



新天绿色能源股份有限公司

China Suntien Green Energy Corporation Limited *

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

2017 Annual Results Announcement

March 2018
(0956.HK)



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Agenda

1. 2017 Annual Results & Industries Overview

2. Business Review

3. Financial Highlights

4. Business Outlook





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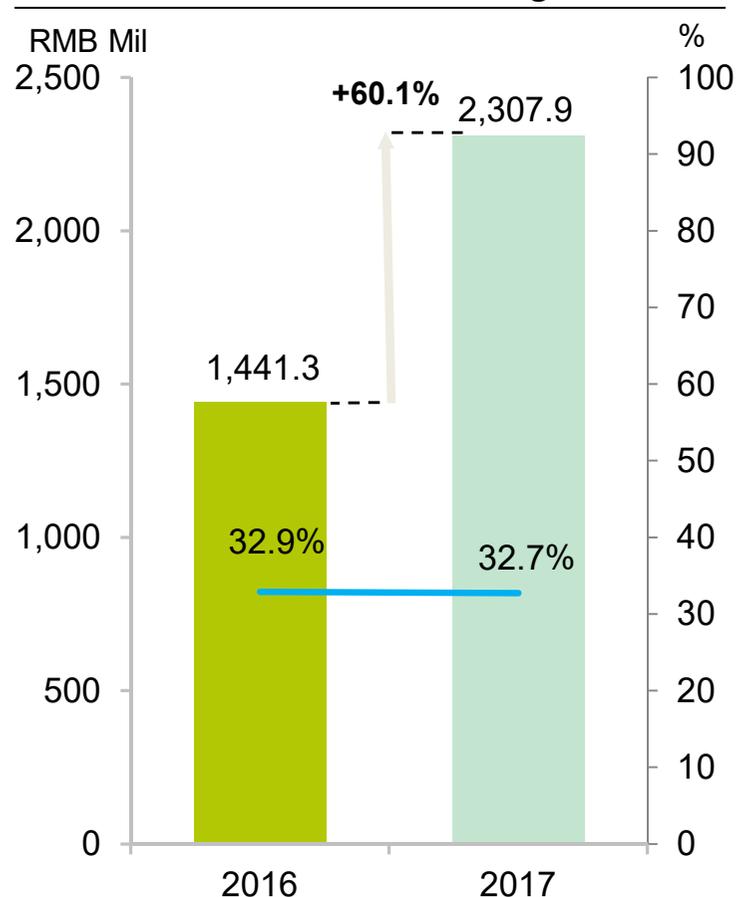
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2017 Annual Results & Industries Overview

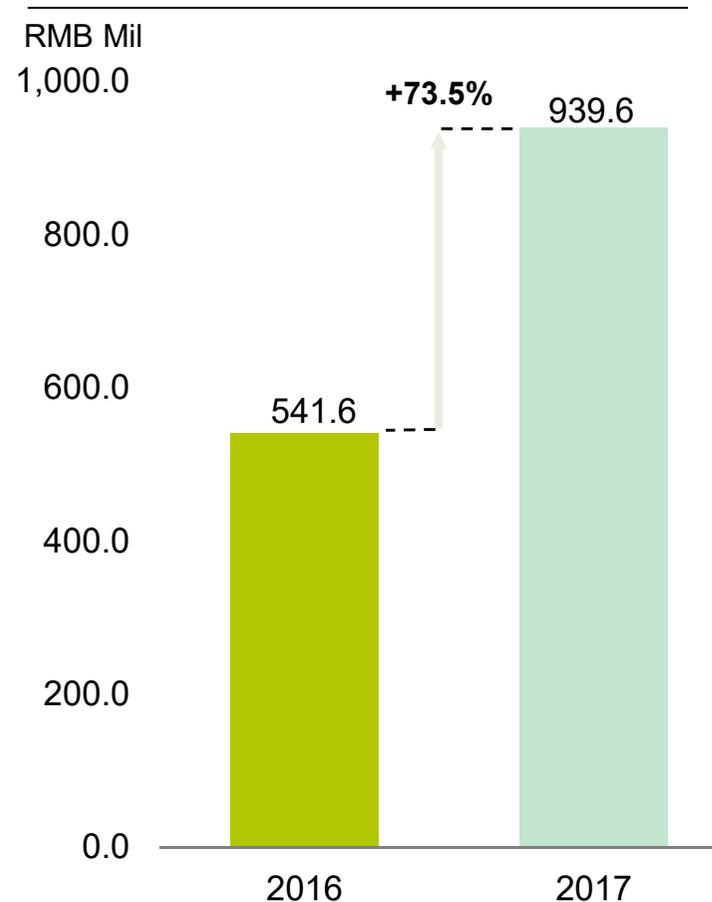
Results Highlight

- The Group's Gross Profit in 2017 was RMB2.31bn, up 60.1% yoy; Gross Profit margin was 32.7%, down 0.2ppt yoy
- Profit attributable to owners of the Company was RMB940mil, up 73.5% yoy

Gross Profit and Gross Profit Margin



Profit attributable to owners of the Company



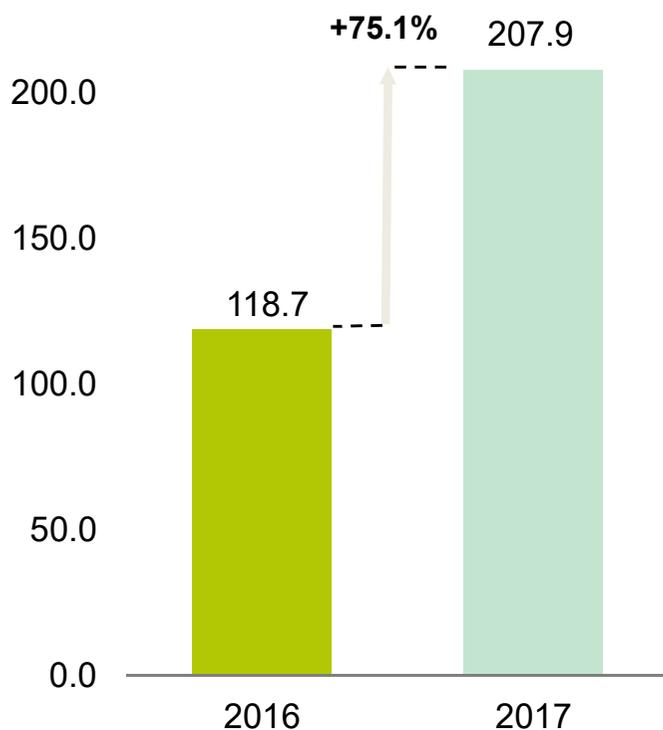
Results Highlight

- Net Profit After Tax of Natural Gas Segment was RMB208 mil, up 75.1% yoy
- Net Profit After Tax of Wind and Solar Energy Segment was RMB984mil, up 83.6% yoy

Net Profit After Tax of Natural Gas Segment

RMB Mil

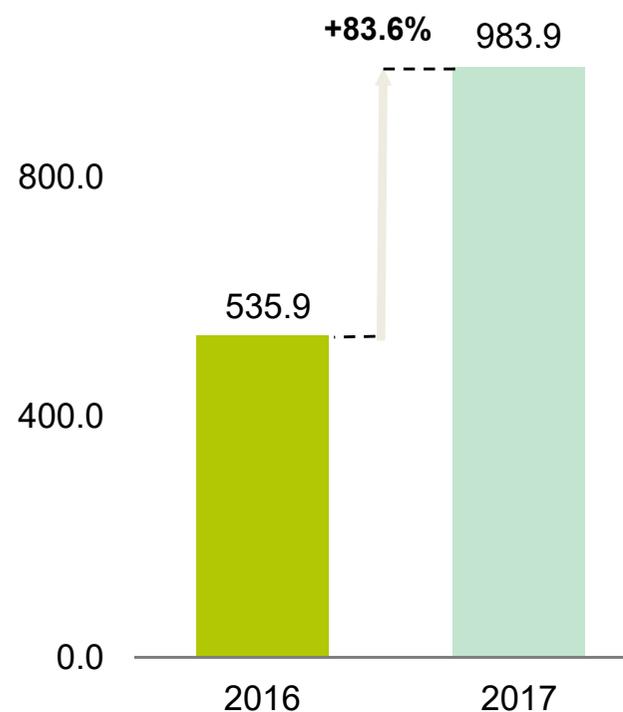
250.0



Net Profit After Tax of Wind and Solar Energy Segment

RMB Mil

1,200.0



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Operating Environment for the Wind Power Industry

2017 Operating environment for the wind power industry

- According to the statistics published by the National Energy Administration, the nationwide power consumption in 2017 amounted to 6,307.7 bn kWh, representing an increase of 6.6% as compared with 2016; the newly increased installed capacity of wind power nationwide amounted to 15.03 mil kW and the accumulated installed capacity reached 164 mil kW; the nationwide wind power generation amounted to 305.7 bn kWh, representing an increase of 26.3% as compared with 2016, with average utilization hours of 1,948 hours, representing an increase of 203 hours as compared with 2016. In 2017, the accumulated capacity connected to grid in Hebei Province amounted to 11.81 mil kW; the annual power generated of wind power amounted to 26.3 bn kWh; the curtailment rate of wind power was 7%; the utilization hours amounted to 2,250 hours, representing an increase of 173 hours as compared with 2016.
- In 2017, the wind power curtailment and wind curtailment rate achieved a “double-decrease” as 41.9 bn kWh of wind power was curtailed over the country for the year, representing a decrease of 7.8 bn kWh as compared with 2016, and the wind curtailment rate dropped by 5.2 percentage points as compared with 2016.
- On 26 September 2017, the “13th Five-Year Plan on Power Development in Hebei Province” was issued by the Development and Reform Commission in Hebei. It was planned that by 2020, the installed capacity of gas power generation will reach 4 mil kW. The installed capacity of new energy power generation will exceed 36.80 mil kW, accounting for more than 35% of the total installed capacity. By 2020, the national installed capacity of wind power generation will be more than 21.00 mil kW.
- On 18 December 2017, the National Development and Reform Commission published the “Plan on Construction of National Carbon Emissions Trading Market (Power Generation Industry)”, and announced the establishment of a national carbon emissions trading system on 19 December, with an aim to utilizing the market mechanism to control the emission of greenhouse gases so as to promote the transformation and upgrade of a green and low carbon economy. The renewable energy power generation will be more competitive with the construction of a carbon trading market in the long run.



Operating Environment for the Natural Gas Industry

2017 Operating environment for the natural gas industry

- In 2017, with the implementation of substitution policy of coal consumption reduction and the promotion of “replacing coal by gas” and “replacing oil by gas”, the domestic consumption demand for natural gas kept rising. According to the statistics of a news update, in 2017, the production capacity of natural gas in China amounted to 148.7 bcm, representing an increase of 8.5% as compared with 2016; the import of natural gas amounted to 92.0 bcm, representing an increase of 27.6% as compared with 2016; and the consumption of natural gas amounted to 237.3 bcm, representing an increase of 15.3% as compared with 2016.
- The National Development and Reform Commission issued the “Circular on Reducing the Primary Station Benchmark Prices of Natural Gas Used for Non-residential Purposes in Aug 2017, requiring that effective from 1 Sept 2017, the primary station benchmark price of natural gas for non-residential use be reduced by RMB100 per 1,000 m³, and that gas producers and operators shall simultaneously cut the price of natural gas supplied to primary stations in each province (autonomous region or municipality) by the same amount in principle after the adjustment of the primary station benchmark price.
- The National Development and Reform Commission and the National Energy Administration issued the “Medium to Long Term Oil and Gas Pipeline Network Planning” in May 2017, which is the layout and planning of the country’s oil and gas pipeline network in the medium to long term and an important basis for promoting the infrastructural construction such as oil and gas pipeline network. Under the planning, the scale of national oil and gas pipeline network will reach 169,000 km by 2020, of which the total length of pipelines for natural gas will be 104,000 km.
- In December 2017, eight ministries and commissions including the National Development and Reform Commission and the National Energy Administration jointly issued the Clean Winter Heating Plan for Regions in Northern China (2017-2021), with an aim to improving the level of clean heating in regions in Northern China and reducing the emission of air pollutants. It is planned that by 2019, the clean heating rate in regions in Northern China will reach 50%, which will replace coal (including coal used in small inefficient boilers) of 74.00 mil tonnes. By 2021, the clean heating rate in regions in Northern China will reach 70%, which will replace coal (including coal used in small inefficient boilers) of 150 mil tonnes. The work will focus on the “2+26” cities and promote the replacement of coal by natural gas for heat supply in full efforts. It will accelerate the construction of supporting facilities for urban natural gas pipeline network in cities, regions and counties in Northern China so as to give priority to the development of gas heating. The new heat supply area and newly added areas in the use of natural gas of the “2+26” cities accumulated during 2017 to 2021 will be 1.8 bn square meters and 23.0 bn square meters respectively.





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Business Review

2017 Operating Data Overview

Wind Power

- Consolidated Gross Power Generation increased by 46.95% to 6,737 GWh; Curtailment rate was 7.82%, up 1.23ppt
- Utilization hours increased by 197 hours to 2,392, higher than the national average of ; availability factor was 97.98%, up 0.1 ppt
- Consolidated installed capacity of the wind farms was 3,348.35MW, an increase of 552.2MW yoy; onshore and offshore wind farms under construction has a total capacity of 506.6MW and 264MW, respectively
- Attributable installed capacity of the wind farms was 3,023.9MW, an increase of 452.3MW; wind farms under commercial operation was 2,878.35MW, an increase of yoy 483.05MW yoy



Natural Gas

- Gas sales volume in 1.879bcm, up 69.08% yoy
- The Group added 903.97km km of pipelines in 2017; total length of natural gas pipelines in operation reached 3,087.67km, including 846.29km of transmission pipeline and 2,241.38km of city gas network pipeline
- Primary CNG station in Anping commenced operation; The Group is operating 7 CNG primary stations, 7 CNG refilling stations



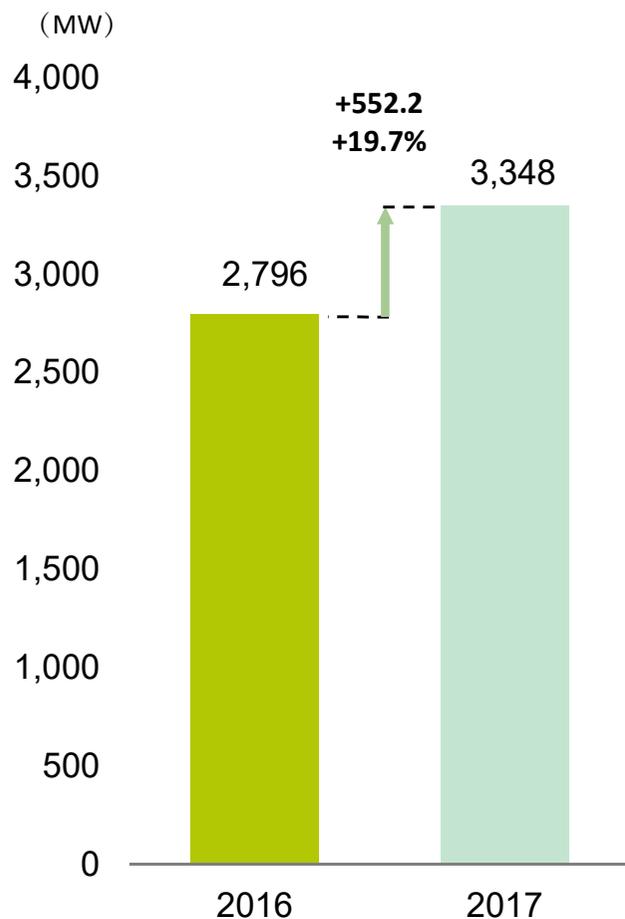
Other Renewable Energy

- Newly approved capacity of photovoltaic projects amounted to 20 MW and the accumulative approved uncommenced project capacity was 139 MW; accumulative operating project capacity is 81MW
- 2 photovoltaic projects in progress, which were the photovoltaic power station project of 10 MW in Lizhi Village, Tailai County, Heilongjiang and the photovoltaic power station project of 10 MW in Ningjiang Town, Tailai County, Heilongjiang, and they were all connected to grid for power generation

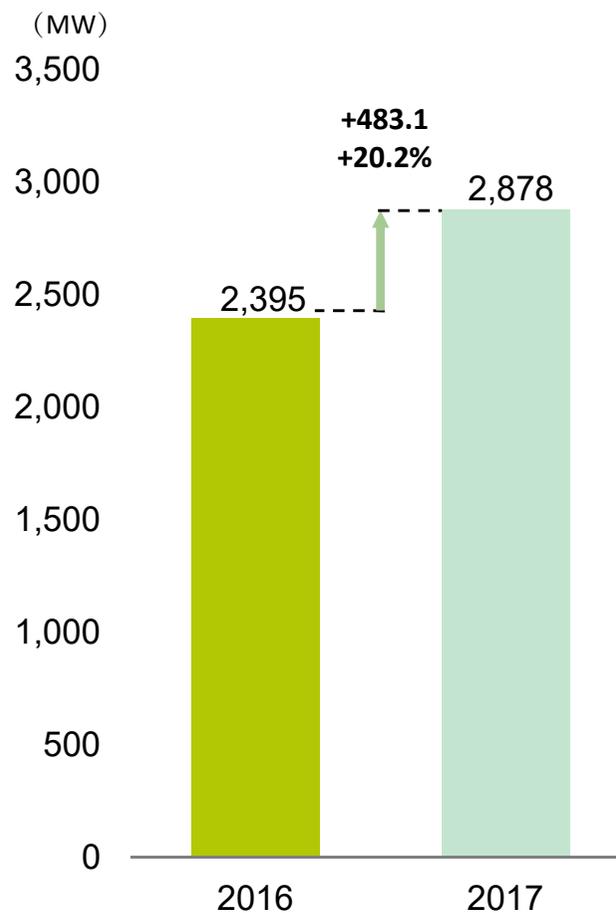


Wind Power Segment Review

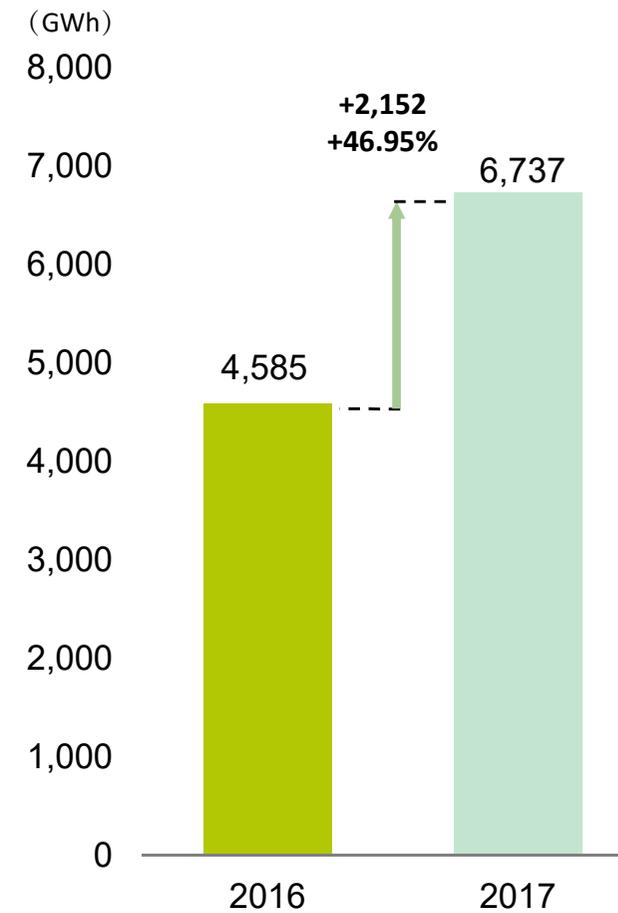
Consolidated Wind Power Installed Capacity



Commercially Operating Wind Power Installed Capacity



Consolidated Gross Power Generation⁽¹⁾



Notes

1. Including trial run period generations



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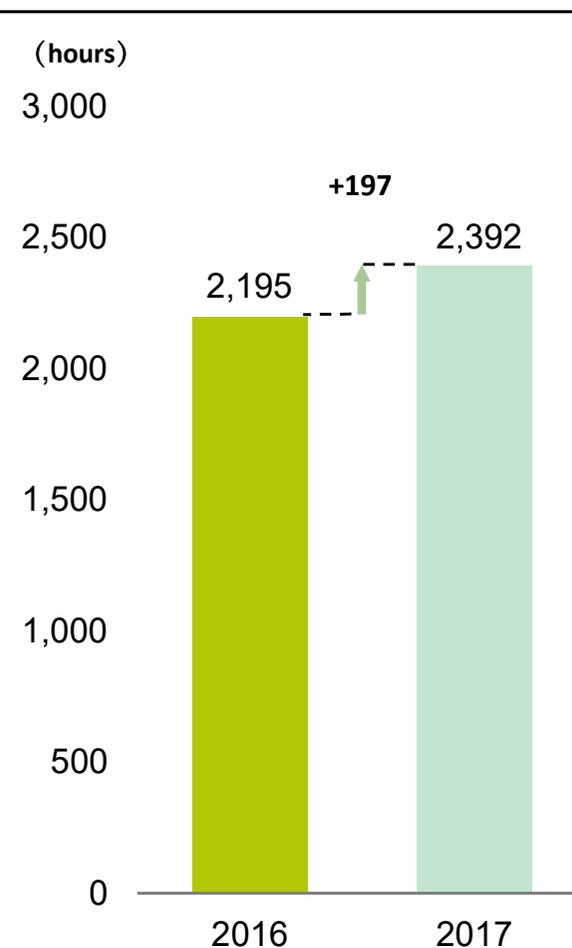
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Wind Power Segment Review (Con't)

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



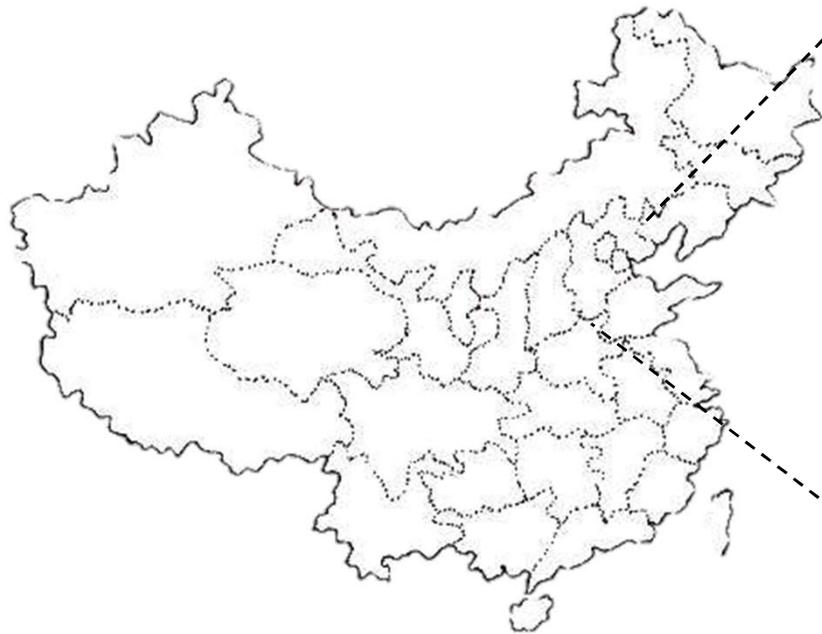
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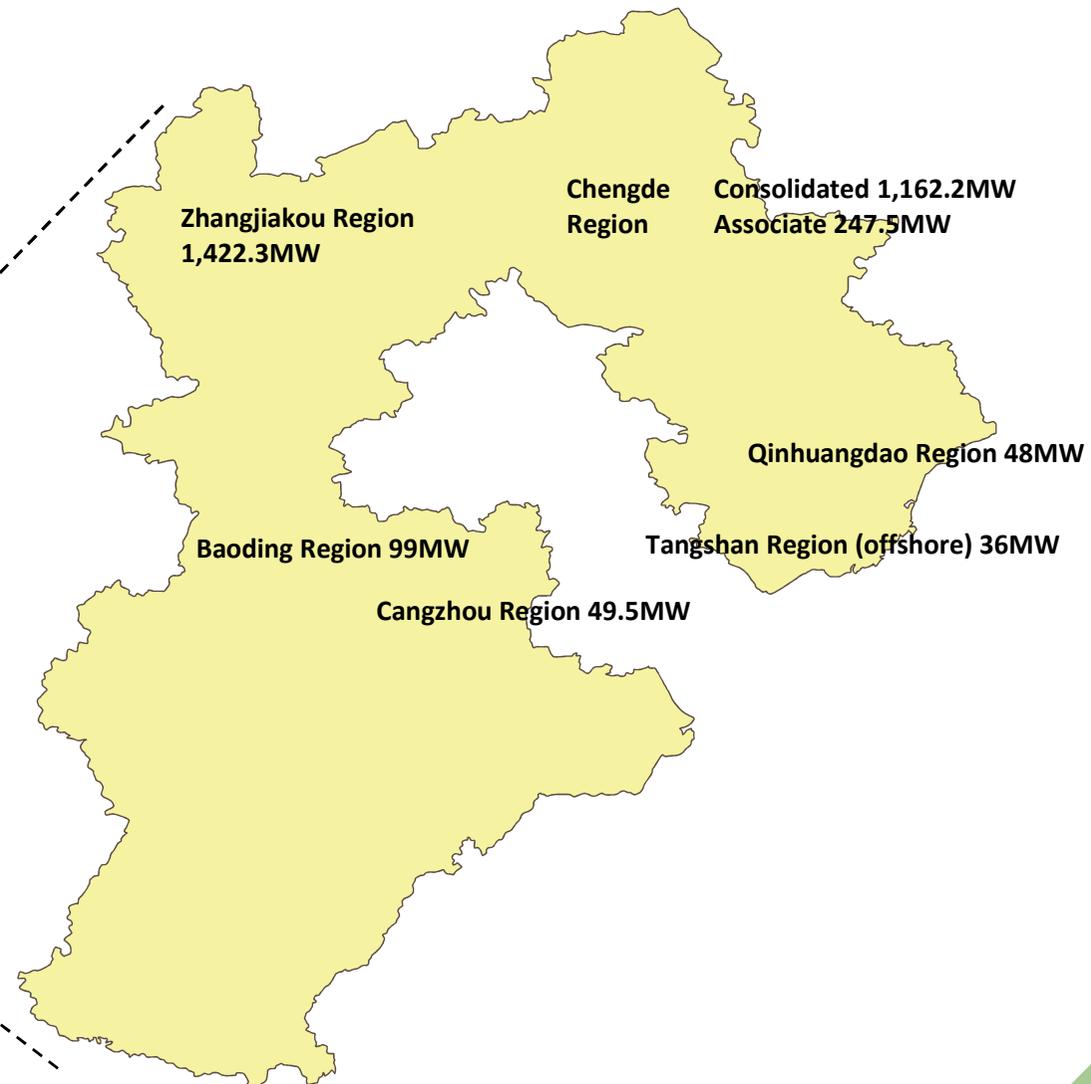
Wind Power Projects in Hebei

Wind Power Development in Hebei

- Added 462.9 MW of consolidated installed capacity in Hebei; As of end-2017, total consolidated installed capacity was 2,817MW, or 84.1% of the Group's total
- No associate wind power capacity added in the year. As of end-2017, total associate wind power capacity was 247.5MW



Distribution of Consolidated and Associate Installed Wind Power Capacity in Hebei

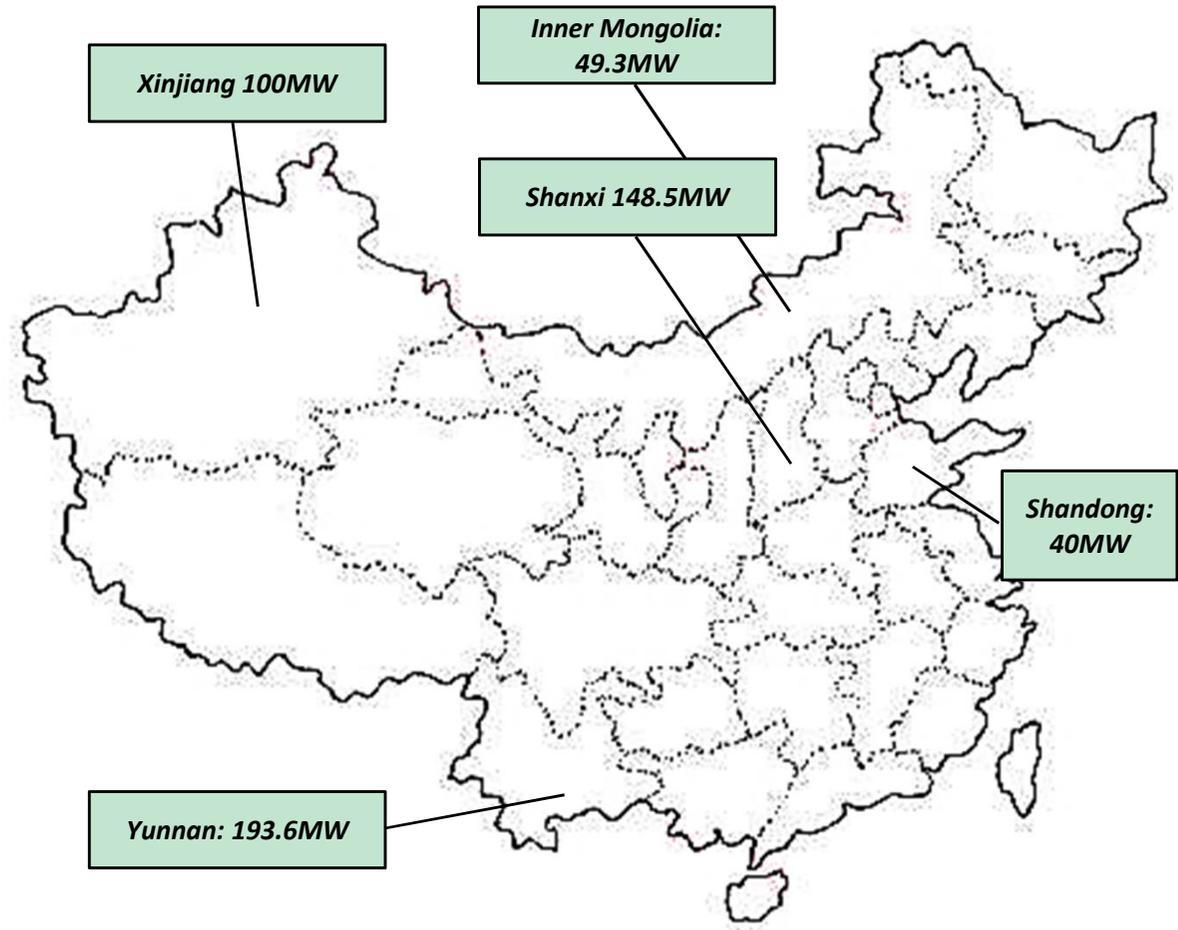


Wind Power Projects in Other Provinces

Wind Power Development Outside Hebei

- Added 89.3 MW of newly installed capacity in other provinces, among which 49.3 in Inner Mongolia and 40 MW in Shandong
- As at end of 2017, consolidated installed capacity in other provinces was 531.4 MW, or 15.9% of the Group's total

Consolidated Wind Power Installed Capacity Outside Hebei

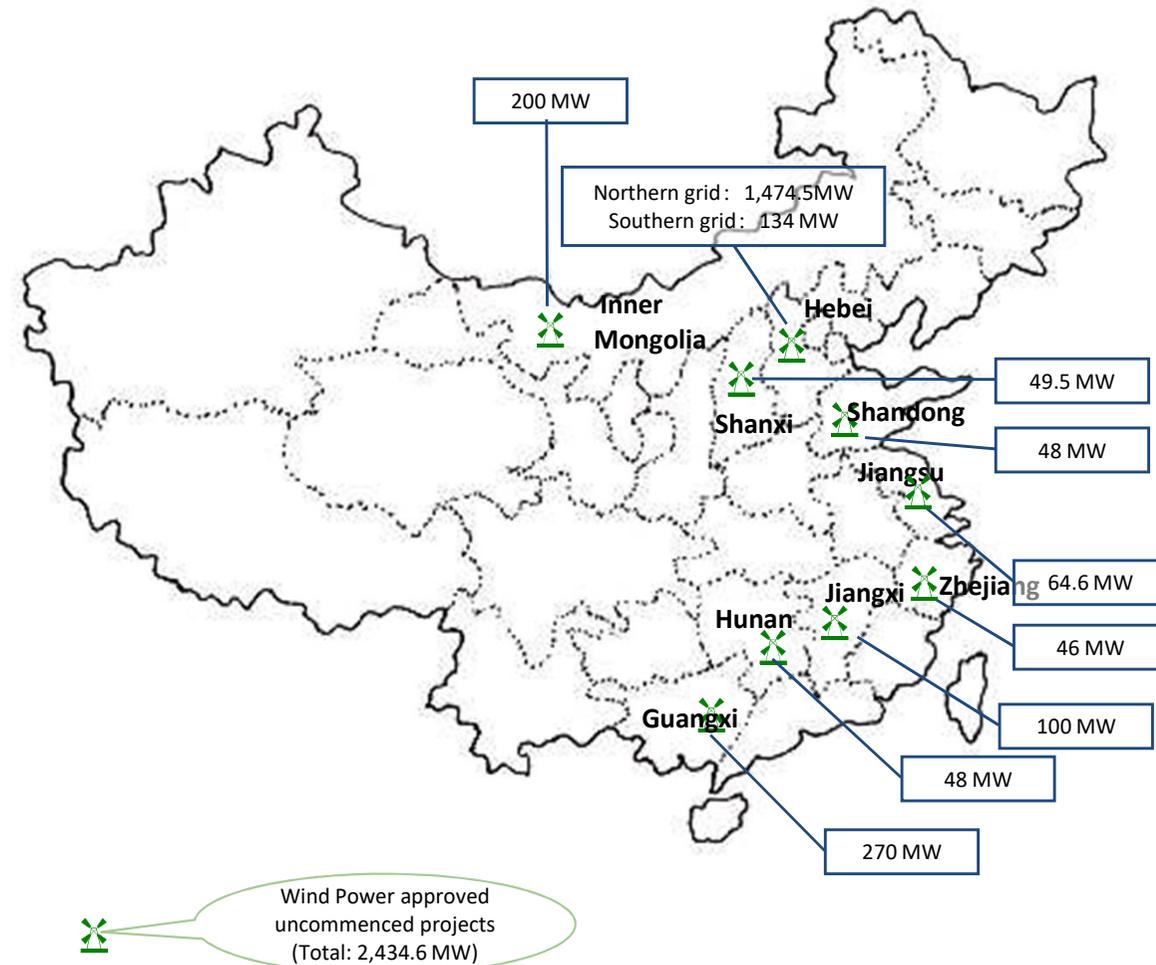


Under Construction and Approved Projects

Wind Power Under Construction and Approved Projects

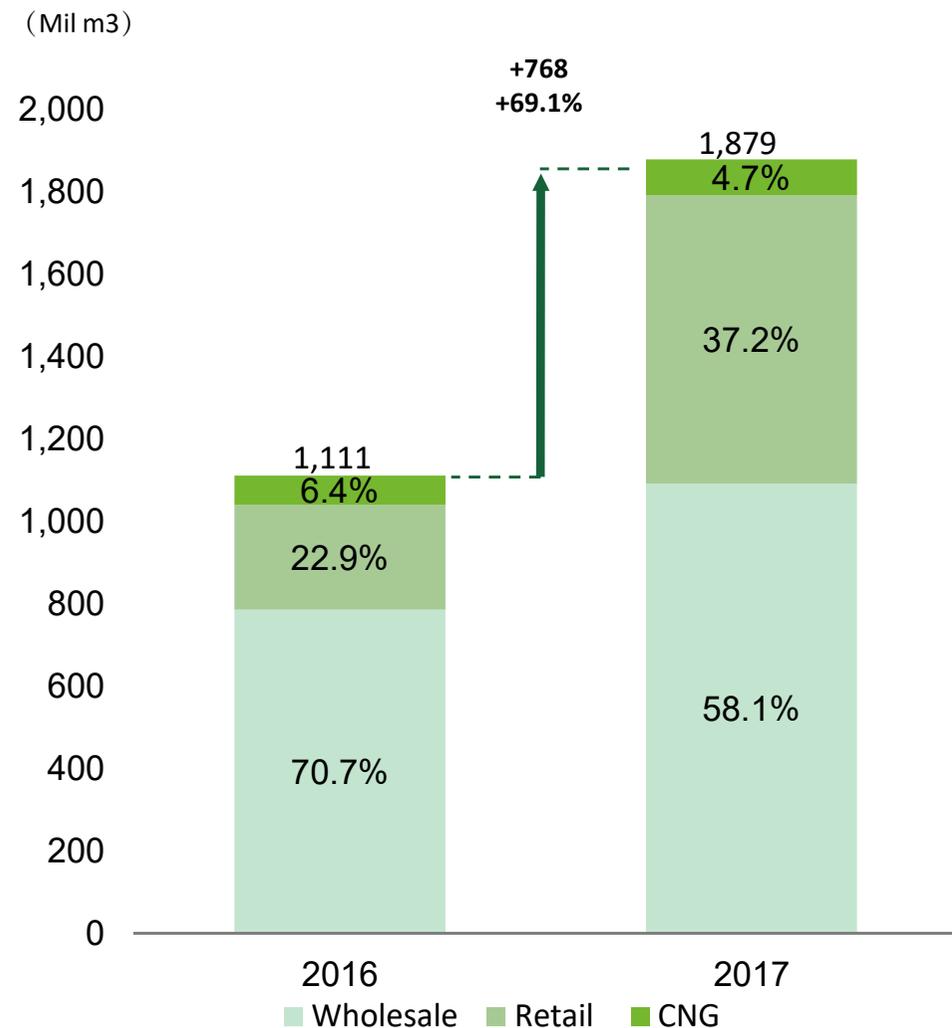
- Capacity of project under construction was 770.6MW : among which offshore wind farms 264MW , onshore wind farms in Hebei 294MW , onshore wind farms outside Hebei 212.6MW
- Added 832.1MW approved capacity; accumulated approved uncommenced projects capacity was 2,434.6 MW as at end of 2017
- Acquired 5,800 MW of new wind power agreed capacity, spreading among 14 regions including Shandong, Henan, Liaoning, Yunnan, Anhui, Gansu, Jiangxi, Jiangsu, Shaanxi, Sichuan, Tibet, Hubei, Hunan and Hebei, etc

Distribution of approved uncommenced projects

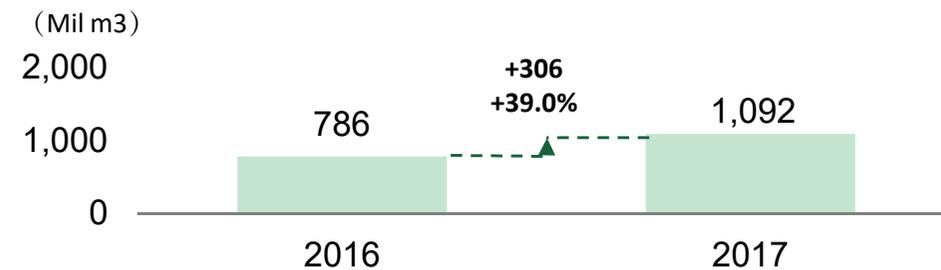


Natural Gas Segment Review

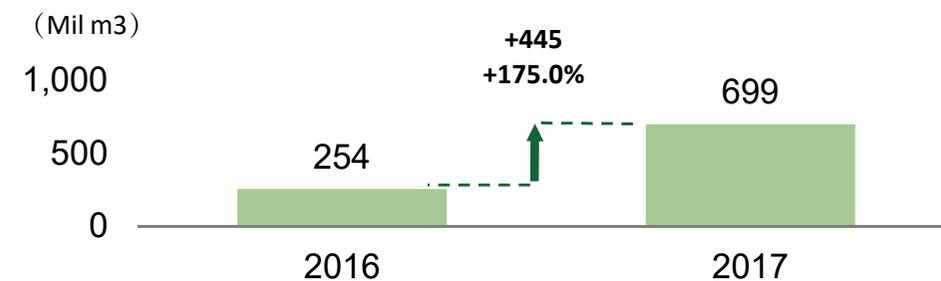
Gas Sales Volume



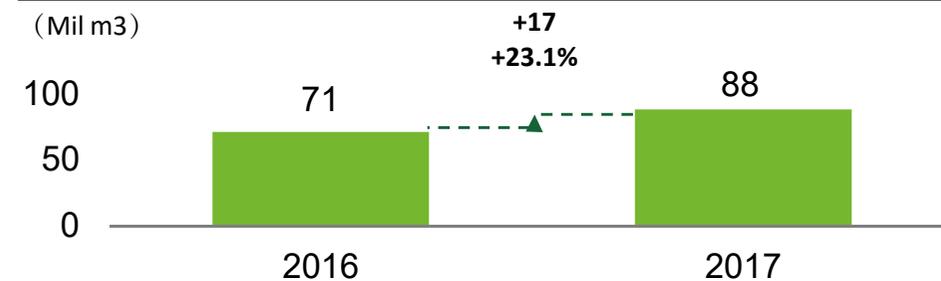
Wholesale



Retail



CNG

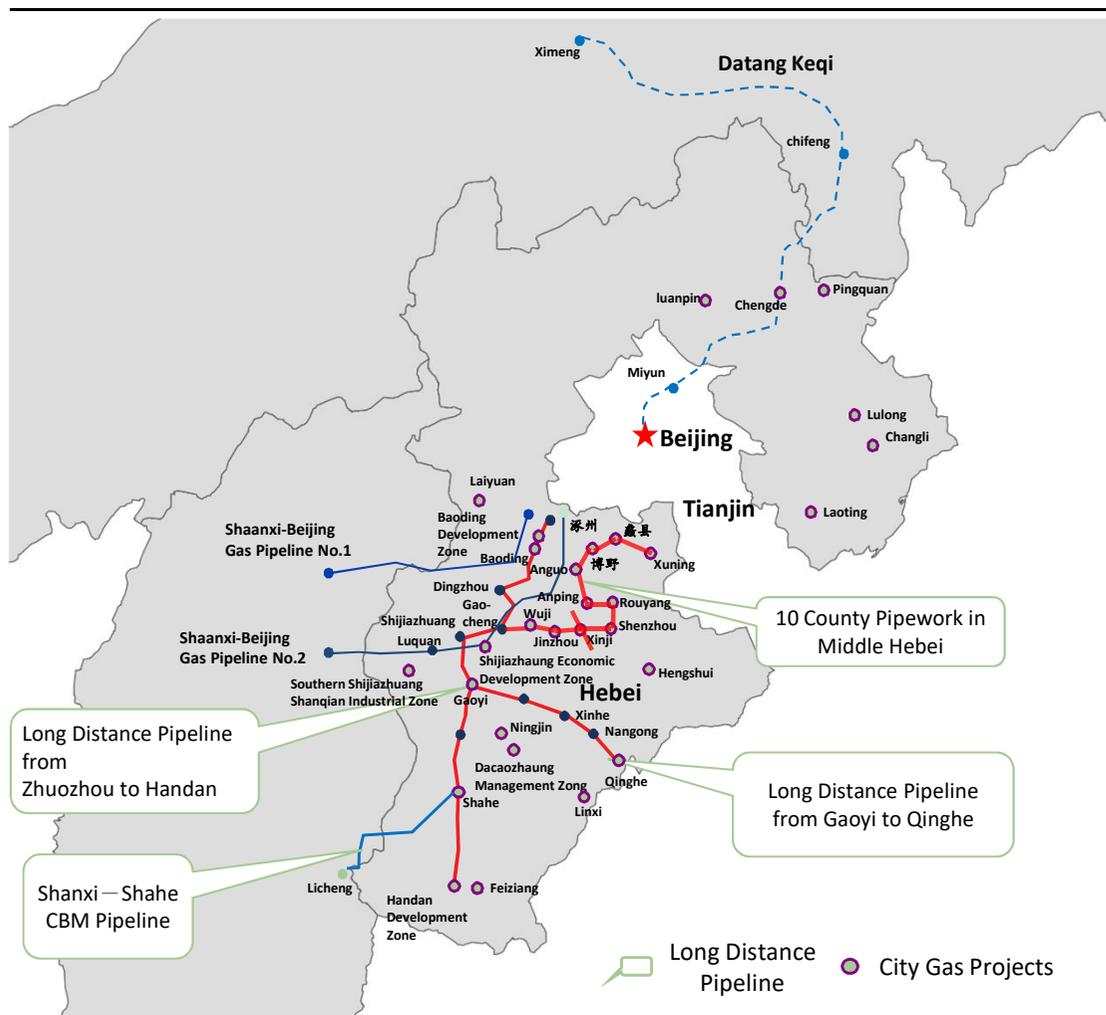


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Natural Gas Segment Review

Locations of Natural Gas Pipelines



Construction of Natural Gas Pipeline Projects

- Added 903.97km km of pipelines in 2017; total length of natural gas pipelines in operation reached 3,087.67km, including 846.29km of transmission pipeline and 2,241.38km of city gas network pipeline
- Shanxi—Shahe CBM Pipeline commenced operation
- Main pipeline of 10 County Pipework in Middle Hebei (Phase 2) commenced operation

Downstream Business

- Non-residential users increased by 654 (including 352 small business users) to a total of 2,668 users (including 1,673 small business users). Residential users increased by 61,263 to a total of 234,212 users
- Set up branch companies in Luancheng District and Luquan District, Shijiazhuang so as to focus on the expansion of gas-fired power project in Hebei Province.

Development of CNG/LNG Stations

- Anping CNG primary filling station commenced operation
- Operating 7 CNG primary stations and 7 CNG refilling stations



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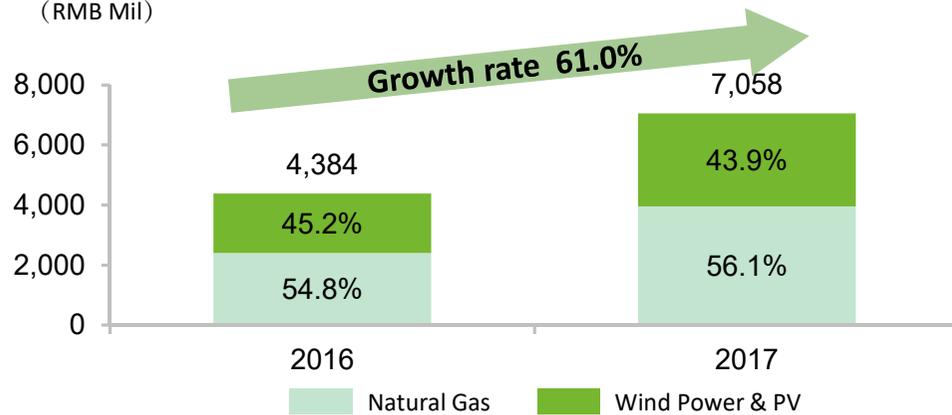
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Financial Highlights

Group Financial Highlights

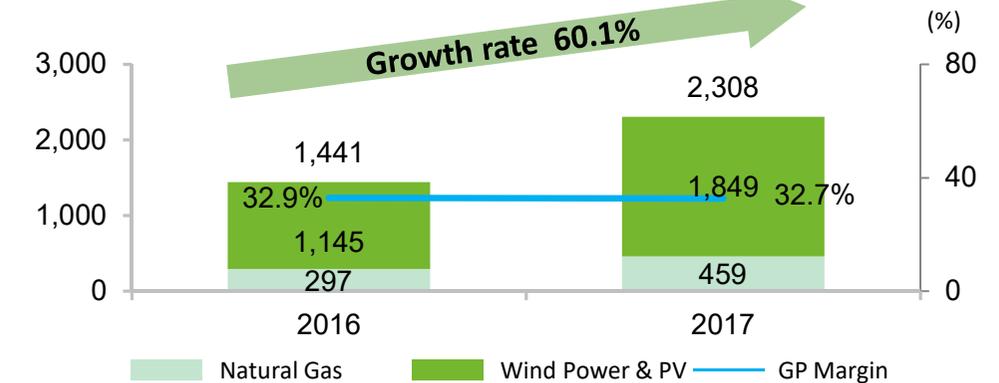
Revenue

(RMB Mil)



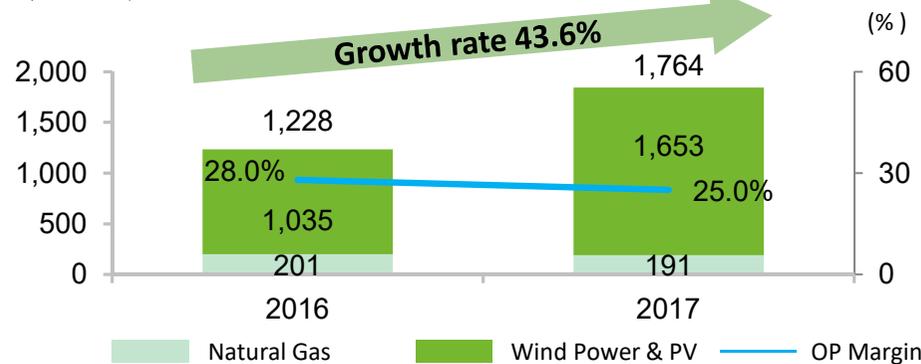
Gross Profit

(RMB Mil)



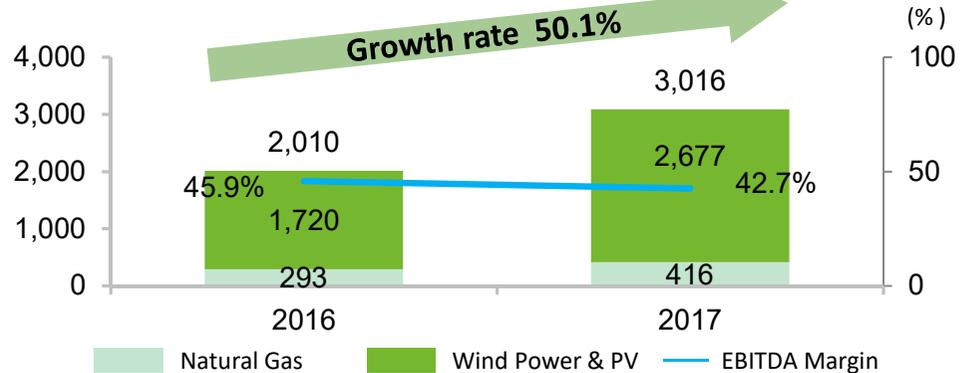
Operating Profit⁽²⁾

(RMB Mil)



EBITDA (1) (2)

(RMB Mil)



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

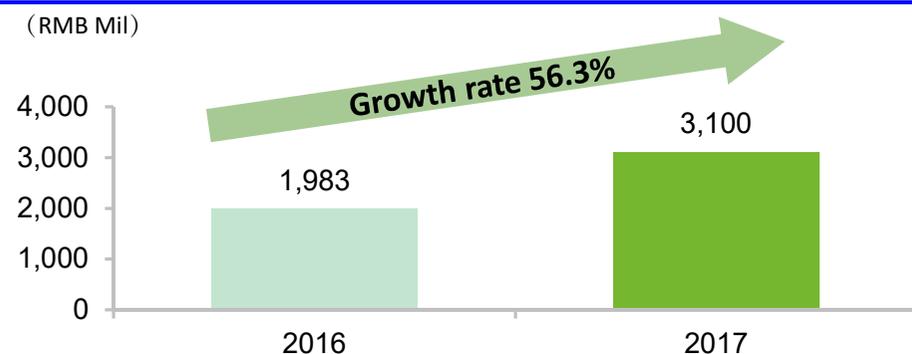


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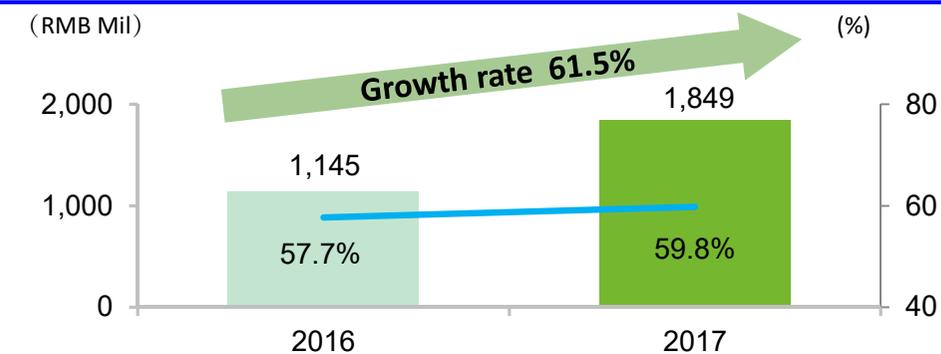
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Wind and Photovoltaic Segment Financial Highlights

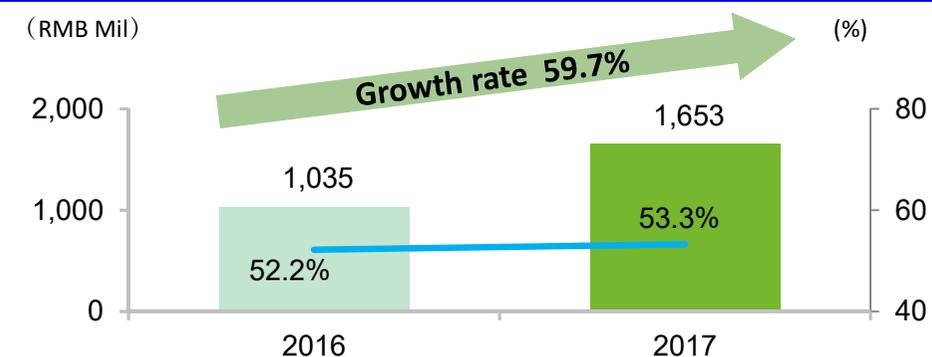
Revenue



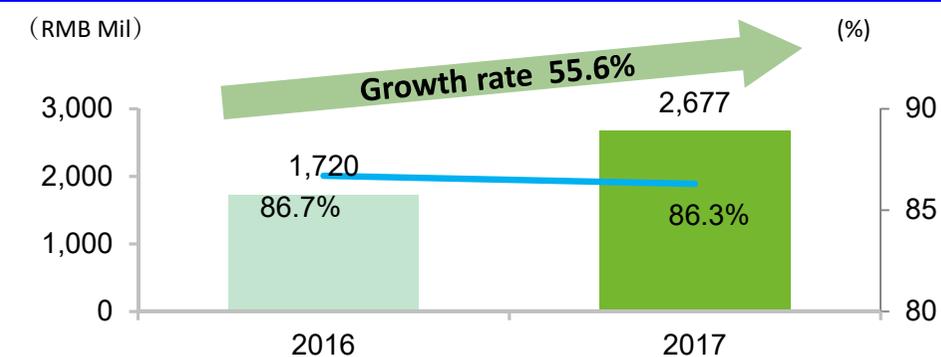
Gross Profit



Operating Profit



EBITDA (1)



Note:

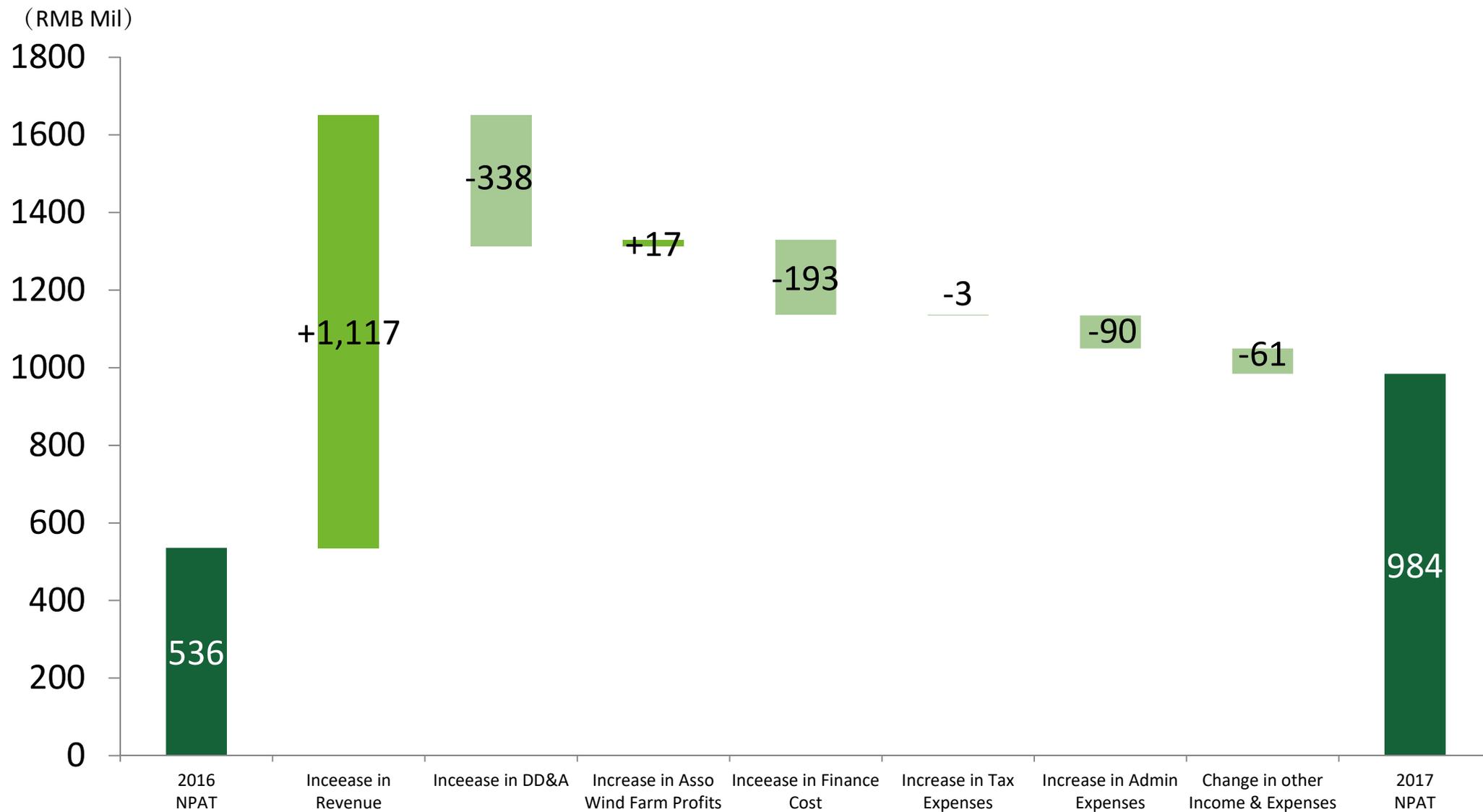
1. Including other revenue such as CER revenue, VAT refund, and bank interest income, excluding share of profit from associates



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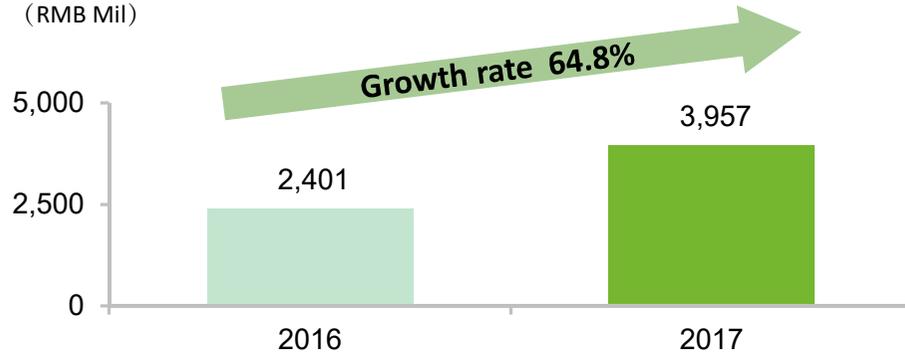
Wind and Photovoltaic Segment NPAT Analysis



Natural Gas Segment Financial Highlights

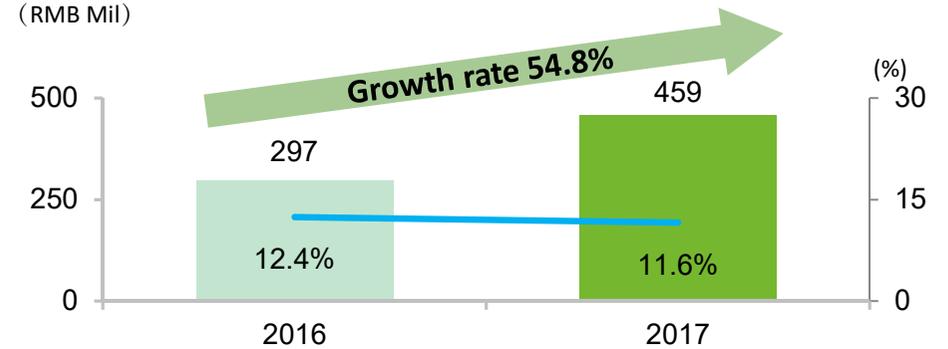
Revenue

(RMB Mil)



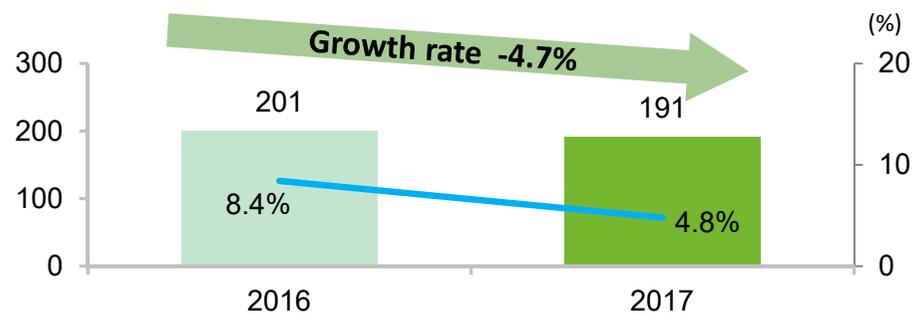
Gross Profit

(RMB Mil)



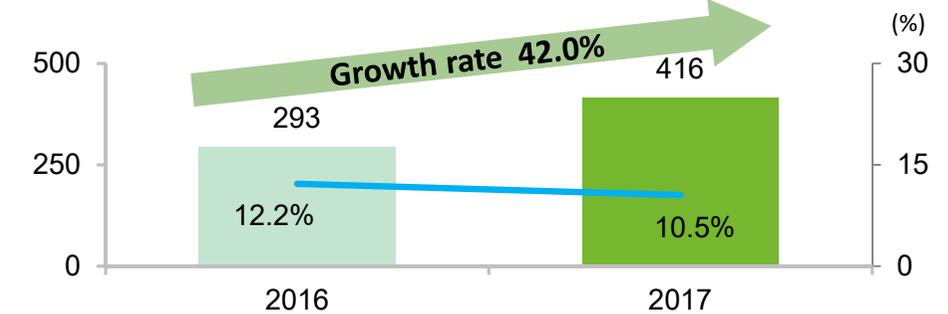
Operating Profit

(RMB Mil)



EBITDA (1)

(RMB Mil)



Note

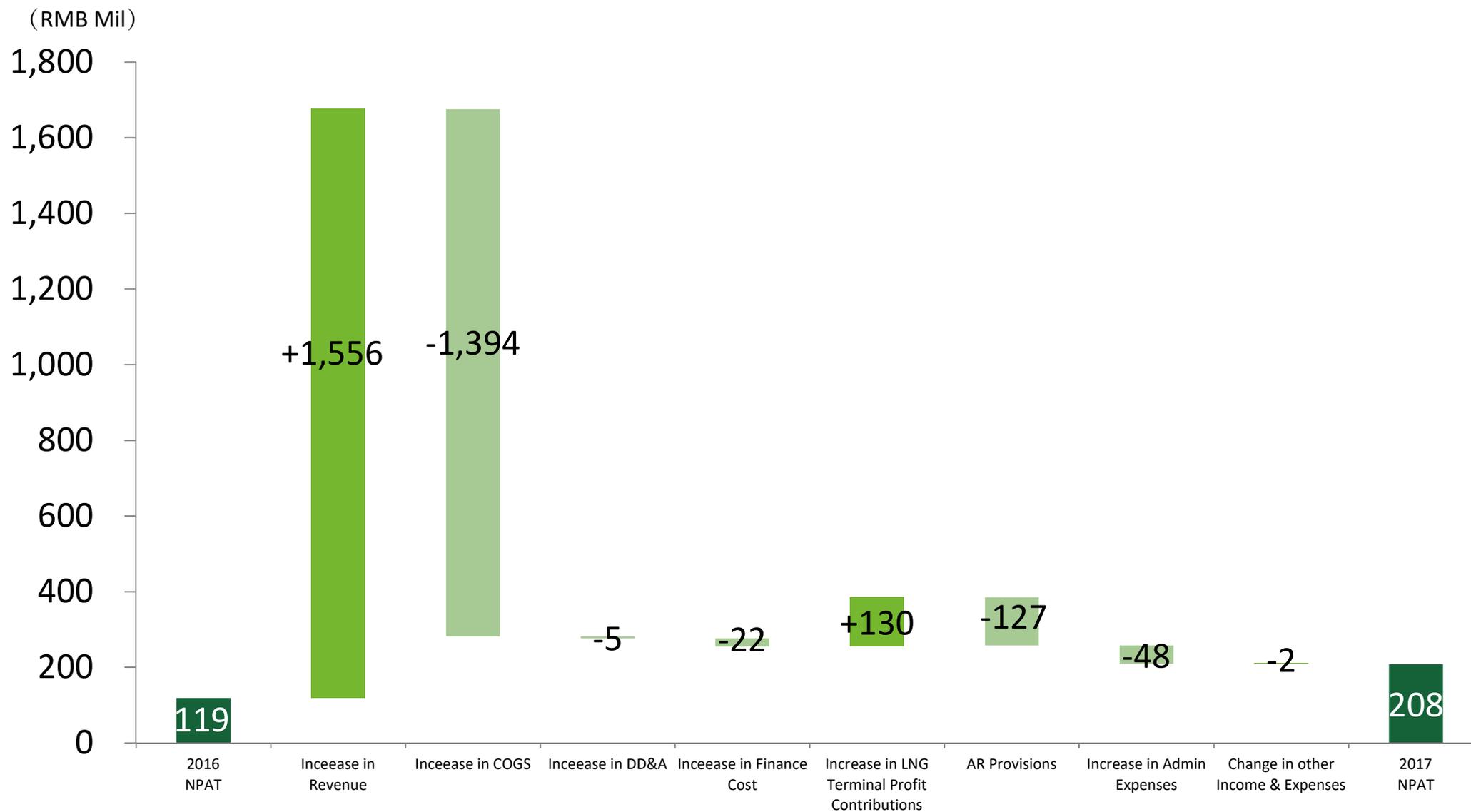
1. Including other revenue, but excluding share of profit from associates



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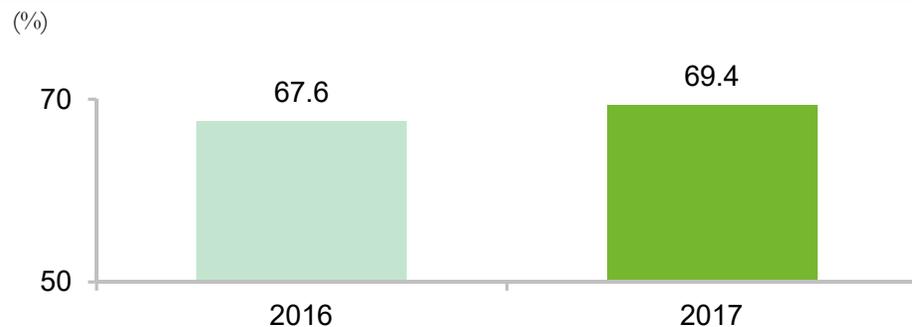
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Natural Gas Segment NPAT Analysis

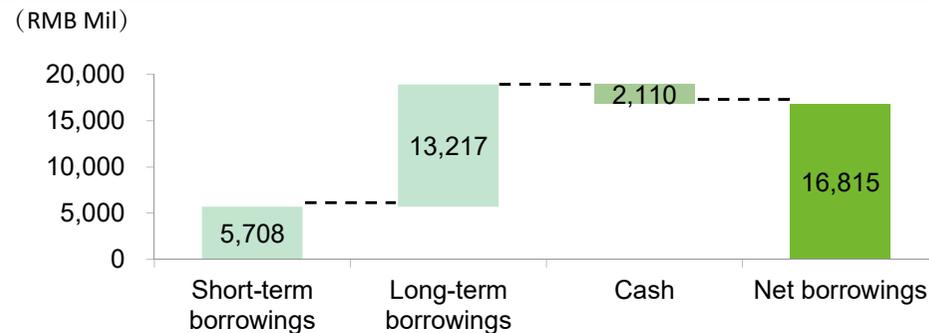


Capital Structure

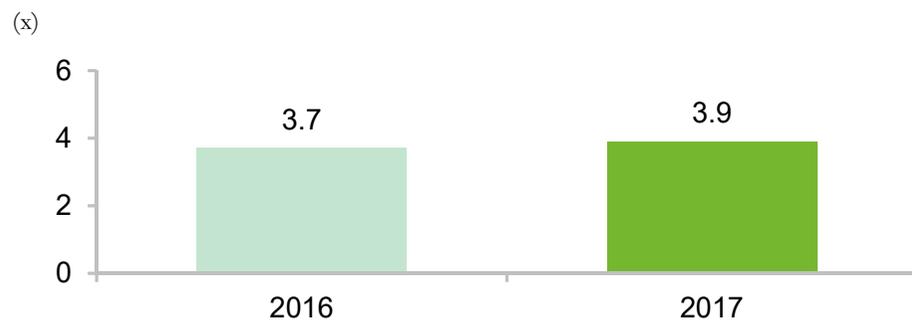
Total Liabilities / Total Assets



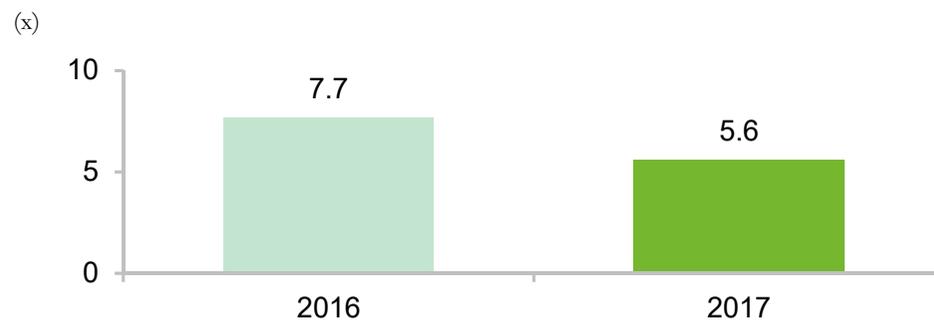
2017 Net Borrowing Breakdown



Interest Coverage (EBITDA/Finance Cost)



Net Debts/EBITDA





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04

Business Outlook

2018 Business Outlook

1

Prospect for the wind power business

As stated in the report of the 19th CPC National Congress, China has entered a new age. The future development will be the acceleration of the reform of an ecologically-civilized system, building of a beautiful China and establishment of a market-oriented system for green technological innovation, so as to develop green finance and strengthen the energy-saving and environmental protection industry, clean production industry and clean energy industry. The promotion of energy production and consumption revolution and establishment of a low carbon, safe and efficient system for clean energy are encouraged. Against such background, each business segment of the Group will meet with new development opportunities with promising prospects.

1. More efforts shall be placed on the development of new energy business, to accelerate the promotion of wind power development in low-speed wind regions, properly follow up the development of distributed wind power, diligently undertake the detection and analysis of wind power forecast data of existing resources and promptly implement the construction and conditions for access so that the projects can be approved as soon as possible.
2. Revise and improve the management system for infrastructure based on the actual project situation, regulate the project management procedures, supervise and give direction to project companies to establish a sound management system for project construction in a timely manner according to the overall system construction of the Group, so as to ensure that the safety, quality, progress and investments of the construction projects are under control and that each key project can commence production on schedule.
3. Strengthen the production management, continuously consolidate the establishment of the “double control” system for safe production and set up production safety standards. Raise the awareness on intellectual property with development driven by innovation, and actively promote the transformation and upgrade of industrial technologies so as to maintain its leading position in production. The Group shall actively apply for various national patents, enhance the technological level, strengthen the capability of expansion of external markets and its influence towards the industry.



2018 Business Outlook (Con't)

2

Prospects for the natural gas business

The year 2018 is a crucial year for the implementation of the “13th Five-Year Plan”. Leveraging on the advantages of clean energy development, the Group will continue to uphold the strategic position of “actively strive for participation in the upstream business, control the midstream business in full efforts, and selectively develop the downstream business”, and focus will be on attaining new achievements in deepening the supply side reform of energy and resource allocation, achieving new breakthroughs in gas volume enhancement and making new progress in the construction of main pipelines.

Cooperation with upstream partners

The Group will continue to actively deepen the cooperation with the upstream gas suppliers and strive to explore move sources of gas with the adoption of various measures, so as to achieve mutual complementation and support between PetroChina, Sinopec Corp. and CNOOC, so that the stability and reliability of the gas protection system of the Group can be assured.

Long-distance transmission pipeline business

The Group will accelerate the construction progress of the major long-distance transmission projects such as the pipeline network for ten counties in the middle of Hebei Province (Phase II) and transmission pipeline from Zhuozhou to Yongqing, and strive for the commencement of operation as early as possible in order to lend support to the expansion of the Company in the downstream market. The Group aims to commence the operation of pipeline projects for gas supply to major users as early as possible and comprehensively improve the operating efficiency of the Group. The Group will explore the development potential in surrounding markets of the existing long distance pipeline, penetrate into the market of downstream distributors and direct users with high gas consumption aiming to deepen the cooperation with them through initiatives of guaranteeing supply and offering sales incentives to retain the existing transmission volume and develop new customers, so as to boost the long-distance gas business.

City gas business

By grasping the opportunity of green energy development and “replacing coal by gas” in Hebei Province, while guaranteeing stable supply to existing users, 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, and 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.



2018 Business Outlook (Con't)

3

Innovative financing means

In 2018, 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.

1. By deepening the communication and interaction with different financial institutions and bringing the geographical advantages of Suntien HK and Suntien Shenzhen into full play as well as continuously paying attention to the changes of various policies, the Group could keep abreast of market development, select financial products on a preferentially basis, reasonably adjust the proportion of direct and indirect debt financing and further optimize the debt structure so as to minimize capital costs.
2. By actively 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.





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Q&A