



首钢福山资源集团有限公司

SHOUGANG FUSHAN RESOURCES GROUP LIMITED

(Stock code: 0639.HK)

2017 Annual Results

March 2018

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Agenda

- **2017 Annual Results Highlights**
- **2017 Annual Operations Review**
- **2017 Annual Financial Review**
- **Major Construction Projects Progress**
- **Business Outlook**



2017 Annual Results Highlights

Revenue

Revenue increased significantly by 92% to HK\$ 3,472 million

EBITDA

EBITDA* increased by 192% to HK\$ 2,028 million

Profit

Profit Attributable to the shareholders was approximately HK\$1,081 million, increased by HK\$969 million year-on-year

Cash

Free cash and bill receivables was approximately HK\$ 6,002 million

Dividend

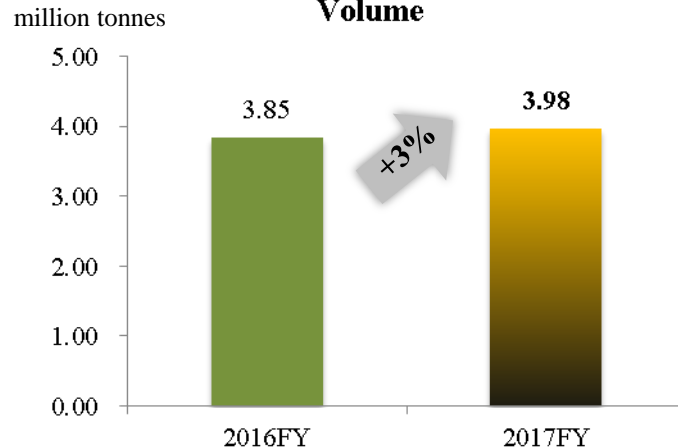
Recommended final dividend of HK 7.2 cents per ordinary share, and special dividend of HK 6.3 cents per ordinary share

* Note: EBITDA is defined as profit/ (loss) before income tax plus impairment loss on goodwill, mining rights and property, plant and equipment, reversal of impairment loss on mining rights and property, plant and equipment, finance costs, change in fair value of derivative financial instruments, share of loss of an associate, depreciation and amortisation

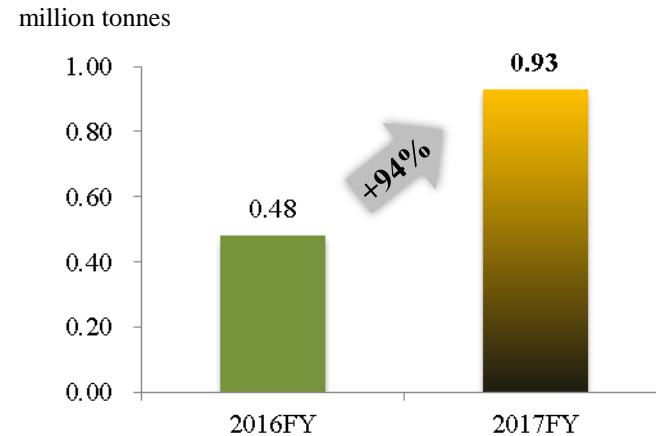


2017 Annual Operations Review - Production and Sales Volume

Raw Coking Coal Production Volume

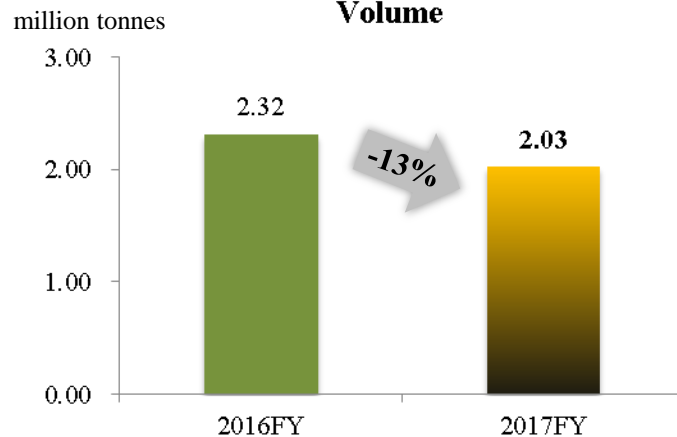


Raw Coking Coal Sales Volume

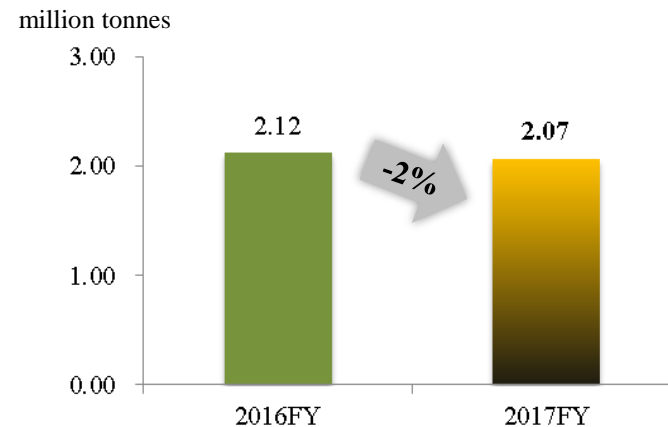


Note: To shorten the trade receivables payback period, the Group increased its raw coking coal sales volume during 2017

Clean Coking Coal Production Volume

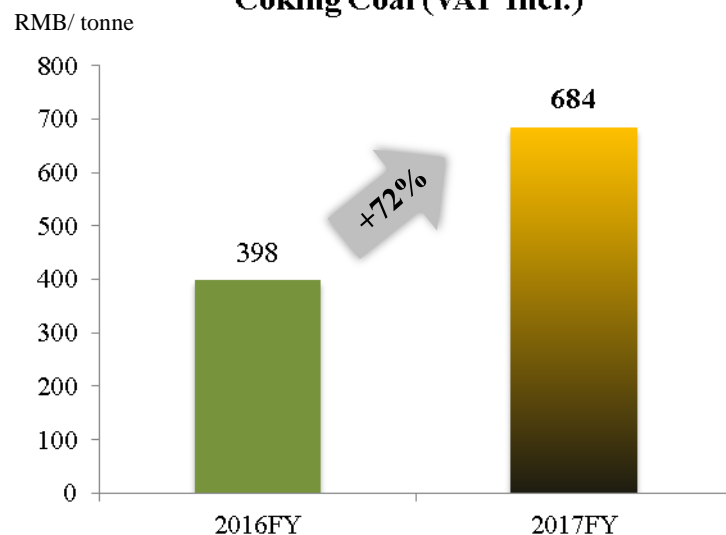


Clean Coking Coal Sales Volume

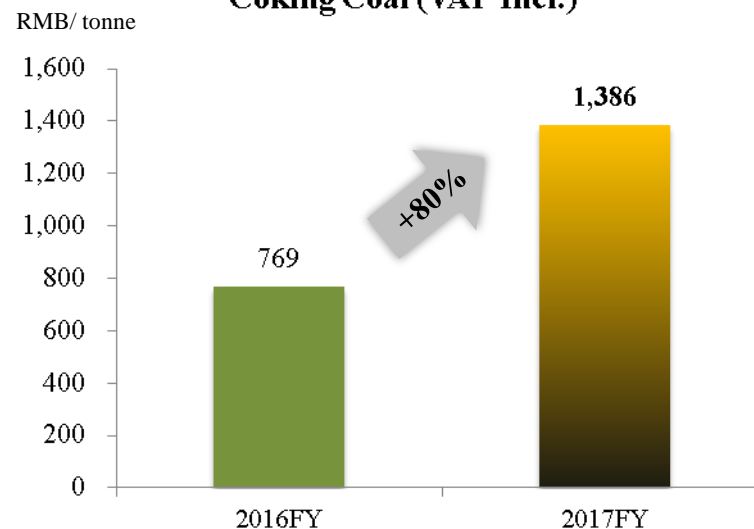


2017 Annual Operations Review- Average Selling Price

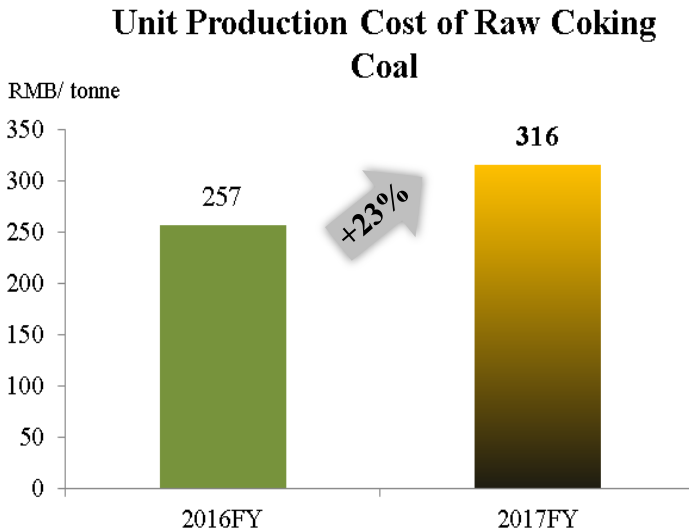
Average Realised Selling Price of Raw Coking Coal (VAT Incl.)



Average Realised Selling Price of Clean Coking Coal (VAT Incl.)



2017 Annual Operations Review- Unit Production Cost



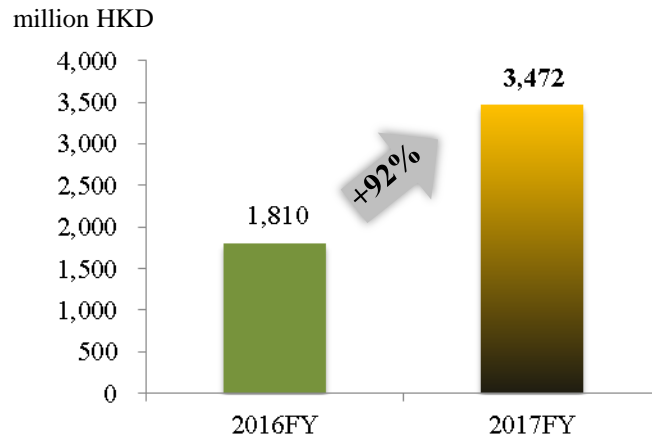
Note: 1. The increase of raw coking coal unit production cost is majorly attributed to the reason that the resources tax and levies increased by 25RMB/tonne, which took 42% of total yoy increasing amount of raw coking coal unit production cost, besides the reasons that the labor cost and raw material cost increased as the market did during the same period;

2. If the uncontrollable resources tax and levies is not accounted, the raw coking coal unit production cost increased merely **15%** yoy.

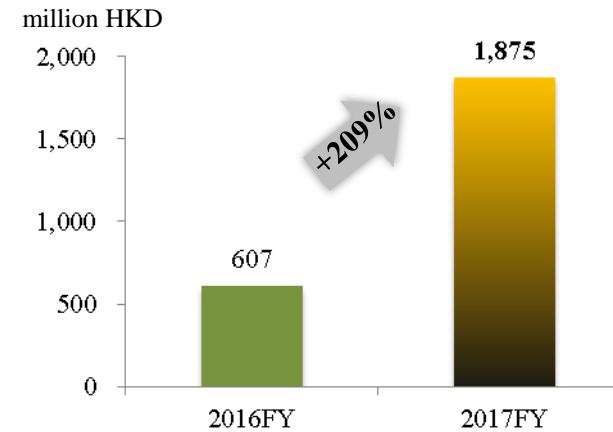


2017 Annual Financial Review- Key Financial Data

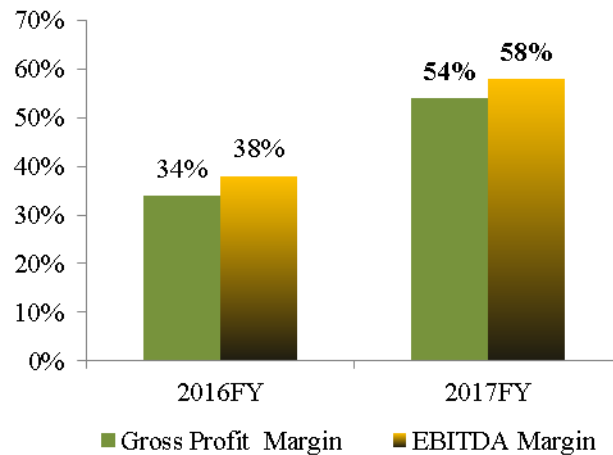
Revenue



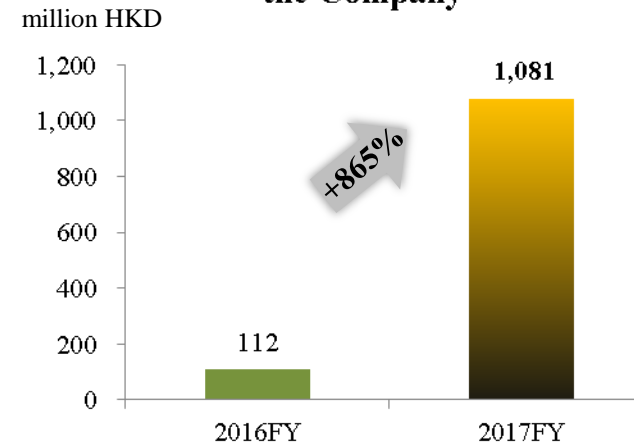
Gross Profit



Gross Profit Margin & EBITDA Margin

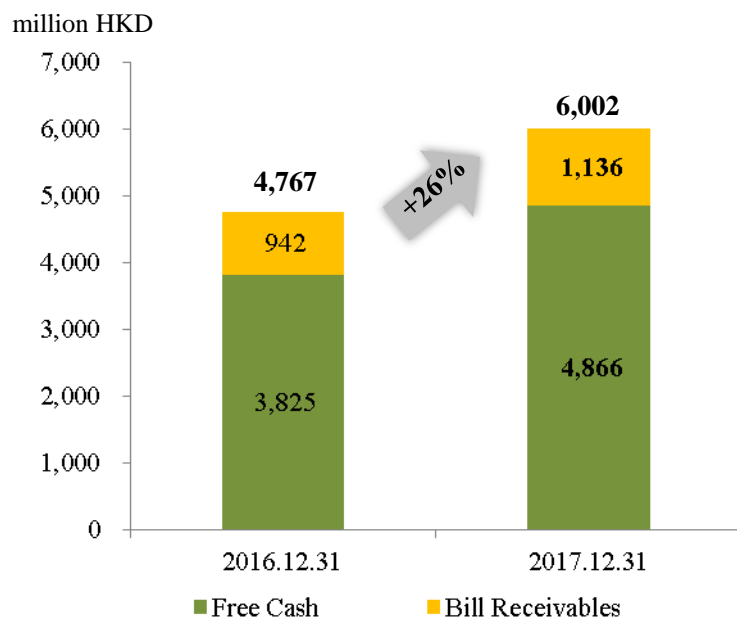


Profit Attributable to Owners of the Company

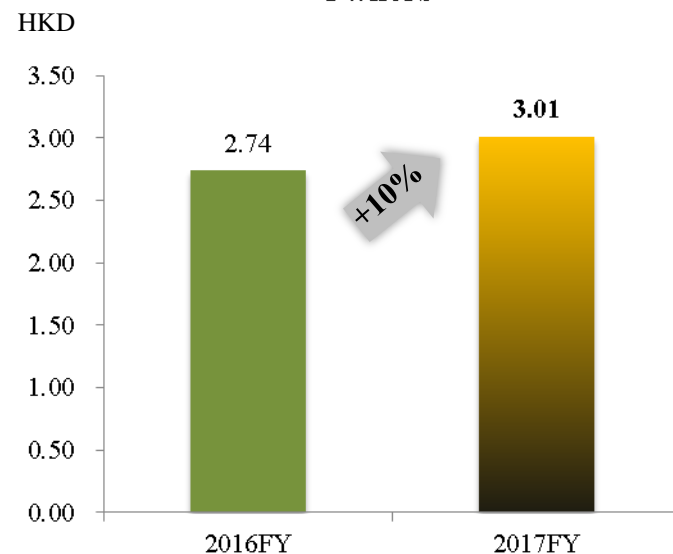


2017 Annual Financial Review- Strong Financial Position

Free Cash and Bill Receivables



Net Asset Per Share Attributable to Owners



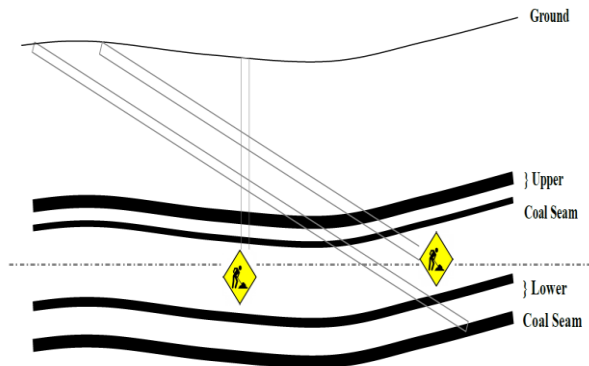
Jinjiazhuang Coal Mine Lower Coal Seam Construction Project Progress



Jinjiazhuang Coal Mine initiated the lower coal seam construction project in 2016H2

As of the end of 2017, approximately 80% of the project has been completed

The whole project is expected to complete within 2018



Jinjiazhuang Coal Mine Fully Utilisation of Gas Heat and Power Cogeneration Project



As advanced production capacity enterprise of Shanxi Province, the Group has taken the lead to adopt the utilisation of gas heat and power cogeneration project, echoing the call on “coal-to-gas” from the government, in which way, the company will attain more sustainable growth



Jinjiazhuang Coal Mine Fully Utilization of Gas Heat and Power Cogeneration Project

Introduction

- Strategic partnership with **CASIC** (China Aerospace Science & Industry Corporation)
- Recycles the gas from Jinjiazhuang Coal Mine operation to save cost
- Two parts: heat supply, power supply
- Construction started in 2017H1, officially operated in November, 2017

Advantages

- Fed by CASIC, i.e. Shougang Resources bears none extra expenditure
- Saving standard coal, lessen the emission of mashgas and greenhouse gas
- Saving cost of outsourcing natural gas and exhausting desulfurisation
- Sharing revenue of on-grid price after the second stage project started
- Benefiting from subsidies of environmental policies



Major Clients



Business Outlook

- *Continue to improve productivity, innovate mining technologies, and make effort to complete the Jinjiazhuang Coal Mine Lower Seam Construction Project as scheduled*
- *Keep advantage of advanced coal capacity, devoted to protecting the environment and ensuring a safe working environment for employees, and to further strengthening their safety operation mindset*
- *Deepen the strategic relationships with major steel producers*
- *Firmly stick to the current business, and prudentially explore opportunities to diversify*





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Thank You!

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