



# 2019 Annual Results Announcement

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March 2020  
(0956.HK)

# Disclaimer



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**1. 2019 Annual Results & Industries Overview**

**2. 2019 Business Review**

**3. 2019 Financial Highlights**

**4. 2020 Business Outlook**

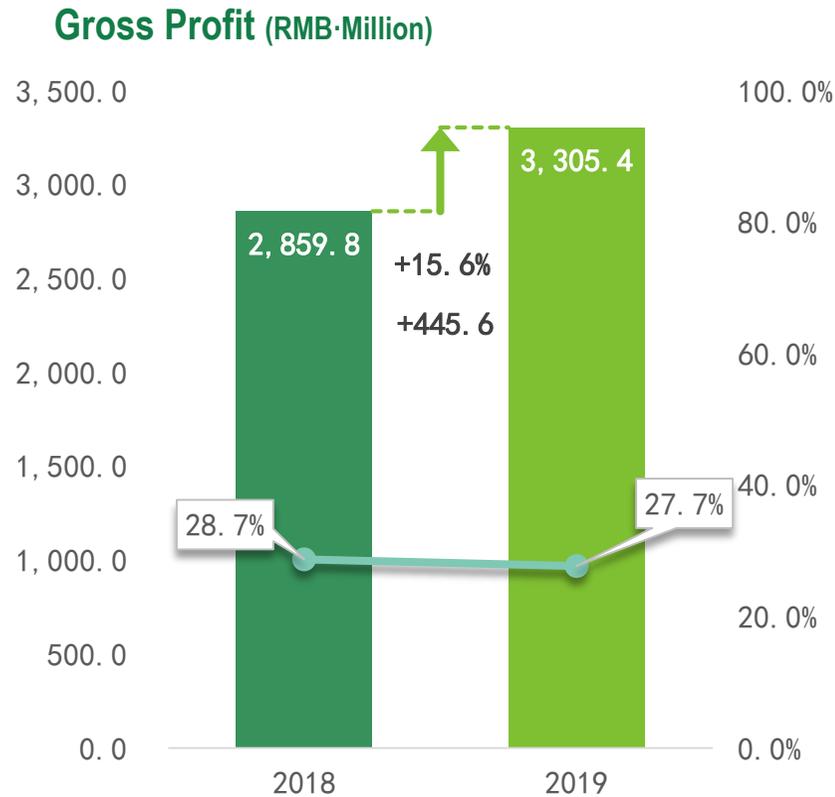
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# 1. 2019 Annual Results & Industries Overview

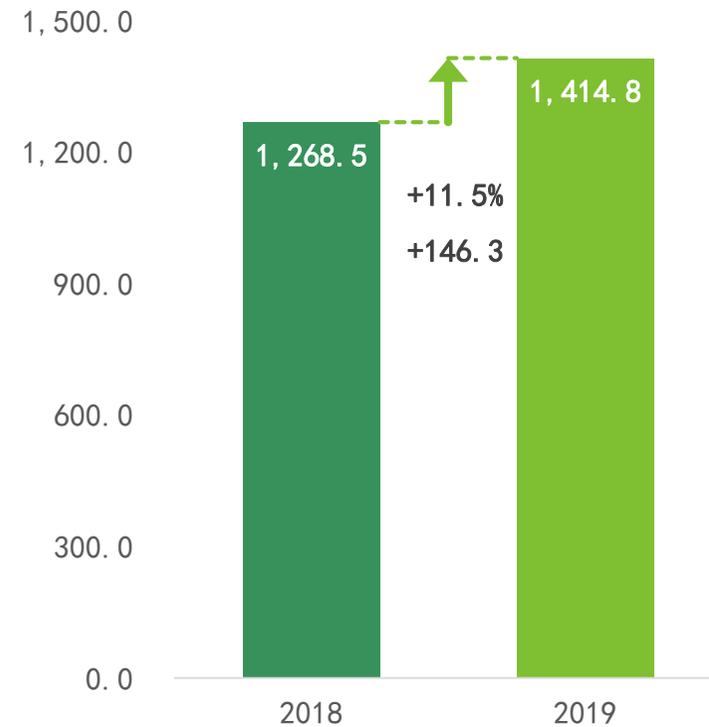
# Results Highlights



- The Group's **Gross Profit** in 2019 was RMB3.31 billion, up 15.6% yoy; **Gross Profit Margin** was 27.7%, down 1ppt yoy.
- **Net profit attributable to shareholders of the Company** was RMB1.41 billion, up 11.5% yoy.



### Net profit attributable to shareholders of the Company (RMB·Million)

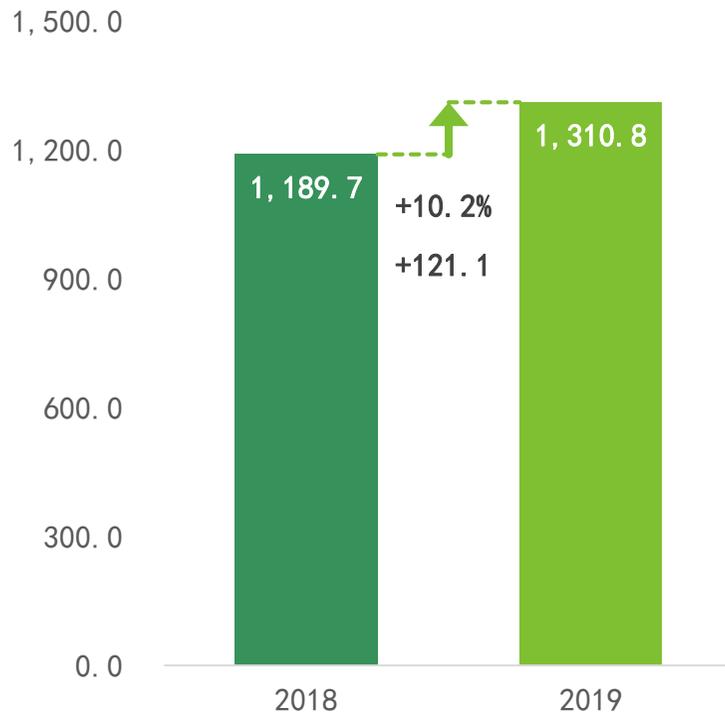


# Results Highlights

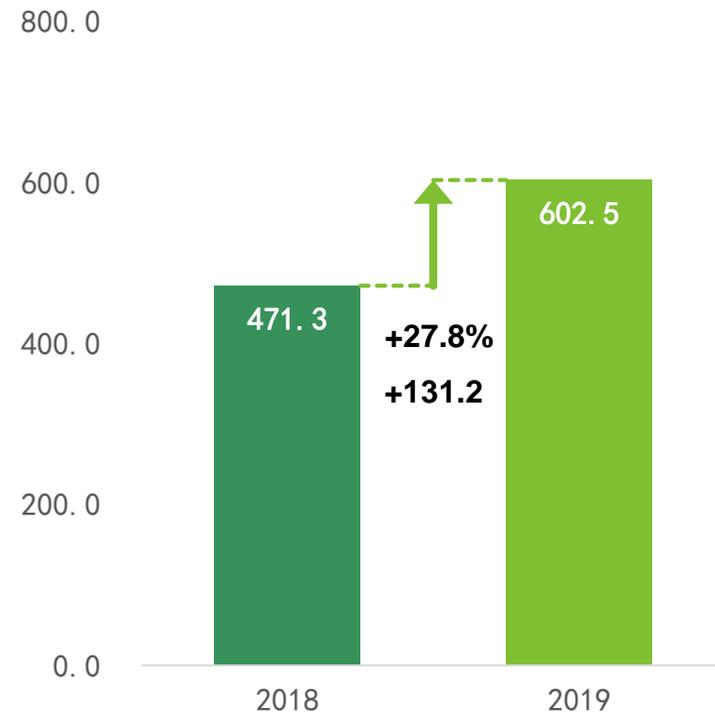


- **Net Profit After Tax** of Wind and Photovoltaic power segment was RMB1.31 billion, up 10.2% yoy.
- **Net Profit After Tax** of Natural Gas segment was RMB602 million, up 27.8% yoy.

**Net Profit After Tax of Wind and Photovoltaic power (RMB·Million)**



**Net Profit After Tax of Natural Gas (RMB·Million)**



# Operating environment for the wind power industry



- The nation wide power consumption **in 2019** amounted to 7,225.5 billion kWh, increased by 4.5% yoy. The newly increased connected grid capacity of wind power in China amounted to 25.74 million KW and the accumulated capacity reached 210 million KW. Gross wind power generation for the year amounted to 405.7 billion kWh, with 2,082 utilization hours, decreased by 13 hours yoy. The accumulated capacity connected to grid in Hebei Province amounted to 16.39 million kW; the annual power generated of wind power amounted to 31.8 billion kWh; the curtailment rate of wind power was 4.8%; the utilization hours amounted to 2,144 hours, decreased by 132 hours yoy.
- The NDRC issued a Notice on the *Establishment and Improvement of the Renewable Energy Power Consumption Guarantee Mechanism* **in May 2019** and decided to set responsibility weights of renewable energy power consumption for each provincial-level administrative region. At the same time, the NDRC released the *Supervisory Measures for Grid Enterprises' Commitment to Fully Purchase Renewable Energy Power (Revised) (Draft for smiting opinions)* **on 22 November 2019**, which clearly stipulates that renewable energy power generation on-grid capacity. It is expected that the Measures will play a role in further supervising and regulating grid enterprises in consumption of renewable energy. In 2019, 16.9 billion kWh was curtailed across the country, decreased by 10.8 billion yoy, the average wind curtailment rate was 4%, down 3ppt yoy.

# Operating environment for the wind power industry (Cont.)



- In 2019 the NDRC and the National Energy Administration released industry policies related to wind power, photovoltaic parity and consumption. Among these, *the Notice on Improving Wind Power On-Grid Tariff Policy* further clarify the time nodes for parity on grid wind power projects. The notice clearly states that the benchmark on-grid tariff for onshore wind power shall be changed to guidance price. All on-grid tariffs for newly approved centralized onshore wind power projects are determined through competition and should not exceed the guidance price of the project's resource area location. For onshore wind power projects approved prior to the end of 2018 and with incomplete connections to the grid by the end of 2020, the state will no longer provide subsidy. For offshore wind power projects approved prior to the end of 2018, if all generating units were connected to the grid by the end of 2021, on-grid tariffs from the time of approval shall be implemented. For all generating units connected to the grid in 2022 and thereafter, the guidance price from the grid-connected year shall be implemented.



- **In 2019**, with the steadily developing macroeconomic situation and the continuous promotion of “replacing coal by gas”, the consumption of natural gas has been increasing. The production capacity of natural gas in China amounted to 177.7 billion cubic meters, increased by 11.5% yoy. Imports of natural gas amounted to 132.2 billion cubic meters, increased by 6.5% yoy. The apparent consumption of natural gas amounted to 306.7 billion cubic meters, increased by 9.4% yoy.
- China Oil & Gas Piping Network Corporation was incorporated on **9 December 2019**. China’s oil and gas industry is approaching a milestone change. The establishment of State Piping Network Corporation realizes the interconnection of China’s pipeline network and conduces to resource integration and optimization of oil and gas industry infrastructure. It promotes the formation of an oil and gas market system with multi-subject and multi-channel supply of upstream oil and gas resources, a midstream unified pipeline network which can efficiently collect and transport the resources to downstream, and full competition in the downstream sales market, helping to improve the oil and gas supply’s social service system and promote the industry’s high-quality development.



- **On 2 December 2019**, the north section of the Sino-Russian Eastern Natural Gas Pipeline began operation. The pipeline will further improve China's energy structure and diversify its natural gas import resources, which is significant to ensuring energy security of China. The pipeline is interconnected with the Northeast Pipeline Network System, the Shaanxi-Beijing System, and the West to East Gas Transmission System, which improved the natural gas pipeline network in eastern China. Jointly, they form a network that runs from south to north, crosses from east to west, and connects to overseas. After completion of the China-Russia East Line, it will steadily supply 38 billion cubic meters of clean, high-quality natural gas resources to the country's northeast, the Bohai region and the Yangtze River Delta region, while also having the effect of improving the regions' atmospheric quality.

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## 2. 2019 Business Review

# 2019 Operating Data Overview



## Wind Power

- Consolidated gross power generation increased by 15.1% to 8,834 GWh.
- Utilization hours decreased by 10 hours to 2472; curtailment rate was 5.42%, down 0.01ppt; availability rate was 98.2%, up 0.2 ppt.
- Consolidated installed capacity was 4,415.8 MW, increased by 557.6 MW yoy. Attributable installed capacity was 3,939.6 MW increased by 457.5MW. Commercial operation project capacity was 3,706.2MW, increased by 443.3MW yoy.
- The total designed capacity of projects under construction was 626.2 MW.

## Natural Gas

- Natural gas sales volume was 3.237 billion cubic meters, up 23.0% yoy.
- In 2019, Group operated pipeline increased by 1,026.49 km to 5,168.66 km which includes 957.72 km of long-distance transmission pipeline and 4,210.94 km of city gas pipeline.
- The Group vigorously developed its terminal user and resulted in an increase of 64,014 customers from different categories. By the end of 2019, the Group had an aggregate of 344,927 customers.

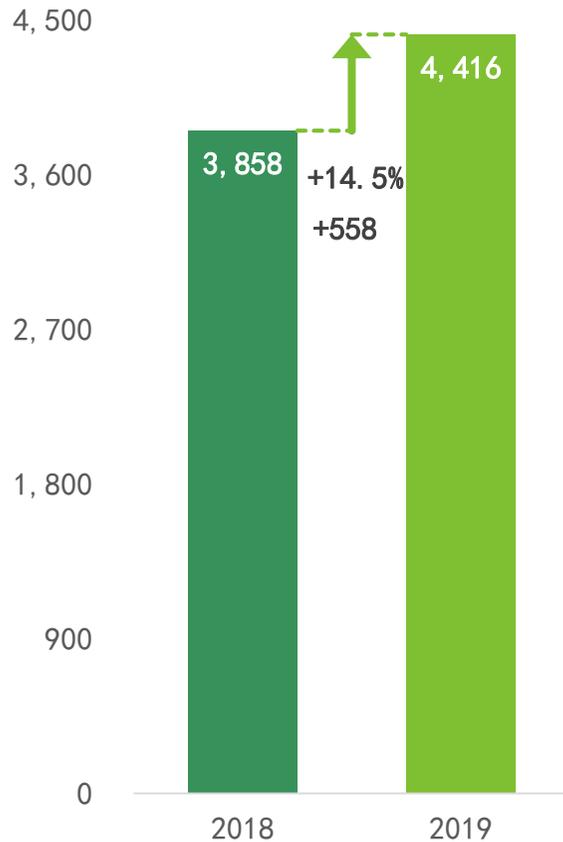
## Other Renewable Energy

- Approved capacity of photovoltaic projects increased by 200 MW to 260 MW in 2019. Accumulated operating capacity was 102.4 MW.

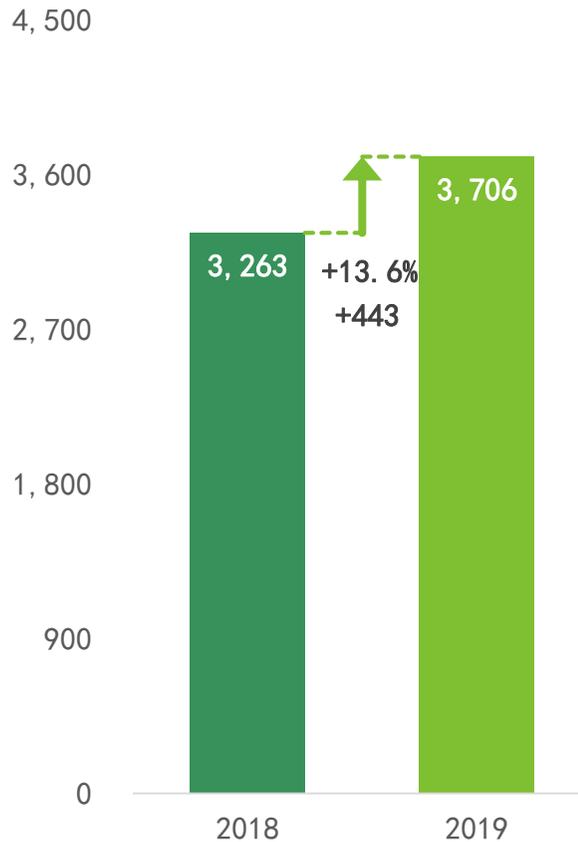
# Wind Power Segment Review



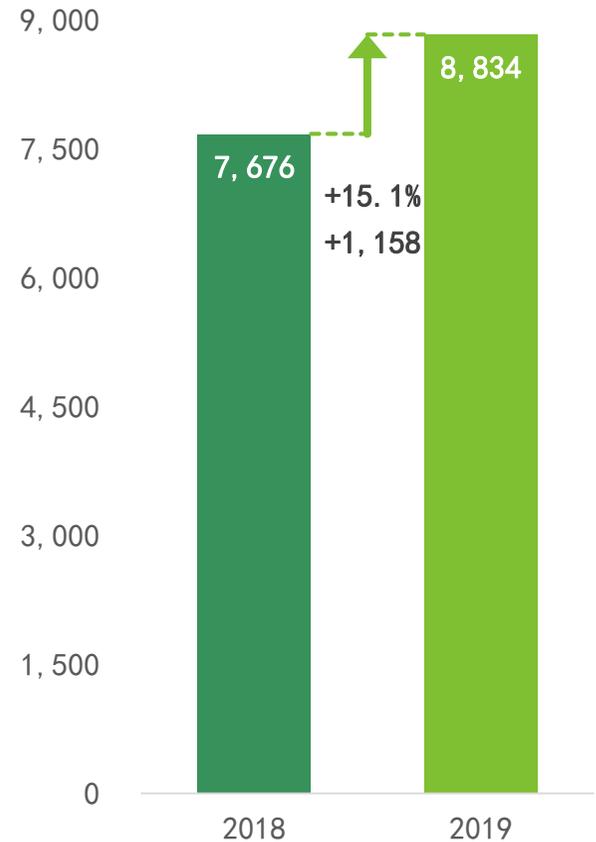
### Accumulated Consolidated Wind Power Installed Capacity (MW)



### Accumulated Commercial Operation Project Capacity (MW)



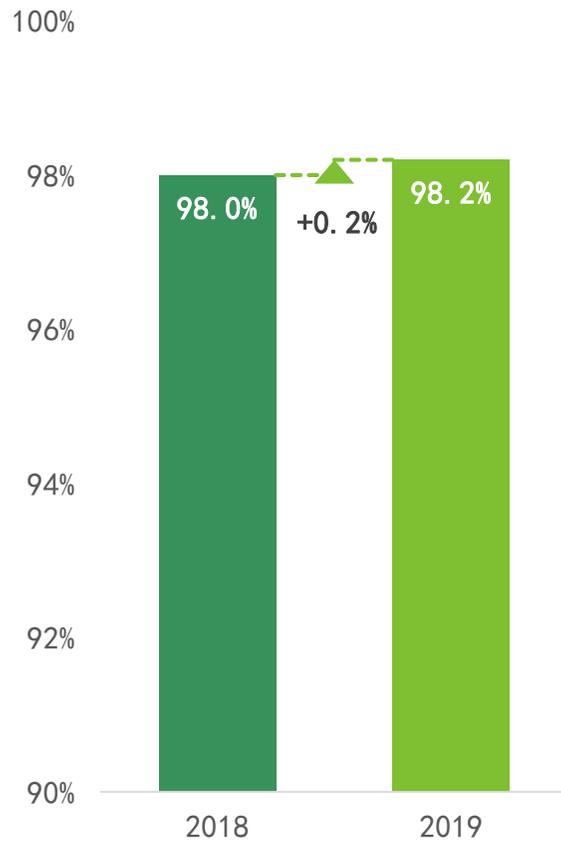
### Consolidated Gross Power Generation (GWh)



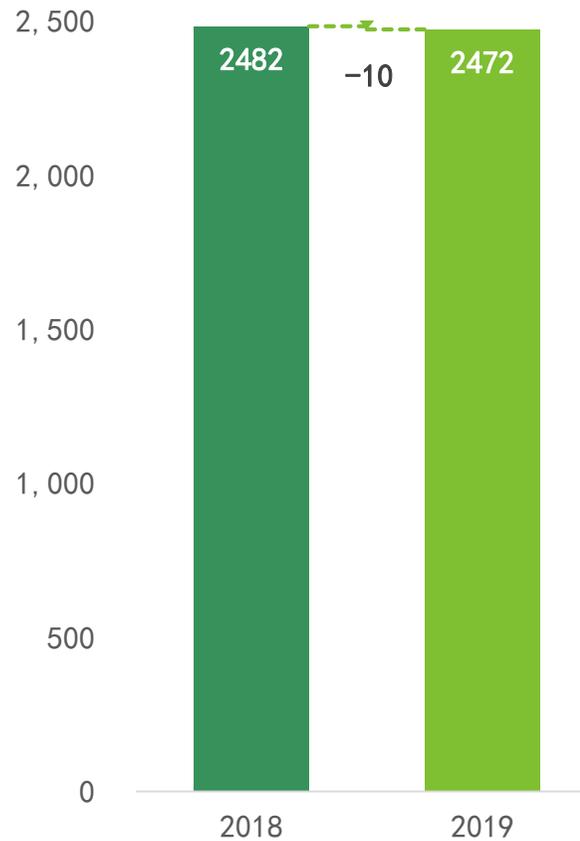
# Wind Power Segment Review



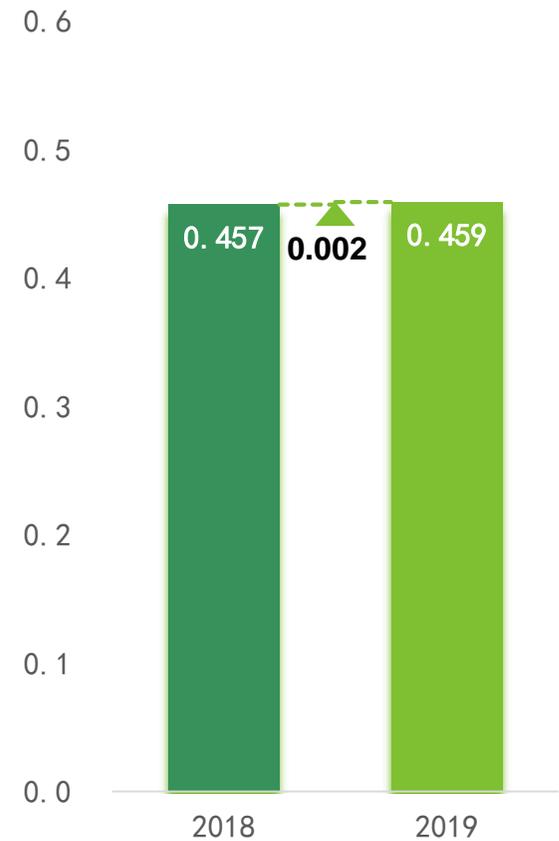
### Availability Rate (%)



### Average Utilization Hours (hours)



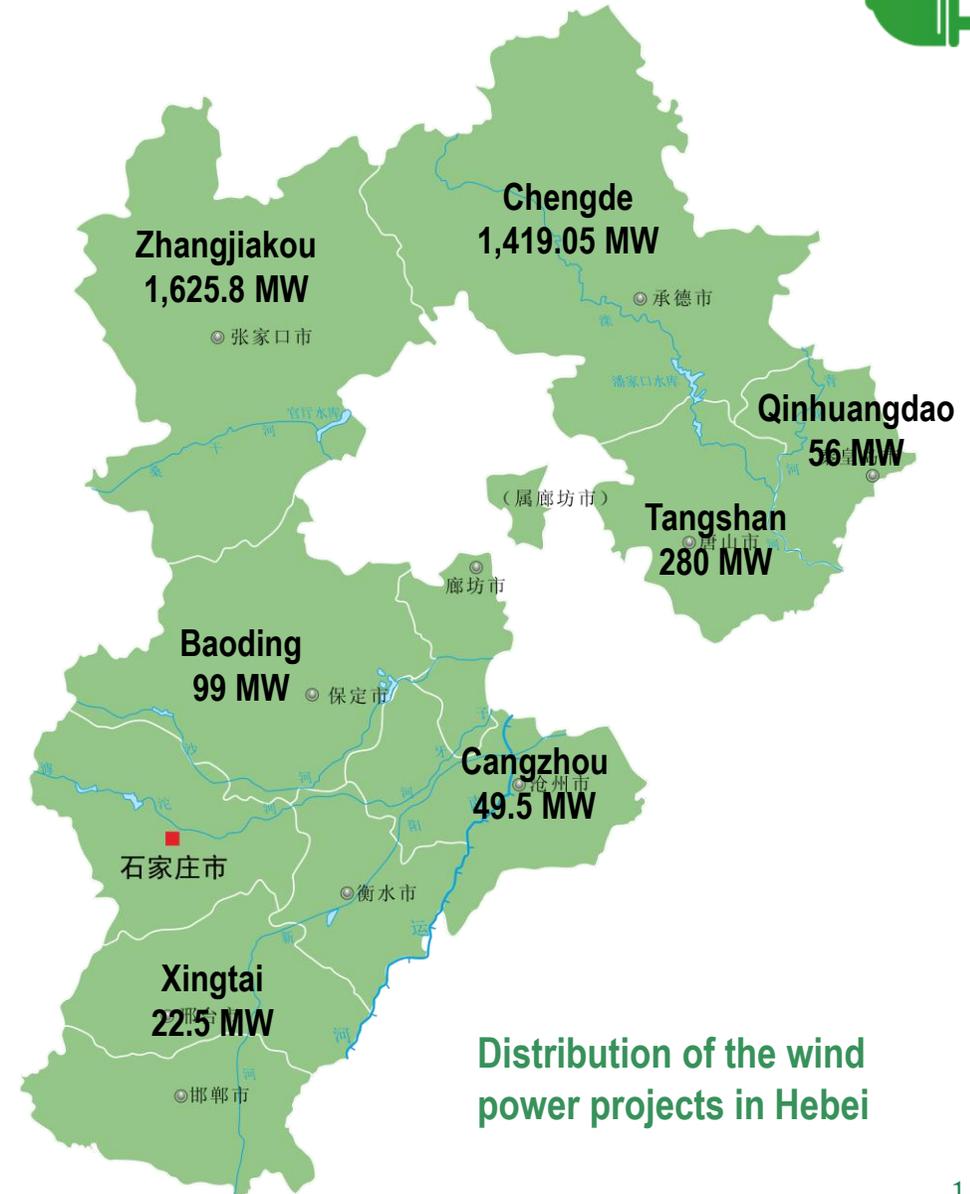
### Average On-grid Tariff (VAT excluded) (RMB/KWh)



# Wind Power Projects in Hebei



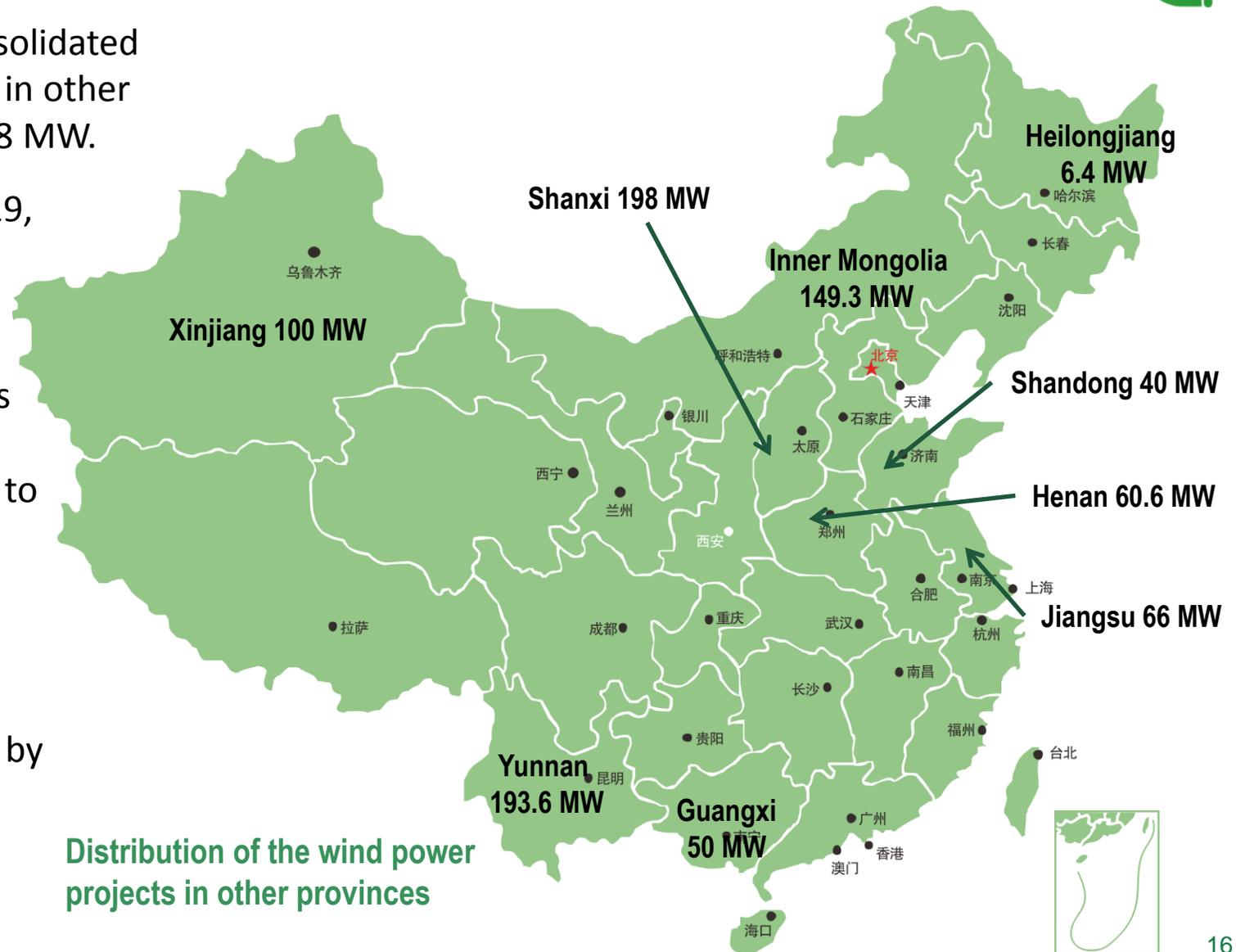
- New consolidated installed capacity of wind power in 2019 was 558 MW, of which 420 MW was installed within Hebei.
- Accumulative consolidated installed capacity in Hebei was 3552 MW, accounted 80.4% to the group.



# Wind Power Projects in Other Provinces



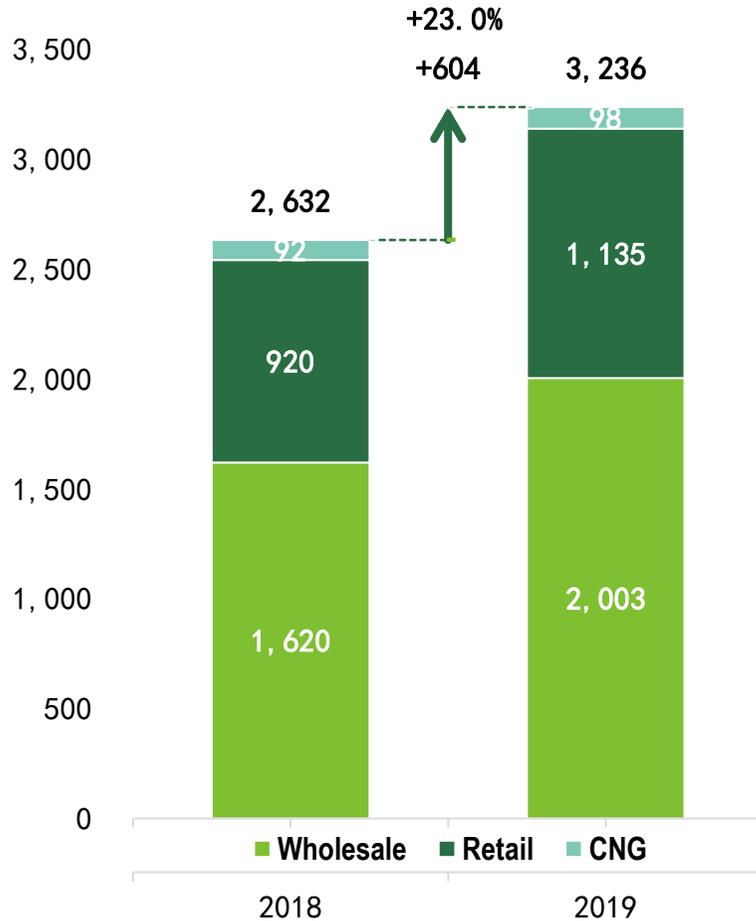
- In 2019, new consolidated installed capacity in other provinces was 138 MW.
- By the end of 2019, accumulative consolidated installed capacity in other provinces was 864 MW, accounted 19.6% to the group.
- The capacity of Shareholding projects was the same as 295 MW by the end of 2019



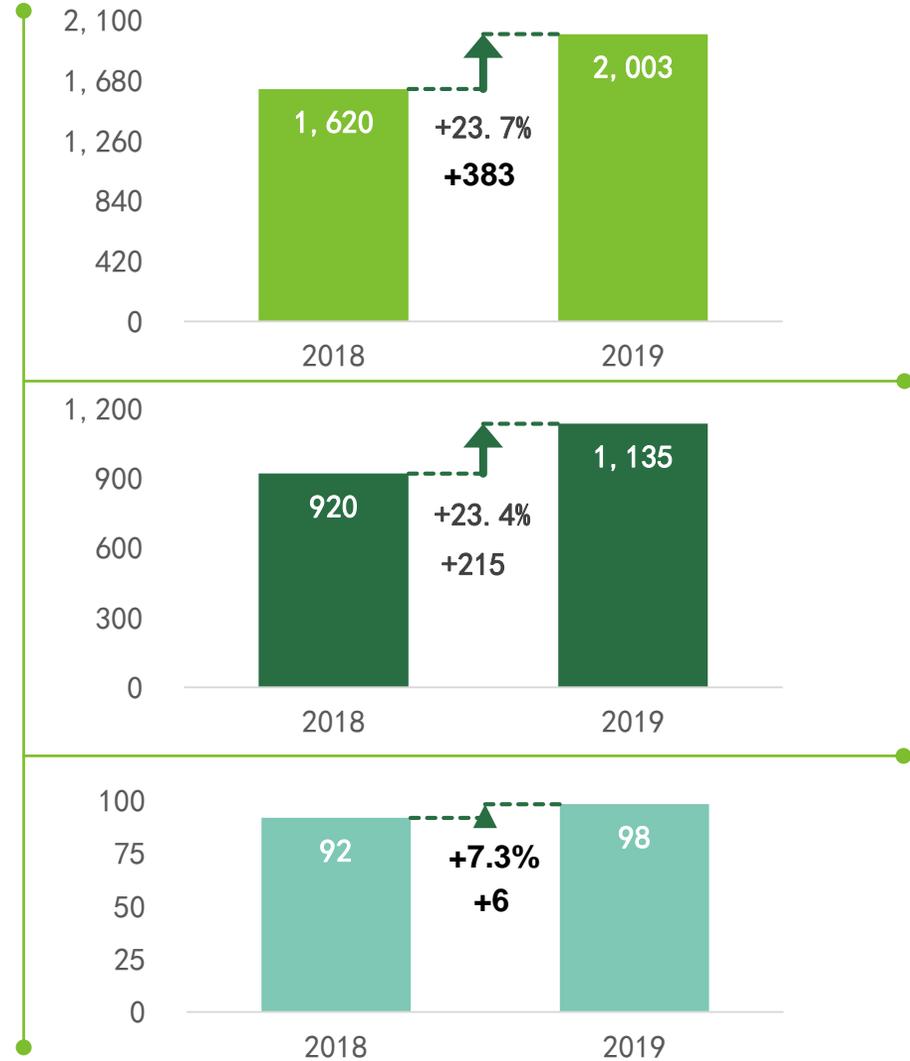
# Natural Gas Segment Review



**Gas Sales Volume**  
(million cubic meters)



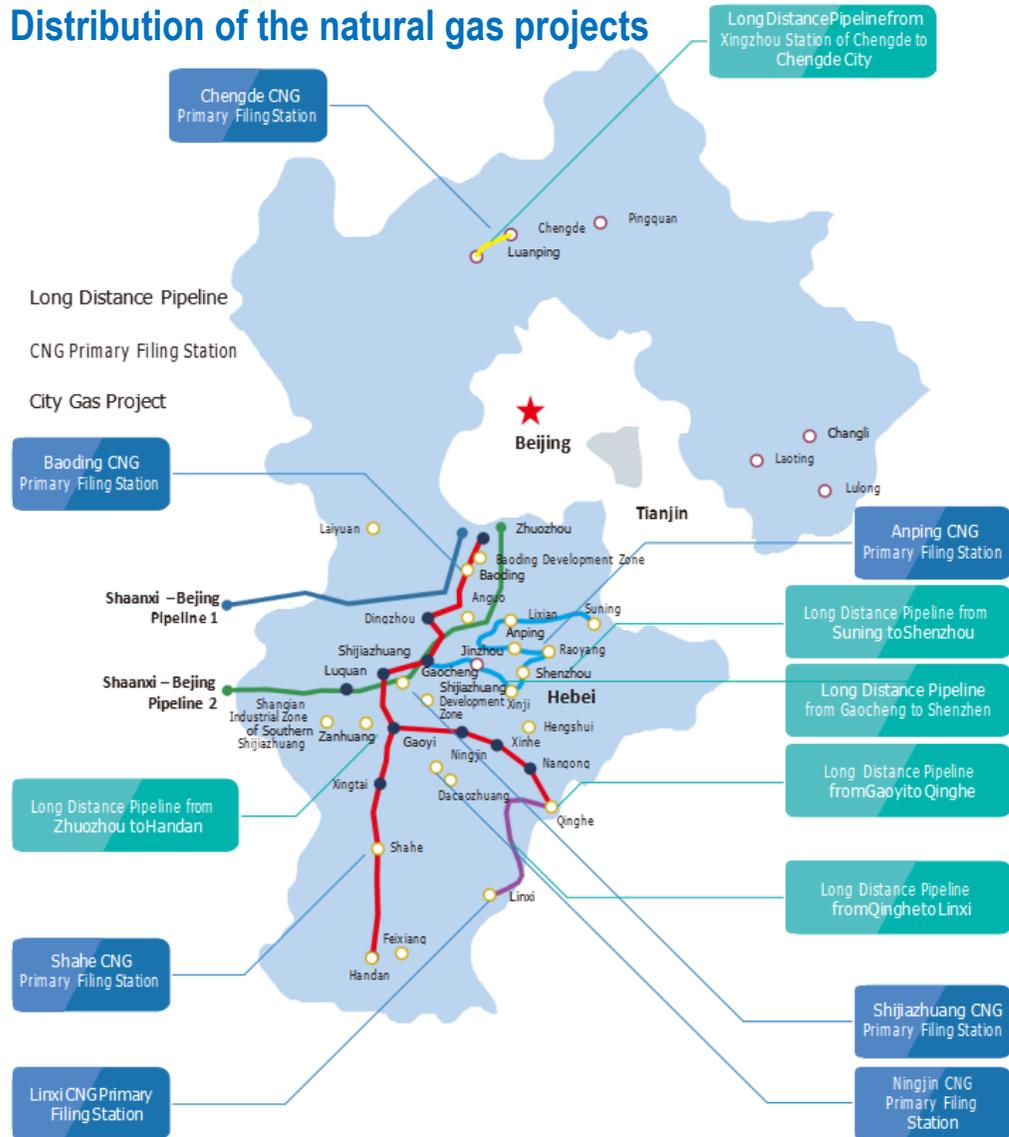
**Category** (million cubic meters)



# Natural Gas Segment Review



## Distribution of the natural gas projects



## Active promotion on the construction of infrastructure projects

- In 2019, Group operated pipeline increased by 1,026.49 km to 5,168.66 km, including 957.72 km of long-distance transmission pipeline and 4,210.94 km of city gas pipeline.
- The Projects of Pipelines for Ten Counties in Central Hebei Province (Phase III), Pipeline Network Around Gaoyi County and Town Gas Pipeline of Zan Huang Country were completed and put into operation. The Shijiazhuang Recycling Chemical Industry Park Project passed completion acceptance; Zhuozhou-Yongqing Transmission Pipeline Project was commenced.



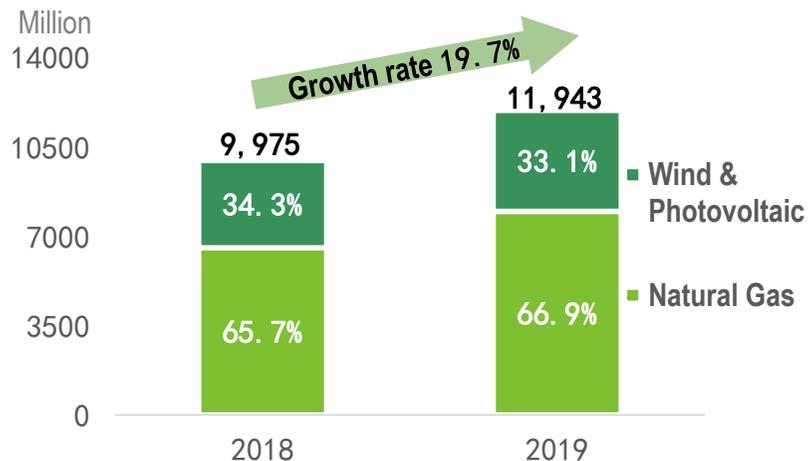
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## 3. 2019 Financial Highlights

# Group Financial Highlights



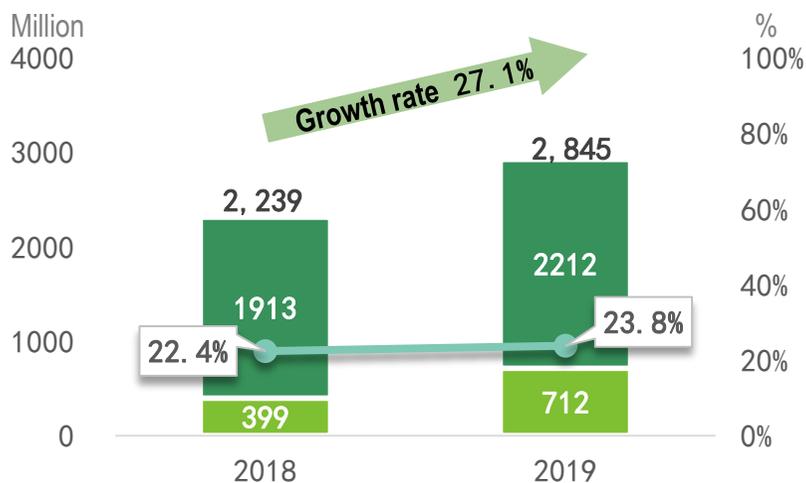
## Revenue (RMB)



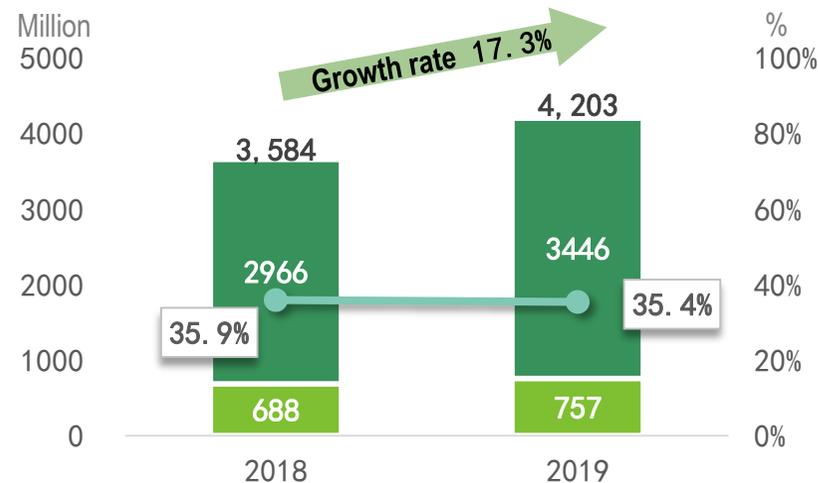
## Gross Profit (RMB)



## Operating Profit (RMB)



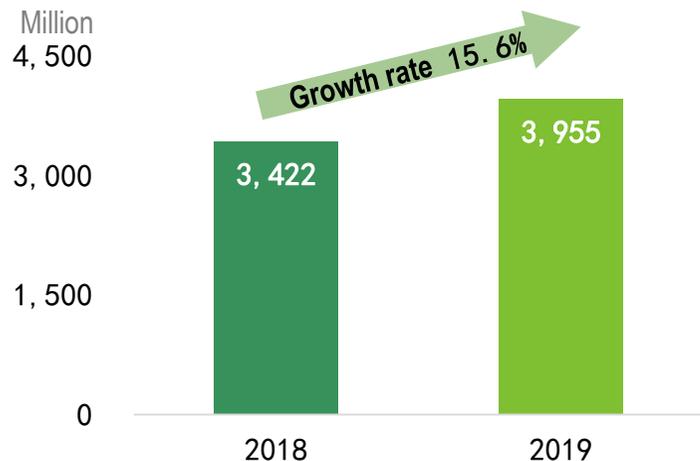
## EBITDA (RMB)



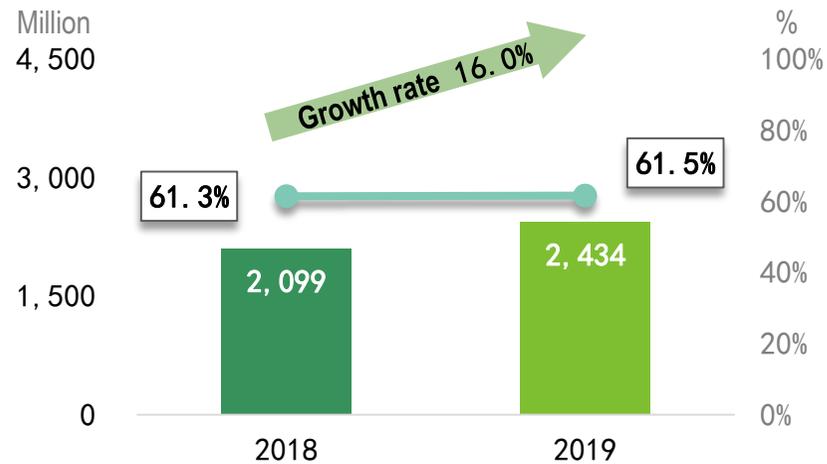
# Wind and Photovoltaic Segment Financial Highlights



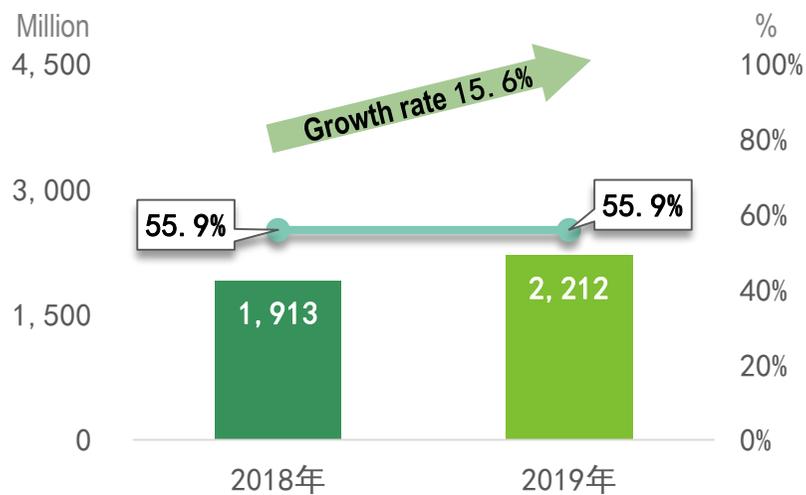
## Revenue (RMB)



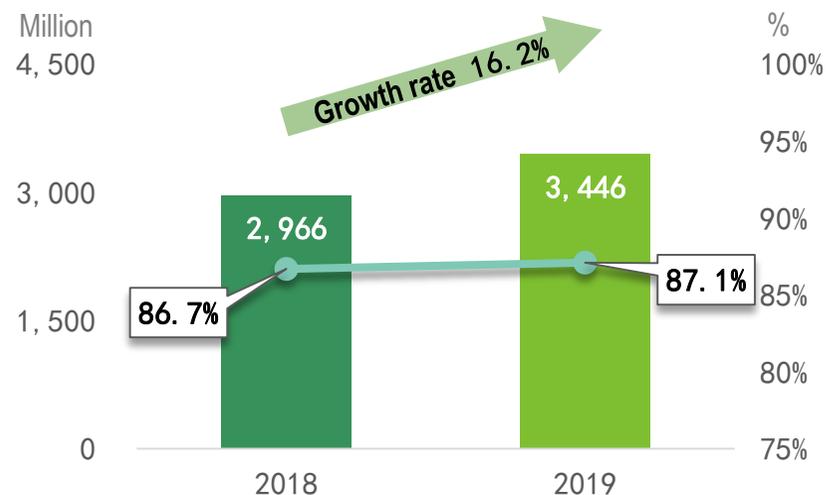
## Gross Profit (RMB)



## Operating Profit (RMB)



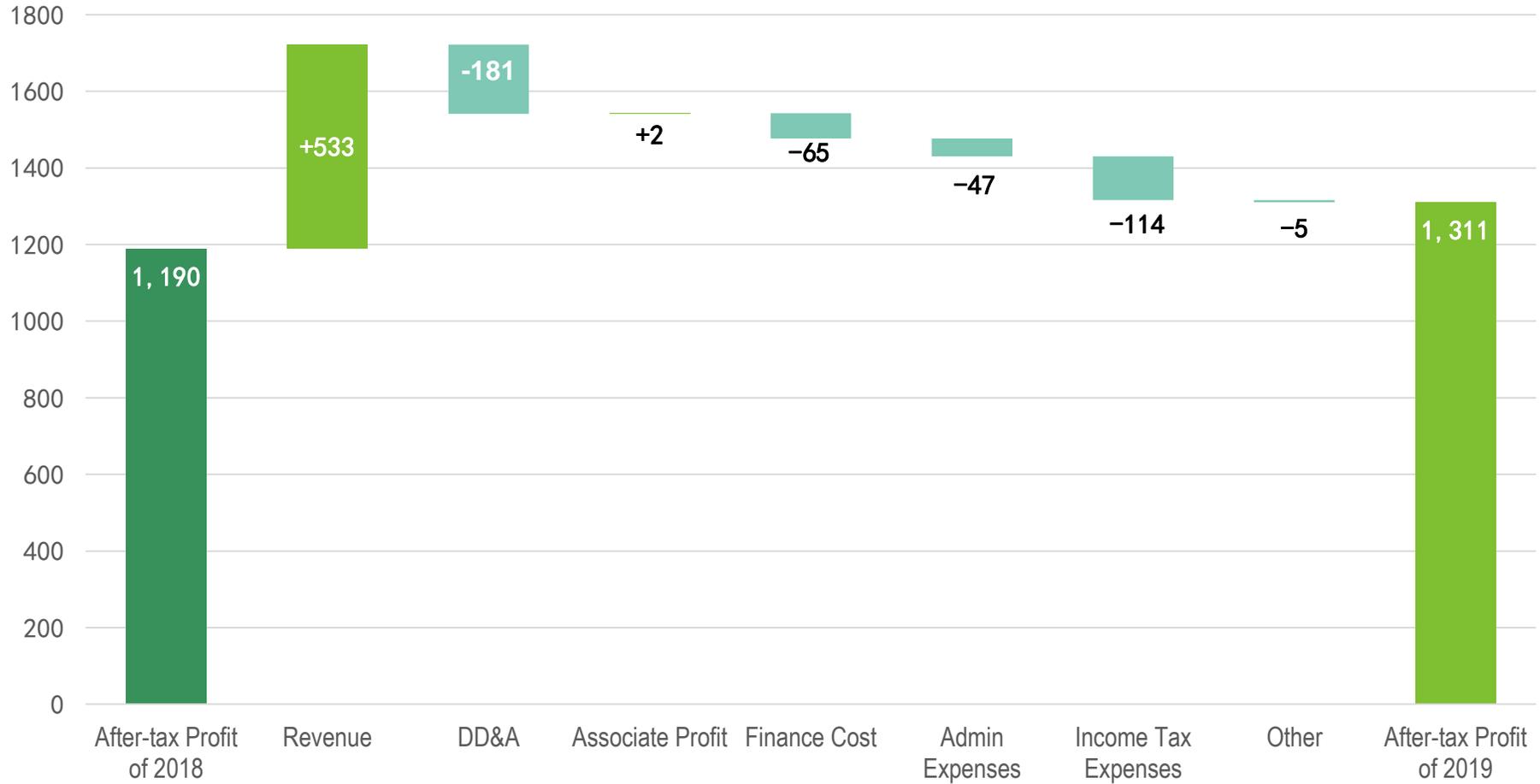
## EBITDA (RMB)



# Wind and Photovoltaic Segment NPAT Analysis



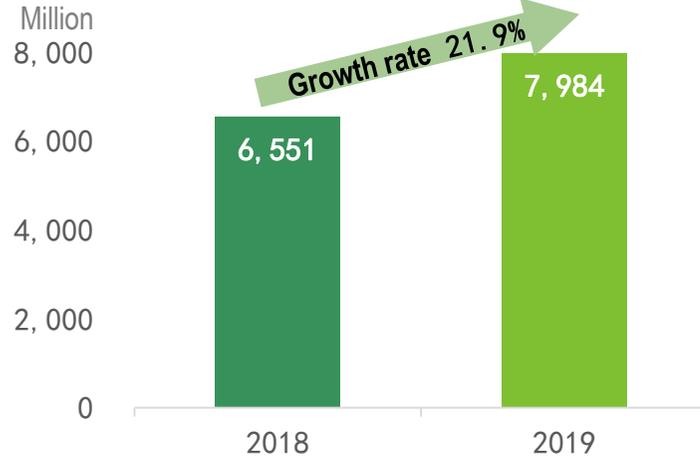
(RMB·Million)



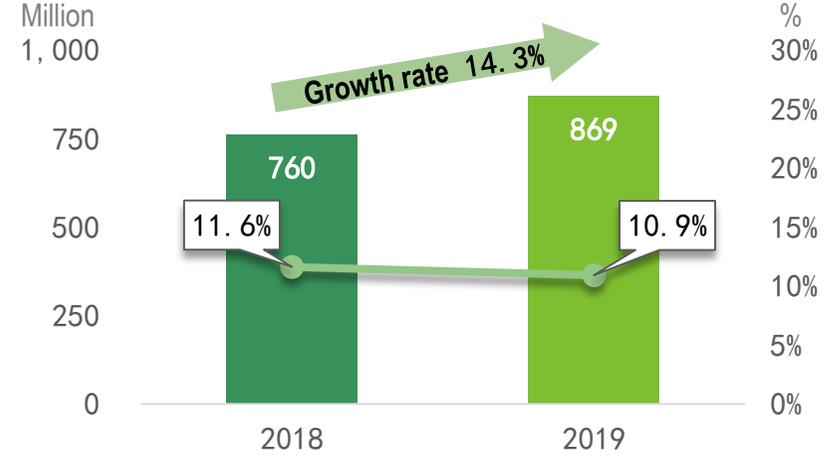
# Natural Gas Segment Financial Highlights



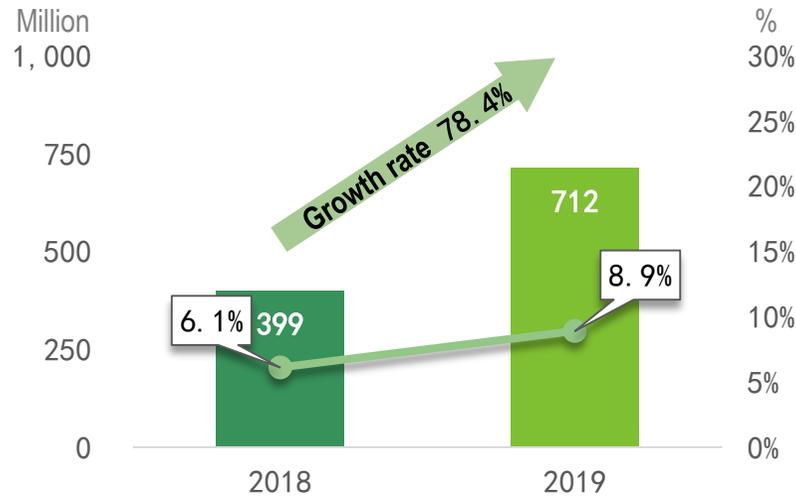
## Revenue (RMB)



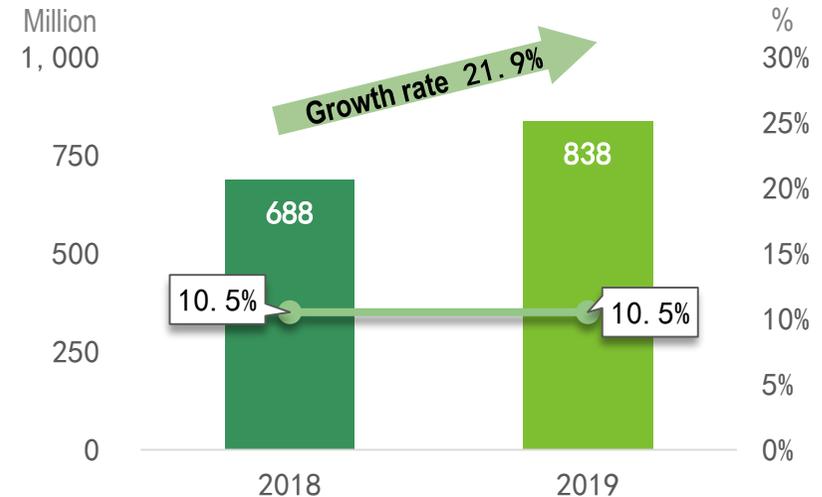
## Gross Profit (RMB)



## Operating Profit (RMB)



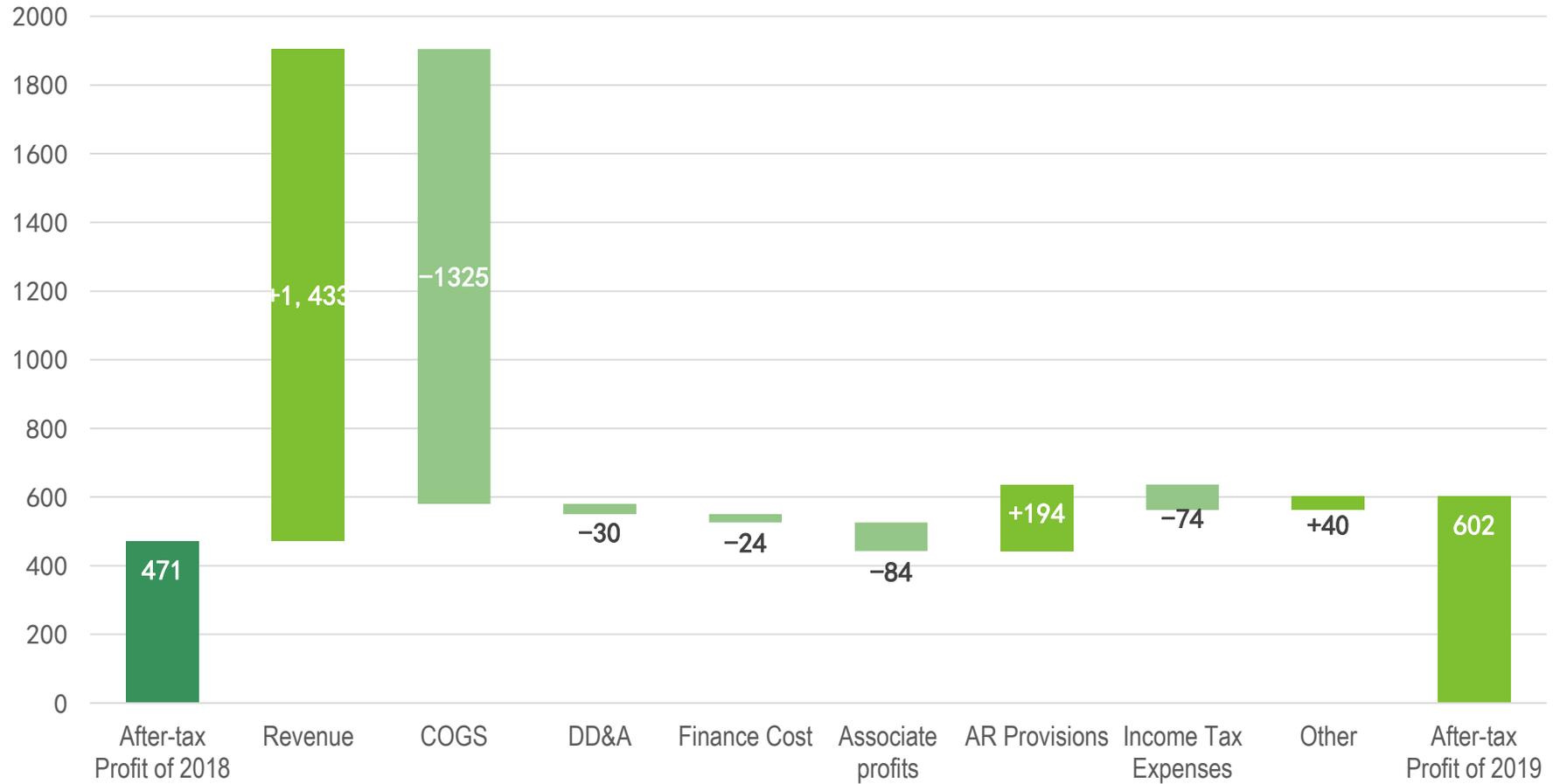
## EBITDA (RMB)



# Natural Gas Segment NPAT Analysis



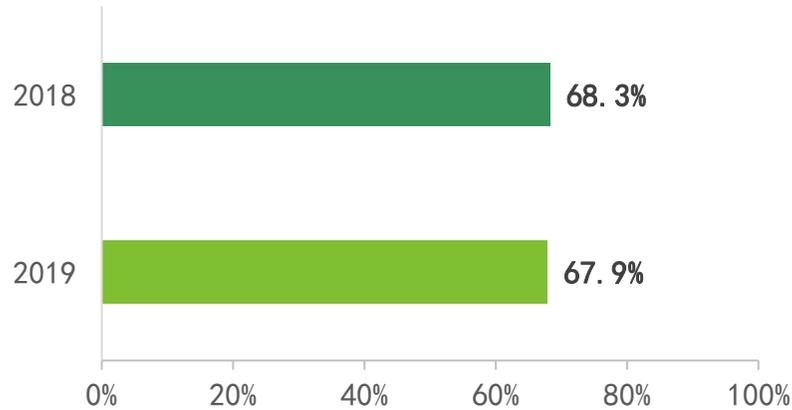
(RMB·Million)



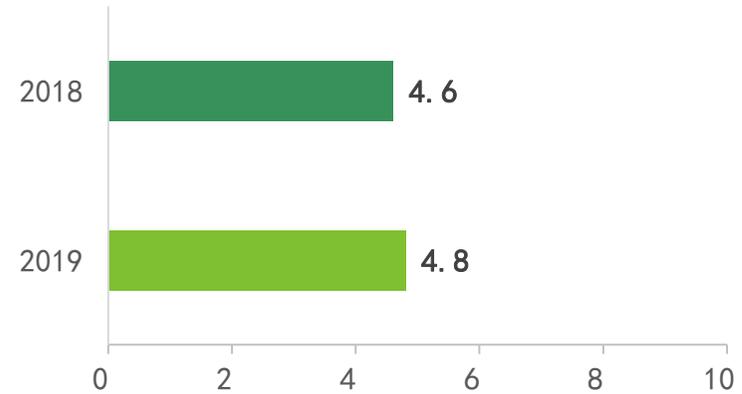
# Capital Structure



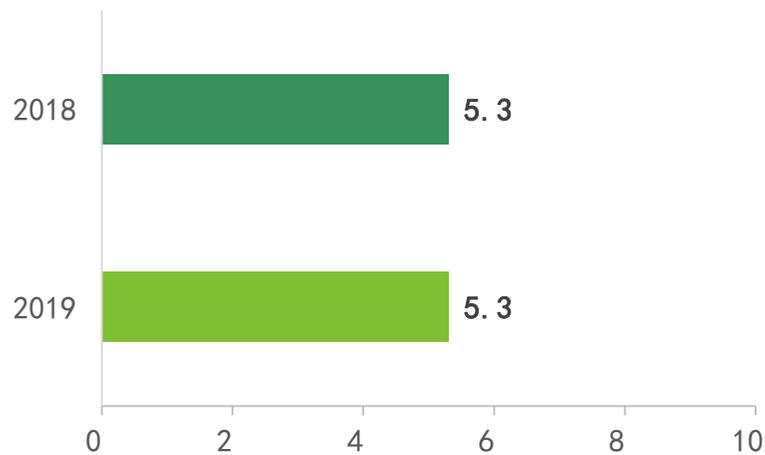
## Total Liabilities / Total Assets



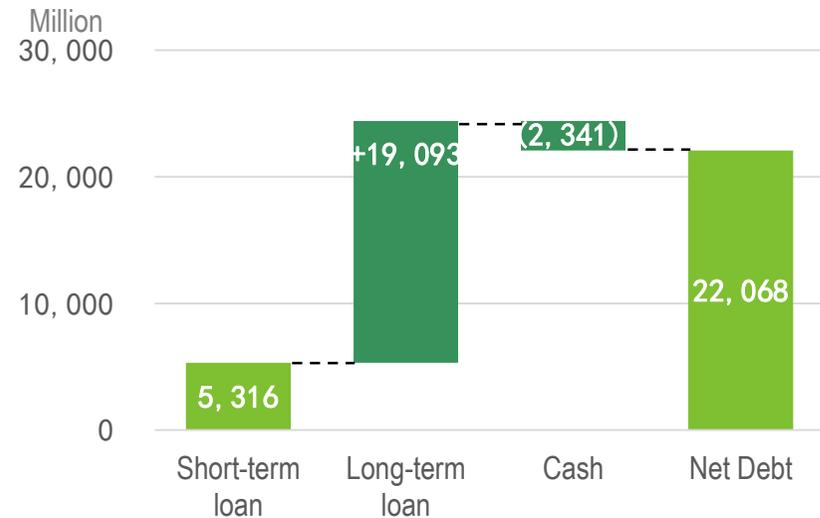
## Interest Coverage Ratio (EBITDA/Interest)



## Net Debts/EBITDA



## Net Debt Breakdown (RMB)



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## 4、2020 Business Outlook

# Prospect for the wind power business



1

## Prospect for the wind power business

As we enter into a new age, China will implement green development principles, strengthen the building of an ecologically-civilized society and persistently promote the consumption of green energy. The development of new energy industry will focus on higher efficiency, lower costs, broader scope of use and higher degree of market-oriented application. The Group will further overcome conceptual obstacles, explore cooperation mechanism in depth and extend our development platform on this basis in order to strike a balance and strive for a more rapid development of each business segment so as to continuously optimize and improve the business structure of the Company.

- Continue to step up development of the new energy business, seize resources, implement various measures, accelerate development of offshore wind power resources, focus on large-scale and based wind resource areas and large-channel projects, and strive for scaled development of wind power projects.
- Utilize the comprehensive management and control of projects, connect upstream and downstream operation, adjust the infrastructure work flow, promote project construction in a planned and step-by-step manner to ensure that the safety, quality, progress and investment in construction projects are under control, and promote all key projects to be put into operation on schedule.

# Prospect for the wind power business (Cont.)



1

## Prospect for the wind power business

- Establish the concept of safe development and set up a long-term mechanism focused on risk identification and control. Comprehensive investigation on hidden dangers shall be carried out, and with all personnel responsible for safety fulfilling their duties, our safety management can be strengthened to ensure the Group's continuing production stability and safety.
- Further strengthen information system construction and continue informatization and digitalization development to conform to the Group's business development management requirements. Explore a research and development model based on internal research and development, combine production, study and research, strengthen research and development of wind turbine technology, create an "ecological chain" for post-production wind power segment services and strive for technological innovations to become a new growth point for the Group to create value.



2

## Prospects for the natural gas business

With the continuing reform of the national oil and gas system and the establishment of the State Piping Network Corporation, oil and gas companies are facing unprecedented challenges and opportunities. The three major oil companies, local gas companies and various private capitals continue to exploit the opportunities of reform, and competition in the terminal market has reached a level of unprecedented intensity. In this regard, the Group will:

- Further accelerate the progress of key pipeline networks, make sure the construction of projects such as Beijing-Handan Dual Track, Zhuozhou- Yongqing Pipeline and Qinfeng Track is proceeded as planned, and keep to a reasonable pace of investment for key projects.
- Further implement the “market is king” sales strategy, increase sensitivity and speed of response to changes in market conditions, and implement measures to develop high-quality projects. Flexibly adjust price policies based on market supply and demand, and formulate accurate incentive policies. Do all that is possible to increase market share and gain new customers.
- Expand gas resources from various sources, speed up gas supply infrastructure construction, strengthen production safety and improve gas supply safety levels to continuously improve the Group’s gas supply capacity.



3

## Continuous expansion on financing methods

In 2020, the Group will continue to explore channels for financing and innovative financing means and to obtain capital at low cost for projects in order to guarantee the stability of the Group's capital chain.

- Continually deepen communications with various financial institutions, pay continuous attention to changes of various policies, keep abreast of the market development, be prepared to make overall capital arrangement, reasonable planning on upcoming matured bonds, strengthen the control of cash flow and liabilities, and maintain a reasonable capital structure, to ensure the steady development of the Group.
- Continue to expand financing channels, adopt measures at appropriate times such as asset securitization, financial leasing, insurance funds, and innovative financing products promoted by domestic and foreign financial institutions to meet funding needs of the Group in the future.

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**Q & A**