



PETRONAS

PETRONAS Group Financial Results Announcement

Q1 2019

© 2019 PETROLIAM NASIONAL BERHAD (PETRONAS)

All rights reserved. No part of this document may be reproduced in any form possible, stored in a retrieval system, transmitted and/or disseminated in any form or by any means (digital, mechanical, hard copy, recording or otherwise) without the permission of the copyright owner.

Cautionary Statement

Forward-looking statements in this Financial Results Announcement presentation or in subsequent discussions with regards to this presentation involve inherent risks and uncertainties. Should one or more of these or other uncertainties or risks materialise, actual results may vary materially from those estimated, anticipated or projected. Specifically, but without limitation, capital costs could increase, projects could be delayed, and anticipated improvements in capacity, performance or profit levels might not be fully realised. Although PETRONAS believes that the expectations of its management as reflected by such forward-looking statements are reasonable based on information currently available to it, no assurances can be given that such expectations will prove to have been correct. Accordingly, you are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date they are made. PETRONAS undertakes no obligation to update or revise any of them, whether as a result of new information, future developments or otherwise.


All rights reserved. No part of this document may be reproduced, stored in a retrieval system or transmitted in any form or by any means (electronic, mechanical, photocopying, recording or otherwise) without the permission of the copyright owner. PETRONAS makes no representation or warranty, whether express or implied, as to the accuracy or completeness of the facts presented. PETRONAS disclaims responsibility from any liability arising out of reliance on the contents of this publication.


Q1 2019 Key Features



Performance

- Robust 2019 first quarter financial performance driven by the Three-Pronged Strategy, supported by continuous pursuit of operational excellence and fiscal discipline

9% 
in net profit of
RM14.2 billion

11% 
in EBITDA of
RM27.8 billion



Progress of projects & CAPEX Spending

- PIC¹ **98.9%** completion as at 31 March 2019
- Q1 2019 CAPEX spending of **RM8.3 billion**








¹ Pengerang Integrated Complex (PIC)

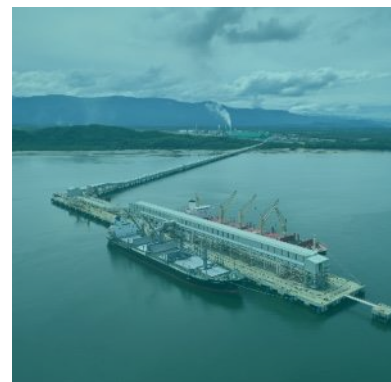


Outlook

- The Group will maintain its efforts in instilling strong cost discipline and driving operational excellence in pursuit of its growth strategies.
- The Board expects the overall year end performance of PETRONAS Group to be affected by the rising volatility of oil price and foreign exchange movement.


Q1 2019 Financial Highlights

Key Financial Indicators (RM bil)	Q1 2018	Q1 2019
Revenue	57.9	 62.0
PAT	13.0	 14.2
PAT excluding net impairment/(write-back) on assets	11.9	 14.1
EBITDA	25.0	 27.8
EBITDA Margin	43%	 45%
CFFO	21.9	 23.2
Capital investments	12.0	 8.3




Dated Brent
(USD/bbl)

\$63.20

 Q1 2018
\$66.67

JCC single-month¹
(USD/bbl)

\$65.68

 Q1 2018
\$66.55

MYR/USD²

RM4.09

 Q1 2018
RM3.92

Production³
(kboe/d)

2,430

 Q1 2018
2,461

Entitlement⁴
(kboe/d)

1,824

 Q1 2018
1,728

¹ Represents published price, not actualised price

² Average exchange rate

³ Represents Malaysia's production (PETRONAS Group and other Operators) and PETRONAS Group's international equity production volume

⁴ Represents PETRONAS Group's sales entitlement to Malaysia's production and PETRONAS Group's international sales entitlement volume

○ Q1 2019 improved from higher sales volume mainly for petroleum products and LNG coupled with weakening of MYR against USD

Group Financial Results

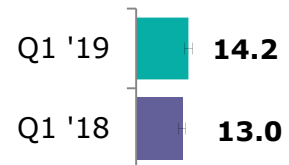


Q1 2019 Y-o-Y

EBITDA *RM bil*

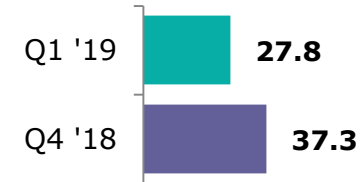


PAT *RM bil*

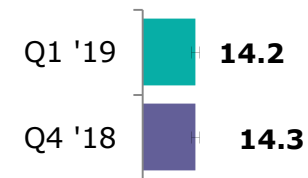


Q1 2019 Q-o-Q

EBITDA *RM bil*



PAT *RM bil*



Q1 2019 Y-o-Y

- Higher EBITDA in line with higher PBT

Q1 2019 Q-o-Q

- Lower EBITDA due to lower average realised prices and sales volume

Q1 2019 Y-o-Y

- Higher PAT due to higher sales volume and effect of FOREX movement

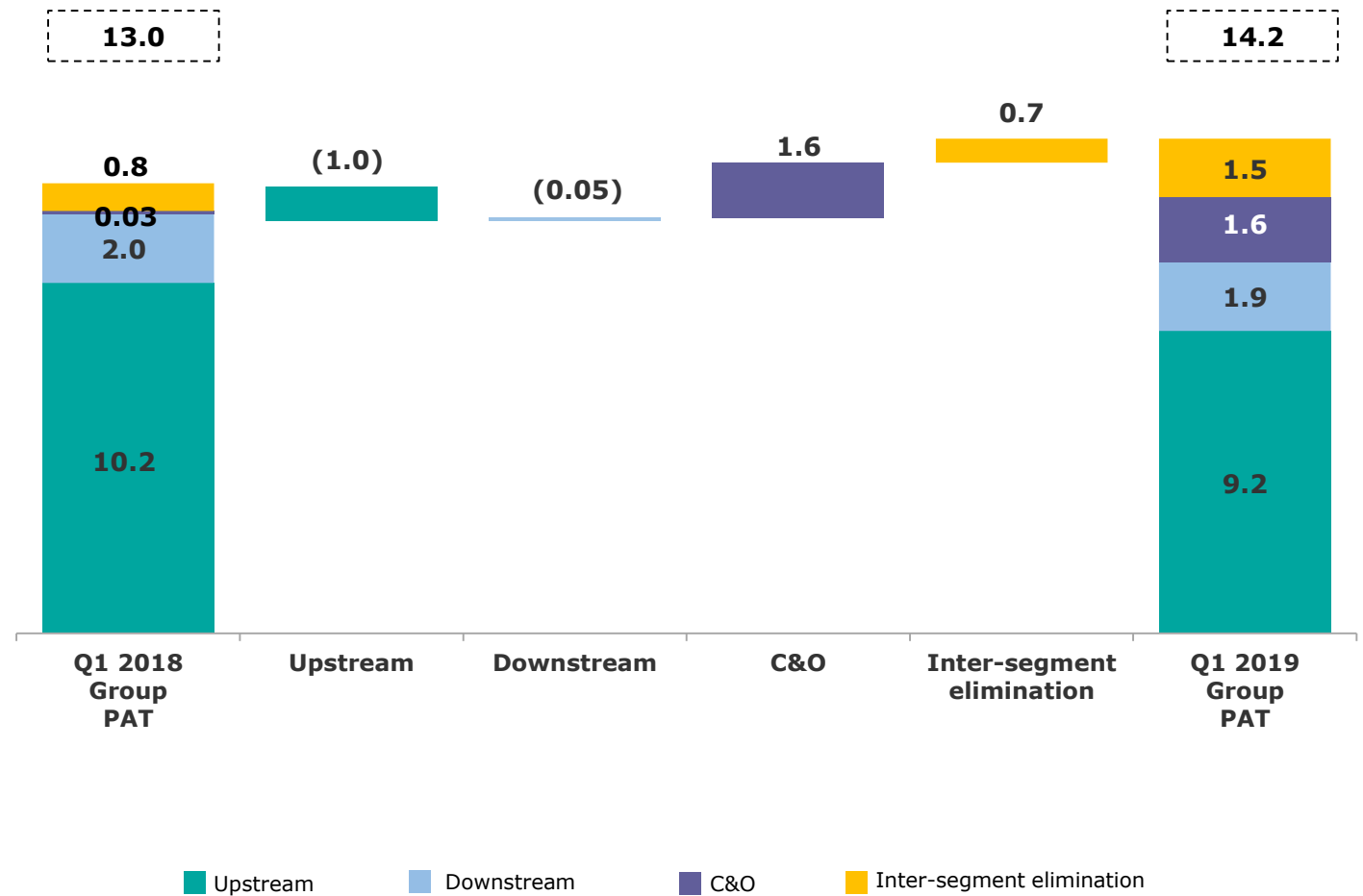
Q1 2019 Q-o-Q

- Lower PAT due to lower average realised prices and sales volume

Segment Results

PAT by Business Segments

RM Bil



Q1 2019 Upstream Performance

Focus Areas



Operational Excellence

- **7 projects** achieved first hydrocarbon
- **4 Exploration** discoveries
- **Successfully** relocated **PFLNG Satu**, from Kanowit to Keabangan



Cost Management

- Achieved **RM0.5b cost compression** for the quarter, mainly due to resource optimisation and standardisation of processes across production sharing contracts (PSCs) in Malaysia as well as in International operations

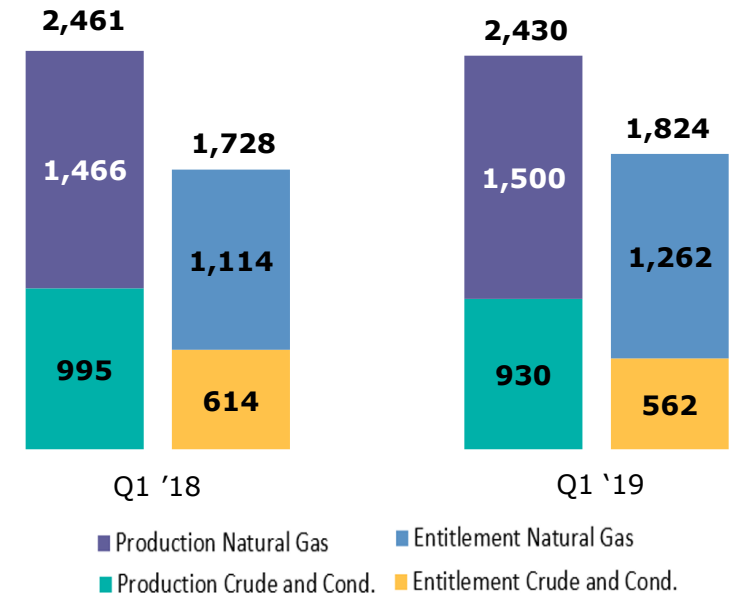


Portfolio Growth and Asset High Grading

- **3** new PSCs **signed** and **1** operatorship transferred
- Acquired **2** offshore blocks, namely **Mediterranean Block 4 of North Sidi Gaber** and **Block 6 of North El Fanar** in Egypt

Operational Performance

Production and Entitlement (kboe/d)



Products	Q1 '18	Q1 '19
LNG sales volume (million tonnes)	7.92	8.45
Malaysia average sales gas volume (mmscfd)	2,806	2,962

Note: kboe x 6 = mmscfd

Q1 2019 Downstream Performance

Focus Areas



93.6%

Steady Downstream Overall Equipment Effectiveness across all business segments

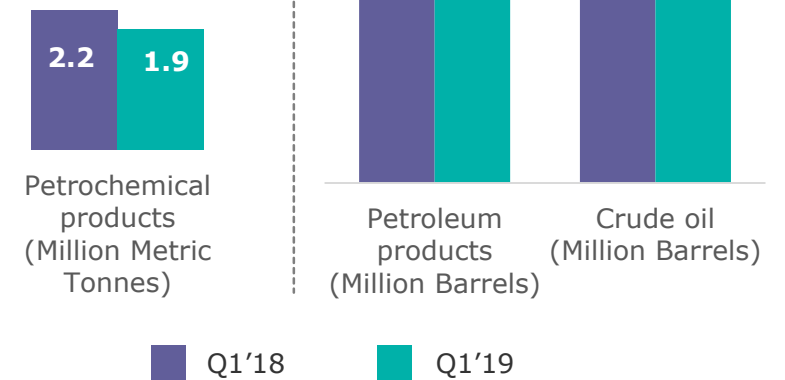
94.5%¹

Petrochemical Plant Utilisation above best-in-class

6.0%

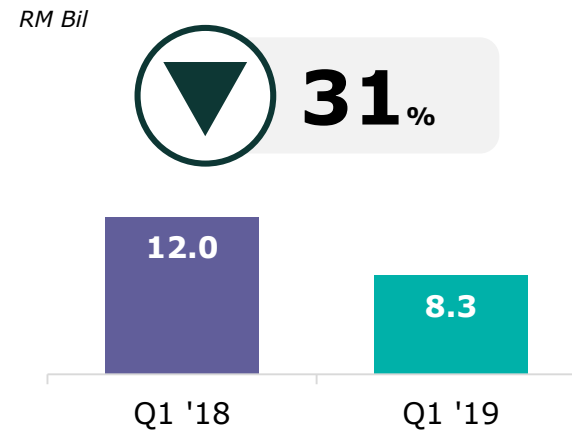
Mogas volume growth mainly due to launch of the new **PETRONAS Primax 95 with Pro-Drive**

Sales Volume

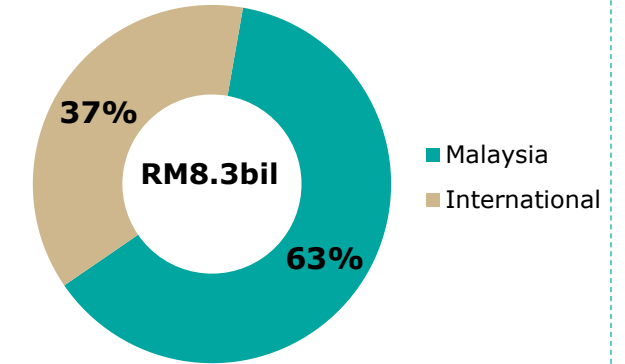


¹ Plant Utilisation based on Nexant

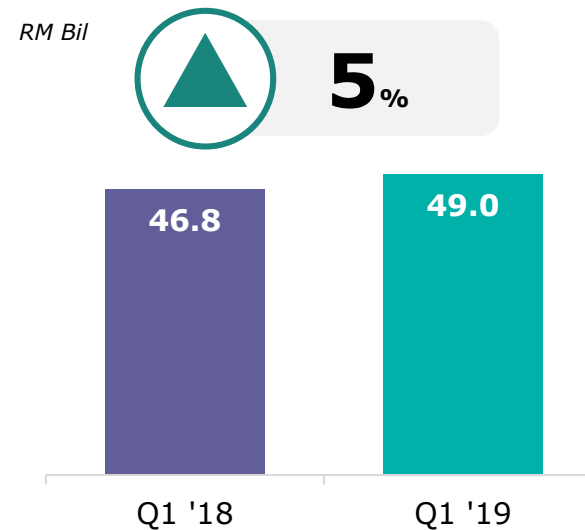
Capital Investments and Group Costs



Q1 2019 Capital investments



- CAPEX spending is expected to increase in the coming quarters of FY2019



- Higher product costs incurred in tandem with higher sales volume

¹ Relate to costs charged to Income Statement only

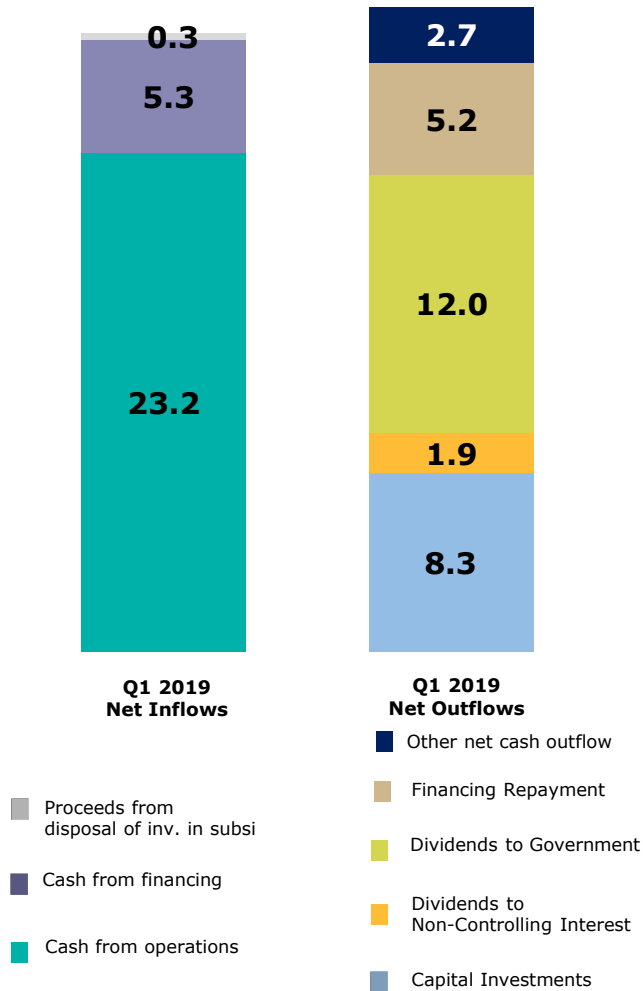
Other Financial Highlights

Cash & Fund Investments



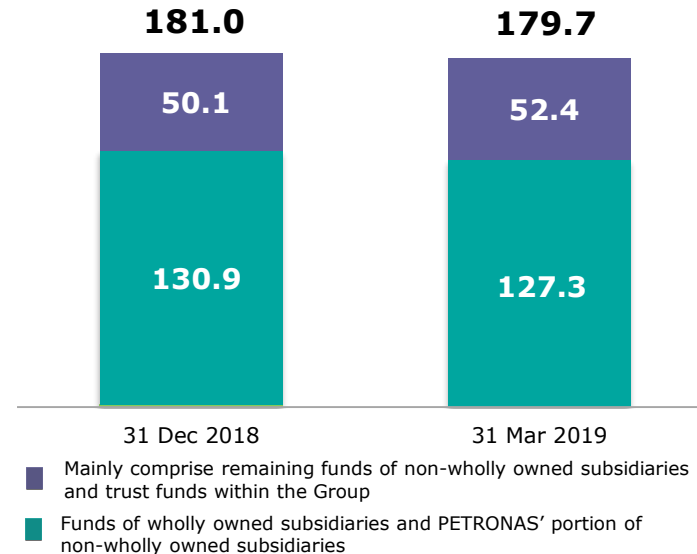
RM1.3 bil

RM Bil



PETRONAS Group Cash & Fund Investments Balance

RM Bil



PETRONAS Holding Company Cash & Fund Investments Balance

RM Bil



RM179.7B

Group Cash & Fund Investments Balance remained healthy



RM81.1B

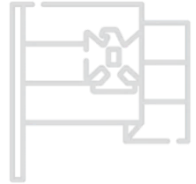
Holding Company Cash & Fund Investments Balance reflects dividend paid to date



PETRONAS

Upstream Business

Q1 2019 Operational Highlights



2 Successful acquisitions of **Block 4 & Block 6** in **Egypt**



3 new PSCs signed + 1 Operatorship Transferred in Malaysia



Completion of **PFLNG 1** relocation from **Kanowit** to **Kebabangan**
(Sailaway: 12 March 2019 | Arrived: 18 March 2019)



4 Exploration wells encountered **hydrocarbon**
(2 Malaysia, 1 Indonesia & 1 Mexico)

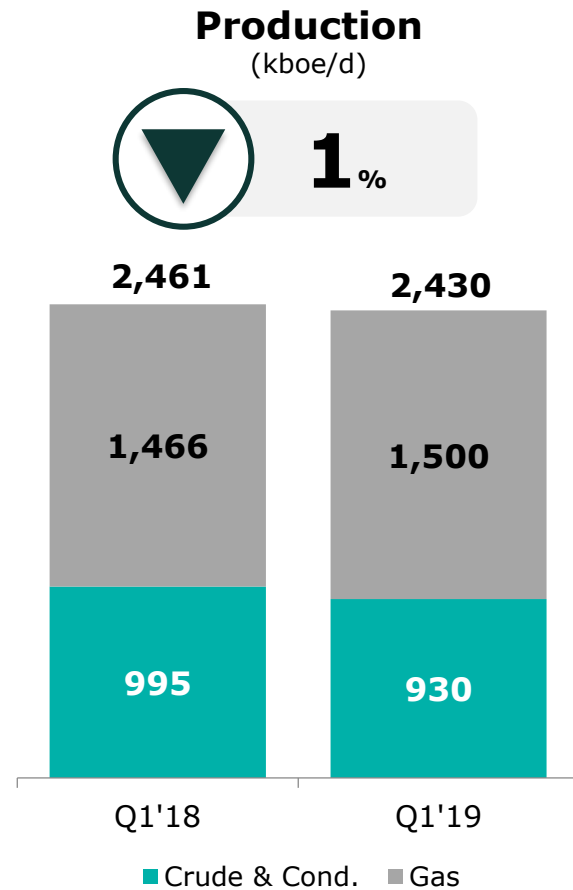


7 projects achieved **first Hydrocarbon**
(6 Brownfields, 1 Unconventional)

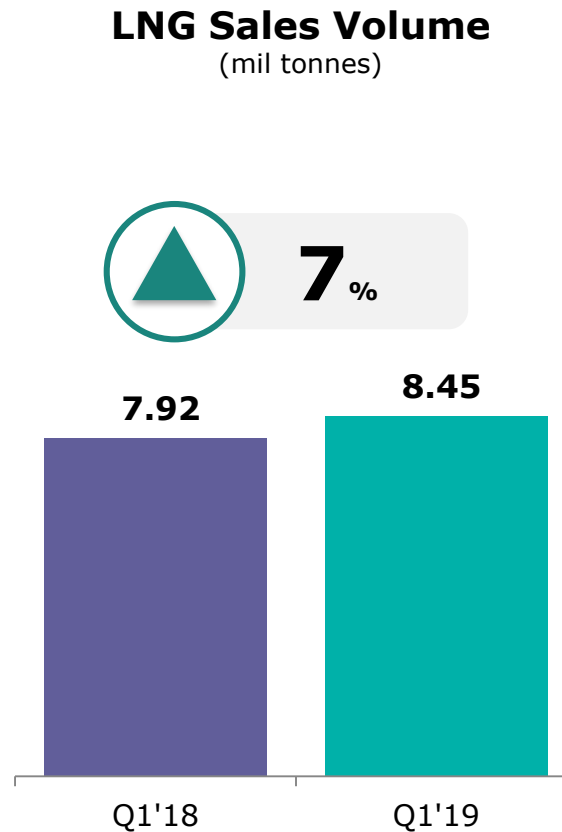


LNG
7%
LNG sales volume than Q1 2018

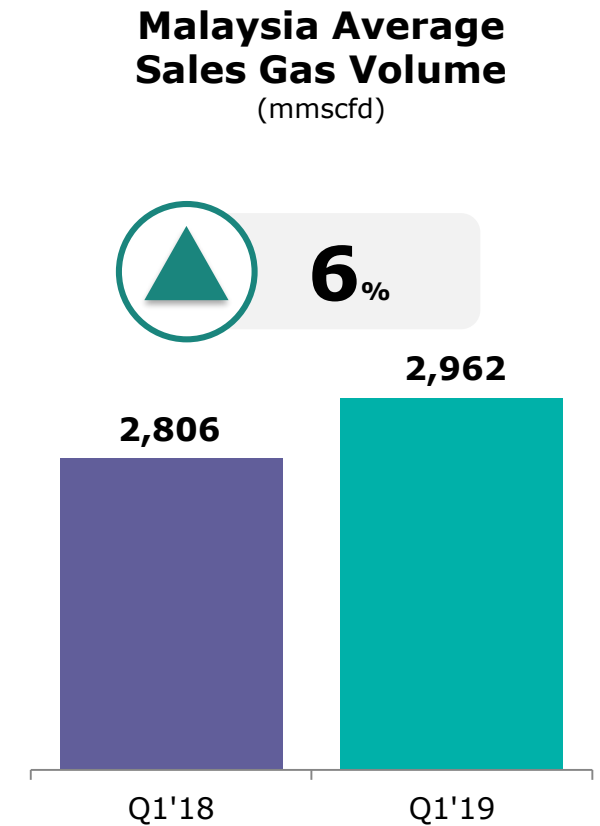
Q1 2019 Operational Highlights



Lower production for Q1 2019 mainly attributable to lower crude production from Iraq, partially offset by higher natural gas production from Turkmenistan



Higher LNG sales volume for Q1 2019 mainly attributable to higher volume from PETRONAS LNG Complex ("PLC") in Bintulu, Sarawak and higher trading activities



Higher Malaysia average sales gas volume compared to prior year mainly due to higher demand



PETRONAS

Downstream Business

Downstream Business Updates

Pengerang Integrated Complex (PIC)



As at 31 March 2019, the Pengerang Integrated Complex (PIC) recorded an overall progress of 98.9 per cent.

Work will be continued towards achieving planned commercial operation date (COD) in Q4 2019, although not at full capacity given the impact of the incident involving Train 2 of the Atmospheric Residue Desulphurisation (ARDS) unit of the refinery complex on 12 April.

PETRONAS Dagangan Berhad (PDB)

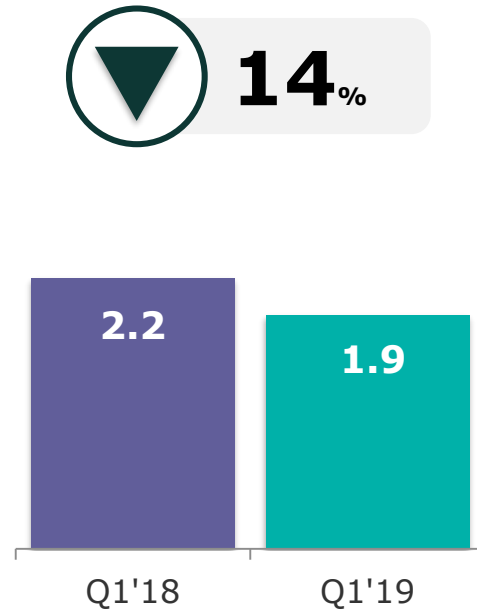


PETRONAS Dagangan Berhad (PDB) recorded a three per cent overall sales volume increase compared to Q1 2018. Mogas volume alone increased by six per cent, largely attributed to the launch of its new PETRONAS Primax 95 with Pro-Drive, which has attracted many positive testimonials from motorists with regards to the fuel's smoothness, responsiveness and efficiency.

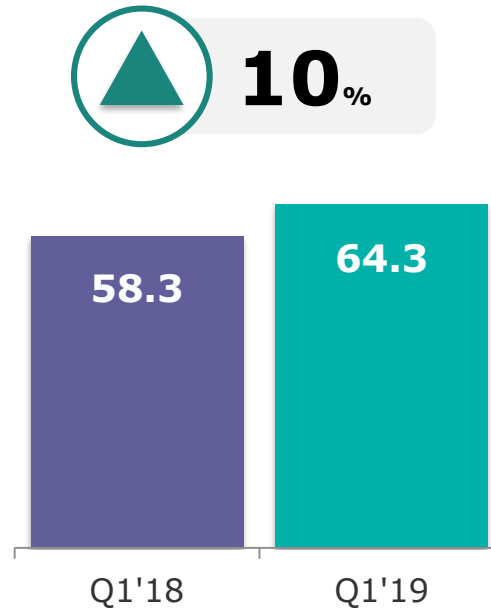
Downstream Sales Volume

Higher petroleum products sales volume contributed by better trading and marketing performance while petrochemical sales volume fell due to lower production

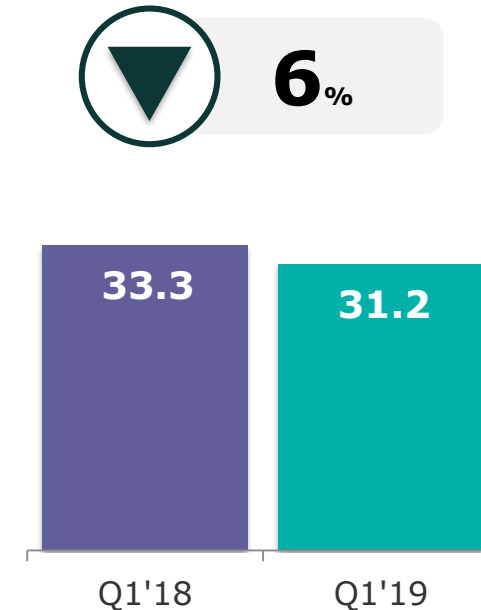
Petrochemical Products
Mil Metric Tonnes



Petroleum Products
Mil barrels



Crude Oil
Mil barrels



Plant Utilisation

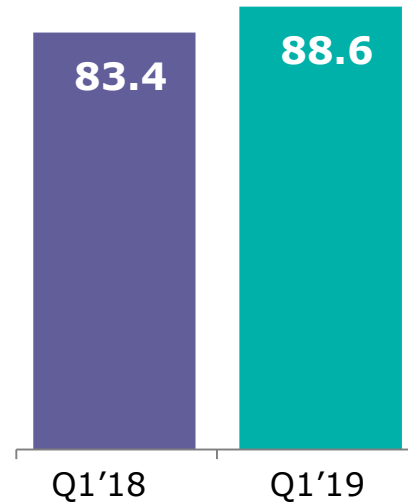
Better refineries' utilisation following stable plant operations while petrochemical plants were affected by maintenance activities during the quarter

Plant Utilisation (%)

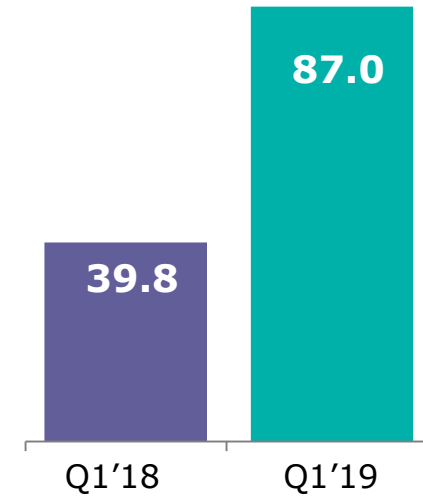
Petrochemical Plants¹



Domestic Refineries



International Refinery



¹ Plant Utilisation based on Nexant



THANK YOU

© 2019 PETROLIAM NASIONAL BERHAD (PETRONAS)

All rights reserved. No part of this document may be reproduced, stored in a retrieval system or transmitted in any form or by any means (electronic, mechanical, photocopying, recording or otherwise) without the permission of the copyright owner.