



Taiwan Cogeneration Corporation



INVESTOR CONFERENCE

2019.8.29



TAIWAN COGEN

Presentation Content



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一、Company Profile



(一) Company basic information

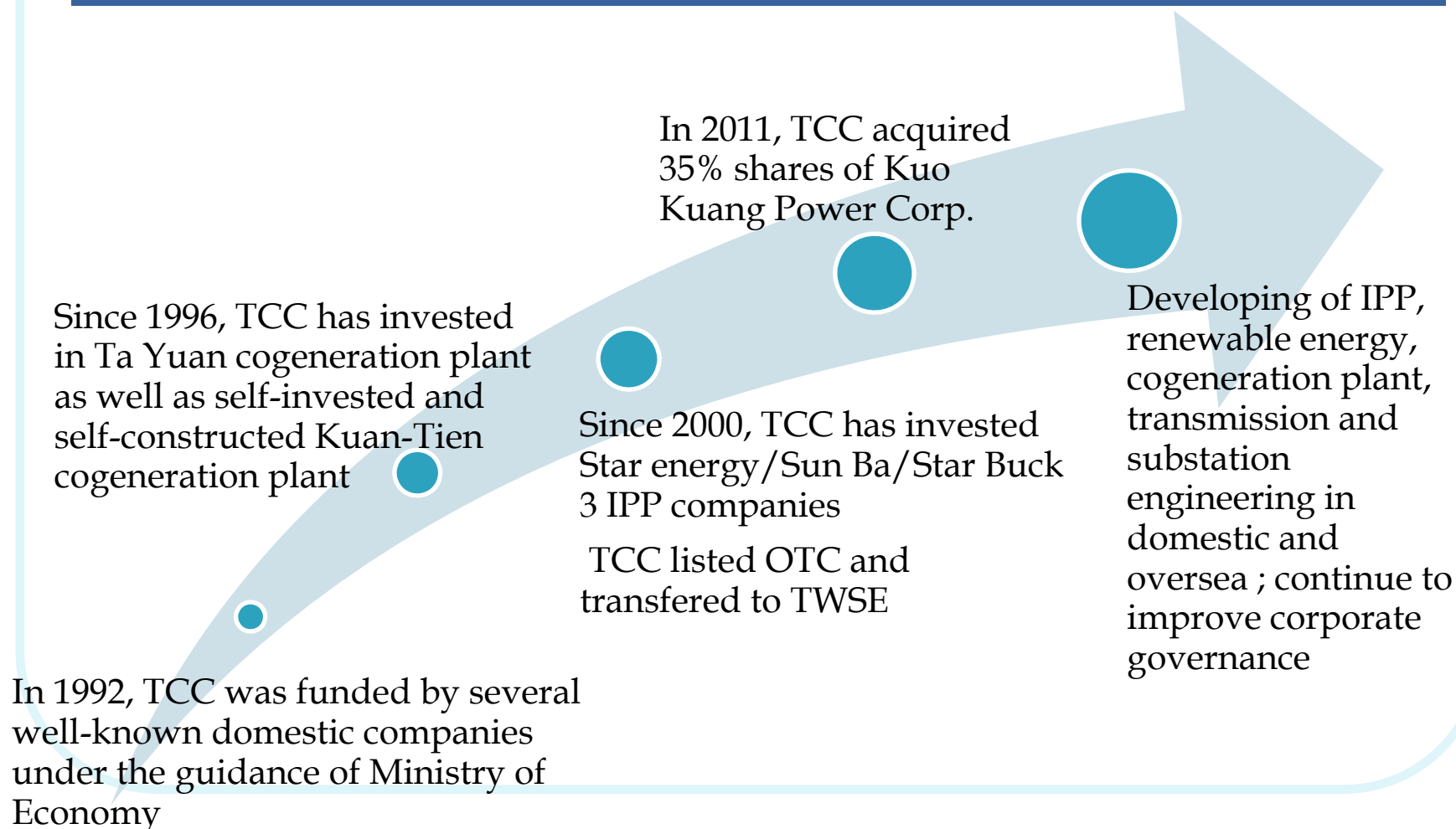
- **Company Name : Taiwan Cogeneration Corporation (TCC)**
- **Chairman : Michael, Min-Chieh Chang**
- **Date of establishment : 1992**
- **Date of Listing : 2003 (Code: 8926)**
- **Capital : NT\$5.89 Billions**
- **Main business : Power Industry**
 - ✓ Power generation business
 - ✓ Engineering business
 - ✓ Investment business

一、Company Profile (continued)



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(二) Development track

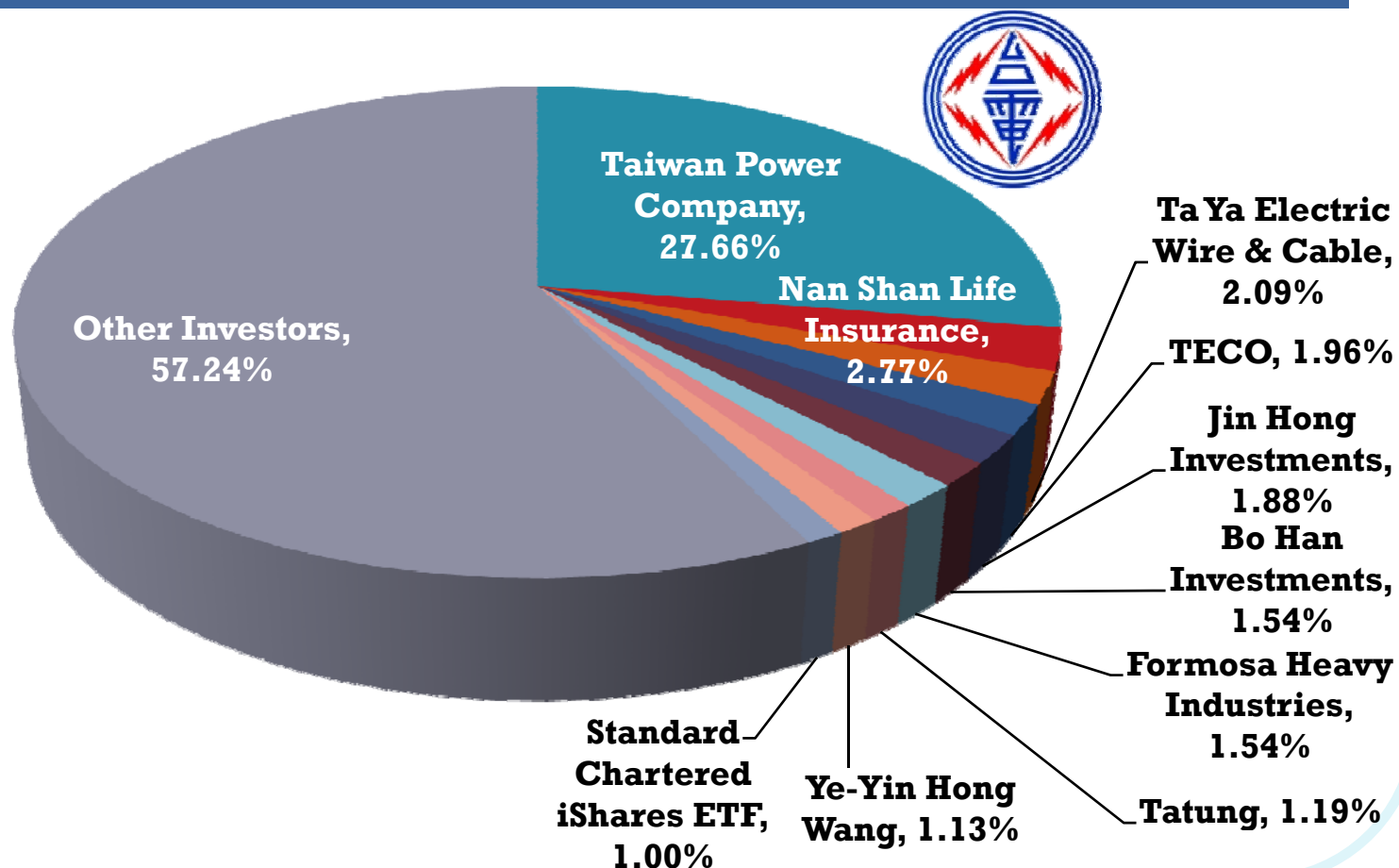


一、Company Profile (continued)



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(三) TCC's Shareholders (As of April 2019)



一、Company Profile (continued)



TCC has invested in total of 14 companies



一、Company Profile (continued)



Name of the investee company	Capital (NT\$ Millions)	Shareholding by TCC (%)	Main business
Ta Yuan Cogeneration Corporation	1,164	29%	Operation of Cogeneration Plant (68.4MW)
Star energy Power Corporation	3,000	41%	Operation of gas-fired Power plant (490MW)
Sun Ba Power Corporation	6,000	43%	Operation of gas-fired Power plant (980MW)
Star Buck Power Corporation	3,300	41%	Operation of gas-fired Power plant (490MW)
Kuo Kuang Power Corporation	3,278	35%	Operation of gas-fired Power plant (480MW)
Star Energy Corporation	630	100%	Construction and engineering service for power, renewable energy related
Shinlee Products Inc.	40	41%	Engineering service and international trading
Starbao Power Corporation	20	100%	Wind power
Taiwan Cogeneration International Corp.	685	100%	Oversea investment
Redondo Peninsula Energy, Inc.	2,293	25%	Development of coal-fired power plant (600MW) in Subic Bay, Philippines
Kaohsiung Arena Development Corp.	2,500	8%	Operation of Kaohsiung Arena and its related facilities
Yi Yuan Corporation	300	51%	Investment of geothermal power
Chingshuei Geothermal Power Corp.	250	51%	Geothermal power
TCC Green Energy Corporation	85	100%	Investment of green energy
Shin Kuang Electric Energy Co. Ltd.	80	100%	Solar power

二、Financial Statement

(一) Consolidated Income Statement



Unit: Thousand NTD	2019Q1-2	2018 Q1-2	YOY	
Revenues	1,780,863	1,786,662	(5,799)	0%
Costs	1,622,926	1,591,212	31,714	2%
Realized gain on transactions with associates	12,732	15,938	(3,206)	-20%
Realized Gross Profit	170,669	211,388	(40,719)	-19%
Gross Margin	10%	12%	-2%	
Operating Expense	117,091	97,599	19,492	20%
Operating net profit	53,578	113,789	(60,211)	-53%
Operating net profit margin	3%	6%	-3%	
Non-operating items	645,687	337,256	308,431	91%
Pre-tax net profit	699,265	451,045	248,220	55%
Income tax expense	(9,155)	(12,700)	3,545	-28%
Net profit	690,110	438,345	251,765	57%
Net profit_Owners of the Corporation	691,227	438,788	252,439	58%
EPS (NT\$)	1.17	0.74	0.43	58%

三、Financial Statement(continued)

(二) Consolidated Balance Sheet



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Unit: Thousand NTD	2019.6.30		2018.6.30	
Current Assets	4,973,614	25.7%	2,856,360	17.4%
Non Current Assets	14,372,242	74.3%	13,527,576	82.6%
Available-for-sale financial assets	267,400	1.4%	243,400	1.5%
Investments accounted for using equity method	12,494,952	64.6%	12,443,881	76.0%
Property, plant and equipment	1,296,479	6.7%	698,167	4.3%
Other assets	313,411	1.6%	142,128	0.8%
Total Assets	19,345,856	100.0%	16,383,936	100.0%
Current Liabilities	4,322,713	22.3%	2,311,362	14.1%
Non Current Liabilities	3,311,642	17.2%	2,542,114	15.5%
Total Liabilities	7,634,355	39.5%	4,853,476	29.6%
Shareholders Equity	11,573,856	59.8%	11,511,210	70.3%
Non-Controlling Interests	137,645	0.7%	19,250	0.1%
ROA	8%		6%	
ROE	12%		7%	
Current Ratio	115%		124%	
Quick Ratio	57%		103%	

三、Financial Statement(continued)

(三) Consolidated Cash Flow



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Unit: Thousand NTD	2019Q1-2	2018 Q1-2	YOY
From Operating Activities	54,684	514,125	(459,441)
From Investing Activities	(469,323)	(137,719)	(331,604)
From Financing Activities	220,163	7,460	212,703
Effect of Exchange rate	1,971	14,224	(12,253)
Net Change in Cash	(192,505)	398,090	(590,595)
Beginning Balance	<u>1,096,720</u>	<u>832,418</u>	264,302
Ending Balance	<u>904,215</u>	<u>1,230,508</u>	(326,293)

三、Financial Statement(continued)

(四) Consolidated revenue



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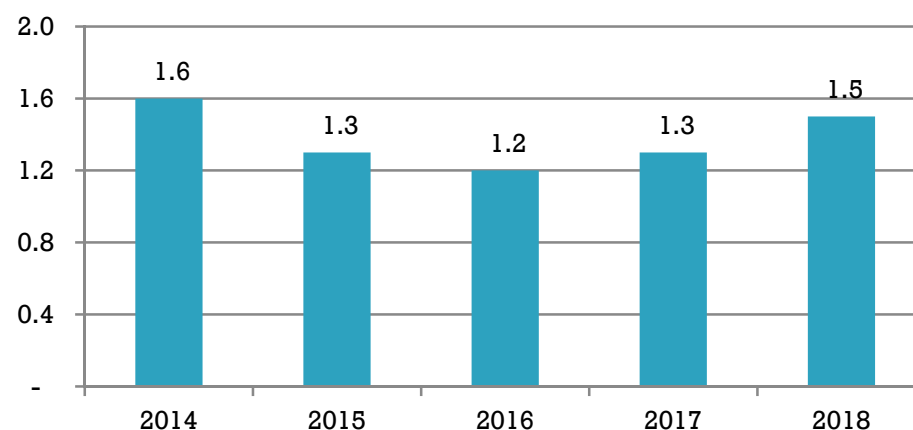
Unit: Thousand NTD	2019/1-7	2018/1-7	YOY	
Sales	537,535	605,614	-68,079	-11%
Research, consulting and construction services	1,680,281	1,584,735	95,546	6%
Total	2,217,816	2,190,349	27,467	1%

三、Financial Statement(continued)

(五) Dividend

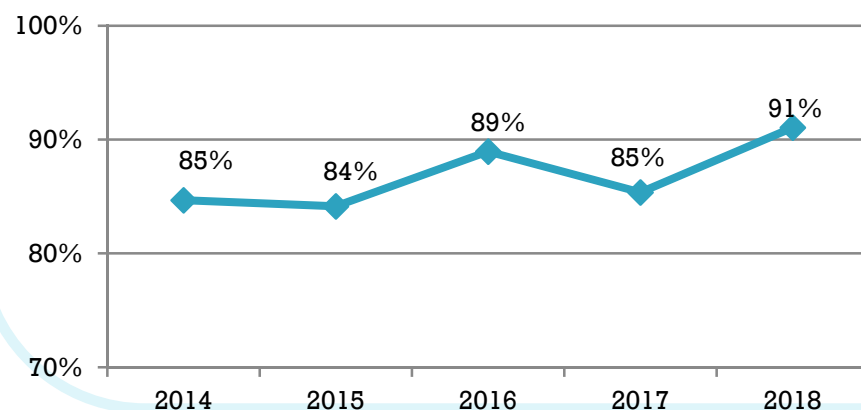


Cash Dividend(NT\$/Shar)

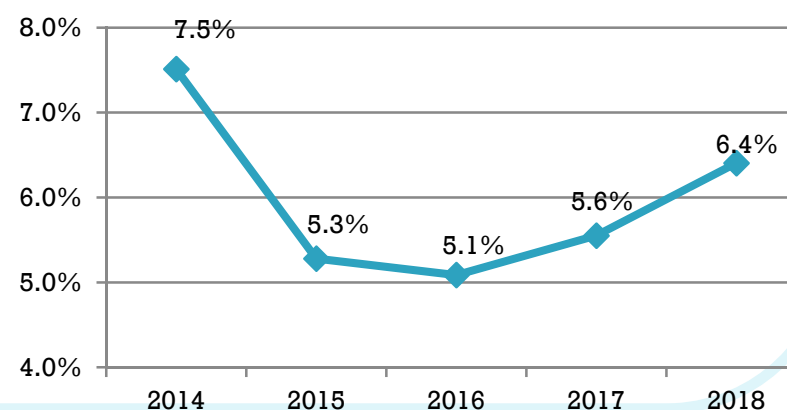


- Dividends are paid in cash and maintain a certain level
- Payout Ratio more than 80%
- Dividend yielding more than 5%

Payout Ratio



Dividend Yield



三、Operating Situation

(一) Guantian Cogeneration Plant



- Increasing of power generation
 - Emergency power purchase from cogeneration
 - Power purchase from cogeneration during off-peak period in summer
- Increasing of burning of scrap tires



三、Operating Situation(continued)

(二) IPPs

1. Increasing of capacity factor and reliability

- Star Buck Power corp. has obtained a license to increase the capacity factor to 70%, and the actual capacity factor will depend on Taipower's dispatch.
- Star energy Power Corp., Sun Ba Power Corp., and Kuo Kuang Power Corp. also evaluate the technical and profitability of the increasing of capacity factor.



三、Operating Situation(continued)



(二) IPPs

2. Concerted action decision made by Fair Trade Committee and Taipower's damage claim

- On September 6, 2018, the Supreme Administrative Court revoked the judgment of the IPPs of the Higher Administrative Court and sent the case back to the Higher Administrative Court. The preparatory process is now under way.
- Taipower's damage claim
 - The original administrative lawsuit has been transferred to the Taipei District Court for trial. Except Star Buck Power corp. is under process, the other IPPs are currently in on suspended.
 - The civil lawsuit currently is on suspended.



三、Operating Situation(continued)

(三) Corporate Governance and Corporate Social Responsibility



- Corporate Governance

Taiwan Index Plus Corporation announced on July 17, 2019 that the company was selected as a constituent of the “Taiwan Stock Exchange Corporate Governance 100 Index”. It shows that the company is highly recognized on its corporate governance improvement and its financial performance based on long-term stable operation.

- The Company has been named among the Top 100 Fastest Growing Companies in 2019 by CommonWealth Magazine

- Corporate Social Responsibility (CSR)

The fourth "2018 CSR Report" of the Company has obtained a Third Party Assurance and disclosed on Market Observation Post System at the end of June.

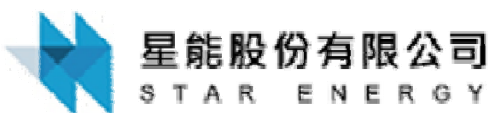
三、Operating Situation(continued)

(四)Others



- cash infusion of Star Energy Corporation

The Board of Directors of Star Energy Corporation, 100% subsidiary of the Company, approved 330 million of cash infusion for improvement of financial structure and expansion of business on 8/2; The board of Directors of the Company has approved the said proposal on 8/12.

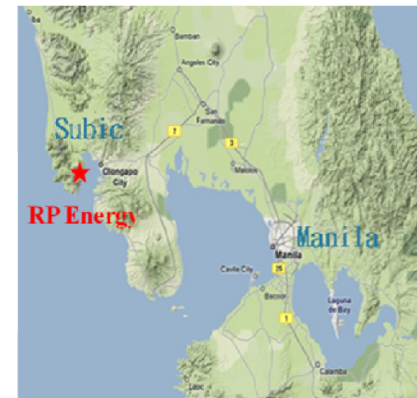


四、Business Overview

(一) Overseas Business



- The Philippine RP Energy coal-fired power plant project is currently reassessing other viable alternatives due to the delay in the approval of Energy Regulatory Commission for the purchase and sale of electricity (PSA).



- Development of other overseas business

四、Business Overview(continued)



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(二) IPP

- After the latest 5/8 announcement for fail of 500MW CCGT IPP in north on 2021, there is no any new announcement yet.
- Sun Ba Power Plant Phase II (1000MW) is currently processing EIA.



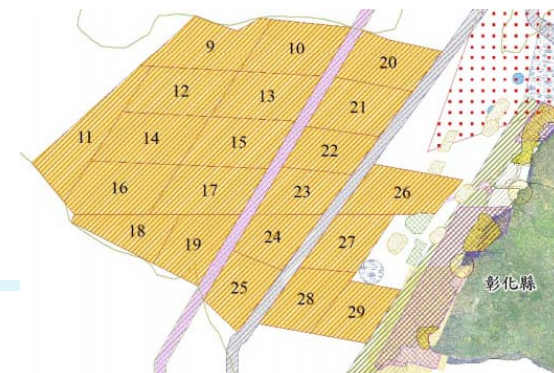
四、Business Overview(continued)

(三) Wind & Solar Power



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- Offshore Wind Power Engineering:
 - The Star Energy Corp. has undertaken the underground cable pipe project of the onshore transmission of Taipower offshore wind farm and the onshore transmission project of Swancor offshore wind farm.
 - The onshore substations EPC project of Ørsted offshore wind farm, which we undertaks, has been resumed.
 - Star Energy will continue to strive for opportunities of engineering and work of operation and maintenance in relevant offshore wind power.



四、Business Overview(continued)



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(三) Wind & Solar Power

- Solar Power Engineering: Changhua Chang Bin solar PV project has completed 100MW grid connection in January this year, and is planned to be completed in September. Taipower Tainan salt fields 150MW solar PV Project has been obtained on 4/12, is currently in progress. We will keep striving for large-scale ground-type solar PV project and other opportunities.
- Solar Power Investment: Shin Kuang 5MW roof type PV was on line on 5/14. Star Energy Corp. has obtained the development right of the water surface type PV project (about 13MW) of Wushantou Reservoir, and is currently processing on the license. TCC is expected to develop 30MW in solar PV project in 2019, including rooftop type, ground type, or water surface type.
- Onshore Wind Power Investment: Star Energy Corp. has obtained Changhua 11MW (3.6*3) onshore wind farm license and established Starbao Power Inc. in December, 2018, and is currently processing on the construction permit.

四、Business Overview(continued)



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(四) Geothermal Power

- Qingshui Geothermal Project
 - The establishment of Qingshui Geothermal Power Inc was completed on May 23, and is currently on preparation of construction.
- Hot water geothermal Project
 - The potential site survey is under process.



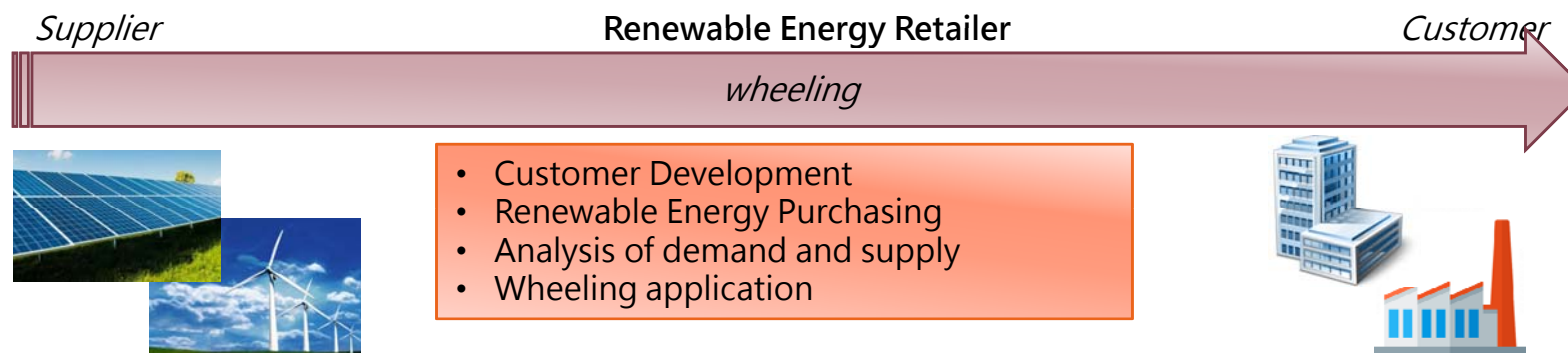
四、 Business Overview(continued)

(五) Retailer of Renewable Energy

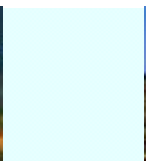


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- After the Renewable Energy Development Act were amended in May 2019, there are many incentives and supporting measures were added to reduce the operation risks for the business.
- The company is currently evaluating to developing in the sales business of renewable energy.



Please Advise



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