



# 2018

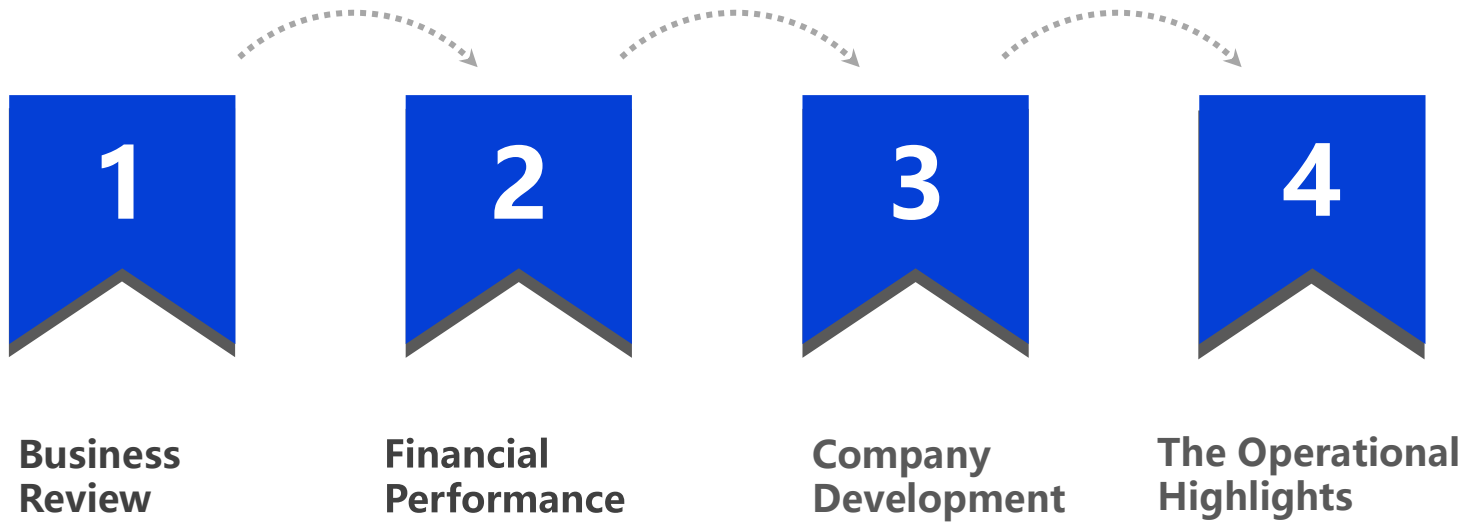
ANNUAL  
REPORT

## CHINA TIAN LUN GAS HOLDINGS LIMITED ANNUAL RESULTS

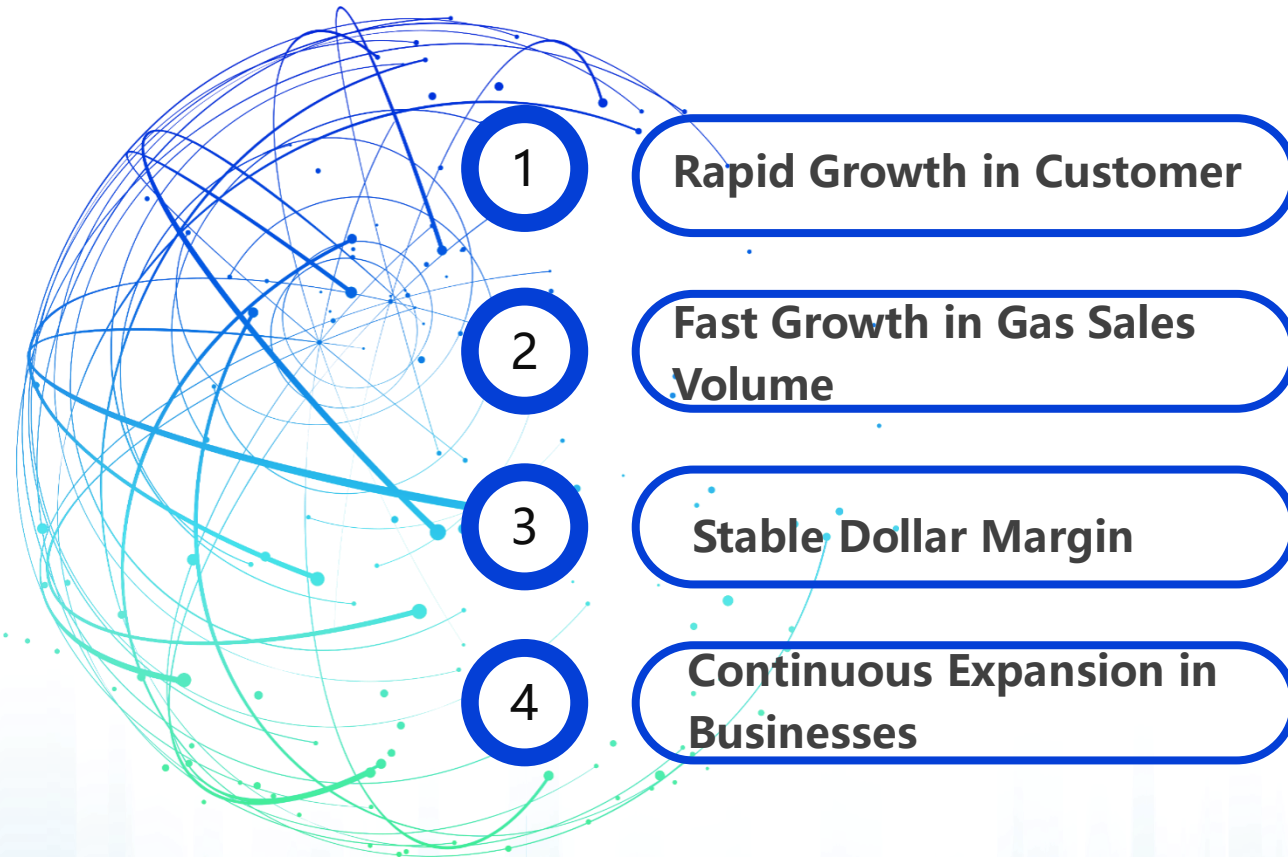
APRIL 2019



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# BUSINESS REVIEW

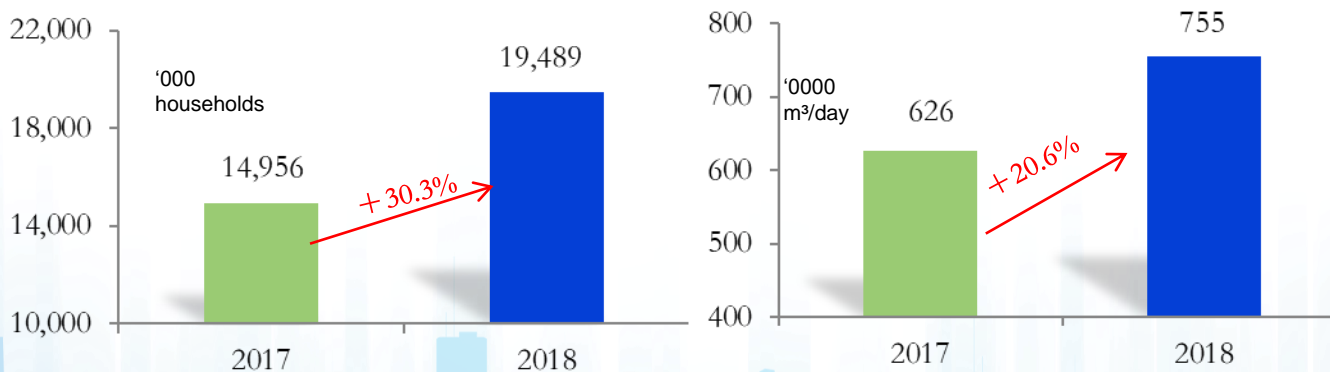


## Rapid Growth in customer

	2017	2018	Increase/ Decrease
<b>Number of new residential (households)</b>	<b>208,872</b>	<b>621,730</b>	<b>198%</b>
Residential	206,237	235,911	14%
C&I	2,635	3,228	23%
rural coal-to-gas residential		382,591	
<b>Number of connected customers ( households )</b>	<b>1,636,226</b>	<b>2,354,203</b>	<b>44%</b>

C&amp;I

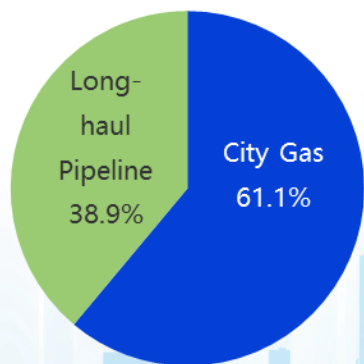
Designed Daily Capacity for C&amp;I



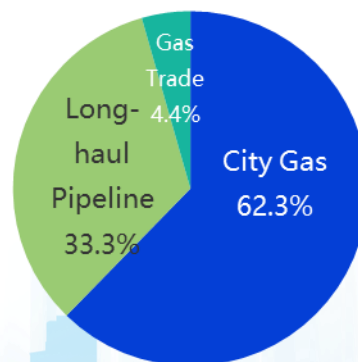
## Fast Growth in Gas Sales Volume

(Million m <sup>3</sup> )		2017	2018	Increase/ Decrease
City gas	Residential	181	257	42%
	C&I	319	407	28%
	Transportation	151	141	-7%
Long-haul Pipeline	Industria- Wholesale	247	248	0%
	City-Gas Wholesale	166	182	10%
Gas Trade		0	57	
<b>TOTAL</b>		<b>1,064</b>	<b>1,292</b>	<b>21%</b>

Gas Sales Structure in 2017



Gas Sales Structure in 2018

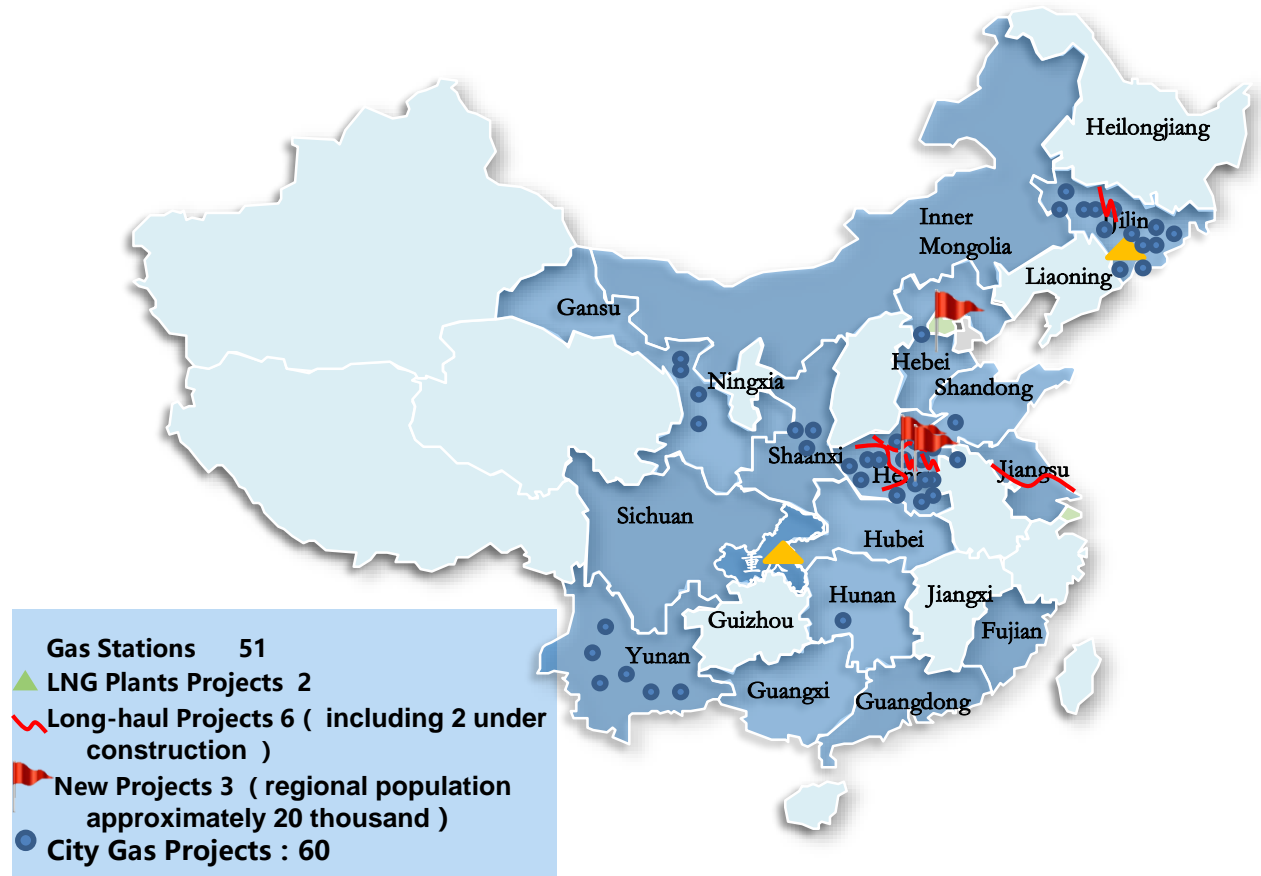


Average Dollar Margin ( RMB/m <sup>3</sup> )	2017	2018
Residential	0.44	0.43
C&I	0.66	0.67
Transportation ( including wholesales )	0.36	0.46
urban gas Consolidated Dollar Margin ( Exclusive of Tax )	<b>0.55</b>	<b>0.56</b>

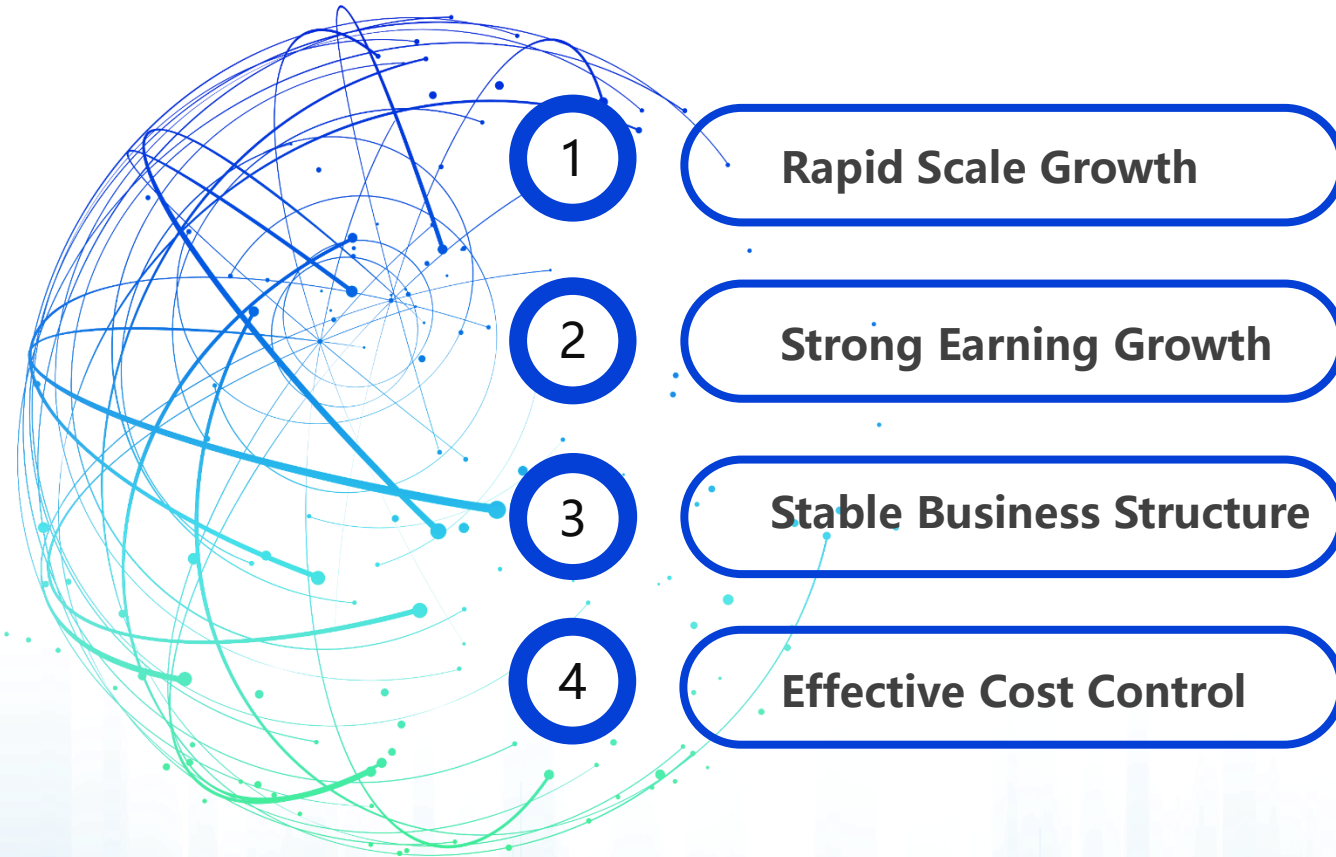
In 2018, the Group's dollar margin in gas sales price remains relatively stable. The dollar margin of residential users' gas sales price was slightly reduced by **0.01 cent** per cubic meter; mainly due to the delay in the price hike in the winter. At present, all city projects of the company have completed price hike.

## Continuous Expansion in Businesses

Provinces	Number of urban gas Projects
Gansu	2
Shaanxi	4
Yunnan	6
Shandong	4
Sichuan	2
Hebei	1
Henan	20
Guangdong	6
Guangxi	2
Jilin	10
Fujian	1
Hunan	2



# FINANCIAL REVIEW





## Turnover and profit

As at	31 Dec 2017	31 Dec 2018	Increase/ Decrease
	'000 RMB	'000 RMB	
<b>Revenue</b>	3,109,014	5,113,254	64%
<b>Gross Profit</b>	767,944	1,428,216	86%
<b>EBITDA</b>	816,160	1,388,933	70%
<b>Profit before income tax</b>	575,839	864,804	50%
<b>Profit for the year</b>	429,157	600,360	40%
<b>Core Profit*</b>	380,251	729,890	92%

◆ Note: Core profit excluding currency exchange losses

## Strong Earning Growth

As at	2017	2018	Increase/ Decrease
Revenue ( '000 RMB)	3,109,014	5,113,254	64%
• Gas Sales Revenue	2,428,109	3,227,688	33%
• Connection Revenue	619,931	1,748,407	182%
• Others Revenue	60,973	137,159	125%
Gross Profit( '000 RMB)	767,944	1,428,216	86%
Gross Profit Ratio	25%	28%	+3PPT
Core Profit*	380,251	729,890	92%
Core Profit Ratio	12%	14%	+2PPT
Profit for the year	429,157	600,360	40%
ROE	15%	18%	+3PPT
ROA	5%	5%	+0PPT
Dividend Payout	10.18 cents	15.36 cents	51%

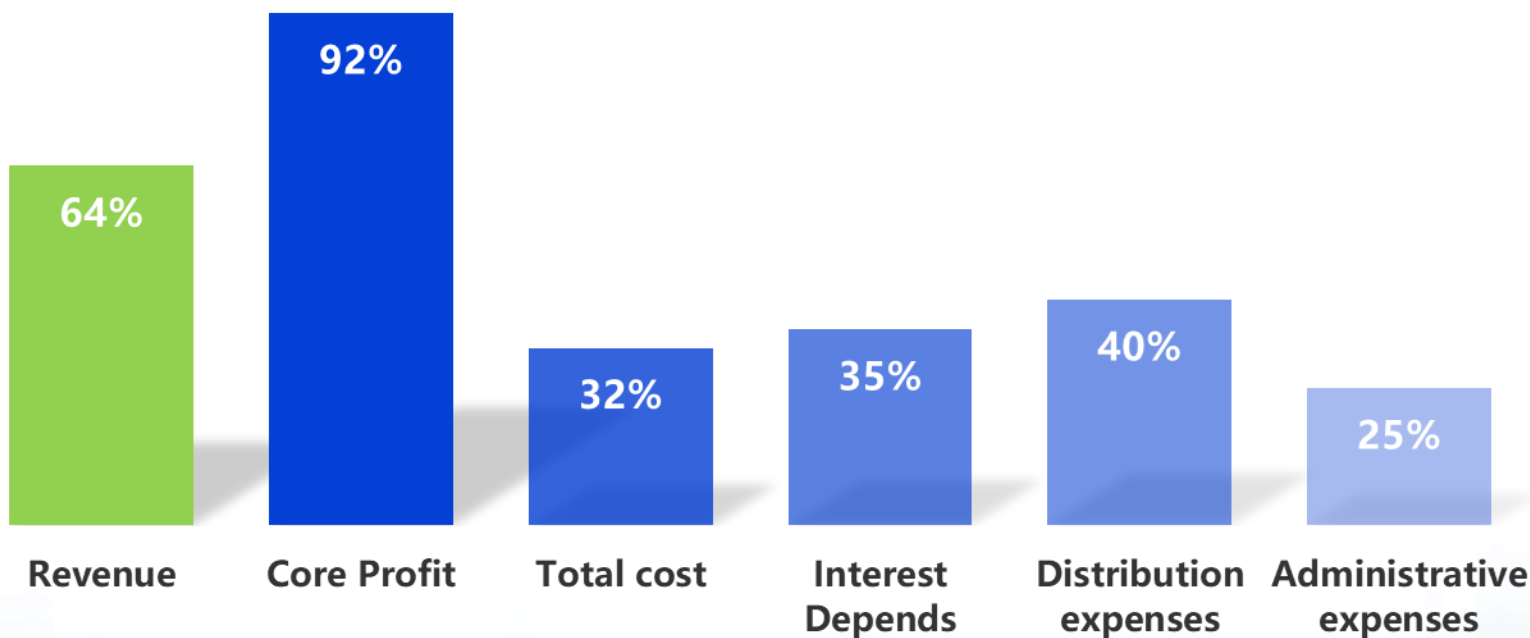
◆ Note: Core profit excluding currency exchange losses

## Asset Structure

As at	31 Dec 2017	31 Dec 2018
	Million RMB	Million RMB
<b>Total Assets</b>	8,472	11,434
<b>Total Equity</b>	3,118	3,544
<b>Total Liabilities</b>	5,354	7,890
<b>Assets-Liabilities Ratio</b>	63%	69%
<b>Cash and cash equivalents</b>	678	1,076
<b>Total Borrowings</b>	3,867	5,418
<b>Domestic Borrowings</b>	1,811	2,681
<b>% of Total</b>	47%	49%
<b>Overseas Borrowings</b>	2,056	2,737
<b>% of Total</b>	53%	51%

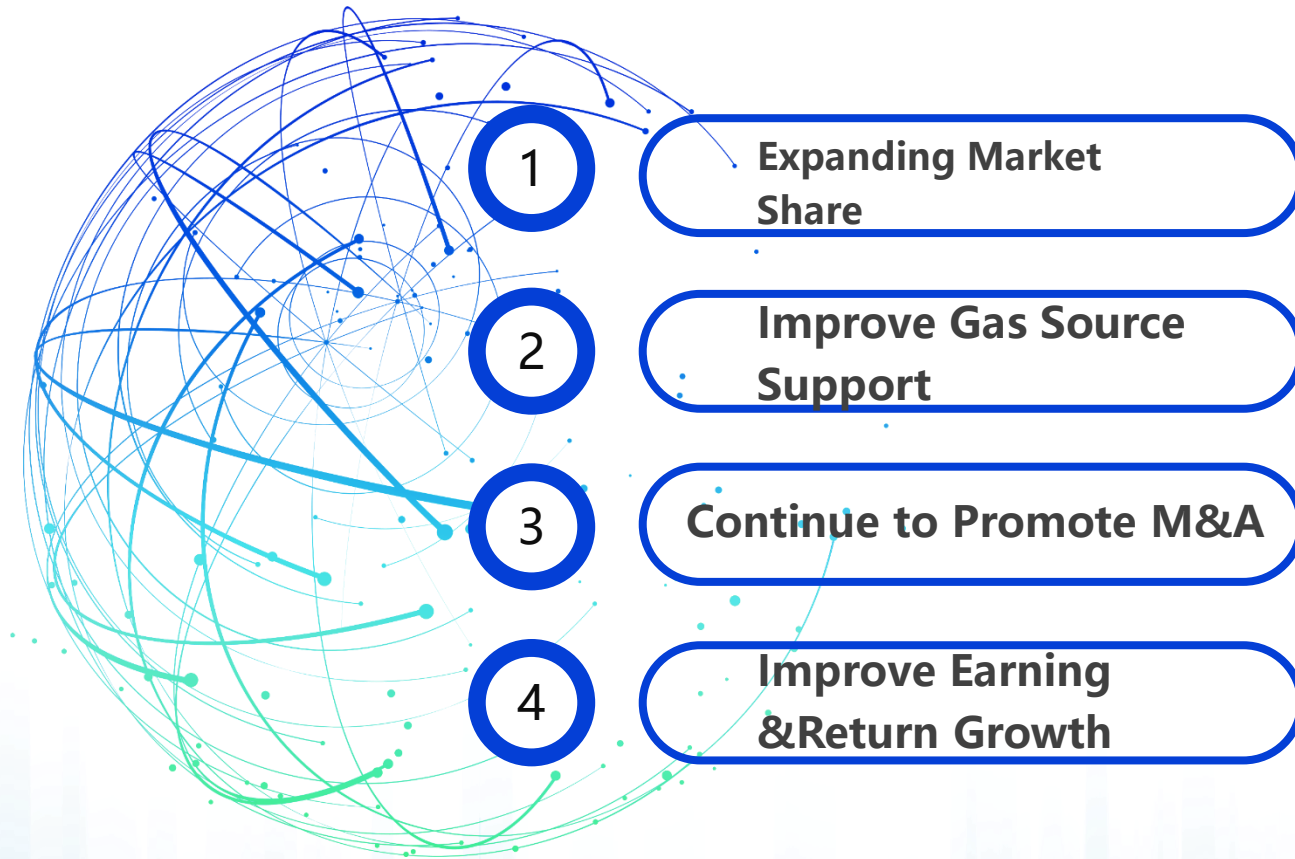
## Effective Cost Control

### Comparison of year-on-year growth rates of financial indicators in 2018



In 2018, Group total expenses increased by 32% (including interest costs, distribution costs and administrative expenses) to obtain the total revenue and grew 64 % year on year core profit growth of 92% success.

# STRATEGIC PLANNING



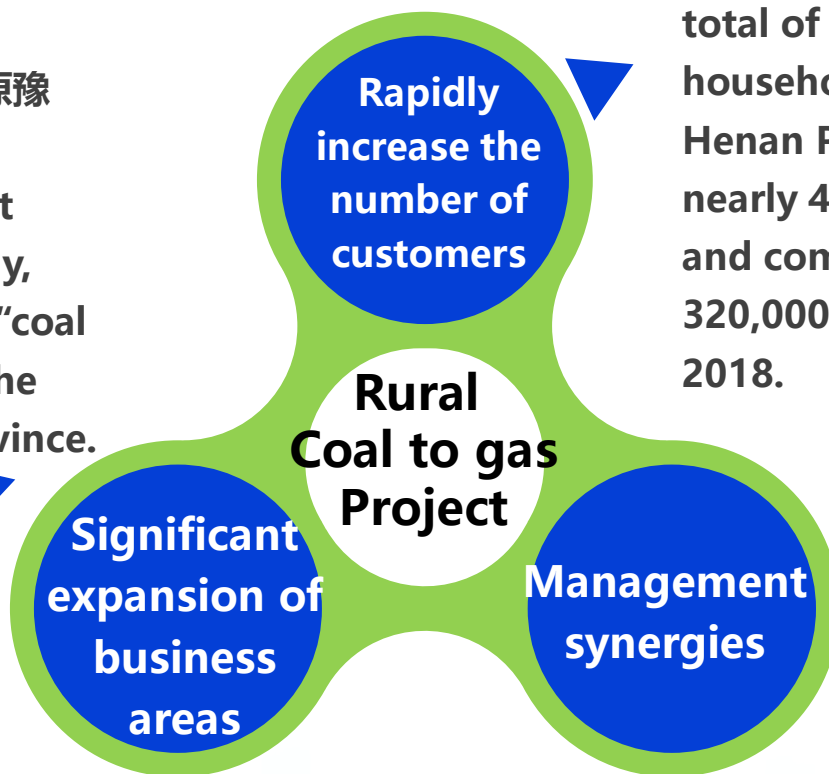
### Henan rural coal to gas

- Corporate with government investment platform to guide government subsidies and policy financing into the market
- Break through the traditional mode of installation costs, long-term returns through government subsidies and asset management
- Large-scale installation, ensure higher installation rate and the rate of return, effective cost control rate

In 2018, the Group has completed the goal of over 300,000 coal-to-gas conversion households in Henan rurals, with a total of nearly 400,000 households, there were about 320,000 have been completed. The Group is full of confidence in completing the goal of rural coal-to-gas conversion projects in 2019.

## Expanding Market Share

Cooperate with Zhongyuan Yuzi(中原豫资), to obtain government support and resource synergy, and accelerate the “coal to gas” project in the rurals of Henan Province.



The Group developed a total of 580,000 households in rurals in Henan Province, starting nearly 400,000 households and completing about 320,000 households in 2018.

The Group was founded in Henan with gas projects operational profession in rurals., abundant gas supply resources, create synergy and Henan rural coal to gas.

## Improve Gas Source Support

### Midstream pipeline



In 2019, The Group has two midstream pipelines in Henan that will be completed and are expected to be ventilated.

### LNG trade business



In 2018, the company launched the domestic LNG trading business, and the overseas LNG import business is expected to be realized in 2019.

### Upstream cooperation



In 2018, The Group has signed cooperation agreements with domestic and international upstream enterprises to ensure stable gas supply and gas purchase costs.



### M&A strategies

1. The great potential of the capital cities project
2. Projects in key provinces of key provinces
3. Abundant gas source in gas supply with low gas supply pressure

### Financing ability enhanced

1. Financing cost has decreased year by year, and the financing conditions have been relaxed.
2. Financial methods innovation, diversification of financing channels

### New Investment in 2019

1. In 2018, the Group's capital expenditure for mergers and acquisitions was RMB 423 million.
2. Group has plans to spend more than RMB 700 million on project acquisitions

## Improve Earning &returen Growth

1

### Rapid Scale Growth

- rural coal to gas
- urban gas M&A
- C&I coal to gas

### Utilize financing advantages to acquire quality projects

- Financing ability enhanced
- Diversified financing channels
- Increase quality project M&A

3

2

### Improve gas source protection and reduce gas purchase cost

- Midstream pipeline construction
- LNG trade Business
- Extensive upstream cooperation

### Expanding value-added services

- Huge value-added services space
- Customer Value depth of excavation

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# THE COMPANY HIGHLIGHTS



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**The Phase of Rapid Development**

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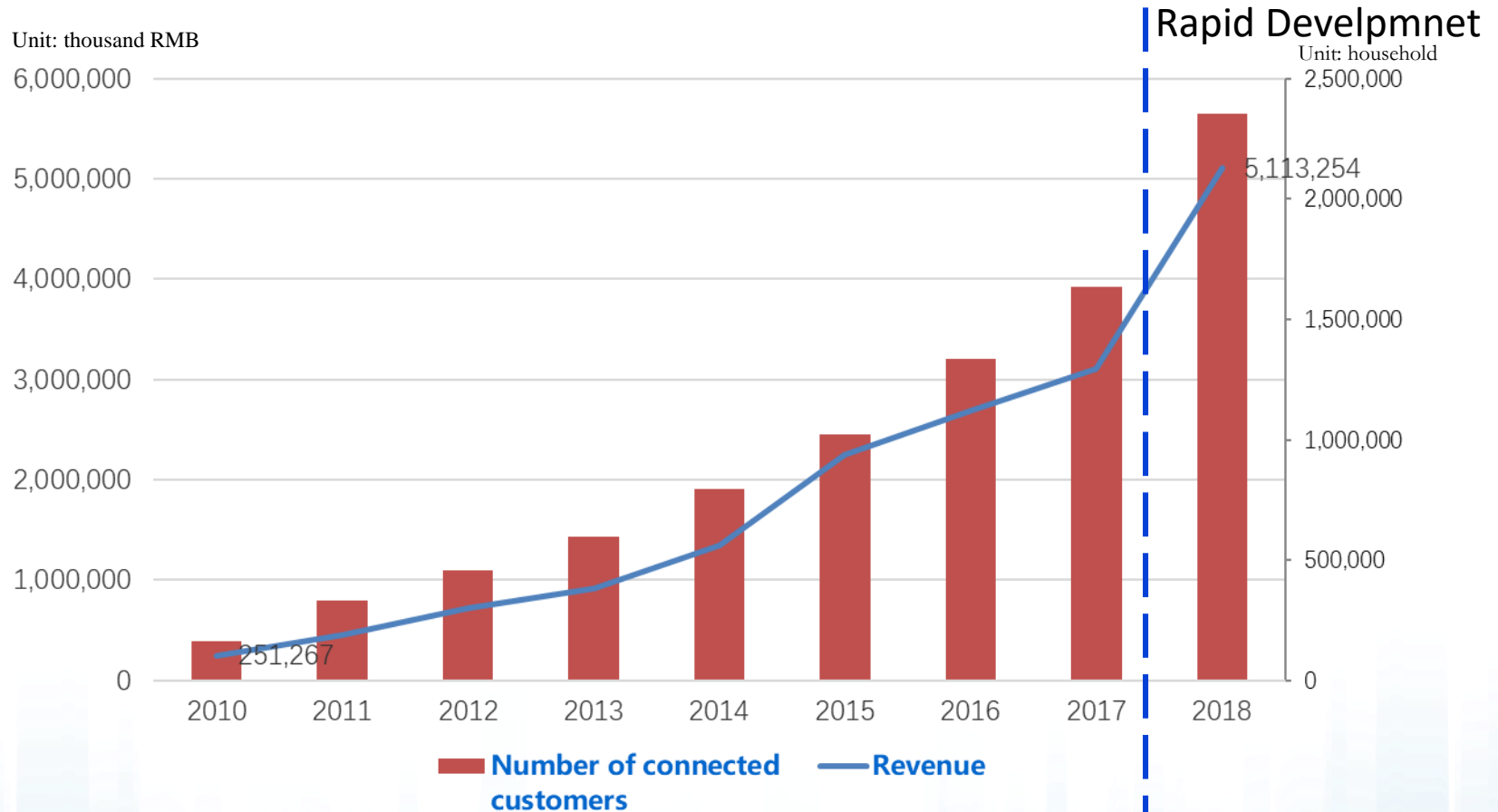
**Active Performance of Capital Market**

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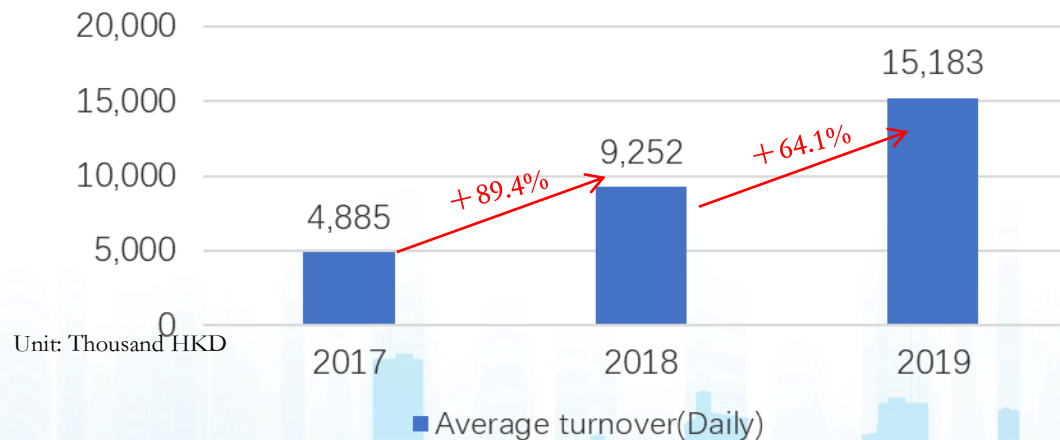
**Increasing Dividend Payout**

2018

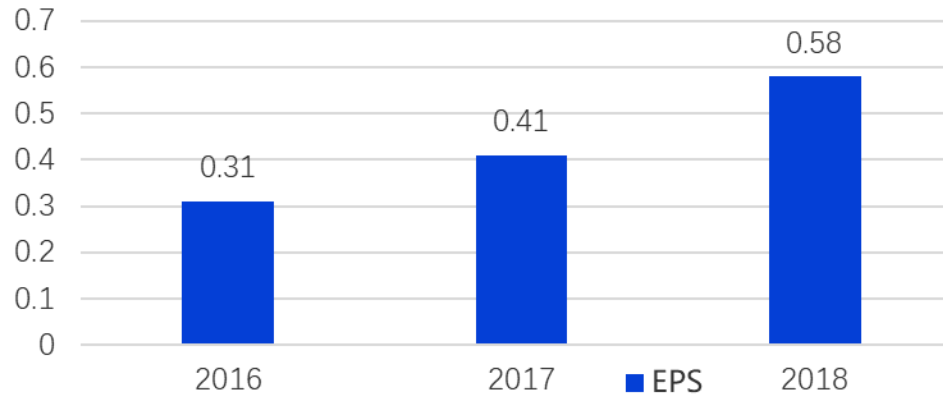
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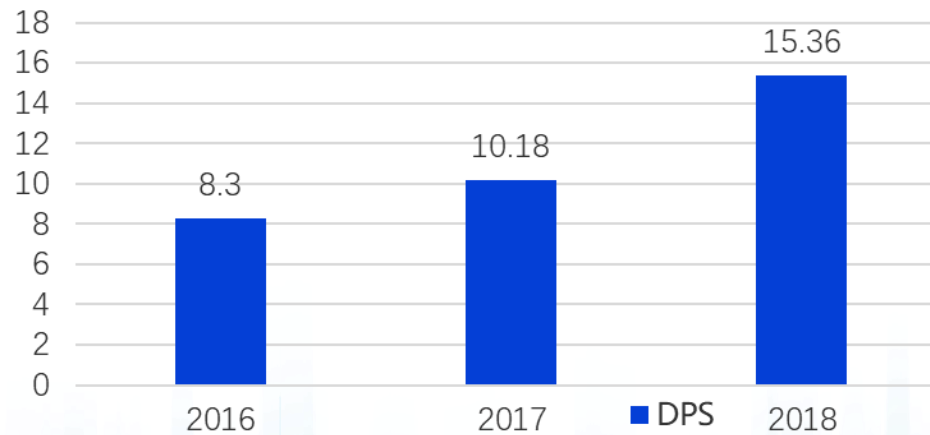
## Active Performance of Capital Market



## Increasing Dividend Payout



In 2018, the EPS of Tianlun Gas is 0.58 yuan, **increasing 40.8%** compared to 2017.



In 2018, the DPS of Tianlun Gas is 15.36 cents in HKD, **increasing 50.9%** compared to 2017.

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# Thank You



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**THE WORLD**  
TOGETHER

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