




China's EMM Industry Review in 2009 and Outlook in 2010

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- ❖ **First, EMM industry review in 2009**
 - ❖ **1, basic outline**
 - ❖ **2, core data**
 - ❖ **3, technical progress**
 - ❖ **4, main problems**

Review in 2009-basic outlin

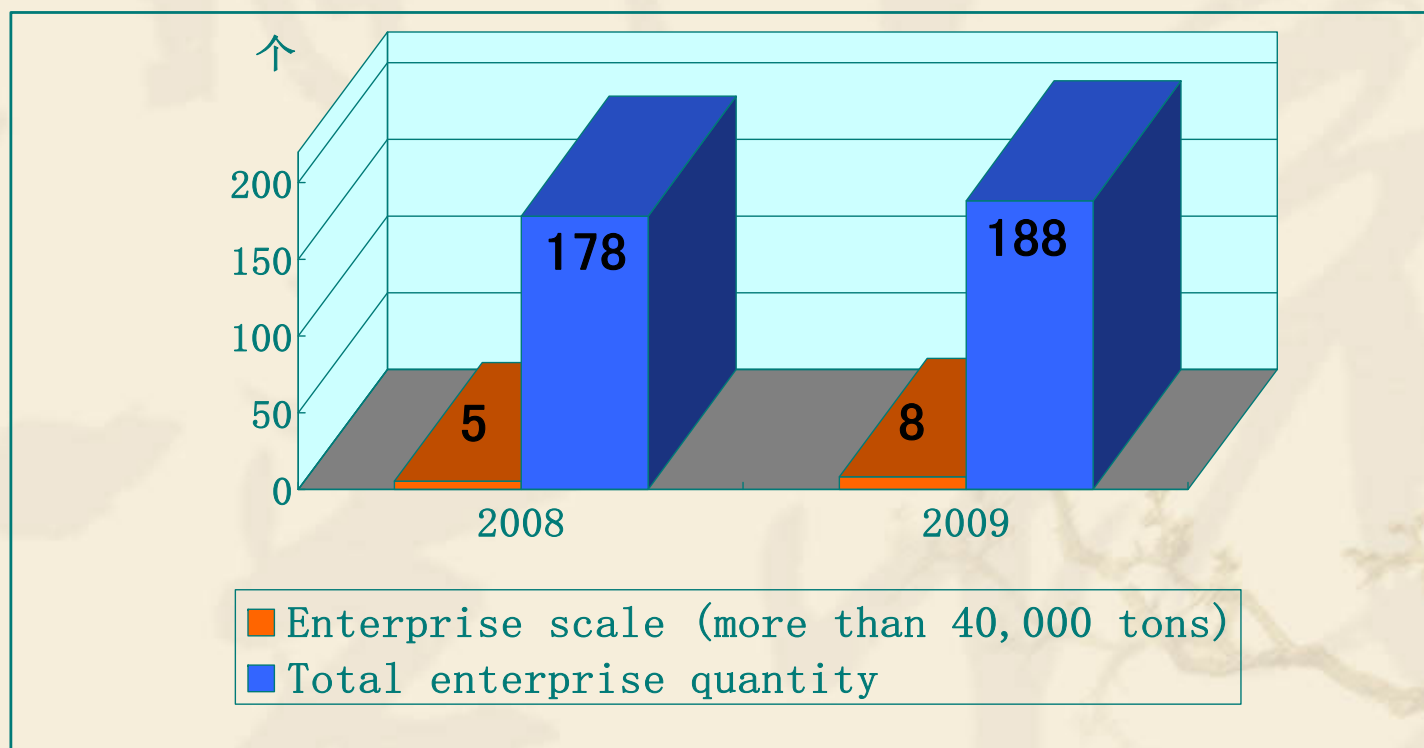
- ❖ In August and September, 2008, outbreak of the global financial crisis not only hit the financial industry, but also brought a serious impact on the global real economy.
- ❖ China's EMM industry also had an inevitable impact, and export volume and prices dropped sharply. In 2009, from January to April, the price had dropped to RMB12,000 Yuan / ton, breaking most enterprises' cost lines. Nearly 60% companies were forced to stop production.
- ❖ Under the impetus of economic stimulus plan of Chinese government, "package", the infrastructures and benefiting people works has gradually started, and improve iron and steel industry, also leading to the recovery of EMM industrial.

Review in 2009-basic outlin

- ❖ **the recovery road of Chinese EMM industry**
- ❖ **Since May 2009, EMM production monthly sales have begun a substantial increase, and prices also have increased steadily.**
- ❖ **In June 2009, the whole industry capacity utilization has risen to more than 70%.**
- ❖ **In July 2009, the whole industry capacity utilization has risen to more than 85%.**
- ❖ **Thus, in 2009, Chinese EMM output has reached 1,290,000 tons, increasing 14% than in 2008. China's EMM Industry has made a preliminary victory to the international financial crisis.**

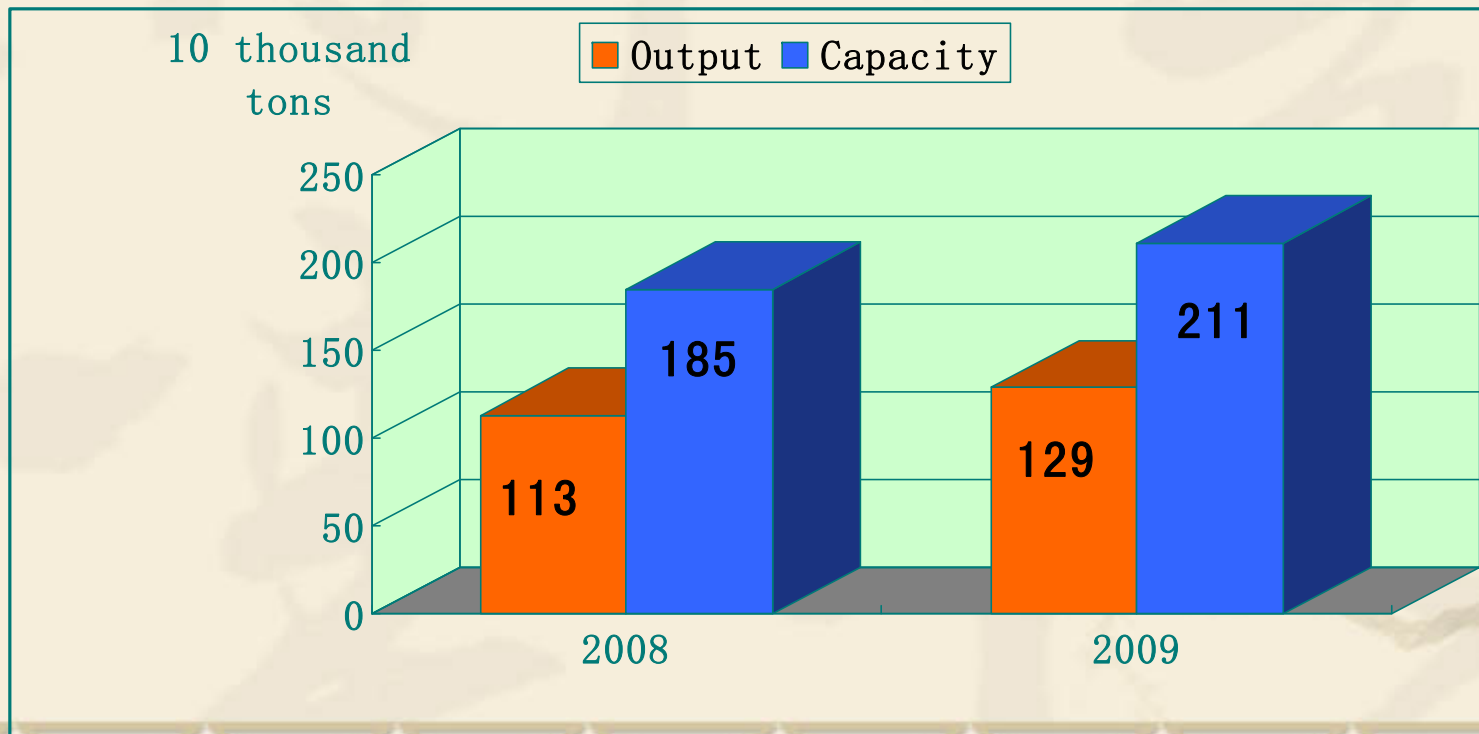
Review in 2009-core data (enterprises quantity)

In 2009, the number of production enterprises has a substantial increase: EMM production enterprise quantity in 2009 has increased to **10**; among them, the enterprises which capacity exceed 0.4 million tons increase to **3**.



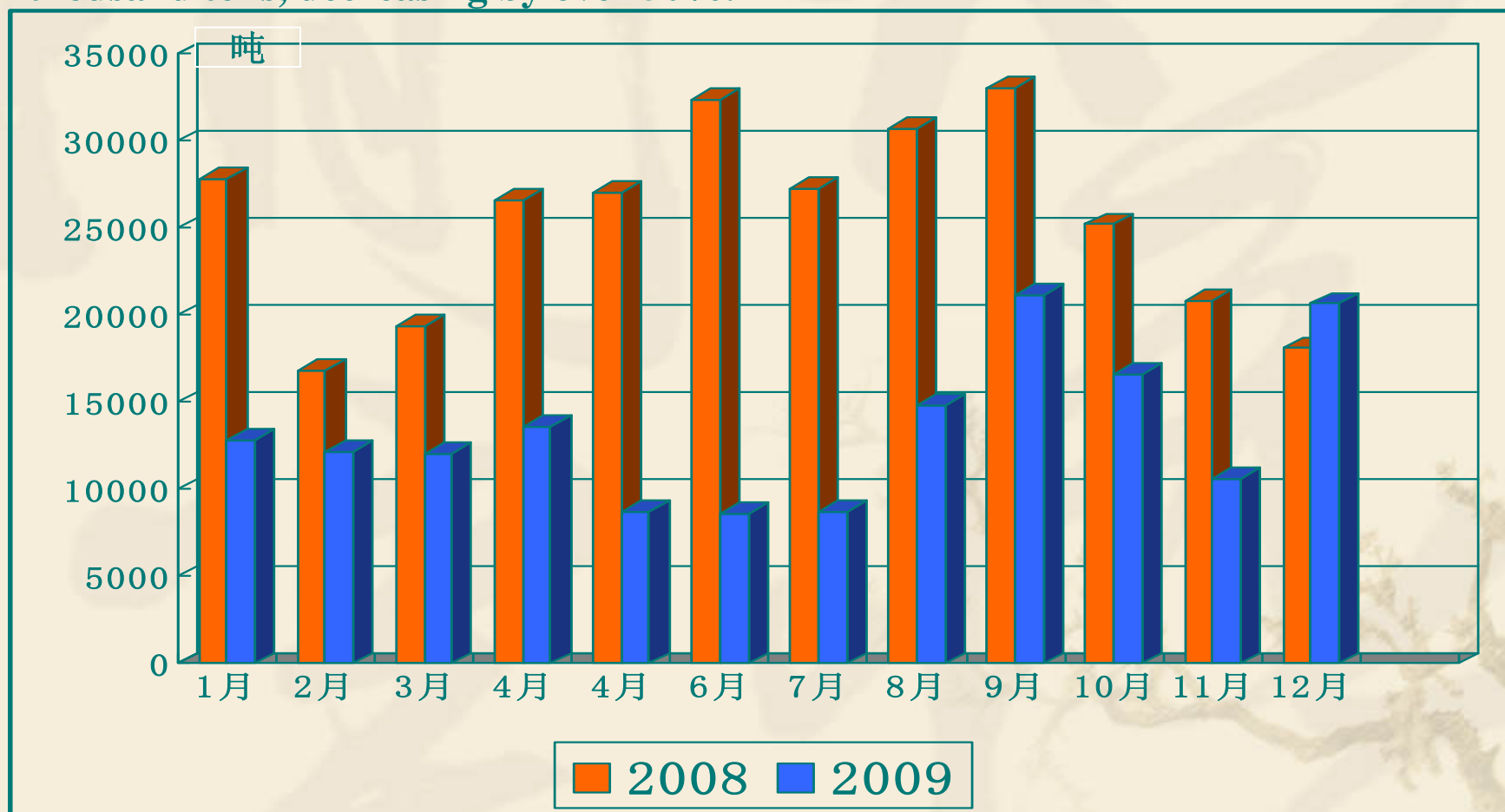
Review in 2009-core data (capacity and output)

In 2009, EMM industry has achieved rapid growth: EMM capacity increased by 14.2%; EMM output increased by 14.1%.



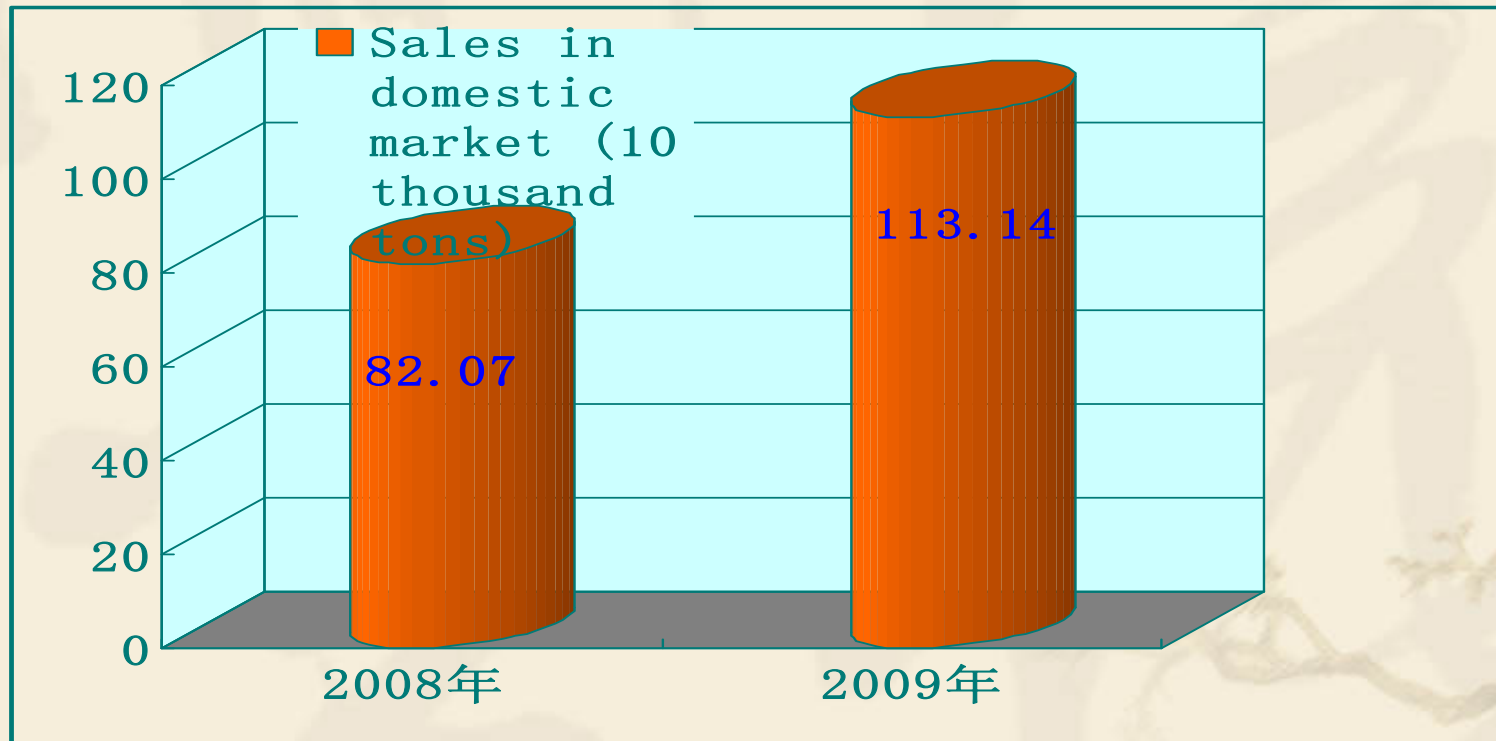
Review in 2009-core data (export quantity)

In 2009, EMM export quantity decreased sharply. The export quantity was 154.6 thousand tons, decreasing by over 50%.



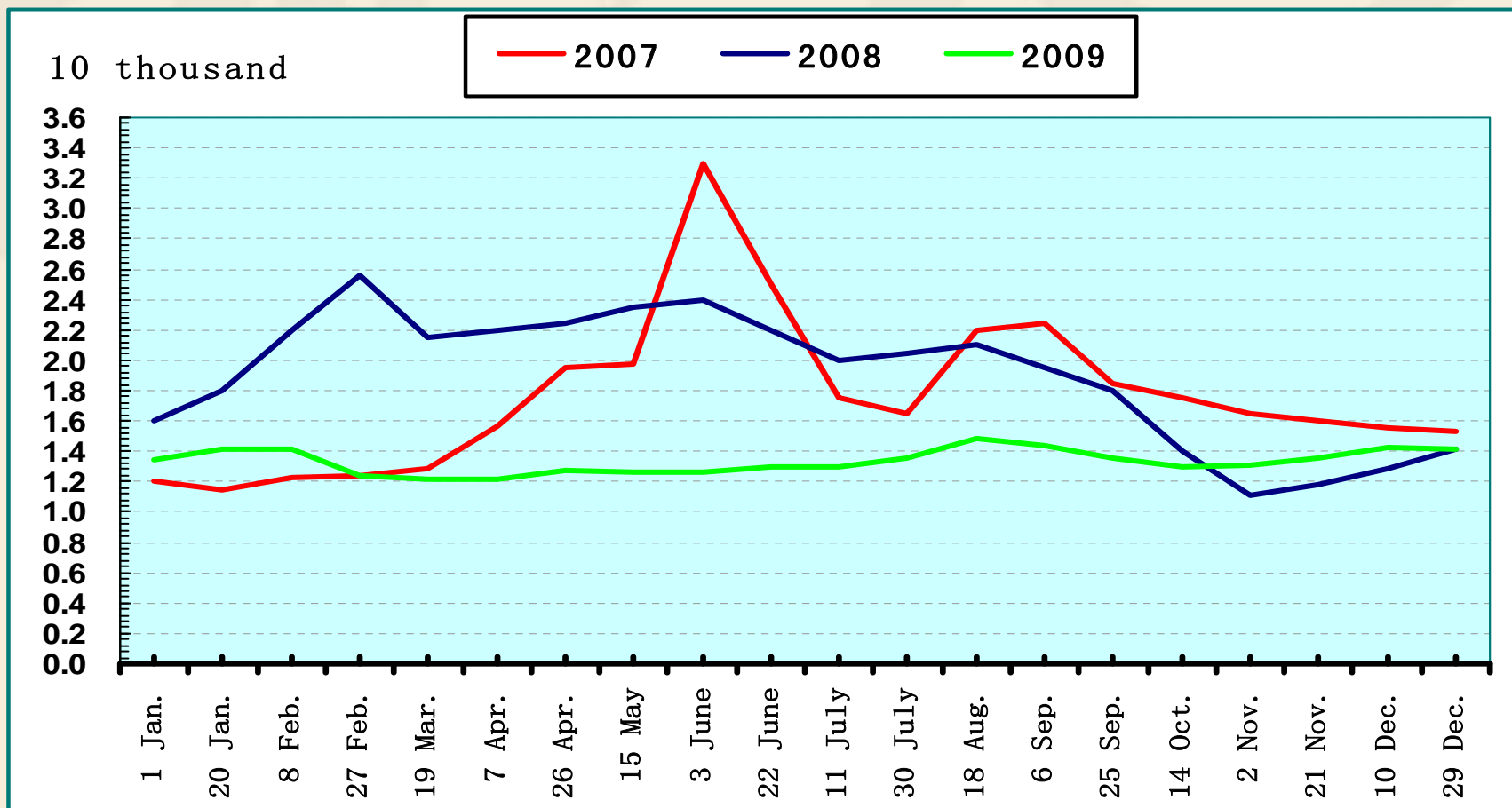
Review in 2009-core data (sale in domestic market)

In 2009, EMM sales in domestic market increased sharply, increasing from 8.207 million tons in 2008 to 1,131,400 tons in 2009, and the range is 38%

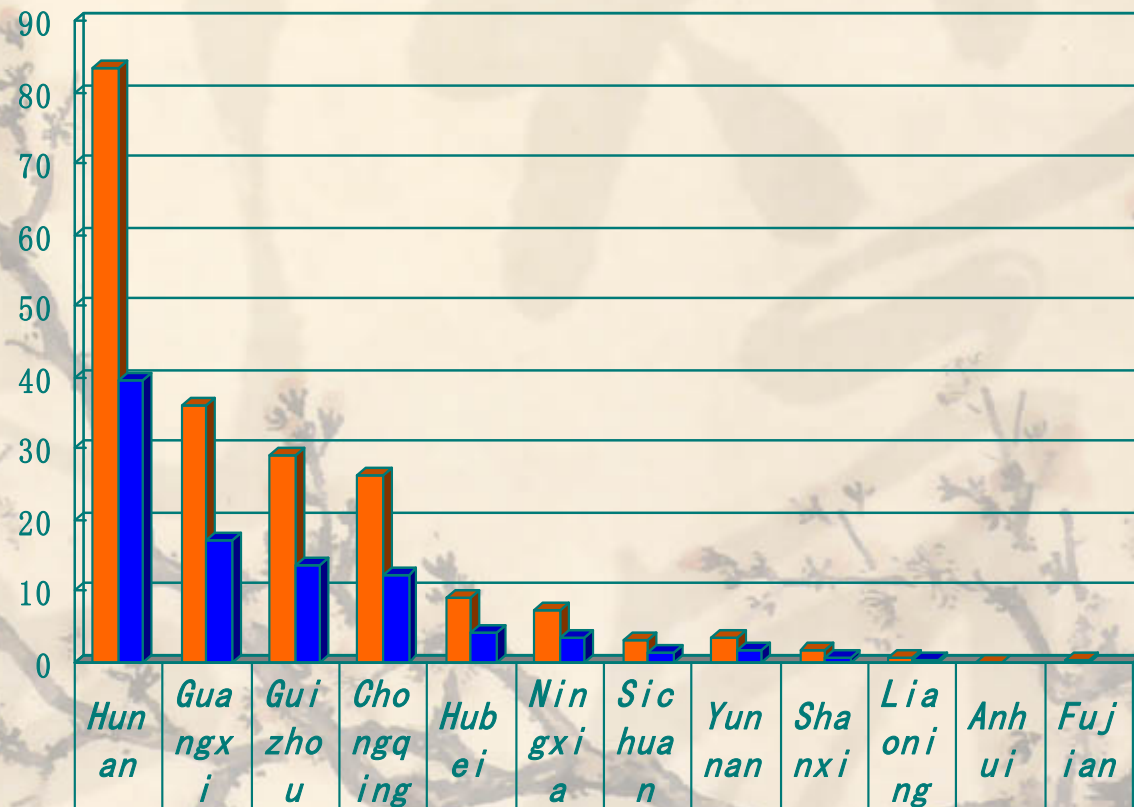


Review in 2009-core data

In 2009, EMM price was stable.



Review in 2009-core data (industry layout)



■ Capacity (10 thousand tons/year)	83.35	36.20	29.10	26.20	9.00	7.20	3.10	3.37	1.80	0.60	0.15	0.40
■ Proportion in the country (%)	39.50	17.15	13.70	12.40	4.26	3.41	1.47	1.60	0.85	0.20		

Review in 2009-core data (focus areas of production)

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No.	Area	Capacity (10 thousand tons/year)	Output (10 thousand tons)
1	Xiushan Chongqing	21.90	18.60
2	Huayuan Hunan	19.60	17.10
3	Luxi Hunan	18.22	12.91
4	Songtao Guizhou	13.80	10.83

❖ **Review in 2009-technical progress**

- ❖ In 2009, a group of new materials and new equipment to be applied, energy saving, energy saving, environmental protection effects are very clear, HC-1700 milling machine, plastic bad electrolysis, anode liquid drying, etc.
- ❖ New process of manganese oxide reduction, the new cathode and anode plate, slag recovery of manganese and slag brick and machinery mentioned plate, plate washer, peeling automatic control equipment, etc. are all stepped up in the industrial-scale test
- ❖ These technologies are expected to have a breakthrough in the second or third quarter in 2010
- ❖ The world economy has entered a post-crisis era. to gain the advantage in the post-crisis era competition, changing the mode of growth and speeding up technique transformation efforts are urgent missions of China's EMM industry development.

Review in 2009-core-main problems

- ❖ Serious overcapacity and shortage of raw material supply: main raw materials and electricity prices rising, China's EMM industry is caught in the plight of increase in production capacity and efficiency drop. Manganese carbonate resources both in quantity and quality are becoming difficult to meet growing huge demand of China's EMM industry.

Poor technical and economic indicators: relying on scientific and technological progress, increasing technological innovation and changing the mode of growth is limited to a small number of large enterprises. Most small and medium enterprises' technological innovations are small, and equipments are outdated and backward. Energy saving and emission reduction are still arduous tasks, particularly achieving zero wastewater discharge, the majority of enterprises have not achieved yet.

- ❖ Business concentration is still low. The top four companies' capacity is short of 15% of country's total capacity, far below the 30-40% of the requests.



Second, EMM industry outlook in 2010

EMM industry outlook in 2010-complex but full of confidence

- ❖ **Extremely difficult 2009 has been over, and come with the complex 2010. The global financial crisis has not past, the volatile global economic recovery still faces many difficulties. China's Manganese Industry problems will not be fewer than in 2009, and individual problems are even more serious.**
- ❖ **But according to many years' accumulated experience and technical progress achievements, especially the rapid development of 200 series stainless steel in China, we are still able to full of confidence to achieve better results in 2010.**

EMM industry outlook in 2010-the huge market of 200 series stainless steel

- ❖ **200 series stainless steel has experienced several science and technology researches, and the product quality has been greatly improved. Some varieties of the comprehensive functions are close to 304, so the 200 series stainless steel in China develops rapidly, and production capacity has been more than 6 million tons. Only Fujian Wusteel has reached 3 million tons' scale. In 2009, the actual output of the most conservative figures should be over 4.5 million tons, far exceeding Indian, and become the world's largest producer of 200 series stainless steel. In this year, the quantity will certainly be over 5 million tons. The development of 200 series stainless steel in China provides the great and reliable market for the EMM.**

EMM industry outlook in 2010-export turns into domestic demand

- ❖ **The export has turned into domestic demands of the EMM market in our country since 2005, and the export quantity decreases gradually from 90%. By 2009, the export quantity had been accounted for only 12% of output. So the influence for international market changes to Chinese EMM market is small. Chinese EMM production has turned from export to domestic demands, and this is a very important change. It is the fundamental reason for through the global financial crisis smoothly in 2009, and it is the major choice for Chinese EMM self-development of our future destiny.**

EMM industry outlook in 2010-the strong support of new technology and technique

- ❖ **The successful applications of a number of new materials, new equipment and new technology provide a strong support for the development of Chinese EMM industry, achieving energy conservation, energy saving, environmental protection and production costs reduction, and improve the competitiveness of EMM. However, both international and domestic will be facing the fierce competition of low-carbon, medium-carbon ferromanganese and electrothermal method manganese. Only by constantly improving the quality and reducing production costs continuously, it is possible to truly achieve sustained, stable and healthy development.**

EMM industry outlook in 2010-industrial concentration improving rapidly

- ❖ **Corporate concentration this year will continue to improve. CITIC Dameng, Hubei Hongxin, Ningxia Tianyuan, Jinrui New Material, Tianxiong, Songtao Sanhe and Chongqing Wulin and other companies are actively expanding technical innovation. CITIC Dameng has crossed the 100,000 tons to 200,000 tons; Hongxing and Tianyuan may achieve 10 million tons in this year. Only the major enterprises are bigger and stronger, after increasing the degree of concentration, the technological transformation of China's EMM Industry will be greater, and the prices will be more reasonable and stable.**

EMM industry outlook in 2010-eliminate backward will speed up

- ❖ **In 2009, due to various reasons, there are 17 enterprises have ceased production, and the total capacity was 74,000 tons. 51 enterprises made less production than 2008. Nearly half of these enterprises are poorly equipped, high consumption and environmental protection dissatisfaction. If we do not reform in time, it will be forced out. Increasing the elimination of backward production capacity will be the major work of China's EMM Industry to change the growth mode in 2010.**

EMM industry outlook in-market price increases alternately

- ❖ **EMM prices will continue to maintain relatively stable in this year, and the whole trend increases alternately. Most EMM enterprises' production costs (including tax) have been close to 15,000 Yuan/ton, and a few enterprises have surpassed it, so EMM main price is around 15,500-16,500 Yuan/ton. Only big unexpected events had happened, the price appears wider range of shocks.**



Thank You!

