



China Petroleum & Chemical Corporation

2016 Annual Results Announcement

**March 27, 2017
Hong Kong**



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Agenda

2016 Performance Highlights

2016 Operational Results by Segment

2017 Operational Plan



2016 Performance Highlights



Market Environment in 2016

China's GDP grew by 6.7% YoY

International crude oil price fluctuated at a low level with an upward trend

Sustained growth in overall domestic demand for refined oil products and petrochemicals

Domestic consumption of oil products grew by 4.3 % YoY with robust growth in gasoline and kerosene consumption and a decline in diesel consumption

Domestic consumption of chemical products increased by 3.0% YoY

Domestic refined oil product pricing mechanism further improved



Operational Highlights

Upstream

Sustained exploration efforts with new discoveries

Completed mixed-ownership reform of Sichuan-to-East China Pipeline project

Refining

Accelerated refined oil products quality upgrading

Increased production of premium products

Lowered procurement cost with competitive advantage in trading

Marketing

Sustained growth in total sales and retail volume

Transaction volume of non-fuel business increase by 41.4% YoY

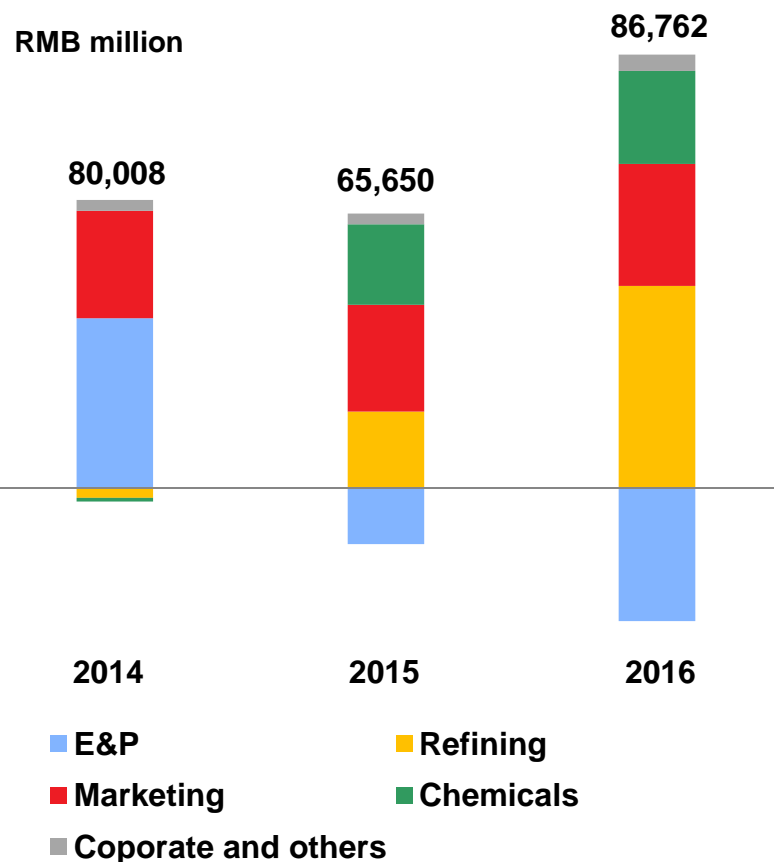
Chemicals

Structural adjustment with effective results

Higher sales contribution from performance polymer

Further reduction in all-in cost

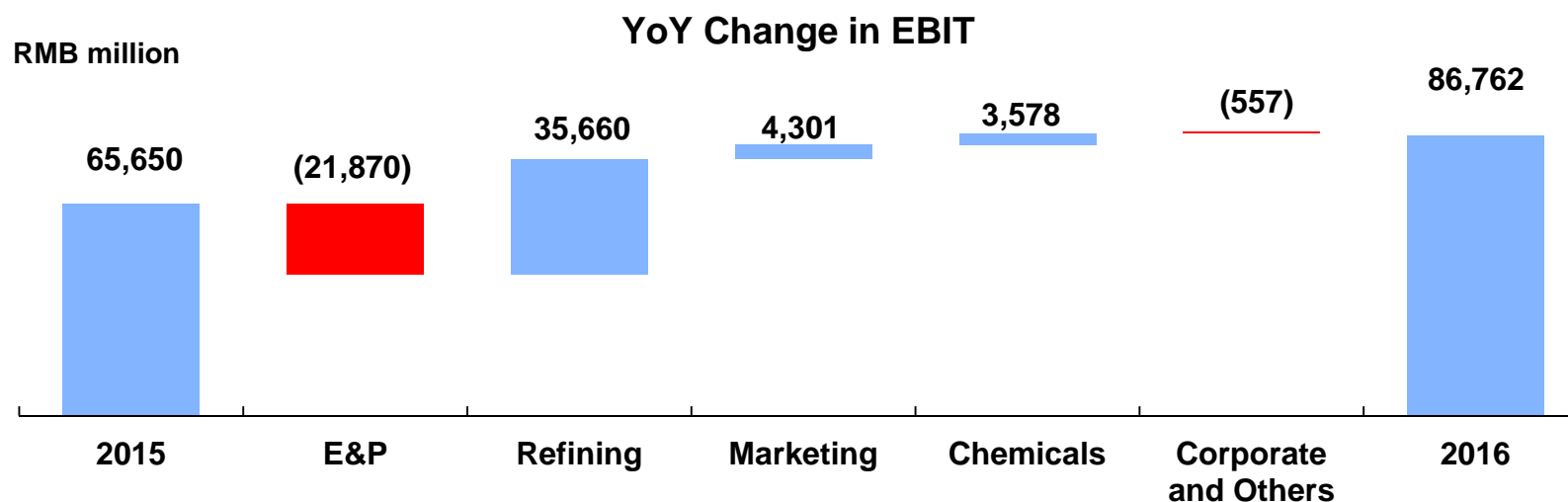
EBIT Breakdown





Capturing Value from Integrated Business Model

RMB million	2014	2015	2016	YoY Change %
Turnover and Other Operating Revenues	2,827,566	2,020,375	1,930,911	(4.4)
EBIT	80,008	65,650	86,762	32.2
Profit for the Year	48,247	43,798	59,444	35.7
Profit Attributable to Equity Shareholders of the company	46,639	32,512	46,672	43.6
EPS (RMB)	0.399	0.269	0.385	43.1





Strong Cash Flow

RMB million	2014	2015	2016	YoY Change %
Net Cash Generated from Operating Activities	148,019	165,740	214,543	29.4
Net Cash Used in Investing Activities	(132,321)	(116,719)	(66,217)	(43.3)
Net Cash (Used in) / Generated from Financing Activities	(21,524)	9,093	(93,047)	-

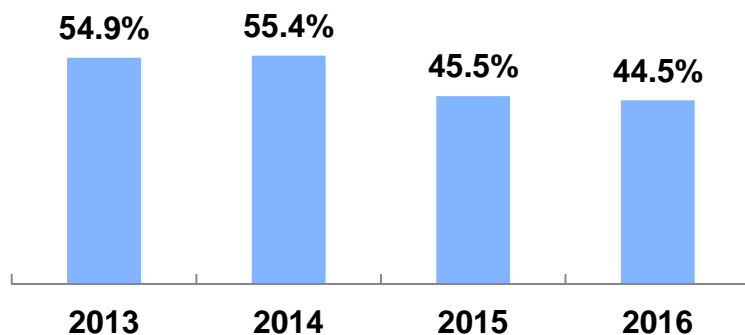
RMB million	2014	2015	2016	YoY Change %
Cash and Cash Equivalents (Incl. Time Deposits)	11,271	69,666	142,497	104.5



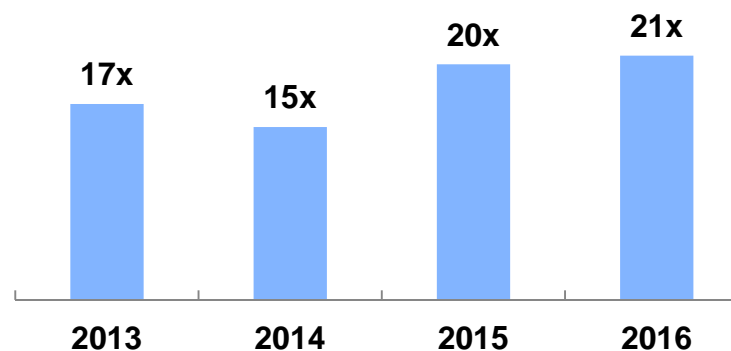
Solid Financial Position

RMB million	2014	2015	2016	YoY Change %
Total Assets	1,455,594	1,447,268	1,498,609	3.5
Short-term Interest-bearing Debts	178,148	115,446	74,819	(35.2)
Long-term Interest-bearing Debts	115,372	104,186	81,886	(21.4)
Total Equity Attributable to Shareholders of the Company	595,255	676,197	710,994	5.1

Liability-to-Asset Ratio



EBITDA-to-Interest Coverage Ratio



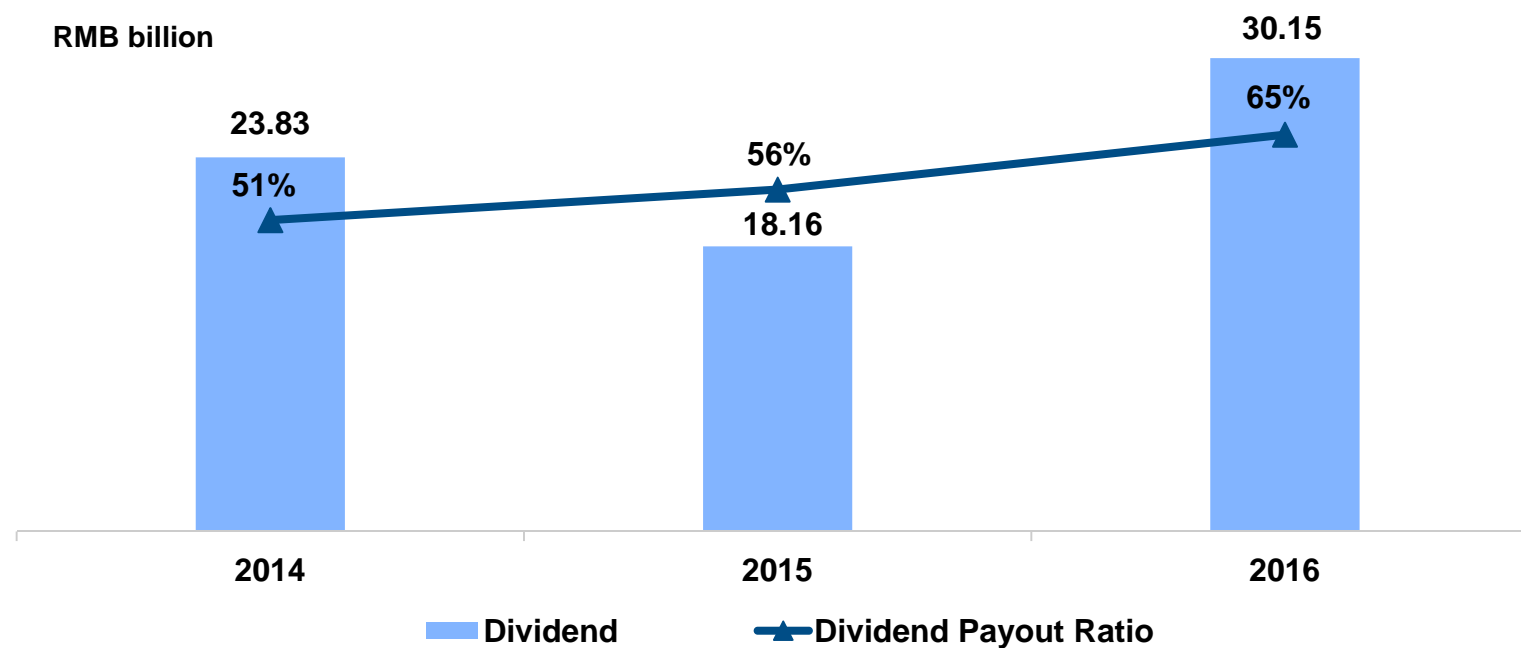


Dividends – Sharing Growth with Shareholders

The Board of Directors proposed a year-end dividend of RMB 0.17 / share, with a full-year dividend of RMB 0.249 / share

Dividend payout ratio increased to 65%

Dividend yield was around 5.4%*



*Based on the volume weighted average stock price of the Company's H-Share in 2016

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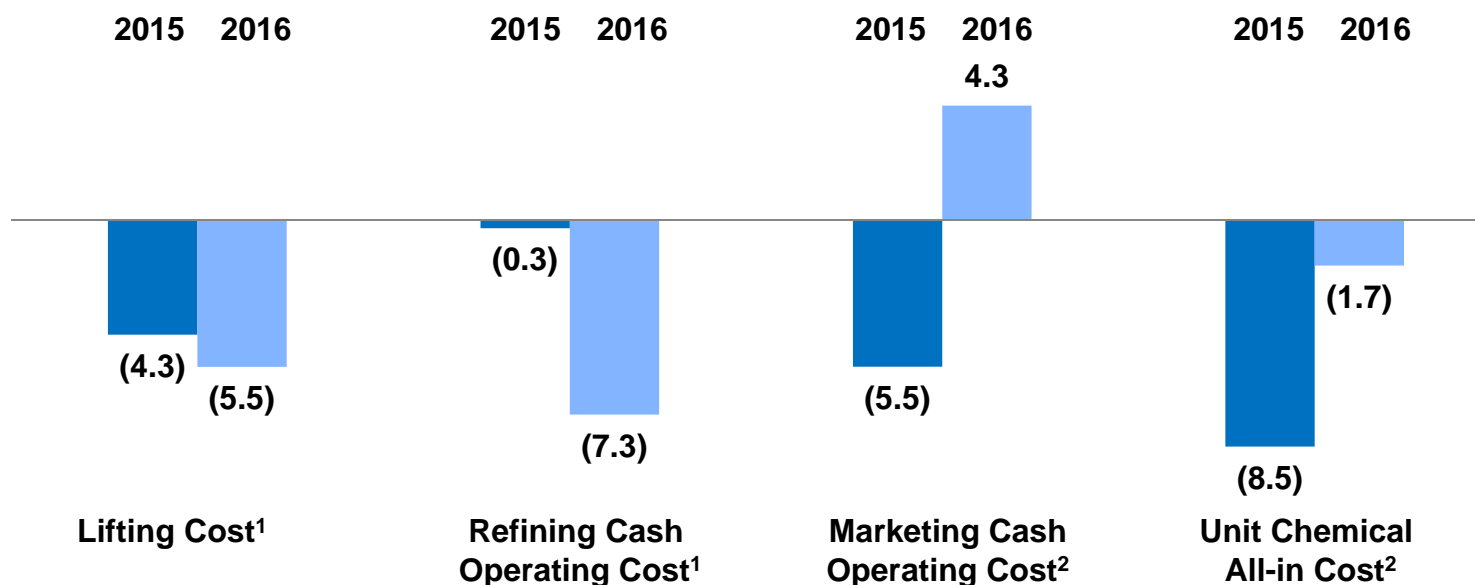


Remarkable Achievements in Cost Reduction

Target cost management involving all employees

Strengthen cost control and structural optimization

YoY Changes in Costs by Segment (%)



1. Calculated in USD/bbl

2. Calculated in RMB/tonne

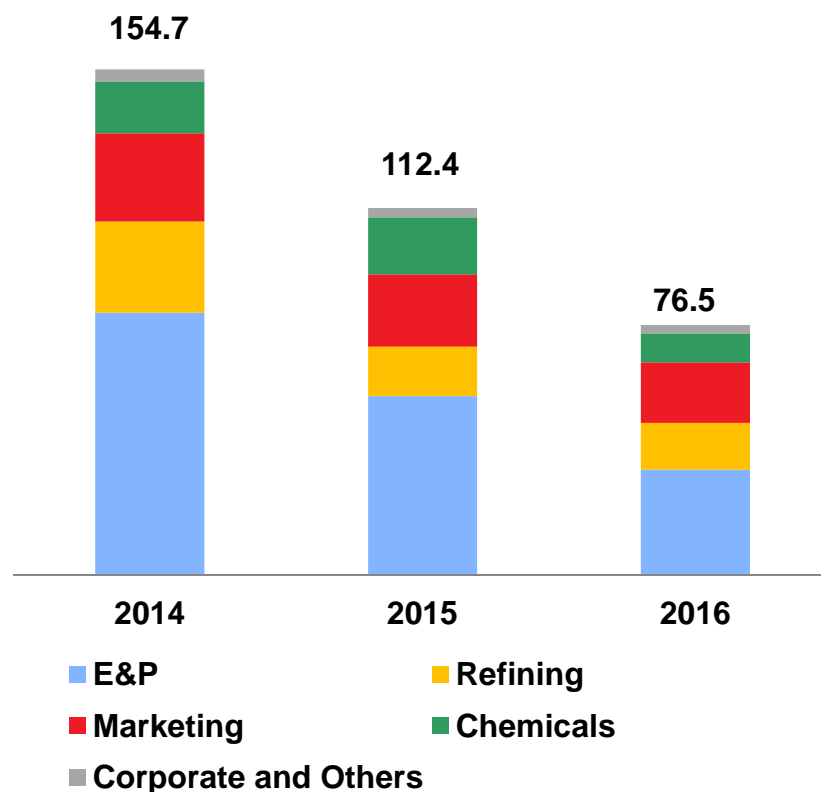
3. 2015 USD 1 = RMB 6.2284; 2016 USD 1 = RMB 6.6423



Capital Expenditure – Focus on Quality and Profitability

Focus on quality and profitability with optimization of investments

RMB billion



E&P: RMB 32.2 Bn

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

Refining: RMB 14.4 Bn

Quality upgrading of gasoline and diesel, and adjustment of product mix

Marketing: RMB 18.5 Bn

Revamping of service stations and construction of refined oil product pipelines and storage facilities

Chemicals: RMB 8.8 Bn

Structural improvement of facilities, feedstock and product slate; construction of coal-to-chemical projects

R&D facilities and IT system: RMB 2.6 Bn



Innovation – Driven Development

Upstream

Breakthrough in E&P technologies led to important discoveries

Refining

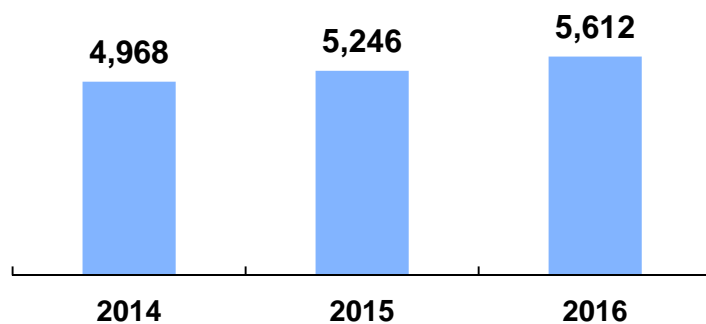
Commercialized technologies such as FCC Diesel to Premium Gasoline

Chemicals

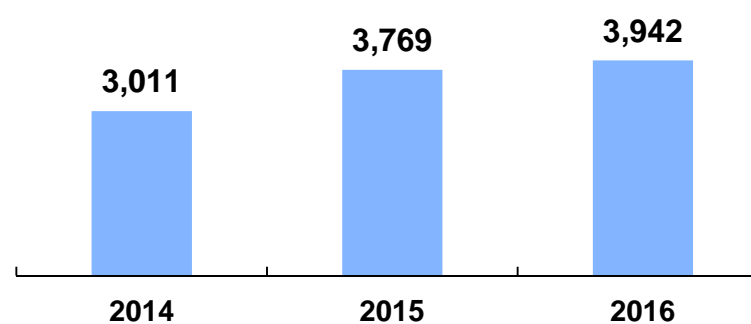
Successful development of environment-friendly polypropylene resin with high rigidity and tenacity, high-performance resin for polypropylene fiber non-woven fabrics for medical applications and etc.

Application of coal to light olefins, olefin catalytic cracking technologies and etc.

No. of Patent Applied



No. of Patents Granted





Safety and HSE Performance

Achieved safe and stable operation

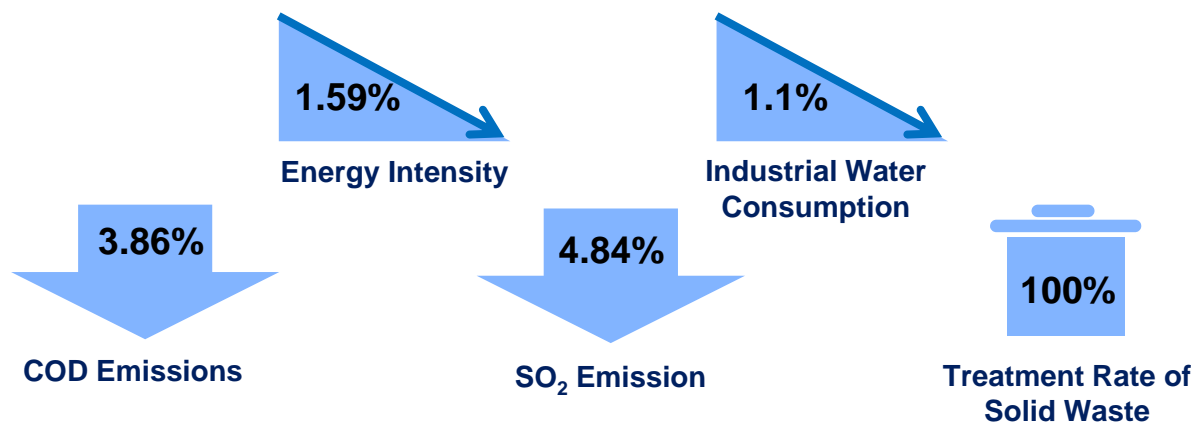
Completed rectification of safety hazards in oil and gas pipelines

Enhanced staff training; safety training programs covered all employees

Successful completion of *Clear Water, Blue Sky Campaign*

Total investment of RMB 20.92 billion in 870 environmental protection projects

Continuing efforts to implement the *Energy Efficiency Doubling plan*, with further decline in energy consumption and emissions





Fulfill Corporate Social Responsibilities

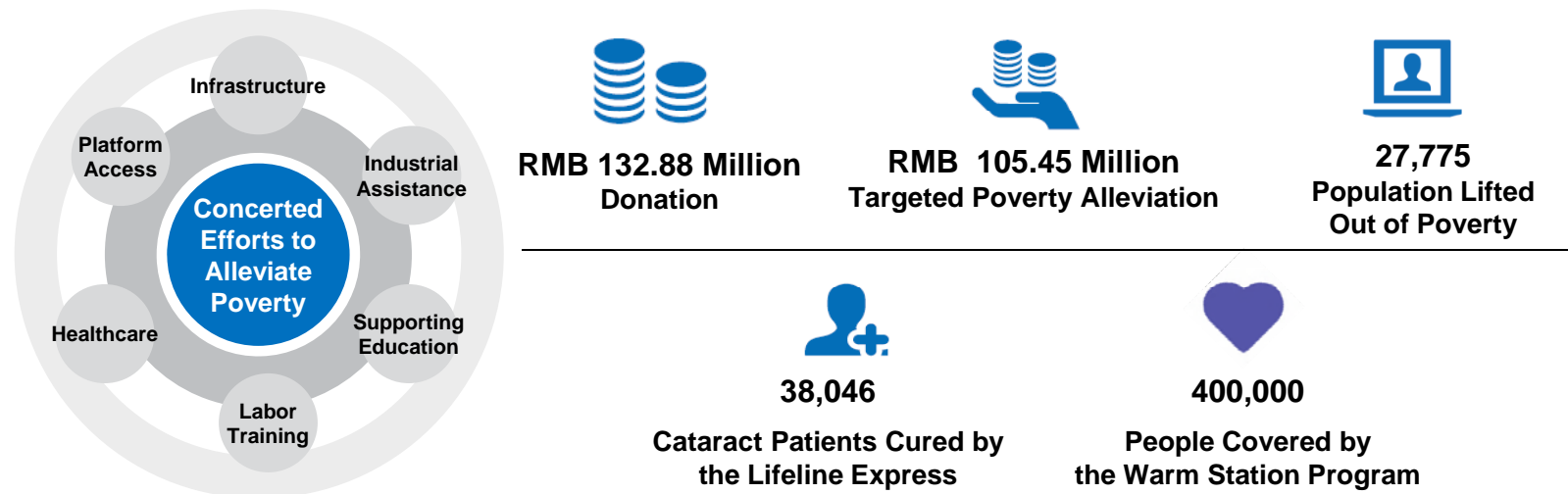
Improved communications with stakeholders and addressed their concerns

Subsidiaries of Sinopec held hundreds of *Sinopec Open Day*

Supported local development in areas of business and helped improve people's livelihood

Helped improve the infrastructure, cultural, educational and healthcare conditions in areas of business

Targeted poverty alleviation, supported people in need, contribute to the goal of poverty relief and serve the general public





2016 Operational Results by Segment

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Upstream – Satisfactory Results in Cost Control, Remarkable Achievements in ReformR

Production of Crude Oil



Refining – Marked Effect of Structural Adjustment

Further growth in production of high-octane gasoline

Further decline in diesel-to-gasoline ratio

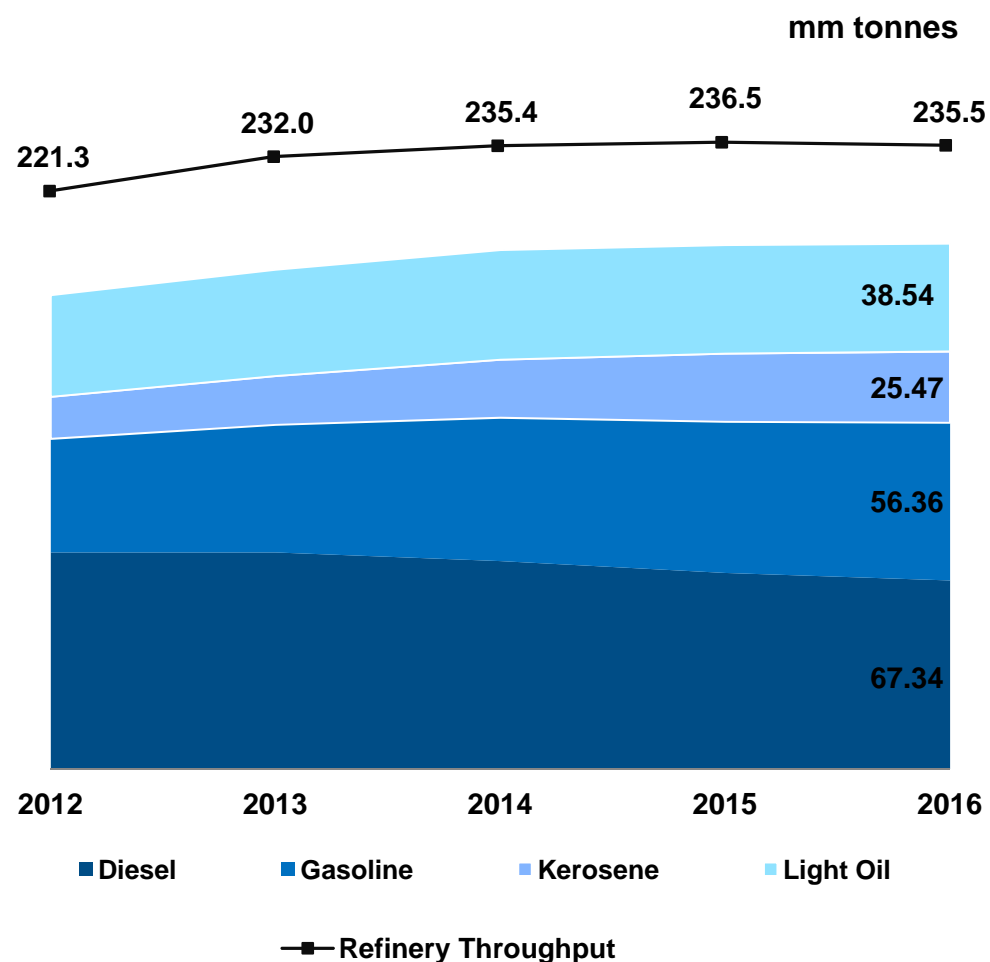
Promoted quality upgrading of refined oil products

Maintained refining utilization rate at high level

Further cut crude procurement cost

Improved margins for LPG, and asphalt

Refinery Throughput and Oil Products Production



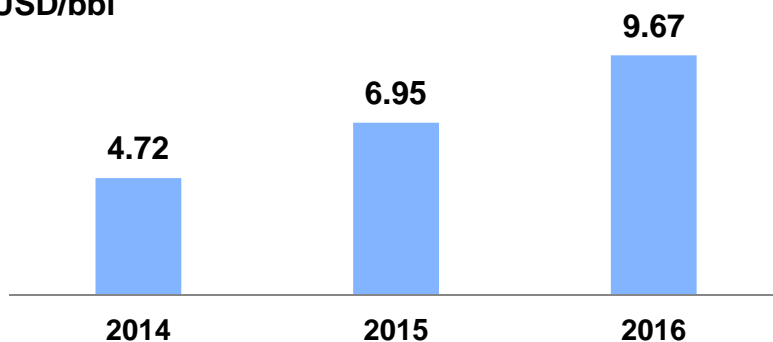
- Refinery throughput is calculated based on 1 tonne= 7.35 bbls
- 100% production of domestic joint ventures included



Refining – Record High Performance

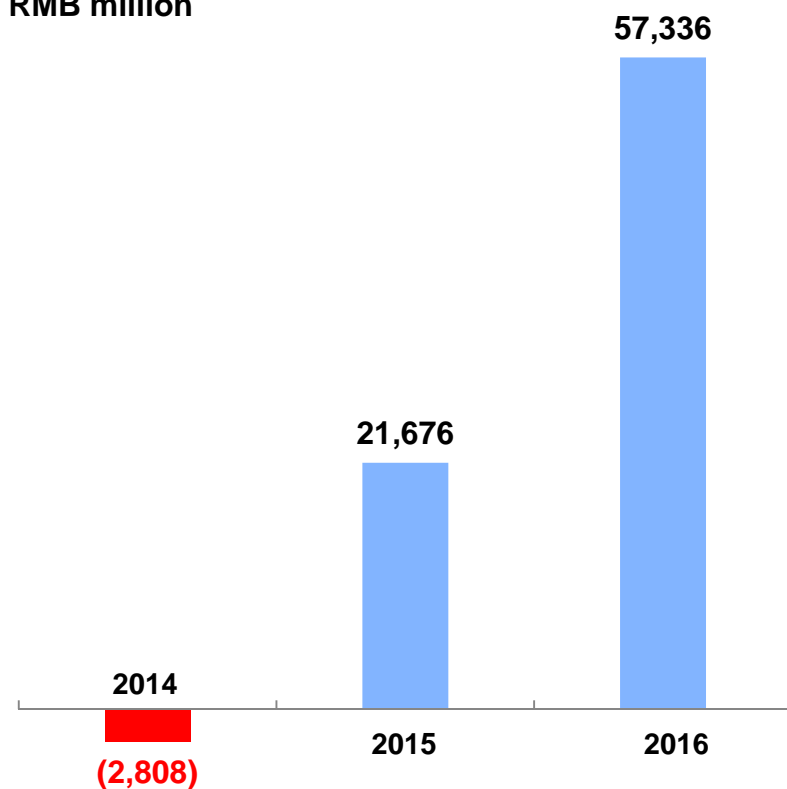
Refining Margin

USD/bbl



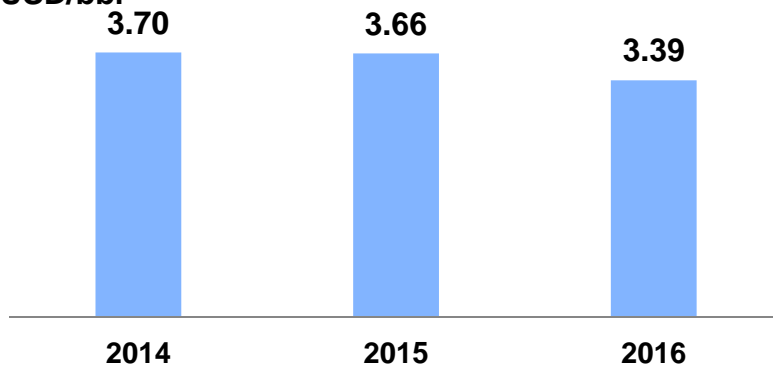
EBIT of Refining

RMB million



Cash Operating Cost

USD/bbl





Marketing – Resources Coordination and Continued Growth in Sales Volume

Total sales and retail volume continued to grow

Further increased retail volume of premium gasoline

Improved marketing network and optimized the layout of service stations and refined oil product pipelines

Sales volume of natural gas for automobile grew by 25% over 2016

mm tonnes	2014	2015	2016	YoY Change %
Total Sales Volume of Refined Oil Products	189.17	189.33	194.84	2.9
Domestic Sales of Refined Oil Products	170.97	171.37	172.70	0.8
Retail	117.84	119.03	120.14	0.9
Wholesale and Distribution	53.13	52.34	52.56	0.4
Annualized Average Throughput per Station (tonne/station)	3,858	3,896	3,926	0.8
	As of Dec. 31 2014	As of Dec. 31 2015	As of Dec. 31 2016	YoY Change %
Number of Service Stations under Sinopec Brand	30,551	30,560	30,603	0.1
Number of Convenience Stores	23,730	25,177	25,591	1.6





Chemicals – Strengthen Structural Adjustment

Optimized production and facilities utilization based on gross margin contribution

Adjusted feedstock mix to further reduce cost

Adjusted products mix with larger proportion of high value added products

Total sales volume of chemical products increased by 11% YoY

'000 tonnes	2014	2015	2016	YoY Change %
Ethylene Production	10,698	11,118	11,059	(0.5)
Synthetic Resin Production	14,639	15,065	15,201	0.9
Synthetic Fiber Monomers & Polymers Production	8,383	8,994	9,275	3.1
Synthetic Fiber Production	1,315	1,282	1,242	(3.1)
Synthetic Rubber Production	939	843	857	1.7

* 100% production of domestic joint ventures included



2017 Operational Plan



2017 Market Outlook

**Domestic demand for refined oil products and petrochemicals will
continue to grow**

Further adjustment in demands of refined oil products

Demand for chemicals will gradually shift towards the high end

International oil price is expected to ascend with fluctuations



2017 Production Plan

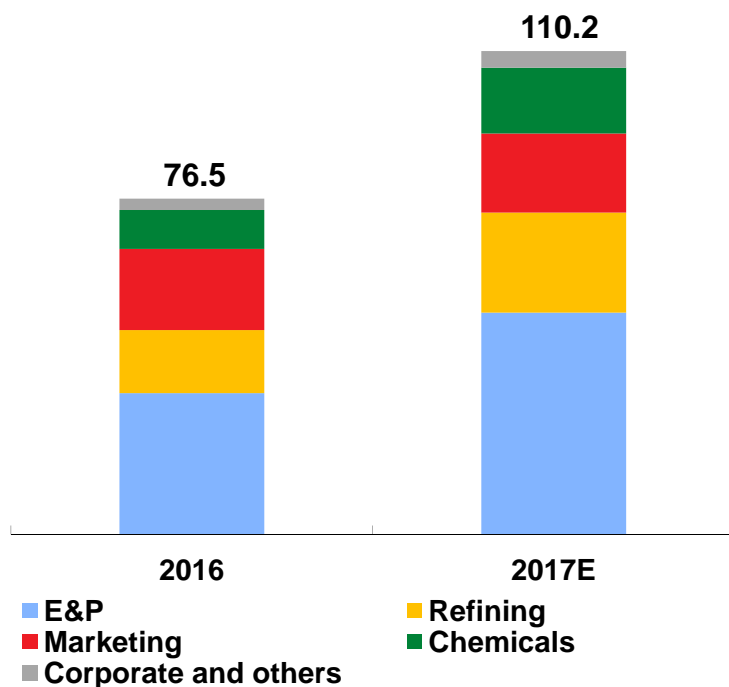
	2016	2017E
Oil and Gas Production (mmboe)	431	441
Crude Oil Production (mmbbls)	304	295
Natural Gas Production (bcf)	766	880
Refinery Throughput*(mm tonnes)	236	240
Total Domestic Sales Volume of Refined Oil Products (mm tonnes)	173	175
Ethylene Production* ('000 tonnes)	11,059	11,660

* 100% production of domestic joint ventures included



2017 Capex Plan

RMB billion



E&P: RMB 50.5 Bn

Domestic oil and gas exploration, Fuling Shale Gas project (phase II), Tianjin LNG project, gas storage facilities and natural gas pipeline construction

Refining: RMB 22.8 Bn

Gasoline and diesel quality upgrading, refinery revamping

Marketing: RMB 18.0 Bn

Construction and revamping of service stations, construction of storage and logistics facilities

Chemicals: RMB 15.1 Bn

Adjustments in product mix, and Integrated Refining and Chemical Project in Zhanjiang of Guangdong and Integrated Project in Gulei of Fujian

R&D facilities and IT application projects etc:
RMB 3.8 Bn



Q&A



<http://www.sinopec.com>

Investor relations

Beijing: Tel: (8610) 59960028 Fax: (8610) 59960386

Email: ir@sinopec.com

Hong Kong: Tel: (852) 28242638 Fax: (852) 28243669

Email: ir@sinopechk.com

New York: Tel: (212) 759 5085 Fax: (212) 759 6882

Email: marlenepan@sinopecusa.com