

**Sinopec Corp.**

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# **Q3 2016 Results Announcement**

**October 28, 2016**

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Financial data of the first third quarters contained in the presentation and presentation materials are unaudited.

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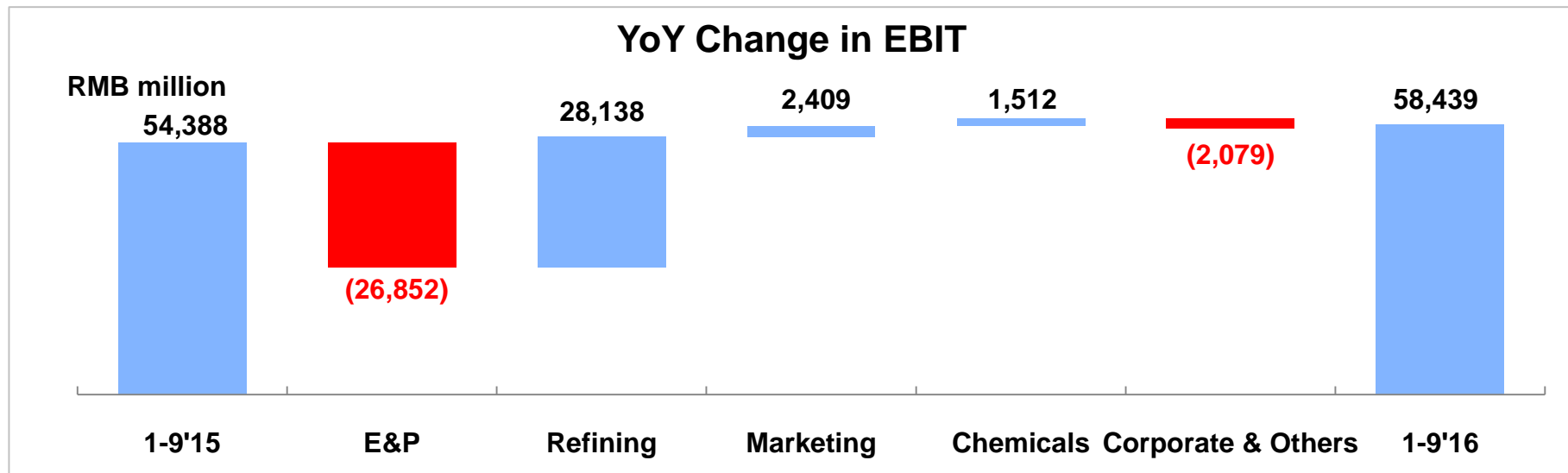
## Market Environment in 3Q 2016

- **GDP grew by 6.7% YoY in the first three quarters**
- **International crude oil price fluctuated at low level**
- **Domestic apparent consumption of refined oil products grew by 4.4% YoY**
  - **gasoline and kerosene maintained growth momentum**
  - **diesel consumption slightly declined**
- **Domestic consumption of ethylene equivalent kept flat YoY**



# Realised Full Benefits of Integrated Business Model

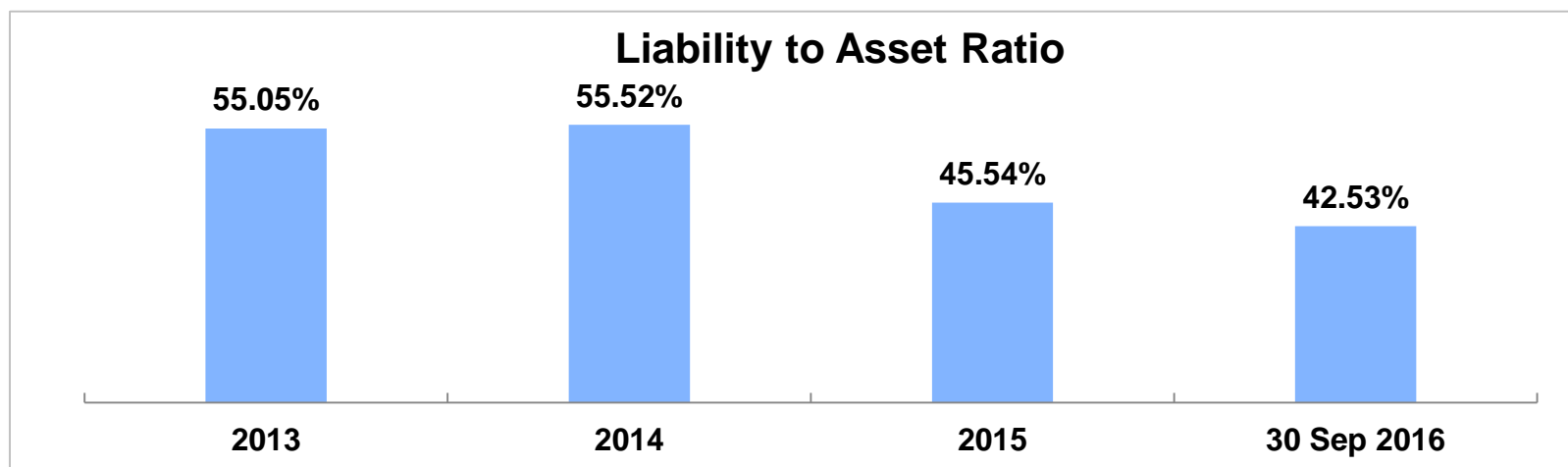
RMB million	1-	1-	YoY Change %
Turnover and Other Operating Revenues	1,537,956	1,363,945	(11.3)
EBIT	54,388	58,439	7.4
Profit for the Reporting Period	35,960	41,127	14.4
Profit Attributable to owners of the Company	27,075	30,107	11.2
EPS(RMB)	0.224	0.249	11.2





## Solid Financial Position

RMB million	1-	1-	YoY Change %
<b>Total Assets</b>	<b>1,447,268</b>	<b>1,413,148</b>	<b>(2.4)</b>
<b>Short-term Interest-bearing Debt</b>	<b>115,446</b>	<b>71,380</b>	<b>(38.2)</b>
<b>Long-term Interest-bearing Debt</b>	<b>104,185</b>	<b>96,771</b>	<b>(7.1)</b>
<b>Total Equity Attributable to owners of the Company</b>	<b>676,197</b>	<b>691,447</b>	<b>2.3</b>





## Strong Cash Flow

RMB million	1-	1-	YoY Change %
<b>Net Cash Generated from Operating Activities</b>	<b>116,239</b>	<b>131,700</b>	<b>13.3</b>
<b>Net Cash Used in Investing Activities</b>	<b>(74,134)</b>	<b>(41,219)</b>	<b>(44.4)</b>
<b>Net Cash Generated from/(used in) Financing Activities</b>	<b>4,796</b>	<b>(78,568)</b>	<b>-</b>

RMB million	As of Dec. 31, 2015	As of Sep. 30, 2016	Change %
<b>Cash and Cash Equivalents (Incl. Time Deposits)</b>	<b>69,666</b>	<b>86,383</b>	<b>24.0</b>



# Upstream New Discoveries in Exploration, Further Optimisation in Development

- Sustained investment in exploration with new discoveries
- Rapid growth in natural gas production
- Considerable reduction in high-cost crude production

	1-	1-	YoY Change %
<b>Oil and Gas Production(mmboe)</b>	<b>350.82</b>	<b>322.29</b>	<b>(8.1)</b>
<b>Crude Oil Production(mmbbl)</b>	<b>262.38</b>	<b>229.36</b>	<b>(12.6)</b>
<b>China</b>	<b>222.42</b>	<b>191.26</b>	<b>(14.0)</b>
<b>Overseas</b>	<b>39.96</b>	<b>38.10</b>	<b>(4.7)</b>
<b>Natural Gas Production(bcf)</b>	<b>530.14</b>	<b>557.15</b>	<b>5.1</b>

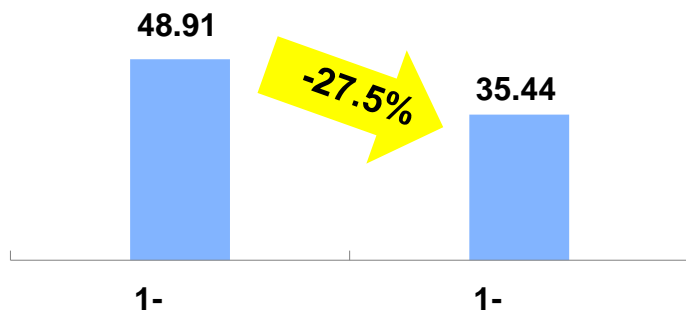
\* In the first three quarters of 2016, 1 tonne=7.10 bbls for crude oil production in China, 1 tonne=7.20 bbls for overseas crude oil production; 1 cubic meter=35.31 cubic feet for natural gas production.



# Upstream Remarkable Achievements in Cost Control

### Realised Price of Crude Oil

USD/bbl



RMB million

1-

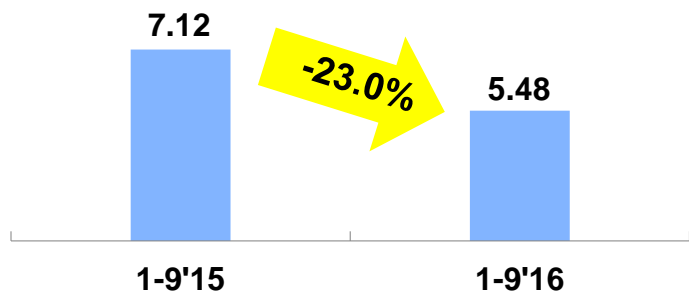
1-

EBIT

(4,013)

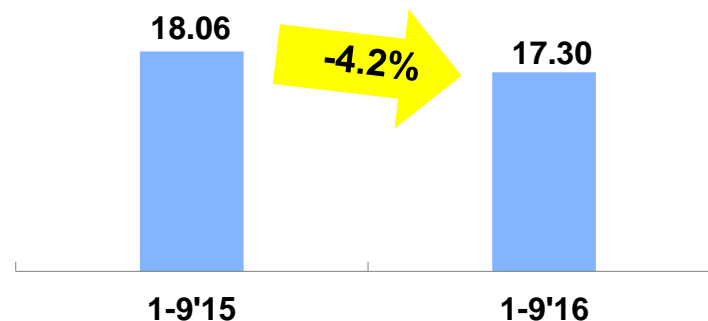
(30,865)

### Realised Price of Natural Gas



### Lifting Cost

USD/bbl





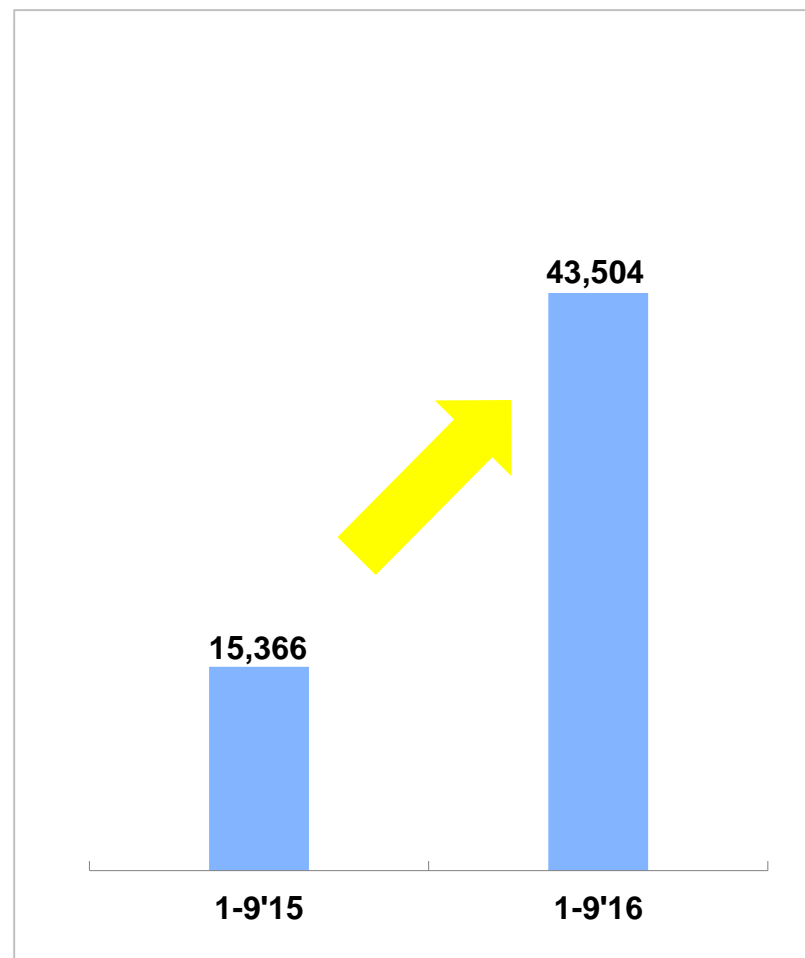


## Refining Impressive Results in Product Mix Adjustment

- Optimised product mix, increased gasoline and jet fuel production
- Steadily promoted quality upgrading
- Strengthened marketing service of LPG, asphalt and other refined oil products

	1-	1-	YoY Change %
Refining Throughput(mm tonnes)	178.32	175.25	(1.7)
Gasoline Production(mm tonnes)	40.85	42.09	3.0
Diesel Production(mm tonnes)	53.32	50.15	(5.9)
Kerosene Production(mm tonnes)	18.01	18.78	4.3
Light Chemical Feedstock Production(mm tonnes)	29.40	28.45	(3.2)
Light Yield (%)	76.62	76.35	(27)bps
Refining Yield (%)	94.78	94.47	(31)bps

\* Refinery throughput is calculated based on 1 tonne= 7.35 bbls  
100% production of domestic JVs included





# Marketing Optimisation of Resources and Growth in Retail Volume

- Total sales volume and retail volume continued to grow
- Further increased the retail volume of high octane number gasoline
- Improved refined oil pipelines layout, enhanced marketing network

(mm tonnes)	1-	1-	YoY Change %
<b>Total Sales Volume of Refined Oil Products</b>	<b>140.75</b>	<b>145.72</b>	<b>3.5</b>
<b>Domestic Sales Volume of Refined Oil Products</b>	<b>126.71</b>	<b>129.58</b>	<b>2.3</b>
<b>Retail</b>	<b>88.19</b>	<b>89.79</b>	<b>1.8</b>
<b>Direct Sales and Distribution</b>	<b>38.52</b>	<b>39.79</b>	<b>3.3</b>
<b>Annualised Average Throughput per Station (tonne/station)</b>	<b>3,857</b>	<b>3,899</b>	<b>1.1</b>

	As of Dec. 31 2015	As of Sep.30 2016	Change %
<b>Total Number of Sinopec-branded Service Stations</b>	<b>30,560</b>	<b>30,721</b>	<b>0.5</b>
<b>Company-operated</b>	<b>30,547</b>	<b>30,708</b>	<b>0.5</b>

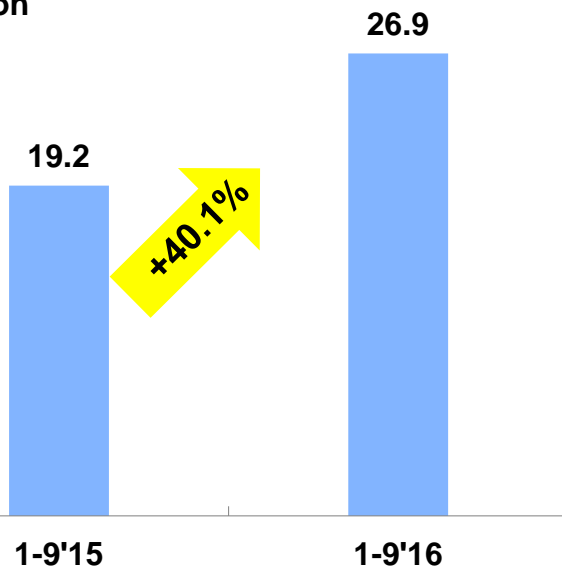


# Marketing Rapid Growth in Non-fuel Business, Segment Profit Increased

- Exploit synergy between fuel and non-fuel businesses with sustained and rapid growth in non-fuel business

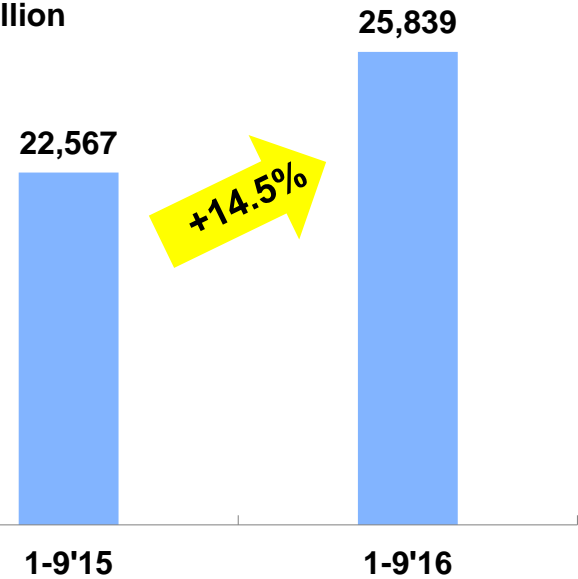
### Transaction from Non-fuel Business

RMB billion



### EBIT of Marketing Segment

RMB million





## Chemicals Strengthen Structural Adjustment

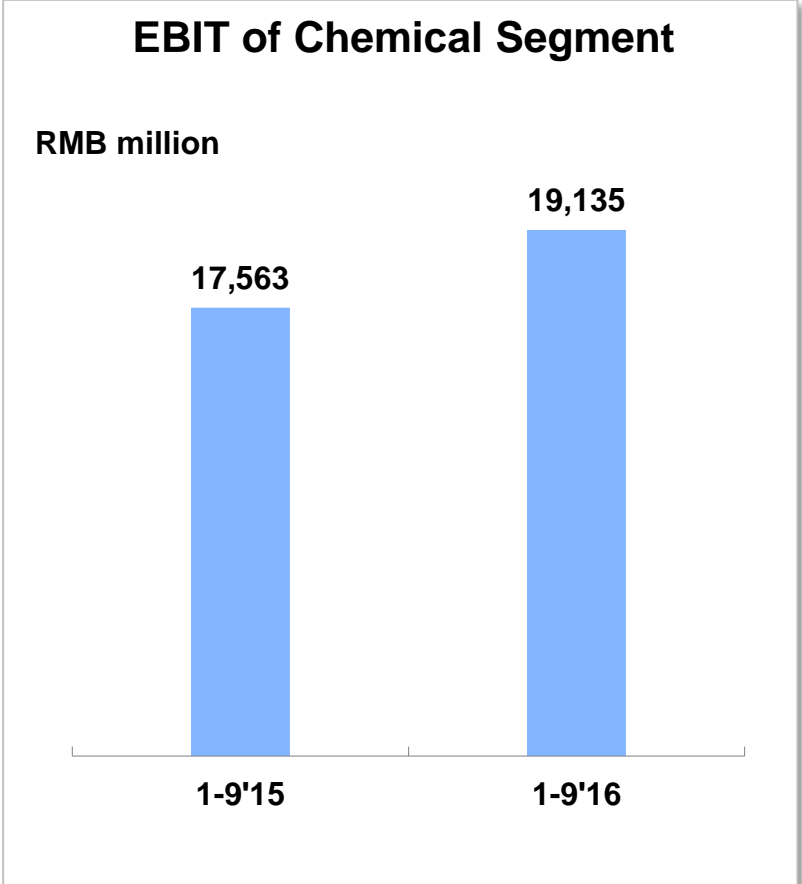
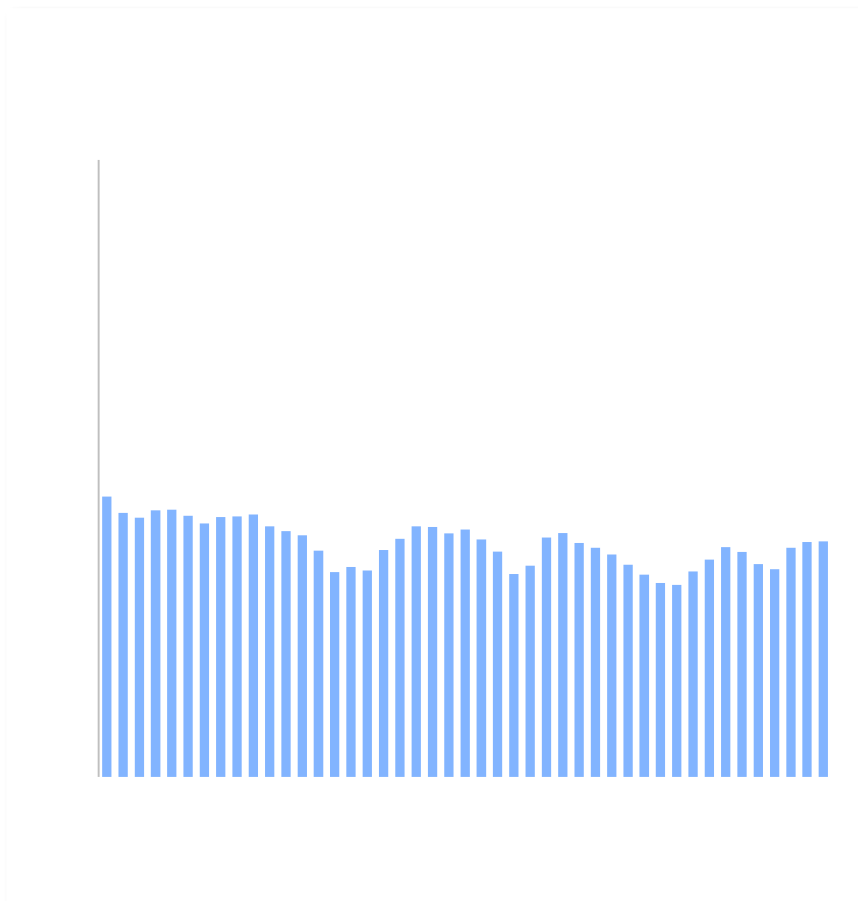
- Adjusted feedstock and product mix, optimised facility structure
- Higher proportion of high value-added products
- Total sales volume of chemical products increased by 11.2% YoY

	1-	1-	YoY Change %
Ethylene Production	8,273	8,115	(1.9)
Synthetic Resin Production	11,265	11,138	(1.1)
Synthetic Rubber Production	668	619	(7.3)
Synthetic Fibre Monomers & Polymers Production	6,684	6,830	2.2
Synthetic Fibre Production	967	934	(3.4)

\* 100% production domestic of JVs included



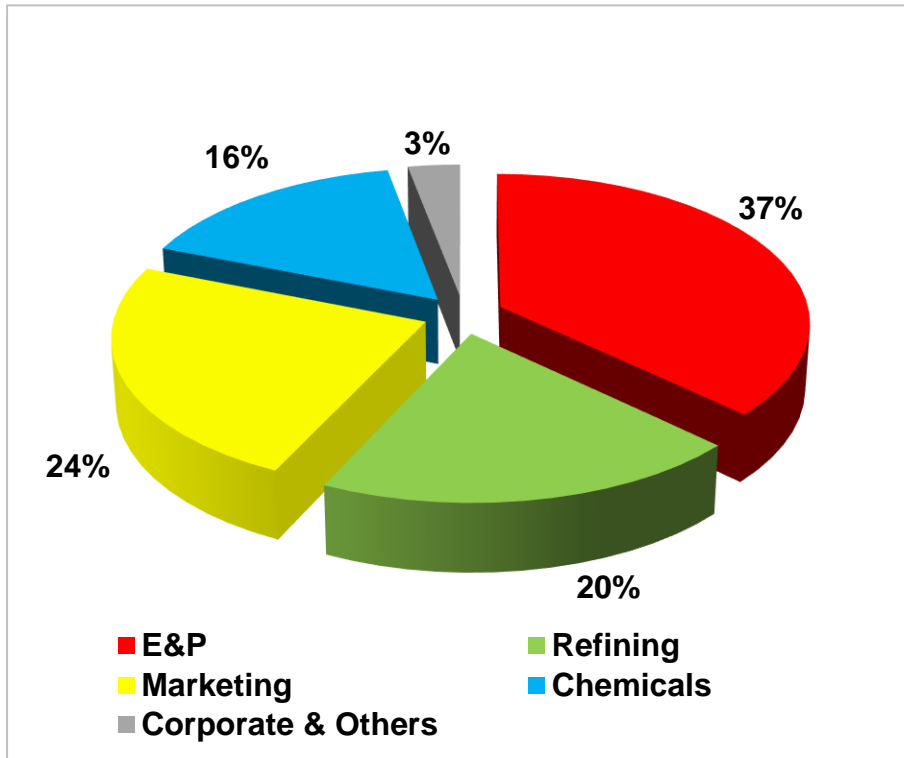
# Chemicals Strong Margin



Source: Sinopec Corp.

# Capital Expenditure

- Total Capex for 3Q: RMB 25 billion



- E&P: RMB 9.2Bn

- ◆ Shale gas exploration and development, LNG projects and natural gas pipeline construction

- Refining: RMB 5.0Bn

- ◆ Quality upgrade of gasoline and diesel, and refining mix adjustment

- Marketing: RMB 6.0Bn

- ◆ Renovation of service stations and construction of refined oil pipelines and storage facilities

- Chemicals: RMB 4.0Bn

- ◆ Structural improvement and coal chemical projects

- Corporate & Others: RMB 0.8Bn

- ◆ R&D facilities and IT projects



# For Further Information



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