



YINGDE GASES GROUP COMPANY LIMITED

盈德氣體集團有限公司

2014

Annual Results

Investor Presentation

Hong Kong, 17 March, 2015

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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*





2014 Financial review

Industry and business overview

Q & A Session



Strong On-site Revenue Growth

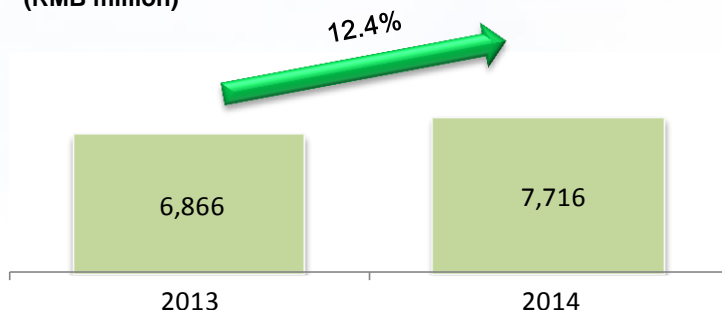


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Steady growth in revenue from new on-site projects
and strong management execution capability

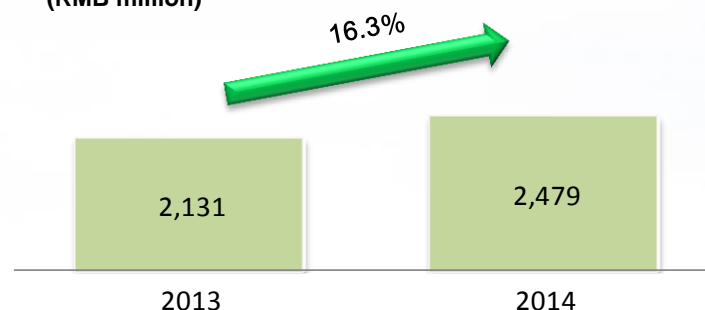
Turnover

(RMB million)



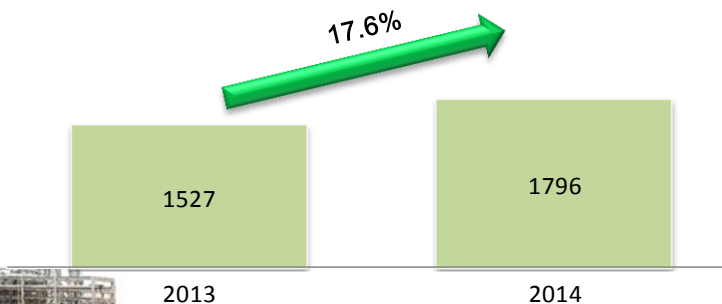
Gross Profit

(RMB million)



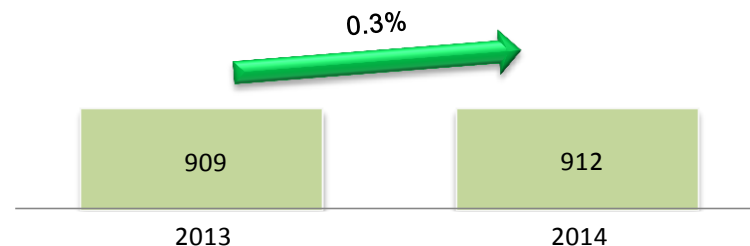
Profit from operation

(RMB million)



Net Profit

(RMB)

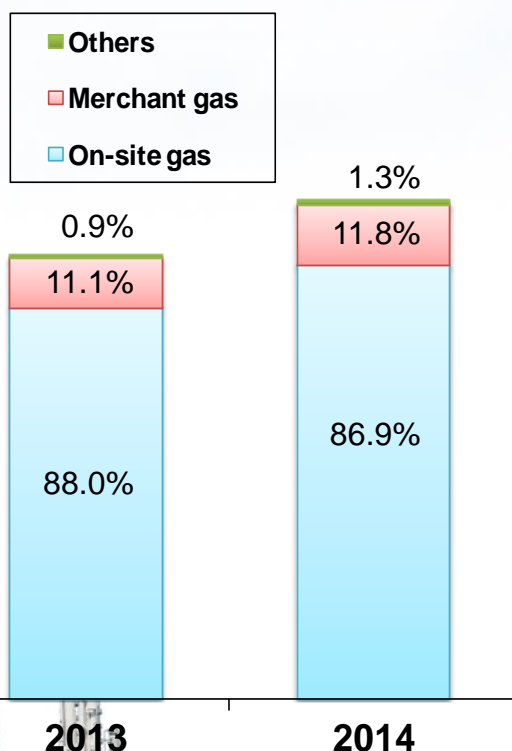


Turnover by Business



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**Our defensive business model was proven in this tough economic environment
Revenue growth is in line with the management expectation**



	2013		2014		Change	
Main Business	RMB'000	%	RMB'000	%	RMB'000	%
On-site gas	6,044,828	88.0	6,703,504	86.9	658,676	10.9
Merchant gas	762,172	11.1	914,237	11.8	152,065	20.0
Others	58,508	0.9	98,420	1.3	39,912	68.2
Total	6,865,508	100.0	7,716,161	100.0	850,653	12.4

Turnover



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Strong and stable growth track record in turnover

(RMB million)



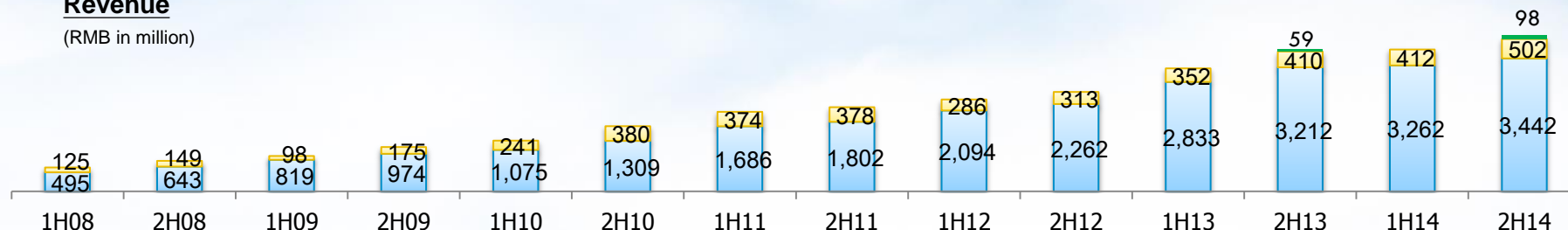
Stable Cash Flow



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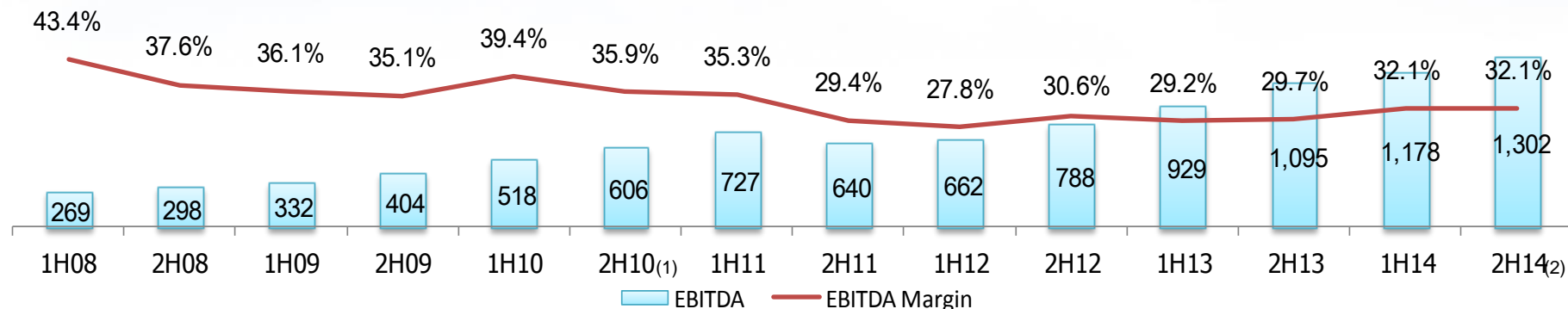
Revenue

(RMB in million)



EBITDA and margin

(RMB in million)

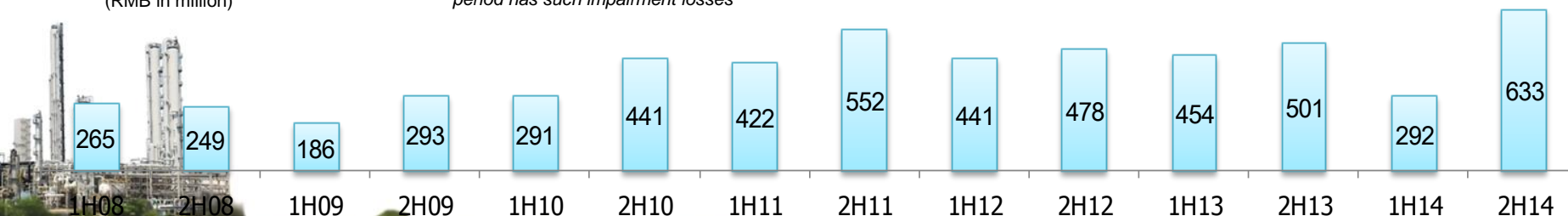


Net operating cash flow

(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

(2) EBITDA for 2H14 was adjusted by a recoverable amount of RMB70 million on certain previously impaired PPE.



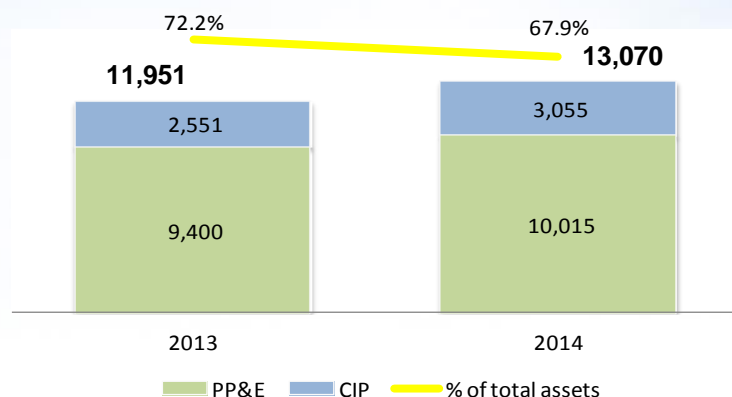
More Optimal Finance Structure



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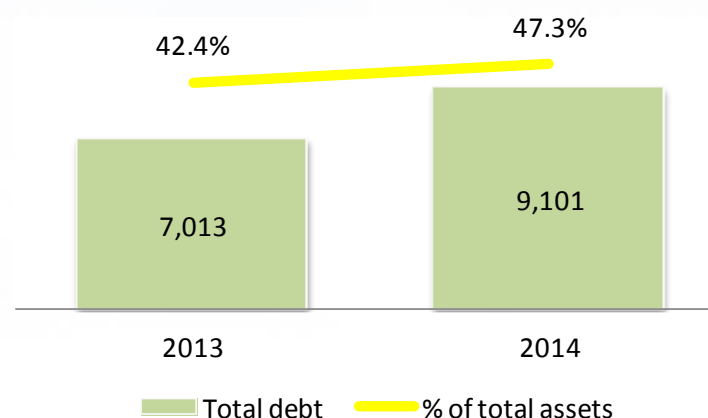
Fixed assets

(RMB million)



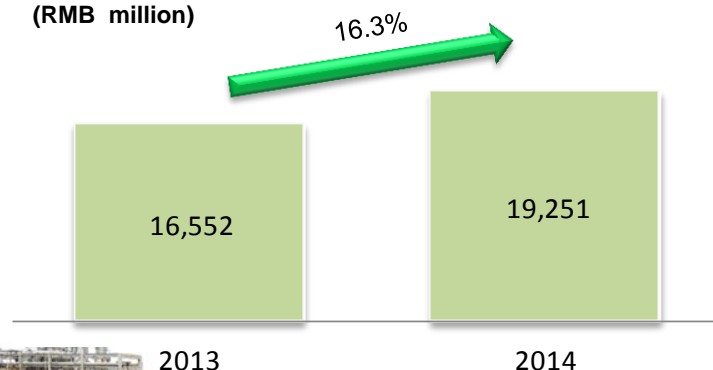
Total borrowing

(RMB million)



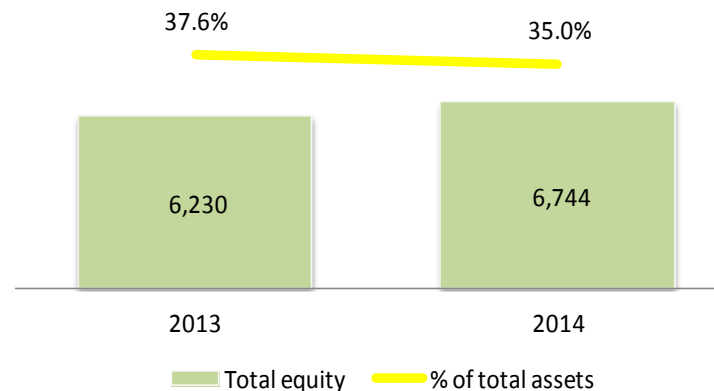
Total assets

(RMB million)



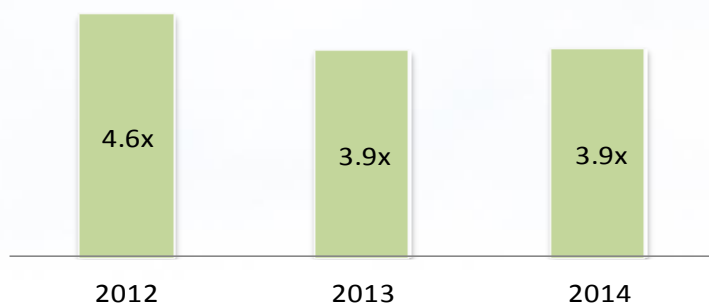
Total equity

(RMB million)



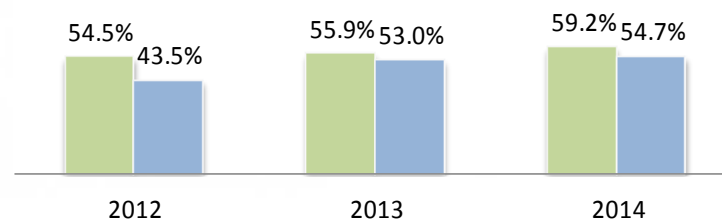
Key Credit Metrics

Debt to EBITDA ratios



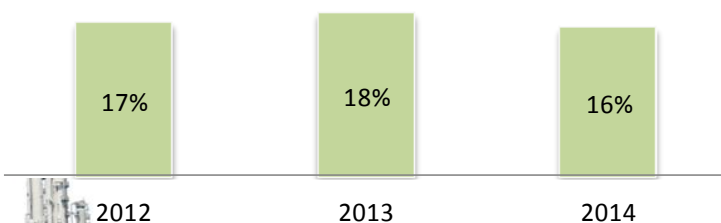
Debt to capital⁽¹⁾ ratios

■ Total debt / Total capital ■ Net debt / Total capital



(1) Total capital = Total debt + Total equity

FFO⁽²⁾ / Total debt

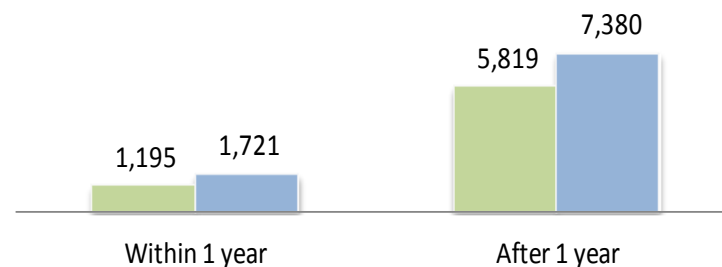


(2) FFO = Net Profit + Depreciation + Amortization

Borrowings

(RMB million)

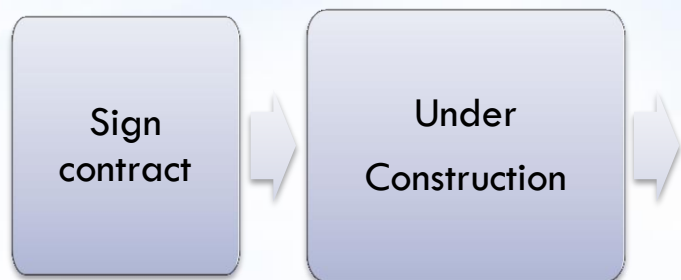
■ 2013 ■ 2014



Sample On-site Project Development Time Frame



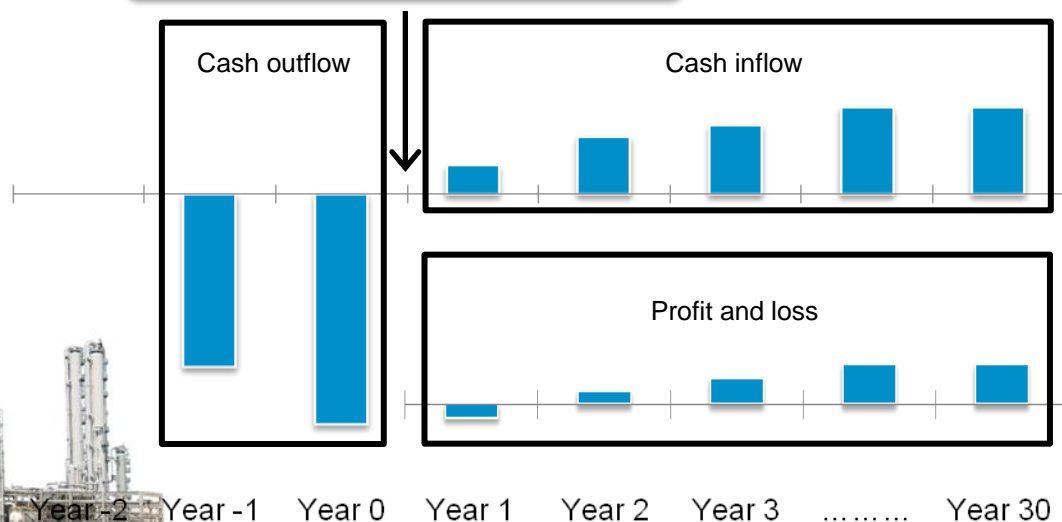
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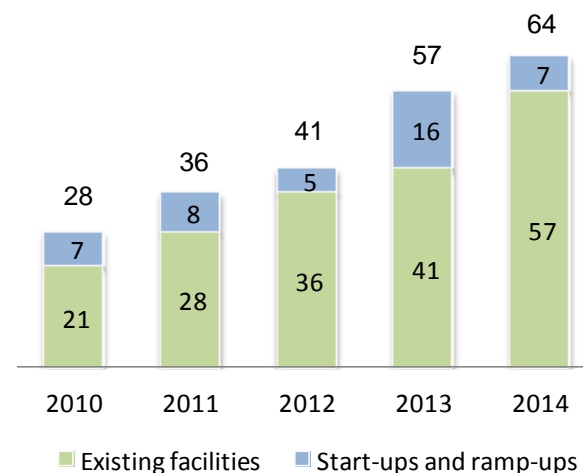
Contract Duration: 10 - 30 years

- 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





2014 Financial review

Industry and business overview

Q & A Session



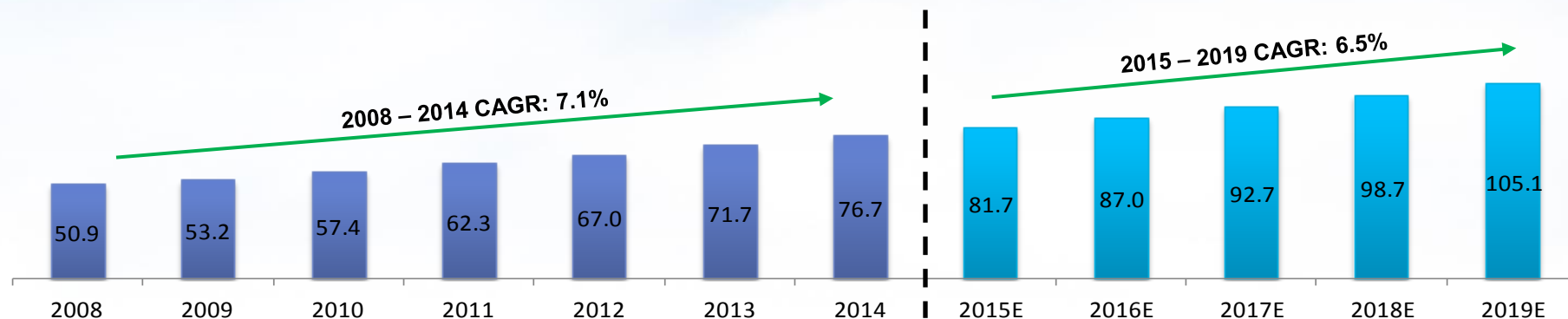
Global and China Industrial Gas Market



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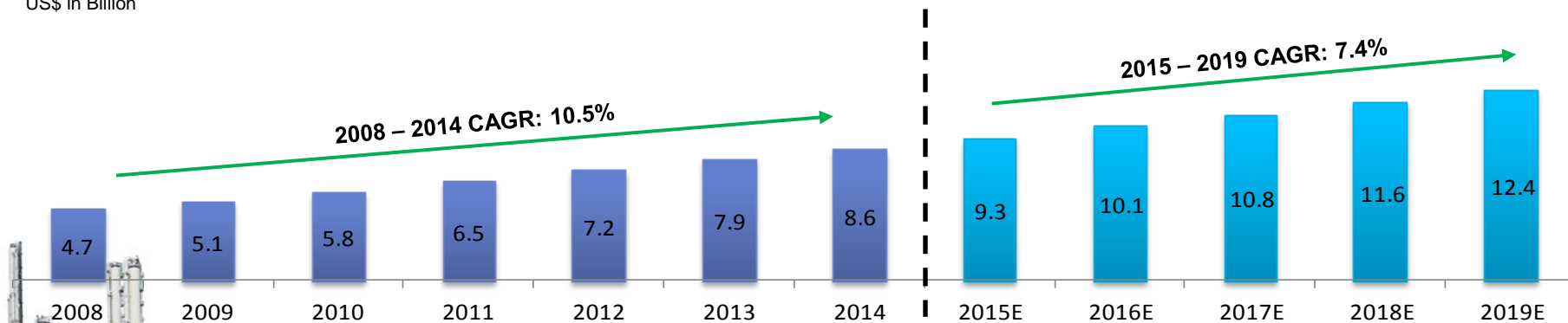
World industrial gas market size

US\$ in Billion



China industrial gas market size

US\$ in Billion



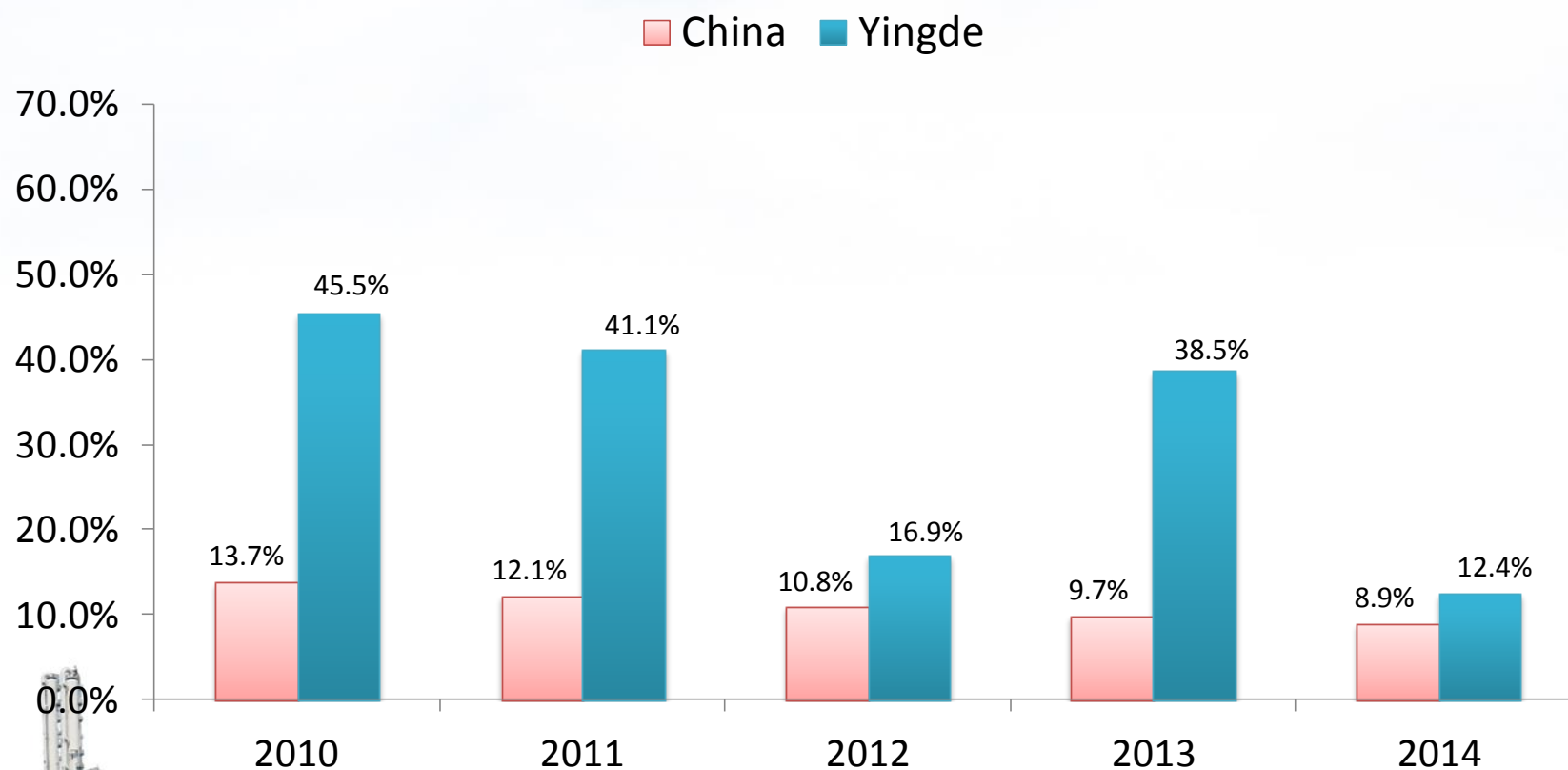
Source: SAI Report as of March 2015

Growth Over the Market



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



Source: SAI Report as of March 2015

China Industrial Gas Market

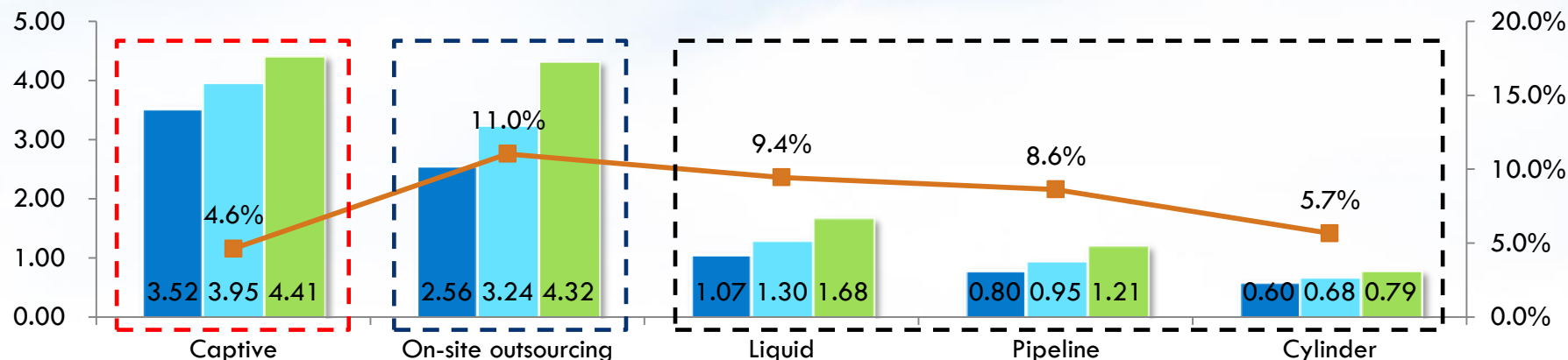


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Revenue growth 2014 – 2019 by supply mode

US\$ in billion

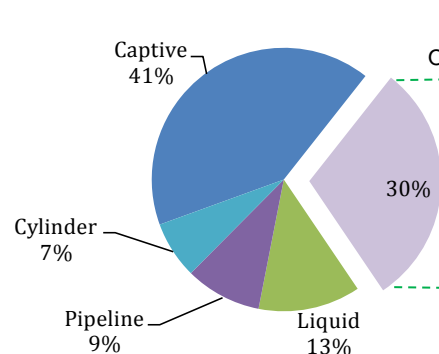
2014 2016 2019 CAGR 2014-2019



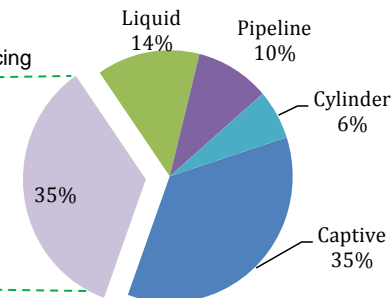
Evolution of market mix by supply mode

Supply mode	Market share 2014	Market share 2019	2014 – 2019 change	Yingde participation
Captive	41%	35%	↓ 6%	×
On-site outsourcing	30%	35%	↑ 5%	✓
Liquid	13%	14%	↑ 1%	✓
Pipeline	9%	10%	↑ 1%	✓
Cylinder	7%	6%	↓ 1%	×

Gas supply mode breakdown in 2014



Gas supply mode breakdown in 2019



Source: SAI Report as of March 2015

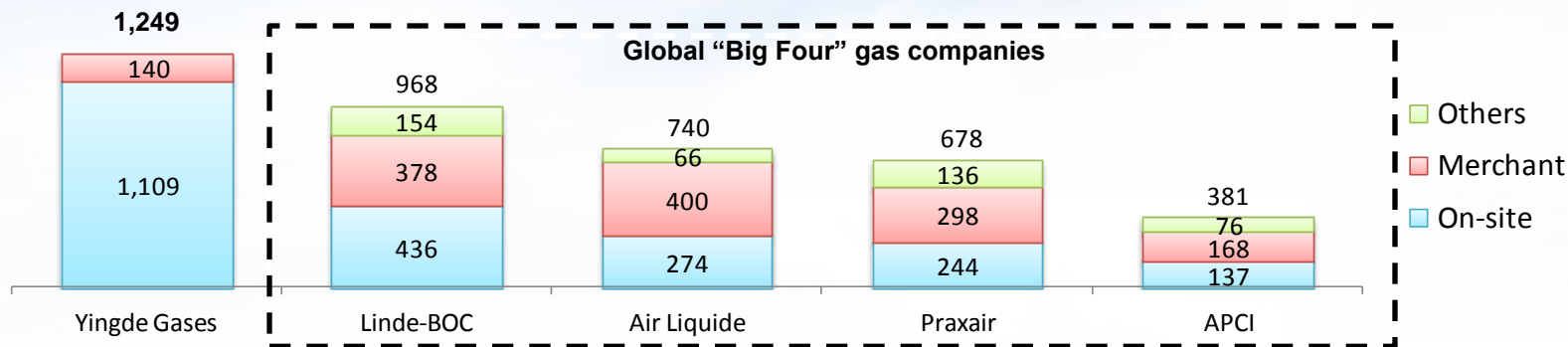
Leading Industrial Gas Supplier



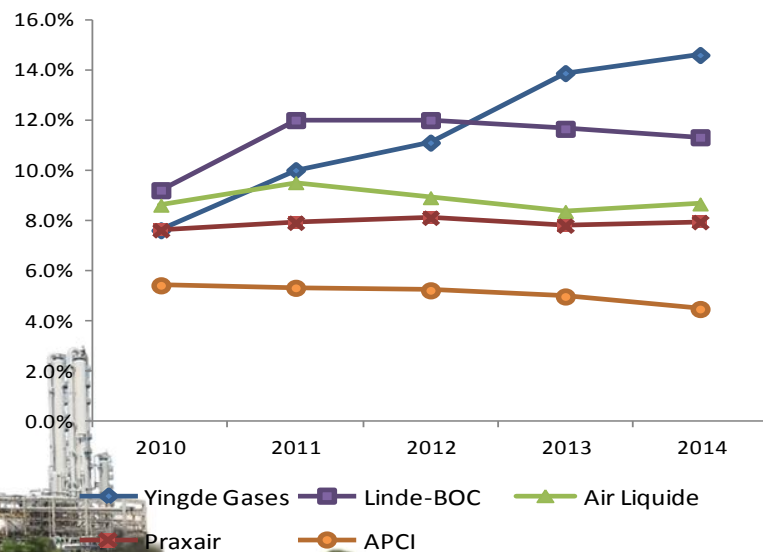
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We are the number 1 industrial gas supplier in China (2014)

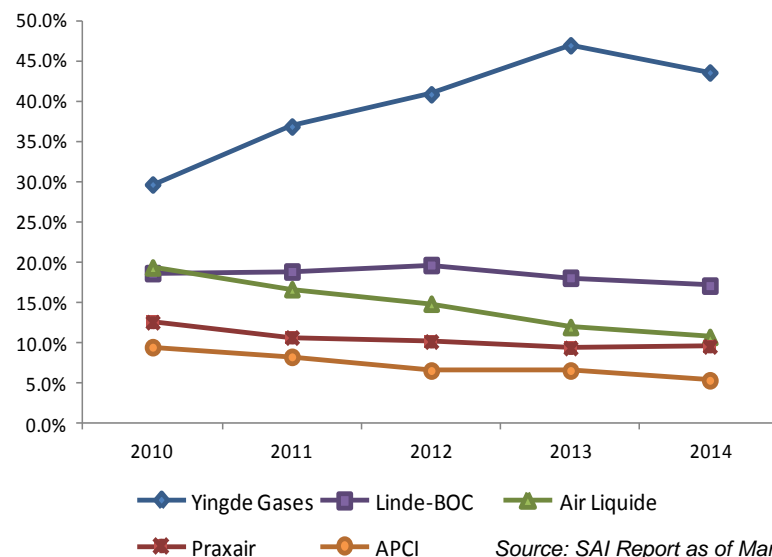
(Revenue in US\$ million)



(Total Market Share by Revenue)



(On-site Market Share by Revenue)



Source: SAI Report as of March 2015

On-site Facilities



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	2013	2014
No. of on-site facilities	54	61
No. of New facilities	17	9
Production capacity - Oxygen (Nm ³ / hr)	1,562,900	1,749,300
Production capacity - Nitrogen (Nm ³ / hr)	2,085,600	2,273,600
Production capacity - Argon (Nm ³ / hr)	41,860	45,400

1

Protected by long-term take-or-pay contracts: Yingde enters into long-term contracts with on-site 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 9 new contracts in 2014. It also exhibits the market demand in out sourcing.

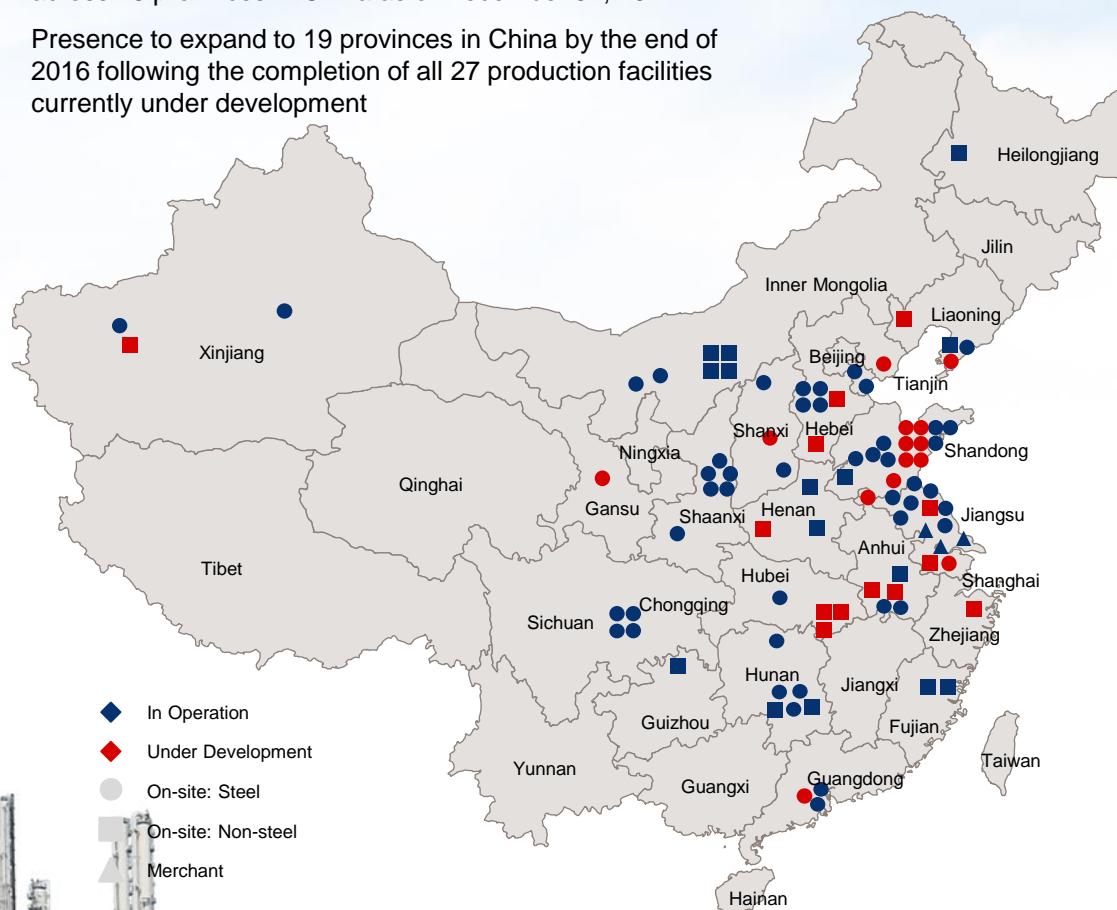
Diversified and Optimized Geographic Coverage and Self-supporting Network



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64 gas production facilities in operation were well diversified across 18 provinces in China as of December 31, 2014

Presence to expand to 19 provinces in China by the end of 2016 following the completion of all 27 production facilities currently under development



Production facilities

Number of facilities	Customer industry	Oxygen capacity (Nm ³ /hr)
In operation		
<u>On-site</u>		
46	Steel	1,226,900 (70%)
15	Non-steel	522,400 (30%)
<u>Merchant</u>		
3	n/a	3,000 (0%)
Under development		
<u>On-site</u>		
14	Steel	219,000 (49%)
13	Non-steel	229,500 (51%)

Self-supporting network

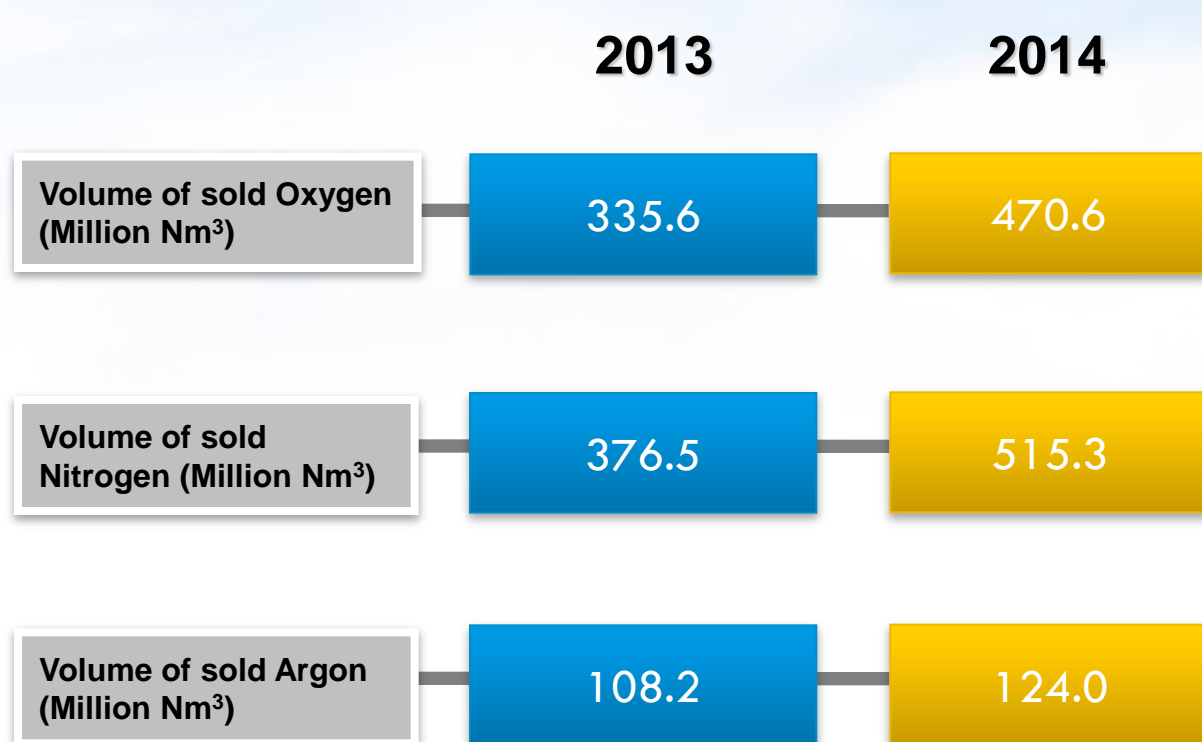
- Engaged in a selective expansion of facility network
- Taking into account the strategic value to overall expansion strategy
- Targeted locations that are highly industrial or resource rich
- Leverage existing production plants to complement new production facilities in order to
 - Support each other during the ramp-up period of new production plant
 - Minimize disruptions to customers and business

Source: SAI Report as of March 2015

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.



2015 Outlook



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