



華潤燃氣控股有限公司  
China Resources Gas Group Limited

(於百慕達註冊成立之有限公司)  
(Incorporated in Bermuda with limited liability)

股份代號 stock code : 1193

# 2017 Final Results Presentation

Bench-marking &  
Growth

學標杆 促發展





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# Results Highlights



	2016	2017	Growth Rate
Gas sales volume (million m <sup>3</sup> )	16,272	19,667	20.9%
Number of customers (million)	26.49	30.81	16.3%
Turnover (HK\$ million)	32,916	39,838	21.0%
Profit for the year (HK\$ million)	4,438	4,911	10.7%
Profit attributable to shareholders (HK\$ million)	3,289	3,654	11.1%
Net cash from operating activities (HK\$ million)	7,365	7,796	5.9%
Proposed final dividend per share (HK\$ cents)	30	40	33.3%

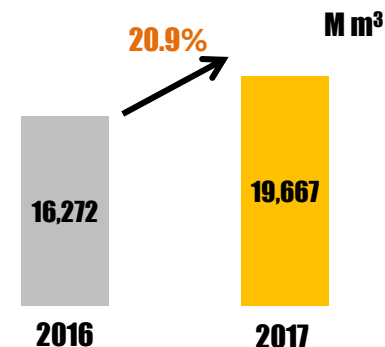
## Gas sales volume, number of customers and turnover achieved a high growth rate

### Gas sales

**19,667 M m<sup>3</sup>**

Gas sales volume reached **19,667 M m<sup>3</sup>**, an increase of **20.9%**, higher than the nation's average of **15.3%**:

- Industrial gas sales volume growth: **30.1%** ;
- Commercial gas sales volume growth: **23.8%** ;
- Residential gas sales volume growth: **10.5%**

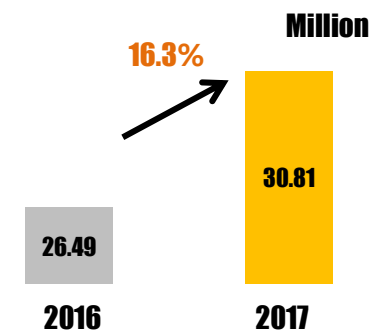


### Customer

**30.81M**

Accumulated number of customers reached **30.81 million**, an increase of **4.32 million** new customers:

- Residential: **3 million** ;
- Industrial and Commercial: **50,000** ;
- Acquired from Qingdao: **1.27 million**

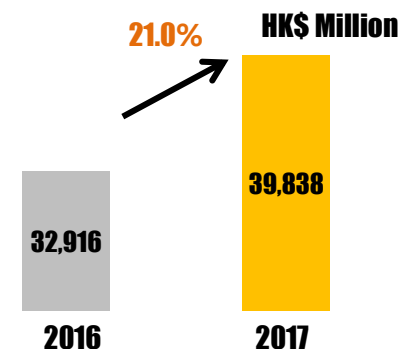


### Turnover

**HK\$39,838M**

Turnover growth was **21.0%** to **HK\$39,838 million**:

- Gas sales growth: **21.8%** ;
- Connection fee growth: **20.0%**



# Sustainable Earning & Return Growth

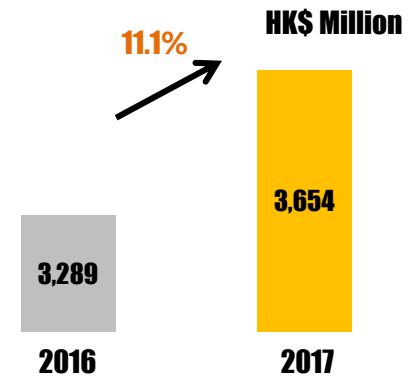


Profit attributable to shareholders reached HK\$3,654 million, an increase of 11.1%; proposed dividend per share for the year is HK\$0.55, an increase of 22.2%

## Net Profit

**HK\$3,654M**

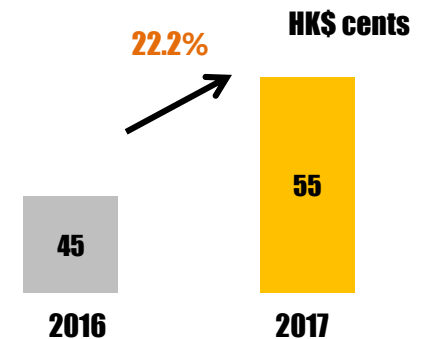
- Profit attributable to shareholders amounted to **HK\$3,654 million**, an increase of **11.1%**;
- Earnings per share was **HK\$1.68**, an increase of **11.3%**



## Dividend

**HK\$55cents**

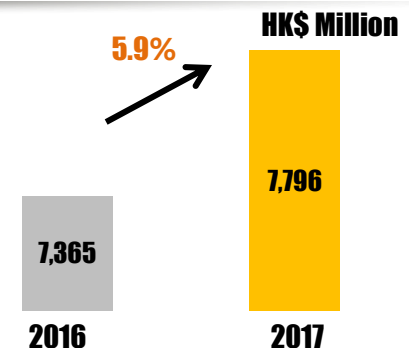
- Proposed final dividend per share is **HK\$40cents**, total dividend per share of **HK\$55cents** for **2017** (**HK\$45cents** for **2016**), an increase of **22.2%** ;
- Dividend payout: **33%**



## Cash flow

**HK\$7,796M**

- Net cash from operating activities amounted to **HK\$7,796 million**, an increase of **5.9%**



# Credit Rating Upgrade



As a result of the continuous financial improvement, Moody's upgraded CR Gas credit rating from Baa1 to A3 in 2018

Upgrade

**A3**

- In **February 2018, Moody's** upgrade CR Gas credit rating from **Baa1** to **A3**, the highest rating Moody's granted to the Chinese city gas operators
- Moody's affirmed CR Gas focused city gas business strategies and the outstanding financial performance
- Credit rating upgrade will further enhance CR Gas financing capacity for future development and expansion

MOODY'S

Stable

**Baa1 → A3**



Positive

**BBB+**

FitchRatings

Stable

**BBB+**

CR Gas continued to optimize its business mix in 2017 by increasing the proportion of gas sales revenue as well as the commercial and industrial gas sales volume

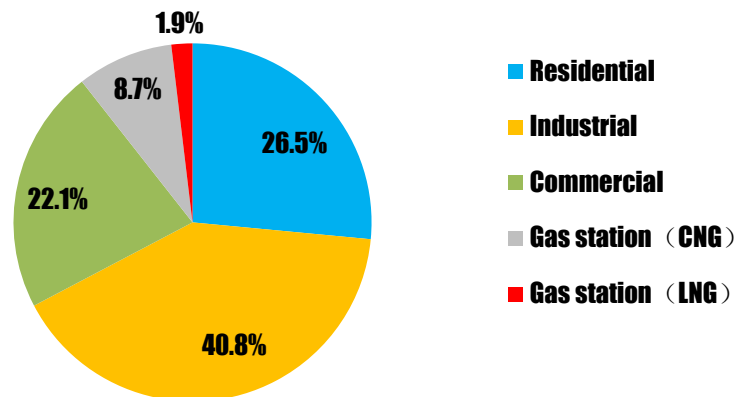
## Increase in Gas Sales Revenue Proportion

Recurring gas sales revenue increase from **72.5%** to **73.0%** of the total revenue

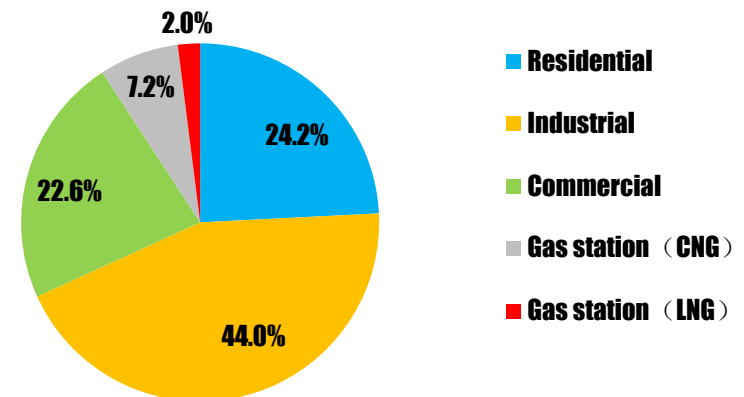
## Optimization in Gas Sales Volume Mix

Growth in the commercial and industrial gas sales volume, industrial gas volume proportion increased from **40.8%** to **44.0%**, commercial gas volume proportion increased from **22.1%** to **22.6%**, further enhanced the quality of the gas sales volume mix

2016



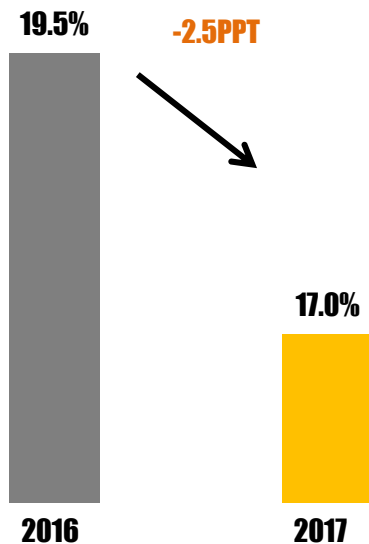
2017



CR Gas further enforced the cost control and operation efficiency in 2017, total expenses as a percentage of revenue reduced by 2.5 percentage point

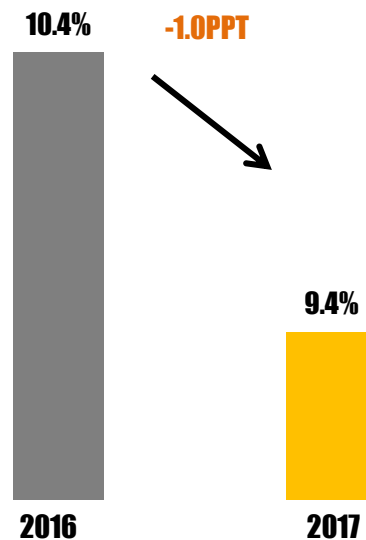
## Total Costs ↓

Total expenses as a percentage of revenue (selling & distribution + administrative + finance) dropped from **19.5%** to **17.0%**, reduced **2.5PPT**



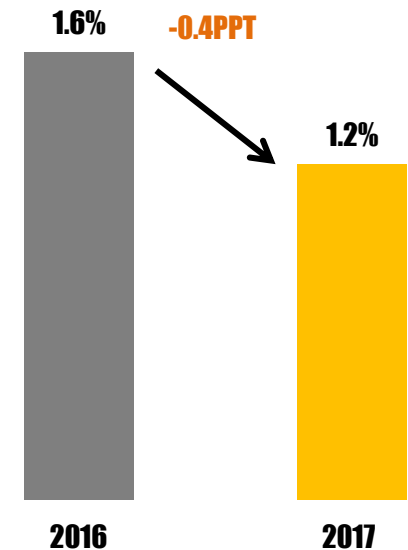
## S&D Expenses ↓

Selling & distribution expenses as a percentage of revenue dropped from **10.4%** to **9.4%**, reduced **1.0PPT**



## Finance Costs ↓

Finance costs reduced **HK\$59 million**, as a percentage of revenue dropped from **1.6%** to **1.2%**, reduced **0.4PPT**







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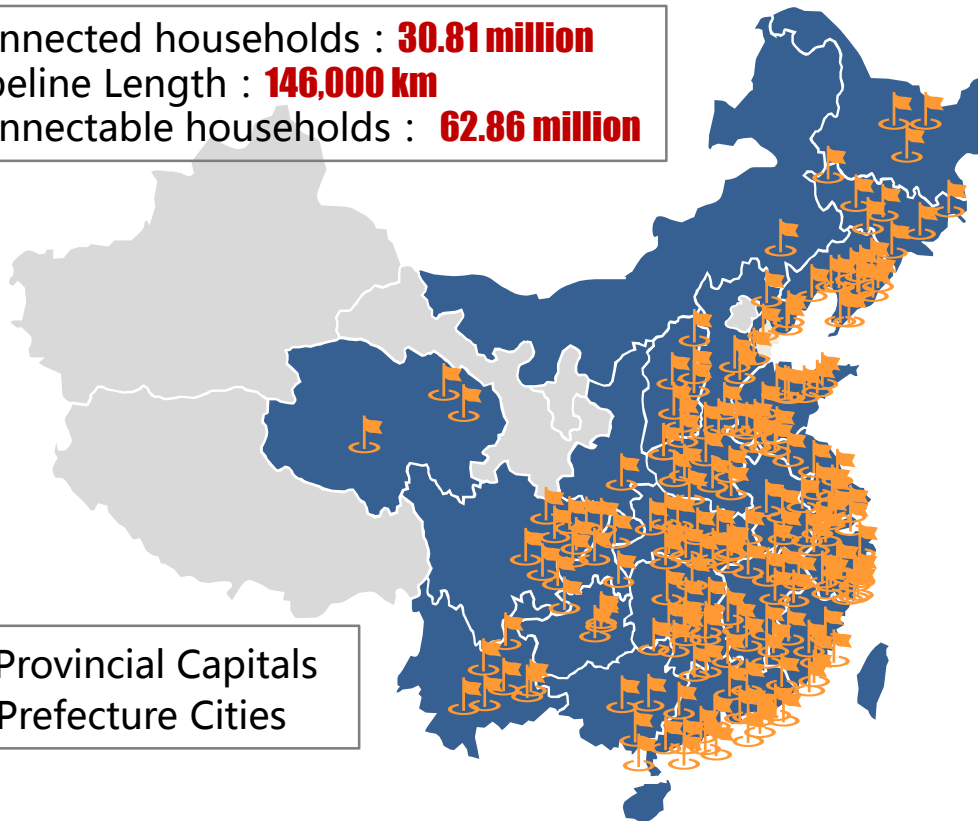
# Superior Location, Sustainable Growth



CR Gas is servicing more than 30 million customers in fast economic developing regions in PRC, it will continue to drive the company's growth and create stable and sustainable return to our shareholders

## CR Gas Projects: 238

Connected households : **30.81 million**  
Pipeline Length : **146,000 km**  
Connectable households : **62.86 million**



**14** Provincial Capitals  
**73** Prefecture Cities

### Focus on PRC City Gas Investment

- Strategic located in those fast economic developing regions, such as Beijing-Tianjin-Hebei; Yangtze River Delta; Sichuan-Chongqing and Pearl River Delta Bay area;
- CR Gas is the largest city gas operator in terms of connected and connectable households
- Leverage on its superior location and the rapid urbanization, CR Gas will actively extend its footprint from the existing coverage

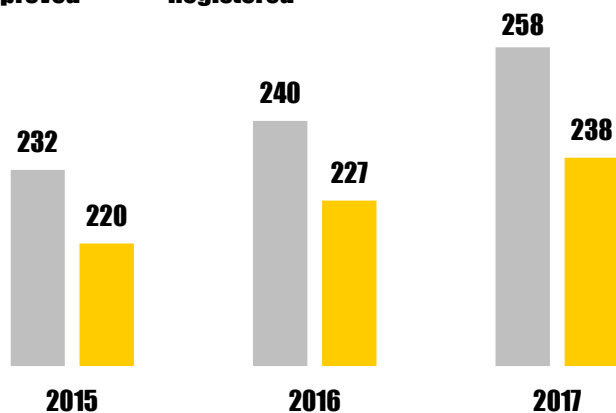
# New Investment in 2017



In 2017, 36 new projects were set up or approved, total investment was HK\$1,719 million

## Total gas projects

■ Approved ■ Registered



➤ In 2017, **36** new projects were set up or approved, total investment was **HK\$1,719 million**

➤ **18** projects have been set up with investment of **HK\$856 million**. Another **18** projects have been approved by the board with proposed investment of **HK\$863 million**

## Major new projects in 2017

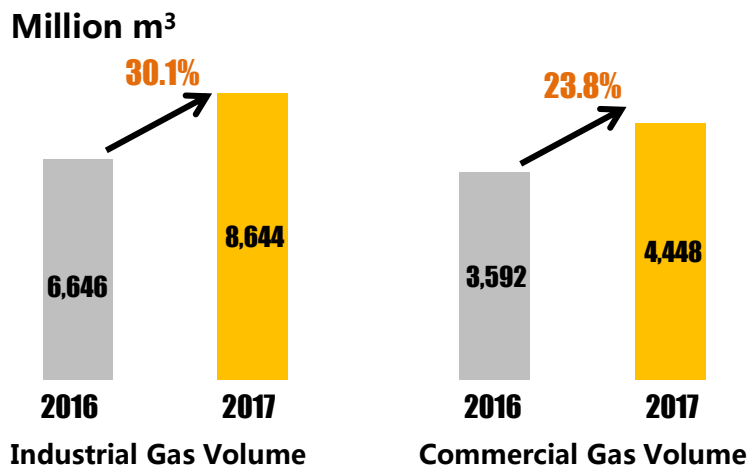
	Project	Location	
1	成都东景燃气有限责任公司	成都市	四川
2	开远华润燃气有限公司	开远县	云南
3	定远华润川油燃气有限公司	定远县	安徽
4	华润普星电动汽车服务有限公司	杭州市	浙江
5	重庆石油天然气交易中心有限公司	重庆市	重庆
6	永嘉县管道燃气经营有限公司	永嘉县	浙江
7	浦城华润燃气有限公司	浦城县	福建
8	大连华润燃气有限公司	大连市	辽宁
9	敦化华润燃气有限公司	敦化市	吉林
10	独山华润燃气有限公司	独山县	贵州
11	重庆华润凯源燃气有限公司	云阳县	重庆

Coal-to-gas conversion will drive the growth on gas consumption in both city and rural area, enhance overall organic growth

## Development on C&I

### Outcome :

- Leverage on the coal-to-gas policy, work with the environmental department on the replacement of coal-fired boilers, and promoting C&I "coal-to-gas" and "oil-to-gas" ;
- Newly "coal-to-gas" connected **23,000** C&I customers, an increase of **22%**, and growth in gas sales volume

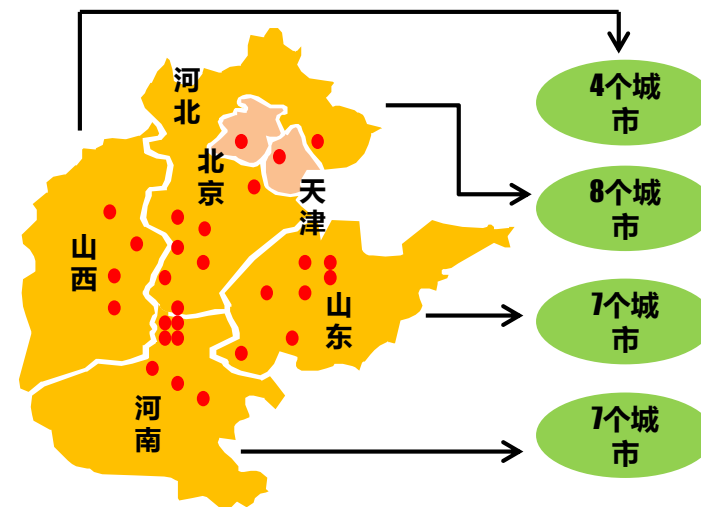


## Rural Coal-to-gas conversion

**Region :** "2+26" cities in **4 Provinces and 2 Municipalities** of the Beijing-Tianjin-Hebei area

**Coverage :** **19** project companies

**Connected :** **290,000** households in 2017



Startup in district energy projects, breakthrough in electric charging posts and electricity retailing, stable growth in gas appliances



## District Energy Projects

- Operated **12** projects, and **9** projects approved. Total investment is **HK\$2.22 billion** with total installed capacity of **95MW**. Annual addition of **250 million m<sup>3</sup>** upon full capacity



## Electric Charging Posts

- Hangzhou project is in operation with average daily charging level of 45,000 units, profit making since 1<sup>st</sup> year of operation
- Pilot project in Shantou on vessel gas market



## Electricity Retailing

- JV with CR Gas in Fujian province has been set up and license has been obtained
- There will be more co-operation in other province



## "PERCEN" Gas Appliance

- **485,000 units** of "PERCEN" gas appliance sold, **5.4%** increase, turnover was **HK\$780 million**, **95%** increase gross profit was **HK\$260 million**, **62%** increase





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# Financial Highlights (1)



As at	31 Dec 2017	31 Dec 2016	Increase/ (Decrease)
	HK\$' 000	HK\$' 000	
<b>Turnover</b>	39,837,597	32,916,149	21.0%
<b>Gross profit</b>	11,915,789	11,184,128	6.5%
<b>Profit from operation (before finance cost and share of JV &amp; associates results)</b>	6,305,062	5,955,007	5.9%
<b>Profit for the year</b>	4,910,867	4,437,808	10.7%
<b>Profit attributable to the equity holders</b>	3,653,994	3,289,399	11.1%
<b>Net cash from operating activities</b>	7,796,322	7,364,946	5.9%
<b>Basic EPS<sup>(1)</sup> ( HK\$ )</b>	1.68	1.51	11.3%
<b>Interim and proposed final dividend per share ( HK\$ cents )</b>	55	45	22.2%

Note: (1) Basic earnings per share is calculated based on weighted average number of issued shares, excluding restricted award shares held by trustee.

# Financial Highlights (2)



As at	31 Dec 2017	31 Dec 2016	Increase/ (Decrease)
	HK\$' 000	HK\$' 000	
<b>Total assets</b>	68,763,804	59,675,118	15.2%
<b>Bank balance and cash</b>	10,355,981	9,525,301	8.7%
<b>Total bank and note borrowings</b>	11,366,719	12,167,694	(6.6%)
<b>Net borrowings</b>	1,010,738	2,642,393	(61.7%)
<b>Equity attributable to the equity holders</b>	21,992,648	17,768,243	23.8%
<b>Non-controlling interests</b>	7,176,677	5,936,550	20.9%
<b>Total Equity</b>	29,169,325	23,704,793	23.1%



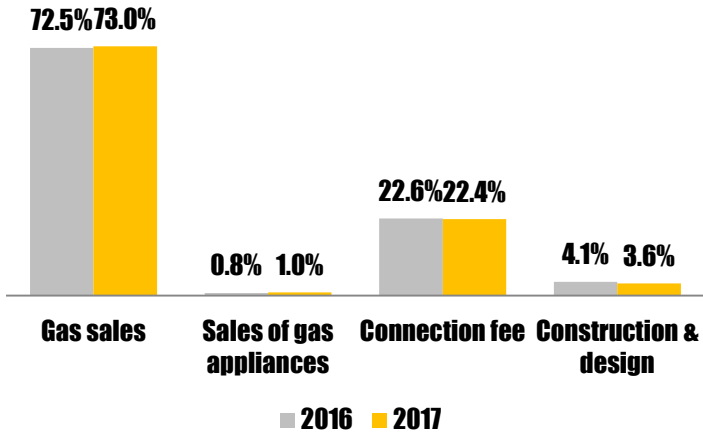
# Financial Highlights (3)



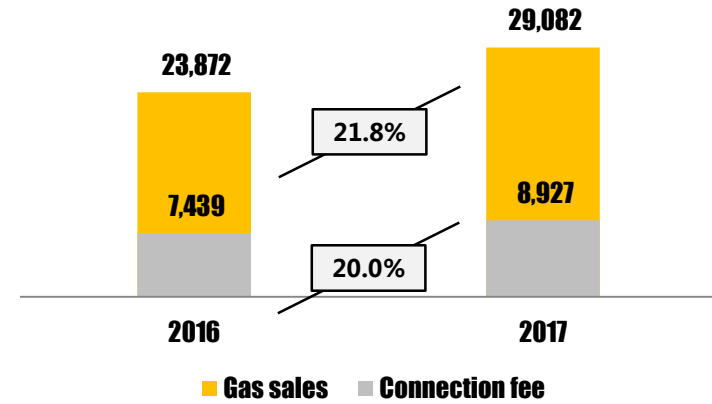
Financial Indicators	31 Dec 2017	31 Dec 2016	Increase/ (Decrease)
Gross profit margin	29.9%	34.0%	(4.1ppt)
Net profit margin	12.3%	13.5%	(1.2ppt)
Net profit margin attributable to the equity holders	9.2%	10.0%	(0.8ppt)
Current ratio	0.7x	0.8x	(0.1x)
Net debt to equity ratio <sup>(1)</sup>	4.6%	14.9%	(10.3ppt)
Debt to capital ratio <sup>(2)</sup>	28.0%	33.9%	(5.9ppt)
Debt to assets ratio <sup>(3)</sup>	16.5%	20.4%	(3.9ppt)
Return on weighted average equity	18.5%	18.5%	0ppt

- Notes :**
- ( 1 ) Net Debt/equity gearing ratio is the ratio of total bank and note borrowings to shareholders 'equity
  - ( 2 ) Debt/capitalization gearing ratio is the ratio of total bank and note borrowings to total bank borrowings and total equity
  - ( 3 ) Debt/asset gearing ratio is the ratio of total bank and note borrowings to total assets

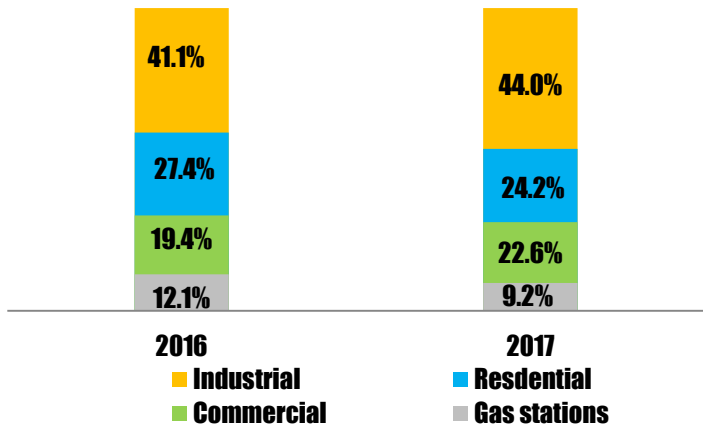
## Key Operating Segment



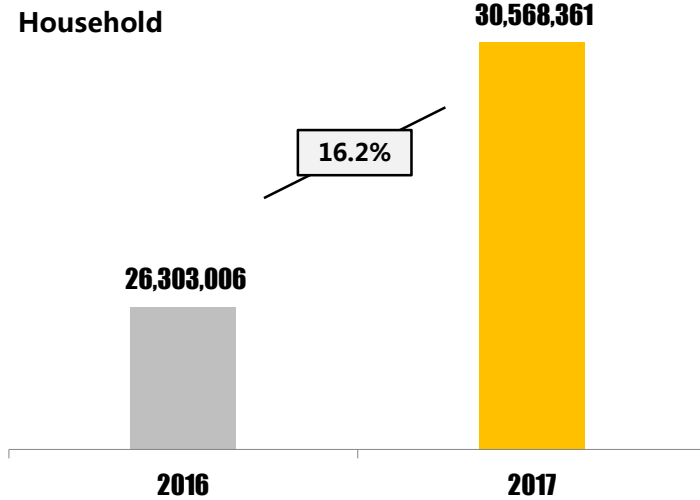
## Gas Sales and Connection



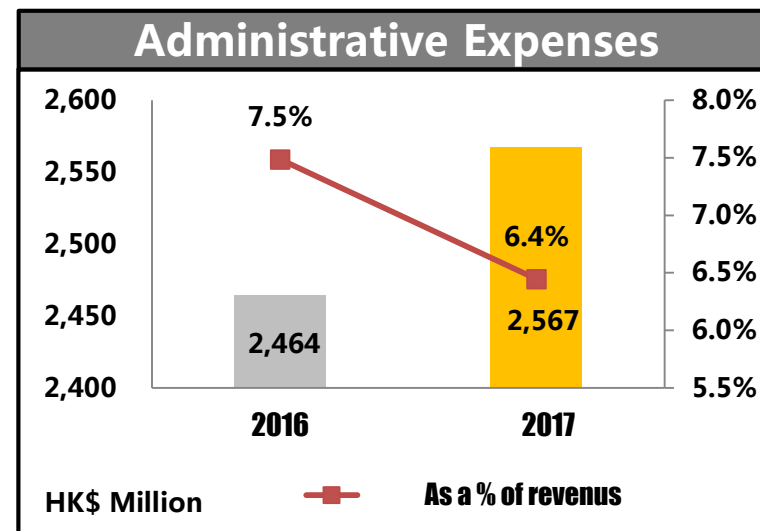
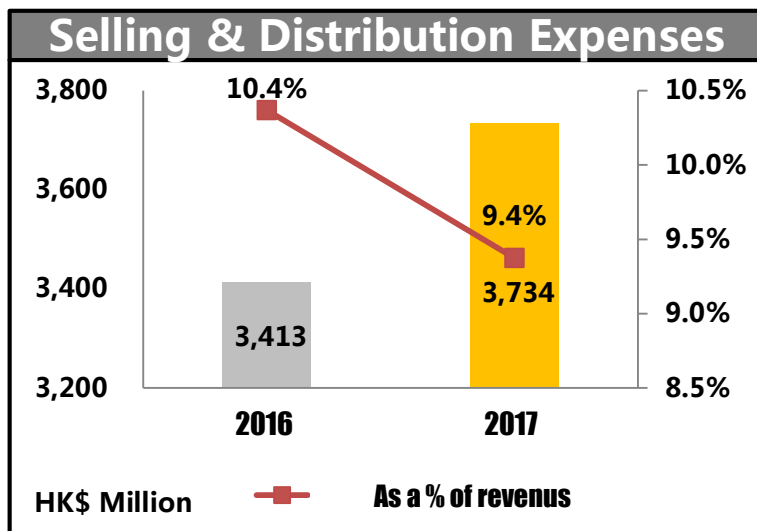
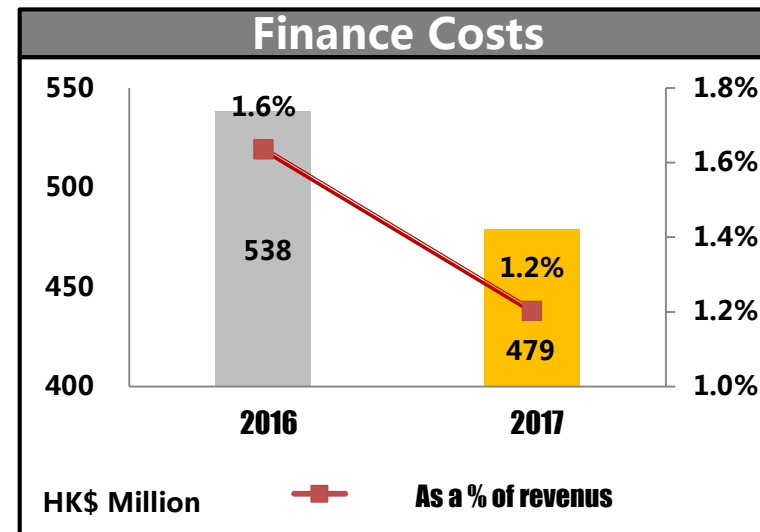
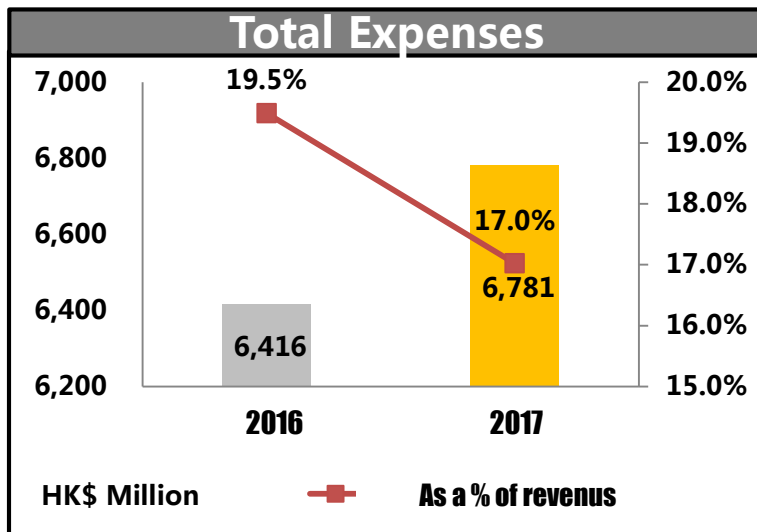
## Gas Sales Volume



## Residential Household

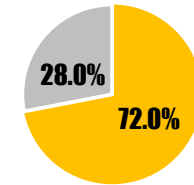


# Costs and Expenses



## Equity & Debt

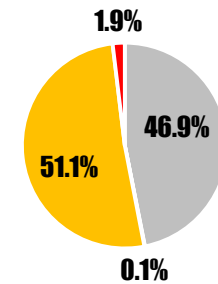
	HK\$' 000	%
Total equity	29,169,325	72.0%
Total bank and note borrowings	11,366,719	28.0%
Total capital	40,536,044	100.0%



■ Total Equity ■ Borrowings

## Long & Short Term Borrowings

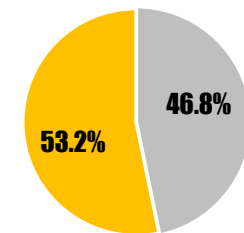
	HK\$' 000	%
Less than 1 year	5,327,669	46.9%
1-2 years	8,673	0.1%
2-5 years	5,813,552	51.1%
More than 5 years	216,825	1.9%
Total	11,366,719	100%



■ Less than 1 year ■ 1-2 years  
■ 2-5 years ■ More than 5 years

## Fixed & Floating Borrowings

	HK\$' 000	%
Floating rate	5,314,563	46.8%
Fixed rate	6,052,156	53.2%
Total	11,366,719	100.0%



■ Floating rate ■ Fixed rate

# 2017 Operational Highlights ( 1 )



	As at 31 Dec 2017	As at 31 Dec 2016	Change
<b>Number of projects</b>	238	227	11
<b>Connectable householders</b>	62,860,000	57,170,000	5,690,000
<b>Connectable population</b>	188,580,000	172,080,000	16,500,000
<b>Penetration rate of residential household</b>	48.4%	46.0%	2.4ppt
<b>Gross sales volume (million m<sup>3</sup>)</b>	19,667	16,272	20.9%
Residential	4,767	4,314	10.5%
Industrial	8,644	6,646	30.1%
Commercial	4,448	3,592	23.8%
CNG station	1,418	1,408	0.7%
LNG station	390	312	25.3%
<b>Average gas tariff / cost / gross margin (RMB per m<sup>3</sup>)</b>	2.62/2.04/0.58	2.55/1.84/0.71	0.07/0.20/(0.13)

# 2017 Operational Highlights ( 2 )



	As at 31 Dec 2017	As at 31 Dec 2016	Change
<b>Installed designed capacity for C&amp;I customers (m<sup>3</sup> per day) / Utilization rate %</b>	80,595,070 38.3%	78,586,300 35.7%	2,008,770 2.6%ppt
<b>Total Length of Pipeline (km)</b>	145,522	128,575	16,947
<b>Connected customers</b>	30,810,018	26,495,642	4,314,376
Residential	30,568,360	26,303,006	4,265,354
Industrial	15,224	11,293	3,931
Commercial	226,434	181,343	45,091
<b>Average residential connection fee (RMB)</b>	2,940	2,970	(30)
<b>Gross new households with paid connection fee</b>			
Total	2,996,077	2,694,200	301,877
Consolidated	2,078,327	1,778,172	300,155
<b>Gas station ( CNG/LNG/L-CNG )</b>	349 ( 227/79/43 )	335(221/73/41)	14(6/6/2)

## Disclaimer and Contact

This presentation and subsequent discussion may contain certain forward-looking statements, including statements regarding our intent, belief or current expectations with respect to China Resources Gas (CR Gas)'s businesses and operations, market conditions, results of operation and financial condition, capital adequacy, specific provisions and risk management practices. Readers are cautioned not to place undue reliance on these forward looking statements in relation to holding, purchasing or selling securities or other financial products or instruments. CR Gas does not undertake any obligation to publicly release the result of any revisions to these forward looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events. Past performance cannot be relied on as a guide for future performance.

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# 2017 Final Results Presentation

