



新奥天然气股份有限公司
ENN Natural Gas Co., Ltd.

2024 INTERIM RESULTS

August 2024







1.1 Results Overview

Unit: RMB mil

	1H2024	1H2023	Change
Total Revenue	67,014	67,213	-0.3%
Gross Profit*	9,957	11,535	-13.7%
Net Profit Attributable to Parent	2,530	2,204	14.8%
Core Profit*	2,699	3,169	-14.8%
Core Profit excluding coal mining	2,699	2,957	-8.7%

* Gross Profit, including the amount realized on derivatives that are included in investment income

* Core Profit = Net profit attributable to the parent - Changes in FX gains and losses - Changes in fair value of derivatives - Other impairment losses - Amortization of stock incentive costs - Net gain on disposal of non-current assets



1.2 Core Profit in Line with Expectations

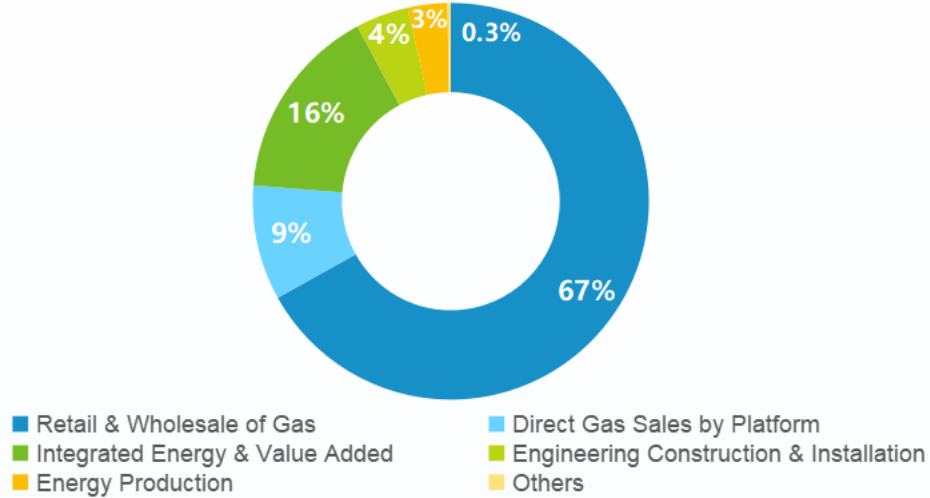
Unit: RMB mil

Main excluded items in the calculation of core profit		1H2024	1H2023
Net Profit Attributable to Parent		2,530	2,204
Non-cash factor	Bad debts and asset impairment	-92	-62
	Changes in fair value of derivatives	7	-529
	Changes in FX gains and losses	-73	-391
	Amortization of share incentive costs	-7	-24
One-off factor	Gains from disposal of equity investments	13	0
	Others	-16	41
Core Profit Attributable to Parent		2,699	3,169

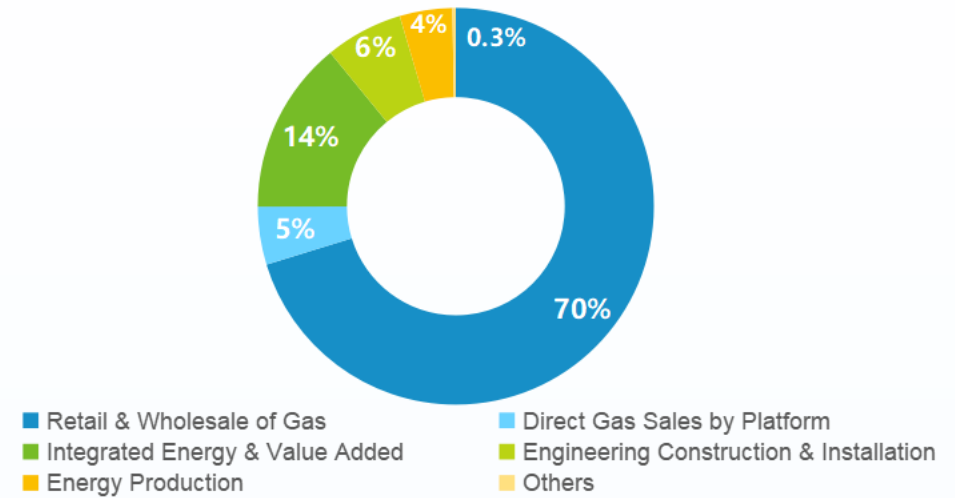


1.3 Continued Optimization of Profit Structure

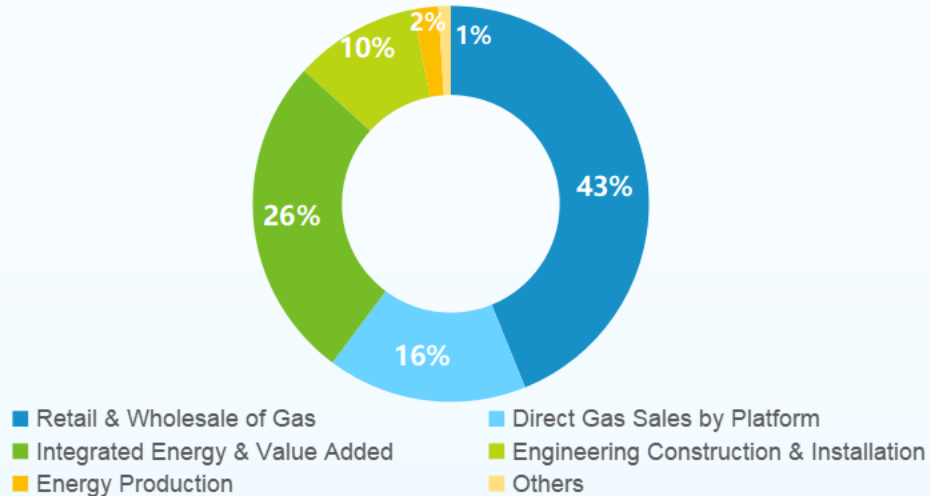
1H2024 Revenue Breakdown



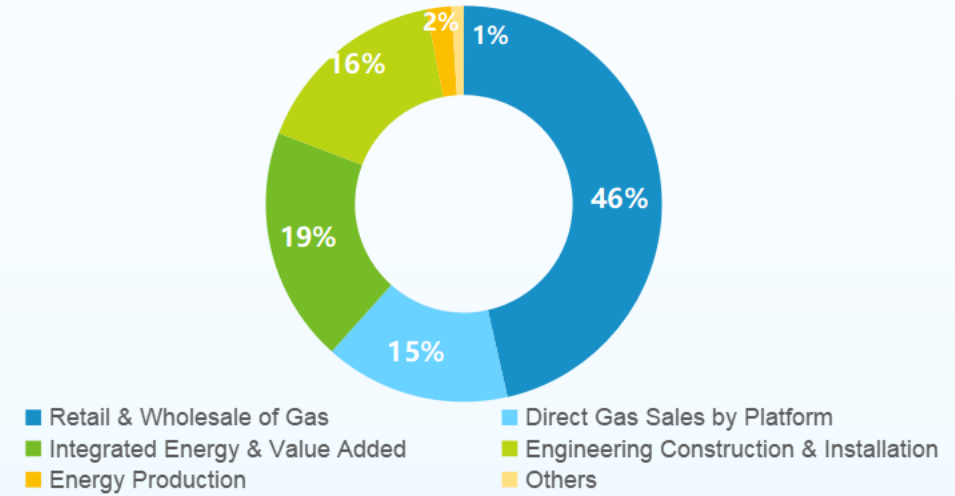
1H2023 Revenue Breakdown



1H2024 Gross Profit Breakdown



1H2023 Gross Profit Breakdown



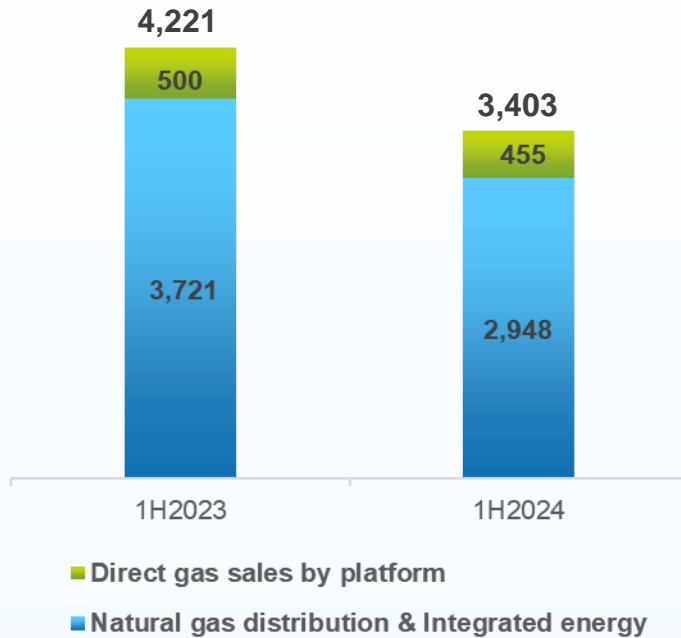
* Gross profit of Retail & Wholesale of Gas and Direct Gas Sales by Platform, including the amount realized on derivatives that are included in investment income



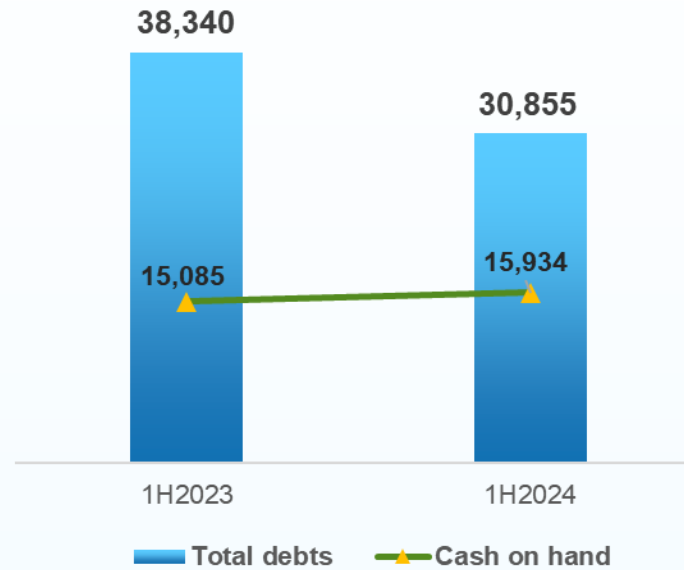
1.4 Strong Financial Position with Sufficient Flexibility

Unit: RMB mil

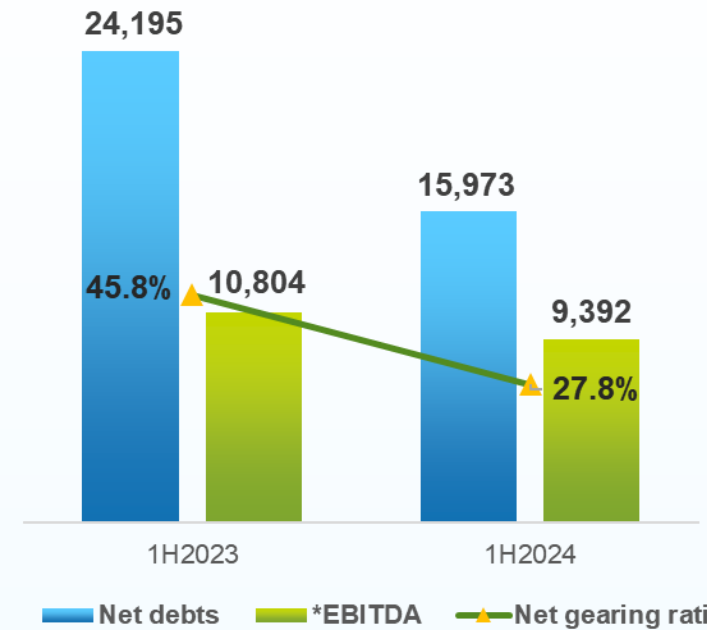
CAPEX



Total Debt & Cash on Hand



Net Debt, EBITDA * and Net Gearing Ratio

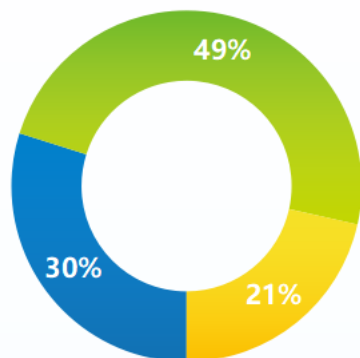


* EBITDA, excluding FX gains and losses and changes in fair value gains and losses



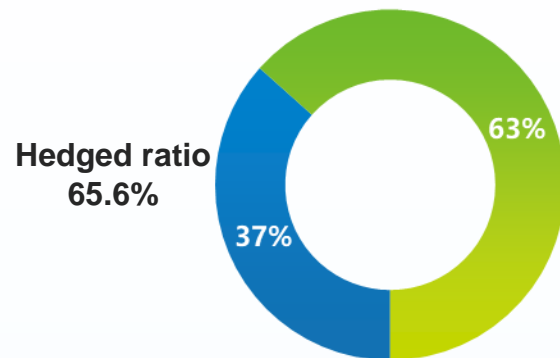
1.5 Stable Debt Structure with Upgraded Credit Ratings

By Maturity



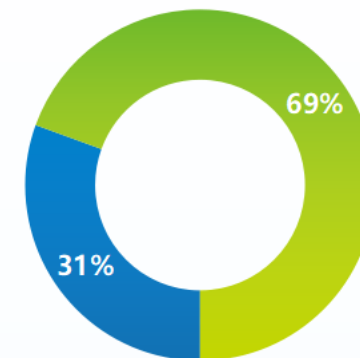
■ Within 1 year ■ 1-5 years ■ Above 5 years

By Currency



■ USD Loans ■ RMB Loans

Total Credit Facilities: **RMB69.2 bil**



■ Utilized ■ Unutilized

Credit Ratings

Rating Agencies	FY2023	1H2024
S&P	BBB-(Outlook Positive)	BBB(Outlook Stable) ↑
Fitch	BBB-(Outlook Positive)	BBB(Outlook Stable) ↑
Moody's	Ba1(Outlook Positive)	Baa3(Outlook Stable) ↑
CCX	AAA	AAA
CSCI Pengyuan	AAA	AAA

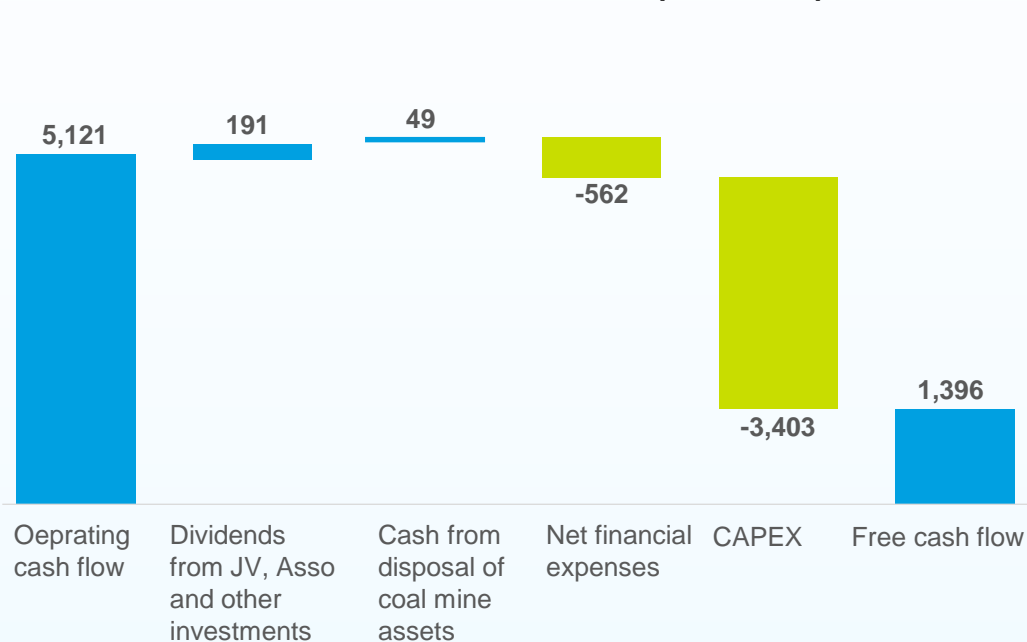
*S&P rating upgraded on May 8th, Fitch rating upgraded on June 18th, Moody's rating upgraded on July 24th



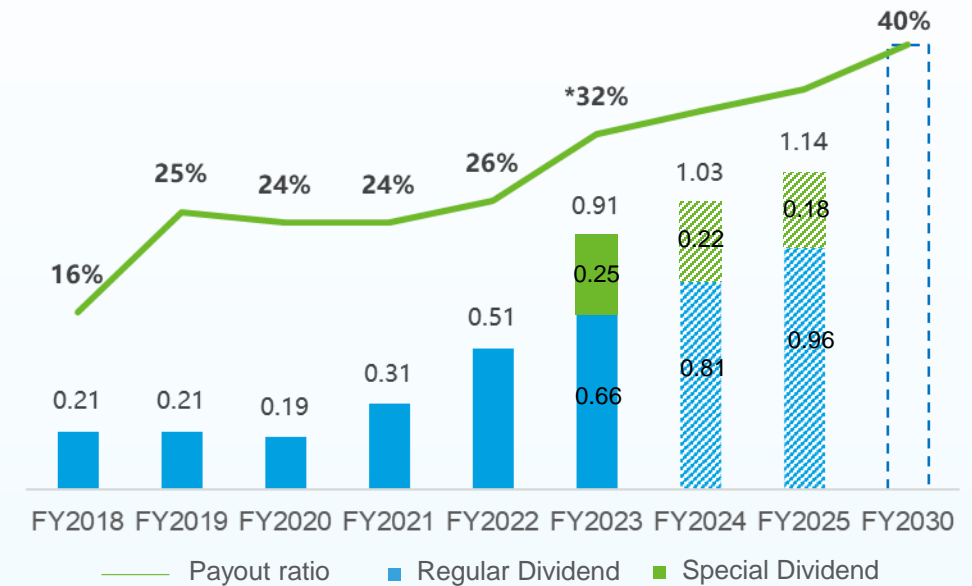
1.6 Abundant Free Cash Flows and Steady Increase in Dividend

- Sustained growth in the principal business, coupled with prudent financial management, generated positive free cash flow for years, enabling a steady increase in dividend payout
- During FY2023 to FY2025, the annual increase in dividend payout will not be less than **RMB0.15 per share (pre-tax)** and the proportion of annual cash dividends will not be less than **30%** of the core profits attributable to the shareholders of the listed company
- During the above period, special dividends from the disposal of coal mine assets will be **RMB0.25 per share (pre-tax)**, **RMB0.22 per share (pre-tax)** and **RMB0.18 per share (pre-tax)**
- During 1H2024, the company repurchased **9.35 mil** shares with total amount of RMB **172 mil**

Abundant free cash flow (RMB mil)



Substantially Improved Shareholder Returns(RMB/share)



* Payout ratio of 2023, excluding the special dividend



1H2024 Results Highlights

Direct gas sales by platform expanded rapidly

Total sales volume was up **21.0%** to **2,705 mil m³**, including domestic sales volume was up **51.9%** to **1,741 mil m³**

Smooth progress of Zhoushan LNG terminal Phase III

The main structure construction of the outer sides of 4 LNG storage tanks has been completed, and it will begin trial operation in 4Q2025 with over **10 mil tons** total processing capacity

Leading ESG performance

Released new ESG Philosophy - **WISE**, leading the company's development with smart innovation and sustainable energy conception

Sustainalytics ESG risks score dropped to **22.2**, which is leading rating in A-share gas industry



Sound debt structure

Decreased interest bearing liabilities to RMB **30.86 bil**

Cash on hand achieved RMB **15.93 bil**

Net gearing ratio down to **27.8%**

Improving credit ratings

S&P and Fitch upgraded to **"BBB"**

Moody's upgraded to investment grade **"Baa3"**

Improved shareholder returns

From 2023 to 2025, the annual cash dividend will not be less than RMB **0.91**, RMB **1.03**, RMB **1.14** per share (pre-tax)

In 1H2024, a total of **9.35 mil** shares were repurchased, with total amount of RMB **172 mil**

Improving ESG Performance



Improving Disclosure Quality



- Completed third-party verification of ESG report under AA1000 standard
- Used the LEAP method to assess the marine ecological impact of Zhoushan LNG Terminal based on the recommendations of TNFD



Awards and Honors

- Won 43 awards from Institutional Investor, including "Most Honored Company", "Best ESG Performance"
- Selected as "Excellent Practice Case for Green and Low-carbon Development of 2023" by the China Enterprise Confederation
- Received the "Best ESG Practice Award" in the "2024 ESG Model Enterprise Selection" by Observer Network
- Selected in "Understanding ESG Cases in One Book" by EY



Brand-new ESG Philosophy - WISE



Building a solid foundation of "safety, compliance and performance" for enterprise development and driving the company's sustainable development based on four major sustainable development action directions



Upgrading Ratings

Ratings

Scores



22.2

Morningstar Sustainalytics' ESG risks score has dropped to 22.2 points

- Top 16% of gas utility companies worldwide
- Leading rating within A-share gas industry

MSCI



A

S&P Global

58



B



恒生指數
HANG SENG INDEXES

A-



A

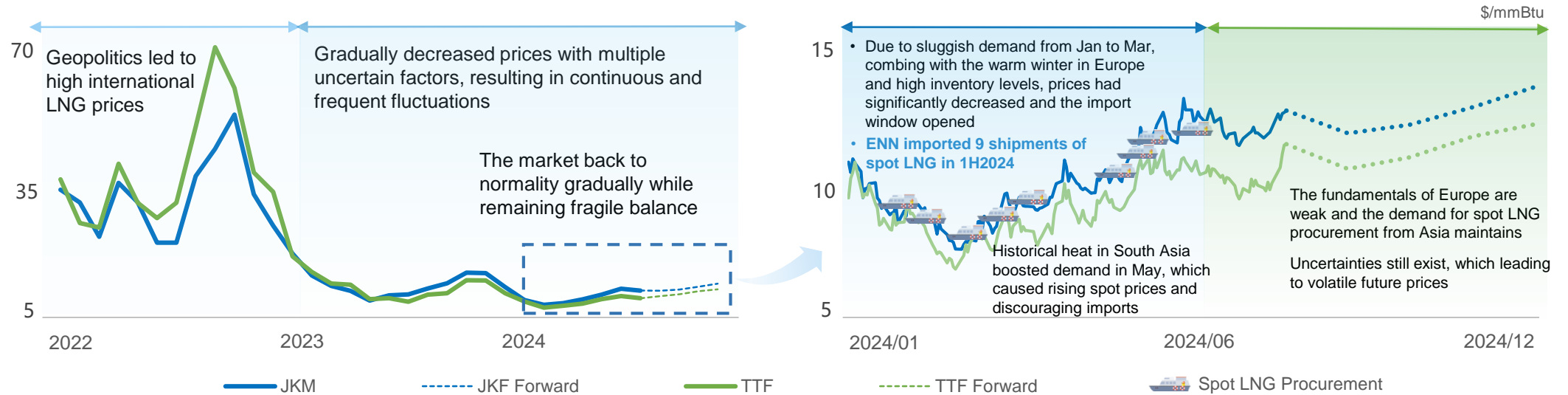
Wind ESG

A



2.1 International Gas Market - Fragile Balance Between Supply and Demand

International LNG prices continued to fluctuate with uncertainties

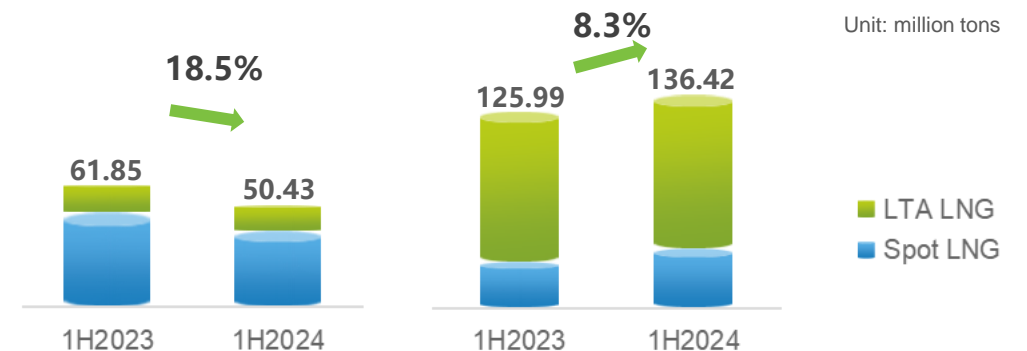


Gas Consumption in Europe was weak while Asian maintained growth

- In 1H 2024, global natural gas demand increased by 3%. Natural gas demand in Asia grew by 8% YOY, accounting for about 60% of the incremental demand, mainly driven by China and India.
- Europe's natural gas demand decreased by 3% YOY, among which industrial demand increased by 7% YOY and gas power generation demand decreased by 16% YOY.

Sources: Platts, IEA, Kpler, Rystad

European LNG imports decreased while Asian LNG imports increased





2.1 Domestic Gas Market - Maintain Growth Driven by Policies and The Economy

Steady growth of natural gas industry supported by macro economy and policies

- **Macro-economy:**

In 1H2024, total GDP reached **RMB 61.68 trillion**, up by **5.0%** YOY. The national economy continued to recover

- **Continuously Promoting Pass-through Policies**

Pass-through policies have been issued in **Guangdong, Fujian, Jiangsu, Shandong** provinces etc. to further rationalize pricing mechanism

- **The Management Measures for Natural Gas Utilization**

Further expanding the scope of natural gas utilization and encouraging the use of **peak shaving gas and electricity** and **interruptible industrial fuel gas**

- **The Guidance on Energy Work in 2024:**

Deepening the implementation of the innovation-driven development strategy, focusing on high-end, digital, and **intelligent development**, strengthening independent innovation in energy technology, enhancing the level of independent controllability of the energy industry chain and supply chain

- **Action Plan for Energy Conservation and Carbon Reduction from 2024 to 2025**

Reasonably controlling coal consumption and implementing energy-saving and carbon reduction reforms in industries such as steel, petrochemicals, and non-ferrous metals to realize energy savings of about **50 mil tons** of standard coal and about **130 mil tons** of CO₂ missions reduction

Chinese apparent natural gas consumption continued to recover, driving growth in LNG import volume

- **Gas consumption growth driven by the "New Driving Force"**

The demand of advanced manufacturing industries including new energy vehicles and lithium batteries is strong

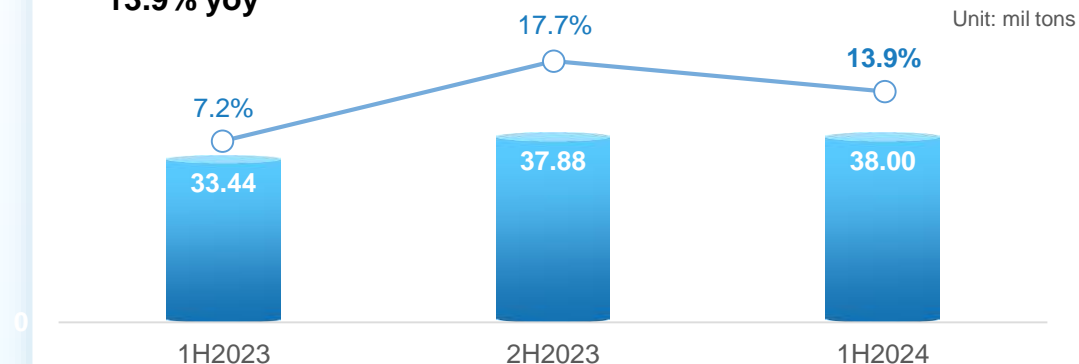
- **City-gas consumption continues to grow**

From Jan to June, the revenue from catering service was RMB 2.43 trillion, up +21.4% yoy, driving increasing commercial gas consumption. Residential gas consumption showed steady growth.

- **Rapid development of gas-fired power generation**

Nearly 20GW of gas-fired units were installed in the past 2yrs and gradually started operation in 2024. Due to the impact of high temperatures, the demand for gas-fired power generation continues to grow.

- **In 1H2024, the import volume of LNG reached 38 mil tons, up by 13.9% yoy**

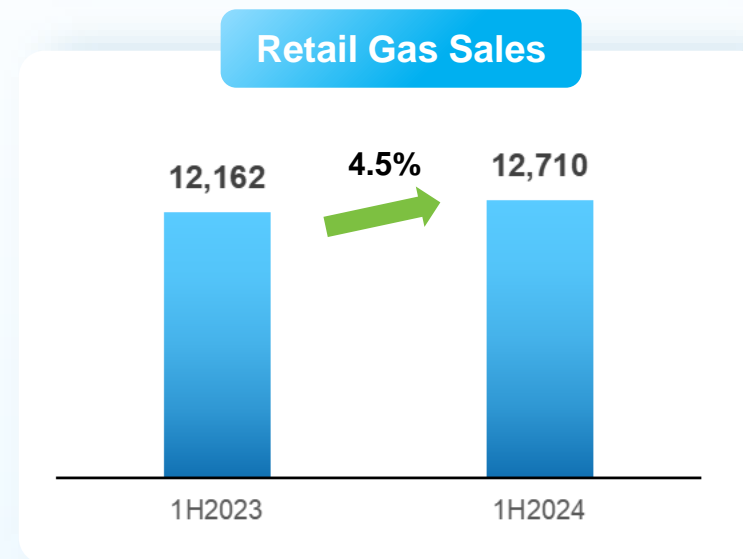
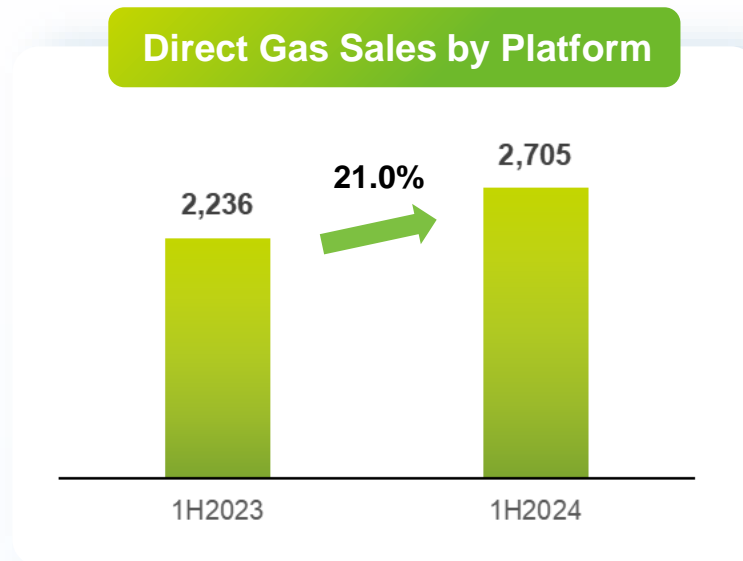
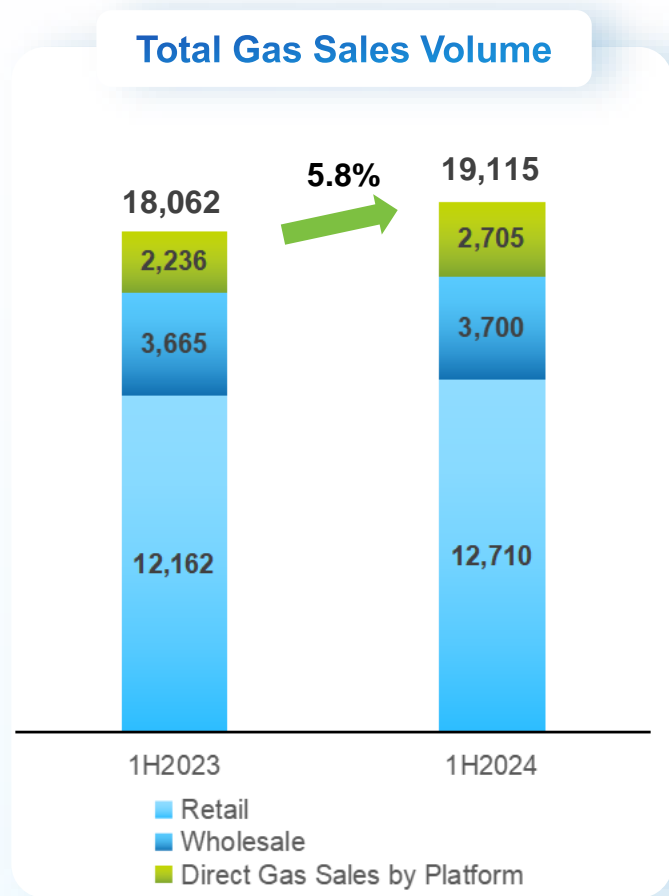


Source: GACC



2.2 Sustainable Expansion of Natural Gas Sales Business

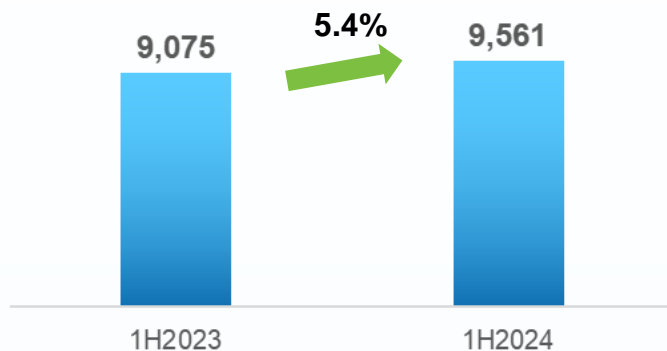
Unit: mil m³



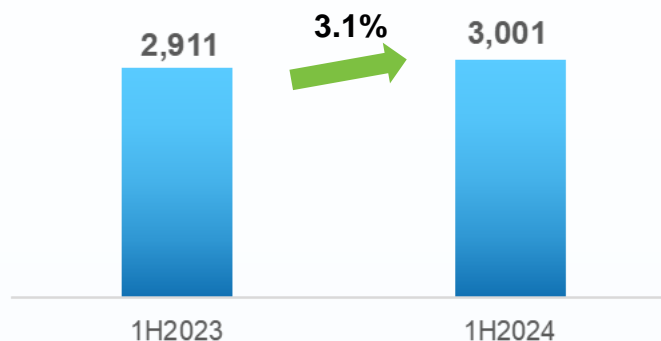


2.3 Steady Growth of Retail Gas Sales

C&I Gas Vol (mil m³)



Residential Gas Vol (mil m³)



Steady Growth in Retail

- **Expanded increments** through innovative business models and new technology applications
- **Increased gas consumption from existing customers** with flexible pricing policies and optimized resource combinations to realized lower cost

New C&I Customers (mil m³/day)



New Residential Households ('000)



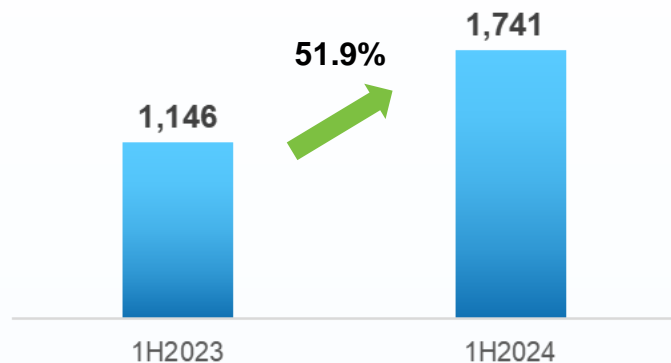
Expanding customer base

- Following up the layout of emerging industries and opportunities of industrial transfer to develop **industrial customers** with customized strategy
- Seized the opportunity of safety governance to develop new **commercial customers**
- Following up the construction of guaranteed delivery buildings and affordable housing to develop **new residential customers** and leveraging the policies of renovating old cities to develop the **existing residential customers**

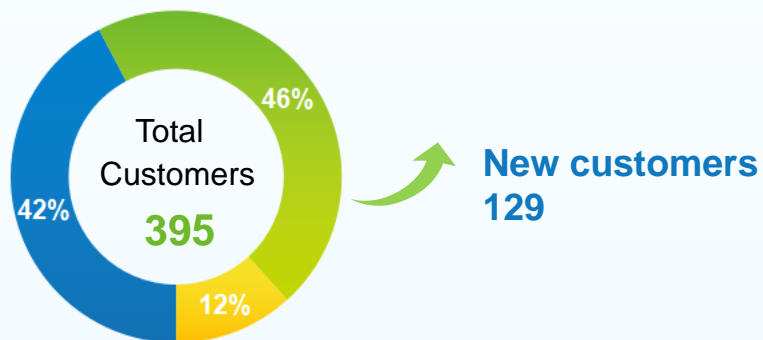


2.4 Expanded Domestic DSGp Sales Volume by Exploring Customer Demand

Domestic Sales Vol (mil m³)



Domestic Customer Breakdown



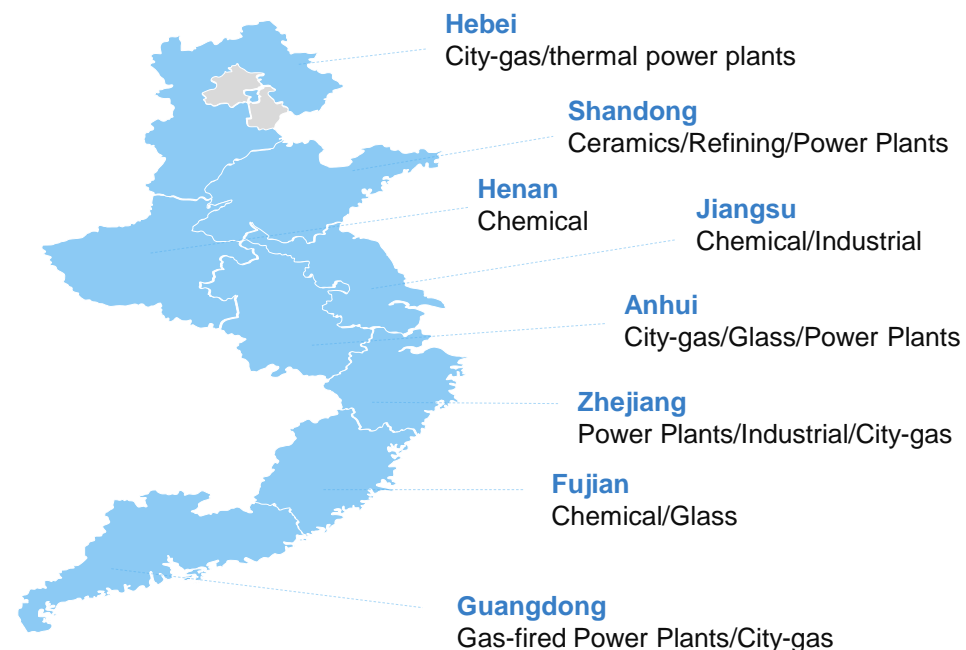
■ City-gas Companies ■ Energy Groups and Industries ■ Distributors

* Customer breakdown was calculated by sales volume

Industrials: Grasping the gas demand of new production capacity and energy substitution to help customers to manage the uncertainty of gas costs

Power Plants: Aiming customers with new units, offering discounts and providing monthly peak shaving, option products and other services

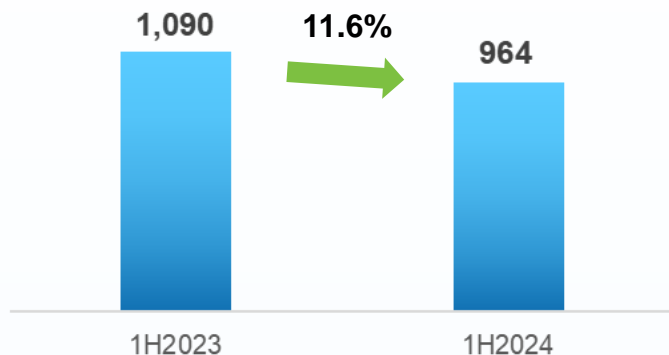
City-gas: Identifying supply gaps in winter and locking in peak shaving demands with flexible resources, assisting clients to manage resource costs



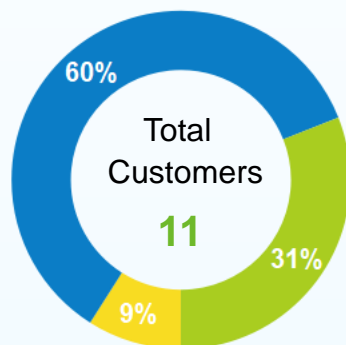


2.4 Expanded Overseas DSGp Sales Volume by Linking Domestic and International Markets

Overseas Sales Vol (mil m³)



Overseas Customer Breakdown



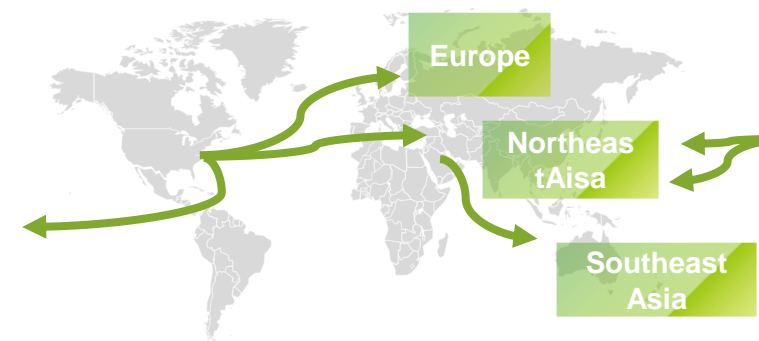
Focused on Europe & Asia Market

■ Utility companies ■ Oil and gas companies ■ Energy trading companies

* Customer breakdown was calculated by sales volume

Dynamic optimizing LTA resources and procuring spot LNG flexibly

- Developed Europe and Southeast Asia market while gas price increased
- Imported LNG to domestic market while gas price decreased



Expanding the emerging markets by engineering technologies and EPC capabilities with innovative business model

Early-stage

- Planning & Development
- Financing

Construction

- Technology & equipment
- Construction

Operation

- Operation & maintenance
- Trading & marketing



Signing ceremony for Northern Vietnam LNG Terminal EPC project



2.4 Expanded DSGp Sales Volume by Innovative Business Models

Demand Categories

Stable Demand

- Self-procurement demand
- Incremental demand

Elastic Demand

- Increasing consumption when gas price goes down
- PNG could be substituted by LNG or other resources

Peak Shaving Demand

- Peaking shaving demand of power plants in summer and city-gas operators in winter
- Temporary demand during the peak season

Market Strategies

Innovative risk control model by the combination of physical and derivatives

- Procurement on behalf of customers, collaborating & centralized procurement, ship-sharing
- Flexible sales models by the combination of long-term contracts and annual contracts
- Lock in prices through swap contracts to eliminate price uncertainty

- Seize the opportunity of the market downturn cycle to lock in lower price range through options products

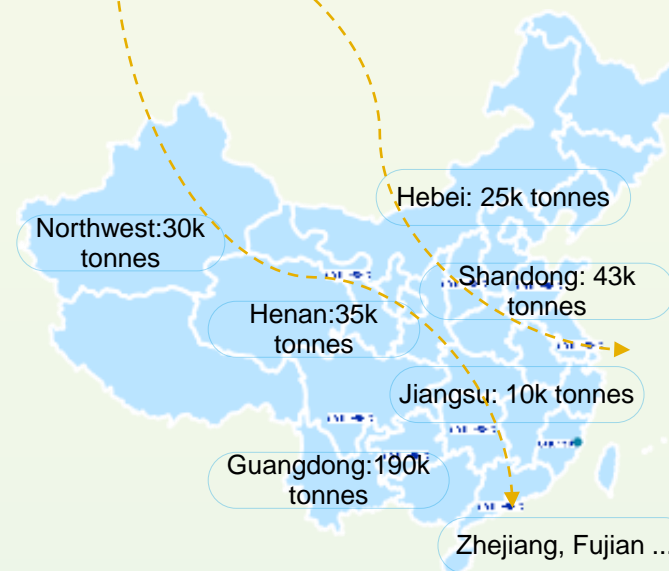
- Locking in the price cap and hedging the market risk by options products during the upward cycles of gas prices

Case Study

Aggregating demands through ship-sharing procurements and options products



Overseas LNG resources

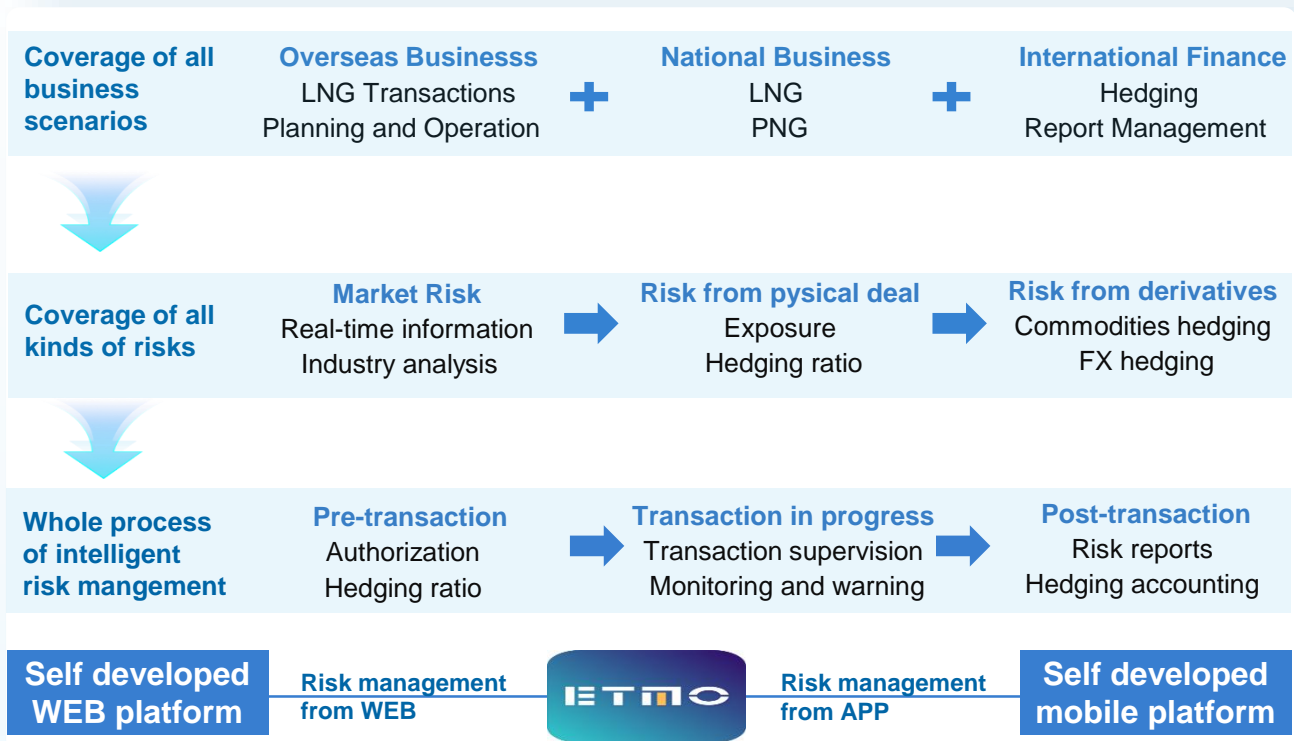




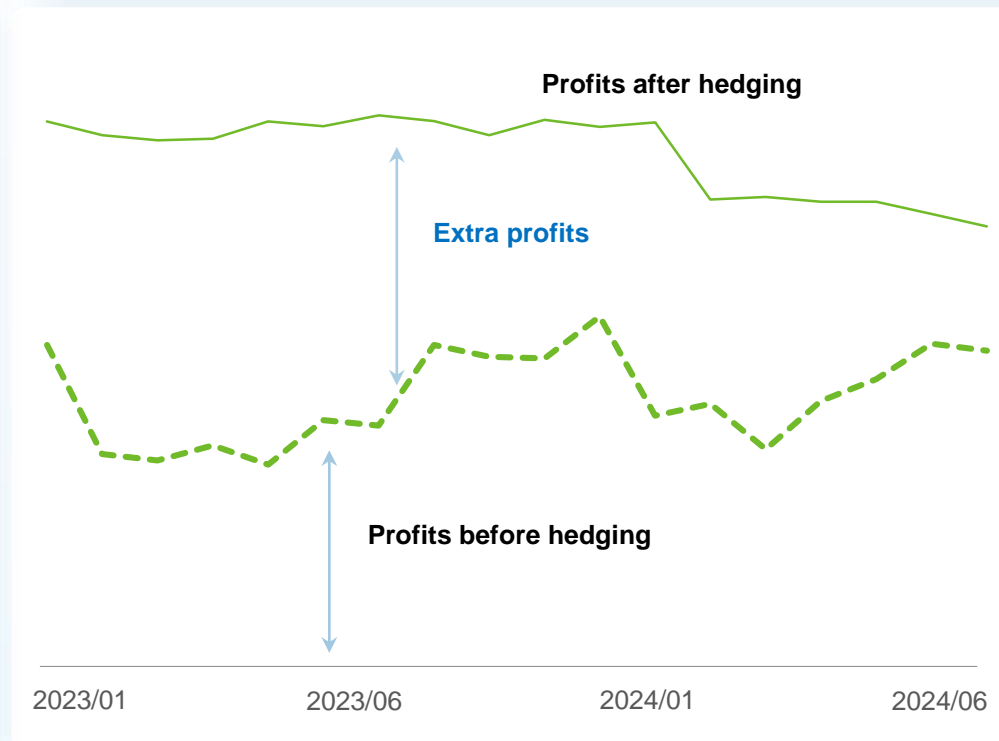
2.4 Realized Stable Profits by Risk Management Measures

- Established an industry-leading intelligent risk management system ETMO to realize risk control for whole transaction process
- Effectively managed various risks through hedging to lock in profits

Intelligent Risk Management System with whole process - ETMO



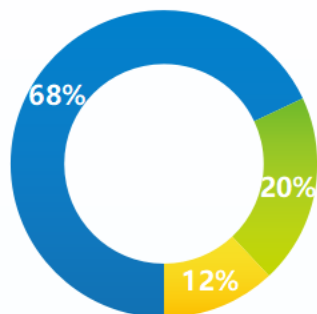
Locked in LTA profits through combination of physical and derivatives





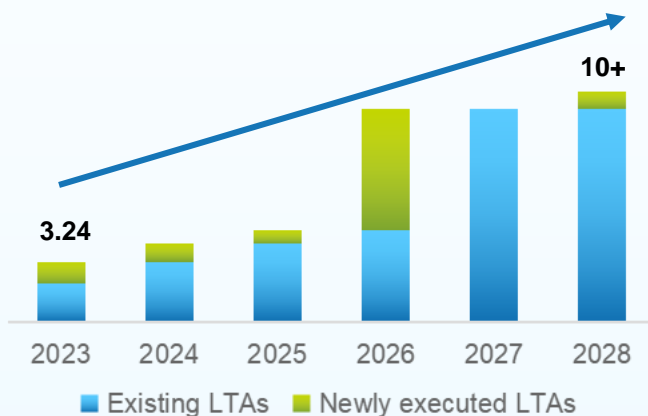
2.5 Optimized Resources Structure and Infrastructure Layout

Flexible resources structure



■ Domestic PNG ■ Domestic LNG ■ International resources

Steadily increased LTA resources(mil tonnes)



Flexible LNG terminal facilities

- Realized unloading volume of **1.02 mil tons**, up **14.6% yoy** for Zhoushan LNG terminal
- Used **5.5** window slots from PipeChina, ranking top among the 2nd-tier buyers in China

Sufficient storage capacity

- Achieved **500 mil m³** of self-owned gas storage capacity
- Acquired additional gas storage capacity of **30 mil m³** from PipeChina Wen 23 for 10 years and **2 mil m³** from SINOPEC Huangchang

Diversified delivery network

- Signed agreements with PipeChina for **16** upload points and **200+** download points, which covers **22** provinces with over **4 mil m³ / day** maximum transmission capacity
- Obtained **10** LNG vessels
- **1,200+** stable and flexibly-deployed LNG tankers with a dispatching volume of over **600** trucks/day

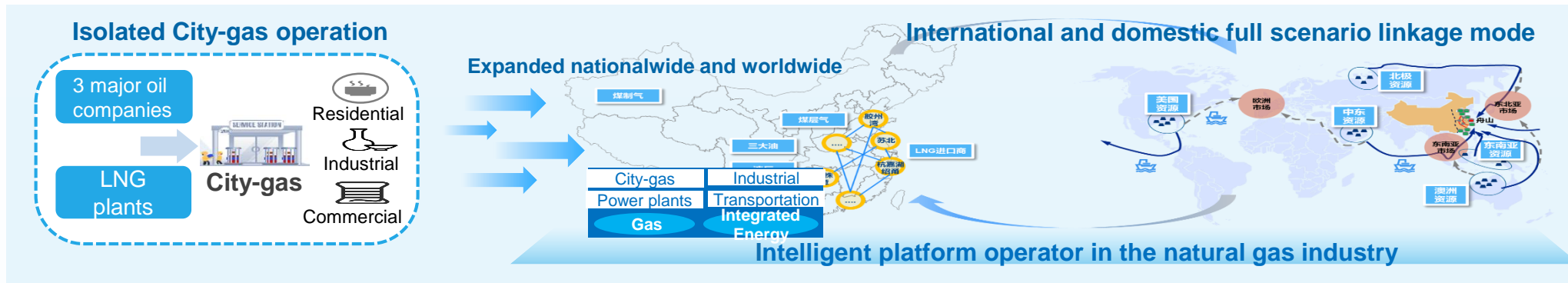




3.1 Accumulating Best Practices to Assist in The Development of The Industry

- Based on customer's demand, achieving low-cost gas consumption by leveraging 4 major pillars and capabilities

Upgrading
Business
Model



Four
major
pillars



Capability
pools

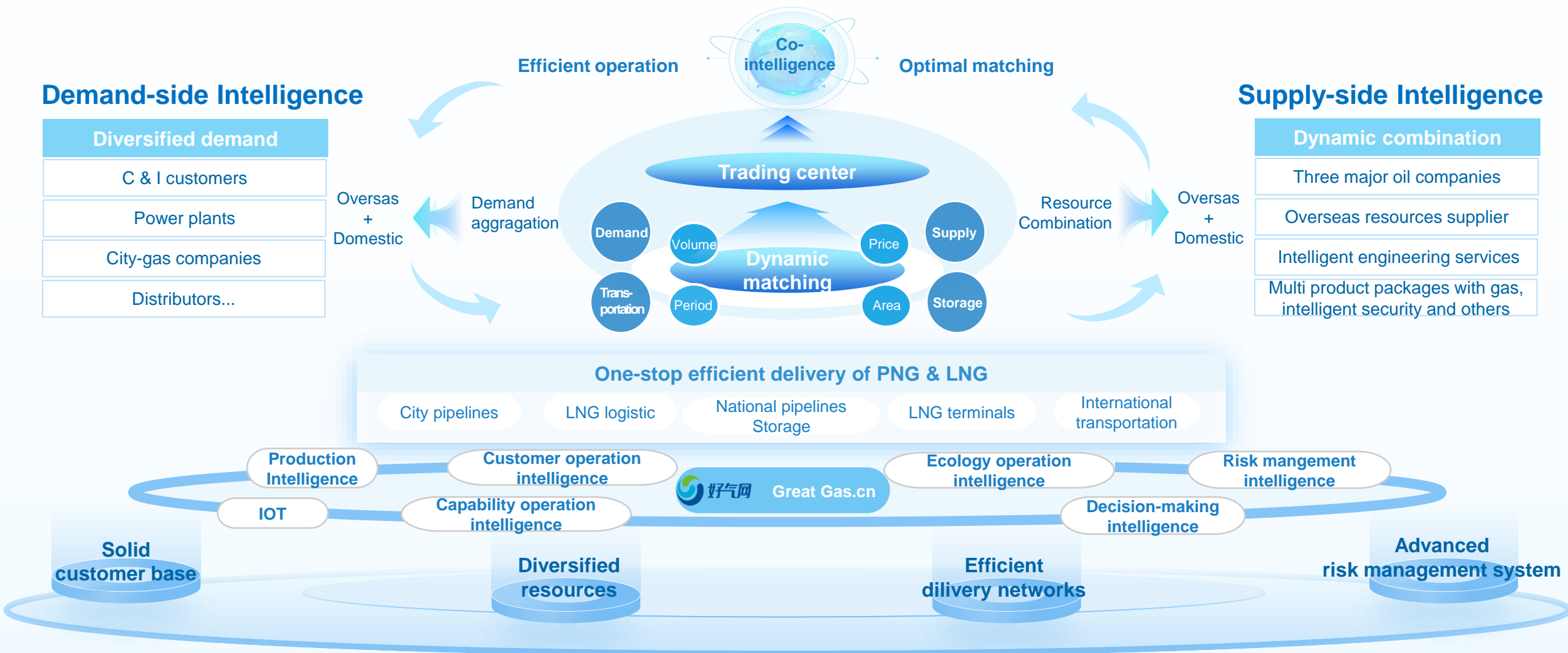


Full scenarios capabilities



3.2 Expanding the Ecosystem and Co-building An Intelligent Platform for Natural Gas Industry

- Coordinated planning of four major business pillars driven by customer demands for low costs, accumulating intelligent capabilities and promoting business innovations to realize improving as spiral





3.3 Key Measures in 2H2024

Demand

Aggregating scattered demands from large clients to achieve cost reduction through combination

- Assisting clients in managing the uncertainty of resources and achieving long-term cooperation
- Using hedging products to provide "one-stop" services

Aggregating diverse demand to achieve cost reduction by services package

- Providing services such as "national packaging with overseas delivery", capacity reservation and adjustment to achieve stable supply and reliable delivery
- Providing services package of international resource procurement, hedging and carbon management

Infrastructure

Utilizing intelligence to improve the utilization rate and operational efficiency

- Improving facility service capabilities through intelligent window scheduling, intelligent shipping schedule planning and adjustment

Breaking the limitations of space and time to achieve intelligently linking

- Establishing interactive connections with PipeChina and third-party facilities to expand resource coverage radius through virtual swapping
- Realizing arbitrage through storage and achieving future storage capacity trading through Tianjin Oil & Gas Trading Center

Resources

Linking International and domestic resources to meet customers' demand for lower cost

- Importing spot resources to domestic markets while the international prices decrease
- Fulfilling customer's demand through domestic resource combination while international prices increase

Dynamically supplying resource combination products to accurately match customer's demands

- Combination of domestic and overseas resources, of LTA and spot resources and of physical and derivatives
- Meeting customer's demand by multi-to-one model and multi-to-multi model through resources combination

Target sales volume: 40 bil m³

Trading & Risk control



Tianjin Oil & Gas
Trading Center



Risk management system

Providing leading risk management products and services to help customers to reduce market risks effectively






- Continuously improving the risk control and hedging management team and mechanism, accumulating the best practical experience and creating ETMO risk management products
- Introducing advanced risk management system to create a credible trading platform
- Continuously accumulating customer base and expanding the natural gas industry ecosystem

THANK YOU

Appendix 1: Company Overview



- ENN-NG (stock code: 600803.SH) was listed in 1994. By leveraging the capabilities of all-scenario in natural gas and IOT data, the company builds industrial LMs and strives to become an intelligent ecological operator in the natural gas industry.
- Our principal business includes direct gas sales by platform, retail and wholesale of natural gas, infrastructure operation, integrated energy and value added business, engineering construction and installation.
- The Company operates 260 city-gas projects nationwide, serving over 250,000 C/I customers and 30 mil residential customers.

Direct Gas Sales by Platform	Retail & Wholesale	Integrated Energy & Value added	Infrastructure Operation	Engineering Construction and Installation
				
<ul style="list-style-type: none">● The Company mainly purchases natural gas from overseas, supplemented by domestic LNG plants and unconventional resources, and sells gas to city gas companies, energy groups and large industrials, distributors, as well as international utilities, oil & gas companies and energy traders.	<ul style="list-style-type: none">● Retail: Our primary focus is purchasing natural gas from the three major oil companies and distributing it to residential clients, C/I customers, and CNG/LNG vehicle refueling stations via our pipeline network● Wholesale: Complementing our retail gas sales, we procure gas from domestic upstream producers and sell it in bulk to customers outside our pipeline network's reach within our operating region.	<ul style="list-style-type: none">● Based on customer needs, the Company selects the best integrated energy solution for customers based on local conditions and provided integrated energy solutions including cooling, heating, steam and electricity● Based on gas business, extending scenarios to enhance intelligence and expand products and services around household customer needs	<ul style="list-style-type: none">● Operation of Zhoushan LNG Terminal, gas and liquid transmission and distribution pipelines, gas storage and other infrastructure.	<ul style="list-style-type: none">● Provide integrated engineering services for natural gas infrastructure, municipal engineering, new energy and digital intelligence, including engineering design, equipment manufacturing and integration, engineering construction● Provide gas installation services for residential and C/I customers
600803.SH	2688.HK	2688.HK	600803.SH	Construction: 600803.SH Installation: 2688.HK

Appendix 2: Details of Long-term LNG Contracts

No.	Buyer	Seller	Signing Date	Tenor	Contract vol (mil tons/yr)	Delivery method	Gas resources	Start year	Index-linked
1	ENN Energy	Chevron	2016.08	10 years	0.66	DES	Global resources	2018	JCC
2	ENN Energy	Total	2016.07	10 years	0.50	DES	Global resources	2018	JCC/HH
3	ENN LNG (Singapore) Pte Ltd	Cheniere	2021.11	13 years	0.90	FOB	USA Corpus Christi Sabine Pass	2022	HH
4	ENN LNG (Singapore) Pte Ltd	Novatek	2022.01	11 years	0.60	DES	Global resources	2025	Brent
5	ENN Energy	EnergyTransfer	2022.03	20 years	0.90	FOB	USA Lake Charles LNG Project	2026	HH
6	ENN LNG (Singapore) Pte Ltd	EnergyTransfer	2022.03	20 years	1.80	FOB	USA Lake Charles LNG Project	2026	HH
7	ENN LNG (Singapore) Pte Ltd	NextDecade	2022.12	20 years	2.00	FOB	USA Rio Grande LNG Project	2026	HH
8	ENN LNG (Singapore) Pte Ltd	Cheniere	2023.06	20 years	1.80	FOB	USA SabinePass Liquefaction	2026	HH
9*	ENN LNG (Singapore) Pte Ltd	ADNOC	2023.12	15 years	1.00	-	UAE Ruwais LNG Project	2028	Brent

* HOA has been signed and LTA is under the signing process

Appendix 3: Net Profits Deducting Non-recurring Profits and Losses

Main items excluded for calculating the profits deducting non-recurring profits and losses		1H2024	1H2023
Net Profits Attributable to the Parent		2,530	2,204
Excluded Items	Gains or losses on disposal of non-current assets	-10	-13
	Government subsidies included in current profits or losses*	305	330
	Gains or losses from changes in fair value of held-for-trading financial assets/liabilities and return on investment from disposal of held-for-trading financial assets/liabilities and available-for-sale financial assets, excluding effective hedging activities related to the Company's normal business operations	176	908
	Reversal of provision for impairment of receivables individually tested for impairment	11	7
	Miscellaneous	67	74
	Affected amount of income tax	-70	-187
	Affected amount of minority equity (after tax)	58	- 322
Net Profits Deducting Non-recurring Profits and Losses		1,993	1,381

✓ The government subsidies for aging pipeline upgrades and urban community renovation are considered as extraordinary items excluded from net profit as per disclosure requirements. However, these subsidies are closely associated with operations and are part of core earnings.

✓ Realized gains attributed to the parent from spot and paper-combined derivatives reached **RMB 216 mil**, considered as extraordinary items excluded from net profit as per disclosure requirements. However, these gains are generated from operations and are part of core earnings.

✓ Foreign exchange losses attributed to the parent resulting from currency fluctuations amounted to **RMB 73 mil**, considered as part of operating profits as per disclosure requirements. However, these losses do not involve actual cash flows and are not closely tied to operations, and thus are not part of core earnings.