

Petrochina Profit Down on Refinery Losses

KELVIN CHAN, AP Business Writer

HONG KONG (AP) — China's biggest oil and gas company, PetroChina Co., posted a 6 percent decline in first-half profit on Thursday on lower crude prices and continuing refining losses and warned the rest of the year would be "tortuous" as the global economy slows.

The world's biggest publicly traded energy producer, one of a number of big companies reporting disappointing earnings, painted a grim picture.

"The road to global economic recovery will remain sluggish and tortuous in the second half of 2012," PetroChina said.

"The worsening euro debt crisis will continue to spread. Developed countries lack the growth momentum whilst emerging economies are expected to grow at a slower pace." The economic slowdown in China, the world's second-biggest economy, will continue, the majority state-owned company added.

PetroChina pumped 667.9 million barrels of oil and natural gas in the first half, up 3.8 percent over the year before. Some 62.5 million barrels came from overseas production facilities.

Last year, the company overtook Exxon Mobil as the biggest publicly traded oil producer after its daily output rose to 2.4 million barrels a day. Almost all output is for domestic use. The company has grown by pumping everything it can from reserves in China, estimated to contain more than 6.5 billion barrels. It has also expanded overseas by acquiring new reserves in Iraq, Australia, Africa, Qatar and Canada.

Profit for the first six months of the year fell to 62 billion yuan (\$9.7 billion), or 0.34 yuan (5.3 US cents) per share, from 66 billion yuan, or 0.36 yuan a share, in the same period last year.

Operating profit at PetroChina's exploration and production, or upstream, division in the first half rose 9.7 percent to 113.8 billion yuan. But the division's earnings in the second quarter were down from the first quarter, dropping 11.5 percent to 53.4 billion yuan. The company said global oil prices fell "substantially" in the second quarter, reflecting looser supply and demand.

The refining and chemicals division lost 28.8 billion yuan, which the company blamed on China's slowing economy, prolonged weakness in the petrochemical market and government price controls on refined products aimed at keeping inflation in check.

Petrochina Profit Down on Refinery Losses

Published on Chem.Info (<http://www.chem.info>)

Follow Kelvin Chan at twitter.com/chanman

Source URL (retrieved on 03/06/2015 - 7:45pm):

<http://www.chem.info/news/2012/08/petrochina-profit-down-refinery-losses>