



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

2016 Annual Results Presentation

March 2017 (0956.HK)



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Agenda

1. 2016 Annual Results Overview

2. Business Review

3. Financial Highlights

4. Outlook





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



1. Annual Results Overview

Operating environment for the wind power industry

Operating environment for the wind power industry in 2016

- According to the statistics of the National Energy Administration, the nationwide power consumption in 2016 amounted to 5,919.8 billion kW, representing an increase of 5.0% as compared with 2015; the newly increased installed capacity of wind power nationwide amounted to 19.30 million kW and the accumulated installed capacity connected to grid reached 149 million kW with average utilization hours of 1,742 hours, representing an increase of 14 hours as compared with 2015, and 49.7 billion kWh of wind power was curtailed in 2016, representing an increase of 15.8 billion kW as compared with 2015
- In 2016, the newly increased capacity of wind power connected to grid in Hebei Province amounted to 1.66 million kW and the accumulated capacity connected to grid amounted to 11.88 million kW; the annual power generated of wind power amounted to 21.9 billion kWh; the curtailment rate of wind power was 9%; the utilization hours amounted to 2,077 hours, representing an increase of 269 hours as compared with 2015
- In December 2016, the new energy benchmarking tariff policy was adjusted according to the “Notice on Adjusting the Tariff Price of On-grid Wind Power Benchmarking for Photovoltaic Power Generation” (《關於調整光伏發電陸上風電標杆上網電價的通知》) issued by the NDRC. The Notice stipulates that the new benchmark on-grid tariff of onshore wind power of class I, II, III and IV resources areas in 2018 will be RMB 0.40, 0.45, 0.49 and 0.57/kW (tax inclusive) respectively and the new benchmark on-grid tariff of photovoltaic power of class I, II and III resources areas in 2017 will be RMB 0.65, 0.75 and 0.85/kW (tax inclusive) respectively
- By 2020, the accumulated wind power grid installed capacity should reach a level of more than 210 million kW, of which, offshore wind power grid installed capacity will be more than 5 million kW; the annual power generated of wind power should reach 420 billion kW, representing approximately 6% of the total amount of national power output; the issue of wind curtailment will be effectively solved and the “Three North” regions can meet the requirements of minimum annual utilization hour of protective buyout
- In October 2016, “13th Five-Year Plan on Development for Renewable Energy Development in Hebei Province” (《河北省可再生能源發展「十三五」規劃》) was issued by the Development and Reform Commission in Hebei. According to the Plan, by 2020, renewable energy will consume a total of approximately 23 million tonnes of contracted coal, doubling the 3.2% of total energy consumption in 2015 to 7%



Operating environment for the natural gas industry

Operating environment for the natural gas industry in 2016

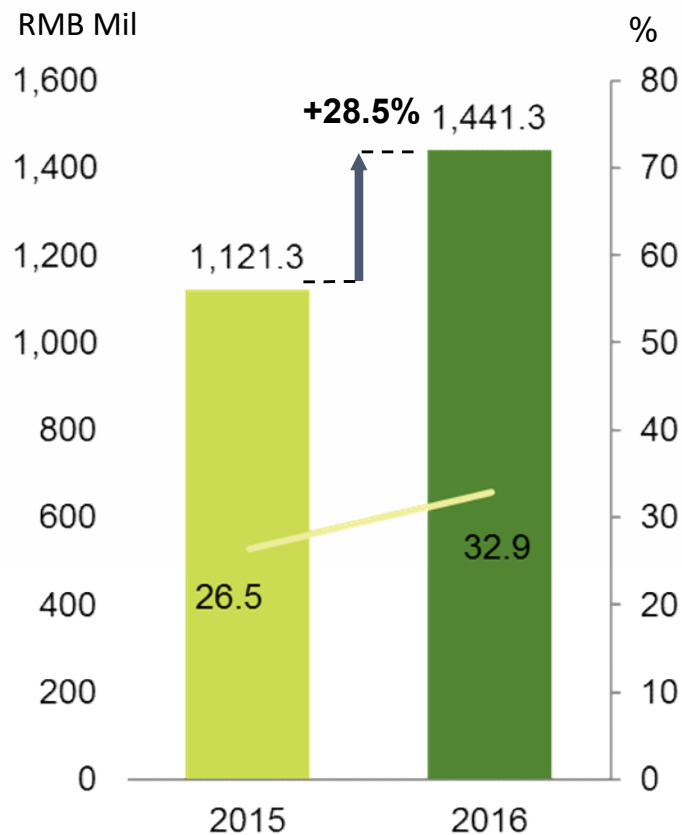
- In 2016, as affected by the slowdown in GNP growth and the decrease in gas price competitiveness, the growth in demand for natural gas was not adequate and the national natural gas market entered into an adjustment period with the demand growth rate slowed to single digit for three consecutive years. In 2016, the production capacity of natural gas in China amounted to 137.1 billion cubic meters, representing an increase of 1.5% as compared with 2015; the import of natural gas amounted to 72.1 billion cubic meters, representing an increase of 17.4% as compared with 2015; the consumption of natural gas amounted to 205.8 billion cubic meters, representing an increase of 6.6% as compared with 2015
- In 2016, the NDRC successively issued a series of policies, such as the “Notice on the strengthening of local natural gas transmission and distribution price regulation for cost reduction of gas business” (《關於加強地方天然氣輸配價格監管降低企業用氣成本的通知》), the “Administrative Measures for the Price of Natural Gas Pipeline Transportation (Trial)” (《天然氣管道運輸價格管理辦法(試行)》), the “Administrative Measures for the Supervision of Costs of Natural Gas Pipeline Transportation (Trial)” (《天然氣管道運輸定價成本監審辦法(試行)》), the “Notice on the relevant price policy for clear storage facilities” (《關於明確儲氣設施相關價格政策的通知》) and the “Notice on Making Public Information on Open and Related Information of Oil and Gas Pipeline Network Facilities” (《關於做好油氣管網設施開放相關信息公開工作的通知》), which is expected to provide a basis for a comprehensive reform for oil and gas
- In December 2016, the National Energy Administration issued the “Opinions on accelerating the use of natural gas (Draft Version)” (《關於加快推進天然氣利用的意見(徵求意見稿)》)(the “Opinions”), which suggested the speeding up of large-scale scientific and efficient use of natural gas in the four major areas, namely town gas, industrial fuel, gas power generation and traffic fuel, and coordinated development in the upstream, midstream and downstream segments of the industry, so as to gradually make natural gas the main source of energy of China’s modern energy system, to orderly support Chongqing, Jiangsu, Shanghai, Hebei and other provinces and cities to carry out natural gas system reform through pilot promotion and demonstration.
- On January 2017, “13th Five-Year Plan on Development for Natural Gas Development in Hebei Province” (《河北省天然氣發展「十三五」規劃》) was issued by the Development and Reform Commission in Hebei. According to the plan, the total length of the main pipeline and the pipeline branch with the province will reach 8,087.6 km, and the consumption volume of the natural gas will reach 27.0 billion cubic meters, accounting for more than 10% of the total one-off energy consumption volume.



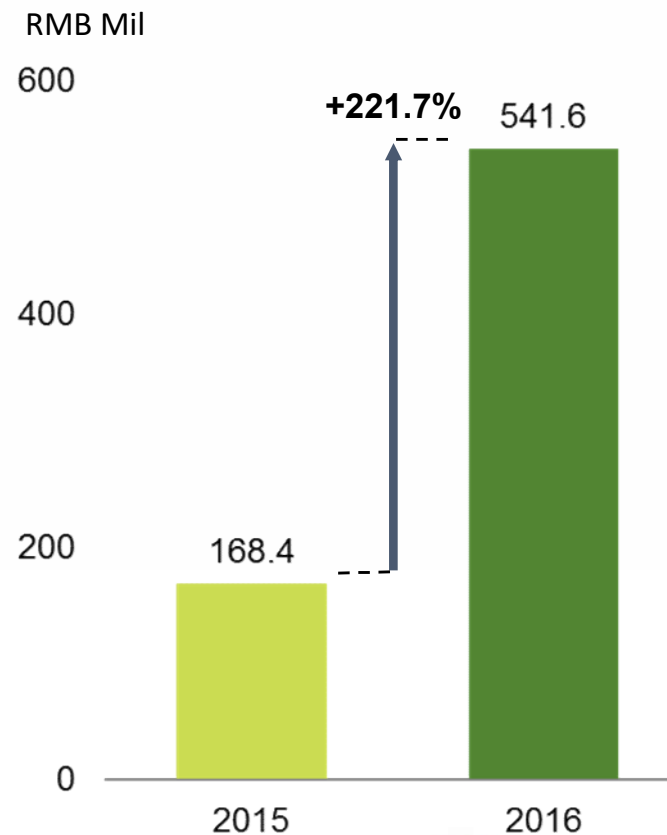
Results highlight

- The Group's Gross Profit in 2016 was RMB1.44bn, up 28.5% yoy; Gross Profit margin was 32.9%, up 6.4 pts
- Profit attributable to owners of the Company was RMB542mil, up 221.7%

Gross Profit and Gross Profit Margin



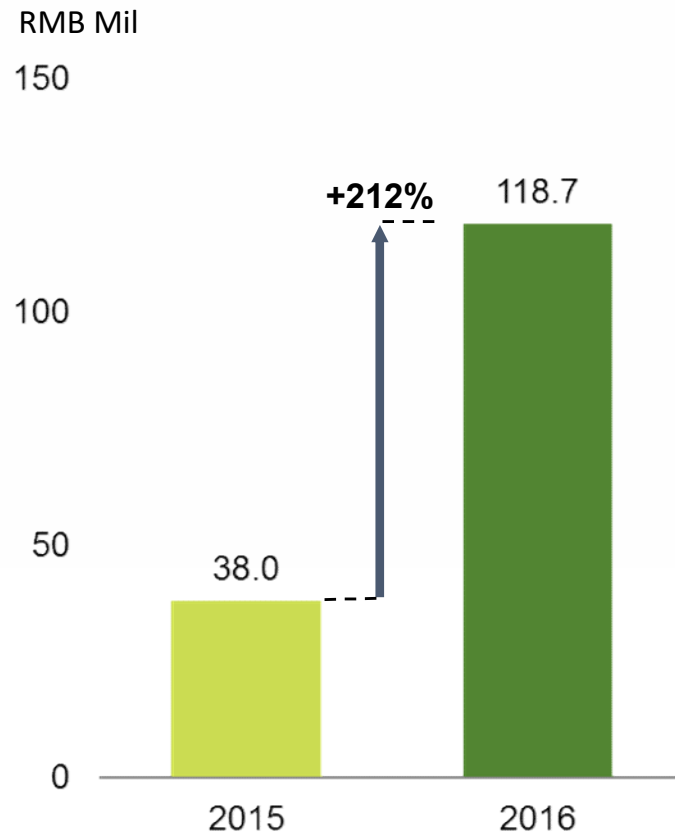
Profit attributable to owners of the Company



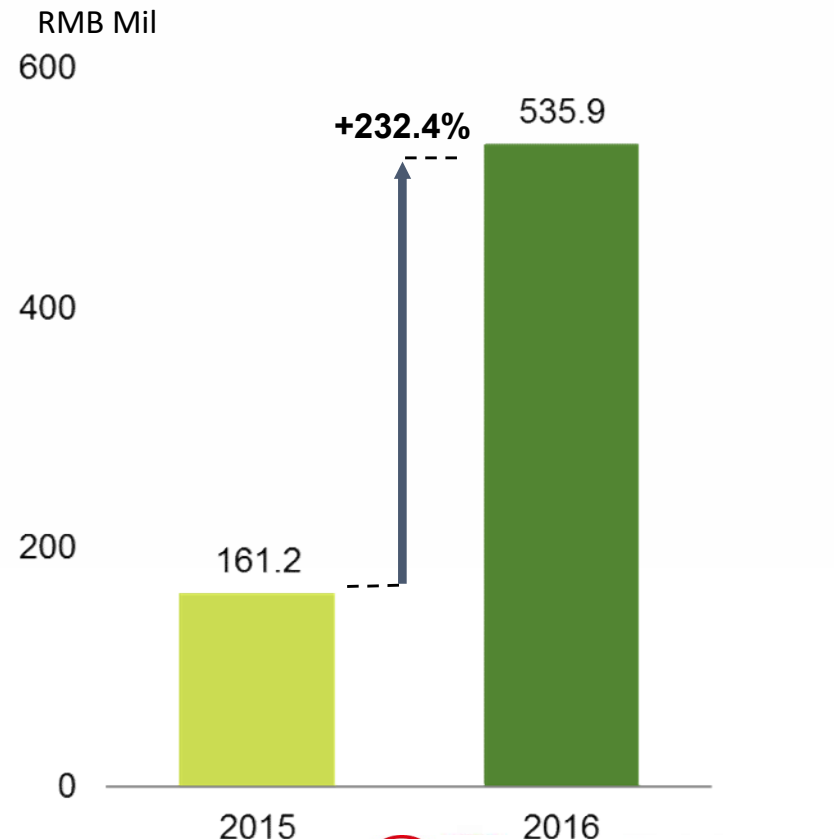
Results highlight

- Net Profit After Tax of Natural Gas Segment was RMB119mil, up 212% yoy
- Net Profit After Tax of Wind and Solar Energy Segment was RMB536mil, up 232.4% yoy

Net Profit After Tax of Natural Gas Segment



Net Profit After Tax of Wind and Solar Energy Segment



2016 Operating Data Overview

Wind Power

- Consolidated Gross Power Generation increased by 45.05% to 45085 GWh; curtailment rate was 6.59%, down 1.83ppts yoy
- Utilization hours in increased by 308 hours to 2,195; availability factor was 97.88%, up 2.63ppts yoy
- Consolidated installed capacity of the wind farms was 2,796.15MW as at end of 2016, an increase of 702.55 MW yoy; projects under construction has a total capacity of 721 MW
- Added 956.5 MW of newly approved capacity; the accumulative approved uncommenced project capacity reach 2,260.5 MW



Natural Gas

- Gas sales volume in 2016 was 1.111 bcm, down 1.4% yoy
- The Group added 210.3 km of natural gas pipelines in 2016; as at the end of 2016, total length of natural gas pipelines in operation reached 2,183.7 km, including 745.3 km of long distance transmission pipeline and 1,438.4 km of city gas pipeline
- Developed 8 CNG/LNG projects in 2016, among which 1 combine station finished construction and commenced operation, and the other 7 finished construction



Other Renewable Energy

- Newly added 14 MW installed capacity in photovoltaic power stations in Hebei Lulong Shimen and in Liaoning Zhaoyang Nanshuangmiao, which have aggregate installed capacity of 30 MW and both of them have been connected to the grid
- The newly approved capacity of photovoltaic projects amounted to 40 MW and the accumulative approved uncommenced project capacity was 139 MW





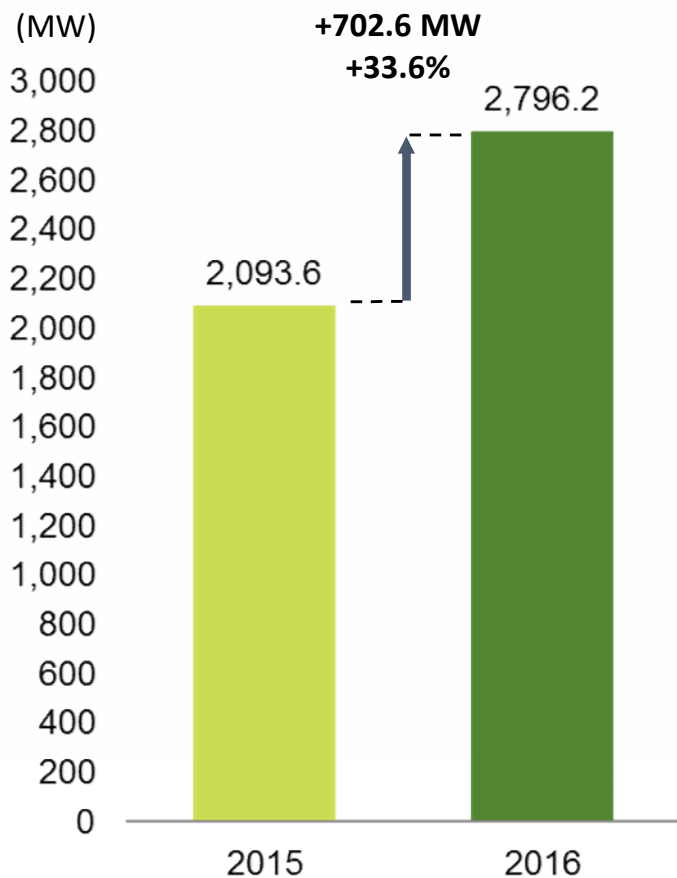
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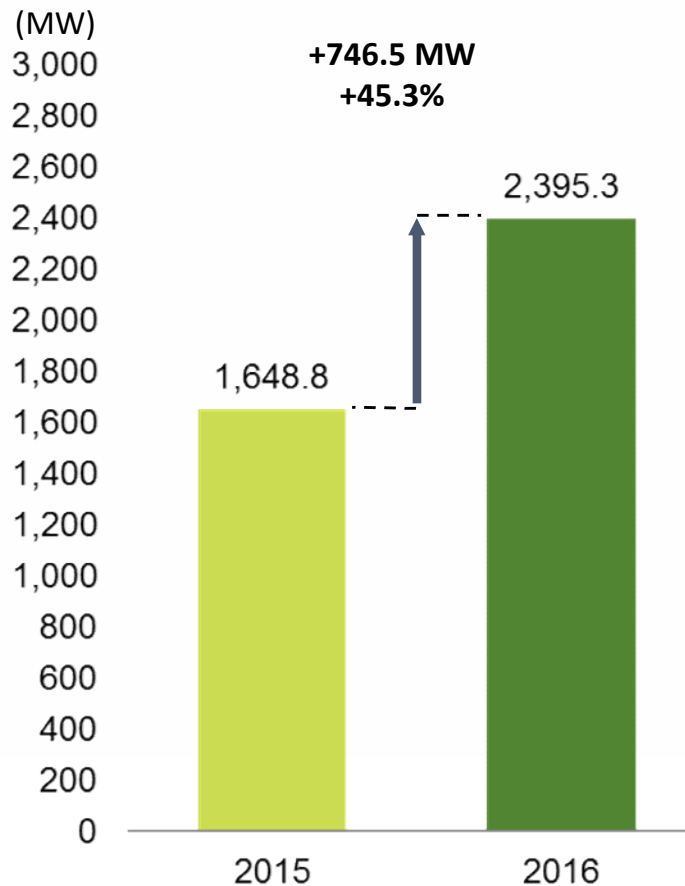
2. Business Review

Wind Power Segment Review

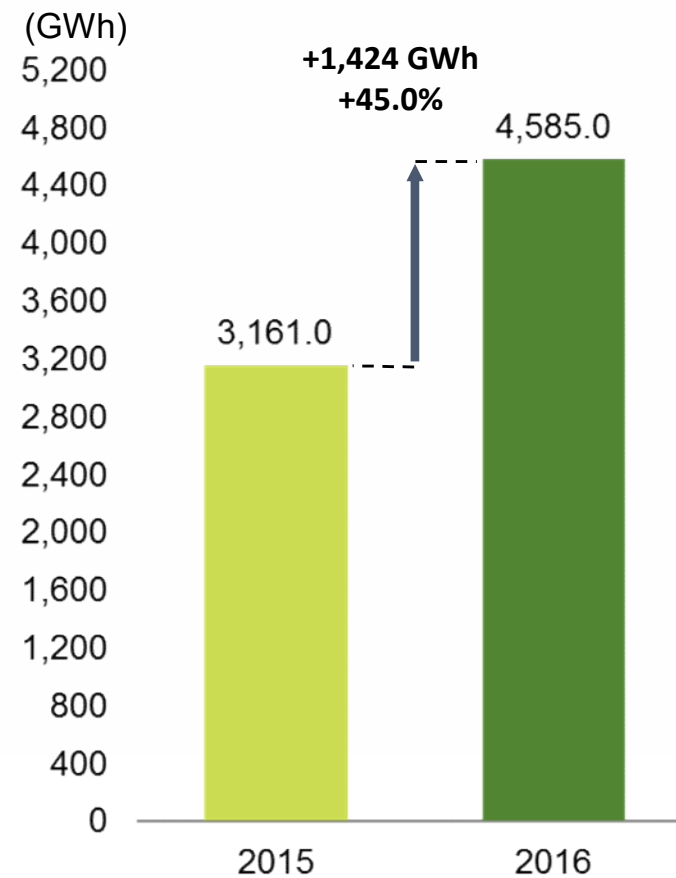
Consolidated Wind Power Installed Capacity



Commercially Operating Project Capacity

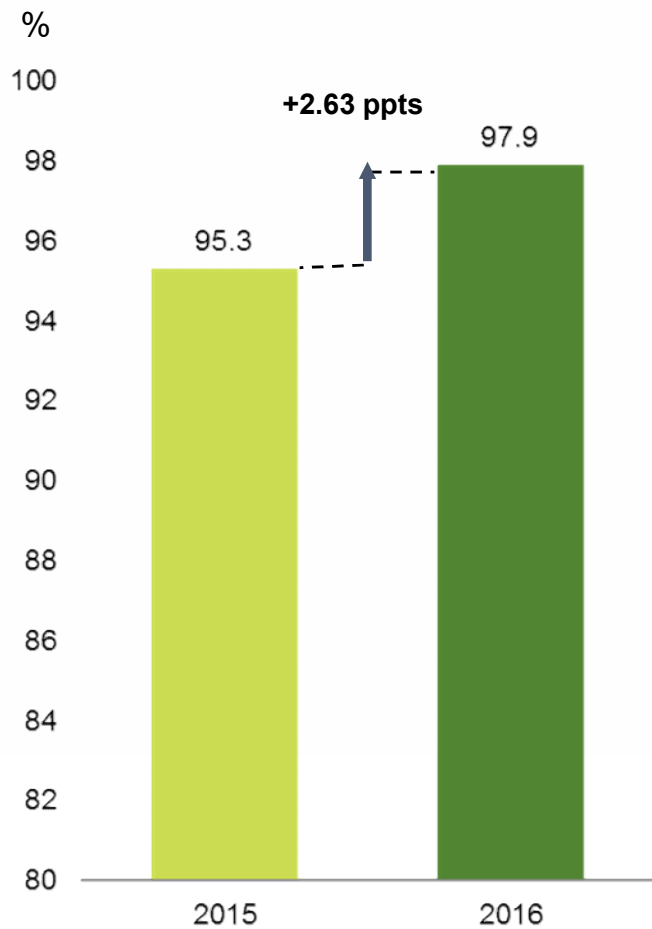


Consolidated Gross Power Generation

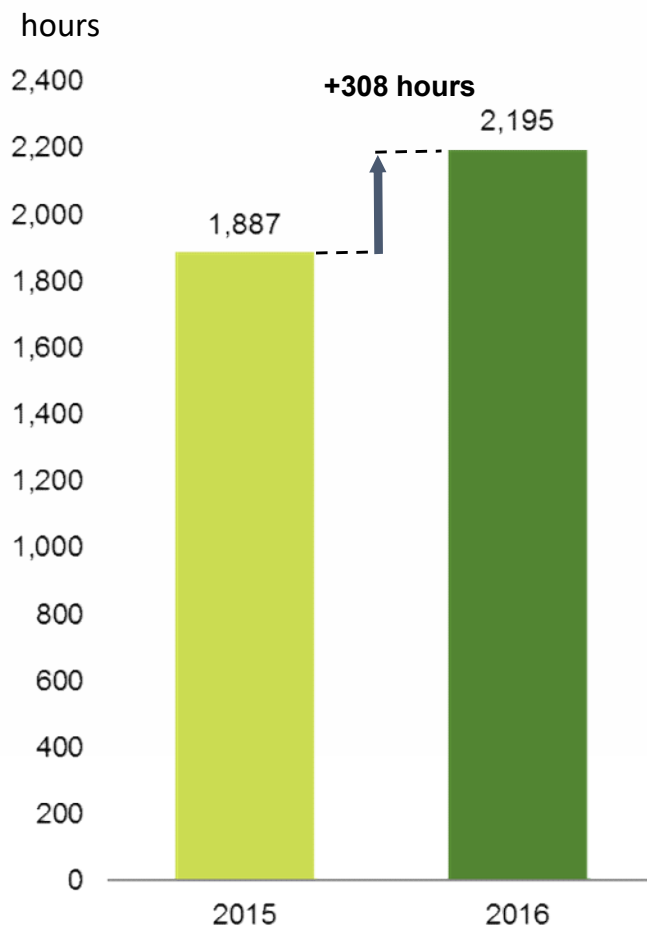


Wind Power Segment Review (Con't)

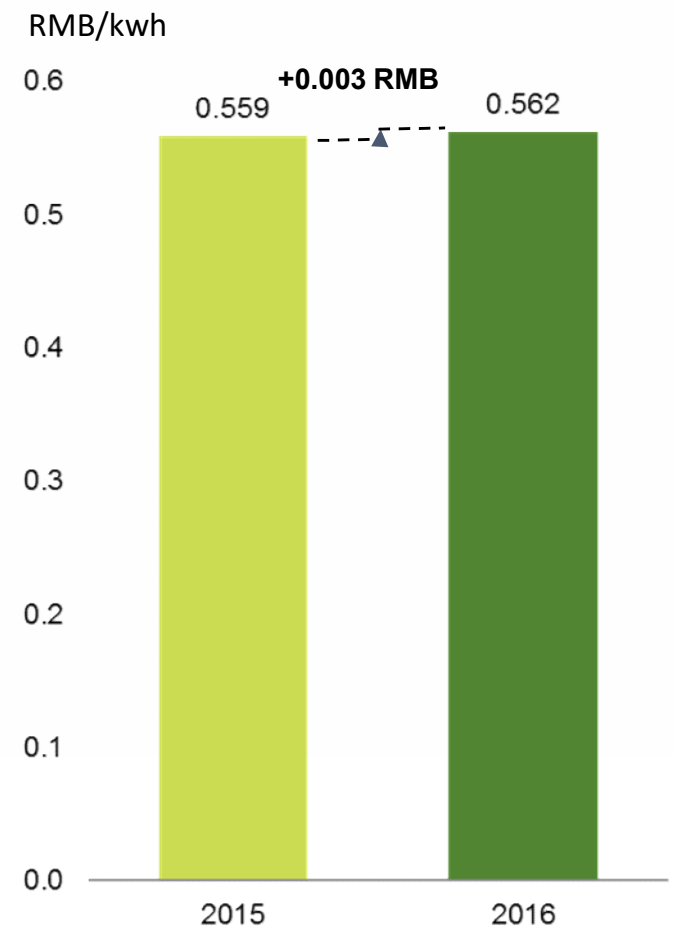
Availability Factor ⁽¹⁾



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

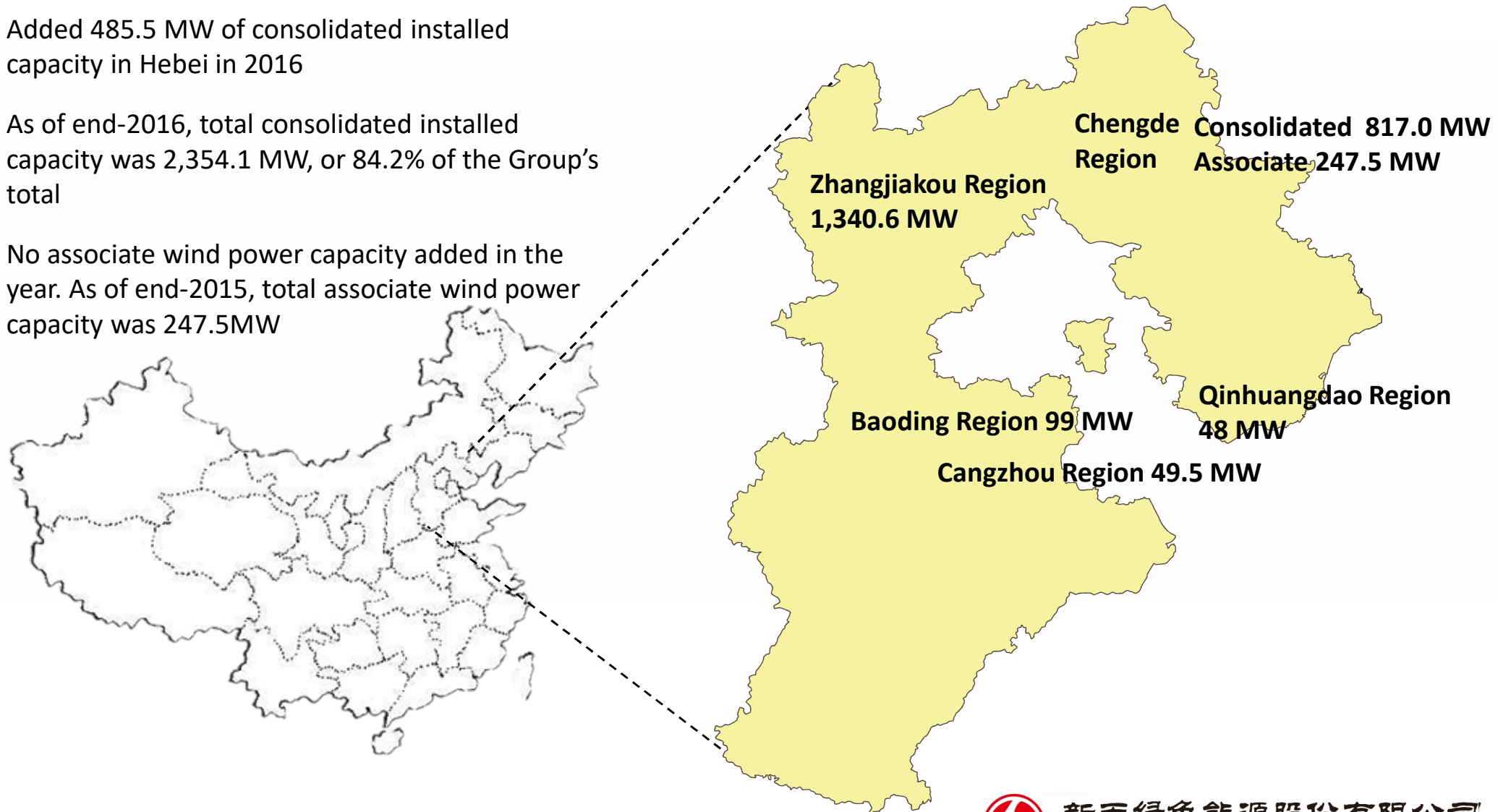


Wind Power Projects in Hebei

Wind Power Development in Hebei

- Added 485.5 MW of consolidated installed capacity in Hebei in 2016
- As of end-2016, total consolidated installed capacity was 2,354.1 MW, or 84.2% of the Group's total
- No associate wind power capacity added in the year. As of end-2015, total associate wind power capacity was 247.5MW

Distribution of Consolidated and Associate Installed Wind Power Capacity in Hebei

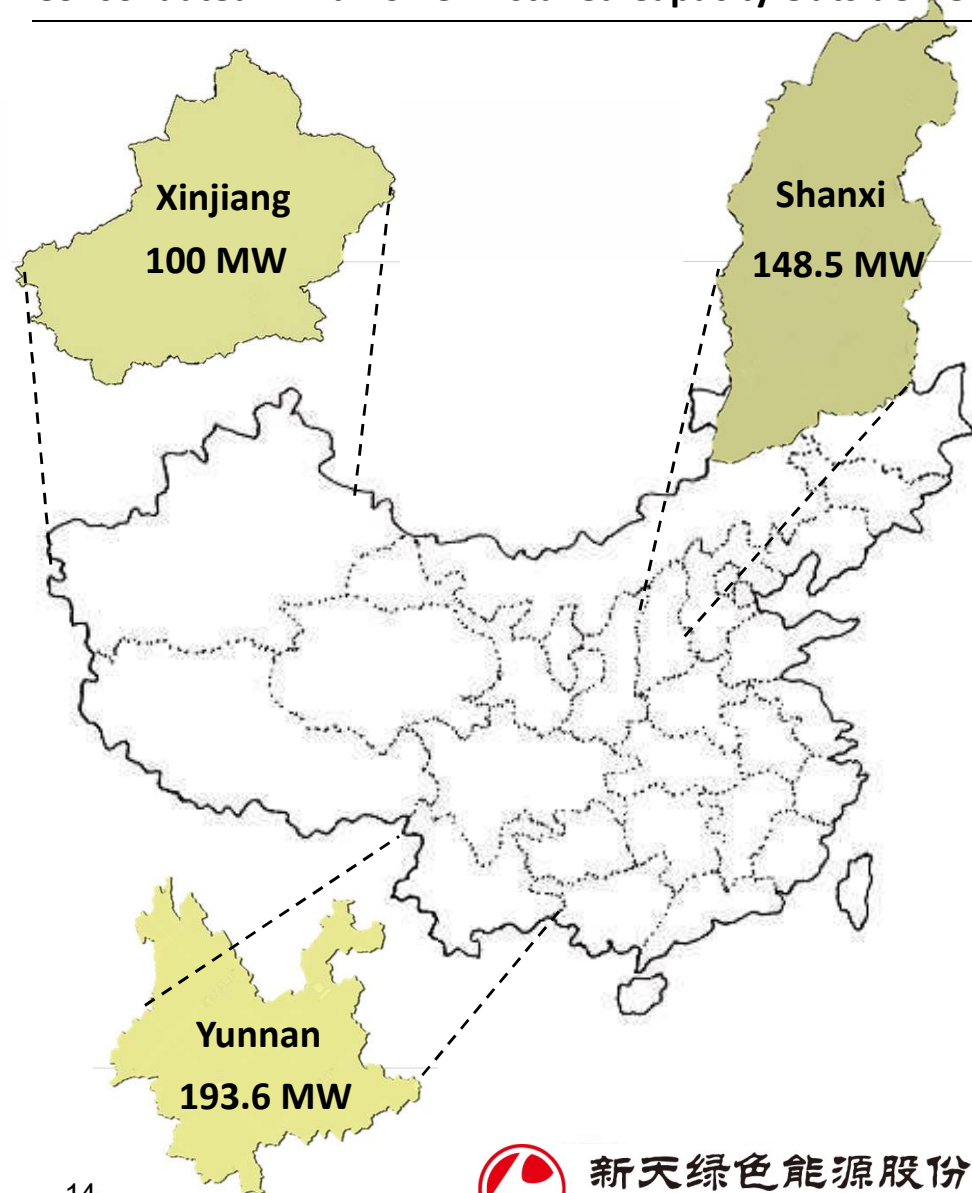


Wind Power Projects in Other Provinces

Wind Power Development Outside Hebei

- Added 217.1 MW of newly installed capacity in other provinces in 2016, among which 193.6 MW was added in Yunnan, 23.5 MW was added in Shanxi
- As at end of 2016, consolidated installed capacity in other provinces was 422.1 MW, or 15.8% of the Group's total

Consolidated Wind Power Installed Capacity Outside Hebei

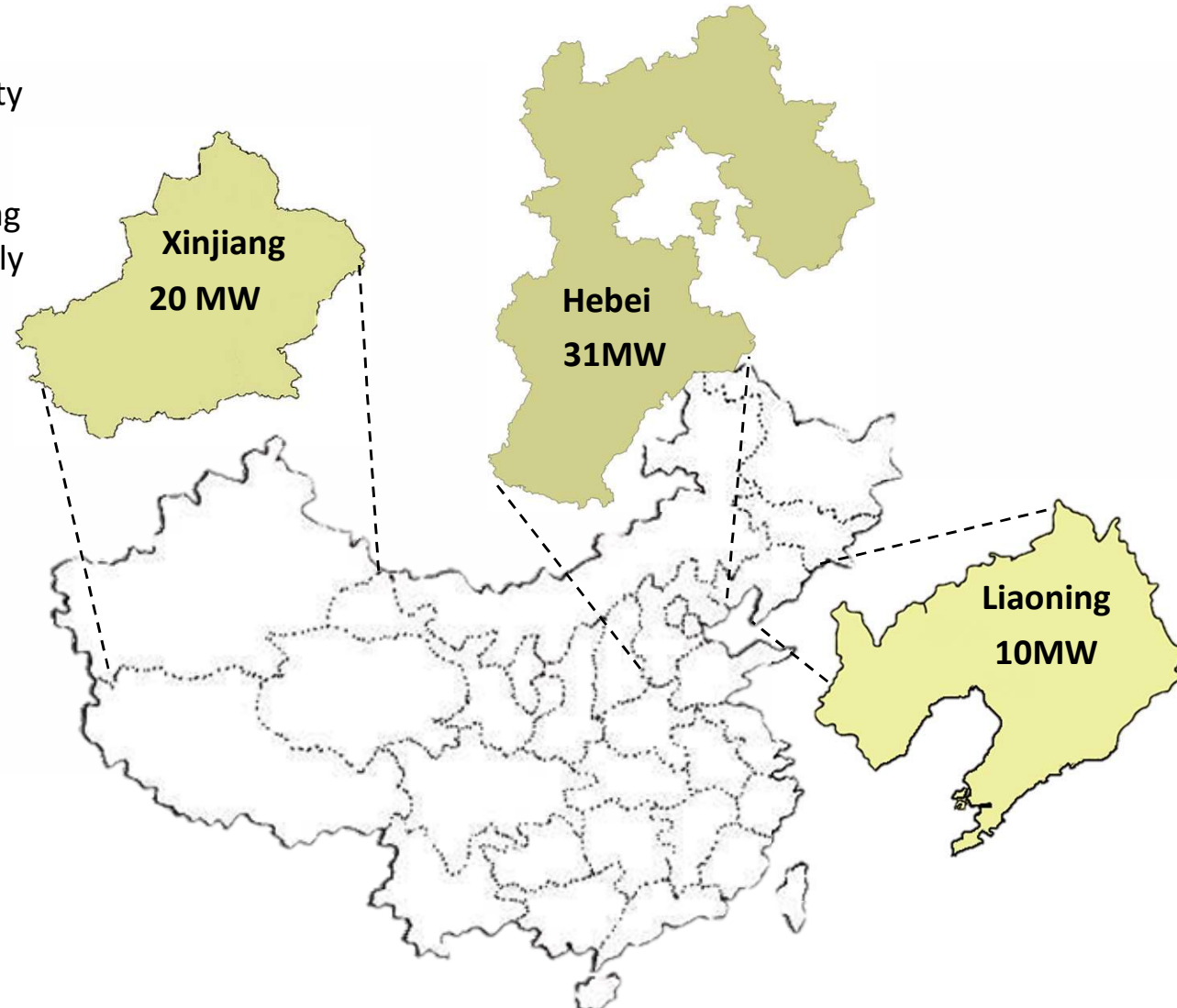


Photovoltaic Power Projects

Development of Photovoltaic Power Projects

- Newly added 14 MW of installed capacity; as at end of 2016, total consolidated installed capacity was 61 MW
- Consolidated installed capacity in Hebei, Xinjinag and Liaoning was 31, 20 and 10 MW, respectively

Photovoltaic Power Projects Distribution

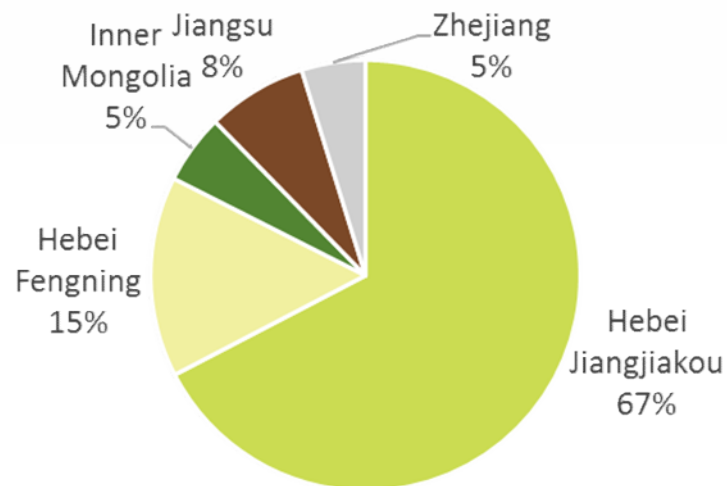


Project Approvals

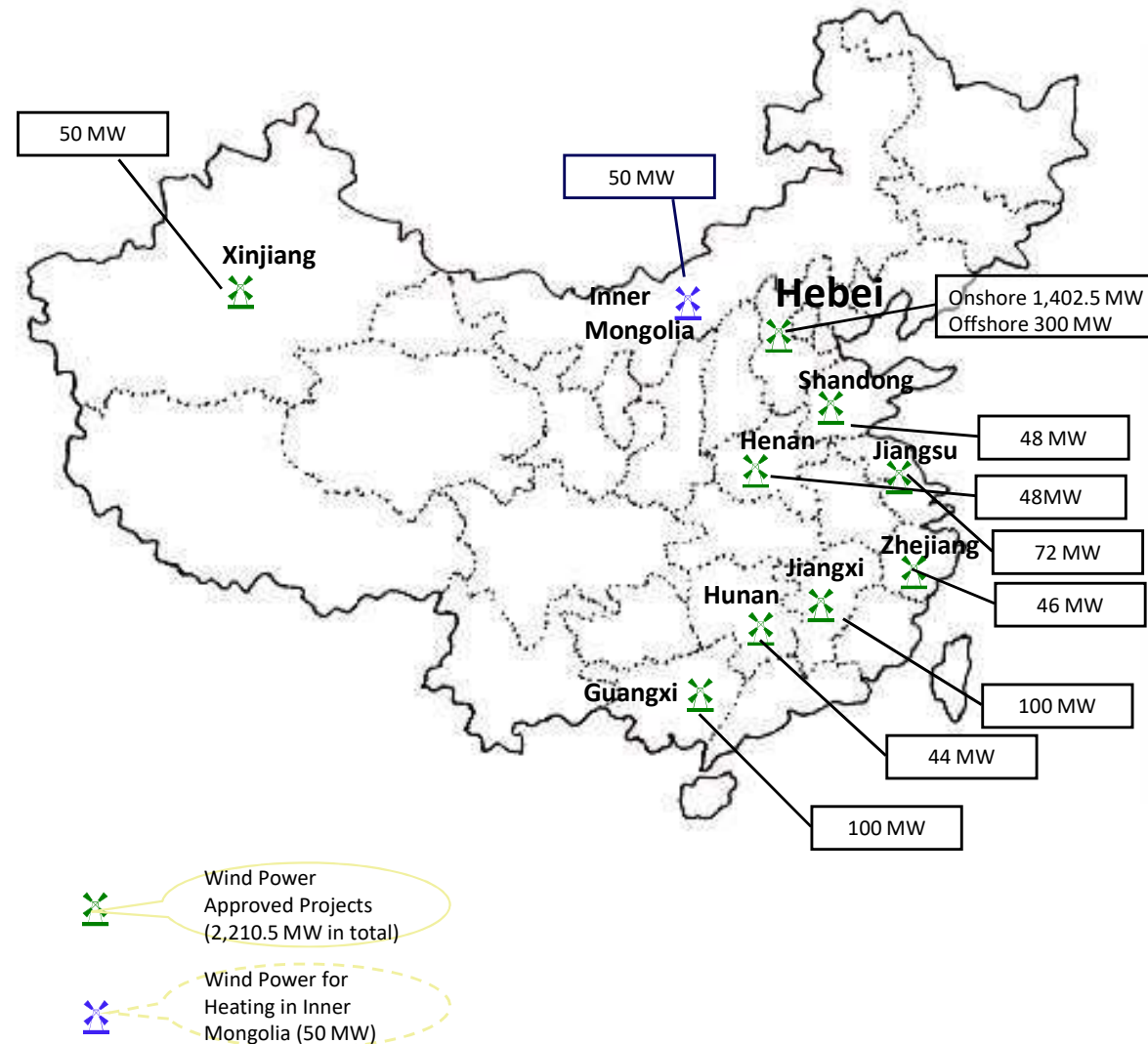
Wind Power Project Approvals

- In 2016, the Group added 956.5 MW approved capacity, among which 50 MW locates in zone 1, 1,788.5 MW locates in zone 2, 118 MW locates in zone 4; accumulated approved uncommenced projects capacity was 2,260.5 MW as at end of 2016
- Wind power projects with total capacity of 649 MW was included in national approval plan in 2016, and all of them received project approval in the same year
- Acquired 2,600 MW of new wind power agreed capacity, spreading among 13 regions including Jiangsu, Jiangxi, Shaanxi, Shanxi and Hebei, etc.

Distribution of Newly Approved Wind Power Projects

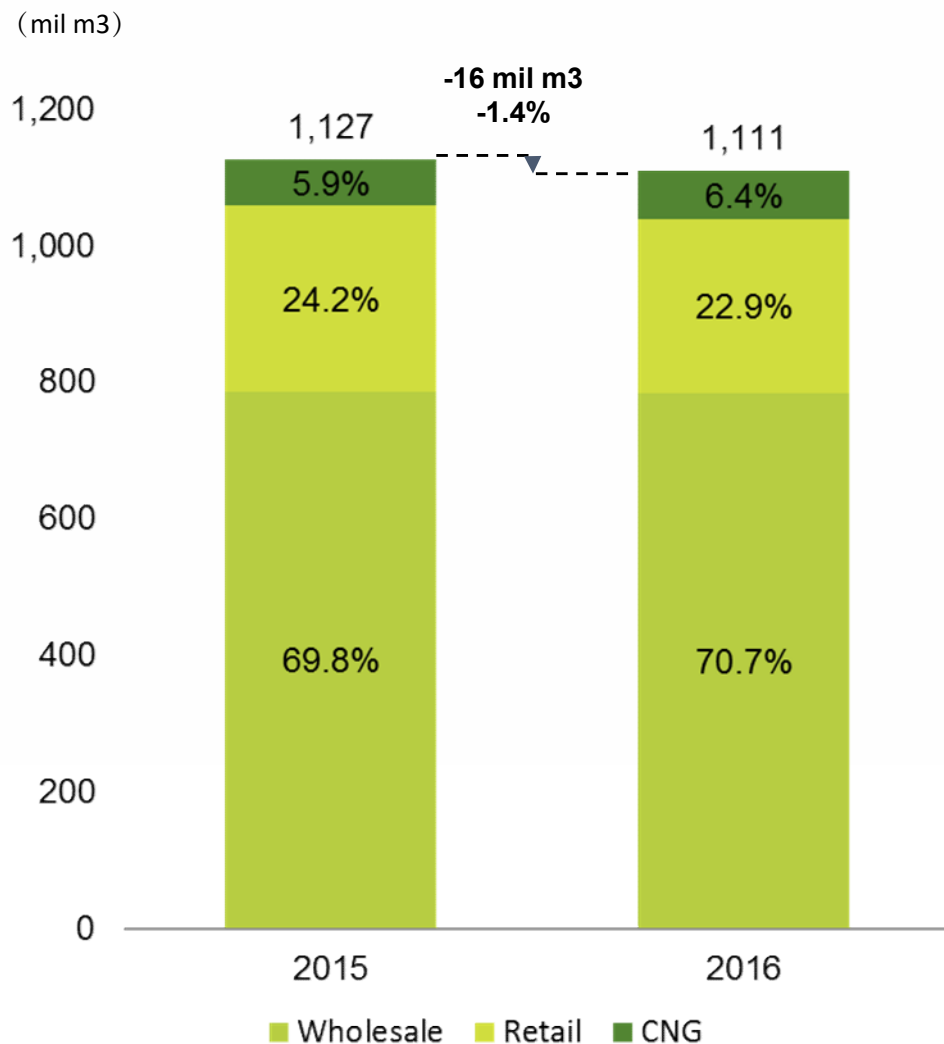


Distribution of approved uncommenced projects

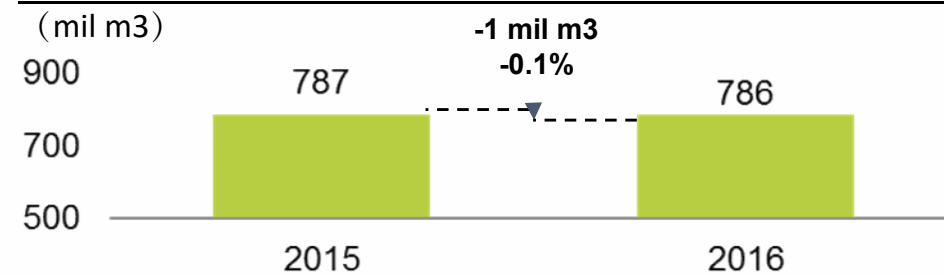


Natural Gas Segment Review

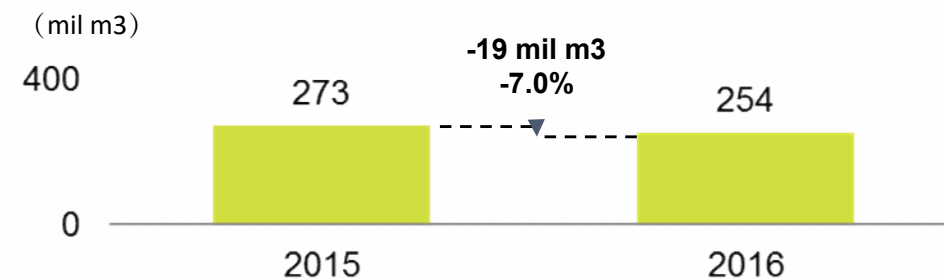
Gas Sales Volume



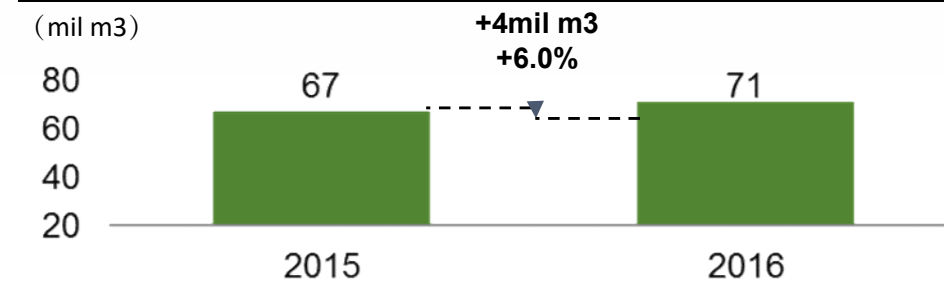
Wholesale



Retail



CNG



Natural Gas Segment Review (Con't)

Locations of Natural Gas Pipelines



Construction of Natural Gas Pipeline Projects

- The pipework for ten counties in middle Hebei Province (Phase II) was basically completed
- Shanxi Licheng-Hebei Shahe coalbed methane pipeline network project has completed pipeline welding of 130 km

Natural Gas Segment Review (Con't)

Upstream Gas Supply

- Introduced the Sinopec Urumqi line resources into the Beijing Handan pipeline
- Utilized liquefaction plant and city network connection of Hebei Natural Gas Shahe Branch to replenish LNG resources

Development of CNG/LNG Stations

- Ningjin CNG primary filling station was completed and put into operation
- Anping CNG primary filling station, Zhaoxian Anda L-CNG refilling station, Qinghe CNG primary and secondary filling station, Huang Liang Meng Langtuo L-CNG refilling stations, Luanping standard refilling station, Yuan's CNG secondary gas station, Neiqiu 107 Guodao LNG refilling station obtained the completion acceptance
- As at end of 2016, the Group is operating 6 CNG primary stations, 7 CNG refilling stations, and 1 LNG refilling station

Downstream Business

- Non-residential users increased by 488 (including 228 small business users) to a total of 2,014 users (including 1,321 small business users). Residential users increased by 56,537 to a total of 172,949 users
- Setting up branches in Hebei, Suning
- Successfully won the bid of PPP project in Fengning Manzhu Autonomous county
- As at end of 2016, the Group has accumulatively established its market presence in 29 city gas markets in the province





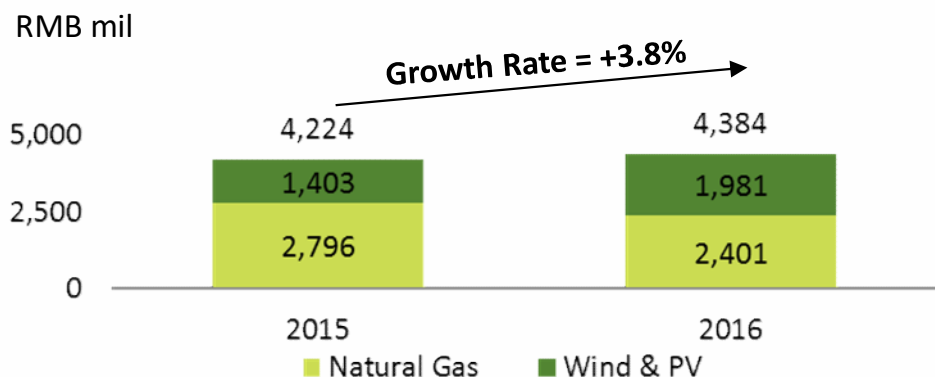
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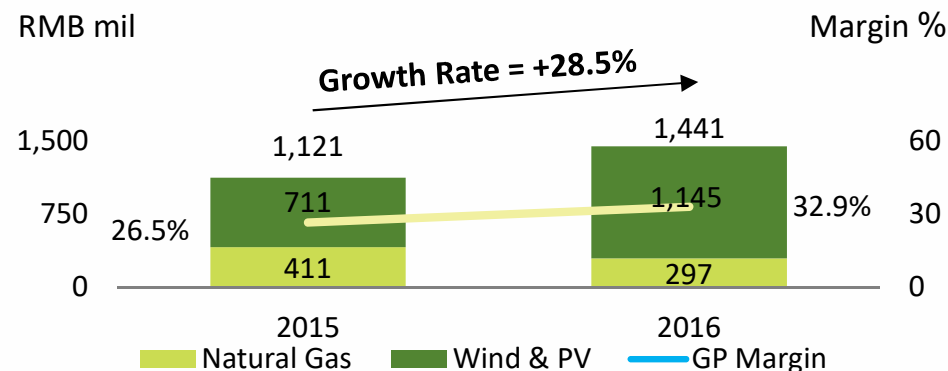
3. Financial Highlights

Group Financial Highlights

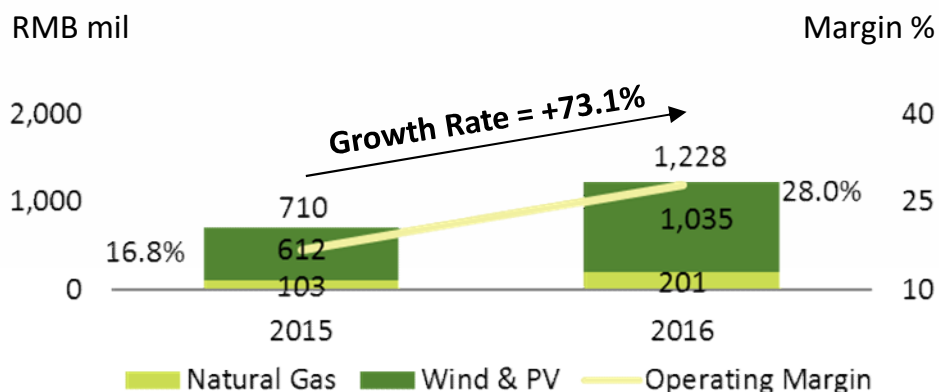
Revenue



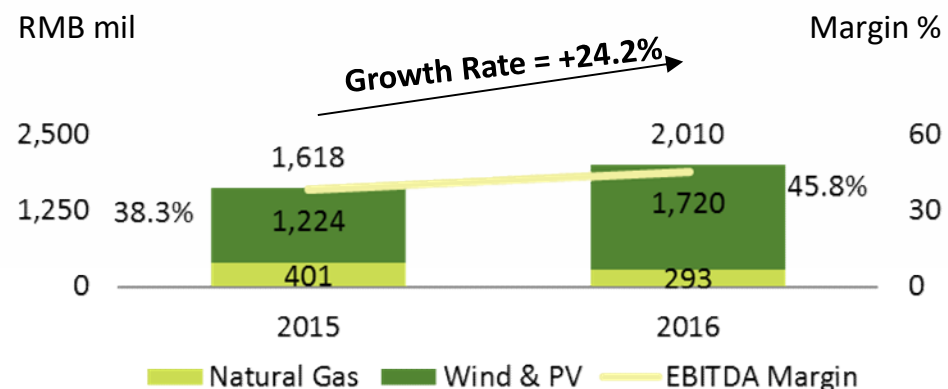
Gross Profit



Operating Profit



EBITDA (1)



Notes

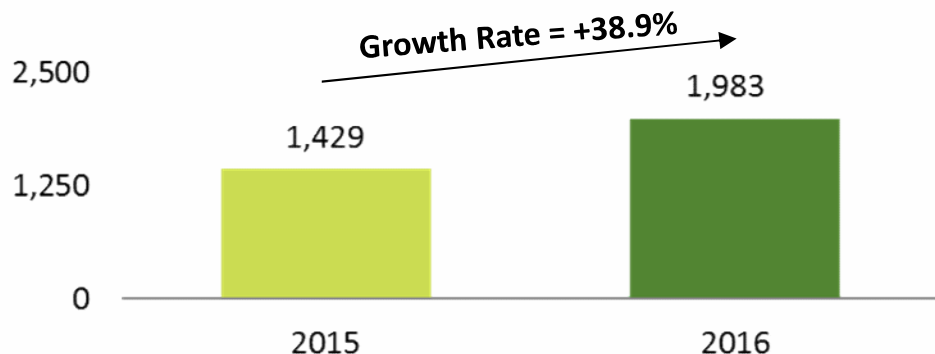
1. Including other revenue such as CER revenue, VAT refund, and bank interest income, excluding share of profit from associates
2. Sum of two segments is after inter-company elimination and excluding share of profits of associates



Wind and Photovoltaic Segment Financial Highlights

Revenue

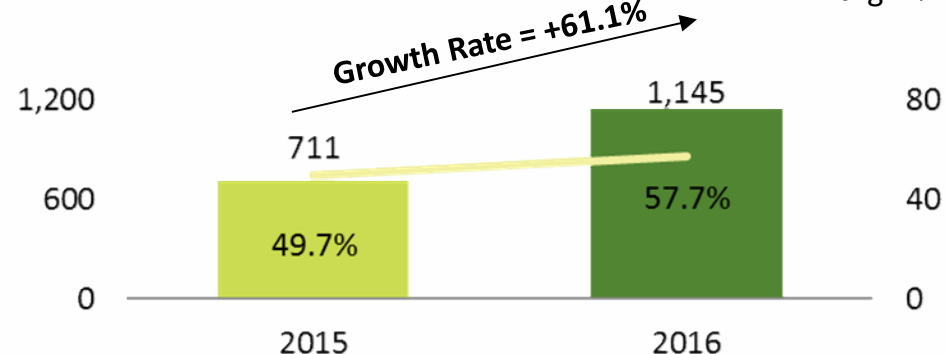
RMB Mil



Gross Profit

RMB Mil

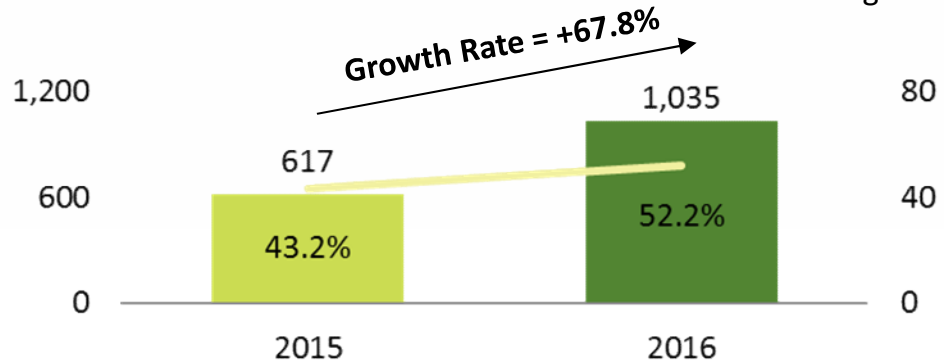
Margin %



Operating Profit

RMB Mil

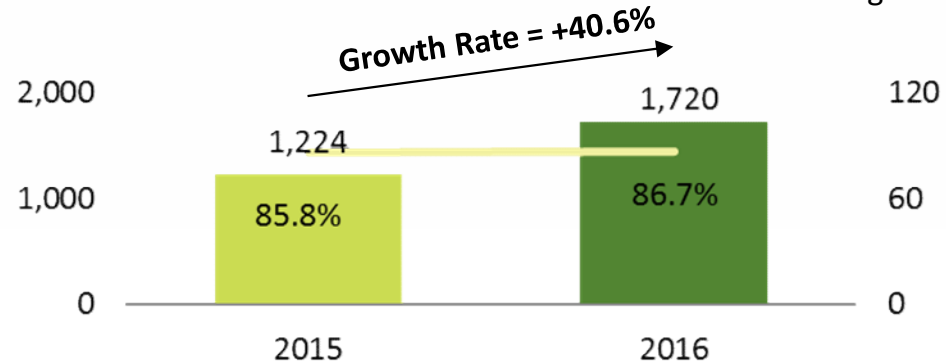
Margin %



EBITDA ⁽¹⁾

RMB Mil

Margin %

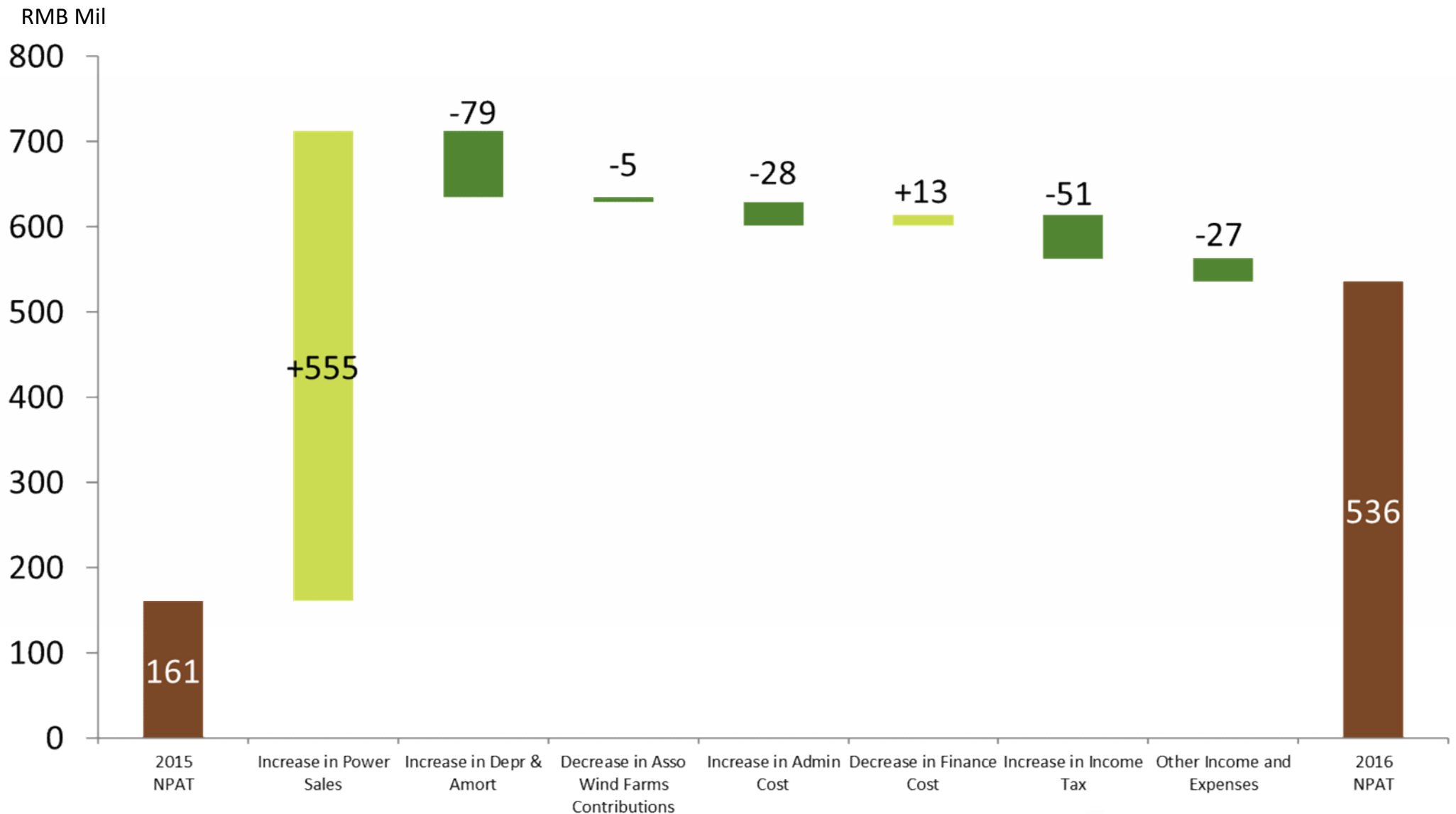


Note:

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

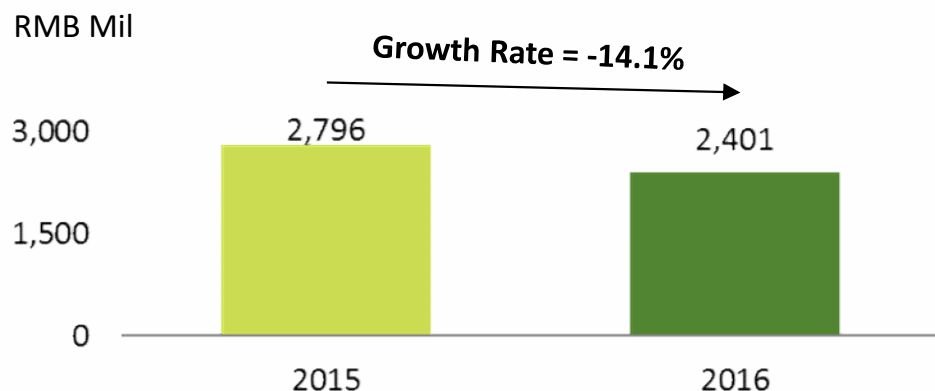


Wind and Photovoltaic Segment NPAT Analysis

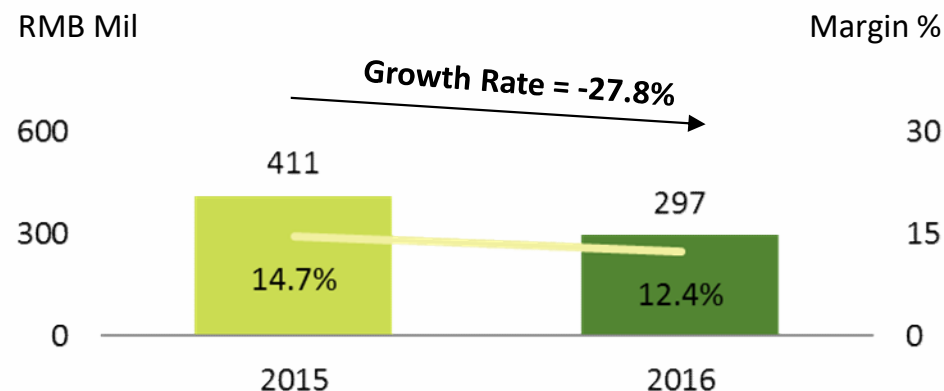


Natural Gas Segment Financial Highlights

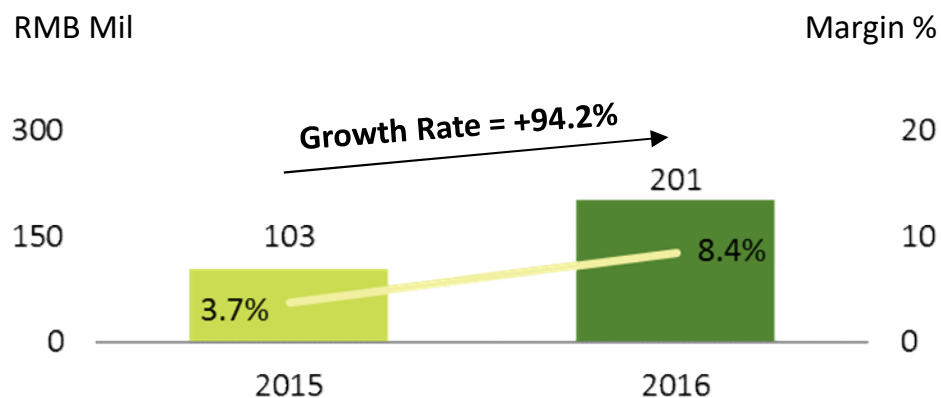
Revenue



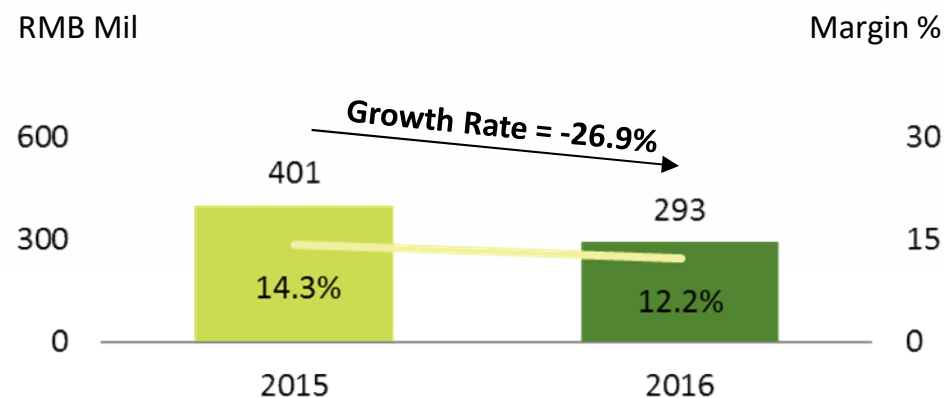
Gross Profit



Operating Profit



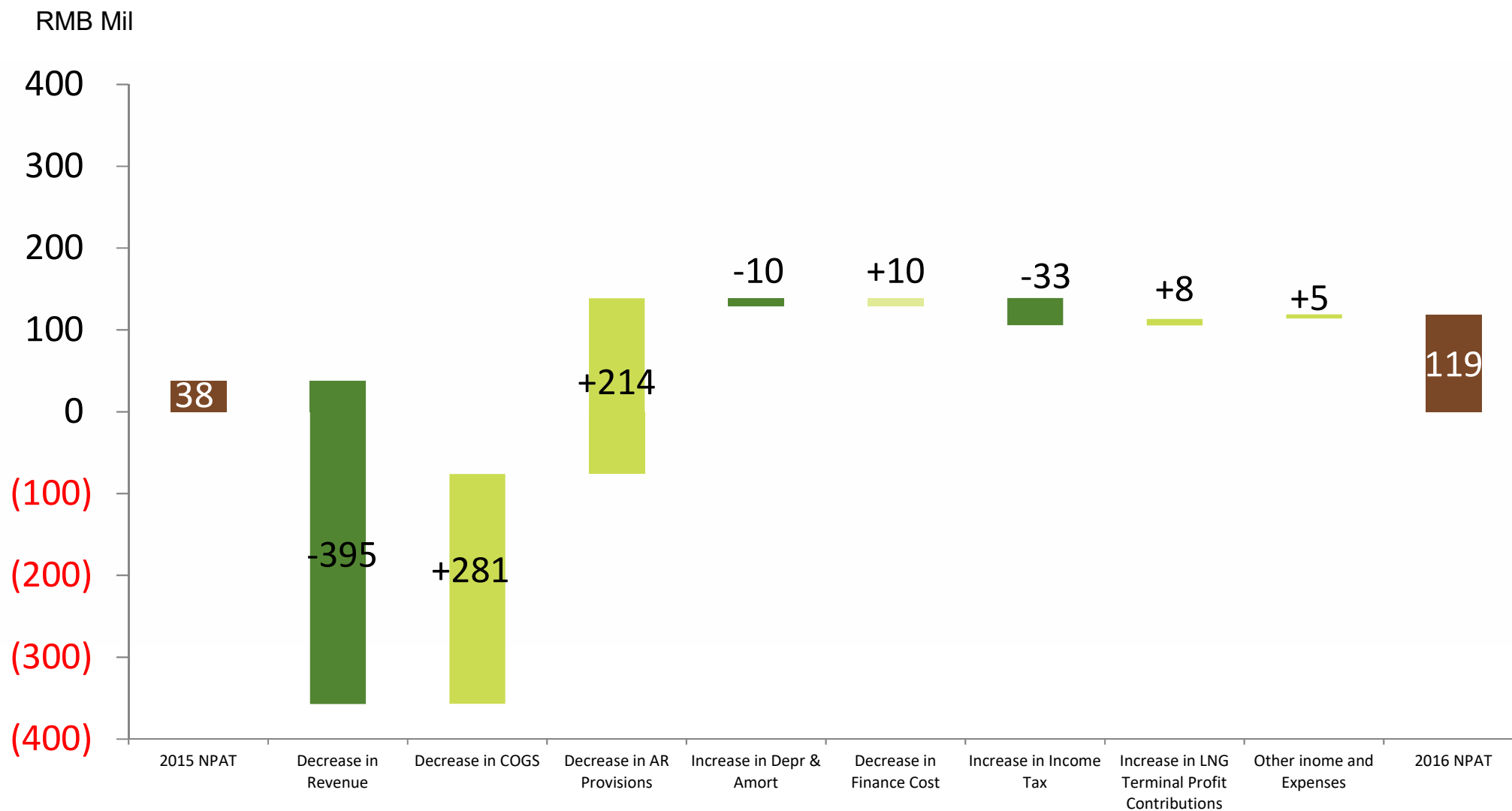
EBITDA ⁽¹⁾



Note

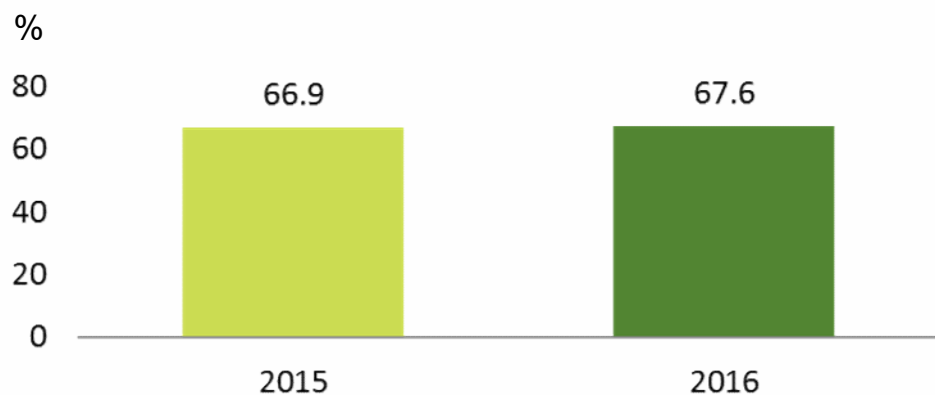
1. Including other revenue, but excluding share of profit from associates

Natural Gas Segment NPAT Analysis

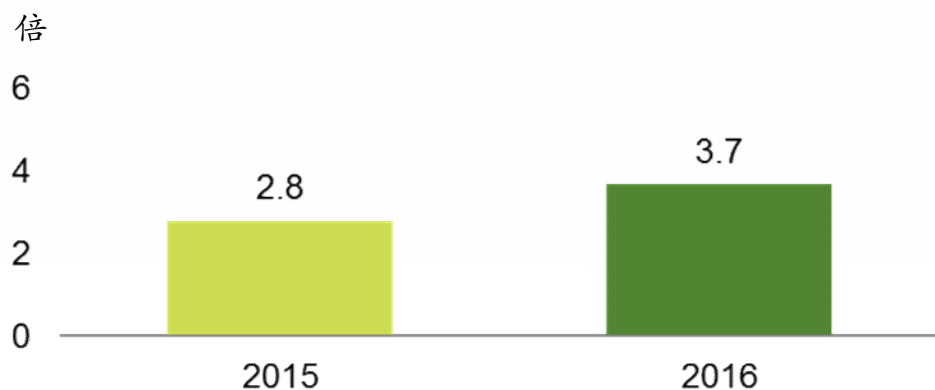


Capital Structure

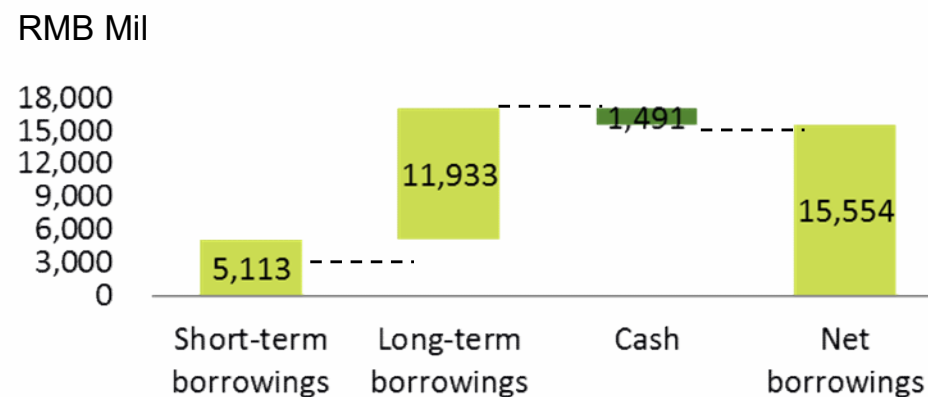
Total Liabilities / Total Assets



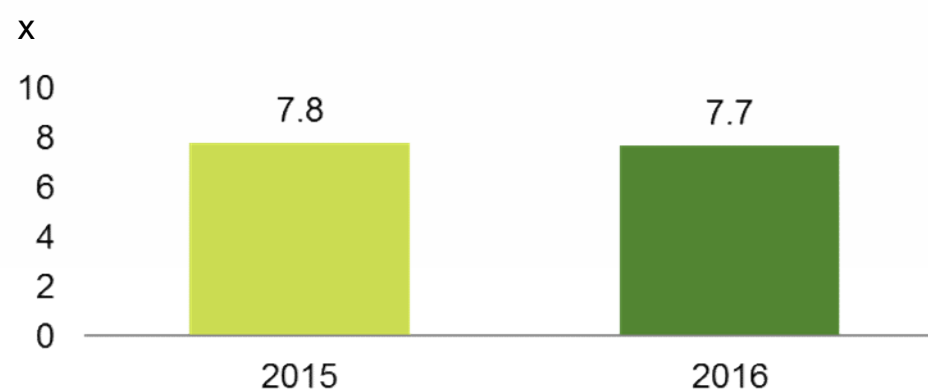
Interest Coverage (EBITDA/Finance Cost)



2016 Net Borrowing Breakdown



Net Debts/EBITDA





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4. 2017 Outlook

Prospect for the Wind Power Business

It is expected that in 2017, under the New Normal of economic growth transformation, structural adjustment and tightening of resources and environment, new challenges, new problems and new risks will continue to emerge, and the downward pressure on economic growth still exists. As such, the Group will fully allocate resources to put more efforts on developing new onshore wind resources areas and keep a close watch on any offshore wind power generation projects with good quality to further replenish its resource reserves. Also, the Group will comprehensively strengthen the professional management of project construction to facilitate the commencement of operation of its projects as early as possible

1. Actively explore the possibility of cooperative development and acquisition and increase resource development efforts through multi-channels, especially on the low-speed wind resources, so as to reserve resources for the future development of the Group
2. Actively target the offshore wind resources near the southeast coastal area; at the same time, identify and explore high-quality overseas projects
3. Closely monitor policies in relation to the sale of electricity. Seize the opportunity by setting layout for the downstream sales in the electricity market as and when appropriate
4. Adhere to the principle of “efficiency first” and give full play to the professional advantages of the engineering infrastructure team to ensure that “completion of an additional project will generate additional profit” so that the projects under construction will be put into operation as soon as possible. At the same time, further strengthen the production and operation and internal management of information technology to ensure safe production

2017 Outlook (Con't)

2

Prospects for the natural gas business

The year of 2017 is an important year for the implementation of the “13th Five-Year Plan”, and also for intensifying supply-side structural reform for the gas industry. The Central Government clearly stressed on seeking progress amidst stability, directing its effort on bolstering the real economy, adhering to initiative driven development and supporting the transformation and upgrade of traditional industry while developing emerging economy

Long Distance Transmission Pipeline Business

- Accelerate the construction progress of the pipework for ten counties in middle Hebei Province (Phase II) and strive to complete the main construction of the pipework during the year. Upon Phase II being put into operation, it will be connected to Phase I, and that the docking between Sinopec gas source and Beijing Handan pipeline will be achieved which will greatly support the expansion of the Company in the downstream market of middle Hebei Province
- Explore development potential in surrounding markets of the existing long-distance pipeline, maintain the storage level and compete for volume increase, so as to boost the long-distance gas business again

City gas business

By grasping the opportunity of green energy development and “replacing coal by gas” in Hebei Province, guaranteeing stable supply to existing users and based on the principle of “capturing every opportunity, whether big or small”, the Group will take advantage of the Company’s pipeline network within the province to continue to explore in great depth the potential gas market and quality customers in the province, profoundly develop the city gas markets in the surrounding areas of the city pipeline network to improve the structure of retail users, thus boosting the gas sales volume of the Company

CNG/LNG Business

The Group will strive to put into operation Qinghe CNG primary and secondary filling stations and Anping CNG primary filling stations during the year. With stringent risk control, the Group will carefully develop new projects and seek for quality projects and resources for the other CNG and LNG projects within the province in a bid to improve the layout of CNG/LNG segment. The Group will enhance its province-wide sales effort and make use of its size and geographical advantage to actively seize and control existing resources in order to steadily increase sales



Innovative Financing Means

In 2017, the Group will continue to engage in innovative financing means and strive to establish the best capital structure, further optimize and adjust its debt structure in order to effectively reduce capital costs

1. By analyzing the government policy, macro-economic situation and trend of market interest rates and exploring new financing channels in the capital market, the Group will issue financing instruments such as corporate bonds and super short term debentures and obtain funds through multiple channels.
2. Leveraging on the advantage of Suntien Hong Kong, Shenzhen Suntien and Huihai as the platform to enhance communication with overseas financial institutions, widening channels for financing to obtain greater amount of capital at low cost for projects





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5. Q&A