



中国西部水泥有限公司
WEST CHINA CEMENT LIMITED

2016 Annual Results

March 2017



STRICTLY CONFIDENTIAL

Institutional presentation materials

By attending the meeting where this presentation is made, or by reading the presentation materials, you agree to be bound by the following limitations:

The information in this presentation has been prepared by representatives of West China Cement Limited (the "Issuer") for use in presentations by the Issuer at investor meetings and does not constitute a recommendation or offer regarding the securities of the Issuer.

No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information, or opinions contained herein. None the Issuer, Credit Suisse Securities (Europe) Limited and Nomura International plc, or any of their respective advisors or representatives shall have any responsibility or liability whatsoever (for negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with this presentation. The information set out herein may be subject to updating, completion, revision, verification and amendment and such information may change materially.

This presentation is based on the economic, regulatory, market and other conditions as in effect on the date hereof. It should be understood that subsequent developments may affect the information contained in this presentation, which neither the Issuer nor its advisors or representatives are under an obligation to update, revise or affirm.

The information communicated in this presentation contains certain statements that are or may be forward looking. These statements typically contain words such as "will", "expects" and "anticipates" and words of similar import. By their nature forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Any investment in securities issued by the Issuer will also involve certain risks. There may be additional material risks that are currently not considered to be material or of which the Issuer and its advisors or representatives are unaware. Against the background of these uncertainties, readers should not rely on these forward-looking statements. The Issuer assumes no responsibility to update forward-looking statements or to adapt them to future events or developments.

Market data, industry participants data, industry forecasts and statistics in this presentation have been obtained from both public and private sources, including market research, publicly available information and industry publications. This information has not been independently verified by us and we do not make any representation as to the accuracy or completeness of that information. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified. Due to possibly inconsistent collection methods and other problems, such statistics herein may be inaccurate. You should not unduly rely on such market data, industry forecasts and statistics.

This presentation and the information contained herein do not constitute or form part of any offer for sale or subscription of or solicitation or invitation of any offer to buy or subscribe for any securities of the Issuer. The securities of the Issuer have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered, sold or delivered within the United States absent registration under or an applicable exemption from the registration requirements of the United States securities laws.

This presentation and the information contained herein are being furnished to you solely for your information and may not be reproduced or redistributed to any other person, in whole or in part. In particular, neither the information contained in this presentation nor any copy hereof may be, directly or indirectly, taken or transmitted into or distributed in the United States, Canada, Australia, Japan, Hong Kong, the PRC or any other jurisdiction which prohibits the same except in compliance with applicable securities laws. Any failure to comply with this restriction may constitute a violation of U.S. or other national securities laws. No money, securities or other consideration is being solicited, and, if sent in response to this presentation or the information contained herein, will not be accepted.

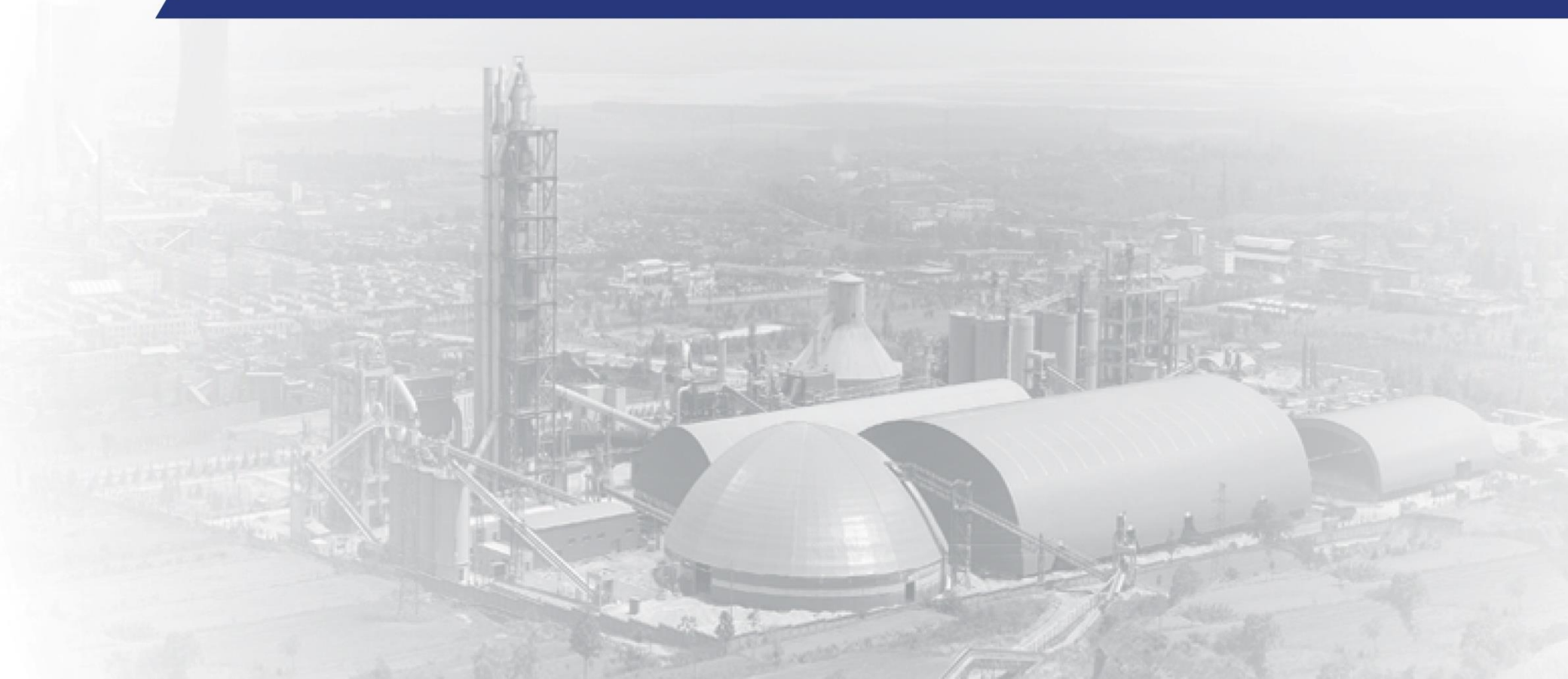
No invitation is made by this presentation or the information contained herein to enter into, or offer to enter into, any agreement to purchase, acquire, dispose of, subscribe for or underwrite any securities or structured products, and no offer is made of any shares in or debentures of the Issuer for purchase or subscription, except as permitted under the laws of Hong Kong.

By reviewing this presentation, you are deemed to have represented and agreed that you and any client you represent are outside of the United States.

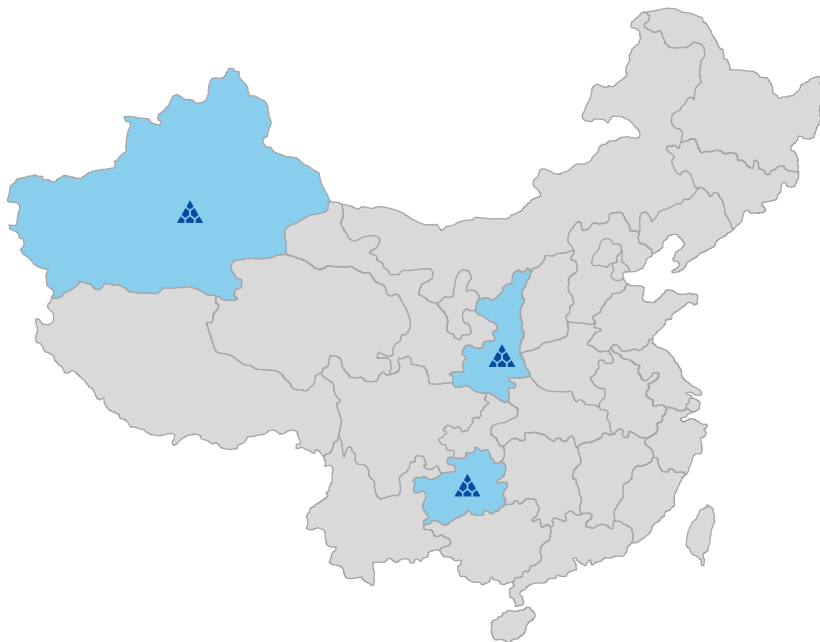


中国西部水泥有限公司
WEST CHINA CEMENT LIMITED

Company Overview



Western China focus – Shaanxi, Xinjiang and Guizhou



The largest
cement producer in
Shaanxi Province by NSP
production capacity

Market leader in Southern
and Eastern Central
Shaanxi

Cement capacity: 29.2mt
Shaanxi: 23.3mt
Xinjiang: 4.1mt
Guizhou: 1.8mt

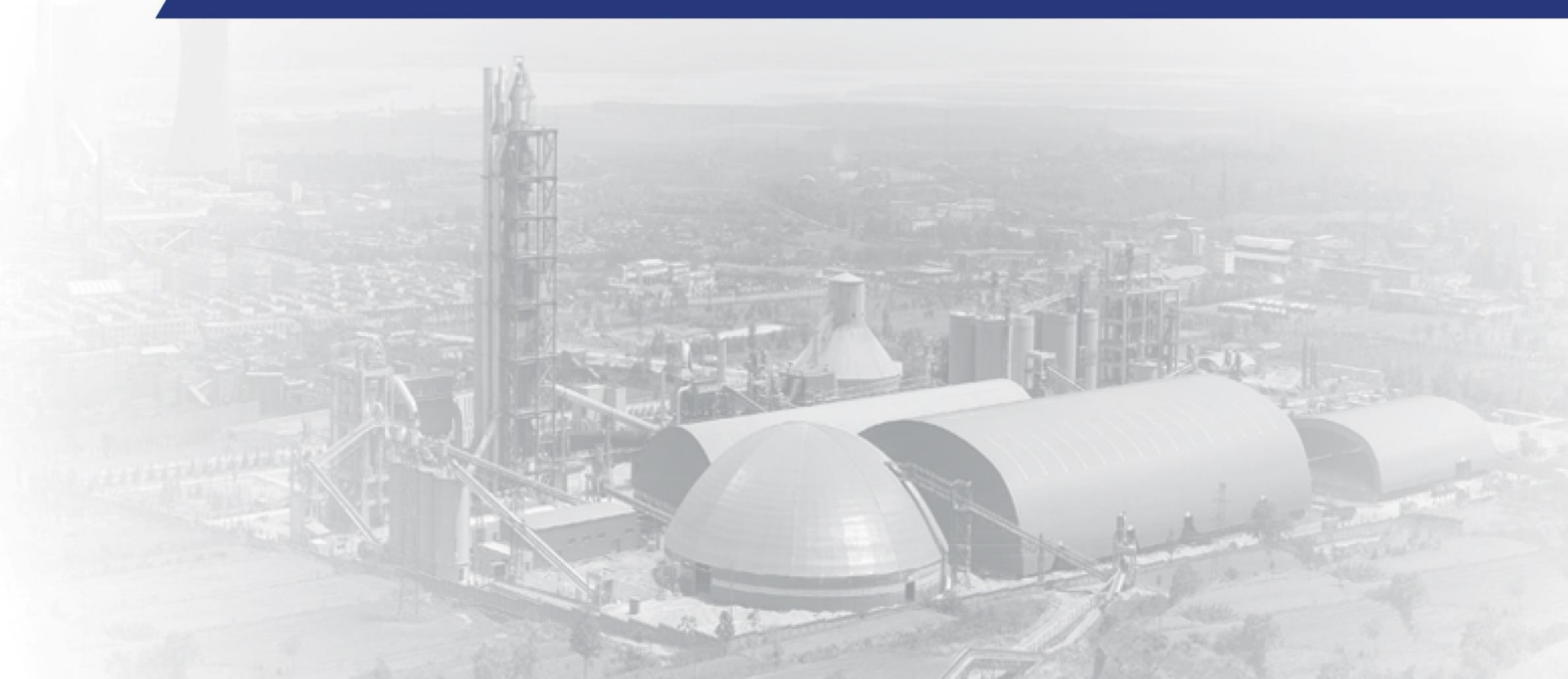
- 100% NSP capacity. Matching Clinker/Cement volumes at each plant
- Southern Shaanxi core markets: Dominant market position
- Eastern Central Shaanxi core market: Access to Xi'an metropolitan market
- Xinjiang and Guizhou: Growth opportunities
- Well positioned to capitalize on West China development

- A key strategic cement asset in North West China



中国西部水泥有限公司
WEST CHINA CEMENT LIMITED

2016 Annual Results



2016 Annual Results Highlights

■ Operational

- Period-end installed capacity of 29.2mt (31 Dec 2015: 29.2mt)
- Cement sales volume of 17.6mt (31 Dec 2015: 16.8mt). Including clinker sales 17.8mt (31 Dec 2015: 17.1mt).
- Cement ASP's of RMB207/t (31 Dec 2015: RMB200/t)

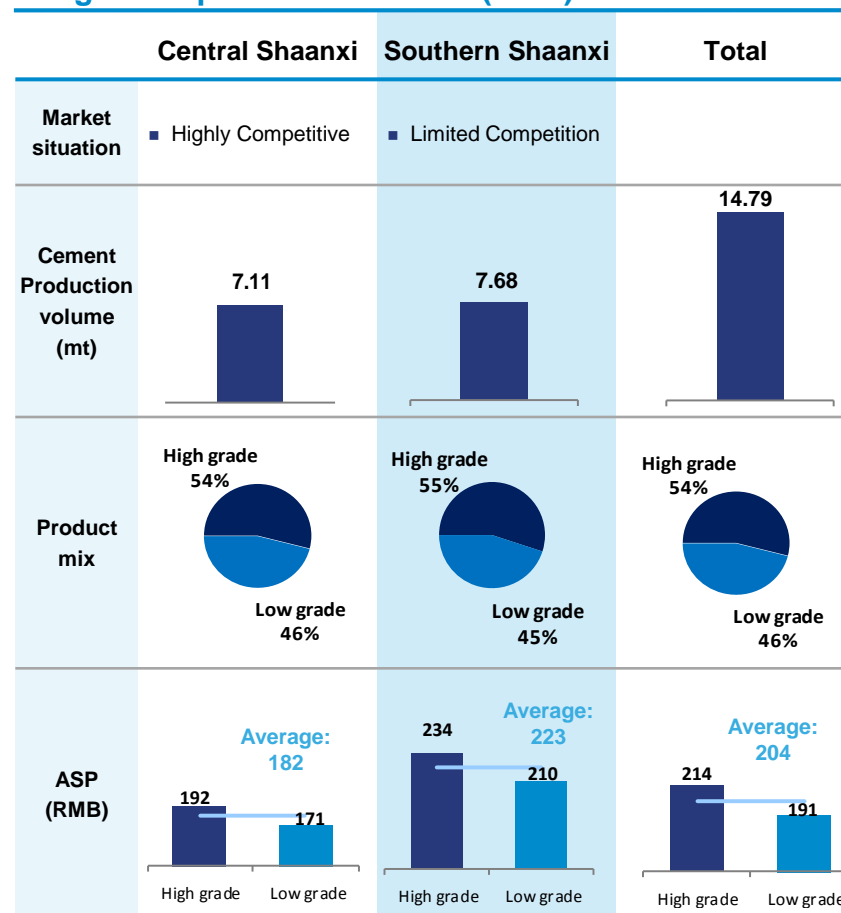
■ Financial

- Gross Profit increase to RMB676.7m (31 Dec 2015: RMB463.5m)
- EBITDA increase to RMB1,311.7m (31 Dec 2015: RMB965.8m)
- Profit/(Loss) Attributable to Shareholders RMB10.3m (31 Dec 2015: RMB(309.2m))
- Net Gearing 45.1% (31 Dec 2015: 57.2%)
- Cash & cash equivalents of RMB1,345.6m (31 Dec 2015: RMB528.2m)

■ Further Developments

- Fuping Municipal Waste Treatment Facility was fully commissioned in March 2016.

Regional operational metrics (2016)



RMB Million (unless otherwise specified)	Ended 31 Dec 2016	Ended 31 Dec 2015	%
Cement Sales Volume	17.6	16.8	4.8%
Revenue	3,719.3	3,500.9	6.2%
Gross Profit	676.7	463.5	46.0%
EBITDA	1,311.7	965.8	35.8%
Profit/(Loss) Attributable to Shareholders	10.3	(309.2)	133.3%
Basic EPS (cents)	0.2	(6.2)	103.2%
Dividend (cents)	Nil	Nil	Nil
Gross Profit Margin	18.2%	13.2%	5.0 p.pt
EBITDA Margin	35.3%	27.6%	7.7 p.pt

	As at 31 Dec 2016	As at 31 Dec 2015	
Total Assets	11,181.6	11,382.5	(1.8%)
Net Debt ⁽¹⁾	2,667.4	3,375.7	(21.0%)
Net Gearing ⁽²⁾	45.1%	57.2%	(12.1 p.pt)
Net Debt / EBITDA	2.0	3.5	(42.9%)
EBITDA / Fixed Charge ⁽³⁾	5.0	3.6	(38.9%)
Net Assets Per Share(cents)	109	109	0.0%

	Ended 31 Dec 2016	Ended 31 Dec 2015
ASP/t (RMB)	207	200
GP/t (RMB)	38	28
Trade receivable Turnover Days ⁽⁴⁾	27	32
Inventory Turnover Days ⁽⁵⁾	65	68
Trade payable Turnover Days ⁽⁶⁾	68	82

1. Net debt equal to total borrowings, medium-term notes and senior notes, less bank balances and cash and restricted bank deposits

2. Net Gearing is measured as net debt to equity

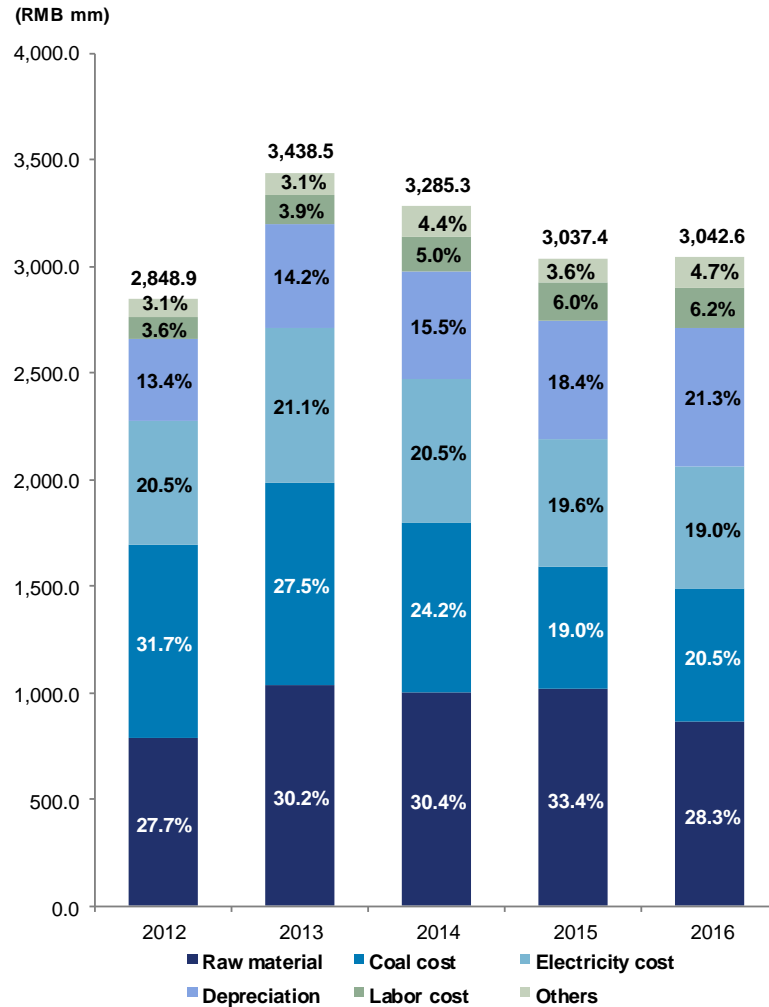
3. Fixed charge means gross interest expenses.

4. 365 day / (Turnover / Average trade receivable)

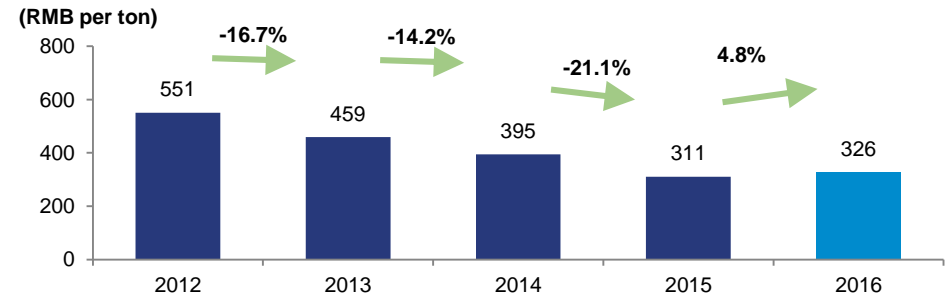
5. 365 day / (Production cost / Average inventory)

6. 365 day / (Production cost / Average trade payable)

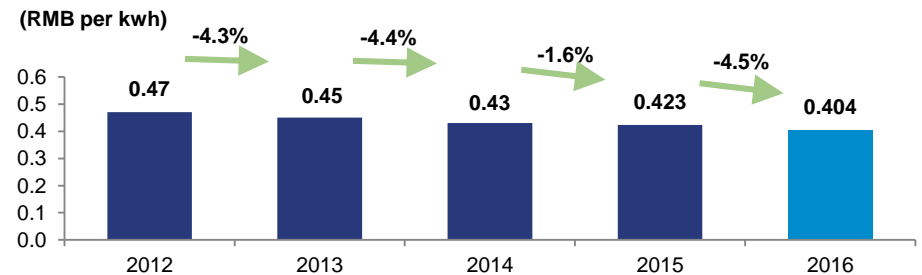
Production Cost



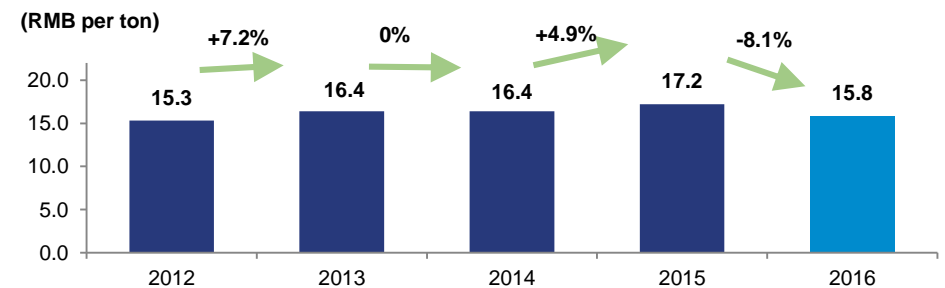
Average Coal Cost



Average Electricity Cost



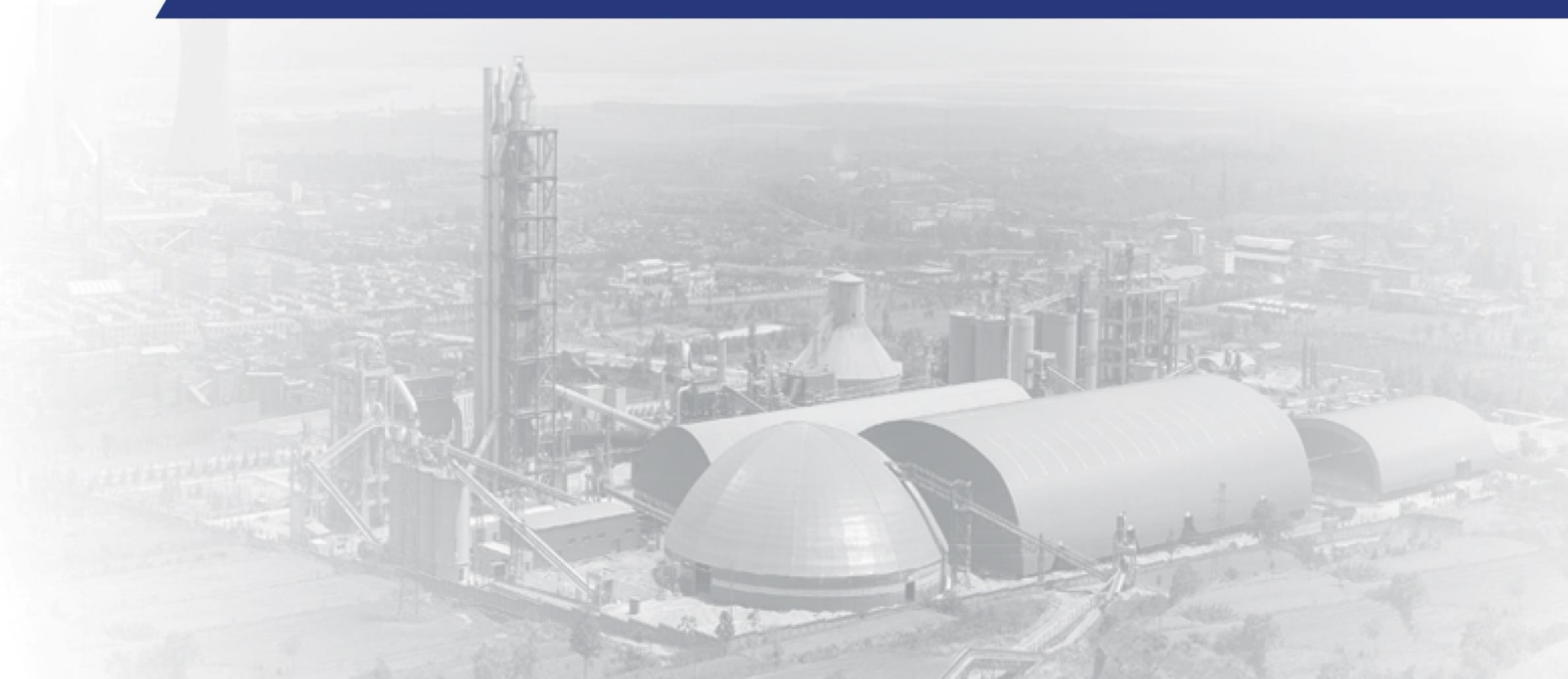
Average Limestone Cost

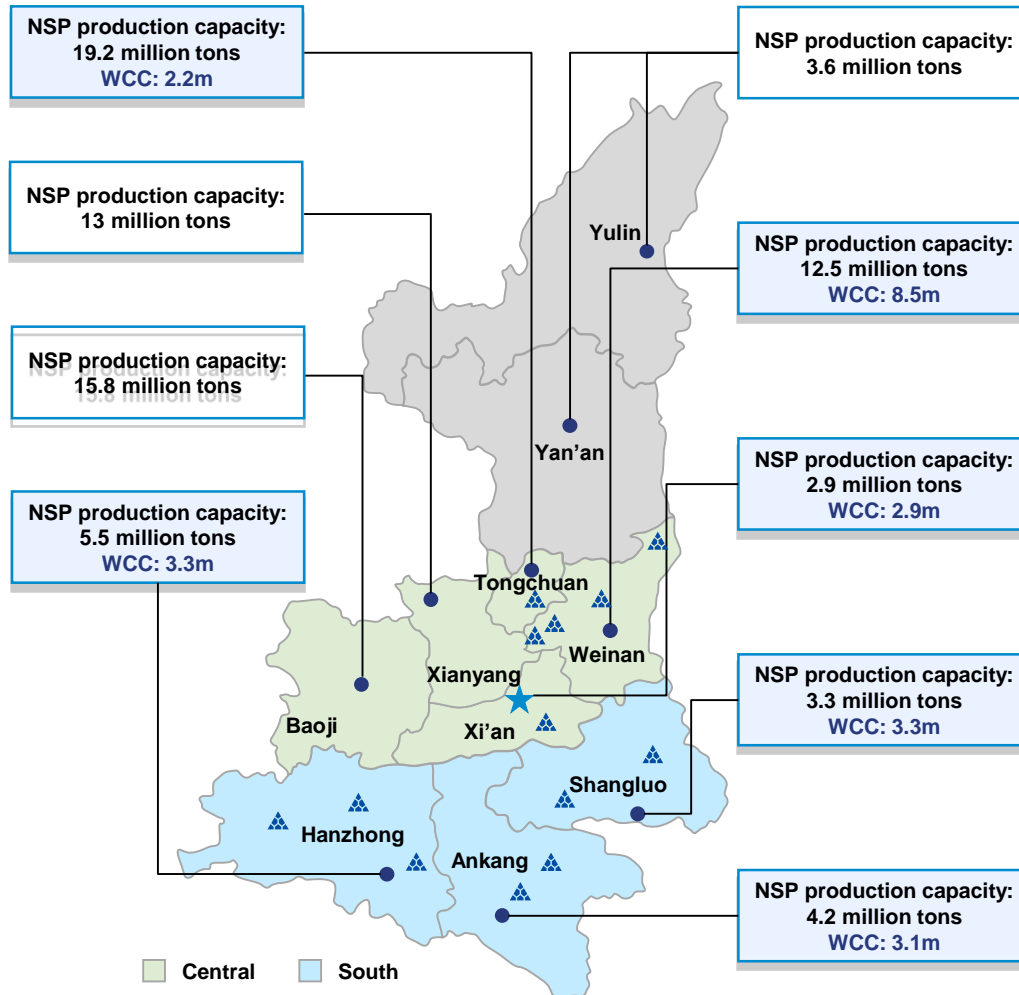




中国西部水泥有限公司
WEST CHINA CEMENT LIMITED

Operations & Markets





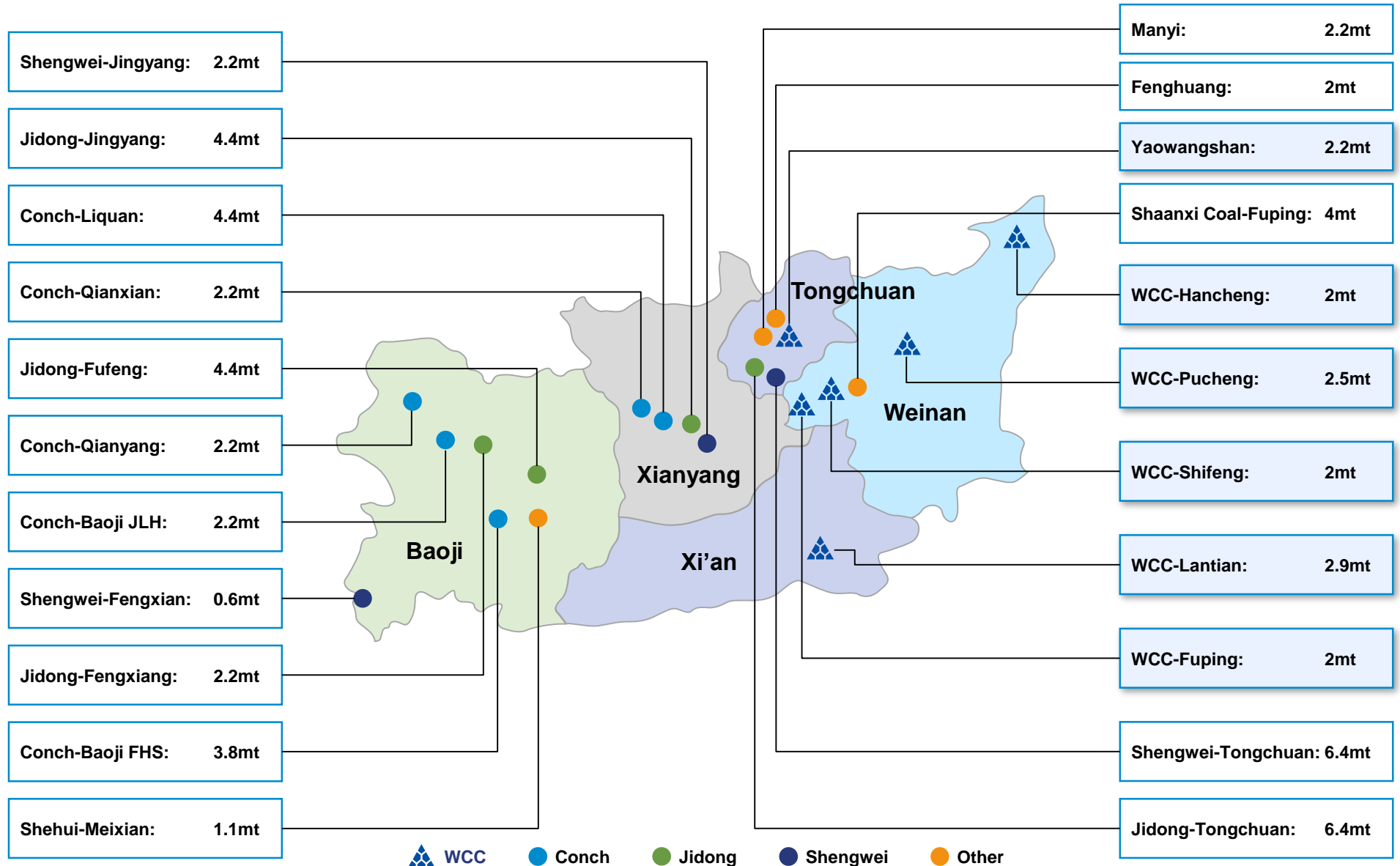
■ Southern Shaanxi – Shangluo, Ankang & Hanzhong

- ☑ An area dominated by the Qingling Mountains
- ☑ Market shares of 60%-100% in each region
- ☑ Limited limestone deposits have resulted in relatively little new cement capacity over the past few years
- ☑ Long transportation distances from other markets
- ☑ Results in a disciplined supply side with good pricing power

■ Central Shaanxi – Weinan, Xi'an, Tongchuan, Xianyang, Baoji

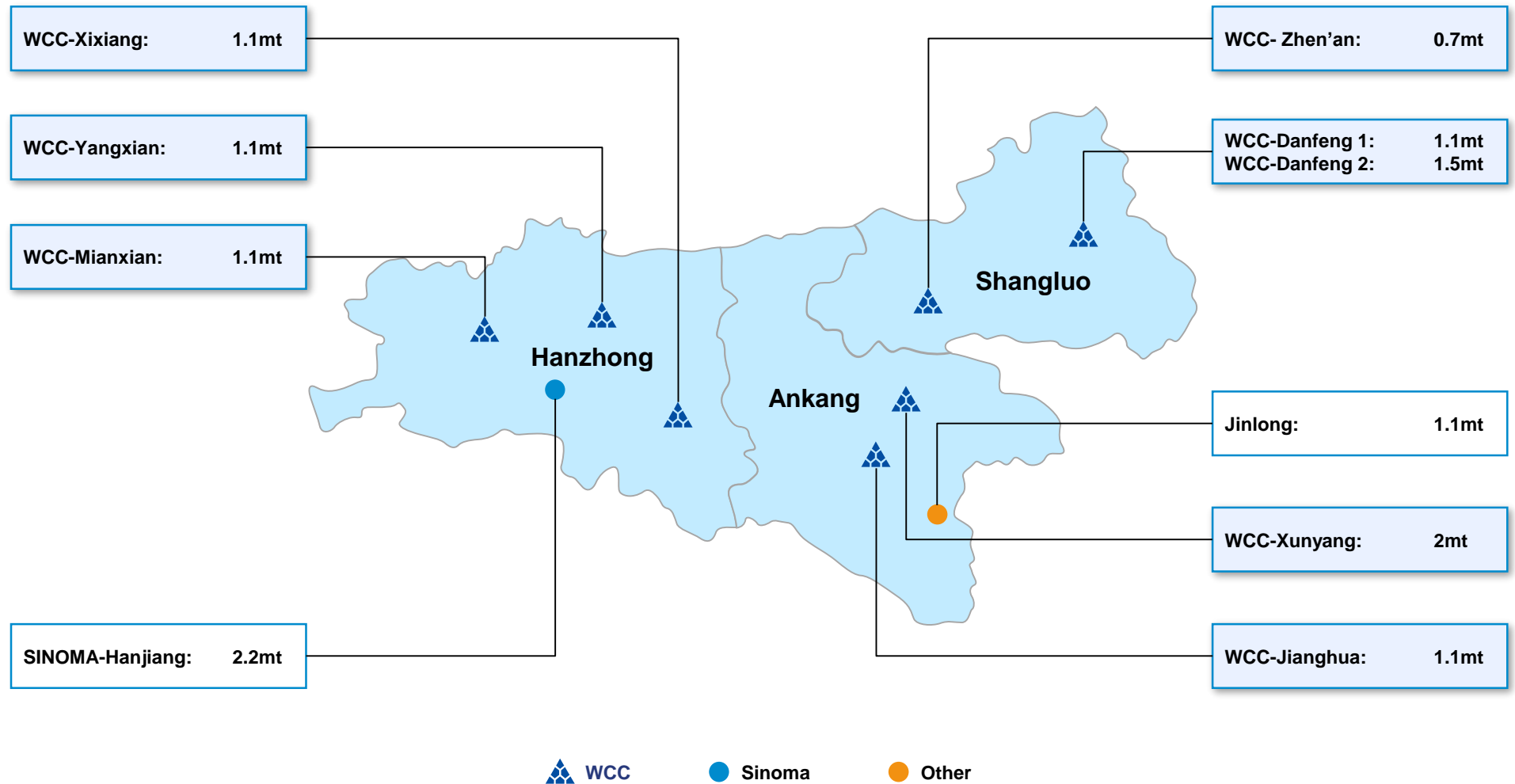
- ☑ Dominated by the Xi'an market which is 30-40% of provincial demand
- ☑ Plentiful limestone, new capacity, more competition
- ☑ Three plants in close proximity to the Xi'an market
- ☑ Positioned to benefit from Xi-Xian New Area development plans

Central Shaanxi – Competitive Landscape




Indicated tonnage is annual cement capacity.
Source: Digital Cement, WCC.

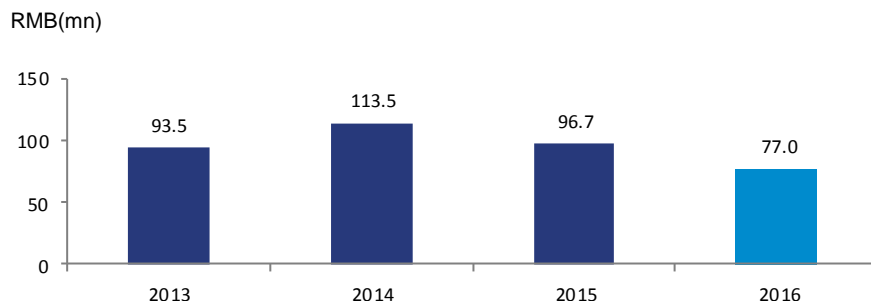
Southern Shaanxi – Competitive Landscape



New environmental standards – upgrades and cost savings

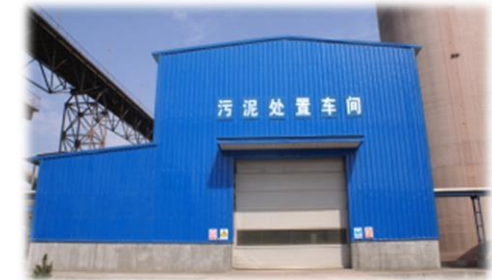
	Progress	Impact
Residual heat recovery systems	 <p>80% of total capacity</p>	<ul style="list-style-type: none"> Reduce 30% electricity consumption Decrease CO₂ emissions by c.20,000 tons/year/mn tons
Denitration (De-NOx) equipment	<ul style="list-style-type: none"> Installation completed at all plants in Shaanxi, Xinjiang and Guizhou. 	<ul style="list-style-type: none"> Reduce nitrous oxide emissions by c.60% per ton of clinker produced
NSP technology	<ul style="list-style-type: none"> All plants 	<ul style="list-style-type: none"> Requires less energy to produce cement More environmentally friendly

Residual Heat Recovery - Electricity cost saving



Source: Company Information.

Waste treatment investment



Waste Treatment – Yaobai Environmental

- **New JV with Conch Venture (Wuhu Conch) following cash injection;** 60% Conch Venture, 20% WCC, 20% Mr Ma Zhaoyong's investment vehicle. A Platform for hazardous waste treatment in China. Investment Agreement due to be completed at the beginning of 2016.
- **Lantian Waste Sludge Treatment Facility. Phase I** current annual capacity of 31,500 tons & **Phase II** of 49,500 tons in production for total annual capacity of 80,500 tons
- **Fuping Municipal Waste Treatment Facility.** Annual capacity of 100,000 tons
- **Mianxian Solid Waste Treatment Facility.** Annual capacity of 16,500 tons is under construction in 2016 and expects to complete in 2017.
- Further small facilities of 350 tons/day capacity planned at Danfeng and Hancheng plants.

Key infrastructure projects

Ankang to Langao Expressway

- Starting from Ankang Hanbin District, constructing a pivot interchange in conjunction with Shitian Expressway. Endig at south side to Langao Dabashan Tunnel, which is in conjunction with the entry section of Chongqiang Expressway. Total distance of 91.3km
- Construction commences in 2017 with total consumption over 1m tons. WCC will supply 0.2m tons in 2017

Inner Mongolia to Jiangxi (Mengxi) Coal Transportation Railway

- Shaanxi section is located in north of province, beginning north of Jingbian , via Yanan and Hancheng. Construction commences in 2016
- Total distance of 321.5km in Shaanxi. 73% of distance accounted for by bridges and tunnels. WCC will supply 0.8m tons in 2017

Hanjiang-To-Weihe River Water Transfer Project (引漢濟渭工程)

- Transfer water from the Han River, south of the Qinling Mt., to the Wei River in the north to resolve water shortages in central and northern Shaanxi Province by 2020
- Includes Hydro-Junctions, Pump Stations, Dams and the 98km Qingling Tunnel

Ankang to Yangpingguan (Hanzhong City) Double Track Railway

- Freight transportation line linking Northwest China to the South. Construction of 325KM in Shaanxi of which 240KM in Hanzhong, 50% bridges and tunnels
- WCC commenced supplying with further section tendering in the second half of 2014. Total consumption over 1.3m tons. WCC will supply 0.45m tons in 2017, which is still a major growth driver in Ankang Region

Shangyang to Zhashui Expressway

- Among the 18 expressways of the expressway network construction in Shaanxi province, this expressway is part of the Danfeng to Ningshan line, east to Shangyang and west to Zhashui. Total distance of 79.6km
- Construction commences in 2016 for 2 years. WCC will supply 0.3m tons in 2017

Southern Shaanxi Resettlement Project (陝南移民搬遷及安居工程)

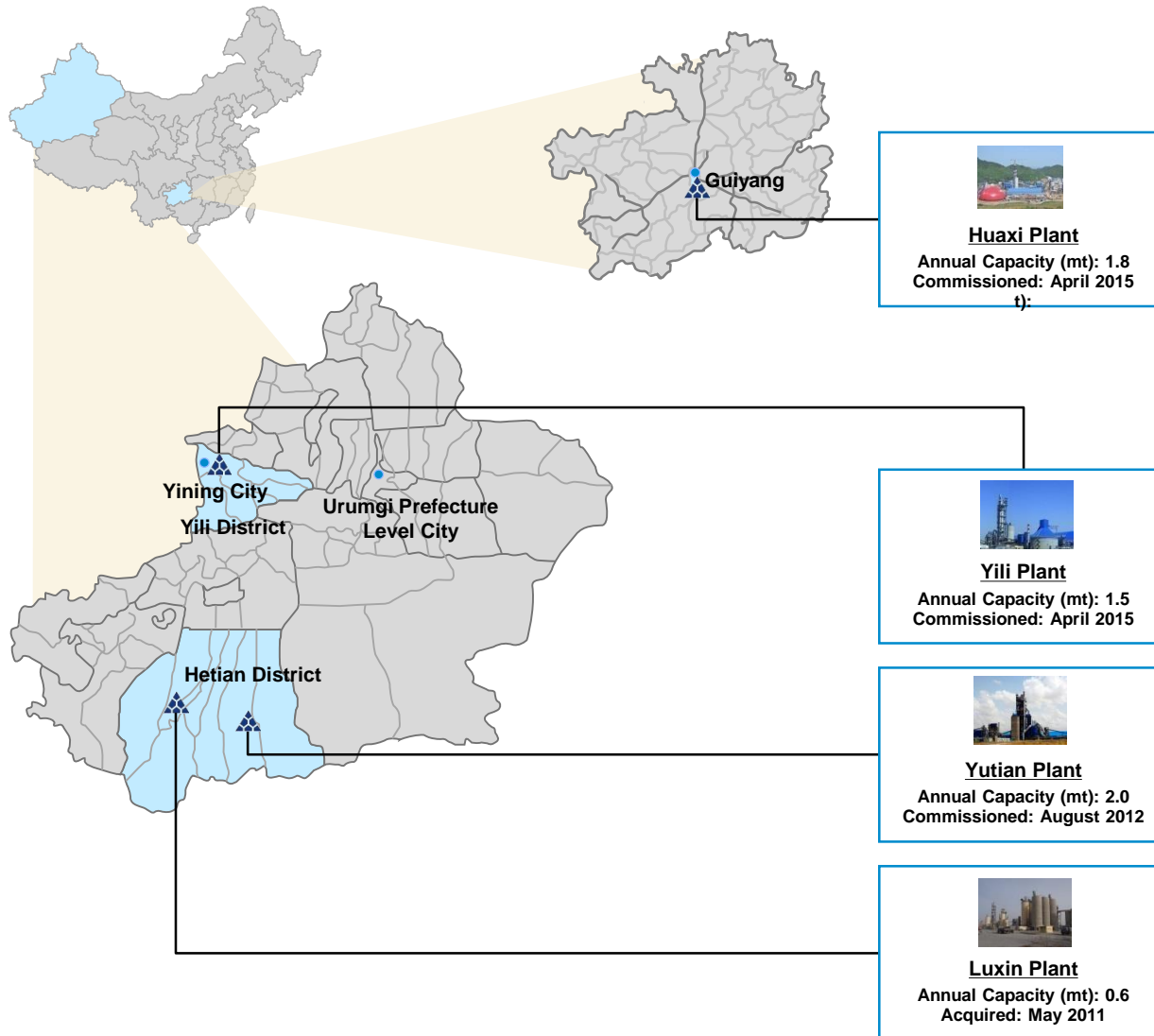
- Major population resettlement project in Southern Shaanxi from 2011 until 2020
- WCC continues to supply between 300,000 and 400,000 tons per year to this project

Other infrastructure projects

Project Name	Planned Construction Period	Project Name	Planned Construction Period
Railway			
Xi'an-Chengdu Railway (Central and Shannan Region)	2012-2017	Yinchuan-Xi'an Railway (Central Region)	2016-2021
Yangpingguan-Ankang Railway Line II (Shannan Region)	2016-2018		
Expressway			
Pingli-Zhenping Expressway (Shannan Region)	2017-2020	Taibai-Fengxian Expressway (Shannan Region)	2017-2018
Taoba Expressway (Shannan Region)	2016-2020	Baoji-Hanzhong Expressway (Shannan Region)	2013-2017
Others			
Xunyang Hydropower Station (Shannan Region)	2017-2022	Nangoumen Reservoir (Central Region)	2016-2020
Xi'an Metro Line 5&6 (Central Region)	2016-2020	Hanjiang No.4 Bridge (Shannan Region)	2016-2018
Xi'an Railway Station Reconstruction and Expansion (Central Region)	2016-2018	Donghe Reservoir (Shannan Region)	2016-2018

Other infrastructure projects scheduled to commence construction

Project Name	Planned Construction Period	Project Name	Planned Construction Period
Railway		Airport	
Xi'an-Yan'an Railway (Central Region)	2017-2021	Ankang Airport (Shannan Region)	2017-2021
Xi'an-Wuhan Railway (Shannan Region)	2017-2021	Yan'an Airport (Central Region)	2017-2021
Xi'an-Chongqing Railway (Shannan Region)	2017-2021	Xi'an Xianyang international Airport Phase III (Central Region)	2017-2020
Xi'an-Famen Temple Railway (Central Region)	2017-2021		
Xi'an-Hancheng Railway (Central Region)	2017-2021	Hydropower Station	
Yanliang-Xianyang International Airport Railway (Central Region)	2017-2021	Zhen'an Hydropower Station (Shannan Region)	2017-2021
Expressway		Others	
Heyang-Tongchuan Expressway (Central Region)	2017-2020	Dongzhuang Reservoir (Central Region)	2017-2021
Xixiang-Zhenba Expressway (Shannan Region)	2017-2020	Xi'an Metro Line 9 (Central Region)	2017-2020
Shiquan-Ningshan Expressway (Shannan Region)	2017-2021		



■ Guizhou

- ✓ Strategic location close to Guiyang city within “Gui-An New Area”
- ✓ Buoyant infrastructure led cement market
- ✓ Well positioned for ongoing infrastructure demand

■ Northern Xinjiang

- ✓ Direct beneficiary of “Silk Road Economic Belt Development”
- ✓ Benefiting from trade connections to Central Asia

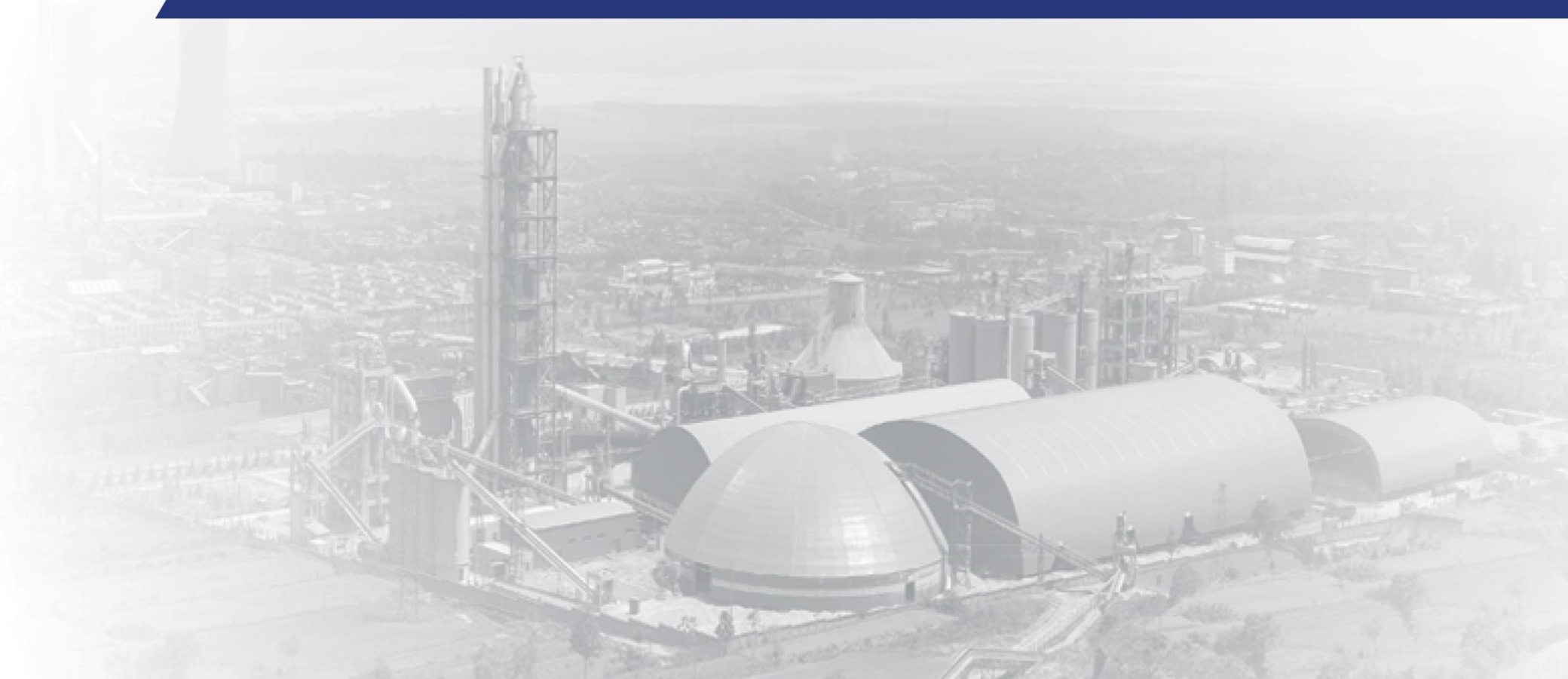
■ Southern Xinjiang

- ✓ Established presence in Hetian area with 50% market share by NSP production capacity
- ✓ Key energy and resource supply area. Abundant cheap coal



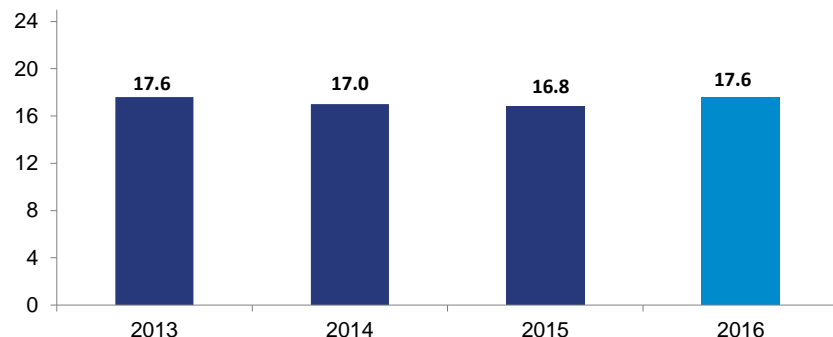
中国西部水泥有限公司
WEST CHINA CEMENT LIMITED

Financial Performance



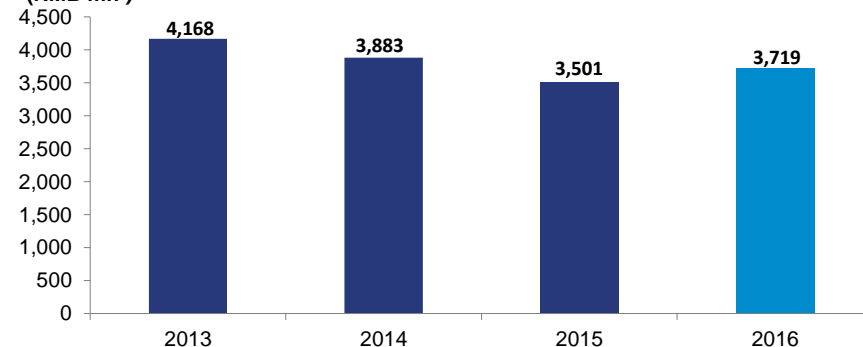
Sales volume of cement

(RMB per ton)



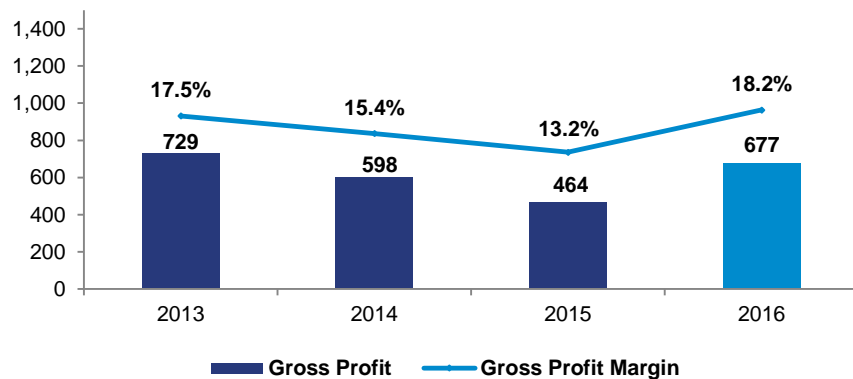
Revenue

(RMB mn)



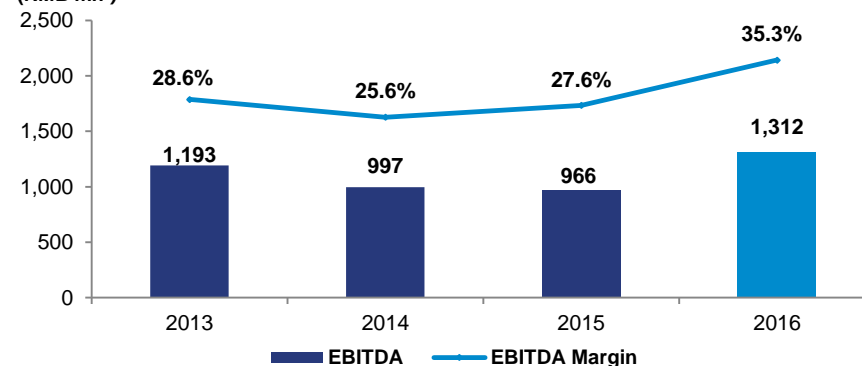
Gross profit and gross profit margin

(RMB mn)



EBITDA^{1&2} and EBITDA margin

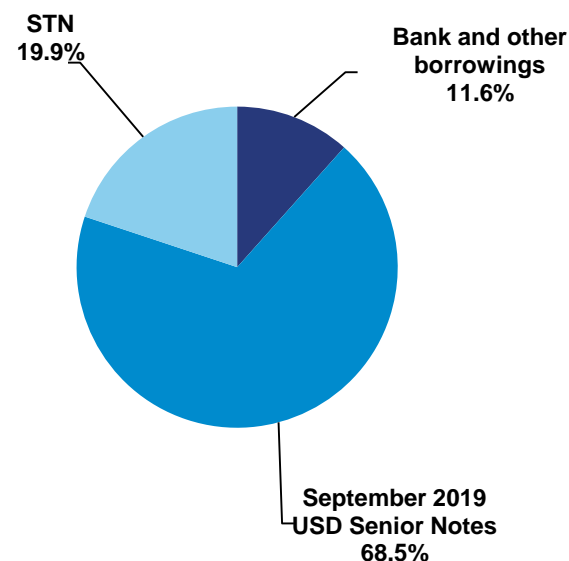
(RMB mn)



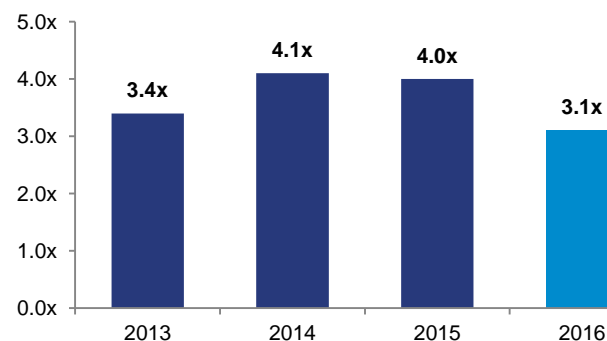
Source: Company information.

1. EBITDA is defined as profit and total comprehensive income minus (x) net foreign exchange (losses) gains and (y) interest income, and plus (i) finance costs, (ii) share-based payments; (iii) impairment loss and write-off of construction in progress, (iv) income tax expense; and (v) total depreciation and amortization expenses.
2. 2014 EBITDA includes deduction of RMB92.2m for 2016 Senior Note Redemption Costs.

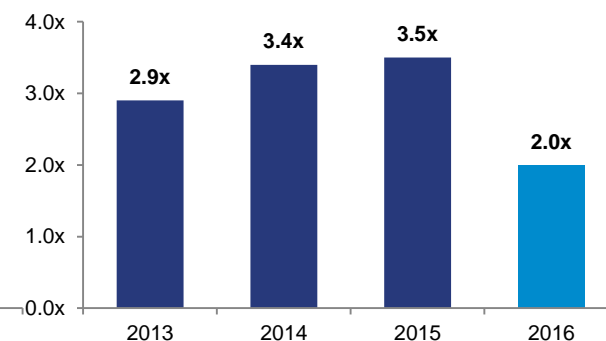
Debt profile ¹



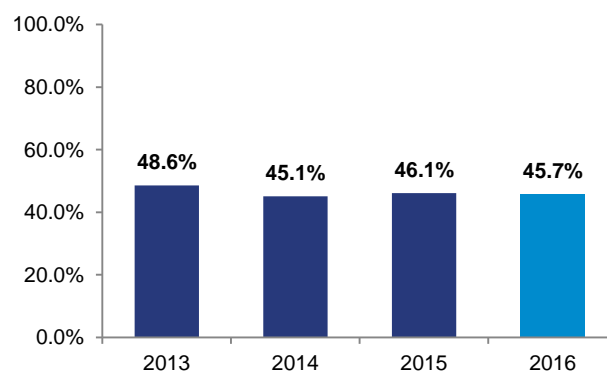
Total debt/EBITDA ²



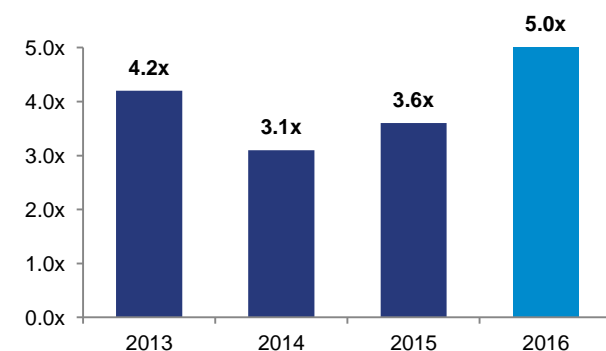
Net debt/EBITDA ²



Total debt/total capitalization ³



Interest coverage ratio ⁴



Source: Company information

1. As of December 31, 2016

2. EBITDA is defined as profit and total comprehensive income minus (x) net foreign exchange (losses) gains and (y) interest income, and plus (i) finance costs, (ii) share-based payments; (iii) impairment loss and write-off of construction in progress, (iv). income tax expense; and (v) total depreciation and amortization expenses.

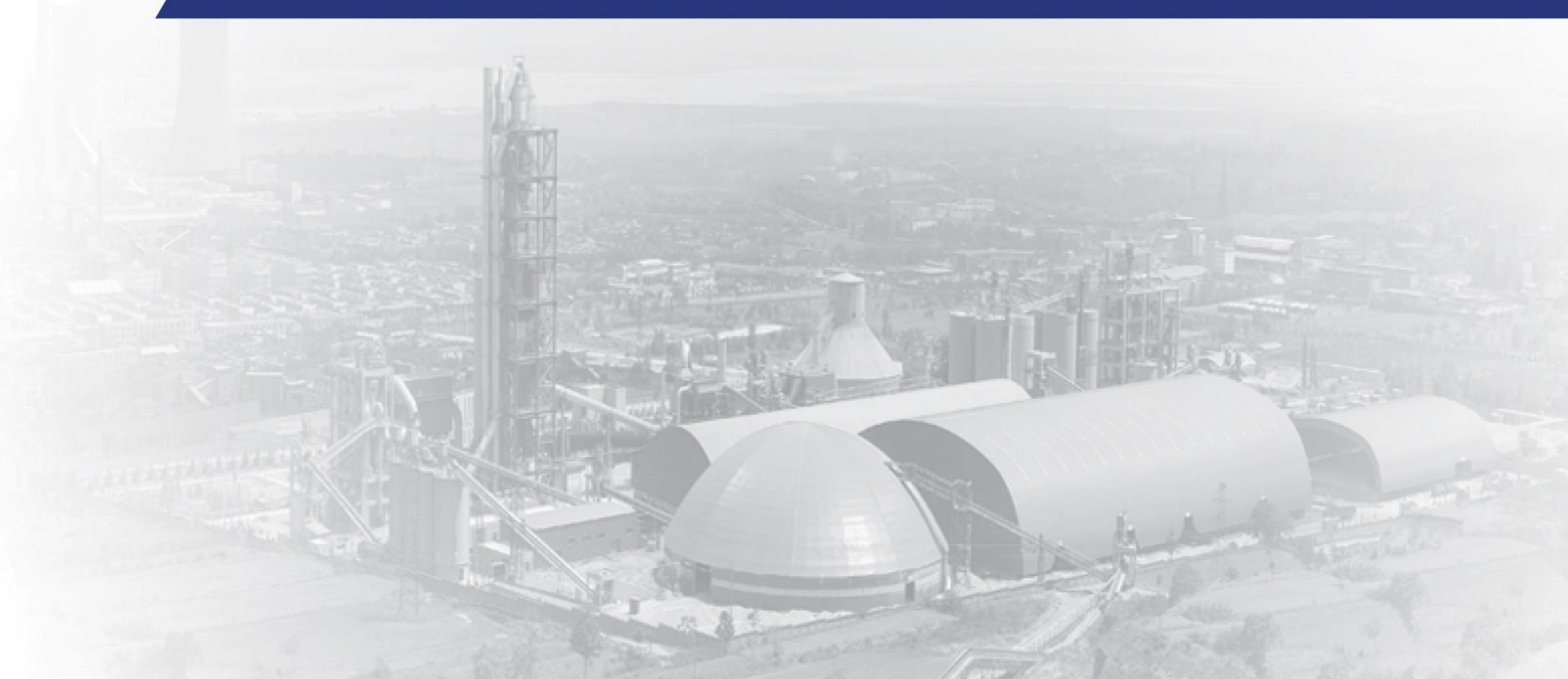
3. Total capitalization equals non-current borrowings plus total equity.

4. EBITDA/Gross interest expense.



中国西部水泥有限公司
WEST CHINA CEMENT LIMITED

Appendices



Financial Information

Summary of Consolidated Income Statement

For the year ended 31 December

RMB '000	2013	2014	2015	2016
Revenue	4,167,843	3,883,385	3,500,931	3,719,280
Cost of Sales	(3,438,503)	(3,285,332)	(3,037,447)	(3,042,628)
Gross Profit	729,340	598,053	463,484	676,652
Selling and marketing expenses	(34,718)	(35,826)	(42,953)	(42,454)
Administrative expenses	(243,862)	(258,243)	(270,629)	(242,249)
Other income	169,928	148,156	109,352	151,076
Other gains / (losses) – net	66,651	(94,911)	(297,560)	(184,356)
Share of profit of associates	-	-	-	9,532
Interest income	4,817	4,925	18,277	16,664
Finance cost	(217,074)	(227,118)	(236,508)	(265,467)
Finance costs – net	(212,257)	(222,193)	(218,231)	(248,803)
Profit/(Loss) before income tax	475,082	135,036	(256,537)	119,398
Income tax expense	(92,812)	(95,546)	(50,820)	(104,460)
Profit/(Loss) for the year	382,270	39,490	(307,357)	14,938

Financial Information

Summary of Consolidated Balance Sheet

Assets

RMB '000	As at 31 December			
	2013	2014	2015	2016
Non-current assets				
Investment in an associate	-	-	-	40,957
Property, plant and equipment	8,003,776	8,071,487	8,256,747	7,564,018
Land use rights	448,244	452,929	498,429	486,675
Mining rights	133,116	162,956	281,842	272,714
Other intangible assets	169,693	168,102	195,315	192,973
Deferred income tax assets	18,587	16,118	54,405	45,931
Amount due from non-controlling shareholder of a subsidiary	29,305	39,457	53,260	63,225
	8,802,741	8,911,049	9,339,998	8,666,493
Current assets				
Inventories	530,864	548,318	575,656	508,893
Trade and other receivables and prepayments	707,999	600,921	685,493	660,545
Restricted bank deposits	116,519	212,119	73,397	86,978
Bank balances and cash	506,586	495,605	454,823	1,258,668
Short-term investments	-	-	253,128	-
	1,861,968	1,856,963	2,042,497	2,515,084
Total assets	10,664,709	10,768,012	11,382,495	11,181,577

Liabilities and Equity

RMB '000	As at 31 December			
	2013	2014	2015	2016
Non-current liabilities				
Borrowings	6,000	83,000	3,000	2,000
Senior Notes	2,407,455	2,408,288	2,563,482	2,747,221
MT Notes	794,189	796,548	-	-
Asset retirement obligation	13,763	14,761	20,961	22,066
Deferred income tax liabilities	14,575	20,500	54,731	39,078
Deferred income	55,014	66,633	66,389	58,136
	3,290,996	3,389,730	2,708,563	2,868,501
Current liabilities				
Trade and other payables	1,557,162	1,597,581	1,410,505	1,076,940
Current income tax liabilities	21,870	19,029	22,067	58,965
MT Notes	-	-	799,060	-
ST Notes	-	-	-	799,214
Borrowings	709,423	745,173	538,400	464,600
	2,288,455	2,361,783	2,770,032	2,399,719
Total liabilities	5,579,451	5,751,513	5,478,595	5,268,220
Equity				
Total Equity attributable to shareholders	5,044,164	4,970,867	5,856,420	5,862,630
Minority interest	41,094	45,632	47,480	50,727
Total equity	5,085,258	5,016,499	5,903,900	5,913,357
Total equity and liabilities	10,664,709	10,768,012	11,382,495	11,181,577

Financial Information

Summary Consolidated Cash Flow Statements

For the year ended 31 December

RMB '000	2013	2014	2015	2016
Net cash generated from operating activities	932,806	1,181,641	474,070	1,315,842
Net cash used in investing activities	(577,077)	(695,811)	(771,736)	(172,157)
Net cash generated from / (used in) financing activities	(217,470)	(483,257)	254,885	(342,042)
Net increase / (decrease) in cash and cash equivalents	138,259	2,573	(42,781)	801,643
Cash and cash equivalent at period end	506,586	495,605	454,823	1,258,668

Mr. Zhang Jimin, Chairman & Executive Director	<ul style="list-style-type: none"> ■ Over 25 years Industry Experience ■ Chairman of the Shaanxi Cement Association and Vice Chairman of the China Cement Association ■ Received professional training course in economic management from Peking University
Dr. Ma Weiping, CEO & Executive Director	<ul style="list-style-type: none"> ■ Over 20 years of management and technical experience in the building materials industry ■ Has held senior management positions at Holcim, Lafarge and Italcementi in the US and China ■ Ph.D in Material Science and Engineering from Pennsylvania State University and MBA from Michigan State University
Mr. Ma Zhaoyang, Non-executive Director	<ul style="list-style-type: none"> ■ Professor of Management, Northwestern Polytechnic University; extensive academic expertise and experience in strategic planning
Ms Liu Yan, Non-executive Director	<ul style="list-style-type: none"> ■ Head of Finance Department of Anhui Conch Group, responsible for financial management, internal audit and internal risk control. ■ Graduate of Tongling University, majoring in Planning & Statistics ■ Anhui Conch board representative.
Mr Qin Hongji, Non-executive Director	<ul style="list-style-type: none"> ■ Regional Head of Anhui Conch in Shaangan; General Manager of Pingliang and Linxia Conch Cement Companies. ■ Graduate of Wuhan University of Technology, majoring in Silicate Technology ■ Anhui Conch board representative
Independent Non-executive Directors	<ul style="list-style-type: none"> ■ Mr Lee Kong Wai, Conway ■ Mr Wong Kun Kau ■ Mr Tam King Ching, Kenny



中国西部水泥有限公司
WEST CHINA CEMENT LIMITED

Contact Us

WEST CHINA CEMENT LIMITED
YAOBAI SPECIAL CEMENT GROUP CO., LTD.

No. 336 4th Shenzhou Road
Aerospace Industrial Base
Chang'an District
Xi'an, Shaanxi, China

Tel: +86 29 8925 4088
Fax: +86 29 8925 4088
Email: ir@westchinacement.com

尧柏特种水泥集团有限公司

中国 陕西省 西安市
长安区航天基地
神舟四路336号
电话: +86 29 8925 4088
传真: +86 29 8925 4088