



中国石化
SINOPEC

China Petroleum & Chemical Corporation

2017 Annual Results Announcement

March 26, 2018
Hong Kong

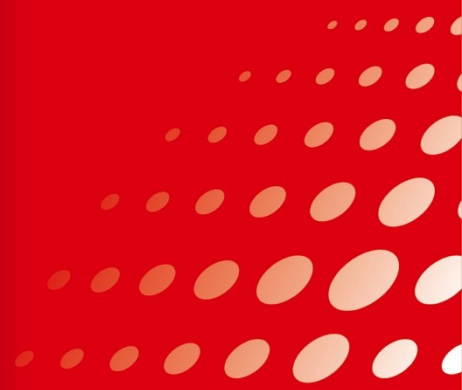
中国石油化工股份有限公司
SINOPEC CORP.

Cautionary Statement

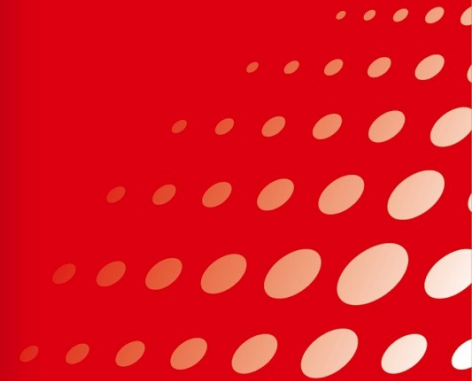
This presentation and the presentation materials distributed herein include forward-looking statements. All statements, other than statements of historical facts, that address activities, events or developments that Sinopec Corp. expects or anticipates will or may occur in the future (including but not 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.

- **2017 Performance Highlights**
- **2017 Operational Results by Segment**
- **2018 Operational Plan**

Agenda



2017 Performance Highlights

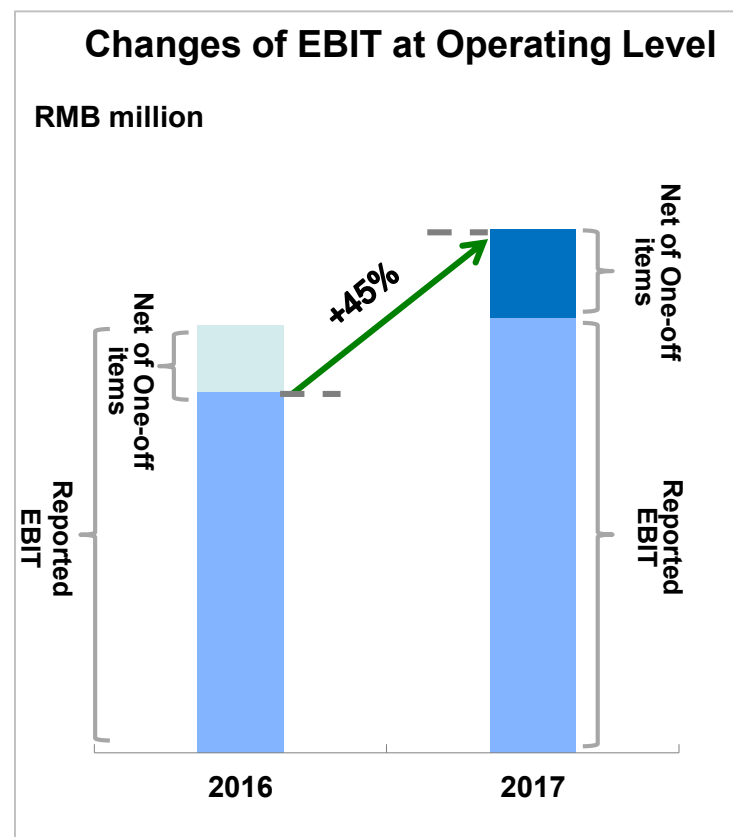


Market Environment in 2017

- China's economy maintained a stable and sound growth; GDP grew by 6.9%
- International crude oil price climbed up with fluctuations
- Domestic demand for natural gas remained robust
- Domestic demand for refined oil products and petrochemicals sustained growth
 - ◆ Domestic consumption of oil products grew by 6.6% YoY with a rapid growth in gasoline and kerosene and a positive growth in diesel
 - ◆ Domestic chemicals' demand maintained rapid growth

Robust Profit Growth

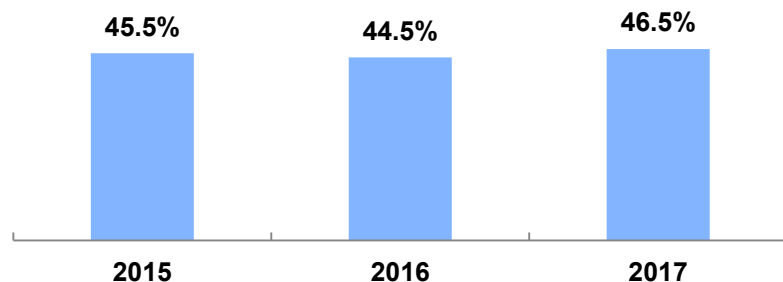
RMB million	2015	2016	2017	YoY Change (%)
Turnover and Other Operating Revenues	2,020,375	1,930,911	2,360,193	22.2
EBIT	65,650	86,762	88,257	1.7
Profit Attributable to Equity Shareholders of the Company	32,512	46,672	51,244	9.8
EPS (RMB)	0.269	0.385	0.423	9.8



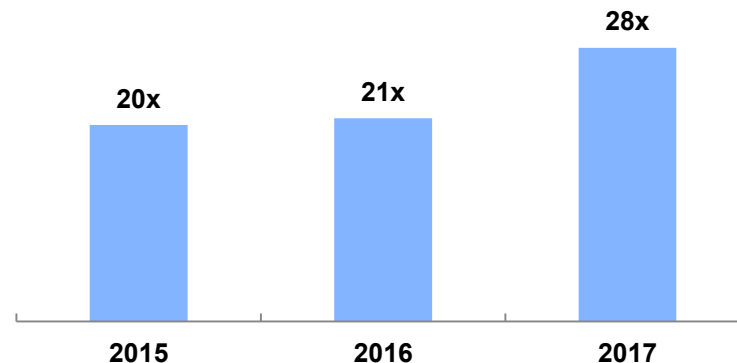
Note: Major one-off items include *price floor* policy gain, gains from M&A and impairment

Solid Financial Position

Liability-to-Asset Ratio



EBITDA-to-Interest Coverage Ratio



RMB million	As of Dec. 31, 2015	As of Dec. 31, 2016	As of Dec. 31, 2017
Total Assets	1,447,268	1,498,609	1,595,504
Short-term Interest-bearing Debts	115,446	74,819	80,649
Long-term Interest-bearing Debts	104,186	81,886	63,564
Total Equity Attributable to Shareholders of the Company	676,197	710,994	726,120

Strong Cash Flow

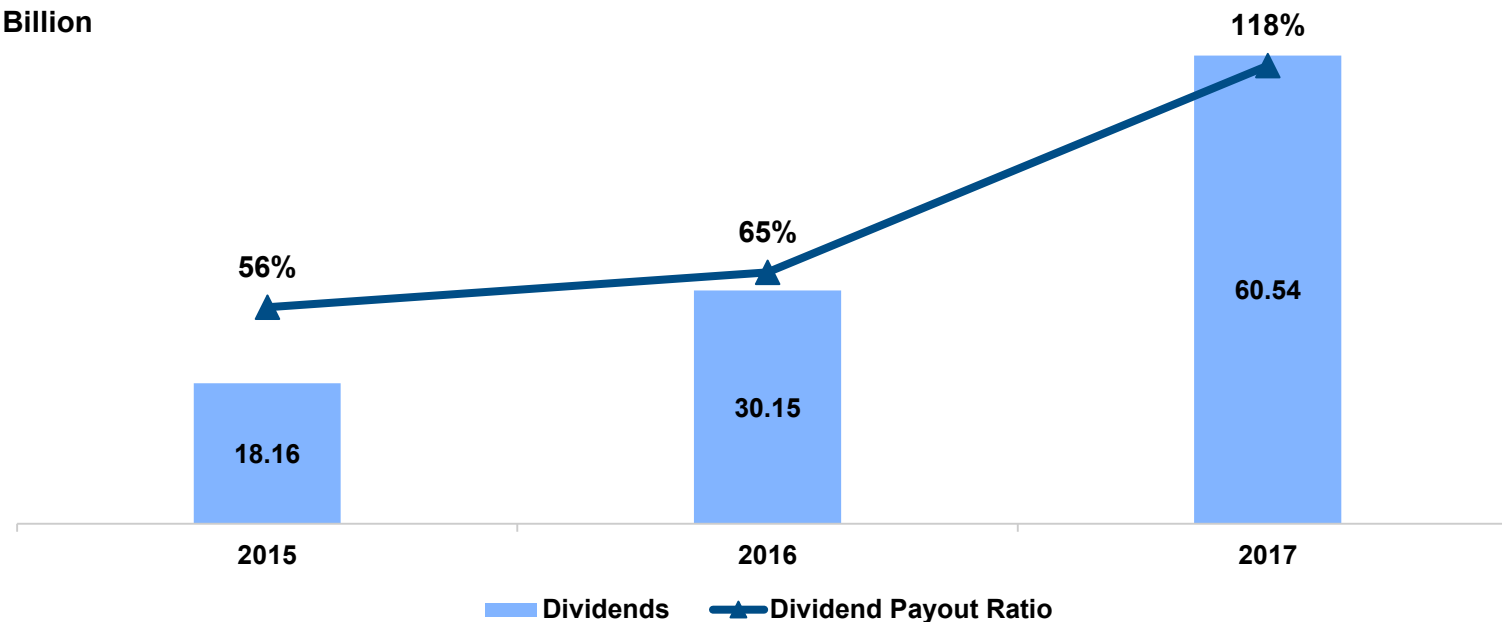
RMB million	2015	2016	2017
Net Cash Generated from Operating Activities	165,740	214,543	190,935
Net Cash Used in Investing Activities	(116,719)	(66,217)	(145,323)
Net Cash Generated from/ (Used in) Financing Activities	9,093	(93,047)	(56,509)

RMB million	As of Dec. 31, 2015	As of Dec. 31, 2016	As of Dec. 31, 2017
Cash and Cash Equivalents (Incl. Time Deposits)	69,666	142,497	165,004

Dividend – Emphasis on Shareholder Returns

- The Board of Directors proposed a final dividend of RMB 0.4 per share, with a total dividend of RMB 0.5 per share for the whole year
- Dividend yield was 9.7%*

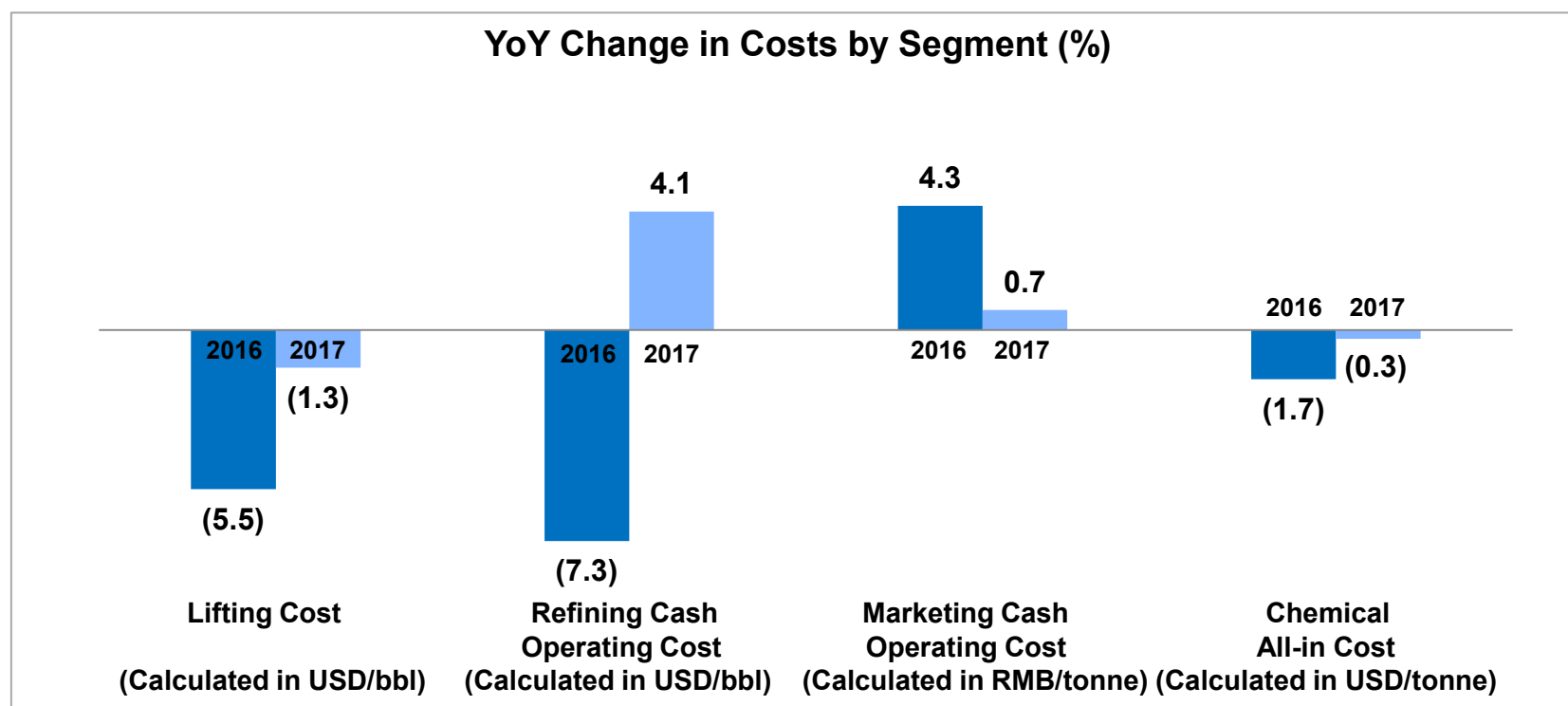
RMB Billion



* Calculation based on the volume weighted average share price of the company's H-Share in 2017

Remarkable Achievements in Cost Reduction

- Strengthened cost control and structural optimization
- Reinforced cash management, and reduced financial expenses by RMB 5.05 billion

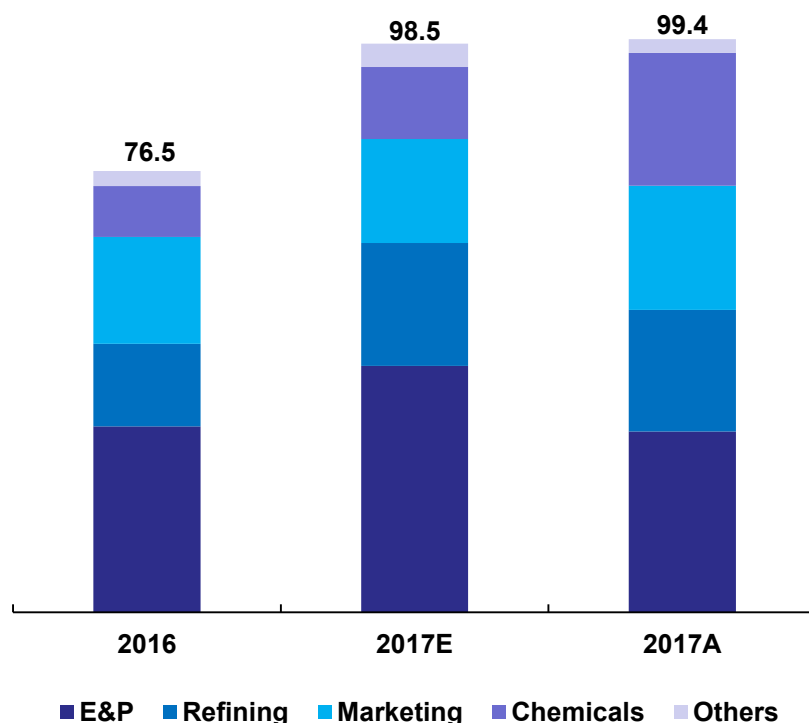


* 2016 USD 1=RMB 6.6423; 2017 USD 1=RMB 6.7518

Capital Expenditure – Focus on Quality and Profitability

■ 2017 Capital Expenditure: RMB 99.4 Bn

RMB Billion



■ E&P: RMB 31.3 Bn

Oil & Gas production capacity, LNG projects, gas storage, natural gas pipeline construction

■ Refining: RMB 21.1 Bn

Construction of regional refining center, quality upgrading of refined oil products and adjustment of product mix

■ Marketing: RMB 21.5 Bn

Constructions of refined oil product storage facilities, pipelines and service stations

■ Chemicals: RMB 23.0 Bn

Structural improvement of facilities, feedstock and product slate, as well as acquisition of the interest in Shanghai SECCO

■ R&D and IT facilities: RMB 2.4 Bn

Innovation – Driven Development

■ Upstream

- ◆ Breakthrough in E&P technologies led to discoveries and efficient development

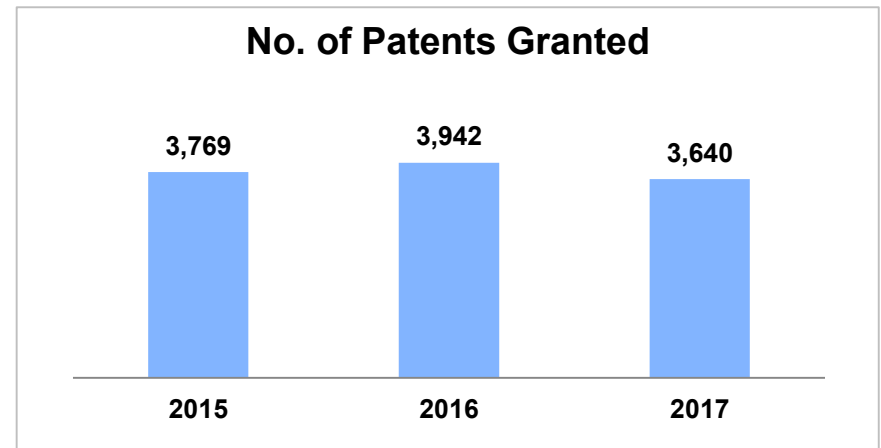
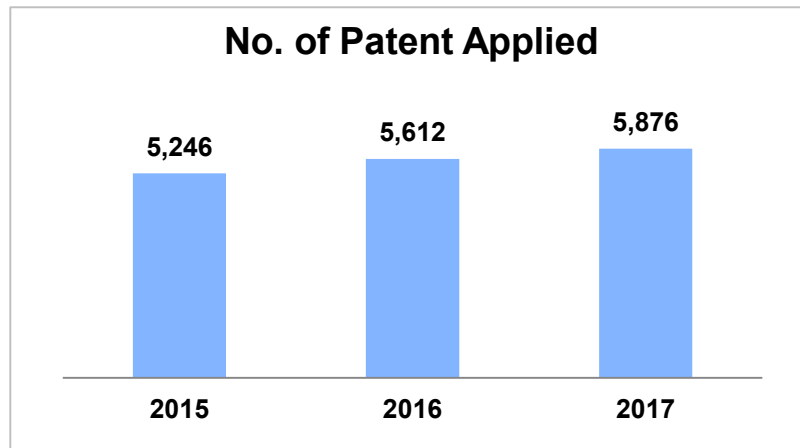
■ Refining

- ◆ R&D focusing on quality upgrade
- ◆ Completed industrial test of carbon 5/carbon 6 distillates isomerization with solid superacid catalyst technology

■ Chemicals

- ◆ New products achieved industrial production such as low-volatile polypropylene for automobile, high-transparency & low-blooming polypropylene

■ Continuously promoted the integration of IT technologies and industrialisation



Fulfillment of Corporate Social Responsibilities

- **Advanced green, low-carbon development strategy**
 - ◆ Improved energy efficiency and strengthened carbon asset management
- **Improved communications with stakeholders and addressed their concerns**
 - ◆ Organized held 491 *Sinopec Open Days*
 - ◆ Helped improve the infrastructure, cultural, educational and healthcare conditions in the communities
- **Targeted poverty alleviation, and contributed to the goal of poverty relief**



RMB 128.22 million
Targeted Poverty Alleviation



27,759
Population Lifted
Out of Poverty

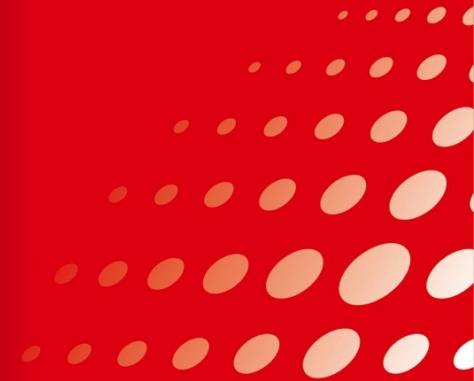


41,172
Cataract Patients Cured
by the Lifeline Express



400,000
People Covered by the
Warm Station Program

2017 Operational Results by Segment



Upstream – Focus on Reserve Increase and Efficient Development

- Sustained high-efficiency exploration and achieved 116% crude reserve replacement
- Adopted profit-oriented development and enhanced cost discipline
- Achieved rapid growth in natural gas production

	2015	2016	2017	YoY Change(%)
Oil and Gas Production(mmboe)	471.91	431.29	448.79	4.1
Crude Oil Production(mmbbls)	349.47	303.51	293.66	(3.2)
Natural Gas Production(bcf)	734.79	766.12	912.50	19.1

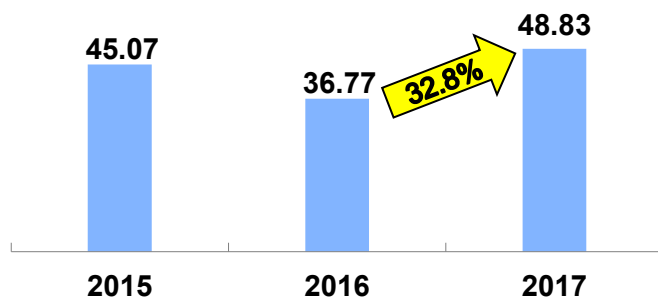
	2015	2016	2017	YoY Change(%)
Proved Reserves of Crude Oil(mmbbls)	2,243	1,552	1,599	3.0
Proved Reserves of Natural Gas(bcf)	7,570	7,178	6,997	(2.5)

* 1 cubic meter=35.31 cubic feet

Upstream –Significant Loss Reduction at Operational Level

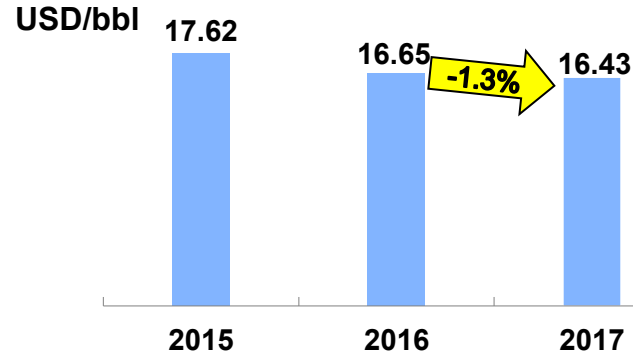
Realized Price of Crude Oil

USD/bbl



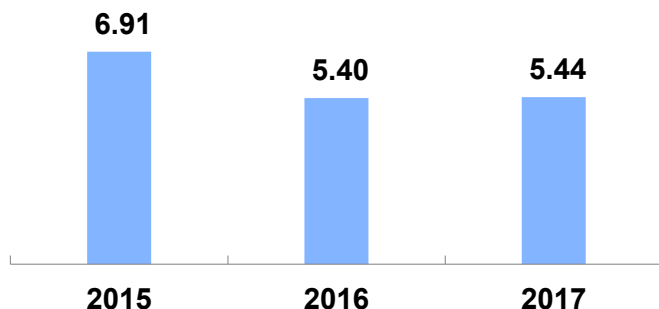
Lifting Cost

USD/bbl



Realized Price of Natural Gas

USD/000'cf



EBIT of E&P

RMB
million

	2015	2016	2017
EBIT	(15,950)	(37,820)	(44,455)

*Significantly reduce losses at operational level after excluding one-off losses

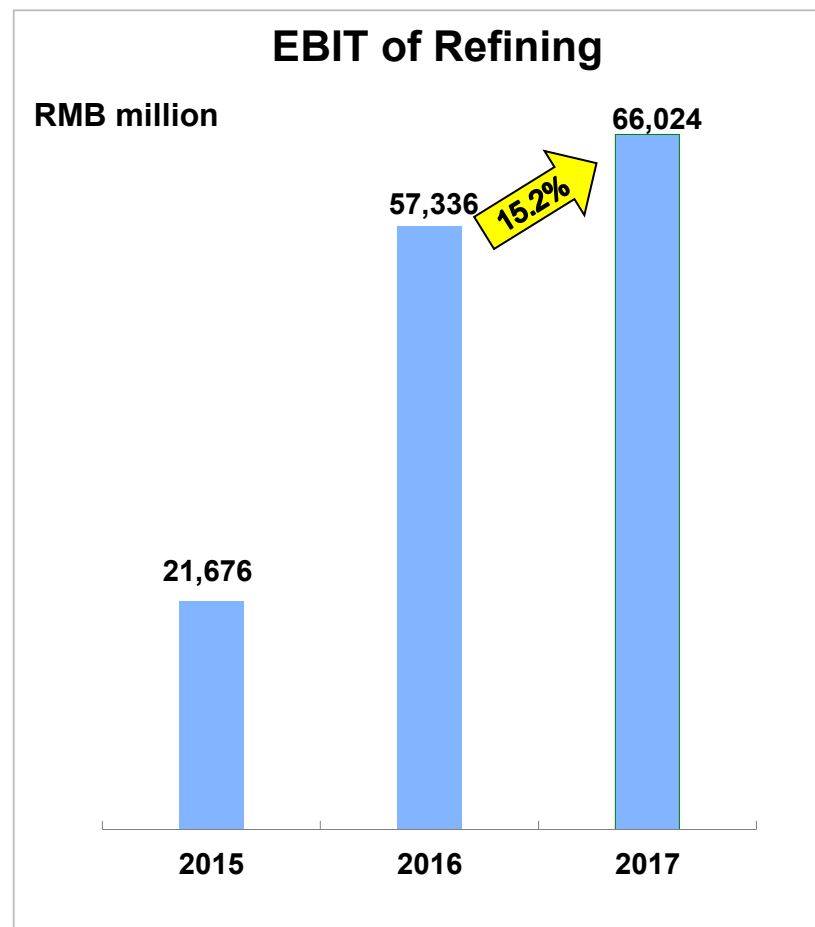
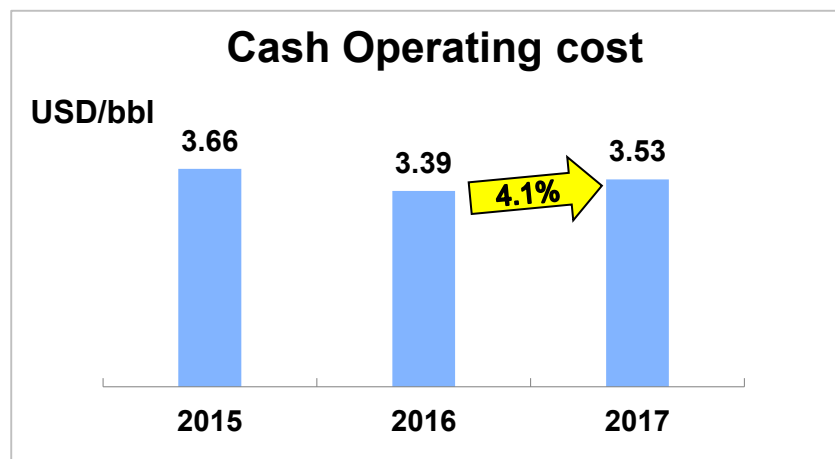
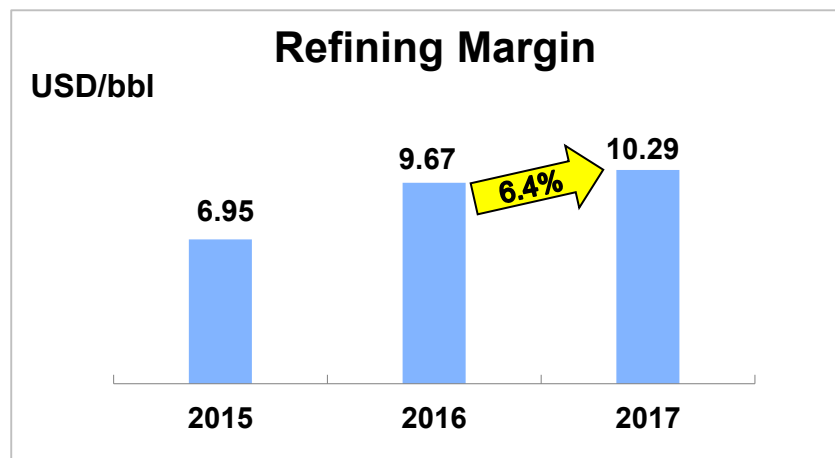
Refining –Continued Optimization of Product Mix

- Improved product mix
- Promoted quality upgrading of refined oil products
- Maintained high utilization rate of refining facilities
- Improved margins for LPG and asphalt, etc.

(mm tonnes)	2015	2016	2017	YoY Change(%)
Refinery Throughout	236.49	235.53	238.50	1.3
Gasoline, Diesel and Kerosene Production	148.38	149.17	150.67	1.0
Gasoline Production	53.98	56.36	57.03	1.2
Diesel Production	70.05	67.34	66.76	(0.9)
Kerosene Production	24.35	25.47	26.88	5.5
Light Chemical Feedstock Production	38.81	38.54	38.60	0.2

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

Refining – Record High Results



Marketing – Outperform the Market on Integrated Business Model

- Domestic sales volume increased by 2.9% YoY
- Improved marketing network by optimizing layout of service stations and pipelines
- Developed natural gas for automobile market

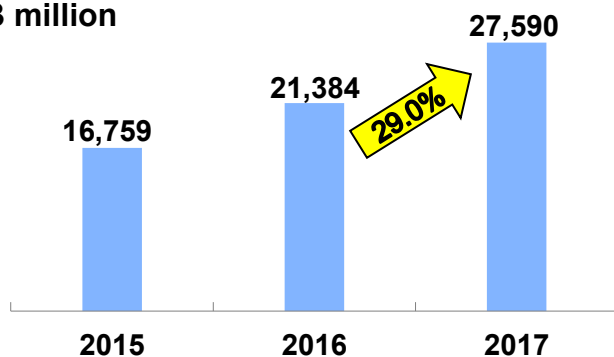
mm tonnes	2015	2016	2017	YoY Change(%)
Total Sales Volume of Refined Oil Products	189.33	194.84	198.75	2.0
Domestic Sales of Refined Oil Products	171.37	172.70	177.76	2.9
Retail	119.03	120.14	121.56	1.2
Wholesale and Distribution	52.34	52.56	56.20	6.9
Annualized Average Throughput per Station (tonne/station)	3,896	3,926	3,969	1.1

Station	As of Dec. 31 2015	As of Dec. 31 2016	As of Dec. 31 2017	Change(%)
Number of Sinopec-Branded Service Stations	30,560	30,603	30,633	0.1
Number of Convenience Stores	25,177	25,591	25,775	0.7

Marketing – Strong Growth of Non-fuel Business

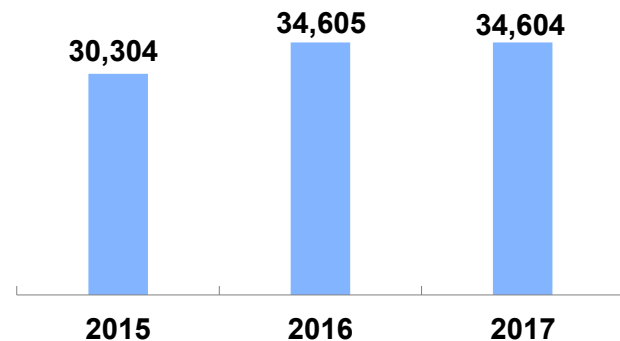
Revenue of Non-fuel Business

RMB million



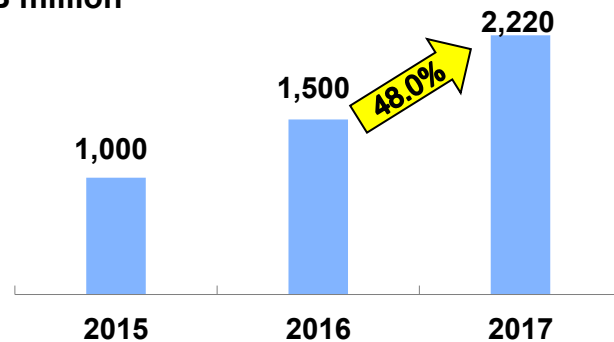
EBIT of Marketing

RMB million



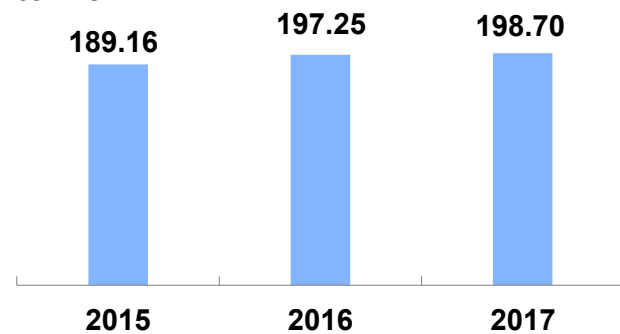
Profit of Non-fuel Business

RMB million



Marketing Cash Operating Cost

RMB/tonne



Chemicals – Strengthened Structural Adjustment

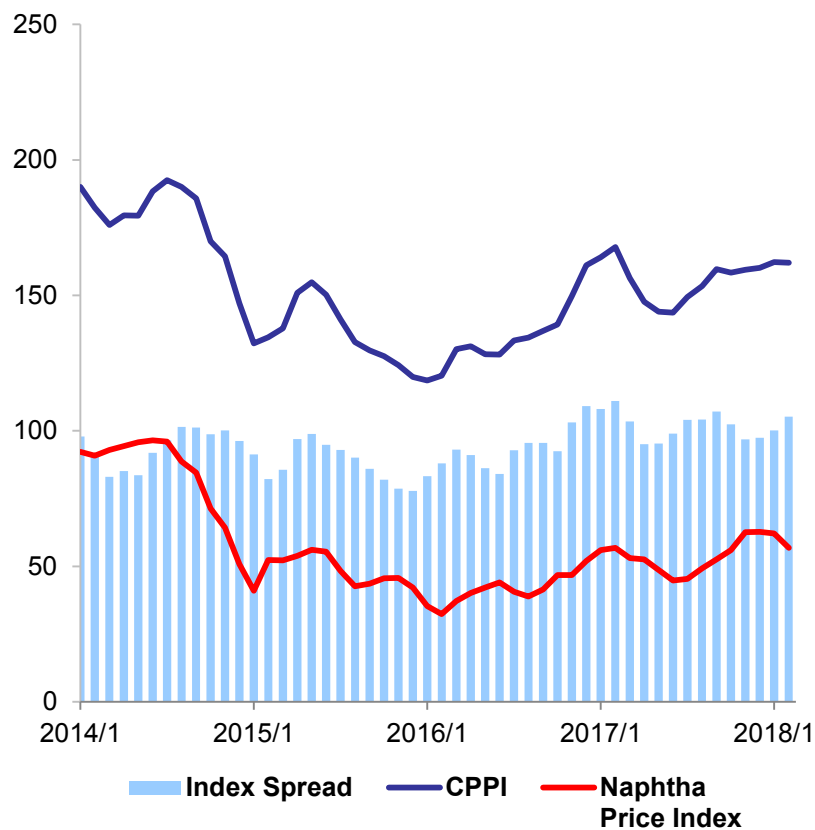
- Adjusted product mix to increase the production volume of high value-added products
- Achieved record high sales volume of chemical products with 12.2% increase YoY
- Adjusted feedstock mix to further reduce costs
- Optimized production and facilities utilization

'000 tonnes	2015	2016	2017	YoY Change(%)
Ethylene Production	11,118	11,059	11,610	5.0
Synthetic Resin Production	15,065	15,201	15,938	4.8
Synthetic Fiber Monomers & Polymers Production	8,994	9,275	9,439	1.8
Synthetic Fiber Production	1,282	1,242	1,220	(1.8)
Synthetic Rubber Production	843	857	848	(1.1)
Total Sales Volume of Chemical Products	62,874	69,957	78,499	12.2

* 100% production of domestic joint ventures included

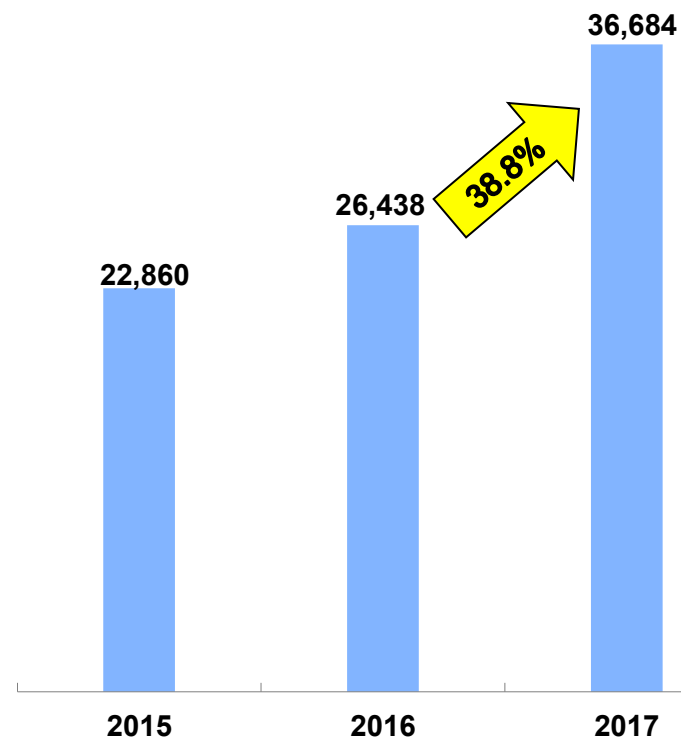
Chemicals – Record High Results

Chemical Products Price Index (CPPI)

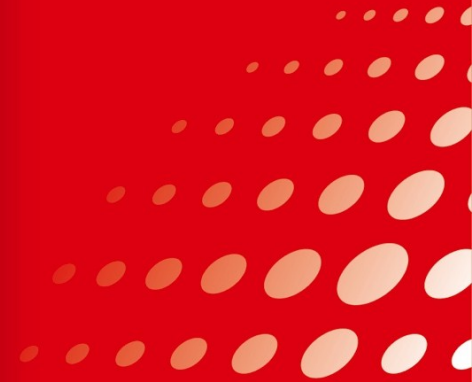


EBIT of Chemicals

RMB million



2018 Operational Plan



Market Outlook for 2018

- **China's economy will maintain steady growth**
 - ◆ Domestic demand for refined oil products will continue to grow
 - ◆ Domestic demand for chemical products is expected to grow steadily with increasing demand for high-end products
- **China's energy mix will continue to improve, and demand for natural gas will grow rapidly**
- **International oil price is expected to remain stable**

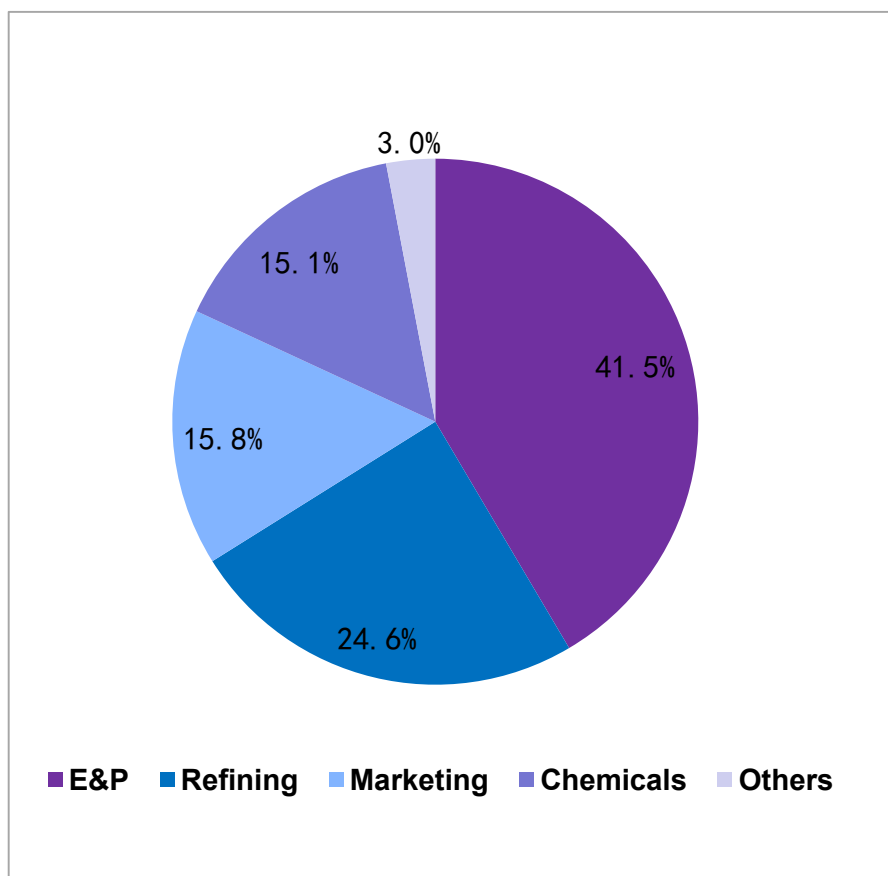
2018 Production Plan

	2017	2018
Oil and Gas Production (mmboe)	449	452
Crude Oil Production (mmbbls)	294	290
Natural Gas Production (bcf)	913	974
Refinery Throughput* (mm tonnes)	239	239
Total Domestic Sales Volume of Refined Oil Products (mm tonnes)	178	179
Ethylene Production* ('000 tonnes)	11,610	11,600

*100% production of domestic joint ventures included

Capex Plan for 2018

■ 2018 Capital Expenditure Plan: RMB 117 Bn



■ E&P: RMB 48.5 Bn

Oil & Gas production capacity, gas storage, natural gas pipeline construction

■ Refining: RMB 28.8 Bn

Construction of Zhongke project, quality upgrading of refined oil products and adjustment of product mix

■ Marketing: RMB 18.5 Bn

Construction of refined oil product storage facilities, pipelines and service stations

■ Chemicals: RMB 17.7 Bn

Construction of Zhongke and Gulei projects, structural improvement of facilities, feedstock and product slate

■ R&D and IT facilities: RMB 3.5 Bn

Q&A

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