



PETRONAS

PETRONAS Group Financial Results Announcement

Q1 2017

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Q1 2017 Key Features

Performance

- Higher underlying* profit of RM10.5 billion for Q1 2017 compared to RM8.4 billion recorded in Q1 2016
- Improved results due to continued recovery of oil prices and internal efforts

Operations

- Progress of projects:
 - Pengerang Integrated Complex (PIC) at 63% as at 31st Mar 2017
 - SAMUR plant reached full design capacity, contribution to Group's results from Q2 onwards

Outlook

- Overall year end performance expected to be fair as supply and demand balances are still slow to return to a sustained equilibrium
- PETRONAS will continue to focus on:
 - cost optimisation
 - efficiency improvements
 - operational excellence

*Excluding identified items mainly comprising net impairment on assets

Key Indicators

	Q1 2016		Q1 2017		Q4 2016
Average Dated Brent (USD/bbl)	33.89	↑	53.78	↑	49.46
Average JCC single-month (USD/bbl)	36.13	↑	47.67	↑	46.22
Average USD/MYR	4.20	↑	4.45	↑	4.32
Crude oil, condensate and natural gas (kboe/d)					
Production*	2,452	↓	2,387	↓	2,444
Entitlement**	1,815	↑	1,850	↓	1,909

*Represents Malaysia's production (PETRONAS Group and other Operators) and PETRONAS Group's international equity production volume

**Represents PETRONAS Group's entitlement to Malaysia's production and PETRONAS Group's international entitlement volume

Key Financial Highlights

RM bil	Q1 2017	Q4 2016	Q1 2016	Y-o-Y % change	Q-o-Q % change
Revenue	61.6	58.6	49.1	25	5
Profit before tax (PBT)	15.5**	15.6	6.8	>100	(1)
Profit after tax (PAT)	10.3**	11.3	4.6	>100	(9)
Identified items*	0.2	3.8	3.8	(95)	(95)
Profit after tax excluding identified items (PAT*)	10.5**	15.1	8.4	25	(30)
EBITDA	24.6	21.9	15.6	58	12
EBITDA Margin (%)	39.9	37.4	31.8	8	2
CFFO	18.0	17.7	9.7	86	2
Capital Investments	11.9	14.4	11.2	6	(17)

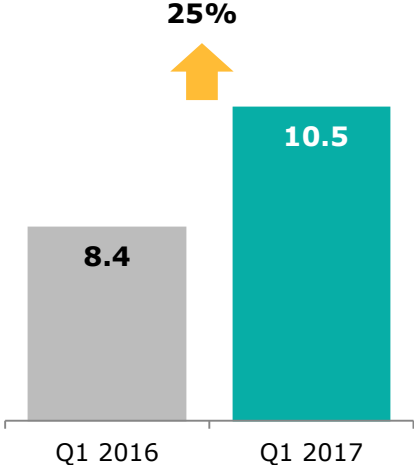
*Mainly comprise net impairment on assets

**PBT and PAT numbers of Q1 2017 include impact of higher amortisation of oil and gas properties following the change in estimates of the Group's oil and gas reserves base for the purpose of amortisation computation from proved and probable (2P) equity reserves to proved (1P) entitlement reserves

Q1 2017 Y-o-Y Group Financial Results

PAT*

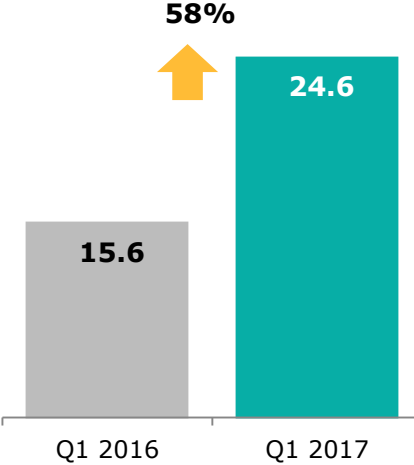
RM bil



- + • higher average realised prices
- higher tax expenses
- • higher amortisation of Oil & Gas Properties
- higher product costs

EBITDA

RM bil



- + • higher average realised prices
- • higher product costs

EBITDA Margin (%)
39.9

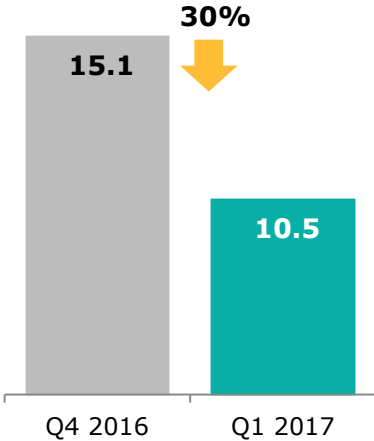
Q1 2016
31.8
↑ **8%**

Improved margin mainly due to higher average realised prices

*Excluding identified items mainly comprising net impairment on assets

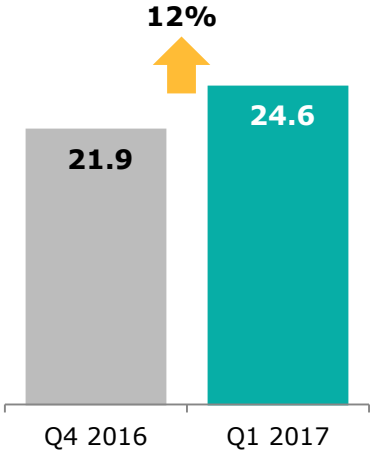
Q1 2017 Q-o-Q Group Financial Results

PAT*
RM bil



- + • higher average realised prices
- • net foreign exchange loss
- • higher amortisation of Oil & Gas Properties

EBITDA
RM bil



- + • higher average realised prices
- • net foreign exchange loss

EBITDA Margin (%)
39.9

Q4 2016
37.4
↑ **2%**

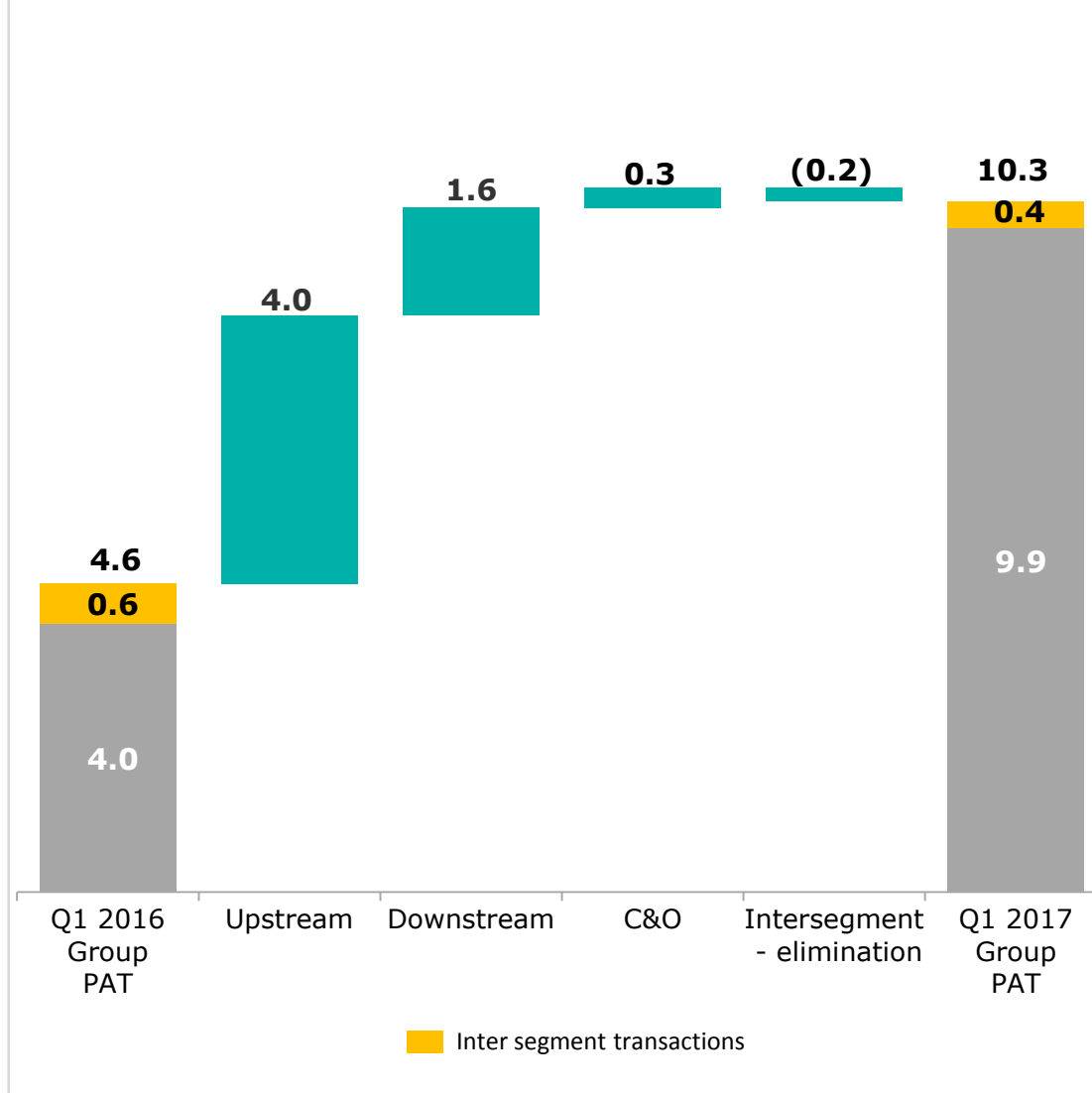
Improved margin mainly due to higher average realised prices, lower impairment on receivables and well costs written off

*Excluding identified items mainly comprising net impairment on assets

Business Segment Results

In RM bil

PAT by Business Segments



Higher Y-o-Y PAT across all business segments mainly due to:

Upstream:

- higher average realised prices
- lower net impairment on assets and well costs

Downstream:

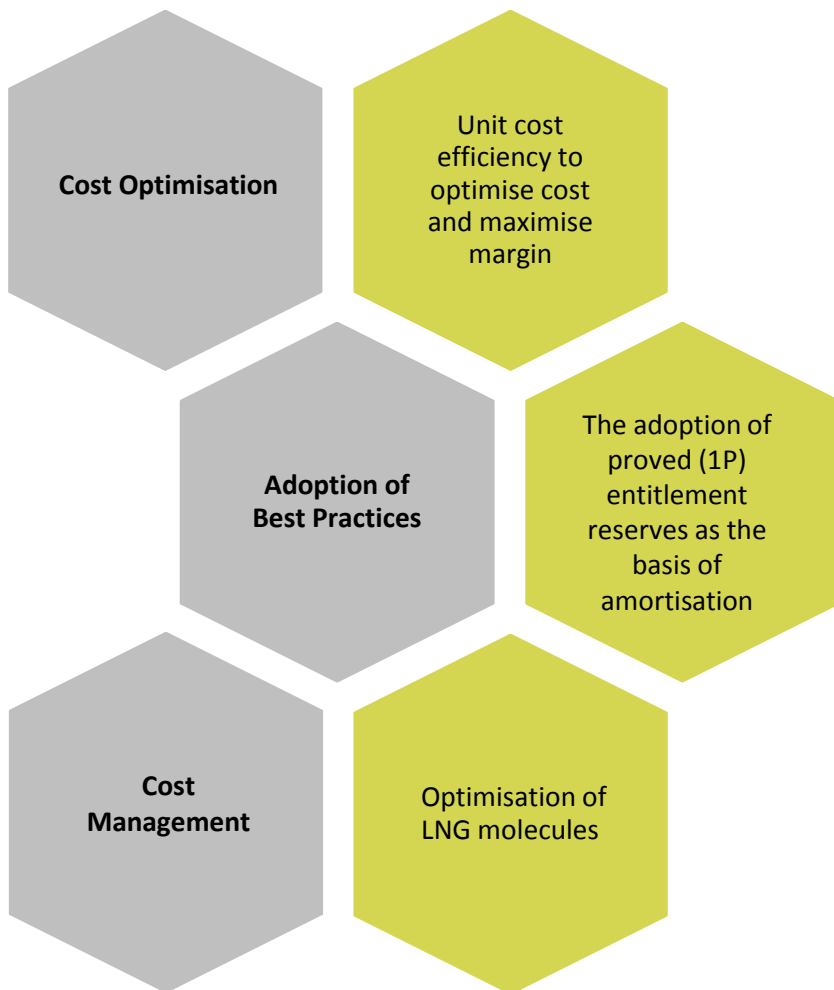
- higher average realised prices
- better margins

Corporate & Others

- higher shipping income
- lower net foreign exchange loss

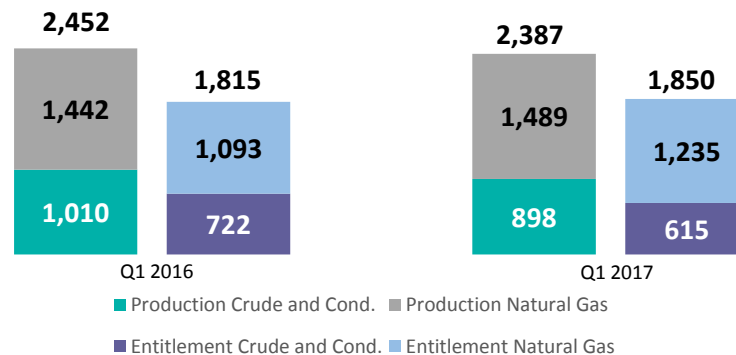
Q1 2017 Upstream Performance

Focus Areas



Operational Performance

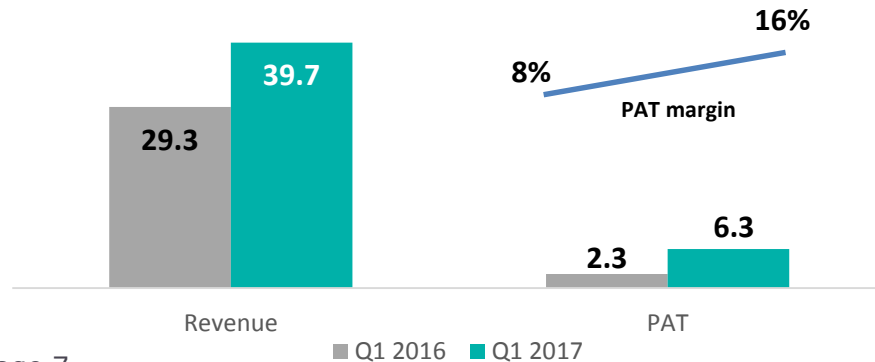
Production and Entitlement (kboe/d)



Products	Q1 2016	Q1 2017
Malaysia avg. sales gas volume (mmscfd)	2,722	2,745
LNG sales volume (million tonnes)	7.35	7.50

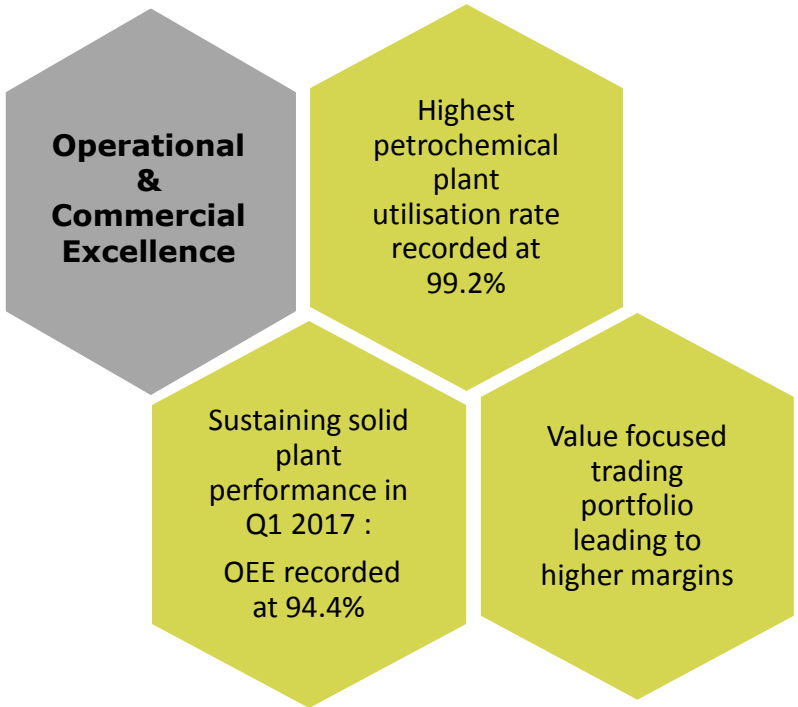
Financial Performance

RM Bil



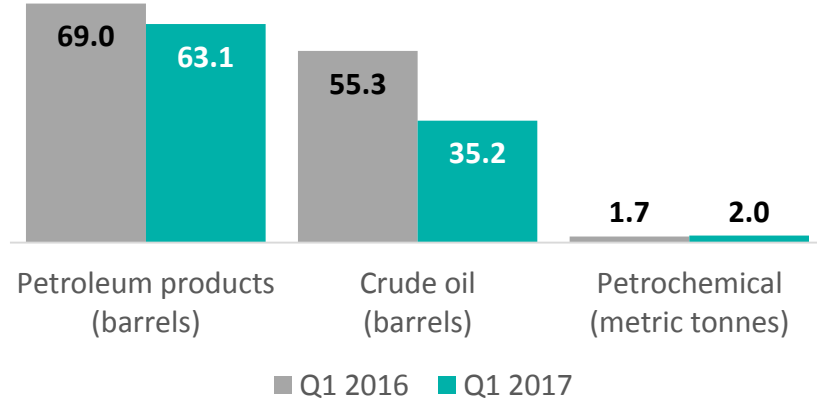
Q1 2017 Downstream Performance

Focus Areas



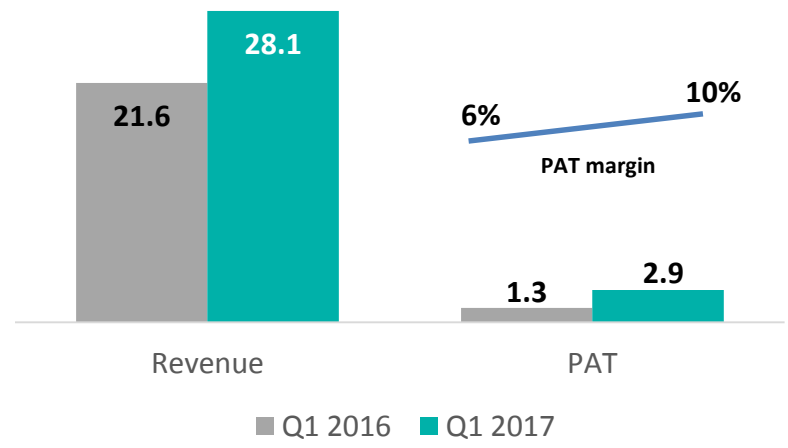
Operational Performance

Sales Volume (millions)



Financial Performance

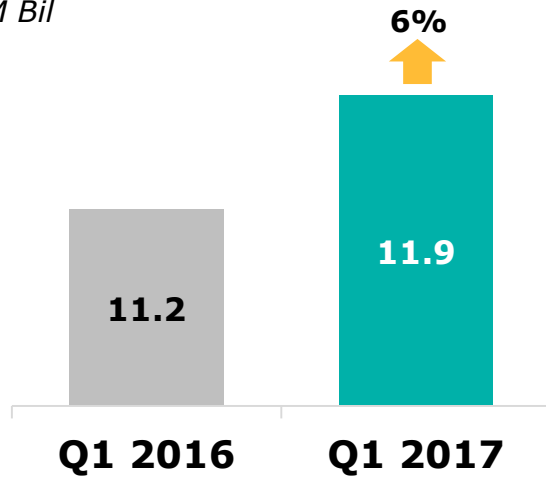
RM Bil



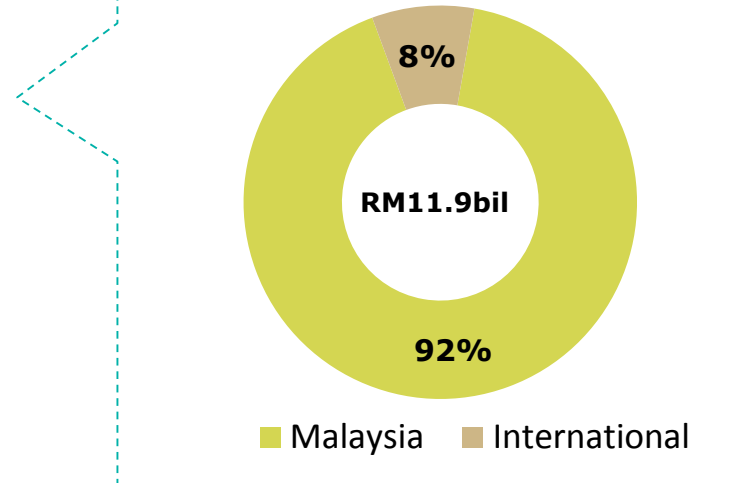
Capital investments and controllable costs

Capital investments

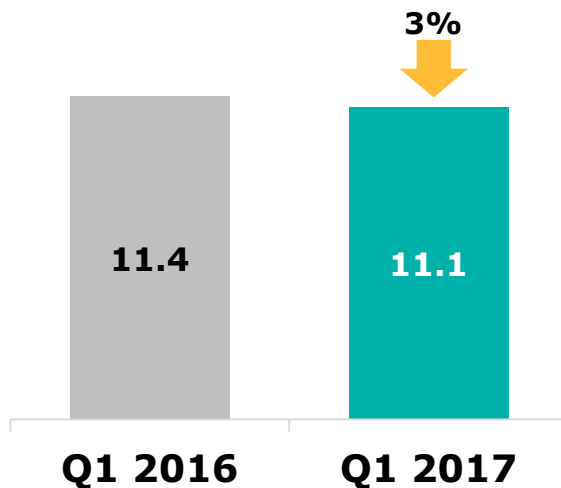
RM Bil



Q1 2017 Capital investments



Controllable Costs*



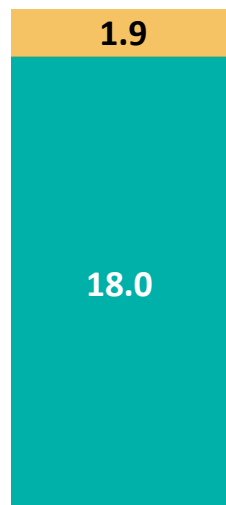
- Further reduction of RM0.3 billion in controllable costs arising from cost control efforts

*Controllable costs is defined as recurring costs in running the business operation deemed controllable by the Management

Other Financial Highlights

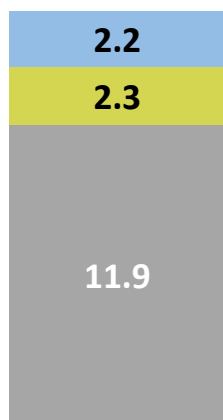
Cash Flows Q1 2017

RM Bil



Net Inflows

- Cash from operations
- Cash from financing



Net Outflows

- Other net cash outflows
- Dividends to Non-Controlling Interest
- Capital Investments

Note:

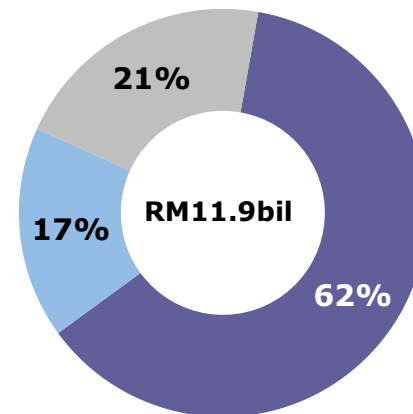
¹Compared to 31 December 2016

²As at 31 December 2016

³ROACE is calculated as trailing 12 months profit before interest expense after tax divided by average total equity and long term debt during the period.

Significant Items

- Total assets at RM602.1 bil (↓ 0.2%¹)
- Shareholders' equity at RM386.9 bil (↑ 2%¹)
- Cash and fund investments at RM135.3 bil
- Borrowings at RM67.4 bil
- Gearing at 17.1% (↓ from 17.4%²)
- ROACE³ at 6.6% (↑ from 5.3%²)



- RAPID
- Exploration & Development
- Others



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Upstream Business

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Operational Highlights

Focused delivery across the value chain



Enhancement of **LNG Sales** value via optimisation of portfolio

Q1 2016
Volume

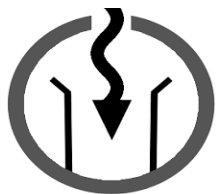


Q1 2017 Volume

System +11%
Trading -90%



Delivering **value** through disciplined cost & cash management



Terengganu Gas Terminal (TGAST) received its first gas via **ENERGY** pipeline for the terminal commissioning



LNG HoA signed with Hainan Shennan Energy Co. Ltd. CNPC (HSEC)



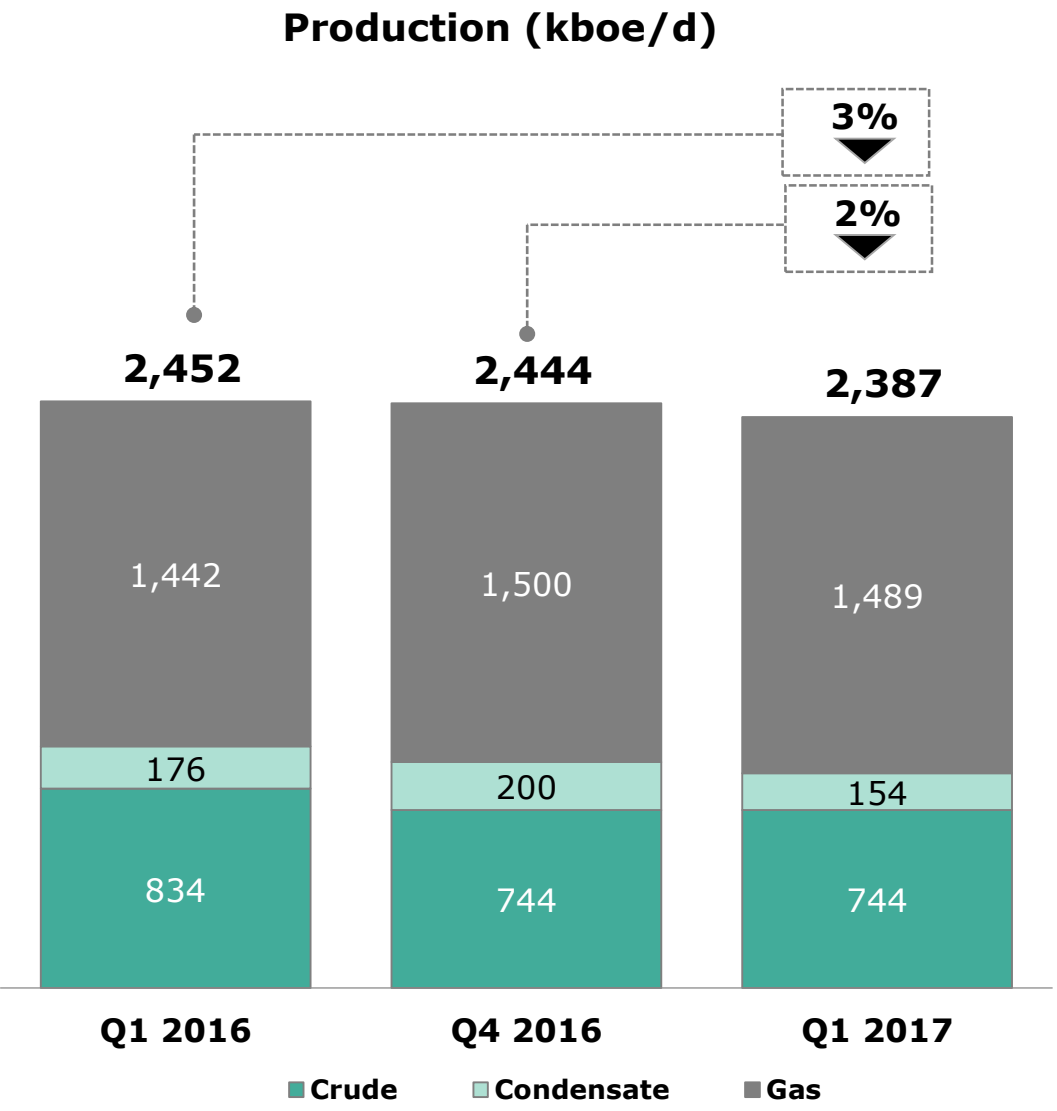
YTD RM 328 Mil cost savings through industry-wide cost optimisation, improved efficiencies and innovation

Operational Highlights

Overall lower results compared to prior periods

- Lower than prior periods :
- Q1 2016 (↓ 3%)
 - Q4 2016 (↓ 2%)

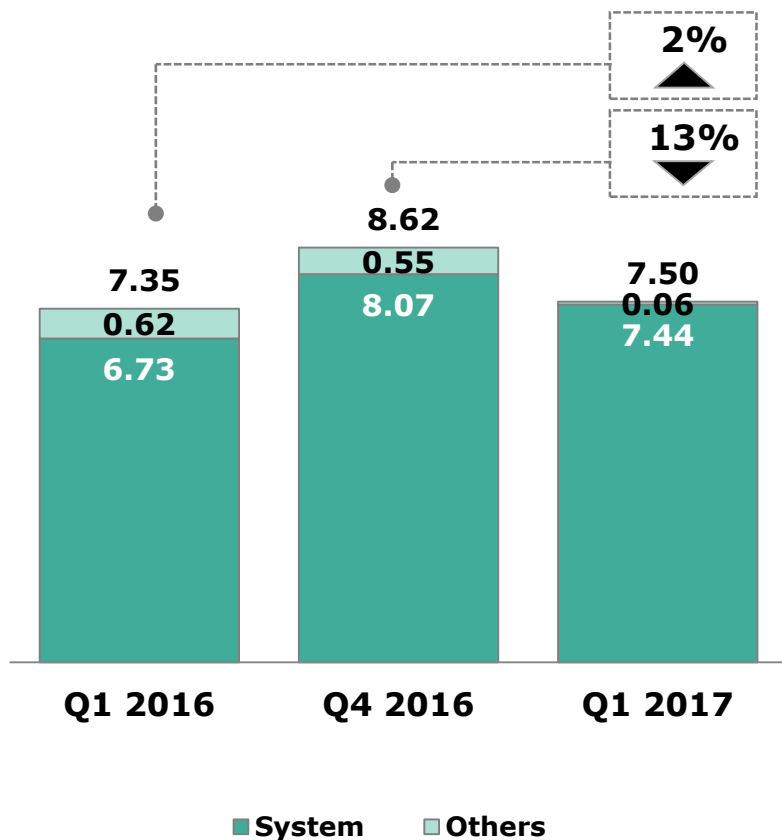
 - Lower Iraq entitlement
 - Lower demand
 - Natural decline rate
 - Partially offset by resumption of operations of the Sabah Sarawak Gas Pipeline (SSGP)



Operational Highlights

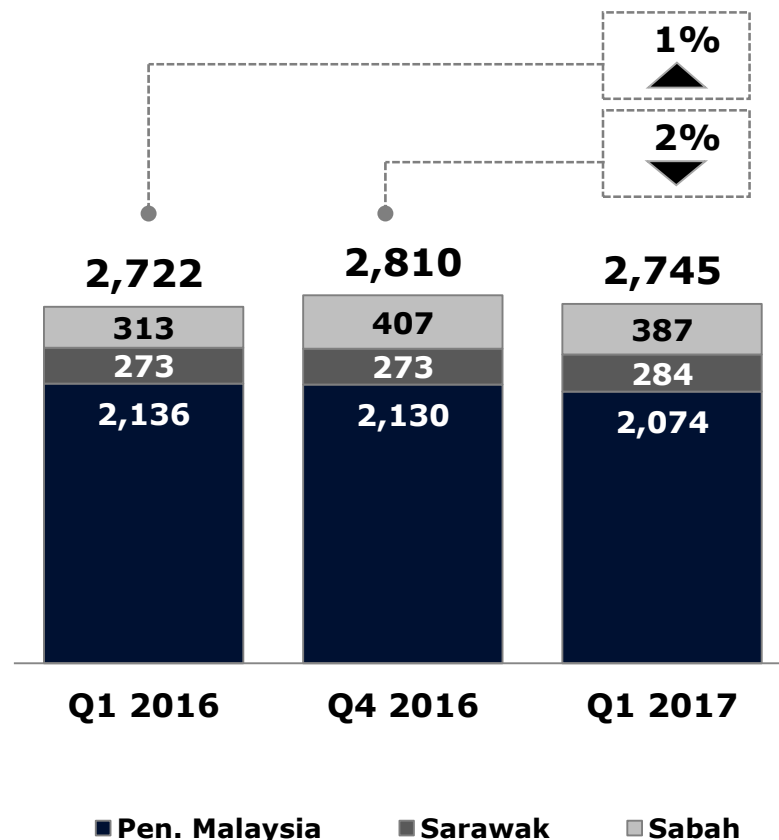
Overall higher results compared to corresponding period in 2016

LNG Sales Volume (mil tonnes)



Higher LNG sales volume for the quarter compared to the corresponding quarter in 2016 mainly attributable to higher volume from Gladstone LNG ("GLNG") and Train 9

Malaysia Sales Gas Delivery (mmscfd)



Malaysia average sales gas volume was higher compared to the corresponding quarter in 2016 mainly due to higher demand



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Downstream Business

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Downstream Growth Projects

Progressing well within expectations



Pengerang Integrated Complex (PIC)

The overall PIC project is on track with 11.3% progress during the first four months of 2017 since December 2016.



BPC¹ Projects

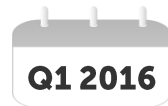
The commissioning process of the Integrated Aroma Ingredients Complex and Highly Reactive Polyisobutene (HR-PIB) are progressing well to meet the planned of 2017 start-up schedule.


¹BASF PETRONAS Chemicals Sdn Bhd

Downstream Sales Volume

Commendable operational performance for Petrochemical coupled with value focused trading portfolio resulted in higher returns

PETROCHEMICAL PRODUCTS



 **18%**
vs Q1 2016

Increased sales in tandem with improved plant performance

CRUDE

35.2 Mbbbls

55.3 Mbbbls

PETROLEUM PRODUCTS

63.1 Mbbbls

69.0 Mbbbls

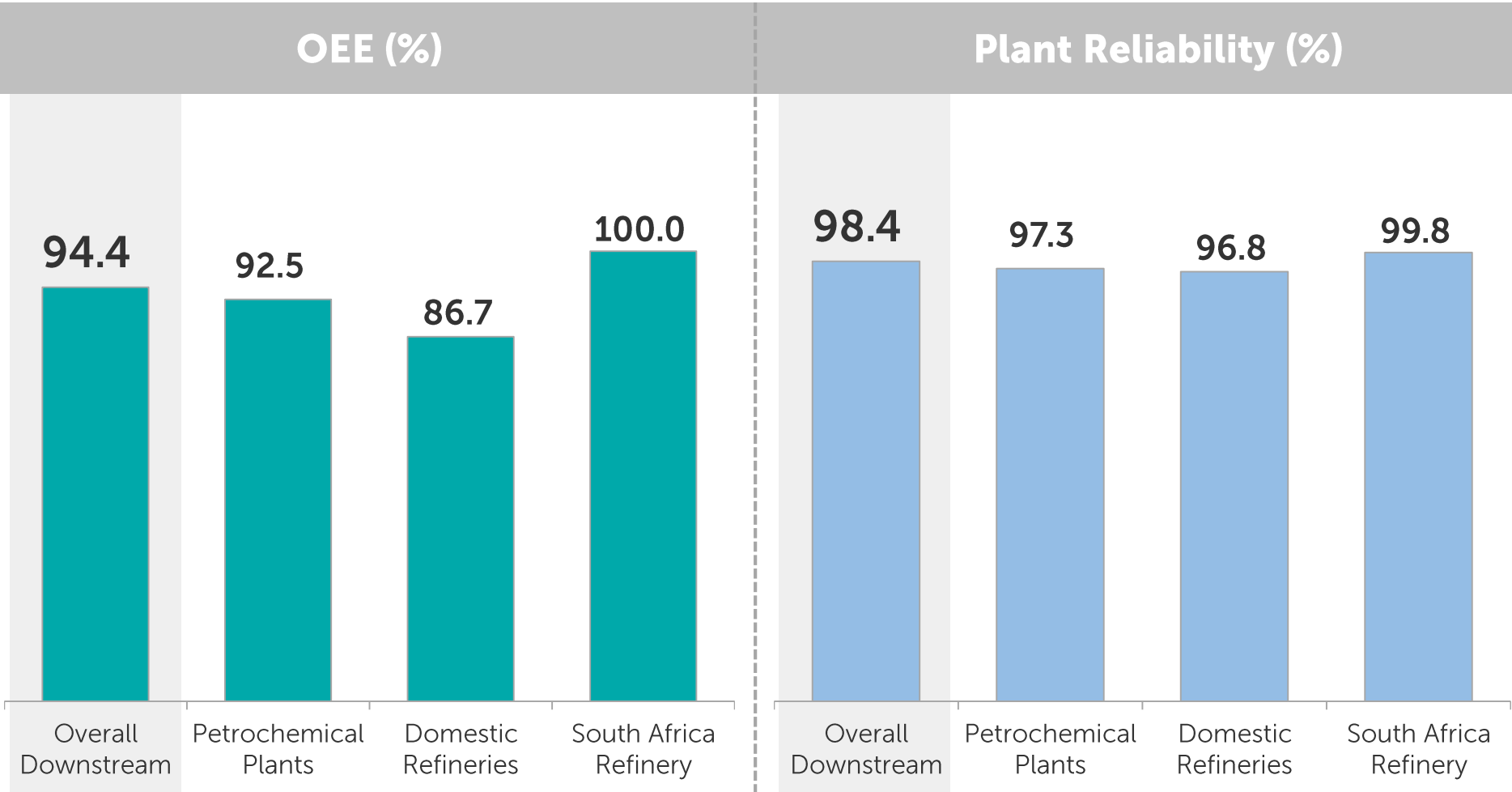


 **21%**
vs Q1 2016

Focused marketing and trading strategies towards high-value activities led to improved margin despite lower volumes

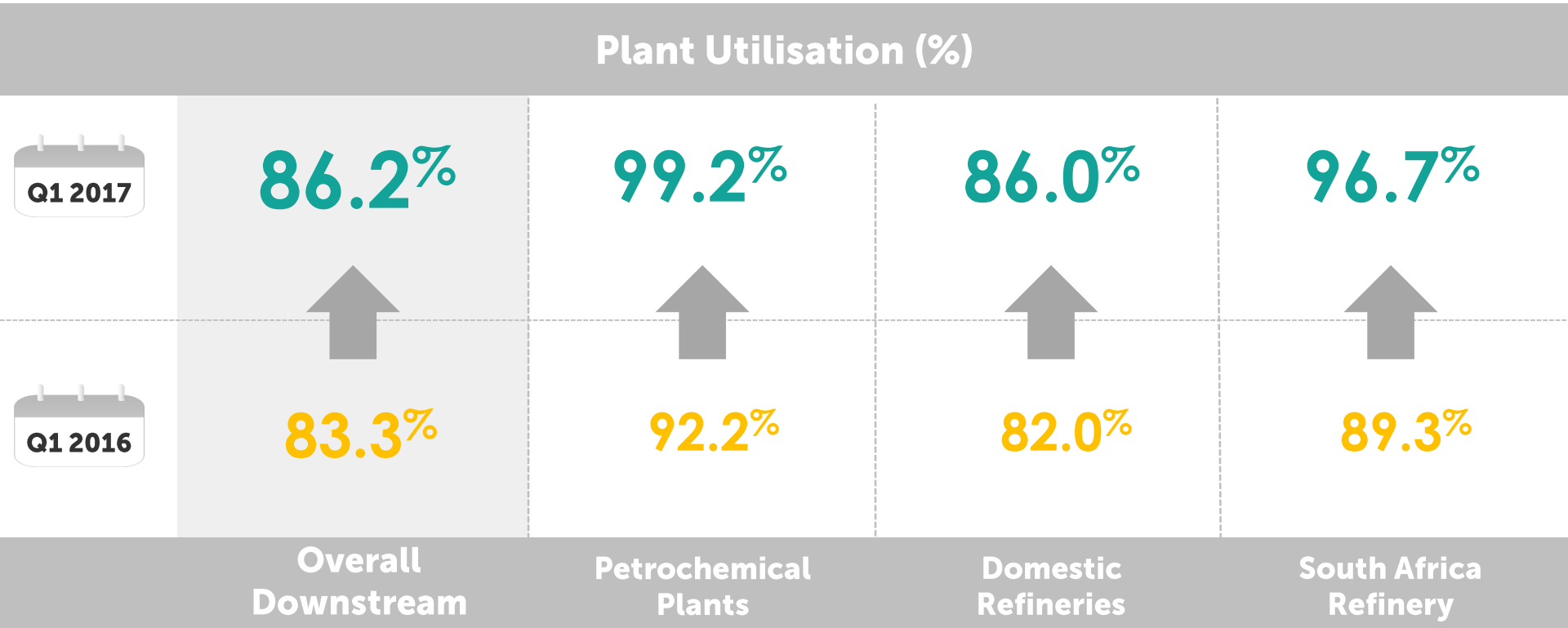
Plant Operations

Solid overall plant performance in Q1 2017



Plant Utilisation

Improved overall plant utilisation for manufacturing units on the back of reliable operations



Thank you

The background features a series of overlapping, semi-transparent teal and light blue geometric shapes, primarily triangles and polygons, that create a sense of depth and movement. The shapes are layered, with some appearing more prominent than others, and they generally trend from the bottom left towards the top right, creating a dynamic, upward-sloping visual effect.