



# China Petroleum & Chemical Corporation Q3 2019 Results Announcement

Oct 31, 2019



**SINOPEC CORP.**

中国石油化工股份有限公司

# Cautionary Statement

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

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, 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, 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.

# Market Environment in Q3 2019

- **China's economy realized steady growth**
  - ◆ GDP grew by 6.2% YoY
- **International oil price fluctuated with an upward trend, and followed by a gradual slide**
- **Sustained growth of domestic demand for energy and petrochemicals**
  - ◆ Consumption of natural gas grew by 9.8% YoY
  - ◆ Consumption of refined oil products maintained growth
  - ◆ Domestic chemicals demand kept rapid growth

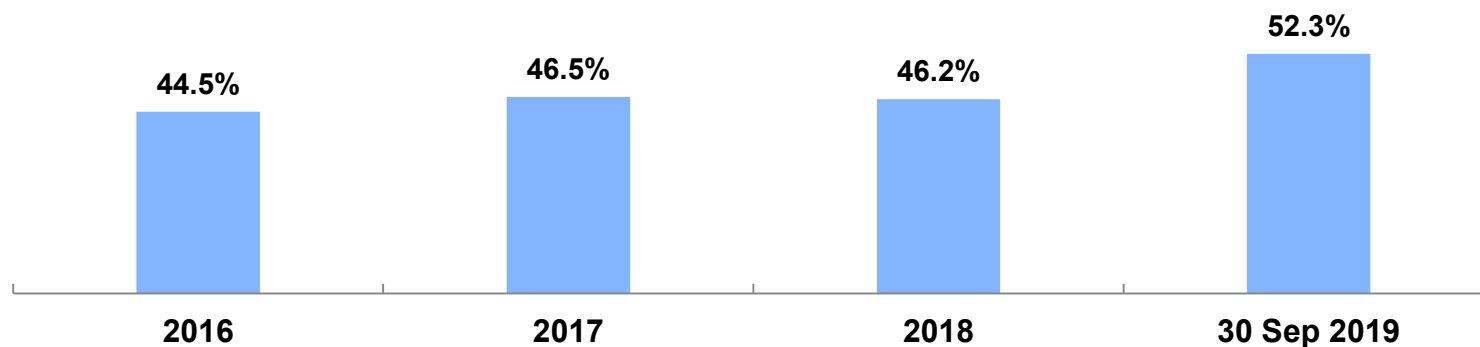
## Robust Results amid Tough Environment

RMB million	1-9'18	1-9'19	YoY (%)
Turnover and Other Operating Revenues	2,072,970	2,233,305	7.7
EBIT	97,649	77,216	(20.9)
Profit Attributable to Equity Shareholders of the Company	60,155	44,226	(26.5)
EPS(RMB)	0.497	0.365	(26.5)

# Solid Financial Position

RMB million	As of Dec. 31, 2018	As of Sep. 30, 2019
Total Assets	1,592,308	1,826,336
Short-term Interest-bearing Debt	61,127	89,461
Long-term Interest-bearing Debt	57,967	58,882
Total Equity Attributable to owners of the Company	717,284	724,863

## Liability to Asset Ratio



# Cash Flow Status

RMB million	1-9'18	1-9'19
Net Cash Generated from Operating Activities	137,919	81,398
Net Cash Generated from/(used in) Investing Activities	(3,270)	(70,752)
Net Cash Generated from/(used in) Financing Activities	(75,898)	(34,031)

RMB million	As of Dec. 31, 2018	As of Sep. 30, 2019
Cash and Cash Equivalents (Incl. Time Deposits)	167,015	159,965

## Upstream – Implemented the Action Plan of Making Greater 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 up by 8.4%

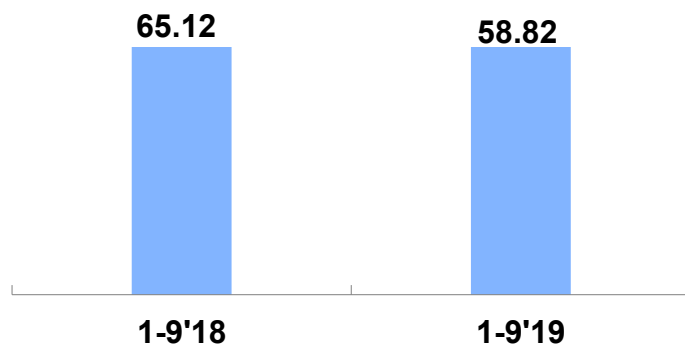
	1-9'18	1-9'19	YoY (%)
Oil and Gas Production( mmboe)	335.34	341.74	1.9
Crude Oil Production( mmbbl)	216.32	212.78	(1.6)
China	186.50	186.69	0.1
Overseas	29.82	26.09	(12.5)
Natural Gas Production( bcf) *	713.78	773.41	8.4

\* 1 cubic meter=35.31 cubic feet

# Upstream – Significant Improvement in Earnings

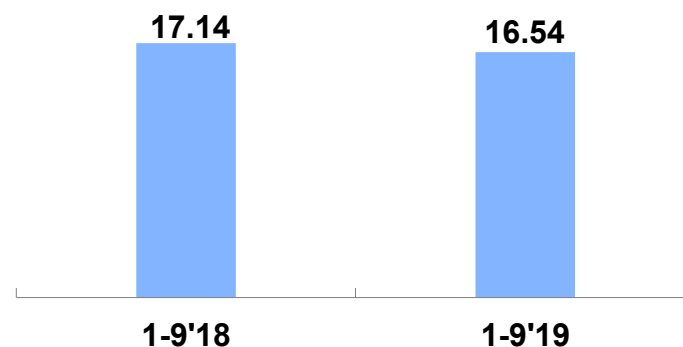
## Realized Price of Crude Oil

USD/bbl



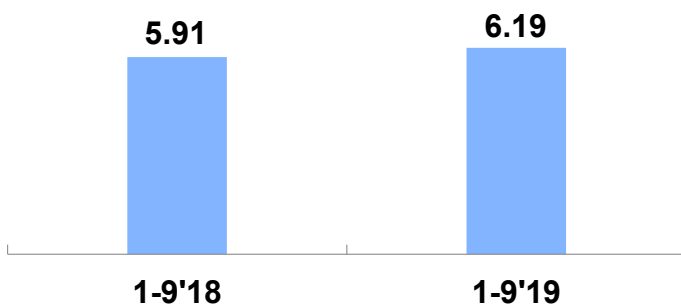
## Lifting Cost

USD/bbl



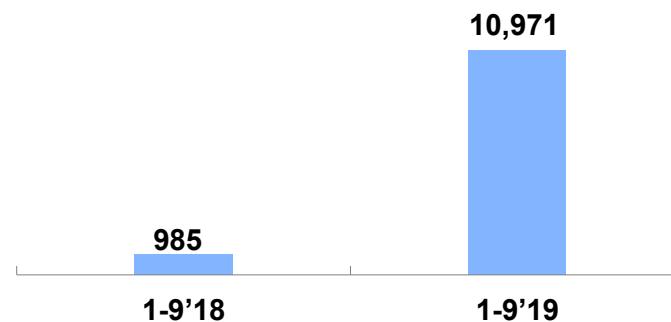
## Realized Price of Natural Gas

USD/mcf



## EBIT of E&P Segment

RMB million



\* 1-9'2018 USD 1=RMB 6.5196; 1-9'2019 USD 1=RMB 6.8541



# Refining – Sustained Optimization in Product Slate

- Dynamic optimization of product slate with a market-oriented approach
- Maintained high utilization rate
- Implemented the quality upgrading plan for new spec bunker fuel

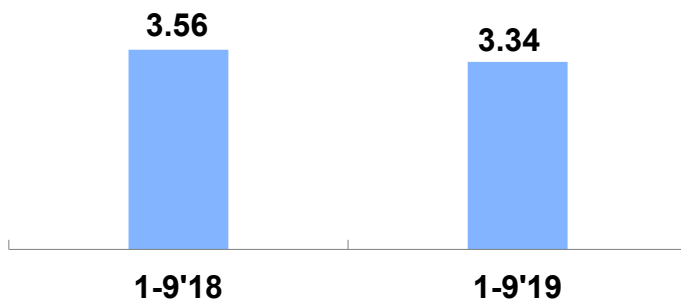
(mm tonnes)	1-9'18	1-9'19	YoY (%)
Refinery Throughput	182.74	186.26	1.9
Gasoline, Diesel and Kerosene Production	116.13	119.54	2.9
Gasoline	45.74	47.20	3.2
Diesel	48.62	49.01	0.8
Kerosene	21.77	23.33	7.2
Light Chemical Feedstock Production	29.01	30.05	3.6

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

# Refining – Maintained Competitive Edge

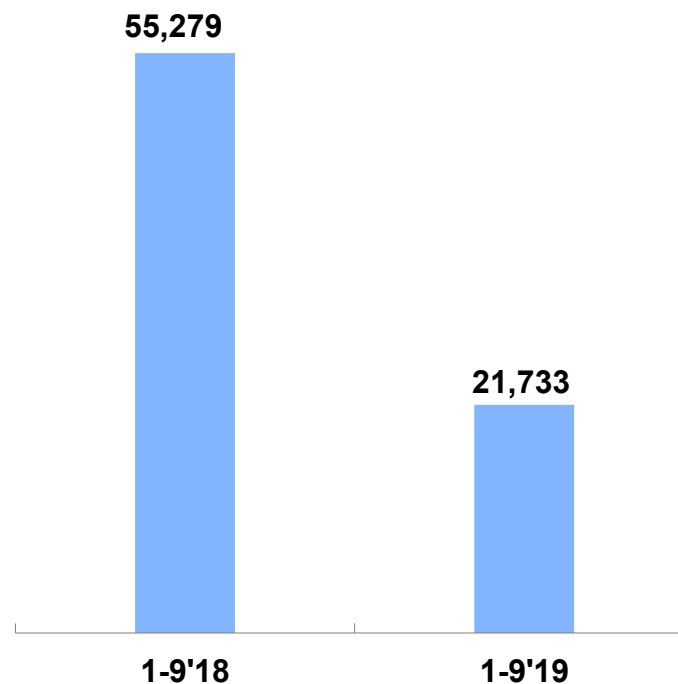
## Cash Operating Cost

USD/bbl



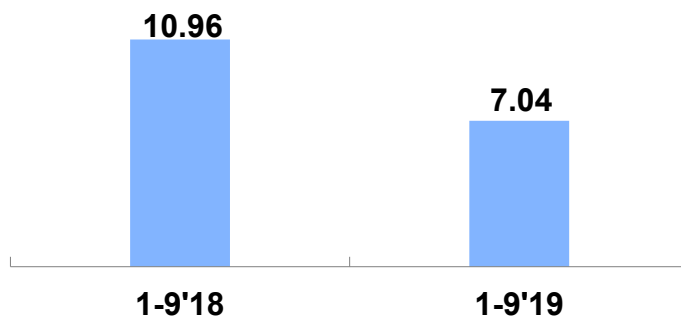
## EBIT of Refining Segment

RMB million



## Refining Margin

USD/bbl



## 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

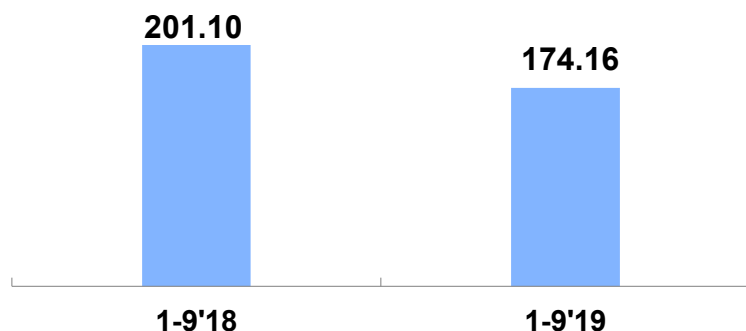
(mm tonnes)	1-9'18	1-9'19	YoY (%)
<b>Total Sales Volume of Refined Oil Products</b>	<b>177.35</b>	<b>192.42</b>	<b>8.5</b>
<b>Domestic Sales Volume of Refined Oil Products</b>	<b>135.02</b>	<b>139.25</b>	<b>3.1</b>
Retail	90.82	91.80	1.1
Direct Sales and Distribution	44.20	47.45	7.4
<b>Annualized Average Throughput per Station (tonne/station)</b>	<b>3,953</b>	<b>3,991</b>	<b>1.0</b>
	As of Dec. 31 2018	As of Sep.30 2019	Change %
<b>Number of Sinopec-Branded Service Stations</b>	<b>30,661</b>	<b>30,676</b>	<b>0.05</b>
<b>Number of Convenience Stores</b>	<b>27,259</b>	<b>27,343</b>	<b>0.31</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

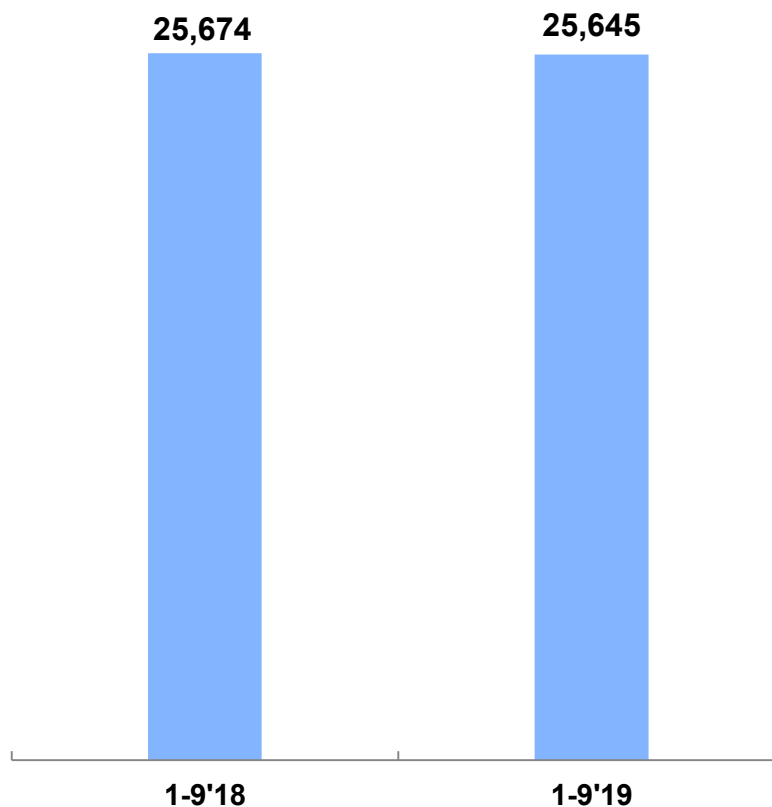
## Marketing Cash Operating Cost

RMB/ tonne



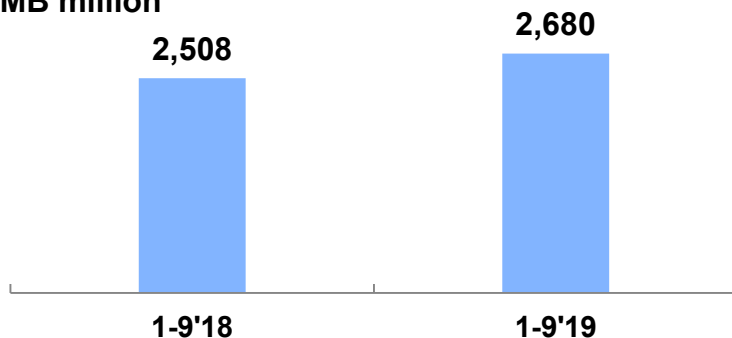
## EBIT of Marketing Segment

RMB million



## Profit of Non-fuel Business

RMB million



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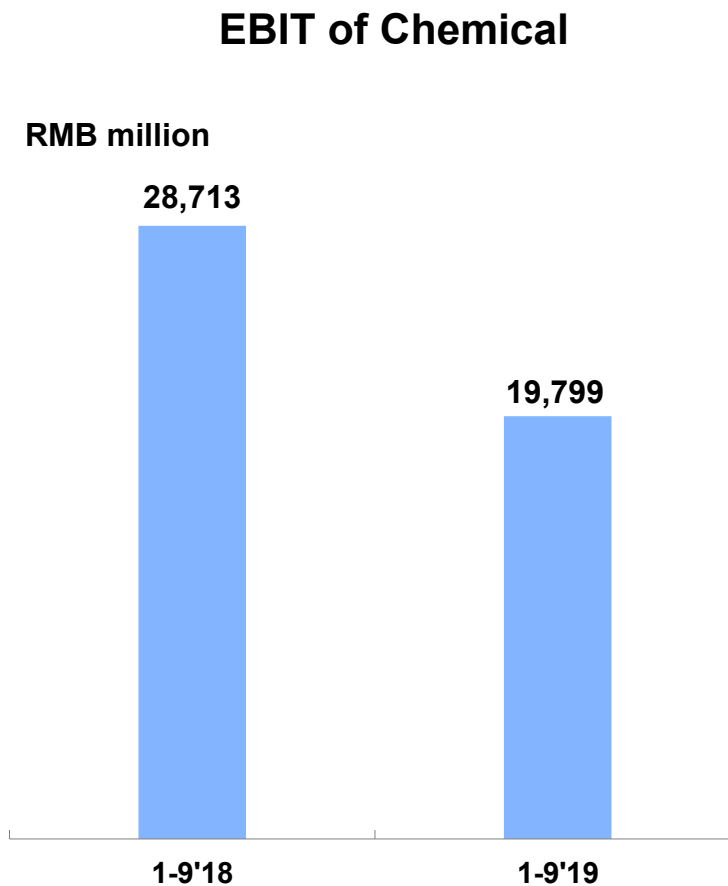
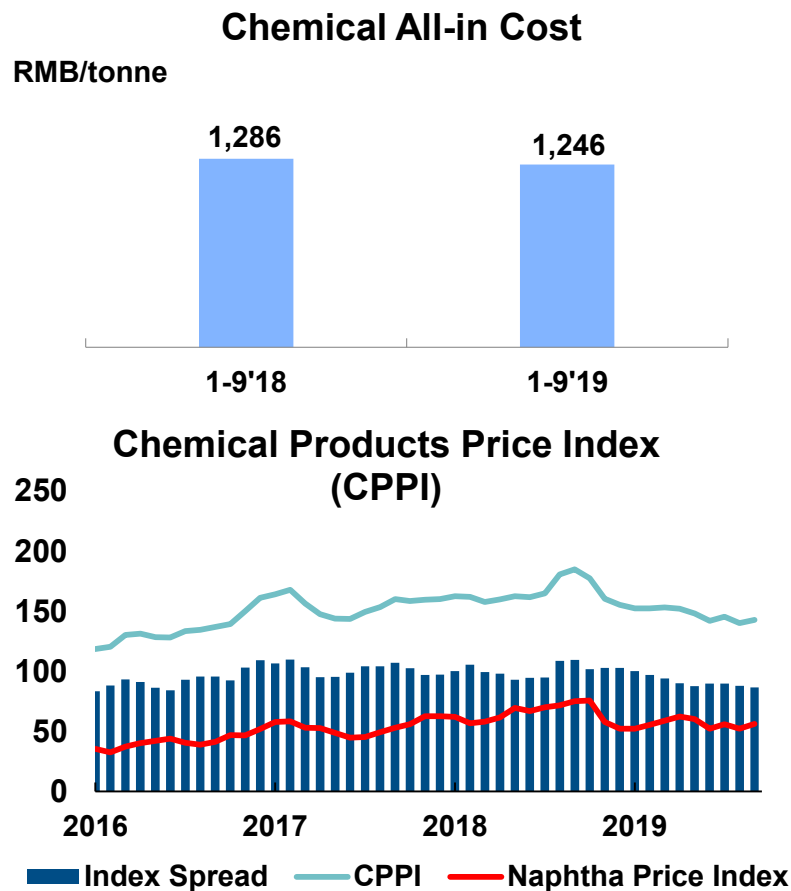
# Chemicals – Strengthened Structural Adjustment

- Optimized feedstock mix to further reduce costs
- Optimized product slate to increase the proportion of high-end products
- Accelerated the construction of advanced capacity by proactively pushing ahead with key projects
- Achieved significant growth in total sales volume of chemicals

'000 tonnes	1-9'18	1-9'19	YoY Change %
Ethylene Production	8,784	9,295	5.8
Synthetic Resin Production	12,171	12,749	4.7
Synthetic Fiber Monomers & Polymers Production	7,100	7,511	5.8
Synthetic Fiber Production	940	968	3.0
Synthetic Rubber Production	646	794	22.9

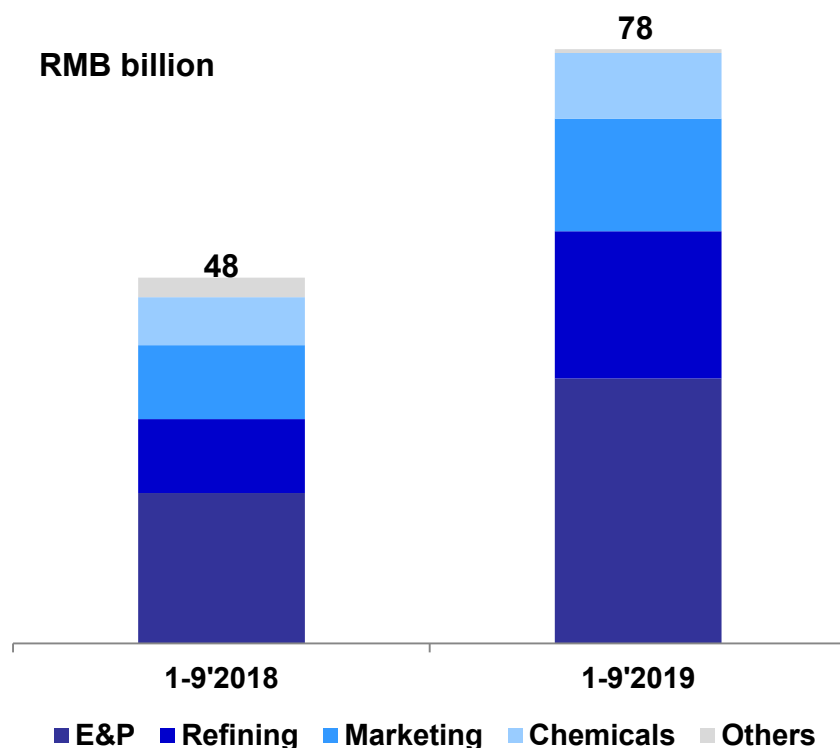
\* 100% production domestic of JVs included

# Chemicals – Maintained Relatively High Profitability



# Capital Expenditure – Focus on Quality and Profitability

- Capex for 1-9'2019: RMB 78 Bn, increased by 63% YoY



- **E&P: RMB 34.8Bn**  
Oil & Gas capacity building, gas storage and natural gas pipeline construction
- **Refining: RMB 19.3Bn**  
Construction of Zhongke Refining and Chemical Project, and adjustment of product slate
- **Marketing: RMB 14.8Bn**  
Constructions of oil products depots, pipelines, service stations, non-fuel business and revamping of underground oil tanks
- **Chemicals: RMB 8.6Bn**  
Construction of Zhongke, Zhenhai and Wuhan ethylene projects, and phase II of Hainan high-efficiency and environment-friendly aromatics project
- **R&D and IT facilities: RMB 0.5Bn**

# Q&A

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