



PETRONAS

PETRONAS Group Financial Results Announcement Half Yearly 2020

Financial and Operational Results

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Dated Brent

(USD/bbl)

\$39.73

1H 2019 \$66.02



JCC single-month¹

(USD/bbl)

\$51.86

1H 2019 \$67.33



MYR/USD²

(USD/bbl)

RM4.25

1H 2019 RM4.12



¹ Represents published price, not actualised price
² Average exchange rate

Key Messages

- The Oil & Gas Industry has been significantly impacted by the **unprecedented twin shocks of the plunge in oil price alongside induced demand** erosion arising from the collapse of OPEC+ alliance combined with the global lockdown triggered by the COVID-19 pandemic.
- **PETRONAS is not spared** from these challenges which has in turn adversely impacted its financial and operational performance. Overall **revenue** for the first half **stood at RM93.6 bil**, a decline of 23% against same period last year. **EBITDA dropped to RM29.4 bil** while **CFFO is reduced to RM26.3 bil** compared to corresponding period last year.
- On the back of the slow recovery and growing appetite for energy transition, the **current oil prices are viewed to be fragile and artificial**. The Group has accordingly **revised our view of the long-term price outlook** which has led to **sizeable non-cash impairment** recorded in Q2 2020.
- The Group however **remains resilient and agile** in responding to the strong headwinds and has taken decisive measures to **optimise production** to preserve the value of its integrated value chains, exercising **tighter fiscal discipline** and continuously **driving down costs** to mitigate the negative impact on its profitability and liquidity.
- PETRONAS expects to continue operating within a challenging environment and will focus on **intensifying efforts to reshape its portfolio mix, retooling the human capital equation and emphasising on focused execution**.

Plummeting oil price and weak demand resulted in lower Revenue and Profitability

Performance (RM bil)	1H 2019	1H 2020
Revenue	121.1	▼ 93.6
EBITDA	54.7	▼ 29.4
Cash flows from operating activities (CFFO)	44.9	▼ 26.3
PAT/(LAT)	28.9	▼ (16.5)
PAT excluding impairment*	29.1	▼ 7.7
Group costs	94.4	▲ 111.9
Group costs excluding impairment*	94.2	▼ 87.7

Financial Position (RM bil)	31 Dec 2019	30 June 2020
Total assets	622.4	▼ 613.0
Net cash position**	81.6	▼ 73.2

* Net impairment/write-off and well costs

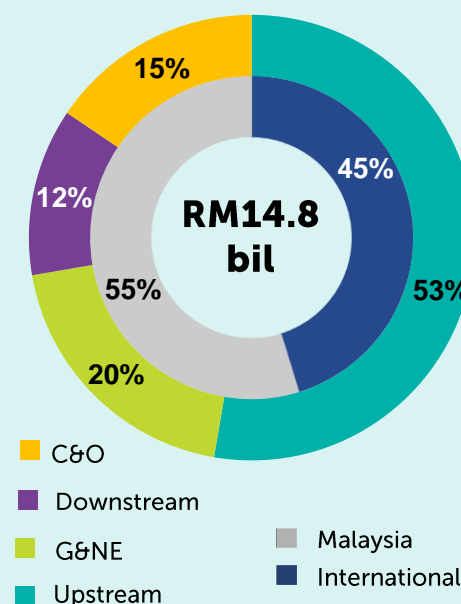
** Total cash and cash equivalent and short term funds and other investments less total borrowings

1H 2020 Capital Investments (RM bil)

14.8



1H 2019
15.7



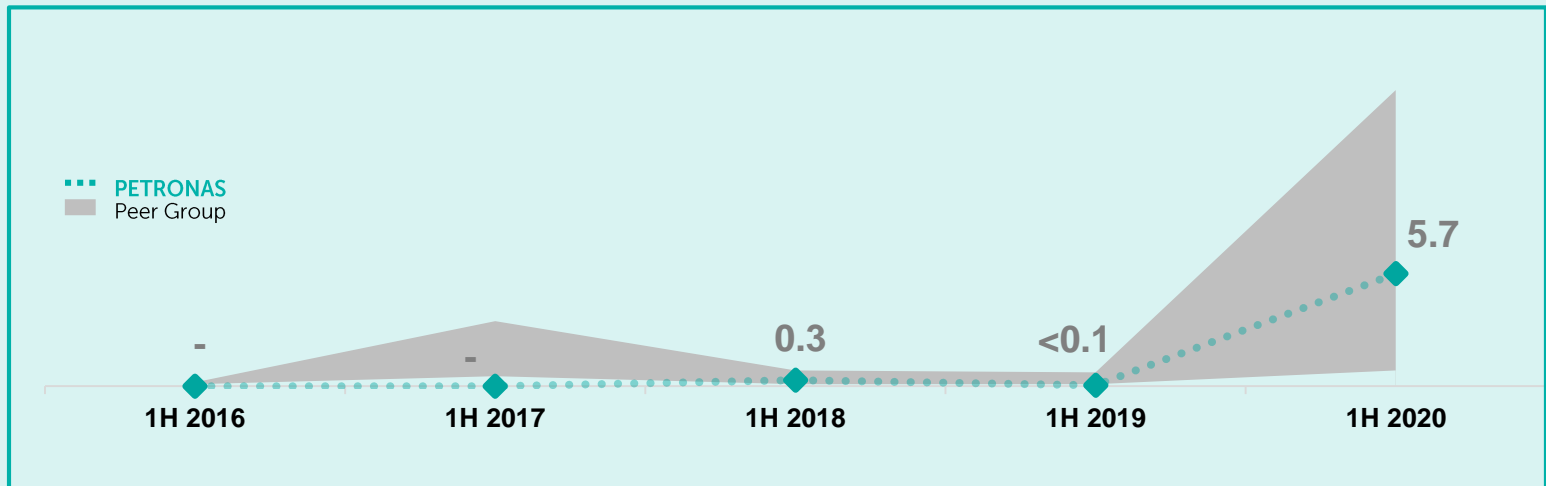
Impairment - Most majors recorded significant impairment losses as a result of revised price outlook



- Assets' value is a function of its cost and future value that it can generate.
- The assets' future value is based on assumptions of its future performance and linked to commodity price outlook.
- In accordance with the International Financial Reporting Standards, the carrying value of an Asset can never be higher than its future value that it can generate.
- The industry is challenged by the downward revision of commodity price outlook given the macroeconomic landscape and growing appetite of energy transition. This has resulted in most oil companies recognised huge impairment in this quarter, including PETRONAS.

Impairment of assets and well costs

Unit: USD billion



Peer range comprises of Shell, TOTAL, BP, Exxonmobil, and Chevron

Information on other oil companies were sourced from the respective Quarterly Announcements. PETRONAS Group is not responsible for errors or omissions contained in the information, and makes no representations as to the accuracy of the information. The user is cautioned that the chart which appears above may not be subject to accurate transmission in their entirety and is advised to read the information above in conjunction with the respective oil companies Quarterly Announcements.

Group's cash balance of RM167.6 bil is contributed by positive Cash Flow From Operations (CFFO) and bond proceeds

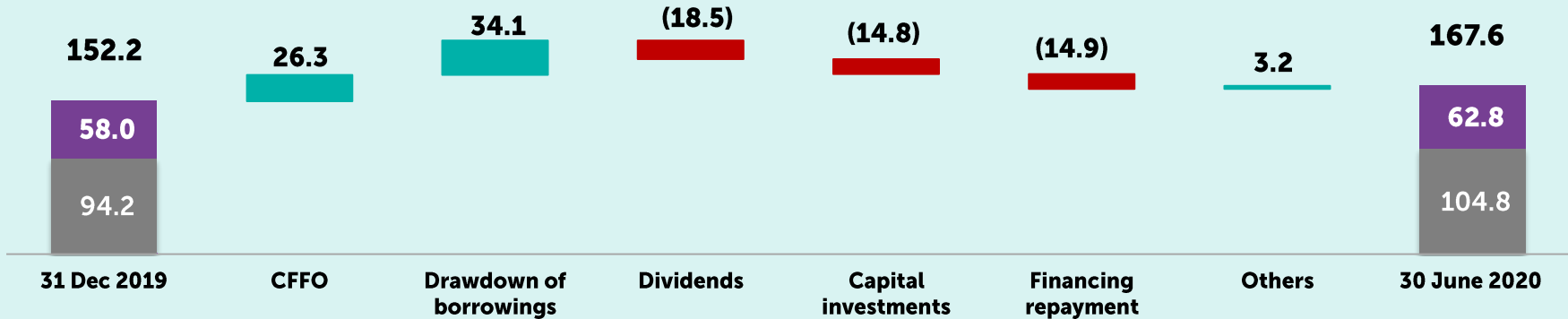


Group's Cash and Fund Investment Movement

RM Bil

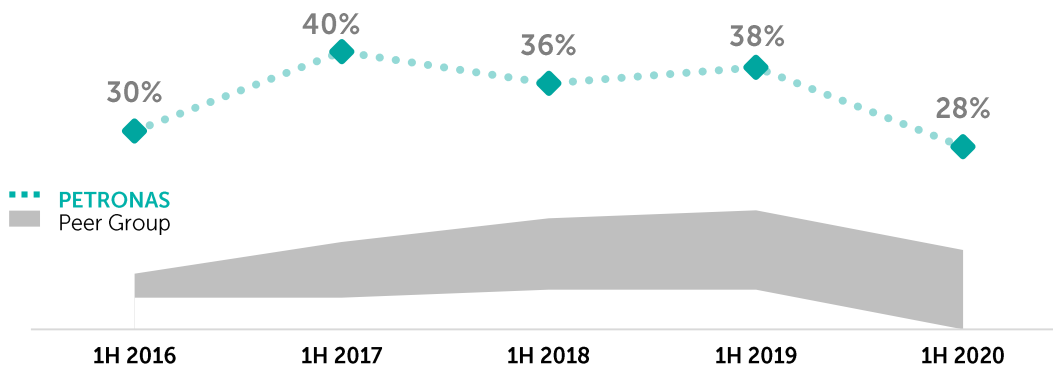


15.4



- Mainly comprises of remaining funds of non-wholly owned subsidiaries and trust funds within the Group
- Funds of wholly owned subsidiaries and PETRONAS' portion of non-wholly owned subsidiaries

CFFO over Revenue (%)



1H 2020
CFFO
(RM bil)

26.3



1H 2019
44.9

CFFO margin remains healthy in comparison with the industry

Operational Highlights



Segmental results

Upstream

2,255

Kboe/d

Production

7%



Gas & New Energy

16.7

MMT

Gross LNG sales volume

3%



Downstream

131.1

MMbbl

Petroleum products sales volume

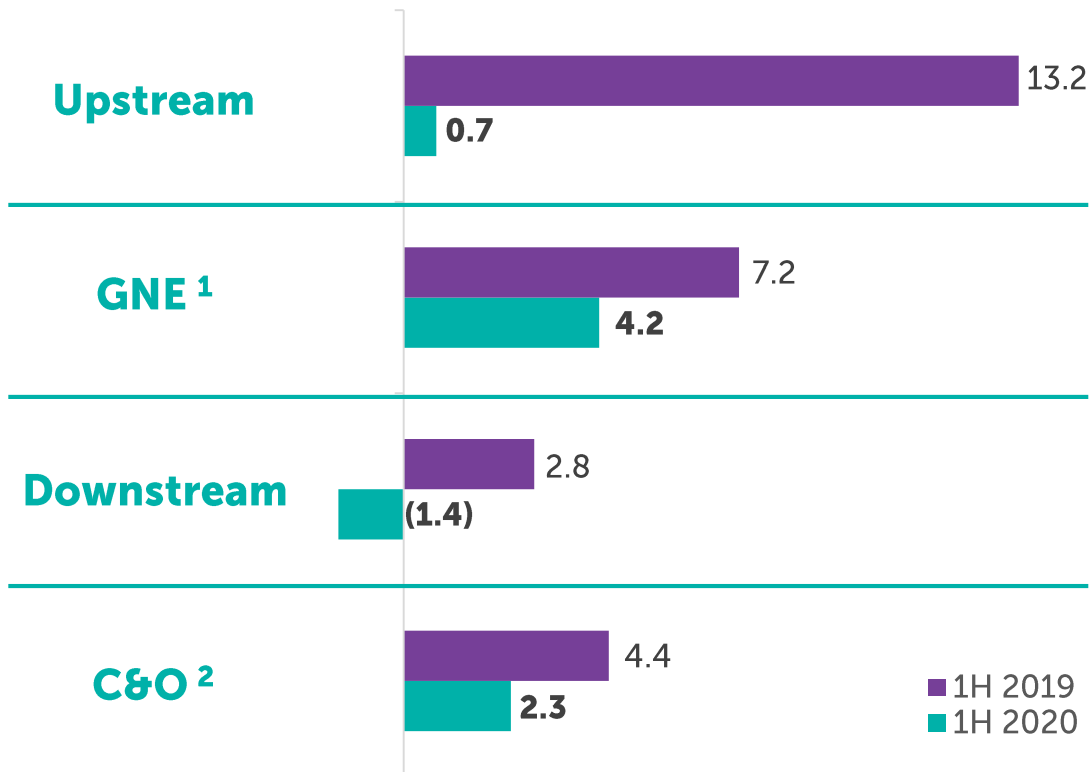
3%



Positive earnings (excluding impairment) for most businesses amidst the challenging market backdrop

PAT/(LAT) excluding impairment by Business Segments

RM bil



¹ Gas & New energy

² Corporate & Others

Half Yearly Upstream Performance

Continues to accomplish operational delivery despite challenging business landscape



Focus Areas

Maximizing Cash Generator



10

Projects achieved **first Hydrocarbon** (5 Brownfield, 5 Greenfield)



4

Exploration discoveries one in Sarawak, one in offshore US GoM and two in Salina Basin, Mexico



8

Projects achieved **Final Investment Decision (FID)** (7 Malaysia, 1 International)

Operational Excellence



75%

Cost optimisation at Tembungo mature field operations, reducing operational cost, ensuring safety while delivering sustainable value

Portfolio Growth



Farm in into **US Gulf of Mexico (US GOM)** and **Indonesia's Aru PSC**
First entry into US GOM and successful oil discovery of the exploration well of the Monument Prospect



PETRONAS **first export deal** for the PETRONAS E&P Argentina S.A's **La Amarga Chica** crude

PETRONAS was among the first international companies to tap into the international market to monetise unconventional production from the country

Operational Performance

Production
(kboe/d)

2,255



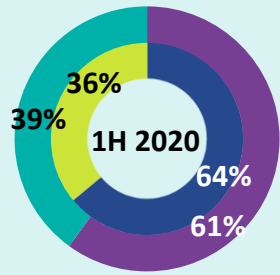
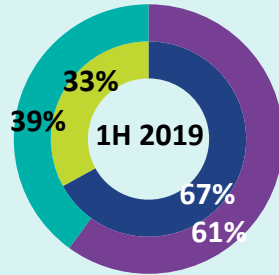
1H 2019
2,418

Entitlement
(kboe/d)

1,639



1H 2019
1,757



- Production Crude and Cond.
- Production Natural Gas
- Entitlement Crude and Cond.
- Entitlement Natural Gas

Half Yearly Gas and New Energy Performance

Continues to persevere as a reliable provider of cleaner energy solutions while growing its presence in the renewables space



Focus Areas

Maximising Cash Generator



Successfully delivered **11,316th**

LNG cargoes from PETRONAS LNG Complex, Bintulu, as of the first half of 2020, marking a milestone of over 37 years of reliable delivery without fail since operations began



3.7
MTPA

of LNG sales volume secured, with major portfolio LNG players and end users such as Tiger Clean Energy Limited. The new LNG deals further enhances PETRONAS LNG leadership position in the market



345
MMscfd

of new natural gas supply deals secured with customers in Peninsular Malaysia



PFLNG DUA

is currently moored at the Rotan Gas Field, Sabah, with commissioning work progressing as planned and ready for commercialisation by end 2020

Stepping Out



660

MWp of solar capacity in operation and under development in India and South East Asia, with 448MWp total capacity commissioned with a balance of 212 MWp of projects under development

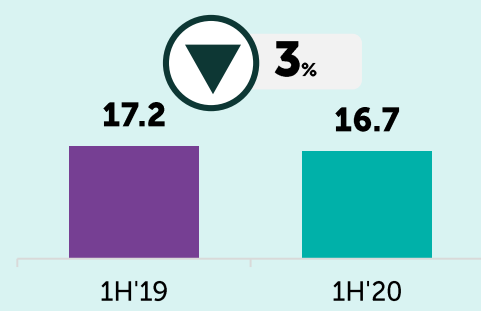


50

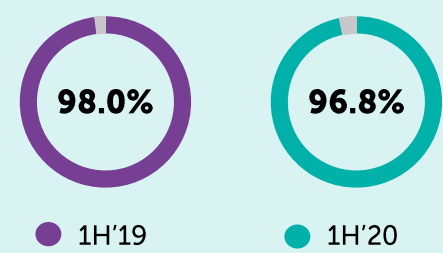
MWp of solar capacity in operation and under development in Malaysia, including the recent commercial solar PPA to power 15 TESCO Malaysia stores with solar

Operational Performance

Gross LNG Sales Volume (MMT)



Overall Equipment Effectiveness (OEE)



Half Yearly Downstream Performance

Maintains its operational performance with continued focus on customer centricity



Focus Areas



89.2% Overall Equipment Effectiveness (OEE)

96.8%* Sustained Petrochemical Plant Utilisation¹



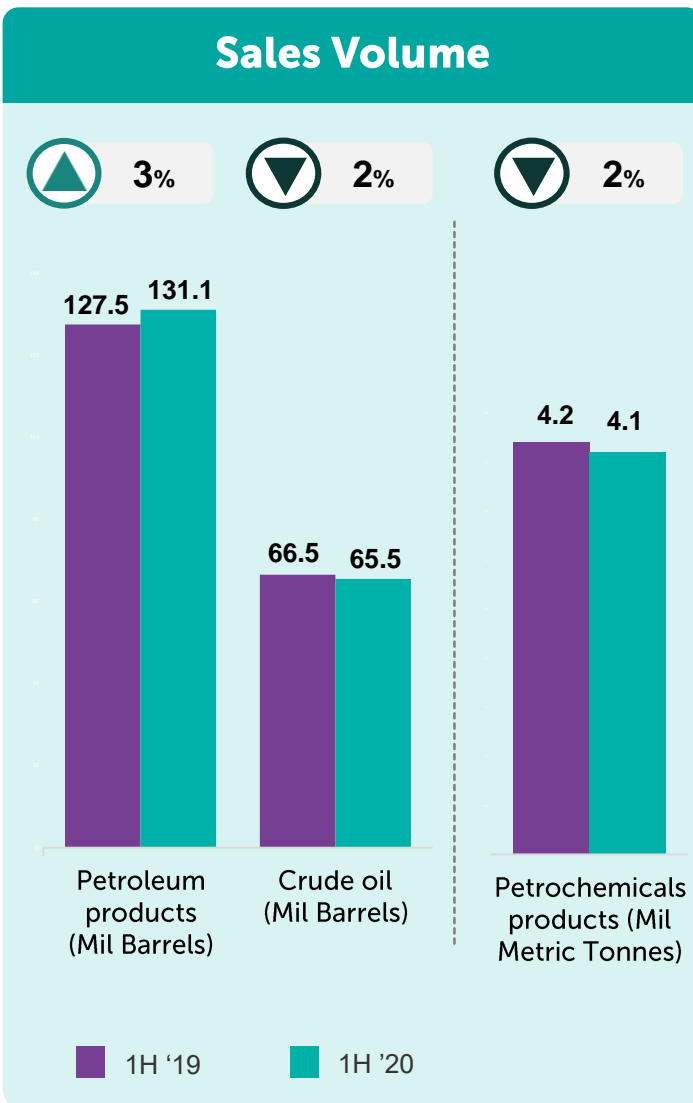
4.1mil Metric tonnes of petrochemicals sales products volume

10.1bil Liters of overall marketing sales volume



1.3mil Setel users across Malaysia

Following the DHT fire incident in March 2020, the Refining and Petrochemical operation at Pengerang Integrated Complex ("PIC") was stopped pending further readiness, integrity assessment, and rectification of defects to ensure safe and reliable operation. The restart-up is currently planned for Q1 2021



¹ Plant Utilisation based on Nexant
* Compared to SPLY 2019

Pursuing 'Green Shoots' to strengthen our resiliency in response to continued challenging market conditions



Reshape our Portfolio

- Growing our presence in the **renewable energy space** as part of the 3-pronged strategy
- **Portfolio Intervention and Transition (PIT) Crew** tasked to accelerate the reassessment of our portfolio



Retooling the Human Capital Equation

- Supporting **talent strategies**
- Redefinition of our **workforce ecosystem**
- **Future-proofing our leaders** and our talents



Emphasis on Focused Execution

- **Preserve cash and maintain liquidity**
 - Reduction of CAPEX by 21% and OPEX by 12% are on track, further savings expected by end 2020
- Focused **cost-compression efforts**
- Realising **new topline** for our business

Thank you for your passion!

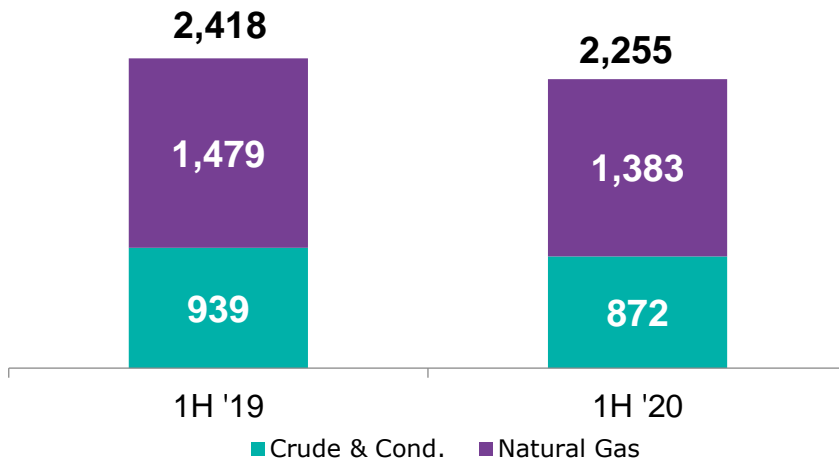


Upstream Business

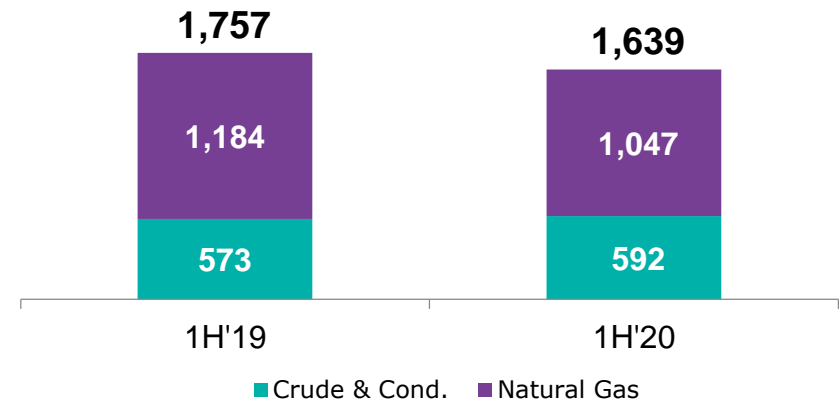
Half Yearly Operational Highlights



Production (kboe/d)



Entitlement (kboe/d)



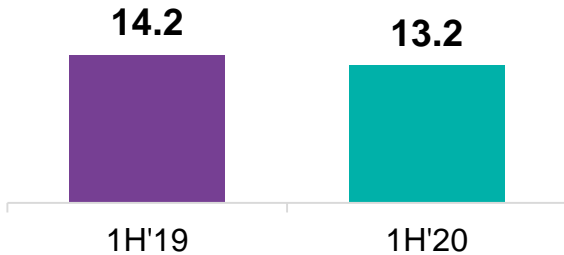
Total daily average production and entitlement volume is lower for the year mainly attributable to lower demand following global COVID-19 pandemic, partially offset by higher liquid production from Brazil

Gas and New Energy Business

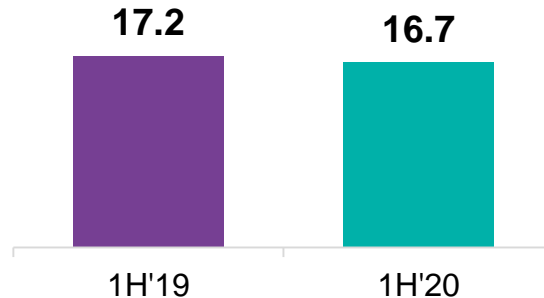
Half Yearly Operational Highlights



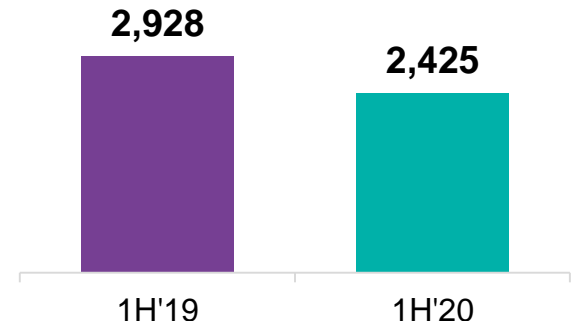
LNG Production (MMT)



Gross LNG Sales Volume (MMT)



Malaysia Average Sales Gas (mmscfd)



Decrease in gross LNG sales volume mainly due to lower production volume from PLC and partially offset by higher trading activities. Decrease in Malaysia average gas sales attributed to weaker market demand due to the Covid-19 pandemic.

Downstream Business

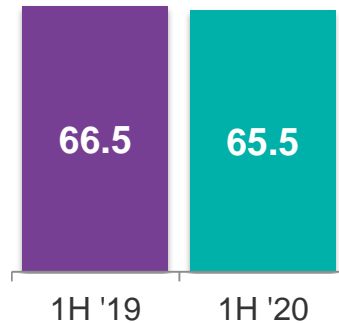
Half Yearly Downstream Sales Volume



Petroleum Products Mil barrels



Crude Oil Mil barrels



Petrochemical Products Mil Metric Tonnes



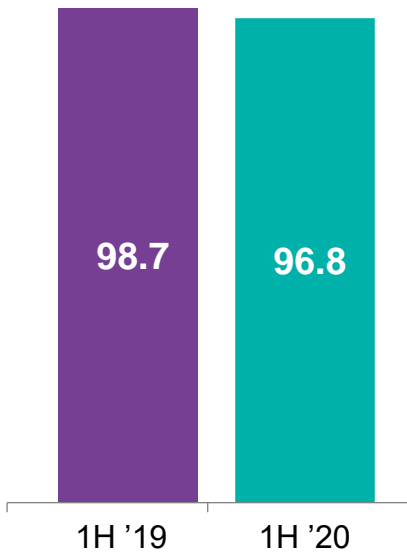
Higher petroleum products sales volume contributed by higher trading activities, partially offset by lower marketing sales volume due to lower demand caused by the COVID-19 pandemic

Half Yearly Plant Utilisation

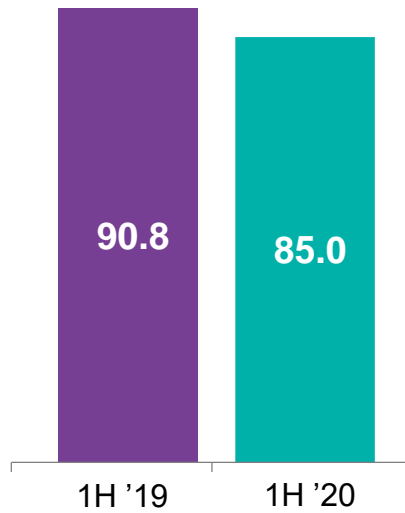


Plant Utilisation (%)

Petrochemical Plants¹



Domestic Refineries



International Refinery



Lower Plant Utilisation at domestic and international refineries impacted by demand reduction due to the COVID-19 pandemic

¹ Plant Utilisation based on Nexant