

2018 Interim Results Announcement

Shanghai Electric Group Company Limited

(Stock Code: 02727)



Aug 2018

Disclaimer



This presentation contains forward-looking statements. As non-factual historical statements, forward-looking statements contain statements regarding our views and expectations. In the presentation, any statement in connection with our intention, view, projection and forecast (as well as underlying assumptions) constitutes forward-looking statements. Such statements are made based on the Shanghai Electric Group Company Limited's ("SEG") management plans, estimates and forecast. 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.

Contents

01 / Interim Financial Results for 2018

02 / Operating Performance of Business Segments

03 / Overview of Business Development and Outlook

Chapter 01

Interim Financial Results for 2018

Operating results overview

	Jan.-Jun.2018 ⁽¹⁾	Jan.-Jun.2017 ⁽¹⁾ (Restated)	%Change
(RMB in million unless otherwise specified)			
Revenue	51,274	41,224	24.4%
Gross profit	8,781	8,002	9.7%
Operating profit	3,074	2,550	20.5%
EBITDA	4,708	4,239	11.1%
Net profit attributable to owners of the parent company	1,764	1,567	12.6%
Gross margin	17.1%	19.4%	-2.3 percentage points
Operating margin	6.0%	6.2%	-0.2 percentage point
EBITDA margin	9.2%	10.3%	-1.1 percentage points
Net margin attributable to owners of the parent company	3.4%	3.8%	-0.4 percentage point
ROE ⁽¹⁾	3.1%	3.2%	-0.1 percentage point
EPS (RMB cents)	11.98	11.25	6.5%

Note: (1) 1H 2018 and 1H 2017 figures are not audited
(2) ROE refers to weighted average return on equity

Balance sheet overview

	Jun 30 2018 ⁽¹⁾	Dec 31 2017 ⁽¹⁾ (Restated)	%Change
(RMB in million unless otherwise specified)			
Assets	207,273	199,346	4.0%
Current assets	150,248	144,357	4.1%
Cash and cash equivalents	31,715	33,391	-5.0%
Prepayments, deposits and other receivables	16,368	12,170	34.5%
Trade receivables	28,229	27,906	1.2%
Inventories and construction contracts	28,122	34,474	-18.4%
Contract assets	17,989	-	N/A
Non-current assets	57,025	54,989	3.7%
Liabilities	135,824	128,624	5.6%
Current liabilities	115,781	111,320	4.0%
Interest-bearing bank and other borrowings	9,280	3,224	187.8%
Trade payables	40,241	33,740	19.3%
Contract liabilities	38,182	-	N/A
Other payables and accruals	14,954	58,667	-74.5%
Non-current liabilities	20,043	17,304	15.8%
Interest-bearing bank and other borrowings	6,659	4,144	60.7%
Bonds	10,063	10,058	0.0%
Shareholders' equity	71,449	70,722	1.0%
Equity attributable to owners of the parent	56,427	55,537	1.6%
Non-controlling interests	15,022	15,185	-1.1%

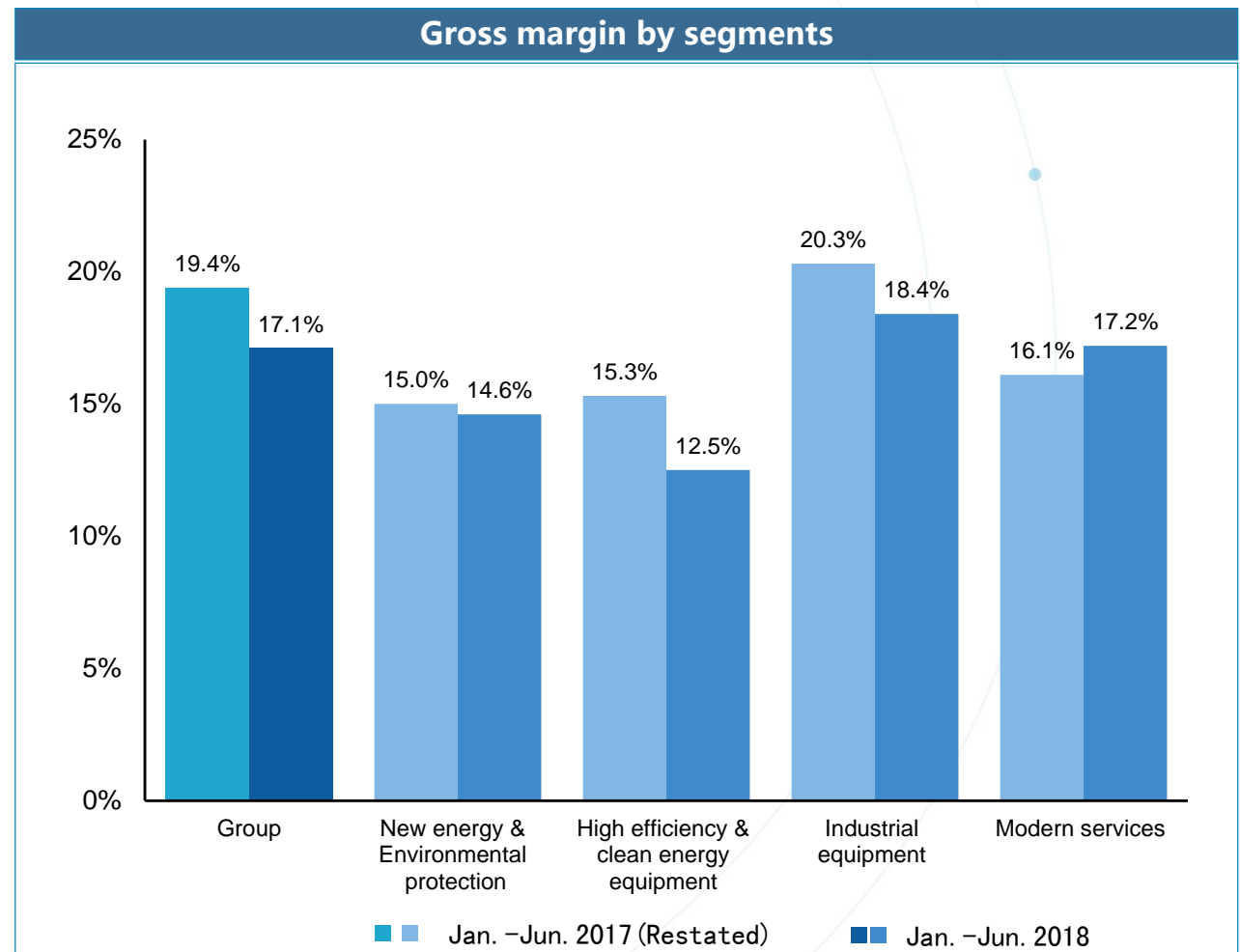
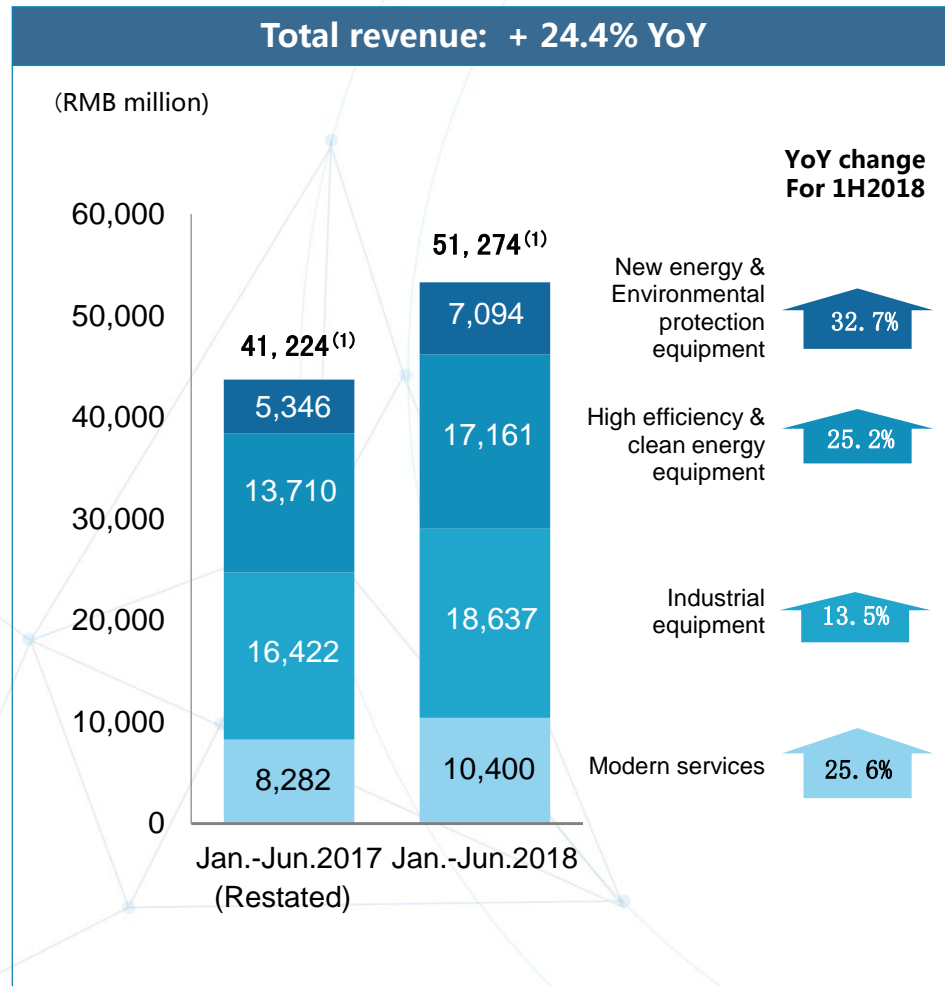
Notes: (1) 1H 2018 figures are not audited, and 2017 figures are audited

(2) Contract assets and contract liabilities are new accounts following the adoption of latest Hong Kong Financial Reporting Standards which consist of items reclassified from inventories, construction contracts, trade receivables and other non-current assets etc., as well as items reclassified from other payables and accruals

Chapter 02

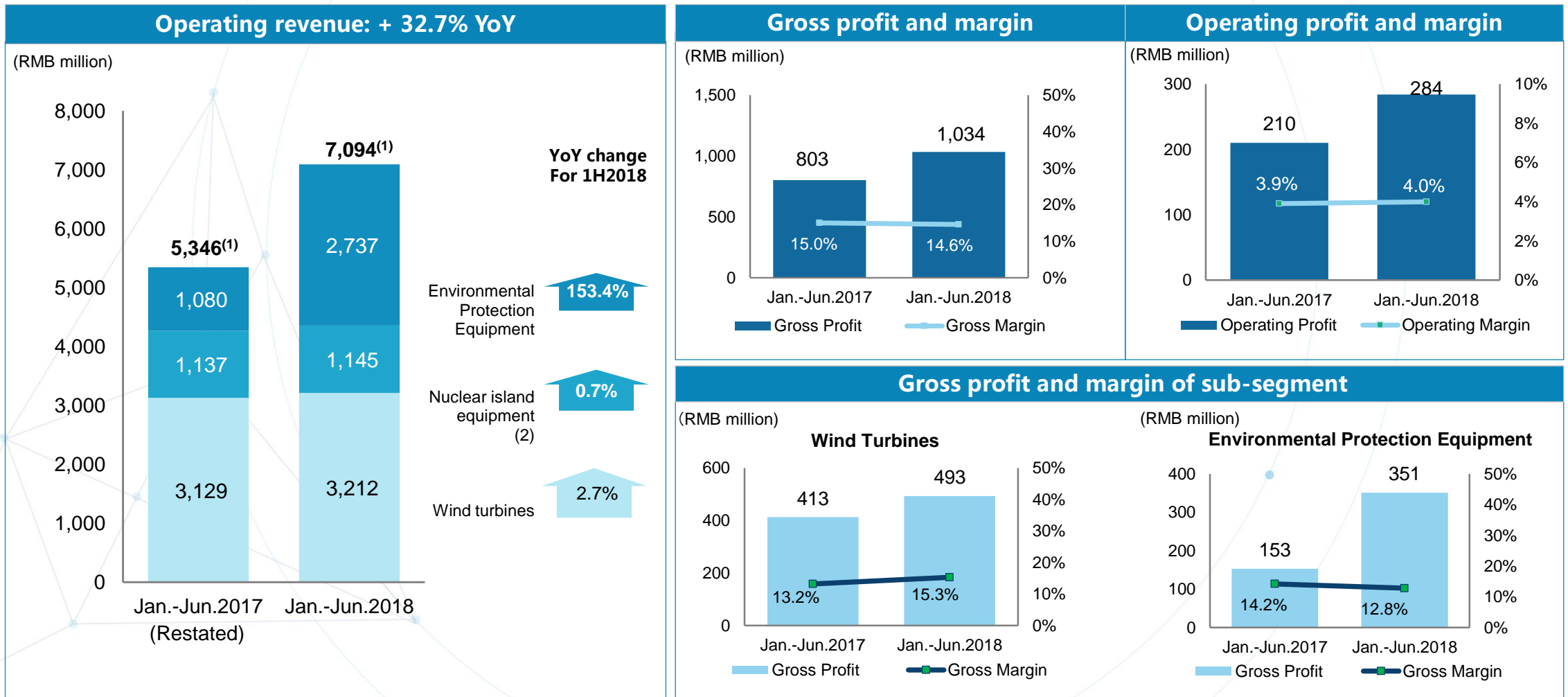
Operating Performance of Business Segments

Changes in revenue and gross margin by segments



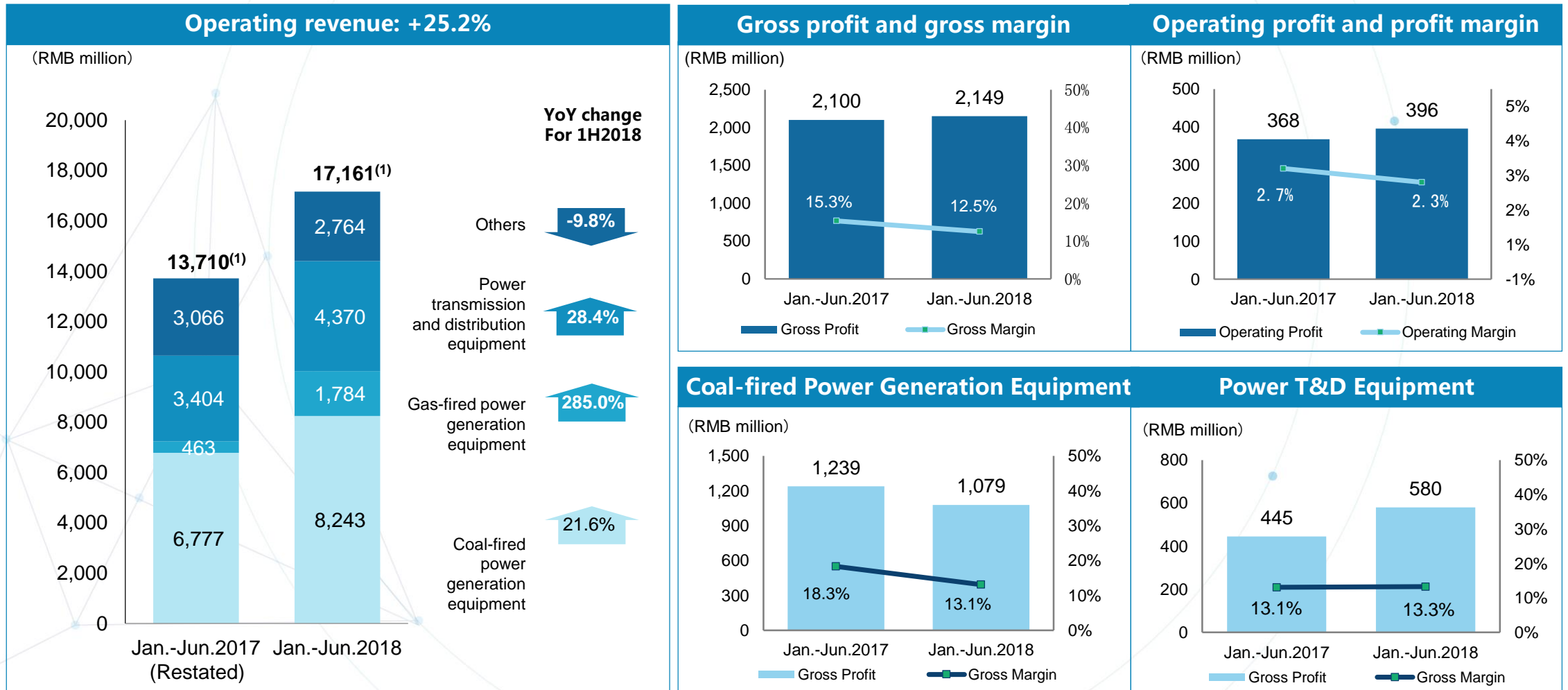
Note: (1) Total revenue is net amount after inter-segment offset and segment revenues are before inter-segment offset but after intra-segment offset

New energy & Environmental protection equipment segment



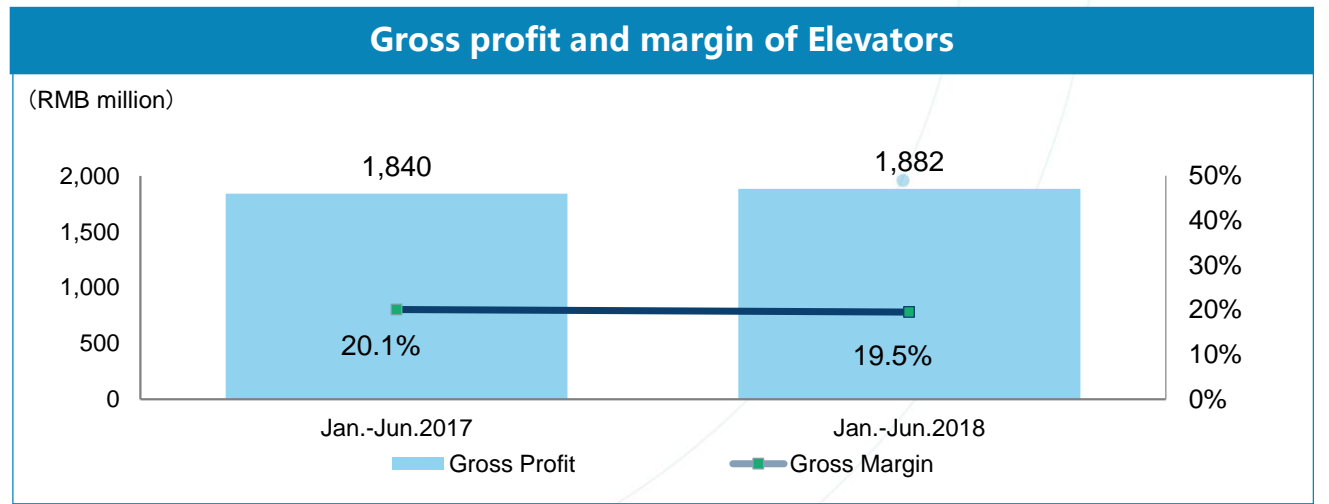
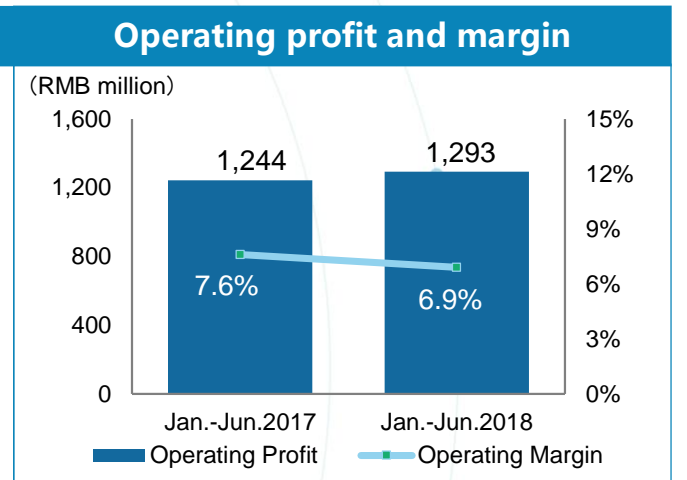
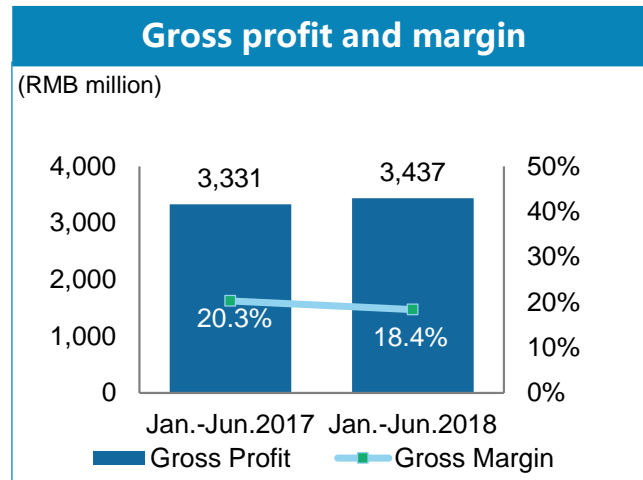
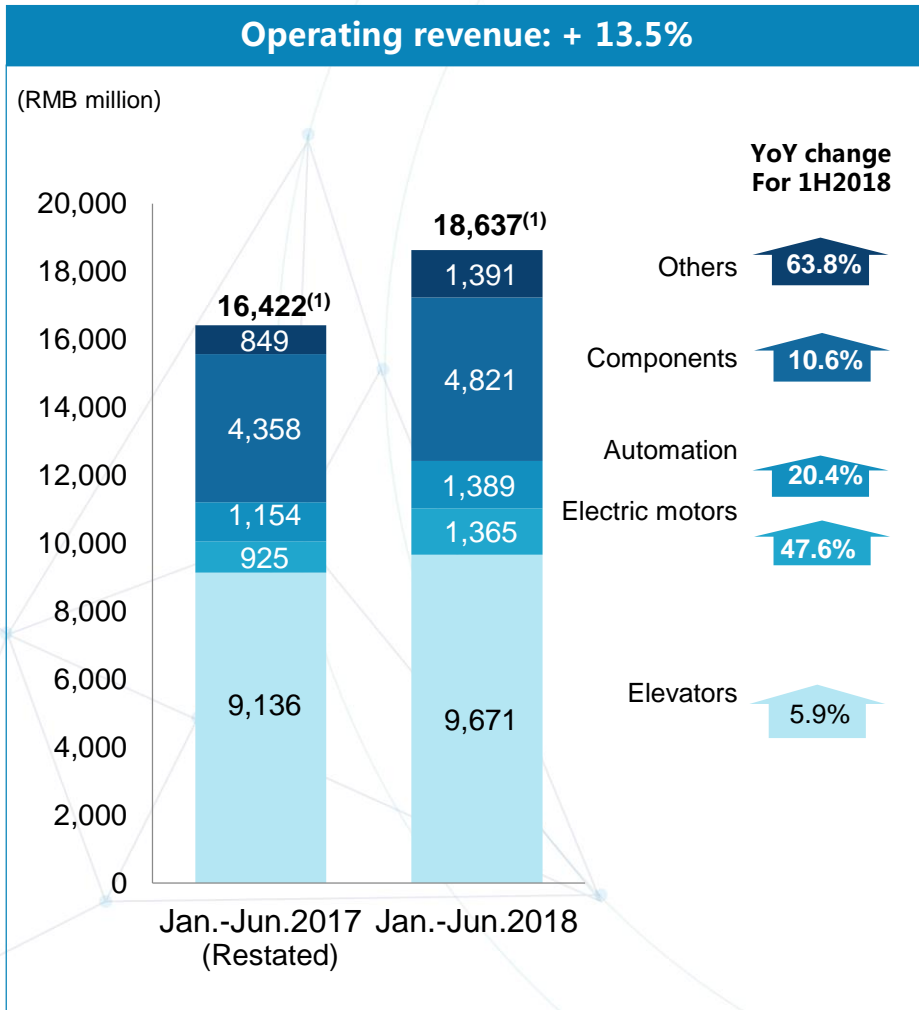
Note: (1) Individual segment revenue is stated before inter-segment offset, but after intra-segment offset.
 (2) total revenue from casting business was included.

High efficiency and clean energy equipment segment



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

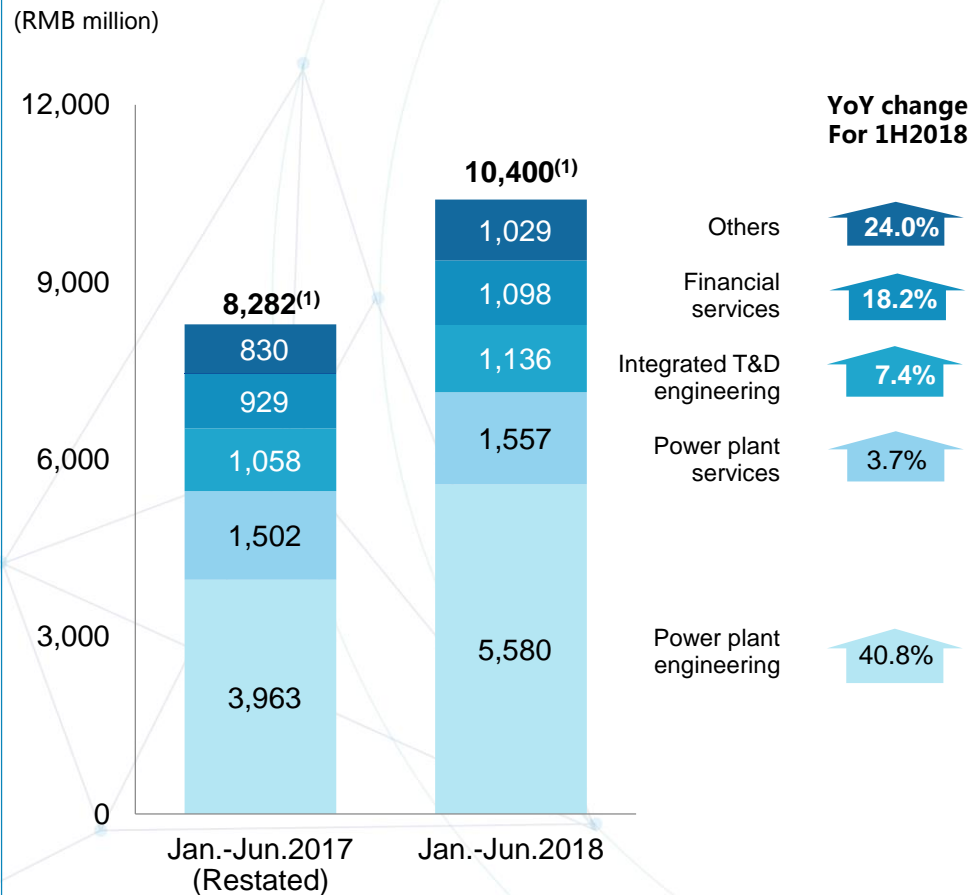
Industrial equipment segment



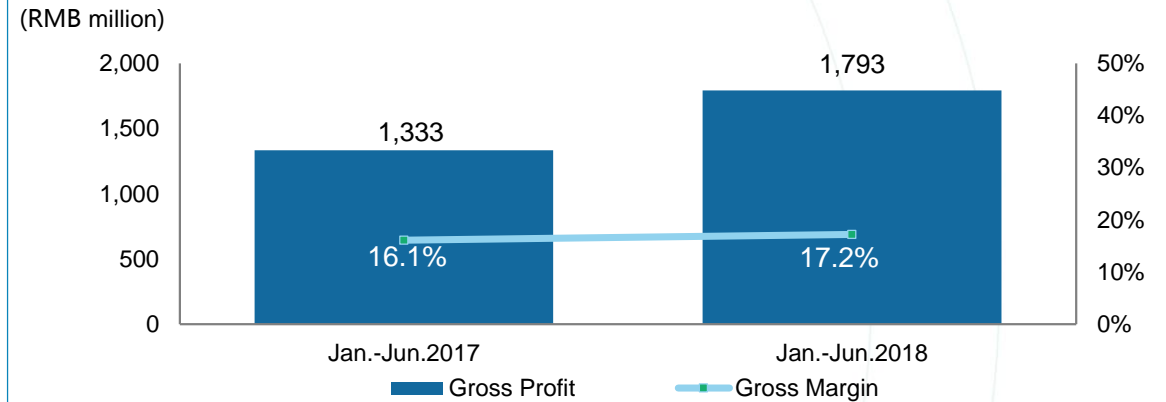
Note: (1) Individual segment revenue is stated before inter-segment adjustments, but after intra-segment adjustments

Modern services segment

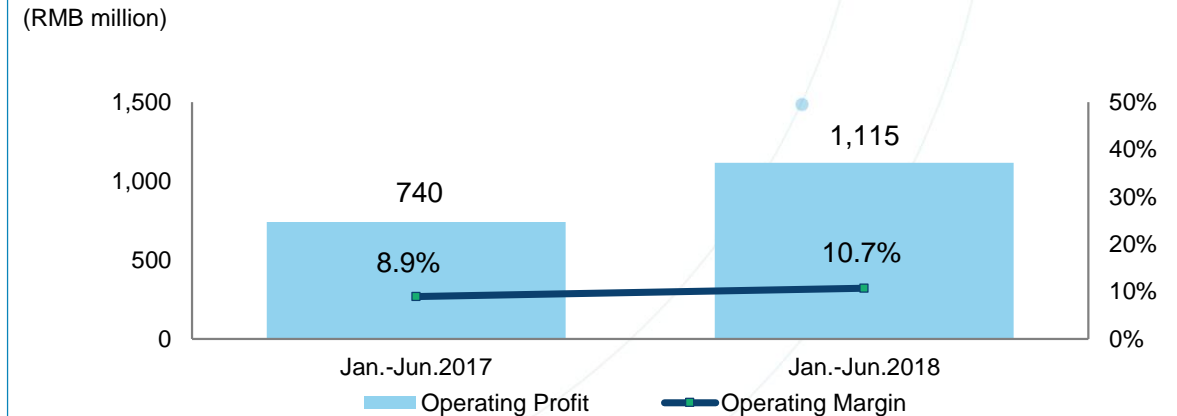
Operating revenue: 25.6% YoY



Gross profit and margin



Operating profit and margin



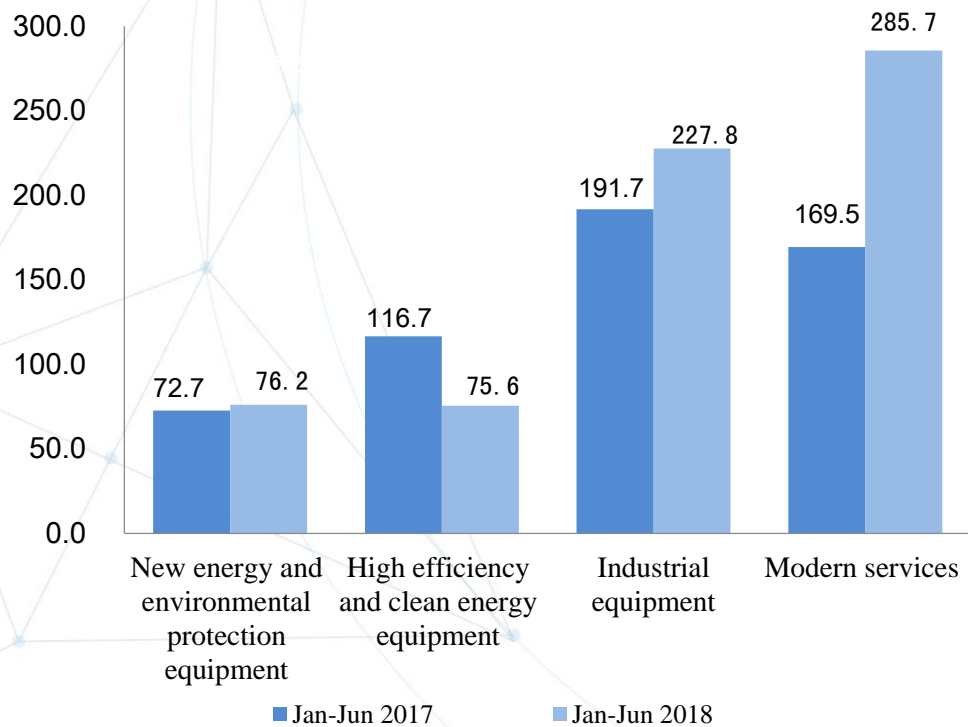
Note: (1) Individual segment revenue is stated before inter-segment adjustments, but after intra-segment adjustments

Business orders

New orders amounting to RMB66.53 billion

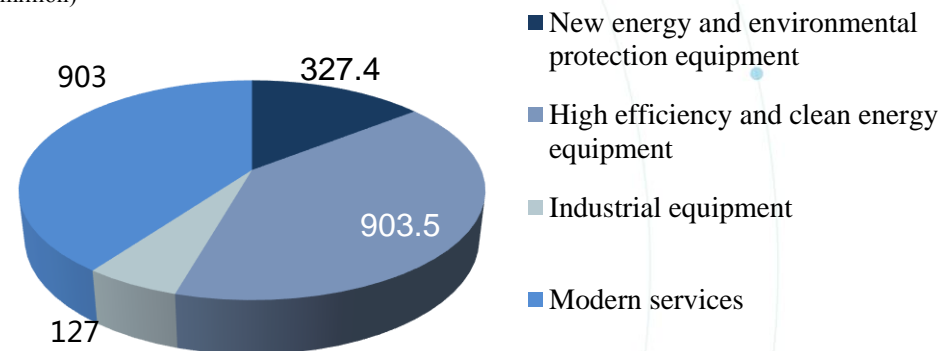
(RMB'00 million)

Comparisons on new orders



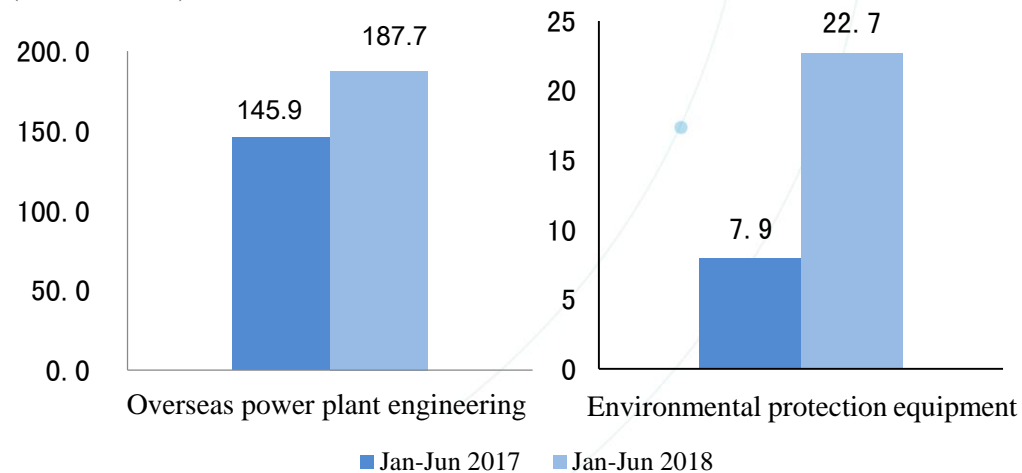
Orders on hand amounting to RMB226.09 billion (including orders of RMB104.58 billion yet to take effect)

(RMB'00 million)



Comparisons on new orders from certain businesses

(RMB'00 million)



Chapter 03

Overview of Business Development and Outlook

Innovation leader, acting as the industry bellwether

Coal-fired power

1,000 MW ultra-supercritical second reheat generation unit with highest efficiency, lowest energy consumption and least emission worldwide

Gas turbine

The only equipment manufacturing conglomerate that is capable of providing users with both equipment and a full package of repair and maintenance services in China

Nuclear power

Completed the world's first pressure vessel of Gen IV high temperature gas-cooled reactor
Stayed ahead in technologies for nuclear power products in China

Industrial bellwether

Wind power

Introduced the 8MW offshore wind turbine technology successfully
Preceded domestically in respect of newly-added installed capacity and market orders of offshore wind power

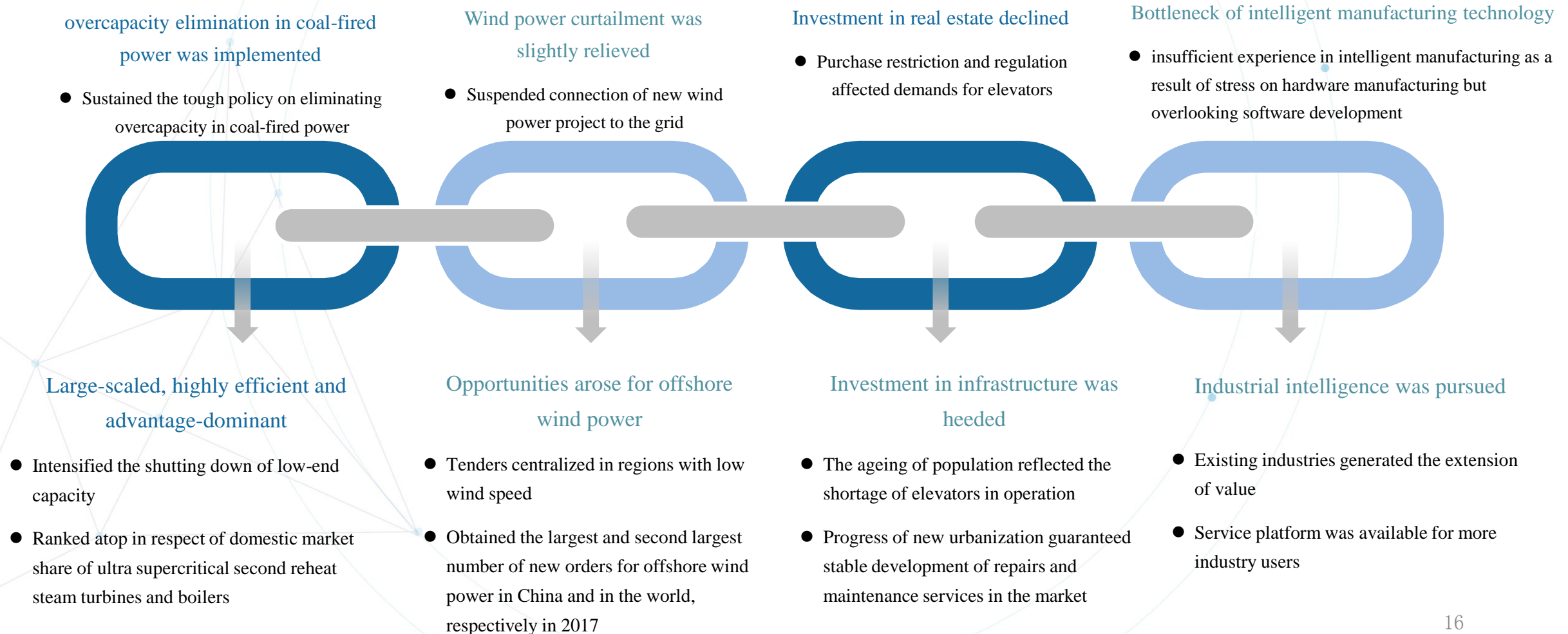
Solar-thermal power

Contracted for construction of the worldwide largest 700MW solar-thermal power project

Elevator

Ranked first as preferred suppliers among China's real estate industry for 8 consecutive years

Braving the challenges to maintain stable development



Promoting rapid development through industrial transformation

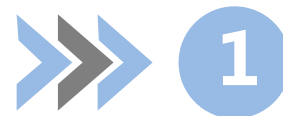
Level up industrial automation



Industrial intelligence

Whole industry-chain service

Clean energies comprising
“wind energy,
solar energy
and energy storage”



Explore clean energy new development path



Able to provide life cycle service

Accelerating the pace of “going global” to boost faster development



“Going global” in respect of market

Facilitate equipment sales “going global” through industry-finance integration



“Going global” in respect of capital

Achieved capital “going global” by consolidation of global industry chain



“Going global” in respect of production capacity

Realize production capacity “going global” by creating a new production capacity cooperation mode across the “Yangtze River Delta” or even around the world



“Going global” in respect of R&D

Accelerate R&D “going global” through integration of global innovation resources



Mechanism Innovation to stimulate driving force and vigor

Industrial group

Dedication-based salary

New industries

Market-based staffing
+ contractual management

Core staff

Market-based salary + long-term incentive
mechanism

Top management

Office tenure coverage performance appraisal + fixed
office tenure

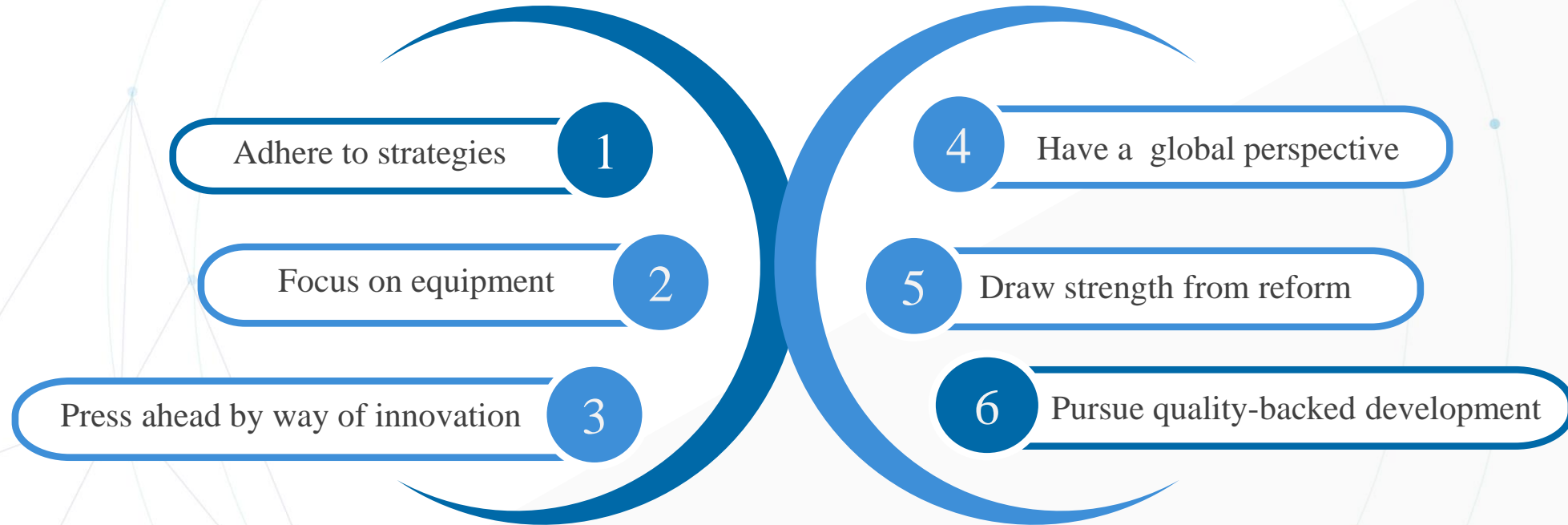
Mixed ownership

State-controlling + participation of private
capital

T5 Incentive Program

Joint responsibility, concerted growth,
win-win, co-creation and sharing

Development outlook



To build Shanghai Electric into a leading brand of high-end equipment manufacturing in China and a modern and international conglomerate



THANK YOU

www.shanghai-electric.com