

Announcement of 2023 Interim Results

Shanghai Electric Group Company Limited

(Stock Code: 601727)



August 2023

Cautionary Statements



This announcement contains forward-looking statements. Forward-looking statements are statements that are not historical facts and include statements about our views and expectations. Any statements provided herein that describe our intentions, views, expectations or projections (and the assumptions supporting them) are forward-looking statements. These statements are based on the plans, estimates and projections currently available to the management of Shanghai Electric. Accordingly, forward-looking statements speak only as of the date on which they are made, and we undertake no obligation to publicly update any such statements based on new information or future dates.

By their nature, forward-looking statements involve risks and uncertainties. As a result, a number of important factors could cause actual circumstances to differ materially from those contained in any forward-looking statements.

Content



Chapter 01

2023 Interim Operation Results

Key Business Performance

	First half of 2023	First half of 2022	Change
(All amounts are in RMB Million unless otherwise stated)			
Total revenue	53,078	50,293	5.5%
Gross profit	9,506	8,538	11.3%
Operating profit	1,858	64	N/A
Profit attributable to equity owners of the Company	590	-991	N/A
Gross profit margin	17.9%	17.0%	Increased by 0.9 percentage point
Operating profit margin	3.5%	0.1%	Increased by 3.4 percentage points
Net profit margin attributable to equity owners of the Company	1.1%	-2.0%	Increased by 3.1 percentage points
Return on net assets ⁽¹⁾	1.1%	-1.7%	Increased by 2.8 percentage points
Earnings per share (RMB)	0.04	-0.06	N/A
Earnings per share after deducting non-recurring gains or losses (RMB)	0.02	-0.09	N/A

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

Balance Sheet

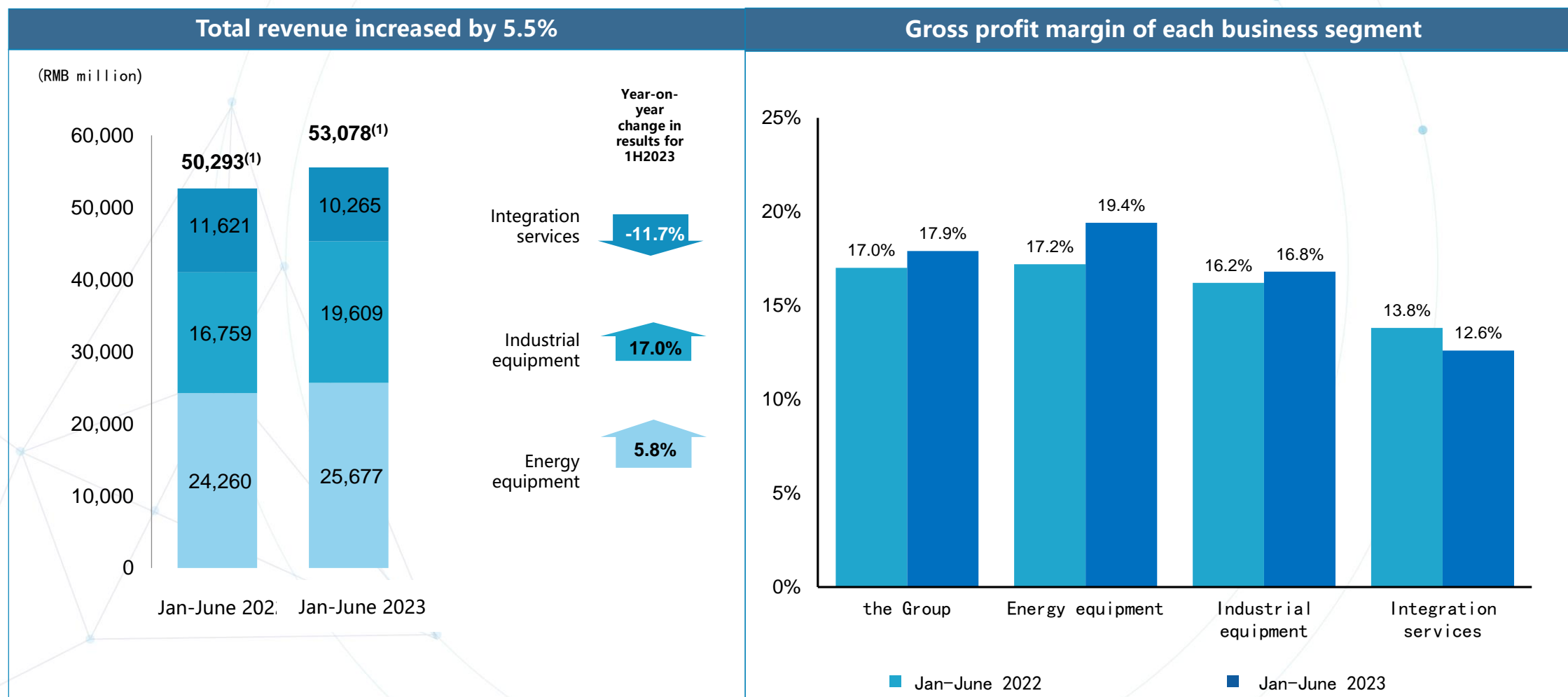
	30 June 2023	31 December 2022	Change
(All amounts are in RMB Million unless otherwise stated)			
Assets	<u>289,550</u>	<u>288,021</u>	0.5%
Current assets	<u>199,101</u>	<u>201,154</u>	-1.0%
Cash at bank and on hand (1)	43,911	50,982	-13.9%
Accounts receivable	41,235	38,280	7.7%
Prepayments	10,534	10,277	2.5%
Inventories	34,023	30,872	10.2%
Contract assets	21,874	21,802	0.3%
Other current assets	23,090	22,719	1.6%
Non-current assets	<u>90,449</u>	<u>86,867</u>	4.1%
Liabilities	<u>204,593</u>	<u>193,827</u>	5.6%
Current liabilities	<u>169,535</u>	<u>163,525</u>	3.7%
Short-term borrowings	9,672	8,661	11.7%
Accounts payable	59,472	57,397	3.6%
Contract liabilities	42,110	38,743	8.7%
Other current liabilities	11,505	11,782	-2.3%
Non-current liabilities	<u>35,059</u>	<u>30,301</u>	15.7%
Long-term borrowings	26,633	21,648	23.0%
Owners' equity	<u>84,957</u>	<u>94,194</u>	-9.8%
Attributable to equity owners of the Company	53,078	54,862	-3.3%
Attributable to minority interests	31,879	39,332	-18.9%

(1) According to the requirements of the new accounting standards, the ending cash at bank and on hand are mainly for the presentation of the following items: cash at hand and on hand, settlement provisions, and lending funds;

Chapter 02

Operation Results of Business Segments

Changes in Revenue and Gross Profit Margin of Business Segments

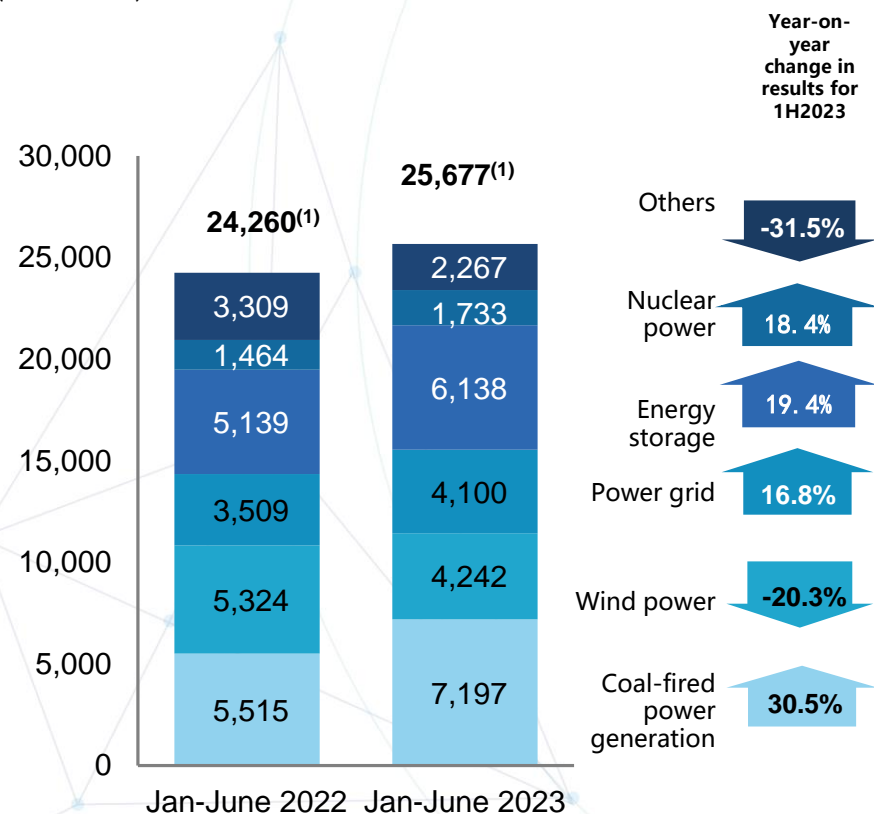


Note: (1) The figure of consolidated revenue of the Group represents the net amount after inter-segment elimination; the revenue figures for each segment have not been adjusted for inter-segment offset but adjusted for intra-segment offset

Energy Equipment

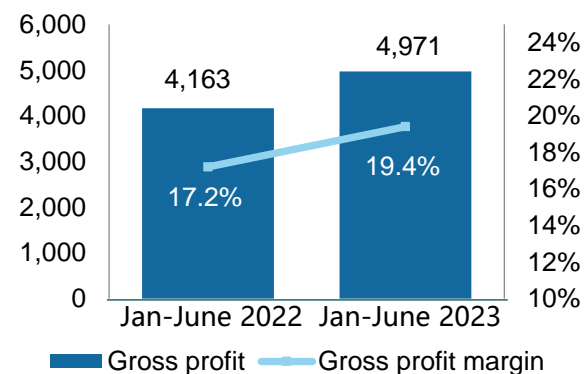
Total revenue increased by 5.8%

(RMB million)



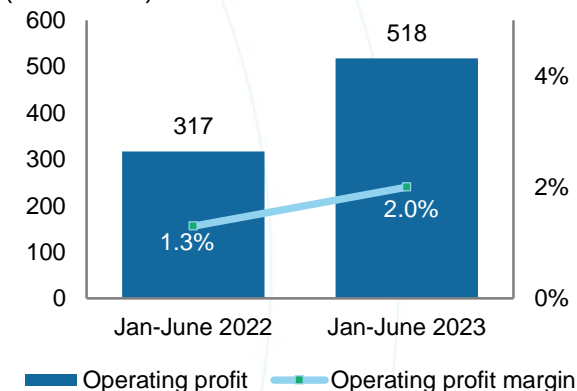
Gross profit and gross profit margin

(RMB million)



Operating profit and operating profit margin

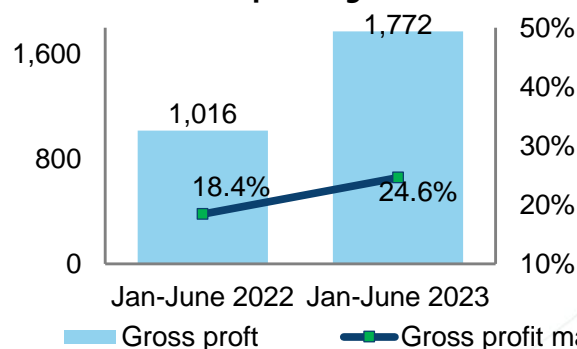
(RMB million)



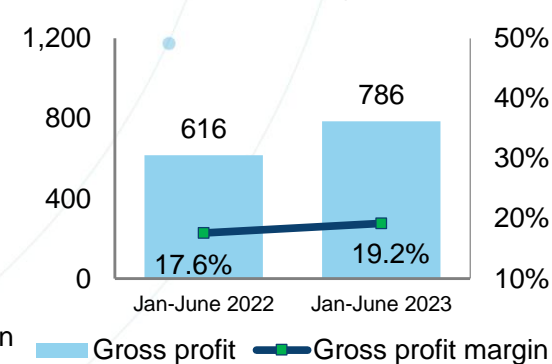
Gross profit and gross profit margin of coal-fired power generation and power grid

(RMB million)

Coal-fired power generation



Power grid

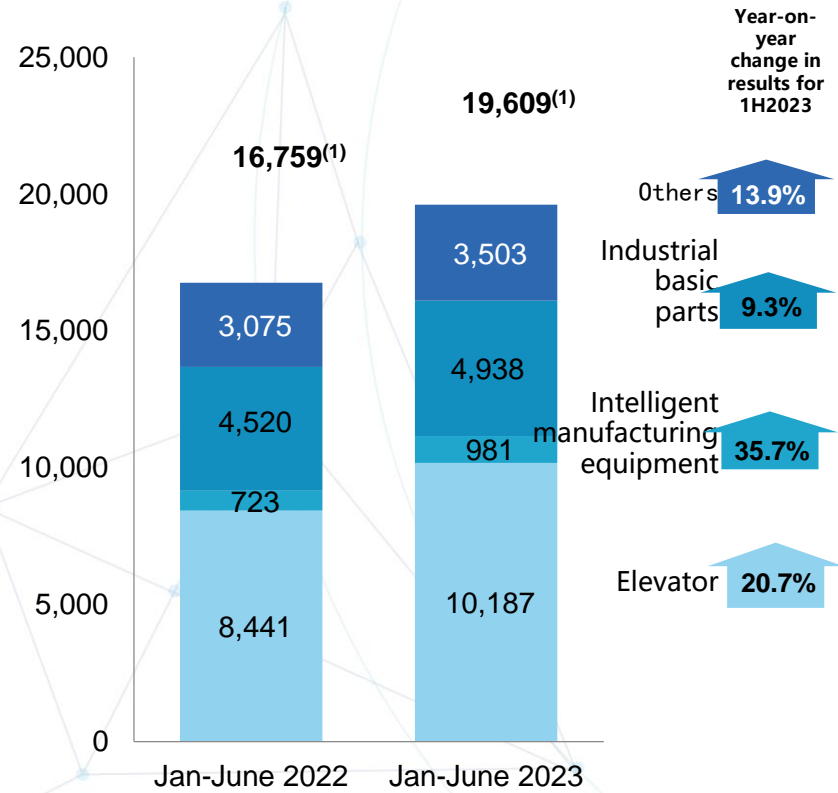


Note: (1) The revenue figures for the segment have not been adjusted for inter-segment offset but adjusted for intra-segment offset

Industrial Equipment

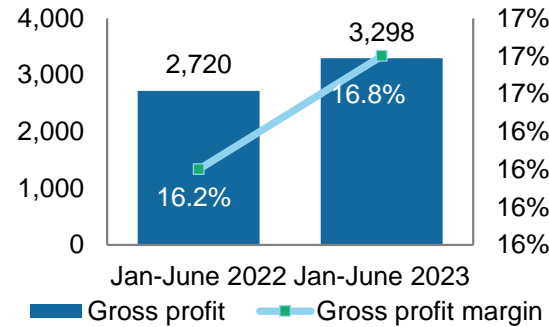
Total revenue increased by 17.0%

(RMB million)



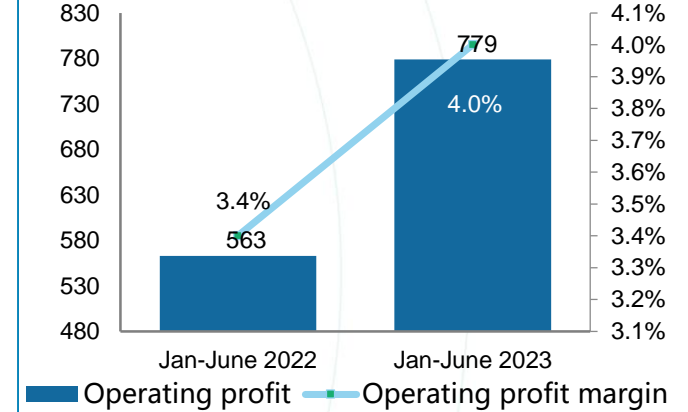
Gross profit and gross profit margin

(RMB million)



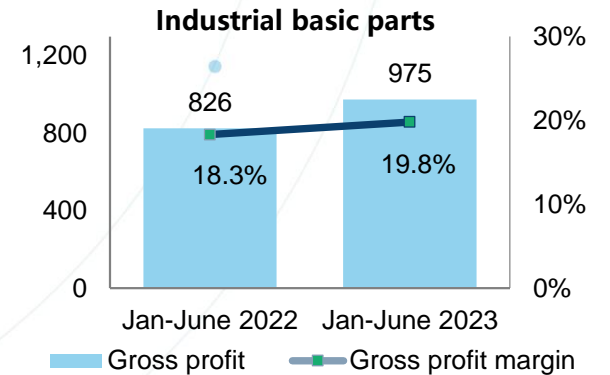
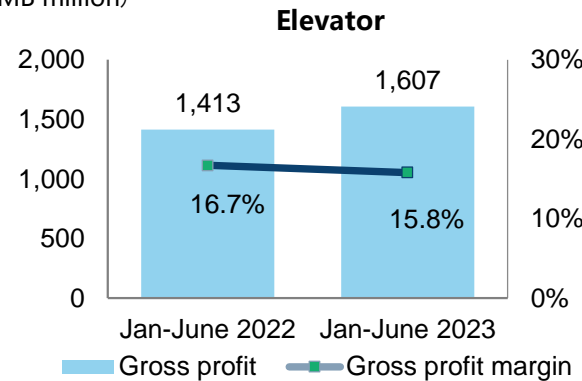
Operating profit and operating profit margin

(RMB million)



Gross profit and gross profit margin of elevator and industrial basic parts

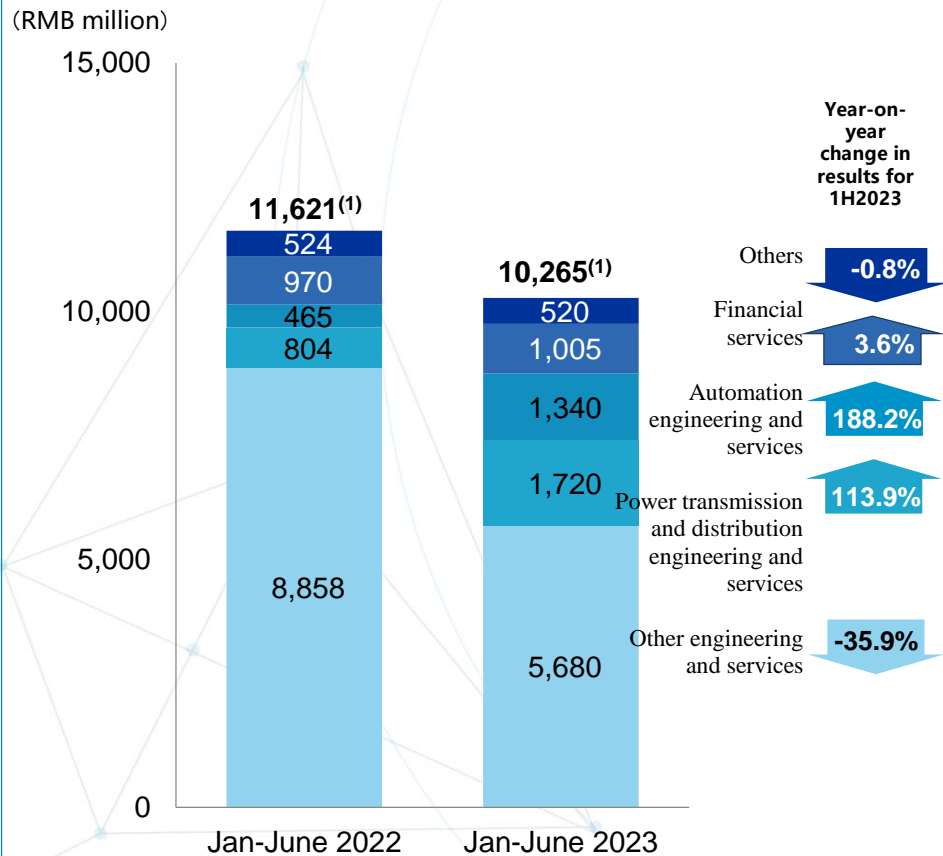
(RMB million)



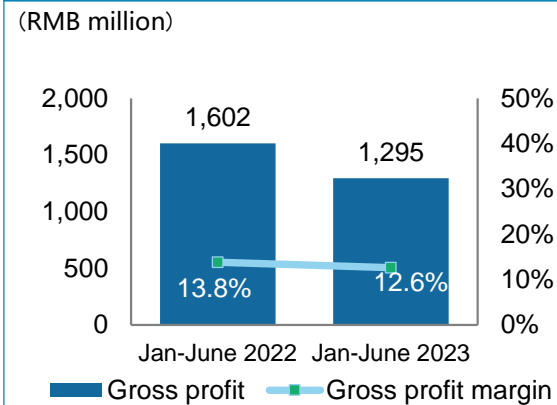
Note: (1) The revenue figures for the segment have not been adjusted for inter-segment offset but adjusted for intra-segment offset

Integration Services

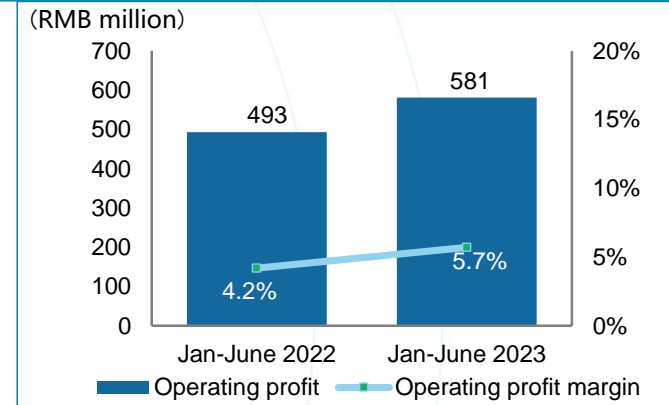
Total revenue decreased by 11.7%



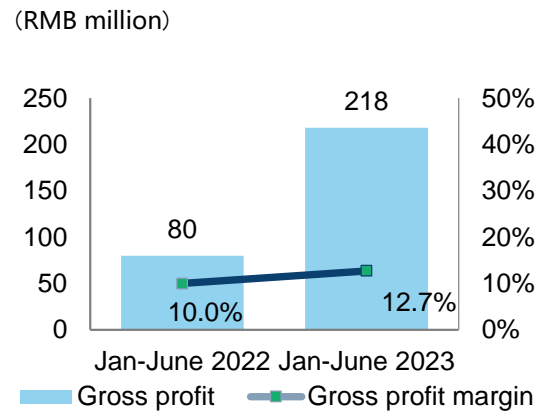
Gross profit and gross profit margin



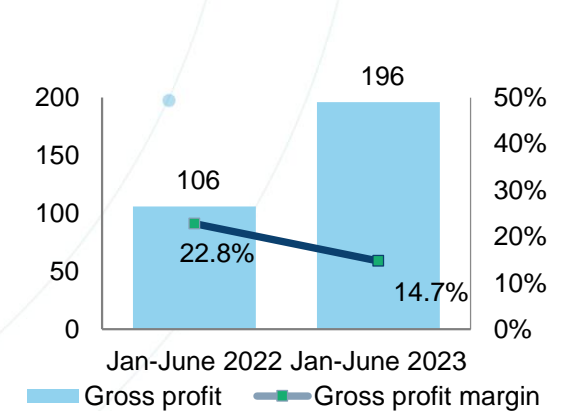
Operating profit and operating profit margin



Gross profit and gross profit margin of power transmission and distribution engineering and services



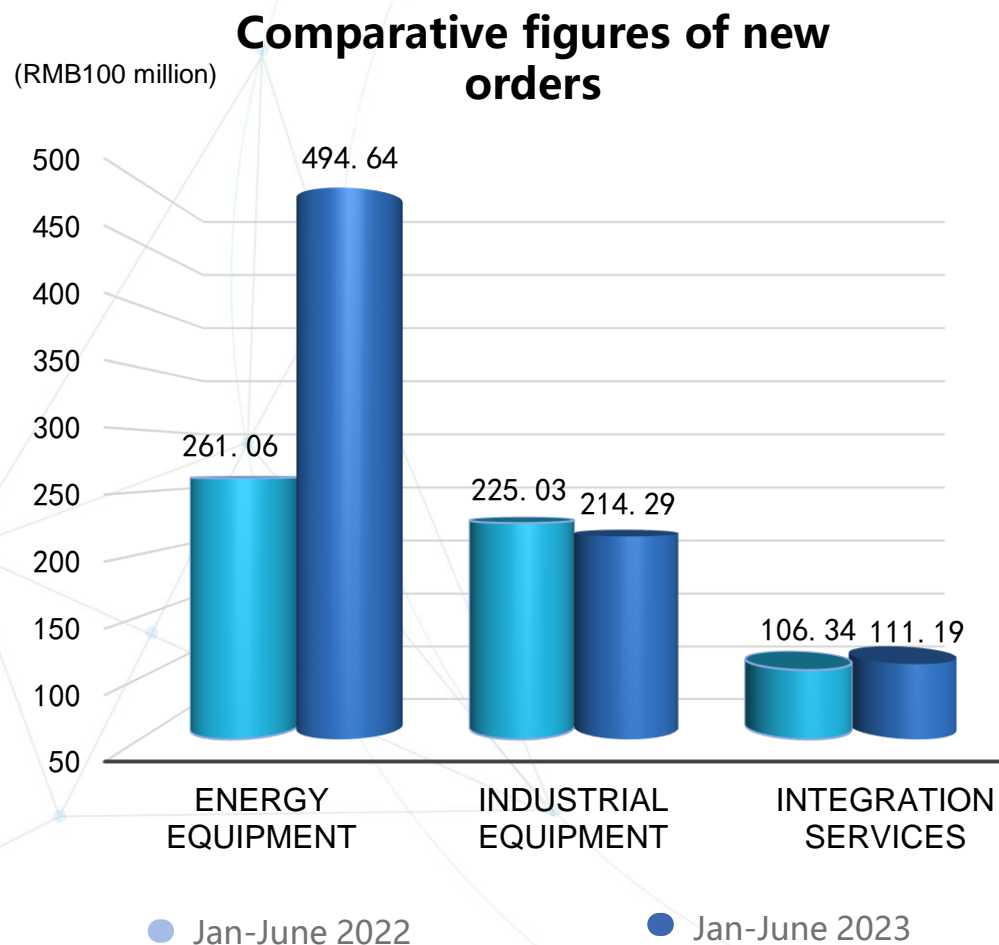
Gross profit and gross profit margin of automation engineering and services



Note: (1) The revenue figures for the segment have not been adjusted for inter-segment offset but adjusted for intra-segment offset

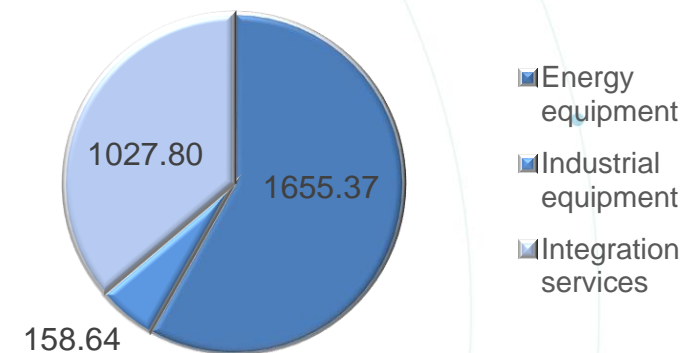
Details of Business Orders

New orders of RMB82.012 billion



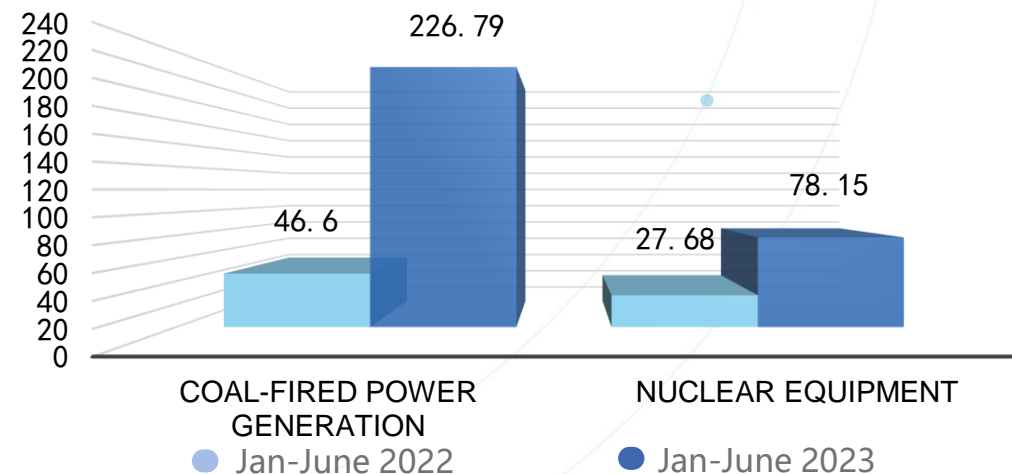
Orders on hand of RMB284.181 billion

(RMB100 million)



Comparative figures of certain business new orders

(RMB100 million)



Chapter 03

Outline for Promoting High-quality Development

Deepen the Focus on "Dual Carbon" and Jointly Pursue Green Development



Linkage between energy and industry to achieve profound carbon reduction

Energy

A "Comprehensive" New Power System Solution

- Efficient and clean "three reforms linkages" of coal-fired power generation stations
- Efficient and flexible regulation of gas and electricity
- Safe and advanced nuclear power units
- Smart and strong power grid equipment
- Excellent offshore and onshore wind power
- 24h solar power generation
- Diversified new energy storage ecology



Industry

A "three-dimensional" zero carbon industrial park solution

- Design and construction of green industrial factories
- Distributed new energy supply
- Green intelligent manufacturing production line
- Industrial driven energy efficiency improvement
- Low-carbon operation of smart buildings
- Green rail transit and low-carbon travel
- Resource cycle for pollution reduction and carbon reduction

Consolidate the Joint Efforts of Energy Transformation



Energy storage

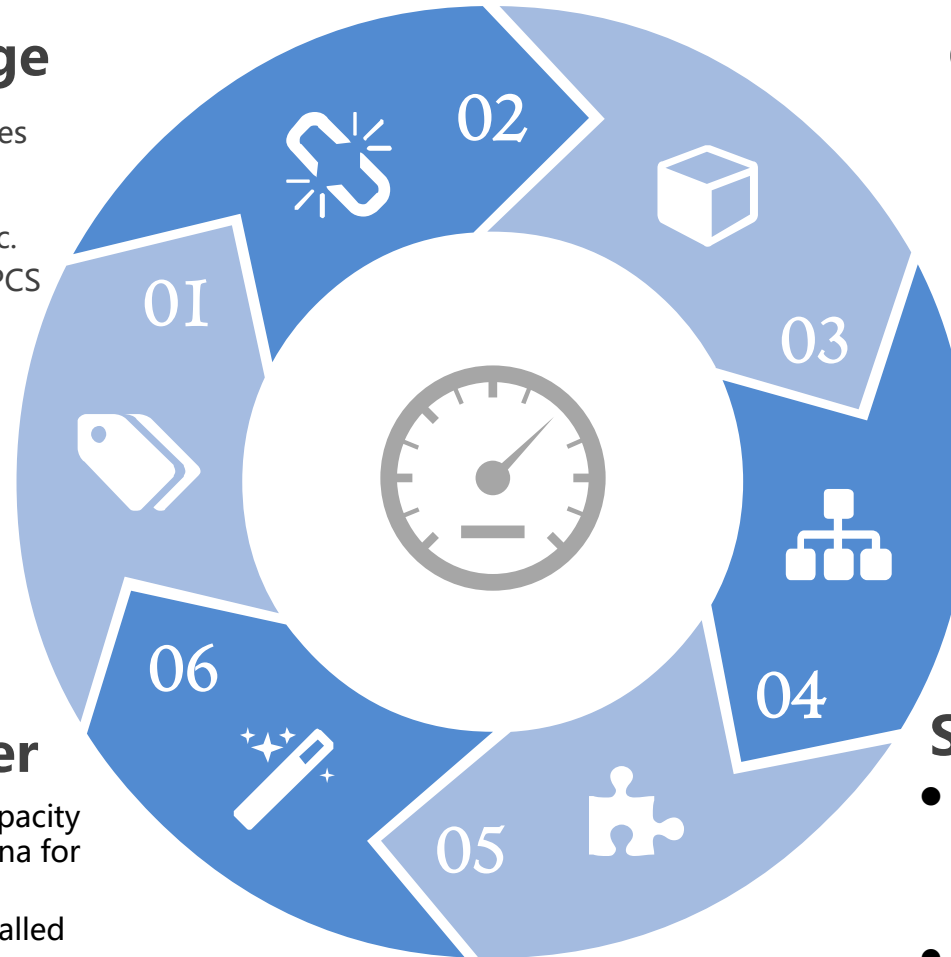
- Active deployment of layout in various routes such as electrochemical energy storage, molten salt energy storage, compressed air energy storage, flywheel energy storage, etc.
- Full coverage from batteries to BMS, EMS, PCS fields

Hydrogen energy

- Largest single unit of alkaline electrolytic water hydrogen production with a capacity of 2000Nm³/h
- Constructing the entire industrial chain of production, storage, refuelling and use of hydrogen energy

Wind power

- From 2015 to 2022, the newly installed capacity of offshore wind power ranked first in China for 8 consecutive years
- As of the end of 2022, the cumulative installed capacity of onshore and offshore wind power ranked the fourth in China



Coal-fired power

- Creating a new record of 249.7g/kWh of coal consumption for power generation
- Breakthrough in orders for the world's first 700MW ultra-supercritical circulating fluidised bed boiler

Power grid

- Providing the world's first new energy distributed compensator based on the new-generation GVPI full air cooling technology
- Successfully developing 1100kV reactors and 1000kV transformers in the field of ultra-high voltage

Solar energy

- To launch a 20GW heterojunction photovoltaic whole line equipment soon to lead the production of high-efficiency solar cells into the "microcrystalline HJT" era
- The "Belt and Road" demonstration project that can rely 100% on solar energy to achieve 24-hour continuous and stable power generation

Integration of Wind Power, Photovoltaic and Energy Storage

Complementation of wind power and photovoltaic power on the power source side

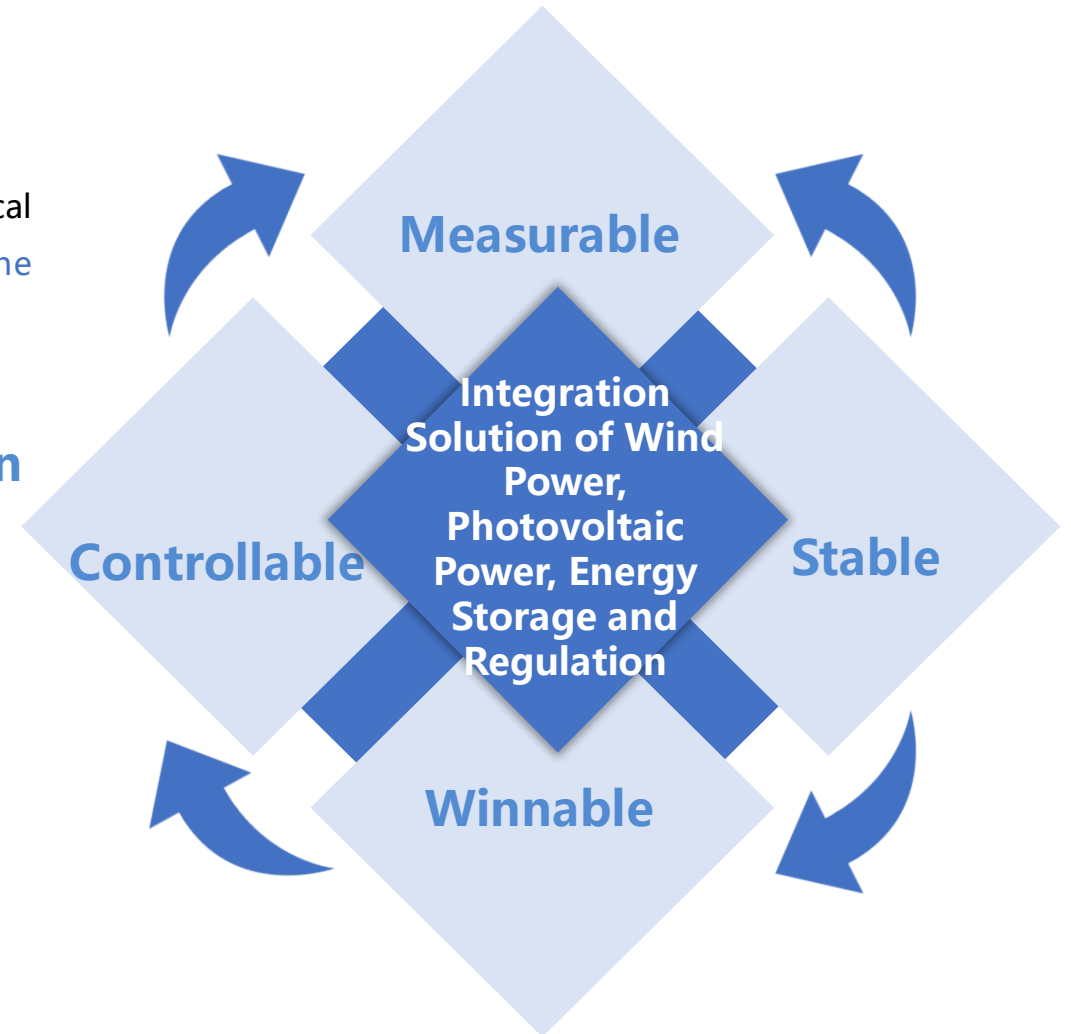
SEC Tracker photovoltaic tracking bracket: intelligent tracking algorithm and optical power prediction, integrating weather radiation and site, and solving the randomness issues

Hybrid energy storage for active energy consumption

Flywheel energy storage, electrochemical energy storage and compressed air energy storage, achieving frequency and peak regulation within seconds, minutes and hours, and solving the intermittency and volatility issues

Phase modifier for reactive power support

Dynamic reactive power regulation provides reactive power support to the power grid, solving voltage fluctuation issues



Constructing Driving Force for Zero-carbon Development

Supply of distributed energy

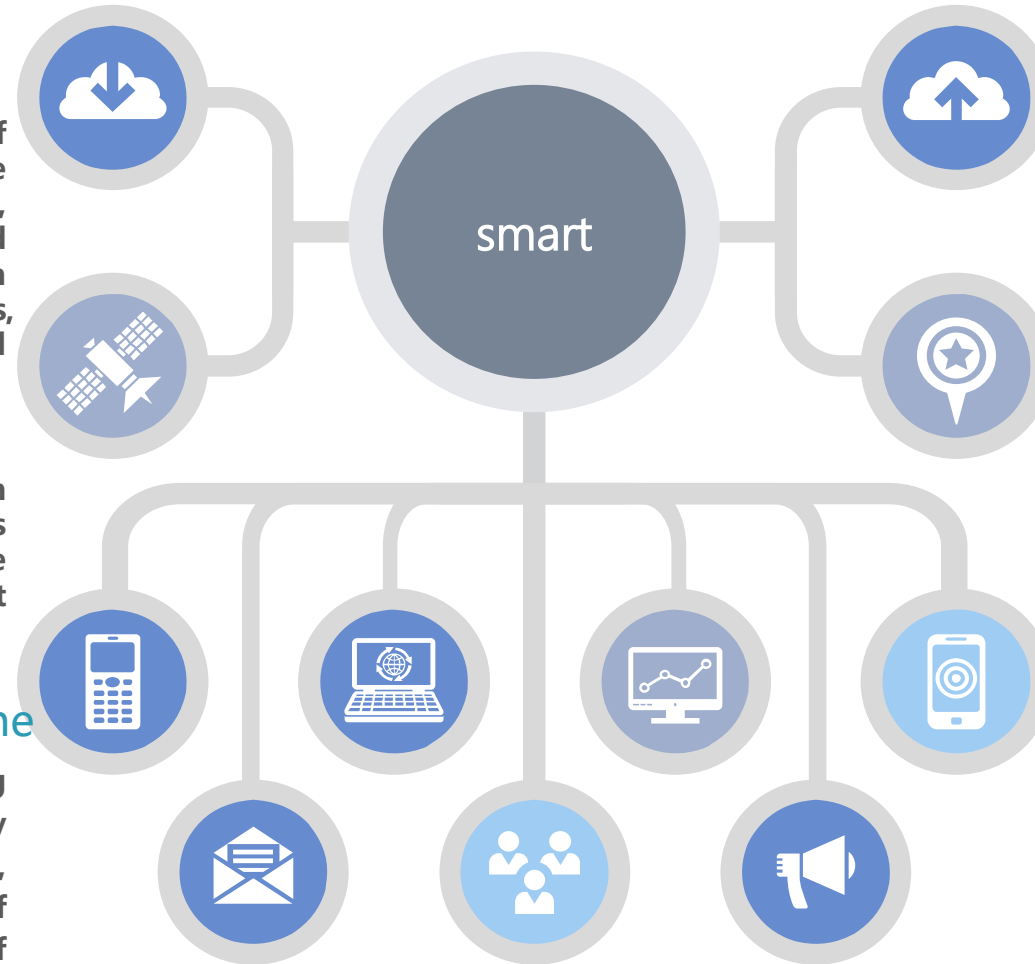
Increasing efforts in the construction of intelligent operation and maintenance platforms and digital power distribution, and providing customers with integrated energy services such as power distribution network operation, energy-saving services, distributed energy, energy storage and power sales

Green industrial plant design

With nearly 70 years of experience in industrial design, Shanghai Electric's Electromechanical Design Institute provides carbon reduction services at source for large industrial customers

Green intelligent production line

Creating intelligent manufacturing automation solution for new energy lithium batteries, aerospace, automotive, security and other fields. Four factories of the Group were selected in the List of Shanghai's 100 Intelligent Factories



Intelligent building

SMEC launches LNK intelligent elevator digital solution, an industry-leading digital solution for "elevator management" that will provide customers with more intelligent operation and maintenance management services

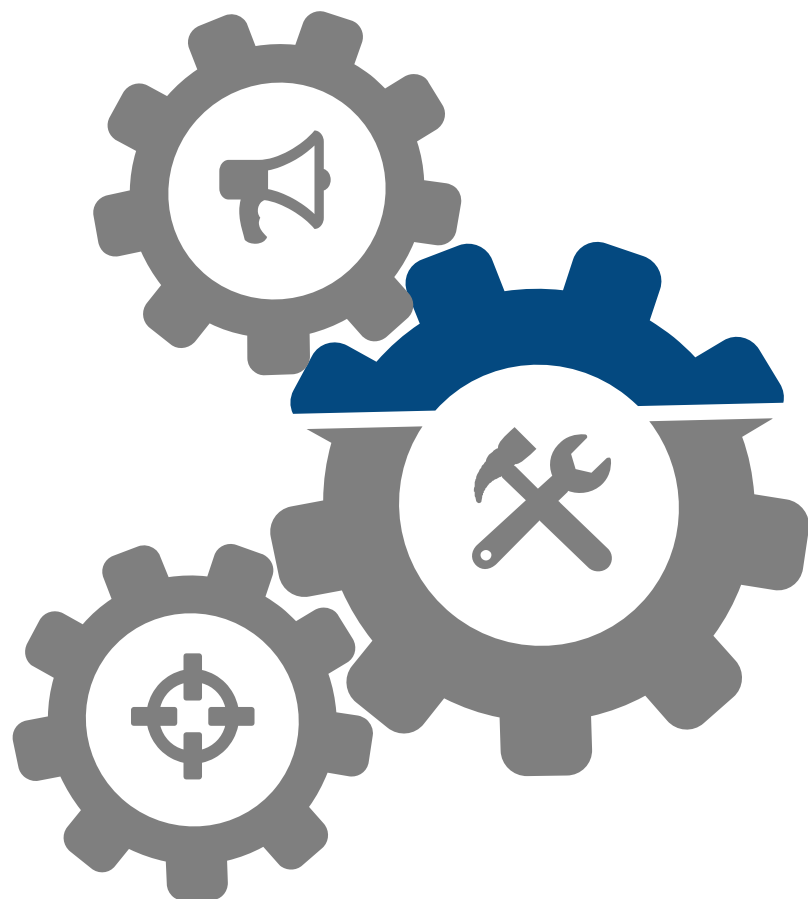
Integrated operation and maintenance for intelligent transportation

Providing the first integrated maintenance solution in China based on the intelligent operation and maintenance and health management platform for rail transport

Industrial drive

Combining products and business to form an integrated industrial drive solution with energy-saving and consumption reduction from motor, inverter to load, providing customers with reliable, efficient and high-performance technology and products

Industrial Low-carbon Energy-saving Transformation



Complete, mature, and technologically advanced industrial basic electric-drive system industrial chain

Own a complete and mature industrial basis in the entire "industrial chain" of "electric drive systems" - electrical drives, motors, and terminal mechanical loads

Promote efficient industrial drive systems

Analyze various industrial drive application scenarios and promote efficient drive systems
Optimization of energy utilization on the power generation side and industrial low-carbon energy-saving transformation on the power consumption side

Bring a new model of low-carbon and intelligent industrial development

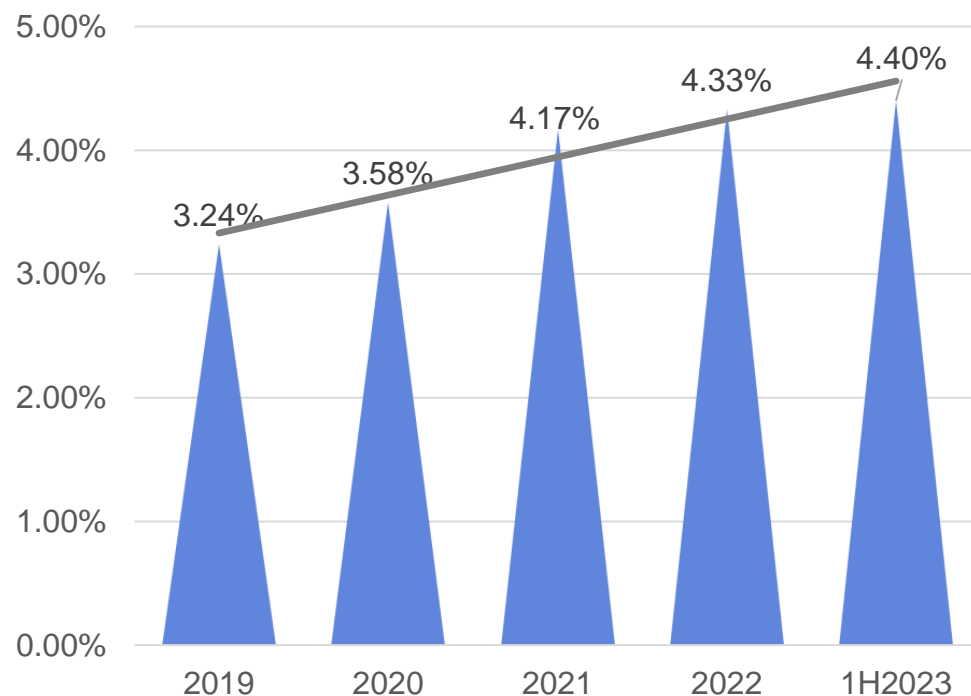
Build a complete energy and carbon dual control architecture for energy consumption data collection, management, analysis, and decision-making, to provide support for energy conservation, emission reduction, green and low-carbon development, and further assist in innovative energy and industrial collaborative carbon reduction

Form a combined force for carbon reduction

Promote green transformation through energy industry collaboration and integrated innovation, combine new energy with traditional energy, and break down barriers between energy and industry, forming a combined force for carbon reduction

Technological Innovation Empowers Development

New high in proportion of R&D investment



Energy equipment

- Build the first “Green Hydrogen Production-Storage-Use” integration demonstration project applied in industrial parks in China, the largest multi-functional test and verification platform for PEM water electrolysis hydrogen production system in China at present
- Release of 500kW/3000kWh redox flow energy storage system
- Successful launch of the World's first large-capacity motor for the 300MW compressed air energy storage series
- Launch of new 16+MW whole-ocean area high-capacity wind turbine of Poseidon platform
- As a China-based enterprise engaging in the manufacturing of nuclear fusion devices, our products cover key core devices of fusion host systems, including wire coils, vacuum containers, power systems, etc.

Industrial equipment

- Focus on the development of "two machine" blades, mid to high-end bearings, new energy vehicle fasteners, aviation-grade fasteners, high-end cutting tools and other businesses, and create new business growth points
- The first 10 meter/second "Ling Yun" series LEHY-H ultra-high-speed elevator was delivered, and its traction machine, control cabinet, and main safety components were independently manufactured


Integration services

- SEunicloud" selected as a national cross-industry and cross-domain industrial Internet platform in 2023
- Create intelligent scenes such as “Digital Twin+”, “Artificial Intelligence+”, and “Big Data+”, and build intelligent workshops and factories

Core Competitiveness of the Group




01 Unlimited manufacturing




Capable of processing products of 550 tons and bearings of a few millimeters; capable of processing products at temperatures above 200°C and manufacturing at temperatures below 200°C

02 Integrated service



Promote the integration of new energy, smart grid, energy storage, industrial internet and other technologies, create the "new energy+" business model, and develop the core competitiveness of green transformation

03 Technological innovation



Establish a three-layer innovation system consisting of the central research institute, the industrial group technology center, and the enterprise research institute, focus on major technological breakthroughs and continuously strengthen the construction of scientific and technological talents and teams

Empower global industry



Make life smarter

THANK YOU

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