

## China Steel Industry Report, Q1-Q3 2007



From January to August, 2007, China's total assets of steel industry reached RMB2.6739 trillion, up 23.83% year on year, meanwhile China's steel industry had an obvious growth in investment. From January to August, 2007, sales of China's steel industry grew fast, rising 36.15% year on year, and in the first eight months of 2007, profit reached RMB125 billion, compared with RMB78.852 billion in the same period of the previous year, showing that profit grew at a marvelous speed, far higher than the growth sales revenue. This indicates that steel industry has entered its golden period of developing by leaps and jumps.

## Overall Economic Benefits of China's Steel Industry, Jan.-Aug., 2007

Period	Sales Revenue (RMB 1,000)	Total Profits (RMB 1,000)	Total Assets (RMB 1,000)
Jan.-Aug. 2006	1,620,074,462	78,851,809	2,159,280,090
Jan.-Aug. 2007	2,205,703,186	124,505,222	2,673,911,918
YOY Growth	36.15%	57.90%	23.83%

In August, 2007, domestic output of crude steel reached 41.58 million tons, up 13.6% year on year, a slight fall on month against 14.5% posted in July of 2007, meanwhile domestic output of steel products was 48.27 million tons, up 23.7% year on year, almost flat on month against 23.9% in July of 2007. As for the overall steel output in August, though no obvious drop took place in output growth, yet the output growth month on month has decelerated greatly. Let's look at some specific producers. In the first eight months of 2007, Baosteel produced 18.95 million tons of crude steel, up 6.5% year on year, ranking the first in the country in terms of output, meanwhile, Anshan and Benxi Steel Group produced 15.621 million tons of crude steel, up 4.8% year on year, ranking the second place. Among the national top 12 steel companies, Shanxi Taigang Stainless Steel Co. Ltd totally produced 6.12 million tons of crude steel, up 67.9% year on year, the rapidest growth rate among the top 12 steel producers.

## Crude Steel Output of China's Top 10 Steel Companies, Jan.- Aug., 2007

Company Name	Monthly Yield (10,000 tons)	Ranking	Change of Ranking Place
Baosteel Group Corp	238.75	1	-
Tangshan Iron And Steel Group Co., Ltd	189.49	2	↑
Anshan and Benxi Steel Group Corp	186.3	3	↓
Wuhan Iron & Steel(Group) Corporation	168.82	4	↑
Jiangsu Shagang Group Co., Ltd	138.16	5	-
Maanshan Iron & Steel Co., Ltd	131.32	6	↓
Shougang Group	106.89	7	-
Jinan Iron & Steel Group Co., Ltd	105.76	8	-
Hunan Valin Iron & Steel Group Co., Ltd	97.73	9	↑
Laiwu Steel Group., Ltd	93.3	10	↓
Taiyuan Steel (Group) Co., Ltd	82.06	11	↑
Anyang Iron & Steel Group Co., Ltd	81.68	12	↓
Baotou Steel Union Co., Ltd	77.44	13	↓
Handan Iron & Steel Co., Ltd	72.25	14	-
Tangshan Jianlong Co., Ltd	67.3	15	-

The years of 2007 and 2008 will be a period, in which China's steel sheet output will have a big growth caused by a big rise in newly increased production. In the two years, China's market of steel products will be basically balanced. China's steel industry in the future will show the following developing trend. Prices of iron ore will continue to be on the upward trend, but its growth rate will slow down. Policy risk will become serious and environment protection will become an increasingly big burden. Pressure on export will become heavier and heavier. National development plan for steel industry requires more mergers and acquisitions to create steel conglomerates in the future, indicating medium- and small-sized steel producers will be faced with greater risk.



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