



ENN 新奥

ENN Energy Holdings Limited

9M20 Operational Update Company Presentation

28 October 2020





Q3 Highlights

Retail Gas Sales Volume Up **18.2%**

Dollar Margin Maintained at **0.61/m³**

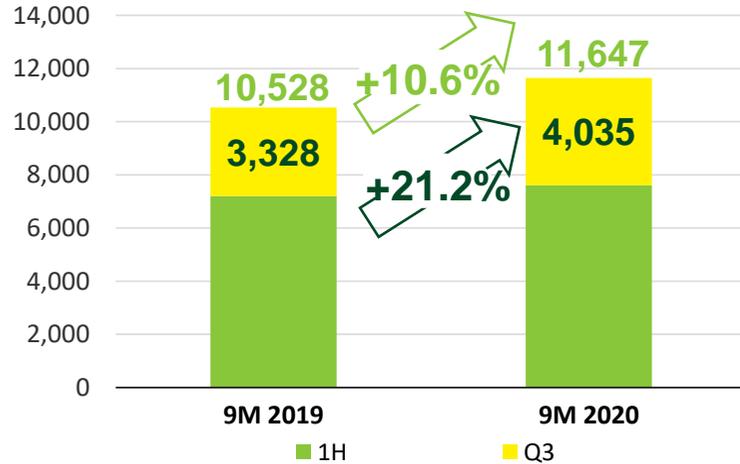
C/I and Residential Development Up **33.6% & 45.2%**

Integrated Energy Sales Volume Up **142.2%** cumulatively

Strong Volume Growth Momentum in Q3

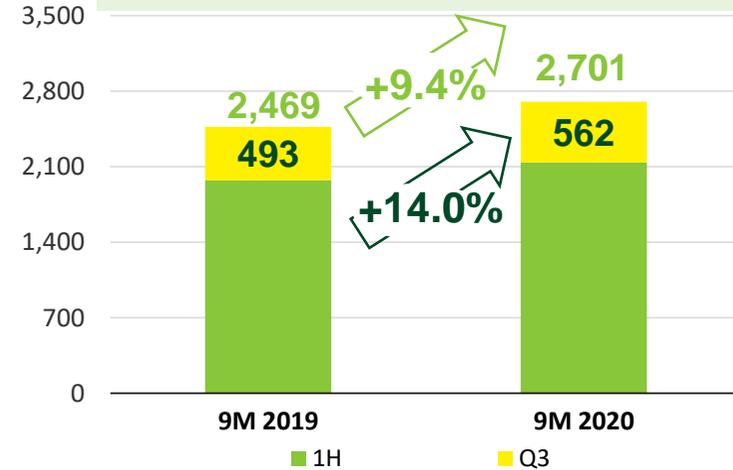
C/I Vol (mil m³)

- Q3 C/I vol up 21.2% → Industrial vol up 23.9%, commercial vol up 5.7%
- 9M C/I vol up 10.6%



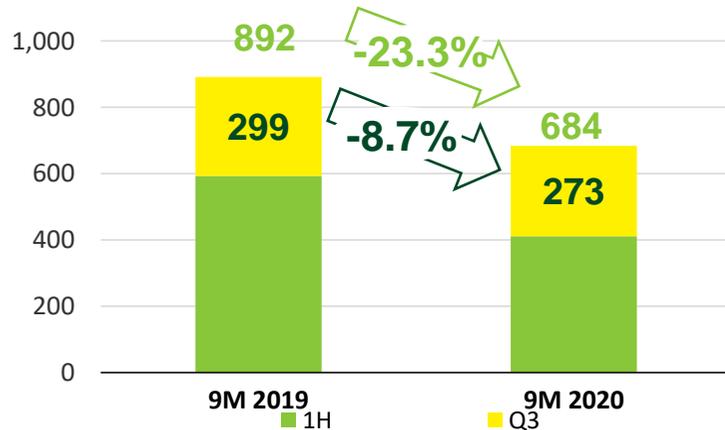
Res Vol (mil m³)

- COVID-19 under control, reopening of schools and social welfare institutions increased gas vol
- Q3 residential vol up 14.0%
- 9M residential vol up 9.4%



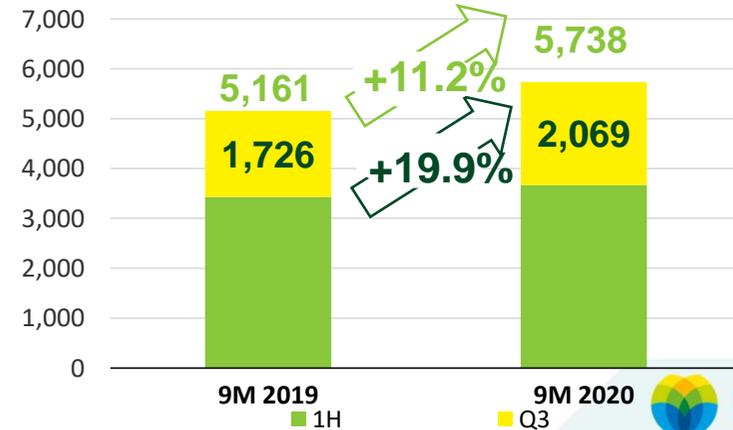
Vehicle Gas (mil m³)

- Higher frequency of commute, vol decline tapered
- Q3 refueling vol declined 8.7%
- 9M refueling vol declined 23.3%



Wholesale (mil m³)

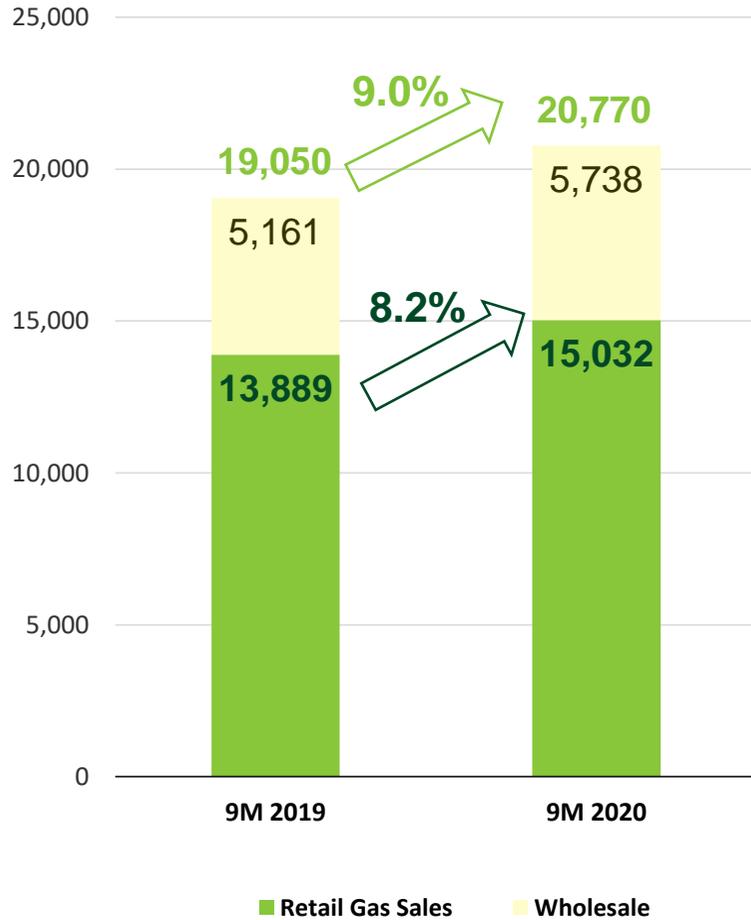
- Developed customers outside concessions with low-cost LNG resources, enhanced bargaining power
- Q3 wholesale vol up 19.9%; 9M vol up 11.2%



FY20 Gas Sales Target on Track

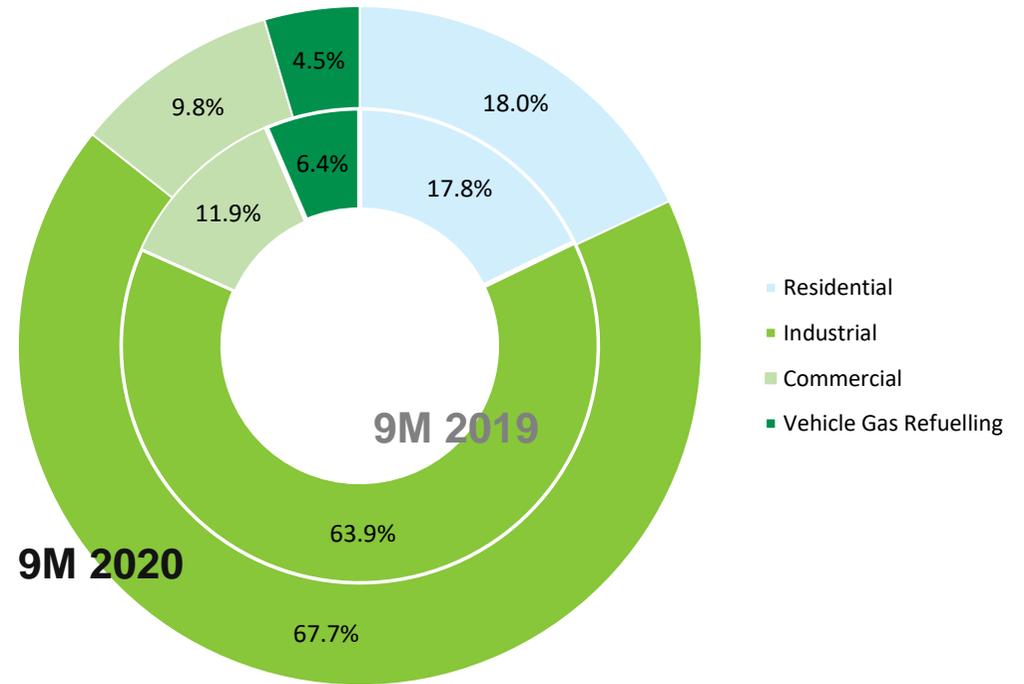
Total Gas Sales Vol (mil m³)

FY20 Guidance:
Retail gas sales vol up more than 10%



Quality Gas Sales Vol Mix

C/I gas sales vol accounted for over **77%**



Intact Dollar Margin

ASP/Cost (RMB/m ³)	9M 2020	9M 2019	1H 2020
Residential	2.84	2.79	2.83
C/I	2.73	3.16	2.77
Vehicle Gas Refuelling	3.40	4.02	3.51
ASP	2.78	3.15	2.81
Average Cost	2.11	2.51	2.14
Dollar Margin (ex. VAT)	0.61	0.59	0.61

Gas Procurement:

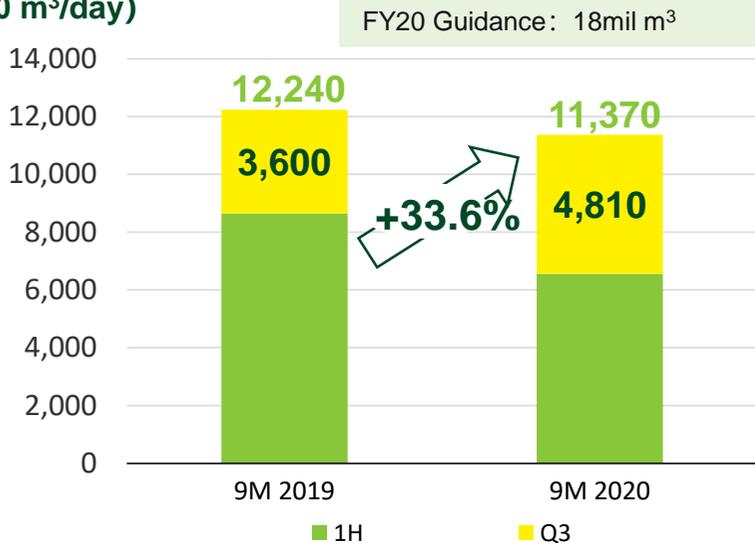
- Imported 1.62mil tonnes of LNG
- Average import cost (all-in) lower than citygate price by 15-20%
- Commenced direct gas supply from Zhoushan terminal to ENN Huzhou gas project through Zhejiang provincial pipeline, realized pipeline liberalization, reduced gas cost

Retail gas sales:

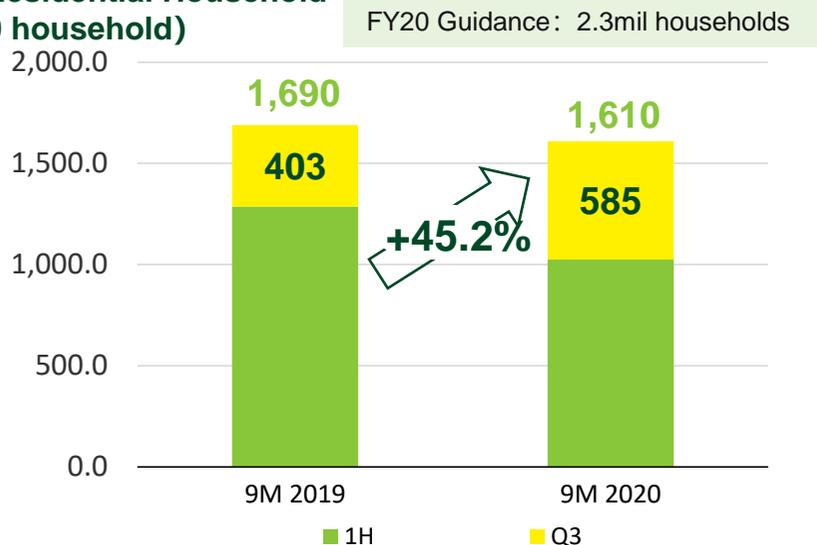
- Stimulated vol growth and expanded customer base leveraging low-cost gas purchase while maintaining reasonable dollar margin

New Users Development Accelerated, FY20 Target on Track

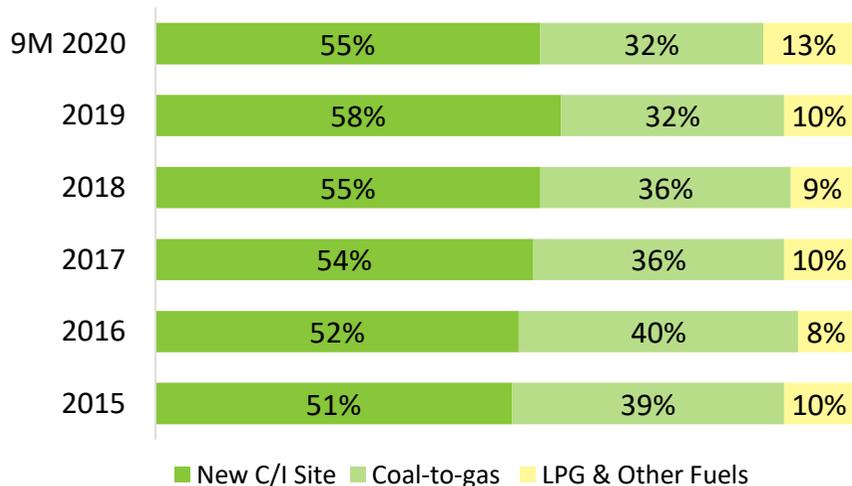
New C/I Installed Designed Daily Capacity ('000 m³/day)



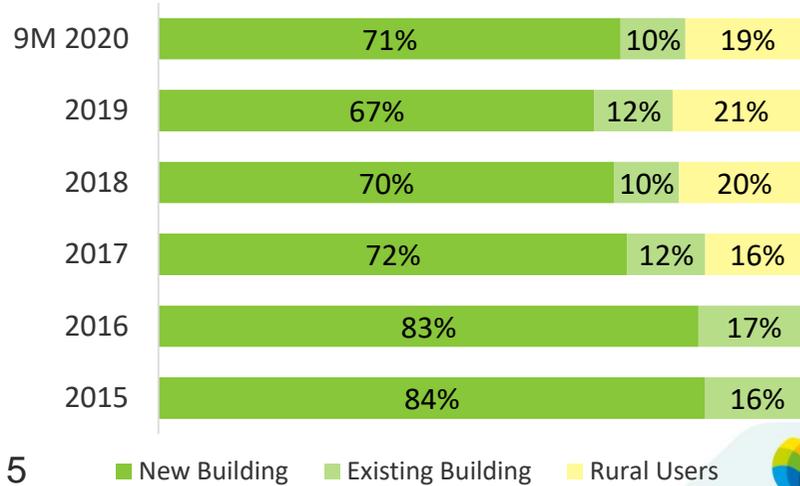
New Residential Household ('000 household)



New C/I Customers Breakdown

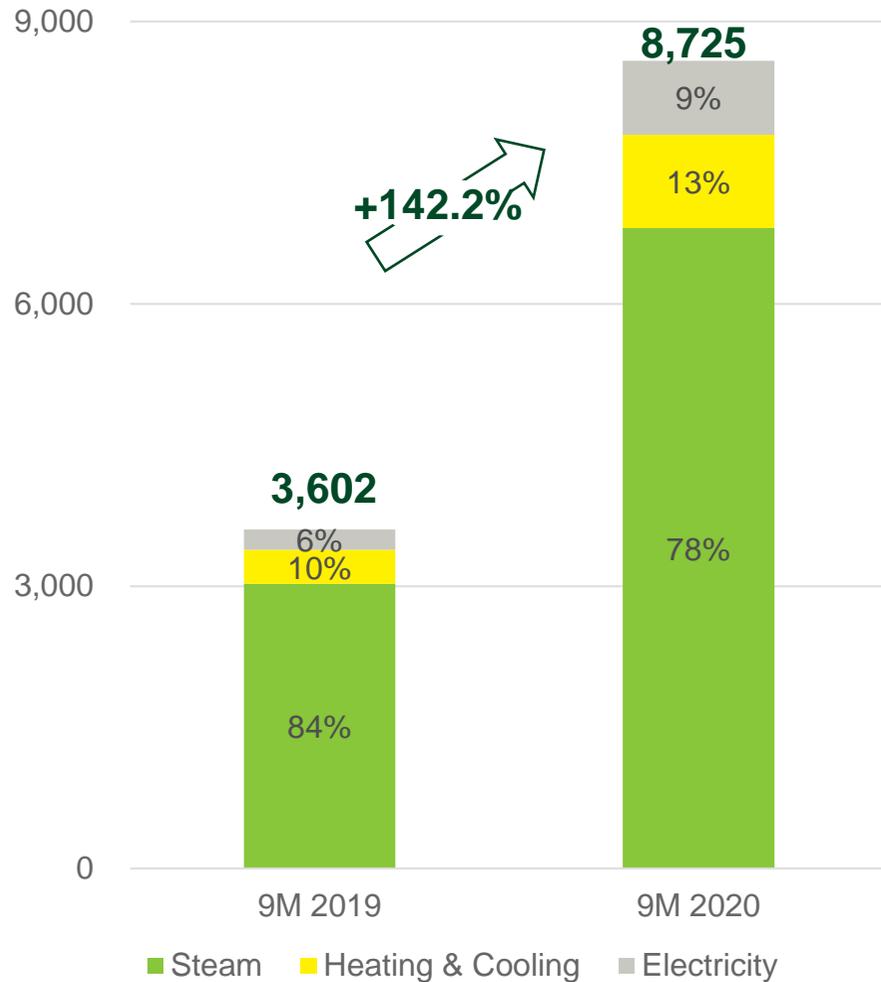


New Residential Customers Breakdown



Provide customers with Low-carbon Integrated Energy Solutions

Integrated Energy Sales Vol
(mil kWh)



IE Projects
(Operational & Under Construction)

141

28%
Incorporated
Renewables

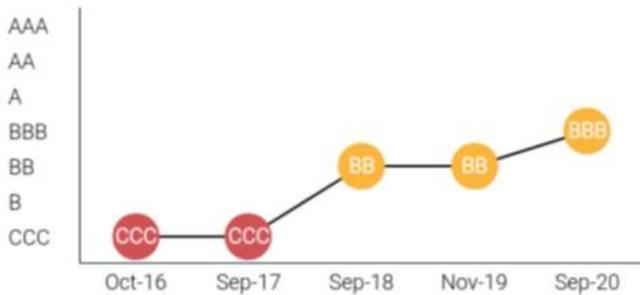
70%
Natural Gas

Upholding the Principle of Sustainable Development to Drive Growth

Enhanced ESG performance and disclosure

MSCI  From BB to **BBB**

ESG Rating history



Motivated project companies to obtain international certifications, launched series of ESG training, aimed at incorporating ESG into our daily operations



- One more project company certified with ISO9001
- Expect 10 project companies obtain international certifications
- Plan to start ISO14064 certification works



ESG Training:

- Completed 90 days internal ESG training
- Will launch anti-corruption training, and promote " ENN Integrity & Compliance Guidelines"

Successfully issued US\$750mil 2030 due 2.625% coupon offshore Green Bond

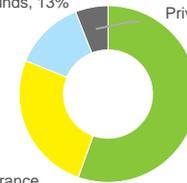
According to " ENN Green Finance Framework" , proceeds will be used in the financing of green projects, incl. renewables, energy efficiency, pollution control

Green Certification Institutions



Diversified Investors

Sovereign Funds & Retirement Funds, 13%

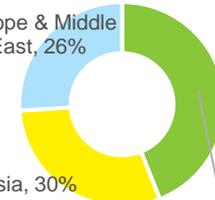


Private Banks & Other Investors, 6%

Asset Managers, 56%

Insurance, 26%

Europe & Middle East, 26%



Asia, 30%

US, 44%

Helped the society & customers save energy and reduced carbon emission

Performance of Energy Saving and Emission Reduction in 9M 20

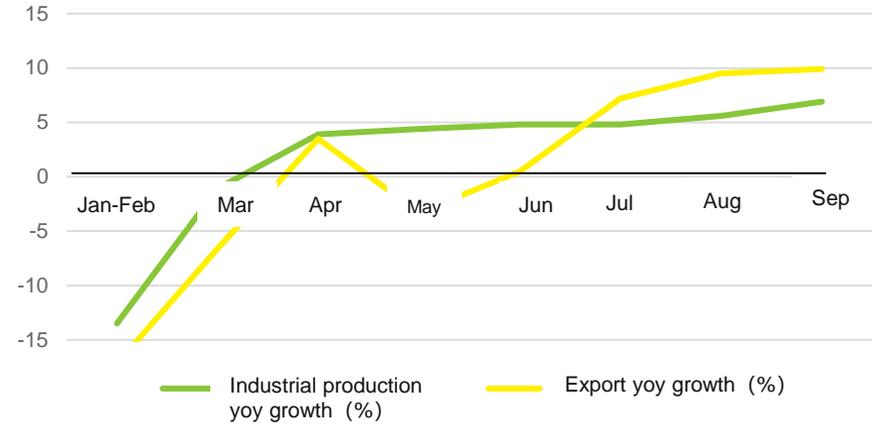
Gas Sales Business	Coal replacement	mil tce	26.71
	Gasoline replacement	mil tons	0.62
	CO ₂ emission reduction	mil tons	26.41
"Coal-to-Gas" Business for C/I users	Coal replacement	ktce/day	4.84
	CO ₂ emission reduction	kt/day	4.72
Integrated Energy Business	Energy saving	mil tce	1.18
	CO ₂ emission reduction	mil tons	3.50

Outlook

Macroeconomic Recovery

- GDP declined by 6.8% in Q1 rebounded to 3.2% growth in Q2, Q3 continued to improve to **4.9%** growth, Q4 GDP growth is expected to return to pre-pandemic level
- Sept export rose **9.9%** yoy
- China Industrial production activities accelerated, Q3 increased **5.8%** yoy

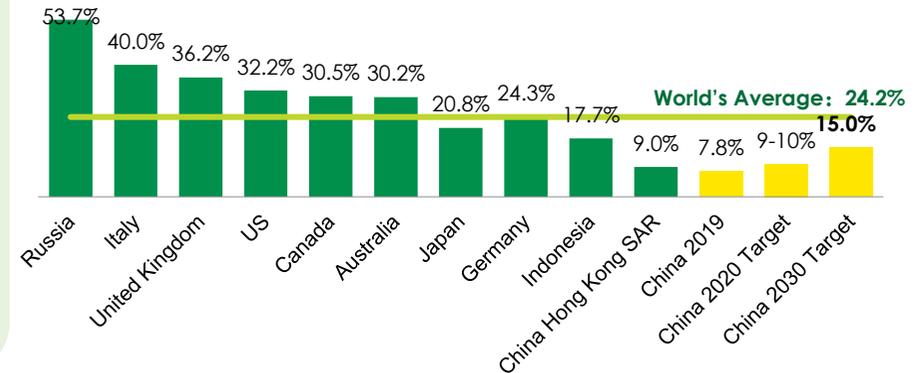
Industrial production recovering, export continues to grow



Supportive Industry Policies

- 2020 is the critical year to “Winning the Battle for Blue Sky” policy, local governments will continue to enhance environmental protection efforts to achieve the scheduled milestone
- Energy transition in China will continue to push natural gas as one of the most important clean energy, to achieve peak carbon emission by 2030 and decline thereafter
- China “Energy Production & Consumption Revolution Strategy” set target to raise gas penetration to **15%** in 2030

China natural gas penetration is lower than world's average



Diversified Gas Sources

- PipeChina is operational, allowing enterprises to book gas transmission pipelines, storage and LNG receiving capacity

Summary

Revised up FY20 core profit growth guidance to
at least 18%

Strong core businesses growth, FY20 free cash flow
expected to reach FY19's level

Robust balance sheet, rising dividend payout

Green financing to enhance ESG performance

Proactively explore hydrogen, renewables utilization,
provide zero-carbon energy solutions



Q&A



Explore the Application of Zero-carbon Energy – Distributed Solar

➤ **Government's front:** “14 · 5 Year Plan” is expected to continue to drive the use of clean energy, and to implement renewable power generation quotas and license waiver policies

➤ **Customer's needs:** Pressure to digest renewable-generated power, demand for cost reduction and efficiency enhancement

➤ **Competitive Edge:**

- ENN Energy possesses tremendous C/I customers resources (>3GW rooftop resources)
- Gas concession areas, IE projects, and incremental power distribution networks will create synergy, able to reduce operating costs & mitigate receivables issues

Case Study –Yangkou Distributed Solar Station in Shandong Shouguang

Summary

- Installed capacity: 11.33MW
- Utilized customer's rooftop of 146,000 m²
- Investment amount: RMB70.98mil
- Operation: Grid connection & all-on-grid
- Generation Capacity: 16mil kWh in 2019
- Tariff Subsidy: RMB0.98/kWh
- Return: IRR 12%



Explore the Application of Zero-carbon Energy – Hydrogen

➤ **Government's front:** China pledged to reach peak level of carbon emission by 2030, and carbon neutral by 2060

➤ **Characteristics of H₂:** High heat value, zero emission, burns fast

➤ **Competitive Edge:**

- H₂ can be blended into natural gas pipelines at specific concentration (10% or below according to international practice) and pressure, can be supplied to commercial and residential users as fuel, reduce carbon emission
- ENN's technological know-hows of operating CNG & LNG transportation & storage provide support to develop compressed H₂ or liquified H₂ business
- Possesses resources and technology of natural gas to hydrogen production

➤ Founding member of "Yangtze River Delta Hydrogen Infrastructure Industry Alliance", aims at exploring the development of hydrogen refuelling infrastructure following the policy of "Yangtze River Delta G60 Hydrogen Corridor"

Hydrogen Supply Project – A Pharmaceutical Company in Liaoning Huludao

Summary

- H₂ production capacity: 1,500m³/h
- Customer's need: 12.48mil m³/year
- Use of existing pipelines, factories and land for free, reduced investment cost, revitalized customer's assets
- Investment amount: RMB17.39mil
- Expected return: IRR 20%
- Status: Under construction, expected commencement in March 2021



Natural Gas to Hydrogen:

1. Compressed and gasified feedstock gas
2. Desulphurization
3. Conversion
4. PSA H₂ extraction





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