



3Q2011 Results

Baoshan Iron & Steel Co.,Ltd.

October 2011



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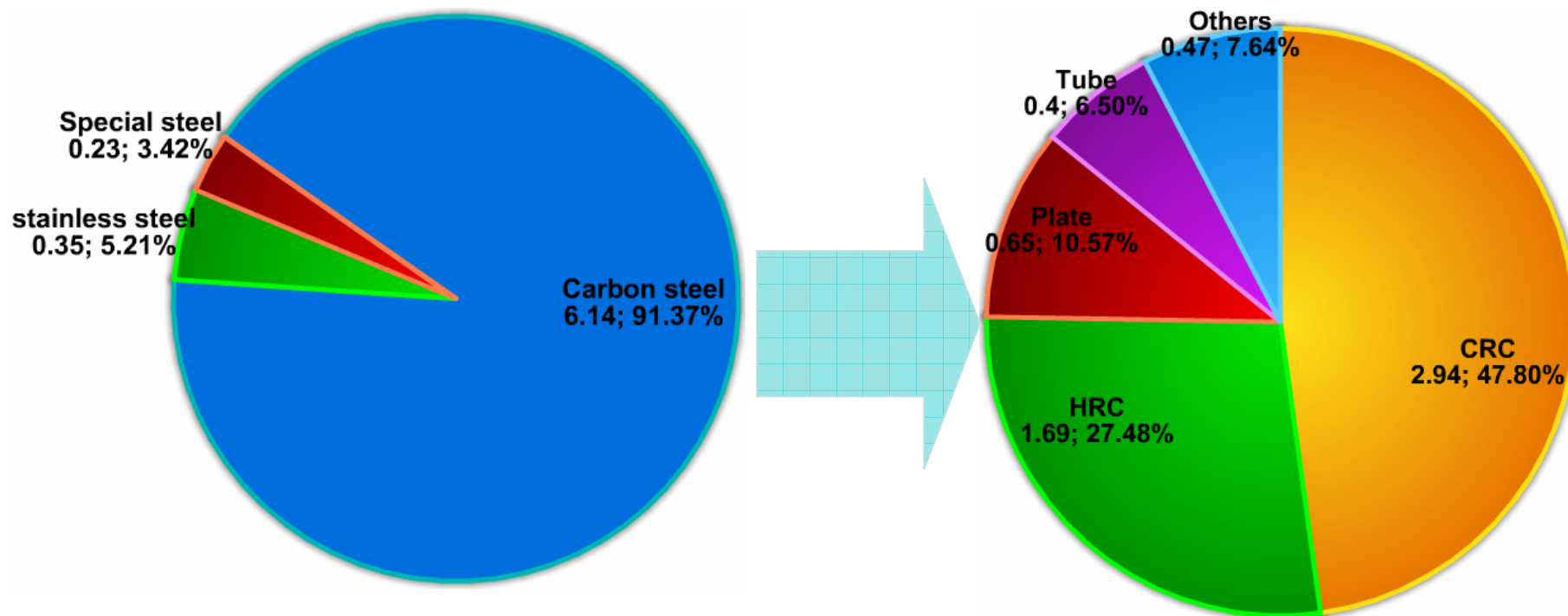
I. Operation Results

II. Industry Dynamics

Production and Sales

unit: million tons	3Q2010	2Q2011	3Q2011	YoY	QoQ
Crude steel output	6.57	6.83	6.79	3.35%	-0.59%
Sales of finished products	6.18	6.49	6.61	6.96%	1.85%
including: domestic	5.49	5.72	5.86	6.74%	2.45%
export	0.69	0.77	0.75	8.70%	-2.60%

Sales Breakdown of Finished Products



Note: BNA included, unit: million tons

Income Statement Summary

unit: billion Yuan	3Q2010	2Q2011	3Q2011	YoY	QoQ
Revenue	51.21	57.15	56.18	9.71%	-1.70%
Cost	48.29	54.57	54.95	13.79%	0.70%
Gross profit	4.90	4.67	3.04	-37.96%	-34.90%
Gross margin %	9.57	8.18	5.41	↓ 4.16 ppts	↓ 2.77 ppts
Operating profit	2.96	2.60	1.32	-55.41%	-49.23%
Operating margin %	5.79	4.54	2.35	↓ 3.44 ppts	↓ 2.19 ppts
Net profit	2.55	2.01	1.24	-51.37%	-38.31%
Net profit margin %	4.98	3.52	2.21	↓ 2.77 ppts	↓ 1.31 ppts

Gross Profit--Products

unit: million tons billion Yuan	Sales	Revenue	YoY	Cost	YoY	Gross margin	YoY
CRC	2.43	14.5	5.5%	13.7	19.5%	5.46%	↓ 11.0 pts
HRC	2.10	9.6	19.4%	9.1	24.6%	5.75%	↓ 3.9 pts
Heavy plate	0.65	3.3	22.7%	3.6	30.4%	-9.28%	↓ 6.4 pts
Tube	0.40	2.9	10.7%	2.7	9.5%	6.13%	↑ 1.1 pts
Stainless steel	0.35	4.7	10.2%	4.7	12.0%	0.38%	↓ 1.6 pts
Special steel	0.23	2.8	9.6%	2.9	23.0%	-5.26%	↓ 11.5 pts
Others	0.47	2.3	30.1%	2.3	27.5%	-0.44%	↑ 2.1 pts
Total	6.61	40.1	12.4%	39.1	20.6%	2.68%	↓ 6.6 pts

Financial Highlights

unit: Yuan	3Q2010	2Q2011	3Q2011	YoY	QoQ
EPS	0.15	0.11	0.07	-53.33%	-36.36%
BVPS	5.84	5.98	6.04	3.42%	1.00%
Net CFO per share	0.23	0.16	0.02	-91.30%	-87.5%
Gross margin%	9.53	8.08	5.34	↓ 4.19 pts	↓ 2.74 pts
ROE(weighted)%	2.55	1.91	1.21	↓ 1.34 pts	↓ 0.70 pts

Solvency and Liquidity

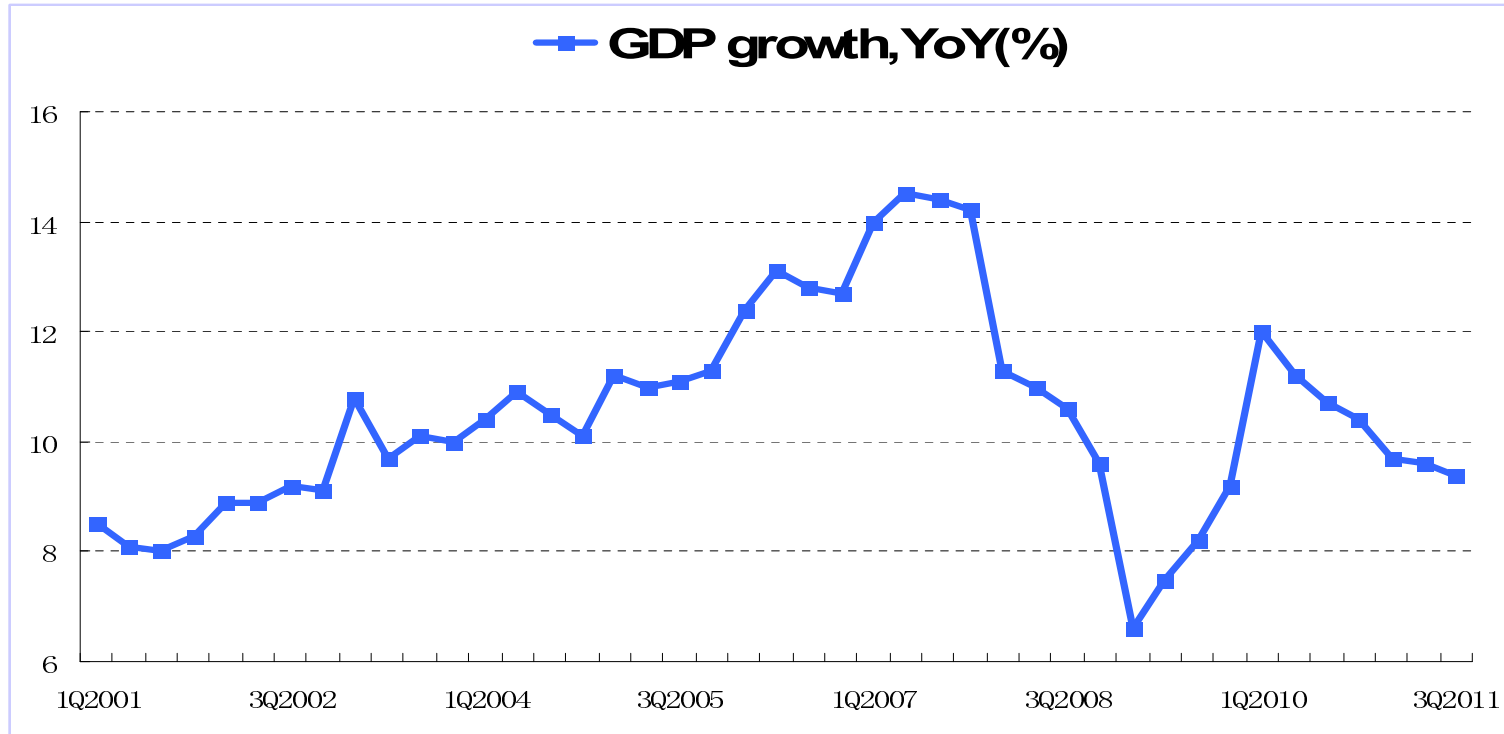
Financial index		unit	2011-6-30	2011-9-30	Chg %
Solvency	Total debts/ total assets	%	50.5	52.0	↑ 1.5 pts
	Current ratio		0.9	0.9	0
	Quick ratio		0.4	0.4	0

Financial index		unit	2011-6-30	2011-9-30	Chg %
Liquidity	Days of receivables	day	5.0	7.0	40.0
	Days of inventories	day	76.0	75.0	-1.32
	Cash conversion cycle	day	50.0	50.0	0

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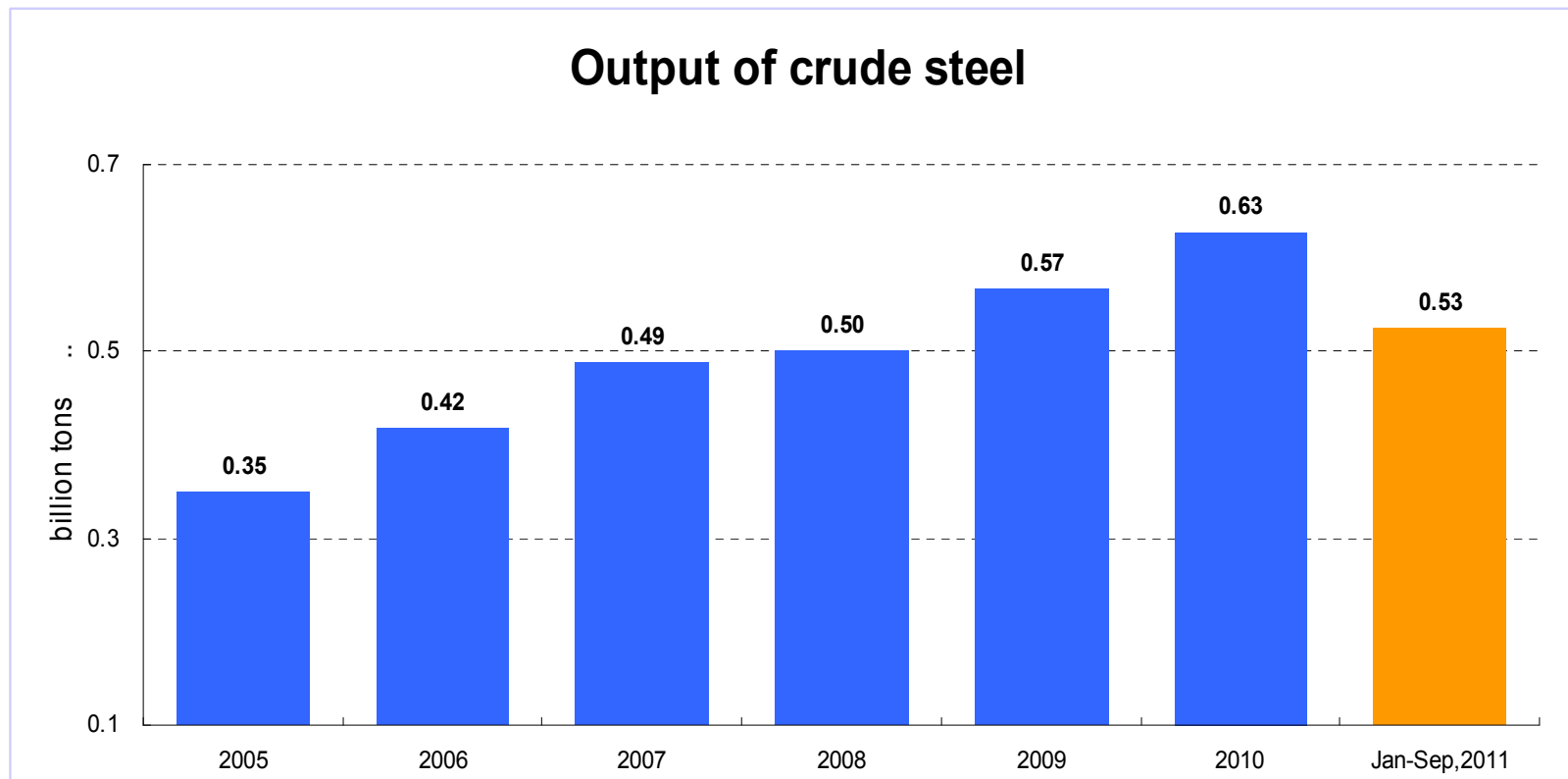
Domestic Economy



Data resource: wind

- GDP up 9.1% in Q3 YoY, while growth rate continues to slow down.
- 2011 GDP grow rate is expected to be 9%.

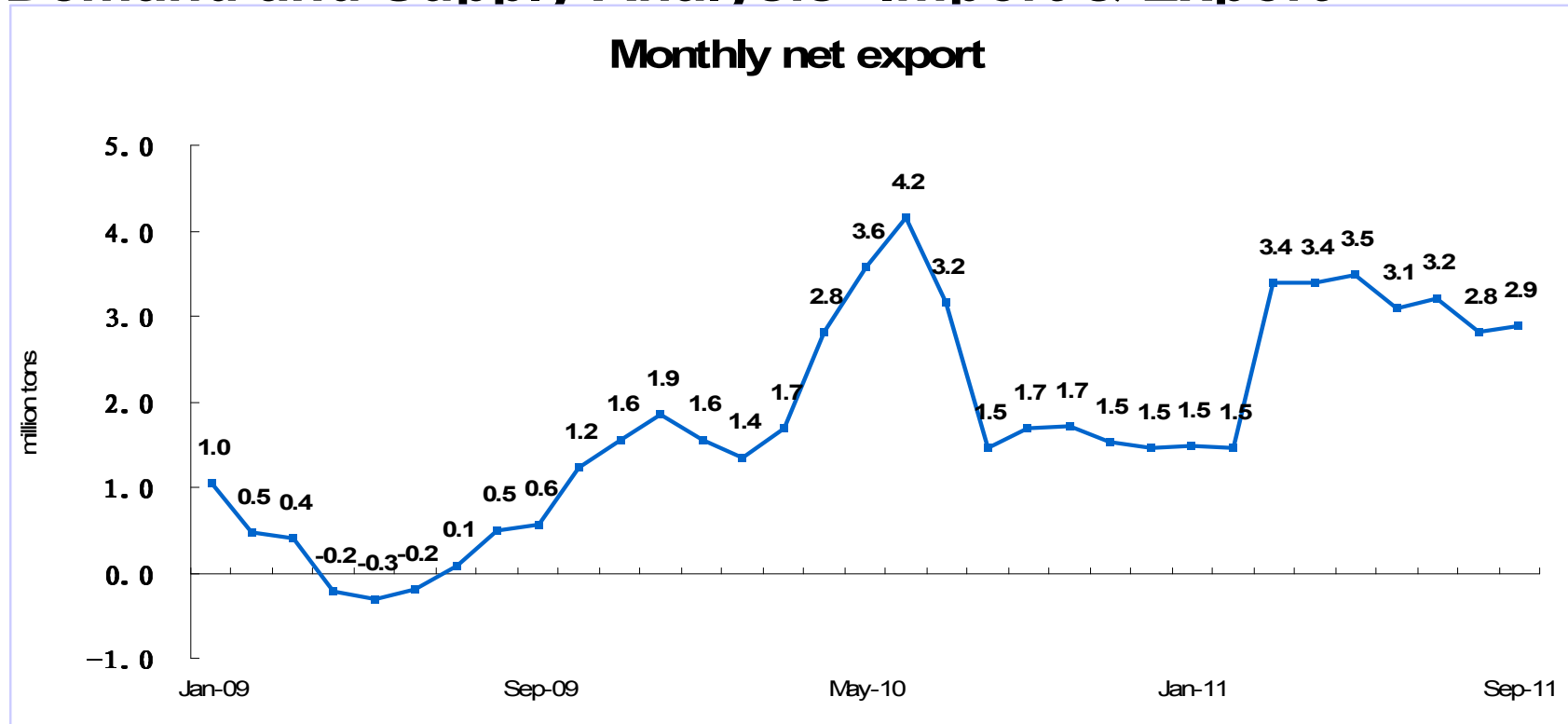
Demand and Supply Analysis--Supply



Data resource: wind

- Output of crude steel is 0.53 billion tons in Jan-Sep, up 10.7% YoY.
- Daily output is 1.9 million tons in September, down 5.2 thousand tons MoM.

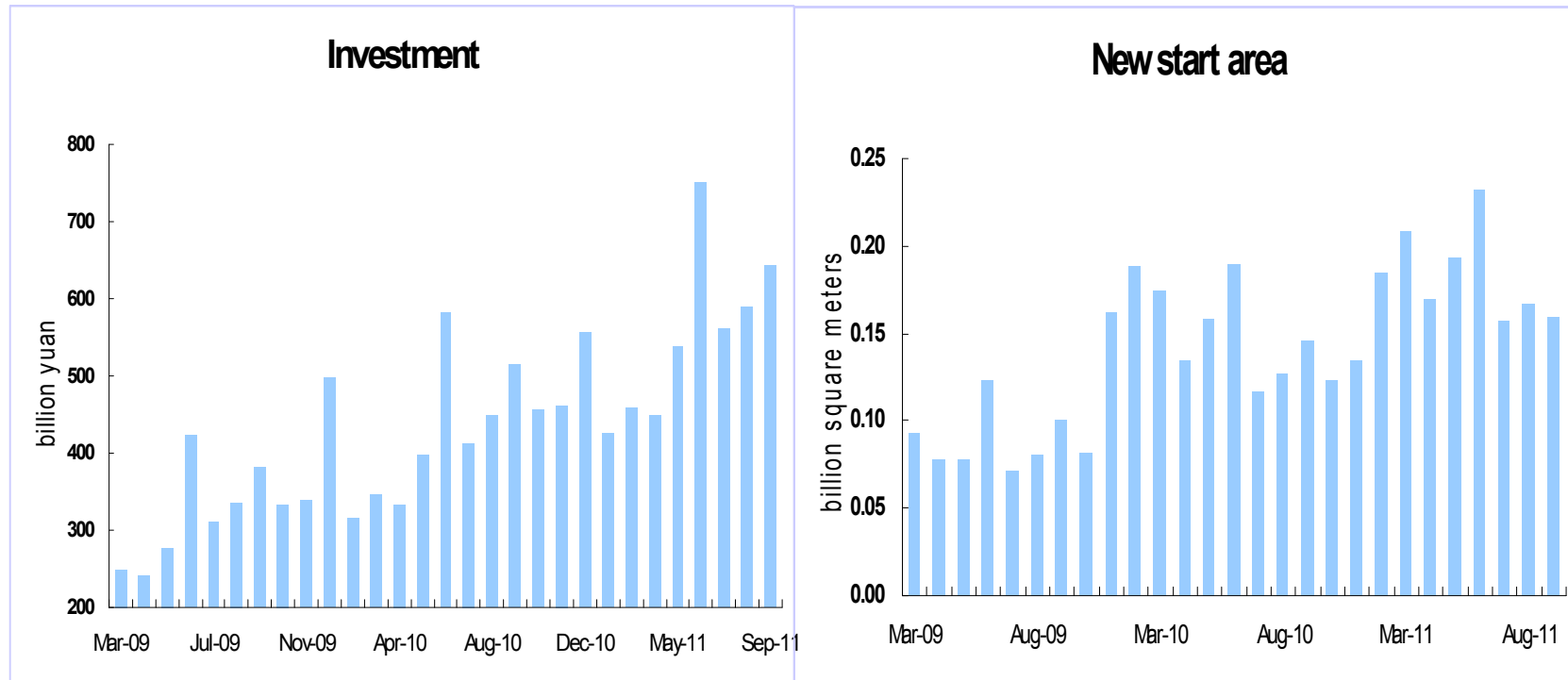
Demand and Supply Analysis--Import & Export



Data resource: wind

- Export 37.15 million tons in Jan-Sep, up 9.5% YoY.
- Net export is 26.4 million tons in Jan-Sep, while it is expected to slow down in Q4.
- Net export in 2011 is expected over 30 million tons.

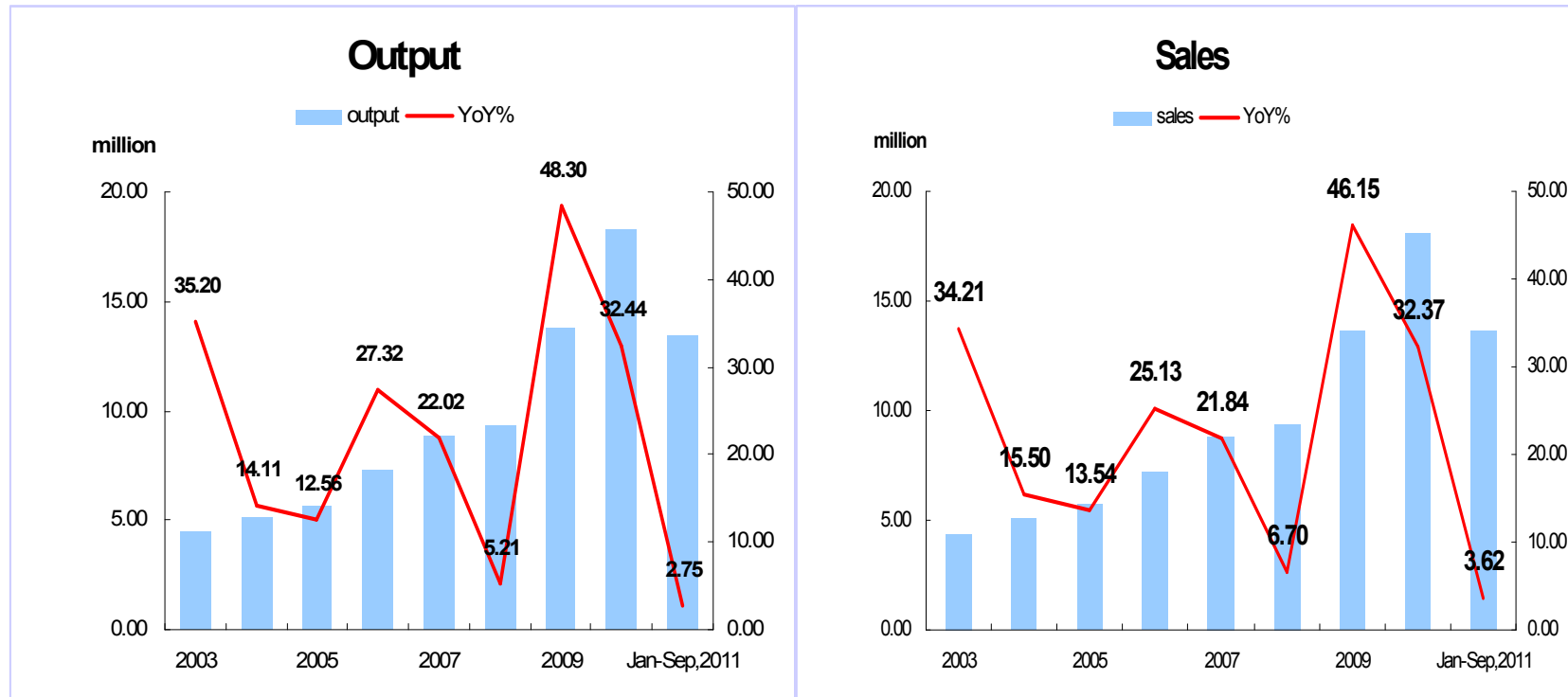
Demand and Supply Analysis--Demand(Real Estate)



Data resource: wind

- Investment in real estate is 2.5 trillion Yuan from Q1 to Q3, up 17.7% YoY.
- Affordable housing totally started 9.86 million sets by the end of September, about 98% of the target.

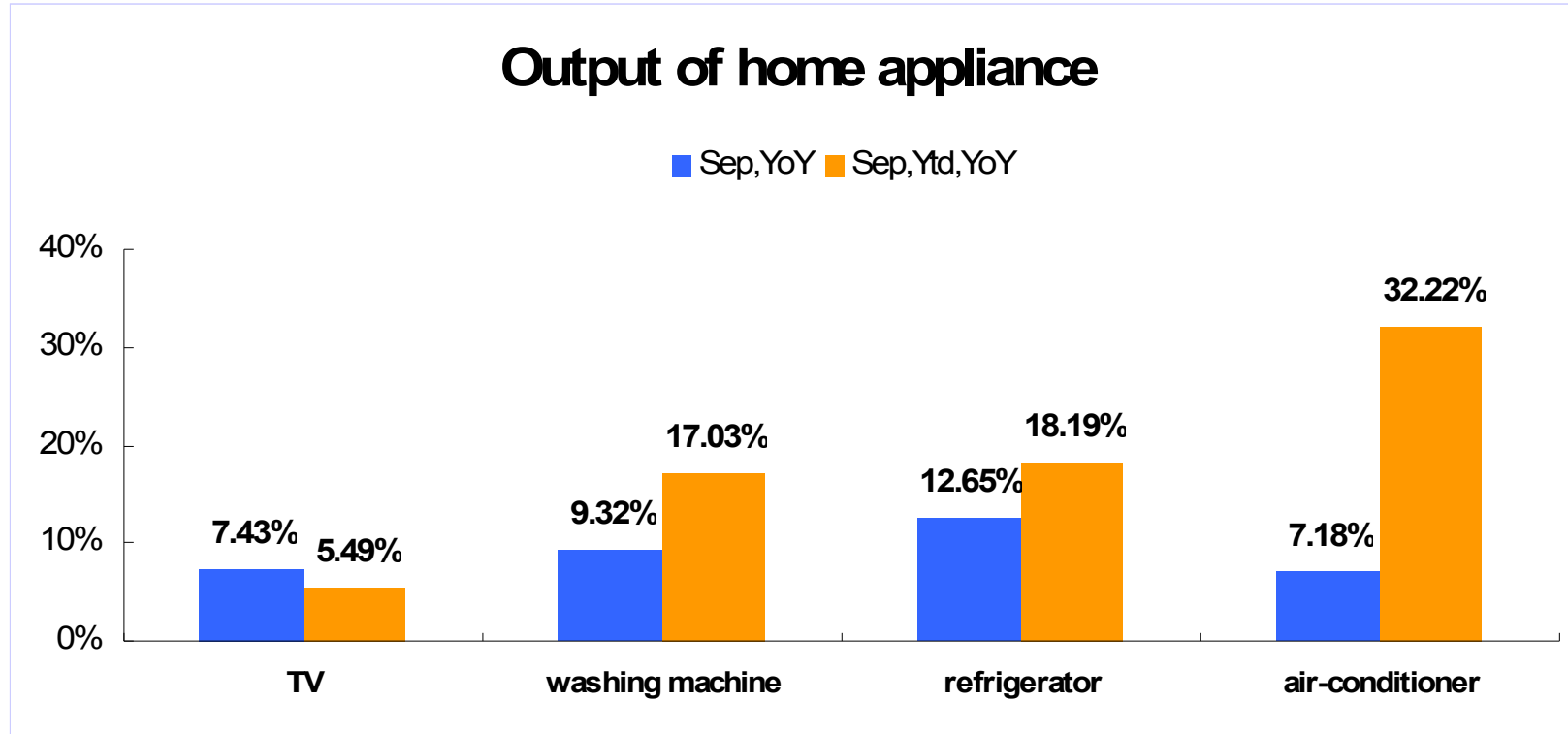
Demand and Supply Analysis--Demand(Automobile)



Data resource: wind

- Output and sales grew continually in Q3, 13.46 and 13.63 million each in Jan-Sep, up 2.75% and 3.62% YoY.
- Demand of automobile sheet is steady in Q4, output and sales of automobile is expected up 3-5% YoY.

Demand and Supply Analysis--Demand(Home Appliance)

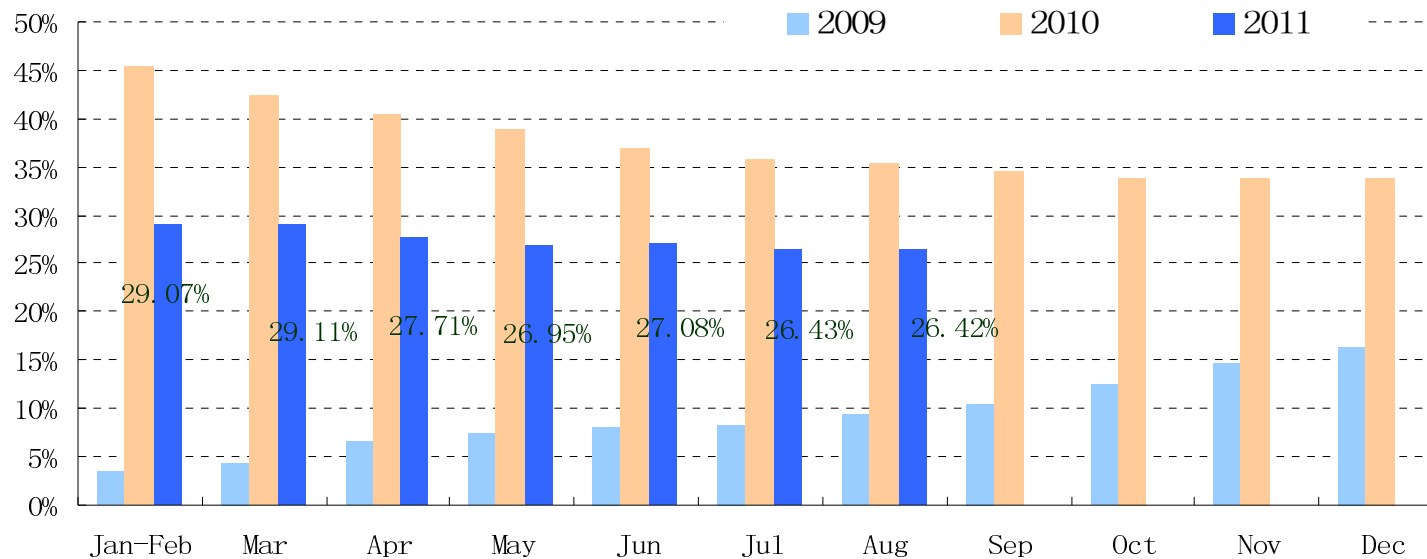


Data resource: wind

- Effect of incentive policy of home appliance became weak, growth rate slowed down in Q3.
- Refrigerator, washing machine and air-conditioner is expected up 12%, 14% and 25% each YoY.

Demand and Supply Analysis--Demand(Machinery)

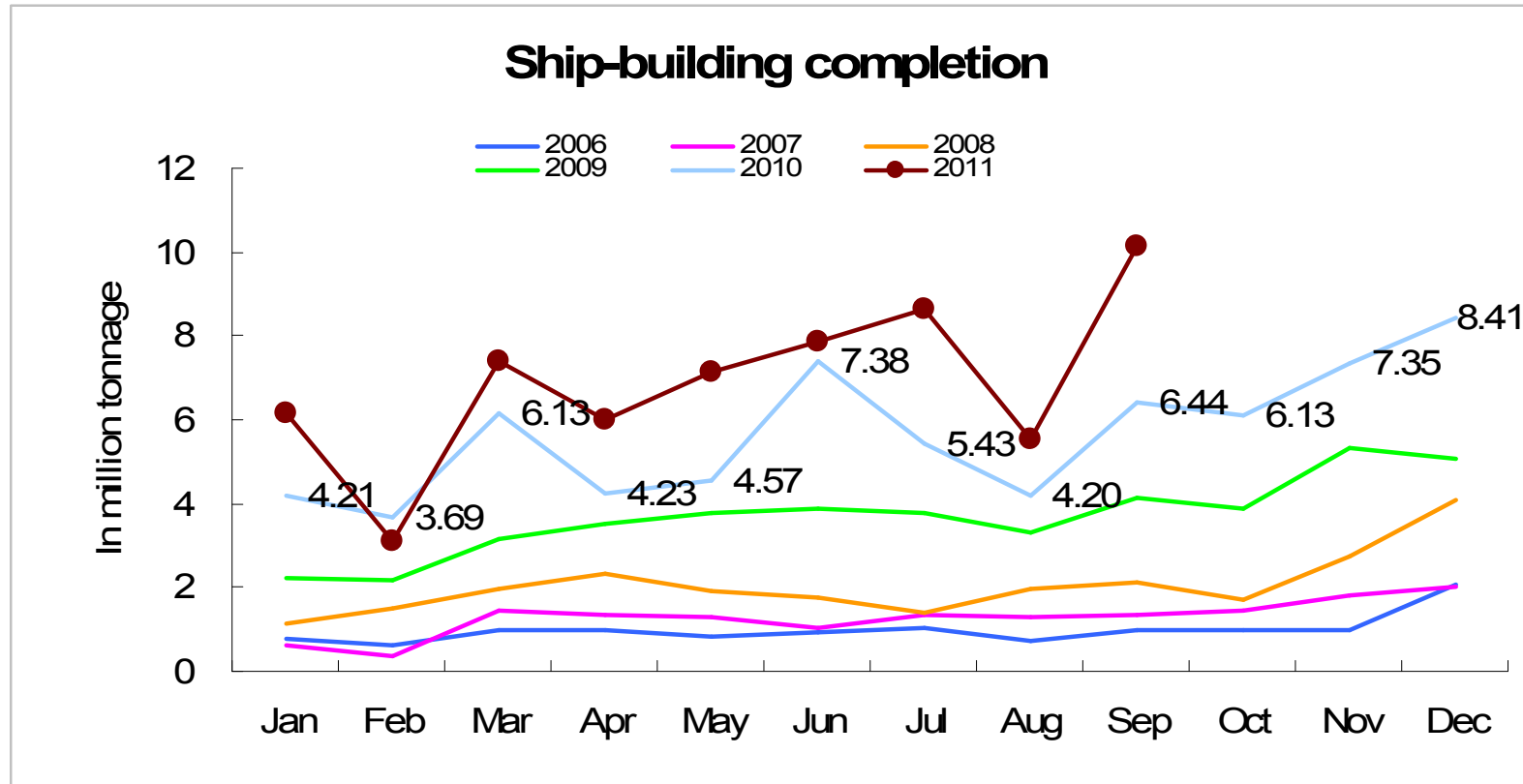
Machinery industry growth, YoY



Data resource: CMIF

- Machinery industry grew steadily, while growth rate slowed down, which is expected up 20% in 2011.
- Investment in power grid and water project is expected to increase in the future. Attention should be paid to the growth of power system(UHV, smart power grid), water system (water pump, electric machinery) .

Demand and Supply Analysis--Demand(Ship Building)



Data resource: wind

- New received orders have been less than completion in the past 9 months, down 10% compared with the end of 2010.
- Completion is expected 68 million tonnages in 2011, up 5% YoY.
- Over capacity will lead to more intensive competition next year.

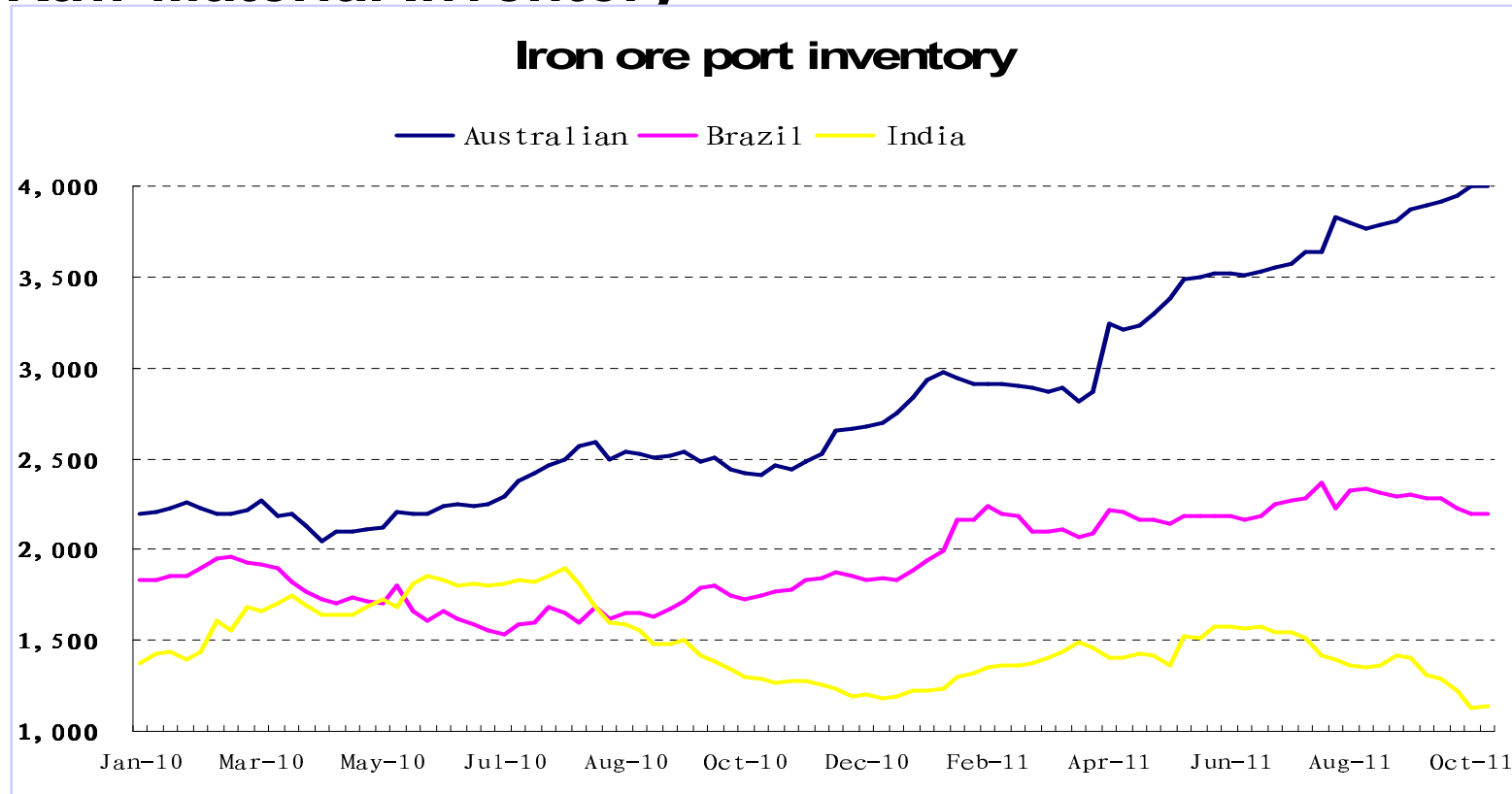
Steel Inventory

unit: Million tons	7-29	8-26	9-23	10-21	YoY	
					Chg in volumn	%
Rebar	5.33	5.43	5.77	5.93	0.68	12.95%
Wire	1.10	1.04	1.18	1.27	0	0%
HRC	4.30	4.30	4.45	4.63	-0.62	-11.81%
CRC	1.62	1.59	1.56	1.55	0.03	1.97%
Plate	1.50	1.48	1.48	1.48	-0.07	-4.52%
Long product	6.43	6.47	6.95	7.20	0.68	10.43%
Flat product	7.43	7.37	7.49	7.67	-0.65	-7.81%
Total	13.85	13.84	14.44	14.87	0.03	0.20%

Data resource: Mysteel

- Demand is lower than expected since September, inventory soared to 15.2 million tons after the Nation Day.
- While recently inventory decreased, 14.87 million tons until 21st,Oct.,up 0.2% YoY. Including: long product, up 10.5% and flat product down 7.9%.

Raw Material Inventory

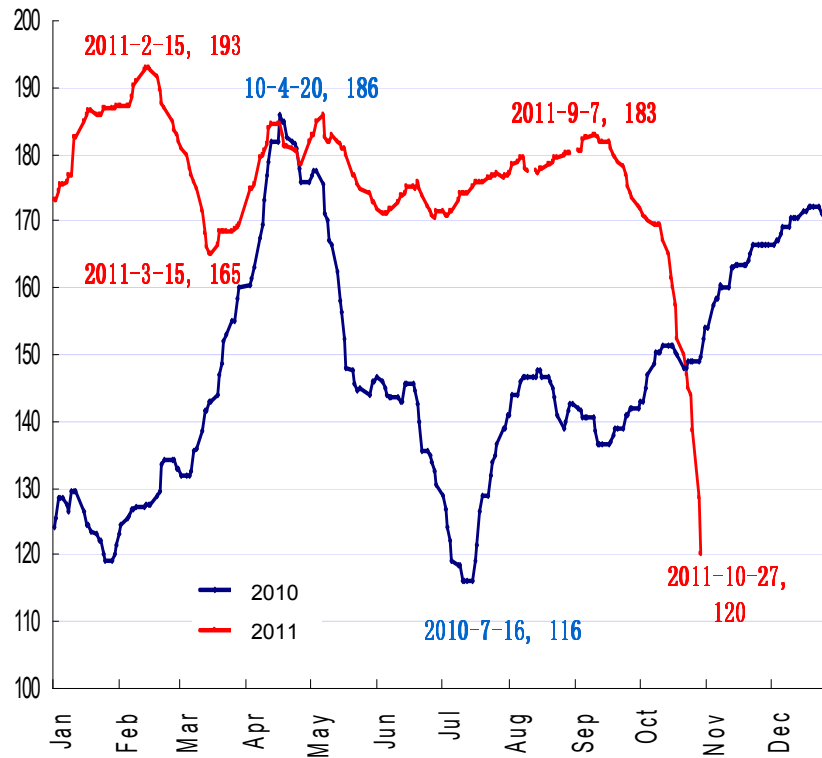


Data resource: Mysteel

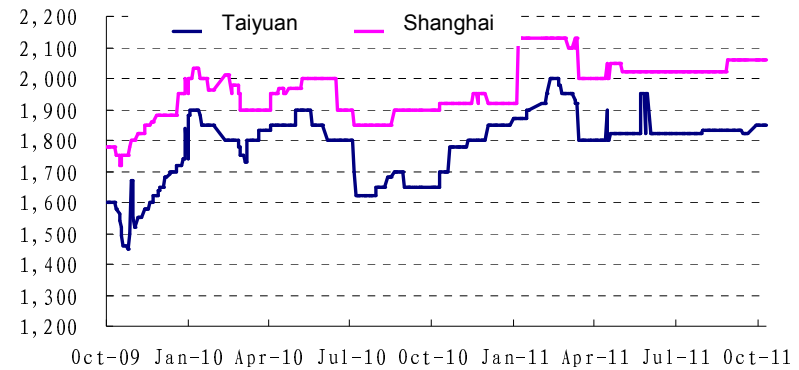
- Iron ore inventory is still high, about 92.2 million tons in 25 main ports until 21st, Oct.
- Including: 39.95 million tons from Australian, down 0.17% MoM;
- 21.98 million tons from Brazil, up 0.23% MoM;
- 11.40 million tons from India, up 0.80% MoM.

Raw Material Cost

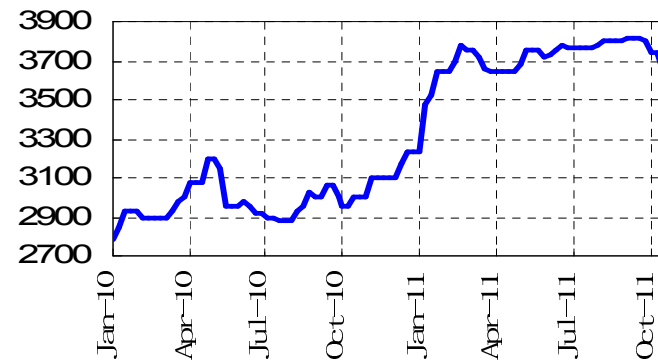
Platts(62%Fe)



Coke II



scrap price



Data resource: Mysteel

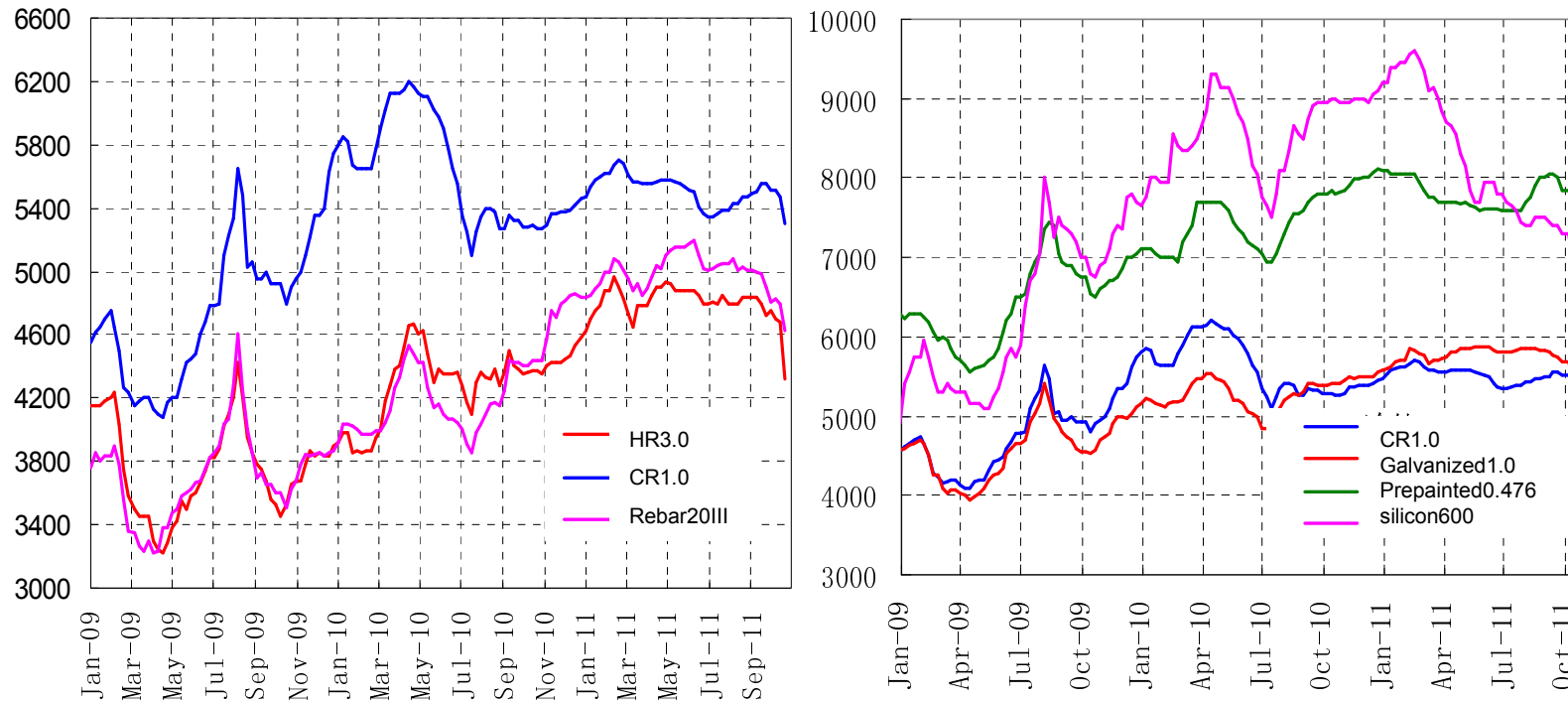
- Vale and Rio Tinto agreed on the iron ore price based on the current average level of indexes, down about 8%.

Steel Price

unit: Yuan/ton	21-Oct	Average 2010	WoW%	MoM%	YoY%
HRC	4320	4306	-7.7	-8.5	-1.1
CRC	5460	5580	-3.4	-5.5	-0.2
Plate	4500	4372	-4.3	-6.6	0.7
Wire	4330	4203	-8.6	-10.2	0.5
Rebar	4630	4276	-3.5	-5.5	4.3

Data resource : Mysteel

Market Trend



Data resource : Mysteel

- Iron ore price decreased since September, which weakened support of cost to the steel price.
- Demand of most industries(except automobile) has been weak recently, caused the decline of steel price.

Thanks!