



2019 Annual Results Briefing

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1

Financial Highlights



RMB Million

| | 2019 | 2018 | Change |
|--|---------|---------|---------|
| Revenue | 100,270 | 107,689 | -6.89% |
| Gross Profit | 1,588 | 5,775 | -72.50% |
| Profit Before Taxation | 2,656 | 6,808 | -60.99% |
| Net Profit Attributable to Equity Shareholders | 2,216 | 5,336 | -58.47% |
| EPS (RMB) | 0.205 | 0.493 | -58.42% |



RMB Million

| | Dec 31, 2019 | Dec 31, 2018 | Change |
|---------------------------------|--------------|--------------|----------|
| Total Assets | 45,494 | 44,386 | 2.50% |
| Total Liabilities | 15,500 | 13,923 | 11.33% |
| Shareholders' Equity | 29,863 | 30,346 | -1.59% |
| Net Asset Value Per Share (RMB) | 2.759 | 2.804 | -1.60% |
| Liabilities/Total Assets | 34.07% | 31.37% | 2.70 pt. |



2

Business Review





Strengthening Safety and Environmental Protection to Ensure Smooth Operation of the Devices

Accelerated development and pushed forward the scientific R&D and informatization



Further optimized operation and improved the ability to increase efficiency

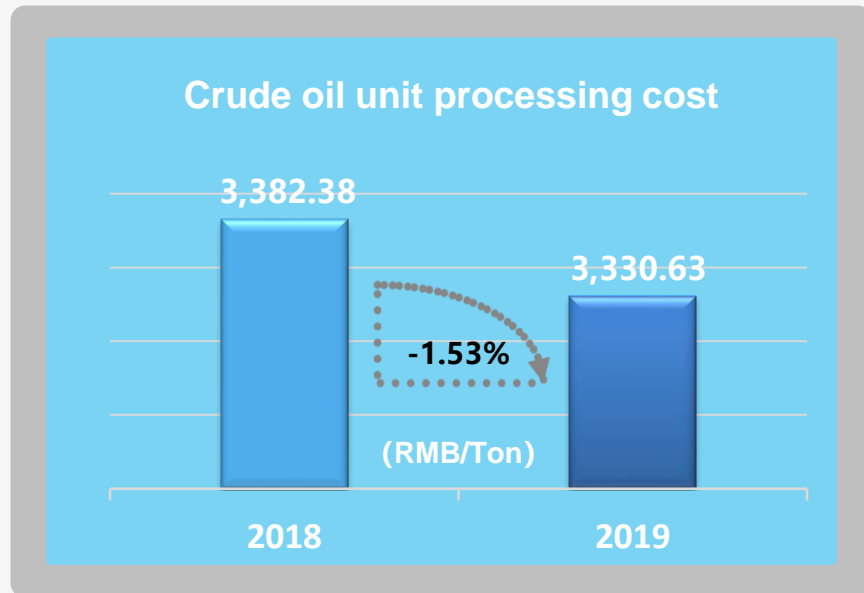
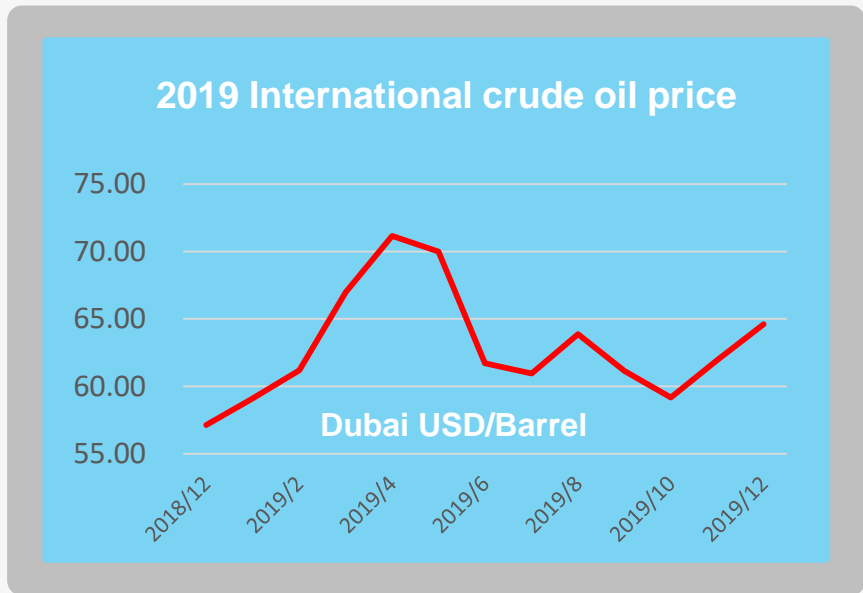
Continued to deepen energy conservation and emission reduction

Reinforced corporate management and overcame difficulties in reform



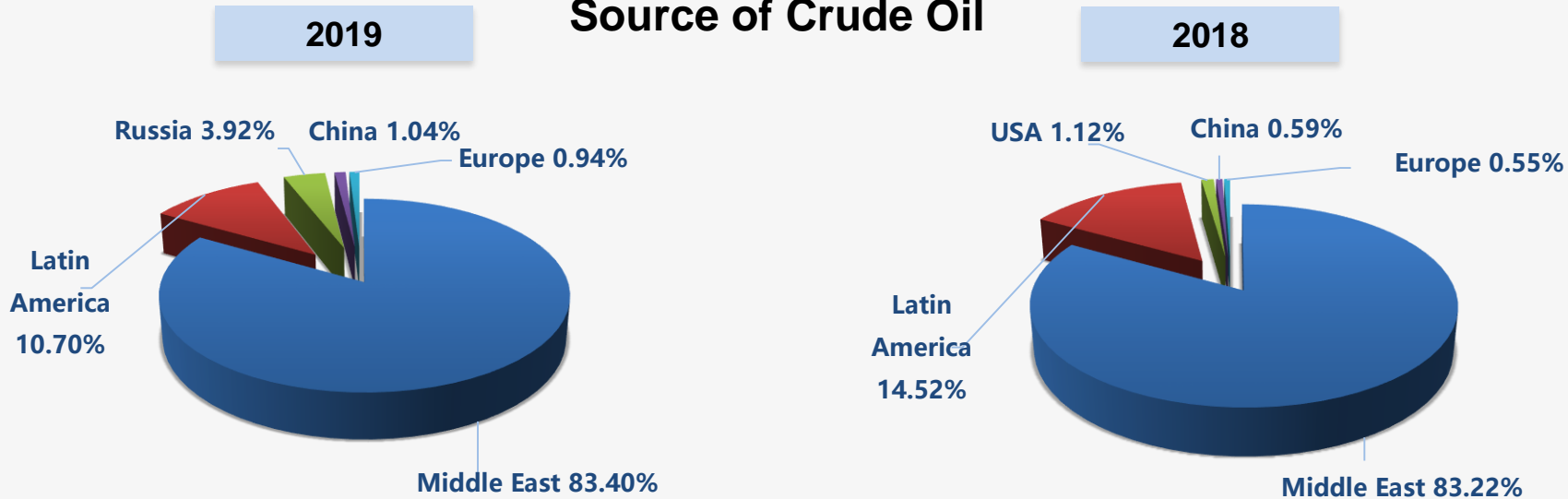


Processing Cost





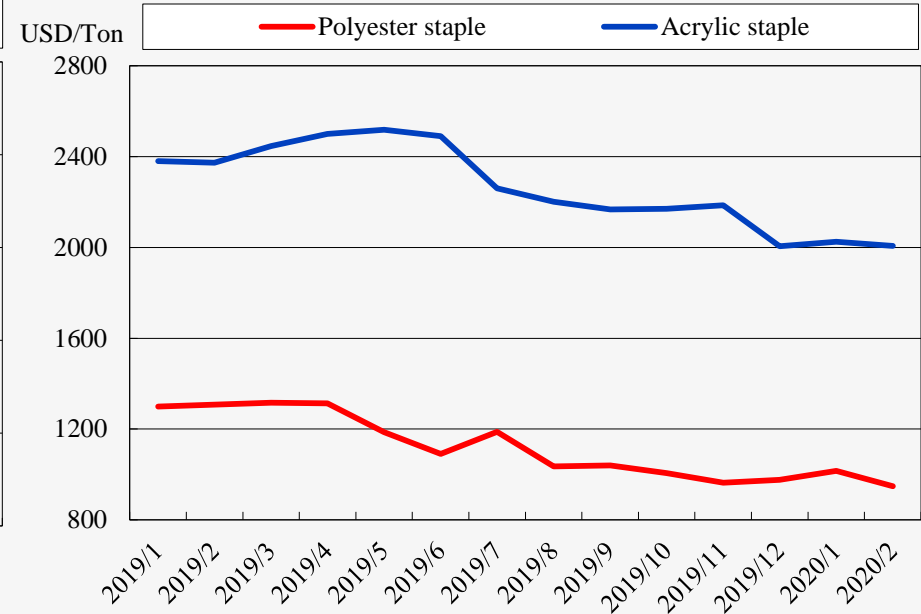
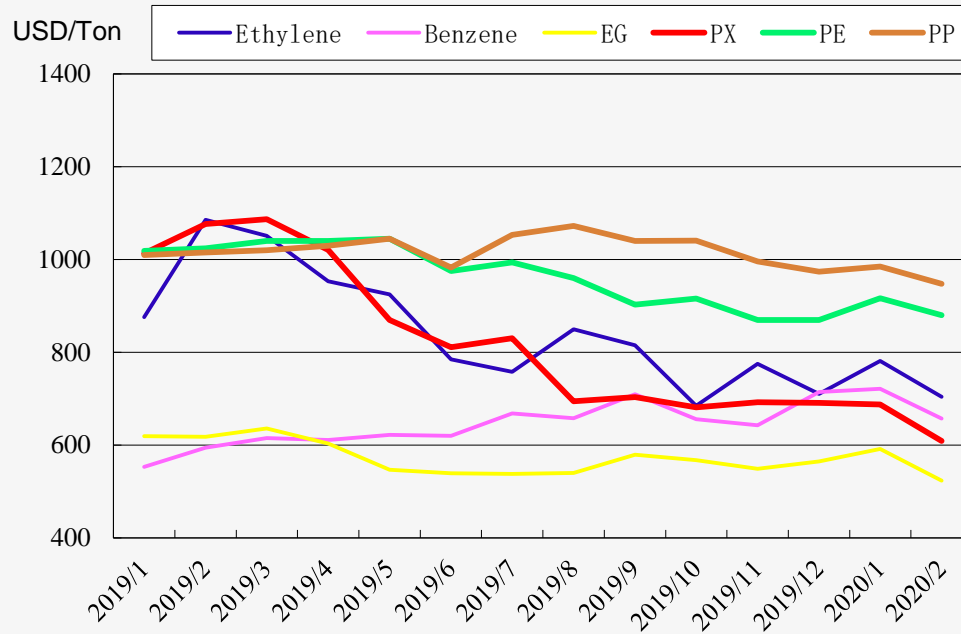
Source of Crude Oil



| | Middle East | Latin America | Russia | China | Europe | USA |
|------|-------------|---------------|--------|-------|--------|-------|
| 2019 | 83.40% | 10.7% | 3.92% | 1.04% | 0.94% | - |
| 2018 | 83.22% | 14.52% | - | 0.59% | 0.55% | 1.12% |

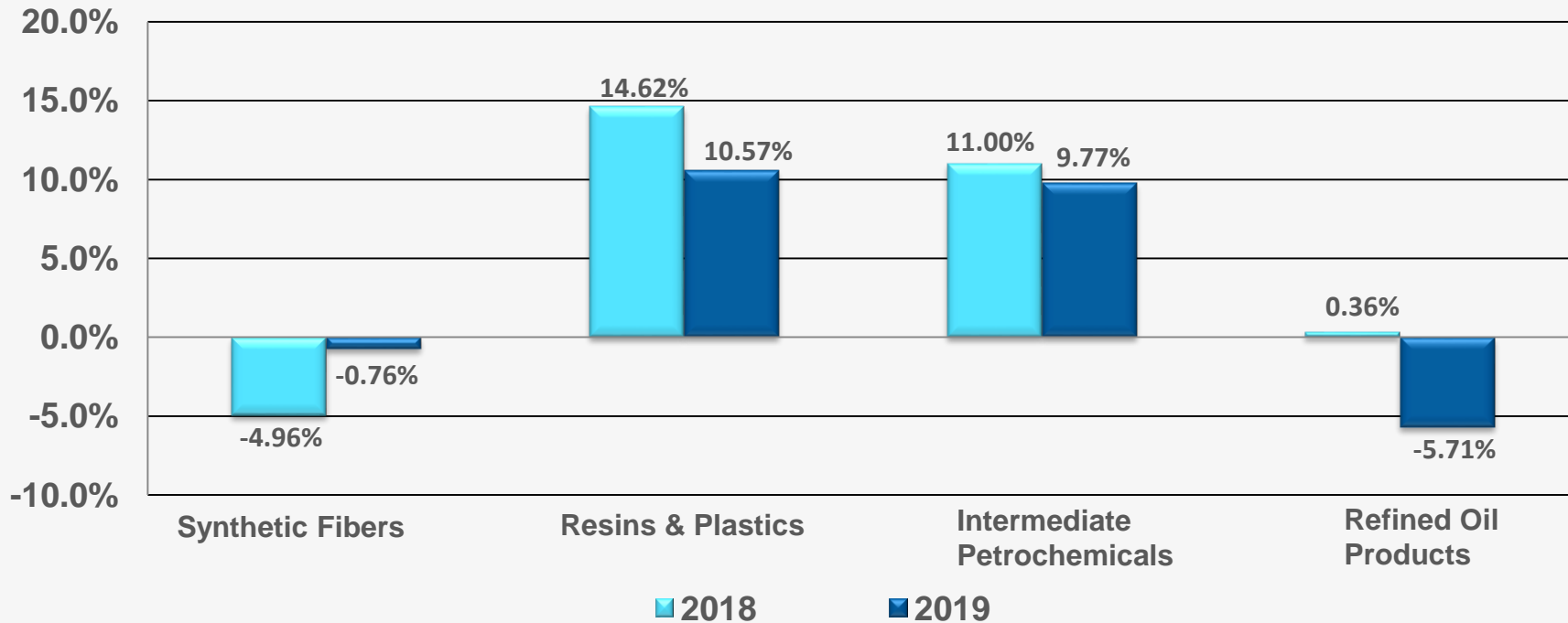


Chemical Price Tendency in Asia Market



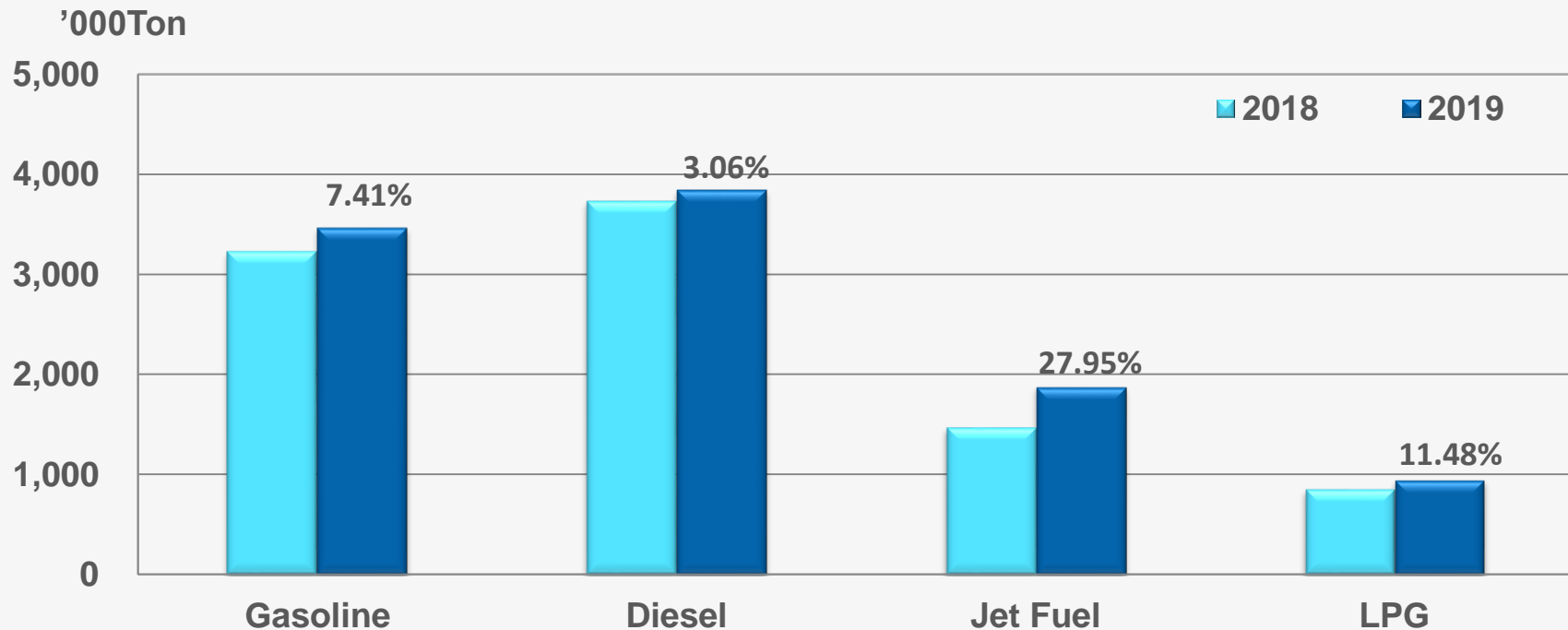


Domestic Demand Growth



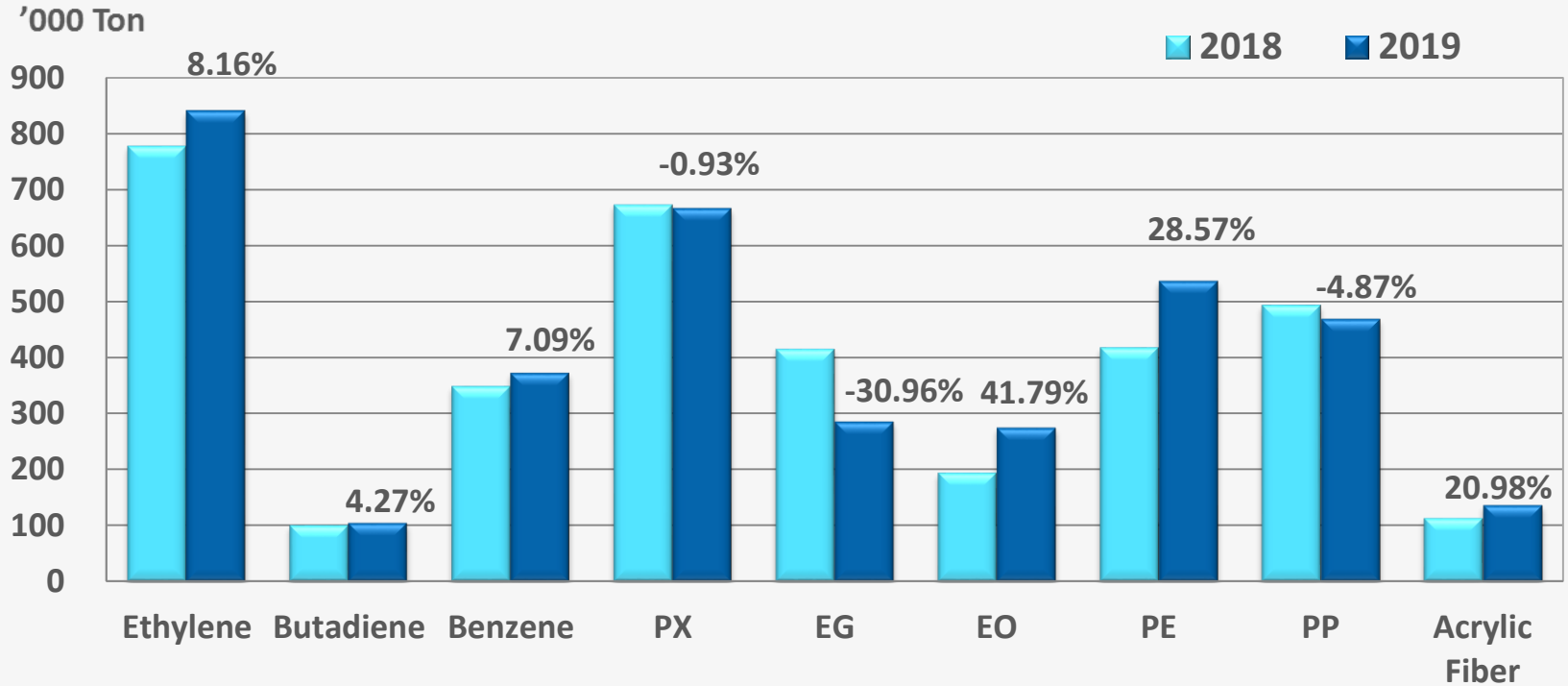


Changes in Refined Oil Products Output



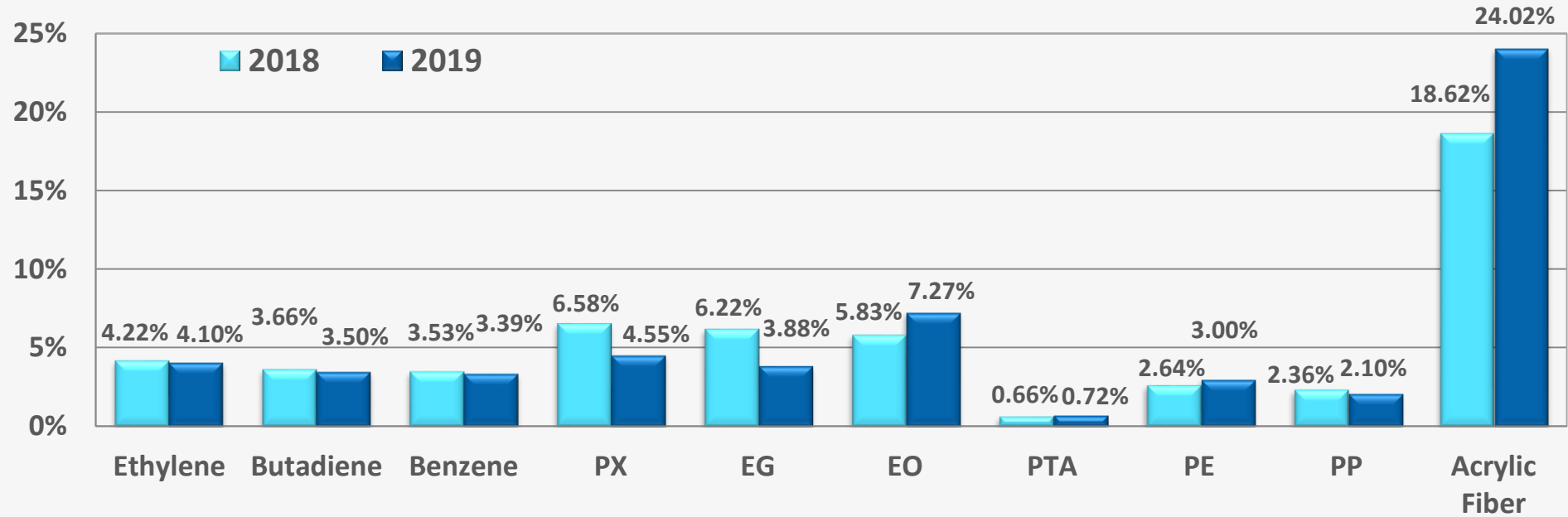


Changes in Major Petrochemicals Output





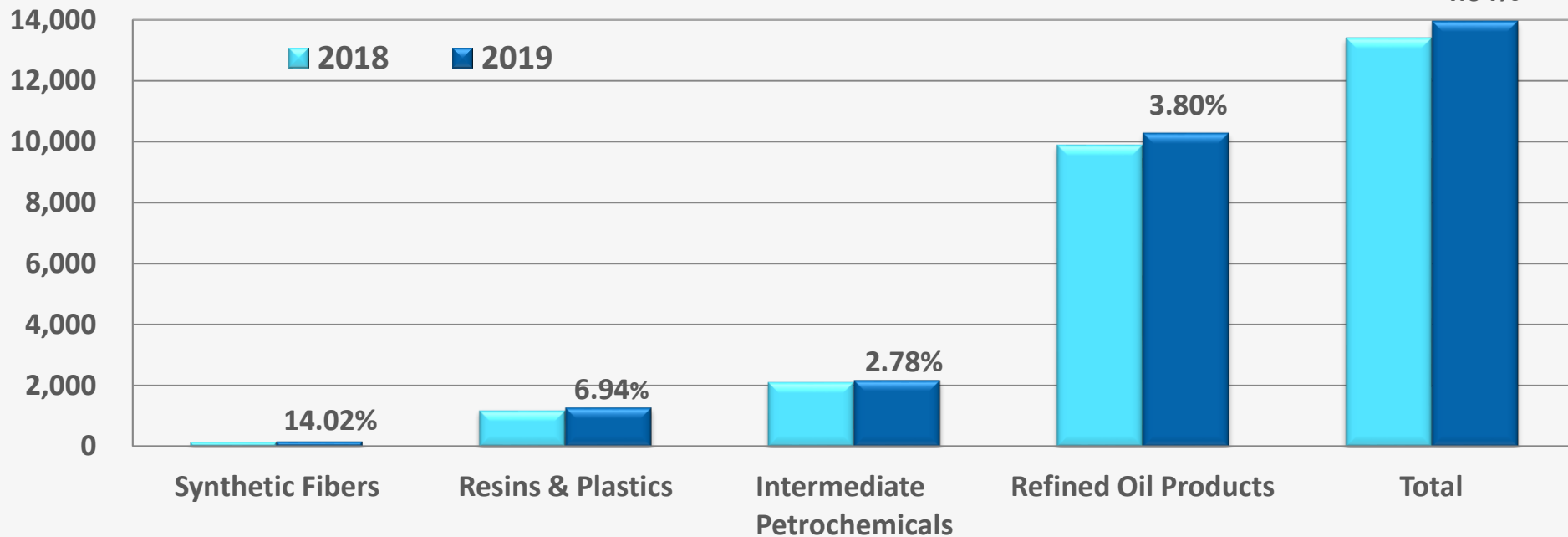
Domestic Output Shares of the Petrochemicals





Changes in Sales Volumes

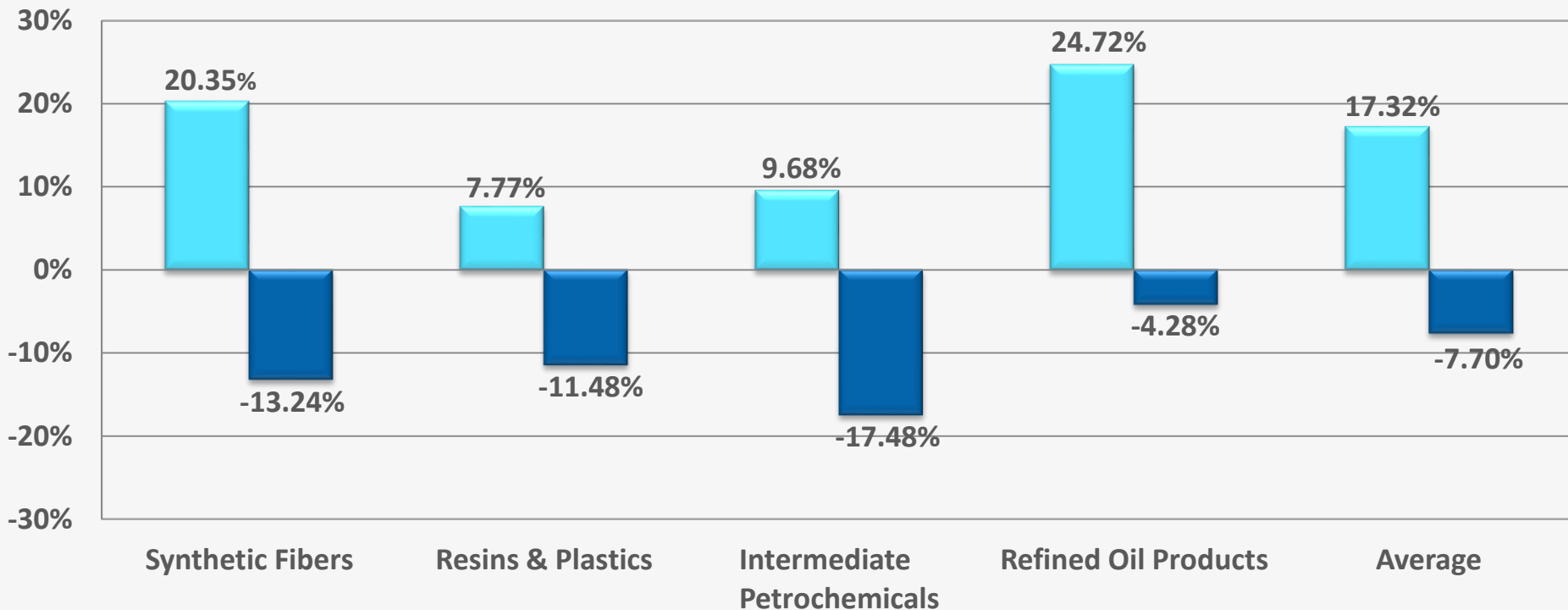
'000 Ton





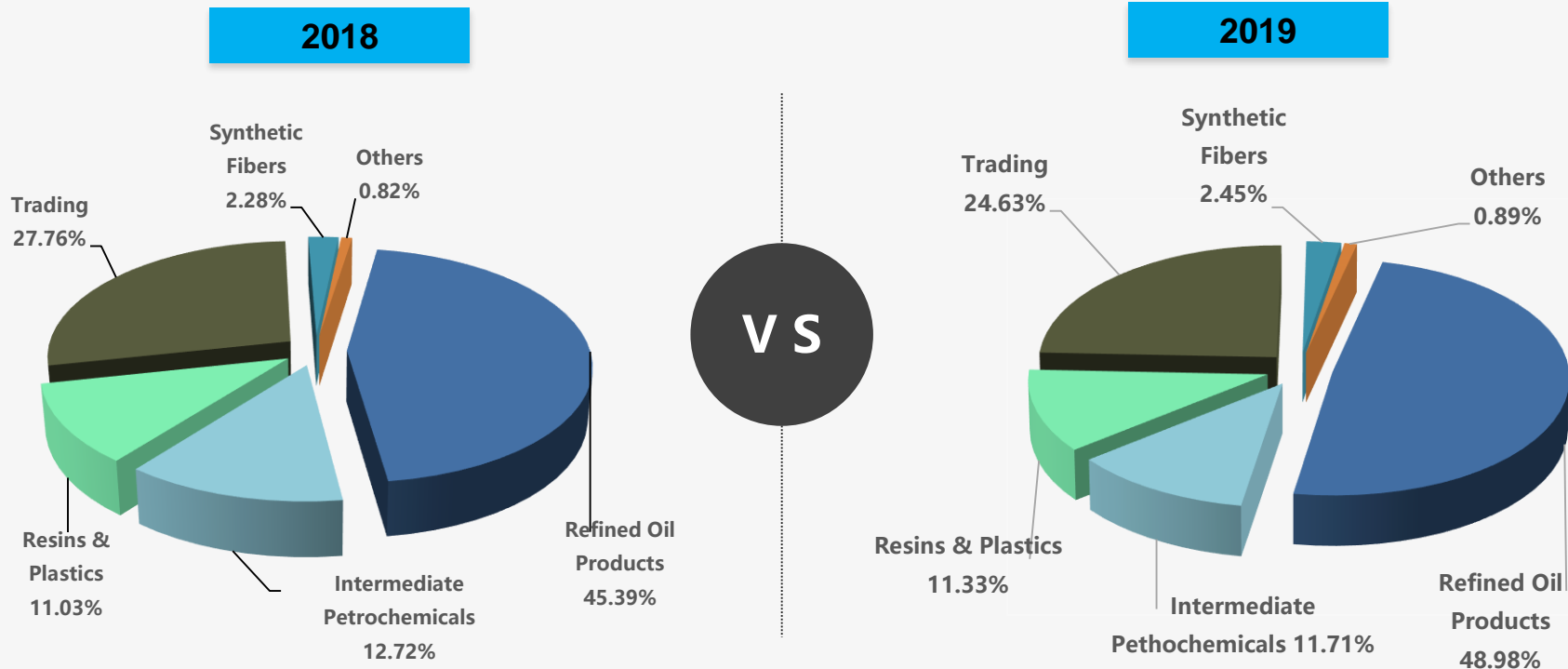
Changes in Average Product Prices

2018 2019



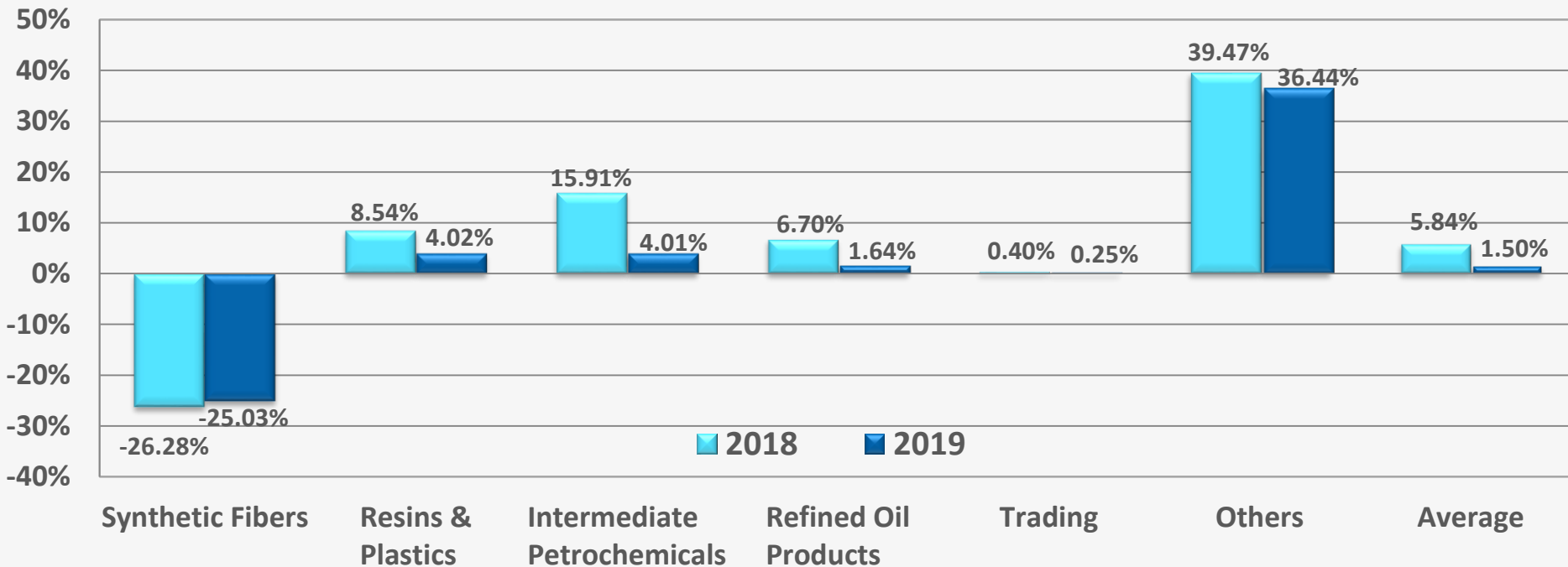


Net Sales Structure





Profit Margin by Sector





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Capital Expenditure



Capital Expenditure in 2019: RMB 1,820 Million

| Major Projects | Annual Investment (RMB Million) | Status |
|--|------------------------------------|---|
| Oil cleaning project 400,000 tons/year clean gasoline components units | 420 | Under construction, started from July, 2019 |
| Equity Investment in the sales and distribution of power companies | 320 | Finished in 2019 |
| PAN (Polyacrylonitrile)-based carbon fiber project with annual production capacity of 1,500 tons (2 nd Stage) | 210 | Under construction, started from April, 2019 |
| Function reconstruction of emergency shut (off) valve (ESV) in the tank field of the Storage and Transportation Department | 54 | Under construction, started from Oct., 2019 |
| Technological update project of bunker fuel oil | 38 | Start construction in July, 2019, pre-commission in October, already in use |
| Separation improvement of waste and clear water project in tank field of Storage and Transportation Department | 38 | Under construction, started from May, 2019 |
| Other projects | 740 | |



Capital Expenditure Plan in 2020: RMB 1,500 Million

| Major Projects | Capital Expenditure (RMB Million) | Plan |
|--|-----------------------------------|---|
| Oil cleaning project 400,000 ton/year clean gasoline components units | 300 | Under construction, to be completed in 2020 |
| PAN-based carbon fiber project with annual production capacity of 1,500 tons (2 nd stage) | 100 | Unfinished |
| Low temperature heat utilization in Aromatic Division project (1 st stage) | 70 | Equipment procurement in 2020 |
| Adsorption column modification of 2# Adsorption separation device in Aromatic Division | 60 | Equipment procurement in 2020 |
| The third loop of 220kV power supply line engineering | 50 | Start to construct in 2020 |
| 24,000 tons/year precursor , 12,000 tons/year 48K large tow carbon fibre project | 50 | Start to construct at the end of 2020 |
| 2 × CC100 steam turbine efficiency increasing program of thermal power department | 50 | Equipment procurement in 2020 |
| Other projects | 820 | |



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Future Outlook



Macro-environment Outlook for 2020

Industry

- In general, the world oil market fundamentals are none the less facing surplus; factors like geopolitical issues, Sino-US trading relationship's future trend, Brexit, American coming presidential election will all have significant influence on international oil price; Saudi Arabia's claim of its discounted oil supply surge triggered huge reduce in oil price too. It is predicted that international oil price will be entirely under descending pressure in 2020.

China

- China's economic operation is still confronted with challenges as well as increased external uncertainty. Though under downward pressure, the domestic economy's stable and long developing tendency will not change. The government will further deepen the economic system reform and actively promote high quality development. It is expected that China's economy will coherently perform within an appropriate range.

World

- The world economy continues its recovery momentum at present, and with the large-scale outbreak of the COVID-19 pandemic, the downward pressure of the world economy increases ulteriorly. Trade and investment protectionism is intensifying, monetary policies of major countries are tightening, international policy coordination is becoming more difficult, and the risk of global economic adjustment is increasing.



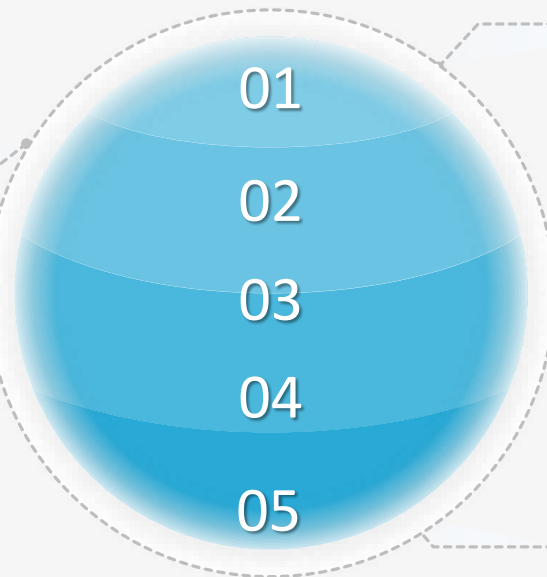
Business Plans



Maintain smooth operation of the producing devices



Improve systematic optimization level, dig into cost decreasing and efficiency increasing potentials



Improve safety and environmental protection level



Accelerate industrial restructuring, promote core technological tackling



Further strengthen enterprise management, promote management system reform



| Output of major products | Plan of 2020('000 Tons) | Actual in 2019 ('000 Tons) |
|---------------------------------|--------------------------|-----------------------------|
| Crude oil processing | 15,300 | 15,200 |
| Gasoline | 3,500 | 3,470 |
| Diesel | 3,870 | 3,850 |
| Jet fuel | 1,900 | 1,880 |
| Ethylene | 820 | 840 |
| Polyolefins | 900 | 850 |
| Synthetic fiber monomers | 650 | 610 |
| Synthetic fiber polymers | 440 | 370 |
| Synthetic fibers | 200 | 180 |
| Power generation (billion kw-h) | 235 | 240 |



Thank You!



SINOPEC SHANGHAI PETROCHEMICAL COMPANY LIMITED