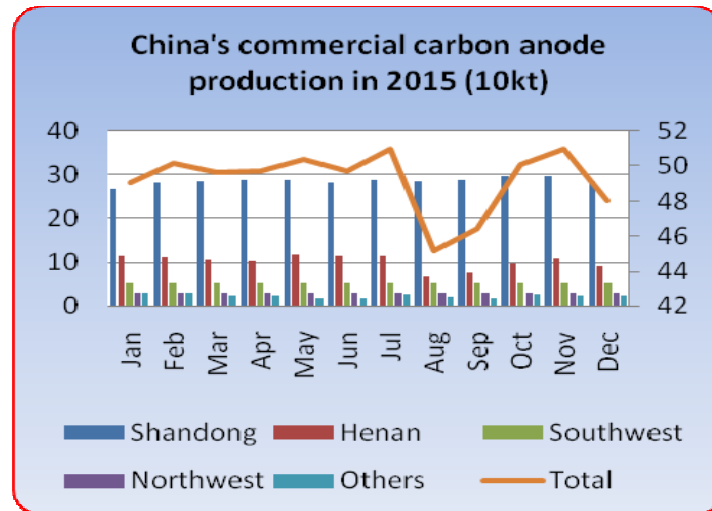


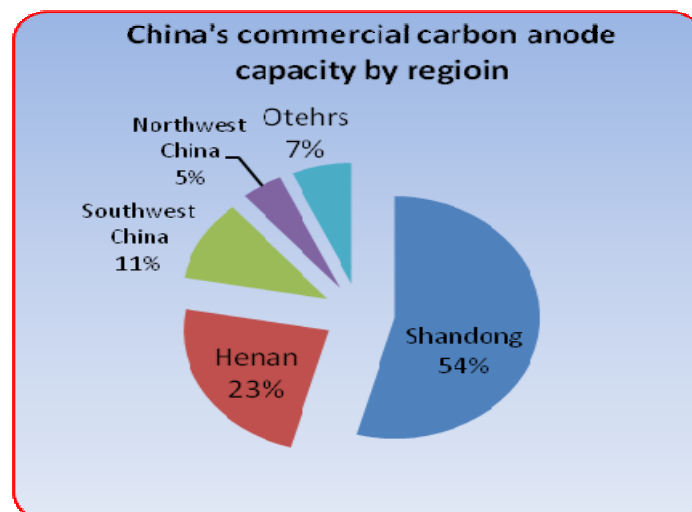
## Chinese carbon anode production down by 6% YOY in 2015

BEIJING (Asian Metal) 18 Jan 16 - According to Asian Metal Database, China produced around 5.9 million tones of commercial carbon anode in 2015, down by 6% YOY. The annual production capacity is 7.7 million tones, with operating rate at around 6%.



The above graph shows that during last August and September, commercial carbon anode output moved down significantly. Due to the Military Parade in September, most carbon anode producers halted production, leading to output decline. Last December, "Shanghai Cooperation Organization Summit" was held in Zhengzhou of Henan, and some carbon anode producers there suspended production again.

In 2015, Shandong remained the biggest commercial carbon anode producing province, with the output at around 3.4 million tones, based on annual capacity of 4.2 million tones and operating rate of around 82%. The second biggest province is Henan, where the commercial carbon anode output reached around 1.2 million tones in 2015, with the operating rate at 67.8% and annual capacity at 1.8 million tones. The output in southwest China, northwest China and other regions is around 630,000t, 340,000t and 280,000t.



According to Asian Metal, in 2015, China cut primary aluminum capacity by 3.8 million tones, while new appearing capacity

was around 3.6 million tones. In H2 2015, Chinese primary aluminum prices moved down significantly and smelters suffered more losses, so more smelters cut or halted production. In early 2016, primary aluminum prices continued to hover at low levels. In the background of "Supply Side" reform, new primary aluminum capacity will slow down further in 2016. Asian Metal Database shows that around 700,000t of new primary aluminum capacity is certainly to come on stream. Some new projects are uncertain, including 1 million tones in Shandong.

Meanwhile, in order to cut cost, aluminum smelters in Xinjiang may launch new carbon anode plants by themselves. Data shows that smelters' carbon anode self-supplying rate was around 68% in Xinjaing last year.

Therefore, demand for commercial carbon anode may have no significant improvement in 2016. According to Asian Metal, around 520,000t of carbon anode capacity has been decided to come on stream in 2016.