兖矿能源集团股份有限公司
YANKUANG ENERGY GROUP COMPANY LIMITED

# Annual Results 2024 Presentation

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- 2024 results highlights
- Strengthening core business, building the foundation for high-quality development
- Lean management, expanding opportunities for quality improvement and profit growth
- Collaboration for mutual success, setting a benchmark for value creation

# 1. 2024 Results Highlights

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(Prepared in accordance with IFRS)

| Production volume of salable coal | Production volume of coal chemicals | Sales revenue | Net profit |
|---|---|---|---|
| 142 mn tonnes | 8.70 mn tonnes | RMB124.5 bn | RMB 14.1 bn |
| +10.39 mn tonnes YoY | +115,000 tonnes YoY | -6.2% YoY | -26.9% YoY |

| Total assets | Shareholders' equity | ROA | Total dividend for 2024 |
|---|---|---|---|
| RMB356.4 bn | RMB 58.6 bn | 23.98% | RMB 0.77 per share (tax inclusive) |

# 2. Strengthening core business, building the foundation for high-quality development

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## Mining

Increase production and expand scale; transform the business and achieve a breakthrough

### Accelerate the release of advantageous production capacity

- Production volume of **Shaanxi and Inner Mongolia bases** increased by **6.66 mn tonnes** YoY, becoming the core growth engine with the largest contribution
- Production volume of **Australian Base** Increased by **3.43 mn tonnes** YoY, maintaining its position as a leading specialist coal producer in Australia

### Speed up the construction of key projects

- Wanfu Coal Mine was completed and put into operation
- Wucaiwan Open-pit Mine received an approval of its production capacity of 23 mn tonnes/year
- The planned production capacity of Huolinhe No. 1 Coal Mine was adjusted to 7 mn tonnes/year
- The planned production capacity of Liusangedan Coal Mine was adjusted to 10 mn tonnes/year and obtained a mining license
- Galutu Coal Mine and Caosiyao Molybdenum Mine completed preliminary procedures for exploration and land use

### Technological innovation empowered upgrading

- "Deep Coal Intelligent and Efficient Mining Complete Technology and Engineering Application" won the second prize of the *National Science and Technology Progress Awards*
- Hosted the *National Experience Exchange Conference on Intelligent Mining of Thin Coal Seams*
- Three coal mines won the special prize in the *2024 China's Coal Mine Intelligent Innovation Contest*

# 2. Strengthening core business, building the foundation for high-quality development

## High-end chemicals and new materials business

Quality enhancement and profit growth with clustered development

**Lean management yielded remarkable results**

- The coal chemicals business achieved full capacity with the increase in net profit of **RMB1.5 bn** YoY

**Extension and expansion of the industrial chain**

- The construction of olefin projects by Rongxin Chemicals and Xinjiang Neng Hua, each with an output of 800,000 tonnes was commenced
- The 500,000-tonne high-temperature Fischer-Tropsch project of Future Energy made significant progress in the completion of its regulatory procedures
- The 60,000-tonne melamine project in Xinjiang Coal Chemicals was completed and put into production
- The world’s first and largest single-unit 3,000-tonne multi-nozzle, opposing (OMB) coal powder pressurized gasification furnace of Lunan Chemicals operated smoothly, while the 60,000-tonne polyformaldehyde project sped up the progress

# 2. Strengthening core business, building the foundation for high-quality development

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## High-end equipment manufacturing business

Upgraded and Expand Internationally

### Construction of intelligent manufacturing park with high standards

- Six JVs commenced full-scale production and operation, with revenues exceeding **RMB1 bn**
- The intelligent electro-hydraulic control system for hydraulic supports reached the international advanced level
- Developed and produced the world's largest 12,000-tonne crusher

### Successfully Expanded into International Markets

- Acquired Germany's SMT Scharf AG, established a European R&D platform and talent base
- A complete set of advanced hydraulic support products was exported to Australia
- Exhibited at the International Mining Exhibition in the United States

# 2. Strengthening core business, building the foundation for high-quality development



## Smart logistics business

**Established" 5-in-1 " System with Capacity Leaps**

**Further optimized the " 5-in-1 " system**

- Acquired Wubo Technology and realized the integrated operation of “physical logistics + intelligent digital platforms”
- Completion of Tai'an logistics park Phase II resulted in a static coal storage capacity of 2 mn tonnes and a cargo throughput capacity of 60 mn tonnes
- Integration of assets along the Luxi railway significantly enhanced our self-operated and invested railway mileage to reach a total of 4,000 km

# 2. Strengthening core business, building the foundation for high-quality development



## New energy business

**Adapt to local conditions and steadily developed**

- Systematically advanced new energy projects in regions such as Inner Mongolia and Shandong.
- Actively engaged in the feasibility study of the corridor project of “electricity import to Shandong”.

# 3. Lean management, expanding opportunities for quality improvement and profit growth



## Strengthen management, cost reduction and efficiency enhancement

**Strictly controlled production costs**

**Controlled period expenses**

**Achieved the target of reducing the unit COS of coal by 5.4%**

**Activated existing material resources**

# 3. Lean management, expanding opportunities for quality improvement and profit growth



## Strengthen management, cost reduction and efficiency enhancement

**Unit COS of self-produced coal**

**RMB 345.4/tonne** -5.4%

**Unit COS of methanol**

**RMB 1454/tonne** -14.6%

**Unit COS of acetic acid**

**RMB 2147/tonne** -6.8%

# 3. Lean management, expanding opportunities for quality improvement and profit growth



## Optimizing debt structure to reduce finance expenses

**1**

**Average interest rate**

Down to a historic low of

**2.98%**

**2**

**Placing of new H shares**

Raised

**RMB 4.5 bn**

**3**

**Cost of financing saved**

**RMB 830 mn**

**4**

**Debt-to-Asset Ratio**

Down to

**63%**

# 3. Lean management, expanding opportunities for quality improvement and profit growth



## Adjusting product mix to enhance sales performance

**ASP of self-produced coal**

**RMB656.2/tonne**

**ASP of Methanol**

**RMB1,819/tonne**

-0.6% YoY

**ASP of Acetic Acid**

**RMB2,594/tonne**

-6.9% YoY

# Total Dividend for 2024

## RMB 0.77 per share (tax inclusive)

### Bi-yearly dividend payouts, a sincere commitment for long-term growth

- Interim dividend at **RMB0.23 per share** and final dividend at **RMB0.54 per share**, representing a total dividend payout of **RMB7.73 bn**
- Accounting for **60%** of net profit after statutory reserves

### Two-time increases in share holding, a vote of confidence in growth

- Controlling shareholder increased its share holdings with a consideration of **RMB300 mn**
- Senior management increased their share holdings collectively

### ESG upgrade, showcasing our commitment in ESG

- The comprehensive energy consumption per unit of industrial output has achieved industry-leading levels
- Awarded the Gold Medal in the International Mine Rescue Competition
- Ranked 1st in coal industry at CDP (Carbon Disclosure Project)
- Scored the highest rating among coal companies in China by MSCI

# Market Outlook and Analysis

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- The macroeconomic environment remains stable
- Major product markets have ample supply

# Macroeconomic Outlook



## Stable macroeconomic environment:

## A mix of opportunities and challenges

**Glo-bal**

- The IMF forecasts global economic growth of around 3%, similar to 2024
- Major economies are reassessing energy security and cooperation, reshaping the global energy landscape

**China**

- Long-term economic growth remains strong
- Broad-based expansion of domestic demand
- GDP growth of approx. 5%

# Analysis of Coal Markets

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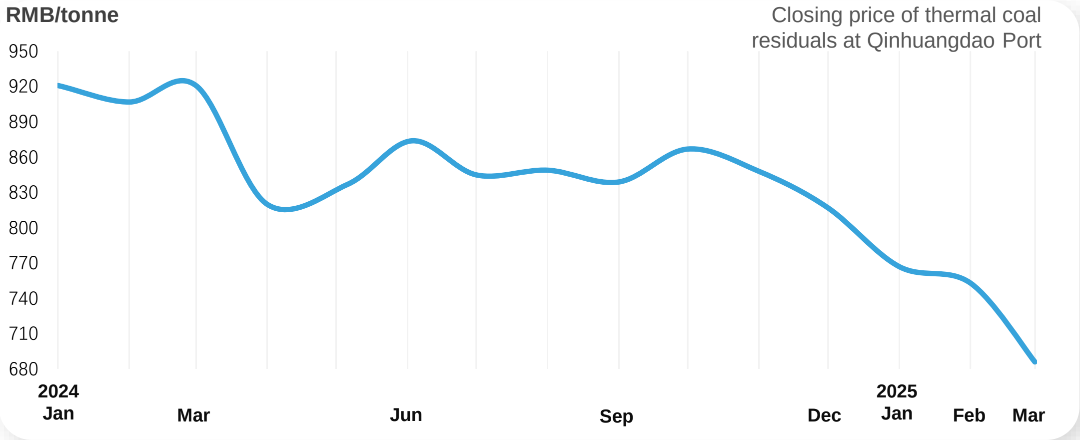
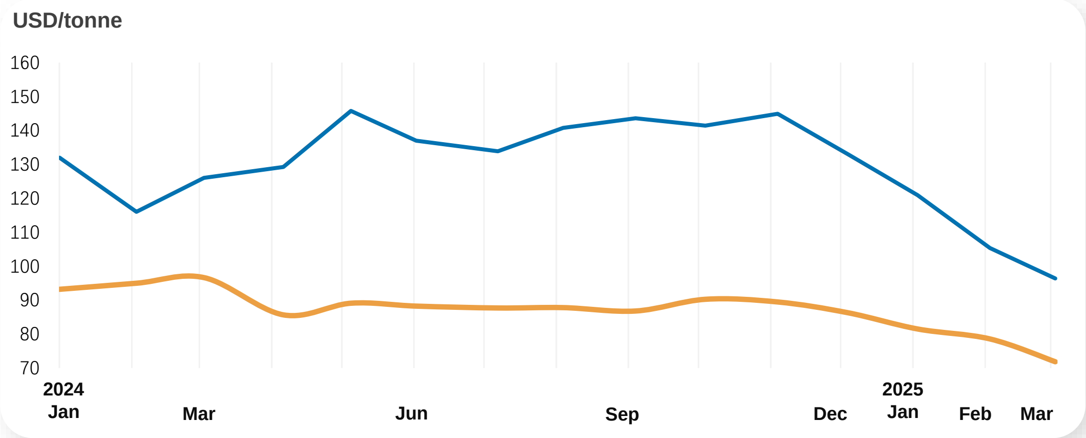
## Domestic coal price trend




Period: 2024 – March 2025

Source: Wind

## Overseas coal price trend




Period: 2024 – March 2025

Source: globalCOAL, Argus/McCloskey coal price index report

## Year 2024

- The coal market remains well-supplied, with prices experiencing a downward trend
- Coal continues to play a crucial role in energy security
- Global coal demand is projected to grow through 2027

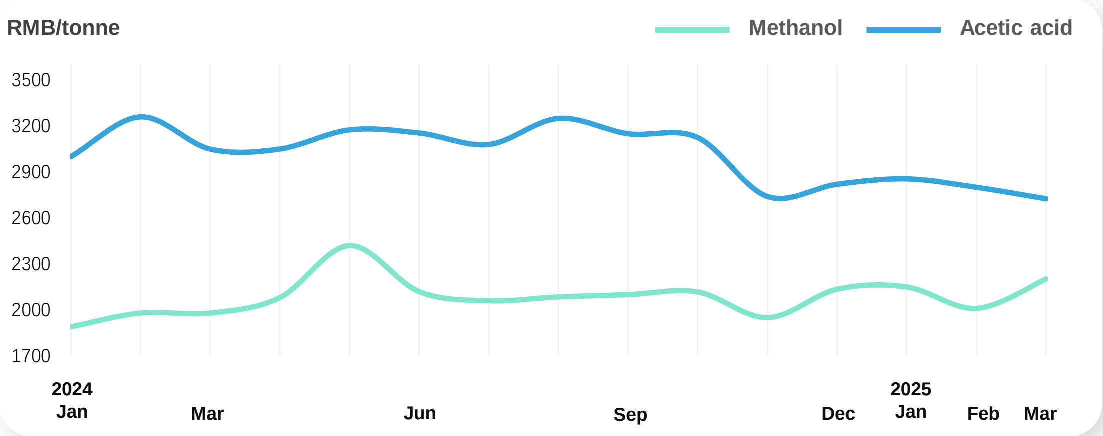
## Forecast for 2025

- The coal market remains well-supplied
- Prices may decline slightly, with supply-demand improving in 2H2025
- Annual average prices should stay within a favorable mid-to-long-term profitability range

# Analysis of Coal Chemical Market



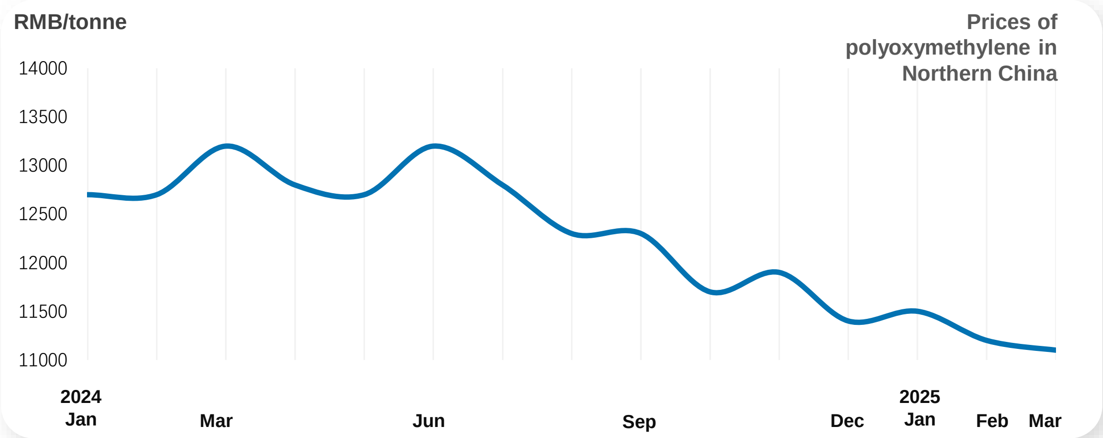
## Price trends of methanol and acetic acid




Period: 2024 – March 2025

Source: ICIS website

## Polyoxymethylene price trend




Period: 2024 – March 2025

Source: oilchem.net

- **Forecast for 2025**

  **Chemical product prices remain stable**

  **High-end chemical products remain strongly supported**

### Methanol, acetic acid

- Capacity growth slows, maintaining a balanced supply-demand situation

### Polyoxymethylene, caprolactam

- With a competitive edge, prices remain at a mid-to-high level

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# Operational Goals for 2025

- Production
- Capital Expenditure
- Cost Control
- Debt-to-asset Ratio

# Operational Goals for 2025



Operational Goals

## Production

**Salable coal:**
**155-160 mn tonnes**
Strive to increase
**>13 mn tonnes** YoY

**Coal chemicals:**
**8.6-9 mn tonnes**
Remain stable

## CapEx

**RMB19.5 bn**

## Cost Control

**Unit COS of coal:**
**Strive to lower 3%**

**Unit COS of methanol:**
**reduce RMB60/tonne**

**Unit COS of acetic acid:**
**no increase**

## Debt-to Asset Ratio

**Strive for below 60%**

# Operational Measures for 2025

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- Boosting quality output, achieving breakthroughs, and strengthening core businesses
- Seizing opportunities, enhancing synergies, and expanding emerging businesses
- Implementing lean management, unlocking potential, and driving cost reduction and efficiency improvement
- Leading the market by smart marketing, and boosting revenue and value creation
- Fostering integration, optimizing adjustments, and strengthening sustainable development

# 1. Boosting quality output, achieving breakthroughs, and strengthening core businesses

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## Mining: A comprehensive drive to build a stronger business engine

| Shandong Base | Shaanxi-Inner Mongolia Base | Xinjiang Base | Australia Base |
|---|---|---|---|
| Precision mining<br>Balanced and stable production | Leverage advantages<br>Achieve full production and efficiency | Accelerate growth<br>Unlock capacity | Optimize organization<br>Improve management |
| **37-40 mn tonnes** | **44-46 mn tonnes** | **>30 mn tonnes** | **40-44 mn tonnes** |

**Optimise regional layout to unlock quality potential**

# 1. Boosting quality output, achieving breakthroughs, and strengthening core businesses



## Mining:

A comprehensive drive to build a stronger business engine

**Year 2025**

**Huolinhe No.1 Coal Mine construction will start**

**Within 3 yrs**

**Construction of Liusangedan and Galutu Coal Mines is underway**

**Year 2026**

**Construction of Caosiyao Molybdenum Mine will commence**

Crude ore resource 104 mn tonnes

Annual ore capacity 16.5 mn tonnes

**The 3 mines will add >25 mn tonnes/year coal capacity once completed**

**Key construction projects to build momentum for future growth**

# 1. Boosting quality output, achieving breakthroughs, and strengthening core businesses

## Mining:

A comprehensive drive to build a stronger business engine

**Principle of "resource supremacy"**

- Accelerate the phased injection of high-quality assets from the controlling shareholder, region by region
- Acquire premium coal resources from key "core production areas" in strategic national bases such as Shaanxi-Inner Mongolia and Xinjiang
- Pursue opportunities for coking coal and non-ferrous metal acquisitions in international markets

**Secure external resources to expand the business portfolio**

# 1. Boosting quality output, achieving breakthroughs, and strengthening core businesses

## High-end chemicals and new materials:

Expand the value chain and drive cluster development

**Coal chemicals production strive to exceed 9 mn tonnes**

Accelerate

**Xinjiang Zhundong 800,000-tonne olefins project**

Develop

**Rongxin Chemical 800,000-tonne olefins project**

Progress

**Future Energy 500,000-tonne High Temperature Fischer-Tropsch project**

Coordinate

**Lunan Chemical low-carbon energy materials project**

# 2. Seizing opportunities, enhancing synergies, and expanding emerging businesses



## High-end equipment manufacturing

- Integrate equipment manufacturing resources
- Build Phase II of the Luxi Intelligent Manufacturing Park
- Leverage the strengths of Germany's SMT Scharf AG to expand into the Asian and European markets

## Smart Logistics

- Complete the Caojiahuochang to Niujialiang coal mine railway line
- Accelerate the construction of the Xinjiang Zhundong coal mine railway line
- Actively participate in the “Wuyulin” railway project
- Strengthen and optimize Tai'an Port logistics park and Jisansihe Port
- Develop the "physical logistics + digital platform" business model

## New Energy

- Leverage businesses and projects to secure production quota
- Seek opportunities for M&As, as well as JVs
- Expand into regions such as Inner Mongolia and Xinjiang

# 3. Implementing lean management, unlocking potential, and driving cost reduction and efficiency improvement

## Strive to improve profits through cost reduction

### Strengthen production cost reduction

- Optimize processes and production organization
- Reduce material costs, repair expenses, and equipment rental fees

### Deepen management cost reduction

- Target a **5%** reduction in controllable expenses
- Implement "6S management" to optimize staffing and enhance efficiency

### Enhance financial management

- Reduce overall financing costs by **6%**
- Lower financial expenses by **RMB300 mn**

### Optimize logistics management

- Leverage multimodal transport and sales coordination advantages
- Optimize channels, transportation, storage, and settlement methods

### Revitalize existing assets

- Clear inventory, revitalize assets, and optimize equipment
- **Reduce** existing material stock by **10%**

### Strict control of procurement costs

- Reduce procurement costs of **>RMB220 million**

# 4. Leading the market by smart marketing, and boosting revenue and value creation



## “Three Focuses and Two Guarantees”

**Focus on long-term contract fulfillment**

- Strengthen communication and coordination to improve contract performance and delivery rates

**Focus on key customer maintenance**

- Provide customized services to ensure direct supply customers account for **over 85%**

**Focus on expanding new markets**

- Actively pursue customers in large-scale thermal power projects that are either under construction or about to become operational

**Guarantee coal quality and cash flow**

- Enhance coal quality management to strengthen the "Yankuang Coal" brand
- Control accounts receivable and inventory growth
Generate profitable revenue and cash flow-driven profits

# 5. Fostering integration, optimizing adjustments, and strengthening sustainable development



Sustainable Development

**Firmly occupy the "center stage" of national energy supply**

- Deepen the development and construction of the national energy strategic base
- Consolidate and expand core overseas resource areas

**Accelerate the forging of the "driving force" behind industrial and product upgrades**

- Promote the leap of resource value towards low-carbon, high-value-added sectors.

**Firmly wield the of clean coal conversion "transformative power" of clean coal conversion**

- Pursue chemical processing when suitable, pursue electricity generation when suitable
- Increase the proportion and benefits of clean coal conversion and utilization
- Secure access to the "coal-to-electricity transmission channel."

# Thank You