Securities code: 600801 Stock abbreviation: Huaxin Cement

Huaxin Cement Co., Ltd

Log of Investor Relations Activity

Type of Investor Relations Activity	□Specific Object Research □Analyst Meeting □Media Interview ☑Performance Brief □Press Conference ☑Roadshow □Site Visit □Others
Time	April 11, 2025 (Friday) 10:00-11:00
Location	Shanghai Stock Exchange Roadshow
Company representatives	● Director/CEO Li Yeqing ● Vice President/CFO Chen Qian ● Vice President/Board Secretary Ye Jiaxing
Main Content of Investor Relations Activity	**Main Questions from Investor Exchange:** **1. In the fourth quarter of last year, the price successfully rebounded. This year, when demand continues to decline, how do you maintain the price?** Huaxin has been committed to the principle of “Profit is the goal, revenue is fundamental”. Seeking for the market share is understood when the demand rises. When the demand goes down, we should pursuit the revenue and price. Otherwise, the loss will be more as a result of decrease in both the volume and the price. This year’s government report referred to the regulation of inward competition, and related departments have controlled the operation of cement capacity. Additionally, new industry policies have downplayed the off-peak production, replaced by regulating capacity, output and consumption. In 1999, there were around 10,000 cement legal entities. Now there are around 300 legal entities with cement clinker lines. In the future, it’s likely to be merged into 30 or fewer. **2. How do you judge the sustainability of price increase or price stabilization in Hubei from April to June?**

	Domestic cement demand will decline moderately. This year, we will respond to the call of the country to fight against the involution, continue to reduce costs in an all-round way, and continue to develop in emerging markets. The price trend will hinge upon the implementation and materialization of the capacity as approved and filed by the enterprises. **3. What is the outlook for the aggregate business in terms of sales volume, price and cost compared with 2024?** The volume is to edge up against last year, the cost is to edge down and the price will level off. **4. How do you judge the boom of domestic cement this year?** The demand continues to drop mildly, and the price hit a low last year. Among the anti-involution measures by the government, the core to the boom is the implementation of the capacity as approved and filed by the enterprise. **5. How do you manage the foreign exchange position in overseas business, mitigate the exchange rate fluctuation risks?** The Company continuously monitors foreign exchange risk and reduces its overall impact on the Group through diversification of investments, natural hedging and related financial instruments. **6. How do you view the potential development opportunities of cement and aggregate market in South America?** For the past 30 years, the South America has a very stable market. In the future, it may increase modestly. **7. How do you view the future trend of the number of aggregate mines and how to judge the trend of aggregate prices?** The aggregate business competition landscape may fare better than cement. Aggregate production technique is different from that of cement. Aggregate applies cold technique, can be produced intermittently, and the process can be flexible based on the order. Cement applies hot process and requires continuous production. In terms of cost structure, there is a notable distinction between the cement and aggregates industries. The investment climax in China's cement industry occurred between 2000 and 2010, with the majority of these investments having been depreciated for more than 15 years. Consequently, the fixed costs associated with these established

	production lines are significantly lower than those of more recent investments. While the aggregates industry is traditional, it witnessed its rapid expansion in the last decade. Therefore, there is less variation in fixed costs among companies in this sector, thereby providing less scope for price reductions compared to the cement industry. **8. What's the outlook for the price and profit of different overseas regions in 2025? What's the CAPEX plan for 2025 and do you have any financing plan? How do you evaluate the impact of exchange rate changes on overseas operations in 2025?** The overseas profit will maintain stable in the medium term. We have finance plan for 2025 in place. The geopolitical landscape may disorder the forex, which is highly uncertain. We are monitoring the forex risks and try to mitigate the overall impact on the Group through diversification of investments, natural hedging and related financial instruments. **9. The overall energy consumption of domestic clinker decreased 0.67kgce/t in 2024. Do you have other measures to further reduce the consumption and how much it can be reduced?** We will ramp up the utilization of alternative fuel, optimize the thermo technical efficiency, improve the utilization rate of clinker and cut down the clinker coefficient. **10. What's the strategic goal for the overseas cement of the Fifteenth Five Year Plan? On top of the sub-Saharan Africa market presence, any priorities in other markets?** Huaxin has investments across 13 countries and business networks extending to 18 nations. The organization is strategically planning to broaden its scope in the coming years. As of now, Huaxin's overseas cement production capacity is at 25 million tons, with a medium-term objective of reaching approximately 50 million tons. The long-term aspiration is to establish itself as a global leader and multinational company in the building materials industry. **11. How do you view the trend of the cement industry domestically? The net profit attributable to shareholders of the company in 2024 dropped 12.52% in 2024, how to improve the profit this year?** Domestic cement demand will decline moderately. This year, we will respond to the call of the country to fight against the involution, continue to reduce costs in an all-round way, and continue to develop in

	emerging markets. And we will make more efforts to pay back shareholders. **12. What's the reason behind the significant increase of CAPEX for 2025?** The CAPEX for 2025 is around 13.3 billion RMB across three primary domains: overseas M&A; continuous expenditure for previous aggregate projects including final mine payments; and investments in technological enhancements targeting ultra-low emissions. The bulk of the CAPEX is allocated towards strategic acquisitions in Nigeria and Brazil. **13. The P/B ratio is lower than 1 time, do you have any systematic measures in the market value management?** In 2024, Huaxin Cement distinguished itself as the sole listed cement company to achieve year-on-year positive revenue growth. Furthermore, amidst the prevailing low P/B ratios among listed cement companies in China, Huaxin Cement exhibits a comparatively superior performance. Huaxin is dedicated to adhering to national policies and directives, effectively implementing its established business strategies, and endeavoring to generate enhanced returns for its investors. **14. What's the other growth points for the profit?** We will continue to expand in cement and related products in emerging markets. The integration, quality enhancement, product expansion in domestic markets may create new growth points. **15. How do you see the trend of aggregate price and your cost has decreased, will the trend continue?** The production of aggregate will be further refined and expanded and the cost is expected to be lowered. **16. You have a grand plan for the overseas expansion. The M&A is expanding, how do you lower the financial cost?** In keeping step with the progressing M&A initiatives, we are actively mitigating financial costs through a variety of strategies. These include minimizing the cost of capital deployment, refining the financing structure, and meticulously planning transaction structures. Additionally, stringent control over domestic investment and operational expenditures, coupled with a diversified financing mix encompassing corporate bonds and bank credit facilities, is being pursued.

	17. The cost reduction is significant after you hike the production of overseas business. How do you cope with the price shock and any outlook for the overseas price? We always keep a balance among the production increase and demand rise and import. The price is to remain stable. **18. How do you divide the target of 57 million tons of clinker sales in and out of China for 2025?** It's expected that the sales in China will fall while the overseas volume will go up. **19. Will the duty war impact your business and any countermeasures?** Huaxin's overseas footprint now are all low duty regions. **20. How's the industry synergy? Will the off-peak production be intensified? What's the outlook for cement price?** Huaxin will conduct commercial activities in strict compliance with the fair competition laws and commercial code of conducts in China and other countries.