



中国石化  
SINOPEC

# China Petroleum & Chemical Corporation 2019 Interim Results Announcement

August 26, 2019  
Hong Kong

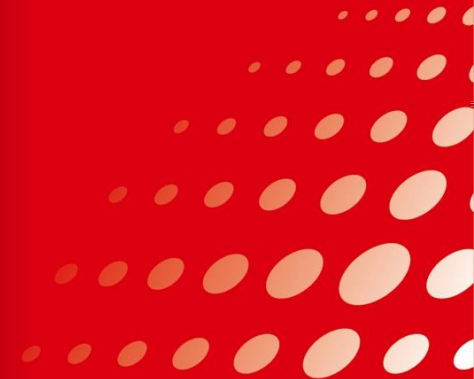
SINOPEC CORP.

# 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.



# 1H2019 Performance Highlights

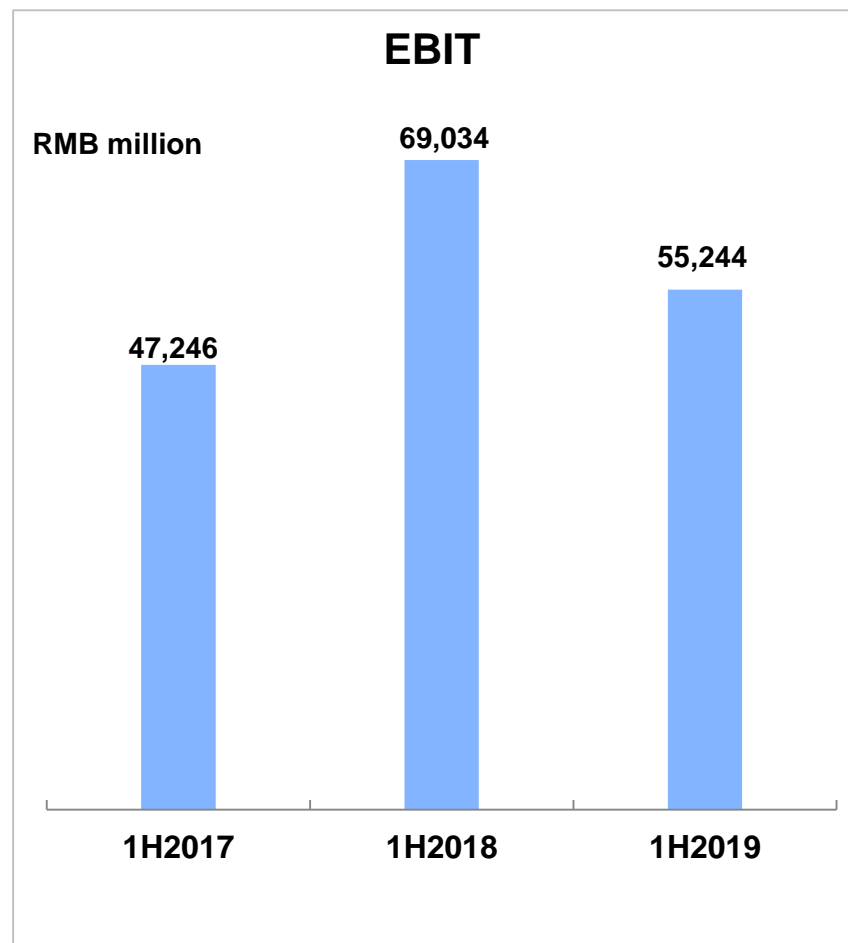


# Market Environment in 1H2019

- **7 bU g YW bca mis 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

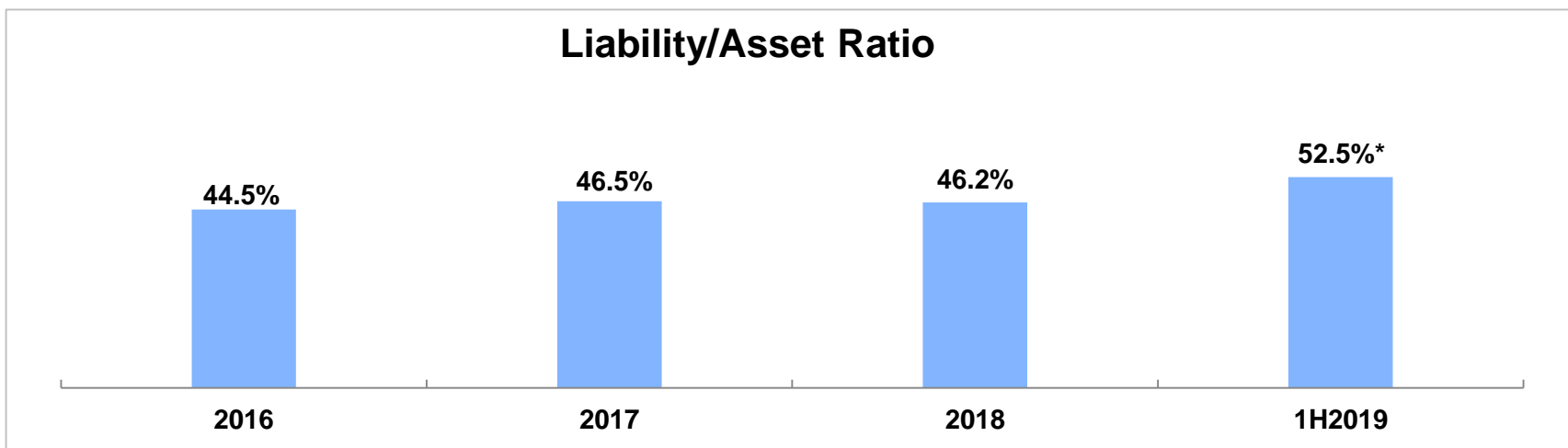
# Robust Results amid Tough Environment

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
<b>Total Assets</b>	<b>1,592,308</b>	<b>1,824,845</b>
<b>Short-term Interest-bearing Debts</b>	<b>61,127</b>	<b>101,861</b>
<b>Long-term Interest-bearing Debts</b>	<b>57,967</b>	<b>54,774</b>
<b>Total Equity Attributable to Shareholders of the Company</b>	<b>717,284</b>	<b>723,452</b>



\* = FG % . @UgY VYUa YZYWj Ycb Ubi Ufm% & % 9I Wl X b h YZYWlcZ= FG % h Y@JV lm5 ggYhFUhc k Ug ( \* , Us of June 30, 2019

# Cash Flow Status

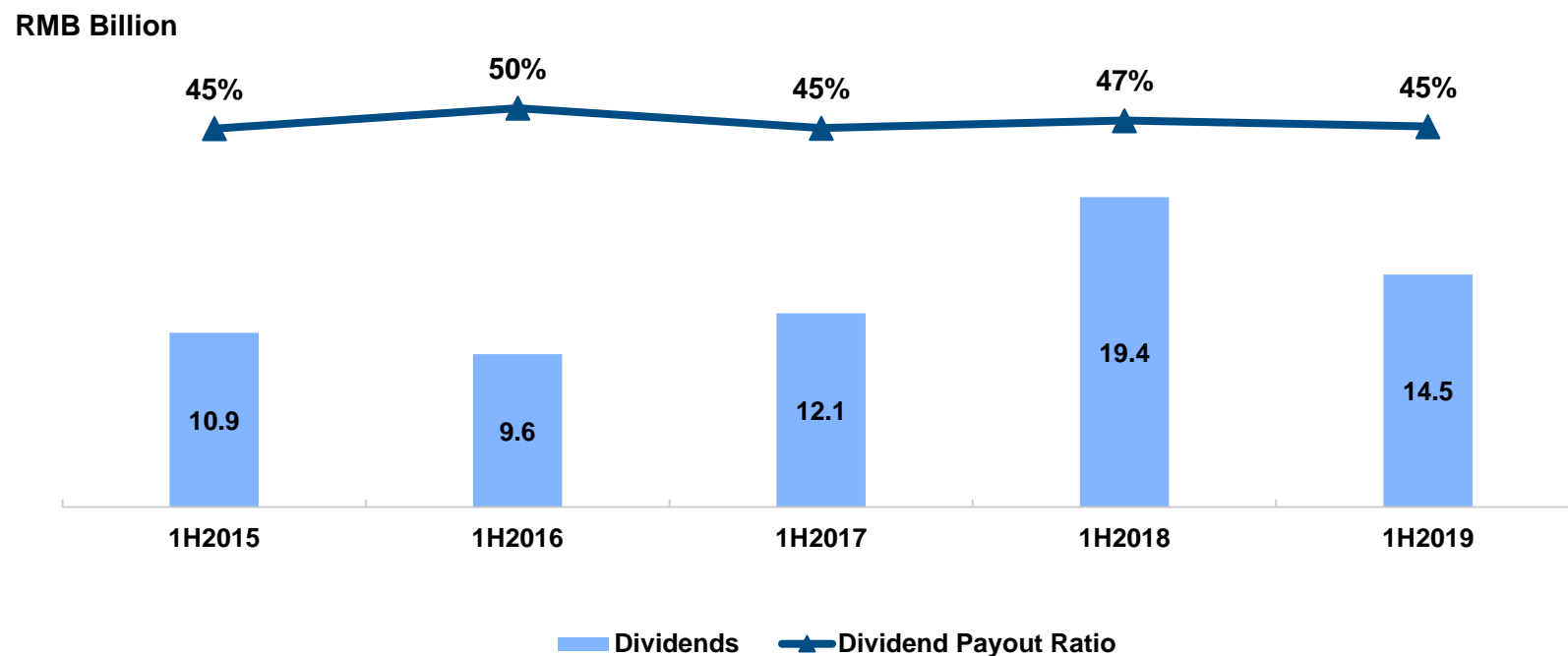
RMB million	1H2018	1H2019
Net Cash Generated from Operating Activities	71,620	32,918
Net Cash Used in Investing Activities	19,258	(49,073)
Net Cash Used in Financing Activities	(49,308)	(2,945)

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

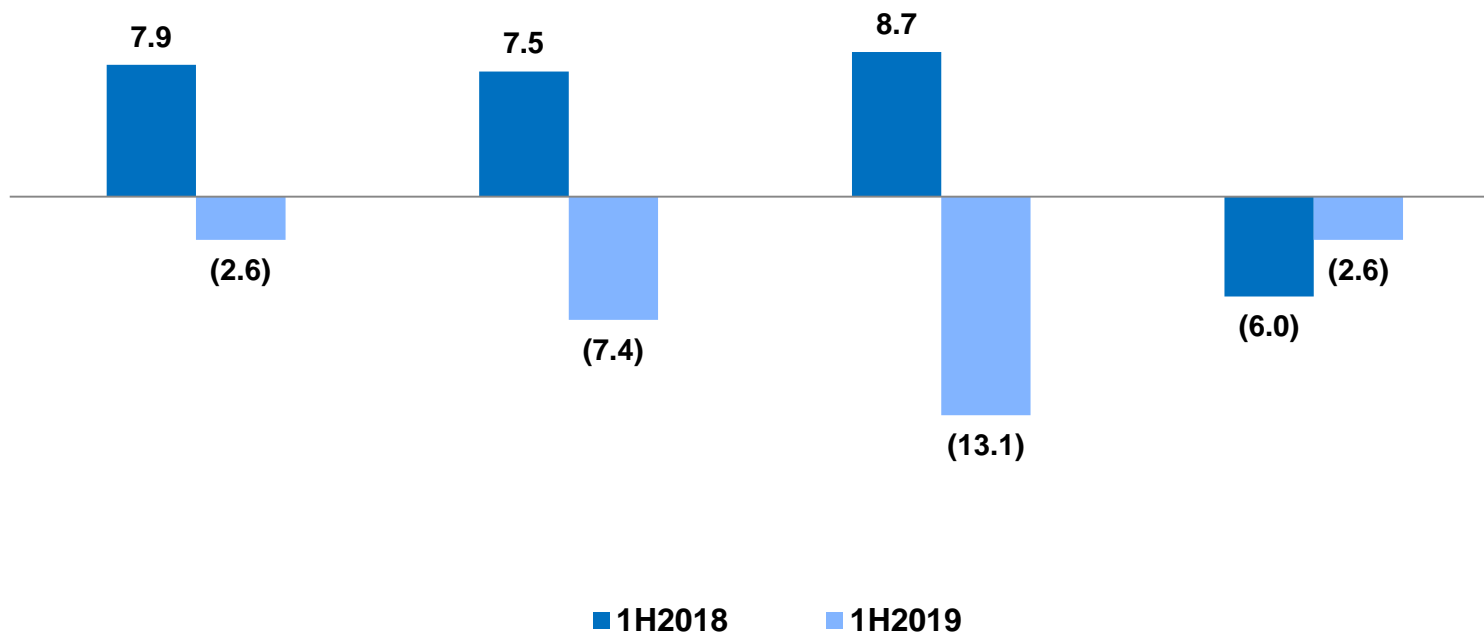
- The Board of Directors declared an interim dividend of RMB 0.12 per share
- Annualized dividend yield for H-share at 4.8%\*



\* Based on the volume weighted Uj YfU Yg UfY df W cZh Y Wta dUbm -Share in the first half of 2019

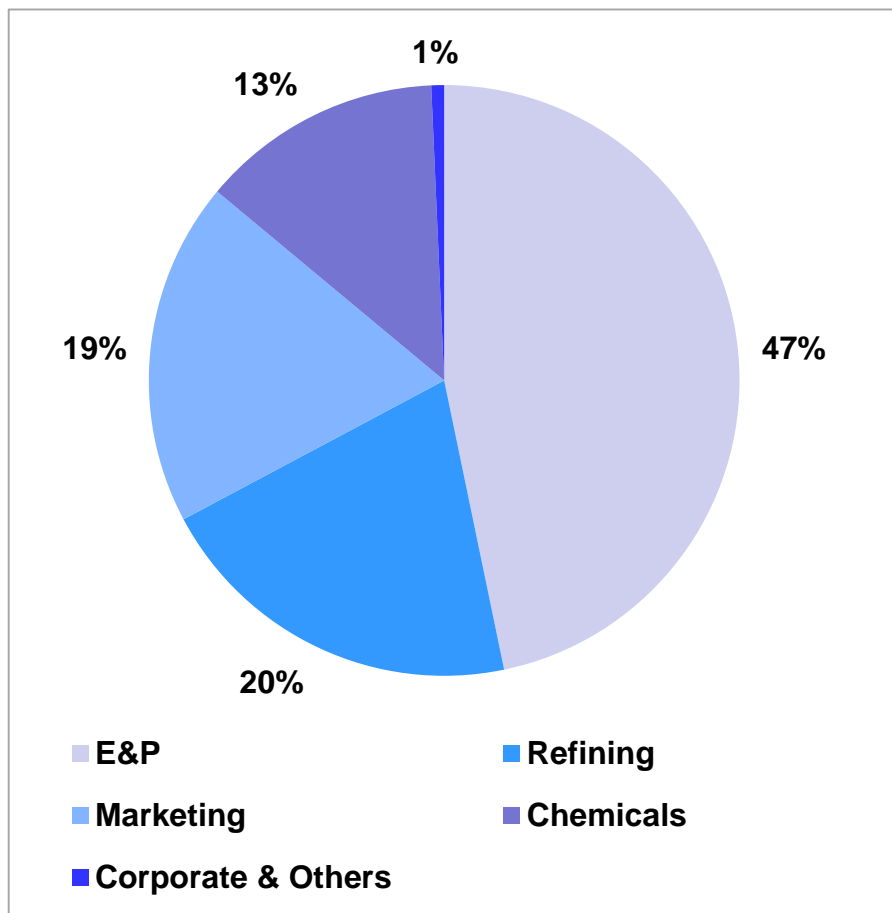
# Remarkable Achievements in Cost Reduction

- 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

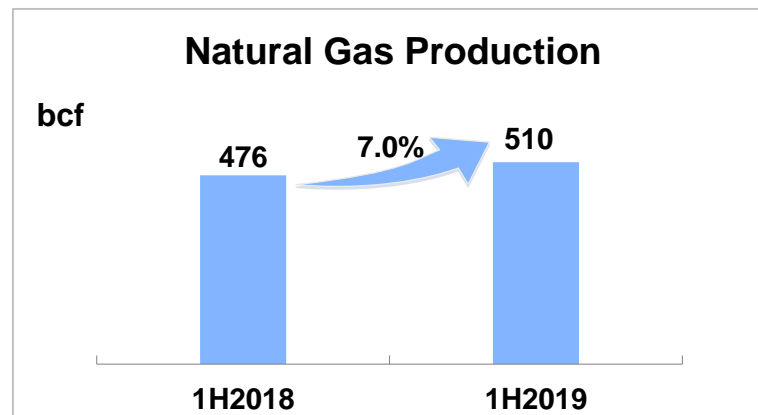


# 1H2019 Operational Results by Segment



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

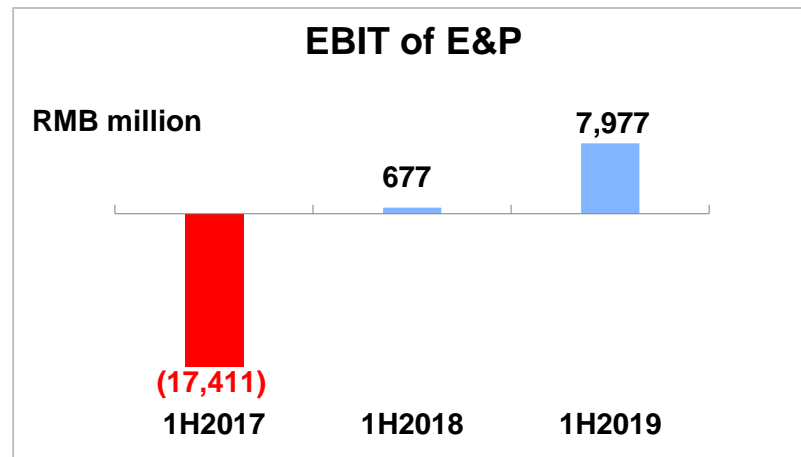
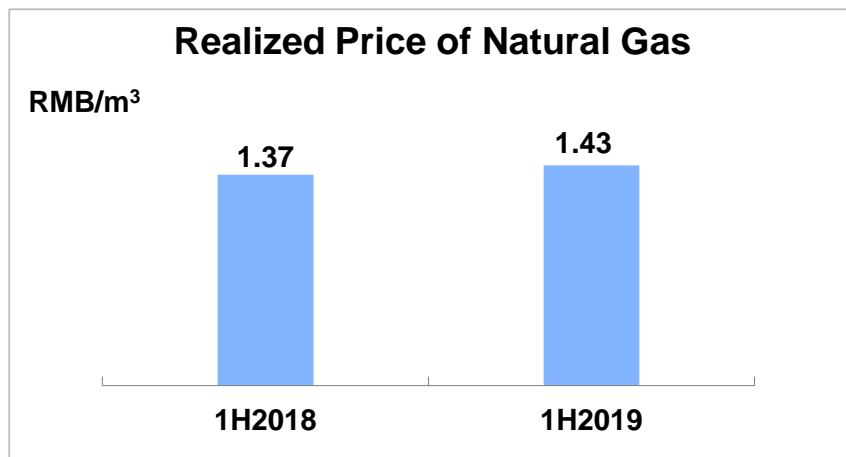
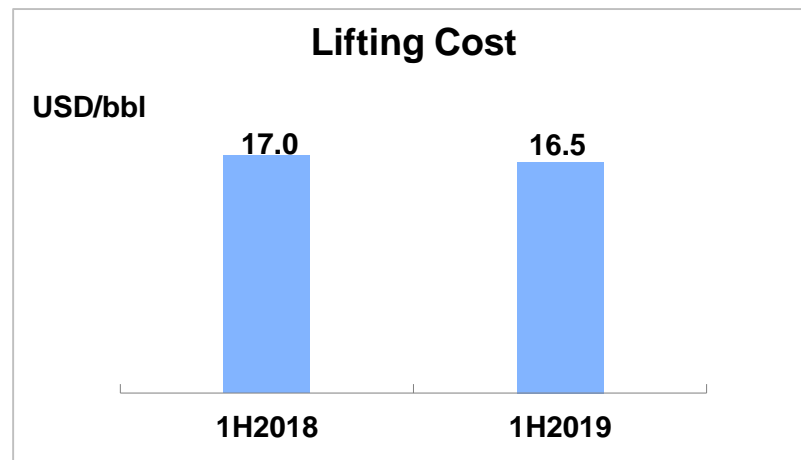
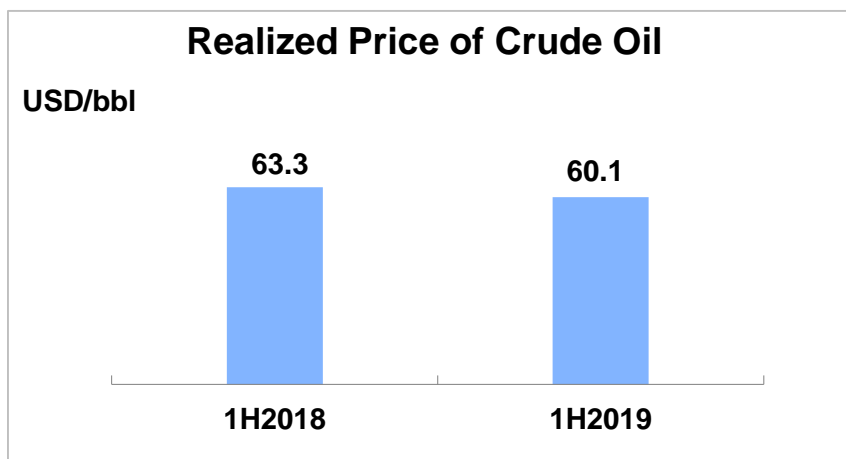
- Enhanced high-quality exploration with new domestic discoveries
- Adopted profit-oriented development and promoted the capacity building of profitable crude oil production
- Promoted a coordinated growth along the value chain of natural gas with gas production and sales volume up by 7% and 31.6% respectively



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

\* 1 cubic meter=35.31 cubic feet

# Upstream Significant Improvement in Earnings



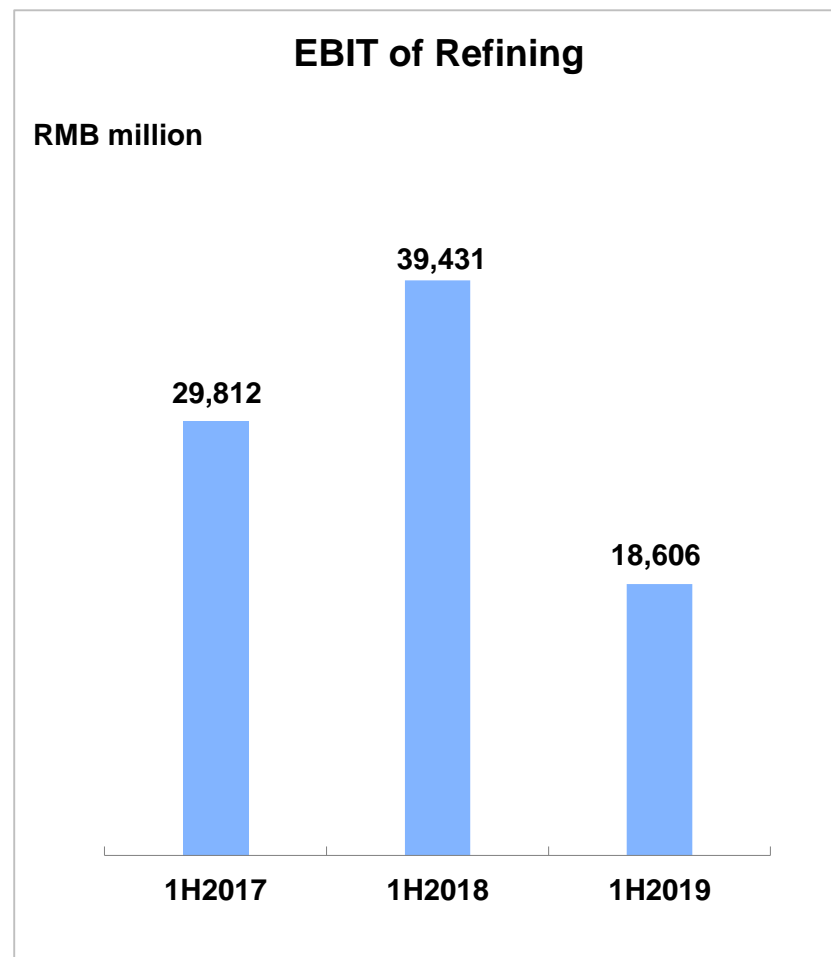
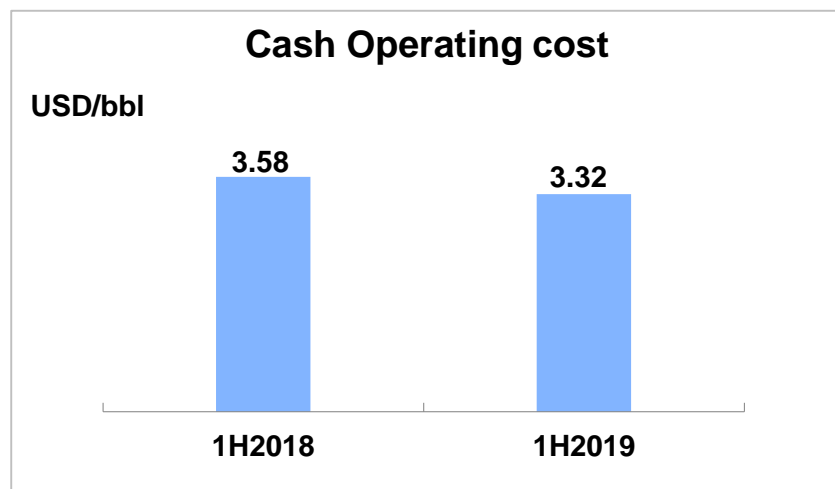
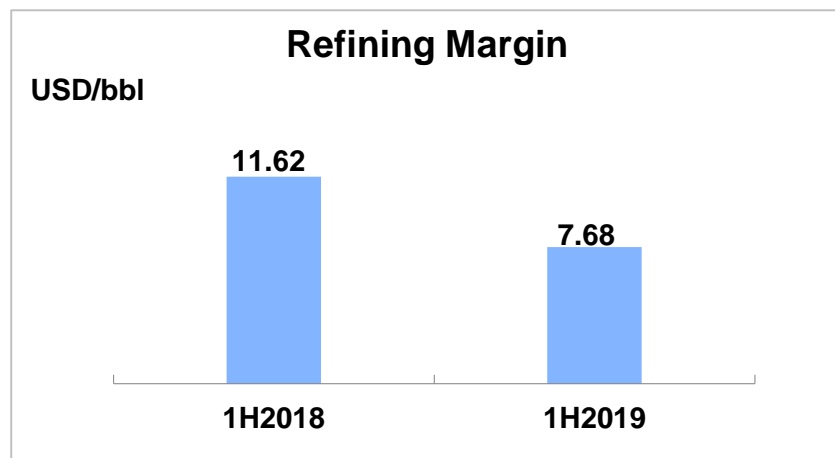
## Refining Sustained Optimization in Product Slate

- 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		

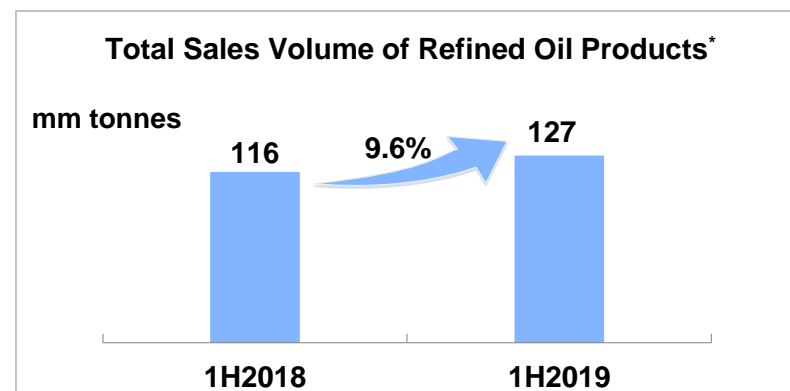


# Refining Maintained Competitive Edge



# 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



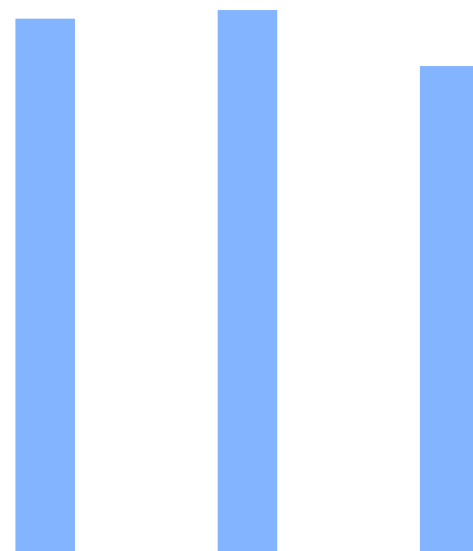
mm tonnes	1H2018	1H2019	YoY (%)
<b>Domestic Sales of Refined Oil Products</b>	<b>88.45</b>	<b>91.77</b>	<b>3.8</b>
Retail	59.28	60.06	1.3
Wholesale and Distribution	29.16	31.72	8.8
<b>Annualized Average Throughout per Station (tonne/station)</b>	<b>3,870</b>	<b>3,916</b>	<b>1.2</b>

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

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

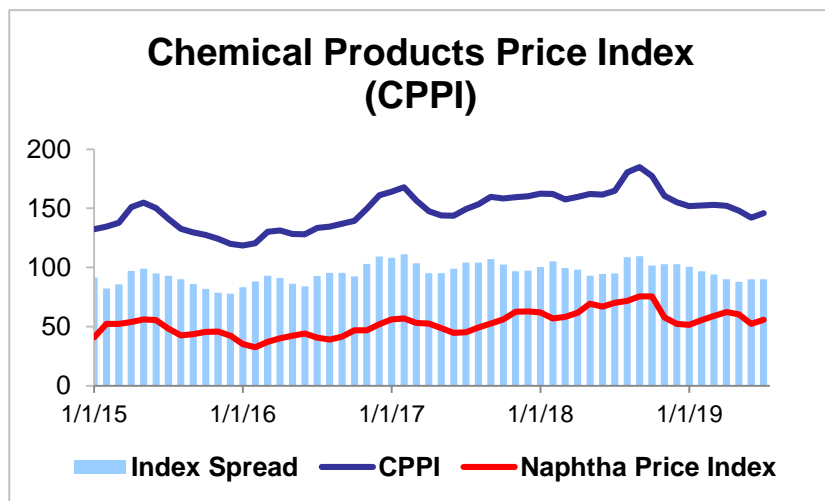
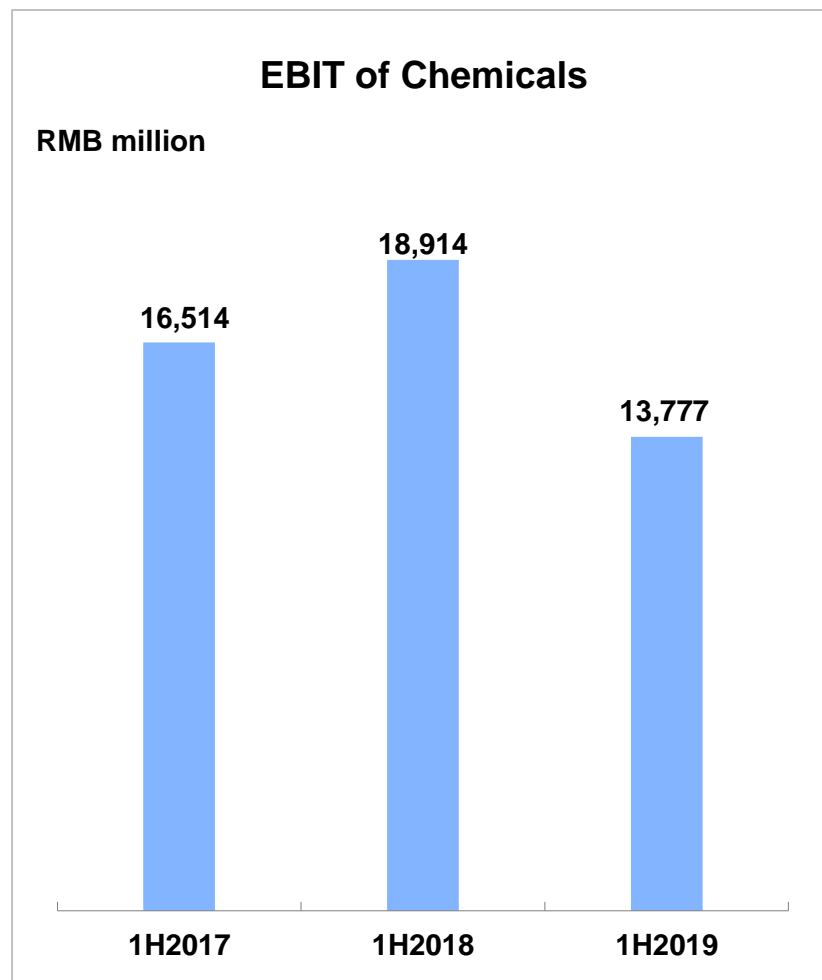
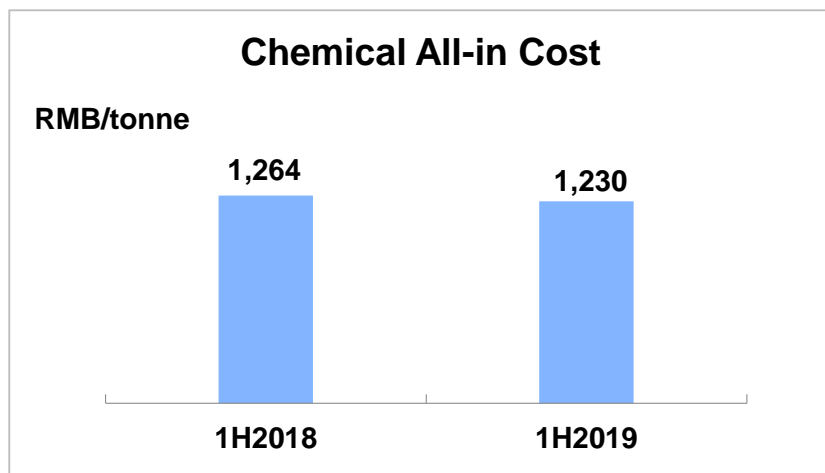
# Marketing Sustained Growth of Non-fuel Business



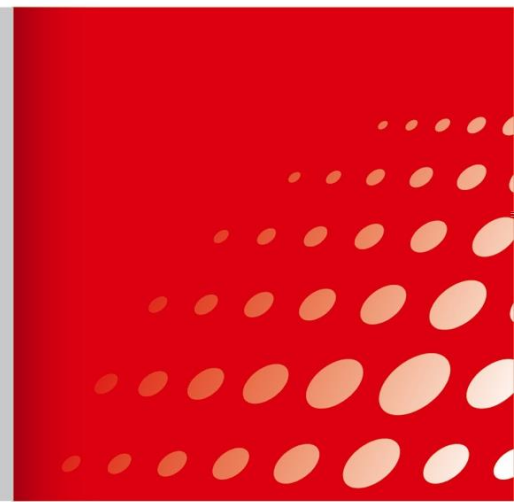
- Optimized feedstock mix to further reduce costs
- Optimized product slate to increase the proportion of high-end products
- Optimized unit operation to appropriately arrange utilization and scheduling
- Accelerated the construction of advanced capacity by proactively pushing forward the construction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

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



# 2H2019 Operational Plan



## 2H2019 Market Outlook

- **Global economy growth is expected to slow down**
- **7 bU g YWt bca mk a U bhU b ghYUXm fck h**
  - ◆ **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
<b>Oil and Gas Production (mmboe)</b>	<b>227</b>	<b>453</b>	<b>451</b>
<b>Crude Oil Production (mmbbls)</b>	<b>142</b>	<b>284</b>	<b>289</b>
<b>Natural Gas Production (bcf)</b>	<b>507</b>	<b>1,017</b>	<b>977</b>
<b>Refinery Throughout* (mm tonnes)</b>	<b>124</b>	<b>248</b>	<b>244</b>
<b>Total Domestic Sales Volume of Refined Oil Products (mm tonnes)</b>	<b>91</b>	<b>183</b>	<b>180</b>
<b>9h mYbY DfcXi Wcb tonnes)</b>	<b>6,040</b>	<b>12,200</b>	<b>11,510</b>

\*100% production of domestic joint ventures included



# Q&A

## Investor relations

Beijing: Tel: (8610) 59960028 Fax: (8610) 59960386  
Email: [ir@sinopec.com](mailto:ir@sinopec.com)

Hong Kong: Tel: (852) 28242638 Fax: (852) 28243669  
Email: [ir@sinopechk.com](mailto:ir@sinopechk.com)

Houston: Tel: (001) 7135448888 ext 406  
Email: [alpinewu@sinopec.com](mailto:alpinewu@sinopec.com)

[www.sinopec.com](http://www.sinopec.com)



中国石化  
SINOPEC