



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

2011 3rd Quarter Result Presentation (A-Share)

November 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
- The 3rd quarter financial statements were prepared according to China GAAP and are unaudited

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METALLURGICAL CORPORATION OF CHINA LIMITED

Section 1

Company Overview



Steady Development of Operation and Business

Operation Performance

- Steady growth in revenue
- Decrease in gross margin, increase in gross profit
- Slight decrease in net profit

Key Operation Indicators

- First 3Q revenue amounted to RMB162.1 billion, representing a YoY increase of 19.3%
- First 3Q gross margin reached 11.5%, down by 0.3%; gross profit amounted to 18.64 billion, representing a YoY increase of 16.3%
- First 3Q net profit attributable to equity holders of the company amounted to RMB2.6 billion, representing a YoY decrease of 13.3%

Business Transformation

- E&C: Steady increase in metallurgical project contracts, further expand into non-metallurgical markets
- Equipment Manufacturing: Increase in revenue
- Resources Development: Steady progress of mineral resources development, strong profitability of polysilicon
- Property Development: Steadily develop commodity property, actively push forward social welfare housing

Key Business Indicators

- Non-metallurgical E&C business represented 49% of total E&C revenue and overall non-metallurgical business represented 61.7% of total firm revenue
- New contract value of E&C business amounted to RMB182.6 billion, representing a YoY increase of 6.6%; backlogs value of E&C business amounted to RMB263.4 billion, representing a YoY increase of 21.9%
- Strong increase of revenue from equipment manufacturing business, reaching a YoY increase of 48.6%
- Polysilicon production volume reached 5,343 tonnes, representing a YoY increase of 102.7%
- Commodity property GFA under construction was 7.95 million sq.m., newly commenced GFA was 2.06 million sq.m., GFA completed was 0.42 million sq.m.; social welfare housing GFA under construction was 8.19 million sq.m., newly commenced GFA was 2.30 million sq.m., GFA completed was 0.96 million sq.m.

Market Position

Overall



- No. 297 of “Fortune Global 500 Companies”



- No. 464 of “Global Listed Companies”



- No. 15 of “Top China 500 Companies”



- National Innovative Enterprise

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Industry

- No. 7 of 225 Global Contractors by “The Engineering News-Record”
- One of the Largest Metallurgical Equipment Manufacturers in China
- One of the Largest Steel Structure Manufacturers in China
- One of the Five Overseas Resources Developers Supported by the Central Government with Rich Copper, Iron Ore and Nickel Resource Base
- One of the 21 Central-level SOE Real Estate Developers
- One of the Largest Social Welfare Housing Developers

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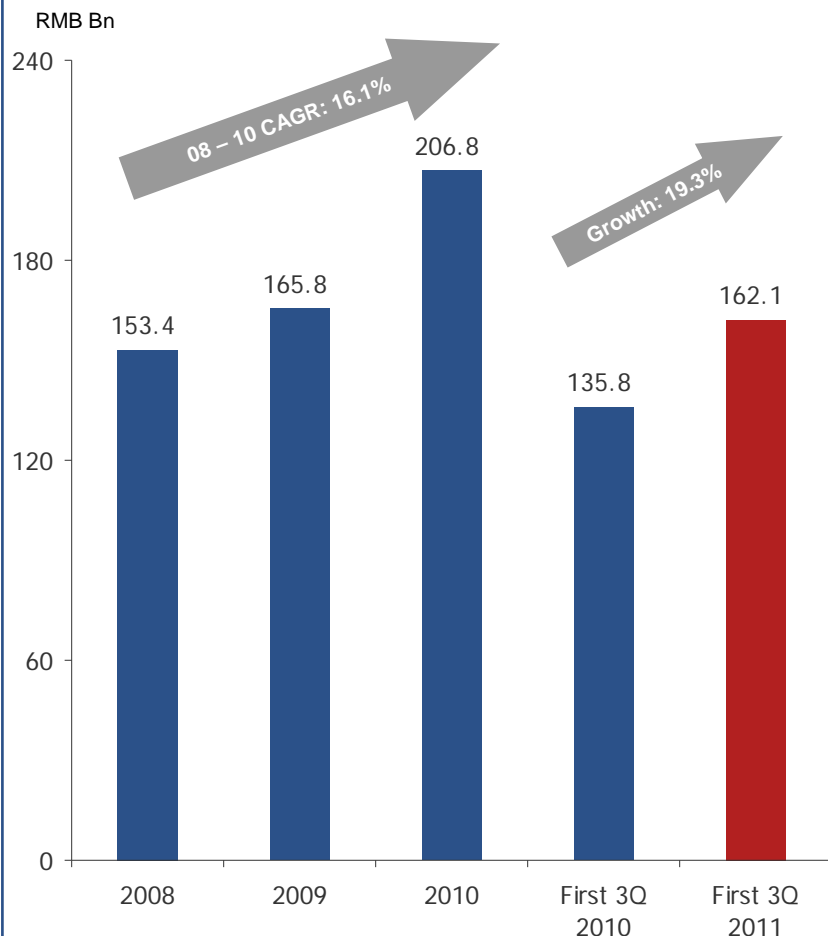
Section 2

Financial Performance Review

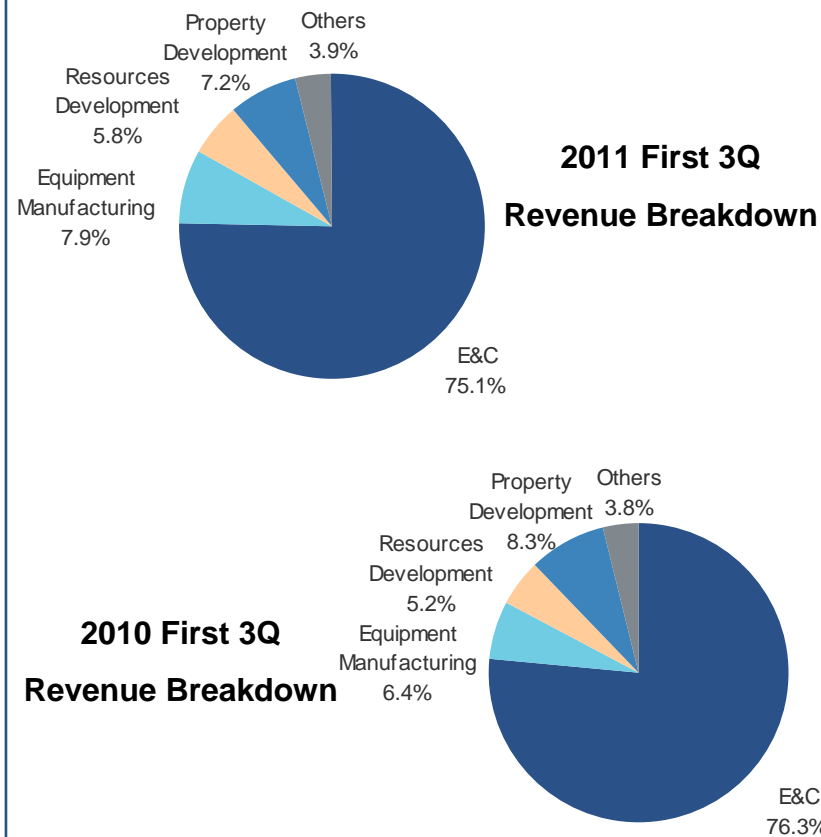


Steady Growth in Revenue

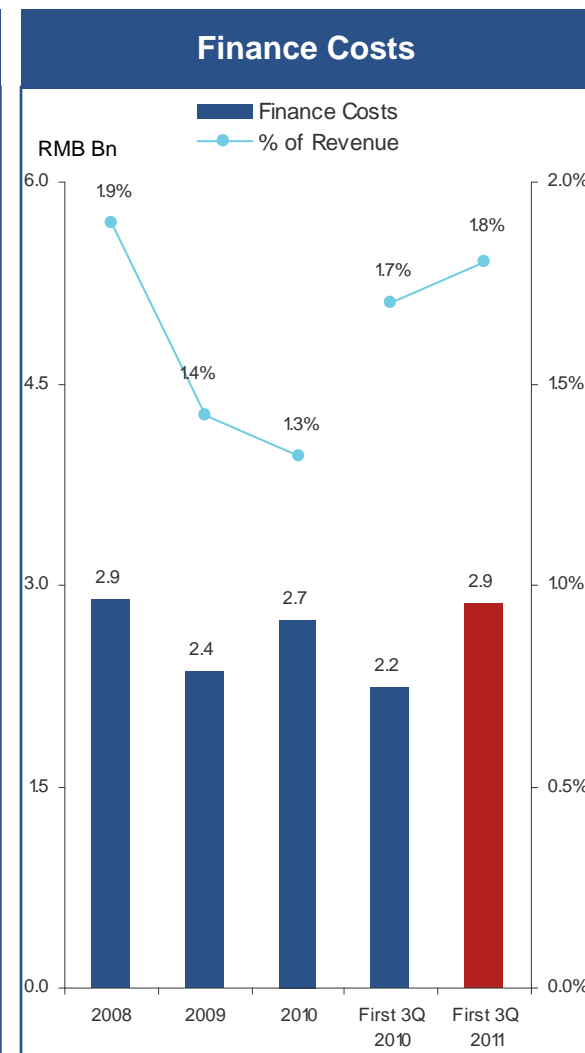
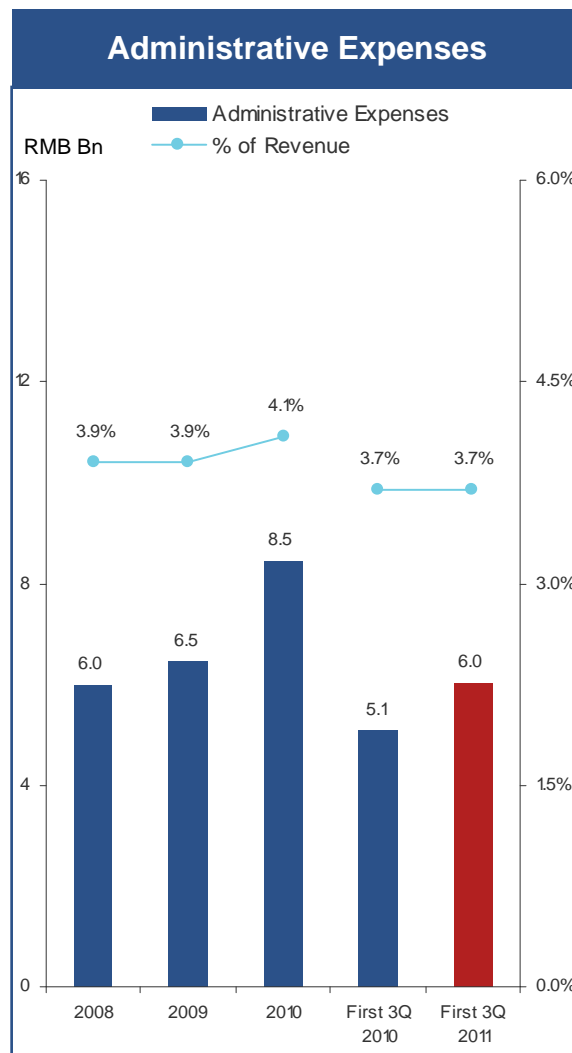
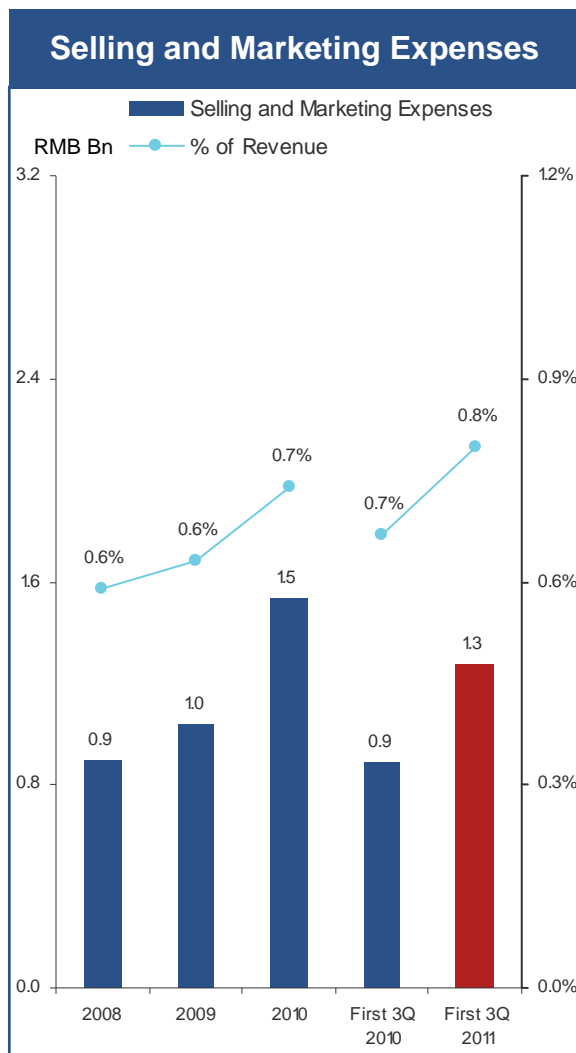
Steady Growth in Revenue



Revenue Breakdown

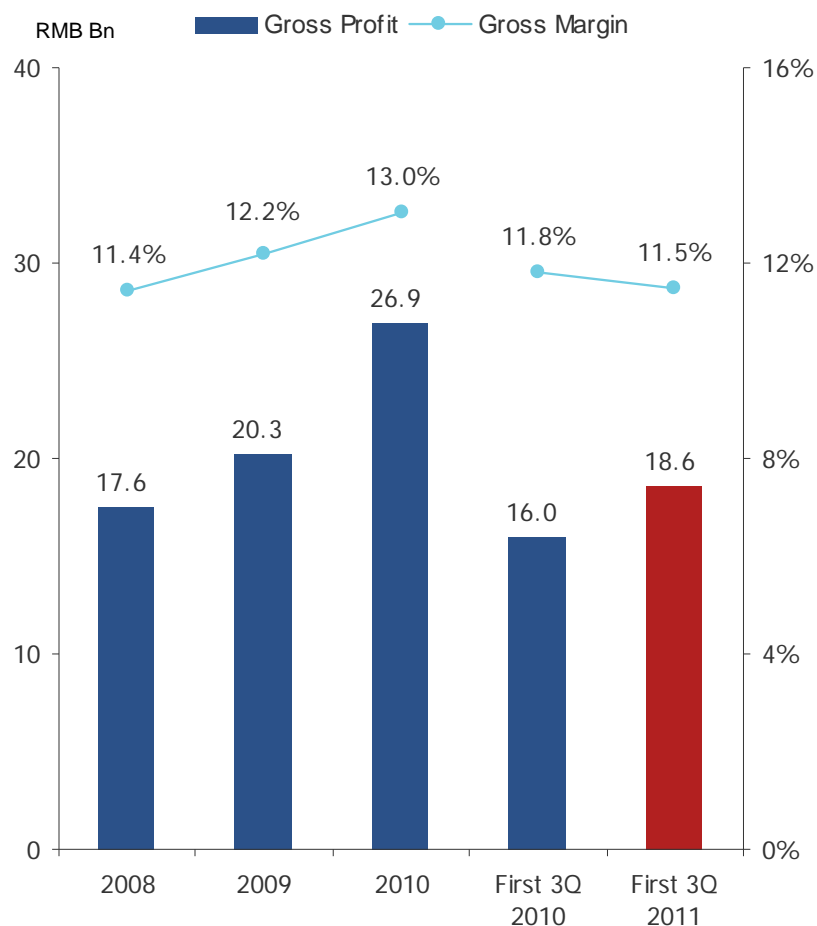


Stable Costs and Expenses

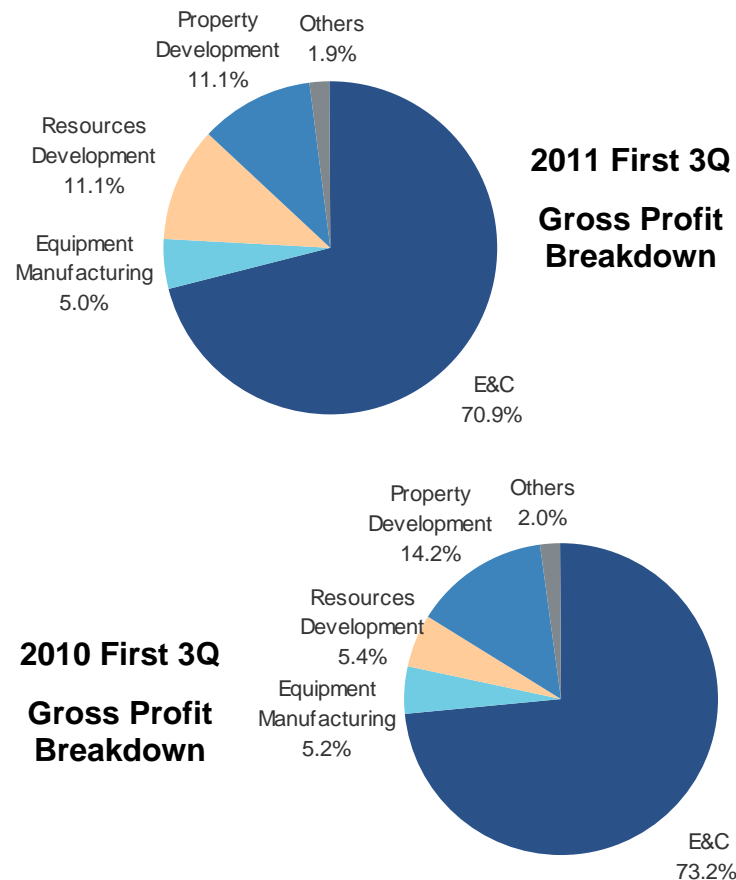


Decrease in Gross Margin, Increase in Gross Profit

Decrease in Gross Margin, Increase in Gross Profit

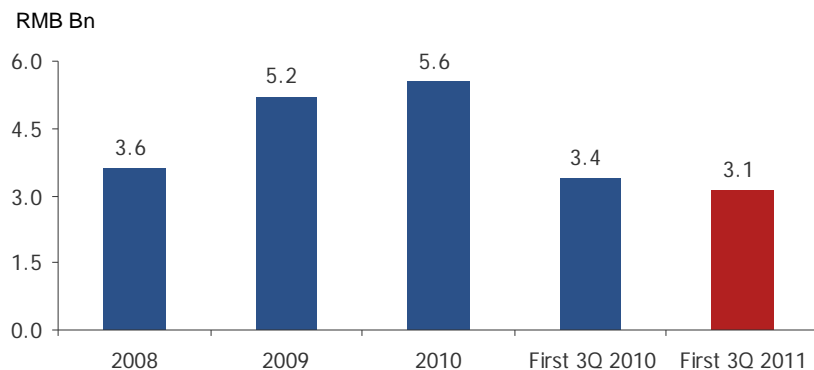


Gross Profit Breakdown

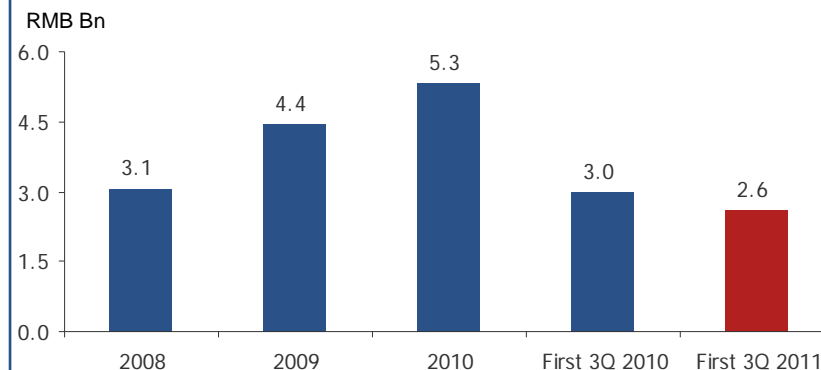


Slight Decrease in Net Profit

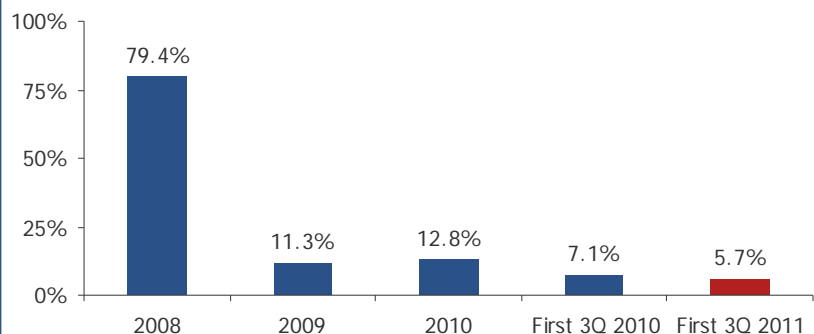
Net Profit



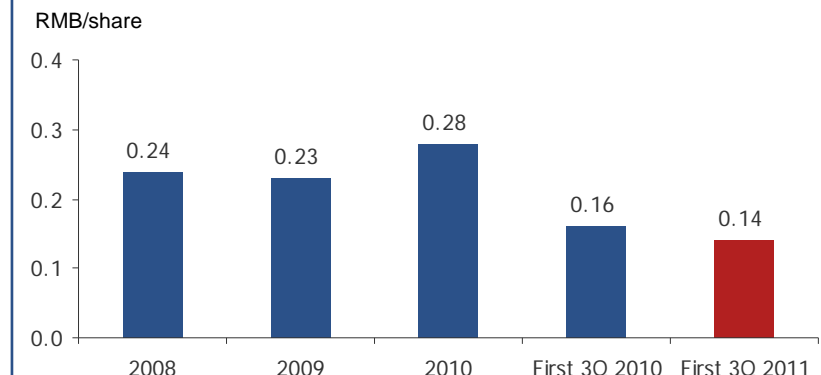
Net Profit Attributable to Equity Holders of the Company



Return on Net Assets

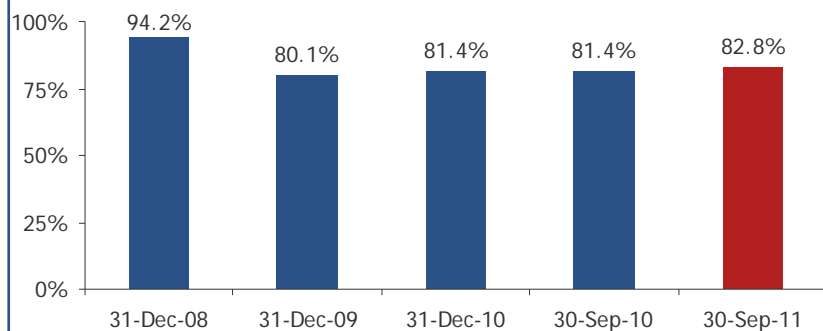


Basic EPS

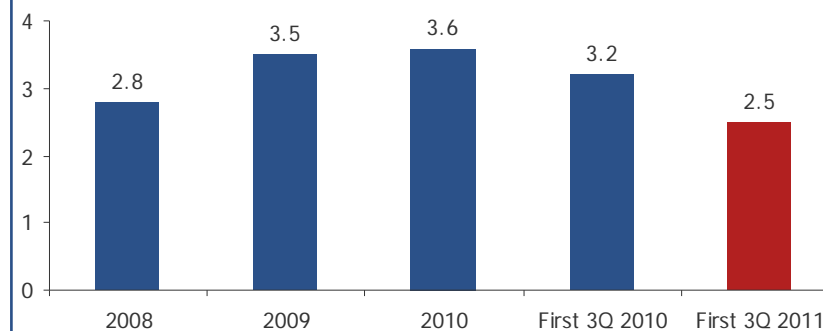


Stable Capital Structure and Liquidity

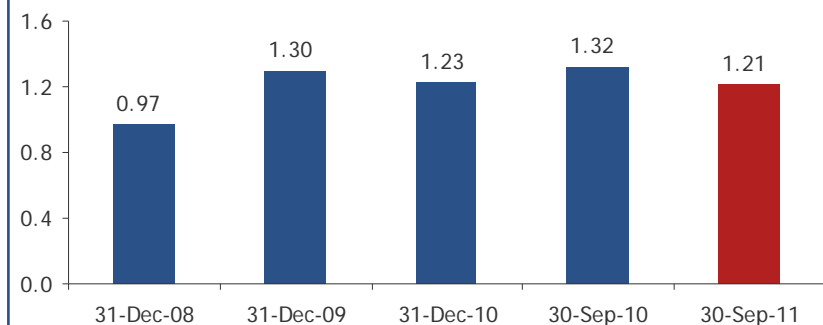
Total Liabilities / Total Assets



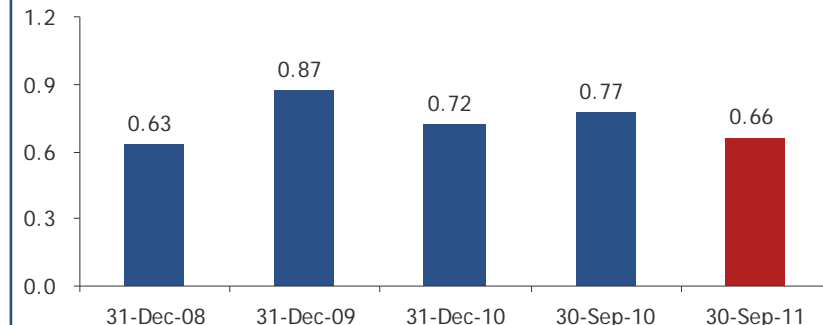
Interest Coverage Ratio ⁽¹⁾



Current Ratio



Quick Ratio



1: Interest Coverage Ratio = Operating Profit / Finance Costs



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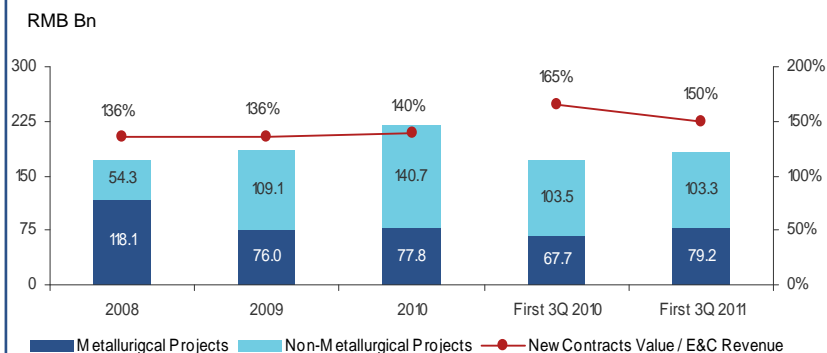
Section 3

Business Analysis

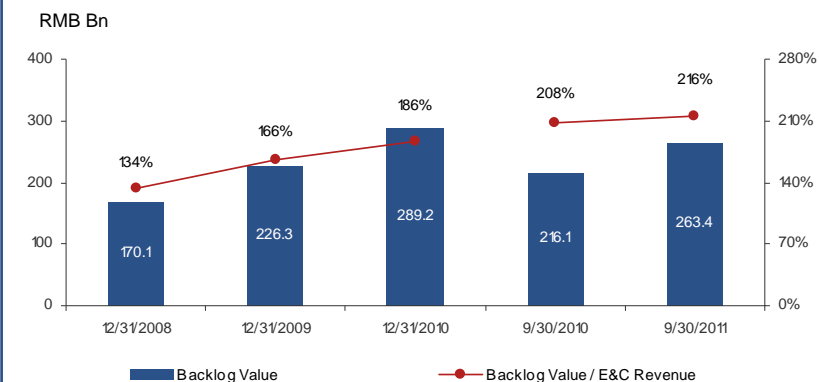


Future Development Supported by New Contracts and Backlog

New Contracts Value



Backlog Value



Selected Major Newly Signed Metallurgical Projects in Jan – Sep 2011

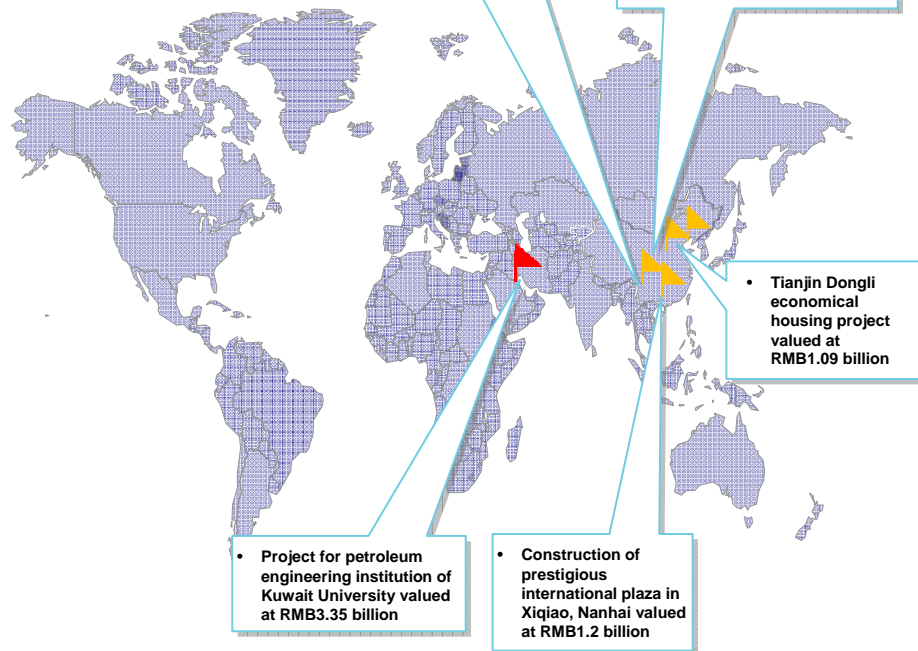
Project Name	Description	Amount (RMB MM)	Contract Duration
Blast furnace project (2x2,300 m ³) of Rizhao Steel Holding Group Co., Ltd.	Two 2,300 m ³ blast furnaces and ancillary equipment	1,800	11 months
KPO 3 million tonnes coking phase 1 and 2 EP project of India Tata Group	8 X 44 holes 5m temping coke oven and ancillary chemical production EPC project	1,728	60 months
General contracting for equipment upgrade and renovation of energy saving technology system in respect of special steel, steel making and steel rolling in Xining	100 tonnes comsteel furnace, square billet continuous casting machine, steel bars machine; annual production: 0.605 million tonnes of steel water, 0.54 million tonnes of continuous casting steel, 0.5 million tonnes of steel bars	1,575	36 months
Iron and steel making construction of Langfangshi Guangyuan Metal Products (Shengbao) Co., Ltd.	Construction of iron smelting blast furnace, steel smelting converter furnace and high-speed wire rolling projects	1,560	12 months
Steel making EPC project of Bayi Iron and Steel Nanjiang Base	3.05 million tonnes of continuous casting billet upon production	1,028	19 months



Source: Company Information

Further Expand into Non-Metallurgical Markets

- Overseas Representative Projects
- Domestic Representative Projects



Selected Major Newly Signed Projects in Jan - Sep 2011

Project Name	Description	Amount (RMB MM)	Contract Duration	Category
Project for petroleum engineering institution of Kuwait University	Comprehensive university	3,350	36 months	Overseas Building Construction Project
Construction of ancillary services centre for iron and steel and power industry at industry zone of Caofeidian	Land renovation, basic engineering, main body engineering, preliminary interior decoration, outside wall decoration, water supply and drainage, installation of electric equipment, installation of fire control equipment, purchase of anti lightning, outdoor environmental and distribution system equipment	1,550	24 months	Building Construction Project
Construction of prestigious international plaza in Xiqiao, Nanhai of Zhuhua Co., Ltd.	Office apartments, starred hotel, business center, 0.18 million sq.m. above ground, 0.12 million sq.m. underground	1,200	33 months	Building Construction Project
Section III & IV of the relocation project of rehabilitation and economical housing of Zhanzhuangqi Village in Dongli District, Tianjin	Relocation project of rehabilitation and economical housing of Zhanzhuangqi Village in Dongli District, Tianjin	1,090	15 months	Building Construction Project
One horizontal lane project of Chongqing Liangjiang New District	2.42 kilometers in total, including continuous construction of Baosheng overpass, Qinggangping overpass and main bridge	265	21 months	Transportation Infrastructure Project

Source: Company Statistics



Promising Future for Steel Structure, Newly-added Metallurgical Equipment Production Capacity to be Released



National Steel Structure Engineering Technology Research Center

On May 5, 2011, Ministry of Science and Technology approved the establishment of National Steel Structure Engineering Technology Research Center by Central Research Institute of Building and Construction Co., Ltd., a subsidiary of MCC



MCC-SFRE Heavy Industry Equipment Base



CISDI Electric Technology Automation Equipment Manufacturing Base



MCC Baosteel Technology Heavy Equipment Company

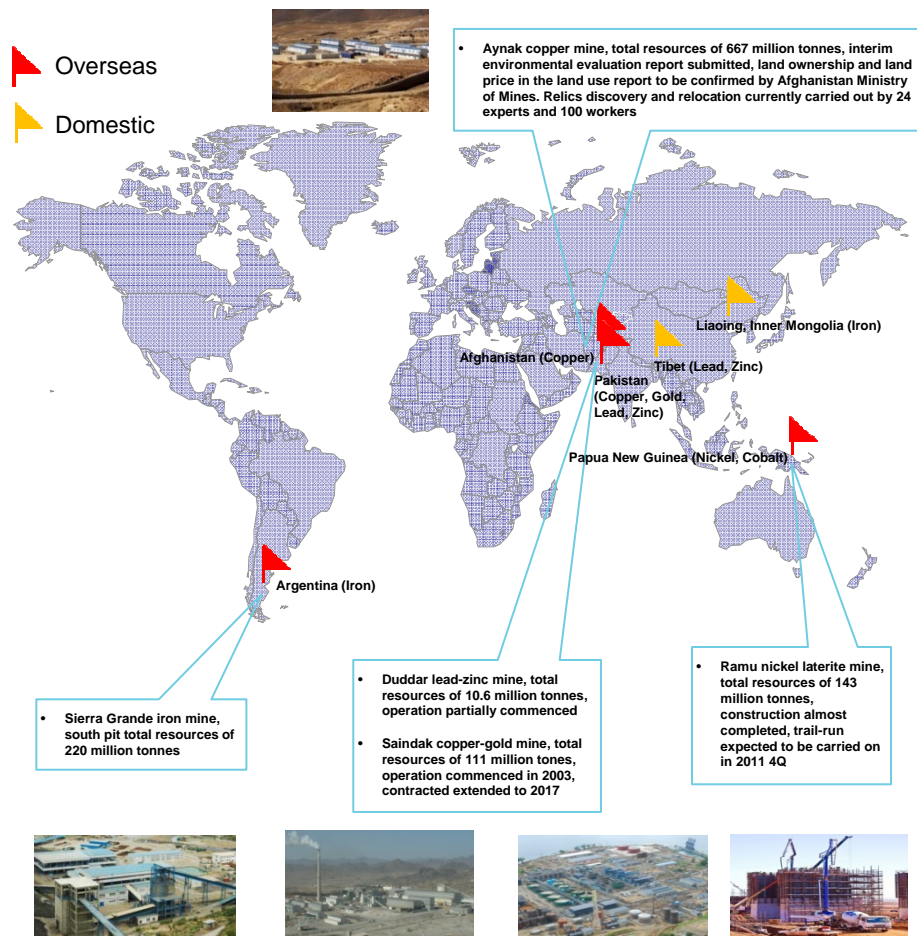


Mineral Resources: Steady Development

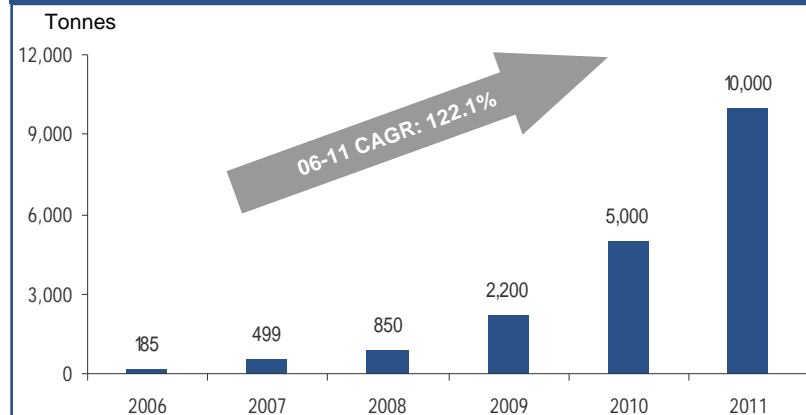
Polysilicon: Decreasing Costs & Increasing Profitability



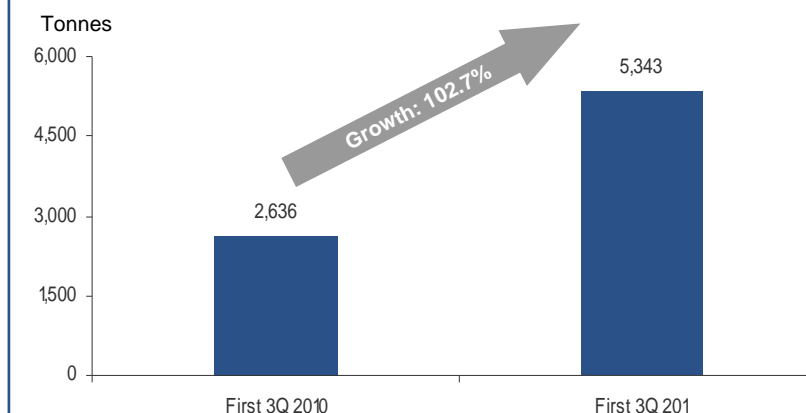
Mineral Resources Development



Polysilicon Production Capacity



Polysilicon Production Volume



Steadily Develop Commodity Property Actively Push Forward Social Welfare Housing



Overall Commodity Property Business during First 3Q 2011

Total Planned Investment	RMB178.02 billion
Total Planned Construction Area	26.06 million sq.m.
Total Land Area	11.77 million sq.m.
Total Investment Completed	RMB13.18 billion
Total Land Area to be Developed	2.45 million sq.m.
Newly Acquired Land Area	1.16 million sq.m.
GFA under Construction	7.95 million sq.m.
Including: Newly Commenced GFA	2.06 million sq.m.
GFA Completed	0.42 million sq.m.
Contracted Sales Area	1.16 million sq.m.
Contracted Sales	RMB11.05 billion

Overall Social Welfare Housing Business during First 3Q 2011

Total Investment Completed	RMB5.87 billion
Total Land Area to be Developed	1.42 million sq.m.
GFA under Construction	8.19 million sq.m.
Including: Newly Commenced GFA	2.30 million sq.m.
GFA Completed	0.96 million sq.m.

Overall Primary Land Development Business during First 3Q 2011

Total Planned Investment	RMB40.3 billion
Total Land Area	23.67 million sq.m.
Total Land Development Area Completed	1.10 million sq.m.





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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

Large-scale Iron & Steel Base in South – East Coastal Areas

Demand for Iron & Steel in Emerging Regions

Relocation

Overseas Expansion

Specialized Iron & Steel

Energy Conservation, Phase-out of Obsolete Capacity, Technology Upgrade

Maintenance of Current 760 Million Tons of Crude Steel Capacity

Non-Metallurgical Projects

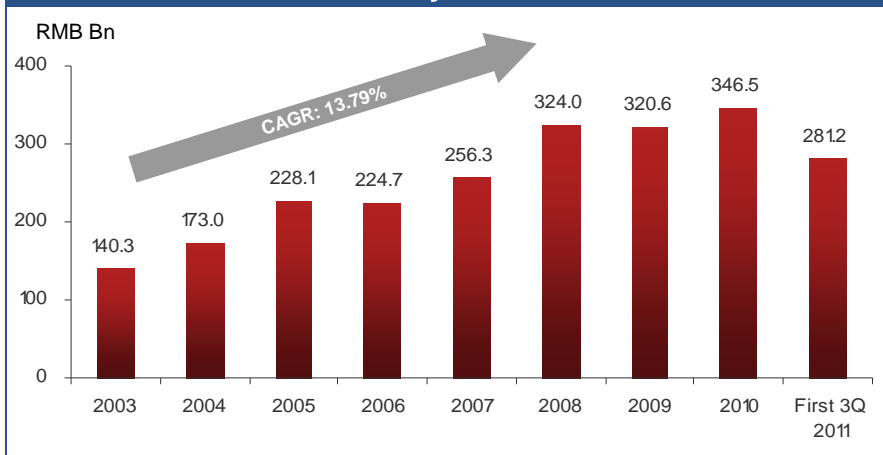
Urbanization

Social Welfare Housing

Infrastructure Construction

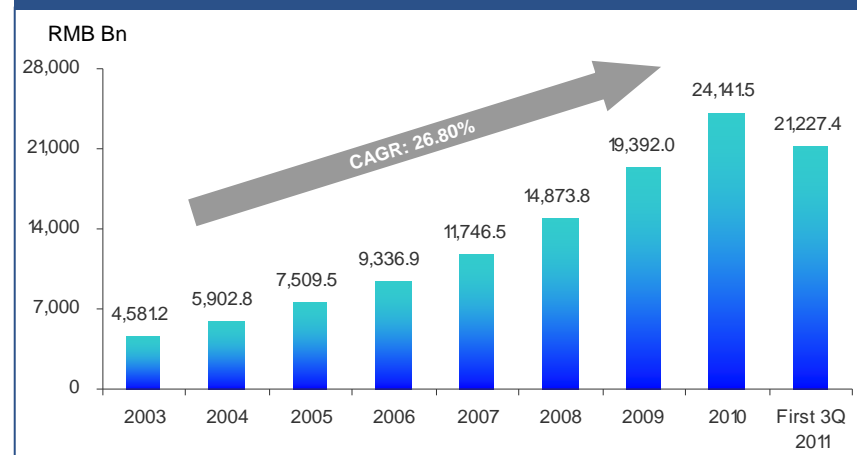
Environmental Protection

Investment in Ferrous Metallurgy and Rolling Processing Industry in China



Source: National Bureau of Statistics

Completed Fixed Assets Investments in China



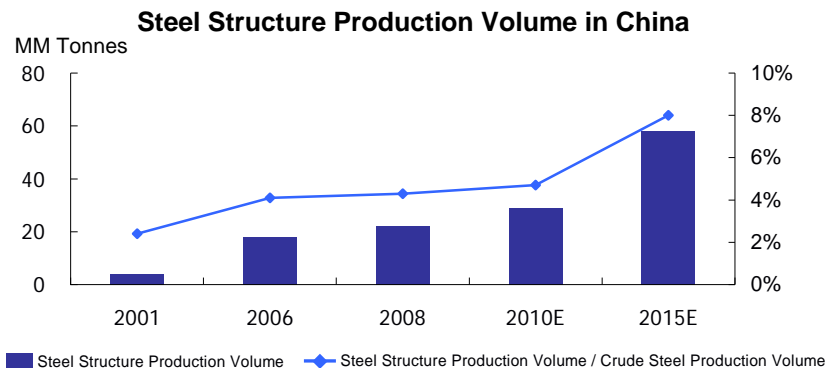
Source: National Bureau of Statistics

Promising Future for Steel Structure Market, Metallurgical Equipment to Benefit from Industry Upgrade



Steel Structure

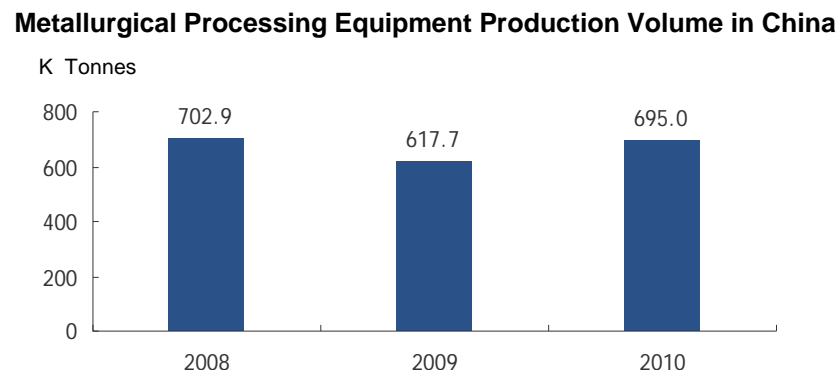
- Leading position in China with advanced technology
- One of the largest steel structure manufacturers in China
- National steel structure engineering technology research center



Source: China Steel Structure Association

Metallurgical Equipment

- Significant increase in demand for advanced equipment
- MCC proprietary equipment R&D center
- Advanced technology, cost significantly lower than global competitors

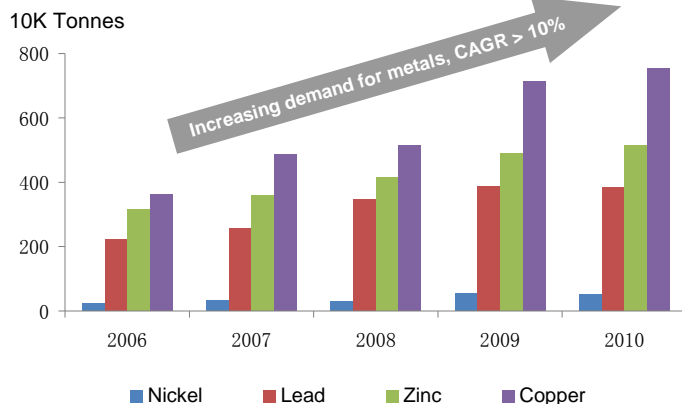


Source: National Bureau of Statistics

Continuous Increase in Metal Consumption, Significant Growth in Demand for Polysilicon

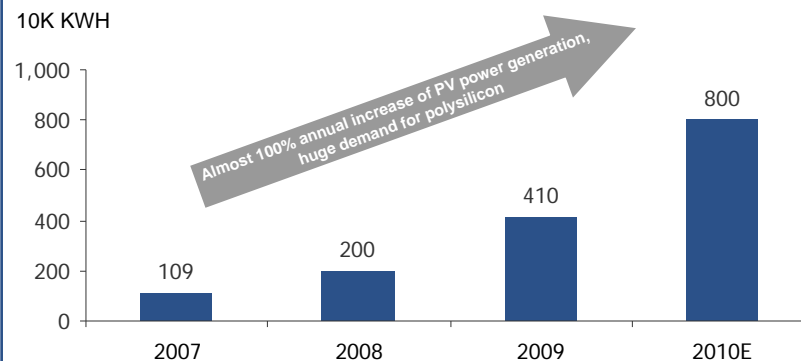


Major Metal Consumption in China



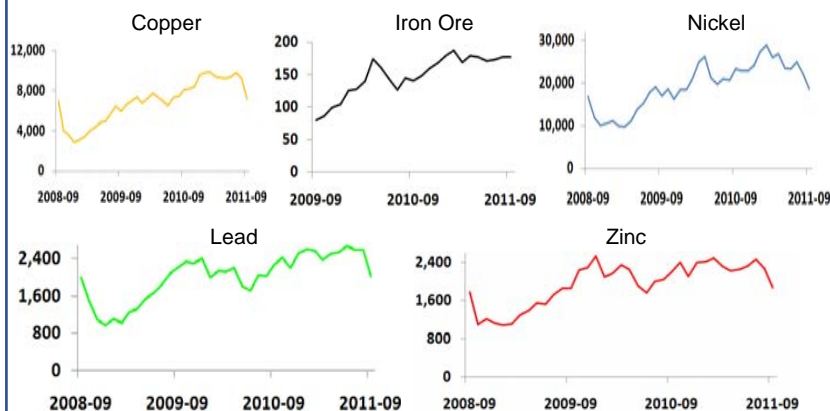
Source: World Metal Statistics

PV Power Generation in China



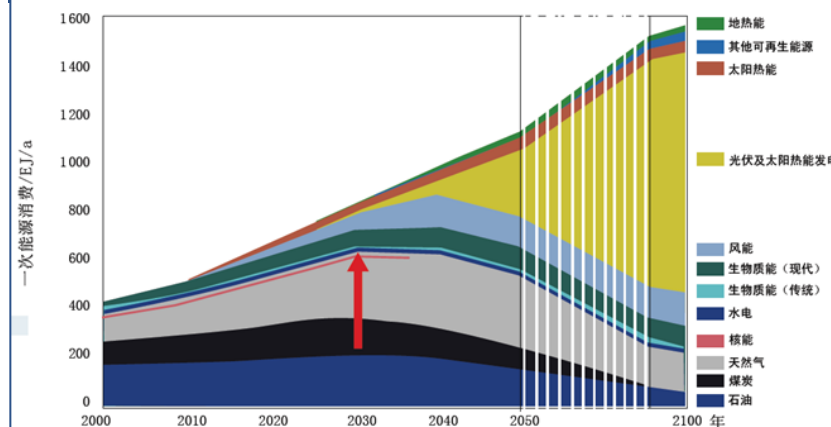
Source: WIND

Major Metal Commodity Price (US\$ / Tonne)



Source: Copper, Nickel, Lead, Zinc prices based on LME statistics and iron ore price based on SGX futures price

Estimate for Global PV Power Generation



Source: EU Research Center

Strong Growth for Social Welfare Housing, Long-term Optimism for Commodity Property



Regulations by MOHURD

2011.3.14	Notice about Examination of Social Welfare Housing Projects
2011.5.10	Notice about Publishing the Information of Social Welfare Housing Construction
2011.5.20	Notice about Strengthening the Quality of Social Welfare Housing Projects
2011.7.15	Notice about Supervision and Examination of Social Welfare Housing Projects
2011.9.30	Guidance on the Construction and Management of Social Welfare Projects from the General Office of the State Council

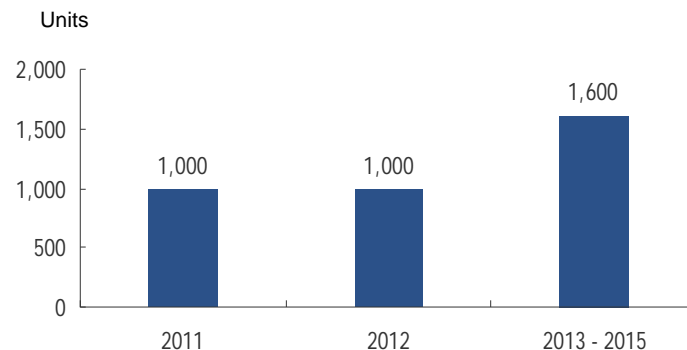
Source: MOHURD

Construction Progress of Social Welfare Housing during Jan – Jul 2011

During Jan – Sep 2011, total number of social welfare housing commenced production has reached 9.86 million units, production rate was 98%. Compared to the end of August, 1.18 million projects commenced production in September, production rate increased by 12%.

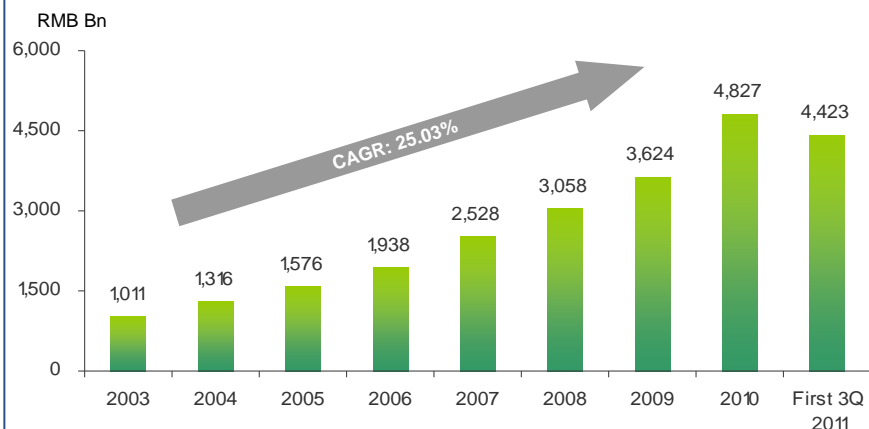
Source: MOHURD

Construction Plan for Social Welfare Housing



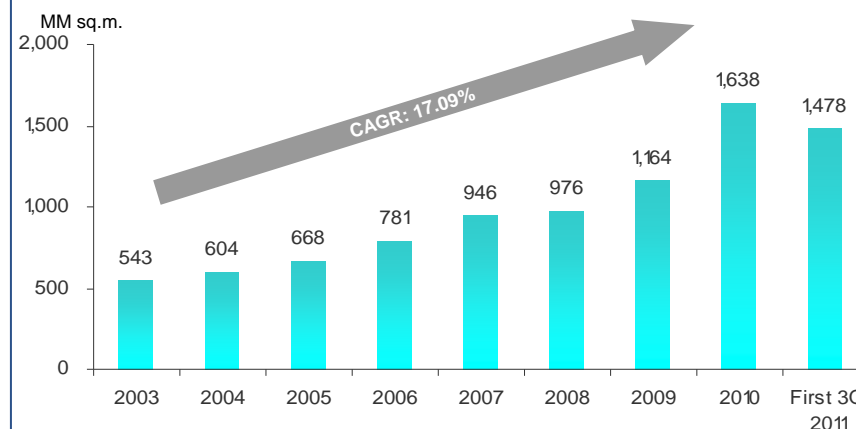
Source: NDRC

Completed Investments in Real Estate Sector



Source: National Bureau of Statistics

Newly Commenced GFA



Source: National Bureau of Statistics

Company Strategy & Vision



Q & A

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