



**KunLun Energy Company Limited**

(Incorporated in Bermuda with limited liability 於百慕達註冊之有限公司)

**昆 侖 能 源 有 限 公 司**

(Stock Code 股份代號: 00135.HK)

# 2019

## Interim Results

## Company Presentation

August 2019



# 目录

## Contents

### 1 Chairman Speech

### 2 Financial Highlights

### 3 Business Review & Outlook



# Business Highlights

## Synergistic Effects Gradually Manifest



Total Sales Volume of Natural Gas 12.6bcm  
Year-on-year growth 20.3%

Volume of LNG Processing & Terminal 10.44bcm  
Year-on-year growth 3.8%

Gas Pipeline Transmission Volume 28.27bcm  
Year-on-year growth 7.6%

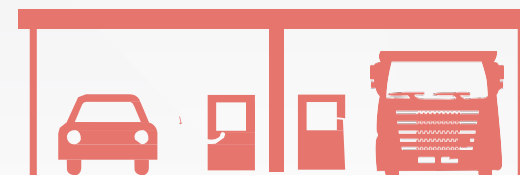


## Steady Growth in Financial Results

1 Total Revenue RMB 53.54 bn  
Year-on-year growth 8.0%

2 Profit Before Income Tax RMB 7.67 bn  
Year-on-year growth 6.1%

3 Profit Attribution to Owners of  
the Company RMB 3.14 bn  
Year-on-year growth 1.6%





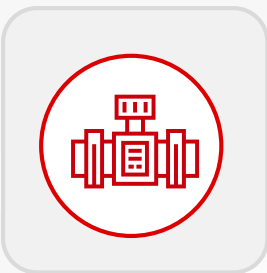


昆侖能源  
KunLun Energy

# High-Quality & Steady Development

## Focusing on development of core business

*To enhance the natural gas value chains*



## Deepening reform and improving quality & efficiency

*To enhance development drive and vitality*



## Expanding openness and partnership

*To build a mutually beneficial and win-win ecosystem of natural gas industry chain*



## Reinforcing the foundation for development

*To promote sustainable and rapid development of the natural gas industry*



# 目录

## Contents

- 1 Chairman Speech
- 2 Financial Highlights**
- 3 Business Review & Outlook





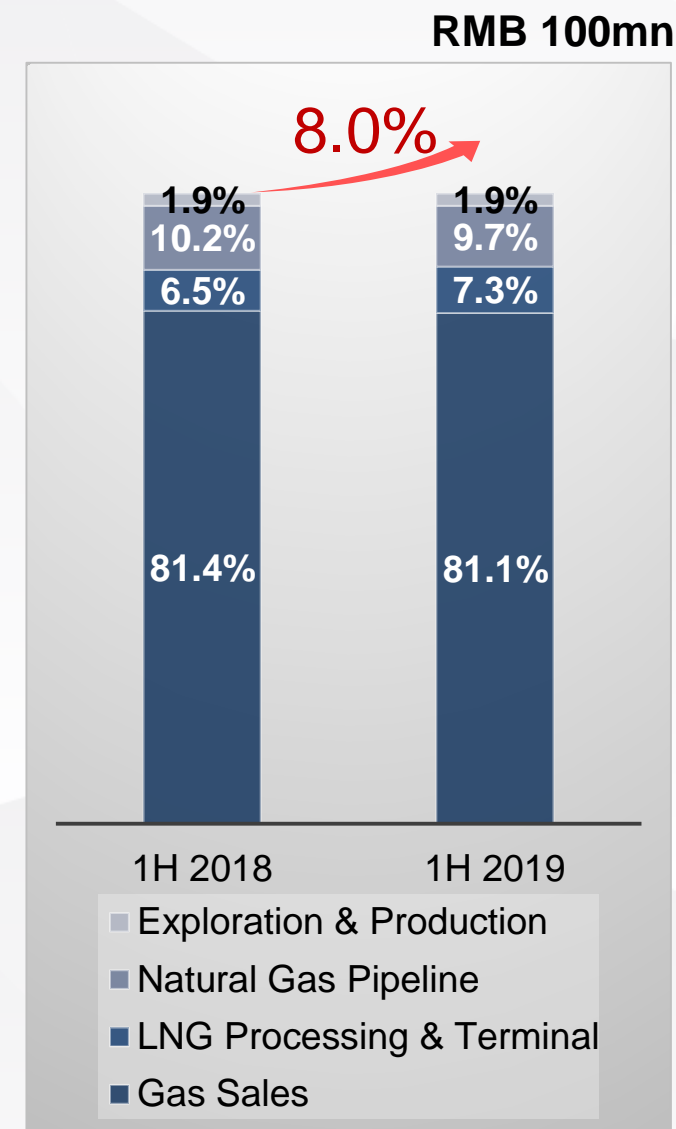
# Income Statement

( RMB 100 mn )	2019/06/30	2018/06/30	Change
Revenue	535.4	495.9	8.0%
Profit before Income Tax Expense	76.7	72.3	6.1%
Profit Attributable to Owners of The Company	31.4	30.9	1.6%
EBITDA	111.8	107.6	3.9%
Basic EPS (RMB cents/share)	38.9	38.3	1.6%



# Revenue Breakdown

( RMB 100 mn )	2019/06/30	2018/06/30	Change
<b>Total Revenue</b>	<b>535.4</b>	<b>495.9</b>	<b>8.0%</b>
Gas Sales	434.1	403.8	7.5%
Natural Gas Sales	307.7	261.3	17.8%
Connection Fee	14.2	11.9	19.3%
LPG Sales	112.2	130.6	(14.1%)
LNG Processing and Terminal	39.3	32.3	21.7%
LNG Terminals	27.7	27.9	(0.7%)
LNG Plants	11.6	4.4	163.6%
Natural Gas Pipeline	51.9	50.4	3.0%
Exploration & Production	10.1	9.4	7.4%





# Dollar Margin Analysis

( RMB 100 mn )	2019/06/30	2018/06/30	Change
Average Gas Tariff	2.54	2.43	0.11
Average Cost	2.02	1.87	0.15
Weighted Average Dollar Margin ( RMB/m <sup>3</sup> )	0.52	0.56	(0.04)

**The decrease in the dollar margin is due to:**

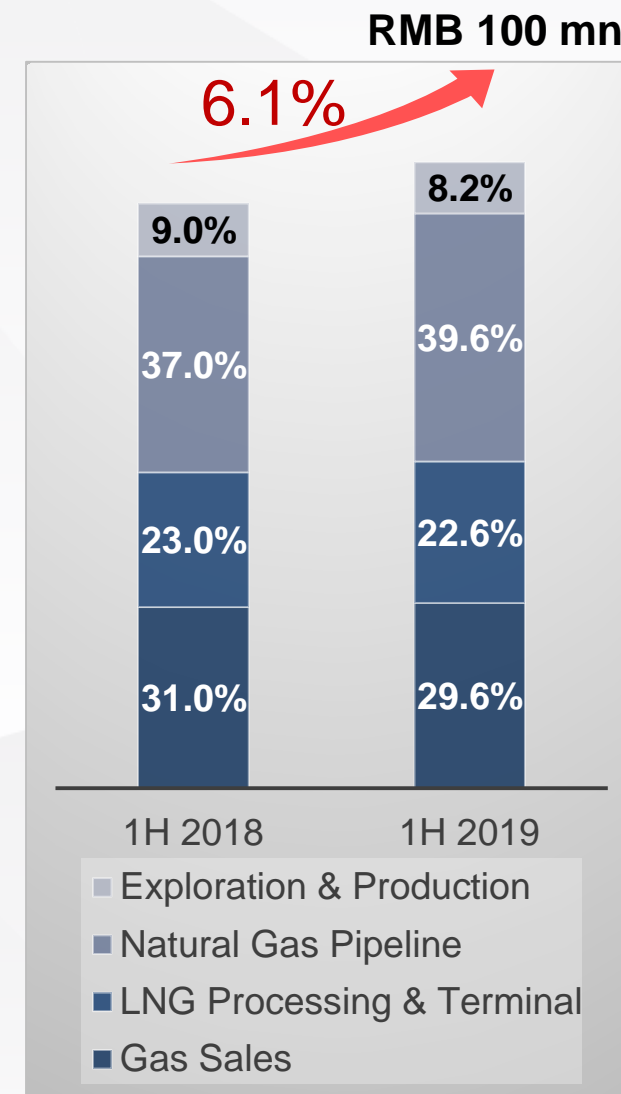
The upstream price increase pushed up the purchase cost of natural gas, while terminal sales price has a lagging effect.





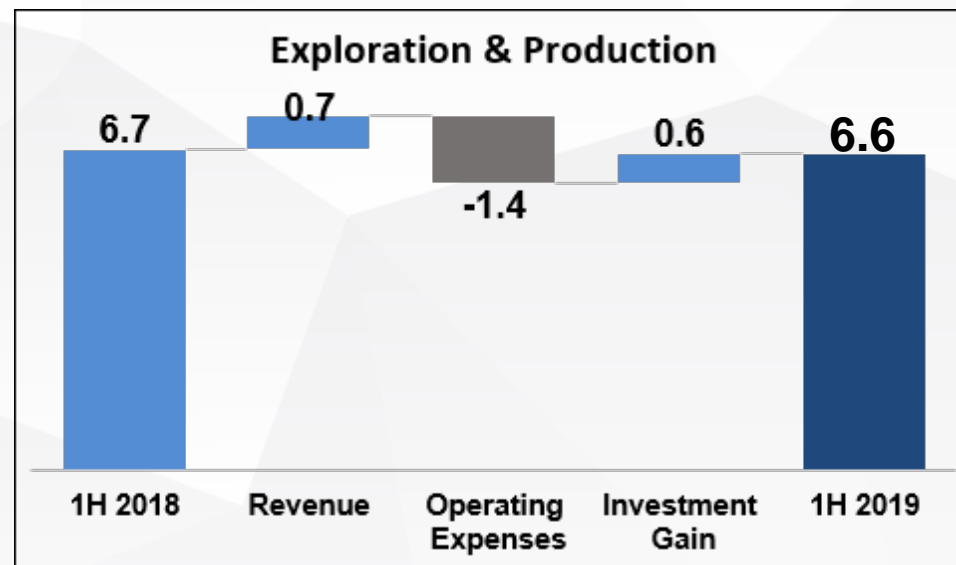
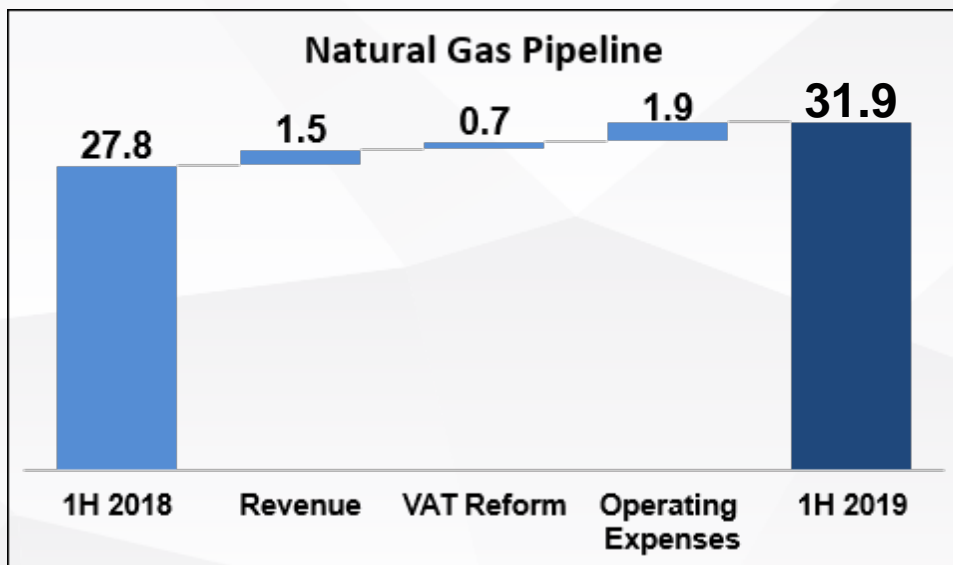
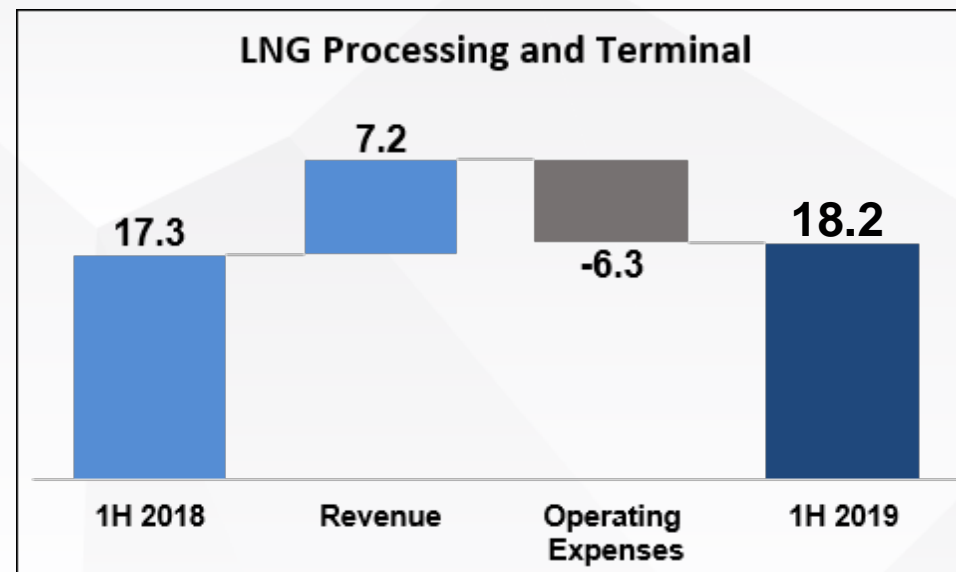
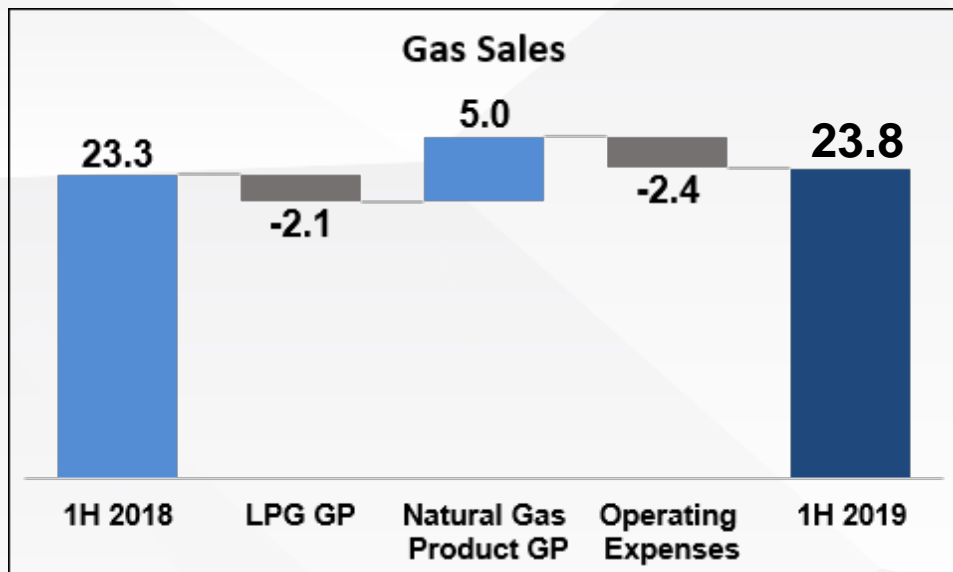
# Profit Before Income Tax Breakdown

( RMB 100 mn )	2019/06/30	2018/06/30	Change
Gas Sales	23.8	23.3	2.1%
LNG Processing and Terminal	18.2	17.3	5.2%
Natural Gas Pipeline	31.9	27.8	14.7%
Exploration & Production	6.6	6.7	(1.5%)





# Profit Before Income Tax Analysis





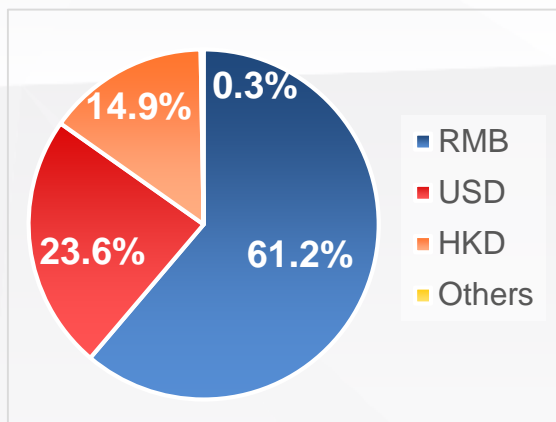
## Balance Sheet

( RMB 100 mn )	2019/06/30	2018/12/31	Change
Total Asset	1396.0	1405.9	(0.7%)
Bank Balance and Cash	178.5	204.7	(12.8%)
Total Interest Liabilities	366.6	387.4	(5.4%)
-- Current Liabilities	122.4	105.3	16.2%
-- Non-current Liabilities	244.2	282.1	(13.4%)
Equities	441.2	427.0	3.3%
Gearing Ratio	33.3%	35.6%	(2.3ppt)
Debts-to-Asset Ratio	26.3%	27.6%	(1.3ppt)



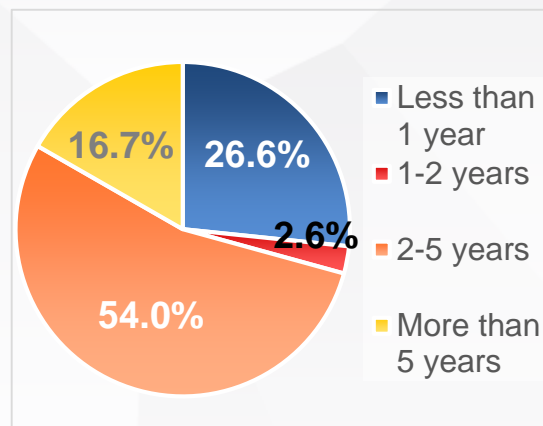
# Debt Structure

Debt Currency Structure



( RMB 100 mn )	Amount
RMB	199.9
USD	77.0
HKD	48.8
Others	0.9

Long & Short Term Debt Structure



( RMB 100 mn )	Amount
Less than 1 year	87.0
1-2 years	8.6
2-5 years	176.4
More than 5 years	54.6

	2019/06/30	2018/12/31	Change
Average Financing Cost	3.47%	3.89%	(0.42ppt)

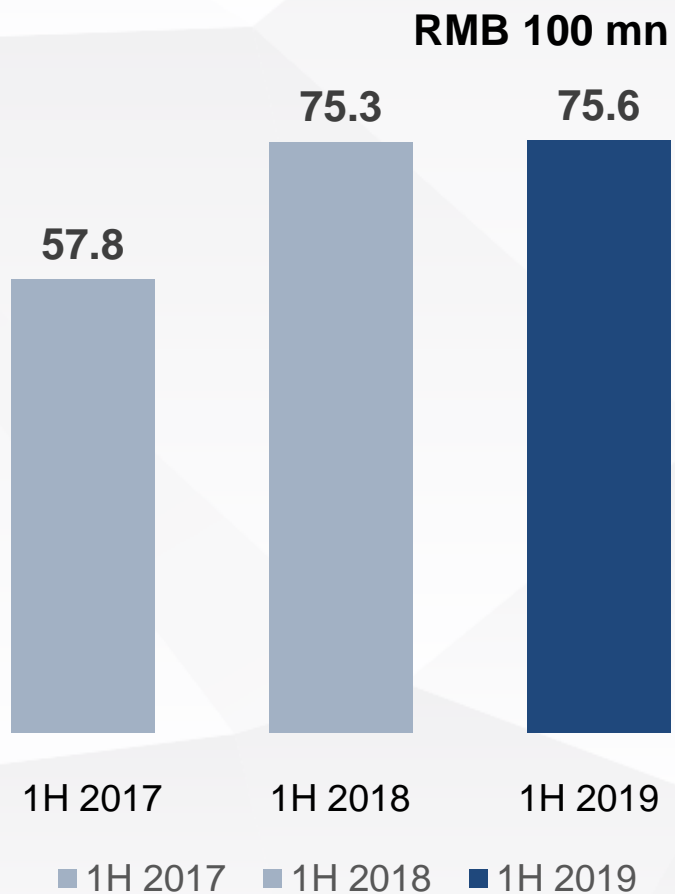
Rating Agencies	Rating				
MOODY'S	Stable	A2	→	A2	High Credit rating will further enhance the Company's financing capacity for further development and expansion of natural gas business.
S&P Global Ratings	Stable	A	→	A	
Fitch Ratings	Stable	A	→	A	



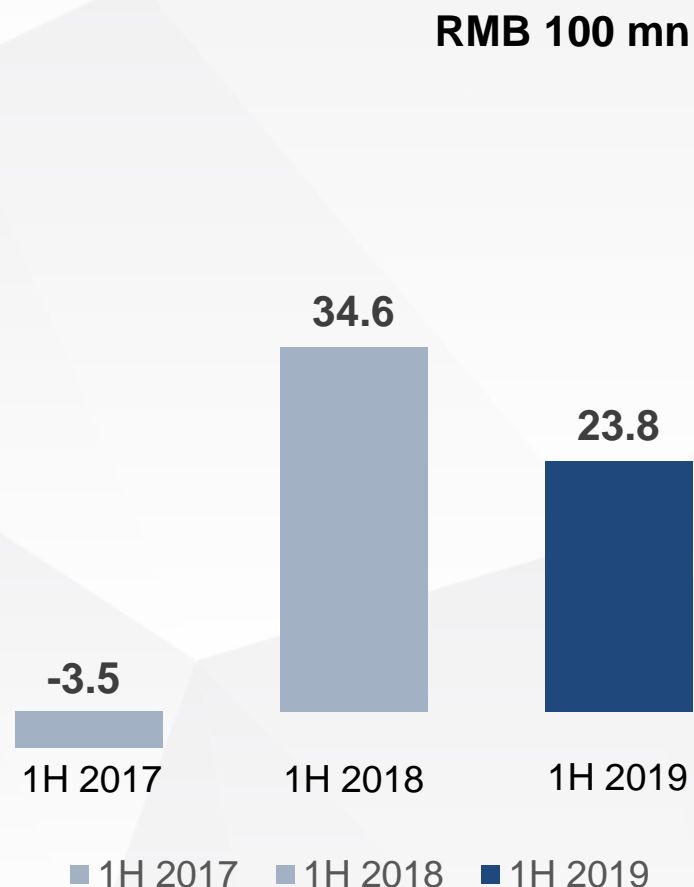


# Cash Flow

## Operating Cash Flow

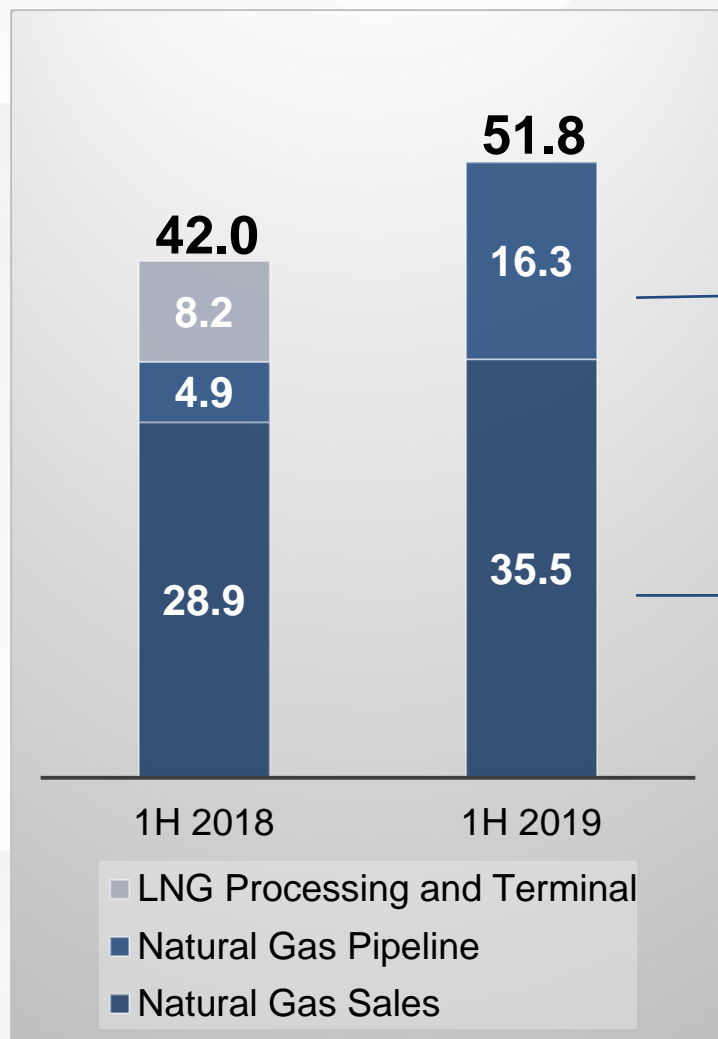


## Free Cash Flow





RMB 100 mn



✓ Investment in the pressure pumping project of Shaanxi-Beijing pipelines and its related connected lines

✓ Fully develop natural gas business through more investment in natural gas projects

# 目录

## Contents

- 1 Chairman Speech
- 2 Financial Highlights
- 3 Business Review & Outlook**



# 01

**PART ONE**

## **Gas Sales**

---

City Gas、CNG、LNG、LPG



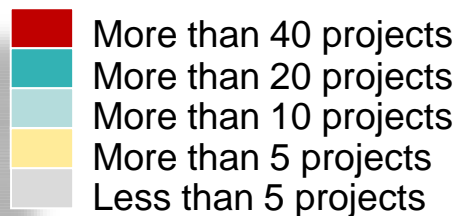
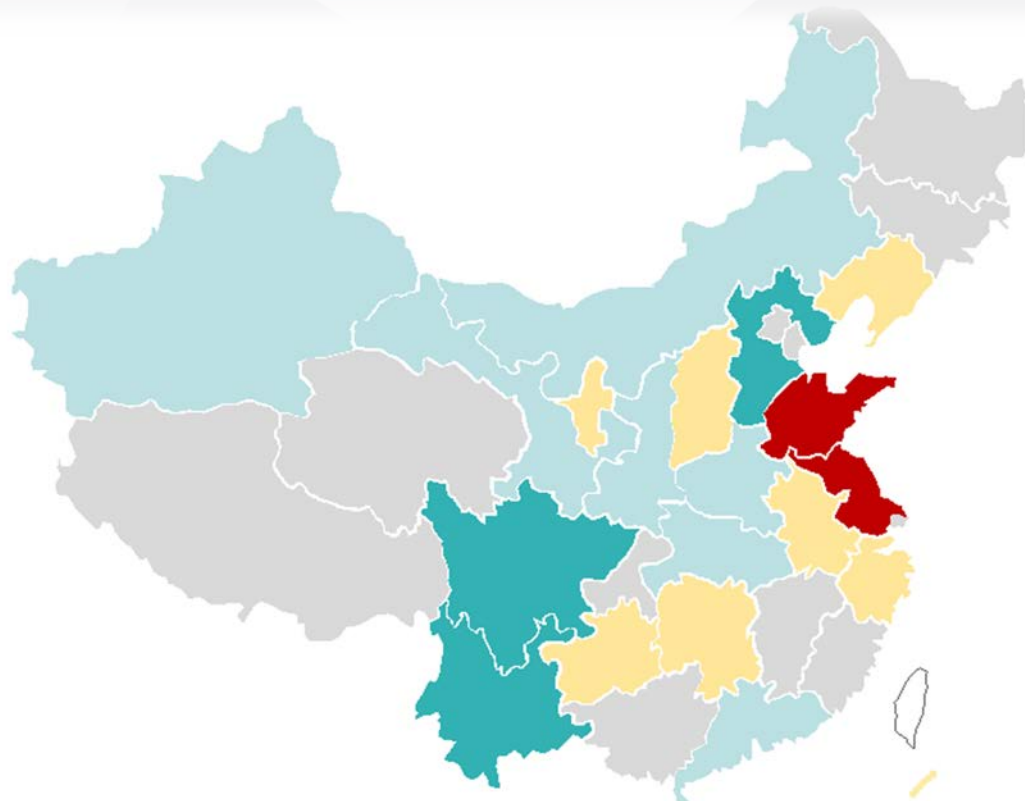


昆侖能源  
KunLun Energy

# National Layout

Natural Gas business: **31** provinces, autonomous regions and municipalities

City Gas Projects: **340**



## Entering

Provincial capital cities such as **Harbin, Kunming and Lanzhou**  
Prefecture-level cities such as **Changde, Daqing and Suqian**



## Put in Operation

CNG stations and LNG stations: **1,044**

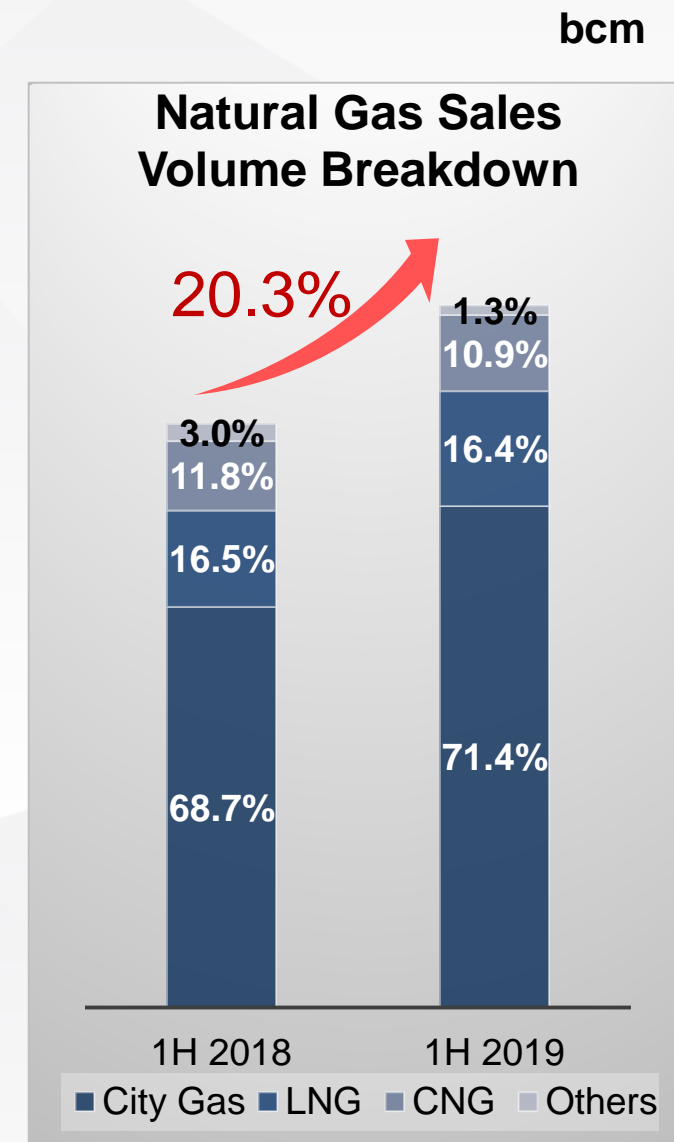


## M & A

In the first half of 2019, acquired 8 natural gas projects in **Shenyang (Liaoning), Suzhou (Anhui), Jinzhou (Shanxi), Sanyuan (Shaanxi), Suihua (Heilongjiang), Pingyin (Shandong), Xuchang (Henan), Zhenjing (Jiangsu)**

# Natural Gas Sales Volume

( bcm )	2019/06/30	2018/06/30	Change
<b>Natural Gas</b>	<b>12.60</b>	<b>10.47</b>	<b>20.3%</b>
City Gas	9.00	7.19	25.2%
LNG	2.06	1.73	19.1%
CNG	1.37	1.24	10.5%
Others	0.17	0.31	(45.2%)

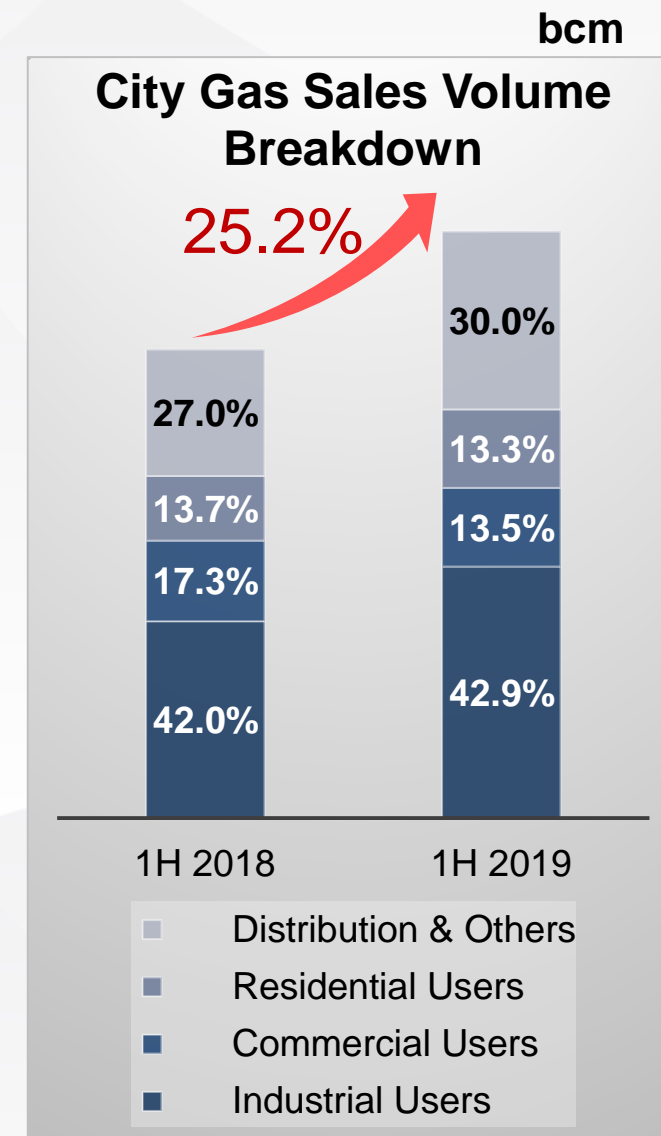




# City Gas Sales Volume

(bcm)	2019/06/30	2018/06/30	Change
<b>City Gas</b>	<b>9.00</b>	<b>7.19</b>	<b>25.2%</b>
Industrial Users	3.86	3.02	27.8%
Commercial Users	1.21	1.24	(2.4%)
Residential Users	1.20	0.99	21.2%
Distribution & Others	2.73	1.94	40.7%

Benefit from resource advantages and upstream and downstream coordination, the rapid growth of sales volume of industrial users and distribution business has driven the rapid growth of total gas sales volume of city gas.





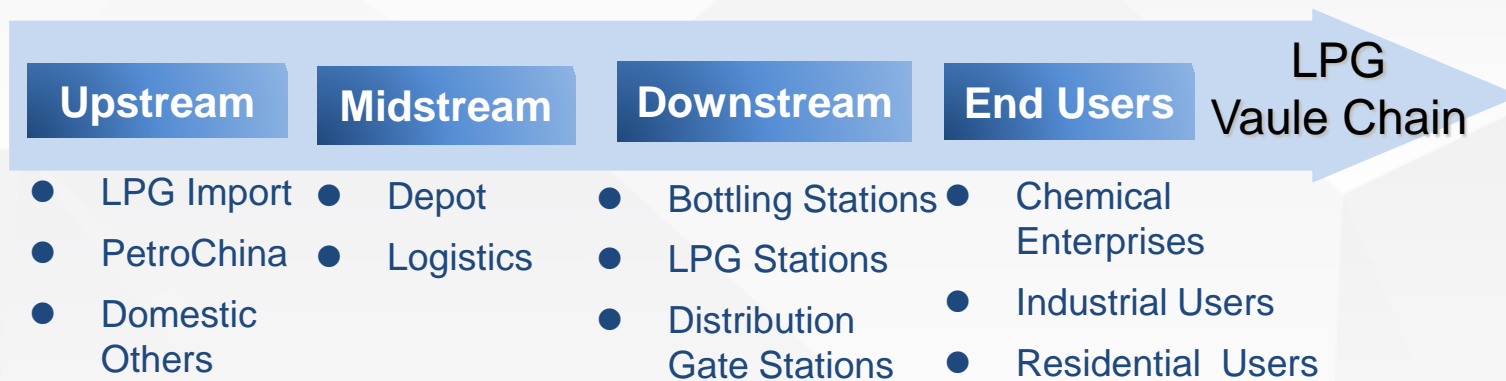
## Customer Base

	2019/06/30 New Users	2019/06/30 Accumulated Users	2018/12/31 Accumulated Users	Change
<b>Total</b>	<b>327 thousand</b>	<b>10,138 thousand</b>	<b>9,811 thousand</b>	<b>3.3%</b>
Residential Users	324 thousand	10,085 thousand	9,761 thousand	3.3%
Industrial Users	245	5,247	5,002	4.9%
Commercial Users	2,138	50 thousand	48 thousand	4.2%





# LPG Sales Volume

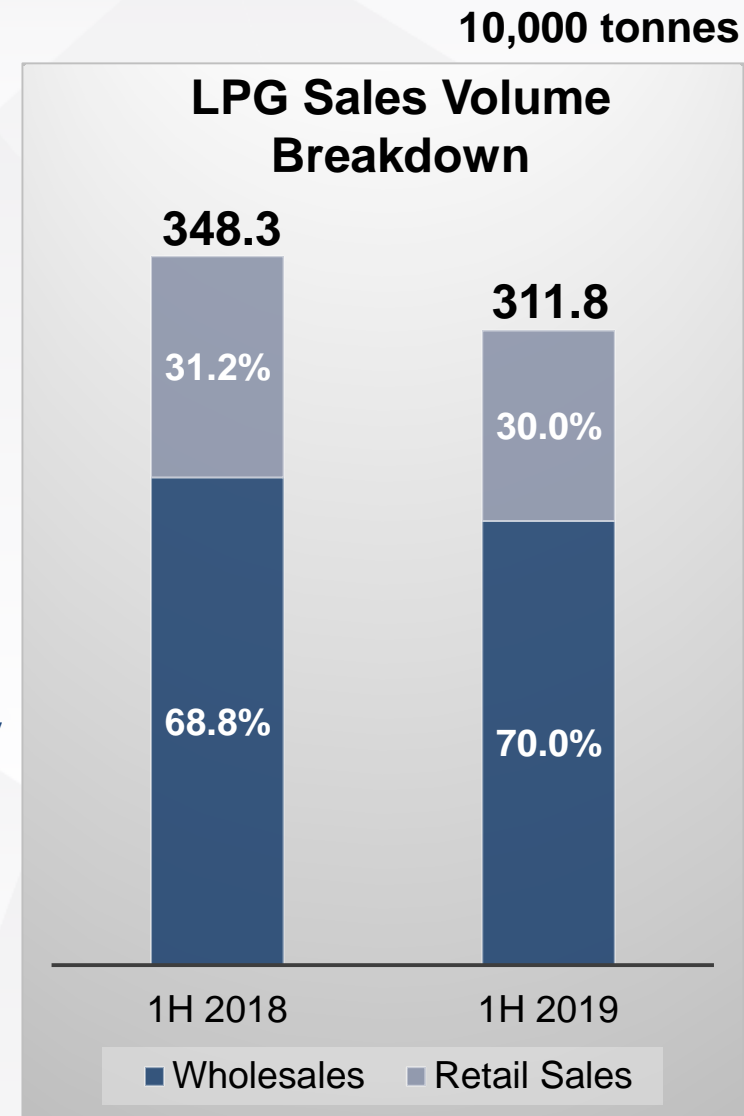


## Competitive advantages

- Diversified resource channels and continuous optimization of sales structure
- Advantages in chemical raw materials resources and markets
- Steadily Advancing in the LPG terminal sales network construction
- Advance response to changes in supply and demand in the domestic market

### Sales Volume in 1H 2019

- In the first half of 2019, the sales volume decreased year-on-year, mainly due to the decrease in the volume of LPG products of Chinese petroleum refining and chemical enterprises.
- Promote import business, broaden resource channels, and stabilize sales scale.



**02**

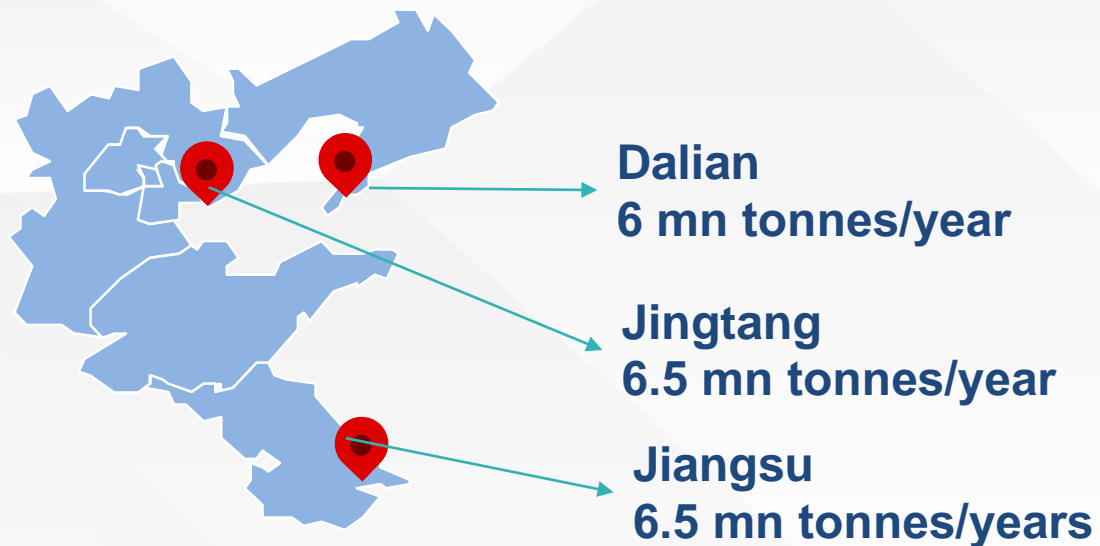
**PART TWO**

# **LNG Processing & Terminal**

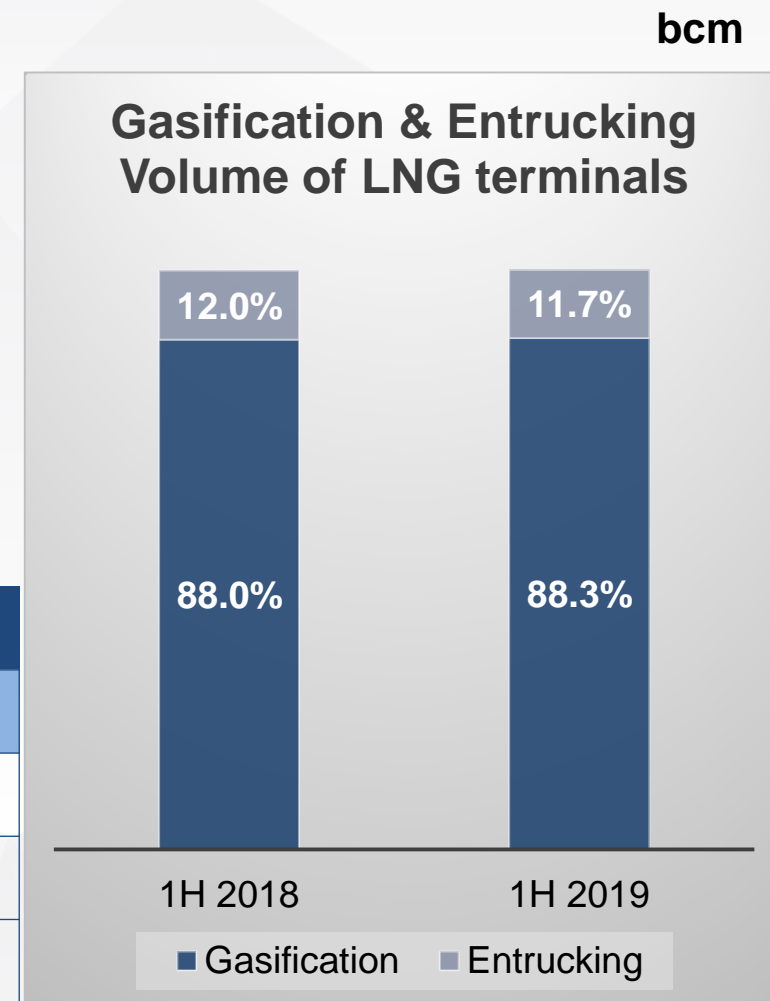
LNG Terminals、LNG Plants



# LNG Terminals

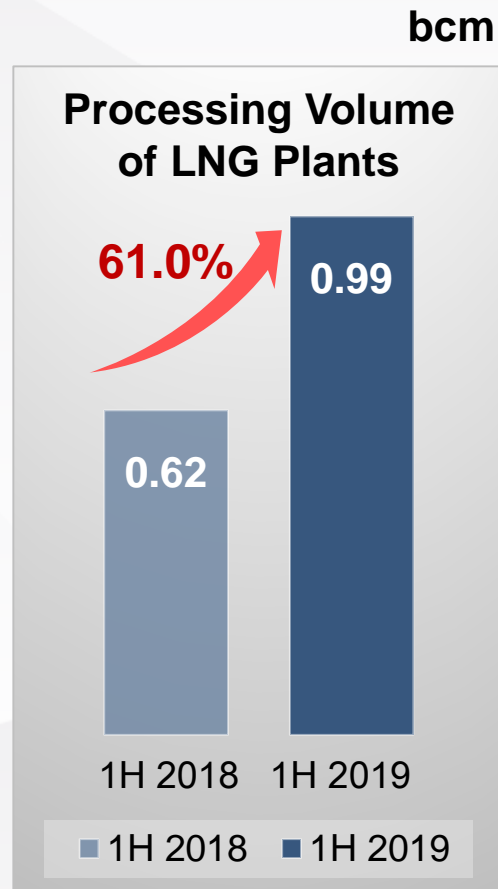


( bcm )	2019/06/30	2018/06/30	Change
LNG Terminal	9.45	9.44	0.1%
LNG Gasification Volume	8.34	8.31	0.4%
LNG Entrucking Volume	1.11	1.13	(1.8%)
Average Utilization Rate	70.8%	70.4%	0.4ppt



- ✓ Building TWO new 160 thousand cubic-meter gas tanks in Jingtang Terminal and is expected to complete in Oct. 2020
- ✓ Building TWO new 200 thousand cubic-meter gas tanks in Jiangsu Terminal and is expected to complete in July 2021

	2019/06/30	2018/06/30	Change
LNG Processing Volume ( bcm )	0.99	0.62	61.0%
Number of LNG Plants in Operation	12	12	-
Average Utilization Rate	43.9%	23.0%	20.9ppt



- ✓ Adjusted the management mechanism, the provincial company was directly responsible for managing the LNG plants affiliated to the jurisdiction
- ✓ Coordination of resources and assets to ensure a stable supply of raw material gas in LNG plants, which is beneficial to increase the utilization rate of LNG plants.





**PART THREE**

# **Natural Gas Pipeline**

---

Shaanxi-Beijing Pipelines、 Other Pipelines

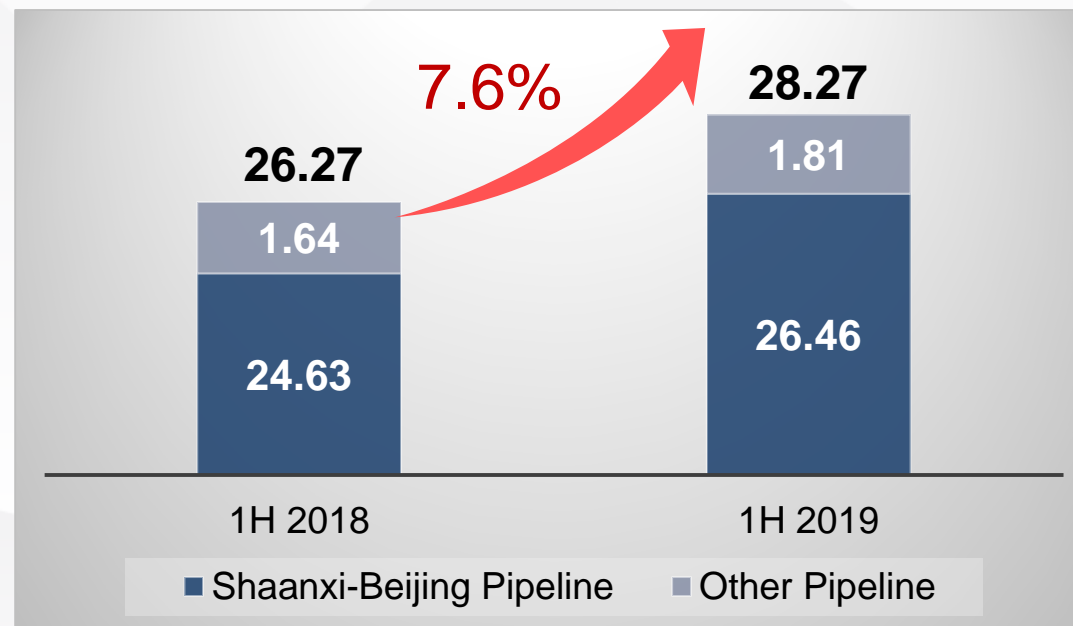


# Natural Gas Pipeline

Map: Shaanxi-Beijing Pipelines



Transmission Volume of Gas Pipeline  
bcm



( bcm )	2019/06/30	2018/06/30	Change
Transmission Volume of Gas Pipeline	28.27	26.27	7.6%
Shaanxi-Beijing Pipeline	26.46	24.63	7.4%
Other Pipeline	1.81	1.64	10.4%

# 04

**PART FOUR**

## **Exploration & Production**

---

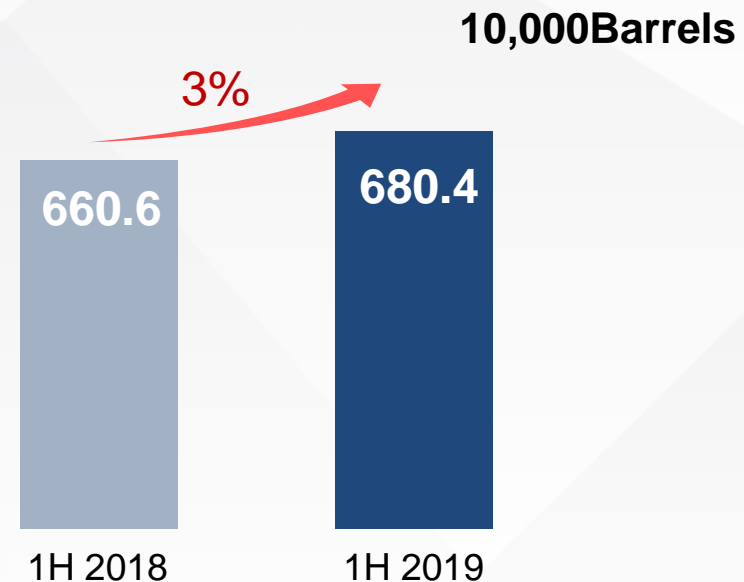
Crude Oil Exploration & Production



## Distribution of Projects



## Sales Volume of Crude Oil



	2019/06/30	2018/06/30	Change
Sales Volume of Crude Oil ( 10,000 Barrels )	680.4	660.6	3%
ASP of Crude Oil (USD/Barrels )	56.0	57.9	(3%)



01

**Exploiting Markets to achieve a homogeneous increase in quantity & effect of natural gas terminal retail business**

02

**Accelerating the construction of strategic and key branch pipeline**

03

**Continuing to promote the integrated implementation of LNG business**

04

**Fully promoting the LPG terminal business expansion**





This presentation of Kunlun Energy includes historical facts and forward-looking statements. Forward-looking statements are based on assumptions and expectations, management experience, assessments and observations on historical trends, current conditions, predictable future trends, and other factors. Due to a wide range of risks and uncertainties, future actual results may not be consistent with the forward-looking statements. These risk and uncertainty factors include, but are not limited to, overall economic and commercial conditions, pricing pressures caused by competition and processes, labor conditions, political uncertainty, unpredictable regulatory changes, trade protection measures, tax and legal regulations changes, fluctuations in foreign exchange rates, capabilities on forecasting and planning of future demand, dependence on a single source supply relationship, and the impact of terrorist activities, natural disasters and public health issues.

In addition, any forward-looking statements represent our assessments as of the date of the statement and do not constitute an evaluation of any subsequent period. We are not responsible for any possible updates to any forward-looking statements, even if the assessment changes in the future.

The Chinese version shall prevail.

For Investor Enquiries:

Tel: +852 3971 8684

Email: [IR@Kunlun.com.hk](mailto:IR@Kunlun.com.hk)

Website: [www.Kunlun.com.hk](http://www.Kunlun.com.hk)