



**Sinopec Corp.**

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# **2010 Interim Results Presentation**

**August 23, 2010  
Hong Kong**



# Disclaimer

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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, 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 development outcomes, estimates of proven reserves, market shares, competition, environmental risks, changes in legal, financial and regulatory frameworks, international economic and financial market conditions, political risks, project delay, 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.**



# Agenda

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- **1H 2010 Performance Highlights**
- **1H 2010 Operating Results**
- **2H 2010 Outlook**



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## 1H 2010 Performance Highlights



# Review of Market Environment

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- **China's economy achieved rapid growth with GDP increasing 11.1%**
- **Government adjusted the onshore wellhead benchmark natural gas price and launched a pilot reform of the oil & gas resource tax in Xinjiang**
- **International crude oil traded within a certain range**
- **Domestic demand for oil products and chemical products increased steadily**
  - ◆ **Domestic consumption of refined oil products grew by 12.5%**
  - ◆ **Domestic ethylene-equivalent consumption grew by 9.6%**



# Profitability

RMB million	1H 2009	1H 2010	Change %
<b>Turnover and other operating revenues</b>	<b>534,025</b>	<b>936,523</b>	<b>75.4</b>
<b>EBITDA</b>	<b>70,766</b>	<b>76,575</b>	<b>8.2</b>
<b>EBIT</b>	<b>46,182</b>	<b>49,775</b>	<b>7.8</b>
<b>E&amp;P</b>	<b>5,501</b>	<b>21,989</b>	<b>299.7</b>
<b>Refining</b>	<b>19,898</b>	<b>5,686</b>	<b>(71.4)</b>
<b>Marketing</b>	<b>12,508</b>	<b>14,450</b>	<b>15.5</b>
<b>Chemicals</b>	<b>9,761</b>	<b>8,344</b>	<b>(14.5)</b>
<b>Corporate &amp; Others</b>	<b>(1,486)</b>	<b>(694)</b>	<b>na</b>
<b>Net profit attributable to shareholders of the Company</b>	<b>33,246</b>	<b>35,460</b>	<b>6.7</b>
<b>EPS (RMB)</b>	<b>0.383</b>	<b>0.409</b>	<b>6.7</b>



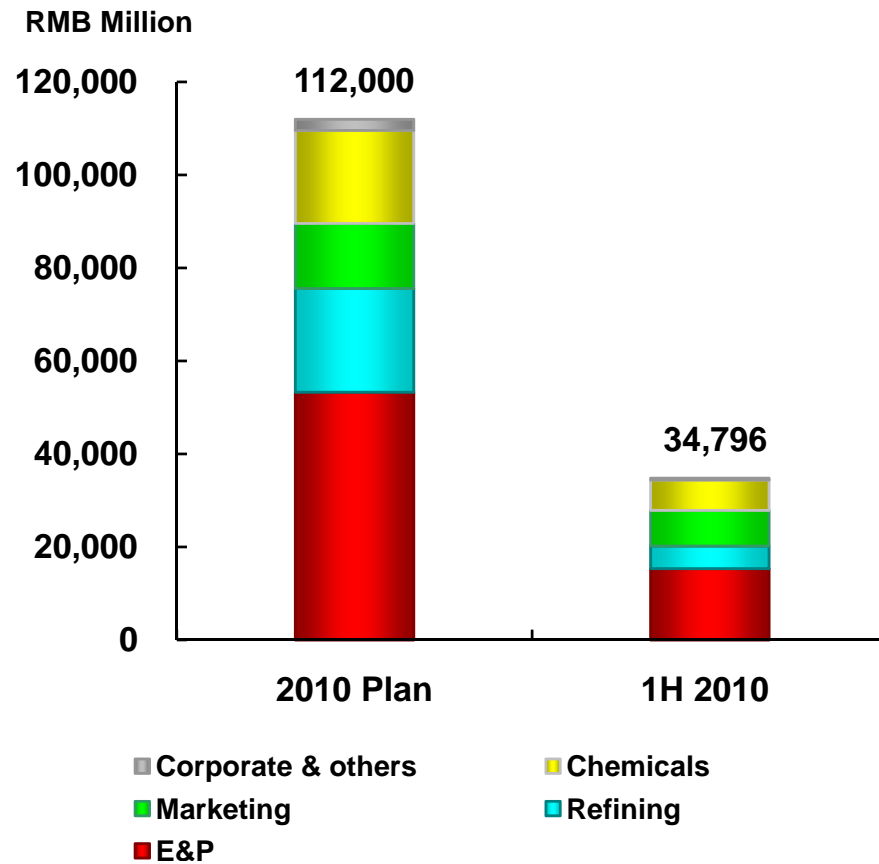
## Financial Position

RMB million	1H 2009	1H 2010
Net cash generated from operating activities	79,079	47,555
Net cash used in investing activities	(44,734)	(39,160)
Net cash used in financing activities	(33,753)	(1,899)

RMB million	At 31 Dec. 2009	At 30 Jun. 2010
Short-term debts	58,898	50,944
Long-term debts	108,828	131,652
Total equity attributable to shareholders of the Company	375,661	401,440



# Capital Expenditure

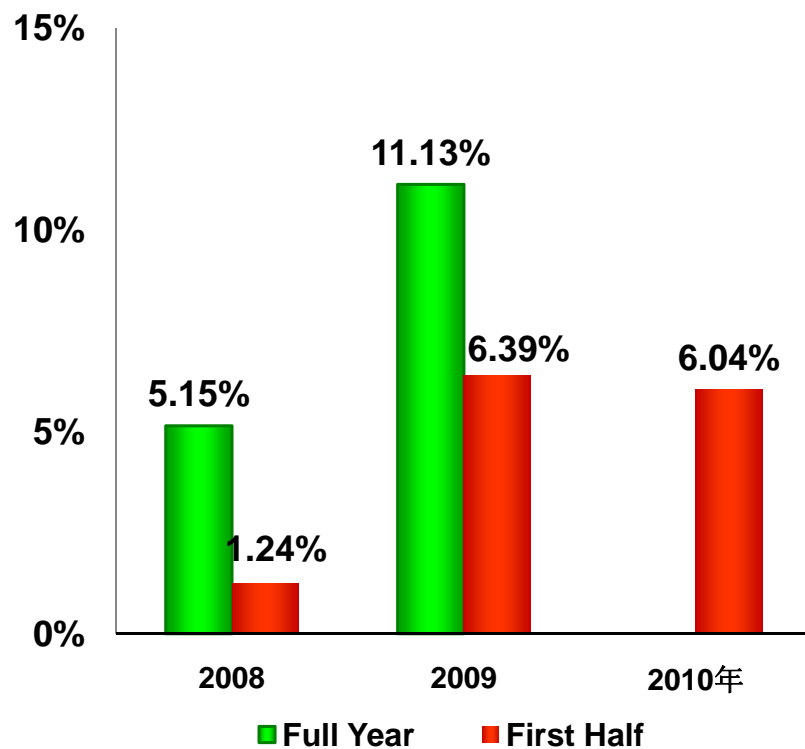


- **E&P: RMB15.348 billion, mainly for oil and gas exploration and capacity addition.**
- **Refining: RMB 4.875 billion, mainly for upgrading refineries to produce higher-spec oil products and process lower-grade crude, and for construction of logistic systems.**
- **Marketing and Distribution: RMB 7.659 billion, mainly for expanding marketing network and developing 838 service stations.**
- **Chemicals: RMB 6.543 billion, mainly for ethylene projects in Zhenhai and Wuhan**
- **Corporate and others: RMB 0.371 billion**



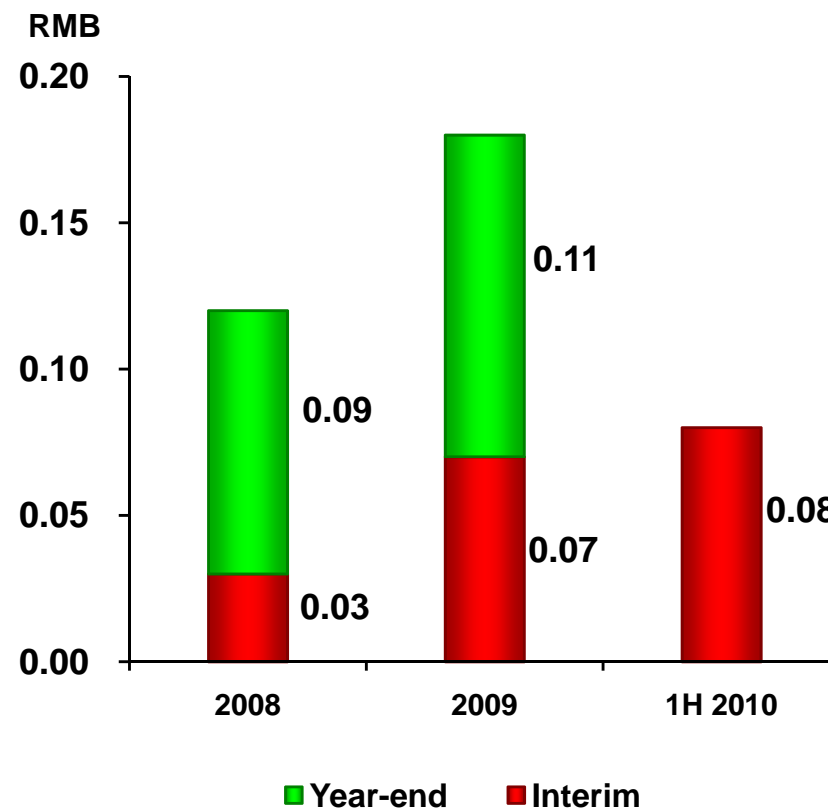
# Return and Dividend

## ROCE



Note: ROCE for first half is not annualized

## Dividend Per Share





## 1H 2010 Operating Results



## E&P – Operating Summary

	1H 2009	1H 2010	Change %
Crude oil production (mm bbls)	149.12	149.19	0.05
Natural gas production (bcf)	142.51	200.55	40.7
Lifting cost (RMB/tonne)	609	623	2.4
Newly added proved reserves of crude oil (mm bbls)	137.74	129.86	(5.7)
Newly added proved reserves of natural gas (bcf)	(131.64)	48.22	na

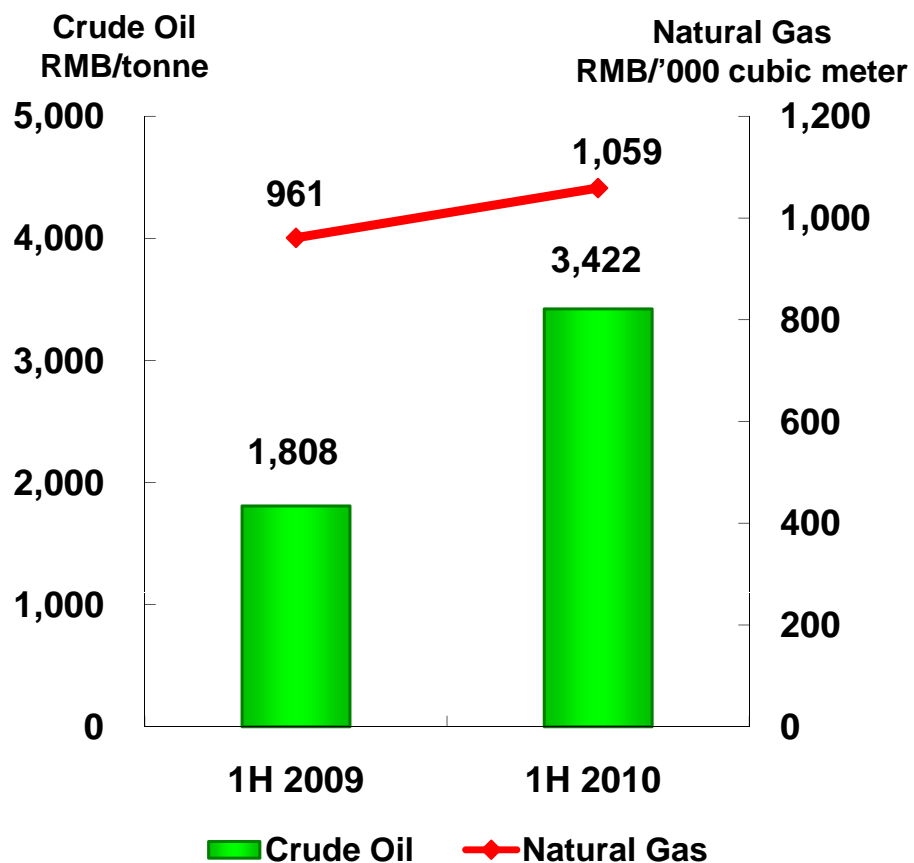
	As of 31 Dec. 2009	As of 30 Jun. 2010	Change %
Proved reserves of crude oil (mm bbls)	2,820	2,801	(0.7)
Proved reserves of natural gas (bcf)	6,739	6,586	(2.3)
Proved reserves of oil and gas (mm boe)	3,943	3,899	(1.1)

\* Crude oil is converted at 1 tonne to 7.1 barrels, and natural gas is converted at 1 cubic meter to 35.31 cubic feet.

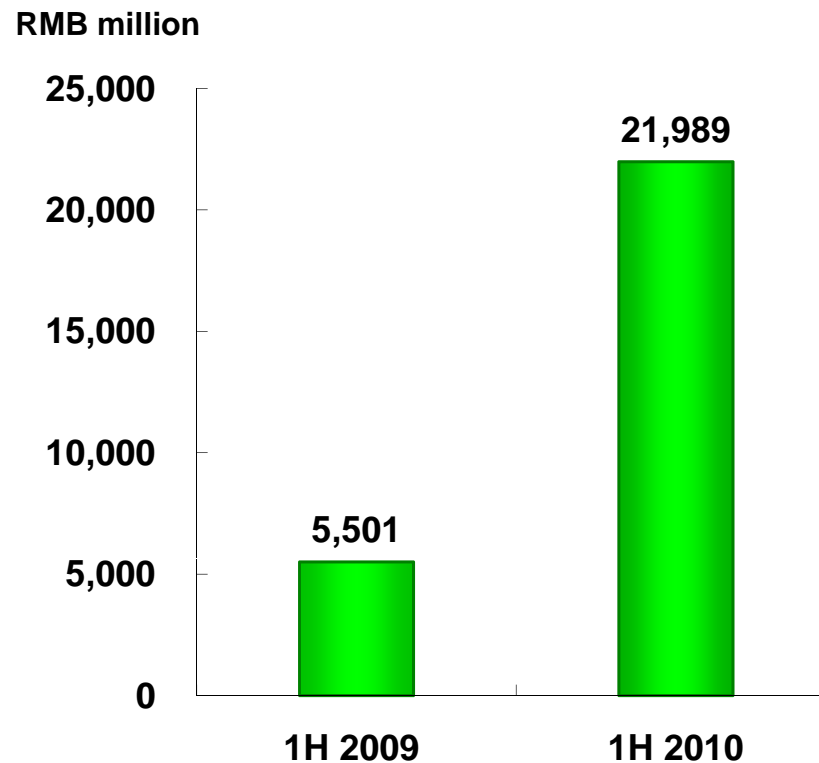


# E&P Segment Performance

## Crude Oil and Natural Gas Realized prices



## EBIT of E&P Segment





## Refining – Operating Summary

	1H 2009	1H 2010	Change %
Refinery throughput (mm tonnes)	86.90	101.45	16.7
Gasoline production (mm tonnes)	16.99	17.77	4.6
Diesel production (mm tonnes)	32.40	36.72	13.3
Kerosene production (mm tonnes)	4.64	6.03	30.0
Light chemical feedstock production (mm tonnes)	12.04	17.15	42.4
Light yield (%)	74.94	75.60	66bps
Refining yield (%)	93.84	94.65	81bps

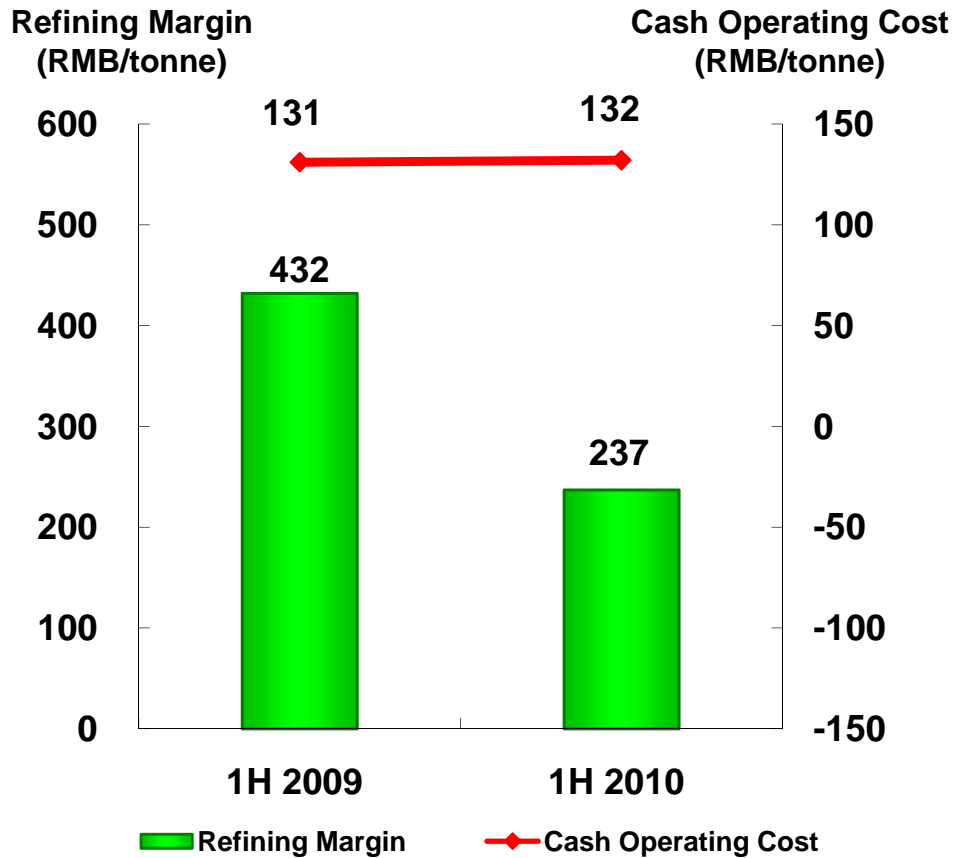
\* Refinery throughput is converted at 1 tonne to 7.35 barrels

\*\* 100% production of joint ventures included

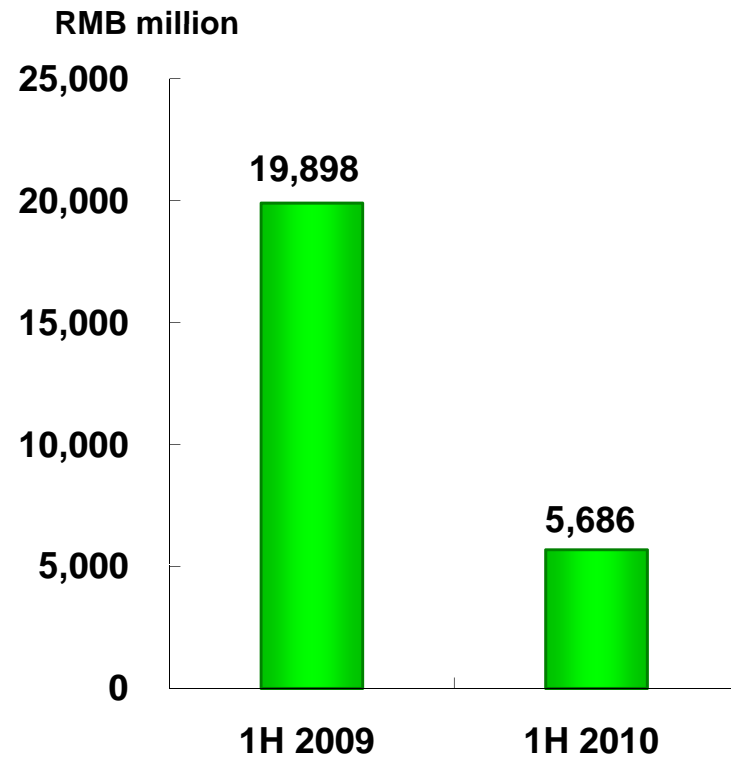


# Refining Segment Performance

## Refining Margin / Cash Operating Cost



## EBIT of Refining Segment





## Marketing – Operating Summary

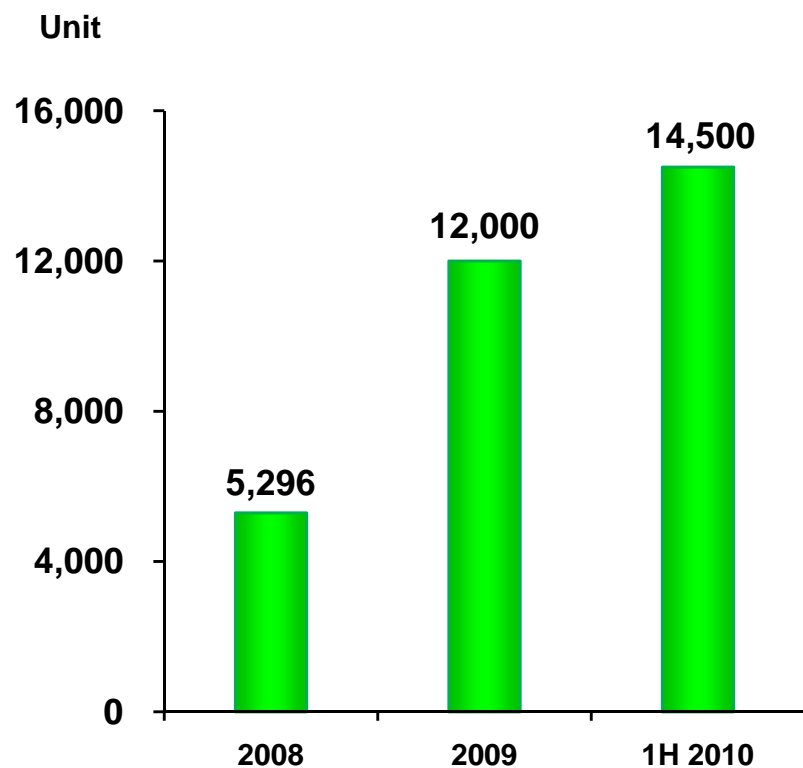
	1H 2009	1H 2010	Change %
<b>Domestic sales of refined oil products (mm tonnes)</b>	<b>57.71</b>	<b>68.15</b>	<b>18.1</b>
<b>Incl. Retail (mm tonnes)</b>	<b>37.43</b>	<b>41.70</b>	<b>11.4</b>
<b>Distribution (mm tonnes)</b>	<b>11.44</b>	<b>15.70</b>	<b>37.2</b>
<b>Wholesale (mm tonnes)</b>	<b>8.83</b>	<b>10.75</b>	<b>21.7</b>
<b>Annualized average throughput of self-operated stations (tonnes/station)</b>	<b>2,596</b>	<b>2,841</b>	<b>9.4</b>
	As of 31 Dec. 2009	As of 30 Jun. 2010	Change %
<b>Total number of service stations</b>	<b>29,698</b>	<b>29,950</b>	<b>0.8</b>
<b>Incl. Self-operated stations</b>	<b>29,055</b>	<b>29,357</b>	<b>1.0</b>
<b>Franchised stations</b>	<b>643</b>	<b>593</b>	<b>(7.8)</b>



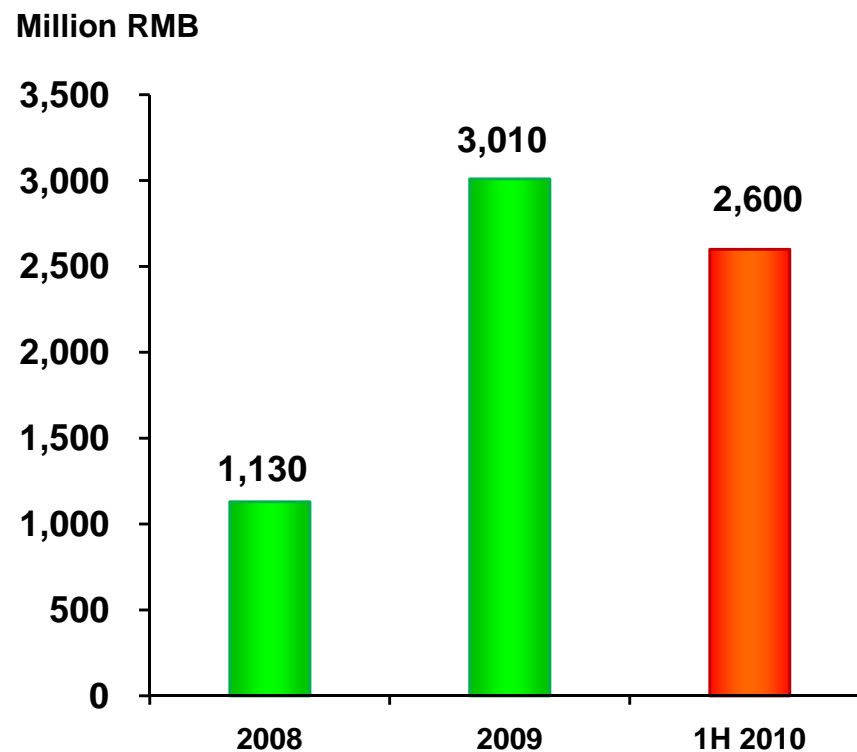
# Promoted Non-Fuel Business



## EASY JOY Store



## Turnover of Non-fuel Business

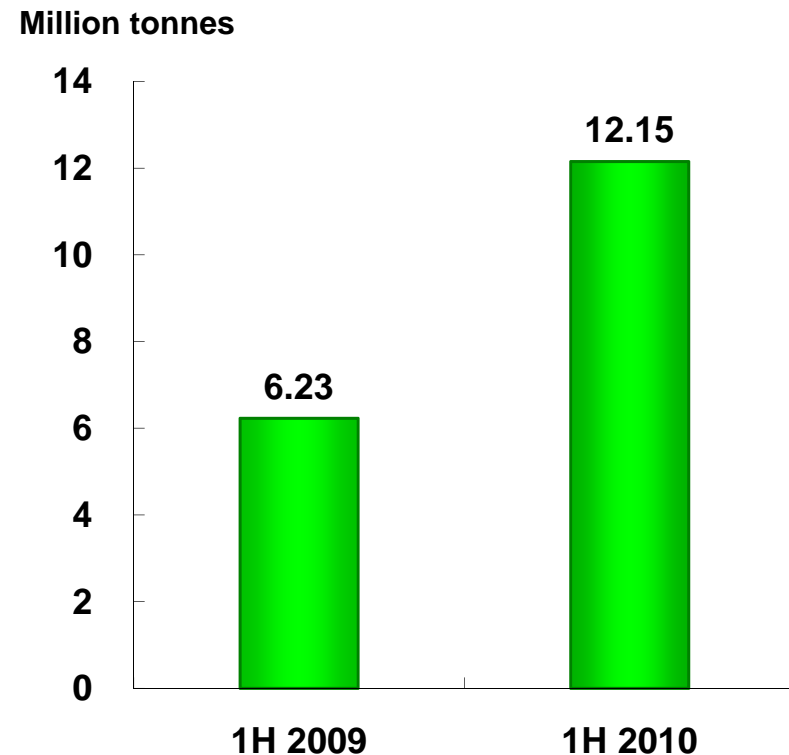




# Reform of Fuel Oil Business

- Fuel Oil Sales Company set up
- Integrated the value chain, consolidated fuel oil sales and enhanced market strength
- Leveraging franchise license of bonded bunker fuels to increase sales volume

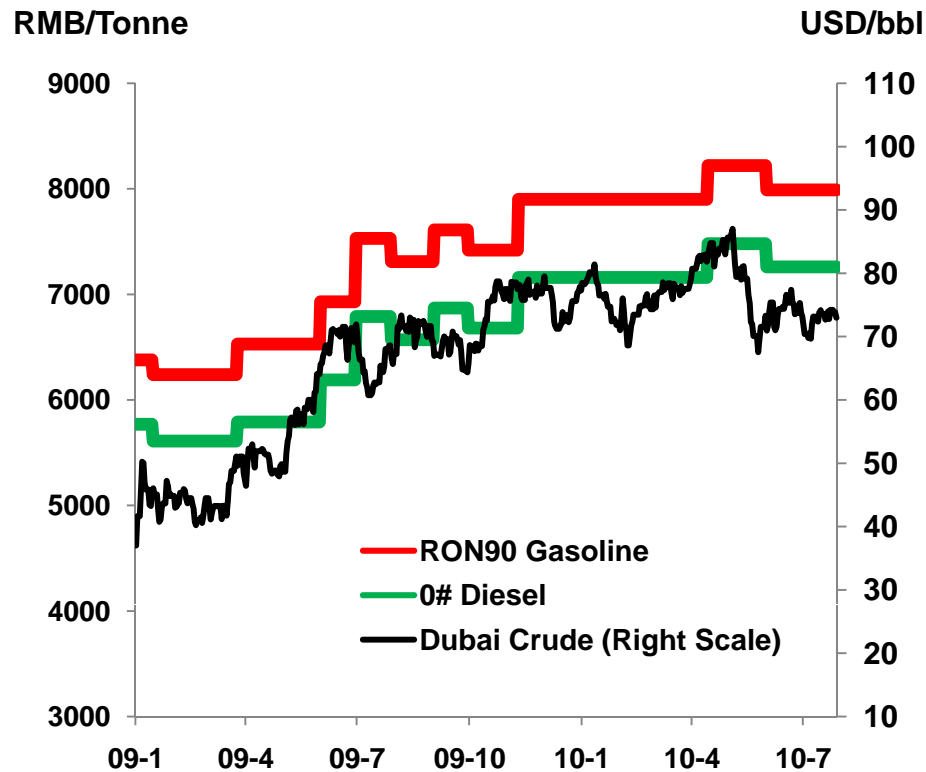
## Sales Volume of Fuel Oil



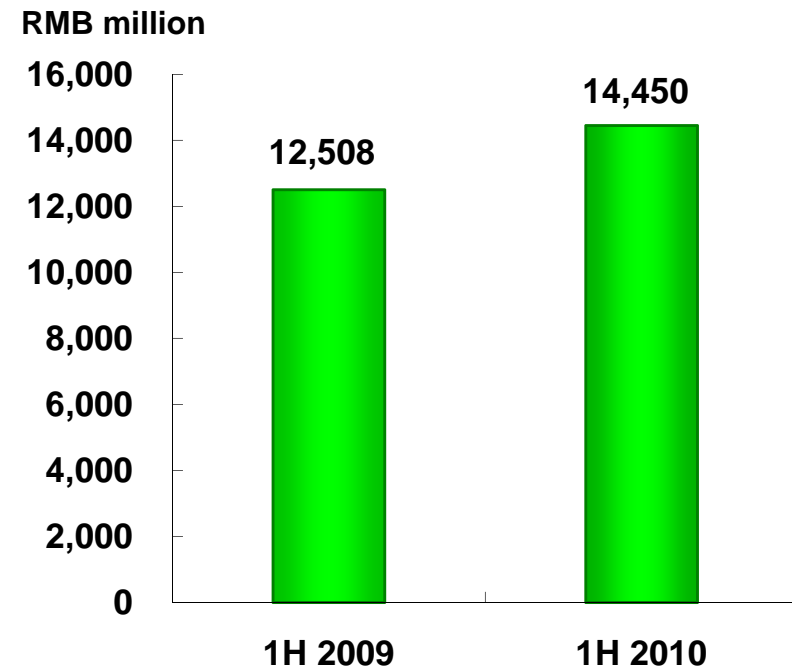


# Marketing Segment Performance

Maximum retail price of  
RON 90# gasoline and 0# diesel



EBIT of Marketing Segment



RMB/tonne	1H 2009	1H 2010
Marketing cash	164.28	159.93
operating cost		



## Chemicals – Operating Summary

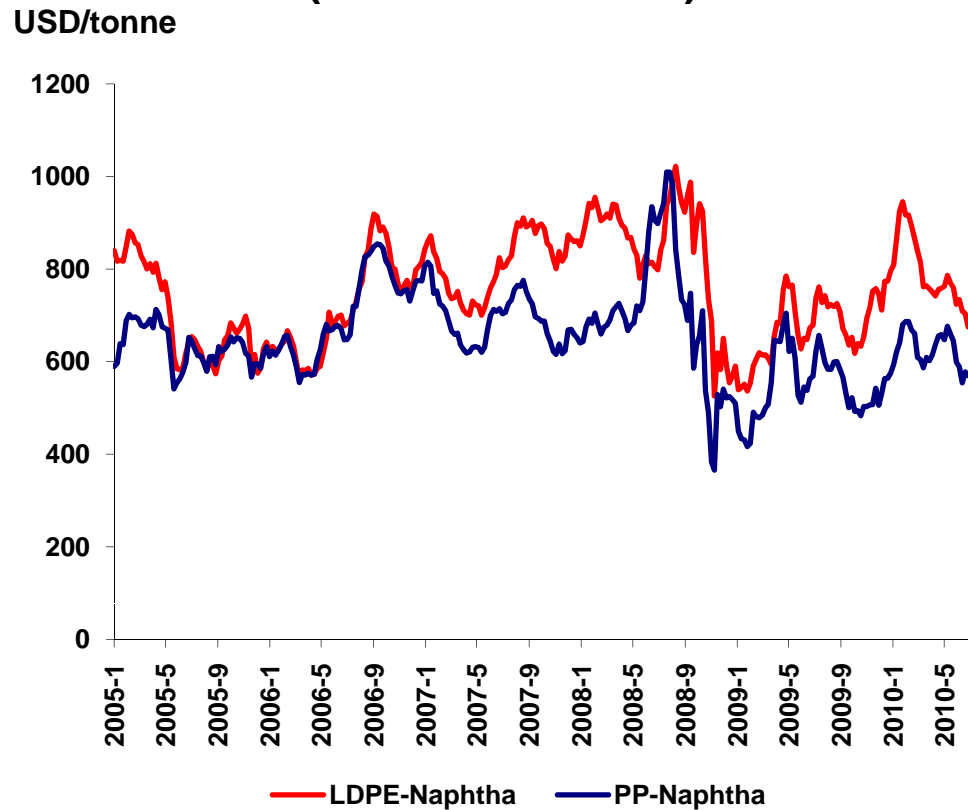
Production volume (1,000 tonnes)	1H 2009	1H 2010	Change %
Ethylene	2,973	4,202	41.3
Synthetic resin	4,738	6,088	28.5
Monomers & polymers for synthetic fiber	3,721	4,275	14.9
Synthetic fiber	629	676	7.5
Synthetic rubber	409	485	18.6
Urea	892	932	4.5

\* 100% production of joint ventures included.

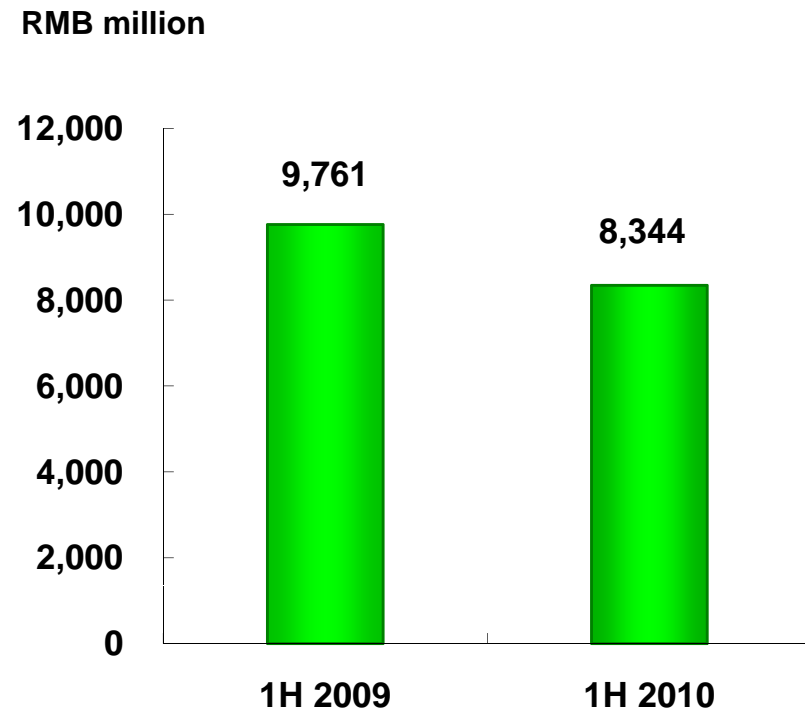


# Chemicals Segment Performance

## Chemicals Price Spread (2005 – Jul. 2010)



## EBIT of Chemicals Segment





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## 2H 2010 Outlook



## Market Environment for 2H 2010

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- **China's economy is expected to maintain its growth momentum**
- **State policies aiming at domestic demand expansion, economic restructuring and growth mode transformation to maintain effective growth**
- **International crude oil price is expected to trade within a range**
- **Domestic demand for oil products and chemicals is expected to grow steadily**



## 2H 2010 Operating Outlook

	2H 2010 E	FY 2010 E
Crude oil production (mm tonnes)	21.54	42.55
Natural gas production (bcm)	6.32	12.00
Refinery throughput (mm tonnes)	102.00	203.45
Total domestic sales of refined oil products (mm tonnes)	68.15	136.30
Ethylene production (mm tonnes)	4.60	8.80



## For Further Information

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<http://www.sinopec.com>

### Investor Inquiries

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)

New York : Tel: (212) 759 5085 Fax: (212) 759 6882  
Email: [fangzq@sinopecusa.com](mailto:fangzq@sinopecusa.com)

### Media Inquires

Tel: (8610) 59960028  
Fax: (8610) 59960386  
Email: [media@sinopec.com](mailto:media@sinopec.com)