



華潤水泥控股有限公司

China Resources Cement Holdings Limited

(於開曼群島註冊成立之有限公司)

(incorporated in the Cayman Islands with limited liability)

股份代號 Stock Code : 1313







2013 Annual Results Presentation

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Agenda

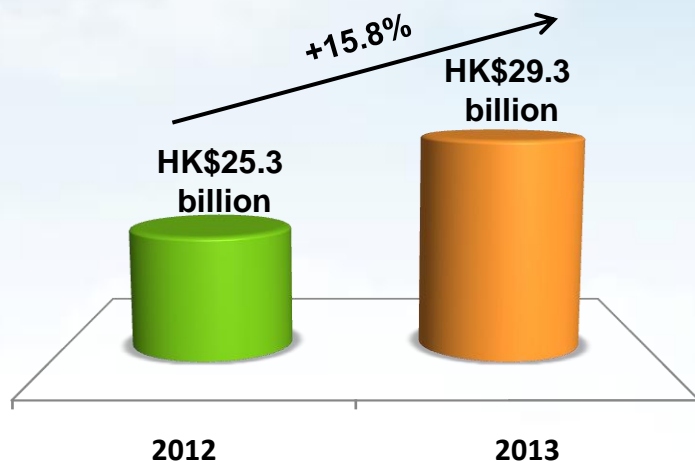
-  **Corporate Overview**
-  **Financial Review**
-  **Operational Review**
-  **Outlook & Prospects**
-  **Q & A**
-  **Appendix**

Corporate Overview

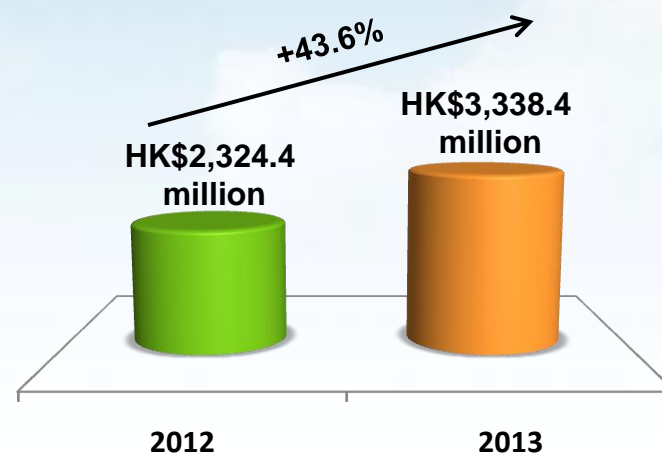


2013 Annual Results

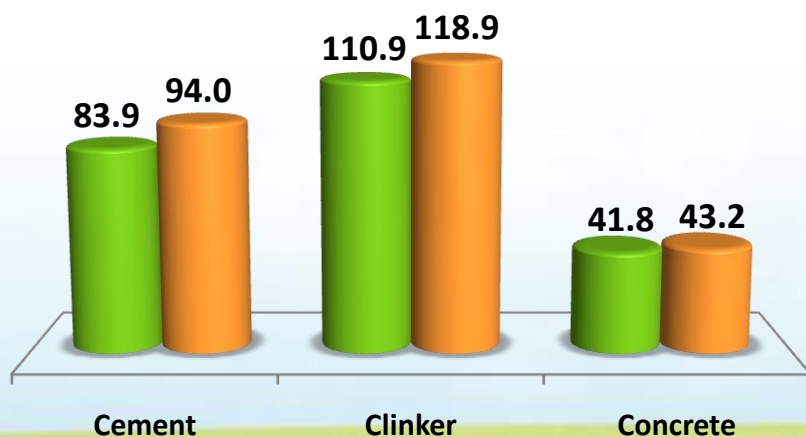
Turnover



Profit attributable to owners of the Company

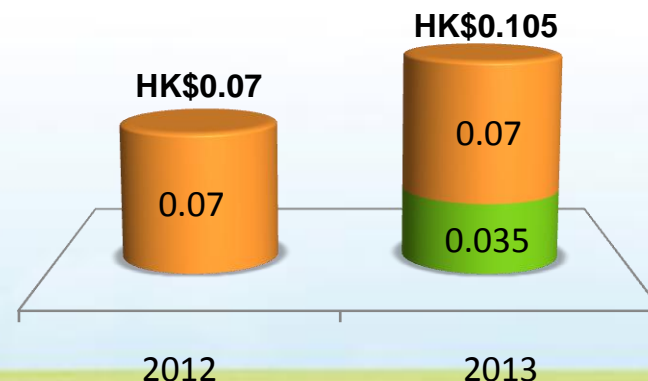


Utilization Rate (%)



■ 2012
 ■ 2013

Dividend per share



■ Interim
 ■ Final

Overview

Subsidiary of CR Group

One of 7 **strategic business units** of China Resources Group (holding 73.35% of issued shares)

Lowest Total Cost

Persistent to **3+2** development strategy

1. “Full-scaled production and sale”
2. Short-cycle and multichannel sourcing strategy
3. “Waterway freight & transshipment “model

Leading Position

The **largest** cement & concrete producer in Southern China

Sales volume of
Cement & Clinker 74.9mt + 15.9%
Concrete 15.2mm³ + 13.4%

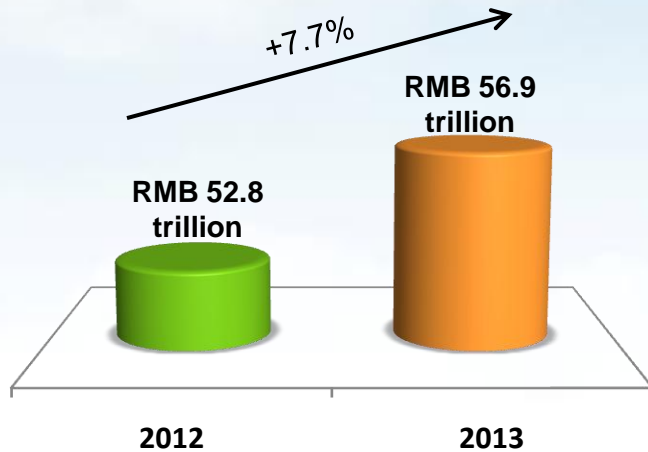
Social Responsibility

Devote for

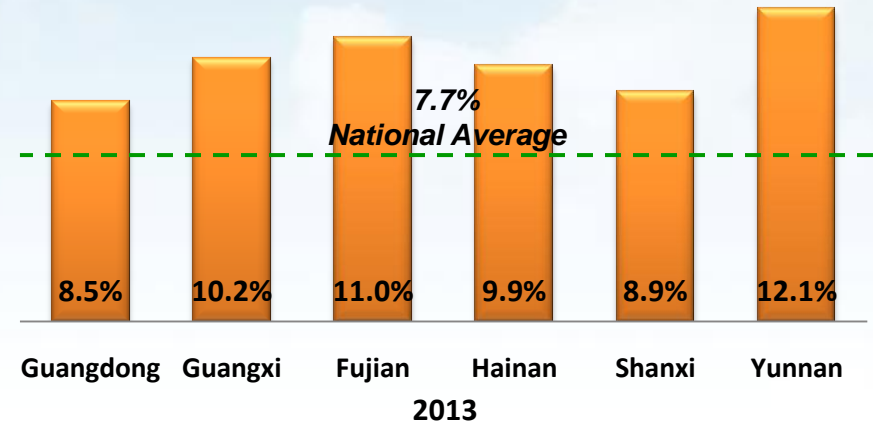
- Circular economy
- Energy saving & Emission reduction
- Safety & Environmental protection

Steady Economic Growth in 2013

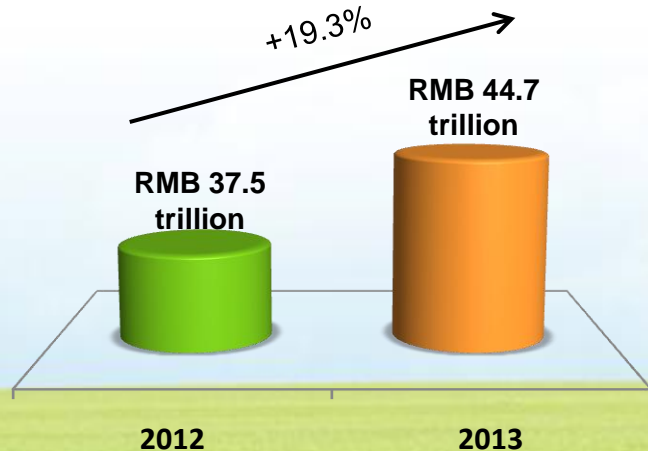
National GDP



CRC's Operating Area

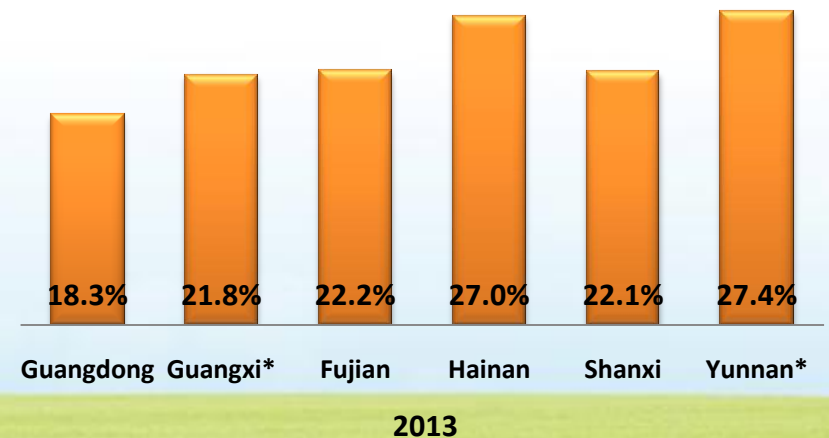


National FAI



CRC's Operating Area

*excluding rural households



Business Environment - Demand

Railway

- Investment **+5.2%** YoY to **RMB663.8 billion** in 2013
- National railway lines
 - Operating length exceeded **100,000 km** as of the end of 2013
 - Over **6,600 km** is expected to be in operation in 2014
 - Will reach **120,000 km** by the end of 2015
- The government aims to introduce capital in various ways to relieve the funding need of railway constructions

- Investment **+5.6%** YoY to **RMB1.5 trillion** in 2013
- Increase in the total length of new and rebuilt highways of **8,260 km** and **339 km** respectively in 2013
- Total target length of national operating highway will be increased to **136,000 km** by 2030

Highway & Waterway

Real Estate

- Investment **+19.8%** YoY to **RMB8.6 trillion** and total area completed **+2.0%** to **1,010 million m²** in 2013
- Total area of commodity housing sold **+17.3%** YoY to **1,310 million m²** in 2013
- Target new start construction of **7.0 million** units social housing and **4.8 million** units completed in 2014

Business Environment – Supply

CR Cement's operating area

2013

National

Southern China#

Shanxi

Yunnan

Cement production

2,410 mt
+9.6%

339.8 mt
+9.2% to +19.5%

49.8 mt
+1.4%

90.1 mt
+13.6%

New clinker production
capacity released*

81 lines with
~100.0 mt
-36.2%

Decreasing trend

6 lines with
7.6 mt
-64.9%

9 lines with
10.9 mt
+19.9%

3 lines with
2.8 mt
-73.1%

Obsolete capacity
elimination

94.2 mt

27.1 mt

3.5 mt

1.0 mt

*Source: Digital Cement

#Southern China encompasses Guangdong, Guangxi, Fujian and Hainan

Financial Review



Results Highlights

Operating Results

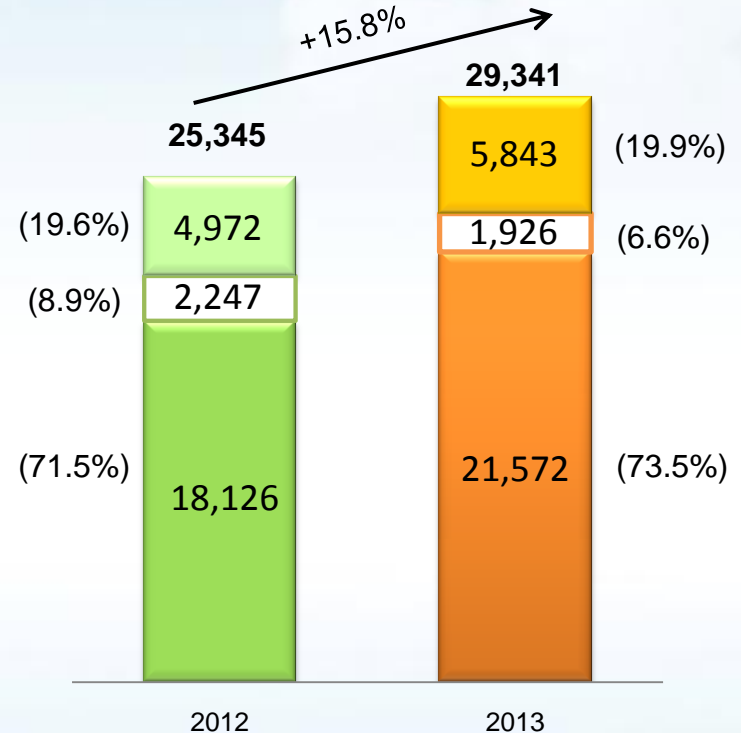
(HK\$ million)	2012	2013	Change
Turnover	25,345.3	29,340.6	+15.8%
EBITDA	5,235.5	6,698.1	+27.9%
Profit attributable to owners of the Company	2,324.4	3,338.4	+43.6%
Basic earnings per share (HK\$)	0.357	0.512	+43.4%







Increased Sales Volume & Turnover

Sales Volume (’000 tons/m³)



Turnover (HK\$ million)



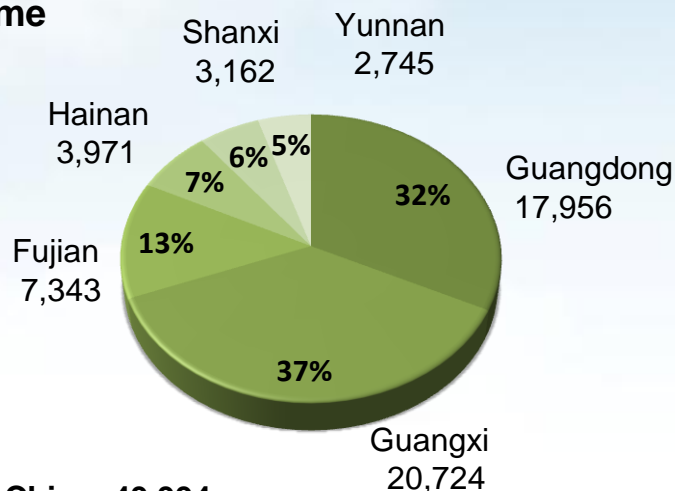
	Cement	Clinker	Concrete
2012			
2013			

Cement Sales Volume & Turnover by Geographical Areas

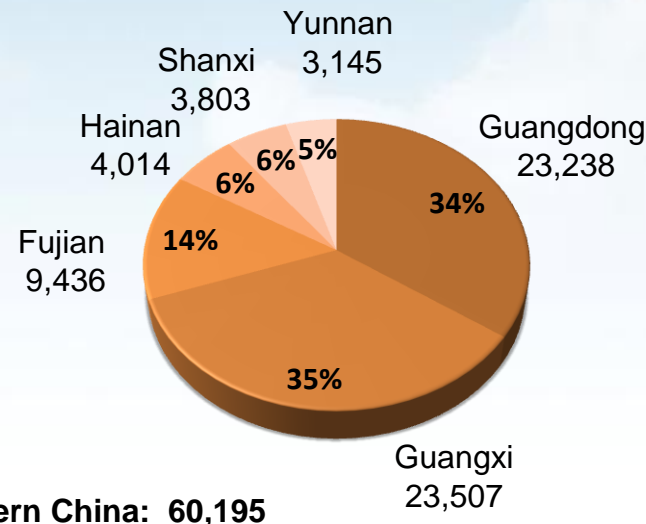
2012

Sales Volume

'000 tons

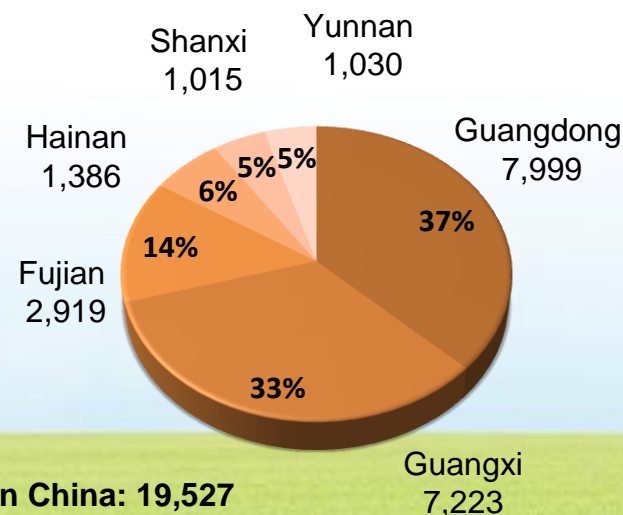
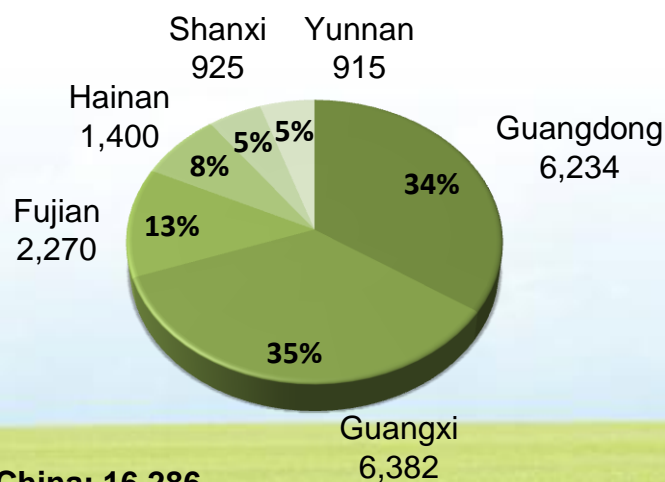


2013



Turnover

HK\$ million



Average Selling Price



Cement & Clinker

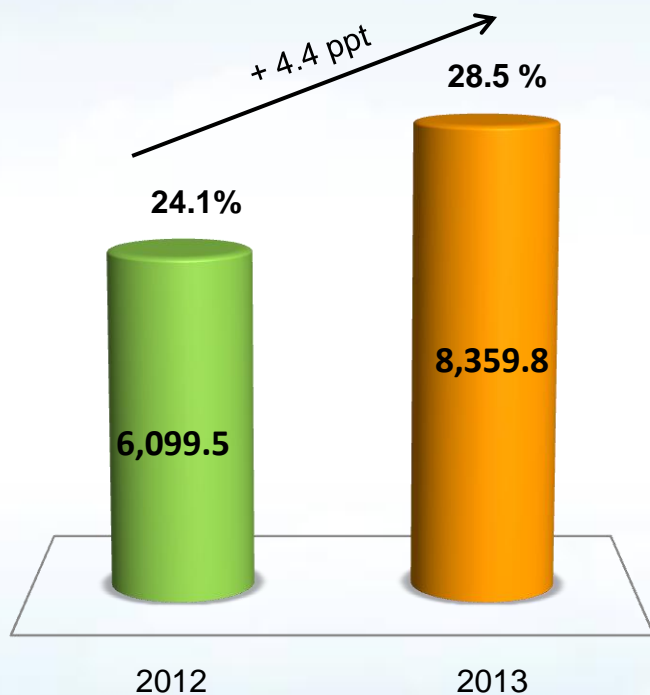
- Stable selling price and normal trend :
 - ✓ Selling prices dropped as the Chinese new year holiday began
 - ✓ Since April, economic activities have become more active resulting in strong demand
 - ✓ Southern China entered traditional peak season from September

Concrete

- The average selling price in 2013 was stable
- The price increased by approximately 7.6% QoQ in the fourth quarter.

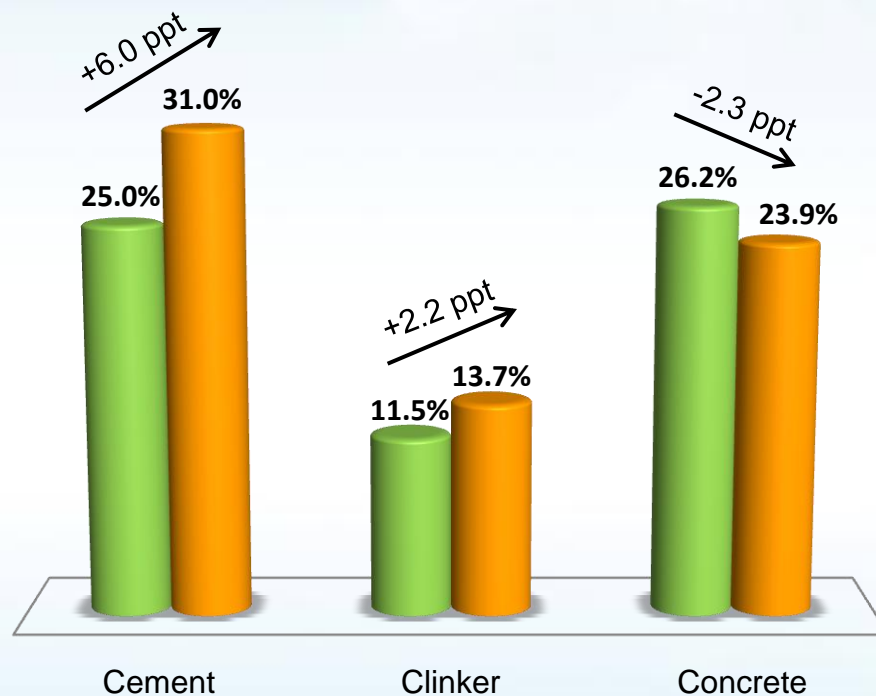
Gross Profit & Margin

Consolidated Gross Profit (HK\$ million) & Consolidated Gross Margin (%)

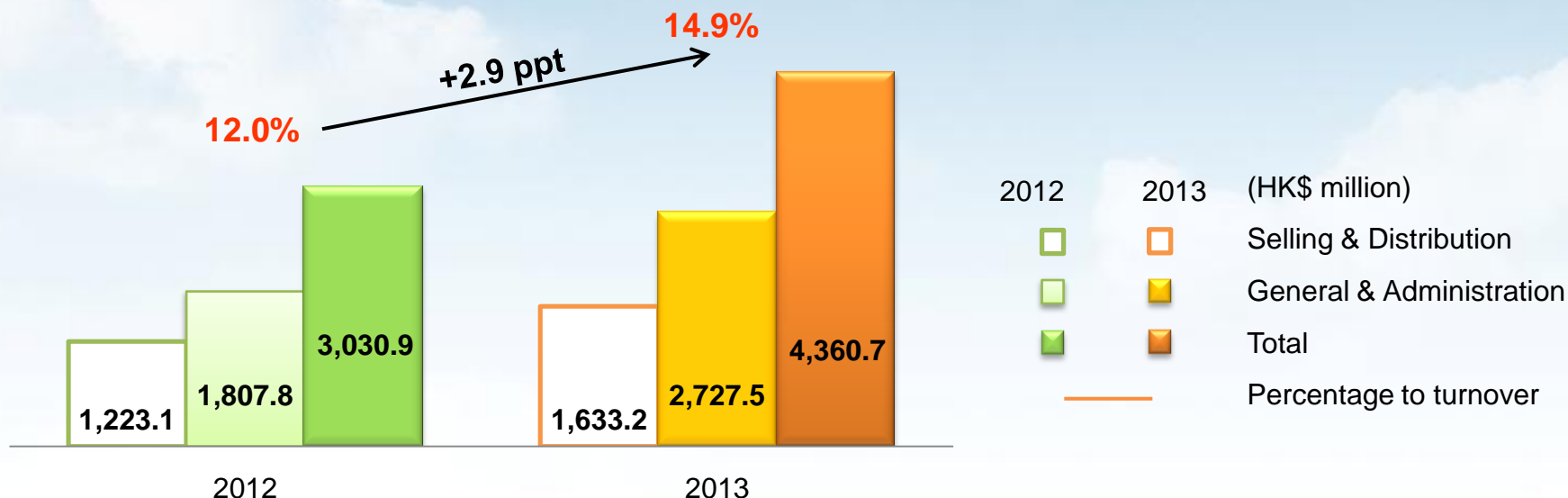


Gross Margin by Product

■ 2012 ■ 2013



Selling, General & Administration Expenses



Selling & distribution expenses

- As a percentage to turnover increased from 4.8% to 5.6%, due to:
 - ✓ Higher transportation costs because of increased volume of cement and clinker being delivered from Guangxi to Guangdong and
 - ✓ Higher logistic costs of the concrete operation as the Group relied more on the lease instead of acquisition of concrete mixer trucks

General & administrative expenses

- As a percentage to turnover, it increased to 9.3% from 7.1% YoY
- Included impairment loss of HK\$353.3 million from closing inefficient production lines and projects given up
- General staff costs increased by HK\$ 312.8 million as a result of general average pay rise of 7.5% and extra bonus payments as incentive to employees for the outstanding performance of the Group in 2013

Tax Rate

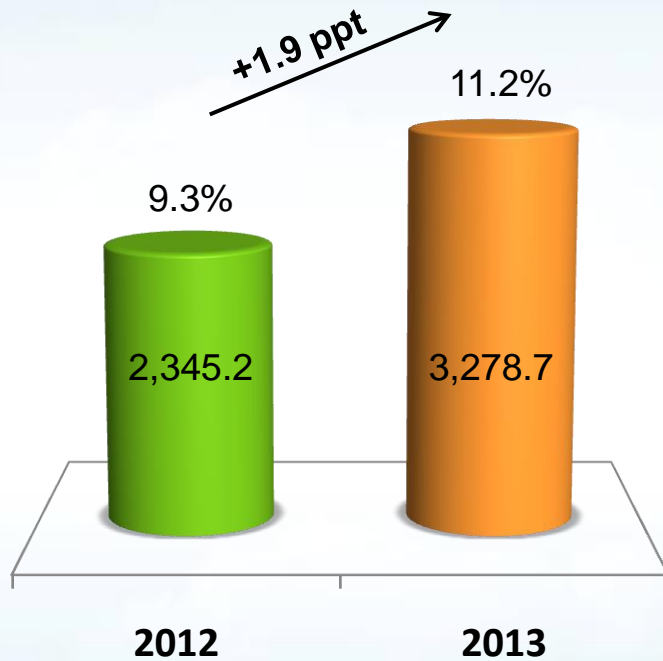
	2012	2013	Change
Effective tax rate	18.4%	24.0%	+5.6 ppt
Effective tax rate (excluding the results of jointly controlled entities and associates)	19.9%	25.2%	+5.3 ppt

The increase was because:

- ◆ The Group provided income tax at 25% on the profit generated for 2013 by subsidiaries operating in the Chinese Mainland.

Net Profit & Margin

(HK\$ million)



Net Profit (HK\$)

After full allocation of other income and corporate expenses (excluding share of results of joint ventures and associates)



Financial Position

	31 Dec 2012	31 Dec 2013	<i>Change</i>
Total assets (HK\$ billion)	52.2	54.2	+3.9%
Net borrowings (HK\$ billion)	18.6	17.6	-5.5%
Net gearing ratio (%)	87.2%	71.0%	-16.2 ppt
Net assets per share (HK\$)	3.28	3.80	+15.9%

Cash Flows

(HK\$ million)	31 Dec 2012	31 Dec 2013	Change
Net cash generated from operating activities	4,304.7	5,121.1	+19.0%
Net cash used in investing activities	(4,499.5)	(3,316.9)	-26.3%
Net cash generated from (used in) financing activities	20.2	(2,642.5)	n.a.
Net decrease in cash and cash equivalents for the year	(174.6)	(838.3)	n.a.
Cash and cash equivalent at end of the year	3,561.9	2,821.8	-20.8%

Operational Review



Improved Coal Consumption

Average price of coal purchased price decreased 13.1% to HK\$ 691/ton (2012: HK\$795/ton)

Average coal purchase price
(HK\$/ton)



Standard coal consumption decreased to 107.8 kg/ton of clinker

Standard coal consumption
(kg/ton of clinker)



Average coal cost of production decreased 17.6% to HK\$ 105.6 /ton of clinker due to lowered coal price and improved coal consumption

Average coal cost
(HK\$/ton of clinker)



Coal cost represented approximately 38.2% of the cost of sales of cement products

Percentage to the cost of sales of cement products



Improved Electricity Consumption

Reduced electricity consumption represents a cost saving of approximately HK\$328.3 million (2012: HK\$116.9 million)

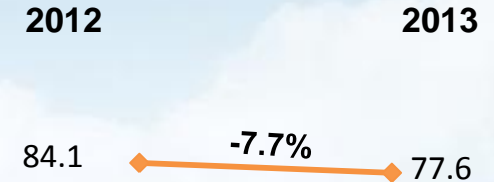
Residual heat recovery generators

- Generated 1,767.2 million kwh of electricity, representing an increase of 16.5% YoY
- Provided approximately 29.5% (2012: 27.9 %) of required electricity consumption, representing a cost saving of approximately HK\$ 1,124.4million (2012: HK\$945.0 million)

Average electricity cost decreased by 4.2% to HK\$ 41.1/ton of cement due to reduced electricity consumption for production

Electricity cost represented approximately 18.3% of the cost of sales of cement products

Electricity consumption (kwh/ton of cement)



Electricity generated (million kwh)



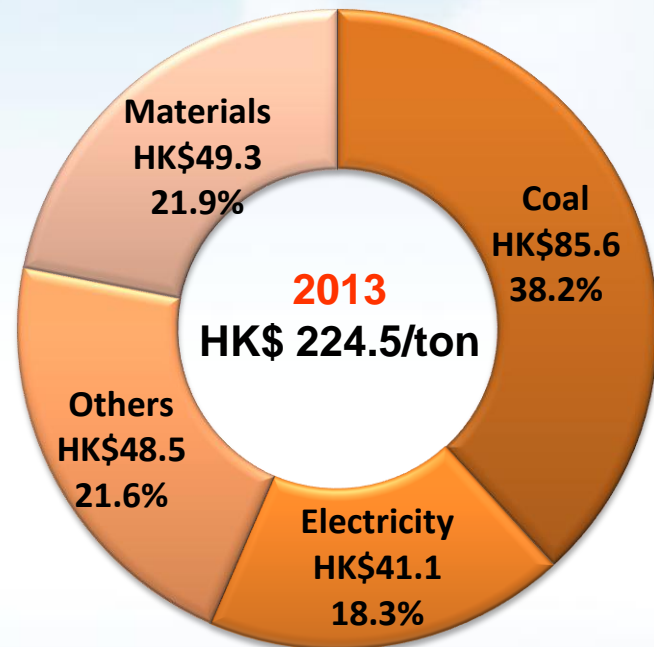
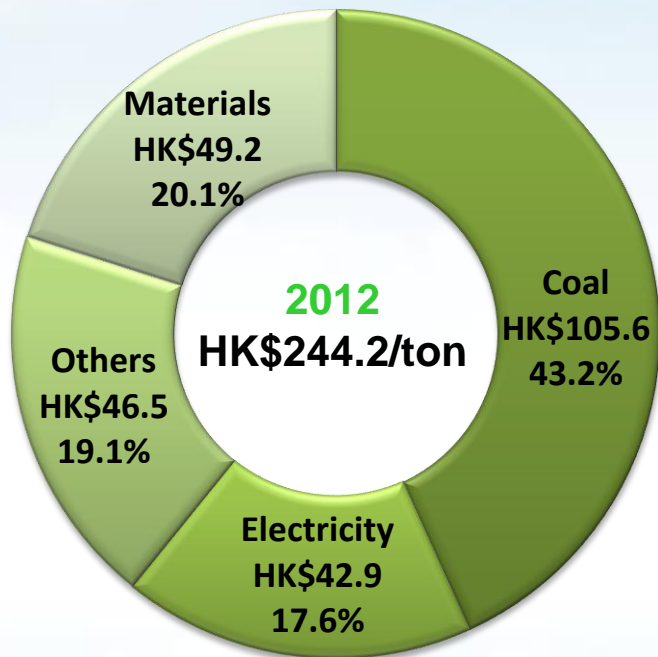
Average electricity cost (HK\$/ton of cement)



Percentage to the cost of sales of cement products



Cost Structure of Cement Products

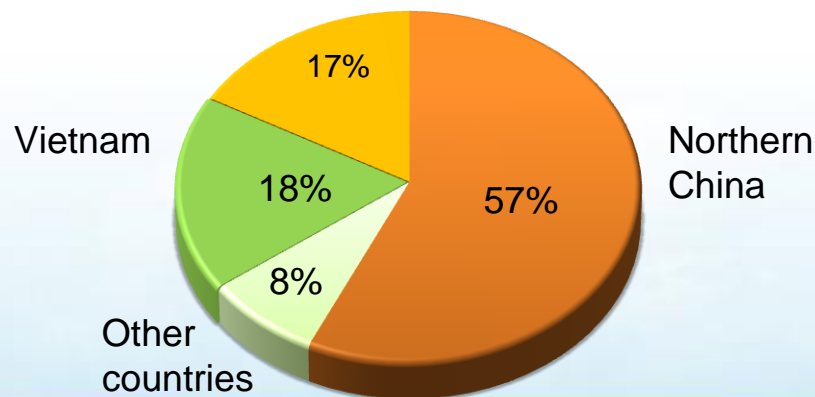


Coal Procurement

- Further expand procurement channels, stabilize the supply of imported coal, strengthen the management of suppliers:
 - ✓ Adopted a short-cycle and multi-channel sourcing strategy
 - ✓ Enlarging tender pools and centralizing procurement, transportation and inventory management for coal and other materials

Coal Procurement in 2013

Neighbor areas of the plants



Effective Logistics

- Enhancing competitiveness through the “waterway freight, road freight and transshipment” model:
 - ✓ Secured 650,000 tons of shipping capacity at the Xijiang River through tendering, reaching an annual shipping capacity of 25 million tons
 - ✓ Introduced GPS for scheduling truck transportation distribution in Pearl River Delta region from Jul 2013
 - ✓ Operated a total of 43 silo terminals (mainly at Pearl River Delta region) with an annual capacity of 30.0 million tons

Annual Production Capacity

As at 31 Dec 2013

Controlled by the Group

Province/SAR	Cement		Clinker		Concrete	
	No. of lines	million tons	No. of lines	million tons	No. of plants	million m ³
Guangdong	20	18.9	7	9.4	23	14.1
Guangxi	35	31.1	17	25.0	17	10.1
Fujian	14	10.9	6	6.8	10	5.7
Hainan	5	4.6	3	3.3	4	2.4
Shanxi	6	6.0	3	4.2	1	0.6
Yunnan	5	4.0	3	2.3	1	0.6
Zhejiang	-	-	-	-	2	1.1
Hong Kong	-	-	-	-	3	1.5
Total	85	75.5	39	51.0	61	36.1

Controlled by joint ventures and associates

Guangdong (Guangzhou)	8	8.1	2	3.7	1	0.5
Inner Mongolia	26	17.1	9	10.8	-	-
Attributable	-	11.5	-	6.5	-	0.3

Outlook & Prospects



Government Keynote Policy



Our Goal in 2014

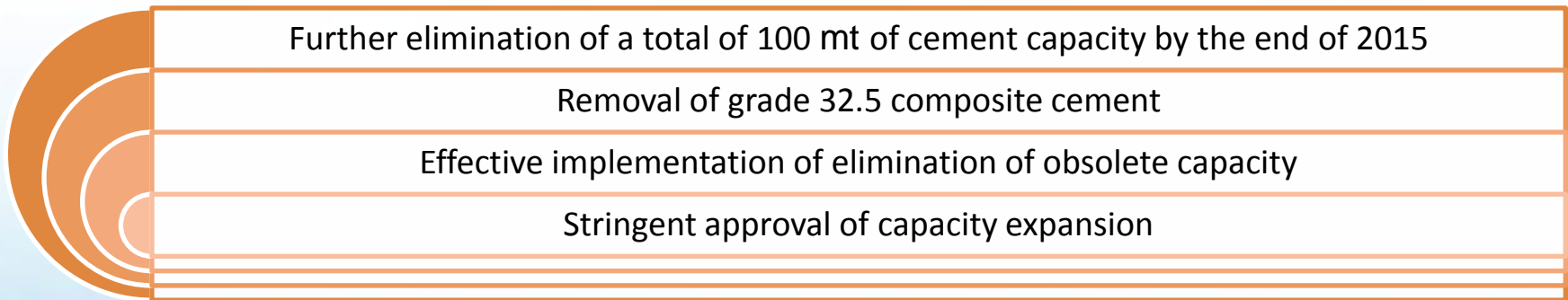
- Adhere to the “3+2” development strategy, through control, conversion and distribution of resources, making us the lowest total cost producer with leading market position in the region.
- Perform market consolidation, promote energy conservation and emission reduction, develop circular economy
- Contribute to a sustainable and healthy development of the cement industry in China.



Capacity Expansion through Organic Growth



* Excluding the capacity held through equity interest in joint ventures and associates





Q & A

*We will continue to perform **market consolidation**, promote **energy conservation** and **emission reduction**, develop **circular economy**, and contribute to a **sustainable** and **healthy development** of the cement industry in China.*

Appendix



Development Strategy of Cement

– “3+2” Strategy

