



中国石化
SINOPEC

China Petroleum & Chemical Corporation 2022 Annual Results Announcement

March 27, 2023
Hong Kong

中国石油化工股份有限公司
SINOPEC CORP.

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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.

- **2022 Performance Highlights**
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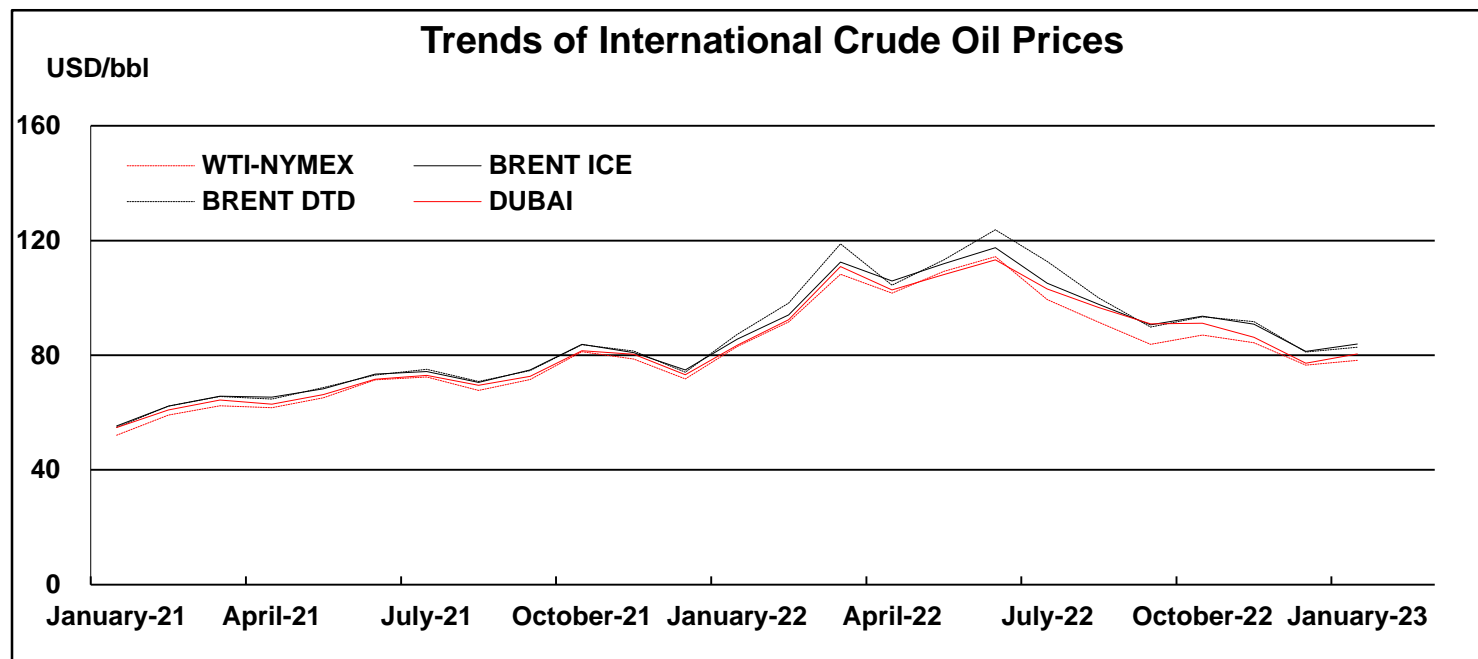


2022 Performance Highlights



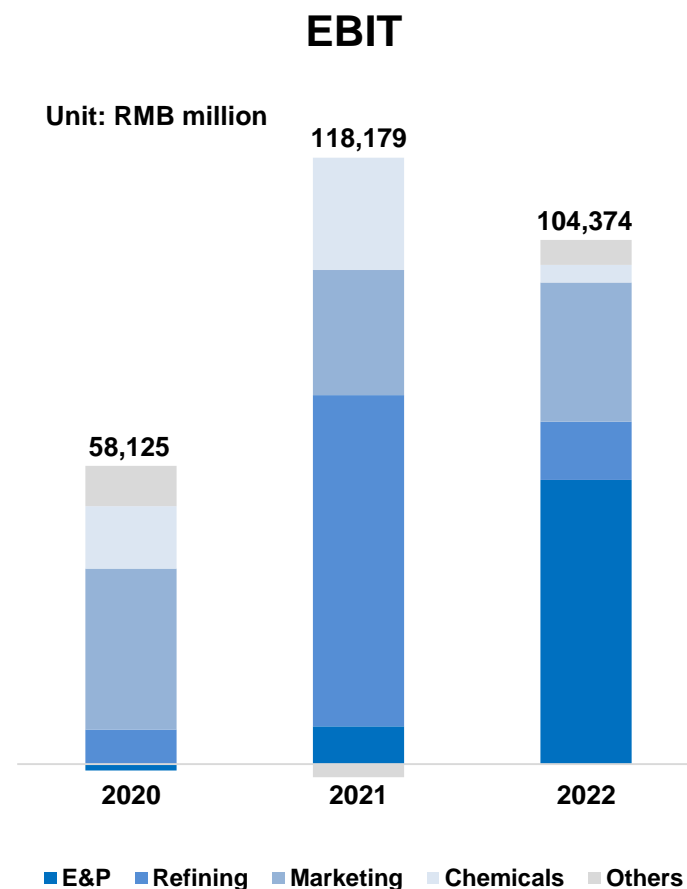
Market Environment in 2022

- China's GDP grew by 3% YoY amid global economic slowdown
- International oil prices retreated from a major rally and saw wide fluctuations, ending the year with big increases over the previous year
- The domestic demand for petrochemical products and natural gas was weak



Maintained Satisfactory Profitability

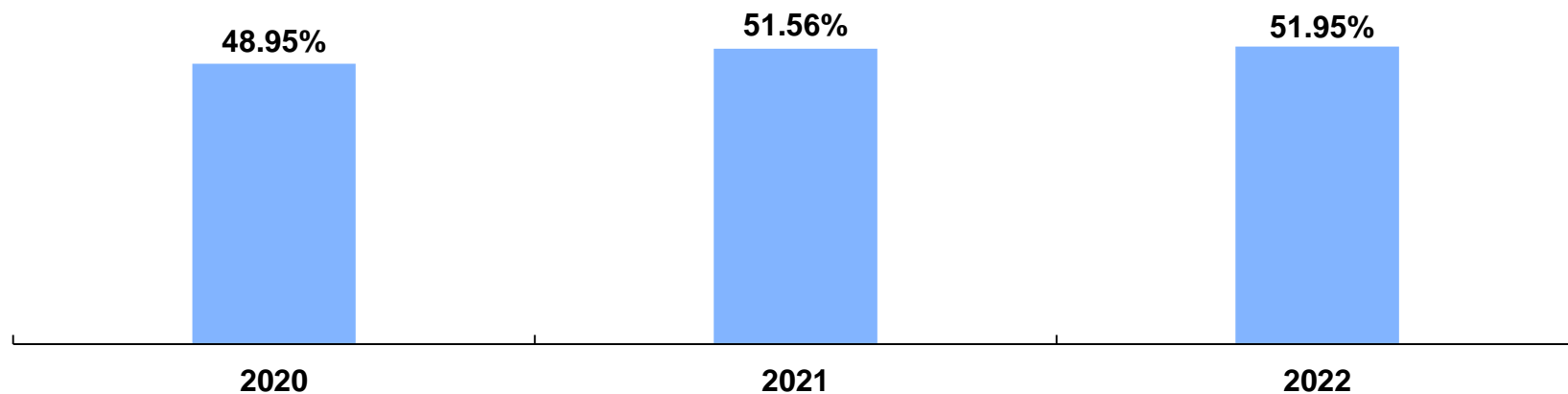
RMB million	2020	2021	2022	YoY (%)
Revenues	2,104,724	2,740,884	3,318,168	21.1
EBIT	58,125	118,179	104,374	(11.7)
Profit Attributable to Shareholders of the Company	33,443	71,975	66,153	(8.1)
EPS (RMB)	0.276	0.594	0.547	(7.9)



Solid Financial Position

RMB million	As of Dec. 31, 2020	As of Dec. 31, 2021	As of Dec. 31, 2022
Total Assets	1,738,896	1,889,255	1,948,640
Short-term Interest-bearing Debts	29,033	38,125	66,329
Long-term Interest-bearing Debts	83,815	91,990	107,961
Total Equity Attributable to Shareholders of the Company	746,325	774,182	784,706

Liability-to-Asset Ratio



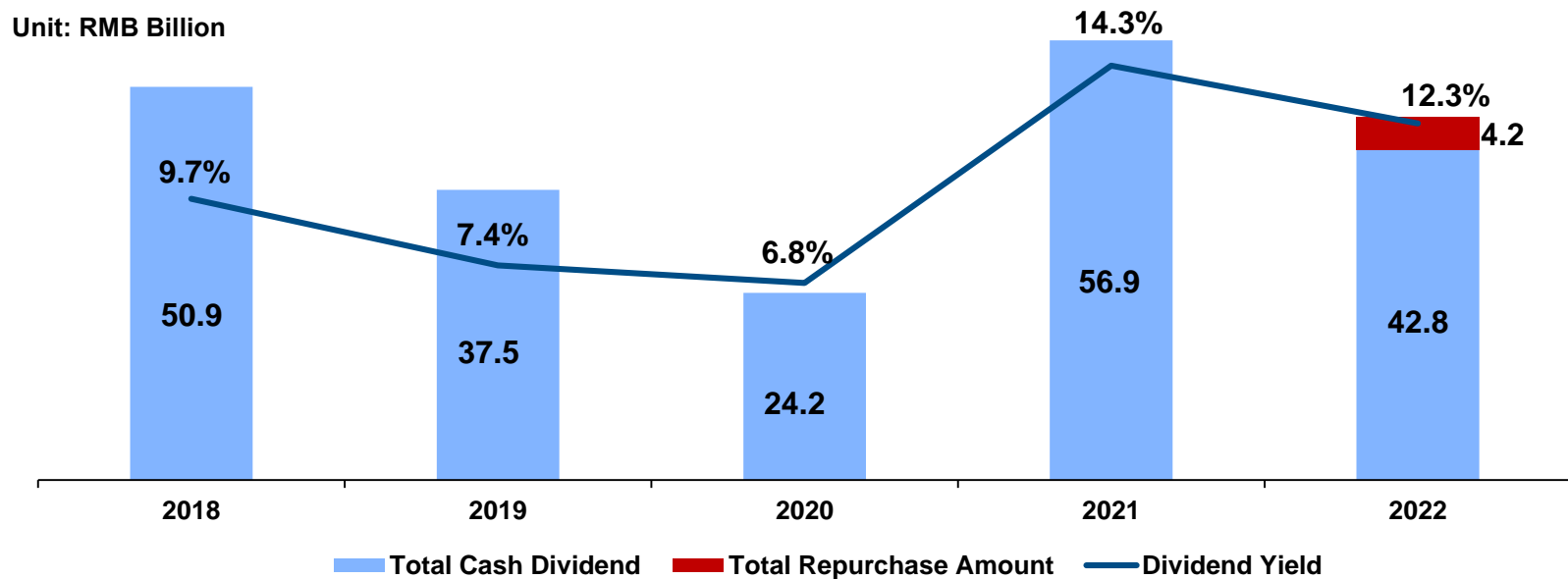
Strong Cash Flow

RMB million	2020	2021	2022
Net Cash Generated from Operating Activities	168,520	225,174	116,269
Net Cash Used in Investing Activities	(102,650)	(145,198)	(95,010)
Net Cash Used in Financing Activities	(37,510)	(57,942)	(39,699)

RMB million	As of Dec. 31, 2020	As of Dec. 31, 2021	As of Dec. 31, 2022
Cash and Cash Equivalents (Incl. Time Deposits)	188,057	221,989	145,052

Dividend – Emphasis on Shareholders' Return

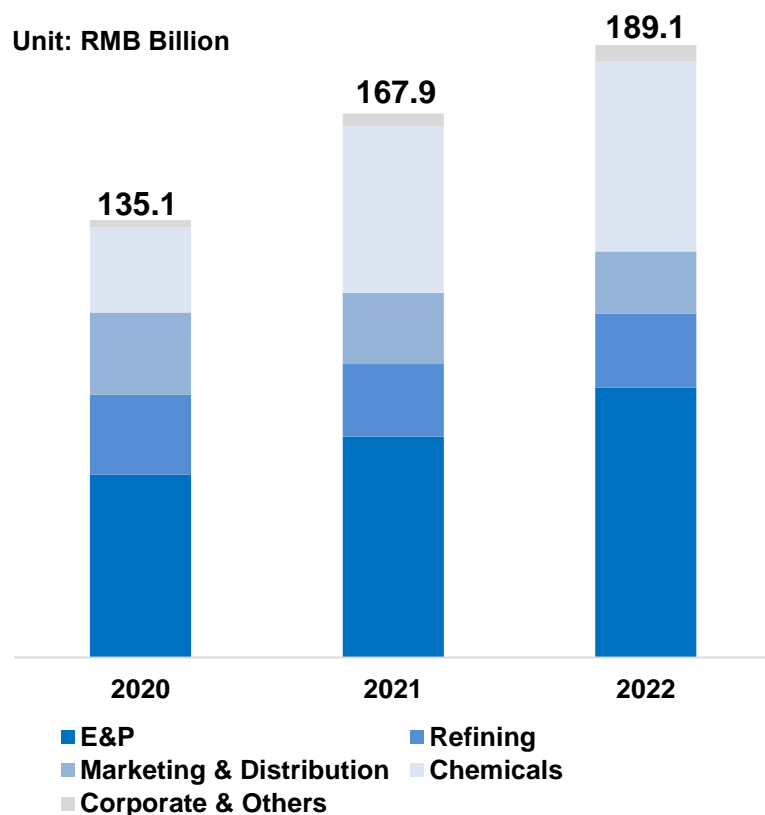
- The Board of Directors proposed a final dividend of RMB 0.195 per share, with a total dividend of RMB 0.355 per share for the whole year
- Total amount of share repurchase was about RMB 4.2 billion (RMB 0.035 per share)
- Payout ratio was 71%, dividend yield was 12.3%*



*Based on the volume weighted average share price of the company's H-Share in 2022

Capital Expenditure

■ 2022 CAPEX: RMB 189.1 Bn



■ E&P: RMB 83.3 Bn

Mainly for crude oil production capacity and construction of storage and transportation facilities

■ Refining: RMB 22.9 Bn

Mainly for expansion of Zhenhai Refining and Chemical project, refining structural adjustment projects in Anqing and Yangzi and the construction of hydrogen supply centers

■ Marketing & Distribution: RMB 19.1 Bn

Mainly for the development of integrated energy station network of petrol, gas, hydrogen, power and services, renovation of the existing stations and non-fuel business

■ Chemicals: RMB 58.6 Bn

Mainly for projects in Zhenhai, Sinopec-SK, Hainan, Tianjin Nangang, and Jiujiang

■ Corporate & Others: RMB 5.2 Bn

Mainly for R&D facilities and IT projects

Innovation – Supporting and Leading the Company's Development

■ Upstream

- ◆ New breakthroughs in the exploration and development theory and technologies for deep and ultra-deep oil and gas fields as well as shale oil and gas fields

■ Refining

- ◆ Scaled-up trial production and application for bio-jet fuel

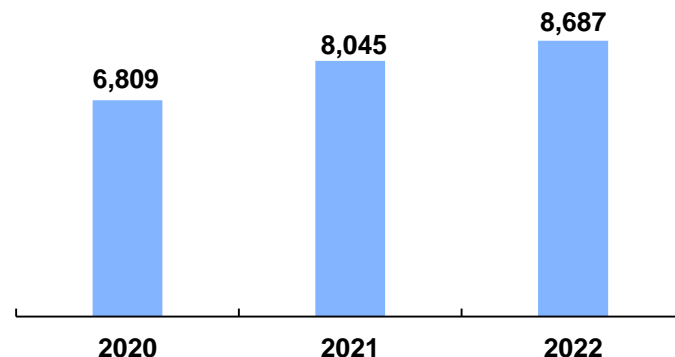
■ Chemicals

- ◆ Achieved scaled-up production of large tow carbon fiber
- ◆ POE and polybutene-1 pilot units were successfully commissioned in first trial-run with on-spec products

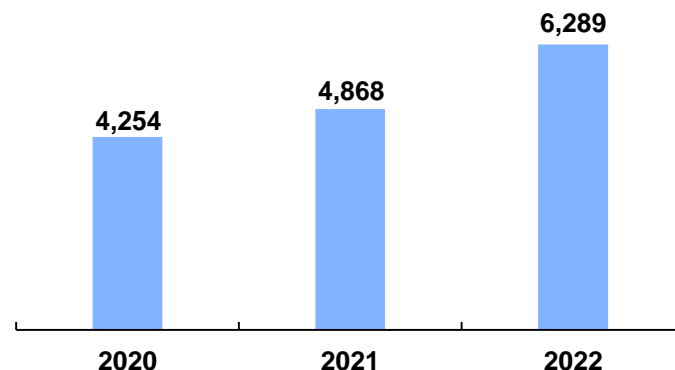
■ Public Utilities

- ◆ Commenced industrial applications of the wet oxidation process for sulfur-containing waste alkali fluid for mega ethylene crackers
- ◆ Put the complete set of software for online real-time optimization (RTO) of S-Zorb unit was put into operation successfully

No. of Patents Applied



No. of Patents Granted

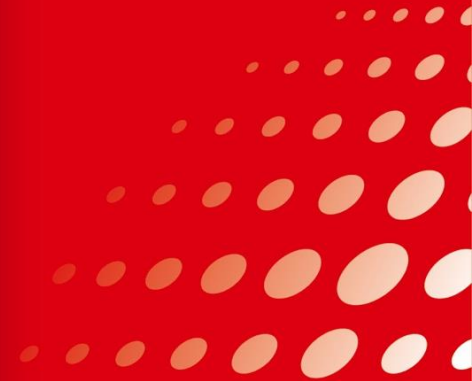


Enhanced ESG Management

- Proactively responded to global climate change, with the first domestic CCUS project with capacity of >1 million tonnes completed and put into operation
- Implemented the all-staff safe production responsibility mechanism and further advanced the three-year safe production harnessing campaign
- Offered full-fledged support to the Beijing Winter Olympics and the Winter Paralympics, contributed efforts to rural revitalization and gave back to the society

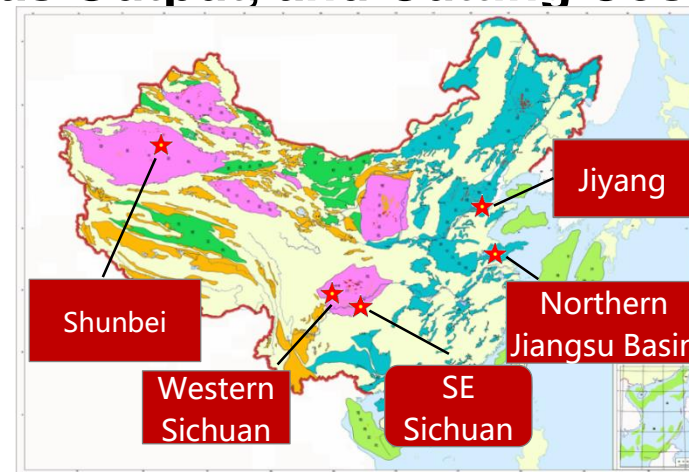
Major Environmental Indicators	YoY (%)
Energy Consumption Intensity	(0.5)
Fresh Water for Industrial Use	(1.1)
COD of Discharged Waste Water	(8.3)
Sulphur Dioxide Emission	(4.0)

2022 Operational Results by Segment



Upstream – Remarkable Achievements In Increasing Reserves, Stabilizing Oil Production, Boosting Gas Output, and Cutting Costs

- Intensified efforts in high quality exploration, achieved a number of oil and gas discoveries
- The domestic oil and gas reserve replacement ratio reached 192% and 131% respectively
- Natural gas production grew by 4.1% YoY



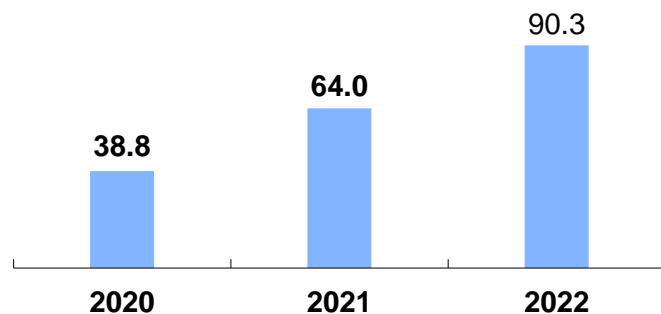
	2020	2021	2022	YoY(%)
Oil and Gas Production (mmboe)	459.02	479.74	488.99	1.9
Crude Oil Production (mmbbls)	280.22	279.76	280.86	0.4
China	249.52	249.60	250.79	0.5
Overseas	30.70	30.16	30.07	(0.3)
Natural Gas Production (bcf)	1,072.33	1,199.44	1,248.75	4.1
Oil and Gas Reserves (mmboe)	2,907	3,158	3,429	8.6

* 1 cubic meter=35.31 cubic feet

Upstream – Record Profit over the Past Decade

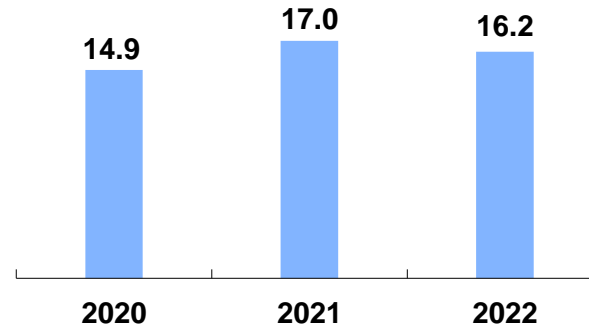
Realized Price of Crude Oil

USD/bbl



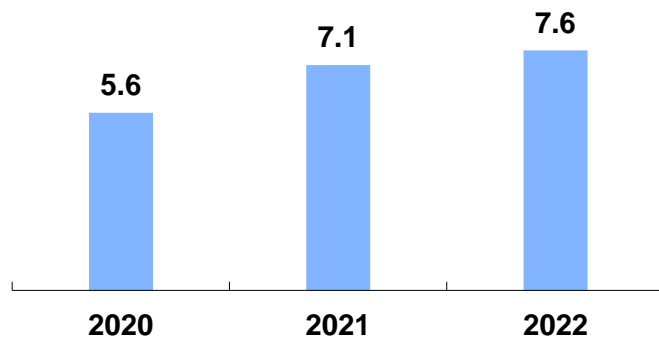
Lifting Cost

USD/boe



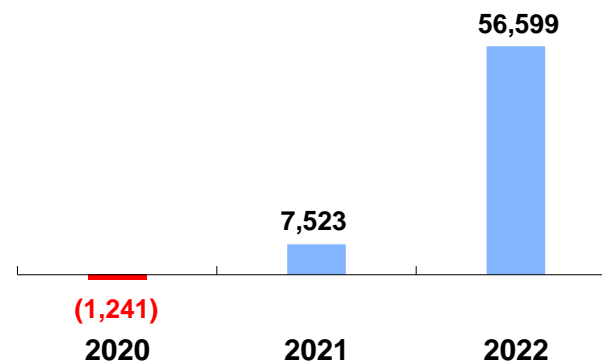
Realized Price of Natural Gas

USD/thousand cubic feet



E&P EBIT

RMB Million



Note: The average FX rate is 1USD = 6.7261 CNY for 2022, 1 USD = 6.4515 CNY for 2021, and 1 USD = 6.8976 CNY for 2020

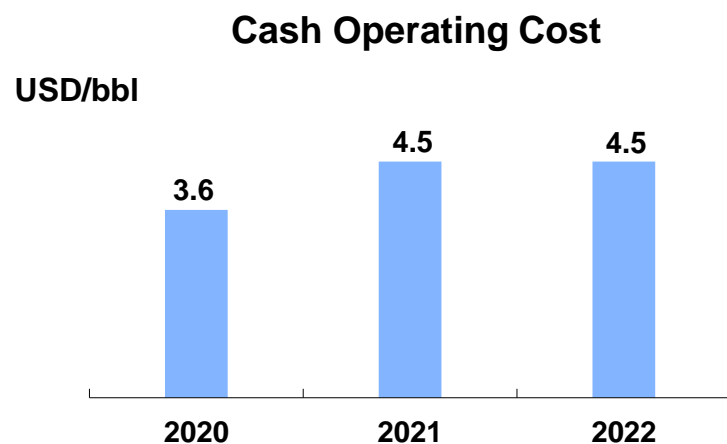
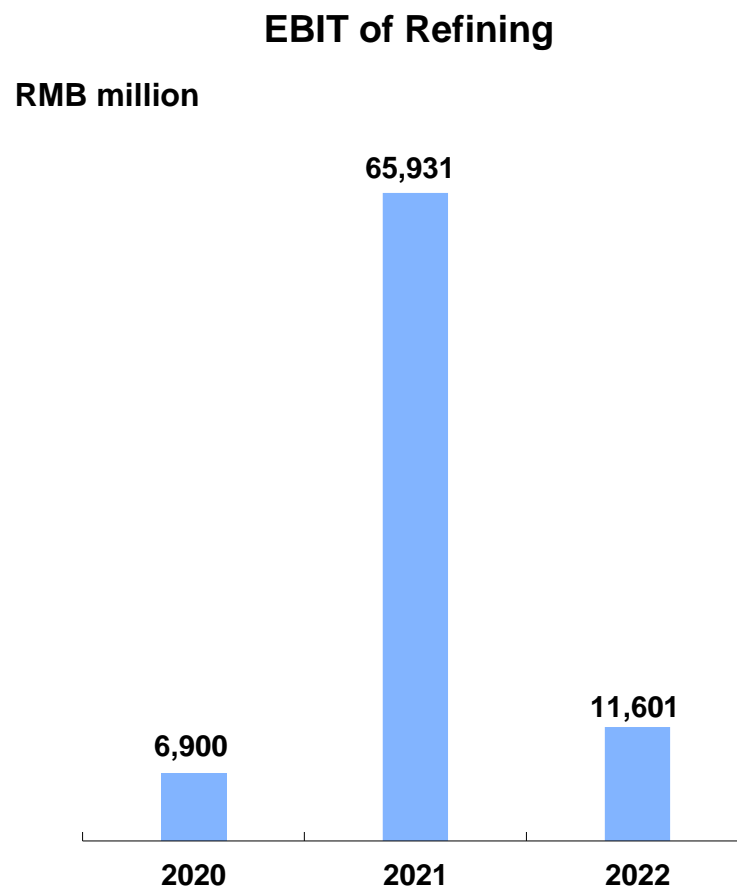
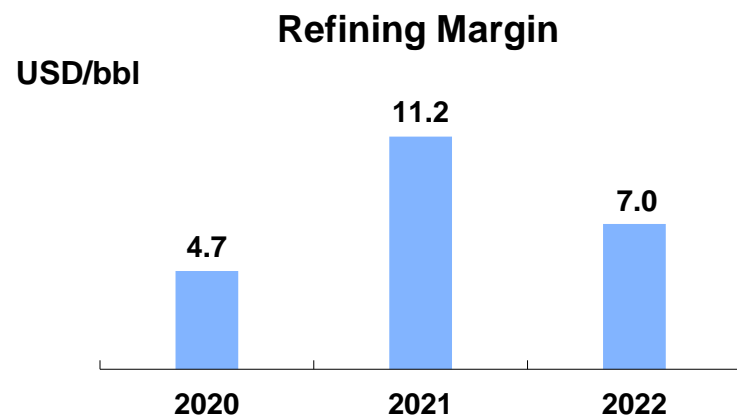
Refining – Flexible Adjustment of Business Strategy

- Strengthened global resource coordination and inventory management to reduce procurement costs
- Adapted to market demand; flexibly adjusted utilization, product slate, and refined oil export
- Adjusted from refined oil products to chemical feedstock and refining specialties

mm tonnes	2020	2021	2022	YoY(%)
Refinery Throughput	236.91	255.28	242.27	(5.1)
Gasoline, Diesel and Kerosene Production	141.50	146.21	140.15	(4.1)
Gasoline Production	57.91	65.21	59.05	(9.4)
Diesel Production	63.21	59.85	63.09	5.4
Kerosene Production	20.38	21.15	18.01	(14.8)
Light Chemical Feedstock Production	40.22	45.41	42.65	(6.1)
Diesel-to-gasoline Ratio	1.09	0.92	1.07	Increase by 0.15pct

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

Refining – Profitability



Marketing – Gave Full Play to Integration and Network Advantages

- Actively transformed into a comprehensive energy service provider of *Petro-Gas-Hydrogen-Power-Services*
- Strengthened resource coordination and accurately implement differentiation strategies
- Accelerated the development of online business and improve service quality

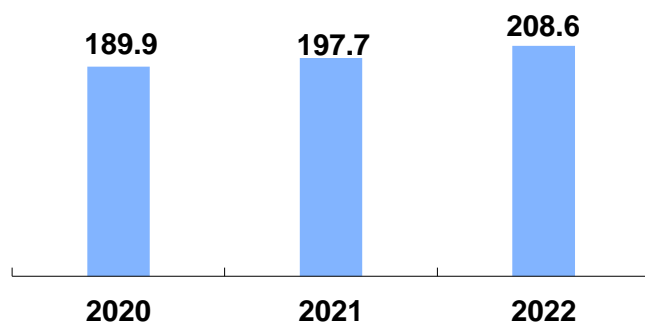
mm tones	2020	2021	2022	YoY(%)
Total Sales Volume of Refined Oil Products*	217.91	220.79	206.74	(6.4)
Domestic Sales of Refined Oil Products	167.99	171.31	162.55	(5.1)
Retail	113.19	114.30	106.91	(6.5)
Wholesale and Distribution	54.80	57.01	55.65	(2.4)
Annual Average Throughput per Station (tonne/station)	3,686	3,720	3,470	(6.7)

As of Dec. 31, 2022	
Number of Service Stations with Sinopec Brand	30,808
Number of Easy Joy convenient stores	28,172
Number of EV Charging and Battery Swapping Stations	2,299
Number of Hydrogen Stations	98

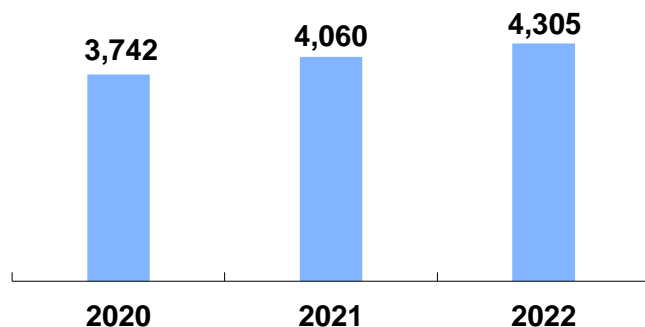
*The total sales volume of refined oil products includes sales volume from Marketing and Distribution Segment and trading volume

Marketing – Profitability Steadily Increased

Marketing Cash Operating Cost
RMB/tonne

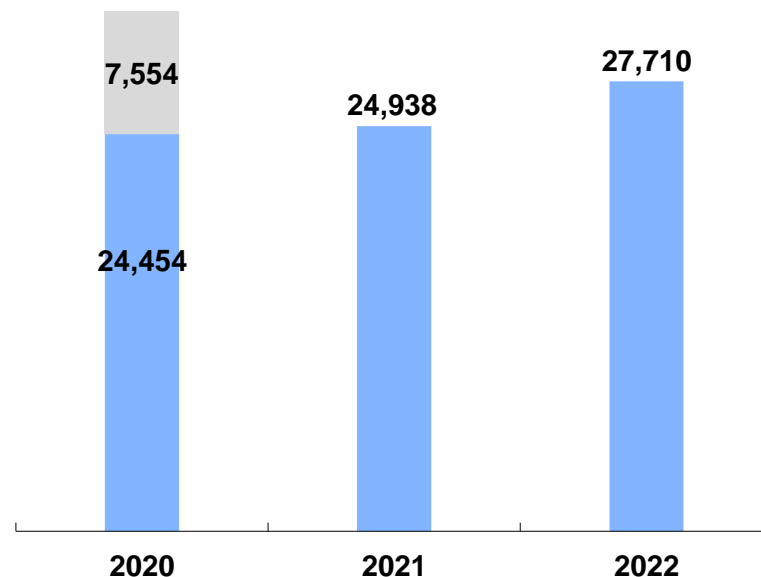


Profit of Non-fuel Business
RMB million



EBIT of Marketing

RMB million



*The value-added impact of pipeline transactions in 2020 is 7.554 billion yuan

Chemicals – Strengthened Structural Adjustment

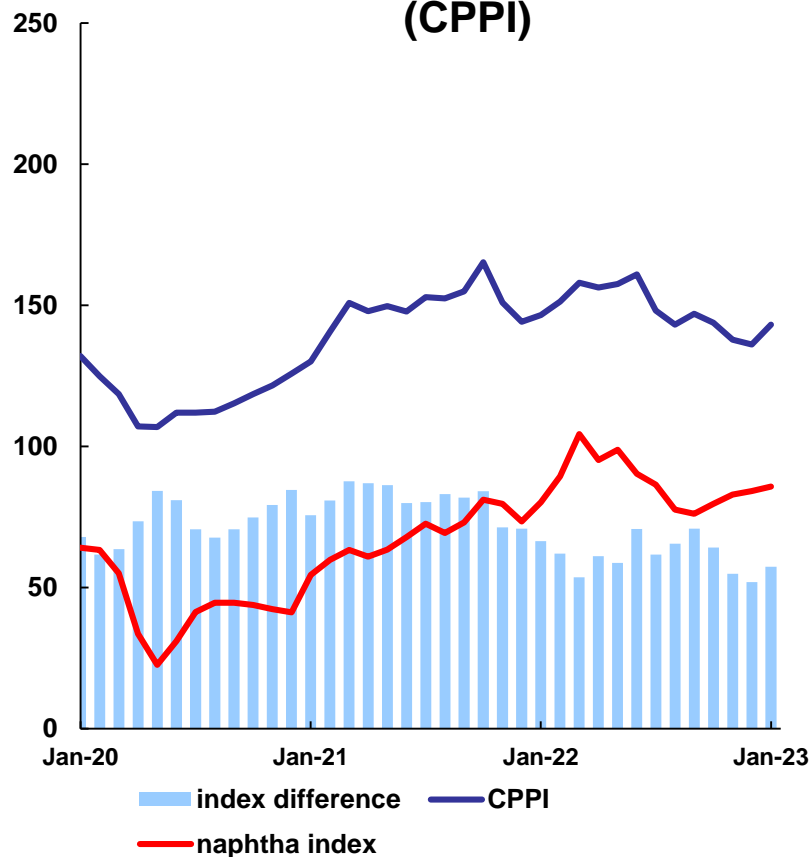
- Implemented profit-oriented optimization of raw materials, devices, and product slate
- Accelerated advanced capacity construction and eliminate low-efficient capacity
- Strengthened the combination of production, marketing, research and application, and increased R&D of high-end products and new materials

thousand tonnes	2020	2021	2022	YoY(%)
Ethylene Production	12,060	13,380	13,437	0.4
Synthetic Resin Production	17,370	18,999	18,544	(2.4)
Synthetic Fiber Monomers & Polymers Production	9,057	9,201	8,886	(3.4)
Synthetic Fiber Production	1,313	1,357	1,112	(18.1)
Synthetic Rubber Production	1,067	1,252	1,284	2.6

* 100% production of domestic joint ventures included

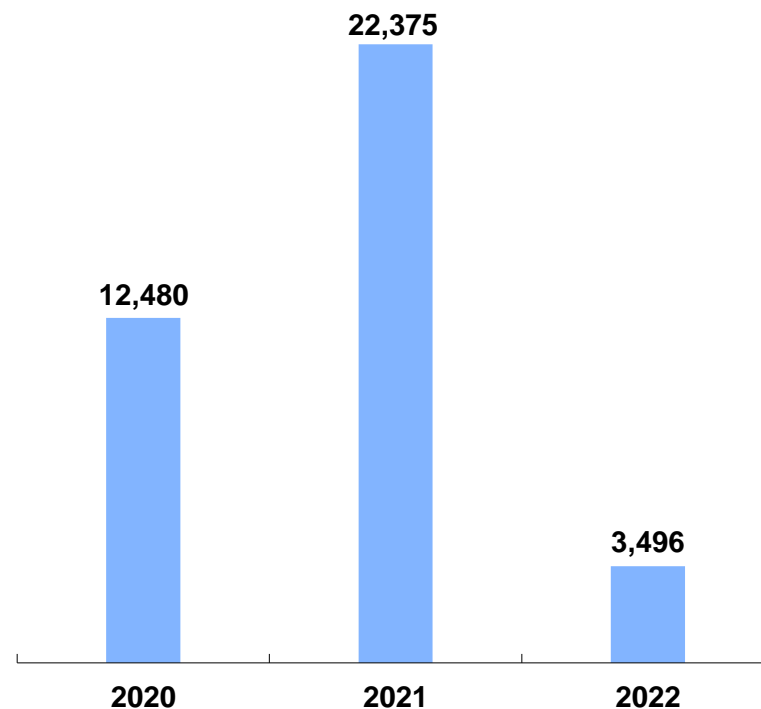
Chemicals – Profitability

Chemical Product Price Index (CPPI)



EBIT of Chemicals

RMB million



2023 Operational Plan



Market Outlook of 2023

- **China's economy is expected to recover**
- **Domestic demand for natural gas, refined oil products and petrochemical products is expected to grow rapidly**
- **International oil price is expected to fluctuate at mid-to-high level**

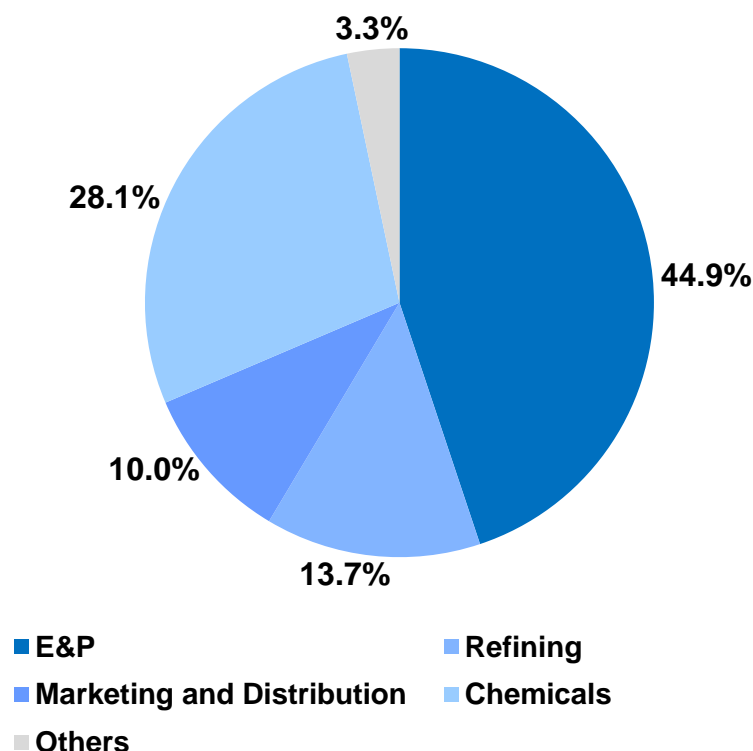
2023 Production Plan

	2022	2023E	YoY (%)
Oil and Gas Production (mmboe)	488.99	495.53	1.3
Crude Oil Production (mmbbls)	250.79	251.20	0.2
Natural Gas Production (bcf)	1,248.75	1,291.80	3.4
Refinery Throughput* (mm tonnes)	242	250	3.3
Total Domestic Sales Volume of Refined Oil Products (mm tonnes)	163	175	7.4
Ethylene Production* (thousand tonnes)	13,440	14,000	4.2

*100% production of domestic joint ventures included

Capital Expenditure Plan for 2023

■ Capex Plan: RMB 165.8 Bn



■ E&P: RMB 74.4 Bn

Mainly for crude oil production capacity and construction of storage and transportation facilities

■ Refining: RMB 22.7 Bn

Mainly for the construction of refining bases and structural adjustment projects

■ Marketing and Distribution: RMB 16.6 Bn

Mainly for comprehensive energy station network, adjustment project for existing station network and non-fuel business

■ Chemicals: RMB 46.6 Bn

Mainly for project building of ethylene, arene and other advanced materials

■ Others: RMB 5.5 Bn

Mainly for R&D facilities and IT projects

Chairman's Address



2022 Highlights – Further Enhanced High-quality Development



➤ **Satisfactory results under severe conditions**



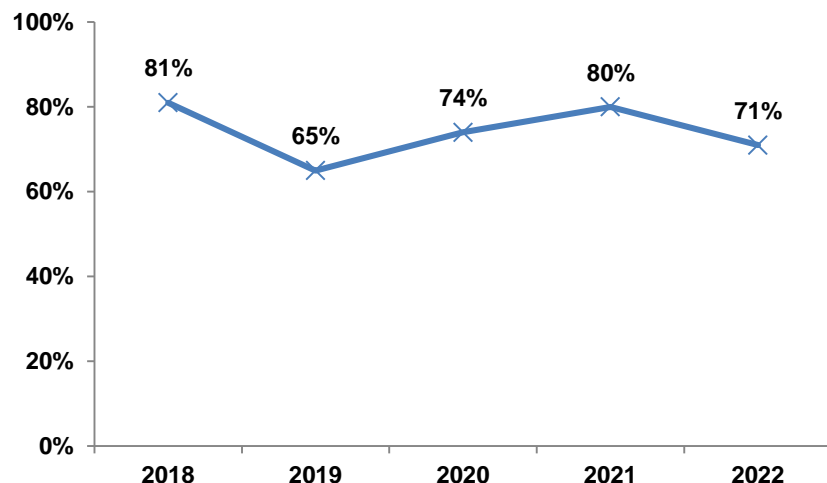
➤ **Competence to support and lead science and technology innovation continued to improve**



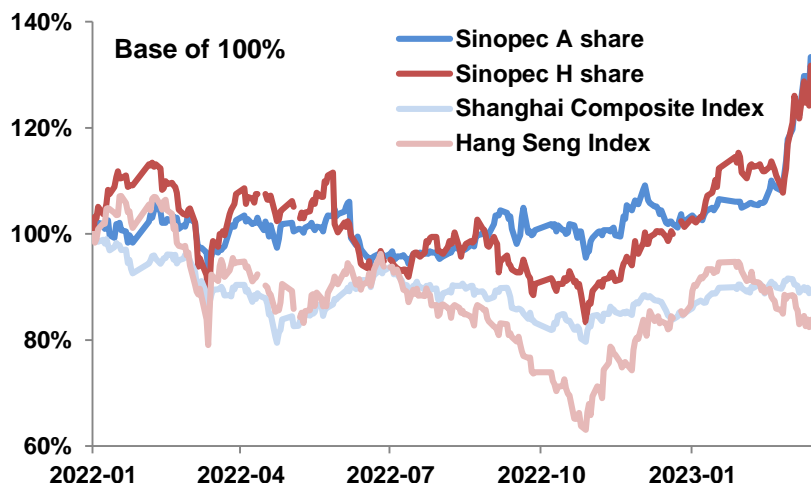
➤ **Incorporate ESG into strategy**

2022 Highlights – Emphasis on Shareholders' Return

Dividend Payout Ratio



Sinopec Share Prices



Emphasis on Shareholders' Return

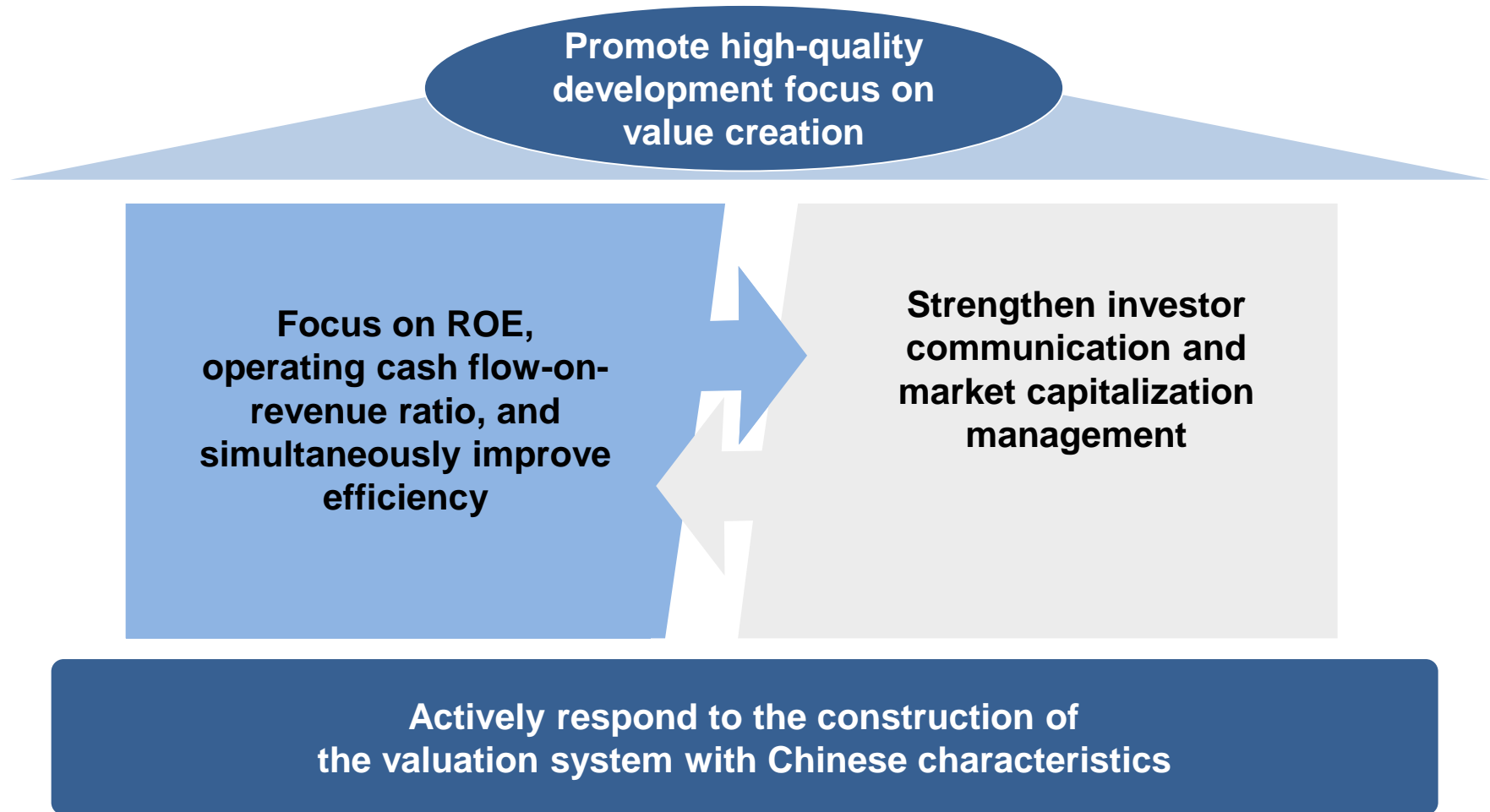
Dividend payout ratio
71%

H share dividend yield
12.3%

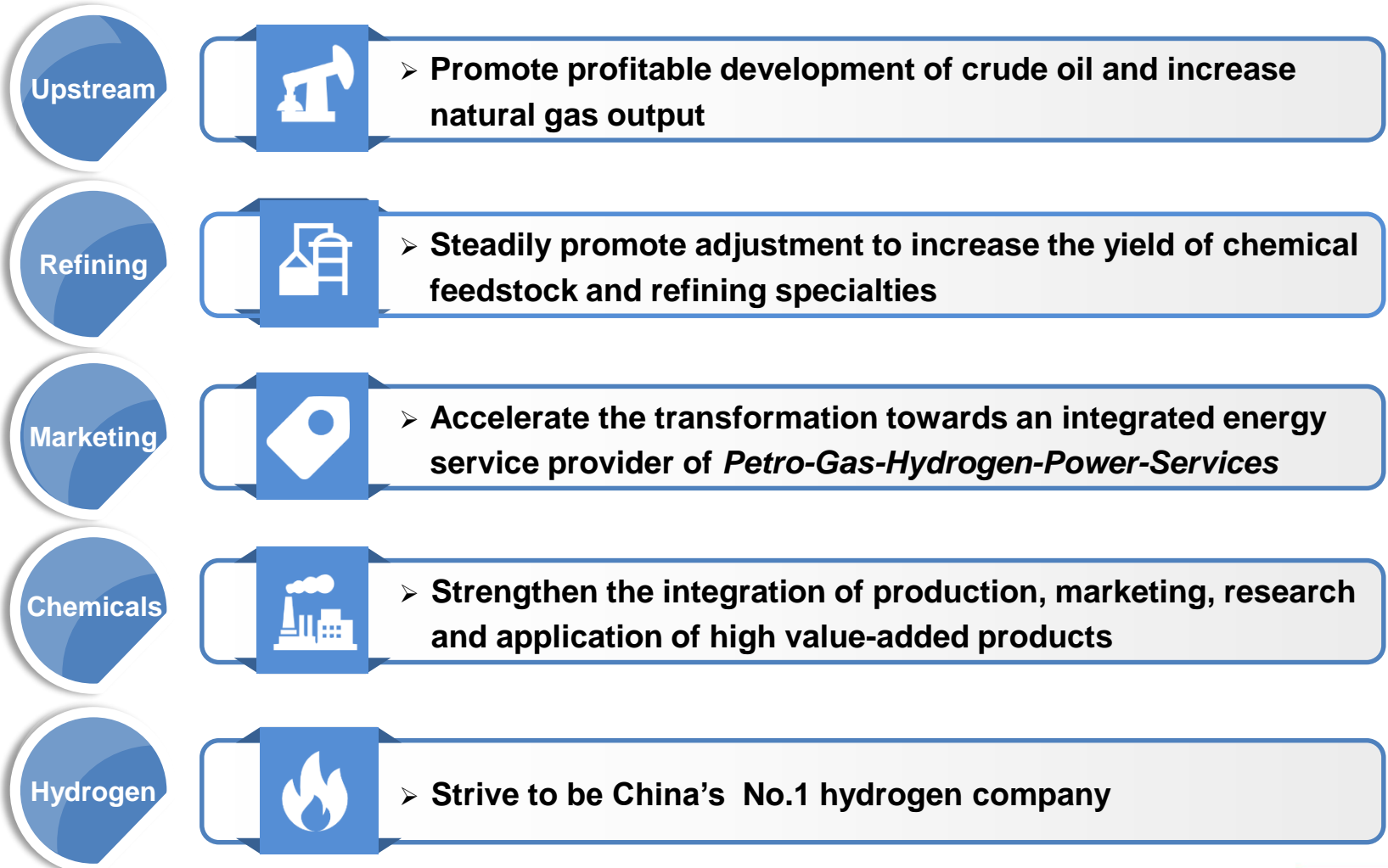
Implemented A+H
repurchase

General mandate of
another round of
share repurchases

Looking forward – Emphasis on Value Orientation

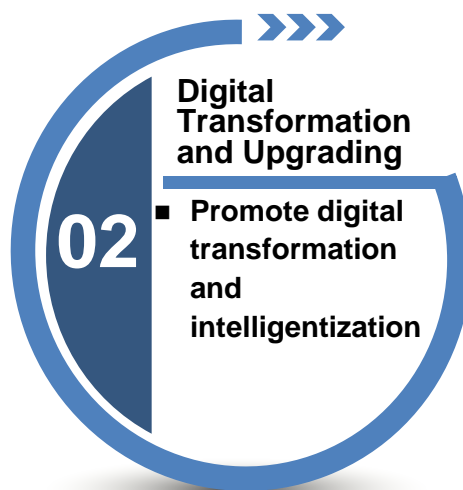
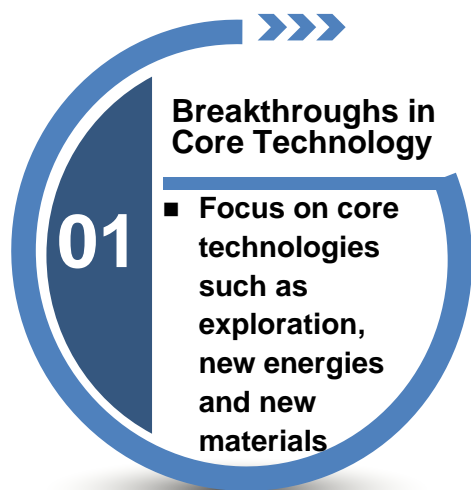


Looking Forward – Focus on Promoting High-quality Development of the Industrial Chain



Looking Forward – Focus on Innovation-Driven Strategy

Innovation-Driven Strategy



Looking Forward – Focus on ESG Management

Corporate Governance

- Further improve decision-making and strategy implementation
- Cultivate high-quality talent

Environment

- Steadily implement the carbon peak action plan
- Continue to develop and apply CCUS technology
- Recycle of waste plastics and biomass

Social Responsibilities

- Assist in promoting rural revitalization and social welfare
- Focus on corporate image and brand value
- Cooperate with stakeholders to promote sustainable development

**ESG
Management**

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