

**China Petroleum & Chemical Corporation**

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# **2014 Interim Results Announcement**

**August 25, 2014  
Hong Kong**



# Cautionary Statement

**This presentation and the presentation materials distributed herein include forward-looking statements. All statements, other than statements of historical facts, that address activities, events or developments that Sinopec Corp. expects or anticipates will or may occur in the future (including but not limited to projections, targets, reserves and other estimates and business plans) are forward-looking statements. Sinopec Corp.'s actual results or developments may differ materially from those indicated by these forward-looking statements as a result of various factors and uncertainties, including but not limited to price fluctuations, actual demand, exchange rate fluctuations, exploration and development outcomes, estimates of proven reserves, market shares, competition, environmental risks, changes in legal, financial and regulatory frameworks, international economic and financial market conditions, political risks, project delay, project approval, cost estimates and other risks and factors beyond our control. In addition, Sinopec Corp. makes the forward-looking statements referred to herein as of today and undertakes no obligation to update these statements.**



# Agenda

- **1H2014 Performance Highlights**
- **1H2014 Operational Results by Segments**
- **2H2014 Outlook**

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# **1H2014 Performance Highlights**



# Market Environment

- **China's economy maintained steady growth with GDP up by 7.4% yoy**
- **Domestic demand for refined oil products grew by 3.6%**
- **Domestic demand for chemical products maintained high growth rate at 6.5%**
- **Crude price fluctuated at high level**
- **Oil products prices timely adjusted following international crude price change**
- **Chemical products prices declined due to strong market competition**



# Focus of the Year 2014

## Deepen Reform

- Streamline the Business Segments
- reform and restructuring of marketing business

## Transform Growth Pattern

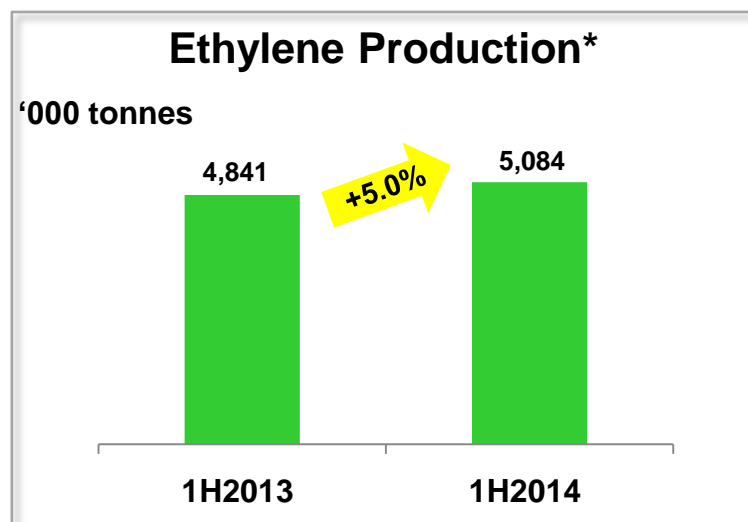
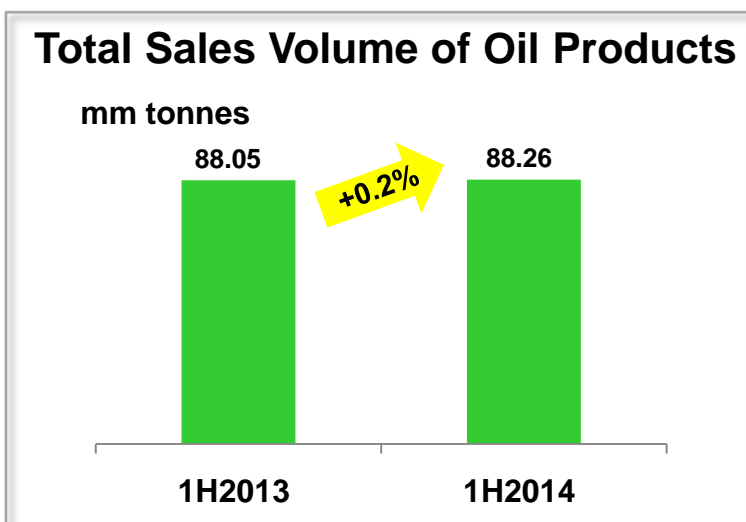
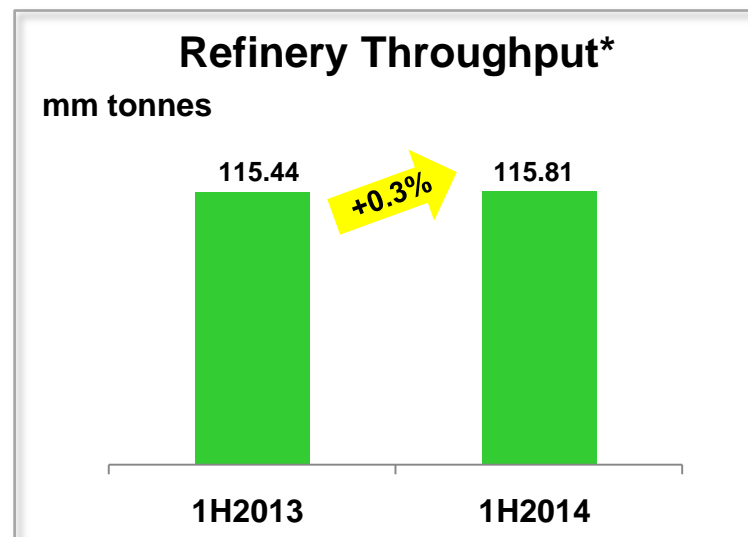
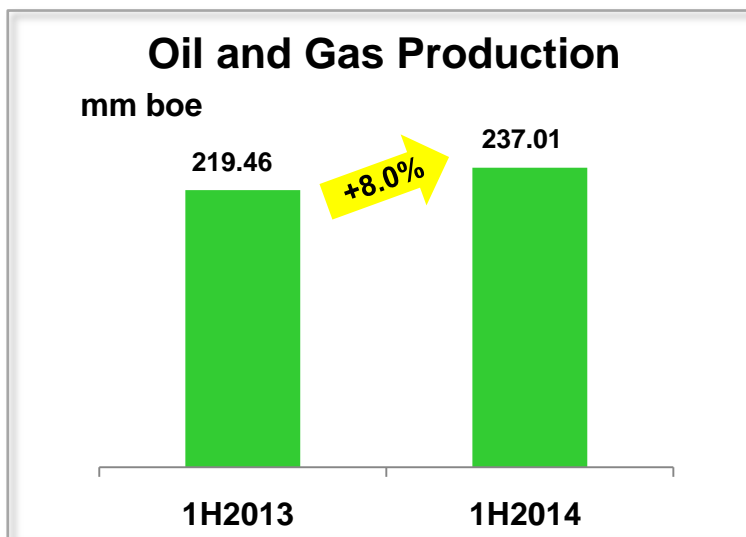
- Control investment
- Optimization in feedstock, process and products etc
- Optimize resources
- Revitalize stock assets
- Green and low carbon development
- Science and technology innovation

## Strict Management

- Better control on cost inflation
- Strict supervision on safe operation



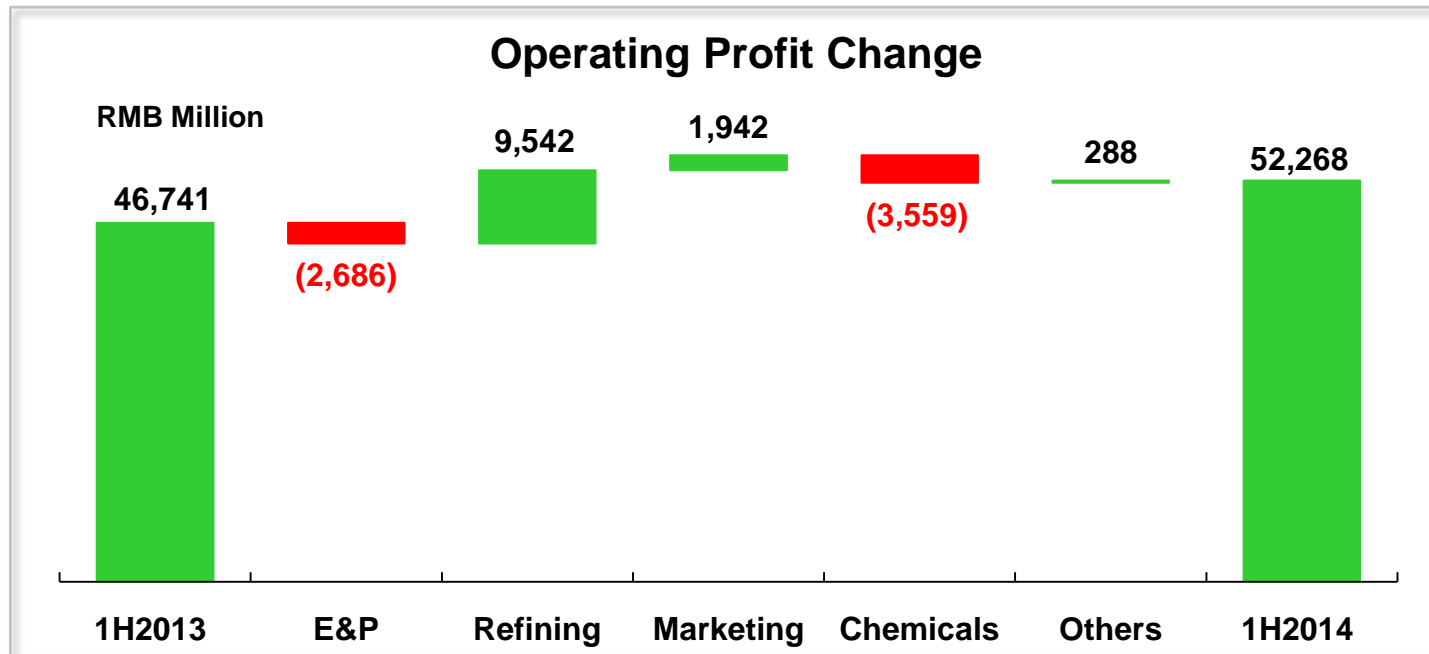
# Operating Summary





# Financial Highlights

- Operating profit increased by 11.8%
- Net profit reached RMB 32.5 billion with YoY growth of 7.5%
- Basic EPS of RMB 0.279

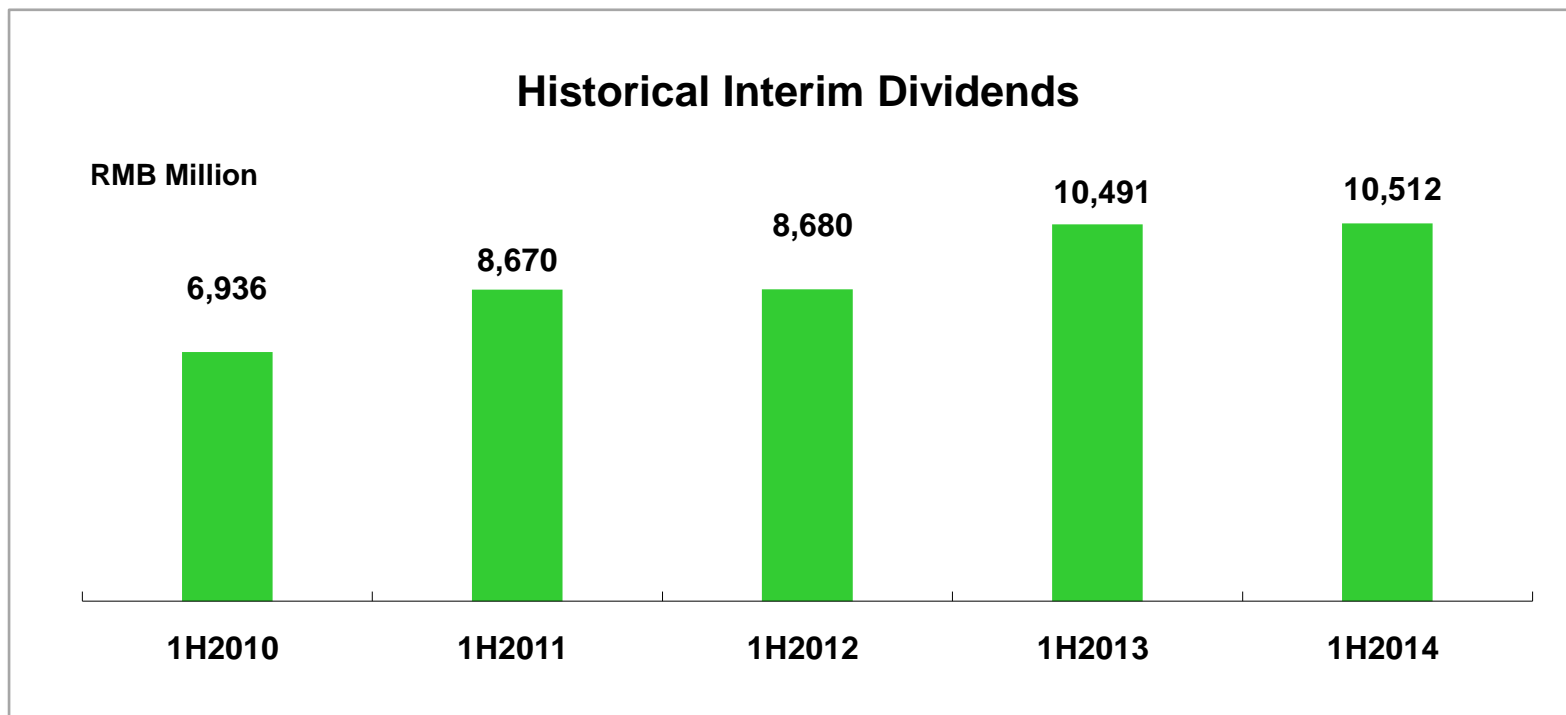






# Dividend

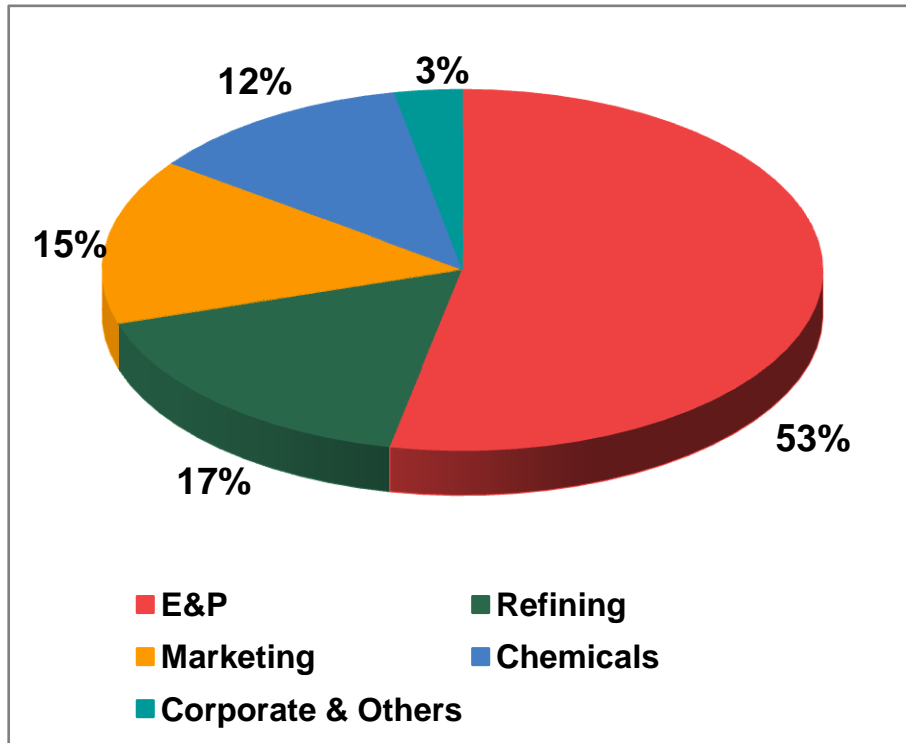
- The Board of Directors announced an interim dividend of RMB 0.09 per share
- Annualized dividend yield was 3.44%\*



Note: the dividend yield is calculated based on the average price of Sinopec H share in 1H2014



# Capital Expenditure

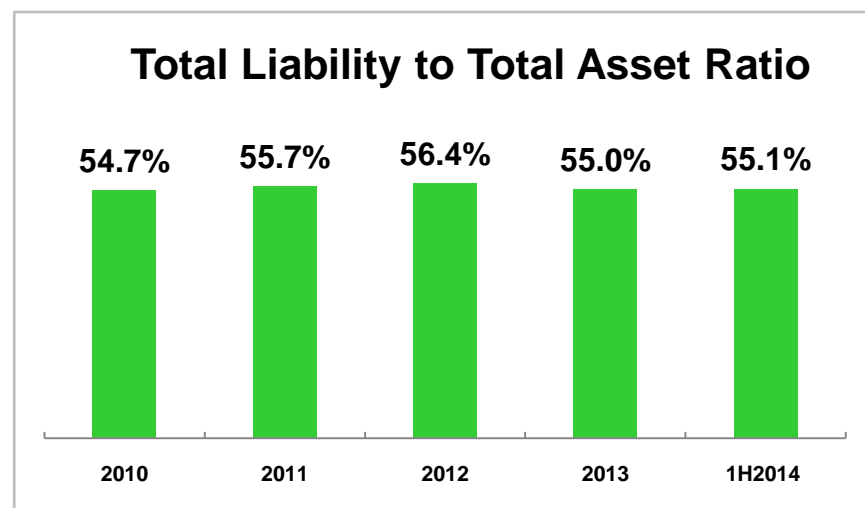
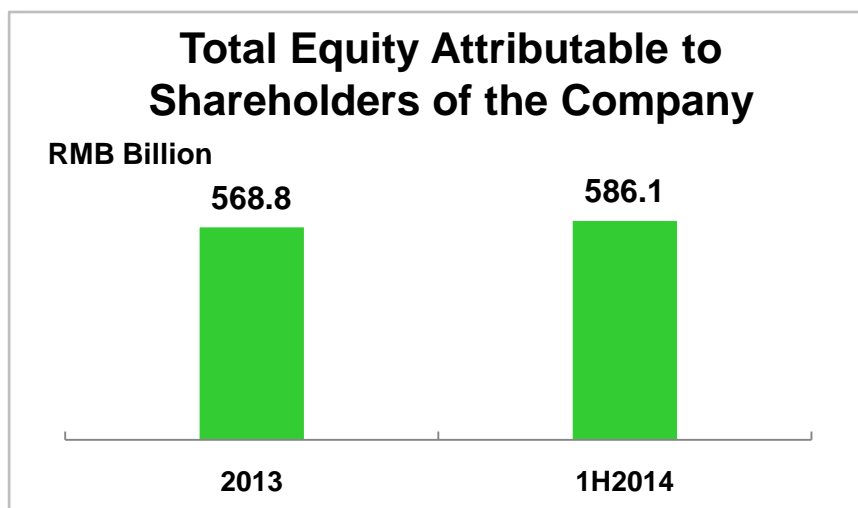


- E&P-RMB 20.7billion
  - ◆ Oil & gas development, pipeline construction and unconventional oil and gas development
- Refining-RMB 6.6 billion
  - ◆ Refinery expansion and quality upgrading projects
- Marketing-RMB 5.8 billion
  - ◆ Construction and upgrading of service stations, storage and logistics networks
- Chemicals-RMB 4.7 billion
  - ◆ Key projects and optimization of feedstock
- Corporate and Others-RMB 1.4 billion
  - ◆ R&D facilities and IT system



# Financial Position

RMB million	1H2013	1H2014	Yoy change
Net cash generated from operating activities	32,903	58,214	76.9%
Net cash used in investing activities	67,022	62,653	(6.5%)
Net cash generated from financing activities	34,654	2531	(92.7%)



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# **1H 2014 Operating Results by Segments**

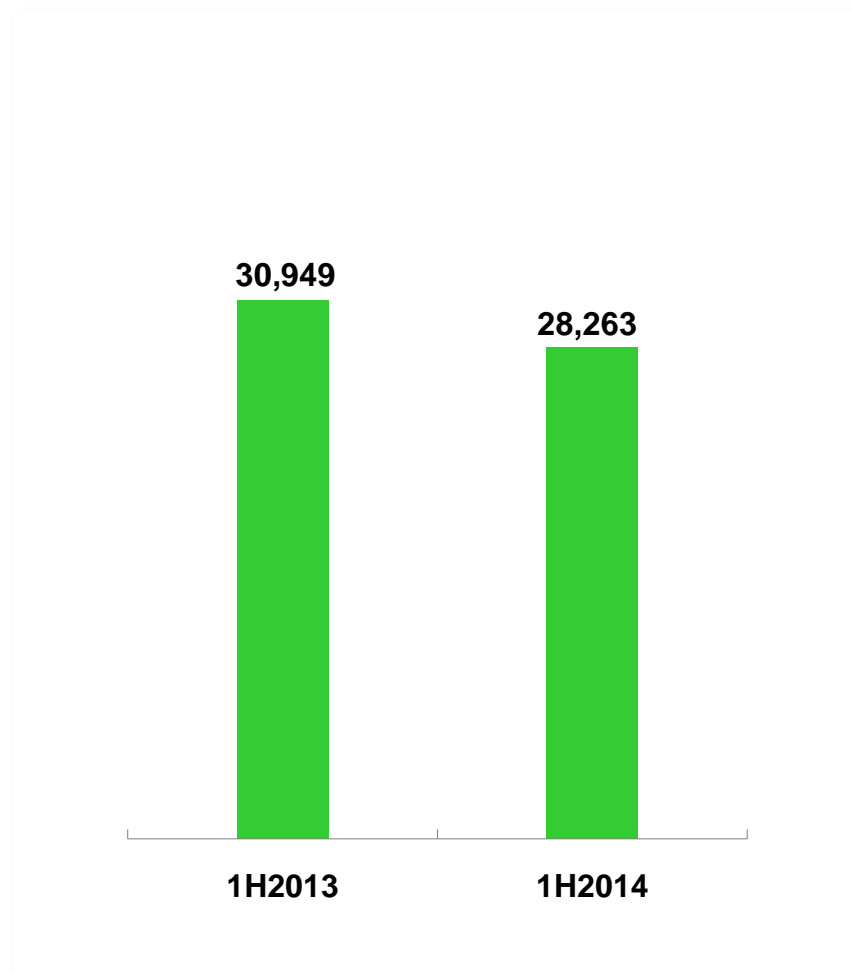


# Upstream - Operating Results

	1H2013	1H2014	YoY change
Oil and gas production (mm boe)	219.46	237.01	8.0%
Crude oil production (mm bbl)	165.44	177.88	7.5%
China	153.66	154.15	0.3%
Overseas	11.78	23.73	101.4%
Natural gas production(bcf)	324.14	354.80	



# Upstream - Performance





# Refining - Operating Results

(MM tonnes)	1H2013	1H2014	YoY change
Refinery throughput	115.44	115.81	0.3%
Gasoline, diesel and kerosene production	69.75	71.62	2.7%
Gasoline production	22.75	24.94	9.6%
Diesel production	38.64	36.67	(5.1%)
Kerosene production	8.36	10.01	19.7%
Light chemical feedstock production	18.82	19.96	6.1%
Light yield (%)	76.20	76.83	63bps
Refining yield(%)	94.61	94.63	2bps

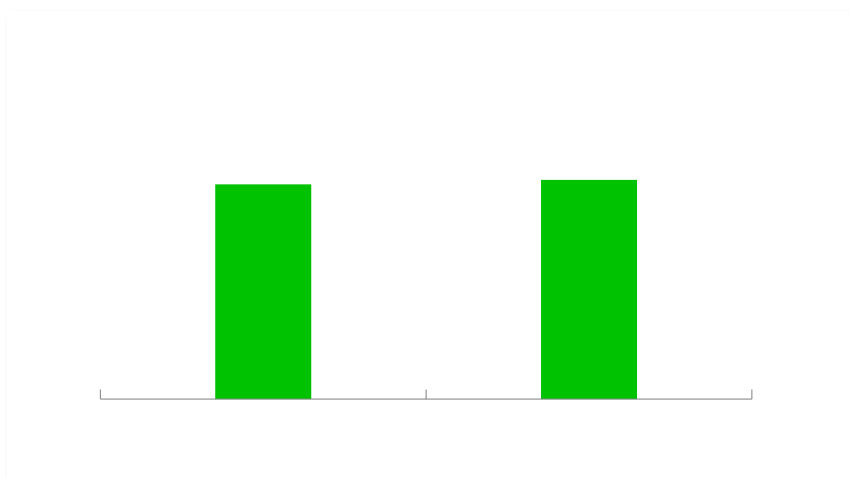
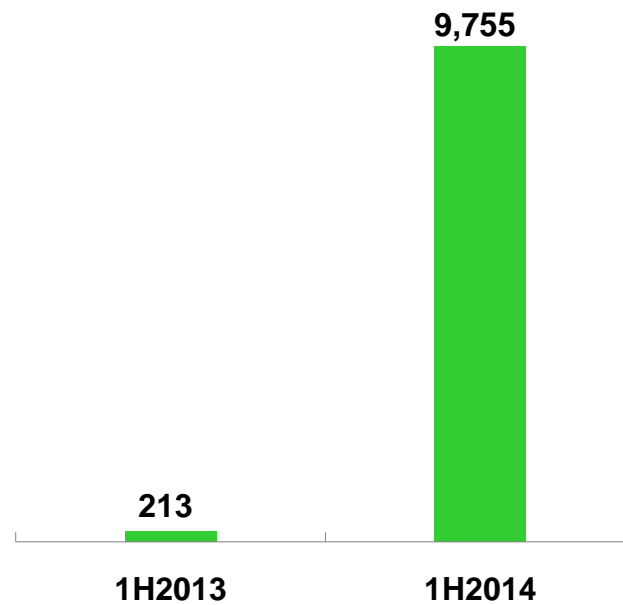
Note:1. Refinery throughput is calculated based on 1 tonne= 7.35 bbls;  
 2. 100% production of joint ventures included



# Refining - Performance

## Operating Profit of Refining Segment

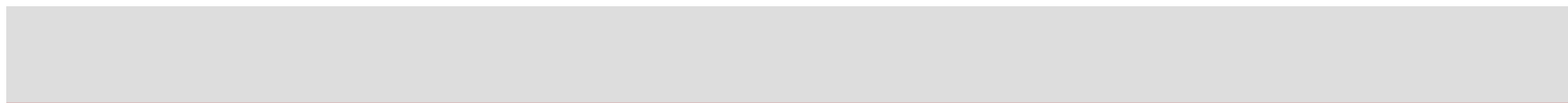
RMB Million







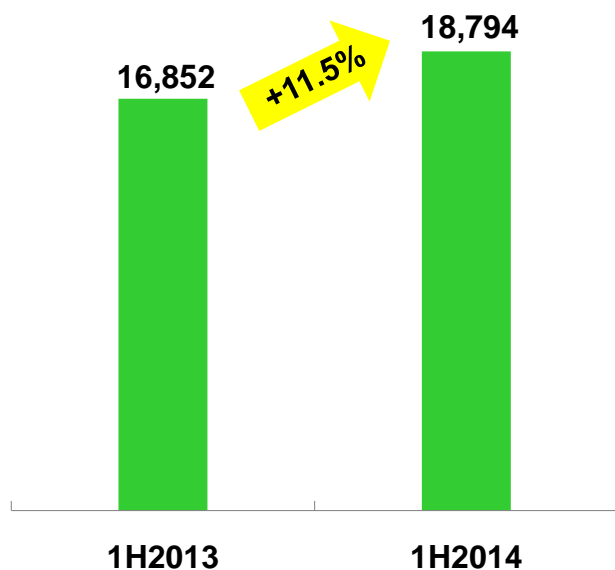
# Marketing - Operating Results



# Marketing - Performance

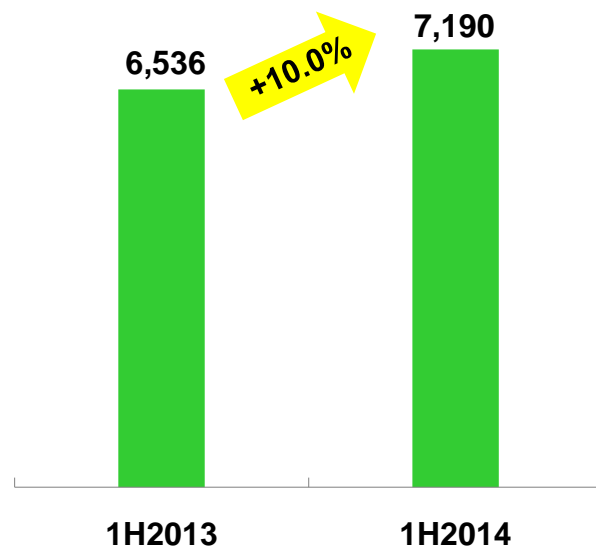
## Operating Profit of Marketing Segment

RMB Million



## Sales from Non-fuel Business

RMB Million





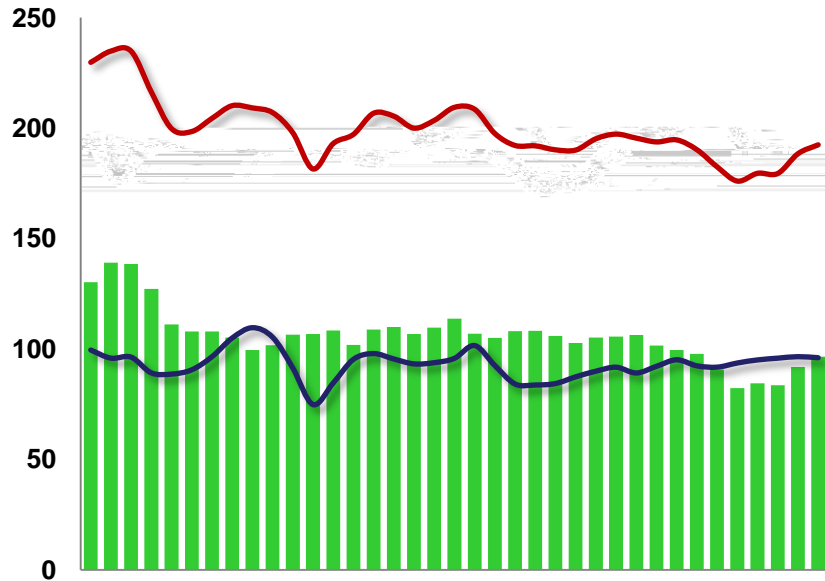
# Chemicals - Operating Results

'000 tonnes	1H2013	1H2014	% YoY change
Ethylene	4,841	5,084	5.0%
Synthetic resins	6,730	6,965	3.5%
Monomers & polymers for synthetic fibers	4,539	4,105	(9.6%)
Synthetic fibers	699	646	(7.6%)
Synthetic rubber	457	483	5.7%

Note: 100% production of joint ventures included

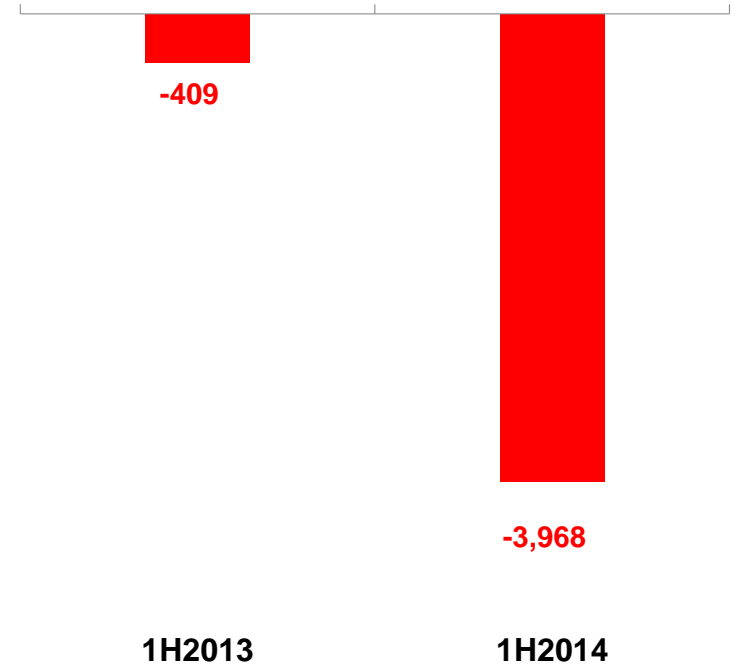


# Chemicals - Performance



## Operating Profit of Chemicals Segment

RMB Million



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# 2H Operation Outlook



# 2H2014 Operation Outlook

## ■ 2H2014 Market Environment

- China's economy will maintain its steady growth
- International crude price is expected to fluctuate at a high level
- Domestic demand for oil products and chemicals is expected to grow steadily

## ■ Operation Focuses

- Upstream: accelerate development of shale gas in Fuling
- Refining: further improve product mix and increase high value-added products output.
- Marketing: Carry out reform and restructuring as scheduled; Expedite new businesses while maintaining traditional oil products sales
- Chemicals: further adjust feedstock and products mix for cost saving and better profitability.



## Q&A



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