

PetroChina

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2002 Interim Results

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2002 Interim Results

Name

Title

Mr. Huang Yan

Vice Chairman and President

Mr. Wang Fucheng

Executive Director and Vice President

Mr. Wang Guoliang

Chief Financial Officer

Mr. Li Huaiqi

Secretary of the Board of Directors

- **1H 2002 Performance Highlight**

- **1H 2002 Operating Results**

- **2H 2002 Outlook**

Summary of Financial Results

Key Financial Data

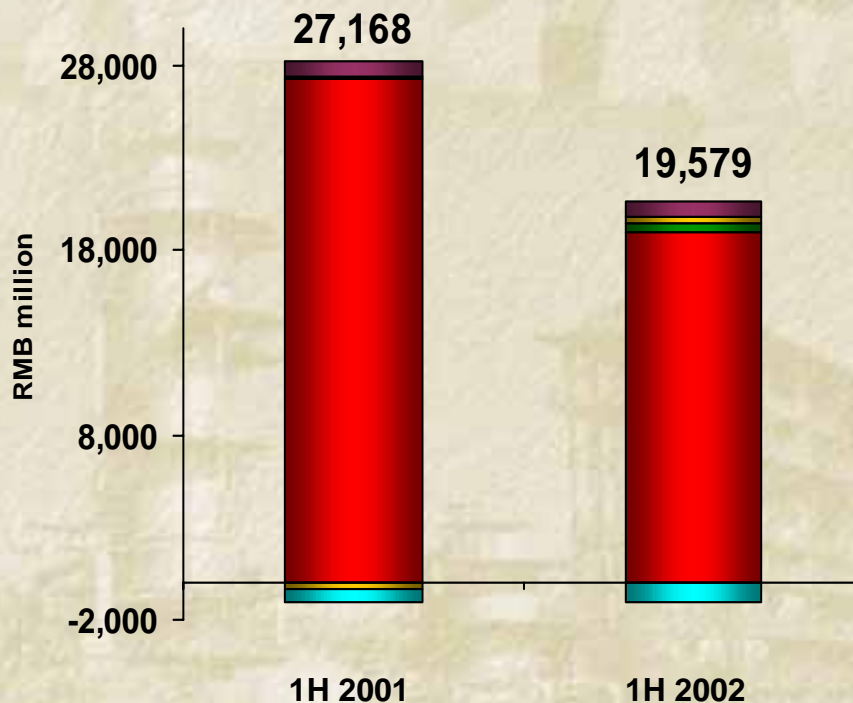
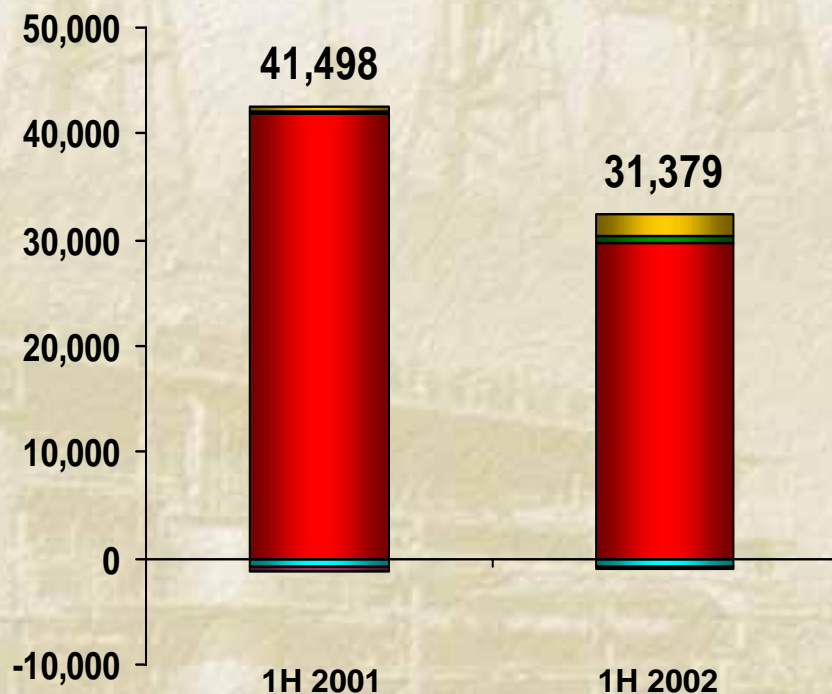
RMB million (Except for per share data)	1H 2001	1H 2002	Change %
Revenue	122,169	107,928	-11.7
EBITDA	59,693	50,256	-15.8
Profit from Operations	41,498	31,379	-24.4
Net Income	27,168	19,579	-27.9
EPS	0.155	0.111	-27.9

Note : EPS based on weighted average number of shares

Analysis of Earnings

Operating Profit

Net Income



Exploration and production Natural gas and pipeline Refining and marketing Chemical and marketing Others

Overview of Operating Performance

Sound Operating Results

	1H 2001	1H 2002	Change %
Crude oil production (MMbbl)	380.65	384.20	0.93
Marketable nature gas (bcf)	278.9	307.90	10.40
Oil and gas production (Mmboe)	427.13	435.52	1.96
Lifting cost (US\$/bbl)	4.40	4.265	-3.07
Newly added oil and gas reserve (MMboe)	677	1,195	76.5
Processing volume of crude oil (MMbbl)	285.1	279.9	-1.8
Utilization rate of refineries (%)	81%	78.6%	
Retail ratio of refined oil products (%)	37.1%	40.1%	

- **Our dividend policy remains unchanged:**
 - **Target dividend payout ratio is 40% – 50%**
 - **Dividend will be paid semi-annually**
- **Interim dividend of RMB 0.050113 per share for 1H 2002 proposed**
- **Interim dividend for 1H 2002 to be paid on or around October 8, 2002**

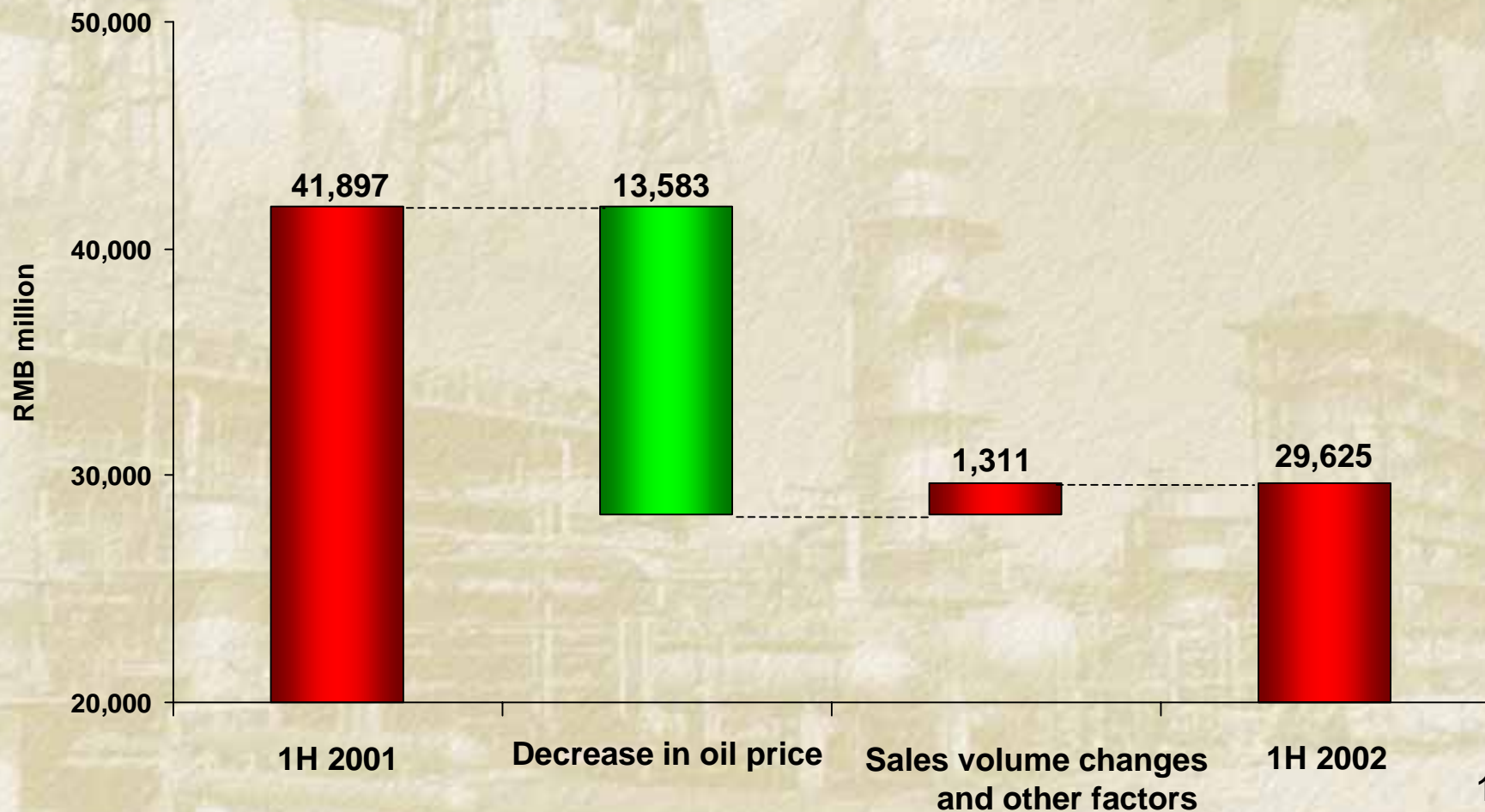
- **1H 2002 Performance Highlight**

- **1H 2002 Operating Results**

- **2H 2002 Outlook**

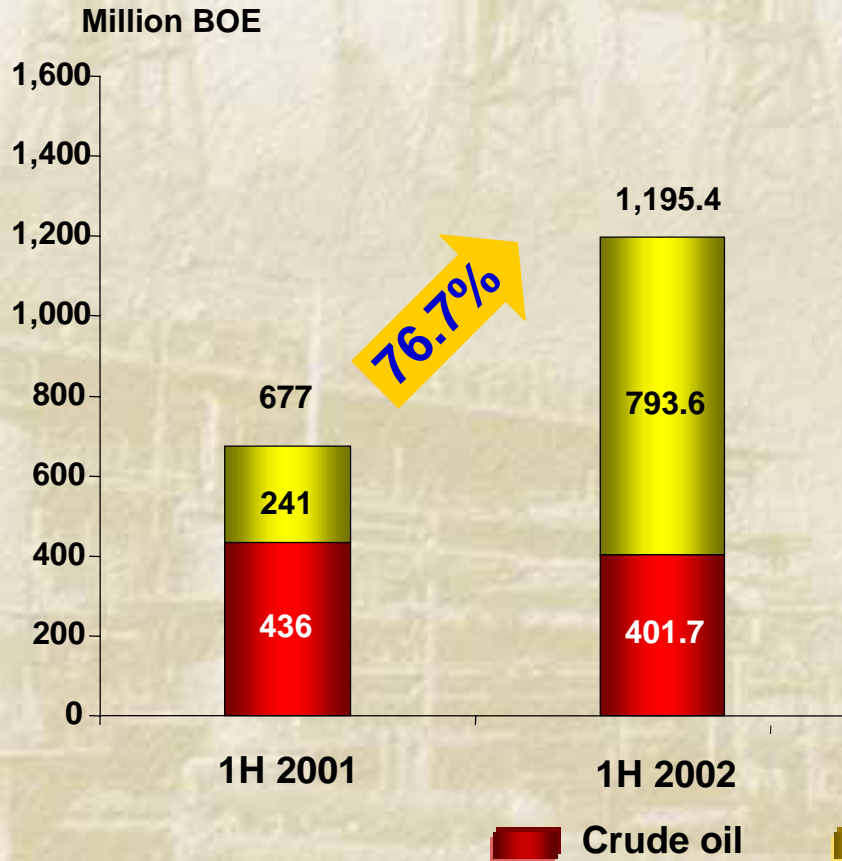
E&P Operating Profit Affected by Falling Oil Price

Factors Affecting Operating Profit in E&P

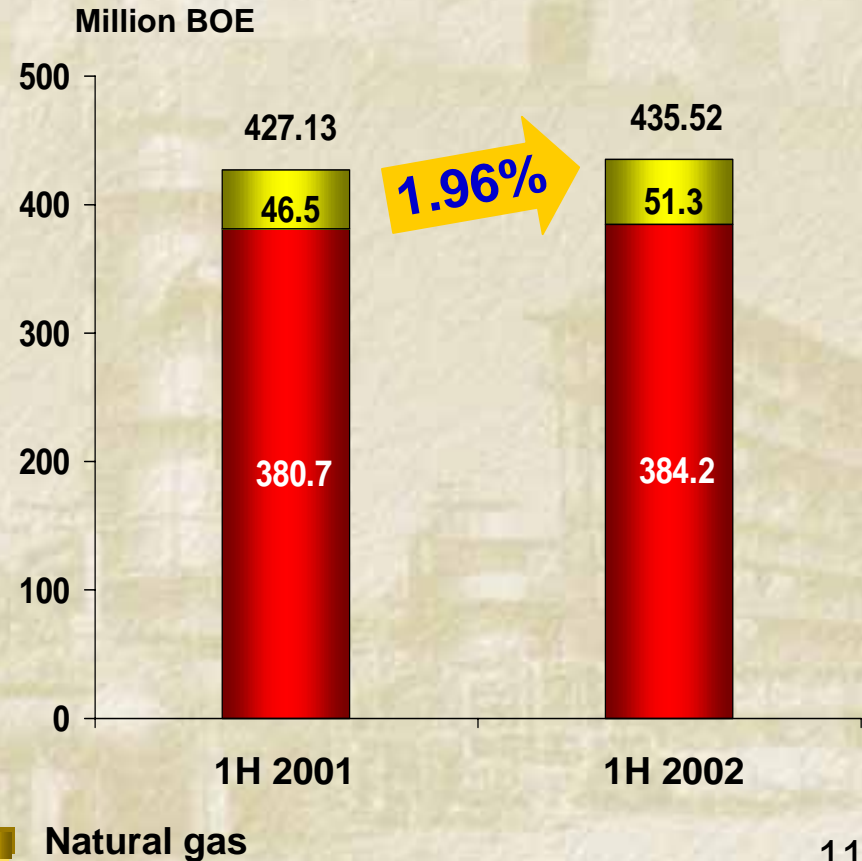


Important Exploration Discoveries and Steady Growth in Oil and Gas Production

Oil and Gas Reserves Addition

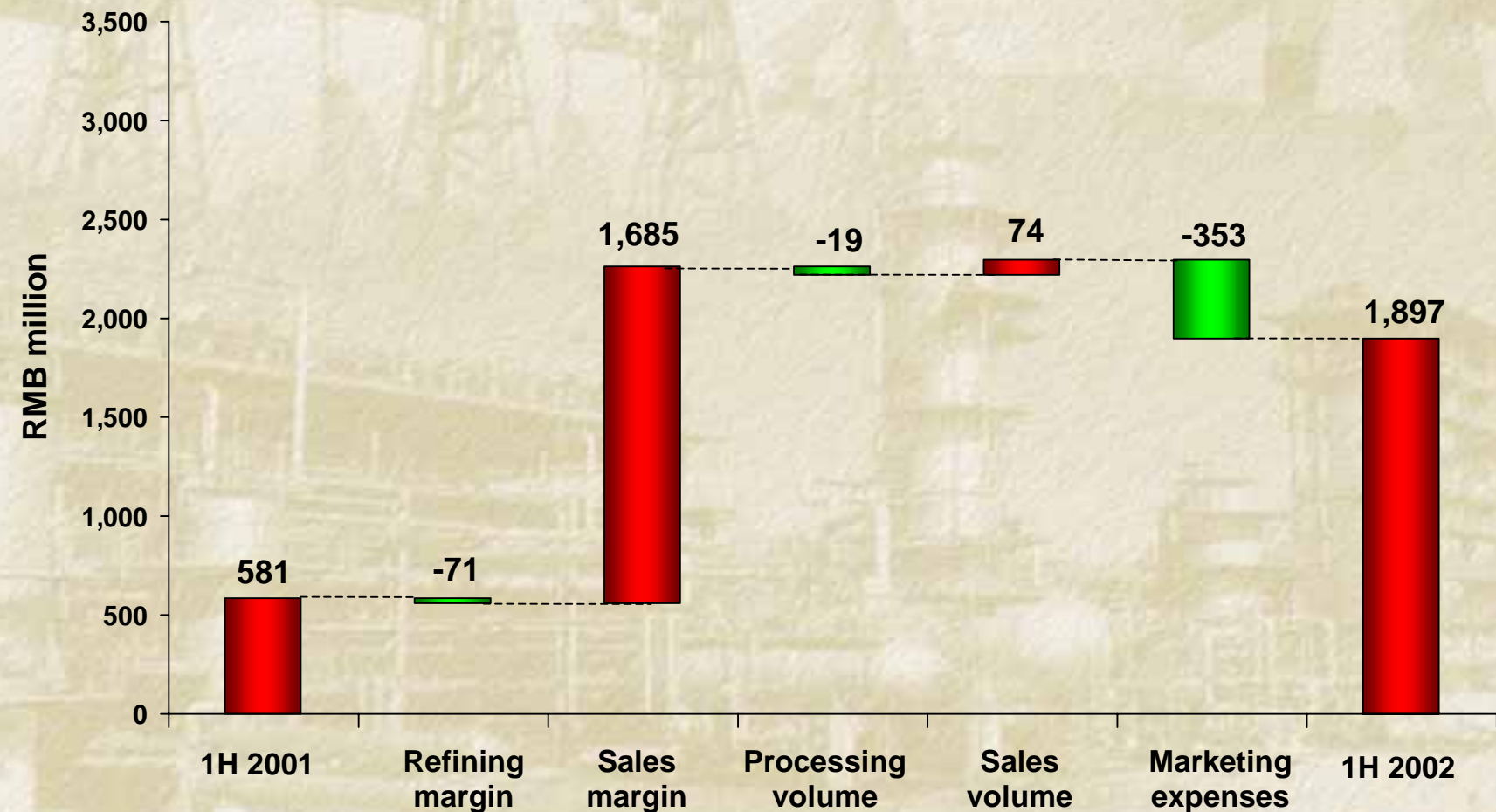


Oil and Gas Production



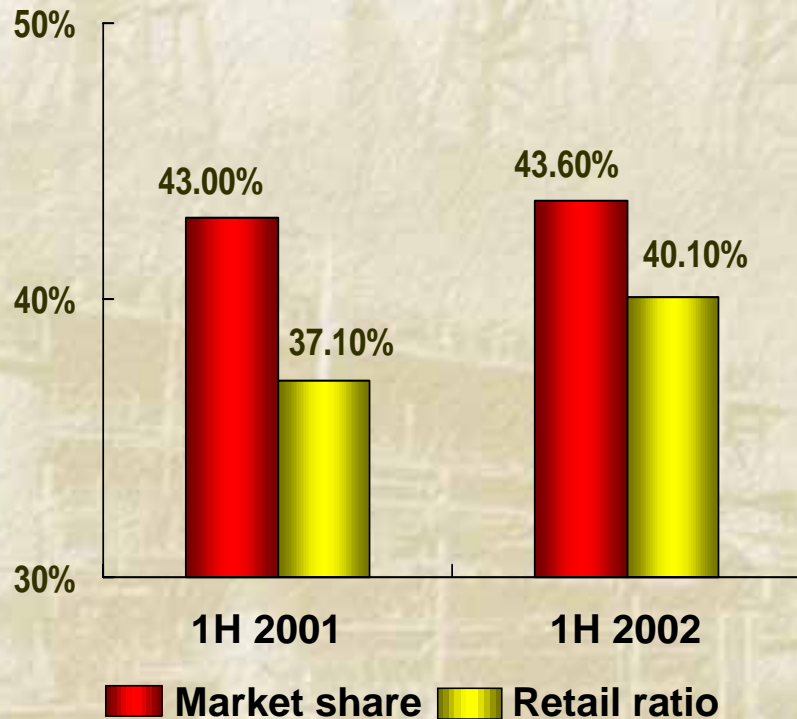
Higher Sales Margin for R&M, Profitability Improved

Factors Affecting Operating Profit in R&M

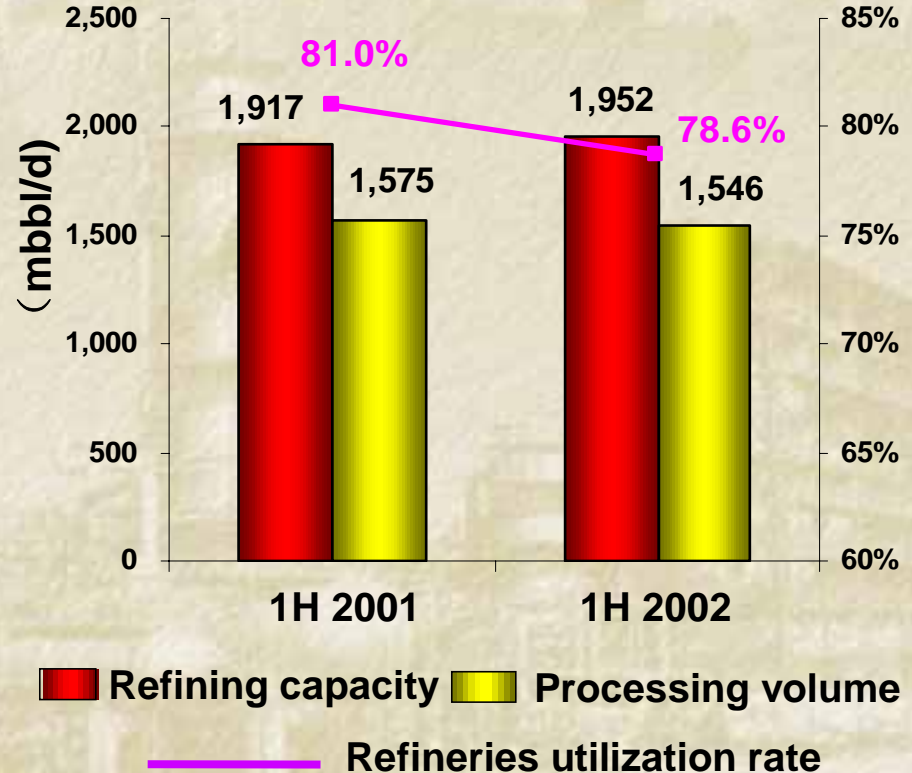


Continuous Expansion in Refined Products Marketing

Market Share and Retail Ratio

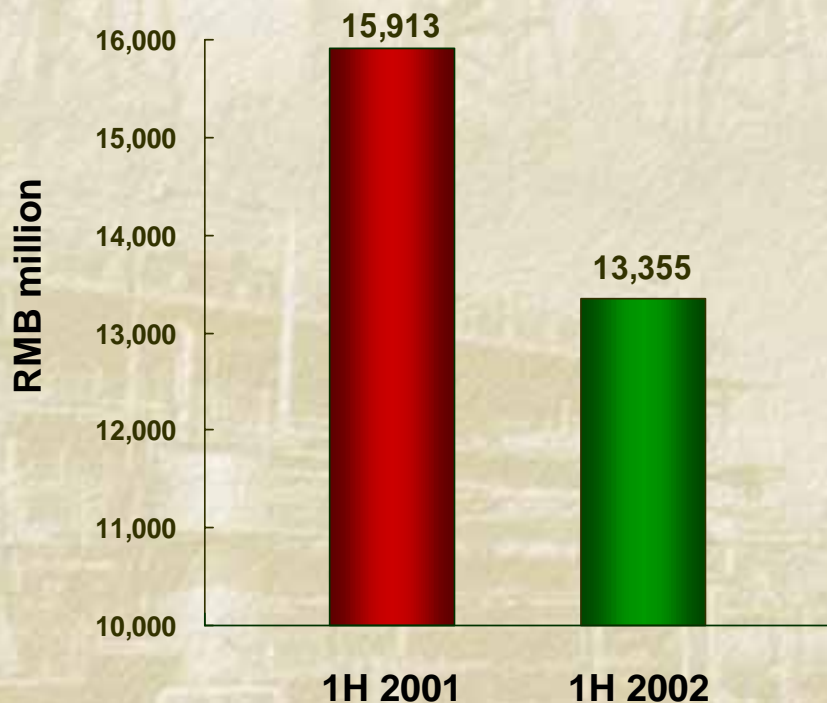


Refining Capacity, Processing Volume and Refineries Utilization Rate

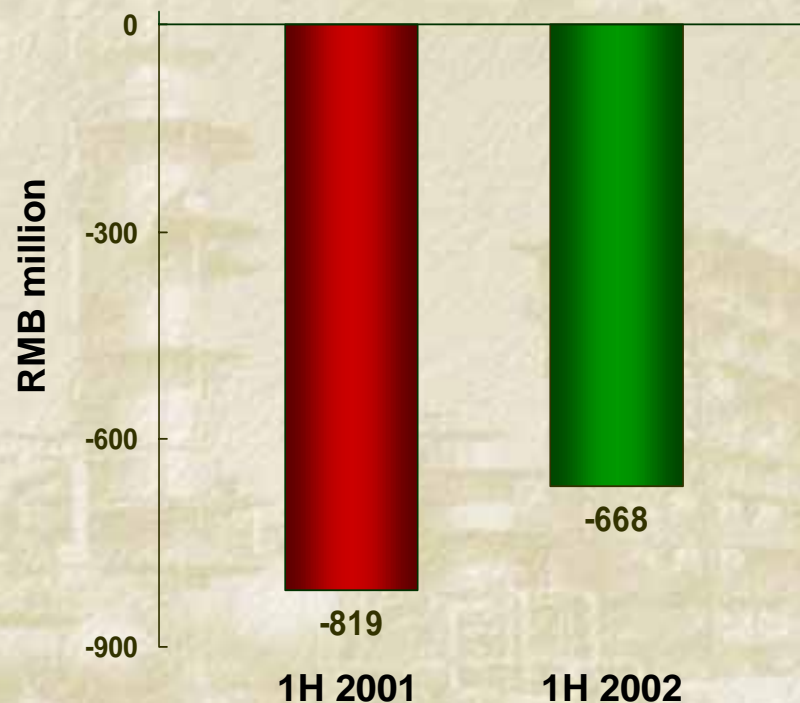


Operating Loss Reduced in Chemical and Marketing Segment

Sales Revenue Decreased by
RMB2560 Millions



Operating Loss Reduced by
RMB150 Millions

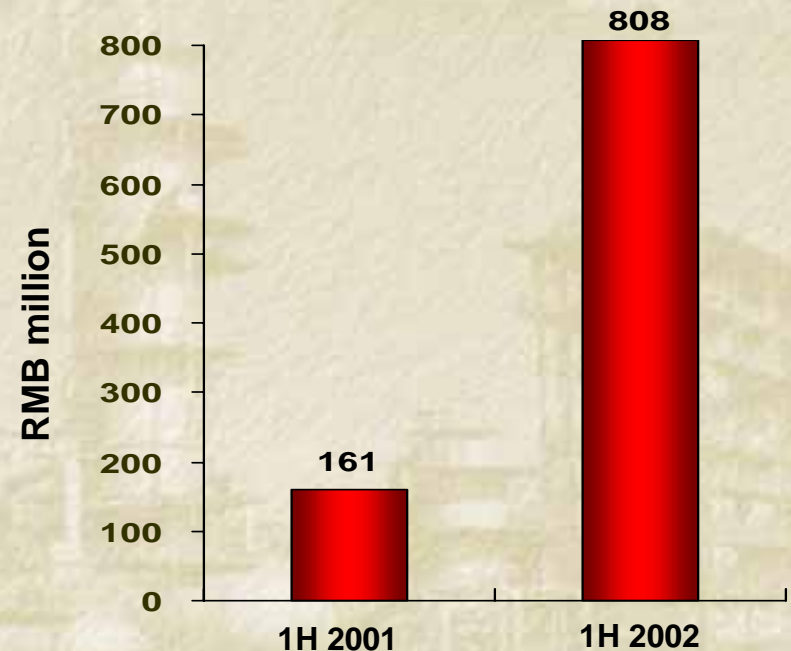


Significant Rise of Operating Profit in Natural Gas and Pipeline Segment

Realized price and gross margin of the natural gas and pipeline segment ⁽¹⁾



Operating profit of the natural gas and pipeline segment



(1) Realized price is comprised of producer's price and pipeline tariff. Natural gas gross margin is the realized price net of gas purchase costs.

Important Progress in Pipeline Construction



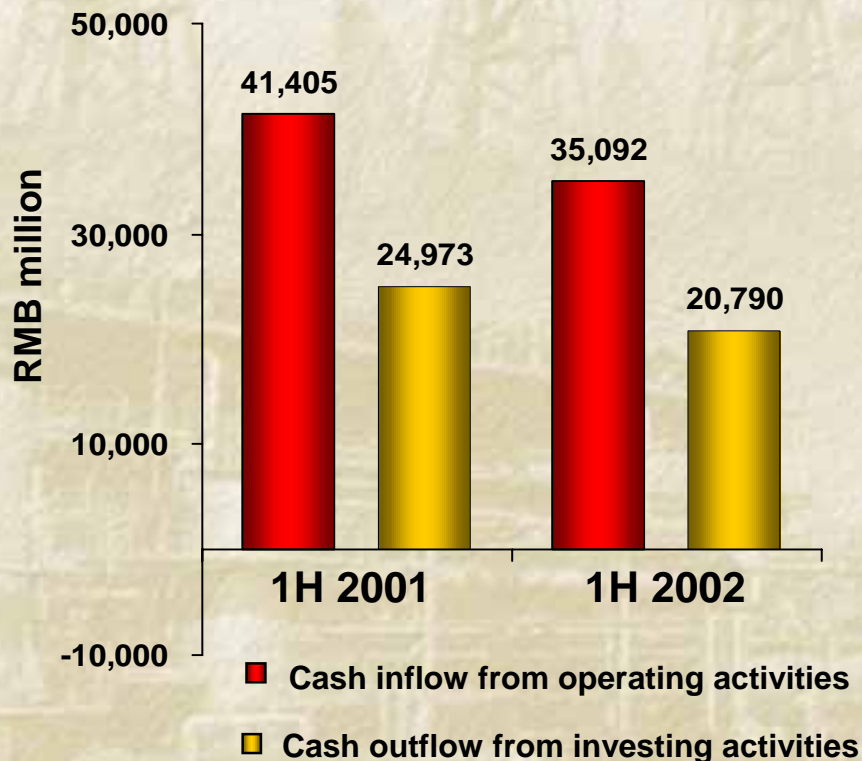
- Existing pipelines
- Proposed pipelines to be constructed
- West to East Pipeline
- Lanchengyu product oil pipeline

- **On April 12, 2002, PetroChina successfully entered into an agreement to acquire Devon Energy's Indonesian oil and gas operations.**
- **Starting from April 1, the project's oil and gas production reached 4.0103 million BOE with equity production of 1.0686 million BOE and realized sales income of USD 21.71 million.**

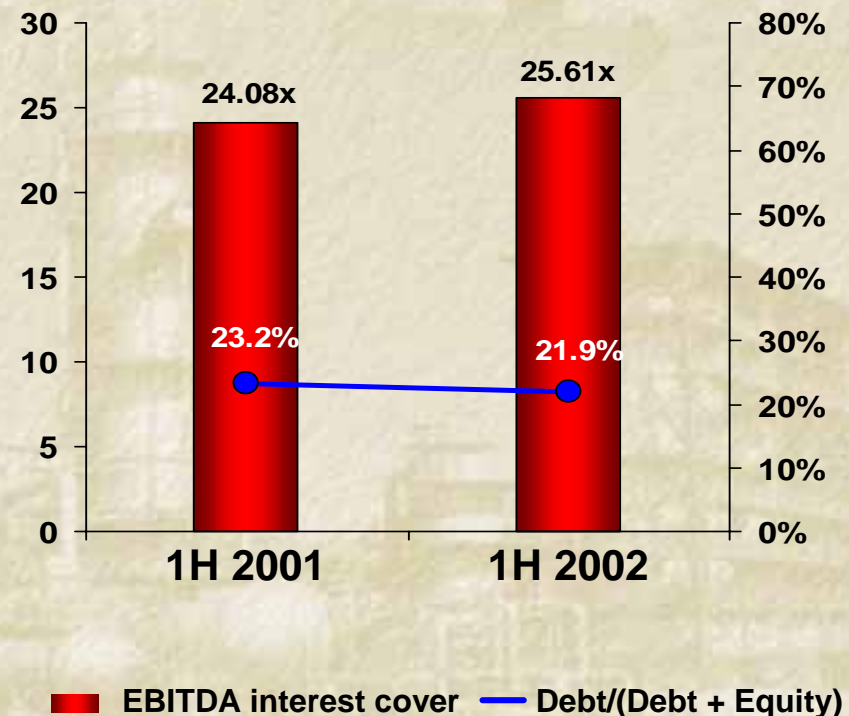
- **As of June 30, 2002 , accumulated cost reduction reached RMB 7,250 million, accounted for 85% of the target set at IPO.**
- **In 1H 2002, staff number was reduced by 1,542, accumulated staff reductions reached 59,740. The Company has completed in advance the staff reduction target promised at IPO.**

Financial Status

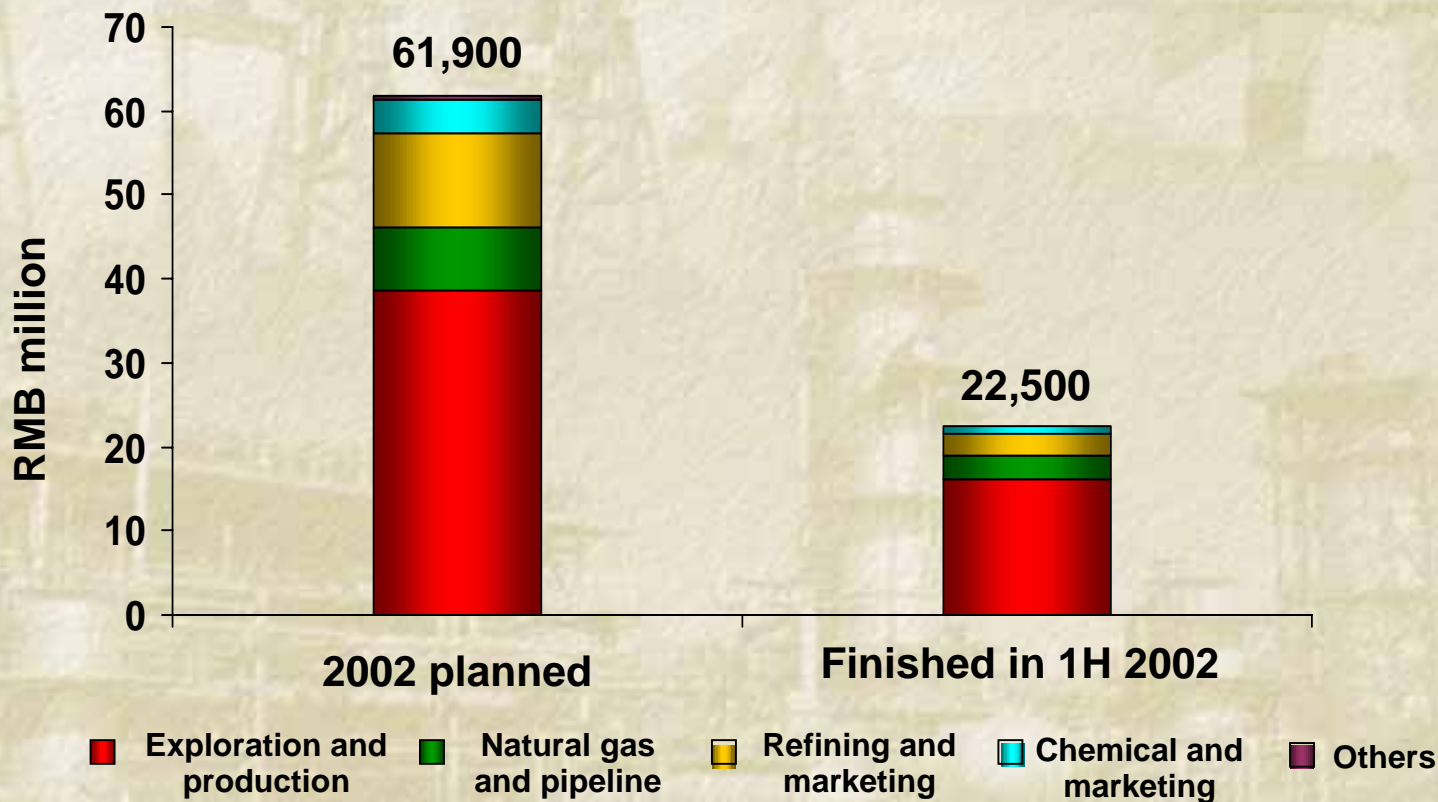
Cash Flow Ended at June 30



Leverage Ratio



Capital Expenditure

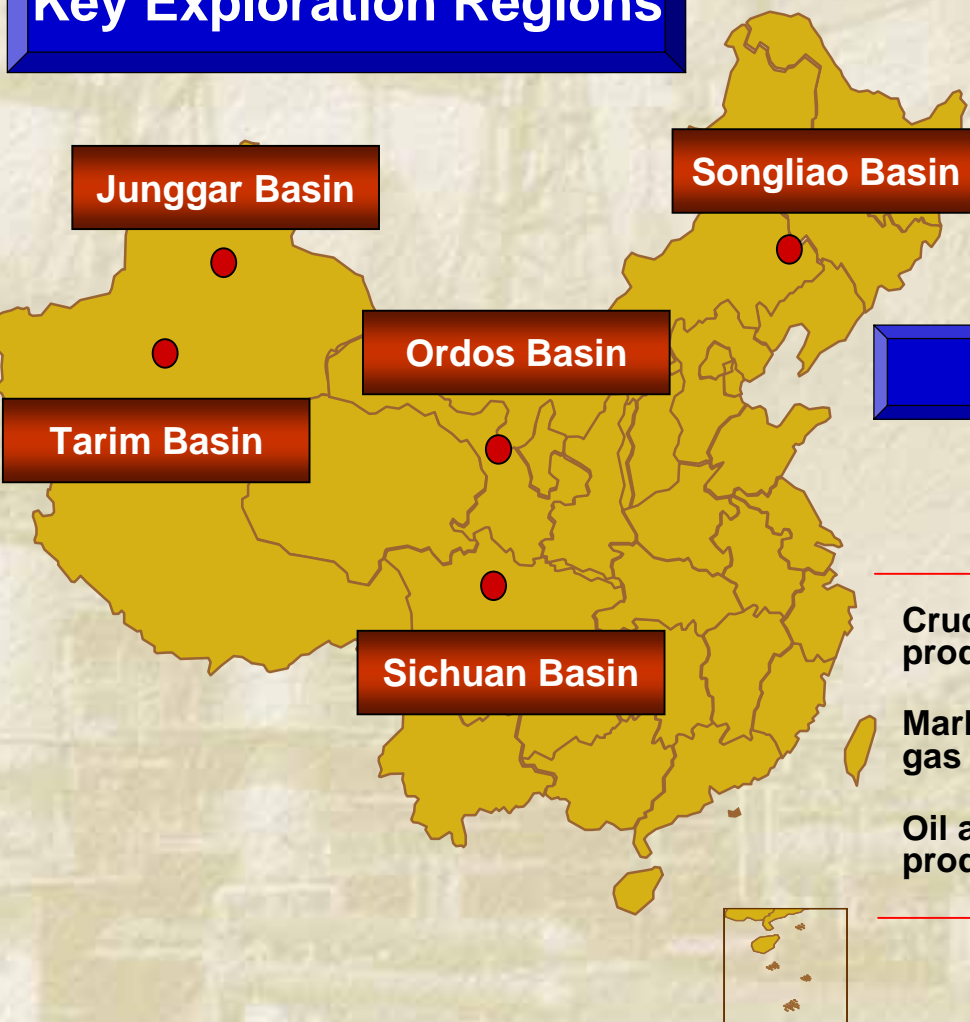


- **1H 2002 Performance Highlight**
- **1H 2002 Operating Results**
- **2H 2002 Outlook**

- **China's GDP growth rate for 2002 is estimated to reach 7.8%**
- **International crude oil price in 2H 2002 is expected to be higher than 1H 2002, and is likely to remain at a relatively high level**
- **Refining and marketing margin remains stable with the balance in demand and supply of refined oil**
- **Chemical prices are expected to rise with market recovery**
- **Domestic natural gas demand continues to grow**

E&P – Ensuring Stable Oil and Gas Production

Key Exploration Regions



2H 2002 Production Targets

	2H 2002	2002 Full year	Compared to 2001 %
Crude oil production (MMbbl)	379.8	764.0	0.07
Marketable natural gas production (bcf)	303.1	610.9	8.41
Oil and gas production (MMboe)	430.4	865.9	0.99

R&M – Enhancing Profitability and Expanding Retail Business

- Continue volume control in line with market demand
- Further enhance and improve marketing network
- Uphold profitability

	2H 2002	2002 Full year	Compared to 2001 (%)
Processing volume (MMbbl)	286.3	566.4	- 0.09
Product sales volume ('000 ton)	2,700	5,417	0.48
Product oil retail volume ('000 ton)	1,009	1,850	16.87
Newly added service stations	1,200	1,500	10.02
Domestic market share (%)	43.6	43.6	—

- **Focus on core businesses with emphasis on the three masterstroke of ethylene and synthetics resin, synthetic fiber and chemical fertilizer**
- **Centralize and consolidate the marketing business, reduce procurement cost and expand market share through e-commerce**
- **Strengthen operation management, reduce operating losses at Jilin Petrochemicals, Lanzhou Petrochemicals and Liaoyang Petrochemicals and improve operating performance**

- Optimize natural gas consumption structure and strengthen market development
- Ensure well-organized construction of W-E Pipeline Project
- Accelerate the development of the downstream market of the W-E Pipeline Project

Time table for W-E Pipeline Project

- The eastern section connecting Jingbian and Shanghai will start supplying gas from Ordos gas field in 2003
- The western section connecting Lunnan and Jingbian will start supplying gas from Tarim gas field in 2005

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