



China Petroleum & Chemical Corporation

2015 Interim Results Announcement

**August 27, 2015
Hong Kong**



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Agenda

- **1H2015 Performance Highlights**
- **1H2015 Operational Results by Segments**
- **2H2015 Operational Plan**



1H2015 Performance Highlights



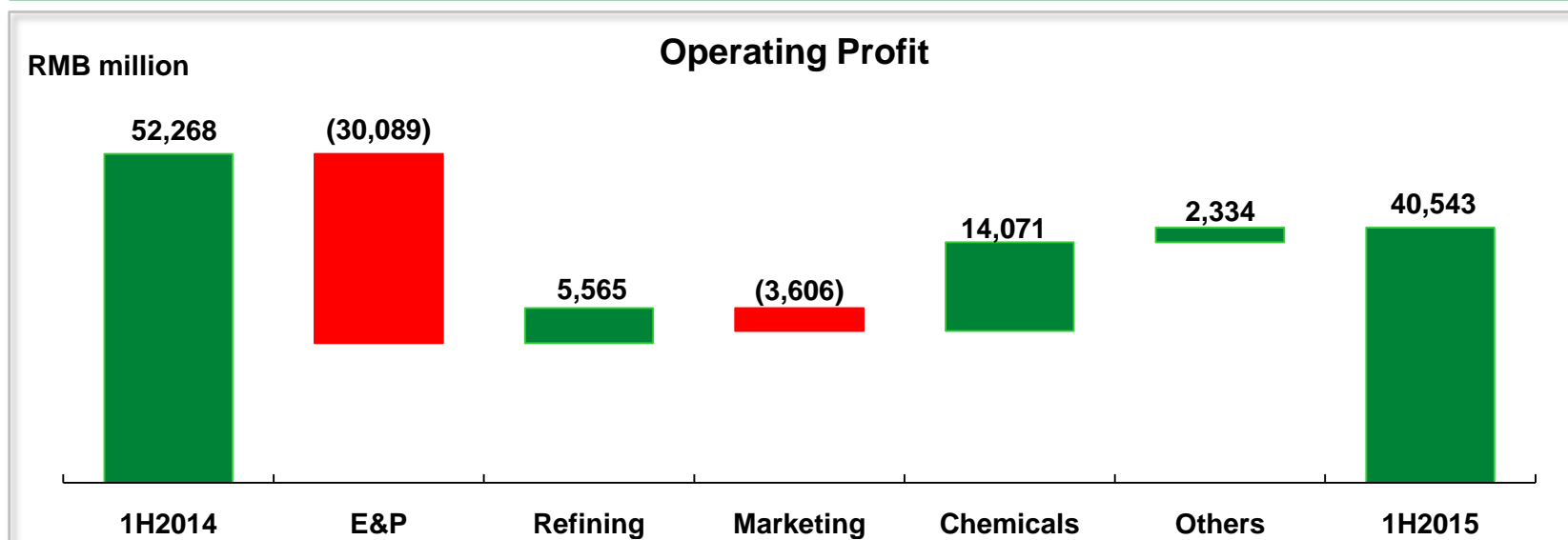
Market Environment in 1H2015

- China's GDP grew by 7.0% YoY
- International crude oil prices fluctuated at low level
- Domestic demand for crude oil continued to grow, growth in natural gas demand decelerated
- Domestic apparent consumption of refined oil products grew by 3.0% YoY
- Quality upgrading of refined oil products accelerated
- Gasoline and diesel prices adjusted timely following international crude price change
- Domestic demand for chemicals continued to grow, with consumption of ethylene equivalent increased by 2.5% YoY



Profitability

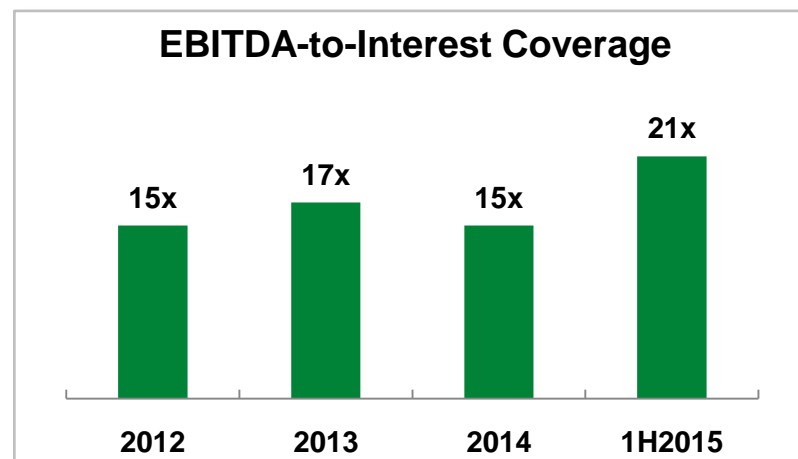
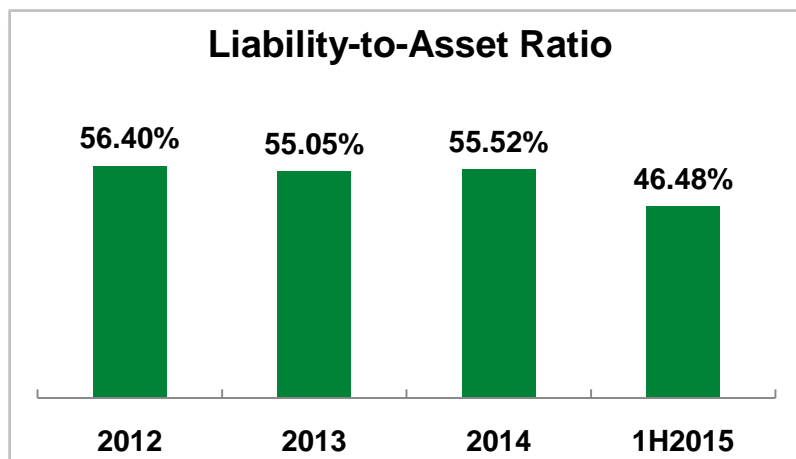
RMB million	1H2014	1H2015	Change %
Turnover and Other Operating Revenue	1,356,172	1,040,362	(23.3)
Operating Profit	52,268	40,543	(22.4)
Net Profit Attributable to Shareholders	32,543	25,394	(22.0)
EPS (RMB)	0.279	0.211	(24.4)





Improved Asset-liability Structure

RMB billion	2014	1H2015	1H2015-2014 Change%
Total Assets	1,451.37	1,470.36	1.31
Short-term Interest-bearing Debt	178.15	154.68	(13.18)
Long-term Interest-bearing Debt	115.37	85.88	(25.57)
Total Equity Attributable to Shareholders of the Company	593.04	680.09	14.68





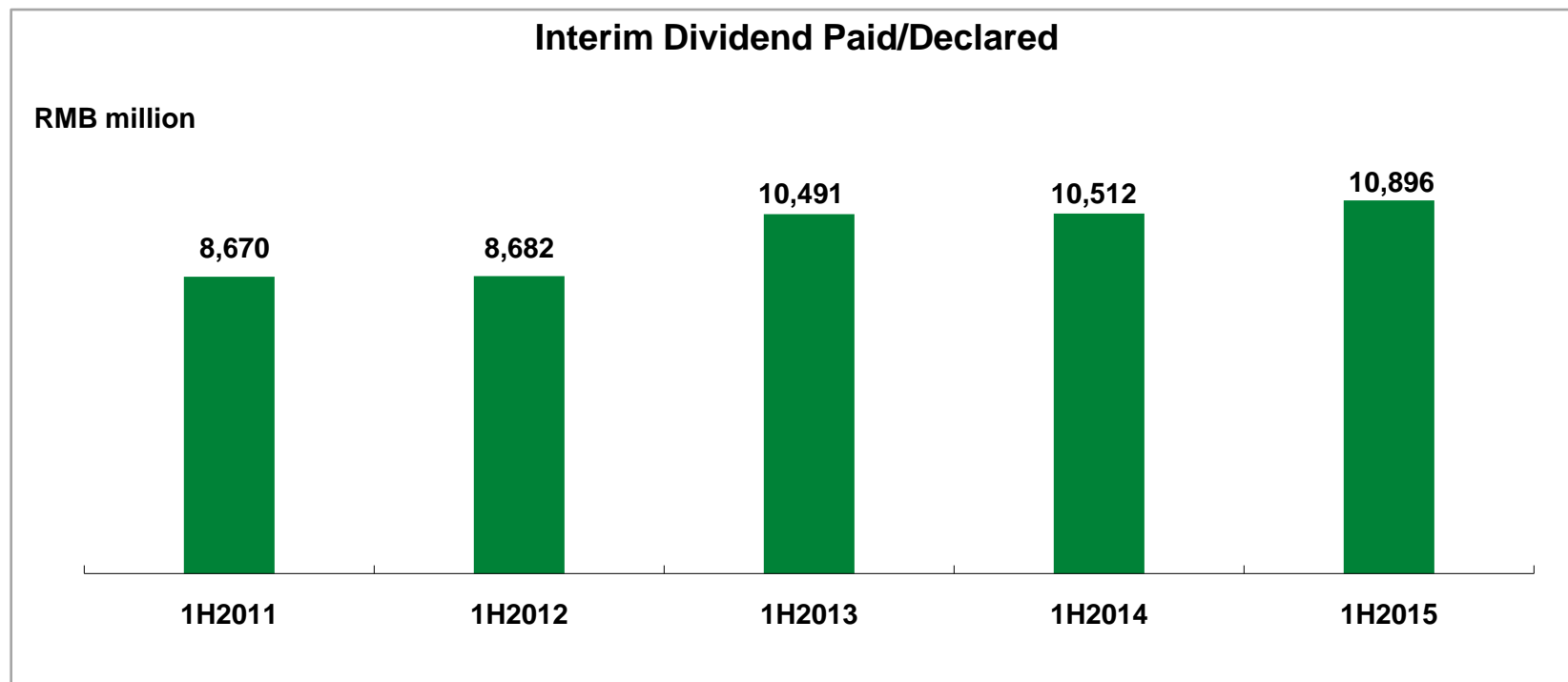
Improved Cash Flow

RMB billion	1H2014	1H2015	1H2014- 1H2015 Change%
Net Cash Generated from Operating Activities	58.21	67.44	15.85
Net Cash Used in Investing Activities	(62.65)	(54.98)	(12.24)
Net Cash Generated from Financing Activities	2.53	51.04	1,916.55
Cash and Cash Equivalents	13.22	72.53	448.60



Dividend

- The Board of Directors declared an interim dividend of RMB 0.09 per share. Total dividend to be paid would be RMB 10.9 billion with YoY growth of 3.7%
- Dividend payout ratio is 42.7%





Strengthen Cost Control

- Target cost management involving all employees
- Strengthen cost control over the entire production and operation process
- Overall financial costs declined year by year

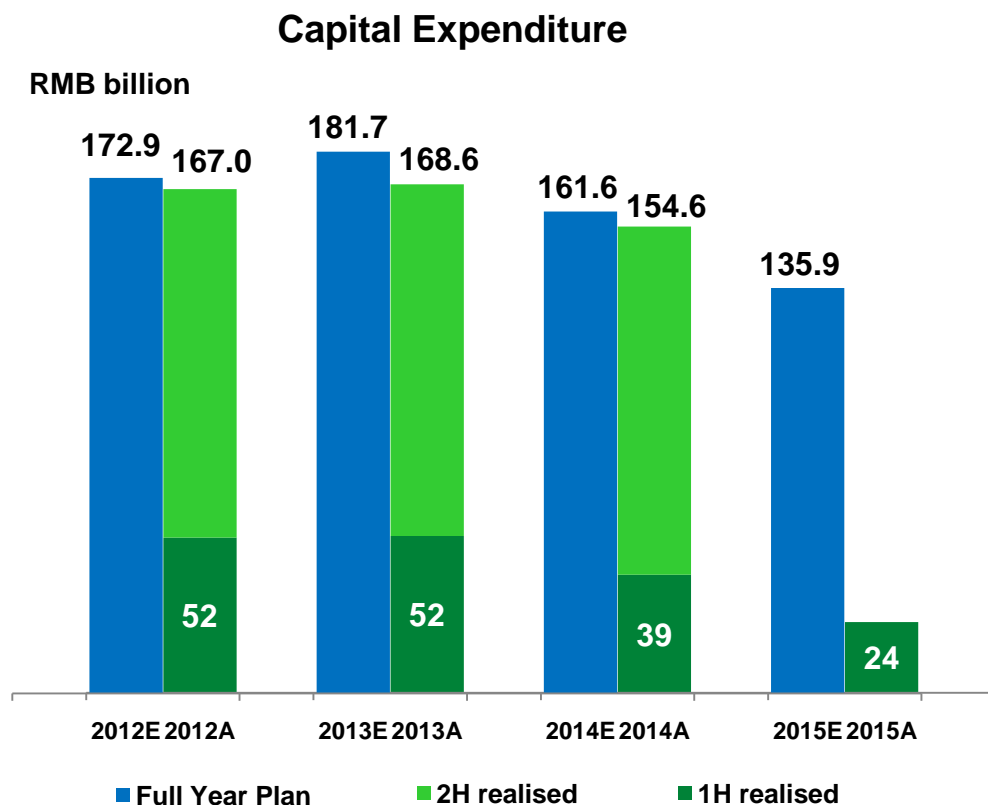
Cost well under control

	2012	2013	2014	1H2015
Lifting Cost	6.43%	1.85%	0.48%	(2.44%)
Refining Cash Operating Cost	5.34%	6.97%	(1.50%)	1.93%
Marketing Cash Operating Cost	0.79%	5.30%	(1.70%)	(6.26%)
Unit Chemical All-In Cost	(3.10%)	(0.45%)	(6.40%)	(5.99%)



Capital Expenditure

- Dynamic investment mechanism focusing on quality and profitability of business development



- **E&P: RMB 13.4Bn**
 - ◆ Oil & gas exploration and development, LNG projects and natural gas pipeline construction
- **Refining: RMB 3.2Bn**
 - ◆ Revamping of refining facilities and quality upgrading of gasoline and diesel
- **Marketing: RMB 3.8Bn**
 - ◆ Renovation of service stations and construction of storage and logistics facilities
- **Chemicals: RMB 2.5Bn**
 - ◆ Construction of coal chemicals and projects for feedstock optimization
- **Corporate and others: RMB 0.6Bn**
 - ◆ R&D facilities and IT system



Focus on Safety and Environment Protection

- Strengthen identification and removal of safety hazards and achieved safe and stable operation
- Continue to implement the *Clear Water, Blue Sky Project*
- Level of emissions and energy intensity continued to drop despite expansion of operation scale
 - ◆ Energy intensity decreased by 2.8% YoY
 - ◆ COD in wastewater discharged decreased by 4.1% YoY
 - ◆ SO₂ emission decreased by 4.8% YoY
 - ◆ NO_x emission decreased by 4.2% YoY
 - ◆ Ammonical nitrogen discharge decreased by 3.9% YoY



1H2015 Operational Results by Segments



Upstream - Operating Results

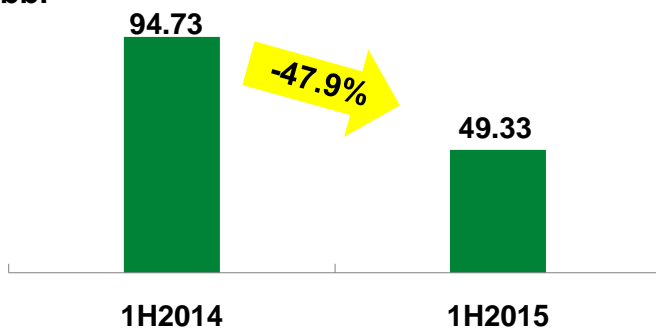
	1H2014	1H2015	Change%
Oil and Gas Production(mm boe)	237.01	232.95	(1.71)
Crude Oil Production(mm bbl)	177.88	174.07	(2.14)
China	154.15	147.47	(4.33)
Overseas	23.73	26.60	12.09
Natural Gas Production(bcf)	354.80	353.26	(0.43)

Note: 1 tonne=7.1 bbls for crude oil production in China, 1 cubic meter=35.31 cubic feet for natural gas production
1 tonne=7.20 bbls for overseas crude oil production

Upstream - Performance

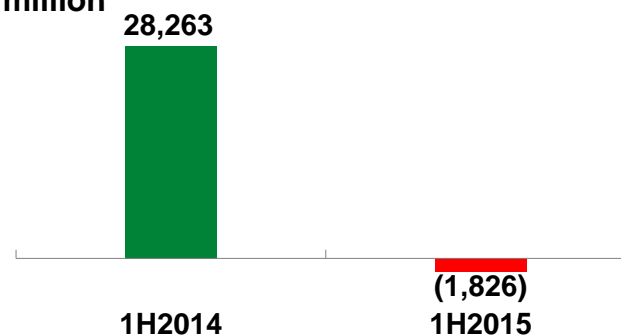
Realized Price of Crude Oil

USD/bbl



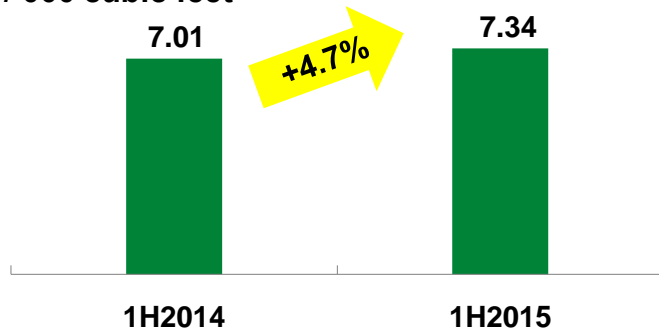
Operating Profit of Upstream-YoY

RMB million



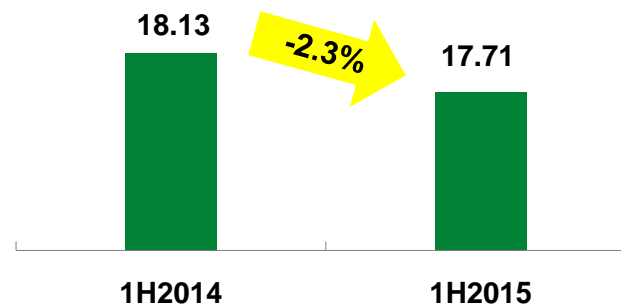
Realized Price of Natural Gas

USD/'000 cubic feet



Lifting Cost*

USD/bbl



Note: 1H2015: USD 1 = RMB 6.1288; 1H2014: USD 1 = RMB 6.1386

* Excluding foreign exchange effect, lifting cost fell by 2.44%



Refining - Operating Results

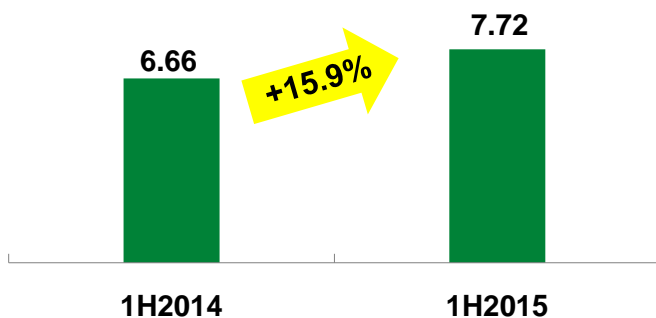
(MM tonnes)	1H2014	1H2015	Change%
Refinery Throughput	115.81	118.89	2.66
Gasoline, Diesel and Kerosene Production	71.62	74.75	4.37
Gasoline Production	24.94	27.02	8.34
Diesel Production	36.67	35.82	(2.32)
Kerosene Production	10.01	11.90	18.88
Light Chemical Feedstock Production	19.96	19.14	(4.10)
Light Yield (%)	76.83	76.69	(14bps)
Refining Yield(%)	94.63	94.98	35bps

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

Refining - Performance

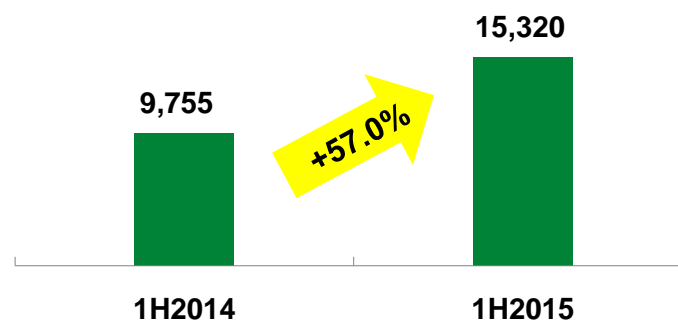
Refining Margin

USD/bbl



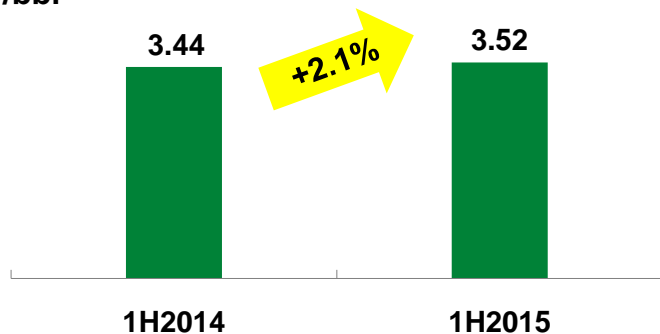
Operating Profit of Refining-YoY

RMB million



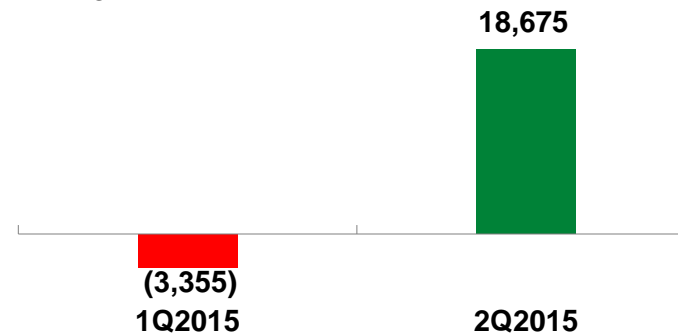
Operating Cost*

USD/bbl



Operating Profit of Refining-QoQ

RMB million



*increasing 1.9% yoy excluding foreign exchange effect



Marketing - Operating Results

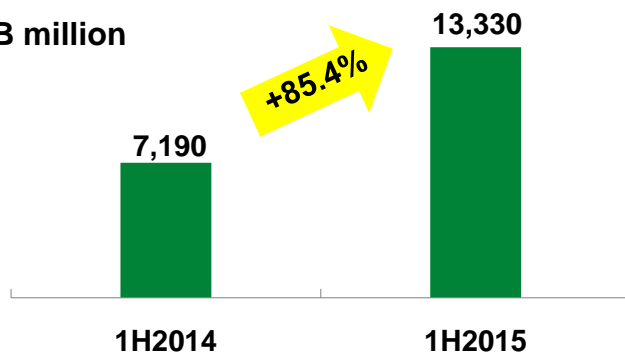
(MM tonnes)	1H2014	1H2015	Change%
Total Sales Volume of Refined Oil Products	88.26	92.97	5.34
Domestic Sales of Refined Oil Products	81.04	83.92	3.55
Retail	56.55	58.19	2.90
Wholesale and Distribution	24.49	25.73	5.06
Annualized Average Throughput of Company-operated Stations (tonnes/station)	3,712	3,816	2.80

	As of Dec. 31 2014	As of Jun.30 2014	Change%
Total Number of Domestic Service Stations	30,551	30,514	(0.12)
Company-operated Stations	30,538	30,501	(0.12)

Marketing - Performance

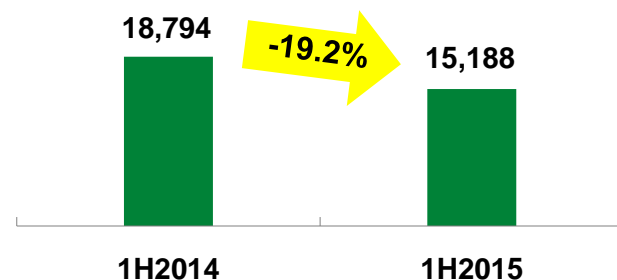
Sales from Non-fuel Business

RMB million



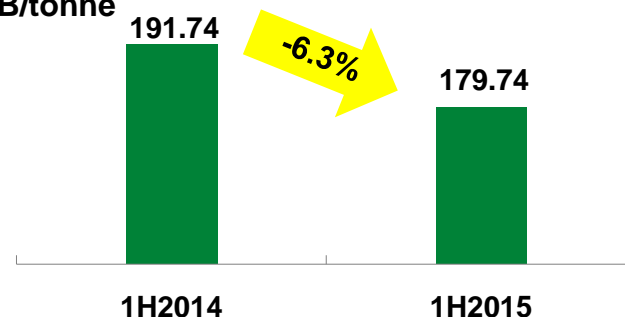
Operating Profit of Marketing Segment-YoY

RMB million



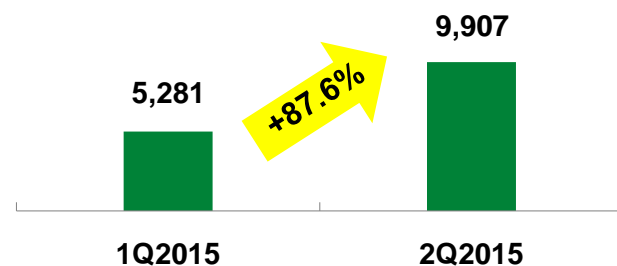
Marketing Cash Operating Cost

RMB/tonne



Operating Profit of Marketing Segment-QoQ

RMB million



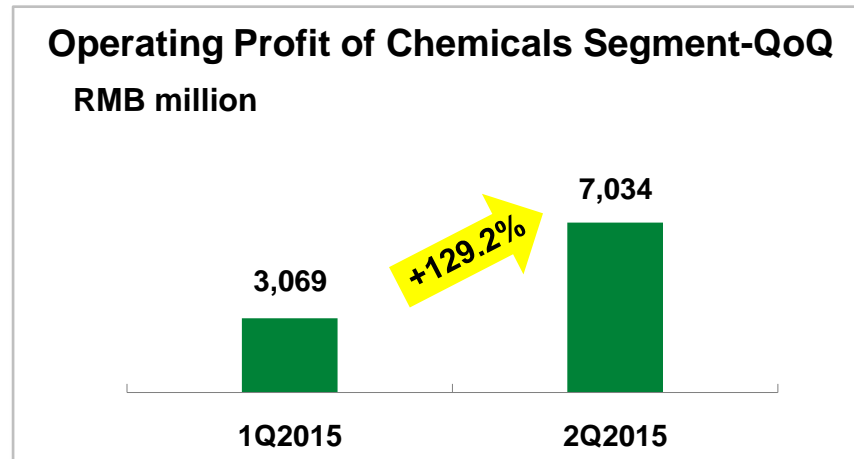
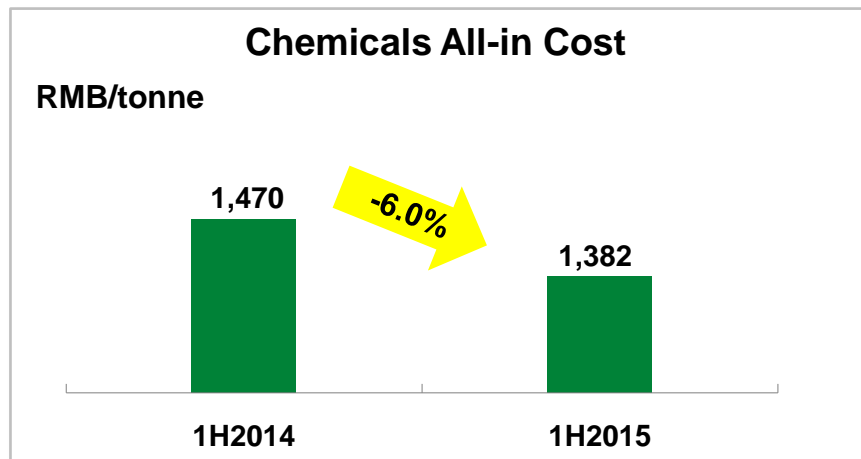
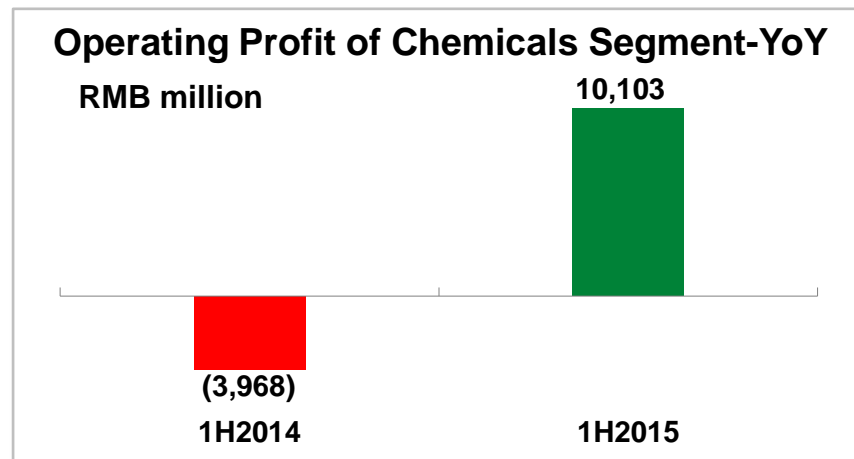
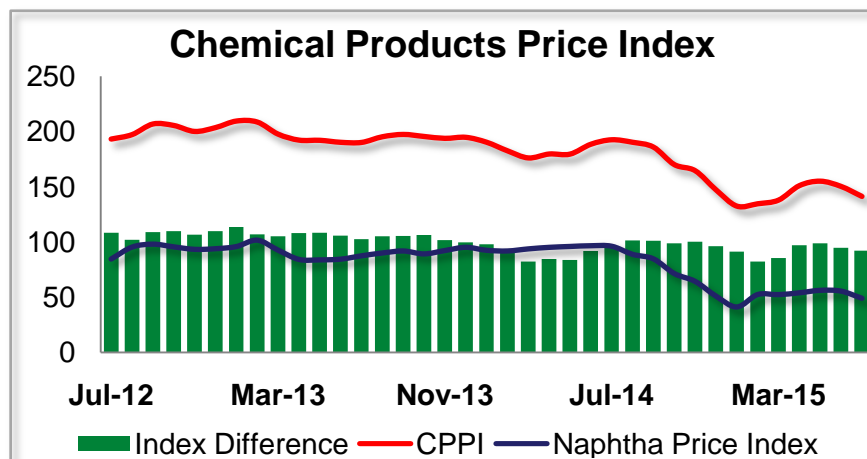


Chemicals - Operating Results

'000 tonnes	1H2014	1H2015	Change%
Ethylene	5,084	5,457	7.34
Synthetic Resins	6,965	7,476	7.34
Monomers & Polymers for Synthetic Fibers	4,105	4,322	5.29
Synthetic Fibers	646	638	(1.24)
Synthetic Rubber	483	453	(6.21)

Note: 100% production of joint ventures included

Chemicals - Performance





2H2015 Operational Plan

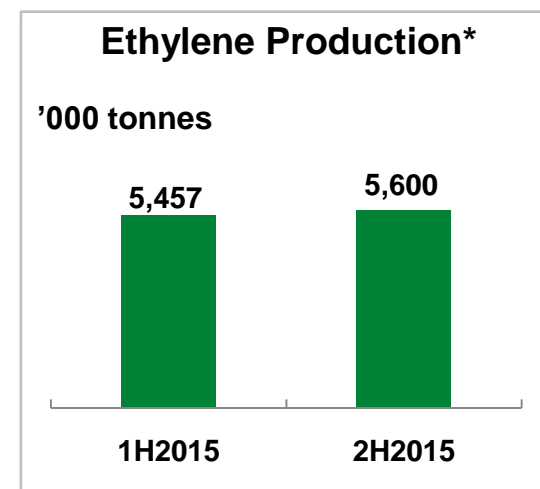
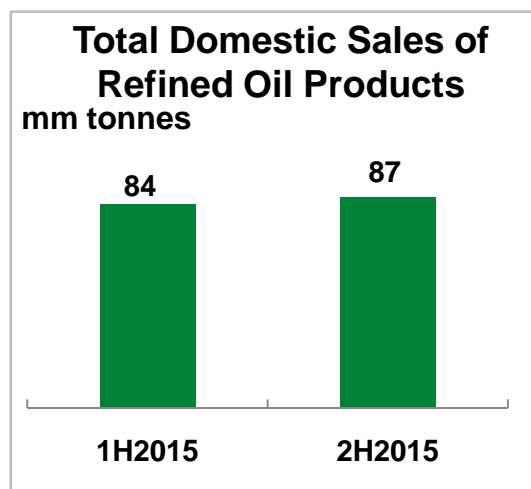
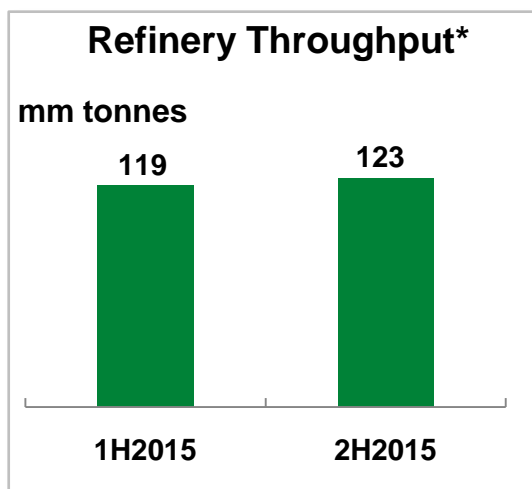
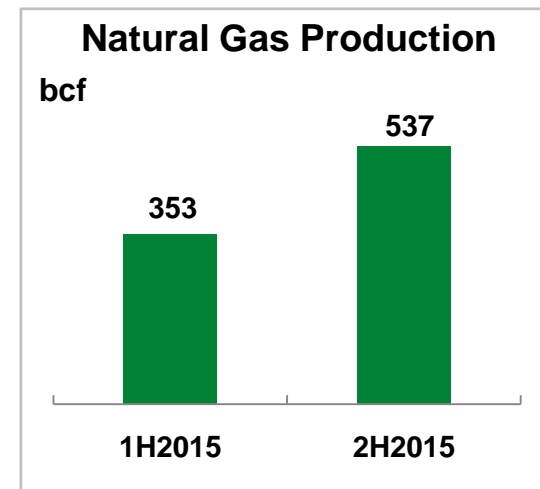
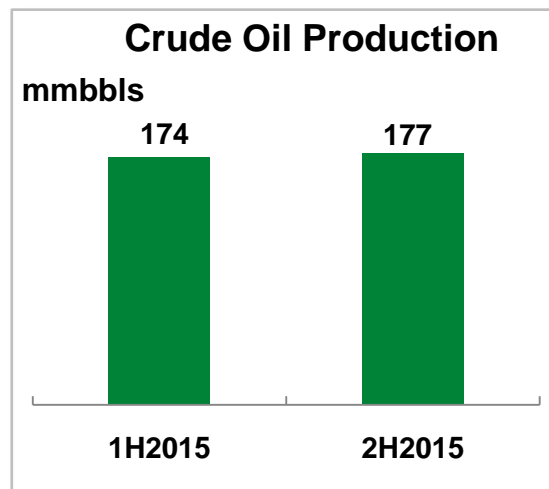
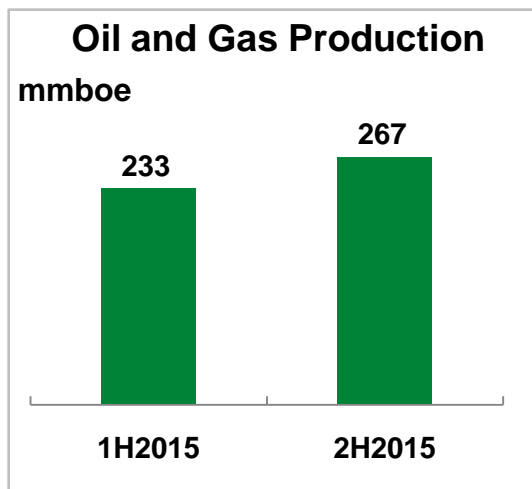


2H2015 Market Outlook

- Chinese economy is expected to keep its steady growth momentum
- International crude oil price is expected to continue fluctuating at a low level
- Domestic demand for oil & gas is expected to grow steadily
- Domestic demand for refined oil products and chemicals keeps steady growth, but product mix may experience further change



2H2015 Production Plan



Note: *100% production of joint ventures included



Q&A



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