



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

全年业绩发布
2020 Annual Results

25 March 2021



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2020 FY Operational Performance



Financials

HK\$ 2.186 Billion

YOY ↓ 2%

EBITDA*

HK\$ 1.187 Billion

YOY ↑ 1%

Profit for the Year

HK\$ 1.080 Billion

YOY ↓ 5%¹

Profit Attributable to Shareholders

HKD 5.1 Billion

Free Cash

Operation

Normal Operation

Undisrupted production throughout the year except delayed production over 10 days at the beginning of the pandemic due to pending inspection

Record High in Clean Coking Coal

Production and Sales

Timely adjusted the production plan. Achieved breakthrough in clean coking coal production and sales

Effectively controlled unit cost

YOY ↓ 11%

Sustainability

Smart-Mining Upgrade

Pilot test of state-of-the-art automated mining technology at one mining surface at Zhaiyadi Mine

High standard Environmental Governance

Strictly comply to laws and regulations, strengthen environmental protection involvement and governance

Shareholders Returns

**2020 FY Dividend
HK 16.5 cents**

Payout Ratio 80%

2020 final dividend HK 9.0 cents

**2020 Dividend Yield
8.87%** (2021.03.25)

Repurchased 250 Million Shares

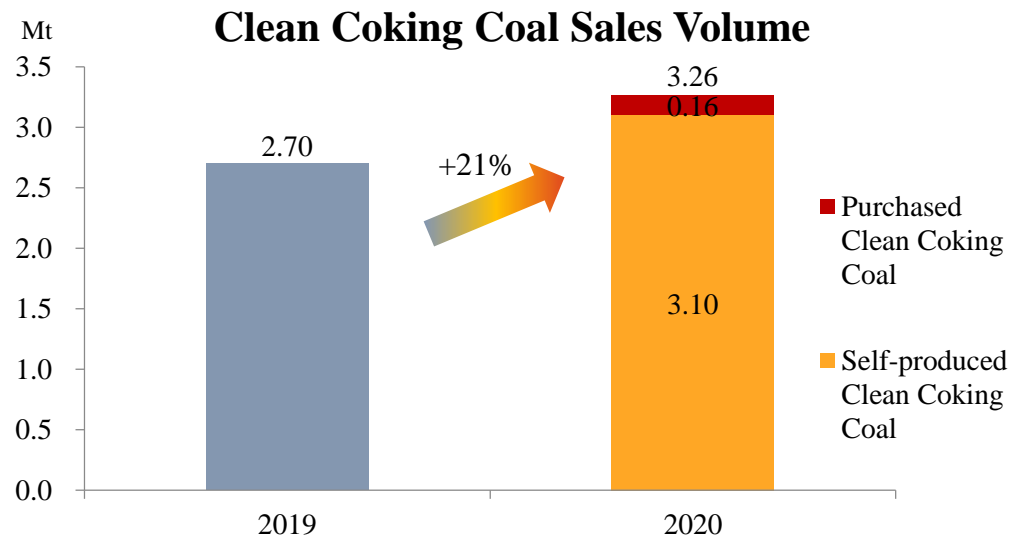
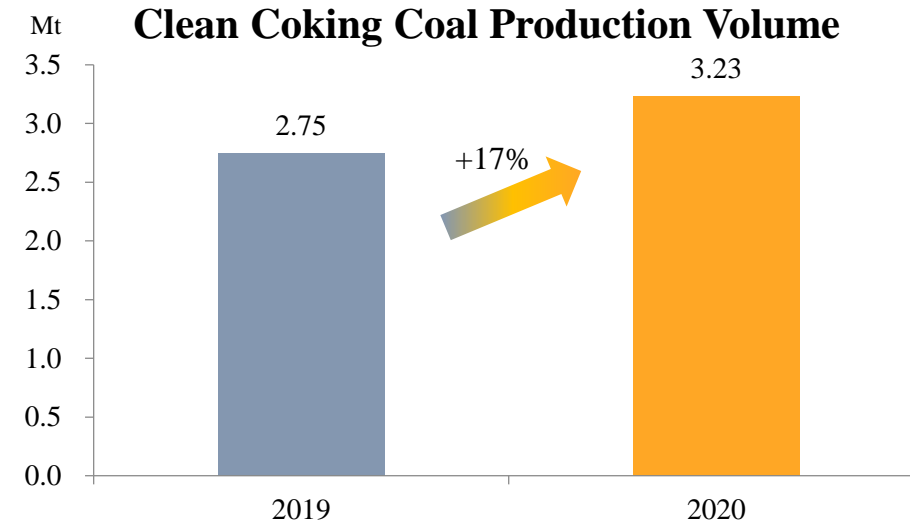
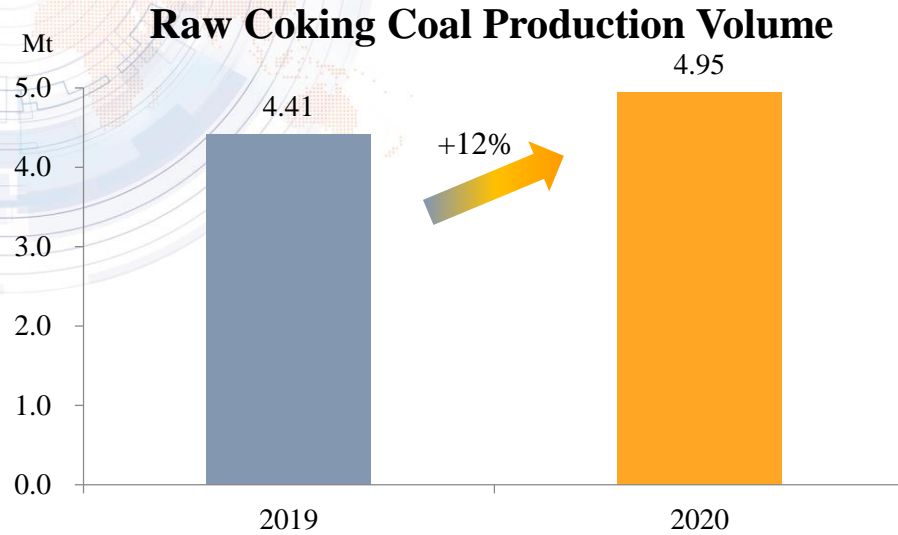
The Company completed the cash offer for repurchase 250 million shares at HK\$ 2 per share at the end of September 2020. More than 90% of the shareholders voted for the offer

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

1. The Company holds 65% interest in the Jinjiazhuang Mine. With the increase in production in 2020, Jinjiazhuang Mine recorded profit in 2020 from loss

Exploiting Market, Ensuring Quality

Record High in Clean Coking Coal Production and Sales

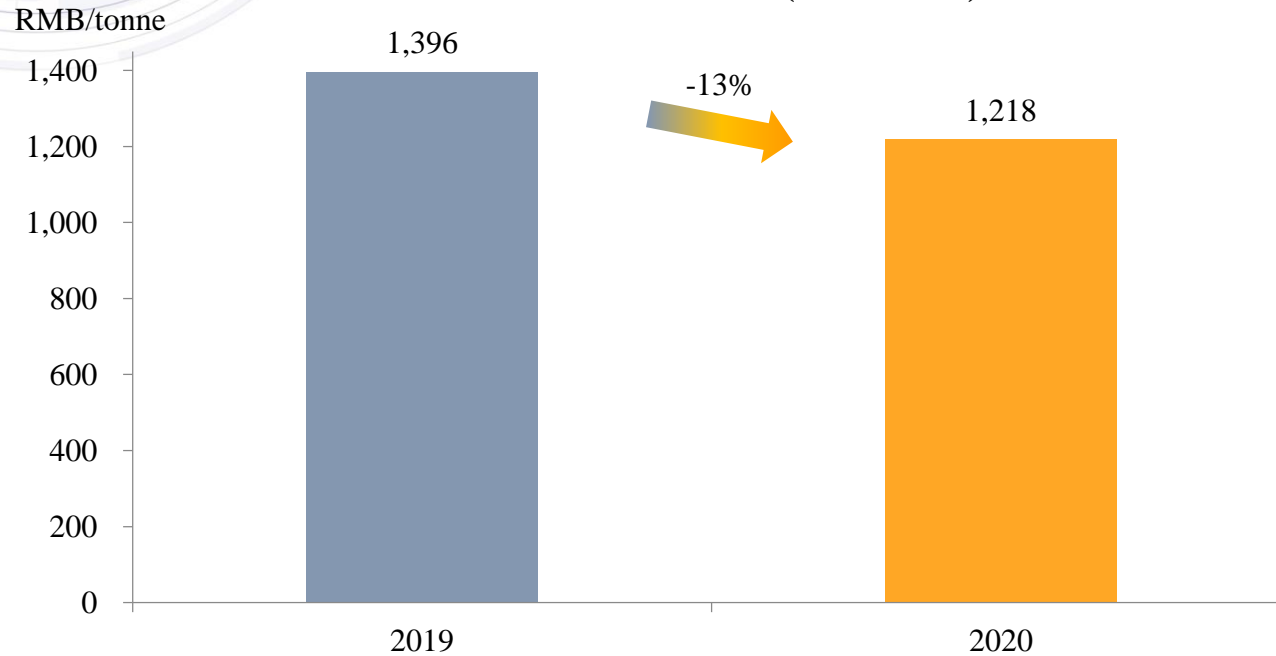


- 2020 clean coking coal production and sales volume set record high in company history
- Purchased 160 kt clean coking coal from outsiders to maximize profits
- Remains concentrating on clean coking coal sales. Raw coking coal sales volume reduced further to 80 kt in 2020

Average Selling Price of Clean Coking Coal In-line With the Market Trend



**Clean Coking Coal Average Integrated
Realized Price (Incl. VAT)**

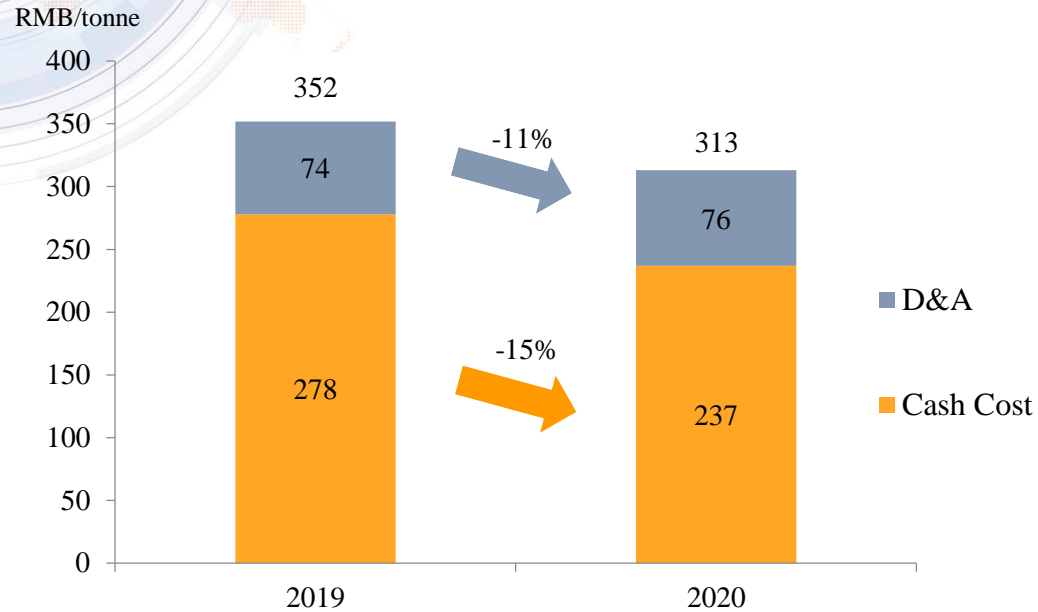


- COVID-19 outbreak has caused tremendous shocks to the global economy and affected downstream demand for coking coal products, coking coal price generally fell throughout 2020. Benefited from China's Domestic Circulation Economy regime, benchmark Lulin 4# coking coal average FOB price dropped 14% YoY while international coking coal FOB price dropped by 30%
- Company's 2020 clean coking coal average integrated realized price (incl. VAT) dropped 13% to RMB 1,218/ton, in-line with the market trend

Strictly Cost Control Measures to Reduce Unit Production Cost Significantly



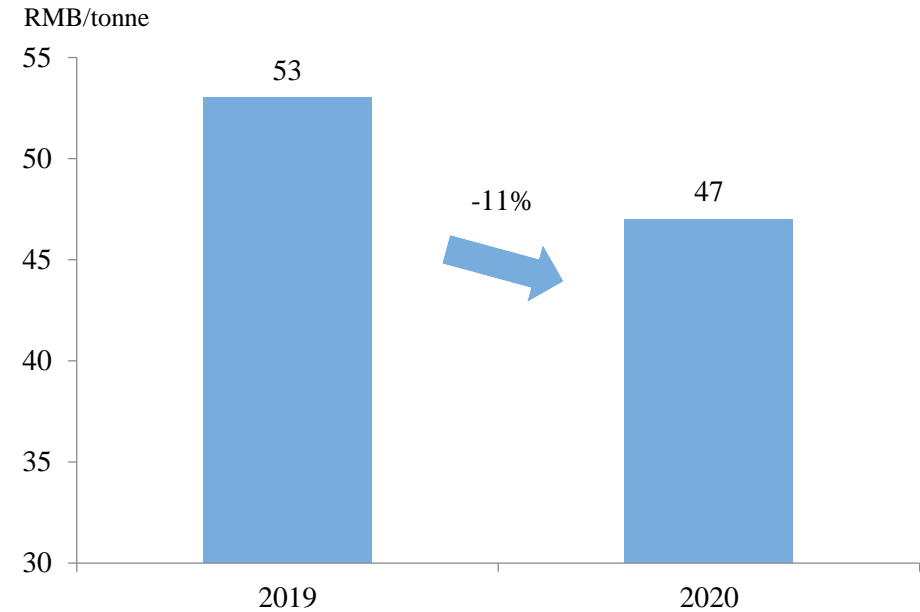
Unit Production Cost of Raw Coking Coal



Unit production cost of raw coking coal dropped 11% compared with 2019, and the unit production cash cost of raw coking coal decreased by 15%, mainly due to:

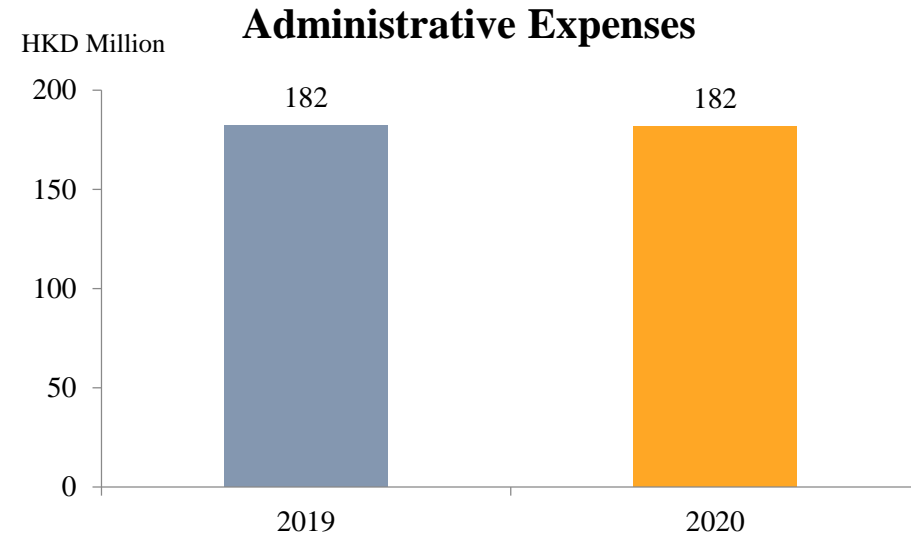
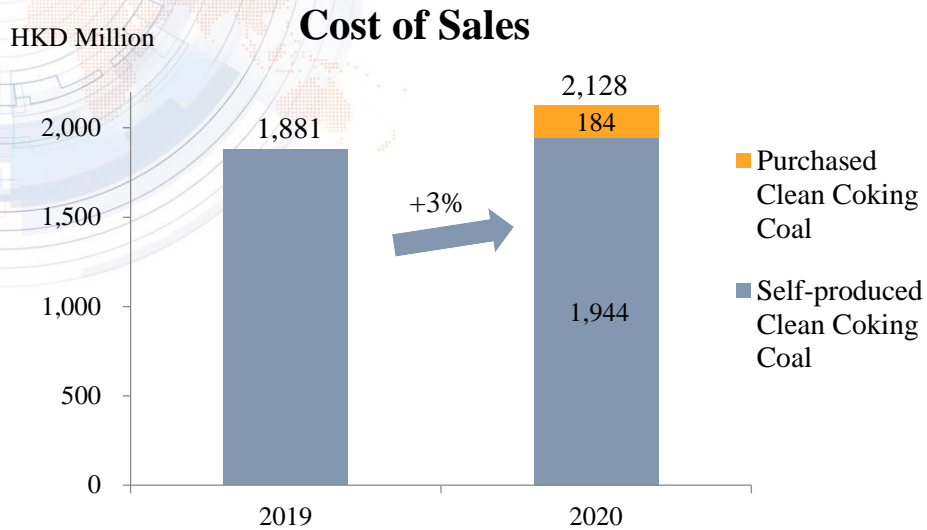
- Continuously strict cost control, effective management on use of materials, controlled labor costs by reducing staff during the year
- Raw coking coal production increased 12%
- Benefited from tax and fee reduction policy during the pandemic

Unit Clean Coking Coal Processing Fee

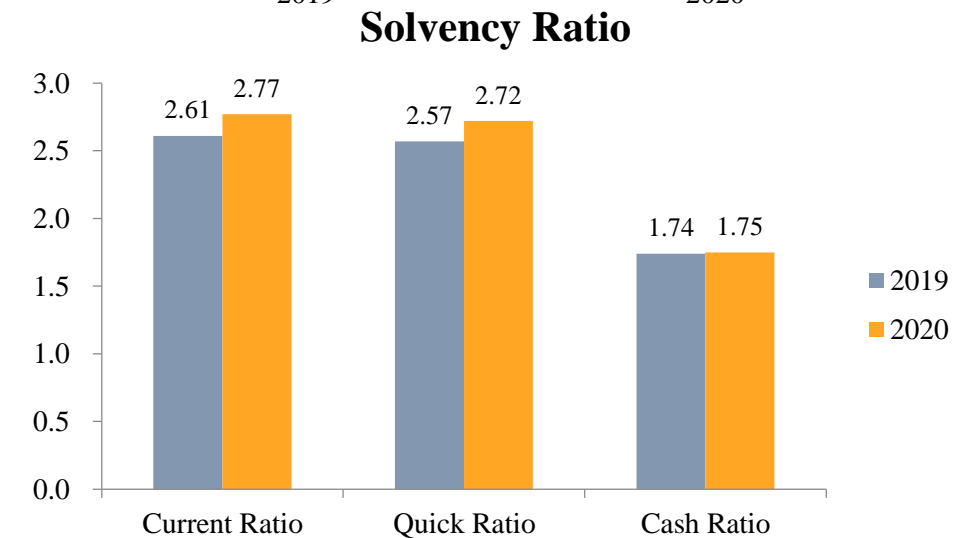


Continue to improve the coal processing flow to increase yield rate and the output of clean coking coal. The unit processing cost of clean coking coal processing decreased by 11% YoY during the year.

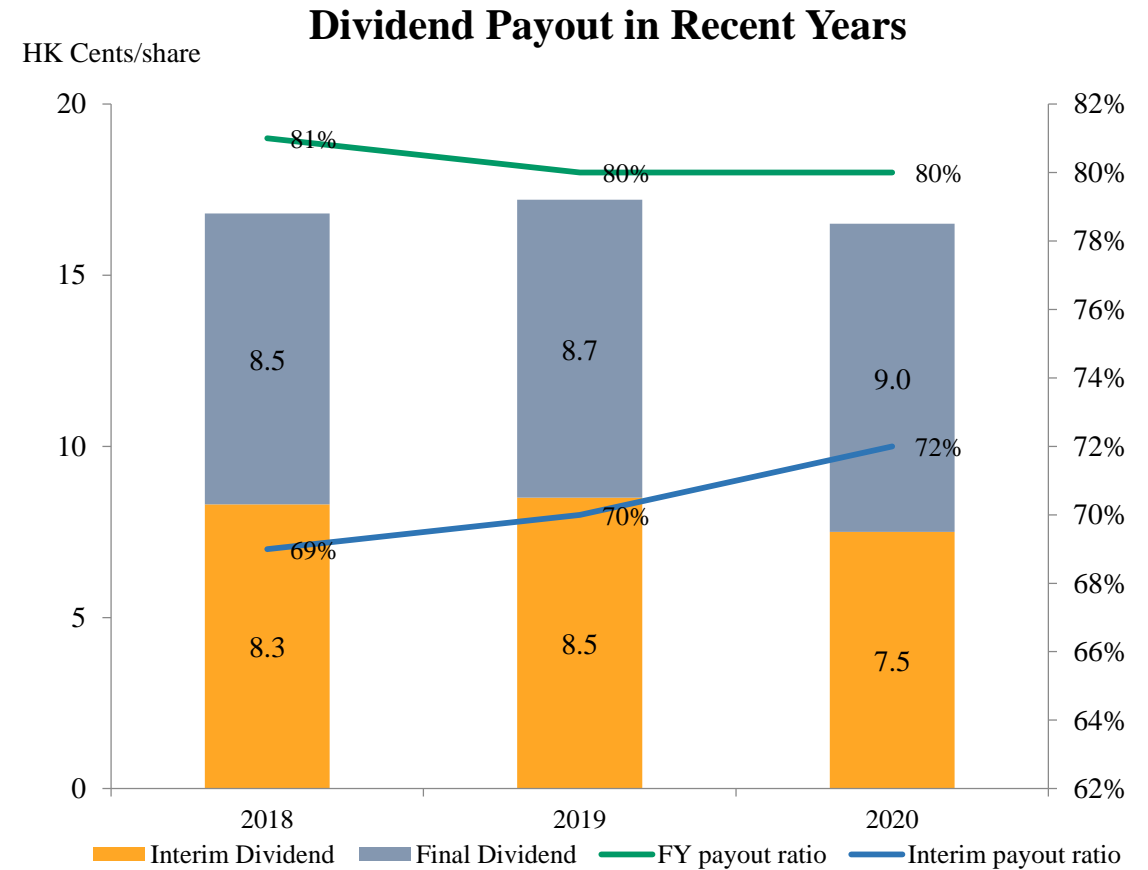
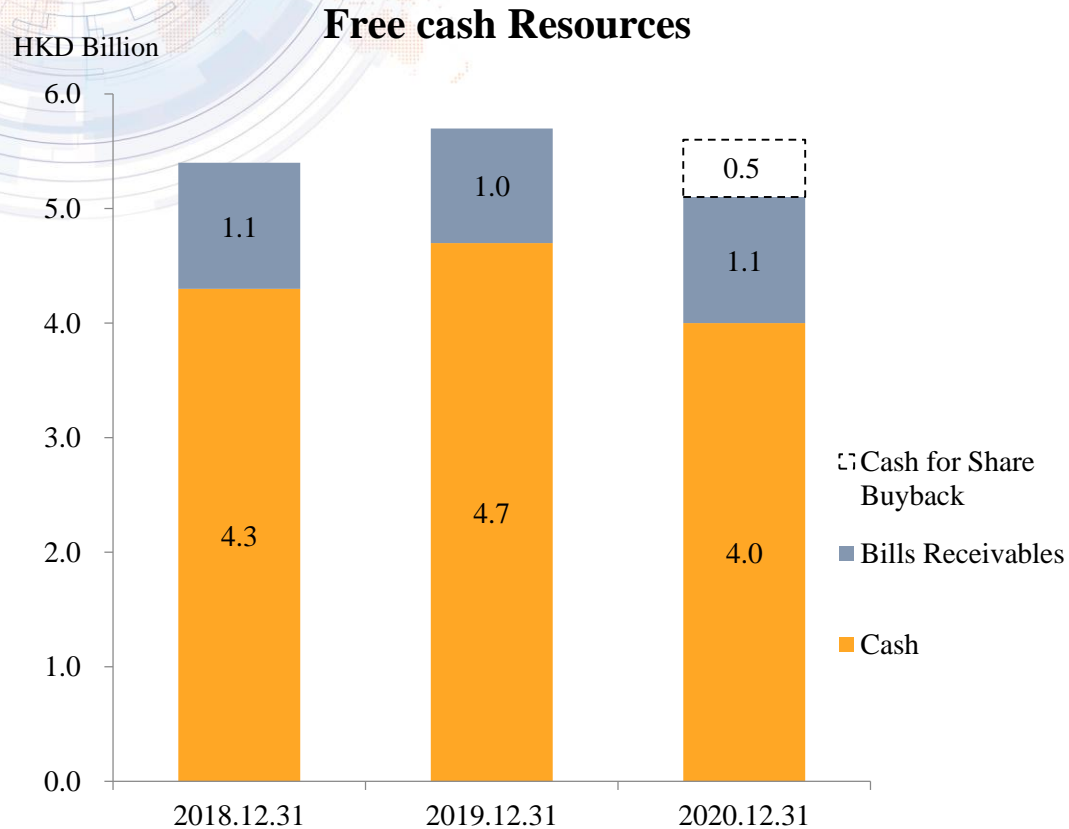
Refined and Rigorous Management to Enhance Efficiency



- Increase in cost of sales in 2020 was mainly due to the increase in the production of raw and clean coking coal and the cost of purchased clean coal from outsiders
- If the cost of purchased clean coal from outsiders excluded, cost of sales of self-produced clean coking coal only increased by 3% while both raw and clean coking coal production volume increased more than 10%
- Meanwhile, the company has rigorous and refined management, the management cost remained the same, and the financial position remained strong and healthy



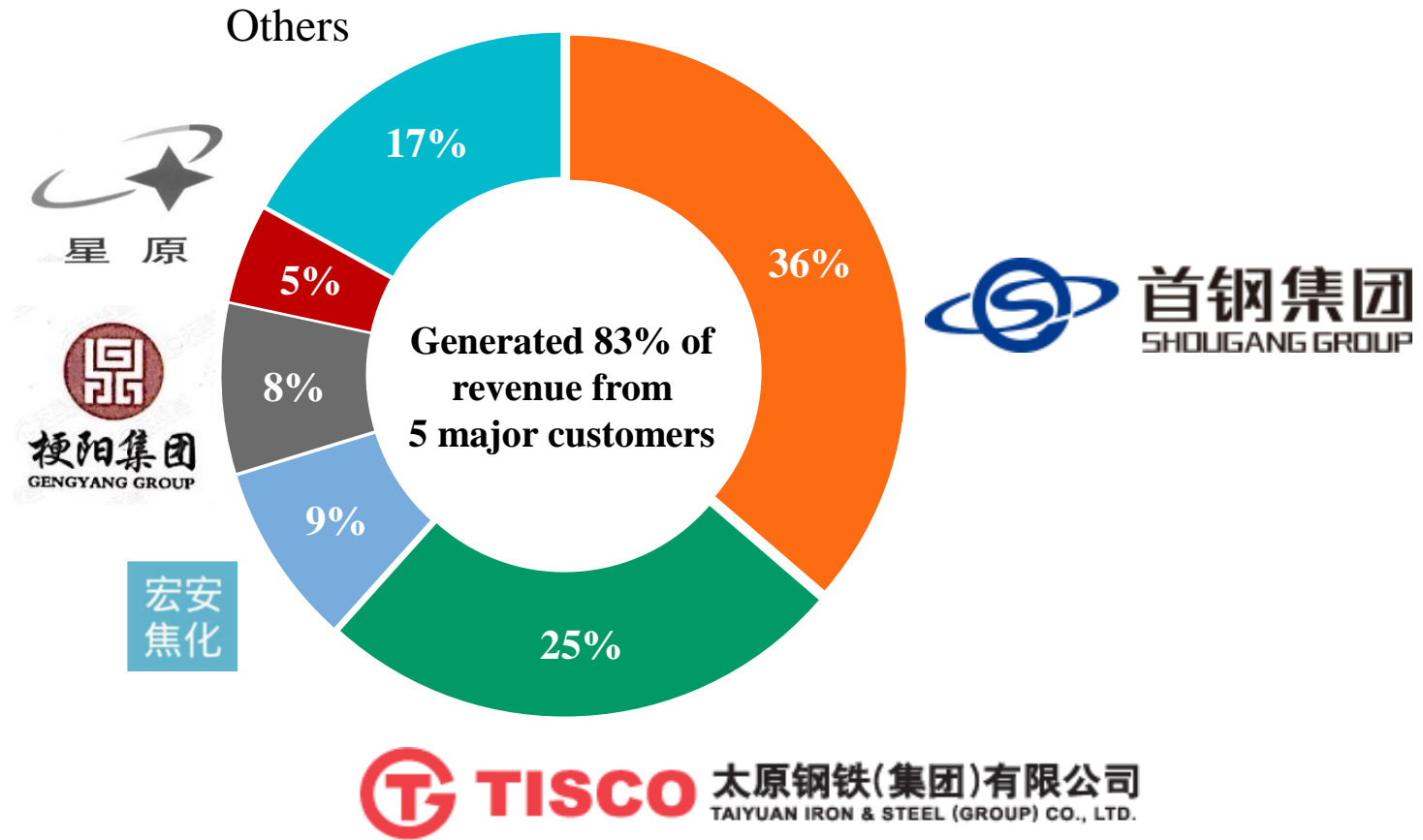
Strong Cash Position Maintain High Payout Ratio



2020 Q3, the Company used HKD 500 million for share repurchase to strengthen market's confidence to the Company and to increase the consolidated net assets attributable to shareholder per share and earnings per share

Stable Customers

Timely Adjust Sales According to Market



Progressing to Advanced and Sustainable Mining



A mining surface at Zhaiyadi Coal Mine was transformed into Smart Mining Surface, which greatly improves occupational safety



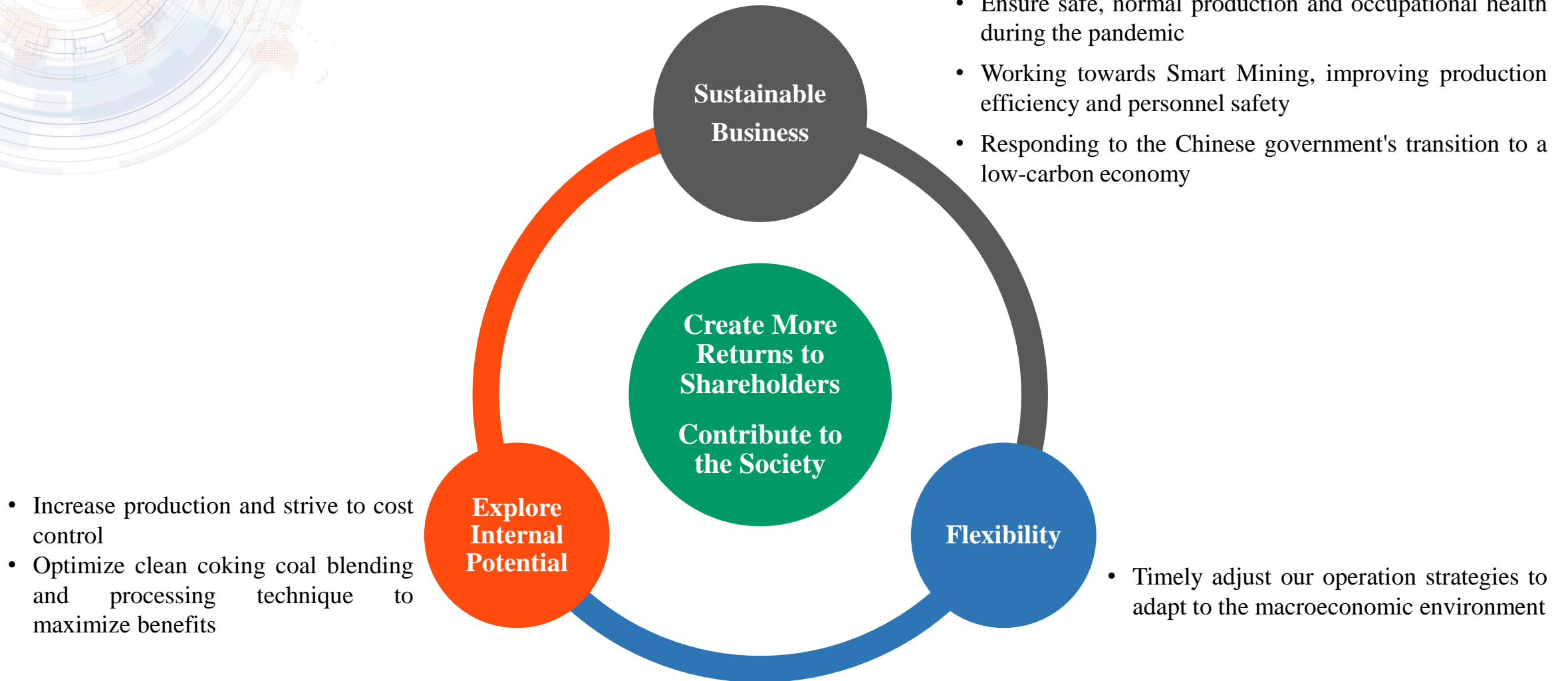
Jinjiazhuang Coal Mine Water Treatment Station upgraded to further improve the quality of discharged mine water



New tailings field to properly disposing underground mine tailings from Xingwu Coal Mine



Business Outlook



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