



***PetroChina***

**2005 Annual Results Presentation**

This presentation contains forward-looking statements that involve risks and uncertainties. These statements are generally indicated by the use of forward-looking terminology such as believe, expect, anticipate, estimate, plan, project, target, may, will or other similar words that express an indication of actions or results of actions that may or are expected to occur in the future. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this presentation. These forward-looking statements are based on our own information and on information from other sources we believe to be reliable. Our actual results may be materially less favorable than those expressed or implied by these forward-looking statements which could depress the market price of our ADSs and H shares.

**Name**

**Title**

**Mr. Chen Geng**

**Chairman**

**Mr. Jiang Jiemin**

**Vice Chairman & President**

**Mr. Wang Guoliang**

**Chief Financial Officer**

**Mr. Li Huaiqi**

**Secretary to the Board of Directors**

- **2005 Annual Results Highlights**
- **2005 Financial Results Review & Analysis**
- **2006 Outlook**



**PetroChina**

# ***2005 Annual Results***

## ***Highlights***

# Financial Results Highlights



RMB Million (except EPS)	2004*	2005	Change %
<b>Revenue</b>	397,354	552,229	39.0
<b>Operating Profit</b>	151,138	192,171	27.1
<b>Net Profit</b>	103,843	133,362	28.4
<b>Basic &amp; Diluted EPS**</b>	0.59	0.75	27.1

NB: \* Data reflecting the impact of the acquisition of overseas and refining & chemical businesses from CNPC

\*\* Earnings per share in RMB

# Exploration & Production Highlights



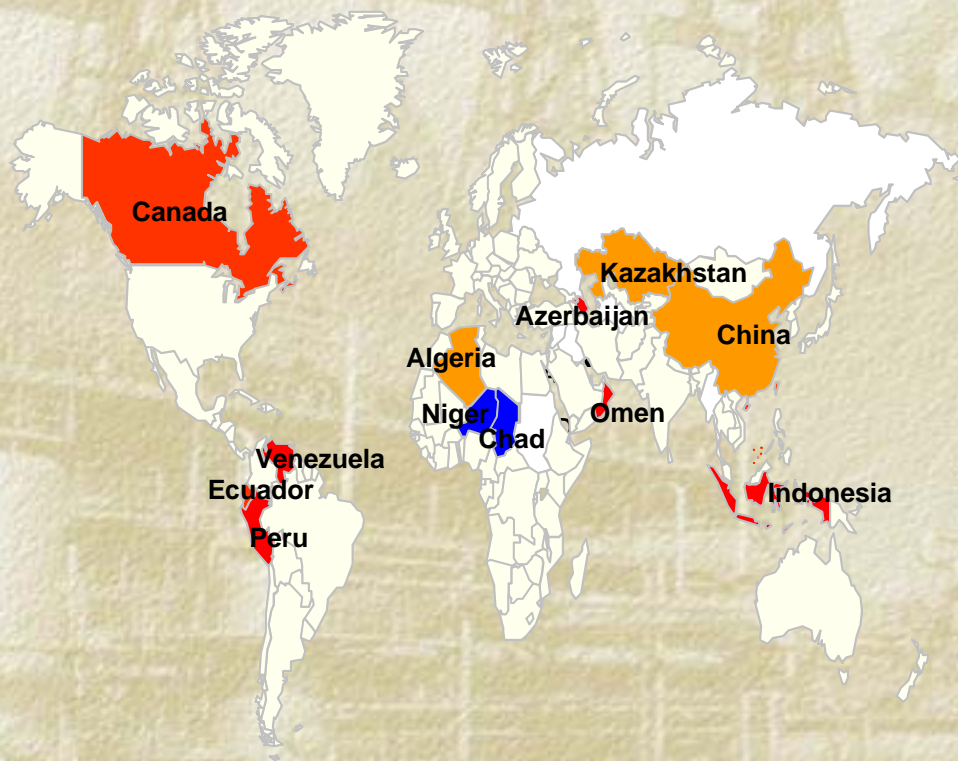
## Key Exploration Discoveries

- Bohai Bay Basin ★ Jidong Shallow Water Area
- Songliao Basin ★ Xujiaweizi
- ★ Changling Fault
- Erdos Basin ★ Jiyuan Area
- Tarim Basin ★ Tazhong I
- Sichuan Basin ★ Central Sichuan
- Junggar Basin ★ Northwestern Rim

# Exploration & Production Highlights

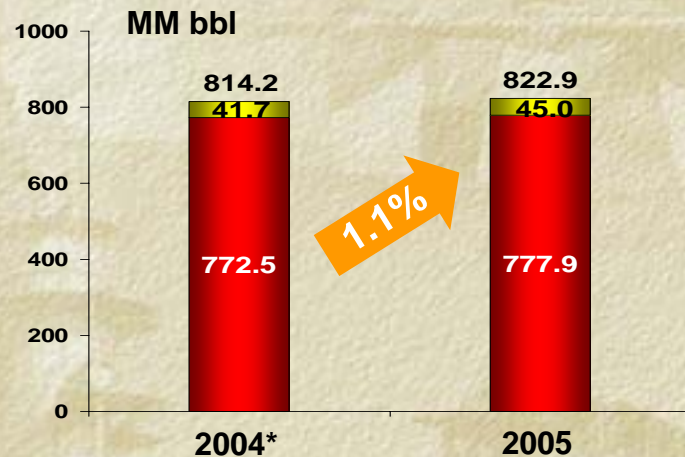


## Domestic & Overseas E & P Areas

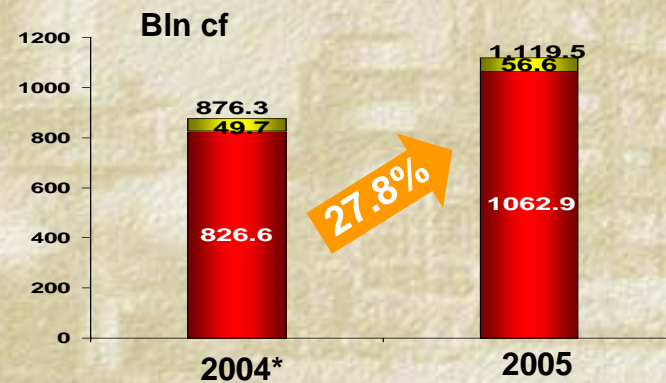


■ Production Assets    
 ■ Production + Exploration Assets    
 ■ Exploration Assets

## Crude Oil Production



## Marketable Natural Gas Production

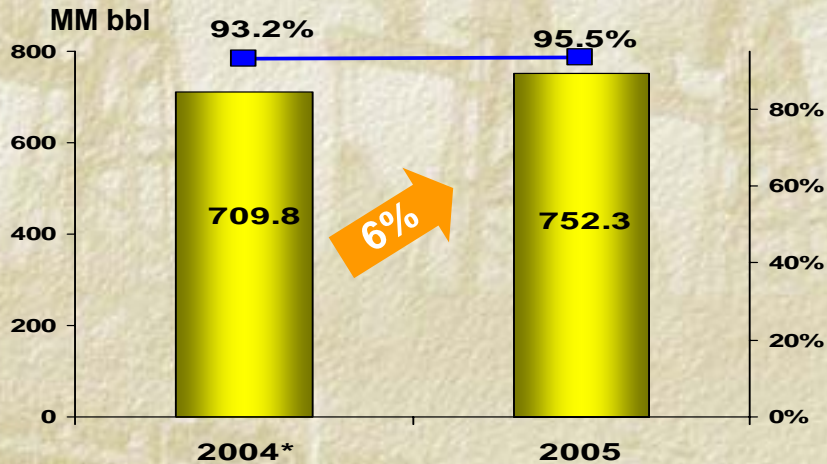


■ Domestic Production    
 ■ Overseas Shared Production

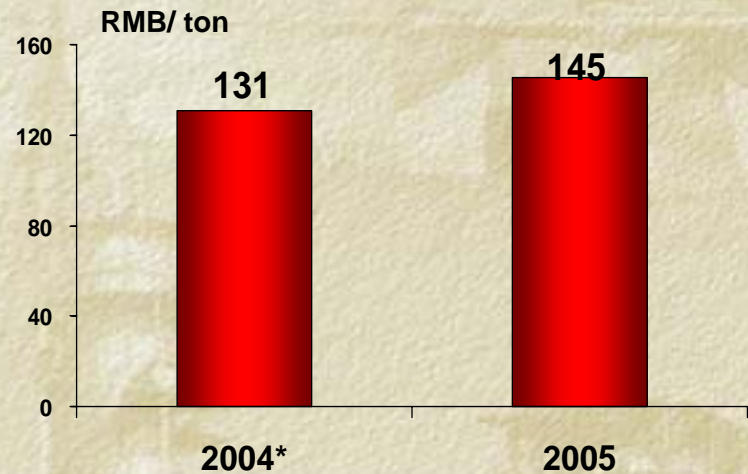
# Refining & Marketing Highlights



## Crude Oil Processing Volume & Facilities Utilization Rate



## Unit Cash Cost for Processing



## Production of Product Oil

Thousand tons	2004*	2005	Change %
<b>Gasoline</b>	20,606	21,415	3.9
<b>Kerosene</b>	1,962	1,970	0.4
<b>Diesel</b>	38,942	43,001	10.4

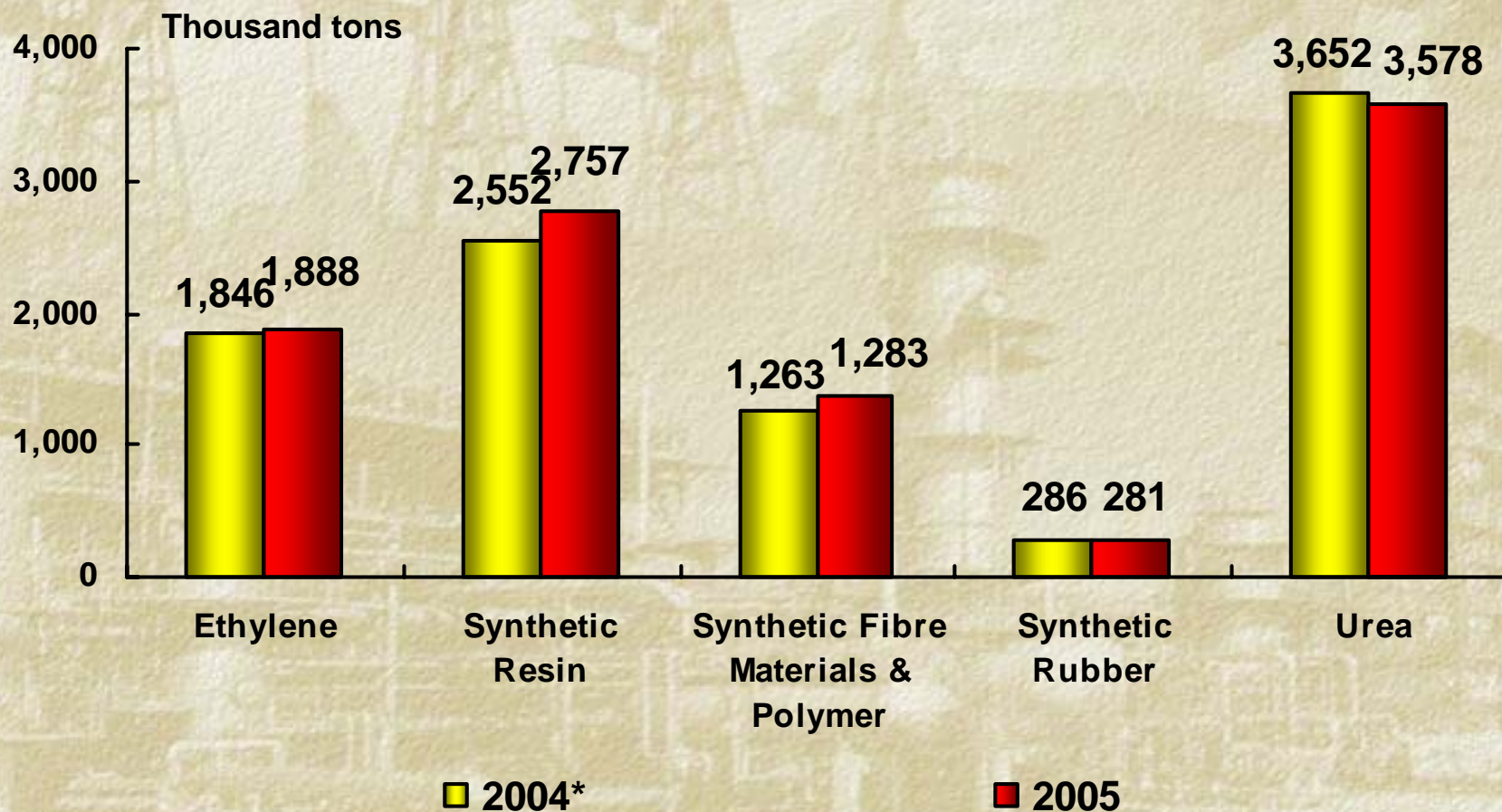
## Expansion of Retail Business

	2004*	2005	Change %
<b>Service Station (Unit)</b>	17,403	18,164	4.4
<b>Retail Volume (000' tons)</b>	30,180	38,120	26.3
<b>Retail Market Share</b>	29%	31.8%	2.8 pp

# Chemicals & Marketing Highlights



## Production of Major Chemical Products



# Natural Gas & Pipeline Highlights



## Smooth Construction of Key Oil & Gas Pipelines

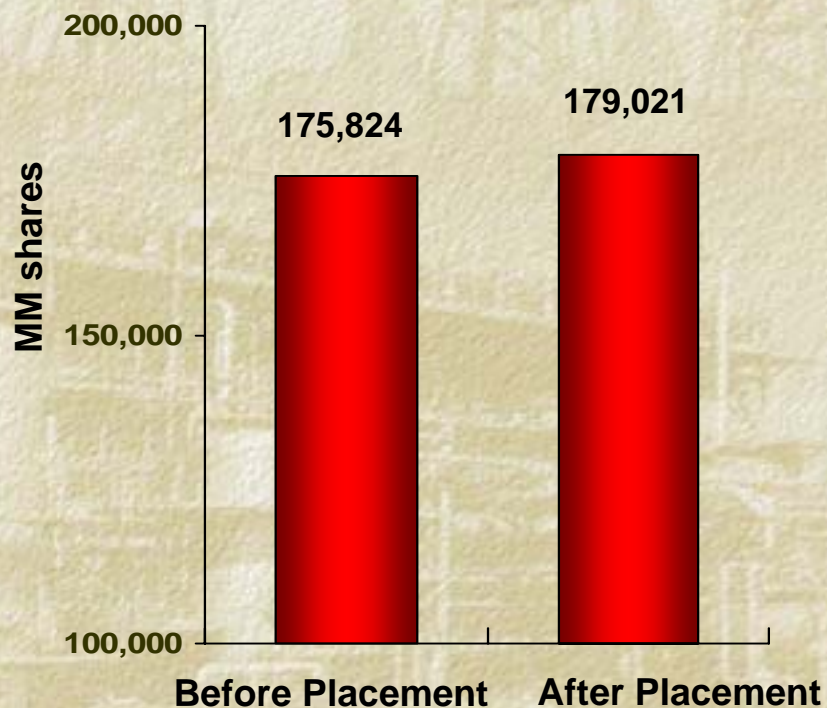


- Second Shaanxi-Beijing Natural Gas Pipeline
  - Commenced operation since 20 July
- Zhongxian-Wuhan Natural Gas Pipeline
  - Construction of Xiangtan branch completed at end of May; the “one trunk and three branches” pipeline commenced its full operation
- West-East Natural Gas Pipeline
  - Construction of connection lines, gas storage facilities and capacity expansion achieved smooth progress
- Alashakou-Dushanzi Crude Oil Pipeline
  - Pipeline construction completed by the end of 2005

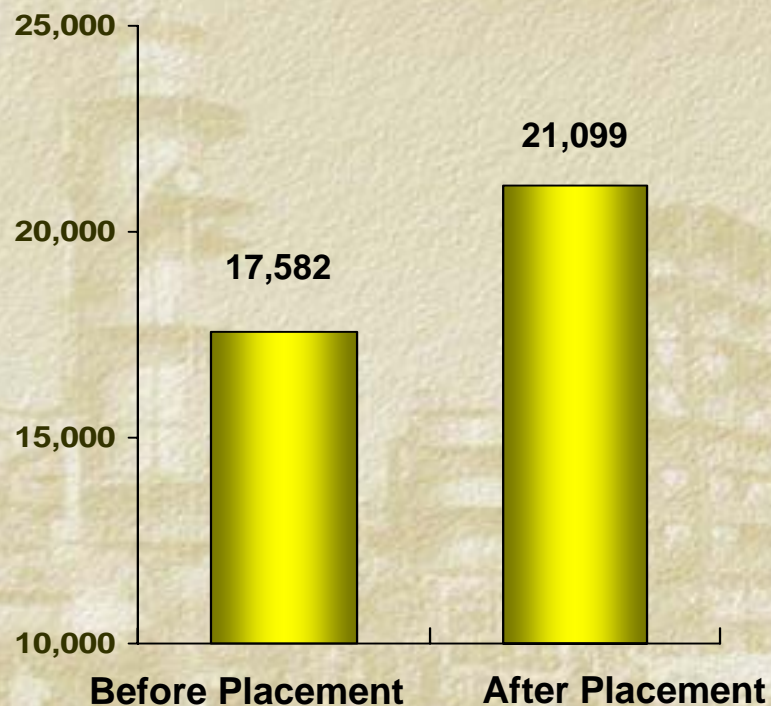
# Change in Equity

## The First Post-IPO Share Placement Exercise in 2005

Change in Total No. of Capital Shares



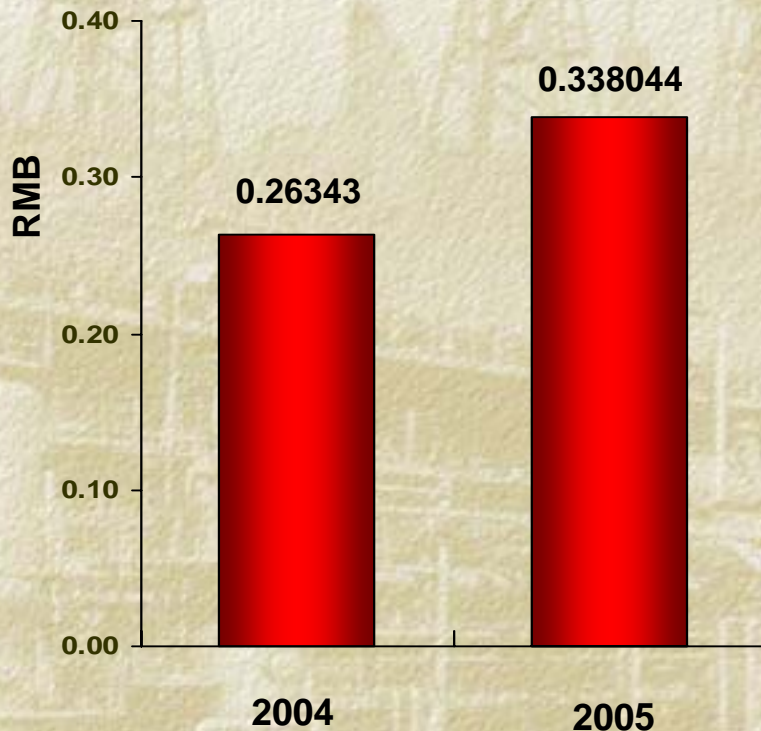
Change in Free Flow H Shares



# 2005 Final Dividend



## 2004-2005 Dividend



- Our dividend policy remains unchanged
  - Dividend payout ratio stands at 40%-50%
  - Dividend will be paid semi-annually
- 2005 final dividend of RMB0.180325 per share proposed
- Final dividend per share is expected to be distributed around 9 June 2006
- 2005 full-year dividend per share is RMB0.338044



**PetroChina**

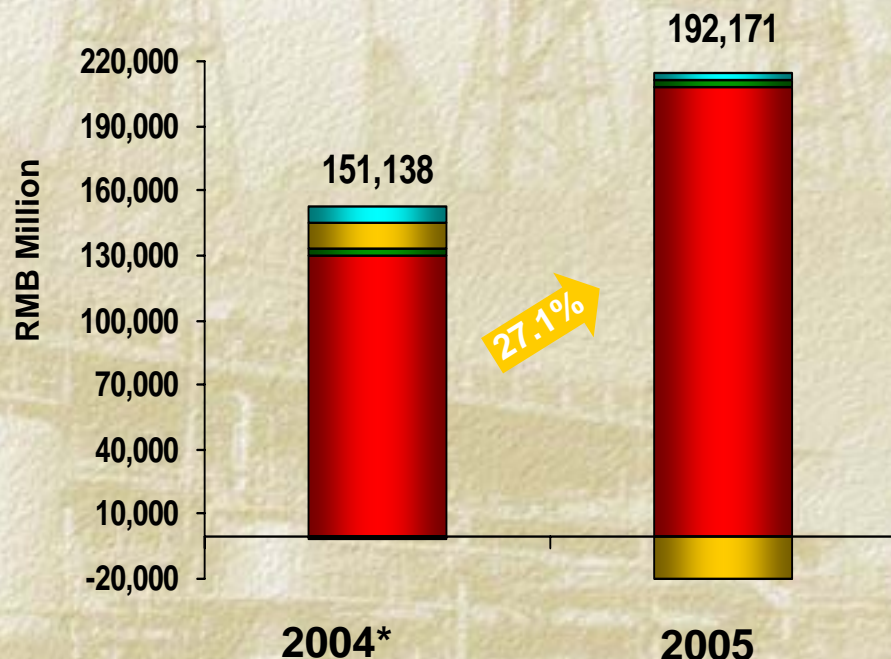
# ***2005 Financial Results***

## ***Review and Analysis***

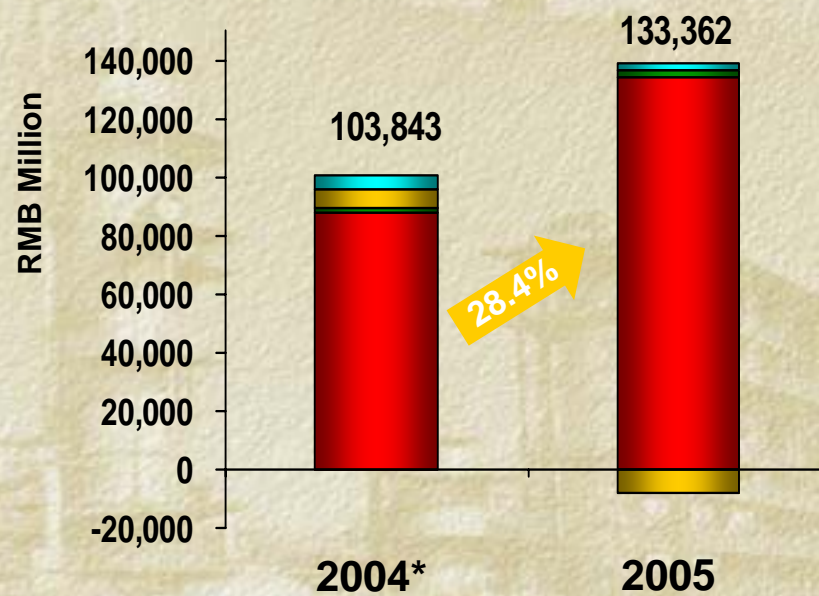
# Profit Analysis



## Operating Profit



## Net Profit

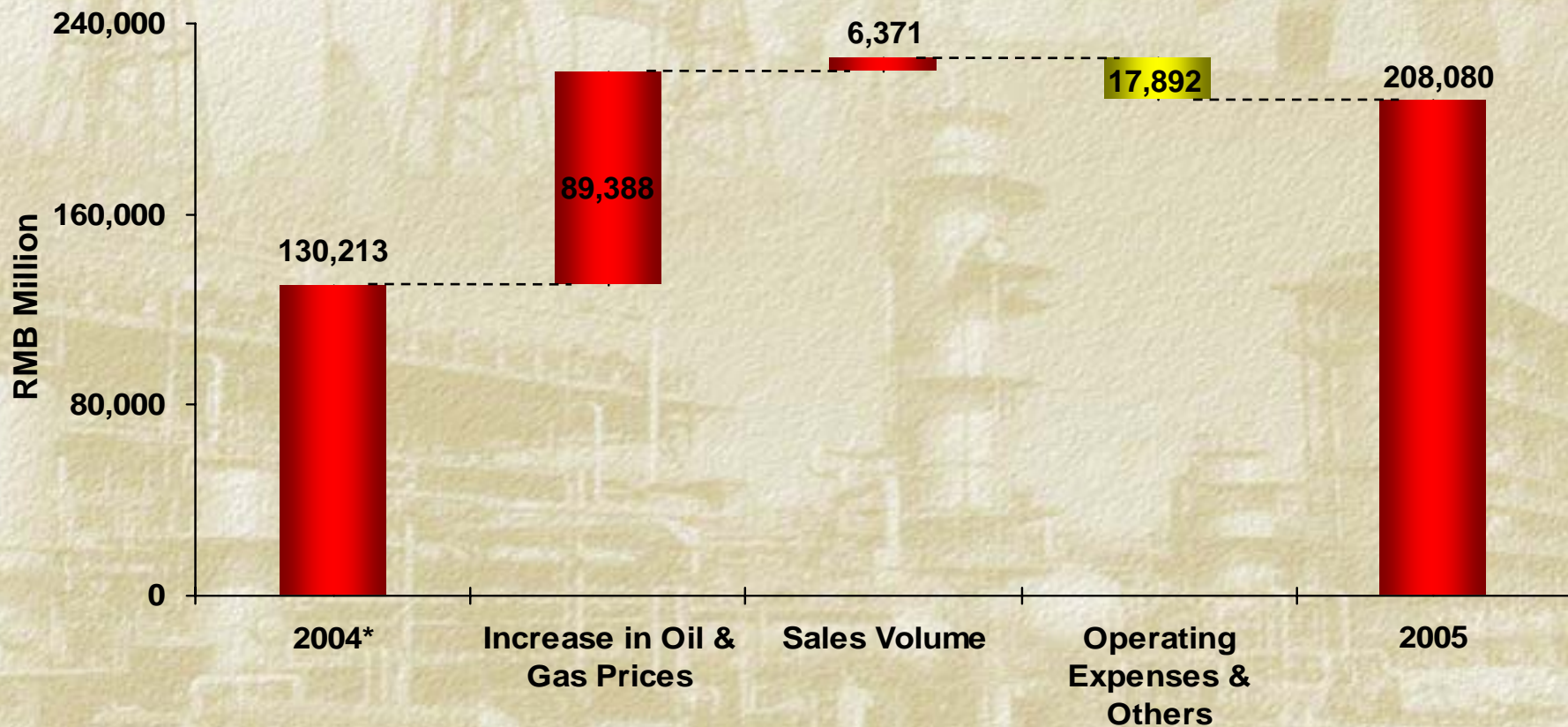


■ E&P   ■ Natural Gas & Pipeline   ■ R&M   ■ C&M   ■ Others

# Exploration & Production Operating Profit



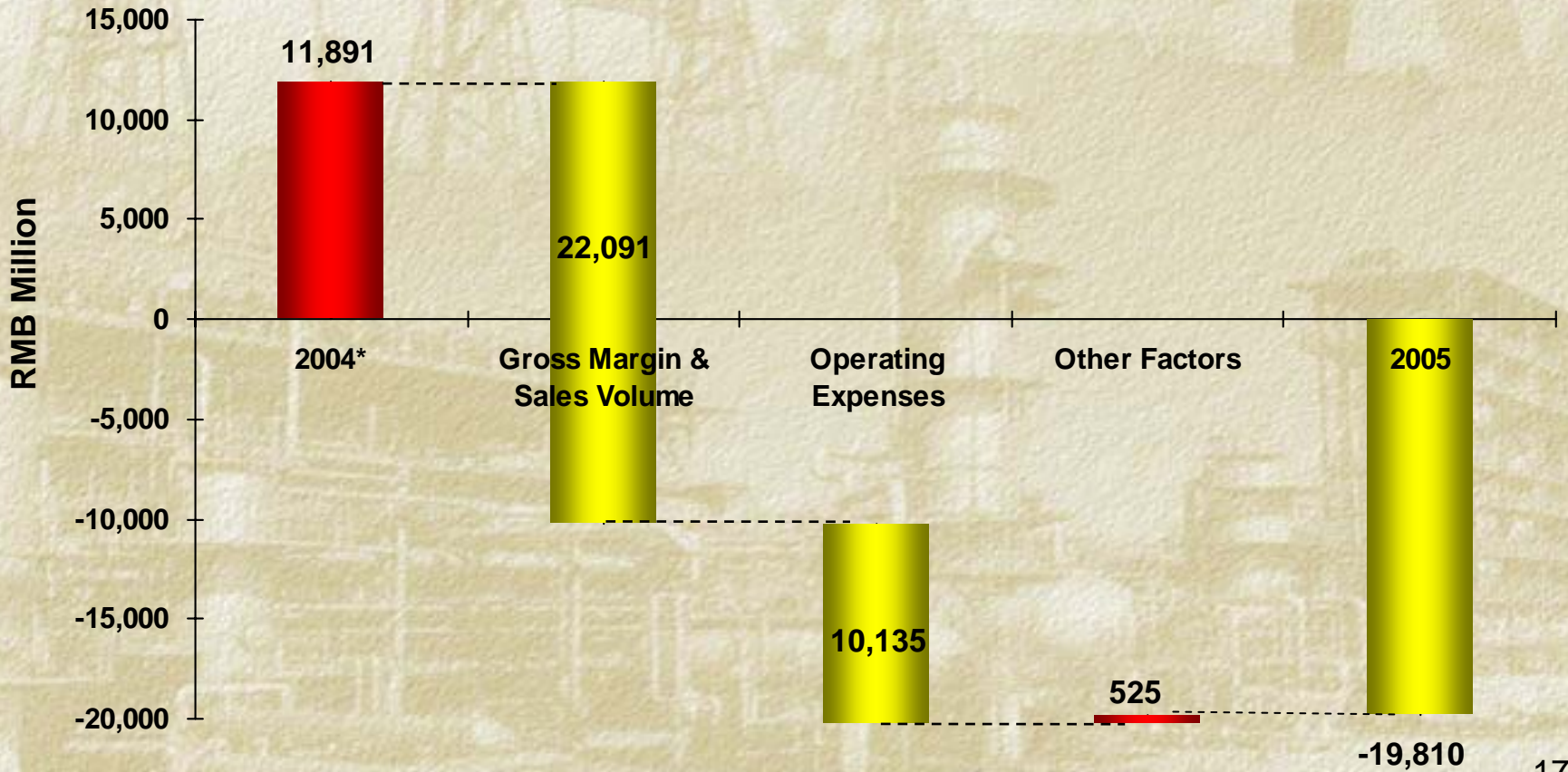
## Factors Affecting Exploration & Production Operating Profit



# Refining & Marketing Operating Profit



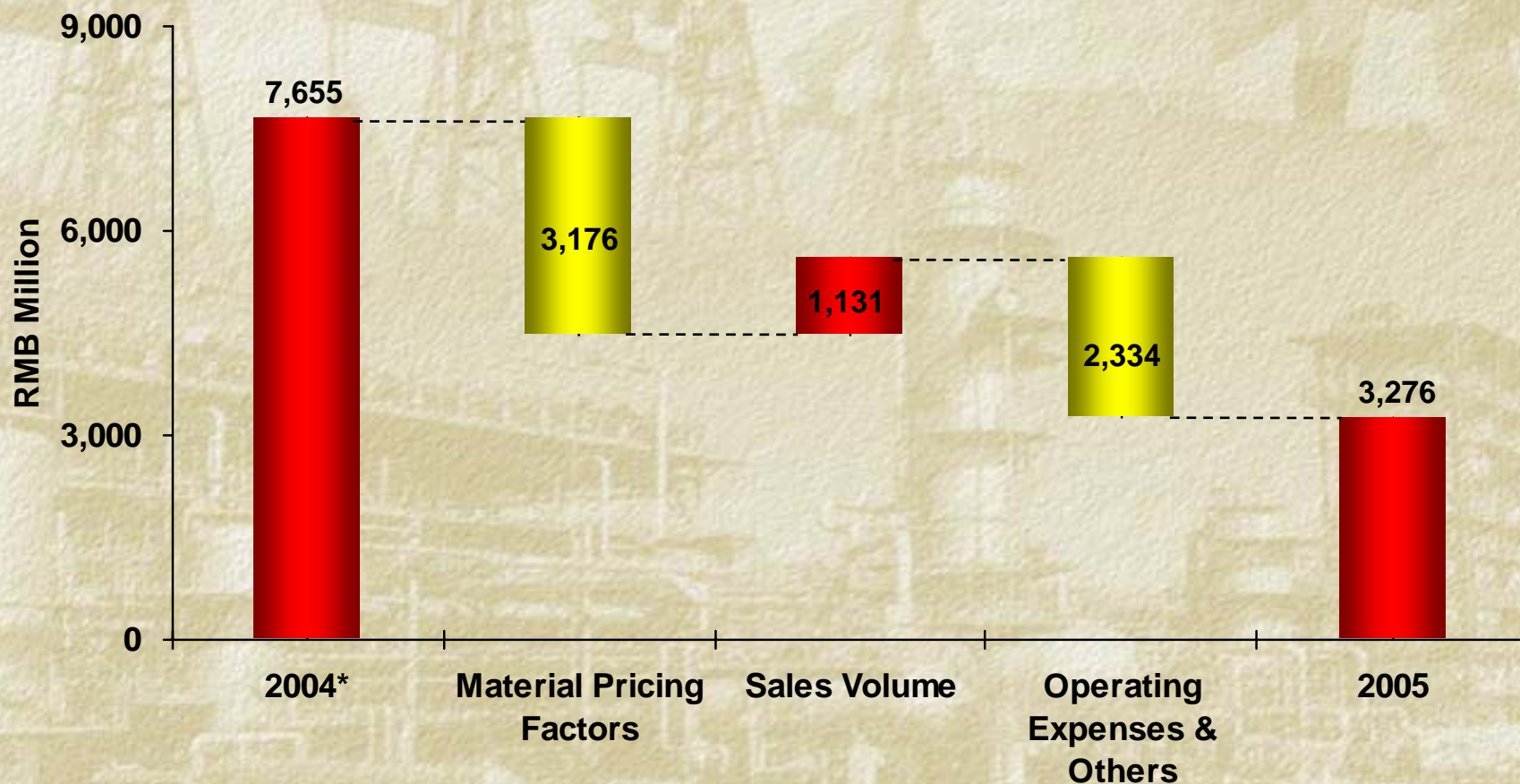
## Factors Affecting Refining & Marketing Operating Profit



# Chemicals & Marketing Operating Profit



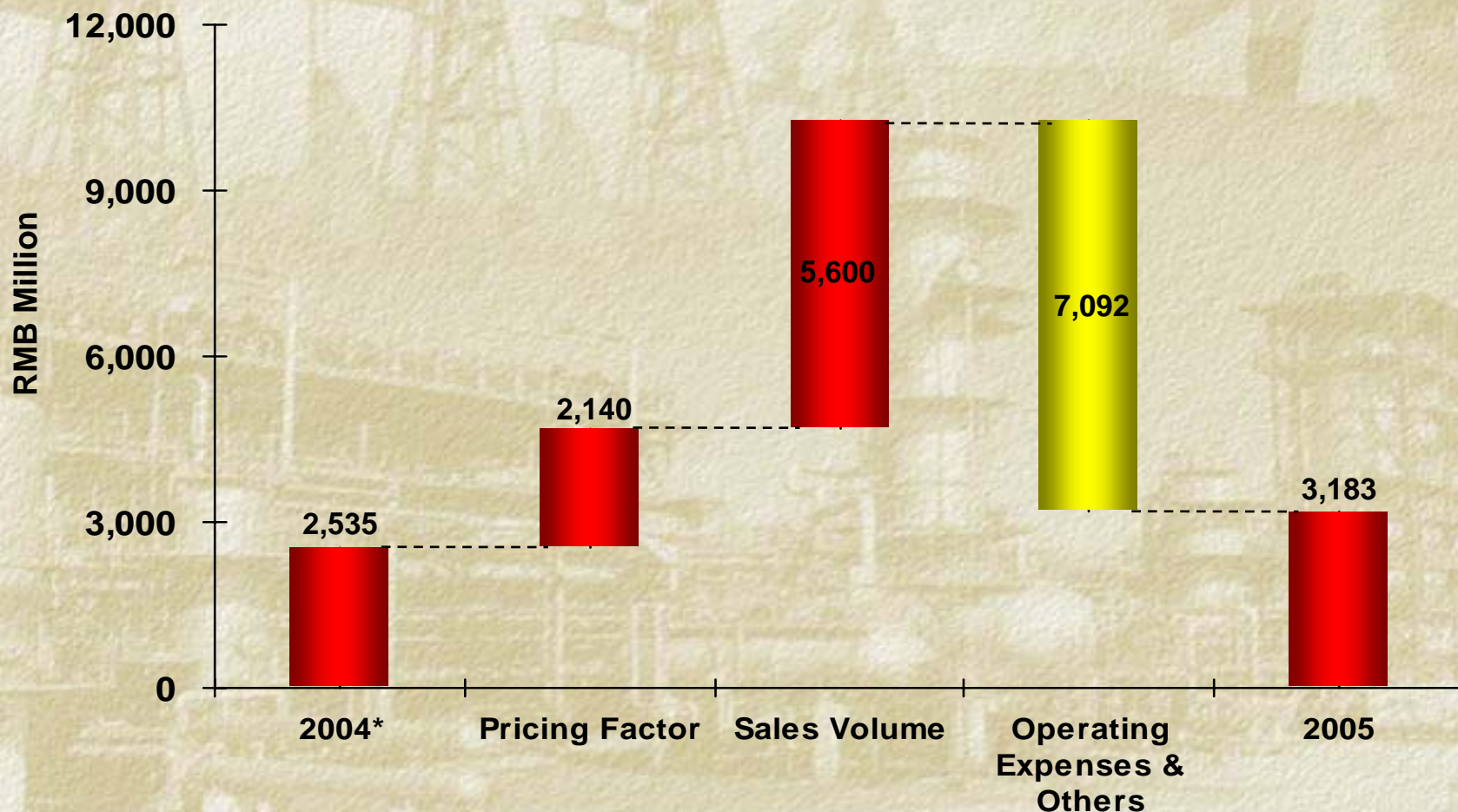
## Factors Affecting Chemicals & Marketing Operating Profit



# Natural Gas & Pipeline Operating Profit



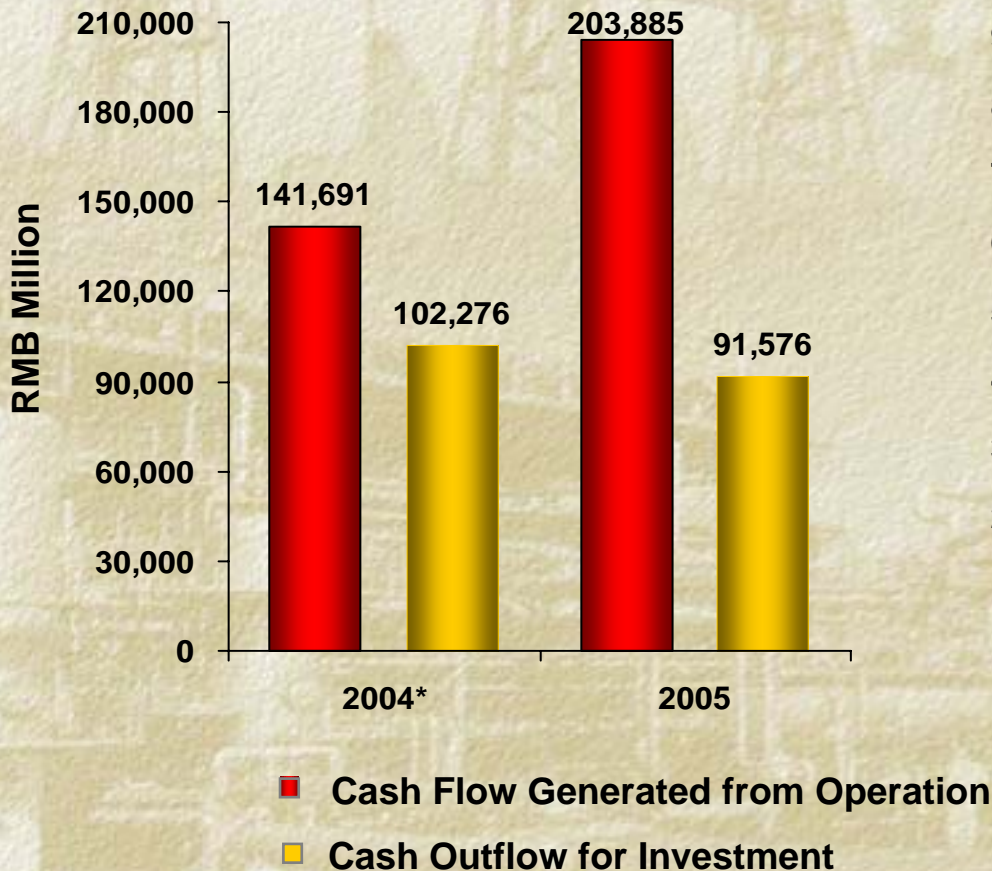
## Factors Affecting Natural Gas & Pipeline Operating Profit



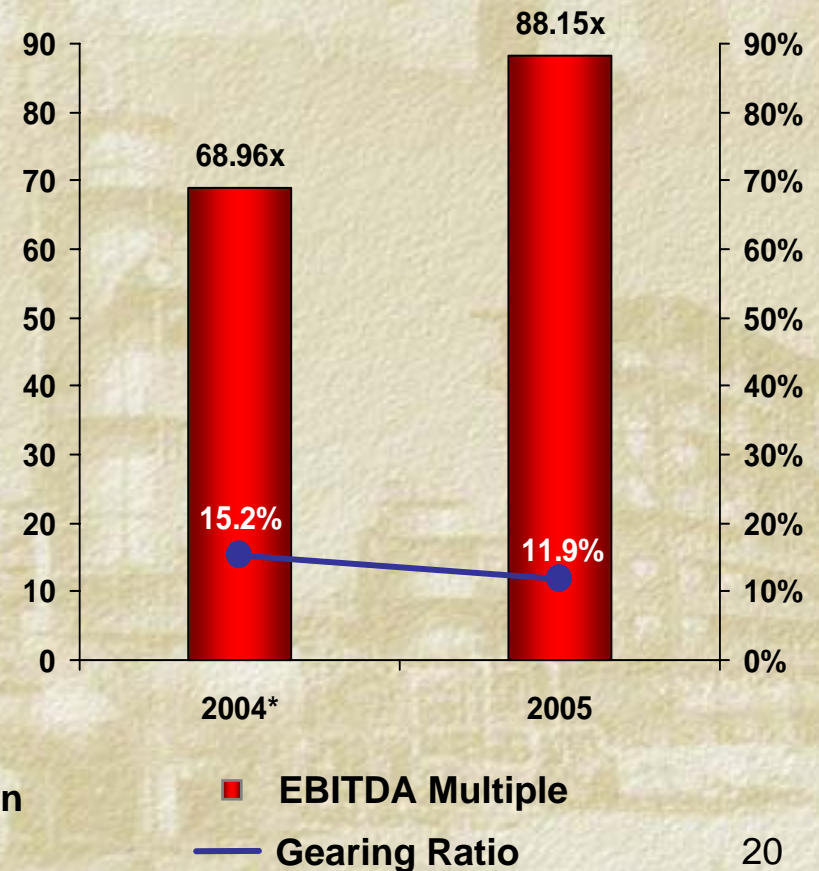
# Financial Status



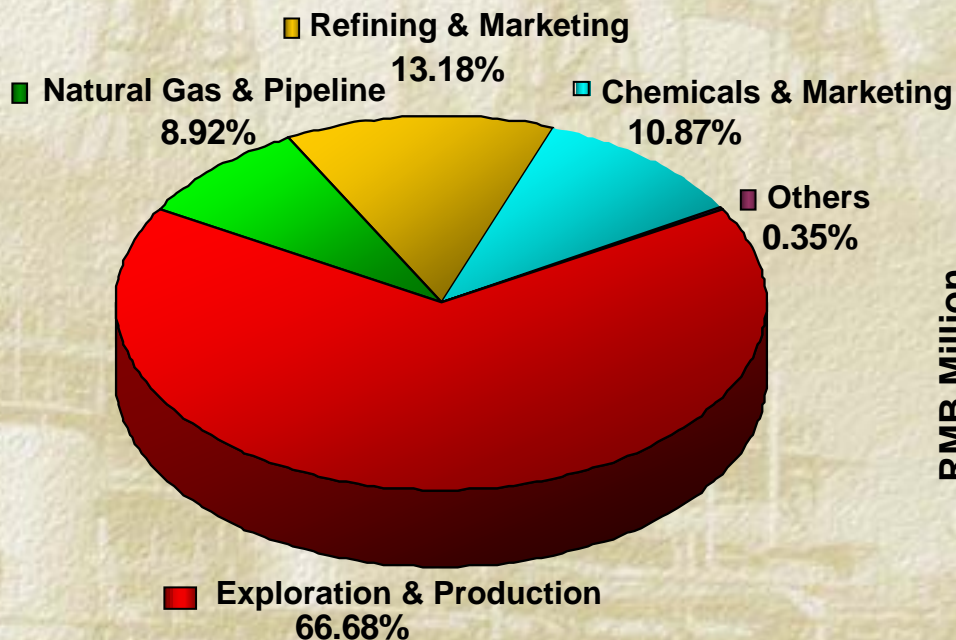
## Cash Flow as of 31 Dec



## Gearing Ratio

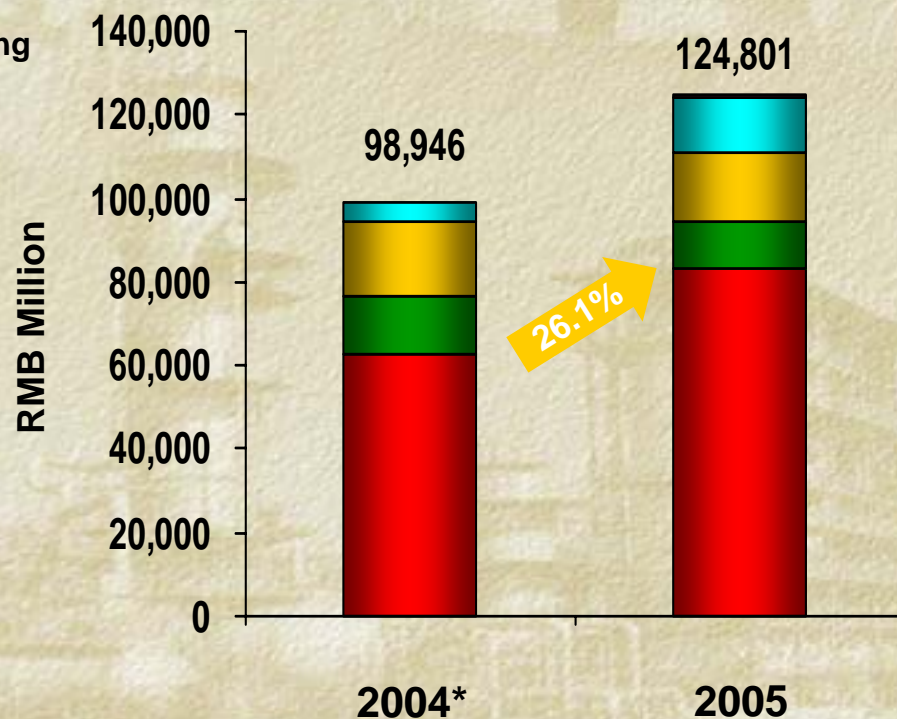


## 2005 Capex Structure



2005 Total Capex: RMB124.8 billion

## Capex Comparison – 2004 & 2005





**PetroChina**

**2006**

**Outlook**

- **Continual strengthening of oil & gas exploration and development in domestic market to lay solid foundation for oil & gas reserves**
- **Accelerating construction of key refining and chemical facilities to enhance the development of scale in an orderly manner**
- **Further improvement in quality of its marketing efforts and operational efficiency to consolidate and enlarge market share**
- **Speeding up of development of oil & gas storage and transportation infrastructure to ensure safe and steady supply in market**
- **Promoting international business and domestic foreign cooperation to accelerate the pace of internationalization**
- **Enhancing HSE management to assume corporate social responsibility in an active manner**

## Continual Strengthening of Oil & Gas Exploration and Development in Domestic Market to Enhance Resource Portfolio



- **Place oil & gas exploration a top priority**
- **Attach equal importance to both oil and gas, emphasizing oil explorations whilst strengthening natural gas exploratory efforts**
- **Pursue risk explorations to obtain larger discoveries and reserves in greater scale at key spots in a move to lift successful exploratory rate and efficiency**
- **Further emphasis on oil field development to ensure a modest increase in crude oil output and significant growth in natural gas output**

## Accelerating Construction of Key Refining and Chemical Facilities to Enhance the Development of Scale in an Orderly Manner



- Expedite construction of key refining and chemical establishments to heighten competitiveness and profitability of the segments
- Improve and streamline refining business structure to raise competitive edge and achieve production in economies of scale
- Further build up the chemical business and strengthen product development capabilities to increase leading new and high value-added products to boost competitiveness

## Further Improvement in Quality of its Marketing Efforts and Operational Efficiency to Consolidate and Enlarge Market Share



- **Optimize marketing network for product oil and emphasize on end-user sales**
- **Step up the efforts in managing the service stations to boost retail sales volume**
- **Coordinate and enhance marketing resources allocation and market development for the chemical business to reinforce integrated management and raise proportion of centralized distribution**

# Speeding Up of Development of Oil & Gas Storage and Transportation Infrastructure to Ensure Safe and Steady Supply in Market



- **Optimize trunk line network for natural gas transportation. Construct interconnection lines linking up main gas transmission lines such as West-East Natural Gas Pipeline, Second Shaanxi-Beijing Natural Gas Pipeline and Zhongxian-Wuhan Natural Gas Pipeline**
- **Accelerate the pace of construction of compressor stations for trunk lines and underground gas storage facilities**
- **Strengthen coordination of production, transportation and marketing efforts to ensure safe and steady supply in market**

## Promoting International Business and Domestic Foreign Cooperation to Quicken Pace of Internationalization



- **Continue to expand international businesses on the basis of existing oil & gas projects with focuses on key areas. Strengthen overseas oil & gas exploration development and increase overseas oil & gas production scale**
- **Strive to improve execution of domestic foreign cooperative projects in exploration and development. Continue to explore collaborative opportunities in new areas of risk explorations and coalbed methane. Accelerate the pace of cooperation in refining and chemicals projects**
- **Promote diversification of import of oil & gas resources to maintain rapid growth in international trade**

# Enhancing HSE Management to Assume Corporate Social Responsibility in an Active Manner



- **Thoroughly review and improve HSE management system**
- **Enhance safety and precautions capabilities via uncompromising supervision, inspection and evaluation**
- **Tighten environmental risk controls to promote ecological development and clean production**
- **Uphold energy conservation to fully utilize internal potentials**



***PetroChina***

**<http://www.petrochina.com.cn>**

**Investor Relations**

**Tel: (852) 2899-2010**

**Fax: (852) 2899-2390**

**Email: [hko@petrochina.com.hk](mailto:hko@petrochina.com.hk)**

**Media Enquiries**

**Tel: (852) 2894-6204**

**Fax: (852) 2576-1990**

**Email: [helen.lam@hillandknowlton.com.hk](mailto:helen.lam@hillandknowlton.com.hk)**