



**PETRONAS**

# **PETRONAS Group Financial Results Announcement**

Q2 2016

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# **PETRONAS Group Financial Results Announcement**

Financial Highlights

**Datuk George Ratilal**

Executive Vice President &  
Group Chief Financial Officer

# Key Features: Q2 2016 vs. Q1 2016

## Performance

- Improved underlying profit and cashflow
  - EBITDA ↑ by 14% and operating cashflow ↑ by 64%
  - Underlying profit after tax ↑ by 11%
- ↑ non cash asset impairment due to lower outlook of oil price
- ↑ crude price offset by ↓ LNG price and strengthened ringgit
- Production entitlement ↓ by 9%

## Operations

- RAPID project on schedule; SAMUR 99.6% completed
- Operating cost management on track with plans

## Outlook

- Prospects for the rest of the year influenced by crude price volatility
- Financial position and liquidity remain strong

# Key Indicators

YTD 2015	YTD 2016		Q2 2015	Q1 2016	Q2 2016
57.95	<b>39.73</b>	Dated Brent (USD/bbl)	61.92	33.89	<b>45.57</b>
66.32	<b>34.66</b>	JCC single-month (USD/bbl)	55.89	36.13	<b>33.18</b>
3.64	<b>4.11</b>	USD/MYR	3.66	4.20	<b>4.01</b>
<b>Crude oil, condensate and natural gas (kboe/d)</b>					
2,327	<b>2,391</b>	Production	2,261	2,452	<b>2,329</b>
1,668	<b>1,731</b>	Entitlement*	1,666	1,815	<b>1,648</b>

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

# Key Indicators: Q2 2016 vs. Q1 2016

Improved underlying profit and cashflow vs. previous quarter

RM Bil

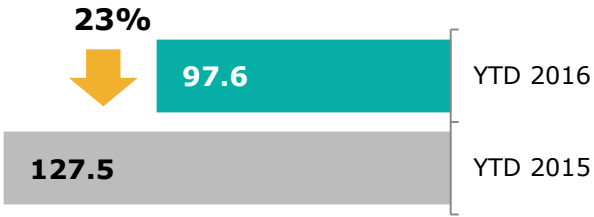
<b>REVENUE</b> <b>48.4</b>	Q1 2016 <b>49.1</b> ↓ <b>1%</b>	<b>PAT*</b> <b>9.3</b>	Q1 2016 <b>8.4</b> ↑ <b>11%</b>
<b>EBITDA</b> <b>17.7</b>	Q1 2016 <b>15.6</b> ↑ <b>14%</b>	<b>PAT</b> <b>1.6</b>	Q1 2016 <b>4.6</b> ↓ <b>65%</b>
<b>CFFO</b> <b>15.9</b>	Q1 2016 <b>9.7</b> ↑ <b>64%</b>	Higher non cash asset impairment due to lower outlook of oil price	

<b>EBITDA Margin (%)</b> <b>36.6</b>	Q1 2016 <b>31.8</b> ↑ <b>5%</b>
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\*excluding identified items mainly comprising net impairment on assets after tax of RM7.7 bil for Q2 2016 and RM3.8 bil for Q1 2016

# Q2 2016 Group Financial Results

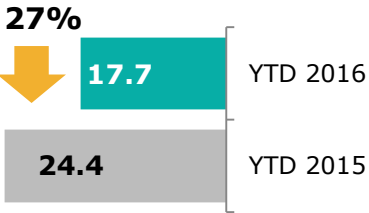
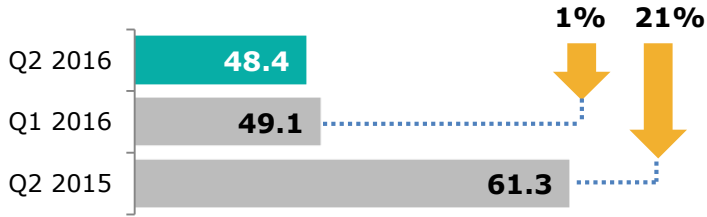
Year to date



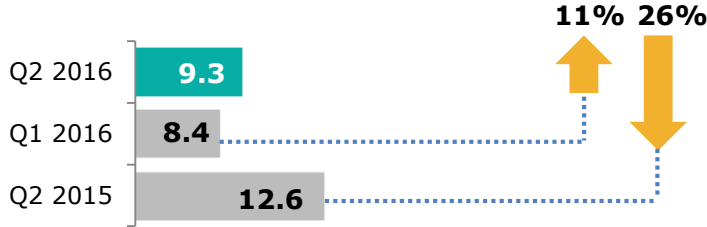
RM Bil

## Revenue

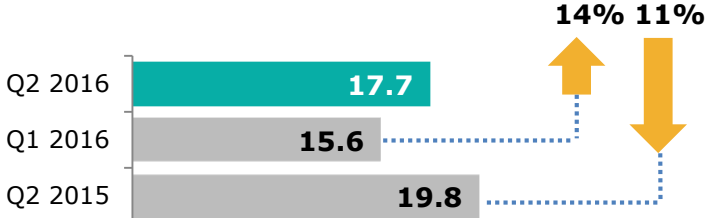
Individual quarter ended



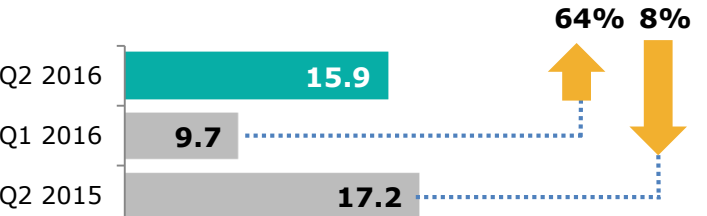
## Profit after Tax\*



## EBITDA



## Cash Flows from Operating Activities

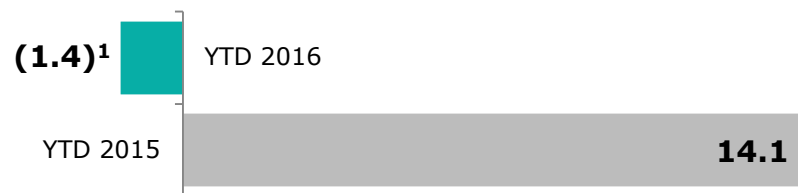


\*excluding identified items mainly comprising net impairment on assets

# Business Segment Results

## PAT by Business Segment (includes inter-segment transactions)

RM Bil



>100%



### Upstream

- Lower crude prices
- Higher net impairment on assets

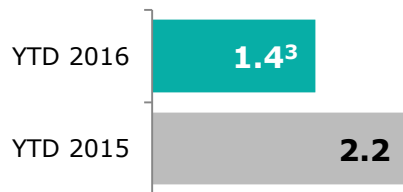


33%



### Downstream

- Lower refining and marketing margins
- Lower petrochemical product spreads



36%



### Corporate & Others

- Lower inter-segment income from shipping business

Note: including identified items mainly comprising net impairment on assets of:

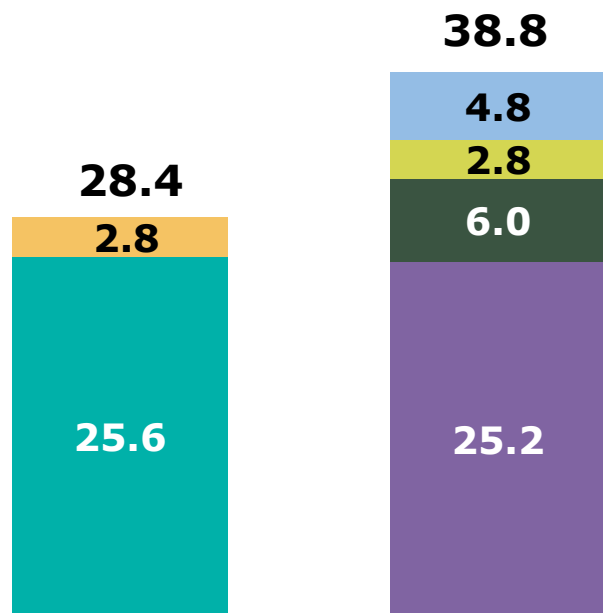
1. RM10.6b
2. RM0.1b
3. RM0.9b



# Other Financial Highlights

## Cash Flows YTD 2016

RM Bil



### Net Inflows

### Net Outflows

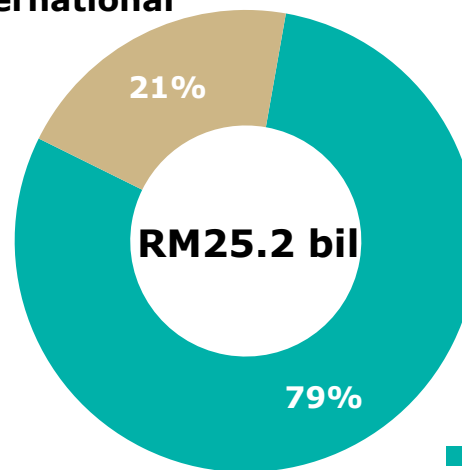
- Cash from financing
- Cash from operations

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

## Significant Items

- Total assets at **RM567.5 bil** (↓ 4%\*)
- Shareholders' equity at **RM351.6 bil** (↓ 6%\*)
- Cash and fund investments at **RM126.3 bil**
- Borrowings at **RM55.3 bil**
- Gearing at **16.5%** (↑ from 16.0%\*\*)
- ROACE\*\*\* at **7.2%**

### International



### Malaysia

\*compared to 31 December 2015

\*\*as at 31 December 2015

\*\*\*excluding impairments



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# End of Section



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# **Upstream Business**

# Operational Highlights

Focused delivery across the value chain



## 3%

Production growth  
Q2 2016 vs Q2 2015  
YTD 2016 vs YTD 2015



1<sup>st</sup> Hydrocarbon  
1 Greenfield  
2 Brownfield



2 Farm in  
1 PSC Extension  
1 LNG Contract  
Extension



PFLNG-1 Request  
for Sail Away on 14  
May 2016 and  
arrived at KAKG-A on  
30 May 2016



Successful  
commissioning of  
**GLNG Train 2**  
with 1<sup>st</sup> production on  
25 May 2016 & 1<sup>st</sup>  
cargo on 9 June 2016



**YTD RM 1.01B**  
cost savings  
through industry-wide  
cost optimisation,  
improved efficiencies  
& innovation

# Operational Highlights

Overall higher Q2 2016 results compared to prior year

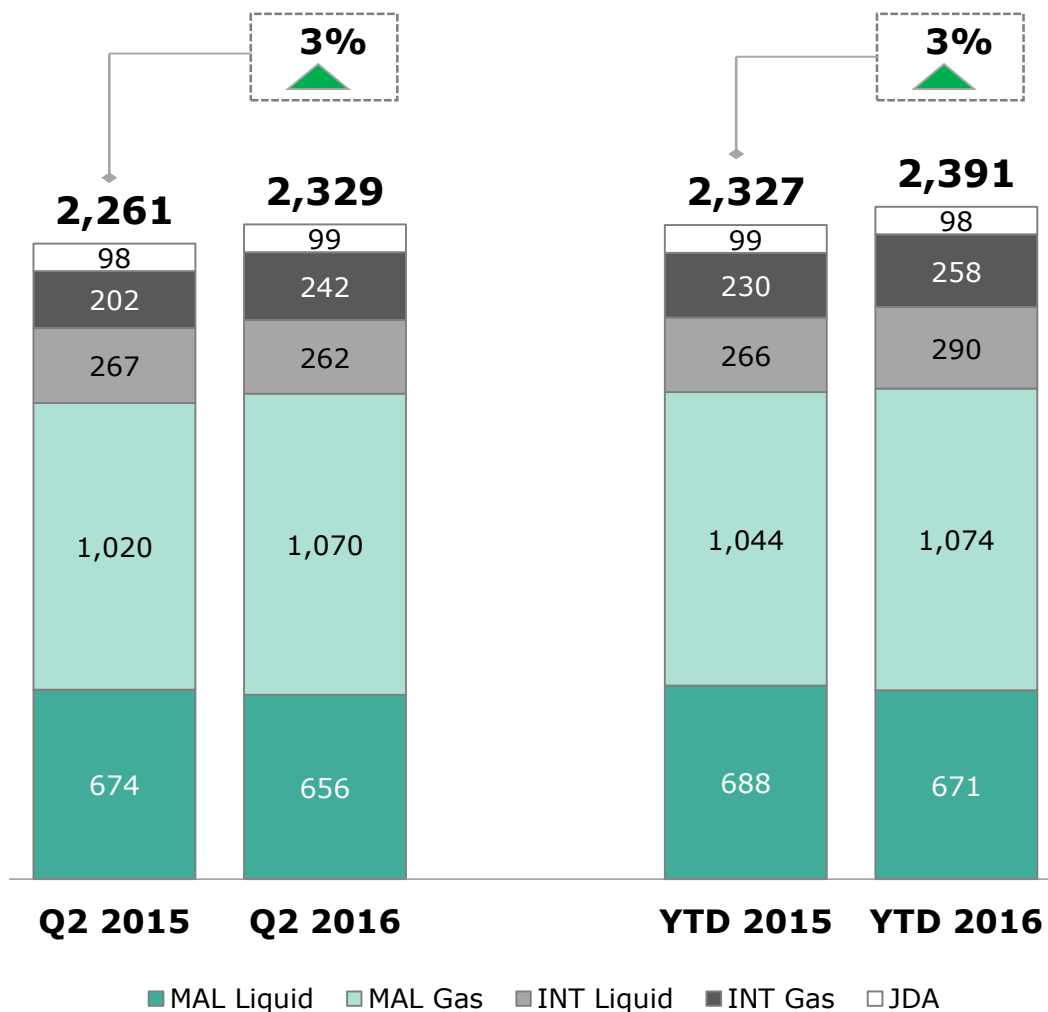
## Production (kboe/d)

Higher than 2015 corresponding period

- Q2 2016 (↑ 3%)
- YTD 2016 (↑ 3%)

Strong Upstream Performance :

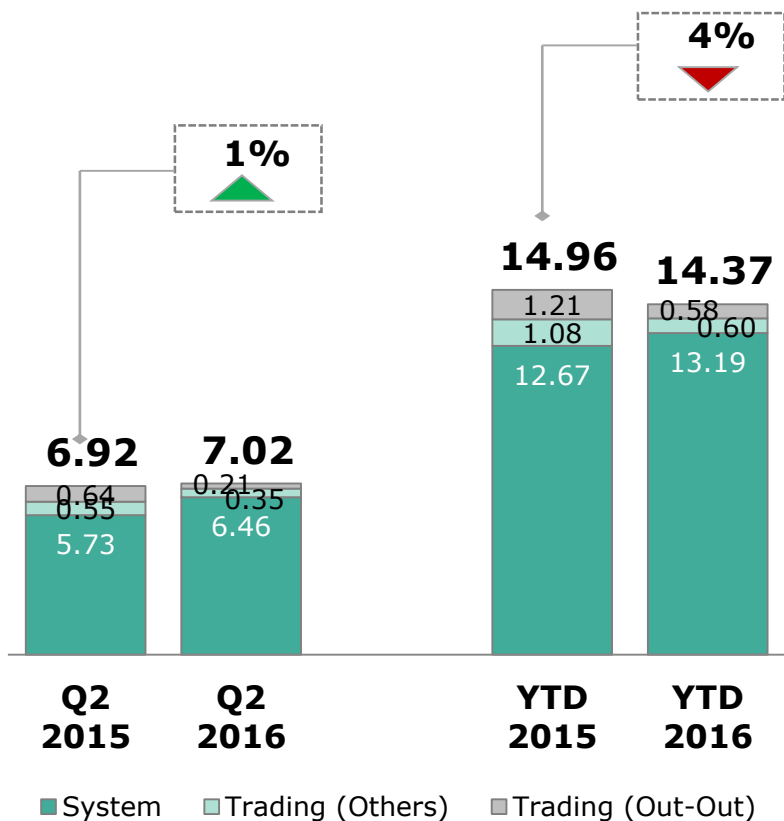
- Higher PM gas production to support shortfall in imported gas (West Natuna B)
- SSGP resumption
- Higher facilities uptime and efficiency in Malaysia and Canada
- New fields in Malaysia, Indonesia and Algeria
- Higher natural decline rate



# Operational Highlights

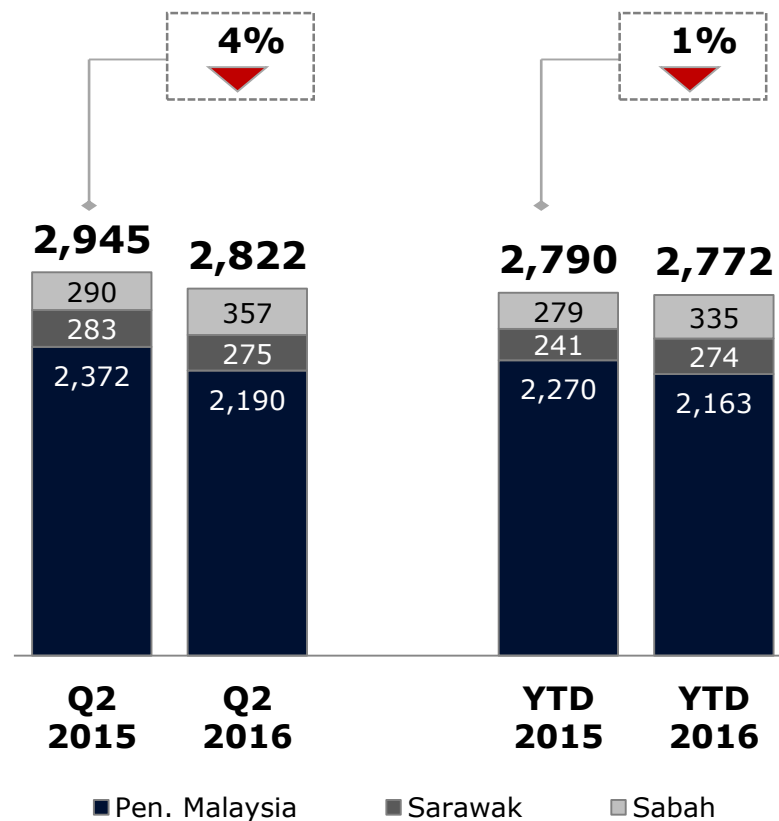
Overall lower YTD 2016 results compared to prior year

## LNG Sales Volume (mil tonnes)



LNG sales volume for YTD 2016 was slightly lower as compared to YTD 2015 mainly from lower trading volume, partly offset by new volumes from GLNG

## Sales Gas Delivery (mmscfd)



Lower Sales Gas Delivery compared to prior year mainly due to lower demand



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# **Downstream Business**

# Downstream Growth Projects

Progressing as per plan



**The Pengerang Integrated Complex (PIC)** project is **on track** at **36.3%** overall project progress.



**SAMUR** has achieved **99.6% completion** and is expected to commence in **Q3 2016**.

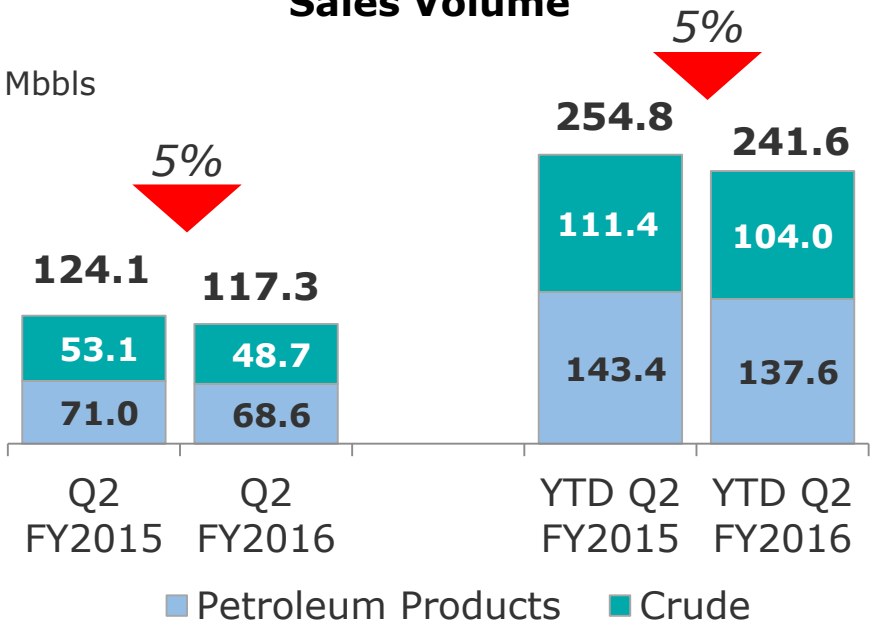


# Downstream Sales Volume

Improved plant reliability and utilisation for Petrochemical Products

### Crude and Petroleum Products Sales Volume

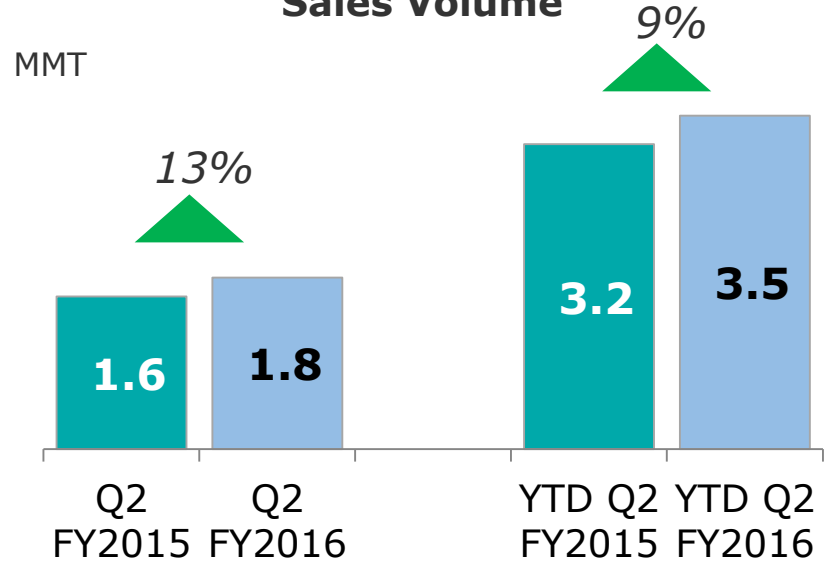
Mbbbls



Lower mainly due to reduced trading activities

### Petrochemical Products Sales Volume

MMT

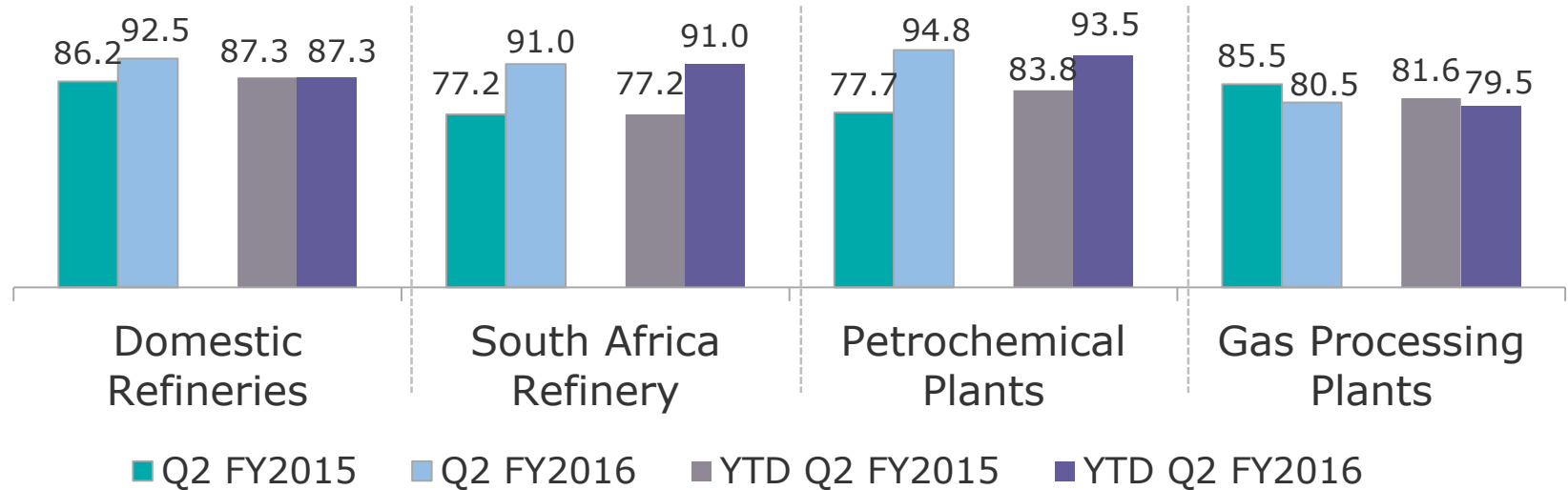


Higher sales attributed to strong plant operating performance leading to higher production

# Plant Utilisation

Higher utilisation rates across most manufacturing units

Plant Utilisation (%)

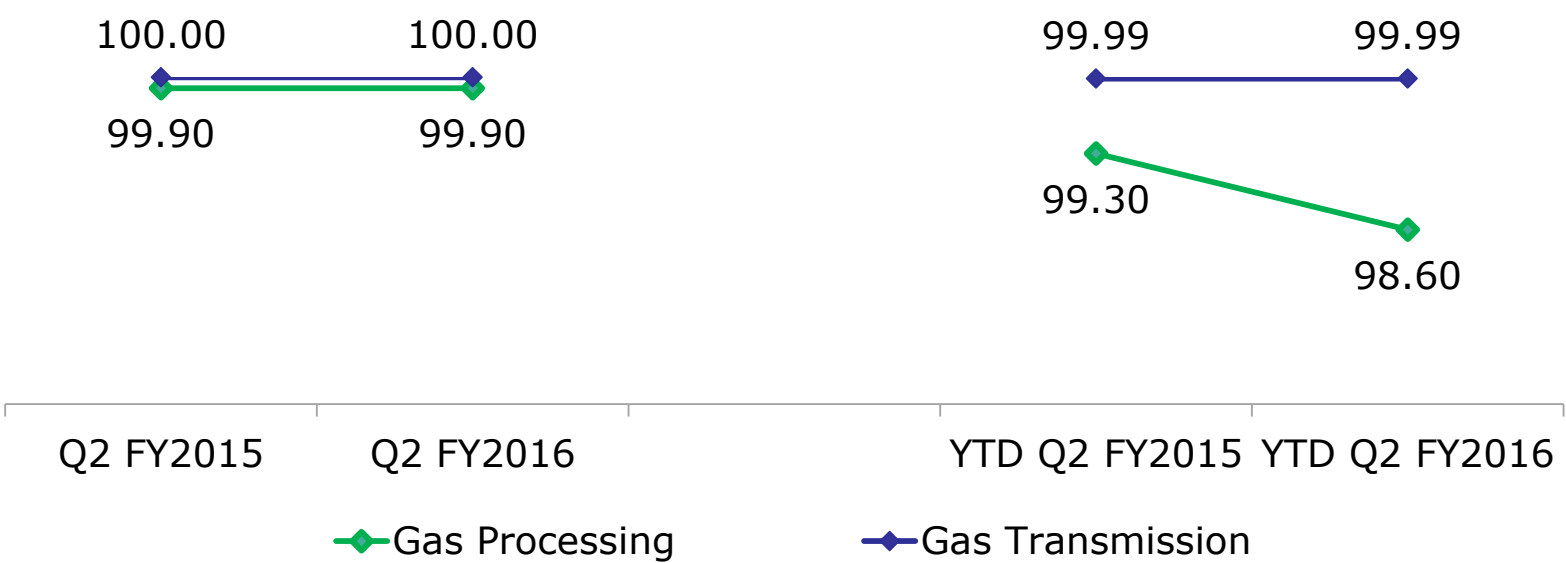


- **Domestic Refineries** – improved plant performance in Quarter 2 2016
- **South Africa Refinery** – stable and reliable plant performance
- **Petrochemical Plants** – improved feedstock supplies and plant reliability as well as lower level of statutory turnaround activities
- **Gas Processing Plants** – lower sales gas production at Gas Processing Plant Kertih due to lower sales gas demand

# Gas Processing and Transmission Reliability

## Stable performance

### Gas Processing & Transmission Reliability (%)



- **Gas Processing Plants** – improved plant performance in Quarter 2 2016 compared to more unscheduled downtime in Quarter 1 2016
- **Gas Transmission** – stable and reliable transmission operations

**Thank you**

The background features a series of overlapping, semi-transparent teal-colored geometric shapes, primarily triangles and polygons, that create a sense of depth and movement. The shapes are arranged in a way that suggests a rising or flowing line, starting from the bottom left and moving towards the top right. The colors range from a light, almost white teal to a darker, more saturated teal.