



中国五矿集团公司
CHINA MINMETALS CORPORATION

Consolidation of Chinese Steel Industry and Manganese Alloy Industry

中国钢铁工业及锰系合金行业的结构调整

Feng Wang
Executive Director

王峰
副总经理

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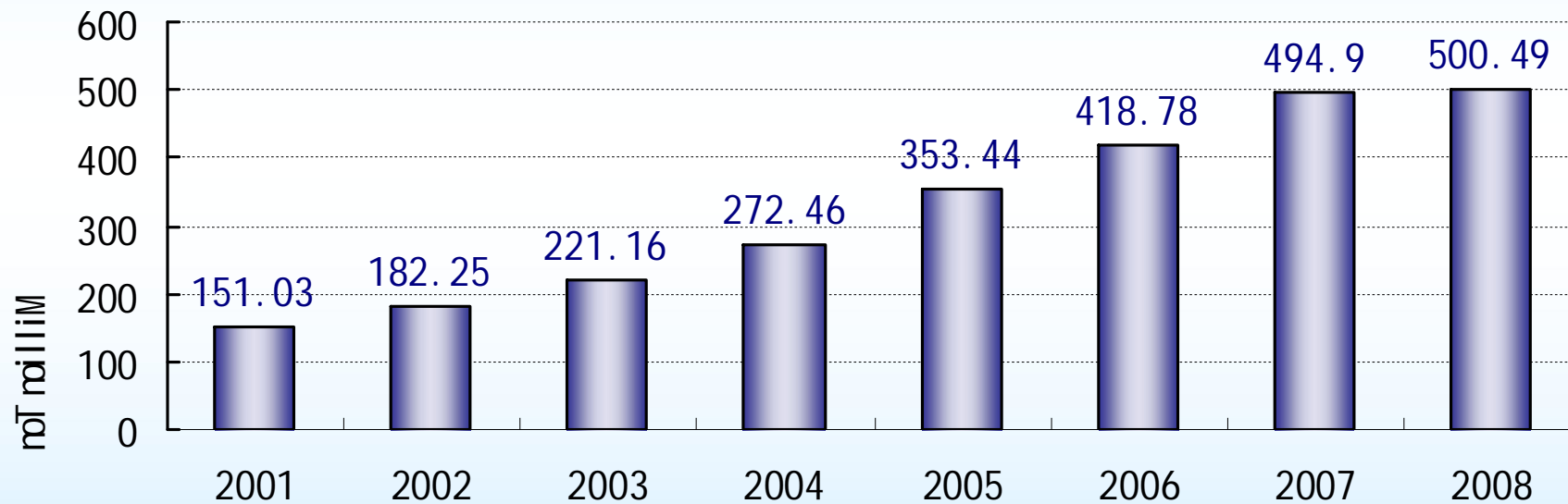
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1. Consolidation of Chinese Steel Industry 中国钢铁工业的整合



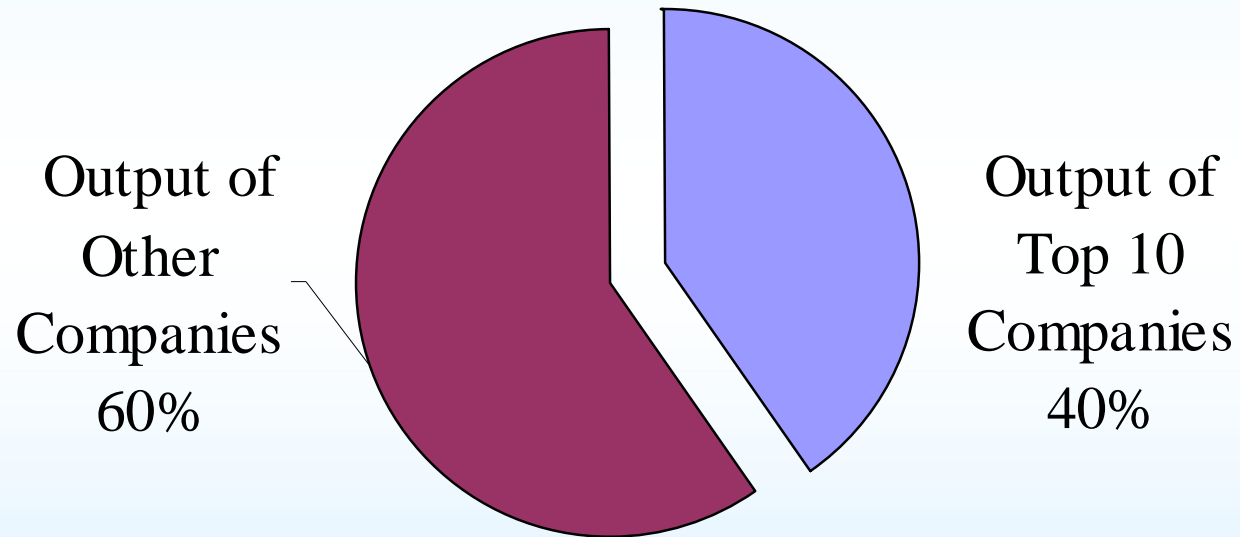


The Output of Crude Steel of China in 2001-2008





The Output of Chinese Top 10 Largest Steel Companies



Average capacity is less than 1 million ton and there are more than 150 thousands traders in China

平均规模不足100万吨,经销商超过15万家.



Consolidation will be the main trend of Steel Industry

并购重组将成为钢铁行业未来一段时间的主旋律

- It's necessary for Chinese steel companies to consolidation
中国钢企有重组的必要
- ArcelorMittal Model
米塔尔模式
 - Consolidate Arcelor and Capacity exceed 116 million ton
合并阿塞洛，产能超过1.16亿吨
 - Bring the peak time of the consolidation of world steel industry
在全世界掀起了并购重组的高潮



Integrate local resources to form dominant company in certain area
整合区域资源，形成区域钢铁巨头

	2008' Output (million ton)	Output before consolidation(million ton)	Rank in China	Rank in World
Shandong Iron &Steel Group 山东钢铁集团	21.8	Jinan Steel : 10.53	6	12
		Laiwu Steel : 10.11		
		Rizhao Steel : 7.75		
Hebei Iron &Steel Group 河北钢铁集团	33.3	Tangshan Steel:12.62	2	4
		Chende Steel :3.71		
		Xuanhua Steel :5.21		
		Handan Steel :6.11		

The plan of Shanxi province
山西省规划:以太钢为重点重组



Large companies consolidation over areas 大型钢企跨区域兼并重组

	2008' Output (million ton)	Consolidated Company	Rank in China	Rank in World
Baosteel Group 宝钢集团	35.4	Guanggang Steel Shaogang Steel Ningbo Steel	1	3
Wuhan Iron & Steel Group 武汉钢铁集团	27.7	Echeng Steel, Liuzhou Steel Kunming Steel	3	7
Anben Iron & Steel Group 鞍本钢铁集团	23.4	Anshan Iron & Steel Group Benxi Steel Panzhuhua Iron & Steel Group	4	9



Consolidation of private companies 民营钢企重组

	2008' Output (million ton)	Consolidated Company	Rank in China	Rank in World
Shagang Steel Group 沙钢	23.3	Huaigang Steel	5	10
Bohai Iron & Steel Group 渤海钢铁集团	15	12 Companies such as Tangshan Guofeng Steel	—	—



Government plays important role in consolidations 政府在重组中起到重要作用

a. Central Government : “The Plan of Adjustment and Revitalization of Steel Industry”.

国务院通过了《钢铁产业调整和振兴规划》，支持重组.

b. Local Governments lead the consolidations in specific area, such as Shandong and Hebei.

区域内整合大多是由地方政府促成的，如山东钢铁、河北钢铁.

c. In multi-area consolidations, government help to solve the conflict of central companies, state owned companies and private companies.

跨区域重组中，存在央企、国企及民企各方面的利益冲突，政府的统筹尤为重要.

Government, especially local governments are the real drive of consolidations
政府尤其是地方政府的决心是重组后面的推动力



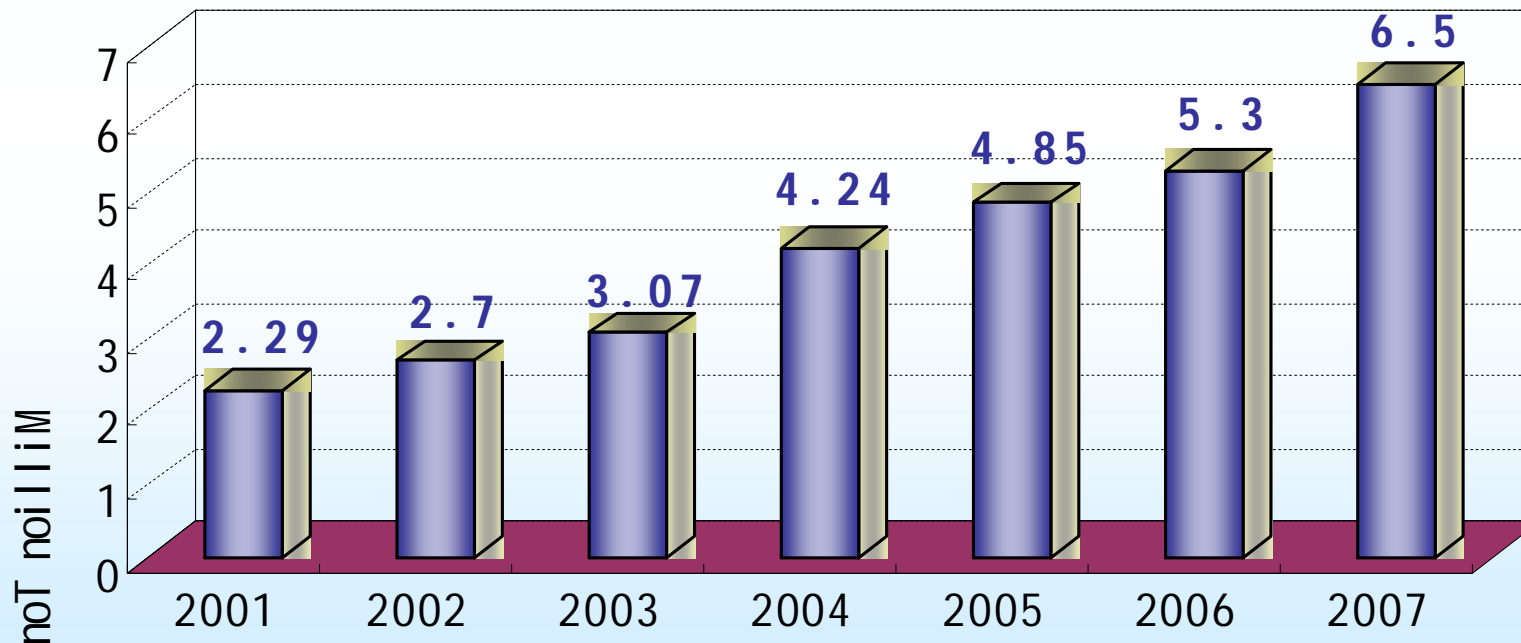
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2. Is it the Time to Push the Real Consolidation of Chinese Manganese Alloy Industry ? 中国锰系合金行业整合的契机是否已经到了呢？



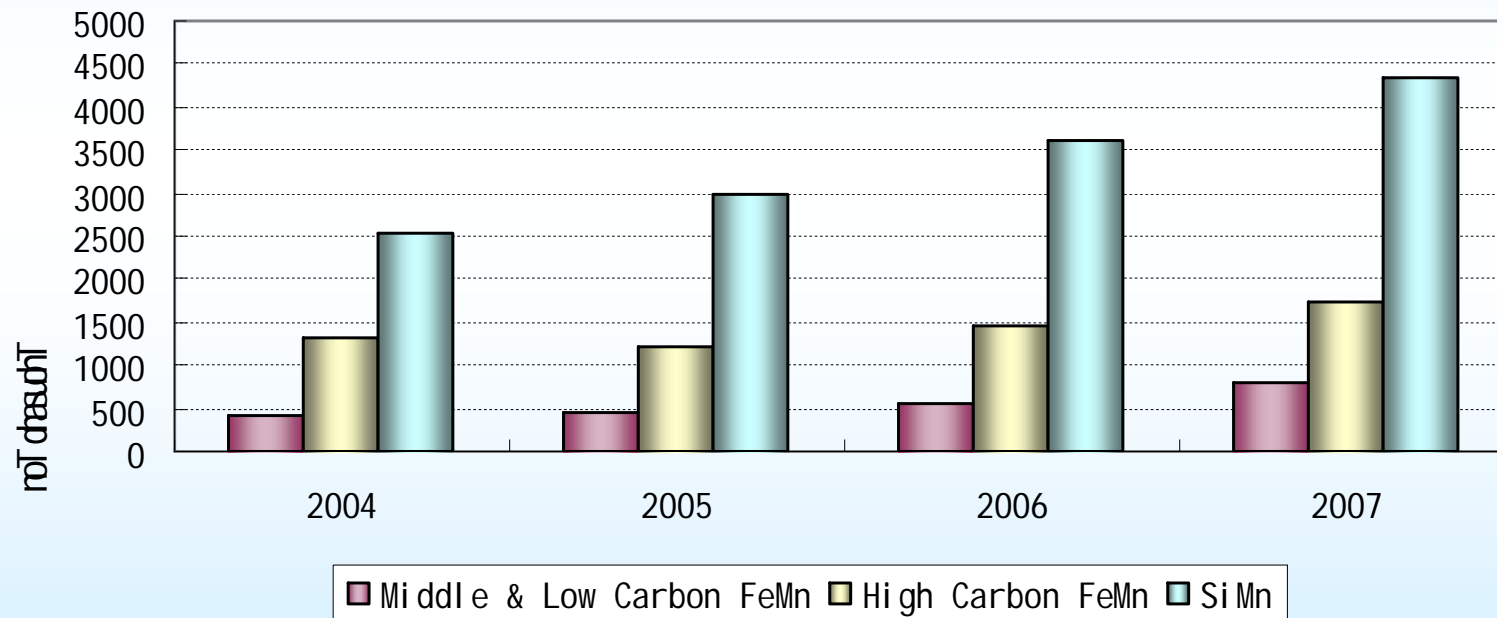


The Output of Manganese Alloy of China in 2001-2007





The Output of Main Type of Manganese Alloy in 2004-2007





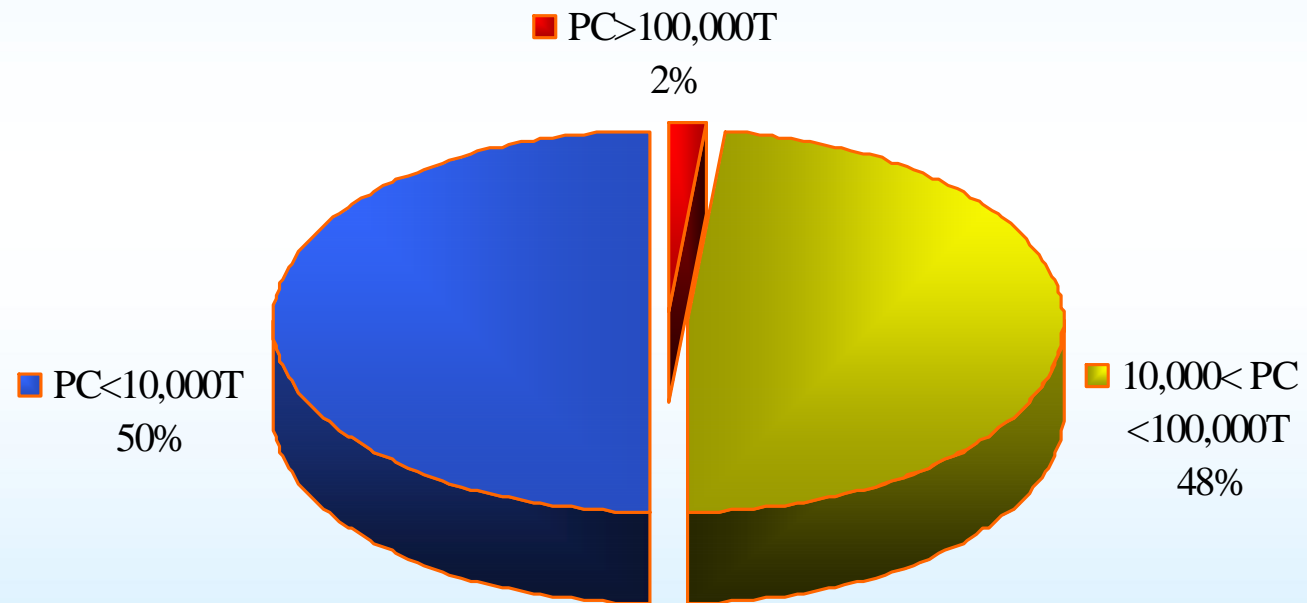
Chinese Manganese Alloy Industry 中国铁合金工业的发展



- Concentrated in 8 companies historically
计划经济时期8家相对集中
- Now more than 1500 companies dispersed
all over the country
目前1500家，全国均有分布
- The capacity is seriously surplus, less
than 50% of the capacity is utilized.
产能严重过剩，开工率不足50%

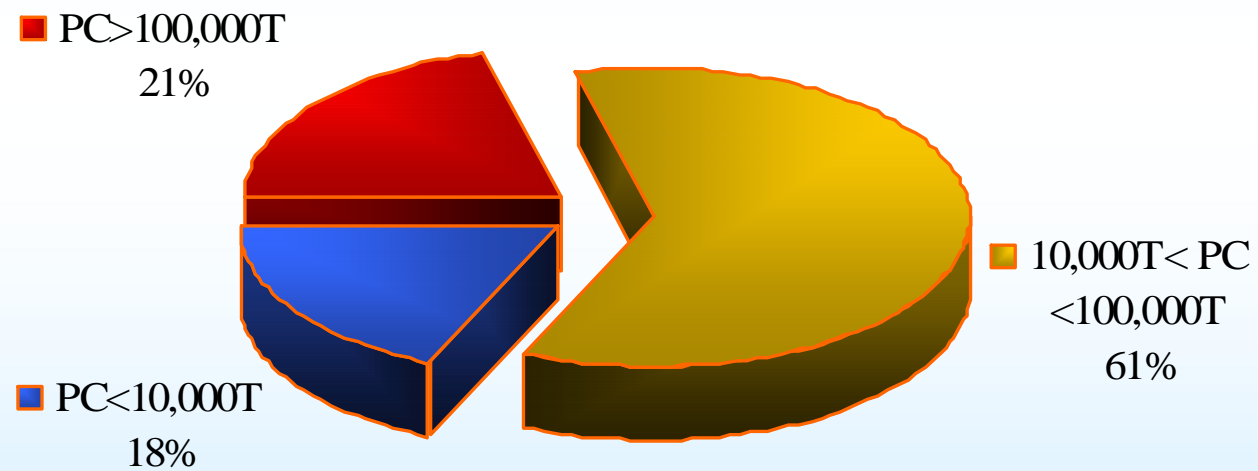


The Number of Enterprises in Capacity Categories



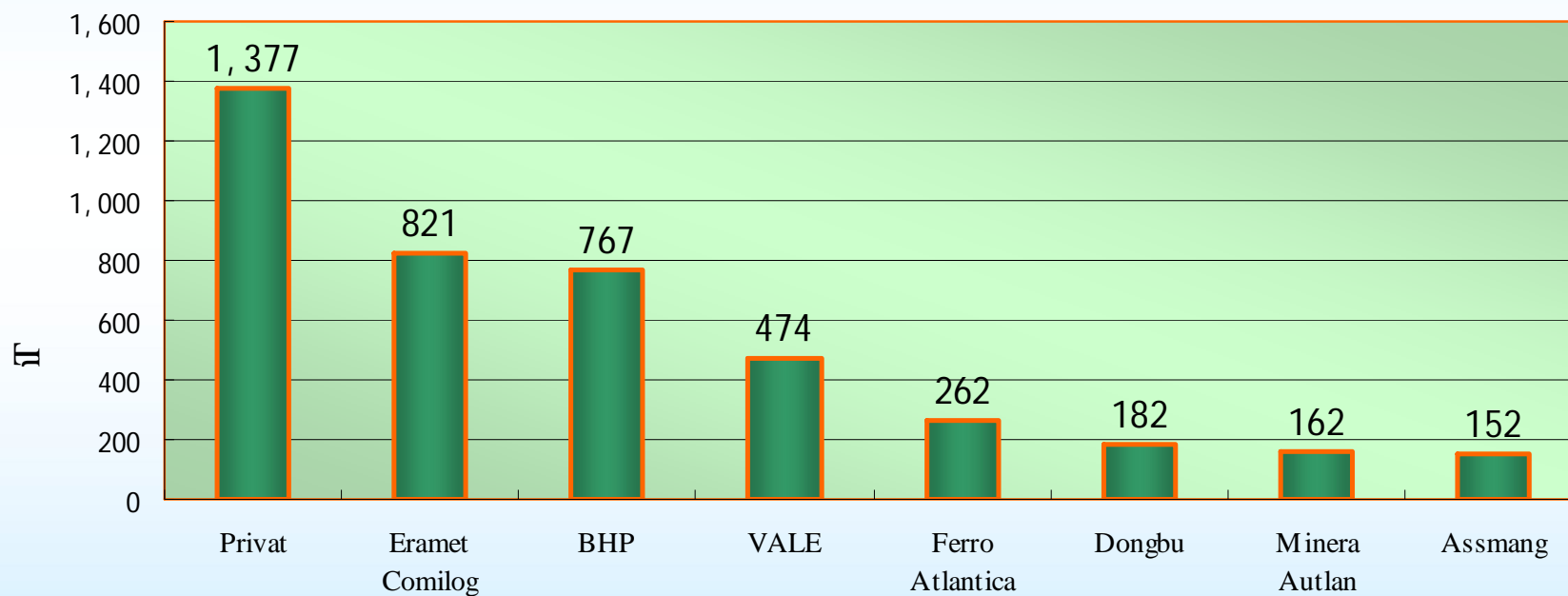


The Output in Capacity Categorie





The Output of World Main Ferro-Alloys Enterprises 2008





Consolidations will be the trend in future 企业整合将是铁合金行业的发展趋势

- Eliminate backward capacity.
淘汰落后产能
- Encouraged large companies to reform and purchase the small ones,
and finally to centralize the industry
鼓励有实力的大型企业兼并重组，促进产业集中化



It's not the Perfect Time for Consolidation 目前还不是整合的最好时机

- a. Chinese Ferro-Alloys industry is not completely market-oriented.
中国铁合金行业还未完全市场化.

Central Companies 中央企业	Minmetals, Sinosteel..... 五矿，中钢等
Local government owned Companies 地方企业	Guangxi Bayi, Sichuan Emei..... 广西八一，四川峨眉等
Private Companies 民营企业	HengXing, Shanxi Yiwang..... 恒兴，山西义旺等



It's not the Perfect Time for Consolidation 目前还不是整合的最好时机

- b. Consolidation is hard because it involved lots of profit conflicts.**
企业整合将牵涉各方利益，阻力较大.

It is not possible for massive consolidation until China completes its economy system reform, and becomes completely market-oriented.
铁合金行业的大规模整合有待将来中国经济体制的变革，等到完全市场化之后才有可能



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Cherish Limited Resources Pursue Boundless Development

珍惜有限，创造无限.....

China Minmetals Corporation