



**中信資源控股有限公司**  
**CITIC Resources Holdings Limited**

# 2020 ANNUAL RESULTS RELEASE

( For the 12 months ended 31 Dec 2020 )

April 12<sup>th</sup>, 2021

# Disclaimer

---

This material is a presentation of information about the activities of CITIC Resources Holdings Limited ( “CRH” , the “Company” , “中信资源” or “公司” ) and its subsidiaries (collectively, the “Group” or “集團” ) as at the date of this presentation. Information is given in summary form and does not purport to be complete. Such information is not intended to be and should not in any way be treated or regarded as advice or recommendation to shareholders, bankers or potential investors of CRH.

In particular, this presentation and the associated slides and discussion contain forward-looking statements, projections, forecasts and estimates including, but not limited to, those regarding energy and commodities prices, production and estimated reserves. Such forward-looking statements, projections, forecasts and estimates reflect various assumptions by the management of the Company and have been included solely for illustrative purposes. By their nature, forward-looking statements, projections, forecasts and estimates involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. No representations are made as to the accuracy of such statements, projections, forecasts and estimates, the reasonableness of any assumptions underlying such statements, projections, forecasts and estimates or with respect to any other information contained or referred to herein. Actual results may materially differ from those expressed in such statements, projections, forecasts and estimates, depending on a variety of factors including, but not limited to, the timing of bringing new wells, mines and other resources on stream operations, future levels of industry product supply and demand and pricing, operational problems, changes in general economic conditions, political stability, changes in laws and governmental regulations, exchange rate fluctuations, technology improvements, changes in public expectations and other changes in business conditions, the actions of competitors, natural disasters and adverse weather conditions, wars and acts of terrorism or sabotage, and other factors discussed elsewhere in this presentation.

This presentation may not in whole or in part be in any way copied, reproduced or redistributed to any other person and you agree to keep the contents herein confidential, save and except such information which has been publicly announced by us by way of an announcement in accordance with applicable legal and regulatory requirements. No representation or warranty, express or implied, is made and no reliance should be placed on the accuracy, fairness or completeness of the information presented herein. This document is not and should not be treated or regarded as an offer for sale of securities of CRH inside or outside Hong Kong or the United States or elsewhere.

# Table of Contents

---

01

Business Overview

02

2020 Operating Performance

03

2020 Financial Results

04

Business Outlook



# Business Overview

# Overview: Assets Allocation



中信資源控股有限公司  
CITIC Resources Holdings Limited

## Oil and Gas Assets

- **Kazakhstan**  
Karazhanbas oilfield 50%
- **Liaoning Province, China**  
Hainan-Yuedong Block 90%
- **Indonesia**  
Seram Non-Bula block 41%

## Non-oil Project Investment

- **Australia**  
Portland Aluminium Smelter 22.5%
- **Australia**  
Coppabella and Moorvale Coal Mines Joint Venture 14%
- **Australia**  
CITIC Australia Trading Pty Limited 100%
- **Australia**  
Alumina Limited 9.6117% <sup>(4)</sup>
- **Hong Kong, China**  
CITIC Dameng 34.39% <sup>(2)</sup>

**Notes:**

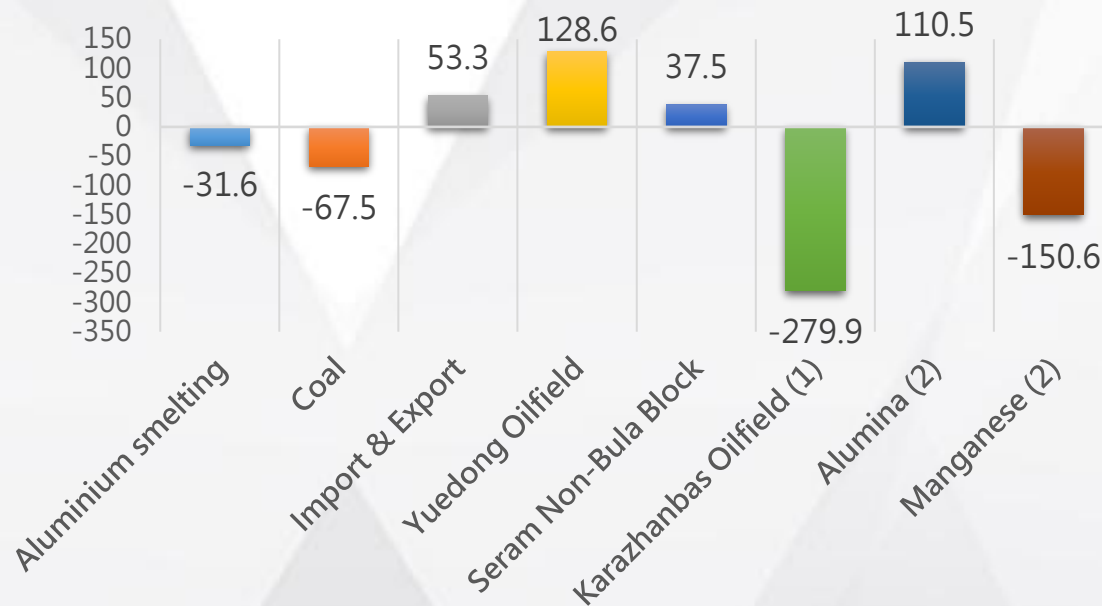
(1) As share of profit of a joint venture

(2) As share of profit of an associate, the sale of CITIC Dameng's equity shares was completed on Dec 22<sup>nd</sup> 2020

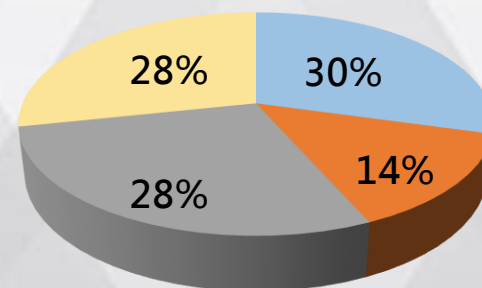
(3) Only consolidate revenues of Yuedong oilfield and Seram Block

(4) AWC issued a small number of new shares, resulting in the Group's shareholding in AWC being slightly diluted to 9.6117%.

## Segment Results/Share of Profit (HK\$M)



## Revenue (HK\$M)



- Aluminium smelting
- Coal
- Import & Export
- Crude oil (3)



# Overview – Oil and Gas Assets

	<i>Kazakhstan The Karazhanbas oilfield</i>	<i>Liaoning Province, China Hainan-Yuedong Block</i>	<i>Indonesia Seram Block</i>
<b>Shareholding</b>	50%	90%	41%
<b>Partners</b>	KMG	CNPC	CSEL PT Petro Indo Mandiri Gulf Petroleum Inv. Co. KSCC PT GHJ Seram Indonesia Lion International Inv. Ltd.
<b>Proved Oil Reserves as at Dec 2020</b>	167.5 million barrels	30.3 million barrels	3.3 million barrels
<b>Contract Expiry</b>	2035	2034	2039
<b>Total Production in 2020 (100% basis)</b>	13.38 million barrels	2.75 million barrels	0.62 million barrels
<b>Highlights</b>	<ul style="list-style-type: none"><li>• MET preferential rate of 0.5%</li><li>• Low proportion of domestic oil sales</li><li>• Relatively stable number of wells drilled annually</li></ul>	<ul style="list-style-type: none"><li>• Lowest operating cost among same types of oilfields in Liao He River Oilfield</li><li>• Small sales discount</li><li>• Potential production upside under the development plan</li></ul>	<ul style="list-style-type: none"><li>• After the new contract took effect, there is potential increase in numbers of well drilling and productions</li><li>• 3tcf of natural gas resources to be explored</li></ul>



?



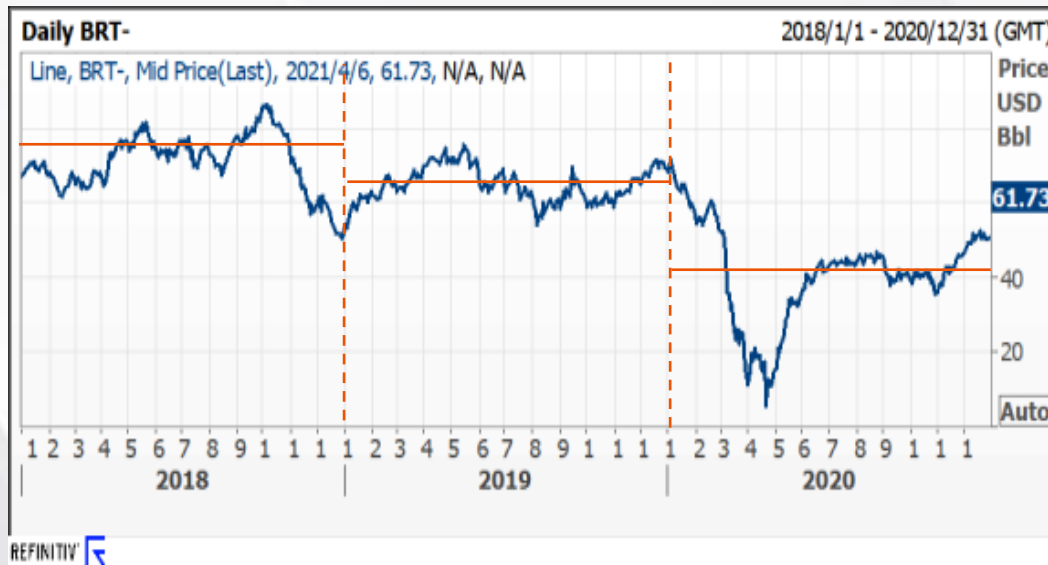
**Operating Performance**

# Market Overview

- In the beginning of 2020, Oil prices declined sharply due to the double whammy of COVID-19 pandemic and the “Oil Price War” led by Saudi and Russia. But the production cut agreement was re-established afterwards and oil prices started to bounce back from May. However, weak demand and market oversupply left the oil prices fluctuated at low level all year round .
- Average Brent oil price is \$41.8/bbl, down by 35%.
- LME spot aluminium price is \$1,706/ton, down by 5%. Coal price also decreased a lot compared to 2019.

**Brent Oil Price Trend**

2018	2019	2020	US\$/bbl
<u>\$71</u>	<u>\$65</u>	<u>\$42</u>	



**LME Spot Aluminium Price Trend**

2018	2019	2020	US\$/ton
<u>\$2,108</u>	<u>\$1,794</u>	<u>\$1,706</u>	

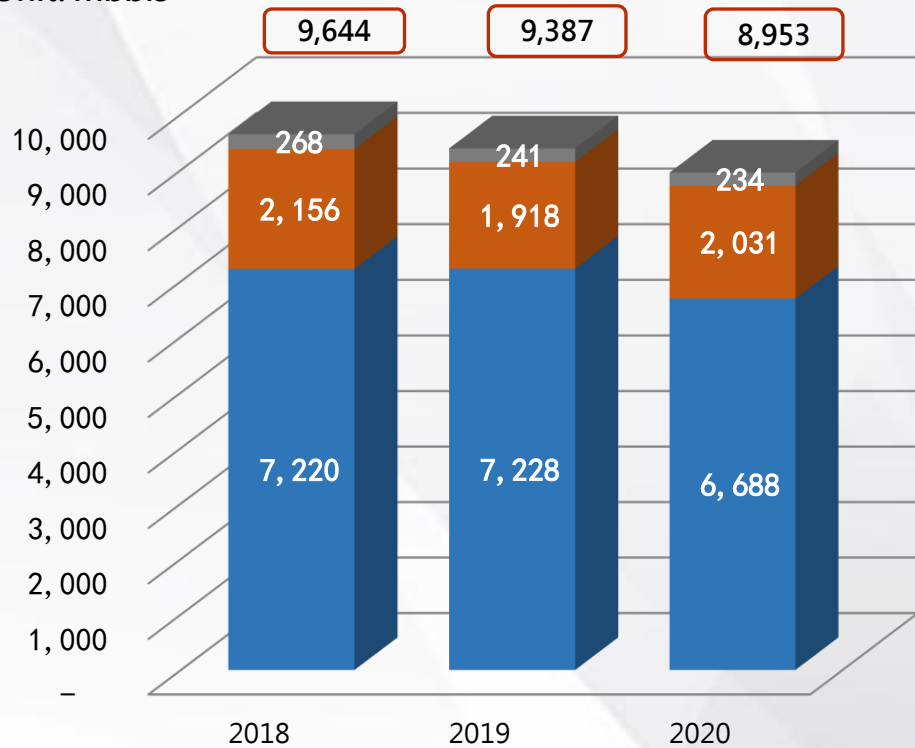




# Oil and Gas – Production and Reserves

Equity production remained stable

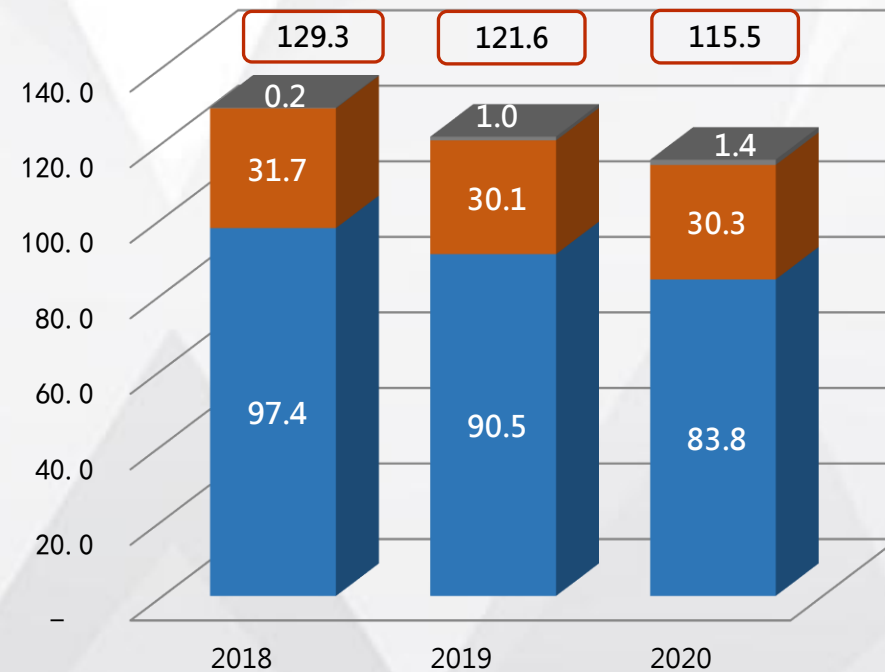
Unit: mbbls



■ Karazhanbas ■ Yuedong Oilfield ■ Seram Block

Equity reserves remained stable

Unit: Mbbl



■ Karazhanbas ■ Yuedong Oilfield ■ Seram Block

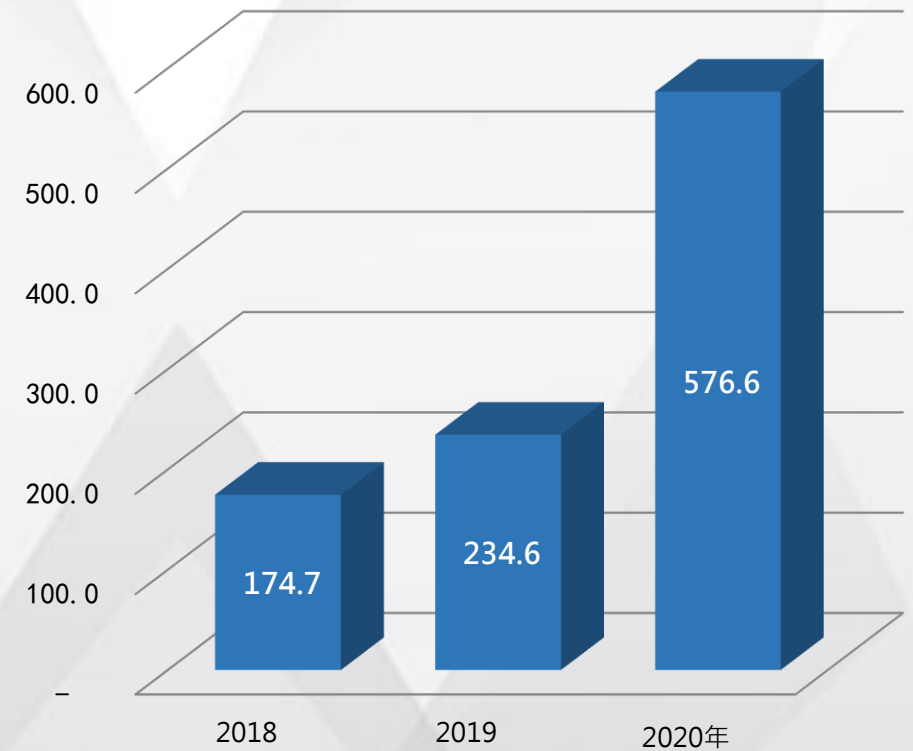
# Oil and Gas – Per barrel costs and CAPEX

Per barrel costs greatly reduced

US\$/bbl		2018	2019	2020
Karazhanbas	OPEX	15.9	16.3	16.1
	All-in costs	56.3	49.7	43.9
Yuedong Oilfield	OPEX	16.6	18.2	14.0
	All-in costs	43.8	48.7	42.5
Seram Block	OPEX	15.0	16.6	16.3
	All-in costs	30.5	39.2	33.8

CAPEX increase due to development plan

Unit: million HKD



# Oil and Gas – Realized sales price

Unit: US\$/bbl

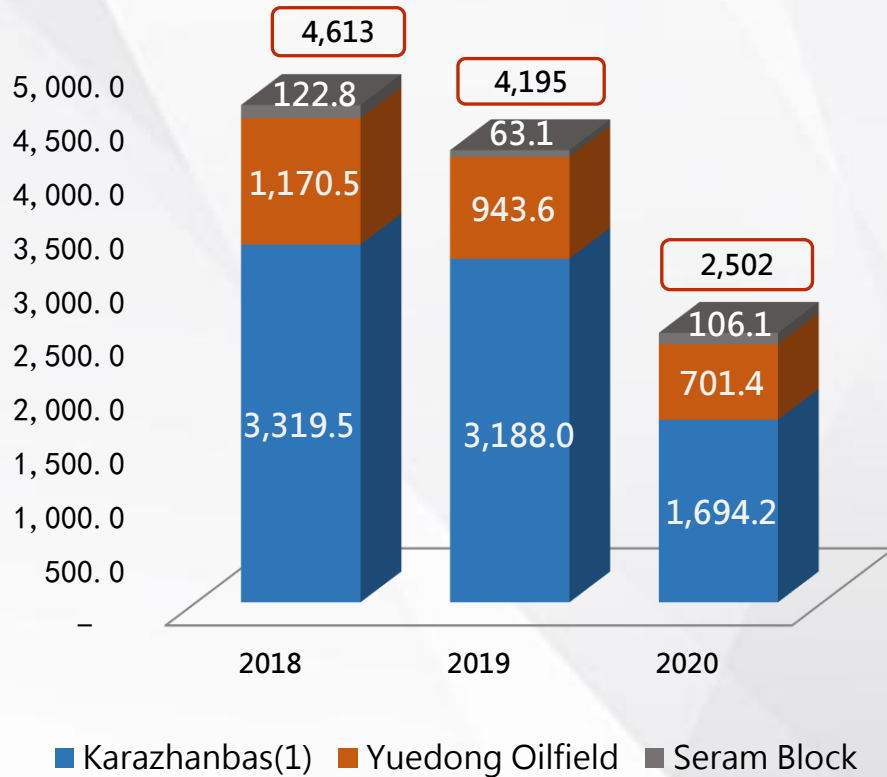


	2016	2017	2018	2019	2020
◆ Brent	43.3	54.1	71.2	64.7	41.8
■ Karazhanbas realized price	39	50.7	67.2	61.1	37.2
▲ Dubai	41.3	53.2	69.5	63.5	42.3
✕ Yuedong realized price	43.2	54	69.2	63.9	44.7

# Oil and Gas – Operating performance

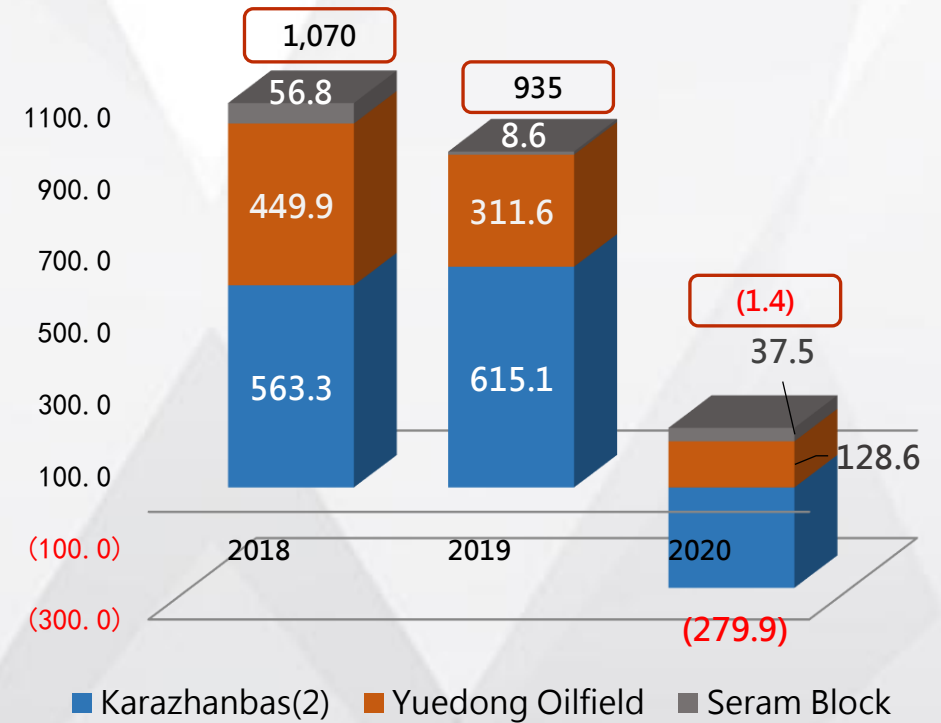
## Revenue

Unit: million HKD



## Segment results/Share of profits

Unit: million HKD



**Remark:**

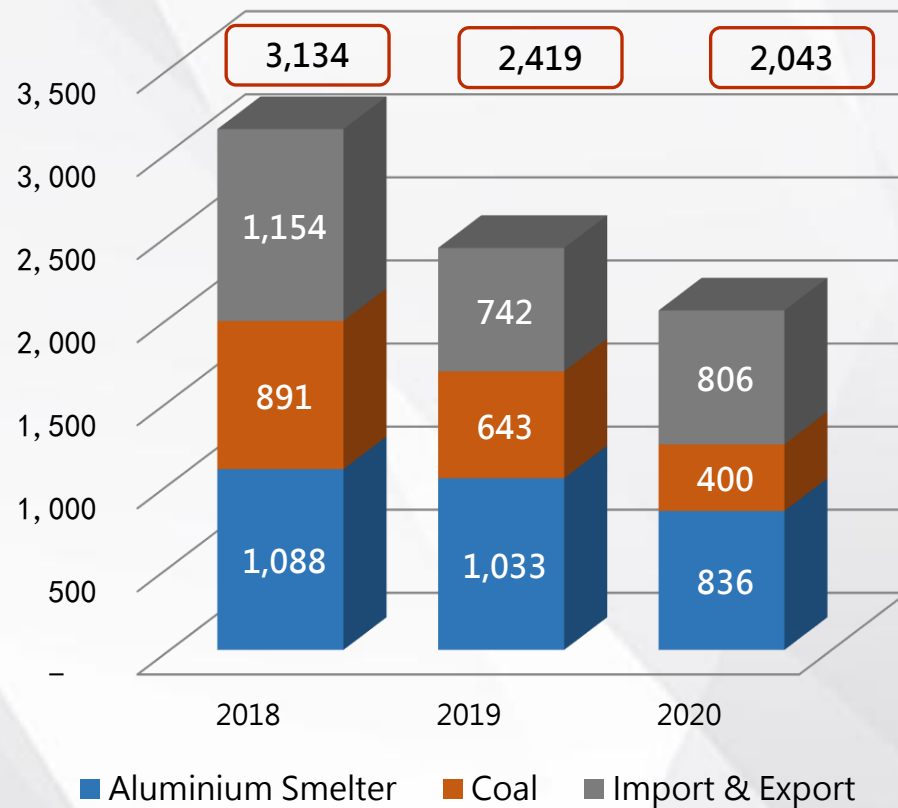
(1) The revenue of Karazhanbas is not consolidated

(2) Share of profits in a Joint Venture

# Non-oil projects – Operating performance

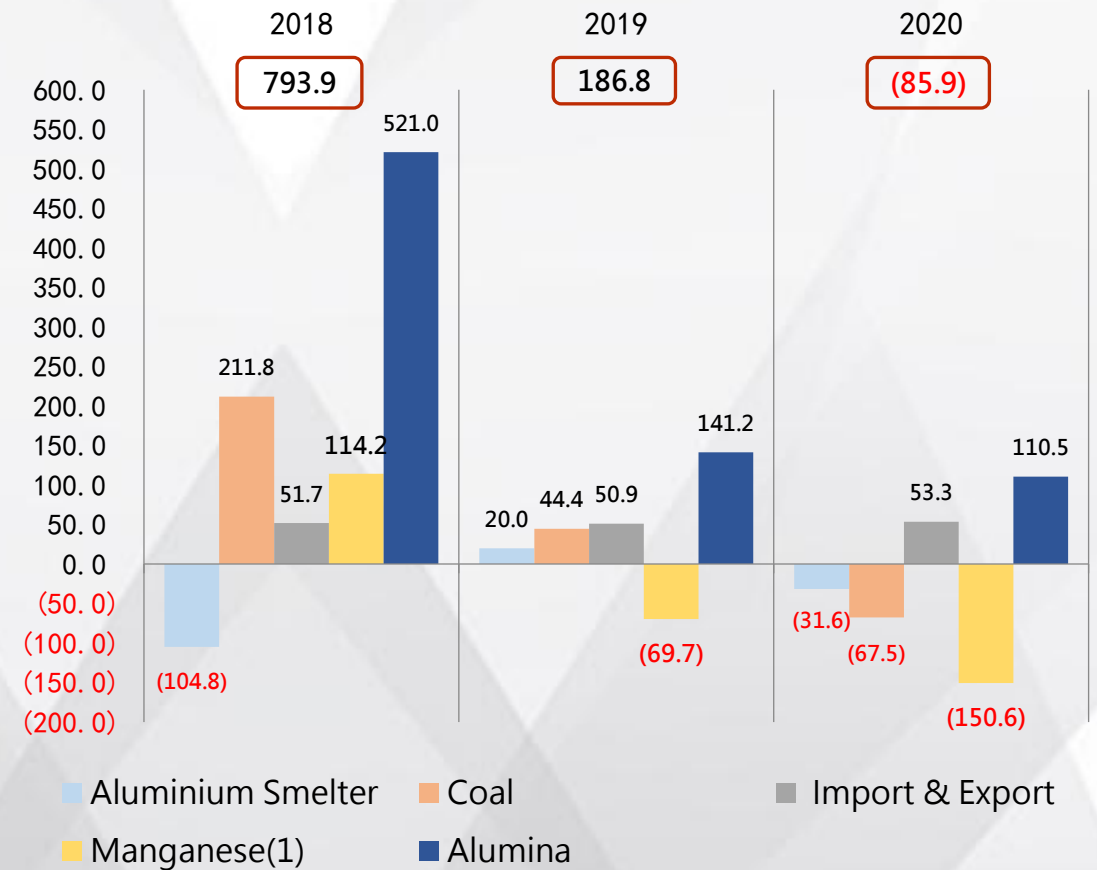
## Revenue

Unit: million HKD



## Segment results/Share of profits

Unit: million HKD



Remark:

(1) Share of profits till Dec 22<sup>nd</sup> 2020

# Assets Disposal and Structure Optimization

- During the year, the Group completed the transaction to dispose its 34.39% equity interests in CDH. This partially offset the declining financial performance of the Company against the backdrop of economic downturn and tightened market demands, and it also replenished the cash reserve of the Company. The transaction included relevant clauses to maintain the stability of CDH's principal businesses and employees, which yielded both good economic benefits and social benefits.
- During the year, through the completion of the disposals of Gundyer West coal exploration project and auto parts business in Australia, we optimized the overall asset structure of the Group, improved operational efficiency and were able to manage risks more effectively.

<i>Million HKD</i>	Time	Cash	Gain on disposal of assets
Gundyer West	2020.3	7.8	15.1
Auto parts	2020.11	6.6	6.3
CITIC Dameng	2020.12	1080.6	192.0
Total		1,095.0	213.4



**3**

# **2020 Financial Results**

# Financial Highlights

<i>Million HKD</i>	<i>2020</i>	<i>2019</i>	<i>Change</i>
Revenue	2,850.1	3,425.5	(16.8%)
EBITDA <sup>(1)</sup>	257.4	1,304.3	(80.3%)
Adjusted EBITDA <sup>(2)</sup>	618.7	1,723.3	(64.1%)
Profit attributable to shareholders	(363.8)	600.3	N/A
Earnings per share (HK cents) <sup>(3)</sup>	(4.63)	7.64	

Remarks:

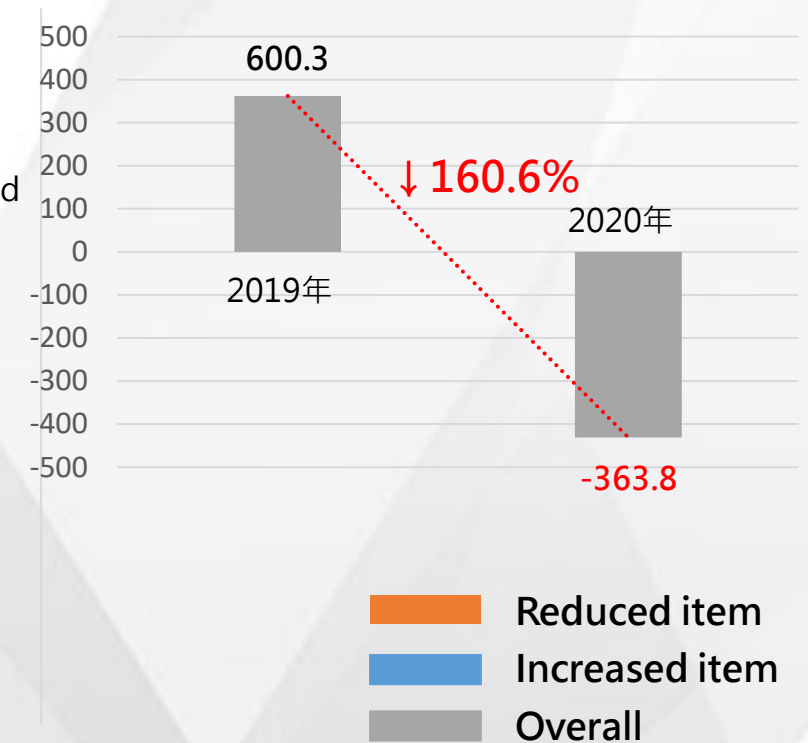
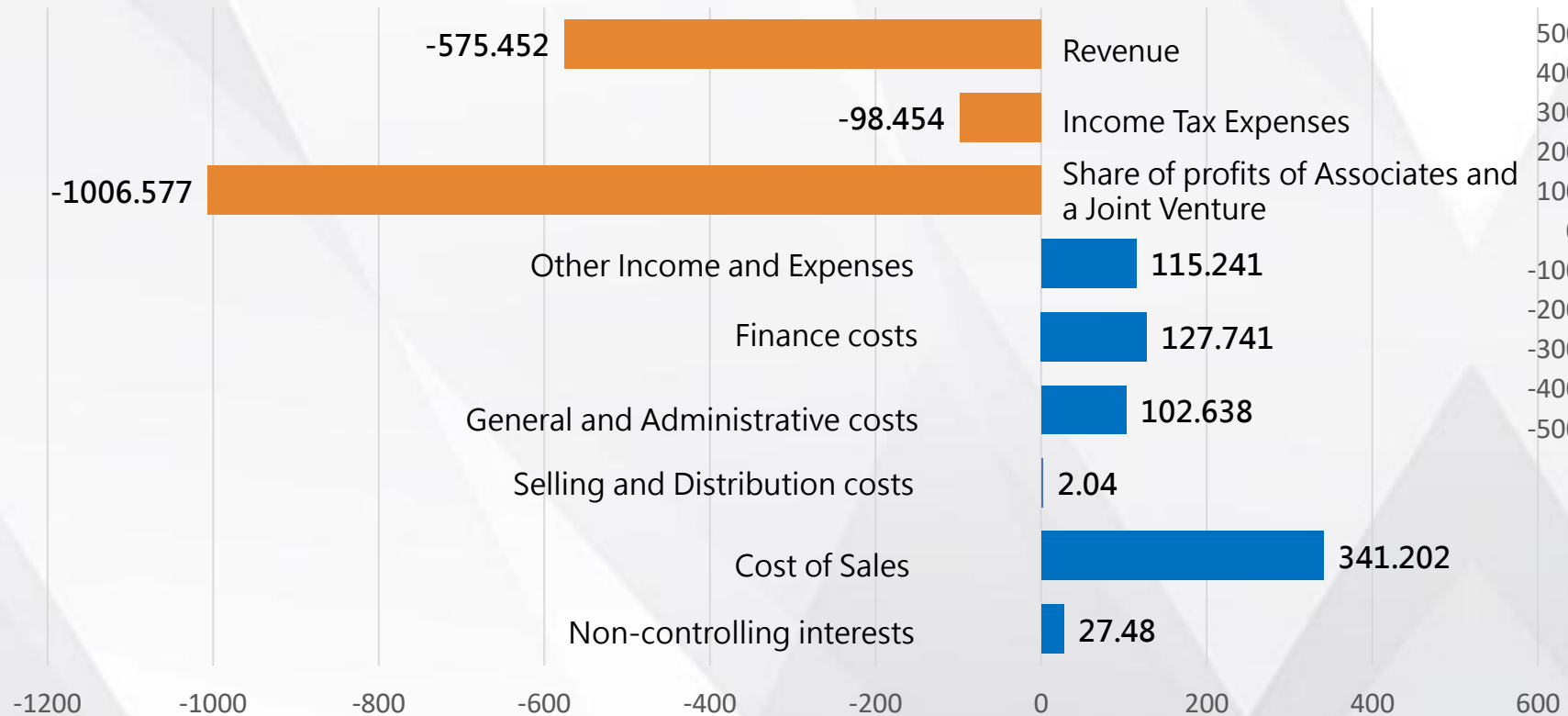
(1) Profit before tax + finance costs + depreciation + amortisation + asset impairment losses

(2) EBITDA + (share of finance costs, depreciation, amortisation, income tax expense and non-controlling interests of a joint venture) – share of reversal of asset impairment loss of a joint venture

(3) Profit attributable to shareholders / weighted average number of ordinary shares in issue during the year



# Analysis on Profit Attributable to Shareholders



■ Reduced item  
■ Increased item  
■ Overall

# Key Financial ratios

<i>Million HKD</i>	2020-12-31	2019-12-31	Change
<b>Cash and cash equivalents</b>	2,314.3	1,595.4	45.1%
<b>Total assets</b>	12,275.3	12,668.0	(3.1%)
<b>Total debt<sup>(1)</sup></b>	4,900.7	5,143.9	(4.7%)
<b>Net debt<sup>(2)</sup></b>	2,586.4	3,548.5	(27.1%)
<b>Equity attributable to shareholders</b>	5,807.7	6,253.4	(7.1%)
<b>Current ratio<sup>(3)</sup></b>	2.9 倍	1.4 倍	
<b>Gearing ratio<sup>(4)</sup></b>	84.4%	82.3%	
<b>Net Gearing Ratio<sup>(5)</sup></b>	44.5%	56.5%	
<b>Net asset value per share (HK\$)<sup>(6)</sup></b>	0.74	0.80	

*Notes:*

(1) Bank and other borrowings + finance lease payables

(2) Total debt–Cash

(3) Current assets / current liabilities

(4) Total debt / equity attributable to shareholders x 100%

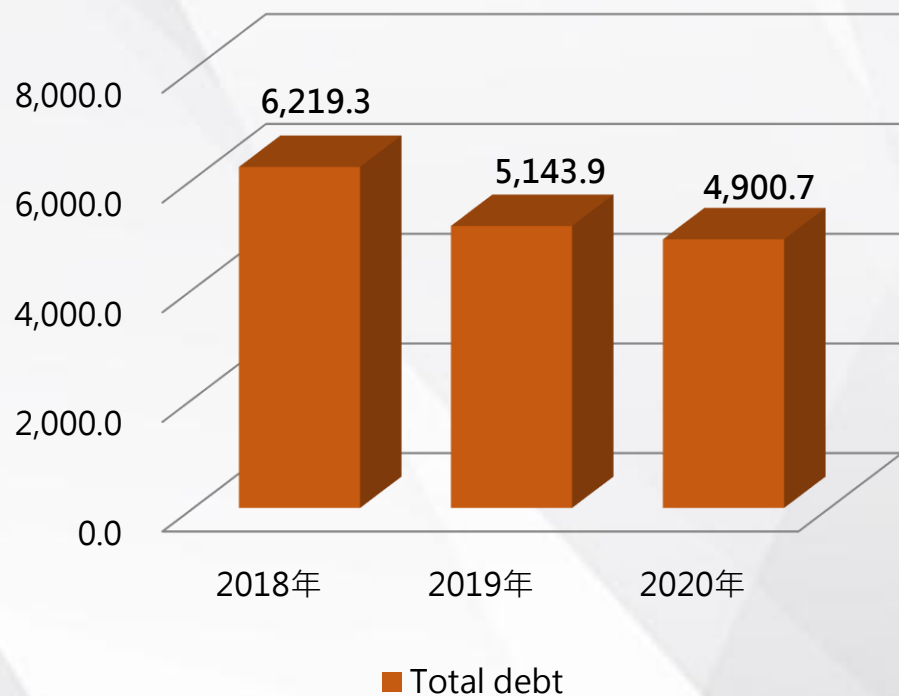
(5) (Total debt–Cash) / Equity attributable to shareholders x 100%

(6) Equity attributable to shareholders / number of ordinary shares in issue at end of period

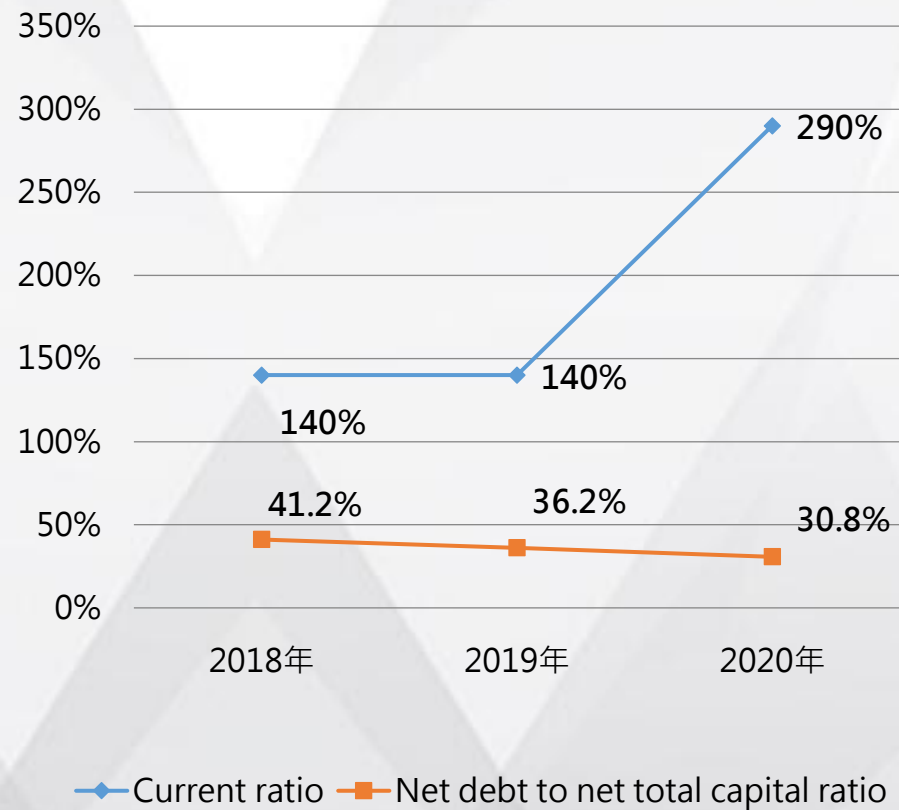
# Debt ratio and Liquidity

## Debt decreases year by year

Unit: Million HKD



## Liquidity increases



# Cash Flow Analysis

Million HKD	2020	2019	Change
Beginning Cash	1,595.4	1,921.2	
Operating cash flow	114.9	654.7	(82.5%)
Dividend income or share of profits	262.8	944.7	(72.2%)
Proceeds from assets disposal	1,097.0	0.46	-
<b>Total Cash Inflow</b>	<b>1,474.6</b>	<b>1,599.9</b>	<b>(7.3%)</b>
Repayment of bank borrowings	(384.2)	(1,413.6)	(72.8%)
CAPEX	(378.6)	(236.5)	60.1%
Dividend paid to shareholders	0	(275.0)	(100.0%)
Others	(30.6)	14.34	-
<b>Total Cash outflow</b>	<b>(793.4)</b>	<b>(1,910.8)</b>	<b>(58.1%)</b>
Effect of foreign exchange rate changes, net	37.6	(14.8)	-
<b>Ending Cash</b>	<b>2,314.3</b>	<b>1,595.4</b>	<b>45.1%</b>



# **4 Business Outlook**

# Impact of Pandemic and Responding Measures

## ■ Effects of Pandemic on Market and Group's Business

In 2020, the outbreak and wide spread of COVID-19 pandemic severely disrupted the global economy. The lockdown measures imposed by various countries had caused shutdown of economic activities at a large scale. During the year, the prices of those bulk commodities related to the Company's major businesses declined sharply year-on-year.

## ■ Responding Measures of the Group

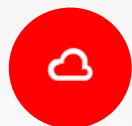
- ✓ The oilfields of the Group adjusted to local conditions and gradually established and optimized plans and guidelines for epidemic prevention and control based on their own conditions. The Karazhanbas oilfield has implemented "external sealing-off and internal separation" policies to minimize the flow of personnel. "Closed-circuit management" has been implemented and shift cycle of staff has been extended at the Seram block in Indonesia, and its Jakarta office has adopted the "working from home" policy in accordance with the large-scale social restrictions imposed by the Indonesian government.
- ✓ In order to cope with low oil prices, the Group activated emergency plans and worked hard on several fronts, including reduction of operating costs using technology, reduction of procurement and service costs, as well as optimization of the crude oil sales mechanism. The Group strived to reduce production costs and improve income, with the aim of retaining more cash to tackle future challenges. Moreover, while maintaining relatively stable production, the Group optimized, suspended, and/or postponed the drilling of new wells so that decisions on capital investments would be made on a more scientific and reasonable basis.



# Outlook and Guidance for 2021



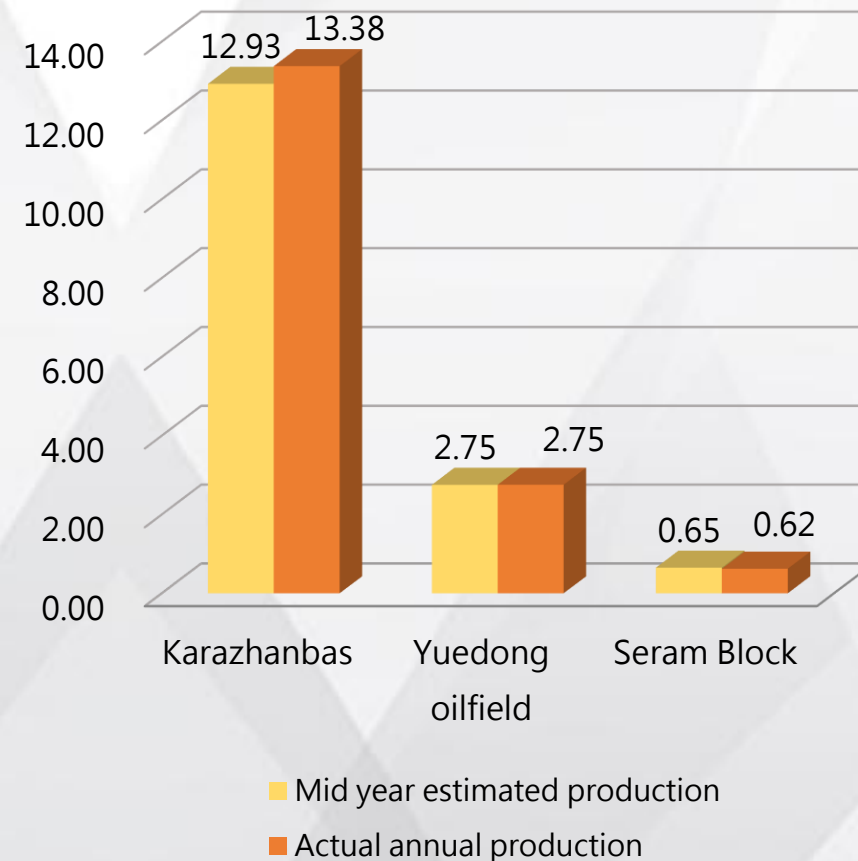
With the global application of vaccines, the pandemic is bound to be under control, and demand from the downstream is expected to recover. The crude oil market is expected to gradually shift from “oversupply” in 2020 to “tight-balanced”. The production target of the Group in 2021 is 18 million barrels (100% basis, without considering the potential production restriction factors of the Karazhanbas oilfield), and capital expenditure is expected to reach HK\$490 million, which is mainly used for oilfield exploration, development and production-related capital investment.



Moving towards the first year of the "14th Five-Year Plan", the Group will on one hand, solidify its long-term mechanism for cost reduction and efficiency enhancement, improve the quality and increase the efficiency of existing projects, and arrange for operating and capital investment with an aim to enhance the value of our existing assets. At the same time, we will optimize asset structure with the goal of profit maximization, and improve operating performance of the year during market recovery.

**Annual production matches mid year estimation**

Unit: Mbbls



# Appendix - Company Structure and Business



(1) An indirect interest in 50% of the issued voting shares of KBM (which represent 47.3% of the total issued shares of KBM) and 50% of the participation rights in each of ATS and TMS

(2) Alumina Ltd is listed on ASX (stock code: ASX: AWC)

(3) CITIC Dameng Holdings Ltd ("CDH") is listed on the SEHK (stock code : 1091.HK). In 2015, the Group's equity interest in CDH was diluted from 38.98% to 34.36% following the issue of new shares by CDH, and increased marginally to 34.39% upon the cancellation of shares repurchased by CDH. On Dec 22<sup>nd</sup> 2020, the Group completed the disposal of 34.39% CDH's equity shares.



# Appendix - Latest Tax Regime in Kazakhstan

## Export duty:

- Charged according to export volume
- Decreased from US\$80/t to US\$60/t in April 2015, and further reduced to US\$40/t in January 2016
- Charged at progressive rates by reference to Brent oil prices starting from March 2016
- Example: Export duty of US\$35/t when Brent price ranges between US\$35/bbl and US\$40/bbl

## Rent tax:

- Charged on export revenue
- Linked to world oil price

## Mineral extraction tax (MET):

- Tax rates depending on annual production volume
- KBM has obtained a preferential tax rate of 0.5% for MET

## Other major taxes include (if applicable):

- Corporate Income Tax
- Excess Profit Tax (EPT)

Export Duty	
World oil price (US\$/bbl)	Tax (US\$/t)
25 (including 25)- 30	10
30 (including 30)- 35	20
35(including 35) - 40	35
40(including 40) - 45	40
45 (including 45) - 50	45
50 (including 50) - 55	50
Rent Tax	
World oil price (US\$/bbl)	Tax rate
Up to 20 (including 20)	0%
20 -30 (including 30)	0%
30-40 (including 40)	0%
40- 50 (including 50)	7%
50- 60 (including 60)	11%



**中信資源控股有限公司**  
**CITIC Resources Holdings Limited**

**Thank You !**

Investor Relations

Tel: (852) 2899-8266

Fax: (852) 2815-9723

Email: [ir@citicresources.com](mailto:ir@citicresources.com)

Website: <http://resources.citic/eng/global/home.htm>

