



中国石化  
SINOPEC

# China Petroleum & Chemical Corporation **2020 Results Announcement**

**March 29, 2021**

中国石油化工股份有限公司  
SINOPEC CORP.

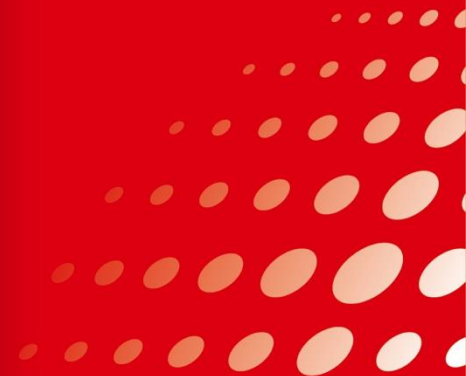
# Cautionary Statement

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 production outcomes, estimates of proved reserves, market shares, competition, environmental risks, changes in legal, financial and regulatory frameworks, international economic and financial market conditions, political risks, project deferral, 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.

- **2020 Performance Highlights**
- **2020 Operational Results  
by Segment**
- **2021 Operational Plan**
- **Chairman's Address**

目 录

Content

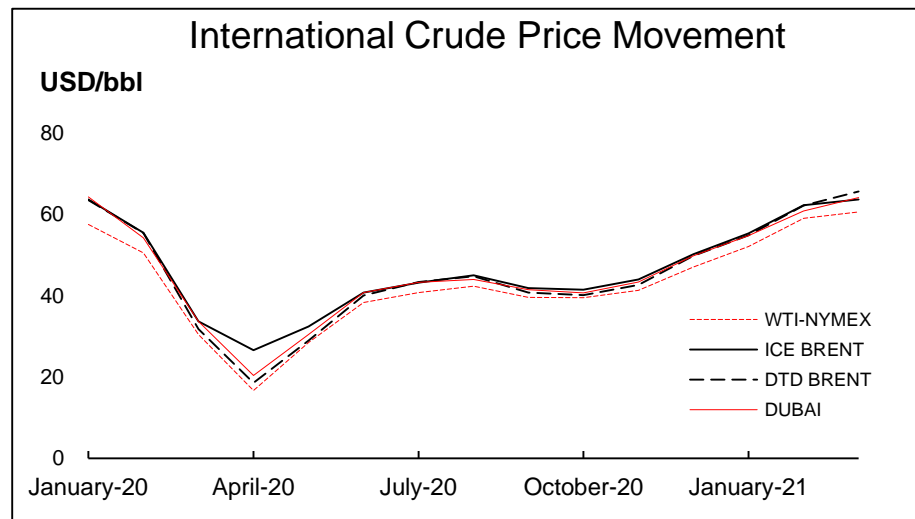


# **2020 Performance Highlights**



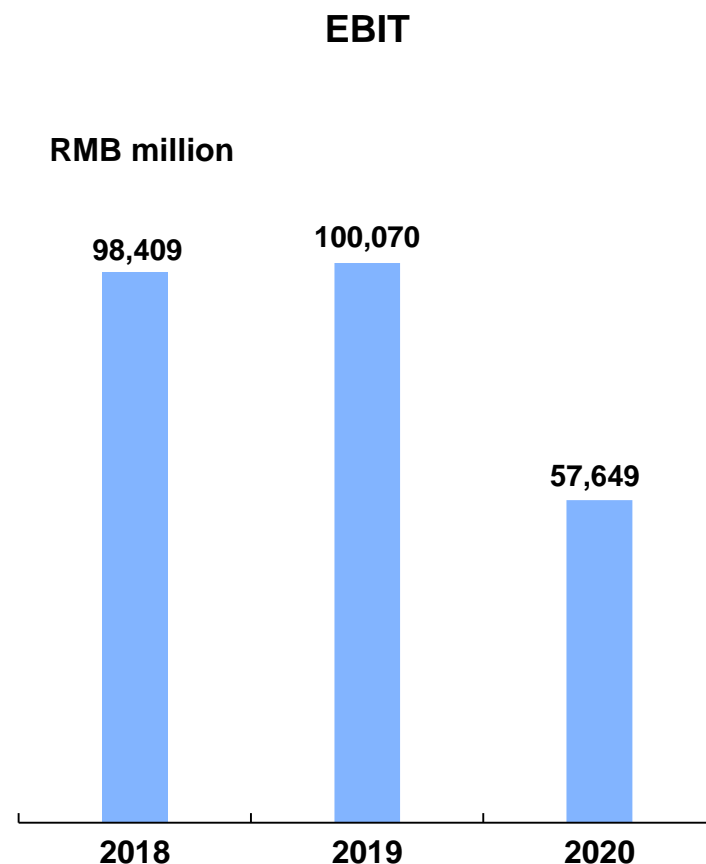
# Market Environment in 2020

- The global economy suffered a serious recession due to the COVID-19 outbreak and rapid spread worldwide
- China took the lead in showing strong recovery from pandemic, with GDP up by 2.3% YoY
- International oil prices fluctuated and rose after a slump
- The domestic demand for refined oil products decreased, natural gas demand growth rate slowed down, while petrochemical products demand still maintained a rapid growth



# Outstanding Performance

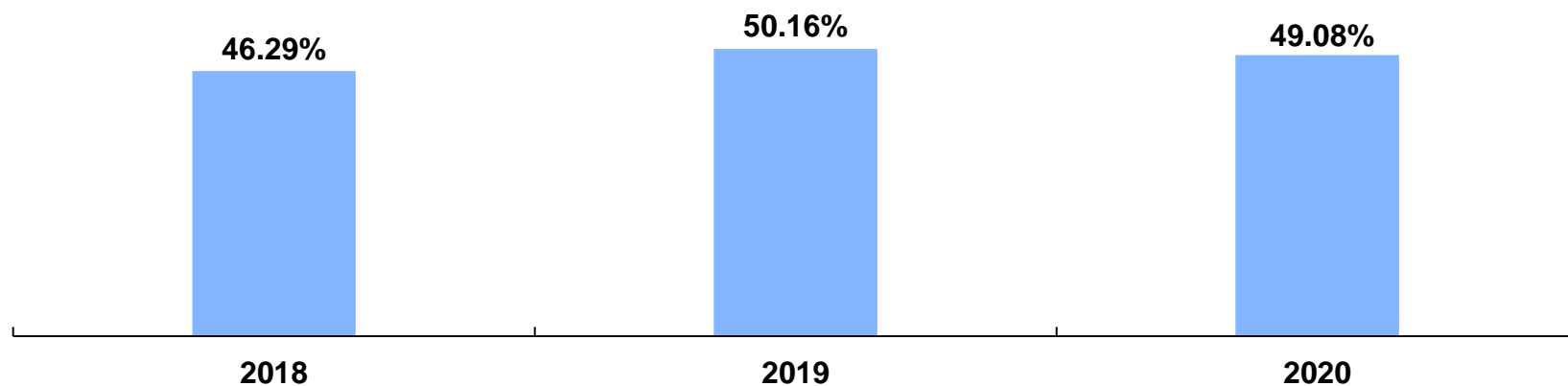
RMB million	2018	2019	2020	YoY (%)
Turnover and Other Operating Revenues	2,882,077	2,959,799	2,105,984	(28.8)
EBIT	98,409	100,070	57,649	(42.4)
Profit Attributable to Shareholders of the Company	61,708	57,493	33,096	(42.4)
EPS (RMB)	0.510	0.475	0.273	(42.5)



# Solid Financial Position

RMB million	As of Dec. 31, 2018	As of Dec. 31, 2019	As of Dec. 31, 2020
Total Assets	1,597,401	1,760,286	1,733,805
Short-term Interest-bearing Debts	63,127	48,250	29,033
Long-term Interest-bearing Debts	58,021	58,834	83,815
Total Equity Attributable to Shareholders of the Company	718,077	738,946	741,494

## Liability-to-Asset Ratio



# Strong Cash Flow

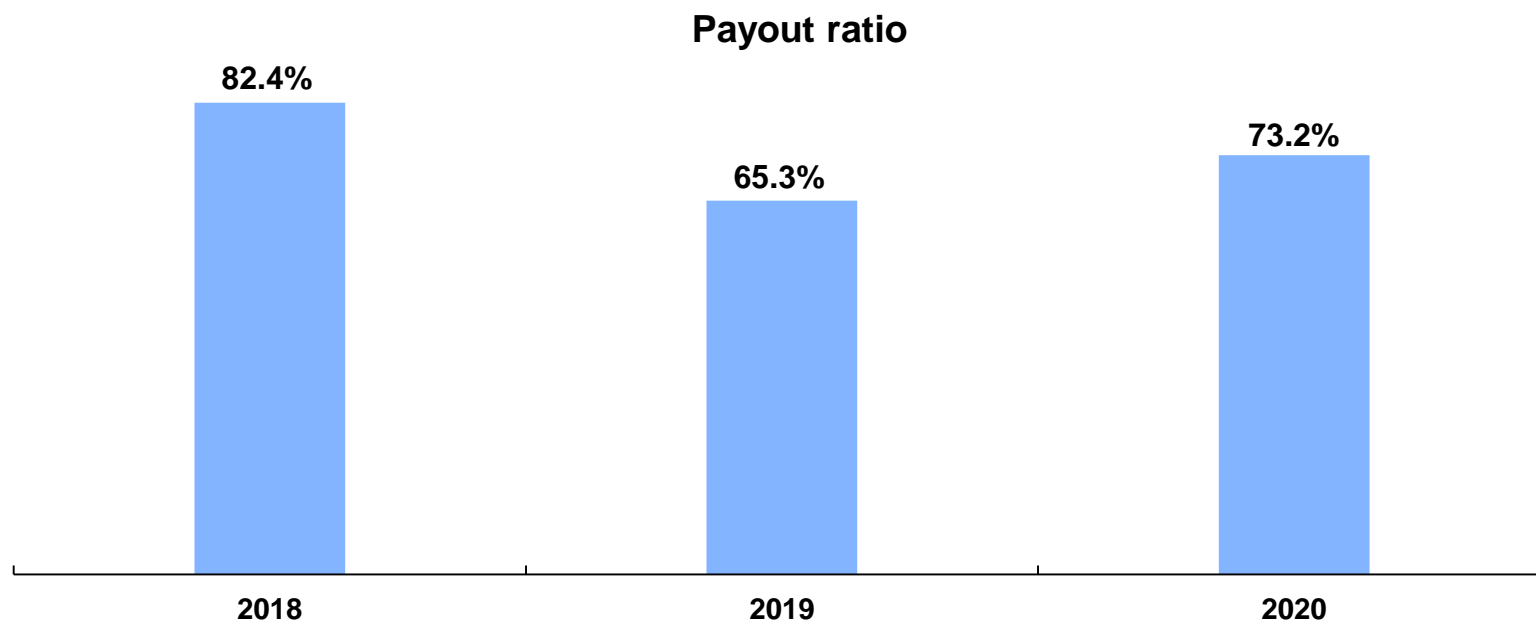
RMB million	2018	2019	2020
Net Cash Generated from Operating Activities	175,937	153,619	167,518
Net Cash Used in Investing Activities	(66,648)	(121,051)	(102,203)
Net Cash Used in Financing Activities	(111,269)	(84,204)	(36,955)

RMB million	As of Dec. 31, 2018	As of Dec. 31, 2019	As of Dec. 31, 2020
Cash and Cash Equivalents (Incl. Time Deposits)	167,020	128,052	188,057



# Dividend – Emphasis on Shareholder Return

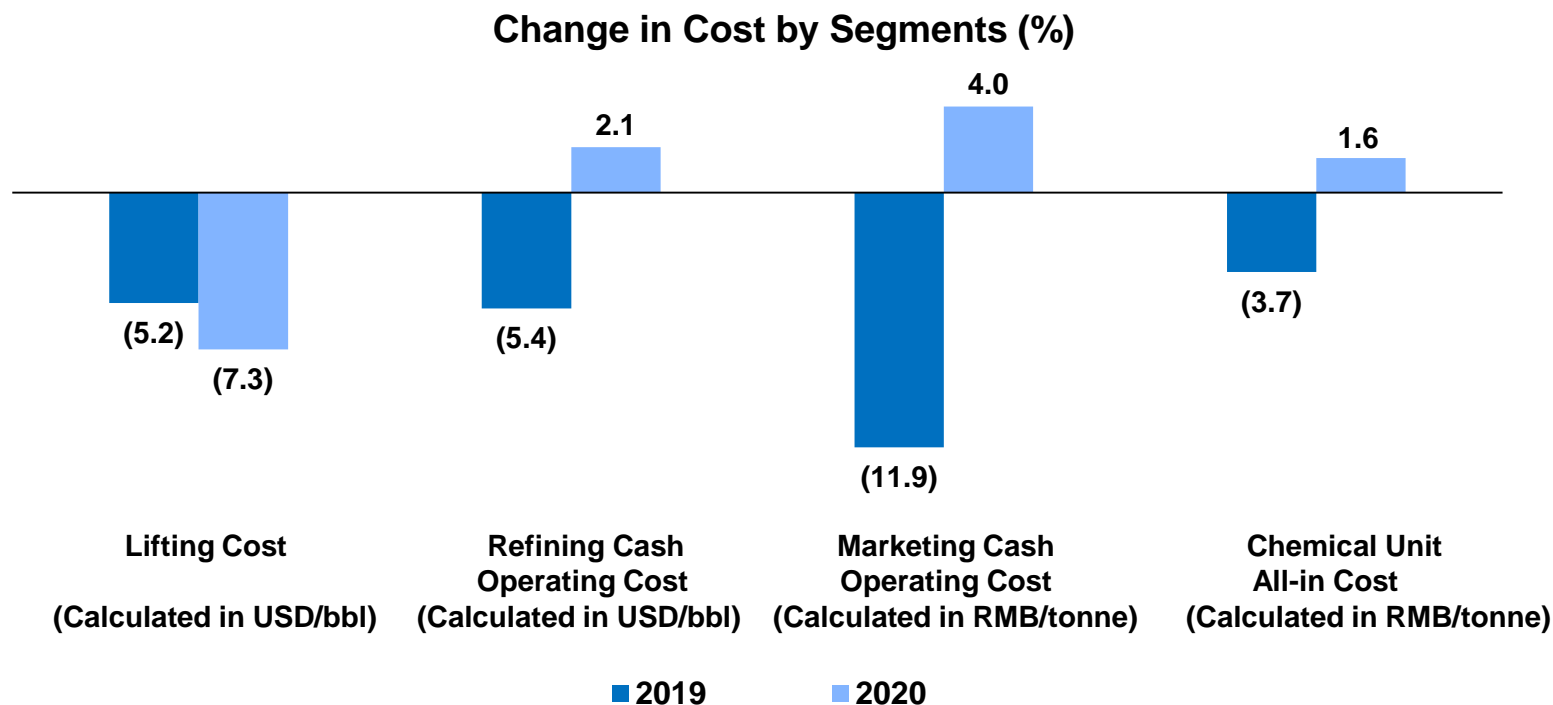
- The Board of Directors proposed a final dividend of RMB 0.13 per share, with a total dividend of RMB 0.20 per share for the whole year
- Total dividend amounted to 24.2 RMB billion
- Payout ratio was 73.2%, dividend yield was 6.5%\*



\*Based on the volume weighted average share price of the company's H-Share in 2020

# Effective Cost Control

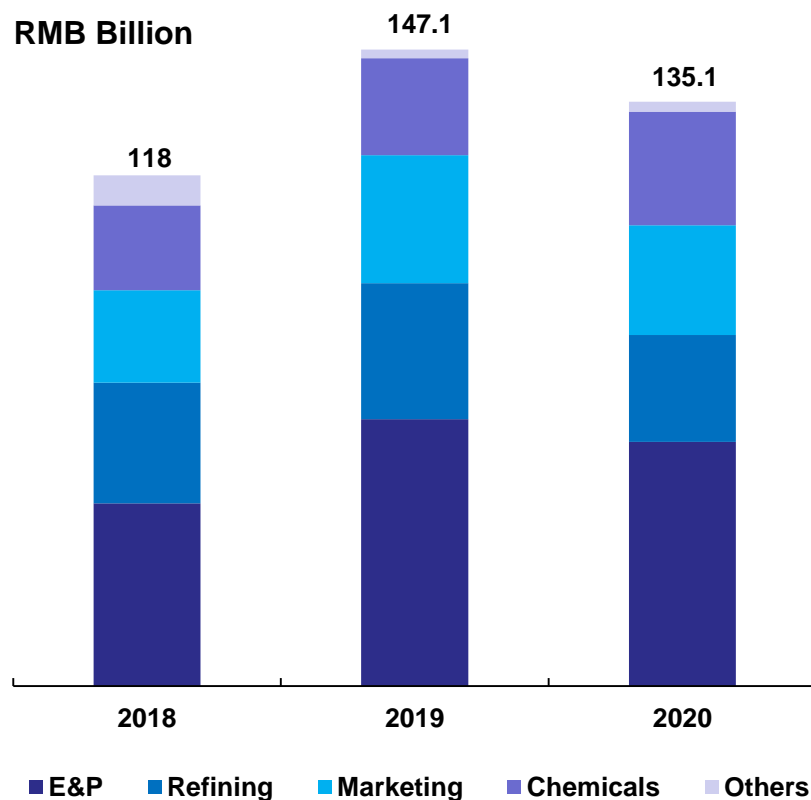
- The all-in cost of oil and gas has been declining for three consecutive years
- Downstream cost effectively controlled under the circumstance of decreased business scale affected by the COVID-19 pandemic



\* 2020 USD/RMB= 6.8976; 2019 USD/RMB= 6.8985

# Capital Expenditure – Focus on Quality and Profitability

## ■ 2020 Capital Expenditure: RMB135.1 Bn



## ■ E&P: RMB 56.4 Bn

Mainly for Fuling and Weirong shale gas projects, Shengli and Northwest crude oil capacity building projects, Tianjin LNG phase II and Shandong LNG phase II projects

## ■ Refining: RMB 24.7 Bn

Mainly for Zhongke Refining project, Zhenhai, Tianjin, Maoming and Luoyang refining upgrading projects

## ■ Marketing: RMB 25.4 Bn

Construction of service stations, oil products depots and non-fuel business.

## ■ Chemicals: RMB 26.2 Bn

Zhongke, Zhenhai, Gulei, Amur projects and melt-blown fabric projects

## ■ Others: RMB 2.3 Bn

R&D facilities and information technology projects

# Innovation – Supporting and Leading the Company's Development

## ■ Upstream

- ◆ New breakthroughs in shale oil and gas exploration theory and technology
- ◆ New breakthroughs in ultra-deep oil and gas exploration and development technology

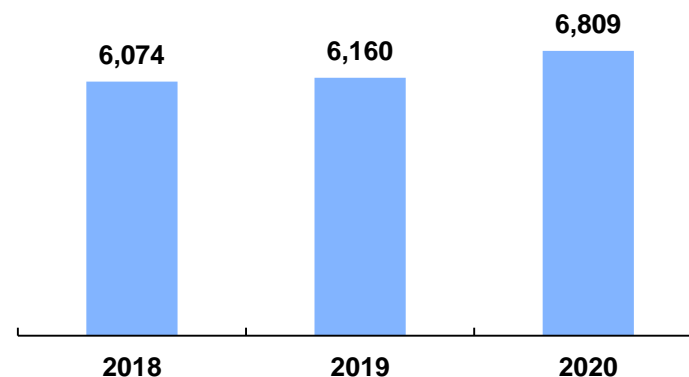
## ■ Refining

- ◆ The industrial test of fast bed catalytic cracking technology for producing low-carbon olefins was completed
- ◆ A set of technologies of heavy oil catalytic cracking with high slag content and low emission were commercialized

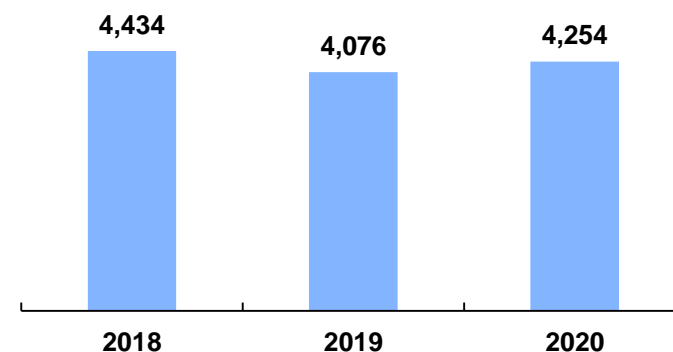
## ■ Chemicals

- ◆ Realized the industrial production of a series of biodegradable materials
- ◆ Quickly mastered the production technology of medical raw materials such as meltblown material and fabric

No. of Patents Applied



No. of Patents Granted



# Continue to Strengthen HSSE Management

- Strengthened the COVID-19 prevention and control to protect the health and well-being of employees
- Promoted the three-year program of special rectification of safety production and improved emergency response
- Enhanced the management in key areas and points to safeguard a stable public security situation
- Persistently promoted the Green Enterprise Action plan

Major Environmental Indicators	YoY change of 2020 (%)
Energy consumption per 10,000 yuan of output	(0.85)
Fresh water for industrial use	(1.1)
COD of discharged waste water	(2.3)
Sulphur dioxide emission	(4.2)

# Fulfillment of Corporate Social Responsibility

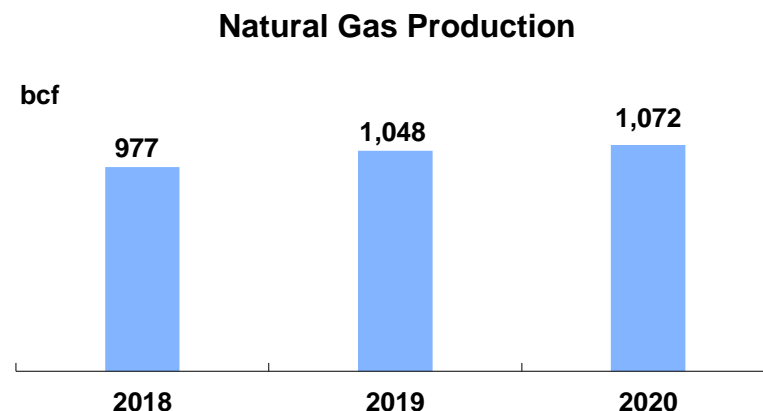
- Dedicated to the prevention and control of COVID-19 pandemic and drove the recovery and development of the industrial chain
- Helped all eight targeted counties got rid of poverty, contributing to the victory of national poverty alleviation
  - ◆ Focused on poverty alleviation in terms of industry, education, consumption and employment
- Continued to carry out public welfare projects and serve the community
  - ◆ Continued Lifeline Health Express Programme, Warm Stations Programme
- Fully supported the preparation of the Beijing 2022 Winter Olympics, provided clean energy, and promoted the spirit and culture of the Olympics

## **2020 Operational Results by Segment**



# Upstream – New Achievements in Maintaining Oil Production, Increasing Gas Output and Cost Reduction

- Focused on high-quality exploration and profit-driven development
- Natural gas reserves increased by 13.4% YoY
- Natural gas market share hit a record high



	2018	2019	2020	YoY(%)
Oil and Gas Production (mmboe)	451.46	458.92	459.02	0.02
Crude Oil Production (mmbbls)	288.51	284.22	280.22	(1.4)
China	248.93	249.43	249.52	0.0
Natural Gas Production (bcf)	977.32	1,047.78	1,072.33	2.3
Oil and gas reserves ( mmboe)	2,801.50	2,945.17	2,907.00	(1.3)

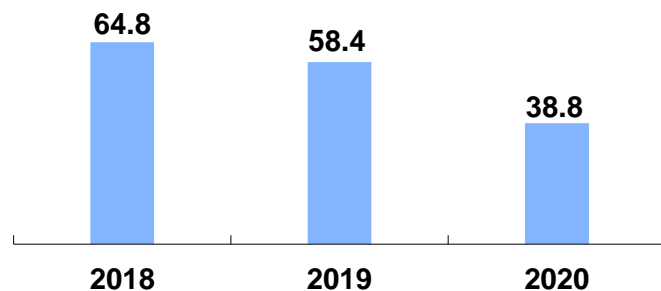
\* 1 cubic meter=35.31 cubic feet



# Upstream – Further Reduction in Cost

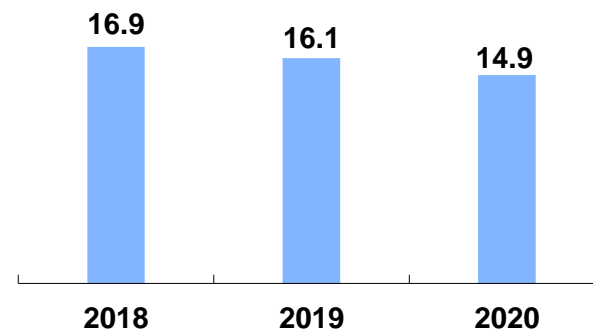
## Realised Price of Crude Oil

USD/bbl



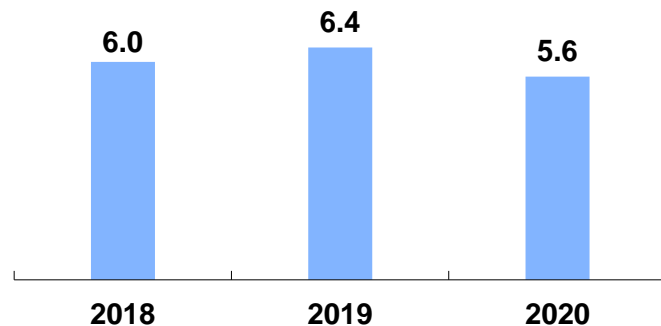
## Lifting cost

USD/bbl



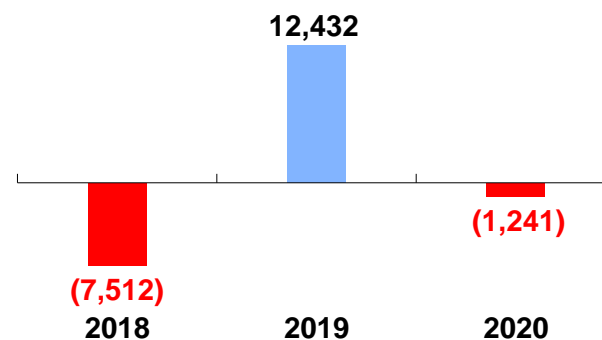
## Realised Price of Natural Gas

USD/thousand cubic feet



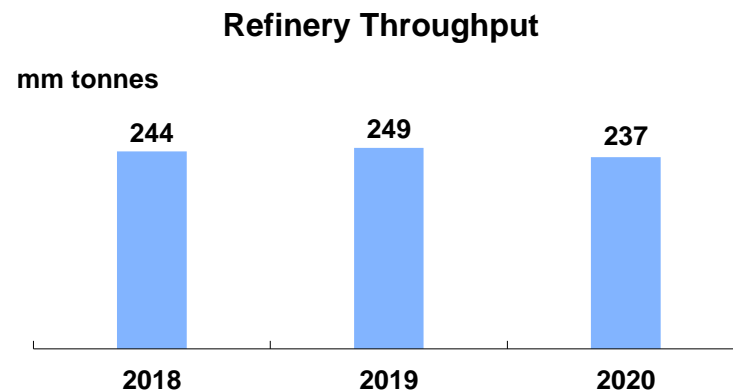
## E&P EBIT

RMB Million



# Refining – Integrated and Coordinated Production and Marketing

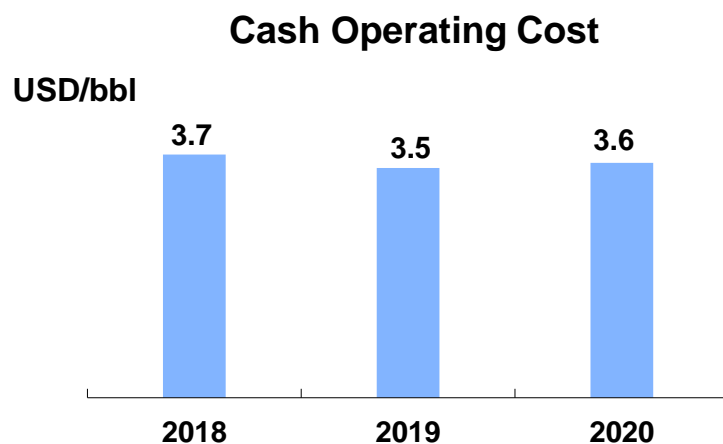
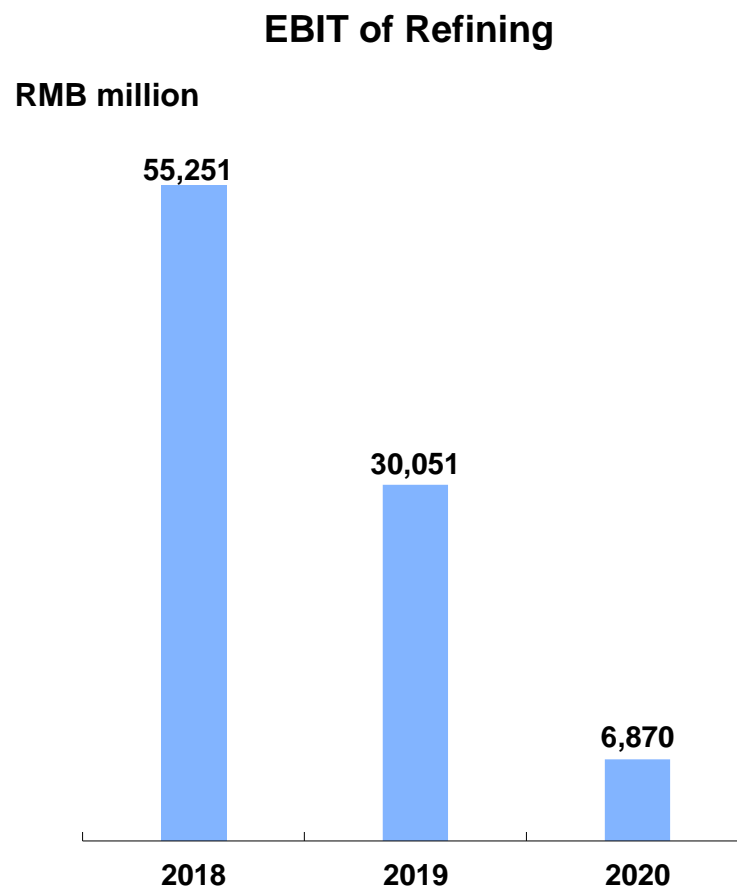
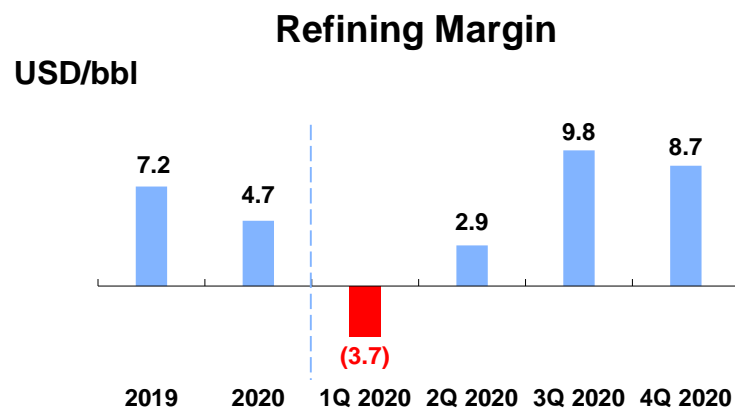
- Increased output of marketable and high-profit products, and kept a high utilization rate
- Dynamically optimised crude oil procurement to reduce cost
- Sped up the construction of advanced production capacity and promoted structural adjustment in an orderly manner



mm tonnes	2018	2019	2020	YoY(%)
Refinery Throughput	244.01	248.52	236.91	(4.7)
Gasoline, Diesel and Kerosene Production	154.79	159.99	141.50	(11.6)
Gasoline Production	61.16	62.77	57.91	(7.7)
Diesel Production	64.72	66.06	63.21	(4.3)
Kerosene Production	28.91	31.16	20.38	(34.6)
Light Chemical Feedstock Production	38.52	39.78	40.22	1.1
Diesel-to-gasoline Ratio	1.06	1.05	1.09	Increase by 0.04

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

# Refining – Maintained Strong Resilience

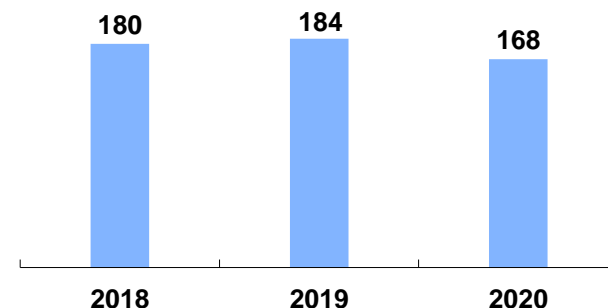


# Marketing – Effectively Responded to Market Change

- Balanced volume and profit, and continuously improved operational quality
- Promoted the construction of comprehensive service stations including oil, gas, hydrogen, power and non-fuel businesses
- Vigorously implemented the targeted and differentiated marketing strategy
- Optimised the layout of service stations and leveraged network advantage

Domestic Sales of Refined Oil Products

mm tonnes



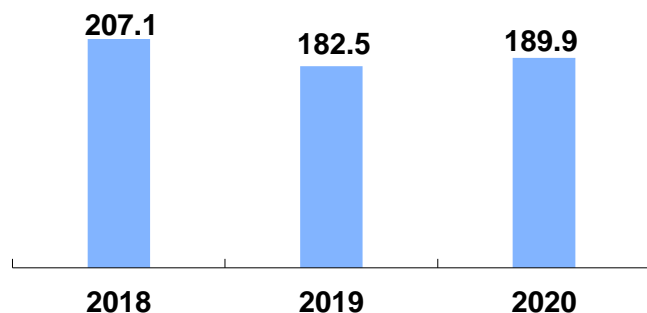
mm tonnes	2018	2019	2020	YoY(%)
Total Sales Volume of Refined Oil Products*	237.69	254.95	217.91	( 14.5 )
Domestic Sales of Refined Oil Products	180.24	184.45	167.99	( 8.9 )
Retail	121.64	122.54	113.19	( 7.6 )
Wholesale and Distribution	58.61	61.91	54.80	( 11.5 )
Annual Average Throughput per Station (tonne/station)	3,979	3,992	3,686	( 7.7 )

\*The total sales volume of refined oil products includes sales volume from Marketing and Distribution Segment and trading volume

# Marketing – Profitability Kept at a Sound Level

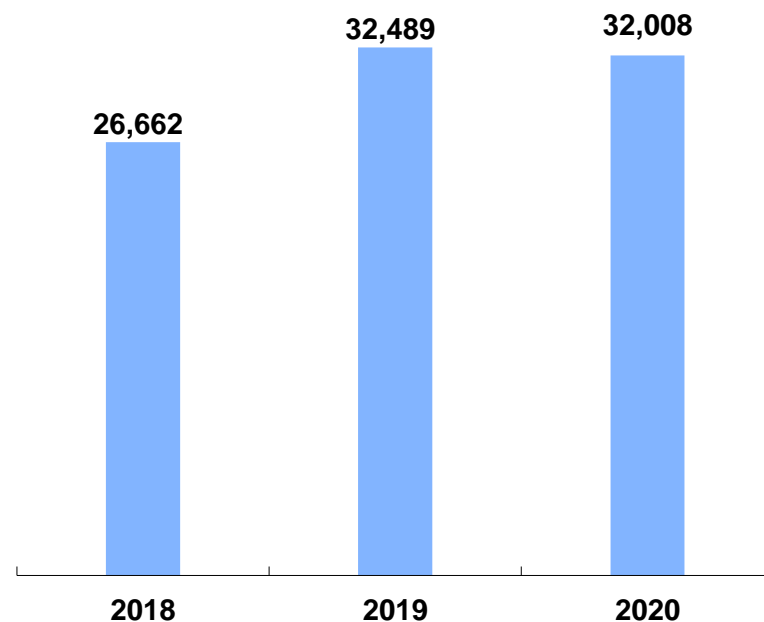
## Marketing Cash Operating Cost

RMB/tonne



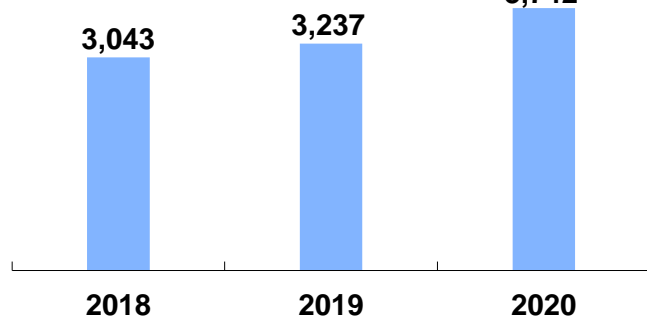
## EBIT of Marketing

RMB million



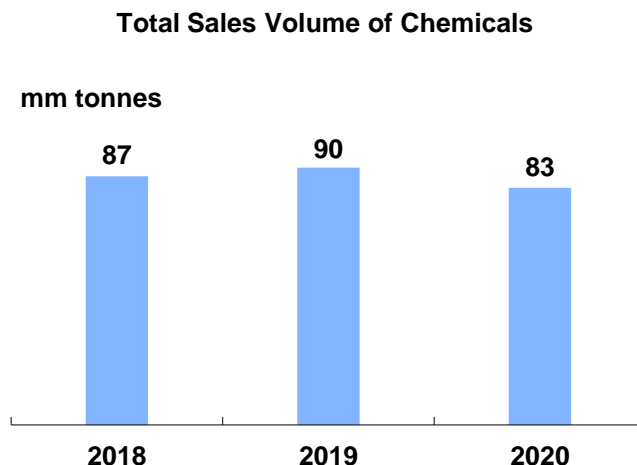
## Profit of Non-fuel Business

RMB million



# Chemicals – Strengthened Structural Adjustment

- Rapidly adjusted our production to increase the supply of medical and health raw materials with full dedication to prevent and fight against the pandemic
- Strengthened dynamic optimization of facilities and utilization, and realized optimal operation
- Fine-tuned chemical feedstock mix and reduced feedstock costs
- Optimised product mix, and increased the ratio of high value-added and high-end products



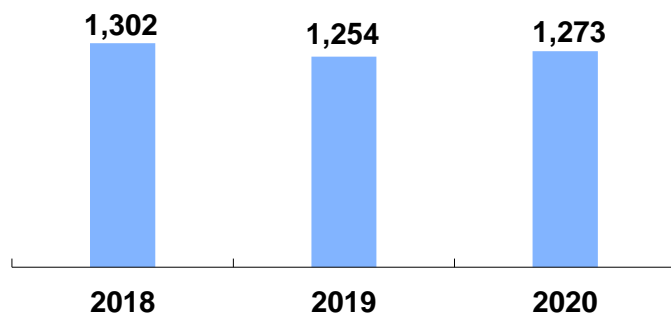
'000 tonnes	2018	2019	2020	YoY(%)
Ethylene Production	11,512	12,493	12,060	(3.5)
Synthetic Resin Production	15,923	17,244	17,370	0.7
Synthetic Fiber Monomers & Polymers Production	9,343	10,029	9,057	(9.7)
Synthetic Fiber Production	1,218	1,289	1,313	1.9
Synthetic Rubber Production	896	1,047	1,067	1.9

\* 100% production of domestic joint ventures included

# Chemicals – Achieved Sound Profitability

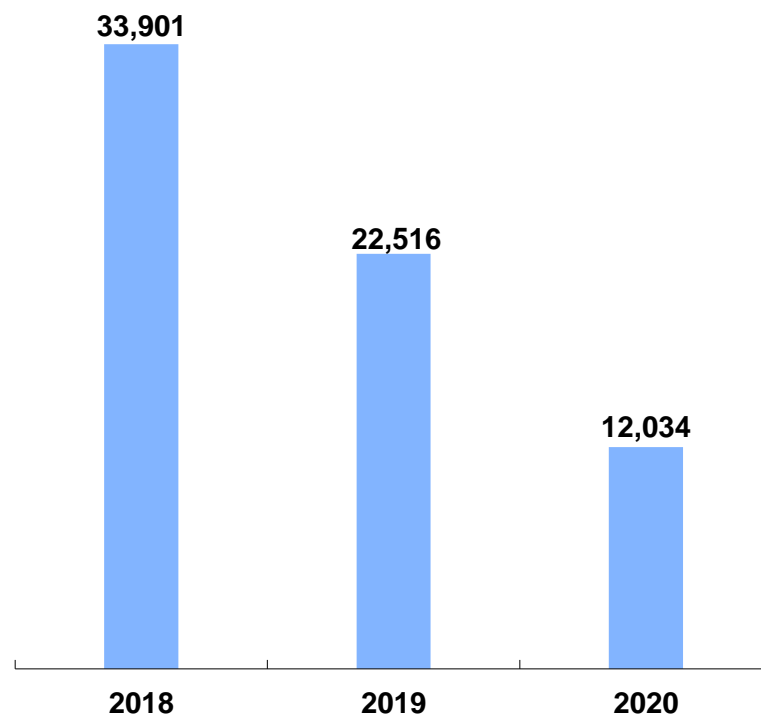
## Chemical Unit All-in Cost

RMB/tonne

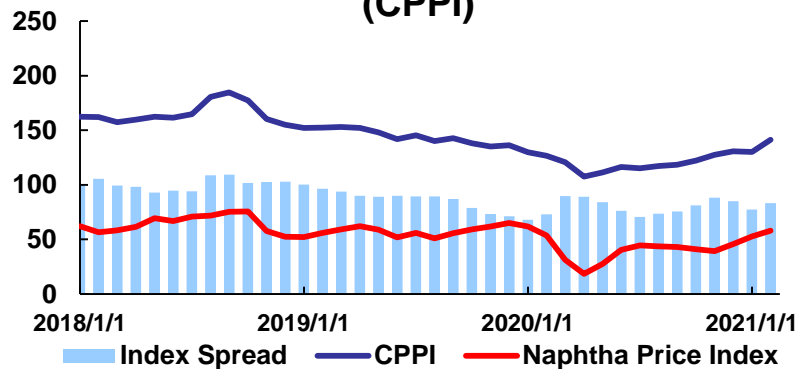


## EBIT of Chemicals

RMB million



## Chemical Products Price Index (CPPI)



# **2021 Operational Plan**





# Market Outlook of 2021

- China's economy is expected to achieve rapid growth
- Demand for refined oil products will gradually recover and the demand for natural gas and petrochemical products will continue to grow
- International oil price is expected to be higher than that of last year

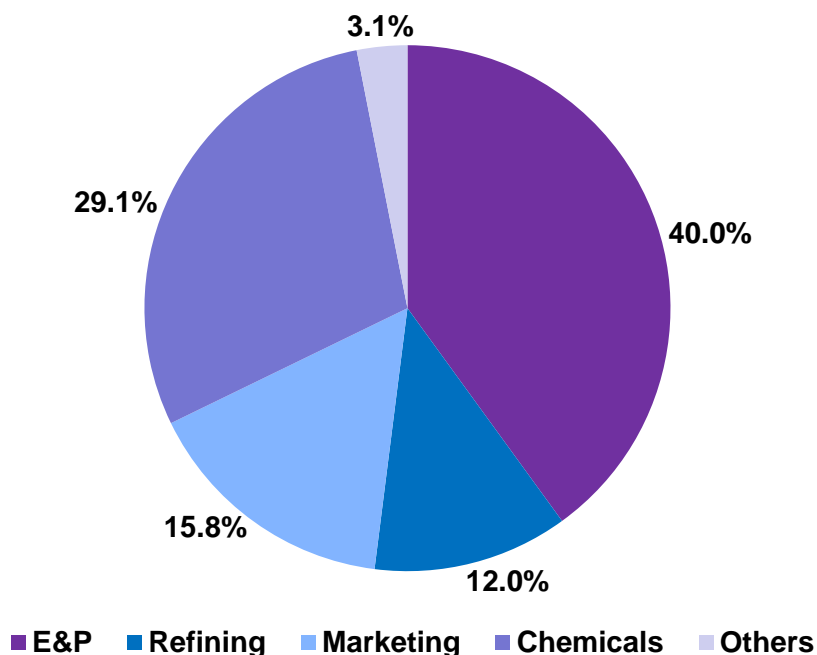
# 2021 Production Plan

	2020	2021E	YoY (%)
<b>Oil and Gas Production (mmboe)</b>	<b>459</b>	<b>482</b>	<b>5.0</b>
<b>Crude Oil Production (mmbbls)</b>	<b>280</b>	<b>281</b>	<b>0.4</b>
<b>Natural Gas Production (bcf)</b>	<b>1,072</b>	<b>1,203</b>	<b>12.2</b>
<b>Refinery Throughput* (mm tonnes)</b>	<b>237</b>	<b>250</b>	<b>5.5</b>
<b>Total Domestic Sales Volume of Refined Oil Products (mm tonnes)</b>	<b>168</b>	<b>183</b>	<b>8.9</b>
<b>Ethylene Production* (ten thousand tonnes)</b>	<b>1,206</b>	<b>1,300</b>	<b>7.8</b>

\*100% production of domestic joint ventures included

# Capital Expenditure Plan for 2021

## ■ Capex Plan: RMB 167.2 Bn



- **E&P: RMB 66.8 Bn**  
Mainly for capacity building of oil and gas, and LNG projects
- **Refining: RMB 20.1 Bn**  
Mainly for the structural adjustment projects of Yangzi and Anqing, as well as the expansion of Zhenhai project
- **Marketing: RMB 26.5 Bn**  
with emphasis on service stations, gas stations, hydrogen stations, depots and non-fuel business
- **Chemicals: RMB 48.6 Bn**  
Mainly for advanced capacity construction in Zhenhai, Gulei, Hainan, Tianjin Nangang, and the Amur projects
- **Others: RMB 5.2 Bn**  
Mainly for R&D facilities and information technology projects

## **Chairman's Address**



# Implementing World-Leading Development Strategies

## Vision

**Build the world's leading  
clean energy and chemical corporation**

## Industry Development Pattern

### One Foundation, Two Wings, and Three Growth Engines

- Foundation: energy and resources
- Two wings: clean fuels and advanced chemicals
- Three growth engines: new energy, new materials, and new economy


## Strategies

### Six major development strategies


- |                   |                      |                      |
|-------------------|----------------------|----------------------|
| ■ Value Creation  | ■ Market Orientation | ■ Innovation Driven  |
| ■ Green and Clean | ■ Open Cooperation   | ■ Talent Cultivation |

# Steps to Achieve Carbon Emission Peak and Carbon Neutrality


- Coordinate transformation and carbon reduction process, structural optimization and carbon emission control
- Promoting the decontamination of fossil energy, the scale of clean energy and the decarbonization of production process



Initiated strategic research on carbon emission peaking and carbon neutrality in November 2020



Achieve carbon emission peak before the national target



Strive to achieve carbon neutrality by **2050**

# Create Greater Value for Shareholders and Society

## Advance the energy transition

### Promoting leapfrog development of the full natural gas industry chain

Continue to increase the proportion of natural gas in oil and gas production



### Build China's largest hydrogen company



During "the 14th Five-Year Plan", **1,000** hydrogen refueling stations or combined fuels-hydrogen stations are planned to be constructed

### Develop new infrastructure and services including charging and swapping stations



## Accelerate the industrial upgrading



Focus on upgrading of the refining and marketing value chain to enhance core competitiveness



Establish a new model of comprehensive energy supply and services, providing refined oil products, gas, hydrogen, electricity and non-fuel business



Vigorously promote "oil to chemical" and speed up the construction of chemical production capacity



Firmly develop new materials such as degradable materials, high-end polyolefin and synthetic rubber

# Create Greater Value for Shareholders and Society

## Accelerate the process of low carbon

### Deeply implement the energy efficiency improvement plan

Develop molecular refining and green hydrogen-based refining

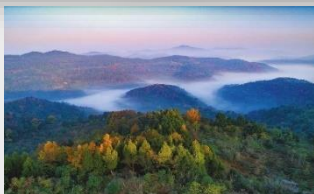


### Foster circular economy

- Methane emission intensity down by 50% by 2025
- build a mega-ton CCUS demonstration project by 2025

**CH<sub>4</sub>**  
**CCUS**

### Develop carbon sink and carbon neutral gas stations



## Reinforce sci-tech innovation



Continuously deepen the reform of system and mechanism



Increase R&D investment intensity



Strengthen core technology research



Cultivate more innovative talents



# Contact Information

## Investor relations

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

Email: [ir@sinopec.com](mailto:ir@sinopec.com)

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

Email: [ir@sinopechk.com](mailto:ir@sinopechk.com)

Houston: Tel: (832) 834 2431 Fax: (713) 544 8878

Email: [alpinewu@sinopec.com](mailto:alpinewu@sinopec.com)

[www.sinopec.com](http://www.sinopec.com)



中国石化  
SINOPEC