



SHOUGANG FUSHAN RESOURCES GROUP LIMITED

首钢福山资源集团有限公司

Stock Code 股份代号 : 639.HK

中期业绩发布
2020 Interim Results

28 August 2020



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Strict Measures to Control the Epidemic to Ensure Production



- Restricted staff return
 - Cancellation of night shift ; monthly production limit policy continue
 - Staff must be equipped with sufficient protective gears and implement essential procedures before report to duty
 - Restricted transportation access
 - Temporary suspension of production for inspection after 2020 Lunar New Year holidays
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- Gathered sufficient protective gears in time
 - Established relevant epidemic control groups and installed relevant preventive facilities
 - Strict control of social distance
 - Adjusted staff roster and production plan to ensure smooth production and achieve annual target
 - Adjusted transportation plan
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- We were the first batch of local coal mines resume to work
 - In 2020 1Q, our raw coal production fell by 18% YOY. As of the 2020 1H, the raw coal production has remained at the same level as the same period last year, and we are confident that we can achieve our annual production target, which is higher than last year
 - Optimize the coal processing flow. Both the production and sales of clean coking coal have increased by nearly 10%



2020 1H Major Points



During 2020 1H, the average benchmark price of Liulin 4# clean coking coal fell by 17% YOY.
The average RMB:HKD FX fell nearly 5% YOY.

EBITDA*

HK\$ 1.034 billion

Down 13% YOY

Earning per Share

HK 10.35 cents

Down 14% YOY

Profit Attributable to Shareholders

HK\$ 549 million

Down 14% YOY

Free Cash and Bills Receivables

HK\$ 6.1 billion

End of 2019 HK\$ 5.8 billion, increase steadily

Interim Dividend per Share

HK 7.5 cents

Payout ratio 72%, remain high

Share Buyback

will buyback up to 250 million company shares at an offer price of HK\$2 per share

Current Ratio

2.63x

2019 FY: 2.61x

Average Receivables Days

58 days

Remain healthy

Gearing Ratio

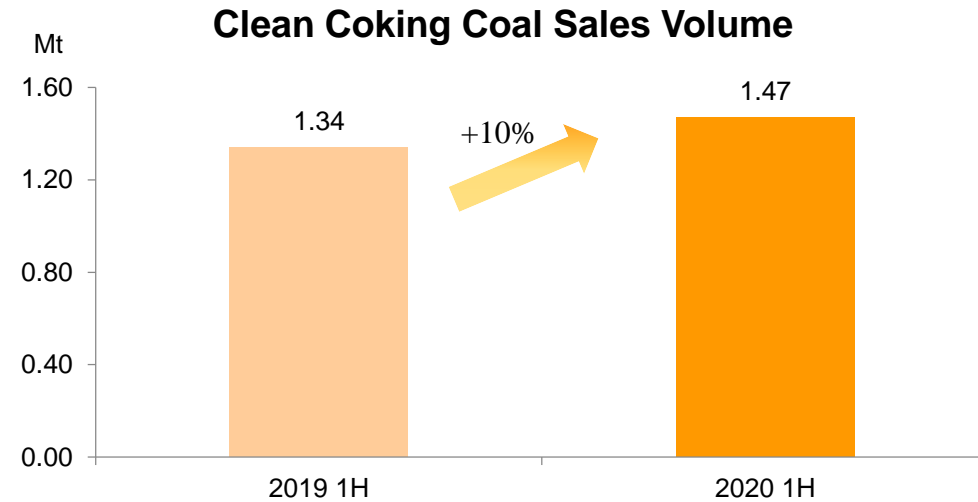
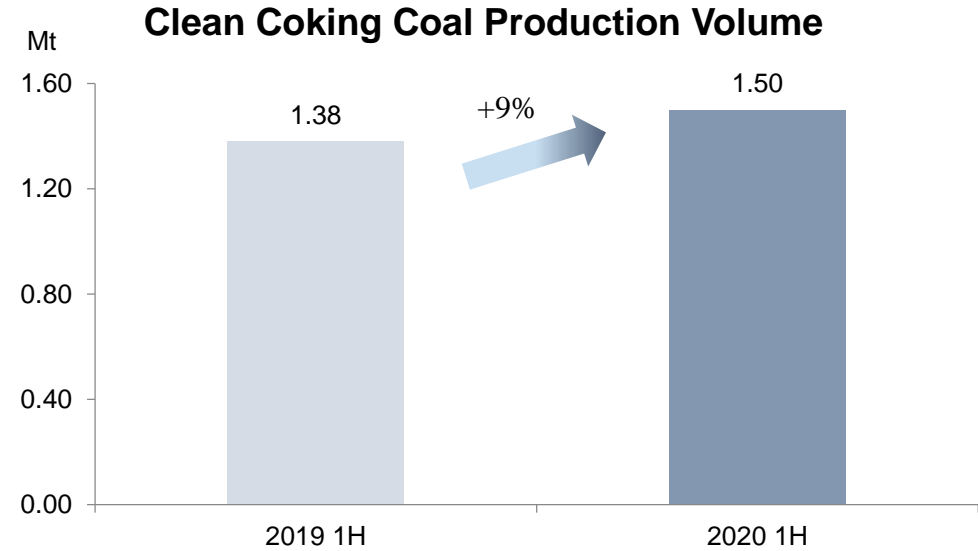
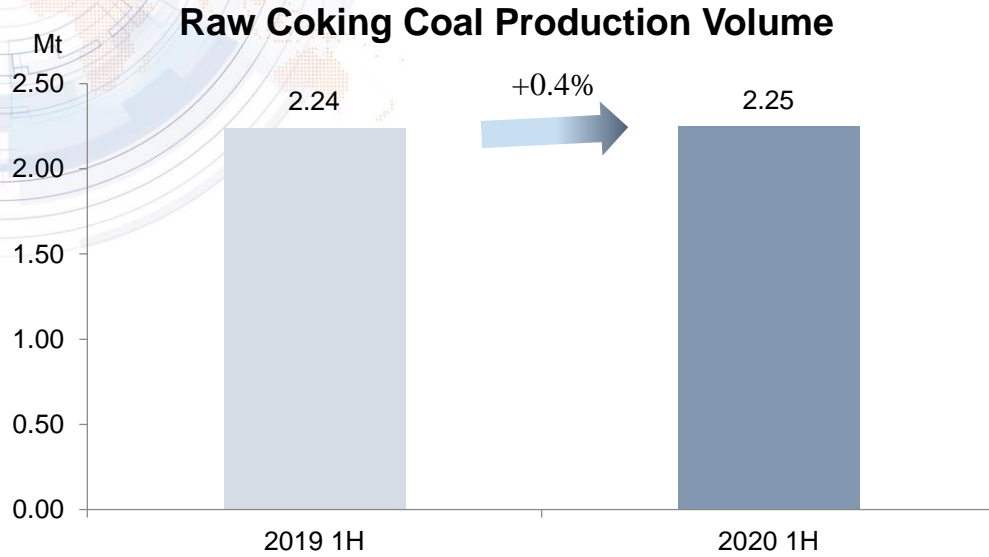
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EBITDA is defined as profit before income tax plus finance costs, change in fair value of derivative financial instruments, share of loss of an associate, depreciation, amortization and one-off written off of property, plant and equipment

Optimize the Processing Flow



Production and Sales of Clean Coking Coal Keep Booming

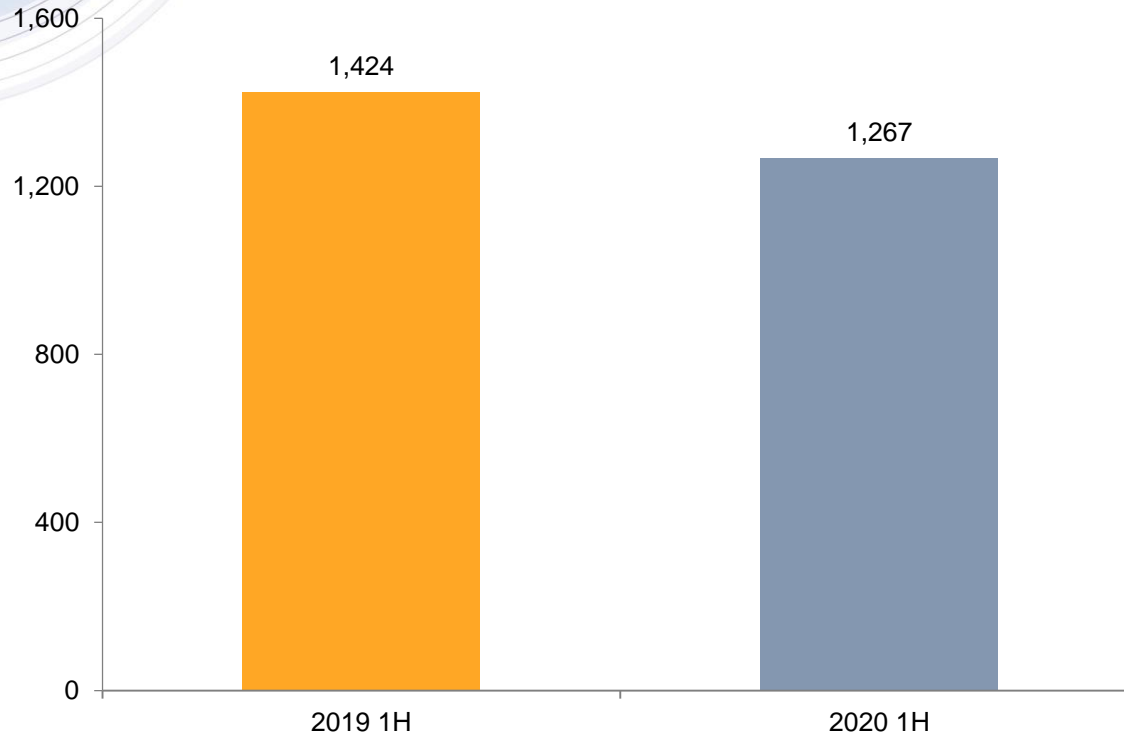


We continue focusing on clean coking coal strategy, and only sold around 1 kt of raw coking coal during 2020 1H.

The Price Trend of Clean Coking Coal is Relatively Stable



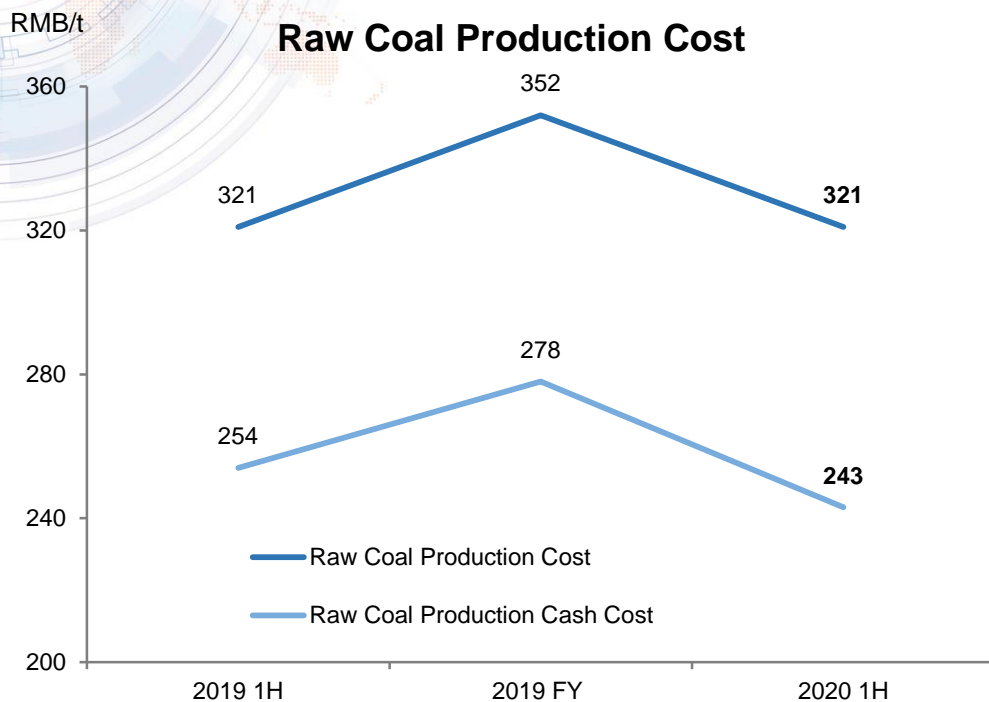
RMB/ton



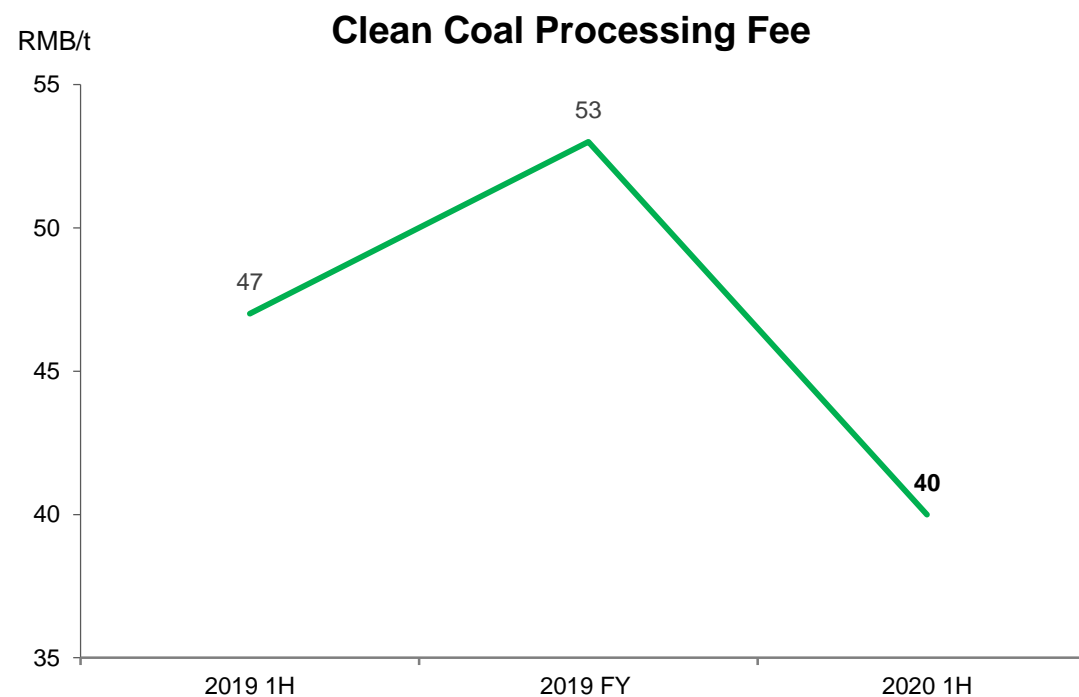
- Affected by COVID-19 and contraction of downstream demand, the price of coking coal generally fell in the first half of the year. The average FOR price of benchmark 4# clean coking coal fell by 17% YOY.
- Benefited from the long-term agreement signed with steel mills at the beginning of 2020, the Group's average realized selling price of clean coking coal (incl. VAT) in the 2020 1H decreased by 11% YOY to RMB 1,267/ton, less than the market price's drop



Enhance Cost Reduction and Efficiency

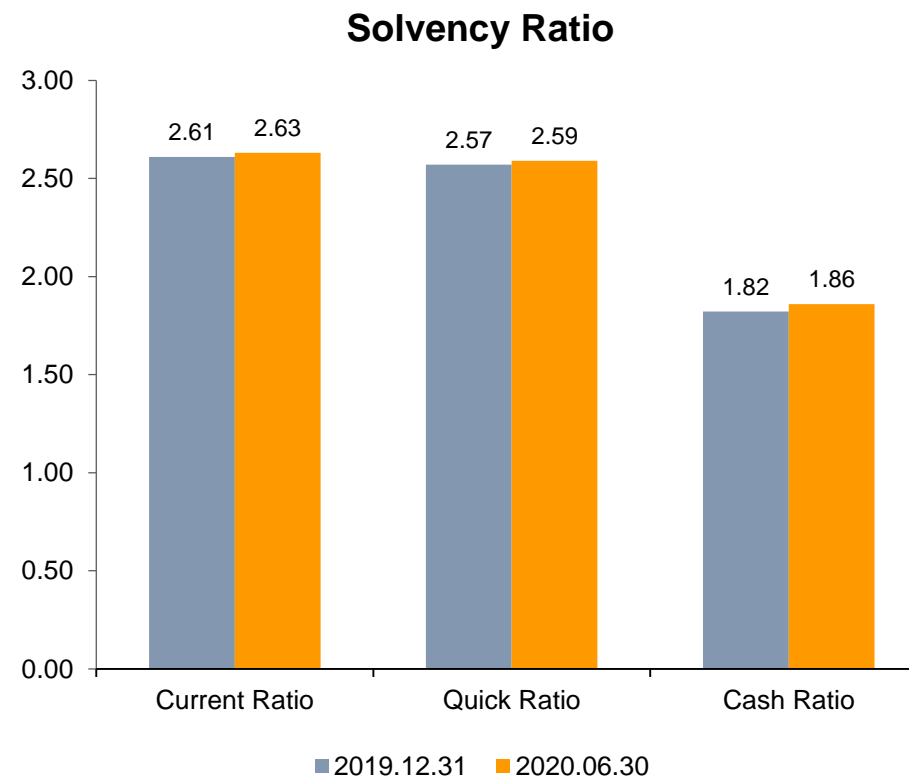
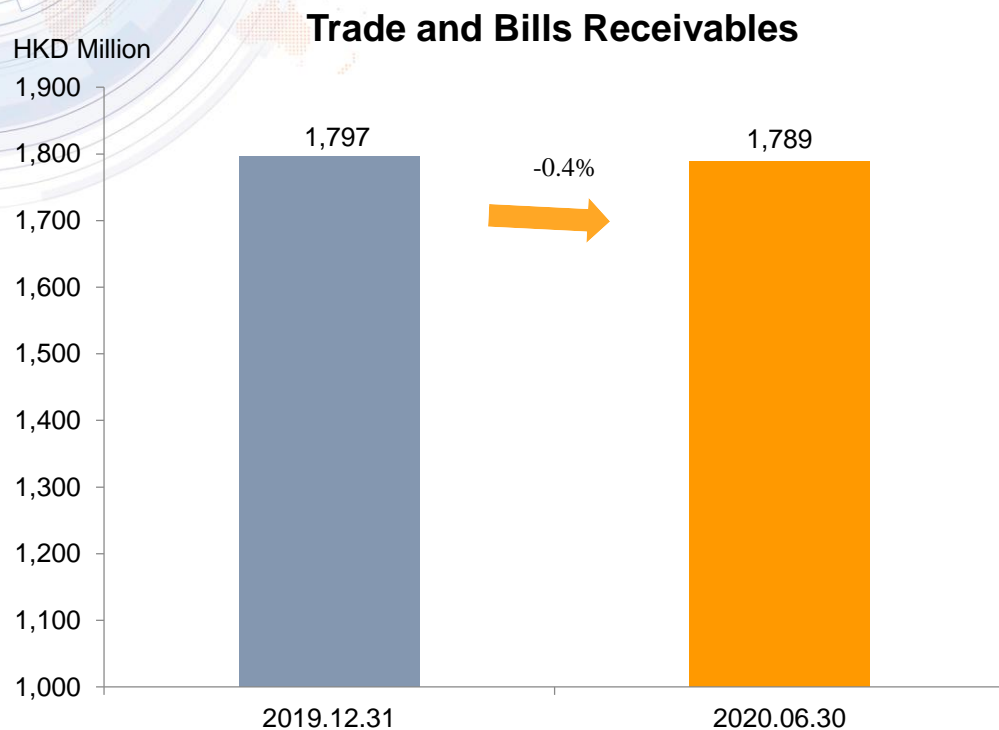


The Group further controlled costs during the period. The production cost per ton of raw coal remained the same as the same period last year, while the cash production cost decreased by RMB 11/tonne or 4% YoY, and also decreased by RMB 35/tonne or 13% compared to 2019FY



The Group further increased the processing volume, improved the coal processing flow and the yield to increase the clean coal production volume. Hence, the cost of clean coking coal processing fee decreased significantly during the period.

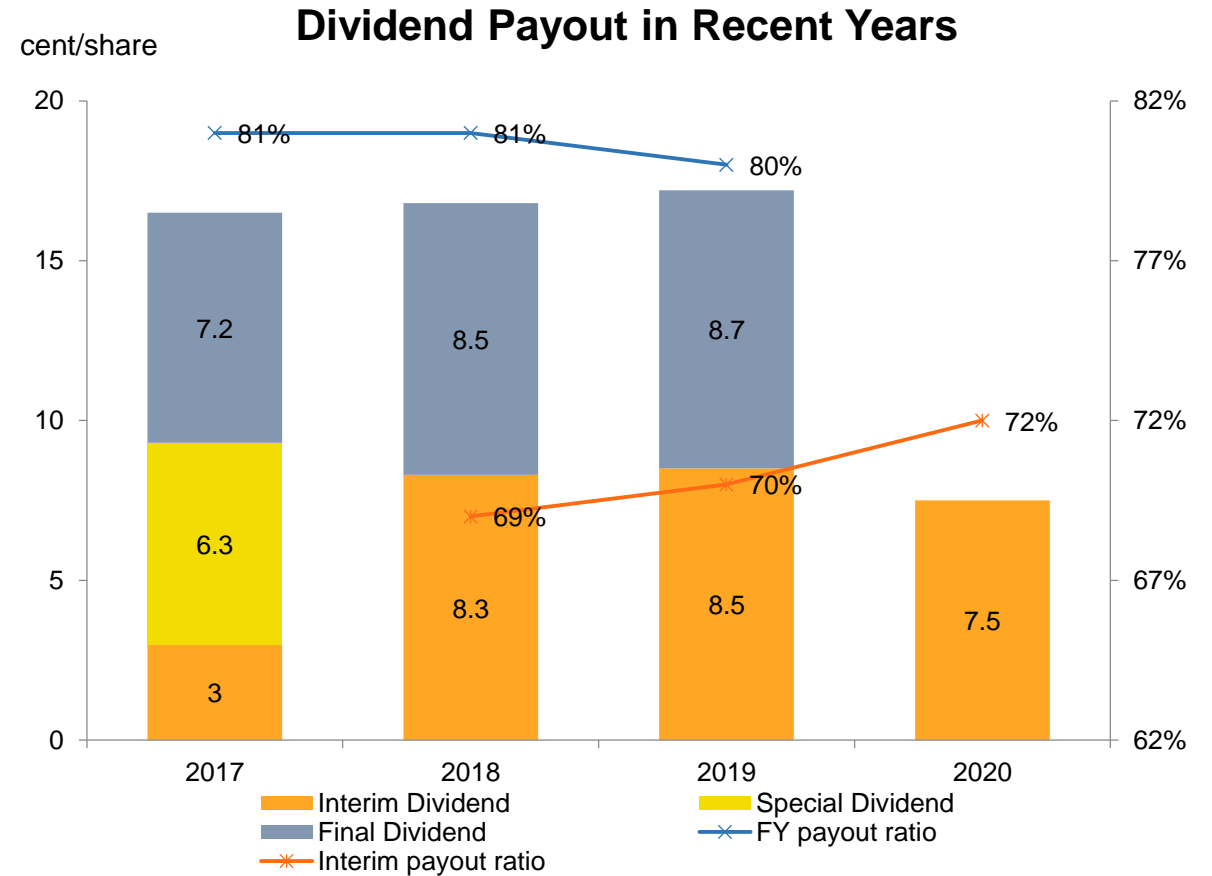
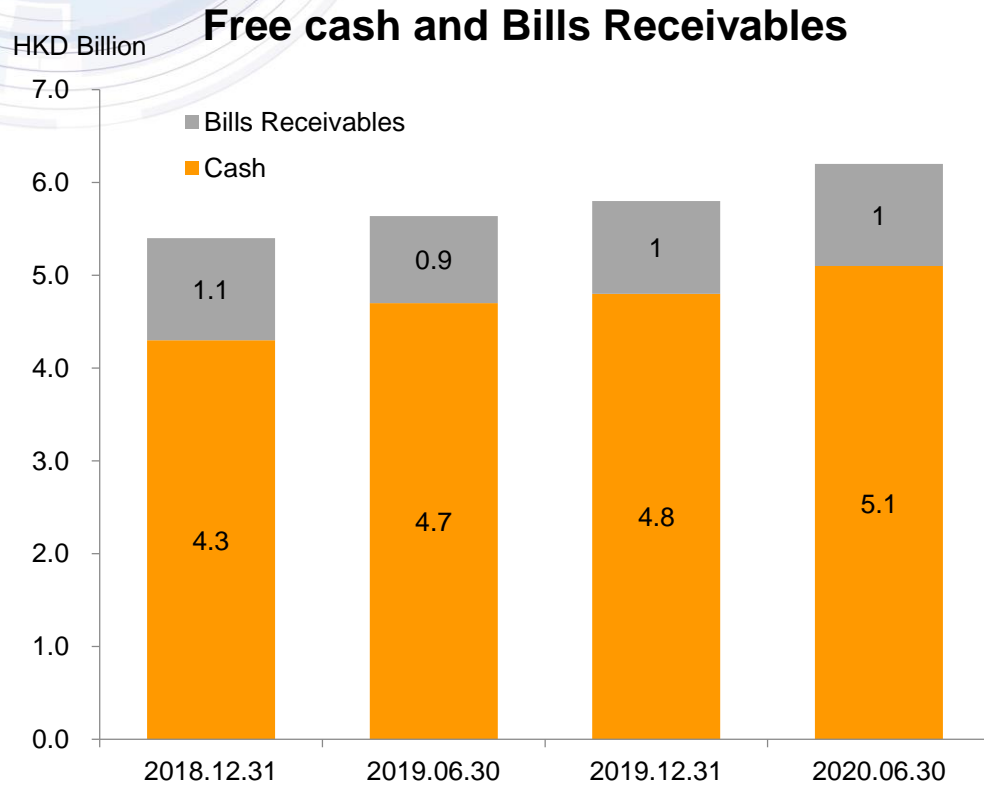
Company Management Maintain Rigorous and Efficient



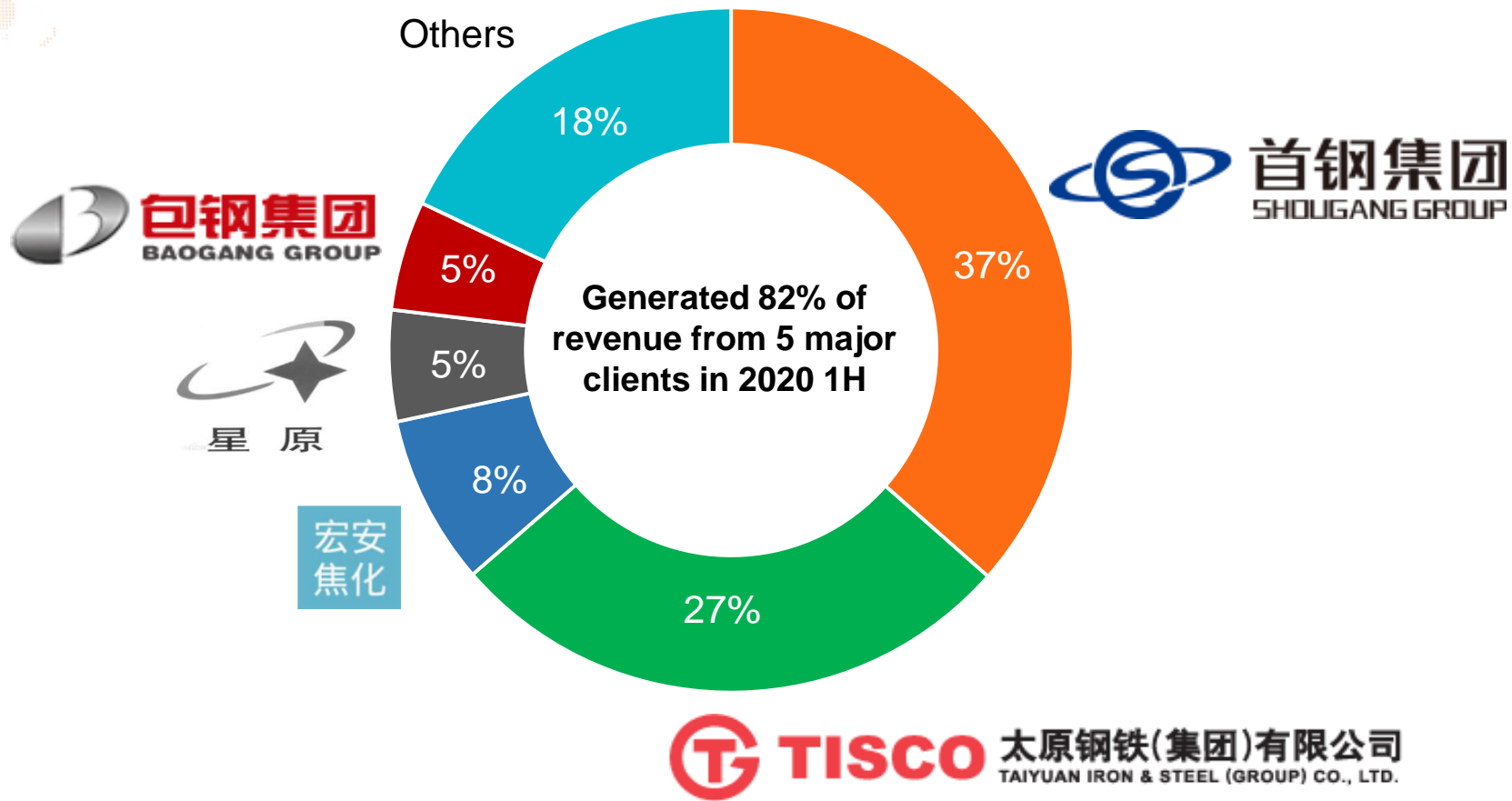
Note: Trade receivables are within 90 days

The Group financial status remains healthy and stable

Strong Cash Position Maintain High Payout Ratio

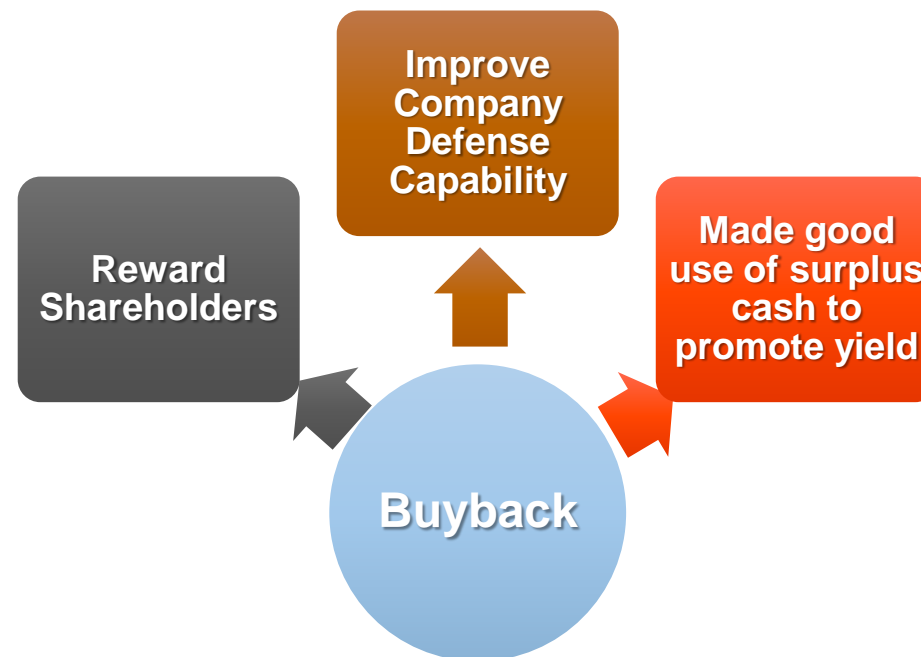


Stable Major Customers Expand New Customers





Company Conditional Shares Buyback Offer





Business Outlook

Explore Internal Potential

- Increase production and strive to cost control
- Further optimize the coal processing flow to achieve a balance between market and efficiency



Maintain Business Sustainability

- Ensure normal production and employee health during the epidemic
- Maintain the advantages of Advanced Enterprises
- Working towards Smart Mining, improving production efficiency and personnel safety



Leverage Our Strong Cash Position

- Timely adjust our operation strategies during the changing macro economic environment
- Identify potential investment opportunities



Create More Returns to Shareholders

Contribute to the Society

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