

Marketing and Sales

Watching market changes closely, the company continued to sharpen its marketing and sales strategies and boost profitability and market competitiveness in 2018 through coordinated planning for production and distribution and integrated marketing for oil products, fuel cards, non-fuel business, lubricants and natural gas.

Refined Products

The 2018 domestic refined product market has become increasingly competitive due to oversupply, the trend of clean energy consumption and a diverse mix of industry players. Based on a proactive, and sophisticated approach to product distribution, we heightened efforts in regional marketing, furthered integration of retailing and wholesale operations and innovated forms of sales promotion, achieving full-year sales of 117.36 million tons, up 2.8% year-on-year.

We pushed ahead with quality upgrading initiative in order to deliver cleaner and premium oil products. By the end of 2018, all of our oil depots and service stations had been revamped to ensure the supply of National VI-compliant oil products.

Marketing Network

We stepped up efforts in distribution network restructuring and quality improvement, with a focus on areas neighboring refineries, downtown areas, areas along highways and tourist destinations, serving and guaranteeing high quality development of refined oil sales. Among a total of 506 newly built service stations, 445 became operational, adding 2.92 million tons to our retailing capacity. By the end of 2018, we had 21,783 service stations in operation across the country.

Smart technologies-enabled, an "Internet +" approach to marketing is adopted to create the "People + Car + Lifestyle" ecosystem. Online shopping and payment options have been made available through our 95504.net, WeChat official account and retail apps to bolster marketing and sales in a holistic "Online + Offline" manner. Joint marketing campaigns with SAIC Motor, JD.com, China Bank of Communications and other partners continued to gain traction and forge the service stations from the oil sales platform into the comprehensive marketing platform.

Non-fuel Business

The company's non-fuel business is centered on a targeted, professional and refined approach to the management of convenience stores. We enhanced development and marketing efforts for the own-brand offerings and boosted the competitiveness of flagship products. We launched our own premium brand "uSmile Premium+" in 2018. Meanwhile, we actively

Service Station 3.0

As the Internet big data and cloud computing technologies evolve rapidly, we are pushing ahead with the Service Station 3.0 initiative which is aimed at creating the "People + Car + Lifestyle" ecosystem based on the concept of "Service station + Internet + N".



tapped into car services and imported products and worked with KFC and McDonald in launching drive-through restaurants in Heibei and Heilongjiang, etc. In addition, our diversification efforts in advertisement, packaging, insurance and e-commerce were gathering pace. The company's non-fuel business has generated RMB 23.1 billion in revenue for the full year, up 24% year-on-year.

Lube Oil and Miscellaneous Refined Products

Leveraging its R&D, production and distribution capabilities, the company sold 1.63 million tons of lubricants for the full year. All eight lubricant categories, especially high-value products such as automotive lubricants and industrial fluids, posted remarkable growth in sales. In particular, sales from automotive lubricants and industrial fluids jumped by 14% and 11% respectively year-on-year. Meanwhile, new technology development efforts in converter transformer and gas engine lubricants have made progress.

In 2018, we sold 32.94 million tons of miscellaneous refined products for the full year, with sales of waterproofing film and naphtha products hitting all-time highs. In particular, we continued to top the domestic market as China's largest asphalt supplier.