

China Oil & Gas (H/A)

Cut FY25 oil price back to US\$65, PTR resilient on gas, inventory risk for SNP

Price Objective Change

FY25 oil price back to US\$65 as high tariffs hurt demand

After several rounds of adjustments, our global commodity team recalibrated its FY25 Brent price forecast back to the year-beginning price of US\$65/b and cut the FY26 forecast to US\$70/b from US\$73/b (see our: [America's twin Dutch disease report](#)). The team now sees an expanded global oil market surplus of 0.65mbd in FY25 (from 0.32mbd) after factoring in the following: 1) high tariffs will likely shrink global trade and hurt energy demand, with oil consumption growth expectations down to 0.20mbd (from 0.48mbd); 2) OPEC+ increasing production above expectations; and 3) potential Iran talks. However, it also believes a rapidly weakening USD and blurry geopolitical backdrop could support prices.

PTR: resilient earnings and buyback debut; Buy for yield

PetroChina (PTR)'s FY25/26 gas pricing policy suggested a stable gas ASP amid fierce competition by leveraging its market dominance (68% market share in 2024, vs CNOOC's 16% and SNP's 10%). Considering imported gas cost will decline along with oil prices, PTR could see higher dollar margin in 2025. Factoring in the new oil price forecast and the expanded gas dollar margin, we cut our FY25/26E earnings by 11%/8% to RMB135/146bn. We accordingly trim our H-share PO to HKD6.8 (from HKD7.2) and maintained our A-share PO at RMB9.5 by using an updated A-H premium of 48% for the trailing 12-month period. Given the strong macro uncertainties and trade conflicts with higher tariffs, we prefer PTR among energy names, esp. after SASAC further encouraged SOE listcos and SOE groups to actively manage capital market by focusing more on investors' return and increasing shareholdings from capital market. We reiterate our Buy on PTR, given: 1) resilient earning and solid FCF could better support its shareholding increase and buyback debut; 2) attractive yield of 7.4% in FY25E; and 3) undemanding valuation of 0.6x P/B. We estimate 1Q25 NPAT at RMB41.5bn, -9% YoY/+29% QoQ.

SNP: risks from inventory loss; Buy on valuation

We lower Sinopec (SNP)'s FY25/26E earnings by 27%/10% to RMB35/42bn, 37%/32% below Street consensus, as its inventory loss will be more than PTR's amid a fast oil price drop. Thus we trim SNP's H-share PO to HKD4.7 (from HKD5.0) and maintain A-share PO of RMB6.8 by using 53% of A-H premium for the trailing 12-month period. While, SNP could face headwinds from sluggish FCF due to a weaker OCF and sustained capex, which could hurt its dividend policy. However, we still note SNP is a defensive name in the medium term after digesting the inventory impacts. We reiterate Buy, given: 1) US\$60-80/b oil prices are likely a sweet spot for SNP; 2) undemanding valuation of 0.5x 2025E P/B; and 3) decent yield of 5.7% in FY25E by assuming a 71% payout ratio (vs 71% in 2024). We estimate SNP's 1Q25 NPAT of RMB12bn, -35% YoY/+218% QoQ.

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Refer to important disclosures on page 10 to 13. Analyst Certification on page 8. Price Objective Basis/Risk on page 7.

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Exhibit 1: China oil majors' POs

We cut our PTR and SNP H-share POs

	Rating	PO	Potential Upside
PetroChina	Buy	HKD6.8 (from HKD7.2)	22%
PetroChina-A	Buy	RMB9.5 (no change)	23%
Sinopec	Buy	HKD4.7 (from HKD5.0)	21%
Sinopec-A	Buy	RMB6.8 (no change)	20%

Source: BofA Global Research estimates

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Glossary

ASP: Average selling price
DPS: Dividend per share
E&P: Exploration and Production
FCF: Free cash flow
GRM: Gross refining margin
Listco: Listing company
mbd: Million barrels per day
NPAT: Net profit after tax
OCF: Operating cash flow
OPEC: Organization of the Petroleum Exporting Countries
PO: Price objective
SASAC: State-owned assets supervision and administration commission
SOE: State owned enterprise

Cut 2025 Brent price back to US\$65/b

Our global commodity team recalibrated its FY25 Brent price forecast back to the year-beginning price of US\$65/b and cut that of FY26 to US\$70/b from US\$73/b (see our: [America's twin Dutch disease report](#)). The team now sees an expanded global oil market surplus of 0.65mbd in FY25 (vs prior expectation of 0.32mbd surplus) after factoring in the following: 1) high tariffs will shrink global trade and hurt energy demand with oil consumption growth expectations down to 0.2mbd (vs. prior forecast of 0.48mbd); 2) OPEC+ increasing production above expectations; and 3) potential Iran talks. Yet they also believe a rapidly weakening USD and a blurry geopolitical backdrop could support prices.

Exhibit 2: BofA Global Research crude oil price forecasts

BofA Global Research forecasts Brent price at US\$65/70 for FY25/26E

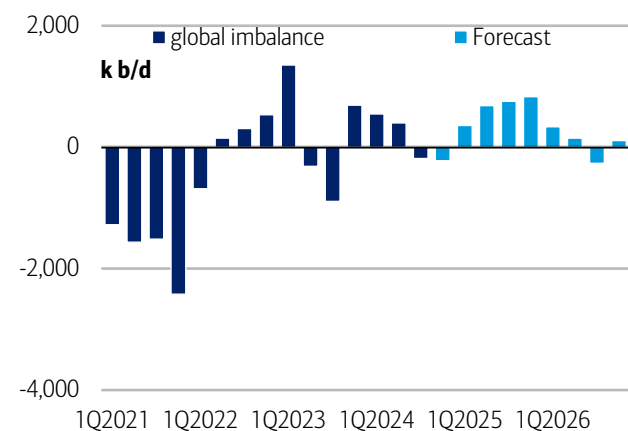
	units	2020	2021	2022	2023	2024	2025e	2026e
WTI Crude Oil	(\$/bbl)	39	68	94	78	76	61	66
Brent Crude Oil	(\$/bbl)	43	71	99	82	80	65	70

Source: BofA Global Research estimates

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Exhibit 3: Historical and forecasted global market imbalance

Global oil supply and demand trends from a balanced position back into a 650k b/d surplus in 2025

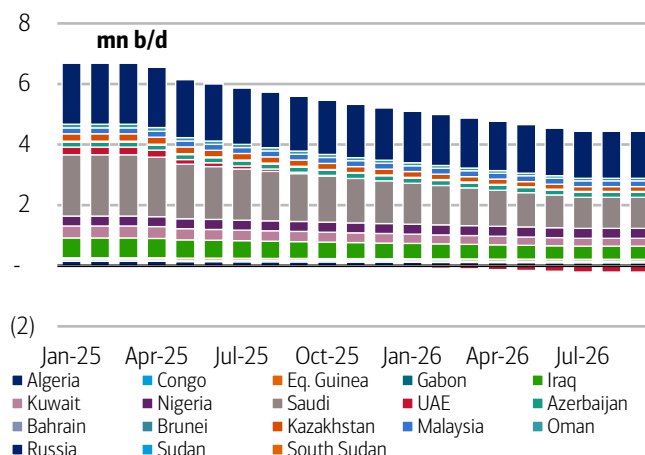


Source: IEA, BofA Global Research estimates

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Exhibit 4: OPEC+ supply cuts (voluntary and mandatory)

In May, OPEC+ will produce above the levels initially planned in March, although some of the incremental quota is mark-to-market



Source: OPEC, BofA Global Research estimates

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Stay with defensives amid uncertainties

Lower PTR's earnings estimates; Buy on yield

Factoring in the new oil price forecast and the expanded gas dollar margin, we cut our PTR FY25/26E earnings by 11%/8% to RMB135/146bn. We accordingly trim our H-share PO to HKD6.8 (from HKD7.2) and maintained A-share PO at RMB9.5 by using an updated A-H premium of 48% in the trailing twelve months. Given the strong macro uncertainties and trade conflicts with higher tariffs, we prefer PTR among energy names, especially after the SASAC further encouraging SOE listcos and SOE groups to actively manage capital markets by focusing more on investors' return and increasing shareholdings from capital market. We reiterate our Buy rating on PTR, given: 1) resilient earnings and solid FCF can better support its shareholding increase and buyback debut; 2) an attractive yield of 7.4% in FY25E; and 3) an undemanding valuation of 0.6x P/B.

Exhibit 5: PO and NPAT changes

We lower PTR FY25/26E earnings by 11%/8% and trim H-share PO to HKD6.8

	PO	2025E	2026E	2027E
Now	6.8	134,604	146,259	150,513
Previous	7.2	151,934	158,677	154,774
Change %	-6%	-11%	-8%	-3%
Consensus		160,566	162,387	160,250
BofA vs Consensus		-16%	-10%	-6%

Source: BofA Global Research estimates

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Exhibit 6: PetroChina Segment EBIT changes and key assumptions

We lower PTR's FY25/26E earnings to RMB135/146bn based on Brent prices forecasts of US\$65/70

	2024A	2025E	Old 2026E	2027E	2025E	New 2026E	2027E	% chg		
								2025E	2026E	2027E
Segment operating profit (RMB mn)	233,954	216,477	226,105	220,119	192,938	209,771	215,747	-11%	-7%	-2%
E&P	159,745	132,114	142,655	136,139	103,779	128,203	135,275	-21%	-10%	-1%
Refining & Chemicals	21,386	26,090	28,357	29,941	21,693	27,581	29,941	-17%	-3%	0%
Marketing	16,494	18,409	18,669	18,892	18,409	18,669	18,892	0%	0%	0%
Gas sales	54,010	56,426	52,863	51,446	65,619	51,757	47,938	16%	-2%	-7%
Corporate	(17,681)	(16,561)	(16,439)	(16,300)	(16,561)	(16,439)	(16,300)	0%	0%	0%
NPAT (RMB mn)	164,684	151,934	158,677	154,775	134,604	146,259	150,513	-11%	-8%	-3%
Key Assumption										
Realized oil px (USD/bbl)	75	65	68	65	60	65	65	-8%	-4%	0%
Gas sales price (RMB/cm)	2.28	2.23	2.34	2.34	2.11	2.09	2.05	-7%	-11%	-11%
Gross refining margin (USD/bbl)	6.7	8.5	9.2	9.2	8.5	9.2	9.2	0%	0%	0%
Gross marketing margin (RMB/ton)	346	350	355	360	350	355	360	0%	0%	0%
Chemical EBITDA margin (USD/ton)	196	270	280	290	251	268	290	-7%	-4%	0%

Source: BofA Global Research estimates

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Exhibit 7: PetroChina sum-of-the-parts (SoTP) valuation

We trim PTR H-share PO to HKD6.8 from HKD7.2; we have not changed our WACC and target EV/EBITDA assumptions

Division	Valuation method	NPV/ EBITDA (RMB mn)	Discount/ Multiple (%/ x)	Valuation (RMBmn)	(HK\$/share)	(% of EV)
E&P	DCF	1,013,892	40% discount to 2P DCF	608,335	3.6	46%
Refining	FY25E EBITDA	35,671	4.5	158,737	0.9	12%
Marketing	FY25E EBITDA	34,284	4.5	152,562	0.9	12%
Chemicals	FY25E EBITDA	17,159	4.5	76,358	0.5	6%
Natural gas sales	FY25E EBITDA	71,781	4.5	319,425	1.9	24%
Enterprise value				1,315,418	7.8	
(-) Net debt				36,441	0.2	
(-) Minority interest				(210,079)	(1.3)	
Equity value				1,141,780	6.8	
# of shares outstanding				183,021		
FX Rate: RMB:HK\$				1.1		

Source: BofA Global Research estimates

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Risk from inventory during oil price drop; Buy on valuation

We lower Sinopec (SNP)'s FY25/26E earnings by 27%/10% to RMB35/42bn, 37%/32% below Street consensus, as its inventory loss will be more than PTR's amid any fast oil price drop. Thus we accordingly trim SNP's H-share PO to HKD4.7 (from HKD5.0) and maintain the A-share PO at RMB6.8 by using 53% of A-H premium for the trailing 12-month period. We reiterate our Buy rating, given: 1) US\$60-80/b oil prices are likely a sweet spot for SNP; 2) valuation is undemanding at 0.5x 2025E P/B; and 3) a decent yield of 5.7% in FY25E by assuming a 71% payout ratio (vs 71% in 2024).

Exhibit 8: PO and NPAT changes

We lower SNP FY25/26E earnings by 27%/10%, and we cut H-share PO to HKD4.7

	PO	2025E	2026E	2027E
Now	4.7	35,074	41,627	50,378
Previous	5.0	47,874	46,074	51,186
Change %	-6%	-27%	-10%	-2%
Consensus		55,835	60,937	57,518
BofA vs Consensus		-37%	-32%	-12%

Source: BofA Global Research estimates

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Exhibit 9: Sinopec Segment EBIT changes and key assumptions

We lower SNP's FY25/26E earnings to RMB35/42bn based on Brent prices forecasts of US\$65/70

	2024A	2025E	Old 2026E	2027E	2025E	New 2026E	2027E	2025E	% chg 2026E	2027E
Segment operating profit (RMB mn)	70,686	77,823	80,663	88,621	53,392	64,132	76,437	-31%	-20%	-14%
E&P	56,385	53,658	50,112	46,646	31,212	36,975	39,061	-42%	-26%	-16%
Refining	6,714	3,315	11,356	17,378	8,691	13,081	18,342	162%	15%	6%
Marketing	18,646	23,109	27,163	28,025	22,077	23,361	25,941	-4%	-14%	-7%
Chemical	(9,997)	(9,604)	(8,997)	(1,839)	(4,952)	(4,345)	(1,961)	na	na	na
Corporation and others	(1,062)	7,343	1,029	(1,589)	(3,635)	(4,941)	(4,946)	na	na	na
NPAT (RMB mn)	48,939	47,874	47,946	51,185	35,074	41,627	50,378	-27%	-13%	-2%
Key Assumption										
Realized oil px (USD/bbl)	74	64	68	65	59	65	65	-8%	-4%	0%
Realized gas px (RMB/cm)	1.8	1.5	1.4	1.6	1.5	1.3	1.5	-4%	-6%	-2%
Gross refining margin (USD/bbl)	6.7	7.3	8.0	8.0	7.2	7.9	8.0	-2%	-1%	0%
Gross marketing margin (RMB/ton)	1,133	1,142	1,144	1,147	1,142	1,144	1,147	0%	0%	0%
Chemical EBITDA margin (USD/ton)	113	120	130	140	111	125	140	-7%	-4%	0%

Source: BofA Global Research estimates

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Exhibit 10: Sinopec sum-of-the-parts (SoTP) valuation

We trim SNP's H-share PO to HKD4.7 from HKD5.0; we have not changed our WACC and target EV/EBITDA assumptions

Division	Valuation method	NPV/ EBITDA (RMB mn)	Discount/ Multiple (%/ x)	Valuation (RMB mn)	(HK\$/share)	(% of EV)
E&P	DCF	269,995	100% of proved reserve	269,995	2.7	40%
Refining	FY25E EBITDA	28,847	4.5	131,253	1.3	20%
Chemicals	FY25E EBITDA	12,781	4.5	58,140	0.6	9%
Marketing	FY25E EBITDA	46,746	4.5	212,647	2.1	32%
Enterprise value				672,035	6.6	
(-) Net debt				(34,216)	-0.3	
(-) Minority interest				(161,519)	(1.6)	
Equity value				476,301	4.7	
# of shares outstanding				121,282		
HKD:CNY				1.1		

Source: BofA Global Research estimates

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Exhibit 11: BofA global oil supply forecast (in thousand b/d)

Quarterly and annual averages

	2024F	1Q2025F	2Q2025F	3Q2025F	4Q2025F	2025F	1Q2026F	2Q2026F	3Q2026F	4Q2026F	2026F
OECD Americas	28,300	28,490	28,760	28,860	29,100	28,800	28,600	28,780	28,920	29,260	28,890
United States	20,240	20,310	20,790	20,800	20,900	20,700	20,430	20,770	20,770	20,970	20,740
-Crude	13,220	13,360	13,510	13,540	13,580	13,500	13,430	13,480	13,500	13,590	13,500
-NGL	6,940	6,890	7,210	7,160	7,240	7,130	6,930	7,220	7,170	7,310	7,160
Canada	6,080	6,300	6,100	6,200	6,350	6,240	6,330	6,180	6,330	6,480	6,330
Mexico	1,970	1,870	1,860	1,850	1,840	1,860	1,830	1,820	1,810	1,810	1,820
OECD Asia Oceania	450	440	430	430	420	430	420	420	400	410	410
Australia	370	360	360	350	350	360	350	350	340	350	350
OECD Europe	3,170	3,260	3,250	3,200	3,290	3,250	3,230	3,190	3,150	3,240	3,200
Norway	2,000	2,080	2,100	2,080	2,150	2,100	2,090	2,060	2,040	2,110	2,070
United Kingdom	700	720	690	670	680	690	690	680	660	670	670
Non-OECD Europe	90	90	90	90	90	90	90	90	90	80	90
Former Soviet Union	13,490	13,570	13,210	13,410	13,600	13,450	13,650	13,470	13,510	13,830	13,610
Russia	10,700	10,600	10,600	10,600	10,600	10,600	10,650	10,700	10,750	10,800	10,730
Azerbaijan	600	600	600	590	590	600	590	590	580	580	580
Kazakhstan	1,870	2,050	1,700	1,900	2,100	1,940	2,100	1,880	1,880	2,150	2,000
Non-OPEC Africa	2,510	2,540	2,530	2,520	2,520	2,530	2,490	2,480	2,500	2,520	2,500
Egypt	570	550	550	550	540	550	540	540	530	520	530
Sudan	120	110	110	110	110	110	110	110	110	110	110
Non-OPEC Asia	6,970	7,080	7,040	6,930	6,940	6,990	7,000	6,960	6,860	6,880	6,920
India	700	690	690	690	680	690	680	680	670	670	680
Malaysia	550	550	530	540	560	540	540	520	530	550	540
China	4,340	4,450	4,450	4,350	4,360	4,400	4,450	4,450	4,350	4,360	4,400
Non-OPEC Latin America*	6,430	6,540	6,640	6,900	7,070	6,790	7,100	7,130	7,250	7,360	7,210
Argentina	830	890	900	910	920	910	930	940	950	960	950
Brazil	3,440	3,490	3,590	3,740	3,790	3,650	3,790	3,810	3,820	3,830	3,810
Colombia	790	770	770	760	760	770	760	750	750	750	750
Guyana	620	650	650	750	870	730	900	900	1,000	1,100	970
Non-OPEC Middle East	3,090	3,080	3,090	3,110	3,120	3,100	3,110	3,110	3,140	3,150	3,130
Oman	1,002	1,018	1,005	1,005	1,015	1,011	1,023	1,010	1,010	1,020	1,016
Qatar	1,845	1,818	1,836	1,863	1,862	1,845	1,843	1,861	1,888	1,887	1,870
Processing Gains	2,390	2,370	2,440	2,460	2,410	2,420	2,380	2,440	2,470	2,420	2,430
Global Biofuels	3,340	2,940	3,540	3,840	3,420	3,430	3,010	3,620	3,910	3,500	3,510
Non-OPEC** (incl. processing gains)	70,210	70,390	71,010	71,760	71,990	71,290	71,060	71,690	72,200	72,640	71,900
OPEC crude	27,260	27,120	27,260	27,120	26,960	27,120	27,070	27,070	27,070	27,070	27,070
Saudi Arabia crude	9,080	8,980	9,140	9,200	9,200	9,130	9,200	9,200	9,200	9,200	9,200
Kuwait	2,550	2,440	2,440	2,440	2,440	2,440	2,440	2,440	2,440	2,440	2,440
UAE	3,230	3,250	3,300	3,300	3,300	3,290	3,400	3,400	3,400	3,400	3,400
Iraq crude	4,310	4,200	4,300	4,300	4,300	4,280	4,400	4,400	4,400	4,400	4,400
Iran crude	3,340	3,300	3,200	3,100	3,000	3,150	2,900	2,900	2,900	2,900	2,900
Libya crude	1,070	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Nigeria crude	1,330	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
Venezuela crude	880	930	850	750	700	810	700	700	700	700	700
other OPEC crude	1,450	1,430	1,430	1,430	1,420	1,430	1,430	1,430	1,430	1,430	1,430
Total OPEC NGLs + Non-conventional	5,540	5,580	5,600	5,630	5,630	5,610	5,650	5,650	5,650	5,650	5,650
Total OPEC	32,800	32,700	32,860	32,740	32,590	32,720	32,720	32,720	32,720	32,720	32,720
Total World Supply	103,010	103,090	103,880	104,500	104,580	104,010	103,790	104,410	104,920	105,360	104,620

Source: IEA, BofA Global Research estimates

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Exhibit 12: BofA global oil demand forecast (in thousand b/d)

Quarterly and annual averages

	2024F	1Q2025F	2Q2025F	3Q2025F	4Q2025F	2025F	1Q2026F	2Q2026F	3Q2026F	4Q2026F	2026F
TOTAL OECD Demand	45,670	45,220	45,230	45,440	45,340	45,310	45,060	45,200	45,600	45,540	45,350
OECD Americas Demand	24,940	24,610	24,690	24,850	24,580	24,680	24,630	24,810	25,110	24,860	24,850
United States	20,420	20,120	20,220	20,260	20,140	20,190	20,160	20,360	20,520	20,430	20,370
Canada	2,380	2,370	2,290	2,430	2,360	2,360	2,360	2,280	2,430	2,360	2,360
Mexico	1,740	1,710	1,760	1,740	1,660	1,720	1,690	1,740	1,740	1,650	1,710
OECD Europe Demand	13,520	12,940	13,640	13,760	13,500	13,460	12,840	13,550	13,700	13,450	13,380
OECD Pacific Demand	7,210	7,670	6,900	6,840	7,260	7,160	7,600	6,840	6,790	7,230	7,110
TOTAL NON-OECD Demand	57,210	57,520	57,970	58,300	58,410	58,050	58,390	59,060	59,580	59,710	59,190
China	16,620	16,580	16,710	16,800	16,740	16,710	16,740	16,970	17,100	17,090	16,980
India	5,610	5,980	5,930	5,460	5,950	5,830	6,200	6,160	5,710	6,210	6,070
Other Asia (ex. China & India)	9,310	9,560	9,630	9,380	9,640	9,550	9,790	9,880	9,660	9,910	9,810
Middle East	9,180	8,940	9,220	9,730	9,180	9,270	9,000	9,310	9,860	9,300	9,370
Latin America	6,360	6,290	6,440	6,540	6,500	6,450	6,390	6,550	6,680	6,640	6,560
FSU	5,000	4,930	4,900	5,180	5,170	5,040	4,910	4,900	5,190	5,170	5,040
Africa	4,330	4,460	4,330	4,430	4,430	4,410	4,590	4,470	4,590	4,590	4,560
Non-OECD Europe	790	770	800	780	790	790	770	810	790	800	790
TOTAL Demand	102,880	102,740	103,190	103,740	103,740	103,360	103,450	104,260	105,180	105,250	104,540
Market imbalance (supply - demand)	130	350	690	760	840	650	340	150	-260	110	80

Source: IEA, BofA Global Research estimates

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Exhibit 13: Stocks mentioned

Prices and ratings for stocks mentioned in this report

BofA Ticker	Bloomberg ticker	Company name	Price	Rating
PCCYF	857 HK	PetroChina	HK\$ 5.58	B-1-8
XPCLF	601857 CH	PetroChina -A	CNY 7.75	B-1-8
SNPMF	386 HK	Sinopec	HK\$ 3.88	B-1-8
SNPAF	600028 CH	Sinopec -A	CNY 5.65	A-1-8

Source: BofA Global Research

BofA GLOBAL RESEARCH



Price objective basis & risk

PetroChina (PCCYF)

Our PO of HK\$6.80/share is based on SoTP (Sum-of-the-Parts). For upstream E&P valuation, we use DCF to reflect projected cash flow profile from oil & gas assets that have long lives by nature (>30 years), based on 10% WACC, \$70/ barrel (bbl) long-term oil price, and 3% inflation assumptions. We apply 40% discount to the discounted cash flow (DCF) to reflect PetroChina's ample reserve base comprised of Tight and CBM (32% of total, versus 9% for closest peer) which is more difficult to develop and more costly to produce. For Refining, Chemicals and Marketing, we use 4.5x EV/EBITDA, in line with peers' valuation. For Natural gas sales (formerly Pipeline), we use 4.5x EV/EBITDA as well, as PetroChina has consecutively generated positive earning and cash flow.

Upside risks to our PO are 1) stronger oil price recovery, 2) China government's gas price hike to incentivize domestic production and import.

Downside risks to our PO are 1) weaker oil price recovery, 2) China government's gas price cut to stimulate demand.

Petrochina Co Ltd-A (XPCLF)

Our PO of CNY9.50/share is derived by applying an A-H share premium of 48% (rolling 12-month average) to our H-share PO of HK\$6.80/share. Our H share PO is based on SoTP (Sum-of-the-Parts). For upstream E&P valuation, we use discounted cash flow (DCF) to reflect projected cash flow profile from oil & gas assets, which have long lives by nature (>30 years), based on 10% weighted-average cost of capital (WACC), \$70/barrel long-term oil price, and 3% inflation assumptions. We apply 40% discount to the DCF to reflect PetroChina's ample reserve base comprised of Tight and CBM (32% of total, vs 9% for closest peer) that is more difficult to develop and more costly to produce. For Refining, Chemicals and Marketing, we use 4.5x EV/EBITDA, in line with peers' valuation. For Natural gas sales (formerly Pipeline), we use 4.5x EV/EBITDA as well, as PetroChina has consecutively generated positive earning and cash flow.

Upside risks to our PO are 1) stronger oil price hike, 2) China government's gas price hike to incentivize domestic production and imports.

Downside risks to our PO are 1) oil price drop, 2) China government's gas price cut to stimulate demand.

Sinopec (SNPMF)

Our PO of HK\$4.70/share is based on SoTP (sum-of-the-parts). For upstream E&P valuation, we use discounted cash flow (DCF) in order to reflect projected cash flow profile from oil and gas assets that have long lives by nature (more than 30 years), based on 10% weighted-average cost of capital (WACC), US\$70/barrel long-term oil price. We use a FY25E EV/EBITDA multiple of 4.5x, which is in line with domestic peers' valuation, but at the lower end of global peers given investor concerns over the regulated nature of China's oil product market.

Downside risks to our PO are 1) a decline in oil and gas prices, 2) China government's gas policy to stimulate downstream demand, 3) open-up of China's E&P sector that is currently oligopoly market, 4) deregulation on teapot.

Sinopec -A (SNPAF)

Our PO of CNY6.80/share is derived by applying an A-H share premium of 53% (rolling 12-month average) to our H-share PO of HK\$4.70/share. Our H-share valuation is based on a sum of the parts (SoTP). For upstream E&P valuation, we used discounted cash flow (DCF) in order to reflect projected cash flow profile from oil and gas assets that have long lives by nature (more than 30 years), based on 10% weighted-average cost of

capital (WACC), US\$70/barrel long-term oil price. We use a 4.5x FY25E EV/EBITDA multiple to value Sinopec's downstream businesses, which is in line with domestic peers' valuation, but at the lower end of global peers given investor concerns over the regulated nature of China's oil product market.

Downside risks to our PO are 1) a decline in oil and gas prices, 2) China government's gas price cut to stimulate demand, 3) open-up of China's E&P sector that is currently oligopoly market, 4) deregulation on teapot.

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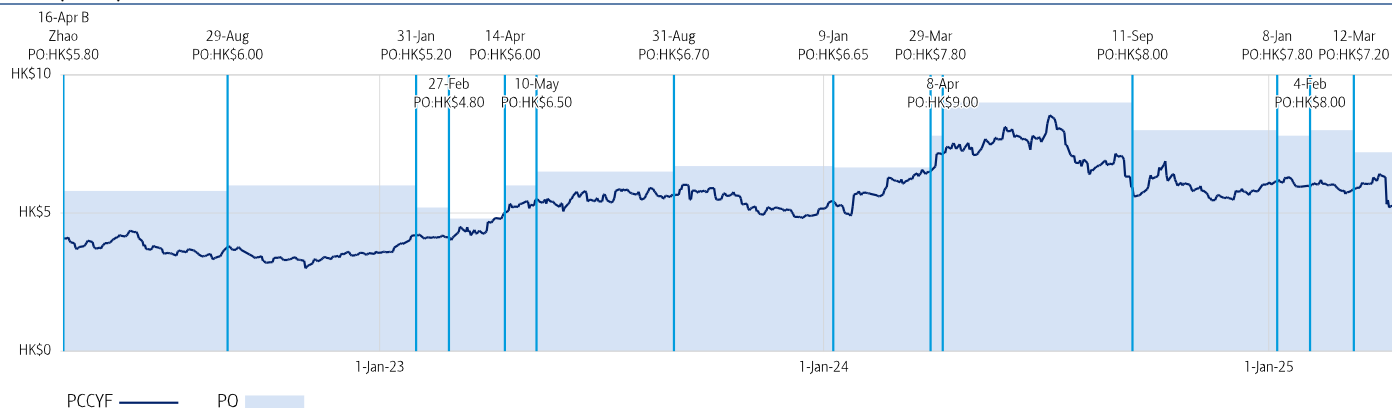
APR - Energy Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Bharat Petroleum Corporation Limited	XBPCF	BPCL IN	Bharat Subramanian
	Envicool	XPTIF	002837 CH	Cheng Gao
	Formosa Plastics	FSAPF	1301 TT	Joon-Ho Lee
	GAIL Limited	XGLAF	GAIL IN	Bharat Subramanian
	GAIL Limited	GAILF	GAID LI	Bharat Subramanian
	GS Holdings	GSHDF	078930 KS	Joon-Ho Lee
	Hanwha Solutions Corp.	HNWFF	009830 KS	Joon-Ho Lee
	Indorama Ventures Public Company Limited	INDMF	IVL TB	Komsun Suksumrun
	Indraprastha Gas	XTNFF	IGL IN	Bharat Subramanian
	Kumho Petrochemical	KKMHF	011780 KS	Joon-Ho Lee
	LG Chem	LGCLF	051910 KS	Joon-Ho Lee
	LG Energy Solution	XQIEF	373220 KS	Joon-Ho Lee
	Mahanagar Gas	XMGRF	MAHGL IN	Bharat Subramanian
	Oil and Natural Gas Corporation Limited	XOFOF	ONGC IN	Bharat Subramanian
	Oil India Limited	XLCRF	OINL IN	Bharat Subramanian
	People & Technology	XDFYF	137400 KS	Joon-Ho Lee
	PetroChina	PCCYF	857 HK	Matty Zhao
	Petrochina Co Ltd-A	XPCLF	601857 CH	Matty Zhao
	PTT Exploration	PTXLF	PTTEP TB	Komsun Suksumrun
	PTT Global Chemical PLC	XPGOF	PTTGC TB	Komsun Suksumrun
	PTT pcl	PTTPF	PTT TB	Komsun Suksumrun
	Reliance Inds	XRFLF	RELIANCE IN	Sachin Salgaonkar
	Sinopec	SNPMF	386 HK	Matty Zhao
	Sinopec -A	SNPAF	600028 CH	Matty Zhao
	Sinopec Engineering	SENGF	2386 HK	Yiming Wang
	SK IE Technology	XKWRF	361610 KS	Taekyoung Ha
	SK Innovation	SKOVF	096770 KS	Joon-Ho Lee
	S-Oil	SOOCF	010950 KS	Joon-Ho Lee
	Star Petroleum Refining	XSJSF	SPRC TB	Komsun Suksumrun
	Thai Oil - L	TOJIF	TOP TB	Komsun Suksumrun
	Wanhua Chemical	YWNHF	600309 CH	Yiming Wang
NEUTRAL				
	COSL	CHOLF	2883 HK	Yiming Wang
	COSL	XCNRF	601808 CH	Yiming Wang
	Formosa Chemicals & Fibre	XFUMF	1326 TT	Joon-Ho Lee
	Indian Oil Corporation Limited	IOCOF	IOCL IN	Bharat Subramanian
	Kunlun Energy - H	KUNUF	135 HK	Yiming Wang
	L&F	XLNTF	066970 KS	Joon-Ho Lee
	Lotte Chemical Corporation	XLCCF	011170 KS	Joon-Ho Lee
	Nan Ya Plastics	NNYPF	1303 TT	Joon-Ho Lee
	Petronet LNG	POLNF	PLNG IN	Bharat Subramanian
	POSCO Future M	XTAMF	003670 KS	Joon-Ho Lee
	PTT Oil and Retail Business	XNINF	OR TB	Komsun Suksumrun
	WCP	XWSWF	393890 KS	Taekyoung Ha
UNDERPERFORM				
	Ecopro BM	XKURF	247540 KS	Joon-Ho Lee
	Formosa Petrochemical	FPTCF	6505 TT	Joon-Ho Lee
	Gujarat Gas	XGGRF	GUJGA IN	Bharat Subramanian
	Hindustan Petroleum Corporation Limited	XHTPF	HPCL IN	Bharat Subramanian
	IRPC	IRPSF	IRPC TB	Komsun Suksumrun
	Petronas Chemicals	PECGF	PCHEM MK	Joon-Ho Lee
	Pylon Tech	XPTDF	688063 CH	Cheng Gao
	Sinopec Shanghai Petrochemical Co	SPTJF	338 HK	Yiming Wang
	Sinopec Shanghai Petrochemical Co	SINFF	600688 CH	Yiming Wang
	SKC	XSXOF	011790 KS	Joon-Ho Lee
	Solus Advanced Materials	XSOAF	336370 KS	Taekyoung Ha

Disclosures

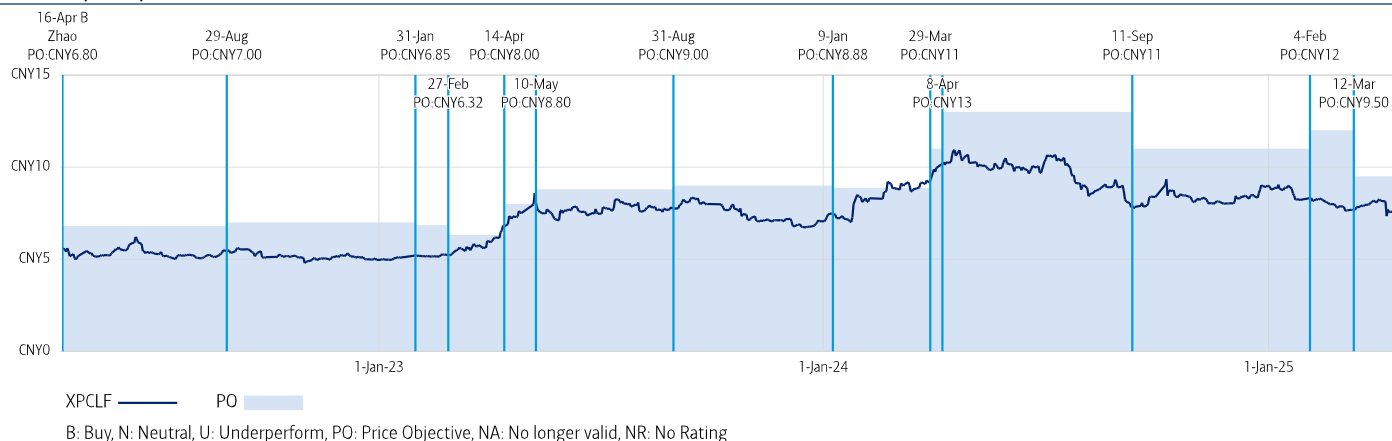
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PetroChina (PCCYF) Price Chart



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PetroChina -A (XPCLF) Price Chart



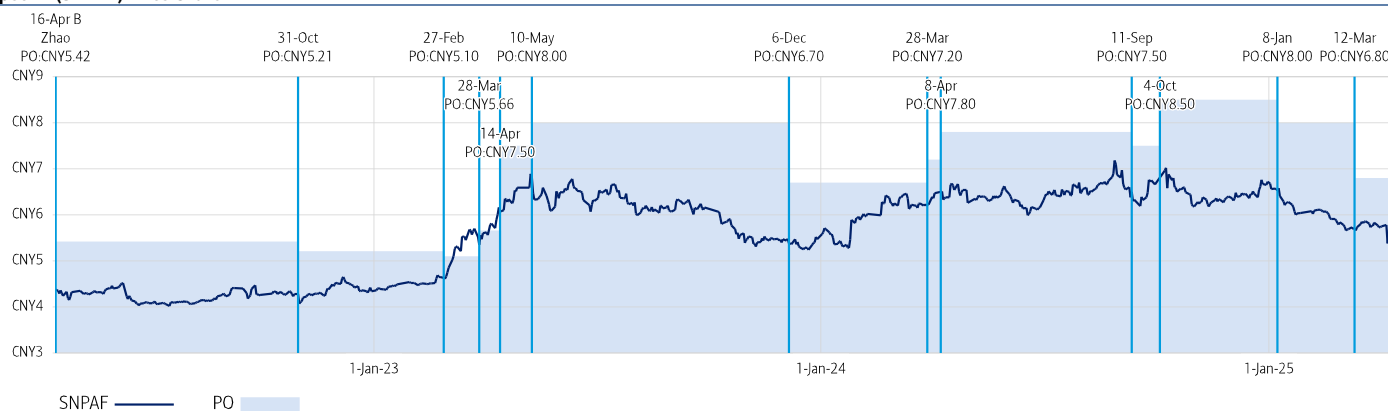
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Sinopec (SNPMF) Price Chart



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Sinopec -A (SNPAF) Price Chart

B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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Equity Investment Rating Distribution: Energy Group (as of 31 Mar 2025)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	88	61.97%	Buy	63	71.59%
Hold	30	21.13%	Hold	26	86.67%
Sell	24	16.90%	Sell	18	75.00%

Equity Investment Rating Distribution: Global Group (as of 31 Mar 2025)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1867	54.40%	Buy	1108	59.35%
Hold	774	22.55%	Hold	466	60.21%
Sell	791	23.05%	Sell	368	46.52%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R2} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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