



XinRen Aluminum Holdings Limited

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XinRen raises 2QFY15 net attributable profit to shareholders by 588% despite sliding aluminum prices

- ◆ Net attributable profit to shareholders of RMB77.9m achieved on record quarterly revenue of RMB8.4bn
- ◆ Ongoing plans to expand Xinjiang Plant's output and extract more cost savings from its integrated value chain will drive XinRen's growth

SINGAPORE ◆ 12 August 2015

For immediate release

Despite a quarter marked by highly volatile aluminum prices, XinRen Aluminum Holdings Limited (XinRen, the Group or 鑫仁铝业) delivered sterling results for the three months ended 30 June 2015 (2QFY15). The Group raised its net attributable profit to shareholders by 588% to RMB77.9 million from RMB11.3 million in 2QFY14, even as aluminum prices fell from the year's high at the end of May to a five-year low currently.

The Group's strong showing, backed by a record quarterly revenue of RMB8.4 billion, was due mainly to Xinjiang Plant. Contributions from this large scale, low-cost aluminum smelter were consolidated from July 2014 when XinRen completed its strategic plans to raise its 21% associate stake in Xinjiang Plant to 51%. This lifted the Group's gross profit to RMB428.3 million, turning it from a gross loss of RMB27.9 million in 2QFY14.

XinRen's Executive Chairman, Mr Zeng Chaolin (曾超林), said: "Our decision to build, own and operate a mega integrated smelting facility in the Xinjiang Uyghur Autonomous Region has paid off handsomely. Xinjiang Plant's very cost-efficient structure has cushioned its earnings from volatile aluminum prices.

"As a result, not only have we stayed profitable when other aluminum smelters are reporting losses, we have grown our profits successfully as we continue to expand the output of Xinjiang Plant."



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XinRen will boost output at Xinjiang Plant to around 1.1 million tonnes for this year from about 800,000 tonnes in 2014, and targets to raise its total smelting capacity to about 1.6 million tonnes per annum (tpa) eventually. When the expansion is completed in coming years, Xinjiang Plant will be one of the single largest smelting facilities in the industry.

Xinjiang Plant also enjoys substantial electricity cost savings with its in-fence independent power plant. XinRen, which has been stepping up the installed capacity of the power plant in tandem with the smelter's higher output, aims to add two more power-generating units of 350 MW each by the end of 2015. The Group has also begun construction of a carbon anode plant (capacity: 900,000 tpa), which will fully meet all of Xinjiang Plant's requirements when completed. These steps will enhance the smelter's integrated value chain and provide the Group with greater cost savings.

Commenting on the outlook and XinRen's prospects, Mr Zeng said: "Volatile aluminum prices are expected to persist for the rest of the year. However, XinRen believes it is in a strong position to weather this challenge, given Xinjiang Plant's highly competitive cost structure as well as ongoing efforts to expand its output and extract further cost savings from the integrated value chain."

ABOUT THE COMPANY

www.xinren-aluminum.com ♦ SGX mainboard listing: October 2010

XinRen Aluminum Holdings Limited (XinRen or the Group) is a vertically integrated maker of primary aluminum products in the PRC that is led by a highly experienced management. Established in the 1970s, the Group is involved in key stages of aluminum smelting, fabrication and trading, where it derives revenue from the sale of ingots and plates, as well as sheets, coils and foils – which are used in a diverse range of sectors such as consumer, transport and construction.

XinRen owns 51% of Xinjiang Production and Construction Corps Agricultural Division Eight Xinjiang Tianshan Aluminum Plant Co., Ltd. (Xinjiang Plant). This large-scale, coal-powered primary aluminum smelter in Xinjiang Province enjoys the benefits of a fully integrated value chain and has one of the most efficient cost structures in the industry.

XinRen is set to increase its lead as an integrated upstream aluminum producer as Xinjiang Plant continues to expand its capacity and sharpen its cost competitiveness. Already, the mega facility has acquired an ultra-large coal mine that will supply its in-fence power plant, and is in the midst of constructing a carbon anode plant. Once fully in place, these facilities will reduce the Group's unit production cost even further.



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