



光大環境

EVERBRIGHT ENVIRONMENT

(STOCK CODE 股份代號: 257)

Everbright Environment 2022 Interim Results Presentation

August 2022

中國光大環境（集團）有限公司
CHINA EVERBRIGHT ENVIRONMENT GROUP LIMITED

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Financial Review

Financial Review

(HK\$ million)	For six months ended 30 June		Change
	2022	2021	
Revenue	21,449	26,495	(19%)
Gross Profit	7,629	8,501	(10%)
EBITDA	7,048	8,198	(14%)
Profit Attributable to Equity Holders of the Company	2,811	3,887	(28%)
Return on Shareholders' Equity (%)	5.51[#]	8.22 [#]	(3ppt*)
Basic Earnings per Share (HK cents)	45.76	63.28	(28%)
Interim Dividend per Share (HK cents)	15.0	19.0	(21%)

[#] calculated based on half-year actual results

* ppt: percentage point

Financial Review

(HK\$ million)	As at 30/06/2022	As at 31/12/2021	Change
Total Assets	200,012	200,236	(0.11%)
Total Liabilities	133,938	135,893	(1%)
Equity Attributable to Equity Holders of the Company	50,347	51,777	(3%)
Cash and Bank Balance	14,713	15,605	(6%)
Dividend Payout Ratio (%)	32.8	30.7	2.1ppt*
Gearing Ratio (%) (total liabilities/total assets)	67	68	(1ppt*)

The Group has high-quality assets, reasonable gearing level, abundant capital and an overall healthy financial position.

The Group has been adopting a diverse financing model, expanding its financing channels, and keeping strict control of finance costs.

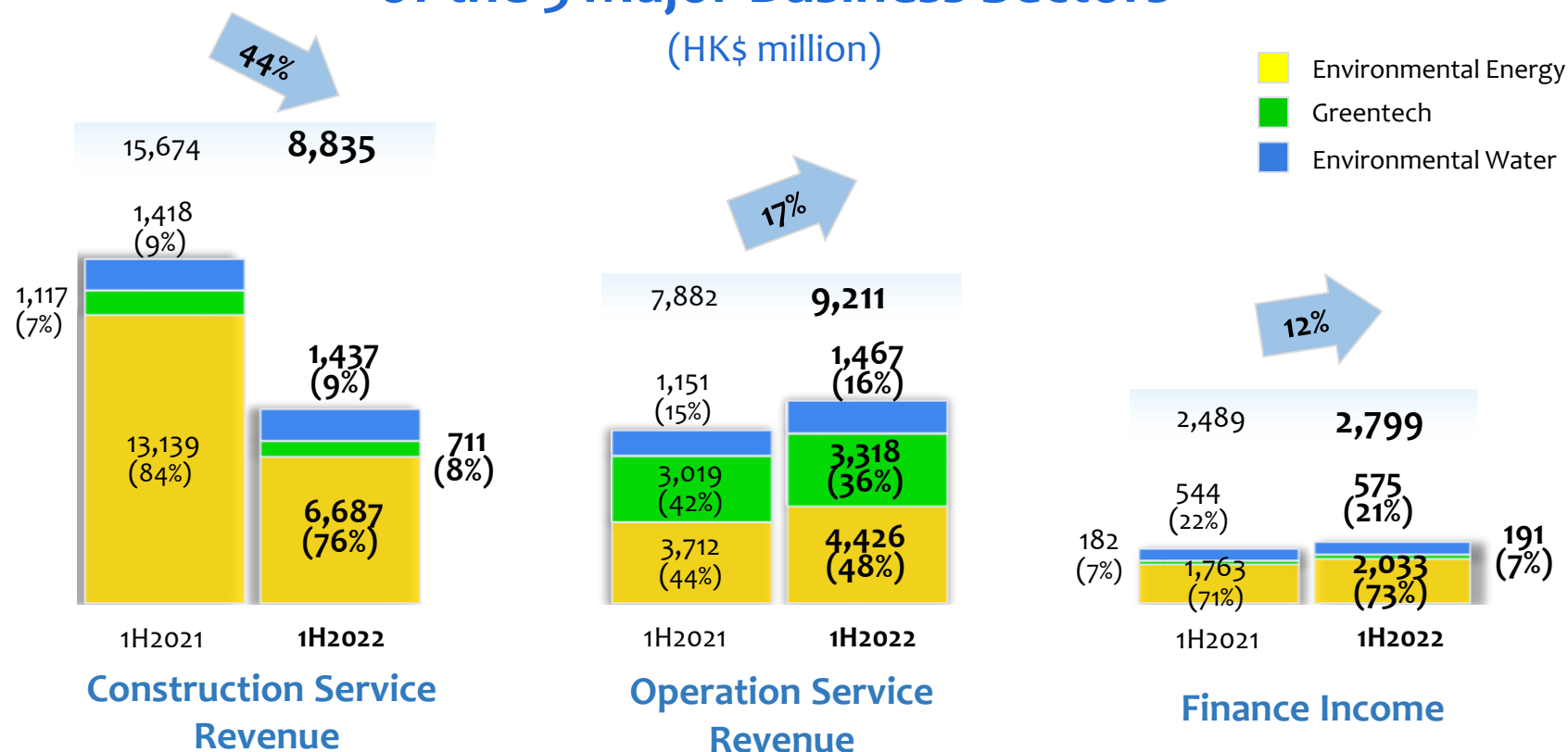
calculated based on half-year actual results

* ppt: percentage point

Financial Review

Year-on-Year Revenue Analysis of the 3 Major Business Sectors

(HK\$ million)



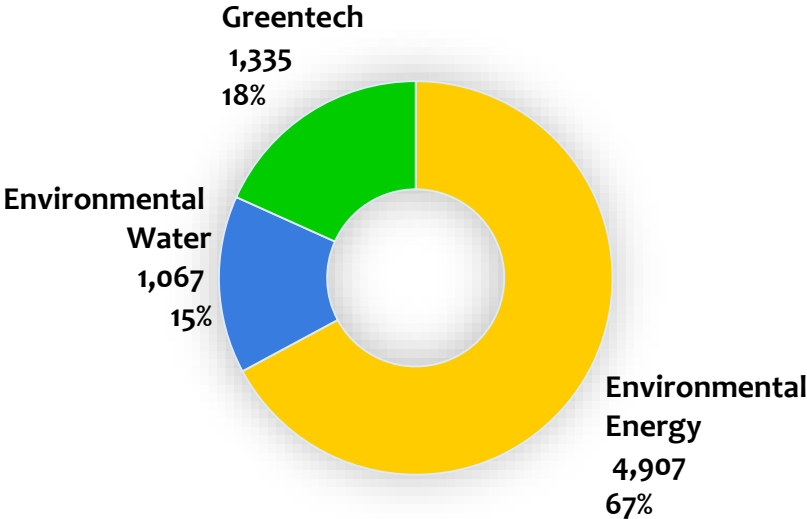
Total revenue of the 3 major business sectors in 1H2022: HK\$20,844,753,000 (down by 20%)

Total revenue of the 3 major business sectors in 1H2021: HK\$26,045,032,000

Financial Review

Year-on-Year Profit Analysis of the 3 Major Business Sectors (HK\$ million)

1H2022 EBITDA*

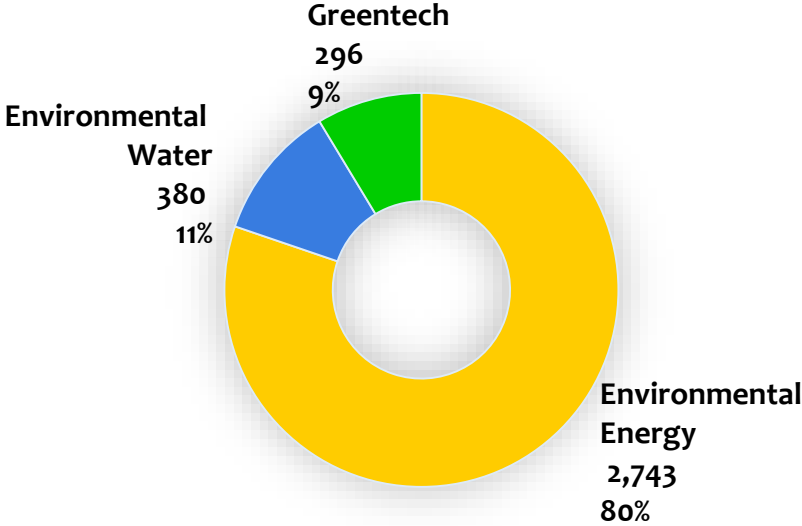


Total EBITDA

1H2022: HK\$7,308,625,000 (down by 11%)

1H2021: HK\$8,243,445,000

1H2022 Net Profit Attributable to the Group **



Total Net Profit Attributable to the Group

1H2022: HK\$3,418,928,000 (down by 19%)

1H2021: HK\$4,299,530,000

*Excluding the EBITDA of other sectors

**Excluding the profit contribution of other sectors and before deduction of unallocated head office and corporate net expenses



Business Highlights

Stable Operating Results

In first half of 2022, Everbright Environment faced up to challenges, stabilised its major businesses, and foster transformation. As a result, the Group's operational management proficiency continued to improve, and its overall strength and industry-leading position were solidified.

Traditional businesses developed steadily, with initial progress in the development of synergistic and asset-light businesses.

Business

Adhering to the innovation-driven development, the Group continued to enhance its technology competitiveness.

Tech

Operation service revenue grew year by year, leading to a significant increase in the proportion of operation service revenue in total revenue.

Revenue

Total Assets of approx. HK\$200 billion.

Assets

The Group was shortlisted in 2022 Fortune China 500 List (announced in July) and received several honors, including Best in ESG Reporting Award and Blue Ocean Awards.

Honors

Solidified Business Expansion

- In the first half of 2022, Everbright Environment continued to **consolidate its traditional business areas** such as waste-to-energy (“WTE”), water environment management, and hazardous and solid waste treatment, while actively **expanding synergistic businesses**. In the meantime, the Group stepped up efforts to **develop asset-light businesses**, such as waste sorting, resource recycling and energy-saving lighting.
- The Group also enhanced business planning relating to the national strategic regions and actively **explored the markets of Hong Kong and along the Belt and Road route**.
- The Group signed **14 new projects** and undertook 2 environmental remediation services, 1 waste sorting service, 4 engineering, procurement and construction (“EPC”) projects and 2 operation and management (“O&M”) projects.
- The Group **won the bidding for multiple environmental protection projects**, covering businesses such as WTE, waste water treatment (“WWT”), end-of-life tyre integrated utilisation, in Hubei, Hunan, Guangxi, Anhui, Yunnan and other provinces.

Total
new project
investment

RMB1.757
billion

Total
new business
contract value

RMB161
million

WTE

900 tonnes/day

Food waste

990 tonnes/day

Hazardous and
solid waste

1,500 tonnes/year

Water
treatment

101,500 m³/day

Continued Solidified Business Layout

As of 30 June 2022, Everbright Environment had expanded its business footprint to more than **210 cities, counties and districts** across **25 provinces, municipalities, autonomous regions and special administrative regions** in China, with overseas business markets in **Germany, Poland, Vietnam** and **Mauritius**.



The Group has secured a total of **540 environmental protection projects**, with an aggregate investment of approx. **RMB154.077 billion**; it also undertook **84 asset-light services**, covering environmental remediation, waste sorting, EPC, energy management contract (EMC), O&M, etc.

Major Aggregate Treatment Capacity



With the increasing awareness on “Carbon Reduction” worldwide and the full implementation of the national goal of “Peaking Carbon Dioxide Emissions” and “Achieving Carbon Neutrality” (“Dual Carbons”), Everbright Environment has made positive progress in exploring “Reduction of Pollution and Carbon Emissions” and “Pursuit of Synergy and Efficiency”.

Project Operations

The equipment manufacturing sector further optimised the **rooftop solar energy** facilities of its plants to enhance solar energy generation capacity to supplement the electricity demand of the plants.

The environmental water sector further promoted its **“in-plant solar energy”** pilot programme to multiple projects, which further increased the portion of green energy consumed against the overall energy consumption at the projects.

Business Exploration

The WTE projects under the environmental energy sector carried out a **“low-carbon steam”** pilot programme, which supplies steam for industrial purposes to enterprises in industrial parks where the projects are located, effectively increasing the source of green energy in the parks.

Environmental water tapped **waste water recycling** potential from its projects to increase source of green energy.

The envirotech sector promoted the pilot **development of carbon assets** for the Group’s environmental protection projects.

Technology R&D

Envirotech further optimised the Group’s carbon calculation model and completed **calibration of 4.98 million tonnes of greenhouse gas emission reduction** contributed by the Group in 2021.

The sector carried out **technology research and development (“R&D”) relating to carbon capture**, and completed the development of 100 kg-level solid amine carbon dioxide (CO₂) capture materials.

It also actively promoted the **development of a carbon asset management information platform** and developed modules for carbon emission monitoring, data analysis and emission reduction project management and other functions, for WTE projects.

Continued Advancement of Technological Innovation

R&D Deployment

In the first half of 2022, the Group actively conducted relevant R&D topics covering various fields, including energy-saving and efficiency enhancement for WTE plants, satellite remote sensing carbon monitoring technologies, waste plastic pyrolysis technologies, efficient biomass pyrolysis and gasification technologies, and technologies and equipment for waste incineration at small scales.

R&D Results

The Group made encouraging progress in its technology R&D.

- Waste leachate distillation nitrogen removal and ammonia nitrogen resource reduction technology passed the technology achievement appraisal and has reached the international advanced level.
- A number of technologies relating to WTE, intelligent control and solid waste treatment were applied to and demonstrated at the Group's projects.

Patents Granted

In the first half of 2022, the Group was granted a total of 175 patents.

As of 30 June 2022, the Group had accumulatively obtained nearly 1,500 patents and published more than 70 major technical essays.

Recognitions

Everbright-Qingdao University of Technology Research Institute of Environmental Technology received certificates granted by China National Accreditation Service for Conformity Assessment (CNAS).

Scientific research projects, in which China Everbright Water Limited ("Everbright Water"), the Company's listed subsidiary, participated in, won the first prizes of the 2021 Environmental Protection Science and Technology Award and the 2021 Science and Technology Award of Jiangsu Province.

Exploration of Diverse Financing Channels

In the first half of 2022, Everbright Environment continued to expand its financing channels and build a portfolio of both long- and short-term financing tools, in order to ensure the sustainable development of the Group and provide solid capital backing for its medium- to long-term development.

Major Financing Arrangements in 1H2022

Issuer	Issue size (RMB)	Financing arrangements and uses of proceeds
Everbright Environment	1.5 billion	In April 2022, issued the 2022 perpetual medium-term notes (“MTN”) (series 1) in the national inter-bank bond market for the repayment of the Group’s interest-bearing debts.
Everbright Water	1 billion	In January 2022, issued the second tranche of super and short-term commercial papers in the national inter-bank bond market for the replenishment of working capital of Everbright Water’s subsidiaries.
	1 billion	In April 2022, issued the third tranche of MTN in the national inter-bank bond market for the replenishment of working capital of Everbright Water’s subsidiaries.
	700 million	In June 2022, issued the first tranche of perpetual MTN in the national inter-bank bond market for the repayment of the due debts of Everbright Water and its subsidiaries.
China Everbright Greentech Limited (“Everbright Greentech”), the Company’s listed subsidiary	1.2 billion	In April 2022, issued the 2022 green MTN (series 1) (bond connect). The proceeds will be used for the repayment of Everbright Greentech’s interest-bearing debts, replenishment of its working capital, and/or investment and construction of its environmental protection projects as well as other business development purposes.
	700 million	In May 2022, issued the first tranche of perpetual MTN in the national inter-bank bond market for the repayment of interest-bearing debts for Everbright Greentech and its subsidiaries.



Optimised Strategies

External Environment

Global environment

Russia-Ukraine War and other worldwide issues have enhanced downward pressure on the economy and continued to push up commodity prices, resulting in operational pressure on enterprises.

Covid-19 pandemic impact

Recurrence of the pandemic and ongoing pandemic prevention measures have brought huge challenges to the environmental protection industry and relevant enterprises, significantly slowing down the enterprises' progress in market expansion, engineering construction and other work.

Tightened policies

Since 2020, national subsidiaries have been reduced according to adjustments to relevant policies.

The “Dual Carbons” transformation

New development models and industry systems relating to low-carbon, zero-carbon and carbon-negative themes are yet to be developed.

Industry Trends

Traditional markets become saturated

- **WTE:** With overcapacity in China's WTE industry, the average annual growth of the number of new WTE projects is estimated to decrease significantly between 2021 and 2030.
- **WWT:** The market coverage rate for the domestic municipal WWT business is close to saturation, leading to competition for existing market shares.

Market paradigm is restructuring

- State-owned enterprises ("SOEs") have increased attention to and investment in the market, while local industry/investment entities are growing stronger and tapping the market.
- There is fierce market competition from Chinese central state-owned enterprises, local SOEs and excellent private enterprises.

The industry's overall profitability continues to decline

- The number of highly profitable water projects decreases gradually.
- Hazardous waste treatment business declines in terms of both the number of projects and profitability.
- WTE projects face several changes, such as a decline in treatment capacity per single project, change in market locations to county areas, and a decrease in treatment fee per tonne of waste.

Staying Committed to Transformation

As the largest environmental enterprise in China, a leading player in Asia's environmental protection industry, the world's largest waste-to-energy investor and operator, and a world-renowned environmental group, Everbright Environment will face up to difficulties, strive to solidify its foundations, and pursue stability to make its development more unique.

1 Theme

- To pursue high-quality development and solidify its industry-leading position

2 Positioning Directions

- Target customers: TO G +TO B
- Target markets: to stay committed to the mainland, seek business breakthroughs in Hong Kong, and plan for the South East Asian market.

3 Focuses

- **WTE:** To further expand the width, length and depth of its traditional businesses, while focusing on its traditional advantages.
- **Greentech:** To explore environmental remediation, highly-efficient solar power and other areas, with a focus on energy substitution.
- **Environmental Water:** To create value for industries through various water-related businesses.

4 Transformations

- **To transform** from high-speed development **to high-quality development**
- **To transform** from construction service revenue **to operation service revenue as the major source of revenue.**
- **To transform** from investment-driven development **to development that is driven by both asset-light and asset-heavy businesses.**
- **To transform** from development driven by individual sectors **to synergistic development across all business sectors.**

5 Supporting Factors

- Management enhancement
- Technological innovation
- Enhanced synergy
- Talent retaining
- Corporate culture as a driving force



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QA Session



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Thank You!