



中国冶金科工股份有限公司
METALLURGICAL CORPORATION OF CHINA LIMITED

2010 Annual Result Review

April 2011





Disclaimer

- This presentation does not constitute an offer or invitation to purchase or subscribe for any shares of Metallurgical Corporation of China Ltd. (“MCC”) to investors
- This presentation contains forward-looking statements, these forward-looking statements are subject to risks and uncertainties, and based on the Company and Company’s expectations, assumptions, estimations and forecasts of the industries. Unless required by law, the Company does not undertake to update or revise any forwardlooking statements for subsequent circumstances
- The Company believes those expectations implied by forward-looking statement are reasonable, but no reliance should be placed on the fairness, accuracy, or correctness of such information. Actual results may differ from those anticipated in the forward-looking statements



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中国冶金科工股份有限公司
METALLURGICAL CORPORATION OF CHINA LIMITED

Section 1

Company Overview



Steady Growth of Operation

Remarkable Performance

- Steady growth in revenue
- Improving gross profit and gross margin
- Continuous increase in net profit

Key Operation Indicators

- Revenue amounted to RMB206.4 billion, up by 24.7%
- Gross margin reached 10.1%, increased by 0.5 percentage
- Net Profit attributable to equity holders amounted to RMB5.32 billion, up by 20.2%

Successful Business Transformation





- E&C: Further develop non-metallurgical and overseas markets
- Equipment Manufacturing: Newly-added metallurgical equipment production capacity to be released, increasing scale of steel structure
- Resources Development: Steady development of mineral resources, increasing profitability & decreasing costs for polysilicon
- Property Development: Further push forward social welfare housing

Major Business Indicators

- New contract value of E&C amounted to RMB218.5 billion, up by 18.1%, including RMB26.7 billion ⁽¹⁾ of overseas projects
- Backlog value amounted to RMB289.2 billion, up by 27.8%, including RMB40.1 billion ⁽¹⁾ of overseas projects
- Machinery and equipment production reached 219,000 tonnes, up by 37.6%; ferrous metallurgy and rolling products production reached 696,000 tonnes, up by 19.4%; steel structures production reached 1,185,000 tonnes, up by 22.4%
- Steady progress of Ramu Nickel project and other overseas mines; polysilicon production reached 4,117 tonnes, up by 87.7%
- Newly developed 72 property development projects and primary land development projects with a total planned investment amounting to RMB176.0 billion and total GFA of 23.47 million sq.m., including 24 social welfare housing projects with total GFA of 5.64 million sq.m.

(1) RMB/USD = 1:6.6227

Improving Market Position

Overall	Industry	Capital Market
 <ul style="list-style-type: none"> • No. 315 of "Fortune Global 500 Companies" (Up by 65) 	<ul style="list-style-type: none"> • No. 8 among 225 global contractors by The Engineering News-Record 	<ul style="list-style-type: none"> • Best investor relationship award among IPO companies in 2009
 <ul style="list-style-type: none"> • No. 399 of Global Listed Companies 	<ul style="list-style-type: none"> • One of the largest metallurgical equipment manufacturers in China 	<ul style="list-style-type: none"> • Outstanding board secretary of listed companies
 <ul style="list-style-type: none"> • No. 13 of "Top China 500 Companies" 	<ul style="list-style-type: none"> • One of the largest steel structure manufacturers in China 	<ul style="list-style-type: none"> • Shanghai Composite 50 index, Shanghai Exchange 180 index, Shanghai and Shenzhen 300 index
 <ul style="list-style-type: none"> • National Innovative Enterprise 	<ul style="list-style-type: none"> • One of the five overseas resources developers supported by the central government with rich copper, iron ore and nickel resource base 	<p>.....</p>
<p>.....</p>	<ul style="list-style-type: none"> • One of the 21 central-level SOE real estate developers 	<p>.....</p>
<p>.....</p>	<ul style="list-style-type: none"> • One of the largest social welfare housing developers 	<p>.....</p>

Strong Support from Technology Advantage

Three Levels of Technology and Innovation Platforms



Key R&D Achievements in 2010

- 1 National Engineering Technology Research Center approved
- 1 National Engineering Lab approved
- More than 10 National Research Projects
- More than 10 National, Provincial Awards
- 2,415 new applications for patents
- 1,669 patents granted approvals, including 243 invention patents and 4 patents with overseas authorization

.....

Subsidiaries among Top 100 China Engineering, Surveying and Design Companies in 2009

Rank	Subsidiary
2	MCC Capital Engineering & Research Incorporation Limited
5	WISDRI Engineering & Research Incorporation Limited
7	CISDI Engineering Company Limited
14	ACRE Coking & Refractory Engineering Consulting Corporation
15	China Enfi Engineering Co., Ltd.
41	Zhong Ye Chang Tian International Engineering Co., LTD
51	Huatian Engineering & Technology Corporation, MCC
55	Northern Engineering & Technology Corporation, MCC
71	BERIS Engineering & Research Corporation



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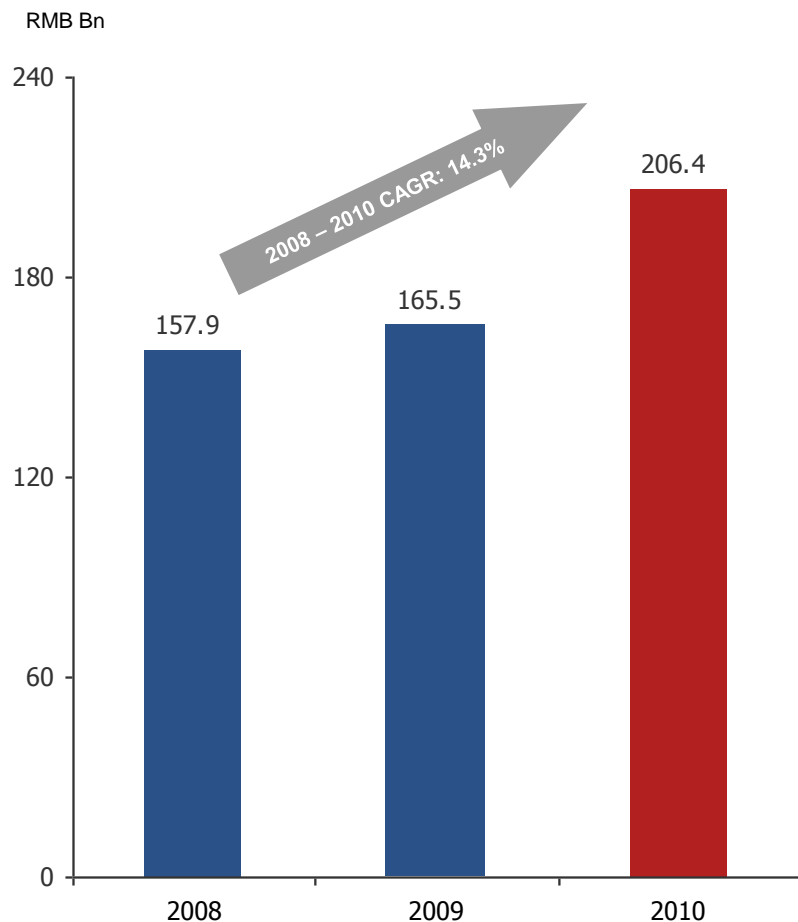
Section 2

Financial Performance Review

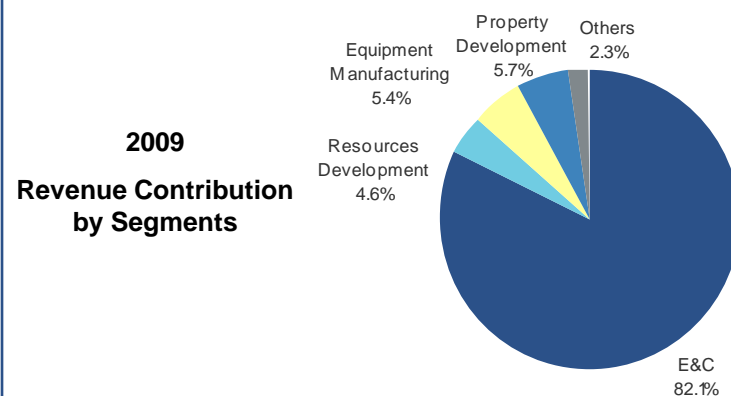
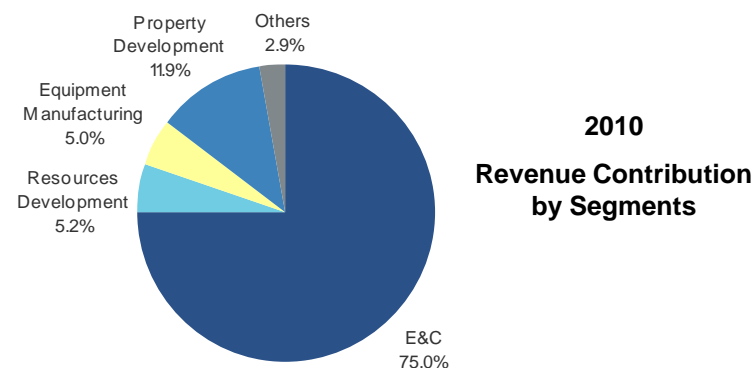


Strong Growth in Revenue

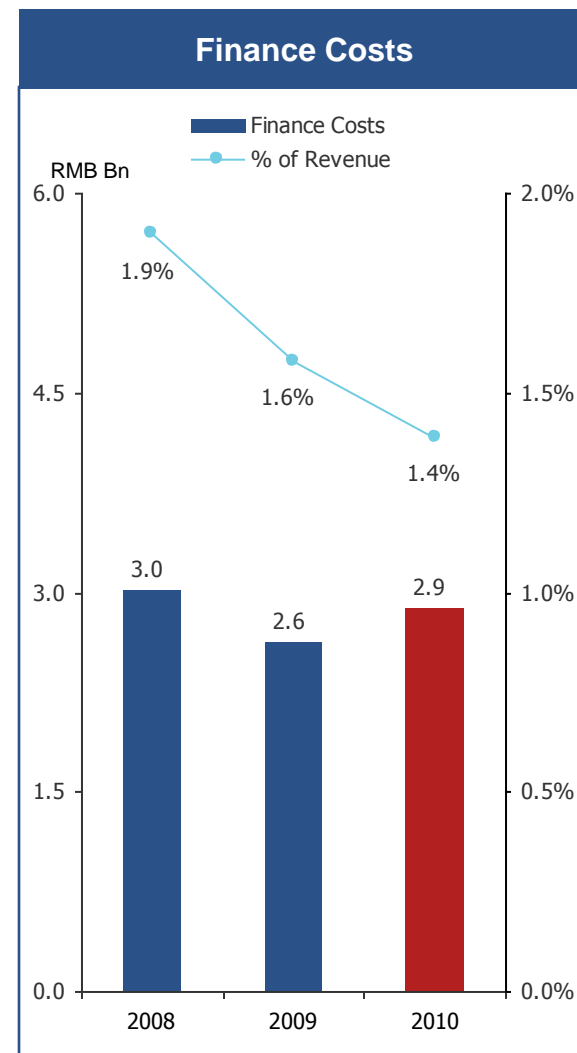
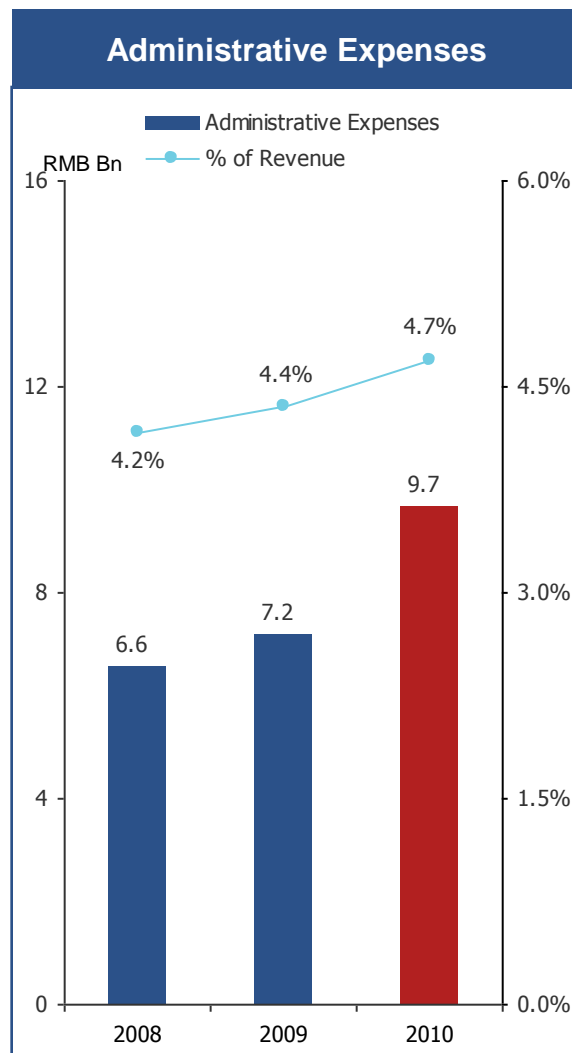
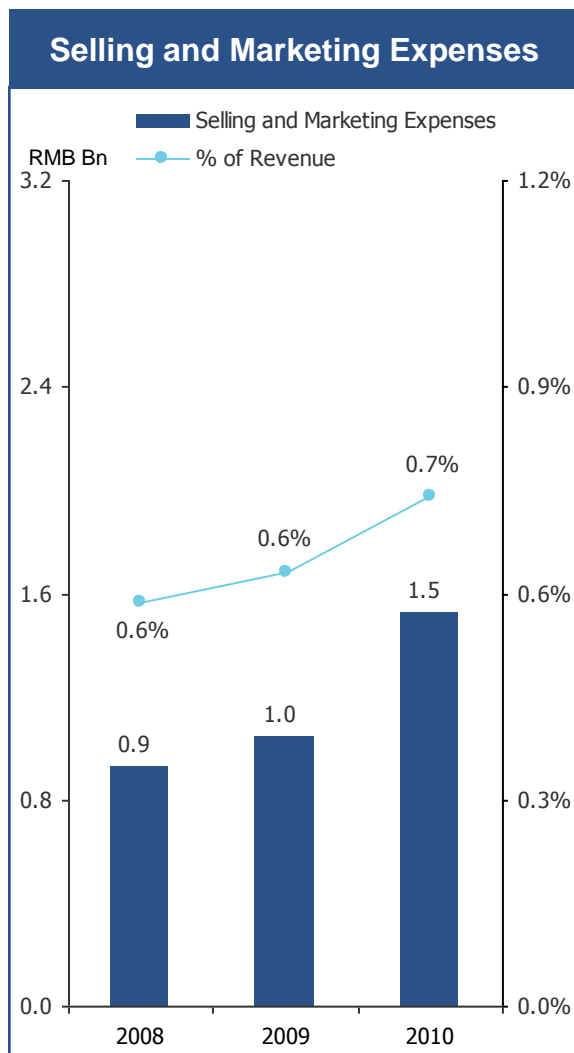
Strong Growth in Revenue



Successful Business Transformation

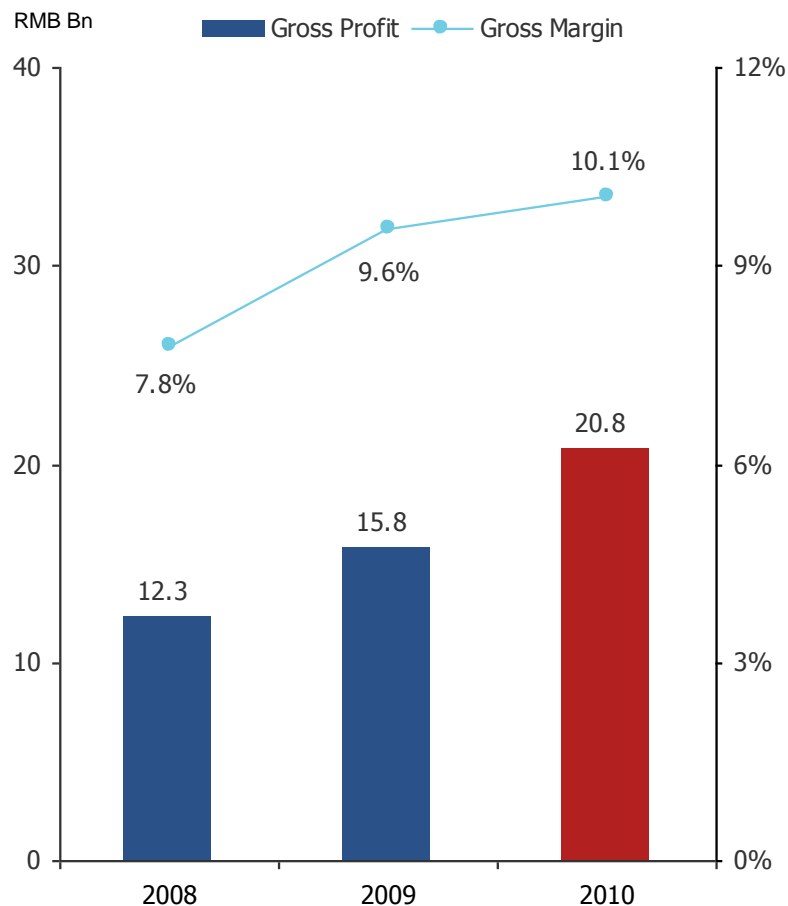


Stable Costs and Expenses

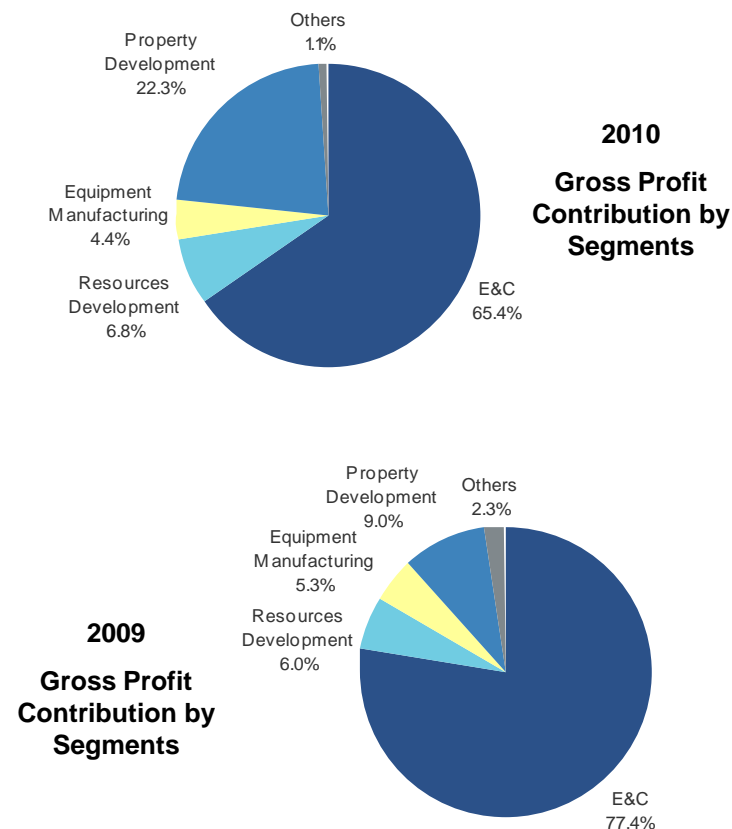


Improving Gross Profit and Gross Margin

Improving Gross Profit and Gross Margin

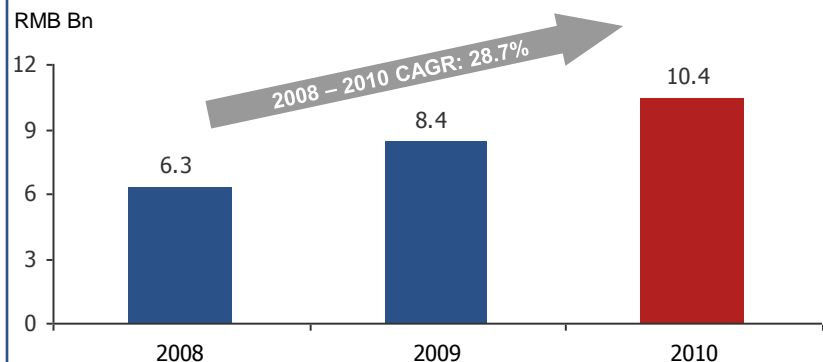


Increasing Contribution from Non-E&C Businesses

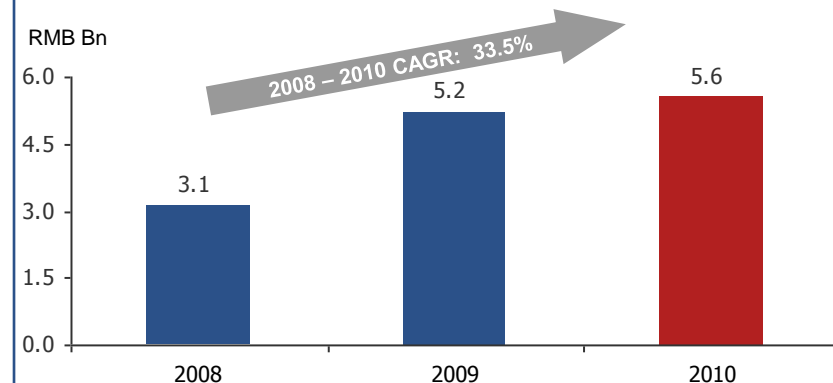


Continuous Increase in Net Profit

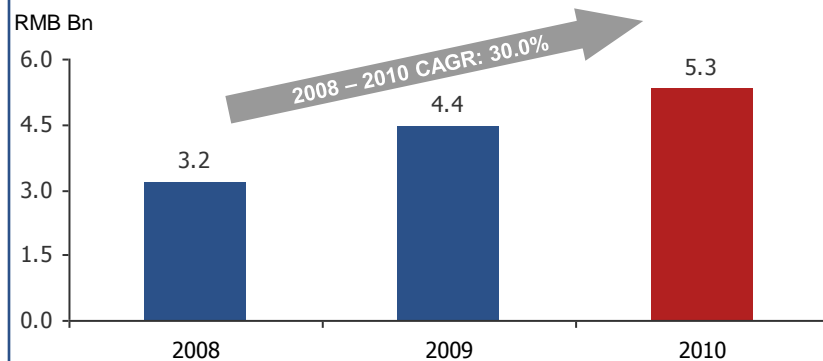
Operating Profit



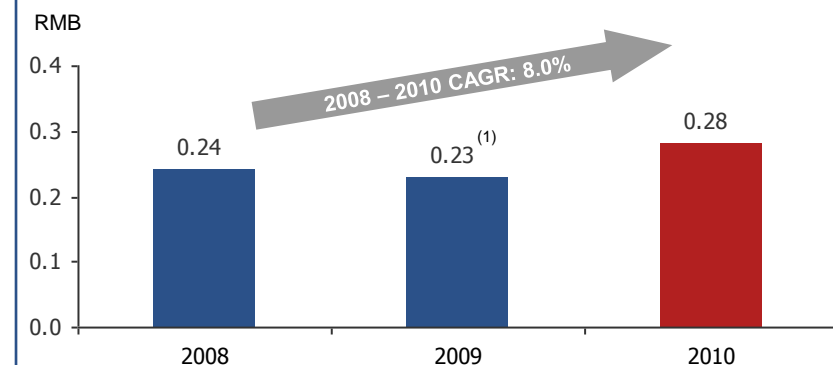
Net Profit



Net Profit Attributable to Equity Holders



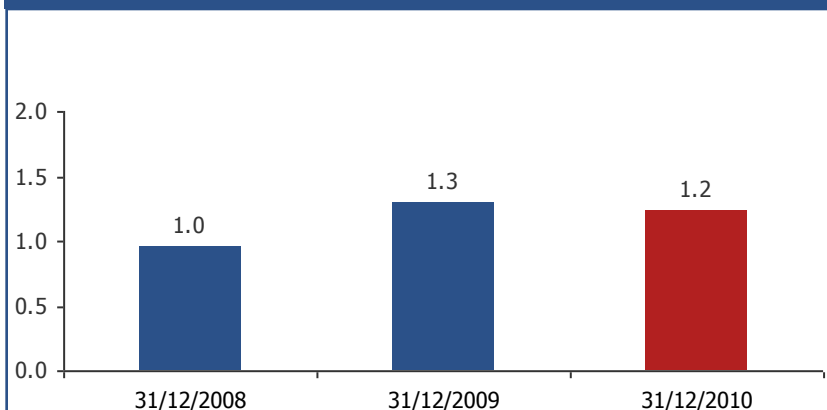
Earnings per Share



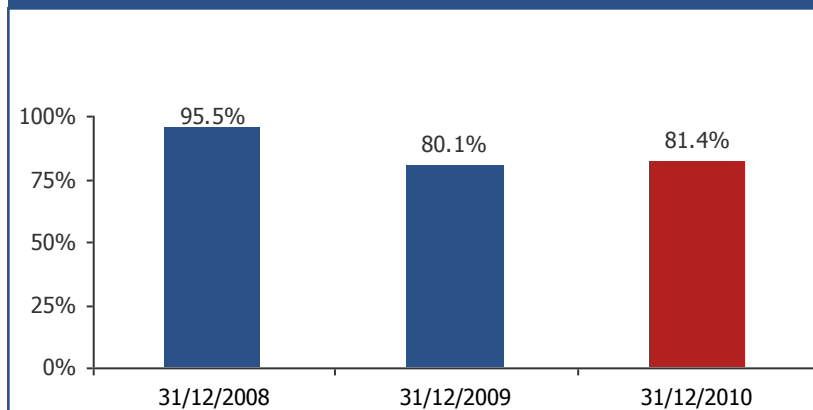
(1) EPS based on total number of shares after IPO (Sep 2009)

Stable Capital Structure and Liquidity

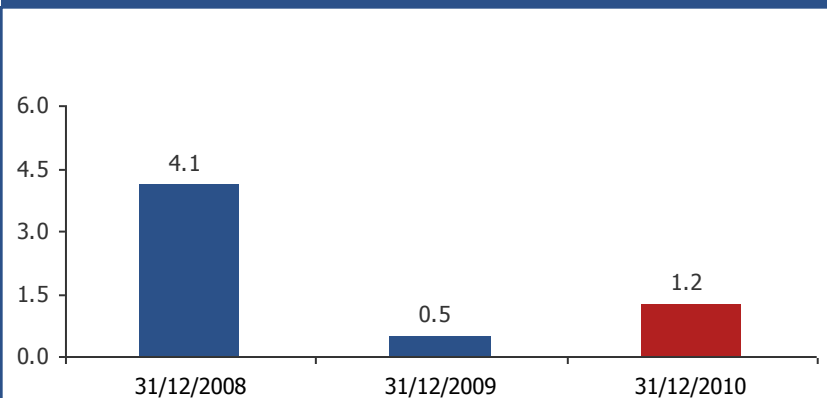
Current Ratio



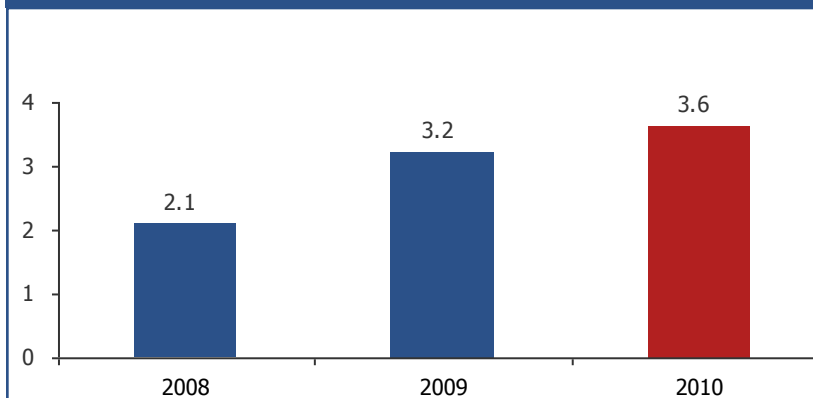
Total Liabilities / Total Assets



Net Debt / Total Equity ⁽¹⁾



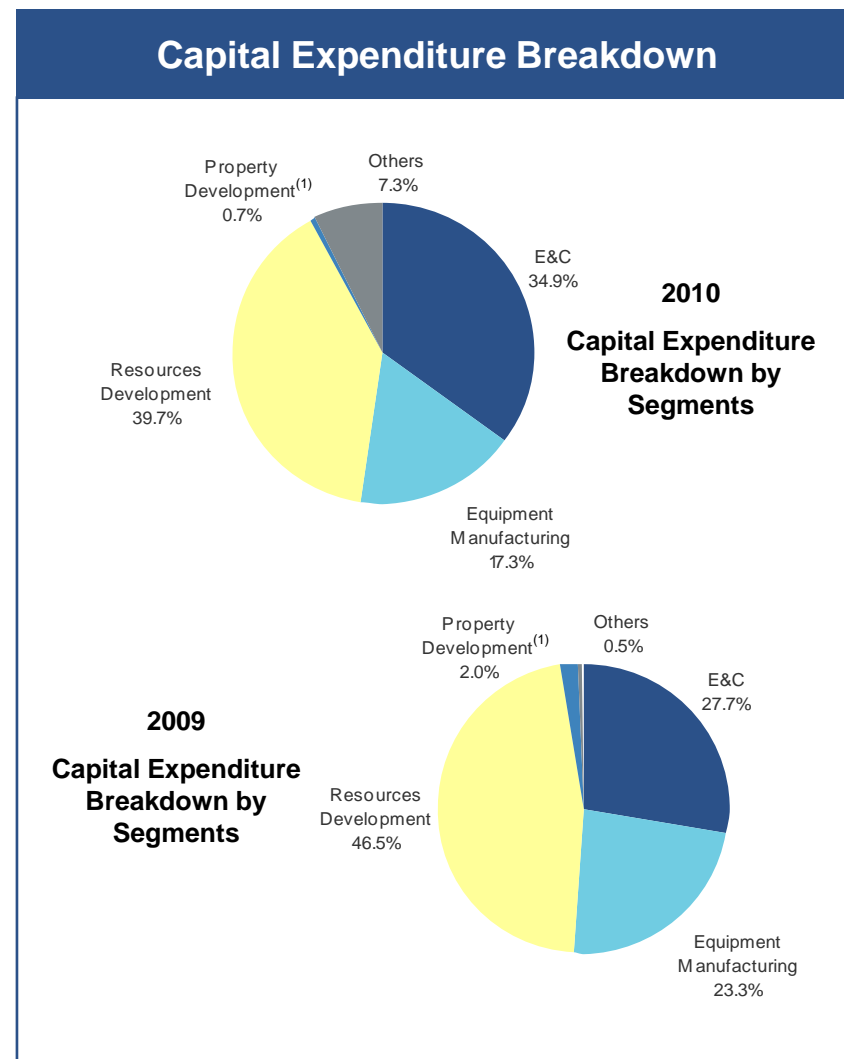
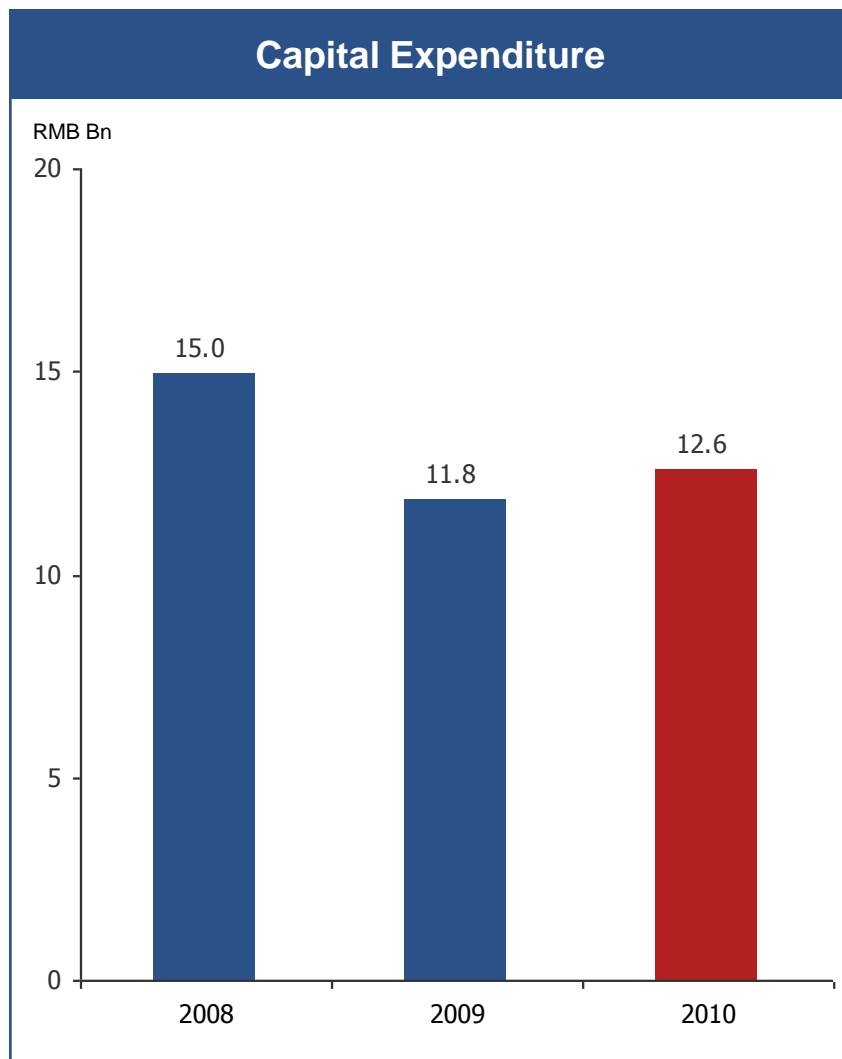
Interest Coverage Ratio ⁽²⁾



(1) Net Debt / Total Equity = (Short Term Borrowings + Long Term Borrowings – Cash and Cash Equivalents) / Total Equity

(2) Interest Coverage Ratio = Operating Profit / Finance Costs

Reasonably Controlled Capital Expenditure



(1) Relatively smaller amount of capital expenditure from property development as property development projects are considered as operating projects



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Section 3

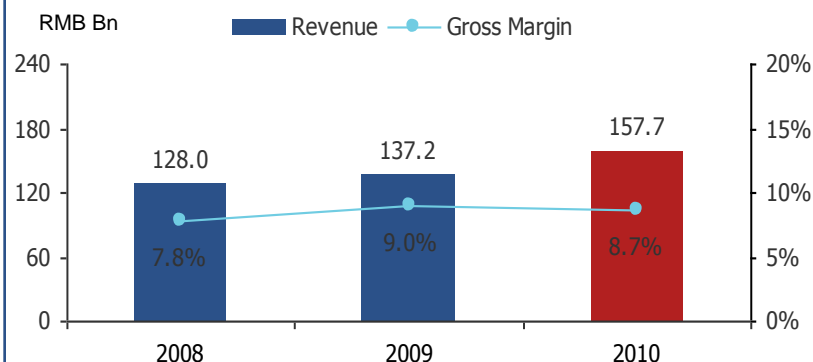
Segment Analysis



Steady Growth in Revenue, Stable Gross Margin

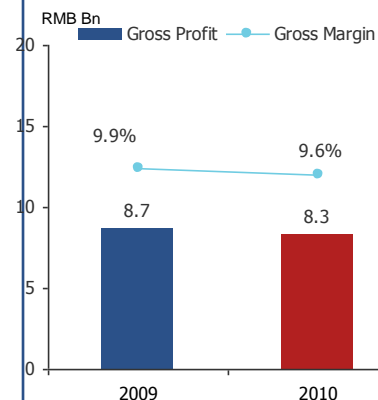


Revenue & Gross Margin

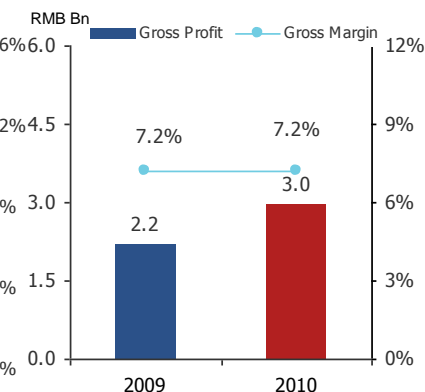


Gross Profit & Gross Margin by Segments

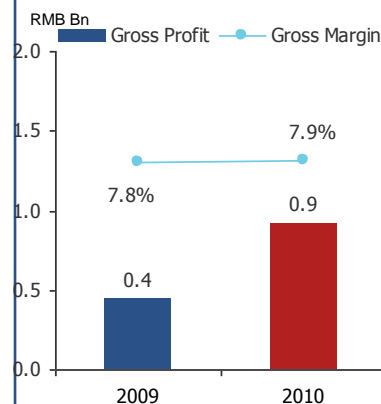
Metallurgical



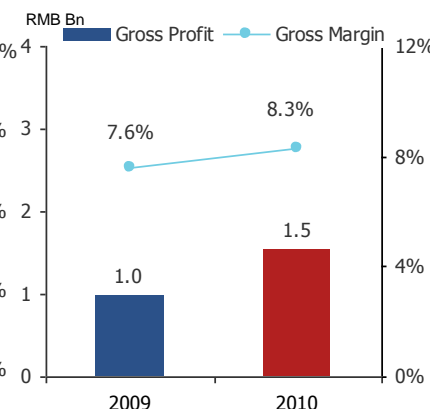
Building Construction



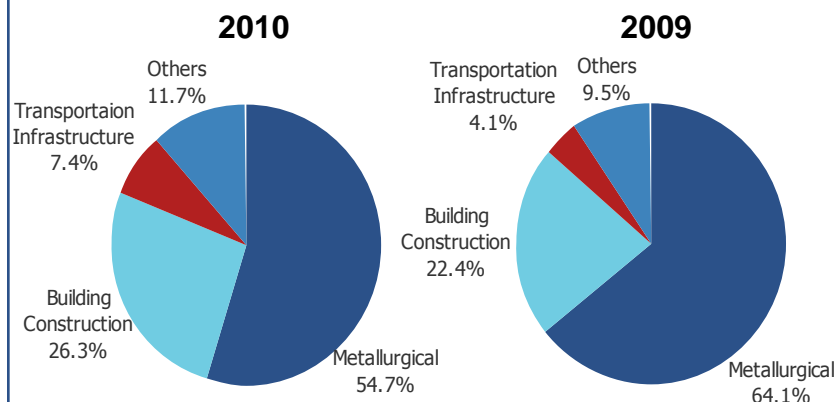
Transportation Infrastructure



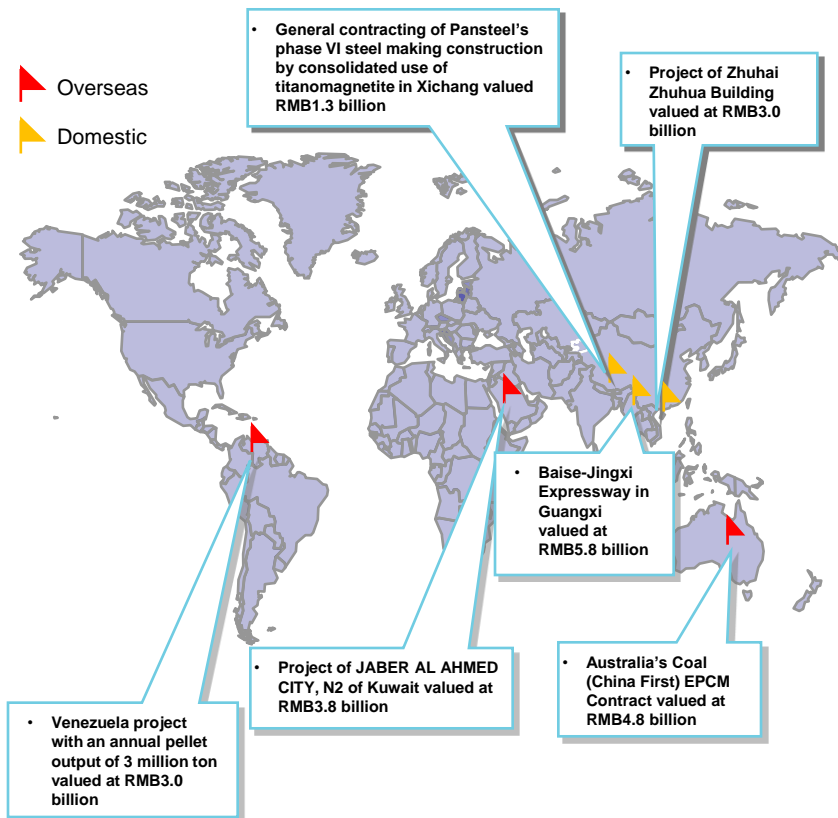
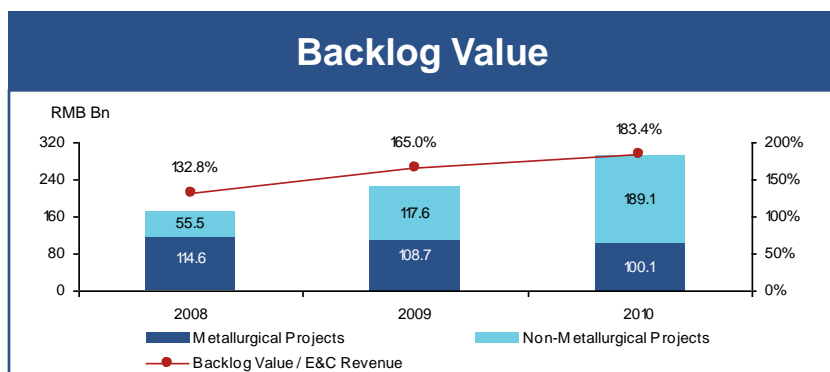
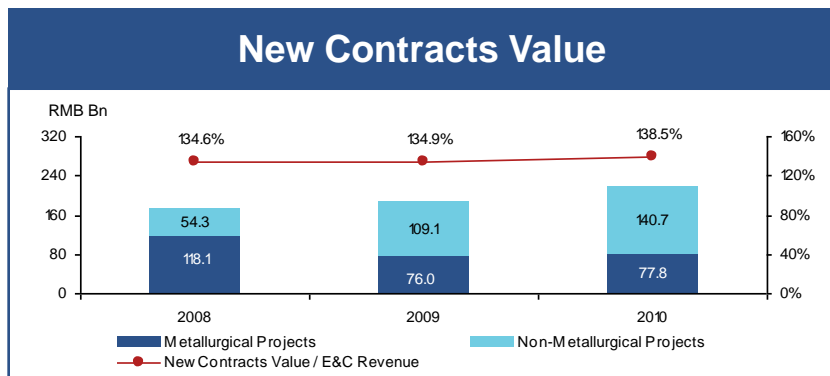
Others



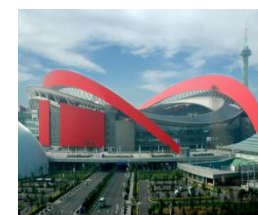
Revenue Breakdown



Further Develop Non-metallurgical and Overseas Markets, Upside Potential on the Back of Strong New Contracts and Backlog



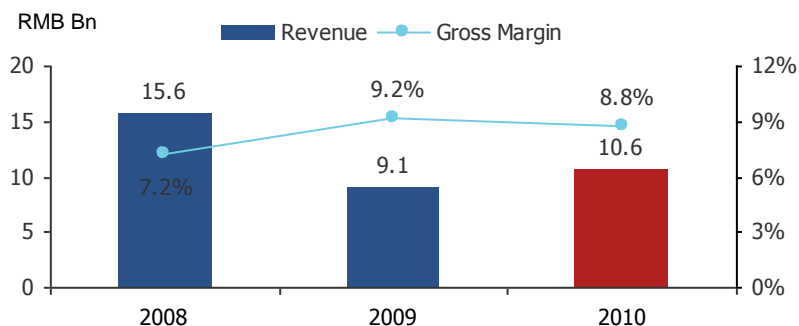
Selected Large Newly Signed Projects in 2010



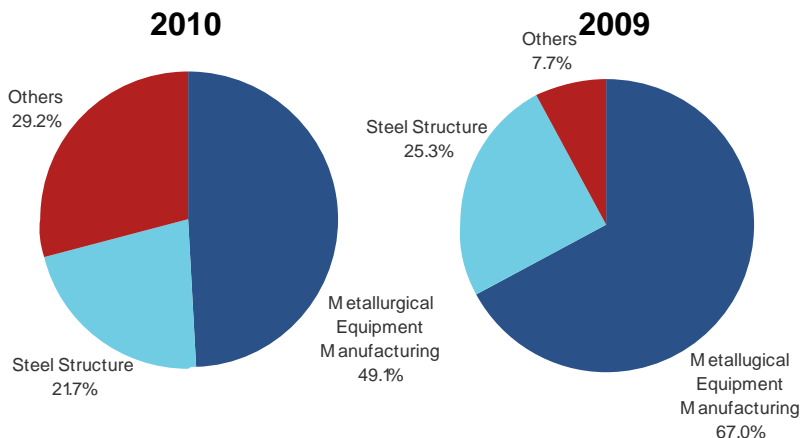
Equipment Manufacturing: Steady Development



Revenue & Gross Margin

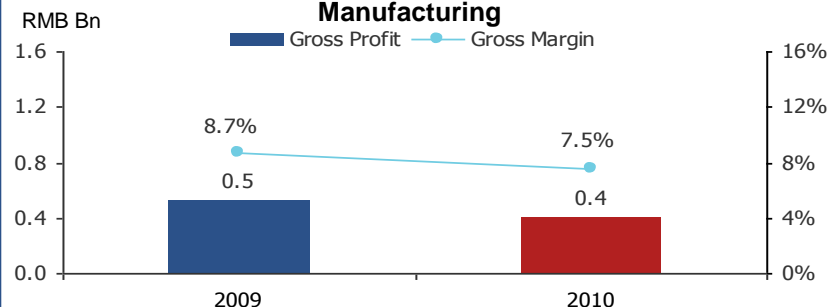


Revenue Breakdown

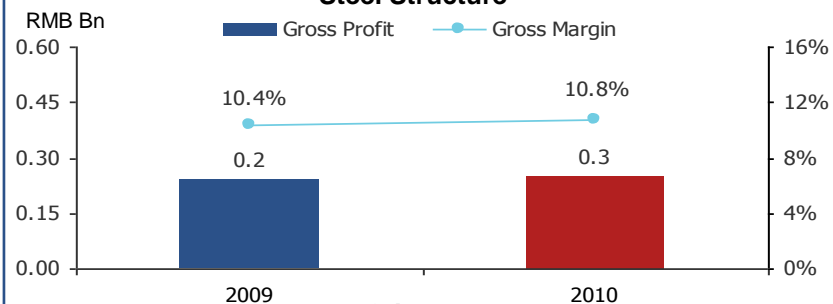


Gross Profit & Gross by Segments

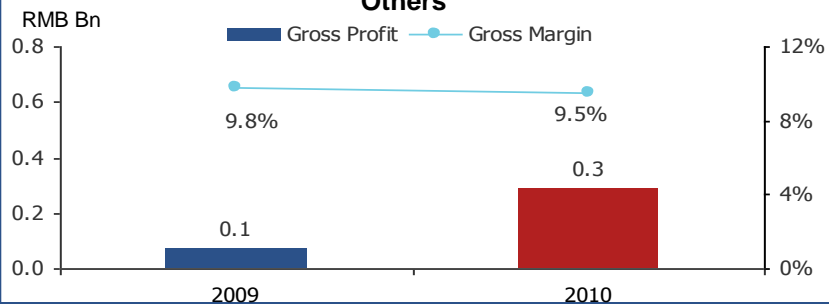
Metallurgical Equipment Manufacturing



Steel Structure



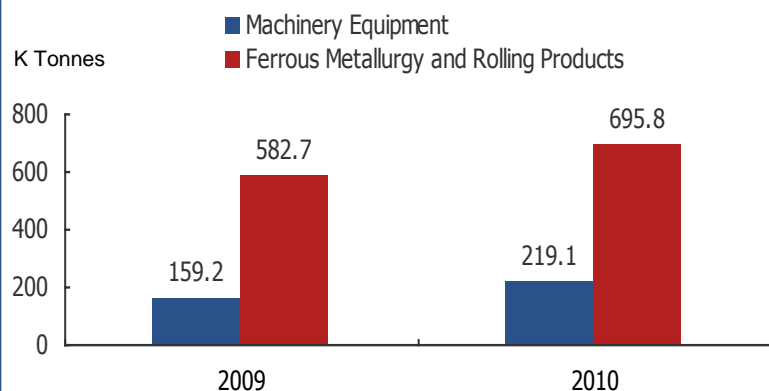
Others



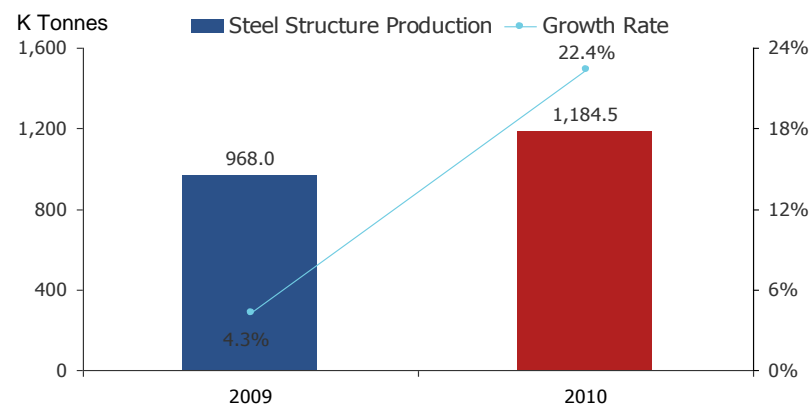
Newly-added Metallurgical Equipment Production Capacity to be Released, Increasing Scale of Steel Structure



Metallurgical Equipment



Steel Structure



Introduction

Yingkou Pilot Test Base

Phase 1 and 2 commenced production in May 2009, all production lines began trial production, revenue is expected to reach RMB4.4 billion after full production. Pilot test base is equipped with various large automatic mechanical processing, plug weld equipments and assembly workshops, and is able to achieve the processing and assembly of 400t key domains with an annual assembly capacity of 30,000 tonnes

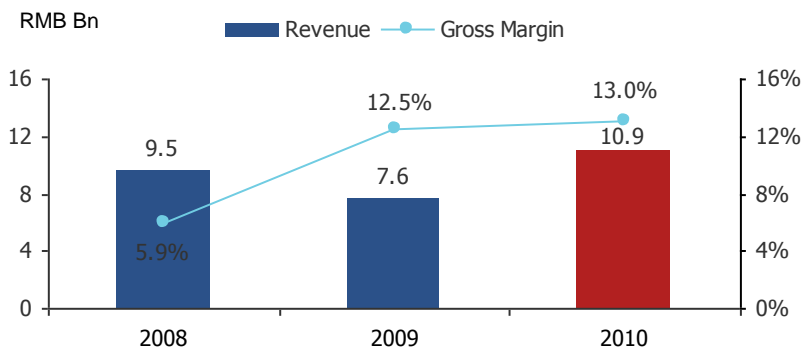
MCC-SFRE Base

Annual production capacity of rolling equipments and plate equipments reached 45,000 tonnes, major products formed 15 categories. "20,000 tonnes of forged steel rolling strips and heating increase capability" project commenced production, achieving large scale production capacity of forged steel rolling strips, large and small scale forging and casting products to meet the increasing demand from domestic and overseas markets

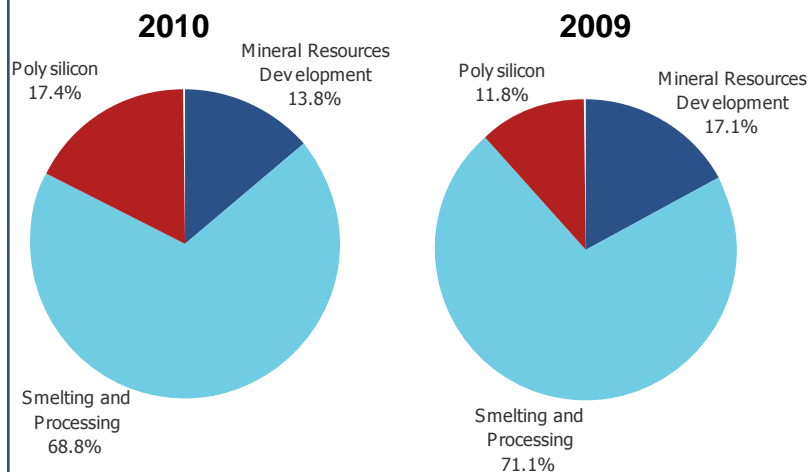
Resources Development: Steady Growth in Revenue and Gross Margin



Revenue & Gross Margin

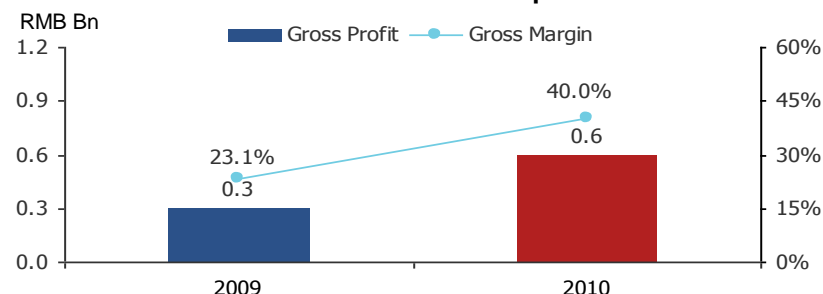


Revenue Breakdown

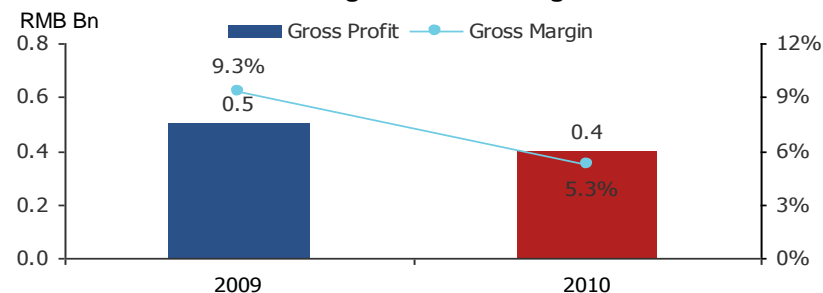


Gross Profit & Gross Margin by Segments

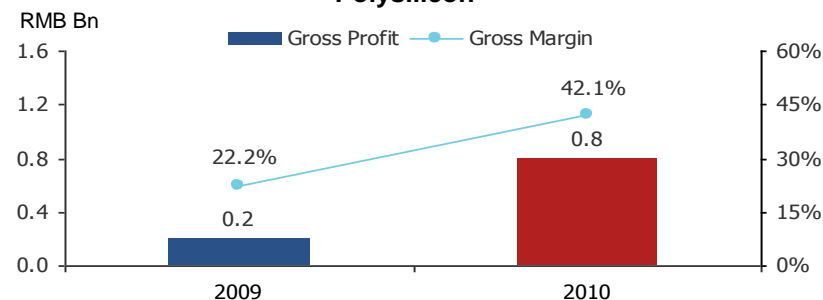
Mineral Resources Development



Smelting and Processing



Polysilicon



Mineral Resources: Steady Development

Polysilicon: Increasing Profitability & Decreasing Costs

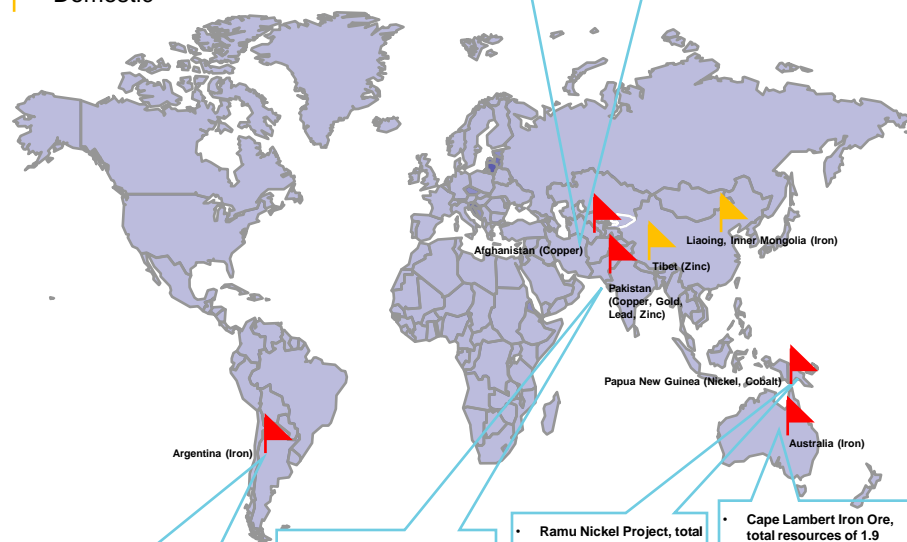


Mineral Resources Development

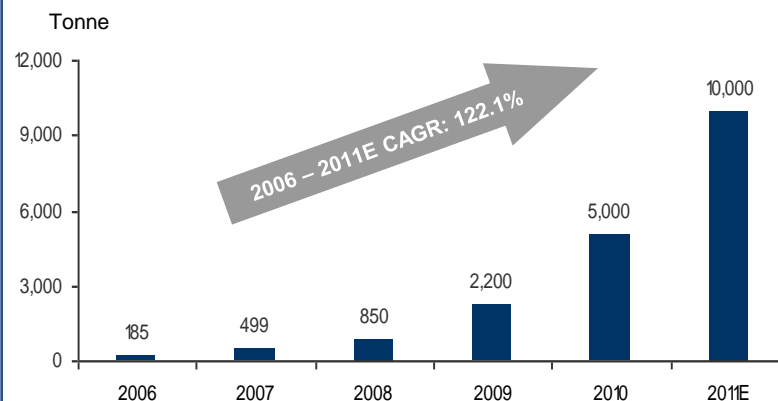
Overseas
Domestic



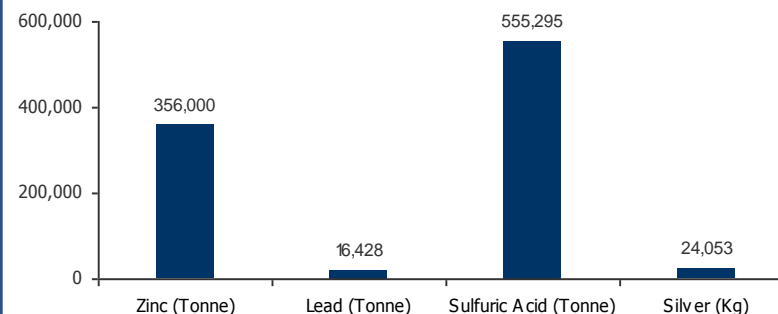
Aynak Copper Mine, total resources of 667 million tonnes, phased achievements made in preliminary work such as environment evaluation and examination exploration



Polysilicon Production Capacity



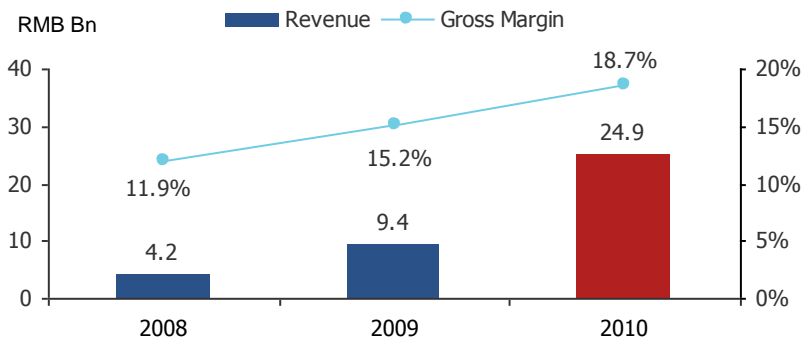
Metallurgy Processing Products Production



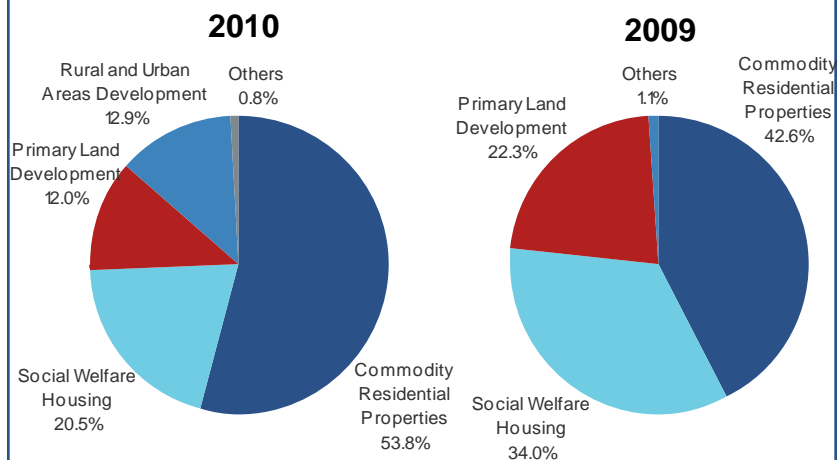
Property Development: Significant Increase in Revenue, Steady Improvement in Gross Margin



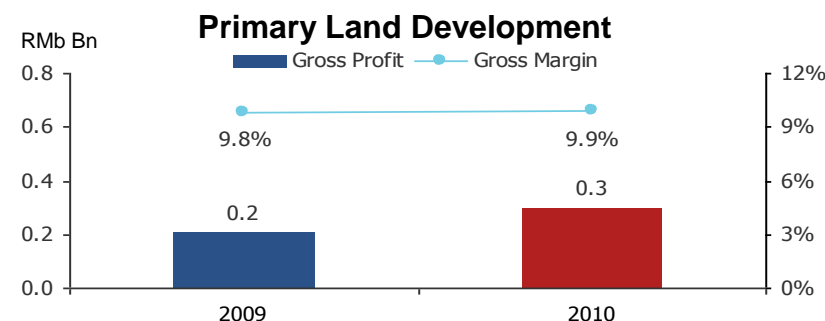
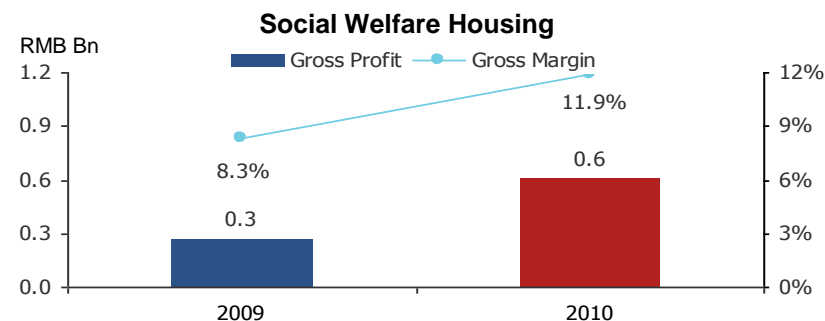
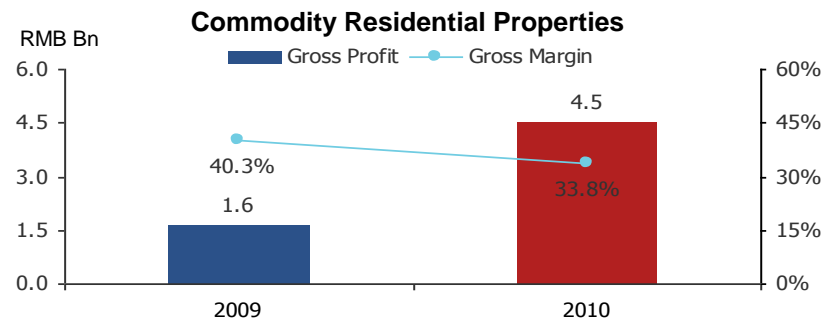
Revenue & Gross Margin



Revenue Breakdown



Gross Profit & Gross Margin by Segments



Further Push Forward Social Welfare Housing, Steadily Develop Commodity Residential Properties



Operation Overview

	2010	YoY Growth
Total Investment	RMB43.3 Bn	270%
Contracted Sales Area	1.3 MM sq.m.	11.4%
Contracted Sales	RMB13.2 Bn	25.0%
GFA Completed	2.5 MM sq.m.	127.2%
GFA Under Construction	14.5 MM sq.m.	174.0%
Including: Newly Commenced GFA	9.4 MM sq.m.	238.2%
GFA under Land Reserve	3.9 MM sq.m.	58.4%

Newly Developed Projects in 2010

	Planned Investment	Total Planned GFA
Commodity Residential Properties	RMB42.2 Bn	11.0 MM sq.m.
Social Welfare Housing	RMB25.7 Bn	5.6 MM sq.m.
Primary Land Development	RMB5.8 Bn	0.4 MM sq.m. Completed in 2010

Commodity Residential Properties Case Study



Obtained using rights of two pieces of land in Xiaguan, Nanjing with total GFA of 4.09 million sq.m.

Social Welfare Housing Case Study



Developed Tianjin Heyuan social welfare housing projects based on the "Authorized to develop + Government re-purchase" business model, total investment of RMB8 billion, total planned GFA of 1.01 million sq.m., able to settle 150,000 households, estimated to complete construction in 2011

Primary Land Development

Primary land development projects are mainly located in Tianjin, Chengdu, Kunming, Chifeng, etc.

Total planned GFA for existing projects: 10.9 MM sq.m., total planned investment RMB27.6 Bn



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Section 4

Future Outlook



Steady Development in Metallurgical E&C Business, Increasing Contribution from Non-metallurgical E&C Business



Opportunities from the “Twelfth Five-Year Plan”

Metallurgical Projects

Domestic Coastal
Areas and Emerging
Regions

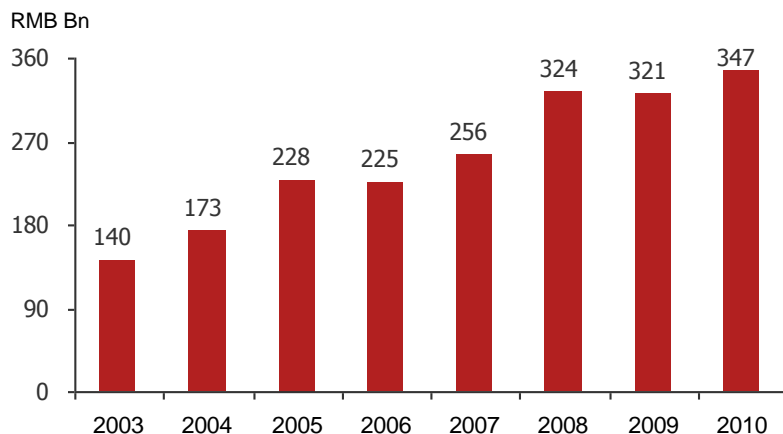
Overseas Iron & Steel
Projects

Specialized Steel
Development

Energy conservation, emission
reduction, Phase-out of Outdated
Capacity, Technology Upgrade

Maintenance of Current 760 million tonnes
of Crude Steel Production Capacity

Investment in Ferrous Metallurgy and Rolling Processing Industry in China



Non-metallurgical Projects

Urbanization

Social Welfare Housing

Fixed Asset Investment in Highways

Urban Railways

Industrial Environmental Protection

Civil Environmental Protection

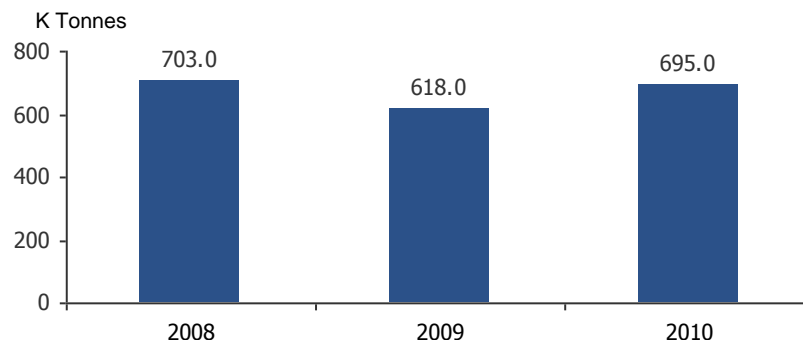
Metallurgical Equipment Benefit from Industry Upgrade, Significant Upside Potential for Steel Structure



Metallurgical Equipment

- Significant increase in demand for advanced equipments
- Specialized equipment research and development center dedicated to MCC
- Advanced technology, costs significantly lower than major global competitors

Metallurgical Processing Equipment Production in China

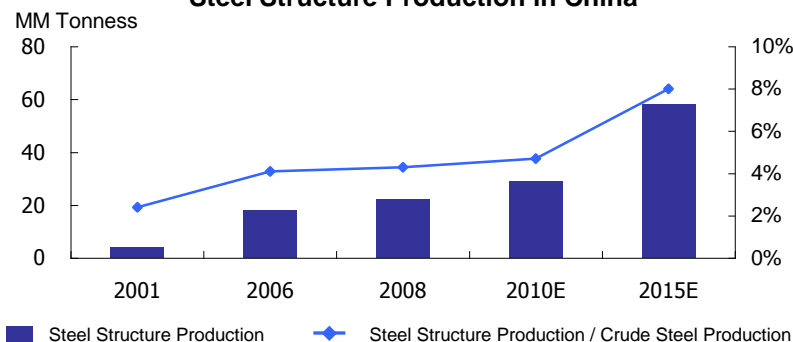


Source: National Bureau of Statistics of China

Steel Structure

- Leading market position in China with advanced technology
- One of the largest steel structure producers in China
- National level steel structure research center

Steel Structure Production in China

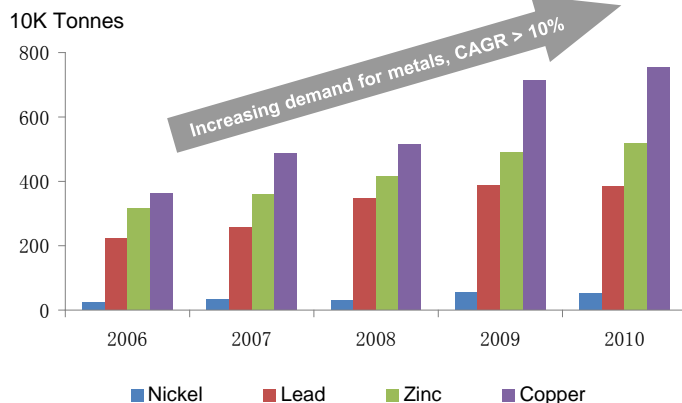


Source: China Institute of Steel Structure

Continuous Increase of Metal Consumption, Rapid Growth of Demand for Polysilicon

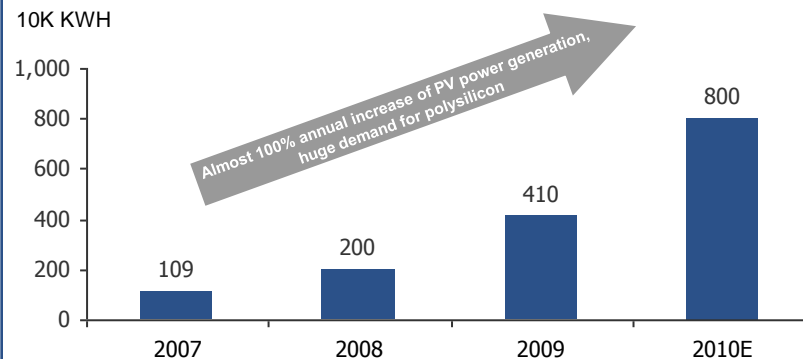


Major Metal Consumption in China



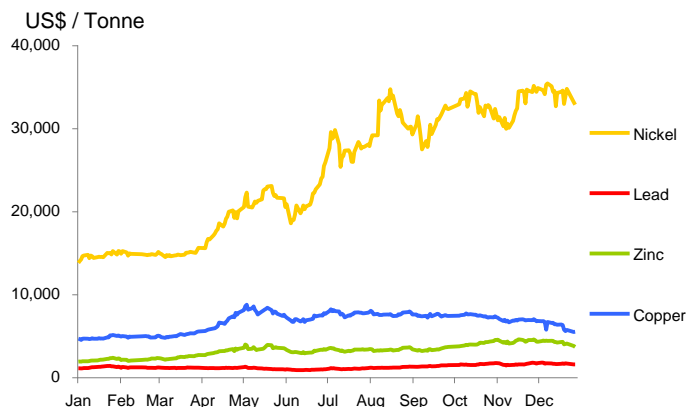
Source: World Metal Statistics

PV Power Generation in China



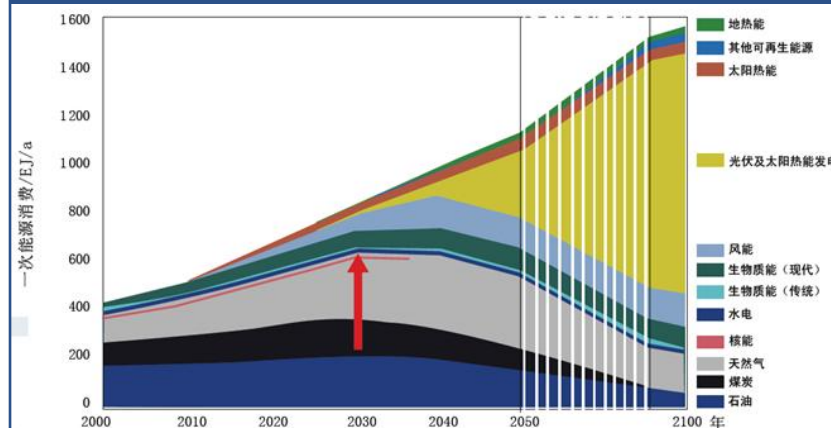
Source: WIND

Cash Settlement Price Charts of LME



Source: WIND

Global PV Power Generation Estimate



Source: EU Research Center

Strong Growth for Social Welfare Housing, Positive Long Term Outlook for Commodity Residential Properties



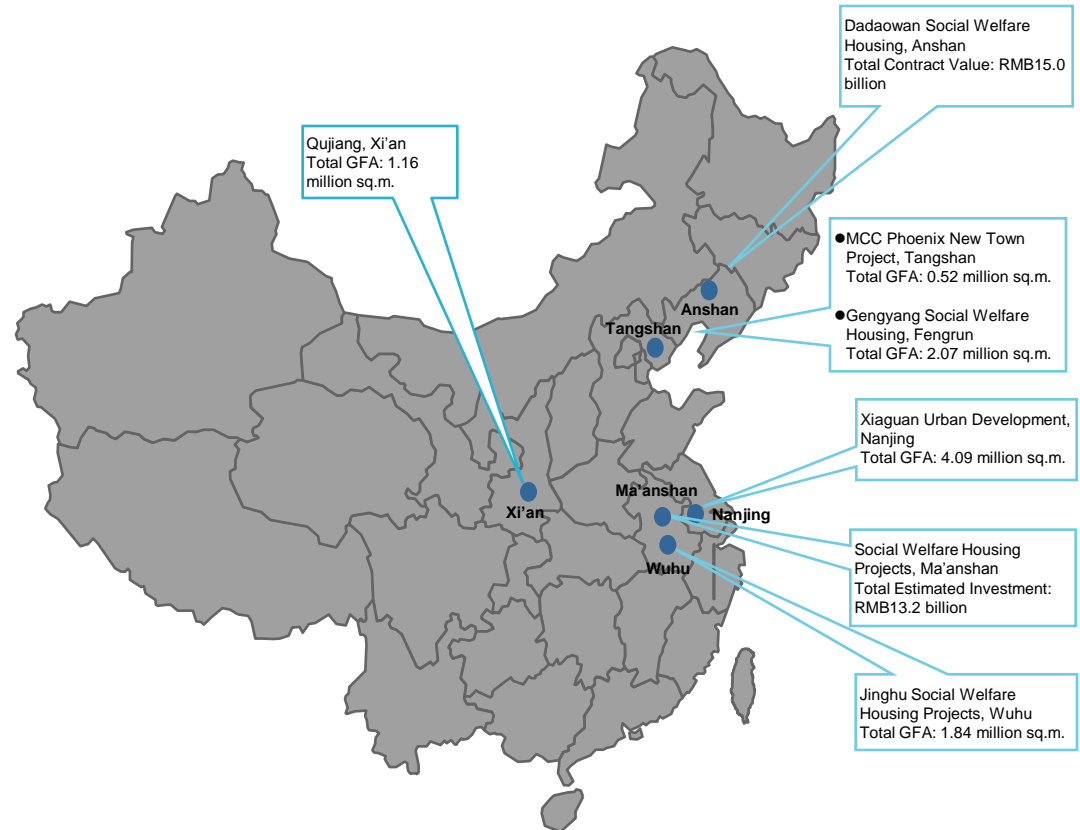
Urbanization

Supply / Demand

Brand Advantage

Social Welfare Housing

Comprehensive Urban Development



Selected Newly Signed Property Development Projects in 2010

Company Strategy & Vision





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