



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

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2019 Results Summary

(H share)

2020. 04. 02



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

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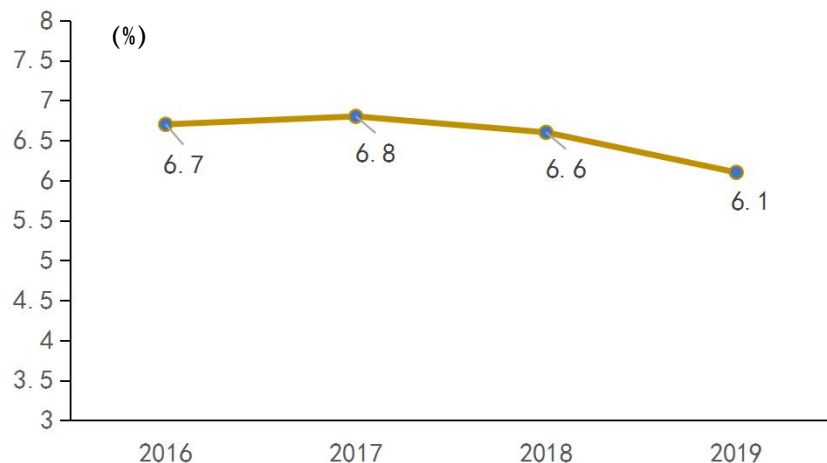
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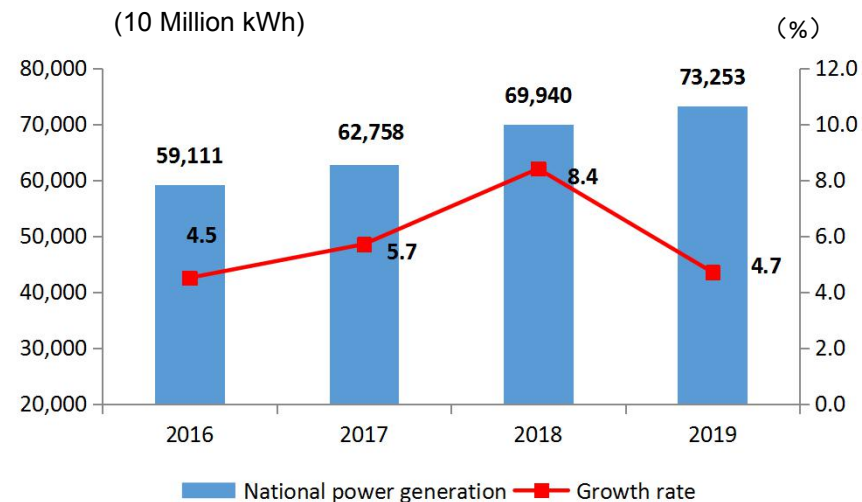


ECONOMY FLCTUATED IN A REASONABLE RANGE

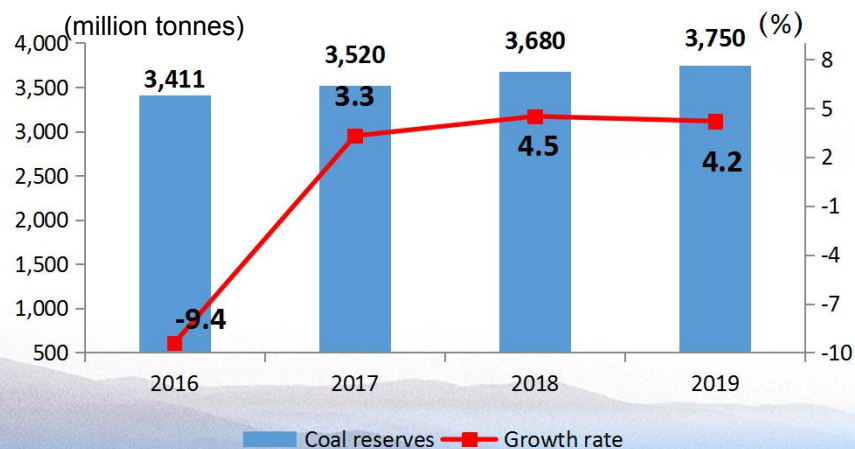
China's GDP Growth



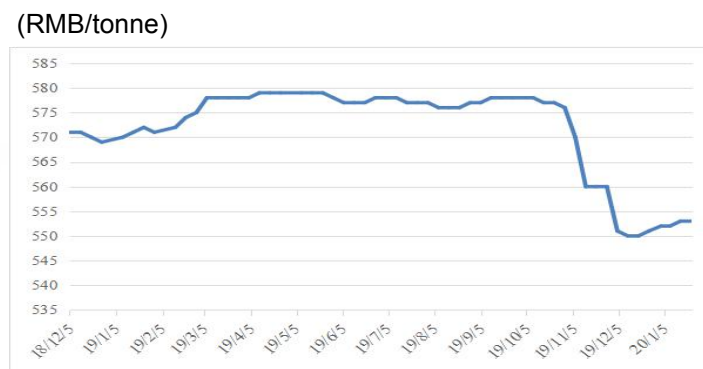
Slowdown in China's power generation growth



Continued growth in China's coal production



Bohai Bay Thermal Coal Price Index



I. MAJOR PRODUCTION INDICES

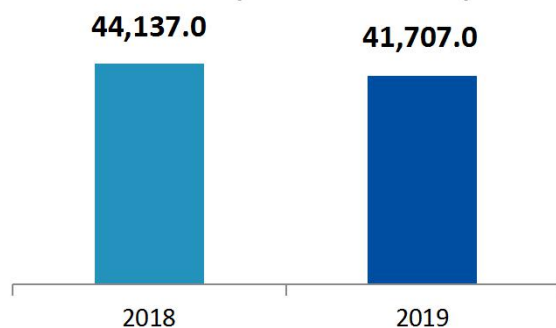


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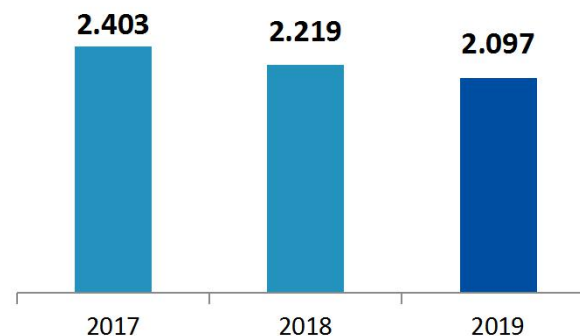
Index		2018	2019	Change
Commercial coal production	Million tonnes	296.6	282.7	-4.7%
Coal sales	Million tonnes	460.9	447.1	-3.0%
Total power output dispatch	Billion kWh	267.59	144.04	-46.2%
Turnover of coal transported by self-owned railways	Billion tonne km	283.9	285.5	0.6%
Seaborne coal	Million tonnes	270.0	269.7	-0.1%
Of which: self-owned ports	Million tonnes	238.3	232.1	-2.6%
Shipment turnover	Billion tonne nm	89.9	89.6	-0.3%
Polyethylene sales and polypropylene sales	10 million tonnes	613.1	621.3	1.3%

II. MAJOR FINANCIAL DATA

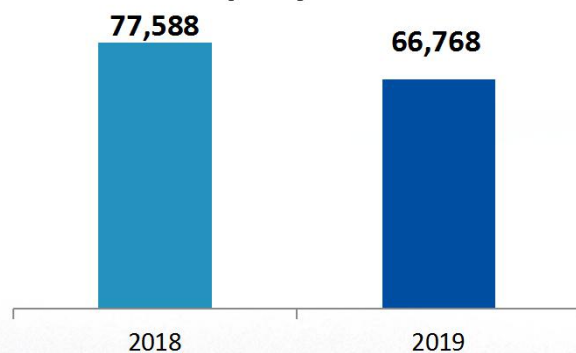
Profit for the year attributable to the equity holders of the Company
(RMB million)



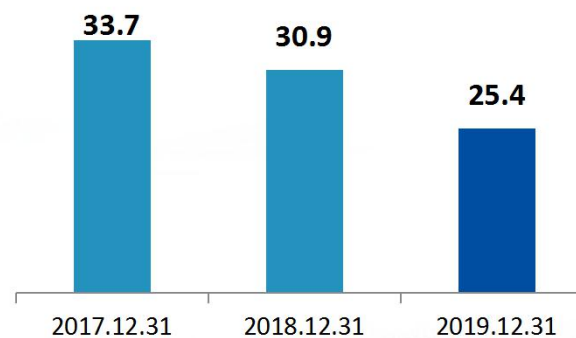
Basic EPS (RMB/share)



Net cash generated from operating activities excluding the effects of Shenhua Finance Company (RMB million)



Debt to asset ratio (%)



III. COAL SALES STRUCTURE



中国神华能源股份有限公司
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By Contract Mechanism	Sales (million tonnes)		Sales percentage (%)		Price (RMB/tonne, taxes excluded)	
	2019	2018	2019	2018	2019	2018
Annual long-term contracts	215.8	220.5	48.3	47.8	381	381
Monthly long-term contracts	180.4	158.9	40.4	34.5	480	511
Spot market	50.9	81.5	11.3	17.7	426	401
Total sales / average price (taxes excluded)	447.1	460.9	100.0	100.0	426	429

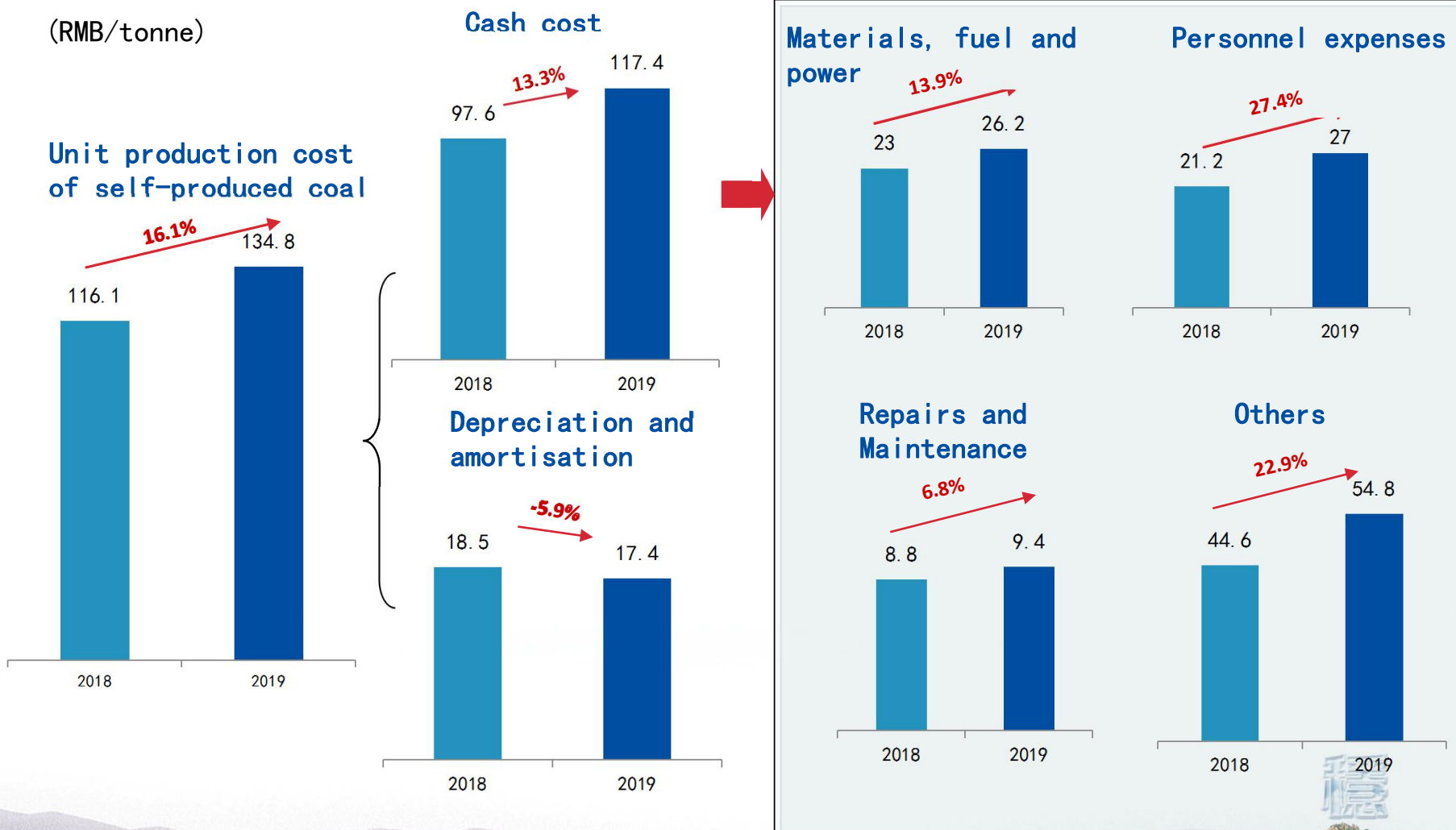


IV. UNIT PRODUCTION COST OF SELF-PRODUCED COAL



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(RMB/tonne)

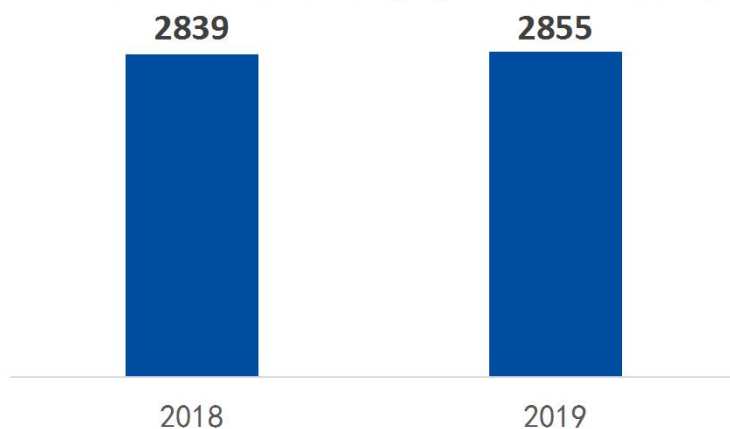


V. CONTINUOUSLY EXPANDING RAIL SERVICE AREAS

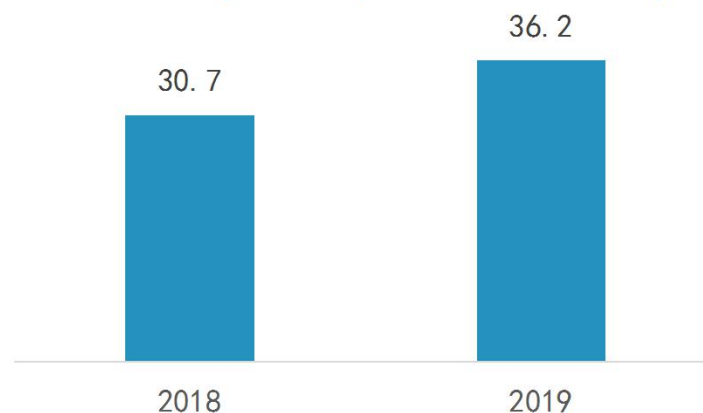


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Turnover of self-owned railways (100 million km)

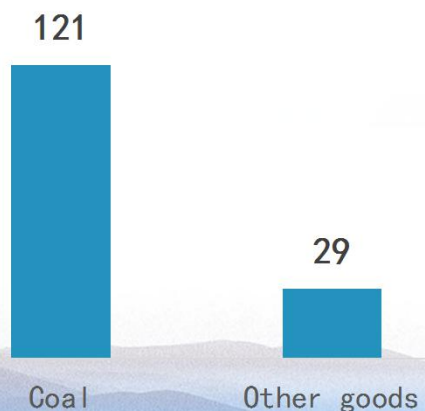


Railway service turnover for third parties (billion tonne km)



Railway segment completes transportation services for external customers

Unit: million tonnes



Transportation
service
turnover
36.2 billion
tonne km



Income generated
RMB6.464 billion



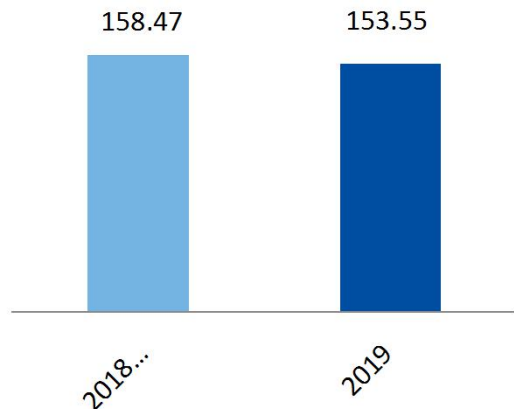
VI. SMOOTH OPERATIONS OF POWER AND COAL TO CHEMICALS BUSINESS



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Power generation

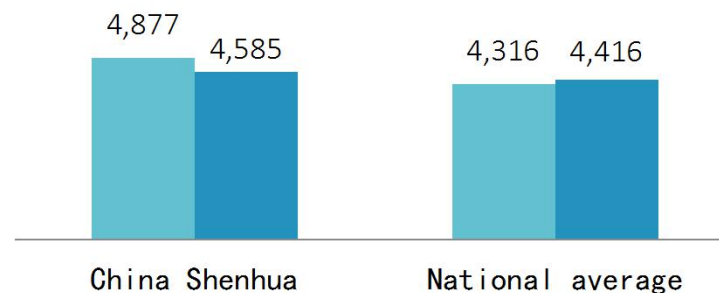
Billion kWh



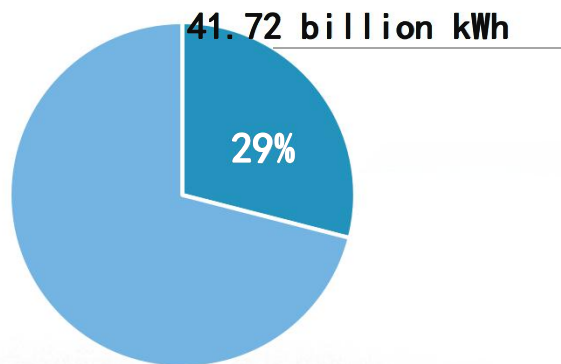
Average utilisation hours of coal-fired generator

Hour

■ 2018 ■ 2019

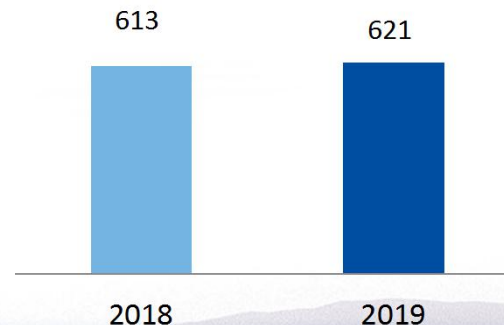


Electricity sales in market transactions



Sales volume of coal to polyethylene and polypropylene products

1,000 tonnes



VII. TECHNOLOGICAL INNOVATION AND ENVIRONMENTAL PROTECTION



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01

Technological innovation



The first batch of panels for the whole sets of equipment measured 8.8 meters in height were manufactured.



Zhunneng Group constructed the first open-cut digital mine in mainland China.



The heavy-loaded trains smart-driven by Shenshuo Railway duly operated, filling industry gaps.



Huanghua Port became the world's first coal port whose facilities are remotely controlled throughout the process.

02

Environmental protection



- The world's first pure water hydraulic support was successfully tested in the Jinjie Mine to achieve production with zero pollution.
- The Company's 14 coal mines were reconstructed into national green mines.
- The regular coal-fired power plants all achieved ultra-low emission, and Jinjie Power Plant officially commenced the Carbon Dioxide CCUS Demonstration Project.
- Huanghua Port claimed the top place among 22 major coastal ports in the Green Safety Evaluation, and passed the national assessment to be named a 3A-level Industrial Tourist Area.

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I. IMPLEMENT NEW STRATEGIES ON ENERGY SAFETY AND ACTIVELY RESPOND TO CHALLENGES

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CHINA SHENHUA ENERGY COMPANY LIMITED

**“Four Revolutions,
One Cooperation”
New strategy
on energy safety**



Four Revolutions

Revolutionize energy spending to curb unreasonable energy consumption;

Revolutionize energy supply to establish a diverse supply system;

Revolutionize energy technology to promote industry upgrades;

Revolutionize energy systems to expedite energy development.



One Cooperation

Comprehensively strength international collaboration to achieve energy safety under open conditions.

“China’s still a developing country, so pushing for modern construction and ensuring energy supply are our long-term strategic missions. Based on our country’s coal-centered energy resource reserves, we should scientifically plan our coal mining layout, speed the construction for transmitting coal-fired power and promote green coal mining and clean and effective development of coal-fired electricity, in order to effectively use our coalbed methane.”

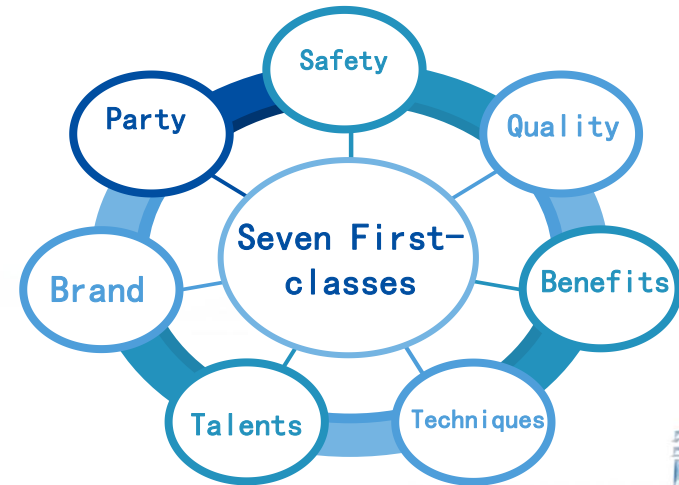
——National Energy Commission meeting

II. DEVELOPMENT STRATEGIES

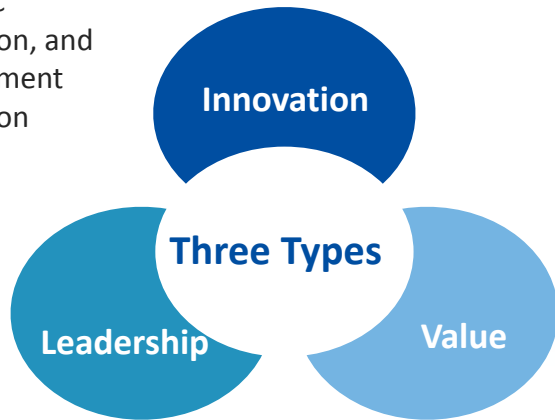


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Implement CHN ENERGY’s overall development strategy requirements of “One Goal, Three Types, Five Variations and Seven First-classes” and establish the world’s first-class listed energy company with global competitiveness.



Innovation-driven, scientific innovation, and management innovation



Industrial, economic, and social value

Party, strategic and industrial leadership



BUSINESS GOALS FOR 2020



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

Index		Goal for 2020	Actual figures for 2019	Completion rate for plans in 2019	Change
Commercial coal production	100 million tonnes	2.68	2.827	97.5%	-5.2%
Coal sales	100 million tonnes	4.03	4.471	104.7%	-9.9%
Generation capacity	Billion kWh	1,451	1,535.5	100.7%	-5.5%
Operating income	RMB100 million	2,163	2,418.71	109.3%	-10.6%
Operating cost	RMB100 million	1,484	1,433.94	114.6%	-10.0%
Sale, general and administrative expenses (including R & D) and net finance costs	RMB100 million	143	126.92	94%	12.7%



III. CAPITAL EXPENDITURE PLANS



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RMB100 million	Plan for 2020	Plan for 2019	Achievement in 2019	Key projects
Coal business	56.1	60.7	52.91	Coal mining and equipment purchase; Obtaining land use rights in open-cut mines
Power generation business	121.5	91.2	68.28	Java VII; Jinjie Phase III; Shengli Phase I; PT.GH EMM No.1
Transportation business	114.5	107.8	72.58	
Including: Railway	99.4	95.5	69.90	Construction of Huangda Railway
Port	15.0	11.4	2.38	
Shipping	0.1	0.9	0.30	
Coal chemical business	16.1	11.6	1.42	
Others	10.1		0.02	
Total	318.3	271.3	195.21	

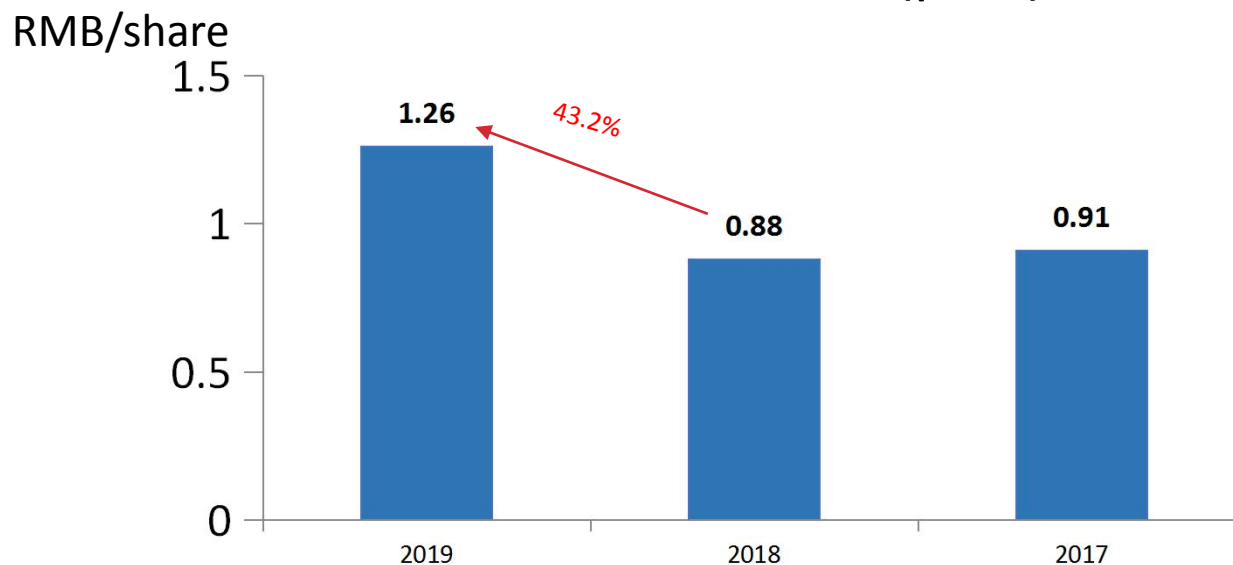


IV. HIGH PROPORTION OF SUSTAINABLE CASH DIVIDENDS



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Final dividend for 2019 (plan)



2019-2021: Cash dividend no less than 50% of net profit attributable to the parent company in the current year

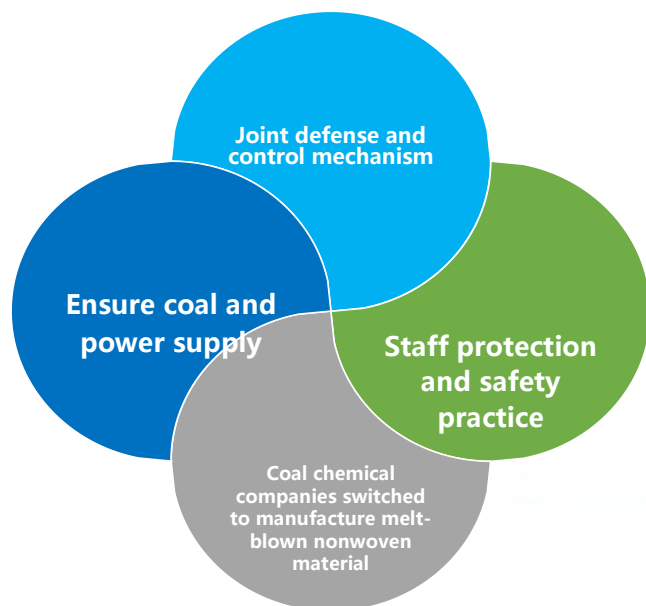
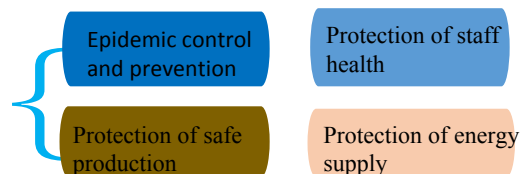


V. RESULTS OF THE FIRST QUARTER



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“One prevention and three protections”



Operational data for February

Index		February 2020	Total in 2020	YoY change
Commercial coal production	Million tons	25.4	49.5	5.8%
Coal sales	Million tons	30.3	57.4	-11.6%
Total electricity sales	Billion kWh	6.56	18.7	-
Self-owned rail transportation turnover	Billion tonne km	23.1	43.0	-2.1%
Loading volume at Huanghua Port	Million tons	13.7	29.9	-6.6%
Loading volume at Tianjin Coal Dock	Million tons	3.4	7.0	11.1%
Shipment turnover	Billion nm	7.0	15.5	-11.9%
Polyethylene & polyethylene sales	1,000 tons	49.0	109.6	-12.7%

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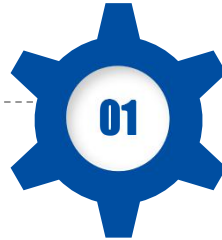




I. PROMOTION OF CONTINUED PRODUCTION AND ACQUISITION OF RESOURCES TO STABILIZE COAL SUPPLY

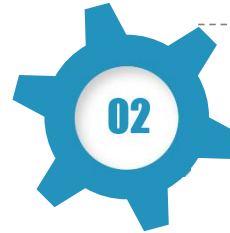
Excellent organization for coal supply

- Strip and resume production at the Ha'erwusu mine
- Increase the authorized capacity of Shengli No. 1 in compliance with laws and regulations
- Change and integrate the mining rights at Wanli No.1 mine and apply for approval for open-cut mines through new land acquisition procedures



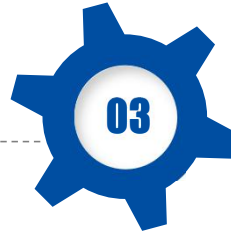
Excellent technical upgrades

- Promote automated production for fully merchandized panels to raise management standards for coal informatization.
- Launch and increase the research and application of excavation rates to reduce labor and increase efficiency of coal mines.



Increase in resources acquisition

- Continue with work in key projects like Xinjie Coal Mine and Watermark Coal Project



Excellent internal and external organization for coal sources

- Procure popular types of coal more
- Consolidate and perfect the pricing mechanism for existing coal purchased from third parties



II. OPTIMIZATION OF NETWORK LAYOUT AND CONSTRUCTION OF A MODERN TRANSPORTATION SYSTEM

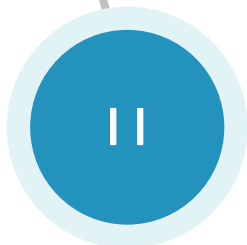


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Expand the intermodal transportation network

- Focus on the construction of Huangda Railway
- Construct the 70,000-tonne two-way sea channel in Huanghua Port to improve the overall transportation capacity



Perfect the public transportation network

- Expand the platform along Shenshuo Railway and Zhunchi Railway
- Support the integration of third party platforms, special lines and company railways along the line, and improve the capacity of public transportation



Continue expanding general logistics market

- Grasp opportunities brought by the policy to convert road freight to rail freight, nurture potential quality big clients, and develop container transportation business
- Develop multimode transport, perfect the pricing system, and enhance the service quality and management standards



(III) FOCUSING ON THE POWER GENERATION BUSINESS TO PUSH FOR HEALTHY DEVELOPMENT OF ITS COAL CHEMICAL BUSINESS



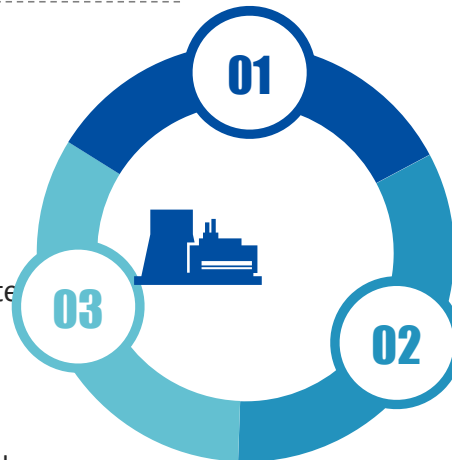
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01

Power generation

Continue focusing on project construction

- Ensure the commissioning of projects under construction, such as Java VII
- Carry out high quality construction for the Nansu No. 1 project
- Push for reassessment of projects under halted construction
- Actively push for integrated energy supply, clean and effective coal power, carbon capture and storage, smart power station technology R&D and demonstration project development



Heighten market competition awareness

- Actively commence medium and long-term power trading, spot market trading and cross-provincial trading
- Increase efforts to expand the electricity and thermal markets for larger market shares

02

Coal chemical business

- Accelerate R&D efforts for new and green products to enhance the value chain
- Push for approval for the construction of the Baotou Coal-to-Olefins Upgrade Demonstration Project



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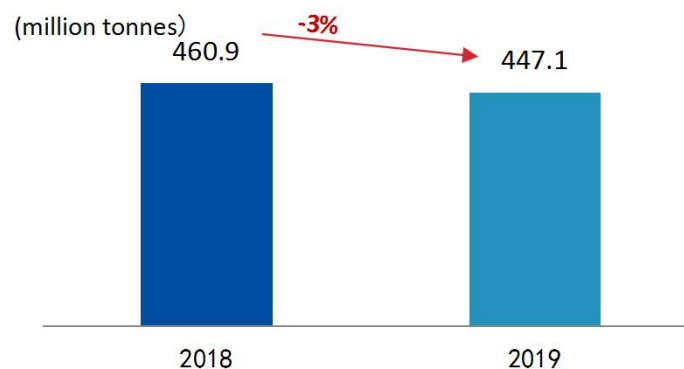


COAL SEGMENT

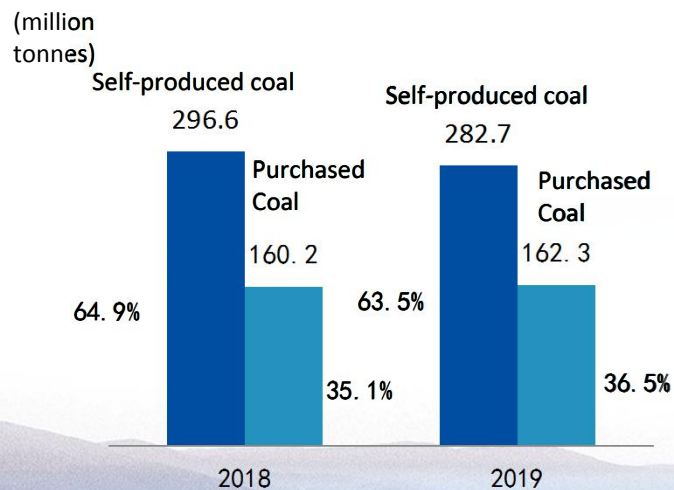


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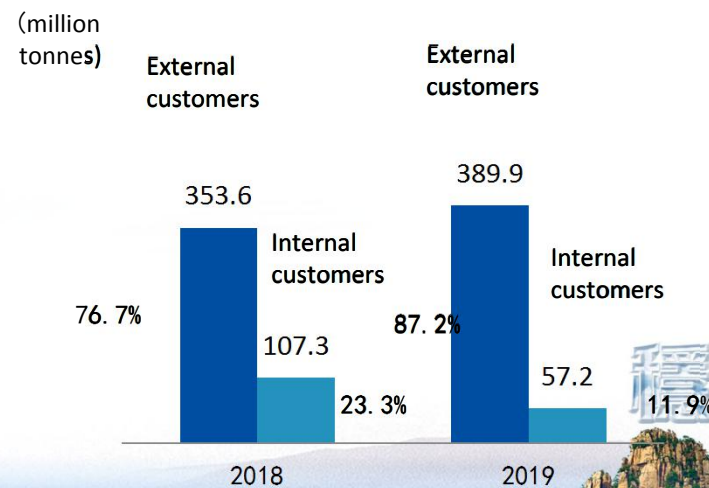
Coal sales



Coal sales structure (coal sources)



Internal and external coal sales structures



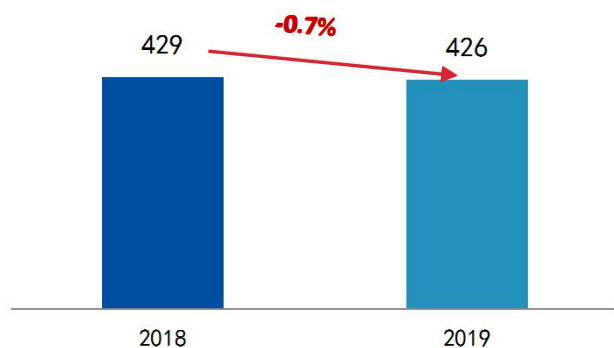
COAL SEGMENT



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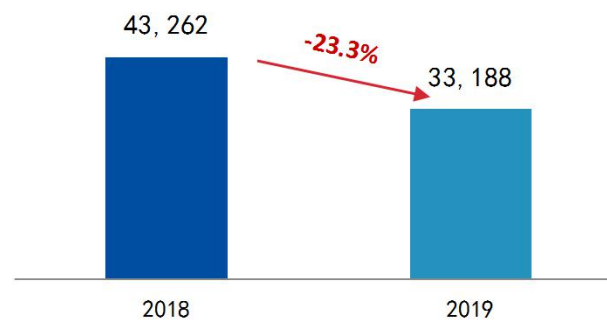
Average price of coal sales

(RMB/tonne)



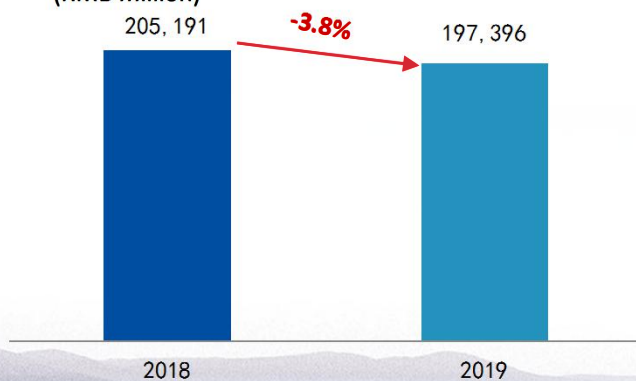
Operating profit

(RMB million)



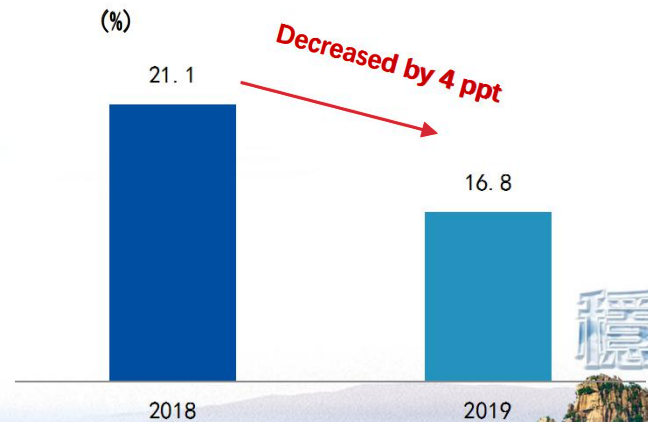
Revenue from coal segment

(RMB million)



Operating profit rate

(%)

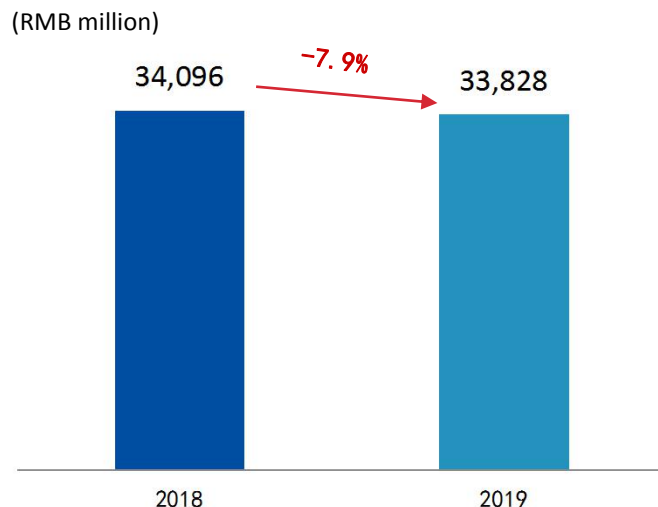


COAL SEGMENT

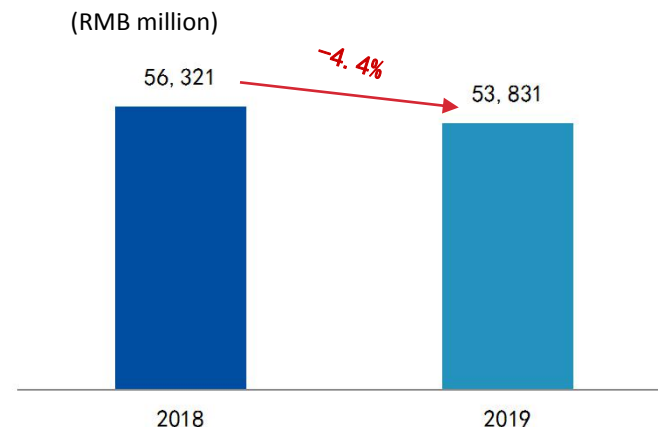


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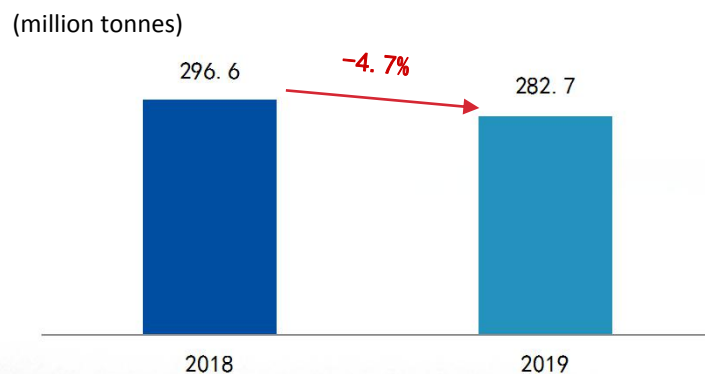
Production cost of self-produced coal



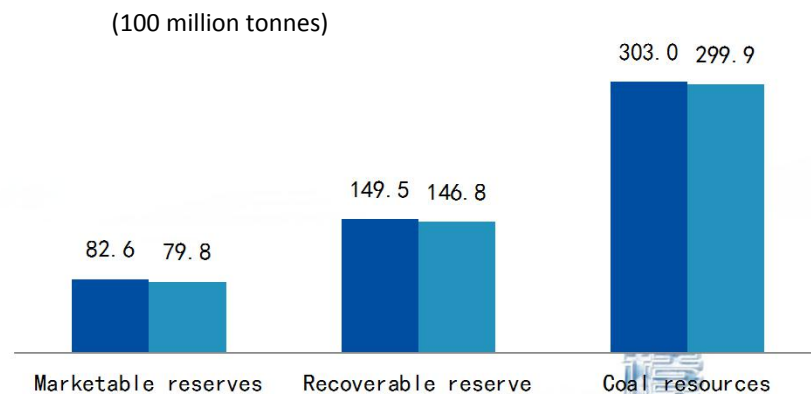
Cost of coal purchased



Commercial coal production



Coal reserves^{Note}



■ 2018.12.31 ■ 2019.12.31

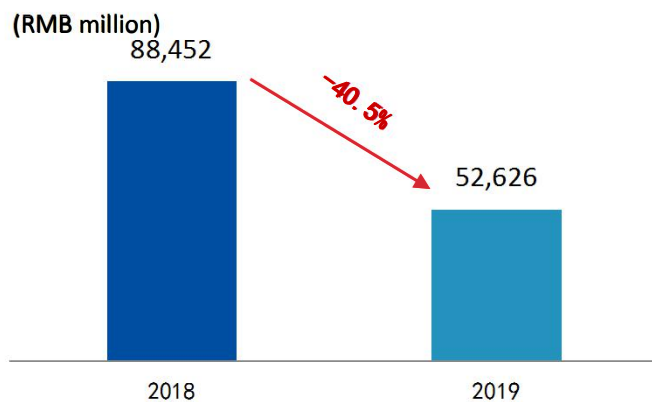
Note: Recoverable coal reserves and coal resource reserves follow Chinese standards, while marketable coal reserves follow JORC standards.

POWER GENERATION SEGMENT

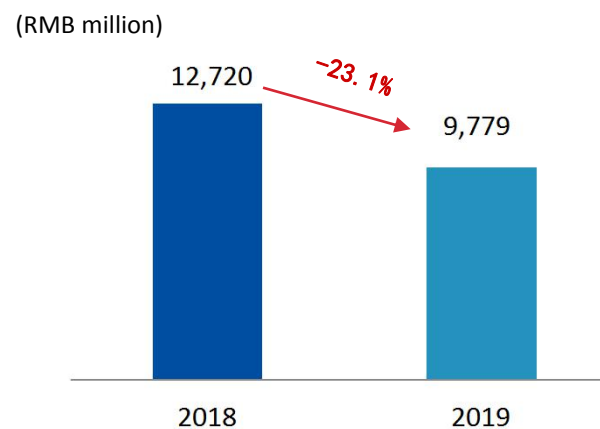


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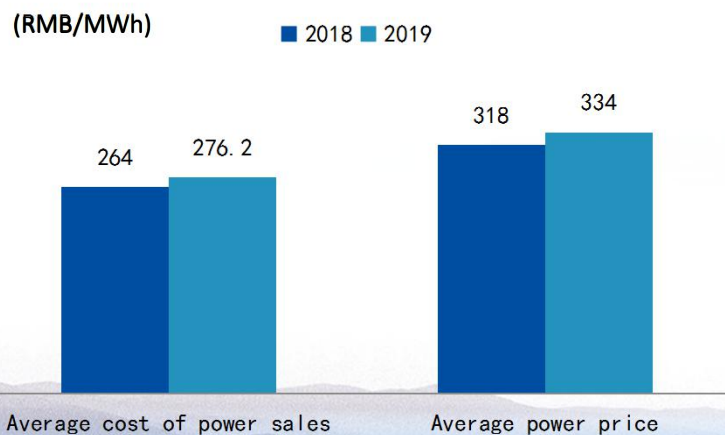
Revenue from power generation segment



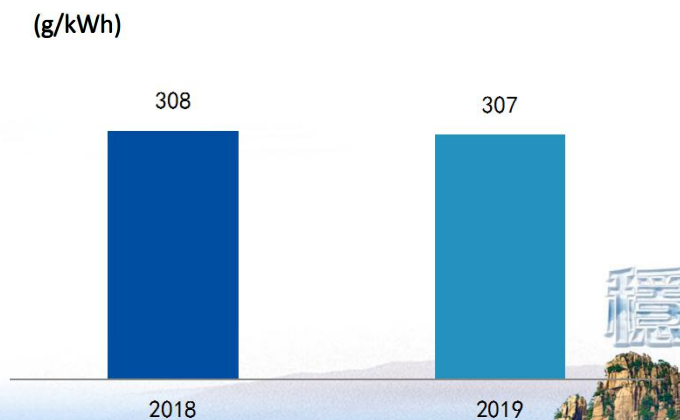
Operating profit



Average cost of power sales/ power price



Standard coal consumption of coal-fired generators



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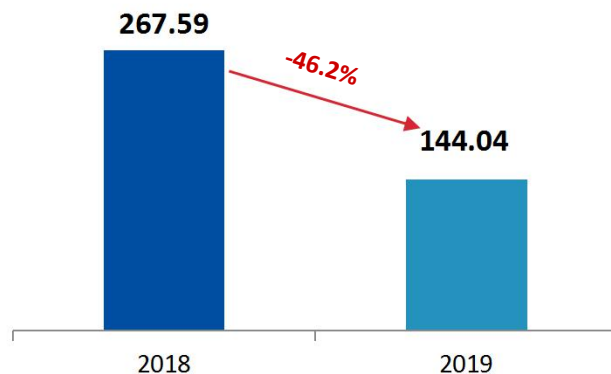
POWER GENERATION SEGMENT



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Gross electricity sales

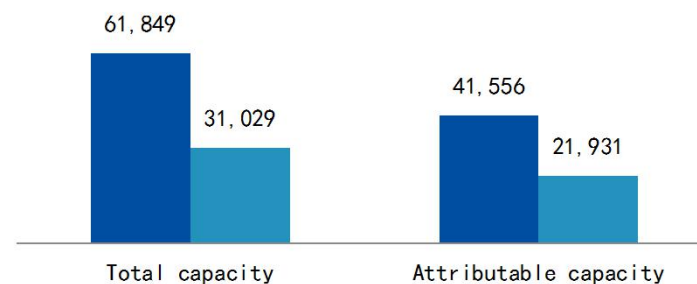
(Billion kWh)



Total installed capacity

(MW)

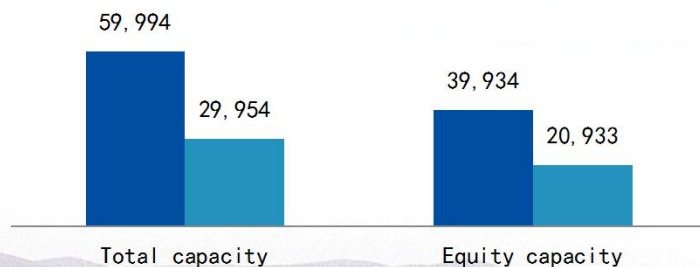
■ 2018. 12. 31 ■ 2019. 12. 31



Installed capacity of the coal-fired units

(MW)

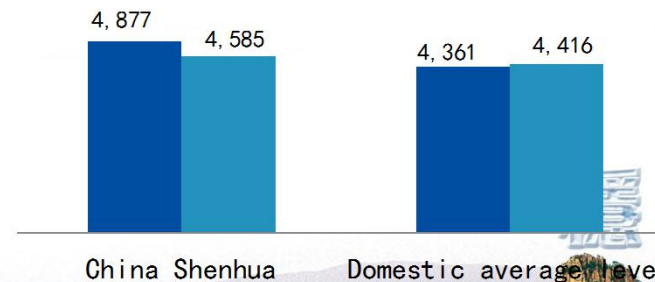
■ 2018. 12. 31 ■ 2019. 12. 31



Average utilisation hours of coal-fired generators

(hour)

■ 2018 ■ 2019



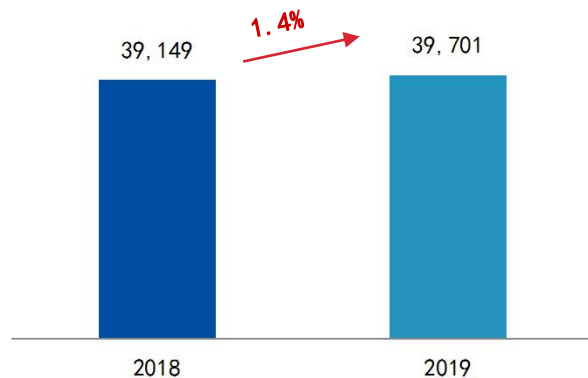
RAILWAY SEGMENT



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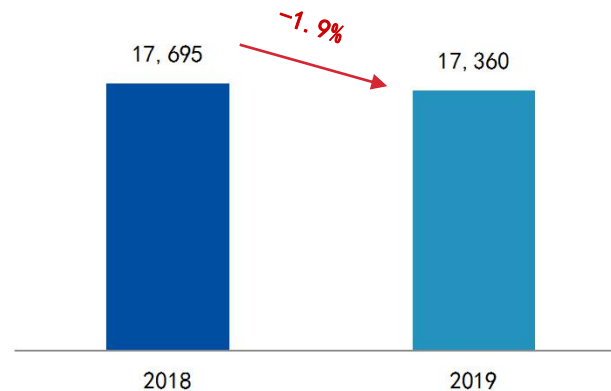
Revenue from railway segment

(RMB million)



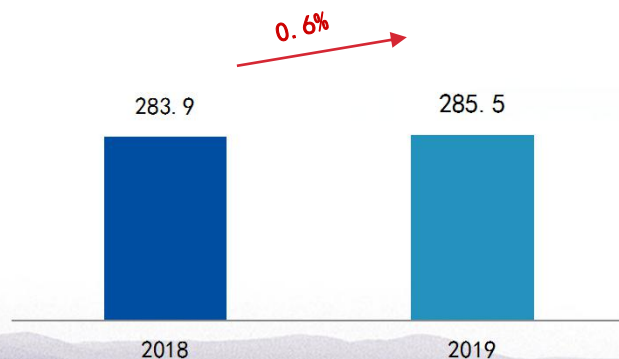
Operating profit

(RMB million)



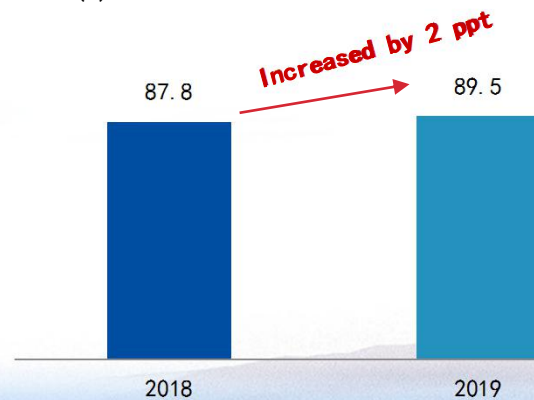
Self-owned railway turnover

(Billion tonne km)



Percentage of self-owned railway turnover

(%)



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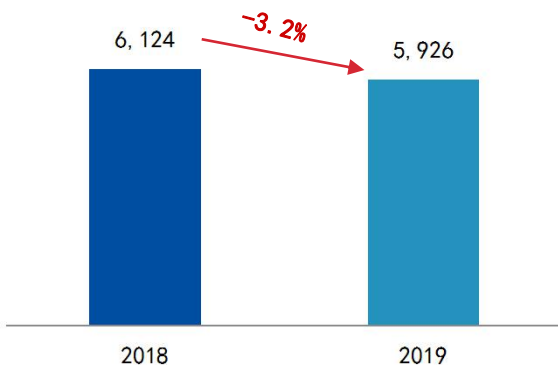
PORT SEGMENT



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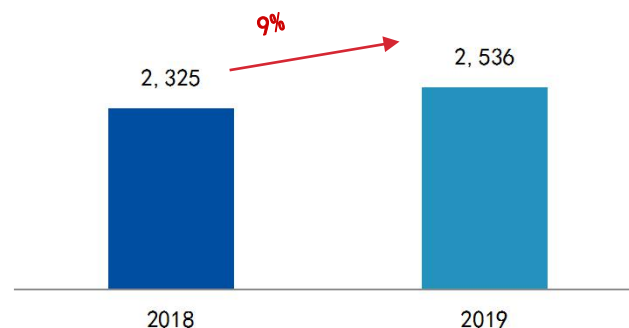
Revenue from port segment

(RMB million)



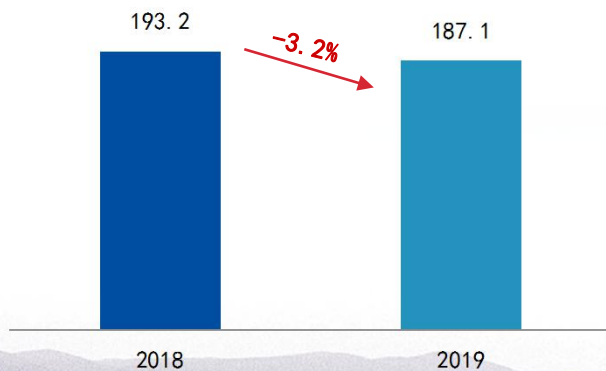
Operating profit

(RMB million)



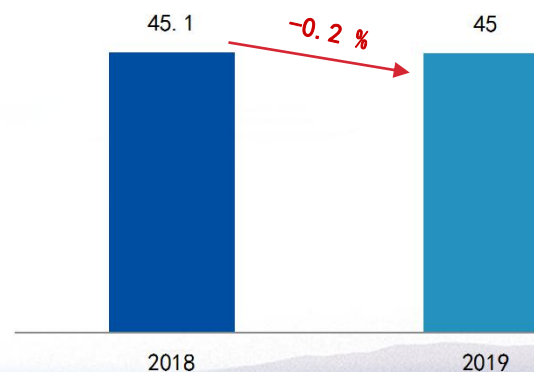
Huanghua Port seaborne coal

(Million tonne)



Tianjin Coal Dock seaborne coal

(Million tonne)

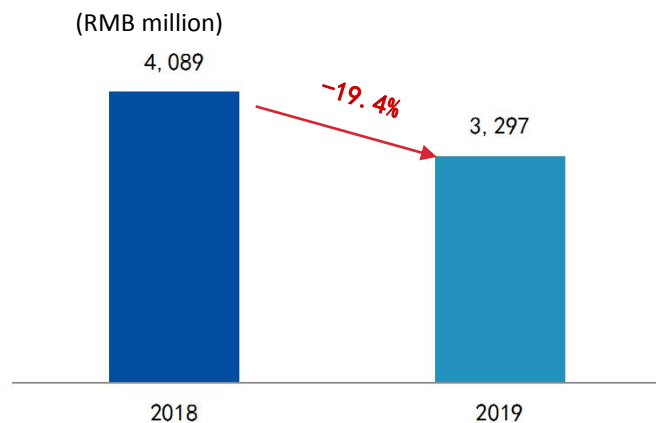


SHIPPING SEGMENT

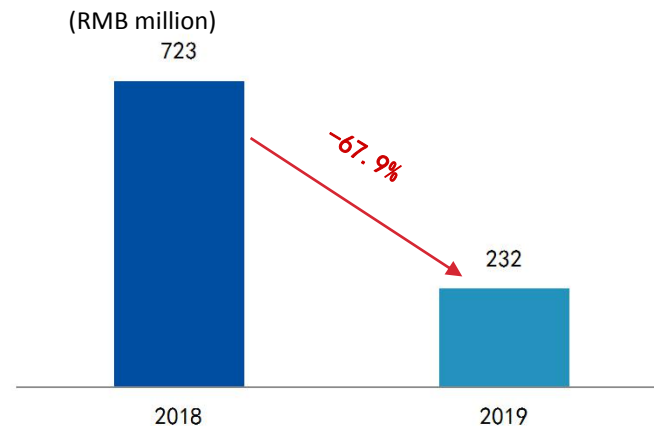


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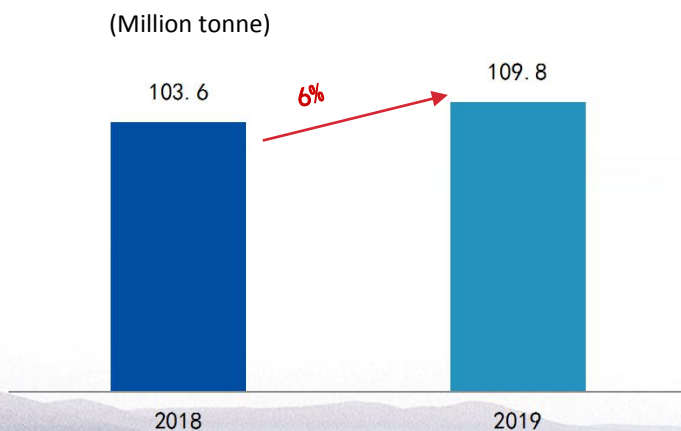
Revenue from shipping segment



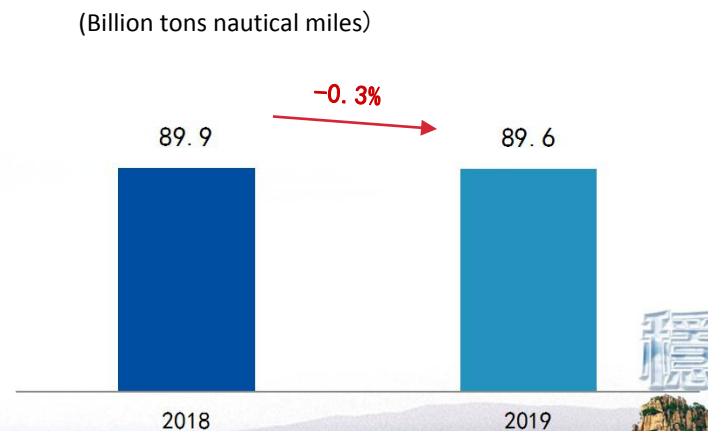
Operating profit



Shipping volume



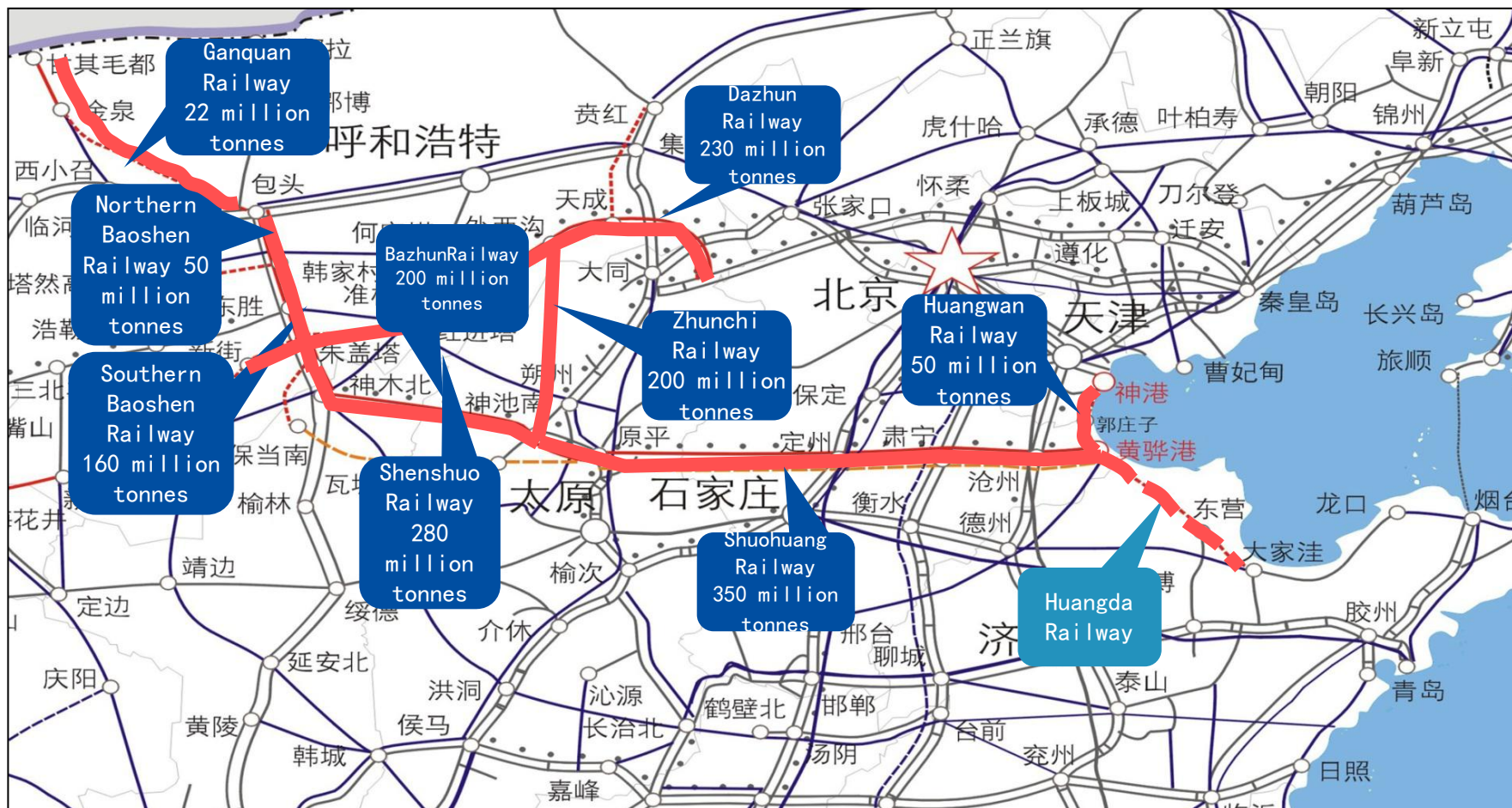
Shipment turnover



RAILWAY TRANSPORTATION NETWORK



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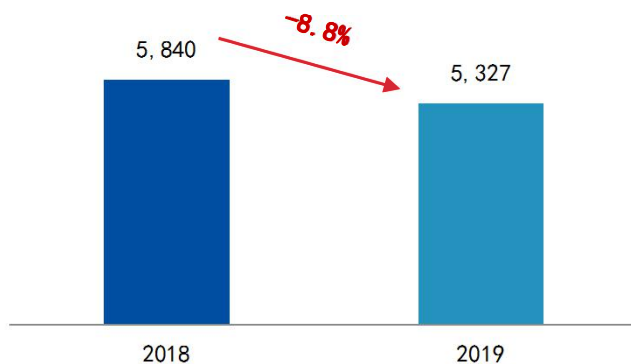
COAL CHEMICAL SEGMENT



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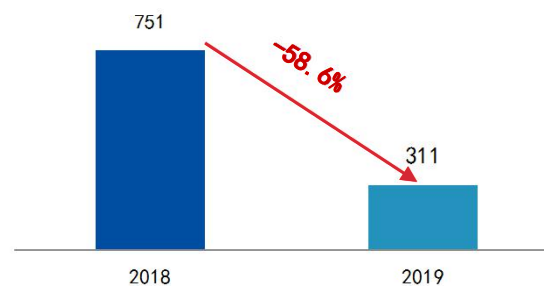
Revenue coal chemical segment

(RMB million)



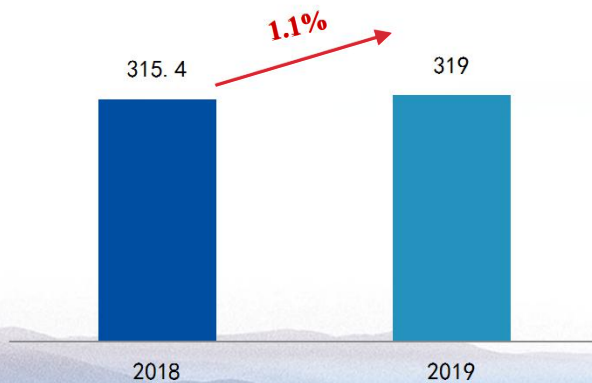
Operating profit

(RMB million)



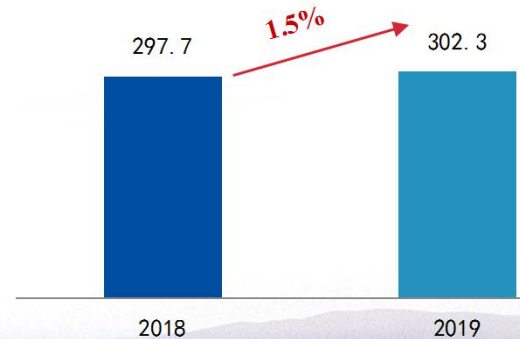
Polyethylene sales

(1,000 tonnes)



Polypropylene sales

(1,000 tonnes)





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THANK YOU

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