



**PETRONAS**

# **PETRONAS Group**

# **Financial Results Announcement**

## Q3 FY2018

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# YTD FY2018 Key Features



## Performance

Focused execution of overall business improvement activities, operational excellence and increased commodity prices

**50%**  in net profit of RM41.0 billion

**19%**  in EBITDA of RM79.1 billion

## Progress of projects

- PIC<sup>1</sup> **95%** completion as at 30 September 2018
- PFLNG2 **90%** completion as at 30 September 2018

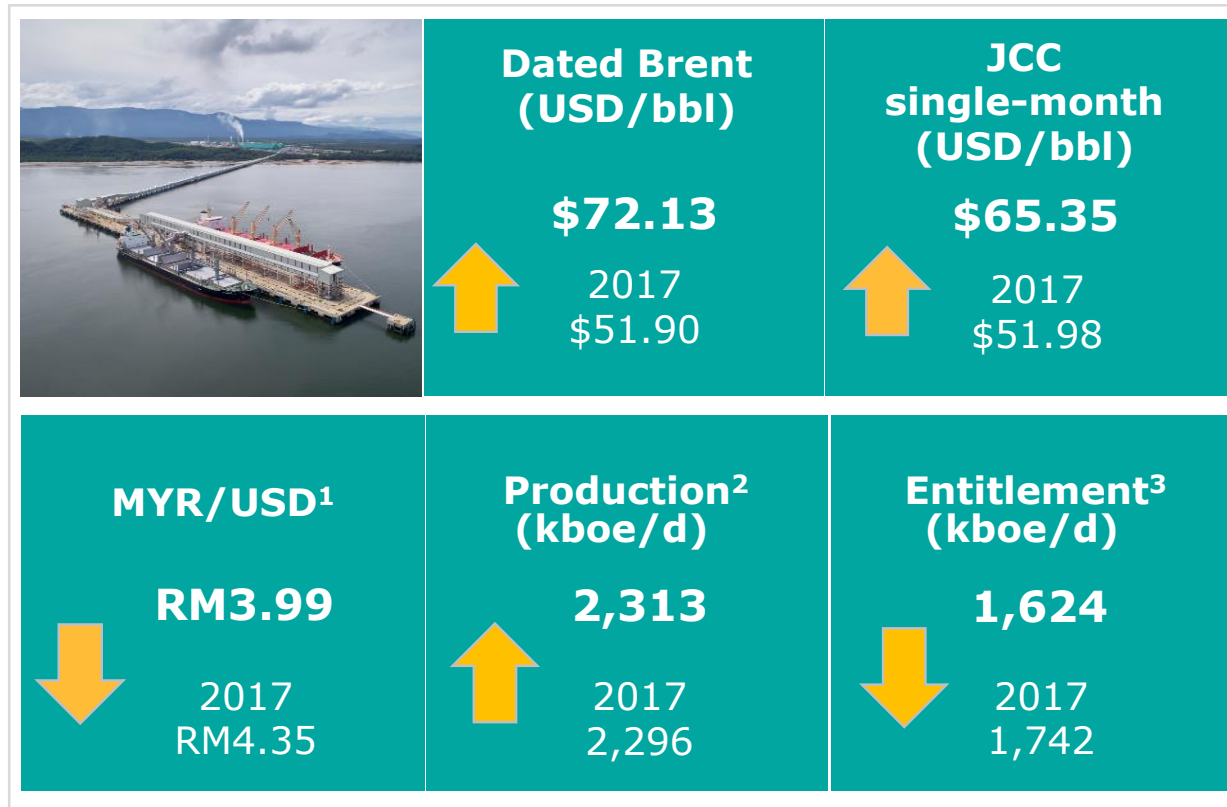
## Outlook

- PETRONAS expects performance to show an improvement compared to the previous financial year
- Continuous efforts will be pursued to deliver operational excellence

<sup>1</sup> Pengerang Integrated Complex (PIC)

# YTD FY2018 Financial Highlights

Key Financial Indicators (RM bil)	YTD '17	YTD '18
Revenue	161.8	<b>181.1</b>
Profit After Tax (PAT)	27.3	<b>41.0</b>
PAT excluding net impairment/(write-back) on assets	28.8	<b>39.9</b>
EBITDA	66.7	<b>79.1</b>
EBITDA Margin	41%	<b>44%</b>
CFFO	57.7	<b>56.2</b>
Capital investments	33.8	<b>26.5</b>



<sup>1</sup> Average exchange rate

<sup>2</sup> Represents Malaysia's production (PETRONAS Group and other Operators) and PETRONAS Group's international equity production volume

<sup>3</sup> Represents PETRONAS Group's sales entitlement to Malaysia's production and PETRONAS Group's international sales entitlement volume

CAPEX spending is anticipated to increase in Q4 driven by requirements for PIC, LNG Canada as well as increased drilling activities both domestic and abroad

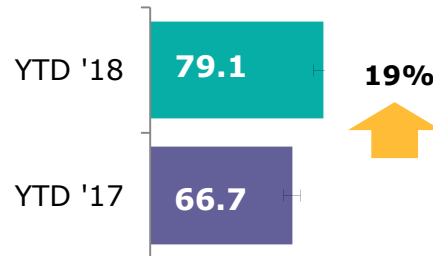
# Group Financial Results



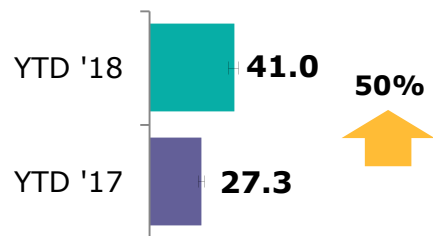
## YTD 2018

### EBITDA

RM bil



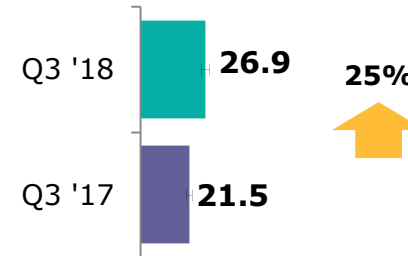
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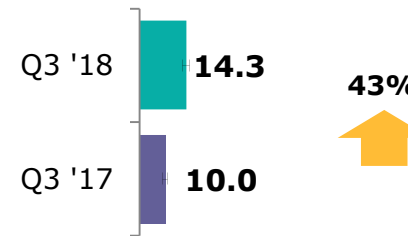
## Q3 2018 Y-o-Y

### EBITDA

RM bil



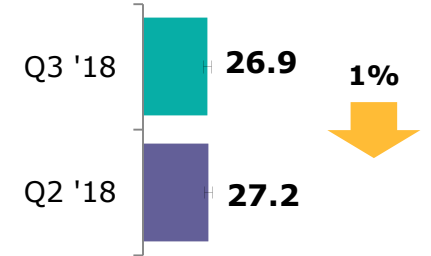
### PAT



## Q3 2018 Q-o-Q

### EBITDA

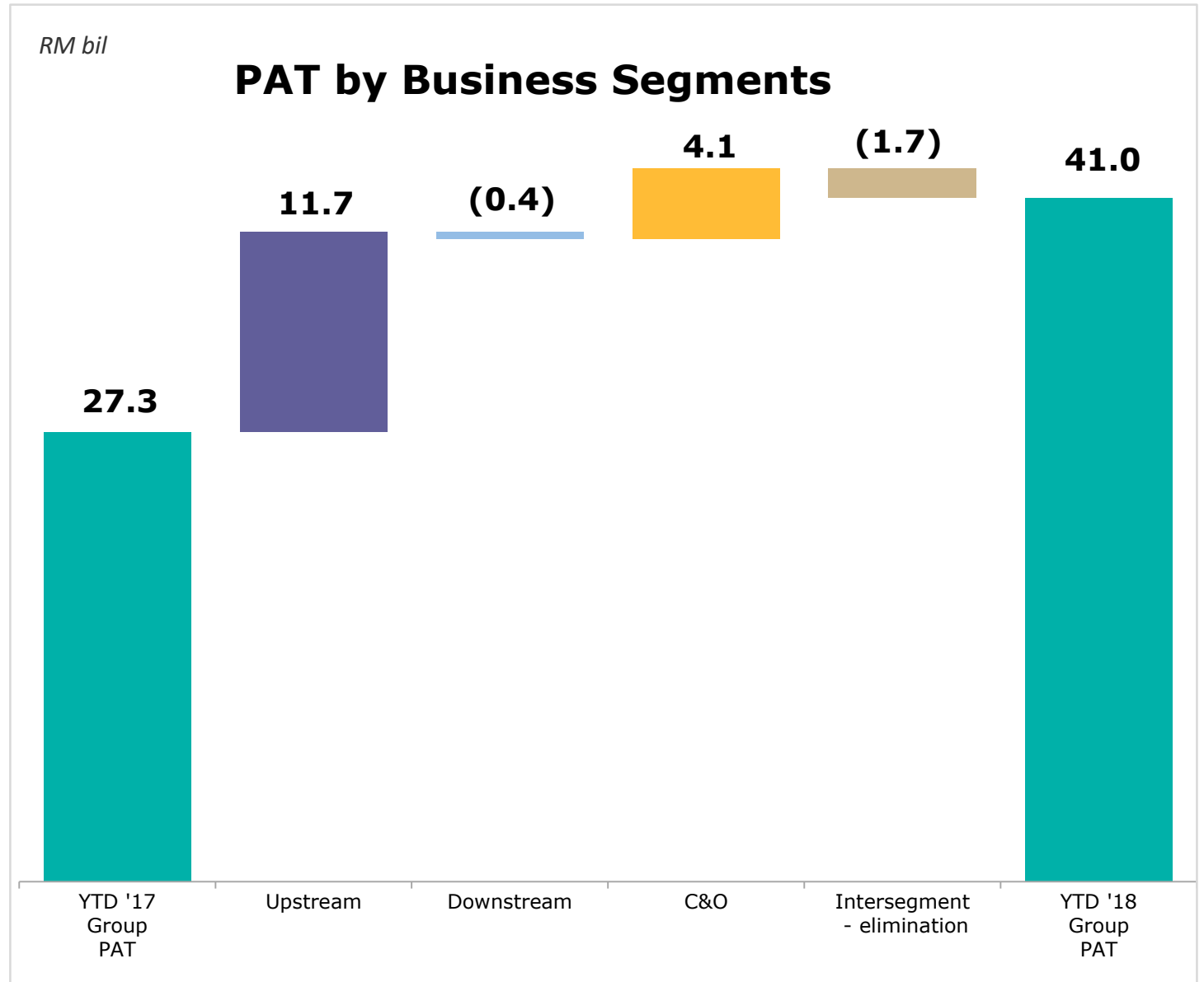
RM bil



### PAT



# Segment Results



# YTD 2018 Upstream Performance

## Focus Areas



### Operational Excellence

- **7 projects** achieved **1<sup>st</sup> hydrocarbon**
- **Exploration** discoveries at **Tepat** in Sabah and **Salam** in Sarawak
- **Sabah-Sarawak Gas Pipeline- resumption of operations** following the completion of intensive pipeline repair works
- Enhancement of **Malaysian PSC Terms**
- **6 LNG deals** secured, contributing 3.68 mtpa
- **YTD RM2.5 bil** industry-wide cost optimisation and cash generation via Cost Reduction Alliance (**CORAL 2.0**) and Petroleum Arrangement Contracts (PAC's) initiatives



### Cost Management

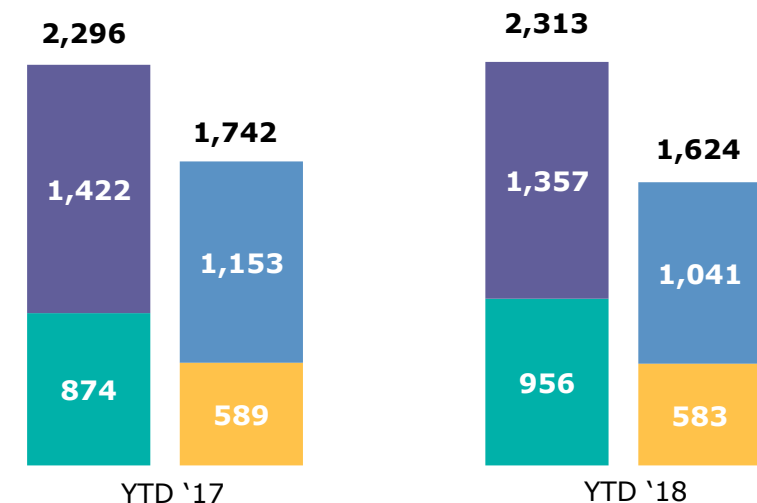


### Portfolio High Grading

- **Approved FID** for 25% participating interest in **LNG Canada** project in Kitimat, British Columbia
- **Farm-in to Exploration blocks**
  - Rufisque Offshore Profond Block, **Senegal**
  - Block 4 Perdido, **Mexico**
- **South Sudan** Block 1/2/4 **production resumption** and **extension** of Exploration and Production Sharing Agreement (EPSA) and Transitional agreement

## Operational Performance

### Production and Entitlement (kboe/d)



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

Products	YTD '17	YTD '18
LNG sales volume (million tonnes)	21.91	20.79
Malaysia average sales gas volume (mmscfd)	2,740	2,767

# YTD 2018 Downstream Performance

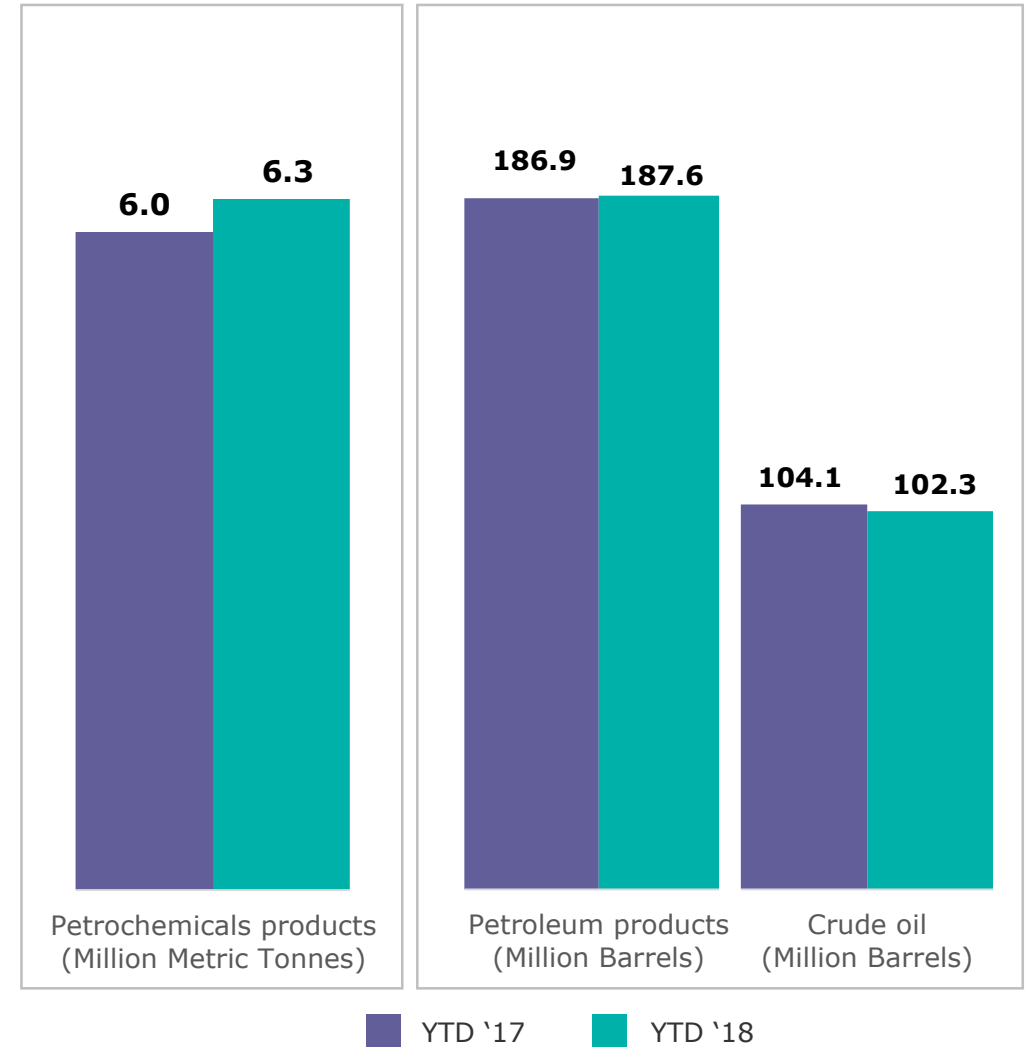
## Focus Areas



## Operational & Commercial Excellence

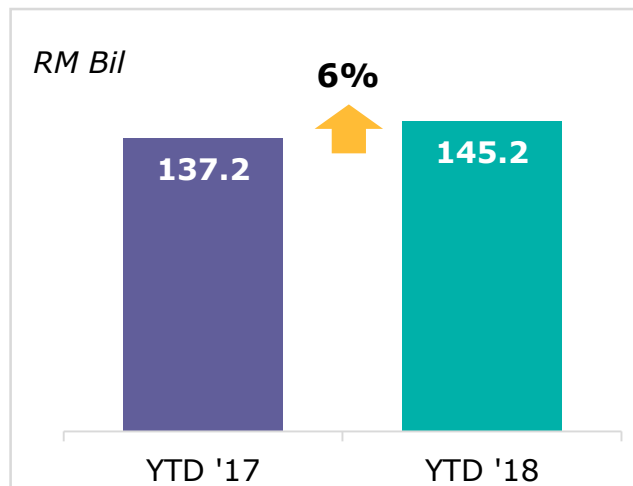
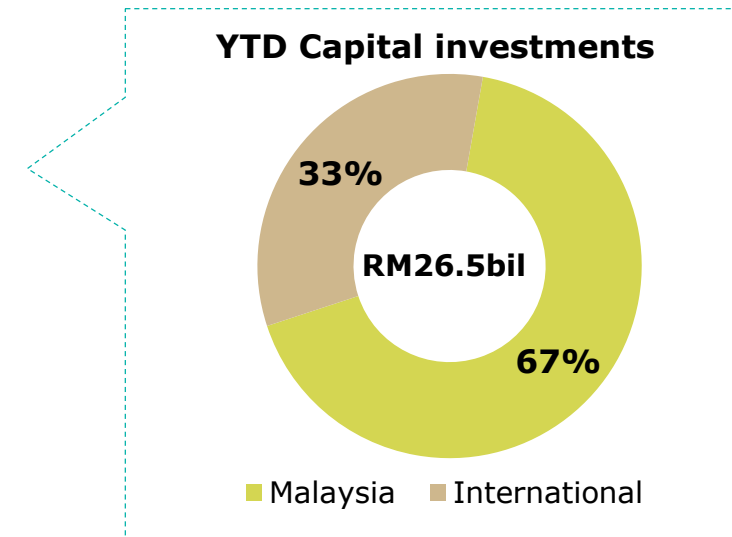
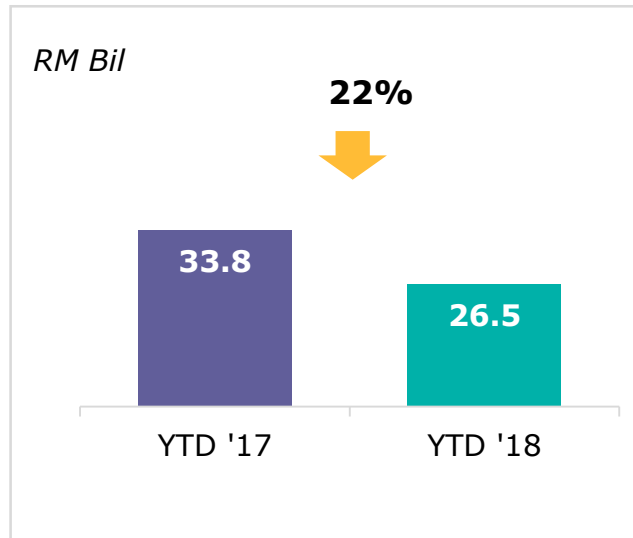
- Downstream OEE at **93.6%**
- Plant Utilisation for petrochemicals plants at **91.2%**
- Domestic and International retail recorded **3%** volume improvement between Quarter 3 and Quarter 2

## Sales Volume





# Capital Investments and Group Costs



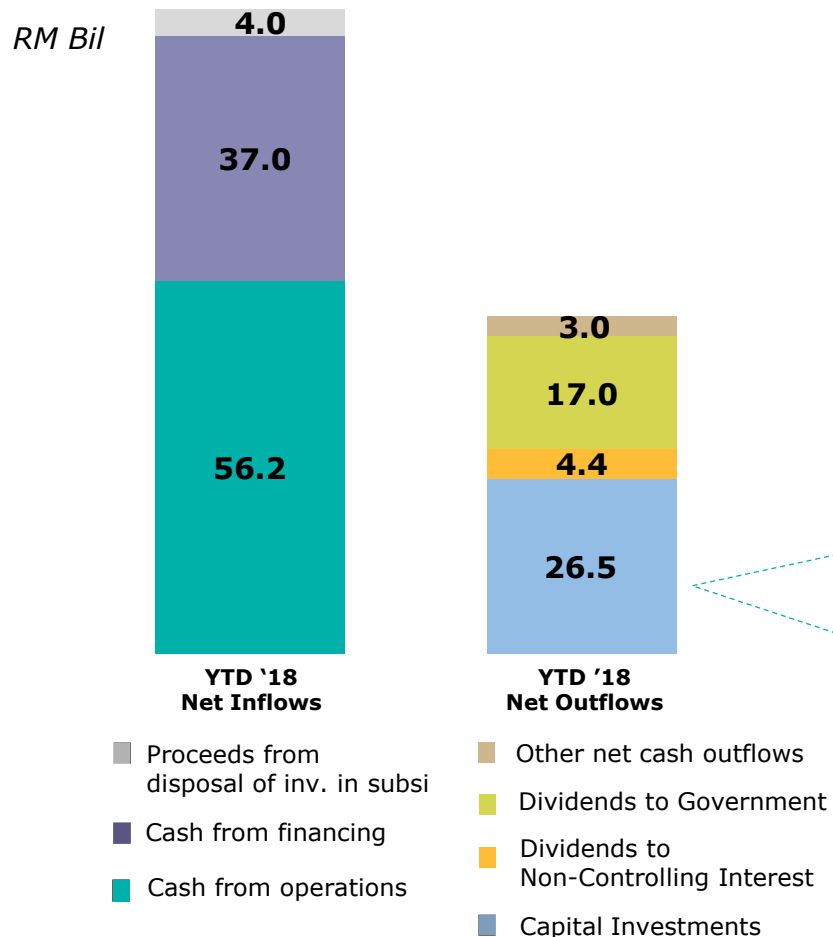
- Higher total costs mainly due to higher product costs in tandem with higher prices
- Continuous Groupwide cost management efforts are in place

<sup>1</sup> Relate to costs charged to Income Statement only

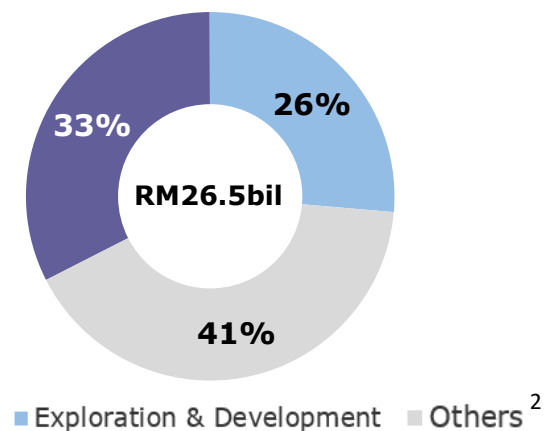
# Other Financial Highlights



## Cash & fund investments ↑ RM46.3 bil



- Improved balance sheet position contributed by profit generated during the period on the back of ongoing operational improvements and better commodity prices
- ROACE<sup>1</sup> at 12.6% up from 9.8% as at 31 December 2017



### Notes:

<sup>1</sup> ROACE is calculated as trailing 12 months profit before interest expense after tax divided by average total equity and long term debt during the period

<sup>2</sup> Others consist of Upstream (50%), Downstream (11%) and Corporate & Others (39%)



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# Upstream Business

# Operational Highlights



**7 projects achieved 1<sup>st</sup> Hydrocarbon**  
*(6 Brownfield, 1 Greenfield)*



**Exploration** discoveries at **Tepat** in Sabah and **Salam** in Sarawak



**Sabah-Sarawak Gas Pipeline resumption** ensuing the completion of intensive pipeline repair works



Enhancement of **Malaysian PSC Terms**

- Deepwater Fiscal Terms
- Non Fiscal Terms



**Approved FID for LNG Canada** project in Kitimat, British Columbia



**6 LNG deals** secured, contributing 3.68 mtpa



**Farm-in to Exploration blocks**

- Rufisque Offshore Profond Block in **Senegal**
- Block 4 Perdido in **Mexico**

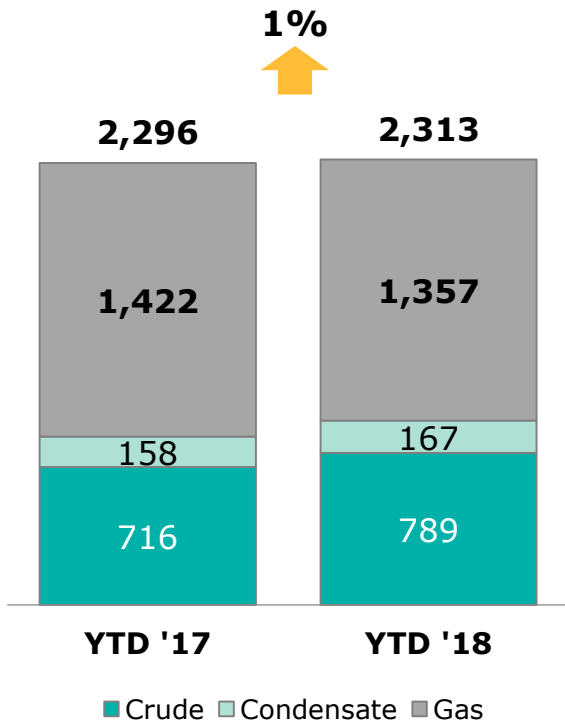


**South Sudan Block 1/2/4**

- **Production resumption**
- **Extension** of Exploration and Production Sharing Agreement and Transitional Agreement

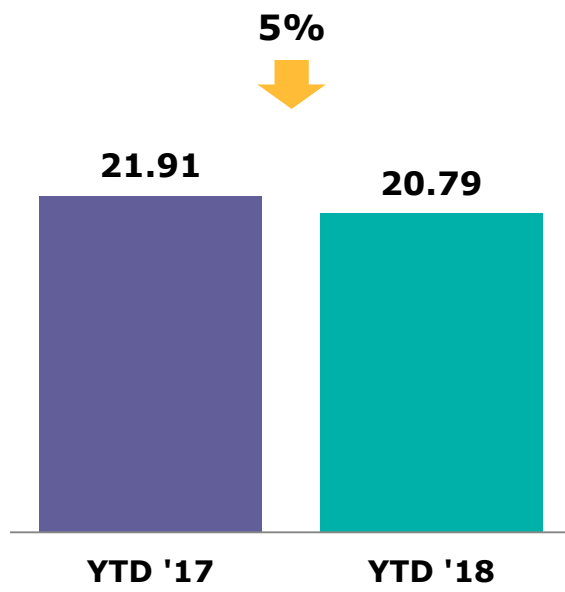
# Operational Highlights

**Production (kboe/d)**



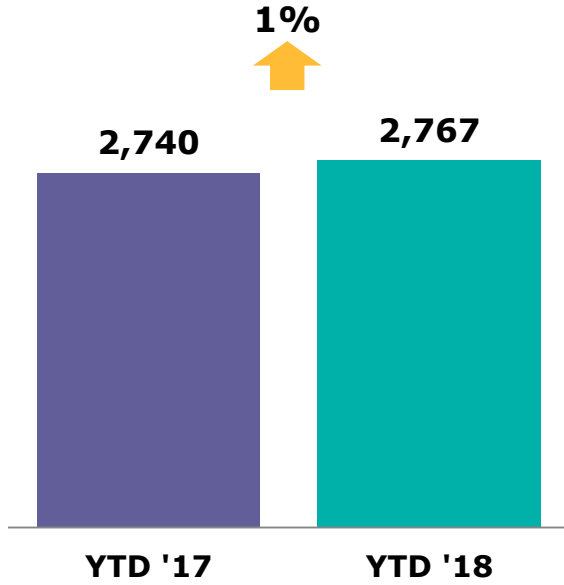
Higher production for 2018 mainly attributable to higher liquid production from Iraq

**LNG Sales Volume (mil tonnes)**



Lower LNG sales volume for 2018 mainly attributable to lower volume from PETRONAS LNG Complex ("PLC") in Bintulu, Sarawak

**Malaysia Average Sales Gas Volume (mmscfd)**



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



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# Downstream Business

# Downstream Growth Projects



## **Pengerang Integrated Complex (PIC)**

The Pengerang Integrated Complex (PIC) has achieved 95 per cent progress and successfully received its first crude oil cargo at the Pengerang Deepwater Terminal 2 (PDT2).

PIC is currently approaching its commissioning stage and remains on track to achieve ready for startup in 2019.

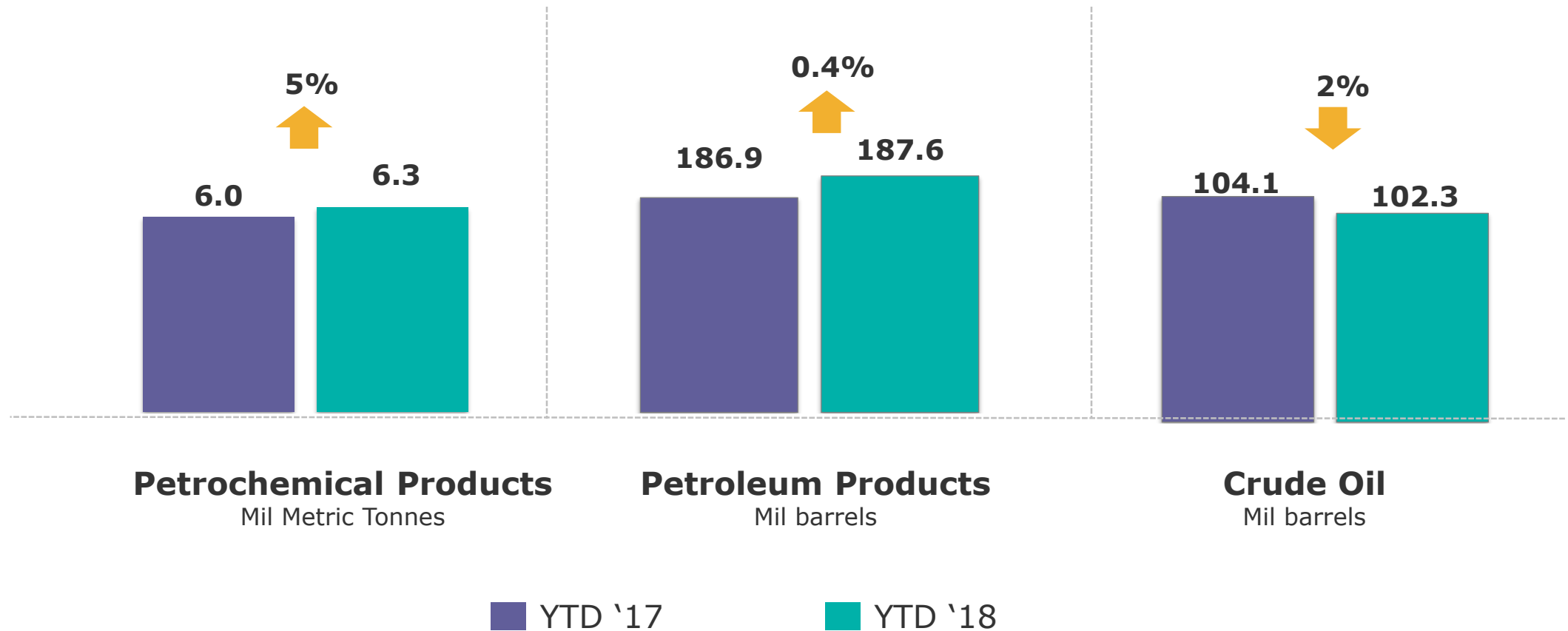


## **Malaysian Refining Company Sdn Bhd (MRCSB)**

Our refinery in Melaka is upgrading its refinery configuration for the Diesel Euro 5 expansion with a total capital investment of RM1.5 billion. The refinery is now producing 30,000 barrels of Diesel Euro 5 per day, and is preparing for a higher production volume of 126,000 barrels of Diesel Euro 5 per day upon project completion in 2020.

# Downstream Sales Volume

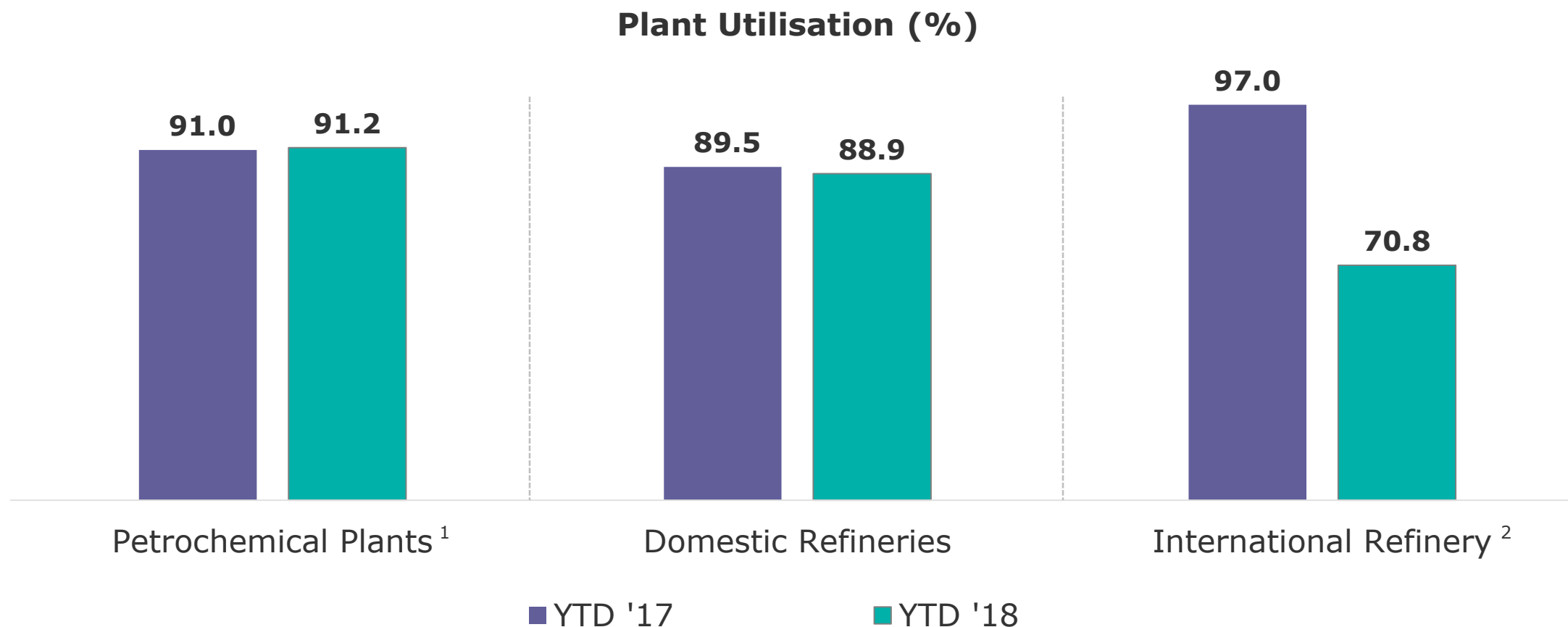
Higher petrochemical sales boosted by higher production





# Plant Utilisation

Improved utilisation for petrochemical plants following healthy feedstock supply whilst refineries underwent statutory turnaround in the first half of the year



<sup>1</sup> Plant Utilisation based on Nexant

<sup>2</sup> Lower plant utilisation due to turnaround at Engen refinery



# THANK YOU

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