

KD Holding 2017 1st Investor/ Press Conference

2017.03.29



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 Financial Report

Review of 2016

Business Development

EfW (including Maintenance of Mechatronics System) and Waste Management

- Industrial waste management for Taiwan middle region
- Equipment maintenance service, overhaul and mechatronics system upgrade for EfW Plant
- Power system upgrade and high-voltage power system maintenance service for airport
- Mechatronics system maintenance service for MRT station, universities and medical institutes
- Test-run of mechatronics system for MRT lines
- Maintenance service for pipe tunnel



Business Development

EfW (including Maintenance of Mechatronics System) and Waste Management

- O&M supervision for 8 EfW plants in Mainland China
- Technical service for biomass power plant in Mainland China
- Functional improvement and O&M service for hazardous waste treatment plant in Macau
- O&M service for food waste treatment demo plant in Macau
- O&M service for sludge incineration in Macau
- Technical service for small scale EfW plant in Malaysia



Business Development

Solar Power

- PVPP phase 1 on harbor area in south Taiwan has come online
- PVPP phase 1 on land of environmental protection related facility has come online
- PVPP in Lumberton, U.S. has come online
- Received rehabilitated landfill development permit in southern Taiwan



Circular Economy

- PET recycling equipment sell and Polyester production gradually becomes stable due to the oil price recovery
- O&M service for Chungli Sewer system
- O&M service for gravel contact oxidation process facility

Performance

- 2016 National Standardization - Corporate Standardization Award from Ministry of Economic Affairs (SESC)
- 2016 National Occupational Safety & Health Award from Ministry of Labor (SESC)
- The Great Performance of Private management of the 14th Granting of Eminent Contribution Awards from Ministry of Finance (Keelung Plant)
- The 25th ROC Enterprise Environmental Protection Silver from EPA (Tainan Science Park Plant)
- 2015 EfW Premium/Excellent Performance Award from EPA (Miaoli, Keelung, Houli Plant)
- 2015 Excellent Occupational Safety and Health Award from Ministry of Labor (Tainan Plant)
- 2015 Badge of Accredited Healthy Workplace from Ministry of Labor (Miaoli and Tainan Plant)
- 2015 Excellent Labor Safety Award from Taipei City Government (SESC)
- 2015 Occupational Safety and Health Award from Southern Taiwan Science Park Bureau (Tainan Science Park Plant)
- Holding 21 patents in Taiwan and 11 patents in overseas including reception and storage, feed treatment, combustion treatment and exhausted gas treatment.

Honors

- Listed top 5% Companies for 2nd Corporate Governance Assessment from Financial Supervisory Commission
- 2016 Excellent in CSR - Top 3 in the medium-size enterprise sector from Common Wealth Magazine
- The 9th Corporate Comprehensive Performance Bronze & Transparency and Integrity Award from Taiwan Institute for Sustainable Energy
- Sustainability Report is certified with AA1000
- 2015 KD ranked the 285th in the CommonWealth Magazine Top 2000 Enterprises Survey
- 2016 Top Solar System Award from Ministry of Economic Affairs (GDDC)
- 2015 Excellent Performance of Carbon Reduction Award from EPA (FE)
- 2016 Kaohsiung Photovoltaic Intelligent Building Certificate Silver from Kaohsiung City Government (GDDC)
- The 13th Golden Torch Awards for the Top Ten Enterprises of the Year from the Outstanding Enterprise Manager Association (GDDC)



Business Strategy and Future Outlook

Development Strategy

Global Trend

- The era of resources cycling
- Each country is promoting recycling

Development Strategy and Area

- Existing businesses are in line with trend and it will be expanded continuously
- Take EfW and waste management, solar power and circular economy as core business
- Maximize existing business and develop new territory and area



蔡英文總統:「520就職演說」

「...更要讓台灣走向循環經濟的時代，把廢棄物轉換為再生資源。...」



Future outlook

EfW (including Maintenance of Mechatronics System) and Waste Management

- Domestic EfW Plant ROT and revamping project
- Domestic MRT and public facility mechatronic system maintenance and upgrade project
- Invest and provide O&M service for domestic hazardous waste treatment center
- O&M service for biomass power plant
- O&M service proposal for Malaysia EfW plant has been approved by government and will open tender soon
- In Mainland China, on the base of providing supervision service KD will cooperate with company which has great connection, select target cautiously and strive for EfW PPP project and O&M service
- In south-east Asia and India, integrate with Group local resource and local company with great connection to develop business opportunities

Future outlook

Solar Energy

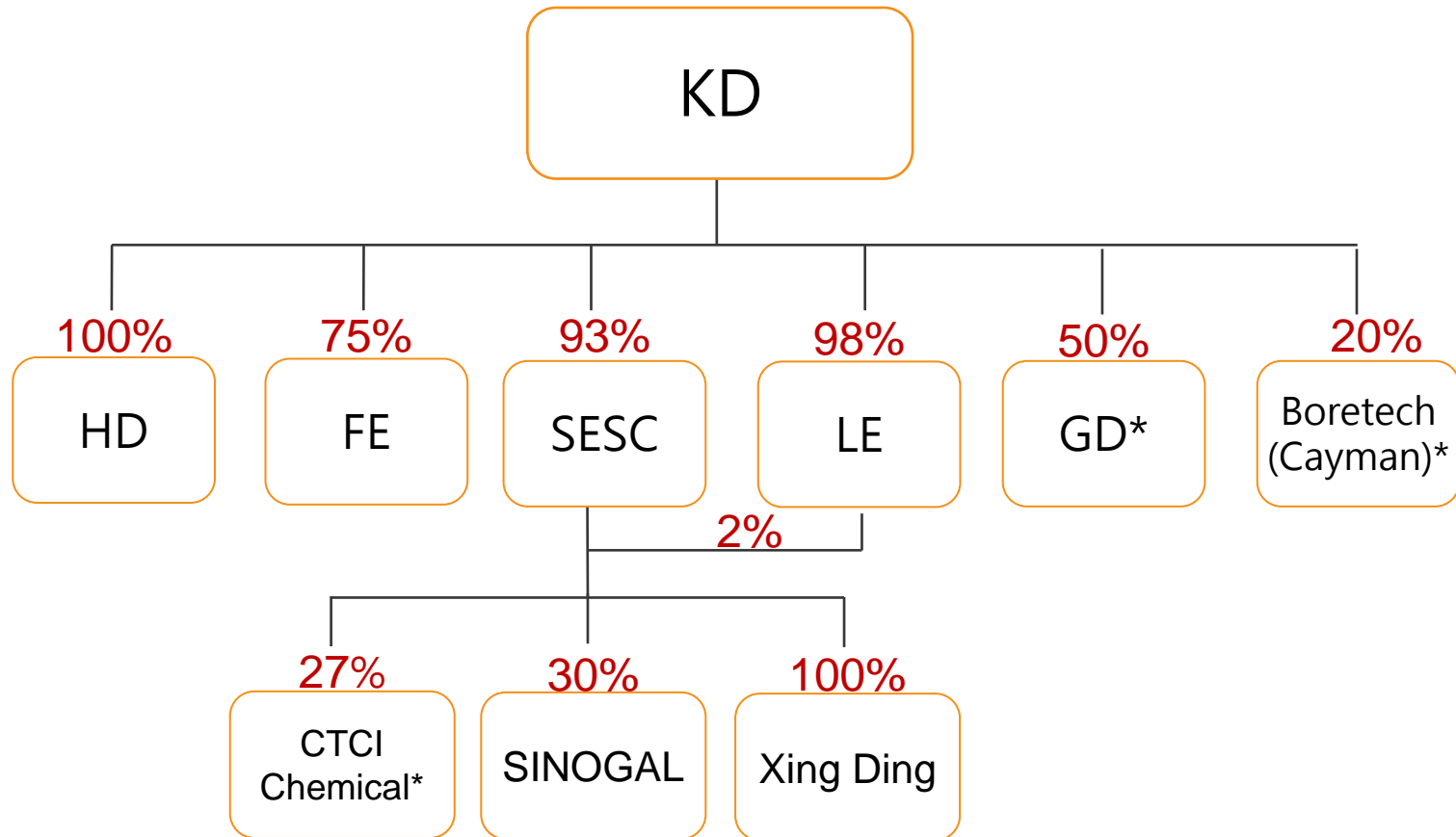
- Participate domestic large-scale PVPP project
- Integrate with investment experience in U.S. and Group subsidiary resource to expand overseas market

Circular Economy

- r-PET business stay focused on PET recycling and then expand into other polyester recycling (e.g. PP 、 PS 、 PE)
- O&M service for reclaimed water project
- Invest and provide O&M service for biomass energy center
- Invest Malaysia large scale combined cycle power plant (1500MW)
- Expand overseas market through finding, integrating and be in alliance with Taiwan's company with proper expertise and overseas partner with local stock sources.

Summary of 2016 Financial Report

Investment Structure

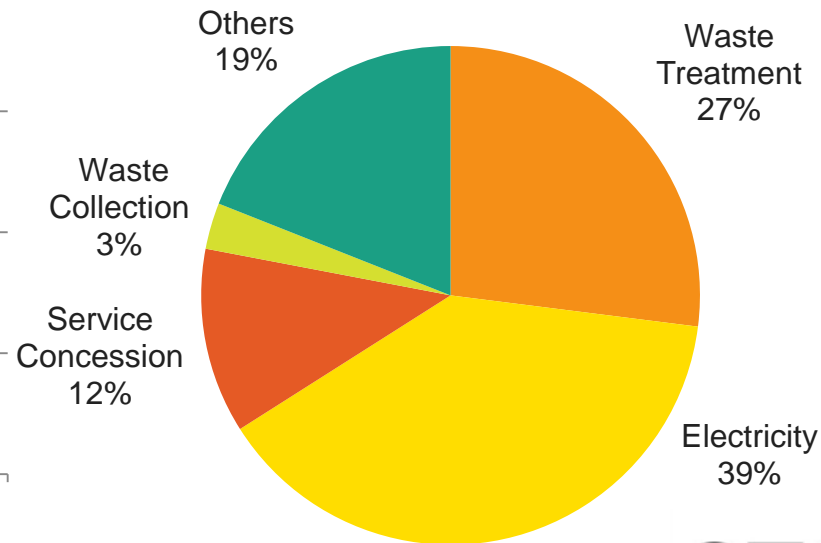
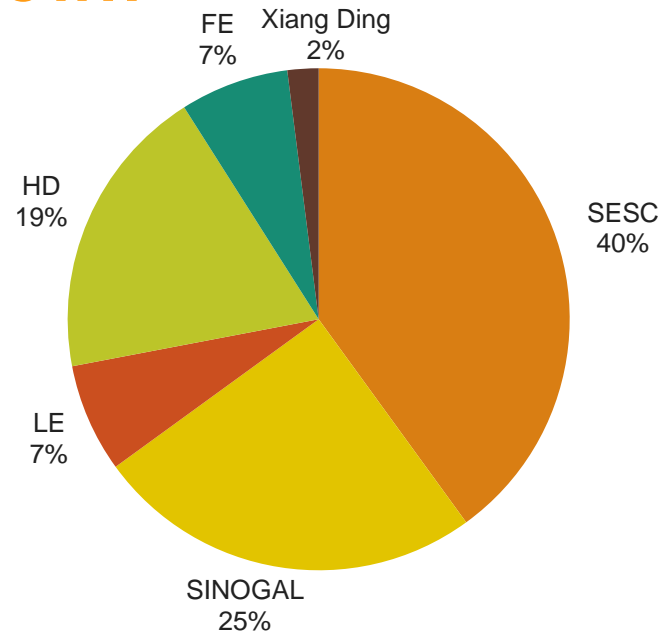
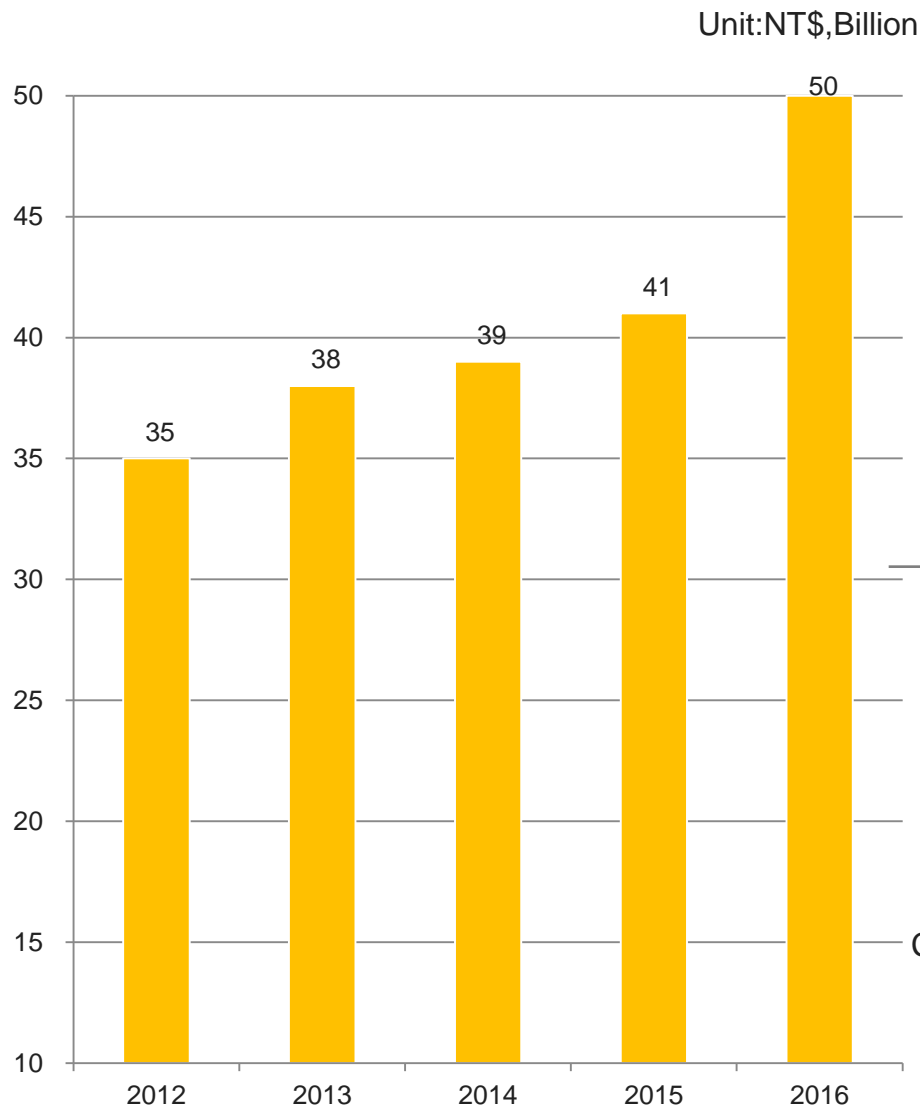


*By Equity Accounting Method

2016 Consolidated Income Statement

	Unit:NT\$,Thousand				
	<u>2016/12/31</u>		<u>2015/12/31</u>		<u>YOY</u>
Operating Revenue	4,955,565	100.0%	4,078,753	100.0%	21.5%
Operating Costs	(3,155,153)	-63.7%	(3,018,765)	-74.0%	4.5%
Gross Profit	1,800,412	36.3%	1,059,988	26.0%	69.9%
Operating Expenses	(173,229)	-3.5%	(165,874)	-4.1%	4.4%
Operating Profit	1,627,183	32.8%	894,114	21.9%	82.0%
Total Non-Operating Income and Expenses	30,943	0.6%	74,765	1.8%	-58.6%
Profit before income tax	1,658,126	33.4%	968,879	23.7%	71.1%
Income Tax Expense	(227,458)	-4.6%	(130,320)	-3.2%	74.5%
Profit for the period	1,430,668	28.8%	838,559	20.5%	70.6%
Profit attributable to Owners of the parent	848,097	17.1%	710,370	17.4%	19.4%
EPS After Tax (TWD)	12.80		10.84		18.1%

Consolidated Revenue Breakdown



2016 Consolidated Balance Sheet

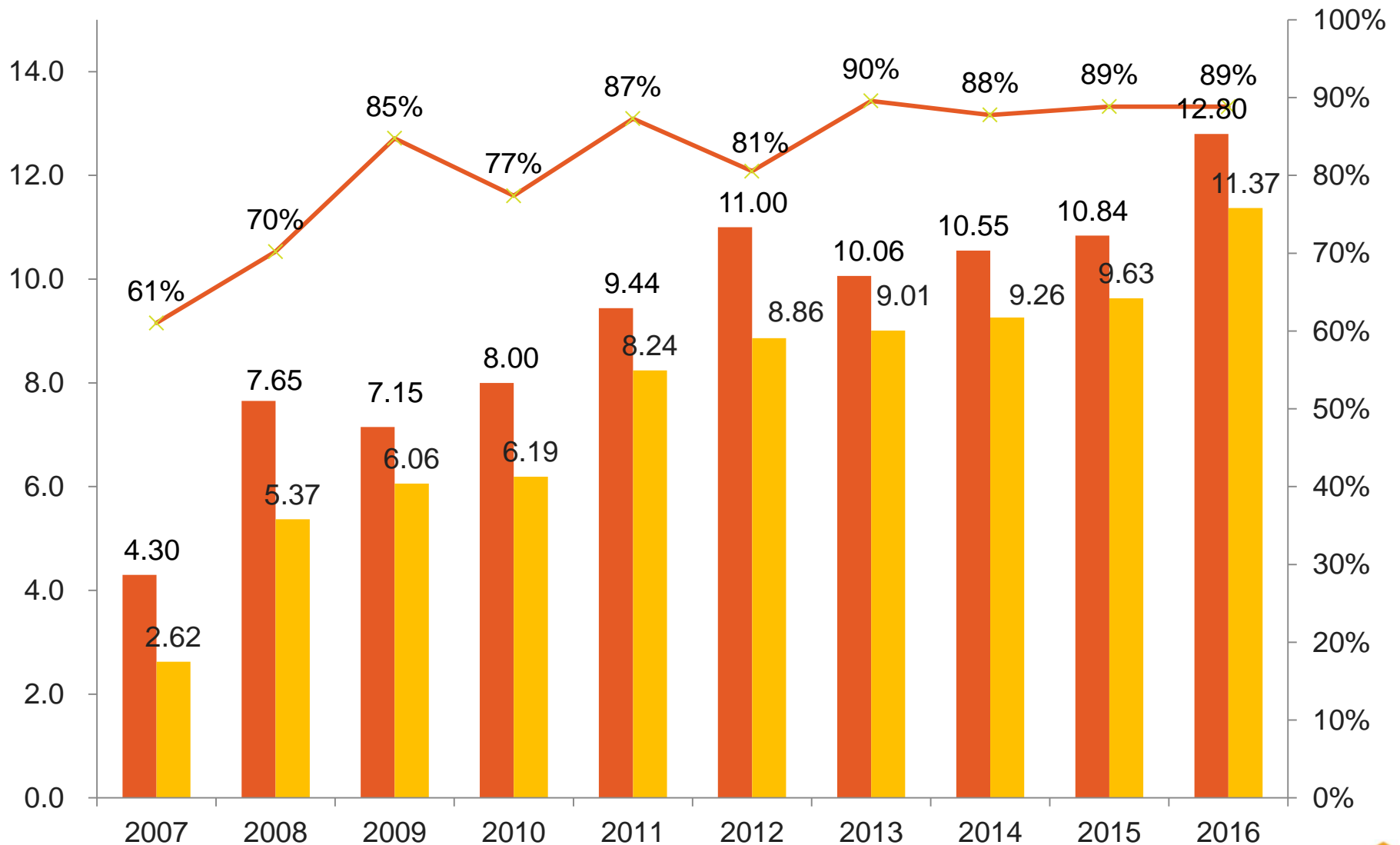
Unit:NT\$,Thousand

	<u>2016/12/31</u>	<u>2015/12/31</u>		<u>2016/12/31</u>	<u>2015/12/31</u>
Current assets*	3,881,133	3,883,204	Current liabilities	1,417,281	1,958,674
Financial assets	867,038	453,088	Non-current liabilities	639,172	785,792
Non-current assets	3,440,094	3,772,910	Long-term borrowings	180,000	356,000
Property, plant and equipment	54,433	51,075	Other non-current liabilities	459,172	429,792
Other non-current assets	3,385,661	3,721,835	Total Liabilities	2,056,453	2,744,466
			Total equity	5,264,774	4,911,648
Total assets	7,321,227	7,656,114	Total liabilities and equity	7,321,227	7,656,114

*Cash and cash equivalents:NT\$12bn

Dividend Payout

■ EPS ■ Cash DPS ✕ Cash Dividend Payout Ratio(%)





Thank you