



**光大環境**

EVERBRIGHT ENVIRONMENT

(STOCK CODE 股份代號: 257)

# Everbright Environment 2022 Annual Results Presentation

**March 2023**




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)	2022	2021	Change
Revenue	<b>37,321</b>	49,895	(25%)
Gross Profit	<b>14,365</b>	16,463	(13%)
EBITDA	<b>12,842</b>	15,027	(15%)
Profit Attributable to Equity Holders of the Company	<b>4,602</b>	6,804	(32%)
Basic Earnings per Share (HK cents)	<b>74.91</b>	110.76	(32%)
Final Dividend per Share (HK cents)	<b>9.0</b>	15.0	(40%)
Total Dividend per Share (HK cents)	<b>24.0</b>	34.0	(29%)

# Financial Review

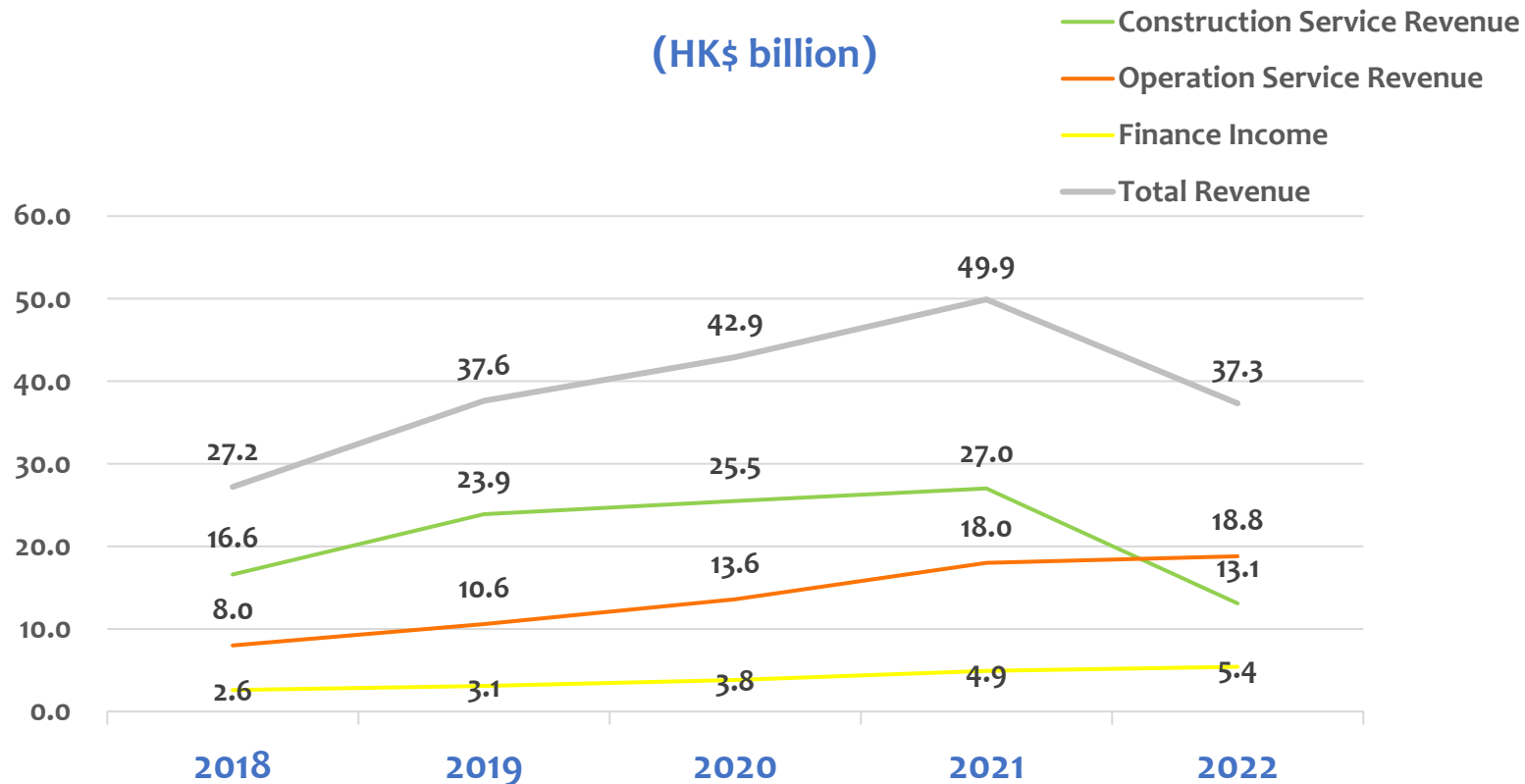
(HK\$ million)	As at 31/12/2022	As at 31/12/2021	Change
<b>Total Assets</b>	<b>190,598</b>	200,236	(5%)
<b>Total Liabilities</b>	<b>127,999</b>	135,893	(6%)
<b>Equity Attributable to Equity Holders of the Company</b>	<b>47,374</b>	51,777	(9%)
<b>Cash and Bank Balance</b>	<b>11,783</b>	15,605	(24%)
<b>Return on Shareholders' Equity (%)</b>	<b>9.28</b>	14.05	(4.77ppt*)
<b>Dividend Payout Ratio (%)</b>	<b>32.0</b>	30.7	1.3ppt*
<b>Gearing Ratio (%)</b> (total liabilities/total assets)	<b>67</b>	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.

\* ppt: percentage point

## Revenue Trend (HK\$ billion)

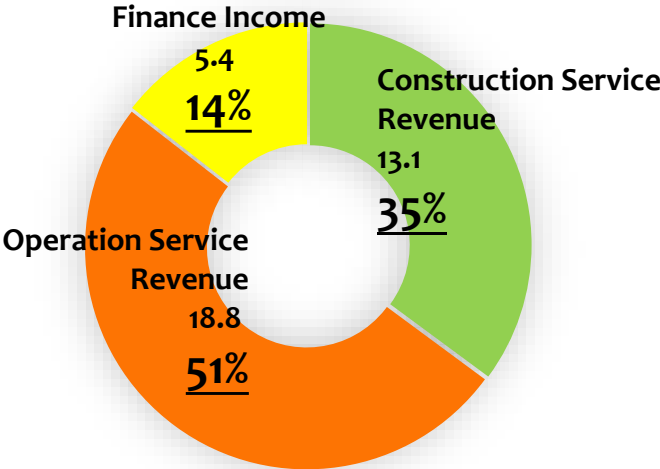


- The Group's project development was affected by changes in the market environment, and its construction service revenue declined in 2022.
- With continued increase in the number of projects that completed construction and commenced operation, operation service revenue and finance income continued to grow, with 23% CAGR from 2018 to 2022.

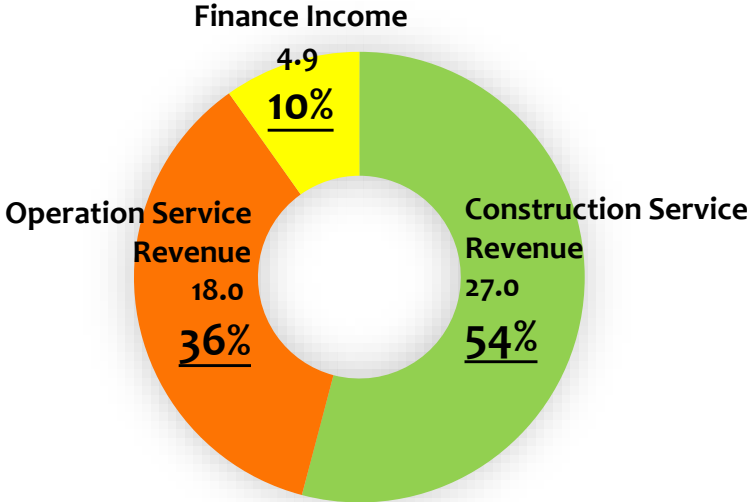
# Financial Review

## Revenue Proportion (HK\$ billion)

2022 Revenue



2021 Revenue



As a number of projects completed construction and commenced operation, in 2022 the proportion of operation service revenue increased to 51 %, up by 15 percentage points year-on-year, which was higher than the proportion of construction service revenue for the first time.





# Operating Highlights

# Operating Highlights

- E** Strengthening the Existing and Exploring the New Businesses while Promoting High-quality Development
- E** Reinforcing the Industry Leading Position and Strengthening Market Expansion
- E** Reducing Pollution and Carbon Emissions with Strategic Dual Carbons Deployment
- E** Deepening the Technology-driven Development and Enhancing Enterprise Strength by Building Digital and Intelligent Capabilities
- E** Fulfilling Social Responsibility while Highlighting Accountability and Profitability

# Strengthening the Existing and Exploring the New Businesses while Promoting High-quality Development

In 2022, Everbright Environment rose up to challenges, **stabilised its major businesses, and carried out transformation.** It also **enhanced cost reduction, optimised structures, and developed a business portfolio that integrates asset-light and asset-heavy businesses.** The Group steadily improved the quality and efficiency of development and reinforcing its industry-leading position.

The Group solidified its existing business areas and explored new businesses. It developed a business portfolio that creates **synergistic effects** and integrates **asset-light and asset-heavy** businesses.

Solidifying the Existing & Exploring the New Businesses

**Focused on 3 cores:** Solid Waste, Water-related and Clean Energy areas  
**Empowered by 2 wings:** Envirotech and Equipment Manufacturing

Streamlining Business Structures

The revenue structure of the Group continued to be optimised. The **proportion of operation service revenue** increased significantly, exceeding the proportion of construction service revenue for the first time.

Optimising Revenue Structure

The Group adopted various measures to boost its operational management proficiency and efficiency. It also enhanced effort in **Cost Reduction and Efficiency Enhancement.**

Cost Reduction and Efficiency Enhancement

# Reinforcing the Industry Leading Position and Strengthening Market Expansion

- In 2022, Everbright Environment actively served the strategic development of the nation's major regions, and steadily promoted project investment, construction and operation in key regions such as the Yangtze River Economic Belt, Beijing-Tianjin-Hebei, Yellow River Basin and Hainan Free Trade Zone.
- The Group invested in and secured a total of **39 new projects** (including acquisition projects) and 1 supplementary agreement on existing project for a total investment of approximately RMB5.546 billion and undertook various asset-light businesses, worth a total contract value of approximately RMB2.430 billion.
- The major designed treatment and supply capacities of the new projects secured in 2022 are summarised as below: **household waste 4,900 tonnes/day, food and kitchen waste 1,248 tonnes/day, hazardous and solid waste 1,500 tonnes/year, steam supply 812,100 tonnes/year, water treatment 187,500 m<sup>3</sup>/day**.

As of 31 December 2022, the Group had a business presence in **220 cities, counties and districts** across **26 provinces, municipalities, autonomous regions and special administrative region in China**, with overseas business markets in **Germany, Poland, Vietnam and Mauritius**.



As of December 31, 2022, the Group invested in and secured a total of **564 environmental protection projects**, with an aggregate investment of approximately **RMB157.675 billion**. It also undertook various **asset-light projects and services**, such as environmental remediation, waste sorting, engineering, procurement and construction (“EPC”), operation and management (“O&M”), equipment supply, and technical services.

## Major Aggregated Designed Treatment/Supply Capacity

**Household waste**

**155,200 tonnes/day**

**Food and kitchen waste**

**7,968 tonnes/day**

**Biomass raw materials**

**Nearly 8.09 million tonnes/year**

**Hazardous and solid waste**

**Over 2.87 million tonnes/year**

**Steam supply**

**Over 6.2 million tonnes/year**

**Water treatment**

**approx. 7.25 million m<sup>3</sup>/day**

# Reducing Pollution and Carbon Emissions with Strategic Dual Carbons Deployment

The Group focused on China's "Dual Carbons" strategic goal and took "Reduction of Pollution and Carbon Emissions" as footholds, fully utilising its own advantages and characteristics to carry out in-depth exploration and active deployment. The relevant work progressed well and achieved good results.

## Pollution Reduction

- In 2022, Everbright Environment processed 48,968,000 tonnes of household waste, 431,000 tonnes of hazardous and solid waste, 8,186,000 tonnes of agricultural and forestry waste, and 1,770,260,000 m<sup>3</sup> of waste water. The Group's waste-to-energy plants' leachate treatment reached 11,357,000 m<sup>3</sup>.
- Since the Group's first environmental protection project commenced operation in 2005, it aggregately processed 217,925,000 tonnes household waste, 1,771,000 tonnes of hazardous and solid waste, 34,789,000 tonnes of agricultural and forestry waste, and treated 14,732,562,000 m<sup>3</sup> of waste water. The Group's waste-to-energy plants' leachate treatment reached 47,229,000 m<sup>3</sup>.

- In 2022, Everbright Environment generated green electricity of 24,762,121,000 kWh. This output could support the annual electricity consumption needs of 20,635,000 households, equivalent to saving 9,905,000 tonnes of standard coal, while reducing Carbon Dioxide (CO<sub>2</sub>) emissions by 20,463,000 tonnes.
- Since the Group's first environmental protection project commenced operation in 2005, it aggregately generated green electricity of 105,486,150,000 kWh. This output could support the annual electricity consumption needs of 87,905,000 households, equivalent to saving 42,195,000 tonnes of standard coal, while reducing CO<sub>2</sub> emissions by 99,067,000 tonnes.

## Carbon Reduction

- The Group completed the pilot project on the on-site monitoring of greenhouse gas emissions, as assigned by the Ministry of Ecology and Environment of the People's Republic of China ("PRC") ("MEE"), and participated in the preparation of greenhouse gas emission monitoring methods focusing on the three areas of waste-to-energy, landfill and waste water treatment.
- The Group participated in the drafting of the national standards related to carbon accounting.
- The Group continued to promote carbon reduction pilot projects such as "in-plant solar energy", "roof-top solar energy" and "low-carbon steam" programmes.
- The Group promoted the research and development ("R&D") of carbon reduction technologies such as "carbon capture", completing the development of 100kg-level solid amine CO<sub>2</sub> capture materials.
- The Group also joined hands with universities and research institutions, such as the Shenzhen Institute of Advanced Technology of the Chinese Academy of Sciences, to promote communication and co-operation in the field of carbon reduction-related scientific research.

# Deepening the Technology-driven Development and Enhancing Enterprise Strength by Building Digital and Intelligent Capabilities

## Technology Innovation

- **Envirotech made progress in commercialisation of technological innovation results:** The flue gas heater with ultra-low emission (GGH) and fluoroplastic heat exchanger were applied and demonstrated on several projects.
- 200 tonnes/day quick loading small-scale furnace R&D and industrialisation project was awarded as a demonstration project by the National Development and Reform Commission of the PRC to serve **county-level waste-to-energy markets.**
- Everbright Environmental Technical Equipment (Changzhou) Limited was shortlisted in the list of **National 'Little Giant' enterprises.**

## Patents Certification

- In 2022, the Group was granted a total of 385 patents. As of 31 December 2022, the Group had accumulatively held a total of 1,675 patents and published 87 major technical essays.
- Everbright-Qingdao University of Technology Research Institute of Environmental Technology received certificates granted by China National Accreditation Service for Conformity Assessment (CNAS).

## Digital Intelligence

- ✓ **Environmental Energy:** continued to increase investment in areas related to intelligent power station, implemented automated programming system (APS), automated combustion control (ACC), automated frequency control (AFC), automated leachate control, and unattended slag crane, which boosted the operation quality and efficiency.
- ✓ **Environmental Water:** upgraded the operations management system and applied the system across all operating projects. The intelligent water sources management was promoted, which introduced several intelligent operation methods for the first time, such as sampling by unmanned ships and scene image analysis for water sources.
- ✓ **Greentech:** reached a strategic co-operation agreement with Alibaba Cloud Computing Co. Ltd. to deepen the deployment of new energy development and promote the digital transformation of the environmental protection field.

# Fulfilling Social Responsibility while Highlighting Accountability and Profitability



## Project Excellence

- The construction work of Hainan Danzhou Waste-to-energy Project won the Luban Prize for the period of 2022 and 2023 in China's construction industry.
- Zhangjiakou Waste-to-energy Project, a supporting project for the 2022 Beijing Winter Olympic Games, ensured the harmless treatment of household waste in Zhangjiakou and the safe treatment of medical and other waste, facilitating the smooth running of the international games and promoting the concept of green Olympics.

## Social Accountability

- The Group was awarded the Social Responsibility Brand of the Year of the China Charity Festival (for the 8th consecutive year).
- Zhejiang Quzhou Waste-to-energy Project was recognised as “Top Ten Opening-Up Environmental Protection Facilities in 2022” by the MEE and the Central Office for Guiding Cultural and Ethical Progress.
- Everbright Environment featured on the side of the 119-year-old Hong Kong tram, or “Ding Ding”, and actively participated in the HKSAR Government’s “Strive and Rise Programme” launched in 2022.



## Sustainable Development

- Included in the Dow Jones Sustainability Indices (the seventh consecutive year)
- Included in the *Sustainability Yearbook* of S&P Global (the fifth time)
- Included in the Hang Seng Corporate Sustainability Benchmark Index (the 12th consecutive year)
- Included in the Hang Seng ESG 50 Index for the first time
- Received the “Achievement of Net-zero” certificate and “Pioneering Organisation in Net-zero Contribution” granted by Hong Kong Quality Assurance Agency
- Shortlisted in the list of “2022 China’s Top 50 Carbon Neutral Contribution Enterprises”

## Rural Revitalisation



The Group’s biomass integrated utilisation projects acquired straw through a “government-led, enterprise-operated and market-run” mechanism, which not only ensured a stable supply of the biomass raw materials, but also benefited more than 10 million farmers and provided work opportunities to nearly 5,000 people, actively serving the country’s rural revitalisation strategy.



# Strategic Outlook



# Strategic Outlook

-  Focus on High-quality Development and Promote the Five Major Transformations
-  Cultivate Core Businesses and Reinforce the Industry Leading Position
-  Pursue a Diverse Business Portfolio: Asset-light and Asset-heavy, Domestic and Overseas
-  Optimise Management and Enhanced Synergies
-  Uphold an Innovation-driven Approach and Conduct Digital Empowerment

# Focus on High-quality Development and Promote the Five Major Transformations

- To transform from high-speed development to **high-quality development**
- To transform from the investment-driven development to development driven by a balance of **asset-heavy and asset-light businesses**
- To transform from construction service revenue to **operation service revenue as the major source of revenue**
- To transform from the extensive mode of management to **fine management mode**
- To transform from an enterprise with technological strengths to a **technology-based enterprise**

# Cultivate Core Businesses and Reinforce the Industry Leading Position

## ➤ **Deeply cultivate the three core business sectors**

Centered around the “Dual Carbons” strategy and based on the three core business sectors, namely, solid waste, water-related business and clean energy, the Group will continue to reinforce its industry-leading position.

## ➤ **Explore new growth opportunities**

Through opportunities brought about by the “Dual Carbons” strategy, the Group will cultivate several new growth opportunities in the areas of treatment of general industrial solid waste, treatment of construction waste, sorting and utilisation of renewable resources, energy storage, solar energy, and rural pollution control, amongst others.

# Pursue a Diverse Business Portfolio: Asset-light and Asset-heavy, Domestic and Overseas

## Markets – Domestic and Overseas

- To engage deeply in the domestic market to serve the Beijing-Tianjin-Hebei Integration, the Yangtze River Economic Belt, Hainan Free Trade Zone and other major national regional strategies.
- To grasp the historical opportunity of the development of the Guangdong-Hong Kong-Macao Greater Bay Area and strive to achieve a substantial breakthrough in the Hong Kong environmental protection market.
- To focus on countries along the “Belt and Road” in Southeast Asia and the Middle East to export traditional environmental protection businesses, products and services.

## Business – Asset-light and Asset-heavy

- ✓ **Solid Waste business:** Based on the waste-to-energy platform, the Group will promote the extension of the industrial chain in various directions, including environmental sanitation integration, kitchen waste treatment, sludge treatment, medical waste treatment, steam/heat supply, industrial solid waste treatment and resource utilisation.
- ✓ **Water-related business:** With the core business of waste water treatment as the fulcrum, the Group will further expand the water-related businesses, including but not limited to, industrial waste water treatment and reusable water, and explore the water-related businesses, such as ecological agriculture and rural pollution control.
  - ✓ **Clean Energy business:** To develop new energy such as wind, solar, energy storage, and virtual power plants.
  - ✓ **Innovative business model:** To gradually transform from asset-heavy investments to asset-light businesses, such as environmental protection consulting, design and planning, environmental restoration, environmental protection equipment and EPC.

~ Explore the platform value of 564 projects in 220 areas nationwide while strengthening commercial networks and project reserves ~

# Optimise Management and Enhance Synergies

## Strengthen operations management

- To broaden project revenue sources and strengthen synergistic business development by coordinating core businesses such as waste-to-energy
- To optimise the control of various cost expenditures, and make efforts to promote cost reduction and efficiency enhancement, so as to reduce cost wherever possible
- To reinforce safety and environmental management

## Enhance internal synergy

- To strengthen the coordination of collaborative business development efforts and provide governments with diversified one-stop services
- To coordinate inter-sector collaboration and promote internal cooperation within Everbright Group to build the overall competitive advantage of Everbright Environment

# Uphold an Innovation-driven Approach and Conduct Digital Empowerment

## Uphold an innovation-driven approach

- To leverage the strategic support and leadership role of technological innovation to establish a value-creating centre.
- To cater to the development of traditional business, new business and the Group's future development needs. To explore the technological roadmap and commercial solutions and vigorously enhance the commercialisation of technological innovation results.

## Strengthen the construction of digital functions

- To promote the integration of data and information, coordinate the utilisation of data and information, and accelerate the construction of digitalisation and intelligent management platforms on different business lines.
- To promote the deep integration of information technology and business development, strengthen data sharing and application, follow the “two-step” path of business digitisation, and empower the high-quality development of Everbright Environment.

# Change with Time, Strive Relentlessly

The year 2023 marks an important milestone as the 30th anniversary of the Company's incorporation and the 20th anniversary of its pivot to environmental protection. From this new starting point, Everbright Environment will continue to uphold the corporate mission of being "Devoted to Ecology and Environment for a Beautiful China". With a determined attitude, the Group will continue to enhance its golden brand image, contribute to green business, pragmatically commit to the original intention of environmental protection, and diligently contribute to the society with the corporate spirits in a progressive and pragmatically manner.



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# QA Session





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**Thank You!**