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HD **PetroChina Taps Overseas Growth**

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HONG KONG -- State-controlled PetroChina Co.'s 2013 profit rose 12% from a year earlier, because of reduced refining losses and growth in overseas oil and natural-gas production.

Beijing-based PetroChina and parent China National Petroleum Corp. have for years been building their international portfolio of exploration-and-production assets. Between them they spent $20 billion on oil and gas projects in Australia, Mozambique, Peru and Brazil last year, according to data provider Dealogic. PetroChina's purchase in November of a 25% stake in Iraq's huge West Qurna-1 field was among its recent acquisitions boosting its reserves.

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PetroChina Chairman Zhou Jiping said in Hong Kong the company is still looking for acquisitions to fuel growth even while it trims its 2014 capital spending by 7% to 296.5 billion yuan (US$47.9 billion) to bolster shareholder returns.

"In the past, we put great emphasis on speeding up our scale through high-intensity investments. The result was our revenue went up quickly but the profit didn't go up accordingly. We now put more emphasis on quality and efficiency of our businesses," Mr. Zhou said.

Last year, PetroChina cut its capital spending by 9.6% to 318.7 billion yuan. This marked the company's first capital-spending decline since its debut on the Hong Kong and New York stock exchanges in 2000.

Mr. Zhou said PetroChina aims to build itself into a "world-level integrated energy group around 2020."

PetroChina 's net profit rose to 129.6 billion yuan (US$20.9 billion) for 2013 from 115.3 billion yuan the previous year, the company said Thursday. The result exceeded the average forecast of 126 billion yuan from 30 analysts polled by Thomson Reuters.

Revenue rose 2.9% to 2.26 trillion yuan, aided by a higher contribution from overseas production. Overall crude output for domestic and foreign fields rose 1.8%, while total natural-gas output increased 9.5%.

Operating losses from refining and chemical businesses narrowed to 24.4 billion yuan from 43.5 billion yuan, helped by the Chinese government's increase in the prices of refined products in September.

To battle inflation, China's government often puts pressure on the country's two largest refiners -- China Petroleum & Chemical Corp., known as Sinopec, and PetroChina -- to not raise prices of gasoline and diesel when crude-oil prices surge in the global market.

Also, a change in China's natural-gas pricing mechanism, introduced in July, has helped PetroChina's natural-gas and pipeline business to swing to an operating profit of 28.9 billion yuan from an operating loss of 2.1 billion yuan. The company has lost billions of dollars from selling imported natural gas at deep discounts during the past few years.

Last July's change by the National Development and Reform Commission, an economic planner, raised the price of natural gas for nonresidential users by an average of 15%.

Analysts said they expect PetroChina's natural-gas business to improve this year if Beijing further increases gas prices.

China has been on a global quest to secure multiple sources of natural gas to help it meet targets to more than double the cleaner-burning fuel's contribution to its **energy** mix to 10% by 2020 from less than 5% now.

In addition to expensive pipeline and liquefied-natural-gas projects, **China** is trying to spur the development of unconventional supplies such as shale gas, which is gas trapped in rock formations.

CO cnpngc : China National Petroleum Corp | pechin : PetroChina Company Limited

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