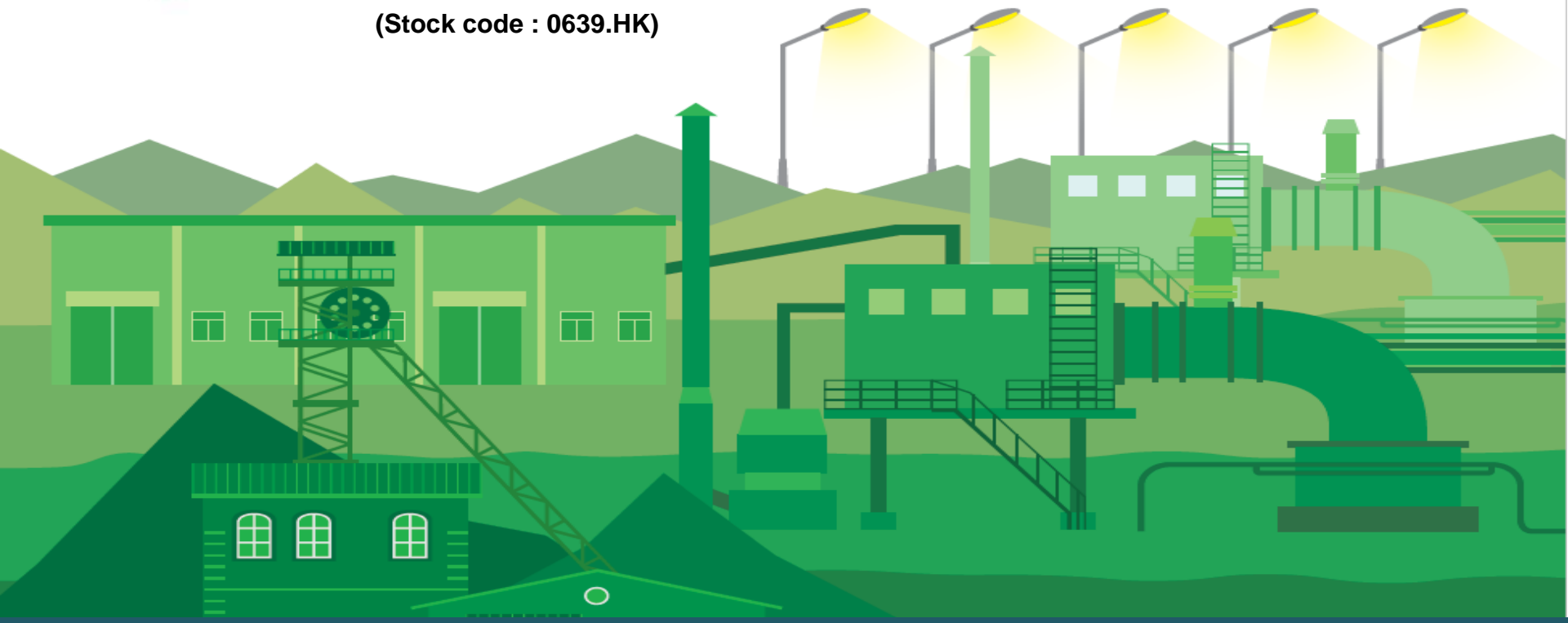




# 首钢福山资源集团有限公司

SHOUGANG FUSHAN RESOURCES GROUP LIMITED

(Stock code : 0639.HK)



## 2018 Annual Results

21 March 2019



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# A Steady Growth 2018

## Operation Performance

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EBITDA

**HK\$ 2.0 billion**

EBITDA\* margin of 55%

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Earning per share

**HK\$ 20.76 cents**

2% increase than 2017

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Operating cash inflow

**HK\$ 1.6 billion**

7% increase than 2017

## Financial Position

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Free cash and bill receivables

**HK\$ 5.4 billion**

Group has no debt at the moment

## Major construction

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**Lower seam construction in Jinjiazhuang Mine was completed**

## Shareholders Return

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Profit attributable to owners of the Company

**HK\$ 1.1 billion**

2% increase than 2017

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Dividend per ordinary share

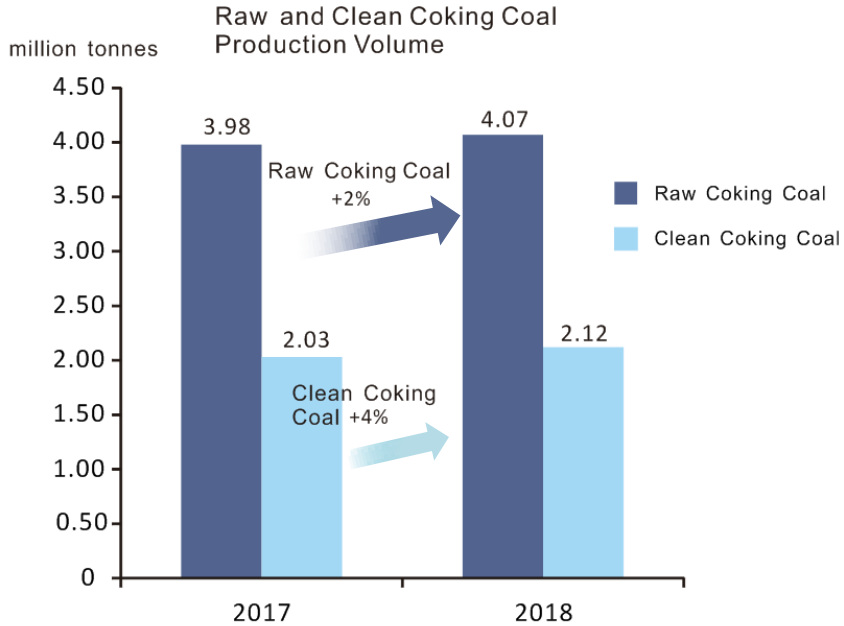
**Final HK\$ 8.5 cents + Interim HK\$ 8.3 cents**

2018 payout ratio 81 %

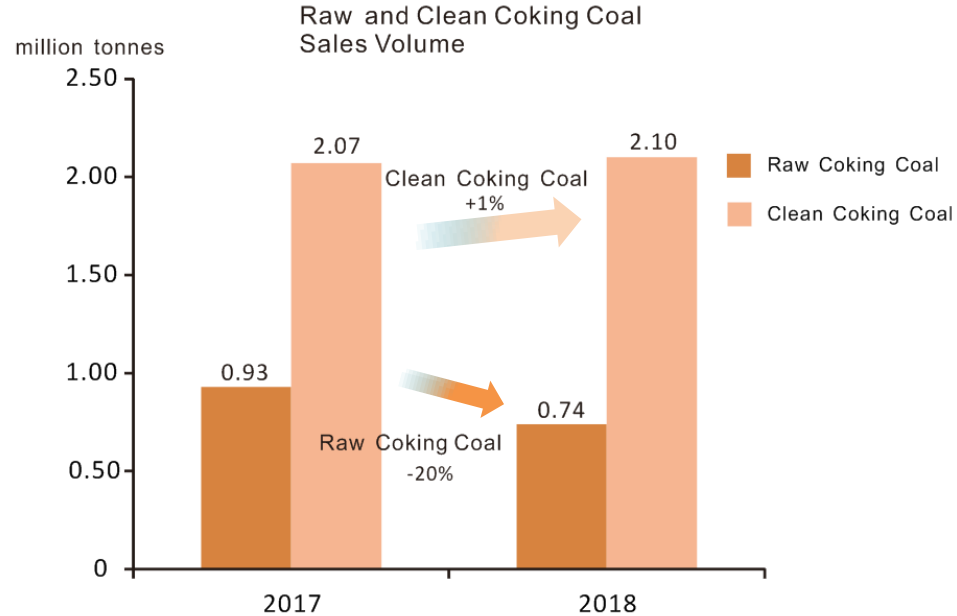




# 2018 Operation Review – Production and Sales Volume



- Raw coking coal production has a YoY increase by 2%
- Clean coking coal production has a YoY increase by 4%

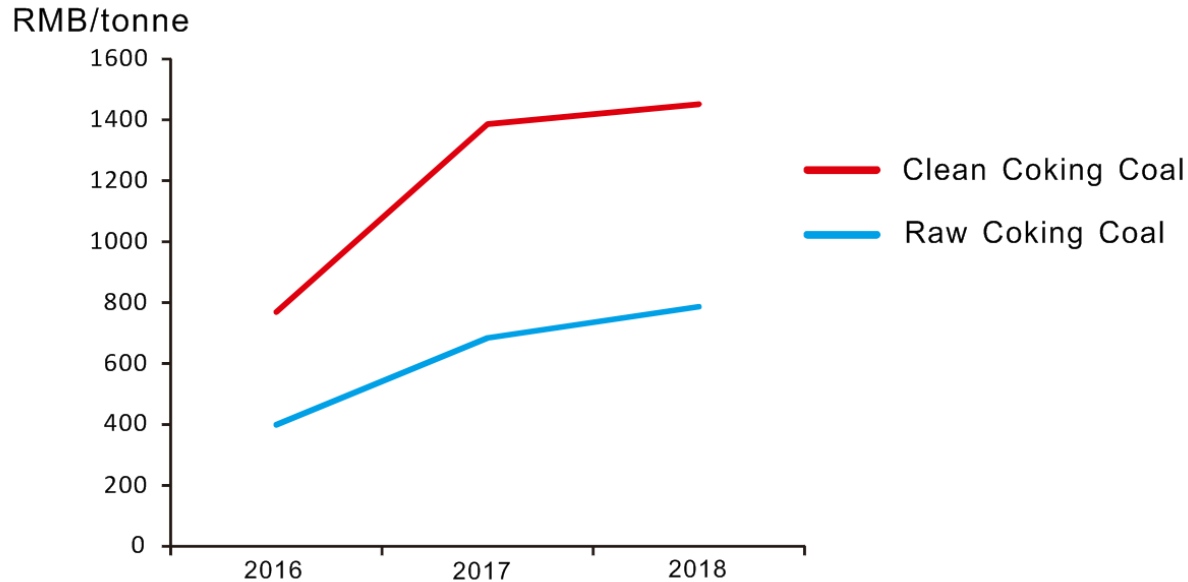


- Clean coking coal sales has a YoY increase by 1%
- Raw coking coal sales has a YoY drop by 20%; represent a long term strategy of the Company



# 2018 Operation Review – Average Selling Price

Average Realised Selling Price of Raw and Clean Coking Coal (VAT Inc.)

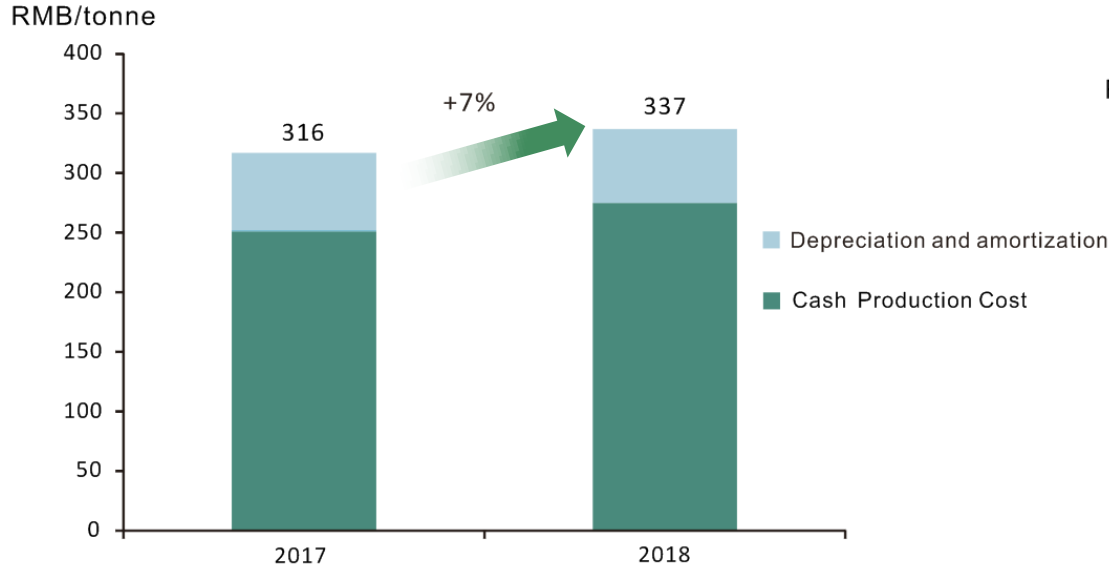


- Coking coal price remained at a relatively high level in 2018 as a result of China “supply-side reform”
- Average realised price of raw coking coal (VAT inc.) has a YoY increase of 15% to RMB 786 / ton
- Average realised price of clean coking coal (VAT inc.) has a YoY increase of 5% to RMB 1,451 / ton

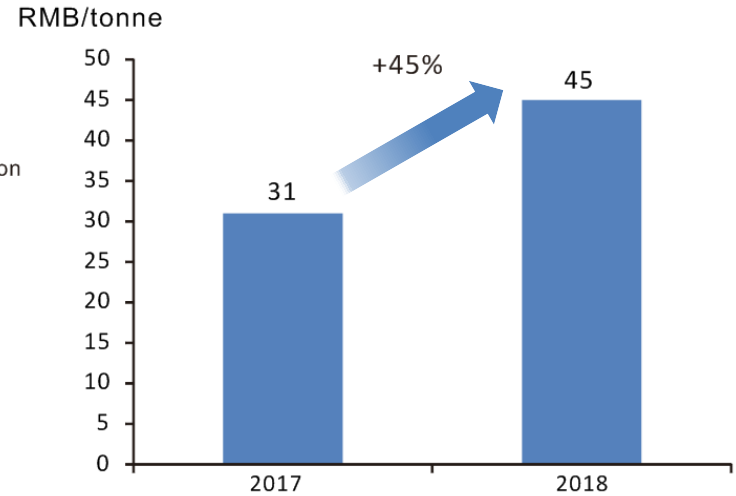


# 2018 Operation Review – Unit Production Cost

### Unit Production Cost of Raw Coking Coal



### Tax and Fees for Safety and Environmental Expense

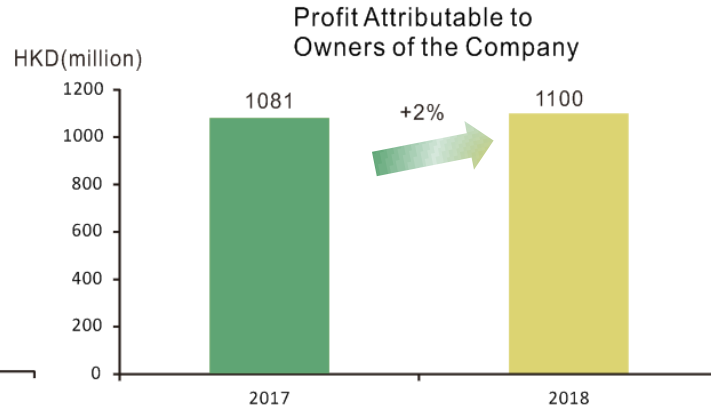
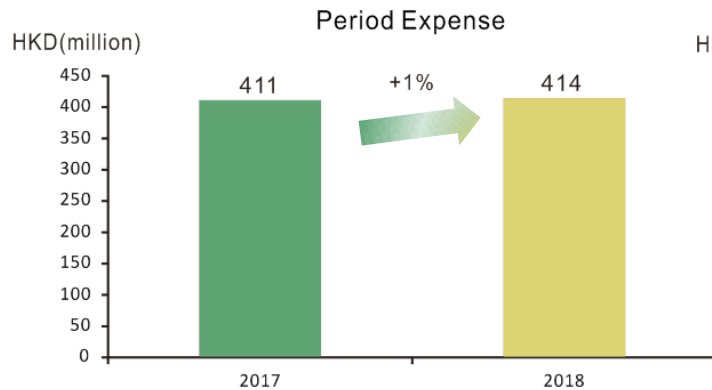
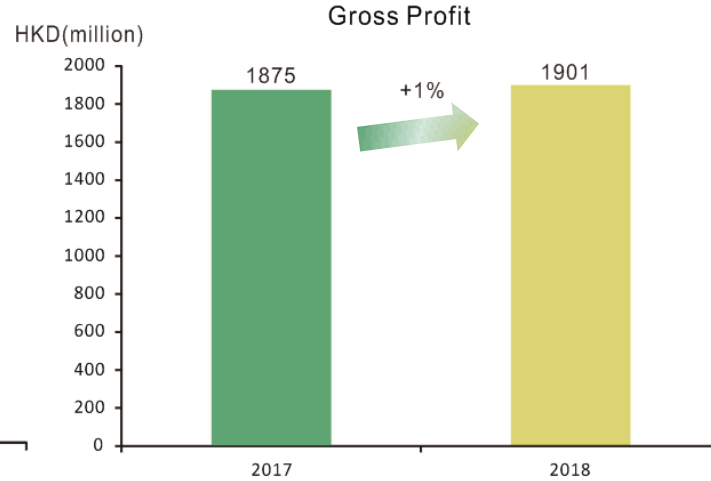
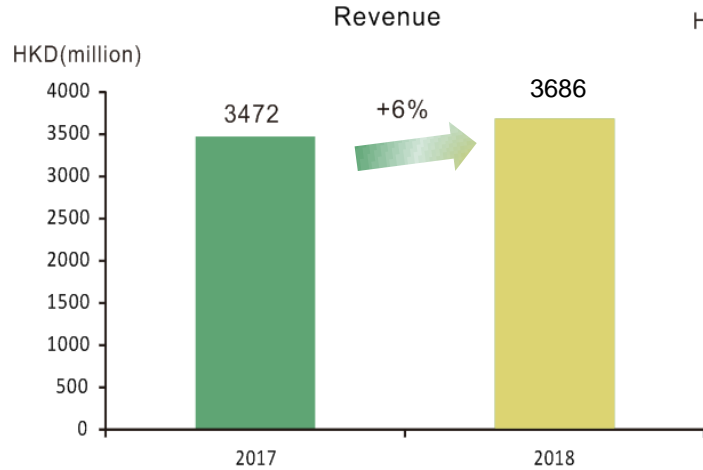


**Unit production cost of raw coal increased 7% compare to 2017, due to**

- Increased market wage level, social insurance premiums raised, overall increased labor cost by RMB 10/ton
- Tightening of environmental and safety regulations led to a significant increase in related costs



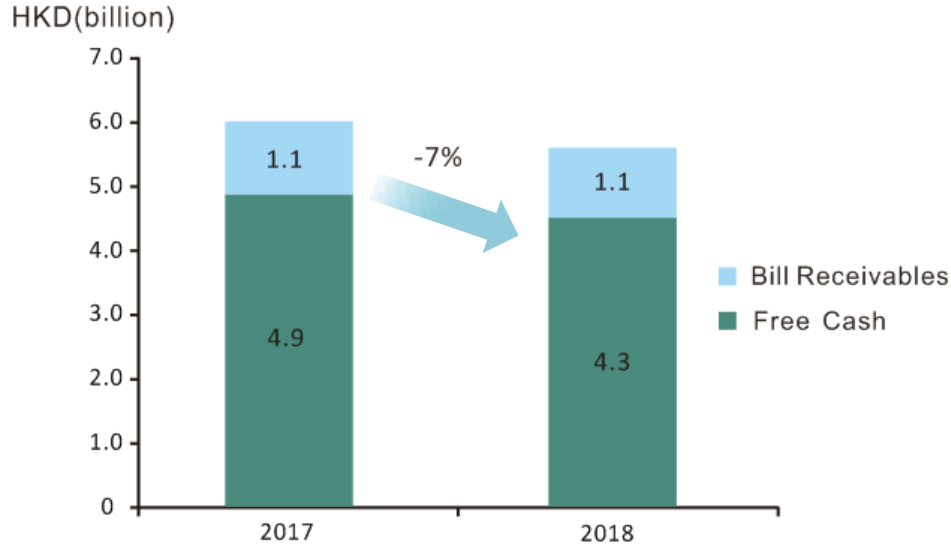
# 2018 Financial Review – Key Financial Data



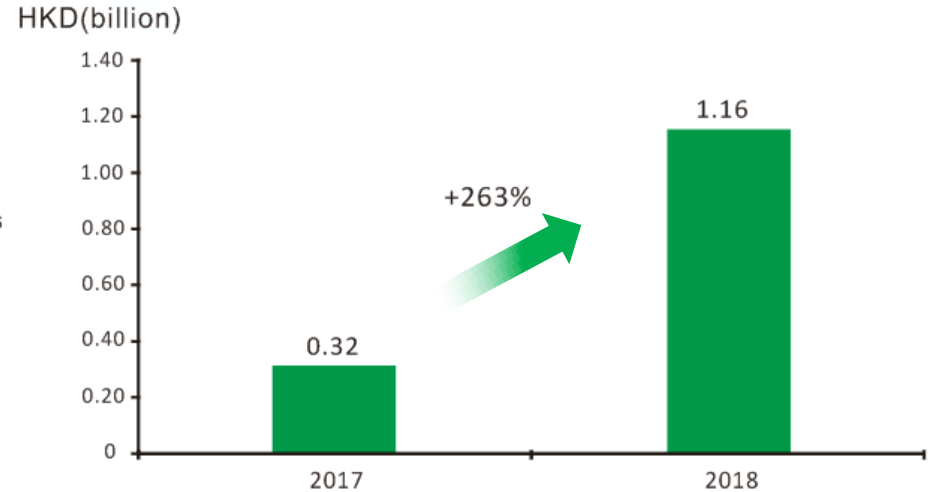


# 2018 Financial Review – Strong Financial Position

### Free Cash and Bill Receivables



### Dividend Distributed in past years



Reduction in cash in 2018 was due to

- increased in dividend paid to shareholders, and
- payment of lower seam construction fee



# Embracing Smart Mining Technology



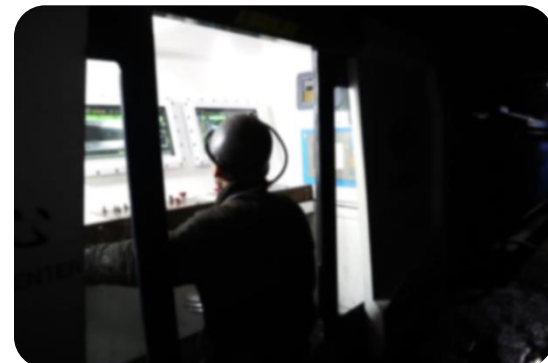
- Since 2018, Group has been experimenting smart auto-mining operation in Zhaiyadi Mine

“Smart”  
transforming



Conventionally, human operation is needed at the coal mining face

## Underground control center



- “Smart operation” is a long term campaign of the Company
- Aim to reduce number of underground workers in long run and enhance occupational safety and production efficiency



## Major Clients



宏安  
焦化

5 major clients contributed 72%  
of 2018 revenue



## Business Outlook

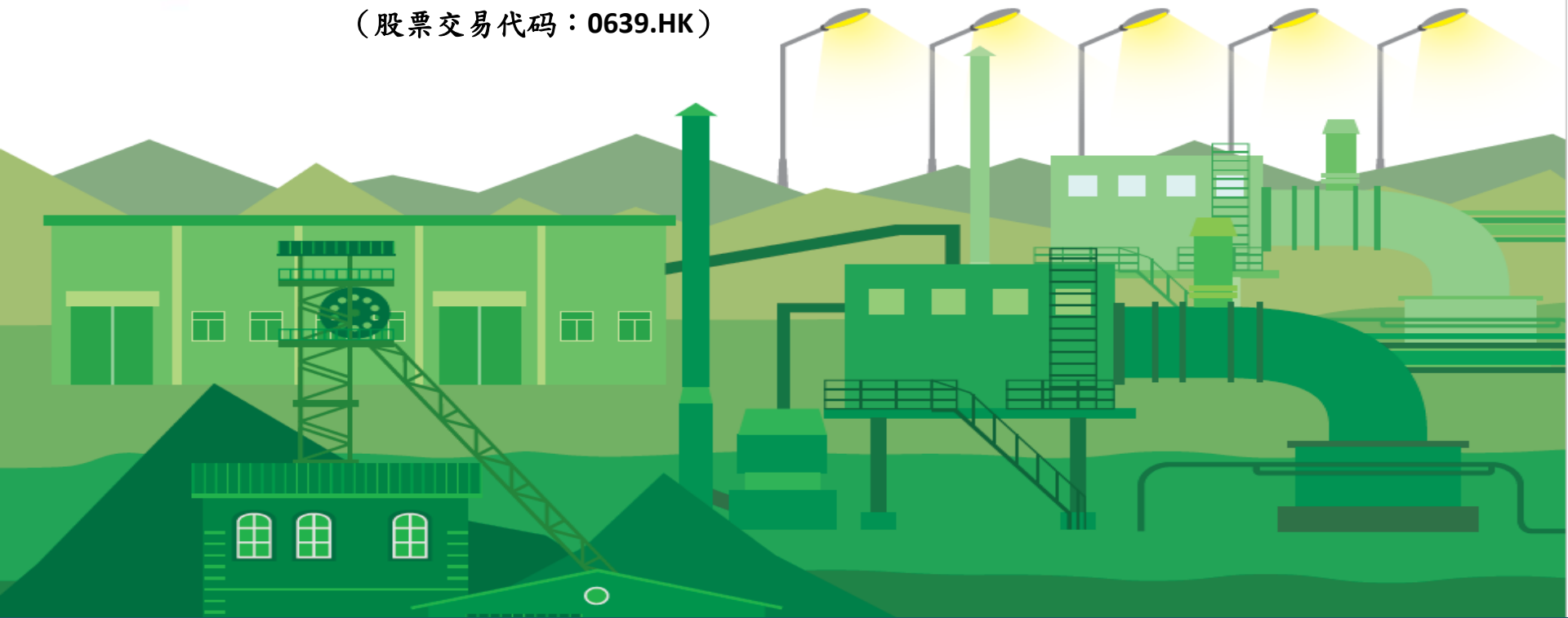
- Jinjiazhuang Coal Mine is expected to put into production formally in 2019H2
- Committed to promote environmental protection and provide employees with a safe working environment to maintain safe operating
- Continue to experiment and apply smart operation system to lower production cost and enhance efficiency



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