

CLP Holdings 2019 Interim Results Analyst Briefing

6 August 2019

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Agenda



Performance Overview



Group Financial Performance



Performance by Business Units



Business Trends and Outlook



Questions and Answers



Appendices



Performance Overview

First half transitions underpinned by strong fundamentals

First half earnings impact



SoC rate of return reset



Lower generator availability



Partnership dilutes CLP interest

Long-term outlook



Development plan ensures growth



Simple competitive tariffs
Invest in fast-response generation



New projects to boost earnings



Stable earnings from diversified portfolio and reliable nuclear contribution



Strong fundamentals support stable long-term outlook

✓ Growth in SoC investments

✓ Strong financial position

✓ Energy transition opportunities

✓ Dividend practice maintained

Balance sheet strength supports ongoing growth in dividend


Operating Earnings

HK\$5,474m -31% 

Operating Earnings Per Share

HK\$2.17 -31% 

Second Interim Dividend

HK\$0.63 +3% 

First Interim Dividend

HK\$0.63 +3% 

Total Earnings

HK\$(907m)

Including impairment of goodwill for EnergyAustralia

Total Earnings Per Share

HK\$(0.36)

Credit Ratings

	S&P	Moody's
CLP Holdings	A	A2
CLP Power	A+	A1
CAPCO	AA-	A1
EnergyAustralia	BBB+	-

Capital Investment ⁽¹⁾ and Leverage

SoC Capex	HK\$4.3bn
Other Capex	HK\$1.5bn
Net debt to total capital	28.1%

(1) On cash basis

Resilient performance under challenging conditions

Safety

Total recordable injury rate
0.34 +0.13⁽¹⁾

Reliability in Hong Kong ⁽²⁾

Average minutes lost pa (rolling 3 years)

Excluding Typhoon Mangkhut	1.35	-0.14
Including Typhoon Mangkhut	10.12	+8.63

Customer Accounts

Hong Kong	2.623m	+46k
Australia	2.500m	-63k

Electricity Sales

Hong Kong (local sales)	15.9 TWh	+0.5%
Australia	9.3 TWh	-2.0%

Generation Performance

Electricity sent out ⁽³⁾
42.1 TWh -6%

Generation Capacity ⁽³⁾

In operation	23.2 GW	-0.3
Non-carbon Emitting ⁽⁴⁾	5.7 GW	+0.5
Committed/In construction	0.8 GW	-0.3

(1) 2018 number was revised to reflect the reclassification of two cases along with some minor adjustments to the number of hours worked

(2) Unplanned customer minutes lost - average of the past 36 months

(3) Equity basis as well as long-term capacity and energy purchase arrangements

(4) Non-carbon emitting includes wind, hydro, solar and nuclear







Group Financial Performance

CLP Laizhou II Wind Farm, Shandong, Mainland China





Lower operating earnings mainly from Hong Kong and Australia

HK\$M	1H2019	1H2018	Change
<u>Revenue</u>	43,838	46,464	 6%
<u>Operating Earnings</u>			
Hong Kong electricity and related activities	3,689	4,628	 20%
Local electricity business	3,587	4,497	
Sales to Guangdong	-	28	
PSDC and Hong Kong Branch Line	102	103	
Outside Hong Kong	2,258	3,687	 39%
Mainland China	1,174	1,116	
India	120	251	
Southeast Asia and Taiwan	140	63	
Australia	824	2,257	
Other earnings and unallocated items	(473)	(429)	
<u>Operating Earnings</u>	5,474	7,886	 31%
Items affecting comparability ⁽¹⁾	(6,381)	(450)	
<u>Total Earnings</u>	(907)	7,436	

(1) Item affecting comparability in 1H2019 represented the impairment of retail goodwill for EnergyAustralia.

1H2018 represented the provision for Paguthan's deemed generation receivables. For details please refer to page 29

Reconciliation of Operating Earnings to ACOI

HK\$M	1H2019	1H2018	Change
Operating Earnings (Attributable to CLP)	5,474	7,886	 31%
Exclude:			
Fair value adjustments	(660)	125	
Net finance costs ⁽¹⁾	(996)	(1,039)	
Income tax expense	(1,320)	(2,141)	
Non-controlling interests	(414)	(441)	
ACOI	8,864	11,382	 22%

(1) Included the distribution to perpetual capital securities holders

Adjusted Current Operating Income or ACOI

- ACOI equals EBIT excluding items affecting comparability and fair value adjustments, and includes the Group's share in net earnings from joint ventures and associates

Fair value adjustments

- Predominantly negative fair value adjustments on energy derivative contracts in EnergyAustralia due to increasing forward energy prices

Net finance costs [#]

- Finance costs were at similar level attributable to lower average debt balance offset by higher market interest rates

Income tax expense

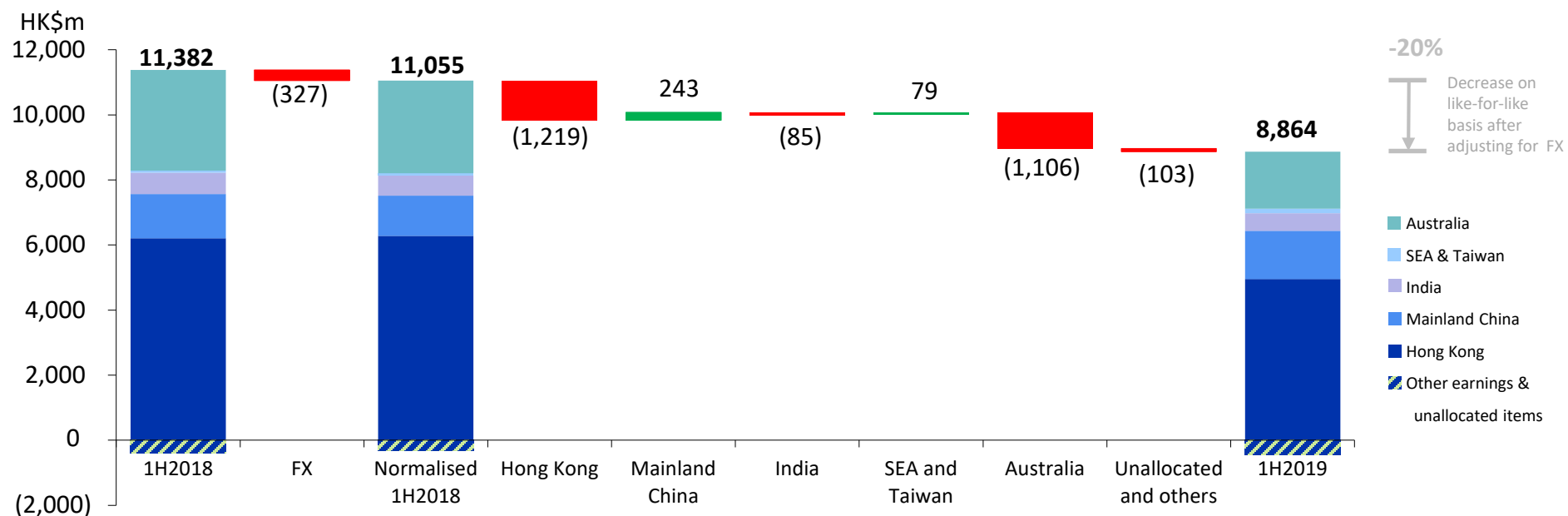
- In line with decrease in profit in particular Australia and SoC business

Non-controlling interests

- CSG's 30% share of CAPCO
- CDPQ's 40% share of CLP India in 2019

Lower ACOI mainly from Hong Kong and Australia

HK\$M	1H2019	1H2018	
Hong Kong electricity and related activities	5,393	6,604	Full six months impact of the lower permitted rate of return
Mainland China	1,481	1,359	Earnings growth across portfolio supported by nuclear contribution
India	539	661	Higher earnings from Jhajjar & renewables offset by end of Paguthan PPA
Southeast Asia and Taiwan	140	62	Higher earnings driven by higher energy tariff at Ho-Ping
Australia	1,748	3,095	Earnings impacted by generation challenges and regulatory changes
Other earnings and unallocated items	(437)	(399)	Higher innovation costs and new business initiatives offset by FX impact
Total	8,864	11,382	22% decrease (or -20% normalized for FX)



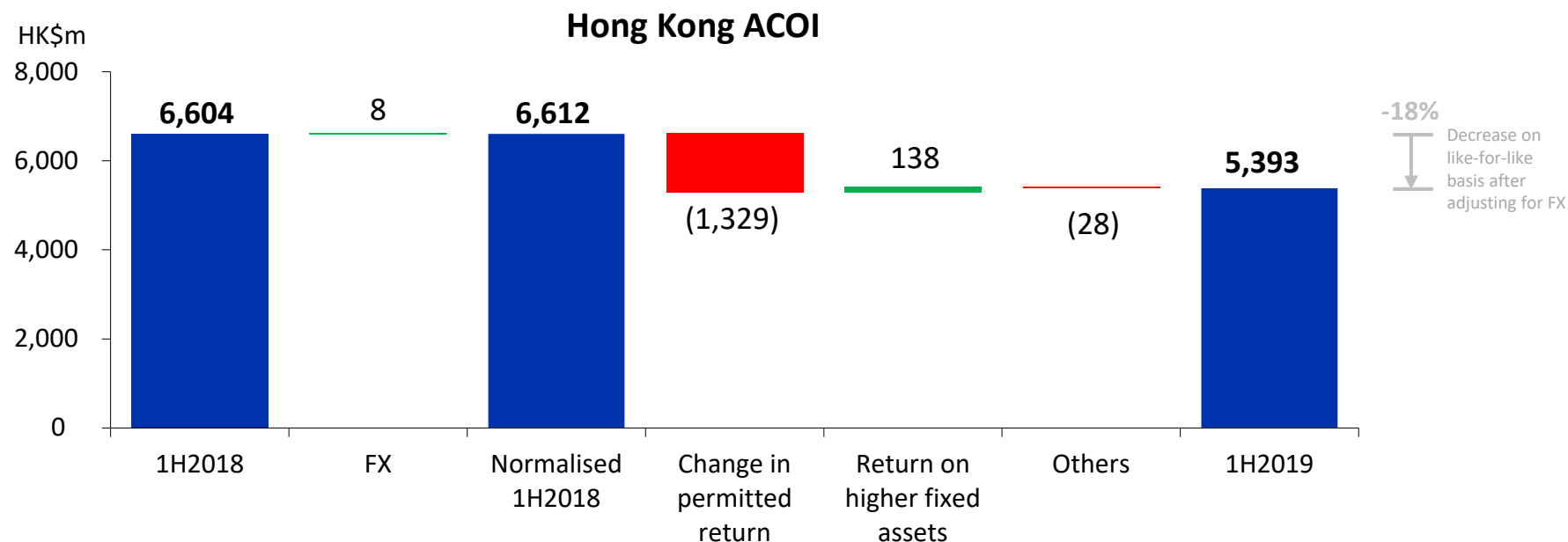





Performance by Business Units



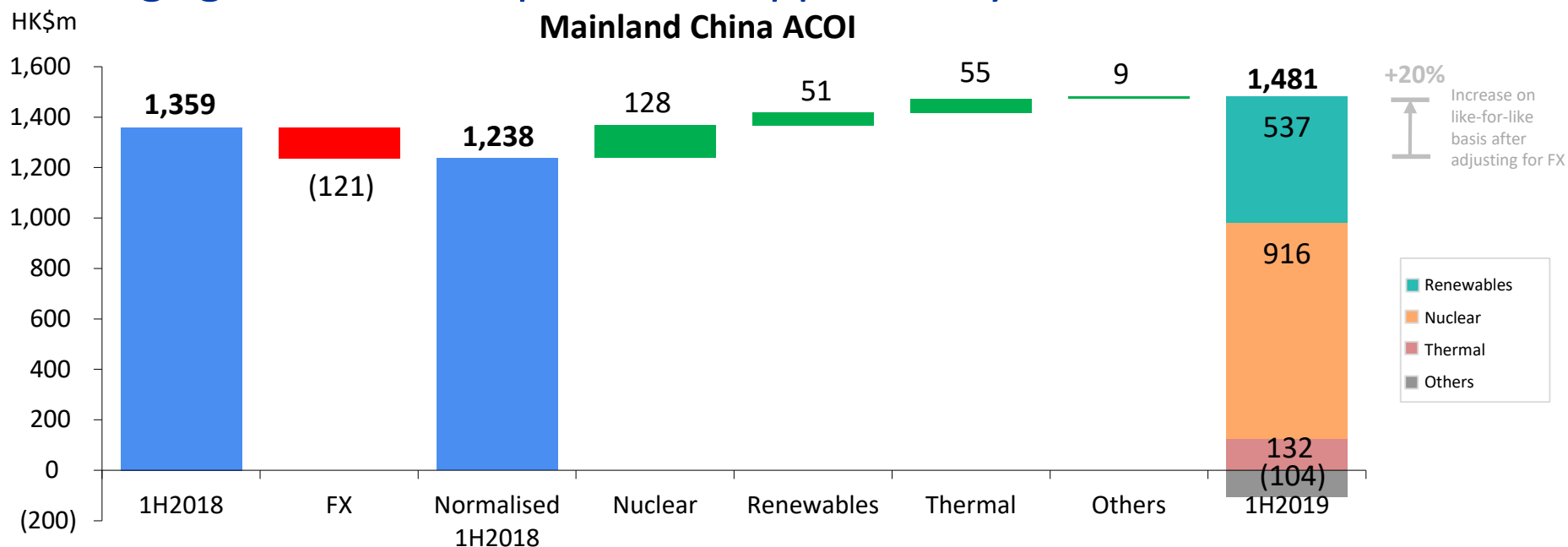
Meizhou Solar Farm, Guangdong, Mainland China

Full six months impact of the lower permitted rate of return



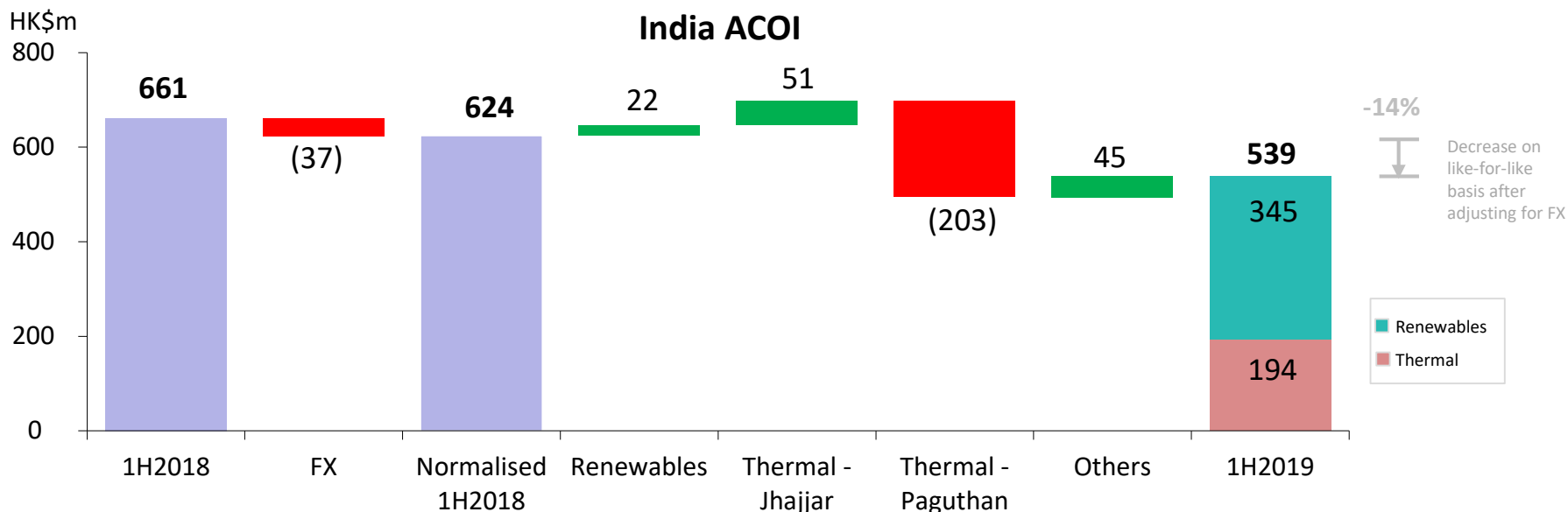
 Operational Performance	 Financial Performance	 Outlook
<p>High supply reliability</p> <p>Local sales increased 0.5%, no sales to Mainland China</p> <p>Development of CCGT units in progress</p> <p>LNG supply and FSRU vessel chartering agreements entered into for the Offshore LNG Terminal</p> <p>Feed-in Tariff for solar received over 3,900 applications</p>	<p>Lower earnings from SoC due to reduced permitted rate of return from 1 October 2018 partially offset by increase in net fixed assets</p> <p>Capex incurred in 1H2019 (accrual basis)</p> <ul style="list-style-type: none"> T&D + Retail capex ~HK\$2.0 bn Generation capex ~HK\$1.9 bn <p>Others relating to Hong Kong Branch Line and PSDC; no sales to Mainland China in 2019</p>	<p>Lower SoC return for full year in 2019</p> <p>Progress investments in major projects under the 5-year Development Plan for 2018-2023</p> <p>Pursue renewable energy and energy efficiency & conservation initiatives</p>

Earnings growth across portfolio supported by nuclear contribution



Operational Performance	Financial Performance	Outlook
Nuclear <ul style="list-style-type: none"> Yangjiang: Final unit commissioned in July Daya Bay: Steady output Renewables <ul style="list-style-type: none"> Existing projects: Solid underlying performance 36MW of solar and 50MW of wind added in 1H2019 Thermal <ul style="list-style-type: none"> Reliable operation, higher demand at FCG, marginally lower sent-out from other assets 	Nuclear <ul style="list-style-type: none"> Higher earnings, YJ Unit 5 online since Jul 2018 Highly reliable nuclear now contributes over 60% of China earnings Renewables <ul style="list-style-type: none"> Higher earnings mainly from new projects added since mid 2018 Thermal <ul style="list-style-type: none"> Higher sent-out and lower coal costs from FCG more than offset modest declines from other assets. Coal-fired generation margins remain under pressure from low tariffs 	<p>Further increase of contribution from non-carbon generation</p> <p>Yangjiang project completed within budget</p> <p>Continue to look for value adding renewable energy opportunities</p> <p>High coal price and volume competition to continue with lower output and margin anticipated</p>

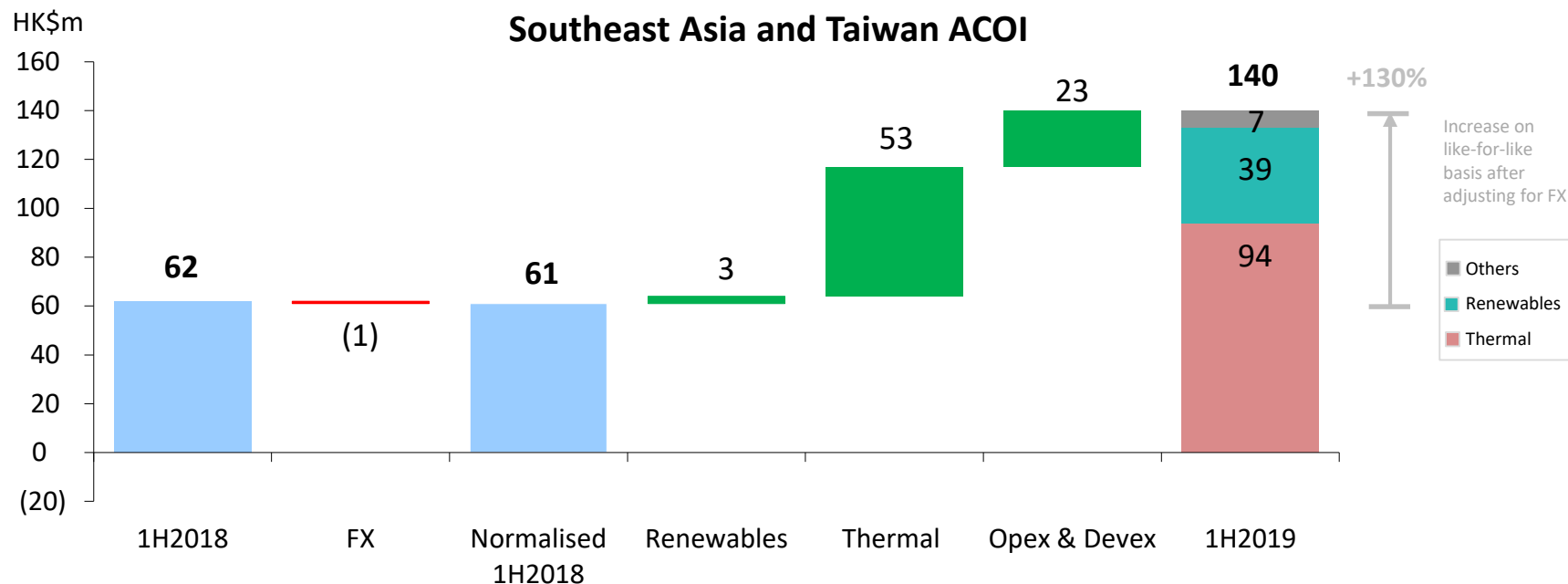
Higher earnings from renewables & Jhajjar offset by end of Paguthan PPA



Operational Performance	Financial Performance	Outlook
Renewables <ul style="list-style-type: none"> Higher wind resource Higher solar generation from existing and new projects Thermal <ul style="list-style-type: none"> Higher availability of Jhajjar due to deferment of outage to 2H2019 Record delivery of coal further boosted availability Paguthan PPA ended in December 2018, minimal generation in 1H2019 	Renewables <ul style="list-style-type: none"> Higher ACOI from higher wind resource plus earnings from Gale and Tornado solar projects acquired in 4Q2018 Thermal <ul style="list-style-type: none"> Higher capacity revenue at Jhajjar End of Paguthan PPA Others <ul style="list-style-type: none"> Interest received on delayed payment from renewable debtors 	Pursue diversified expansion opportunities with new partner CDPQ Acquisition of three transmission assets from KPTL and Techno agreed in early July, representing our first entry into the power transmission sector. Pursue requisite approvals and compliances for completion Maintain operational excellence and strengthen business foundations

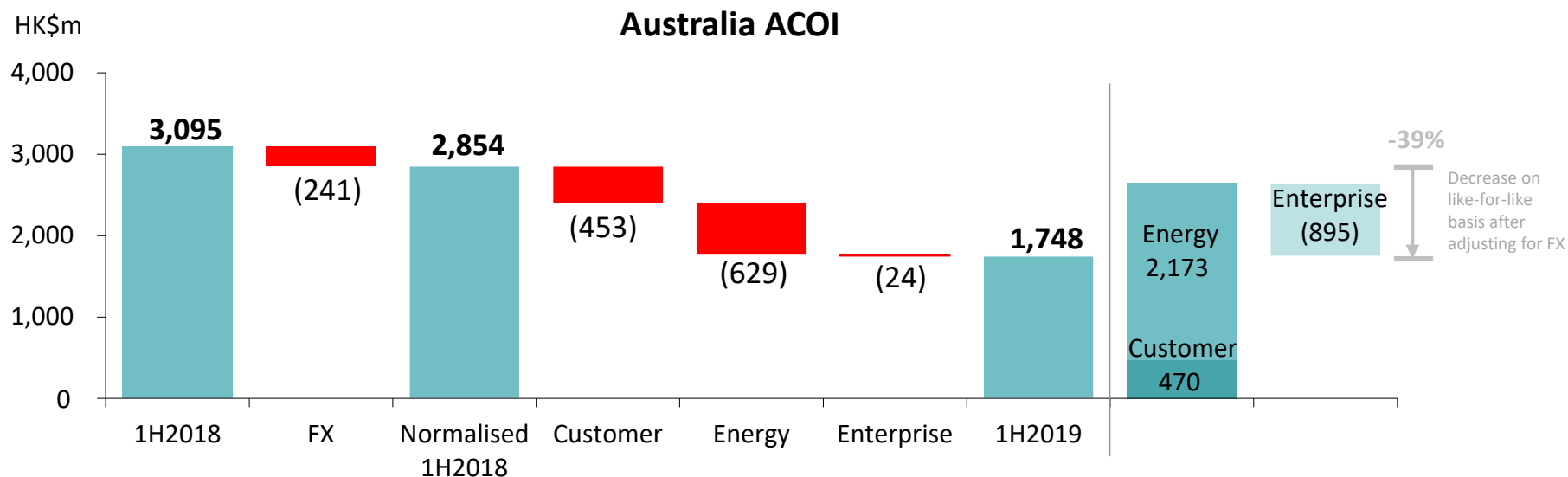
Details on the acquisition of transmission assets on Page 45




Higher earnings driven by higher energy tariff at Ho-Ping



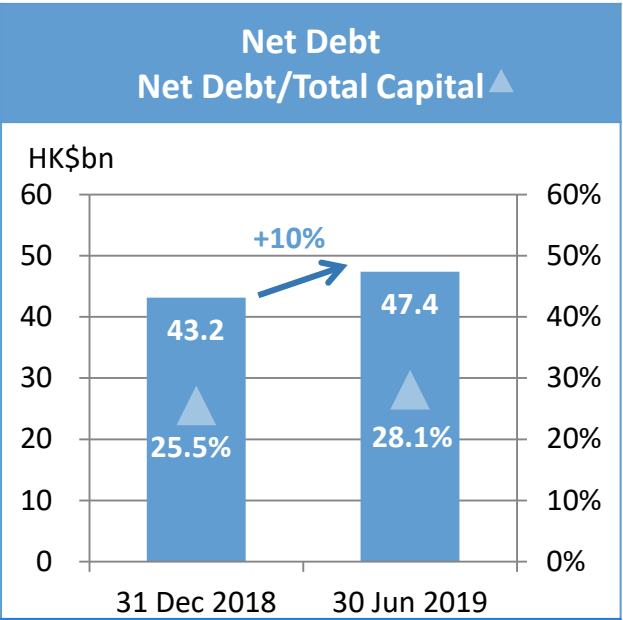
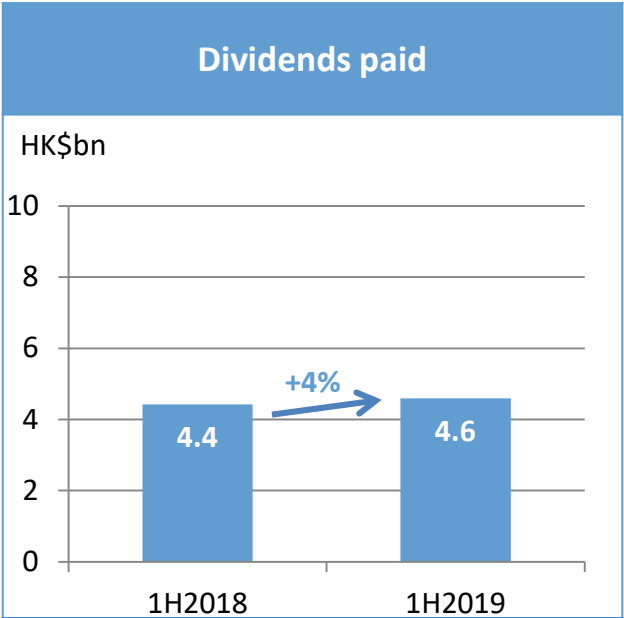
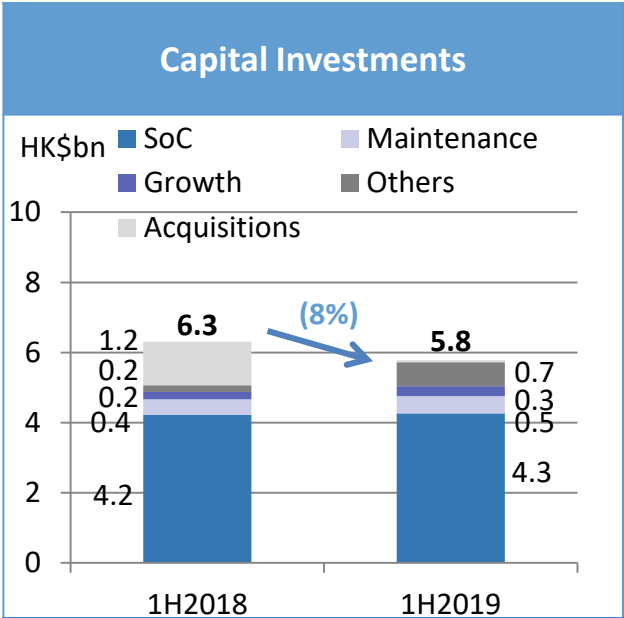
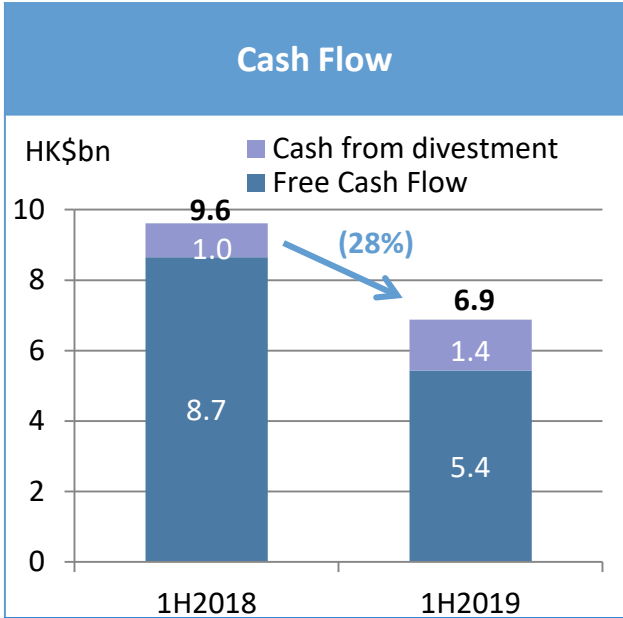
Operational Performance	Financial Performance	Outlook
Renewables - Lopburi <ul style="list-style-type: none"> Good performance and utilisation Thermal - Ho-Ping <ul style="list-style-type: none"> Good plant availability and high usage 	Renewables - Lopburi <ul style="list-style-type: none"> Modestly higher solar resource and earnings Thermal - Ho-Ping <ul style="list-style-type: none"> Steady generation with increase in unit margin reflecting higher energy tariff from last year's higher coal cost Opex & Devex <ul style="list-style-type: none"> Partial recovery of development expenditure 	Continue efforts to support Vietnamese Government to explore options to meet the country's future energy needs

Earnings impacted by generation challenges and regulatory changes

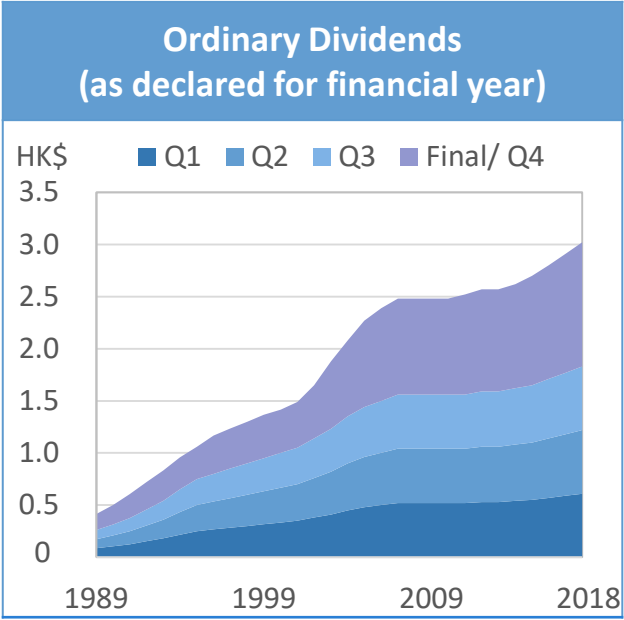


 Customer business	 Energy business	 Outlook
<ul style="list-style-type: none"> Supported customers through challenging times by adopting the Energy Charter & holding average prices flat Intense market competition and principle-based exclusion of comparator sites led to lower acquisitions and customer accounts Operating costs lowered as cost saving programme efficiencies delivered Implemented material regulatory changes, including preparation for 1 July DMO/VDO Lower customers, lower usage and switching to lower margin products has reduced gross margin 	<ul style="list-style-type: none"> Lower generation due to coal supply issues at Mount Piper and maintenance requirements at Yallourn adversely impacted earnings Increased utilisation of gas-fired assets, particularly Ecogen, increased generation costs Increased market volatility also impacted electricity procurement costs Higher wholesale electricity prices partially offset pressure on earnings noted above 	<p>Customer</p> <p>Continued focus on operational excellence, customer advocacy & lowering costs to customers</p> <p>Integrate solar, LED lighting and energy efficiency offerings to C&I customers through new partnership with Echo Group</p> <p>Energy</p> <p>Focus on asset availability and coal supply</p> <p>Evaluate new investment opportunities and integrate flexible capacity to facilitate supply/demand balance in the market</p>

Strong financial position supports dividends



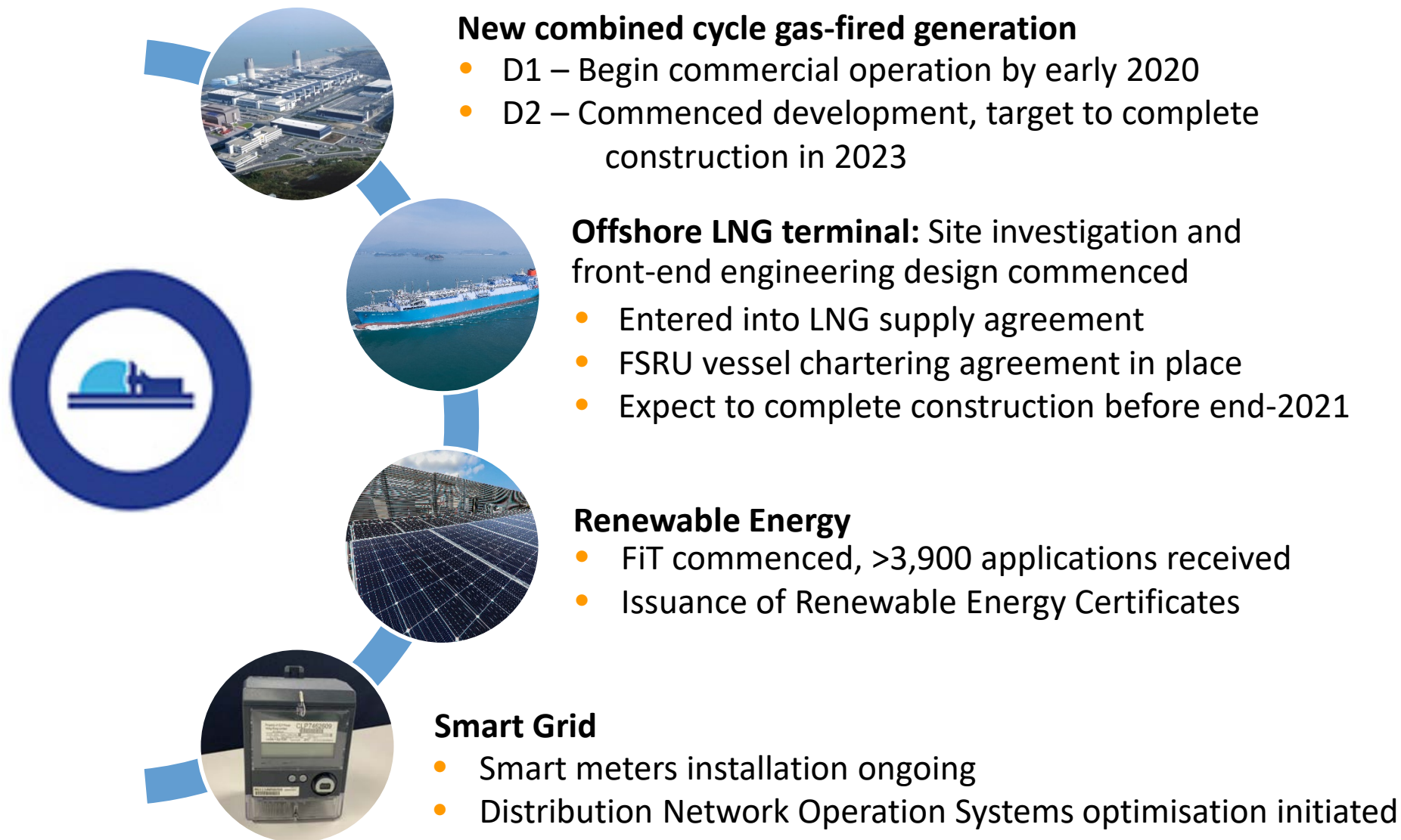
Credit Ratings	S&P	Moody's
CLP Holdings	A Stable	A2 Stable
CLP Power Hong Kong	A+ Stable	A1 Stable
CAPCO	AA- Stable	A1 Stable
EnergyAustralia	BBB+ Stable	-





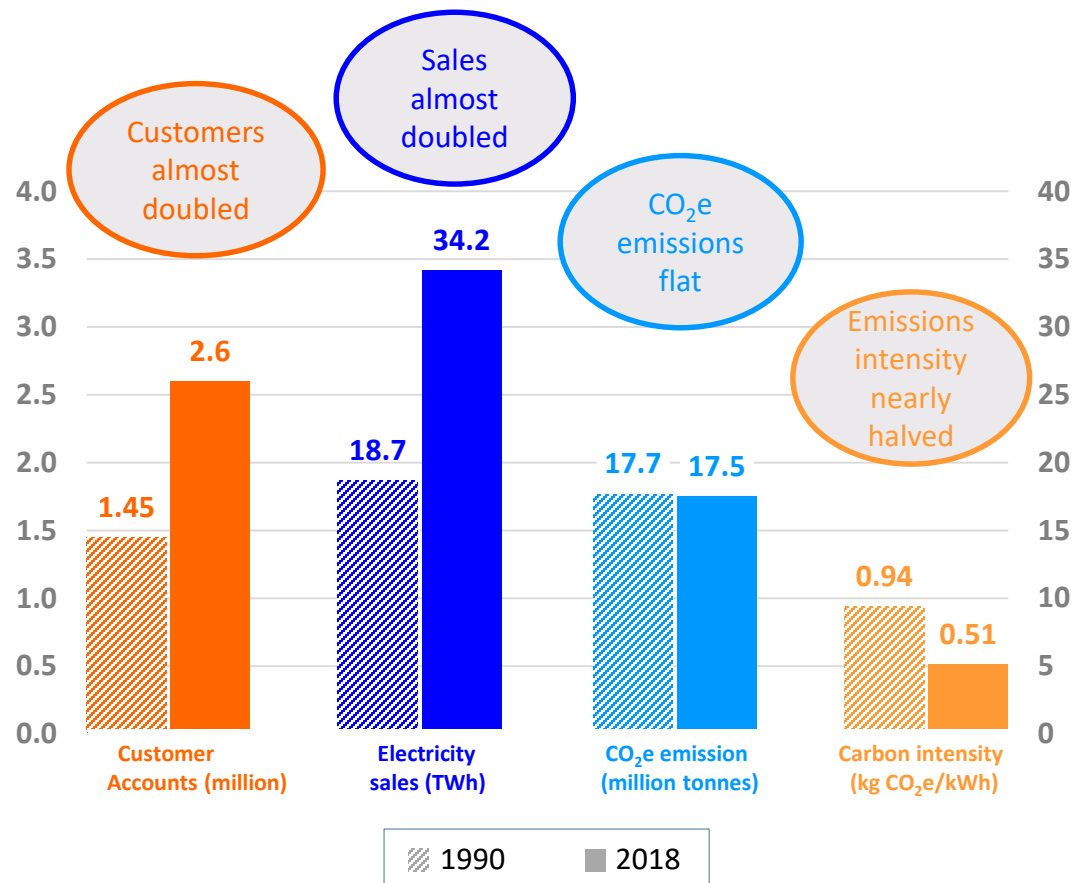
Business Trends and Outlook

In Hong Kong, our energy transition and decarbonisation journey continues...



...building on significant achievements over the last 3 decades

- The current Development Plan will further reduce our carbon footprint, building on our strong record in Hong Kong
- In June Hong Kong launched a three-month public engagement on decarbonisation strategy
- Utilities will have a major part to play in ongoing carbon emission reduction and we will participate in the engagement process



We are also lowering our carbon emission intensity outside Hong Kong



Portfolio underpinned by reliable nuclear capacity
Continue investments in renewable energy
Pursue opportunities in the Greater Bay Area



New partnership positioned for future growth
Acquired full ownership of Gale and Veltoor solar
Entered agreement to acquire 3 power transmission assets



Investment in flexible, fast-response generation capacity,
demand response and distributed generation

We are also continuing our journey to be a Utility of the Future







中電控股有限公司 CLP Holdings Limited

2019 股東周年大會
Annual General Meeting



Questions and Answers

2019 Annual General Meeting, Hong Kong



Appendices

Xundian Wind Farm, Yunnan, China
Battery Storage Systems at Ballarat and
Gannawarra, Australia
Veltoor Solar Farm, Telangana, India
(clockwise from top left)



CLP Group – Financial Highlights – Additional Information

Financial Information	1H2019	1H2018	Change
Operating earnings (HK\$M)	5,474	7,886	-31%
Total earnings (HK\$M)	(907)	7,436	N/A
Operating earnings per share (HK\$)	2.17	3.12	-31%
Total earnings per share (HK\$)	(0.36)	2.94	N/A
Dividends per share (HK\$)			
First interim dividend	0.63	0.61	+3%
Second interim dividend	0.63	0.61	+3%
Total interim dividends	1.26	1.22	+3%
Capex (HK\$M) - Cash basis			
SoC Capex	4,260	4,219	+1%
Other Capex	1,514	2,086	-27%
	30 Jun 2019	31 Dec 2018	
Leverage			
Net Debt (HK\$M)	47,398	43,172	+10%
Net Debt/Total Capital (%)	28.1%	25.5%	+2.6%

CLP Group – Operating Highlights – Additional Information

Operating Information	1H2019	1H2018	Change
Safety (Total Recordable Injury Rate) ⁽¹⁾	0.34	0.21	+0.13
Electricity sent out (TWh) ⁽²⁾	42.1	44.7	-5.9%
Generation Capacity (GW) ⁽²⁾			
Total in Operation	23.2	23.5	-0.3
Non-Carbon Emitting ⁽³⁾	5.7	5.3	+0.5
Committed / Under Construction	0.8	1.1	-0.3
Customer Accounts (Thousand)			
Hong Kong	2,623	2,577	+46
Australia	2,500	2,563	-63
Hong Kong local electricity sales (TWh)	15.9	15.8	+0.1
Reliability in Hong Kong (minutes lost pa) ⁽⁴⁾	10.12	1.49	+8.63

(1) 2018 number was revised to reflect the reclassification of two cases along with some minor adjustments to the number of hours worked

(2) Equity basis as well as long-term capacity and energy purchase arrangements

(3) Non-carbon emitting includes wind, hydro, solar and nuclear

(4) Unplanned customer minutes lost - average of the past 36 months. The increase was mainly due to the impact of Severe Typhoon Mangkhut in 2018

Items affecting comparability

HK\$M	1H2019	1H2018
Australia		
Impairment on retail goodwill	(6,381)	-
India		
Provision for deemed generation receivables	-	(450)
Items affecting comparability	(6,381)	(450)

1H2019 Impairment of retail goodwill in Australia

- Goodwill in the Australian Retail business initially arose from the acquisitions of two retail businesses in 2005 and 2011 and totaled HK\$15,065 million at 31 December 2018
- On 1 July 2019 the Victorian Default Offer and Default Market Offer took effect in Australia, mandating lower regulated “safety net” retail electricity tariffs for the markets in which the EnergyAustralia business operates
- On 20 June 2019 CLP made an announcement to the Hong Kong Stock Exchange foreshadowing that it is expected that these changes will result in a decrease in second half earnings before tax from the Retail segment in the order of HK\$240 million to HK\$300 million. This reduction will likely sustain into the future, but may vary as market participants and customers adjust to these new market conditions. As a result an impairment of goodwill for the Australian business was foreshadowed in the range of HK\$6 billion to HK\$7 billion⁽¹⁾
- Analysis has now been finalised and an impairment of goodwill of HK\$6,381 million has been recognised in this half. The impairment itself is a one-off and non-cash item, and does not of itself have an immediate impact on the operations or cash flow of the business

1H2018 Provision for deemed generation receivables

- Provision for long outstanding receivable at the Paguthan plant in India

(1) For more information on the impairment

Scan
or
Click



CLP Group – Reconciliation of Operating Earnings and ACOI

HK\$M	Hong Kong electricity and related	Mainland China	India	SEA & Taiwan	Australia	Other earnings & unallocated items	Group total
2019 Interim results							
Operating Earnings (as per Segment Information in Interim Report)	3,505	1,276	120	140	824	(391)	5,474
Allocation PSDC & HK Branch Line	102	(102)	-	-	-	-	-
Allocation of other earnings	82	-	-	-	-	(82)	-
Operating Earnings (as per Management Reporting in this presentation pack)	3,689	1,174	120	140	824	(473)	5,474
Add back							
Non-controlling interests	337	13	64	-	-	-	414
Net finance costs ⁽¹⁾	583	133	233	-	13	34	996
Income tax expense	782	161	122	-	253	2	1,320
Fair value adjustments ⁽²⁾	2	-	-	-	658	-	660
ACOI	5,393	1,481	539	140	1,748	(437)	8,864
2018 Interim results							
Operating Earnings (as per Segment Information in Interim Report)	4,522	1,219	251	63	2,257	(426)	7,886
Allocation PSDC & HK Branch Line	103	(103)	-	-	-	-	-
Allocation of other earnings	3	-	-	-	-	(3)	-
Operating Earnings (as per Management Reporting in this presentation pack)	4,628	1,116	251	63	2,257	(429)	7,886
Add back							
Non-controlling interests	422	5	14	-	-	-	441
Net finance costs/(income) ⁽¹⁾	594	124	290	(1)	13	19	1,039
Income tax expense	953	114	106	-	956	12	2,141
Fair value adjustments ⁽²⁾	7	-	-	-	(131)	(1)	(125)
ACOI	6,604	1,359	661	62	3,095	(399)	11,382
(1) Including net fair value loss/(gain) on debt related derivative financial instruments, and other net exchange loss/(gain) on financing activities and distribution to perpetual capital securities holders							
(2) Including net fair value loss/(gain) on non-debt derivative financial instruments relating to transactions not qualifying as hedges and ineffectiveness of cash flow hedges							

CLP Group – Cash Flow and Financial Structure

HK\$M	1H2019	1H2018
Cash Flow		
EBITDAF	6,490	14,936
Less: Items affecting comparability	6,381	450
Recurring EBITDAF	12,871	15,386
Less: Movement in SoC items	(250)	(1,228)
Less: Movement in working capital & others	(5,016)	(3,713)
Funds from operations	7,605	10,445
Less: Tax paid	(1,716)	(1,152)
Less: Net finance costs paid	(1,109)	(1,195)
Less: Maintenance capex	(528)	(441)
Add: Dividends from joint ventures & an associate	1,179	995
Free Cash Flow	5,431	8,652
Cash from divestment	1,449	958
Capital Investments ⁽¹⁾		
• SoC capex ⁽²⁾	4,260	4,219
• Maintenance capex ⁽²⁾	528	441
• Growth capex ⁽²⁾	251	210
• Others ⁽³⁾	685	192
• Acquisitions of businesses	50	1,243
Total	5,774	6,305
Dividend paid	4,598	4,421
End of period	30 Jun 2019	31 Dec 2018
Net Debt ⁽⁴⁾ (HK\$M)	47,398	43,172
Net Debt/Total Capital (%)	28.1%	25.5%

Cash Flow

- Lower free cash flow mainly reflected lower EBITDAF and unfavorable working capital movements in Australia
- Cash from divestment represents remaining proceed received from the sale of interests in CLP India

Capital Investments

- HK\$4.3 billion SoC capex related to enhancement of transmission and distribution networks and generation facilities including construction of CCGT in Hong Kong
- Growth capex mainly included our investments in solar and wind project in Mainland China
- Maintenance capex mainly represented capital works on Yallourn, Mount Piper and Tallawarra in Australia
- Acquisition of Meizhou Solar in Mainland China in 2019 (2018: Acquisition of Ecogen of HK\$1bn and remaining 49% interest of Jinchang Solar of HK\$0.2bn)

Net Debt/Total Capital

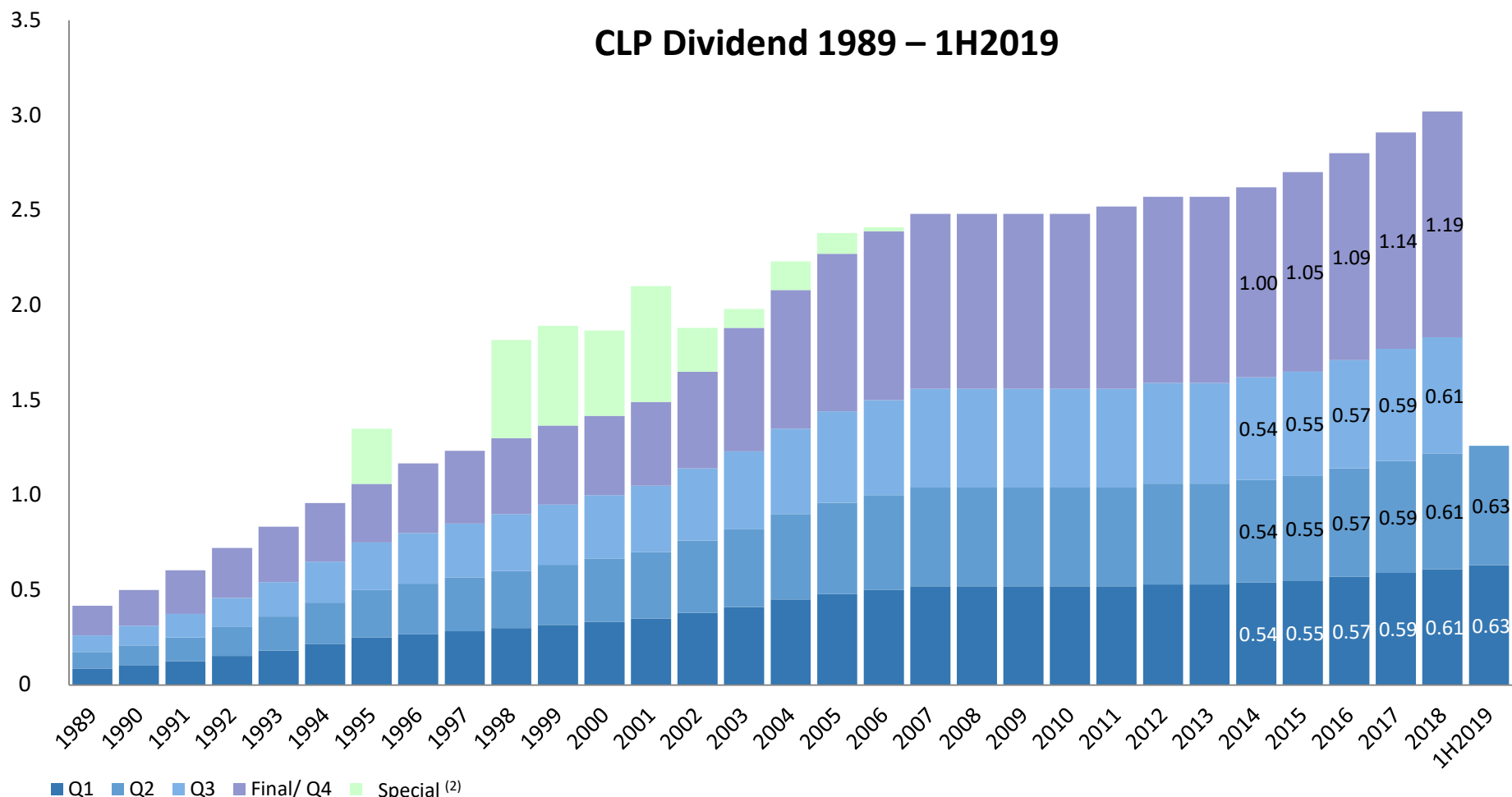
- Increase in net debt to total capital mainly due to retail goodwill impairment in EnergyAustralia and lower bank balance

- Capital investments include fixed assets, right-of-use assets, investment property, intangible assets, investments in and advances to joint ventures and associates, and acquisition of businesses/assets
- Capital expenditure on fixed assets and right-of-use assets are further analysed into
 - SoC capex - capital expenditure related to the SoC business
 - Growth capex - capital expenditure for additional generation capacity
 - Maintenance capex - capital expenditure other than the above
- Capital investments on intangibles assets and investments in and advances to joint ventures and associates, including the completion payment of the acquisition of Yangjiang Nuclear
- Net of bank balance, cash and other liquid funds

CLP Group – Dividend⁽¹⁾ History

CLP's Dividends Policy aims to provide reliable and consistent ordinary dividends with steady growth when supported by our earnings whilst ensuring that a solid financial position can be maintained to fund our business growth. In line with our established practice, our ordinary dividends are paid four times a year in each of the quarters.

CLP Dividend 1989 – 1H2019



(1) Dividend adjusted for one bonus share issued for every five existing shares in 1988, 1989, 1993 and 2001

(2) Special dividends mainly relate to major property development and one additional interim dividend due to change of accounting year in 1999

CLP Group – Financial Obligations at a Glance

	30 Jun 2019	31 Dec 2018
HONG KONG	HK\$M	HK\$M
Total borrowings of CLPH, CLPP, CAPCO & PSDC	42,168	43,247
Minus: Bank balances and liquid funds	(1,855)	(4,437)
Net Debt	40,313	38,810
OVERSEAS		
Total borrowings of EnergyAustralia, India and Mainland China subsidiaries (non-recourse to CLPH)	11,797	12,051
Minus: Bank balance and liquid funds	(4,712)	(7,689)
Net debt	7,085	4,362
CONSOLIDATED total borrowings of CLP Group	53,965	55,298
Minus: Consolidated bank balance and liquid funds	(6,567)	(12,126)
Consolidated Net debt	47,398	43,172
Total Debt/Total Capital ⁽¹⁾	30.8%	30.4%
Net Debt/Total Capital ⁽¹⁾	28.1%	25.5%

Increase in net debt for Hong Kong entities mainly due to capital investments. Increase in the Group's net debt to total capital mainly relating to the goodwill impairment and lower bank balance.

CLP Group – Credit Ratings

	CLP Holdings		CLP Power		CAPCO		EnergyAustralia
	S&P	Moody's	S&P	Moody's	S&P	Moody's	S&P
Long term Rating							
Foreign Currency Outlook	A Stable	A2 Stable	A+ Stable	A1 Stable	AA- Stable	A1 Stable	BBB+ Stable
Local Currency Outlook	A Stable	A2 Stable	A+ Stable	A1 Stable	AA- Stable	A1 Stable	BBB+ Stable
Short term Rating							
Foreign Currency	A-1	P-1	A-1	P-1	A-1+	P-1	-
Local Currency	A-1	P-1	A-1	P-1	A-1+	P-1	-

Both Standard & Poor's and Moody's kept their credit ratings for CLP Holdings (A and A2) unchanged in June with stable outlooks following the announcement related to EnergyAustralia's retail business. In May and June 2019, Moody's affirmed its credit ratings for CLP Holdings (A2), CLP Power Hong Kong (A1) and CAPCO (A1) with stable outlooks.

CLP Group – Highlights of Financing Activities

For more information on CLP
Climate Action Finance Framework



CLP Holdings

- **Ample liquidity in the Group** with undrawn facilities of HK\$19.9 billion and HK\$6.6 billion bank balances as at 30 June 2019.

Scheme of Control

- **New financing obtained at extremely cost effective interest rates.** CAPCO issued a HK\$170 million 25-year New Energy Bond at 2.8% coupon in July 2019 to fund the construction of West New Territories landfill gas generation project. This is an inaugural green financing for our SoC business under the CLP Climate Action Finance Framework.
- CLP Power Hong Kong issued a HK\$200 million 15-year private bond at 2.74% coupon in July 2019 to further enhance its diversified, cost-effective debt portfolio.

Mainland China

- **Continued financing at competitive terms.** Arranged RMB350 million (HK\$398 million) 2-year offshore revolving bank loan facility.

India

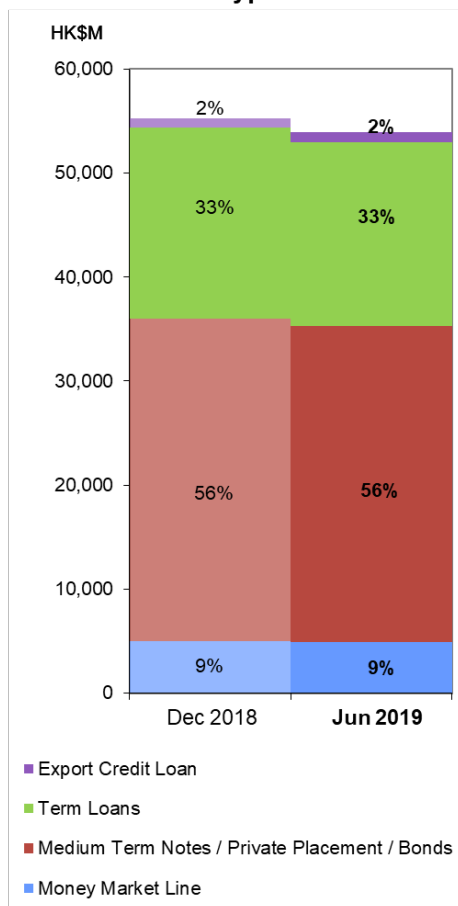
- **Lower interest margins through refinancing.** CLP India refinanced bank loan facilities totalling Rs4.3 billion (HK\$483 million) for renewable energy projects at interest rates that were reduced by between 0.55 and 0.7 percentage points.
- With respect to the transfer of 40% shareholding in CLP India Private Limited to Caisse de dépôt et placement du Québec, CLP received **total consideration proceeds** in December 2018 and June 2019 equivalent to HK\$2.9 billion.

EnergyAustralia

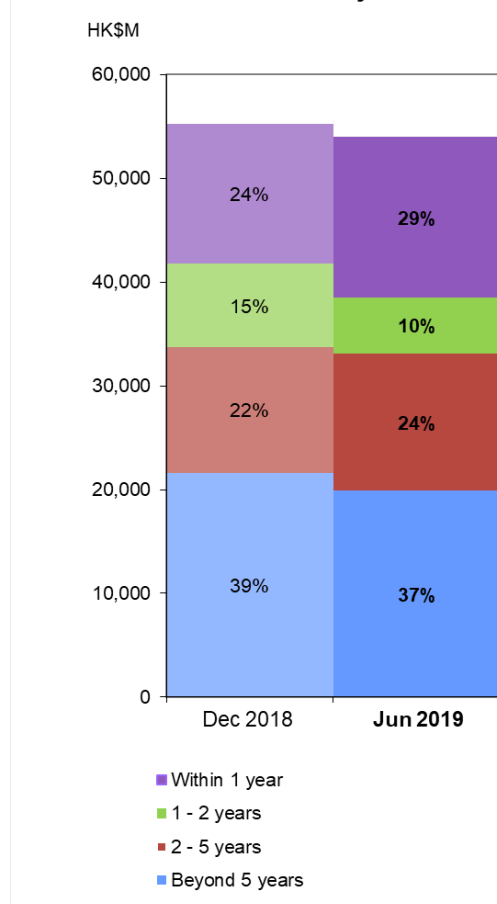
- **Healthy liquidity position.** In April, EnergyAustralia paid back A\$285 million (HK\$1.6 billion) to CLP Holdings in the form of shareholder's loan repayment and interest payment.

CLP Group – Loan Balances by Type and Maturity

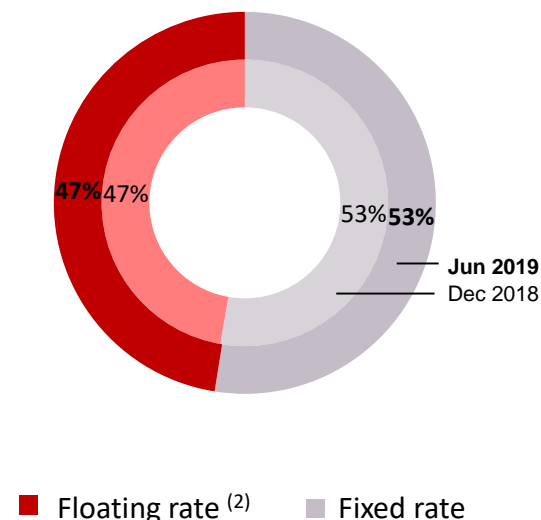
Loan Balance - Type



Loan Balance - Maturity⁽¹⁾



Proportion of debt on fixed and floating rate



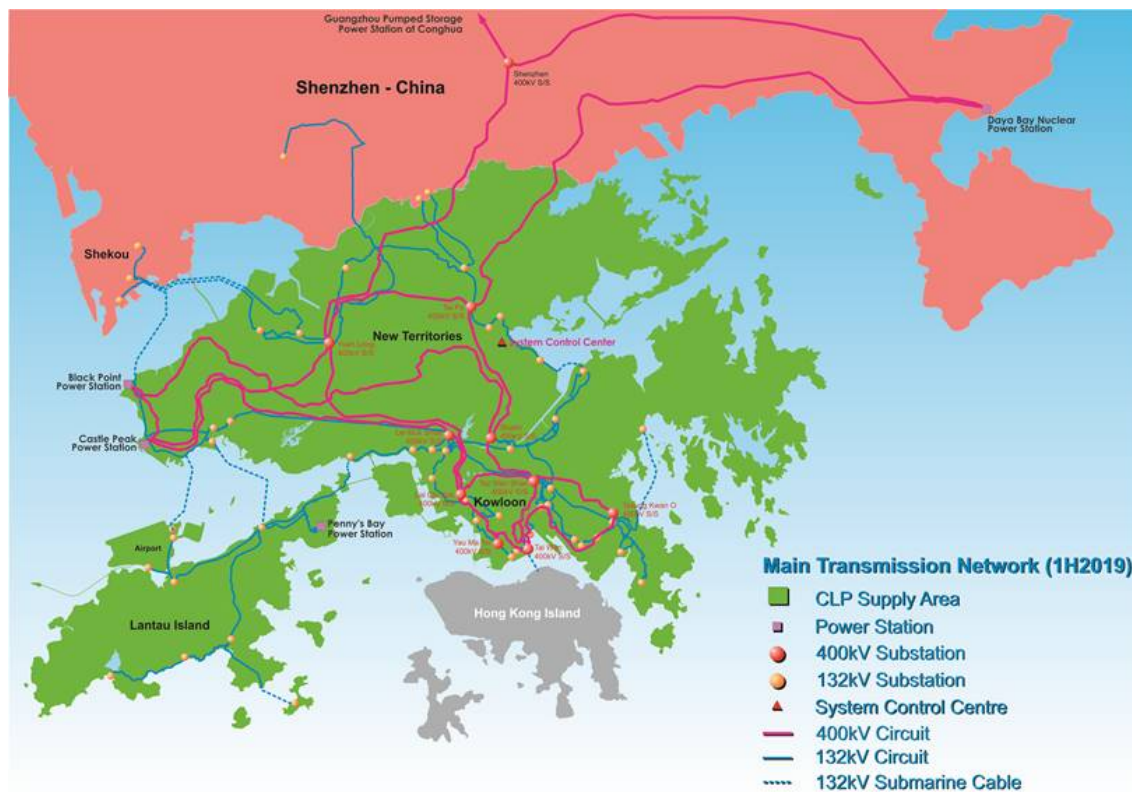
- 1) The maturity of revolving loans is in accordance with the maturity dates of the respective facilities instead of the current loan drawdown tenors
- 2) For floating rate borrowings, if assuming 1% increase in interest rate and based on outstanding debt balance as at 30 June 2019, the additional interest payment is around HK\$256m per annum
- 3) CLP continues to obtain debt (re)financing at very cost effective interest rates. Some representative examples in 2019 are highlighted on page 35 (“CLP Group – Highlights of Financing Activities”)

Hong Kong – Growing Business Scale

Generation	Transmission	Distribution	Retail
9,185 MW of installed capacity	> 15,900 km of transmission and high voltage distribution lines	232 primary and > 14,700 secondary substations	15,916 GWh sold and 2.62 million customer accounts

During 1H2019:

- Local electricity sales increased 0.5% to 15,916 GWh as compared with 1H2018
- No. of customer accounts increased by 46k to 2,623k as compared with 1H2018
- Major infrastructure projects ongoing
- Construction of a new 550MW gas-fired generation unit at Black Point Power Station in progress for operation by early 2020
- The fourth unit of gas turbine upgrade project at Black Point Power Station completed with 25MW generation capacity added
- Over 70 km of new transmission and high voltage distribution lines & 80 new substations added
- The opening of our SmartHub@CLP experience centre was an initiative to engage the community and industry partners and encourage them to support energy efficiency and smart city development in Hong Kong



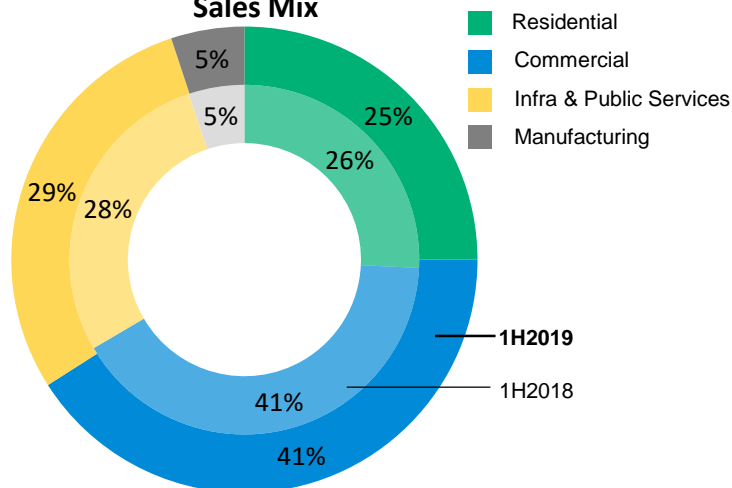
We generate, transmit and distribute electricity to over 80% of Hong Kong's population in Kowloon, the New Territories and on Lantau Island

Hong Kong – Electricity Sales and Capex

Electricity Sales

GWh	1H2019	1H2018	Change
Residential	3,977	4,077	(2.5%)
Commercial	6,521	6,458	1.0%
Infrastructure & Public Services	4,609	4,479	2.9%
Manufacturing	809	817	(1.0%)
Total Local Sales	15,916	15,831	0.5%
Export Sales	-	537	(100%)
Total Sales	15,916	16,368	(2.8%)

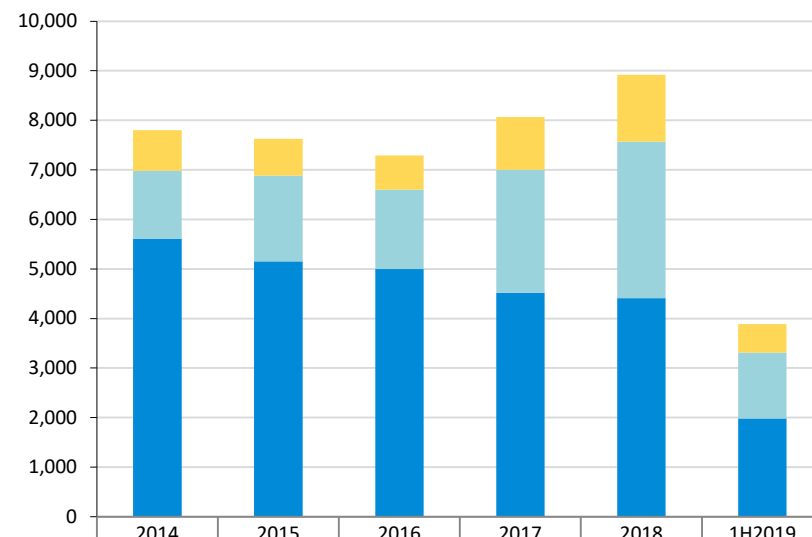
Sales Mix



Capital Expenditure (Accrual basis)

HK\$m	1H2019	1H2018	Change
CLP Power Hong Kong	1,982	1,930	2.7%
CAPCO	1,903	1,957	(2.8%)
Total Capex	3,885	3,887	(0.1%)

HK\$m



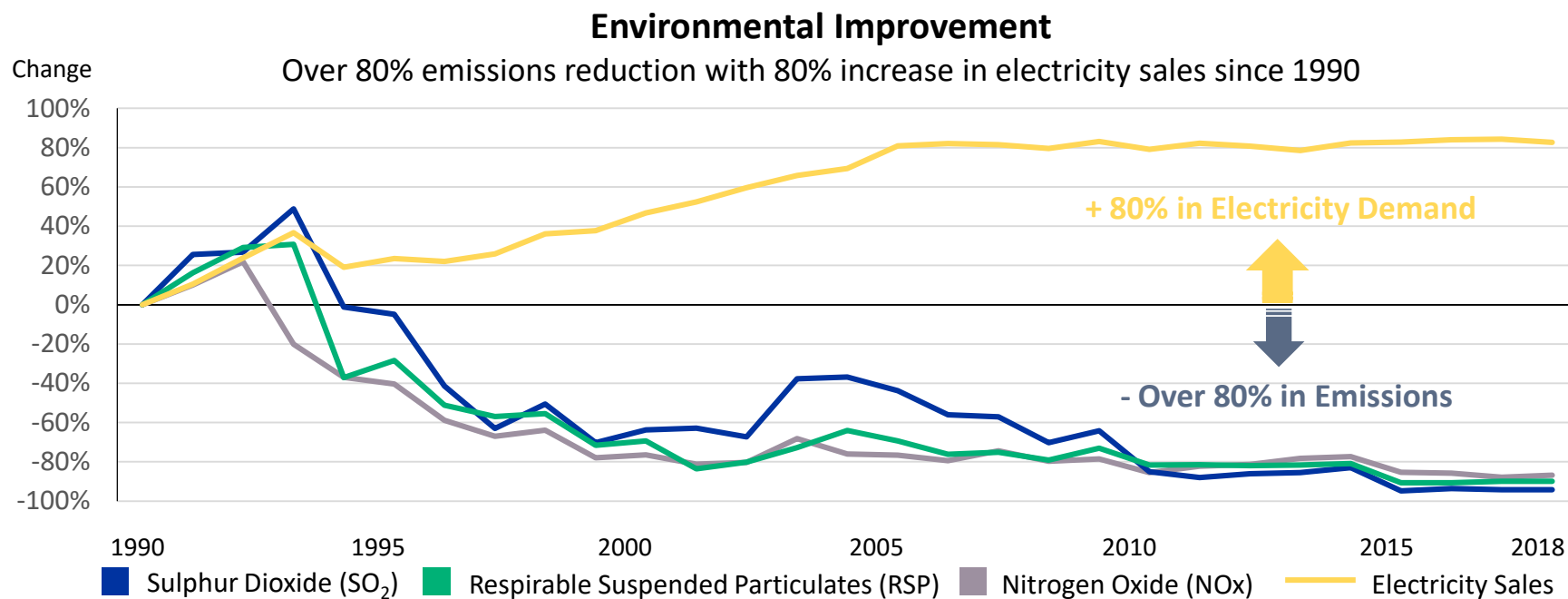
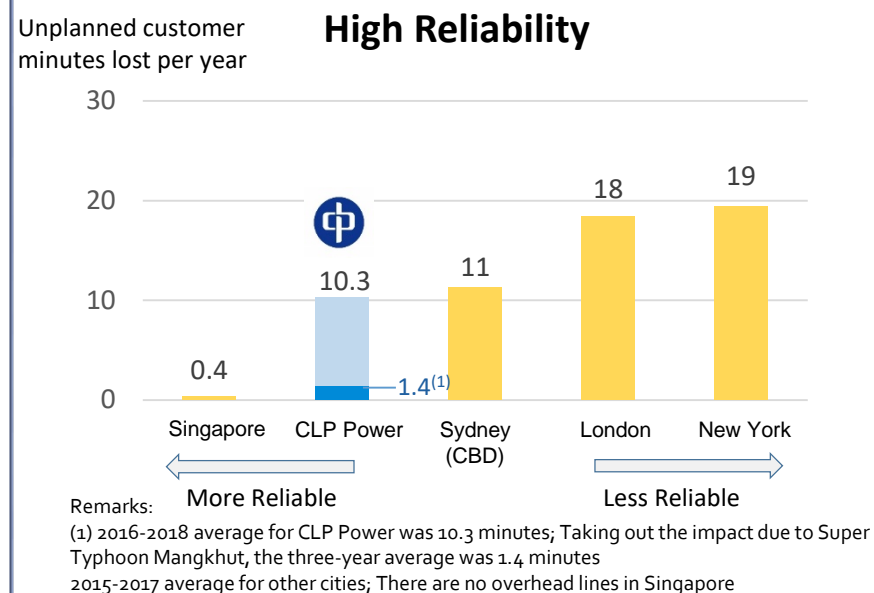
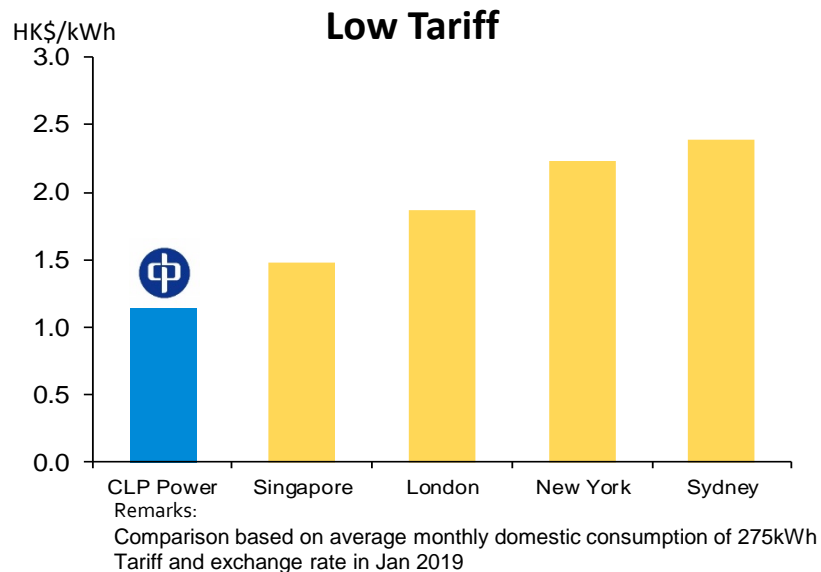
	2014	2015	2016	2017	2018	1H2019
Total of CLP	6,983	6,887	6,603	7,004	7,569	3,314
CAPCO - JV partner	817	743	689	1,064	1,353	571
CAPCO - CLP's share	1,368	1,735	1,607	2,481	3,158	1,332
CLP Power	5,615	5,152	4,996	4,523	4,411	1,982

Total Capital Expenditure in line with Development Plan (DP)

Capex incurred in 2018 DP from Oct 2018 to Jun 2019: HK\$6.5bn

Capex approved under the 2018 DP from Oct 2018 to Dec 2023: HK\$52.9bn

Hong Kong – Tariff, Reliability & Environmental Improvement



Mainland China – Financials (HK\$)



Mainland China

HK\$M	Operating/Total Earnings		ACOI	
	1H2019	1H2018	1H2019	1H2018
Renewables	316	335	537	517
- Wind	182	249	262	332
- Hydro	43	16	120	70
- Solar	91	70	155	115
Nuclear	845	740	916	797
- Daya Bay	446	409	469	430
- Yangjiang	399	331	447	367
Thermal	120	80	132	82
- Shandong	-	14	2	16
- Guohua	(22)	28	(22)	28
- Fangchenggang	142	38	152	38
Operating and development expenditure	(107)	(39)	(104)	(37)
Operating earnings /ACOI	1,174	1,116	1,481	1,359
Total earnings	1,174	1,116		

The average foreign exchange rates used to convert Mainland China Segment earnings to Hong Kong dollars are 1.22872 for 1H2018 and 1.15701 for 1H2019. Note that in the ACOI variance analysis presented in the body of the presentation 1H2018 earnings are adjusted for changes in scope and foreign exchange before year on year variance in underlying performance is illustrated.

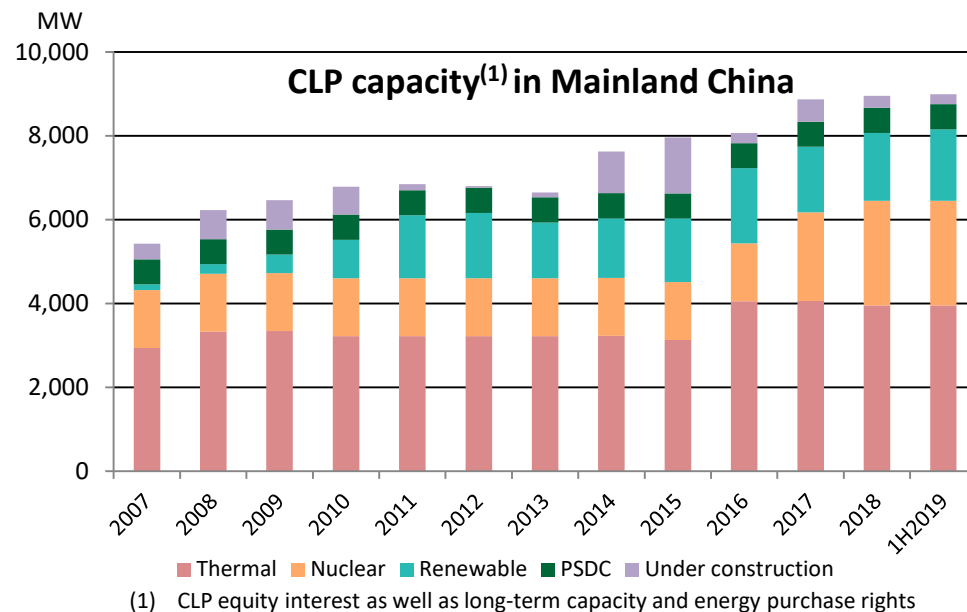
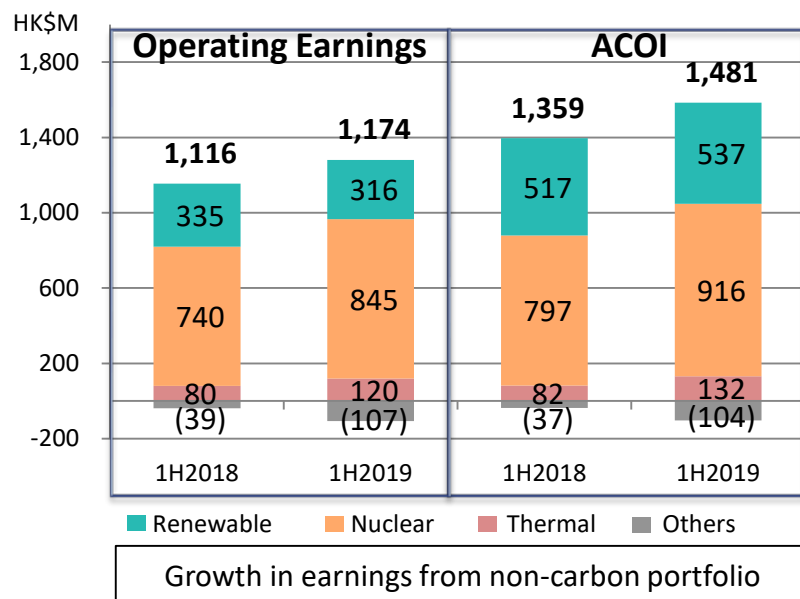
Mainland China – Financials (Local Currency)



Mainland China

RMB'M	Operating/Total Earnings		ACOI	
	1H2019	1H2018	1H2019	1H2018
Renewables	273	273	464	421
- Wind	157	203	226	270
- Hydro	37	13	104	57
- Solar	79	57	134	94
Nuclear	730	602	792	649
- Daya Bay	385	333	406	350
- Yangjiang	345	269	386	299
Thermal	104	65	114	67
- Shandong	-	11	2	13
- Guohua	(19)	23	(19)	23
- Fangchenggang	123	31	131	31
Operating and development expenditure	(92)	(32)	(90)	(30)
Operating earnings /ACOI	1,015	908	1,280	1,107
Total earnings	1,015	908		

Mainland China – Renewables and Generation



- The economy continued to grow steadily. The operating environment remains challenging from high coal price and reforms in macroeconomic policies in the energy sector. Fees for ancillary services and benefits provided to those who are active market participants have helped provide additional earnings to Fangchenggang (FCG)
- Higher dispatch at FCG from strengthening economic growth in Guangxi Zhuang Autonomous Region and easing competition from hydro power generation due to low rainfall in 1H2019. Repositioning FCG as an integrated energy provider to secure more generation hours during normal operations. Approval of our application for direct unloading of import coal in FCG Power Station jetty also helped to reduce fuel costs
- Higher earnings from Yangjiang with Unit 5 started operation in Jul 2018
- Less grid curtailment for wind in northeast & solar in northwest
- Total receivables of HK\$1,327 million relating to the unpaid Renewables National Subsidy from our subsidiaries (Dec 2018: HK\$972 million). While there are delays in receiving subsidies we continue to receive payments and there is no history of default
- Business development opportunities
 - Acquisition of Meizhou Solar in Guangdong in Jan 2019
 - Commercial operation of CLP Laizhou II Wind (49.5MW) in Shandong in Jun 2019
 - Commenced construction of Laiwu III Wind (50MW) in Shandong in Apr 2019

Mainland China – Market sales in 1H2019



Province	Projects (Equity MW)
Yunnan	Xundian Wind (50MW) Xicun Solar (84MW) Dali Yang_er Hydro (50MW)
Guangxi	FCG thermal (1,806MW)
Sichuan	Jiangbian Hydro (330MW)
Gansu	Jinchang Solar (85MW)
Inner Mongolia	Zhungeer thermal (257MW)
Liaoning	Suizhong thermal (564MW) Mazongshan Wind (12MW) Qujiagou Wind (12MW)
Jilin	Qian'an Wind (99MW) Changling II Wind (22MW) Datong Wind (24MW) Shuangliao Wind (48MW)
Tianjin	Panshan thermal (207MW)
Hebei	Sanhe thermal (220MW)
Shandong	Shiheng thermal (370MW)
Guangdong	Yangjiang Nuclear (923MW)

Market sales are prevailing in various forms in different provinces in China. Overall around 47% of our share of generation volumes were under market sales in 1H2019 (1H2018: 45%). It is expected that market sales will continue to increase going forward.

India – Financials

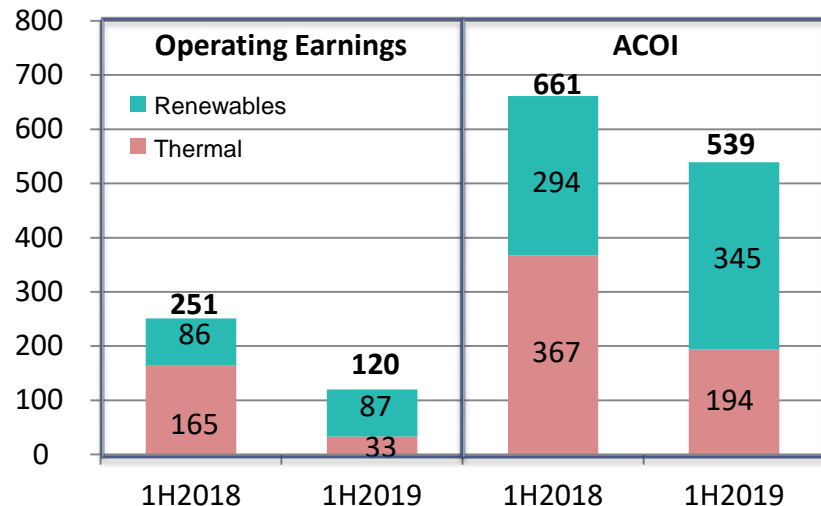


	HK\$		Local Currency	
	1H2019	1H2018	1H2019	1H2018
	HK\$M	HK\$M	Rs M	Rs M
Thermal (Jhajjar)	283	246	2,528	2,073
Thermal (Paguthan)	(89)	121	(795)	1,020
Renewables	345	294	3,081	2,477
ACOI	539	661	4,814	5,570
Thermal (Jhajjar)	94	50	840	421
Thermal (Paguthan)	(38)	115	(339)	969
Renewables	124	86	1,107	725
Profits attributable to CDPQ	(60)	-	(536)	-
Operating earnings	120	251	1,072	2,115
Provision for Paguthan's deemed generation receivables	-	(450)	-	(3,796)
Total earnings	120	(199)	1,072	(1,681)

The average foreign exchange rates used to convert Indian Segment earnings to Hong Kong dollars are 0.11867 for 1H2018 and 0.11197 for 1H2019. Note that in the ACOI variance analysis presented in the body of the presentation 1H2018 earnings are adjusted for changes in scope and foreign exchange before year on year variance in underlying performance is illustrated.

India – Broadening the portfolio

HK\$M



Higher 1H2019 renewables ACOI due to higher wind resource, new solar plants, and interest received on delayed payment from renewable debtors.

Acquisition of power transmission assets

- CLP India has entered into a binding agreement to purchase three power transmission assets from Kalpataru Power Transmission Limited (KPTL) and Techno Electric & Engineering Co Ltd (Techno) for an estimated enterprise value of INR32 billion. The estimated debt amount would be approximately INR20 billion at CoD
- Assets include two inter-state projects in north-east India (Bihar-W Bengal: partly operational, Manipur-Nagaland-Assam: under construction) and one intra-state project in central India (Madhya Pradesh: operational). Total length 815km.
- Return is based on availability of the assets
- The transaction is subject to requisite approvals and compliances
- The transaction marks CLP India's first entry into the power transmission sector and broadens our portfolio to straddle two of the three main segments in India's power value chain

Enhancing our renewable generation portfolio

- The Veltoor (100/60MW) and Gale (50/30MW) solar plants became wholly-owned assets of CLP India after the acquisitions of remaining 51% equity interests previously held by Suzlon Energy Limited in March 2019
- CLP India will continue to maintain and strengthen the operational excellence of our existing assets in the second half of 2019
- Our alliance with CDPQ has brought long-term strategic backing and additional resources to support our continuing growth
- We are actively exploring further potential opportunities for acquisitions and investments in renewable energy and transmission, as the Government continues to implement energy industry reforms

Southeast Asia & Taiwan – Financials



SEA & Taiwan

	HK\$		Local Currency	
	1H2019	1H2018	1H2019	1H2018
	HK\$M	HK\$M	M	M
ACOI				
Thermal	94	42	NT\$371	NT\$161
Renewables	39	36	THB156	THB144
Operating expenditure	(9)	(5)	-	-
Development expenditure	16	(11)	-	-
Total	140	62		
Operating earnings				
Thermal	94	42	NT\$371	NT\$161
Renewables	39	36	THB156	THB144
Operating expenditure	(9)	(5)	-	-
Development expenditure	16	(10)	-	-
Total	140	63		

The average foreign exchange rates used to convert SEA & Taiwan Segment earnings to Hong Kong dollars are 0.2465 and 0.2647 for 1H2018 and 0.2489 and 0.2531 for 1H2019 for Thai Baht and New Taiwan Dollars respectively. Note that in the ACOI variance analysis presented in the body of the presentation 1H2018 earnings are adjusted for changes in scope and foreign exchange before year on year variance in underlying performance is illustrated

Australia – Financials



Australia

	HK\$		Local Currency	
	1H2019	1H2018	1H2019	1H2018
	HK\$M	HK\$M	A\$M	A\$M
EBITDAF (before items affecting comparability)	2,655	3,913	478	650
Depreciation & Amortisation	(907)	(818)	(163)	(136)
ACOI				
Customer (Retail)	470	1,001	85	166
Energy (Wholesale)	2,173	3,039	391	505
Enterprise (Corporate)	(895)	(945)	(161)	(157)
Total	1,748	3,095	315	514
Fair value adjustments ⁽¹⁾	(658)	131	(119)	22
Net finance costs	(13)	(13)	(2)	(2)
Income tax expense	(253)	(956)	(46)	(159)
Operating Earnings	824	2,257	148	375
Impairment of goodwill	(6,381)	-	(1,166)	-
Total earnings	(5,557)	2,257	(1,018)	375

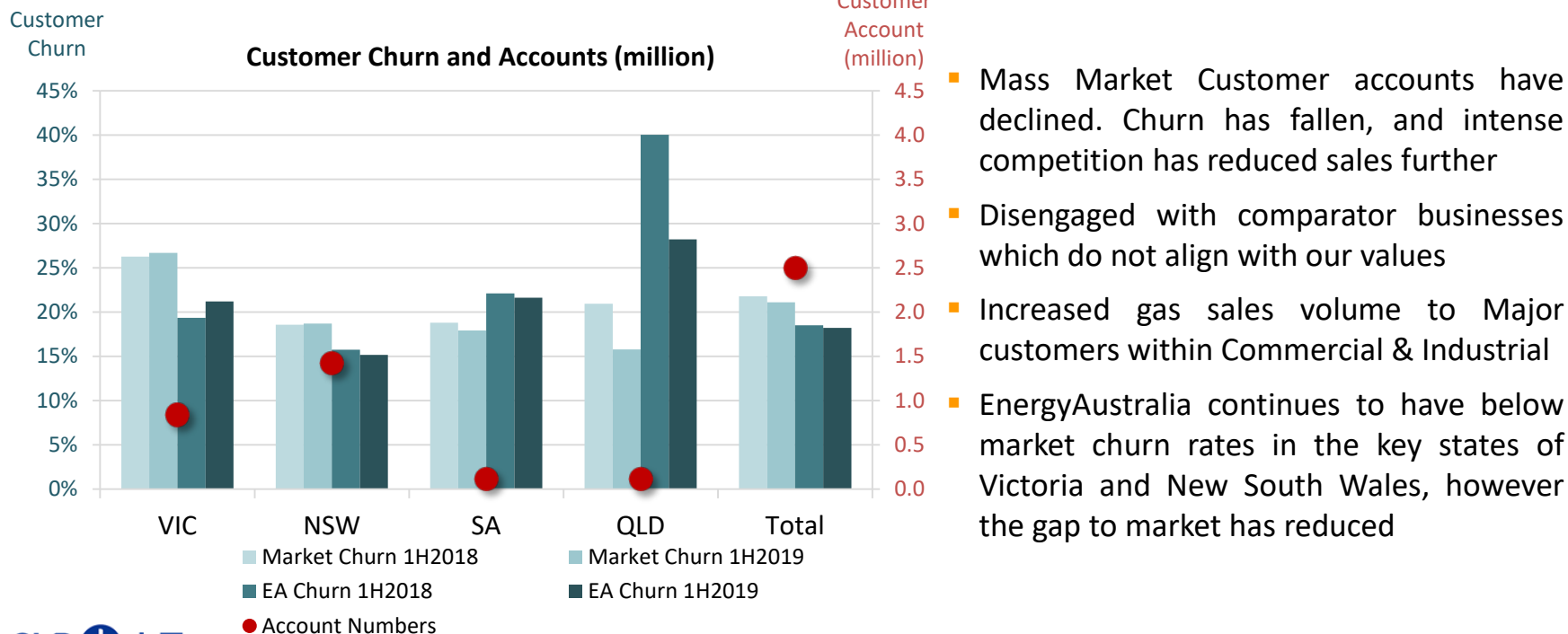
(1) Fair value adjustments have been mainly driven by rising forward prices which adversely impact contracts to sell energy. A loss was recorded in 1H2019 and a gain in 1H2018.

The average foreign exchange rates used to convert Australian Segment earnings to Hong Kong dollars are 6.0148 for 1H2018 and 5.5454 for 1H2019. Note that in the ACOI variance analysis presented in the body of the presentation 1H2018 earnings are adjusted for changes foreign exchange before period on period variance in underlying performance is illustrated.

Australia – Customer Operations

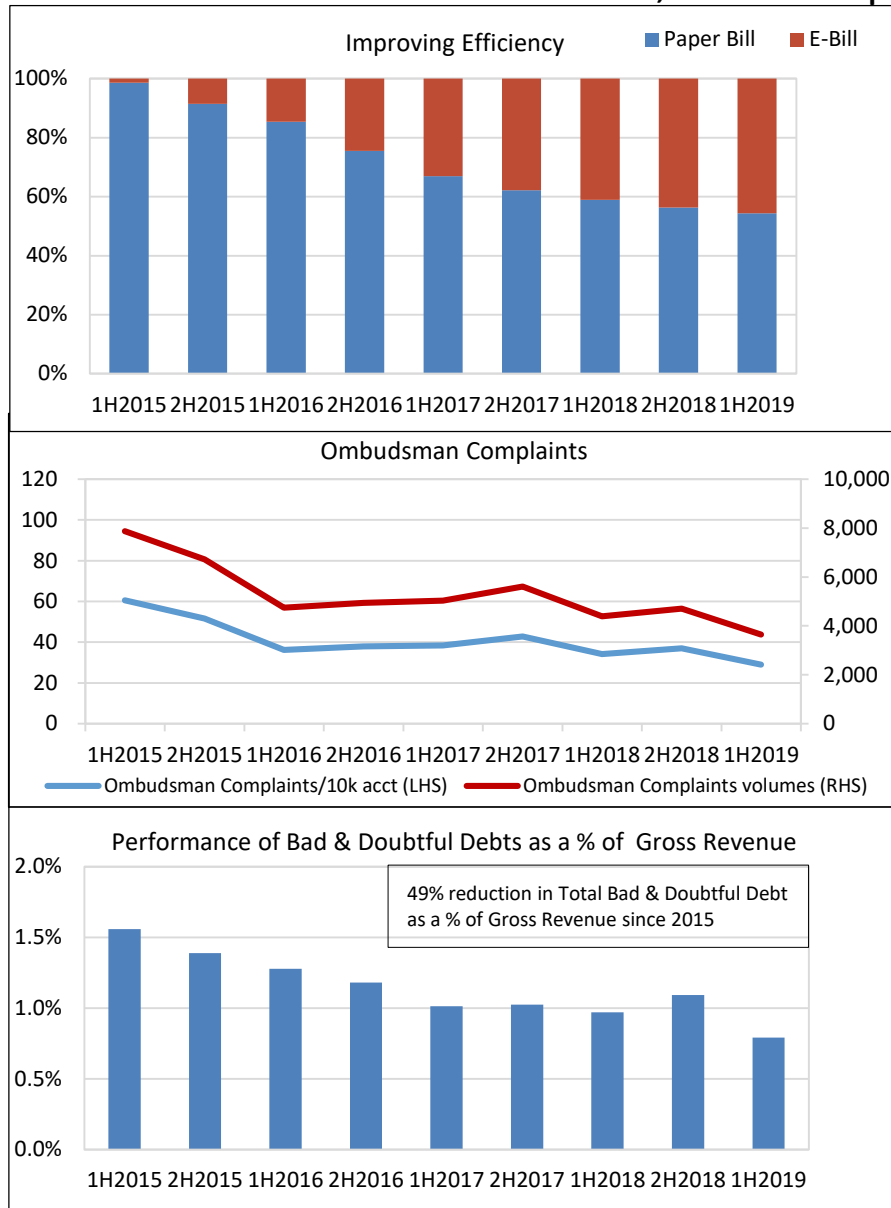
Customer Account Numbers (000s)	1H2019			1H2018		
	Electricity	Gas	Total	Electricity	Gas	Total
Mass Market	1,639.6	847.7	2,487.3	1,689.1	861.8	2,550.9
Commercial & Industrial	12.7	0.3	13.0	12.1	0.3	12.4
Total Account Numbers	1,652.3	848.1	2,500.3	1,701.2	862.1	2,563.3
Weighted Average Mass Market ⁽¹⁾	1,658.5	858.0	2,516.5	1,714.7	867.1	2,581.8

Sales Volume & Revenue	1H2019		1H2018	
	Electricity (TWh)	Gas (PJ)	Electricity (TWh)	Gas (PJ)
Mass Market	4.9	14.9	5.2	14.8
Commercial & Industrial	4.4	6.1	4.3	4.7
Total Sales Volume	9.3	21.0	9.5	19.5
Sales Revenue (A\$m)	2,146.7	495.7	2,298.3	472.5



Australia – Customer Operations

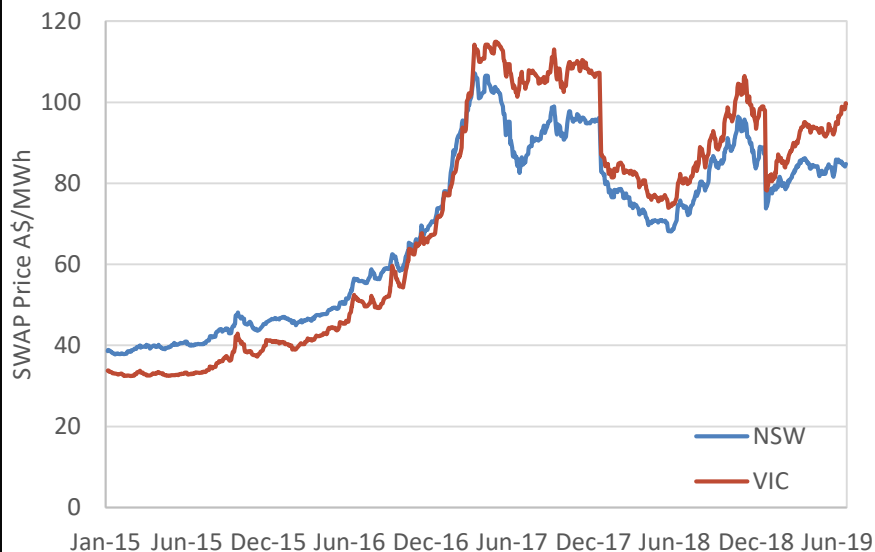
Customer Focussed; Leadership in an Industry with Low Trust



- EnergyAustralia has supported our customers through:
 - Holding electricity prices flat and absorbing additional supply-chain and other costs
 - Commitment to the Energy Charter, a world-first initiative aimed at uniting the energy industry to deliver better service
 - Launch of Power for Good to cut charities' electricity bills by identifying opportunities to raise energy efficiency
- Automation and digitisation remain key drivers of service improvements and cost reductions
- Ombudsman complaints continue to fall due to our focus on operational excellence and making it easy and effortless for our customers
- Bad and doubtful debt as a percentage of gross revenue has reduced due to improvements in collections from large commercial customers

Australia – Wholesale Market Conditions

Year Ahead SWAP Prices ⁽¹⁾



- Wholesale electricity prices impacted by tight supply/demand balance, from reduced coal generation, drought limiting hydro generation, and delays in new renewable build
- Forward curve falls as new renewables add to supply
- Large Renewable Energy Certificate prices reduced materially and are forecast to fall further as new renewables start generating
- Increasing need for flexible generation and storage to complement future intermittency, ensuring reliable power and lower prices for customers. We are evaluating a pipeline of projects to address this including:
 - Gas peaking including Tallawarra B (NSW)
 - Pumped Hydro including Cultana (SA) and Kidston (QLD)
 - Demand response and grid solutions

VIC SWAP Prices ⁽¹⁾



CLP Group – Generation Portfolio – 30 Jun 2019

19,208 Equity MW and 4,777MW Long Term Purchase (total 23,985MW)

AUSTRALIA	total	5,300MW*
<u>Operational</u>		
Yallourn	1,480 / 1,480	(c)
Mount Piper	1,400 / 1,400	(c)
Hallett	203 / 203	(g)
Newport	500 / 500	(g)
Jeeralang	440 / 440	(g)
Tallawarra	420 / 420	(g)
Wind Projects	693 / 560*	(w)
Solar Project #	362 / 294*	(s)
Wilga Park	16 / 3	(g)

INDIA	total	1,842 MW
<u>Operational</u>		
Jhajjar	1,320 / 792	(c)
Paguthan	655 / 393	(g)
Wind Projects	924 / 555	(w)
Solar Project #	170 / 102	(s)

TAIWAN	total	264 MW
<u>Operational</u>		
Ho-Ping	1,320 / 264	(c)

THAILAND	total	21 MW
<u>Operational</u>		
Lopburi Solar #	63 / 21	(s)



HONG KONG	total	7,568MW*
<u>Operational</u>		
Castle Peak	4,108 / 4,108*	(c)
Black Point ^(a)	2,600 / 2,600*	(g)
Penny's Bay	300 / 300*	(o)
<u>Under Construction</u>		
Black Point - D1	550 / 550*	(g)
Energy-from-Waste	10 / 10*	(o)

MAINLAND CHINA	total	8,990* MW
<u>Operational</u>		
Daya Bay	1,968 / 1,577*	(n)
Yangjiang	5,430 / 923	(n)
Pumped Storage	1,200 / 600*	(o)
Fangchenggang I & II	2,580 / 1,806	(c)
SZPC	3,060 / 900	(c)
Guohua	7,470 / 1,248	(c)
Hydro Projects	509 / 489	(h)
Wind Projects	1,403 / 885	(w)
Solar Projects #	328 / 328	(s)
<u>Under Construction</u>		
Yangjiang	1,086 / 185	(n)
Wind Projects	50 / 50	(w)

Fuel Source: (c) – coal-fired (g) – gas-fired (w) – wind (h) – hydro (n) – nuclear (o) – others (s) – solar

• Station Name Gross MW / CLP Equity MW
* including long-term capacity and energy purchase
Solar projects in AC output

(a) Gas turbine upgrade of Black Point Power Station Unit C2.

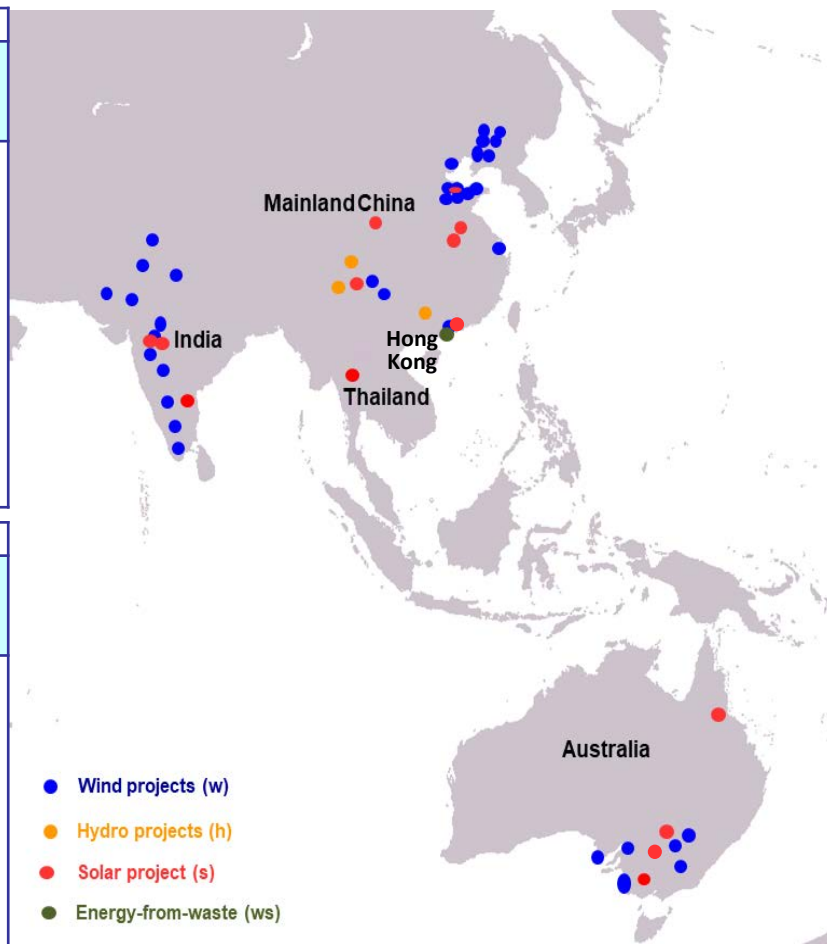
CLP Group – Renewable Generation Portfolio – 30 Jun 2019

2,469 Equity MW and 825 MW Long Term Purchase (total 3,294MW)

- 14% of CLP total generation portfolio

AUSTRALIA	total	854 MW*
Operational		
Wind		560 MW
Solar		294 MW
Waterloo		111 / 56*
Cathedral Rocks		64 / 32
Boco Rock		113 / 113*
Taralga		107 / 107*
Mortons Lane		20 / 20*
Gullen Range		166 / 166*
Bodangora		113 / 68*
Gannawarra Solar #		50 / 50*
Ross River Solar #		116 / 93*
Manildra Solar #		46 / 46*
Coleambally Solar #		150 / 105*

INDIA	total	657 MW
Operational		
Wind		555 MW
Solar		102 MW
Khandke		50 / 30
Samana I & II		101 / 60
Saundatti		72 / 43
Theni I		50 / 30
Theni II		50 / 30
Harapanahalli		40 / 24
Andhra Lake		106 / 64
Sipla		50 / 30
Bhokrani		102 / 61
Mahidad		50 / 30
Jath		60 / 36
Tejuva		101 / 60
Chandgarh		92 / 55
Veltoor Solar # (a)		100 / 60
Gale Solar # (a)		50 / 30
Tornado Solar #		20 / 12



THAILAND	total	21 MW
Operational		
Lopburi Solar #		63 / 21

• Station Name Gross MW / CLP Equity MW
 * including long-term capacity and energy purchase
 # Solar projects in AC output

HONG KONG	total	10 MW
Under Construction		
West New Territories Landfill		10/10

MAINLAND CHINA	total	1,752 MW
Operational		
Wind		885 MW
Hydro		489 MW
Solar		328 MW
Weihai I & II		69 / 31
Nanao II & III		60 / 15
Shuangliao I & II		99 / 48
Datong		50 / 24
Laizhou I		41 / 18
Changling II		50 / 22
Guohua Wind		395 / 194
Qujiagou		50 / 12
Mazongshan		50 / 12
Qian'an I & II		99 / 99
Penglai I		48 / 48
Chongming I		48 / 14
Laiwu I & II		99 / 99
Xundian I		50 / 50
Sandu I		99 / 99
CLP Laizhou I & II		99 / 99
Jiangbian Hydro		330 / 330
Huaiji Hydro		129 / 110
Dali Yang_er Hydro		50 / 50
Jinchang Solar #		85 / 85
Xicun I & II Solar #		84 / 84
Sihong Solar #		93 / 93
Huai'an Solar #		13 / 13
Lingyuan #		17 / 17
Meizhou # (b)		36 / 36
Under Construction		
Wind		50 MW
Laiwu III		50 / 50

CLP Group – Generation Capacity⁽¹⁾ by Fuel Mix – 30 Jun 2019

23,985 MW Attributable to CLP Group

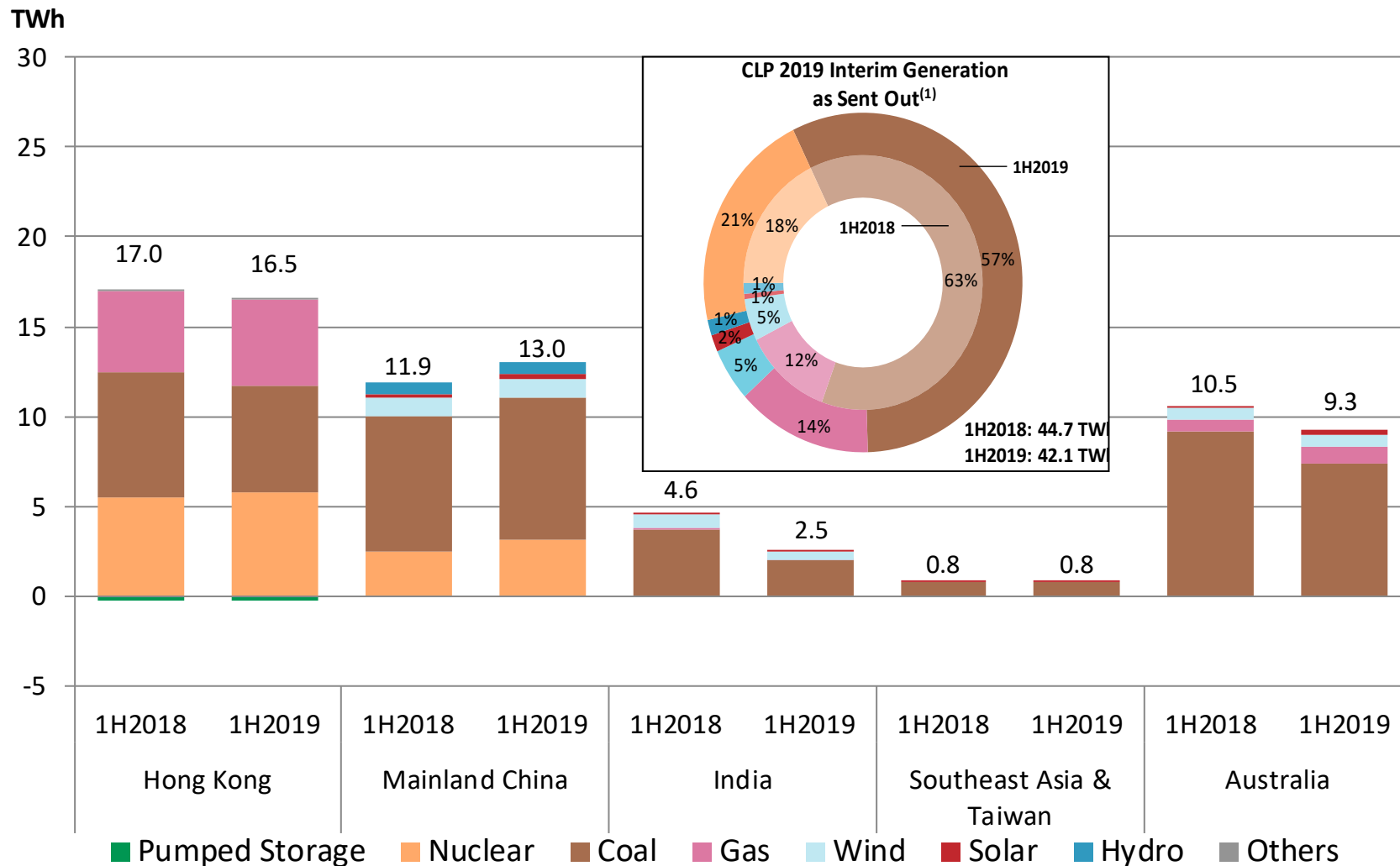
<i>Capacity by Energy Type</i>	Total MW (a) + (b)	%	<i>Operational MW (a)</i>	%	<i>Under construction / Committed MW (b)</i>	%
Coal	11,997	50%	11,997	50%	-	-
Gas	5,109	21%	4,559	19%	550	2%
Nuclear	2,685	11%	2,500	10%	185	1%
Wind	2,049	9%	1,999	8%	50	<1%
Hydro	489	2%	489	2%	-	-
Solar	745	3%	745	3%	-	-
Others	910	4%	900	4%	10	<1%
Total	23,985	100%	23,190	97%	795	3%

(1) Equity basis as well as long-term capacity and energy purchase arrangements

Note: Individual items and totals are rounded to the nearest appropriate number. Some totals may not add down the page due to rounding of individual components

CLP Group – Energy Sent Out – 1H2019

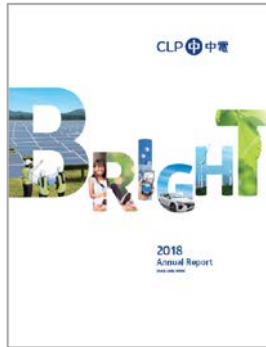
Energy Sent Out⁽¹⁾



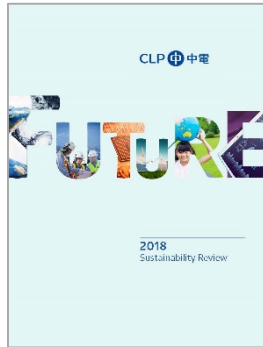
(1) Equity basis as well as long-term capacity and energy purchase arrangements

Additional Resources

**Annual Report
2018**



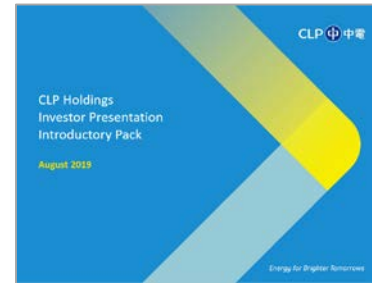
**Sustainability
Report
2018**



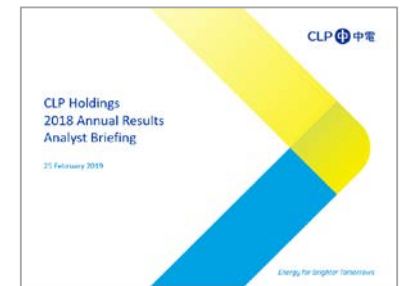
**Interim Report⁽¹⁾
2019**



**Introductory Pack
August 2019**



**Annual Results Presentation
February 2019**



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(1) To be published in August 2019

CLP Holdings

Thank you