

# New Dynamics for Sustainable Growth

Everbright International  
2018 Annual Results Presentation

March 2019



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- E Operating Results**
- E Financial Performance**
- E Highlights of 2018**
- E Development in 2019**



# Operating Results

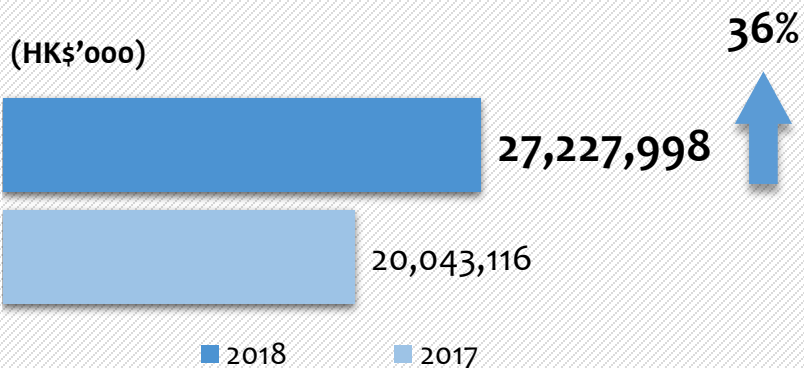


# Steady Growth of Operating Results

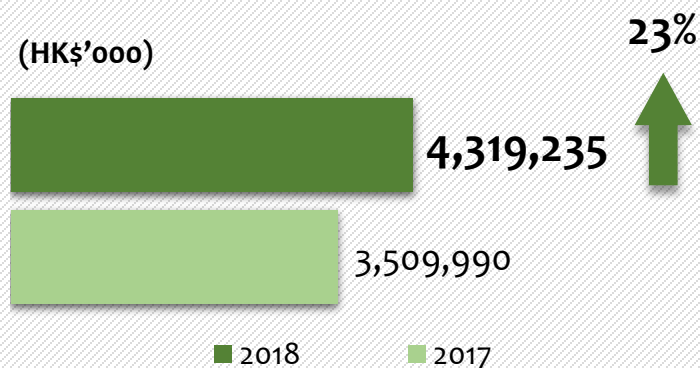
## with Continued Increase of Operating Indicators

- With concurrent development of all its business sectors, Everbright International recorded remarkable growths in revenue and profit.
- With construction work progressing rapidly, the number of projects under construction reached record high.
- With continued growth in the number of operating projects, revenue from operation services grew significantly.

### Revenue

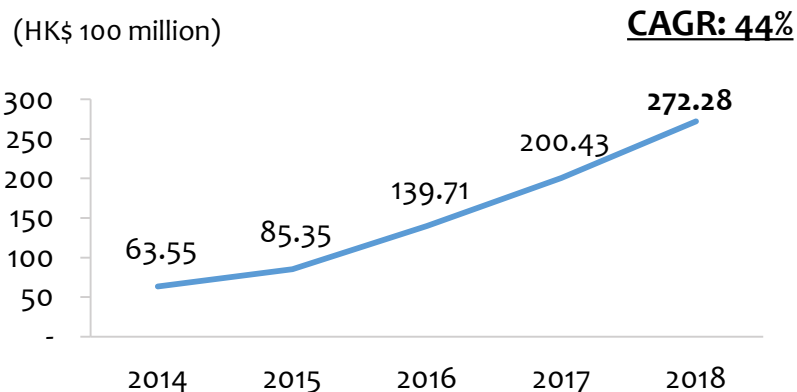


### Profit Attributable to Equity Holders of the Company

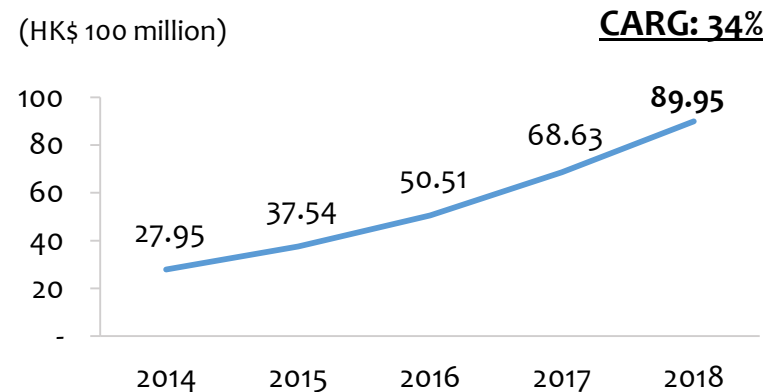


# Steady Growth of Operating Results with Continued Increase of Operating Indicators

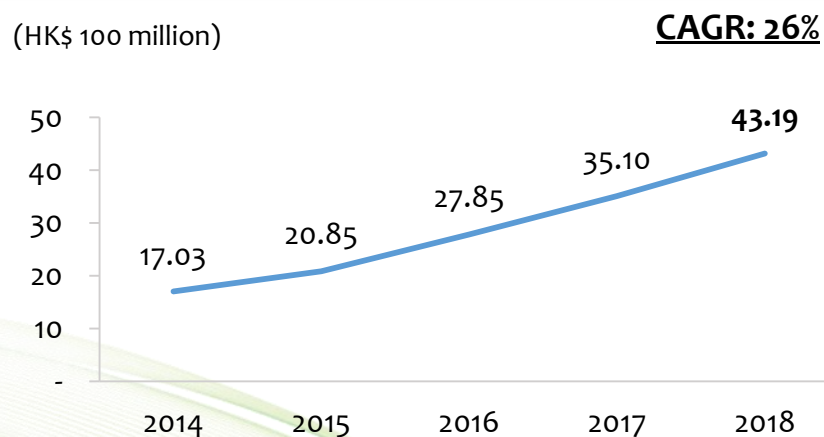
## Revenue



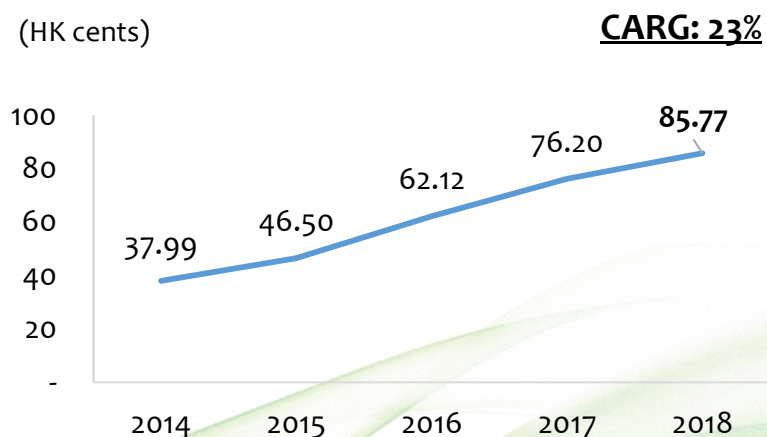
## EBITDA



## Profit Attributable to Equity Holders of the Company



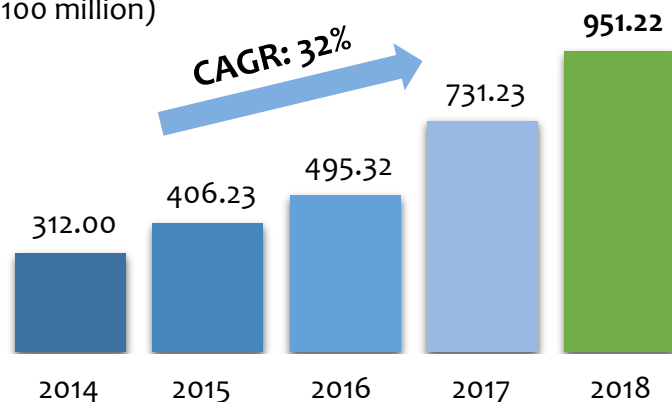
## Basic EPS



# Steady Growth of Operating Results with Continued Increase of Operating Indicators

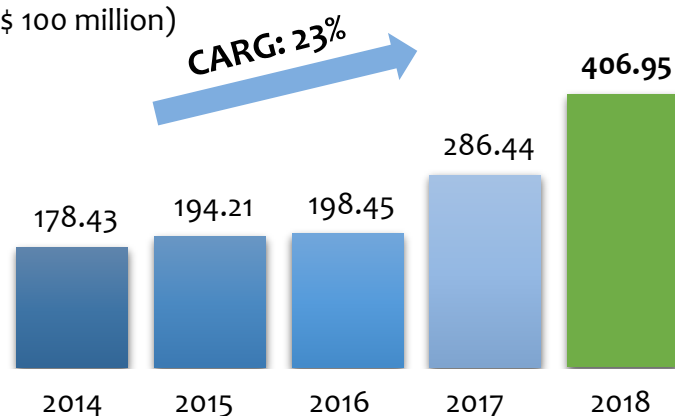
## Total Assets

(HK\$ 100 million)



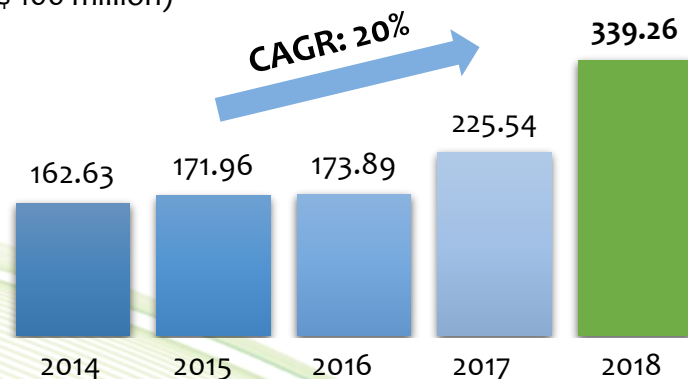
## Net Assets

(HK\$ 100 million)

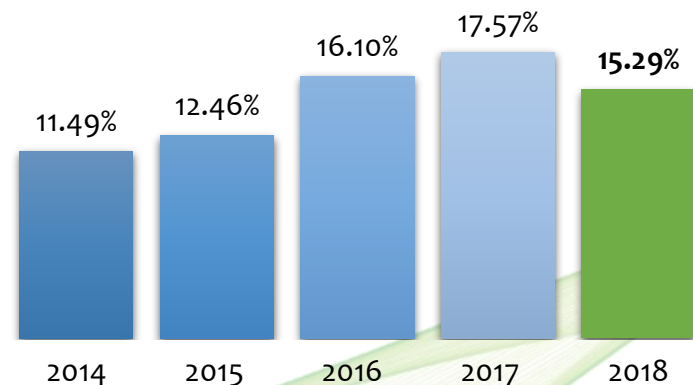


## Net Asset Value Attributable to Equity Holders of the Company

(HK\$ 100 million)



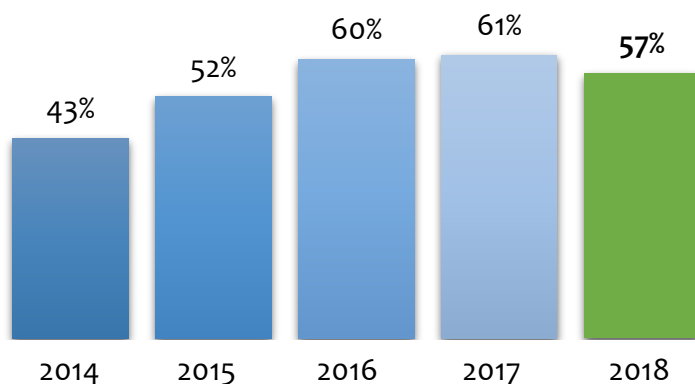
## Return on Shareholder's Equity



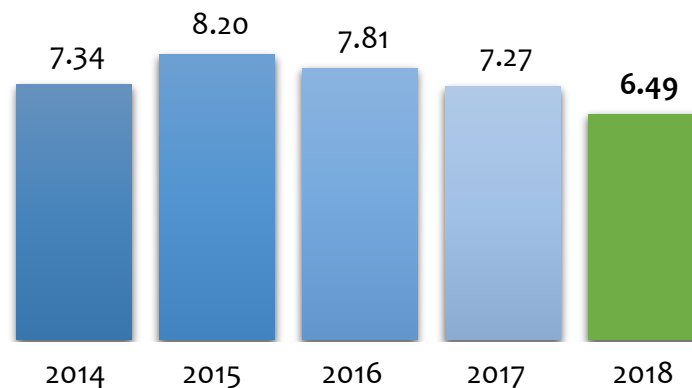
# Steady Growth of Operating Results

## with Continued Increase of Operating Indicators

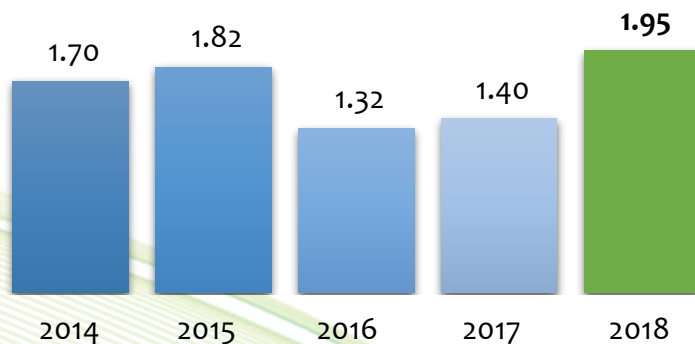
### Gearing Ratio



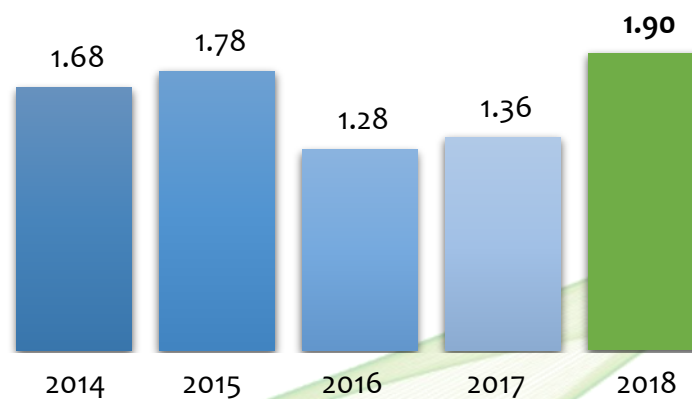
### Interest Coverage Ratio (time)



### Current Ratio (time)



### Quick Ratio (time)





# Strong Market Expansion Momentum

## Enhancing Industry-leading Position

In 2018, the Group secured a total of **58** new projects and signed **6** supplementary agreements for existing projects, which in aggregate command a total investment of **RMB23.522 billion**. Besides, it undertook **9** environmental remediation services, with a total contract value of approximately **RMB187 million**. The total number of new projects and the total investment hit record highs, with significant growth of the Group's overall treatment capacity.



Household waste processing capacity increased by **26,200** tonnes/day



Secured **13** new waste-to-energy projects with daily waste processing capacity over 1,000 tonnes



Water treatment capacity increased by **476,600** m<sup>3</sup>/day



Biomass processing capacity increased by **600,000** tonnes/year



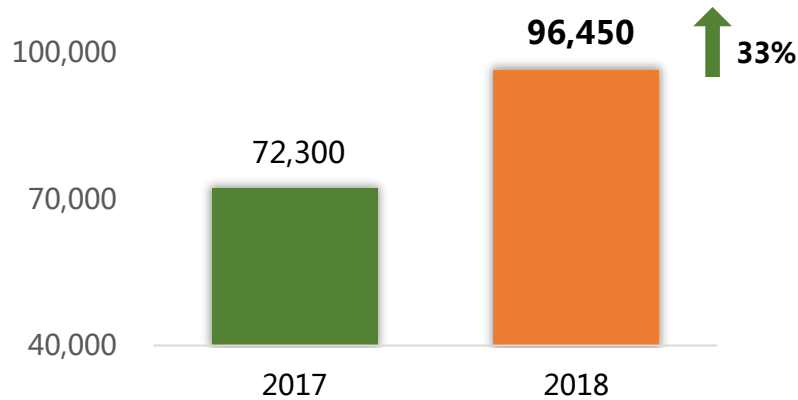
Hazardous and solid waste treatment capacity increased by **364,050** tonnes/year

As at the end of 2018, the Group had secured **324** environmental protection projects, which command a total investment of approximately **RMB94.485 billion**. Among these projects, 196 projects had completed construction, commanding a total investment of approximately RMB43.787 billion; 57 projects were under construction, commanding a total investment of approximately RMB26.052 billion; and 71 projects were in the preparatory stage, commanding a total investment of approximately RMB24.646 billion.

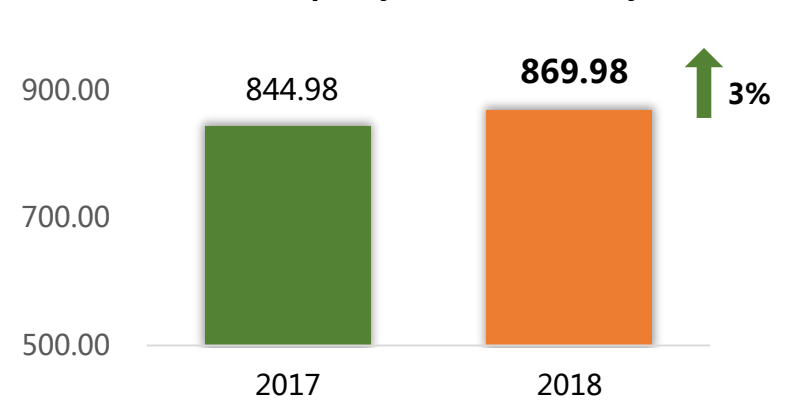
# Rapid Expansion of Business Scale

## Leading to Excellent Environmental Contribution

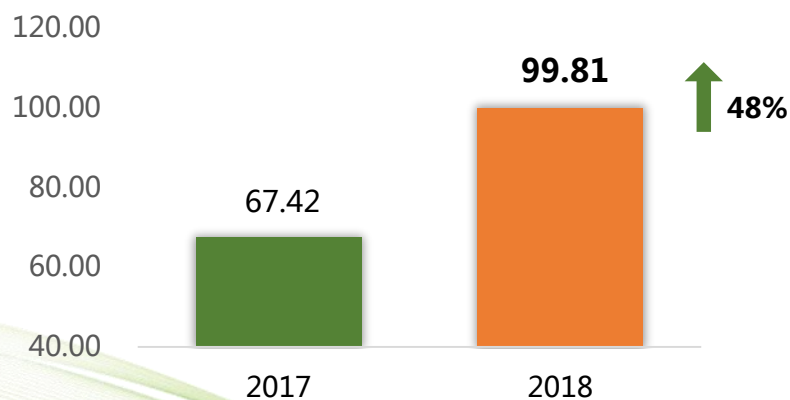
**Growth of designed household waste processing capacity (tonnes/day)**



**Growth of designed biomass raw material treatment capacity (10,000 tonnes/year)**



**Growth of designed hazardous and solid waste treatment capacity (10,000 tonnes/year)**



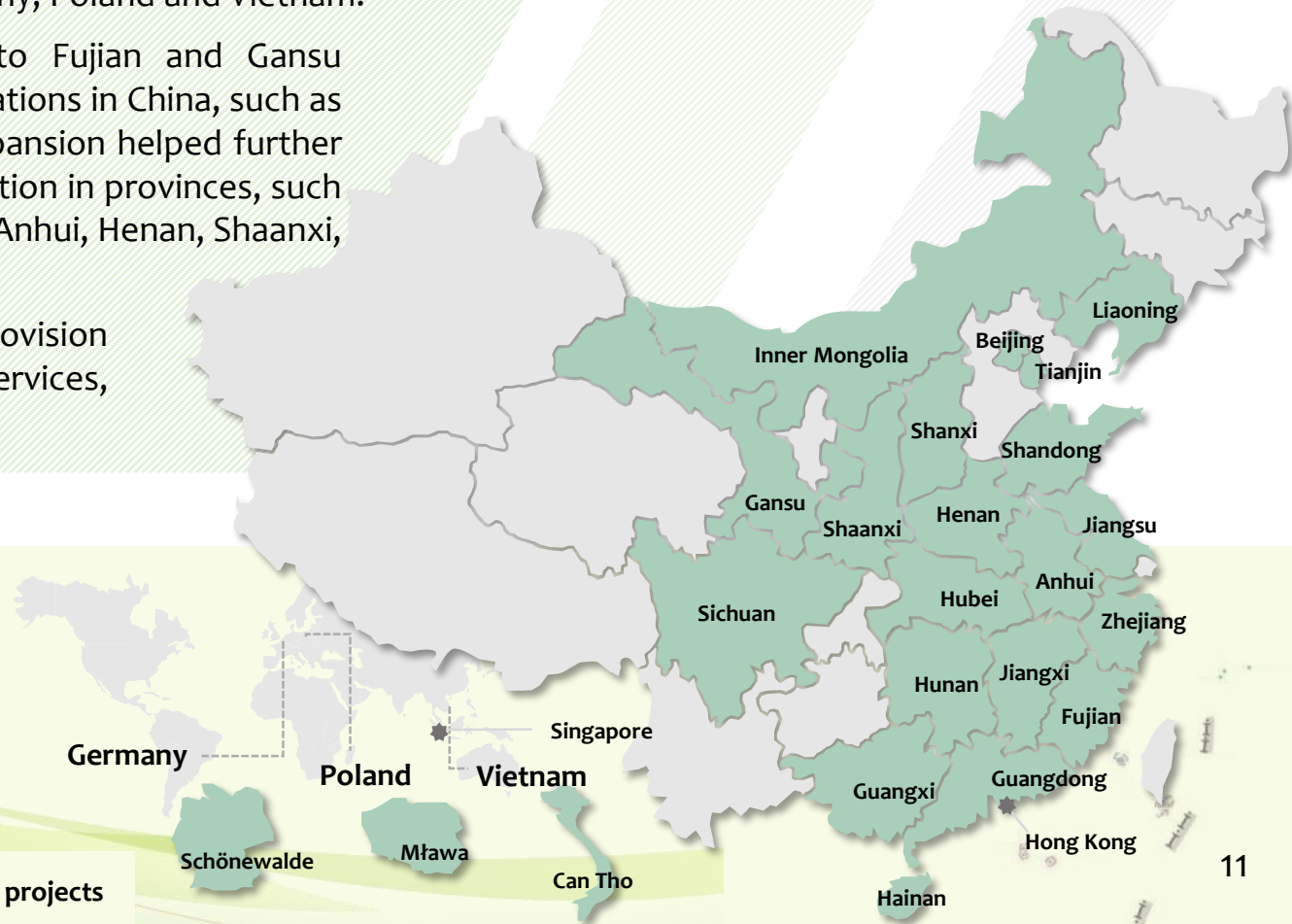
**Growth of designed water treatment capacity (10,000 m<sup>3</sup>/day)**



# Acceleration of Market Planning

## Facilitating Broader Expansion

- E** The Group has business presence in more than 150 locations across 20 provinces and municipalities in China, as well as overseas markets such as Germany, Poland and Vietnam.
- E** Business footprint expanded to Fujian and Gansu provinces, as well as over 20 locations in China, such as Xi'an and Yingtan cities. The expansion helped further solidify the Group's market position in provinces, such as Jiangsu, Shandong, Zhejiang, Anhui, Henan, Shaanxi, Liaoning and Jiangxi provinces.
- E** Business areas expanded to provision of environmental remediation services, among others.



# Improved Quality and Quantity of Construction Work with Effective Performance in Operations Management

- E** In 2018, the number of construction sites reached 93, of which 36 projects completed construction and commenced operation, while 45 projects commenced construction. In addition, 8 environmental remediation services of the Group started relevant services during the year and 2 of them were completed.
- E** The average electricity generated by waste reached 350 kWh per tonne on average, with integrated power consumption ratio of approximately 15%.
- E** The Group had 18 waste water treatment plants that received regulatory approval to effect tariff hikes, ranging from 1% to 165%.
- E** The Group achieved to improve operational and management efficiencies, lower operational costs and boost overall efficiency, through various methods, such as information management system, optimisation of management process and strict compliance of emission standards.
- E** In 2018, the Group received various subsidies surpassing RMB360 million.

# Enhanced Effort in Technological Innovation with Accelerated Applications of Research Results

## Substantial Results in Commercialisation of R&D results

- The Group developed a set of technologies relating to high-parameter, high-speed turbine generator, the first of such types in China, at Jiangyin Waste-to-energy Project Phase III of the Group, which is able to generate electricity of 600 kWh per tonne of waste.
- The Group developed plasma melting technology for the treatment of fly ash that is generated from the waste-to-energy process, laying a solid foundation for the localisation and industrialisation of such technology.
- The self-developed flue gas recirculation technology was applied to 12 projects of the Group.
- The Group also developed an automatic combustion control (ACC) system, which has been applied to 21 waste-to-energy projects. The system enables these projects to realise full automatic control of the waste incineration system.

## Satisfaction in progress following increased investment in R&D

- The envirotech sector was approved to establish a substation under a national postdoctoral research center.
- Two sets of technologies, namely the integrated treatment technology for household and food waste incineration and the PNCR technology for waste incineration, passed appraisals by experts from the Chinese Society for Environmental Sciences.
- In 2018, the Group was granted a total of 212 patents and software copyright licenses, including 1 international invention patent, 8 domestic invention patents, 187 utility invention patents and 16 software copyright licenses.

# New Progress in Equipment Manufacturing with Excellent Internal and External Sales Performance

## Strong momentum in external sales

- In 2018, the Group secured 31 external sales contracts in 2018, with a total contract value of approximately RMB1.555 billion, double that of 2017.
- In 2018, a total of 75 sets of equipment were sold to external markets, an increase of 25% as compared with 2017.
- The Group commenced a total of 39 service items that span across 15 provinces in China and Vietnam.

## Stable growth in sales in response to internal demands

In 2018, the Group provided 60 sets of grate furnaces to its internal projects, with production capacity up by 36% as compared with 2017. These furnaces contributed a total designed daily waste processing capacity of 32,400 tonnes, up by 84% as compared with 2017.



## Better capability in Independent technology design

In 2018, the Group completed 17 design optimisation projects, and 16 design projects as the sole designer; it also developed 4 new products.

## Significant improvement in after-sales services

- In 2018, the total contract value of after-sales services increased by 4.6 times from 2017 to RMB29 million, surpassing RMB10 million for the first time ever.
- The Group provided 66 after-sales services projects in total during the year, including 48 internal projects and 18 external projects.

# Financial Performance



# Financial Performance (1)

(HK\$'000)	Full year ended 31 December		Change
	2018	2017	
Revenue	<b>27,227,998</b>	20,043,116	36%
Gross profit	<b>9,430,596</b>	7,132,515	32%
EBITDA	<b>8,994,788</b>	6,863,209	31%
Profit attributable to equity holders of the Company	<b>4,319,235</b>	3,509,990	23%
Basic EPS (HK cents)	<b>85.77</b>	76.20	13%
Final dividend per share (HK cents)	<b>12.0</b>	12.0	-



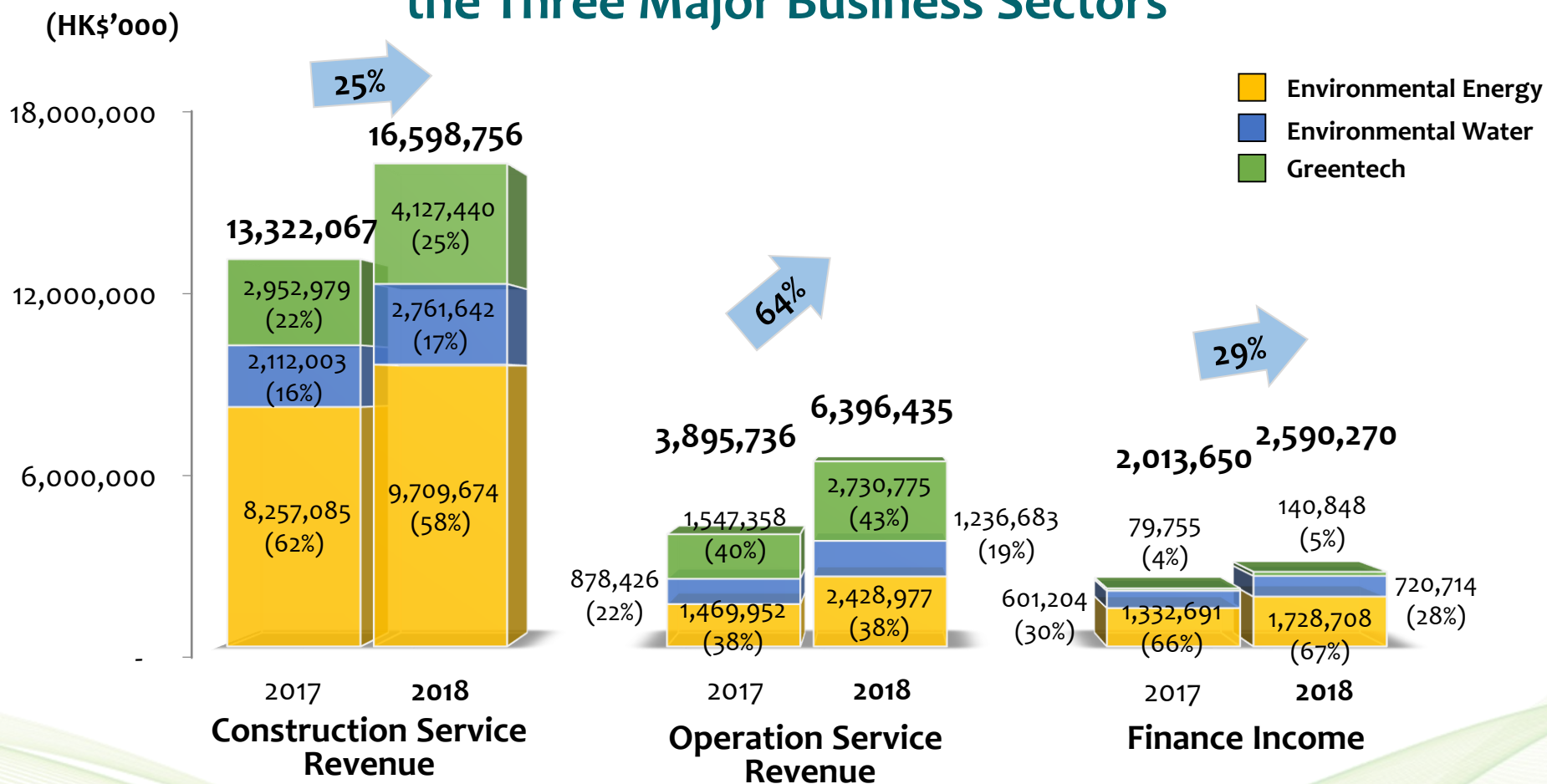
# Financial Performance (2)

HK\$ million	As at 31/12/2013	As at 31/12/2014	As at 31/12/2015	As at 31/12/2016	As at 31/12/2017	As at 31/12/2018
Total assets	23,471	31,200	40,623	49,532	73,123	<b>95,122</b>
Total liabilities	9,692	13,357	21,203	29,687	44,480	<b>54,426</b>
Shareholders' equity of the Company	13,374	16,263	17,196	17,389	22,554	<b>33,926</b>
Cash on hand	5,815	5,150	6,673	7,038	10,838	<b>15,974</b>
Return on shareholders' equity (%)	12.20	11.49	12.46	16.10	17.57	<b>15.29</b>
Dividend payout ratio (%)	27.6	29.0	39.8	33.0	30.7	<b>29.5</b>
Gearing ratio (%) (Total liabilities/total assets)	41	43	52	60	61	<b>57</b>

- ◆ High quality assets, abundant cash on hand, reasonable gearing ratio and healthy financial position.
- ◆ The Group received positive recognitions and long-standing supports from international financial institutions and policy banks, such as Asian Development Bank, The World Bank and China Development Bank.
- ◆ In first half of 2018, the Group received a loan of US\$100 million from Asian Development Bank to focus on the waste-to-energy development in Vietnam; it also signed strategic cooperation agreement with the Shenzhen Branch of Bank of China, which will provide up to RMB12 billion financial support to the Group.
- ◆ In second half of 2018, the Group completed rights issue, raising net proceeds of approximately HK\$9.924 billion, which is planned for the development of environmental protection projects, other environmental protection businesses, as well as for the repayment of bank loans and general working capital.

# Financial Performance (3)

## Revenue Analysis of the Three Major Business Sectors

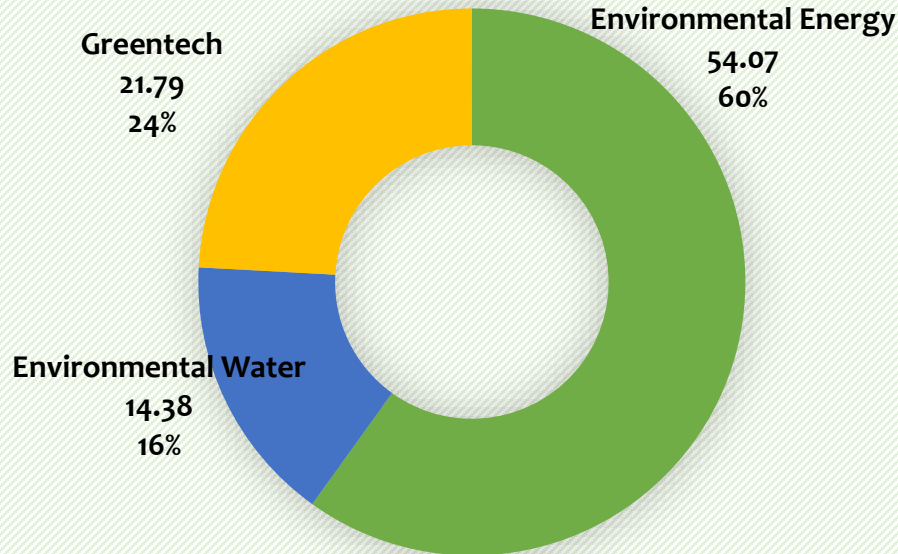


FY2018: HK\$25,585,461,000 (up by 33%)

FY2017: HK\$19,231,453,000

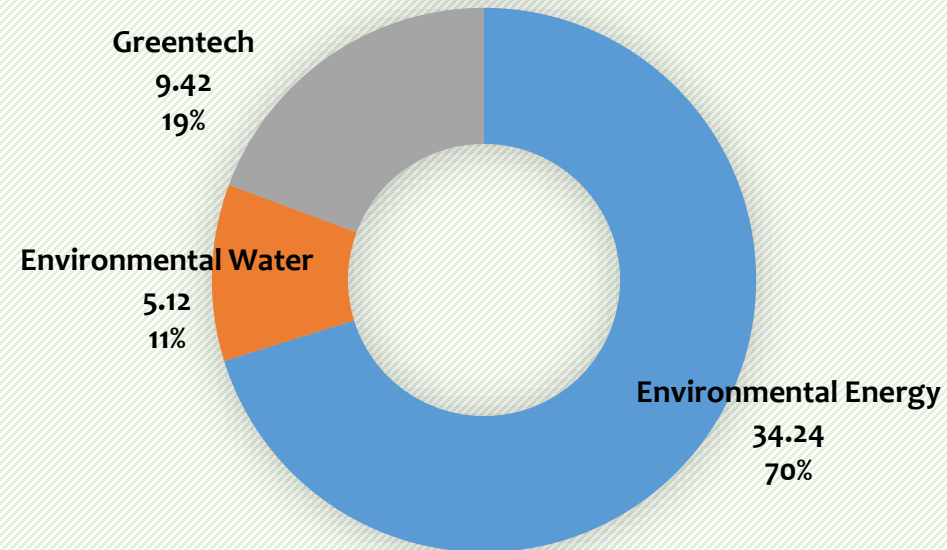
## Profit Analysis of the Three Major Business Sectors

**FY2018 EBITDA\* (HK\$ 100 million)  
by Three Major Business Sectors**



**2018: HK\$9,024,472,000 (up by 30%)**  
2017: HK\$6,920,874,000

**FY2018 Net Profit\*\* (HK\$ 100 million)  
by Three Major Business Sectors**



**2018: HK\$4,878,292,000 (up by 26%)**  
2017: HK\$3,881,233,000

\* Excluding the EBITDA of other sectors

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

# Highlights of 2018

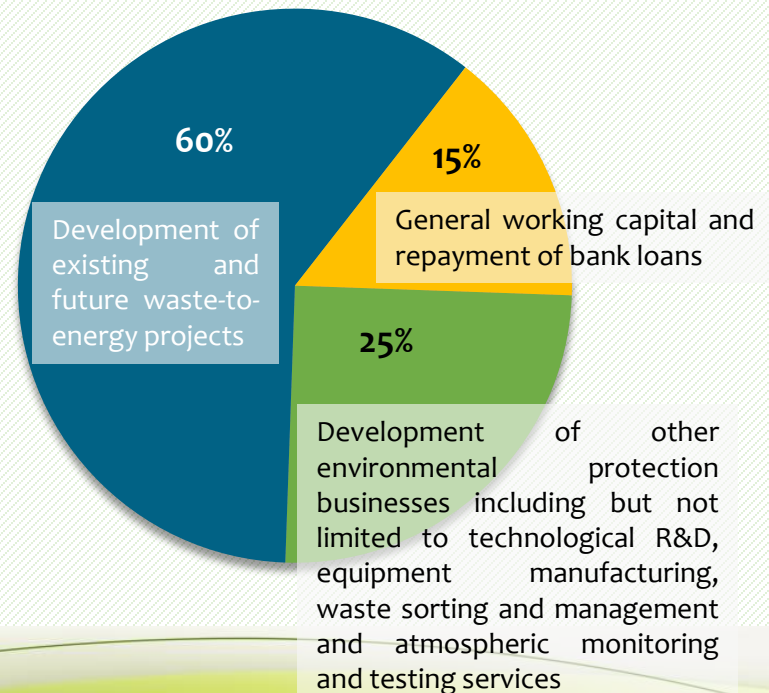


# HK\$10 Billion Rights Issue

## Signifying a Corporate Milestone

- E** The Group announced its HK\$10 billion rights issue on 14 August 2018, and completed the rights issue on 20 September 2018, **with more than 20% oversubscription.**
- E** The rights issue was arranged on the basis of 10 rights shares for every 27 existing shares at the subscription price of HK\$6.00 per rights share.
- E** The Group raised net proceeds of approximately HK\$9.924 billion from the rights issue.
- E** Significance of the rights issue:
  - E** Broad market prospect
  - E** Business development needs
  - E** Improvement of debt level
  - E** Boost shareholders' benefits

### Uses of net proceeds from rights issue and respective proportion



# Continued Excellence in Waste-to-energy Business

- E** In 2018, the Group's waste processing capacity increased by 26,200 tonnes/day, close to the total capacities increased in 2016 to 2017.
- E** In 2018, the Group secured 13 new waste-to-energy projects, each of which has a designed waste processing capacity exceeding 1,000 tonnes/day.
- E** Total waste processing capacity of the waste-to-energy projects secured was nearly 100,000 tonnes/day.
- E** Total waste processing capacity of the Group's operating waste-to-energy projects reached 50,000 tonnes/day.
- E** The Group achieved breakthroughs in business model by securing Guangdong Zhaoqing Waste-to-energy Project and Jiangxi Jiujiang Waste-to-energy Project through acquisitions; both of the projects have a waste processing capacity exceeding 1,000 tonnes/day.
- E** The Group achieved a breakthrough in waste-to-energy business in Tianjin by securing 2 waste-to-energy projects, both with a waste processing capacity of over 1,000 tonnes/day.



Rendering of Tianjin Xiqing Waste-to-energy Project

# Encouraging Progress in Expansion of Vietnam Market



Vietnam Can Tho Waste-to-energy Project

The Group won the bidding for **Vietnam Hue Waste-to-energy Project**, which has turned a new leaf for the cooperation along the green “Belt and Road” initiative.

**Vietnam Can Tho Waste-to-energy Project** completed construction and commenced operation. The project has become Vietnam’s first advanced waste-to-energy project with high standards.



Rendering of Vietnam Hue Waste-to-energy Project

# Opening Up of Projects to Public Demonstrating Confidence of the Group



- On 9 November 2018, the Group held a ceremony in Nanjing City to announce the opening of its environmental protection facilities for public visits, with up to 77 such facilities from the Group's various business sectors to be opened up for public visits in next 3 years.
- This initiative made the Group the only Chinese environmental protection enterprise that participated in the opening up environmental protection facilities for public visits, an initiative supported by the Ministry of Ecology and Environment of the PRC.
- The Group has been encouraging its projects to play important roles in environmental education, environmental science popularisation, circular economy and industrial tourism.



# Collaboration with Universities

## Nurturing Platform at National Level

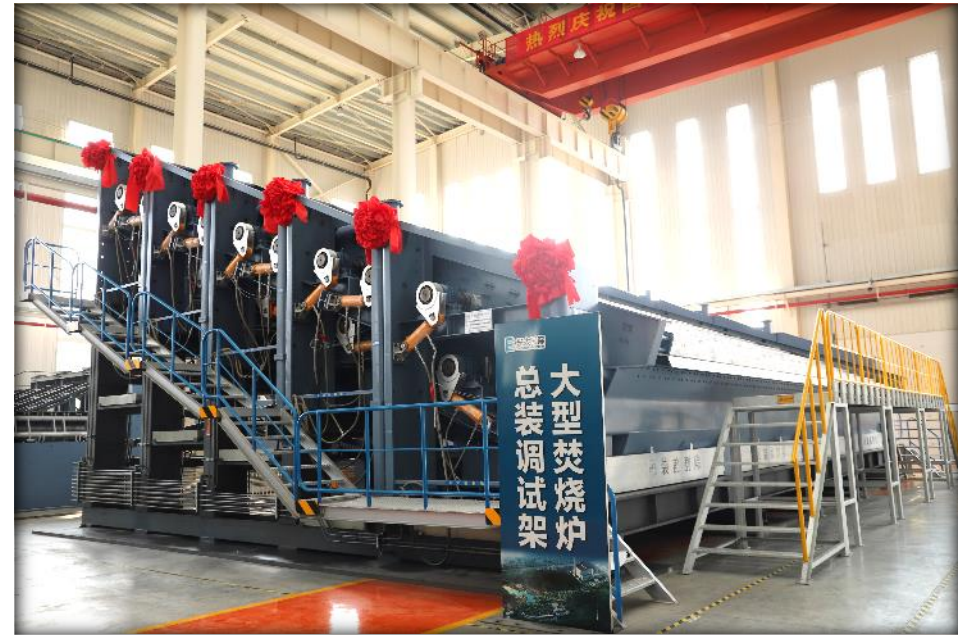


### Industrial-academic research collaboration further enhanced

- E** In 2018, the Group and Qingdao University of Technology (QUT) jointly launched the Everbright-QUT Research Institute of Environmental Technology.
- E** The institute is regarded the first dioxin testing and control engineering research center in Shandong Province.
- E** It is also dedicated to becoming a national platform with international standard.

# 850 tonnes/day Grate Furnace Filling Void in Domestic Market

- E** The Group's self-developed 850 tonnes/day grate furnace was manufactured and off the production line, marking the largest grate furnace manufactured in China.
- E** It fills the void in the manufacturing of large-scale grate furnace in China, and marks the increase of capacity, innovation of technology and improvement of quality for the homemade grate furnace.
- E** It also marks new heights in terms of the R&D, design and manufacturing of large-scale grate furnace branded with Everbright, demonstrating the Group's comprehensive strength.
- E** Technologies relating to this grate furnace applied for 57 domestic patents, with 39 of them being approved.



# Eco-recycling Business with Bright Prospects

- E** As the Group's emerging business sector, eco-recycling mainly focuses on environmental services and renewable resources utilisation, with an aim of becoming China's first-class investor, operator and services provider in the area of integrated urban-rural environmental management.
- E** The sector is currently exploring new technologies and business models. By leveraging on the Group's other major business sectors, it aims to gradually develop a full-chain business system that ranges from waste collection till end disposal.



**Household waste sorting** involves the development and operation of waste sorting systems, including household waste sorting and loading from the sources, collection and transportation of sorted waste, circulation of sorted renewable resources and information management platform services, among others.



**Sanitation services** involve integrated environmental sanitation services, including urban-rural cleaning, development, operation and management of household waste collection and transportation systems, sanitation+services, intelligent sanitation management, among others.



**Renewable resources utilisation** focuses on disposal of large waste and yard waste, treatment of construction and refurbishment waste, and disposal of electronic waste.

# Development in 2019



# Key National Policies Nurture Enterprises' Growth in an Era where Strong Players are Driving out the Weak; Enterprises Should Seek Innovation to Drive Growth in an Era with More Opportunities than Challenges

## Ecological and environmental protection has entered into a new stage for development

- Ecological conservation has been written into the Constitution of the PRC, elevating it to the national will.
- The Ministry of Ecology and Environment of the PRC was established to advance the country's system and capability relating to ecological conservation.
- The National Conference on Ecological and Environmental Protection was held to develop fully-fledged strategies for the tough battle against pollution.

## Steady progress in implementation of key national strategies

Implementation of national strategic plans, such as the Beijing-Tianjin-Hebei integration, the Xiongan New Area, the Yangtze River Economic Belt, the Guangdong-Hong Kong-Macau Greater Bay Area, and the “Belt and Road ” initiative, are well under way.

**Everbright International will closely follow key national policies, seize opportunities for development, and take actions in response to challenges, to achieve its goal of becoming a world-leading ecological and environmental group.**

## Unprecedented supervision on environmental protection

- Environmental protection companies are facing more stringent requirements, as environmental cost has become an internal concern for enterprises that produce waste.
- China's environmental protection industry has entered into a phase in which strong players are driving out the weak, with strict supervision.

## Standardisation and rationalisation of the PPP market

- Timely effort in rectifications of PPP programs has curbed local governments' implicit debt risks.
- The upcoming Regulation on Public-Private Partnership in Infrastructure and Public Service Sectors is expected to provide better legal assurance on how the PPP model is applied.
- Chinese President Xi Jinping urged improved environmental governance by strengthening support for PPP projects.

# Concurrent Development of Seven Major Business Sectors

## The “Three 100% + Three Zero” goals for all project companies of the Group:

- **Three 100%:** To meet annual budget goals, accomplish key working tasks, and fulfill the investment assessment plan.
- **Three Zero:** Zero discharge, zero safety accident and zero case for violation of regulation and discipline.



# New Dynamics for Sustainable Growth

**Headquarters:** to enhance the role of the headquarters to reinforce regulation and supervision, facilitate corporate development, and develop a model that is flexible for centralised and specialised management.

**Human Resources:** to develop 2 bases and 1 platform, namely: 2 talent training bases backed by the Group's ecological environment college and major project companies, plus 1 information platform on human resources management.

**Compliance of Emission and Discharge:** to avoid breaching bottom line, crossing red lines or violating requirements set for internal management; to develop a department for safety and environmental management (1 team), set up an information supervisory system and a dioxin testing center (2 platforms), promote the opening-up of projects for public visits and the "I am in compliance with environmental protection law" initiative (2 initiatives), and focus on the annual performance review, adoption of the Activity Based Classification (ABC) model, and the strict accountability system (3 management tools).

**Technological Innovation:** to focus on three key aspects, namely: research subjects (What), team (Who) and mechanism (How); and to enhance investment in R&D to improve innovation capability quickly.



## Corporate Culture:

Dual identities: a state-owned enterprise and a foreign company;  
Devoted to Ecology and Environment for a Beautiful China;  
To Create better Investment Value, and Undertake More Social Responsibility;  
Taking Quality as the Top Mission, Keeping Efficiency as the Priority, and Pursuing Growth in Business Scale;  
Pursuing Excellence and Close to Zero Discharge.

**Market Expansion:** to forge ahead and keep risks under control; and to focus on developing a "single project – veinous industrial park – waste-free city" transformation model to enhance the Group's overall expansion ability.

**Improvement of Efficiency:** to focus on construction and operation; to increase revenue and reduce cost; to enhance daily management proficiency; and to leverage on innovation and technology.

**Overseas Development:** to enhance the Group's presence in Vietnam, steadily develop the Southeast Asian market, and strive to make breakthroughs in Poland market.

## Enforcement of Discipline:

to encourage the Group's staff to carry out work proactively, make accomplishment, and avoid mistake and accident; to enhance relevant systems, clearly define responsibilities and accountabilities; and to implement the "Two Must" rule.

**Thank You!**

