



YINGDE GASES GROUP COMPANY LIMITED

盈德氣體集團有限公司

2015 Annual Results Investor Presentation

Hong Kong, 22 March, 2016



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Presenters



YINGDE GASES GROUP COMPANY LIMITED
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Mr. Mark Zhongguo Sun
*Chairman and
Chief Executive Officer*



Mr. Trevor Raymond Strutt
*Executive Director and
Chief Operating Officer*



Ms. Samantha Sze Wing Wong
*Chief Financial Officer and
Joint Company Secretary*



2015 Financial review

Industry and business overview

Q & A Session

Increase in Operating Efficiency

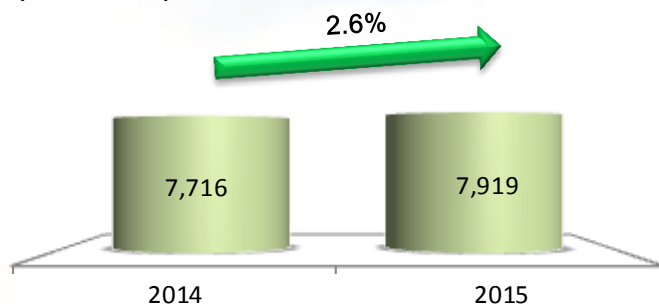


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Steady increase in profitability despite industrial gas market was affected by weakening global economy and slowdown of China's economy growth in 2015

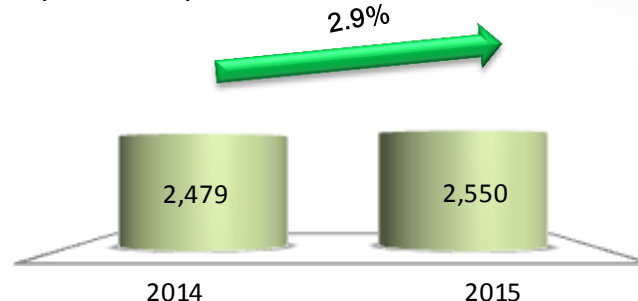
Revenue

(RMB million)



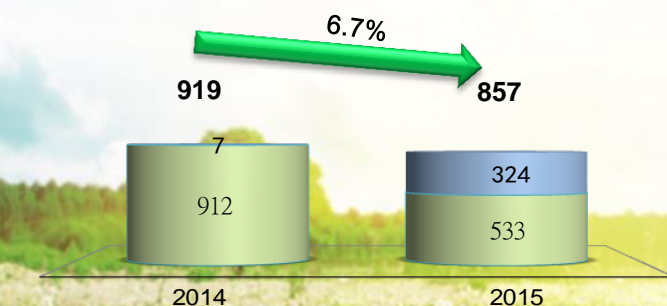
Gross Profit

(RMB million)



Adjusted profit for the year

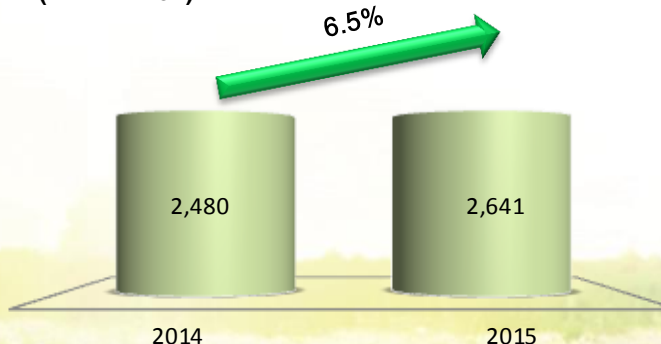
(RMB million)



■ Foreign currency exchange loss ■ Profit for the year as reported

EBITDA

(RMB million)

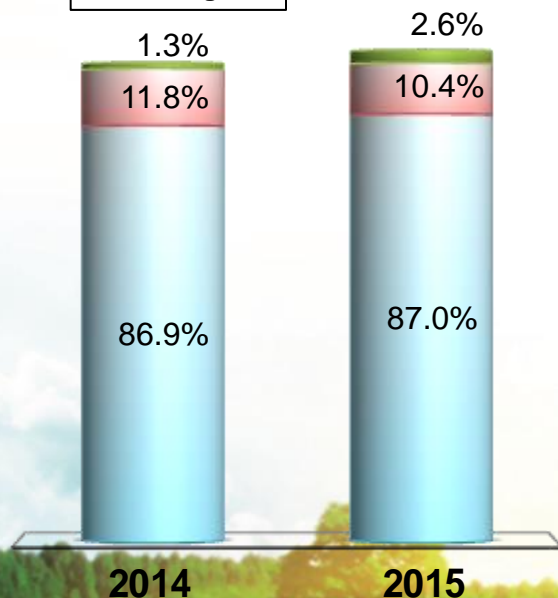
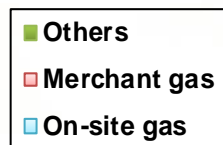


Revenue by Business



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Our defensive business model was proven in this tough economic environment
Steady revenue growth in on-site business



	2014		2015		Change	
Main Business	RMB'000	%	RMB'000	%	RMB'000	%
On-site customers	6,703,504	86.9	6,886,264	87.0	182,760	2.7
Merchant customers	914,237	11.8	824,593	10.4	(89,644)	(9.8)
Other related service	98,420	1.3	208,004	2.6	109,584	111.3
Total	7,716,161	100.0	7,918,861	100.0	202,700	2.6

Stable Cash Flow

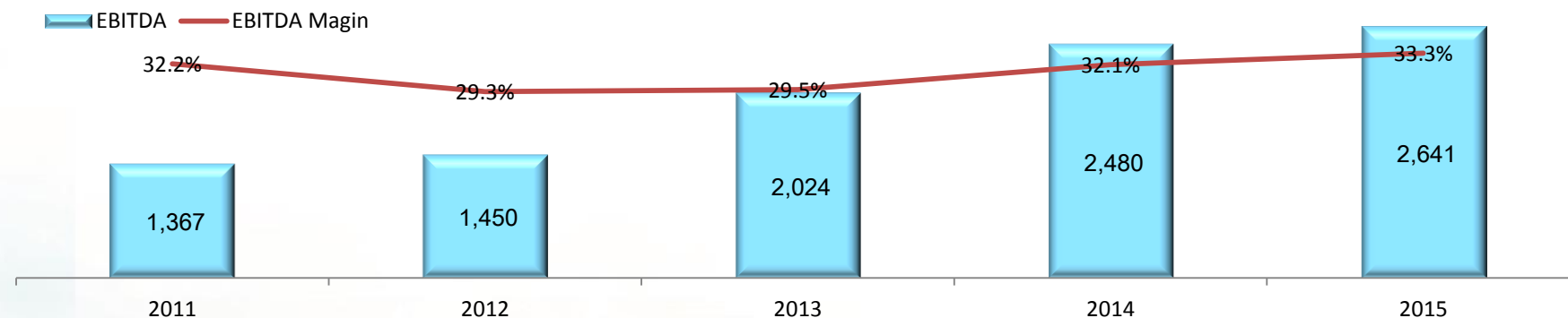


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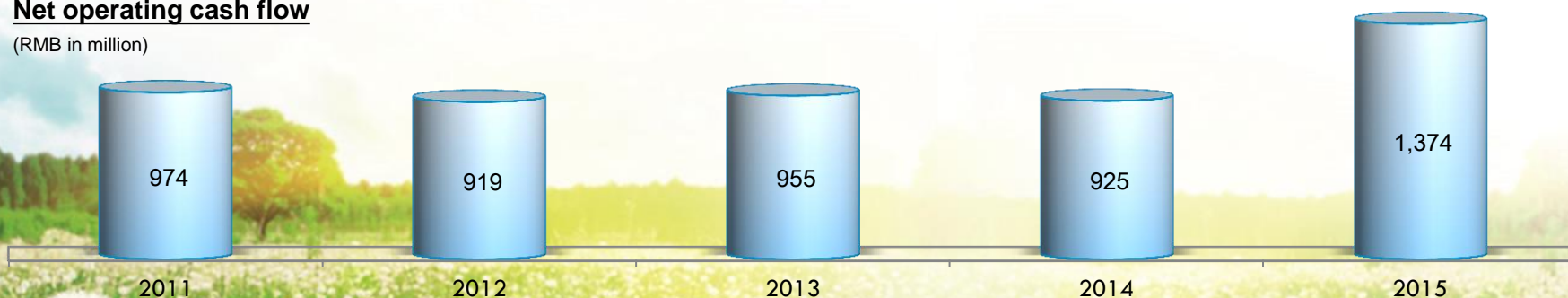
EBITDA and margin

(RMB in million)



Net operating cash flow

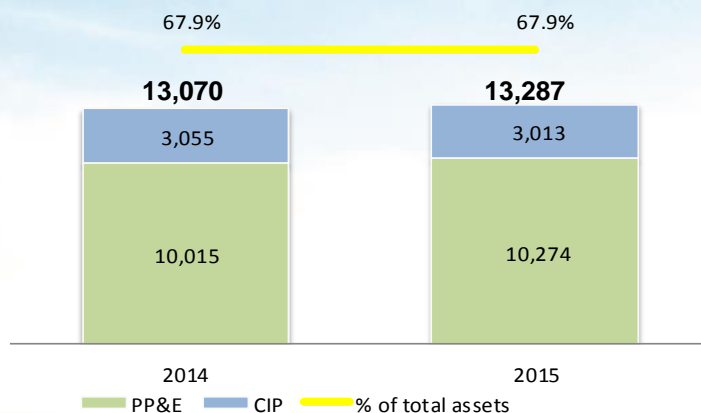
(RMB in million)



More Optimal Finance Structure

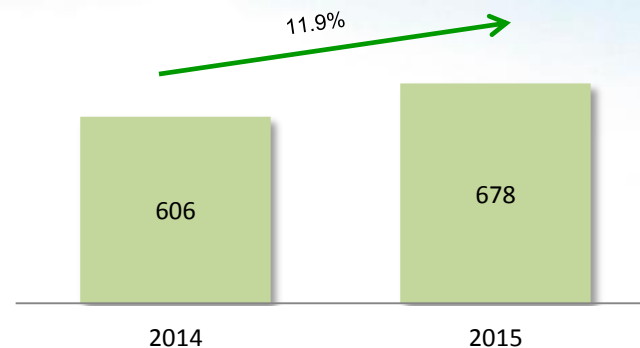
Fixed assets

(RMB million)



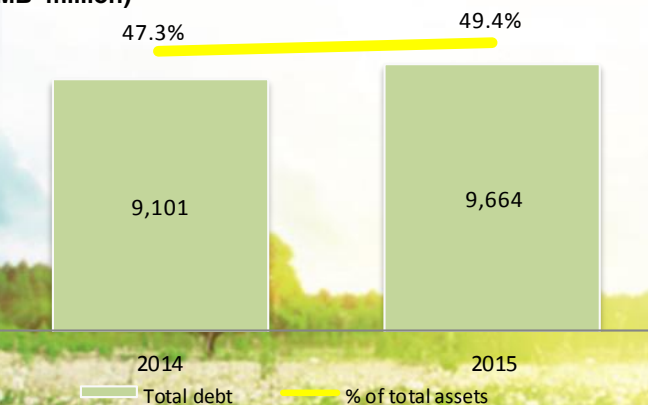
Cash & Cash equivalents

(RMB million)



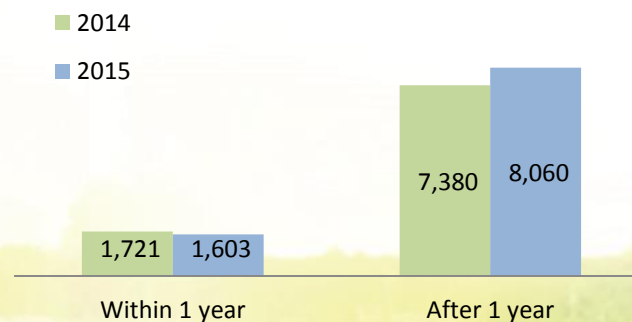
Total borrowings

(RMB million)



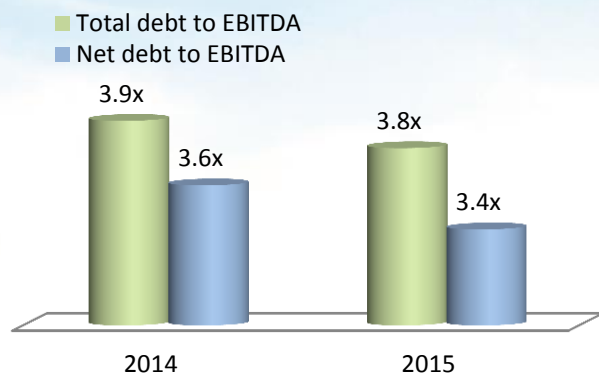
Borrowings

(RMB million)

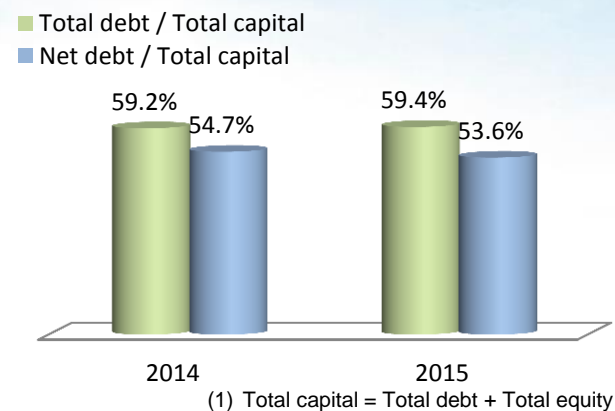


Key Credit Metrics

Debt to EBITDA ratios

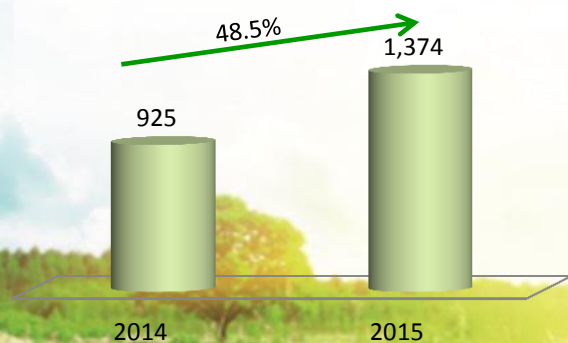


Debt to capital⁽¹⁾ ratios



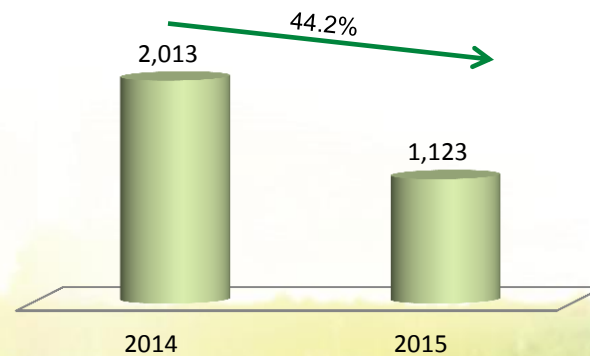
Cash flow from operation

(RMB million)



Capital Expenditure

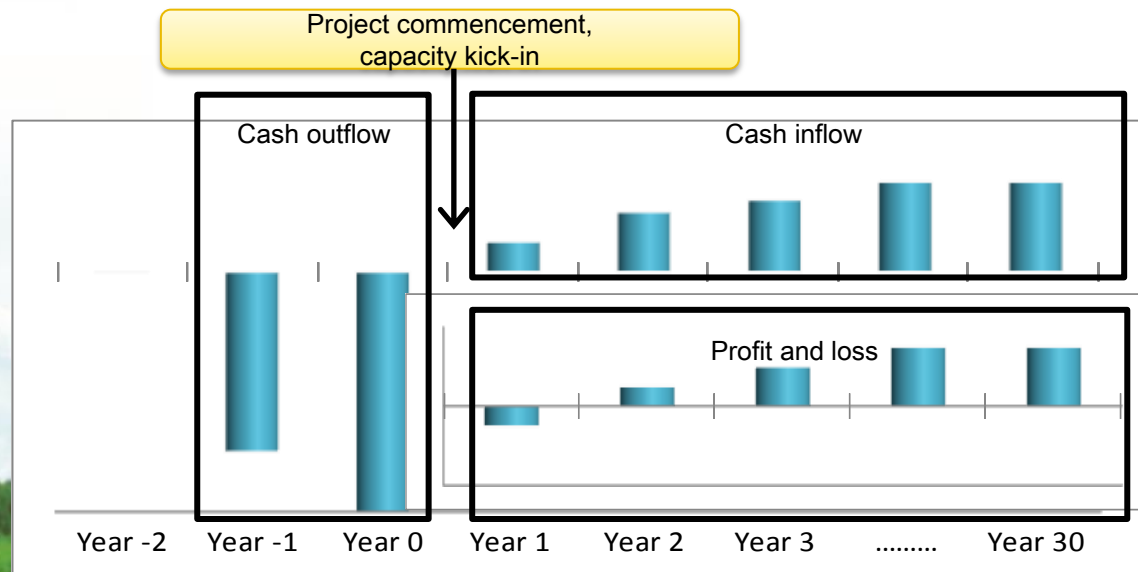
(RMB million)



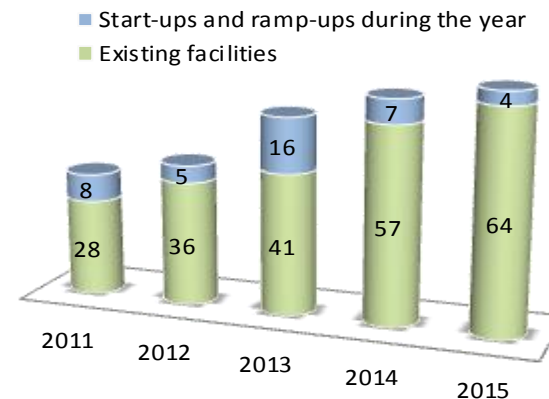
Sample On-site Project Development Time Frame

Contract Duration: 10 - 30 years

- Capacity increase fully reflect at 1st year of operation
- Partial on-site revenue reflect after 1st year of operation and will be stabilized at least MTOP from 2nd year onward
- Merchant revenue need at least 2 – 3 years to catch up the on-site revenue, achieving existing revenue mix from on-site and merchant
- As a result, stabilized profit and cash flow will only appear after year 3



Number of operating facilities





2014 Financial review

Industry and business overview

Q & A Session

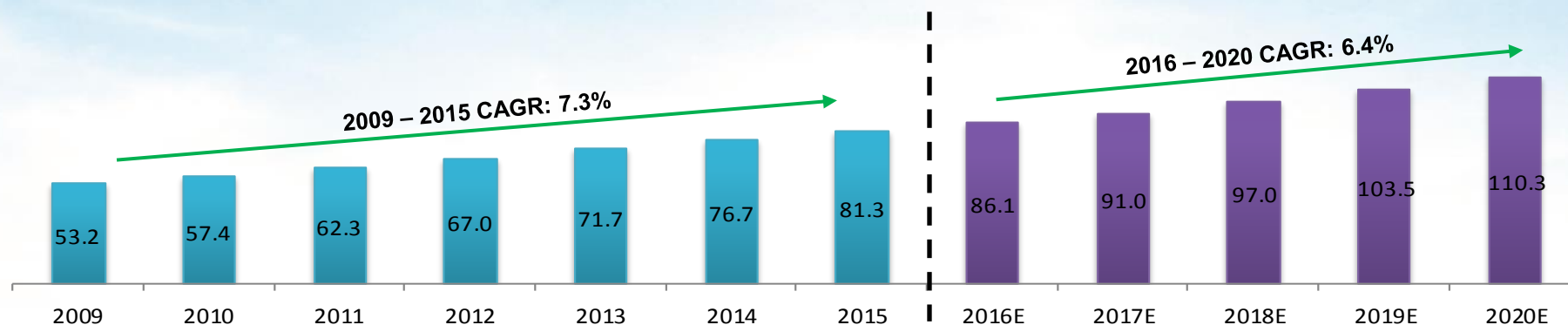
Global and China Industrial Gas Market



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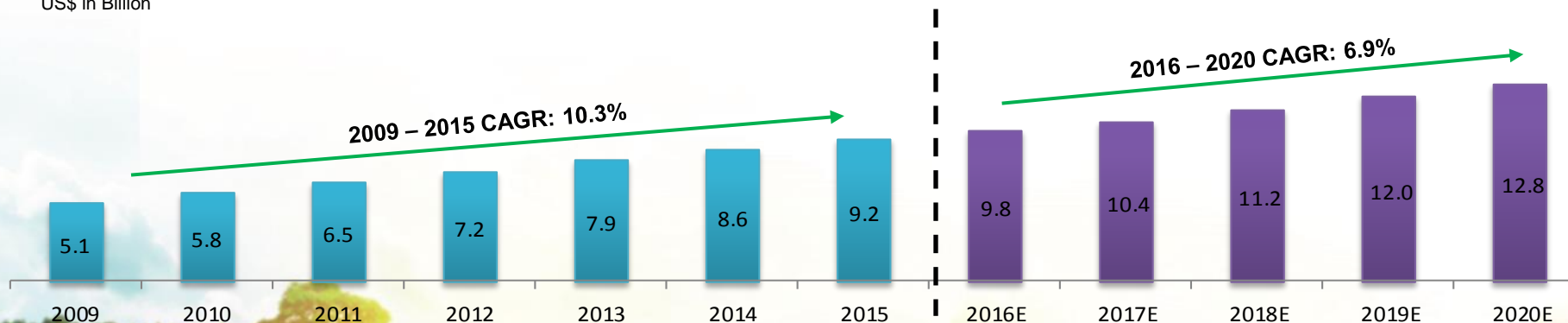
World industrial gas market size

US\$ in Billion



China industrial gas market size

US\$ in Billion

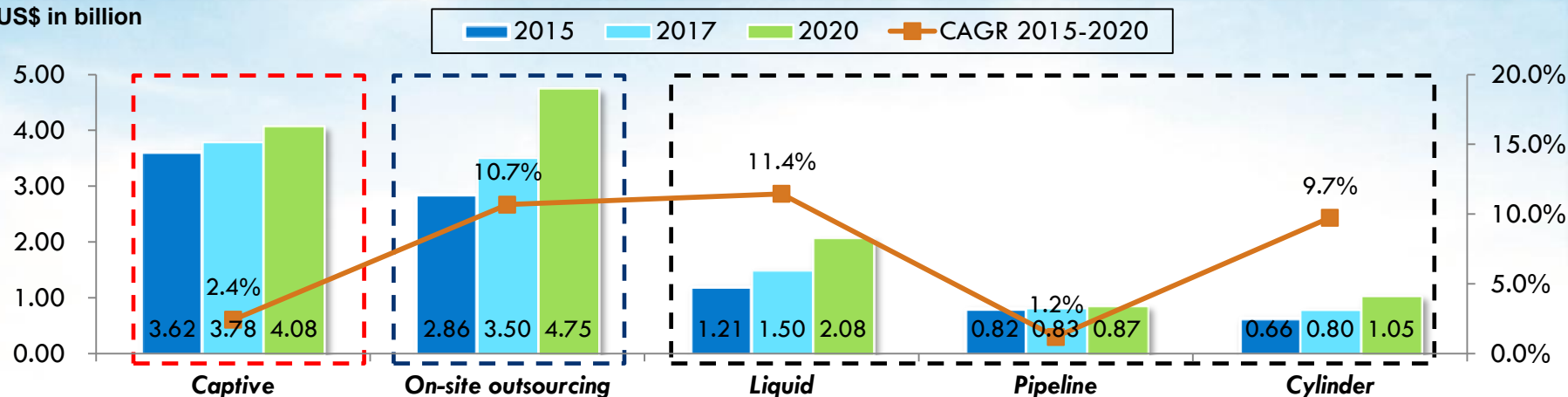


Source: SAI Report as of March 2016

China Industrial Gas Market

Revenue growth 2015- 2020 by supply mode

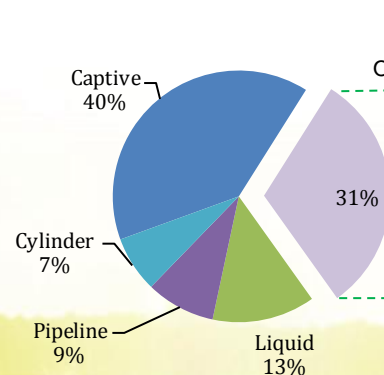
US\$ in billion



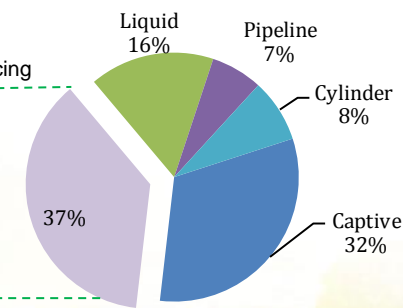
Evolution of market mix by supply mode

Supply mode	Market share 2015	Market share 2020	2015 – 2020 change	Yingde participation
Captive	40%	32%	↓ 8%	×
On-site outsourcing	31%	37%	↑ 6%	✓
Liquid	13%	16%	↑ 3%	✓
Pipeline	9%	7%	↓ 2%	✓
Cylinder	7%	8%	↑ 1%	×

Gas supply mode breakdown in 2015



Gas supply mode breakdown in 2020

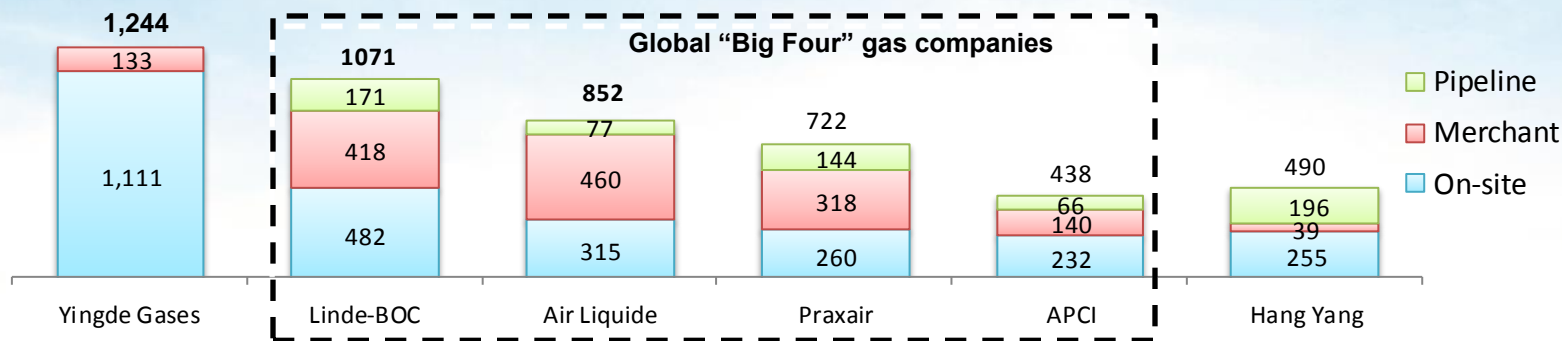


Source: SAI Report as of March 2016

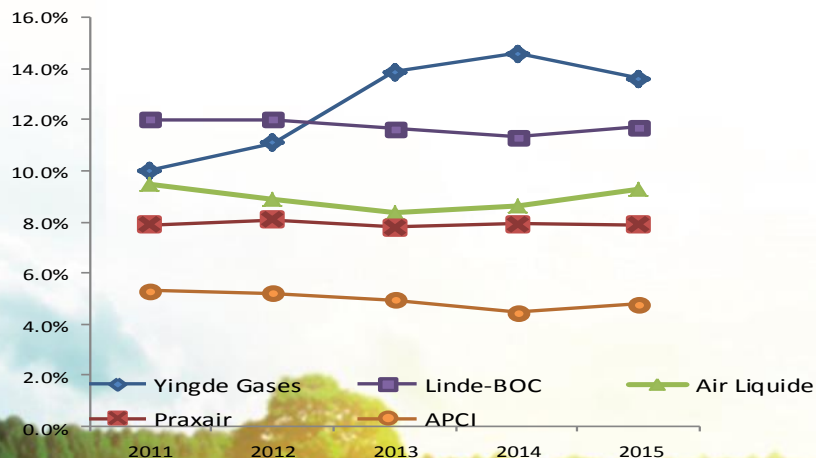
Leading Industrial Gas Supplier

We are the number 1 industrial gas supplier in China

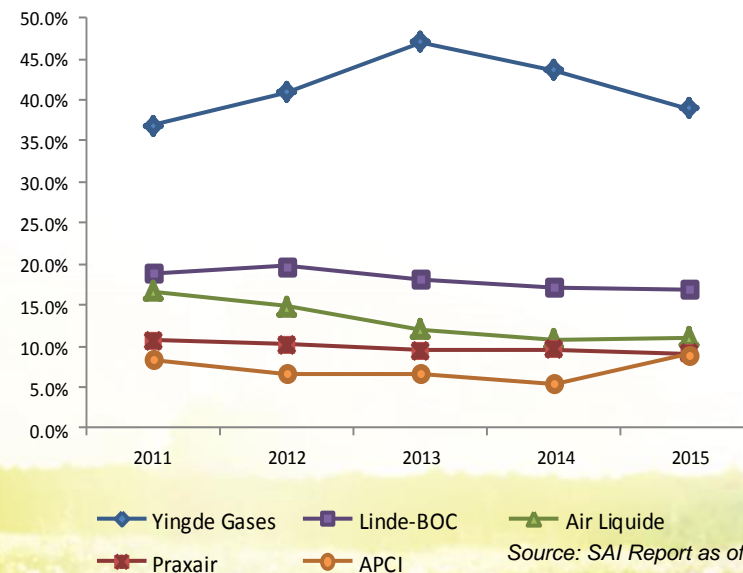
(Revenue in US\$ million)



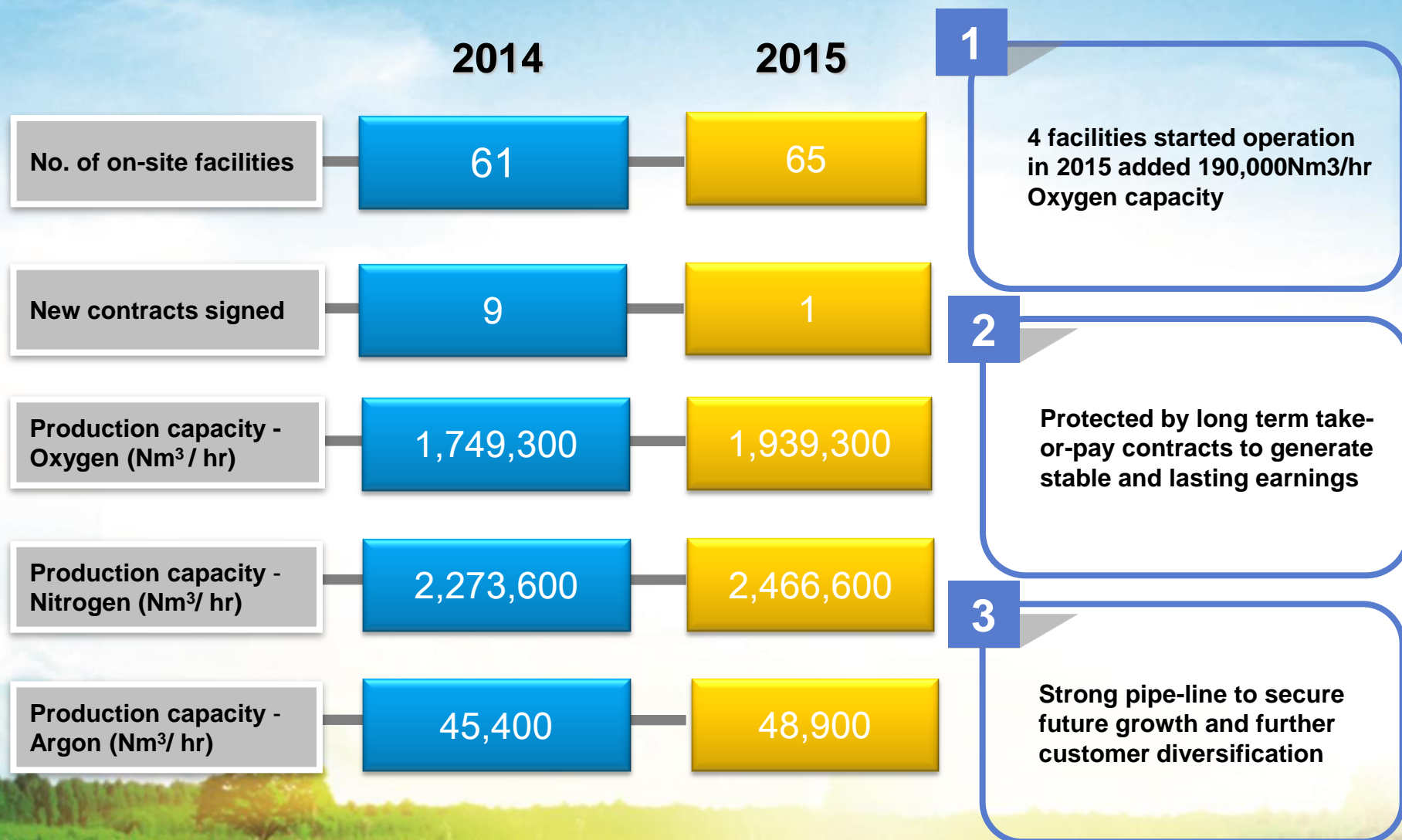
(Total Market Share by Revenue)



(On-site Market Share by Revenue)



On-site Facilities



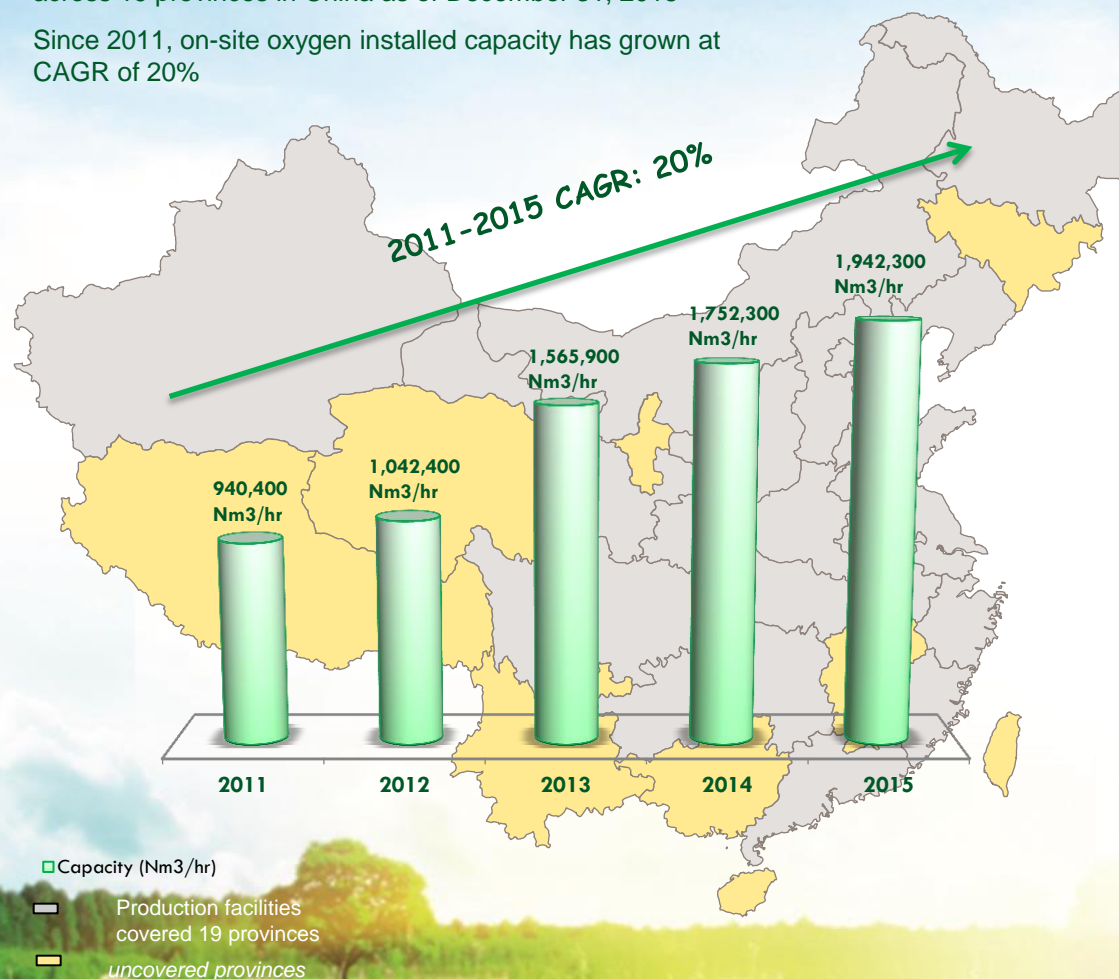
Diversified and Optimized Geographic Coverage and Self-supporting Network



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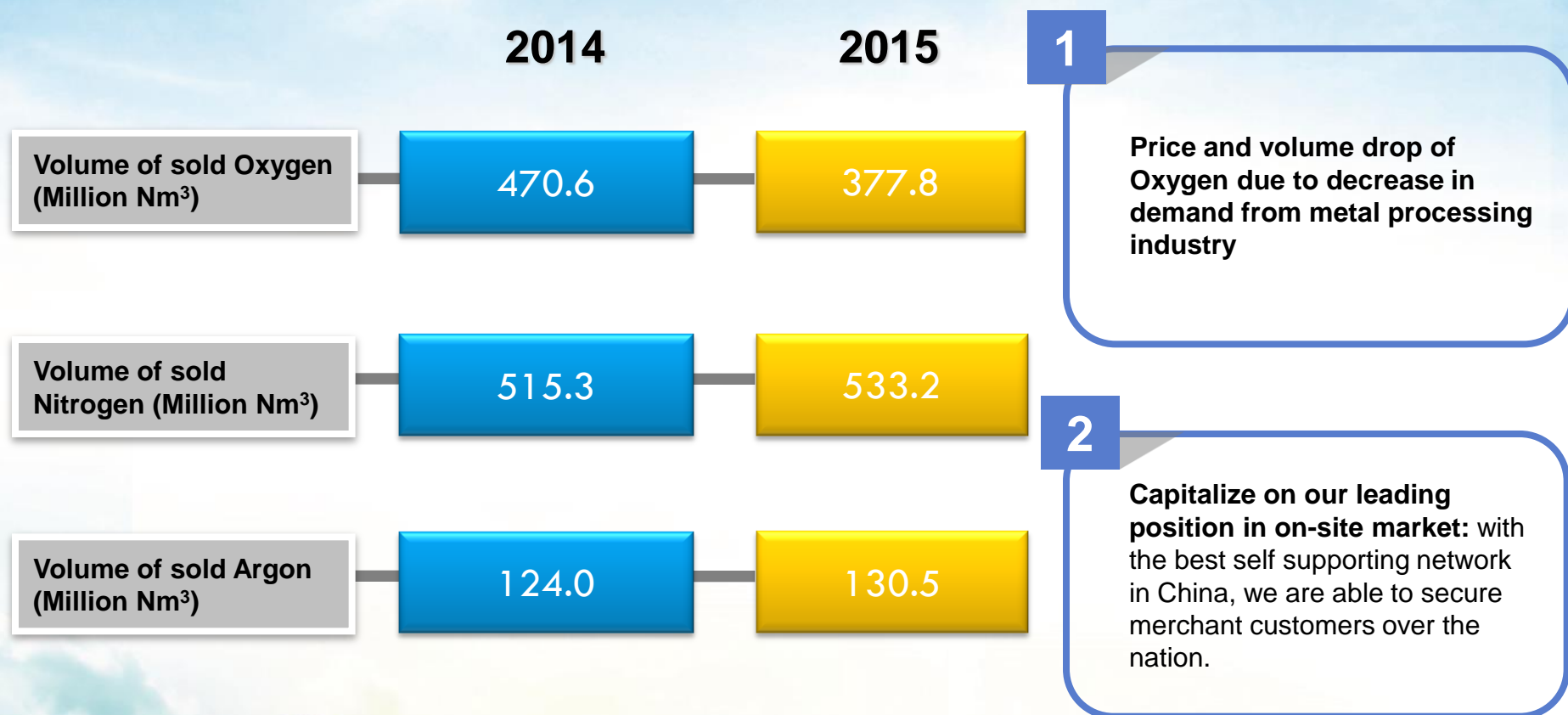
68 gas production facilities in operation were well diversified across 19 provinces in China as of December 31, 2015

Since 2011, on-site oxygen installed capacity has grown at CAGR of 20%



Production facilities	
Customer industry	Oxygen capacity (Nm3/hr)
In operation	
<u>On-site</u>	
Steel	1,366,900 (70%)
Non-steel	572,400 (30%)
Subtotal	1,939,300
<u>Merchant</u>	
n/a	3,000 (0%)
Total	1,942,300
Contracted and under development	
Steel	84,000 (39%)
Non-steel	133,500 (61%)
Total	217,500
Self-supporting network	
<ul style="list-style-type: none"> Engaged in a selective expansion of facility network Taking into account the strategic value to overall expansion strategy Targeted locations that are highly industrial or resource rich Leverage existing production plants to complement new production facilities in order to <ul style="list-style-type: none"> Support each other during the ramp-up period of new production plant Minimize disruptions to customers and business 	

Merchant Gas Operation





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Q & A Session

