

Towngas China (1083.hk) 2015 Interim Results Presentation



Disclaimer

This presentation and subsequent discussion may contain certain forward-looking statements. These forward-looking statements reflect the company's view on some future events and involve known and unknown risks and uncertainties and other factors which may cause actual performance and development differ materially. Past performance cannot be relied on as a guide for future performance.

Corporate Structure



Hong Kong & China Gas
(0003.hk)

- Major utilities and energy company in Hong Kong and mainland China
- A HSI constituent stock

62.15%

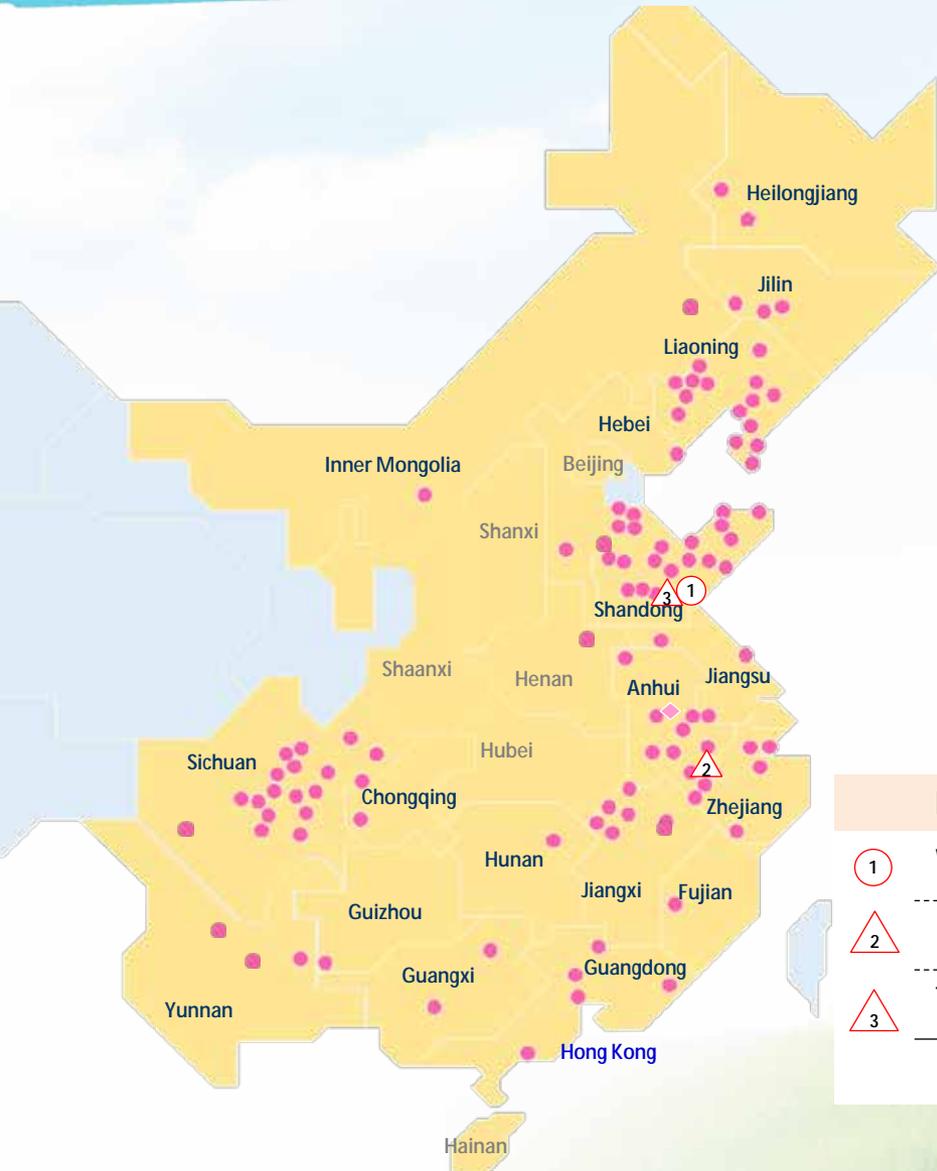


Towngas China
(1083.hk)

- Major city-gas operator in mainland China

Territorial Coverage

As of July 31, 2015



3 projects added, total **99** projects in **18** provincial regions

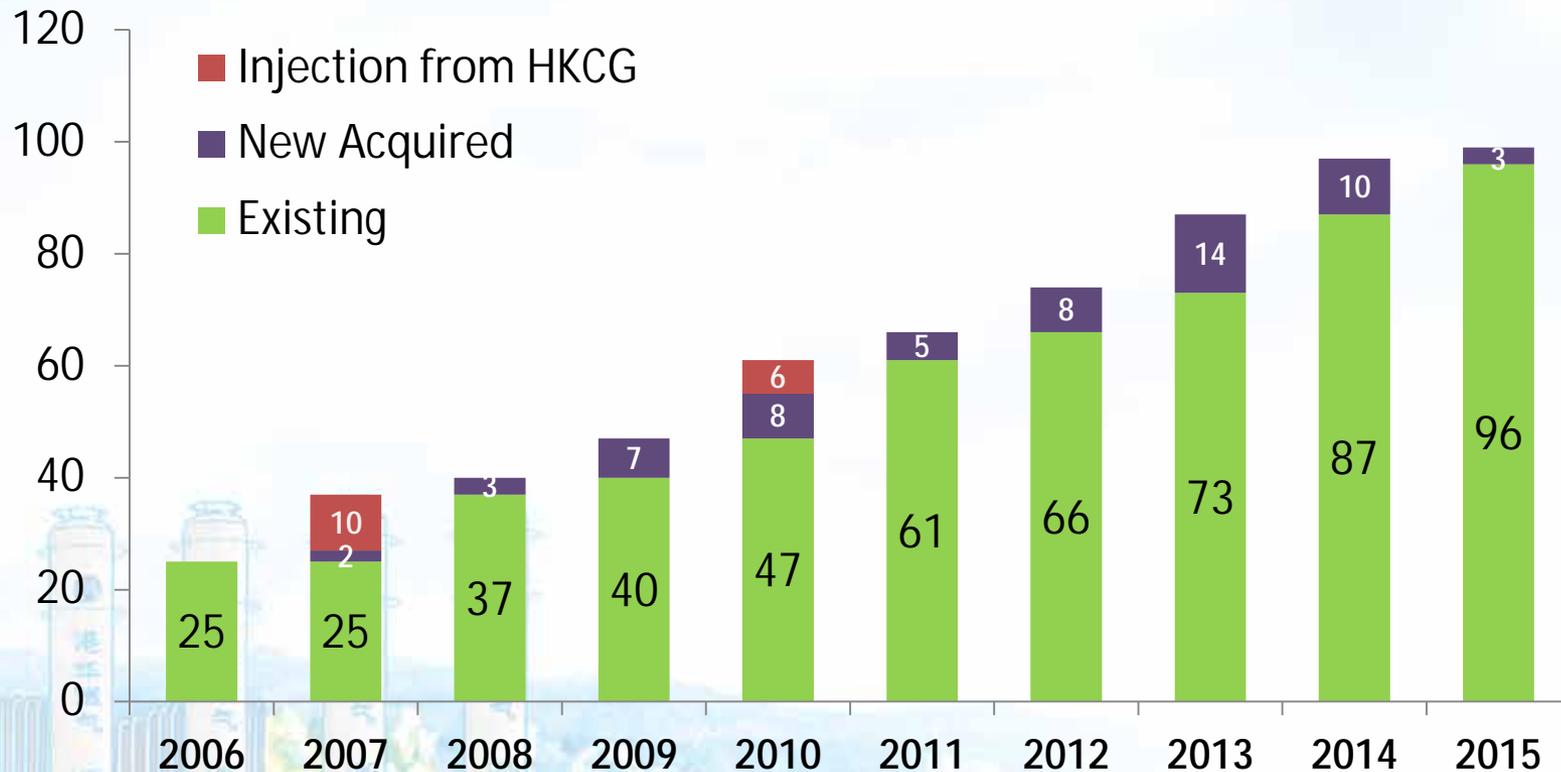
Profile

- City-gas ●
- Midstream ▲
- Refilling station ◆
- Other ◇

	New Projects	Stack	Investment	Volume in 5 Years
①	Wulian	70%	Rmb202Mn	103Mn m ³
②	Huangshan Xuncheng	49%	Rmb170Mn	307Mn m ³
③	Taian Taigang	49%	Rmb96Mn	504Mn m ³
			<u>Rmb468Mn</u>	<u>914Mn m³</u>

Number of Projects

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
25	37	40	47	61	66	74	87	97	99



Financial and Operational Performance



1H 2015 Results Highlights

Operating Profit After Tax

HK\$639Mn \uparrow 37%

Gas Sales
Volume

\uparrow 3%

3.4Bn m³

Total Projects

+3

Total 100

Total Customers

+384,100

9.6Mn

New
Connections

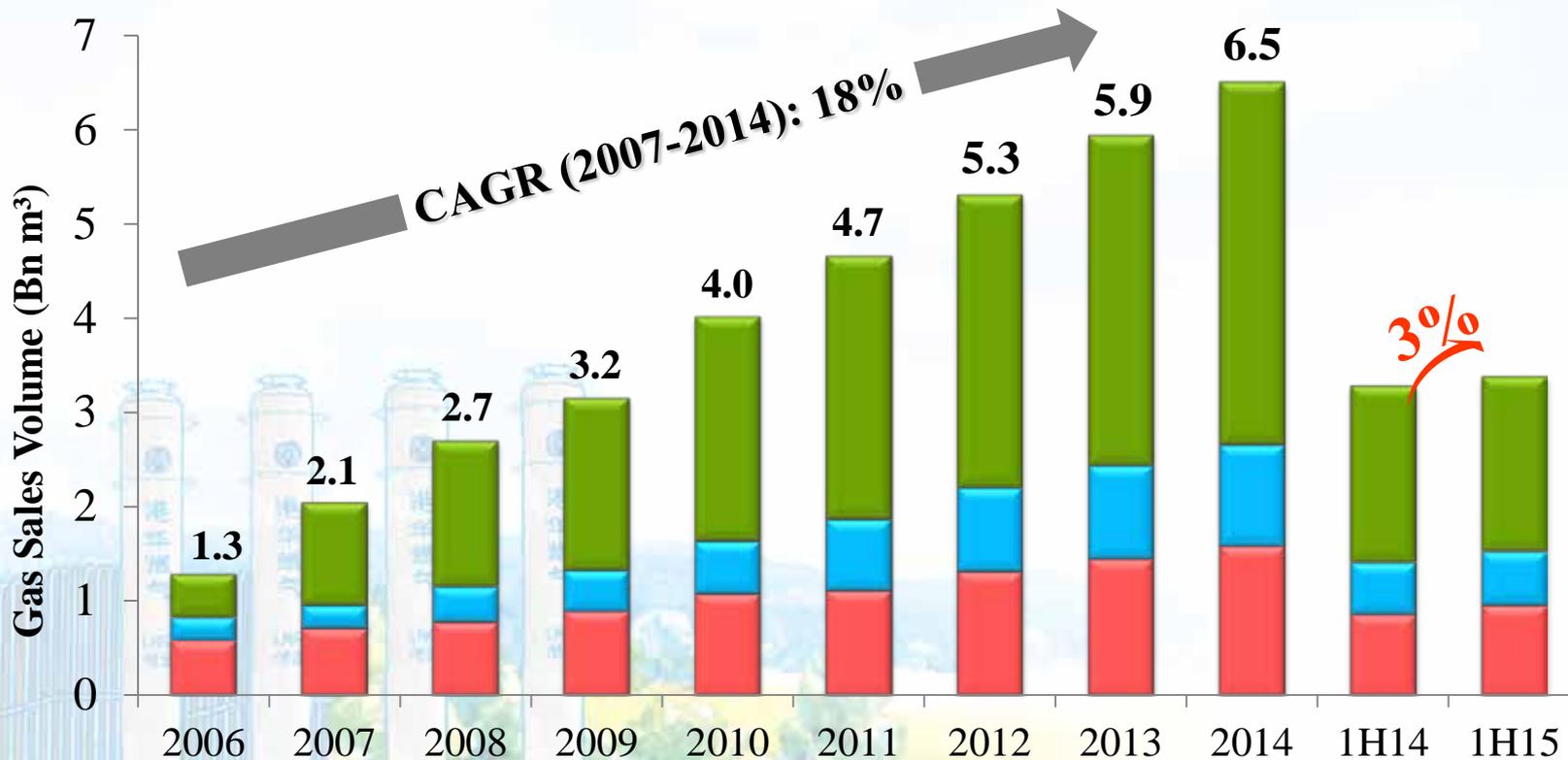
406,700

Results Highlights (Financial)

(HK\$Mn)	1H14	1H15	Change
Turnover			
Gas Sales	3,030	3,212	+6%
Connection Fees	645	719	+12%
	<u>3,675</u>	<u>3,931</u>	+7%
Operating Profit After Tax	468	639	+37%
Profit attributable to shareholders	468	639	+37%
Basic EPS (HK cents per share)	17.90	24.24	+35%

Growing Gas Sales Volume

(Bn m ³)	1H14	1H15	Change
Industrial	1.88	1.86	-1%
Commercial	0.55	0.58	+5%
Residential	0.87	0.96	+11%
Total	3.30	3.39	+3%



*All JVs (100%)

Gas Sales Volume of JVs

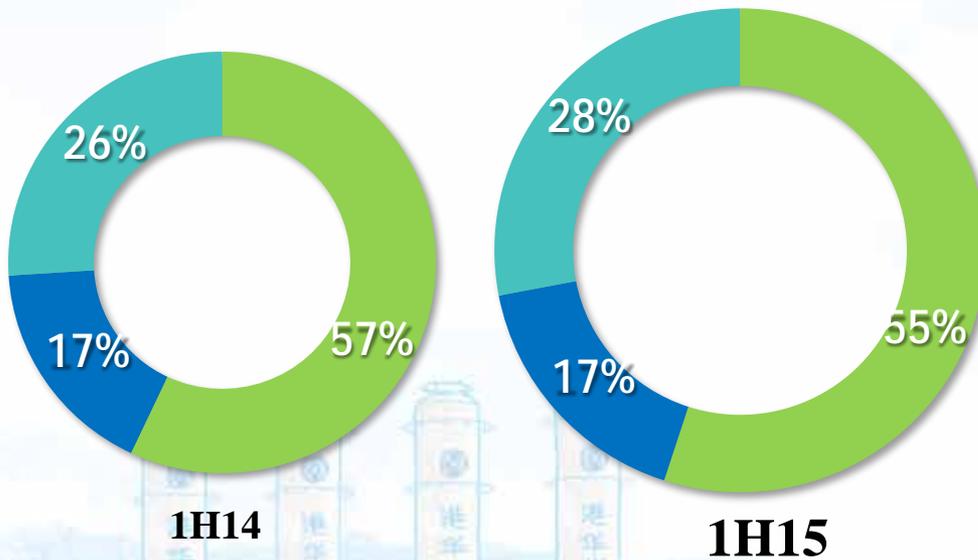
Volume (Mn m ³)	1H14	1H15	Change
Subsidiaries	867	899	+3.8%
JCEs & Associates	1,747	1,790	+2.5%
Chengdu JV	682	704	+3.2%
Total	3,296	3,393	+3.0%

Note: Chengdu JV with 13% shareholding is classified as financial investment

Operational Highlights

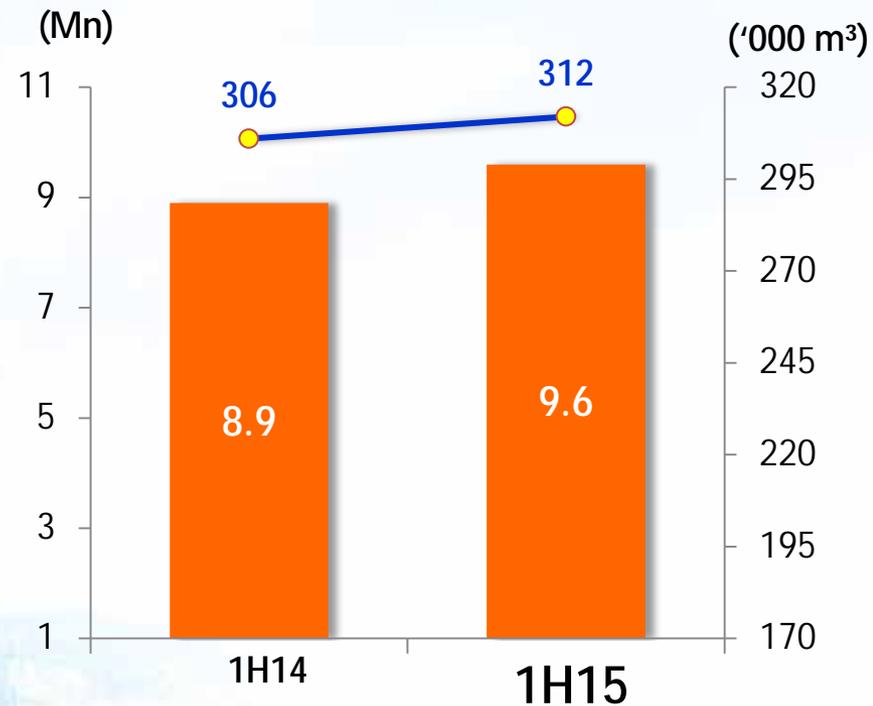
Gas Sales Volume Mix (%)

■ Residential
 ■ Commercial
 ■ Industrial



Productivity

■ Customers No. (LHS)
—●— Gas Volume/Employee (RHS)



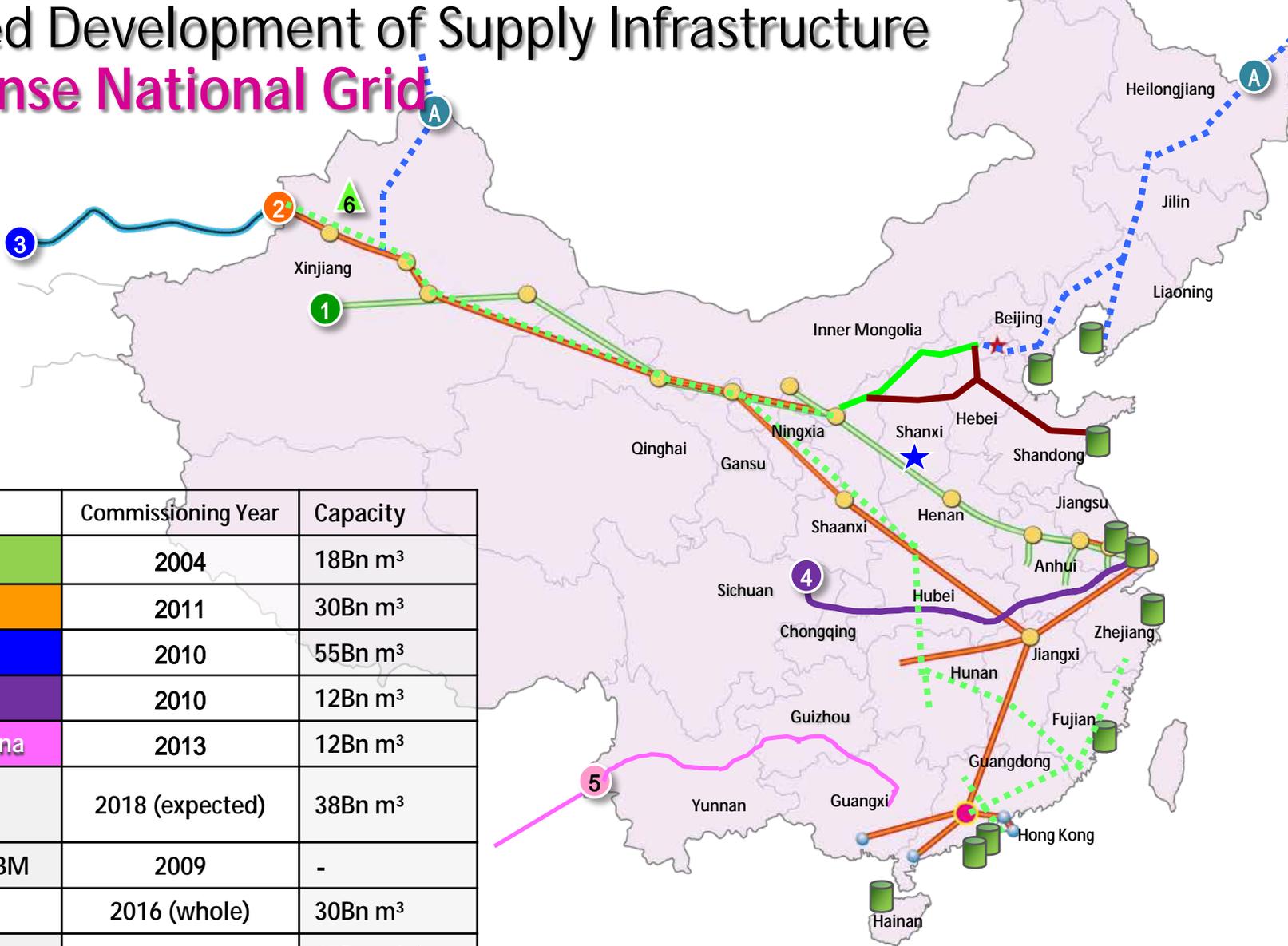
* All JVs (100%)

3rd NG Gate-Price Adjustment and Unification

- ▶ Effective 1 April 2015
- ▶ Affect non-residential customers
- ▶ Unified 'Additional' and 'Existing' gas volume prices
- ▶ Additional gas volume: -Rmb0.44/m³
- ▶ Existing gas volume: +Rmb0.04/m³
- ▶ Expecting Group's average incoming price decrease Rmb0.1/m³
- ▶ More conducive to conversion to natural gas
- ▶ Reference to oil product prices in 2H2014

High Speed Development of Supply Infrastructure

An Immense National Grid



NG Source	Commissioning Year	Capacity
① West to East 1	2004	18Bn m ³
② West to East 2	2011	30Bn m ³
③ Central Asia	2010	55Bn m ³
④ Sichuan to East	2010	12Bn m ³
⑤ Myanmar to China	2013	12Bn m ³
Ⓐ Russia to China (East)	2018 (expected)	38Bn m ³
★ HKCG Shanxi LCBM	2009	-
▲ West to East 3	2016 (whole)	30Bn m ³
West to East 4, 5	Route planning completed	45Bn m ³ / line
Existing LNG Terminal		58M tonnes

Outlook

- ▶ Gas sales volume with mid growth in the medium term
- ▶ Development focus
 - § Water heating and space heating potential, in particular in Northern China
 - § Boilers & kilns in industrial application
 - § Restaurants
 - § Gas refilling stations
- ▶ Price reforms help NG remain competitive
- ▶ Environmental pressure helps NG replace dirty fuels
- ▶ Increasing urbanization strengthen steady connection fees and customer gains
- ▶ Capitalize sizable plus households customers with business opportunities

THANK YOU

