

# 1QFY2018 RESULTS PRESENTATION

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CHINA EVERBRIGHT WATER LIMITED

May 2018

MERGE AND  
INNOVATE TO LEAD

融合创新 涓滴成河

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# Agenda

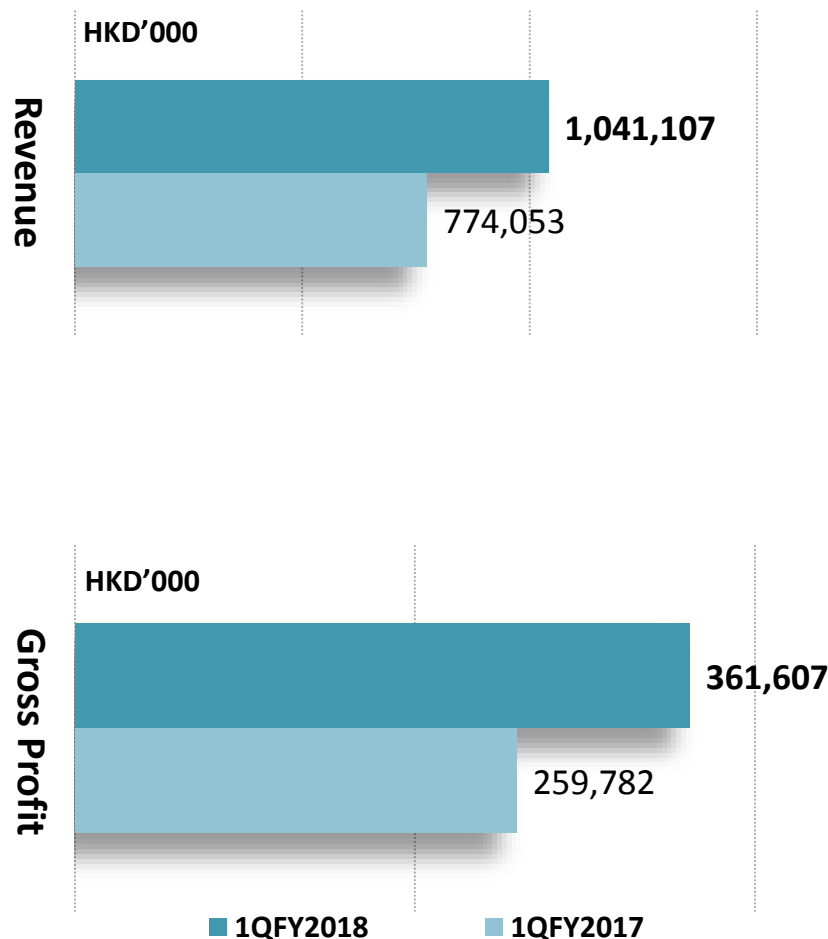
- **Financial Review**
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  - **Waste water treatment project cash flow illustration**

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# Financial Review

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## Revenue

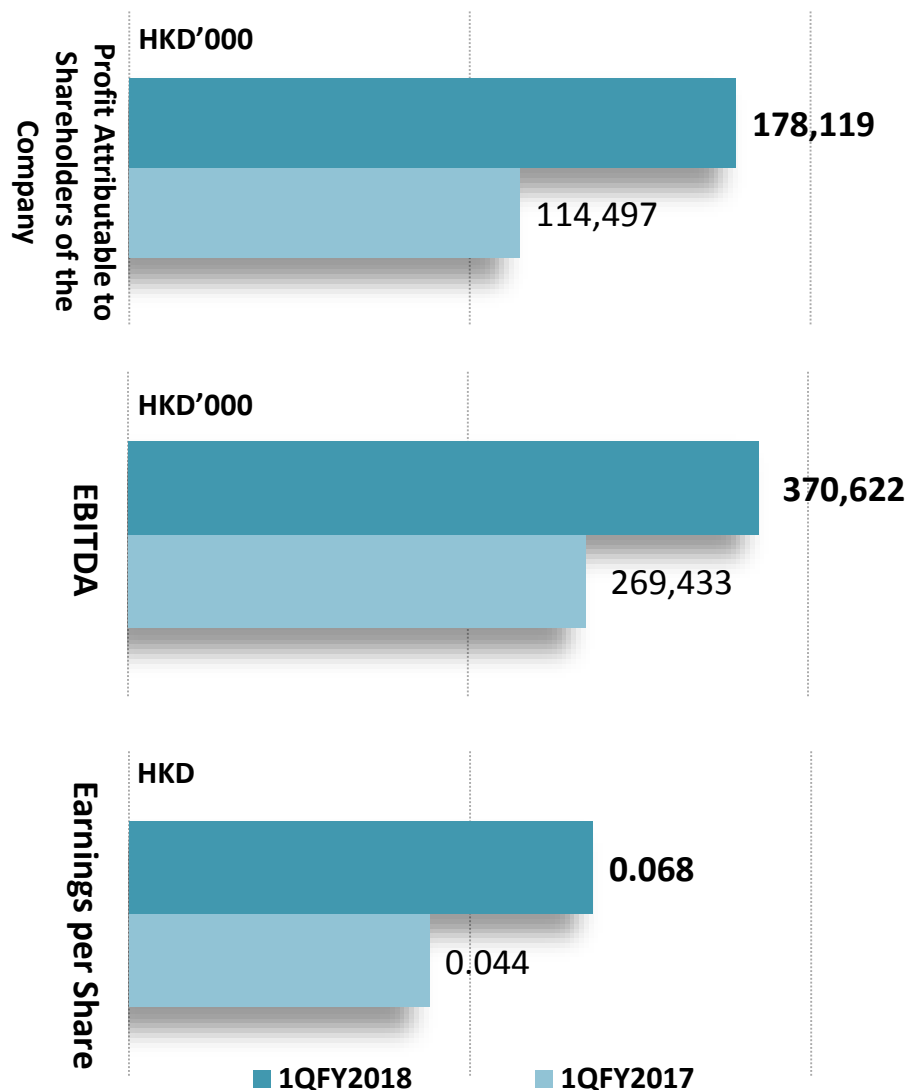
Revenue increased by 35% year-on-year (“yoy”) in 1QFY2018, mainly attributable to the increase in construction revenue, operation service income and finance income. The increase in construction revenue was mainly attributable to construction of several water environment management projects, construction of the water supply project, and the expansion and upgrading of several waste water treatment projects that were under construction. The increase in operation service income was the result of the commencement of operation of new projects and the tariff hikes for several projects effected during the remaining period of 2017 and 1QFY2018.

## Gross Profit

Gross project increased by 39% yoy in 1QFY2018, mainly attributable to the increase of gross profit for operation services. Due to tariff hikes for several projects effected during the remaining period of 2017 and 1QFY2018, the gross profit for operation services increased by 57%.



# Financial Review



## Profit Attributable to Shareholders of the Company

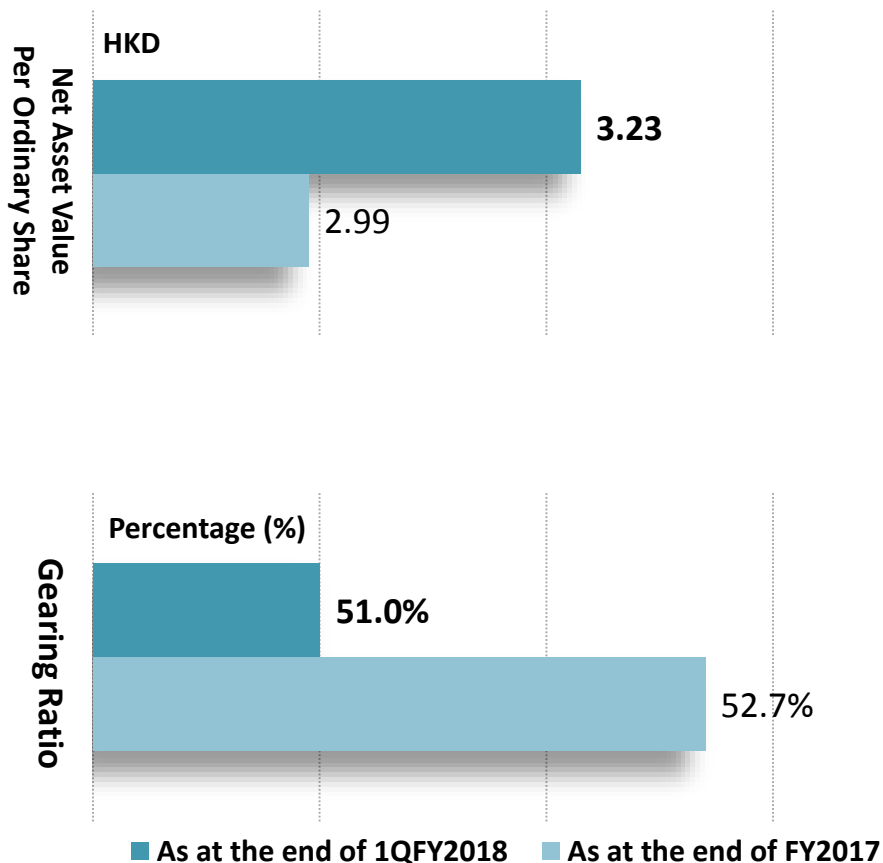
Profit attributable to shareholders of the Company rose by 56% yoy in 1QFY2018, mainly due to the substantial increase in revenue resulting from business expansion.

## EBITDA

EBITDA rose by 38% yoy in 1QFY2018, mainly due to the substantial increase in revenue resulting from business expansion.

## Earnings per Share

Earnings per share increased as profit attributable to shareholders of the Company in 1QFY2018 increased substantially.



## Net Asset Value Per Ordinary Share

Net asset value per ordinary share increased due to the increase in net assets as at the end of 1QFY2018 compared with the end of 2017.

## Gearing Ratio (total asset/total liability)

Gearing ratio declined slightly at the end of 1QFY2018 compared with the end of 2017, indicating the Company's reasonable debt level and healthy financial position.

# Business Review

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## Smooth Progress in Business Expansion



**Securing Shandong Dezhou Ling County  
Waste Water Treatment Project Plant 2  
Upgrading**

- Total investment of approximately RMB32.7 million.
- Designed daily water treatment capacity of 30,000 m<sup>3</sup>.
- The project will provide industrial and municipal waste water treatment services within Lingcheng Economic Development Zone in Dezhou City of Shandong Province. By deploying more stringent water treatment technology and technique, the project will be able to further stabilise the quality of the discharged water.



**Implementing multiple sub-projects under  
Shandong Ji'nan Zhangqiu Urban-Rural  
Integration Water Supply Project**

- The sub-projects command a total investment of approximately RMB1.522 billion, accounting for about 50% of the total investment in the whole project.
- The sub-projects include: Zhangqiu Yellow River Water Transfer and Water Resource Replenishment Project (daily processing capacity of 100,000 m<sup>3</sup>), Zhangqiu Baiyun Water Plant Water Supply Project Phase I (daily water supply capacity of 100,000 m<sup>3</sup>), and Zhangqiu Chengdong Industrial Water Supply Project.

## Incorporation of a Germany-based Joint Venture



In 1QFY2018, the Company's wholly-owned subsidiary, Joyer International Limited, established a joint-venture company known as E+B Umwelttechnik GmbH in Germany, with RBH Reinhold Brenner Holding GmbH, an environmental protection company in Germany.



The Company holds an 80% equity stake in the joint-venture company through Joyer International Limited.



RBH Reinhold Brenner Holding GmbH has a number of key water technologies and a strong background in water industry.



The joint-venture company focuses on: R&D, engineering services, technology transfer, and equipment sale, procurement, installation and commissioning in areas related to water business; acting as an engineering, procurement, and construction contractor for environmental projects; and business expansion in the area of environmental services.



The joint-venture company will serve as a key "technology R&D, application and commercialisation" platform, and facilitate the Company to create its overseas business channels, and promote the Company's core technologies globally.

## Notable Results in Operations Management

**Waste water treatment projects effected tariff hikes upon regulatory approval**

**Jiangsu Lianyungang Dapu Waste Water Treatment Project**

- Tariff hike by approximately 13%
- Effective date: 1 January 2018

**Jiangsu Lianyungang Xugou Waste Water Treatment Project**

- Tariff hike by approximately 13%
- Effective date: 1 January 2018



## Smooth Progress in Construction Works



### **Construction works commenced at Zhangqiu Yellow River Water Transfer and Water Resource Replenishment Project under Shandong Ji'nan Zhangqiu Urban-Rural Integration Water Supply Project**

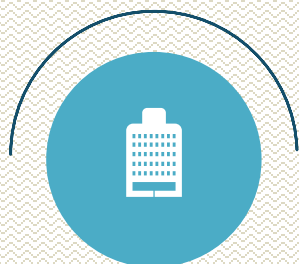
- The sub-project is invested in and constructed based on a BOT (Build-Operation-Transfer) model, with an investment of approximately RMB392 million.
- The construction works include: development of 22 kilometers of water pipeline and two water supply plants with a combined designed daily processing capacity of 100,000 m<sup>3</sup>.

### **Construction works commenced at Shandong Dezhou Lingcheng Waste Water Pipeline Network PPP Project**

- The project is invested in and constructed based on a BOT model, with an investment of approximately RMB70 million.
- The construction works include: development of waste water pipeline network of approximately 28 kilometers and two waste water lift pump stations, as well as the upgrading of an existing waste water lift pump station.

## Continued Enhancement of Business Strength

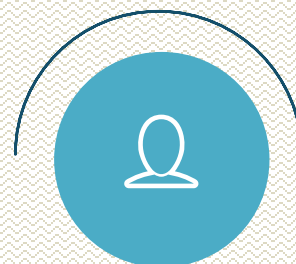
(As at 31 March 2018)



### Secured 95 projects

- 78 municipal waste water treatment projects  
(including 1 waste water pipeline network project)
- 3 industrial waste water treatment projects
- 4 water environment management projects
  - 1 water supply project
  - 5 reusable water projects
- 2 waste water source heat pump projects
- 2 sludge treatment and disposal projects

Water treatment  
capacity exceeded  
5 million m<sup>3</sup>/day



### Business footprint across 9 provinces, municipalities and autonomous regions

Projects located across 9 provinces, municipalities and autonomous regions including Shandong, Jiangsu, Beijing, Shaanxi, Liaoning, Inner Mongolia, Henan, Hubei, Guangxi, covering 40 locations.

Total project investment  
amounted to  
approximately  
RMB16.7 billion





# Subsequent Event

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# Subsequent Event

## Securing Liaoning Dalian Pulandian Waste Water Treatment Project Phase II

- Total investment of approximately RMB82 million.
- Designed daily water treatment capacity of 30,000 m<sup>3</sup>.
- The project is responsible of processing municipal waste water and a small amount of industrial waste water within the Pulandian District.
- It will adopt the AAO (Anaerobic-Anoxic-Oxic) process plus advanced treatment techniques for waste water treatment. Discharged water after treatment will comply with the national Grade 1A standard.



# Business Outlook

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## Development Driven by R&D Innovation

-  The Company will continue to boost its technology R&D capability and build up its core technology competitiveness through various methods, including R&D and M&As.
-  The Company will explore asset-light development approach through R&D innovation, planning and design, among others.
-  The Company will adhere to the industrial-academic research collaboration model to encourage commercialisation of research results.
-  The Company will improve the strength of its R&D team through its talent strategy, including internal talent development and recruitment.
-  The Company's research will focus on water-related topics to cover areas, such as water environment management, integrated utilisation of water resource, and comprehensive protection of water ecology.





## Solidifying Existing Business and Exploring New Areas for Diversified Growth



The Company will continue to solidify its existing business and market positions to achieve steady growth in scale.



The Company will proactively explore markets at home and abroad by following China's national strategies, such as the development of the Yangtze River Economic Belt and the "Belt and Road" Initiative.



The Company will closely follow industrial policies and market demands to explore new business models, with an aim to improve its business diversification and sustainability.



The Company will explore synergies among different business segments and markets, in order to boost the overall business strength, market penetration and advantage in scale.



The Company will continue to enhance the environmental, safety, health and social responsibility (ESHS) management system and risk management system.



The Company will implement the “Intelligent Water” information management system and enhance its corporate management proficiency through intelligent and information systems.



The Company will carry out project construction in a safe, legal and orderly manner; it will also build up experiences in management and engineering construction for new types of projects.



The Company will ensure the safe operation and compliance discharge; it will also ensure the overall operation proficiency and efficiency through proper management methods.





The Company will continue to diversify its investment and financing models, including pursuing further issuance of RMB-denominated bonds, exploring the issuance of asset-based securities, and other channels.



The Company will continue to strengthen the traditional financing channels, such as credit facilities from commercial banks and policy banks.



The Company will continue to optimise its funding structure at home and abroad to avoid foreign exchange risks.



The Company will roll out a complete planning and proper allocation to improve efficient and effective use of funds.

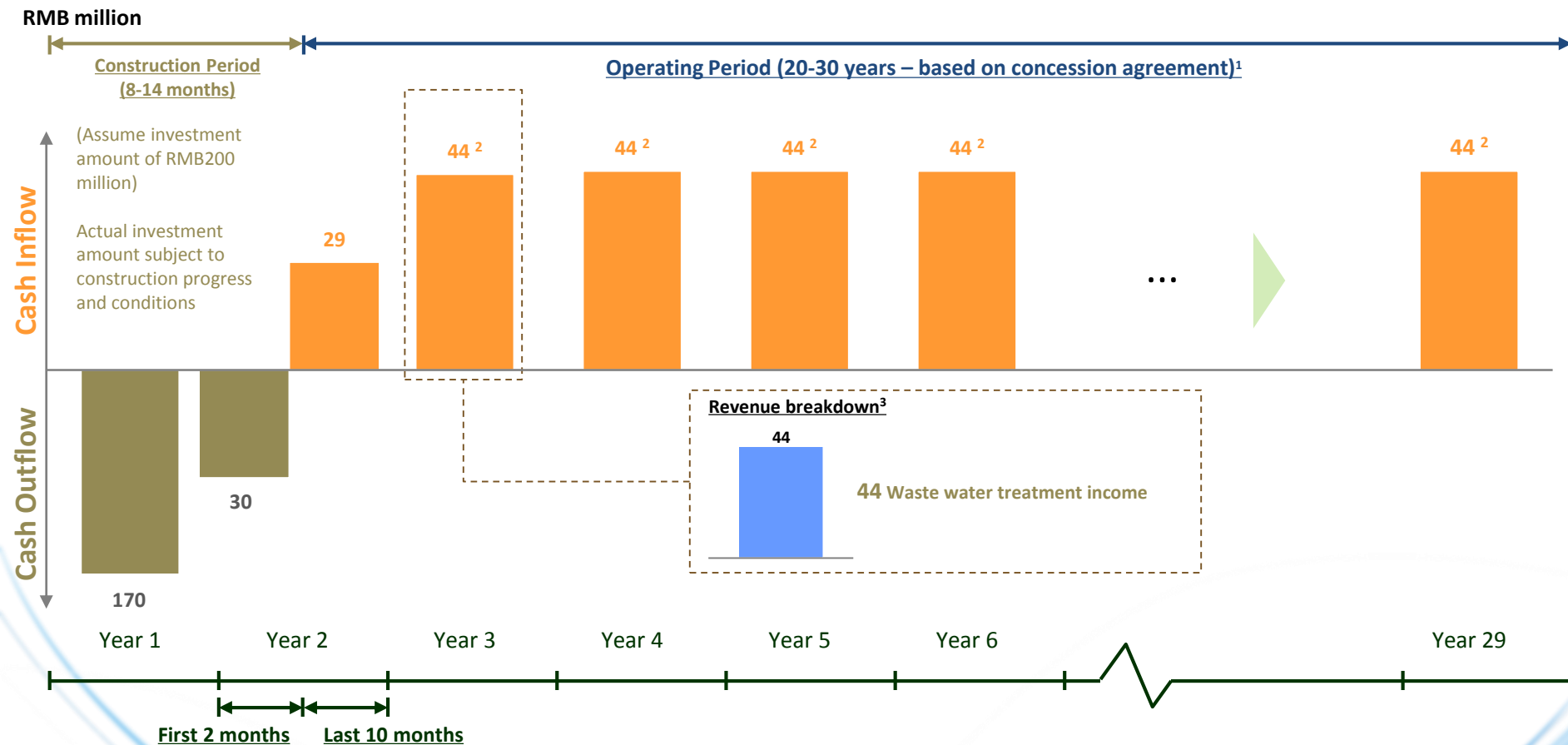
## Funding Innovation and Financial Optimisation



# Appendix

# Waste Water Treatment Project

## Cash Flow Illustration (for reference only)



Capex is typically funded by project financing (2/3) and equity capital (1/3), while the loans are typically long-term (8-12 years) loans.

<sup>1</sup> Operating cash flows indicated above do not take into account operating costs, expenses and taxes.

<sup>2</sup> Waste water treatment fee may be adjusted in accordance with changes in the consumer price index levels.

<sup>3</sup> Assumptions: Daily waste water treatment capacity is 100,000 m<sup>3</sup>; water discharge complies with the national Grade 1A standard; and waste water treatment fee is RMB1.2/m<sup>3</sup>.

# THANK YOU !

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