



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)

2022 Interim Results

August, 2022



FU Bin

*Chairman and
Executive Director*



QIAN Zhijia

*Executive
Director and CEO*



GAO Xiangzhong

*Executive
Director and CFO*



ZHONG Weirong

*Deputy
General Manager*



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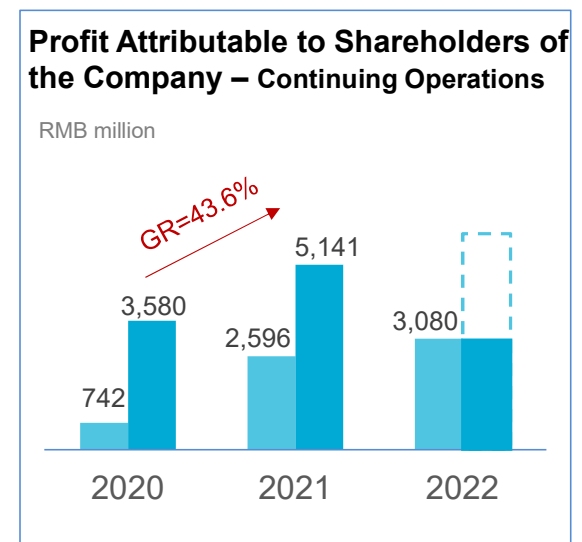
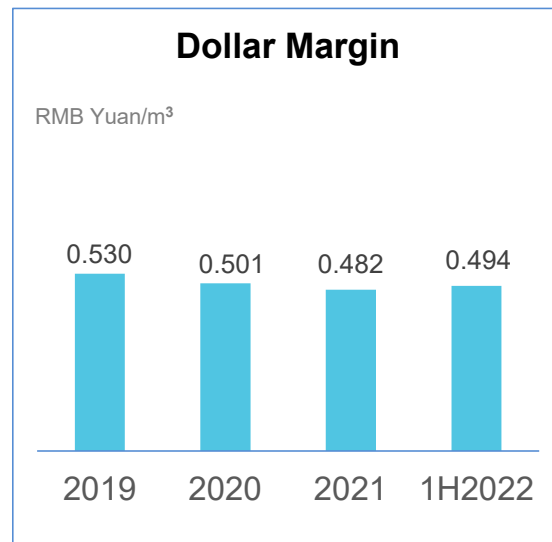
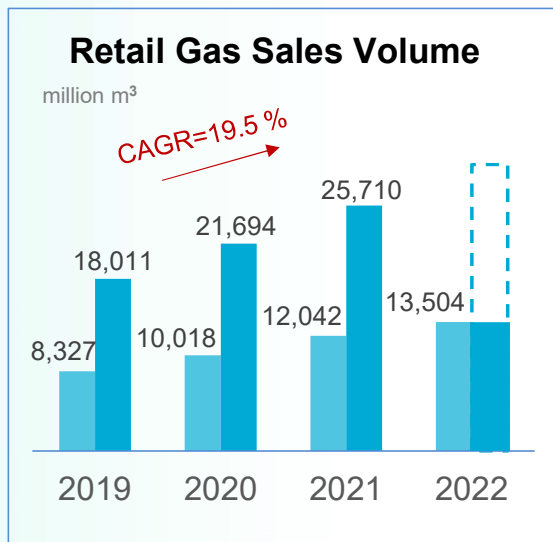
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High-Quality & Steady Development



Five Strategies of “Innovation, Green Operation, Market, Capital and Low Cost”



■ 1H ■ Full Year

Business Highlights

1 Operating Results

		2022/06/30	Change
Sales Volume of Retail Gas	(million m ³)	13,503.7	12.1%
New Users of Natural Gas	(thousand)	408.6	-
New Projects		8	-

2 Financial Results

		2022/06/30	Change
Total Revenue	(RMB million)	83,863.9	29.5%
Profit Attributable to Shareholders of the Company	(RMB million)	3,079.9	18.6%
Core Profit Attributable to Shareholders of the Company	(RMB million)	3,474.8	38.8%
Basic EPS	(RMB cents/share)	35.57	18.6%

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Part 01

Natural Gas Sales



National Layout & New Projects

251 City Gas Projects



In 1H2022, acquired **8** new projects.

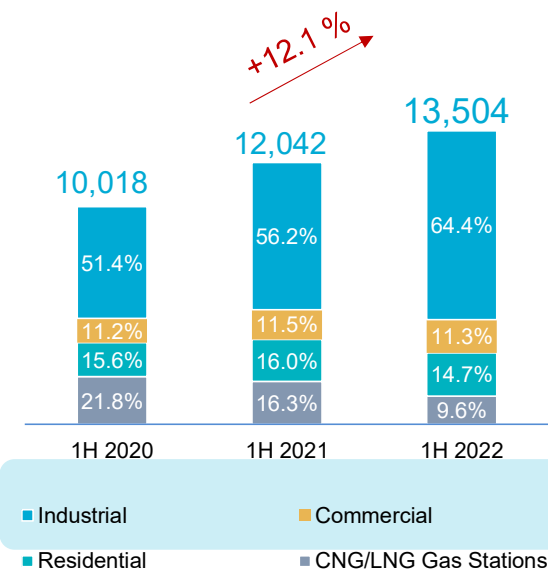
Project Type	Location
City Gas Projects (4)	Guangdong Province: Dongguan City; Chaozhou City Liaoning Province: Chaoyang City Jiangsu Province: Xuzhou City
Branch Pipeline Projects (1)	Guangdong Province: Jieyang City Hubei Province: Jingzhou City Hunan Province: Pingdingshan City
LNG Station Project (1)	Chongqing City

Sales Volume

(million m ³)	2022/06/30	2021/06/30	Change Value	Change Rate compared with 1H2021	Change Rate compared with 1H2020
Total Volume of NG Sales	21,933.4	21,046.0	887.4	4.2%	36.5%
Retail Gas sales	13,503.7	12,042.4	1,461.3	12.1%	34.8%
Industrial	8,693.3	6,768.9	1,924.4	28.4%	68.8%
Commercial	1,526.7	1,378.8	147.9	10.7%	36.3%
Residential	1,987.2	1,926.6	60.6	3.1%	27.1%
Gas Stations	1,296.5	1,968.1	(671.6)	(34.1%)	(40.7%)
Distribution & Trading	8,429.7	9,003.6	(573.9)	(6.4%)	39.3%

Retail Gas Sales Volume Breakdown

million m³



Customer Base

	2022/06/30 New Users	2022/06/30 Accumulated Users	2021/06/30 Accumulated Users	Change
Total Users	408.6 thousand	14,254.5 thousand	12,755.0 thousand	11.8 %
Residential	403.3 thousand	14,165.8 thousand	12,673.6 thousand	11.8 %
Industrial	1,117	10,055	8,355	20.4 %
Commercial	4,171	78.6 thousand	73.0 thousand	7.7 %

Value Added Business

The development of value-added business insists on "service and safety" as the core, with "consolidation of traditional business and expansion of emerging business" as the two wings, vigorously implements the brand development strategy, focuses on service channel expansion, service value enhancement, and expands new online and offline brand service channels



Based on serving gas customers, centered on member operation, and guided by extended value creation, we will build a one-stop smart life comprehensive service platform with "characteristics, warmth and value".

"Kunlun Huixiang+" APP e-commerce service platform was launched, opening up new channels for value-added business online services.



Brand development concept "Safety, Intelligence, Quality, Service"

"One vein of Kunlun, caring for thousands of families". Kunlunger brand gas appliances released 82 products in 5 categories, providing customers with whole-house solutions for gas appliances, kitchen appliances, and professional services for the integrated design of comfortable homes.



Part 02

LPG Sales

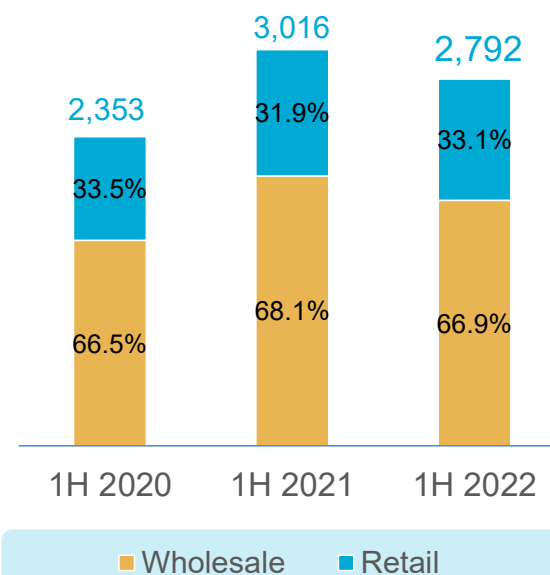


LPG Sales Volume

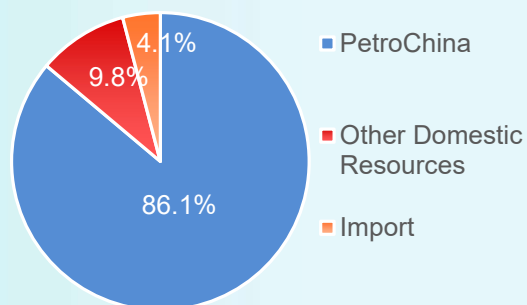
(thousand tons)	2022/06/30	2021/06/30	Change Value	Change Rate compared with 1H2021	Change Rate compared with 1H2020
LPG Sales Volume	2,792.4	3,015.9	(223.5)	(7.4%)	18.7%
Retail	924.3	961.0	(36.7)	(3.8%)	17.1%
Wholesale	1,868.1	2,054.9	(186.8)	(9.1%)	19.5%

LPG Sales Volume Breakdown

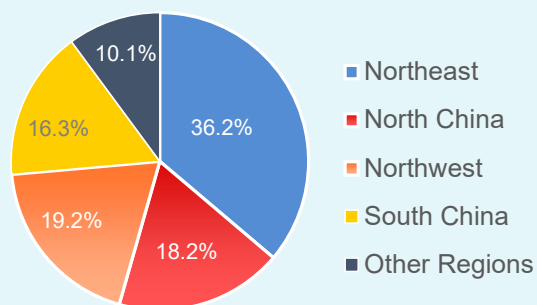
Thousand tons



LPG Upstream Resources Breakdown



LPG Sales Volume by Regions



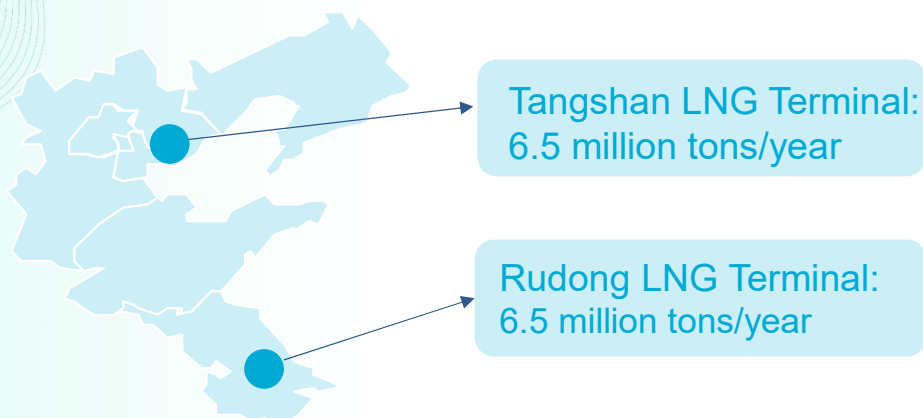
Part 03

LNG Processing & Terminals

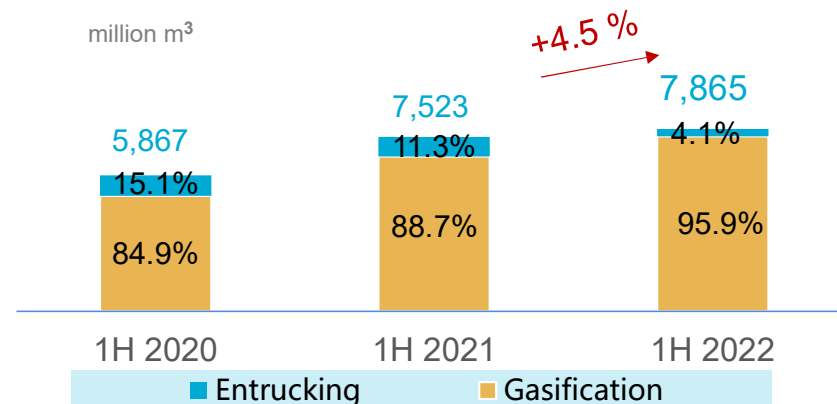


LNG Terminals

Distribution of LNG Terminals



Processing Volume of LNG Terminals

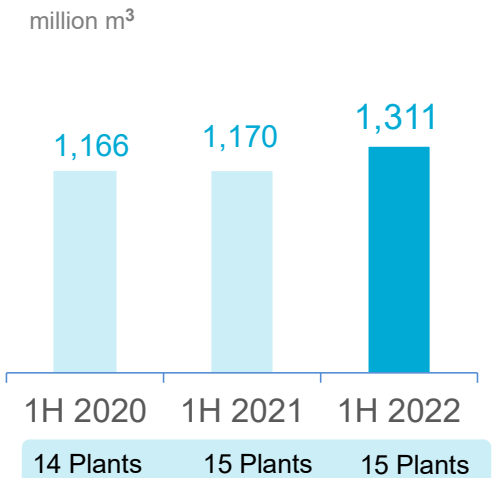


(million m ³)	2022/06/30	2021/06/30	Change Value	Change Rate compared with 1H2021	Change Rate compared with 1H2020
Total Volume	7,864.6	7,522.6	342.0	4.5%	34.1%
Gasification Volume	7,542.6	6,674.9	867.7	13.0%	51.3%
Entrucking Volume	322.0	847.7	(525.7)	(62.0%)	(63.5%)
Average Utilization Rate	87.8%	83.8%	-	4.0 ppt	22.6 ppt

LNG Plants

(thousand tons)	2022/06/30	2021/06/30	Change Value	Change Rate compared with 1H2021	Change Rate compared with 1H2020
LNG Processing Volume (million m ³)	1,311.5	1,170.0	141.5	12.1%	12.4%
Number of LNG Plants in Operation	15	15	-	-	-
Average Utilization Rate	44.9%	44.0%	-	0.9 ppt	0.8 ppt

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



Part 04

Exploration & Production

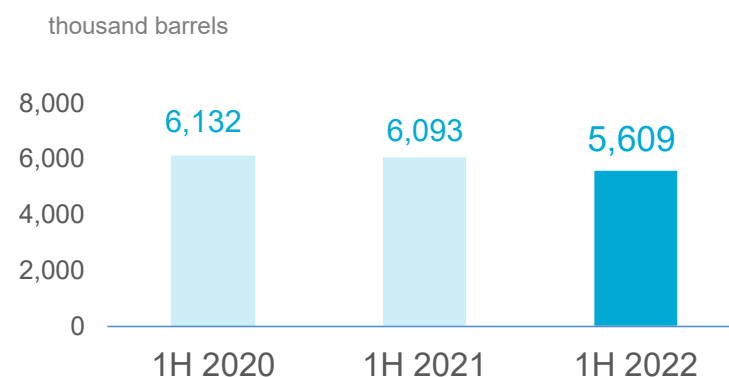


Exploration & Production

Distribution of Oilfields



Equity Sales Volume of Crude Oil



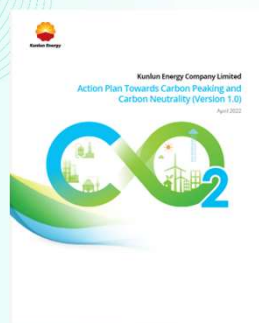
	2022/06/30	2021/06/30	Change Value	Change Rate compared with 1H2021	Change Rate compared with 1H2020
Equity Sales Volume of Crude Oil (thousand Barrels)	5,609.3	6,092.7	(483.4)	(7.9%)	(8.5%)
ASP of Crude Oil (USD/Barrel)	77.8	51.7	26.1	50.5%	93.1%

Part 05

ESG & Safety Management

Environmental, Social, and Governance (ESG)

Kunlun Energy has published **Action Plan Towards Carbon Peaking and Carbon Neutrality (Version 1.0)**, setting the goal of reaching '**peak carbon emissions**' by 2030 and realizing '**net zero**' emissions by 2050.



Action Goals	Action Plans	Supporting Measures
2030 To peak carbon dioxide emissions, lower the methane emission intensity by 20% compared with the level in 2020	Energy Conservation and Consumption Reduction, Quality Enhancement and Efficiency Improvement	Improve the Low-carbon Management System and Enhance Governance Capabilities
2040 To lower the carbon dioxide and methane emission intensity by 40% respectively compared with the levels in 2020	Low-carbon Transformation of Energy Structure	Step up Technological R&D Efforts and Maintain Key Technology Reserves
2050 To achieve “ net zero ” emissions	Build A Green Corporate Brand	Attach Importance to Demonstration and Leadership, and Encourage Diversified Inputs

Environmental

Green Enterprises Establishment

Carry out the investigation and management of hidden hazards in ecological environment protection, and complete **environmental protection assistance and supervision for 15 subsidiaries**

Respond to ESG Ratings

Respond to 2021 **CDP** climate change questionnaire



Social

Healthy Enterprises Establishment

Launch the establishment of healthy enterprises for **20 subsidiaries**, and improve full complement of disease surveillance and prevention system

Empower safety with Digital Means

Accelerate the digital application of production management system, and complete digital pipelines network

Governance

ESG Risk Management

Identify and assess ESG risk, especially climate change risk, to **integrate ESG risk into the enterprise risk management framework**

ESG Training and Capacity Building

Organize **ESG training** for all staff to continuously improve ESG comprehensive management capacity

Prevent and Resolve Safe Production Risks

Fully implement the major national work plans for work safety, fully complete the key tasks of work safety rectification, implement full-coverage supervision and review, further promote digital transformation, empower work safety,. **improve the long-term mechanism for work safety, and improve the level of intrinsic safety.**

Implement the major work arrangements for national production safety

- In-depth promotion of **three special rectifications, fifteen hard measures and the "hundred-day tackling" campaign.**
- Completed the investigation of hidden dangers of old pipelines, and **replaced pipelines 252 kilometers in total.** Ensured safety capital investment and effectively reduced safety production risks. In the first half of the year, **production safety accidents were zero.**

Strict supervision and implementation of full coverage supervision and audit

- In accordance with the principle of "five combinations", to overcome the difficulties of the epidemic, organize and carry out the QHSE system audit and safety production inspection in the first half of the year.
- Special supervision and inspection of urban gas was carried out for 26 project companies in 9 provincial companies. Through full-coverage audit supervision and strict safety supervision, the company continued to improve and ensure the scientific and effective operation of QHSE.

Digitally empowered security

- Completed **the construction of a digital map of the 120,000-kilometer pipeline network**, comprehensively sorted out the hidden risks of the "two high and one airtight" pipelines, and implemented hierarchical management and control measures;
- Fully popularized and applied the production management system to realize **real-time monitoring, intelligent analysis, timely early warning, and rapid disposal** of key equipment and facilities, key parameters, key areas, and key links.



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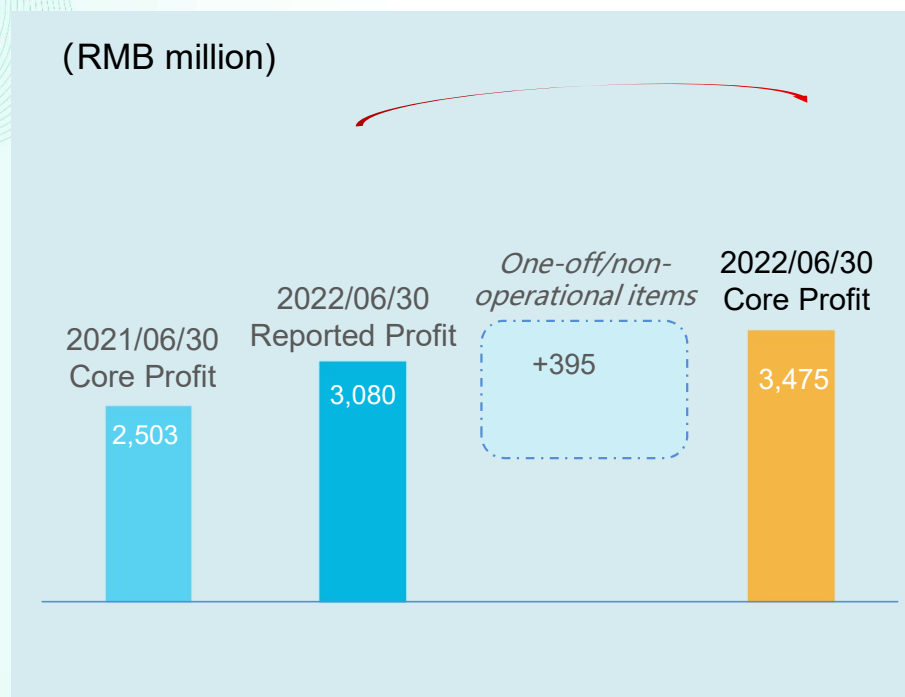
04 Business Outlook

Income Statement

(RMB million)	2022/06/30	2021/06/30	Change Value	Change Rate
Revenue	83,863.9	64,738.8	19,125.1	29.5%
Profit before Income Tax Expense	6,274.9	5,049.7 *	1,225.2	24.3%
EBITDA	8,756.7	7,319.5 *	1,437.2	19.6%
Profit Attributable to Shareholders of The Company				
- Continuing Operations	3,079.9	2,596.0	483.9	18.6%
- Discontinued Operations	-	17,865.0	-	-
Basic EPS (RMB cents)				
- Continuing Operations	35.57	29.98	5.59	18.6%
- Discontinued Operations	-	206.32	-	-

Notes: * Only include continuing operations

Profit Analysis

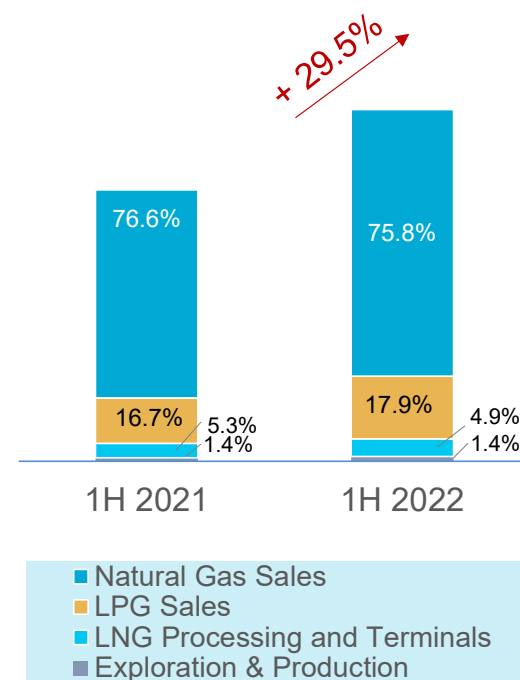


	Items	(RMB million)
1	2022/6/30 Reported Profit	3,079.9
2	One-off/non-operational items:	394.9
2.1	Exchange Loss	321.1
2.2	Impairment Losses on Accounts Receivables	73.8
3	2022/06/30 Core Profit	3,474.8
4	2022/06/30 Core EPS	40.13 cents

Revenue

(RMB million)	2022/06/30	2021/06/30	Change Value	Change Rate
Continuing Operations	83,863.9	64,738.8	19,125.1	29.5%
Natural Gas Sales	63,520.8	49,600.0	13,920.8	28.1%
of which, Gas Sales	61,410.7	47,154.5	14,256.2	30.2%
LPG Sales	15,009.9	10,833.8	4,176.1	38.5%
LNG Processing & Terminals	4,150.4	3,436.3	714.1	20.8%
LNG Terminals	2,380.4	2,284.8	95.6	4.2%
LNG Plants	1,770.0	1,151.5	618.5	53.7%
Exploration & Production	1,182.8	868.7	314.1	36.2%

Revenue Breakdown



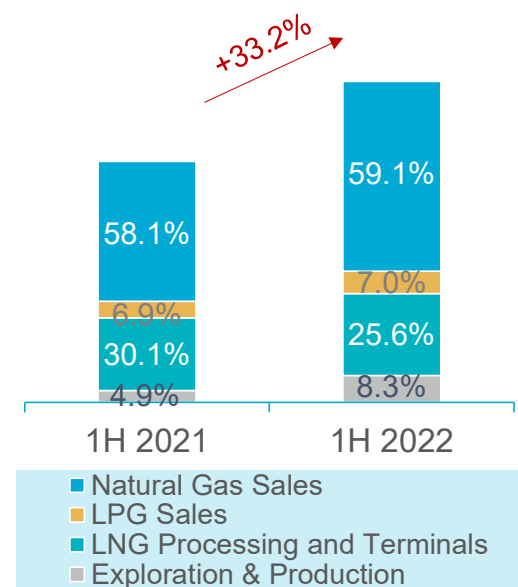
Dollar Margin

(RMB/m ³)	2022/06/30	2021/06/30	Change Rate	2021/12/31
Average Gas Tariff	2.797	2.37	18.0%	2.447
Average Cost	2.303	1.87	23.1%	1.965
Weighted Average Dollar Margin	0.494	0.497	(0.7%)	0.482

Profit Before Income Tax

(RMB million)	2022/06/30	2021/06/30	Change Value	Change Rate
Continuing Operations				
Natural Gas Sales	3,875.6	2,858.6	1,017.0	35.6%
LPG Sales	457.8	340.5	117.3	34.4%
LNG Processing and Terminals	1,675.0	1,478.8	196.2	13.3%
Exploration & Production	546.9	242.8	304.1	125.2%

Profit Before Income Tax Breakdown

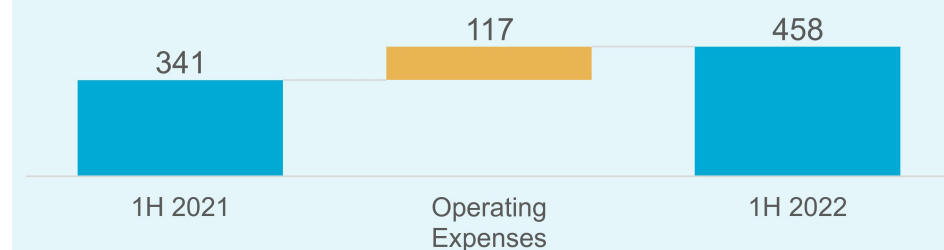


Profit Before Income Tax

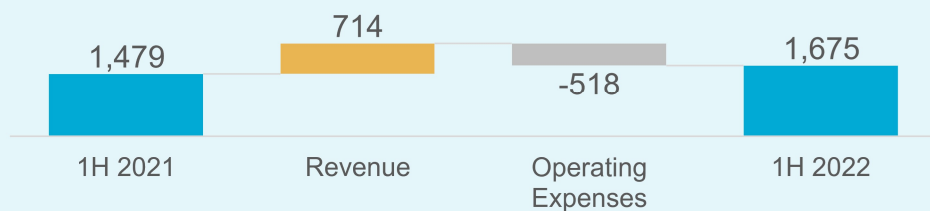
Natural Gas Sales



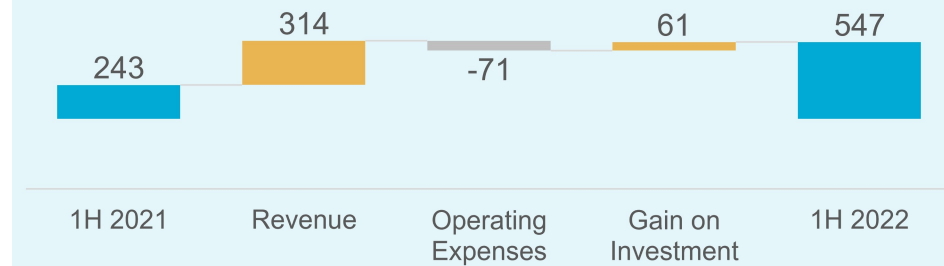
LPG Sales



LNG Processing and Terminals



Exploration and Production



(RMB million)

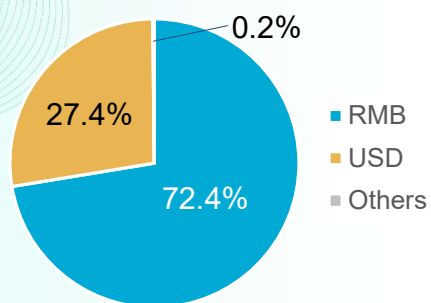
■ Total ■ Increase ■ Decrease

Balance Sheet

(RMB million)	2022/06/30	2021/12/31	Change Value	Change Rate
Total Assets	133,930.9	132,582.0	1,348.9	1.0%
Bank Balance and Cash	35,336.5	28,494.5	6,842.0	24.0%
Total Interest-bearing Liabilities	25,099.4	25,176.7	(77.3)	(0.3%)
-- Current Liabilities	6,262.2	6,030.5	231.7	3.8%
-- Non-current Liabilities	18,837.2	19,146.2	(309.0)	(1.6%)
Equity	57,490.5	56,274.7	1,215.8	2.2%
Gearing Ratio	24.4%	24.9%	-	(0.5 ppt)
Debts-to-Asset Ratio	18.7 %	19.0%	-	(0.3 ppt)

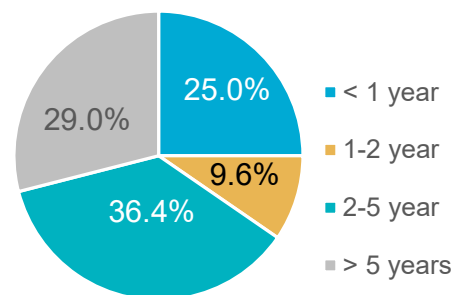
Debt Structure

Debt Currency Structure



(RMB million)	Amount
RMB	17,671
USD	6,695
HKD	-
Others	53

Long & Short Term Debt Structure



(RMB million)	Amount
Less than 1 year	6,109
1-2 year	2,346
2-5 year	8,885
More than 5 years	7,079

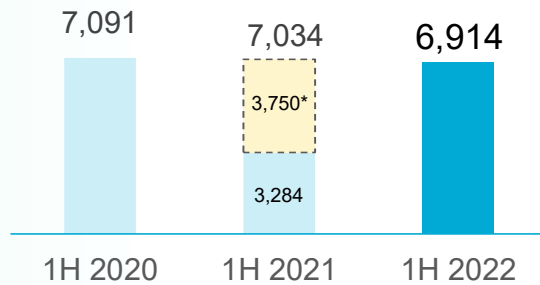
	2022/06/30	2021/06/30	Change
Average Financing Cost	3.8%	3.8%	-

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

CAPEX & Cash Flow

Operating Cash Flow

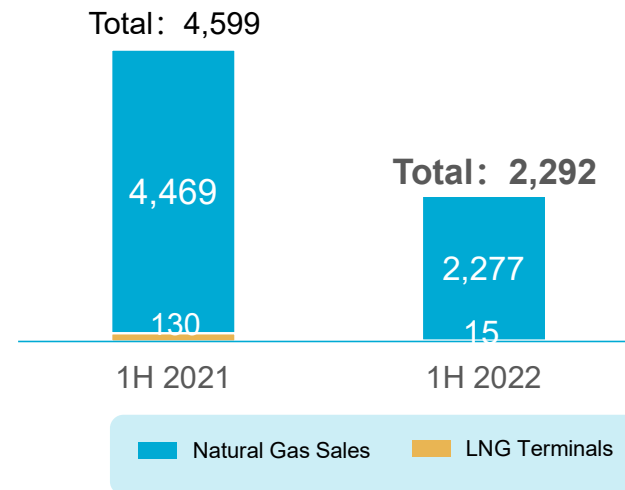
(RMB million)



* Notes: Receivables for disposal of pipeline assets

CAPEX

(RMB million)



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Business Outlook

**Improve the efficiency of modern corporate governance,
Promote the high-quality development of various businesses**

Expand the fundamentals of core business

Actively create a profit growth pole for the liquid industry chain

Strongly grasp the initiative of industry transformation and development

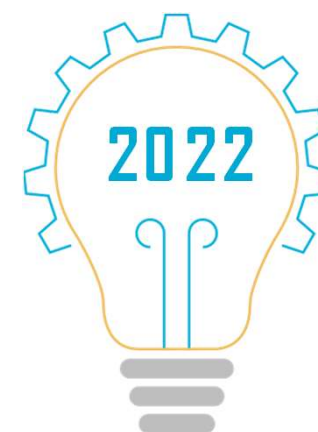
Adhere to overall development and safety

Deepen the modernization of governance system and governance capacity

Business Outlook

	Operation Guidance
Retail natural gas sales volume	↑ around 15%
New connected users	800 thousand
LPG sales volume	5.2 million tons
Average utilization rate of LNG terminals	90%
Crude Oil equity sales volume	11 million barrels

2022
Operation
Guidance





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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