



Technovator International Limited **同方泰德国际科技有限公司 (1206.hk)**

**A Leading Integrated
Energy Saving Services Provider**

March 2015

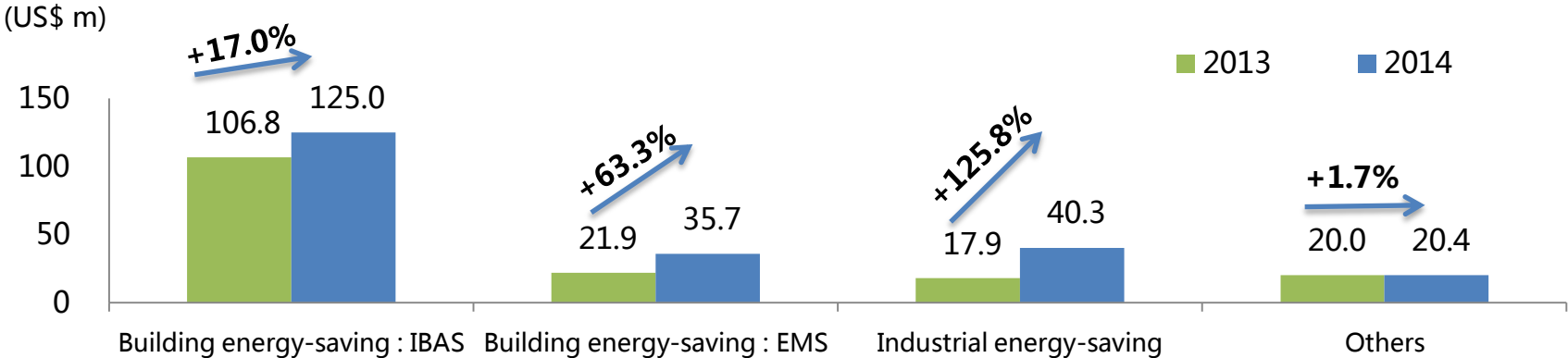
- 1 **Financial Highlights**
- 2 Business Review
- 3 Company Overview
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Financial highlights

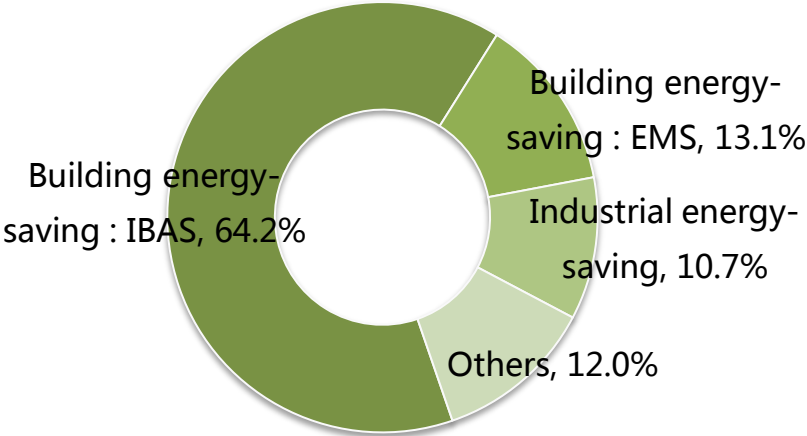
<i>For the year ended 31 December (audited)</i>	2013 (Restated) (US\$ m)	2014 (US\$ m)	Change
Revenue	166.6	221.4	+32.9%
Gross profit	56.2	77.0	+37.0%
Operating profit	25.0	40.9	+63.6%
EBITDA	32.6	51.2	+56.7%
Net profit	16.8	26.6	+58.3%
Profit attributable to equity shareholders	15.6	24.5	+57.5%
Gross profit margin (%)	33.8%	34.8%	+1.0 ppt
Operating profit margin (%)	15.0%	18.5%	+3.5 ppt
EBITDA margin (%)	19.6%	23.1%	+3.5 ppt
Net profit margin(%)	10.1%	12.0%	+1.9 ppt
Profit attributable to equity shareholders margin (%)	9.4%	11.1%	+1.7 ppt
Basic EPS (US\$)	0.0255	0.0393	+54.1%
Basic EPS (HKD\$ equivalent)	0.1976	0.3046	+54.1%

Revenue breakdown by business segment

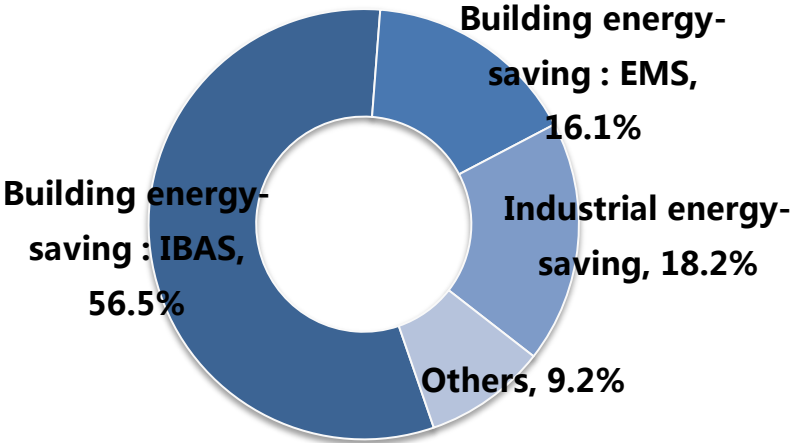
Revenue growth



Revenue breakdown – 2013



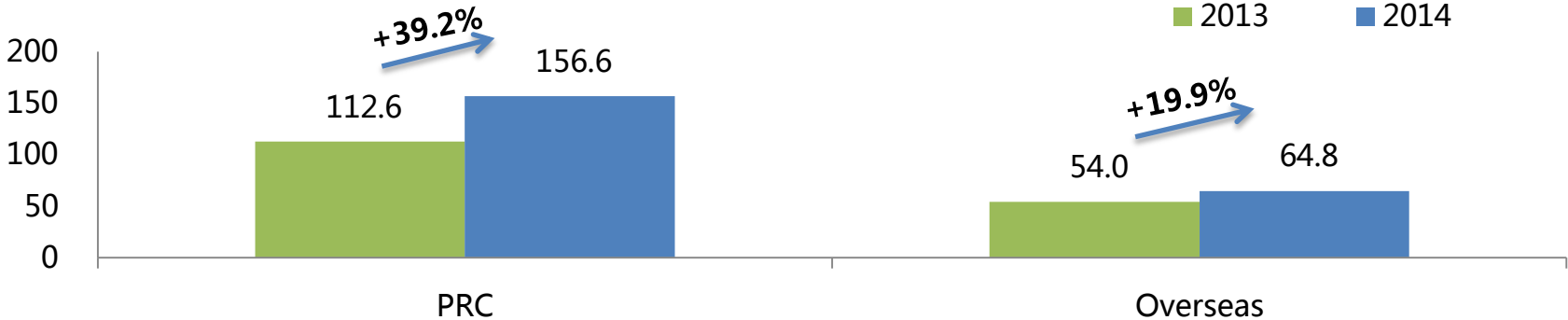
Revenue breakdown – 2014



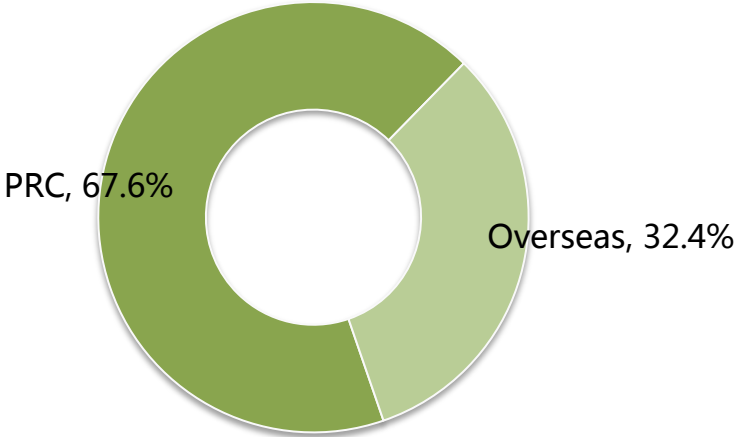
Revenue breakdown by region

Revenue growth

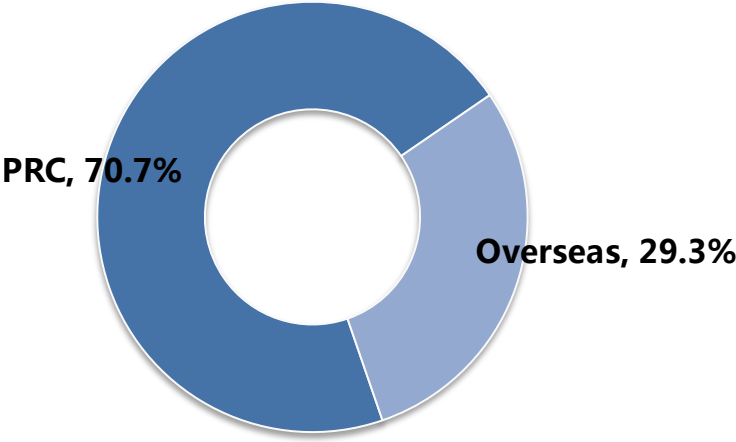
(US\$ m)



Revenue breakdown – 2013

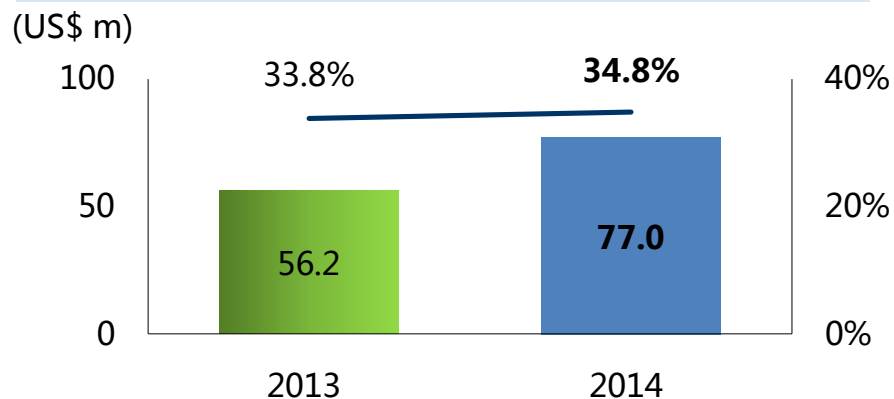


Revenue breakdown – 2014

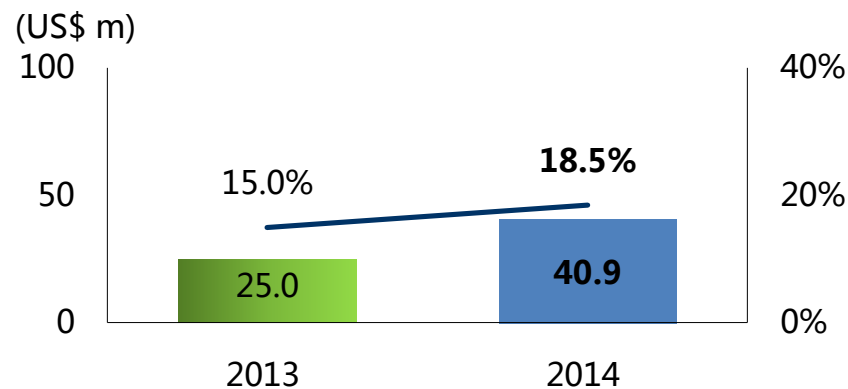


Profitability analysis

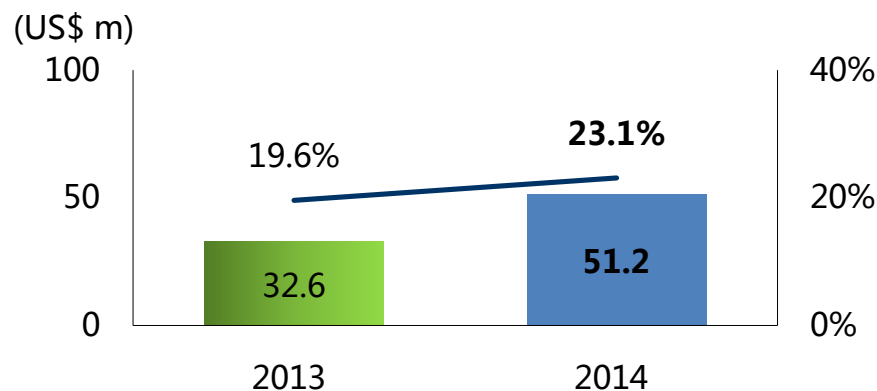
Gross profit margin



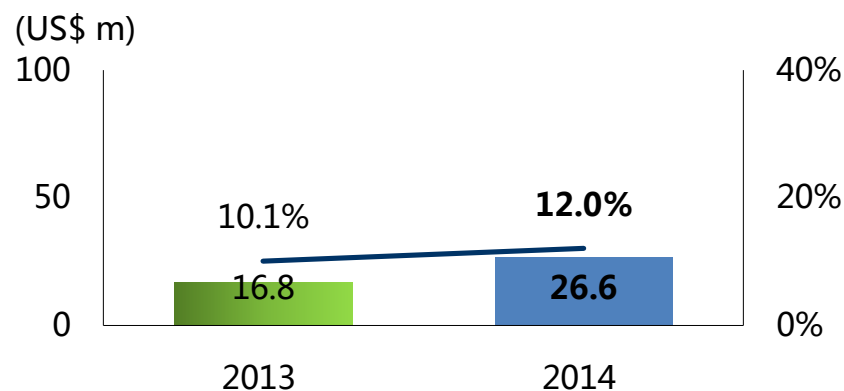
Operating profit margin



EBITDA margin



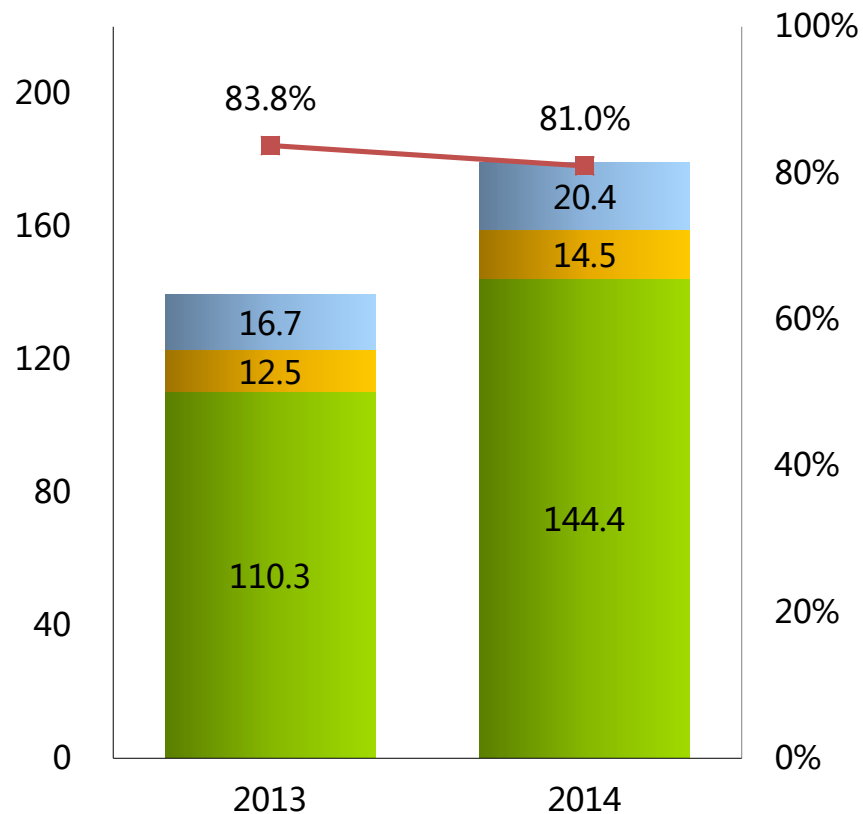
Net profit margin



Cost structure & R&D investment

Cost structure

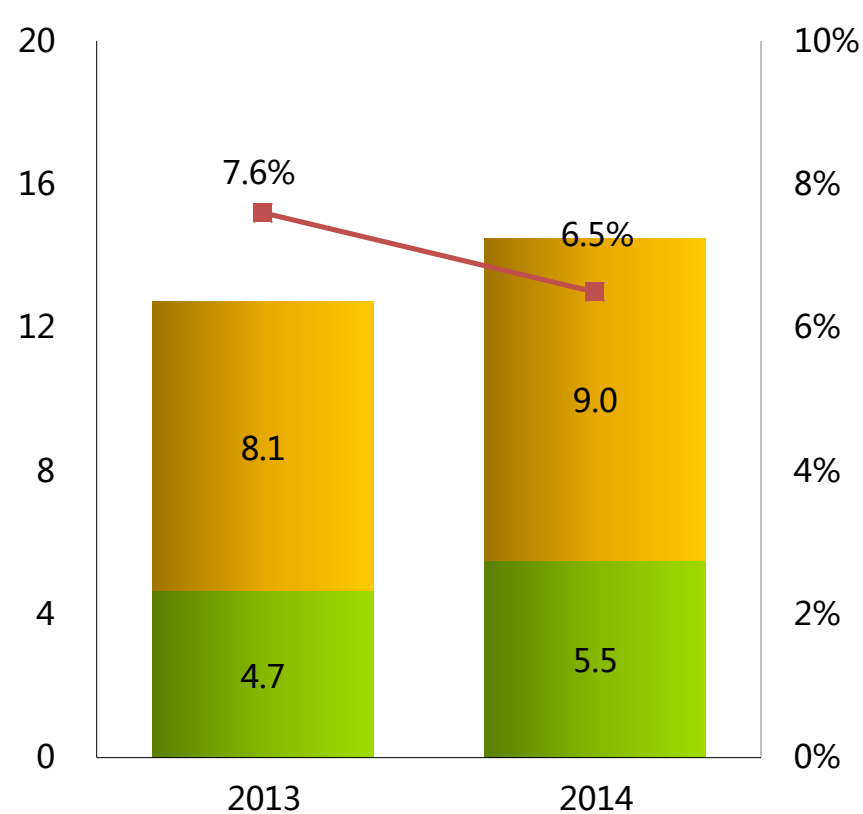
(US\$ m)



■ Admin and other operating expenses
■ Selling & distribution costs
■ Direct costs

R&D investment

(US\$ m)



■ R&D expenses
■ Capitalized R&D
—■— % of revenue

Other financial figures

	31 Dec 2013 (Restated)	31 Dec 2014
Net Assets (US\$ m)	106.6	134.1
Total Assets (US\$ m)	300.4	362.2
Cash & Cash Equivalents (US\$ m)	69.2	74.3
Loan & Borrowings – short term (US\$ m)	33.6	63.7
Loan & Borrowings – long term (US\$ m)	34.7	38.5
Current Ratio (times) (Current Assets divided by Current Liabilities)	1.46	1.45
Loan & Borrowings Ratio (%) (Loans and Borrowings divided by Total Assets)	22.7%	28.2%
Inventory Turnover (Days)	51	45
Trade Receivables Turnover (Days)	174	175
Trade Payables Turnover (Days)	236	215

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Business review

Building energy saving

- Chongqing : completed an energy saving retrofit project covering approximately 2 million sq.m with EMC business model.
- Wuhan : over 30 public buildings in the first batch of the energy efficiency monitoring system, completed several key energy saving retrofit projects such as Wuhan Library and Wuhan Agricultural Bureau were completed.
- Hunan : won the public building energy consumption monitoring platform project, with over 200 public buildings in the first batch.
- “Government-Enterprises-Financial Institution Triad” business model had currently achieved initial success in Chongqing, and begun to duplicate the trial success in Wuhan, Hunan, Karamay and Chifeng.

Industrial energy saving

- Acquired Tonfang Energy Saving Engineering Technology Co., Ltd. In Aug 2014 and expanded to industrial energy saving.
- The completed projects begun to share stable benefit from energy saving effect, and with more than 10 projects which have already been signed or to be signed, we expect a sustainable and steady income contribution in the future.

Urban energy saving

- Heating supply network: the first phase of energy saving retrofit project for centralized heat supply system in Taiyuan City has currently entered into a period of stable return, and the second phase of the project has commenced.
- Rail transport: completed the energy saving project for the Beijing Subway - South Gate of Olympic Forest Park Station, and the transportation energy saving becomes a substantial and potential market for the Group in the future.

Disposal of Distech Controls

Transaction details :

- Entered in to agreement on 8 March 2015 as to dispose the 43.98% shareholding of its subsidiary in Canada, Distech Controls Inc.
- The aggregate consideration before adjustment of CAD\$318 million. Equivalent to 42.8 times PE, which is over 10 times of the Group' s investment cost in 2008.
- It is expected that the Group will record a profit before tax of approximately CAD\$120 million from the disposal.

Future development :

- Technovator will continue its strategic partnership with Distech Controls , as being the exclusive production and sales representatives of Distech Controls Inc. in China and Southeast Asia.
- The Group will seize this opportunity opportunity to integrate resources and concentrate more on the Chinese market, to facilitate the development of the Group' s core business in the field of integrated urban energy saving and seek out acquisition opportunities with growth potential.

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Energy Saving Business Line

Building



Transportation



Industrial



Heating network



Energy Saving Business Model

Total solution & products



EPC / EMC



Operation



2005~07	2008~10	2011~13	2014~
Building energy saving		+ Heating energy saving	+Industrial energy saving +Transportation energy saving
Techcon building automation products	+ Distech Control products + ezIBS integrated building management system	+ E-cloud platform + Techcon EMS + Techcon EEC	+ Waste heat recovery technology + Dehumidifying blast technology on blast furnace
PRC + Singapore	North American + Europe	+ EMC model + "Govt-Corp-Bank cooperation mode"	+ Operation
<ul style="list-style-type: none"> • Founded in Singapore, and established in Beijing • Launched the forth-generation international open standards-compatible TECHCON Control System , registered TECHCON trademark • Launched ezFAS web-connected remote fire alarm system • Launched ezCSS city security solution • Private equity firms, Zana and CTC Capital, invested in Technovator 	<ul style="list-style-type: none"> • Acquired Distech Controls • "11th 5-Year" National Science and Technology Building Energy Efficiency Innovation Award • The first batch to enter "China Energy Management Service Provider List" • Joined EMCA, became a member of Energy Saving Service Industry Committee • Participated in the formulation of 《Technical code for engineering of building automation system》 , topic covered in China' s 11th Five Year Plan • Recognized as a high and new technology enterprise • Top 10 China Building Automation Brand, China, Intelligent Building Industry Renowned Brand 	<ul style="list-style-type: none"> • Listed on the Main Board of the HKSE on Oct 27, 2011 • Distech Controls introduced strategic investment partners • Entered into strategic agreement with Chongqing Municipal commission of urban-Rural Development, Bank of Chongqing in relation of the EMC model , successfully initiated the "Govt-Corp-Bank cooperation mode" • Techcon E-cloud Service successfully applied to Chongqing, Wuhan, Hunan and Inner Mongolia • Successful monetization of scientific research - Techcon EEC • Participated in the formulation of GB 50339 《Code for acceptance of quality of intelligent building systems》 " • Won the China Intelligent Building Brand Award 	<ul style="list-style-type: none"> • Acquired Tongfang Energy Saving Engineering Technology Co., Ltd., enhanced business layouts • Announced disposal of Distech Controls in March 2015 • Became the core provider of building energy saving services in Shanghai, successfully realizing the energy saving retrofit for landmark projects, like Shanghai Grand Stage, Shanghai Swimming Stadium & shanghai East Asia Exhibition Hall • The only entity double honored with "Top 10 Innovative intelligent building industry brand" and "Top 10 famous brand " for 4 consecutive years, supported by its product like Techcon EMS、 EEC , E-cloud and building automation system etc.

Benefit from the favorable policy and booming energy saving market in China

Unprecedented Opportunity of Energy Saving Industry in China

- ✓ Low energy utilization rate and serious environmental problems drives the development of energy saving industry;
- ✓ A series of favorable policies and regulations, issued by Government, to regulate and reduce energy consumption, guide and promote the development of energy saving industry;
- ✓ EMC is advocated by the Chinese government and sales of energy saving services under such model is expected to increase by 30% per annum;
- ✓ Actual needs of enterprises to reduce energy cost & rising awareness of energy conservation;

Energy Development Strategy Action Plan (2014-2020)

released by the State Council on 19 NOV 2014

- Promote **Energy Consumption Revolution**: focus on the implementation of energy efficiency improvement plan. Adhere to the strategy of **giving priority to energy conservation**, focus on **industrial, buildings and transportation sectors**, formation of energy-efficient production and consumption patterns by innovative development.
- **Industrial Energy Saving**: implementation of 10 key energy-saving projects, carry out enterprise low-carbon energy action plan. Promote the recovery and use of waste heat and pressure of industrial enterprises. Further promote the industrial demand-side management.
- **Green Building**: strengthening building energy planning, implementation of building energy efficiency improvement projects, implementation of 75% Energy-Efficiency Design Standard for Residential Buildings ASAP, accelerate green building construction and renovation of existing buildings, implementation of public building energy consumption quota and green building rating and labeling system. **By 2020, the proportion of green buildings to total new constructed buildings is expected to reach 50%.**
- **Green Transportation**: improve the overall transportation system planning, accelerate the construction of comprehensive transportation system.
- **Advocate altering the traditional energy consumption patterns in urban and rural areas**: adhere to combination of centralized and decentralized energy supply, promote energy usage transformation in urban areas, enhance the energy efficiency levels in urban and rural areas. develop urban integrated energy planning, develop distributed energy, **scientific development of cogeneration, encourage qualified region to develop Combined Cooling Heating and Power (CCHP).**

Leading provider of integrated energy-saving services, inherited from Tsinghua & Tongfang



Technovator (HKSE:1206)

Listed on HKSE in 2011

- The first commercial entity listed overseas under the umbrella of Tsinghua University.
- Dedicated to provide integrated energy saving products, solutions & services.
- Inherits the technology and experience in energy saving field from Tsinghua University & Tongfang.



Tsinghua University

Heating and Ventilation Department
set up in 1952



- Nurtured a large number of industry experts;
- Prestigious University with technology leadership in China

Tongfang (SSE:600100)

Listed on SSE in 1997



- Listed high-tech company, Top 500 Brands in the world
- 41.6% controlling shareholder of Technovator*

* As of 18 March 2015

Devoted & experienced management team



Mr. Lu Zhicheng
Chairman

- Over 20 years of experience in professional teaching, management, and investment
- Received various provincial, ministerial, and national technological progress awards
- Worked as a general manager of Beijing Tsinghua Artificial Environmental Engineering Co. in 1989. This Company was restructured and with other companies formed Tongfang, which has been listed on Shanghai Stock Exchange since June 1997



Mr. Zhao Xiaobo
CEO

- Bachelor's degree in Thermal Engineering from Tsinghua University in 1993
- Executive Master degree in Business Administration from Tsinghua University in 2005
- The vice-chairman of Intelligent Building Branch of China Construction Industry Association
- Participated in various projects that received awards including the building & low-carbon technology innovation award issued by Ministry of Science and Technology of the PRC



Mr. Seah Han Leong
COO

- Worked as a Sales manager of Honeywell covering the Great China
- Worked as a managing director of TAC Controls Asia Pte Ltd
- Received various awards including Winners Club Award by Honeywell Asia Pacific Inc. and President's Club Award by Honeywell Inc



Mr. Étienne Veilleux
CEO of Distech Controls

- Over 16 years of experience in building automation, energy savings and new product development
- Member of the Young Presidents' Organization and the Entrepreneur Organization in Montreal



Mr. Paddy Leung
CFO

- Member of Hong Kong Society of Accountants
- Member of the Institute of Internal Auditors
- Over 10 years of experience in accounting, auditing and due diligence, including transaction services in PricewaterhouseCoopers, group internal audit in Swire Group and audit assurance services in KPMG

Strong R&D capabilities & core technology competencies

Building Energy Saving Research Institute

- 1 The sound and integrated "production + academic + research" platform
- 2 Develops proprietary products and solutions, and gains a large number of patents
- 3 Collaboration with domestic tier-one universities and research institutions
- 4 Brought together a number of well-known experts in the field of building energy efficiency
- 5 Expand its energy efficiency application to industrial, transportation and heat supply network fields



Dr. Zhao Xiaoyu

Head of Building Energy Saving Research Institute

- 20 years of experience in building energy saving research with expertise in variable air volume system, heating, ventilation and air conditioning control system, energy storage system and heat pump system.
- Participated in the study of major topics covered in China's 11th Five Year Plan and led/ compiled in the formulation of more than 10 national or industry requirements and regulations
- Received the State Technological Invention Award, Beijing Scientific Technology Award and named as National Building Energy Saving Technological Innovation Individual

Core Technology – Module Cascade Algorithm Control

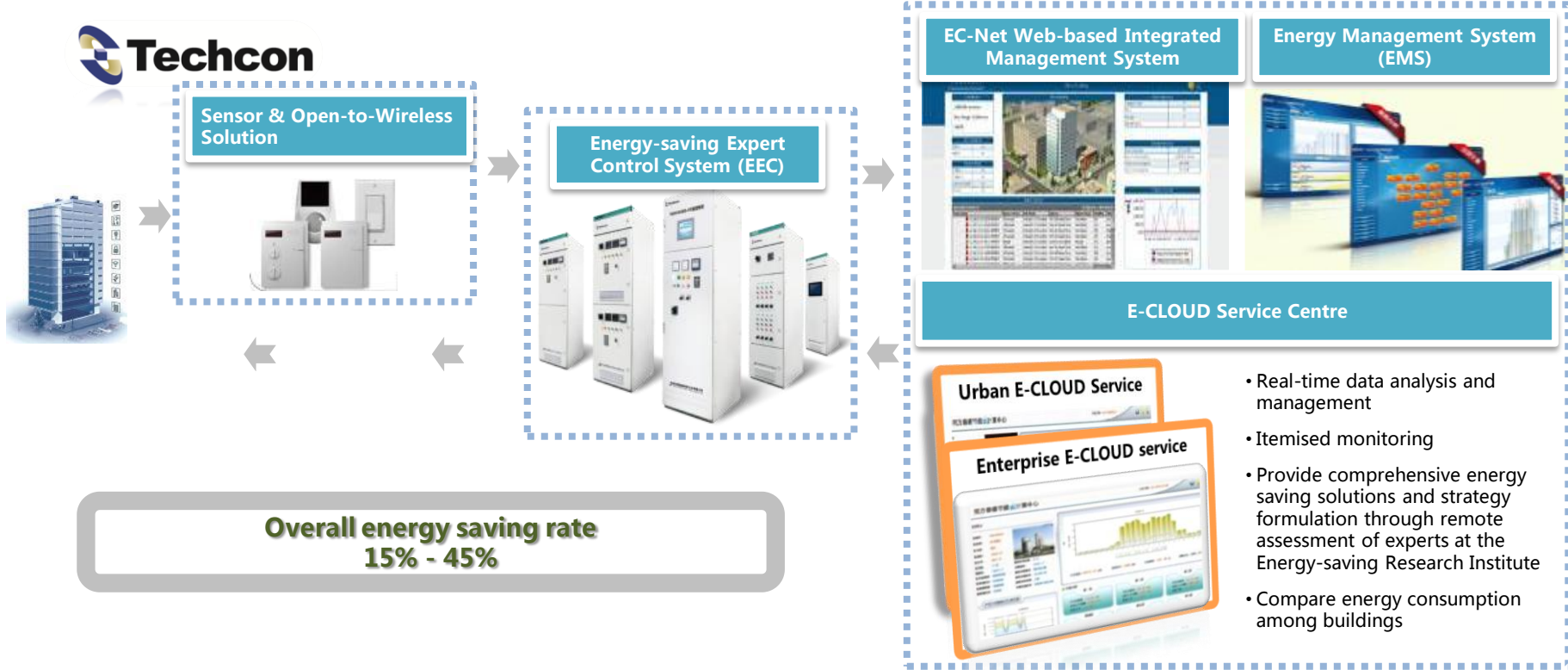
One of the key study of 11th Five-Year Plan, successful monetization of scientific research -Techcon EEC

Energy saving is **30%** more than traditional air-conditioning system

	Method	Algorithm
Technovator	Using module to control overall energy consumption of air-conditioning system to enhance efficiency	Module cascade algorithm uses air transmission temperature as middle variable, avoiding instability of water valve adjustment, thus extending product life and stabilizing return air temperature, as well as room temperature, ultimately saving more energy
Conventional control	Each equipment independently controlled which cannot control and manage overall energy consumption	Directly control operation according to room temperature and humidity; lagging , control deviation and instability problems can easily arise

Comprehensive building energy-saving products and solutions

Energy saving products & solutions



Building Automation Products



Techcon09



Techcon04



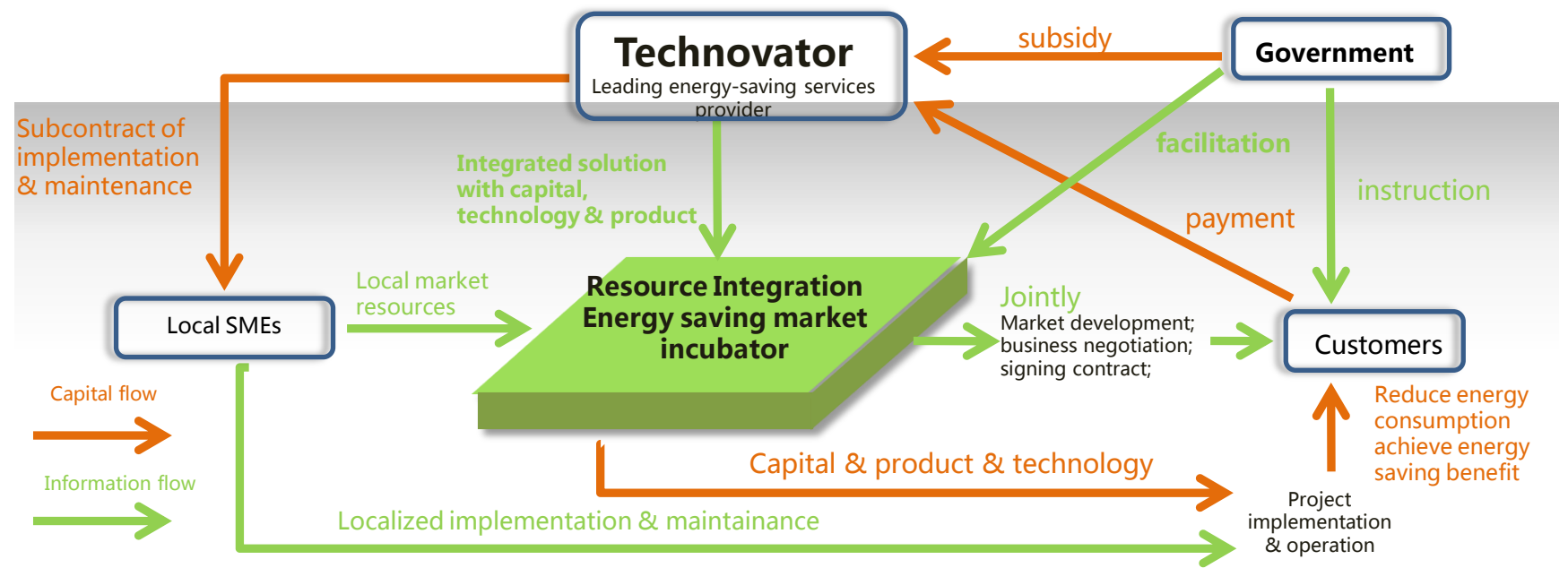
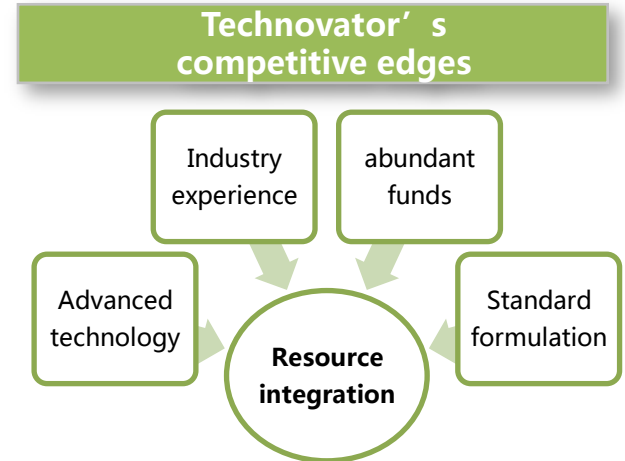
Open-to-Wireless Control System



Distech Controls

City-level promotion by the Govt-Corp-Bank cooperation mode

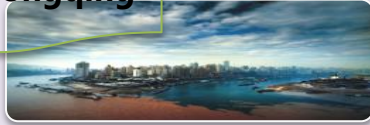
- 1 carries out a comprehensive city-level building energy audit, a consolidated analysis of energy consumption using Technovator's E-cloud & EMS (Energy Management System)
- 2 Technovator participates in the formulation of policies and industrial standards, clarifies implementation rules, proposes scientific and reasonable method for energy savings measurement
- 3 Technovator plays a leading role, offer the building owners a comprehensive energy saving solution with products like Techcon EEC, and complete the building energy-saving retrofit project



Case : city-level building energy saving

Pilot city-level energy saving

Chongqing



Large-scale city energy saving

- signed the EMC Strategic Agreement in **2011 Jun**;
- energy consumption monitoring for 200 large public buildings;
- energy-saving retrofit for approx. 2 million sq.

Hunan



Province-level energy saving

- signed the EMC Strategic Agreement in 2013 Jul;
- included in the first batch of the energy efficiency monitoring for large public buildings;
- energy-saving retrofit for 600 thousand sq.

Wuhan



The first city-level E-cloud centre

- ADF finances the energy-saving projects for public buildings;
- The first city-level E-cloud center located in Wuhan;
- energy consumption monitoring for 30+ municipal buildings.



Project overview:

- Chongqing demonstration project;
- Located in the heart of the Jiefangbei CBD, covering 160K total sqm, with multiple indoor and outdoor performance spaces, 2 outdoor plaza and 5 commercial entrance, 62 escalators, 30 elevators, 1320 parking spaces;

Energy-saving measures:

- EMC model with nominal investment cost of RMB10 million, 70:30 benefit sharing within 5-year period, with 2^{1/2} payback period;
- Achieved overall energy saving on AC systems, public areas lighting, and elevator systems, using Techcon EEC, LED products;
- Comprehensive energy-saving ratio at 20%+



Chongqing ASE plaza project

Case : heating supply network energy saving

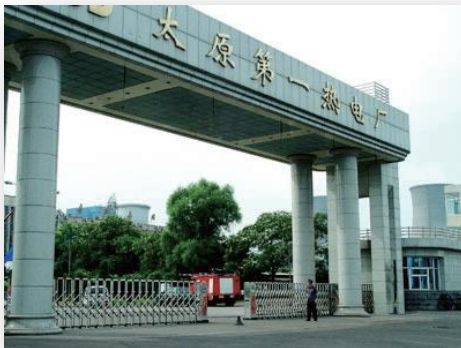
Guodian Taiyuan Thermal Power Plant I – central heating energy saving

Project overview:

- Covered 1,200m sqm heating supply area, with 1 monitoring center & 180 thermal stations;
- Enhanced the O&M of heating supply network to ensure fast and efficient network adjustment;
- Reduced heating energy consumption & reduced operating costs.

Energy saving effect:

- **EMC model** with nominal investment cost of RMB48.55 million;
- With benefit sharing period of 7 heating seasons;
- Estimated energy saving of 6%+.



Case : industrial energy saving

Technovator entered into the industrial energy saving fields, and further enhanced its business layouts, through the acquisition of Tongfang Energy Saving Engineering Technology Co., Ltd. from the parent company.

Jinzhou Energy Saving Heat and. Electricity Co., Ltd - waste heat recovery project

Project overview:

- Jinzhou heating supply area of 3.7m sqm in 2013, and expected to reach 6m sqm in 2016, its heating supply period covers 147 days each year;
- Applied 2x40.5MW absorption heat pump units to preheat heating network backwater, and to recover waste heat from circulating cooling water produced by unit No.1&3, thereby achieving 660 to 800K sqm additional heating supply to the city.

Energy saving effect:

- **EMC model** with nominal investment of RMB33.87 million, with estimated annual revenue of RMB10.68 million;
- With 85:15 benefit sharing within 6 heating supply seasons;
- Expected payback period of 3.7 years.



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Prospects and future strategy

Lines & Models

- Potential M&A to expand urban energy-efficient technology and market;
- Effective integration post M&A, maximize the synergy effects and the overall value;
- Explore diversified business models : "Product + EPC / EMC + Operation" .

Markets

- Accelerate "Govt-Corp-Bank cooperation mode" to achieve city-level building energy-saving, increase market share by winning key projects;
- Intensive marketing efforts on energy saving in the fields of heating supply network, industrial and transportation.

R&D

- Strengthen R&D in the traditionally-advantageous technology
- Continue R&D in promising energy saving technology in the fields of industrial, transportation & heating supply network
- Software application R&D for E-cloud, control algorithms and regional energy station.

China's leading comprehensive energy saving service providers



Favorable industry policy

Comprehensive advantage

+ Inherited from Tsinghua & Tongfang

+ Leading-edge technology in urban & industrial energy saving

+ Devoted management team

+ Strong R&D & Core Technology

+ Comprehensive products & solutions

THANK YOU Q&A

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