

Binhai Investment

2886 HK

Target (HKD): **n.a.**

Up/downside: -

16 Mar price (HKD): **0.40**

Positioning for the long term

- With its primary focus in China's BTHS region, city-gas distributor BHI could benefit from the "war on air pollution"
- For the BNA, the key development area of Tianjin, forecasts call for a 5-fold increase in natural gas demand from 2010-18
- BHI aims to win a 50% share of the natural gas market in the BNA; outstanding CPS and CB are share-price overhangs

■ Not Rated



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■ Background

BHI is a city-gas distributor which operates 41 projects in 6 provinces and 2 municipalities in China. Its main focus is the Beijing-Tianjin-Hebei-Shandong (BTHS) region, and Tianjin accounted for more than 70% of BHI's gas sales in 2013. In 1H14, the company sold 252bcm of piped gas and connected 1,021k residential units.

■ Highlights

Potential beneficiary of anti-pollution moves. The State Council has announced a series of anti-air pollution measures for the BTHS region. To achieve the targeted 25% reduction in PM2.5 emissions by 2017, coal consumption would be cut by 83m tonnes (10%) through the launch of gas-fired power and heat cogeneration projects and the replacement of small-unit industrial coal-fired boilers with gas-fired

ones. Being a major gas operator in Tianjin with a focus on the BTHS region, BHI could see policy tailwinds, among other local players.

Strong demand forecast in Tianjin, especially the BNA. The Binhai New Area (BNA) authorities expect gas consumption to grow more than five-fold to 8.2bcm over 2010-15. Despite project delays in 2014, the gas-fired cogeneration projects should come on line during 2015-17 and consume 3.92bcm of gas after completion, which will be supplied by BHI and Tianjin Jinran (1265 HK, not rated).

BHI also obtained the operating rights for Harbour Economic Zone (HEZ) in the centre of BNA and has been proactively exploring new developments in Tianjin and other regions. As of June 2014, BHI owned a 1,720km pipeline network in Tianjin and would boost its gas transmission capacity to 7-8bcm with the connection to Dagang-Yongqing 3rd line.

Margin pressure in 1H14 should be relieved. BHI reported strong sales growth of HKD1.3bn in 1H14, up 27% YoY. Despite profitable connection business, net profit rose by only 9% YoY, dragged

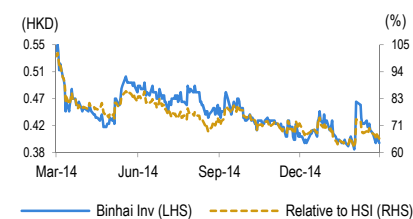
by gross-margin contraction of piped gas from 12% in 1H13 to 3% in 1H14. But we expect the latest round of gas price adjustments in April 2015 to minimise margin squeeze concerns for BHI and the sector.

Potential 26% share dilution. As of June 2014, BHI had 2,452m convertible preferred shares (CPS) and HKD279m of convertible bonds (CB) outstanding. It recently entered into a HKD930m credit facility agreement, which should be sufficient to cover management's forecast for capex of HKD200-300m per year for 2015-16.

■ Valuation

BHI is trading at a 24x 2013 PER (adjusted for fair value of the CB) and a 23x 2014E PER, based on the Bloomberg-consensus forecasts.

Share price performance



12-month range	0.38-0.55
Market cap (USDbn)	0.48
3m avg daily turnover (USDm)	0.12

Source: FactSet, Daiwa

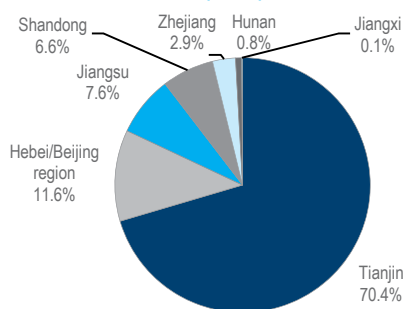
Positioning for the long term

Major city-gas distributor in the BTHS region

BHI is a city-gas distributor which operates 41 projects in 6 provinces and 2 municipalities in China. Initially listed on Hong Kong's GEM board in 2000, BHI transferred to the Main Board on 11 February 2014.

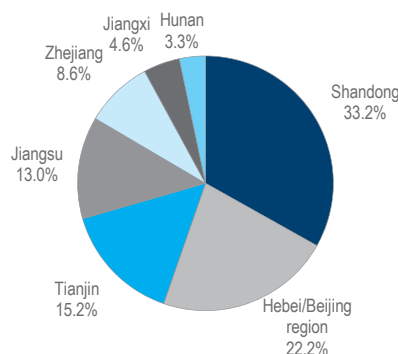
The company has 28 projects in the BTHS region, its main area of operation. The BTHS as a whole accounted for nearly 90% of BHI's gas sales, or more than 380mcm, in 2013. And within the BTHS region, Tianjin is BHI's primary business focus, accounting for over 70% of the company's sales volume in 2013.

■ BHI: gas sales breakdown (2013)



Source: Company

■ BHI: newly connected households (2013)



Source: Company

Given its primary focus is on the BTHS region, BHI could be seen as a potential beneficiary of related policy tailwinds, among other local players. As regards the detailed anti-air pollution measures announced by the

State Council in September 2013, the BTHS region has set an aggressive PM2.5 emission target of a 25% reduction over 2012-17. The authorities aim to meet this target by bringing down the use of coal to less than 65% of primary energy consumption (currently c70%). Beijing has been actively adopting gas-fired power and heat cogeneration plants in recent years, and we forecast growth in gas consumption in the BTHS region to accelerate in the coming years.

■ BTHS: coal consumption reduction targets

(m tonnes)	2012	2017 Target	Reduce by
Beijing	22.70	9.70	57%
Tianjin	52.98	42.98	19%
Hebei	313.59	273.59	13%
Shandong	402.33	382.33	5%
Total	791.60	708.60	10%

Source: State Council, National Bureau of Statistics

In addition to favourable policies, there could be synergies between BHI and its controlling shareholder, TEDA, which has a 57% stake in the company. TEDA is affiliated with the Stated-owned Assets Supervision and Administration Commission of Tianjin Municipal People's Government and is one of the largest SOEs in Tianjin.

Considering BHI's geographical exposure and ongoing expansion, TEDA could help: 1) enhance communications between BHI and the local government, 2) give BHI advice on strategic planning, as it is actively engaged in the industrial development of the BNA, which is BHI's investment focus in Tianjin, and 3) provide strong credit support if BHI were to have financing needs in the future.

Visible strong demand growth

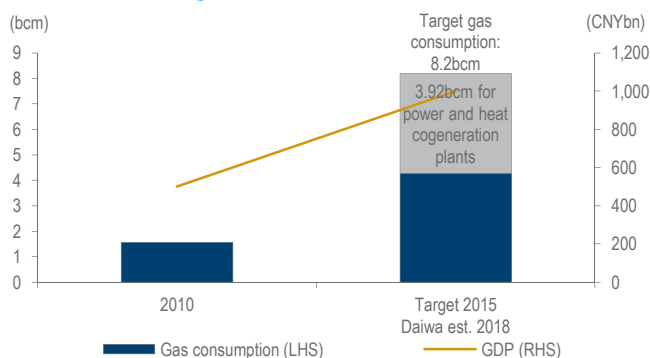
Through its presence in Tianjin, management sees BHI as being positioned to ride on the ongoing developments of the BNA. Occupying a core position in Circum-Bohai-Sea Region, this Special Economic Zone was established in 2009, intending to replicate Shenzhen and Shanghai Pudong.

Under BNA's 12th Five-Year Plan (FYP), the region's GDP is targeted to expand from CNY500bn in 2010 to CNY1,000bn in 2015. Its GDP was CNY802bn in 2013, according to the BNA Development and Reform Commission. In line with the targeted economic growth, annual gas consumption is targeted to increase more than 5-fold from 1.56bcm in 2010 to 8.2bcm by 2015. Of the 2015 target, 3.92bcm, or 59% of incremental consumption, is attributed to 7 planned power and heat cogeneration projects and 4.28bcm direct for end-users.

After assessing recent developments, we expect the BNA region to experience difficulties in achieving the above targets in 2015, and suggest 2017 as a more proper timeline. The progress of gas-fired projects is largely behind schedule due to the loss of price advantage of gas (gas prices increased from CNY1.65/cm to CNY2.96/cm in August 2014) and the lack of government subsidies. However, the market has turned favourable since the tariff adjustment announced in February 2015, when tariffs for incremental gas were reduced to CNY2.52/cm from CNY2.96/cm, and a further tariff cut is possible given the prevailing weak oil prices.

Besides, both the central and local governments have been reaffirming their stance on air pollution control with detailed measures, such as the recently announced Plan on Strengthening Air Pollution Prevention and Control, which is designed to enhance air quality in the BTHS. Therefore we predict the projects to resume momentum this year, commence production in 2017, and make a full-year contribution in 2018.

■ **BNA: 12th FYP targets**



Source: Tianjin Development and Reform Commission

■ **Eight rules to be adopted to control smog in Tianjin**

- 1) All coal-fired boilers in the city centre must be converted to gas within 2015
- 2) 60% of power plants must meet gas-fire standards within 2015
- 3) The Chentangzhuang Power Plant will be shut down in April to cut coal consumption in the city centre by 4.96m tonnes
- 4) All diesel vehicles must upgrade their petrol quality to China V standard
- 5) Over 1,000 sprinklers have been purchased to clean all roads in Tianjin each day
- 6) All high-polluting "yellow label" vehicles must be removed by June this year
- 7) A designated team is to be hired to control straw burning on over 600 acres of farm land
- 8) Replace bulk coal with clean coal for household usage

Source: News

Normally, the gas supply for gas-fired projects is jointly provided by BHI and Tianjin Jinran (1265 HK, not rated), with each having an equal market share, while the gas supply for residential, commercial & industrial (C&I) and natural gas vehicle (NGV) refuelling remains a free market. BHI has secured 5 outline contracts with the gas-fired cogeneration projects planned for the BNA, as well as 1 outline contract in Tianjin outside the BNA. According to our research in the market, there

has been no material progress (detailed plans for the project, including construction, expected operation commencement, and gas supply) for the other 2 gas-fired plants planned for the BNA.

■ **BHI: signed outline contracts for 6 gas-fired plants, 5 of which are in the BNA**

Plant owner	Plant location	Service area	Designed capacity (MW)	Designed gas consumption (bcm)
2015E Huaneng	HEZ	BNA	900	1.00
2016E Huadian	BNA	BNA	900	1.00
2016E Guodian	Jinnan	Zhongtang	360	0.32
2017E Guodian	Beitang	BNA	900	1.00
2017E Guodian	Dongli District	Dongli Lake Resort	900	0.80
2017E Guodian	Jinnan	Zhongtang	360	0.32
2017E Guodian	HEZ	BNA	200	0.30
Total			4,320	4.74

Source: Company

Note: the Jinnan project owned by Guodian will be commissioned in 2 phases (2015 and 2016)

In particular, the HEZ, which is located at the centre of the BNA and covers 200sq m of land, serves as an essential industrial zone within the BNA. BHI obtained operating rights for the HEZ in December 2013, and has secured several industrial customers, including Bohua Petrochemical and LG Bohai Chemical. In 2014, BHI recorded 98.5m cm gas sales from existing contracted customers; the company predicts volume to double before 2018 and to increase more than 5-fold if taking into account potential users.

■ **Tianjin: illustrative map of the BNA and HEZ**



Source: Binhai new Area Planning & Land Resources Administration of Tianjin Municipality

■ **Estimated gas sales in the HEZ**

('000cm)	Projects	2014	2018	Commencement
Contracted Users	Bohua Petrochemical	77,580	180,000	Nov-13
	LG Bohai Chemical	19,080	28,000	Feb-14
	Provence Foodstuff	1,280	3,700	Mar-14
	ETG Cereal and Oil	260	1,280	Jun-14
	Xingang Shipbuilding Heavy Industry	300	8,640	Dec-14
Total		98,500	221,620	
Potential Users	GD Power Hebei New Energy Development		300,000	Jul-15
	Xinzheng Development		10,800	End of 2015
	Tianjin Binhai Eco-Technologies		18,000	Jan-16
	Tianjin Dagu Chemical Industry	1,500	36,000	End of 2014
	Musim Mas Oils & Fats		900	Beg. of 2015
	Total	1,500	365,700	
Total		100,000	587,320	

Source: Company

Meanwhile, BHI has been proactively exploring new areas for development, such as the Huaming Industrial Zone and Ninghe Economic Development Zone in Tianjin, as well as Ruiyng, New Era and Yangs Lake Industrial Areas in Jiangxi. The company expects sales volume for these new areas to grow by 40% in 2014, with consumption increasing from 291m cm to 410m cm (up 41% YoY) in Tianjin, and from 126m cm to 173m cm (37% YoY) in other regions.

■ **BHI: development regions besides the BNA**

Location	Development regions	Annual gas demand
Gaoan, Jiangxi	Ruiyang, New Era, Yangs Lake Industrial Area	Est. 7.6m cm in 2015
Tianjin	Huaming Industrial Zone	Est. 8.0m cm in 2015, 20mcm in 2018
Tianjin	Southern New City (residential)	Est. 20m cm by 2020
Tianjin	Ninghe Economic Zone	Billions of cm from the largest customers after full production

Source: Company

Increasing gas supply with expanded network

Possessing abundant natural resources, including 194bn cm natural gas deposits, BNA is a major contributor to gas consumption in Tianjin, consuming 59% of total gas in Tianjin in 2010. Moreover, the area strengthens its position in gas supply by serving as the gateway to the Bohai Economic Rim for LNG imports.

Under BNA's 12th FYP, existing gas sources in the region – Dagang, Shaanxi-Beijing gas pipe and Bohai – will supply 2bcm of gas, while new sources – including Yongtangqin, Tianjin Port LNG and Tangshan LNG – will supply 6.2bcm by 2015. Production at phase 1 of CNOOC's Tianjin Port LNG terminal commenced in December 2013, and the terminal is capable of delivering 3.0bcm gas per year, with capacity expected

to surge to 8.0bcm in 2016 with the completion of phase 2, according to CNOOC.

As of end-2013, BHI owned a pipeline network in the BNA spanning 304km with an annual transmission capacity of 4bcm. The network extends from Baodi in the north of Tianjin to the TEDA gas station in the south and covers the: 1) Advanced-Manufacturing Industrial Zone, 2) Airport Industrial Park, 3) Binhai Tourism Area, 4) Sino-Singapore Tianjin Eco-city, and 5) Nangang Industrial Zone.

In 2H14, the company completed a further 90km of gas pipeline, connecting with the Dagang-Yongqing 3rd Line, and according to management, this main line will boost BHI's annual transmission capacity by 6bcm to 7.6bcm in total.

■ **BHI: pipeline network**



Source: Company

1H14 mixed results

BHI reported 1H14 revenue of HKD1.3bn (up 27% YoY) with connection services and piped gas sales taking stakes of 22% and 71%, respectively.

During this period, BHI's gas pipeline network spanned 1,720km, increasing from 1,663km at the end of 2013, and its residential connection fees totalled HKD275m, a 43% YoY increase.

Meanwhile, BHI sold 252m cm of piped gas (up 16% YoY), of which 85% was consumed by industrial users, with its sales income rising by 35% YoY to HKD895m.

Given strong sales growth from existing users and expansion into new industrial zones and residential areas, BHI targets its piped gas sales volume to have risen by 40% YoY to 583mcm in 2014.

On the contrary, the company's net profit increased by only 9% YoY to HKD83m, dragged by the contraction in gross margins on piped gas, which declined to 3% from 12% in 1H13, due to gas tariff hikes. Connection fees remain the most profitable business segment, and the gross margin for that business expanded by 7pp to 69%.

But looking ahead, we expect the margin pressure to ease after the tariff cut in 2015. On 28 February 2015, the NDRC announced another round of gas price adjustments with incremental-volume tariffs dropping by around 15%, or CNY0.44/m³. We expect this cut to mitigate the margin squeeze on city-gate operators; and for BHI in particular, which has 70% gas sales subject to incremental-volume prices, the recent reform should significantly lower its costs for 2015.

Overhang posed by CPS and CB

During its restructuring in 2009, BHI issued 170m CPS at a subscription price of HKD0.03/share. In July 2013, it issued a 3-year 1.0% CB with an exercise price of HKD0.369/share. As of June 2014, there were 2,452m CPS and HKD279m of CBs outstanding. BHI's major shareholder, TEDA, has said it does not plan to convert its remaining CPS before 2018.

■ BHI: shareholding structure

(As of 16 June 2014)	Number of shares	% of total outstanding shares	% of total diluted shares
TEDA	5,303,987,207	57.08%	42.20%
Tianjin Development	496,188,000	5.34%	3.95%
Shum Ka Sang & Wu Man Lee	746,637,243	8.04%	5.94%
China Everbright	653,794,056	7.04%	5.20%
Others	2,090,850,498	22.50%	16.64%
Ordinary shares	9,291,457,004	100%	73.93%
TEDA (CPS)	2,452,032,499		19.51%
China Everbright (CB)	392,953,927		3.13%
Others (CB)	363,143,633		2.89%
Share option	69,000,000		0.55%
Total diluted shares	12,568,587,066		100%

Source: Company, HKEx

On 30 June 2014, BHI announced it had entered into a credit facility agreement in which the principal was capped at HKD930m, which should support the company's development over the next few years.

Management expects capex to decline to HKD200-300m per year over 2015-16 (compared with cHKD2bn for 2011-13) following completion of the pipeline construction in the BNA.

■ **BHI: 1-year forward PER band**



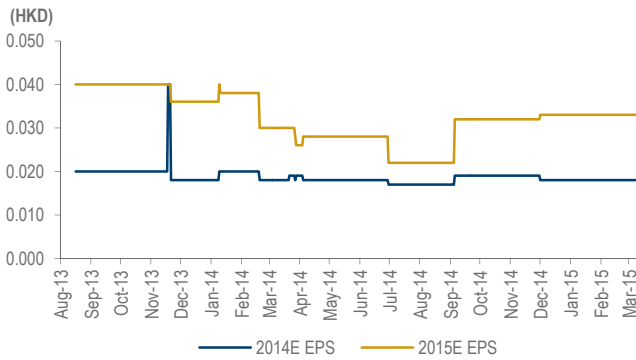
Source: Bloomberg

■ **BHI: 1-year forward PBR band**



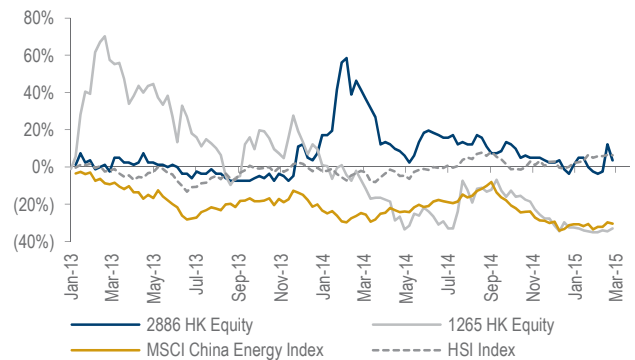
Source: Bloomberg

■ **BHI: consensus EPS forecasts**



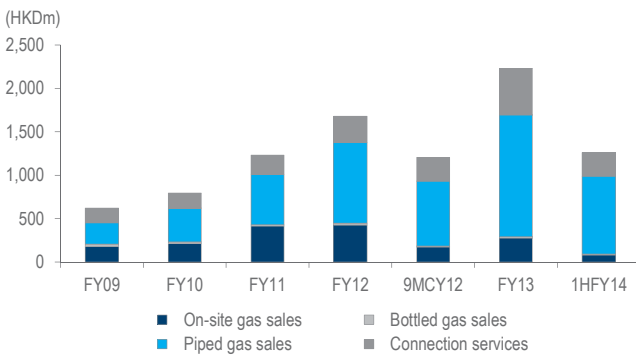
Source: Bloomberg

■ **BHI: share price performance since 2013, vs. Tianjin Jinran and market tracking index**



Source: Bloomberg

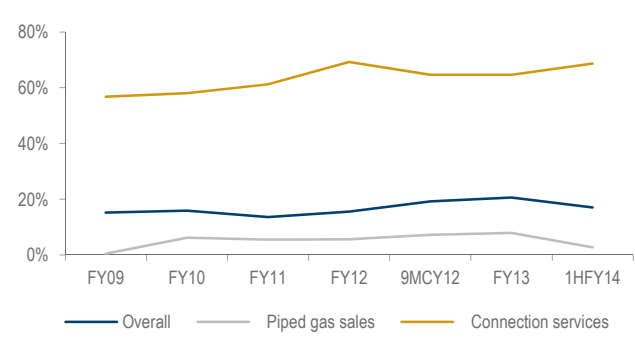
■ **BHI: revenue mix**



Source: Company

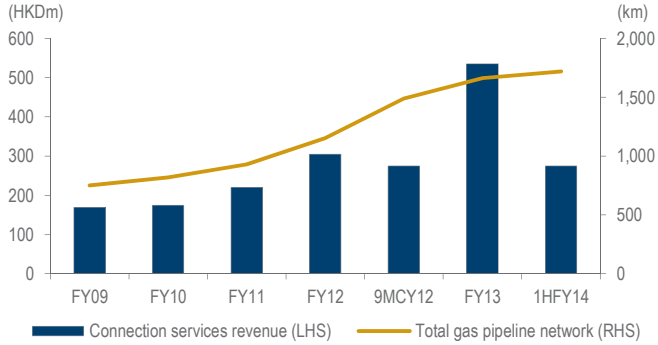
Note: FY09-12 ending 31 March. CY refers to calendar year. 9MCY12 refers to April – December 2012

■ **BHI: gross profit margin**



Source: Company

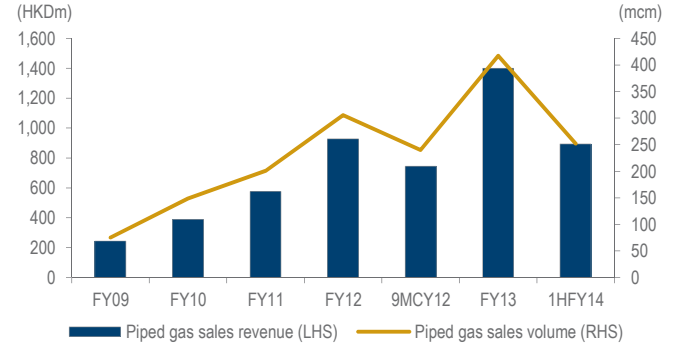
■ **BHI: connection service revenue and gas pipeline network**



Source: Company

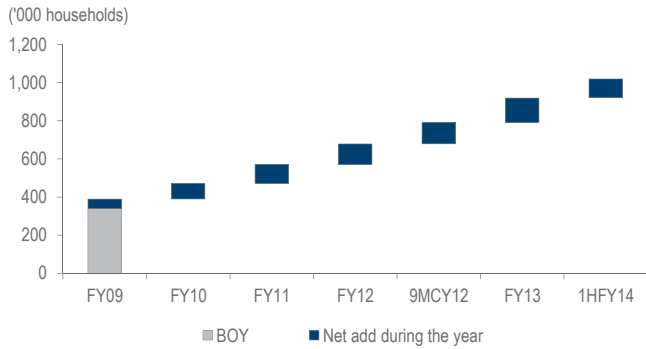
Note: FY09-12 ending 31 March. CY refers to calendar year. 9MCY12 refers to April – December 2012

■ **BHI: piped gas sales revenue and volume**



Source: Company

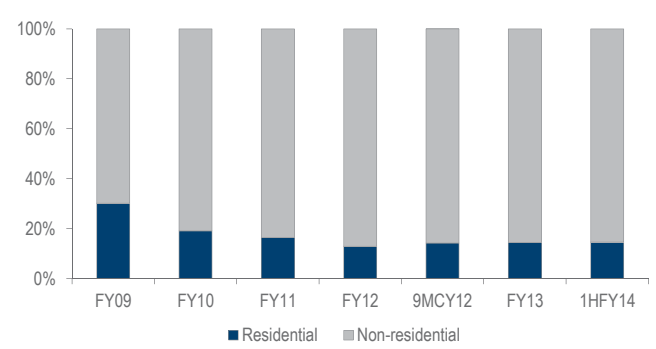
■ **BHI: residential customers**



Source: Company

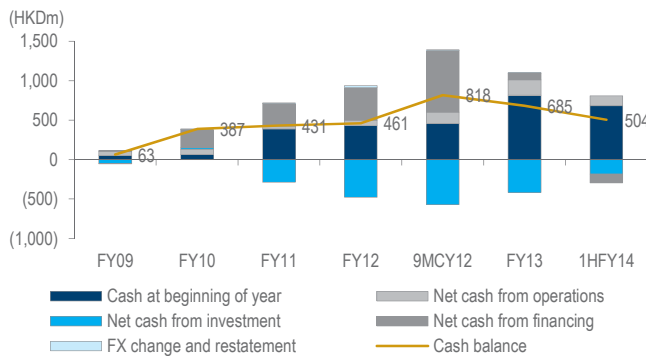
Note: FY09-12 ending 31 March. CY refers to calendar year. 9MCY12 refers to April – December 2012

■ **BHI: customer mix in terms of piped gas sales volume**



Source: Company

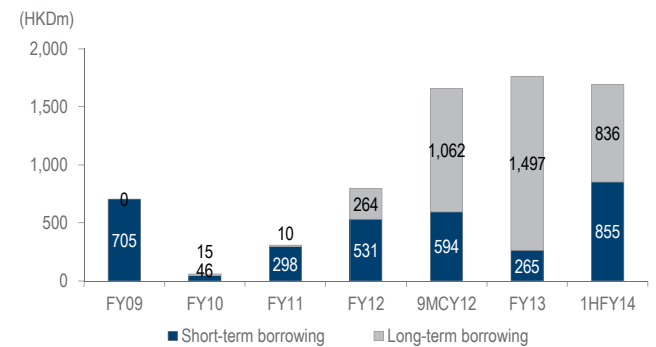
■ **BHI: cash position**



Source: Company

Note: FY09-12 ending 31 March. CY refers to calendar year. 9MCY12 refers to April – December 2012

■ **BHI: borrowings**



Source: Company

■ BHI: income statement

(HKDm)	FY09	FY10	FY11	FY12	9MCY12	FY13	1HFY13	1HFY14
Revenue	621.464	795.279	1,231.065	1,678.971	1,206.285	2,229.133	990.895	1,261.811
On-site gas sales	178.772	215.571	415.698	424.960	171.449	275.929	127.430	82.212
Bottled gas sales	28.926	15.727	19.882	21.919	14.441	18.575	9.003	10.236
Piped gas sales	245.072	389.640	574.969	927.407	745.267	1,399.582	662.281	894.655
Connection services	168.694	174.341	220.516	304.685	275.128	535.047	192.181	274.708
COGS	(527.078)	(668.412)	(1,063.621)	(1,416.507)	(973.955)	(1,769.834)	(788.770)	(1,046.887)
On-site gas sales	(178.188)	(213.954)	(414.167)	(423.294)	(169.772)	(274.388)	(124.095)	(82.123)
Bottled gas sales	(31.963)	(15.543)	(21.023)	(24.005)	(15.018)	(17.137)	(8.198)	(9.095)
Piped gas sales	(243.951)	(365.646)	(542.993)	(875.360)	(691.728)	(1,288.912)	(582.945)	(869.629)
Connection services	(72.976)	(73.269)	(85.438)	(93.848)	(97.437)	(189.397)	(73.532)	(86.040)
Gross profit	94.386	126.867	167.444	262.464	232.330	459.299	202.125	214.924
On-site gas sales	0.584	1.617	1.531	1.666	1.677	1.541	3.335	0.089
Bottled gas sales	(3.037)	0.184	(1.141)	(2.086)	(0.577)	1.438	0.805	1.141
Piped gas sales	1.121	23.994	31.976	52.047	53.539	110.670	79.336	25.026
Connection services	95.718	101.072	135.078	210.837	177.691	345.650	118.649	188.668
Other income and gains	10.324	12.249	24.534	(6.856)	(6.498)	(18.588)	14.297	24.445
Admin expense	(70.309)	(70.758)	(126.096)	(108.315)	(104.115)	(167.508)	(65.376)	(61.334)
EBIT	34.401	68.358	65.882	147.293	121.717	273.203	151.046	178.035
EBITDA	46.577	76.144	78.002	172.451	160.083	335.639	181.088	215.113
(Reverse of) Impairment	-	-	40.489	(3.545)	26.521	7.586	-	-
Interest waived	-	-	-	11.902	-	-	-	-
Finance costs (income)	(58.748)	212.344	(12.372)	(2.704)	(25.828)	(67.223)	(42.479)	(61.605)
Share of results of jointly controlled entities	-	-	(0.351)	0.016	(0.477)	(0.033)	(0.280)	0.958
PBT	(24.347)	280.702	93.648	152.962	121.933	213.533	108.287	117.388
Income tax	(15.126)	(48.935)	(20.521)	(36.280)	(29.462)	(72.271)	(30.537)	(32.879)
Non-controlling interests	(0.978)	(1.653)	(1.747)	(2.461)	(2.856)	(5.540)	(1.892)	(1.720)
Net profit	(40.451)	230.114	71.380	114.221	89.615	135.722	75.858	82.789
Fair value loss on CB	-	-	-	-	-	(53.488)	-	8.875
Adjusted net profit	(40.451)	230.114	71.380	114.221	89.615	189.210	75.858	73.914
Adjusted EPS (fully-diluted)	(0.019)	0.022	0.006	0.010	0.008	0.017	0.007	0.006
Dividend	-	-	-	-	-	0.005	-	-

Source: Company

Note: FY09-12 ending 31 March. CY refers to calendar year. 9MCY12 refers to April – December 2012

■ BHI: balance sheet

(HKDm)	FY09	FY10	FY11	FY12	9MCY12	FY13	1HFY14
Non-current assets	242.180	272.965	707.231	1,658.583	1,869.448	2,353.351	2,432.414
Land use rights	36.868	34.612	41.628	48.717	48.390	48.098	46.033
PPE	205.312	238.353	645.289	1,589.980	1,792.701	2,250.548	2,336.931
Others	-	-	20.314	19.886	28.357	54.705	49.450
Current assets	329.087	560.668	746.833	888.020	1,350.852	1,493.978	1,297.464
Inventories	28.231	29.991	38.090	58.396	70.975	49.344	61.224
Receivables	102.333	112.899	226.335	273.516	351.058	594.117	578.745
Property under development	-	30.887	46.937	67.199	-	-	-
Cash	63.095	386.891	431.467	460.822	818.231	685.086	504.247
Others	135.428	-	4.004	28.087	110.588	165.431	153.248
Total asset	571.267	833.633	1,454.064	2,546.603	3,220.300	3,847.329	3,729.878
Non-current liabilities	-	49.250	27.810	275.378	1,086.834	1,646.035	958.196
Borrowings	-	15.000	10.000	263.773	1,062.497	1,496.829	835.690
Others	-	34.250	17.810	11.605	24.337	149.206	122.506
Current liabilities	1,457.789	408.297	932.763	1,577.335	1,422.454	1,329.199	1,824.519
Payables	696.615	357.457	534.361	630.311	784.953	1,005.629	909.046
Borrowings	704.922	45.840	297.626	530.855	593.897	265.006	854.906
Others	56.252	5.000	100.776	416.169	43.604	58.564	60.567
Total liability	1,457.789	457.547	960.573	1,852.713	2,509.288	2,975.234	2,782.715
Share capital	-	-	-	-	-	-	-
Ordinary shares	21.770	59.928	59.928	59.928	59.928	59.955	92.914
Convertible preference shares	-	170.000	170.000	170.000	170.000	170.000	73.561
Redeemable preferences shares	-	430.000	430.000	430.000	430.000	430.000	430.000
Share premium	191.079	424.737	424.737	424.737	424.737	1.141	108.563
Reserves	(97.927)	61.207	100.290	187.326	111.523	(56.574)	(78.932)
Retained earnings	(1,009.733)	(779.619)	(703.476)	(593.085)	(503.470)	243.141	295.546
Non-controlling interestings	8.289	9.833	12.012	14.984	18.294	24.432	25.511
Total equity	(886.522)	376.086	493.491	693.890	711.012	872.095	947.163

Source: Company

Note: FY09-12 ending 31 March. CY refers to calendar year. 9MCY12 refers to April – December 2012

■ BHI: cash flow

(HKDm)	FY09	FY10	FY11	FY12	9MCY12	FY13	1HFY13	1HFY14
Net cash from operations	55,555	70,373	39,286	69,135	141,119	192,232	81,057	121,768
Net cash from investments	(49,417)	21,295	(288,393)	(476,315)	(570,135)	(416,547)	(176,134)	(183,886)
Purchase of PPE	(47,538)	(56,930)	(276,293)	(436,007)	(437,665)	(346,107)	(159,346)	(204,995)
Assets held for sale	-	(20,903)	(7,317)	(31,011)	(9,558)	(55,252)	(12,659)	9,349
Investment in JV	-	-	(14,242)	-	(5,711)	(25,218)	-	-
Acquisition of subsidiary	-	-	-	-	(82,354)	-	-	-
Others	(1,879)	99,128	9,459	(9,297)	(34,847)	10,030	(4,129)	11,760
Net cash from financing	11,326	227,510	285,299	412,645	783,397	85,618	(60,074)	(110,279)
Issuance of shares	-	831,816	-	-	-	-	-	-
Issuance of convertible bonds	-	-	-	-	-	300,119	-	-
Issuance of CNY bonds	-	-	-	-	621,736	-	-	-
Borrowings	-	(486,793)	287,626	493,914	254,416	(140,000)	(6,200)	(39,498)
Others	11,326	(117,513)	(2,327)	(81,269)	(92,755)	(74,501)	(53,874)	(70,781)
Net change in cash	17,46	319,18	36,19	5,46	354,38	(138,70)	(155,15)	(172,40)
Fx change (or restatement)	(4,514)	4,618	8,384	23,890	3,028	5,552	7,164	(8,442)
Cash balance	63,095	386,891	431,467	460,822	818,231	685,086	670,244	504,247

Source: Company

Note: FY09-12 ending 31 March. CY refers to calendar year. 9MCY12 refers to April – December 2012

■ BHI: key ratios

	FY09	FY10	FY11	FY12	9MCY12	FY13	1HFY13	1HFY14
Sales (YoY)	5.8%	28.0%	54.8%	36.4%	3.3%	32.8%	21.8%	27.3%
EBITDA (YoY)	557.4%	63.5%	2.4%	121.1%	80.0%	44.6%	71.3%	18.8%
Adjusted net profit (YoY)	-19.0%	-668.9%	-69.0%	60.0%	39.1%	40.0%	n.a.	-2.6%
Core EPS (fully diluted) (YoY)	-17.4%	-215.8%	-72.7%	66.7%	45.5%	40.6%	n.a.	-2.5%
Gross-profit margin	15.2%	16.0%	13.6%	15.6%	19.3%	20.6%	20.4%	17.0%
On-site gas sales	0.3%	0.8%	0.4%	0.4%	1.0%	0.6%	2.6%	0.1%
Bottled gas sales	-10.5%	1.2%	-5.7%	-9.5%	-4.0%	7.7%	8.9%	11.1%
Piped gas sales	0.5%	6.2%	5.6%	5.6%	7.2%	7.9%	12.0%	2.8%
Connection services	56.7%	58.0%	61.3%	69.2%	64.6%	64.6%	61.7%	68.7%
EBITDA margin	7.5%	9.6%	6.3%	10.3%	13.3%	15.1%	18.3%	17.0%
Adjusted net profit margin	-6.5%	28.9%	5.8%	6.8%	7.4%	8.5%	7.7%	5.9%
ROE	n.a.	-41.4%	-43.2%	-1810.3%	87.5%	70.9%	34.2%	23.1%
Net debt to equity	-72.4%	-86.7%	-25.1%	48.1%	117.9%	123.5%	n.a.	125.3%
Effective tax rate	-62.1%	17.4%	21.9%	23.7%	24.2%	33.8%	28.2%	28.0%
Current ratio (x)	0.23	1.37	0.80	0.56	0.95	1.12	n.a.	0.71
Net interest cover (x)	0.586	(0.322)	5.325	54.472	4.713	4.064	3.556	2.890
Adjusted dividend payout	0.0%	0.0%	0.0%	0.0%	0.0%	29.9%	0.0%	0.0%

Source: Company

Note: FY09-12 ending 31 March. CY refers to calendar year. 9MCY12 refers to April – December 2012

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