

# Beijing Jingneng Power Co., Ltd.'s 2019-1 Corporate Bonds

**Credit rating for this bond:** AAA

**Credit rating of the issuer:** AAA

**Rating outlook:** Stable

**Scale of this issuance:** Up to CNY 1.9 billion

**Maturity:** 3 years

**Debt servicing method:** Annual interest payment,  
bullet repayment of principal at  
maturity

**Rating assigned date:** May 23, 2019

**Key financial data:**

Item	2016	2017	2018	March 2019
Total assets (CNY 100mn)	538.71	610.24	684.90	690.87
Owners' equity (CNY 100mn)	244.27	264.85	274.08	279.00
Long-term liabilities (CNY 100mn)	135.24	150.81	234.05	219.39
Total liabilities (CNY 100mn)	240.86	292.07	356.63	311.84
Operating income (CNY 100mn)	111.13	122.21	126.95	37.38
Net profit (CNY 100mn)	18.50	2.60	8.08	4.92
EBITDA (CNY 100mn)	50.34	33.89	39.05	--
Net cash flow from operating activities (CNY 100mn)	32.97	17.29	24.55	9.30
Operating profit margin (%)	19.37	5.14	9.25	15.00
ROE (%)	7.55	1.02	3.00	1.78
Debt-to-asset ratio (%)	54.66	56.60	59.98	59.62
Total debt to capitalization ratio (%)	49.65	52.44	56.54	52.78
Current ratio (x)	0.33	0.40	0.57	0.56
EBITDA-to-total liabilities ratio (x)	0.21	0.12	0.11	--
EBITDA-to-interest coverage ratio (x)	6.15	3.40	2.88	--
EBITDA / scale of this bond (x)	2.65	1.78	2.06	--

Note: 1. The difference between the sum of sub-totals and grand totals in this report is due to rounding-off; unless otherwise stated, the currency used here refers to the Chinese yuan (CNY). 2. Short-term financing paper under other current liabilities and long-term payables have been included in short-term liabilities and long-term liabilities, respectively, for analysis. 3. Data in the financial statements for 1Q 2019 are unaudited, and the relevant indicators are non-annualized.

**Rationale**

The rating assigned to Beijing Jingneng Power Co., Ltd. (hereinafter referred to as the "Company" or "Jingneng Power") by United Credit Ratings Co. (hereinafter referred to as "United Ratings") reflects that as a leading power provider in North China, Jingneng Power boasts substantial advantages in terms of market position, installed capacity, equipment, shareholder support, and the ability to raise capital. In the past three years, utilization hours of the Company's power generators have been high, and operating cash flow has been decent; the Company has earned substantial investment income, which contributes greatly to the Company's earnings. United Ratings has also noted factors that could have an adverse impact on Jingneng Power's operation. For example, coal prices have become increasingly volatile since 2016; the Company's power mix is not diversified and mainly relies on thermal power; it will face heavy investment pressure in the future.

Going forward, as its power plants under construction begin operation, the Company is set to substantially improve its power supply ability, both its income and profitability are poised to increase, and its overall competitiveness will be further strengthened. United Ratings' rating outlook for the Company is "stable".

Based on a comprehensive assessment of the Company's credit profile and its ability to repay the bond, United Ratings concludes that the risk of default on the bond repayment is extremely low.

**Strengths**

1. The Company surpasses other regional power producers in China in terms of installed capacity. It boasts substantial competitiveness in the regions where it operates, given that regions such as Beijing and Inner Mongolia enjoy rapid

economic growth and are more capable of affording high electricity prices. The Company also receives strong support from its shareholders.

2. The Company's power plants are located near coal-rich areas, meaning it has an assured coal supply and access to low-priced coal, giving it a cost advantage.

3. The Company enjoys substantial overall competitive strengths, given that its key coal-fired power generators are technologically advanced and have high operating efficiency.

4. The Company enjoys massive, sustained net operating cash inflow and has strong ability to raise capital, effectively underpinning its capital investment.

#### Concerns

1. The Company's power mix mainly relies on thermal power, meaning fluctuations in coal prices could have some impact on its overall profitability.

2. The Company's power projects are still

expanding, meaning it will face investment pressure in the future.

#### Analysts

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