



**山水集团**  
SUNNSY GROUP

# China Shanshui Cement Group Limited

Interim Results Presentation

August 2010



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# 2010 Interim Results Review

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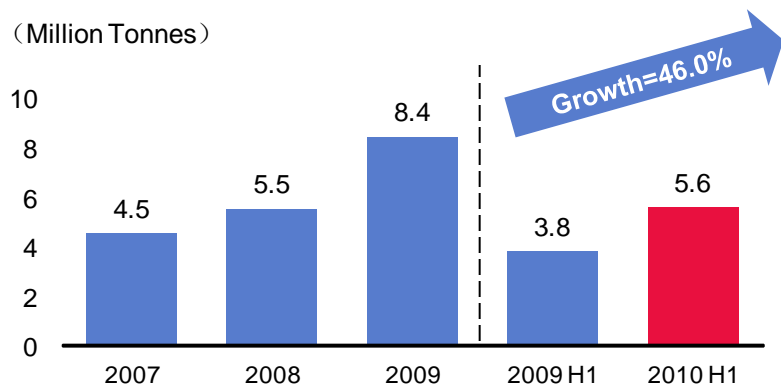
# 2010 H1 Key Data

	For 6 Months Ended 30 June 2010	YOY Growth
Sales volume of cement ('000 tonnes)	<b>15,418</b>	<b>21.0%</b>
Sales volume of clinker ('000 tonnes)	<b>5,562</b>	<b>46.0%</b>
Revenue ( RMB'000 )	<b>4,723,654</b>	<b>22.1%</b>
Profit from operations (RMB'000 )	<b>714,316</b>	<b>29.8%</b>
Profit for the period (RMB'000 )	<b>411,281</b>	<b>31.5%</b>
Profit attributable to equity holders of the Company (RMB'000 )	<b>403,656</b>	<b>30.2%</b>

# Cement Sales and Clinker Sales Both Increased

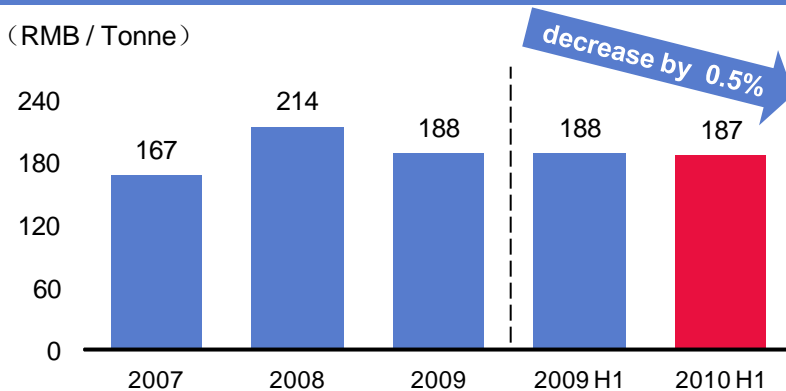
## Clinker sales volume

(Million Tonnes)



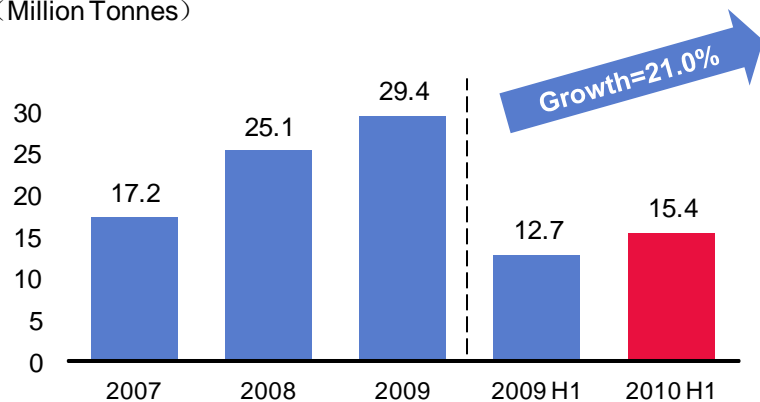
## Unit selling price of clinker

(RMB / Tonne)



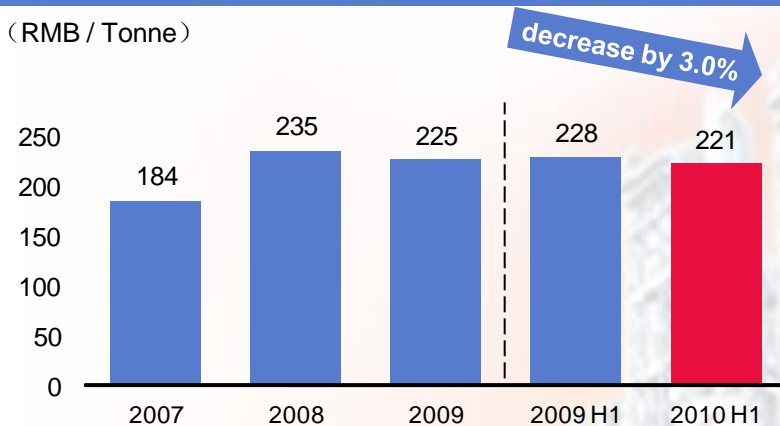
## Cement sales volume

(Million Tonnes)



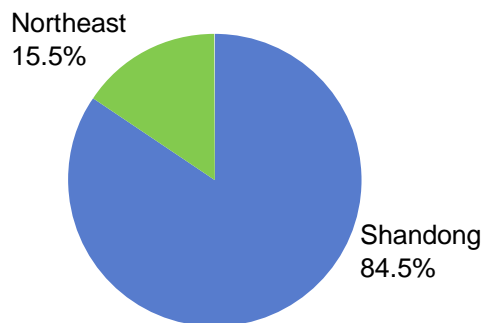
## Unit selling price of cement

(RMB / Tonne)



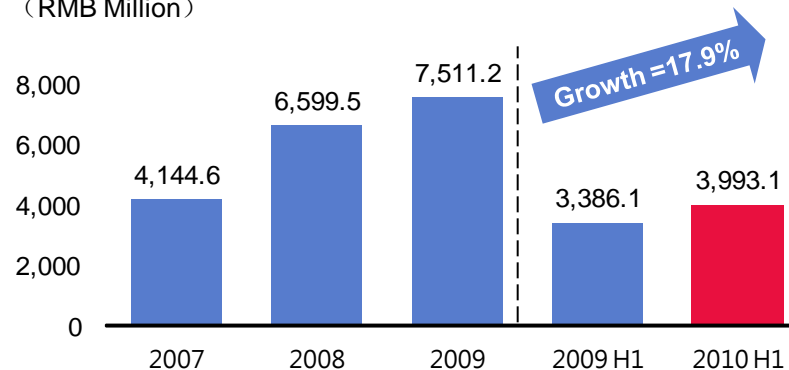
# Sales in Shandong and Northeast China

Sales breakdown by area – 2010 H1

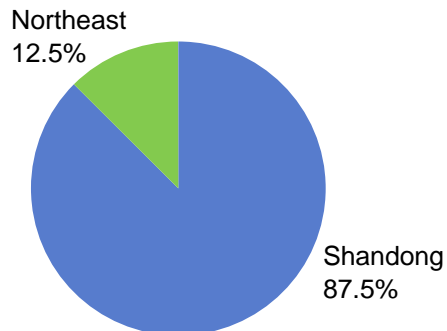


Sales revenue – Shandong

(RMB Million)

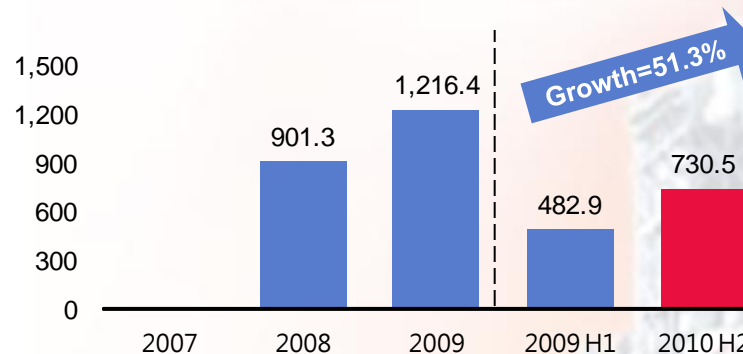


Sales breakdown by area – 2009 H1



Sales revenue – Northeast China

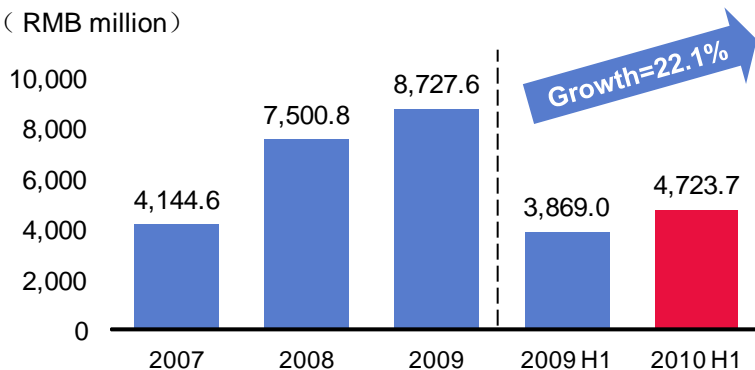
(RMB Million)



# Outstanding Financial Performance

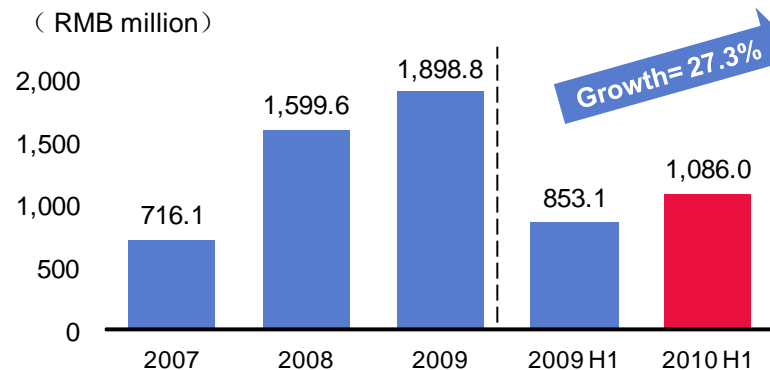
## Revenue

( RMB million)



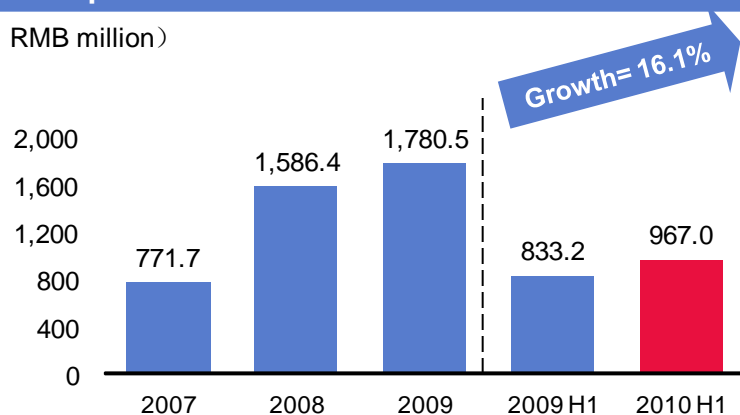
## EBITDA <sup>(1)</sup>

( RMB million)



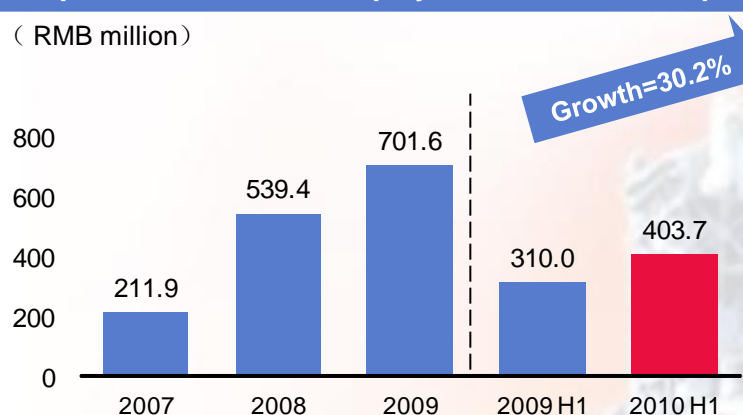
## Gross profit

( RMB million)



## Net profit attributable to equity holders of the company

( RMB million)

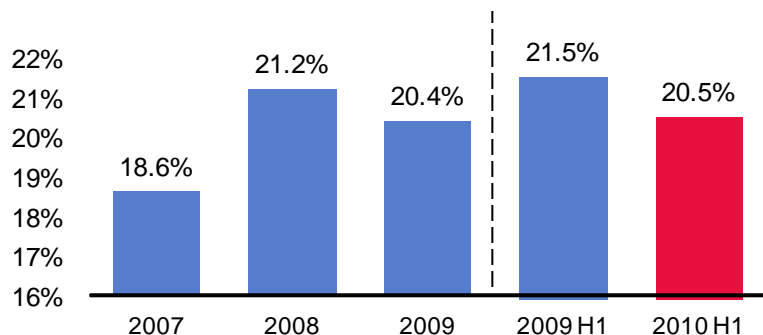


Note: (1) EBITDA = Profit from operations + Fixed assets depreciation + amortization

# Profitability Overview

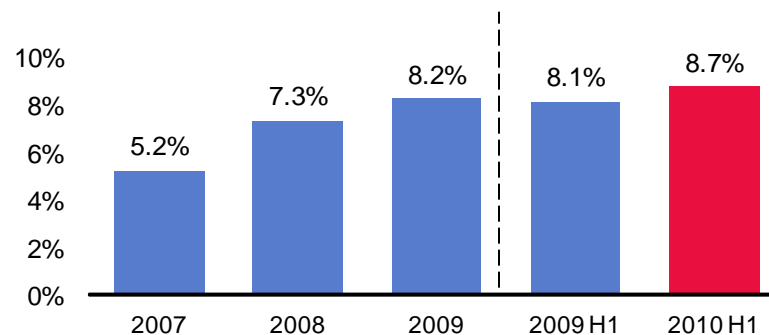
## Gross profit margin

(%)



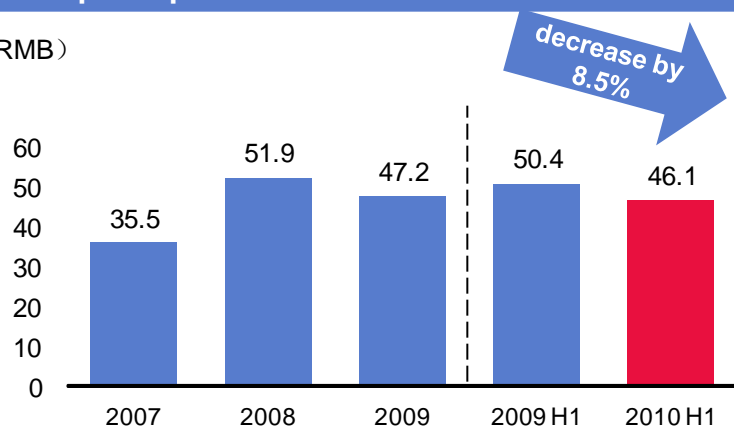
## Net profit margin <sup>(1)</sup>

(%)



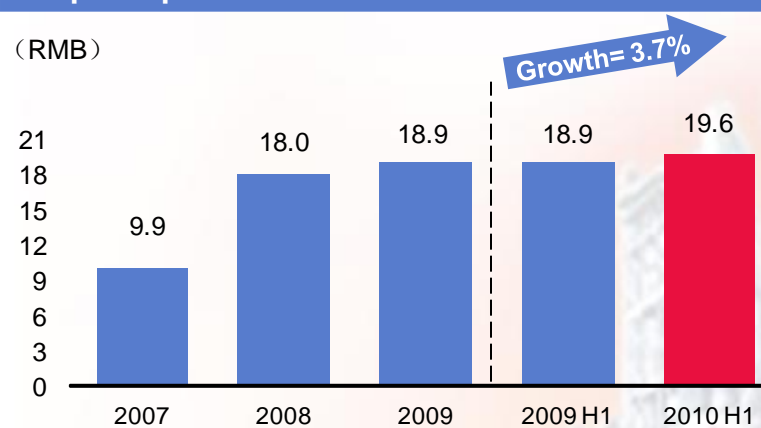
## Gross profit per tonne <sup>(2)</sup>

(RMB)



## Net profit per tonne <sup>(2)</sup>

(RMB)

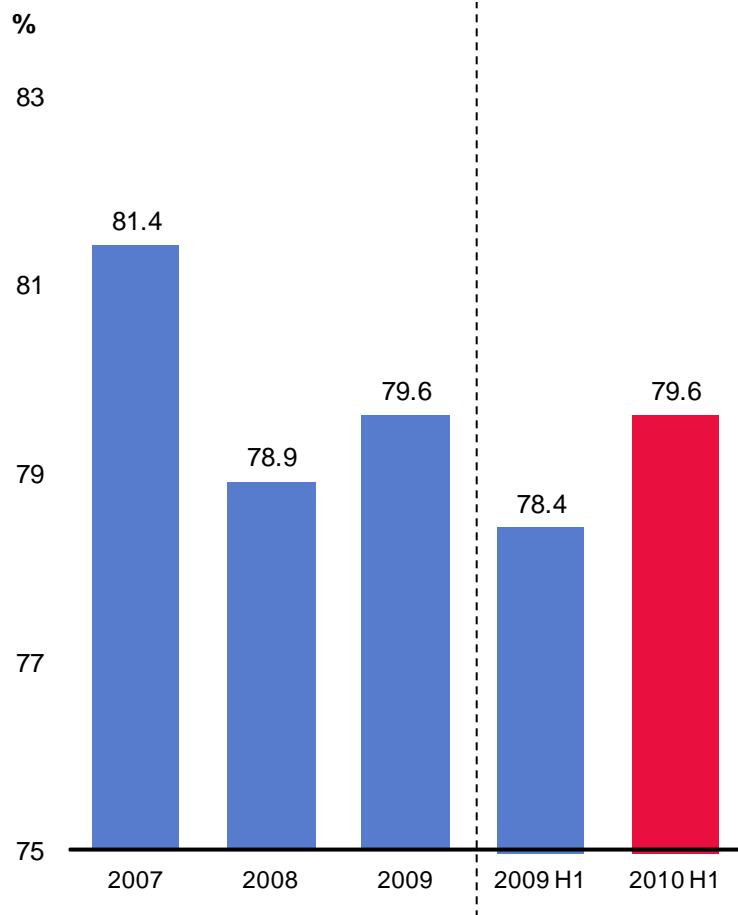


Note: (1) contain minority shareholders' equity  
 (2) unit data is based on the combined sales volume of cement and clinker

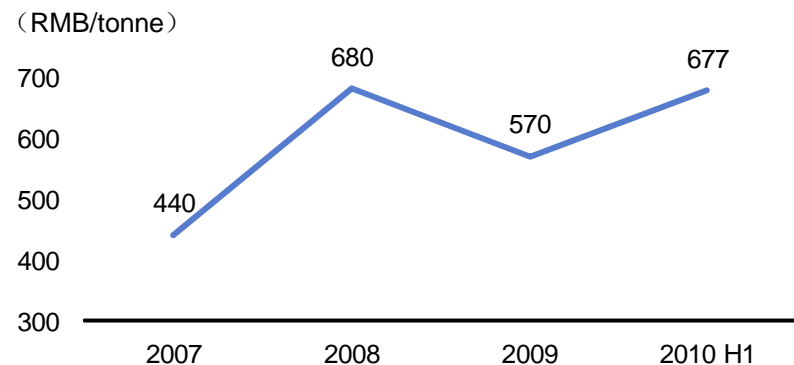


# Cost of Goods Sold Increased

## COGS as a percentage of sales revenue increased



## Coal price



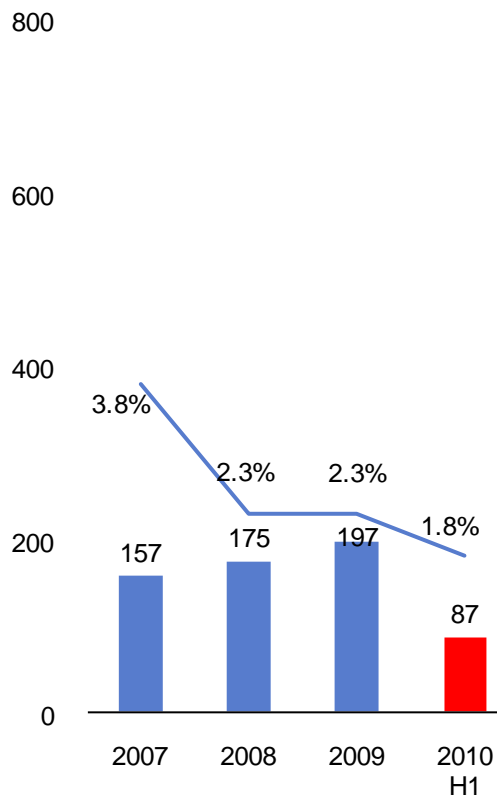
## COGS analysis

- The proportion of coal costs to revenue was 30.2%, representing a year-on-year increase of 5.5%
- Group's average unit purchase price of coal in the first half of 2010 increased by 17.5% to RMB 676.5/tonne
- Thanks to the remarkable result of the technology reform conducted by the Group, the unit coal consumption decreased, and the proportion of coal costs to sales revenue only showed a relatively slight increase

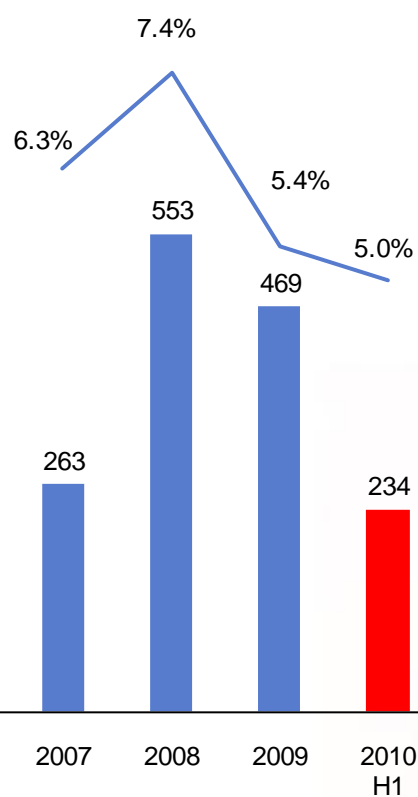
# Expense Analysis

## Sales and marketing expenses

( RMB million )

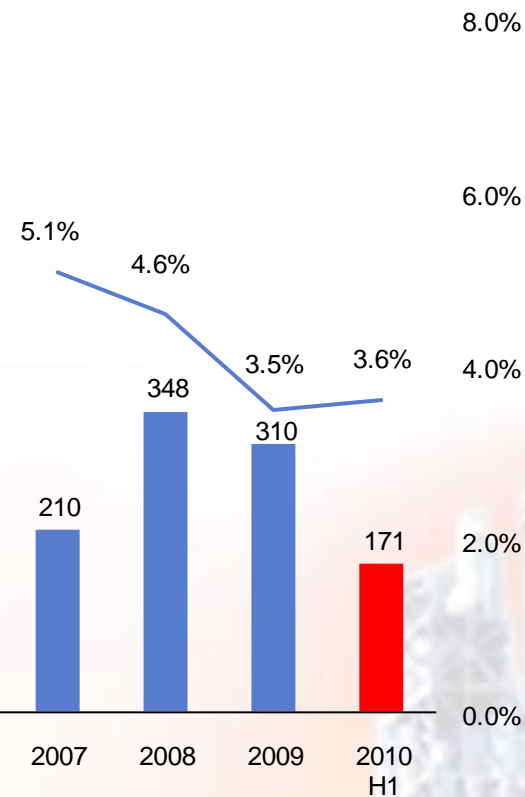


## Administrative expenses



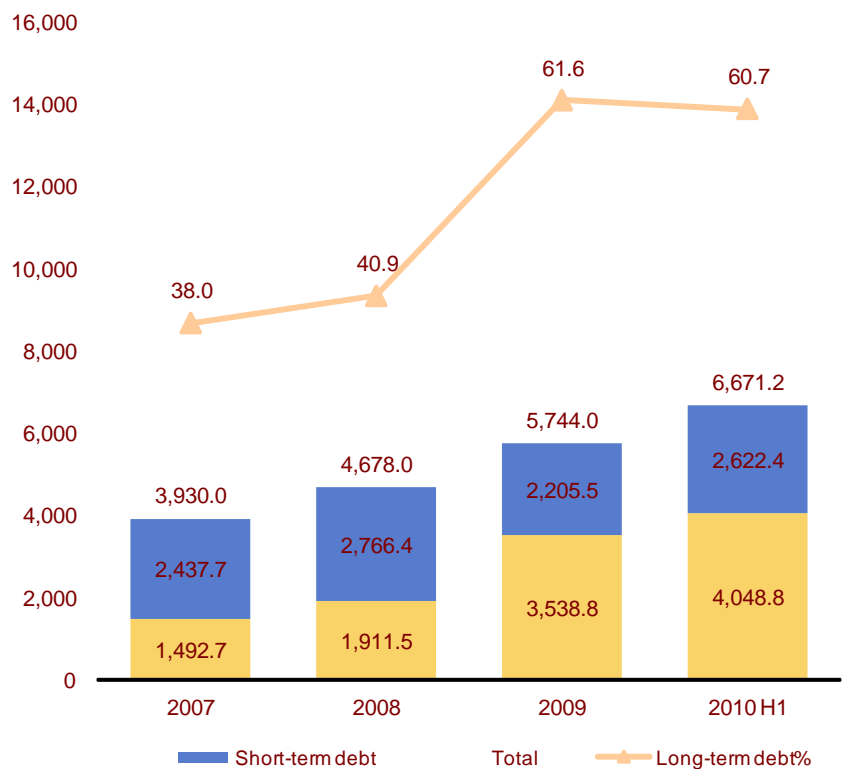
## Financing costs

( as a percentage of sales revenue )

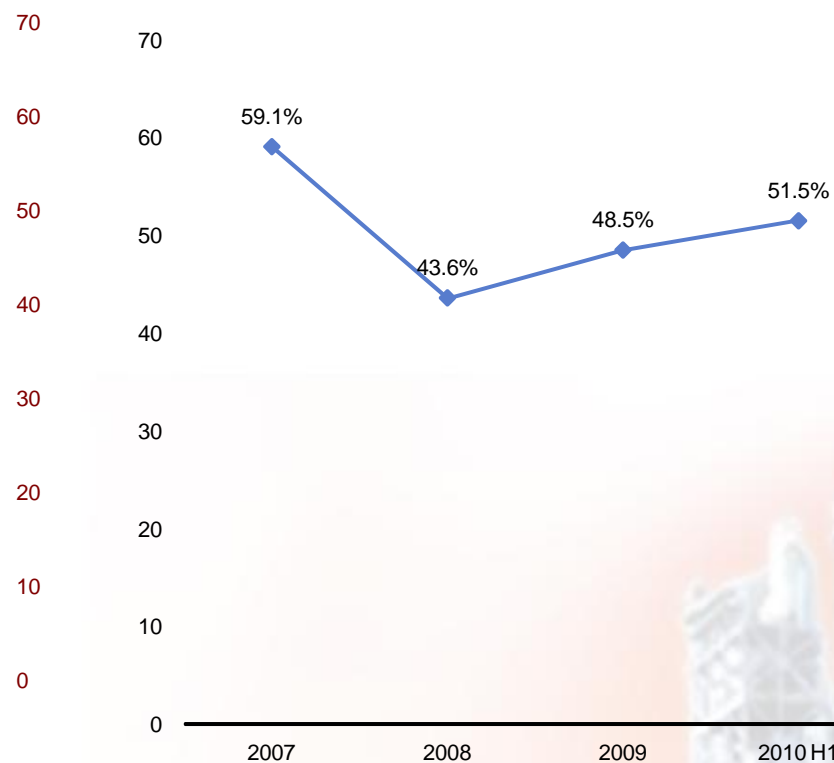


# Debt Analysis

## Debt structure <sup>(1)(2)</sup>



## Leverage ratio <sup>(3)</sup>



Note (1) Short-term debt = Short-term interest-bearing loan plus current portion of long-term interest-bearing loan, including shareholder loan

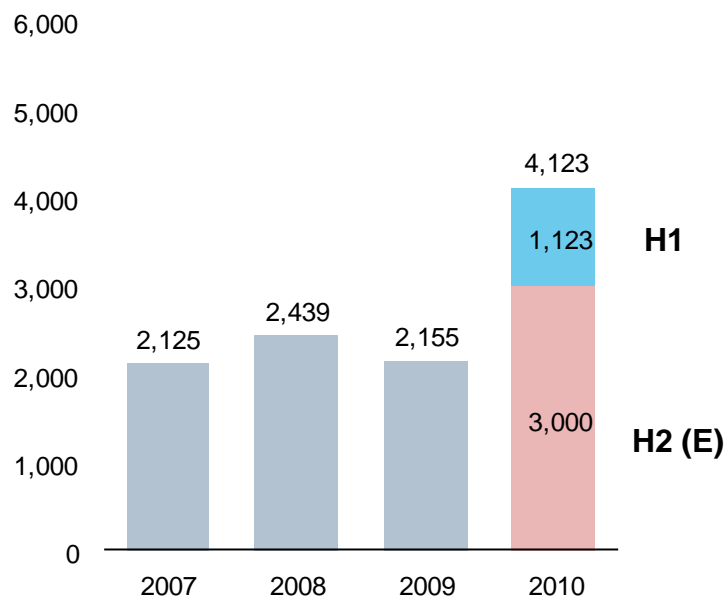
(2) Long-term debt = Long-term interest-bearing loan (non-current portion), including shareholder loan and convertible bond

(3) Leverage ratio = (short-term debt + long-term debt - cash and cash equivalents) / total cap

# Capital Expenditure

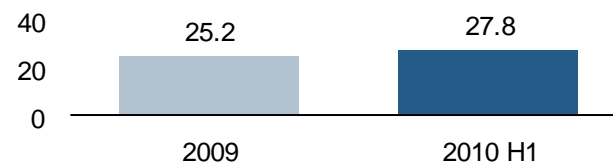
## Capital expenditures <sup>(1)</sup>

(RMB MM)

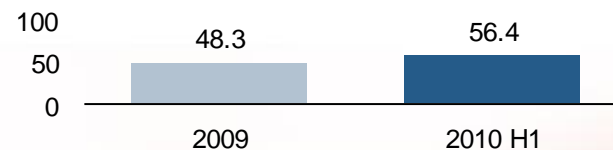


## Production capacity in the 2010 H1

### Clinker Capacity



### Cement Capacity



## Expansion plan in the second half year of 2010

- In the second half of 2010, the Group aims to turn the construction in progress into productivity as soon as possible. The cement capacity and clinker capacity will reach 65 million by the end of 2010.

Note: (1) Capital expenditure=Fixed asset expenditure + land lease expenses (Capex figure in the 2010 H1: Net cash used in investing activities)

# Outlook for the Second Half of the Year

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# 2010 Second Half Outlook

- The government to speed up the elimination of obsolete capacity and encourage industry consolidation
- Major infrastructure construction, affordable house projects, and the urbanization and new village construction to drive cement demand
- The coal price to remain stable, which will help to ease the cost pressure
- The Group will strengthen its leading position in Shandong and Liaoning, and accelerate market presence in Shanxi, Inner Mongolia, and Xinjiang
- The Group will continue to improve internal operational efficiency and enhance corporate governance

# Thank You

## Q&A