



SUNNSY

山水集团

SUNNSY GROUP

China Shanshui Cement Group Limited

Interim Results Presentation

September 2009



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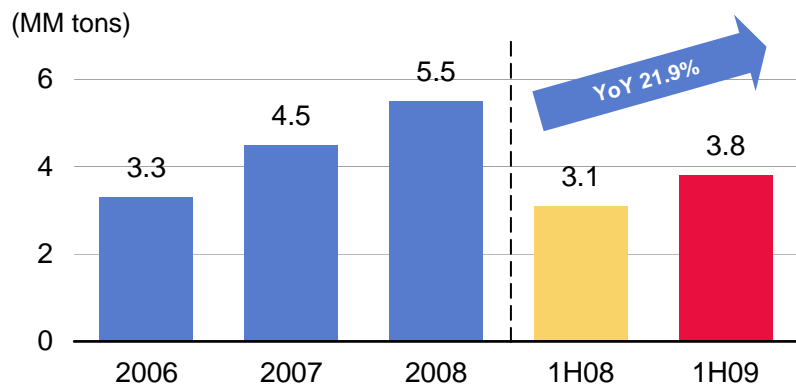
Review of 2009 Interim Results

1H09 Key Indicators

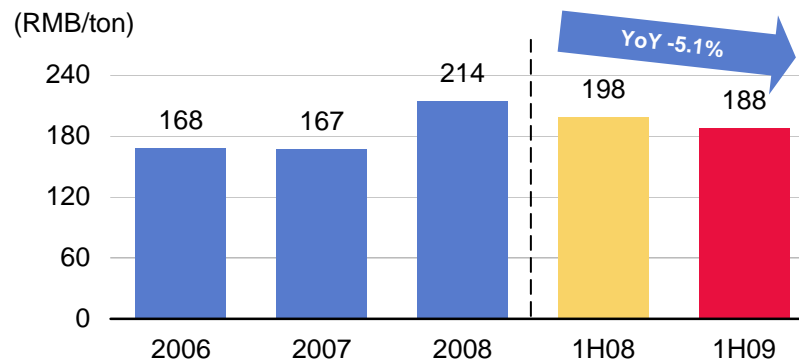
	For 6 Months Ended 30 June 2009	YoY Growth
Cement Sales Volume (000s ton)	12,737	2.3%
Clinker Sales Volume (000s ton)	3,809	21.9%
Revenue (RMB thousand)	3,869,002	14.7%
Operating Profit (RMB thousand)	550,350	43.3%
Net profit (RMB thousand)	312,730	107.4%
Net profit attributable to the Group (RMB thousand)	309,975	99.8%

Significant Increase in Sales Volume and Cement Price...

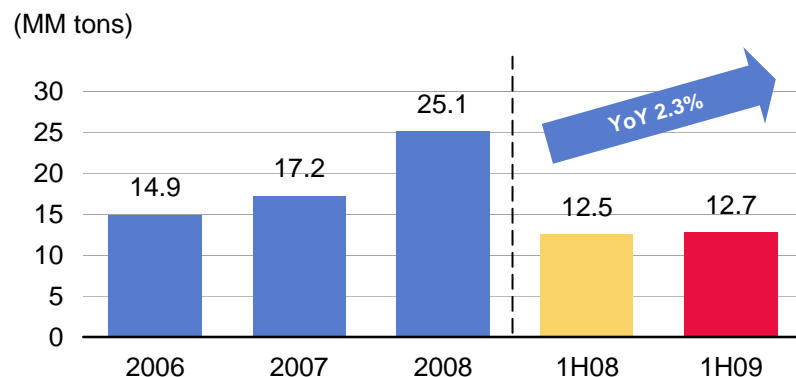
Clinker Sales Volume



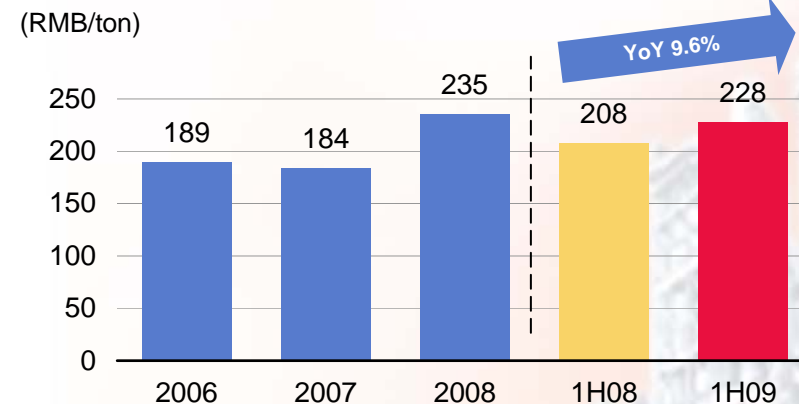
Clinker Price



Cement Sales Volume

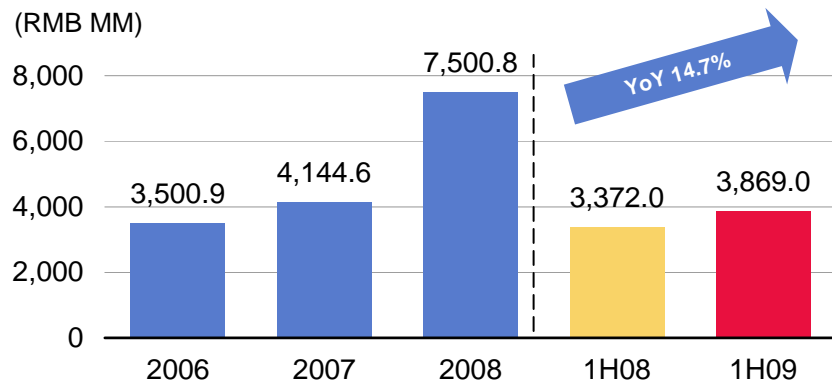


Cement Price

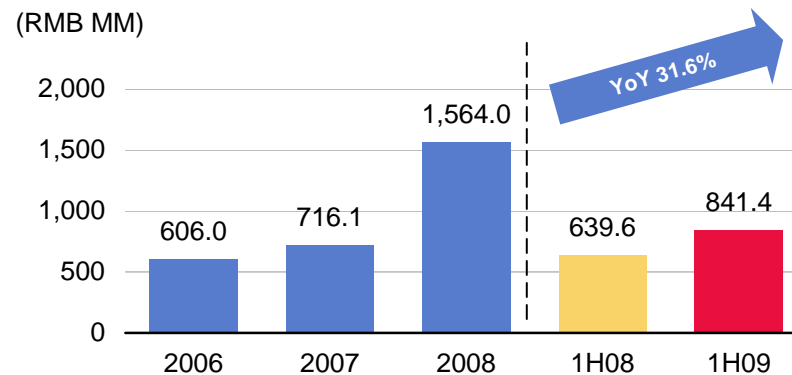


...Led to Robust Financial Performance

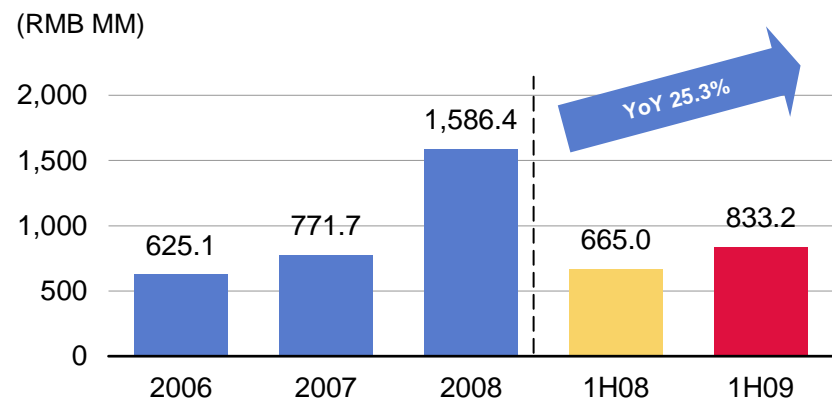
Sales Revenue



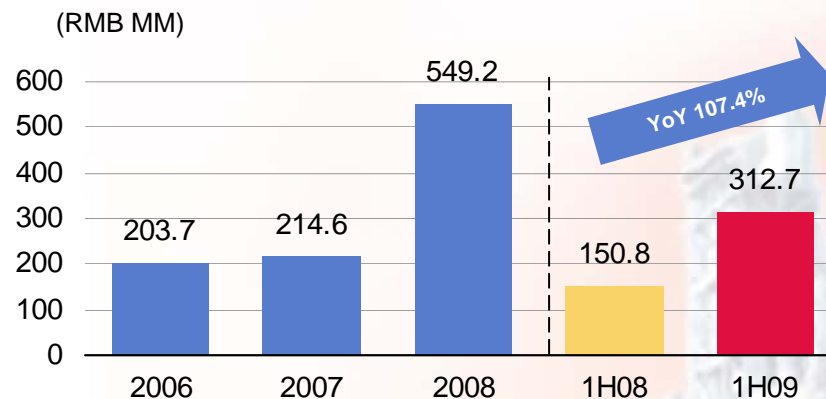
EBITDA (1)



Gross Profit



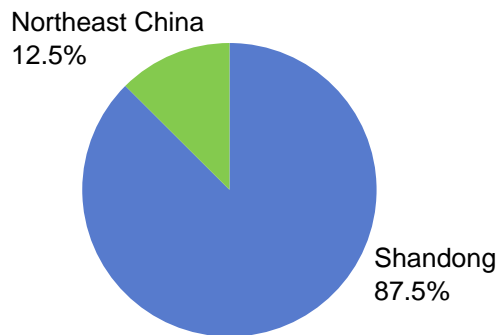
Net Profit (2)



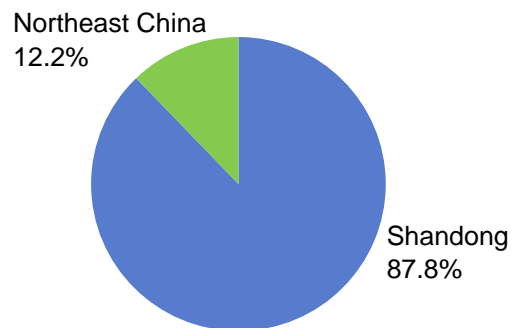
Notes: (1) EBITDA = Operating profit + fixed asset depreciation + amortization – interest income
 (2) Includes minority interest

Sales Breakdown by Region

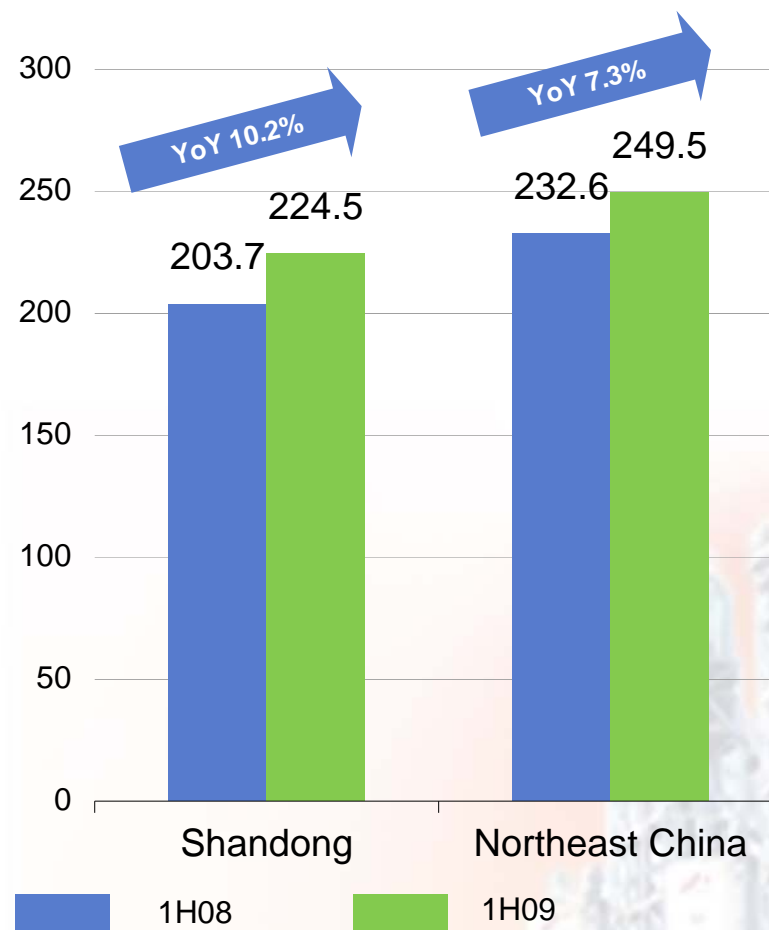
1H09 Sales Breakdown by Region



1H08 Sales Breakdown by Region

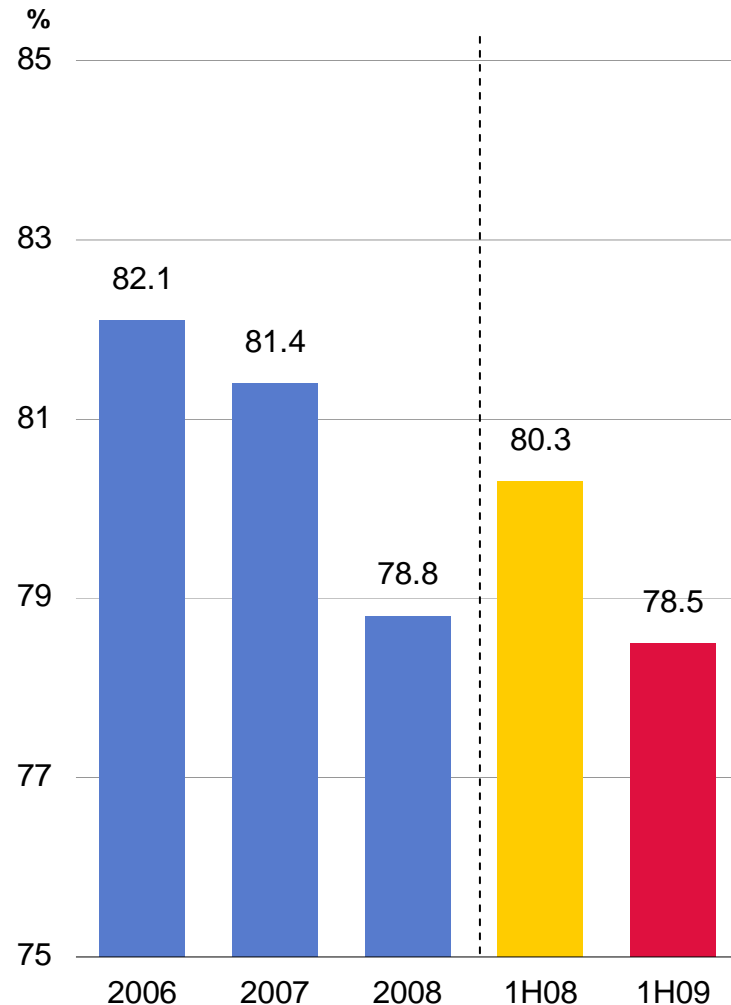


Cement Price by Region

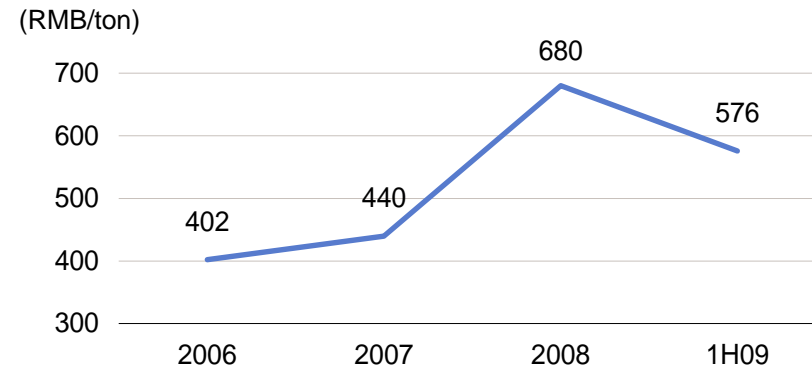


Effective Cost Control

Cost of Goods Sold as % of Revenue



Market Price of Coal



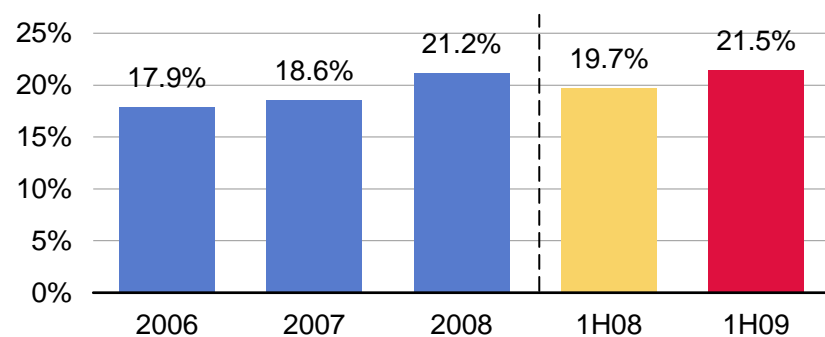
Gross Margin Analysis

- Sales price has risen due to enhanced pricing power of the Group and the accelerated elimination of obsolete cement kilns in Shandong province. At the same time, unit fixed cost has fallen, as volume increased after new production lines in Liaoning came online. As a result, 1H09 gross margin improved by 1.8 percentage point to 21.5%
- Outsourced electricity cost remained stable. The Group continued to increase the utilization rate of residual heat power generation stations to increase power generation capacity and lower total electricity cost

Improved Profitability

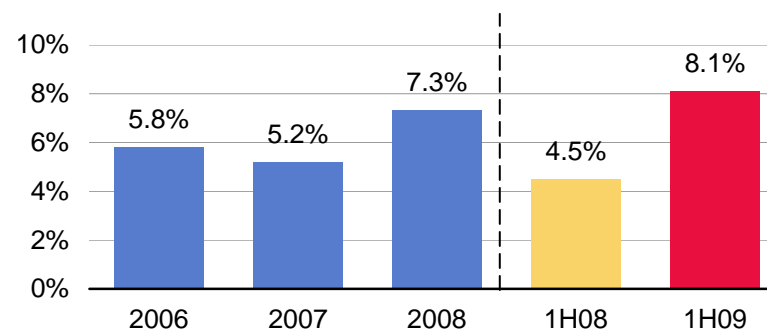
Gross Margin

(%)



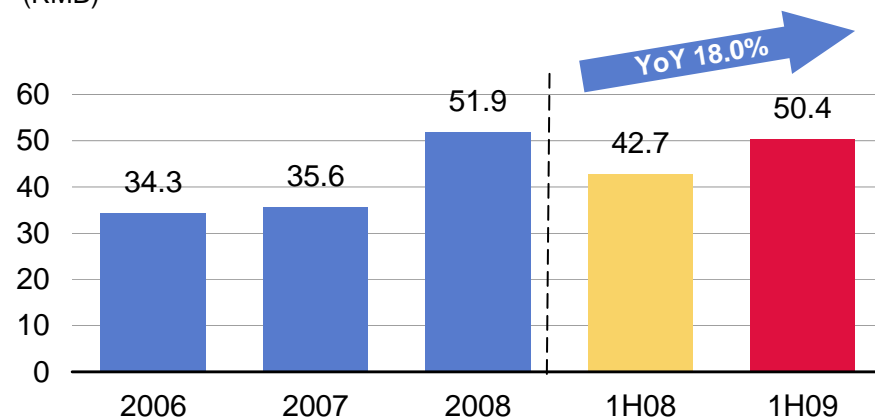
Net Margin ⁽¹⁾

(%)



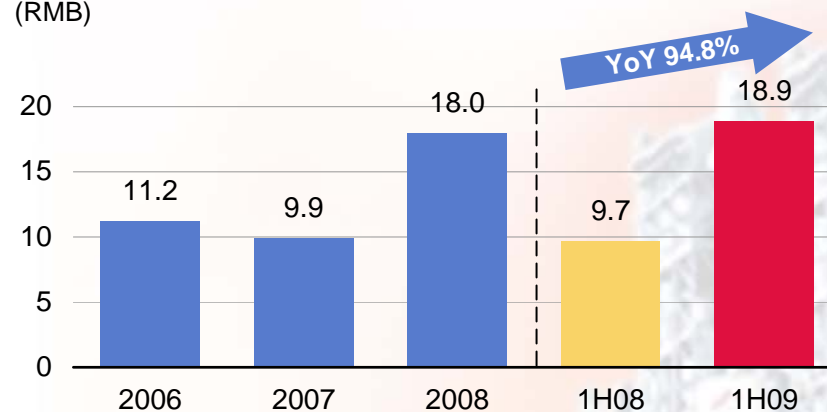
Gross Profit per ton ⁽²⁾

(RMB)



Net Profit per ton ⁽²⁾

(RMB)



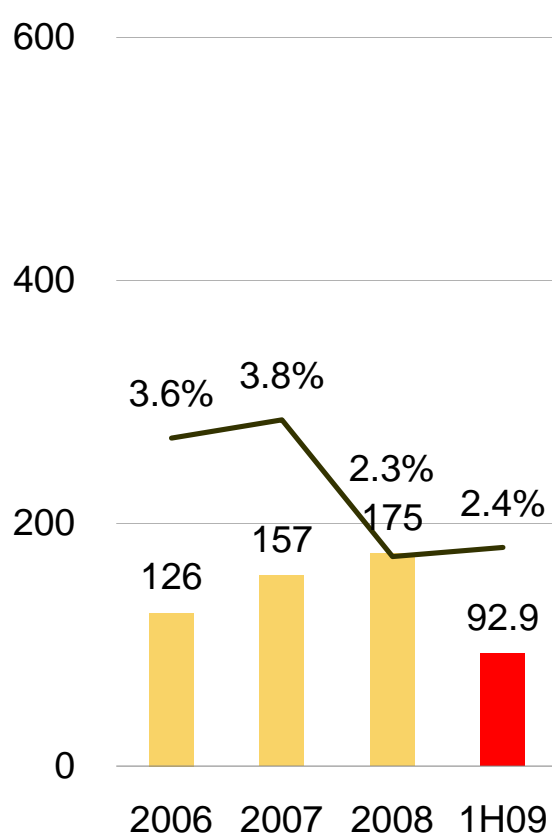
Notes: (1) Includes minority interest

(2) Unit data calculated using the sum of cement and clinker sales volumes

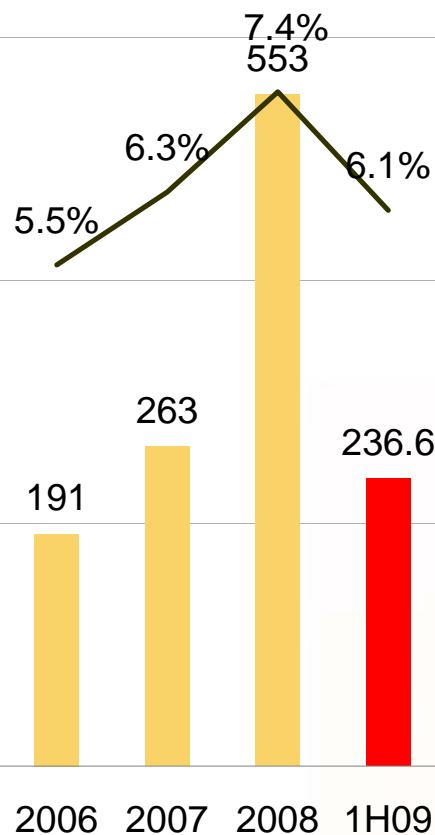
Expense Analysis

Selling & Marketing Expenses

(RMB MM)

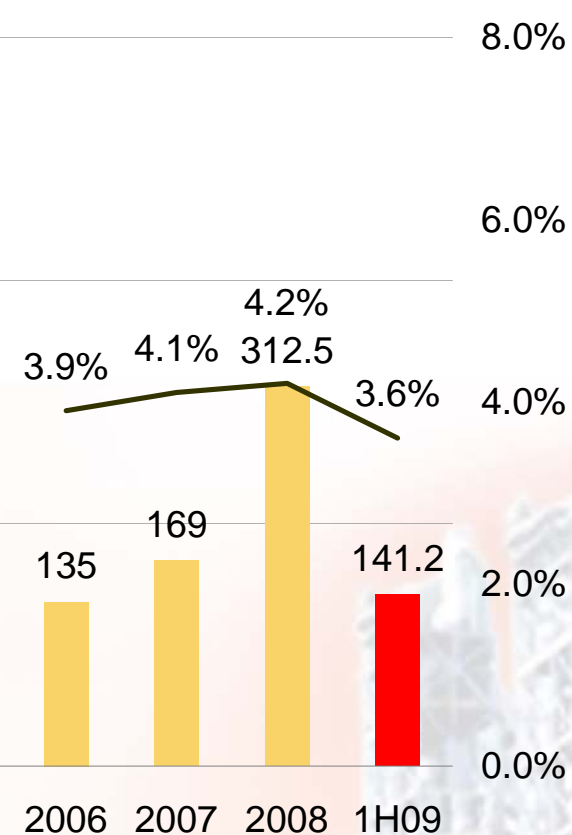


Administrative Expense



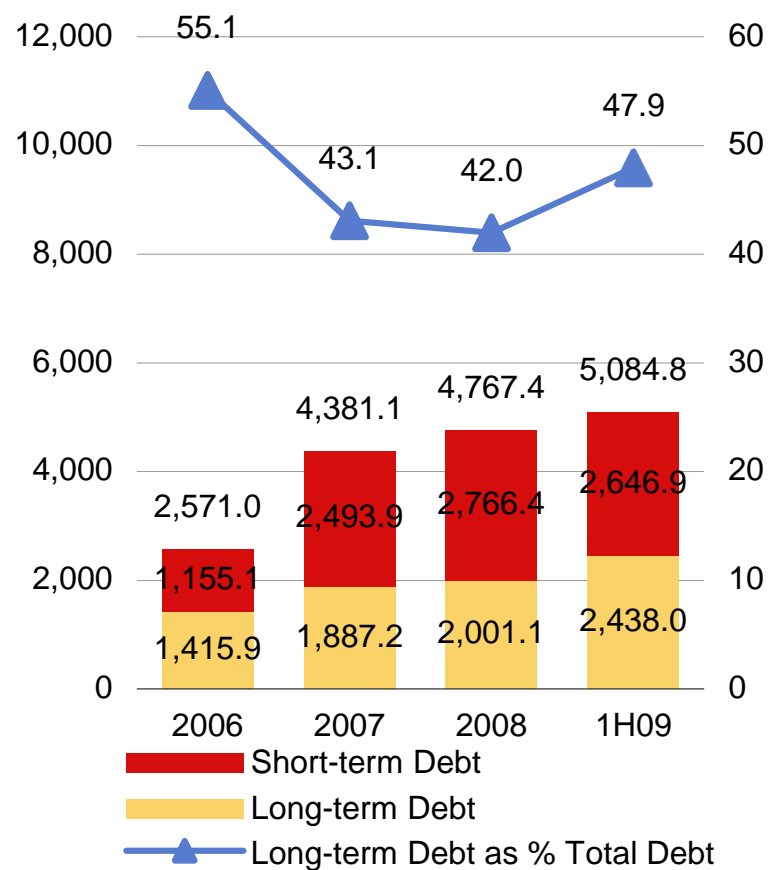
Net Financing Cost

(as % of revenue)

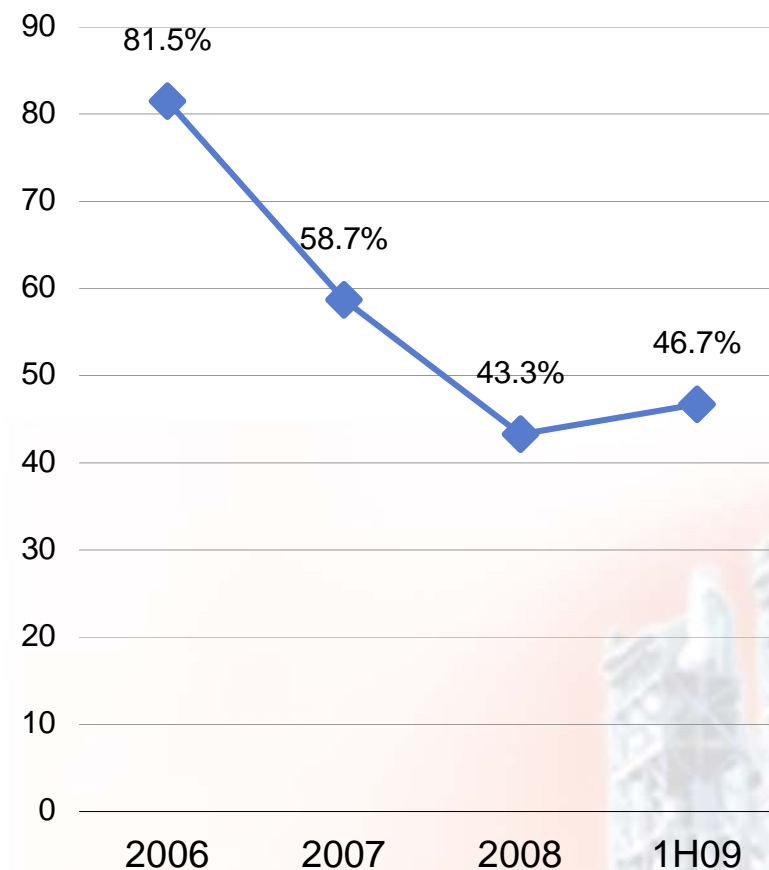


Debt Analysis

Debt Distribution ⁽¹⁾⁽²⁾



Leverage Ratio ⁽³⁾

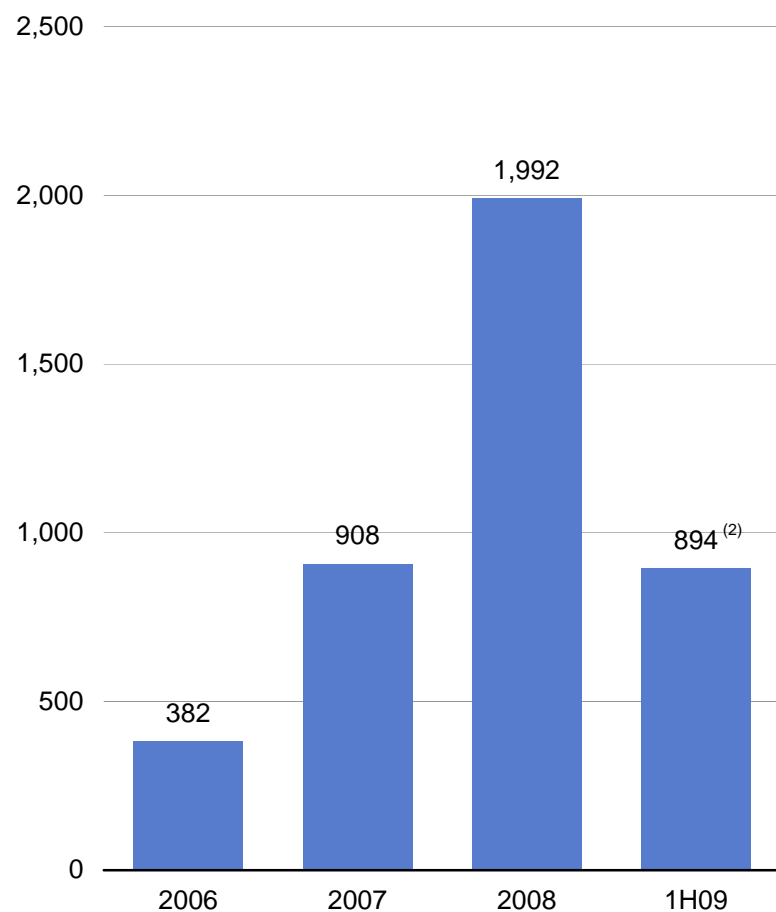


Notes: (1) Short-term Debt = Short-term interest bearing loans + current portion of long-term interest bearing loans, including shareholder loan
 (2) Long-term Debt = Long-term interest bearing loans, including shareholder loan and convertible bonds
 (3) Leverage ratio = (Short-term debt + long-term debt - cash and cash equivalent) / total capital

Capex Plan

Capex ⁽¹⁾

(RMB MM)



Notes: (1) Capex = Fixed asset expenditures + land use fee
(2) Cash flow from investing activities

2009 and 2010 Expansion Plans

■ Cement and Clinker Capacity

- From 2H2009 to 1H 2010: cement capacity will increase by about 5 MM tons and clinker capacity by about 4.8 MM tons

■ Other Project

- Raise residual heat power generation capacity to reach 136,000 kW by end of year

2nd Half Outlook

2H09 Outlook

- Strong fixed asset investment, infrastructure construction, and property market recovery will result in continued increase in demand for cement
- Accelerate the construction of new production lines and continue to integrate the Liaoning businesses; expand market share in the east and southwest regions of Shandong; actively participate in the industry restructuring in Liaoning in order to further cement our position as the market leader
- Continue to improve our sales network in the cities and the rural areas and to win bids for the role of supplier to key national infrastructure projects
- Focus on cost control and margin improvement; continue to upgrade existing technology and equipment to improve the production quality
- Continue to adopt our best practice developed in 2008 by organizing dedicated investigation teams to each of the subsidiary companies to discover and address technical and managerial problems and production inefficiencies

Thank you

Q&A