



CF Energy Announces Financial Results For The Six-Month Period Ended June 30, 2019

TORONTO, Aug. 29, 2019 -- CF Energy Corp., (TSX-V: CFY) ("CF Energy" or the "Company", together with its subsidiaries, the "Group"), an energy provider in the People's Republic of China (the "PRC"), announces that the Company has filed its unaudited condensed interim consolidated financial results for the six-month period ended June 30, 2019 ("1H 2019").

Results for the Six-Month Period Ended June 30, 2019

Revenue from continuing operations for 1H 2019 was RMB210.0 million (approx. CAD41.3 million), an increase of RMB15.6 million (approx. CAD2.3 million), or 8%, from RMB194.4 million (approx. CAD39.0 million) for the six-month period ended June 30, 2018 ("1H 2018"). Gross profit for 1H 2019 was RMB78.7 million (approx. CAD15.5 million), maintained at a similar level as 1H 2018 of RMB78.6 million (approx. CAD15.8 million). Gross profit margin for 1H 2019 was 37.5%, a decrease of 3 percentage points from 40.5% in 1H 2018. Profit attributable to owners of the Company from continuing operations for 1H 2019 on a comparable basis was RMB16.9 million (approx. CAD3.3 million), an increase of RMB4.9 million (approx. CAD0.9 million), or 40%, as compared to RMB12.0 million (approx. CAD2.4 million) after excluding the one-off gain of RMB14.5 million (approx. CAD2.9 million) related to the disposal of the discontinued operation for 1H 2018. EBITDA from continuing operations for 1H 2019 was RMB39.9 million (approx. CAD7.8 million), an increase of RMB3.2 million (approx. CAD0.4 million), or 9%, from RMB36.7 million (approx. CAD7.4 million) for 1H 2018.

The drop in gross profit margin for the 1H 2019 was mainly attributable to the continuing drop in gross profit margin for gas sales in Sanya which accounted for approximately half of the revenue during the period as expensive LNG had to be purchased, as was the case with the first quarter of 2019, to supplement the shortage of supply of pipeline gas from China National Offshore Oil Corporation ("CNOOC") due to depletion of the old gas field. The drop was marginally compensated by the improvement in gross profit margin of pipeline installation and connection sales with effective cost control. Going forward, with the signing of the purchasing contract for the new pipeline gas source from the gas field "Eastern 13-2" of CNOOC in June 2019, the supply of pipeline gas is guaranteed with price for the 2019 and 2020 years agreed at RMB1.88/m³ and RMB 1.93/m³ respectively, it is expected that the gross profit margin of the Company will gradually move up and normalized at previous levels.

Comparison of 2018 & 2019 Q2 Results

Revenue from continuing operations for the second quarter of 2019 ("Q2 2019") was RMB102.2 million (approx. CAD20.1 million), an increase of RMB11.9 million (approx. CAD2.0 million), or 13%, from RMB90.3 million (approx. CAD18.1 million) for the second quarter of 2018 ("Q2 2018"), reflected an increase in gas sales of RMB5.3 million (approx. CAD0.8 million), or 11% from RMB48.2 million (approx. CAD9.7 million) for Q2 2018 to RMB53.5 million (approx. CAD10.5 million) for Q2 2019. Revenue from pipeline installation and connection also recorded a significant increase of RMB7.1 million (approx. CAD1.3 million), or 26% from RMB27.9 million (approx. CAD5.6 million) for Q2 2018 to RMB35.0 million (approx. CAD6.9 million) for Q2 2019.

Both gross profit and gross profit margin reported improvement on Q2 2019 as compared to Q2 2018. Gross profit for Q2 2019 was RMB39.9 million (approx. CAD7.8 million), an increase of RMB9.2 million (approx. CAD1.6 million), or 30% from RMB 30.7 million (approx. CAD6.2 million) for Q2 2018. Gross margin for Q2 2019 was 39.0%, an increase of 5 percentage points from 34.0% in Q2 2018.

Profit attributable to owners of the Company from continuing operations for Q2 2019 on a comparable basis was RMB11.4 million (approx. CAD2.2 million), an increase of RMB13.3 million (approx. CAD2.6 million), as compared to a loss of RMB1.9 million (approx. CAD0.4 million) after excluding the one-off gain of RMB14.5 million (approx. CAD2.9 million) related to the disposal of the discontinued operation for Q2 2018, which reflected the improvement in gross profit and gross profit margins as well as the result of implementation of effective cost control measures by management in 2019.

Chairman Statement

Against the backdrop of slowing economic growth in China, the Group has reported significant growth in Q2 2019 as compared to the same quarter last year. With our strong management team, the Group has every confidence in continuing to strengthen cost controls and expand our new business lines in order to create value for our Shareholders.

I want to extend my heartfelt gratitude to all our Shareholders for their, trust, encouragement and recognition. I would also like

to thank the Board and staff for their valuable contributions and devotion to the Company.

The unaudited condensed interim consolidated financial results and Management's Discussion and Analysis (MD&A) can be downloaded from www.SEDAR.com or from the Company's website at www.cfenergy.com.

About CF Energy Corp. (Formerly "Changfeng Energy Inc.")

CF Energy Corp. is a Canadian public company currently traded on the Toronto Venture Exchange ("TSX-V") under the stock symbol "CFY". It is an integrated energy provider and natural gas distribution company (or natural gas utility) in the PRC. CF Energy strives to combine leading clean energy technology with natural gas usage to provide sustainable energy to its customer base in the PRC. In 2009, CF Energy was recognized as being one of China's Top Ten Most Influential Brands in the Natural Gas Industry and in 2019, ranked amongst the 2019 TSX Venture 50 top performers on the TSXV for the 2018 year.

TELE-CONFERENCE

A tele-conference will be held following the release of this press release and the results of the Group, details of which will be provided by way of a separate press release in due course.

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Forward-Looking Statements

Certain statements contained in this news release constitute forward-looking statements and forward-looking information (collectively, "**Forward-Looking Statements**"). All statements, other than statements of historical fact, included or incorporated by reference in this document are Forward-Looking Statements, including statements regarding activities, events or developments that the Company expects or anticipates may occur in the future. These Forward-Looking statements can be identified by the use of forward-looking words such as "will", "expect", "intend", "plan", "estimate", "anticipate", "believe" or "continue" or similar words or the negative thereof. No assurance can be given that the plans, intentions or expectations or assumptions upon which these Forward-Looking Statements are based will prove to be correct and such Forward-Looking Statements included in this news release should not be unduly relied upon.

Although management believes that the expectations represented in such Forward-Looking Statements are reasonable, there can be no assurance that such expectations will prove to be correct. Such Forward-Looking Statements are not a guarantee of performance and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements or developments expressed or implied by such Forward-Looking Statements. These factors include, without limitation, no significant and continuing adverse changes in general economic conditions or conditions in the financial markets. Readers are cautioned that all Forward-Looking Statements involve risks and uncertainties, including those risks and uncertainties detailed in the Corporation's filings with applicable Canadian securities regulatory authorities, copies of which are available at www.sedar.com. The Company urges readers to carefully consider those factors.

The Forward-Looking Statements included in this news release are made as of the date of this document and the Company disclaims any intention or obligation to update or revise any Forward-Looking Statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities legislation. This news release does not constitute an offer to sell or solicitation of an offer to buy any of the securities described herein and accordingly undue reliance should not be put on such.

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