

Supply Management of HBIS Group and Cooperation with EU

China-EU Symposium on Sustainable Raw Material Supply Cooperation

September 26 - 27 2017

World People's Palace Hotel
1 Zhenwumiao Rd, Xicheng District, Beijing 100045, China



Contents

1. Who's HBIS Group
2. Iron Ore Supply of HBIS Group
 - 2.1 Domestic
 - 2.2 Imported
3. MetCoal and Coke Supply of HBIS Group
 - 3.1 Domestic
 - 3.2 Imported
4. Iron Ore & Metcoal supply for HBIS Serbia
5. China-EU Cooperation on SM Materials
 - 5.1 Coke and Iron Ore
 - 5.2 Cooperation Potentials on SM Supply: Materials, Recycle, Know-how, Environment and Emission Control



HBIS Group (1 of the mills)



1. HBIS Group: Who we are

- **HBIS Group is a steel conglomerate:**
 - 6 steel mills in China (in 2 provinces), Crude Steel Capacity: 50MtPa; 2016 output – 44.92Mt
 - State-Owned Enterprise (SOE) with Registered Staff about 125,000
 - Sales Revenue: ¥ 290.8B (\$42.6B)
 - Rank 4th place worldwide (Ancelor-Mittal-90.8Mt-1, Baowu-63.8Mt - 2, NSSMC -45.3Mt - 3) (2016 output)(*data from World Metals*)
 - Non-Steel Sectors: Machinery, Energy, Mining, Financial Derivatives and Securities
 - Import Iron ore, Equipment and MRO; Export of Steel; and Overseas Investment

• Vision

To be the most competitive steel enterprise

• Mission

- To be a role model of steel industry

• Concepts

- People-oriented
- Customer-oriented
- Green
- Innovation
- Go-Global



Global Branches and Distribution

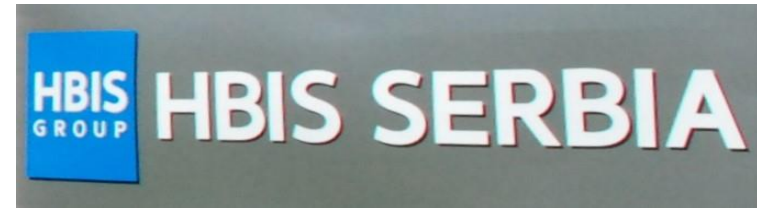
- Global Resources
- Global Market
- Global Customers

- Global Integration –
 - Four Steel Mills
 - Two Mines
 - One Network
- Overseas layout:
 - Assets USD6B
 - Hold shares in over 70 companies
 - Employee about 13,000
- Goal: 30% of sales revenue from overseas sales by end of 13th Five-year-plan



Four Overseas Steel Mills

- HBIS Serbia – 2Mt
- Makstil (Macedonia) – 1.2Mt
- DSP (South Africa) – 1.5Mt
- Kreher Steel Co (USA) – 450Kt



- Current overseas capacity 5Mt/a → Future Plan 10Mt by 2020

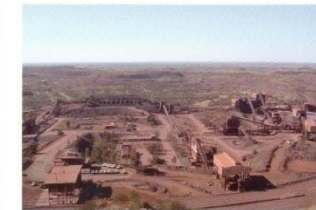
Two Mines

- **Palabora Mining Company,**
 - In South Africa
 - Iron Ore – Capacity 8Mt/a
 - Copper

- **Wheelarra Mine**
 - 10% Shares)
 - Iron Ore 7Mt/a total,
 - 3.5Mt for HBIS



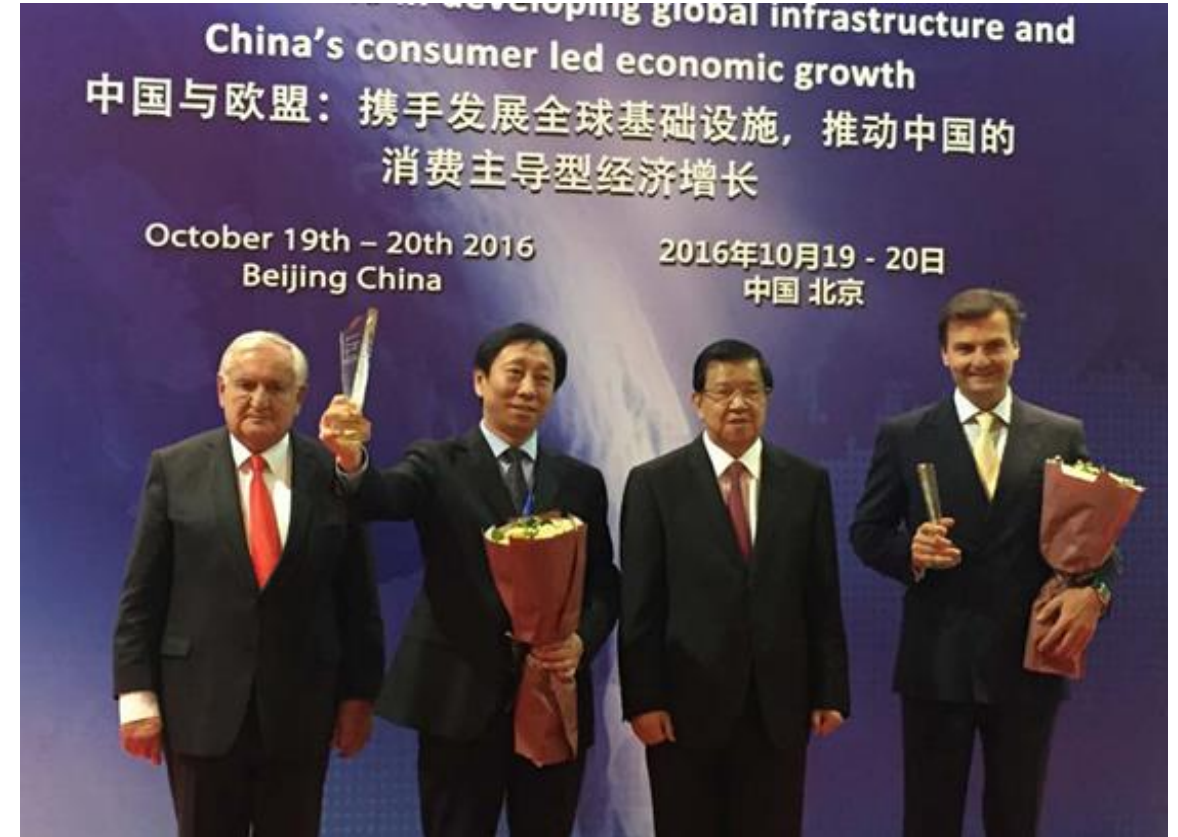
Potentials: Potential of Iron Ore Supply



Global Sales Network for Hi-grade Steel

- Acquired 51% shares of Duferco
 - Gained professionals in 40+ Countries/area
 - Developed business in 111 Countries/area
 - Started cooperation with 331 steel mills
 - Set up a sales network of 43000 customers

- China-EU Enterprise Cooperation Award in 2016 International Capital Conference (The only Manufacturing Enterprise from China in 8 years)



Global R&D System

- Membership of :
 - World Steel Association from 2014, as Chairman of Technology Committee, sent executive members and research fellows
 - World Federation of Automotive Steel
 - Swerea MEFOS
- Cooperation with Enterprises and Universities:
 - Wollongong University, Australia
 - Primetals Technologies Ltd
 - POSCO, etc
- Steel Research Institute of HBIS-Northeast University
- Cooperation with Siemens
 - Smart Plant – Digital Plant
 - Management mode

2. Iron Ore Supply of HBIS

2.1 Domestic Iron Ore

- China produced iron ore (crude) 1.28Bt;
- HBIS Purchased Domestic iron ore: about 17Mt concentrate in 2016
- Owned mines in Hebei Province with capacity about 8Mtpa

2.2 Import Iron Ore

- 2016 – Procured about 60Mt seaborne Iron Ore
- Mainly from Big 4: Vale, BHPB, Rio and FMG; Some European Suppliers



MV. HBIS

3. MetCoal and Coke Supply of HBIS Group

3.1 Domestic Metcoal

- China: about 571Mt output in 2016
- HBIS purchased met coal about 16Mt, coke about 10Mt
- 2016 China Coke production at 449Mt, Export about 10.21Mt
- 2016 HBIS purchased Metcoal about 16Mt, Coke about 10Mt



3.2 Imported Metcoal

- China imported about 59.3Mt of metcoal in 2016;
- HBIS: purchased about 300kt in 2017 YTD.



4. Iron Ore/Met coal/coke Supply in HBIS Serbia

4.1 Iron Ore, Met Coal/Coke Supply in HBIS Serbia

- Concentrate, Sinter Fine, Pellet
- Coking Coal, PCI
- Coke
- From Poland, Czech, Ukraine

4.2 Results of HBIS Support

- Better financial status
- More payment methods
- More supply sources and sales network



The Honorable Mr. XI Jinping visiting HBIS Serbia



HBIS Group actively participated in the OBOR (One-Belt-One-Road) Strategy – For a better world

5. China-EU Cooperation on SM Raw Materials Supply

5.1 Iron Ore/Met Coal Coke Trade

- Iron Ore: Pellet supply from EU to China: 230Kt of pellets and concentrates
- Met coal: no records of trading
- Coke: China export to EU: about 860Kt;



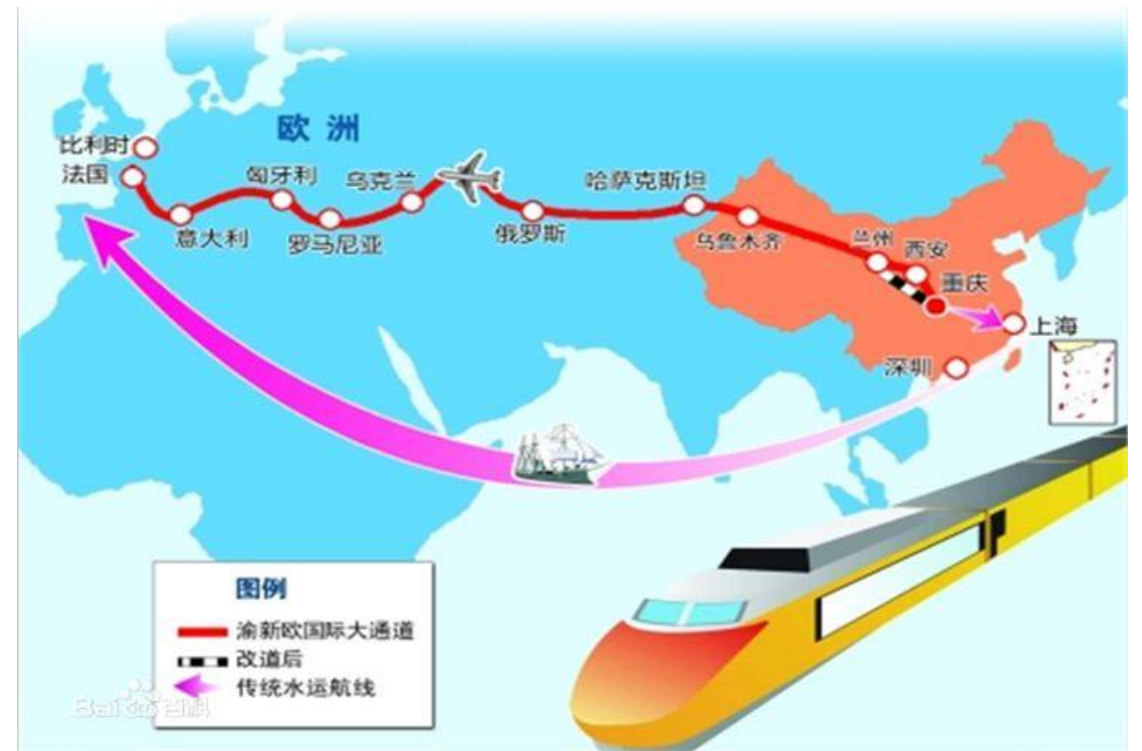
5.2 Cooperation Prospect on Supply

- China-EU Physical Goods Trade amounted USD565.78B in 2016, China is 2nd largest export market of EU, and largest import sources (MOFCOM)
- Iron Ore Processing (Rolling heating by Natural Gas i/o Coal), Equipment & MRO



5. HBIS-EU Cooperation Outlook

- Opportunities between HBIS-EU
 - OBOR – HBIS presence in Europe (EU, East Europe)
 - Steel Making materials – Pellet, Concentrates procurement
 - Management model, technology and delegates exchange
 - Investment in Steel Mills
- China efforts on Environment
 - Rolling heating – Gas replacing Coal
- EU Autos: France, Germany stop Selling Gas/Diesel Autos scheduled
- Carbon capture/Storage, emission Control
- Recycle, save energy
- New energy, Smart Factory, IoT, etc



Contact

- **SONG Zhongxue**
- Futures Department, HBIS International
- 92 Jianguo Road, Shimao Tower 16/F
Chaoyang District, Beijing 100022, China
- Email: songzhongxue@hbisco.com
- Cell: +86-186 3277 5685
- Tel: +86-10-85898198
- www.hbisco.com

Q&A
Thanks !

