

Press release
(For immediate release)



Sinopec Achieved Outstanding Results in 2021 Q1 Net Profit Reached RMB 18.5 Billion

(28 April 2021, Beijing, China) **China Petroleum & Chemical Corporation** (“Sinopec Corp.” or the “Company”) (HKEX: 00386; SSE: 600028; NYSE: SNP) today announced its unaudited first quarterly results for the three months ended 31 March 2021.

Financial Highlights

- In accordance with the IFRS, the Company’s operating income for the first quarter was RMB 576.982 billion, up by 4.1% year on year; the net profit attributable to shareholders of the Company was RMB 18.543 billion; the basic earnings per share were RMB 0.153.
- In accordance with the CASs, the net profit attributable to equity shareholders of the Company for the first quarter was RMB 17.929 billion; the basic earnings per share were RMB 0.148.
- Achieving a turnaround from loss to profit as compared with the same period in 2020, and better than that of the same period in 2019.
- In accordance with the IFRS, the Company had cash and cash equivalents (including time deposits) of RMB 198.086 billion as at 31 March 2021.

Operating Review

In the first quarter of 2021, the effects of global epidemic prevention and control have gradually emerged and China’s economy maintained recovery growth with gross domestic product (GDP) up by 18.3%. The spot price of Platt’s Brent for the first quarter averaged USD 60.9 per barrel, up by 21.2% year on year. The domestic demand for refined oil products recovered steadily and demand for natural gas and chemical products maintained rapid growth.

The company expedited to implement new development concepts and world-leading development strategies and implement the “One Foundation of energy and resources, Two wings of clean fuels and advanced chemicals and Three Growth Engines in new energy, new materials and new economy” industrial deployment pattern. To promote the efficiency and profitability of the whole industrial chain and comprehensively promote high-quality development, the Company actively responded to market changes and optimized production and operations arrangements and achieved good performance.

In accordance with IFRS, net profit attributable to equity shareholders of the Company was RMB 18.543 billion. In accordance with China Accounting Standards for Business Enterprises, net profit attributable to equity shareholders of the Company was RMB 17.929 billion, achieving a turnaround from loss to profit as compared with the same period in 2020, and better than that of the same period in 2019.

Exploration and Production: The Company continuously pressed ahead with high-efficiency exploration and profit-oriented development, accelerated systematic construction of natural gas production, supply, storage and marketing and achieved tangible results in maintaining oil production, increasing gas output and cutting cost. In exploration, we continued to strengthen risk exploration in strategic areas, oil and gas rich zones and shale resources, which led to significant breakthrough of oil and gas explorations in Shunbei, Sichuan basin and etc. In crude oil development, we efficiently proceeded with the capacity building of Shunbei, west rim of Jungar oilfields and other oilfields and strengthened fine development in mature fields and intensified EOR technology application to consolidate the basis for steady production. In natural gas development, we constantly pushed forward capacity building in West Sichuan, Weirong and Dongsheng gas fields and expanded the market and sales with the sales volume for the first quarter up by 37% year on year. In the first quarter, the Company's production of oil and gas reached 117.03 million barrels of oil equivalent, up by 4.2% year on year, with natural gas production reaching 291.60 billion cubic feet, up by 16.8% year on year. The exploration and production segment realised earnings before interest and taxes (EBIT) of RMB 3.072 billion in the first quarter, up by 54.1%.

Exploration and Production	Unit	Three-month period ended		Changes (%)
		31 March		
		2021	20209	
Oil and gas production	million barrels	117.03	112.28	4.2
Crude oil production	million barrels	68.41	70.65	(3.2)
China	million barrels	61.23	62.11	(1.4)
Overseas	million barrels	7.18	8.54	(15.9)
Natural gas production	billion cubic feet	291.60	249.68	16.8
Realised crude oil price	USD/barrel	54.89	49.15	11.7
Realised natural gas price	USD/thousand cubic feet	7.07	6.43	10.0

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, 1 cubic meter = 35.31 cubic feet.

Refining: The Company brought the advantages of integrated refining and marketing into full play, actively responded to market change, optimized production operation and kept stable operation and high utilization rate with a significant increase of crude oil throughput. With a market oriented approach, we intensified product slate adjustment and increased output of marketable and high-profit products such as gasoline, jet-fuel, light chemical feedstock, asphalt, lubricants and etc. We optimized crude oil resources allocation and coordinated the whole process management of crude oil supply to lower procurement cost and also increased production of low-sulfur bunker fuel with an output of first quarter up by 187% and market share improving continuously. In the first quarter, the Company processed 62.52 million tonnes of crude oil, up by 16.3%. The refining segment realised EBIT of RMB 19.885 billion, achieving a turnaround from loss to profit as compared with the same period in 2020, and also better than that of the same period in 2019.

Refining	Unit	Three-month period ended 31 March		Changes (%)
		2021	2020	
Refinery throughput	million tonnes	62.52	53.74	16.3
Gasoline, diesel and kerosene production	million tonnes	35.70	33.00	8.2
Gasoline	million tonnes	16.37	13.02	25.7
Diesel	million tonnes	14.34	14.19	1.1
Kerosene	million tonnes	4.99	5.79	(13.8)
Light chemical feedstock	million tonnes	11.60	9.84	17.9
Light product yield	%	74.22	75.31	(1.09) percentage points
Refining yield	%	95.26	94.64	0.62 percentage points

Note Including 100% production of domestic joint ventures.

Marketing and Distribution: The Company brought the advantages of marketing network into full play, continuously improved marketing strategy and expanded market and increased sales with a significant increase of sales volume of refined oil products. With focus on customer needs, we vigorously adopted a differentiated marketing strategy to continuously improve retail volume. We constantly optimized the network layout to reach end users, and improved the network integrity, stability and competitiveness. We deepened non-fuel business reform and improved membership system. New model of “internet+service station+convenience store+third party operation” was promoted and more hydrogen stations were constructed with conventional service stations or alone to establish a new model of comprehensive energy supply and services, providing refined oil products, gas, hydrogen, power and services. In the first quarter, domestic sales volume of refined oil products was 40.03 million tonnes. The marketing and distribution segment realised EBIT of RMB 8.550 billion, achieving a turnaround from loss to profit as compared with the same period in 2020, and also better than that of same period in 2019.

Marketing and Distribution	Unit	Three-month period ended 31 March		Changes (%)
		2021	2020	
Total sales volume of refined oil products	million tonnes	51.93	48.61	6.8
Total domestic sales of refined oil products	million tonnes	40.03	32.48	23.2
Retail	million tonnes	27.15	21.83	24.4
Direct sales & Distribution	million tonnes	12.88	10.65	20.9
Throughput per station	tonnes	3,536	2,844	24.3

Note: The total sales volume of refined oil products includes the amount of trading volume

Chemicals: The company strengthened research on market needs, dynamically optimized facilities and product chain, optimized maintenance schedule, and realised an optimal operation of producing units and utilization rate. We integrated production with marketing, further fine-tuned chemical feedstock mix and product slate, increased production of acrylonitrile, BDO and other high profitable products, and continuously increased the ratio of high value-added and high-end products with the ratio of high value-added products of synthetic fiber reaching 33.6%, up by 0.6 percentage point, the ratio of high value-added products of synthetic rubber reaching 35.5%, up by 5.2 percentage points and the ratio of high value-added products of synthetic resin reaching 67.8%, up by 1.7 percentage points. We innovated marketing model, deepened fine marketing strategy, targeted our tailored service, and further expanded the market with a significant increase in sales volume of major chemical products. In the first quarter, the ethylene production was 3.380 million tonnes, up by 11.7% year on year, and the total chemical sales volume was 19.84 million tonnes, up by 10.53%. The chemicals segment realised EBIT of RMB 8.933 billion, achieving a turnaround from loss to profit as compared with the same period of 2020, and also better than that of the same period of 2019.

Chemicals	Unit	Three-month period ended 31 March		Changes (%)
		2021	2020	
Ethylene	thousand tonnes	3,380	3,026	11.7
Synthetic resin	thousand tonnes	4,787	4,293	11.5
Synthetic rubber	thousand tonnes	322	256	25.8
Monomers and polymers for synthetic fibre	thousand tonnes	2,343	2,333	0.4
Synthetic fibre	thousand tonnes	351	266	32.0

Note: Including 100% production of domestic joint ventures.

Capital expenditure: In the first quarter, focusing on quality and profitability of investment, the Company continuously optimized investment projects, with total capital expenditures of RMB 23.0 billion. Capital expenditure for the exploration and production segment was RMB 9.0 billion, mainly for Fuling and Weirong natural gas capacity building projects, Shunbei, Jiyang crude oil capacity building projects and phase II of Tianjin LNG project and phase II of Shangdong LNG project. Capital expenditure for the refining segment was RMB 7.6 billion, mainly for structural adjustment of Anqing project as well as the expansion of Zhenhai. Capital expenditure for the marketing and distribution segment was RMB 2.9 billion, mainly for construction of service stations, gas stations, comprehensive energy supply stations, refined oil products depots and non-fuel businesses. Capital expenditure for the chemicals segment was RMB 1.8 billion, mainly for construction of Zhenhai, Tianjin, Amur ethylene projects and Shanghai large-tow carbon fiber and Yizheng PTA projects. Capital expenditure for corporate and others was RMB 1.7 billion, mainly for R&D facilities and information technology projects.

Appendix: Principal financial data and indicators

Principal financial data and indicators prepared in accordance with CASs

Units: RMB million

Items	As of 31 March 2021	As of 31 December 2020	Changes from the end of the preceding year to the end of the reporting period (%)
Total assets	1,802,144	1,733,805	3.9
Total equity attributable to equity shareholders of the Company	764,675	742,463	3.0

Units: RMB million

Items	Three months ended 31 March		Changes over the same period of the preceding year (%)
	2021	2020 (adjusted)	
Net cash flow from operating activities	(15,578)	(67,970)	-
Operating income	576,982	554,482	4.1
Net profit / (loss) attributable to equity shareholders of the Company	17,929	(19,866)	-
Net profit / (loss) attributable to equity shareholders of the Company excluding extraordinary gains and losses	17,674	(20,440)	-
Weighted average return on net assets (%)	2.38	(2.73)	5.11 percentage points
Basic earnings per share (RMB)	0.148	(0.164)	-
Diluted earnings per share (RMB)	0.148	(0.164)	-

Note: The Company has completed the formation of Sinopec Baling Petrochemical Co. Ltd in 2020. The transaction described above has been accounted as business combination under common control, thus, the Company retroactively adjusted the relevant financial data of the first quarter of 2020.

Extraordinary gain/loss items	During the reporting period
	(gains)/loss (RMB million)
Net gain on disposal of non-current assets	(164)
Donations	2
Government grants	(636)
Gains on holding and disposal of various investments	(108)
Other extraordinary income and expenses, net	458
Subtotal	(448)
Tax effect	134
Total	(314)
Attributable to:	
Equity shareholders of the Company	(255)
Minority interests	(59)

Principal financial data and indicators prepared in accordance with IFRS

Units: RMB million

Items	As of 31 March 2021	As of 31 December 2020	Changes from the end of the preceding year to the end of the reporting period (%)
Total assets	1,802,144	1,733,805	3.9
Total equity attributable to shareholders of the Company	763,717	741,494	3.0

Units: RMB million

Items	Three months ended 31 March		Changes over the same period of the preceding year (%)
	2021	2020 (adjusted)	
Net cash generated from operating activities	(15,578)	(67,970)	-
Operating profit / (loss)	28,701	(26,433)	-
Net profit / (loss) attributable to shareholders of the Company	18,543	(19,229)	-
Basic earnings per share (RMB)	0.153	(0.159)	-
Diluted earnings per share (RMB)	0.153	(0.159)	-
Return on net assets (%)	2.43	(2.70)	5.13 percentage points

Note: The Company has completed the formation of Sinopec Baling Petrochemical Co. Ltd in 2020. The transaction described above has been accounted as business combination under common control, thus, the Company retroactively adjusted the relevant financial data of the first quarter of 2020.

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.

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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