Baoshan Iron & Steel Co., Ltd.
2015 Full Year Results

March 2016
Disclaimer

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Baosteel’s actual results or developments may differ materially from those indicated by these forward-looking statements as a result of various factors and uncertainties, including but not limited to price fluctuations, actual demand, exchange rate fluctuations, competition and other risks and factors beyond our control.
1. 2015 Results
2. Industry Dynamics
3. 2016 Operational Plan
Steel Ice Age

Utilization rate ↓ to 70%
Industry FAI ↓ 11% YoY
CSPI at the end of 2015 ↓ 31% YoY

LMEs
Revenue ↓ 19.05% YoY
Total profit -64.5 billion yuan
Average debt to asset ratio 70%

Company performance shrunk

<table>
<thead>
<tr>
<th></th>
<th>Unit</th>
<th>2014</th>
<th>2015</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Volume</td>
<td>Million tons</td>
<td>21.82</td>
<td>22.15</td>
<td>↑ 1.5%</td>
</tr>
<tr>
<td>Total Operating Income</td>
<td>billion RMB</td>
<td>187.79</td>
<td>164.12</td>
<td>↓ 12.6%</td>
</tr>
<tr>
<td>Operating Cost</td>
<td>billion RMB</td>
<td>168.93</td>
<td>149.26</td>
<td>↓ 11.7%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>billion RMB</td>
<td>18.60</td>
<td>14.59</td>
<td>↓ 21.6%</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>%</td>
<td>9.86</td>
<td>8.87</td>
<td>↓ 10.0%</td>
</tr>
<tr>
<td>Total Profit</td>
<td>billion RMB</td>
<td>8.28</td>
<td>1.85</td>
<td>↓ 77.6%</td>
</tr>
<tr>
<td>Net Profit</td>
<td>billion RMB</td>
<td>5.79</td>
<td>1.01</td>
<td>↓ 82.5%</td>
</tr>
<tr>
<td>EPS</td>
<td>RMB/share</td>
<td>0.35</td>
<td>0.06</td>
<td>↓ 82.5%</td>
</tr>
<tr>
<td>BVPS</td>
<td>RMB/share</td>
<td>6.94</td>
<td>6.85</td>
<td>↓ 1.3%</td>
</tr>
<tr>
<td>Net CFO per share</td>
<td>RMB/share</td>
<td>1.72</td>
<td>1.29</td>
<td>↓ 25.1%</td>
</tr>
<tr>
<td>Cash Conversion Cycle</td>
<td>days</td>
<td>37.6</td>
<td>21.4</td>
<td>↓ 42.9%</td>
</tr>
<tr>
<td>Debt to assets ratio</td>
<td>%</td>
<td>45.7</td>
<td>47.8</td>
<td>↑ 4.7%</td>
</tr>
</tbody>
</table>
### Output & Sales

#### Crude Steel Output

<table>
<thead>
<tr>
<th>Year</th>
<th>Million Tons</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>22.00</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>21.53</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>22.64</td>
<td>↑ 5.2%</td>
</tr>
</tbody>
</table>

#### Sales of Finished Products

<table>
<thead>
<tr>
<th>Year</th>
<th>Million Tons</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>21.99</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>21.82</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>22.15</td>
<td>↑ 1.5%</td>
</tr>
</tbody>
</table>

- Including: export: 2.56, ↑ 12.8%
Operating Income and Cost

<table>
<thead>
<tr>
<th>billion RMB</th>
<th>2015</th>
<th>同比</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Income</td>
<td>163.8</td>
<td>↓ 12.6%</td>
</tr>
<tr>
<td>Operating Cost</td>
<td>149.3</td>
<td>↓ 11.7%</td>
</tr>
</tbody>
</table>

2013: 189.7 billion RMB
2014: 187.4 billion RMB
2015: 163.8 billion RMB

Operating Income: 2015 vs. 2014, ↓ 12.6%
Operating Cost: 2015 vs. 2014, ↓ 11.7%
### Steel Making vs. Distribution

<table>
<thead>
<tr>
<th>Segment</th>
<th>Revenue (billion RMB)</th>
<th>YoY</th>
<th>Gross Margins (%)</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steel Making</td>
<td>96.8</td>
<td>↓19.7%</td>
<td>8.9%</td>
<td>↓1.1ppts</td>
</tr>
<tr>
<td>Distribution</td>
<td>140.7</td>
<td>↓13.7%</td>
<td>3.2%</td>
<td>↑0.6ppts</td>
</tr>
</tbody>
</table>

### Segments

<table>
<thead>
<tr>
<th>Segment</th>
<th>Revenue (billion RMB)</th>
<th>YoY</th>
<th>Gross Margins (%)</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-commerce</td>
<td>20.1</td>
<td>↑32.8%</td>
<td>0.13%</td>
<td>↓0.4 ppts</td>
</tr>
<tr>
<td>IT</td>
<td>3.9</td>
<td>↓3.3%</td>
<td>27.3%</td>
<td>↓0.7 ppts</td>
</tr>
<tr>
<td>Chemicals</td>
<td>7.6</td>
<td>↓17.3%</td>
<td>4.9%</td>
<td>↓4.0 ppts</td>
</tr>
<tr>
<td>Finance</td>
<td>0.6</td>
<td>↑1.5%</td>
<td>51.0%</td>
<td>↓1.7 ppts</td>
</tr>
</tbody>
</table>
Fight
In the Ice Age
Research and Development

R&D expenses-to-revenue 2.11%
Sales of New products 21%
Profit contribution (billion RMB) 1.03

Patent application 828
Debut of new products 5
First Prize for Technology Progress of Metallurgy 3
China Patent Prize Excellence Awards 3
Development of new products (grades) 122
Baosteel Car Body's debut at the third session of Baosteel auto sheet EVI forum.
The market share of CRC auto sheet and ultra-high strength steel are both over 50%.

31+11 EVI service projects in the field of PTD, home appliances, energy, transportation and metal packaging etc.

45% market share of Oriented silicon steel product in extra-high voltage market.

PTD: power transmission and distribution
Acquired "Excellent Supplier" from customers
Total energy consumption decreased by 60,000 tons standard coal YoY. SO₂ emission was down by 8.4% YoY.

Photovoltaic power station with capacity of 90 MWH was put into operation. Annual output is expected to reach 70 GWH.

3 energy saving projects were completed, to save energy 32.46 GW, as 9,738 tons standard coal.

Sludge treatment and reuse created economic benefit more than 100 million RMB.
September 25, Zhanjiang Steel No.1 blast furnace was ignited.

September 28, steelmaking project realized hot load test.

October, Operation was resumed rapidly after the typhoon.

December 25, 2250 hot rolling mill project realized hot load test ahead of schedule.

Cost of molten iron declined quickly.
**On-line Trading**
Settlement volume **8.88 million tons**
Income **19.8 billion RMB**  
Registered users **43,000+**

**Finance**
Signing strategic cooperation agreement with **15 banks**.
Obtaining more than **160 billion RMB** of cooperative credit quota.
The highest credit quota in the internet finance industry.

**Logistics**
Established Transportation Trading Platform.
Becoming the service provider of 4PL platform.
Daily trading volume **20,000 tons**. Cooperated warehouses **700+**.
Turnover capacity **50 million tons**.
Capital market Recognition

01 Golden Roundtable Award
Directors & Boards

02 Best in Sector (Materials)
IR Magazine

03 The Most Admired Listed Company
China Association for Public Companies
Content

1. 2015 Results
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• GDP was down to 6.9% in 2015.
• GDP growth targets at 6.5%-7.0% in 2016, supply side reform is still the top priority.

• CPI was up 1.4% in 2015, Mild growth in price.
• CPI growth targets at 3.0% in 2016. Prudent monetary policy is expected to continue.

Date source: Wind
Steel industry outlook

Crude steel output and Apparent consumption

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crude steel output</td>
<td>816</td>
<td>823</td>
<td>804</td>
</tr>
<tr>
<td>Net export</td>
<td>765</td>
<td>739</td>
<td>698</td>
</tr>
<tr>
<td>Apparent consumption</td>
<td>804</td>
<td>765</td>
<td>739</td>
</tr>
</tbody>
</table>

- Crude steel output was 804mn tons in 2015, down 2.03% YoY. Export increased significantly. Apparent consumption declined for 2 consecutive years.
- Industry FAI decreased for 3 consecutive years.
- China steel consumption reached the peak region.

Steel industry FAI

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>FAI</td>
<td>411.8</td>
<td>505.5</td>
<td>506</td>
<td>478.9</td>
<td>425.7</td>
</tr>
</tbody>
</table>

- FAI decreased for 3 consecutive years.

Date source: National Bureau of Statistics, Steelhome, Wind
Steel social inventory declined gradually. But steel mill inventory was still at high level.

Date source: Wind
• Steel price continued to decrease in 2015, while rebounded quickly at the end of the year.

Date source: Wind
• Total FAI was 55 trillion RMB in 2015, up 10% YoY. Growth continued to slow down.

• Infrastructure FAI was 13 trillion RMB, up 47.3% YoY. Growth also continued to slow down.

Date source: Wind
Real estate FAI

- Real estate FAI was 9.6 trillion RMB in 2015, up 1% YoY. Growth plunged for 2 years.

New start and Sales growth

- New construction was down 14% YoY. Sales was up 6.5% due to de-stocking.

Date source: Wind
Output and sales were up 3.3% and 4.7% YoY respectively in 2015. Growth slowed down.

Passenger car sales were more than 20 million units for the first time, up 7.3% YoY, outperformed commercial car (down 9.0% YoY).

New energy auto’s strong performance: output and sales were up 330% and 340% YoY respectively in 2015.
• Washing machine and air-conditioner output growth was flat, refrigerator output growth decreased, while TV grew fast in 2015.

Date source: Wind
• Ship building was till depressed.
• Machinery experienced moderate growth.
• Iron ore price continued to decrease until the end of 2015.
• Port inventory grew gradually and remained high position.

Date source: Wind
• Coke price was still in downward trend in 2015.

Date source: Wind
Content

1. 2015 Results
2. Industry Dynamics
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Best performance in domestic steel industry

- Crude steel output 27.11mn tons
- Product sales volume 23.44mn tons
- Total operating income 160.4 billion RMB
- Operating cost 149.1 billion RMB
- Total cost cut 4 billion RMB
- Net CFO 10 billion RMB
- CRC Auto Sheet market share 50%
- Regular employee efficiency up 3.8%
Transforming from construction to operation

No.2 blast furnace is to be ignited in August
Crude steel output 4.96mn tons
Realize positive contribution margin
Continuous improvement of operation and cost control

Note: The output incorporates those of trial production.
Intelligent Manufacturing

- Intelligent HRC plant
- Key technology application and research of continuous casting.
- Development of Internet purchasing platform.
Settlement volume: 20 million tons

Cooperated warehouses: 1000+

Turnover capacity: 60 million tons

Daily Transactions volume: 40,000 tons

Medium and small sized enterprise users: 60,000+

Loan balance: 10 billion RMB

On-line payment: 80 billion RMB

Cooperated warehouses: 1000+

Turnover capacity: 60 million tons

Daily Transactions volume: 40,000 tons
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