



China Petroleum & Chemical Corporation

2014 Interim Results Announcement

**August 25, 2014
Hong Kong**



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Agenda

- **1H2014 Performance Highlights**
- **1H2014 Operational Results by Segments**
- **2H2014 Outlook**



1H2014 Performance Highlights



Market Environment

- China's economy maintained steady growth with GDP up by 7.4% yoy
- Domestic demand for refined oil products grew by 3.6%
- Domestic demand for chemical products maintained high growth rate at 6.5%
- Crude price fluctuated at high level
- Oil products prices timely adjusted following international crude price change
- Chemical products prices declined due to strong market competition



Focus of the Year 2014

Deepen Reform

- Streamline the Business Segments
- reform and restructuring of marketing business

Transform Growth Pattern

- Control investment
- Optimization in feedstock, process and products etc
- Optimize resources
- Revitalize stock assets
- Green and low carbon development
- Science and technology innovation

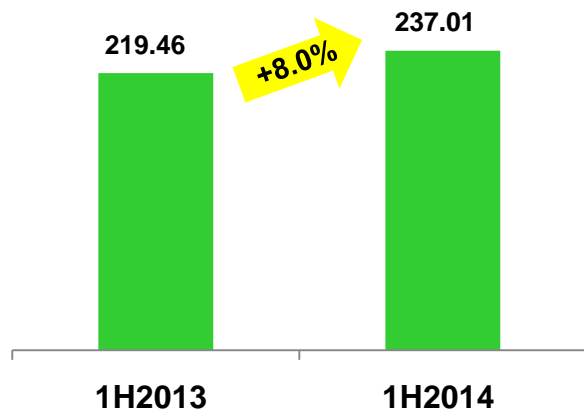
Strict Management

- Better control on cost inflation
- Strict supervision on safe operation

Operating Summary

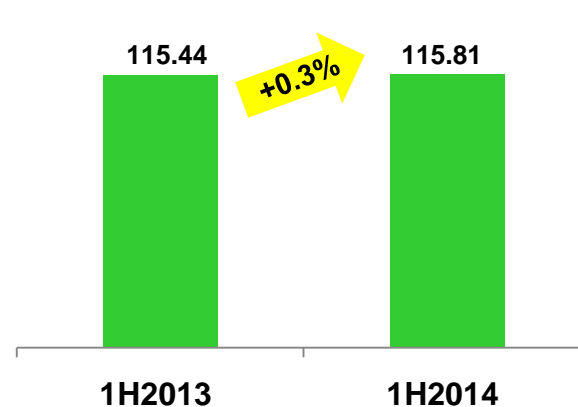
Oil and Gas Production

mm boe



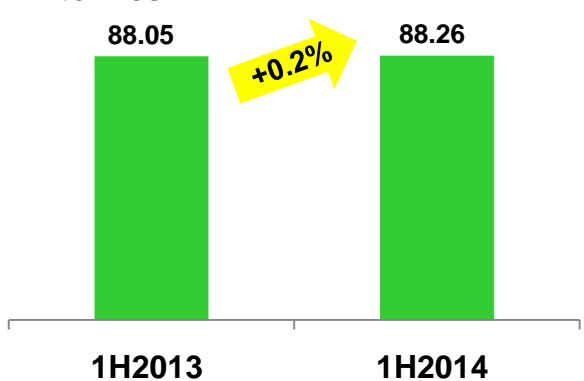
Refinery Throughput*

mm tonnes



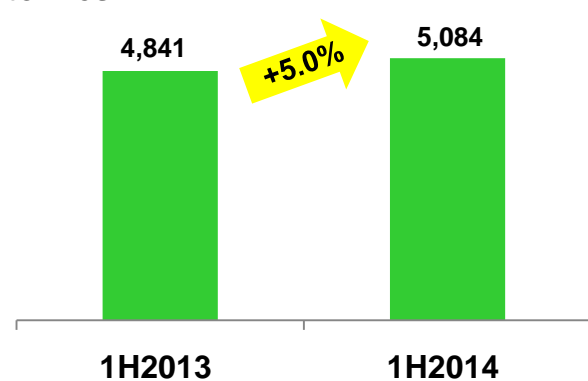
Total Sales Volume of Oil Products

mm tonnes



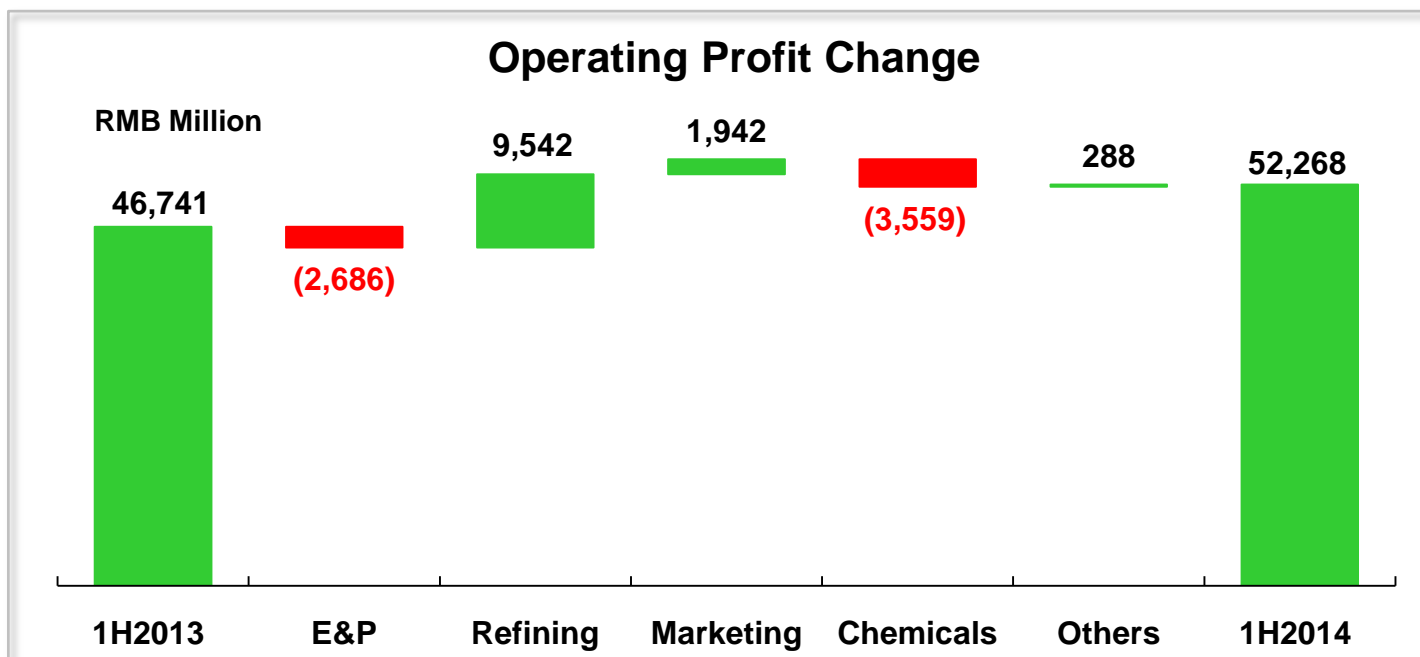
Ethylene Production*

'000 tonnes



Financial Highlights

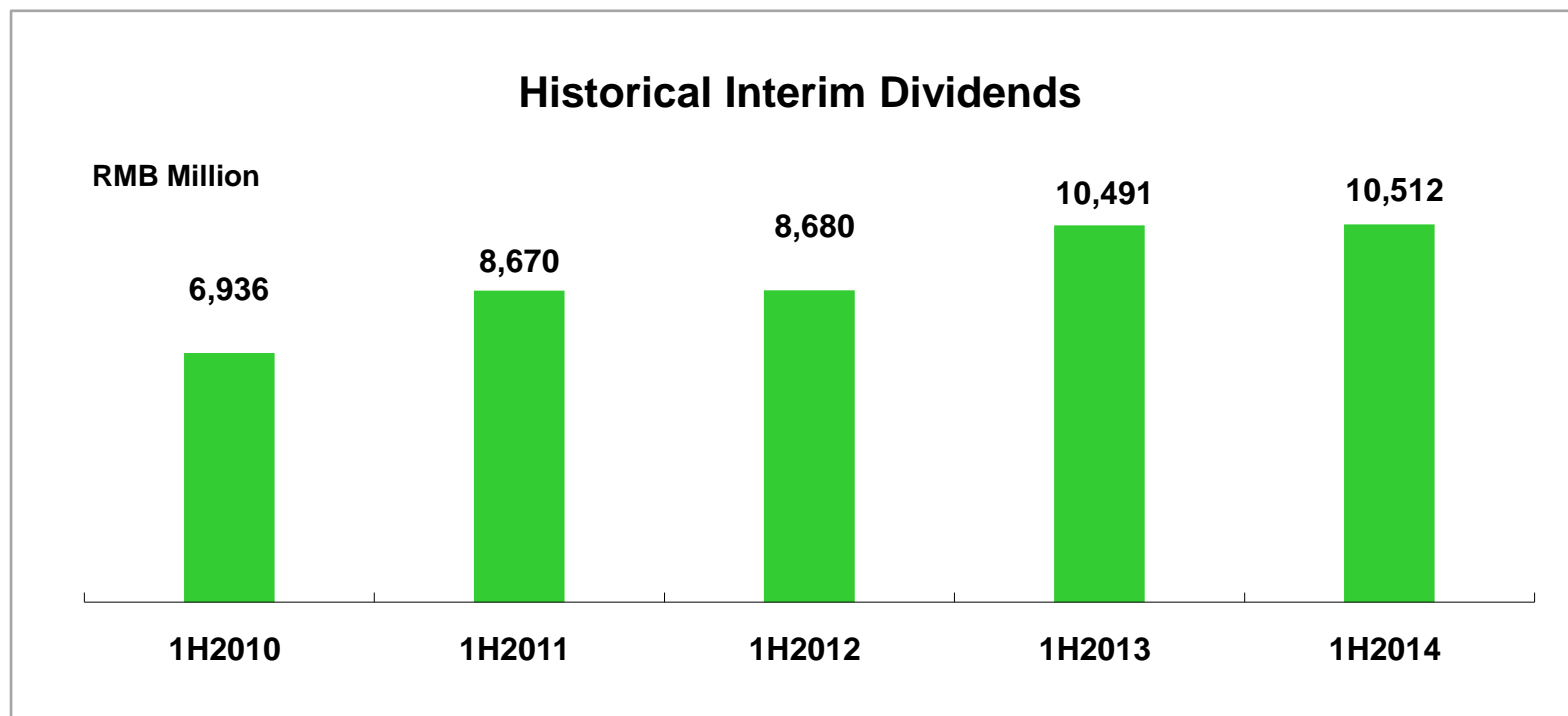
- Operating profit increased by 11.8%
- Net profit reached RMB 32.5 billion with YoY growth of 7.5%
- Basic EPS of RMB 0.279





Dividend

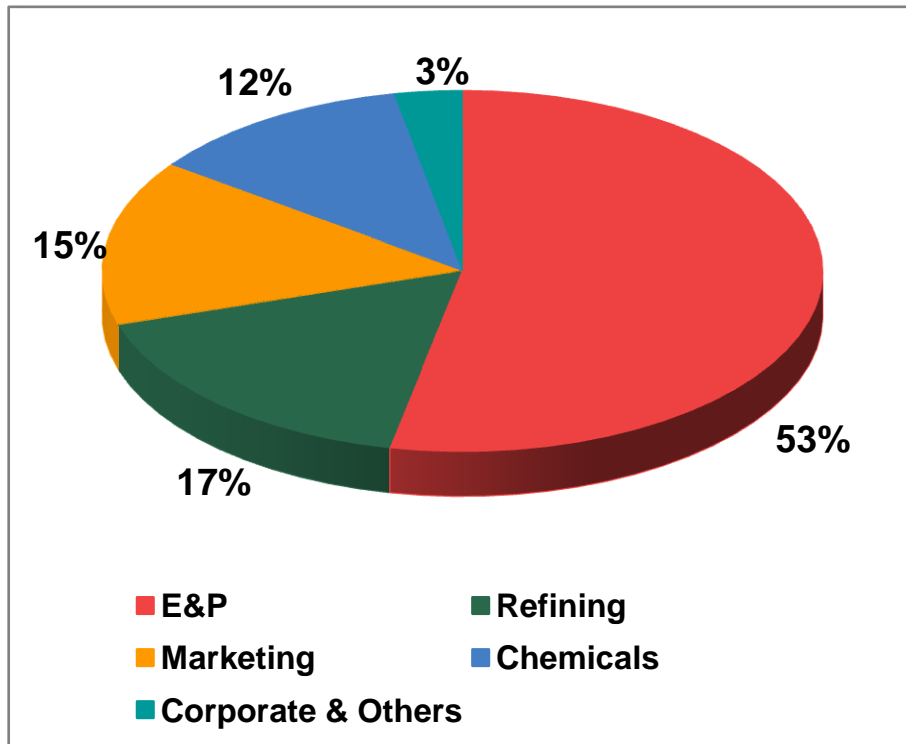
- The Board of Directors announced an interim dividend of RMB 0.09 per share
- Annualized dividend yield was 3.44%*



Note: the dividend yield is calculated based on the average price of Sinopec H share in 1H2014



Capital Expenditure

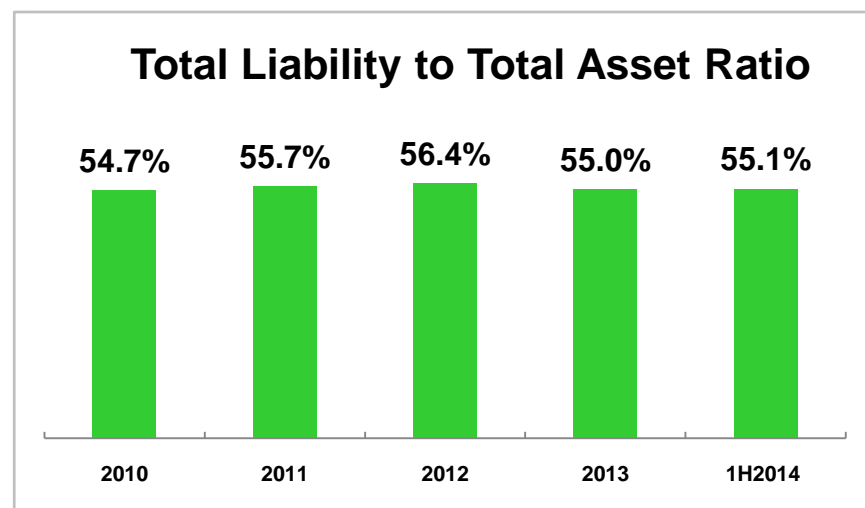
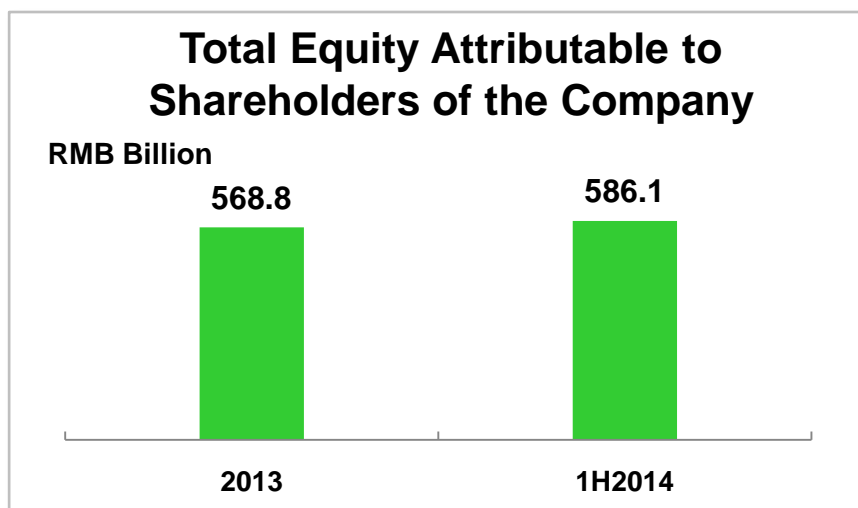


- E&P-RMB 20.7billion
 - ◆ Oil & gas development, pipeline construction and unconventional oil and gas development
- Refining-RMB 6.6 billion
 - ◆ Refinery expansion and quality upgrading projects
- Marketing-RMB 5.8 billion
 - ◆ Construction and upgrading of service stations, storage and logistics networks
- Chemicals-RMB 4.7 billion
 - ◆ Key projects and optimization of feedstock
- Corporate and Others-RMB 1.4 billion
 - ◆ R&D facilities and IT system



Financial Position

RMB million	1H2013	1H2014	Yoy change
Net cash generated from operating activities	32,903	58,214	76.9%
Net cash used in investing activities	67,022	62,653	(6.5%)
Net cash generated from financing activities	34,654	2531	(92.7%)





1H 2014 Operating Results by Segments



Upstream - Operating Results

	1H2013	1H2014	YoY change
Oil and gas production (mm boe)	219.46	237.01	8.0%
Crude oil production (mm bbl)	165.44	177.88	7.5%
China	153.66	154.15	0.3%
Overseas	11.78	23.73	101.4%
Natural gas production(bcf)	324.14	354.80	9.5%

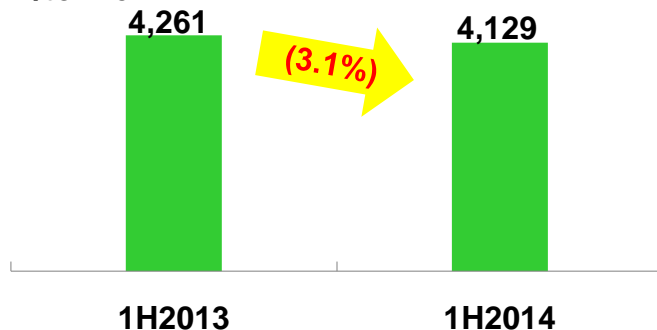
Note1: 1 ton=7.1 barrels for crude oil production in China, 1 cubic meter=35.31 c.f. for natural gas production in China, 1 ton=7.21 barrels for overseas crude oil production

2: 1H2014 production includes production from 3 overseas project acquired in 2013.

Upstream - Performance

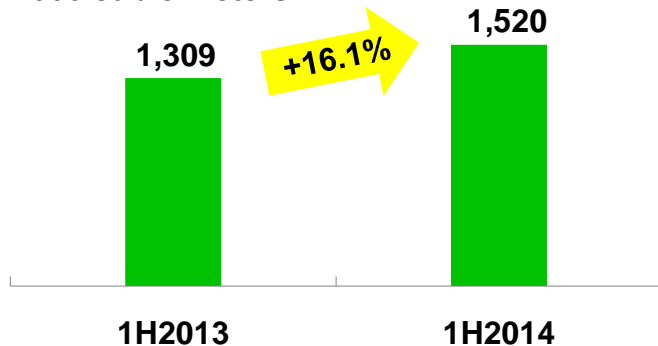
Realized Price of Crude Oil

RMB/tonne



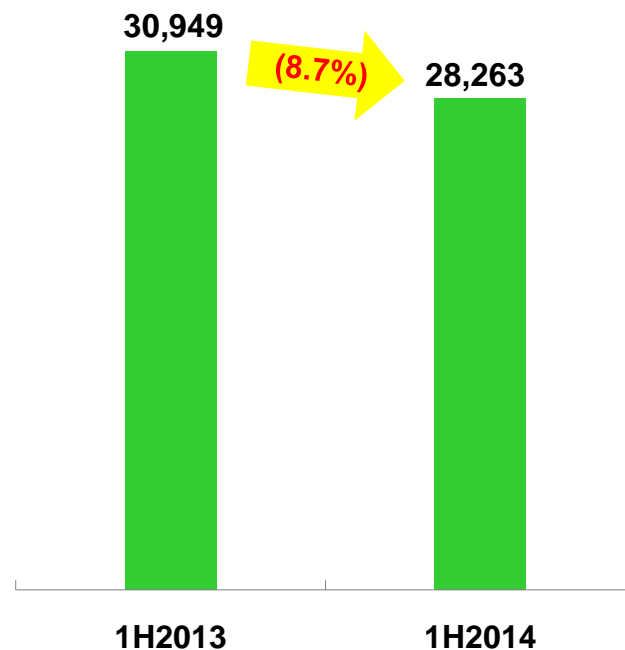
Realized Price of Natural Gas

RMB/'000 cubic meters



Operating Profit of Upstream

RMB Million





Refining - Operating Results

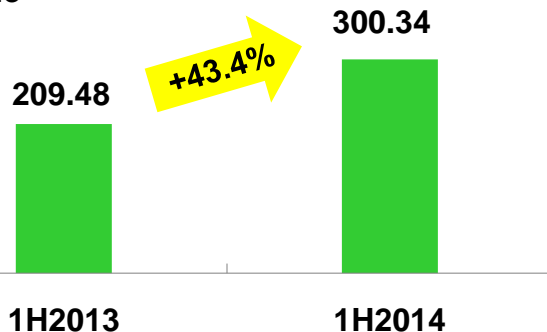
(MM tonnes)	1H2013	1H2014	YoY change
Refinery throughput	115.44	115.81	0.3%
Gasoline, diesel and kerosene production	69.75	71.62	2.7%
Gasoline production	22.75	24.94	9.6%
Diesel production	38.64	36.67	(5.1%)
Kerosene production	8.36	10.01	19.7%
Light chemical feedstock production	18.82	19.96	6.1%
Light yield (%)	76.20	76.83	63bps
Refining yield(%)	94.61	94.63	2bps

Note:1. Refinery throughput is calculated based on 1 tonne= 7.35 bbls;
2. 100% production of joint ventures included

Refining - Performance

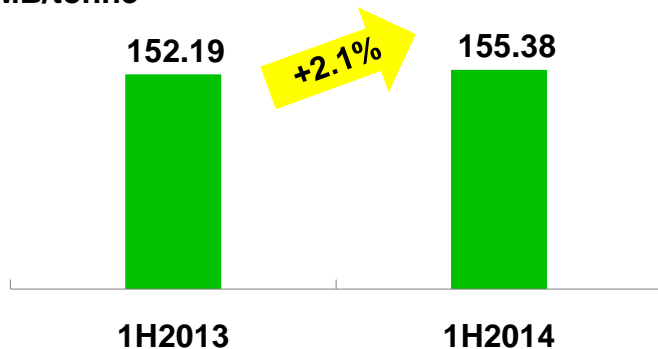
Refining Margin

RMB/tonne



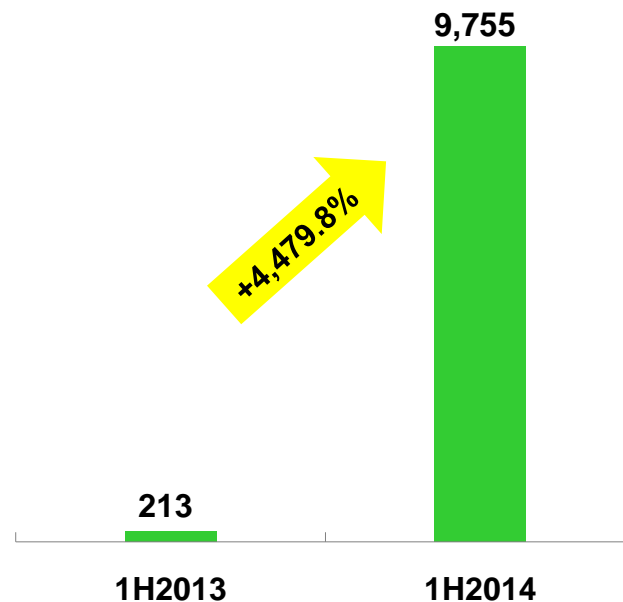
Operating cost

RMB/tonne



Operating Profit of Refining Segment

RMB Million





Marketing - Operating Results

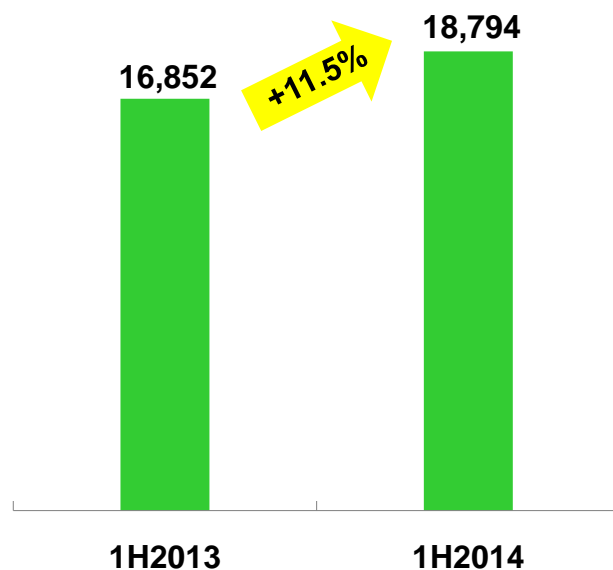
(MM tonnes)	1H2013	1H2014	% YoY change
Total sales volume of refined oil products	88.05	88.26	0.2%
Domestic sales of refined oil products	80.75	81.04	0.4%
Retail	55.52	56.55	1.9%
Wholesale and distribution	25.23	24.49	(2.9%)
Annualized average throughput of Company-operated stations (tonnes/station)	3,620	3,712	2.5%

	As of Dec. 31 st 2013	As of Jun.30 th 2014	% change
Total number of domestic service stations	30,536	30,467	(0.2%)
Company-operated stations	30,523	30,454	(0.2%)

Marketing - Performance

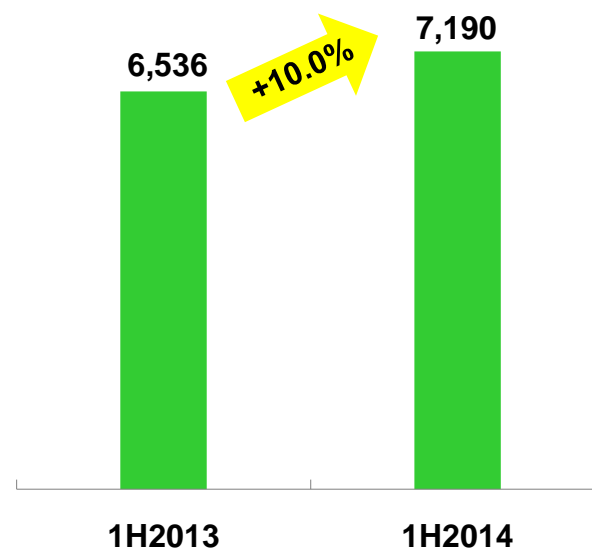
Operating Profit of Marketing Segment

RMB Million



Sales from Non-fuel Business

RMB Million





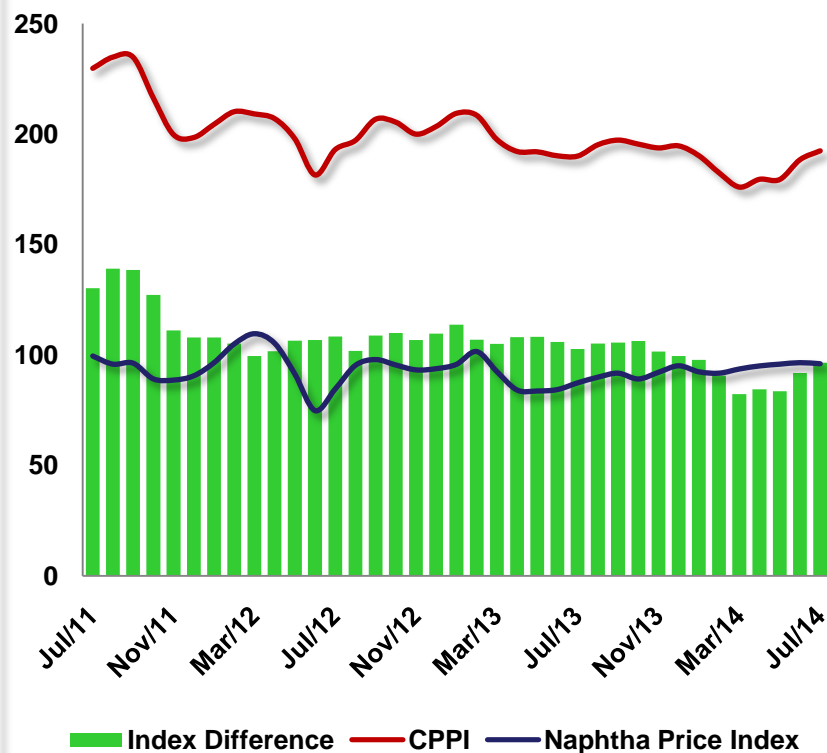
Chemicals - Operating Results

'000 tonnes	1H2013	1H2014	% YoY change
Ethylene	4,841	5,084	5.0%
Synthetic resins	6,730	6,965	3.5%
Monomers & polymers for synthetic fibers	4,539	4,105	(9.6%)
Synthetic fibers	699	646	(7.6%)
Synthetic rubber	457	483	5.7%

Note: 100% production of joint ventures included

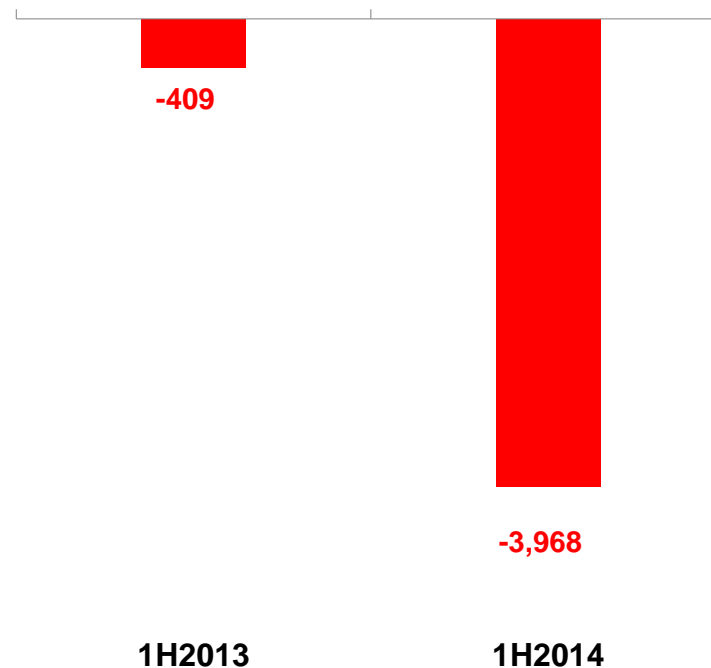
Chemicals - Performance

Chemical Products Price Index



Operating Profit of Chemicals Segment

RMB Million





2H Operation Outlook



2H2014 Operation Outlook

■ 2H2014 Market Environment

- China's economy will maintain its steady growth
- International crude price is expected to fluctuate at a high level
- Domestic demand for oil products and chemicals is expected to grow steadily

■ Operation Focuses

- Upstream: accelerate development of shale gas in Fuling
- Refining: further improve product mix and increase high value-added products output.
- Marketing: Carry out reform and restructuring as scheduled; Expedite new businesses while maintaining traditional oil products sales
- Chemicals: further adjust feedstock and products mix for cost saving and better profitability.



Q&A



<http://www.sinopec.com>

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