

2019 Annual Results Announcement

Shanghai Electric Group Company Limited

(Stock Code: 02727)



April 2020

Disclaimer



This presentation contains forward-looking statements. As non-factual historical statements, forward-looking statements contain statements regarding our views and expectations. In this presentation, any statement in connection with our intention, view, expectation and forecast (as well as underlying assumptions) constitutes forward-looking statements. Such statements are made based on the plans, estimates and forecast of the management of Shanghai Electric Group Company Limited (“Shanghai Electric” or the “Company”). Therefore, such forward-looking statements only represent the statements as of the date hereof, and we are not responsible for any update on such statements based on additional information or any publicly available information in the future.

In nature, the forward-looking statements contain risks and uncertainties, therefore, there may be various significant factors leading to the actual results materially varying from the anticipated results in such statements

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Chapter 01

2019 Operating Results

Summary of Operating Results

	2019	2018	% Change
(In million RMB unless otherwise indicated)			
Revenue	127,509	101,158	26.0%
Gross profit	21,991	18,450	19.2%
Operating profit	7,816	6,282	24.4%
EBITDA	11,750	9,345	25.7%
Net profit attributable to owners of the Company	3,720	2,980	24.8%
Gross profit margin	17.2%	18.2%	-1.0 percentage points
Operating profit margin	6.1%	6.2%	-0.1 percentage points
EBITDA margin	9.2%	9.2%	-
Net margin attributable to owners of the Company	2.9%	2.9%	-
ROE ⁽¹⁾	6.1%	5.3%	0.8 percentage points
EPS (RMB cents)	25	20	25%
Proposed dividend per share (RMB cents)	0	6.146	-

Note: (1) Return on net assets refers to the weighted average return on net assets.

Summary of Balance Sheet

	31 December 2019	31 December 2018	Percentage of change
(In million RMB unless otherwise indicated)	a	b	c=(a-b)/b
Assets	<u>280,524</u>	<u>218,522</u>	<u>28.4%</u>
Current assets	199,201	151,728	31.3%
Cash and cash equivalents	50,758	39,195	29.5%
Prepayments, deposits and other receivables	24,889	18,044	37.9%
Bills and trade receivables	29,337	18,841	55.7%
Inventories and construction contracts	27,004	27,929	-3.3%
Contract assets	24,985	12,230	104.3%
Long-term assets	81,323	66,794	21.8%
Liabilities	<u>188,934</u>	<u>144,885</u>	<u>30.4%</u>
Current liabilities	164,061	119,623	37.1%
Interest-bearing bank and other borrowings	20,403	10,351	97.1%
Trade payables	57,923	38,881	49.0%
Contract liabilities	38,585	36,566	5.5%
Other payables and accruals	21,591	17,166	25.8%
Long-term liabilities	24,873	25,262	-1.5%
Interest-bearing bank borrowings and other borrowings	11,268	9,589	17.5%
Bonds	6,918	12,749	-45.7%
Equity	<u>91,589</u>	<u>73,637</u>	<u>24.4%</u>
Equity attributable to owners of the Company	63,346	57,290	10.6%
Non-controlling interests	28,243	16,347	72.8%

Chapter 02

Operating Results for Business Segments

Lines of Businesses

Shanghai has put forward the Action Plan on Intelligent Manufacturing of Shanghai (2019-2025), which aims to build Shanghai into a new highland of intelligent manufacturing applications, a source of core technologies and a source of system solutions nationwide. Shanghai Electric seizes the opportunity of industrial intelligent development and focuses on three major areas: energy equipment, industrial equipment and integrated services. With the accumulated expertise in high-end equipment manufacturing, it strongly promotes the digitalization and informatization of energy and industry development for increasing manufacturing efficiency.

01

Energy Equipment

- Coal-fired power generation equipment
- Gas-fired power generation equipment
- Nuclear power equipment
- Wind power equipment
- Energy storage
- High-end vessels for chemical industry
- Power grid/industrial intelligent power supply system solutions

02

Industrial Equipment

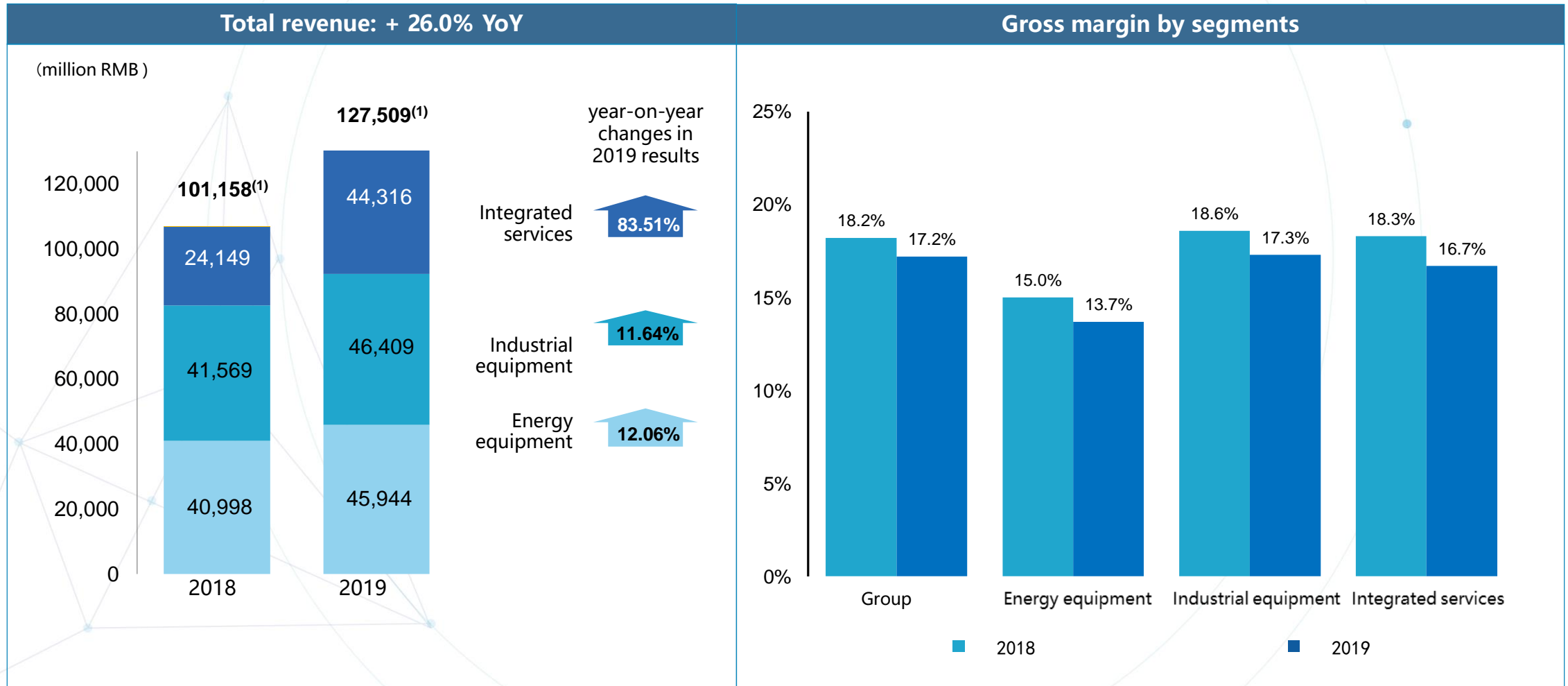
- Elevators
- Large and medium-sized electric motors
- Intelligent manufacturing equipment
- Industrial basic parts
- Environmental protection equipment
- Construction industrialization

03

Integrated Services

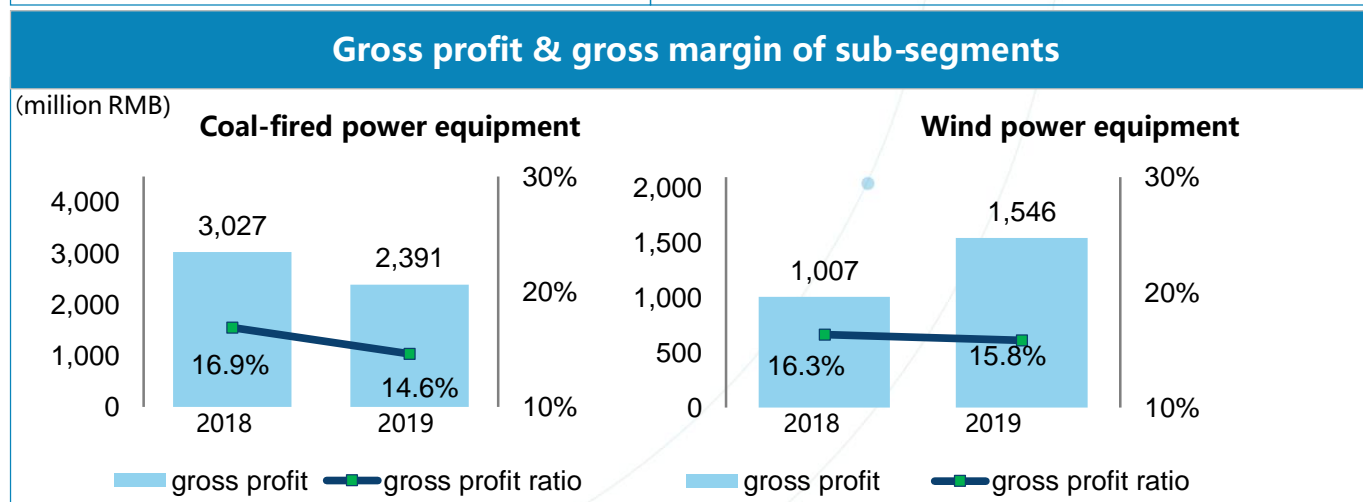
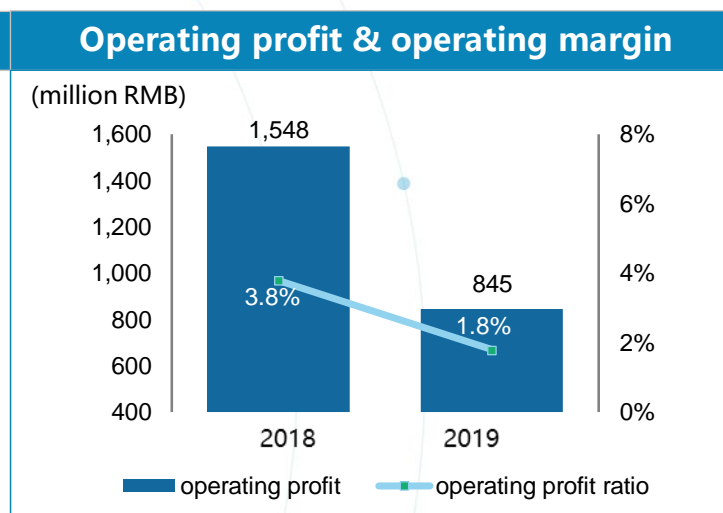
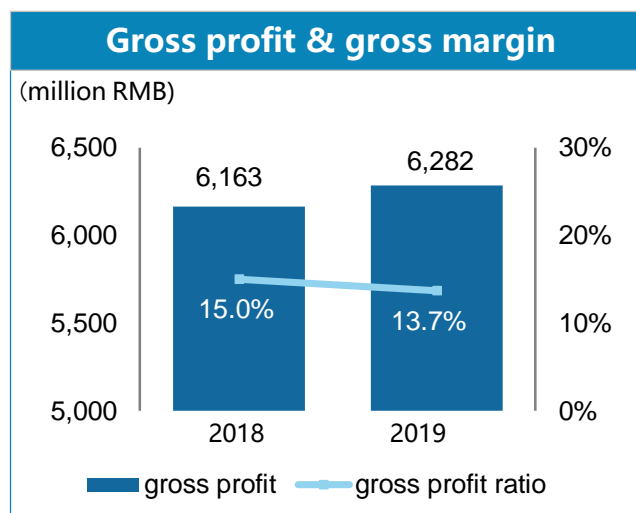
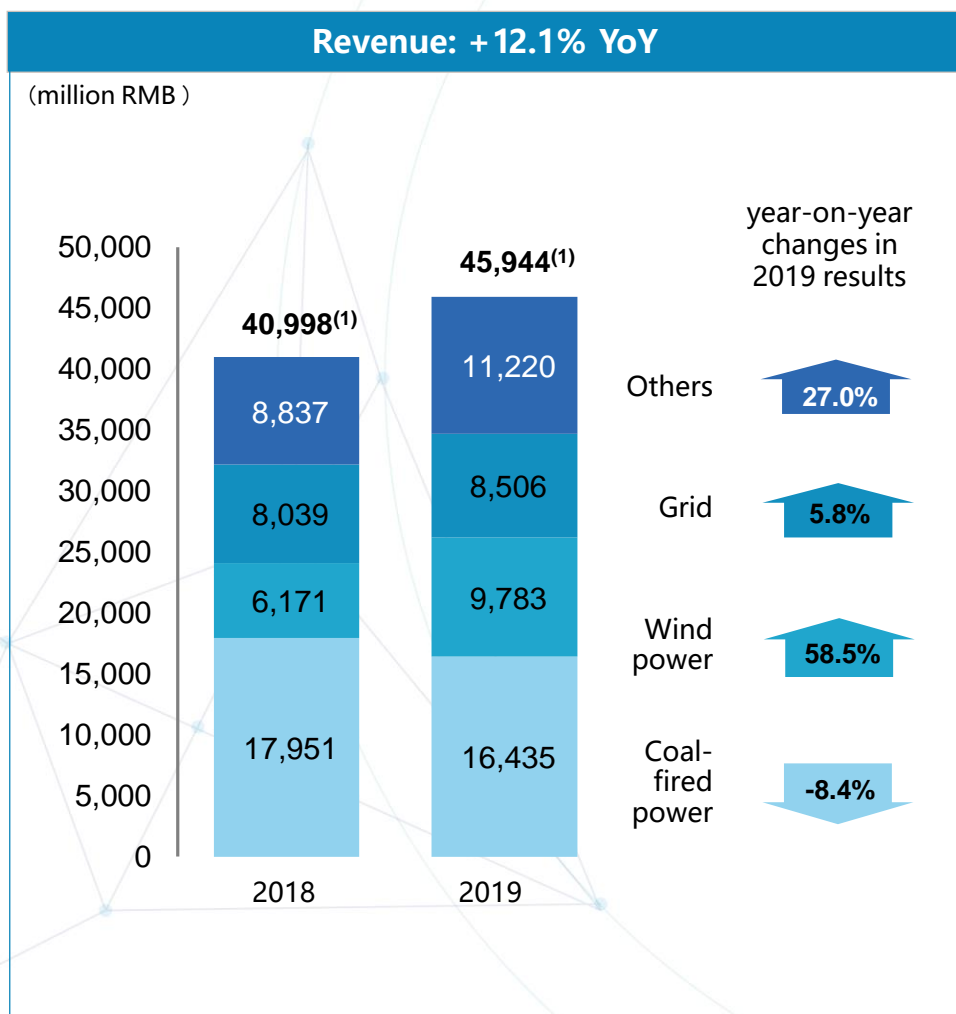
- Energy engineering and services
- Environmental protection engineering and services
- Automation engineering and services
- Industrial internet services
- Financial services
- International trade services

Changes in revenue and gross margin by segments



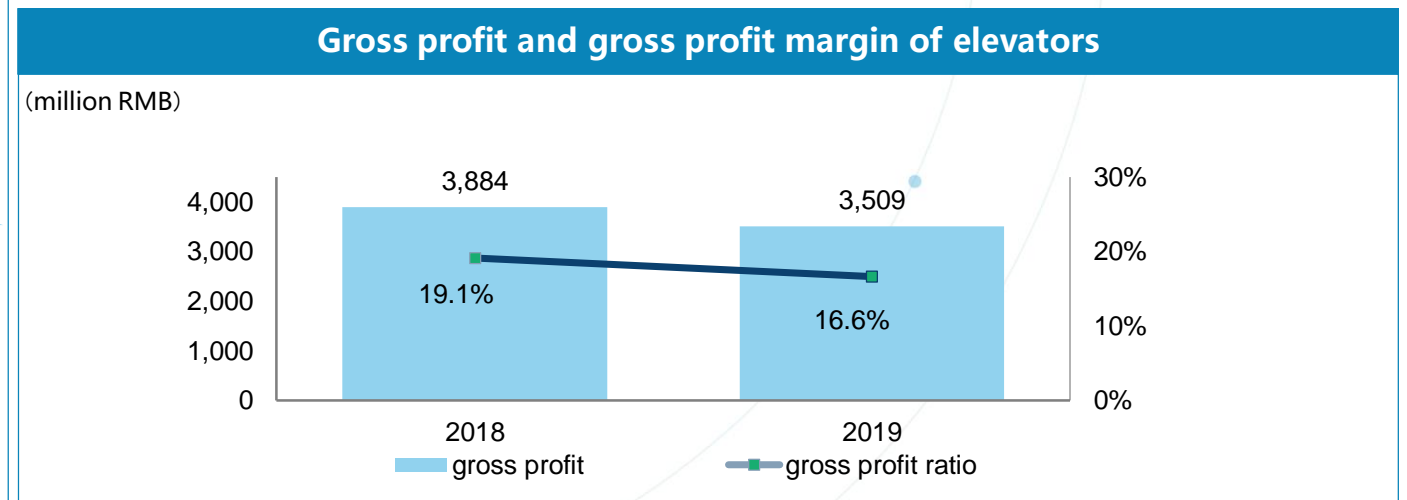
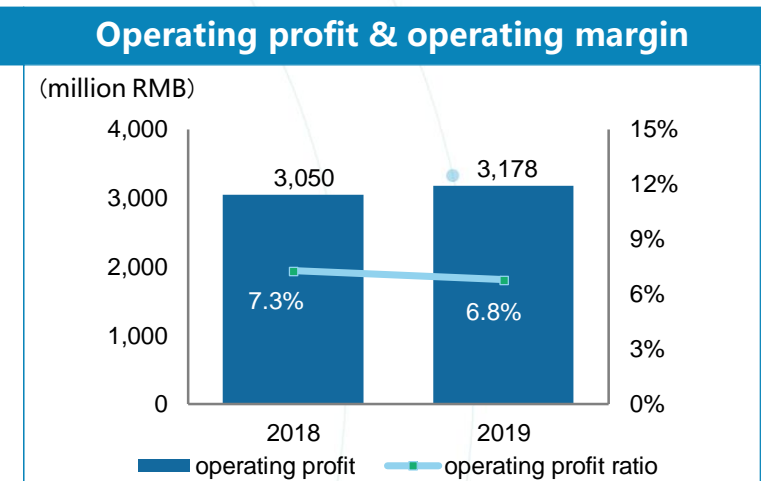
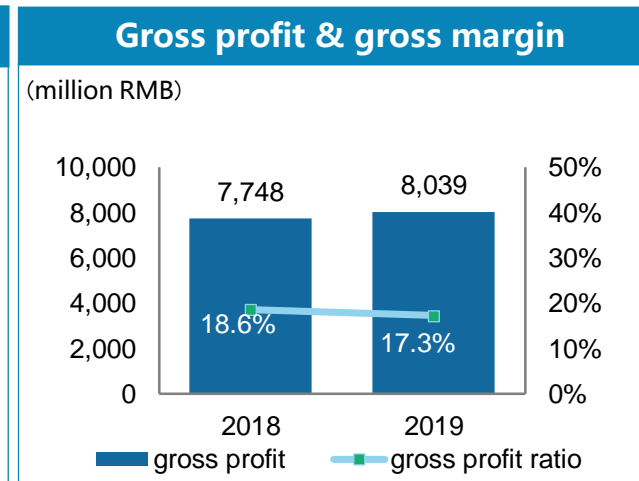
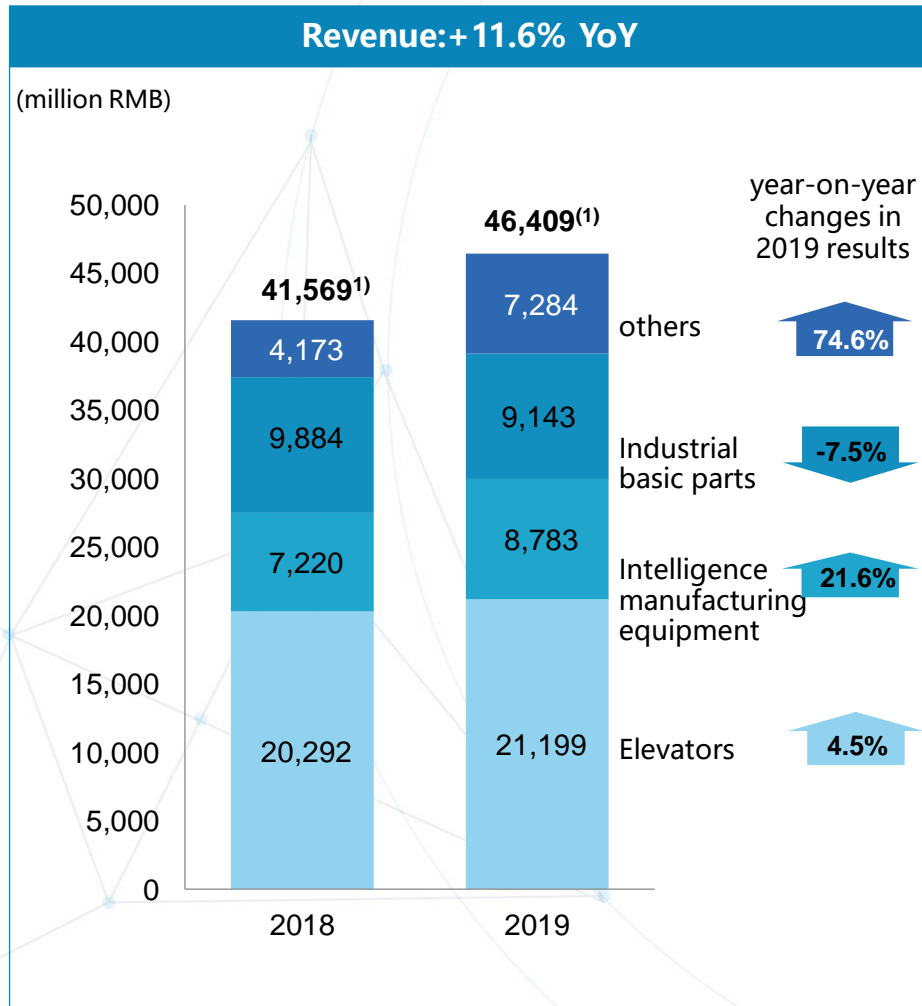
Note:(1) Total revenue is net amount after inter-segment elimination and segment revenues are before inter-segment elimination but after intra-segment elimination

Energy Equipment



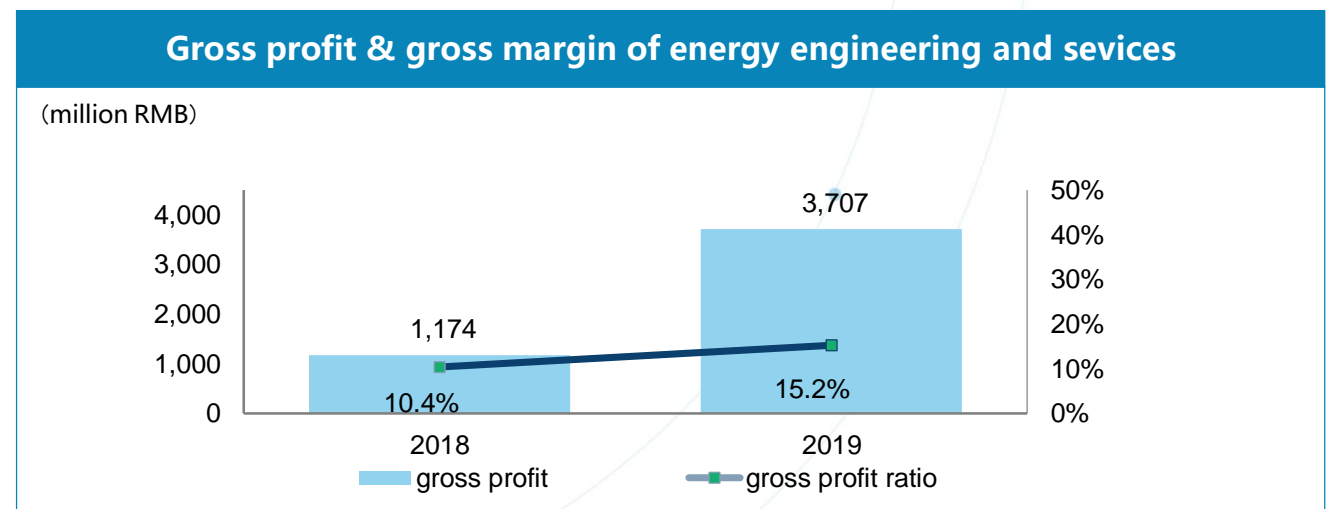
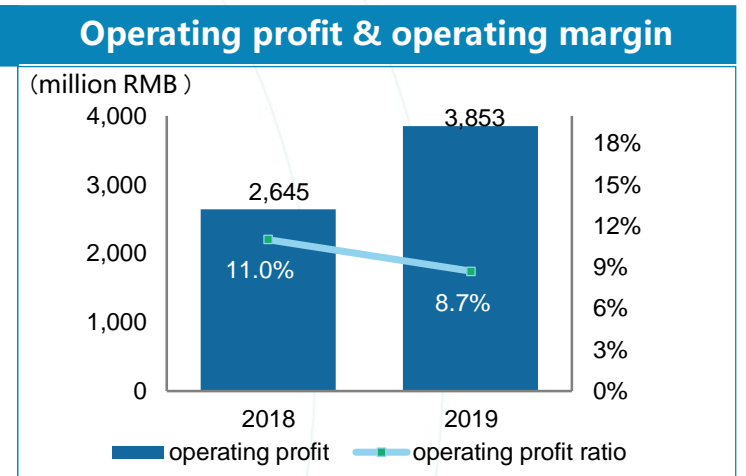
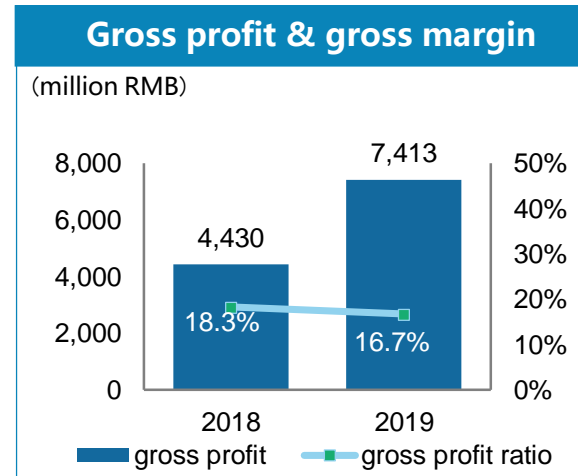
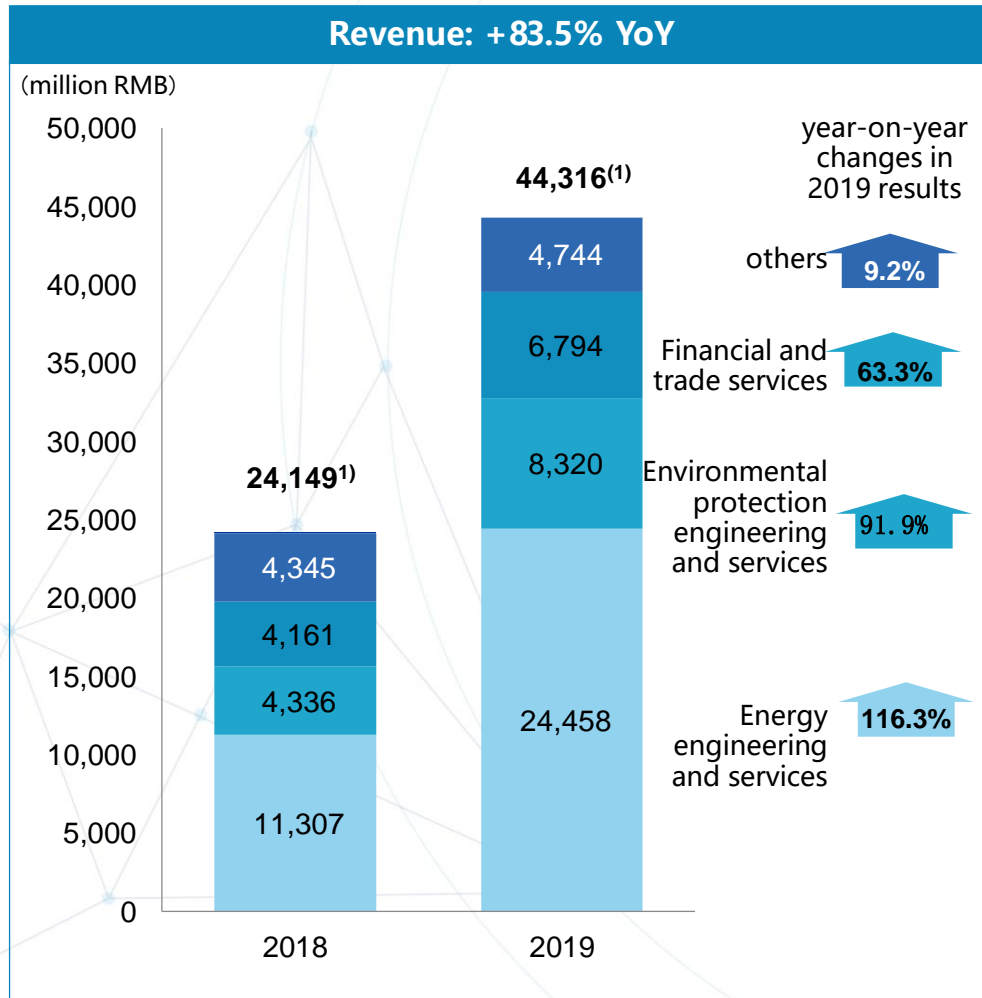
Note:(1) Individual segment revenue is stated before inter-segment offset, but after intra-segment offset

Industrial equipment



Note:(1) Individual segment revenue is stated before inter-segment offset, but after intra-segment offset

Integrated Services



Note:(1) Individual segment revenue is stated before inter-segment offset, but after intra-segment offset

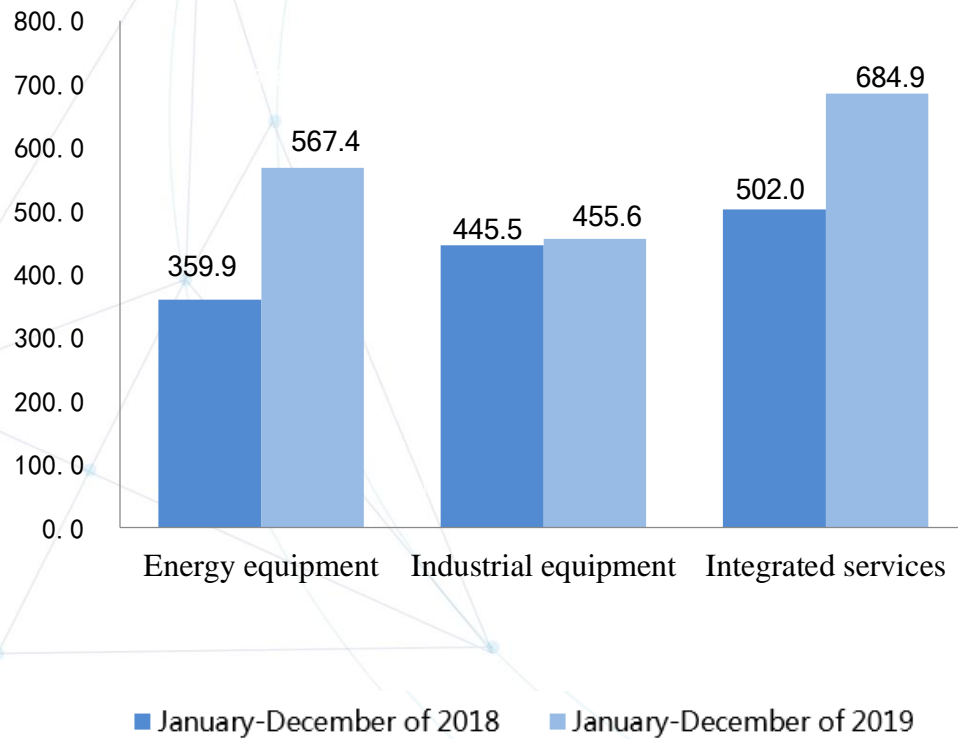
Business Orders

New orders amounting to RMB 170,790 million
 Orders on hand of RMB240,860 million
 (of which: RMB69,590 million not yet effective orders)

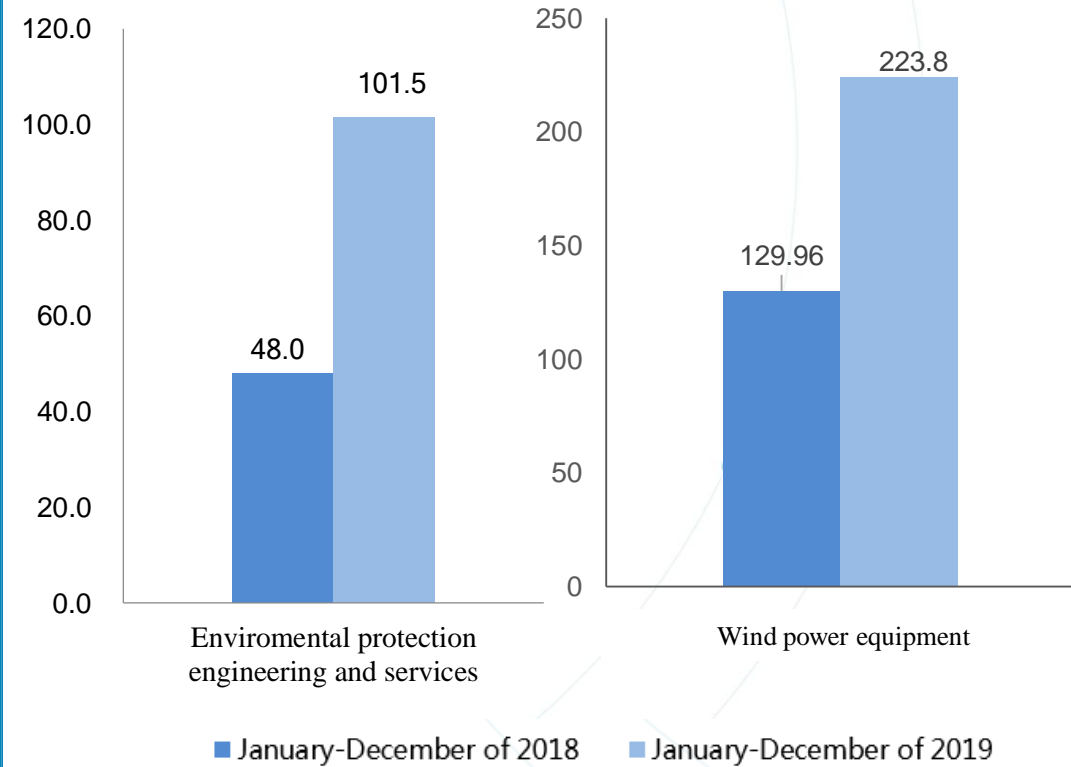
Comparison of new orders for certain businesses

(RMB 100 million)

Comparison of new orders



(RMB 100 million)



Chapter 03

Operational Highlights

Operation Review

Wind Power

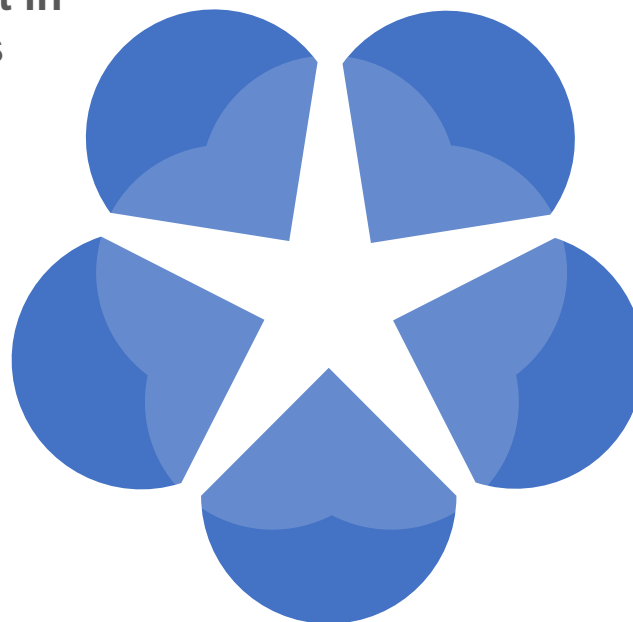
Offshore wind power ranked first in China for 5 consecutive years

- Shanghai Electric ranked first in China with 732MW newly installed capacity for 2019

Nuclear Power

CAP1400 major project passed the acceptance inspection

- CAP1400 wet winding motor main pump has been developed



Gas Turbine

Ultra-low heating value gas turbine made the first breakthrough

- Broke the monopoly of foreign enterprises in the domestic market

Coal-fired Power Generation

Coal consumption for power supply hits a new high

- The coal consumption for power generation of Pingshan power plant project is estimated to be 251g/KWh

Waste-to-energy

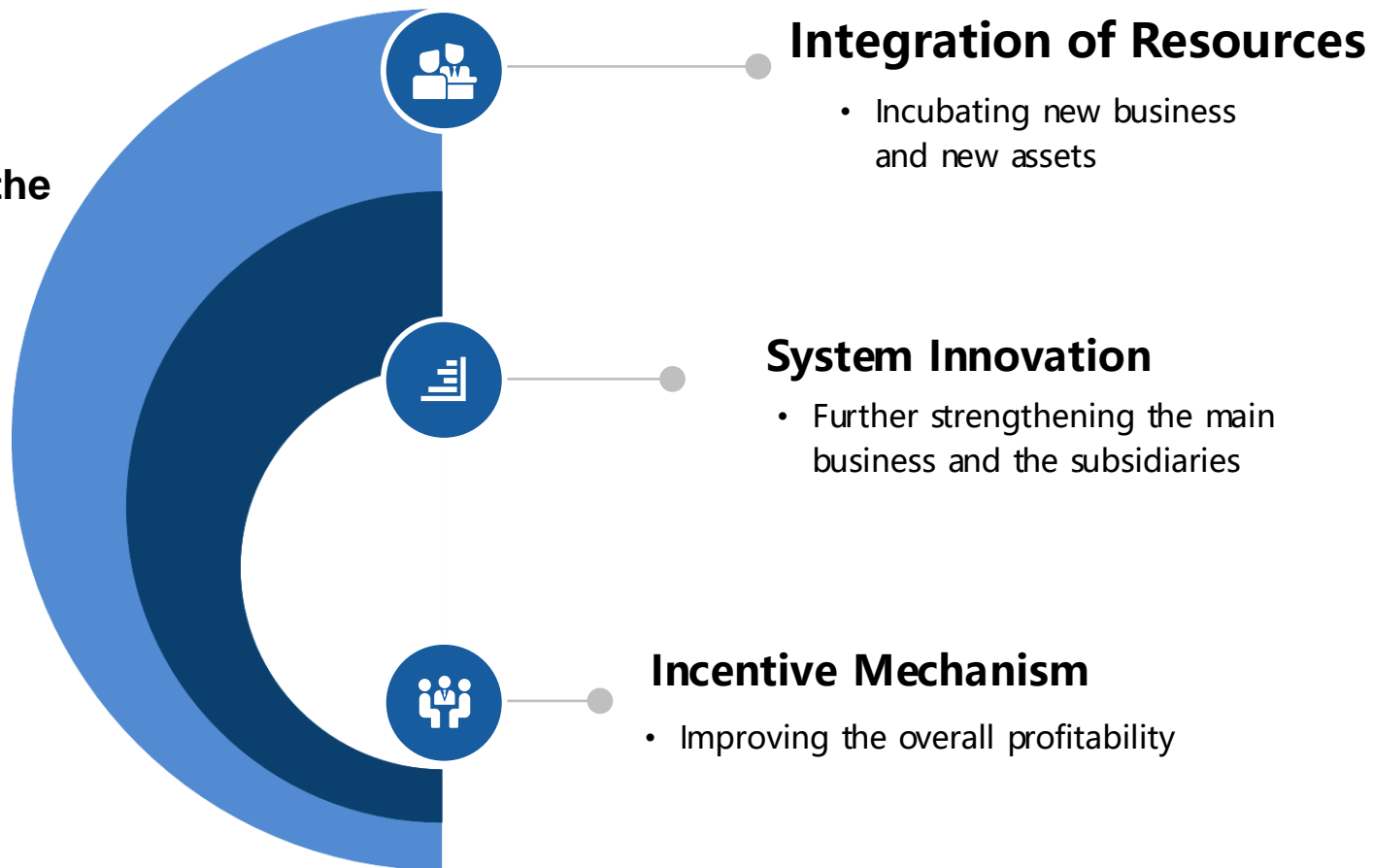
The world's largest waste-to-energy scale

- Shanghai Laogang waste-to-energy project has become a sample project in this field

Platform Incubation

Proposed spin-off of SEWP and listing on the Science and Technology Innovation Board

SEWP belongs to the energy equipment sector of Shanghai Electric. Its main business is the design, research and development, manufacturing and sales of wind power equipment and supporting services for the post-market. SEWP is a national clean energy backbone enterprise. It is the leading onshore wind power equipment manufacturer and the largest offshore wind power equipment manufacturer in China.



Intelligent Transformation

Xiong'an Smart City

- Compiling the framework system of intelligent infrastructure in Xiong'an
- Research and development of the first intelligent access and intelligent gateway

National Level Smart Factory

- Large scale turbine generators intelligent factory
- The first batch of demonstration projects on intelligent manufacturing by Ministry of Industry and Information Technology of the People's Republic of China

New Countryside Smart Micro-grid

- Micro-grid integrated with "wind and solar power generation, energy storage and EV charging"
- Advanced energy storage battery, surplus electricity to grid

Yancheng Intelligent Energy Big Data Platform

- Realizing intelligent management of the entire energy chain
- Providing multi-directional data access and support of planning, construction and operation for various energy projects

Smart Elevator and Interactive System

- "Smart Eye" monitoring system preventing accidents
- Taking elevator through the face recognition terminal

"Fengyun" Intelligent Operation and Maintenance

- The access of almost 200 wind power plants
- Providing markets and users with full life cycle solutions



Industrialization Layout

Layout the Energy Storage Business

Lithium iron phosphate battery

- Investment and construction of the first sharing energy storage power station
- Deepening the supply chain of the lithium battery

All-vanadium flow battery

- Having launched MW-level all-vanadium flow battery
- Realizing distributed and centralized peak modulation and frequency modulation

Hydrogen fuel cell

- Focusing on electricity stack and membrane electrode
- Having launched 30KW fuel cell engine equipment

Decommissioned battery storage system

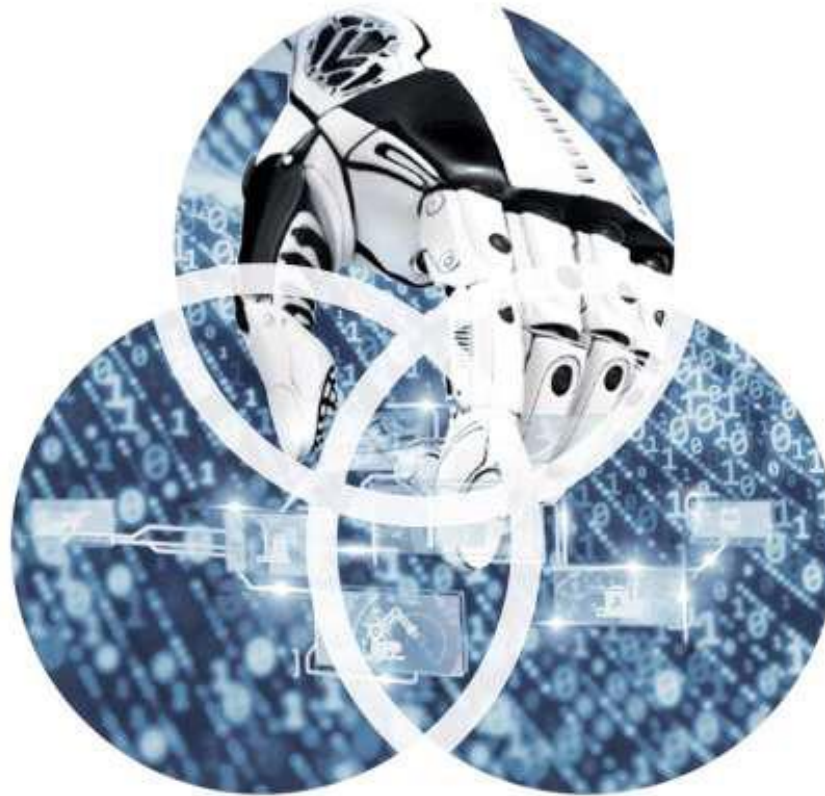
- Ranking first in the retired battery storage system
- Having completed 10 model projects

Improving the EIC system

Digital Empowerment

Smart Supply Chain Platform

- Having built up 128 purchase projects
- Reducing the purchase costs
- Stabilizing the supply chain



"SEunicloud" Industrial Internet Platform

- Having connected with nearly 100,000 main equipments
- Taking users as first to realize the industrialization of services
- Having launched "e-station connected" E-commerce platform for spare parts and components



能动全球工业 智创美好生活

Empower global industry Make life smarter

能动全球工业
Empower global industry



智创美好生活
Make life smarter

THANK YOU

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