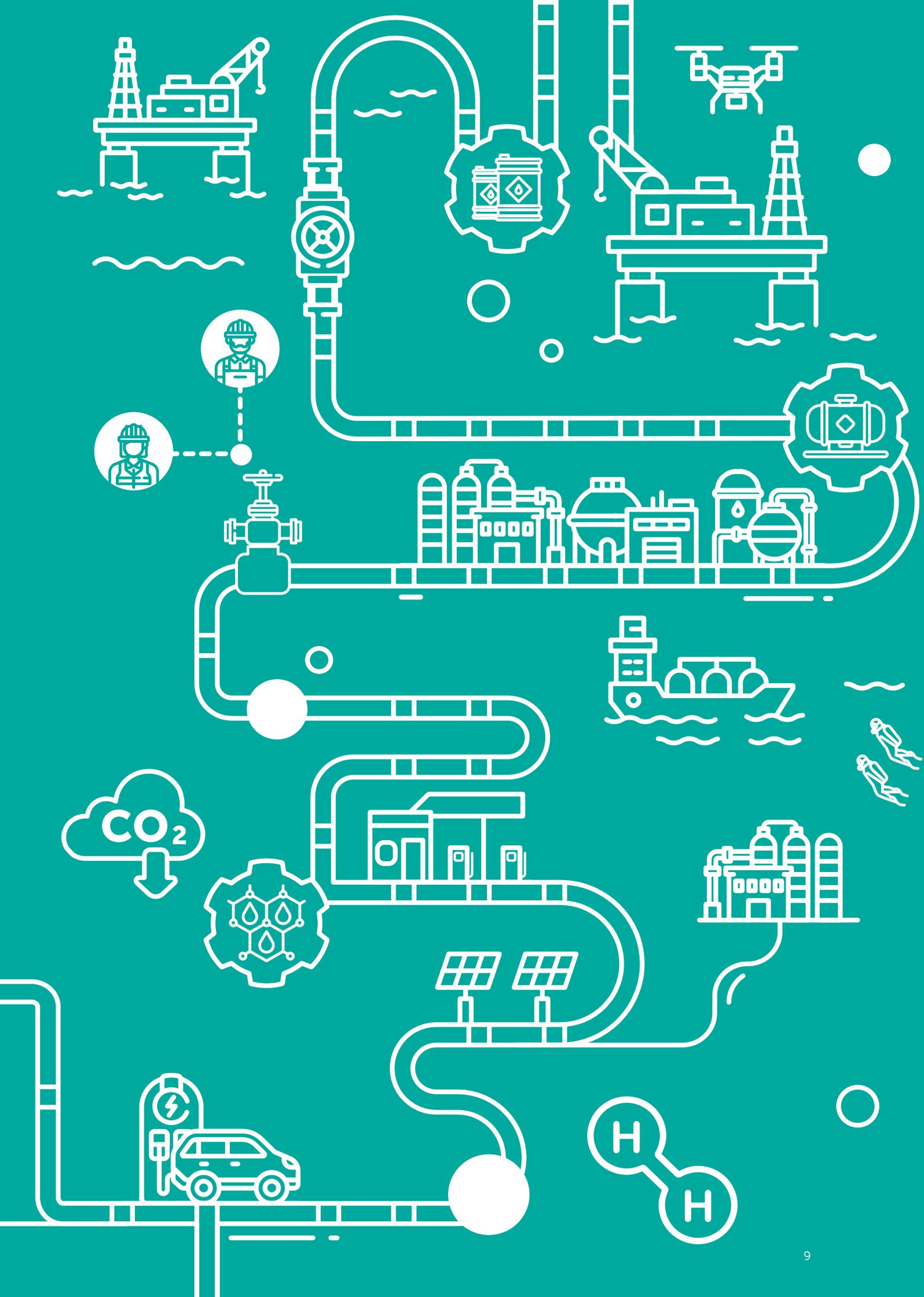


when insight meets innovation

Industry Overview





Energy: Security in Focus

Geopolitical conflicts in Europe and the Middle East have put the oil and gas market on edge, amid concerns that supply may be disrupted. Higher energy prices as a result of these conflicts could slow economic growth at a time when interest rates are at higher levels due to central banks' efforts to tame inflation.

High interest rates are keeping costs high, yet the need for energy security has made it crucial for players to invest today, to ensure supply continues to flow to consumers to meet their energy needs. Across the globe, major oil and gas companies have taken Final Investment Decisions (FIDs) on projects put on hold during the COVID-19 pandemic as the near-term outlook for demand improves.

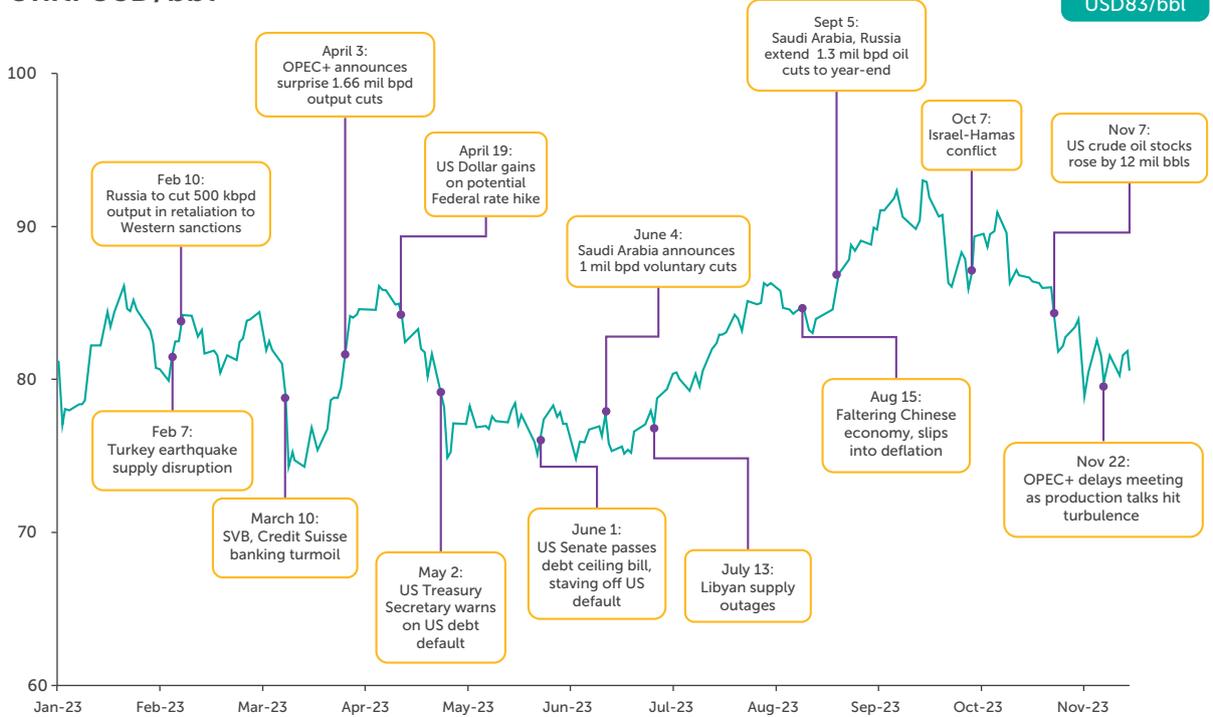
Grappling with rising costs, players are tapping into technology to put a cap on prices of services from the oil and gas services sector. Investing in technology is key to safety and efficiency improvements. Sustainable operations, where every player in the oil and gas sector embraces and adopts measures to reduce emissions and cut waste, are paramount to showcase the industry's decisive move to remain relevant as energy transition accelerates.

With peak oil demand fast approaching, the industry will eventually be relying on barrels that are produced at the lowest cost and lowest emission possible. As partners in the exploration and production of these barrels, we will be ahead of the game through fast technology deployment that keep costs down, upskilling of talent in a faster-paced world and possessing an agile mindset to fight climate change.

Natural gas is the key fuel, especially for emerging markets, to meet their goals of reducing emissions. For PETRONAS, gas makes up more than half of our oil and gas portfolio. We have the fuel that is pivotal in the energy transition, and our partners will play a crucial role in helping Malaysia and other nations gain energy security through natural gas. As oil loses traction in the transport sector, the transformation of its use will come from the downstream sector, where it has also made leaps and bounds in its pursuit towards sustainability. This has also increased demand for packaging and lighter materials, which will require the petrochemicals industry to continue innovating.



Daily Dated Brent Prices Unit: USD/bbl

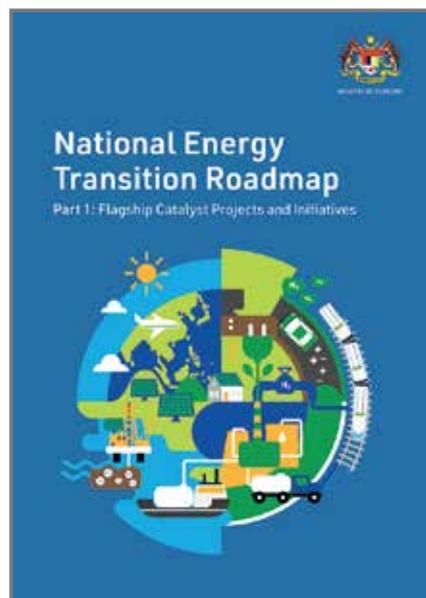


Source: Argus, PETRONAS internal analysis

The National Energy Transition Roadmap (NETR) in Accelerating the Nation’s Green and Sustainable Growth Agenda

The National Energy Transition Roadmap (NETR) was developed by the Malaysian Government to expedite energy transition initiatives. It plays a vital role in guiding Malaysia’s transition from a traditional fossil fuel-based economy to a high-value green economy. The NETR requires a whole-nation approach, encompassing Federal and State Governments, the industry, the general public and the international community.

Ten flagship catalyst projects under the NETR will address the six energy transition levers; green mobility, bioenergy, hydrogen, energy efficiency (EE), renewable energy (RE) and carbon capture utilisation and storage (CCUS). Malaysia’s commitment is further strengthened by the NETR, which lays out the framework for national energy mix, greenhouse gas emission reduction and energy transition programmes.



For more details on the National Energy Transition Roadmap, please scan the QR code.

