



中國冶金科工股份有限公司
METALLURGICAL CORPORATION OF CHINA LTD.

2014 年度业绩沟通会

ANNUAL RESULTS ANNOUNCEMENT



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- ✓ The 2014 annual report was prepared in China's Accounting Standards and the reporting currency is RMB in the presentation (unless stated otherwise)
- ✓ Reporting Period: 1 January 2014 to 31 December 2014

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Section 1 Company Overview

MCC is a multi-disciplinary, cross-sector and cross-national giant conglomerate focusing on engineering & contracting, resources development, equipment manufacturing and real estate development. MCC has its core competitiveness in state-of-the-art metallurgical technology, continuous innovation, and unmatched full industry chain advantage, and is backed by industry leading technology advantage and systematic integration level

Recognitions



#354 in Fortune Global 500 List



#23 in Fortune China 500 List



Forbes Global Top 2000 Public Company



10th Largest Global Contractor



State-level Innovation Enterprise

Industry Position

- ◆ World largest metallurgical project contractor and metallurgy enterprise operation service provider
- ◆ One of the state-designated key resources enterprises
- ◆ Steel structure manufacturer with the largest capacity in China
- ◆ One of the 16 central SOEs with real estate development as main business

Core Technologies

- ◆ Owns 13 Class-A sci-tech research & design subsidiaries
- ◆ Owns 11 state-level technology innovation platforms
- ◆ Won 51 State Science and Technology Awards
- ◆ Won 72 China Building Construction Luban Awards
- ◆ Won 108 National Quality Project Awards
- ◆ Won 421 Metallurgy Industry Quality Project Awards



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Section 2 2014 Overall Performance

In 2014, MCC continued to move forward courageously and achieve new heights on the new journey to “build brilliant MCC”.

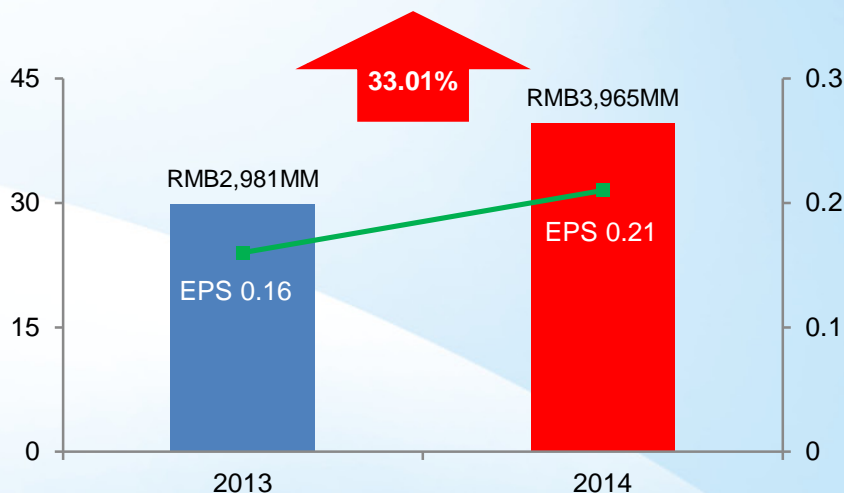
Confronted with complicated domestic and international situations, we stuck to the spirit of “waste no day and slack off no day” and continued to build up and consolidate the foundation in a down to earth manner.

Driven by reform and innovation, MCC aimed to upgrade quality and efficiency and saw significant improvement of major operation metrics, which serves as a solid foundation for its sound and sustainable development.

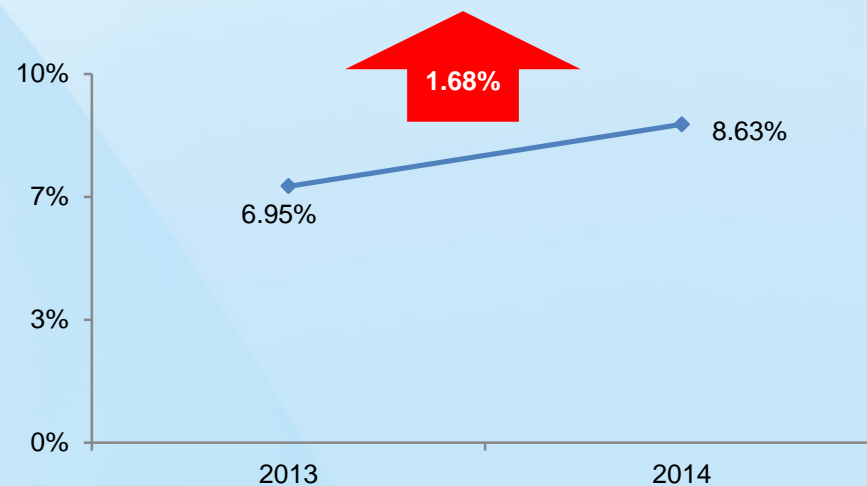
1. Significant Profit Growth

In 2014, the Company had total profit of RMB6,705MM, with YoY growth of 26.60%; net profit attributable to parent of RMB3,965MM, with YoY growth of 33.01%; earning per share (EPS) of RMB0.21, with YoY growth of RMB0.05; weighted average ROE of 8.63%, with YoY growth of 1.68 percentage points

Net Profit Attributable to Parent/ EPS



ROE



2. Operating Revenue Saw YoY Growth

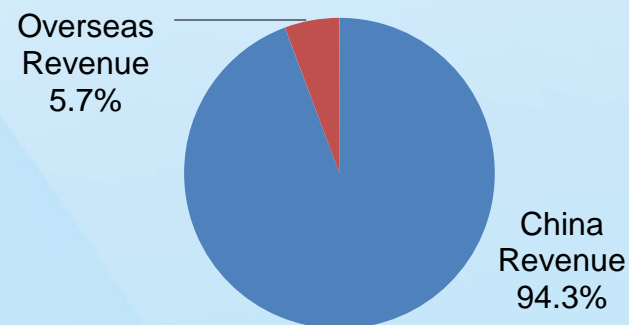
In 2014, the Company realized operating revenue of RMB215,786MM, with YoY growth of 6.46%.

E&C revenue was RMB178,416MM, up 8.01% YoY; property development revenue was RMB22,853MM, down 13.36% YoY; equipment manufacturing revenue was RMB10,235MM, up 7.29% YoY; resource development revenue was RMB4,264MM, up 27.84% YoY.

Revenue Breakdown by Segment

Segment	Revenue (100 Million RMB)	YoY Change (%)	As % of Revenue (%)
E&C	1784.16	8.01	81.52
Property Dev.	228.53	-13.36	10.44
Equip. Mfg.	102.35	7.29	4.68
Resource Dev.	42.64	27.84	1.95
Others	31.00	15.95	1.42

Revenue Breakdown by Region

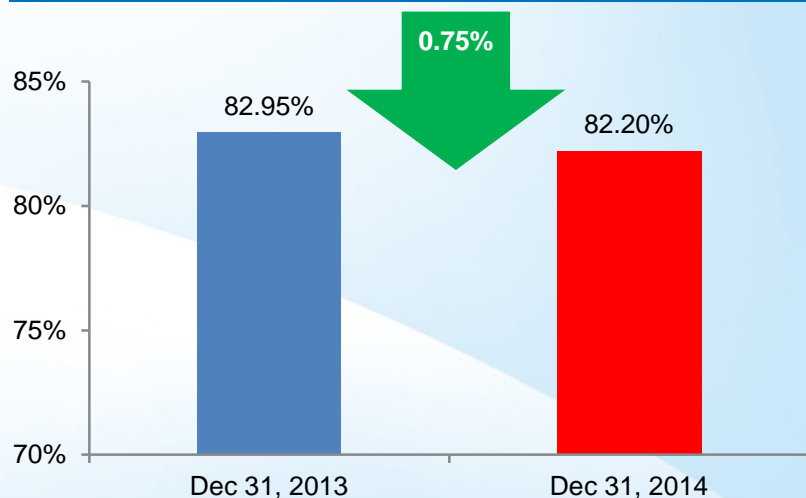


- ◆ Operation revenue in China was RMB203,594MM
- ◆ Overseas operation revenue was RMB12,192MM

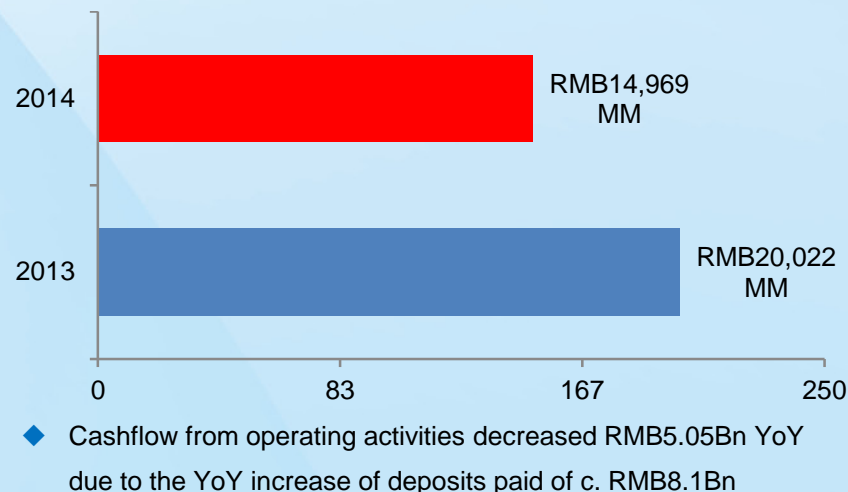
3. Improved Asset Quality

In 2014, the Company's asset-liability ratio decreased for the first time to 82.20% after continuous growth in previous years, with YoY decrease of 0.75 percentage points. Net cashflow from operating activities was RMB14,969MM, maintaining large net inflow trend for 3 consecutive years. Meanwhile, interest-bearing liabilities also decreased for 3 consecutive years, to RMB111.46Bn in 2014YE.

Asset-liability Ratio



Net Cashflow from Operating Activities

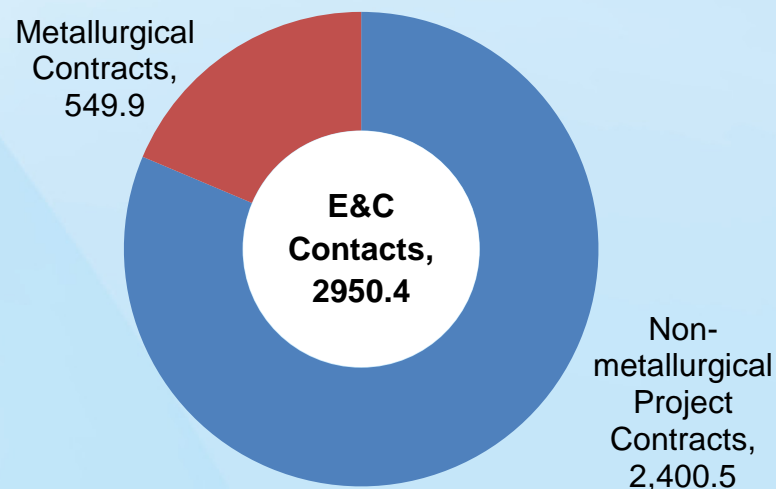


4. New Contract Value Hit All-time High

In 2014, the Company signed new contracts valued at RMB329.79Bn, which hit all time high, up RMB74.51Bn YoY, or 29.2%. Newly-signed E&C contracts valued at RMB295.04Bn, up RMB70.73Bn YoY, or 31.5%, among which new contracts for non-metallurgical projects amounted to RMB240.05Bn, up by RMB102.41Bn YoY, or 74.4%

New Contract Breakdown by Segment

Segment	Revenue (100 Million RMB)	YoY Change (%)	YoY Change (100 Million RMB)
E&C	2,950.4	31.5	707.3
Property	126.6	-9.9	-13.9
Equip. Mfg.	134.2	20.5	22.8
Resource Dev.	40.6	143.6	24.0





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Section 3 2014 Operation Highlights

1. Transform the Business to Build New Advantages

Traditional Core Business – Metallurgical Services

Continued our foray into the high-end segment, and maintained the clear leadership in the market with our “national team” quality. In light of the green trends in the steel industry, improved our ability to serve the whole steel production process in a energy-efficient, environment-friendly manner, took the lead in the steel industry's green development, and significantly expanded our high value-added businesses, such as energy saving and environmental protection

Non-steel Sectors

Expanded into non-metallurgy and strategic emerging areas, including civil construction, municipal transportation, sports venue, special creative industries, and make remarkable achievements

- ◆ We have completed a string of high-caliber projects that showcase our advantages and specialties. In 2014, we won three awards for the “China Construction Engineering Luban Prize” and 13 awards for national engineering excellence prize
- ◆ Positive results achieved in the improvement of product mix, with percentage of non-metallurgy business significantly increased. In 2014, strategic emerging businesses grew strongly, recording RMB1,866MM operating income and RMB199MM in profit

Business scale and profitability potential effectively expanded, and brand recognition and impact improved dramatically

2. New Moves Made in Market Expansion

In 2014, the Company took market development as a foremost, over-arching task, focusing on the approach of “macro environment, heavyweight clients and mega projects”. The top leadership took the lead in market efforts and the top talents engaged directly in such efforts. The head office, subsidiaries and regional branches joint forces in market development to increase revenue and improve efficiency.

- ◆ “High-end, nouveau, comprehensive and mega” projects significantly increased, including 108 new domestic engineering projects each worth over RMB500MM, totaling RMB126.25Bn, up by 110% YoY
- ◆ Achievements made in 10 regional branches’ market development, with a total of 71 projects won totaling RMB22.41Bn
- ◆ Strong pipeline, including Zhuhai Hengqin Project, Nanjing Xiaguan Project, Xinbadali Complex Development in Tianjin, property developments in Jiugong of Beijing, and Universal Studio in Tongzhou
- ◆ Currently 11 subsidiaries own 21 top grade qualifications for general contractors. Of them, nine subsidiaries have top grade qualifications for both architecture engineering and metallurgical engineering construction, providing strong support for the Company’s penetration into the high-end segment of the traditional metallurgical market and expansion into non-metallurgical market

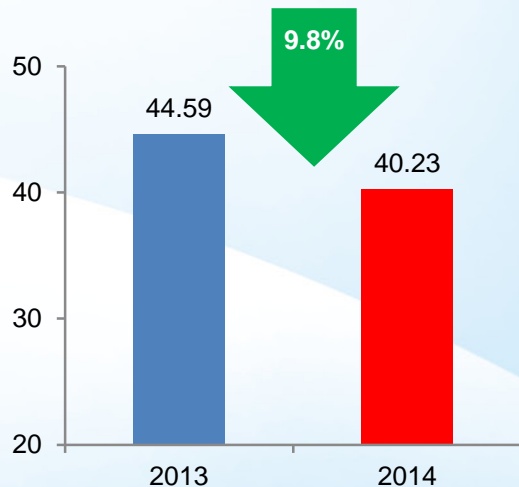
3. Breakthroughs Made in Technology Innovation

- ◆ In 2014, we were granted four national technology awards, the highest in our history and ranked the first among central government owned construction enterprises
 - ◆ As of the end of 2014, we had 13,846 valid patents, the 4th highest among central government owned enterprises and the highest among metallurgical and construction CGOEs
- New breakthroughs in our technology innovation supported and led to the change of our model of transformation and development, with core competitiveness effectively improved

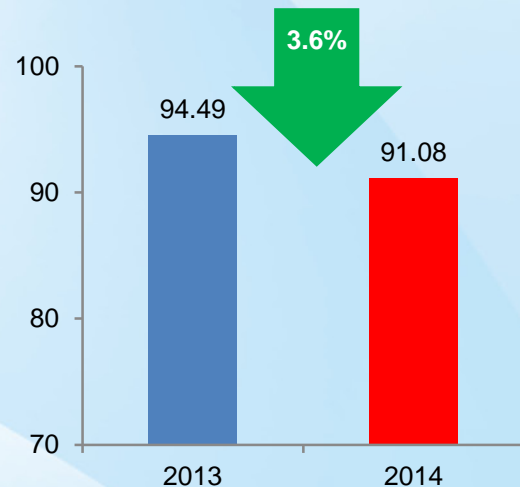
4. Lean Management Achieved New Success

- ◆ Focused on the increase in efficiency and effectiveness of resources, completed the integration of MCC Transport, MCC Construction, and MCC Mawu, and thus complemented advantages of different entities and further optimized business and regional distribution structure
- ◆ Adopted clearance / collection, and suppressed the increase in receivables & inventories to some extent
- ◆ Strictly adhered to the concept that “it is easier to save one cent than spend one cent” and strongly promoted cost reduction and efficiency improvement. MCC saw decreases of three kinds of expenses to various degrees

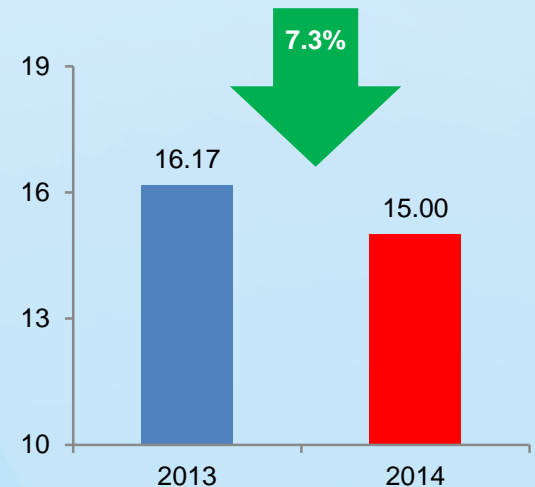
Finance Expenses



Administrative Expenses



Sales Expenses





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Section 4 Future Outlook

2015 is the final and decisive year for MCC to achieve the goal of “one step a year, one stride every three years” in its pursuit of the vision of “focus on core business, build a brilliant MCC”. It’s also a key year for achieving the leapt-forward development through innovation and quality and efficiency improvement

1. Transformation and Upgrading to Create New Advantages

New Strategic Positioning

We need to come up with an improved version of our “4 beams, 8 pillars” strategy, rebuild “brilliant MCC”, and build a “national team” for metallurgical services that is the largest and best among global peers



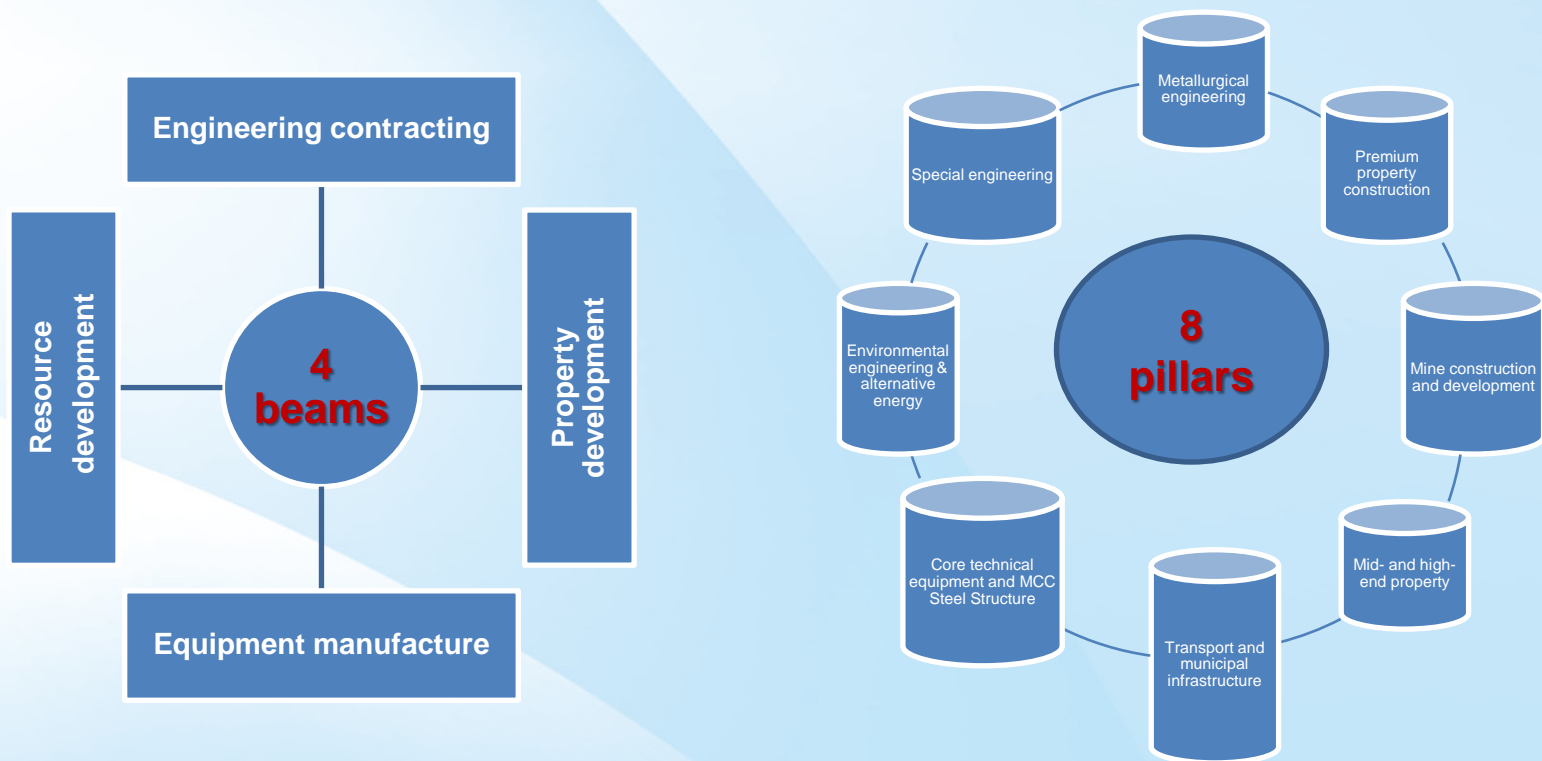
- Focus on core business, build a brilliant MCC

- Upgrade the “4 beams, 8 pillars” strategy

- Build a “national team” for metallurgical services that is the largest and best among global peers

An Upgraded “Four Beams, Eight Pillars” Strategy

- ◆ Four beams: engineering contracting, property development, equipment manufacture and resource development
- ◆ Eight pillars: metallurgical engineering, premium property construction, mine construction and development, mid- and high-end property, transport and municipal infrastructure, core technical equipment and MCC steel structure, environmental engineering & alternative energy, and special engineering



2. Seize Market Opportunity, Make All-out Effort to Develop Market

- ◆ Focus on the “One Belt and One Road”, the coordinated development of Beijing, Tianjin and Hebei, the Yangtze River Economic Belt, transfer of excessive capacity, overseas expansion of China-made equipment, and other state strategies, and improve our business presence both at home and abroad
- ◆ Strengthen the approach of “macro environment, heavyweight clients, mega projects”, and continue to leverage the joint force of the Group, subsidiaries and regional branches in market development to achieve major breakthrough and stride in this front

3. Remove the Hurdles and Inefficiencies to Motivate the Staff

- ◆ Sort out existing assets, dispose of bad assets or put them into use
- ◆ Sort out subsidiaries at each level, and continue to cut losses with high strengths
- ◆ In light of market developments and the needs of product transformation, actively push forward organizational reform and optimized deployment of human resources
- ◆ Innovate the business model, and improve the integration between industries and finance


4. Solidify the Foundation for Management, Improve Management, and Focus More on Long-term Mechanisms

- ◆ Continue with the clearance / collection of receivables & inventories;
- ◆ Focus on cost reduction & expense cut, further reduce financing cost, and drastically cut down on non-productive expenses;
- ◆ Implement standardized project management systems, and improve profitability of projects;
- ◆ Step up management of technology innovation, closely follow advanced technology and development trends both at home and abroad, as well as needs of the market, and improve productivity and value creation;
- ◆ Step up management of mineral resources. Stick to the principle of “accurate positioning, reliance on advantage, assessment-based”, and the objective of “lean management, less cost, controlled risk and award”, and further reduce loss and improve profit for operating projects

**A new
chapter for
the “building
a brilliant
MCC”**



At an international level and from the perspective of the metallurgy industry, assume the responsibility of advancing China’s metallurgical industry and aim to be the “national team” for metallurgical service, with the state-of-the-art technology, continuous innovation, and unmatched full industry chain advantage



Following the upgraded version of the “four beams, eight pillars” strategy, build a diversified, multi-sector, integrated provider of construction services

Q & A

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