



**中国神华能源股份有限公司**  
CHINA SHENHUA ENERGY COMPANY LIMITED

# 2021 ANNUAL RESULTS (H)

1 April 2022



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CHINA SHENHUA ENERGY COMPANY LIMITED

# Content

*I. Macro and Industrial Environment*

*II. Highlights in 2021 Annual Performance*

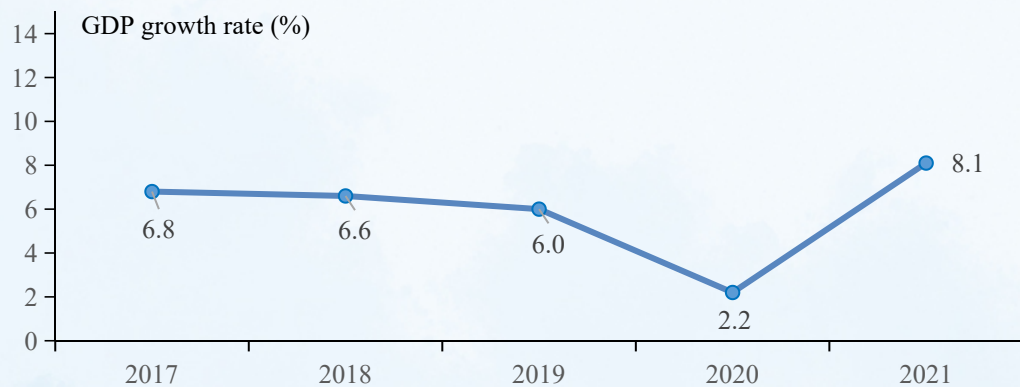
*III. Work Plan in 2022*

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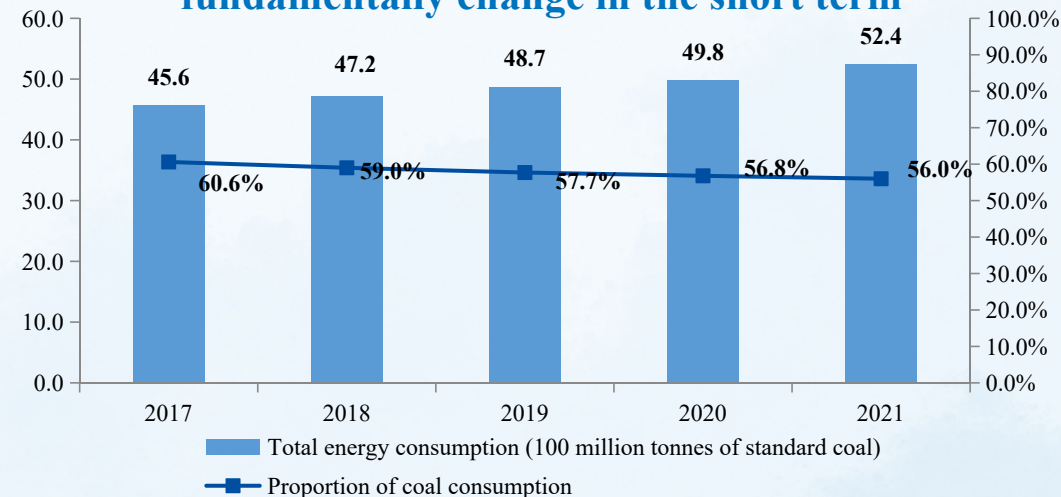


# China's economy has continued to recover and grow, and energy consumption has increased year on year

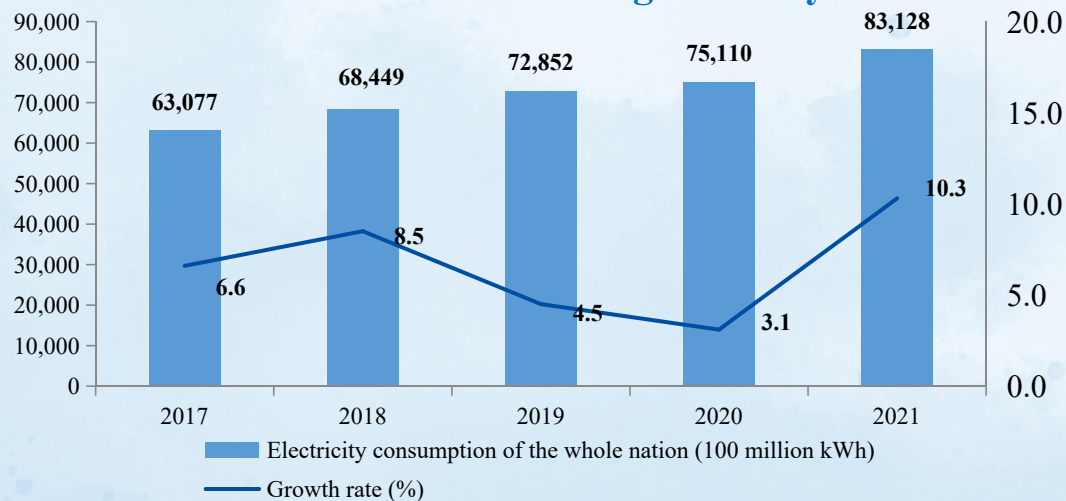
## Economy maintains recovery and growth



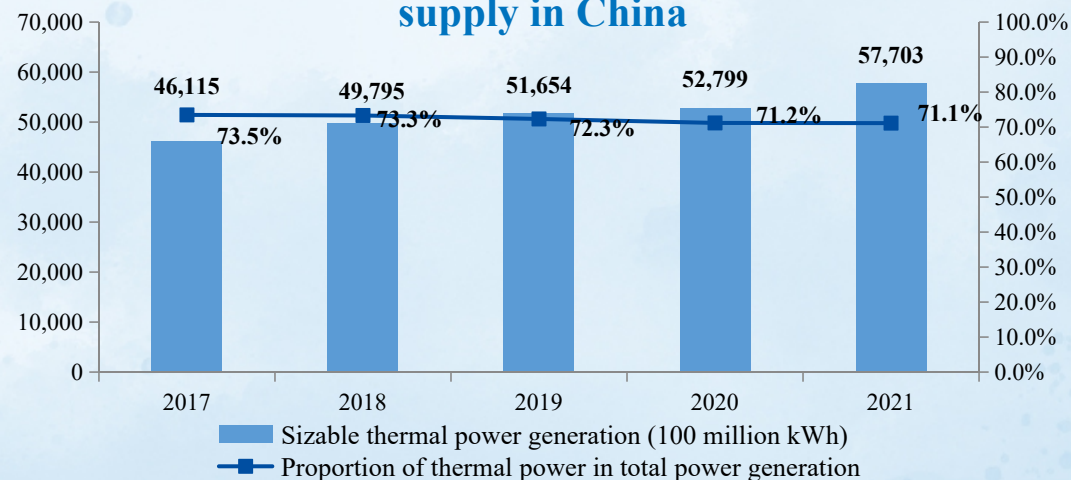
## The energy structure dominated by coal will not fundamentally change in the short term



## The electricity consumption of the whole nation has increased significantly

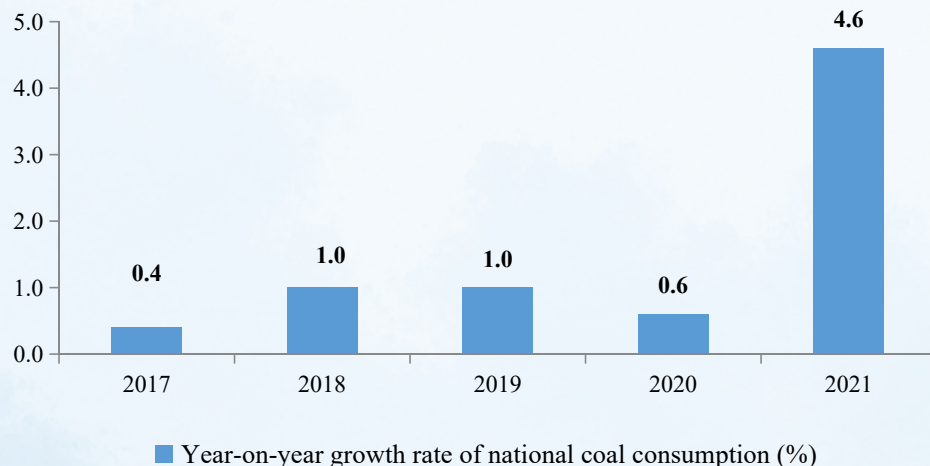


## Thermal power is the main source of power supply in China

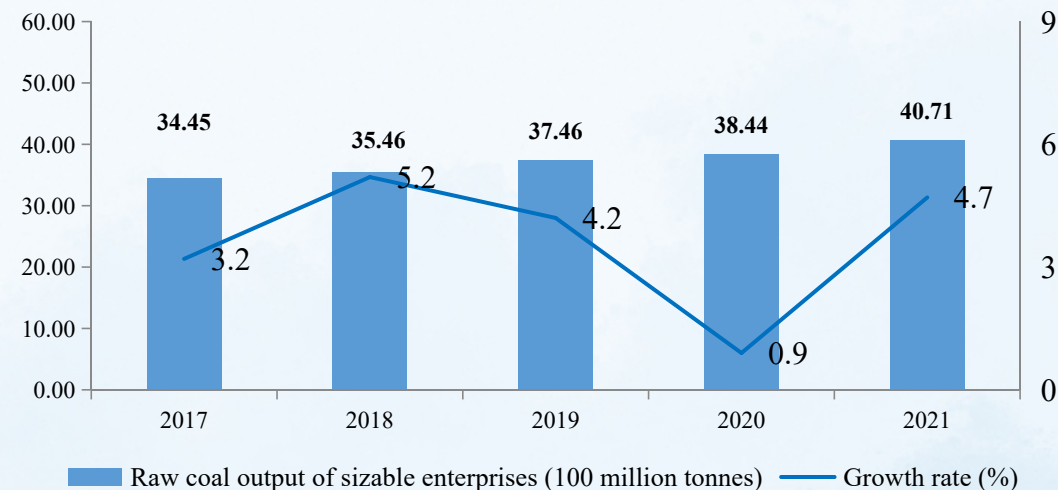


# Coal supply was relatively tight in some period, and coal price hovered at a high level

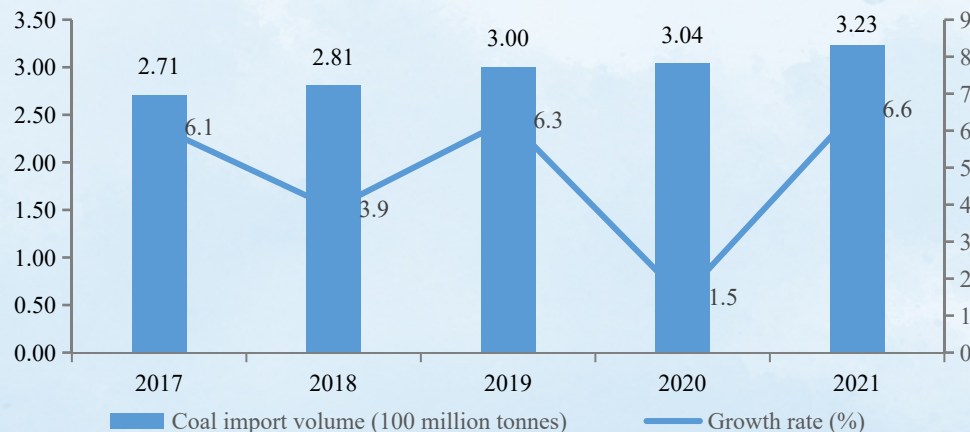
## Coal consumption has increased significantly



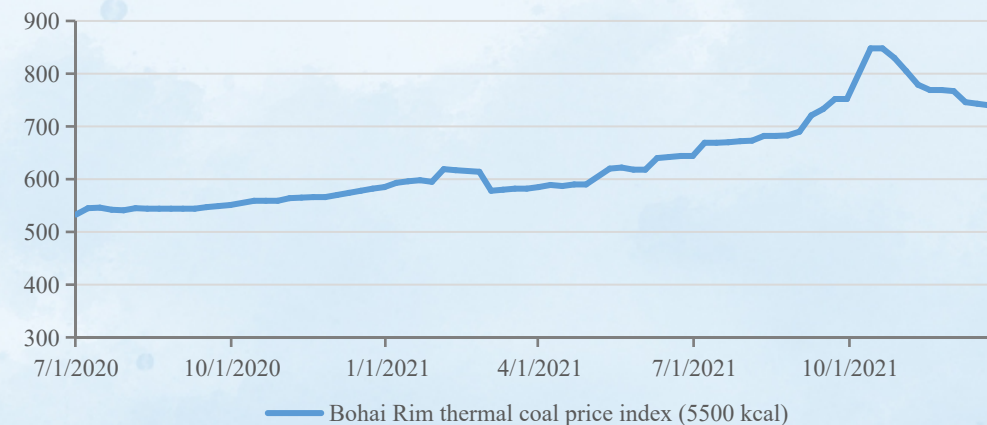
## Coal production hit a record high



## International resources were used to supplement supply



## Coal price fluctuated sharply





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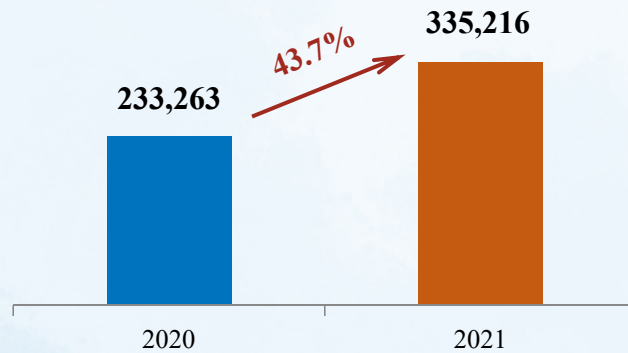
## Taking responsibilities proactively and organizing operation effectively to realize the steady growth of operation results

Business target	Unit	2021	2020	Year-on-year increase
Commercial coal production	Million tonnes	307.0	291.6	5.3%
Coal sales	Million tonnes	482.3	446.4	8.0%
Total power output dispatch	Billion kWh	156.13	127.65	22.3%
Turnover of self-owned railways	Billion tonne kilometres	303.4	285.7	6.2%
Port loading volume	Million tonnes	261.4	249.2	4.9%
Shipping turnover	Billion tonne nautical miles	112.1	93.0	20.5%
Sales volume of olefin products	Thousand tonnes	648.4	688.1	-5.8%

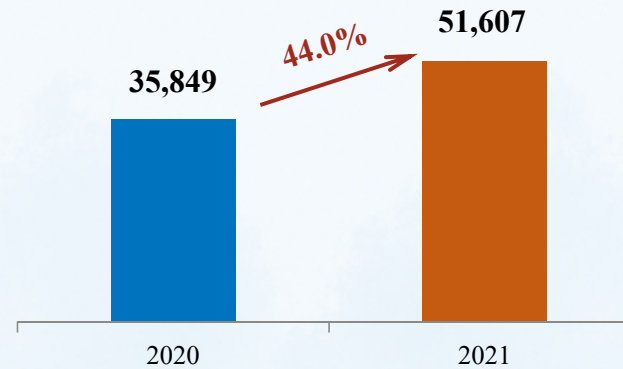


## Implementing reform and innovation, improving efficiency to create value for shareholders

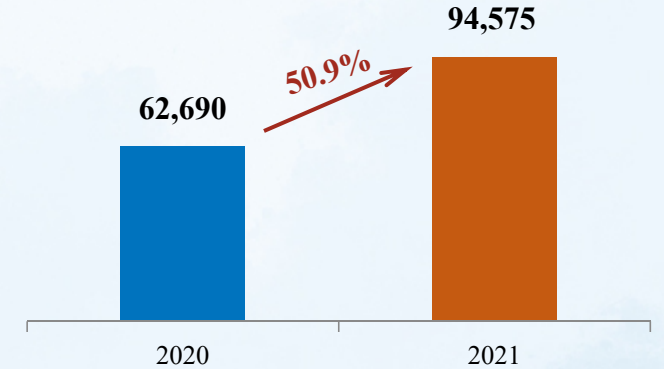
Revenue (RMB million)



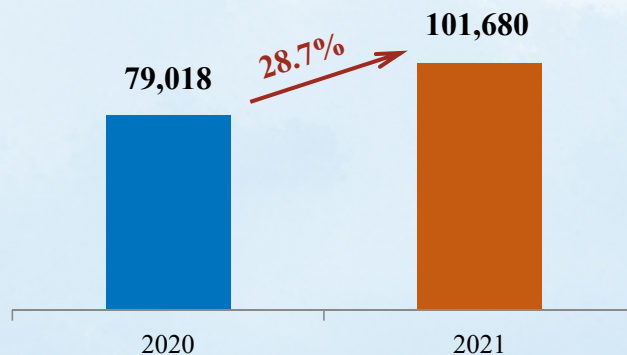
Profit of the year attributable to shareholders of the Company (RMB million)



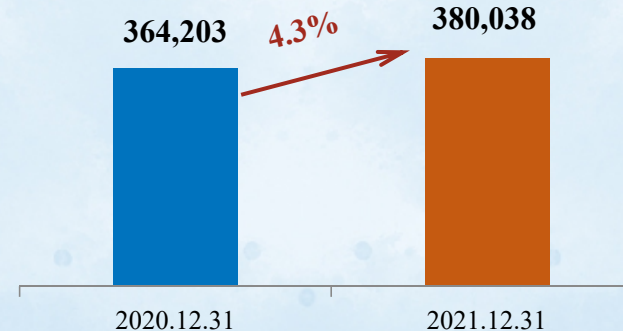
Net cash flow from operating activities (excluding the effect of Finance Company, RMB million)



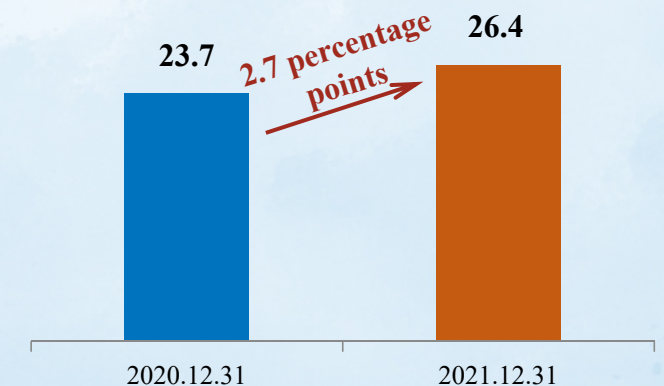
EBITDA (RMB million)



Equity attributable to shareholders of the Company (RMB million)



Gearing ratio (%)

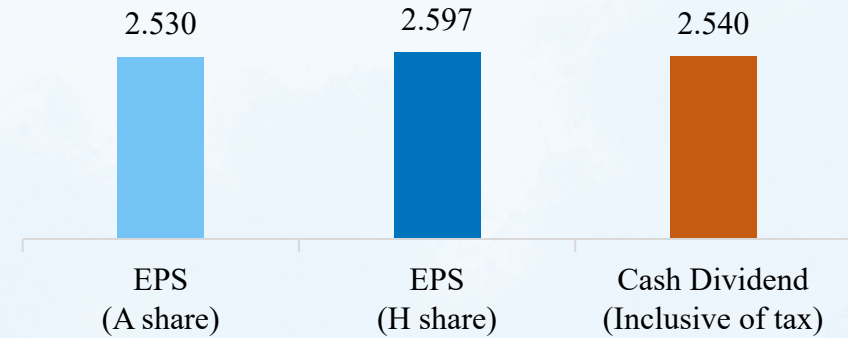




# Continuing to implement the high dividend distribution policy and actively bringing return to shareholders

- ◆ The Board of Directors attached importance to the expectations of shareholders and fulfilled its commitment of dividend distribution
- ◆ It is proposed to distribute a final dividend of RMB 2.54 per share (inclusive of tax) in 2021, totaling about RMB 50.466 billion, accounting for 100.4% of the Company's net profit attributable to the parent company in 2021 in accordance with the China Accounting Standards for Business Enterprises
- ◆ Since the Company's IPO, the cumulative cash dividend has reached RMB 351.5 billion

Cash dividend plan for 2021  
(RMB / share)



Cash dividend in recent years (RMB/share)



Proportion of cash dividend in recent years (%)



# Increasing coal production volume, promoting resource acquisition to ensure the safe and stable supply of coal

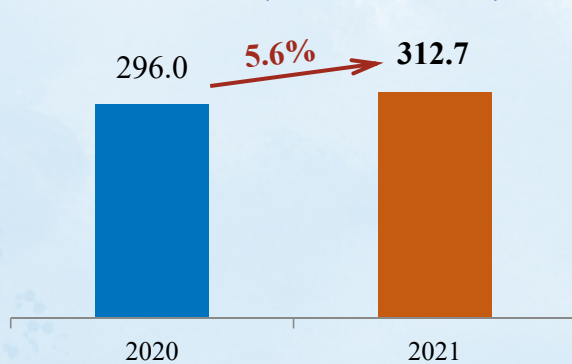
## Main incremental mines:

Shengli Open-cut Mine, Baorixile Open-cut Mine, Haerwusu Open-cut Mine, Baode Coal Mine, Buertai Coal Mine

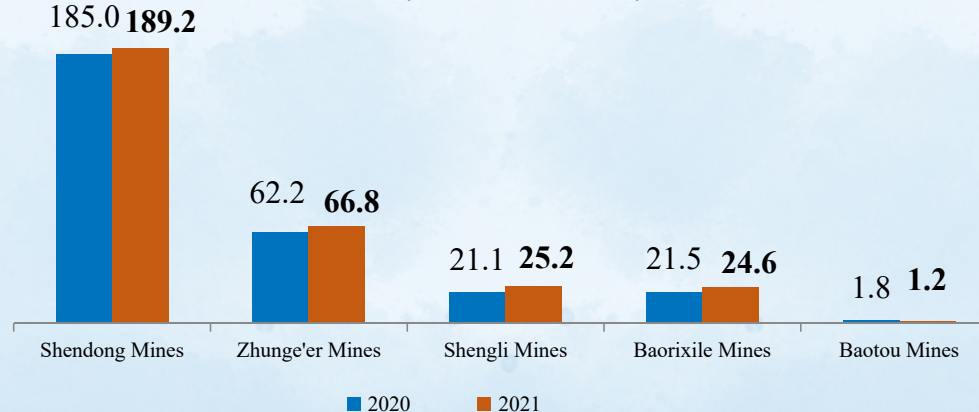
## Focusing on the continuity of coal production:

- ✓ Obtained the mineral resources exploration license (i.e. exploration right) of Taigemiao South Area of Dongsheng Coal Field, Inner Mongolia
- ✓ Obtained the approval for grassland expropriation for Beidian Shengli No. 1 Open-cut Mine's 667 hectares of land of continuous production; obtained the preliminary approval of construction land for continuous mining for 600 hectares of Baorixile Open-cut Mine, 321 hectares of Heidaigou Open-cut Mine and 289 hectares of Haerwusu Open-cut Mine
- ✓ The acquisition of surrounding resource licences of Shangwan Mine, Bulianta Mine and Wanli No. 1 Mine was carried out in an orderly manner

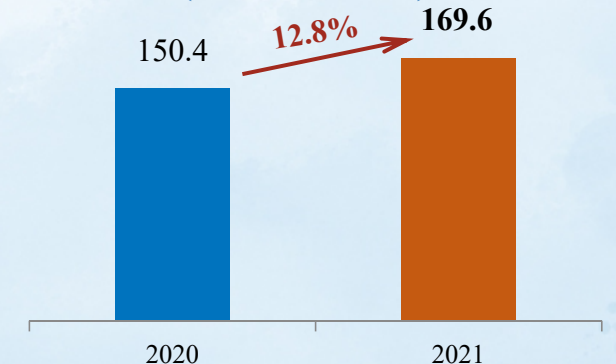
Sales volume of self-produced coal (million tonnes)



Commercial coal production of each mine (million tonnes)

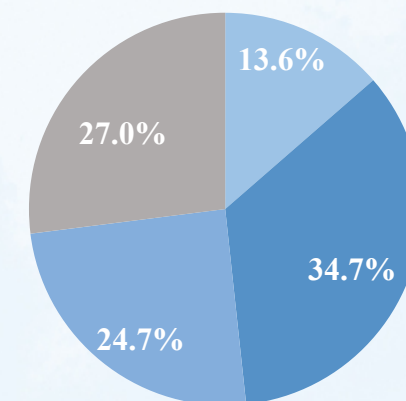


Sales volume of purchased coal (million tonnes)



# Stablizing coal price, market and customers' expectations and leading the market to fluctuate within a rational range

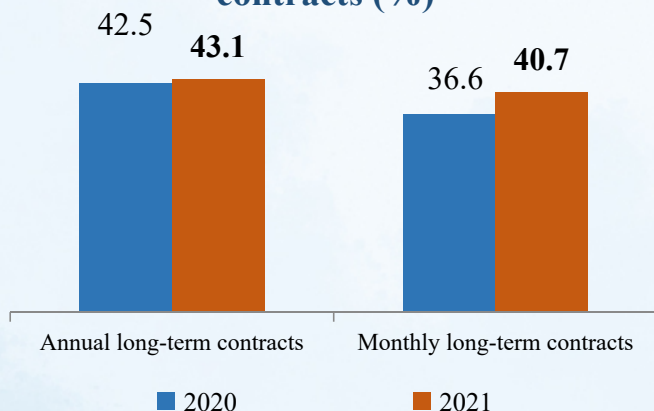
## Customer structure of coal sales in 2021



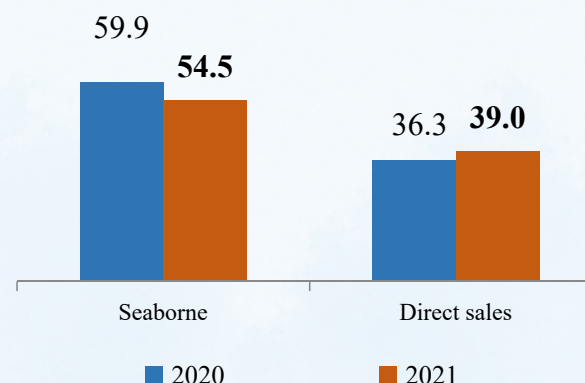
- Internal customers
- China Energy Group
- Customers under 3-year long-term thermal coal contracts
- Other customers

- ◆ The Company adopted the pricing mechanism of “Benchmark Price + Floating Price” under annual long-term contracts.
- ◆ The average coal sales price disclosed by the Company was exclusive of value-added tax.
- ◆ The actual coal price of the Company was affected by the calorific value of coal, sales location and other factors.

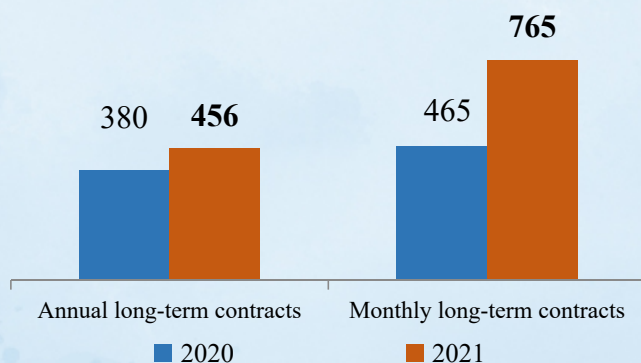
### Sales proportion under long-term contracts (%)



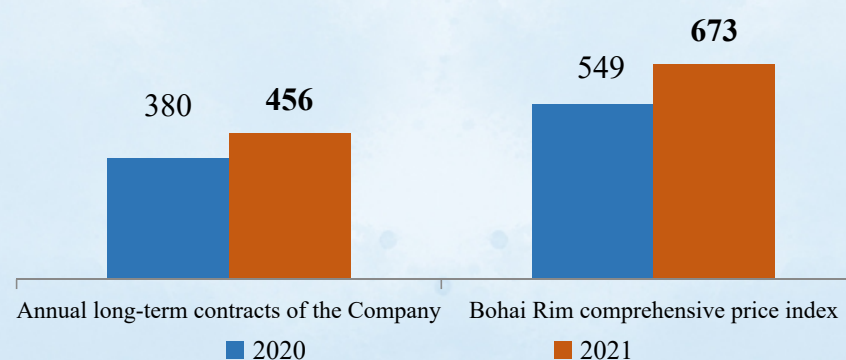
### Proportion of domestic seaborne and direct sales in total sales (%)



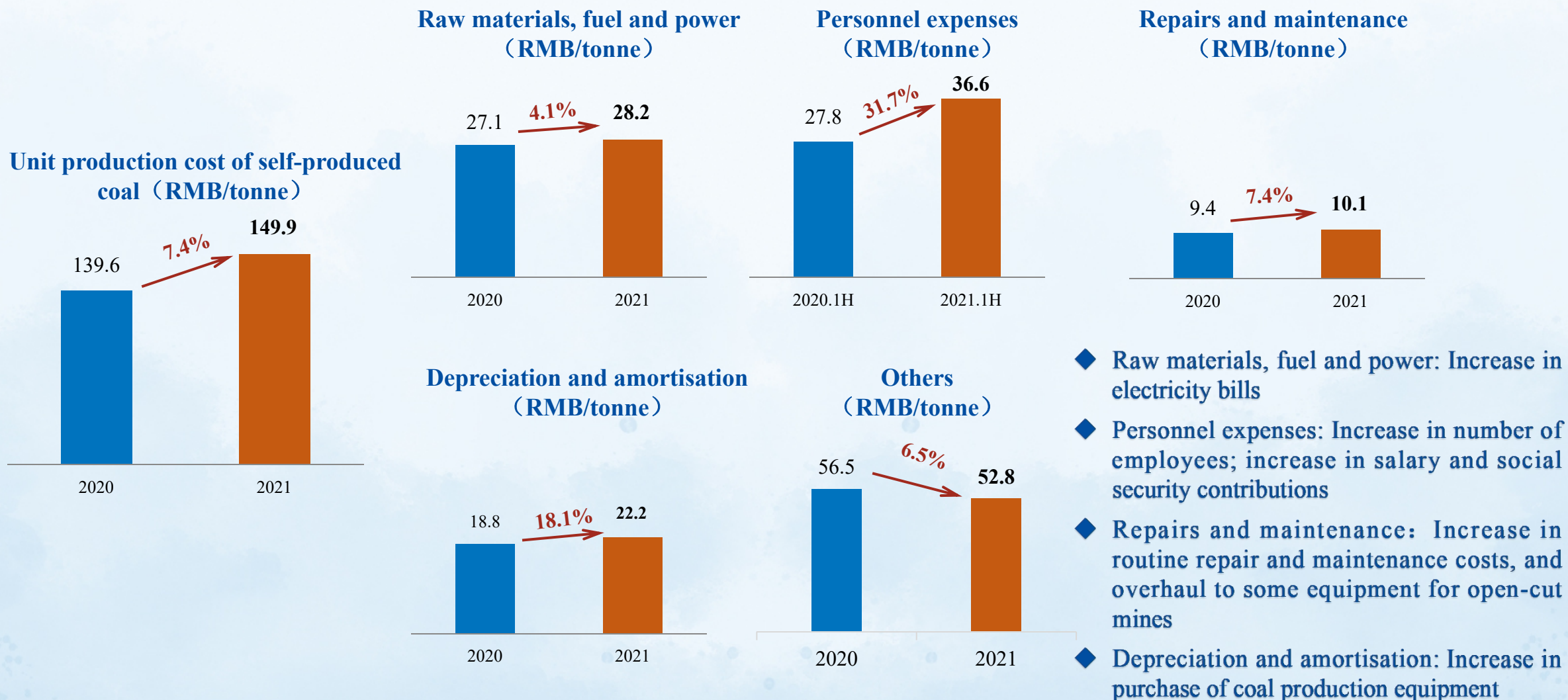
### Sales price under long-term contracts (RMB/tonne)



### Average price under annual long-term contracts was in line with price index (RMB/tonne)

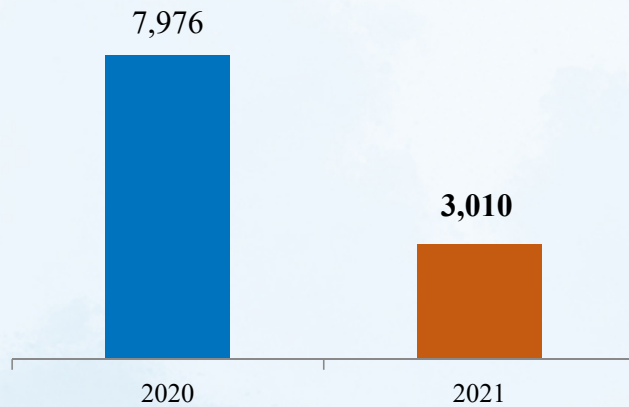


## Keeping coal production cost at the low-end of the industry

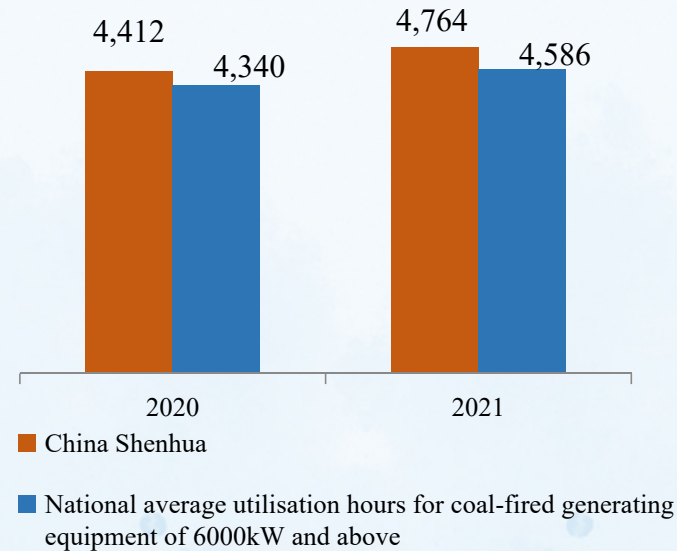


# Developing high-efficiency and low-carbon coal-fired power and maintaining profitable in power segment

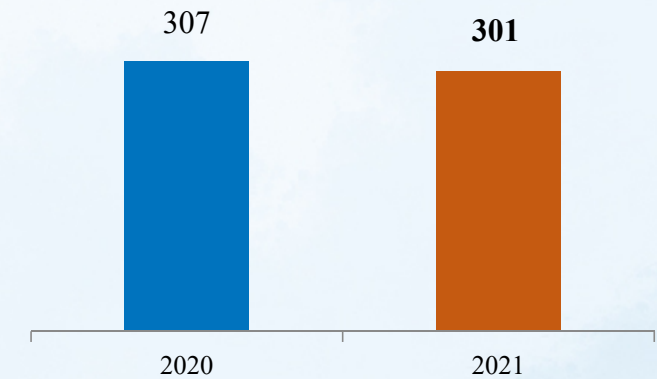
Operating profit in power segment (RMB million)



Average utilisation hours of coal-fired generating units (hour)



Average coal consumption (g/kWh)

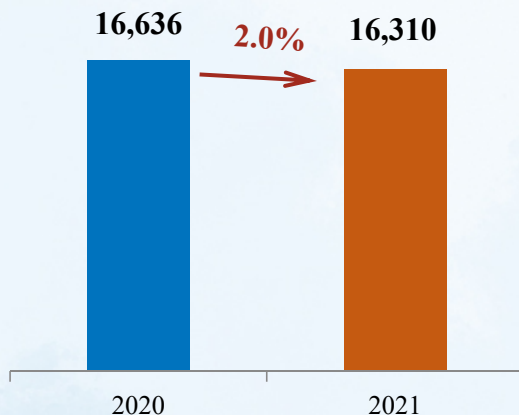


6320 MW ultra-supercritical low-energy consumption coal-fired generating units put into operation	Capacity
Units 1 and 2 of Sichuan Jiangyou Coal Reserves & Power Generation Project	2,000MW
Units 1 and 2 of Phase I of Inner Mongolia Shengli Power Plant	1,320MW
Unit 1 of Fujian Luoyuanwan Port Power Generation & Storage Project	1,000MW
Units 1 and 2 of Hunan Yongzhou Phase I Project	2,000MW

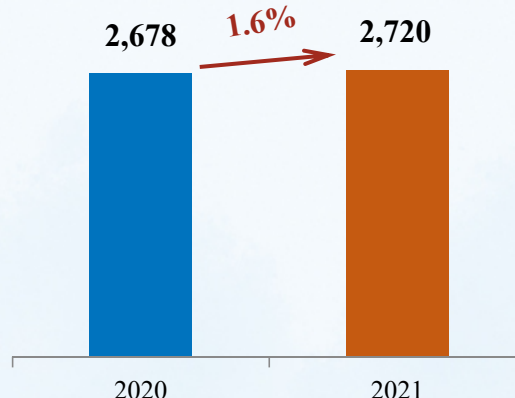
- ◆ The Company's coal & power integrated projects in mining areas maintained profitable.
- ◆ The franchised power plants in Indonesia realized a profit (before tax) of RMB 1.16 billion in 2021.

# Optimizing dispatching, smoothing transportation channels to ensure a steady operation in transportation segment

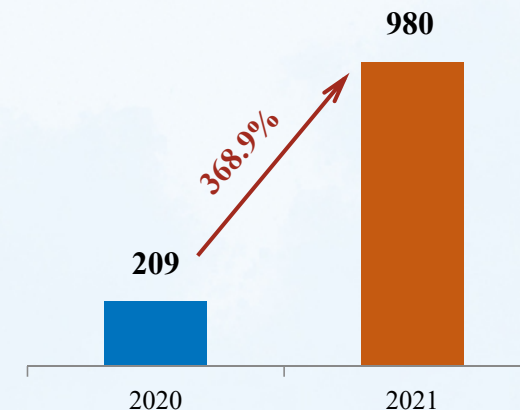
Operating profit in railway segment  
(RMB million)



Operating profit in port segment  
(RMB million)



Operating profit in shipping segment  
(RMB million)



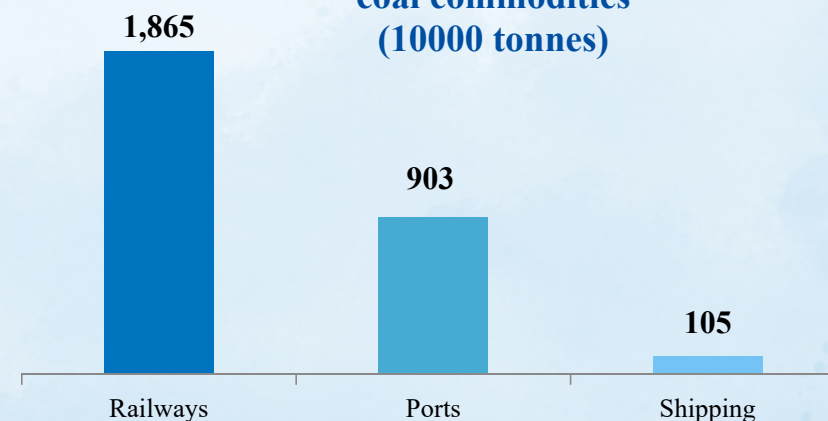
## ◆ Improving transportation capacity and efficiency of asset operation

- Promoting the construction of intelligent railways and ports, and actively advancing heavy-haul railway technology
- Huangda Railway completed the annual coal transportation volume of 11.1 million tonnes

## ◆ Actively promoting the “big logistics” strategy

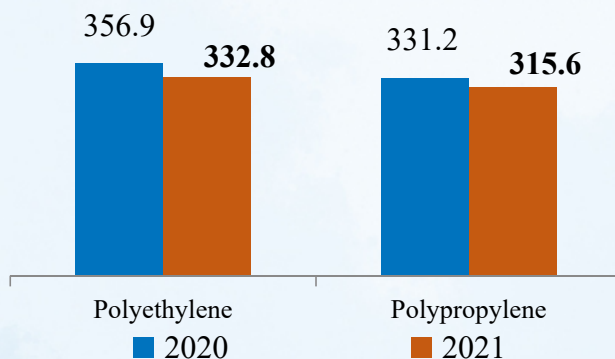
- Proactively promoting the construction and connection of dedicated rail lines and opening up new non-coal loading stations
- Broadening transportation market, integrating neighbouring resources and innovating trade patterns

Transportation volume of non-coal commodities  
(10000 tonnes)

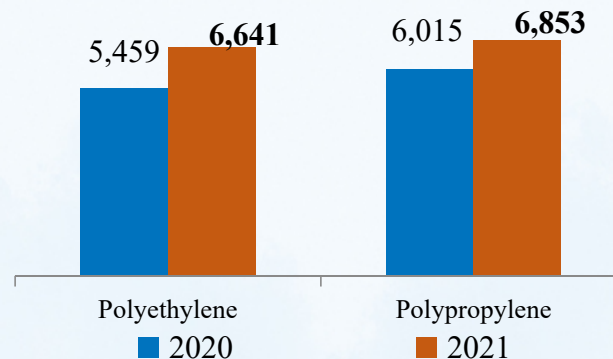


# Enhancing R&D and developing high-end, diversified and low-carbon coal chemical business

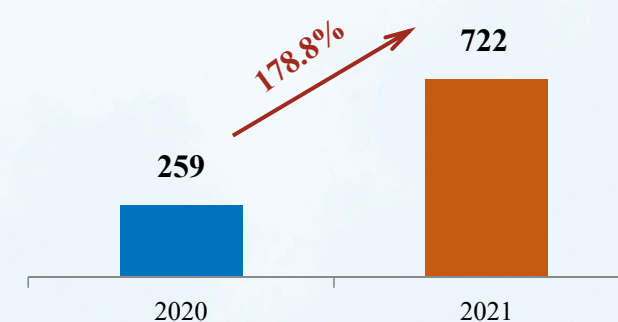
Sales volume of olefin products  
(thousand tonnes)



Sales price of olefin products  
(RMB/ tonne)



Operating profit in chemical segment  
(RMB million)



## ◆ Achieving significant improvement in operating results

- Overcame the impact of shutdown and overhaul from September 15 to October 21, 2021
- Successfully developed three new polyolefin products, namely Polypropylene S2040H, Polyethylene DMDA-8008J, Polyethylene DNDB-7149, diversifying the types of dipolymerization products
- Put into use the reconstruction project of effluent wastewater desalination
- The overall energy consumption and the water consumption per unit polyolefin product hit the lowest level since the operation of the device

New products	Characteristics	Price
Polypropylene S2040H	Using phosphite antioxidant for the first time	RMB 9190/tonne
Polyethylene DMDA-8008J	The comonomer was upgraded from C4 to C6	RMB 9044/tonne
Polyethylene DNDB-7149	performing well in mechanical property, high- and low-temperature resistance and chemical resistance and other properties	RMB 8429/tonne

# Accelerating the development of clean and renewable energy

## ◆ As of the end of 2021:

- The installed capacity of distributed photovoltaic projects in operation reached about 73 MW
- The total planned capacity of renewable energy projects were about 2890 MW
- Projects in the pipeline include: 150 MW photovoltaic project at dumping site of Beidian Shengli Open-cut Mine, and distributed photovoltaic projects located in Guangdong, Fujian, Shandong and other places

## ◆ Flexibly using multiple ways to acquire potential projects

- Signing a strategic cooperation agreement with the Hohhot Municipal Government and other partners to participate in the development and construction of new energy projects in Hohhot's "zero carbon" industrial park and "zero carbon" city
- Signing strategic cooperation agreements with new energy companies and R&D institutions to promote the development of new energy projects such as distributed photovoltaics, pumped storage, wind-solar-thermal-hydrogen-storage integration



## ◆ Participating in the establishment of new energy investment funds

- Participating in the establishment of two new energy-related investment funds
- As of the end of 2021, the two funds had promoted 6 new energy projects
- The company actually contributed RMB519 million to the two funds



## Advancing the intelligent construction in an orderly manner

### ◆ Making phased achievements in intelligent coal mines

- Having developed and applied more than 140 coal mine robots of 21 kinds in 5 categories, and built 26 intelligent long-wall mining faces, 4 intelligent roadway development working faces, 6 intelligent coal preparation plants and 2 unmanned truck projects in open-cut mines
- 6 coal mines, namely Heidaigou Mine, Shangwan Mine, Buertai Mine, Daliuta Mine, Jinjie Mine and Yujialieng Mine, have passed the provincial (autonomous region) acceptance test of intelligent coal mines

### ◆ Building smart power plants, smart railways and smart ports

- Huanghua port is the first coal port in the world to realize the intelligent control on equipments covering the whole process including dumping, stacking, reclaiming and loading
- Baoshen Railway established freight heavy-haul railway intelligent driving technical standards
- The level of intelligent generation, intelligent management and intelligent operation in power segment was further improved



Shendong Coal released "Harmony OS Mining Operating System", which is the first industrialized application of domestic operating system



Shenbao Energy realized the world's first 5G + unmanned and unguided demonstration operation for open-cut mines under extremely cold weather



Huanghua Port was rated as "Asia Pacific Green Port"

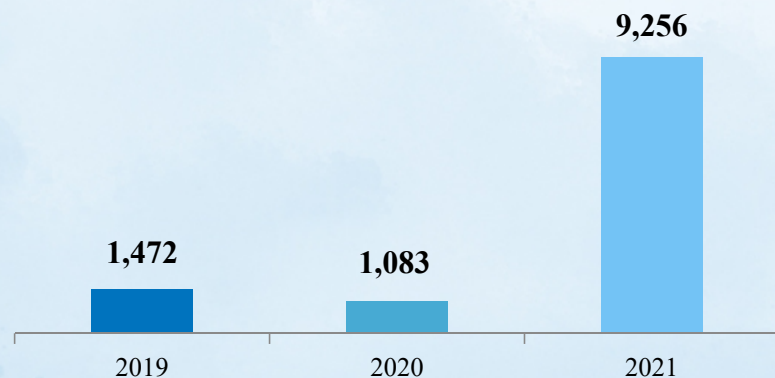
## Actively responding to climate change

◆ By 2030, the total emission of scope I and scope II of the Company will grow no more than 48% compared with that in 2020

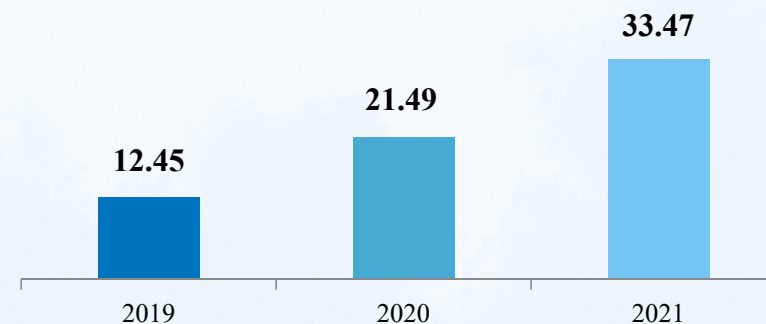
◆ Established:

- Climate change governance structure from the Board of Directors to production units
- Climate change risk identification, assessment, response, monitoring, analysis, early warning and reporting process

Newly added green area  
(10000 square meters)



R&D capital investment (RMB 100 million)



◆ Relying on science and technology, implementing comprehensive treatment and promoting clean and efficient utilization of coal

- The whole process demonstration project of CCS after combustion of 150000 tonnes/year in the coal-fired power plant has been put into operation, and the overall performance indicators have reached the world's leading level
- Accelerating the application of innovative and efficient energy-saving technologies and reducing overall energy consumption
- Strengthening carbon asset management, and all 21 power plants met targets in 2021
- Continuing to promote green ecological upgrade and playing a role in reducing and fixing carbon



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## Striving to reach the business target for 2022

Business target	Unit	Target of 2022	2021	YoY
Commercial coal production	100 million tonnes	<b>2.978</b>	3.070	(3.0)
Coal sales	100 million tonnes	<b>4.029</b>	4.823	(16.5)
Power generation	100 million kWh	<b>1,805</b>	1,664.5	8.4
Revenue	RMB100 million	<b>2,966</b>	3,352.16	(11.5)
Operating cost	RMB100 million	<b>2,048</b>	2,391.56	(14.4)
Selling, general and administrative, R&D and financial expenses	RMB100 million	<b>132</b>	122.90	7.4
Change in unit production cost of self-produced coal	/	<b>About 10% year-on-year growth</b>	7.4% year-on-year growth	/

- ◆ Organizing production succession in an orderly manner, and the supply of commercial coal remains stable
- ◆ Conducting coal purchase business depending on market and demand conditions, and the volume of purchased coal is expected to decline

- ◆ Stabilizing the operation of generating units and achieving growth in power generation
- ◆ Strengthening control to keep costs within a reasonable range

# Leveraging the advantage of integrated operation and making every effort to ensure the safe supply of energy

## Continuously improve the capacity to ensure supply

- ◆ Ensure the safety production
- ◆ Accelerate the pace of acquiring permit and licence and land expropriation
- ◆ Optimize production succession, and ensure stable production and supply of self-produced coal
- ◆ Actively expand coal resources

## Actively respond to new dynamics in the power industry

- ◆ Strengthen the organization and coordination of power trading under the new situation
- ◆ Promote energy-saving renovation, heat supply renovation and flexibility renovation of coal-fired generating units
- ◆ Ensure stable operation of the generating units

## Enhance the infrastructure and synergy to improve the collection and distribution capacity

- ◆ Promote the construction of self-owned dedicated lines and connection to external lines
- ◆ Accelerate the expansion and renovation of trunk lines and yard stations
- ◆ Construct the national-level coal storage bases at Beihai, Zhuhai Port and Huanghua Port
- ◆ Actively and steadily promote big logistics

## Operate safely and stably and accelerate project construction

- ◆ Step up efforts to research and develop high value-added products
- ◆ Deepen cost control measures and improve performance stability
- ◆ Actively promote the preparation work before starting the second phase of coal-to-olefin upgraded demonstration project, and strive for substantial construction in 2022



# Actively promoting project construction in each segment

Operating Indicators	Unit	Target of 2022	Main Investment Directions
1. Coal segment	RMB100 million	<b>61.57</b>	Technical renovation projects of various mines in Shendong mining area, production optimization project of Shengli No. 1 Open-cut Coal Mine, pre-construction preparation of Xinjie Taigemiao mining area
2. Power segment	RMB100 million	<b>171.86</b>	Guangdong Qingyuan 2×1,000MW, Guangxi Beihai 2×1,000MW, Hunan Yueyang 2×1,000MW, Huizhou Phase II 2×400MW Gas-fired Thermal Power, Indonesia South Sumatra No. 1 2×350MW Project, Luoyuanwan 2# Unit
Of which: new energy segment	RMB100 million	<b>50.22</b>	Photovoltaic project at the dumping site of Shengli Energy's Open-cut Mine, distributed photovoltaic power generation project, etc.
3. Transportation segment	RMB100 million	<b>80.69</b>	
Of which: railways	RMB100 million	<b>64.87</b>	Purchase of railway locomotives, the project of Shenshuo Railway's expansion and upgrading to 300 million tonnes, etc.
Ports	RMB100 million	<b>15.38</b>	Guangxi Beihai terminal project, Huanghua Port bulk cargo terminal project and ore loading project, etc.
Shipping	RMB100 million	<b>0.44</b>	
4. Coal chemical segment	RMB100 million	<b>4.83</b>	Baotou coal-to-olefin upgraded demonstration project and Bayan Nur 1.2 million tonnes of tamping coke and comprehensive utilization project
5. Others	RMB100 million	<b>7.16</b>	
Total	RMB100 million	<b>326.11</b>	

# Continue to promote the Xinjie Project

## Positive progress has been made in 2021



- The South Area was granted a mineral resources exploration license (i.e., exploration right) in April 2021, allowing detailed geological survey.
- The North Area has obtained a mineral resources exploration license which was converted from detailed survey to exploration right in October 2020 and the exploration was officially started in November 2021.
- The Environmental Impact Statement of the Mine Plan (Revised) was approved.



## Revising overall planning of mining areas

- The project's Overall Planning (Revised) is publicized in the Energy Bureau of Inner Mongolia Autonomous Region, and will be submitted to the National Energy Administration for review after the completion of the public announcement.
- After the revision, the mine area is 681.03 square kilometers, with coal resources of 12.3 billion tonnes. A total of 8 mines and 1 reserved area are planned, with the total production capacity of 56 million tonnes/year.



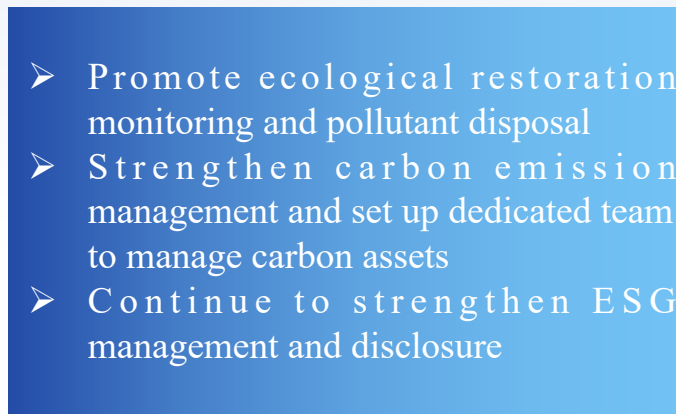
## Striving for the construction start-up of the first and the second mine in Xinjie during the "14th Five-Year Plan" period

# Resolutely promoting green and low-carbon energy development



## Accelerate intelligent construction

- Strive to achieve full coverage of intelligent coal mine by the end of the year; all mining and roadway development working faces in underground coal mines realize intelligence; all fixed positions in the underground realize unattended.
- Building intelligent power plants, intelligent railways, intelligent eco-ports



## Fully promote ecological and environmental protection work



## Improve operation and management level

- Deepen the synergy of internal industrial chain to improve the quality of integrated operation
- Innovate operation models and improve the market-oriented capacity
- Continuously strengthen work related to capital market to ensure smooth information communication





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# Thanks!





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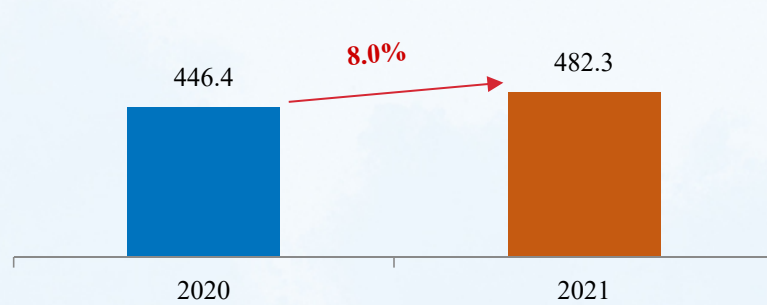
## Appendix : Key Operating Data of Each Segment in 2021



# Coal segment

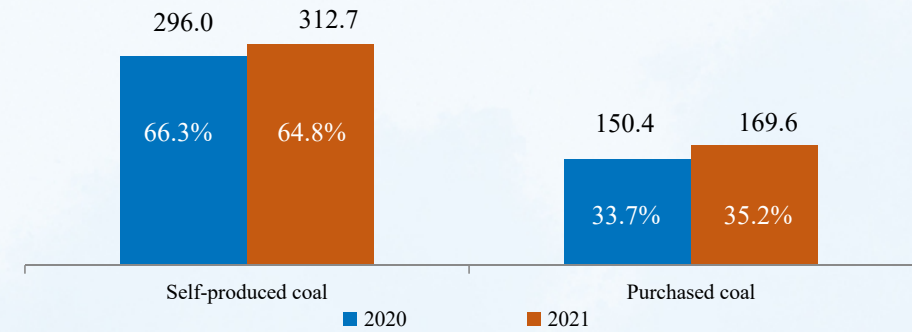
## Coal sales

(million tonnes)



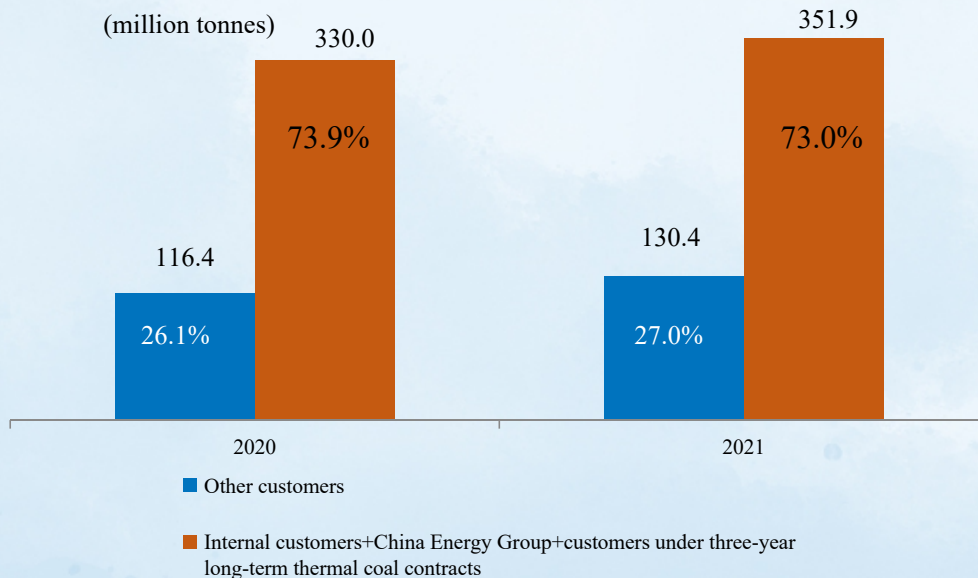
## Structure of coal sales (source of coal)

(million tonnes)



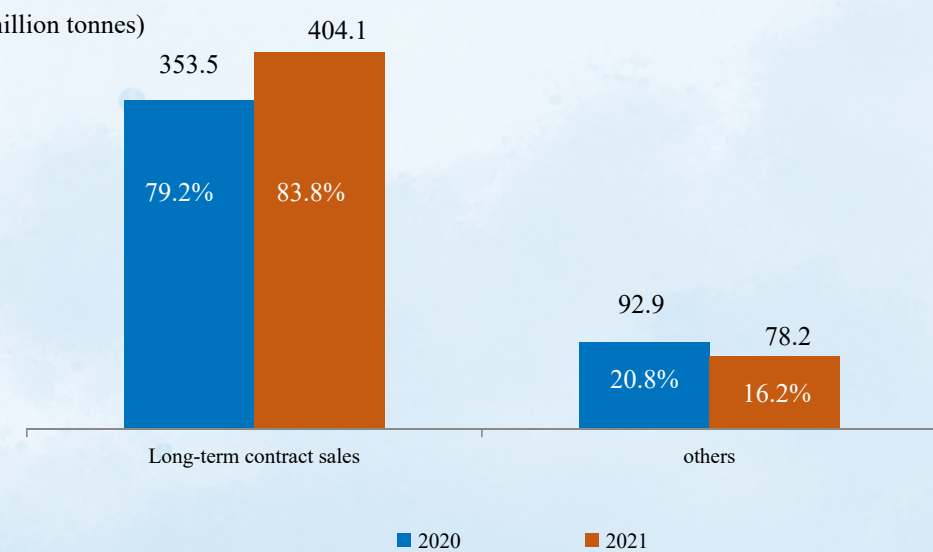
## Structure of coal sales (customers)

(million tonnes)



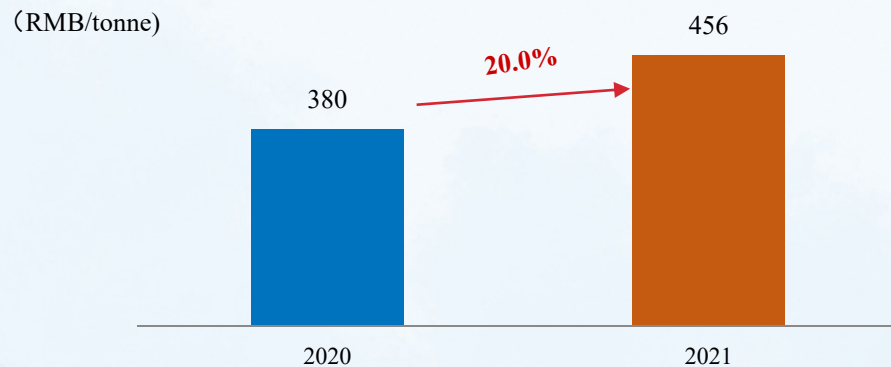
## Structure of coal sales (types of contracts)

(million tonnes)

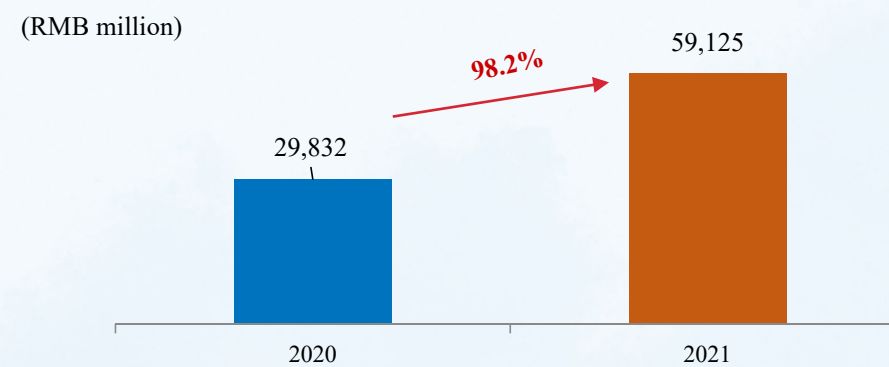


# Coal segment

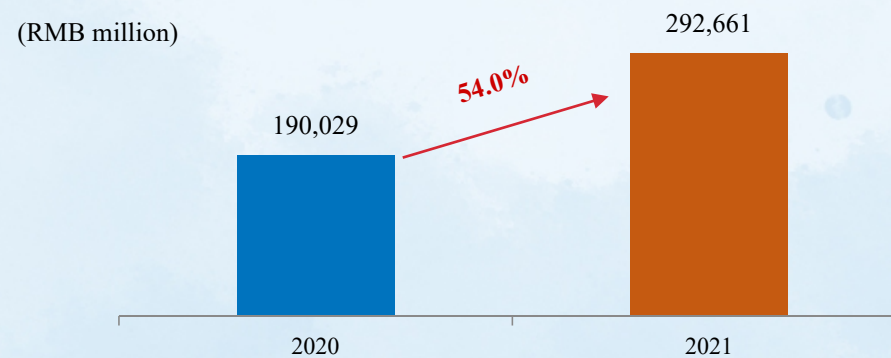
## Average price for annual long-term contracts



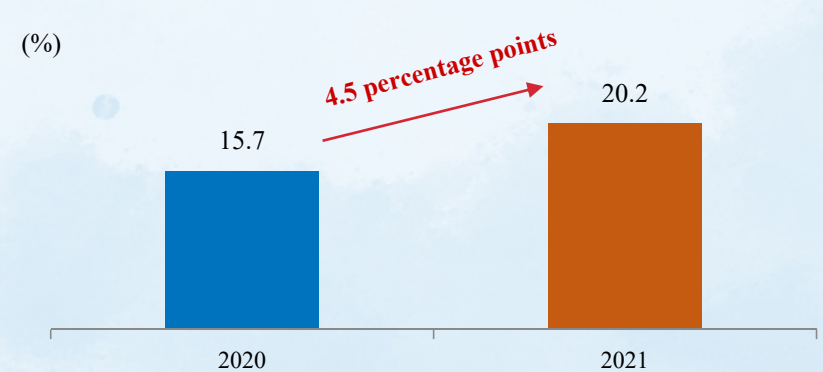
## Operating profit



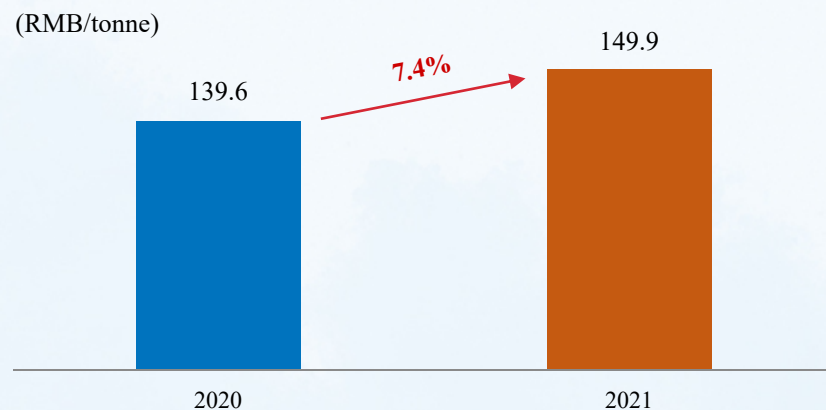
## Revenue of coal segment



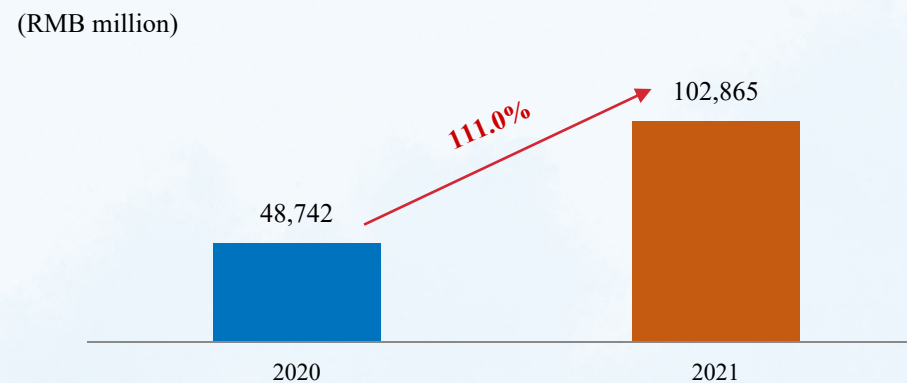
## Operating profit ratio



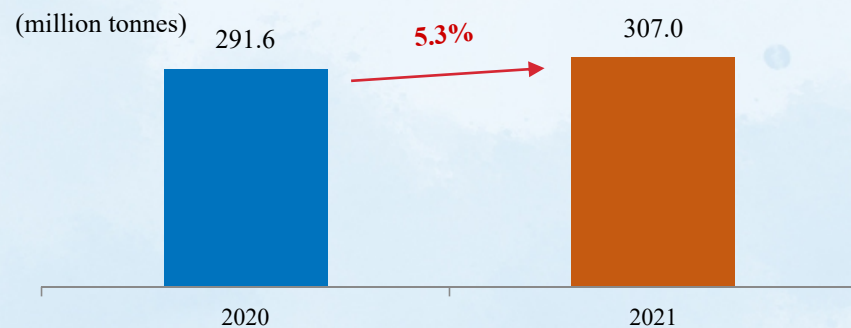
## Unit production cost of self-produced coal



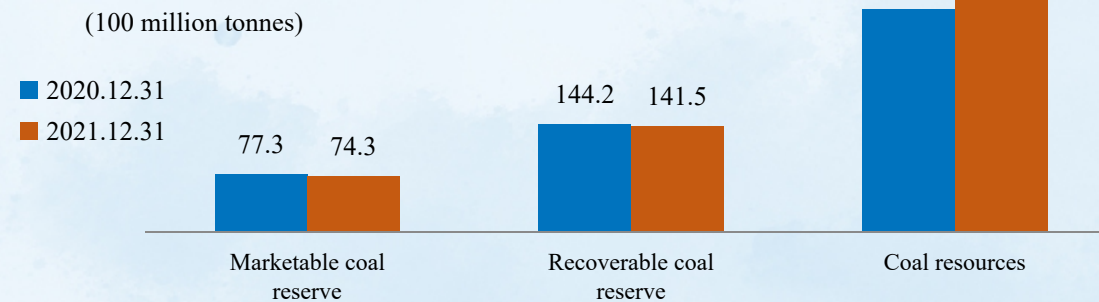
## Cost of purchased coal



## Commercial coal production

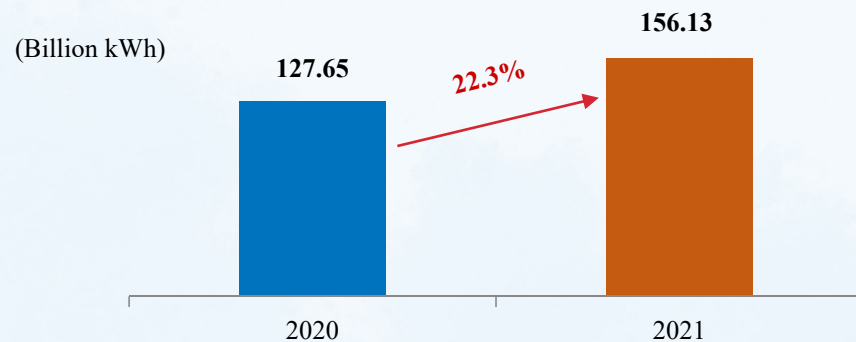


## Coal reserves

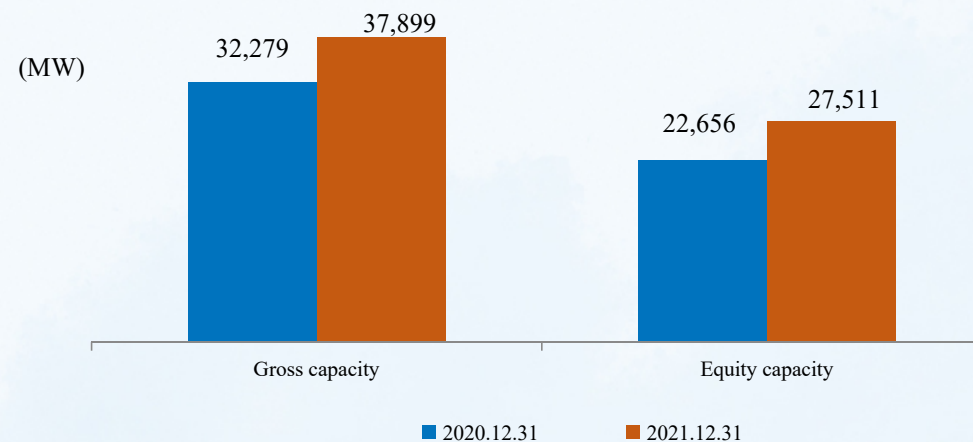


Recoverable coal reserve and coal resources under the PRC standard while marketable coal reserve under the JORC Standard

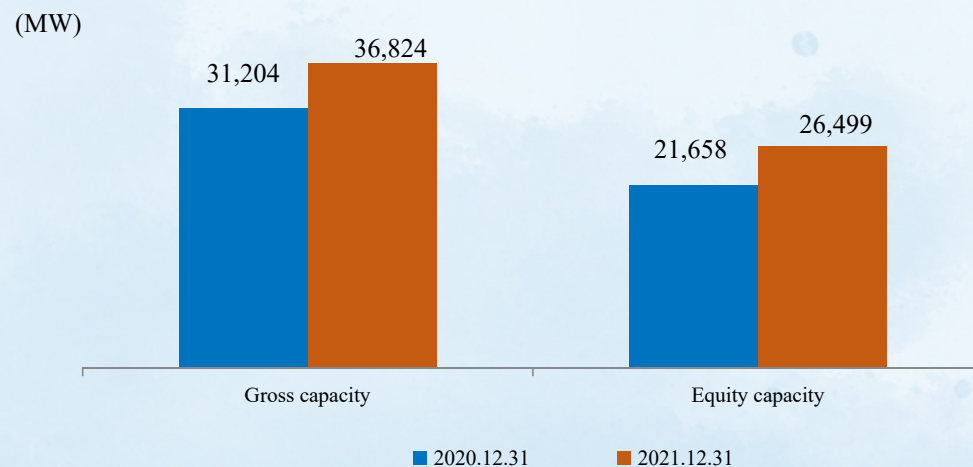
### Power output dispatch



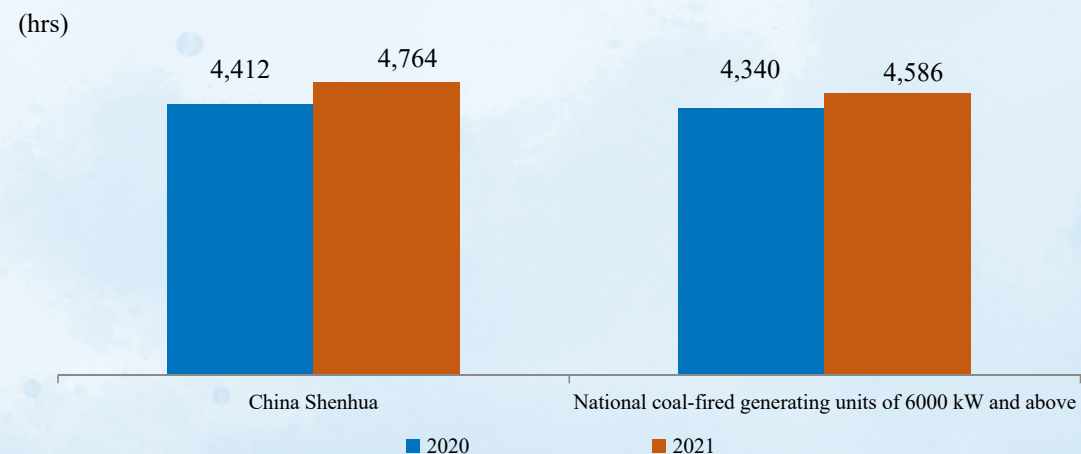
### Total installed capacity



### Installed capacity of coal-fired generating units

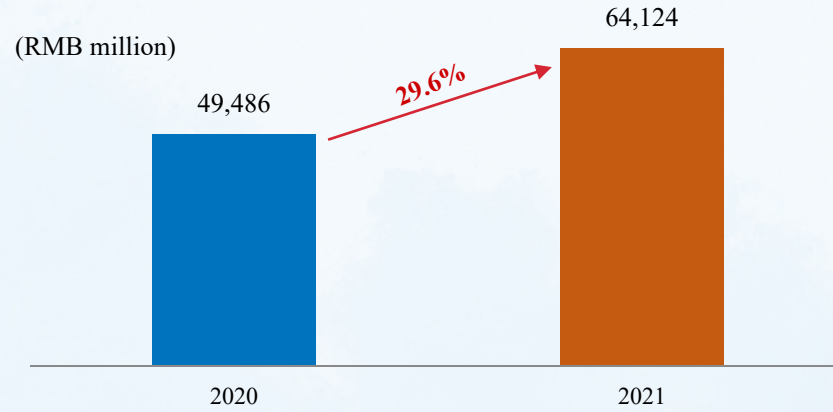


### Average utilisation hours of coal-fired generating units

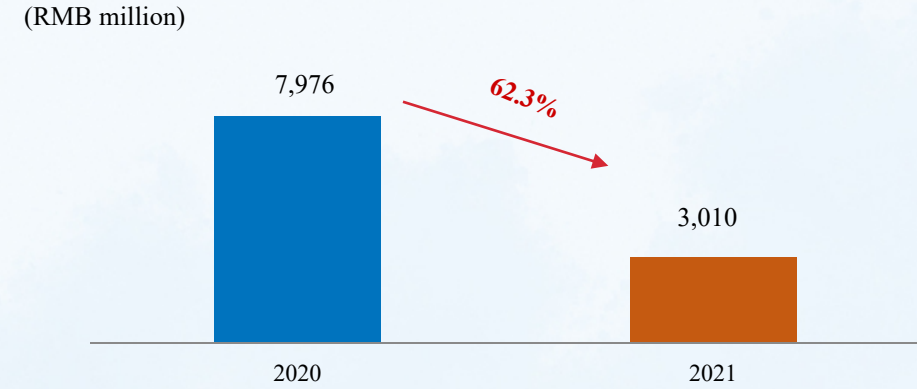


# Power segment

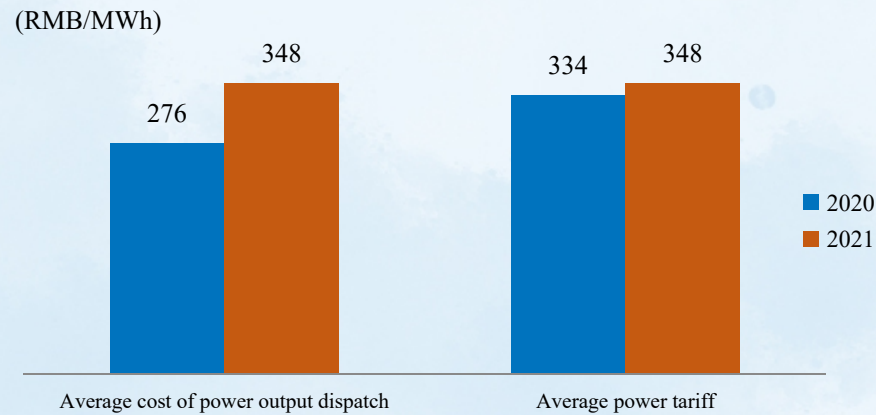
## Revenue of power segment



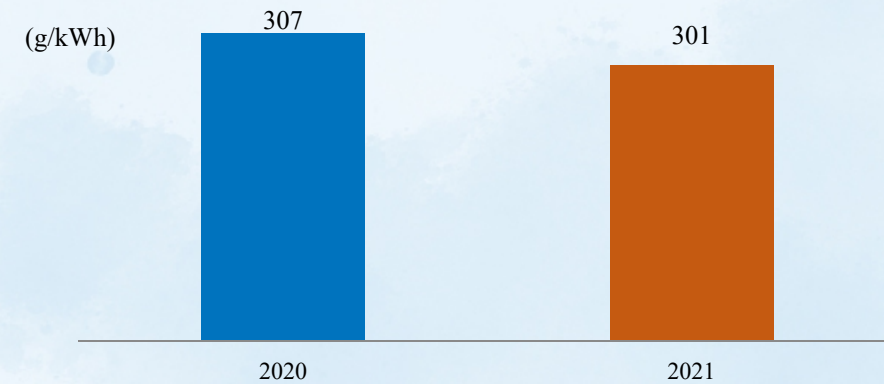
## Operating profit



## Average cost of power output dispatch/power tariff

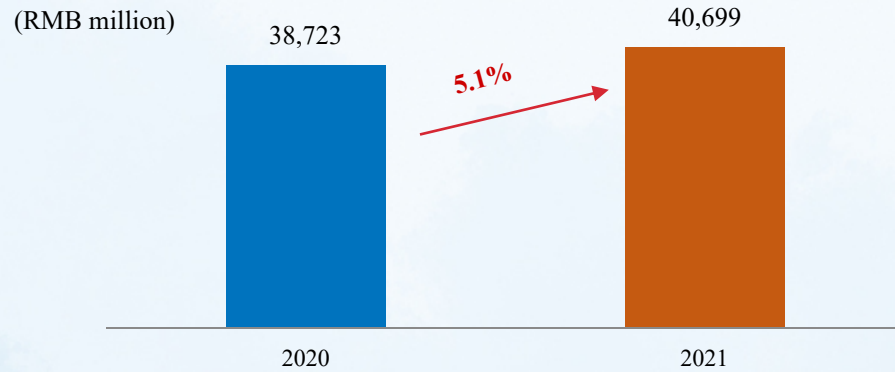


## Standard coal consumption of coal-fired generating units

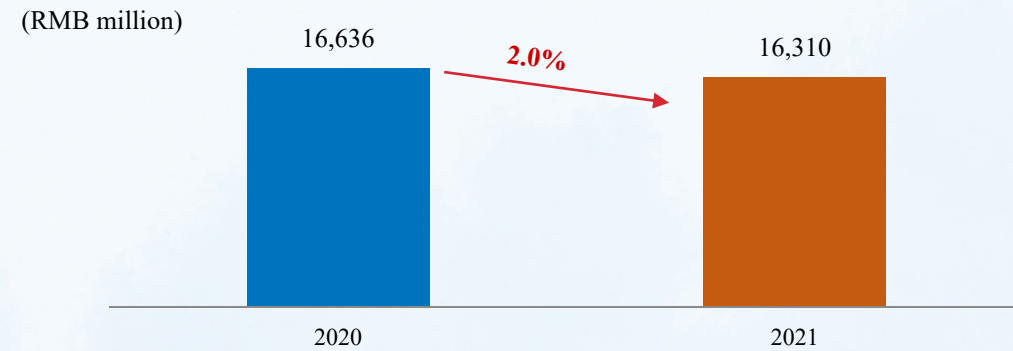


# Railway Segment

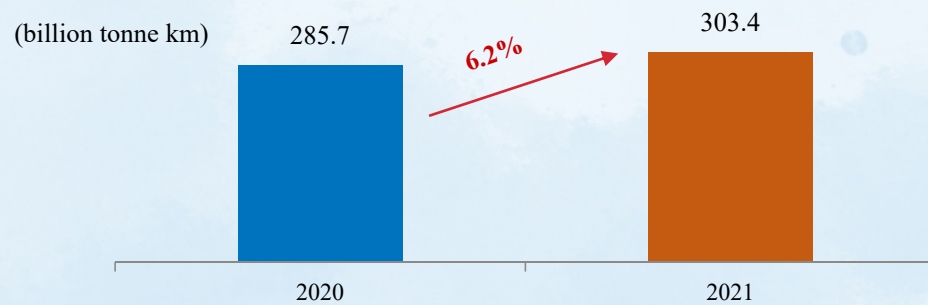
## Revenue of railway segment



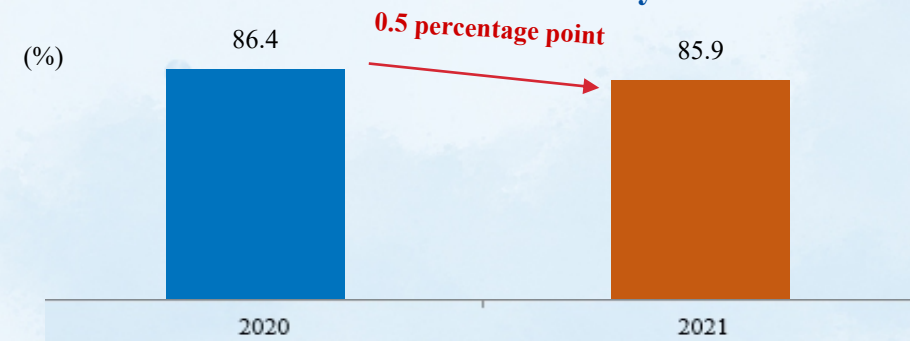
## Operating profit



## Transportation turnover of self-owned railway



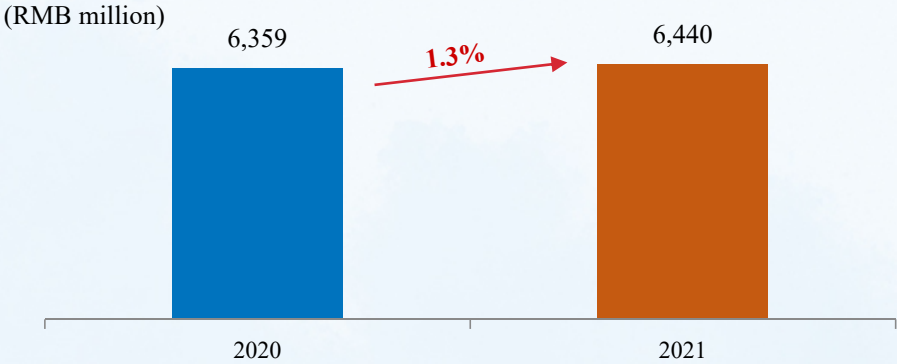
## Percentage of transportation turnover of self-owned railway



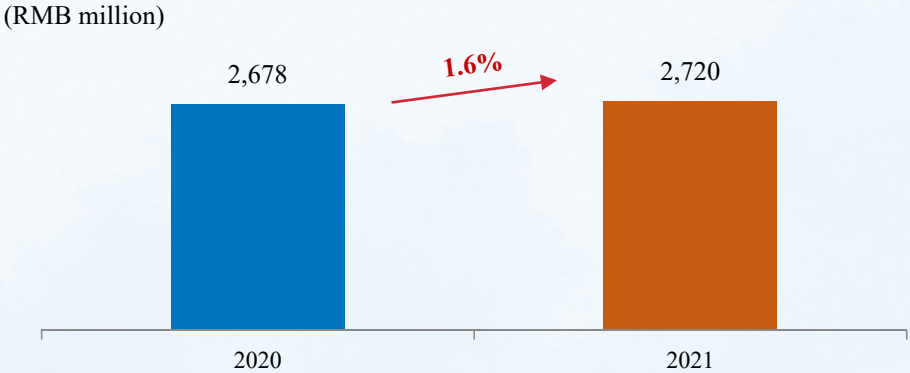


# Port Segment

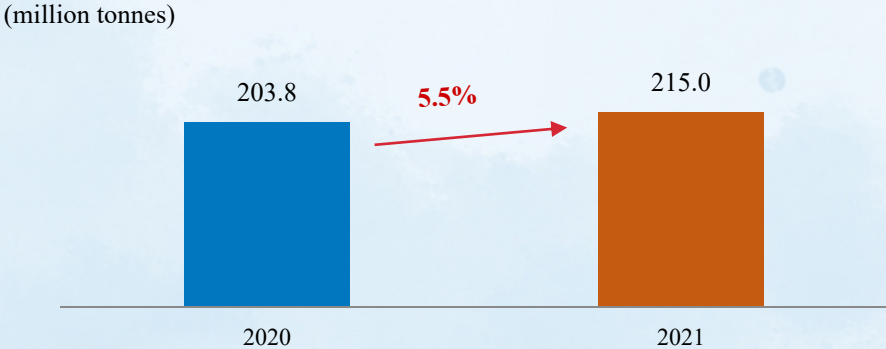
### Revenue of port segment



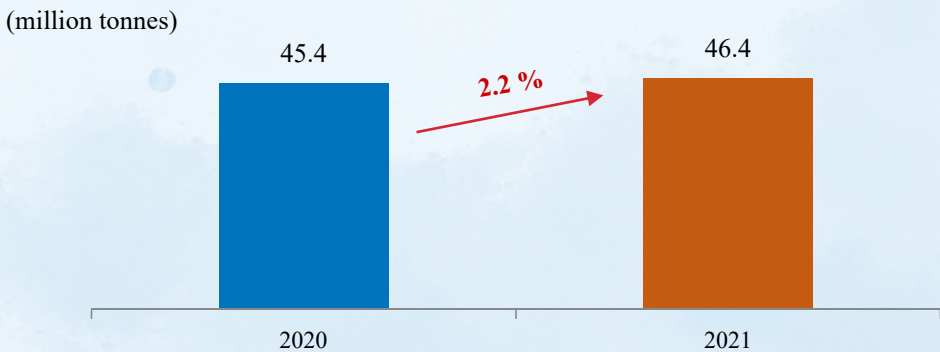
### Operating profit



### Loading volume at Huanghua Port

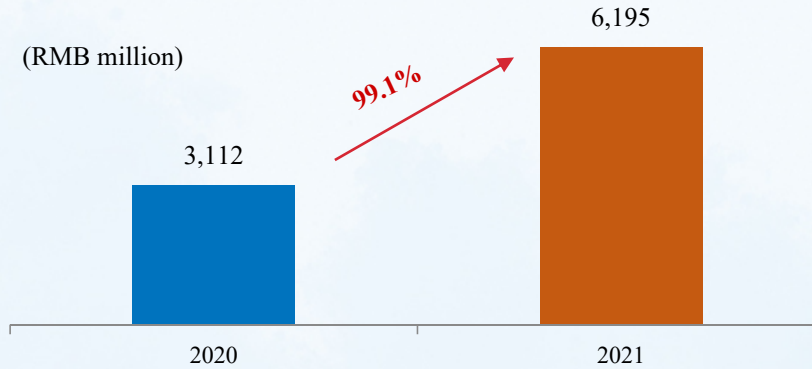


### Loading volume at Tianjin Coal Terminal

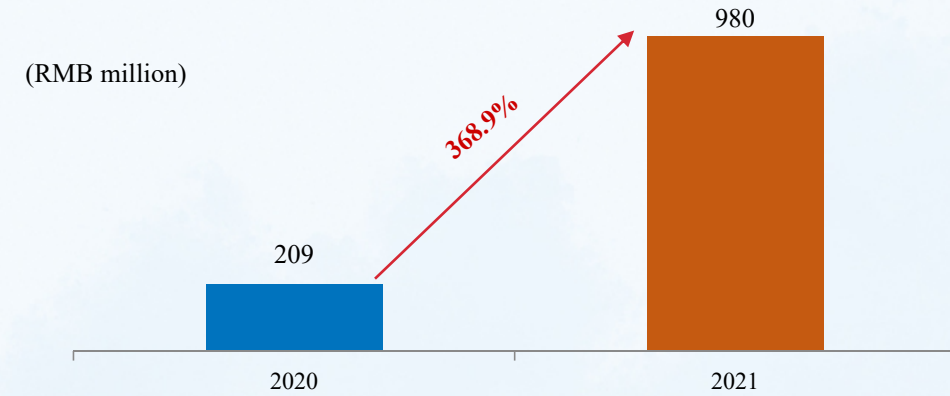


# Shipping Segment

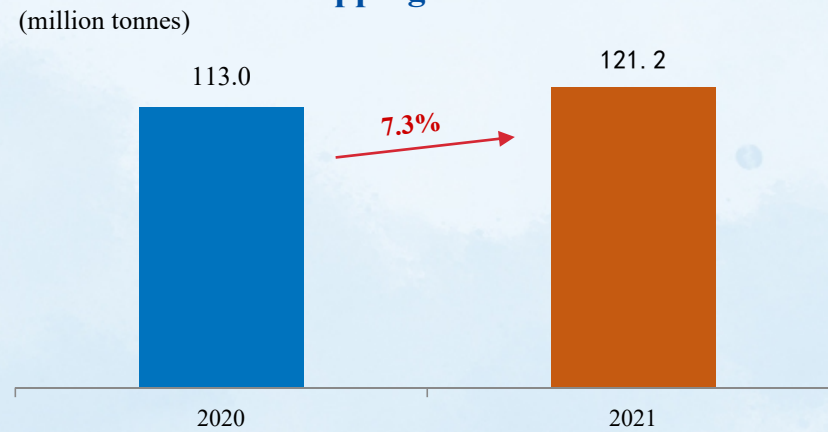
## Revenue of shipping segment



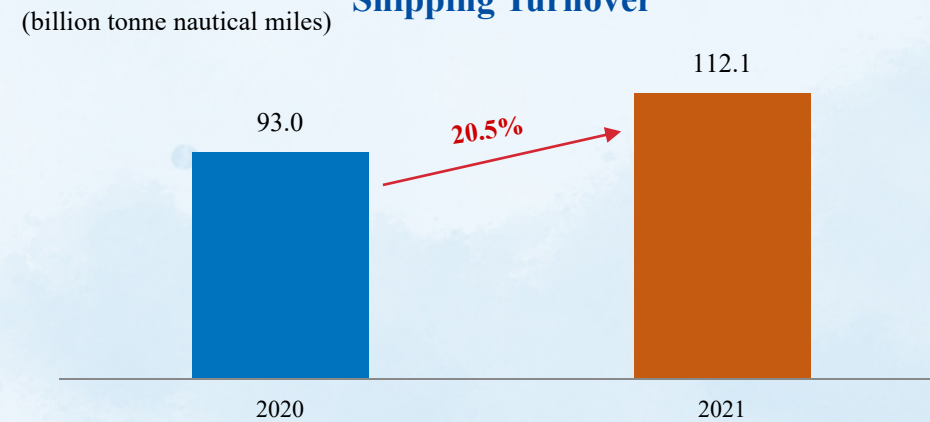
## Operating profit



## Shipping Volume



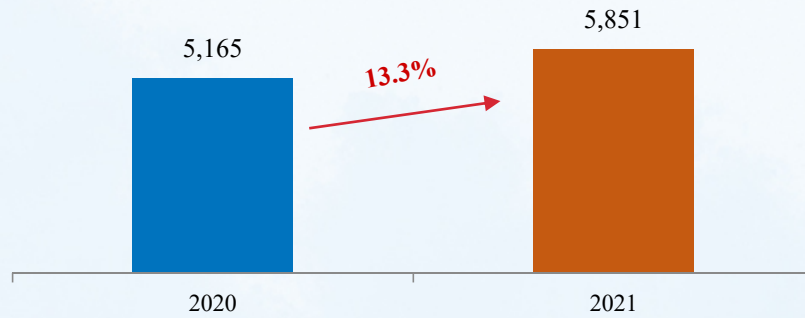
## Shipping Turnover



# Coal Chemical Segment

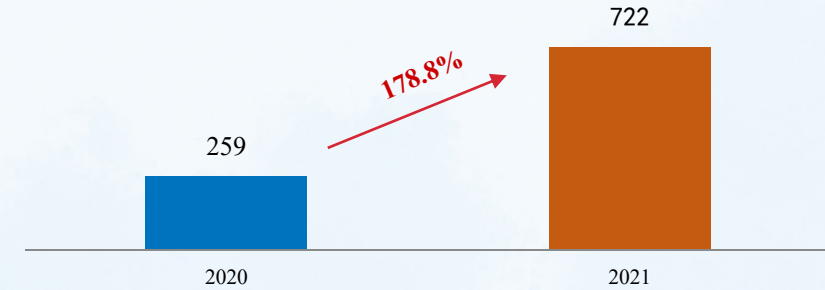
## Revenue of coal chemical segment

(RMB million)



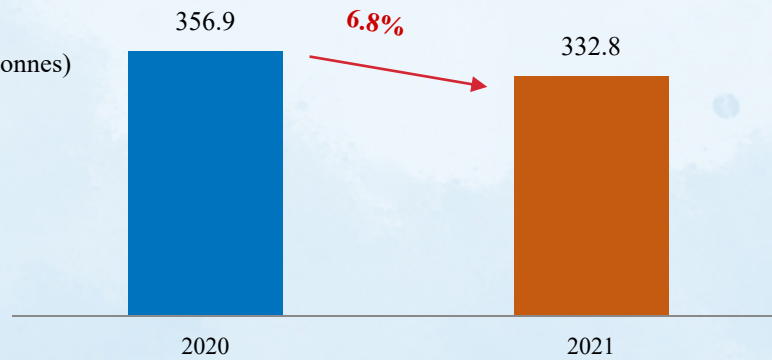
## Operating profit

(RMB/tonne)



## Sales of polyethylene

(thousand tonnes)



## Sales of polypropylene

(thousand tonnes)

