



**WINSWAY®**

WINSWAY COKING COAL HOLDINGS LIMITED

永暉焦煤股份有限公司

# 2011 Interim Results Announcement

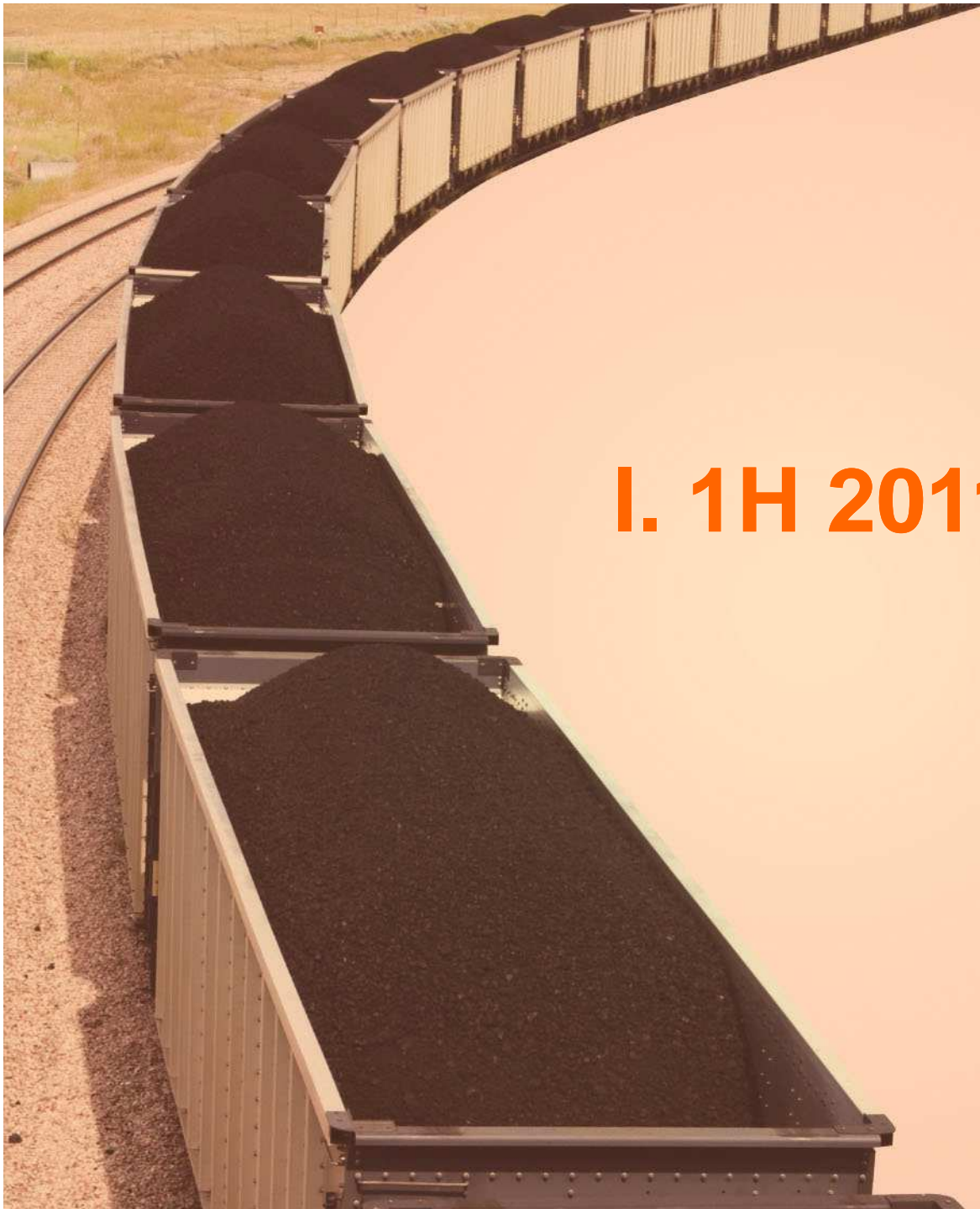
WINSWAY COKING COAL HOLDINGS LIMITED

23<sup>rd</sup> August 2011

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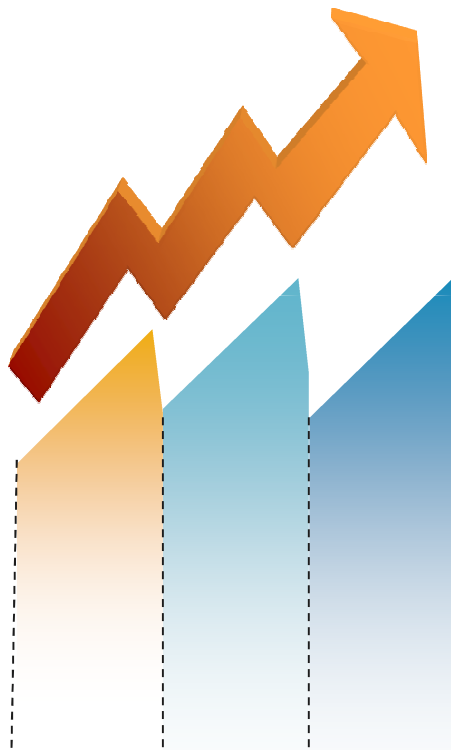
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# I. 1H 2011 Review

# 1H 2011 Highlights



Achieved significant growth and margin expansion

Issued US\$ 500 million senior notes at 8.5% for rolling stock procurement, railway investment and upstream acquisition.

Second largest share holder (9%) in Huayuan JV established with Hohhot Railway Bureau. As of the first half of 2011, Huayuan JV received 3,300 rolling stock and Winsway increased 1.2 million tonnes of annual capacity.

Maintained our leading position at 46% market shares as the No.1 importer of Mongolian coking coal into China.

With Bayuquan and Longkou coal processing facilities, Winsway actively expanded into the seaborne coal market.

During 1H 2011, Winsway continued to build infrastructures: Jining, Ceke and Erenhot railway logistic parks has been completed.

Continue to expand our already impressive customer base



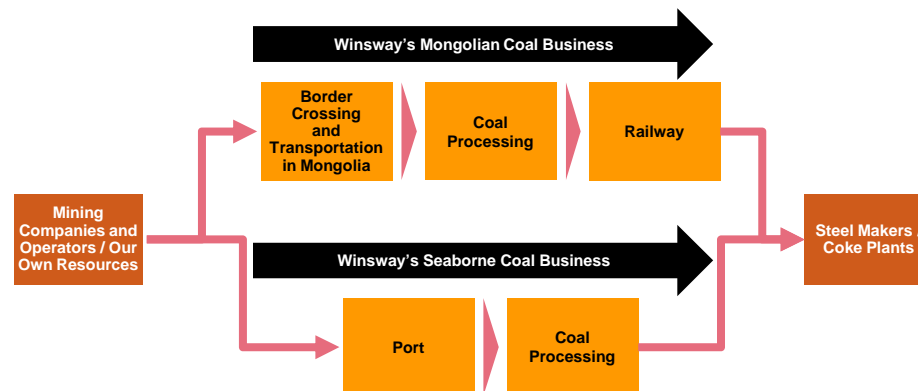
# Integrated Coking Coal Supplier with Excellent Growth and Track Record



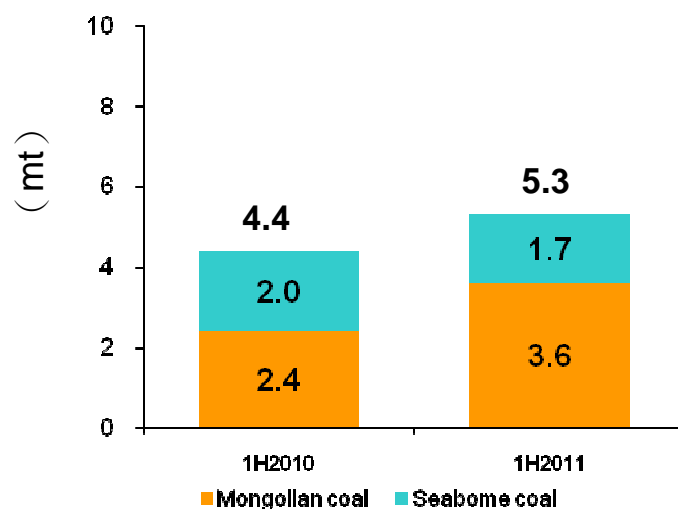
## Winsway Overview

- An integrated supplier of imported coking coal into China, owning infrastructures at strategic Sino-Mongolian and Sino-Russian border crossings and Chinese sea ports
- A pioneer in the large-scale transportation of Mongolian coking coal into China, and one of the few companies with infrastructures to supply Mongolian coking coal to coastal areas of China profitably in a large-scale
- One of the leading suppliers in China of imported coking coal. Imported 3.6 mt of Mongolian coal and 1.7 mt of seaborne coal in 1H2011
- Listed on HKEx on 11 Oct 2010 (HK.1733)

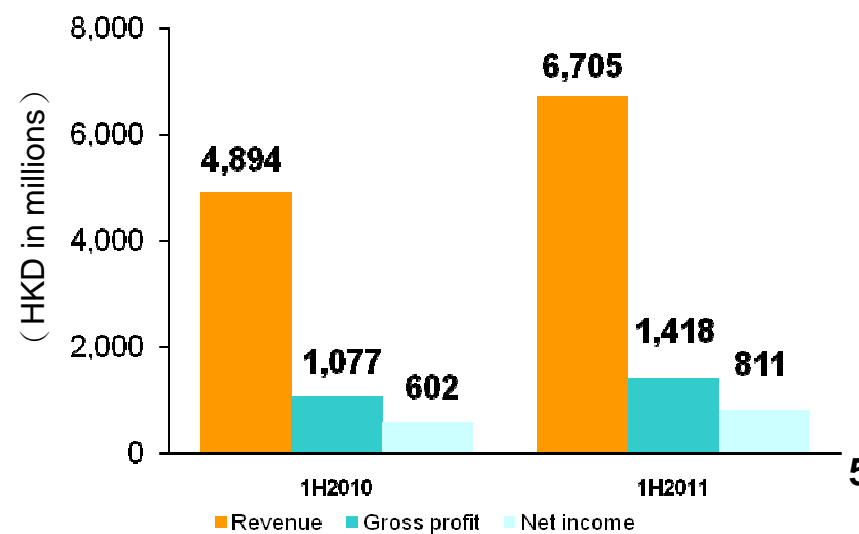
## Integrated Business Model Across the Value Chain



## Strong Growth in Procurement Volume



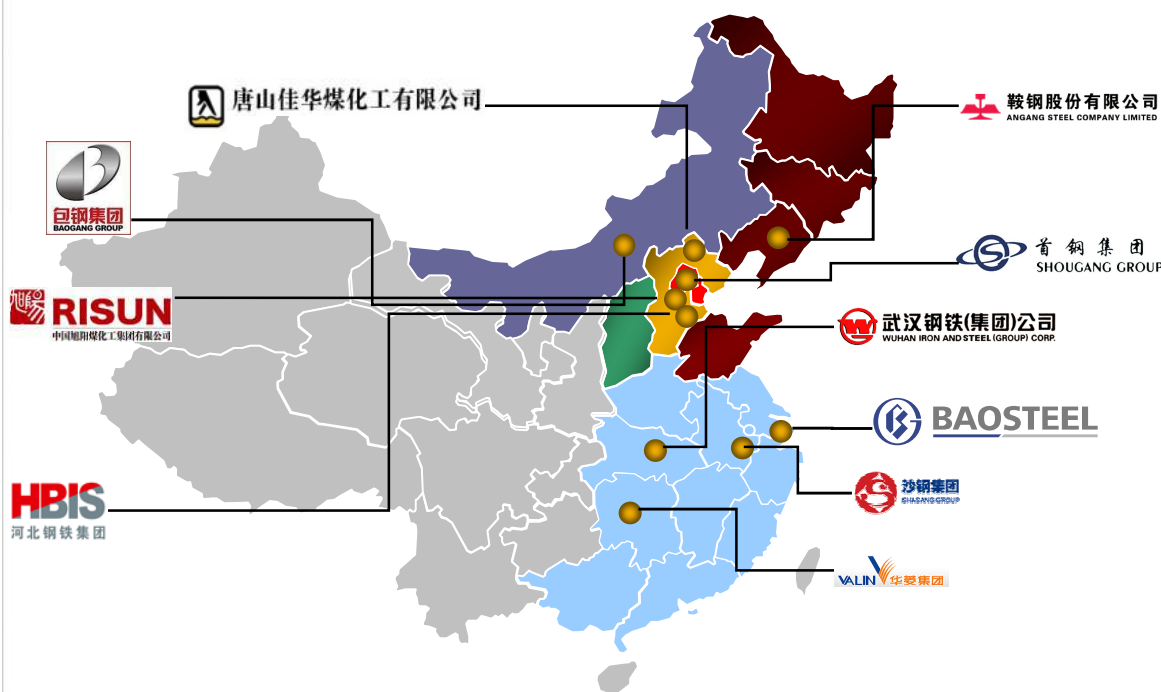
## Solid Financial Performance



# Established Relationship with High-Quality Customers at Major Steel Production Centres



## Winsway's Major Customers



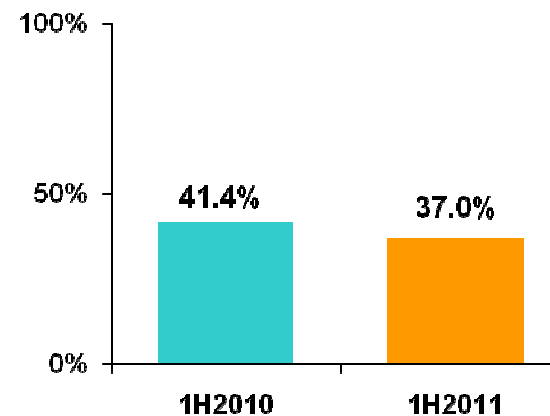
Note: Colored areas denote six main markets for Winsway: Hebei and Beijing, Northeast of China, Inner Mongolia, Shanxi, Shandong and Central, Eastern and Southern regions of China

## Top 10 Customers (1H2011)

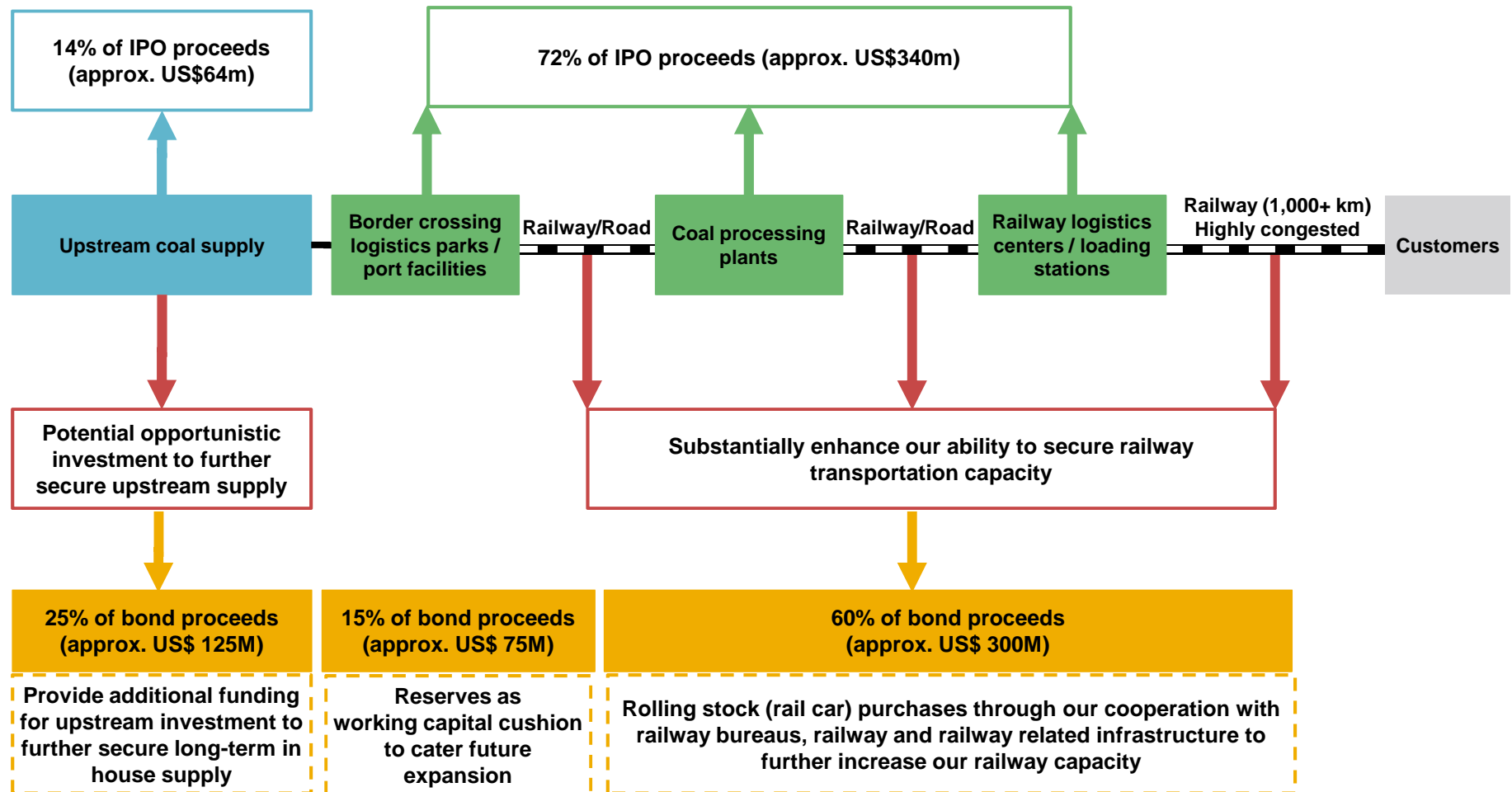
Customers	Region	Amount (HK\$' Million)
Marubeni	Japan	828
BaoSteel	Shanghai	470
ShaSteel	Jiangsu	463
Wuhan Steel	Hubei	446
Tangshan Jiahua	Hebei	271
Hyundai Steel	Korea	267
Qian An Jiujiang Coke	Hubei	243
Liu Steel	Guangxi	239
Baotou Steel	Inner Mongolia	168
Huhhot Qingshuihe Coke	Inner Mongolia	127

## Top 5 Customers Revenue Contribution

% of Total Revenue



# April US\$500m 8.5% bond offering - rationale

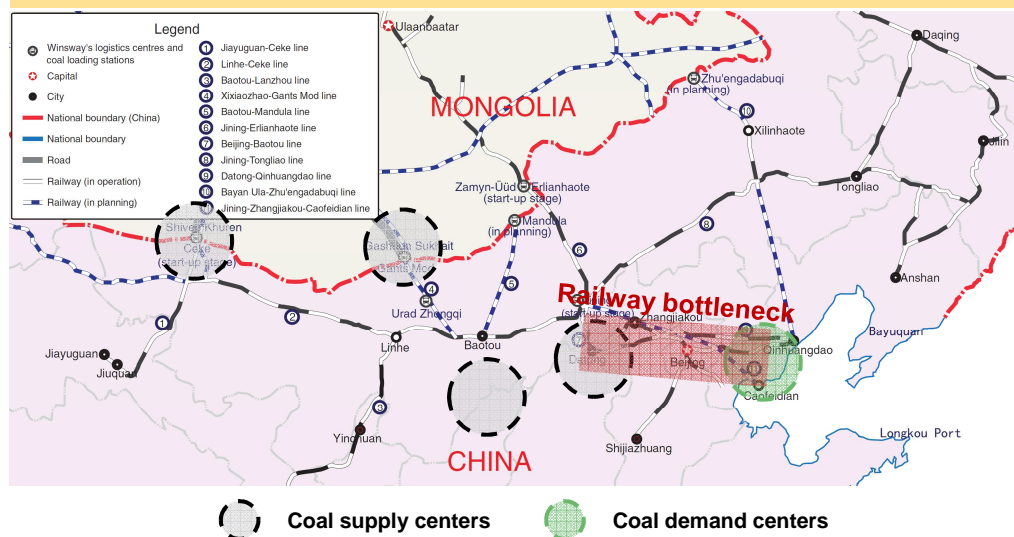


# April US\$500m 8.5% bond offering- use of proceeds



## 60%: rolling stock purchases through cooperation with railway bureaus and potential railway investments

### The current railway bottleneck



### Production volume of China's two top coal producing provinces in 2010

Inner Mongolia	782mt
Shanxi	741mt
<b>Total</b>	<b>1,523mt</b>

### Current capacity of major coal transportation railways in 2010

Daqing	Approx. 410mt
Shenhua	Approx. 160mt
<b>Total</b>	<b>Approx. 570mt</b>

## 25%: Upstream investments

- Continuously look for upstream investment opportunities in Mongolia, Russia and other parts of the world to secure long-term stable supply
- Partner with leading mining companies to leverage their expertise

### Our strategy

- Rapidly increasing coal production in Inner Mongolia, Shanxi, Shaanxi and Mongolia has exceeded capacity of major coal transportation railways
- The performance of our Mongolian coal business is constraint by the railway capacity allocation we receive on such railways
- The bottleneck is caused by both the lack of railway infrastructure (in particular tracks) and equipment (in particular rolling stock)
- Investing in railway infrastructure and rolling stock (rail car) will create incremental capacity, and by utilizing such capacity, we will increase our volume and profit
- We plan to apply 60% of the proceeds from the bond offering towards rolling stock (rail car) purchases through our cooperation with railway bureau, and other potential railway investments

## 15%: Working capital and general purposes

- Provide working capital to support volume growth



# Coal Processing Plants



## LongKou Wash Plant



\* Capacity of 4 million tonnes

## Jining Wash Plant



\* Capacity of 4 million tonnes

## Yingkou Wash Plant



\* Capacity of 4 million tonnes

# Logistic Park



## Ceke Logistics Park



- Capacity up to 10 million tonnes
- 8 loading lanes
- Border-crossing terminals
- Occupies 64 hectares

## Erlan Logistics Park



- Capacity of 10 million tonnes
- Provide logistic service for iron ore products from Mongolia
- Eliminate bottleneck due to stockpile capacity at Erlan Station
- Border-crossing terminals

## Jining Logistics Park



- Private Railway Line
- Connects to major railway networks



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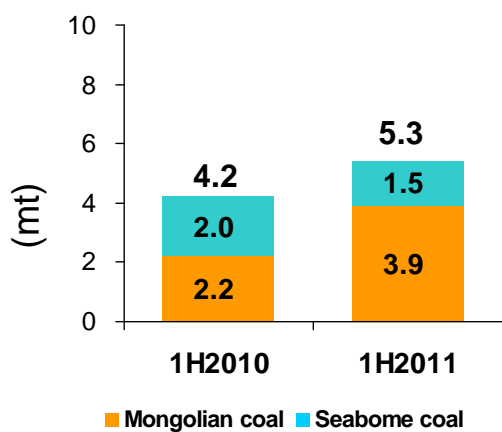
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## II. Financial Overview

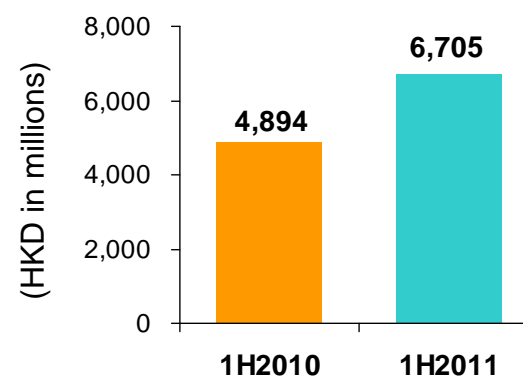
# Our Scale



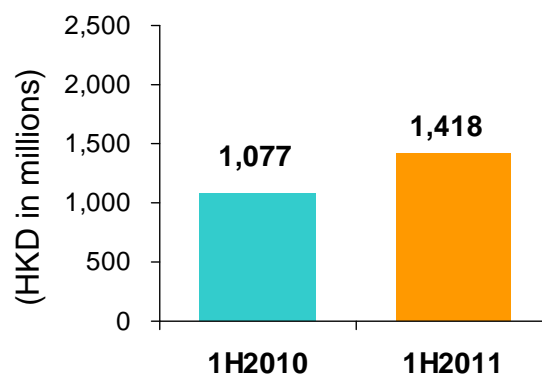
## Total sales volume



## Total revenue



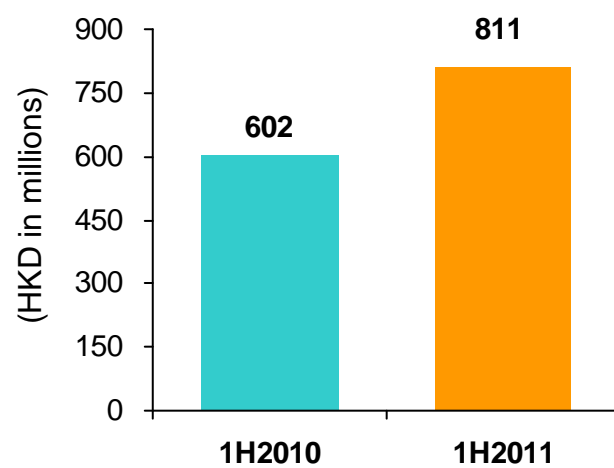
## Gross profit



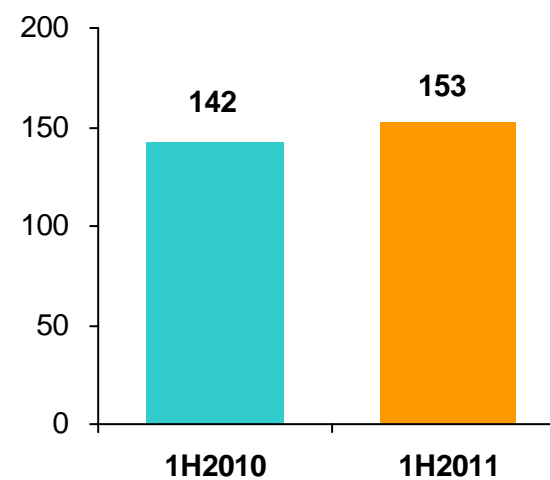
# Profitability



## Net profit



## Net profit per ton (HKD)

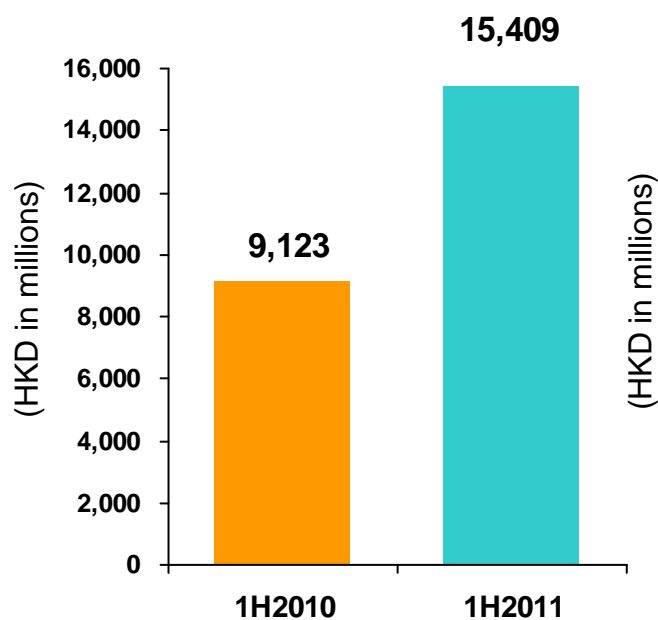




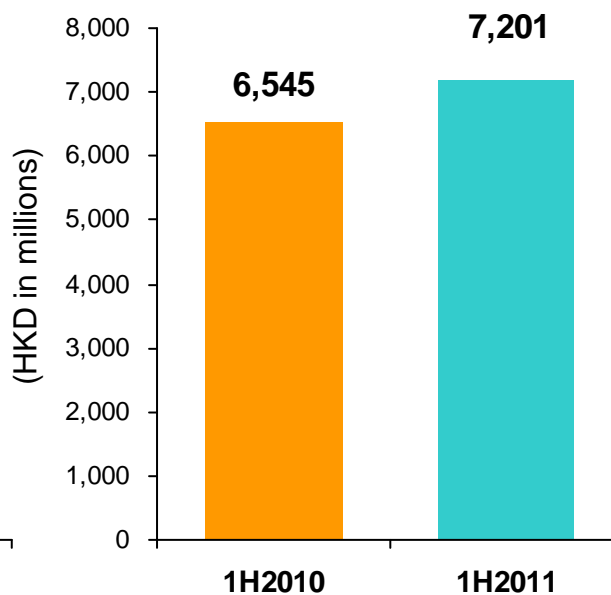
# Balance Sheet



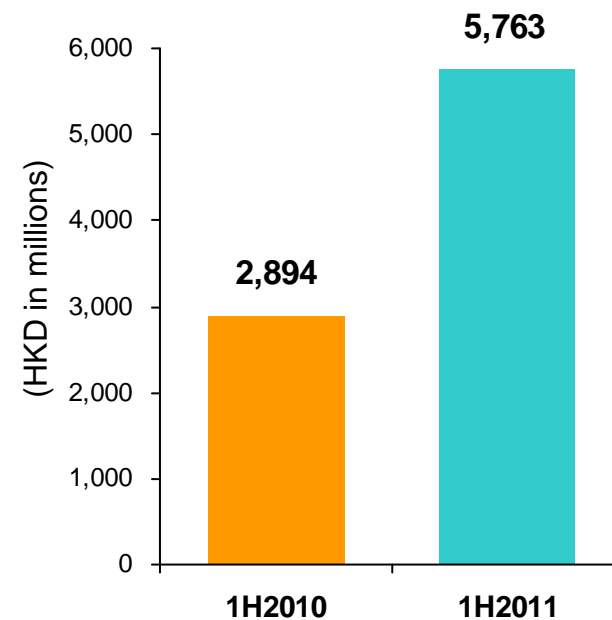
## Total assets



## Total equity



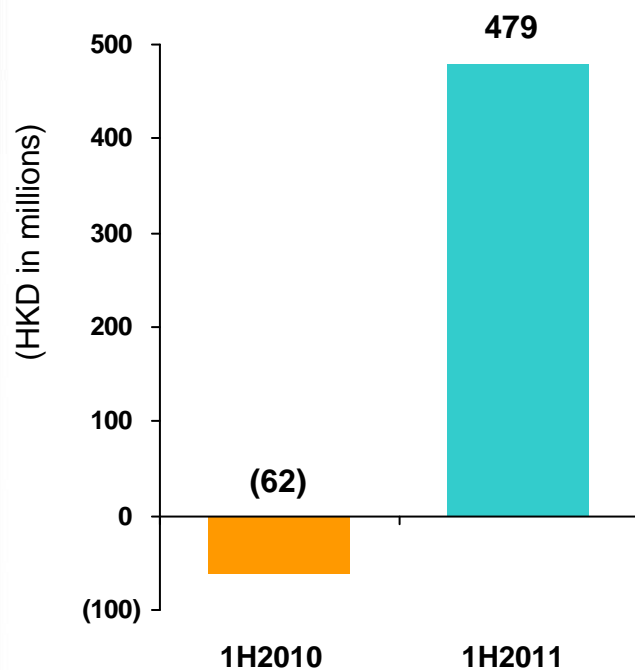
## Cash balance



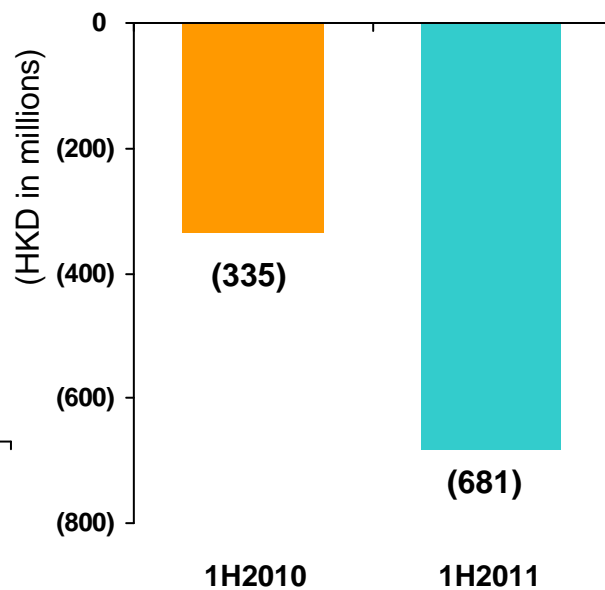
# Cash Flow



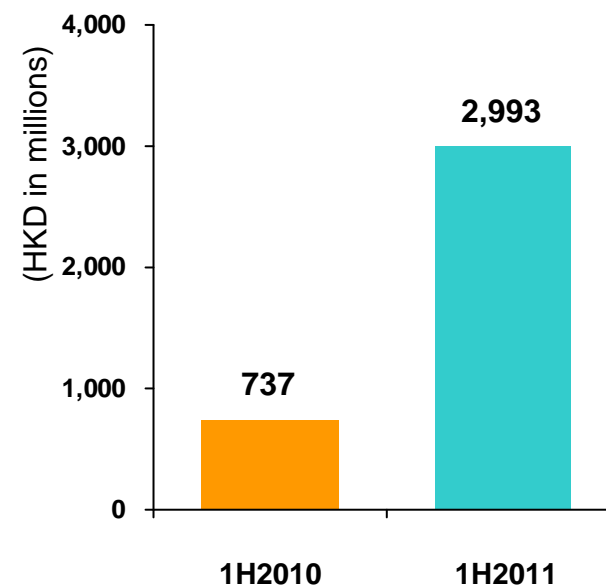
## Operating cash flow



## Investing cash flow



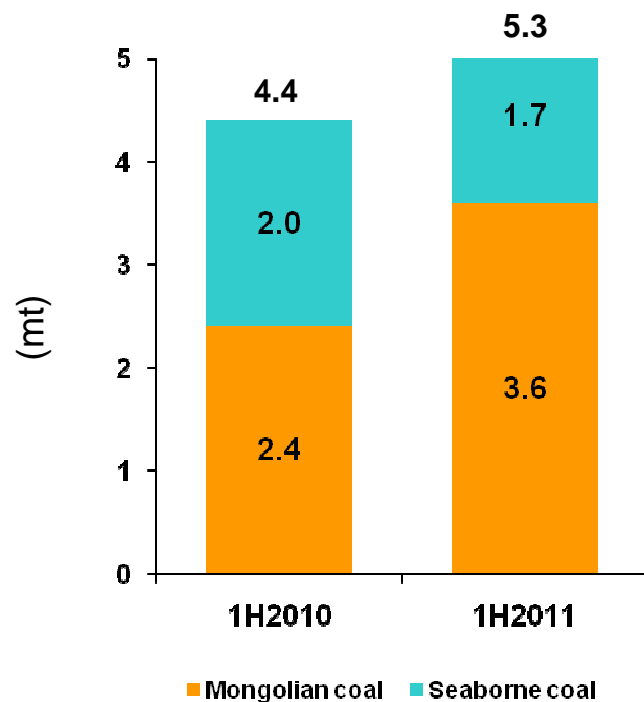
## Financing cash flow



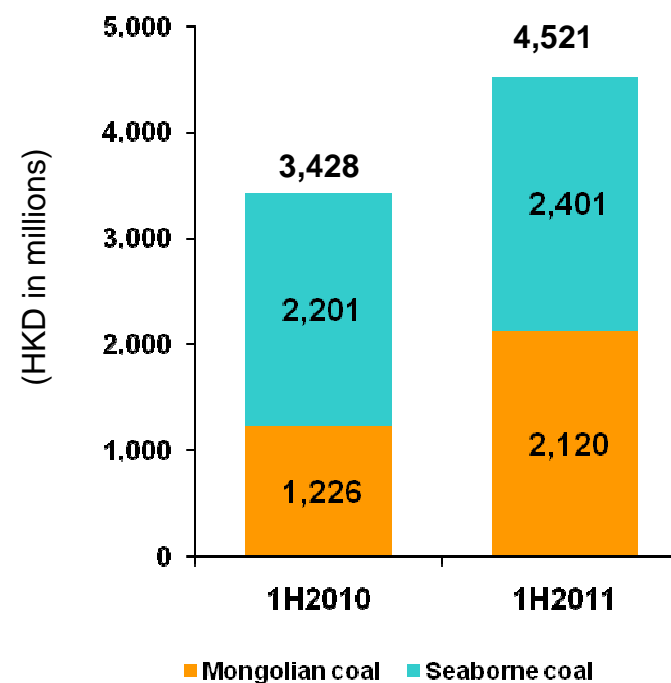
# Coal procurement



## Coal procurement volume



## Coal procurement amount



# Long Term Agreements and Purchase Contracts with Key Suppliers Ensure a Stable Source of Coking Coal Supply

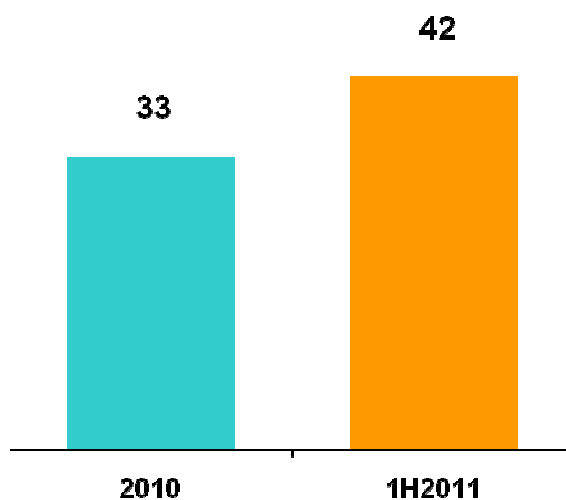


<b>Mongolian Coal Suppliers</b>		<b>Unidentified Mongolian Supplier</b>			<b>Others</b>
	<u>Long term agreement</u>	<u>Long term agreement</u>	<u>Long term agreement</u>	<u>Long term agreement</u>	<u>Purchase contract</u>
	<b>10 years</b>	<b>3 years</b>	<b>5 years</b>		
	<b>5.0mt/year or 50% output</b>	<b>Up to 2.0mt/year</b>	<b>Min. 2.0mt/year</b>	<b>3.0mt/year</b>	<b>0.2mt (Q4 2010)</b>
<b>Seaborne Coal Suppliers</b>					<b>Others</b>
	<b>A combination of long-term agreements and spot contracts</b>				

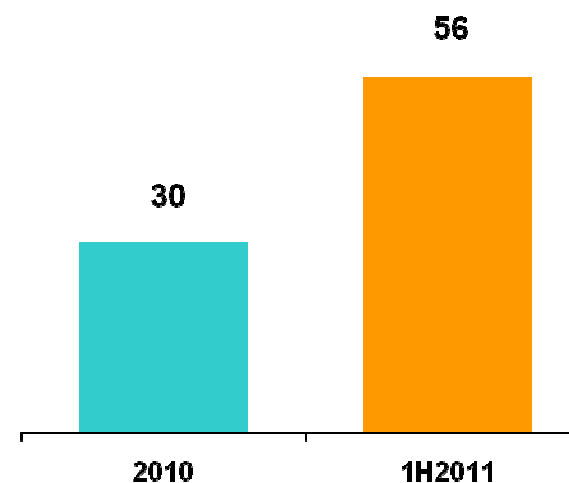
# Strong Working Capital Management



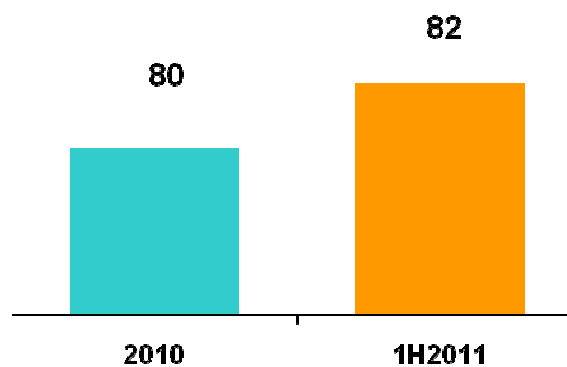
## A/R Turnover Days



## A/P Turnover Days



## Inventory Turnover Days

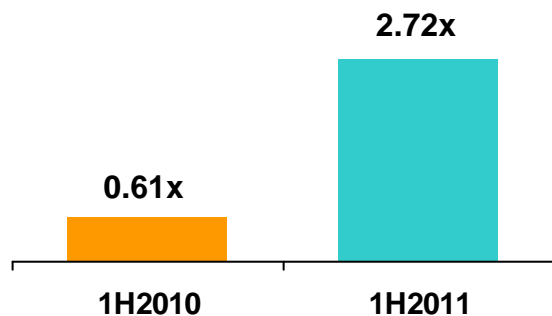




# Healthy Credit Ratios

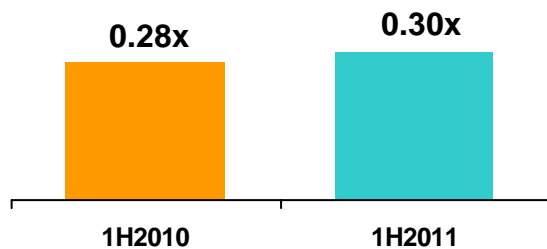


## Total Debt/EBITDA

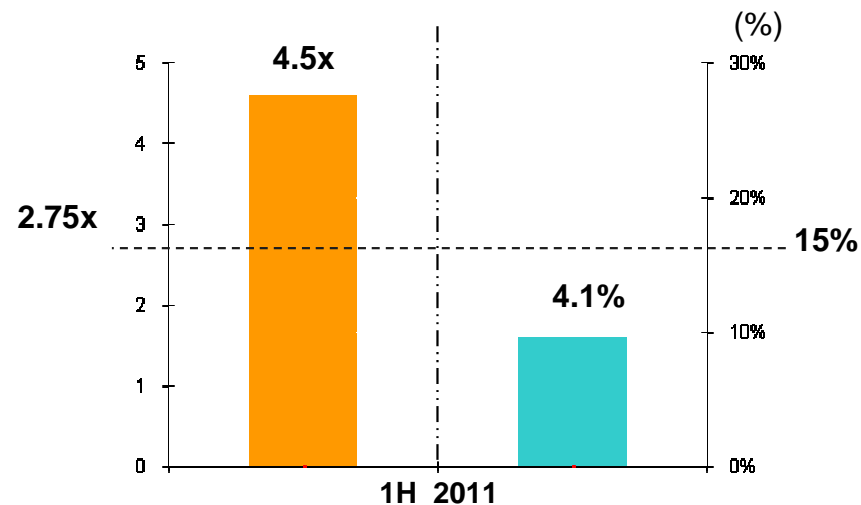


\*EBITDA is calculated on the last twelve months basis

## Debt/Asset

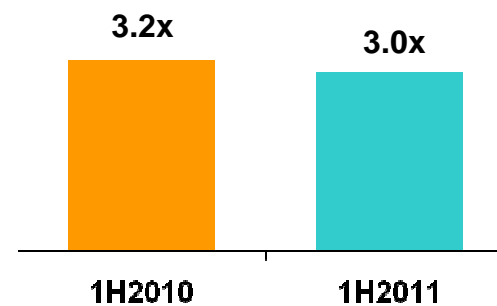


## FCCR



\* Interest expense used in FCCR calculation is based on estimate of interest rate for working capital loan at 6% and interest rate for the bond at 8.5%.

## Current Ratio





**Confident in our market position and expect to reach our sales target.**



**Further diversifying our supply base and customer base**



**Continue to seek upstream assets**



**Continue to work with our domestic and international partners on sourcing, logistics and upstream acquisitions.**





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## III. Q&A Session