



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

(HKEx Stock Code:1600)

# 2018 Interim Results Company Presentation

August 2018





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The background features a collage of colorful geometric shapes (triangles and polygons) in shades of green, blue, and yellow. Overlaid on these are two photographs: one showing a close-up of industrial machinery with yellow pipes and a pressure gauge, and another showing a large industrial facility with several tall, white smokestacks with red and white bands.

# **Agenda**

**I. Results Highlights**

**II. Business Review**

**III. Financial Performance**

**IV. Strategies & Outlook**

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# I. Results Highlights

Results Highlights		2017H1	2018H1	YOY
Operation Highlights	<b>Gas Sales Volume (mn m<sup>3</sup>)</b>	<b>501</b>	<b>605</b>	<b>20.7%</b>
	• C&I Gas	271	348	27.4%
	• Residential Gas	83	123	48.2%
	<b>Number of newly connected users</b>	<b>96,530</b>	<b>135,138</b>	<b>40.0%</b>
	• Newly Connected Residential Users	95,691	134,077	40.1%
	• Newly Connected C&I Users	839	1,061	26.5%
	<b>Number of accumulated users</b>	<b>1,430,829</b>	<b>1,796,858</b>	<b>25.6%</b>
Earning Highlights	<b>Revenue (RMB mn)</b>	<b>1,490</b>	<b>1,899</b>	<b>27.4%</b>
	• Gas Sales Revenue	1,163	1,453	25.0%
	• Connection Revenue	298	399	33.6%
	Gross Profit (RMB mn)	379	498	31.3%
	Adjusted Profit Attributable to Shareholders *(RMB mn)	187	253	34.9%

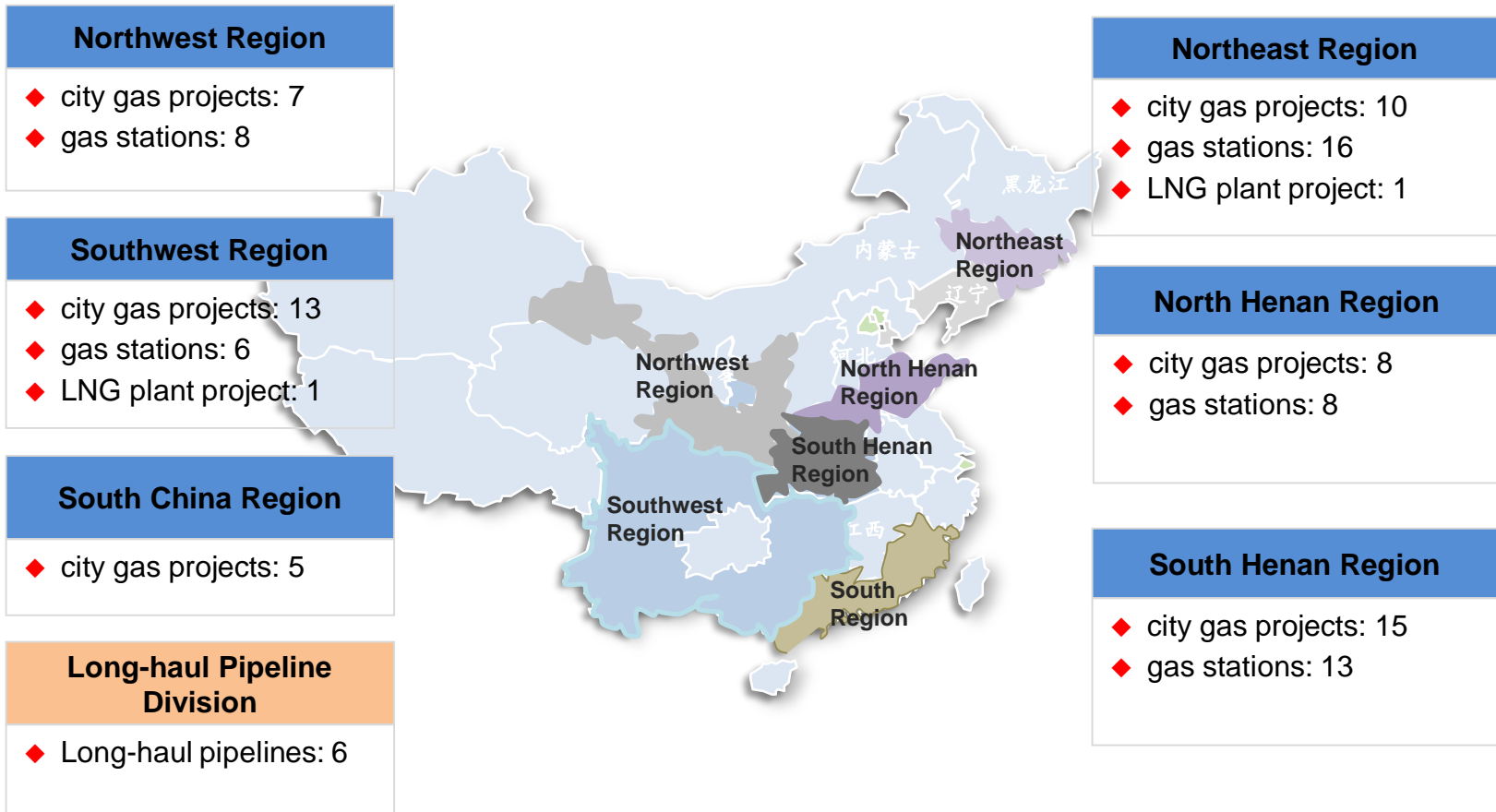
\* Excluding gains/losses of cross currency swap contracts and exchange.

**Interim dividends of RMB 5.36 cents/share, with a payout ratio of 25%.**

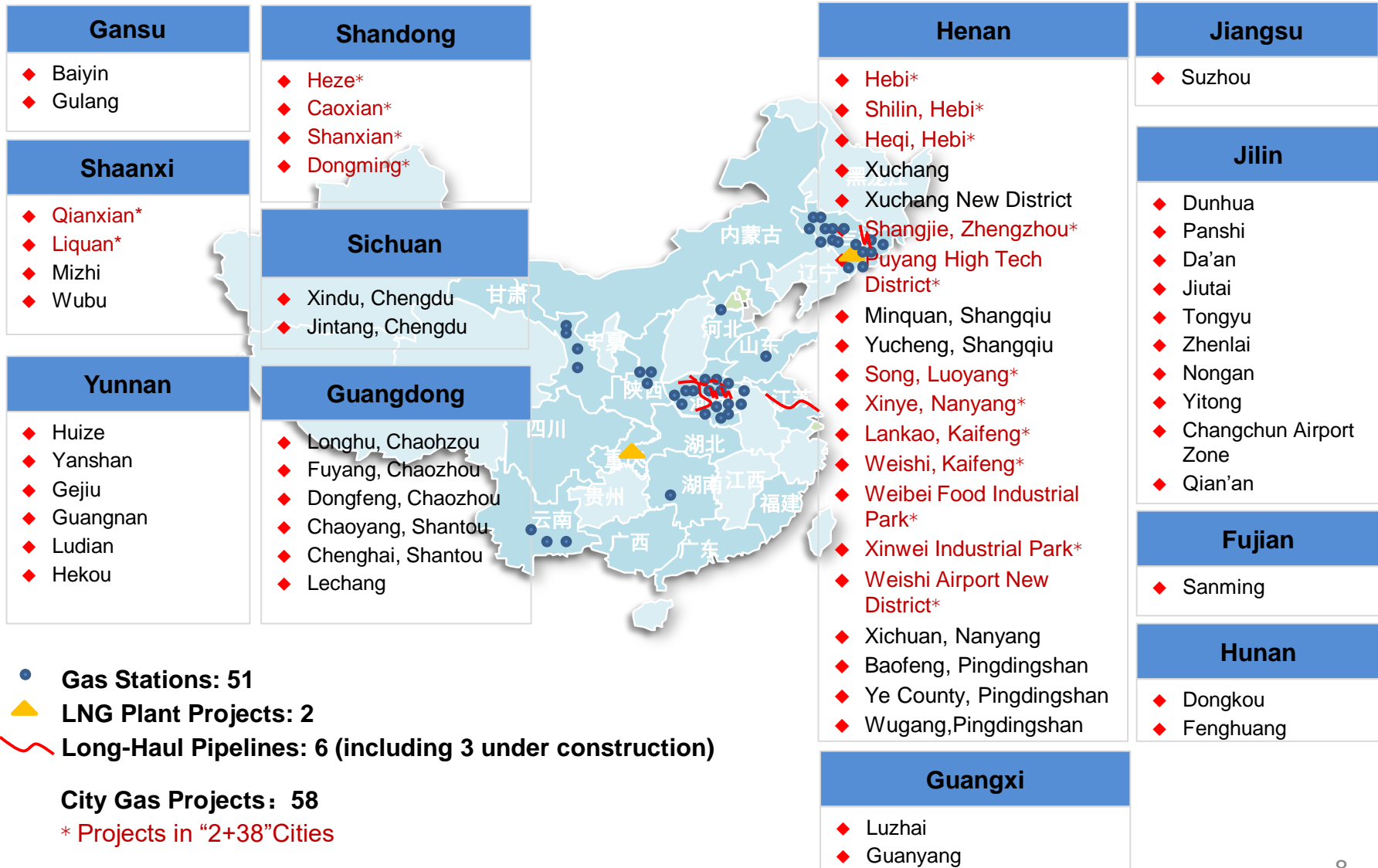
The background features a collage of colorful triangles in shades of green, blue, and yellow. Two of these triangles contain images: one shows a close-up of industrial machinery with yellow pipes, and another shows a power plant with several tall smokestacks.

## II. Business Review

Obtained new concession rights in Wugang City in 2018H1.  
Tian Lun Gas has **58** city gas projects in **6** major regions; **51** gas stations in operation; **2** LNG plant projects; and **6** long-haul pipelines.



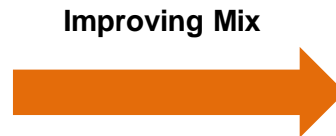
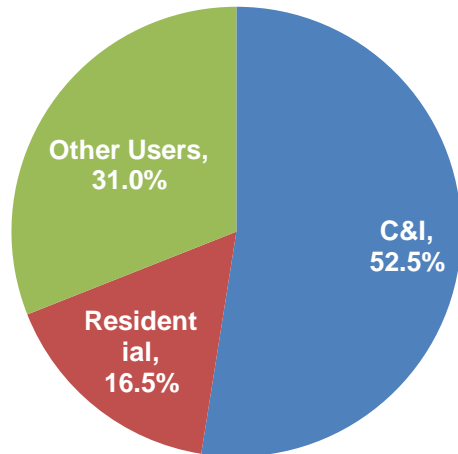
# Focusing on Regions with Fast Growth in Gas Consumption, including 18 Projects in “2+38” Cities



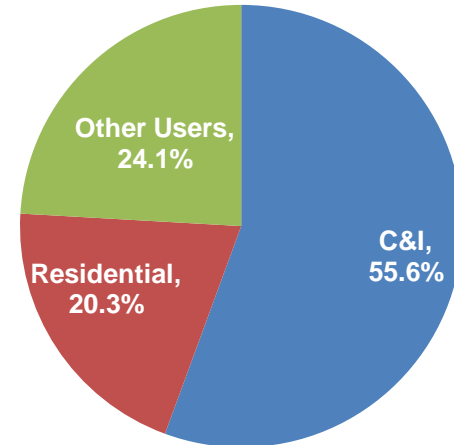


('000 m <sup>3</sup> )	2017H1	2018H1	YoY
1. C&I	263,015	336,211	27.8%
2. Residential	82,683	122,534	48.2%
3. Other Users	155,515	146,241	-6.0%
<b>Total Gas Sales Volume</b>	<b>501,213</b>	<b>604,986</b>	<b>20.7%</b>
5. Long-haul Pipeline Gas Transmission Volume	394,496	419,911	6.4%
<b>Total</b>	<b>895,709</b>	<b>1,024,897</b>	<b>14.4%</b>

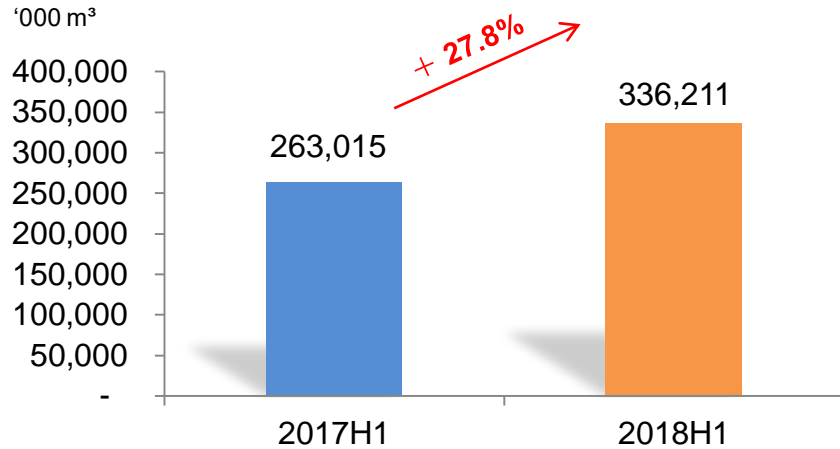
Gas Sales Volume Breakdown in 2017H1



Gas Sales Volume Breakdown in 2018H1

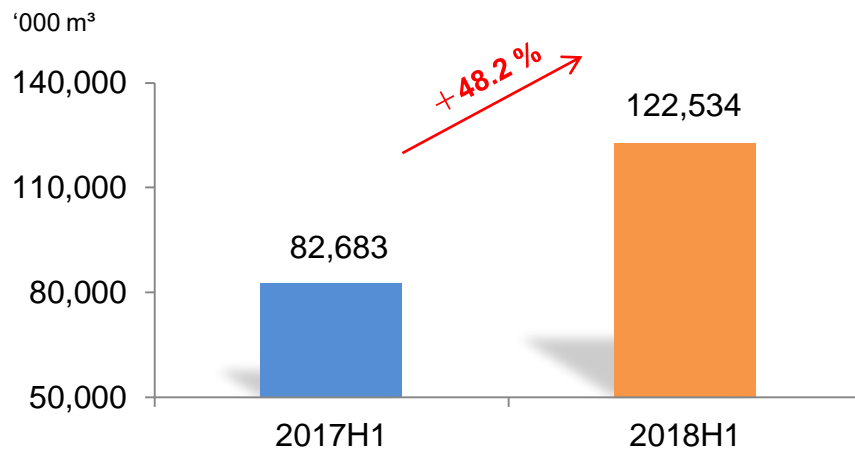


## Gas Sales Volume to C&I Users



- Benefiting from C&I coal-to-gas conversion, strong 3<sup>rd</sup>/4<sup>th</sup>-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 27.8% YoY in 1H2018.

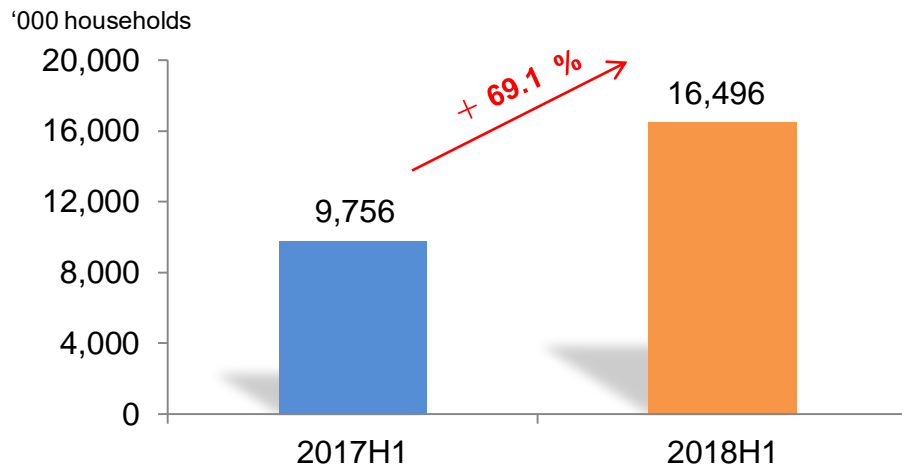
## Gas Sales Volume to Residential Users



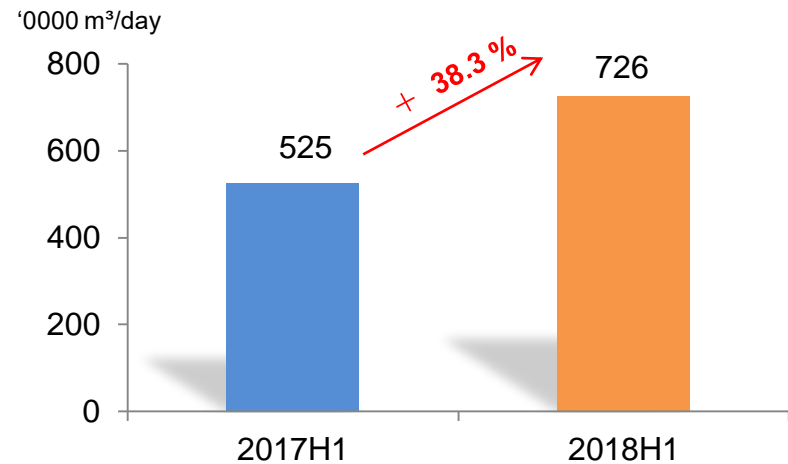
- Benefiting from increasing penetration rate and contribution by newly acquired projects, sales volume to residential users increased by 48.2% YoY in 1H2018.

(households)	2017H1	2018H1	YoY
<b>Number of newly connected users</b>	<b>96,530</b>	<b>135,138</b>	<b>40.0%</b>
Residential households	95,691	134,077	40.1%
C&I users	839	1,061	26.5%
<b>Number of accumulated users</b>	<b>1,430,829</b>	<b>1,796,858</b>	<b>25.6%</b>
Residential households	1,421,073	1,780,362	25.3%
C&I users	9,756	16,496	69.1%

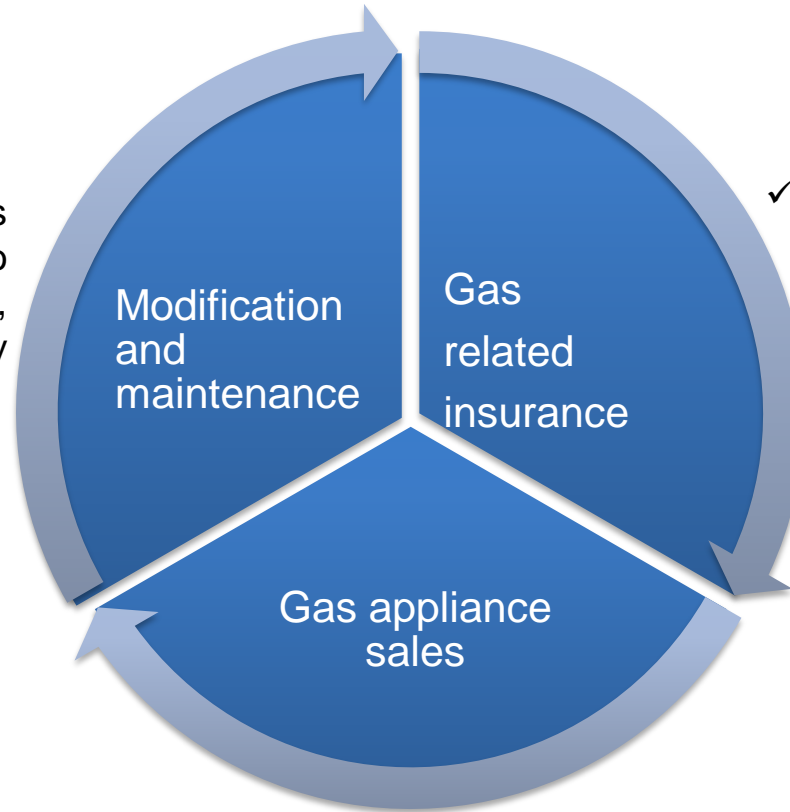
**Accumulated C&I Users**



**C&I Users' Designed Daily Capacity**



- ✓ Promote bellows, alarms and other equipment to new and existing users, and improve gas safety awareness



- ✓ Cooperate with China Insurance and Ping An Insurance to sell civil and commercial insurance products

- ✓ Cooperate with leading domestic gas appliance manufacturers to provide high quality appliances to value-added customers

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 yellow industrial machinery with pipes and valves, and another showing a large industrial facility with several tall, white smokestacks with red bands.

# III. Financial Performance

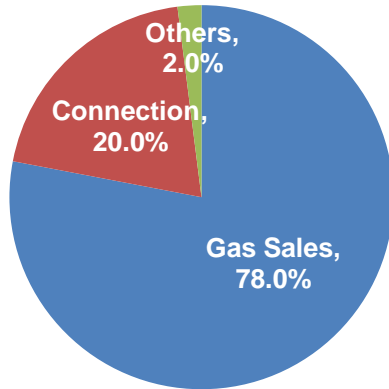
	2017H1	2018H1	YoY
	'000 RMB	'000 RMB	
<b>Revenue</b>	<b>1,490,353</b>	<b>1,899,344</b>	<b>27.4%</b>
• Gas Sales	1,162,742	1,452,854	25.0%
• Connection	298,197	398,471	33.6%
• Others	29,415	48,018	63.2%
<b>Sales Proceeds</b>	<b>1,683,497</b>	<b>1,991,171</b>	<b>18.3%</b>
<b>Gross Profit</b>	<b>379,064</b>	<b>497,844</b>	<b>31.3%</b>
• Gas Sales	162,881	206,374	26.7%
• Connection	199,656	260,715	30.6%
• Others	16,527	30,755	86.1%
<b>EBITDA</b>	<b>433,909</b>	<b>570,104</b>	<b>31.4%</b>
<b>Profit for the Year</b>	<b>196,906</b>	<b>226,881</b>	<b>15.2%</b>
<b>Profit Attributable to Shareholders</b>	186,815	215,307	15.3%
<b>Adjusted Profit Attributable to Shareholders *</b>	<b>187,245</b>	<b>252,514</b>	<b>34.9%</b>

\* Excluding gains/losses of cross currency swap contracts and exchange.

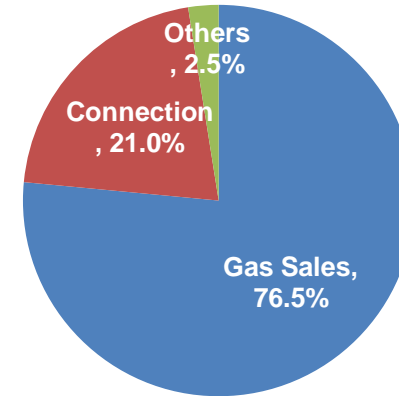
# Strong Growth in Gas Sales and Connection Revenue

## Value-add Services Become a New Growth Driver

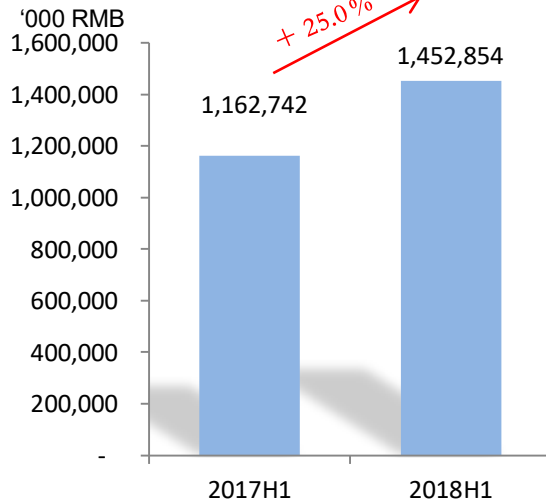
Revenue Breakdown in 2017H1



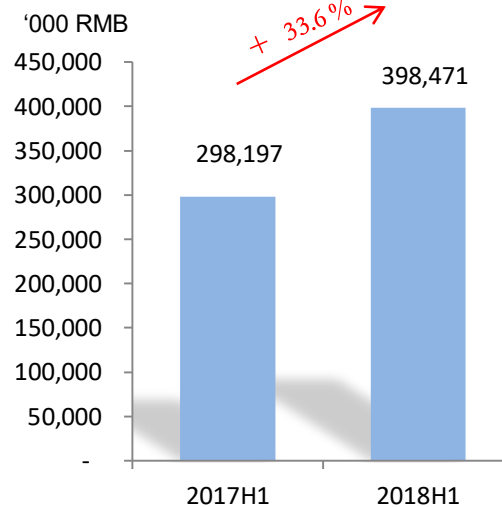
Revenue Breakdown in 2018H1



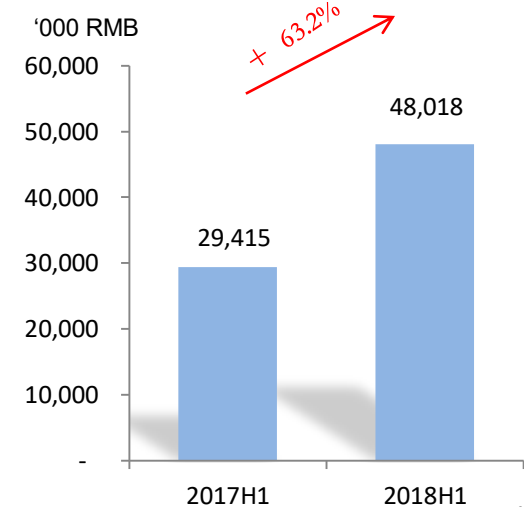
Gas Sale Revenue



Connection Revenue

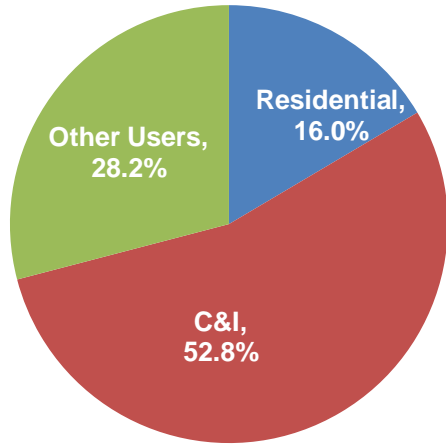


Other Revenue

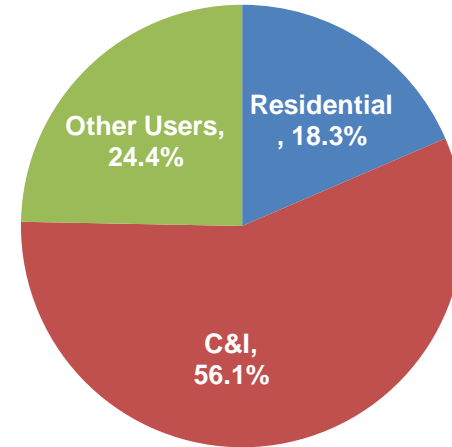


# C&I & Residential Gas Sales Revenue Ramped Up Rapidly

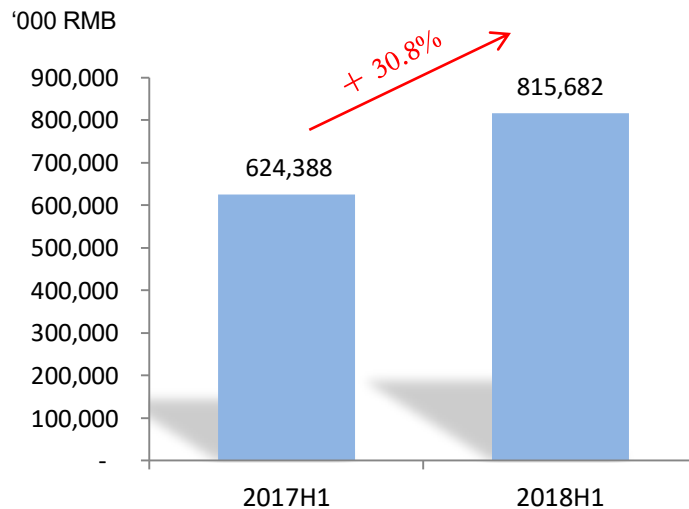
Gas Sales Revenue Breakdown in 2017H1



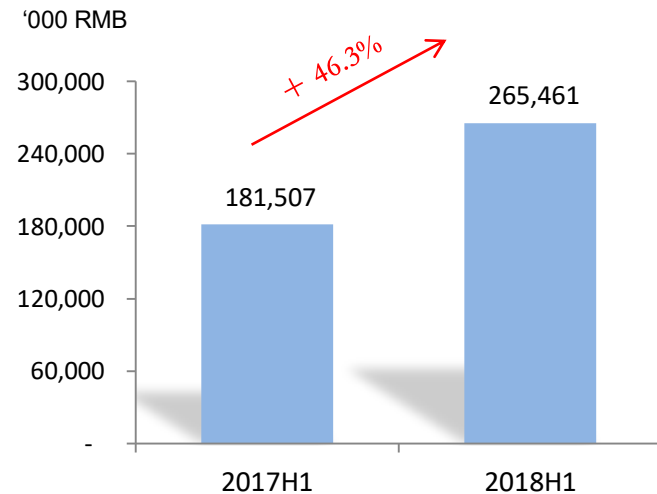
Gas Sales Revenue Breakdown in 2018H1



C&I Gas Sales Revenue

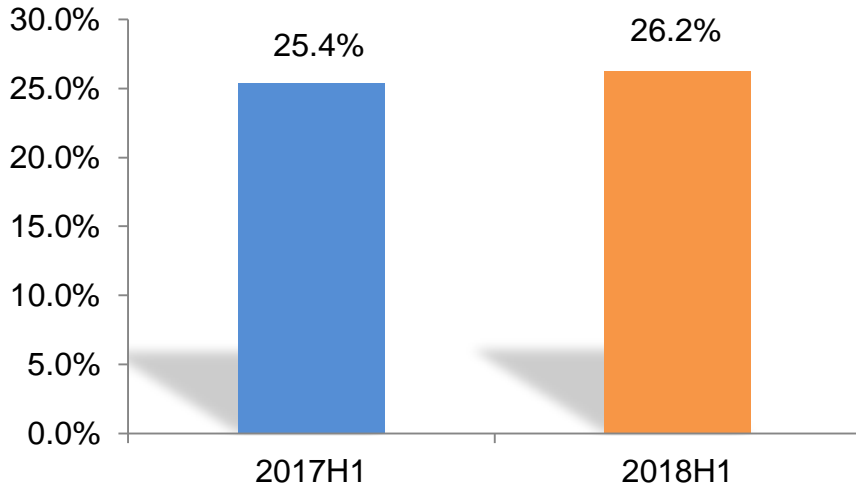


Residential Gas Sales Revenue

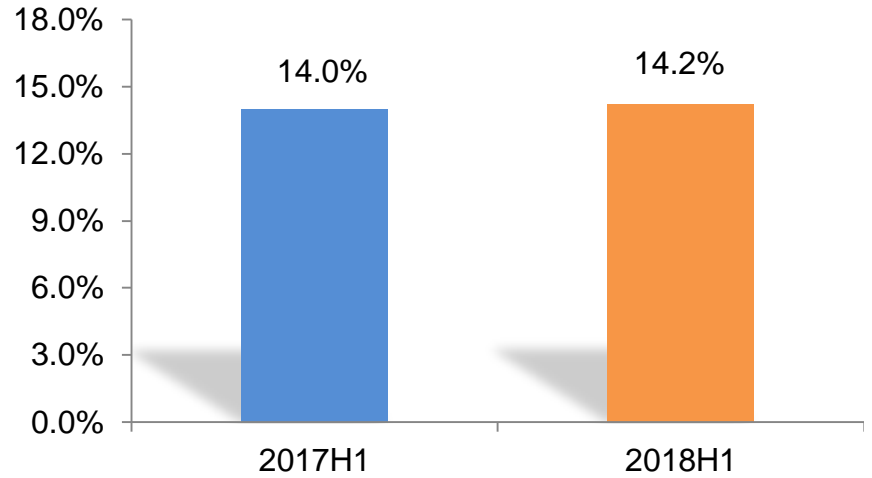




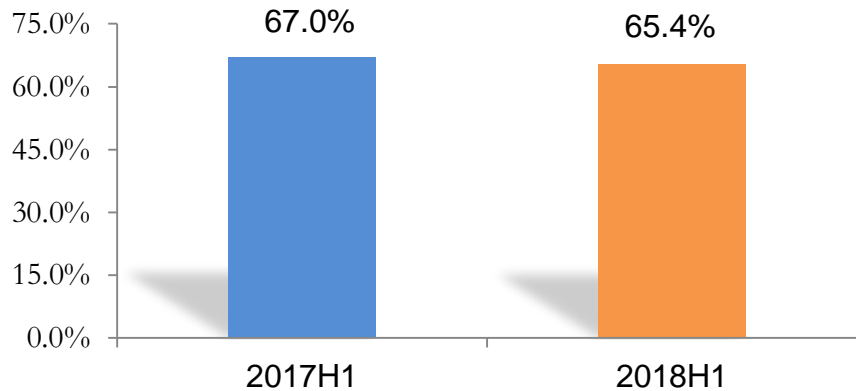
### Gross Margin



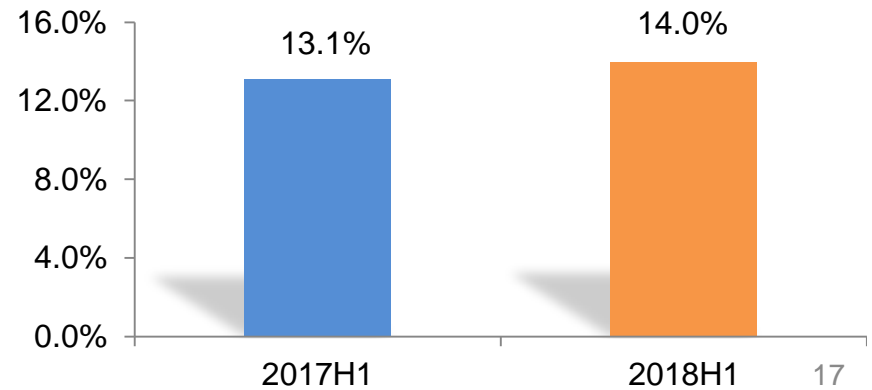
### Gross Margin of Gas Sales



### Gross Margin of Connection



### Adjusted Net Margin



	30 Jun 2017	30 Jun 2018
	'000 RMB	'000 RMB
<b>Total Assets</b>	8,107,171	10,068,115
<b>Total Equity</b>	2,949,812	3,329,948
<b>Total Liabilities</b>	5,157,359	6,738,167
<b>Total Liabilities / Total Assets</b>	63.6%	66.9%
<b>Cash Balance</b>	700,976	1,820,537
<b>Total Borrowings</b>	3,834,418	5,222,166
<i>Domestic Borrowings</i>	1,638,314	2,625,309
<i>% of Total</i>	42.7%	50.3%
<i>Overseas Borrowings</i>	2,196,104	2,596,857
<i>% of Total</i>	57.3%	49.7%
<b>Total No. of Issued Shares ('000 shares)</b>	989,615	989,615

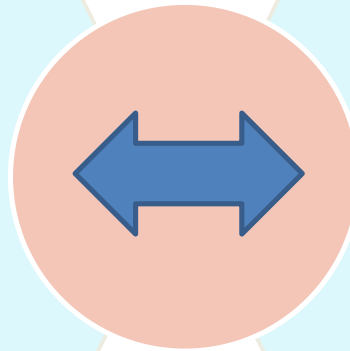
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# IV. Strategies & Outlook

## Implement Coal-to-Gas Conversion Strategy

### 2018-2020

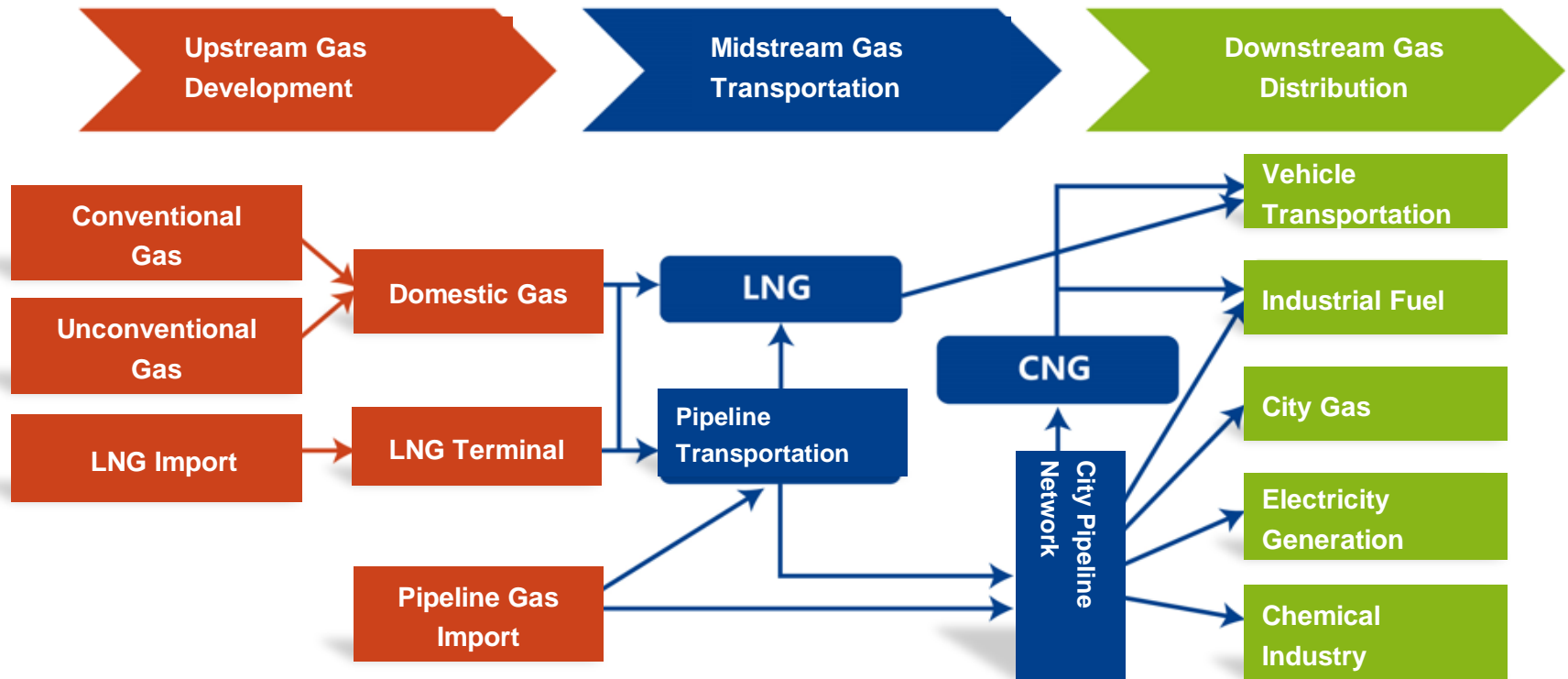
- Focus on the short-term and medium-term strategy of coal-to-gas conversion in Henan province.
- Realize the business collaboration in Henan province and promote the integration of large Henan module.
- Take the opportunity of coal to gas conversion and combine the current situation of township coal-to-gas in Henan, adopt the quasi-merger and acquisition strategy to improve the expansion speed and quality
- Take the coal-to-gas conversion in Henan province as a sample and replicate in other provinces and cities across the country

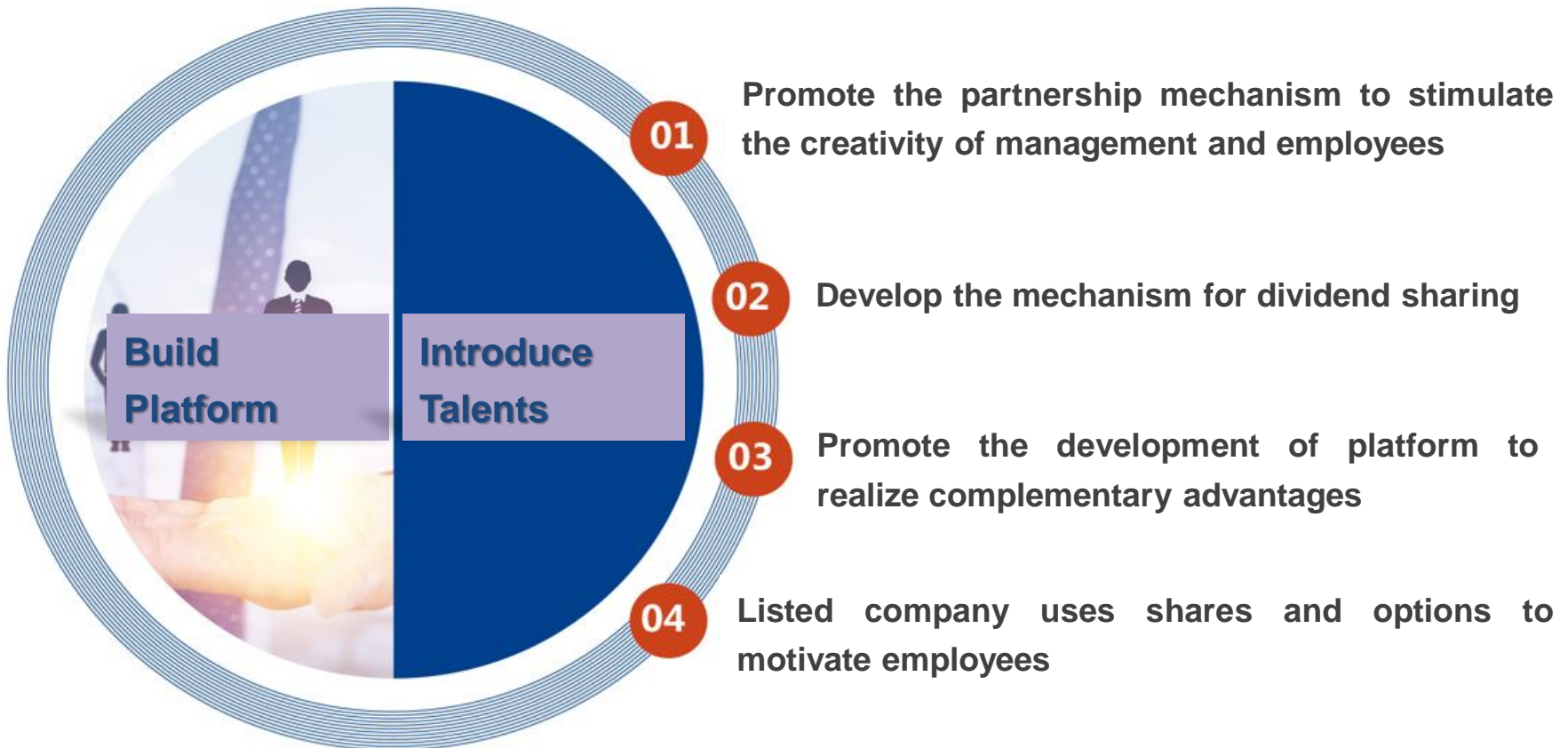


### 5-Year Strategy

- Integrate High-Quality Talents
- Integrate High-Quality Projects
- Integrate High-Quality Capital

With the gradual opening of the country's policy on upstream gas, more downstream gas enterprises will enter into the upstream gas development, realise the combination of commodity and market optimization, and optimise allocation of market resources







## Yuzi Holding

- Government support and resources synergy are essential in order to speed up township coal-to-gas conversion projects in Henan.
- As an investment and financing company under Henan provincial government, Yuzi Holding is mainly engaged in infrastructure projects such as old city reconstruction, targeted poverty alleviation, beautiful countryside, etc.
- Yuzi Holding plays an important role in getting government subsidies and policy-based loans.

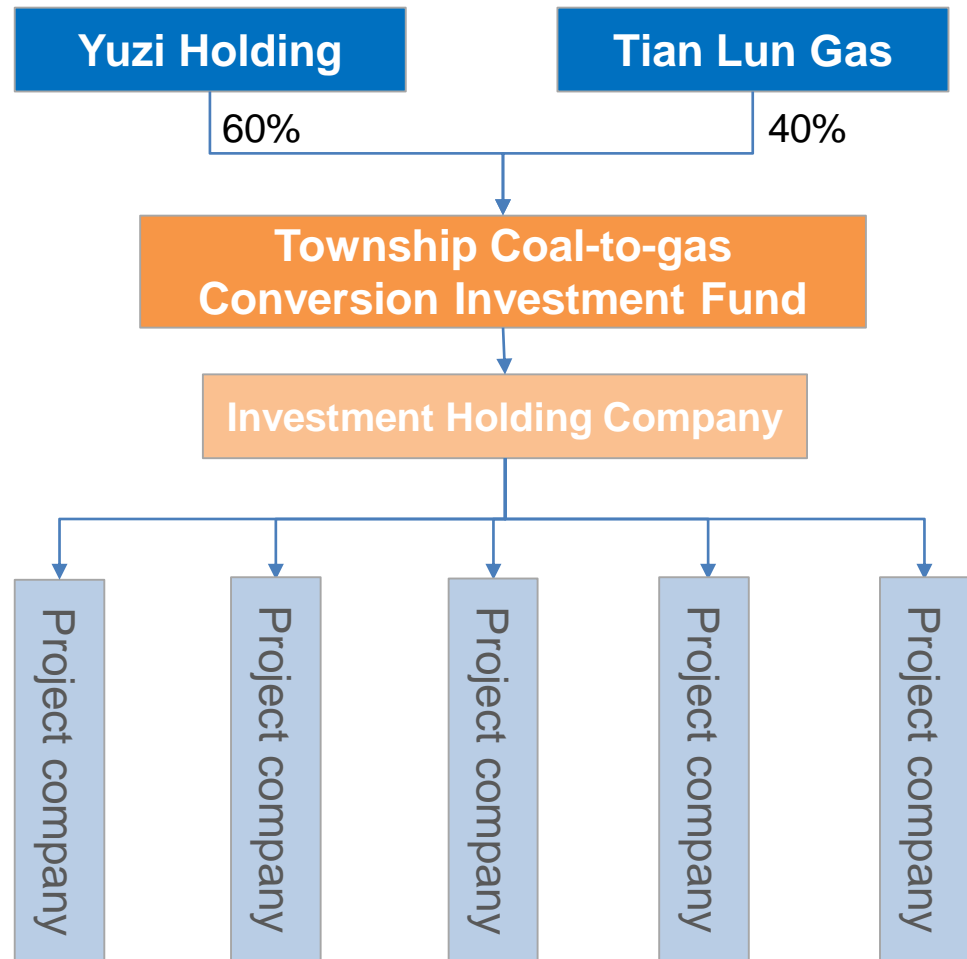


## 天伦燃气 TIANLUN GAS

- Tian Lun Gas was founded in Henan, with professional operation experiences and rich resources. The two partners have complementary advantages in their cooperation.
- Tian Lun Gas is responsible for construction and operation of projects.

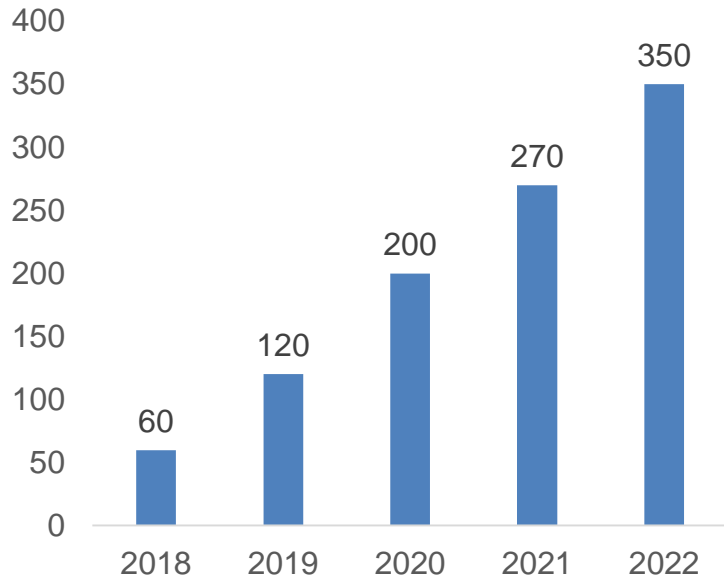
## Specialized Fund Supported by Long-term Loan from Policy Banks to Invest in Coal-to-Gas Conversion

- Yuzi Holding and Tian Lun Gas jointly established a township coal-to-gas conversion investment fund of RMB 10 billion, with the first phase of RMB 1 billion has been funded. (60%: 40%)
- Under the fund, an investment holding company is responsible for investing in coal-to-gas conversion projects.
- The coal-to-gas conversion investment fund will provide start-up funds for the investment holding company to implement coal-to-gas conversion projects.
- Policy banks and financial institutions will provide investment holding company with long-term (15 years, 1:4) policy financing support.

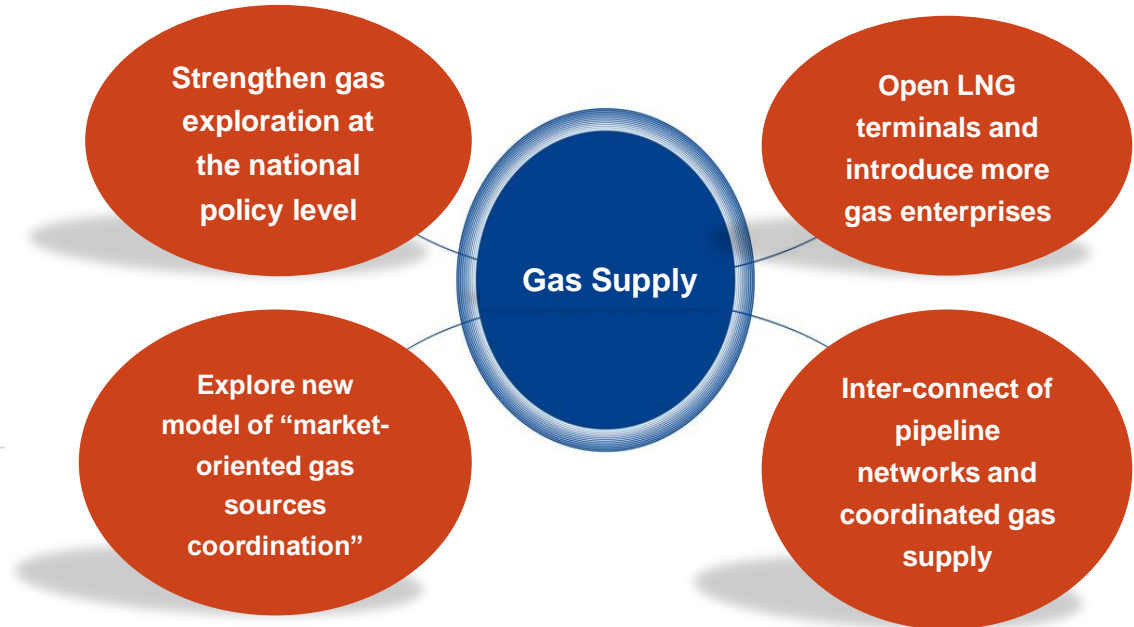




**Number of Construction  
(10,000 households)**



**Increase the Support of Gas Supply**



## Cooperate and Develop Together

### Share and Win Together





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

(HKEx Stock Code:1600)

## **Focusing on Gas Utilization Entering Rapid Growth Phase**

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