



CONTINENTAL 欣陸投控  
HOLDINGS CORPORATION

# Continental Holdings Corporation

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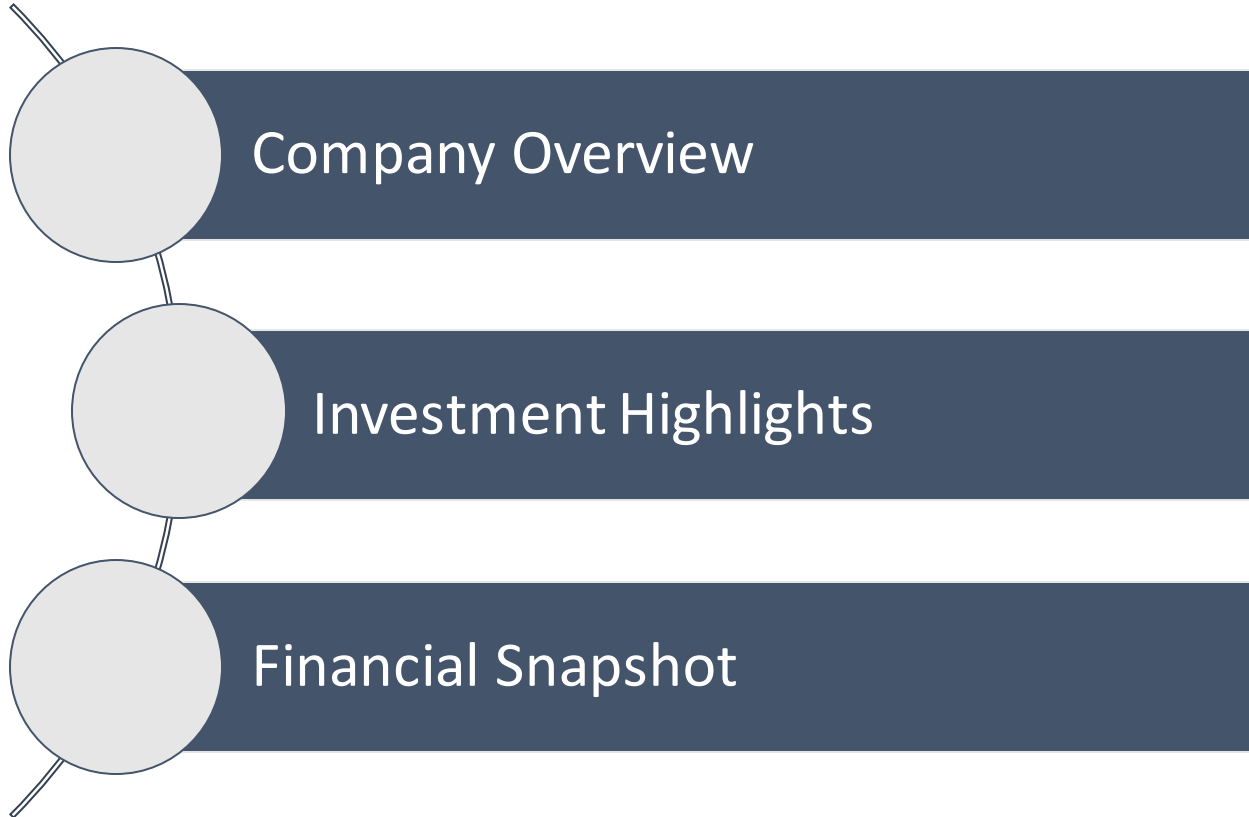
# Disclaimer Statement

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- This presentation and release contain “forward-looking statements” which may include projections of future results of operations, financial condition or business prospects based on our own information and other sources.
- Our actual results of operations, financial condition or business prospects may differ from those expressed or implied in these forward-looking statements for a variety of reasons, including but not limited to market demand, price fluctuations, competition, international economic conditions, supply chain issues, exchange rate fluctuations and other risks and factors beyond our control.
- The forward-looking statements in this release reflect the current belief of Continental Holdings Corporation as of the date of this release. Continental Holdings Corporation undertakes no obligation to update these forward-looking statements for events or circumstances that occur subsequent to such date.

# Agenda

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# Tracing our roots back to 1945 and gradually diversifying into adjacent sectors

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**1945**

Our flagship **construction** company Continental Engineering Corporation (CEC) was established

**1994**

CEC was listed on the Taiwan Stock Exchange

**2010**

**Continental Holdings Corporation (CHC)** was established and listed on the Taiwan Stock Exchange with two member companies CEC and CDC

**1964**

CEC commenced **real estate development** business, the predecessor of Continental Development Corporation (CDC)

**2006**

CEC established HDEC Corporation (HDEC) to **develop environmental projects**

**2017**

HDEC became the third member company of CHC

# Company overview

Market Cap (As of 4/8/2022)

**NT\$ 21.8B**

Ultimate Parent's Shareholding  
Montrion Corporation **50.05%**

FY2021  
Consolidated Revenues

**NT\$26.8B**

FY2021 Net Profit/EPS (NT\$/Share)

**NT\$1.83B/\$2.22**

(Second highest in history)

BVPS (As of 12/31/2021)

**\$29.9**

## Revenues/Net Profit Breakdown by Business



Construction  
Engineering

**57%/10%**



Real Estate  
Development

**30%/65%**



Environmental Project  
Development &  
Water Treatment

**13%/25%**

Note: Breakdown in FY2021

# Three member companies focusing on construction engineering, real estate development and environmental project development

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## Construction Engineering



- **77 years of credentials**
- Has successfully completed major **civil construction** works involving viaducts, bridges and tunnels for high-speed rail, highway, metro and railway projects
- Delivered a comprehensive range of **building construction** projects including hospitals, hotels, multifunctional complexes, high-end residences, as well as township communities

## Real Estate Development



- **A premium property developer** specializing in residential, commercial and hotel sectors
- **Has partnered with master architects** including Richard Meier, Antonio Citterio and Benedetta Tagliabue on many **landmark building projects**
- Has ongoing projects in **Taiwan, USA & Malaysia**

## Environmental Project Development & Water Treatment



- **Strong track records in water treatment**
- Established **Taiwan's first reclaimed water plant** and is set to deliver **Taiwan's first government-owned industrial wastewater treatment plant with zero liquid discharge**
- Expertise in processing sewage, industrial wastewater, solid waste, etc.

# Improving ESG Ratings

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## **S&P Global Corporate Sustainability Assessment**

As of March 18, 2022, our company performed in the top quartile in the Construction & Engineering Industry in the S&P Global Corporate Sustainability Assessment.

## **Sustainalytics ESG Risk Rating<sup>1</sup>**

As of March 22, 2022, our company scored 33.7 in Sustainalytics ESG Risk Rating reflecting an improvement of 14.6 points over the last 2 years.

## **2020 Taiwan Corporate Governance Evaluation<sup>2</sup>**

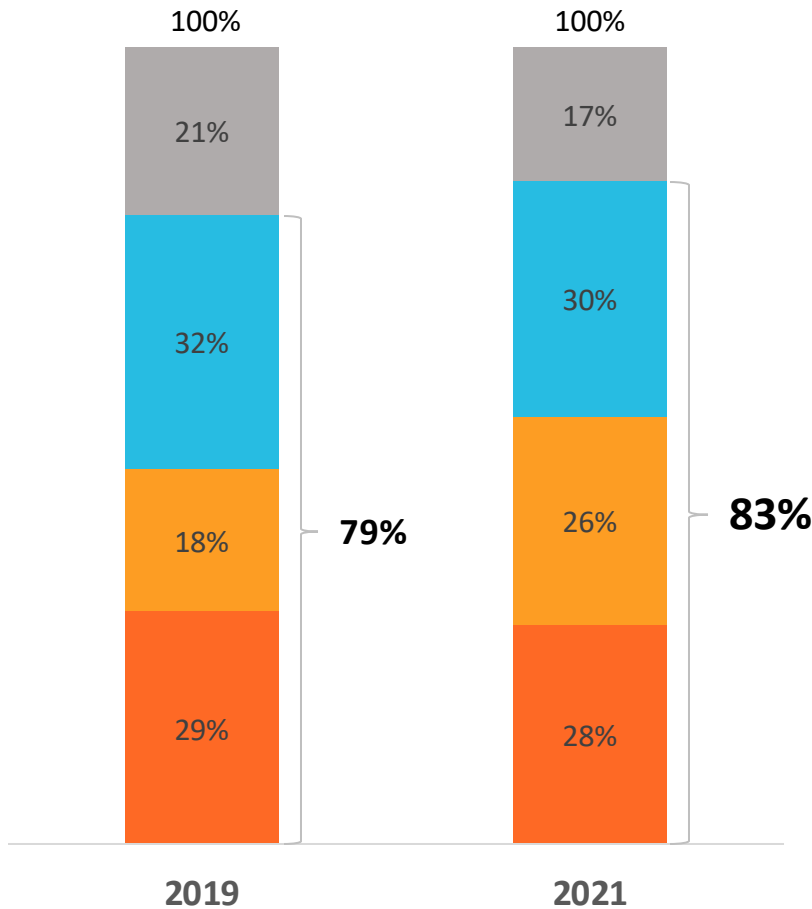
Top 6%~20% among overall Taiwan listed companies in 2020; top 36%~50% in 2019

1. Reverse-scoring method used.

2. 2021 evaluation result is not published yet.

# 83% of backlog linked to the Sustainable Development Goals (SDGs)

## Backlog breakdown by project type



## Corresponding SDGs



- Railway-related Civil Engineering Construction
- Urban Renewal Developments & Urban Renewal/Social Housing Construction
- Water Treatment-related Projects
- Non-SDG related Projects



# Selected 2021 ESG efforts

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- Reduced 497.82 metric tons of CO<sub>2</sub>e and 2,587 metric tons of sludge waste under energy saving and carbon reduction plan of Environmental Project Development & Water Treatment Business
- Green procurement totaled NT\$1,470M for CHC Group
- Anping Water Resource Center passed ISO 50001:2018 Energy Management System certification



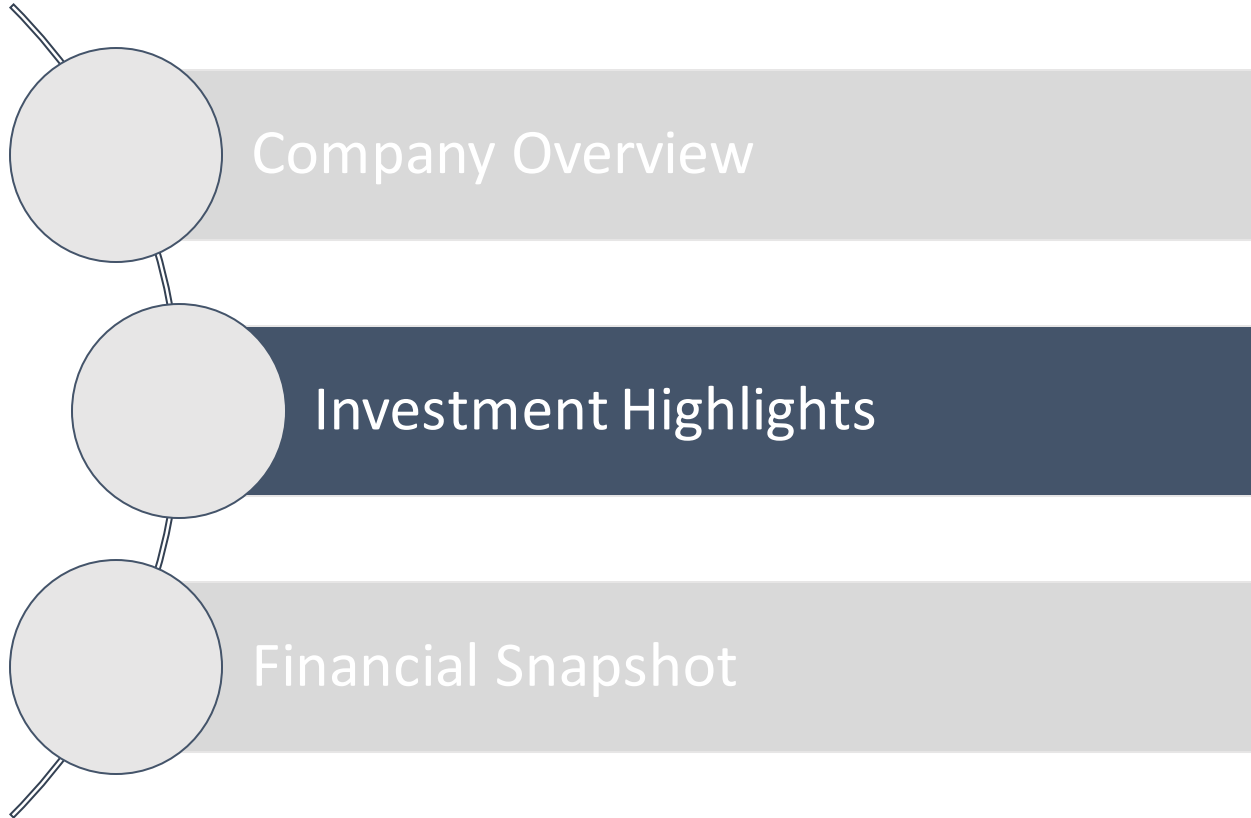
- Net promoter Score (NPS) of 88 for Construction Engineering Business; 92% customer satisfaction rate for Real Estate Development Business
- Tamsui Water Resource Center certified as Environmental Education Facility
- Participated in Green Thumb Program hosted by Jane Goodall Institute to promote planting of Taiwan's native plants, with a total of 2,159 trees planted and 530 faculties and students participated from elementary schools during 2018-2021



- Female members accounted for 43% of CHC's board, above Taiwan's average of 14%
- No unethical or dishonest behaviors identified
- Initiated inquiries and evaluations for suppliers regarding Business Ethics and Integrity, with 81% of surveys retrieved

# Agenda

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# Investment highlights

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- 1 Positive market outlook underpinned by sustainable urbanization
- 2 Leading market position cemented by our credentials / brands
- 3 Solid backlog providing revenue visibility
- 4 Strategically and financially synergistic portfolio poised for growth

# 1 Positive market outlook underpinned by sustainable urbanization

## Expanding/renewing rail network



- Increasing needs for intra- and inter-city connection, and low-emission public transportation network
- Renewal of the existing railway network
- Potential MRT/rail bids in 2022-25 amounting to NT\$330 billion

## Liveable cities



- A multiple growth of urban renewal/urban unsafe and old buildings projects as >50% of apartments are >30 years old
- Govt's 2050 Net Zero Plan to drive demand for nearly zero-emission buildings
- 200,000 units of social housing by 2024

## Circular economy



- 5 additional reclaimed water projects by 2026 after 6 awarded, with total reclaimed water supply summed up to 334K CMD
- Upgrade of 9 existing incinerators by 2027 (TAM > NT\$100 billion)
- Govt's Energy Transition Policy to promote bio-mass energy development

## 2 Leading market position cemented by our credentials/brands

### Construction Engineering

- Civil:
  - #1 in the rail and MRT sector and top 3\* contractor in Taiwan
  - Beneficiary of government's increasing adoption of most advantageous bids
- Building: CEC brand denotes high quality for home buyers in Taiwan

### Real Estate Development

- Leading brand in Taiwan's high-end residential market
- Track records of mixed-use property development
- Achieve price premium through brand value, engaging renowned architects, exclusive service offering (e.g., residents' access to facilities of adjacent hotel), etc.

### Environmental Project Development & Water Treatment

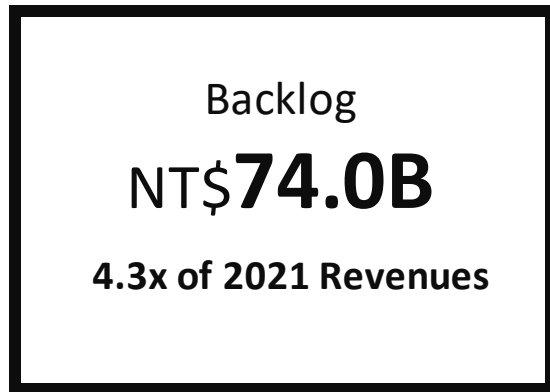
- Has won 3 out of government's 6 awarded reclaimed water projects
- Moving up the value chain from processing sewage to producing reclaimed water, to processing industrial wastewater
- Beneficiary of manufacturers' ramp up of production capacity in Taiwan

\*Based on FY2021 construction engineering revenues

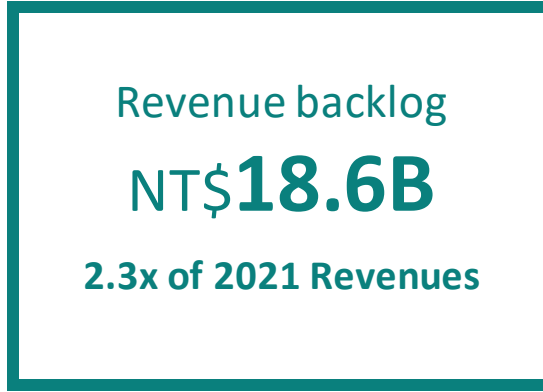
### 3 Solid backlog providing revenue visibility

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#### Construction Engineering



#### Real Estate Development



#### Environmental Project Development & Water Treatment



Note:

1. Backlog and contract numbers are as of end of December, 2021; Revenues denotes each business segment's 2021 consolidated revenues
2. Revenue backlog for Real Estate Development Business includes signed contracts to close and revenues to be recognized under percentage of completion method
3. Contracts on hand for Environmental Project Development & Water Treatment Business are calculated based on contract terms and project status. Actual recognized revenue amount may vary based on final execution for each project.

# 3 Solid backlog providing revenue visibility

Construction Engineering: Balanced civil/building portfolio



## Civil Construction - MRT

Taipei MRT Wanda Line (CQ840)

Taipei MRT Wanda Line (CQ850A)

Taoyuan MRT Green Line (GC01)

Taoyuan MRT Green Line (GC03)



## Civil Construction - Railway

Tainan Railway Underground (C211)

Tainan Railway Underground (C214)

## 2022 Major Projects for Construction Business



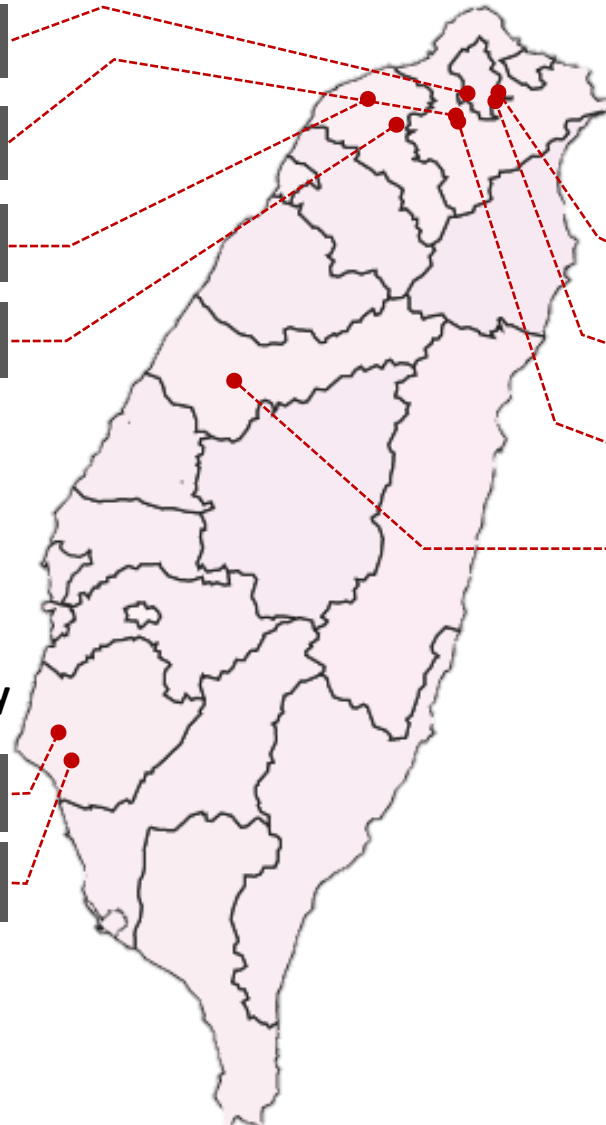
## Building Construction

Nangang Depot (Public Housing)

Xinyi A7 Project (Hotel and Retail)

NexGen (Residence)

CMP Midtown (Residence)



### 3 Solid backlog providing revenue visibility

Real Estate Development: Growth underpinned by healthy pipeline

#### Residential Project Pipeline of Real Estate Development Business – Completion and Pre-sale

Project Name	Location	Type	Residence Value <sup>1</sup> (NT\$)	Begin Recognition in 2021	Estimated Timeline <sup>2</sup>			
					2022	2023	2024	2025
Bountiful Journey <span style="border: 1px solid red; padding: 2px;">Sold out</span>	Taipei	Residence/ Hotel (Humble Boutique Hotel)	8.20B (Retail included)	V				
SERIF <sup>3</sup>	San Francisco, CA, USA	Residence/ Hotel (The LINE Hotel)	US\$240M	V				
Drawing the Dream Life <span style="border: 1px solid red; padding: 2px;">Sold out</span>	New Taipei	Residence	2.84B		V			
Timeless and Modern Expression <span style="border: 1px solid red; padding: 2px;">Sold out</span>	Taipei	Residence	2.39B			V		
Tianjin Street Project <span style="border: 1px solid red; padding: 2px;">Sold out</span>	Taipei	Residence	2.23B			V		
Arranging New Asia Bay <sup>4</sup> <span style="border: 1px solid red; padding: 2px;">Sold out</span>	Kaohsiung	Residence/ Hotel (Hotel Nikko)	3.51B			V		
Sensuous Garden	Taipei	Residence/ Hotel (Hyatt Centric)	4.62B					V
Prologue Eternal	Taipei	Residence	4.50B					V
Belle Époque	Taichung	Residence/ Office	4.70B					V
Bangsar Project <sup>3</sup>	Kuala Lumpur, Malaysia	Residence	MY\$170M					V

1. (1) Total residence value amounts for JV and subsidiary-owned projects; otherwise residence value amounts attributable to CDC. (2) Actual amounts for sold-out projects; otherwise estimated residence value amounts.

2. Denotes the year in which the project would start handover and recognize revenues.

3. Owned by CDC subsidiaries; 54.08% and 60% stake in the project companies for SERIF and Bangsar Project, respectively. Bangsar project is expected to launch pre-sell in 2022.

4. Owned by JV between Daiwa House Group (65%) and CDC (35%)



### 3 Solid backlog providing revenue visibility

Real Estate Development: Growth underpinned by healthy pipeline

#### Residential Project Pipeline of Real Estate Development Business – In Development

Project Name	Location	Type	Residence Value (NT\$)	Estimated Timeline *
				2026-2028
Dakeng Project	Taichung	Township Community	In Development	V
Ambassador Hotel Kaohsiung Project	Kaohsiung	In Development	In Development	V
Taichung Intercontinental Section Project	Taichung	In Development	In Development	V
Taipei Tonghua Section Project	Taipei	In Development	In Development	V

\* Denotes the year in which the project would start handover and recognize revenues

### 3 Solid backlog providing revenue visibility

Real Estate Development: Growth underpinned by healthy pipeline

## Pipeline of Real Estate Development Business – Hotel Projects



**Humble Boutique Hotel<sup>1</sup>**

Taipei, Taiwan

Scheduled opening in 2Q22



**The LINE Hotel<sup>2</sup>**

San Francisco, CA, USA

Scheduled opening in 2H22



**Capri by Fraser<sup>2</sup>**

Kuala Lumpur, Malaysia

In operation



**Hotel Nikko<sup>3</sup>**

Kaohsiung, Taiwan

Scheduled opening in 2023
























**Estimated total value NT\$22.0B**

1. Leased to My Humble House Group for rental income
2. Owned by CDC subsidiaries and managed by THE LINE Hotel and Capri by Fraser respectively. CDC owns 54.08% and 55% stake in each project company respectively.
3. Owned by JV between Daiwa House Group (65%) and CDC (35%) and managed by Hotel Nikko













### 3 Solid backlog providing revenue visibility

Environmental Project Development & Water Treatment: Full spectrum of water treatment solutions

#### Current projects of Environmental Project Development & Water Treatment Business

Project	Location	Type	Duration	Current Status		Category		
				Under Construction	In Operation	Municipal Wastewater	Reclaimed Water	Industrial Water
Danshui Area Sewerage System	Taipei	BOT	2005 – 40					
Fengshan River Wastewater Reclamation and Reuse	Kaohsiung	BTO	2016 – 33					
Puding Area Sewerage System	Taoyuan	BOT	2016 – 56					
Chungli Area Sewerage System	Taoyuan	BOT	2016 – 56					
Linhai Wastewater Treatment Plant and Reclaimed Water	Kaohsiung	BTO	2018 – 36					
Tongluo Science Park Wastewater Treatment Plant Phase II	Miaoli	EPC	2020 – 23					
Anping Reclaimed Water Plant	Tainan	DBO	2020 – 37	 (Reclaimed Water)	 (Wastewater)			

# 4 Strategically and financially synergistic portfolio poised for growth

	 <p><b>Construction Engineering</b></p>	 <p><b>Real Estate Development</b></p>	 <p><b>Environmental Project Development &amp; Water Treatment</b></p>
<b>Business Cycle</b>			
<b>Employed Capital</b>			
<b>Profitability</b>			
<b>Required capabilities</b>	<ul style="list-style-type: none"> <li>• Technical (design-build, BIM, etc.)</li> <li>• Management of contractual relations</li> </ul>	<ul style="list-style-type: none"> <li>• Project management</li> <li>• Financing</li> <li>• Asset management</li> </ul>	<ul style="list-style-type: none"> <li>• Project development</li> <li>• Management of contractual relations</li> <li>• Capital management</li> </ul>

## 4 Strategically and financially synergistic portfolio poised for growth

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### Construction Engineering

- Profitability over revenue
- Participate in the civil portion of the emerging energy related projects
- Use technology to enhance safety and to improve productivity

### Real Estate Development

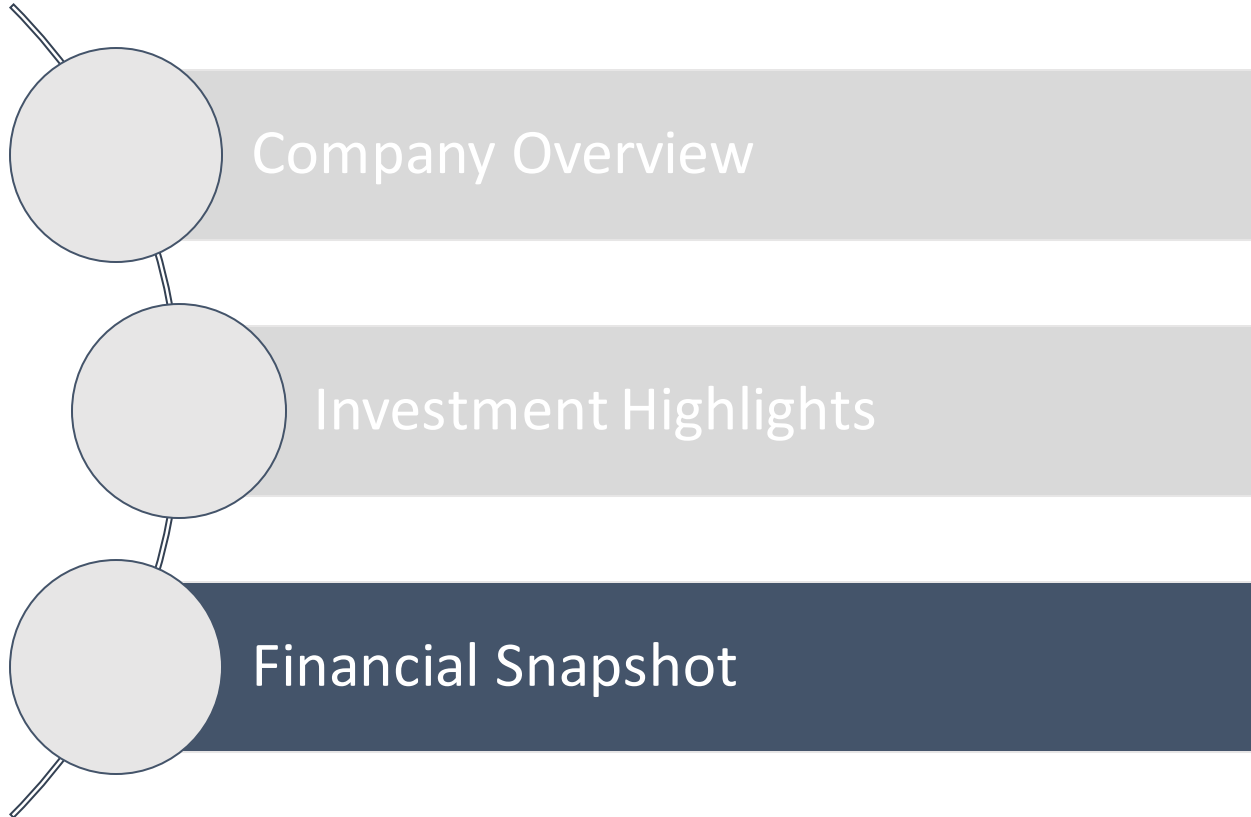
- Diversify into other cities beyond Taipei/Taichung
- Cultivate more project in the commercial sector (office, etc.)

### Environmental Project Development & Water Treatment

- Well poised to gain more reclaimed water projects
- Participate in incinerator business with partners
- Leverage existing anaerobic digestion capabilities to enter bio-mass energy business

# Agenda

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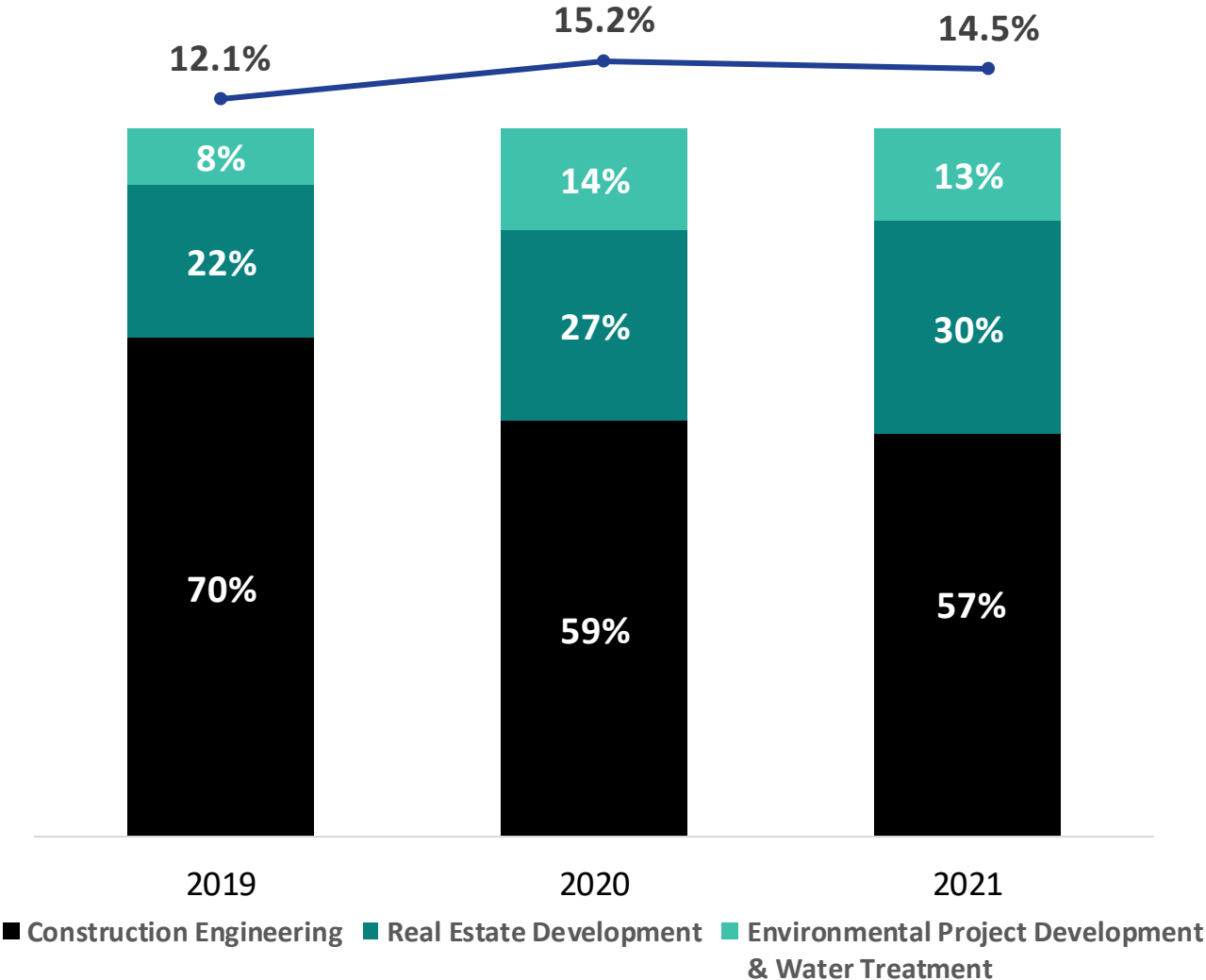


# Significant increase in profitability over last three years

Selected Items from Income Statement <i>(In NT\$ millions unless otherwise noted)</i>	2019		2020		2021	
	Amount	%	Amount	%	Amount	%
<b>Revenue</b>	<b>22,665</b>	100	<b>21,689</b>	100	<b>26,844</b>	100
<b>Gross Profit</b>	<b>2,733</b>	12.1	<b>3,292</b>	15.2	<b>3,890</b>	14.5
<b>Operating Profit</b>	<b>1,325</b>	5.8	<b>1,762</b>	8.1	<b>2,303</b>	8.6
Non-Ops	(702)	(3.1)	(41)	(0.2)	(117)	(0.4)
Profit before Tax	623	2.8	1,721	7.9	2,186	8.1
Tax Expense	470	2.1	88	0.4	319	1.2
<b>Net Profit, attributable to owners of parent</b>	<b>97</b>	0.4	<b>1,539</b>	7.1	<b>1,826</b>	6.8
<b>EPS (NT\$)</b>	<b>0.12</b>		<b>1.87</b>		<b>2.22</b>	

# GM expansion mainly because of favorable change in revenue mix

Consolidated Gross Margin and Revenue Composition



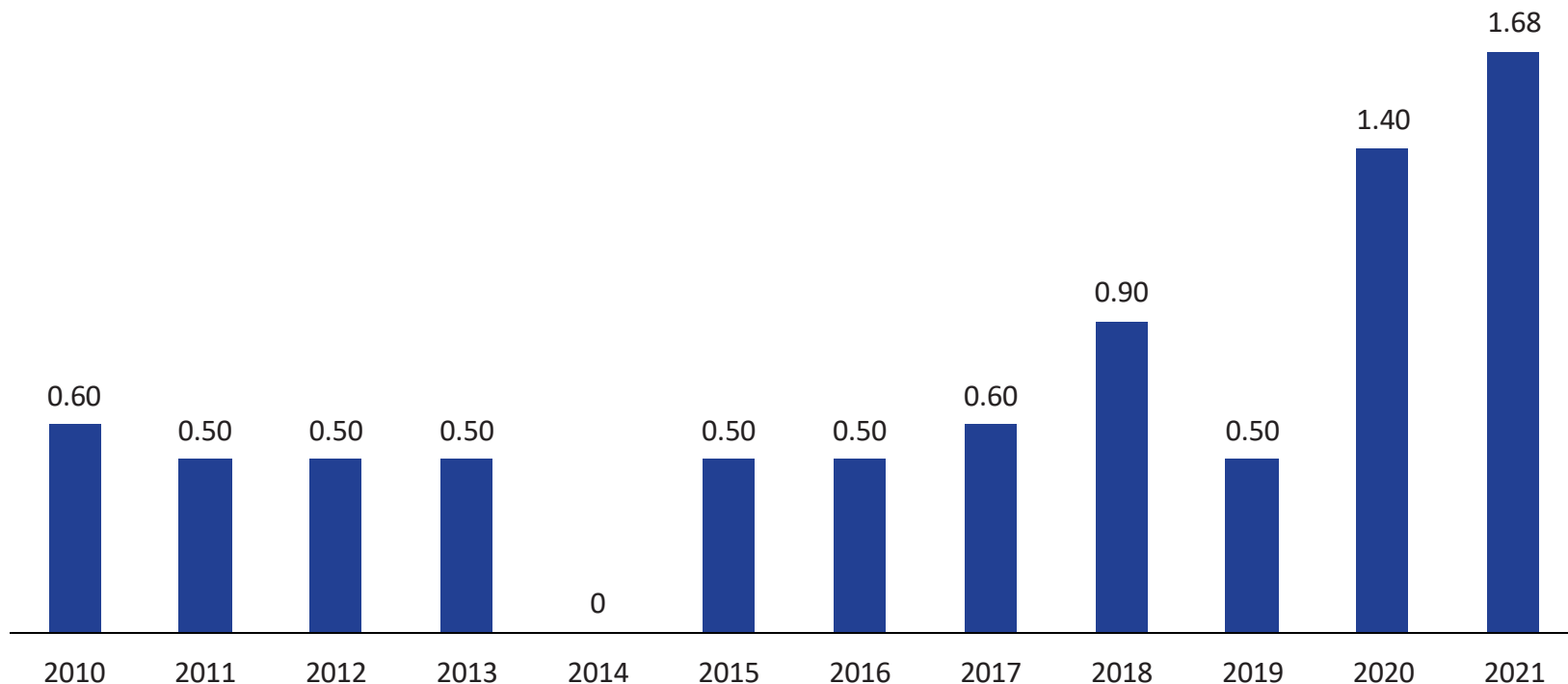


# Strong balance sheet

<i>Selected Items from Balance Sheet</i> (NT\$ M)	2021.12.31		2020.12.31		2019.12.31	
	Amount	%	Amount	%	Amount	%
Cash and Cash Equivalents	5,207	7.4	4,512	6.7	4,423	7.0
Current Contract Assets	4,344	6.2	3,892	5.8	4,963	7.8
Account Receivable, Net	3,153	4.5	2,036	3.0	2,140	3.4
Inventories	28,517	40.5	28,363	42.2	26,369	41.5
Property, Plant and Equipment	4,379	6.2	2,346	3.5	2,287	3.6
Investment Property, Net	8,683	12.3	10,193	15.2	9,835	15.5
Long-term Accounts Receivables	5,443	7.7	5,808	8.6	4,548	7.2
<b>Total Assets</b>	<b>70,389</b>	<b>100</b>	<b>67,155</b>	<b>100</b>	<b>63,548</b>	<b>100</b>
Short-term Interest-bearing Loans	11,379	16.2	12,811	19.1	9,972	15.7
Current Contract Liabilities	8,760	12.5	8,121	12.1	6,555	10.3
Accounts and Notes Payable	6,990	9.9	5,784	8.6	5,908	9.3
Long-term Interest-bearing Loans	11,979	17.0	9,099	13.5	10,353	16.3
<b>Total Liabilities</b>	<b>42,611</b>	<b>60.5</b>	<b>40,235</b>	<b>59.9</b>	<b>37,851</b>	<b>59.6</b>
<b>Total Equity</b>	<b>27,778</b>	<b>39.5</b>	<b>26,920</b>	<b>40.1</b>	<b>25,697</b>	<b>40.4</b>

# Goal to maintain 75% payout ratio

## CHC Cash Dividend (NT\$/Share) Since Inception



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net Profit (NT\$ M)	931	984	1,147	920	(980)	573	529	788	1,942	97	1,539	1,826
Payout Ratio <sup>1</sup>	54%	43%	37%	91%	-	72%	78%	63%	38%	424%	<b>75%</b>	<b>76%</b>
Dividend Yield <sup>2</sup>	4.7%	4.6%	4.5%	4.2%	-	4.6%	4.3%	4.5%	5.2%	3.7%	5.1%	7.1%

1. CHC also distributed stock dividend in 2013.

2. Calculated based on the closing prices of ex-div days except for 2021, which is calculated at the closing price of the day that Board approved cash dividend (March 15<sup>th</sup>, 2022).

**3703.TW**

**欣陸投控** 

**Continental Holdings Corporation**

**<https://www.continental-holdings.com>**

**[ir@continental-holdings.com](mailto:ir@continental-holdings.com)**

**+886-2-2700-4509**