Morgan Stanley | RESEARCH

UPDATE

October 28, 2026 04:01 PM GMT

PetroChina | Asia Pacific

3Q Core EPS Beat

AlphaSignals Earnings Reaction

Unchanged
Impact to our thesis

Modest upside
Financial results versus consensus

Largely unchanged
Direction of next 12-month consensus EPS

Source: Company data, Morgan Stanley Research

Key Takeaways

- PetroChina delivered solid 3Q results, supported by higher energy price YoY, despite widening realized crude oil price discount to Brent due to pricing lag.
- EPS up 23% YoY, down 7% QoQ, in line with our estimate, while core EPS at 0.29 beat MSe by 3%, driven by better-than-expected refining and gas EBIT.
- Refining EBIT up 92% QoQ due to more exports and domestic market recovery.
- Gas EBIT up 76% QoQ which beat our expectations, due to higher volume and ASP, but down 27% YoY due to well expected higher import cost on higher oil prices.

Exhibit 1: Quarterly Result

	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26	YoY	QoQ
Segment EBIT (Rmb bn)									
- E&P	46.9	38.8	39.4	11.0	41.0	59.4	51.6	31%	-13%
- Refining	4.6	5.1	4.8	7.3	7.2	2.5	4.8	0%	92%
- Chemical	0.8	0.6	0.4	0.8	1.1	0.3	0.4	0%	39%
- Marketing	5.0	2.5	4.1	5.9	6.5	4.9	3.1	-23%	-36%
- Gas	13.5	5.1	12.7	29.5	18.9	5.2	9.2	-27%	76%
EPS	**0.26**	**0.20**	**0.23**	**0.17**	**0.26**	**0.30**	**0.28**	**23%**	**-7%**
Production									
Oil (mmbbl)	240	236	238	234	238	225	236	-1%	5%
Gas (bcf)	1,361	1,322	1,294	1,386	1,394	1,352	1,323	2%	-2%
Realized Prices									
Oil (US$/bbl)	70.0	62.4	64.2	59.7	64.1	89.7	79.8	24%	-11%

Source: PetroChina, Morgan Stanley Research

MORGAN STANLEY ASIA LIMITED+

Jack Lu
Equity Analyst
Jack.Lu@morganstanley.com +852 2848-5044

Kaylee Xu
Equity Analyst
Kaylee.Xu@morganstanley.com +852 2239-1506



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PetroChina (0857.HK, 857 HK)

China Energy & Chemicals | China

Stock Rating	**Overweight**
Industry View	**In-Line**
Price target	HK$13.25
Up/downside to price target (%)	33
Shr price, close (Oct 28, 2026)	HK$9.95
52-Week Range	HK$12.22-7.86
Sh out, dil, curr (mn)	21,099
Mkt cap, curr (mn)	Rmb2,325,548
EV, curr (mn)	Rmb2,577,488
Avg daily trading value (mn)	HK$1,089.08

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (Rmb)**	0.86	1.05	1.06	1.24
Prior EPS (Rmb)**	-	-	-	-
EPS (Rmb)§	0.86	1.02	0.94	0.94
Revenue, net (Rmb bn)	2,864	2,786	2,618	2,670
EBITDA (Rmb bn)	467	511	516	565
ModelWare net inc (Rmb mn)	157,318	191,687	194,185	227,436
P/E	8.8	8.1	8.0	6.8
P/BV	0.9	0.9	0.9	0.8
ROE (%)	10.4	12.1	11.6	12.8
Div yld (%)	6.2	6.4	6.5	7.6

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
** = Based on consensus methodology
§ = Consensus data is provided by Refinitiv Estimates
e = Morgan Stanley Research estimates

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Valuation Methodology and Risks

PetroChina (0857.HK)

Base case, SOTP.

- Gas: 12x 2026E P/E. We believe PetroChina's gas assets are a growing utility and deserve a 20% premium over China's city gas distributors.
- Oil E&P: 4x 2026E EV/EBITDA vs. 3-7x EV/EBITDA global E&P peers. 5year average reflects the energy security value creation.
- Refining and chemicals: 10x P/E. Marketing: 10x P/E. GRM expansion of refining and marketing thanks to higher SOE refiner utilization rate.

Risks to Upside

- Higher-than-expected SOE refiner utilization rate
- Stronger-than-expected Chinese economic growth and demand
- Higher-than-expected oil prices
- Higher-than-expected gas demand growth

Risks to Downside

- Lower-than-expected SOE refiner utilization rate
- Weaker-than-expected Chinese economic growth and demand
- Lower-than-expected oil prices
- Lower-than-expected gas demand growth

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(as of September 30, 2026)

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	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1599	43%	455	48%	28%	783	44%
Equal-weight/Hold	1563	42%	394	42%	25%	763	43%
Not-Rated/Hold	2	0%	1	0%	50%	1	0%
Underweight/Sell	570	15%	96	10%	17%	227	13%
Total	3,734		946			1774	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

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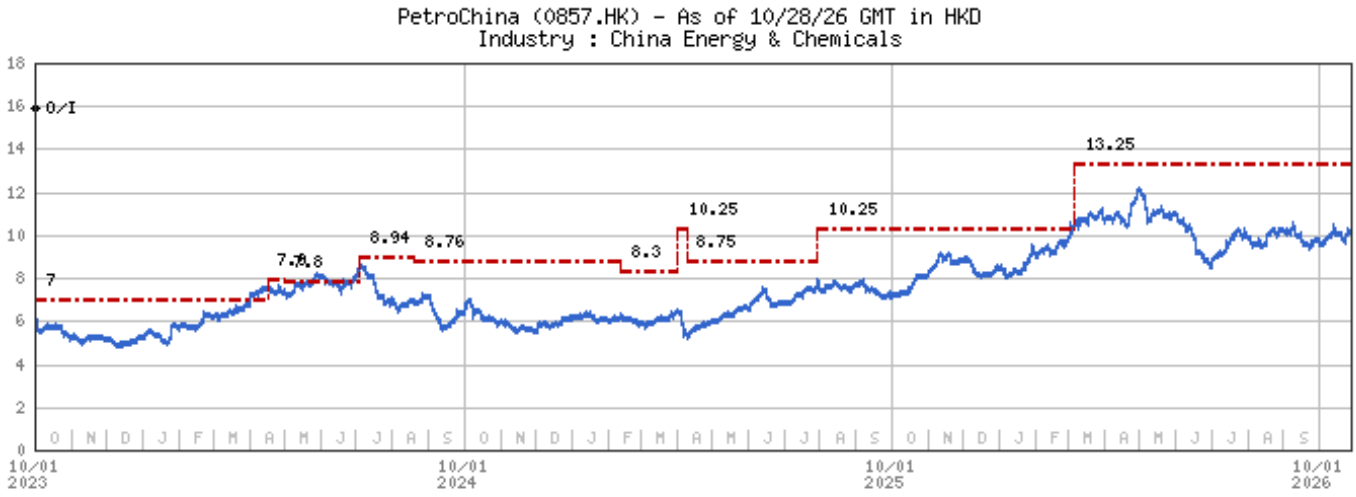
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Stock Rating History: 10/1/21 : O/A; 8/18/22 : O/I

Price Target History: 9/3/21 : 4.65; 10/8/21 : 5.33; 2/14/22 : 5.58; 3/3/22 : 5.68; 11/8/22 : 4.38; 2/16/23 : 5.5; 4/13/23 : 5.8; 4/25/23 : 6.5; 9/8/23 : 7; 4/16/24 : 7.9; 4/30/24 : 7.8; 7/4/24 : 8.94; 8/19/24 : 8.76; 2/12/25 : 8.3; 4/2/25 : 10.25; 4/9/25 : 8.75; 7/29/25 : 10.25; 3/6/26 : 13.25

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
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Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
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INDUSTRY COVERAGE: China Energy & Chemicals

COMPANY (TICKER)	RATING (AS OF)	PRICE* (10/28/2026)
Jack Lu		
China Oilfield Services Ltd. (2883.HK)	E (03/28/2026)	HK$7.73
China Oilfield Services Ltd. (601808.SS)	U (03/28/2026)	Rmb13.76
China Petroleum & Chemical Corp. (600028.SS)	E (08/19/2024)	Rmb5.48
China Petroleum & Chemical Corp. (0386.HK)	O (07/29/2025)	HK$4.57
CNOOC (0883.HK)	O (03/17/2021)	HK$24.02
Contemporary Amperex Technology Co. Ltd. (300750.SZ)	O (06/25/2025)	Rmb229.14
Contemporary Amperex Technology Co. Ltd. (3750.HK)	E (10/27/2026)	HK$346.40
EVE Energy Co Ltd (300014.SZ)	E (05/31/2022)	Rmb46.44
Gotion High Tech Co Ltd (002074.SZ)	E (04/17/2023)	Rmb25.70
Guangzhou Tinci Materials Technology Co (002709.SZ)	E (01/08/2026)	Rmb26.89
Hengli Petrochemical Co Ltd (600346.SS)	++	Rmb15.74
Ningbo Ronbay New Energy Technology (688005.SS)	U (10/27/2025)	Rmb19.65
Ningxia Baofeng Energy Group Co., Ltd. (600989.SS)	O (10/26/2026)	Rmb22.00
PetroChina (601857.SS)	O (08/19/2024)	Rmb13.26
PetroChina (0857.HK)	O (03/17/2021)	HK$9.95
REPT Battero Energy Co (0666.HK)	E (10/20/2025)	HK$6.93
Rongsheng Petrochemical Co Ltd (002493.SZ)	O (09/09/2026)	Rmb11.77
Shanghai Putailai New Energy Tech Co Ltd (603659.SS)	U (10/27/2025)	
Shenzhen Senior Technology Material Co (300568.SZ)	E (01/08/2026)	
Yunnan Energy New Material Co Ltd (002812.SZ)	O (10/27/2025)	
Kaylee Xu		
Jiangsu Cnano Technology Co Ltd (688116.SS)	U (03/10/2025)	
Jiangsu Yangnong Chemical (600486.SS)	O (06/12/2026)	
Shandong Sinocera Functional Material (300285.SZ)	E (03/23/2026)	



Shenzhen Capchem Technology Co Ltd (300037.SZ)	O (07/14/2026)	Rmb50.73
Sunresin New Materials Co Ltd (300487.SZ)	E (10/25/2024)	Rmb64.73
Wanhua Chemical (600309.SS)	O (04/10/2026)	Rmb70.46
Zhejiang NHU Co. Ltd. (002001.SZ)	E (01/26/2026)	Rmb25.39

Stock Ratings are subject to change. Please see latest research for each company.
* Historical prices are not split adjusted.

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