



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 Annual Results

March 2023





FU Bin

Chairman and
Executive Director



GAO Xiangzhong

Executive Director
and CFO



ZHONG Weirong

Deputy
General Manager



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- 02 Business Review
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Performance Highlights

Retail gas sales volume up **8.0%** to **27.76 bcm**

Dollar margin up **4.1%** to RMB **0.502/m³**

Acquiring **23** new projects for holding and equity participation

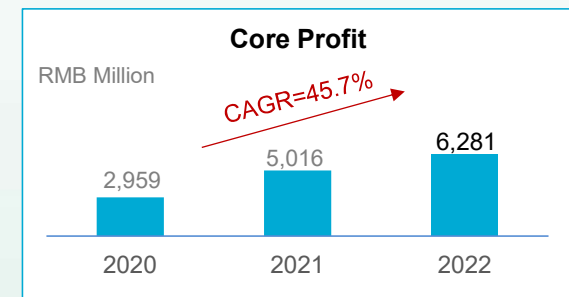
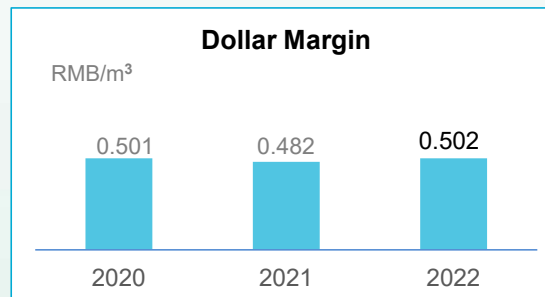
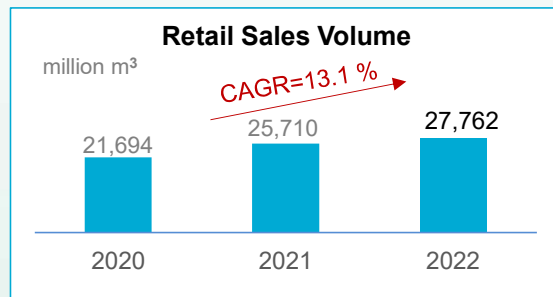
867 thousand new users and accumulated **14.71 million** users

MSCI ESG Rating **BBB**, The ranking of the Central Enterprise ESG Pioneer 50 Index rose from 26 to **17**

Core profit attributable to Shareholders of the Company up **25.2%** to RMB **6,281 million**

DPS up **22.2%** to RMB **25.39 cents**

Operating cash flow up **21.3%** to RMB **14,556 million**



Environmental, Social & Governance

2022 ESG Achievements

MSCI ESG rating upgraded to BBB

MSCI rating has **been upgraded for 3 consecutive years.**



CDP Climate Change questionnaire
Upgraded to B-

S&P Global

Responded to DJSI questionnaire for the first time.



State-owned Enterprises
ESG Pioneer 50 Index
Ranked up to the 17th



Institutional Investor
"Most Honored Company"



Golden Hong Kong Stocks
"Best ESG Award"

Environmental

Implement the "Action Plan Towards Carbon Peaking and Carbon Neutrality"

Completed the annual carbon dioxide and methane emission targets

Methane emissions decreased by **17.3%**

Build **2** "zero-carbon" stations

Completed and put into operation **6** photovoltaic power generation projects

Purchase green power **179.6 MWh**

Establish green enterprises, **100%** reach acceptance criteria

Social

Deepen big health concept, with occupational health as the core

Rate of occupational site hazard inspection/ health examination **100%**

Work-related fatalities in the past 3 years **0**

Improve supply chain management, strengthen evaluation and supervision

100% new suppliers signed the "Letter of Commitment Letter"

Promote **green procurement**, incorporate environmental requirements into assessment

Governance

Corporate governance

- Improve the **remuneration system**, establish a reward and punishment mechanism for Directors and executives, and **link remuneration with ESG indicators**
- Awarded "Excellent" in the State-owned Assets Supervision and Administration Commission of the State Council's "Double Hundred Enterprises" assessment, shortlisted in "Corporate Governance Model Enterprises"

System enhancement

- Enhance the institutional system, formulated management policies such as **Shareholders Communication Policy** and **Whistleblowing Policy**

Fully completed safety special rectification

Through a three-year special rectification of safety production, the Company's safety management efficiency and risk control capabilities have been greatly improved, and digital technologies have been utilized to safety production management. The safety management has achieved a higher level.

Fully completed three-year safety special rectification

Thoroughly promoting the implementation of the **three-year action plan for special rectification of safety production**, comprehensively carrying out **concentrated treatment of hazardous chemicals** and **investigation and rectification of urban gas safety**, and solidly implementing the **"Fifteen Stringent Measures"** and the **"Hundred Days of Action"**.

Management of hidden danger



Rectify 1,170 potential safety and environmental hazards

- Transform **old pipelines 228.95 km**
- Rectify malfunctioning pipelines **538.35 km**
- Renovate **1,027 enclosed spaces**
- Rectify safety hazards in **6,785 set of equipment and facilities**

Strengthen QHSE system

- Establish a **leadership team** with the management team leaders serving as group leaders and a **special task force**
- Strengthen the **responsibility system for workplace safety** and enhance the capacity of all employees
- Formulate and revise **28** safety production management regulations, **62** enterprise standards, and develop **63** measures.



Digitalization empower safety production

- The **Production Management System 1.0** was fully launched, which is able to monitor the operation status in real-time, and efficiently control safety risks.
- Completed the **digital mapping** of **120,000 km** of pipelines, achieve real-time monitoring, timely warning, and intelligent disposal, effectively reducing and controlling the risk of pipeline leakage.



- Promote the application of **hazardous chemical leakage monitoring system** and **hazardous chemical vehicle management system**. **100%** of vehicles transporting hazardous chemicals are included in the system.



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PART 01

Natural Gas Sales



National Layout & New Projects

In 2022, acquired **23 new projects**

Project Type	Location
City Gas projects-subsidary (16)	<p>Jiangsu: Liyang City; Siyang Town of Suqian City; Changzhou Economic Development Zone, Xuxu New District of Lianyungang City, Jingjiang City</p> <p>Hunan: Yuelu District, Changsha City; Shaoyang City Economic Development Zone</p> <p>Liaoning: Longcheng District, Chaoyang City; Xigang District, Dalian City</p> <p>Jilin: Liuhe Town, Tonghua City</p> <p>Henan: Tongbai Town, Nanyang City</p> <p>Tianjin: Wuqing Development Zone</p> <p>Shandong: Dongying Port Economic Development Zone</p> <p>Zhejiang: Ningbo South Binhai New Area, Ninghai Town, Ningbo City</p> <p>Sichuan: Xuzhou District, Yibin City</p> <p>Xinjiang: Yecheng Town, Kashi Prefecture</p>
Pipeline projects-subsidary (2)	<p>Baoji-Linyou Branch Line</p> <p>Luoyuan-Lianjiang-Jiangyin Branch Line</p>
JV projects (5)	<p>City Gas Projects: Dianjiang Town, Chongqing; Taian City, Shandong</p> <p>NG Power Generation Projects: Zaozhuang Fengyuan Thermal Power Project; Tianjin Tianbao Integrated Energy projects</p> <p>LNG Terminal: Rudong Town, Nantong City, Jiangsu</p>

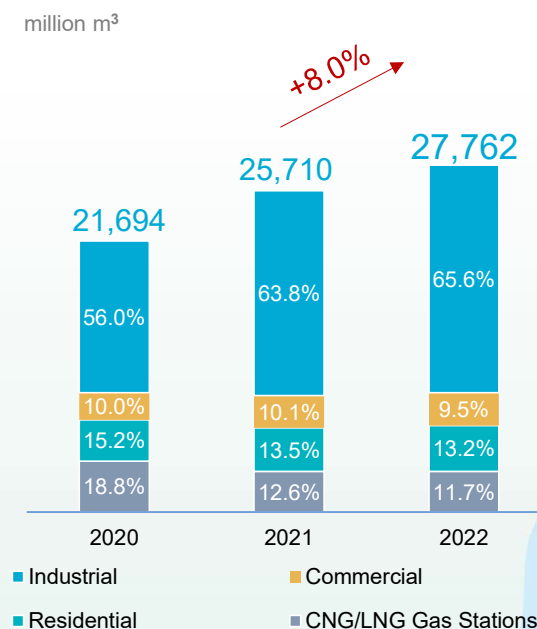
Total **268** city gas projects



Sales Volume

(million m ³)	2022/12/31	2021/12/31	Change Value	Change Rate compared with 2021	Change Rate compared with 2020
Total Volume of NG Sales	44,987.7	41,998.5	2,989.2	7.1%	19.1%
Retail Gas sales	27,761.9	25,710.4	2,051.5	8.0%	28.0%
Industrial	18,213.2	16,404.1	1,809.1	11.0%	49.9%
Commercial	2,649.7	2,589.0	60.7	2.3%	22.8%
Residential	3,647.8	3,473.6	174.2	5.0%	10.3%
Gas Stations	3,251.2	3,243.7	7.5	0.2%	20.2%
Distribution & Trading	17,225.8	16,288.1	937.7	5.8%	7.2%

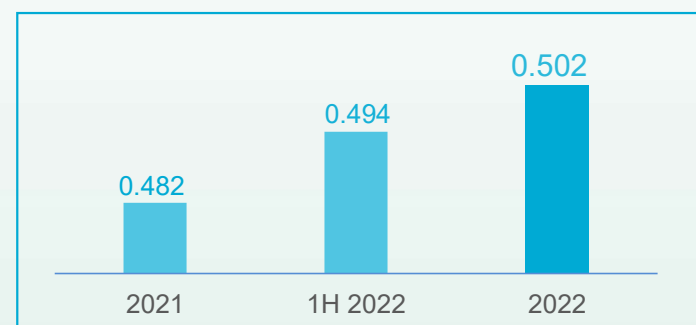
Retail Gas Sales Volume Breakdown



Dollar Margin

(RMB/m ³)	2022/12/31	2021/12/31	Change value	2022/06/30
Average Gas Tariff	2.865	2.447	0.418	2.797
Average Cost	2.363	1.965	0.398	2.303
Weighted Average Dollar Margin	0.502	0.482	0.02	0.494

- Reliable and Stable Resource
- Promoting a long-term price pass-through mechanism
- Optimizing sales structure and developing high-margin business



Customer Base

(thousand)	2022/12/31 New Users	2022/12/31 Accumulated Users	2021/12/31 Accumulated Users	Change
Total Users	867.4	14,713.3	13,845.9	6.3%
Residential	854.0	14,616.5	13,762.5	6.2%
Industrial	2.796	11.734	8.938	31.3%
Commercial	10.6	85.0	74.4	14.3%

Value Added Business

The value-added business vigorously implements the concentric diversification strategy, focuses on the integrated development value of the industrial chain and the comprehensive service value of smart life, and promotes the creation of a new growth pole for the green and low-carbon transformation and development of Kunlun Energy.



Adhere to the service concept of "distinctive, warm and valuable", and regard "Kunlun Huixiangjia+" as a unified online and offline service brand and window of Kunlun Energy, a one-stop service and marketing platform for smart gas and better life. In 2022, 15 provincial stores will be put into operation.

The first "Kunlun Huixiangjia+" offline experience store started operation in Danyang, Changde, Hunan. With diversified products and professional services, it creates rich usage scenarios and immersive space experience, promotes the deep integration of online and offline service scenarios, and becomes Kunlun Energy value-added business diversified service display window.



PART 02

LPG Sales

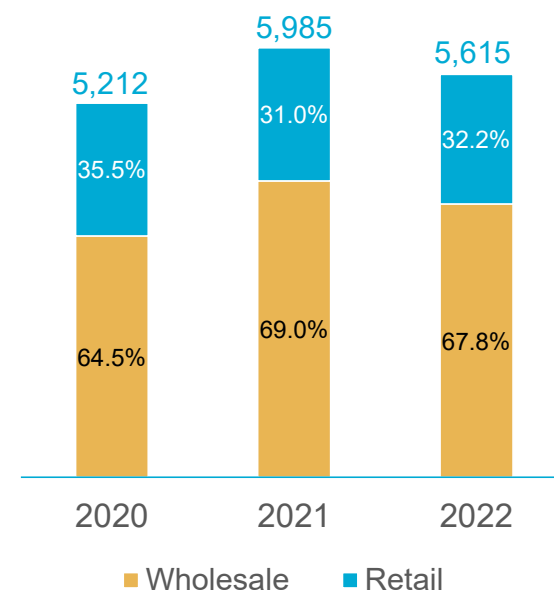


LPG Sales Volume

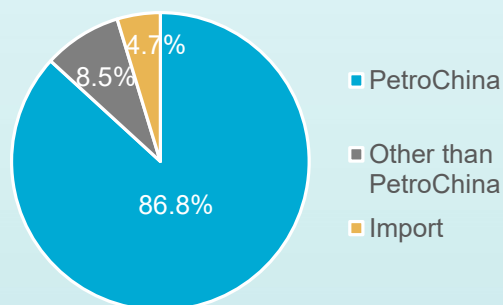
(thousand tons)	2022/12/31	2021/12/31	Change Value	Change Rate compared with 2021	Change Rate compared with 2020
LPG Sales Volume	5,615.5	5,985.6	(370.1)	(6.2%)	7.7%
Retail	1,806.5	1,857.1	(50.6)	(2.7%)	(2.3%)
Wholesale	3,809.0	4,128.5	(319.5)	(7.7%)	13.3%

LPG Sales Volume Breakdown

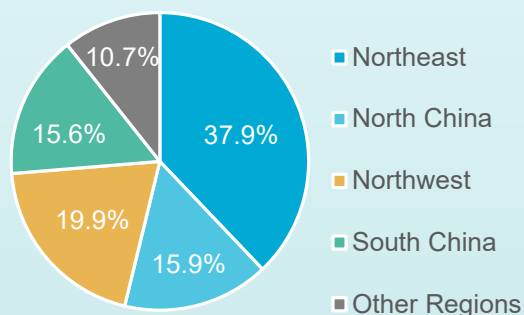
Thousand tons



LPG Upstream Resources Breakdown



LPG Sales Volume by Regions



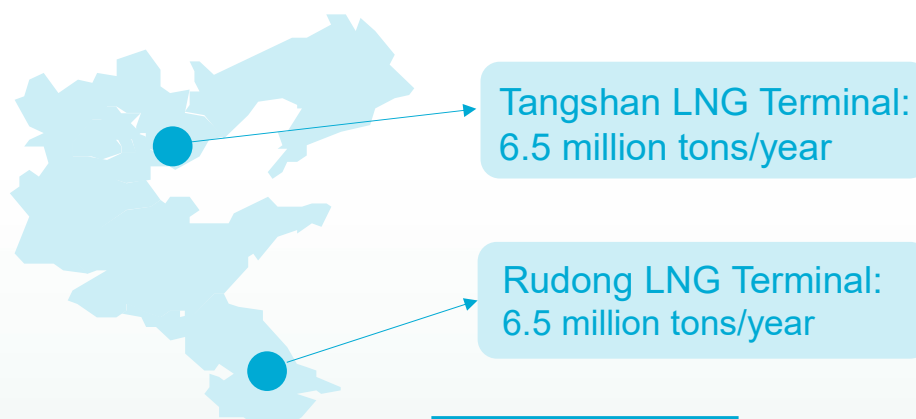
PART 03

LNG Processing & Terminals

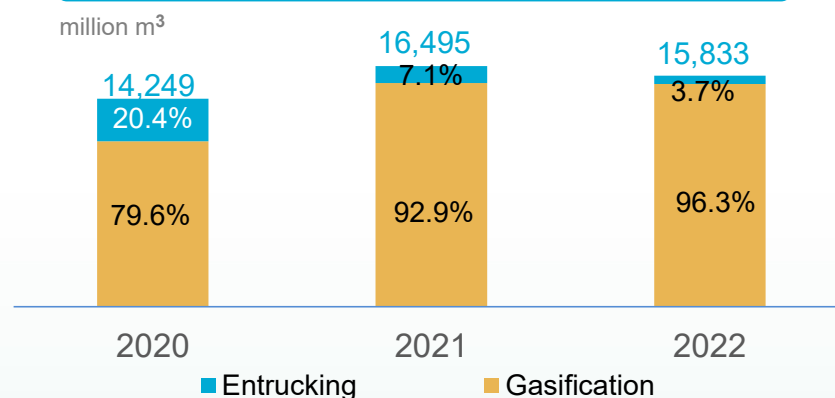


LNG Terminals

Distribution of LNG Terminals



Processing Volume of LNG Terminals



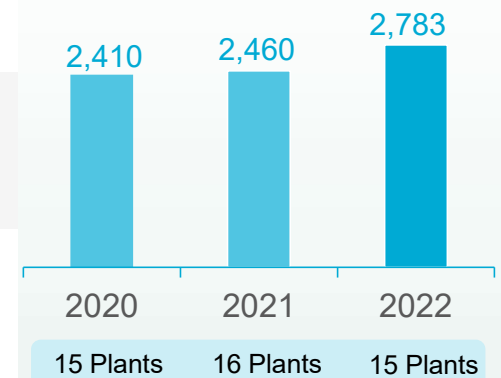
(million m³)	2022/12/31	2021/12/31	Change Value	Change Rate compared with 2021	Change Rate compared with 2020
Total Volume	15,833.2	16,494.5	(661.3)	(4.0%)	11.1%
Gasification Volume	15,251.4	15,320.6	(69.2)	(0.5%)	34.4%
Entrucking Volume	581.8	1,173.9	(592.1)	(50.4%)	(80.0%)
Average Utilization Rate	87.9%	91.5%	-	-	-

LNG Plants

	2022/12/31	2021/12/31	Change Value	Change Rate compared with 2021	Change Rate compared with 2020
LNG Processing Volume (million m ³)	2,783.2	2,459.7	323.5	13.2%	15.5%
Number of LNG Plants in Operation	15	16	-	-	-
Average Utilization Rate	44.3%	37.5%	-	6.8 ppt	0.5 ppt

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

million m³



PART 04

Exploration & Production



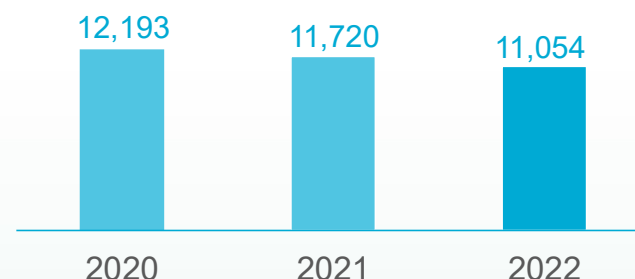
Exploration & Production

Distribution of Oilfields



Equity Sales Volume of Crude Oil

thousand barrels



	2022/12/31	2021/12/31	Change Value	Change Rate compared with 2021	Change Rate compared with 2020
Equity Sales Volume of Crude Oil (thousand Barrels)	11,054.0	11,720.0	(666.0)	(5.7%)	(9.3%)
ASP of Crude Oil (USD/Barrel)	77.5	56.6	20.9	36.9%	100.3%



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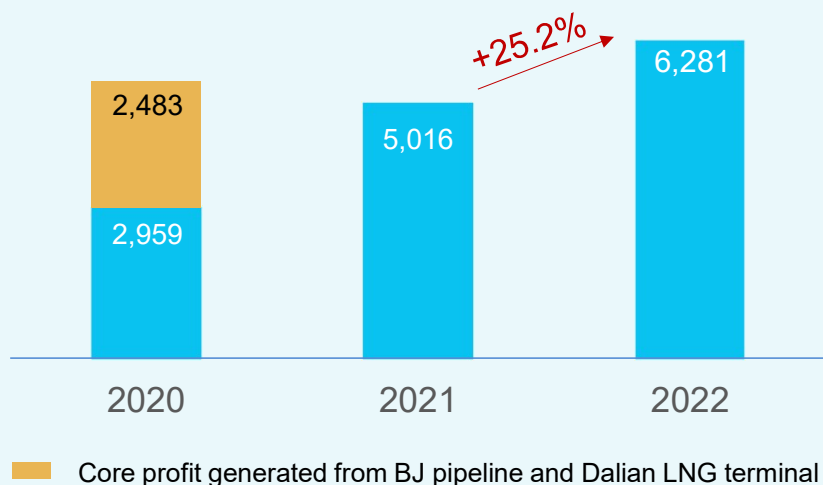
Financial Performance Highlights

(RMB million)	2022/12/31	2021/12/31	Change Value	Change Rate
Revenue	171,943.7	138,546.7	33,397.0	24.1%
Profit before Income Tax Expense	11,392.3	10,576.0	816.3	7.7%
EBITDA	16,319.0	15,452.9	866.1	5.6%
Profit Attributable to Shareholders of the Company	5,227.8	5,141.1	86.7	1.7%
Core Profit Attributable to Shareholders of the Company	6,281.1	5,016.2	1,264.8	25.2%
Basic EPS (RMB cents)	60.38	59.37	1.01	1.7%
Core EPS (RMB cents)	72.54	57.93	14.61	25.2%
Final Dividend (RMB cents/share)	25.39	20.78	4.61	22.2%

Profit Analysis

Core Profit

RMB million

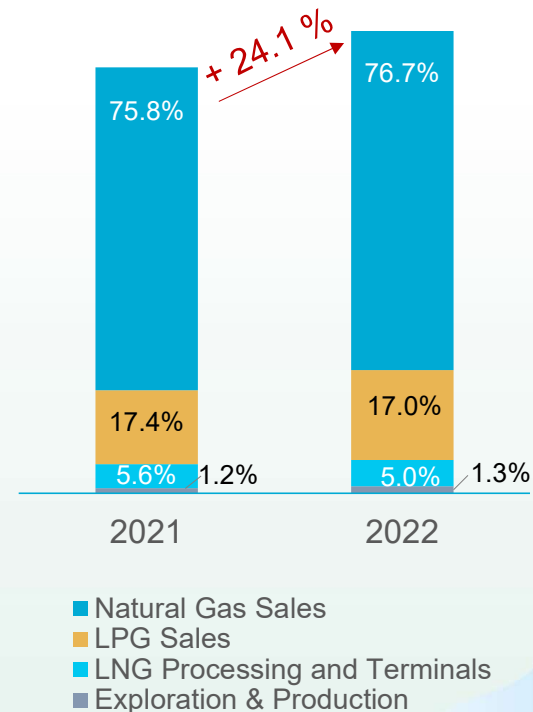


	Items	(RMB million)
1	2022/12/31 Profit attributable to shareholders	5,227.8
2	One-off/non-operational items:	1,053.3
2.1	Exchange Loss	588.7
2.2	Impairment Losses on PPE	464.6
3	2022/12/31 Core Profit attributable to shareholders	6,281.1
4	2022/12/31 Core EPS	72.54 cents

Revenue

(RMB million)	2022/12/31	2021/12/31	Change Value	Change Rate
Total	171,943.6	138,546.7	33,396.9	24.1%
Natural Gas Sales	131,891.7	105,044.5	26,847.2	25.6%
of which, Gas Sales	127,157.4	98,668.0	28,489.4	28.9%
LPG Sales	29,224.1	24,037.9	5,186.2	21.6%
LNG Processing & Terminals	8,542.1	7,732.5	809.6	10.5%
LNG Terminals	4,787.0	5,026.4	(239.4)	(4.8%)
LNG Plants	3,755.1	2,706.1	1,049.0	38.8%
Exploration & Production	2,285.7	1,731.8	553.9	32.0%

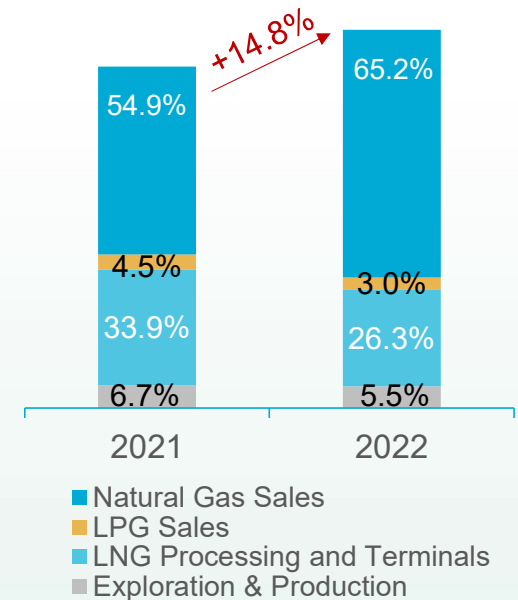
Revenue Breakdown



Profit Before Income Tax

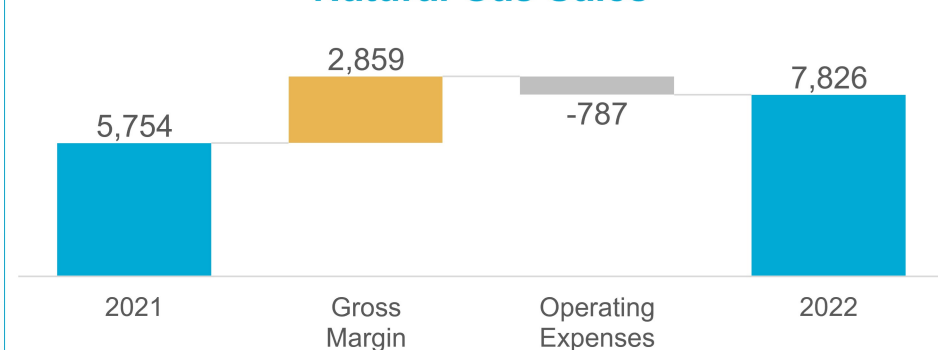
(RMB million)	2022/12/31	2021/12/31	Change Value	Change Rate
Natural Gas Sales	7,826.3	5,753.8	2,072.5	36.0%
LPG Sales	359.5	469.5	(110.0)	(23.4%)
LNG Processing and Terminals	3,160.4	3,544.0	(383.6)	(10.8%)
Exploration & Production	665.6	696.0	(30.4)	(4.4%)

Profit Before Income Tax Breakdown

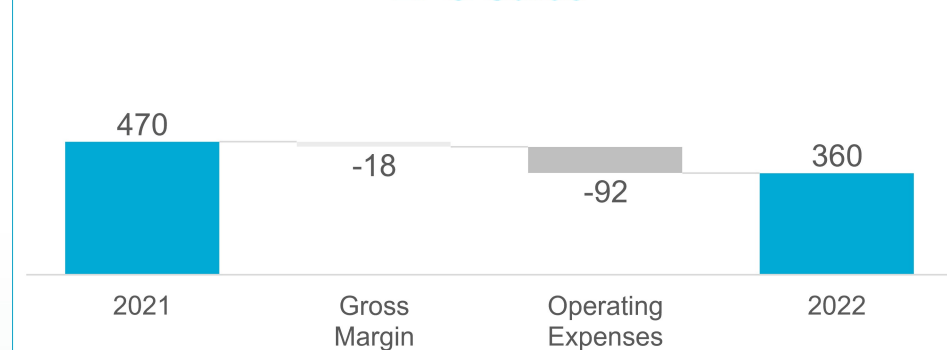


Profit Before Income Tax

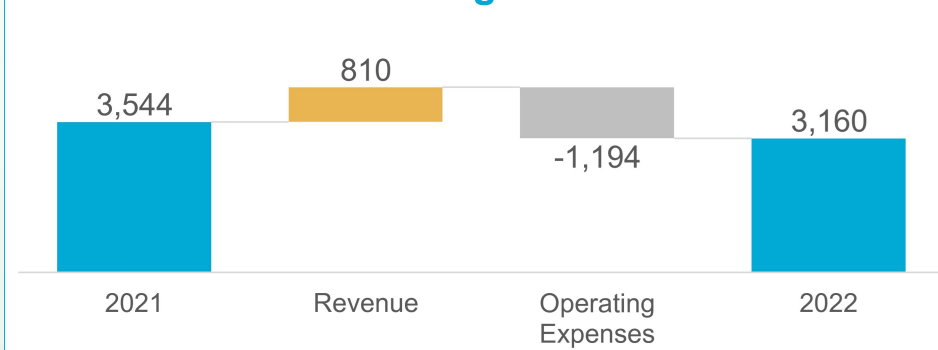
Natural Gas Sales



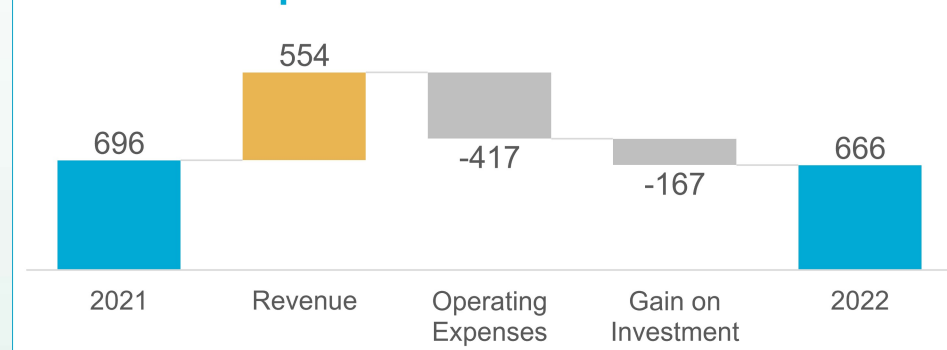
LPG Sales



LNG Processing and Terminals



Exploration and Production



(RMB million)

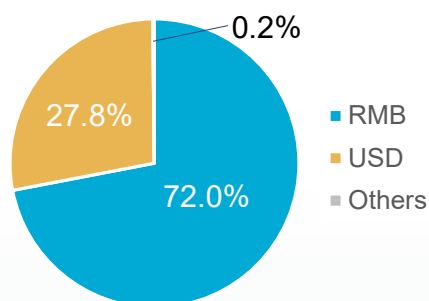
■ Total
 ■ Increase
 ■ Decrease

Balance Sheet

(RMB million)	2022/12/31	2021/12/31	Change Value	Change Rate
Total Assets	138,892.3	132,582.0	6,310.3	4.8%
Bank Balance and Cash	39,481.4	28,494.5	10,986.9	38.6%
Total Interest-bearing Liabilities	25,851.0	25,176.7	674.3	2.7%
-- Current Liabilities	5,495.4	6,030.5	(535.1)	(8.9%)
-- Non-current Liabilities	20,355.6	19,146.2	1,209.4	6.3%
Equity	59,907.6	56,274.7	3,633.2	6.5%
Gearing Ratio	24.3%	24.9%	-	(0.6 ppt)
Interest-bearing Debts-to-Asset Ratio	18.6%	19.0%	-	(0.4 ppt)

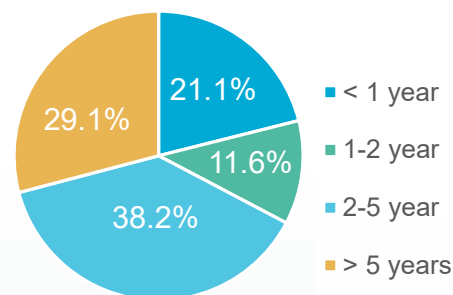
Debt Structure

Debt Currency Structure



(RMB million)	Amount
RMB	18,068
USD	6,951
Others	62

Long & Short Term Debt Structure



(RMB million)	Amount
Less than 1 year	5,287
1-2 year	2,905
2-5 year	9,592
More than 5 years	7,297

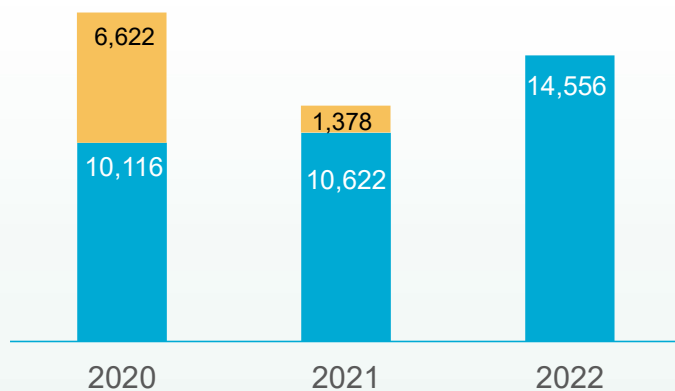
	2022/12/31	2021/12/31	Change
Average Financing Cost	3.66 %	3.67%	(0.1 ppt)

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

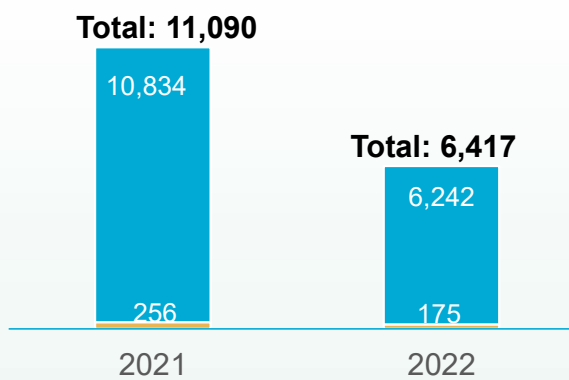
(RMB million)



■ OCF generated from continuing operations ■ OCF generated from BJ pipeline and Dalian LNG terminal

CAPEX

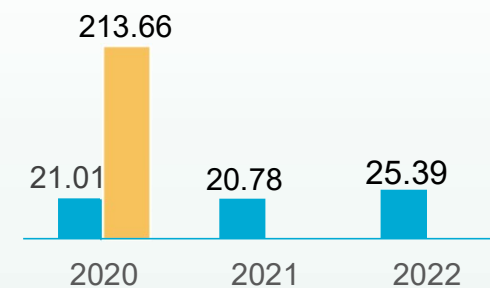
(RMB million)



■ Natural Gas Sales ■ LNG Terminals

Dividend

(RMB cents/share)



■ Regular Dividend ■ Special Dividend



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Business Outlook

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In pursuit of quality and efficient natural gas business

02

Creating the growth from new businesses

03

Building a new growth for the LNG industry chain

04

Coordinating development and security

05

Working to create internal drivers through reform and innovation

Business Outlook

	2023 Operation Guidance
Retail natural gas sales volume	↑10%
New connected users	800 thousand
LPG sales volume	5.4 million tons
Average utilization rate of LNG terminals	90%
Crude Oil equity sales volume	9 million barrels

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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