PETRONAS Group Financial Results Announcement

Q4 FY2016 and Year End FY2016

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.

2016 Key Features

Performance

- Underlying* profit of RM40.1 billion and PAT of RM23.5 billion for 2016
- Better margins contributed by cost optimization efforts, increased production and value focused activities

Operations

- Progress of projects:
  - Pengerang Integrated Complex (PIC) ahead of schedule at 54% as at 31st Dec 2016, progress at nearly 60% as at Feb 2017
  - Train 9 commissioned & delivered 1st LNG Cargo
  - PFLNG1 commissioned, world's 1st floating LNG facility

Outlook

- Modest recovery of price but outlook still uncertain
- PETRONAS will continue to push for:
  - higher productivity
  - operational excellence

*Excluding identified items mainly comprising net impairment on assets

Key Indicators

2015		2016		Q3 2016		Q4 2016		Q4 2015
52.46	↓	**43.69**	Dated Brent (USD/bbl)	45.85	↑	**49.46**	↑	43.69
62.63	↓	**39.13**	JCC single-month (USD/bbl)	40.98	↑	**46.22**	↓	58.02
3.90	↑	**4.15**	USD/MYR*	4.05	↑	**4.32**	↑	4.29
			Crude oil, condensate and natural gas (kboe/d)					
2,290	↑	**2,363**	Production**	2,227	↑	**2,444**	↑	2,326
1,624	↑	**1,794**	Entitlement***	1,802	↑	**1,909**	↑	1,670

*Average exchange rate
** 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

Financial Highlights

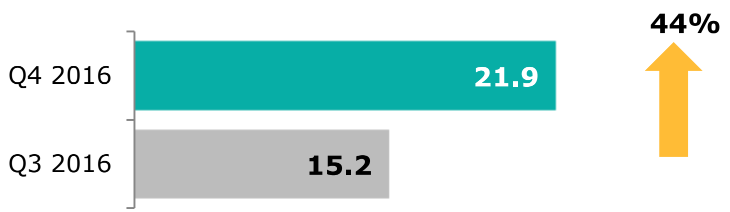
% change	2015	2016	Key Financial Highlights (RM bil)	Q4 2016	Q3 2016	% change
(17)	247.7	**204.9**	Revenue	**58.6**	48.7	20
(8)	36.7	**33.7**	Profit before tax (PBT)	**15.6**	8.0	95
12	20.9	**23.5**	Profit after tax (PAT)	**11.3**	6.1	85
(9)	(18.3)	**(16.6)**	Identified items*	**(3.8)**	(1.0)	>100
2	39.2	**40.1**	Profit after tax excluding identified items (PAT*)	**15.1**	7.1	>100
(7)	75.5	**70.4**	EBITDA	**21.9**	15.2	44
4	30.5	**34.4**	EBITDA Margin (%)	**37.4**	31.2	6
(23)	69.6	**53.8**	CFFO	**17.7**	10.5	69
(22)	64.7	**50.4**	Capital Investments	**14.4**	10.8	33

*Mainly comprise net impairment on assets

Q4 2016 Group Financial Results

PAT*

EBITDA



Higher **PAT* & EBITDA** mainly due to:

- ↑ average realised product prices
- Favourable exchange rate
- ↑ sales volume (LNG & Processed Gas)

Higher **PAT*** was partially offset by:

- ↑ taxation in line with higher PBT

EBITDA Margin (%)

37.4

Q3 2016

31.2

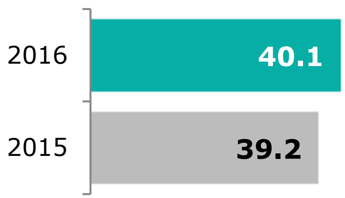
↑ **6%**

Improved margin as a result of higher product prices

*Excluding identified items mainly comprising net impairment on assets

2016 Group Financial Results

PAT*



2%

Higher **PAT*** mainly contributed by:

- ↓ net product and production costs
- ↑ taxation recorded in FY2015 following under provision of taxation in prior years

EBITDA

7%

Lower **EBITDA** mainly due to:

- ↓ realised product prices
- ↓ sales volume

EBITDA Margin (%)

34.4

2015

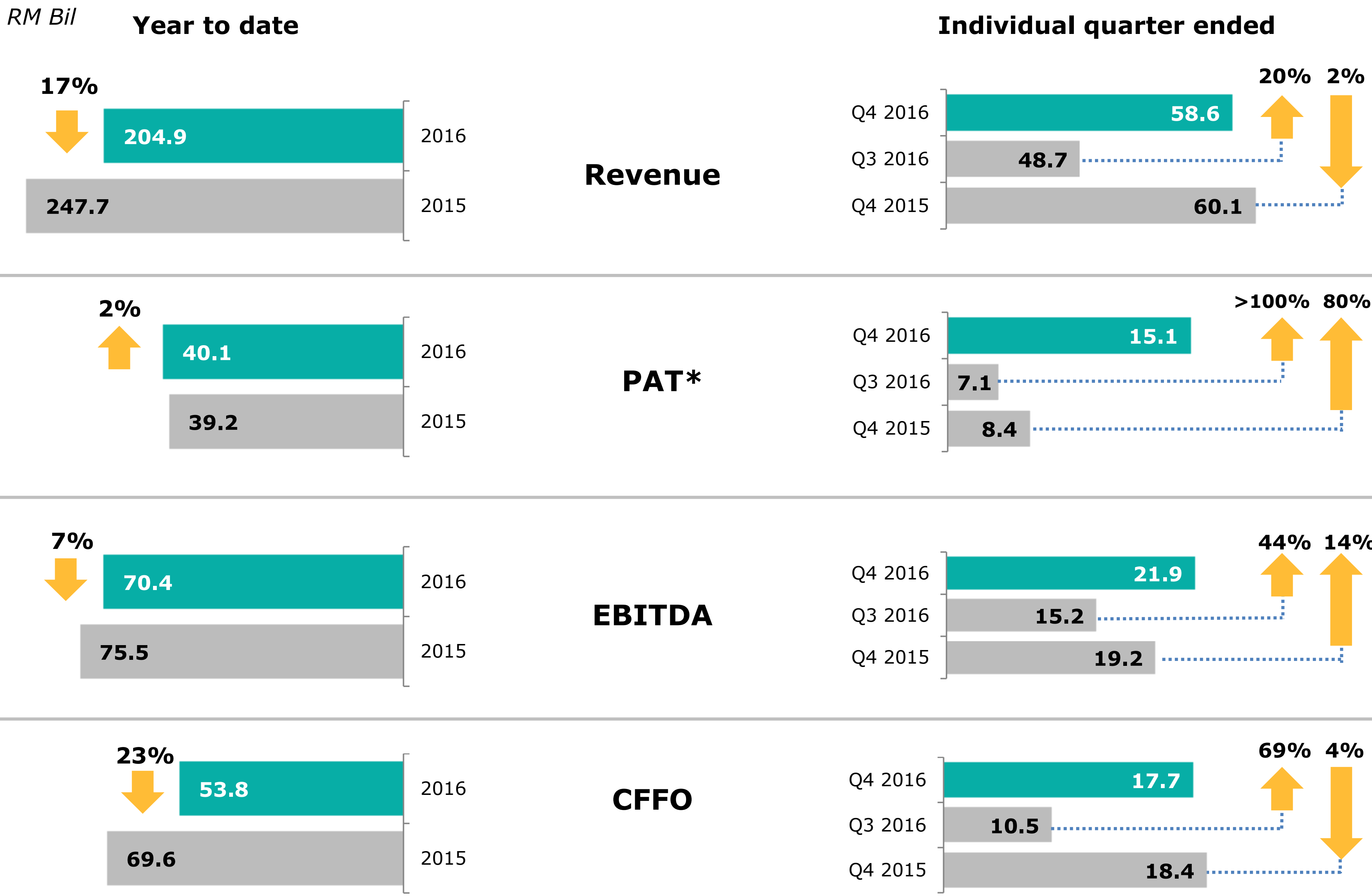
30.5

4%

Improved margin from effective cost optimisation measures, increased production and value focused activities

*Excluding identified items mainly comprising net impairment on assets

2016 Group Financial Results

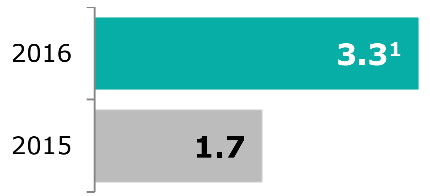


*Excluding identified items mainly comprising net impairment on assets

Business Segment Results

PAT by Business Segment (includes inter-segment transactions)

RM Bil



94%

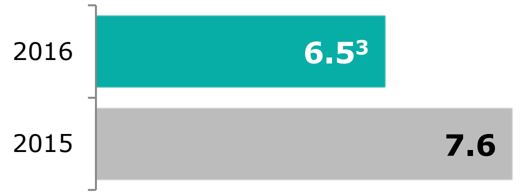
Upstream

- ↓ operating expenditures
- ↓ net impairment on assets
- ↓ taxation

1%

Downstream

- ↓ domestic refining margins
- ↓ petrochemical product spreads



14%

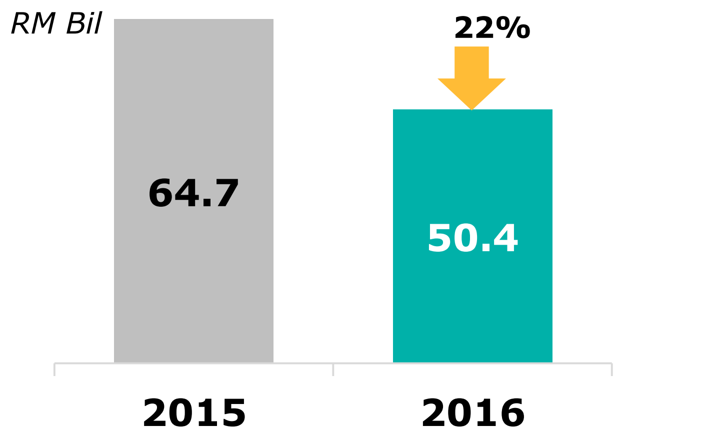
Corporate & Others

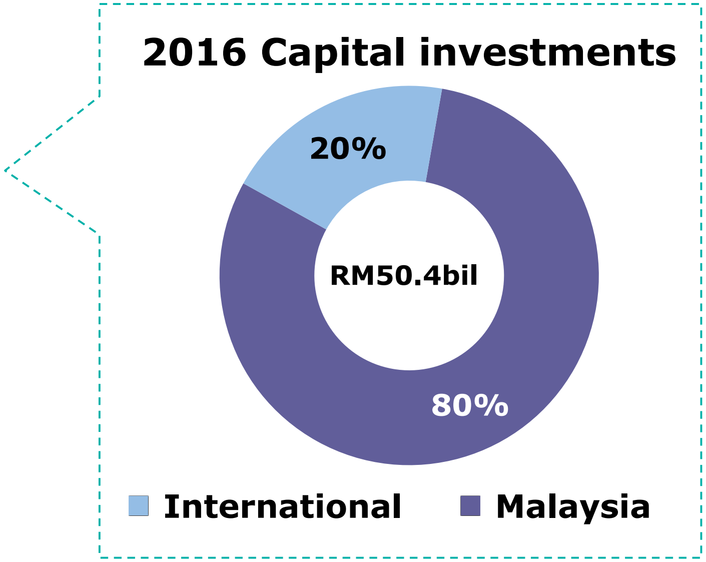
- ↓ income (O&G equipment sales)
- ↓ fund investment income
- ↓ net foreign exchange gain

Note: Including identified items net of tax of:
[1] RM14.84b
[2] RM0.43b
[3] RM1.36b

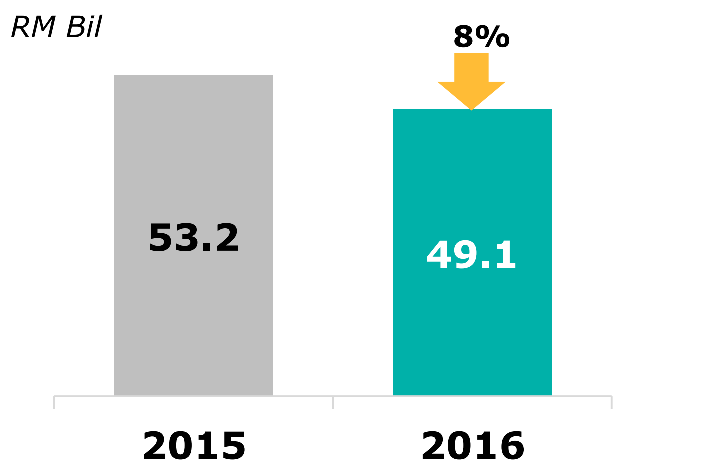
Capital investments and controllable costs

Capital investments





Controllable Costs*

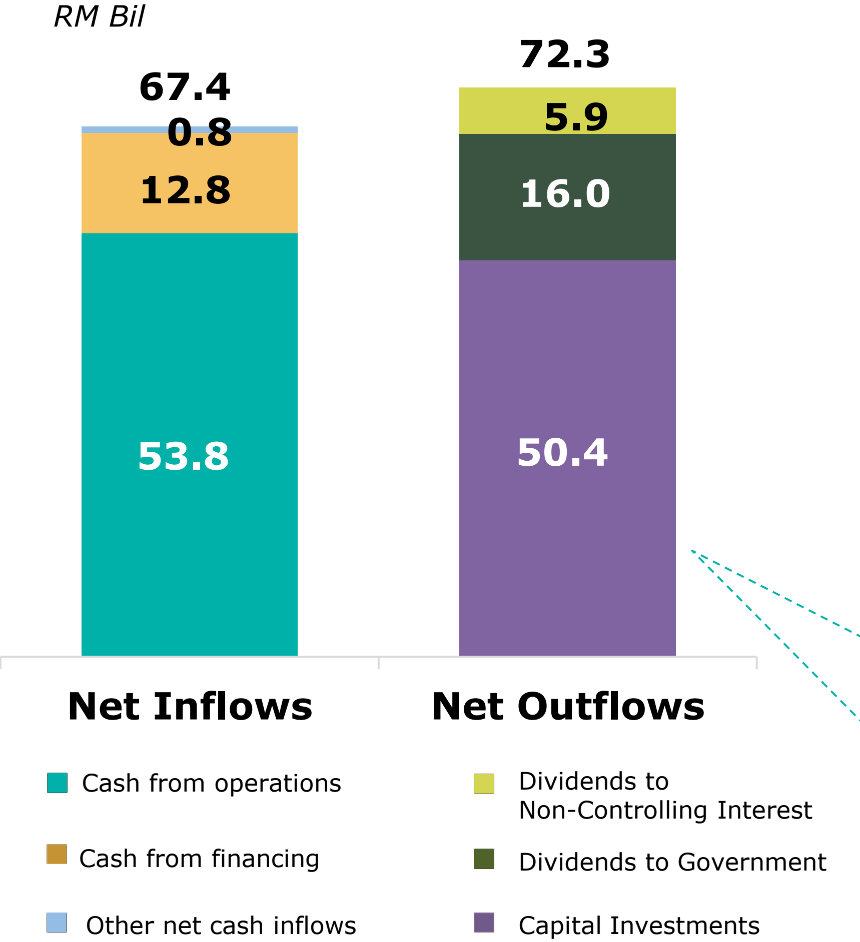


- Lower costs realised from financial discipline and cost control initiatives
- RM4.1 billion reduction in controllable costs achieved

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

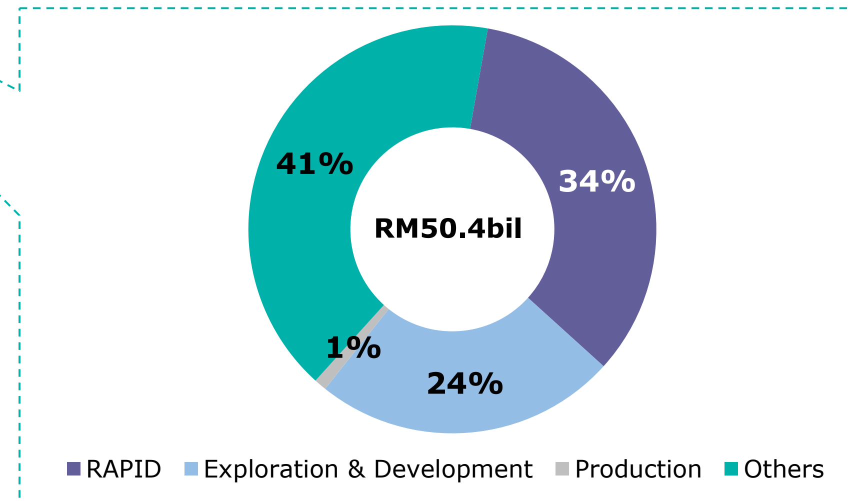
Other Financial Highlights

Cash Flows 2016



Significant Items

- Total assets at RM603.3 bil (↑ 2%[1])
- Shareholders' equity at RM380.3 bil (↑ 1%[1])
- Cash and fund investments at RM131.8 bil
- Borrowings at RM67.6 bil
- Gearing at 17.4% (↑ from 16.0%[2])
- ROACE at 5.3%



Note:
[1]Compared to 31 December 2015 [2]As at 31 December 2015

PETRONAS

Upstream Business

Operational Highlights 2016

Focused delivery across the value chain

3% Production growth

- 2016 **(2,363 kboe/d)** vs 2015 (2,290 kboe/d)
- **420** Bce Bintulu LNG Loadable
- **7** LNG new prospects secured

1 New PSC Signed

Block SK410B

4 Blocks Acquired

- Myanmar Block AD9 & AD11
- Mexico Deepwater Block 4 & 5

Resumption of

Sabah Sarawak Gas Pipeline “SSGP”

Operations in March 2016

Train 9

Commissioned & delivered 1st LNG Cargo in September 2016

PFLNG 1

Successful commissioning with 1st production on 5 December 2016

CORAL 2.0
Cost Reduction Alliance
Reimagining Cost Competitiveness
CACTUS

2016 RM 4.1B cost savings

through industry-wide cost optimisation, improved efficiencies and innovation

Operational Highlights

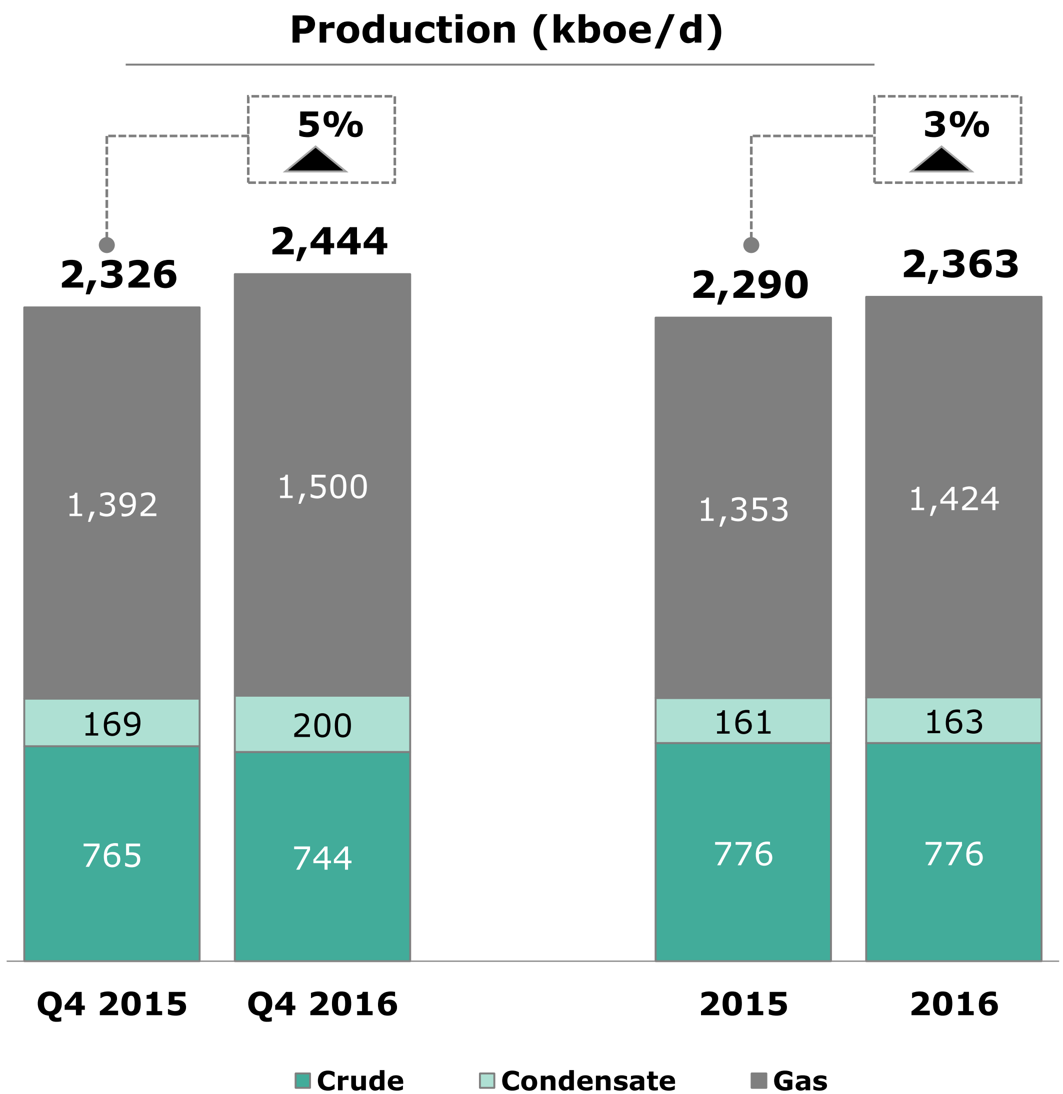
Overall higher results compared to prior year

Higher than 2015 corresponding period

- Q4 2016 (↑ 5%)
- 2016 (↑ 3%)

Strong Upstream Performance :

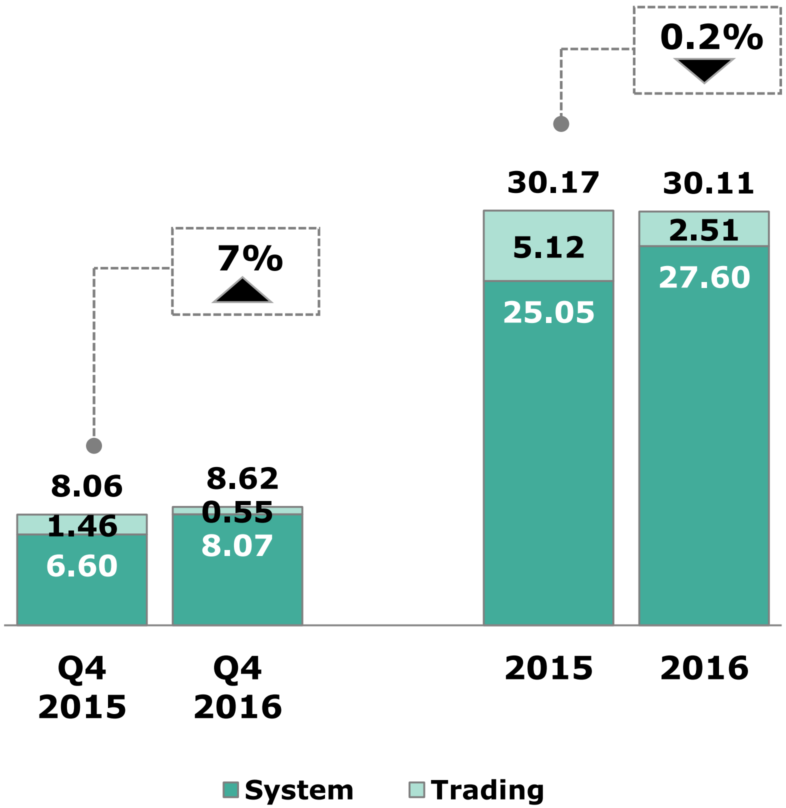
- Resumption of operations of the Sabah Sarawak Gas Pipeline (SSGP)
- Higher facilities uptime and efficiency in Malaysia and Canada
- Higher Peninsular Malaysia gas production to support shortfall in imported gas
- Higher production from Indonesia and Australia
- Partially offset by natural decline rate



Operational Highlights

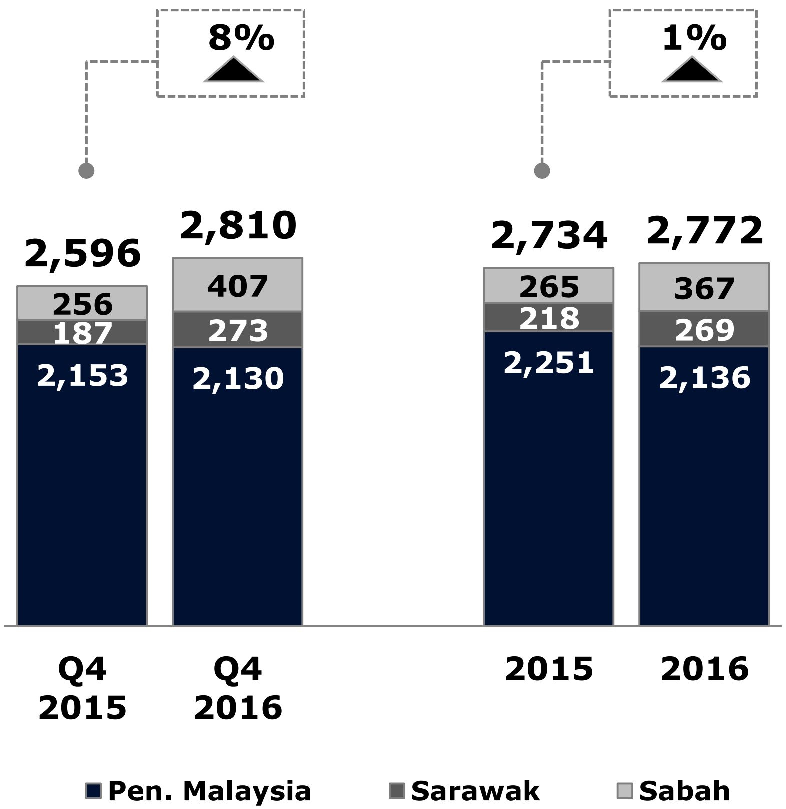
Marginally lower 2016 LNG sales volume and higher Malaysia average sales gas delivered

LNG Sales Volume (mil tonnes)



LNG sales volume in 2016 was marginally lower as compared to 2015 mainly due to lower trading volume, partially offset by higher volumes from Train 9 and Gladstone LNG

Malaysia Sales Gas Delivery (mmscfd)



Malaysia average sales gas volume was higher compared to the corresponding period in 2015 mainly due to higher demand

Downstream Business

Downstream Growth Projects

Progressing well within expectations

PIC

- Awarded engineering, procurement, construction and commissioning (EPCC) package for Flexi-PE[1] project in November 2016
- As at February 2017, the Pengerang Integrated Complex (PIC) project is nearly at 60% overall project progress

SAMUR

- Successfully produced on-specification urea and are now in the process of ramping up the plant for full commercial operations
- Expected Initial Acceptance in March 2017

BPC[2] Projects

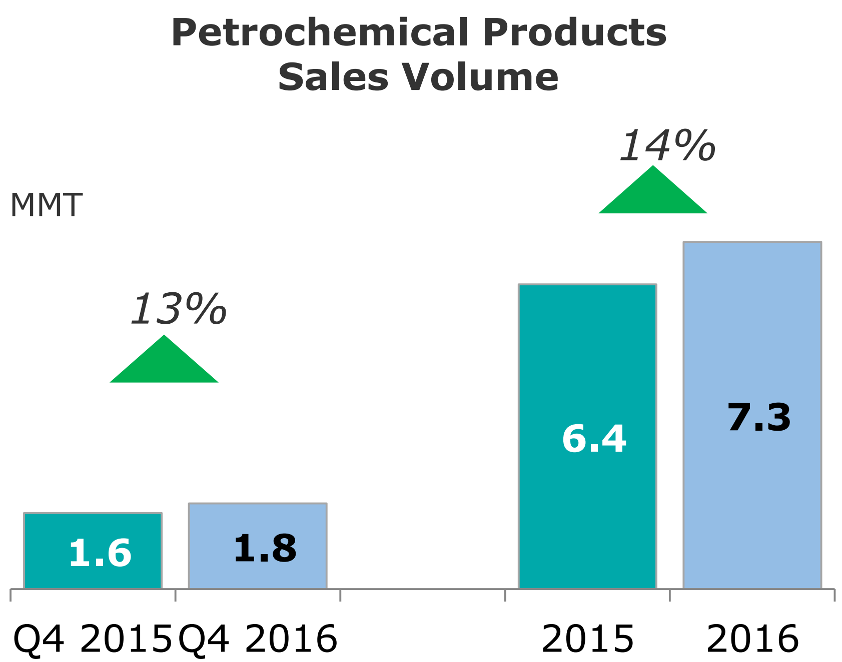
- Integrated Aroma Ingredients Complex progressing well to meet the range of 2017 start-up schedule
- Successfully produced on-specification 2-EHAcid[3] in late 2016
- HR-PIB[4] is expected to be commissioned as per plan in 2017

[1]Flexi Polyethylene

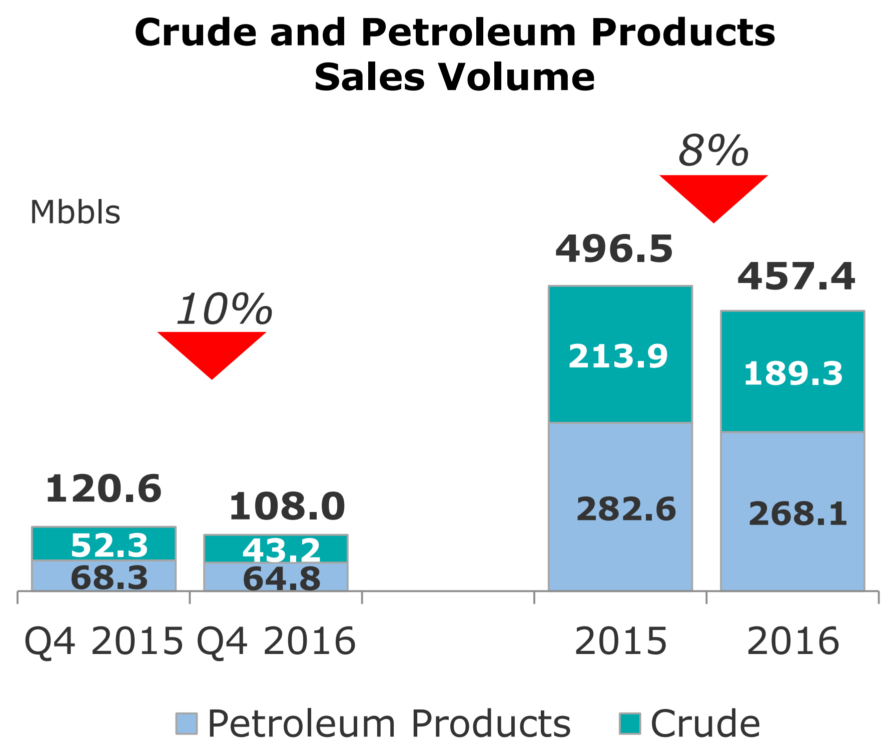
[2]BASF PETRONAS Chemicals Sdn Bhd
[3]2-Ethylhaxanoic Acid
[4]Highly Reactive Polyisobutene

Downstream Sales Volume

Outstanding operational performance for Petrochemical and value focused trading portfolio led to better returns



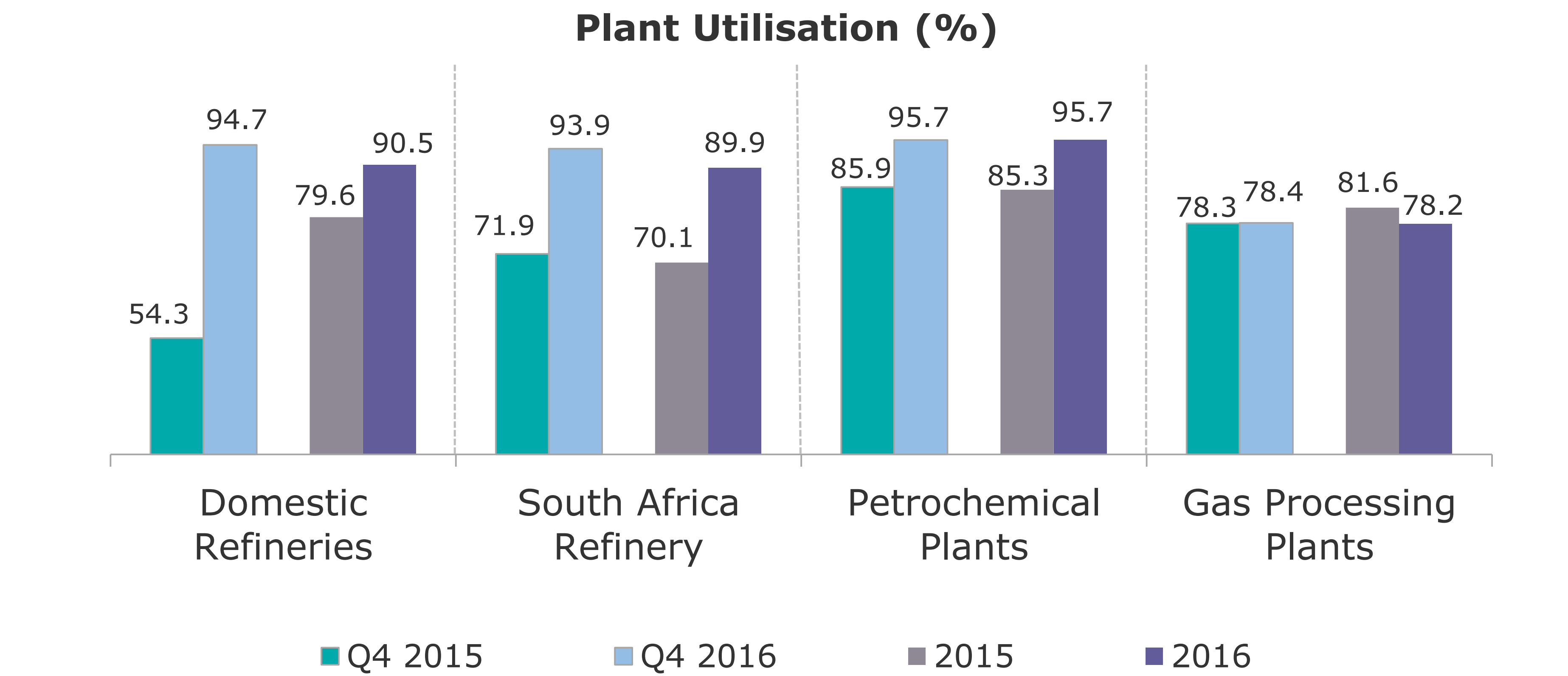
Increased sales attributed by exceptional plant utilisation and strong operational reliability



Rationalisation of marketing and trading strategies towards value focused activities, resulted in higher margins despite lower volumes

Plant Utilisation

Record plant utilisation for overall manufacturing units supported by stable and reliable operations



Pushing the boundaries and collaboration across the value chain have led to sustainable higher plant utilisation in 2016 except for gas processing plants due to lower demand

Thank you