



ENN
新奥

新奥天然气股份有限公司
ENN Natural Gas Co., Ltd.

9M2024 Results

October 2024

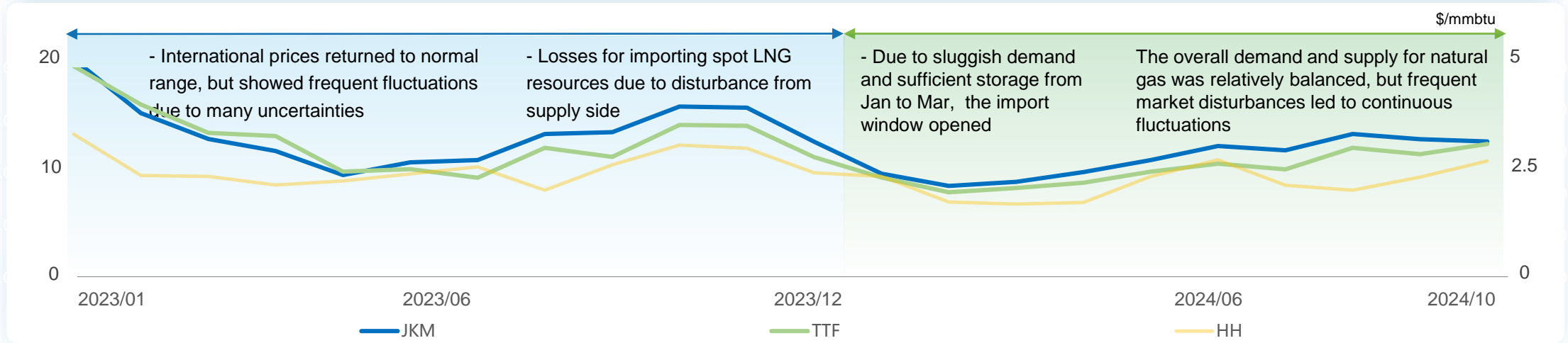




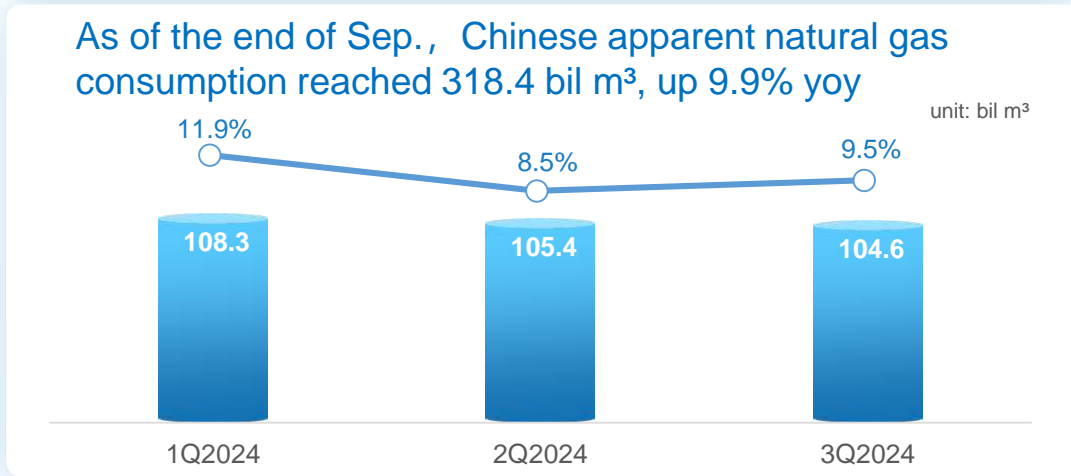


1.1 Rapid Growth of Natural Gas Consumption Supported by Macro Environment

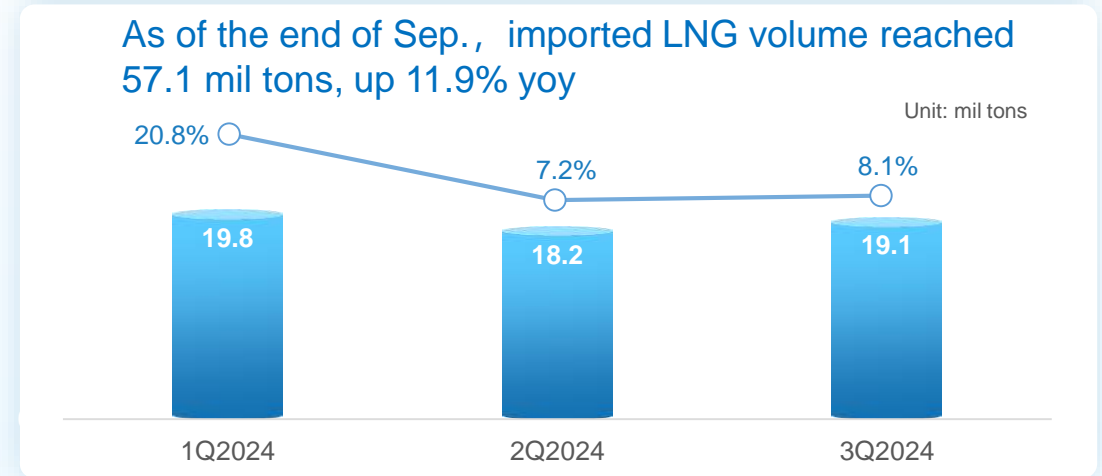
- Volatile short-term LNG prices due to geopolitical and other unexpected events while long-term prices tend to decline



- Positive monetary policies boost macro-economic recovery and financial policies help to further stabilize the real estate market



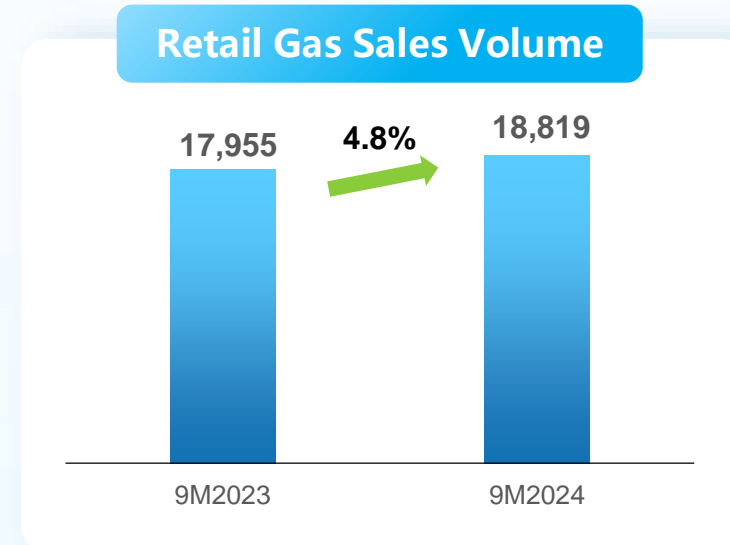
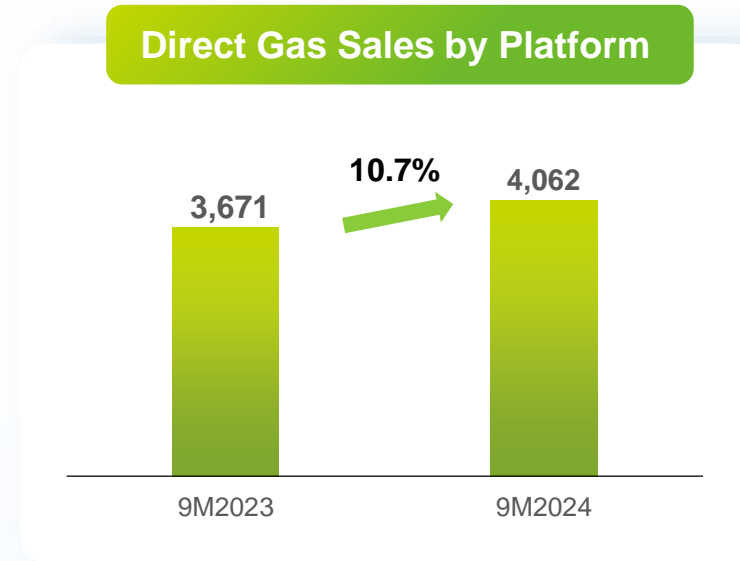
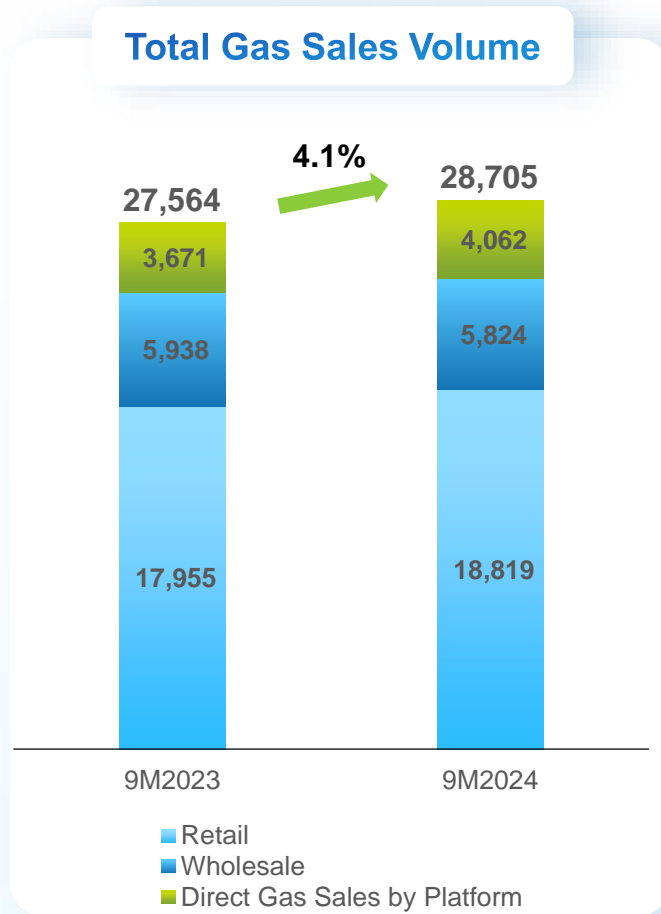
Source: NDRC, GACC





1.2 Actively Promoted the Sustainable Expansion of Natural Gas Sales Business

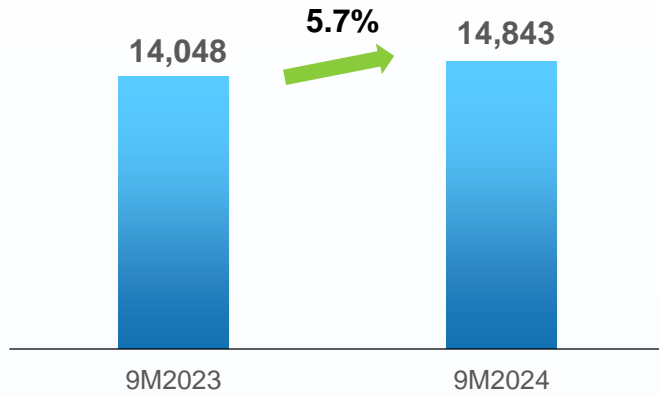
Unit: mil m³





1.3 Retail Gas Sales Recovered Gradually

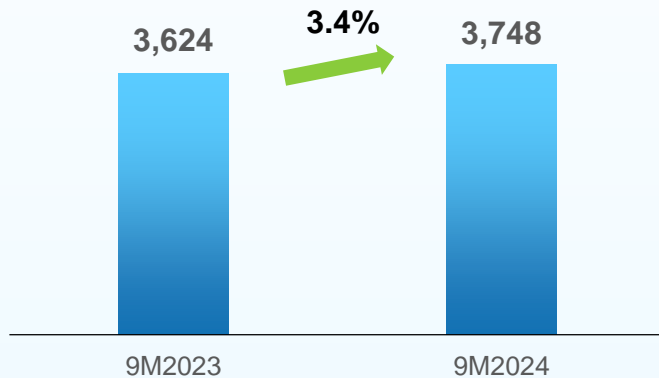
C&I Gas Vol (mil m³)



New C&I Customers (mil m³/day)



Residential Gas Vol (mil m³)



New Residential Households ('000)

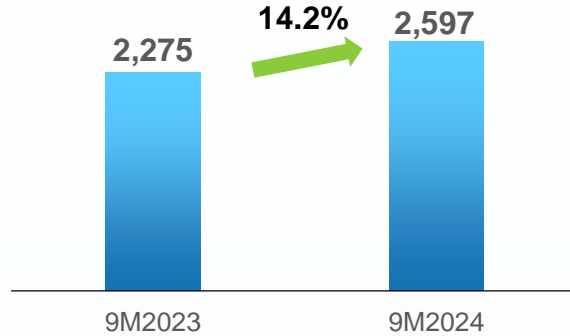




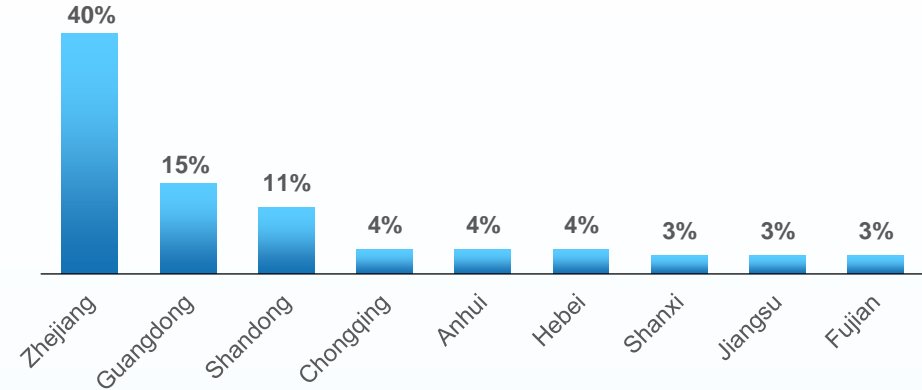
1.4 Expanded DSGp Sales Volume by New Business Models(1/2)

- Expanded domestic market by importing 13 shipments of spot LNG and 2 shipments of LTA LNG

Domestic Sales Vol (mil m³)



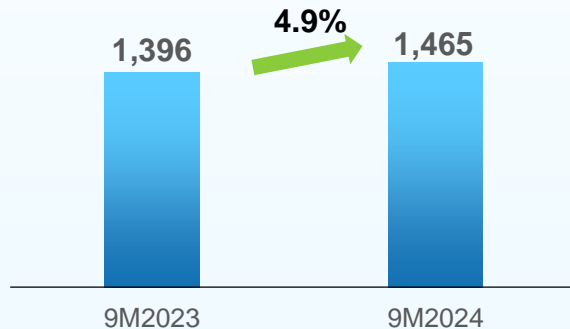
Domestic Customer Breakdown



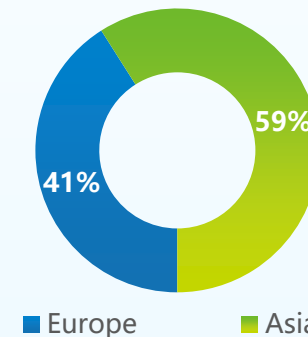
* The other 13% of sales volume coming from Henan, Guizhou, Hunan, Shanghai, Jiangxi etc,

- Coordinated overseas and domestic market by optimizing international resources and dynamic hedging strategy

Overseas Sales Vol (mil m³)



Overseas Customer Breakdown





1.4 Expanded DSGp Sales Volume by New Business Models(2/2)

Industry Cognition & Demand Characteristics

Customer Development Strategy



City-gas Companies

- **Demand for low cost & steady supply:** Seeking to build a diversified and stable resource pool to reduce comprehensive costs
- **Seasonal and peak-shaving demand:** Seeking relatively flexible supply while lacking of sufficient procurement capacity or temporary shortage capacity in winter

- **Proactively managing customer costs** through combinations of multiple modes such as joint procurement, procurement on behalf of customers, order consolidation, as well as diverse resource combinations
- **Linking the city-gas groups** and leveraging the interactive ability to carry out multidimensional long-term cooperation
- Achieving peak-shaving cooperations with surrounding city-gas companies by **pipelines interconnection owned by PipeChina** and intelligent ability supported by **Greatgas.cn**



Industrials

- **Matching between gas demand & production plan:** The customer's order volume is unstable and the demand fluctuates greatly so they want no restrictions on deviations between gas consumption and plans
- **Lower gas cost & managable changes:** Seeking gas with reasonable cost so as to predict product costs easily among fierce competition

- Increase flexibility through customized combinations by setting up **basic demand, incremental demand, peak-shaving demand** and other demands
- **Reducing energy costs through technological innovation** and achieving scalable promotion by analyzing production processes and characteristics
- Aggregating diverse customer needs to provide **service combinations** including procurements, risk control and hedging, energy and carbon management and helping customers to **manage the uncertainty of resources**



Energy Groups

- **Mismatch between customer demands and resources:** Irregular start-up and shutdown for peak-shaving gas-fired power plants; however their resources are mainly supplied by the three major oil companies without flexibility
- **Mismatch between massive demand and supply for power plant groups:** The rapid growth of demand can not be met by self- owned resources while the whole ship procurement can not be consumed rapidly

- **Taking advantage of peak-shaving demands** to establish supply channels and build the foundation for long-term cooperation
- **Taking advantage of international procurement and risk management capabilities** to establish cooperations and promoting long-term and stable cooperations through filling resource gaps and facility bottlenecks by resource combinations and comprehensive services





2.1 Results Overview

Unit: RMB mil

	9M2024	9M2023	Change
Total Revenue	98,778	95,972	2.9%
Gross Profit*	14,098	16,327	-13.7%
Net Profit Attributable to Parent	3,491	3,103	12.5%
Core Profit*	3,816	4,674	-18.3%

* 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



2.2 Core Profits

Unit: RMB mil

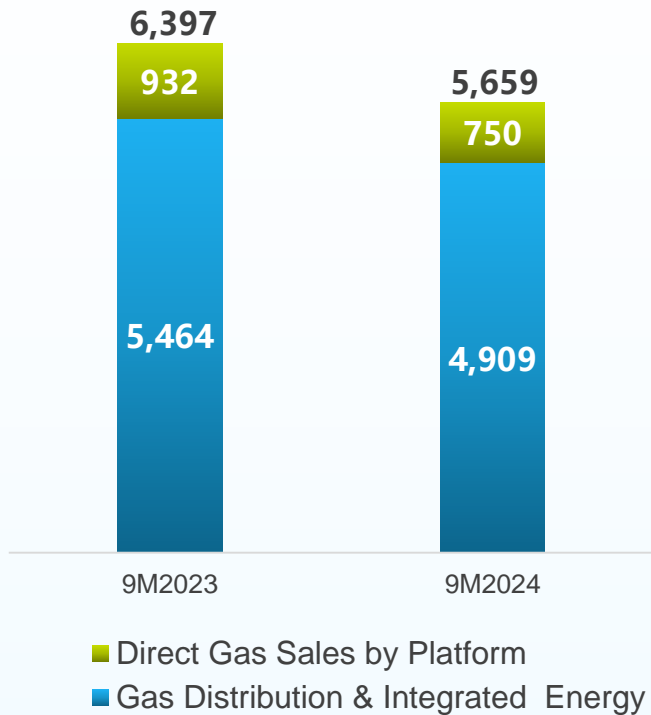
Main excluded items in the calculation of core profit		9M2024	9M2023
Net Profit Attributable to Parent		3,491	3,103
Non-cash factor	Bad debts and asset impairment	-151	-79
	Changes in fair value of derivatives	-171	-1,139
	Changes in FX gains and losses	-12	-324
	Amortization of share incentive costs	-11	-32
One-off factor	Gains from disposal of equity investments	15	0
	Others	5	3
Core Profit Attributable to Parent		3,816	4,674



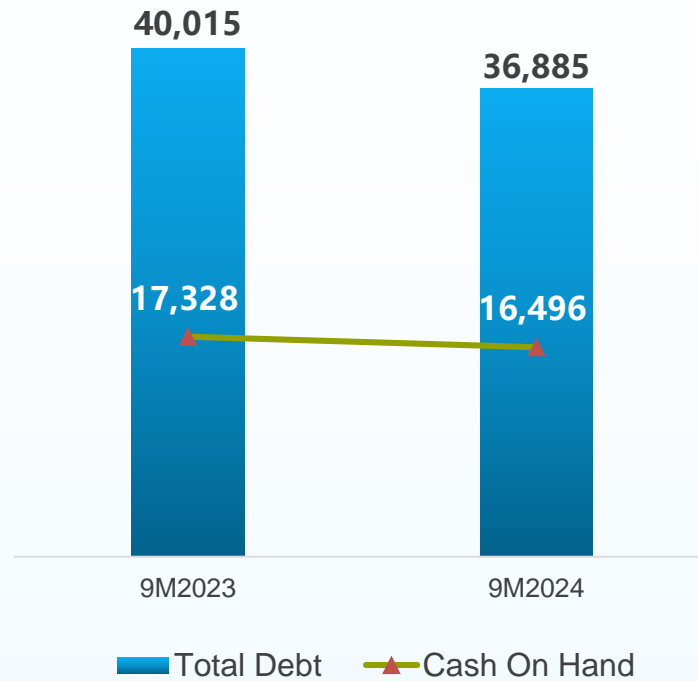
2.3 CAPEX and Debt Structure

Unit: RMB mil

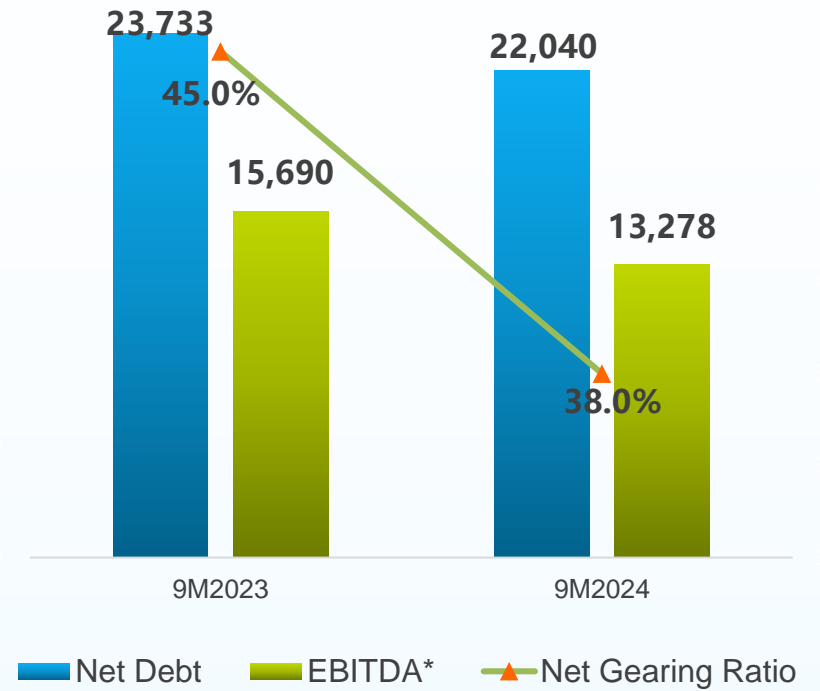
CAPEX



Total Debt & Cash on Hand



Net Debt, EBITDA * and Net Gearing Ratio

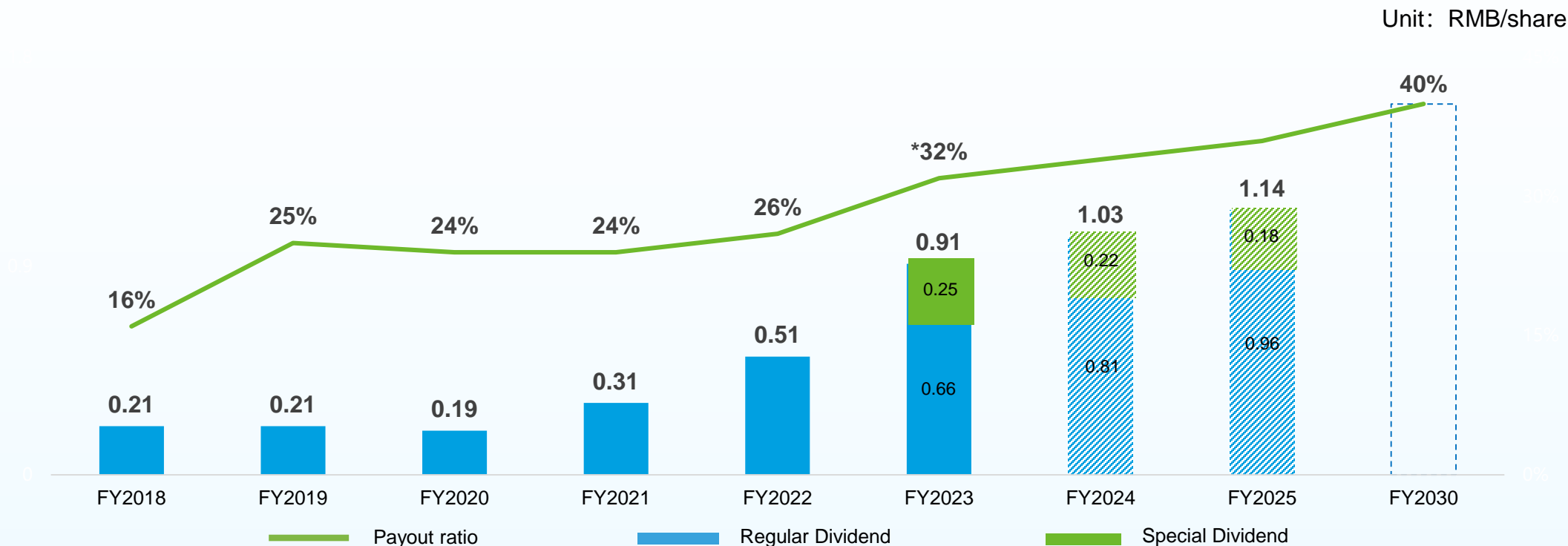


*EBITDA, excluding profits and losses from FX and change in fair value



2.4 Dividend Policy

- During FY2023 - 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)**








* Payout ratio of 2023, excluding the special dividend

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 261 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

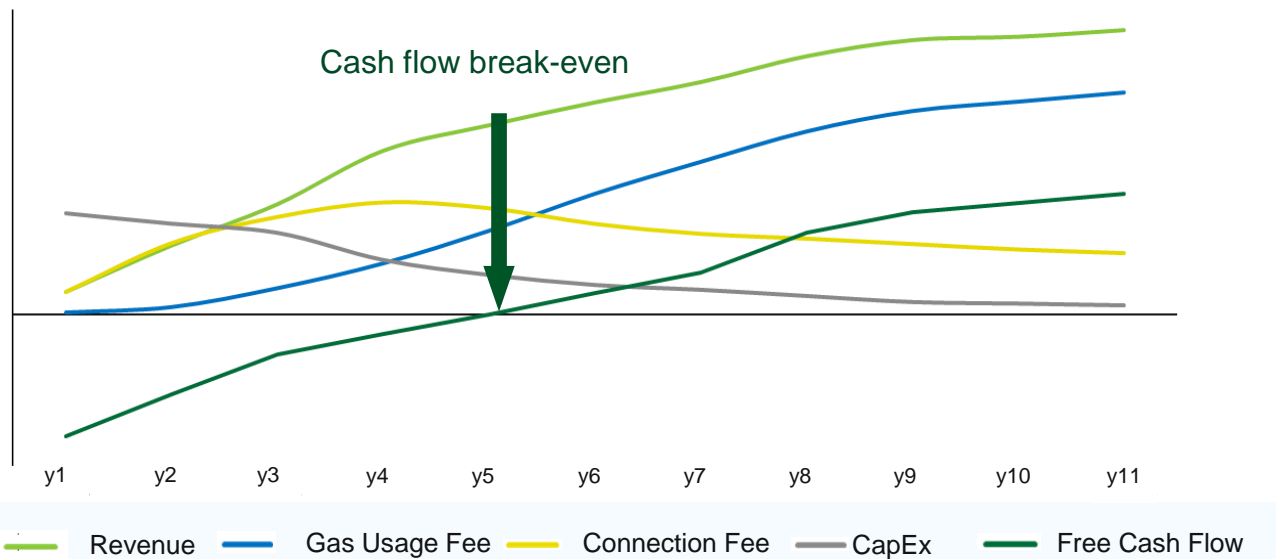
No.	Buyer	Seller	Signing Date	Tenor	Contract vol (mil tons/yr)	Delivery method	Gas resources	Start year	Index-linked
1	ENN Energy	Chevron	2016.08	10 years	0.66	DES	Global resources	2018	JCC
2	ENN Energy	Total	2016.07	10 years	0.50	DES	Global resources	2018	JCC/HH
3	ENN LNG (Singapore) Pte Ltd	Cheniere	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

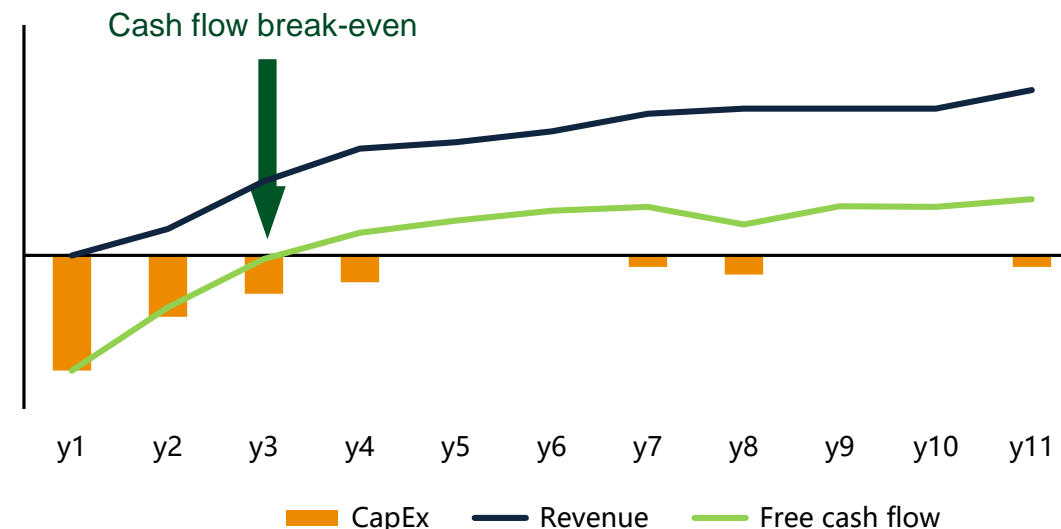
Appendix 3: Simplified Model for a Typical City-gas Project & IE Project



City-gas Project



IE Industrial Park Project



- **Connection fee dominates in early years when the project companies are signing up new customers**
- **Gas usage increases as projects mature, becoming the major source of recurring income**
- **Prior to the completion of the whole pipeline network in cities, revenue will be generated as soon as gas supply becomes available in certain districts. Each connection contract normally takes 6–12 months to complete**
- **In general, gas projects would generate positive free cash flow after 5 years of operation**

1. Stable & Recurring Income

- Integrated energy solutions reduce customers' overall energy bills ↓ 10%
- Selling the types of energy customer need increases their stickiness

2. Rapid Cash Flow Generation

- Capex are invested by stages depending on the number of customers and their energy consumption scale
- Our projects are mostly industrial parks with existing customers, once the energy stations completed, energy sales can be generated
- Payback period: 7-8 years

3. Low Risk

- Diversified customer base in industrial parks helps reduce cyclical risks of certain industry
- Sign minimum energy offtake volume and establish automatic pass-through mechanism with customers
- Market-oriented business model with low regulatory risk

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