



新天绿色能源股份有限公司  
China Suntien Green Energy Corporation Limited\*



# 2018 Annual Results Announcement

March 2019  
(0956.HK)

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# Agenda

**1. 2018 Annual Results & Industries Overview**

**2. Business Review**

**3. Financial Highlights**

**4. Business Outlook**



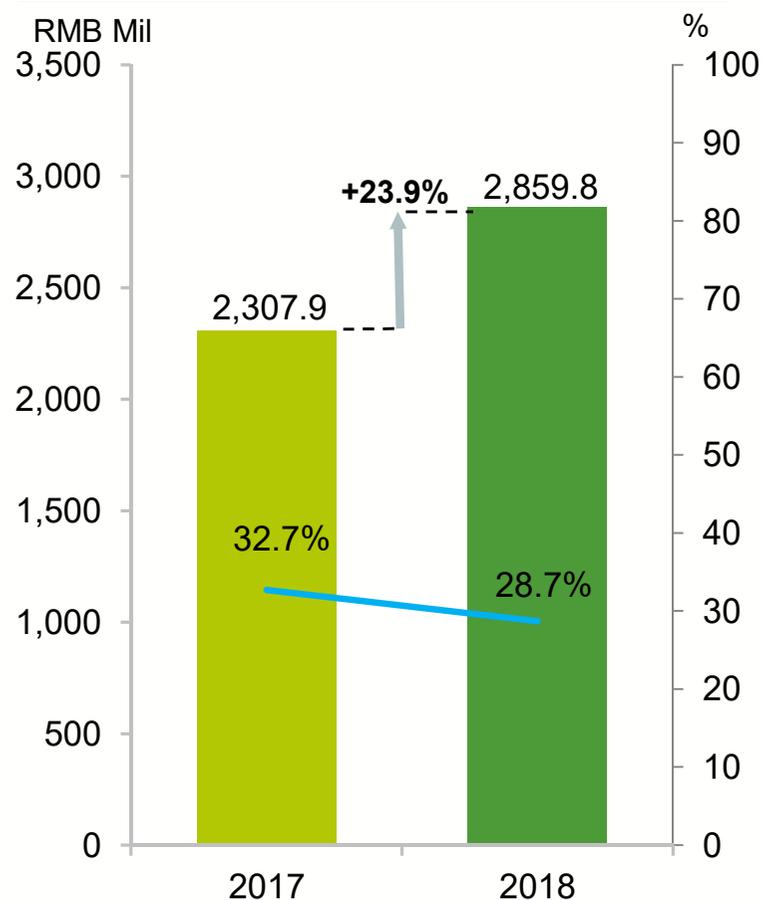
# **1. 2018 Annual Results & Industries Overview**

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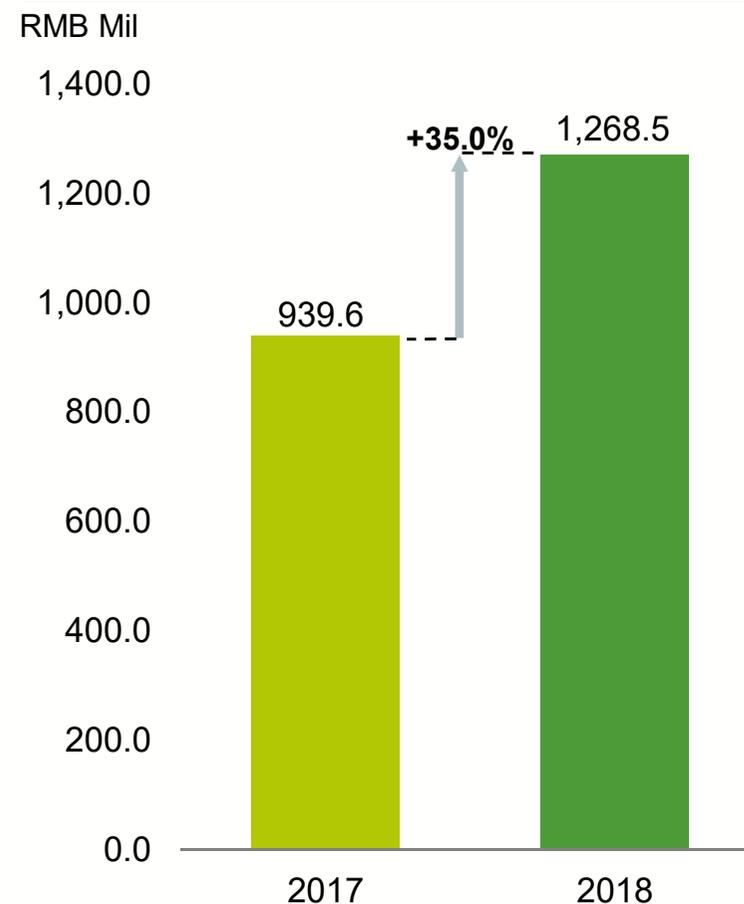
# Results Highlight

- The Group's Gross Profit in 2018 was RMB2.86bn, up 23.9% yoy; Gross Profit margin was 28.7%, down 4ppt yoy
- Profit attributable to owners of the Company was RMB1.27bn, up 35.0% yoy

### Gross Profit and Gross Profit Margin



### Profit attributable to owners of the Company

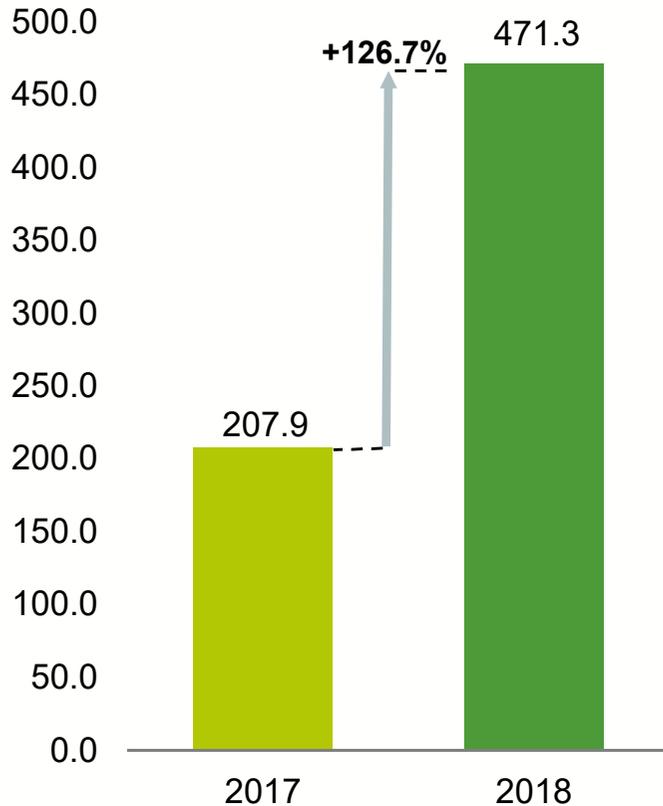


# Results Highlight

- Net Profit After Tax of Natural Gas Segment was RMB471 mil, up 126.7% yoy
- Net Profit After Tax of Wind and Solar Energy Segment was RMB1.19bn, up 20.9% yoy

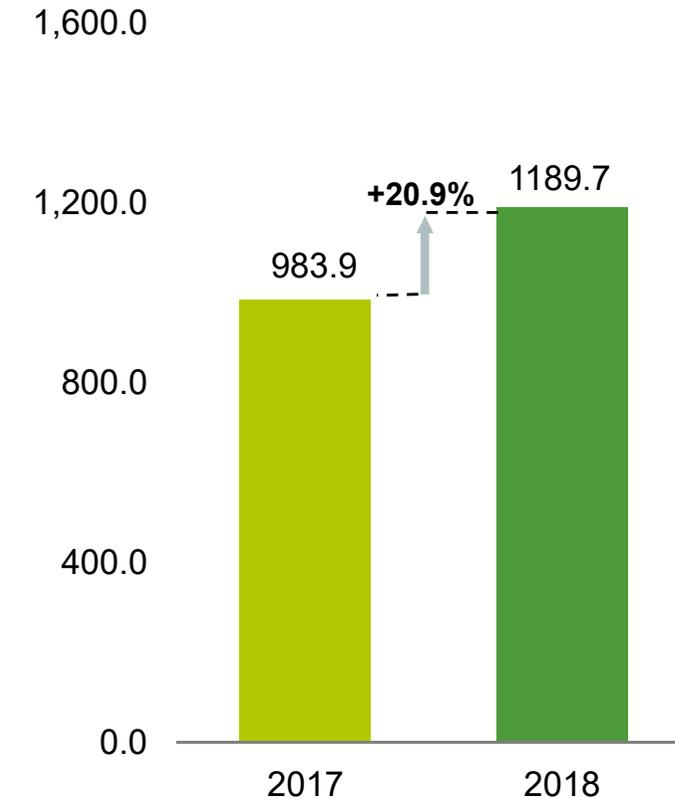
**Net Profit After Tax of Natural Gas Segment**

RMB Mil



**Net Profit After Tax of Wind and Solar Energy Segment**

RMB Mil



# Operating Environment for the Wind Power Industry

## 2018 Operating environment for the wind power industry

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- The nationwide power consumption in 2018 amounted to 6,844.9 billion kWh, representing an increase of 8.5% as compared with 2017. In 2018, the newly increased connected grid capacity of wind power in China amounted to 20.59 million KW and the accumulated capacity reached 184 million KW. Gross wind power generation for the year amounted to 366.0 billion kWh, with 2,095 utilization hours of wind power for the year, representing an increase of 147 hours as compared with 2017. In 2018, the accumulated capacity connected to grid in Hebei Province amounted to 13.91 million kW; the annual power generated of wind power amounted to 28.3 billion kWh; the curtailment rate of wind power was 5.2%; the utilization hours amounted to 2,276 hours, representing an increase of 26 hours as compared with 2017.
- On 30 October 2018, the NDRC and the NEA jointly issued the “Action Plan on Clean Energy Consumption (2018–2020)”, aiming to establish clear targets for comprehensive improvement of clean energy consumption. The Plan clearly points out that the problem of clean energy consumption can basically be solved by 2020. During the period, the national average utilization rate of wind power should be above 88% and 90% in 2018, 2019 and 2020 respectively, reaching the international advanced level, and the wind curtailment rate should be lower than 12% and 10% respectively, and controlled at a reasonable level. In 2018, the wind power curtailment and wind curtailment rate both achieved a reduction as 27.7 billion kWh of wind power was curtailed across the country for the year, representing a decrease of 5 billion kWh as compared with 2017, and the average wind curtailment rate dropped by 5 percentage points from 2017.
- On 10 January 2019, in order to promote grid parity of wind power and photovoltaic power without subsidies, the NDRC and the NEA jointly issued the “Notice of Active Promotion of the Work on Grid Parity of Wind Power and Photovoltaic Power without Subsidies”, which clearly encourages grid parity projects and low-price grid pilot projects. Such projects are excluded from the existing provincial annual scale indicators, and enjoy priority treatment from various supporting policies in the Notice, resulting in the opening up of new markets. The Issuance of the Notice is of great practical significance for wind power photovoltaic projects to stop relying on subsidies and to realize grid parity. It is also of strategic importance in promoting the transformation of wind power and photovoltaic power generation from supplementary energy to mainstream energy.

# Operating Environment for the Natural Gas Industry

## 2018 Operating environment for the natural gas industry

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- In 2018, the nationwide apparent consumption of natural gas amounted to 280.3 billion cubic meters, representing an increase of 18.1% as compared with 2017.
- In May 2018, the NDRC issued the Notice on Straightening out the Gate Price of Natural Gas Used for Residential Purpose, for the purpose to change residential-use gas from ceiling gate price management to benchmark gate price management. The price level was arranged according to the benchmark gate price level of nonresidential-use gas. The supply and demand sides could negotiate and determine the specific gate price, charging up to 20% more than the benchmark gate price with no downward limit for price fluctuations, to dovetail with the non-residential use gas price mechanism. Gate price would not increase as at the time of implementation of the plan. The increase of gate price would be allowed after one year of implementation. Such plan has been implemented since 10 June 2018.
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## **2. Business Review**

# 2018 Operating Data Overview

## Wind Power

- Consolidated Gross Power Generation increased by 13.9% to 7,676 GWh; Curtailment rate was 5.43%, down 2.39ppt
- Utilization hours increased by 90 hours to 2482; Availability factor was 97.97% down 0.01 ppt
- Consolidated installed capacity of the wind farms was 3,858.15MW, an increase of 509.8MW yoy onshore and offshore wind farms under construction are 659.3MW and 104MW, respectively
- Attributable installed capacity of the wind farms was 3,482.75MW, an increase of 458.85MW; wind farms under commercial operation was 3,262.85MW, an increase of 384.5 MW yoy



## Natural Gas

- Gas sales volume was 2.631bcm, up 40.0% yoy
- The Group added 1,054.5km of pipelines in 2018; total length of natural gas pipelines in operation reached 4,142km, including 882km of transmission pipeline and 3,260km of city gas pipeline
- The Group vigorously developed its end users and newly acquired 44,033 customers from different categories. As of 31 December 2018, the Group had an aggregate of 280,913 customers



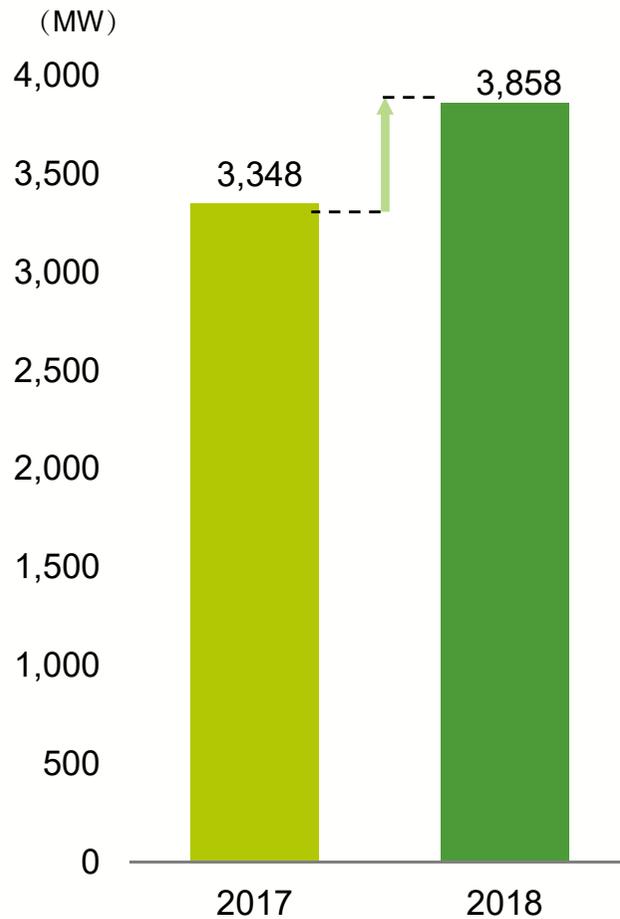
## Other Renewable Energy

- Newly approved capacity of photovoltaic projects amounted to 20 MW and the accumulative approved un-commenced project capacity was 40 MW; accumulative operating project capacity is 101MW
- During 2018, a 20 MW photovoltaic project in Heilongjiang Province, completed construction and connecting to grid for power generation

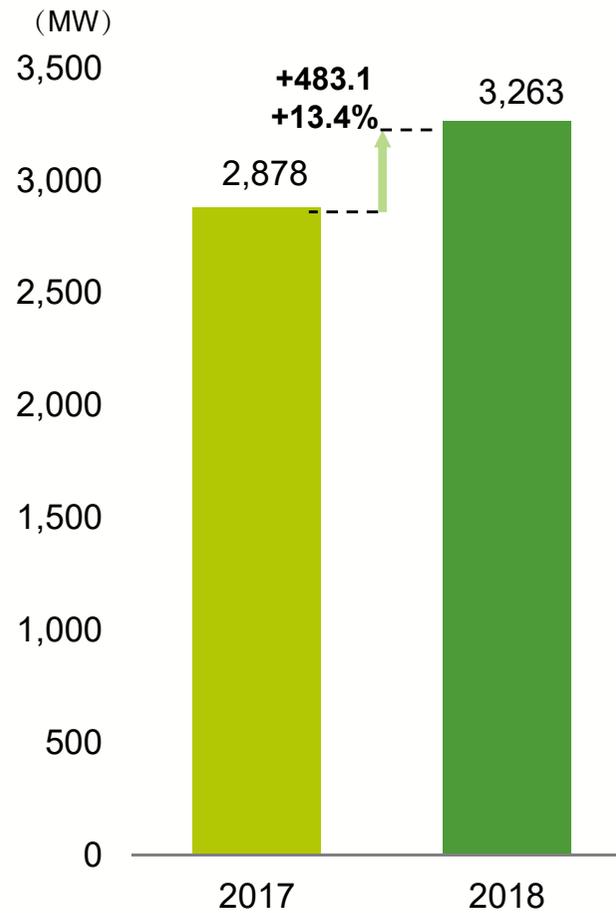


# Wind Power Segment Review

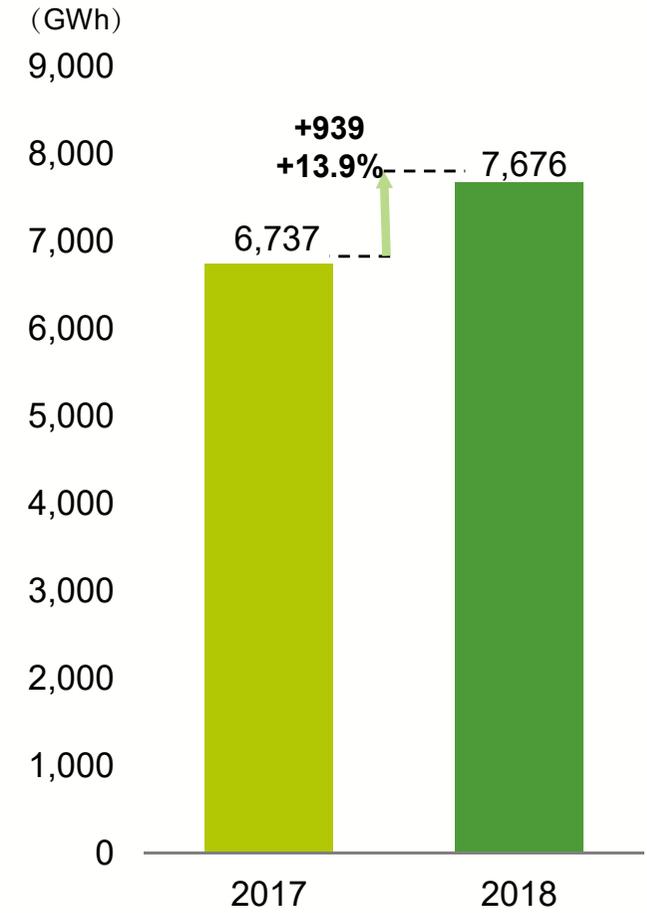
## Consolidated Wind Power Installed Capacity



## Commercially Operating Wind Power Installed Capacity



## Consolidated Gross Power Generation<sup>(1)</sup>

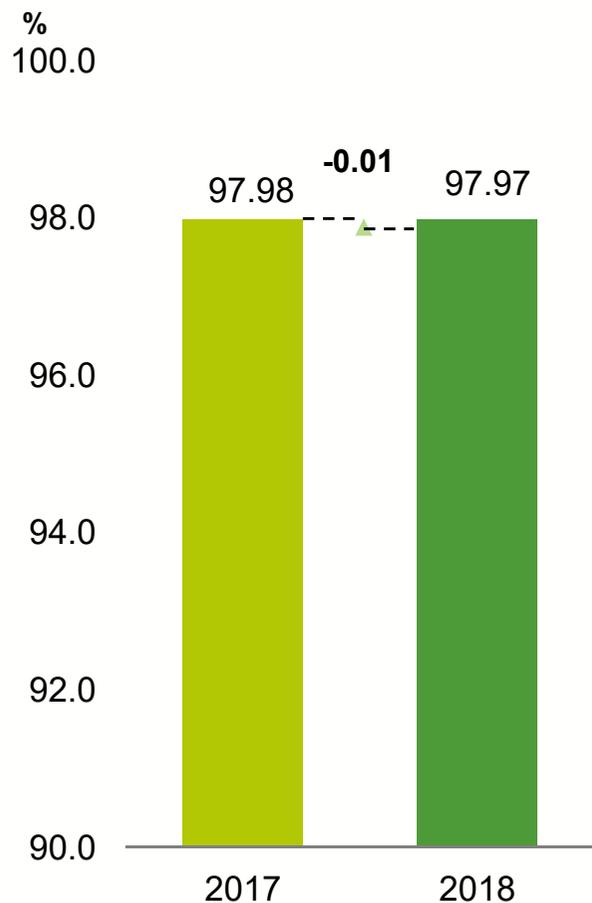


### Notes

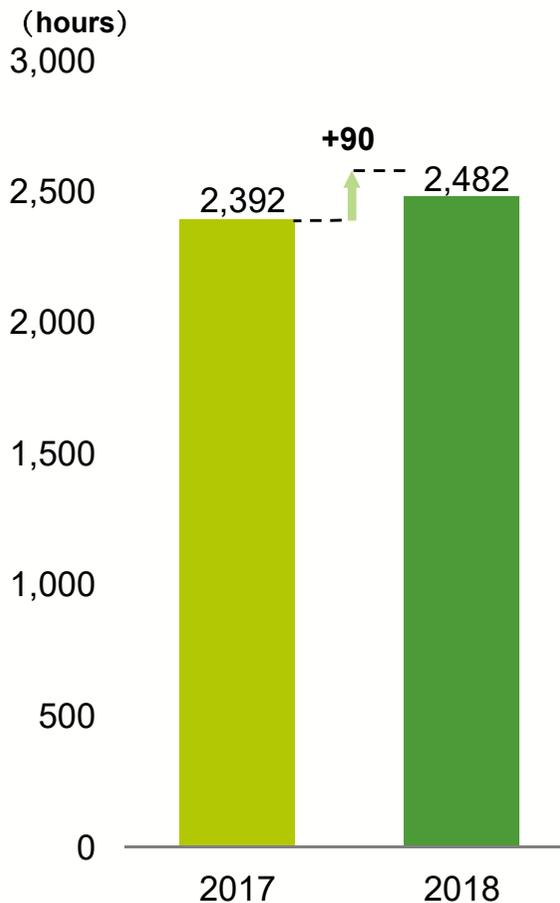
1. Including trial run period generations

# Wind Power Segment Review (Con't)

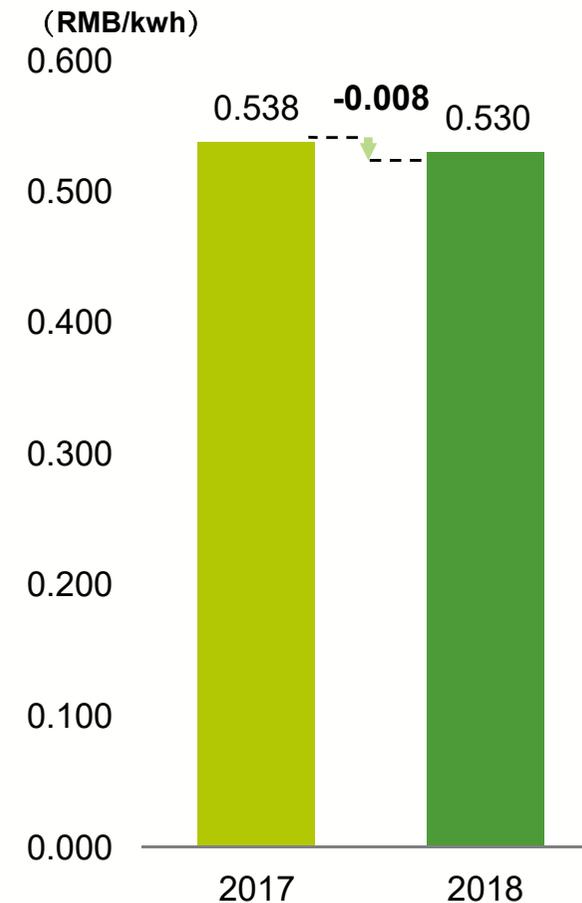
### Availability Factor (1)



### Average Utilization Hours



### Average On-grid Tariff (VAT included)



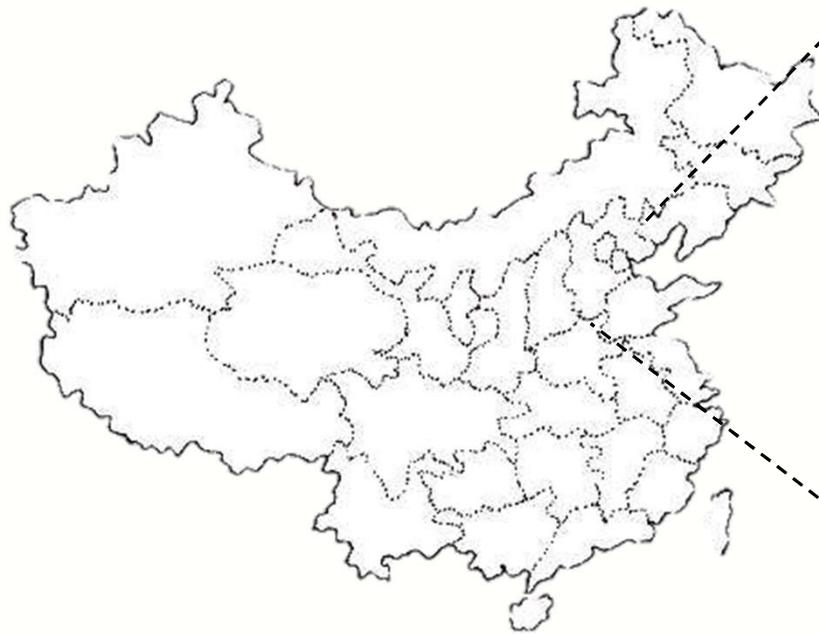
#### Notes

1. The amount of time that a power plant is able to produce electricity over a certain period divided by the amount of time in such period

# Wind Power Projects in Hebei

## Wind Power Development in Hebei

- Added 315 MW of consolidated installed capacity in Hebei; As of end-2018, total consolidated installed capacity was 3,132MW, or 81.2% of the Group's total
- 47.5MW associate wind power capacity added in 2018. As of end-2018, total associate wind power capacity was 295MW



## Distribution of Consolidated and Associate Installed Wind Power Capacity in Hebei

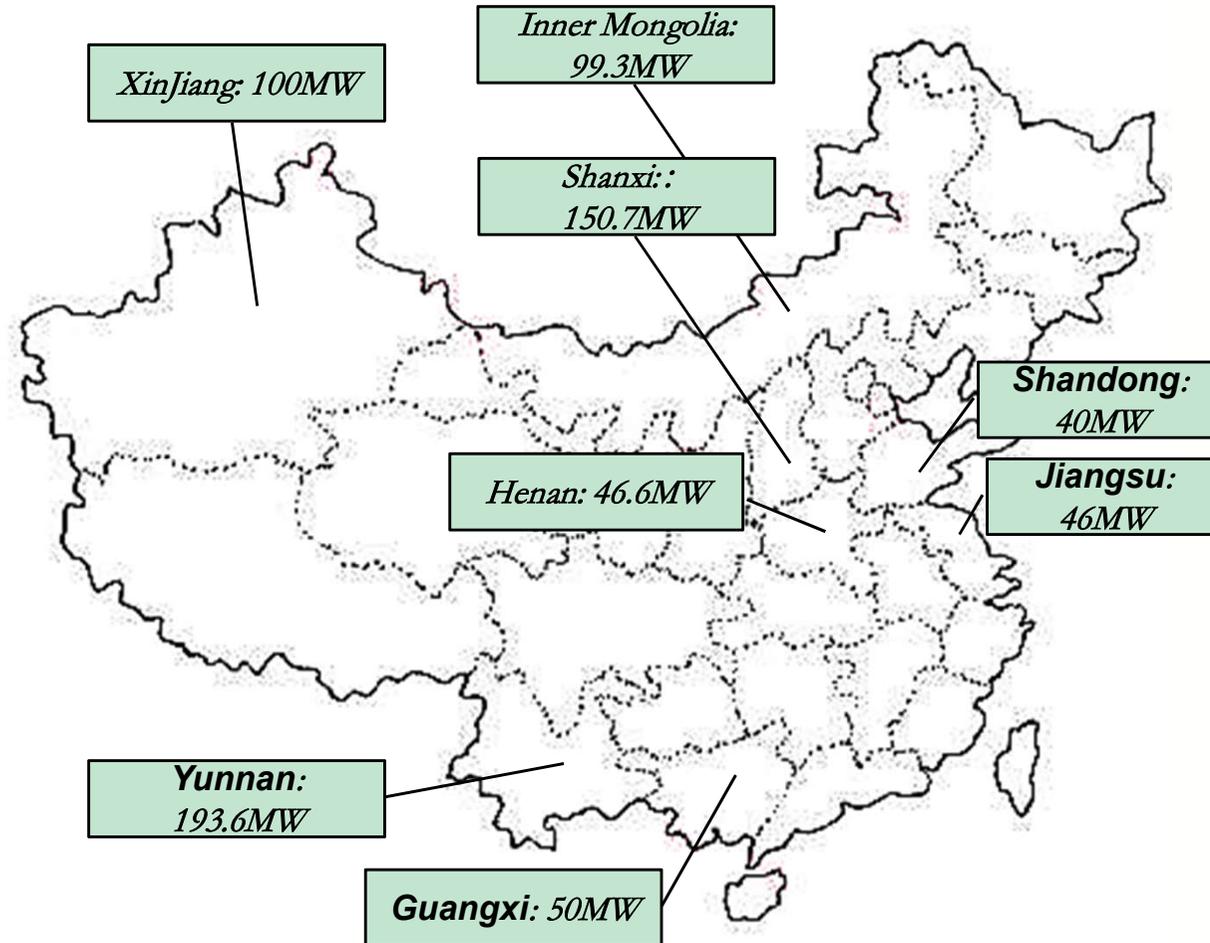


# Wind Power Projects in Other Provinces

## Wind Power Development Outside Hebei

- Added 194.8 MW of newly installed capacity in other provinces, mainly in Guangxi, Henan, Jiangsu and Inner Mongolia
- As at end of 2018, consolidated installed capacity in other provinces was 726.2 MW, or 18.8% of the Group's total

## Consolidated Wind Power Installed Capacity Outside Hebei

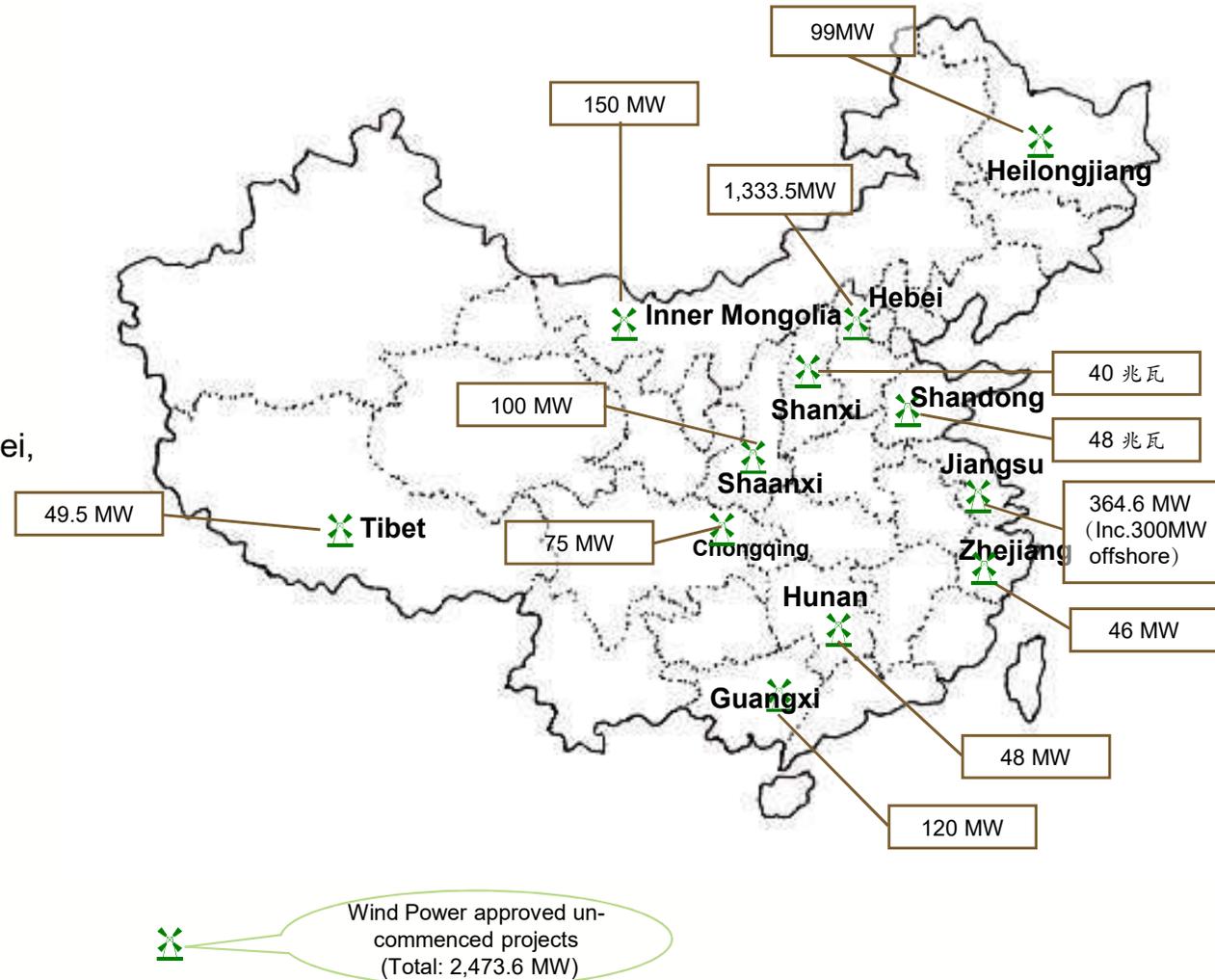


# Under Construction and Approved Projects

## Wind Power Under Construction and Approved Projects

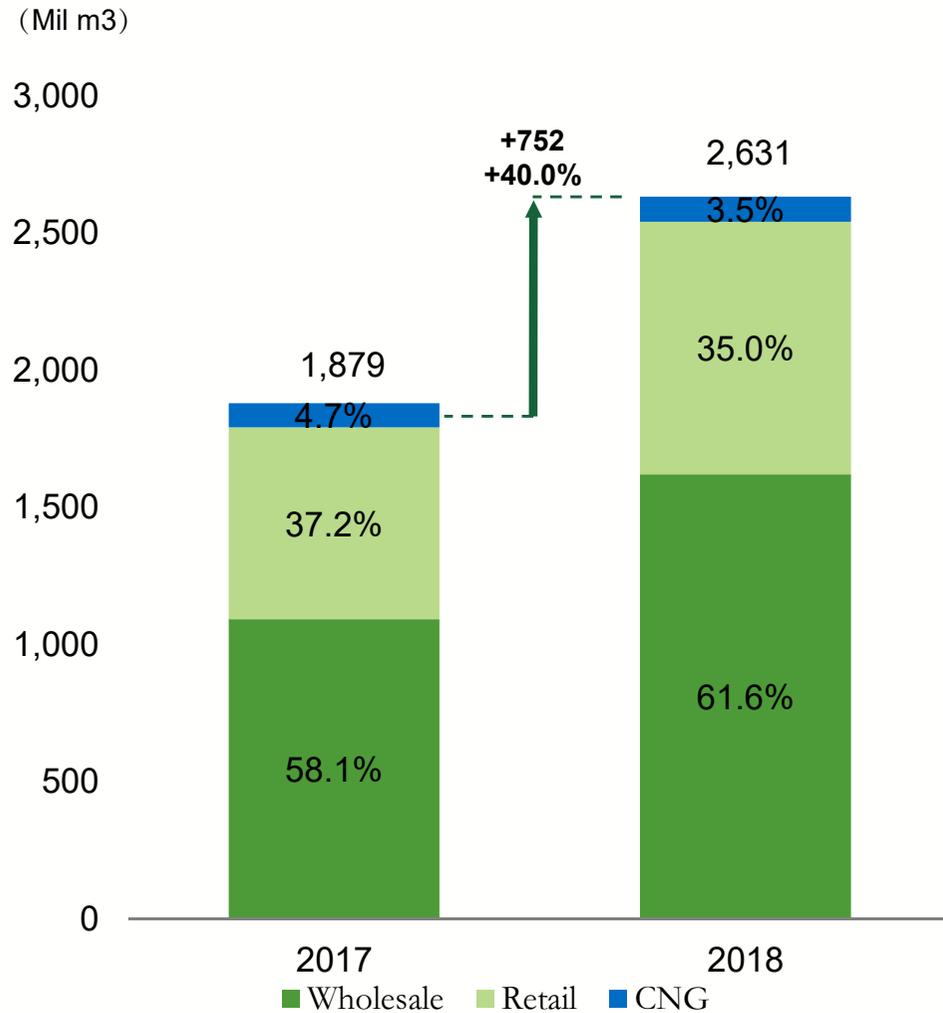
- Capacity of project under construction was 763.3MW: among which offshore wind farms 104MW, onshore wind farms in Hebei 392MW, onshore wind farms outside Hebei 267.3MW
- Added 663.5MW approved capacity; accumulated approved un-commenced projects capacity was 2,473.6 MW as at end of 2018
- Acquired 4,230 MW of new wind power agreed capacity, spreading among 22 regions including Hebei, Henan, Shandong, Shanxi, Jiangxi, etc.

## Distribution of approved un-commenced projects

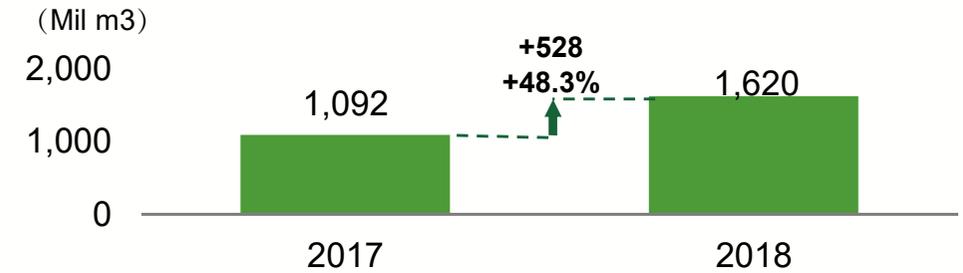


# Natural Gas Segment Review

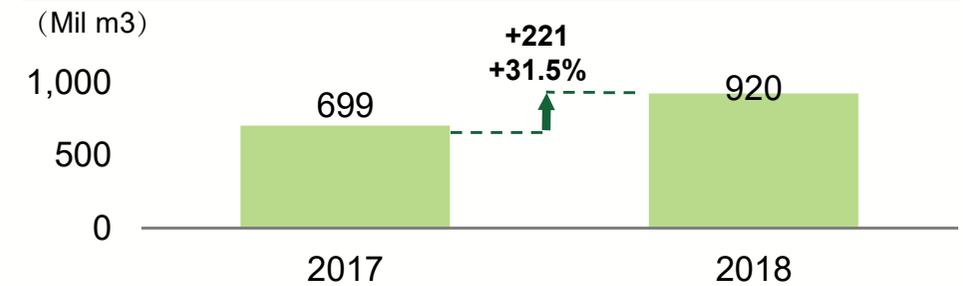
## Gas Sales Volume



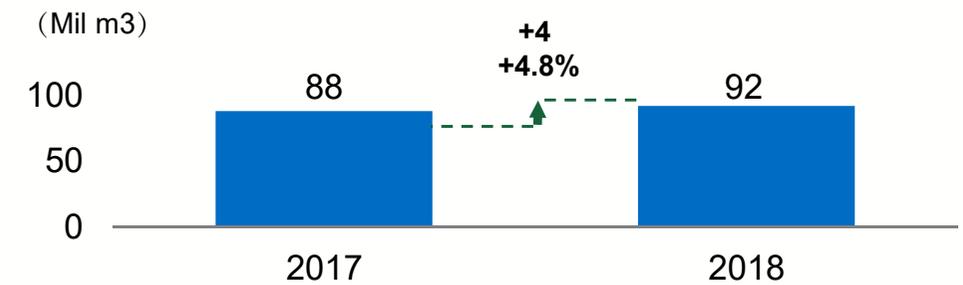
## Wholesale



## Retail

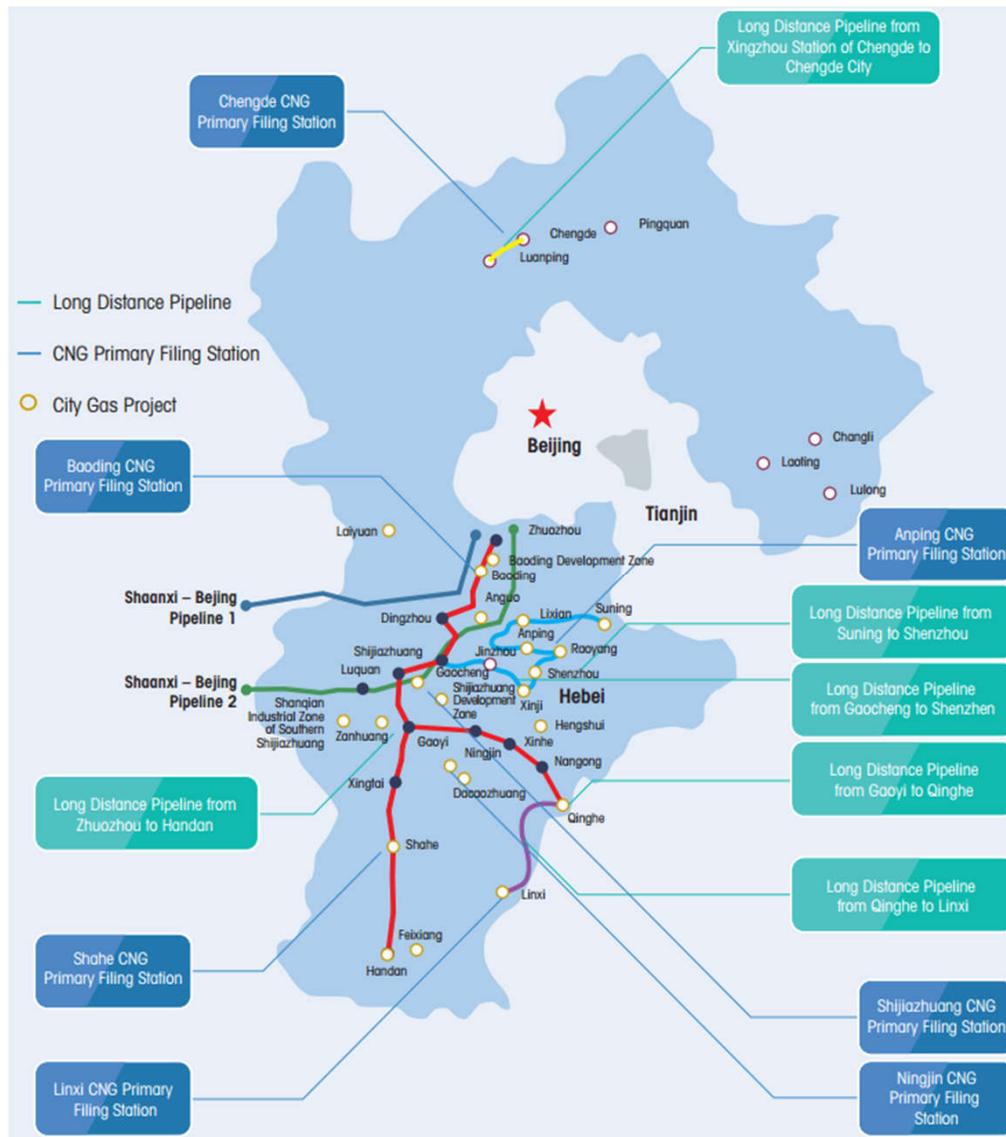


## CNG



# Natural Gas Segment Review

## Locations of Natural Gas Pipelines



## Construction of Natural Gas Pipeline Projects

- Added 1,054.5km km of pipelines in 2018; total length of natural gas pipelines in operation reached 4,142km, including 882km of transmission pipeline and 3,260km of city gas network pipeline
- During 2018, the main part of the ten counties in central Hebei Province (Phase II) and Xiaoxinzhuang were put into trial operation, and Xinji branch and Xincheng branch were all connected. The gas supply project of Shijiazhuang Yuhua Power was put into operation.

## Downstream Business

- Vigorously developed its end users and newly acquired 44,033 customers from different categories. As of 31 December 2018, the Group had an aggregate of 280,913 customers

## CNG/LNG Stations

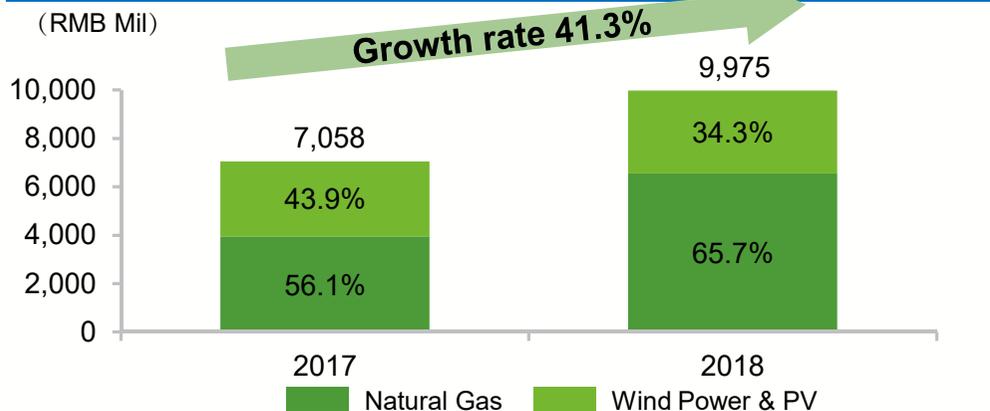
- No CNG/LNG stations added, as of 31 December 2018, the Group had 7 CNG primary stations and 7 CNG refilling stations



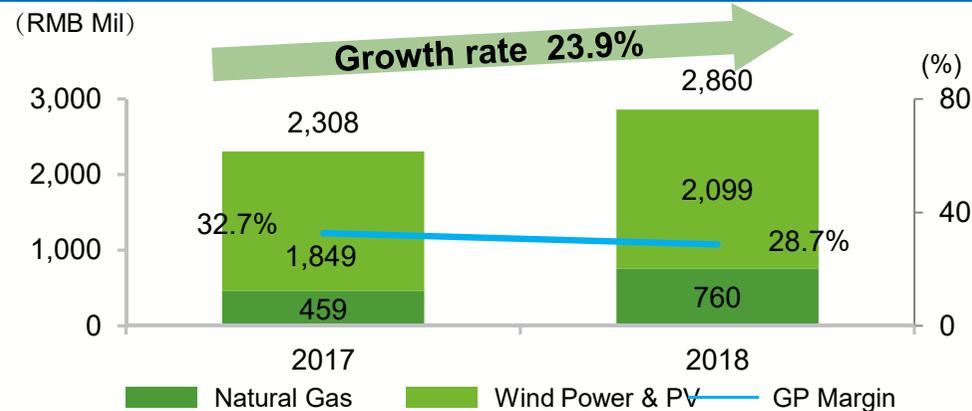
### **3. Financial Highlights**

# Group Financial Highlights

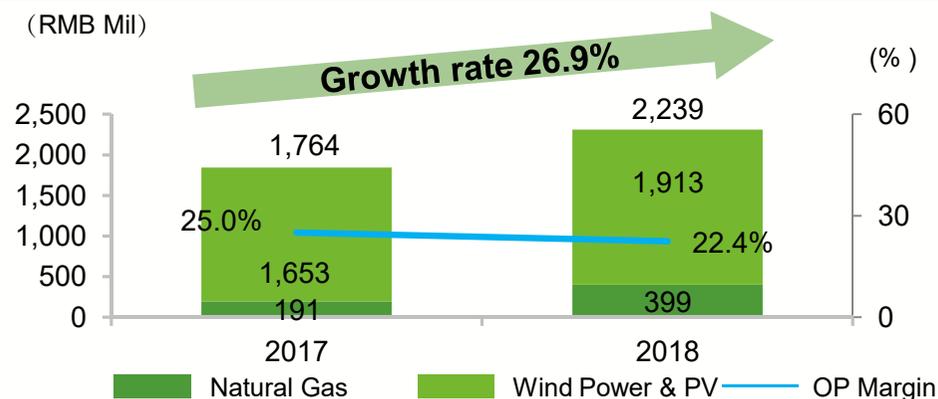
## Revenue



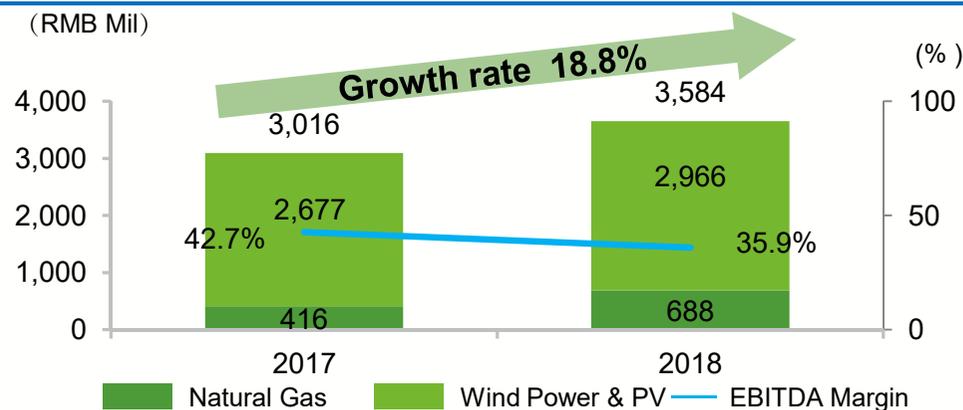
## Gross Profit



## Operating Profit<sup>(2)</sup>



## EBITDA<sup>(1) (2)</sup>



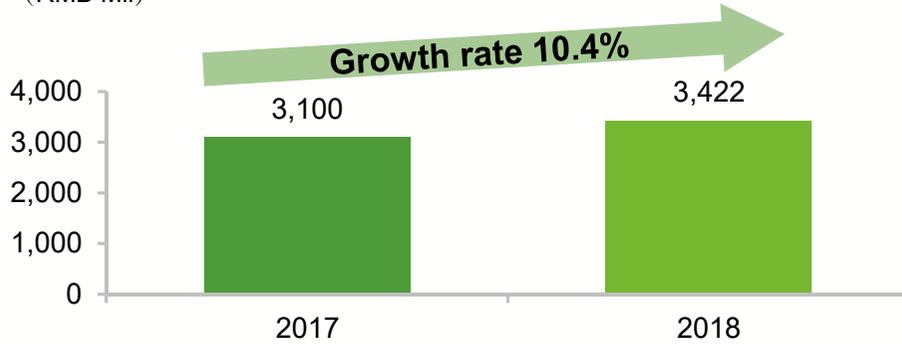
### Notes

1. Including other revenue such as CER revenue, VAT refund, and bank interest income, excluding share of profit from associates
2. Sum of two segments is after inter-company elimination and excluding share of profits of associates

# Wind and Photovoltaic Segment Financial Highlights

## Revenue

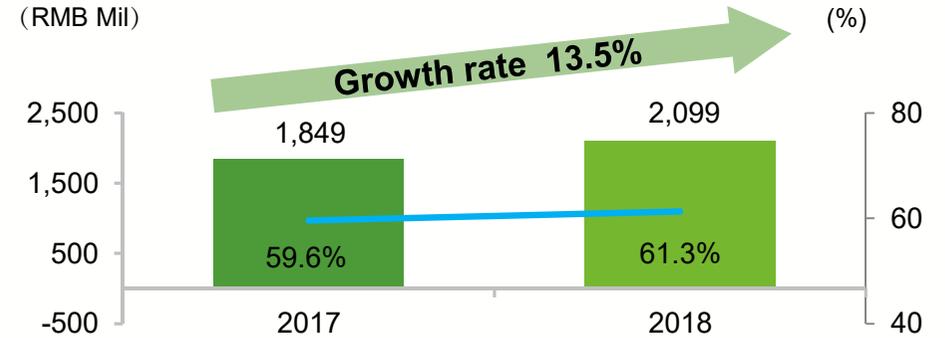
(RMB Mil)



## Gross Profit

(RMB Mil)

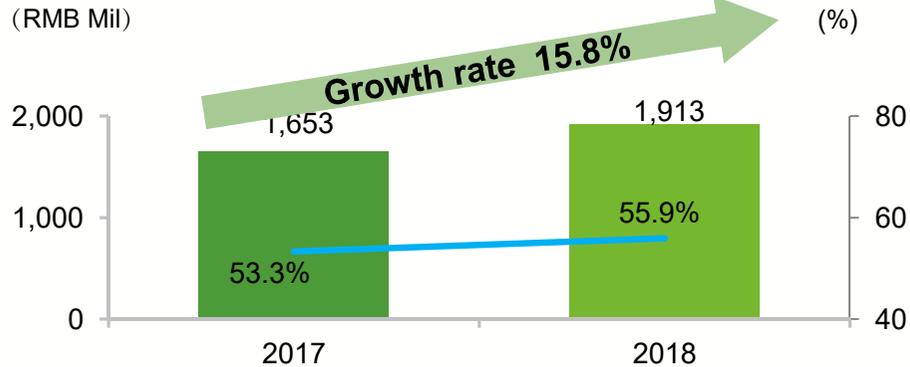
(%)



## Operating Profit

(RMB Mil)

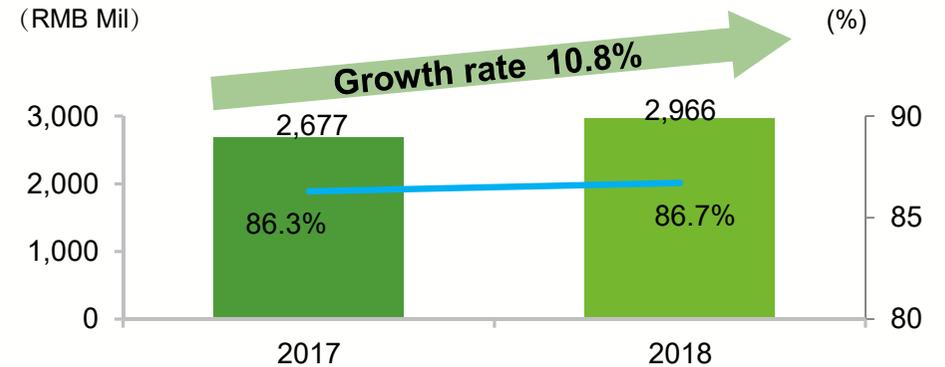
(%)



## EBITDA (1)

(RMB Mil)

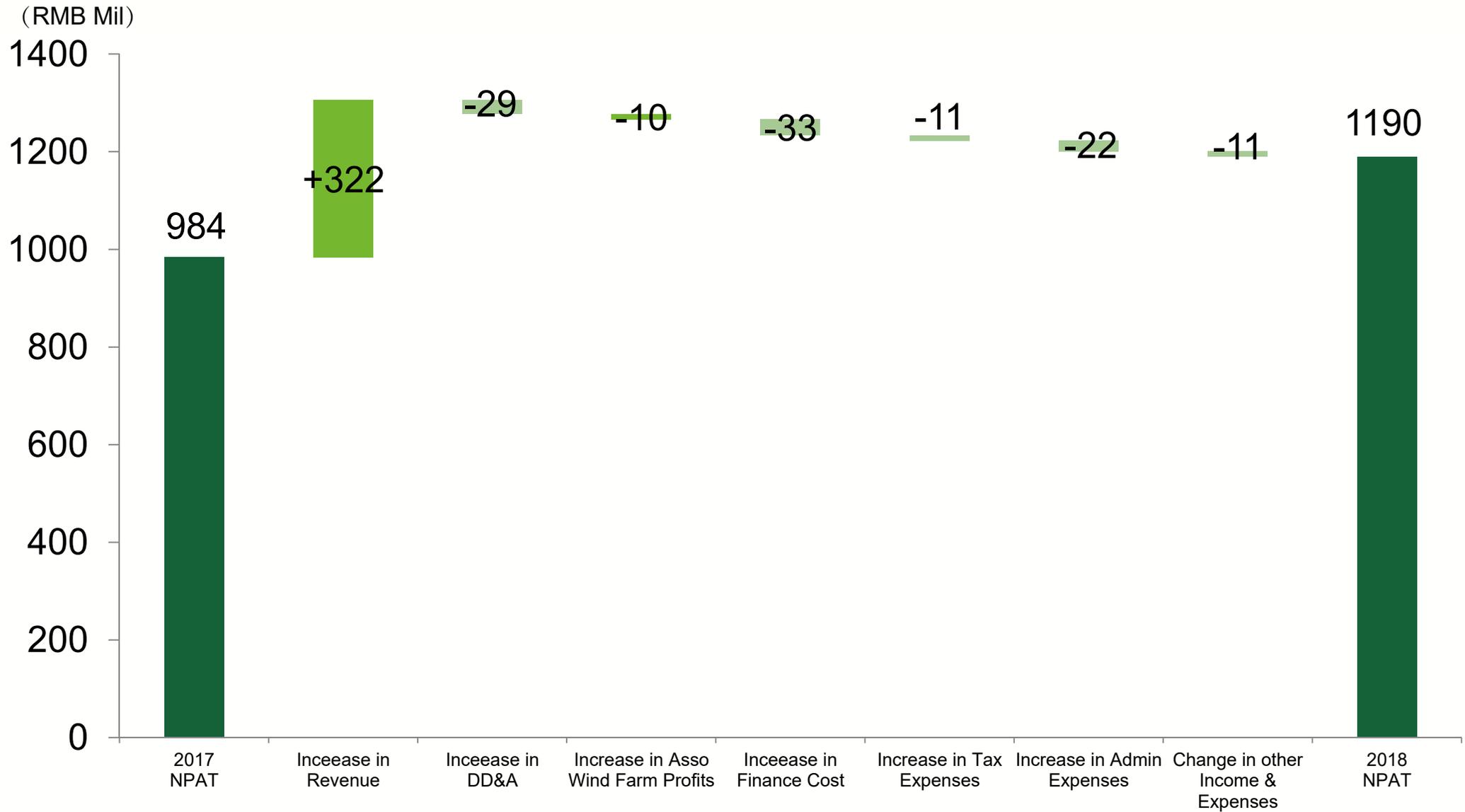
(%)



Note:

1. Including other revenue such as CER revenue, VAT refund, and bank interest income, excluding share of profit from associates

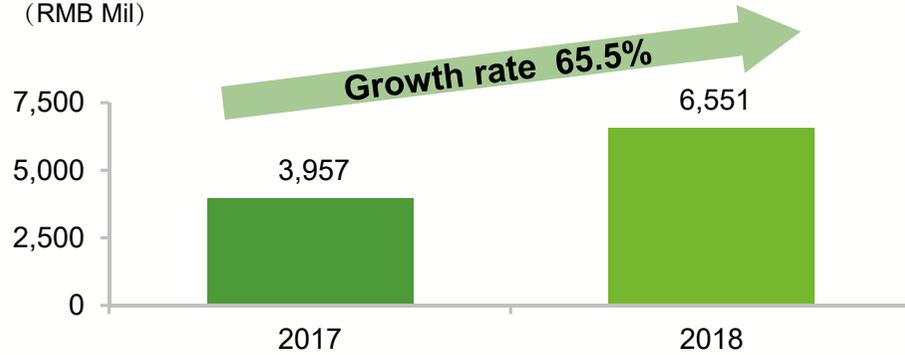
# Wind and Photovoltaic Segment NPAT Analysis



# Natural Gas Segment Financial Highlights

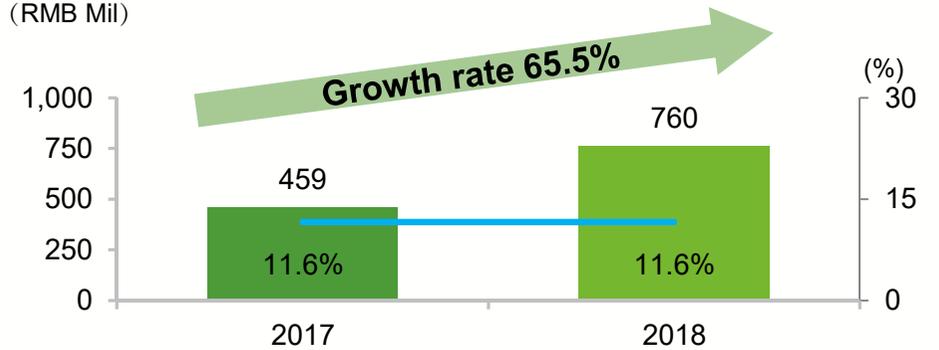
## Revenue

(RMB Mil)



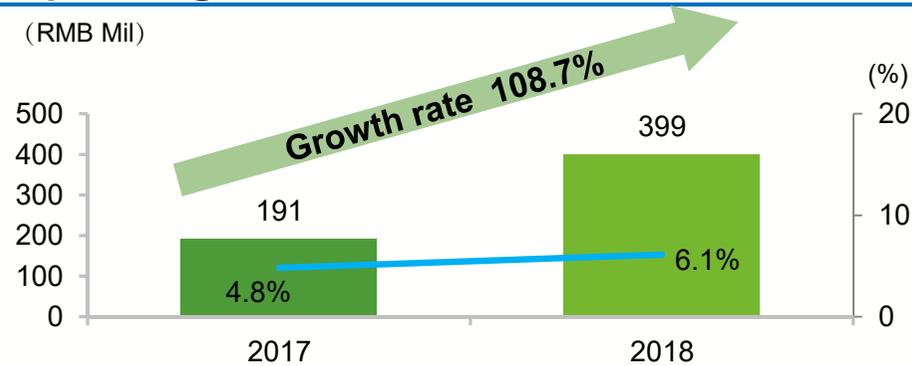
## Gross Profit

(RMB Mil)



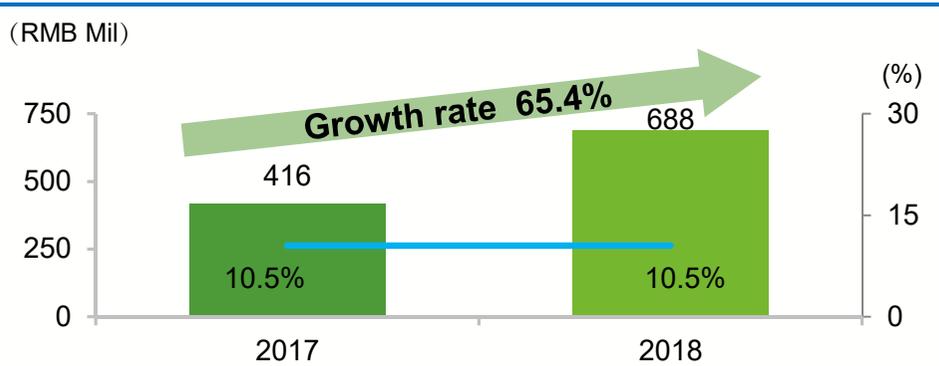
## Operating Profit

(RMB Mil)



## EBITDA (1)

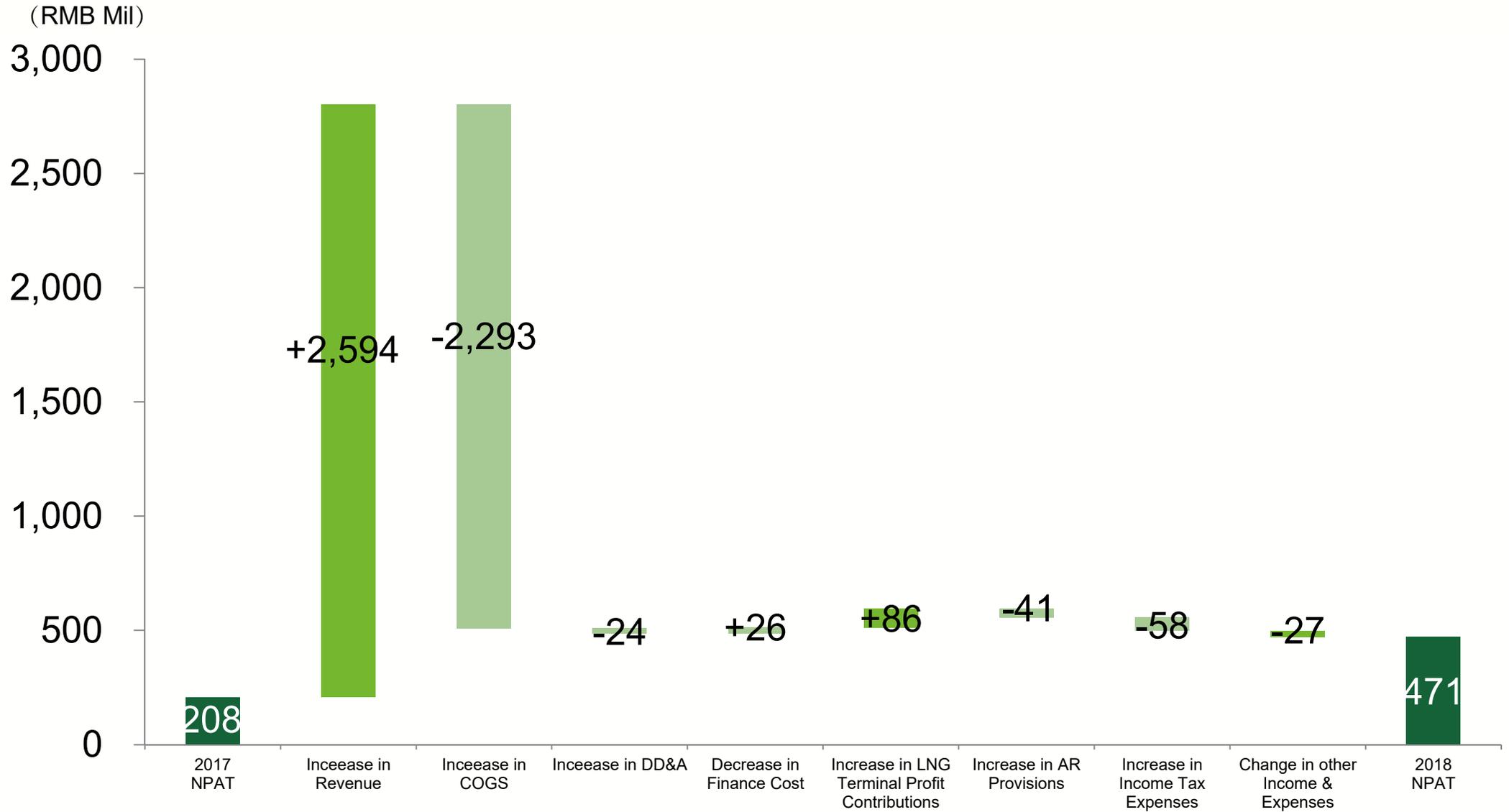
(RMB Mil)



### Note

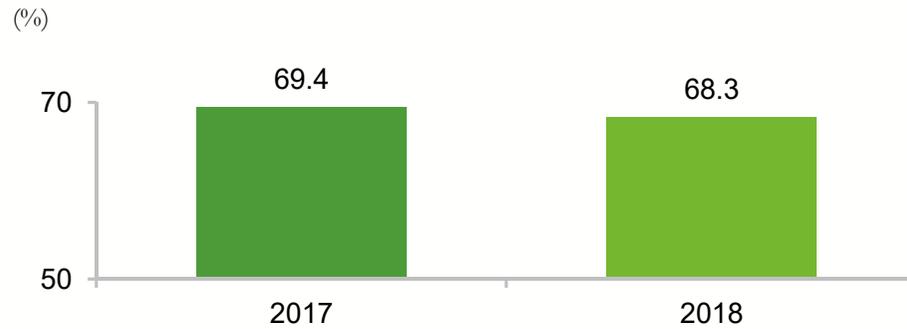
1. Including other revenue, but excluding share of profit from associates

# Natural Gas Segment NPAT Analysis

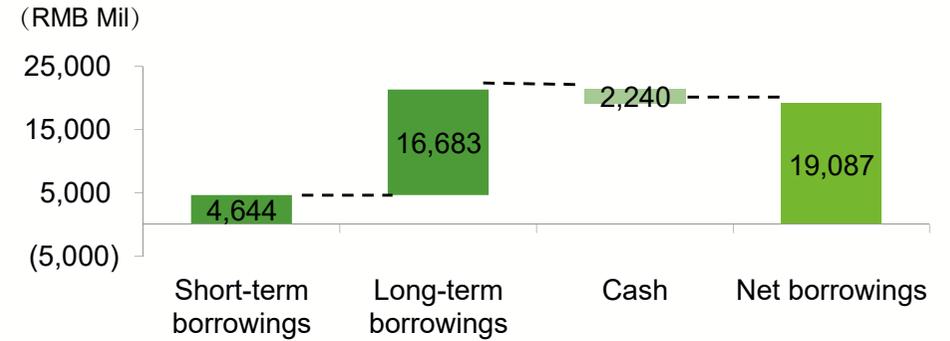


# Capital Structure

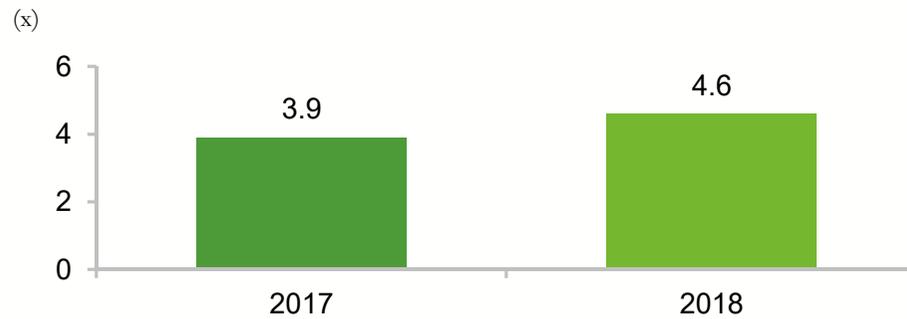
## Total Liabilities / Total Assets



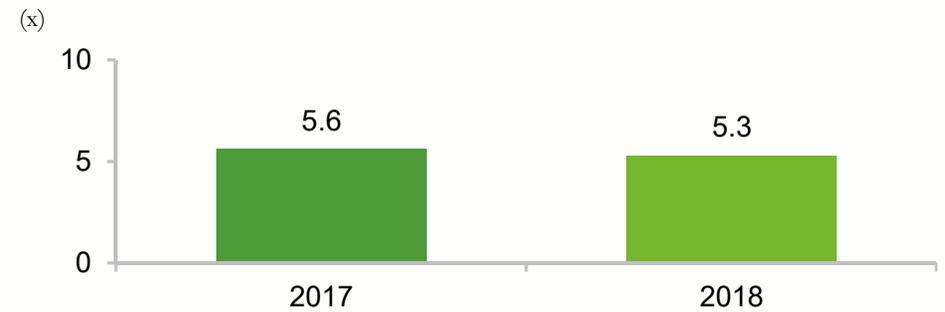
## 2018 Net Borrowing Breakdown



## Interest Coverage (EBITDA/Finance Cost)



## Net Debts/EBITDA





## 4. Business Outlook

# 2019 Business Outlook

1

## Prospect for the wind power business

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

- Continue to step up the development of new energy business, actively seize resources, focus on Yan'an, Xinjiang, Tibet and other places with distribution network for supporting base projects and the economy of scale.
- Utilize the comprehensive management and control of projects, link upstream and downstream, adjust the infrastructure work flow, promote project construction in a planned and step-by-step manner to ensure the safety, quality, progress and investment in construction projects are under control, and promote all key projects to be put into operation on schedule.
- Continue to consolidate the basic management of safe production, deepen the construction of the “dual control” system for safe production, further improve the construction of the “dual control” system, provide guidance and basis for the construction of the “dual control” system for new investment projects, and fully complete our safe production targets.
- Strengthen the construction of informatization to adapt to the business development management requirements of the Group, explore a development model based on our own research and development, combine production, study and research, strengthen the research and development of wind turbine technology, and create an “ecological chain” for the after-market serving wind power.

# 2019 Business Outlook (Con't)

2

## Prospects for the natural gas business

At present, the natural gas industry is under rapid development. With the gradual production of cross country pipelines, the probability of resource supply has turned from tight to loose. Based on the actual supply of resources, the Group will make overall plans to promote the orderly utilization of resources, and strive to build a natural gas production, supply and marketing system with diversified resource channels, perfect pipe network layout, gas storage and peaking matching, reasonable gas structure and safe and reliable operation.

- Further to securing the existing market, the Group will deeply grasp its own advantages and the key trend of the natural gas industry, strengthen further our competitive awareness, expand the market share and scope, open up the natural gas downstream industrial chain, and actively develop the natural gas terminal market.
- More efforts will be put in guaranteeing both the quality and quantity, while keeping of various key projects an eye on the progress of key long distance pipeline projects such as pipework for ten counties in central Hebei Province (Phase III), Beijing-Handan dual line, Guantao station connection line of Beijing-Handan pipeline-E-An-Cang and Zhuozhou-Yongqing pipeline, to ensure that all projects can be completed as soon as possible.

# 2019 Business Outlook (Con't)

3

## Innovative financing means

In 2019, the Group will continue to put more efforts on the widening of channels for financing and innovative financing means and obtain greater amount of capital at low cost for projects from various aspects.

- Continuously deepening communications with various financial institutions, continuously paying attention to changes of various policies, keeping abreast of market development, preparing for overall capital arrangement, reasonably planning for taking up of matured bonds, strengthening control of cash flow and liabilities, and maintaining a reasonable capital structure, ensuring the steady development of the Group.
- Further expanding financing channels, timely adopting measures such as renewable energy subsidy asset securitization, financial leasing, insurance funds, and innovative financing products promoted by domestic and foreign financial institutions to meet with the funding needs of the Group in the future.



## **5. Q&A**

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