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Asia Energy

2026 Global China Summit: \$20/bbl upside per month of Hormuz delay? AI driving electronic materials demand boost

We hosted our annual J.P. Morgan Global China Summit in Shanghai in late-May, meeting with investors and 30+ industry leaders across the China oil, gas, chemical, and battery ecosystem. Positioning within the energy space has come down from the March peak and investor discussion has shifted to (1) supply chain impact across the value chain on physical material shortages; (2) the path to Hormuz reopening/ what happens if it doesn't reopen; and (3) mid-LT implications on renewables, with multiple battery companies revising up ESS guidance. Going into 2H, we prefer diversified Chems that benefit structurally from AI and renewables adoption like Nan Ya Plastics, Sinocera and LG Chem. Petrochina remains our top upstream energy pick given strong dividend yield and China gas security benefits. We are N-rated on Sinopec/Hengli/Rongsheng.

- Upstream: \$90-120/bbl Brent through year end:** Hormuz disruption is no longer a short-lived “risk premium” event but a physical market-clearing shock, with >500mn bbl of inventory draw and now entering a critical level. We continue to prefer upstream exposure (PTR) over downstream refining/chems (SNP, Hengli) on “higher for longer” oil prices, with JPM’s house view underpinning ~\$100/bbl Brent through YE-26 (vs. 4Q26 forward curve at \$86/bbl) and upside risk from delayed reopening (+\$20/bbl to 2027 forecast for every month of delay beyond June, assuming no further demand destruction or US supply response).
- Chems: ECC/electronic materials the bright spot.** Within commodity chems, ECC is the bright spot, with Asian margins surging 5x since Feb on feedstock cost advantage, driven by the 6% decline in US ethane price (linked to shale gas) post conflict vs. oil-linked Asia naphtha +>40%. This mirrors positive commentary from Satellite Chemical on 2Q NP potentially doubling q/q - a positive readthrough to **Petrochina** - as the company operates 1.4mtpa ECC with self-produced feedstock. **Shandong Sinocera** outlined a bullish outlook on its MLCC powder business, citing dual earnings tailwinds on volume (targeting +10% in FY26) and product mix improvement (AI/high-end product ASP >40% higher vs. legacy). Shandong Sinocera is the #2 largest MLCC powder producer globally, with key customers including SEMCO, Yageo, and CTC ([JPM note](#)).
- Why is China increasing chem exports when there is a fuel shortage?** As we have [written](#), China remains one of the most well-supplied countries in Asia, with large stockpiles of oil and gas in 2025 and multiple production paths via coal and ethane for chemicals - not just relying on oil-based chemical production. As such, China saw net imports of PE/PX fall in March-April, while net exports of PP, MEG, NBL, MDI/TDI, PVC rose (Figure 11 - Figure 12). PE/PP production also decreased 14%/13% m/m. Apparent demand for PE/PP fell by 30%/23% y/y in April, potentially reflecting some demand destruction from higher prices (Figure 9). We also note stronger than usual exports in March for PVC likely caused by VAT export rebate cancelation, and

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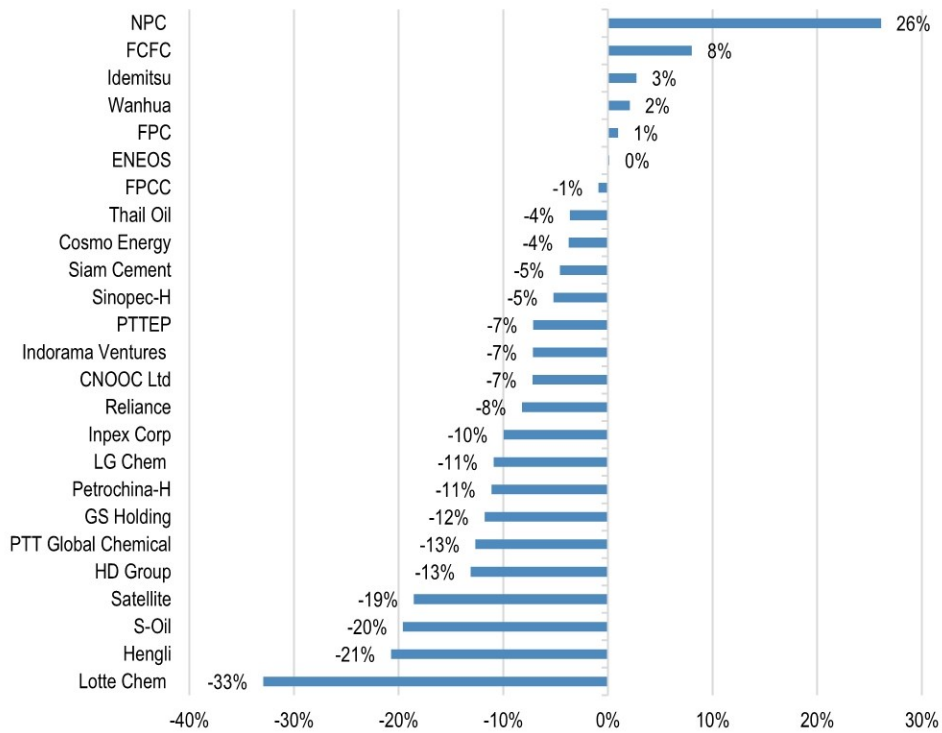
J.P. Morgan Securities (China) Company Limited



See page 29 for analyst certification and important disclosures, including non-US analyst dis

April exports have largely normalized.

Figure 1: Asia Energy - 1M share performance for selected stocks



Source: Bloomberg Finance L.P., J.P. Morgan Asia Energy Research

Equity Ratings and Price Targets

| Company | Ticker | Mkt Cap (\$ mn) | Price CCY | Price | Rating | | Price Target | | | |
|--------------------------|-----------|--------------------|--------------|-------|--------|------|--------------|----------|-------|----------|
| | | | | | Cur | Prev | Cur | End Date | Prev | End Date |
| Sinopec Corp - H | 386 HK | 66,856 | HKD | 4.37 | N | n/c | 4.80 | Dec-26 | 5.00 | n/c |
| Sinopec Corp - A | 600028 CH | 86,157 | CNY | 4.86 | N | n/c | 5.70 | Dec-26 | 6.50 | n/c |
| Hengli Petrochemical - A | 600346 CH | 18,224 | CNY | 17.51 | N | n/c | 20.50 | Dec-26 | 25.00 | n/c |

Source: Company data, Bloomberg Finance L.P., J.P. Morgan estimates. n/c = no change. All prices as of 03 Jun 26.

Adj. EPS Estimate Changes

| Company | BBG Ticker | FY26E | | | FY27E | | |
|--------------------------|------------|-------|------|---------|-------|------|---------|
| | | Prev | Cur | Δ | Prev | Cur | Δ |
| Sinopec Corp - H | 386 HK | 0.33 | 0.32 | (3.32%) | 0.45 | 0.43 | (3.52%) |
| Sinopec Corp - A | 600028 CH | 0.33 | 0.32 | (3.32%) | 0.45 | 0.43 | (3.52%) |
| Hengli Petrochemical - A | 600346 CH | 1.42 | 1.35 | (5%) | 1.49 | 1.49 | - |

Source: Bloomberg Finance L.P., J.P. Morgan estimates.

2026 JPM Global China Summit Takeaways

Upstream O&G

- 2027 Brent forecast +\$20/bbl for every additional month of SoH closure.** During our plenary session, JPM Head of Commodities Strategy Natasha Kaneva noted that the closure of the Strait of Hormuz (SoH) is an unprecedented event through the past 10+ centuries of documented history. Disruption is no longer a short-lived “risk premium” event but a physical oil market shock: ~20% of global oil/LNG flows transit SoH, ~14% of global oil supply is effectively cut off, inventories have already drawn >500mn bbl and are now entering critical levels. Current market expectations are for Brent to fall to \$85/bbl once SoH reopens with YE2026 at \$75/bbl, while we forecast a more bullish view of Brent trending at ~\$100/bbl through year end as even a June reopening would still require 4+ months for vessels/ports/crew logistics to normalize. JPM’s price forecast embeds an assumption of a June reopening, with Brent averaging around US\$96/bbl in 2026 and \$70/bbl in 2027. However, every month of delayed reopening could add another +\$20/bbl to the forecast.

Figure 2: JPM Commodities Team Brent Price Forecast

| | 2022 | 2023 | 2024 | 2025 | 1Q26 | 2Q26 QTD | 3Q26e | 4Q26e | 2026e | 1Q27e | 2Q27e | 3Q27e | 4Q27e | 2027e |
|-------------------------------------|------|------|------|------|------|-------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Brent (\$/bbl) | | | | | | | | | | | | | | |
| JPM Commodities forecast - May 2026 | 102 | 82 | 80 | 66 | 78 | 103 | 104 | 98 | 96 | 80 | 75 | 65 | 61 | 70 |
| Forward Curve (Current) | | | | 66 | 78 | 101 | 91 | 86 | 92 | 83 | 81 | 79 | 78 | 80 |

Source: J.P. Morgan Asia Energy Research, Bloomberg Finance L.P.

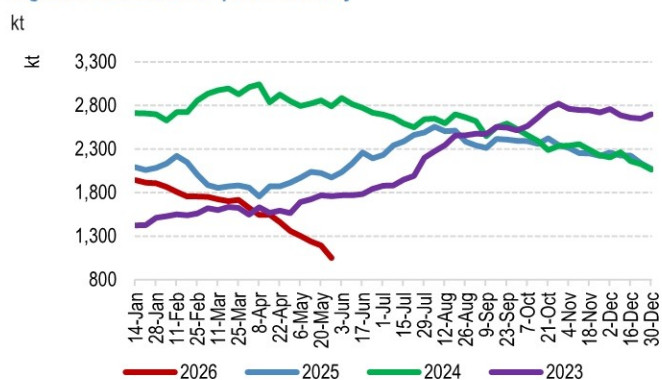
- Expecting Rmb0.04/m3 y/y increase in PTR 2026 gas margin:** PetroChina continues to guide ~3–5% gas sales growth after its broad-based market share gain in 1Q (PTR gas sales volume +3.3% vs. national demand -2.2%). The company is looking to keep FY26 gas import volume flat y/y at 110Bcm while maintaining a low spot LNG exposure (~5%). On pricing, as we [mentioned](#) on 31 March, 7% of PetroChina’s gas volumes are sold at floating price, which is linked to SHPGX CLD index / spot LNG prices. Based on current spot LNG prices of \$18/MMBtu, the ASP for floating-priced volumes might be >2x that of PetroChina’s blended average ASP.

Refining

- PTR utilization/margin remains healthy on >60% crude self-sufficiency.** PTR guided resilient 2Q outlook on (1) full realization of higher oil ASP following 1Q drag over domestic pricing delay; (2) robust refining margin on <20% reliance over seaborne crude imports; (3) intact gas market share gain within coastal region. PTR has 3.8mbd refinery throughput- with 2.5mbd production and 0.8 mbd Russian pipeline imports, leaving it with ~10% seaborne crude import exposure. Management noted that the majority of seaborne import volumes are contracted on a CIF-like basis, and hence the company would be relatively immune from spot freight hikes while insurance costs are supported by parent group insurance companies. As such, we see PTR’s refining segment outperforming Sinopec, which is 80% exposed to seaborne crude with guided \$10/bbl inflation in SP/freight/insurance premiums into May/June.

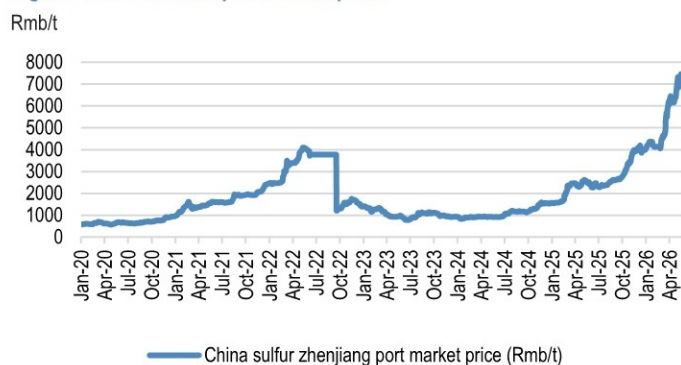
- Sulfur cost pressure mounts for miners.** Copper miners indicated an increasingly challenging sulfur sourcing environment and mounting cost pressure, with some quotes above \$1,000/t vs. 2025 peak at \$800/t or early 2025 at \$400/t. While miners are optimizing ore production grade/processing to minimize sulfuric acid demand, CMOG (3993 HK, covered by Avery Chan) noted that full offset of sulfur-driven cost inflation while securing volume will remain difficult. Sulfur is a byproduct of O&G refining, with the Middle East accounting for ~half of global seaborne sulfur supply, while China relies on ME for >50% of its sulfur imports.

Figure 3: China sulfur port inventory



Source: Wind, J.P. Morgan Asia Energy Research

Figure 4: China sulfur port market price



Source: Wind, J.P. Morgan

Chems

Chems: attractive ECC margin positive readthrough to PTR chems earnings.

Satellite Chemical guided >2x q/q increase in 2Q earnings citing handsome ethane cracking economics; according to ICIS, Northeast Asia ECC spread has jumped >5x in Apr vs. Feb while Naphtha cracker turned to deeper loss (Table 1). This is a function of muted US ethane spot price moves (linked to US shale gas, -4% vs. end Feb) relative to the sharp gain in Asia Naphtha prices (linked to oil, +34% since end-Feb). Given NCC represents >70% of Asia's ethylene production, PE spot has rallied >40% since 27 Feb. Note that China's Apr ethane import reached record high of ~1.1Mt, tripling y/y, while naphtha/LPG imports fell >70%. We see the hefty gain in ECC spread as a positive readthrough to PTR, which operates 1.4mtpa of ECC across its Changqing (800ktpa C2) and Tarim (600ktpa C2) gas field. PTR enjoys effectively "zero feedstock cost" in its ECC operation, with Ethane being a byproduct of domestic gas production. Into 2030, PetroChina has ~5mtpa of new ECC capacity in the pipeline, led by the 1.2mtpa Tarim phase II (construction completed on 26 May, commercial operation in by end-1H26), followed by three projects in early planning stage including: Hohhot (1.2mtpa), Lanhai Blue Chem (1.25mtpa), and Changqing (1.2mtpa).

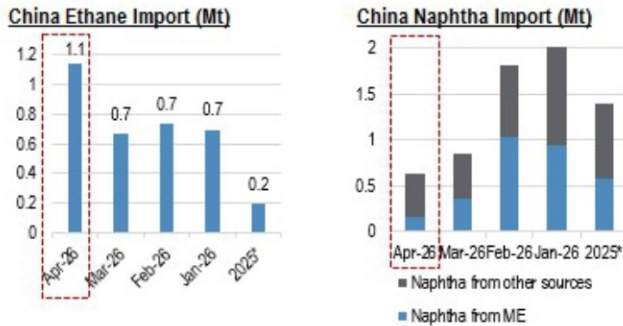
Table 1: Northeast Asia cracking margin by feedstock

| Period | Ethane | LPG | Naphtha |
|--------------|--------|---------|---------|
| February '26 | 118.00 | -145.50 | -114.50 |
| March '26 | 691.00 | 123.00 | -381.25 |
| April '26 | 582.75 | 66.75 | -288.50 |

Source: ICIS, J.P. Morgan Asia Energy Research

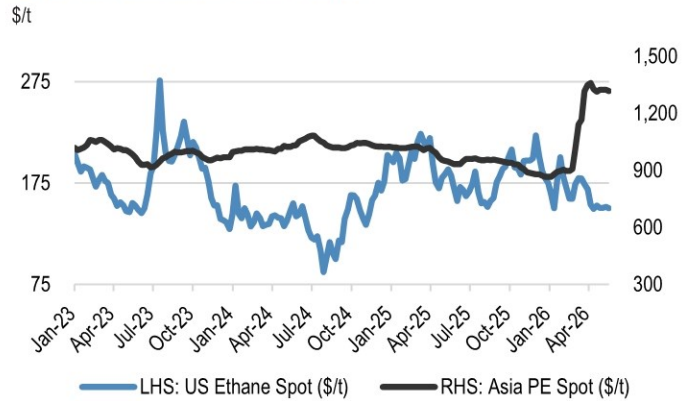
Figure 5: China Ethane/Naphtha import

Million Tonnes



*: 2025 monthly average
 Source: ICIS, China Customs, J.P. Morgan Asia Energy Research

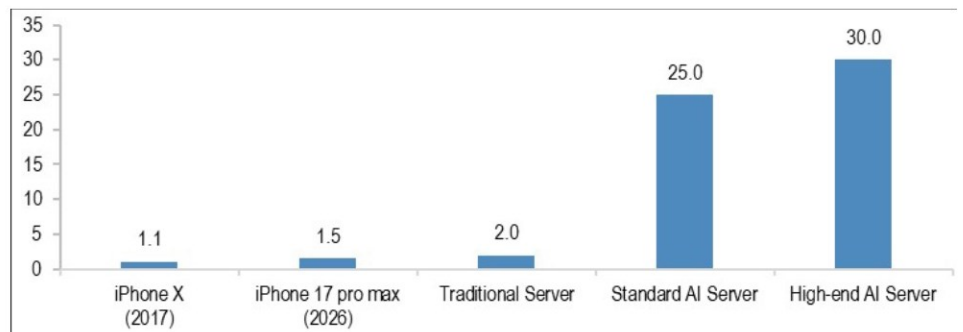
Figure 6: US Ethane vs. Asia PE Spot



Source: Bloomberg Finance L.P., J.P. Morgan Asia Energy Research

- Electronic materials: tighter MLCC market driving upside.** Sinocera management noted that 1Q volume weakness in MLCC (Multilayer Ceramic Capacitor) powder was merely seasonal, and expects a rebound to 1.8–2kt in 2Q (on par with 4Q25). Company is targeting 10% volume growth in FY26 driven by automotive-grade certification and AI product demand from Korean customers. Management highlighted that product mix improvement could contribute to further earnings leverage, as AI grade/high end ASP tracks at Rmb80-100k/t or even Rmb200k/t vs. legacy product at Rmb60-70k/t. Shandong Sinocera is #1/#2 largest producer of MLCC powder in China/globally, commanding ~80%/30% market share respectively. Key customers include major Asia ex. Japan MLCC producers, including SEMCO, Yageo, CTC. As noted by [our Asia tech research team](#), MLCC for server applications requires greater capacity (2-3x higher capacity vs. IT MLCC), leaving upside risk to pricing. Shandong Sinocera is adding 5ktpa of high-end MLCC capacity- of which, 2ktpa has already completed construction. We now expect the segment to deliver 40% y/y profit growth in 2026 – an upward revision from our prior 10%+ estimate (see [JPM note](#)).

Figure 7: MLCC unit demand per device (unit: thousand)



Source: J.P. Morgan estimates

- Anti-involution updates: no new news but intact.** While large-scale capacity consolidation remains absent at the current stage of the anti-involution push, we have observed more nuanced development on the ground pointing to regulatory tightening across the board. [On chems](#), Satellite Chemical (002648 CH) expressed a

conservative tone on new capacity addition, citing various industry players' difficulty in securing new capacity approval and echoing feedback from Sinopec. On polysilicon, GCL commented that anti-trust concerns from independent market governing body SAMR have put industry consolidation supported by MIIT/NDRC in a "waiting game", with the potential next step being a special exemption directly from the State Council or back to economic-based phase out. On downstream solar modules, LONGi commented that there is "nothing new" on capacity exits as "nobody wants to be the first to leave the gambling table", though tighter energy-efficiency KPIs has kept some 2nd tier capacity utilization in check. On steel, Baosteel emphasized that capacity replacement is a long-cycle policy, while near-term tightening is coming via multi-department inspections (illegal construction/production, emissions, data integrity) with stronger enforcement y/y.

China Chems Data Dashboard

Demand Indicator

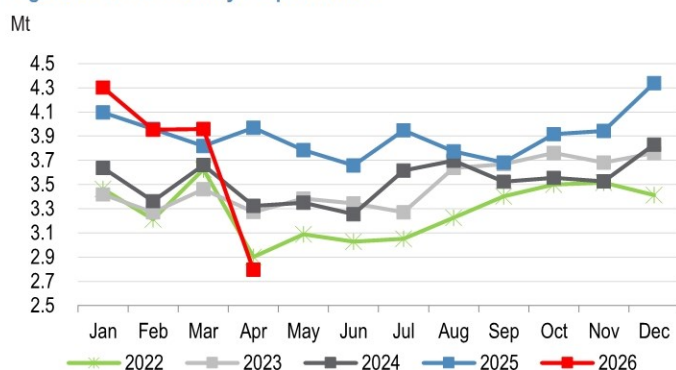
Figure 8: China monthly chemical demand

kt, apparent demand calculated as production + net import and does not capture inventory draw/(increase)

| China apparent demand growth y/y | | | | | | | | | | | |
|----------------------------------|-------|-------|-------|-------|-------|------------------|----------|-------|-------|-------|---------|
| | PE | PP | PVC | PS | ABS | Synthetic rubber | Methanol | PTA | MEG | PX | Textile |
| | % y/y | % y/y | % y/y | % y/y | % y/y | % y/y | % y/y | % y/y | % y/y | % y/y | % y/y |
| Jan-25 | 13% | 9% | -2% | 2% | 18% | -8% | 4% | 3% | 2% | 0% | 9% |
| Feb-25 | 18% | 8% | -10% | 33% | 26% | 22% | -1% | 8% | 6% | -4% | 209% |
| Mar-25 | 4% | 19% | -1% | 28% | 31% | 13% | 0% | 10% | 10% | 1% | 2% |
| Apr-25 | 19% | 14% | 0% | 11% | 25% | 13% | 4% | 8% | 7% | 0% | -7% |
| May-25 | 13% | 10% | -6% | -7% | 11% | 3% | 17% | 12% | 12% | 6% | -7% |
| Jun-25 | 12% | 11% | 1% | -7% | 4% | 6% | 16% | 9% | 9% | 14% | -9% |
| Jul-25 | 9% | 8% | -1% | -11% | 12% | -1% | 14% | 9% | 9% | 0% | -13% |
| Aug-25 | 2% | 10% | 3% | 2% | 19% | 0% | 13% | 9% | 9% | 0% | -30% |
| Sep-25 | 5% | 9% | 1% | 7% | 21% | 6% | 6% | 8% | 7% | -1% | -12% |
| Oct-25 | 10% | 9% | 2% | -3% | 24% | -2% | 9% | 4% | 4% | 3% | 3% |
| Nov-25 | 12% | 14% | 3% | -9% | 12% | -5% | 12% | 3% | 3% | 7% | -17% |
| Dec-25 | 13% | 11% | 0% | -7% | 11% | -5% | 14% | 6% | 6% | 5% | -13% |
| Jan-26 | 5% | 0% | 2% | -5% | 8% | -2% | 6% | 27% | 9% | 6% | 8% |
| Feb-26 | 0% | 1% | -1% | -9% | 8% | -7% | 10% | 11% | -3% | 12% | -2% |
| Mar-26 | 4% | -5% | -12% | -20% | 6% | -2% | 8% | -3% | -3% | 8% | -26% |
| Apr-26 | -30% | -23% | 7% | -21% | -2% | -6% | 0% | -6% | -6% | 7% | -1% |
| Annualized demand growth (% y/y) | | | | | | | | | | | |
| 2019 | 14% | 11% | 1% | 15% | 12% | 6% | 14% | 11% | 9% | 9% | -1% |
| 2020 | 12% | 17% | 9% | 6% | 2% | 16% | 8% | 3% | 5% | 16% | -28% |
| 2021 | -2% | 1% | -1% | 4% | -2% | -1% | 7% | 10% | 9% | 3% | 19% |
| 2022 | 3% | 4% | -2% | -2% | -1% | 3% | 7% | -1% | -1% | -1% | -11% |
| 2023 | 6% | 8% | 3% | 1% | 19% | 14% | 3% | 17% | 17% | 22% | 13% |
| 2024 | 1% | 4% | 1% | 3% | -8% | -1% | 4% | 11% | 11% | 10% | -1% |
| 2025 | 11% | 11% | -1% | 2% | 17% | 3% | 9% | 7% | 7% | 2% | -4% |
| 2026YTD | -5% | -7% | -1% | -14% | 5% | -4% | 6% | 6% | -1% | 8% | -6% |

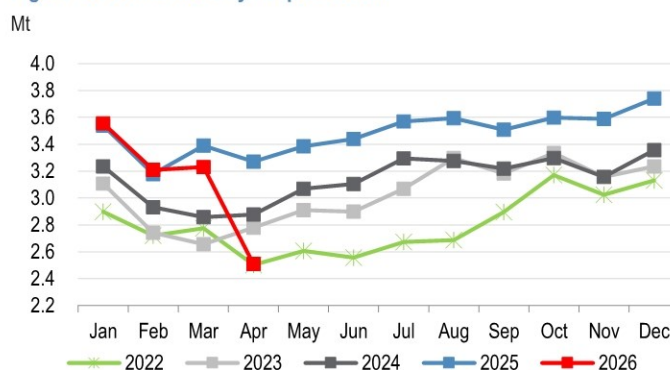
Source: Wind, Bloomberg Finance L.P., J.P. Morgan Asia Energy Research

Figure 9: China monthly PE production



Source: ICIS

Figure 10: China monthly PP production

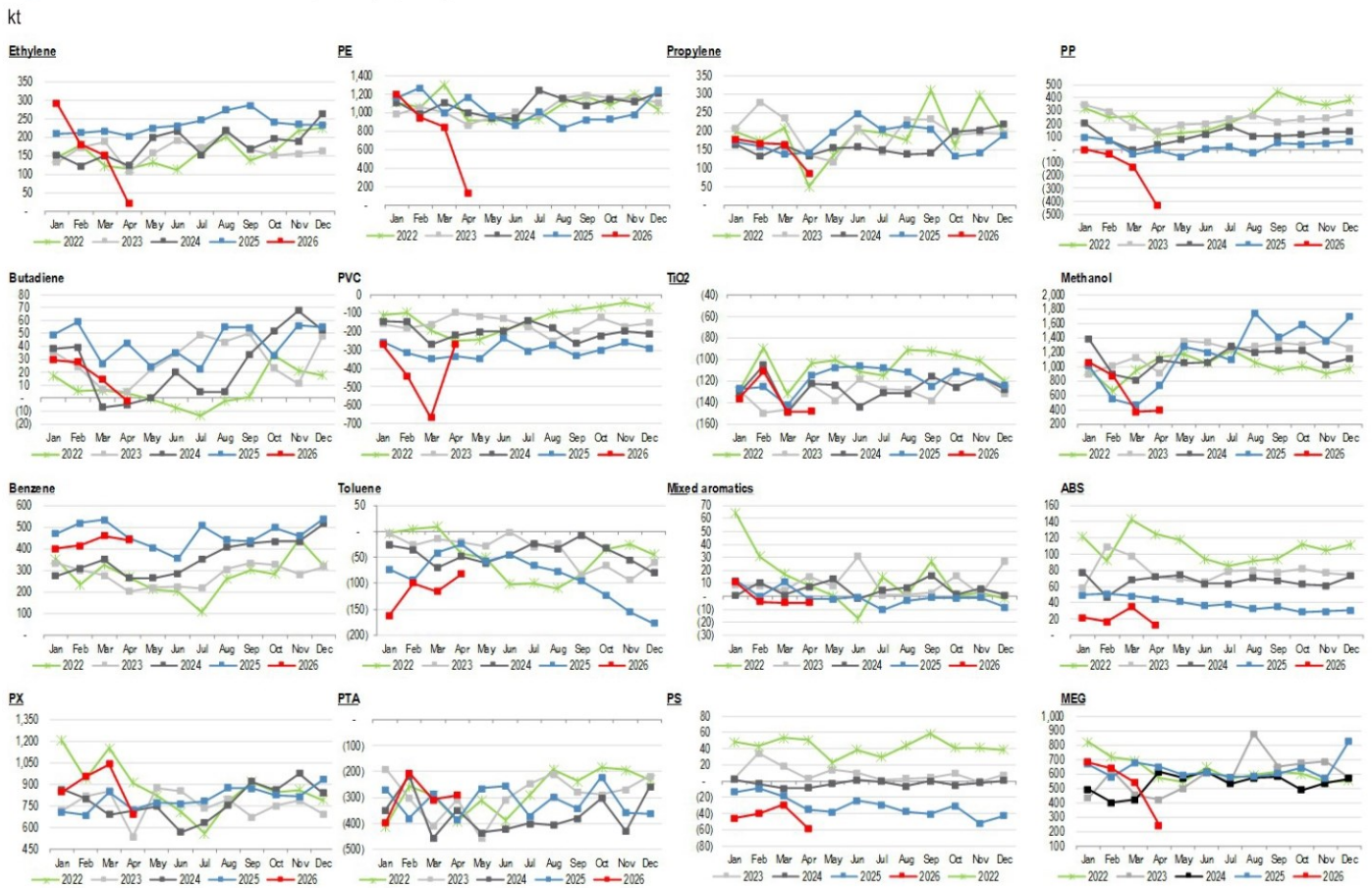


Source: ICIS

China Chemical Trade Highlights

- PVC:** April net export drop was mainly a function of March's high base as producers sought to front run the export VAT rebate cancellation on 1 Apr. At spot, ethane-based PVC producers (Shin Etsu, FPC) command the highest margin on lower feedstock cost, followed by carbide-based/ethylene based facilities.
- NBL:** Chinese net exports rose >20x m/m to 21kt vs. Mar volume at <1.5kt; we see the expanded Chinese export volume as a function to offset Korea supply shortage. Kumho does not have an upstream naphtha cracker and is wholly reliant on purchasing butadiene and styrene feedstock externally. Into 2Q, we expect a 20% q/q decline in NBL shipment which could be largely offset by margin expansion.

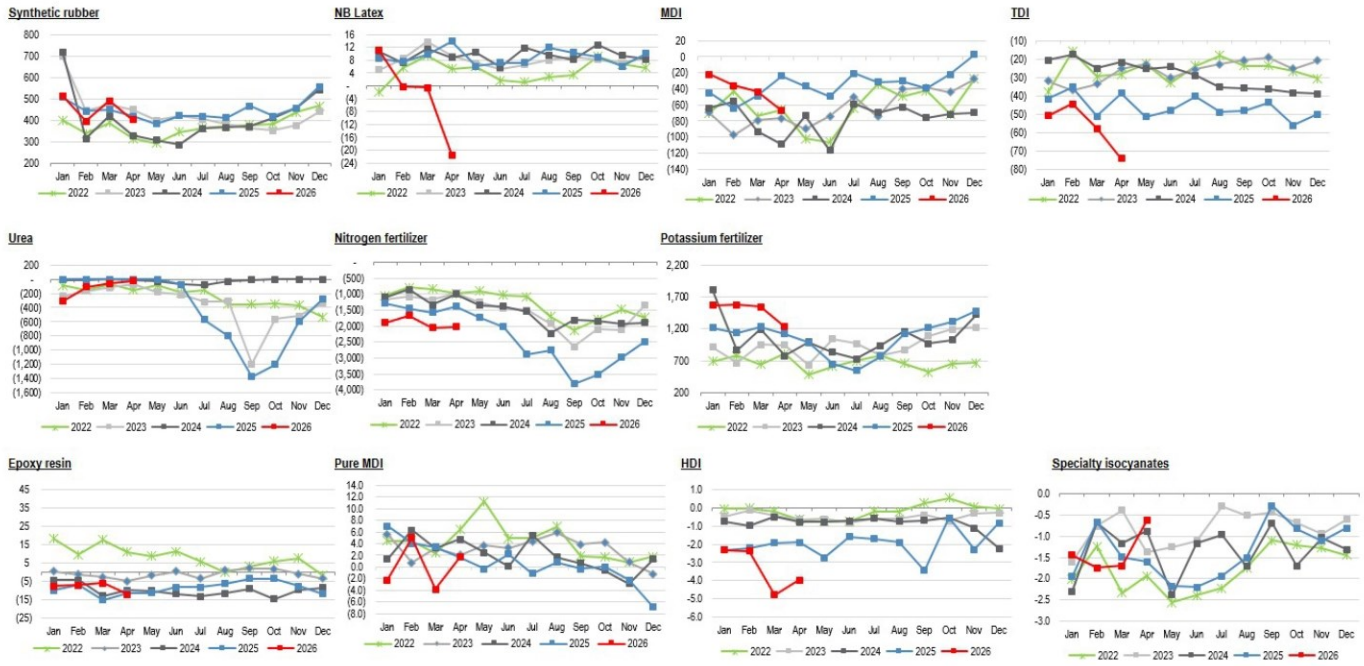
Figure 11: China Chemical net imports/(exports)



Source: China Customs, J.P. Morgan Asia Energy Research

Figure 12: China Chemical net imports/(exports) cont'd

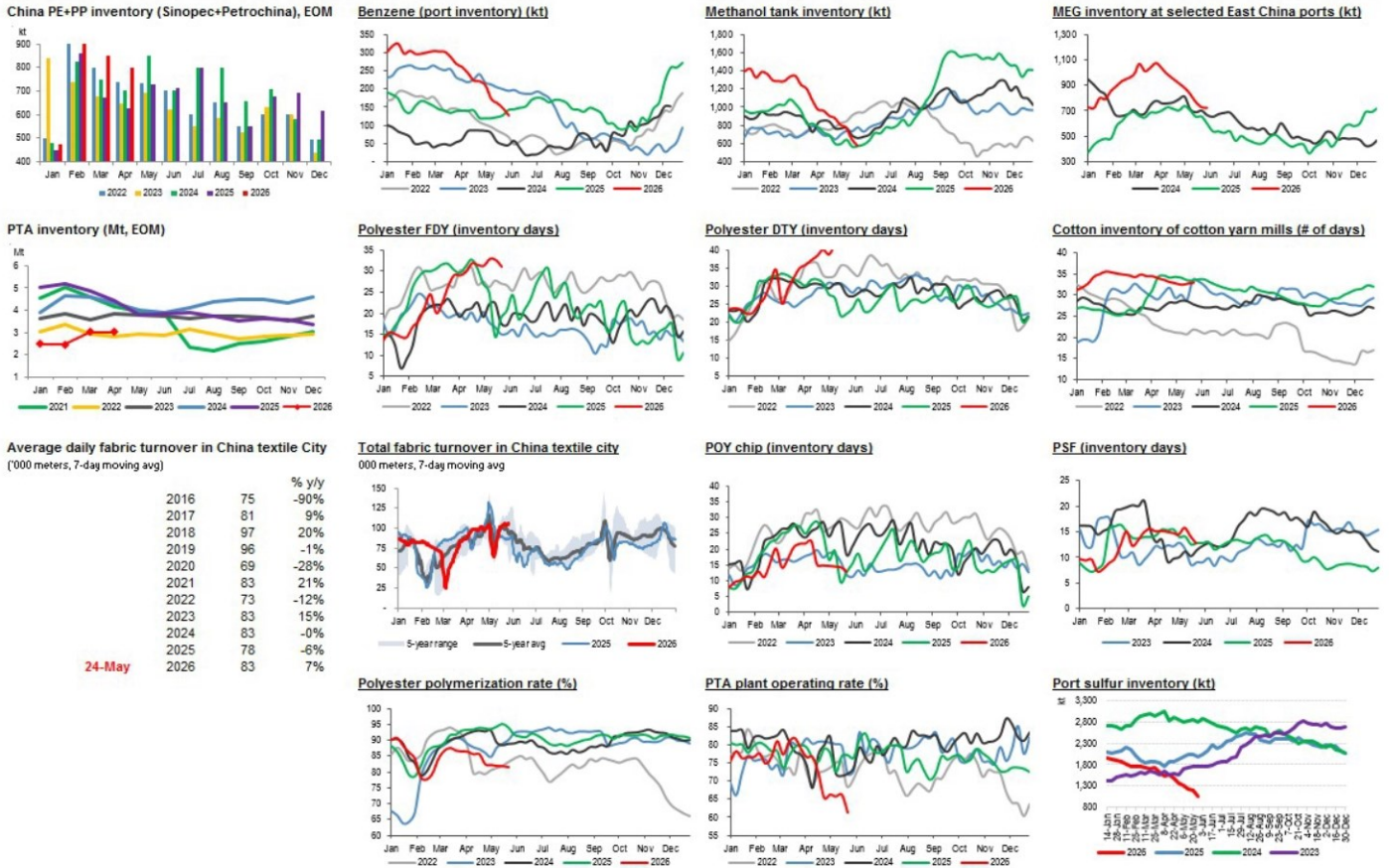
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Source: China Customs, J.P. Morgan Asia Energy Research

Inventory

Figure 13: China chemicals inventory/operating rate



Source: ICIS, company data, J.P. Morgan Asia Energy Research

Asia Energy Valuation Comps

Table 2: HK/China Energy Valuation Comps

| | Ticker | Mkt Cap USD bn | ADTV USDm | Share price (LC) | 1M share perf. | YTD share perf. | P/BV (x) | | PE (x) | | Div yld (%) | | ROE (%) | | |
|-----------------------------|--------------------|-------------------|--------------|---------------------|-------------------|--------------------|-------------|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | | | | | | 2026E | 2027E | 2026E | 2027E | 2026E | 2027E | 2026E | 2027E | |
| HK/China | | | | | | | | | | | | | | | |
| Oil Majors | | | | | | | | | | | | | | | |
| | Petrochina-H | 857 HK | 288.2 | 230 | 10.7 | -11% | 28% | 1.0 | 1.0 | 8.8 | 9.3 | 6.0% | 5.8% | 11.6 | 10.5 |
| | Petrochina-A | 601857 CH | 288.2 | 501 | 10.9 | -11% | 4% | 1.2 | 1.2 | 10.3 | 10.8 | 5.2% | 5.3% | 11.2 | 10.7 |
| | CNOOC Ltd | 883 HK | 171.0 | 552 | 27.3 | -7% | 28% | 1.3 | 1.2 | 6.7 | 7.1 | 6.8% | 6.4% | 19.3 | 16.5 |
| | CNOOC-A | 600938 CH | 171.0 | 453 | 36.3 | -9% | 20% | 1.9 | 1.8 | 10.3 | 11.0 | 4.5% | 4.3% | 19.3 | 16.6 |
| | Sinopec-H | 386 HK | 83.0 | 108 | 4.4 | -5% | -6% | 0.5 | 0.5 | 10.3 | 9.0 | 6.9% | 7.7% | 5.2 | 5.8 |
| | Sinopec-A | 600028 CH | 83.0 | 318 | 4.9 | -10% | -21% | 0.7 | 0.7 | 13.8 | 11.6 | 5.5% | 6.5% | 4.9 | 6.0 |
| | Avg | | | | | -9% | 9% | 1.1 | 1.0 | 10.0 | 9.8 | 5.8% | 6.0% | 11.9 | 11.0 |
| Refiner/Chem | | | | | | | | | | | | | | | |
| | Hengli | 600346 CH | 18.2 | 150 | 17.5 | -21% | -22% | 1.6 | 1.4 | 10.3 | 9.1 | 4.0% | 4.1% | 15.6 | 16.2 |
| | Rongsheng | 002493 CH | 16.9 | 123 | 11.4 | -18% | -2% | 2.4 | 2.2 | 18.4 | 15.0 | 1.8% | 2.3% | 13.5 | 15.0 |
| | Hengyi | 000703 CH | 7.6 | 126 | 13.5 | -24% | 25% | 1.8 | 1.7 | 10.1 | 9.5 | 2.0% | 2.2% | 18.4 | 17.5 |
| | Tongkun | 601233 CH | 7.2 | 147 | 20.4 | -16% | 19% | 1.2 | 1.1 | 10.1 | 8.7 | 1.5% | 1.7% | 11.7 | 12.0 |
| | Wanhua | 600309 CH | 34.3 | 447 | 74.2 | -17% | -3% | 2.0 | 1.8 | 13.5 | 11.3 | 2.3% | 2.8% | 14.9 | 15.8 |
| | Satellite Chemical | 002648 CH | 12.0 | 273 | 24.1 | -19% | 36% | 2.0 | 1.8 | 9.4 | 8.8 | 3.1% | 3.3% | 21.9 | 19.9 |
| | Ningxia Baofeng | 600989 CH | 27.1 | 598 | 25.0 | -19% | 27% | 3.1 | 2.6 | 11.4 | 10.8 | 3.5% | 3.8% | 28.0 | 25.0 |
| | Shenghong | 000301 CH | 11.6 | 57 | 11.9 | -10% | 9% | 2.1 | 2.0 | 24.9 | 17.7 | 1.3% | 1.2% | 8.9 | 10.5 |
| | Sinopec Shanghai | 338 HK | 3.9 | 5 | 1.3 | 2% | -4% | 0.5 | 0.5 | 20.7 | 13.4 | 1.1% | 3.1% | 2.5 | 4.1 |
| | Avg | | | | | -16% | 9% | 1.9 | 1.7 | 14.3 | 11.6 | 2.3% | 2.7% | 15.1 | 15.1 |
| Oilfield Service | | | | | | | | | | | | | | | |
| | COSL-H | 2883 HK | 7.6 | 23 | 8.2 | -13% | 17% | 0.7 | 0.6 | 7.5 | 6.9 | 4.3% | 4.8% | 9.0 | 9.2 |
| | Yantai Jereh | 002353 CH | 21.6 | 389 | 143.0 | 4% | 102% | 5.6 | 4.8 | 38.9 | 27.5 | 0.7% | 1.0% | 14.9 | 17.9 |
| | Sinopec OFS | 1033 HK | 5.3 | 40 | 0.7 | -10% | 6% | 1.2 | 1.1 | 16.0 | 12.8 | n.a. | n.a. | 8.0 | 8.3 |
| | Sinopec OFS | 600871 CH | 5.3 | 111 | 2.4 | -12% | 11% | n.a. | n.a. | 60.0 | 48.0 | n.a. | n.a. | n.a. | n.a. |
| | SEG | 2386 HK | 3.5 | 5 | 5.9 | -6% | -23% | 0.7 | 0.7 | 9.5 | 8.7 | 6.9% | 7.5% | 7.3 | 7.7 |
| | COOEC | 600583 CH | 3.7 | 95 | 5.7 | -15% | 5% | 0.9 | 0.8 | 10.2 | 9.2 | 3.8% | 4.3% | 8.7 | 9.1 |
| | Avg | | | | | -9% | 20% | 1.8 | 1.6 | 23.7 | 18.8 | 3.9% | 4.4% | 9.6 | 10.4 |
| Gas Distributors | | | | | | | | | | | | | | | |
| | Kunlun | 135 HK | 8.0 | 17 | 7.2 | -5% | -3% | 0.8 | 0.7 | 9.2 | 8.8 | 5.5% | 5.8% | 8.4 | 8.4 |
| | ENN NG | 600803 CH | 9.0 | 49 | 19.6 | -3% | -5% | 2.2 | 2.0 | 10.8 | 9.6 | 4.4% | 4.8% | 20.3 | 19.8 |
| | ENN energy | 2688 HK | 7.7 | 30 | 53.2 | -13% | -23% | 1.0 | 1.0 | 8.1 | 7.8 | 6.0% | 6.3% | 12.4 | 12.1 |
| | China gas | 384 HK | 4.9 | 10 | 7.0 | -3% | -8% | 0.7 | 0.7 | 12.3 | 11.6 | 7.1% | 7.2% | 5.5 | 5.9 |
| | Avg | | | | | -6% | -10% | 1.2 | 1.1 | 10.1 | 9.4 | 5.8% | 6.0% | 11.7 | 11.6 |
| EV Battery/Materials | | | | | | | | | | | | | | | |
| | CATL | 300750 CH | 299.2 | 2,192 | 426.4 | -2% | 17% | 4.8 | 4.0 | 20.5 | 16.6 | 2.4% | 2.8% | 24.8 | 25.9 |
| | CALB | 3931 HK | 7.5 | 26 | 30.6 | -14% | 22% | 1.2 | 1.1 | 18.4 | 12.8 | n.a. | n.a. | 7.0 | 8.9 |
| | Goion | 002074 CH | 8.5 | 266 | 31.8 | -13% | -19% | 1.9 | 1.7 | 26.7 | 19.2 | 0.4% | 0.6% | 6.8 | 8.7 |
| | Lopai Tech | 603906 CH | 2.6 | 179 | 24.7 | -26% | 23% | n.a. | n.a. | 50.3 | 28.3 | n.a. | n.a. | n.a. | n.a. |
| | Dynanonic | 300769 CH | 2.7 | 225 | 64.1 | -11% | 46% | 3.5 | 3.2 | 30.4 | 20.9 | n.a. | n.a. | 9.8 | 13.2 |
| | Yuneng | 301358 CH | 10.3 | 368 | 82.7 | -19% | 28% | 3.8 | 3.1 | 17.3 | 13.7 | n.a. | n.a. | 23.2 | 22.4 |
| | CNGR | 300919 CH | 7.5 | 150 | 50.8 | -20% | 10% | 1.9 | 1.8 | 21.2 | 17.8 | 1.3% | 1.6% | 9.6 | 10.6 |
| | Capchem | 300037 CH | 7.9 | 257 | 71.1 | 3% | 36% | 4.3 | 3.8 | 26.2 | 22.4 | 1.0% | 1.3% | 17.0 | 17.2 |
| | Ronbay | 688005 CH | 3.3 | 134 | 31.3 | -10% | -12% | 2.6 | 2.5 | 50.9 | 32.6 | 1.3% | 1.8% | 5.4 | 7.7 |
| | XTC | 600549 CH | 14.1 | 603 | 60.0 | 4% | 46% | 4.8 | 4.3 | 22.7 | 19.6 | 2.0% | 2.5% | 20.9 | 21.0 |
| | Putailai | 603659 CH | 9.5 | 307 | 30.0 | -17% | 10% | 2.7 | 2.4 | 19.3 | 14.7 | 1.0% | 1.3% | 14.7 | 16.3 |
| | Yunnan Energy | 002812 CH | 9.6 | 414 | 66.4 | -20% | 17% | 2.4 | 2.1 | 37.8 | 20.8 | 0.5% | 0.9% | 6.5 | 9.9 |
| | Avg | | | | | -12% | 19% | 3.1 | 2.7 | 28.5 | 20.0 | 1.2% | 1.6% | 13.2 | 14.7 |

Source: Bloomberg Finance L.P., J.P. Morgan Asia Energy Research. All estimates based on BBG Consensus. Priced as of latest market close.

Table 3: TW/KR/JP Energy Valuation Comps

| | Ticker | Mkt Cap USD bn | ADTV USDm | Share price (LC) | 1M share perf. | YTD share perf. | P/BV (x) | | PE (x) | | Div yld (%) | | ROE (%) | |
|---------------------|-----------|-------------------|--------------|---------------------|-------------------|--------------------|------------|------------|-------------|-------------|-------------|-------------|------------|------------|
| | | | | | | | 2026E | 2027E | 2026E | 2027E | 2026E | 2027E | 2026E | 2027E |
| TW | | | | | | | | | | | | | | |
| NPC | 1303 TT | 28.5 | 244 | 113.0 | 26% | 88% | 2.3 | 2.3 | 17.4 | 16.6 | 2.9% | 3.8% | 9.5 | 10.7 |
| FPCC | 6505 TT | 16.9 | 37 | 55.9 | -1% | 17% | 1.5 | 1.5 | 15.2 | 20.5 | 2.8% | 3.3% | 7.7 | 7.0 |
| FPC | 1301 TT | 10.5 | 52 | 52.0 | 1% | 33% | 1.0 | 1.0 | 134.4 | 30.5 | 1.1% | 2.4% | 1.0 | 3.2 |
| FCFC | 1326 TT | 10.5 | 63 | 56.5 | 8% | 76% | 1.0 | 1.0 | 35.5 | 33.7 | 2.2% | 2.4% | 2.5 | 2.9 |
| Avg | | | | | 9% | 53% | 1.4 | 1.5 | 50.6 | 25.3 | 2.2% | 3.0% | 5.2 | 5.9 |
| KR | | | | | | | | | | | | | | |
| LG Energy Solution | 373220 KS | 67.5 | 221 | 442,500 | -4% | 20% | 5.1 | 4.6 | n.m. | 60.8 | n.a. | n.a. | 0.8 | 7.3 |
| SK Innovation | 096770 KS | 12.9 | 113 | 117,000 | -20% | 15% | 0.8 | 0.8 | 17.2 | 20.2 | 1.8% | 1.8% | 3.9 | 3.4 |
| Samsung SDI | 006400 KS | 31.5 | 630 | 600,000 | -15% | 122% | 2.1 | 2.0 | 154.7 | 31.3 | 0.2% | 0.2% | 1.9 | 6.6 |
| S-Oil | 010950 KS | 7.9 | 163 | 108,000 | -20% | 30% | 1.2 | 1.1 | 6.8 | 8.5 | 1.9% | 2.2% | 18.7 | 12.6 |
| LG Chem | 051910 KS | 16.3 | 124 | 354,500 | -11% | 7% | 0.8 | 0.8 | 170.6 | 14.6 | 0.7% | 1.1% | 0.7 | 5.6 |
| Lotte Chem | 011170 KS | 2.2 | 28 | 77,400 | -33% | 10% | 0.3 | 0.3 | n.a. | n.a. | 1.4% | 1.6% | n.m. | n.m. |
| Hanwha Solution | 009830 KS | 4.5 | 295 | 40,450 | -20% | 50% | 0.8 | 0.7 | 26.4 | 10.4 | 0.8% | 0.7% | 2.1 | 7.7 |
| Kumho Petchem | 011780 KS | 2.1 | 16 | 129,600 | -12% | 7% | 0.5 | 0.5 | 8.8 | 7.6 | 1.9% | 2.2% | 6.2 | 6.7 |
| Korea gas | 036460 KS | 2.0 | 19 | 33,900 | -13% | -14% | 0.3 | 0.3 | 3.3 | 3.2 | 4.6% | 5.4% | 8.3 | 8.0 |
| SK Gas | 018670 KS | 1.3 | 13 | 223,000 | -23% | -1% | 0.5 | 0.5 | 5.3 | 6.6 | 5.4% | 4.9% | 12.4 | 8.3 |
| POSCO International | 047050 KS | 6.8 | 90 | 59,400 | -31% | 20% | 1.4 | 1.3 | 11.8 | 11.1 | 3.9% | 4.1% | 12.5 | 12.3 |
| KEPCO | 015760 KS | 15.9 | 136 | 37,950 | -14% | -20% | 0.5 | 0.4 | 3.9 | 3.1 | 3.1% | 4.1% | 12.3 | 13.7 |
| HD Hyundai Goup | 267250 KS | 14.2 | 46 | 275,000 | -13% | 46% | 1.9 | 1.6 | 10.0 | 9.2 | 1.8% | 2.0% | 19.8 | 18.3 |
| Doosan Enerbility | 034020 KS | 41.9 | 723 | 100,300 | -21% | 32% | 7.9 | 7.4 | 205.8 | 111.9 | n.a. | n.a. | 4.4 | 6.7 |
| Avg | | | | | -18% | 23% | 1.7 | 1.6 | 52.1 | 23.0 | 2.3% | 2.5% | 8.0 | 9.0 |
| JP | | | | | | | | | | | | | | |
| ENEOS | 5020 JT | 22.5 | 86 | 1,328 | 0% | 20% | 1.1 | 1.0 | 16.3 | 10.3 | 2.6% | 2.8% | 6.1 | 10.8 |
| Idemitsu | 5019 JT | 10.8 | 45 | 1,408 | 3% | 19% | 1.0 | 0.9 | 13.2 | 10.7 | 2.6% | 2.9% | 6.3 | 10.3 |
| Cosmo Energy | 5021 JT | 4.0 | 21 | 3,833 | -4% | -8% | 1.0 | 0.9 | 9.2 | 6.9 | 4.4% | 4.7% | 12.2 | 12.6 |
| Inpex Corp | 1605 JP | 29.2 | 288 | 3,707 | -10% | 19% | 0.9 | 0.8 | 9.4 | 9.2 | 3.0% | 3.4% | 9.3 | 8.8 |
| Chubu electric | 9502 JP | 13.4 | 52 | 2,826 | 7% | 17% | 0.7 | 0.7 | 11.1 | 12.2 | 2.5% | 2.8% | 6.7 | 5.8 |
| Tokyo gas | 9531 JP | 13.2 | 61 | 6,292 | -5% | 1% | 1.3 | 1.2 | 11.2 | 16.9 | 1.6% | 1.9% | 11.7 | 7.6 |
| Osaka gas | 9532 JP | 13.9 | 47 | 5,569 | -2% | 3% | 1.2 | 1.2 | 13.4 | 14.9 | 2.2% | 2.3% | 9.6 | 7.8 |
| Kansai Electric | 9503 JP | 16.4 | 64 | 2,358 | -2% | -4% | 0.8 | 0.7 | 7.1 | 8.8 | 3.2% | 3.4% | 11.7 | 8.7 |
| Avg | | | | | -2% | 8% | 1.0 | 0.9 | 11.4 | 11.2 | 2.7% | 3.0% | 9.2 | 9.0 |

Source: Bloomberg Finance L.P., J.P. Morgan Asia Energy Research. All estimates based on BBG Consensus. Priced as of latest market close.

Table 4: India/Australia/ASEAN Energy Valuation comps

| | Ticker | Mkt Cap USD bn | ADTV USDm | Share price (LC) | 1M share perf. | YTD share perf. | P/BV (x) | | PE (x) | | Div yld (%) | | ROE (%) | |
|---------------------|-------------|-------------------|--------------|---------------------|-------------------|--------------------|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | | | | | | 2026E | 2027E | 2026E | 2027E | 2026E | 2027E | 2026E | 2027E |
| India | | | | | | | | | | | | | | |
| Reliance | Reliance IN | 185.7 | 309 | 1,313 | -8% | -16% | 1.9 | 1.8 | 22.1 | 20.4 | 0.5% | 0.5% | 8.8 | 8.8 |
| ONGC | ONGC IN | 35.2 | 72 | 268 | -11% | 11% | 0.9 | 0.8 | 8.1 | 6.5 | 4.5% | 6.3% | 12.4 | 13.8 |
| Oil India | OIL IN | 0.0 | 0 | 56 | -12% | -9% | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| IOCL | IOCL IN | 20.3 | 33 | 137 | -3% | -17% | 0.9 | 0.8 | 5.6 | 9.4 | 7.1% | 3.9% | 18.9 | 7.0 |
| BPCL | BPCL IN | 13.2 | 46 | 292 | -3% | -24% | 1.3 | 1.2 | 4.9 | 14.0 | 7.2% | 3.8% | 28.2 | 8.6 |
| HPCL | HPCL IN | 8.5 | 39 | 384 | 3% | -23% | 1.3 | 1.2 | 5.0 | 18.2 | 5.8% | 4.0% | 28.4 | 9.5 |
| GAIL India Ltd | GAIL IN | 11.3 | 24 | 164 | 0% | -5% | 1.2 | 1.2 | 12.7 | 11.4 | 3.2% | 3.4% | 10.1 | 10.7 |
| Petronet LNG Ltd | PLNG IN | 4.2 | 15 | 270 | -2% | -5% | 1.8 | 1.6 | 10.9 | 10.2 | 3.7% | 3.7% | 17.6 | 15.6 |
| Indraprastha Gas | IGL IN | 2.4 | 9 | 161 | -3% | -17% | 2.0 | 1.9 | 13.1 | 12.9 | 2.7% | 2.9% | 15.7 | 15.5 |
| Mahanagar Gas | MGL IN | 0.5 | 0 | 4,206 | -3% | -14% | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Gujarat Gas | GUJGA IN | 2.9 | 8 | 398 | 5% | -4% | 3.0 | 2.8 | 25.5 | 19.9 | 1.3% | 1.8% | 12.4 | 12.9 |
| Mangalore Refinery | MRPL IN | 2.8 | 29 | 154 | -8% | 1% | n.a. | n.a. | n.a. | n.a. | 1.2% | 1.4% | n.a. | n.a. |
| Chennai Petroleum | MRL IN | 1.9 | 30 | 1,190 | 5% | 42% | n.a. | 1.4 | n.a. | n.a. | 3.4% | 2.9% | n.a. | n.a. |
| Castrol India | CSTR IN | 1.9 | 3 | 183 | -1% | -5% | n.a. | n.a. | 18.5 | 17.1 | 4.7% | 5.2% | n.a. | n.a. |
| Avg | | | | | -1% | -1% | 2.0 | 1.8 | 16.1 | 14.3 | 2.9% | 3.1% | 13.9 | 13.7 |
| Australia | | | | | | | | | | | | | | |
| Woodside | WDS AU | 42.5 | 215 | 31 | -6% | 32% | 1.1 | 1.1 | 10.6 | 11.0 | 7.5% | 7.2% | 10.1 | 9.3 |
| Beach Energy | BPT AU | 1.8 | 15 | 1 | -7% | -7% | 0.8 | 0.7 | 6.7 | 4.8 | 3.0% | 5.6% | 11.6 | 15.6 |
| Origin Energy | ORG AU | 13.2 | 44 | 11 | -11% | -6% | 1.9 | 1.8 | 15.9 | 15.2 | 5.6% | 6.0% | 11.8 | 12.5 |
| Ampol | ALD AU | 6.0 | 37 | 35 | -2% | 9% | 2.4 | 2.3 | 9.9 | 15.3 | 6.3% | 4.6% | 22.7 | 14.2 |
| Viva Energy | VEA AU | 2.6 | 21 | 2 | -10% | 9% | 2.1 | 2.2 | 6.8 | 9.9 | 8.6% | 6.2% | 31.5 | 22.1 |
| Avg | | | | | -7% | 8% | 1.6 | 1.6 | 10.0 | 11.3 | 6.2% | 5.9% | 17.5 | 14.7 |
| ASEAN | | | | | | | | | | | | | | |
| PTTEP | PTTEP TB | 17.3 | 110 | 143 | -7% | 27% | 1.0 | 1.0 | 7.7 | 8.3 | 6.9% | 6.5% | 13.5 | 11.8 |
| Thail Oil | TOP TB | 3.2 | 28 | 46 | -4% | 28% | 0.5 | 0.5 | 5.6 | 7.3 | 5.9% | 5.1% | 9.7 | 6.6 |
| PTT Global Chemical | PTTGC TB | 4.7 | 36 | 35 | -13% | 64% | 0.5 | 0.5 | 16.4 | 16.7 | 2.4% | 3.0% | 3.3 | 3.4 |
| Siam Cement | SCC TB | 8.4 | 40 | 229 | -5% | 25% | 0.8 | 0.8 | 23.6 | 19.0 | 2.3% | 2.6% | 3.3 | 4.0 |
| Indorama Ventures | IVL TB | 4.1 | 26 | 24 | -7% | 48% | 1.1 | 1.0 | 21.8 | 16.4 | 2.6% | 2.9% | 5.1 | 6.2 |
| Avg | | | | | -7% | 39% | 0.8 | 0.8 | 15.0 | 13.5 | 4.0% | 4.0% | 7.0 | 6.4 |

Source: Bloomberg Finance L.P., J.P. Morgan Asia Energy Research. All estimates based on BBG Consensus. Priced as of latest market close.

Related Research

Middle East Tracker

[Asia Energy: Middle East Escalation Tracker: Demand destruction rose to 4.3mbd in April, versus a continued >11mbd supply loss](#) (26 Apr 2026)

[Asia Energy: Middle East \(de\)-escalation tracker? Assessing inventory and oil price implications under various Hormuz flow resumption scenarios](#) (10 Apr 2026)

[Asia Energy: Middle East Escalation Tracker \(29 March\) – Kharg Island risks mount; More governments introduce emergency fuel-saving measures](#) (30 Mar 2026)

[Asia Energy: Middle East Escalation Tracker](#) (22 Mar 2026)

[China Energy: >\\$100/bbl realized – Tactical OW on Energy, prefer upstream over refiners as government price control efforts start to kick in](#) (9 Mar 2026)

[Asia Energy & Chemicals: Pressure for an Iran resolution intensifies; energy infrastructure hit; Chandra Asri declares chemicals force majeure](#) (3 Mar 2026)

China Anti-involution

[China Solar “Anti-Involution”: Back to the waiting game](#) (9 Mar 2026)

[Asia Chemicals: China's Anti-Involution, Part 3: More policy measures crystallize, we upgrade Formosa Group to full house OW; 2026 the start of a 3-year earnings upcycle?](#) (24 Feb 2026)

[Asia Chemicals: China anti-involution, Part2: Chem capacity restrictions spread to more provinces; Korean government steps in to shut 3.7Mtpa of capacity](#) (22 August 2025)

[China Chemicals: Expert Call takeaways: “Anti-involution” for PVC/CA more a case of voluntary exits than forced shutdowns](#) (12 August 2025)

Oil /Refining

[PetroChina: Beacon of National Stability and Security; expect gas dollar margin improvement in 2026](#) (1 May 2026)

[Hengli Petrochemical - A: Temporary headwinds as US imposes sanctions on Hengli Lianhua; downgrade to Neutral](#) (27 Apr 2026)

[Sinopec A/H: NDRC raises retail gasoline/diesel price ceiling by lower-than-expected amount](#) (23 Mar 2026)

Neutral

0386.HK, 386 HK

Price (03 Jun 26):HK\$4.37

▼ Price Target (Dec-26):HK\$4.80

Prior (Dec-26):HK\$5.00

Head of Asia Energy & Chemicals | Asia EV Battery

Parsley Ong ^{AC}

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J.P. Morgan Securities Singapore Private Limited/
 J.P. Morgan Securities (Asia Pacific) Limited/ J.P.
 Morgan Broking (Hong Kong) Limited

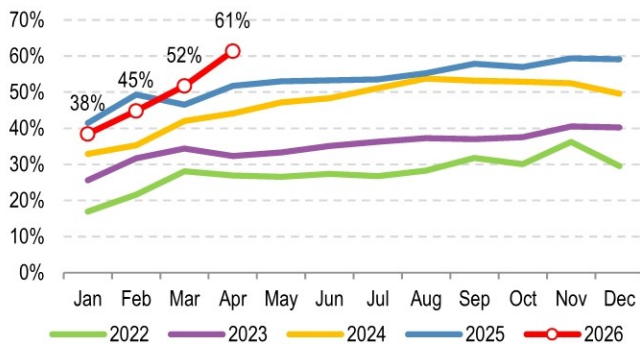
Key Changes (FYE Dec)

| | Prev | Cur | Δ |
|----------------------|------|------|-------|
| Adj. EPS - 26E (Rmb) | 0.33 | 0.32 | -3.3% |
| Adj. EPS - 27E (Rmb) | 0.45 | 0.43 | -3.5% |

Style Exposure

| Quant Factors | Current %Rank | Hist %Rank (1=Top) | | | |
|---------------|---------------|--------------------|----|----|----|
| | | 6M | 1Y | 3Y | 5Y |
| Value | 9 | 10 | 10 | 15 | 10 |
| Growth | 91 | 92 | 93 | 82 | 85 |
| Momentum | 34 | 87 | 89 | 21 | 17 |
| Quality | 81 | 65 | 71 | 62 | 76 |
| Low Vol | 12 | 15 | 16 | 13 | 21 |
| ESGQ | 18 | 7 | 19 | 20 | 19 |

Figure 14: China NEV % passenger car sales penetration



Source: China Passenger Car Association, J.P. Morgan.

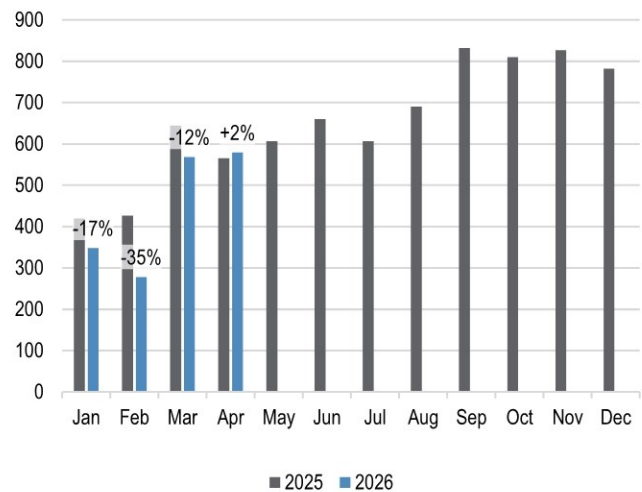
Sinopec Corp - H

Trim FY27/28E NP by 4%/3%, remain Neutral

In light of accelerating China EV adoption since Apr, we trim our FY27/28E marketing segment OP to reflect weaker gasoline/diesel sales volume, resulting in 4%/3% downward revisions to FY27/28E NP. We cut our Dec-26 PT slightly by 4% to HK\$4.8/shr, implying FY26E dividend yield of 5.2%. Maintain Neutral.

Figure 15: China BEV passenger car registrations and % y/y

thousands cars



Source: China Passenger Car Association, J.P. Morgan.

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

Figure 16: Sinopec qtrly earnings

| Financials (Rmb mn) | 1Q25 | 2Q25 | 3Q25 | 4Q25 | 1Q26 | 2Q26e | 3Q26e | 4Q26e | 2024 | 2025 | 2026e | 2027e | 2028e |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Gross sales | 1,269,102 | 1,162,713 | 1,235,453 | 1,175,093 | 1,465,889 | 1,237,291 | 1,228,168 | 1,242,478 | 5,414,956 | 4,842,361 | 5,173,826 | 4,977,439 | 4,926,795 |
| External sales | 735,356 | 645,031 | 733,054 | 670,142 | 706,695 | 711,674 | 706,427 | 851,125 | 3,074,562 | 2,783,583 | 2,975,921 | 2,867,326 | 2,841,700 |
| OP | 20,895 | 12,528 | 13,268 | 1,917 | 25,731 | 6,094 | 10,527 | 14,303 | 70,686 | 48,608 | 56,655 | 72,668 | 70,584 |
| Exploration and Production of which LNG import (loss) | 12,910 (200) | 10,728 950 | 11,824 1,250 | 10,069 2,000 | 12,356 (830) | 19,996 1,700 | 19,573 1,300 | 13,599 1,117 | 56,385 1,540 | 45,531 4,000 | 65,524 3,287 | 54,449 4,125 | 49,279 4,750 |
| Refining | 2,438 | 1,097 | 3,652 | 2,261 | 18,788 | (16,171) | (11,314) | (1,564) | 6,714 | 9,448 | (10,262) | 13,084 | 12,011 |
| Marketing & distribution | 4,209 | 3,750 | 2,722 | (711) | 5,651 | 1,184 | 1,184 | 1,184 | 18,646 | 9,970 | 9,204 | 8,310 | 8,406 |
| Chemicals | (1,169) | (3,055) | (2,858) | (7,496) | (1,262) | (2,183) | (2,183) | (2,183) | (9,997) | (14,578) | (7,811) | (3,175) | 889 |
| Corporate/Others + Elimination | 2,507 | 8 | (2,072) | (2,206) | (9,802) | 3,267 | 3,267 | 3,267 | (1,062) | (1,763) | - | - | - |
| Pretax | 19,041 | 12,076 | 12,061 | 566 | 24,206 | 4,207 | 7,267 | 10,632 | 69,142 | 43,744 | 51,850 | 68,300 | 66,868 |
| Reported NP (IFRS) | 13,975 | 9,777 | 8,313 | 411 | 17,006 | 4,207 | 7,267 | 10,632 | 48,939 | 32,476 | 39,112 | 52,578 | 51,406 |
| EPS (Rmb) | 0.12 | 0.08 | 0.07 | 0.00 | 0.14 | 0.03 | 0.06 | 0.09 | 0.40 | 0.27 | 0.32 | 0.43 | 0.43 |
| DPS (Rmb) | | 0.09 | | 0.11 | | 0.09 | | 0.14 | 0.29 | 0.20 | 0.23 | 0.30 | 0.30 |
| Consensus | | | | | | | | | | | | | |
| OP | 20,895 | 12,528 | 13,268 | 1,917 | 25,731 | 12,748 | 12,748 | 12,748 | 83,590 | 57,456 | 63,976 | 70,853 | 73,562 |
| NP | 13,975 | 9,777 | 8,313 | 411 | 17,006 | 9,130 | 9,130 | 9,130 | 56,410 | 38,270 | 44,396 | 49,558 | 51,979 |
| DPS (Rmb) | | 0.09 | | 0.12 | | 0.09 | | | 0.31 | 0.21 | 0.26 | 0.29 | 0.31 |
| Key operational data | | | | | | | | | | | | | |
| Sinopec reported GRM (\$/bbl) | 6.2 | 5.8 | 6.3 | 6.9 | | | | | 5.8 | 6.3 | | | |
| Refining OP/bbl (\$/bbl) | 0.7 | 0.4 | 1.0 | 0.7 | 6.0 | (5.5) | (3.4) | (0.5) | 0.5 | 0.7 | (0.8) | 1.0 | 0.9 |
| E&P OP per bbl ex LNG (\$/boe) | 13.8 | 10.3 | 11.2 | 8.7 | 14.5 | 20.0 | 20.0 | 13.8 | 14.8 | 11.0 | 16.9 | 13.6 | 12.0 |
| E&P lifting cost (\$/bbl) | 14.4 | 13.8 | 16.8 | 13.0 | | | | | 14.7 | 14.5 | | | |

Source: Company data, J.P. Morgan estimates

Price Performance



| | YTD | 1m | 3m | 12m |
|-----|-------|-------|--------|------|
| Abs | -6.4% | -5.2% | -19.7% | 2.6% |
| Rel | -2.8% | -4.2% | -19.5% | 1.7% |

Company Data

| | |
|-----------------------------|-----------|
| Shares O/S (mn) | 119,896 |
| 52-week range (HK\$) | 5.70-3.99 |
| Market cap (\$ mn) | 66,856 |
| Exchange rate | 7.84 |
| Free float (%) | 91.1% |
| 3M ADV (mn) | 177.23 |
| 3M ADV (\$ mn) | 107.8 |
| Volatility (90 Day) | 27 |
| Index | HSCEI |
| BBG ANR (Buy Hold Sell) | 10 5 2 |

Key Metrics (FYE Dec)

| Rmb in millions | FY25A | FY26E | FY27E | FY28E |
|----------------------------|-----------|-----------|-----------|-----------|
| Financial Estimates | | | | |
| Revenue | 2,726,460 | 2,913,089 | 2,802,515 | 2,774,000 |
| Adj. EBITDA | 184,366 | 187,114 | 203,351 | 202,163 |
| Adj. EBIT | 48,608 | 56,655 | 72,668 | 70,584 |
| Adj. net income | 32,476 | 39,112 | 52,578 | 51,406 |
| Adj. EPS | 0.27 | 0.32 | 0.43 | 0.43 |
| BBG EPS | 0.31 | 0.37 | 0.42 | 0.44 |
| Cashflow from operations | 162,496 | 170,602 | 187,052 | 185,620 |
| FCFF | 40,867 | 42,878 | 65,024 | 63,531 |
| Margins and Growth | | | | |
| Revenue Growth Y/Y (%) | (9.6%) | 6.8% | (3.8%) | (1.0%) |
| EBITDA margin | 6.8% | 6.4% | 7.3% | 7.3% |
| EBITDA Growth Y/Y (%) | (4.9%) | 1.5% | 8.7% | (0.6%) |
| EBIT margin | 1.8% | 1.9% | 2.6% | 2.5% |
| Net margin | 1.2% | 1.3% | 1.9% | 1.9% |
| Adj. EPS growth | (33.7%) | 20.7% | 34.4% | (2.2%) |
| Ratios | | | | |
| Adj. tax rate | 18.1% | 18.1% | 18.1% | 18.1% |
| Interest cover | 12.6 | 12.4 | 13.4 | 13.3 |
| Net debt/Equity | 0.3 | 0.3 | 0.3 | 0.2 |
| Net debt/EBITDA | 1.9 | 1.5 | 1.3 | 1.2 |
| ROCE | 3.5% | 3.9% | 5.0% | 4.7% |
| ROE | 4.0% | 4.8% | 6.4% | 5.9% |
| Valuation | | | | |
| FCFF yield | 8.9% | 9.4% | 14.3% | 13.9% |
| Dividend yield | 5.3% | 6.0% | 8.1% | 7.9% |
| EV/Revenue | 0.1 | 0.1 | 0.1 | 0.1 |
| EV/EBITDA | 1.9 | 1.3 | 1.1 | 0.9 |
| Adj. P/E | 14.1 | 11.7 | 8.7 | 8.9 |

Summary Investment Thesis and Valuation

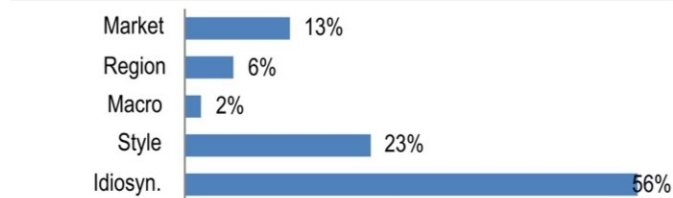
Investment Thesis

Sinopec is the second-largest oil company in China. It is integrated with E&P, refining, marketing and chemicals, with larger downstream leverage versus upstream. Given the rise of electric vehicles and gas-fired heavy trucks in China, we expect Sinopec's domestic oil product sales volume to enter a structural decline of 3% CAGR over the next few years. While the company has pursued multiple transition strategies like EV charging and hydrogen refuelling, profit contribution from these new businesses will take time to ramp up, which may not be able to offset the decline in oil products in the near term. We rate the stock Neutral.

Valuation

Our PT is based on a sum-of-the-parts (SOTP) valuation: We use a DCF approach for Sinopec's upstream business and apply a 0.6x P/B to its refining/chems businesses, in line with peer PetroChina. For Sinopec's marketing business, we ascribe a 10x P/E vs. previous media-reported IPO valuation targets of 14x P/E (source: Reuters).

Performance Drivers



| Factors | 6M Corr | 1Y Corr |
|------------------------------------|---------|---------|
| Market: MSCI Asia Pac ex JP | 0.10 | 0.35 |
| Region: China | 0.23 | 0.27 |
| Macro: | | |
| JPM EM Currency(EMCI) Fixing | 0.20 | 0.21 |
| JP Morgan GBI-EM Global Div | 0.12 | 0.19 |
| Citi Economic Surprise - EM | -0.30 | -0.15 |
| Quant Styles: | | |
| Value | 0.52 | 0.45 |
| Growth | -0.50 | -0.43 |
| DivYld | 0.47 | 0.39 |

Investment Thesis, Valuation and Risks

Sinopec Corp - H *(Neutral; Price Target: HK\$4.80)*

Investment Thesis

Sinopec is the second-largest oil company in China. It is integrated with E&P, refining, marketing and chemicals, with larger downstream leverage versus upstream. Given the rise of electric vehicles and gas-fired heavy trucks in China, we expect Sinopec’s domestic oil product sales volume to enter a structural decline of 3% CAGR over the next few years. While the company has pursued multiple transition strategies like EV charging and hydrogen refuelling, profit contribution from these new businesses will take time to ramp up, which may not be able to offset the decline in oil products in the near term. We rate the stock Neutral.

Valuation

Our PT is based on a sum-of-the-parts (SOTP) valuation: We use a DCF approach for Sinopec’s upstream business and apply an 0.6x P/B to its refining/chems businesses, in line with peer PetroChina. For Sinopec’s marketing business, we ascribe a 10x P/E vs. previous media-reported IPO valuation targets of 14x P/E (source: Reuters).

| Segment | Method | Multiple | Book value (Rmb mn) | Enterprise value (Rmb mn) | Value per share (HKD) |
|--------------------------------------|--------|----------|------------------------|------------------------------|--------------------------|
| E&P | DCF | | | 138,505 | 1.3 |
| Refining | P/B | 0.6 | 232,353 | 150,797 | 1.4 |
| Chems | P/B | 0.6 | 218,114 | 141,556 | 1.3 |
| Marketing | P/E | 10 | 9,668 | 101,509 | 0.9 |
| Minority interest, net debt & others | | | | | (0.1) |
| H-share PT (HKD) | | | | | 4.8 |

Risks to Rating and Price Target

Key downside risks include: (1) potential refining losses as oil prices start to rise above \$100/bbl, due to China’s domestic fuel price cap policy; (2) prolonged disruption to shipping due to the Middle East conflict, resulting in higher logistic costs or crude oil feedstock supply disruption; and (3) a sharp rise in international gas/LNG prices due to geopolitics or unplanned outages, resulting in large gas import losses for Sinopec.

Key upside catalysts include: (1) an improvement in China’s GDP/PMI outlook due to stimulus; (2) a hike in dividend payout ratio from the minimum policy level of 65%; and (3) stronger-than-expected oil prices due to geopolitics.

Sinopec Corp - H: Summary of Financials

| Income Statement | | | | | | Cash Flow Statement | | | | | |
|------------------------------|-------------|-------------|-------------|-------------|-------------|-------------------------------------|-----------|-----------|-----------|-----------|-----------|
| | FY24A | FY25A | FY26E | FY27E | FY28E | FY24A | FY25A | FY26E | FY27E | FY28E | |
| Revenue | 3,015,321 | 2,726,460 | 2,913,089 | 2,802,515 | 2,774,000 | Cash flow from operating activities | 149,360 | 162,496 | 170,602 | 187,052 | 185,620 |
| COGS | (2,449,614) | (2,185,999) | (2,347,037) | (2,238,326) | (2,217,691) | o/w Depreciation & amortization | 123,126 | 135,758 | 130,459 | 130,683 | 131,579 |
| Gross profit | 565,707 | 540,461 | 566,052 | 564,189 | 556,309 | o/w Changes in working capital | (37,825) | (11,754) | 13,554 | (5,489) | (2,017) |
| SG&A | (431,136) | (413,218) | (441,770) | (425,650) | (421,845) | Cash flow from investing activities | (161,240) | (146,472) | (140,100) | (134,496) | (134,496) |
| Adj. EBITDA | 193,812 | 184,366 | 187,114 | 203,351 | 202,163 | o/w Capital expenditure | (139,206) | (133,625) | (140,100) | (134,496) | (134,496) |
| D&A | (123,126) | (135,758) | (130,459) | (130,683) | (131,579) | as % of sales | 4.6% | 4.9% | 4.8% | 4.8% | 4.8% |
| Adj. EBIT | 70,686 | 48,608 | 56,655 | 72,668 | 70,584 | Cash flow from financing activities | (19,237) | (26,074) | (7,378) | (41,805) | (40,984) |
| Net Interest | (11,174) | (14,654) | (15,118) | (15,231) | (15,156) | o/w Dividends paid | (42,108) | (27,636) | (27,378) | (36,805) | (35,984) |
| Adj. PBT | 69,142 | 43,744 | 51,850 | 68,300 | 66,868 | o/w Shares issued/(repurchased) | 9,864 | (1,554) | 0 | 0 | 0 |
| Tax | (12,966) | (7,934) | (9,404) | (12,388) | (12,128) | o/w Net debt issued/(repaid) | 44,129 | 52,560 | 20,000 | (5,000) | (5,000) |
| Minority Interest | (7,237) | (3,334) | (3,334) | (3,334) | (3,334) | Net change in cash | (30,464) | (10,242) | 23,124 | 10,751 | 10,140 |
| Adj. Net Income | 48,939 | 32,476 | 39,112 | 52,578 | 51,406 | Adj. Free cash flow to firm | 19,233 | 40,867 | 42,878 | 65,024 | 63,531 |
| Reported EPS | 0.40 | 0.27 | 0.32 | 0.43 | 0.43 | y/y Growth | (1063.7%) | 112.5% | 4.9% | 51.6% | (2.3%) |
| Adj. EPS | 0.40 | 0.27 | 0.32 | 0.43 | 0.43 | | | | | | |
| DPS | 0.29 | 0.20 | 0.23 | 0.30 | 0.30 | | | | | | |
| Payout ratio | 70.8% | 74.6% | 70.0% | 70.0% | 70.0% | | | | | | |
| Shares outstanding | 121,138 | 121,179 | 120,926 | 120,926 | 120,926 | | | | | | |
| Balance Sheet | | | | | | Ratio Analysis | | | | | |
| | FY24A | FY25A | FY26E | FY27E | FY28E | FY24A | FY25A | FY26E | FY27E | FY28E | |
| Cash and cash equivalents | 91,295 | 81,053 | 104,177 | 114,928 | 125,068 | Gross margin | 18.8% | 19.8% | 19.4% | 20.1% | 20.1% |
| Accounts receivable | 46,946 | 56,512 | 55,303 | 53,285 | 52,809 | EBITDA margin | 6.4% | 6.8% | 6.4% | 7.3% | 7.3% |
| Inventories | 256,595 | 230,811 | 255,226 | 237,272 | 235,084 | EBIT margin | 2.3% | 1.8% | 1.9% | 2.6% | 2.5% |
| Other current assets | 129,679 | 154,365 | 160,207 | 156,909 | 156,130 | Net profit margin | 1.6% | 1.2% | 1.3% | 1.9% | 1.9% |
| Current assets | 524,515 | 522,741 | 574,913 | 562,393 | 569,091 | ROE | 6.0% | 4.0% | 4.8% | 6.4% | 5.9% |
| PP&E | 925,830 | 965,394 | 975,035 | 978,848 | 981,766 | ROA | 2.4% | 1.5% | 1.8% | 2.4% | 2.3% |
| LT investments | 416 | 7,156 | 7,156 | 7,156 | 7,156 | ROCE | 5.3% | 3.5% | 3.9% | 5.0% | 4.7% |
| Other non current assets | 630,679 | 658,194 | 627,533 | 636,294 | 647,752 | SG&A/Sales | 14.3% | 15.2% | 15.2% | 15.2% | 15.2% |
| Total assets | 2,081,440 | 2,153,485 | 2,184,637 | 2,184,692 | 2,205,765 | Net debt/Equity | 0.3 | 0.3 | 0.3 | 0.3 | 0.2 |
| Short term borrowings | 92,464 | 120,256 | 140,256 | 135,256 | 130,256 | Net debt/EBITDA | 1.4 | 1.9 | 1.5 | 1.3 | 1.2 |
| Payables | 256,597 | 263,459 | 282,868 | 269,765 | 267,279 | Sales/Assets (x) | 1.5 | 1.3 | 1.3 | 1.3 | 1.3 |
| Other short term liabilities | 324,176 | 314,838 | 338,032 | 322,374 | 319,402 | Assets/Equity (x) | 2.5 | 2.6 | 2.7 | 2.6 | 2.5 |
| Current liabilities | 673,237 | 698,553 | 761,155 | 727,396 | 716,937 | Interest cover (x) | 17.3 | 12.6 | 12.4 | 13.4 | 13.3 |
| Long-term debt | 210,496 | 235,264 | 235,264 | 235,264 | 235,264 | Operating leverage | 444.7% | 326.0% | 241.8% | (744.6%) | 281.8% |
| Other long term liabilities | 225,560 | 232,792 | 232,792 | 232,792 | 232,792 | Tax rate | 18.8% | 18.1% | 18.1% | 18.1% | 18.1% |
| Total liabilities | 1,109,293 | 1,166,609 | 1,229,211 | 1,195,452 | 1,184,993 | Revenue y/y Growth | (4.2%) | (9.6%) | 6.8% | (3.8%) | (1.0%) |
| Shareholders' equity | 815,815 | 827,463 | 805,432 | 847,912 | 887,415 | EBITDA y/y Growth | (4.6%) | (4.9%) | 1.5% | 8.7% | (0.6%) |
| Minority interests | 156,332 | 159,413 | 149,994 | 141,328 | 133,356 | EPS y/y Growth | (17.0%) | (33.7%) | 20.7% | 34.4% | (2.2%) |
| Total liabilities & equity | 2,081,440 | 2,153,485 | 2,184,637 | 2,184,692 | 2,205,765 | | | | | | |
| BVPS | 6.73 | 6.83 | 6.66 | 7.01 | 7.34 | Valuation | | | | | |
| y/y Growth | 0.5% | 1.4% | (2.5%) | 5.3% | 4.7% | FY24A | FY25A | FY26E | FY27E | FY28E | |
| Net debt/(cash) | 265,950 | 344,287 | 271,343 | 255,592 | 240,452 | P/E (x) | 9.3 | 14.1 | 11.7 | 8.7 | 8.9 |
| | | | | | | P/BV (x) | 0.6 | 0.6 | 0.6 | 0.5 | 0.5 |
| | | | | | | EV/EBITDA (x) | 1.4 | 1.9 | 1.3 | 1.1 | 0.9 |
| | | | | | | Dividend Yield | 7.6% | 5.3% | 6.0% | 8.1% | 7.9% |

Source: Company reports and J.P. Morgan estimates.

Note: Rmb in millions (except per-share data). Fiscal year ends Dec. o/w - out of which

Neutral

600028.SS, 600028.CH

Price (03 Jun 26):Rmb4.86

▼ **Price Target (Dec-26):Rmb5.70**

Prior (Dec-26):Rmb6.50

Head of Asia Energy & Chemicals | Asia EV Battery

Parsley Ong ^{AC}

(65) 6882-8578

parsley.rh.ong@jpmorgan.com

J.P. Morgan Securities Singapore Private Limited/
 J.P. Morgan Securities (Asia Pacific) Limited/ J.P.

Morgan Broking (Hong Kong) Limited

Key Changes (FYE Dec)

| | Prev | Cur | Δ |
|----------------------|------|------|-------|
| Adj. EPS - 26E (Rmb) | 0.33 | 0.32 | -3.3% |
| Adj. EPS - 27E (Rmb) | 0.45 | 0.43 | -3.5% |

Style Exposure

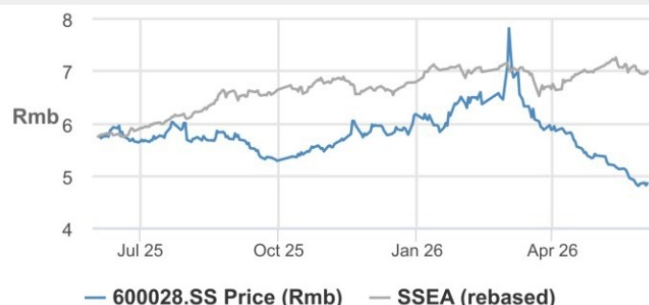
| Quant Factors | Current %Rank | Hist %Rank (1=Top) | | | |
|------------------|------------------|--------------------|----|----|----|
| | | 6M | 1Y | 3Y | 5Y |
| Value | 19 | 19 | 20 | 21 | 17 |
| Growth | 91 | 92 | 93 | 76 | 83 |
| Momentum | 48 | 89 | 85 | 18 | 19 |
| Quality | 81 | 68 | 71 | 60 | 77 |
| Low Vol | 16 | 4 | 8 | 6 | 3 |
| ESGQ | 18 | 7 | 19 | 20 | 19 |

Sinopec Corp - A

Trim FY27/28E NP by 4%/3%, remain Neutral

In light of accelerating China EV adoption since Apr, we trim our FY27/28E marketing segment OP to reflect weaker volume, resulting in 4%/3% downward revisions to FY27/28E NP. Incorporating a lower A-share premium assumption (35% vs. prev: 45%/current: 20%), we cut our Dec-26 PT by 12% to Rmb\$5.7/shr, reflecting FY26E dividend yield of 4.0%. Maintain Neutral.

Price Performance



| | YTD | 1m | 3m | 12m |
|-----|--------|-------|--------|--------|
| Abs | -21.4% | -9.8% | -37.8% | -15.5% |
| Rel | -24.3% | -9.2% | -36.9% | -37.0% |

Company Data

| | |
|-----------------------------|-----------|
| Shares O/S (mn) | 119,896 |
| 52-week range (Rmb) | 8.11-4.73 |
| Market cap (\$ mn) | 86,157 |
| Exchange rate | 6.76 |
| Free float (%) | 8.9% |
| 3M ADV (mn) | 355.02 |
| 3M ADV (\$ mn) | 318.0 |
| Volatility (90 Day) | 36 |
| Index | SHASHR |
| BBG ANR (Buy Hold Sell) | 18 5 2 |

Key Metrics (FYE Dec)

| Rmb in millions | FY25A | FY26E | FY27E | FY28E |
|----------------------------|-----------|-----------|-----------|-----------|
| Financial Estimates | | | | |
| Revenue | 2,726,460 | 2,913,089 | 2,802,515 | 2,774,000 |
| Adj. EBITDA | 184,366 | 187,114 | 203,351 | 202,163 |
| Adj. EBIT | 48,608 | 56,655 | 72,668 | 70,584 |
| Adj. net income | 32,476 | 39,112 | 52,578 | 51,406 |
| Adj. EPS | 0.27 | 0.32 | 0.43 | 0.43 |
| BBG EPS | 0.32 | 0.35 | 0.42 | 0.46 |
| Cashflow from operations | 162,496 | 170,602 | 187,052 | 185,620 |
| FCFF | 40,867 | 42,878 | 65,024 | 63,531 |
| Margins and Growth | | | | |
| Revenue Growth Y/Y (%) | (9.6%) | 6.8% | (3.8%) | (1.0%) |
| EBITDA margin | 6.8% | 6.4% | 7.3% | 7.3% |
| EBITDA Growth Y/Y (%) | (4.9%) | 1.5% | 8.7% | (0.6%) |
| EBIT margin | 1.8% | 1.9% | 2.6% | 2.5% |
| Net margin | 1.2% | 1.3% | 1.9% | 1.9% |
| Adj. EPS growth | (33.7%) | 20.7% | 34.4% | (2.2%) |
| Ratios | | | | |
| Adj. tax rate | 18.1% | 18.1% | 18.1% | 18.1% |
| Interest cover | 12.6 | 12.4 | 13.4 | 13.3 |
| Net debt/Equity | 0.2 | 0.2 | 0.2 | 0.2 |
| Net debt/EBITDA | 1.1 | 1.1 | 0.9 | 0.8 |
| ROCE | 3.5% | 3.9% | 5.0% | 4.7% |
| ROE | 4.0% | 4.8% | 6.4% | 5.9% |
| Valuation | | | | |
| FCFF yield | 6.9% | 7.3% | 11.1% | 10.8% |
| Dividend yield | 4.1% | 4.7% | 6.3% | 6.1% |
| EV/Revenue | 0.3 | 0.3 | 0.3 | - |
| EV/EBITDA | 4.3 | 4.3 | 4.1 | - |
| Adj. P/E | 18.1 | 15.0 | 11.2 | 11.4 |

Summary Investment Thesis and Valuation

Investment Thesis

Sinopec is the second-largest oil company in China. It is integrated with E&P, refining, marketing and chemicals, with a larger downstream leverage versus upstream. Given the rise of electric vehicles and gas-fired heavy trucks in China, we expect Sinopec's domestic oil product sales volume to enter a structural decline of 3% CAGR over the next few years. While the company has pursued multiple transition strategies like EV charging and hydrogen refuelling, profit contribution from these new businesses will take time to ramp up, which may not be able to offset the decline in oil products in the near term. We rate the stock Neutral.

Valuation

Our PT is based on a sum-of-the-parts (SOTP) valuation: We use a DCF approach for Sinopec's upstream business and apply a 0.6x P/B to its refining/chems businesses, in line with peer PetroChina. For Sinopec's marketing business, we ascribe a 10x P/E vs. previous media-reported IPO valuation targets of 14x P/E (source: Reuters). We apply an A/H premium of 35% to derive the A-share PT.

Performance Drivers

| | |
|----------|-----|
| Market | 0% |
| Region | 3% |
| Macro | 7% |
| Style | 23% |
| Idiosyn. | 67% |

| Factors | 6M Corr | 1Y Corr |
|------------------------------------|---------|---------|
| Market: MSCI Asia Pac ex JP | -0.24 | -0.01 |
| Region: China | 0.02 | 0.12 |
| Macro: | | |
| JPM EM Currency(EMCI) Fixing | 0.15 | 0.19 |
| JPM Forecast Revision EM | 0.36 | 0.18 |
| Citi Economic Surprise - EM | 0.08 | 0.15 |
| Quant Styles: | | |
| Value | 0.55 | 0.48 |
| DivYld | 0.49 | 0.44 |
| LowVol | 0.54 | 0.43 |

Investment Thesis, Valuation and Risks

Sinopec Corp - A (Neutral; Price Target: Rmb5.70)

Investment Thesis

Sinopec is the second-largest oil company in China. It is integrated with E&P, refining, marketing and chemicals, with a larger downstream leverage versus upstream. Given the rise of electric vehicles and gas-fired heavy trucks in China, we expect Sinopec's domestic oil product sales volume to enter a structural decline of 3% CAGR over the next few years. While the company has pursued multiple transition strategies like EV charging and hydrogen refuelling, profit contribution from these new businesses will take time to ramp up, which may not be able to offset the decline in oil products in the near term. We rate the stock Neutral.

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| Segment | Method | Multiple | Book value (Rmb mn) | Enterprise value (Rmb mn) | Value per share (Rmb) |
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| E&P | DCF | | | 138,505 | 1.1 |
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| Chems | P/B | 0.6 | 218,114 | 141,556 | 1.2 |
| Marketing | P/E | 10 | 9,668 | 101,509 | 0.8 |
| Minority interest, net debt & others | | | | | (0.1) |
| Total value (Rmb) | | | | | 4.3 |
| A share PT (35% premium, RMB) | | | | | 5.7 |

Source: J.P. Morgan estimates

Risks to Rating and Price Target

Key downside risks include: (1) potential refining losses as oil price starts to rise above \$100/bbl, due to China's domestic fuel price cap policy; (2) prolonged disruption to shipping due to the Middle East conflict, resulting in higher logistics costs or crude oil feedstock supply disruption; (3) a sharp rise in international gas/LNG prices due to geopolitics or unplanned outages, resulting in large gas import losses for Sinopec.

Key upside catalysts include: (1) an improvement in China's GDP/PMI outlook due to stimulus; (2) a hike in dividend payout ratio from the minimum policy level of 65%; (3) stronger-than-expected oil prices due to geopolitics.

Sinopec Corp - A: Summary of Financials

| Income Statement | | | | | | Cash Flow Statement | | | | | |
|------------------------------|-------------|-------------|-------------|-------------|-------------|-------------------------------------|-----------|-----------|-----------|-----------|-----------|
| | FY24A | FY25A | FY26E | FY27E | FY28E | FY24A | FY25A | FY26E | FY27E | FY28E | |
| Revenue | 3,015,321 | 2,726,460 | 2,913,089 | 2,802,515 | 2,774,000 | Cash flow from operating activities | 149,360 | 162,496 | 170,602 | 187,052 | 185,620 |
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| Adj. EBIT | 70,686 | 48,608 | 56,655 | 72,668 | 70,584 | Cash flow from financing activities | (19,237) | (26,074) | (7,378) | (41,805) | (40,984) |
| Net Interest | (11,174) | (14,654) | (15,118) | (15,231) | (15,156) | o/w Dividends paid | (42,108) | (27,636) | (27,378) | (36,805) | (35,984) |
| Adj. PBT | 69,142 | 43,744 | 51,850 | 68,300 | 66,868 | o/w Shares issued/(repurchased) | 9,864 | (1,554) | 0 | 0 | 0 |
| Tax | (12,966) | (7,934) | (9,404) | (12,388) | (12,128) | o/w Net debt issued/(repaid) | 44,129 | 52,560 | 20,000 | (5,000) | (5,000) |
| Minority Interest | (7,237) | (3,334) | (3,334) | (3,334) | (3,334) | Net change in cash | (30,464) | (10,242) | 23,124 | 10,751 | 10,140 |
| Adj. Net Income | 48,939 | 32,476 | 39,112 | 52,578 | 51,406 | Adj. Free cash flow to firm | 19,233 | 40,867 | 42,878 | 65,024 | 63,531 |
| Reported EPS | 0.40 | 0.27 | 0.32 | 0.43 | 0.43 | y/y Growth | (1063.7%) | 112.5% | 4.9% | 51.6% | (2.3%) |
| Adj. EPS | 0.40 | 0.27 | 0.32 | 0.43 | 0.43 | | | | | | |
| DPS | 0.29 | 0.20 | 0.23 | 0.30 | 0.30 | | | | | | |
| Payout ratio | 70.8% | 74.6% | 70.0% | 70.0% | 70.0% | | | | | | |
| Shares outstanding | 121,138 | 121,179 | 120,926 | 120,926 | 120,926 | | | | | | |
| Balance Sheet | | | | | | Ratio Analysis | | | | | |
| | FY24A | FY25A | FY26E | FY27E | FY28E | FY24A | FY25A | FY26E | FY27E | FY28E | |
| Cash and cash equivalents | 145,580 | 150,873 | 173,997 | 184,748 | 194,888 | Gross margin | 18.8% | 19.8% | 19.4% | 20.1% | 20.1% |
| Accounts receivable | 46,946 | 56,512 | 55,303 | 53,285 | 52,809 | EBITDA margin | 6.4% | 6.8% | 6.4% | 7.3% | 7.3% |
| Inventories | 256,595 | 230,811 | 255,226 | 237,272 | 235,084 | EBIT margin | 2.3% | 1.8% | 1.9% | 2.6% | 2.5% |
| Other current assets | 75,394 | 84,545 | 90,387 | 87,089 | 86,310 | Net profit margin | 1.6% | 1.2% | 1.3% | 1.9% | 1.9% |
| Current assets | 524,515 | 522,741 | 574,913 | 562,393 | 569,091 | ROE | 6.0% | 4.0% | 4.8% | 6.4% | 5.9% |
| PP&E | 925,830 | 965,394 | 975,035 | 978,848 | 981,766 | ROA | 2.4% | 1.5% | 1.8% | 2.4% | 2.3% |
| LT investments | 416 | 7,156 | 7,156 | 7,156 | 7,156 | ROCE | 5.3% | 3.5% | 3.9% | 5.0% | 4.7% |
| Other non current assets | 630,679 | 658,194 | 627,533 | 636,294 | 647,752 | SG&A/Sales | 14.3% | 15.2% | 15.2% | 15.2% | 15.2% |
| Total assets | 2,081,440 | 2,153,485 | 2,184,637 | 2,184,692 | 2,205,765 | Net debt/Equity | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Short term borrowings | 92,464 | 120,256 | 140,256 | 135,256 | 130,256 | Net debt/EBITDA | 0.8 | 1.1 | 1.1 | 0.9 | 0.8 |
| Payables | 256,597 | 263,459 | 282,868 | 269,765 | 267,279 | Sales/Assets (x) | 1.5 | 1.3 | 1.3 | 1.3 | 1.3 |
| Other short term liabilities | 324,176 | 314,838 | 338,032 | 322,374 | 319,402 | Assets/Equity (x) | 2.5 | 2.6 | 2.7 | 2.6 | 2.5 |
| Current liabilities | 673,237 | 698,553 | 761,155 | 727,396 | 716,937 | Interest cover (x) | 17.3 | 12.6 | 12.4 | 13.4 | 13.3 |
| Long-term debt | 210,496 | 235,264 | 235,264 | 235,264 | 235,264 | Operating leverage | 444.7% | 326.0% | 241.8% | (744.6%) | 281.8% |
| Other long term liabilities | 225,560 | 232,792 | 232,792 | 232,792 | 232,792 | Tax rate | 18.8% | 18.1% | 18.1% | 18.1% | 18.1% |
| Total liabilities | 1,109,293 | 1,166,609 | 1,229,211 | 1,195,452 | 1,184,993 | Revenue y/y Growth | (4.2%) | (9.6%) | 6.8% | (3.8%) | (1.0%) |
| Shareholders' equity | 815,815 | 827,463 | 805,432 | 847,912 | 887,415 | EBITDA y/y Growth | (4.6%) | (4.9%) | 1.5% | 8.7% | (0.6%) |
| Minority interests | 156,332 | 159,413 | 149,994 | 141,328 | 133,356 | EPS y/y Growth | (17.0%) | (33.7%) | 20.7% | 34.4% | (2.2%) |
| Total liabilities & equity | 2,081,440 | 2,153,485 | 2,184,637 | 2,184,692 | 2,205,765 | | | | | | |
| BVPS | 6.73 | 6.83 | 6.66 | 7.01 | 7.34 | Valuation | | | | | |
| y/y Growth | 0.5% | 1.4% | (2.5%) | 5.3% | 4.7% | FY24A | FY25A | FY26E | FY27E | FY28E | |
| Net debt/(cash) | 157,380 | 204,647 | 201,523 | 185,772 | 170,632 | P/E (x) | 12.0 | 18.1 | 15.0 | 11.2 | 11.4 |
| | | | | | | P/BV (x) | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 |
| | | | | | | EV/EBITDA (x) | 3.9 | 4.3 | 4.3 | 4.1 | - |
| | | | | | | Dividend Yield | 5.9% | 4.1% | 4.7% | 6.3% | 6.1% |

Source: Company reports and J.P. Morgan estimates.

Note: Rmb in millions (except per-share data). Fiscal year ends Dec. o/w - out of which

Neutral

600346.SS, 600346.CH
 Price (03 Jun 26):Rmb17.51

▼ **Price Target (Dec-26):Rmb20.50**
 Prior (Dec-26):Rmb25.00

Head of Asia Energy & Chemicals | Asia EV Battery

Parsley Ong ^{AC}
 (65) 6882-8578
 parsley.rh.ong@jpmorgan.com
 J.P. Morgan Securities Singapore Private Limited/
 J.P. Morgan Securities (Asia Pacific) Limited/ J.P.
 Morgan Broking (Hong Kong) Limited

Key Changes (FYE Dec)

| | Prev | Cur | Δ |
|----------------------|------|------|-------|
| Adj. EPS - 26E (Rmb) | 1.42 | 1.35 | -5.0% |

Style Exposure

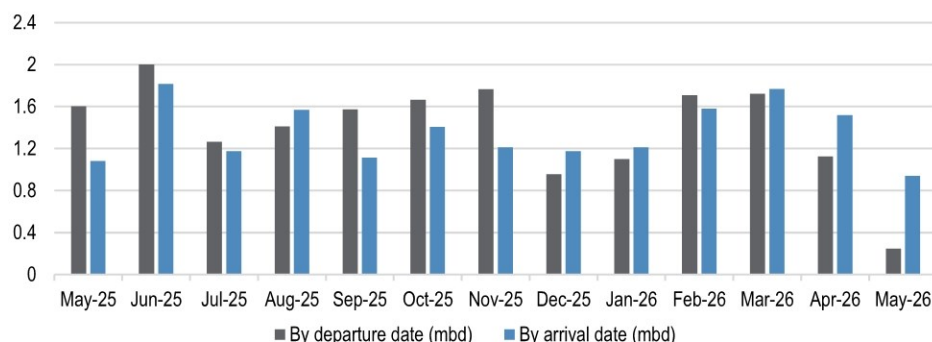
| Quant Factors | Current %Rank | Hist %Rank (1=Top) | | | |
|---------------|---------------|--------------------|----|----|----|
| | | 6M | 1Y | 3Y | 5Y |
| Value | 37 | 27 | 30 | 30 | 31 |
| Growth | 63 | 73 | 68 | 94 | 74 |
| Momentum | 11 | 65 | 59 | 97 | 22 |
| Quality | 64 | 53 | 42 | 40 | 25 |
| Low Vol | 44 | 18 | 14 | 30 | 62 |
| ESGQ | 89 | 24 | 94 | 90 | - |

Hengli Petrochemical - A

Trim NP by 5%, maintain Neutral

On 27 Apr, US OFAC [imposed SDN sanctions](#) on Hengli Petrochemical Dalian Refinery (恒力石化 大连 炼化有限公司, or “Hengli Lianhua”), a 100%-owned subsidiary of Hengli Petchem. Hengli has 400kbd of refining capacity at its Dalian refinery; post sanctions, we had expected Hengli to switch to full Iran/Russian/sanctioned oil as seen in the case of Nayara Energy post EU sanctions ([JPM note](#)). However, as shown in Figure 17, vessel tracking data has indicated that the US naval blockade caused Iran crude oil exports to China to fall to 0.9 mbd in May (based on arrival date). We trim FY26E NP by 5% to Rmb9.5bn to reflect higher feedstock sourcing costs, and lower our PT to Rmb20.5/sh. This is based on 1.5x P/B, -1SD below the historical average of 2x (previous multiple) to reflect sanctions risks. Our Dec-26 PT of Rmb20.5/shr mirrors 2.6% FY26E yield. Maintain Neutral.

Figure 17: Crude flow from Iran to China based on departure/arrival date



Source: Vortexa, J.P. Morgan Asia Energy Research

Figure 18: Hengli qtrly earnings

| Financials (CHY Mn) | 1Q25 | 2Q25 | 3Q25 | 4Q25 | 1Q26 | 2Q26e | 3Q26e | 4Q26e | 2023 | 2024 | 2025 | 2026e | 2027e | 2028e |
|---------------------|--------|--------|--------|--------|--------|--------|--------|--------|----------|---------|---------|---------|---------|---------|
| Revenue | 57,046 | 46,841 | 53,496 | 43,704 | 49,210 | 59,107 | 56,409 | 56,409 | 234,866 | 236,401 | 201,087 | 226,532 | 213,682 | 307,185 |
| GP | 6,052 | 6,371 | 8,838 | 5,259 | 6,895 | 7,388 | 8,743 | 3,492 | 26,482 | 23,417 | 26,519 | 31,067 | 31,463 | 39,310 |
| Reported OP | 2,601 | 1,404 | 2,650 | 2,653 | 5,291 | 1,503 | 2,558 | 3,185 | 8,900 | 8,550 | 9,308 | 12,537 | 13,869 | 15,534 |
| Pretax | 2,609 | 1,408 | 2,651 | 2,753 | 5,110 | | | | 8,873 | 8,820 | 9,420 | 12,650 | 13,982 | 15,646 |
| NP (GAAP) | 2,051 | 999 | 1,972 | 2,052 | 3,909 | 1,139 | 1,939 | 2,514 | 6,905 | 7,044 | 7,075 | 9,500 | 10,500 | 11,750 |
| EPS | 0.29 | 0.14 | 0.28 | 0.29 | 1.49 | 1.66 | 1.04 | 1.11 | 0.98 | 1.00 | 1.01 | 1.35 | 1.49 | 1.67 |
| FCF | 4,719 | 1,135 | 7,946 | 10,209 | 2,275 | | | | (16,205) | 918 | 24,011 | | | |
| GP margin (%) | 10.6% | 13.6% | 16.5% | 12.0% | 14.0% | 12.5% | 15.5% | 6.2% | 11.3% | 9.9% | 13.2% | 13.7% | 14.7% | 12.8% |
| OP margin (%) | 4.6% | 3.0% | 5.0% | 6.1% | 10.8% | 2.5% | 4.5% | 5.6% | 3.8% | 3.6% | 4.6% | 5.5% | 6.5% | 5.1% |
| NP Margin (%) | 3.6% | 2.1% | 3.7% | 4.7% | 7.9% | 1.9% | 3.4% | 4.5% | 2.9% | 3.0% | 3.5% | 4.2% | 4.9% | 3.8% |
| ND/E % | 183% | 177% | 170% | 151% | 149% | | | | 195% | 190% | 151% | | | |
| L/A % 负债率 | 77% | 77% | 76% | 75% | 74% | | | | | | | | | |
| y/y growth (%) | | | | | | | | | | | | | | |
| Revenue | -2% | -14% | -18% | -25% | -14% | 26% | 5% | 29% | 6% | 1% | -15% | 13% | -6% | 44% |
| OP | -4% | -44% | 87% | 37% | 103% | 7% | -3% | 20% | 283% | -4% | 9% | 35% | 11% | 12% |
| NP | -4% | -47% | 81% | 6% | 91% | 14% | -2% | 22% | 198% | 2% | 0% | 34% | 11% | 12% |
| Consensus | | | | | | | | | | | | | | |
| Revenue | 57,046 | 46,841 | 53,496 | 69,111 | 61,540 | 61,540 | 61,540 | 61,540 | 237,596 | 248,921 | 226,495 | 246,161 | 241,718 | 250,909 |
| OP | | | | | 2,915 | 2,915 | 2,915 | 2,915 | 11,707 | 8,880 | 8,856 | 15,492 | 17,782 | 21,056 |
| NP | | | | | 2,915 | 2,915 | 2,915 | 2,915 | 7,903 | 6,917 | 7,050 | 11,659 | 13,024 | 15,883 |

Source: Company data, J.P. Morgan Asia Energy Research

Price Performance



| | YTD | 1m | 3m | 12m |
|-----|--------|--------|--------|-------|
| Abs | -22.3% | -20.7% | -32.7% | 16.5% |
| Rel | -25.2% | -20.0% | -31.8% | -5.0% |

Company Data

| | |
|-----------------------------|-------------|
| Shares O/S (mn) | 7,039 |
| 52-week range (Rmb) | 27.26-13.76 |
| Market cap (\$ mn) | 18,224 |
| Exchange rate | 6.76 |
| Free float (%) | 24.6% |
| 3M ADV (mn) | 46.02 |
| 3M ADV (\$ mn) | 149.8 |
| Volatility (90 Day) | 56 |
| Index | SSE |
| BBG ANR (Buy Hold Sell) | 20 1 0 |

Key Metrics (FYE Dec)

| Rmb in millions | FY25A | FY26E | FY27E | FY28E |
|----------------------------|---------|---------|---------|---------|
| Financial Estimates | | | | |
| Revenue | 201,087 | 226,532 | 213,682 | 307,185 |
| Adj. EBITDA | 23,792 | 26,659 | 27,690 | 29,108 |
| Adj. EBIT | 12,667 | 15,992 | 17,243 | 18,868 |
| Adj. net income | 7,075 | 9,500 | 10,500 | 11,750 |
| Adj. EPS | 1.00 | 1.35 | 1.49 | 1.67 |
| BBG EPS | 1.01 | 1.70 | 1.93 | 2.28 |
| Cashflow from operations | 31,122 | 37,960 | 40,657 | 36,376 |
| FCFF | 24,011 | 30,960 | 33,657 | 29,376 |
| Margins and Growth | | | | |
| Revenue Growth Y/Y (%) | (14.9%) | 12.7% | (5.7%) | 43.8% |
| EBITDA margin | 11.8% | 11.8% | 13.0% | 9.5% |
| EBITDA Growth Y/Y (%) | 0.2% | 12.1% | 3.9% | 5.1% |
| EBIT margin | 6.3% | 7.1% | 8.1% | 6.1% |
| Net margin | 3.5% | 4.2% | 4.9% | 3.8% |
| Adj. EPS growth | 0.4% | 34.3% | 10.5% | 11.9% |
| Ratios | | | | |
| Adj. tax rate | 24.9% | 24.9% | 24.9% | 24.9% |
| Interest cover | - | - | - | - |
| Net debt/Equity | 1.5 | 0.8 | 0.4 | 0.2 |
| Net debt/EBITDA | 4.2 | 2.9 | 1.8 | 0.9 |
| ROCE | 4.6% | 6.0% | 6.1% | 6.0% |
| ROE | 10.9% | 12.1% | 10.3% | 9.3% |
| Valuation | | | | |
| FCFF yield | 19.5% | 25.1% | 27.3% | 23.8% |
| Dividend yield | 6.8% | 3.1% | 3.4% | 0.0% |
| EV/Revenue | 1.1 | 0.9 | 0.8 | 0.0 |
| EV/EBITDA | 9.4 | 7.4 | 6.1 | 0.0 |
| Adj. P/E | 17.4 | 13.0 | 11.7 | 10.5 |

Summary Investment Thesis and Valuation

Investment Thesis

Hengli is the fourth-largest polyester producer globally and also owns 400kbd refining and 1.5Mtpa NCC capacities. Hengli is viewed as one of China's 'independent giants', which are part of China's plan to build seven major refining and chemical hubs. We expect Hengli's share price to remain range-bound near term due to challenges in feedstock sourcing due to the Middle East conflict, and recent sanctions on its Hengli Petrochemical Dalian Refinery subsidiary.

Valuation

Our Dec-26 PT of Rmb20.5 is based on a 1-year forward P/B of 1.5x (1SD below historical average of 2.0x) to capture the company's valuation during the chemicals downcycle in recent years and sanctions risks.

Performance Drivers



| Factors | 6M Corr | 1Y Corr |
|------------------------------------|---------|---------|
| Market: MSCI Asia Pac ex JP | 0.24 | 0.19 |
| Region: China | 0.13 | 0.24 |
| Macro: | | |
| JPM Global Equity Sentiment | 0.35 | 0.23 |
| Citi Economic Surprise - EM | -0.12 | -0.14 |
| Generic 1st 'CO' Future | -0.06 | -0.11 |
| Quant Styles: | | |
| Quality | -0.13 | -0.23 |
| Size | -0.17 | -0.23 |
| DivYld | -0.18 | -0.19 |

Investment Thesis, Valuation and Risks

Hengli Petrochemical - A *(Neutral; Price Target: Rmb20.50)*

Investment Thesis

Hengli is the fourth-largest polyester producer globally and also owns 400kbd refining and 1.5Mtpa NCC capacities. Hengli is viewed as one of China's 'independent giants', which are part of China's plan to build seven major refining and chemical hubs. We expect Hengli's share price to remain range-bound near term due to challenges in feedstock sourcing due to the Middle East conflict, and recent sanctions on its Hengli Petrochemical Dalian Refinery subsidiary.

Valuation

Our Dec-26 PT of Rmb20.5 is based on a 1-year forward P/B of 1.5x (1SD below historical average of 2.0x) to capture the company's valuation during the chemicals downcycle in recent years and sanctions risks.

Risks to Rating and Price Target

Upside risks to our rating and price target include: 1) stronger-than-expected chemical spreads, 2) lifting of US sanctions or return to 100% utilization, and 3) higher oil price/GRM.

Downside risks to our rating and price target include: 1) a deterioration in polyester/chemicals demand or a surge in operating costs due to tariffs, 2) unplanned outages, and 3) delays in capacity start-up.

Hengli Petrochemical - A: Summary of Financials

| Income Statement | FY23A | FY24A | FY25A | FY26E | FY27E | Cash Flow Statement | FY23A | FY24A | FY25A | FY26E | FY27E |
|------------------------------|-----------|-----------|-----------|-----------|-----------|-------------------------------------|-----------|----------|----------|----------|----------|
| Revenue | 234,866 | 236,401 | 201,087 | 226,532 | 213,682 | Cash flow from operating activities | 23,536 | 22,733 | 31,122 | 37,960 | 40,657 |
| COGS | (208,384) | (212,983) | (174,568) | (195,465) | (182,218) | o/w Depreciation & amortization | 9,431 | 10,992 | 11,124 | 10,667 | 10,447 |
| Gross profit | 26,482 | 23,417 | 26,519 | 31,067 | 31,463 | o/w Changes in working capital | 4,530 | 283 | (6,143) | (1,274) | 643 |
| SG&A | - | - | - | - | - | Cash flow from investing activities | (38,814) | (20,902) | (9,149) | (9,038) | (9,038) |
| Adj. EBITDA | 23,050 | 23,752 | 23,792 | 26,659 | 27,690 | o/w Capital expenditure | (39,741) | (21,814) | (7,111) | (7,000) | (7,000) |
| D&A | (9,431) | (10,992) | (11,124) | (10,667) | (10,447) | as % of sales | 16.9% | 9.2% | 3.5% | 3.1% | 3.3% |
| Adj. EBIT | 13,620 | 12,760 | 12,667 | 15,992 | 17,243 | Cash flow from financing activities | 9,910 | 7,817 | (23,323) | (23,800) | (6,200) |
| Net Interest | - | - | - | - | - | o/w Dividends paid | (5,773) | (9,441) | (8,353) | (3,800) | (4,200) |
| Adj. PBT | 8,873 | 8,820 | 9,420 | 12,650 | 13,982 | o/w Shares issued/(repurchased) | 0 | 0 | 0 | 0 | 0 |
| Tax | (1,969) | (1,767) | (2,346) | (3,151) | (3,482) | o/w Net debt issued/(repaid) | 13,806 | 13,715 | (19,390) | (20,000) | (2,000) |
| Minority Interest | 0 | (9) | 0 | 0 | 0 | Net change in cash | (5,369) | 9,648 | (1,350) | 5,122 | 25,419 |
| Adj. Net Income | 6,905 | 7,044 | 7,075 | 9,500 | 10,500 | Adj. Free cash flow to firm | (16,205) | 918 | 24,011 | 30,960 | 33,657 |
| Reported EPS | 0.98 | 1.00 | 1.00 | 1.35 | 1.49 | y/y Growth | (6877.0%) | (105.7%) | 2514.3% | 28.9% | 8.7% |
| Adj. EPS | 0.98 | 1.00 | 1.00 | 1.35 | 1.49 | | | | | | |
| DPS | 0.82 | 1.34 | 1.19 | 0.54 | 0.60 | | | | | | |
| Payout ratio | 83.6% | 134.0% | 118.1% | 40.0% | 40.0% | | | | | | |
| Shares outstanding | 7,039 | 7,039 | 7,040 | 7,039 | 7,039 | | | | | | |
| Balance Sheet | FY23A | FY24A | FY25A | FY26E | FY27E | Ratio Analysis | FY23A | FY24A | FY25A | FY26E | FY27E |
| Cash and cash equivalents | 20,469 | 30,837 | 30,837 | 35,958 | 61,377 | Gross margin | 11.3% | 9.9% | 13.2% | 13.7% | 14.7% |
| Accounts receivable | 538 | 608 | 608 | 685 | 646 | EBITDA margin | 9.8% | 10.0% | 11.8% | 11.8% | 13.0% |
| Inventories | 31,268 | 24,251 | 24,251 | 27,320 | 25,770 | EBIT margin | 5.8% | 5.4% | 6.3% | 7.1% | 8.1% |
| Other current assets | 13,808 | 17,574 | 15,474 | 15,474 | 15,474 | Net profit margin | 2.9% | 3.0% | 3.5% | 4.2% | 4.9% |
| Current assets | 66,083 | 73,270 | 71,170 | 79,437 | 103,267 | ROE | 12.2% | 11.4% | 10.9% | 12.1% | 10.3% |
| PP&E | 178,811 | 185,402 | 177,787 | 174,120 | 170,673 | ROA | 2.8% | 2.6% | 2.6% | 3.6% | 3.8% |
| LT investments | 0 | 0 | 0 | 0 | 0 | ROCE | 5.6% | 4.9% | 4.6% | 6.0% | 6.1% |
| Other non current assets | 15,704 | 14,411 | 13,302 | 14,175 | 14,175 | SG&A/Sales | - | - | - | - | - |
| Total assets | 260,599 | 273,083 | 262,259 | 267,732 | 288,114 | Net debt/Equity | 2.0 | 1.9 | 1.5 | 0.8 | 0.4 |
| Short term borrowings | 66,995 | 79,042 | 71,126 | 61,126 | 59,126 | Net debt/EBITDA | 5.1 | 5.1 | 4.2 | 2.9 | 1.8 |
| Payables | 27,601 | 20,937 | 14,794 | 16,665 | 15,720 | Sales/Assets (x) | 0.9 | 0.9 | 0.8 | 0.9 | 0.8 |
| Other short term liabilities | 29,266 | 30,900 | 41,823 | 41,823 | 41,823 | Assets/Equity (x) | 4.4 | 4.3 | 4.1 | 3.4 | 2.7 |
| Current liabilities | 123,862 | 130,879 | 127,743 | 119,615 | 116,669 | Interest cover (x) | - | - | - | - | - |
| Long-term debt | 70,621 | 72,289 | 60,814 | 50,814 | 50,814 | Operating leverage | 1177.4% | (966.6%) | 4.8% | 207.4% | (138.0%) |
| Other long term liabilities | 6,118 | 6,497 | 6,911 | 6,911 | 6,911 | Tax rate | 22.2% | 20.0% | 24.9% | 24.9% | 24.9% |
| Total liabilities | 200,600 | 209,665 | 195,468 | 177,340 | 174,394 | Revenue y/y Growth | 5.6% | 0.7% | (14.9%) | 12.7% | (5.7%) |
| Shareholders' equity | 59,992 | 63,399 | 66,773 | 90,374 | 113,703 | EBITDA y/y Growth | 29.9% | 3.0% | 0.2% | 12.1% | 3.9% |
| Minority interests | 6 | 18 | 18 | 18 | 17 | EPS y/y Growth | 197.8% | 2.0% | 0.4% | 34.3% | 10.5% |
| Total liabilities & equity | 260,599 | 273,083 | 262,259 | 267,732 | 288,114 | Valuation | FY23A | FY24A | FY25A | FY26E | FY27E |
| BVPS | 8.52 | 9.01 | 9.49 | 12.84 | 16.15 | P/E (x) | 17.9 | 17.5 | 17.4 | 13.0 | 11.7 |
| y/y Growth | 13.5% | 5.7% | 5.3% | 35.3% | 25.8% | P/BV (x) | 2.1 | 1.9 | 1.8 | 1.4 | 1.1 |
| Net debt/(cash) | 117,147 | 120,494 | 101,104 | 75,982 | 48,564 | EV/EBITDA (x) | 10.3 | 10.2 | 9.4 | 7.4 | 6.1 |
| | | | | | | Dividend Yield | 4.7% | 7.7% | 6.8% | 3.1% | 3.4% |

Source: Company reports and J.P. Morgan estimates.

Note: Rmb in millions (except per-share data). Fiscal year ends Dec. o/w - out of which

Companies Discussed in This Report (all prices in this report as of market close on 03 June 2026, unless otherwise indicated) LG Chem Ltd(051910.KS/W354,500[02 June 2026]/OW), Nan Ya Plastics Corp(1303.TW/NT\$113.00/OW), PetroChina - H(0857.HK/HK\$10.69/OW), Rongsheng Petro Chemical - A(002493.SZ/Rmb11.44/N), Shandong Sinocera - A(300285.SZ/Rmb60.47/OW)

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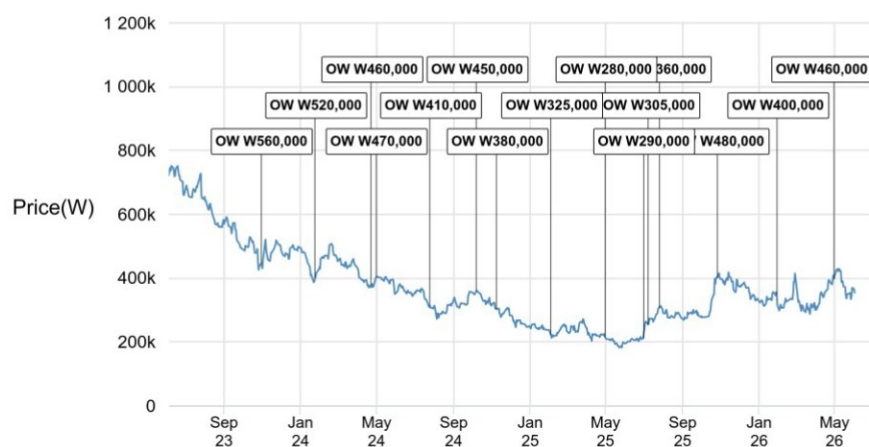
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LG Chem Ltd (051910.KS, 051910 KS) Price Chart



| Date | Rating | Price (W) | Price Target (W) |
|-----------|--------|-----------|------------------|
| 31-Oct-23 | OW | 445000 | 560,000 |
| 25-Jan-24 | OW | 400500 | 520,000 |
| 23-Apr-24 | OW | 378000 | 460,000 |
| 01-May-24 | OW | 402500 | 470,000 |
| 26-Jul-24 | OW | 313000 | 410,000 |
| 08-Oct-24 | OW | 359000 | 450,000 |
| 09-Nov-24 | OW | 303000 | 380,000 |
| 04-Feb-25 | OW | 222000 | 325,000 |
| 01-May-25 | OW | 216000 | 280,000 |
| 01-Jul-25 | OW | 211500 | 290,000 |
| 09-Jul-25 | OW | 254500 | 305,000 |
| 27-Jul-25 | OW | 307000 | 360,000 |
| 27-Oct-25 | OW | 400000 | 480,000 |
| 30-Jan-26 | OW | 345500 | 400,000 |
| 01-May-26 | OW | 398000 | 460,000 |

Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends. Initiated coverage Oct 08, 2002. All share prices are as of market close on the previous business day.

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