



中國天倫燃氣控股有限公司
CHINA TIANLUN GAS HOLDINGS LIMITED

(HKEx Stock Code:1600)

2017 Annual Results Company Presentation

March 2018



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The background features a collage of colorful triangles in shades of green, blue, and yellow. Two photographs are integrated into the design: one showing a close-up of industrial machinery with yellow components, and another showing a large industrial facility with several tall, white smokestacks with red bands.

Agenda

- 1. Results Highlights**
- 2. Business Review**
- 3. Financial Performance**
- 4. Strategies & Outlook**

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1. Results Highlights

- Since IPO in 2010, Tian Lun Gas has been growing rapidly for eight consecutive years, with continuous expanding business scale and steadily improving profitability.

Results Highlights		2016	2017	YoY
Operation Data	Gas Sales Volume (mn m ³)	918	1,063	15.9%
	• C&I Gas	453	566	25.0%
	• Residential Gas	151	181	19.7%
	Accumulated Users (mn households)	1.33	1.64	22.6%
Profitability	Revenue (RMB mn)	2,693	3,109	15.4%
	• Gas Sales Revenue	2,055	2,428	18.2%
	Net Profit (RMB mn)	334	429	28.3%
	Profit Attributable to Shareholders (RMB mn)	313	404	29.0%

- The Company rewards its investor with growing cash dividends. The total dividend in 2017 is RMB10.18 cents per share, up by 42.2% compared with 2016.

	2016	2017	YoY
Earnings per share (RMB cents)	31	41	32.3%
Dividends per share (RMB cents)	7.16	10.18	42.2%

Stable Management Team With New Talented Professionals on Board



Mr. Zhang Yingcen
Founder, Chairman;
36 years of experience;
Deputy to the 11th and 12nd
National People's Congress,
Deputy chairman of Henan Industry
and Commerce Federation,
Vice president of Charity
Association of Henan Province



Mr. Xian Zhenyuan
Executive Director,
Chief Executive Officer
21 years experience



Mr. Zhang Suwei
Executive Director,
General Manager
22 years experience



Mr. Feng Yi
Executive Director
16 years experience



Ms. Li Tao
Executive Director,
Deputy General Manager
24 years experience



Mr. Kevin Qian
Chief Operating Officer
12 years experience



Mr. Xue Zhi
Deputy General Manager
33 years experience

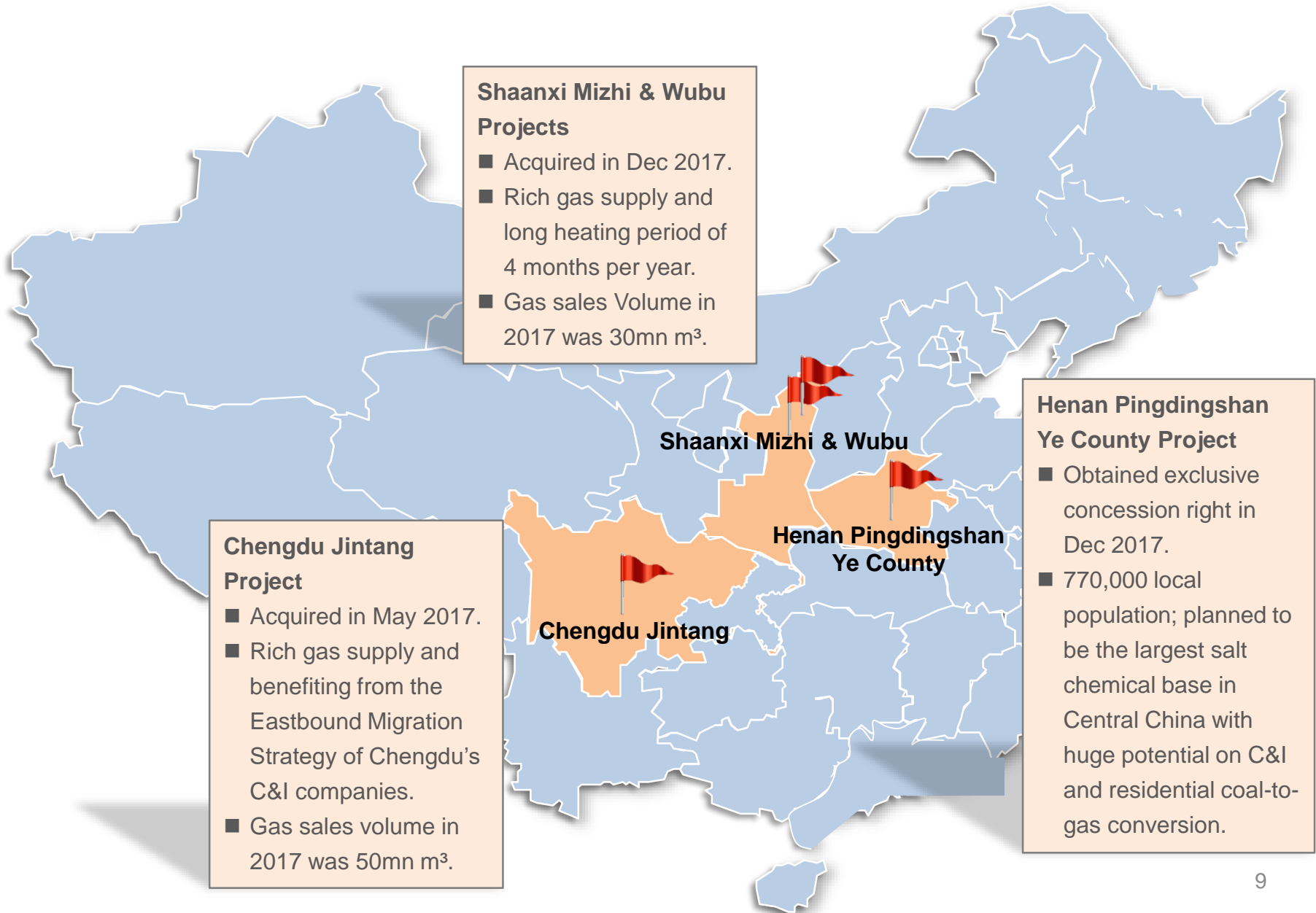


Mr. Li Xincheng
Deputy General Manager
16 years experience

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2. Business Review

Obtained 4 New Projects in 2017



Shaanxi Mizhi & Wubu Projects

- Acquired in Dec 2017.
- Rich gas supply and long heating period of 4 months per year.
- Gas sales Volume in 2017 was 30mn m³.

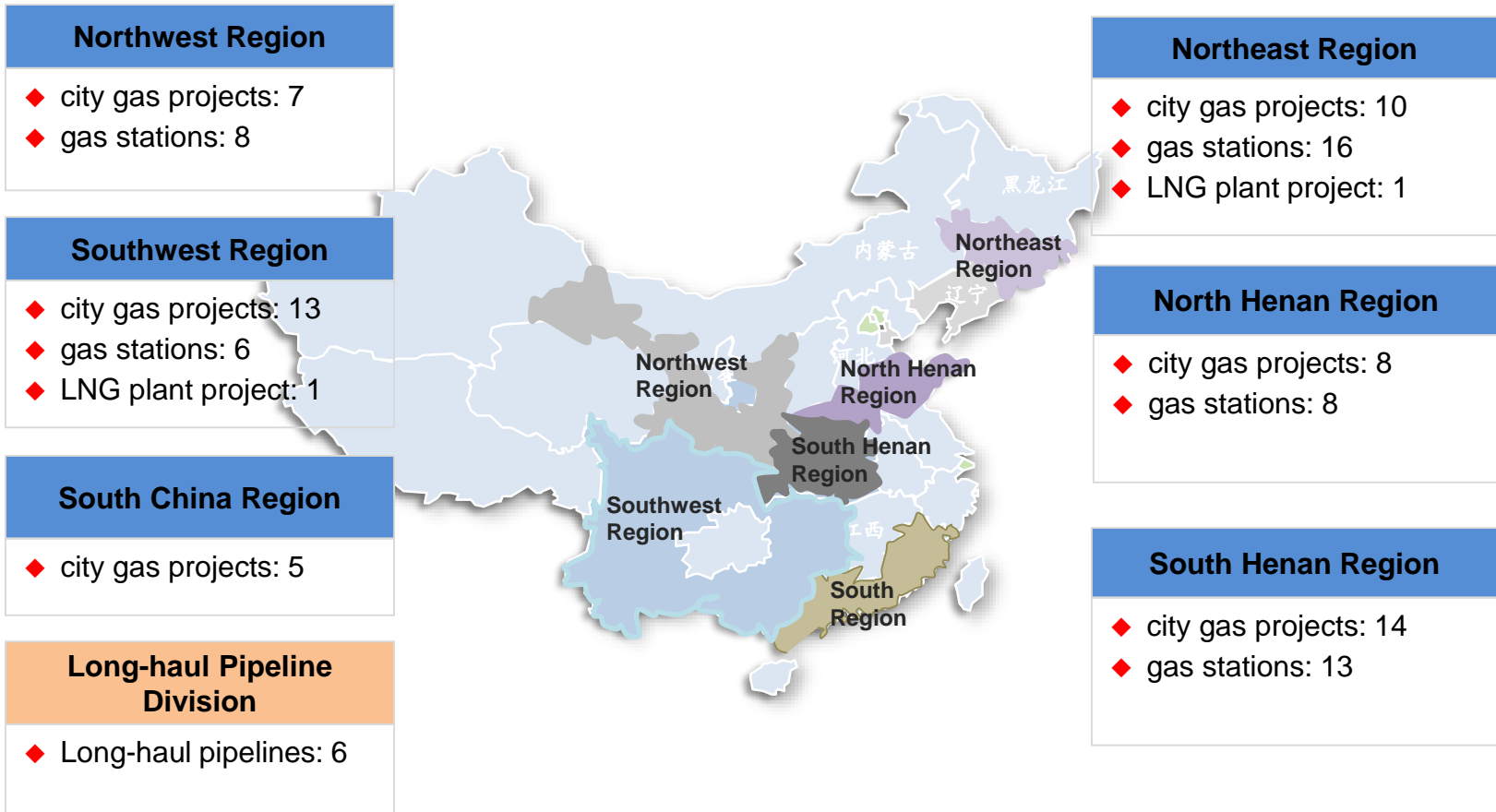
Chengdu Jintang Project

- Acquired in May 2017.
- Rich gas supply and benefiting from the Eastbound Migration Strategy of Chengdu's C&I companies.
- Gas sales volume in 2017 was 50mn m³.

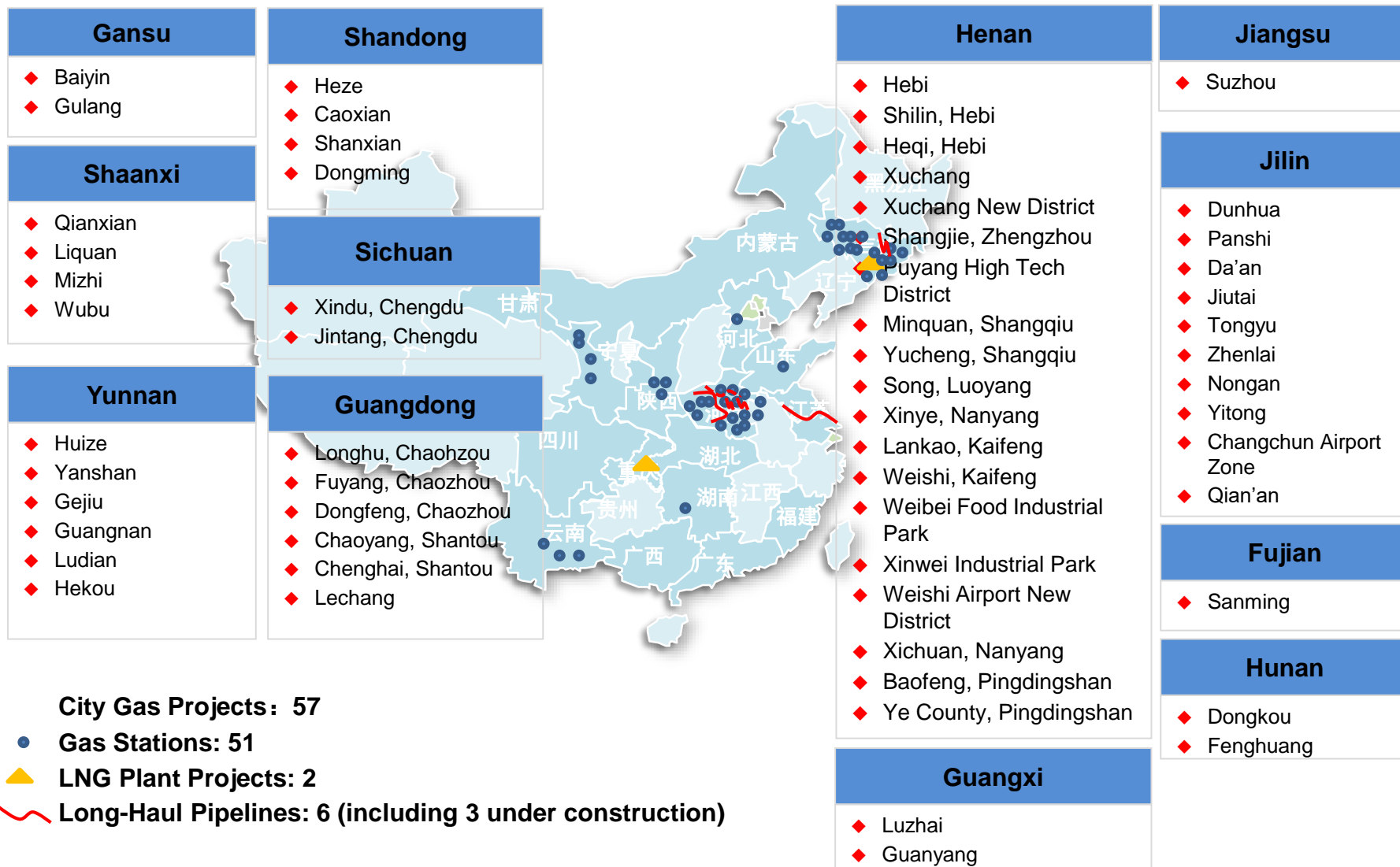
Henan Pingdingshan Ye County Project

- Obtained exclusive concession right in Dec 2017.
- 770,000 local population; planned to be the largest salt chemical base in Central China with huge potential on C&I and residential coal-to-gas conversion.

Tian Lun Gas has **57** city gas projects in **6** major regions; **51** gas stations in operation; **2** LNG plant projects; and **6** long-haul pipelines.



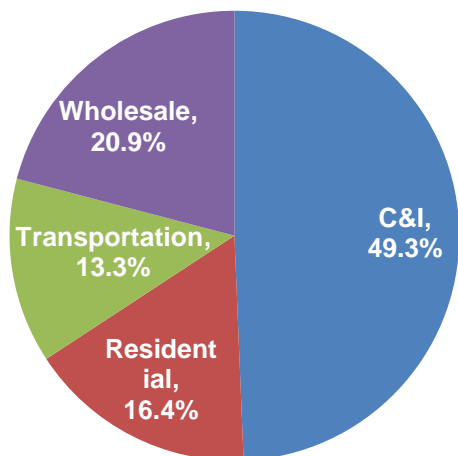
Focusing on 3rd/4th-tiered Cities, Benefiting from Industrial Migration and Coal to Gas Conversion



Rapid Growth of Gas Sales Boosted by Coal-to-Gas Conversion

('000 m ³)	2016	2017	YoY
1. C&I	452,659	565,731	25.0%
2. Residential	150,802	180,530	19.7%
3. Transportation	122,470	151,168	23.4%
4. Wholesale	191,598	166,161	-13.3%
Total Gas Sales Volume	917,529	1,063,590	15.9%
5. Long-haul Pipeline Gas Transmission Volume	780,439	863,828	10.7%
Total	1,697,968	1,927,418	13.5%

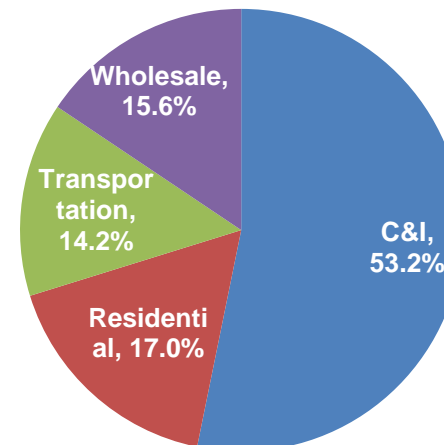
Gas Sales Volume Breakdown in 2016



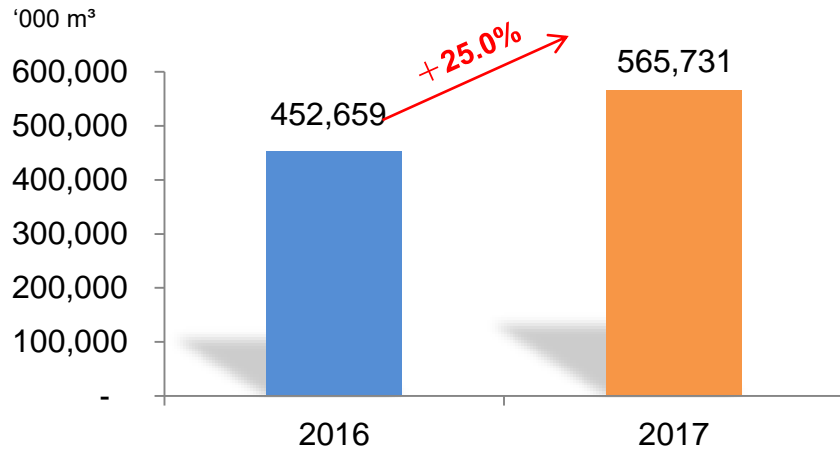
Improving Mix



Gas Sales Volume Breakdown in 2017

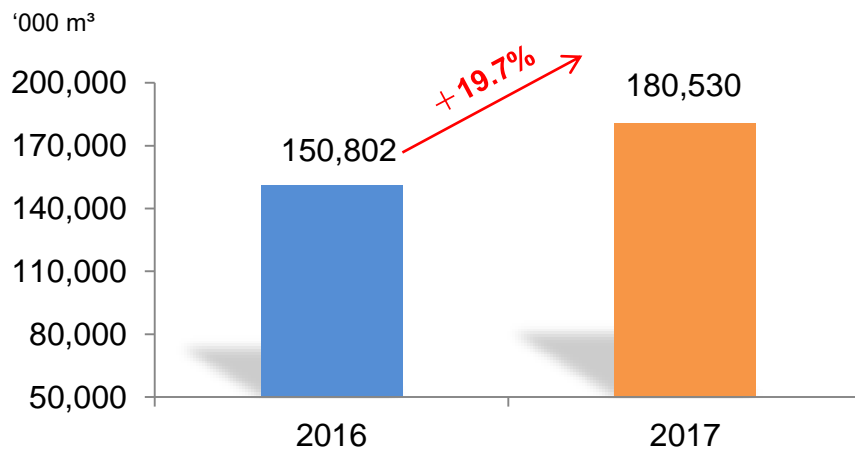


Gas Sales Volume to C&I Users



- Benefiting from coal-to-gas conversion, strong 3rd/4th-tier cities presence, as well as the Company's efforts to quickly develop C&I users, sales volume to C&I users recorded continuous rapid growth of 25.0% YoY in 2017.

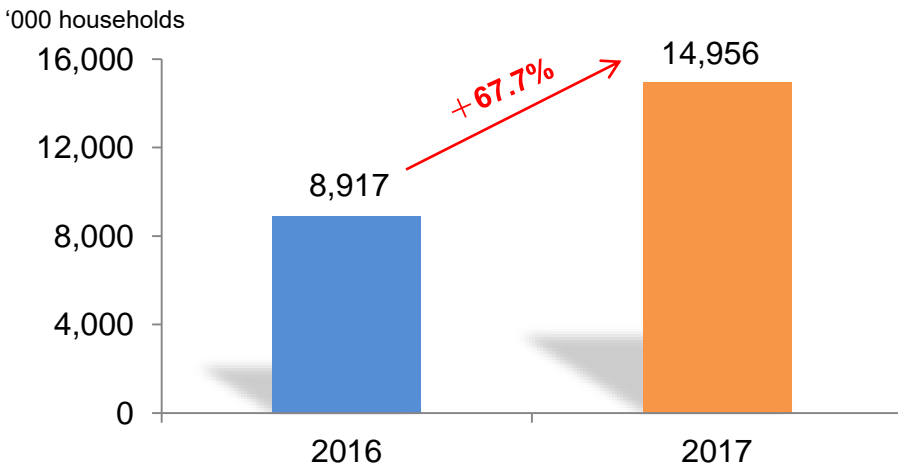
Gas Sales Volume to Residential Users



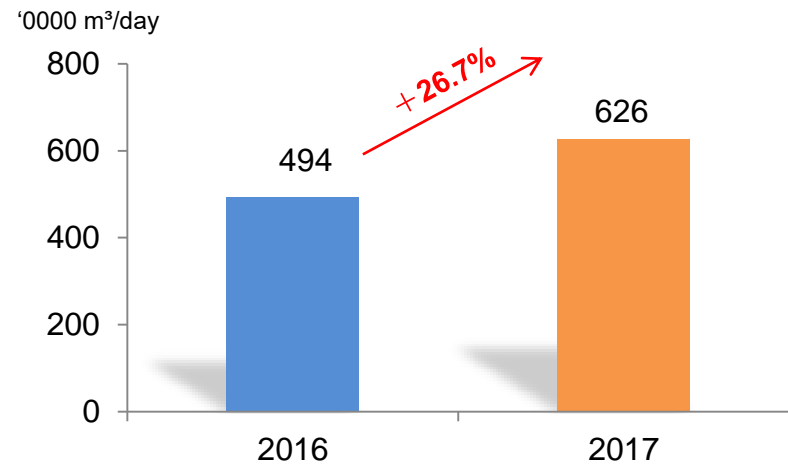
- Benefiting from steadily increasing penetration rate and acquisition of new projects, the Company's sales volume to residential users increased by 19.7% YoY in 2017.

(households)	2016	2017	YoY
Number of newly connected users	205,619	208,872	1.6%
Residential households	204,393	206,237	0.9%
C&I users	1,226	2,635	114.9%
Number of accumulated users	1,334,299	1,636,226	22.6%
Residential households	1,325,382	1,621,270	22.3%
C&I users	8,917	14,956	67.7%

Accumulated C&I Users



C&I Users' Designed Daily Capacity

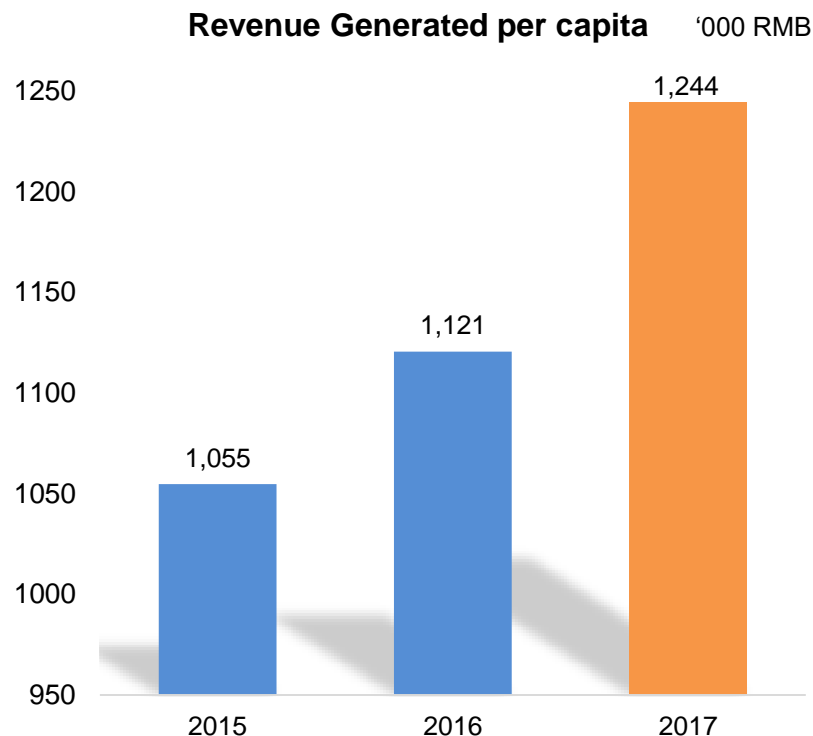
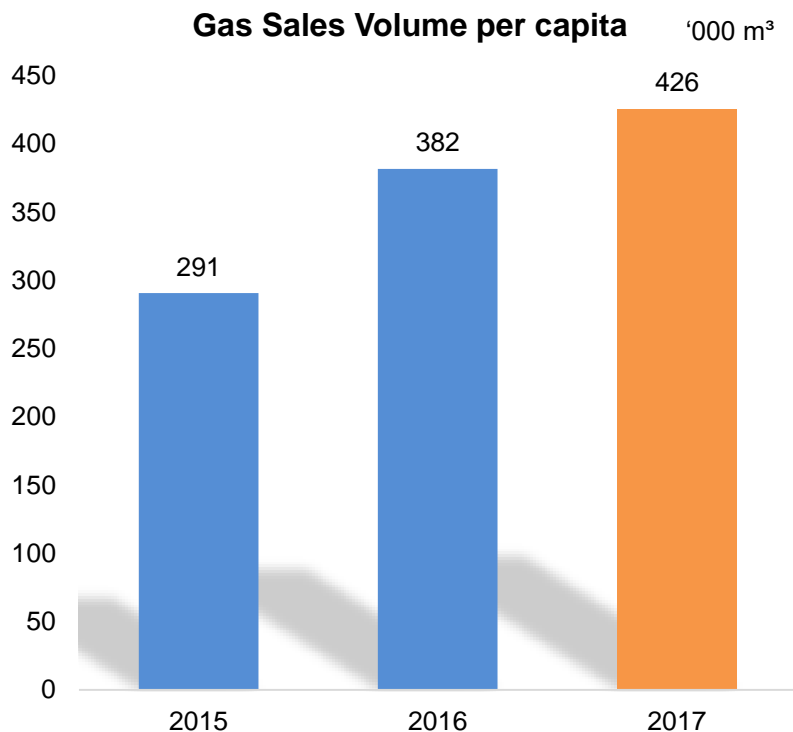


Long-haul Pipelines

- ◆ **Lushan-Ruzhou Pipeline Branch** has started construction in 3Q2017, of which Lushan-Baofeng part has been completed in 4Q2017.
- ◆ **Yuzhou-Changge Pipeline** has been approved by the Henan DRC. It has started construction in December 2017, and is expected to be completed in October 2018. The pipeline will serve the gas supply to Xuchang, which is one of the Group's core operation markets, and its nearby areas.
- ◆ **Puyang-Hebi Pipeline** has been listed by Henan DRC approval in its 13th Five-Year Plan. After completion, it will supply gas to Puyang and Hebi, lower their gas purchase cost and support expansion of its nearby markets.



- The Company has excellent operation and management systems. Revenue generated per capita and gas sales volume per capita increased year by year, and ranked top in the industry.

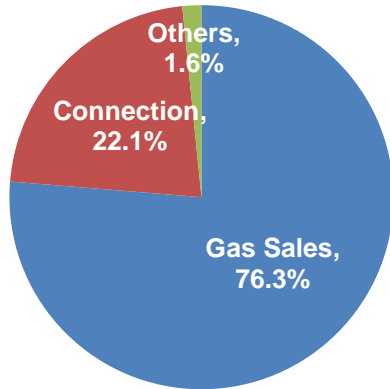


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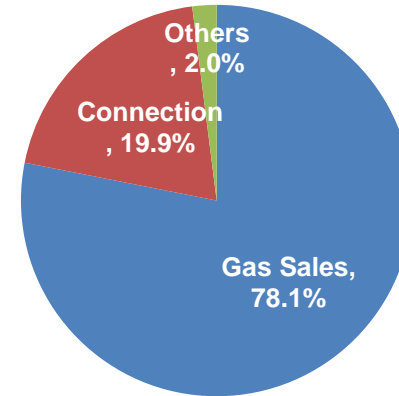
3. Financial Performance

	2016	2017	YoY
	'000 RMB	'000 RMB	
Revenue	2,693,094	3,109,014	15.4%
• from Gas Sales	2,054,716	2,428,110	18.2%
Sales Proceeds	3,007,200	3,490,943	16.1%
Gross Profit	692,349	767,944	10.9%
• from Gas Sales	299,364	361,004	20.6%
EBITDA	797,855	957,766	20.0%
Profit for the Year	334,409	429,157	28.3%
Profit Attributable to Shareholders	313,379	404,250	29.0%

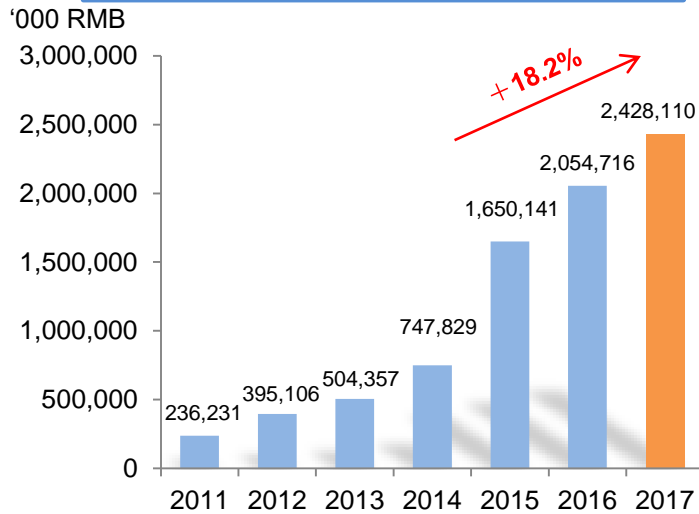
Revenue Breakdown in 2016



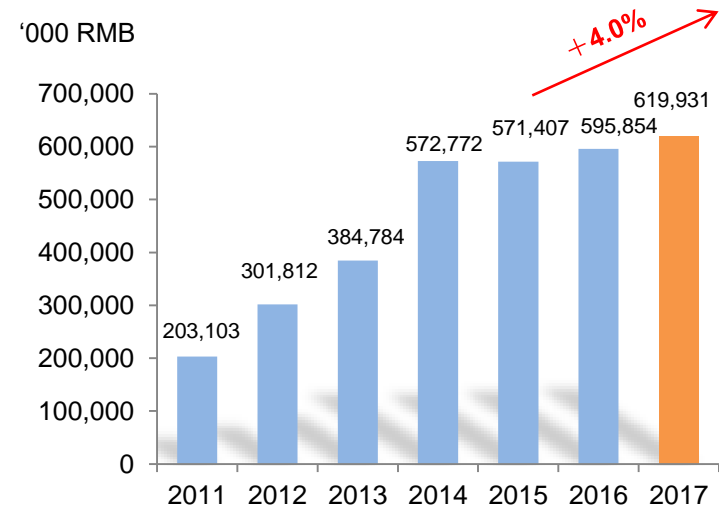
Revenue Breakdown in 2017



Gas Sales Revenue Growth

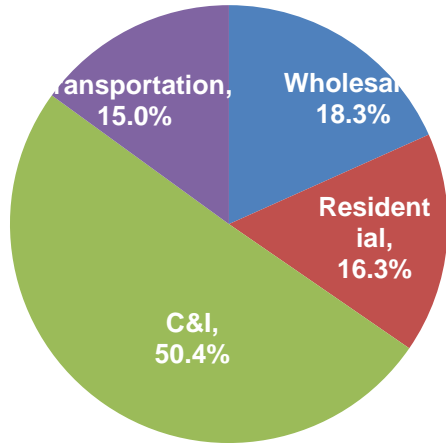


Connection Revenue Growth

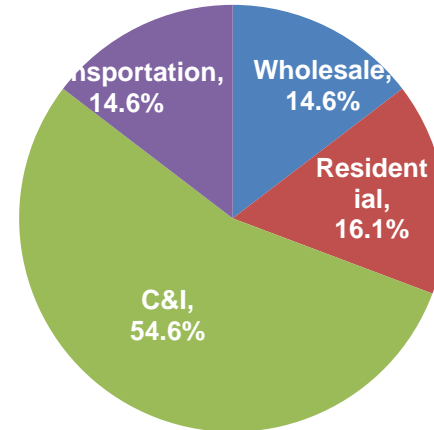


C&I Gas Sales Revenue Ramped Up Rapidly Driven by Coal-to-Gas Conversion

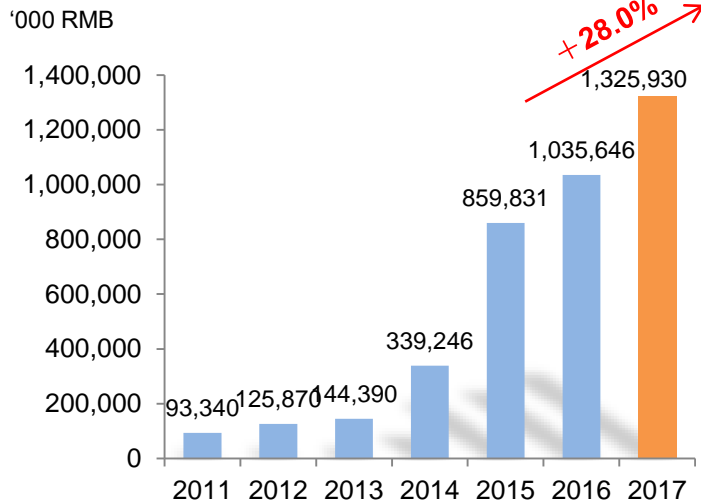
Gas Sales Revenue Breakdown in 2016



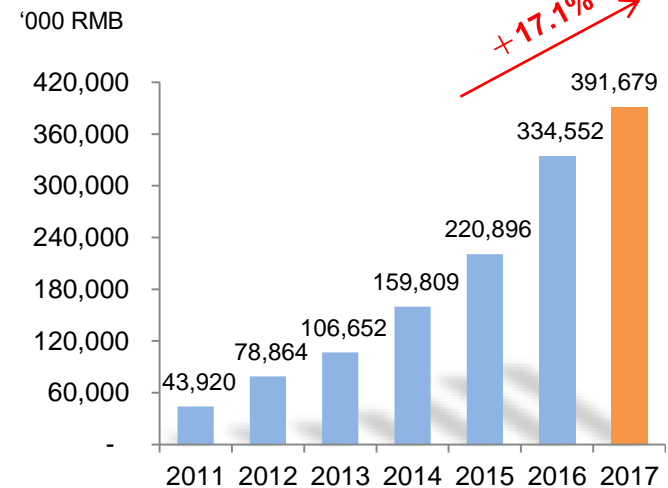
Gas Sales Revenue Breakdown in 2017



C&I Gas Sales Revenue

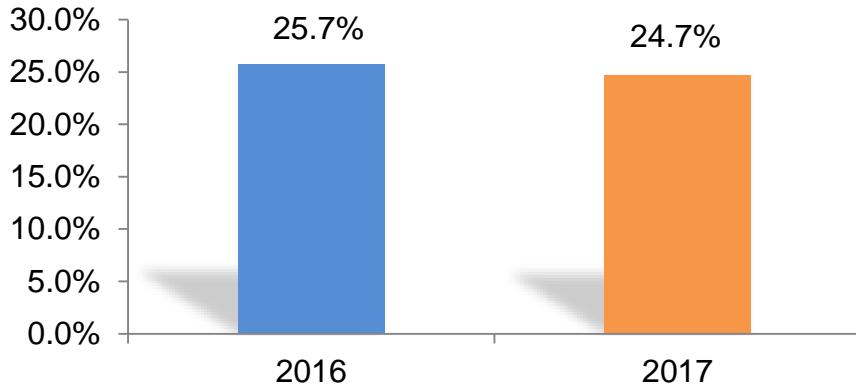


Residential Gas Sales Revenue

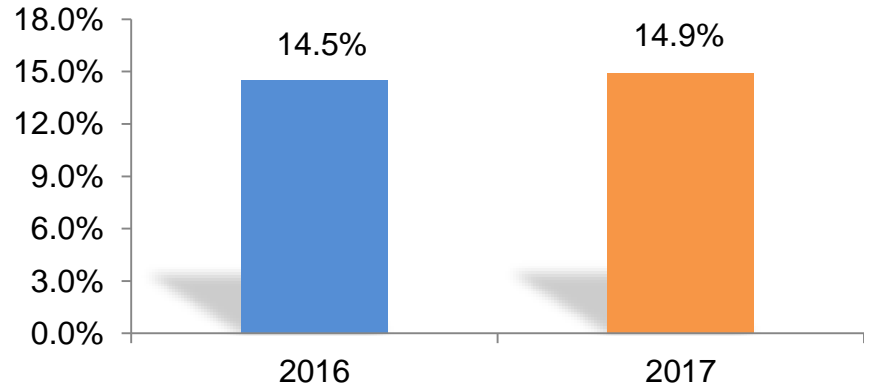


Profit Margin Keep on Rising Despite a Transitory Gas Shortage in 2017

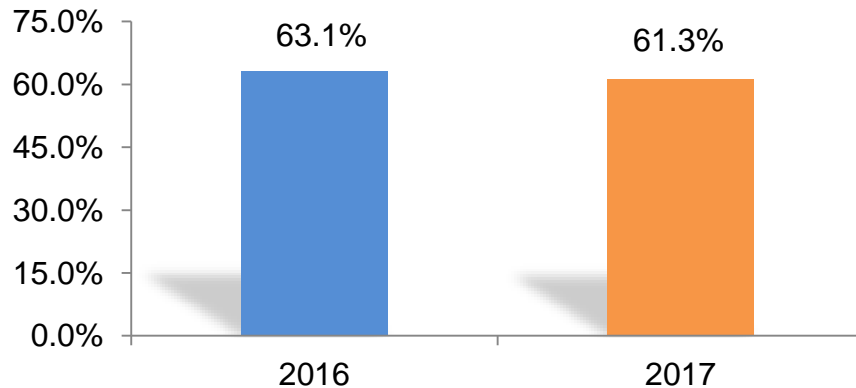
Gross Margin



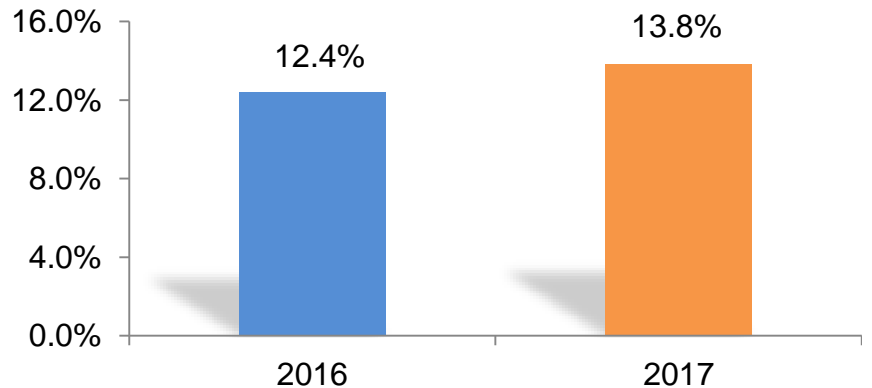
Gross Margin of Gas Sales



Gross Margin of Connection



Net Margin



	31 Dec 2016	31 Dec 2017
	'000 RMB	'000 RMB
Total Assets	7,633,412	8,472,249
Total Equity	2,751,709	3,117,803
Total Liabilities	4,881,703	5,354,446
<i>Total Liabilities</i> <i>/Total Assets</i>	64.0%	63.2%
Total Borrowings	3,588,447	3,867,132
<i>Domestic Borrowings</i>	1,247,038	1,812,127
<i>% of Total</i>	34.8%	46.9%
<i>Overseas Borrowings</i>	2,341,409	2,055,005
<i>% of Total</i>	65.2%	53.1%
Total No. of Issued Shares ('000 shares)	989,615	989,615

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4. Strategies & Outlook

Cooperate and Develop Together

1. Partnership mechanism
2. Diversified employee incentive mechanism
3. Platform construction attracts resources
4. Executive incentive in listed company level

1. National coal to gas policy related business
2. Extension of upstream gas supply supporting
3. 3 core elements: market development, operation, and technology innovation
4. Development of value-added business model
5. Integration of gas supply sources
6. Flexible project cooperation model
7. Large industrial power plant and other users development

1. Diversified financing channels
2. Project incubation fund



Cooperate and Develop Together

Core Objectives Management

- Integration of High-quality Projects
- Integration of High-quality Capital

Key Implementation Subjects

Natural Gas (Coal to Gas) Trend Opportunity:

C&I Enterprise: Air pollution control, steady extension of gas direct supply business such as power plants, and clean energy substitution of industry parks.

Rural Coal to Gas: Enhance operational efficiency by scale installation combined with national, provincial, county, rural and other comprehensive national policies.

Whole Industry Chain: Integrate resources around gas-related business to form core industrial strategy of terminal customer acquisition.

Industry Pain Points: Gas supply assurance, change without putting to use, long payback period, etc.

Financial Cost: Development of new financial assistant business model.

Customer Stickiness: Integrated energy solutions enhance customer stickiness.

Growth Plan: Take advantage of diversified financing channels by the combination of internal incubation and external M&A.

Employee Motivation: Value-added services, partnership platform, and sharing mechanism of incremental part of performance.

Cooperation Mode: Management internal entrepreneurship, win-win development of high-quality resources integration, and joint development of complementary advantages enterprises.

Cooperate and Develop Together

Share and Win Together





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Focusing on Gas Utilization Entering Rapid Growth Phase

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