



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)

2021 Interim Results

August 2021





FU Bin
*Chairman and
Executive Director*



QIAN Zhijia
*Executive
Director and CEO*



LI Haifang
*Deputy
General Manager*



MIAO Yong
*Executive
Director and CFO*



ZHONG Weirong
*Deputy
General Manager*

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Business Highlights

1 Operating Results

	2021/6/30	Change
Total Sales Volume of Natural Gas (million m ³)	21,046.0	31.0%
Sales Volume of Retail Gas (million m ³)	12,042.4	20.2%
Total Users of Natural Gas (thousand)	12,755.0	10.3%
New Projects	16	-

2 Financial Results

	2021/06/30	Change
Total Revenue (RMB million)	64,738.8	38.6%
Profit Attribution to Owners of the Company (RMB million)	20,461.0	765.9%
Continuing Operations	2,596.0	250.0%
Discontinued Operations	883.8	-
Gain on Disposal of the Discontinued Operations	16,981.2	-



High-Quality & Steady Development



Highlighted the unification of development and safety, and built a comprehensive line of defense against risks in safe production



Highlighted the theme of high-quality sustainable development, deepened the core business of the terminal, and actively developed high-quality projects and efficient markets



Highlighted customer value and tapped potential, vigorously promote comprehensive energy supply and one-stop service value extension, and explored new business models and new models such as multi-energy complementation and gas life circle



Highlighted the green strategic transformation and effectively built a close partnership for the integrated development of natural gas and new energy



Highlighted the talent-strengthening enterprise project, accelerated the improvement of the value of talents and the reform of the multi-factor distribution system, and promoted the implementation of the market-oriented mid- and long-term incentive mechanism as soon as possible

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Part 01

Natural Gas Sales





National Layout

232 City Gas Projects

➤ Xinjiang 18

Wulumuqi, Kashi, Changji, Hetian, Ganquanpu, Tulufan, Yili ...

➤ Gansu 21

Lanzhou, Anning, Baiyin, Tianshui, Xigu, Jiayuguan, Yuzhong ...

➤ Ningxia 5

Zhongning, Yinchuan ...

➤ Qinghai 2

Dunhuang, Haixizhou

➤ Yunnan 18

Kunming, Anning, Songming, Qujing, Lijiang, Baoshan, Dali ...

➤ Sichuan 9

Zigong, Panzhihua, Chendu, Suining, Ziyang, Xinjin, Meishan ...

➤ Guizhou 4

Qiandong, Kaiyang ...

➤ Guangxi 1

Wuzhou

➤ Hainan 4

Wenchang, Lingao ...

➤ Guangdong 2

Chaozhou, Guangzhou ...

➤ Fujian 1

Sanming

➤ Beijing 3

Majunqiao, Mentougou ...

➤ Tianjin 4

Baodi, Nangang Industrial Zone ...

➤ Hebei 28

Bazhou, Langfang, Yongqing, Baoding, Renqiu, Changzhou, Xiongan, Qinhuangdao ...

➤ Shandong 35

Jinan, Jining, Yantai, Hze, Zibo, Boxing, Guangrao, Xinneng, Zoucheng, Lanling, Weihai ...

➤ Shanxi 5

Linfen, Jiexiu, Jinbei ...

➤ Heilongjiang 4

Haerbin, Daqing, Zhaodong ...

➤ Jilin 2

Jilin City, Yuantong ...

➤ Hubei 9

Huangshi, Xianning, Wuhan, Jingmen, Shiyan, Enshi ...

➤ Henan 7

Boai, Gongyi, Kaifeng, Xinzheng ...

➤ Hunan 14

Changde, Xiangtan, Changning, Changsha, Yiyang ...

➤ Shaanxi 3

Weinan, Yulin, Sanyuan

➤ Jiangsu 19

Dongtai, Wuxi, Suqian, Nanjing, Taizhou, Xuzhou ...

➤ Zhejiang 4

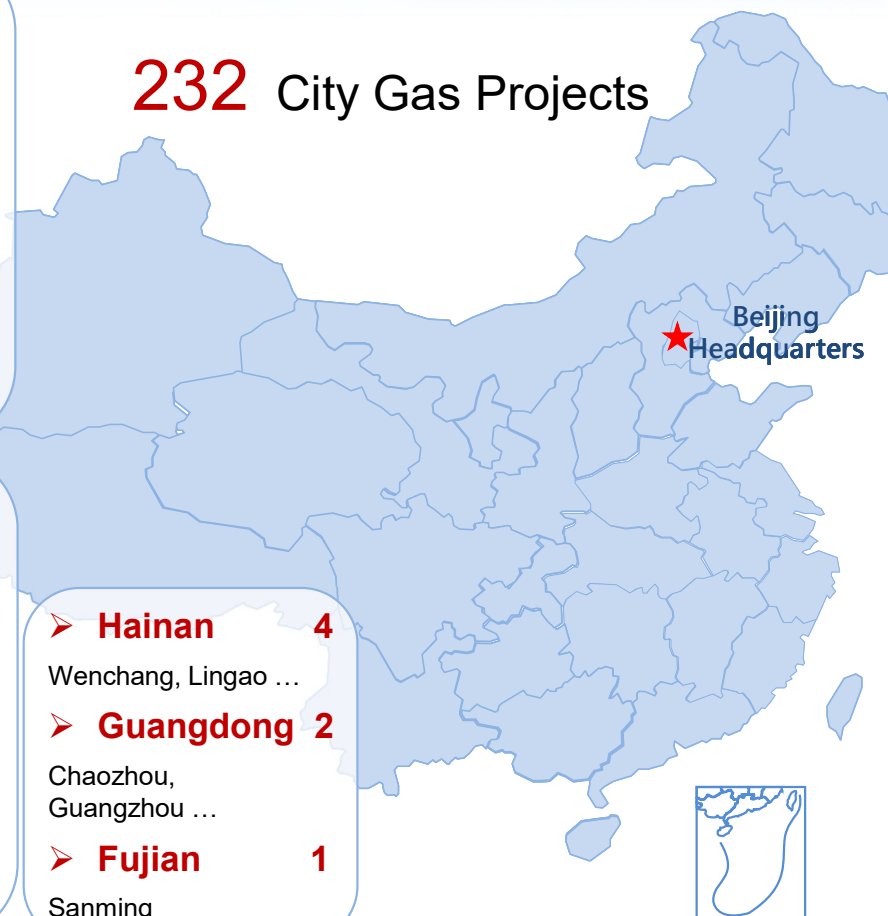
Shaoxing, Shengzhou, Hangzhou, Xinchang

➤ Anhui 7

Bengbu, Hefei, Taihe ...

➤ Jiangxi 3

Hengfeng, Yichun, Fuzhou ...





New Projects

In June 30, 2021, acquired **16** new projects.



Project Type	New Projects
City Gas Projects (13)	Chenlou Town, Pizhou, Jiangsu Funing County, Yancheng, Jiangsu High-tech Zone, Zibo, Shandong Fengrun District, Tangshan, Hebei Caijiapo EDZ, Qishan County, Shaanxi Former Dongshan District, Urumqi, Xinjiang Original Miquan Area, Urumqi, Xinjiang Wujiaqu City, Xinjiang Fukang City, Changji, Xinjiang Baishan EDZ, Jilin Xiegang Town, Dongguan, Guangdong Doumen District, Zhuhai, Guangdong Yong'an County, Sanming, Fujian
Branch Projects (2)	Xianxin District, Shaanxi Shengze Town, Suzhou, Jiangsu
Vaule-added (1)	Miyun District, Beijing (Joint Venture)



Sales Volume

(million m ³)	2021/06/30	2020/06/30	Change Value	Change rate compared with 1H2020	Change rate compared with 1H2019
Total Volume of NG Sales	21,046.0	16,071.8	4,974.2	31.0%	67.1%
Retail Gas sales	12,042.4	10,018.1	2,024.3	20.2%	44.6%
Industrial	6,768.9	5,148.8	1,620.1	31.5%	75.6%
Commercial	1,378.8	1,120.3	258.5	23.1%	14.2%
Residential	1,926.6	1,563.3	363.3	23.2%	60.0%
Gas Stations	1,968.1	2,185.7	(217.6)	(9.9%)	(4.5%)
Distribution & Trading	9,003.6	6,053.7	2,949.9	48.7%	111.0%

Retail Gas Sales Volume Breakdown

million m³





Customer Base

	2021/06/30 New Users	2021/06/30 Accumulated Users	2020/06/30 Accumulated Users	Change Rate
Total Users	397.0 thousand	12,755.0 thousand	11,565.7 thousand	10.3%
Residential	389.2 thousand	12,673.6 thousand	11,495.1 thousand	10.3%
Industrial	492	8,355	7,280	14.8%
Commercial	7,344	73.0 thousand	63.3 thousand	15.3%



Value Added Business

By deeply digging into the extended value of customers, built a “**Internet + Energy + Life**” multi-business life circle, and provided customers with a wide range of value-added products and services.

Relying on the gas business to develop value added business

NG-related Products

Gas stove, gas space heater, gas water heater, cooker hood, commercial energy-saving stove...

Gas meter, flow meter, gas alarm, solenoid valve, pressure regulator box, PE pipes...

Extended Products

Drinking water (bottled and barreled aquatic products)

Uniform and appliance (work uniform, business wear, labor protection appliance)

Extended Services

Insurance services (gas insurance, insurance agency)
Convenience Store

Smart household overall solutions, technical services to equipment (metering and pressure regulating equipment and pressure vessel inspection & testing)

Five Own Brands

Kunlun Snow Source (drinking water)
Kunlun Geer (gas appliance)
Kungel (gas supporting facilities)
Kunlun Lier (tooling)
Kunlun Huixiangjia (integrated service platform)

Part 02

LPG Sales

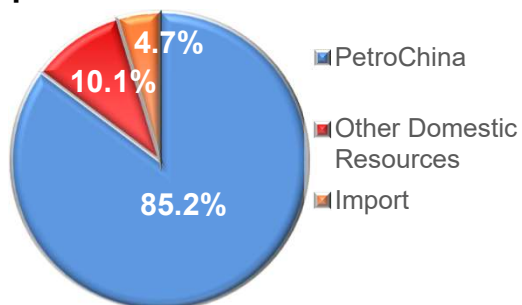




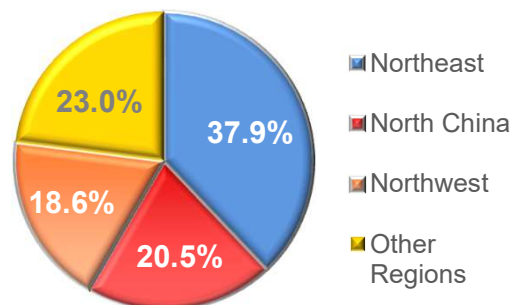
LPG Sales Volume

(thousand tons)	2021/06/30	2020/06/30	Change Value	Change rate compared with 1H2020	Change rate compared with 1H2019
LPG Sales Volume	3,015.9	2,353.1	662.8	28.2%	(3.2%)
Retail	961.0	789.4	171.6	21.7%	2.7%
Wholesale	2,054.9	1,563.7	491.2	31.4%	(5.9%)

LPG Upstream Resources Breakdown



LPG Sales Volume by Regions

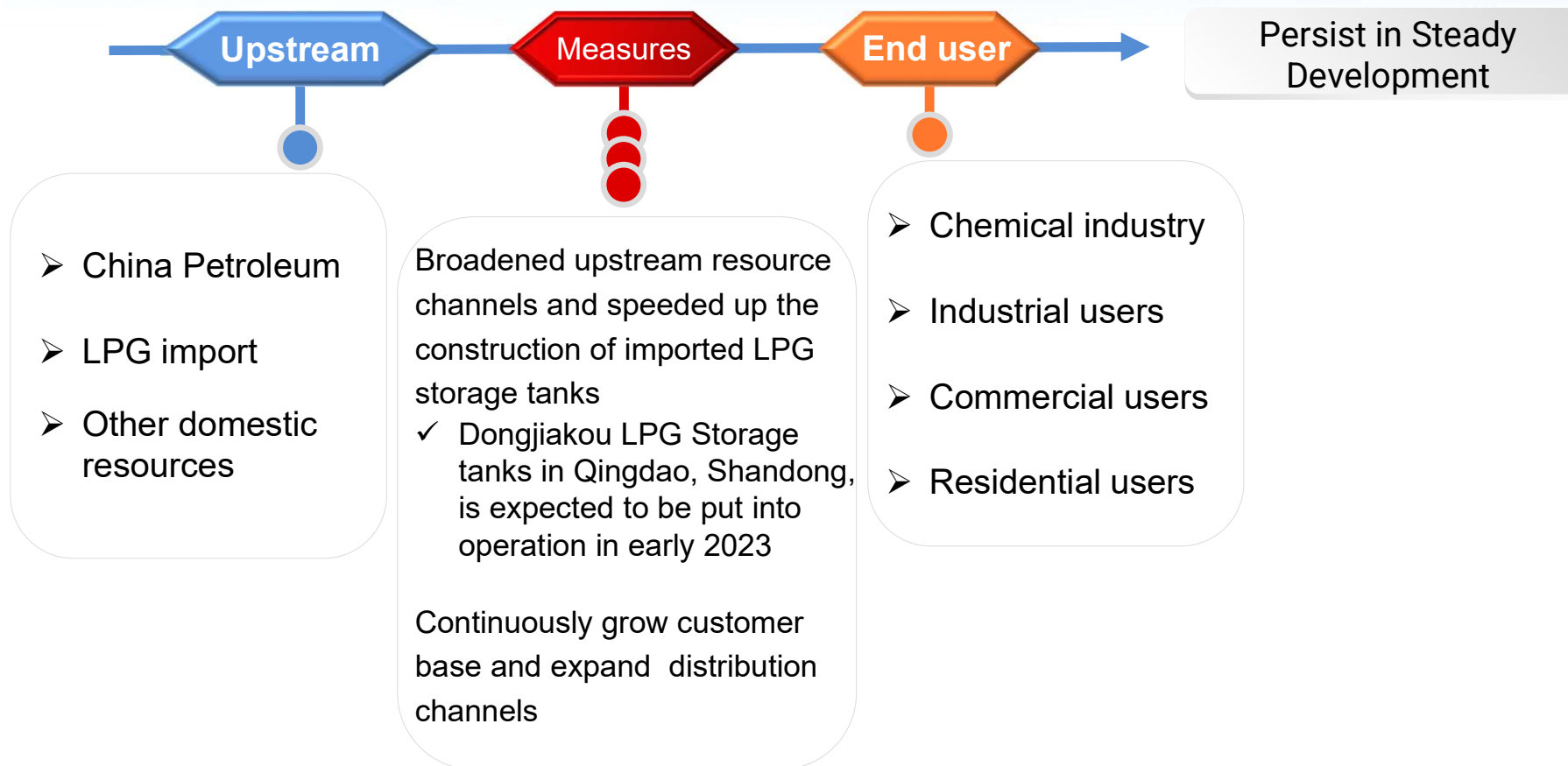


LPG Sales Volume Breakdown

thousand tons



LPG Sales



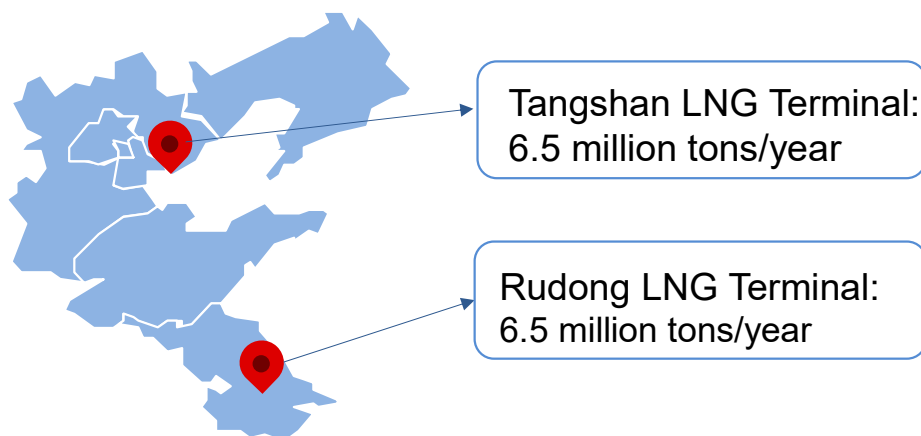
Part 03

LNG Processing & Terminals

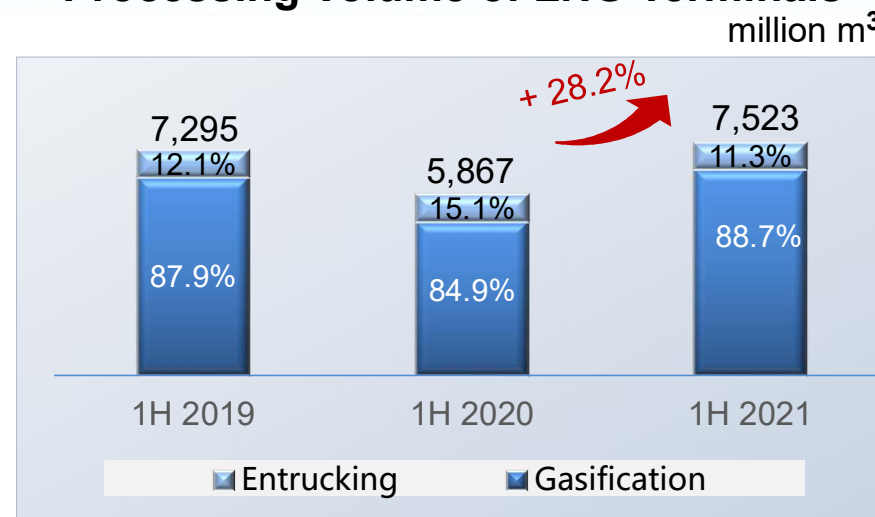


LNG Terminals

Distribution of LNG Terminals



Processing Volume of LNG Terminals

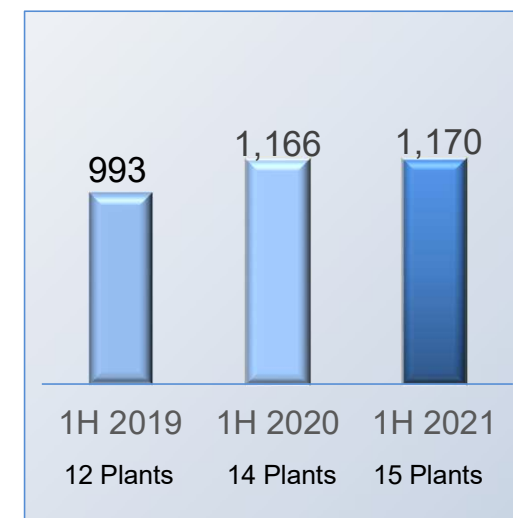


(million m ³)	2021/06/30	2020/06/30	Change Value	Change rate compared with 1H2020	Change rate compared with 1H2019
Total Volume	7,522.6	5,866.7	1,655.9	28.2%	3.1%
Gasification Volume	6,674.9	4,984.9	1,690.0	33.9%	4.1%
Entrucking Volume	847.7	881.8	(34.1)	(3.9%)	(3.7%)
Average Utilization Rate	83.8%	65.2%	-	18.6 ppt	2.8 ppt

Processing Volume of LNG Plants & Number of LNG Plants in Operations

million m³

	2021/06/30	2020/06/30	Change Value	Change rate compared with 1H2020	Change rate compared with 1H2019
LNG Processing Volume (million m ³)	1,170.0	1,166.5	3.5	0.3%	17.8%
Number of LNG Plants in Operation	15	14	1	-	-
Average Utilization Rate	44.0%	44.1%	-	(0.1 ppt)	0.1 ppt



Part 04

Exploration & Production





Exploration & Production

Distribution of Oilfields



Equity Sales Volume of Crude Oil

thousand Barrels



	2021/06/30	2020/06/30	Change Value	Change rate compared with 1H2020	Change rate compared with 1H2019
Equity Sales Volume of Crude Oil (thousand Barrels)	6,092.7	6,132.1	(39.4)	(0.6%)	(10.5%)
ASP of Crude Oil (USD/Barrel)	51.7	40.3	11.4	28.3%	(7.7%)

Part 05

Discontinued Operations

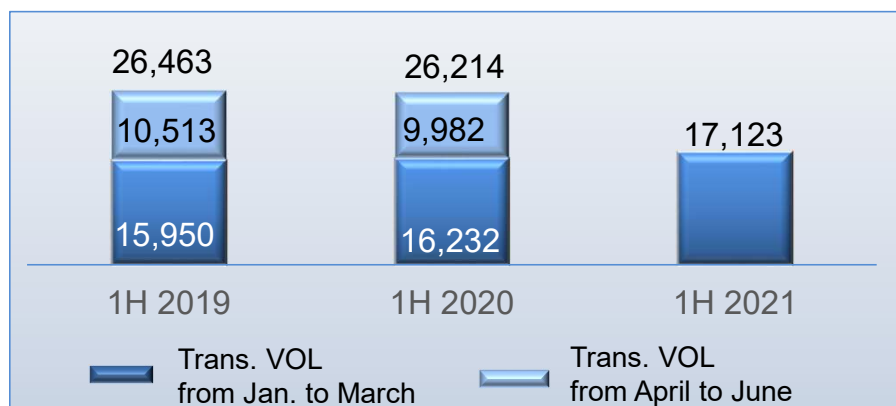




Discontinued Operations

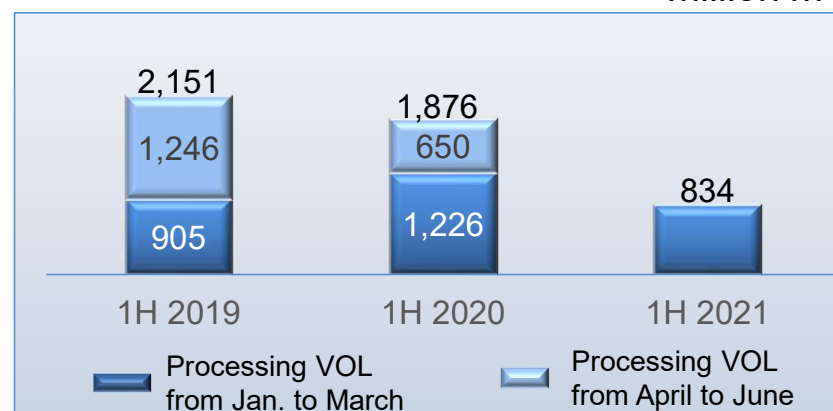
Transmission Volume of Beijing Pipeline

million m³



Processing Volume of Dalian LNG Terminals

million m³



(million m ³)	2021/03/31	2020/03/31	Change Value	Change rate compared with 1Q2020	Change rate compared with 1Q2019
Beijing Pipeline: Transmission Volume	17,122.5	16,231.7	890.8	5.5%	7.4%
Dalian LNG Terminal: Processing Volume	834.3	1,226.3	(392.0)	(32.0%)	(7.8%)



Environmental, Social and Governance

E

Improved climate change management :

The first time to refers to the TCFD framework for **climate change analysis** in 2020 ESG report

Carbon verification is being carried out in 2021

Improved environmental goal setting:

The first time to disclose environmental targets such as **methane emissions** in 2020 ESG report

10%

Methane emission reduction

Actively responded to rating agencies:

Submitted the **full version of the 2020 CDP Climate Change Questionnaire**



S

Excellent social performance indicators in 2020 :

- Number of fatalities in production safety Accidents
- Number of general Class B accidents (or above)
- Incidents of violations (from government, superiors)

0

Strengthened the implementation of safety responsibilities & safety and environmental protection situation was under control:

The first time to disclose **2025 safety goals** in 2020 ESG report

0

Number of fatalities in production safety Accidents

0

Number of general Class B accidents (or above)

30%

Number of accidents that can be recorded per million working hours

0

Incidents of violations (from government, superiors)

G

Improved governance structure:

the **Sustainability Committee** was established in May 2021

Board

Sustainability Committee

ESG Working Group

Improved management:

Carried out

- **ESG related policy trend seminar**
- **Subject research on ESG management improvement**
- **ESG series online training**

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Income Statement

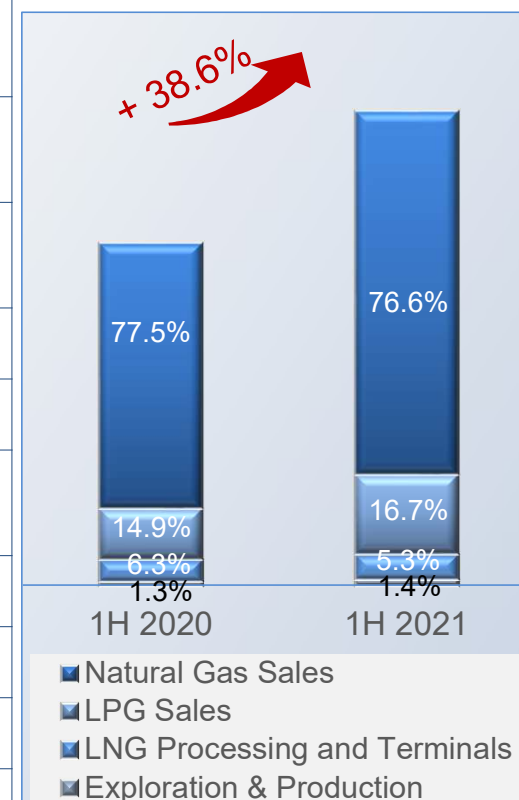
(RMB million)	2021/06/30	2020/06/30 (Restated)	Change Value	Change Rate
Revenue	64,738.8	46,713.7	18,025.1	38.6%
Profit before Income Tax Expense	25,201.4	6,130.6	19,070.8	311.1%
EBITDA	27,804.8	9,969.4	17,835.4	178.9%
Profit Attributable to Owners of The Company	20,461.0	2,363.0	18,098.0	765.9%
Continuing Operations	2,596.0	742.0	1,854.0	250.0%
Discontinued Operations	883.8	1,621.0	(737.2)	(45.5%)
Gain on Disposal of the Discontinued Operations	16,981.2	-	-	-
Basic EPS (RMB cents)				
Continuing Operations	29.98	8.57	21.41	249.8%
Discontinued Operations	206.32	18.72	187.6	1,002.1%



Revenue

(RMB million)	2021/06/30	2020/06/30 (Restated)	Change Value	Change Rate
Continuous Operations	64,738.8	46,713.7	18,025.1	38.6%
Natural Gas	49,600.0	36,220.3	13,379.7	36.9%
Sales Volume	47,154.5	34,398.0	12,756.5	37.1%
Connection	1,853.8	1,356.2	497.6	36.7%
Value-added	591.7	466.1	125.6	27.0%
LPG Sales	10,833.8	6,955.2	3,878.6	55.8%
LNG Processing & Terminals	3,436.3	2,938.3	498.0	16.9%
LNG Terminals	2,284.8	1,792.5	492.3	27.5%
LNG Plants	1,151.5	1,145.8	5.7	0.5%
Exploration & Production	868.7	599.9	268.8	44.8%

Revenue Breakdown





Dollar Margin

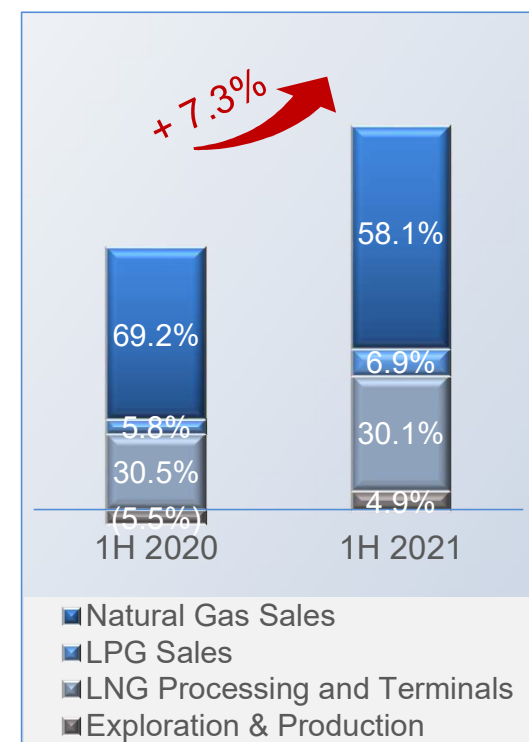
(RMB/m ³)	2021/06/30	2020/06/30	Change Rate	2020/12/31
Average Gas Tariff	2.37	2.27	4.4%	2.29
Average Cost	1.87	1.78	5.0%	1.79
Weighted Average Dollar Margin	0.497	0.492	1.0%	0.501



Profit Before Income Tax

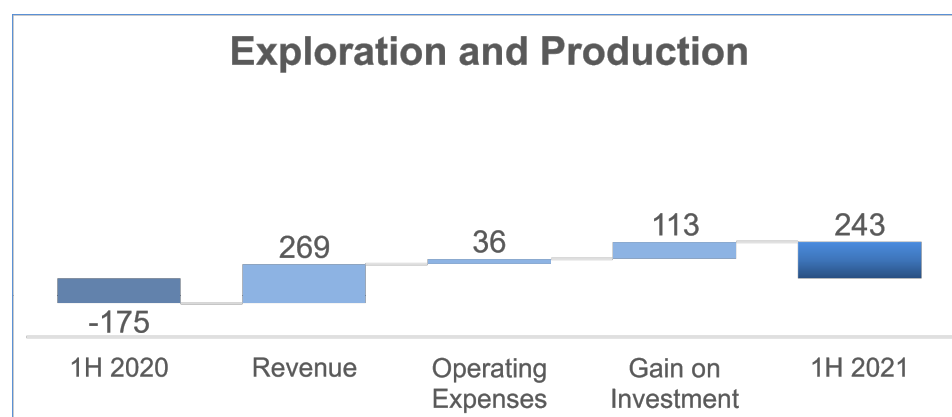
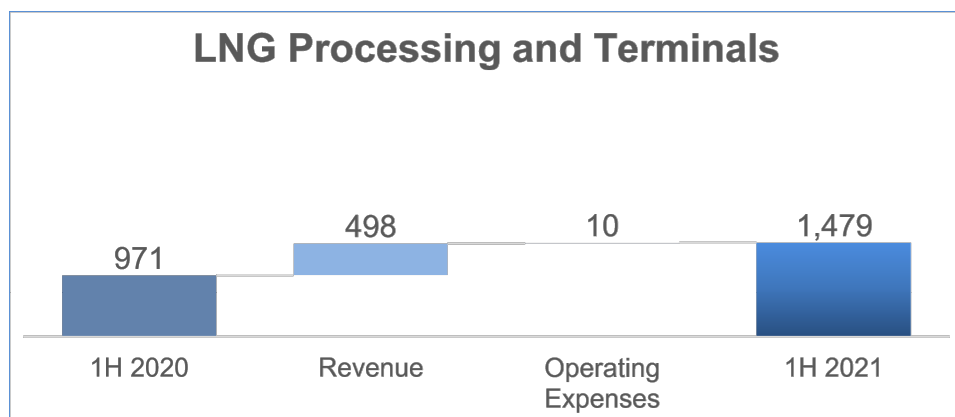
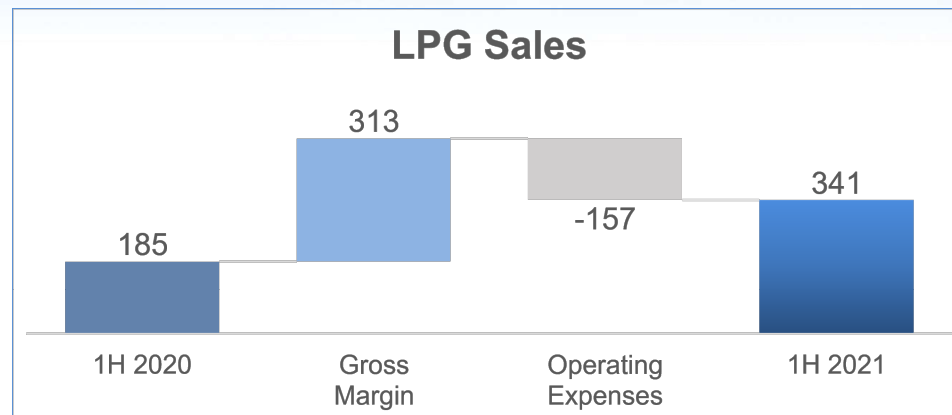
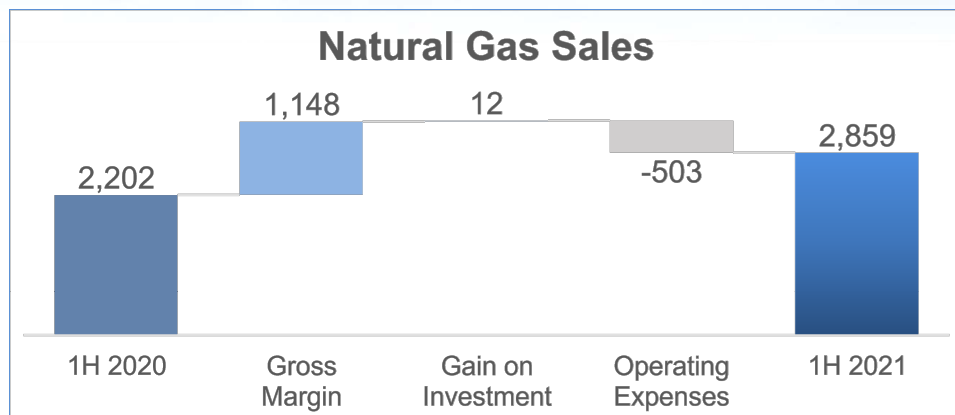
(RMB million)	2021/06/30	2020/06/30 (Restated)	Change Value	Change Rate
Continuing Operations				
Natural Gas Sales	2,858.6	2,201.7	656.9	29.8%
LPG Sales	340.5	185.0	155.5	84.0%
LNG Processing and Terminals	1,478.8	971.0	507.8	52.3%
Exploration & Production	242.8	(175.2)	418.0	238.5%
Discontinued Operations	1,831.3	3,382.1	(1,550.8)	(45.9%)
Gain from Asset Disposal	18,320.4	-	-	-

Profit Before Income Tax Breakdown





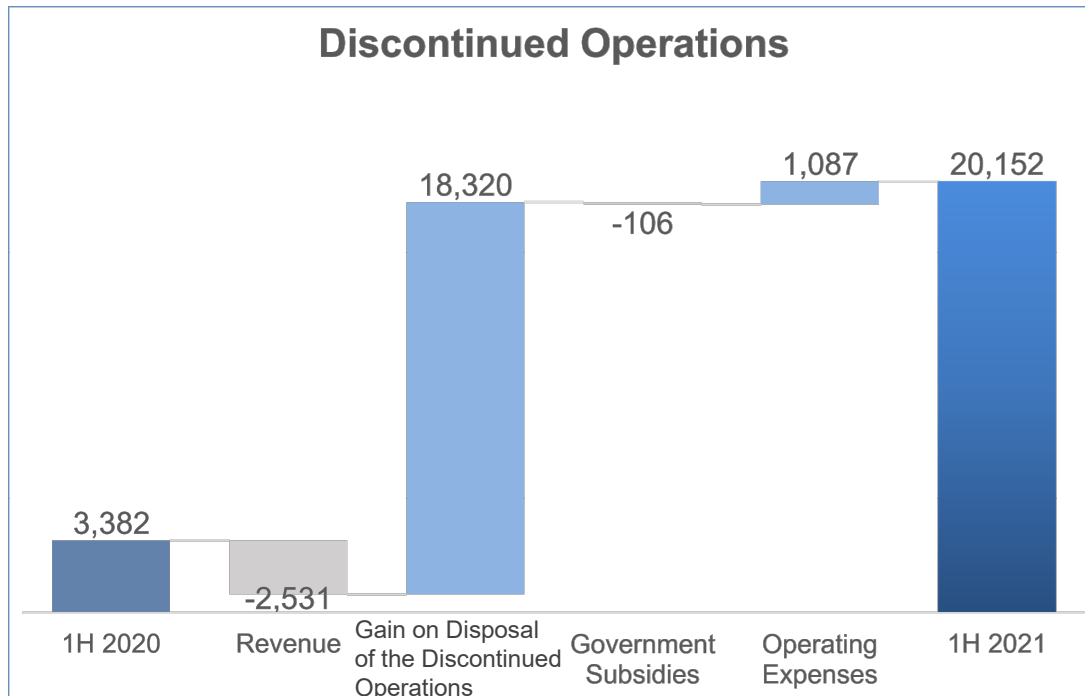
Profit Before Income Tax – Continuing Operations



(RMB million) ● Total ● Increase ● Decrease



Profit Before Income Tax – Discontinued Operations



In 2020, Beijing Pipeline and Dalian LNG Company were listed as discontinued operations.

On March 31, 2021, after the company's efforts, the asset delivery of the Beijing Pipeline and Dalian LNG Terminal was successfully completed.

(RMB million) ● Total ● Increase ● Decrease



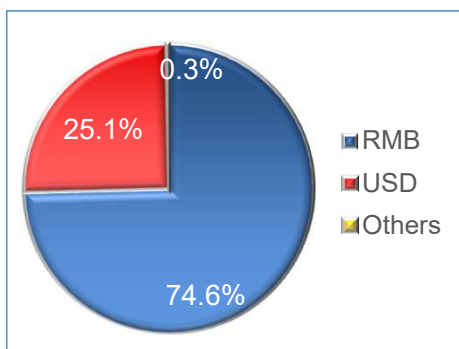
Balance Sheet

(RMB million)	2021/06/30	2020/12/31 (Restated)	Change Value	Change Rate
Total Asset	146,463.0	154,988.0	(8,525.0)	(5.5%)
Bank Balance and Cash	48,558.7	16,272.6	32,286.1	198.4%
Total Interest-bearing Liabilities	26,328.0	28,337.0	(2,009.0)	(7.1%)
-- Current Liabilities	5,682.0	5,339.7	342.3	6.4%
-- Non-current Liabilities	20,646.0	22,997.3	(2,351.3)	(10.2%)
Equities	53,625.0	53,584.1	40.9	0.1%
Gearing Ratio	26.6%	25.1%	-	1.5 ppt
Debts-to-Asset Ratio	18.0%	18.3%	-	(0.3 ppt)



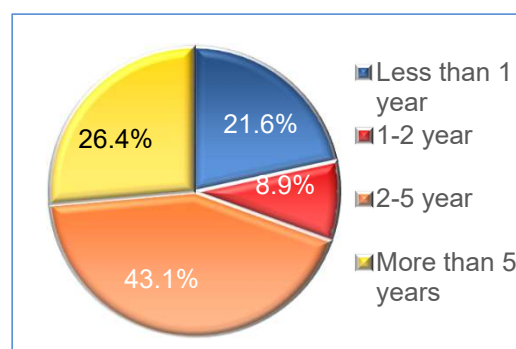
Debt Structure

Debt Currency Structure



(RMB million)	Amount
RMB	19,129
USD	6,439
HKD	-
Others	67

Long & Short Term Debt Structure



(RMB million)	Amount
Less than 1 year	5,527
1-2 years	2,277
2-5 years	11,052
More than 5 years	6,779

	2021/06/30	2020/12/31	Change
Average Financing Cost	3.80%	3.68%	0.12 ppt

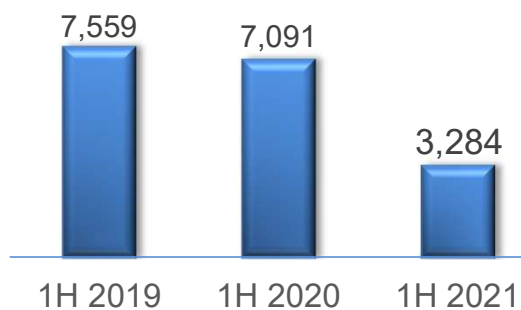
Rating Agencies	Rating	
MOODY'S	Stable A2	High Credit rating will further enhance the Company's financing capacity for further development and expansion of natural gas business.
S&P Global Ratings	Stable A	
FitchRatings	Stable A	



CAPEX & Cash Flow

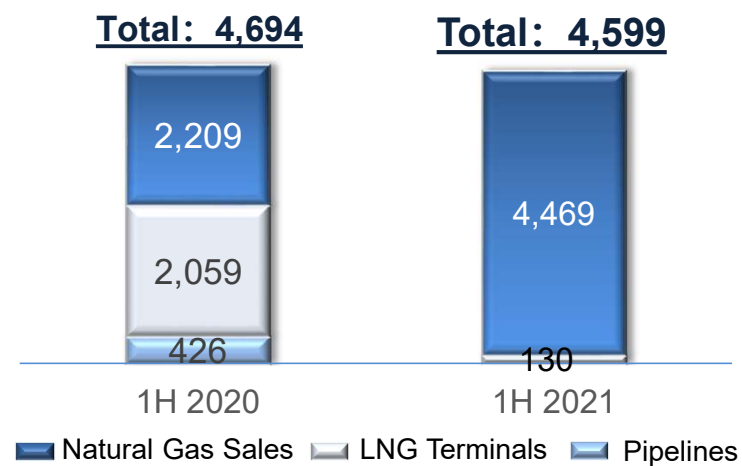
Operating Cash Flow

(RMB million)



CAPEX

(RMB million)



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Business Outlook

Promote the realization of high-quality sustainable development by expanding the market, optimizing the structure, strengthening services, controlling risks, and emphasizing cooperation.

Natural Gas

Comprehensively improve the quality of terminal business development

1. Select investment targets and deepen cooperation between enterprises and local governments;
2. Promote M&A of large-scale projects, and continue to strengthen and optimize the natural gas sales business.

LNG

Continue to promote the coordinated development of the LNG industry chain

1. Improve the liquid sales system of the entire industry chain;
2. Optimize the operation and management of LNG plants.



Business Outlook

LPG

Continue to optimize LPG resource channels and network layout

1. Coordinate domestic and imported resources, and speed up the construction of LPG terminal storage tanks;
2. Continuously optimize the sales structure and continue to increase the proportion of retail business.

New Energy

Accelerate the development of the integration of natural gas and new energy

1. Promote the pilot projects for the integrated development of gas, electricity and photovoltaics in an orderly manner, and accelerate the integrated development of natural gas and new energy.

Integrated Energy Business & Value-added Business

Actively create a new profit growth

1. Actively deploy distributed integrated energy supply business;
2. Create a "Internet + Energy + Life" Multi-Business Life Circle.



Business Outlook



Natural Gas Sales

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



LPG Sales

- ✓ Over 5.0 million tons of LPG sales volume



LNG Terminals

- ✓ About 80% average utilization rate of two LNG terminals



Exploration & Production

- ✓ 12.5 million barrels of crude oil equity sales volume



Dividend Policy

- ✓ 30-35% 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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