



Stock Code:01600.HK

Tian Lun Gas Holdings Limited

2022 Interim Results

Investor Presentation

2022. 08





Energy Prices

Natural gas procurement costs rise sharply



Epidemic Impact

Business in some regions is affected by repeated epidemic and lockdowns



New Housing Market

Decline in real estate industry boom

Sharp Increase In Sudden Gas Purchase Price

- The “cold spring” in northwest China during the heating period in February led to a surge in gas demand. Some gas sources were purchased outside the contract volume in order to maintain supply ,most of which were purchased at high prices through bidding, the bidding price was much higher than that of the same period of previous years, resulting in an increase in gas purchase costs, which impacted on profit decline of RMB 61.40 million. That was a sudden and fortuitous factor

Transformation of Rural Gasification

- The first stage of rural energy development goal has been achieved. The development strategy of the company has been adjusted to the “gas-electric synergy” mode, and the development of new rural gasification customers has been postponed. The segment profit from engineering construction services has decreased by 38%



Total revenue increased by 4% YoY, in which 26% revenue growth in retail gas sales and 88% revenue growth in value-added business



Retail gas sales volume increased by 10% YoY to 840 million m³



190 thousand new residential customers were added, and the cumulative residential customers exceeded 5.09 million



Core profit decreased by 46% to RMB240 million



The Board recommends interim dividend of RMB 7.35 cents per share. The dividend payout ratio of core profit is 31%

Build ESG Sustainable Development System

1 Focus on Corporate Governance, Establishment of ESG Committee

The board of directors of Tian Lun Gas announces that establishment of ESG committee and appointment to ESG Committee in 31 May 2022



2 Safety Production, Safety Training

Safety production is the lifeline of enterprise development. Tian Lun Gas attaches great importance to safety management and has conducted safety emergency drills and various safety trainings. To continuously improve staff safety awareness and disseminate gas safety knowledge to customers

356 times Conducting gas safety emergency drills	10.46 hours Number of hours of safety training per capita	36,688 hours Total number of hours of safety training	30,821 Total number of safety training participants
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"Gas Safety Knowledge Training" and "Gas Safety Awareness Week" activities

3 Developing New Energy Business To Achieve The Dual Carbon Goals

The Group adheres to the enterprise purpose of "developing clean energy and improving the living environment", responds to the national energy transformation trend and the national low-carbon development strategy, insists on the direction of clean energy business, and further expands and innovates low-carbon energy services while developing its main gas business with high quality. In the first half of 2022, the company launched a distributed rooftop photovoltaic business in rural areas of Henan Province, and has signed village development agreements with 158 villages in 21 regions of Henan Province

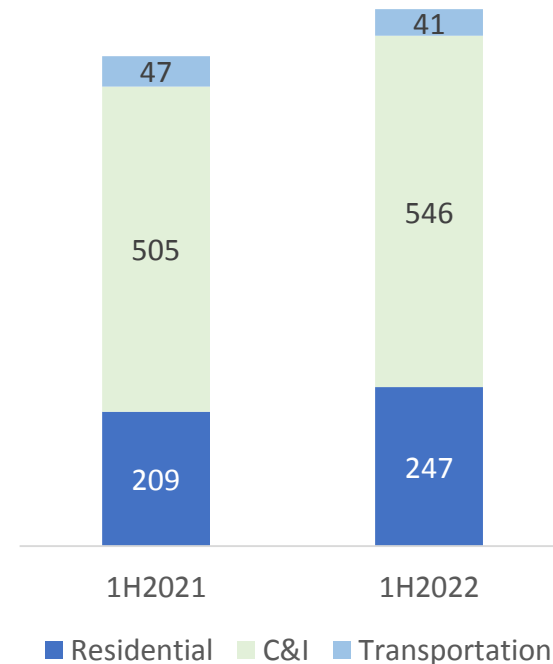




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- Total gas sales increased by 4.2% YoY, of which retail gas sales increased by 9.7% YoY in 1H2022

Unit: Million m ³	1H2022	1H2021	YoY
Gas Sales -Retail	835	761	9.7%
Residential	247	209	18.4%
C&I	546	505	8.1%
Transportation	41	47	-12.4%
Gas Sales-Wholesale	133	168	-20.7%
Total Gas Sales Volume	968	929	4.2%
Long-haul Pipeline transmission	343	386	-11.1%



Engineering Construction Services



- In 1H2022 the cumulative number of customers has reached 5.13 million, including 5.09 million residential customers
- The number of new city residential customers declined 8.9% YoY due to factors such as epidemic control and real estate downturn. The company has proactively adjusted its development strategy of rural gasification so new rural residential customers decreased 58.5%

Unit: Household	2022.6.30	2021.12.31	Amount Change	Changes
Number of Customers	5,130,628	4,938,642	191,986	3.9%
Residential Customer	5,091,683	4,901,266	190,417	3.9%
C&I Customers	38,945	37,376	1,569	4.2%

Unit: Household	1H2022	1H2021	YOY
New Residential Customers	190,417	285,211	-33.2%
City	132,240	145,130	-8.9%
Rural	58,177	140,081	-58.5%
New C&I Customer	1,569	1,477	6.2%

Price & Dollar Margin

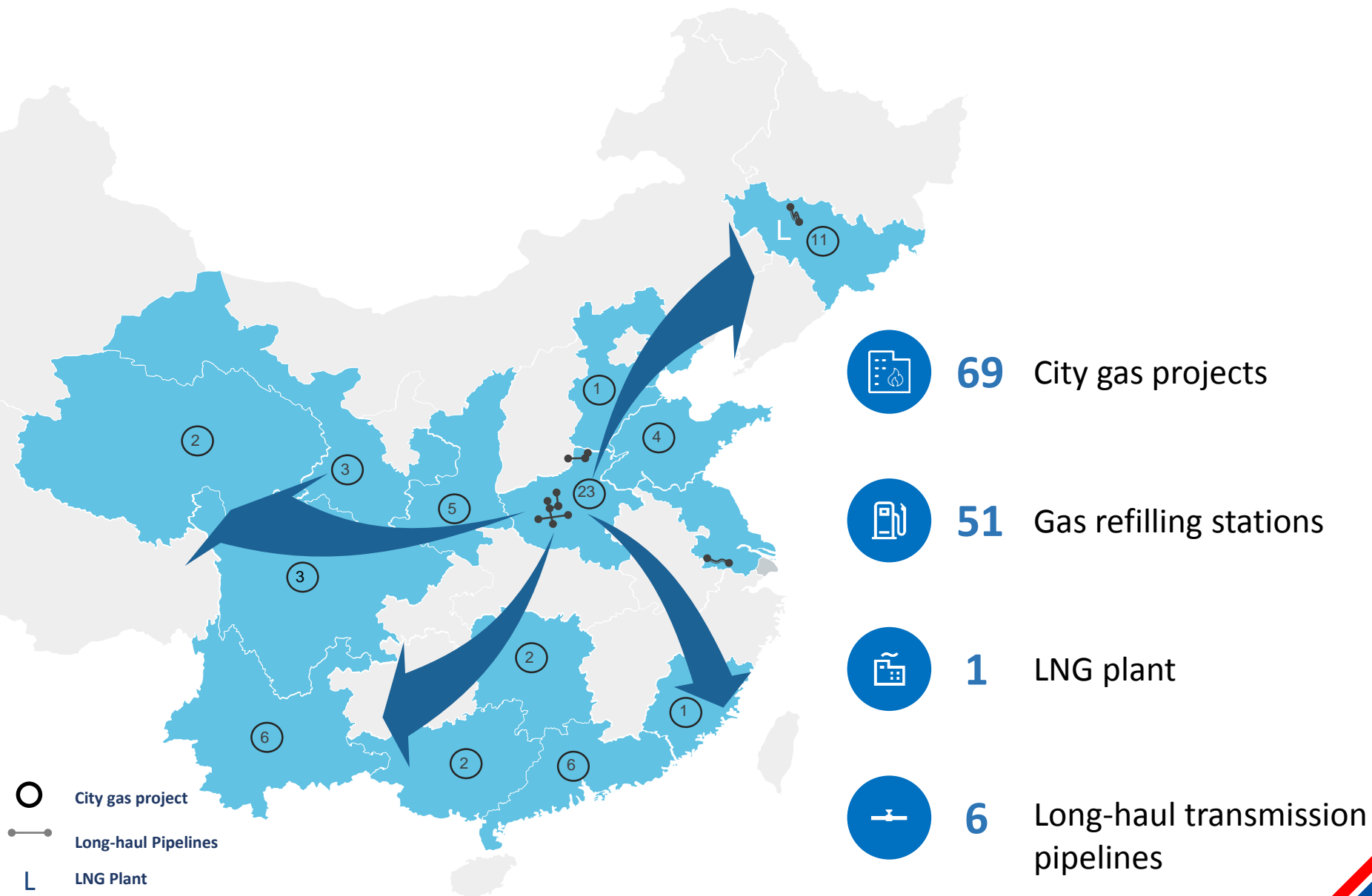


- Affected by the significant increase in the cost of gas sources and the delay of cost pass-through, the dollar margin in 1H2022 decreased by 0.15 RMB/m³ compared with the same period of last year. The dollar margin has returned to the normal level for the corresponding period to 0.52 RMB/m³ in July 2022

Selling price & gas cost (RMB/m ³)	1H2022	FY2021	1H2021
Residential	2.31	2.26	2.28
C&I	3.07	2.67	2.57
Transportation	4.21	3.63	3.16
Average selling price	2.90	2.61	2.53
Dollar Margin (ex VAT)	0.36	0.49	0.51

Average connection fee (RMB/household)	1H2022	1H2021
City households	2,600	2,590

Geographical Coverage



Vigorously Expand the Rural Market

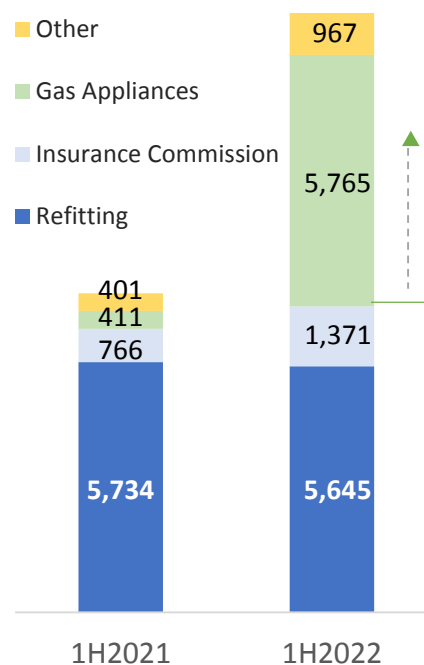
- Own brand gas appliances: High, medium and low-end products are available
- Precise positioning of consumption habits and product needs of rural users
- Relying on the group's advantages to expand the rural market of gas appliances

Gross Profit of Refitting Decreased

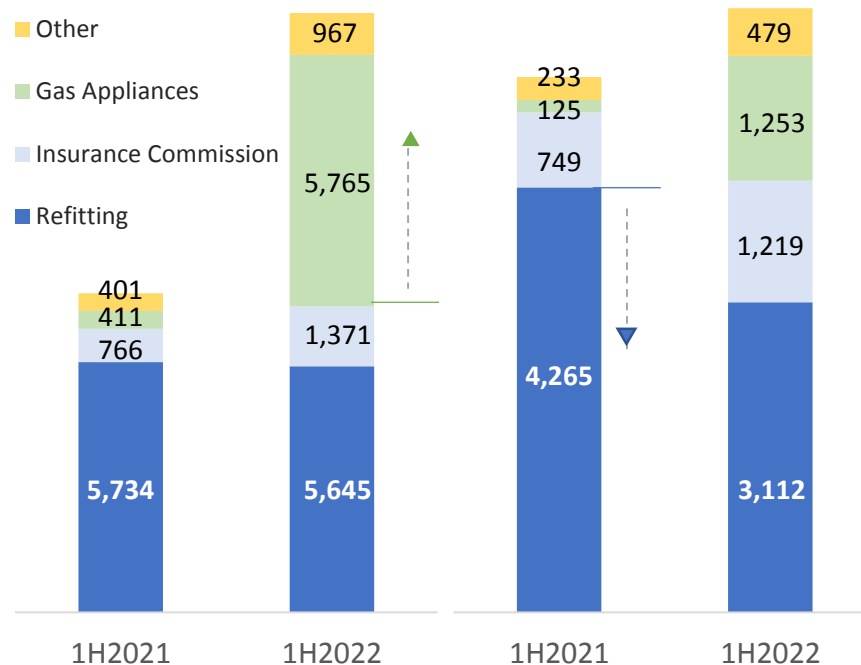
Due to the influence of the real estate downturn, and the impact of epidemic

- The business scale of refitting was slightly decreased
- As the cost of materials and labor increased, the gross profit margin of refitting decreased compared to last year

Revenue (RMB 10,000)



Gross Profit (RMB 10,000)



Unit : RMB thousand	1H2022	1H2021	YoY
Revenue	137,485	73,126	88.0%
Gross Profit	60,630	53,723	12.9%
Gross Profit margin	44.1%	73.5%	-29.4PPT

- ◆ The structure of value-added services continued to improve
- ◆ Sales of gas appliances drive steady growth of revenue
- ◆ Own brand intelligent manufacturing helps reduce cost and increase income



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Rural Energy

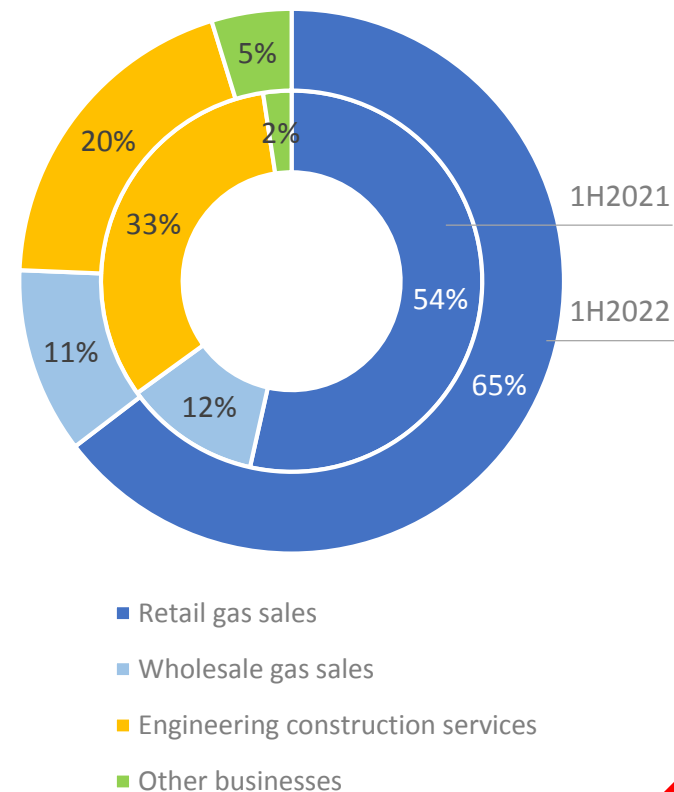
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Outlook

- Benefit from the rapid growth of retail gas sales revenue , the group's total revenue increased by 4% in 1H2022

RMB 1,000	1H2022	1H2021	YoY
Total Revenue	3,744,711	3,599,400	4.0%
Retail Gas Sales	2,419,892	1,925,875	25.7%
Wholesale Gas Sales	412,863	414,645	-0.4%
Engineering Construction Services	734,123	1,172,361	-37.4%
Other Businesses	177,833	86,519	105.5%

Revenue Structure



- The total segment profit decreased by 35.5% in 1H2022, affected by lower profits from the gas retail sales and engineering installation and services

	1H2022	1H2021	YoY
Total Revenue (RMB thousand)	3,744,711	3,599,400	4.0%
Gross Profit (RMB thousand)	605,712	868,728	-30.3%
Total segment profit	488,221	756,830	-35.5%
<i>Retail gas sales</i>	102,800	202,962	-49.4%
<i>Wholesale gas sales</i>	26,791	18,146	47.6%
<i>Engineering Construction Services</i>	304,479	489,913	-37.9%
<i>Other Businesses</i>	54,151	45,809	18.2%
EBITDA (RMB thousand)	641,782	888,076	-27.7%
Core Profit* (RMB thousand)	241,140	449,404	-46.3%
Dividend payout of core profit	30.8%	30.0%	0.8PPT

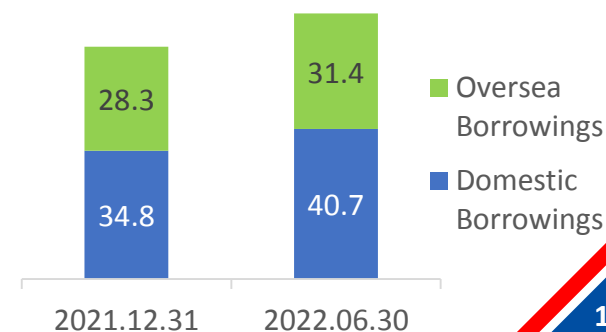
*Core profit = Profit attributable to the parent company - Other gains and losses (including exchange gains and losses)

Balance Sheet

- The group's debt level basically remained stable
- In 1H2022, the comprehensive capital cost rate was 4.8%, slightly increased from 4.6% at the end of 2021 due to increase in LIBOR and HIBOR rates, and a higher proportion of domestic medium- to long- term loans

RMB million	2022.06.30	2021.12.31	Change
Total Asset	15,760.5	15,104.8	4.3%
Total Liability	10,048.3	9,576.5	4.9%
Total Equity	5,712.1	5,528.4	3.3%
Equity Attributable to Owners of The Company	5,402.2	5,218.2	3.5%
Cash and Cash Equivalents	1,169.8	1,015.0	15.2%
Asset Liability Ratio	63.8%	63.4%	0.4PPT

Borrowings	2022.06.30	2021.12.31	Change
Total Borrowings (RMB 100 million)	72.1	63.1	14.3%
Net Debt (RMB 100 million)	60.4	52.9	14.2%





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Outlook

Henan Rural Household PV Has Huge Development Space

Vigorously Promote The Rural Energy Revolution

- Carbon Peak Carbon Neutrality** → Build a modern clean energy system
- The 14th Five-Year Plan** → Promoting rural revitalization with green energy

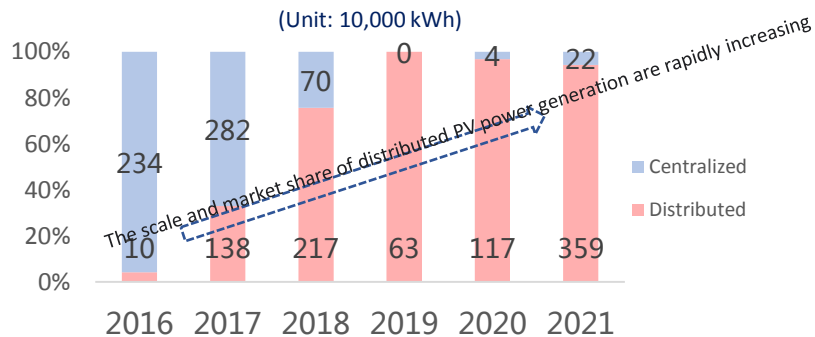
➤ Grand Top Goal

- Comprehensive market-oriented development of electric energy storage during the "14th five year plan"
- The entire county roof can be installed photovoltaic power generation ratio **not less than 20%**

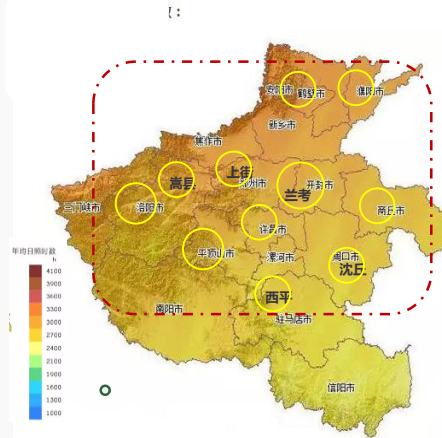
➤ Henan Strongly Promotes

- Strongly promote a number of whole counties (cities, districts) **roof PV development pilot**
- Focus on the **development of distributed photovoltaics**, and the newly installed capacity substantial increase

2016-2021 New Photovoltaic Power Market in Henan



Excellent Conditions For The Development of Household PV in Henan



Annual average sunshine hours in Henan Province

- Henan Province has **104 counties & county-level cities**
- 44.29 million** rural residents
- Located in the central plains, the **countryside is densely distributed**
- Owned housing accounts **for more than 90%**, with clear property rights
- Rural roofs are predominantly **bungalows**, making it easy to build components

PV Market in Henan Province

Excellent Lighting and Engineering Construction Conditions

- Solar energy resources in Henan are above the average in China
- The distribution of light in the province shows more in the north and less in the south, which is in line with Tian Lun's business layout
- Densely populated, high housing density, low engineering difficulty and high efficiency

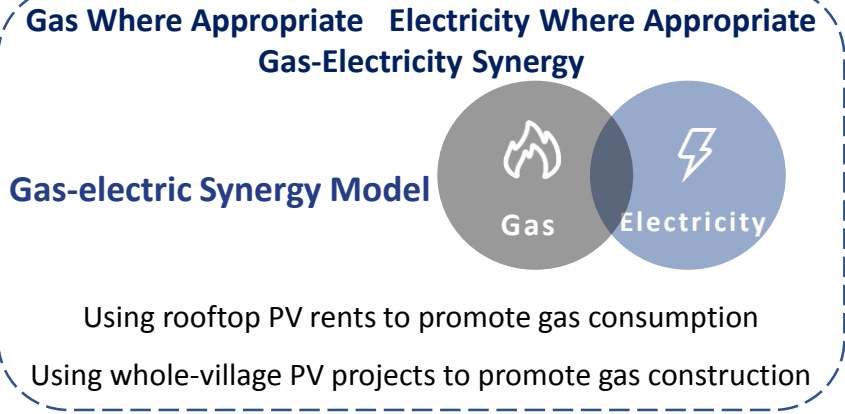
Broad PV Power Generation Market Will be Developed

- Rapid growth in the scale of power generation and it is becoming the second largest power source in Henan
- Distributed generation accounts for more than 90% of the new installations, and power generation is rising rapidly

Gas-electric Synergy Going With the Stream

2 Mil. households Henan rural gasification user resources

Give full play to Tian Lun's **broad market space** in Township energy **Huge customer resources** and **localized operation** and **maintenance team**, taking **green and low-carbon energy development** as an important foundation and driving force for **Rural Revitalization**



Recognized Business Model: Household PV Carrier



Building a PV business ecosystem



- 4 bid winning regions
- 2 new cooperation intention regions
- Development scale > 100MW



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- 13 planned areas of cooperation
- Development Scale > 100MW

Develop Resources Construction at a Right Time

158 villages signed in 21 areas
Developed **55,212** household resources
2,752 households have been contracted

Team Building Ready for Action

Project company set up completed
PV O&M team is forming

Three Advantages Resource Guarantee

develop **100,000** users this year
Develop at least **100,000** new users/year

More Productive for Whole Village Promotion



Two-in-one
development of dual businesses

Development Village

5,000

Service Station Staff

1,000

Service Station

200

Outstanding Performance

- **“One body with two wings, efficient operation”** service station operation team can combine daily gas inspection and PV operation and maintenance at the same time
- 1+2+N* staffing, **24-hour operation and maintenance services**

Substantial Experience

- Rich experience in **township market** development and **good customer service capability**
- “Rural Gasification ” has been in operation for 4 years. It **maintains a good relationship** with the local government, village committees, and agricultural electricians, and **has high user trust**, which is conducive to the promotion of PV business.

Sufficient Resources

- Relying on the existing layout of “Rural Gasification” and **sharing service station resources**
- Service area 10 km radius, **100% coverage of customers**
- **Localized management mode** for service stations, staff are familiar with the local users

*1 Stationmaster + 2 full-time administrators + N part-time administrators

EPC Construction + O&M

Light

Heavy

“Combination of light assets and heavy assets, mainly light assets”

Build a comprehensive cooperation ecosystem with the role of a carrier

Project company capital input

Profit Components

EPC Construction

Gross Profit 0.15-0.25 RMB/w

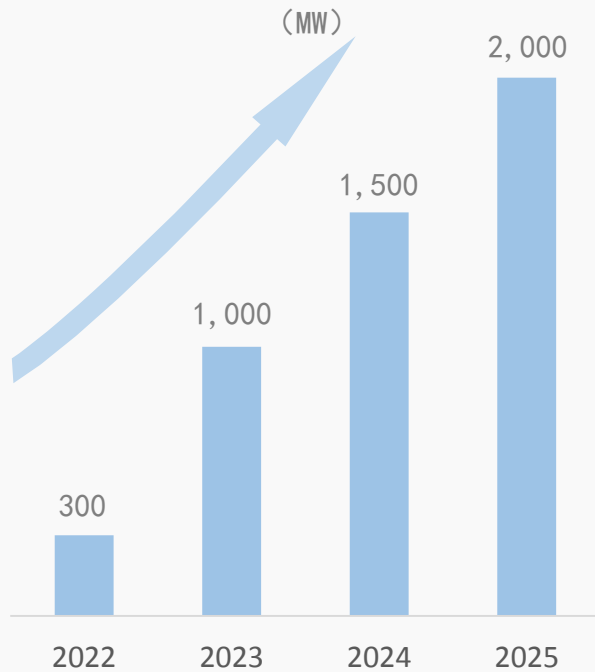
Dividend From Power Station

Return on investment 8%-12%

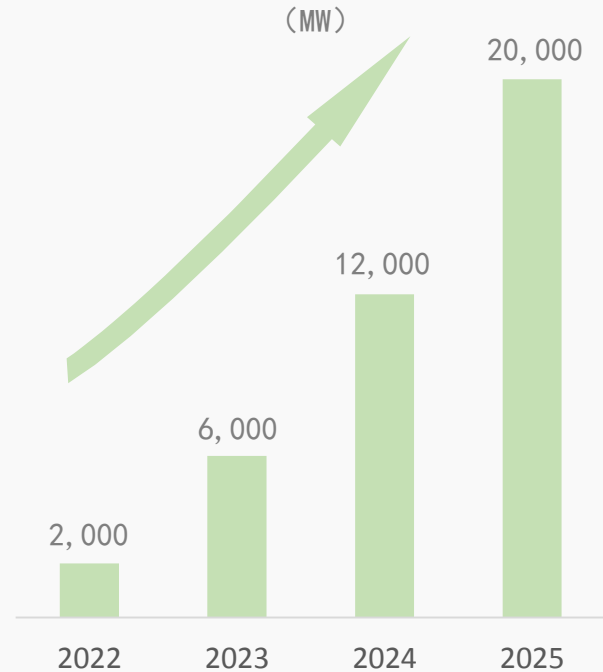
Operations and Maintenance Revenue

Net profit 0.01 RMB/w per year

Construction Volume



Operation & Maintenance Scale





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Outlook



Variables	2022 Guidance
Retail gas sales volume	Increase by 6-8%
Dollar margin	About 0.43RMB/m ³
Number of customers	To 5.3million households
Annual dividend payout ratio	Maintain stable

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