



## **Sinopec Announces 2015 Third Quarter Results**

### **Stable Productions and Operations by Leveraging the Advantages Across Integrated Value Chain**

(29 October 2015, Beijing, China) China Petroleum & Chemical Corporation ("Sinopec Corp." or the "Company") (HKEX: 386; SSE: 600028; NYSE: SNP) today announced its unaudited results for the nine months period ended 30 September 2015.

#### **Results Review:**

In the first three quarters of 2015, global economic recovery remained slow. China's GDP grew by 6.9%. International crude oil prices fluctuated at low level and continued to drop in the third quarter. Domestic refined oil product prices were adjusted timely in line with international crude oil prices with 5 consecutive cuts followed by one increase. Domestic apparent consumption of refined oil products grew by 2.6% over the same period of last year, driven by substantial increase of gasoline and kerosene consumption while diesel consumption dropped. Domestic demand for chemicals maintained a steady growth with ethylene equivalent consumption up by 3.2% compared with the same period of last year.

The Company, focusing on growth quality and profitability, through intensified analysis and forecasting of macro-economy and market trends, actively responded to the fluctuation of international crude oil price, fully leverage the advantages across the integrated value chain, kept the cost and expenses under control, and realised stable operations.

#### **Exploration and Production**

The Company took effective measures to cope with low oil prices, including optimising the exploration and production plans, setting up flexible investment decision making mechanism and cutting high-cost crude oil production. In exploration, we attained new discoveries in marine facies gas fields in western Sichuan. In development, Fuling shale gas and Yuanba gas projects progressed steadily. In the first three quarters, oil and gas production of the Company reached 350.82 million barrels of oil equivalent, down by 1.8%, out of which crude oil output dropped 2.4%, over the same period last year. Impacted by the sustained low crude oil price, Exploration and Production Segment had an operating loss of RMB 3.444 billion.

#### **Refining**

The Company optimised the crude oil allocation and processing plans, adjusted product slate and utilisation rate, and increased the yield of high value-added products, such as high-spec gasoline. We brought our scale advantages into full play to control the unit cost. We actively promoted the quality upgrading of refined oil products and provided high standard fuels to the market. We took our

specialised business advantages to improve our dedicated marketing network. In the first three quarters, refinery throughput and refined oil products production increased by 1.4% and 2.9% respectively, among which gasoline up by 7.1%, jet fuel up by 17.2% and diesel down by 3.9% over the same period last year. Benefited by product yield optimisation and the refined oil product pricing mechanism improvement, Refining Segment had an operating profit of RMB 14.905 billion, up by 34.3% over the same period last year.

## **Marketing and Distribution**

In light of the changes in supply and demand, the Company optimised marketing structure to increase retail volume and single station throughput. We accelerated the development of the non-fuel business and its interaction with fuel business, promoted the industrial cooperation and achieved volume and profit growth. We accelerated our transformation from an oil products supplier to a comprehensive service provider by using our network and brand advantages, upgrading the value creation capabilities of marketing network. In the first three quarters, total sales volume of refined oil products was 141 million tonnes, up by 1.9% over the same period last year. Total domestic sales volume of refined oil products was 127 million tonnes, up by 0.8%, of which retail volume reached 88.19 million tonnes, up by 1.9% over the same period last year. Transaction of non-fuel business reached RMB 19.2 billion, up by 66.7% compared with the same period last year. The operating profit of Marketing and Distribution Segment was RMB 21.5 billion, down by 18.7% over the same period last year.

## **Chemicals**

The Company further optimised feedstock and product mix to achieve more cost-cutting and better efficiency. We put our efforts in R&D, production and marketing of new products, strengthened the coordination between R&D, production and marketing and maintained production volume growth of high value-added products, achieving better economic performance. The synthetic resin for special compound rate reached 59%, up by 1% and the synthetic fiber differentiation rate reached 81.8%, up by 5.7% over the same period last year. In the first three quarters, ethylene production reached 8.273 million tonnes, up by 5.3% and chemical sales volume was 45.38 million tonnes, up by 2.1% over the same period last year. Benefited by the structural adjustment, declining feedstock price and the competitive naphtha-based chemical products, the operating profit of Chemicals Segment was RMB 15.008 billion, up by RMB 18.524 billion over the same period last year.

## **Capital Expenditure**

The Company's capital expenditures were RMB 38.065 billion in the first three quarters. Capital expenditure for Exploration and Production Segment was RMB 20.542 billion, mainly for development in Shengli oilfield, Tahe oilfield and Sichuan Basin, development of Fuling shale gas, LNG projects in Guangxi and Tianjin, pipeline pressure boosting for Sichuan to East China Gas Transmission Project, Jinan-to-Qingdao Gas Transmission Pipeline II Project and overseas projects. Capital expenditure for Refining Segment was RMB 4.950 billion, mainly for refinery revamping and gasoline and diesel quality upgrading projects in Qilu and

Jiujiang refineries. Capital expenditure for Marketing and Distribution Segment was RMB 7.149 billion, mainly for developing and renovating service (gas) stations, building oil products pipelines, oil depots and other storage facilities, and specific projects for safety hazards rectification and vapor recovery. We newly developed 272 service (gas) stations in the first three quarters of 2015. Capital expenditure for Chemicals Segment was RMB 4.2 billion, mainly for coal chemical projects and the Wuhan ethylene project. Capital expenditure for Corporate and Others was RMB 1.224 billion, mainly for R&D facilities and IT projects.

## Summary of Principal Operating Results for the First Three Quarters

Operating data	Unit	For nine-month period ended 30 September		Changes (%)
		2015	2014	
Exploration and production				
Oil and gas production <sup>1</sup>	million boe	350.82	357.41	(1.84)
Crude oil production	million barrels	262.38	268.87	(2.41)
China	million barrels	222.42	232.51	(4.34)
Overseas	million barrels	39.96	36.36	9.90
Natural gas production	billion cubic feet	530.14	530.80	(0.12)
Realized crude oil price	USD/barrel	48.91	94.72	(48.36)
Realized natural gas price	USD/thousand cubic feet	7.12	7.05	0.99
Refining <sup>4</sup>				
Refinery throughput	million tonnes	178.32	175.83	1.42
Gasoline, diesel and kerosene production	million tonnes	112.19	108.99	2.94
Gasoline	million tonnes	40.85	38.13	7.13
Diesel	million tonnes	53.32	55.50	(3.93)
Kerosene	million tonnes	18.01	15.37	17.18
Light chemical feedstock	million tonnes	29.40	29.70	(1.01)
Light products yield	%	76.62	76.65	(0.30) percentage points
Refining yield	%	94.78	94.66	0.12 percentage points
Marketing and Distribution				
Total sales of refined oil products	million tonnes	140.75	138.15	1.88
Total domestic sales volume of refined oil products	million tonnes	126.71	125.66	0.84
Retail	million tonnes	88.19	86.56	1.88
Direct sales & Wholesale	million tonnes	38.52	39.10	(1.48)
Total number of Sinopec-branded service stations <sup>2</sup>	stations	30,500	30,551	(0.17)
Company-operated	stations	30,487	30,538	(0.17)
Annualized average throughput per station <sup>3</sup>	tonnes/station	3,857	3,799	1.53
Chemicals <sup>4</sup>				
Ethylene	thousand tonnes	8,273	7,858	5.28
Synthetic resin	thousand tonnes	11,265	10,748	4.81
Synthetic rubber	thousand tonnes	668	725	(7.86)
Monomers and polymers for synthetic fiber	thousand tonnes	6,684	6,253	(6.89)
Synthetic fiber	thousand tonnes	967	986	(1.93)

Note:

1. Conversion: for domestic production of crude oil, 1 tonne = 7.1 barrels; for overseas production of crude oil, 1 tonne=7.21 barrels; for production of natural gas, 1 cubic meter = 35.31 cubic feet.
2. The number of service stations in 2014 was the number as at 31 December 2014.
3. Throughput per service station data was annualized.
4. Including 100% production of joint ventures.

## Appendix

### **Principal Financial Data and Indicators**

#### **Principal Financial Data and Indicators Prepared in Accordance with China Accounting Standards for Business Enterprises (“ASBE”)**

Units: million      Currency: RMB			
	As at 30 September 2015	As at 31 December 2014	Changes from the end of the preceding year to the end of the reporting period (%)
Total assets	1,404,414	1,451,368	(3.24)
Total equity attributable to equity shareholders of the Company	675,496	594,483	13.63

  

	Nine Months		%
	2015	2014	
Net cash flow from operating activities	116,593	108,247	7.71
Operating income	1,536,837	2,115,648	(27.36)
Net profit attributable to equity shareholders of the Company	25,848	51,169	(49.49)
Net profit attributable to equity shareholders of the Company after deducting extraordinary gain/loss items	24,677	49,317	(49.96)
Weighted average return on net assets (%)	4.05	8.71	(4.66) percentage points
Basic earnings per share (RMB)	0.214	0.438	(51.14)
Diluted earnings per share (RMB)	0.214	0.437	(51.03)

**Principal financial data and indicators prepared in accordance with International Financial Reporting standards (“IFRS”)**

Units: million    Currency: RMB

	As at 30 September 2015	As at 31 December 2014	Changes from the end of the preceding year to the end of the reporting period (%)
Total assets	1,404,414	1,451,368	(3.24)
Equity attributable to owners of the Company	674,130	593,041	13.67

	Nine Months		%
	2015	2014	
Net cash generated from operating activities	116,593	108,247	7.71
Operating profit	49,476	76,364	(35.21)
Net profit attributable to equity shareholders of the Company	27,030	51,798	(47.82)
Basic earnings per share (RMB)	0.224	0.444	(49.55)
Diluted earnings per share (RMB)	0.224	0.442	(49.32)
Return on net assets (%)	4.01	8.74	(4.73) Percentage points

## **About Sinopec Corp.**

Sinopec Corp. is one of the largest integrated energy and chemical companies in China. Its principal operations include the exploration and production, pipeline transportation and sale of petroleum and natural gas; the sale, storage and transportation of petroleum products, petrochemical products, coal chemical products, synthetic fibre, fertiliser and other chemical products; the import and export, including an import and export agency business, of petroleum, natural gas, petroleum products, petrochemical and chemical products, and other commodities and technologies; and research, development and application of technologies and information.

## **Disclaimer**

This press release includes "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, reserve volume, 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 the price fluctuation, possible changes in actual demand, foreign exchange rate, results of oil exploration, estimates of oil and gas reserves, market shares, competition, environmental risks, possible changes to laws, finance and regulations, conditions of the global economy and financial markets, political risks, possible delay of projects, government approval of projects, cost estimates and other factors beyond Sinopec Corp.'s control. In addition, Sinopec Corp. makes the forward-looking statements referred to herein as of today and undertakes no obligation to update these statements.

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