



中油燃氣集團有限公司

CHINA OIL AND GAS GROUP LIMITED

(Incorporated in Bermuda with limited liability)

Stock code: 603

2017 Interim Results Presentation

August 2017



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中油燃氣集團有限公司
CHINA OIL AND GAS GROUP LIMITED

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Financial Highlights



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CHINA OIL AND GAS GROUP LIMITED

<i>(HK\$ million)</i>	1H17	1H16	Change
Revenue	3,657	3,298	11%
Gross Profit Margin	17.3%	17.9%	-
EBITDA	712	644	11%
Profit for the Period	349	413	-15%
Recurring Profit for the Period ¹	342	288	19%
Profit Attributable to Owners of the Company	170	200	-15%
Recurring Profit Attributed to the Owners of the Company ²	164	136	21%

Notes: 1. Deducting the effect of other gains of HKD7 million in 1H17 and HKD125 million in 1H16.

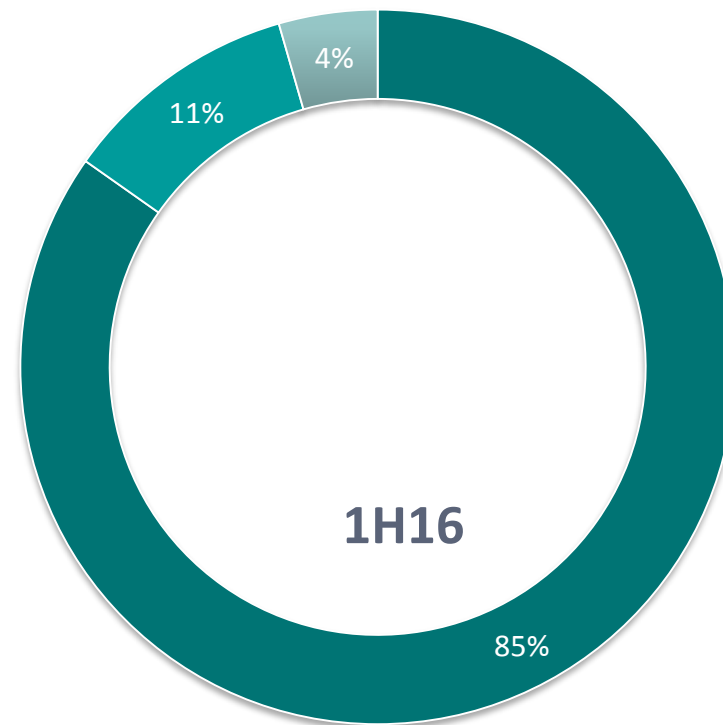
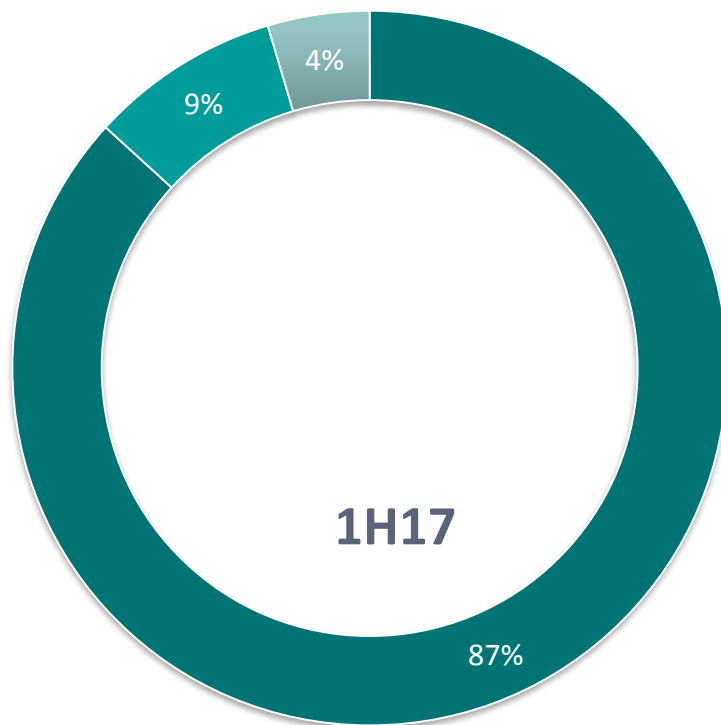
2. Stripping off other gains attributable to owners of the Company of HKD6 million in 1H17 and HKD64 million in 1H16.

Financial Performance



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Revenue Breakdown by Segment



■ Sales and distribution of natural gas and other related products

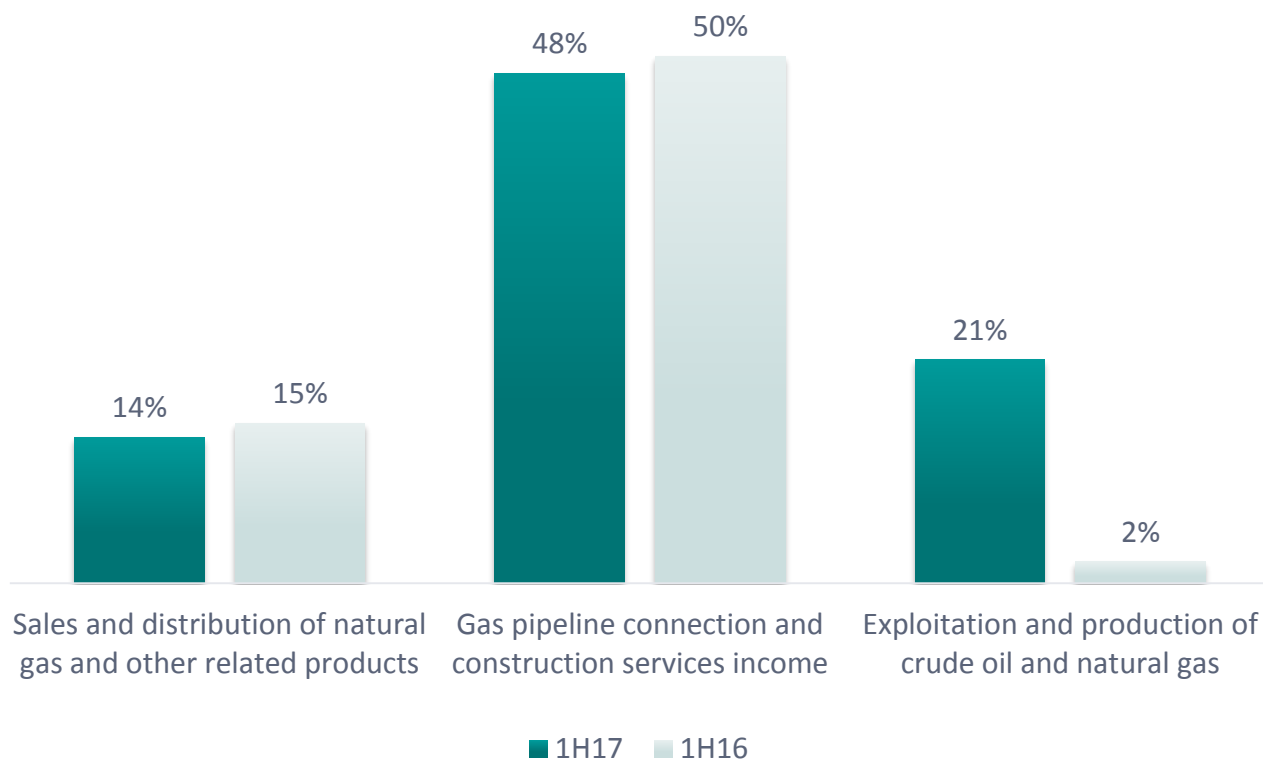
■ Exploitation and production of crude oil and natural gas

■ Gas pipeline connection and construction services income

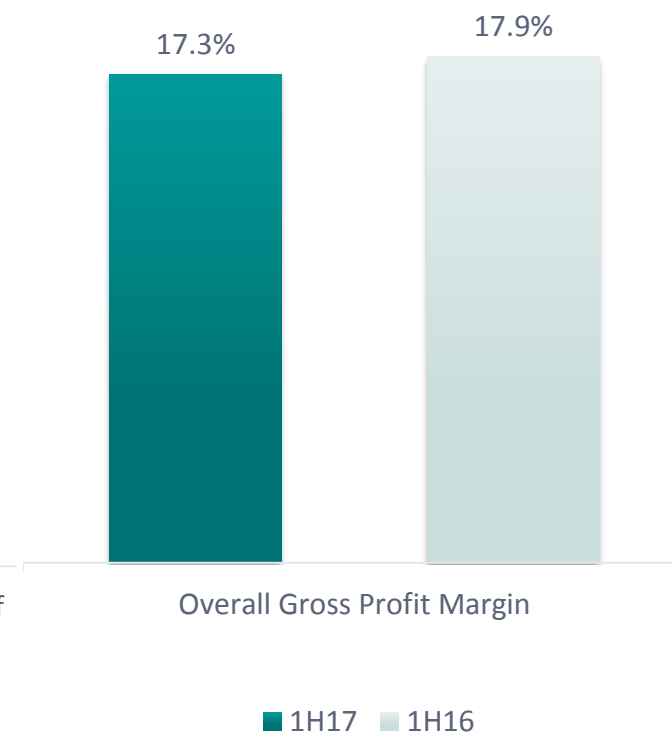
Financial Performance

GP Margin

GP Margin – by Segment



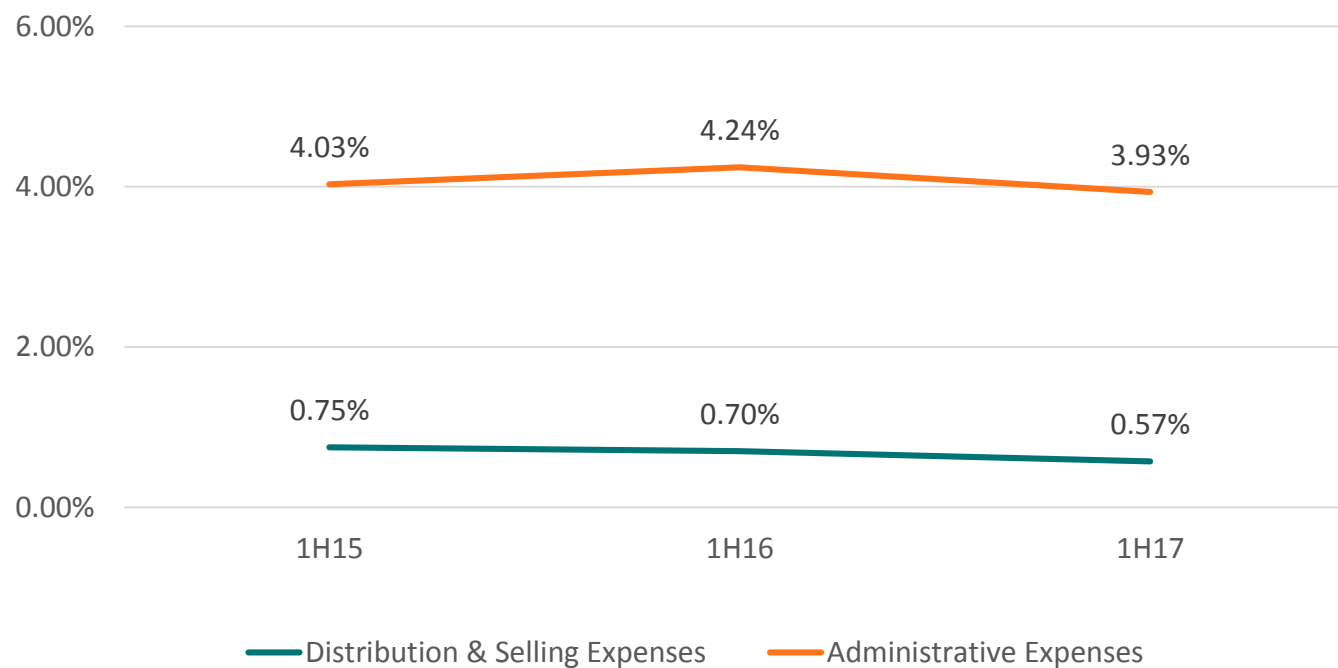
Overall Gross Profit Margin



Financial Performance

Effective Cost Control

SG&A as a Percentage of Revenue



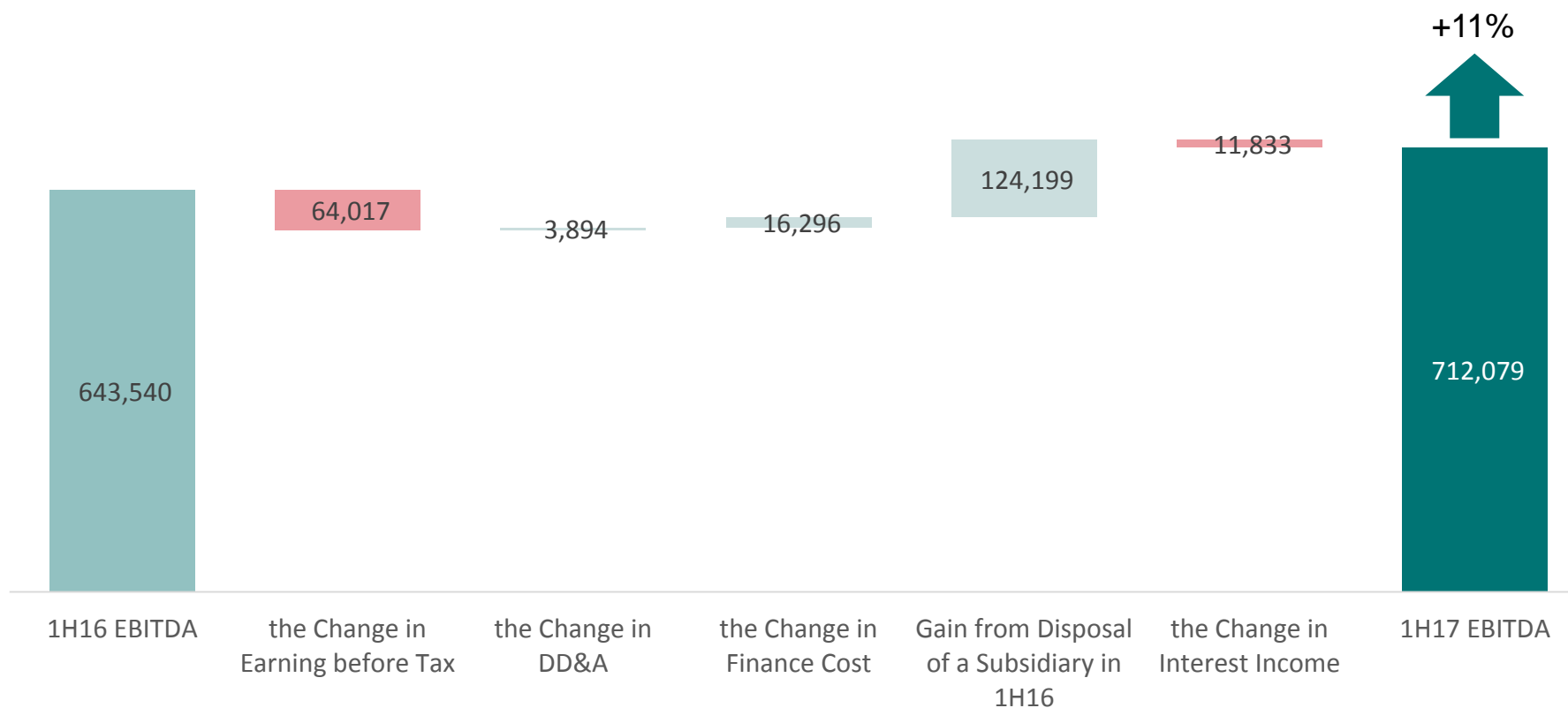
Financial Performance



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EBITDA

EBITDA (HK\$'000)



Financial Performance



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Other Key Financial Data

<i>(HK\$ million)</i>	1H17	FY16	Change
Net Asset	5,723	5,251	9%
Total Asset	14,154	13,604	4%

<i>(HK\$ million)</i>	1H17	FY16	Change
Cash & Cash Equivalents	1,771	1,833	-3%
Total Debt	5,506	5,367	3%

<i>(HK\$ million)</i>	1H17	1H16	Change
Cash Flow from Operating Activities	432	384	13%
Capex	327	340	-4%
Interest Expense, Net of Capitalization	104	88	18%

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Natural Gas Distribution Business



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Million Cubic Meter	1H17	1H16	Change
Total Gas Sales Volume	1,602	1,392	15%
<i>Residential Users</i>	453	452	-
<i>Industrial and Commercial Users</i>	991	756	31%
<i>Gas Stations</i>	158	183	-14%
Transmission Volume to Third Party (Million m³)	348	155	125%
Total Transportation Volume to Third Party (Million m³)	10	8	25%
Other Key Operation Data		1H17	1H16
Blended Average Selling Price (RMB/m³)		1.73	1.64
<i>Residential</i>		1.31	1.31
<i>Industrial and Commercial Users</i>		1.85	1.74
<i>Gas Stations</i>		2.12	2.01
Blended Average Purchase Price (RMB/m³)		1.32	1.23
Blended Dollar Margin (RMB/m³)		0.41	0.41
Average Transmission to Third Party Price (RMB/m³)		0.072	0.088
Average Residential Connection Fee (RMB/household)		2,762	2,632

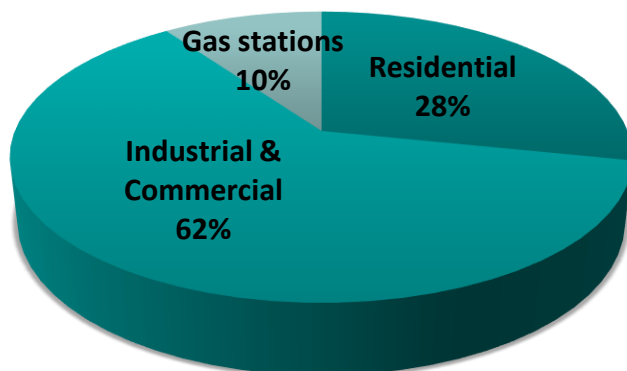
Natural Gas – Volume Breakdown



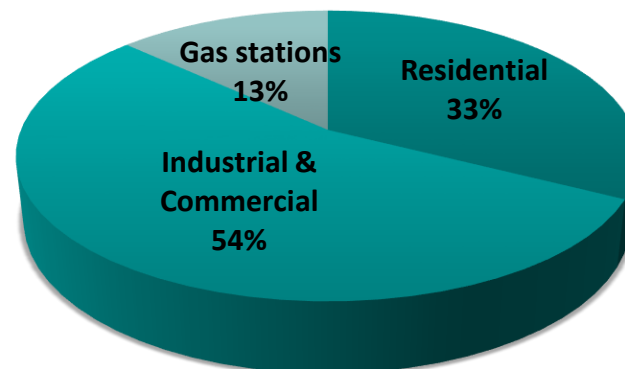
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Sales Volume Breakdown by Customer

1H17

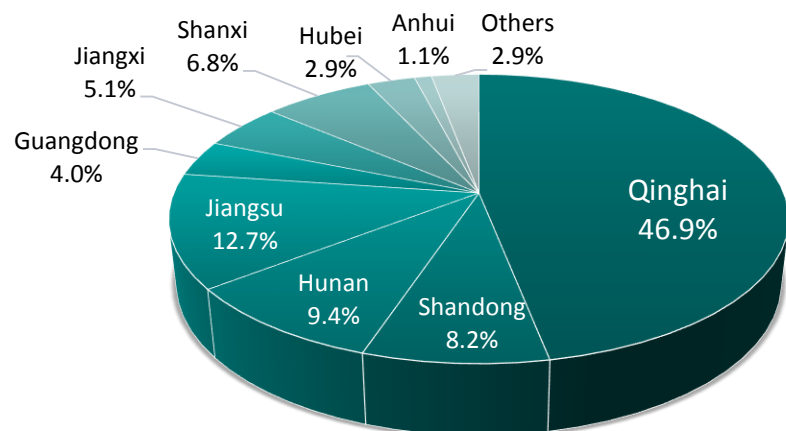


1H16

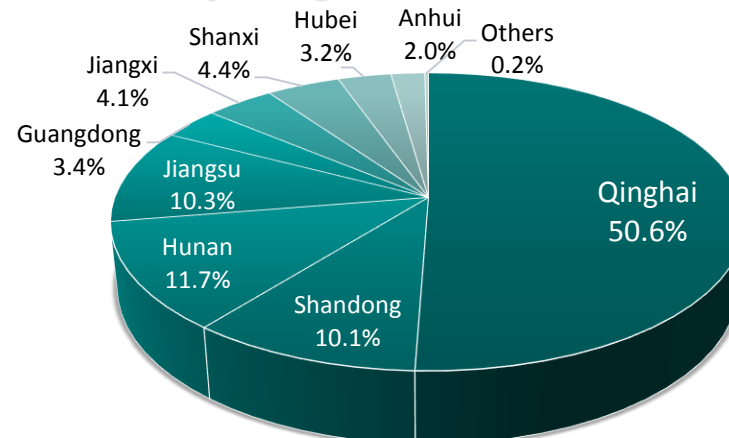


Sales Volume Breakdown by Region

1H17



1H16



Natural Gas – *End-user Connections*



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The Company recorded stable growth in end-user base in 1H17. The Company connected 58,332 new residential users and 481 new industrial and commercial users in 1H17. With the increased number of users, the Company will continue to trigger more channels for the sales of natural gas and provide services to more natural gas end-users.

The Cumulative Number of Connected Users as of June 30, 2017

**RESIDENTIAL
USERS**



Totaled
1,166,729

**INDUSTRIAL &
COMMERCIAL
USERS**



Totaled
9,750

Business Updates



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The Company focuses on the surrounding market of existing operation area, and emphasizes on the economical developed markets in central and eastern China to explore and develop new projects. The Company has ridden on its abundant gas resource and extensive pipeline networks to actively develop new natural gas projects, which has created an ongoing growth driver for future natural gas sales.

- Got 4 new city gas concession rights in 1H17:
 - Jiangsu Fanshui Town
 - Jiangsu Yancheng Dafeng District Southeast Area
 - Hubei Xiantao Zhengchang Town
 - Hubei Xiantao Paihu Scenic
- High pressure branch pipelines totaled 1,055 KM at the end of June 2017.
- City network pipelines totaled 7,605 KM at the end of June 2017.

Operating Map



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The Company owns 74 city-gas concession rights with business operations in 15 provinces. The Company operates natural gas branch pipelines in 10 provinces, with the total length of 1,055km and a total of 7,605 km in city network pipelines. The Company operates 55 natural gas stations (39 CNG/10 LNG/6 L-CNG) and a transportation fleet of 100 vehicles.

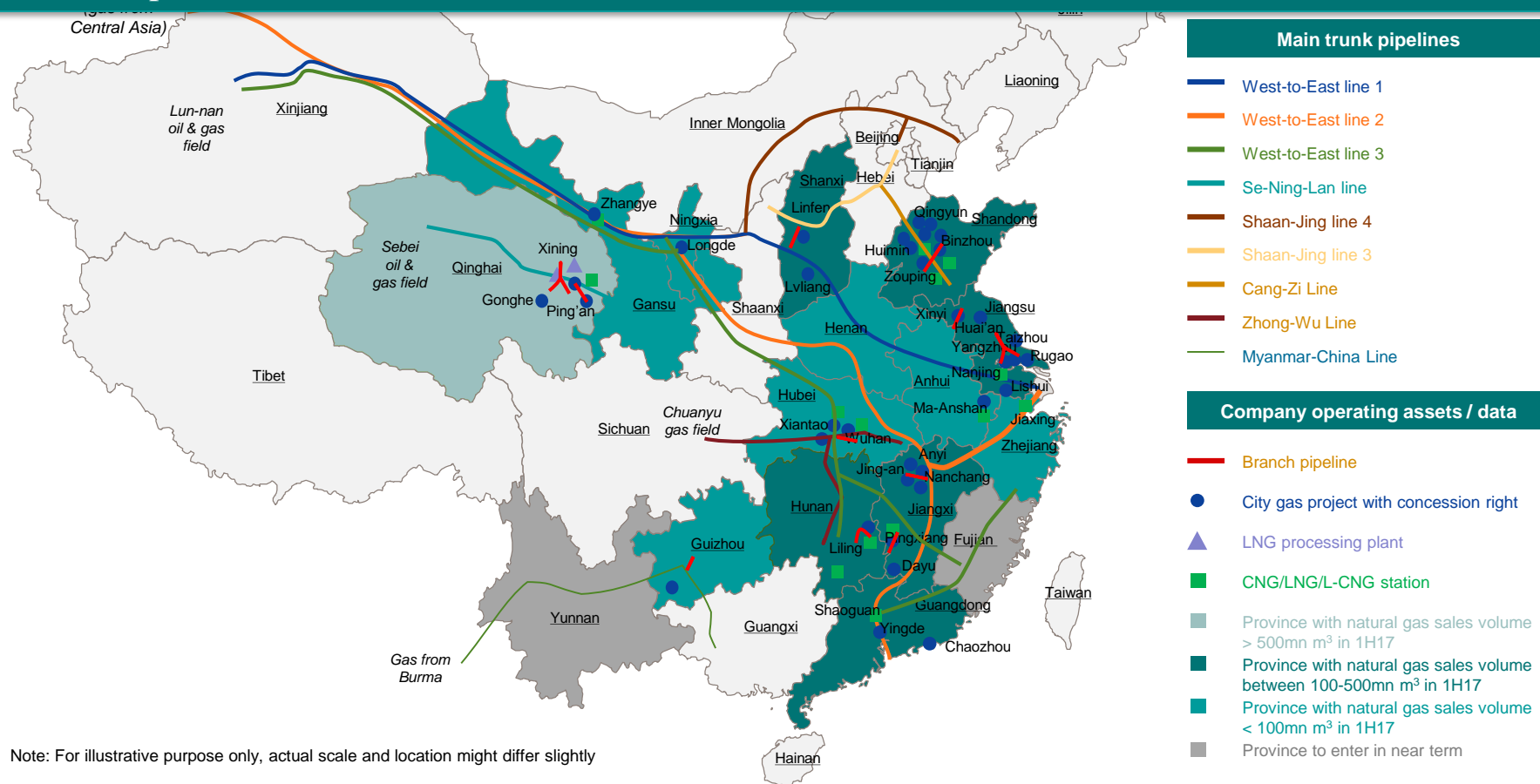


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	1H17	1H16
Production (boe/d)	4,695	5,218
<i>Oil (bbls/d)</i>	2,048	2,470
<i>NGLs (bbls/d)</i>	664	667
<i>Natural Gas (mcf/d)</i>	11,898	12,492
Average Realized Oil Price per bbl (CAD)	60.16	45.25
Average WTI per bbl (USD)	50.07	39.56
Operating Netback (CAD/boe)	23.39	16.37

	1H17	FY16
Proved Reserve (mmboe)	22.90	22.90
Proved Plus Probable Reserve (mmboe)	33.10	33.10

Oil And Gas Production Business



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- Conservative Development Plan:
 - Drilled 7 gross wells with a 100% success rate.

- Effective Cost Control:
 - Operating cost ~ CAD10 per barrel of oil equivalent

- Positive Operating Cash Flow:
 - Total cash netback ~ CAD20 per barrel of oil equivalent (1H16:CAD13/boe).

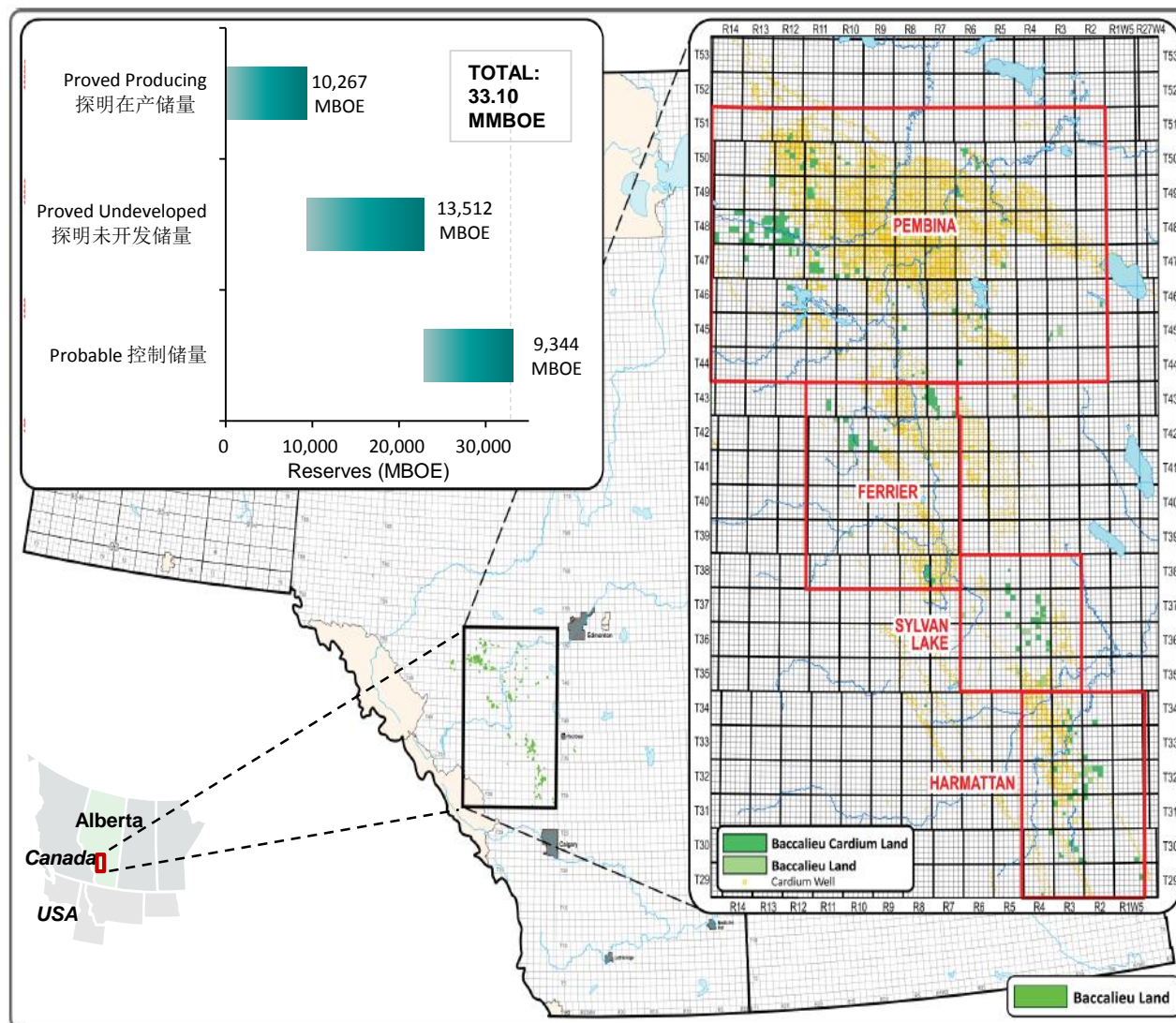


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