

ENN Energy: Residential tariff hikes may potentially aid its margins

DIGITAL ENGAGEMENT TEAM

03 MAY 2023

**TRADING MATTERS SERIES:
STOCK HIGHLIGHT**

Features a single stock and zooms in on its performance in the market

KEY METRICS	
Current Price	112.30
Latest Dividend	2.27
Dividend Ex-Date	29/5/2023
Indicated Dividend Yield	2.59%
14 Day RSI	57.77
Analysts 12M Target Price	124.04

REFINITIV STOCKREPORTS+ AVERAGE SCORE
6/10 As of 02 May 2023

Refer to page 3 for indicator components

ENN Energy Holdings (2688 HK) Price Chart



Any red lines drawn on the price charts are trendlines, which are visual representations of support & resistance levels. They are drawn by connecting a series of prices together to help indicate the data's best fit or the presence of any trend over a time frame, and are for illustration purposes only.

As of 02 May 2023 closing

KEY MARKET EVENTS

- 08 May**
China Trade Balance (Apr)
- 10 May**
US CPI Release (Apr)
- 11 May**
China CPI Release (Apr)
- 16 May**
US Retail Sales Release (Apr)
- 23 May**
US PMI Release (May)

Hang Seng Index Price Chart



As of 02 May 2023 closing

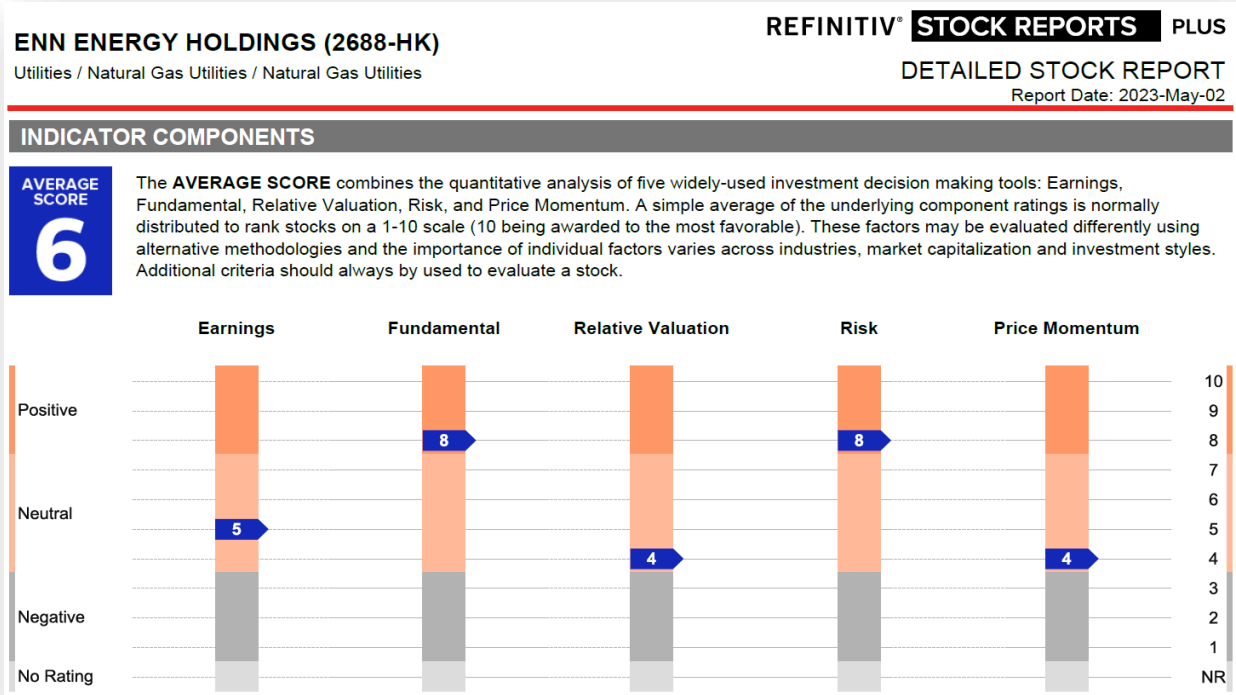
Headline News & Information

- ENN Energy Holdings Ltd. distributes natural gas in China. The company, through its subsidiaries, invests in, operates, and manages gas pipelines, and sells and distributes piped and bottled gas in China (Bloomberg)
- The dividend ex-date is on 29 May 2023 with a dividend of HK\$2.27 (Bloomberg)
- China gas stocks rally as MS upgrades some on margin recovery (02 May 2023, Bloomberg)
 - ENN Energy led a rally in China gas stocks, after Morgan Stanley upgraded both stocks saying tariff hikes will aid companies' margins
 - Several provinces, including Shandong, Sichuan and Hebei, have already announced residential tariff hikes and more provinces are expected to follow in May/Jun 2023, given China National Petroleum Corp. raised its residential gas tariff in April by 15% above benchmark
- World's top LNG buyer sees risk of another price spike this year (30 Apr 2023, Bloomberg)
 - Jera Co, the world's biggest buyer of liquefied natural gas, said there's a risk of more market volatility in 2023
 - Spot liquefied natural gas (LNG) prices have tumbled from record high in 2022, because warmer-than-expected weather and China's pandemic restrictions reduced demand for the fuel
 - With import capacity in Europe rising and China potentially increasing demand after it ended pandemic restrictions, prices could spike again if severe weather strikes

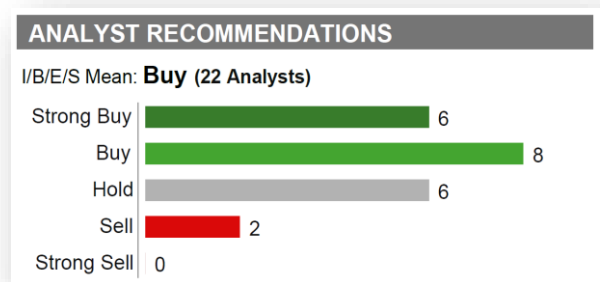
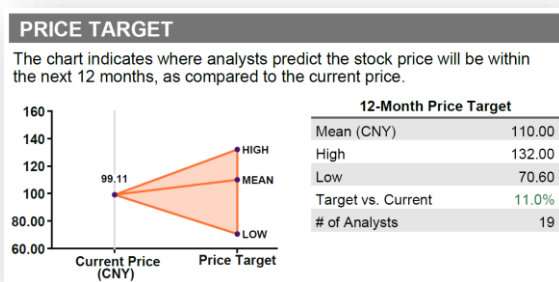
TRADING FLOWS	RESISTANCE LEVELS	SUPPORT LEVELS
<ul style="list-style-type: none"> • Shares rose 2.4% in the past 5 days and are up 4.4% in the past 30 days 	<ul style="list-style-type: none"> • 118.00 (Mar 2023) • 126.00 (Jan 2023) • 134.00 (Jul 2022) 	<ul style="list-style-type: none"> • 102.00 (Apr 2023) • 92.00 (Mar 2022) • 80.00 (Nov 2022)

Fundamental Viewpoint

An Extract from STOCKREPORTS+



Analyst Price Target and Recommendations



Source: REFINITIV STOCKREPORTS+, extracted 02 May 2023

HK Peer Analysis (STOCKREPORTS+)

PEER ANALYSIS													Currency in HKD	
Average Score	Ticker	PRICE MOMENTUM				VALUATION		FUNDAMENTAL		ANALYSTS			# of Analysts	
		Price (2023-05-02)	1-Mo Return	3-Mo Return	1-Yr Return	Market Cap	Trailing PE	Forward PE	Dividend Yield	Net Margin	LTG Forecast	I/B/E/S Mean		
3	3	6.99	2.0%	-11.3%	-19.6%	129.9B	26.5	19.9	5.0%	8.6%	15.2%	Hold	8	
6	2688	112.30	9.6%	-5.1%	6.0%	121.0B	18.2	12.3	2.6%	5.3%	22.8%	Buy	22	
8	135	7.05	16.9%	13.0%	6.8%	62.9B	10.6	8.5	4.1%	3.0%	-32.5%	Buy	15	
5	1193	26.30	-2.2%	-20.8%	-11.9%	57.3B	11.8	9.1	4.0%	5.0%	18.6%	Buy	21	
3	3633	6.10	12.3%	6.5%	-11.9%	17.2B	99.2	--	0.49%	1.3%	--	--	--	
5	1083	3.65	8.0%	-9.4%	-6.7%	11.8B	25.1	8.9	4.1%	4.8%	--	Buy	11	
8	956	3.15	-7.4%	-18.8%	-29.7%	6.3B	5.7	5.1	7.6%	11.5%	--	Buy	7	
3	1600	5.70	25.3%	15.9%	22.8%	5.5B	11.0	6.9	3.6%	5.9%	--	Buy	3	
7	2886	1.69	-1.2%	7.6%	10.5%	2.3B	5.7	--	5.9%	5.3%	--	--	--	
1	6828	0.10	-5.9%	1.1%	-17.2%	2.3B	69.2	--	--	1.2%	--	--	--	
2	931	0.36	-2.7%	4.4%	34.0%	2.0B	--	--	--	-68.5%	--	--	--	
4.6	Average	15.76	5.0%	-1.5%	-1.5%	38.0B	28.3	10.1	4.2%	-1.5%	6.0%	Buy	12.4	

PEER COMPANIES			
1083	Towngas Smart Energy Co	3	Hong Kong and China Gas Co
1193	China Resources Gas Group	3633	Zhongyu Energy Holdings
135	Kunlun Energy Co	6828	Beijing Gas Blue Sky Holdings
1600	Tian Lun Gas Holdings	931	China LNG Group
2886	Binhai Investment Co	956	China Suntien Green Energy

Source: REFINITIV STOCKREPORTS+, extracted 02 May 2023

Global Peer Analysis (Bloomberg)

Ticker	Name	Mkt Cap (USD) (Millions)	Last Px	P/E	P/E 5Yr Avg	P/B	P/B 5Yr Avg	Indicated Yield (%)
Average		8,018	733.34	15.23	18.16	1.89	2.16	3.45
2688 HK	ENN ENERGY HOLDINGS LTD	16,181	112.30	19.04	17.89	2.87	3.56	2.59
1193 HK	CHINA RESOURCES GAS GROUP LT	7,753	26.30	12.62	15.73	1.55	2.35	3.99
3 HK	HONG KONG & CHINA GAS	16,616	6.99	24.82	34.75	2.13	2.91	5.01
GAIL IN	GAIL INDIA LTD	8,698	108.30	5.89	9.34	1.13	1.28	3.69
9531 JP	TOKYO GAS CO LTD	8,878	2,808.00	4.34	7.11	0.78	0.80	2.31
9533 JP	TOHO GAS CO LTD	1,946	2,543.00	7.93	13.57	0.66	0.75	2.36
PGAS IJ	PERUSAHAAN GAS NEGARA TBK PT	2,289	1,390	7.51	7.61	0.84	0.97	8.95
600635 CH	SHANGHAI DAZHONG PUBLIC UT-A	1,139	3.01	N/A	N/A	N/A	0.51	1.00
600803 CH	ENN NATURAL GAS CO LTD-A	9,100	20.30	9.41	10.84	3.28	3.47	2.51
WWG GR	GELSENWASSER AG	3,842	1,020.00	42.77	45.51	3.72	5.20	2.07
NI US	NISOURCE INC	11,761	28.51	18.01	19.31	1.95	2.03	3.51

Source: Bloomberg, extracted 02 May 2023 closing

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