



中国石化
SINOPEC

China Petroleum & Chemical Corporation

2019 Interim Results Announcement

August 26, 2019
Hong Kong

SINOPEC CORP.

Cautionary Statement

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1H2019 Performance Highlights



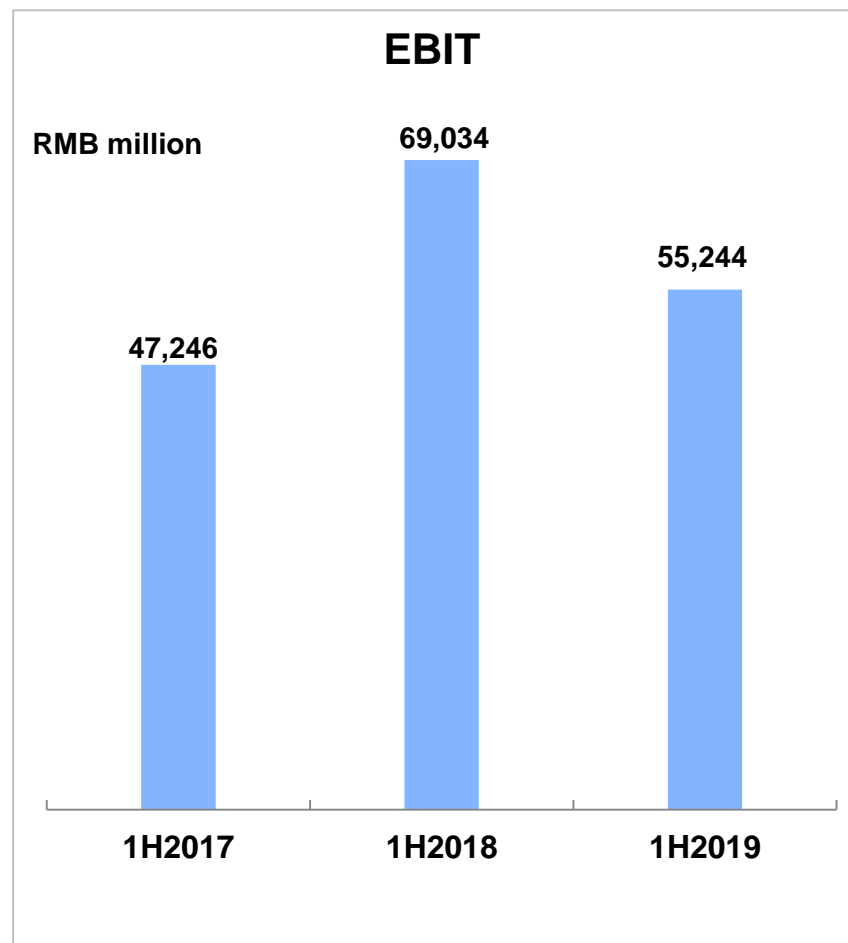
Market Environment in 1H2019

- **China's economic growth is stable with sound growing momentum**
 - ◆ GDP grew by 6.3% YoY
- **International oil price fluctuated with an upward trend, and followed by a rapid slide**
- **Sustained growth of domestic demand for energy and petrochemicals**
 - ◆ Consumption of natural gas grew by 10.8% YoY
 - ◆ Consumption of refined oil products maintained growth
 - ◆ Domestic chemicals demand kept rapid growth



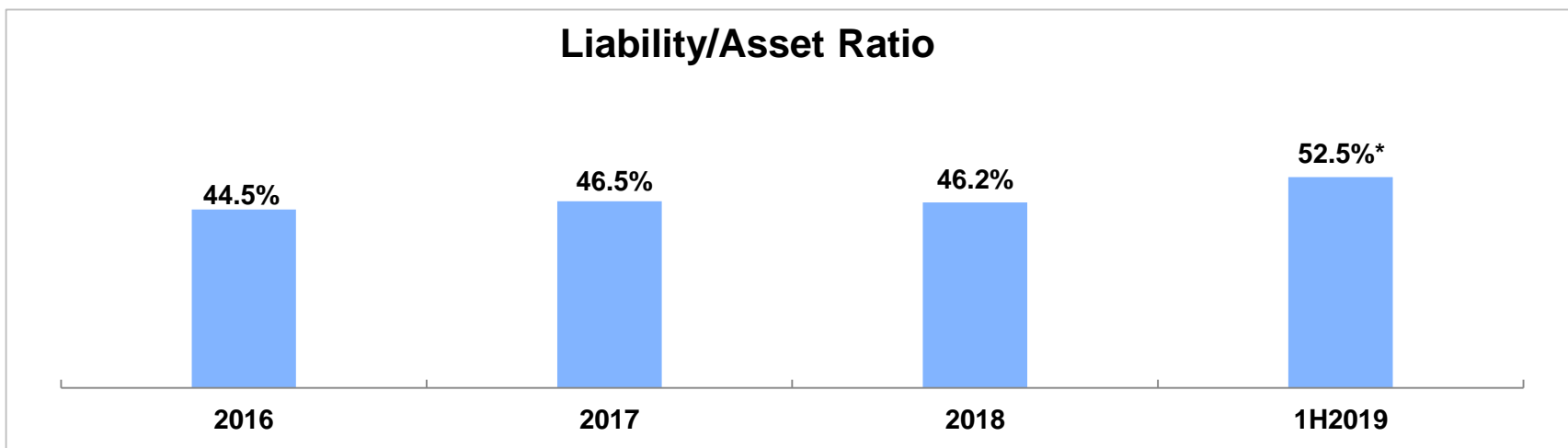
Robust Results amid Tough Environment

RMB million	1H2018	1H2019	YoY(%)
Turnover and Other Operating Revenues	1,300,252	1,498,996	15.3
EBIT	69,034	55,244	(20.0)
Profit Attributable to Equity Shareholders of the Company	42,386	32,206	(24.0)
EPS (RMB)	0.350	0.266	(24.0)



Solid Financial Position

RMB million	As of Dec. 31, 2018	As of Jun. 30, 2019
Total Assets	1,592,308	1,824,845
Short-term Interest-bearing Debts	61,127	101,861
Long-term Interest-bearing Debts	57,967	54,774
Total Equity Attributable to Shareholders of the Company	717,284	723,452



* DAWN, 15G n - h a a j i E i p n t , ' - , 4) @ g d b c a o j a DAWN, 1' c G d g t * n n o M a j r n / 1) 3 s of June 30, 2019



Cash Flow Status

RMB million	1H2018	1H2019
Net Cash Generated from Operating Activities	71,620	32,918
Net Cash Used in Investing Activities	19,258	(49,073)
Net Cash Used in Financing Activities	(49,308)	(2,945)

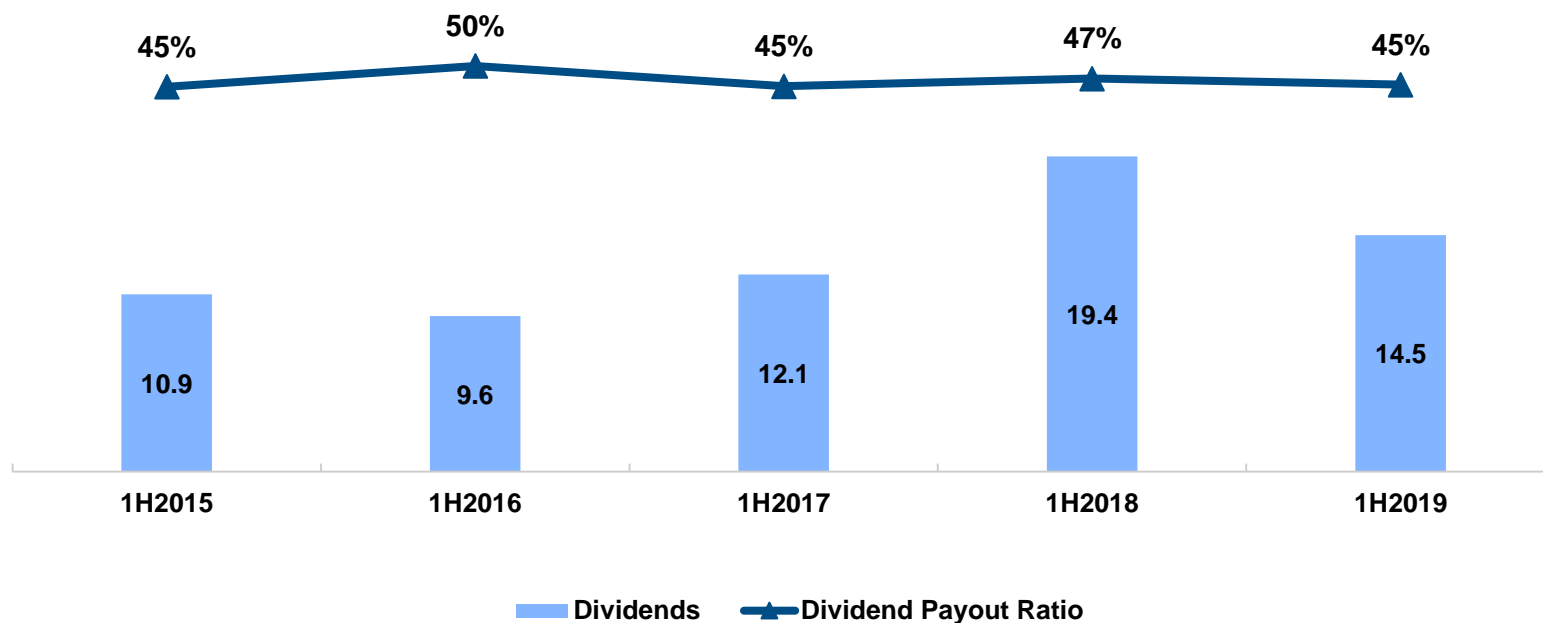
RMB million	As of Dec. 31, 2018	As of Jun. 30, 2019
Cash and Cash Equivalents (Incl. Time Deposits)	167,015	163,147



Dividend Emphasis on Shareholder Return

- The Board of Directors declared an interim dividend of RMB 0.12 per share
- Annualized dividend yield for H-share at 4.8%*

RMB Billion

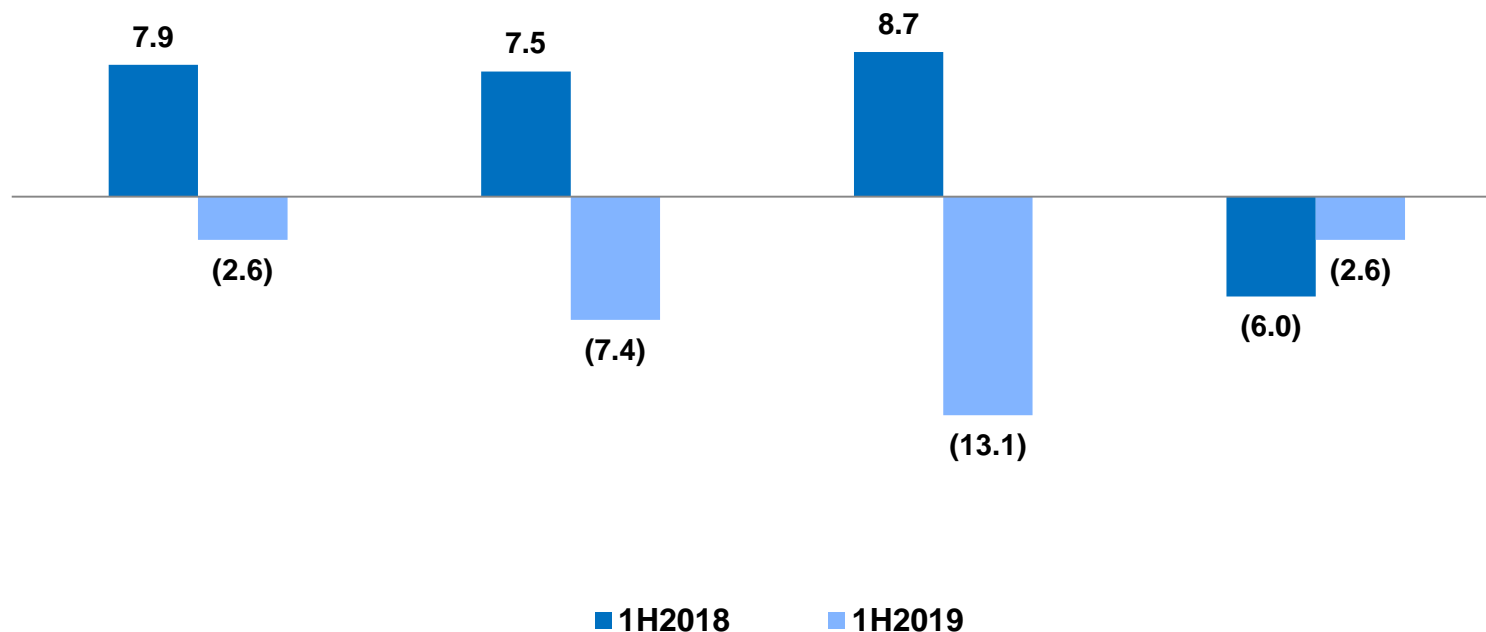


* Based on the volume weighted average price of SINOPEC C-Share in the first half of 2019



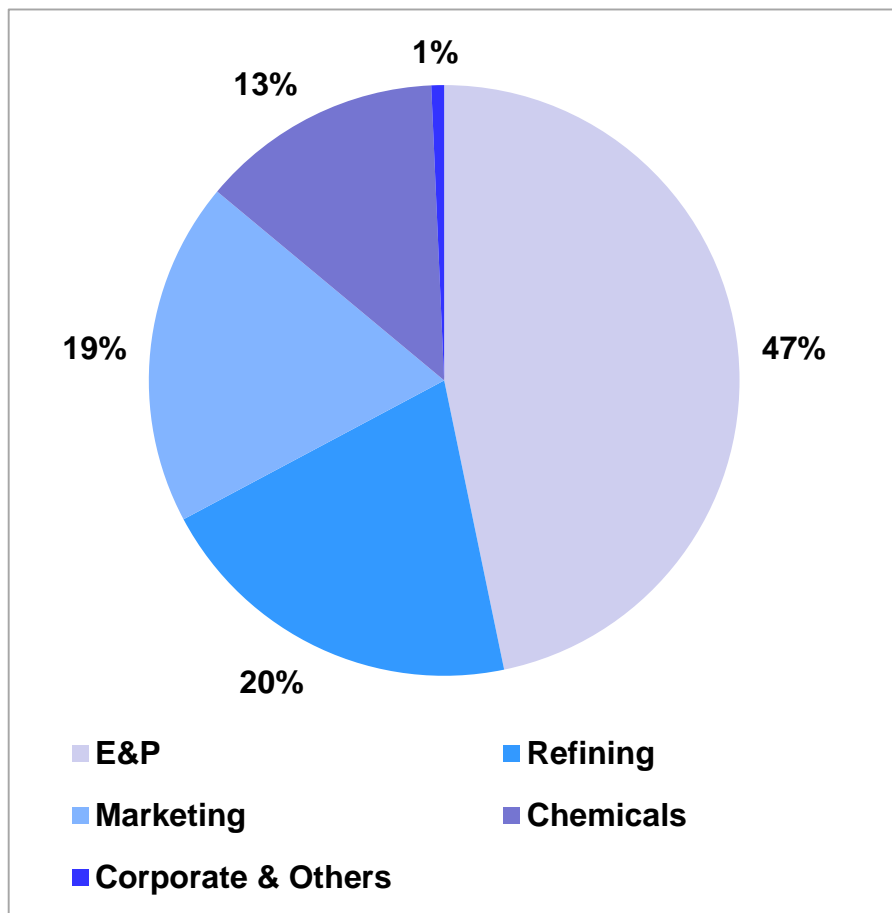
Remarkable Achievements in Cost Reduction

■ Intensified cost control and structural optimization



Capital Expenditure Focus on Quality and Profitability

- **1H2019 Capital Expenditure: RMB 42.9 Bn, increased by 81% YoY**



- **E&P: RMB 20.1 Bn**
Oil & Gas capacities building, gas storage facilities and natural gas pipelines construction
- **Refining: RMB 8.8 Bn**
Construction of Zhongke Refining and Chemical Project, and adjustment of product slate
- **Marketing: RMB 8.1 Bn**
Construction of refined oil product storage facilities, pipelines and service stations
- **Chemicals: RMB 5.7 Bn**
Construction of Zhongke, Zhenhai and Wuhan projects
- **Corporate & Others: RMB 0.3Bn**
Construction of R&D facilities and IT system



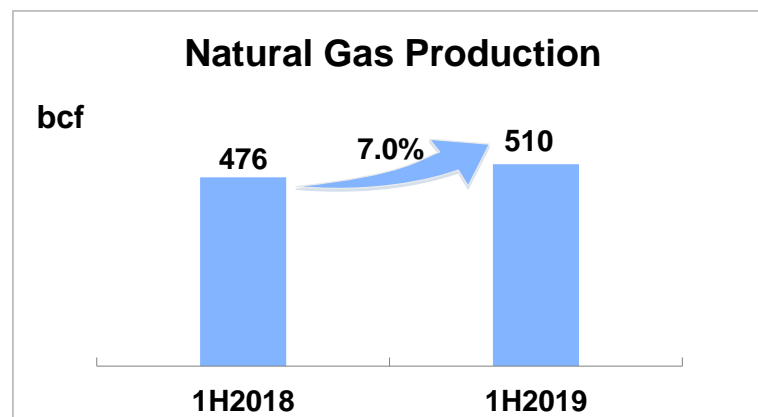


1H2019 Operational Results by Segment



Upstream Implemented the Action Plan of Redoubling Efforts in Oil and Gas Exploration and Production

- Enhanced high-quality exploration with new domestic discoveries
- Adopted profit-oriented development and promoted the capacity building of profitable crude oil production
- Promoted a coordinated growth along the value chain of natural gas with gas production and sales volume up by 7% and 31.6% respectively



	1H2018	1H2019	YoY (%)
Oil and Gas Production(mmboe)	224.59	226.63	0.9
Crude Oil Production(mmbbls)	143.63	141.68	(1.4)
China	123.68	124.05	0.3
Overseas	19.95	17.63	(11.6)
Natural Gas Production(bcf)	476.20	509.50	7.0

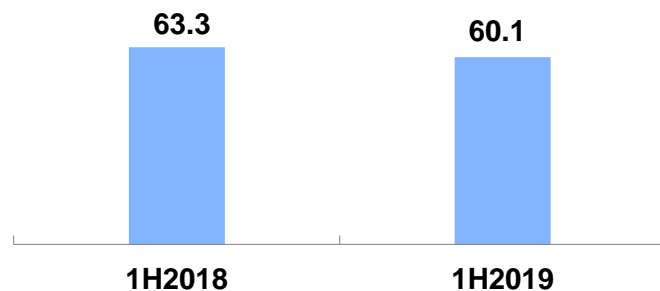
* 1 cubic meter=35.31 cubic feet



Upstream Significant Improvement in Earnings

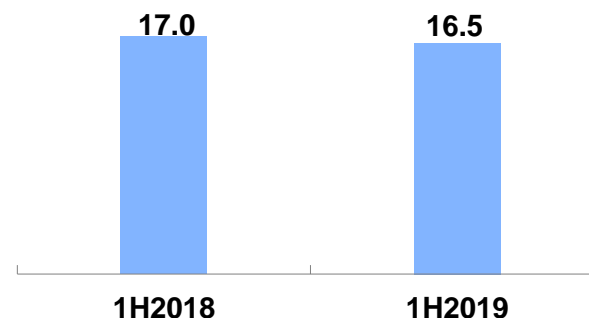
Realized Price of Crude Oil

USD/bbl



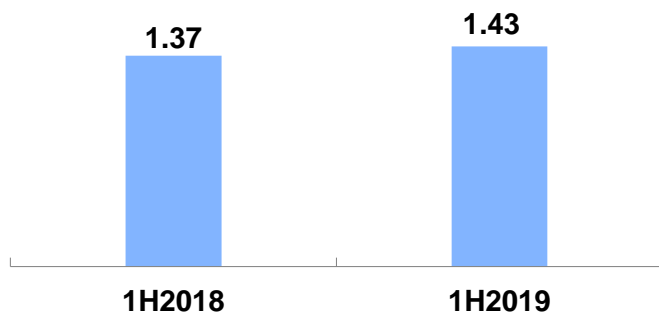
Lifting Cost

USD/bbl



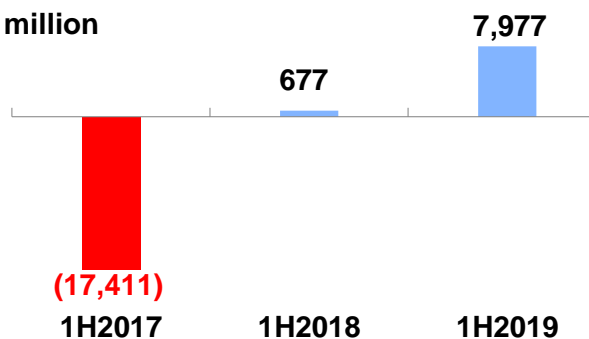
Realized Price of Natural Gas

RMB/m³



EBIT of E&P

RMB million



Refining Sustained Optimization in Product Slate

- Optimized product slate with diesel-to-gasoline ratio decreased further to 1.03
- Maintained high utilization rate
- Implemented the quality upgrading plan for new spec bunker fuel

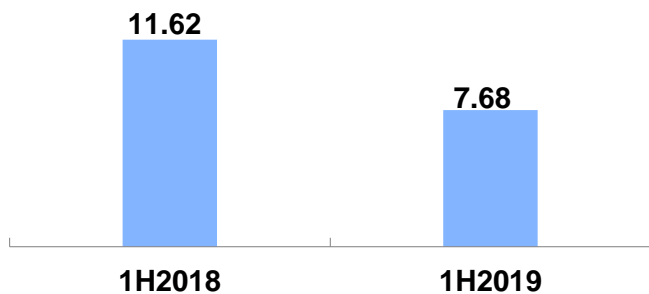
(mm tonnes)	1H2018	1H2019	YoY (%)
Gasoline, Diesel and Kerosene Production	76.37	78.94	3.4
Gasoline Production	30.04	31.33	4.3
Diesel Production	32.09	32.24	0.5
Kerosene Production	14.25		



Refining Maintained Competitive Edge

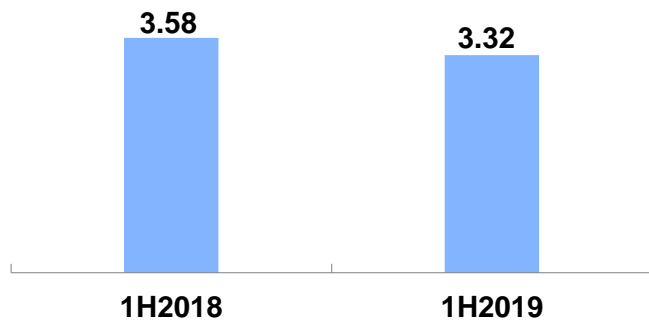
Refining Margin

USD/bbl



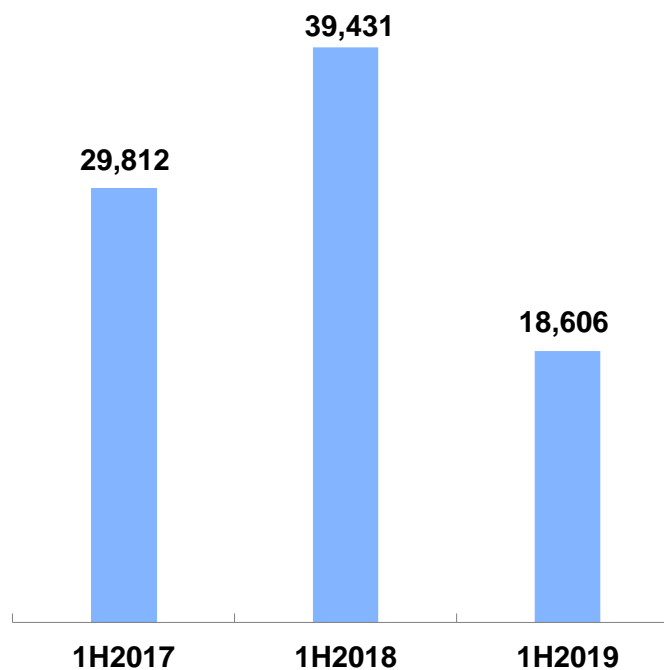
Cash Operating cost

USD/bbl



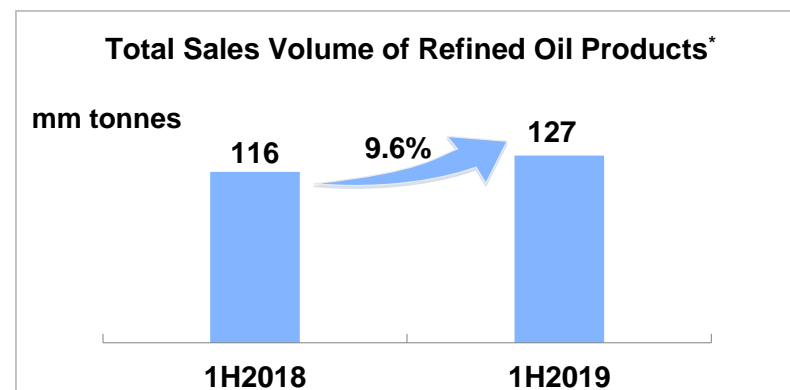
EBIT of Refining

RMB million



Marketing Leveraged Production & Marketing Synergy and Network Advantage in Response to Competition

- Sustained growth in domestic sales volume and retail scale
- Optimized the layout of service stations and leveraged network advantage
- Continuously explored overseas market, and expanded the scale of international trade



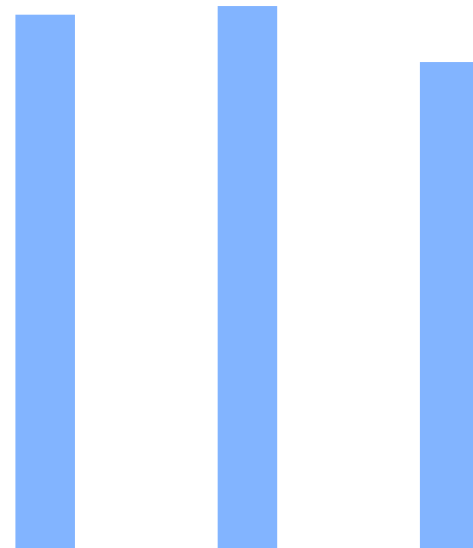
mm tonnes	1H2018	1H2019	YoY (%)
Domestic Sales of Refined Oil Products	88.45	91.77	3.8
Retail	59.28	60.06	1.3
Wholesale and Distribution	29.16	31.72	8.8
Annualized Average Throughout per Station (tonne/station)	3,870	3,916	1.2

Station	As of Dec. 31 2018	As of Jun. 30 2019	YoY (%)
Number of Sinopec-Branded Service Stations	30,661	30,674	0.04
Number of Convenience Stores	27,259	27,362	0.38

* The total sales volume of refined oil products includes sales volume from Marketing and Distribution Segment and trading volume.



Marketing Sustained Growth of Non-fuel Business



- Optimized feedstock mix to further reduce costs
- Optimized product slate to increase the proportion of high-end products
- Optimized unit operation to appropriately arrange utilization and scheduling
- Accelerated the construction of advanced capacity by

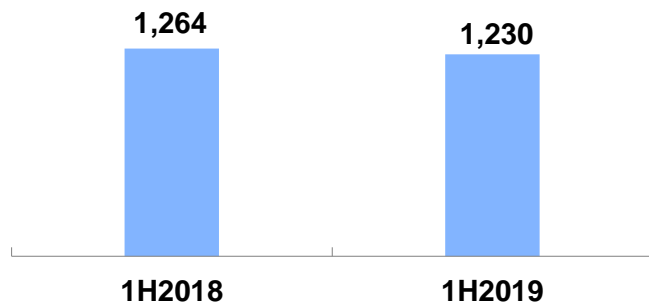
– tonnes	1H2018	1H2019	YoY(%)
Synthetic Resin Production	8,068	8,429	4.5
Synthetic Fiber Monomers & Polymers Production	4,601	5,030	9.3
Synthetic Fiber Production	603	633	5.0
Synthetic Rubber Production	405	529	30.6
Total Sales Volume of chemicals	4,256	4,869	14.4



Chemicals Maintained Relatively High Profitability

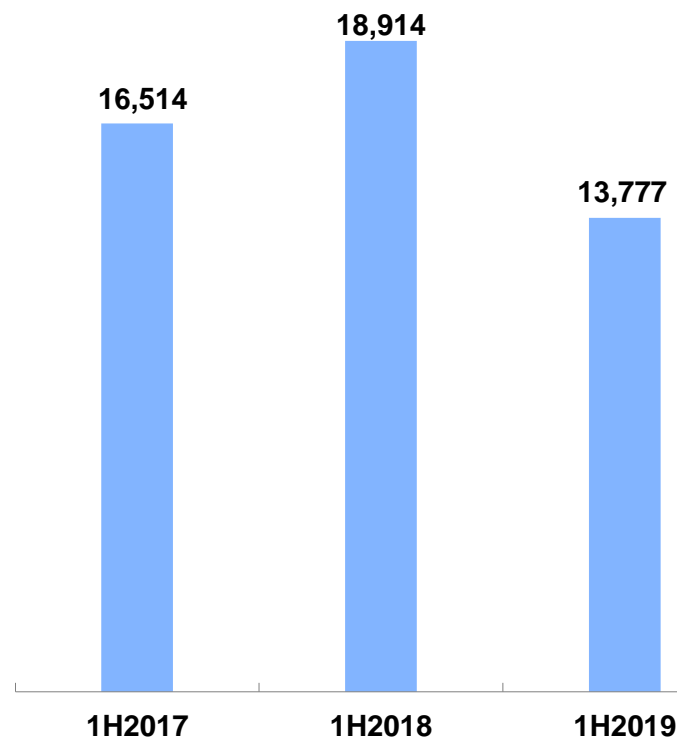
Chemical All-in Cost

RMB/tonne

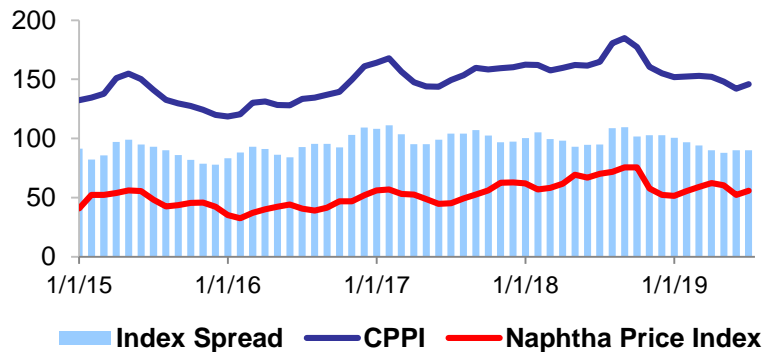


EBIT of Chemicals

RMB million



Chemical Products Price Index (CPPI)



2H2019 Operational Plan

2H2019 Market Outlook

- Global economy growth is expected to slow down
- Domestic demand for refined oil products and chemicals will continue to grow
 - ◆ Consumption is expected to migrate to high-end products
- China's energy structure will continue to adjust and domestic demand for natural gas is expected to maintain rapid growth



2019 Production Plan

	2H2019E	2019E	2018A
Oil and Gas Production (mmboe)	227	453	451
Crude Oil Production (mmbbls)	142	284	289
Natural Gas Production (bcf)	507	1,017	977
Refinery Throughput* (mm tonnes)	124	248	244
Total Domestic Sales Volume of Refined Oil Products (mm tonnes)	91	183	180
Domestic Consumption (mm tonnes)	6,040	12,200	11,510

*100% production of domestic joint ventures included



Q&A

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