



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)

2020 Annual Results

Company Presentation

March 2021





Presenters



FU Bin

*Chairman and
Executive Director*



QIAN Zhijia

*Executive Director
and CEO*



MIAO Yong

*Executive Director
and CFO*



ZHONG Weirong

Deputy General Manager

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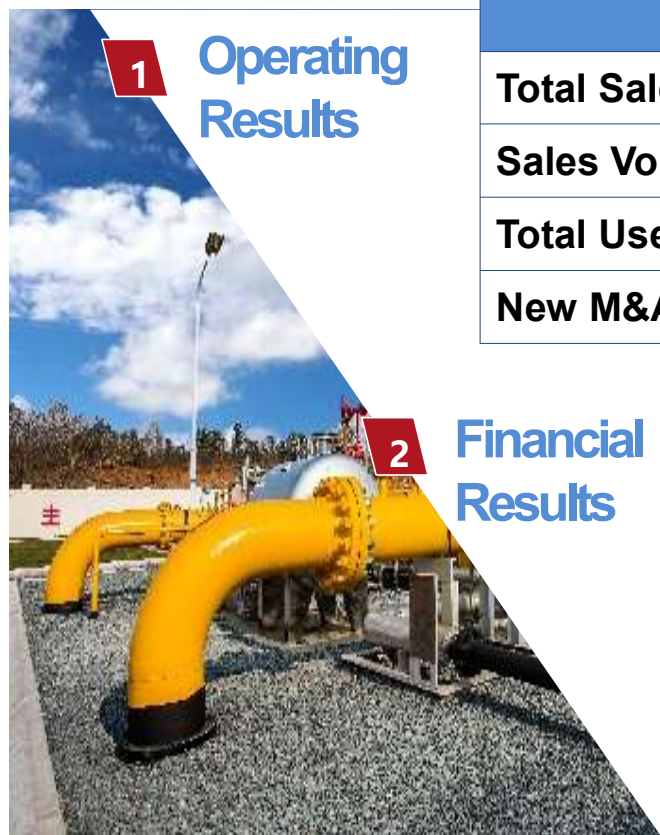
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Business Highlights



1 Operating Results

	2020	Change
Total Sales Volume of Natural Gas (million m ³)	37,763.4	34.7%
Sales Volume of Retail Gas (million m ³)	21,693.9	20.5%
Total Users of Natural Gas (thousand)	12,358.1	-
New M&A Gas Projects	44	-

2 Financial Results

	2020	Change
Total Revenue (RMB million)	109,250.5	7.3%
Profit Attribution to Owners of the Company (RMB million)	6,063.5	9.2%
Continuing Operations	3,580.0	47.8%
Discontinued Operations	2,483.5	(20.6%)
Dividend per share (RMB Yuan /share)	2.3467	-



High-Quality & Steady Development

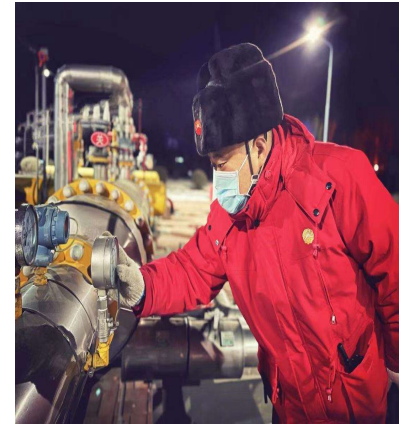


Highlight Retail Gas business development

Promote the integrated development of natural gas and new energy

In-depth development of quality and efficiency

Give full play to advantages and strengthen cooperation



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Part 01 Natural Gas Sales





National Layout

Natural Gas Business covers **31** provinces, autonomous regions and municipalities

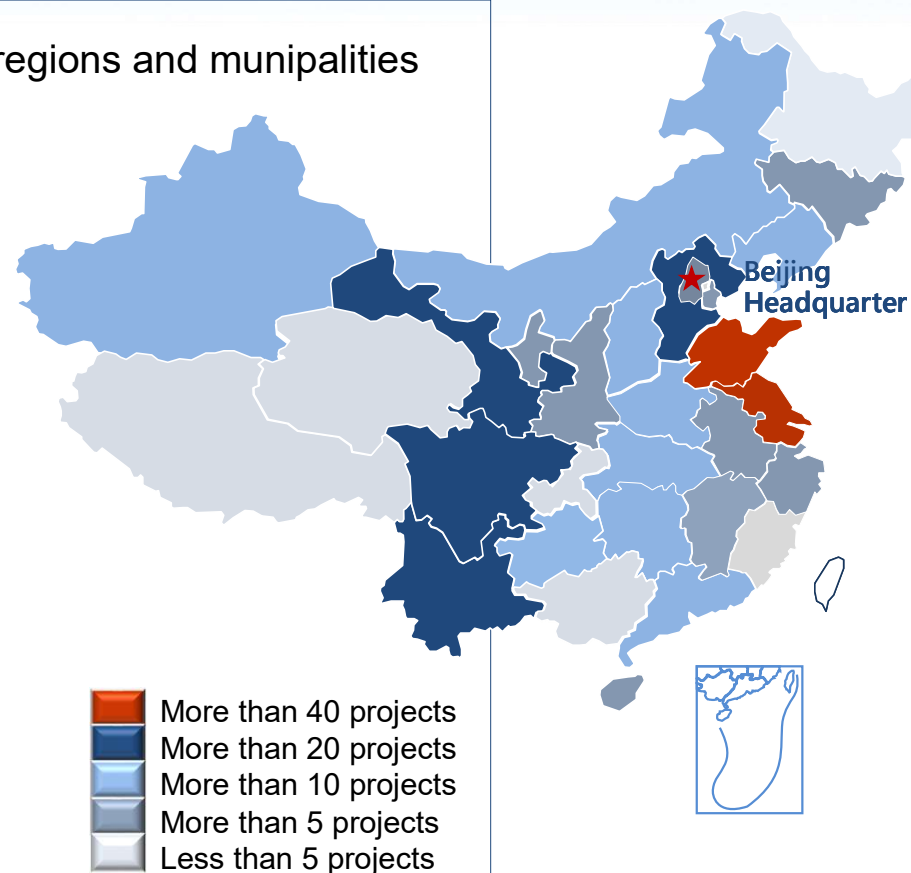
Operating **414** City Gas Projects

Main projects are located:

Province	City
Gansu	Lanzhou, Dingxi,
	Jiayuguan,
	Zhangye, Wuwei,
	Jinchang, Baiyin,
	Jiuquan, Tianshui
Heilongjiang	Haerbin, Daqing
Hubei	Wuhan, Huangshi, Jingmen, Xianning
Hunan	Changde

Province	City
Jiangsu	Suqian
Shanxi	Linfen
Xinjiang	Hami, Tulufan, Kalamayi
Yunnan	Kunming, Baoshan, Dali, Lijiang

Natural Gas Users: **12,358.1 thousand**





New Projects



In 2020,
Acquired **51** new city gas projects
in **20** provinces, autonomous
regions and municipalities,
including:

- ✓ 44 Newly acquired / Newly held holding
- ✓ 7 Joint venture projects



Sales Volume

(million m ³)	2020/12/31	2019/12/31	Change Value	Change ratio
Total Natural Gas Sales Volume	37,763.4	28,029.1	9,734.3	34.7%
Retail Gas sales	21,693.9	18,010.6	3,683.3	20.5%
Industrial Users	12,153.6	9,140.4	3,013.2	33.0%
Commercial Users	2,158.6	2,257.8	(99.2)	(4.4%)
Residential Users	3,307.0	2,339.6	967.4	41.3%
CNG/LNG Stations	4,074.7	4,272.8	(198.1)	(4.6%)
Distribution & Trading	16,069.5	10,018.5	6,051.0	60.4%

Retail Gas Sales Volume Breakdown





Customer Base

	2020/12/31 New Users	2020/12/31 Accumulated Users	2019/12/31 Accumulated Users	Change Ratio
Total Users	1,081.1 thousand	12,358.1 thousand	11,277.0 thousand	9.6%
Residential	1,076.7 thousand	12,284.4 thousand	11,207.7 thousand	9.6%
Industrial	901	7,863	6,962	12.9%
Commercial	3,527	65.7 thousand	62.2 thousand	5.6%

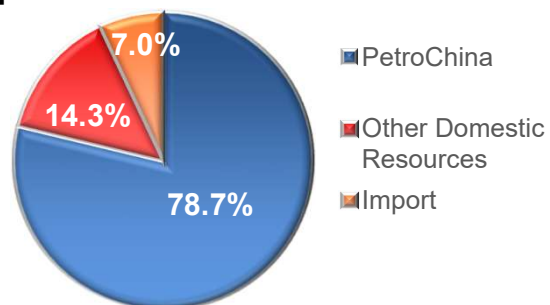
Part 02 LPG Sales



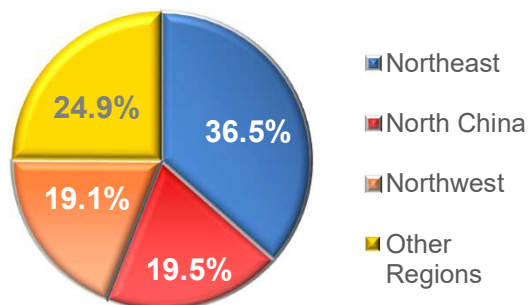
LPG Sales Volume

(thousand tons)	2020/12/31	2019/12/31	Change Value	Change Ratio
LPG Sales Volume	5,211.7	6,074.0	(862.3)	(14.2%)
Retail	1,849.3	1,892.5	(43.2)	(2.3%)
Wholesale	3,362.4	4,181.5	(819.1)	(19.6%)

LPG Upstream Resources Breakdown

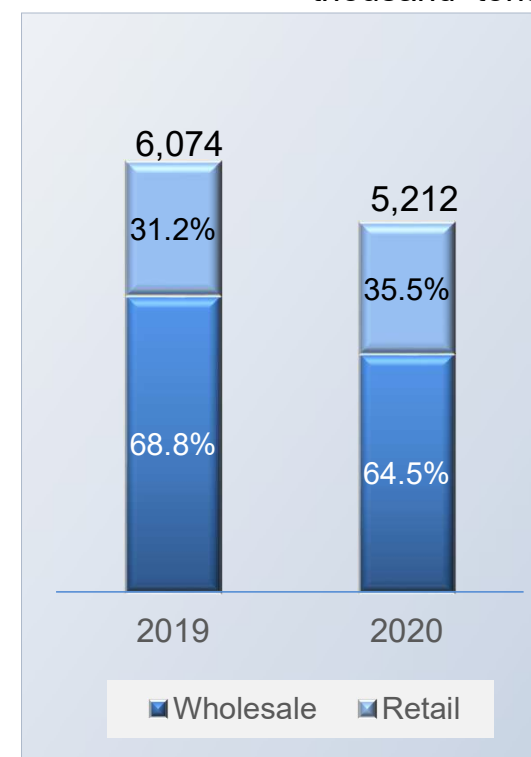


LPG Sales Volume by Regions



LPG Sales Volume Breakdown

thousand tons

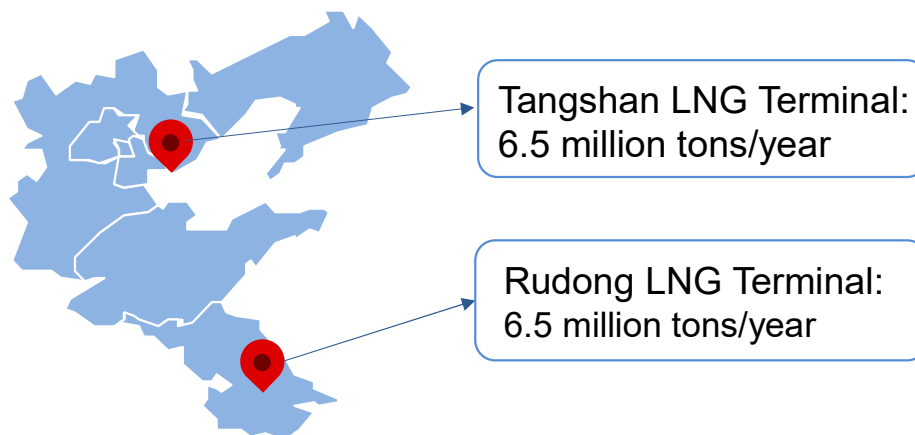


Part 03 LNG Processing & Terminals



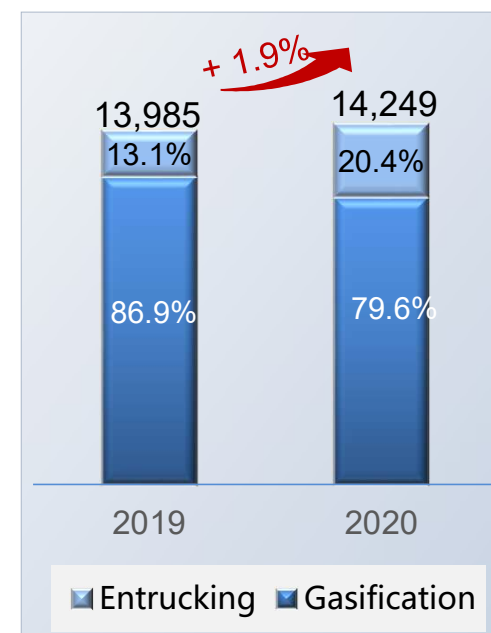
LNG Terminals

The company owns two LNG terminals with a total loading capacity of 13 million tons per year.



Gasification & Entrucking Volume of LNG Terminals

million m³



(million m ³)	2020/12/31	2019/12/31	Change Value	Change Ratio
Total Volume	14,249.3	13,984.9	264.4	1.9%
Gasification Volume	11,344.1	12,154.3	(810.2)	(6.7%)
Entrucking Volume	2,905.2	1,830.6	1,074.6	58.7%
Average Utilization Rate	79%	77.5%	-	1.5 ppt



LNG Plants

	2020/12/31	2019/12/31	Change Value	Change Ratio
LNG Processing Volume (million m ³)	2,409.7	2,053.6	356.1	17.3%
Number of LNG Plants in Operation	15	14	1	-
Average Utilization Rate	43.8%	43.8%	-	-

Processing Volume of LNG Plants



Part 04 Exploration & Production



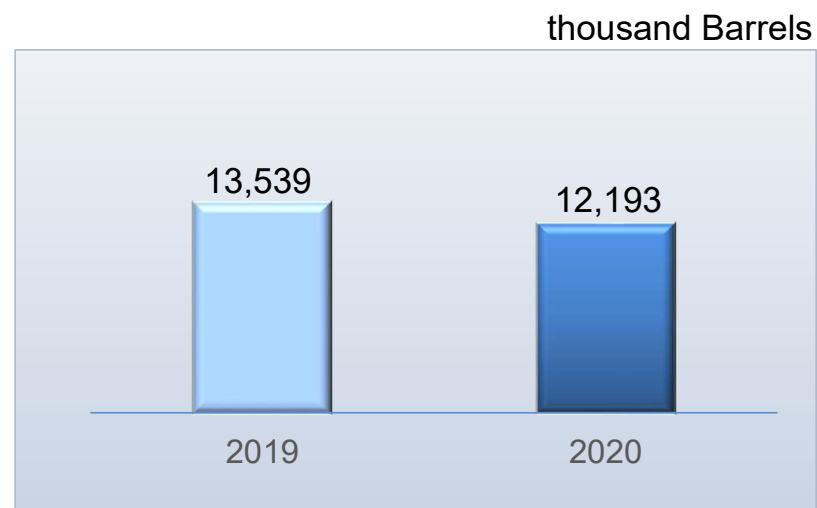


Exploration & Production

Distribution of Oilfields



Equity Sales Volume of Crude Oil



	2020/12/31	2019/12/31	Change Value	Change Ratio
Equity Sales Volume of Crude Oil (thousand Barrels)	12,193.2	13,538.5	(1,345.3)	(9.9%)
ASP of Crude Oil (USD/Barrel)	38.7	54.5	(15.8)	(29.0%)

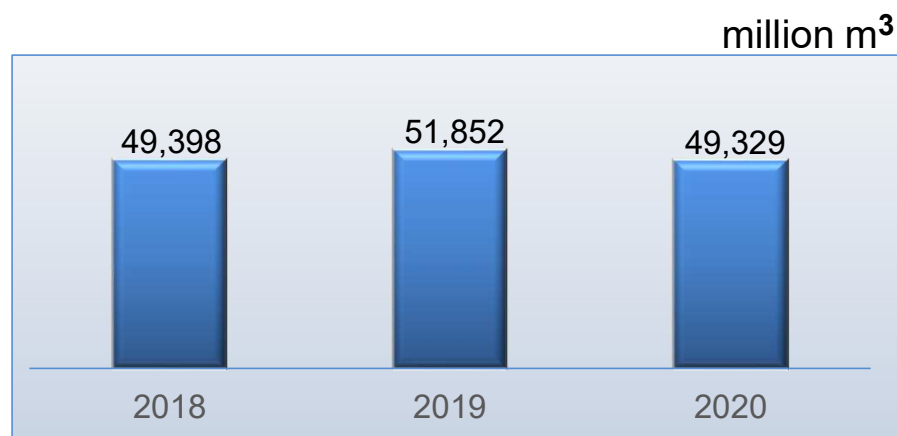
Part 05 Discontinued Operations



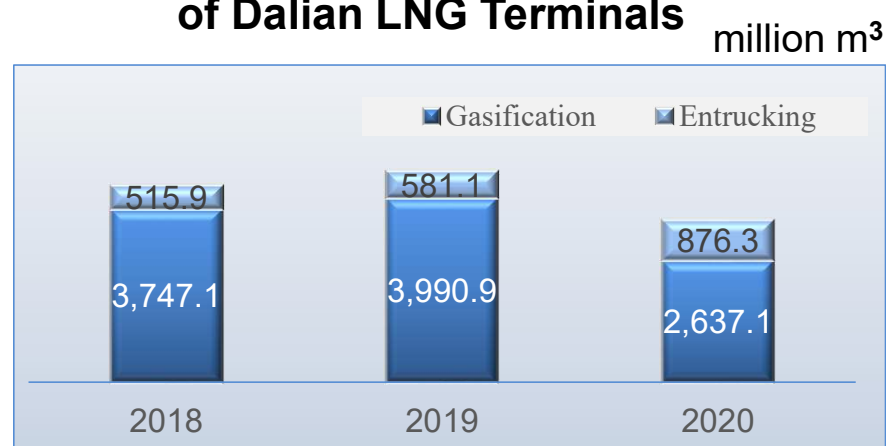


Discontinued Operations

Transmission Volume of Beijing Pipeline



Gasification & Entrucking Volume of Dalian LNG Terminals



(million m ³)	2020/12/31	2019/12/31	Change Value	Change Ratio
Beijing Pipeline: Transmission Volume	49,329.3	51,851.5	(2,522.2)	(4.9%)
Dalian LNG Terminal: Processing Volume	3,513.4	4,572.0	(1,058.6)	(23.2%)



Environmental, Social and Governance (ESG)

- **Continue to improve ESG management capabilities:** carry out ESG (environmental, social and governance) special training, subject research, and improve information disclosure
- **Strengthen communication with stakeholders:** conduct research on the importance of ESG issues, collect a total of **843** valid survey questionnaires, and continue to respond to inquiries from investors and rating agencies

昆仑能源：2020年度利益相关方调查问卷

此问卷发布者已通过实名认证

背景：

昆仑能源有限公司（“昆仑能源”或“我们”）重视企业可持续发展，并积极与各利益相关方进行多种形式的沟通。我们正在准备2020年度《环境、社会及管治报告》（“ESG报告”）。ESG报告中除了披露我们于本年度履行环境和社会责任的情况，也将回应利益相关方所关注的重要ESG相关议题。

- **Standardized occupational health and safety management:** Passed **GB/T28001 (OHSAS18001)** occupational safety and health management system certification
- **Mature education and training system:** formulate a multi-level, multi-angle, full-coverage training plan, and the first-level employee training rate is **100%**



The unveiling of the staff innovation studio and the creation of a work experience exchange meeting

Improve sustainable governance

Towards low-carbon management

Create a happy workplace

Compact social responsibility

- **Promote environmental management with low carbon:** vigorously promote the construction of "**coal-to-gas**" projects, strengthen the setting of energy-saving emission reduction targets, and actively carry out carbon accounting
- **Accelerate the deployment of new energy business:** establish a **clean energy development department** to promote the integrated development of natural gas business and new energy business



Donghai Solar Power Project

- **Ensure stable supply:** Actively respond to the epidemic and ensure a safe, stable and adequate supply of natural gas for **11.27 million** users in **31** provinces, municipalities, and autonomous regions
- **Contributing to poverty alleviation:** 33 poverty alleviation projects were carried out, with a total value of **19.79 million** yuan in poverty alleviation funds and materials; a total of **2.66 million** yuan in consumption poverty alleviation

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Income Statement

(RMB million)	2020/12/31	2019/12/31 (Restated)	Change Value	Change Ratio
Revenue	109,250.5	101,793.6	7,456.9	7.3%
Profit before Income Tax Expense	8,106.9	7,014.4	1,092.5	15.6%
EBITDA	12,887.5	11,623.8	1,263.7	10.9%
Profit Attributable to Owners of The Company	6,063.5	5,551.3	512.2	9.2%
Continuing Operations	3,580.0	2,422.5	1,157.5	47.8%
Discontinued Operations	2,483.5	3,128.8	(645.3)	(20.6%)
Basic EPS (RMB cents)	70.02	66.71	3.31	5.0%
Dividend per share (RMB Yuan)	2.3467	0.263	-	-

Note 1. Basic EPS includes profit attributable to continuing operations and discontinued operations

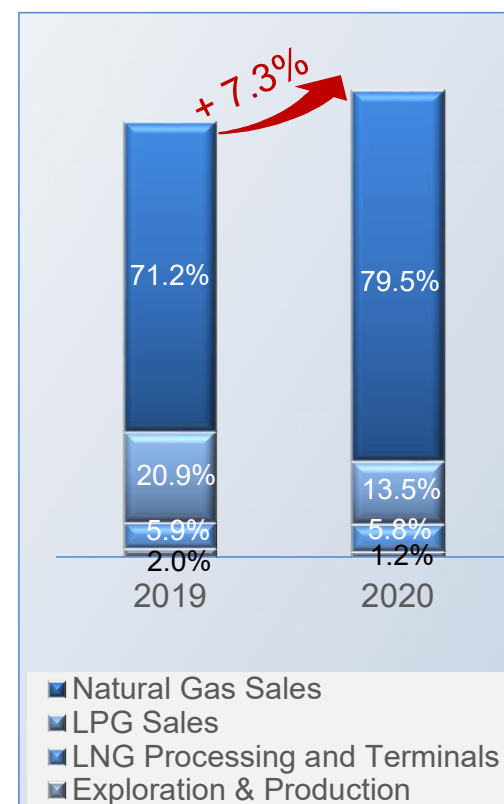
Note 2. Dividend per share includes final dividend and special dividend (the amount of dividends from the divestiture of Beijing Pipeline and Dalian LNG terminal)



Revenue

(RMB million)	2020/12/31	2019/12/31 (Restated)	Change Value	Change Ratio
Continuous Operations	109,250.5	101,793.6	7,456.9	7.3%
Natural Gas	86,881.5	72,501.2	14,380.3	19.8%
Sales Volume	81,203.5	68,685.9	12,517.6	18.2%
Connection	5,678.0	3,815.3	1,862.7	48.8%
LPG Sales	14,739.8	21,292.6	(6,552.8)	(30.8%)
LNG Processing and Terminals	6,363.7	5,996.3	367.4	6.1%
LNG Terminals	4,313.7	4,138.2	175.5	4.2%
LNG Plants	2,050.0	1,858.1	191.9	10.3%
Exploration & Production	1,265.5	2,003.5	(738.0)	(36.8%)

Revenue Breakdown





Dollar Margin

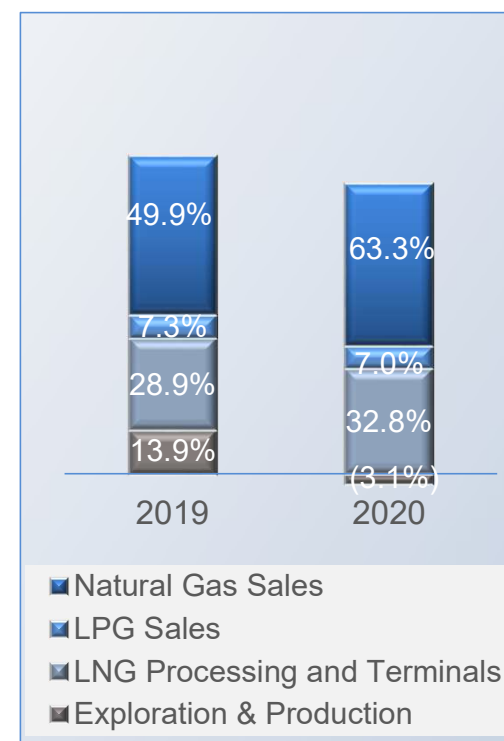
(RMB/m ³)	2020/12/31	2020/06/30	2019/12/31	Change Ratio
Average Gas Tariff	2.291	2.27	2.49	(7.99%)
Average Cost	1.790	1.78	1.96	(8.67%)
Weighted Average Dollar Margin	0.501	0.492	0.53	(5.47%)



Profit Before Income Tax

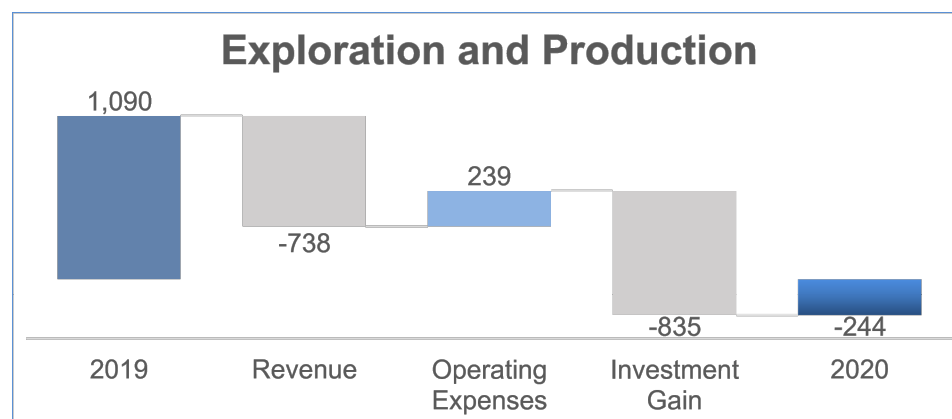
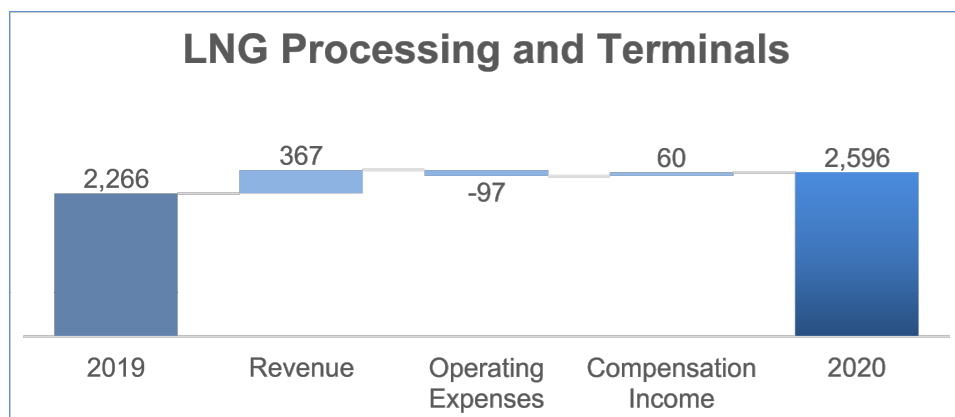
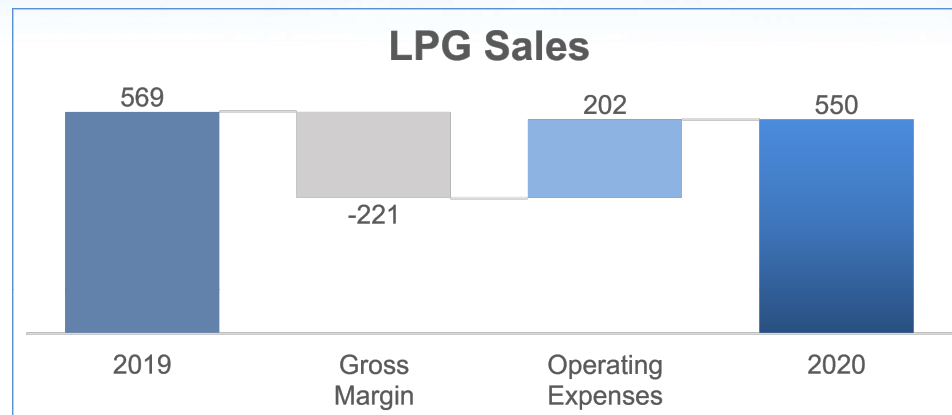
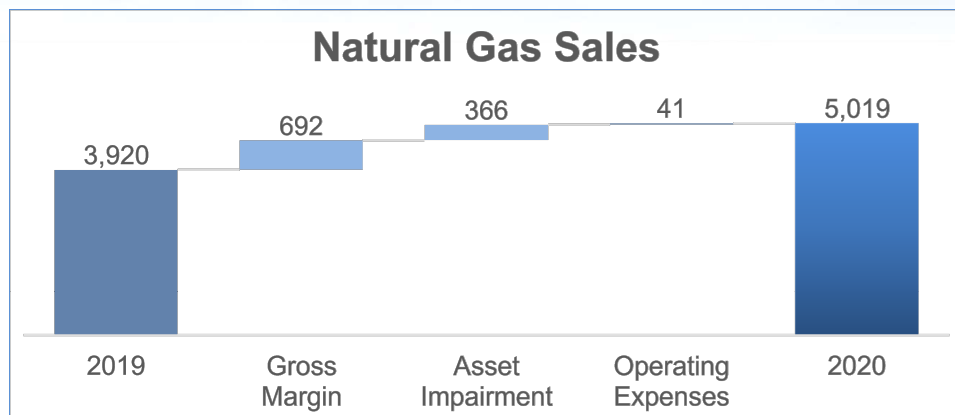
(RMB million)	2020/12/31	2019/12/31 (Restated)	Change Value	Change Ratio
Continuing Operations				
Natural Gas Sales	5,019.5	3,919.6	1,099.9	28.1%
LPG Sales	550.2	568.5	(18.3)	(3.2%)
LNG Processing and Terminals	2,595.6	2,266.0	329.6	14.6%
Exploration & Production	(244.4)	1,090.4	(1,334.8)	(122.4%)
Discontinued Operations	5,137.1	6,631.0	(1,493.9)	(22.5%)

Profit Before Income Tax Breakdown



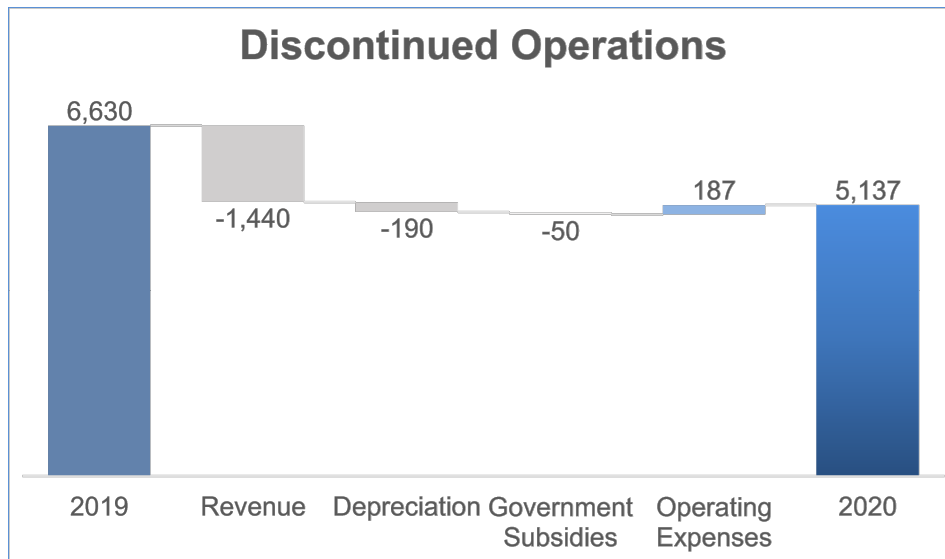


Profit Before Income Tax – Continuing Operations



● Total
 ● Increase
 ● Decrease

Profit Before Income Tax – Discontinued Operations



In December 2020, the company signed an equity transfer agreement with the National Pipeline Network to sell 60% equity in Beijing Pipeline and 75% equity in Dalian LNG. This transaction is based on an asset appraisal value of 40.89 billion yuan, with an estimated appreciation of approximately 19.47 billion yuan. The appreciation rate is about 91%, and the price-to-book ratio is about 1.9 times. In FY2020, Beijing Pipeline and Dalian LNG Company are listed as discontinued continuing operations.

● Total ● Increase ● Decrease



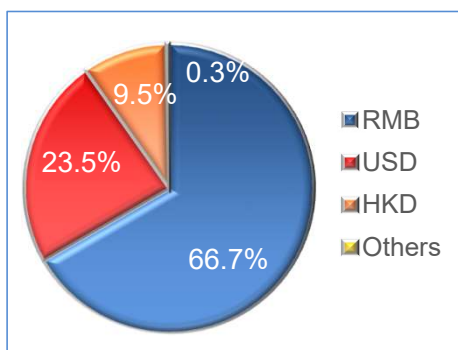
Balance Sheet

(RMB million)	2020/12/31	2019/12/31 (Restated)	Change Value	Change Ratio
Total Asset	154,988.0	147,896.8	7,091.2	4.8%
-- Continuing Operations	110,580.7	147,896.8	(37,316.1)	(25.2%)
-- Discontinued Operations	44,407.3	-	44,407.3	-
Bank Balance and Cash	16,272.6	18,640.0	(2,367.4)	(12.7%)
Total Interest-bearing Liabilities	28,337.0	35,117.6	(6,780.6)	(19.3%)
-- Current Liabilities	5,339.7	8,997.3	(3,657.6)	(40.7%)
-- Non-current Liabilities	22,997.3	26,120.3	(3,123.0)	(12.0%)
Equities	53,584.1	49,988.0	3,596.1	7.2%
Gearing Ratio	25.1%	30.7%	-	(5.6 ppt)
Debts-to-Asset Ratio	18.3%	23.7%	-	(5.4 ppt)



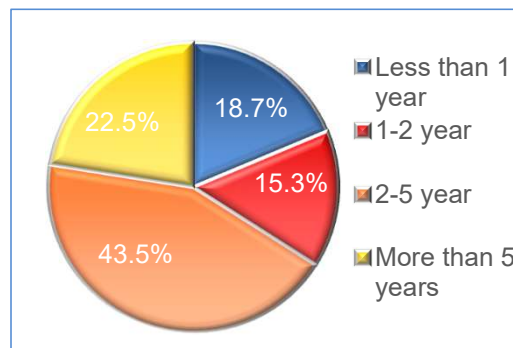
Debt Structure

Debt Currency Structure



(RMB million)	Amount
RMB	18,450
USD	6,501
HKD	2,648
Others	74

Long & Short Term Debt Structure



(RMB million)	Amount
Less than 1 year	5,182
1-2 years	4,244
2-5 years	12,039
More than 5 years	6,208

	2020/12/31	2019/12/31	Change
Average Financing Cost	3.68%	4.14%	(0.46 ppt)

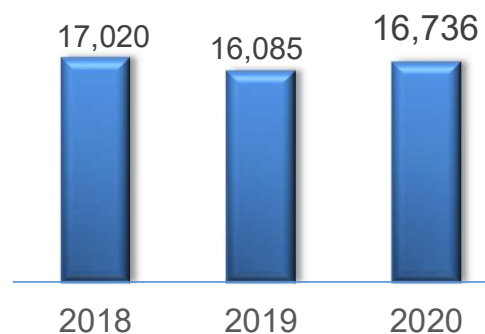
Rating Agencies	Rating		
MOODY'S	Stable	A2	High Credit rating will further enhance the Company's financing capacity for further development and expansion of natural gas business.
S&P Global Ratings	Stable	A	
FitchRatings	Stable	A	



CPEX & Cash Flow

Operating Cash Flow

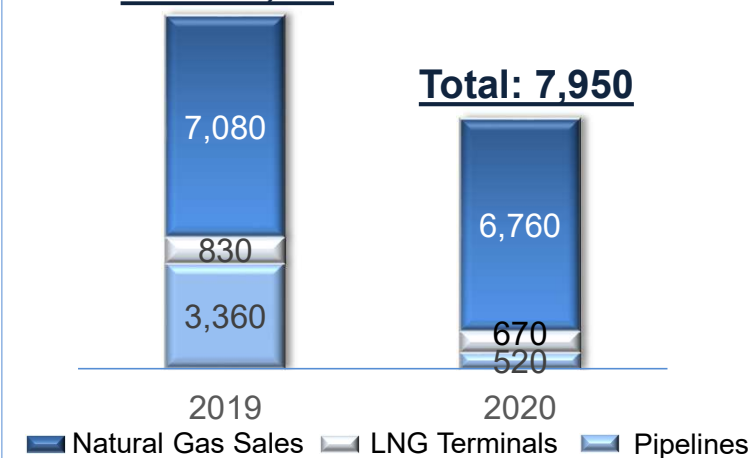
(RMB million)



CAPEX

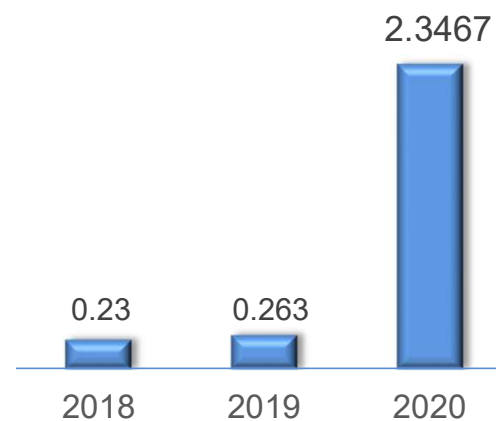
(RMB million)

Total: 11,270



Dividend per share

(RMB Yuan/share)



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Business Outlook



Increase the scale of retail gas sales

1. Deeply cultivate the existing market, and actively promote the M&A of gas projects;
2. Continue to improve the profitability of retail gas sales.



Promote the coordinated development of the LNG industry chain

1. Increase the operating utilization rate of LNG plants;
2. Actively deploy terminal refilling business .



Business Outlook



Improve the profitability of LPG business

1. Continue to expand LPG resource channels to ensure LPG supply;
2. Promote the construction of LPG terminal network and increase the proportion of the terminal market



Expand new energy and non-gas business

1. Promote the green and low-carbon transformation of existing stations
2. Deploy gas-electric peak shaving and high-quality photovoltaic, wind power, and hydrogen energy projects.



Business Outlook



Natural Gas Sales

- ✓ Retail natural gas sales volume up about 15%
- ✓ Increase connected residential households not less than 800,000



LPG Sales

- ✓ 4.8 million tons of LPG sales volume



LNG Processing & Terminals

- ✓ About 75% average utilization rate of two LNG terminals
- ✓ Slightly increase in Processing volume of LNG plants



Exploration & Production

- ✓ 12.5 million barrels of crude oil equity sales volume



Dividend Policy

- ✓ 25-35% Dividend payout ratio



Disclaimer

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.

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