

SMM Credit Services

EMAIL ALERT

PRODUCT PROFITABILITY INDEX — STEEL COMPANIES

Jan 2017

SMM Product Profitability Index of Regions in China

1. To assess the profitability of each steel product, and to provide an investment direction to issuers and investors, helping potential investors locate those “hidden jewels” in steel industry and existing investors better understand the benchmark of steel industry, SMM product profitability index is constructed and published along with PMI of each steel product. Updated on a monthly basis, these indices not only assesses past performances of each steel product in a certain region, but also forecast the future demand of it;
2. Gross profit margin of each steel product is used to calculate product profitability index and it is multiplied by the weight assigned for each steel product, then summed to produce a composite weighted-factor score of a certain region or China. A star level will be assigned to each steel product according to its ranking of product profitability index in a certain region or in China. Higher index/star level means higher profitability of steel products. SMM also calculates PMI of each steel product to reflect its future demand forecast. PMI is a SMM proprietary product which rates downstream demand of steel from 0% to 100% via first-hand investigation; value above 50% represents stronger downstream demand forecast for next month, under 50% directs to weaker demand, and at 50% means stable;
3. The information used in the calculation of this product profitability index is from SMM internal data.

Note: Please contact us if more information such as gross profit simulation, solvency analysis of steel mills, etc. is needed. Contact information is listed at the end of this report.

Steel Product \ Region		Northeast China	Hebei	East China	China	PMI
Building Steel	Rebar	★★★★☆	★★★★☆	★★★★	★★★★	▼
	Wire Rod	★★★★☆	★★★★★	★★★★☆	★★★★☆	▼
Building Steel		★★★★☆	★★★★☆	★★★★☆	★★★★☆	▼
Plate	Hot Rolled	★★★★★	★★★★★	★★★★★	★★★★★	▼
	Cold Rolled	★★★★★	★★★★★	★★★★★	★★★★★	▼
	Medium Plate	★★★★☆	★★★★☆	★★★★☆	★★★★☆	▼
	Galvanized Plate	★★★★☆	★★★★☆	★★★★☆	★★★★☆	▲
	PPGI	★★★★	★★★★	★★★★☆	★★★★☆	▼
	Silicon Steel	★★★★★	★★★★★	★★★★★	★★★★★	▲
Plate		★★★★☆	★★★★☆	★★★★	★★★★	▼
Other Steel Products		—	★★★★★	★★★★	★★★★	▼

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FINANCIAL INDEX — STEEL COMPANIES

Jan 2017

SMM Financial Index of Steel Mills

1. To help issuers and investors spot potential risks in advance thus better control their bad debt ratio, SMM financial index of steel mills measures financial performance and assesses potential financial difficulties of target samples. A star level will be assigned to each steel mill according to its financial index. Higher financial index/star level means lower probability of potential financial crisis;
2. This index contains four broad factors which are size, profitability, solvency and operating capabilities. All factors are rated by SMM for each company, and a weighted sum of these factors finally lead to the SMM financial index;
3. The information used in the calculation of this financial index is from SMM internal data, company financial statements and industry associations.

Note: Please contact us if more information such as gross profit simulation, solvency analysis of steel mills, etc. is needed. Contact information is listed at the end of this report.

Company Name	Region	Financial Index
Anshan Iron and Steel Group Co., Ltd.	Northeast China	★★★★☆
Fushun New Iron & Steel Co., Ltd.	Northeast China	★★★★☆
Lingyuan Iron & Steel Co., Ltd.	Northeast China	★★★★☆
Bengang Steel Plates Co., Ltd.	Northeast China	★★★★☆
Fushun Special Steel Shares Co., Ltd.	Northeast China	★★★
Tonghua Iron & Steel Group Co., Ltd.	Northeast China	★★★
Tangshan GuoFeng Iron & Steel Co., Ltd.	Hebei	★★★★★
Hebei Jinxi Iron and Steel Co., Ltd.	Hebei	★★★★★
Hebei Jingye Group Co., Ltd.	Hebei	★★★★★
Tangshan Donghai Iron and Steel Co., Ltd.	Hebei	★★★★★
Shougang Iron & Steel Group	Hebei	★★★★☆
Handan Iron and Steel Group Co., Ltd.	Hebei	★★★★☆
Chengde Iron & Steel Group Co., Ltd.	Hebei	★★★★☆
Qinhuangdao AnFeng Iron and Steel Co., Ltd.	Hebei	★★★★☆
Jiujiang Qian'an Wire Rod Co., Ltd.	Hebei	★★★
Xuanhua Iron & Steel Co., Ltd.	Hebei	★★★
Shanxi Taigang Stainless Steel Co., Ltd.	North China	★★★★☆
Baotou Iron & Steel (Group) Co., Ltd.	North China	★★★
Zenith Steel Group Co., Ltd.	East China	★★★★★
Jiangsu Shagang Steel Group Co., Ltd.	East China	★★★★★
Maanshan Iron & Steel Co., Ltd.	East China	★★★★★
Laiwu Iron & Steel Group Co., Ltd.	East China	★★★★★

Company Name	Region	Financial Index
Rizhao Steel Holding Group Co., Ltd.	East China	★★★★★
Xinyu Iron & Steel Co., Ltd.	East China	★★★★★
Nanjing Iron & Steel Co., Ltd.	East China	★★★★★
Jinan Iron & Steel Group Co., Ltd.	East China	★★★★★
Yongxing Special Stainless Steel Co., Ltd.	East China	★★★★★
Fujian Sanming Steel (Group) Co., Ltd.	East China	★★★★★
Shandong Iron and Steel Group Zibo Zhanggang Co., Ltd.	East China	★★★★☆
Baoshan Iron & Steel Co., Ltd.	East China	★★★★☆
Fujian Sanming Steel Minguang Co., Ltd.	East China	★★★★☆
Ningbo Iron & Steel Co., Ltd.	East China	★★★★☆
Jiangxi Pingxiang Iron & Steel Co., Ltd.	East China	★★★
Jiangsu Yonggang Steel Group Co., Ltd.	East China	★★★
Fangda Special Steel of Science and Technology Co., Ltd.	East China	★★★
Zhejiang Jiuli Hi-tech Metals Co., Ltd.	East China	★★★
Wuhu Xinxing Ductile Iron Pipes Co., Ltd.	East China	★★★
Jiangsu Changbao Steel Tube Co., Ltd.	East China	★★★
Zhejiang Kingland & Pipeline Technologies Co., Ltd.	East China	★★★
Guangxi Liuzhou Iron & Steel (Group) Co., Ltd.	South China	★★★
Guangdong Shaoguan Steel Songshan Co., Ltd.	South China	★★★
Daye Special Steel Co., Ltd.	Central China	★★★★☆
Wuchan Zhongtuo Co., Ltd.	Central China	★★★
Wuhan Iron & Steel Co., Ltd.	Central China	★★★
Anyang Iron & Steel Co., Ltd.	Central China	★★★
Hunan Valin Iron & Steel Co., Ltd.	Central China	★★★
Jiuquan Iron & Steel (Group) Hongxing Co., Ltd.	Northwest China	★★★★☆
Baosteel Group Xinjiang Bayi Iron & Steel Co., Ltd.	Northwest China	★★
Xining Special Steel Co., Ltd.	Northwest China	★★
Chongqing Iron & Steel Co., Ltd.	Southwest China	★★

Region	Financial Index
East China	★★★★
Hebei	★★★★☆
Northeast China	★★★★☆

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