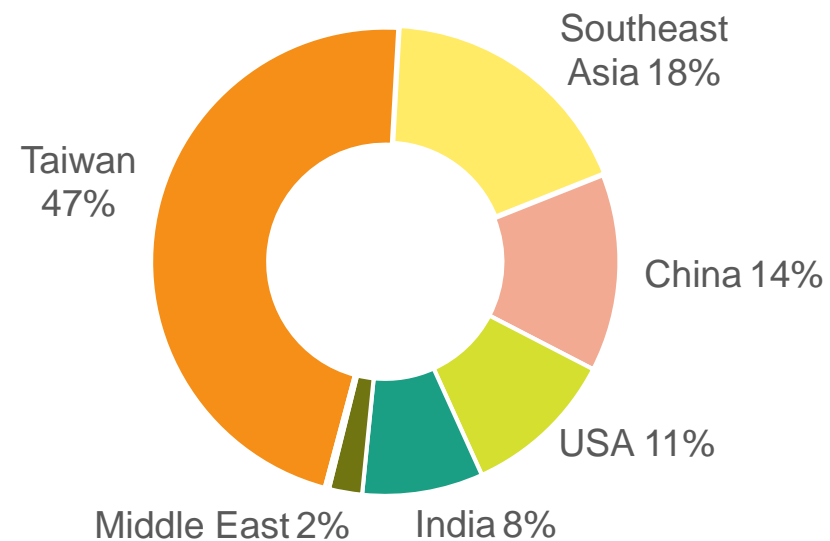
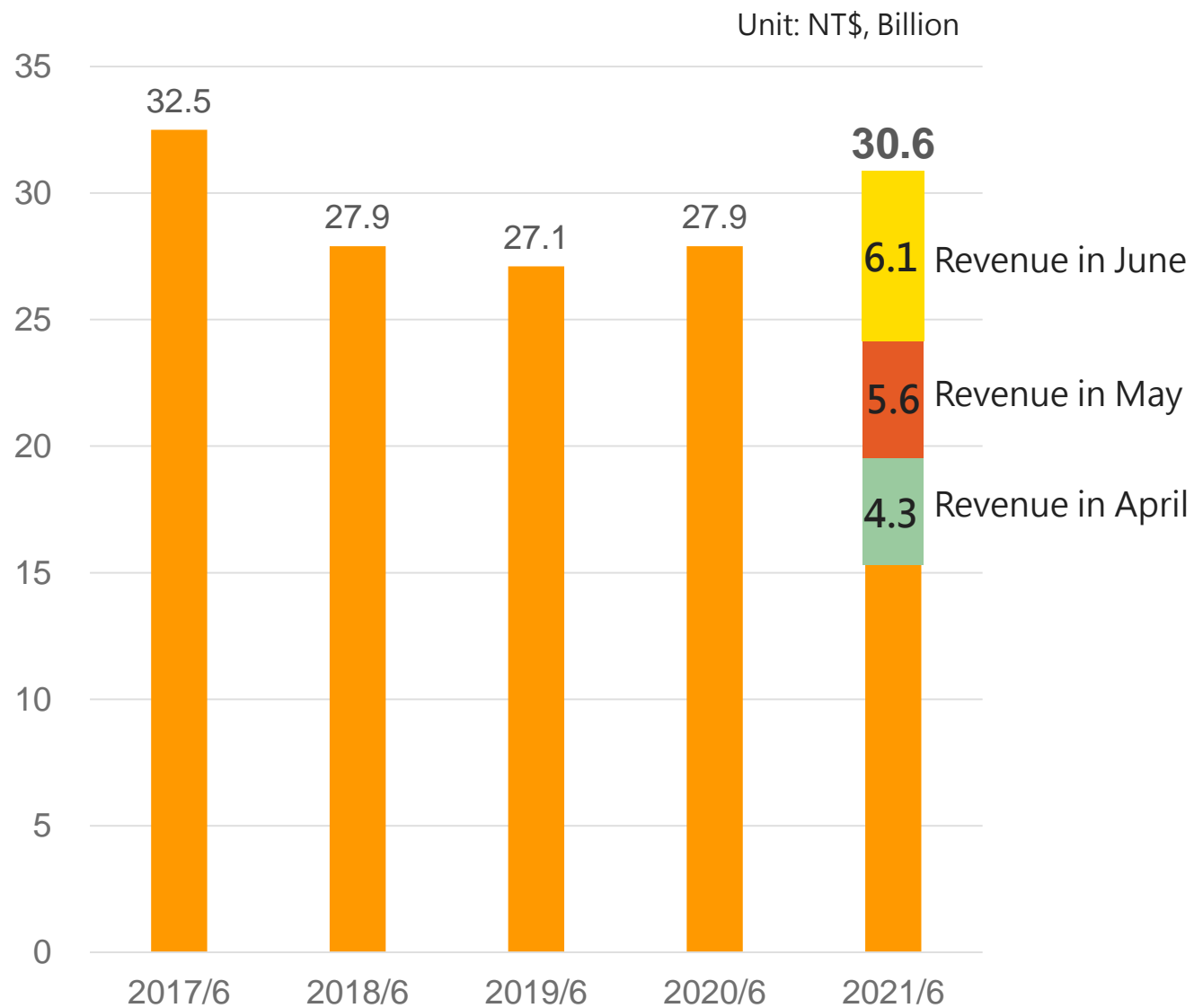


Unit: TWD, Thousand

Revenue	55,558,409
Gross Profit	3,643,650
Profit attributable to Owners of the parent	766,548
Total basic earnings per share	1.01
Current assets*	47,518,372
Non-current assets	23,269,591
Total assets	70,787,963
Current liabilities	34,849,103
Non-current liabilities	16,904,623
Total Liabilities	51,753,726
Total equity	19,034,237

*Cash and cash equivalents: TWD 13.4 billion

2021Q2 Consolidated Revenue and Distribution



2021Q2 Consolidated Income Statement

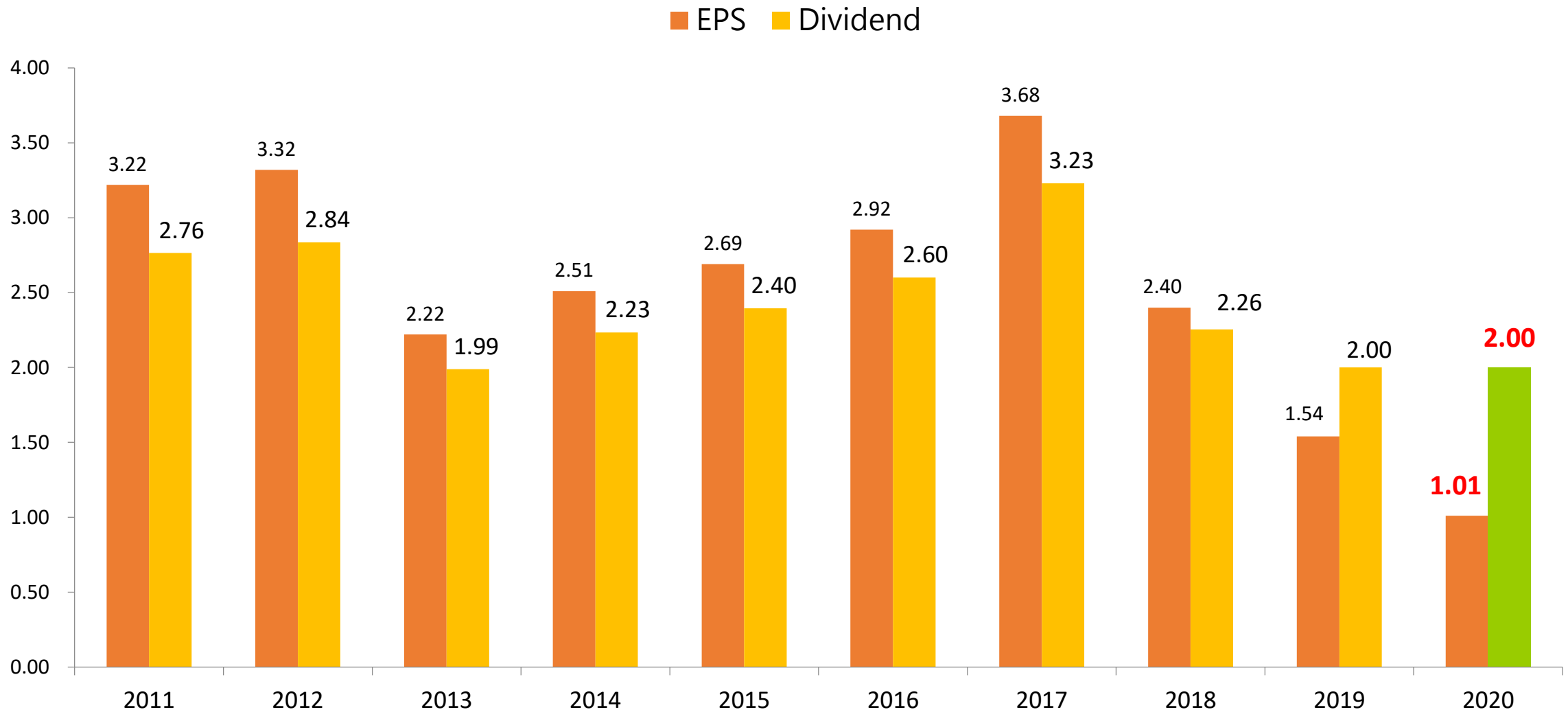
	Unit: NT\$, Thousand				
	2021/6/30		2020/6/30		YOY
Sales Revenues	30,639,250	100%	24,705,860	100%	24%
Operating costs	(29,081,874)	-94.9%	(22,819,348)	-92.4%	27.4%
Gross Profit	1,557,376	5.1%	1,886,512	7.6%	-17.4%
Operating expenses	(834,223)	-2.7%	(849,985)	-3.4%	-1.9%
Operating income	723,153	2.4%	1,036,527	4.2%	-30.2%
Total non-operating income and expenses	418,375	1.4%	(175,577)	-0.7%	-338.3%
Profit before income tax	1,141,528	3.7%	860,950	3.5%	32.6%
Income tax expense	(351,496)	-1.1%	(299,423)	-1.2%	17.4%
Profit for the period	790,032	2.6%	561,527	2.3%	40.7%
Profit attributable to Owners of the parent	554,115	1.8%	310,472	1.3%	78.5%
Total basic earnings per share	0.73		0.41		

2021Q2 Consolidated Balance Sheet

	Unit: NT\$, Thousand			
	2021/6/30		2020/6/30	
Current assets*	57,308,344	70%	48,402,472	69%
Non-current assets	24,322,775	30%	21,414,058	31%
Total assets	81,631,119	100%	69,816,530	100%
Current liabilities	43,880,017	54%	35,132,283	50%
Non-current liabilities	17,681,895	22%	16,758,130	24%
Total Liabilities	61,561,912	75%	51,890,413	74%
Equity attributable to owners of The parent	16,649,990	20%	15,220,252	22%
Non-controlling interest	3,419,217	5%	2,705,865	4%
Total equity	20,069,207	25%	17,926,117	26%
Total liabilities and equity	81,631,119	100%	69,816,530	100%

*Cash and cash equivalents: NT\$ 20.4 billion

Dividend Payout



■ The Unappropriated retained earnings is fully distributed, and the difference is covered by legal reserve.

Carbon Neutral Strategy and Action

Taiwan Alliance of Net Zero Emission

- CTCI joins hand with Taiwanese business leaders in sustainability to usher in a new era of net-zero emissions.



台灣淨零排放倡議 Net Zero 2030/2050 Initiative



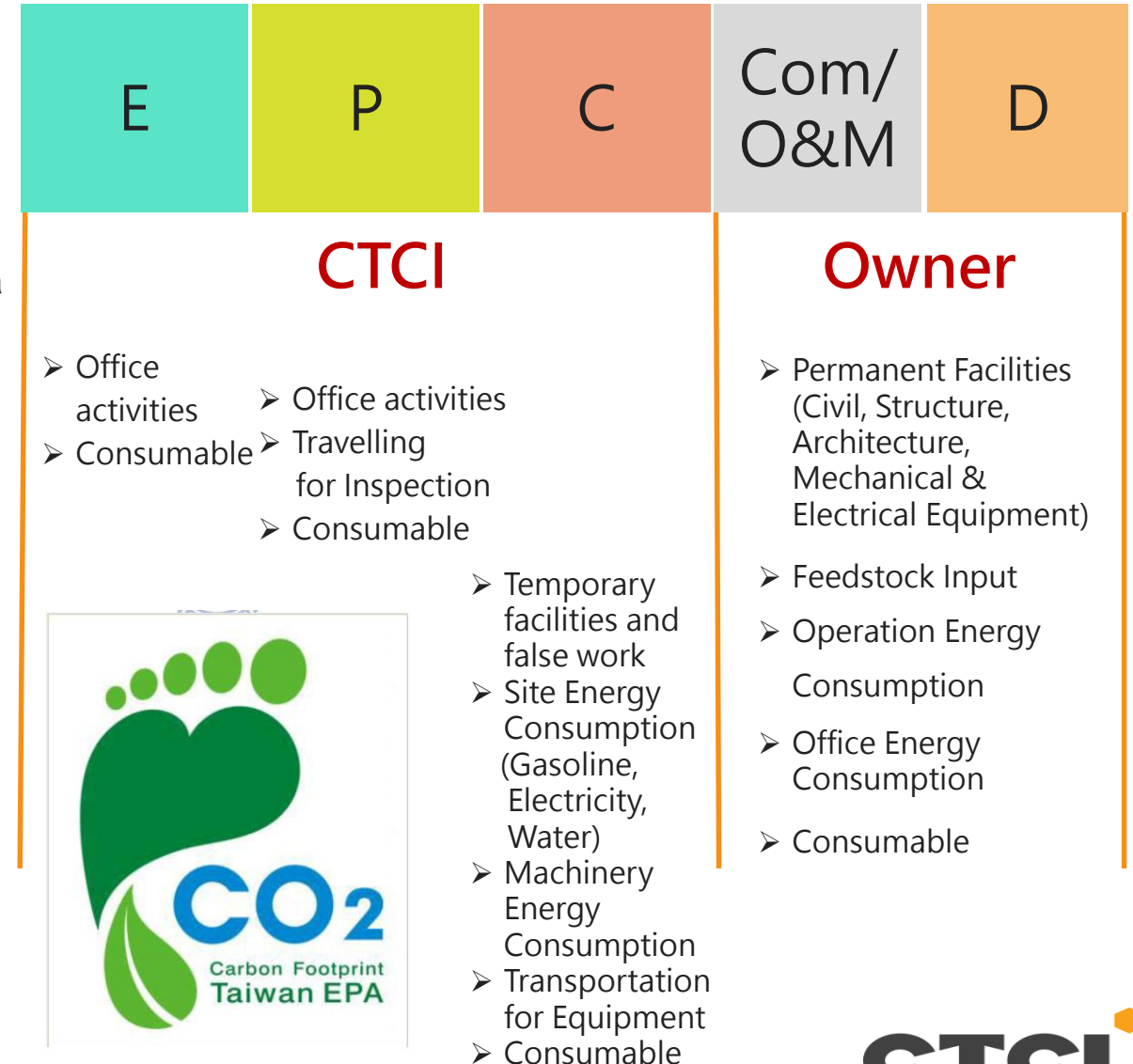
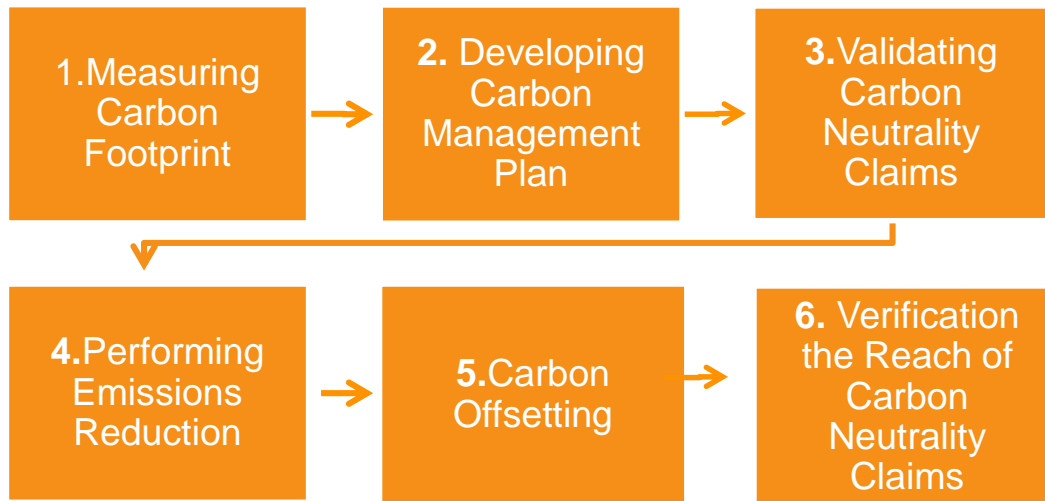
Net Zero	2030	Committed to achieving a balance between the greenhouse gases put into the atmosphere and those taken out, including the headquarter and offices.
	2050	Committed to achieving a balance between the greenhouse gases put into the atmosphere and those taken out, including the headquarter, offices and production bases.

Actions for Carbon Neutrality of the Construction of a New Plant

□ Bidding Stage

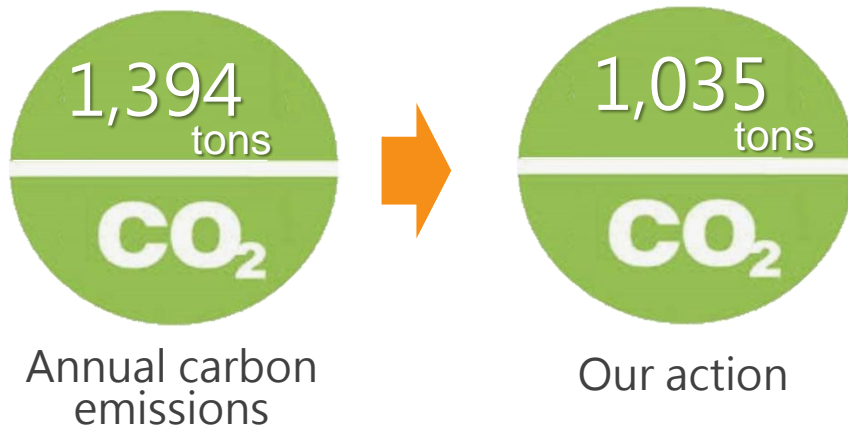
- 1) Defining the boundary of carbon neutrality of the construction of a new plant, and estimating its carbon footprint during bidding stage, then making emissions reduction plan.
- 2) Including the plan for carbon neutrality of the construction of a new plant as a VE case in the proposal, implement after reaching a consensus with the client.

□ Execution stage



Taiwan's First International Circular Economy & Carbon Neutrality Dual Certifications

- ❑ ECOVE Solvent Recycling Corp. ,an affiliate of CTCI, provides services in waste solvents purification and recycling.
- ❑ Passed the BS 8001 circular economy standard audit again in 2020, achieving the circular economy standard in all of its business areas.
- ❑ Certified by BSI for achieving carbon neutrality in accordance with the PAS 2060 standard in 2021.
- ❑ Taiwan' s First Company Obtaining International Circular Economy & Carbon Neutrality Dual Certifications



- Change heavy oil into natural gas → reducing 216 tons of CO₂ emission.
- Utilize waste heat, installing boiler heat exchangers → reducing 124 tons of CO₂ emission.
- Energy saving in process, using bag windmills to save electricity→ reducing 19 tons of CO₂ emission.

