



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

2016 Annual Results Presentation

March 2017

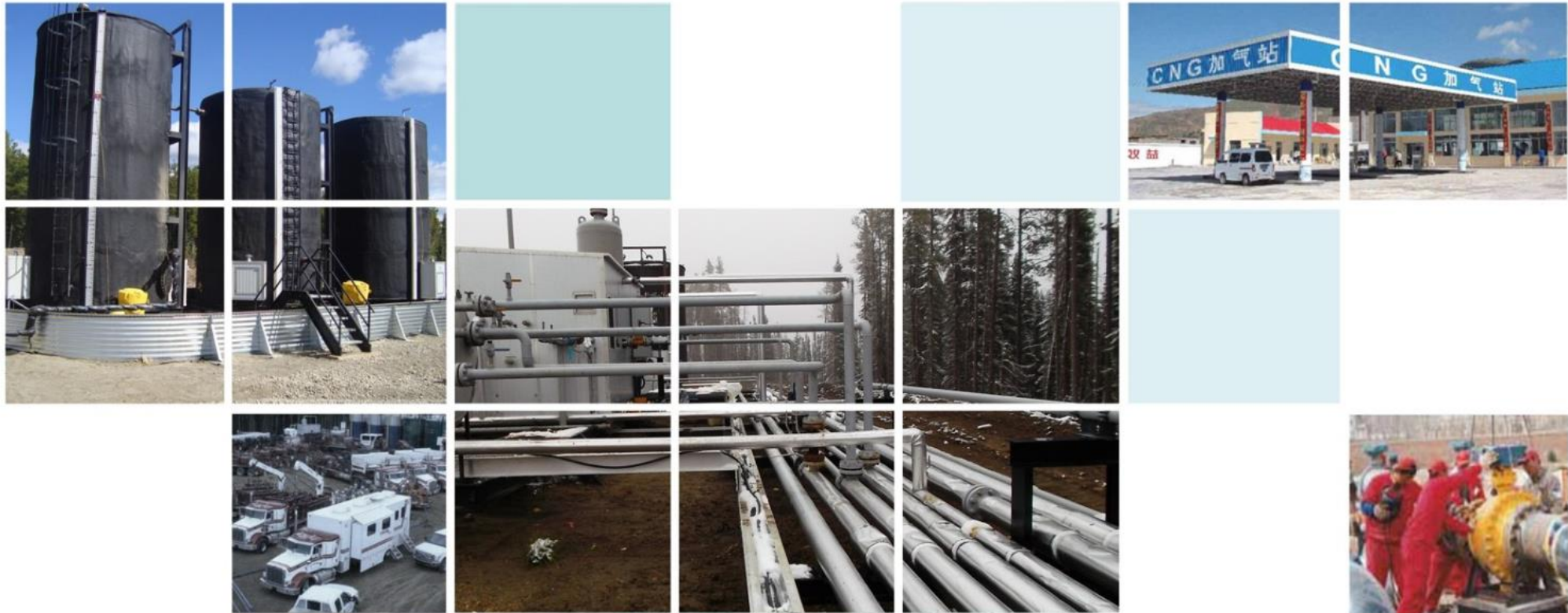


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Financial Highlights



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<i>(HK\$ million)</i>	FY2016	FY2015
Revenue	6,446	7,374
Gross Profit	1,128	1,036
Gross Profit Margin	18%	14%
Profit for the Year	658	29
Profit/(Loss) Attributable to Owners of the Company	312	(184)
Earnings per Share <i>(HK cents)</i>	5.98	(3.61)
EBITDA	1,336	1,141
Dividend per Share <i>(HK cents)</i>	0.50	-

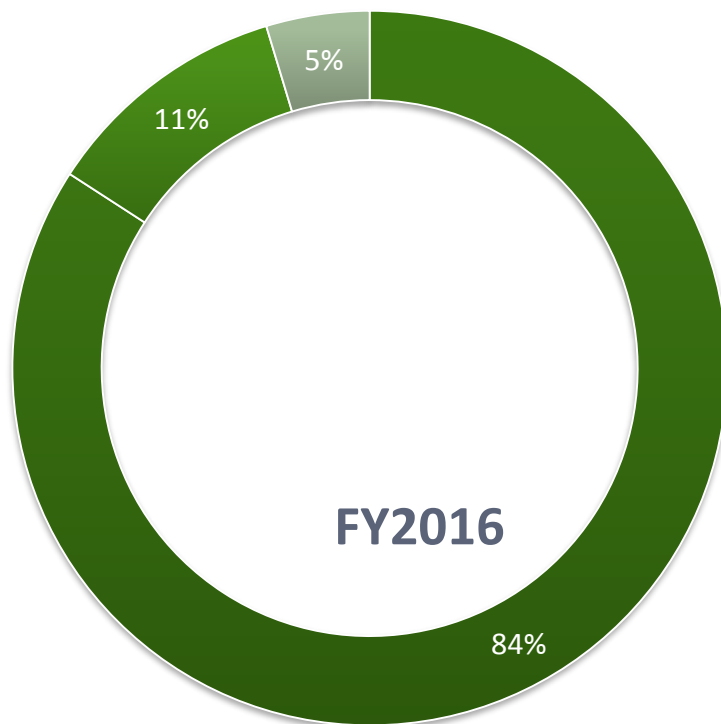
<i>(HK\$ million)</i>	FY2016	FY2015
Net Assets	5,251	5,200

Financial Performance



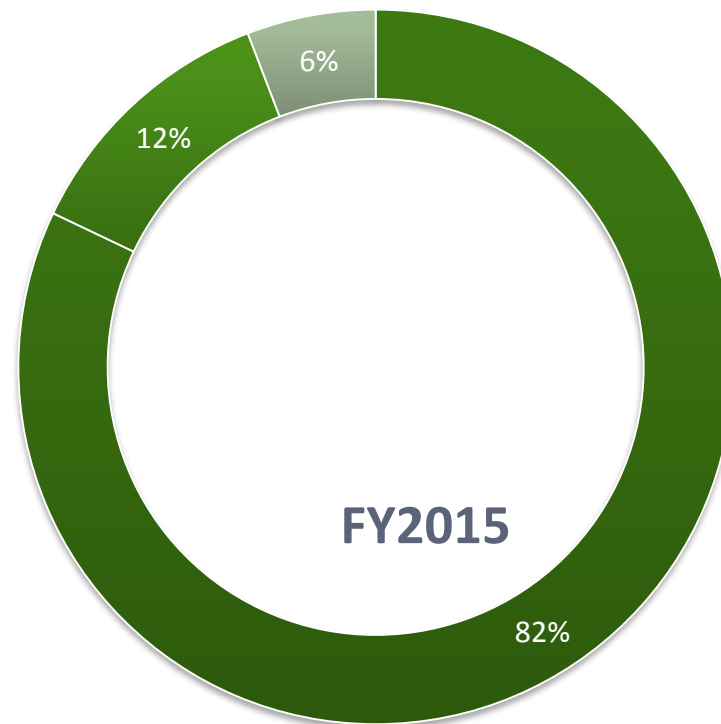
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Revenue Breakdown by Segment



■ 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

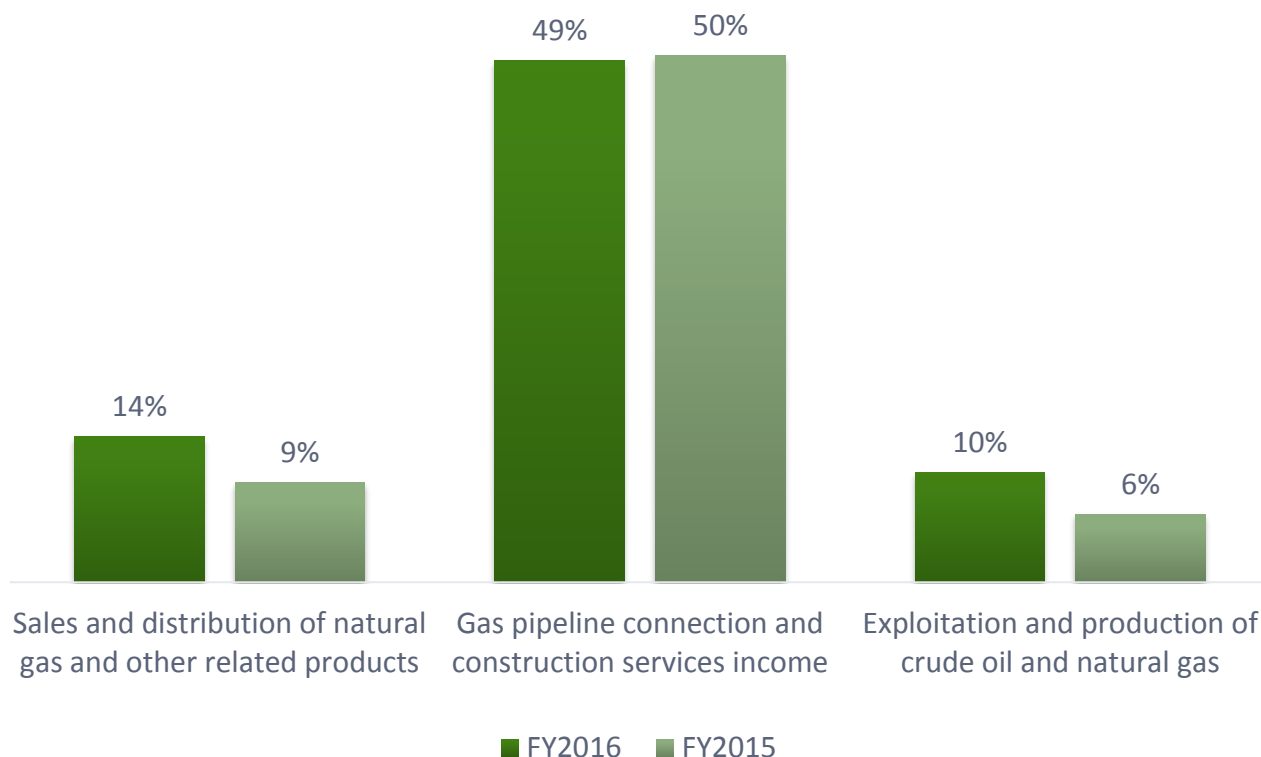
Financial Performance



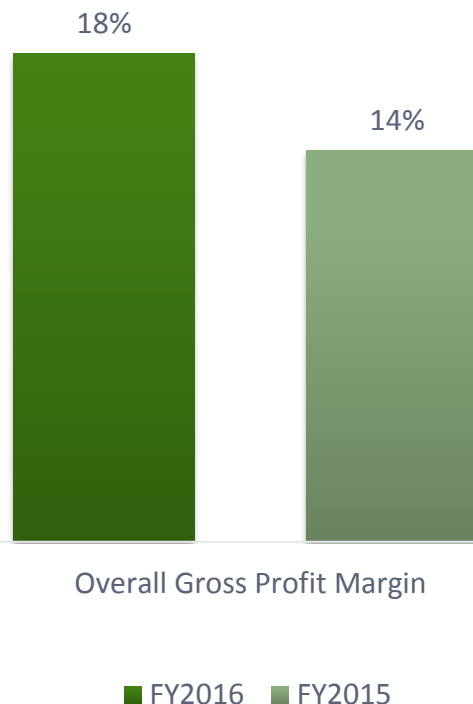
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GP Margin

GP Margin – by Segment



Overall Gross Profit Margin

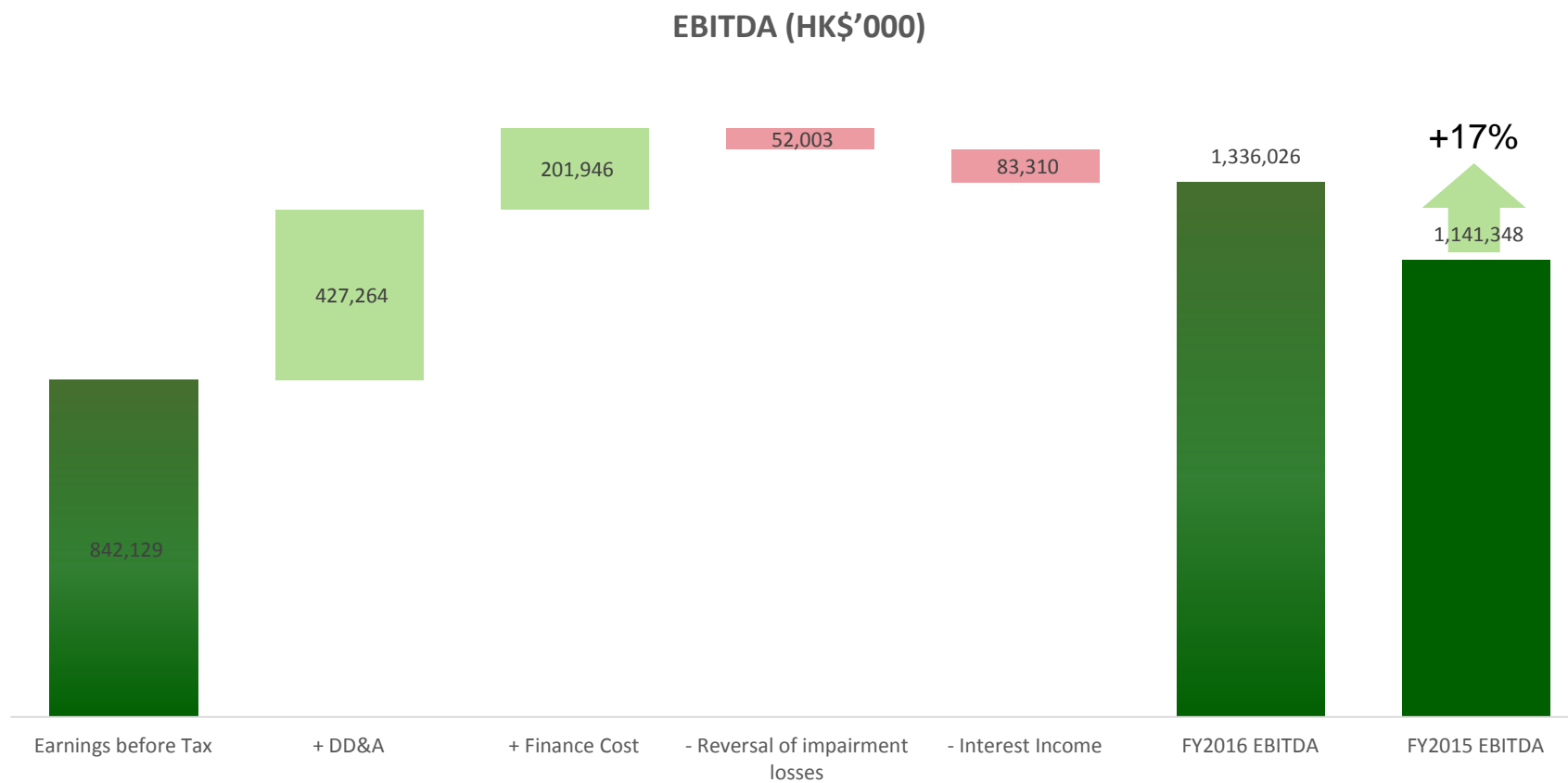


Financial Performance



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EBITDA



Financial Performance

Other Key Financial Data

<i>(HK\$ million)</i>	FY2016	FY2015
Cash & Cash Equivalents	1,859	2,520
Total Debt	5,367	5,965

<i>(HK\$ million)</i>	FY2016	FY2015
Cash Flow from Operating Activities	1,290	856
Capex	842	1,342
Interest Expense, Net of Capitalization	202	231

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Natural Gas Distribution Business



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Million Cubic Meter	FY2016	FY2015 (Restated)
Total Gas Sales Volume	2,769	2,540
<i>Residential Users</i>	<i>808</i>	<i>669</i>
<i>Industrial and Commercial Users</i>	<i>1,599</i>	<i>1,505</i>
<i>Gas Stations</i>	<i>362</i>	<i>366</i>
Transmission Volume to Third Party (Million m³)	340	427
Total Transportation Volume to Third Party (Million m³)	11	51
Other Key Operation Data	FY2016	FY2015
Blended Average Selling Price (RMB/m³)	1.63	1.82
<i>Residential</i>	<i>1.30</i>	<i>1.33</i>
<i>Industrial and Commercial Users</i>	<i>1.72</i>	<i>1.92</i>
<i>Gas Stations</i>	<i>1.97</i>	<i>2.23</i>
Blended Average Purchase Price (RMB/m³)	1.26	1.51
Blended Dollar Margin (RMB/m³)	0.37	0.31
DM to ASP Ratio	23%	17%
Average Transmission to Third Party Price (RMB/m³)	0.085	0.051
Average Residential Connection Fee (RMB/household)	2,828	2,800

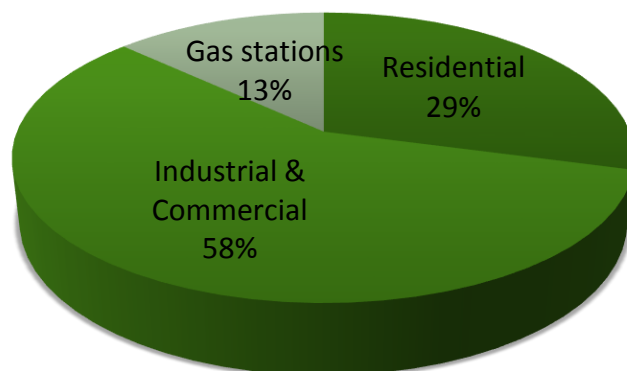
Natural Gas – Volume Breakdown



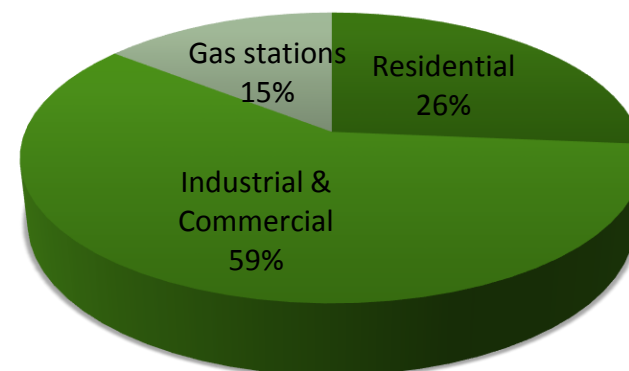
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Sales Volume Breakdown by Customer

FY2016

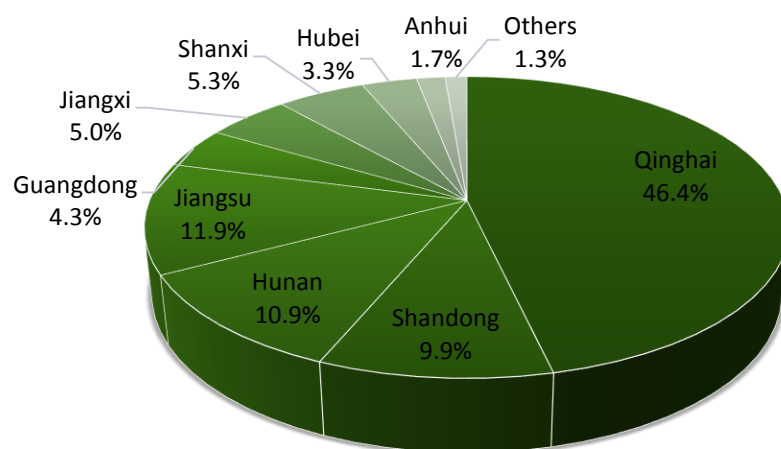


FY2015 (Restated)

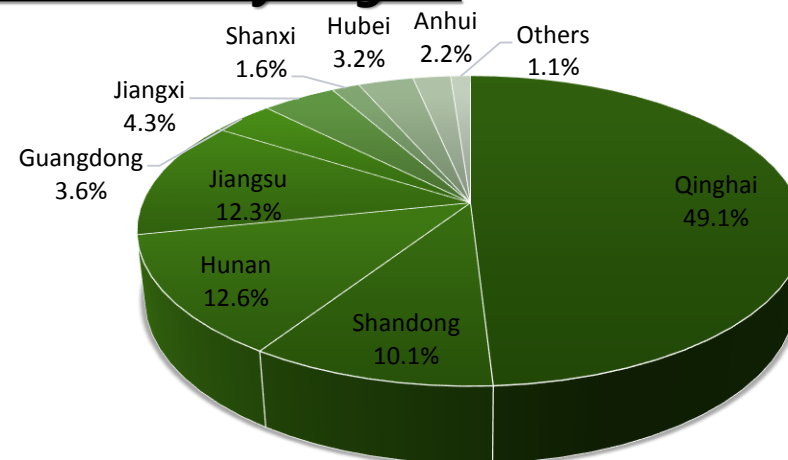


Sales Volume Breakdown by Region

FY2016



FY2015(Restated)



Natural Gas – *End-user Connections*



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The Company recorded stable growth in end-user base in FY2016. The Company connected 157,017 new residential users and 934 new industrial and commercial users in 2016. 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 December 31, 2016

**RESIDENTIAL
USERS**



Totaled
1,108,397

**INDUSTRIAL &
COMMERCIAL
USERS**



Totaled
9,269

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 2016:
 - Jiangsu Wulie Area;
 - Gansu Zhangye Economy Development Zone;
 - Hubei Xiantao Sanfutan Town;
 - Jiangsu Huai'an Songji Town, Shunhe Town, Qingong Town, Jiaoling Town and Suzui Town.
- Year to date, got 1 new city gas concession right in 2017:
 - Hubei Xiaotao Zhengchang Town - synergy with existing surrounding projects and further expend natural gas business covering area and increase market share in Hubei province.
- High pressure branch pipelines totaled 1,055 KM at end of 2016.
- City network pipelines totaled 7,530 KM at end of 2016.

Operating Map



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The Company owns 71 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 7,530 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.

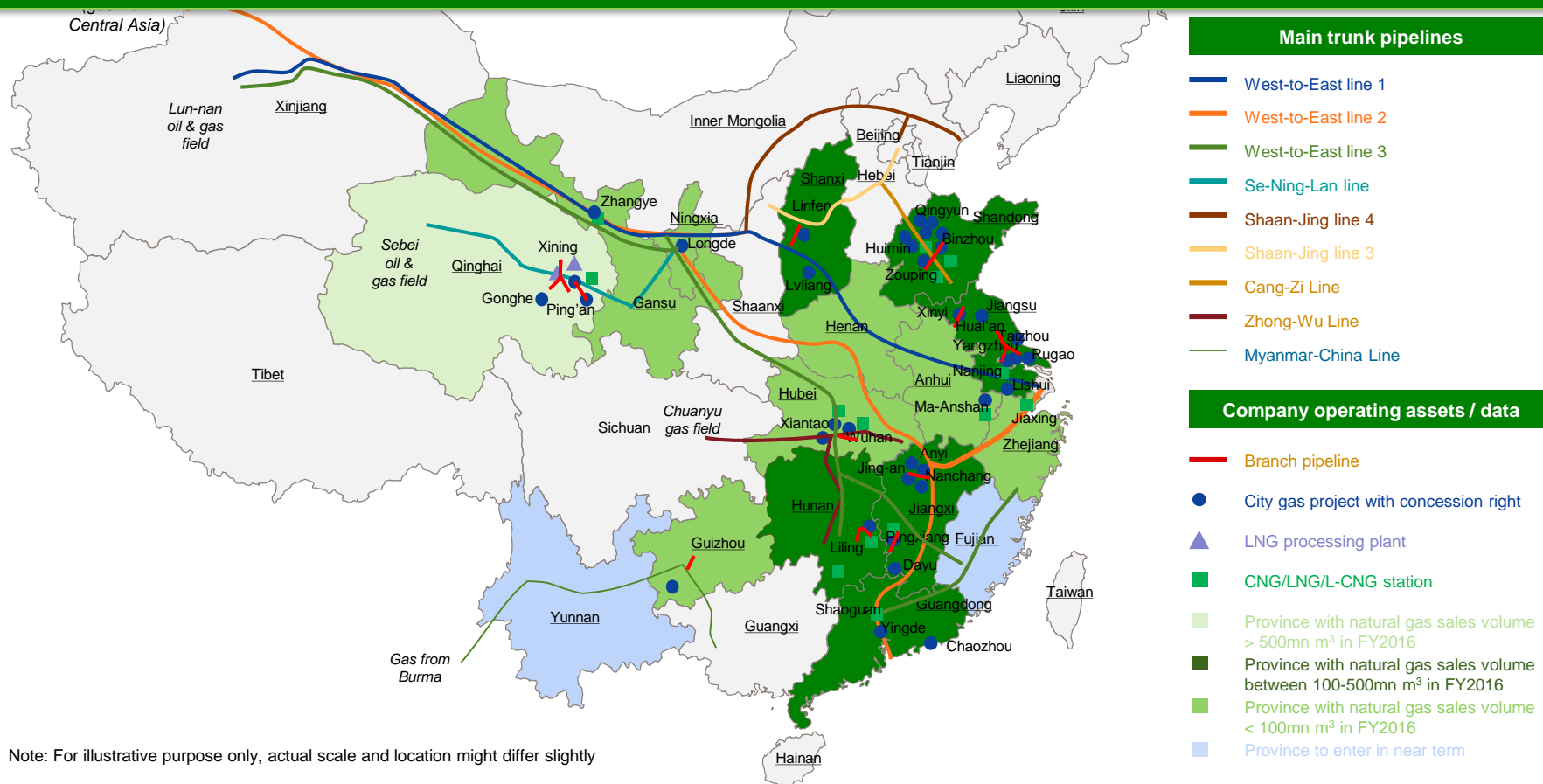


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Oil And Gas Production Business



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	FY2016	FY2015
Production (boe/d)	5,001	5,386
<i>Oil (bbls/d)</i>	<i>2,285</i>	<i>2,739</i>
<i>NGLs (bbls/d)</i>	<i>661</i>	<i>624</i>
<i>Natural Gas (mcf/d)</i>	<i>12,330</i>	<i>12,133</i>
Average Realized Oil Price per bbl (CAD)	49.98	54.01
Average WTI per bbl (USD)	43.37	48.76
Operating Netback (CAD/boe)	18.78	21.16

	FY2016	FY2015
Proved Reserve (mmboe)	22.90	20.50
Proved Plus Probable Reserve (mmboe)	33.10	30.10

Oil And Gas Production Business



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- Conservative Development Plan:

- Drilled 6 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 ~ CAD15.5 per barrel of oil equivalent

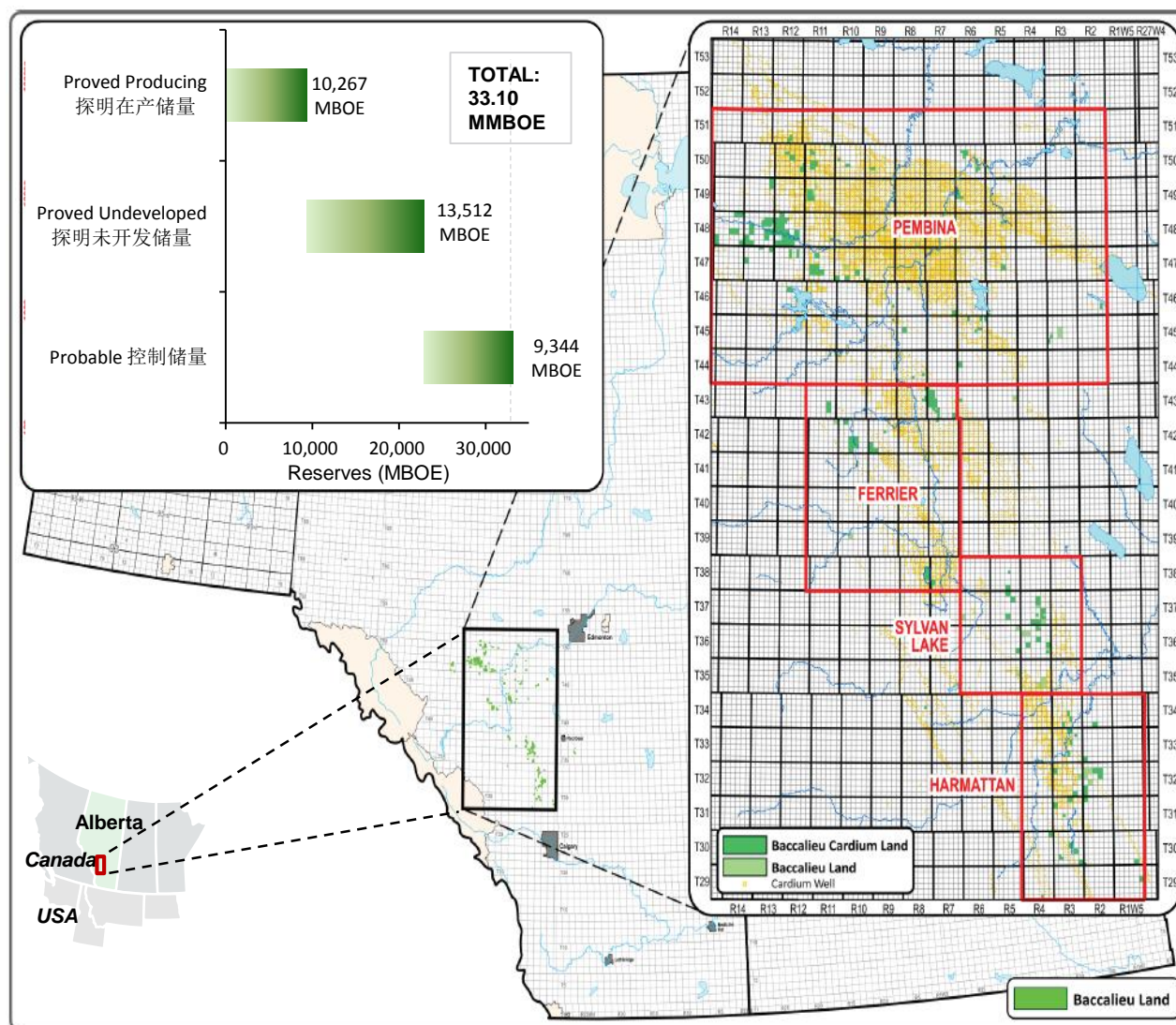


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