



兖矿能源集团股份有限公司

YANKUANG ENERGY GROUP COMPANY LIMITED

Annual Results Presentation 2021

Disclaimer

The information contained in this presentation is intended solely for your reference only. In addition, such information contains projections and forward-looking statements that reflect the Company's current views with respect to future events and financial performance. These views are based on assumptions subject to various risks. No assurance can be given that future events will occur, that projections will be achieved, or that the Company's assumptions are correct. Actual results may differ materially from those projected. Past track record cannot be used as guidance for future performances.

Agenda







1 **Operation Review of 2021**

2 **Market Analysis of Key Products**

3 **Operation Objectives for 2022**

4 **Operation Strategies for 2022**

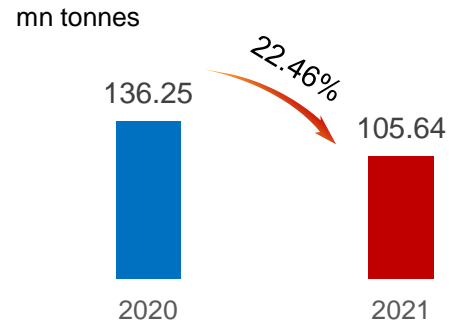
Part 1 Operation Review for 2021

-  **Operating results reach new highs**
-  **Intelligent marketing boosts revenue**
-  **Lean management remains effective**
-  **Overseas businesses perform well**
-  **Innovative development accelerates**
-  **Good shareholder return**

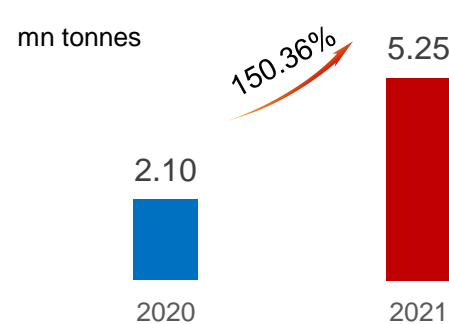
Operating Results Reach New Highs

- Weighted average return on net assets in 2021 ranked first among listed coal companies with sales of hundreds of millions of tonnes
- On a PRC GAAP basis, net profit attributable to shareholders of the company in 2022Q1 is expected to increase by 193.2% YoY to approx. RMB6.6 bn

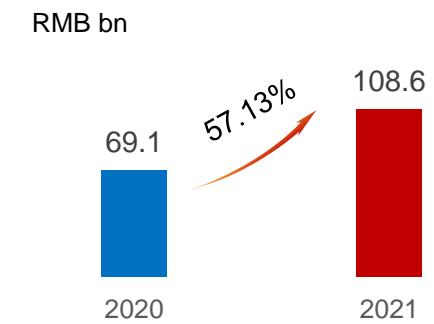
Sales volume of salable coal:
106 mn tonnes



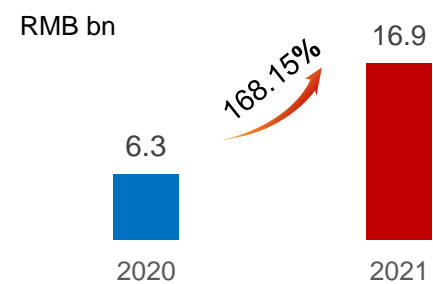
Sales volume of coal chemicals:
5.25 mn tonnes



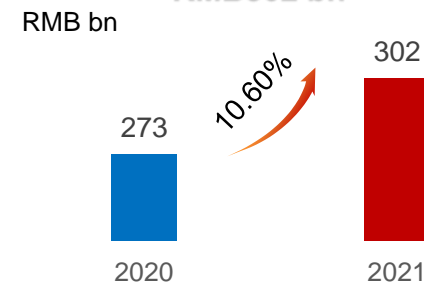
Sales revenue:
RMB108.6 bn



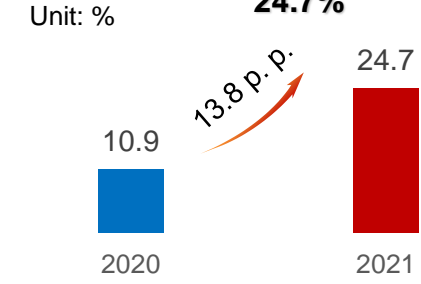
Net profit attributable to shareholders of the company:
RMB16.9 bn



Total assets:
RMB302 bn



Return on net assets:
24.7%



(Prepared in accordance with International Accounting Standards)

Intelligent Marketing Boosts Revenue

Coal

- Sales volume of clean coal in Shandong province accounted for 54.2% of total sales volume, maintaining our position as the largest clean coal producer and supplier in the Eastern China

Sales by business entity

(Prepared in accordance with International Accounting Standards)

000' tonnes, RMB/tonne

	Volume		Y-o-Y Change (%)	Price		Y-o-Y Change (%)
	2021	2020		2021	2020	
The Headquarters	23,045	31,223	-26.19	864.79	524.64	64.83
Heze Neng Hua	2,026	3,093	-34.51	1,536.75	869.76	76.69
Shanxi Neng Hua	1,265	1,661	-23.86	467.22	282.31	65.50
Future Energy	12,412	1,312	846.13	700.77	428.51	63.54
Ordos Neng Hua	8,530	13,131	-35.04	537.06	259.78	106.74
Haosheng Company	3,338	8,124	-58.91	627.03	298.16	110.30
Inner Mongolia Mineral	846	-	-	491.04	-	-
Yancoal Australia	37,455	37,275	0.48	674.44	413.70	63.03
Yancoal International	4,915	5,253	-6.43	524.47	353.32	48.44
Total	93,832	101,072	-7.16	716.81	427.54	67.66

Intelligent Marketing Boosts Revenue

High-end
chemicals and
new materials

- Overall selling price and volume of coal chemical products increased YoY, driving the company's growth in earnings

Sales of major coal chemicals products

(Prepared in accordance with International Accounting Standards)

000' tonnes, RMB/tonne

	Sales Volume		Y-o-Y Change (%)	Price		Y-o-Y Change (%)
	2021	2020		2021	2020	
Lunan Chemical	1,716	143	1,100.79	6,811.30	4,879.97	39.58
- Acetic acid	757	60	1,171.39	5,645.66	3,718.38	51.83
- Acetic ether	402	34	1,089.29	7,673.21	6,390.19	20.08
Future Energy	881	87	910.50	4,425.41	3,450.20	28.27
- Crude liquid wax	445	46	863.19	4,889.22	3,669.75	33.23
Yulin Neng Hua	727	766	-5.00	1,992.19	1,310.02	52.07
- Methanol	727	766	-5.00	1,992.19	1,310.02	52.07
Ordos Neng Hua	1,908	1,098	73.65	2,274.04	1,301.91	74.67
- Methanol	1,612	1,098	46.78	1,926.68	1,301.91	47.99
- Ethylene glycol	295	-	-	4,171.29	-	-
Fine Chemicals	14	1	1,127.48	2,104.61	1,653.03	27.32
Total	5,246	2,095	150.36	-	-	-

Lean Management Remains Effective

Unit Cost & GP Margin of Major Products

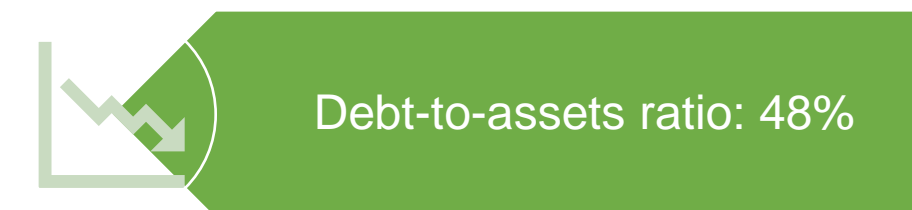
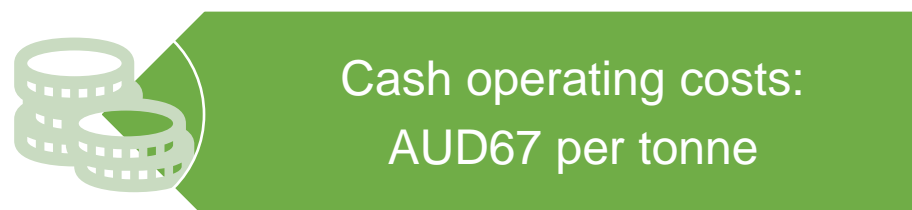
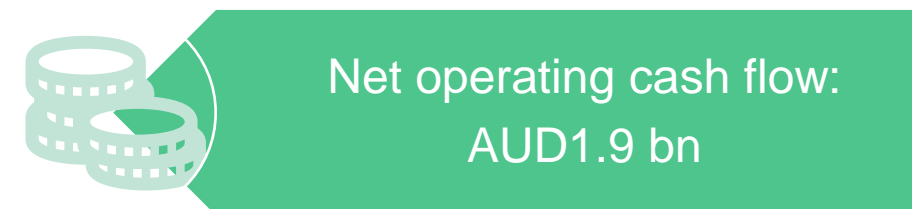
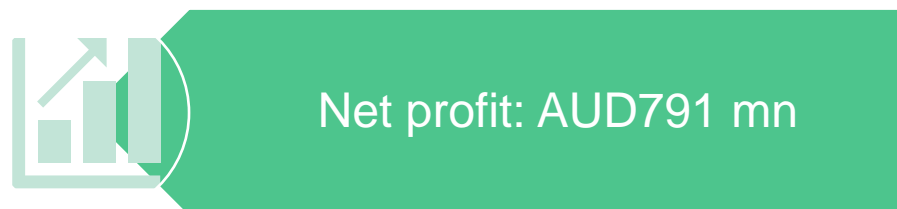
(Prepared in accordance with International Accounting Standards)

RMB/tonne

		2021	2020	Y-o-Y Change (%)
Self-produced coal	Unit Cost	334.60	263.87	26.80
	GP Margin (%)	53.32	38.28	+ 15.04 p.p.
Methanol	Unit Cost	1,516.71	1,104.20	37.36
	GP Margin (%)	22.10	15.40	+ 6.70 p.p.
Acetic acid	Unit Cost	2,617.10	1,749.35	49.60
	GP Margin (%)	53.64	52.95	+ 0.69 p.p.
Crude liquid wax	Unit Cost	3,737.96	2,200.48	69.87
	GP Margin (%)	23.55	40.04	- 16.49 p.p.



Overseas Businesses Perform Well

Operating Indicators of Yancoal Australia

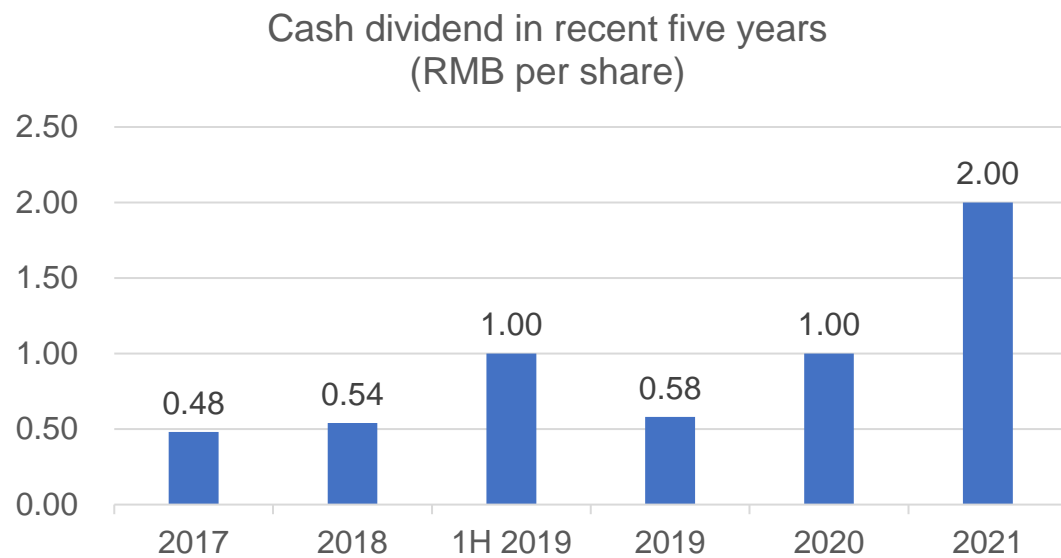


Source: 2021 Annual Results Announcement of Yancoal Australia (H share)

Innovative Development Accelerates

		
Mining	<ul style="list-style-type: none"> 31 intelligent mining sites established, with 5 exemplary intelligent mines meeting national standards 	<ul style="list-style-type: none"> Consolidating footholds in domestic and overseas markets and reinforcing synergy between resources there
High-end, new chemical materials	<ul style="list-style-type: none"> Rongxin Chemicals' coal water slurry gasification with annual processing capacity of 4,000 tonnes meet advanced international standards 	<ul style="list-style-type: none"> Lunan Chemical becomes key enterprise in value chain of coal-based fine chemicals industry
New energy	<ul style="list-style-type: none"> Fostering the development of Fengweiguang Power 	<ul style="list-style-type: none"> Preliminary work on centralized photovoltaic power generation started in Shandong, R&D on energy storage began
High-end equipment manufacturing	<ul style="list-style-type: none"> 10m mega-sized mining height hydraulic support with both working resistance and mining height meeting the world's advanced standards 	<ul style="list-style-type: none"> Construction of industrial park for intelligent manufacturing started, planning for projects of joint development of 8 types of high-end coal mining machines
Intelligent logistics	<ul style="list-style-type: none"> "Five-in-one" unified development of railway, highways, terminal operation and shipping, industrial parks, and platform 	<ul style="list-style-type: none"> Consolidation of the businesses' resources began

Good Shareholder Return

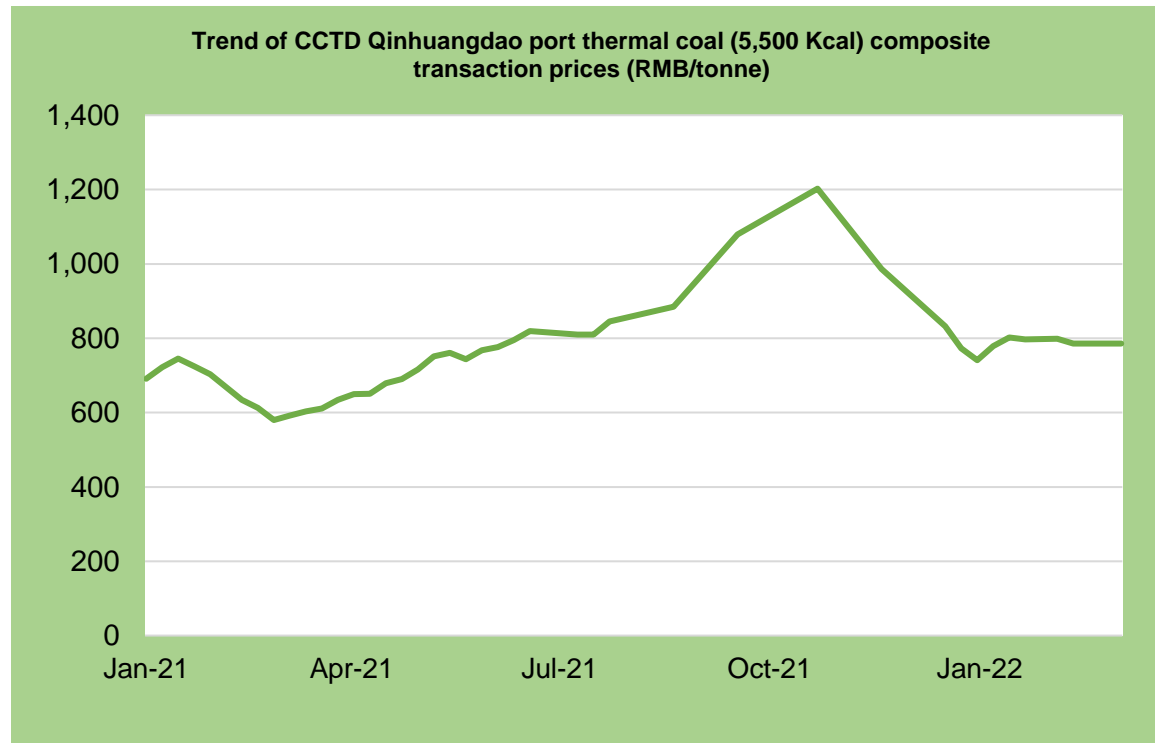


Part 2 Market Analysis of Key Products

-  **Analysis of Coal Market**
-  **Analysis of Coal Chemical Market**

Analysis of Coal Market

Coal price fluctuates at a high level in 2021

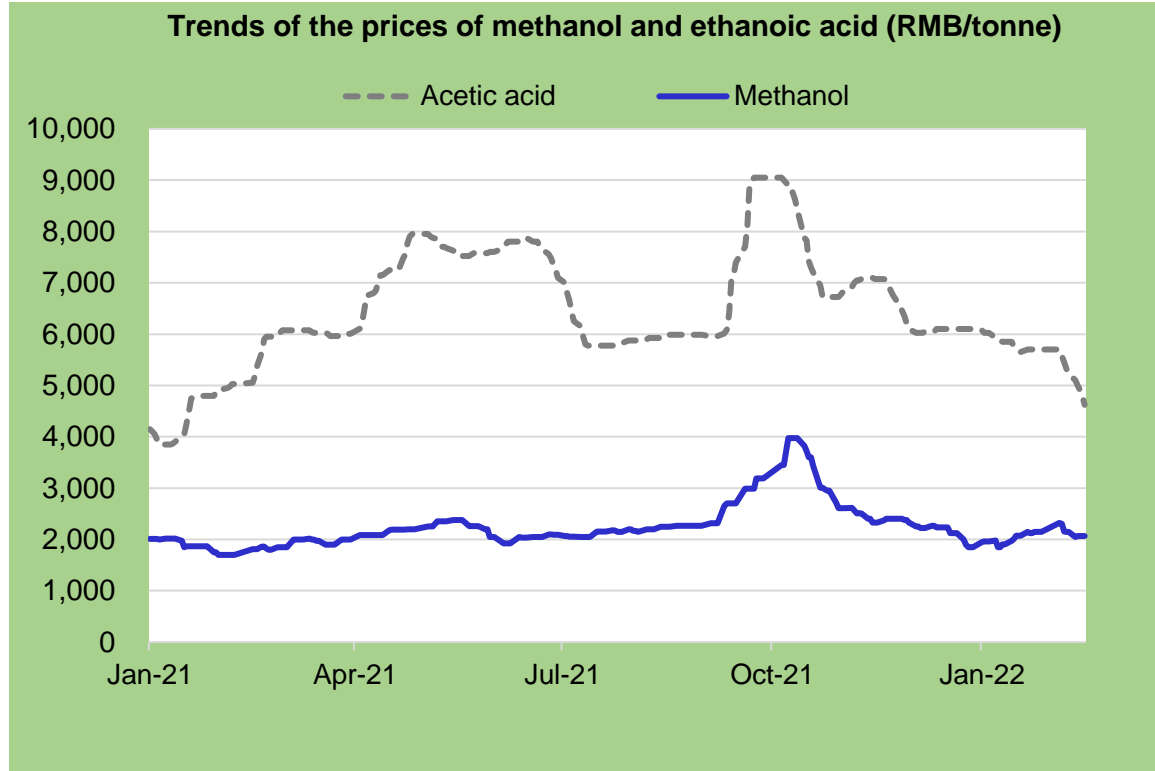


Coal price will stabilize at somewhere between middle and high levels in 2022

- Coal remains firmly as main energy source
- Tight global coal supply and demand
- Policy on ensuring supply unlocks production capacity
- Government policy stipulates reasonable price range

Analysis of Coal Chemical Market

Prices of key chemicals hit new highs in 2021



Methanol price will be depressed while acetic acid price will decline from a high in 2022

- **Supply will continue to increase**
- **Growth in demand will be limited**
- **Product prices will be buoyed up by raw material costs**

Part 3 Operation Objectives for 2022

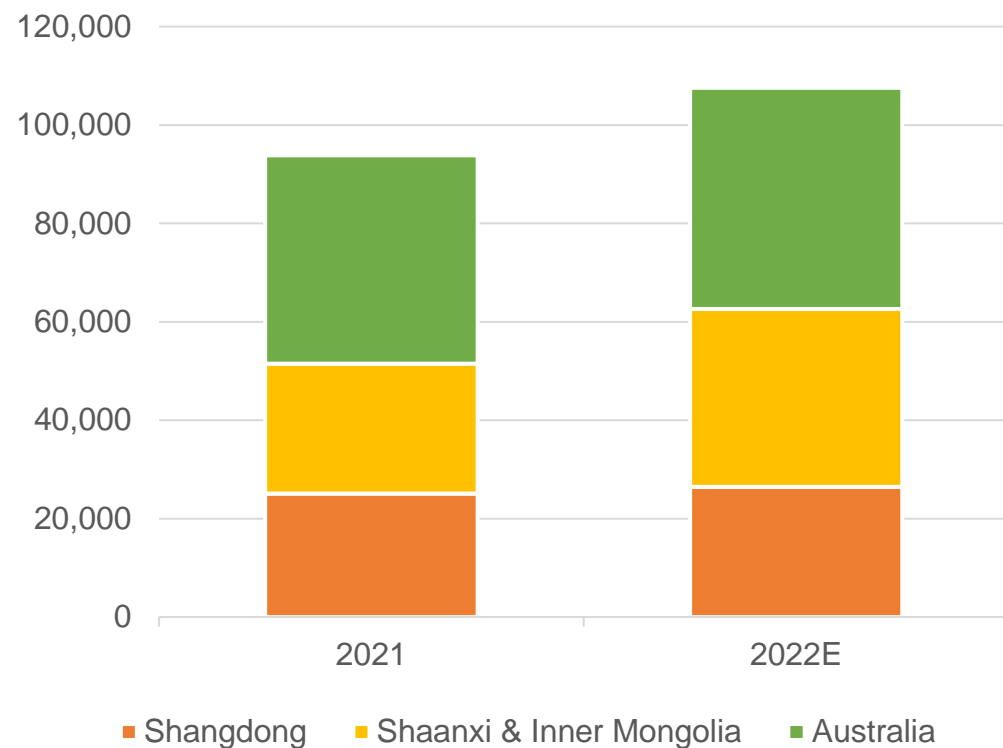
 **Product Sales Target**

 **CAPEX Plan**

Sales Target of Key Products

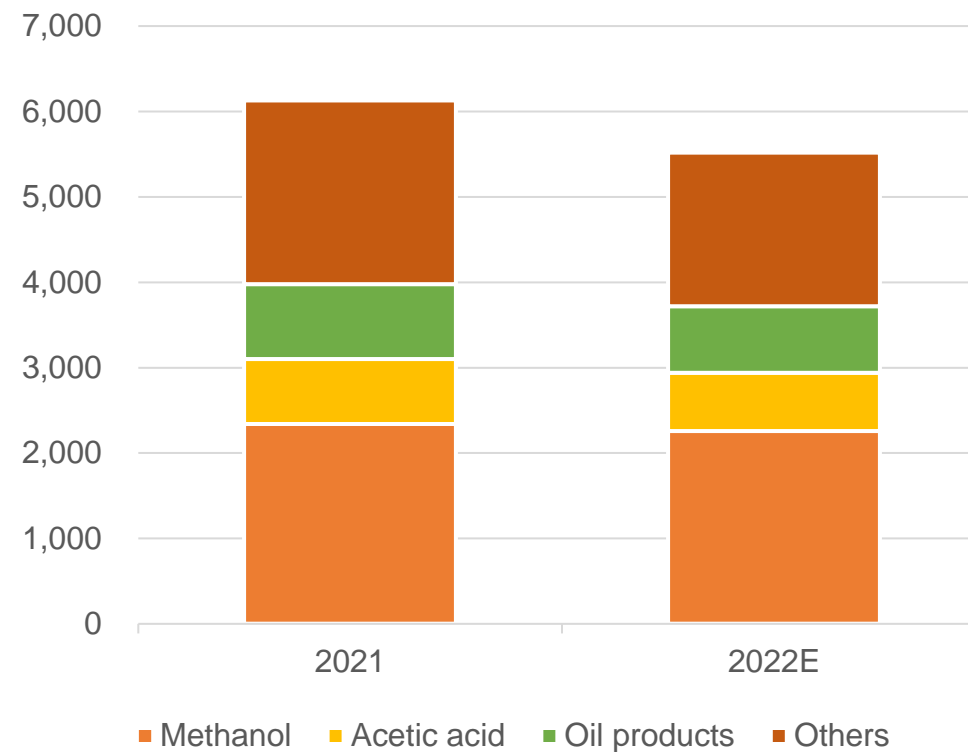
Sales volume of self-produced coal

'000 tonnes



Sales volume of coal chemicals

'000 tonnes



CAPEX Plan

- In 2022, the Group's CAPEX will mainly be used in Wanfu Mine, coal storage facilities, logistics infrastructure and intelligent manufacturing parks, etc.




CAPEX Plan

(Prepared in accordance with Chinese Accounting Standards)

RMB mn

	2022E	2021
Infrastructure projects	6,130	6,931
Coal mine infrastructure	2,536	2,618
Coal chemicals infrastructure	1,462	4,029
Logistics and storage	1,660	285
Machining and manufacturing	300	-
Others	172	-
Production maintenance	9,075	2,597
Production safety expense	760	725
Technological development	171	-
Technological advancement	306	1,736
Total	16,442	11,990

Part 4 Operation measures in 2022

-  **Expedite implementation of strategic plans**
-  **Stepping up management and control of operations**
-  **Enhance sustainable development capability**

Expedite Implementation of Strategic Plans

Mining



Establish safe, green, intelligent and efficient mines; improve systems and equipment; and scale down and streamline operations

Seek to acquire quality mines

Manifest synergy between domestic and overseas operations

High-end, new chemical materials



Improve production techniques; optimize product mix

Make technological breakthrough in clean and efficient use of coal

New energy



Seize opportunities to build up the business

Conduct mergers and acquisitions opportunely to increase proportion of new energy business

High-end equipment manufacturing



Develop market for high-end, mainstay products under the "Yankuang" brand

Expedite construction of an industrial park for intelligent manufacturing

Intelligent logistics



Form joint venture, cooperate with or acquire high-performing companies

Establish an efficient, synergistic and modern logistic system

Stepping Up Management and Control of Operations

“Two Increases”

- ❑ Increase output
- ❑ Make more projects meet output target and efficiency target

“Three Reductions”

- ❑ Reduce gearing ratio
- ❑ Reduce costs and fees
- ❑ Reduce tied-up capital

“Three Enhancements”

- ❑ Enhance profitability
- ❑ Enhance staff's productivity
- ❑ Enhance R&D



Increasing capability to create enterprise value and raising standard of lean management

Comprehensive Enhancement of Sustainable Development Capability

Corporate governance

Enhance corporate governance and regulatory compliance as a listed company, improve information disclosure, and build up a well-regulated, efficient and transparent system for corporate governance

Green development

Formulate and publish action plan for attaining “carbon emission peak and carbon neutrality” to promote environmental movement

Clean and efficient use of coal

Focusing effort on key areas such as clean and efficient use of coal, restoration of collapsed land, and prevention and control of pollution; starting development of low-carbon technology; innovating mode of operation; promoting green production and recycling in entire value chain



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Thank you