



上海电气
SHANGHAI ELECTRIC

Announcement on 2020 Interim Results of Shanghai Electric Group Company Limited

(Stock code: 601727.SH / 02727.HK)



August 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

2020 Interim Business Performance

Main Business Performance

	First half of 2020	First half of 2019	Change
(Amount in millions of RMB, unless otherwise stated)			
Total revenue	53,237	52,956	0.5%
Gross profit	10,501	10,459	0.4%
Operating profit	3,022	3,521	-14.2%
Net profit attributable to owners of the Company	1,522	1,846	-17.6%
Gross profit margin	19.73%	19.75%	-0.02 percentage point
Operating profit margin	5.7%	6.6%	-0.9 percentage point
Net profit margin attributable to owners of the Company	2.9%	3.5%	-0.6 percentage point
Return on net assets ⁽¹⁾	2.4%	3.1%	-0.7 percentage point
Earnings per share (RMB yuan)	0.10	0.12	-16.7%
Earnings per share after deduction of non-recurring items (RMB yuan)	0.09	0.09	-

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

Balance Sheet Items

	30 June 2020	31 December 2019	Change
(Amount in millions of RMB, unless otherwise stated)			
Assets	<u>289,053</u>	<u>280,524</u>	3.0%
Current assets	<u>207,212</u>	<u>199,201</u>	4.0%
Cash and bank balance, settlement reserve and placements with banks and other financial institutions ⁽¹⁾	36,409	54,814	-33.6%
Trade receivables	32,965	29,337	12.4%
Prepayments	22,272	18,764	18.7%
Inventories	31,285	27,004	15.9%
Contract assets	28,937	24,985	15.8%
Other current assets	18,605	17,544	6.0%
Non-current assets	<u>81,841</u>	<u>81,323</u>	0.6%
Liabilities	<u>192,574</u>	<u>188,934</u>	1.9%
Current liabilities	<u>168,605</u>	<u>164,061</u>	2.8%
Short-term borrowings	21,867	16,734	30.7%
Trade payables	58,525	57,923	1.0%
Advances from customers	563	535	5.2%
Contract liabilities	44,014	38,585	14.1%
Other current liabilities	7,894	8,477	-6.9%
Non-current liabilities	<u>23,969</u>	<u>24,873</u>	-3.6%
Long-term borrowings	14,585	11,268	29.4%
Bonds payable	2,483	6,918	-64.1%
Shareholders' equity	<u>96,479</u>	<u>91,590</u>	5.3%
Attributable to owners of the Company	64,976	63,346	2.6%
Attributable to minority shareholders	31,503	28,244	11.5%

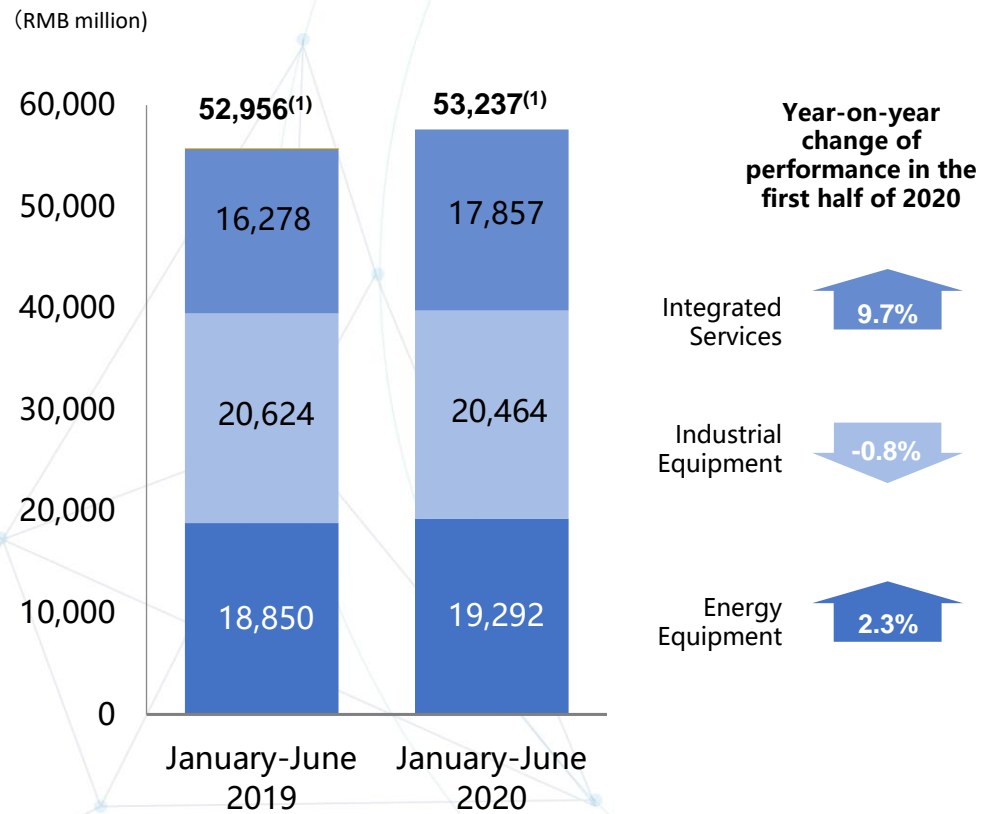
Note: (1) The settlement reserve and the placements with banks and other financial institutions are new items under the latest PRC Accounting Standards, which involve the amount generated from deposits and placements with banks in the balance sheets of financial enterprises.

Chapter 02

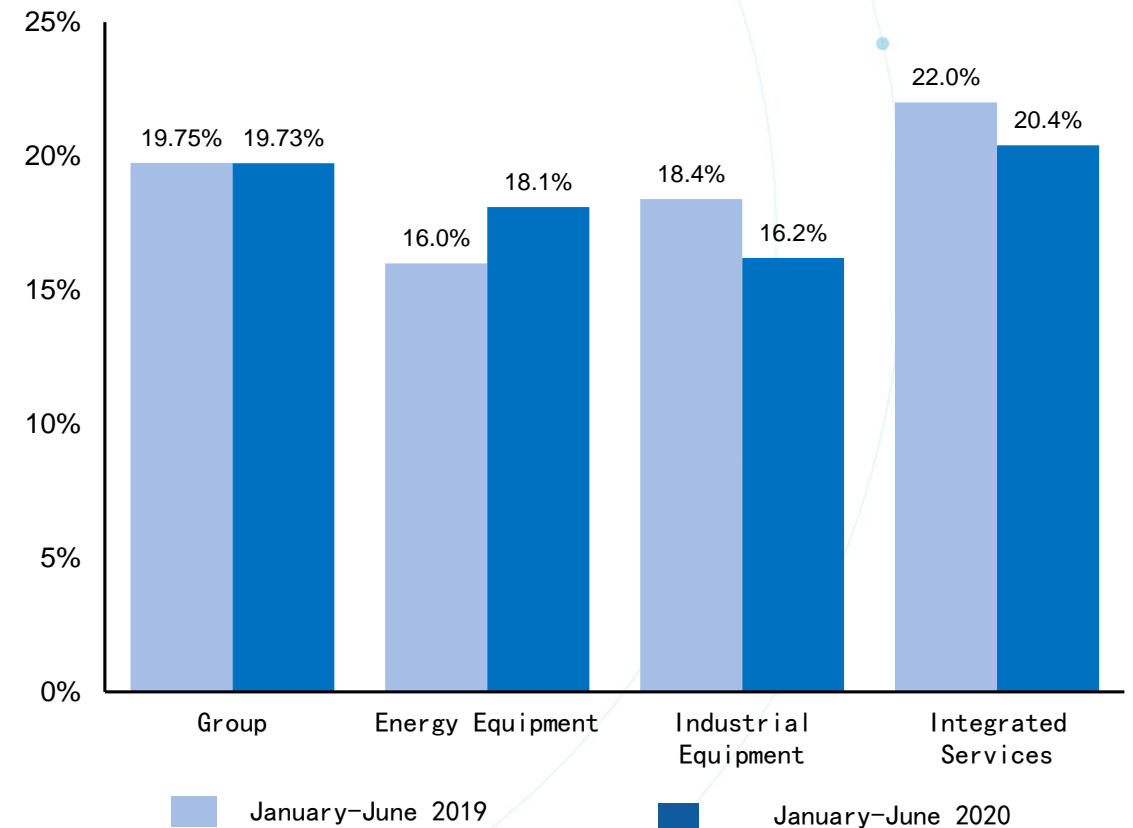
Operating Results of Business Segments

Changes in Revenue and Gross Profit Margin of Business Segments

Up by 0.5% in revenue



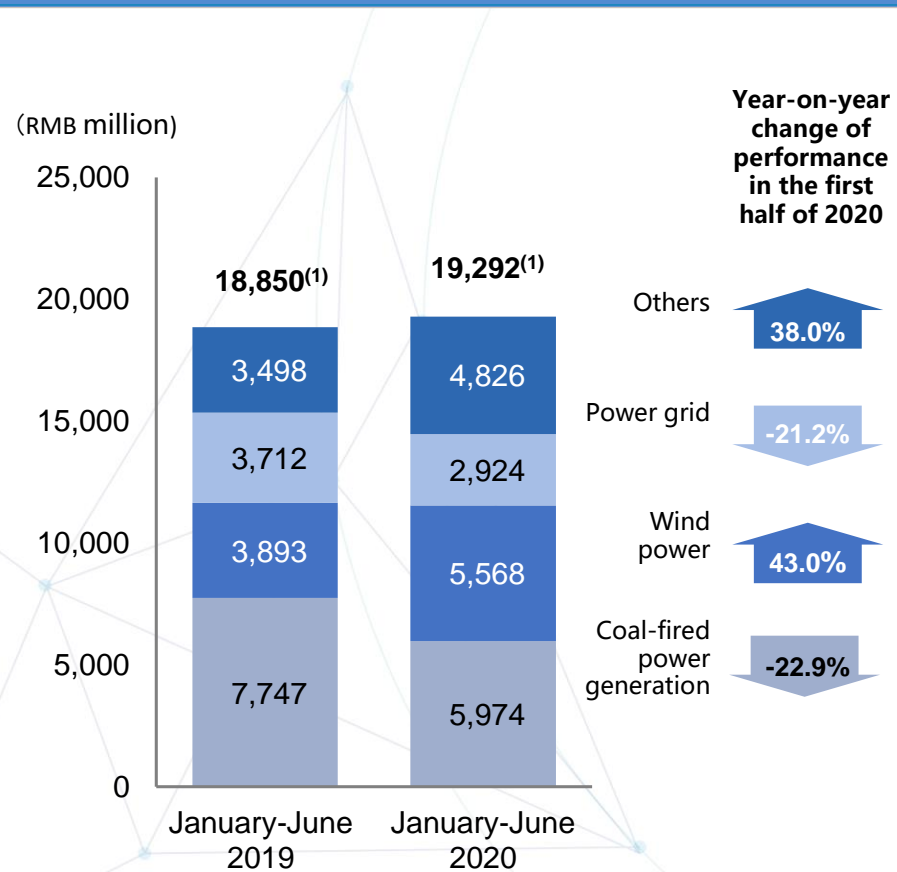
Gross profit margin of each business segment



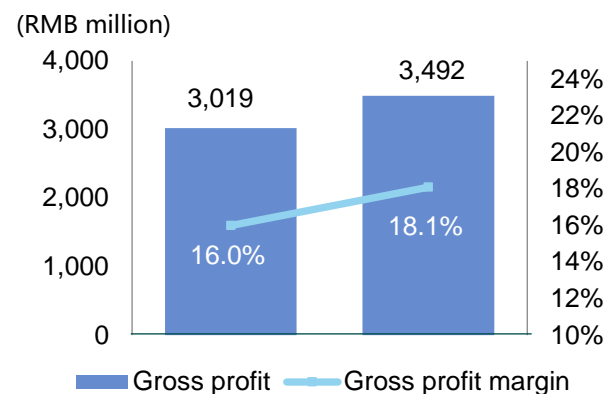
Note: (1) The Group's consolidated revenue is the net amount after inter-segment elimination adjustments. For the revenue from each segment, the inter-segment elimination adjustments have not been made, but the intra-segment elimination adjustments have been made.

Energy Equipment

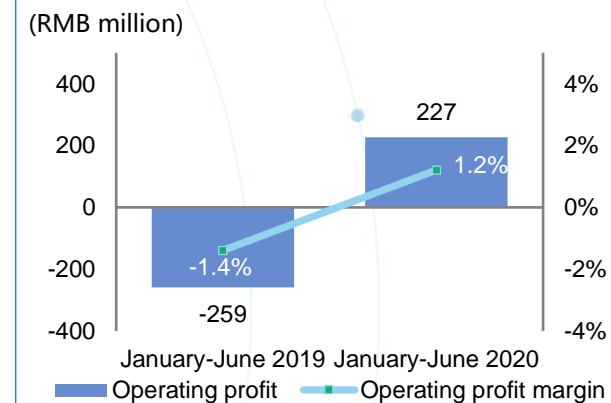
Up by 2.3 % in revenue



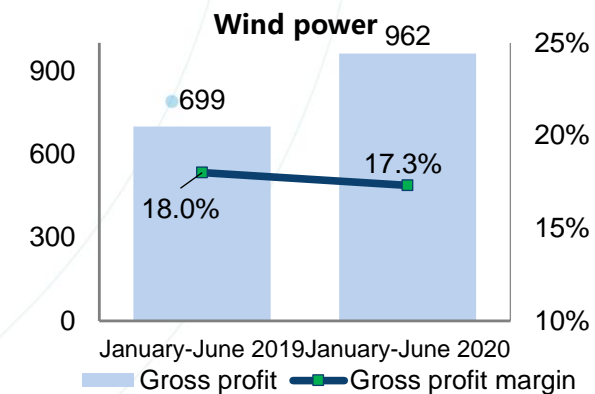
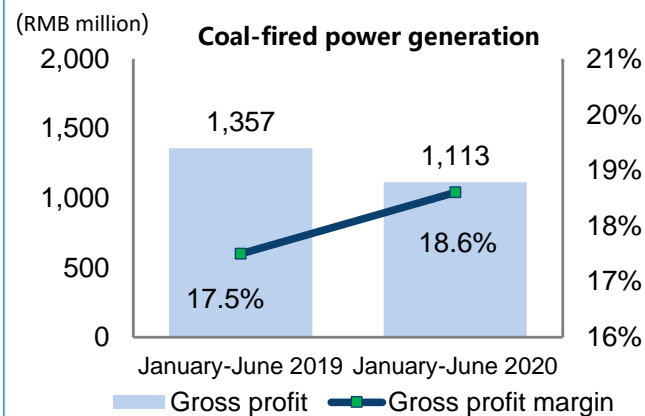
Gross profit and gross profit margin



Operating profit and operating profit margin



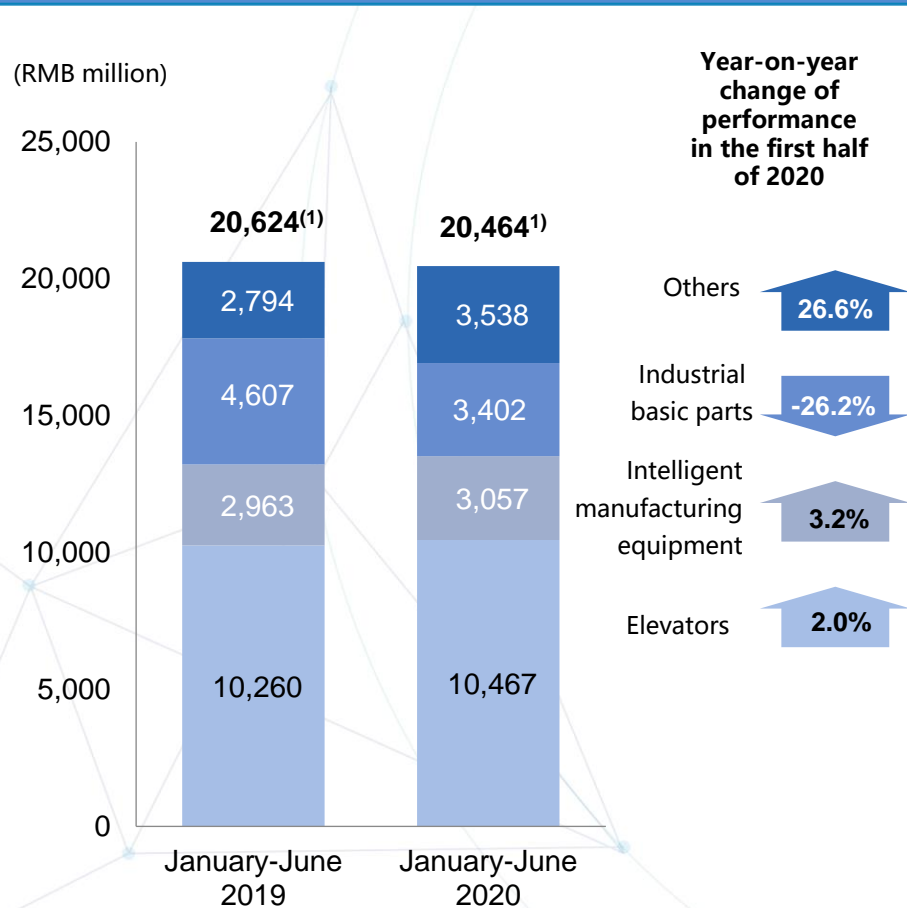
Gross profit and gross profit margin of coal-fired power generation and wind power



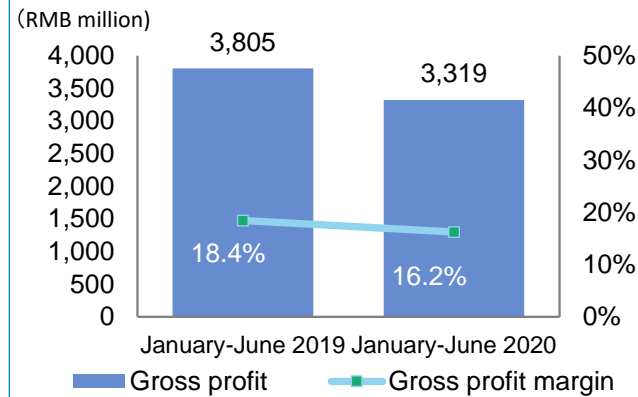
Note: (1) For the revenue from such segment, the inter-segment elimination adjustments have not been made, but the intra-segment elimination adjustments have been made.

Industrial Equipment

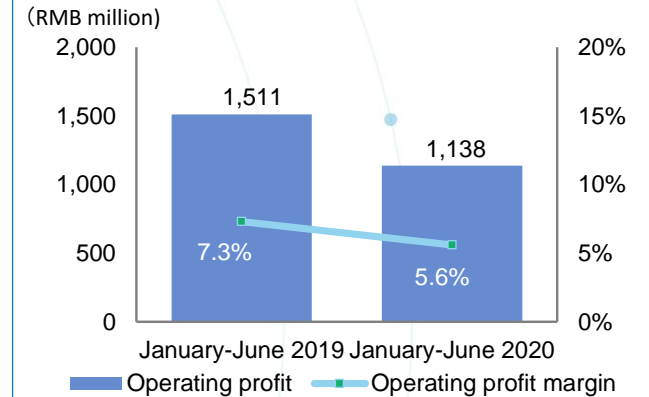
Down by 0.8% in revenue



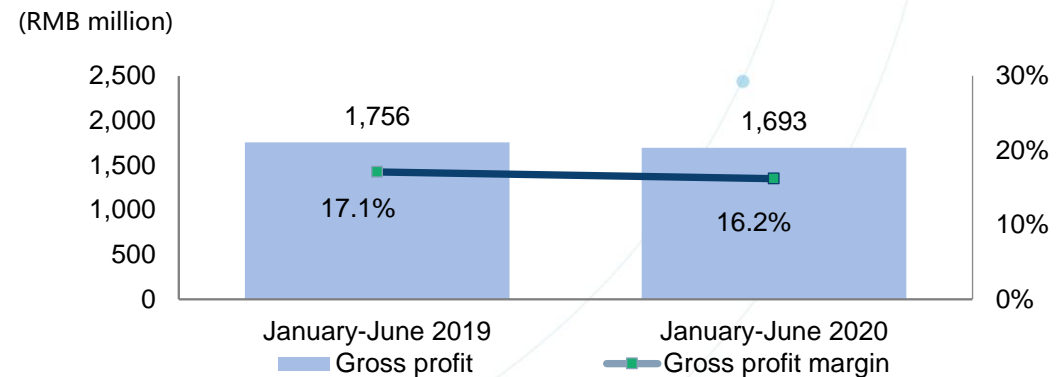
Gross profit and gross profit margin



Operating profit and operating profit margin



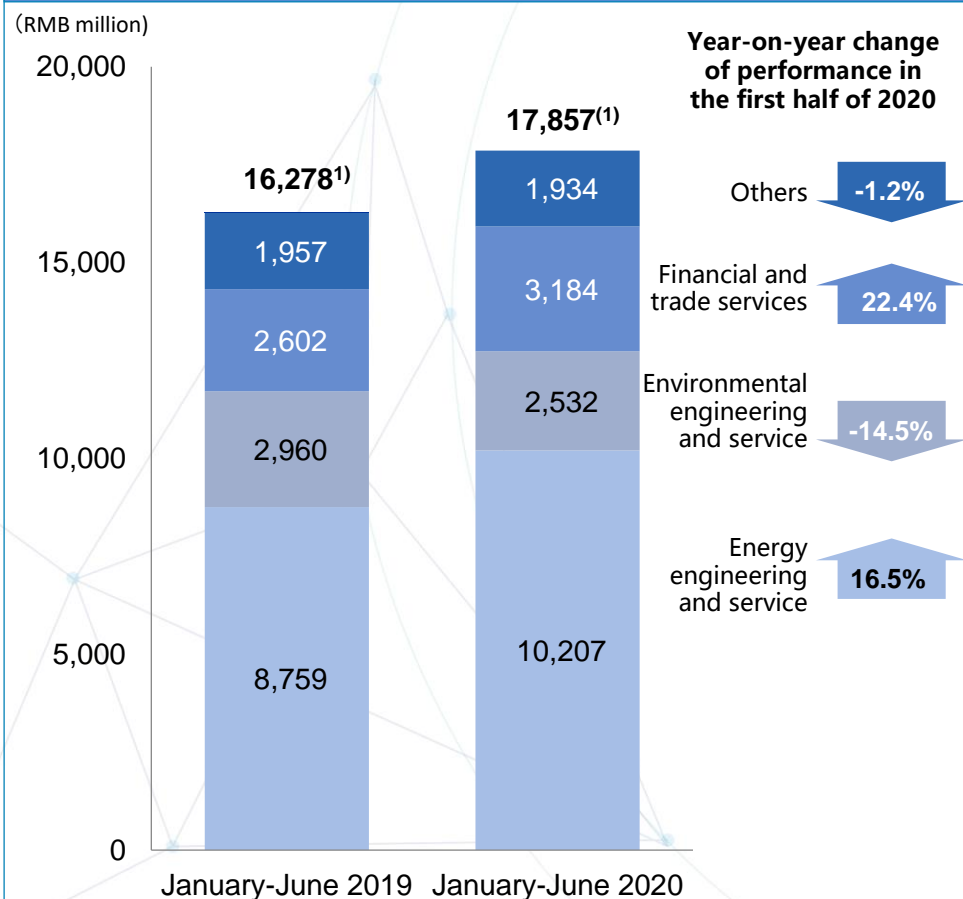
Gross profit and gross profit margin of elevators



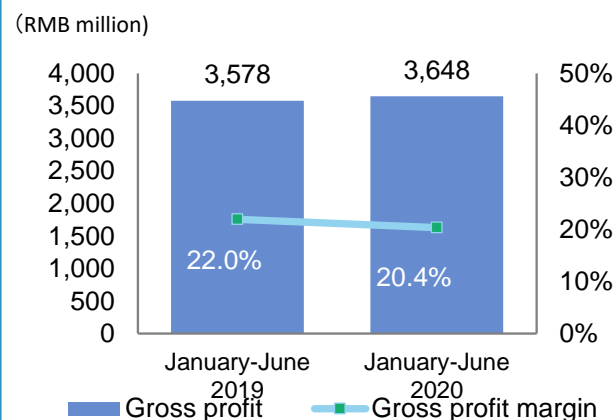
Note: (1) For the revenue from such segment, the inter-segment elimination adjustments have not been made, but the intra-segment elimination adjustments have been made.

Integrated Services

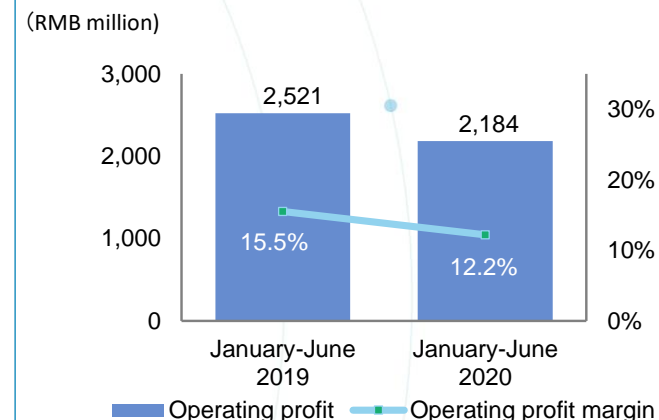
Up by 9.7% in revenue



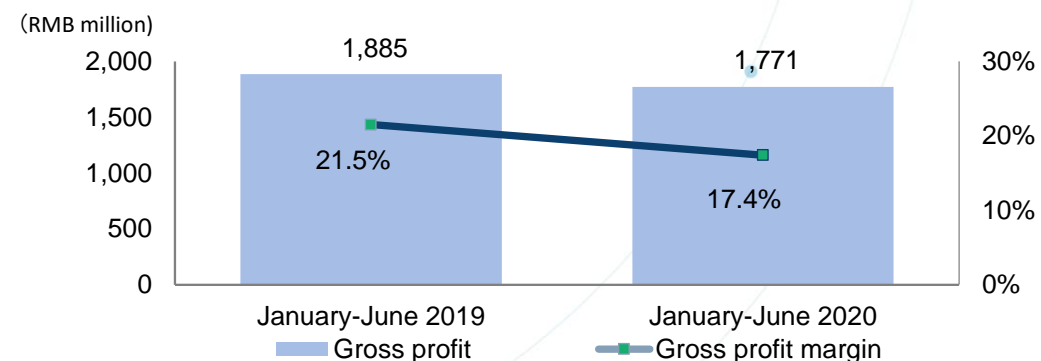
Gross profit and gross profit margin



Operating profit and operating profit margin



Gross profit and gross profit margin of energy engineering and service

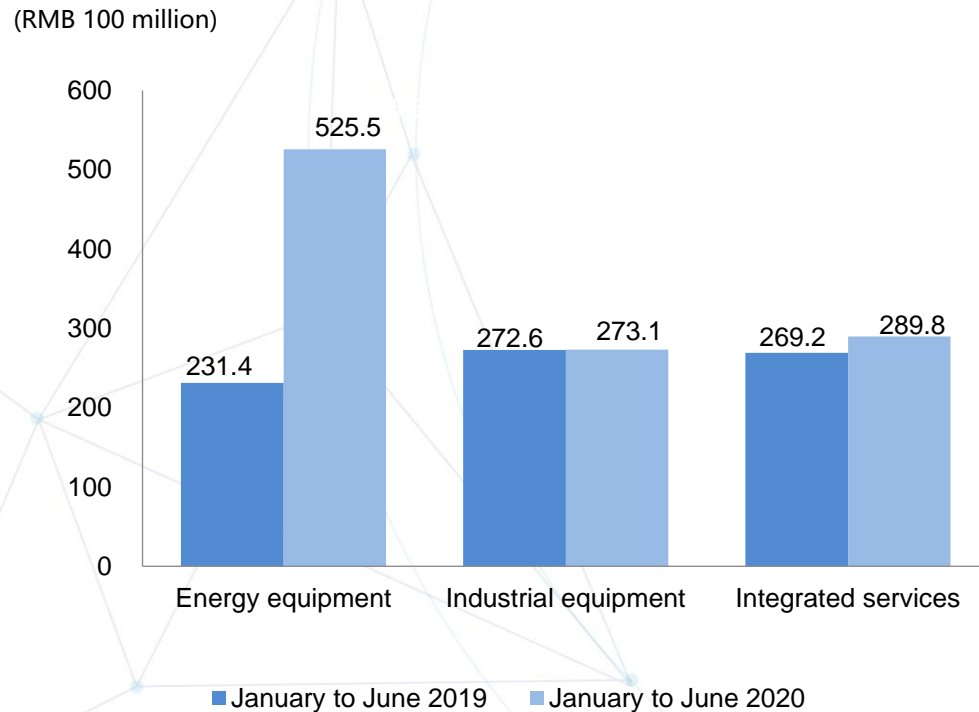


Note: (1) For the revenue from such segment, the inter-segment elimination adjustments have not been made, but the intra-segment elimination adjustments have been made.

Business Orders

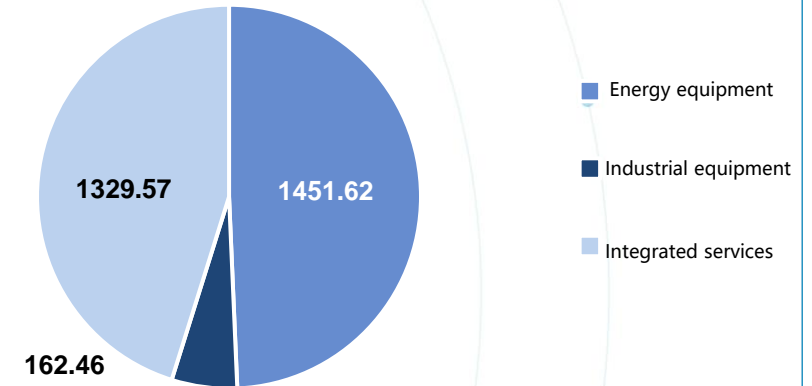
Newly-obtained orders amounting to RMB108.844 billion

Comparison of newly-obtained orders



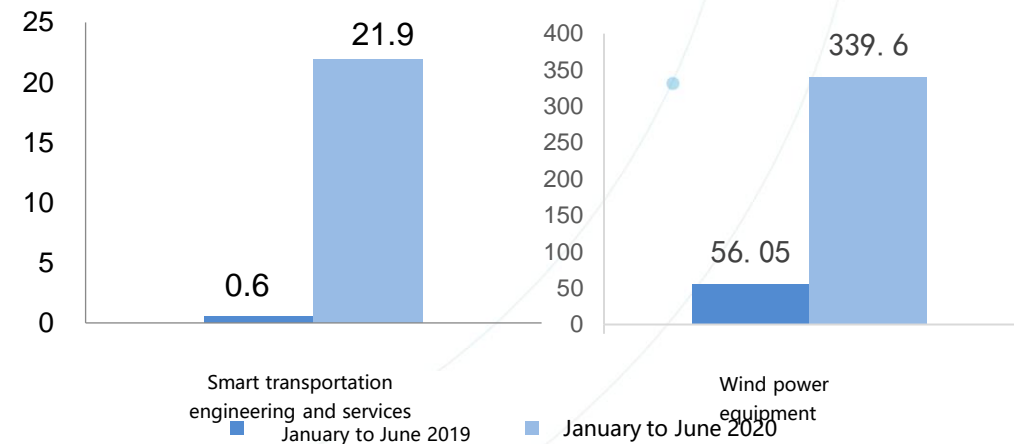
Orders on hand amounting to RMB294.365 billion (with orders amounting to RMB85.541 billion not yet coming into effect)

(RMB 100 million)



Comparison of new orders for certain business segments

(RMB 100 million)



Chapter 03

Business Transformation Strategies

Supporting State Strategies: Promoting Industry Development

New Zone in Shanghai FTZ

Capitalizing on the favorable policies to promote a more superior ecology for advanced manufacturing industry of Shanghai Electric

Integrated Development in the Yangtze River Delta area

Shanghai Electric deepens the comprehensive integration of the industrial chain, supply chain, resource chain and innovation chain in the Yangtze River Delta area



Sci-Tech Board and Registration System

The filing of application for the spin-off of wind power business of Shanghai Electric for listing on the Sci-Tech Board has been accepted by the Shanghai Stock Exchange

New Infrastructure

Shanghai Electric begins with the promotion of multiple intelligent manufacturing projects, to change traditional manufacturing with new technologies

Driving by "TWO ENGINES" Accelerating Transformation Development

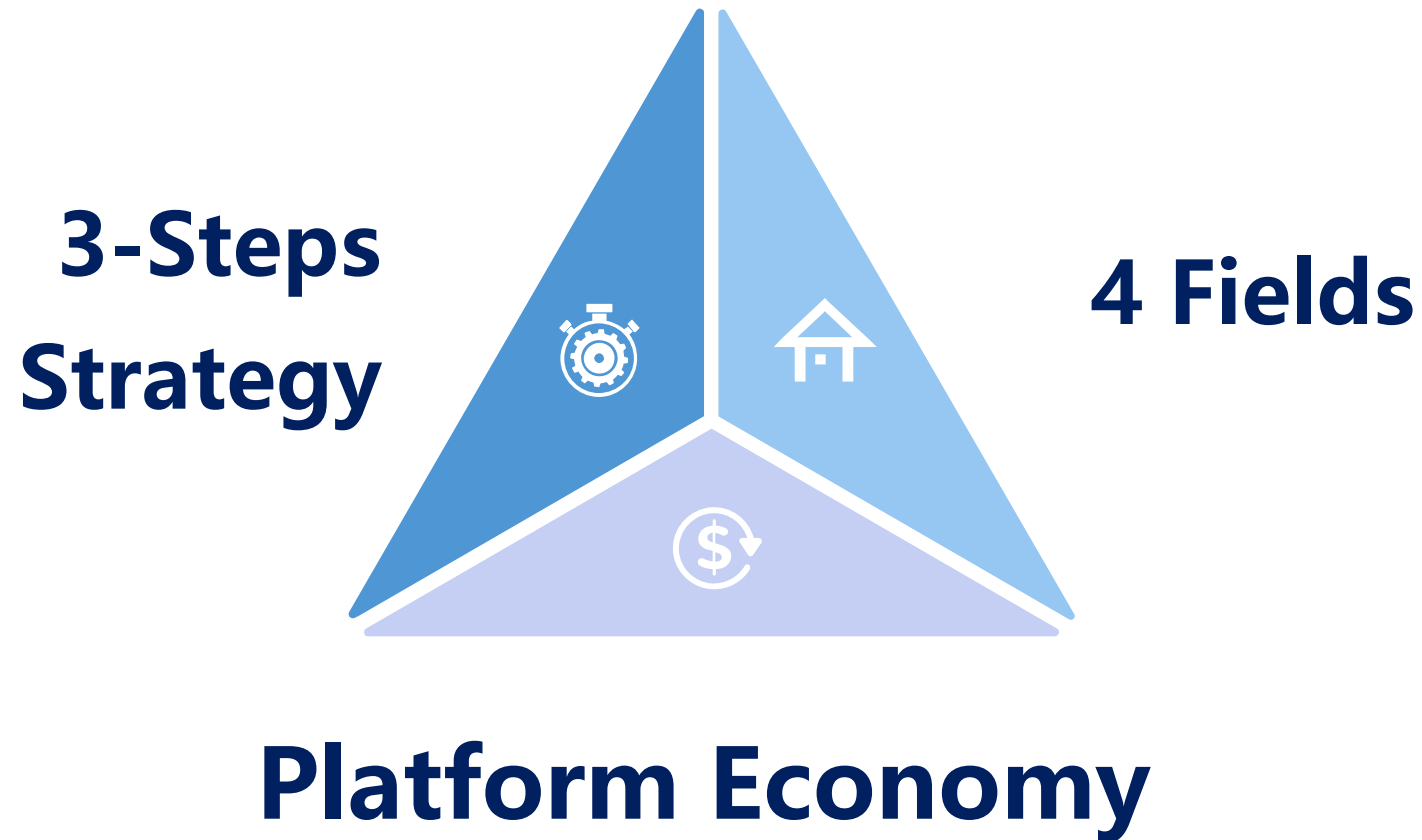


Intelligent Transformation



Energy Transformation

Promoting Intelligent Transformation Creating Intelligent Ecosystem



3-Steps Strategy of Intelligent Transformation



The whole industrial chain of “Basic product-intelligent equipment-software-integration-services”

Step 01

Internal demonstration

Internally speaking, based on the smart factory, to improve quality and efficiency and optimize decision-making.

Step 02

External empowerment

Facing external environment, focusing on smart products, services, and collaboration, to extend the value chain.

Step 03

Platform operation

To operate on an open and shared ecological platform, and build an industrial and energy internet platform.

Goal

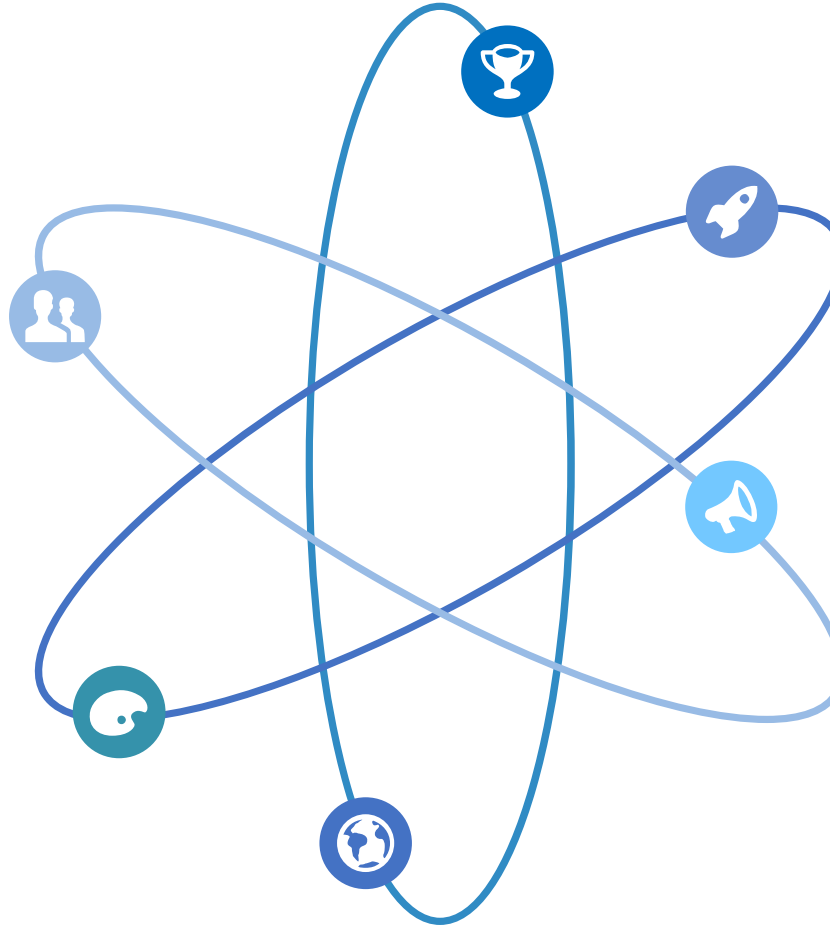
Intelligent Transformation Fields

Intelligent Manufacturing

- **Intelligent factory**—integration of digitalization, internetization and intelligentization
- **Intelligent operation and maintenance**—promoting intelligent applications such as smart power plant, wind power operation and maintenance, integrated energy management, and subway integrated maintenance

Intelligent Transportation

- providing comprehensive intelligent operation and maintenance services for **Shanghai Metro line 5**
- Helping **the fastest intercity mass transit line in Hangzhou, line 16**, to operate successfully



Smart City

- Giving full play to the high-tech advantages of Shanghai Electric **to help to build Baoshan District into a smart manufacturing city**
- By virtue of the advantages of Shanghai Electric in artificial intelligence and other fields, **to work with Yangpu District to build an “Artificial Intelligence + 5G” demonstration zone**

Smart Energy

- First “internet +” smart energy demonstration project of Shanghai Chongming
- Smart energy big data platform of Jiangsu Yancheng

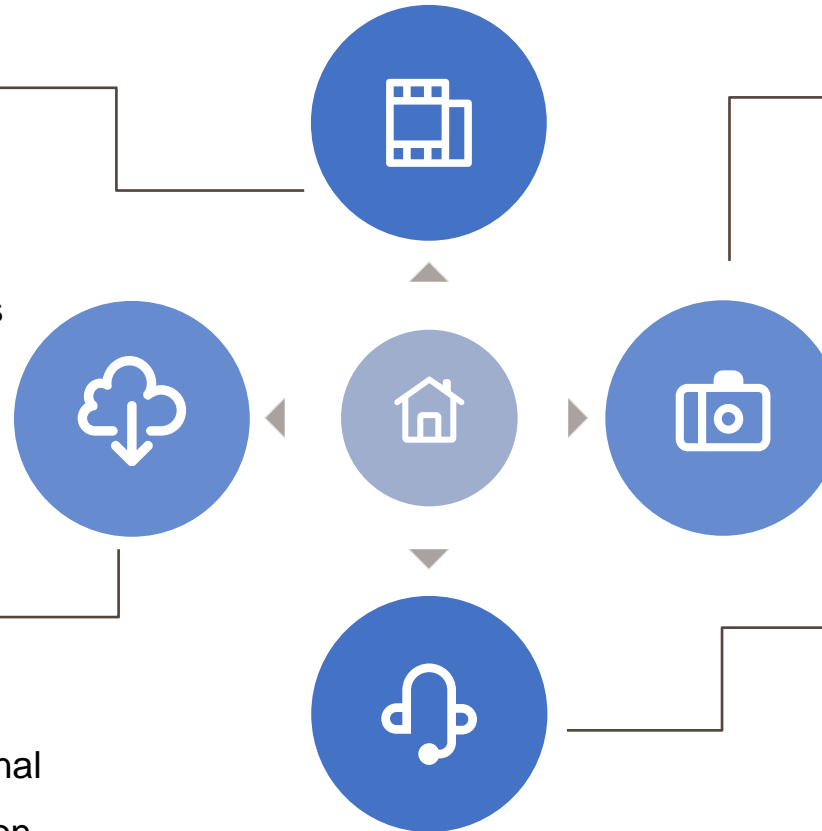
Intelligent Platform Economy

“SEunicloud” Online Service with value created by intelligence and innovation

Nearly 100,000 major equipment of power generation equipment, elevators, machine tools and others were connected

Smart Supply Chain

Since the launch of this platform, 4,378 procurement projects have been built with a final bidding amount of approximately RMB1.6 billion



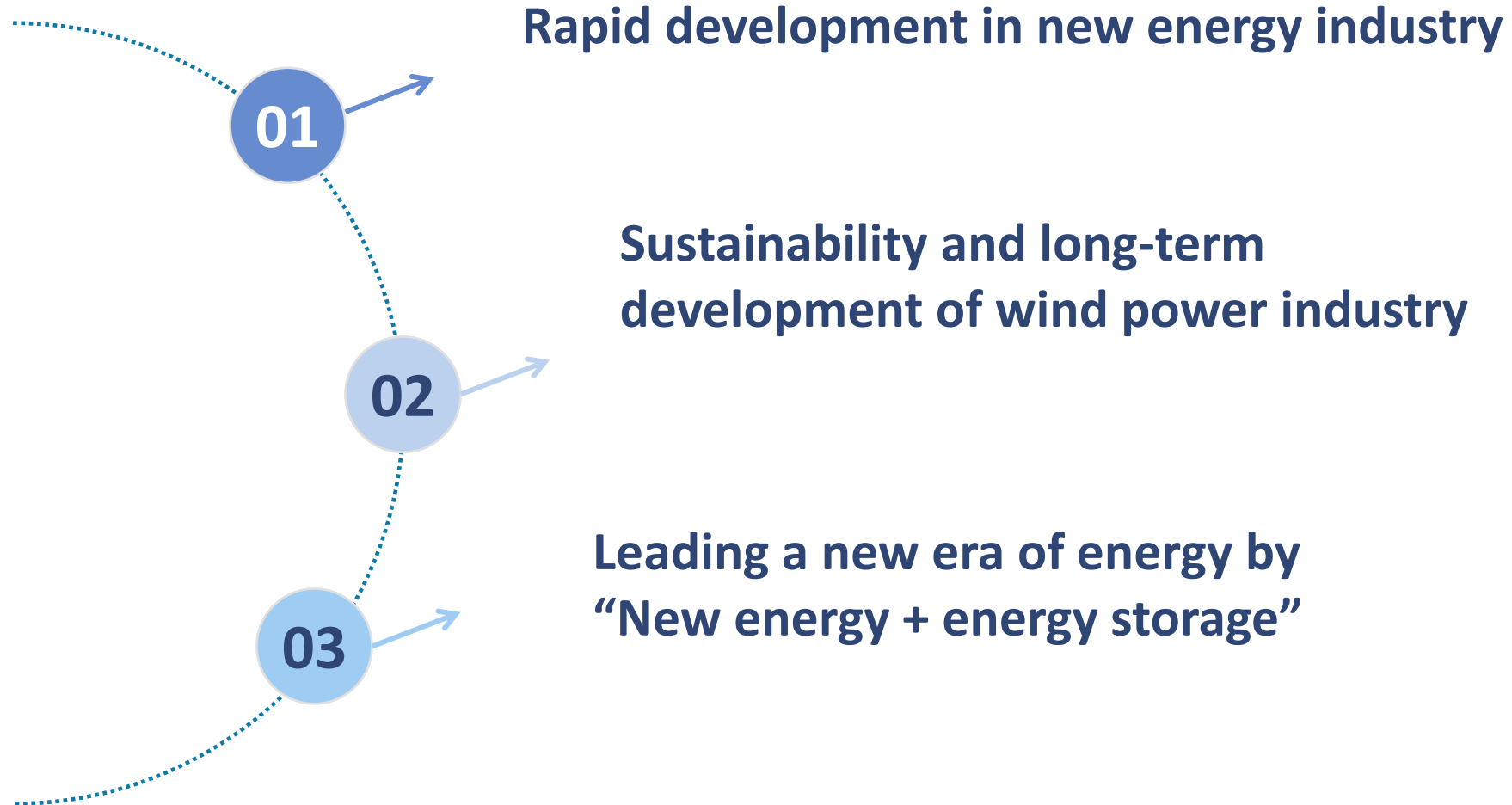
“E-stop System” Industrial Internet E-commerce Platform

During the reporting period, the transaction amount from the platform amounted to RMB80.18 million

“Matechstone” Empowering the Prefabricated Construction Industry Chain

Procurement and logistic costs were reduced and the production efficiency was improved

Promote Energy Transformation Empower Industry Upgrading



Fast Development of New Energy Business

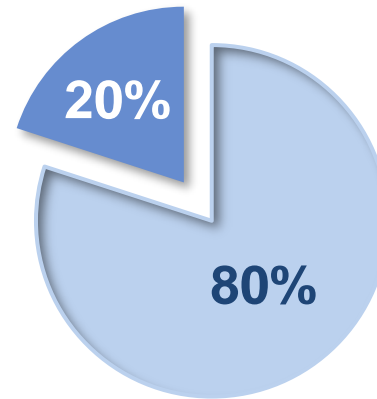


New Orders in Energy Equipment and Engineering

RMB12.079 billion

Traditional energy

Coal-fired power, gas-fired power, nuclear power



RMB47.027 billion

New energy

Wind power, solar power, biomass power generation, energy storage

Shanghai Electric has produced a large number of world-leading innovative products in the field of traditional energy. On the one hand, Shanghai Electric enables the coal-fired power to be high-efficiency and low-emission; it takes the lead in breaking through the bottleneck of manufacturing heavy gas turbines in China; and it becomes the company with the most complete set of products of nuclear power with highest delivery volume in China. On the other hand, Shanghai Electric conducted early layout of new energy industry, so that its solar power has entered the high-end markets of UAE, Japan, Australia, etc., and it has contracted to build the Dubai 950MW photothermal photovoltaic power plant with the largest scale and the most advanced technology over the world. Taking the new orders in energy equipment and engineering as an example, the orders of new energy equipment and engineering from January to June 2020 accounted for 80% of the total orders, which indicates that the new energy industry of Shanghai Electric is gradually taking shape.

Stability and Long-term Development of the Wind Power



Advantage in Market Share

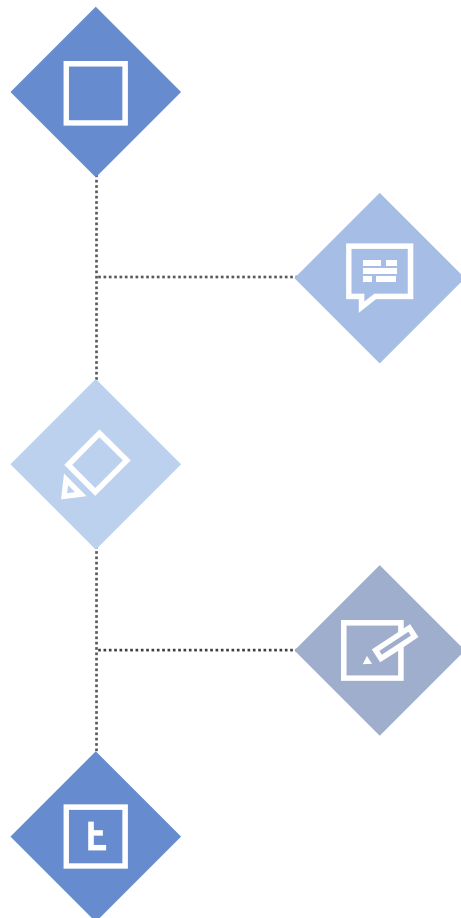
Leader of offshore wind power
with a market share of 41%

Advantage in Refined Product and Service Category

Full power capacity coverage,
full scenario coverage

Advantage in Market Area and Wind Resources Coverage

Covering the offshore resource area of
Fujian, Jiangsu, Guangdong, Shandong



Advantage in R&D System

Construction of industry-university-institute
cooperation system by taking advantage of
domestic and foreign superior resources in the
field of wind power

Advantage in Core Technologies

Being equipped with the domestic leading
design capabilities in complete machine
and key parts

New Energy + Energy Storage Lead a New Era of Energy



Grid Side

Jinzhai Energy Storage Demonstration Project

Joint establishment of the first national renewable energy demonstration county with State Grid Corporation of China

User Side

Minhang Industrial Zone Intelligent Energy Demonstration Project

The first "internet +" smart energy demonstration project of Shanghai Electric with commercial mode

Power generation Side

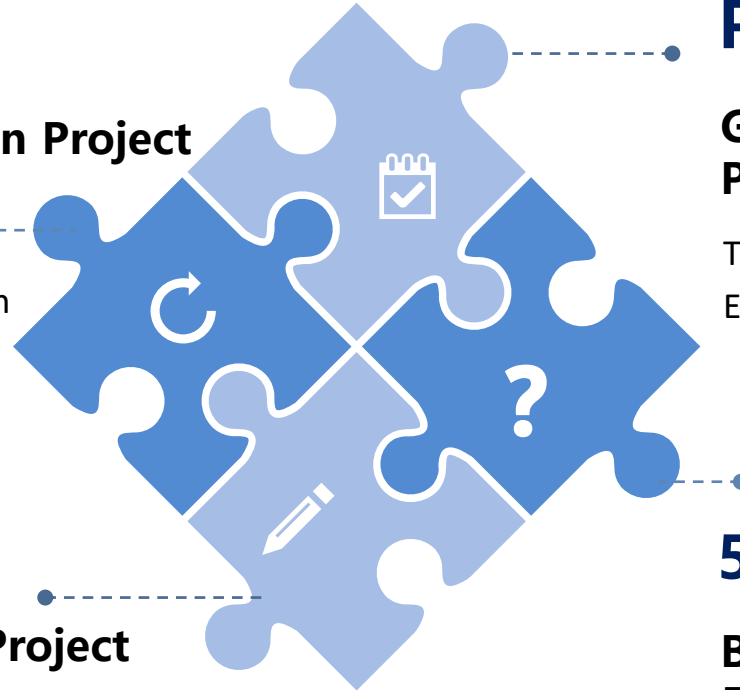
Guangdong Yudean Dabu Power Plant Energy Storage FM Project

The first energy storage FM project of Shanghai Electric

5G Base Station Backup Power

Backup Power of Communication 5G Base Station

Shanghai Electric has been shortlisted as ZTE's backup power supplier for 5G base stations





Empower Global Industry



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