



光大綠色環保  
Everbright Greentech

(于开曼群岛注册成立之有限公司)

股份代号:1257

# 2022 Interim Results Presentation

Aug 2022



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# Company Overview



# Everbright Greentech

As of 30 June 2022

Contracted  
environmental  
projects

140



Environmental  
remediation  
projects

44



Total  
investment

32.9  
(RMB billion)



Total service  
contract  
amount

1.24  
(RMB billion)



# Business Coverage

**15** provinces,  
municipalities, autonomous  
region and HKSAR, and  
spreads far to Germany as  
at 30 Jun 2022



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# Financial Analysis

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# Financial Analysis

HK\$' million	For the six months ended 30/6/2022	For the six months ended 30/6/2021	Changes
Revenue	<u>4,220</u>	4,319	-2%
Gross profit	<u>977</u>	1,323	-26%
EBITDA	<u>1,297</u>	1,591	-18%
Profit attributable to shareholders	<u>372</u>	702	-47%
Basic earnings per share (HK cents)	<u>18</u>	33.98	-47%
Dividend of the year per share (HK cents)	<u>3.6</u>	7.0	-3.4
Dividend payout rate(%)	<u>20</u>	20.6	-0.6 ppt

- ▶ As of the end of June 2022, revenue decreased 2%, recording HK\$4.220 billion, among which construction revenue decreased 36% while operation revenue increased 10% yoy.
- ▶ Gross profit recorded HK\$977 million decreasing 26% yoy while EBITDA recorded HK\$1.297 billion decreasing 18% yoy. Affected by the pandemic in China, significant rise in raw material cost of integrated biomass utilisation segment, lower quality of raw material, weak demand for the hazardous and solid waste treatment and continuous decrease in the treatment unit price resulted in the EBITDA decrease.
- ▶ Profit attributable to shareholders decreased 47% yoy, recording HK\$372 million.
- ▶ 2022 interim dividend payment of HK\$3.6 cents per share, representing a stable dividend payout ratio of approximately 20%(2021 interim: 20.6%).

HK\$' million	As at 30/6/2022	As at 31/12/2021	Changes
Total assets	<u>41,352</u>	40,540	2%
Total liabilities	<u>26,873</u>	26,394	2%
Shareholders' equity	<u>13,293</u>	13,761	-3%
Current ratio (%)	<u>141.74</u>	137.50	4.24ppt
Gearing ratio (Total liabilities/Total assets) (%)	<u>64.99</u>	65.11	-0.12ppt

- ▶ As at the end of June 2022, total assets and total liabilities increased by 2% respectively and shareholders' equity decreased by 3%.
- ▶ Gearing ratio decreased 0.12ppt to 64.99% and current ratio increased 4.24ppt to 141.74% and both maintained at a stable level.
- ▶ Corporate firstly issued the first tranche of perpetual medium-term notes, with an issue size of RMB700 million, and the base term is 3 years, with a coupon rate of 3.35% per annum for the first 3 years. Besides, Capex of first half was HK\$ 982 million, decreasing 44% yoy and effectively maintained stable gearing ratio.

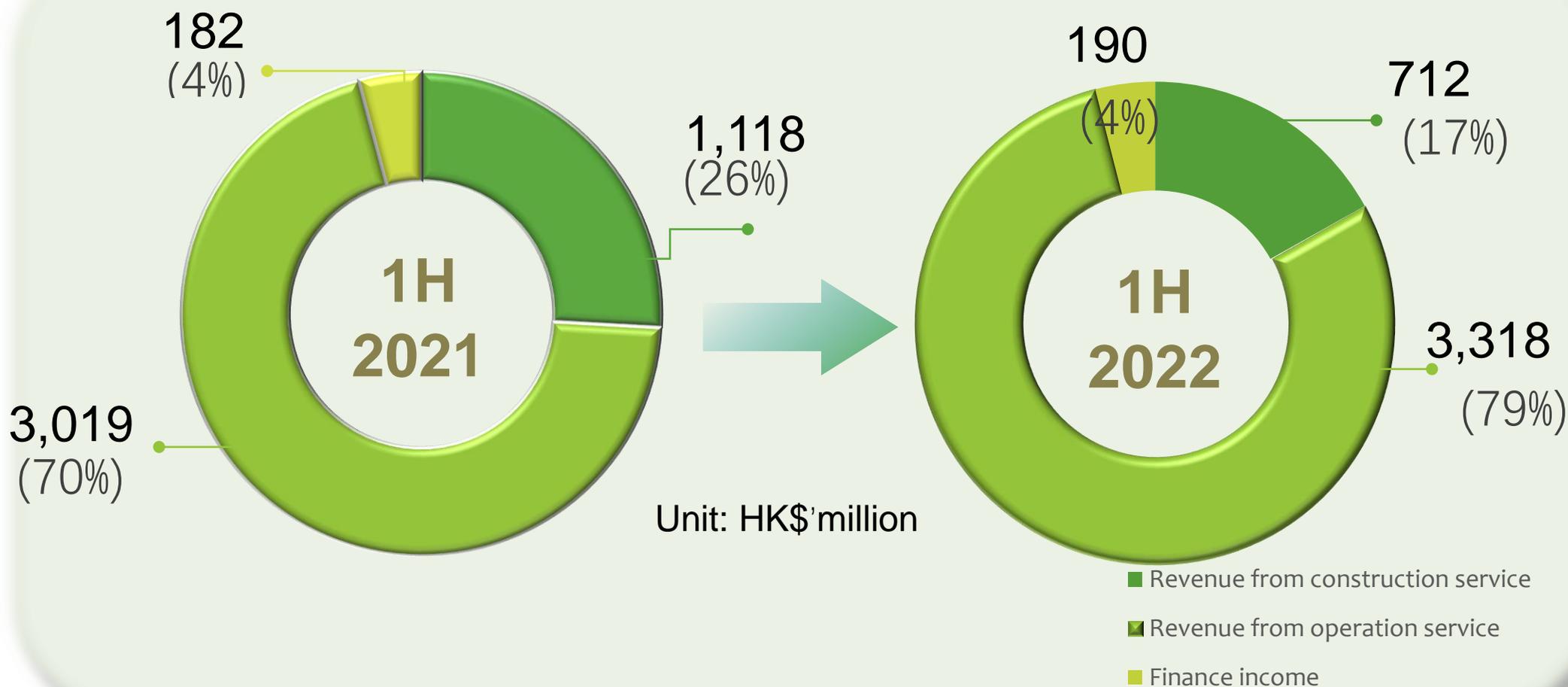
# Financial Analysis

HK\$' million	As at 30/6/2022		As at 31/12/2021		Changes
Short-term loans	<u>6,016</u>	28%	4,493	22%	34%
Long-term loans	<u>15,667</u>	72%	16,058	78%	-2%
<b>Total loans</b>	<b><u>21,683</u></b>		<b>20,551</b>		<b>6%</b>
Unutilised facilities	<u>8,646</u>		7,907		9%
<b>Total banking facilities</b>	<b><u>30,329</u></b>		<b>28,458</b>		<b>7%</b>
Unutilised banking facilities	<u>8,646</u>		7,907		9%
Cash and bank balances	<u>3,005</u>		2,644		14%
<b>Cash and unutilised banking facilities available</b>	<b><u>11,651</u></b>		<b>10,551</b>		<b>10%</b>
	<b>For the six months ended 30/6/2022</b>		<b>For the six months ended 30/6/2021</b>		
<b>Effective interest rate</b>	<b><u>3.45%</u></b>		<b>3.74%</b>		<b>-0.29ppt</b>

As at the end of June 2022, total bank loans amounted to HK\$21.68 billion and increased by 6% compared to the end of last year. Long-term loan accounts for 72%. Besides, available cash and unutilised banking facilities totaled approximately HK\$11.65 billion, continuously maintained strong cash position;

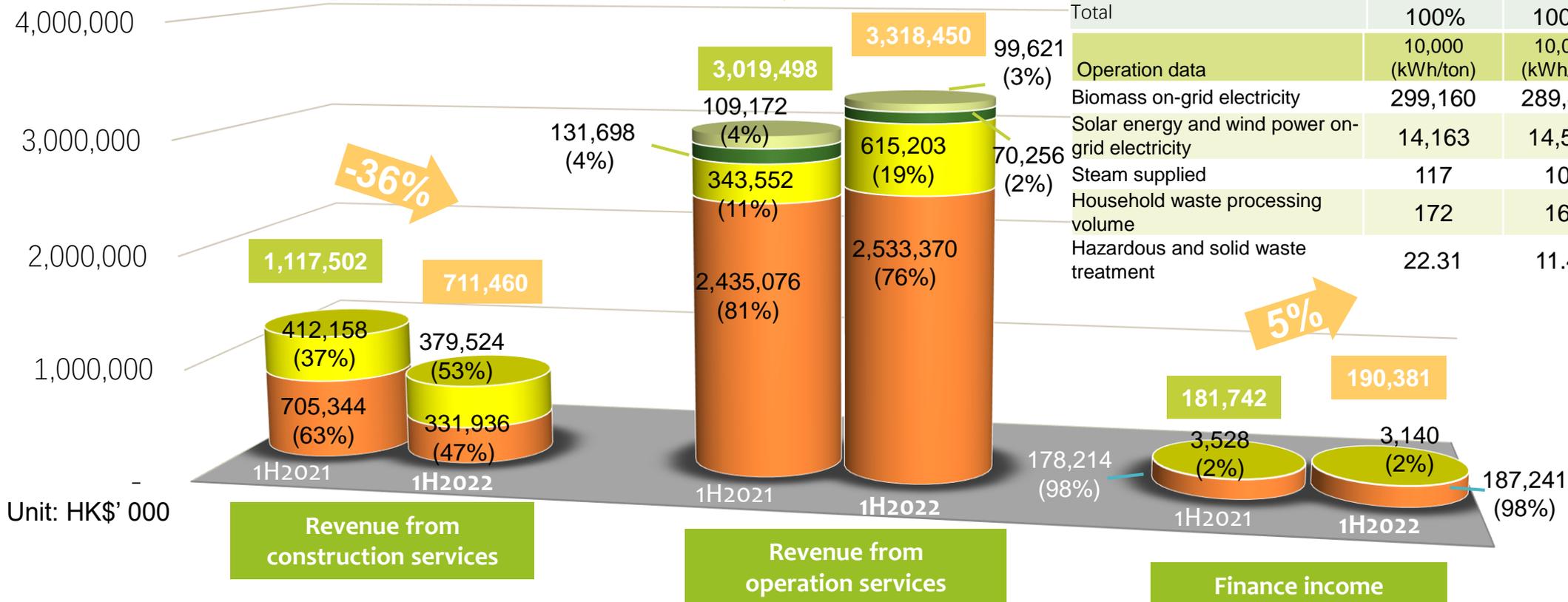
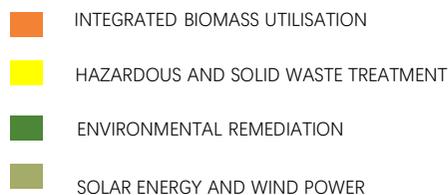
Diversification of financing channels underpinned by issuance of perpetual medium-term notes("MTN"), domestic and overseas financing ratio optimized as a result and financing cost further lowered to 3.45%, down 0.29ppt compared to 3.74% for the same period last year.

# Quality of operating income – ongoing improvement



Revenue from operating service: accounting for 79% of total revenue for 1H 2022 (70% last year of same period), operation revenue increase 10% yoy.

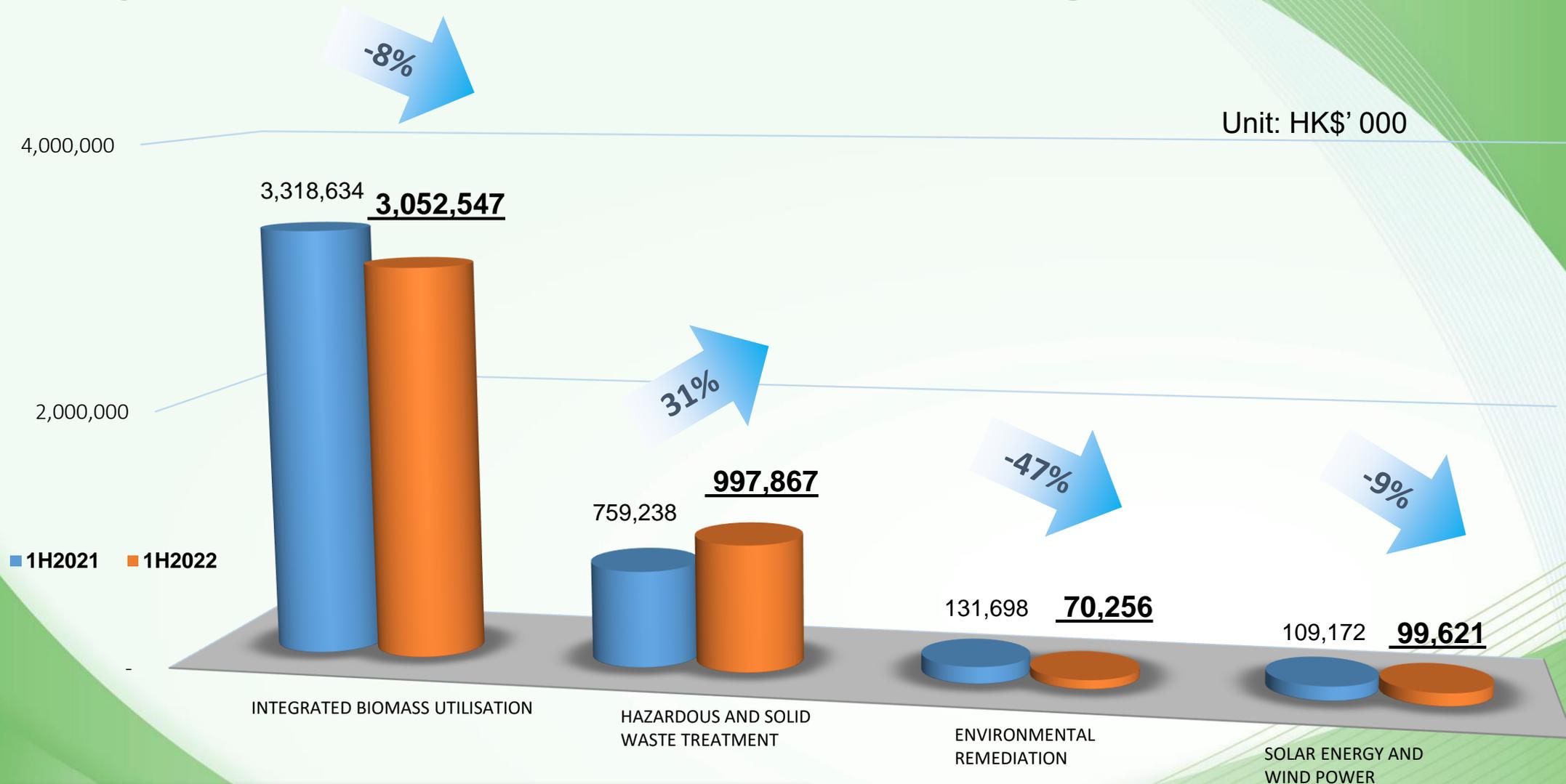
# Revenue analysis by operating activities



**1H2022: 4.220 billion 1H2021: 4.319 billion**

- ▶ Revenue from construction services: Revenue decreased mainly due to only 5 projects that could recognize construction revenue in the first half of this year compared to 12 projects during the same period of last year.
- ▶ Revenue from operation services:
  - Integrated biomass utilisation: Revenue increased by 4% attributable to on-grid electricity up 3%; Household waste processing volume up 3% and steam generating volume up 11% yoy;
  - Hazardous and solid waste treatment: Hazardous and solid waste processing volume up 94% yoy, but fierce market competition resulted in treatment fee of landfill and incineration projects down 40% and 10% to RMB 1,656 and RMB 2,189 respectively, offsetting part of increase;
  - Environmental remediation: Revenue down 47% mainly attributable to lack of new projects to drive growth under continuous impact from pandemic;
  - Solar energy and wind power: Revenue down 9% mainly attributable to weaker wind resources and the inability to repair malfunctioning equipment owing to blockade and control measures under the pandemic

# Analysis of revenue from four business segments

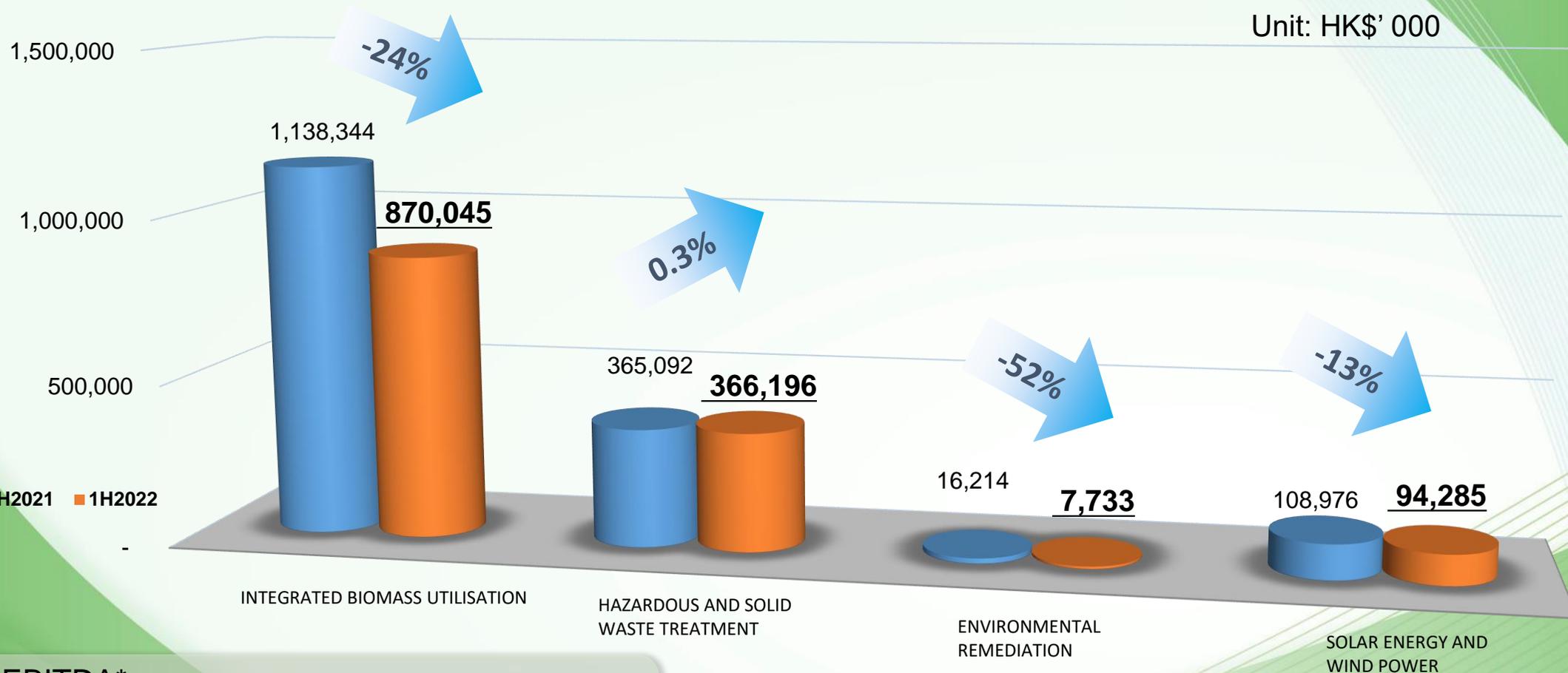


Revenue:

1H2022: Approximately HK\$4.220 billion (down 2% yoy)

1H2021: Approximately HK\$4.319 billion

# Analysis of EBITDA from four business segments



EBITDA\*:

1H2022: Approximately HK\$1.338 billion

1H2021: Approximately HK\$1.629 billion

\*Exclude the unallocated head office and corporate net expenses

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# Operating Results



## End-of-life tyre recycling



- ❑ In 2021, China generated approximately 370 million pieces of end-of-life tyre with a total weight of approximately **13.90 million tonnes**
- ❑ High value-added products extracted through pyrolysis and carbon black deep-processing process without generating waste water and slag in the recycling process
- ❑ Successful secured 100,000-tonne end-of-life tyre recycling projects in Huangshi and Xuzhou augurs well for ongoing large-scale development in future

## County-wide solar energy



- ❑ According to statistics, global installed capacity for solar energy exceeded 175GW in 2021, out of which China accounted for 55GW or more than 31% of the global capacity. Global installed solar capacity is expected to reach **2,840GW** by 2030.
- ❑ Successful developed Dah Chong Hong Solar Project in Hong Kong, Xuzhou Feng County County-wide Solar Project and Guanyun Economic Development Zone Rooftop Solar Project
- ❑ Cumulative installed capacity has reached 43.6MW, as high-efficiency solar power generation business will be actively explored in future

## Household waste landfill remediation



- ❑ Statistics indicate more than **3000** household waste landfill in the country are in urgent need for closure and remediation
- ❑ Market development to be conducted in business models such as technical service, engineering service, EPC and EOD, etc.
- ❑ Signed up 15 household waste landfill remediation projects on the back of our technical superiority and market advantage

## Integrated biomass utilisation

- Proprietary collection / storage / transport regime established to assure supply of raw materials at source;
- Improvement of regional allocation mechanism to coordinate and manage procurement, allocation and pricing of raw materials to ensure achievement of goals in quantity, quality, price control and efficiency enhancement;
- Ongoing progress in the development of the heat supply market in a move to shift towards value-added utilisation;
- Synergy and efficiency enhancement among businesses such as kitchen waste, gardening waste and domestic animal waste processing, and high-quality slag and ash utilisation.

**71% Yoy** ↑  
**Intake of yellow straw**

**11% Yoy** ↑  
**Steam sales**

**8% Q2 Qoq** ↓  
**Unit consumption of raw straw**

## Hazardous and solid waste treatment

- Regional coordination mechanism established for flexible allocation of information and resources to identify business potential;
- Active exploration of new channels and systematic customer development to ensure stable capacity utilisation rates;
- Full roll-out of benchmarking management of operations to advance energy conservation, consumption reduction, cost reduction and efficiency enhancement;
- Enhancing competence in the R&D of technologies and materials to strengthen the ability to process complex materials and enhance the added value of projects from hazardous waste treatment.

**223,00 tonnes**

**Hazardous and solid  
waste treatment**

**12.3% Yoy** ↓

**Treatment cost of landfill  
and incineration**

Successfully issued first tranche of perpetual medium-term notes("MTN"), remarking the first green and rural revitalisation perpetual MTN issued by an overseas issuer in China

Budget management has been strengthened with the comprehensive implementation of operating cost and administrative expense standardisation, trade receivable management and State subsidy list declaration

Ongoing exploration of diverse financing options and optimisation of the ratio of domestic and overseas financing, further reducing finance cost by 0.29 ppt to 3.45% versus 3.74% for the previous year

## ◆ Ongoing enhancement of innovative ability

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Participated in the compilation of 4 group standards, 1 industry guideline and obtained 15 patents including 8 invention patents, while acquiring 6 patent authorizations including 3 invention patents; also published 1 technological paper.

## ◆ Develop carbon assets all set to go

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To generally enhance operation and management of carbon assets, work in carbon asset development has commenced to identify potential CCER resources in existing businesses and tap new energy markets with CCER development potential such as wind power, solar energy and integrated solar storage and charging, while also conducting analysis and deploying in carbon futures to leverage carbon finance for development.

## ◆ Ongoing enhancement in standard of technological R&D management

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Staying focused on the requirements for transformation, enhancing standard of technological R&D management with special emphasis on bulk industrial solid waste, end-of-life tyre, biomass ash recycling and calcium / titanium ore overlay technology for solar battery plates, in order to reserve driving force for transformation.

## Environment

- Ongoing supply of green electricity amounting to 3.13 million MW sufficient for one year's consumption by 2.61 million families and reducing carbon dioxide emission by 2.60 million tonnes;
- Based on capacity of the integrated biomass utilisation business, GHG emission intensity and water consumption intensity reduced respectively
- by 21% and 15% in 2021 yoy.

## Social

- Purchase of straw from local farmers through integrated biomass utilisation projects;
- Setting aside 1.2% revenue to support local development;
- Average length of staff training: 19.31 hours.

## Governance

- 20% increase in female management staff;
- Intensive implementation of environmental, safety, health and social responsibility ("ESHS") system to advance the development of a standardised production safety and environmental management system;
- Incorporating sustainability and ESG investment concepts in the project investment cycle as green bonds become an important financing instrument.

✓ **Garnered the 2020/2021 ESG Award of Yazhou Zhoukan**

- ✓ **Received three awards in the "BDO ESG Awards 2022" organised by BDO: "Best in ESG - Small Market Capitalisation awards" , "Best in Reporting - Small Market Capitalisation awards" and "ESG Report of the Year - Small Market Capitalisation awards"**



04

# Business Prospects

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- Active exploration of new business forms with more sophisticated strategic deliberation and gauge of market trends, in close tandem with domestic and international economic conditions and firmly founded upon national strategies for energy and resource security;
- Staying focused on security of the current energy industry chain and supply chain, committing full involvement in the construction of a novel energy regime with a special emphasis on market opportunities in the solar industry chain;
- Looking to develop into a carbon neutral integrated service provider covering the four areas of “environment, energy, resources and climate”.

- Continuing to drive transformation of integrated biomass utilisation business into an integrated energy business, with major effort to develop combined cooling-heating and power system, as well as synergistic operations such as kitchen waste and sludge treatment customised for different locations, to achieve quality and efficiency enhancement;
- Driving transformation of hazardous and solid waste business from a stand-alone landfill or incineration operation to a recycling operation, with a special emphasis on end-of-life tyre recycling aiming for large-scale development;
- Driving consistent innovation in the environmental remediation business based on the “lush mountain” theory and ideological concepts for ecological civilisation, with a special focus on the household waste landfill remediation business;
- Stepping up with technology innovation-driven business transformation while fortifying foundation, optimising business mix and developing new growth niche to herald the Company’s transformation.

- Seizing opportunities in the carbon market in line with the “Dual Carbon” goal, delivering value from existing carbon assets and incubating carbon asset management and other related businesses to reap economic benefits from carbon reduction;
- Closely tracking the development of frontier technologies in the industry with a special focus on new technologies and models under the context of “Dual Carbon” to achieve synergy with existing operations;
- Accelerating the advancement of new carbon reduction and renewable energy businesses such as efficient solar energy, energy storage and hydrogen to foster new growth poles in the main racecourse.



## “Renewable Energy Development Planning under the 14th FYP”

- By 2025, the increment of power generation through renewable energy will accounting for more than 50% of the increment of total power consumption; the assigned responsibility weighting of renewable energy-based electricity will reach 33% on a nationwide basis, while the assigned responsibility weighting of non-water and non-electricity renewable energy will reach 18%
- By 2025, the scale of non-electricity energy utilisation such as geothermal energy heat supply, biomass heat supply, biomass fuel and solar energy heat utilisation will reach 60 million tonnes of standard coal
- Major efforts will be made to drive integrated development of multi-scenario solar power generation
- Integrated utilisation of rural renewable energy will be expanded



In adherence to the above policy, vigorous effort was made to develop the “power source, power grids, loading and energy storage” integration model to explore a system capable of complementary operation and co-supply of multiple energy sources integrating electricity supply, heat (cooling) supply and gas supply in a bid to transform the Company into an integrated energy service provider.

# Q&A