



Sinopec Announces 2015 First Quarter Results

Continuously Improved Operation, Substantially Lowered Debt-to-Asset Ratio

(29 April 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 three months ended 31 March 2015.

Financial Highlights :

- In accordance with the International Financial Reporting Standards (IFRS), the Company’s turnover and other operating revenues was RMB 478.24 billion, down 25.4% over the same period of last year. The Company’s operating profit was RMB 5.15 billion, down 79.2% over the same period last year. Net profit attributable to equity shareholders of the Company was RMB 2.17 billion, down 84.6% over the same period last year. Basic earnings per share (“EPS”) were RMB 0.018.
- In accordance with China Accounting Standards for Business Enterprises (“ASBE”), the Company’s operating revenue was RMB 478.24 billion. The Company’s profit before taxation was RMB 2.93 billion, down 84.8% over the same period last year. Net profit attributable to equity shareholders of the Company was RMB 1.69 billion, decrease by 87.5% over the same period last year. Basic EPS were RMB 0.014.
- In accordance with IFRS, the Company’s debt-to-asset ratio at the end of the first quarter of 2015 was lowered to 46.2%, down by 9.3 percentage points from the year end of 2014. Cash and cash equivalents at the end of the first quarter was RMB72.11 billion, increased by RMB 62.75 billion compared with the beginning of the year.

Business Highlights :

- Exploration and Production: The Company focused on improving the profitability through enhanced management and strictly controlled the investment and reduced the operating cost. The Company maintained its fast track momentum in the construction of shale gas production capacity in Fuling. Gas development project for Phase II in Yuanba was under smooth progress. In the first quarter, the operating profit of Exploration and Production segment

decreased by RMB 6.54 billion from the previous quarter, primarily impacted by the sustained low crude oil price.

- Refining: The company adjusted product slate and refining utilisation rates in response to the market conditions, increasing production of refined oil products and high-value-added products for which demand was strong, such as gasoline, especially high-grade gasoline and jet fuel, further decreasing the diesel to gasoline ratio. The Company has digested the high cost crude oil inventories and steadily improved the overall profitability. The operating loss in the first quarter decreased by RMB 9.7 billion compared with the previous quarter.
- Marketing and Distribution: The restructuring and reform of marketing business progressed smoothly. Capital contribution was completed on schedule. The company adjusted marketing strategies in light of changes of refined oil products demand. Both the total sales volume and the retail volume increased. Transaction of non-fuel business was up 75% year-on-year. The operating profit in the first quarter was up by RMB 2.27 billion, as compared with the previous quarter.
- Chemicals: The Company optimized the feedstock mix and reduced cost. The Company fine tuned facilities operations, adjusted product slate and increased the production of high-value-added products which are well received by markets. The profitability has been constantly improved. The operating profit in the first quarter increased by RMB1.73 billion from the previous quarter.

In the first quarter of 2015, the international crude oil prices fluctuated at low level after a slide last year. Domestic gasoline and diesel prices were timely adjusted with international crude oil prices. In the first quarter, China's GDP grew by 7.0% with a stable demand for refined oil products and chemical products. Domestic apparent consumption of refined oil products grew by 4.8% over the same period last year. The Company, focusing on growth quality and profitability, strengthened reform, transformation and management. Faced with the low crude oil prices scenario, The Company actively adjusted operational strategies to expand markets, enhance fine management and control cost. All of these efforts contributed to stable operations of the Company.

Business Review

Exploration and Production

Focusing on profitability, the company strictly controlled investment, strived to reduce operating cost, optimised exploration and development activities and increased commercial yields for oil and gas. In development, The Company selected projects and set production targets based on oil prices trends. The Company meticulously developed mature fields and promoted enhanced oil recovery technologies. In natural gas development, The Company strengthened management of the Puguang gas field and other mature fields and maintained our fast-track momentum in construction of shale gas production capacity in Fuling. Gas development project for Phase II in Yuanba was under progress smoothly. In the first quarter, the oil and gas production of the Company reached 117.8 million barrels of oil equivalent, down by 1.0%, out of which crude oil output down by 2.0% but natural gas up by 2.1%, compared with the same period last year. Impacted by the sustained low crude oil prices, Exploration and Production Segment had an operating loss of RMB 1.23 billion.

Refining

The company adjusted product slate and refining utilisation rates in response to the market conditions, increasing production of refined oil products and high-value-added products for which demand was strong, such as gasoline, especially high-grade gasoline and jet fuel, further decreasing the diesel to gasoline ratio. The Company accelerated quality upgrading of refined oil products to increase the supply of clean fuel. The Company optimised crude oil procurement and resource allocation to reduce costs, including optimising types of crude oil and reinforcing inventory management. The Company also strengthened the integration of production and sales and improved our sales network. In the first quarter, refinery throughput and refined oil products production increased 2.4% and 5.0% respectively, among which gasoline up by 11.0%, jet fuel up by 19.8% and diesel down by 2.9% over the same period last year. After accounting for high cost crude oil inventories, Refining Segment had an operating loss of RMB 3.36 billion.

Marketing and Distribution

The restructuring and reform of marketing business progressed smoothly. Capital contribution and changes of business registration were completed on schedule. The company proactively explored to innovate on operational systems and mechanisms with an aim to transform from an oil products supplier into an integrated services provider. In light of changes of refined oil products demand, The Company adjusted marketing strategies to enhance marketing efforts on high-grade gasoline, jet fuel and the retail volume while increasing total sales volume. The Company fortified the advantages of network and brand by promoting

integrated services at service stations and further developed non-fuel business to provide one-stop services. In the first quarter, total sales volume of refined oil products was 46.49 million tonnes, up by 10.3% over the same period last year. Total domestic sales volume of refined oil products was 42.05 million tonnes, up by 8.7%, of which retail volume reached 28.90 million tonnes, up by 5.9% over the same period last year. Transaction of non-fuel business reached RMB 6.3 billion, up by 75.0% compared with the same period last year. After accounting for high cost oil products inventories, the operating profit of Marketing and Distribution Segment was RMB 5.28 billion, lower than the same period last year.

Chemicals

The company further optimised our feedstock mix and increased the light feedstock ratio to reduce cost. The Company fine tuned facilities operations and utilisation rates dynamically according to the profit margin. The Company adjusted product slate and intensified efforts in the synergy of R&D, production and sales. The Company increased the production of high-value-added products which are well received by markets. In the first quarter, ethylene production reached 2.768 million tonnes, up by 7.3% and chemical sales volume was 14.644 million tonnes, up by 3.1% over the same period last year. The operating profit of Chemicals segment was RMB 3.07 billion, a reversal from the loss-making situation in the same period last year.

Capital Expenditure

The Company's capital expenditures were RMB 7.116 billion in the first quarter. Capital expenditure for Exploration and Production segment was RMB 2.995 billion, mainly for development in Shengli oilfield, Tahe oilfield, Yuanba gas field and Fuling shale gas project as well as construction of Shandong LNG project, Guangxi LNG project, gas pipelines and overseas development projects. Capital expenditure for Refining segment was RMB 1.061 billion, mainly for refined oil products quality upgrading projects. Capital expenditure for Chemicals segment was RMB 1.299 billion, mainly for feedstock mix optimisation and environmental protection projects. Capital expenditure for Marketing and Distribution segment was RMB 1.580 billion, mainly for revamping service (gas) stations and for construction of refined oil products pipelines and depots, as well as hazards rectification and vapor recovery projects. Capital expenditure for Corporate and Others was RMB 181 million, mainly for R&D facilities and IT projects.

Summary of Principal Operating Results for the First Quarter

Operating data	Unit	For three-month period ended 31 March		Changes (%)
		2015	2014	
Exploration and production				
Oil and gas production ¹	million boe	117.82	118.96	(0.96)
Crude oil production	million barrels	87.55	89.37	(2.04)
China	million barrels	74.01	76.60	(3.38)
Overseas	million barrels	13.54	12.77	6.03
Natural gas production	billion cubic feet	181.06	177.37	2.08
Realized crude oil price	USD/barrel	46.22	95.39	(51.55)
Realized natural gas price	USD/thousand cubic feet	7.94	6.97	13.92
Refining⁴				
Refinery throughput	million tonnes	58.58	57.22	2.38
Gasoline, diesel and kerosene production	million tonnes	36.85	35.09	5.02
Gasoline	million tonnes	13.29	11.97	11.03
Diesel	million tonnes	17.74	18.27	(2.90)
Kerosene	million tonnes	5.82	4.86	19.75
Light chemical feedstock	million tonnes	9.43	10.13	(6.91)
Light products yield	%	76.68	76.98	(0.30) percentage points
Refining yield	%	94.69	94.79	(0.10) percentage points
Marketing and Distribution				
Total sales of refined oil products	million tonnes	46.49	42.15	10.30
Total domestic sales volume of refined oil products	million tonnes	42.05	38.67	8.74
Retail	million tonnes	28.90	27.29	5.90
Direct sales & Wholesale	million tonnes	13.15	11.38	15.55
Total number of Sinopec-branded service stations ²	stations	30,539	30,551	(0.04)
Company-operated	stations	30,526	30,538	(0.04)
Annualized average throughput per station ³	tonnes/station	3,786	3,575	5.90
Chemicals⁴				
Ethylene	thousand tonnes	2,768	2,579	7.33
Synthetic resin	thousand tonnes	3,786	3,519	7.59
Synthetic rubber	thousand tonnes	213	254	(16.14)
Monomers and polymers for synthetic fiber	thousand tonnes	2,128	2,196	(3.10)
Synthetic fiber	thousand tonnes	311	326	(4.60)

Note:

1. Conversion: for domestic production of crude oil, 1 tonne = 7.10 barrels, for overseas production of crude oil, 1 tonne=7.21 barrels, for production of natural gas, 1cubic 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.

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 31March 2015	As at 31December 2014	Changes from the end of the preceding year to the end of the reporting period(%)
Total assets	1,436,051	1,451,368	(1.1)
Total equity attributable to equity shareholders of the Company	671,514	594,483	13.0

	In the reporting period	From the beginning of the preceding year to the end of the preceding reporting period	Changes over the same period of the preceding year(%)
Net cash flow from operating activities	6,682	12,621	(47.1)
Operating income	478,241	641,065	(25.4)
Net profit attributable to equity shareholders of the Company	1,685	13,477	(87.5)
Net profit attributable to equity shareholders of the Company after deducting extraordinary gain/loss items	1,336	13,433	(90.1)
Weighted average return on net assets (%)	0.27	2.33	(2.06) percentage points
Basic earnings per share(RMB)	0.014	0.116	(87.9)
Diluted earnings per share(RMB)	0.014	0.115	(87.8)

Extraordinary items and corresponding amounts	From the beginning of the year to the end of the reporting period
	(gains)/losses (RMB million)
Loss on disposal of non-current assets	23
Donations	8
Government grants ¹	(681)
Gain on holding and disposal of various investments	(7)
Other extraordinary income and expenses, net	178
Subtotal	(479)
Tax effect	120
Total	(359)
Equity shareholders of the Company	(349)
Minority interests	(10)

Note1 Mainly includes the consumption tax drawback of outsourcing naphtha used for continuous production

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

Units: million Currency: RMB

	As at 31 March 2015	As at 31 December 2014	Changes from the end of the preceding year to the end of the reporting period(%)
Total assets	1,436,051	1,451,368	(1.1)
Equity attributable to owners of the Company	670,097	593,041	13.0

	In the reporting period	From the beginning of the preceding year to the end of the preceding reporting period	Changes over the same period of the preceding year(%)
Net cash generated from operating activities	6,682	12,621	(47.1)
Operating profit	5,153	24,817	(79.2)
Net profit attributable to owners of the Company	2,172	14,121	(84.6)
Basic earnings per share(RMB)	0.018	0.121	(85.1)

Diluted earnings per share(RMB)	0.018	0.120	(85.0)
Return on net assets(%)	0.32	2.42	(2.10) 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.

Sinopec sets 'fueling beautiful life' as its corporate mission, puts 'people, responsibility, integrity, precision, innovation and win-win' as its corporate core values, pursues strategies of resources, markets, integration, international operation, differentiation, and green and low-carbon development, and strives to achieve its corporate vision of building a world leading energy and chemical company.

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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