



YINGDE GASES GROUP COMPANY LIMITED
盈德氣體集團有限公司

2013

Annual Results
Investor Presentation

Hong Kong, 18 March, 2014



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Presenters



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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*





2013 Financial review

Industry and business overview

Q & A Session



Strong On-site Revenue Growth

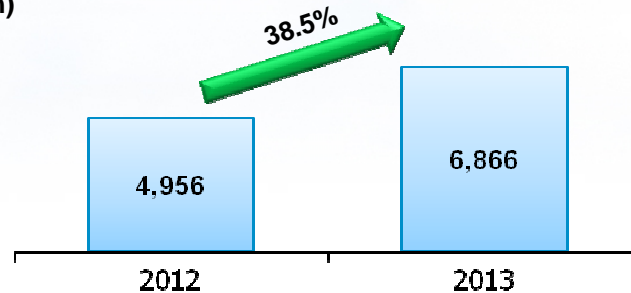


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Steady increase in revenue from new on-site projects
and strong management execution capability

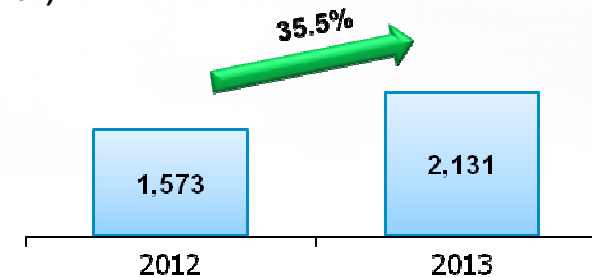
Turnover

(RMB million)



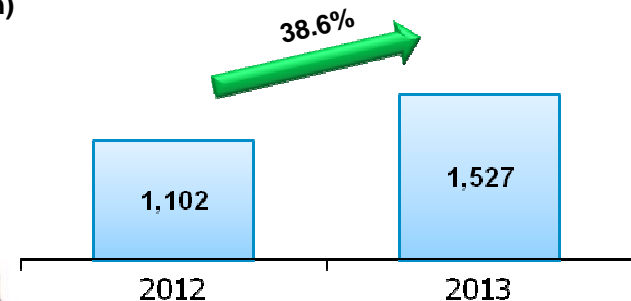
Gross Profit

(RMB million)



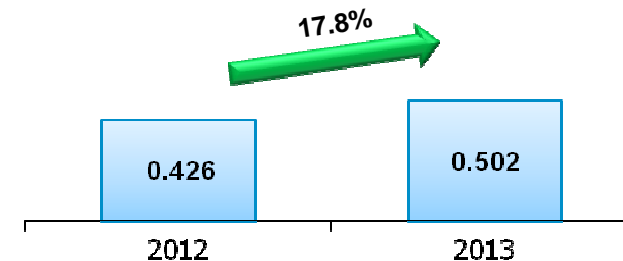
Profit from operation

(RMB million)



EPS

(RMB)



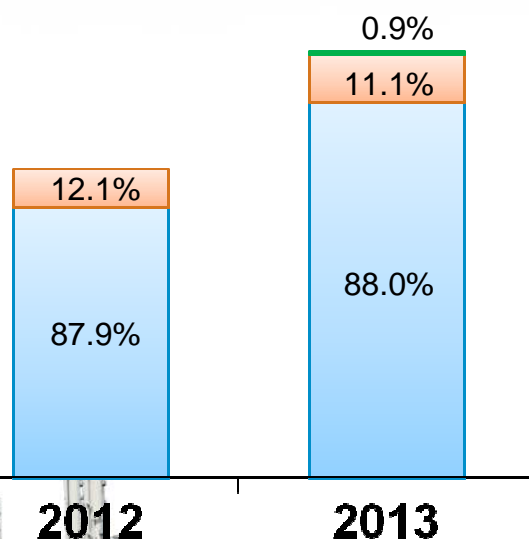
Turnover by Business



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Stable income from On-site business in the tough economic environment gives investors the best demonstration of our defensive business model
Revenue growth is in line with the capacity growth

■ Others
■ Merchant gas
■ On-site gas



	2012		2013		Change	
Main Business	RMB'000	%	RMB'000	%	RMB'000	%
On-site gas	4,356,677	87.9	6,044,828	88.0	1,688,151	38.7
Merchant gas	599,256	12.1	762,172	11.1	162,916	27.2
Others	----	----	58,508	0.9	58,508	100.0
Total	4,955,933	100.0	6,865,508	100.0	1,909,575	38.5

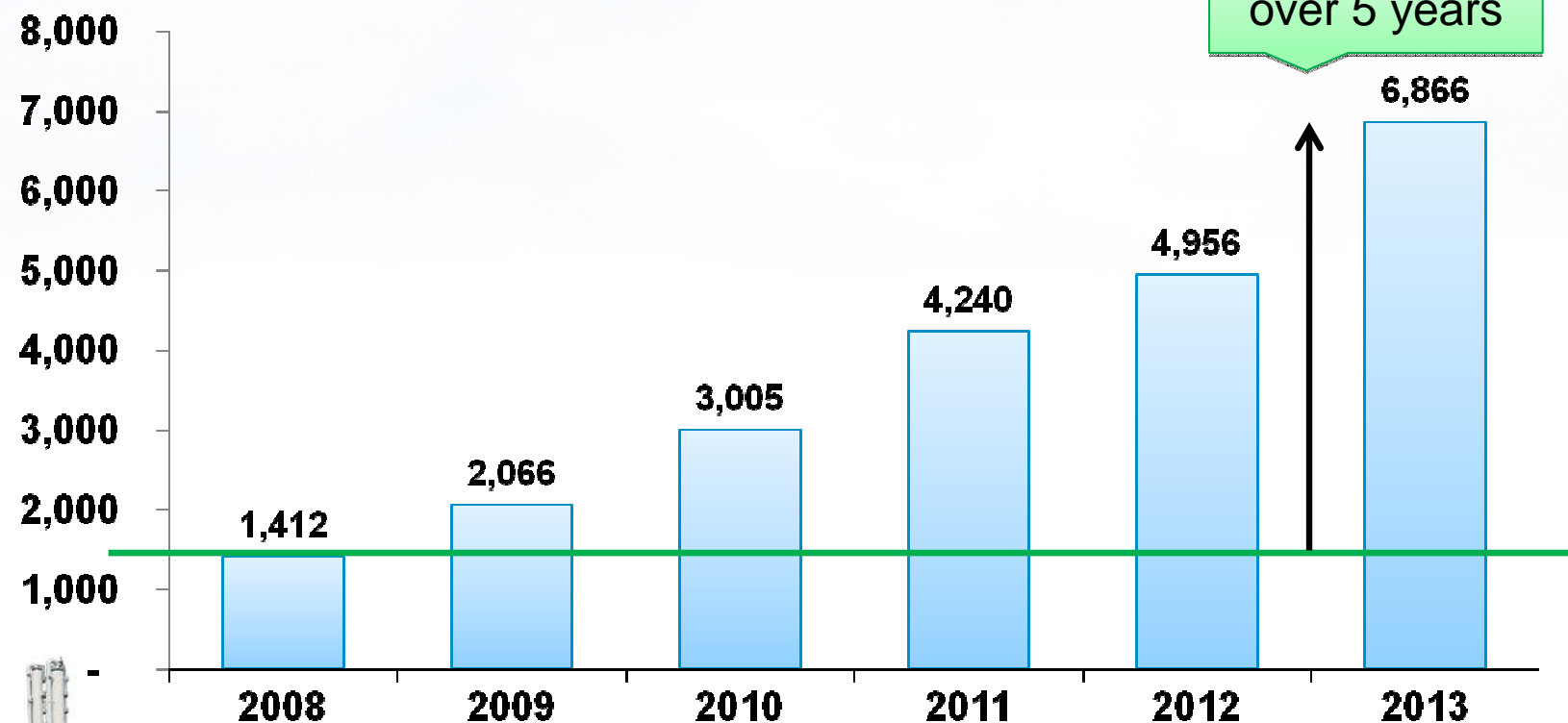
Turnover



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Strong and stable growth track record in turnover

(RMB million)



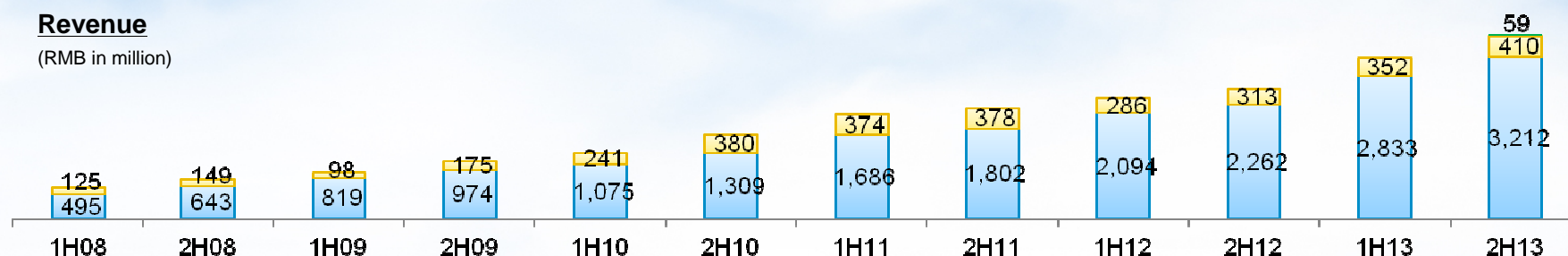
Stable Cash Flow



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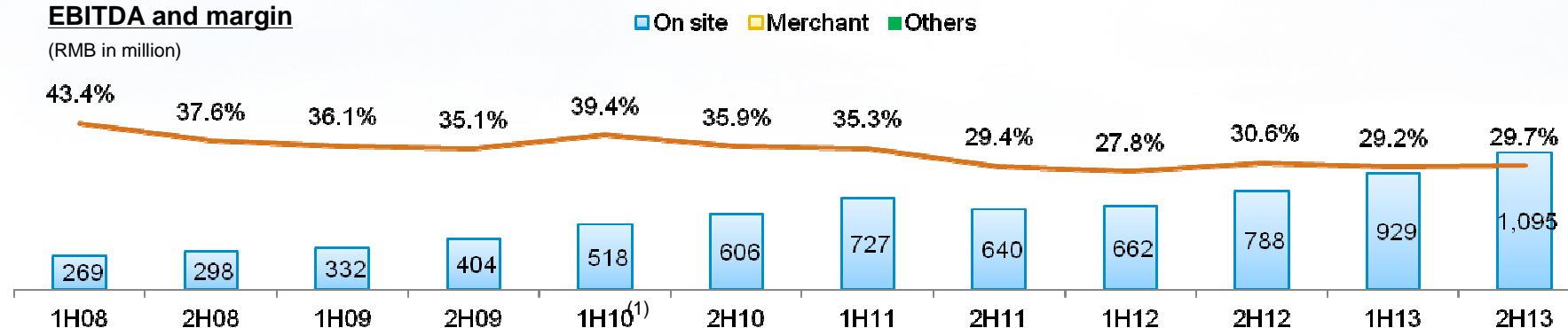
Revenue

(RMB in million)



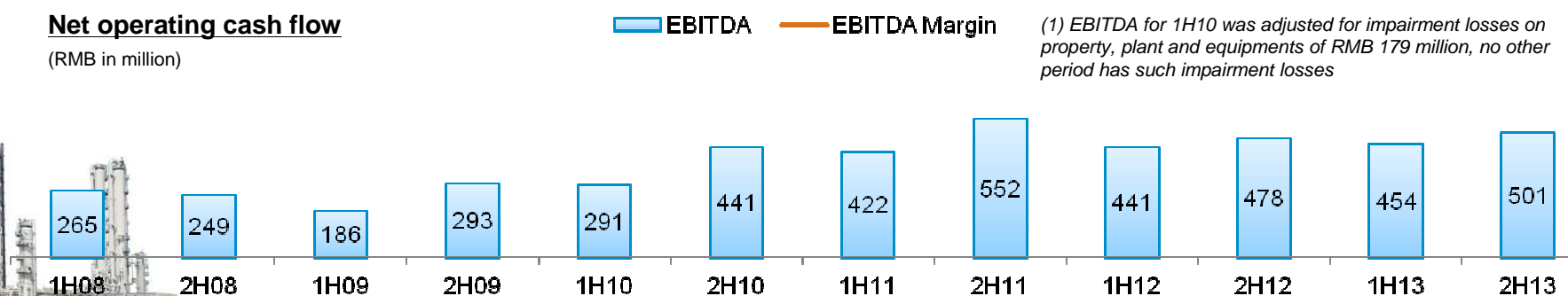
EBITDA and margin

(RMB in million)



Net operating cash flow

(RMB in million)



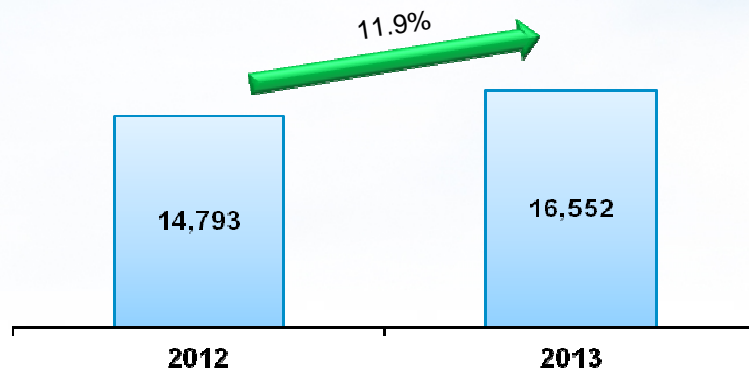
(1) EBITDA for 1H10 was adjusted for impairment losses on property, plant and equipments of RMB 179 million, no other period has such impairment losses

Net operating cash flow

More Optimal Finance Structure

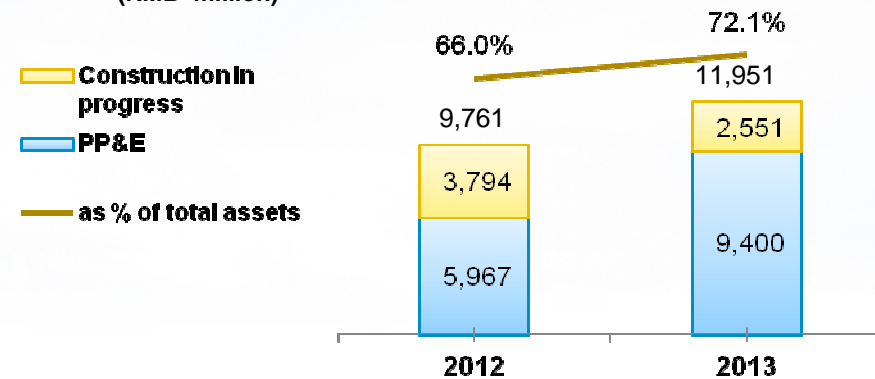
Total assets

(RMB million)



Fixed assets

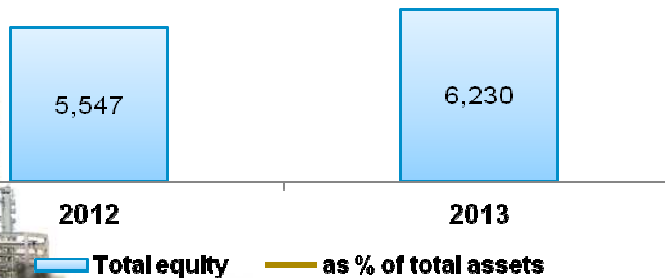
(RMB million)



Total equity

(RMB million)

37.5% 37.6%



Total borrowing

(RMB million)

41.4% 42.3%

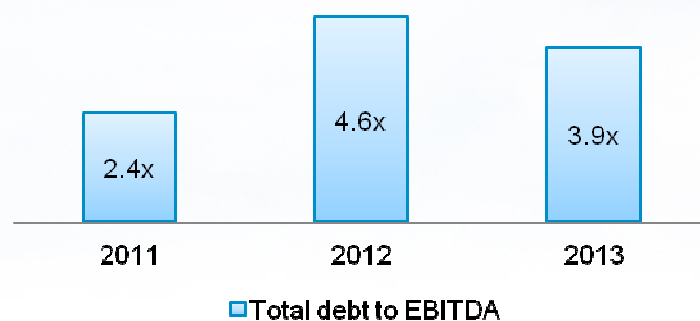


Key Credit Metrics

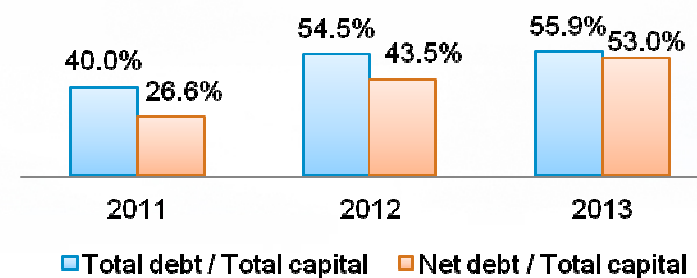


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Debt to EBITDA ratios



Debt to capital⁽¹⁾ ratios

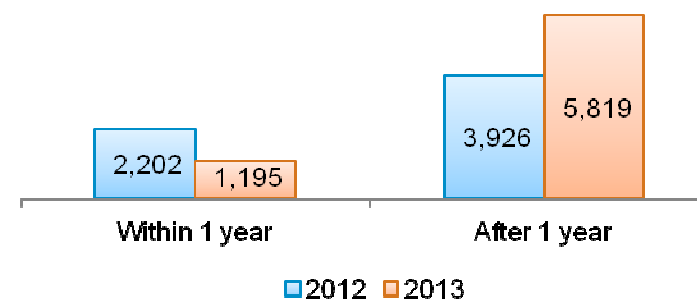


(1) Total capital = Total debt + Total equity

FFO / Total debt



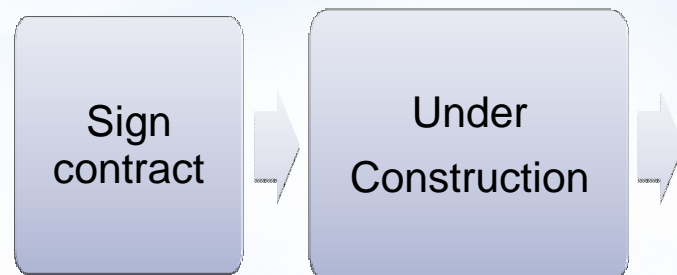
Borrowings



Sample On-site Project Development Time Frame



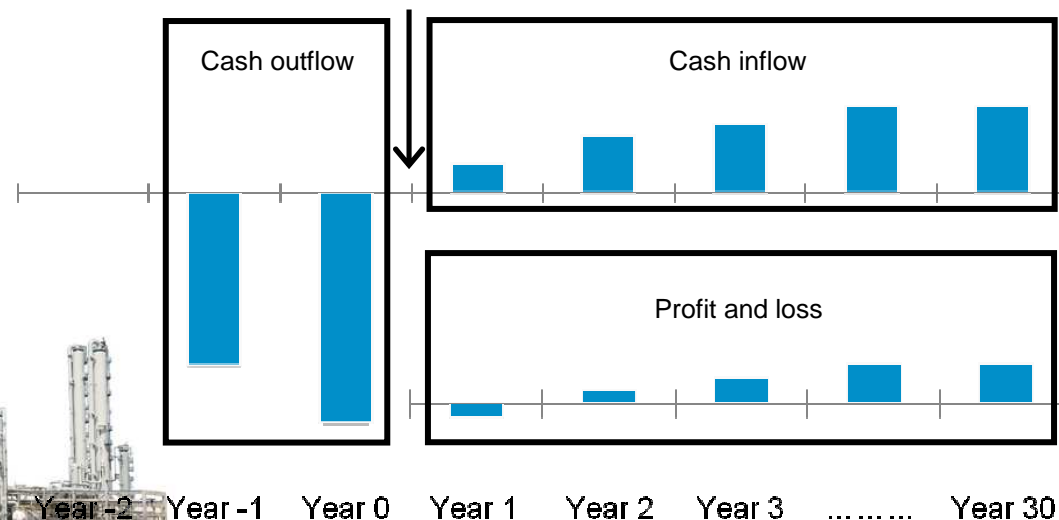
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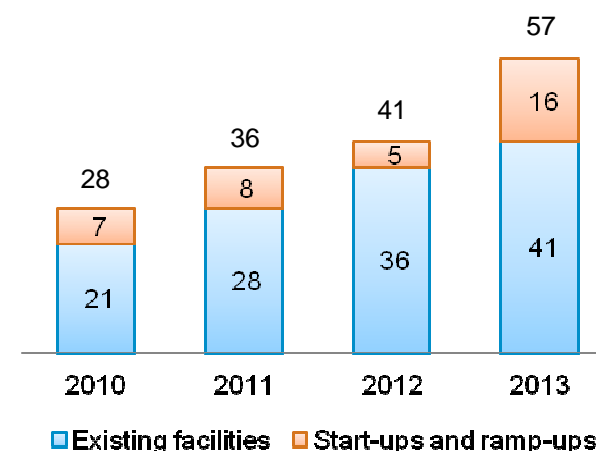
Contract Duration: 10 - 30 years

- 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

Project commencement, capacity kick-in



Number of facilities





2013 Financial review

Industry and business overview

Q & A Session



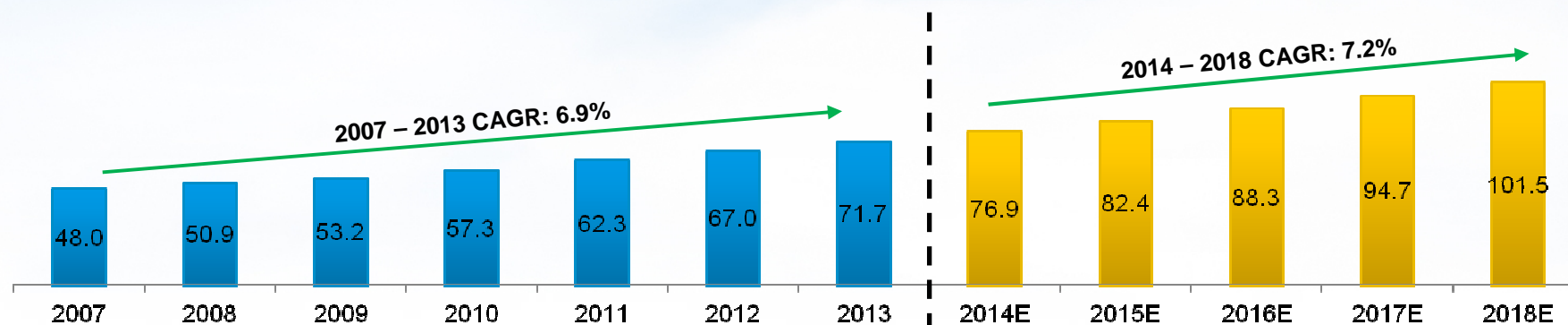
Global and China Industrial Gas Market



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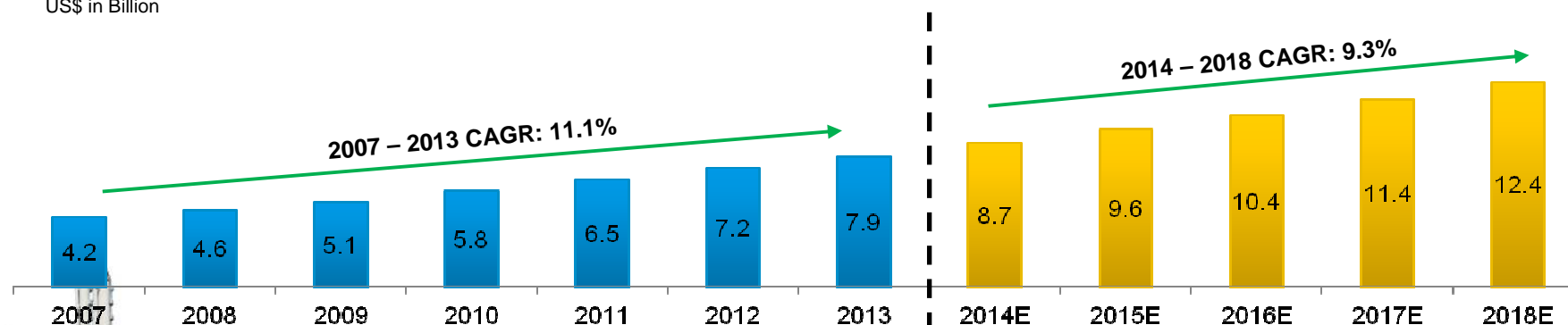
World industrial gas market size

US\$ in Billion



China industrial gas market size

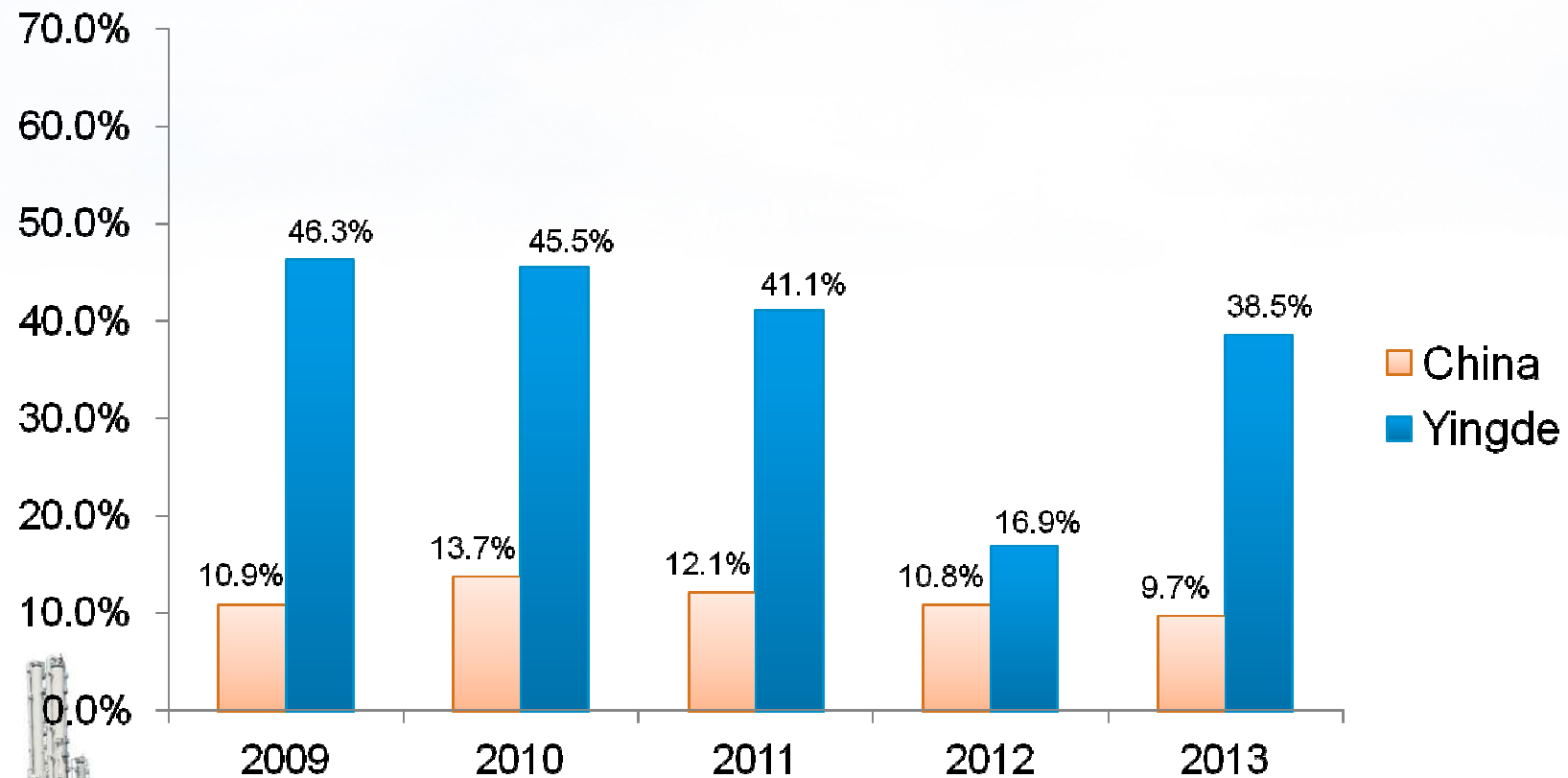
US\$ in Billion



Source: SAI Report as of March 2014

Growth Over the Market

For the 5 conservative years, our growth rate out-growth China industrial gas market



Source: SAI Report as of March 2014

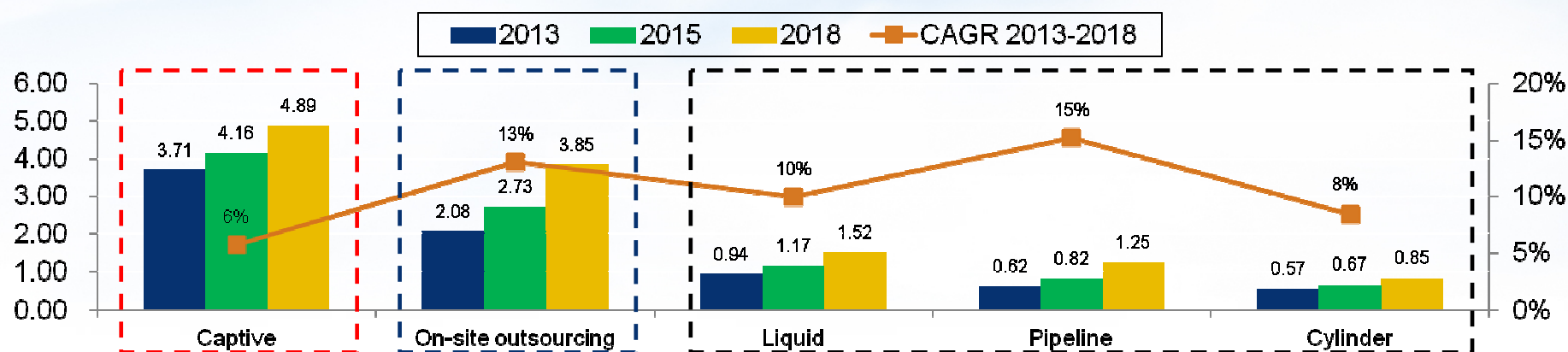
China Industrial Gas Market



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Revenue growth 2013 – 2018 by supply mode

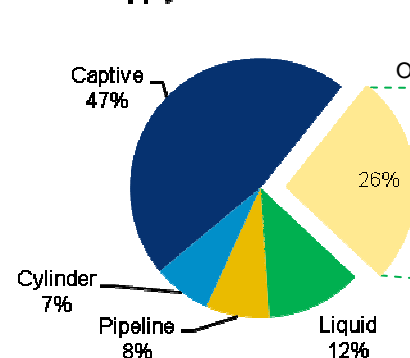
US\$ in billion



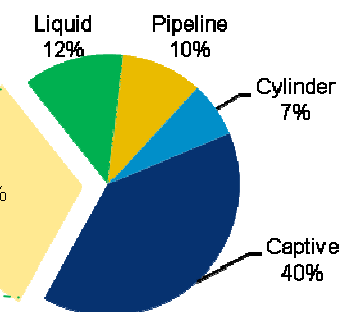
Evolution of market mix by supply mode

Supply mode	Market share 2013	Market share 2018	2013 – 2018 change	Yingde participation
Captive	47%	40%	↓ 7%	×
On-site outsourcing	26%	31%	↑ 5%	✓
Liquid	12%	12%	↔	✓
Pipeline	8%	10%	↑ 2%	✓
Cylinder	7%	7%	↔	×

Gas supply mode breakdown in 2013



Gas supply mode breakdown in 2018



Source: SAI Report as of March 2014

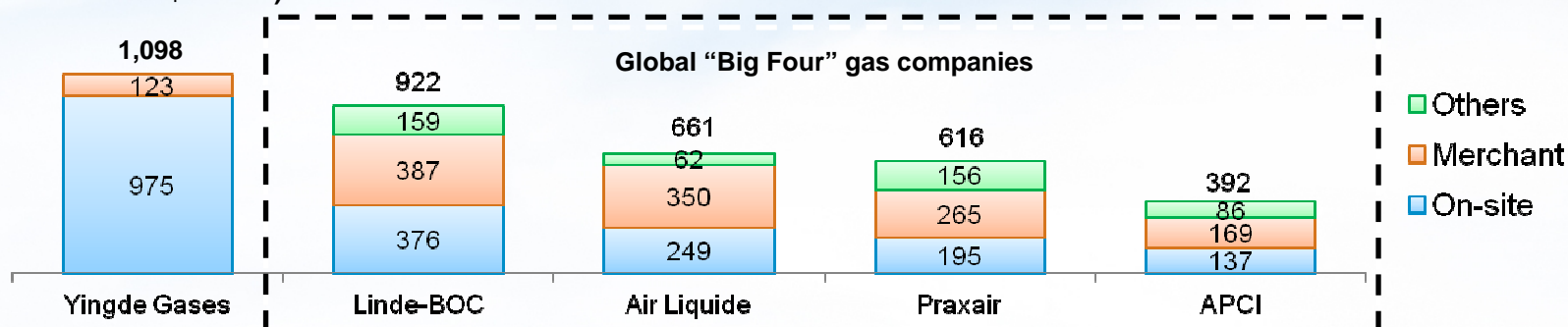
Leading Industrial Gas Supplier



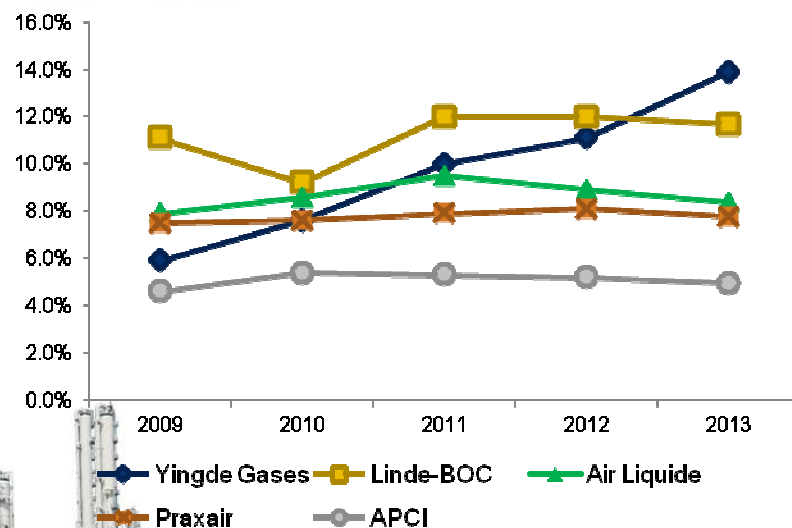
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We are the number 1 industrial gas suppliers in China (2013)

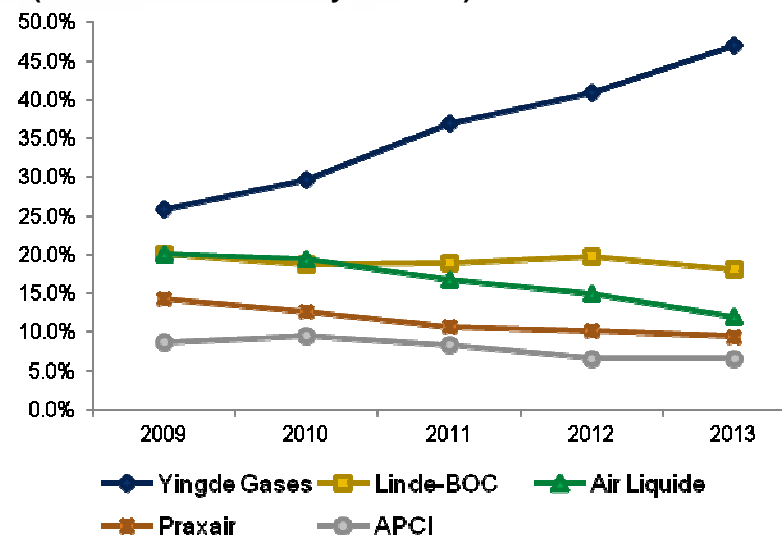
(Revenue in US\$ million)



(Total Market Share by Revenue)



(On-site Market Share by Revenue)



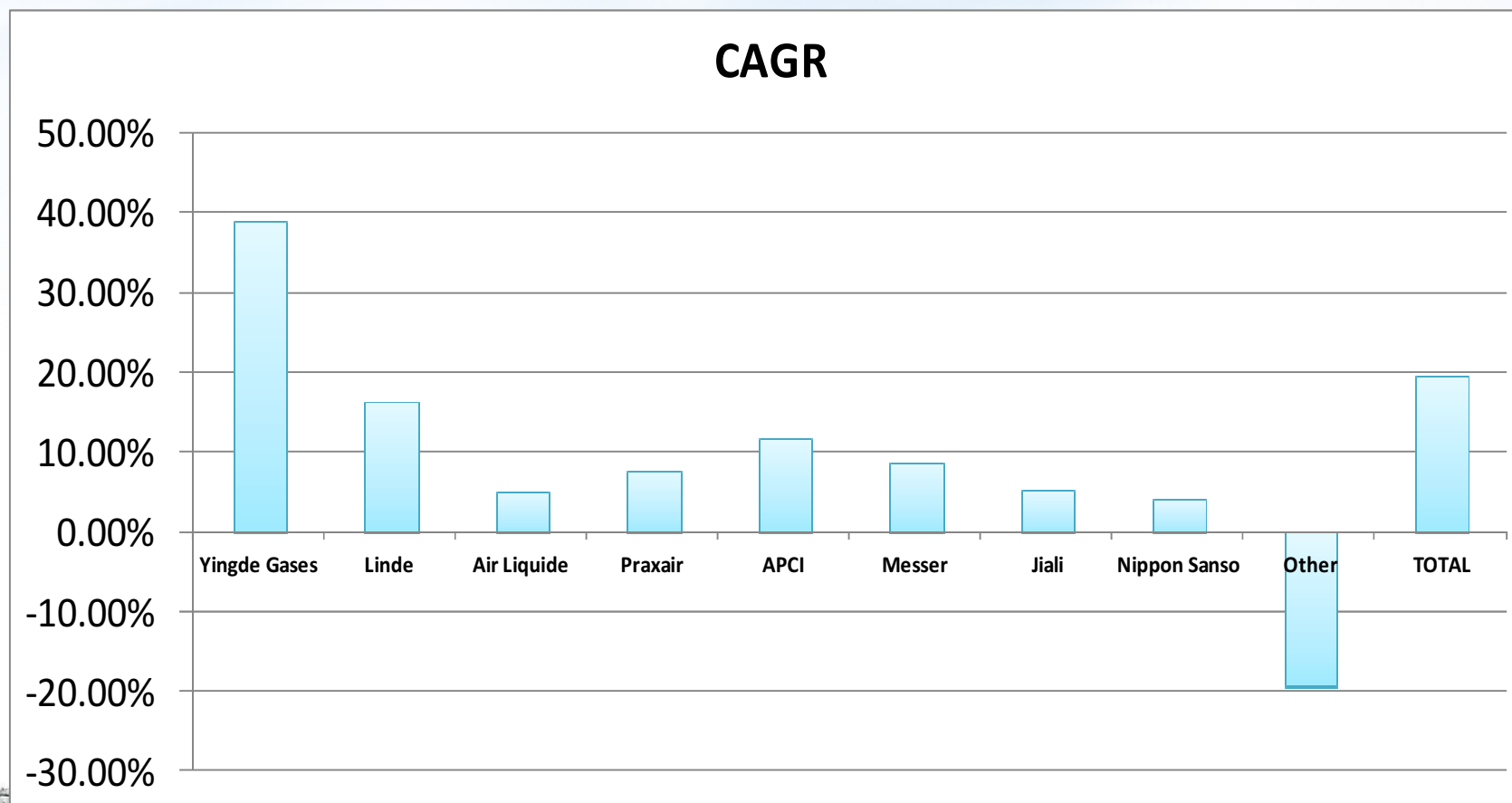
Source: SAI Report as of March 2014

On-site Growth of the Industrial Gas Suppliers



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On-site Revenue - CAGR from 2009 to 2013



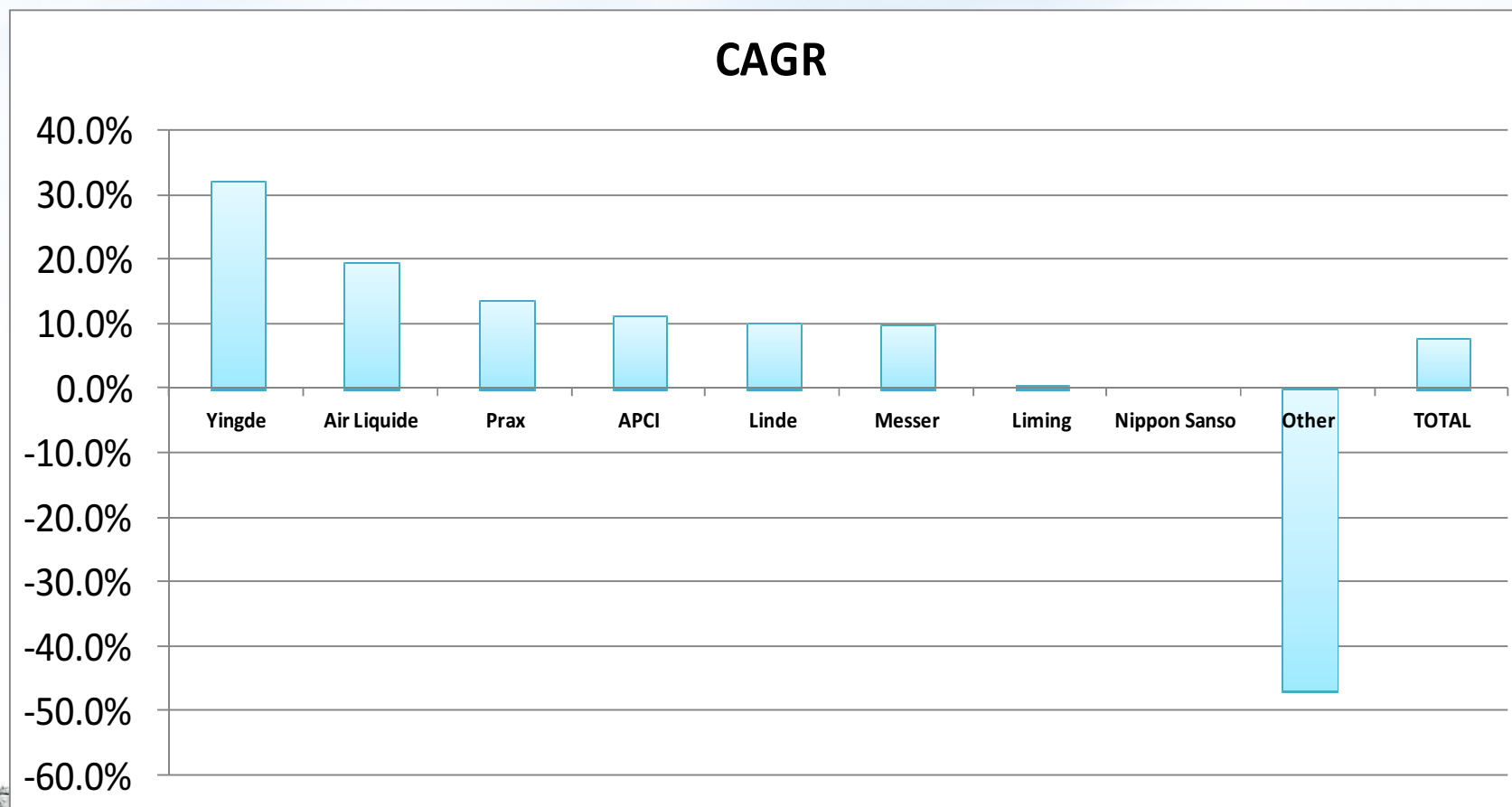
Source: SAI Report as of March 2014

Merchant Growth of the Industrial Gas Suppliers



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Total Merchant Sales Revenue - CAGR from 2009 to 2013



Source: SAI Report as of March 2014

Operating Facilities



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	2012	2013
No. of on-site facilities	38	54
No. of New facilities	11	17
Production capacity - Oxygen (Nm ³ / hr)	1,042,400	1,562,900
Production capacity - Nitrogen (Nm ³ / hr)	1,458,500	2,085,600
Production capacity - Argon (Nm ³ / hr)	28,140	41,860

1

Protected by long-term take-or-pay contracts: Yingde enters into long-term contracts with onsite customers which generate stable and lasting earnings

2

Customer diversification : Yingde expands its target customers to companies in the iron and steel, chemicals and nonferrous metals industries and will identify more quality customers

3

Strong Project Pipe-line to secure future growth: Yingde has secured 14 new contracts in 2013. Portion of non-steel projects has significantly increased.



Diversified and Optimized Geographic Coverage and Self-supporting Network



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57 gas production facilities in operation were well diversified across 15 provinces in China as of December 31, 2013

Presence to expand to 18 provinces in China by the end of 2016 following the completion of all production facilities currently under development



Production facilities

Number of facilities	Customer industry	Oxygen capacity (Nm ³ /hr)
In operation		
<u>On-site</u>		
43	Steel	1,118,900 (72%)
11	Non-steel	444,000 (28%)
<u>Merchant</u>		
3	n/a	3,000 (0%)
Under development		
<u>On-site</u>		
9	Steel	175,000 (24%)
22	Non-steel	541,900 (76%)

Self-supporting network

- 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
 - Support each other during the ramp-up period of new production plant
 - Minimize disruptions to customers and business

Source: SAI Report as of March 2014

Merchant Gas Operation



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1

Pro-active sales strategy: focus on direct sales and fixed term contract sales to decrease the volatility of merchant sales

2

Capitalize on our leading position in on-site market: with the best self supporting network in China, we are able to secure merchant customers over the nation.



2014 Outlook



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