



PETRONAS

PETRONAS Group Financial Results Announcement

Q2 2017

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YTD Q2 2017 Key Features

Performance

- Higher underlying* net profit of RM20.3 billion for YTD Q2 2017 compared to RM18.2 billion recorded in YTD Q2 2016
- 34% increase in YTD Q2 2017 EBITDA to RM45.2 billion compared to RM33.6 billion in YTD Q2 2016
- Improved margins arising from better oil prices and internal transformation efforts

Operations

- Progress of projects:
 - Pengerang Integrated Complex (PIC) achieved 70% completion
 - SAMUR** reaching Initial Acceptance
 - First cargo delivered for PFLNG 1 in April 2017

Outlook

- Overall year end performance expected to be fair
- PETRONAS continues to focus on improving:
 - operational efficiency
 - quality of its assets
 - cost optimisation

*Excluding identified items mainly comprising net impairment on assets and in 2017, includes non FID costs for PNW LNG project in Canada

**SAMUR (also known as PETRONAS Chemical Fertiliser Sabah Sdn Bhd)

Key Indicators

YTD Q2 2016		YTD Q2 2017		Q1 2017		Q2 2017		Q2 2016
39.73	↑	51.80	Dated Brent (USD/bbl)	53.78	↓	49.83	↑	45.57
34.66	↑	51.30	JCC single-month (USD/bbl)	47.67	↑	54.93	↑	33.18
4.11	↑	4.39	USD/MYR*	4.45	↓	4.33	↑	4.01
Crude oil, condensate and natural gas (kboe/d)								
2,391	↓	2,342	Production**	2,387	↓	2,297	↓	2,329
1,731	↑	1,778	Entitlement***	1,850	↓	1,706	↑	1,648

* 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

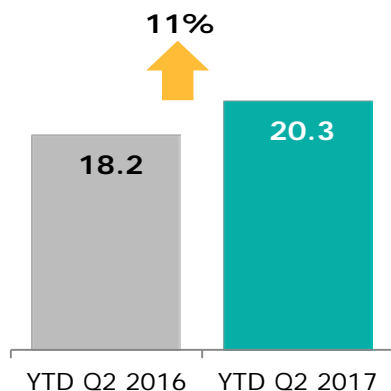
% change	YTD Q2 2016	YTD Q2 2017	Key Financial Indicators (RM bil)	Q2 2017	Q2 2016	% change
15.4	93.7	108.1	Revenue	51.6	46.9	10.0
>100	10.3	26.1	Profit before tax (PBT)	10.6	3.3	>100
>100	6.4	17.3	Profit after tax (PAT)	7.0	1.7	>100
74.6	(11.8)	(3.0)	Identified items*	(2.8)	(8.0)	65.0
11.5	18.2	20.3	PAT excluding identified items (PAT*)	9.8	9.7	1.0
34.5	33.6	45.2	EBITDA	20.6	17.8	15.7
5.9	35.9	41.8	EBITDA Margin (%)	39.9	37.9	2.0
55.5	25.6	39.8	CFFO	21.8	15.9	37.1
(15.5)	25.2	21.3	Capital Investments	9.4	13.9	(32.4)

*Mainly comprise net impairment on assets and in 2017, includes non FID costs for PNW LNG project in Canada

YTD Q2 2017 Group Financial Results

PAT*

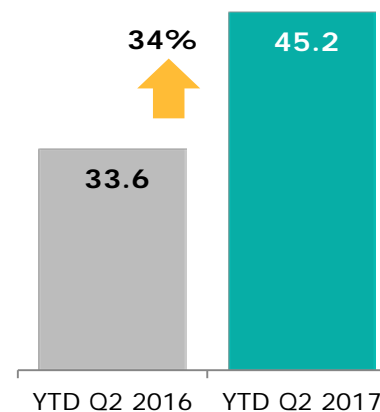
RM bil



- + • higher average realised prices
- higher amortisation of Oil & Gas Properties
- • higher tax expenses
- higher net foreign exchange losses

EBITDA

RM bil



- + • higher average realised prices
- • higher net foreign exchange losses

EBITDA Margin (%) YTD Q2 2016
41.8 35.9
↑ **6%**

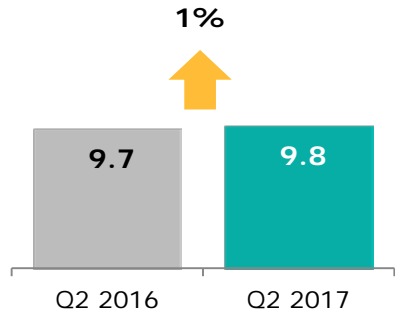
Improved margin mainly due to higher average realised prices and cost optimisation

*Excluding identified items mainly comprising net impairment on assets and in 2017, includes non FID costs for PNW LNG project in Canada

Q2 2017 Y-o-Y Group Financial Results

PAT*

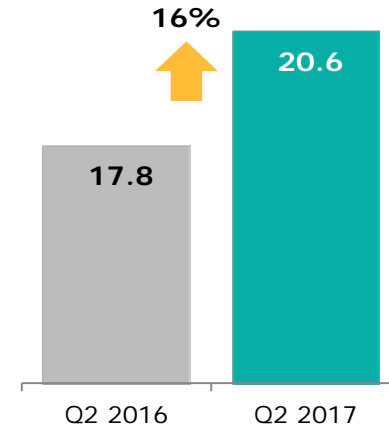
RM bil



- + • higher average realised prices
- • net foreign exchange losses
- • higher amortisation of Oil & Gas Properties

EBITDA

RM bil



- + • higher average realised prices
- • net foreign exchange losses

EBITDA Margin (%)

39.9

Q2 2016
37.9
↑ 2%

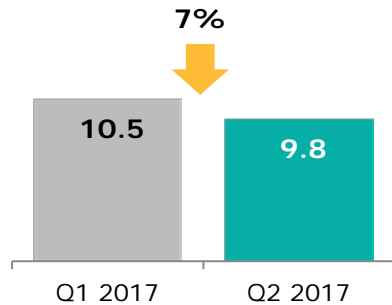
Improved margin mainly due to higher average realised prices and cost optimisation

*Excluding identified items mainly comprising net impairment on assets and in 2017, includes non FID costs for PNW LNG project in Canada

Q2 2017 Q-o-Q Group Financial Results

PAT*

RM bil



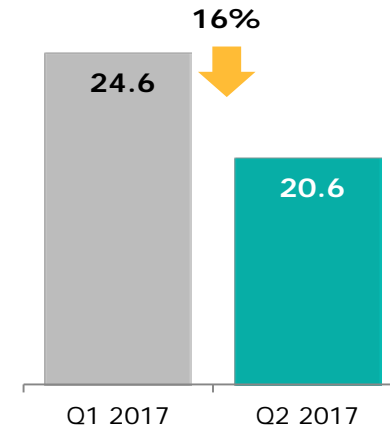
- lower sales volume for crude oil & condensate and LNG
- lower average realised prices



- lower tax expenses

EBITDA

RM bil



- lower sales volume for crude oil & condensate and LNG
- lower average realised prices

EBITDA Margin (%)

39.9

Q1 2017

43.5

↓ 4%

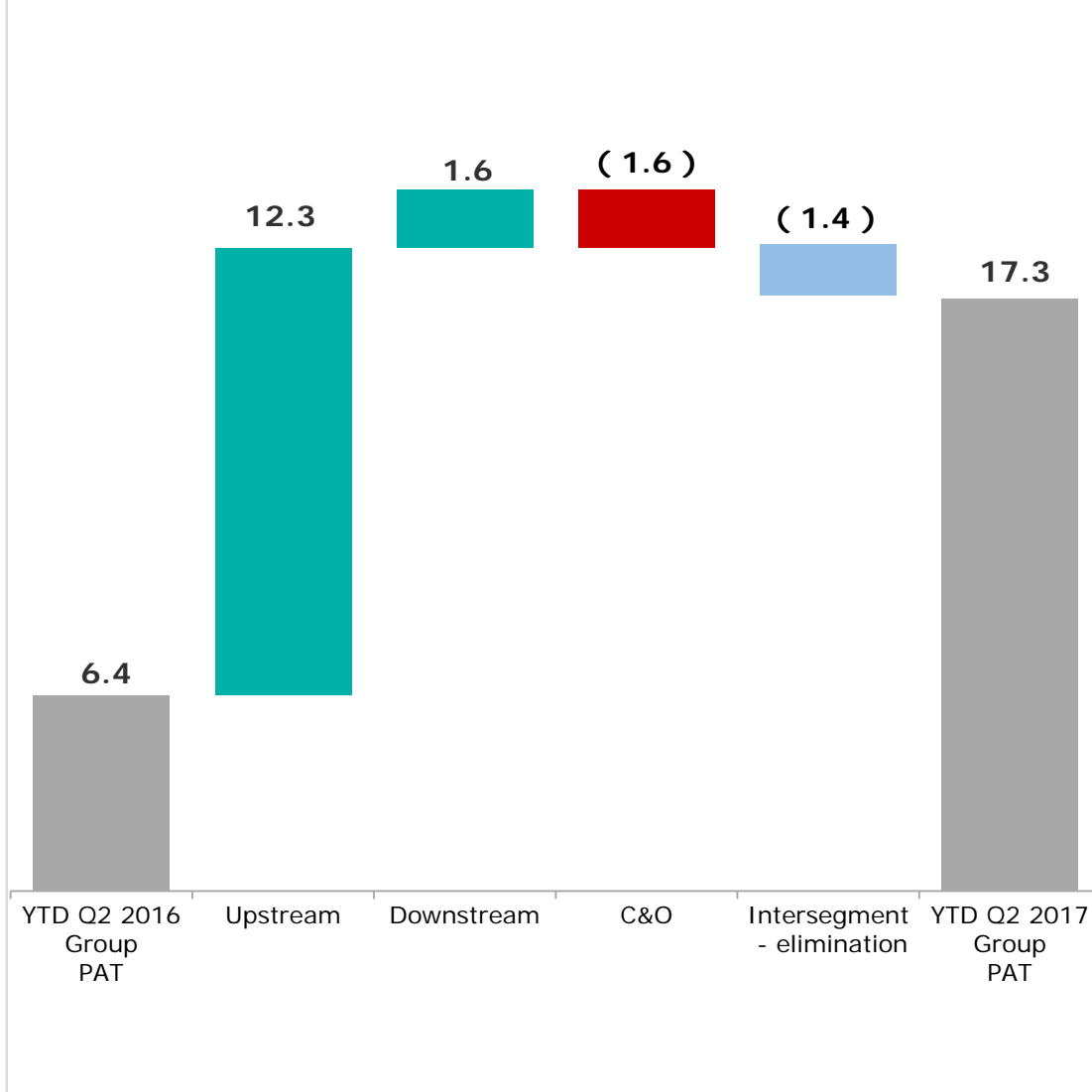
Lower margin mainly due to lower average realised prices

*Excluding identified items mainly comprising net impairment on assets and in 2017, includes non FID costs for PNW LNG project in Canada

Business Segment Results

In RM bil

PAT by Business Segments



Higher YTD PAT mainly due to:

Upstream:

- higher average realised prices
- lower net impairment on assets

Downstream:

- better petrochemical product spreads
- higher trading and marketing margins

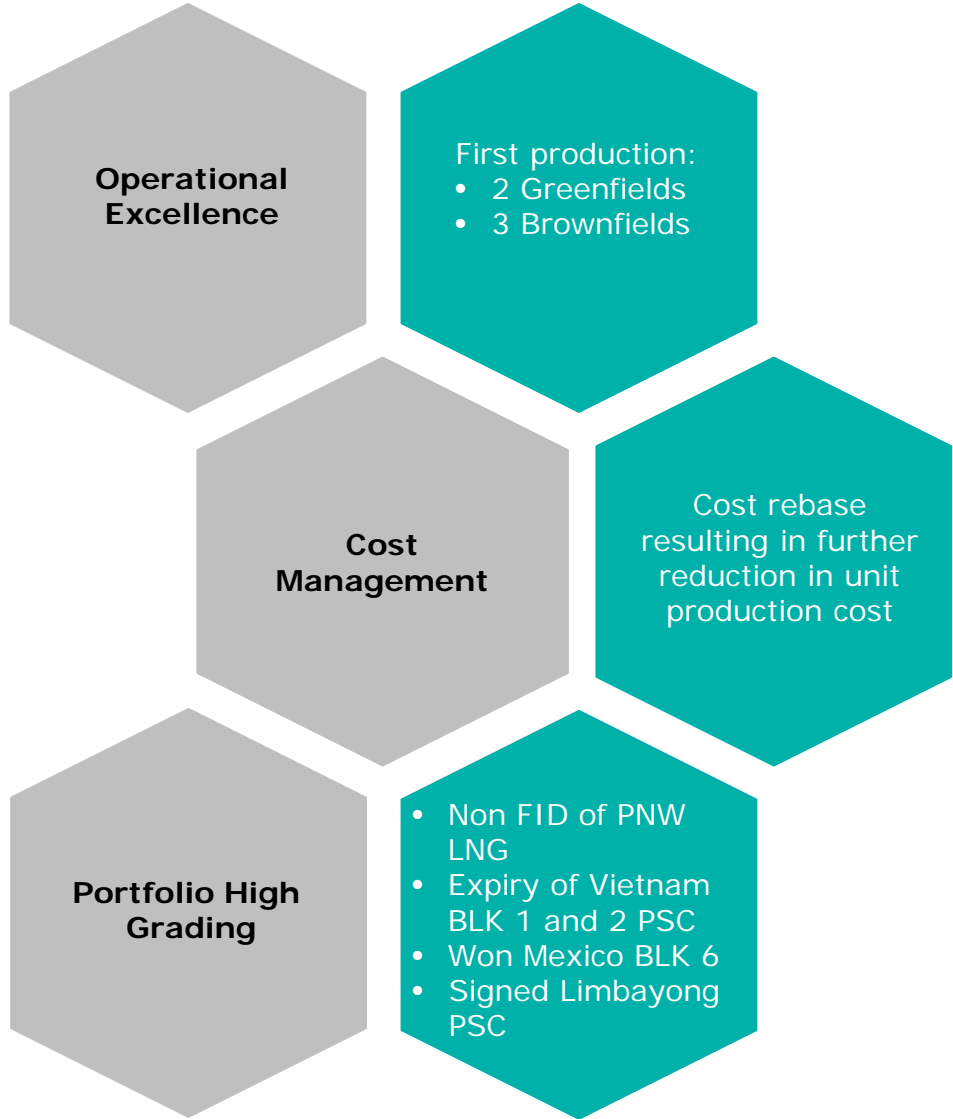
partially offset by:

Corporate & Others

- higher net foreign exchange losses

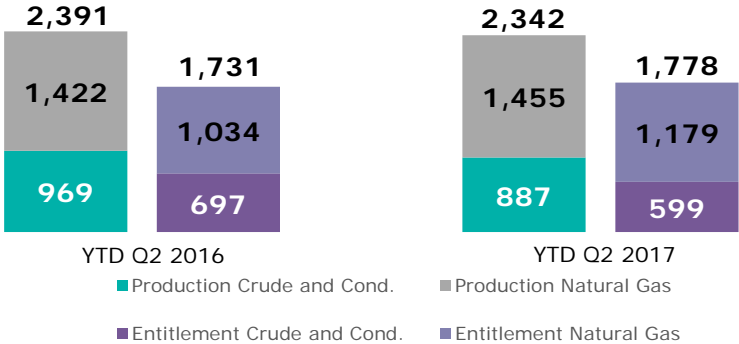
YTD Q2 2017 Upstream Performance

Focus Areas



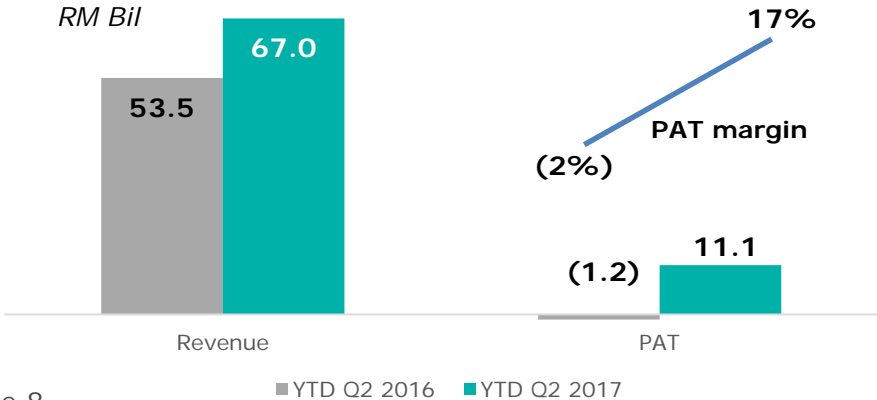
Operational Performance

Production and Entitlement (kboe/d)



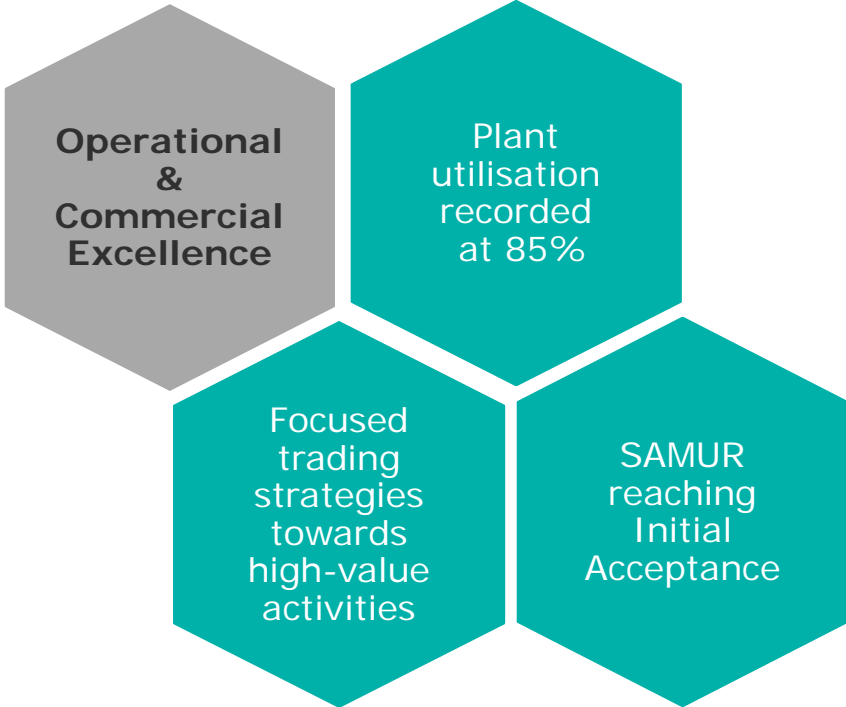
Products	YTD Q2 2016	YTD Q2 2017
Malaysia avg. sales gas volume (mmscfd)	2,772	2,745
LNG sales volume (million tonnes)	14.4	14.7

YTD Financial Performance



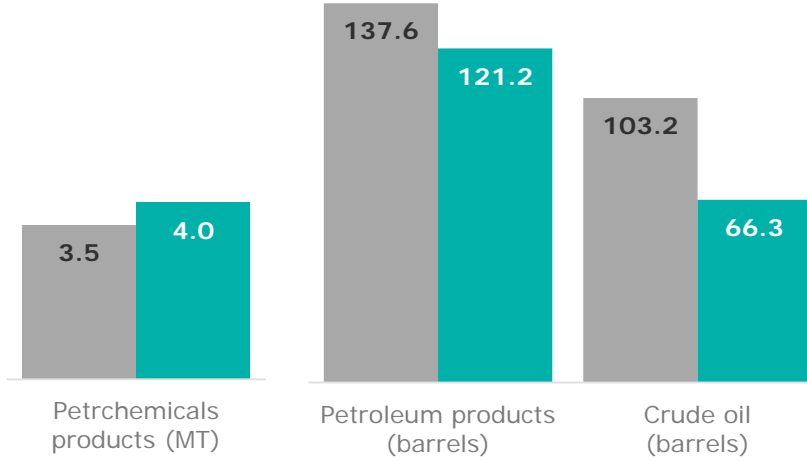
YTD Q2 2017 Downstream Performance

Focus Areas



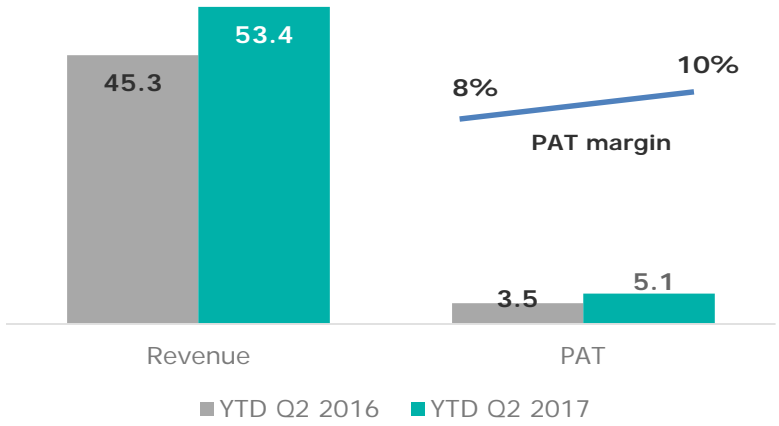
Operational Performance

Sales Volume (Million)



Financial Performance

RM Bil

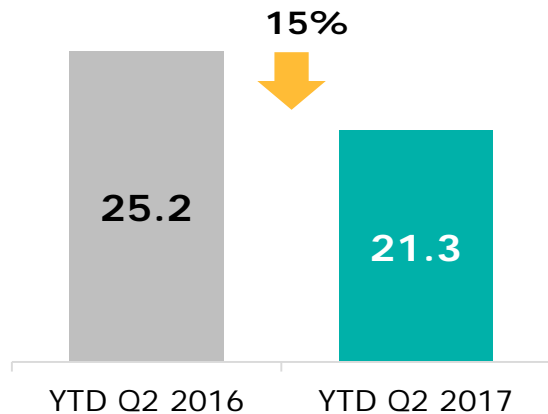


*Also known as PETRONAS Chemicals Fertiliser Sabah
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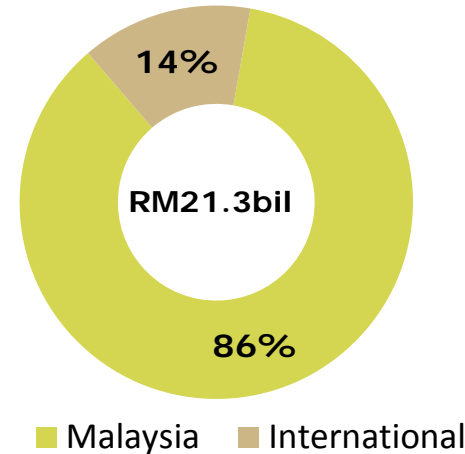
Capital investments and controllable costs

Capital investments

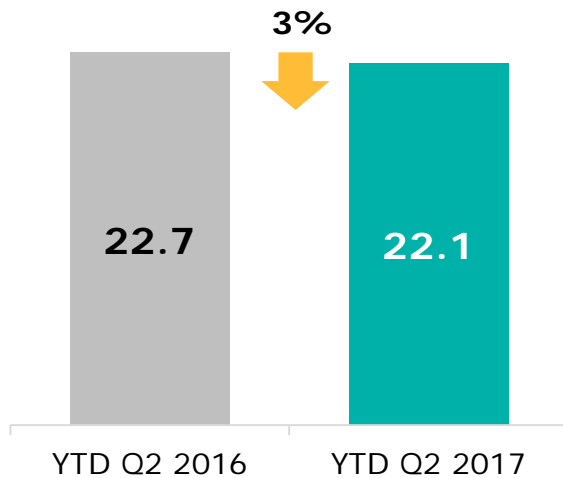
RM Bil



YTD Q2 2017 Capital investments



Controllable Costs*



- Reduction in controllable costs of RM0.6 billion due to internal cost management efforts

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

Other Financial Highlights

Cash Flows YTD Q2 2017

RM Bil



Net Inflows

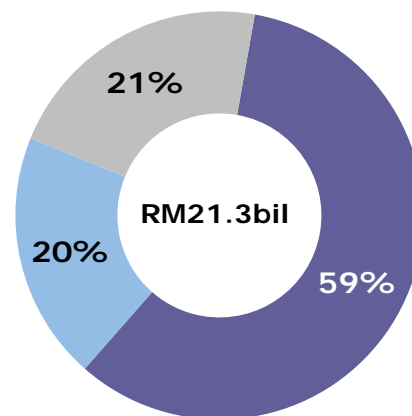
Net Outflows

- Cash from operations
- Cash from financing

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

Significant Items

- Total assets at RM596.6 bil (↓ 1.1%¹)
- Shareholders' equity at RM375.8 bil (↓ 1.2%¹)
- Cash and fund investments at RM138.0 bil
- Borrowings at RM65.7 bil
- Gearing at 17.1% (↓ from 17.4%²)
- ROACE³ at 8.0% (↑ from 5.4%²)



- RAPID
- Exploration & Development
- Others

Notes:

¹Compared to 31 December 2016

²As at 31 December 2016

³ROACE is calculated as trailing 12 months profit before interest expense after tax divided by average total equity and long term debt during the period.



PETRONAS

Upstream Business

Operational Highlights – Q2 2017

Focused delivery across the value chain

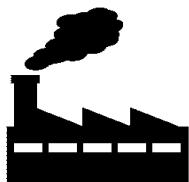


5 projects achieved
1st Hydrocarbon
(2 Greenfield, 3 Brownfield)



PETRONAS FLNG1

1st Cargo delivered to GAIL (India) in April 2017. 2nd cargo delivered to CPC, Taiwan in June 2017



Non FID of PNW LNG

project & PRGT pipeline termination in Canada



Won Mexico Block 6

[PC Carigali Mexico Operations S.A. de C.V. (50%), Ecopetrol (50%)]



GAS ADVOCACY

- Cabinet approved **minimum gas volume** for power sector, and automatic price increase until it reaches market parity
- Supporting Government agencies to review long term generation mix to meet **Nation's commitment** in the Paris Agreement



Limbayong PSC signed

a deepwater development field was signed in June 2017

CORAL 2.0
Cost Reduction Alliance
Reimagining Cost Competitiveness

YTD RM 1.0 bil cost savings

through industry-wide cost optimisation, improved efficiencies and innovation in the Oil and Gas industry in Malaysia

Operational Highlights

Overall lower Q2 2017 results compared to prior year

Production (kboe/d)

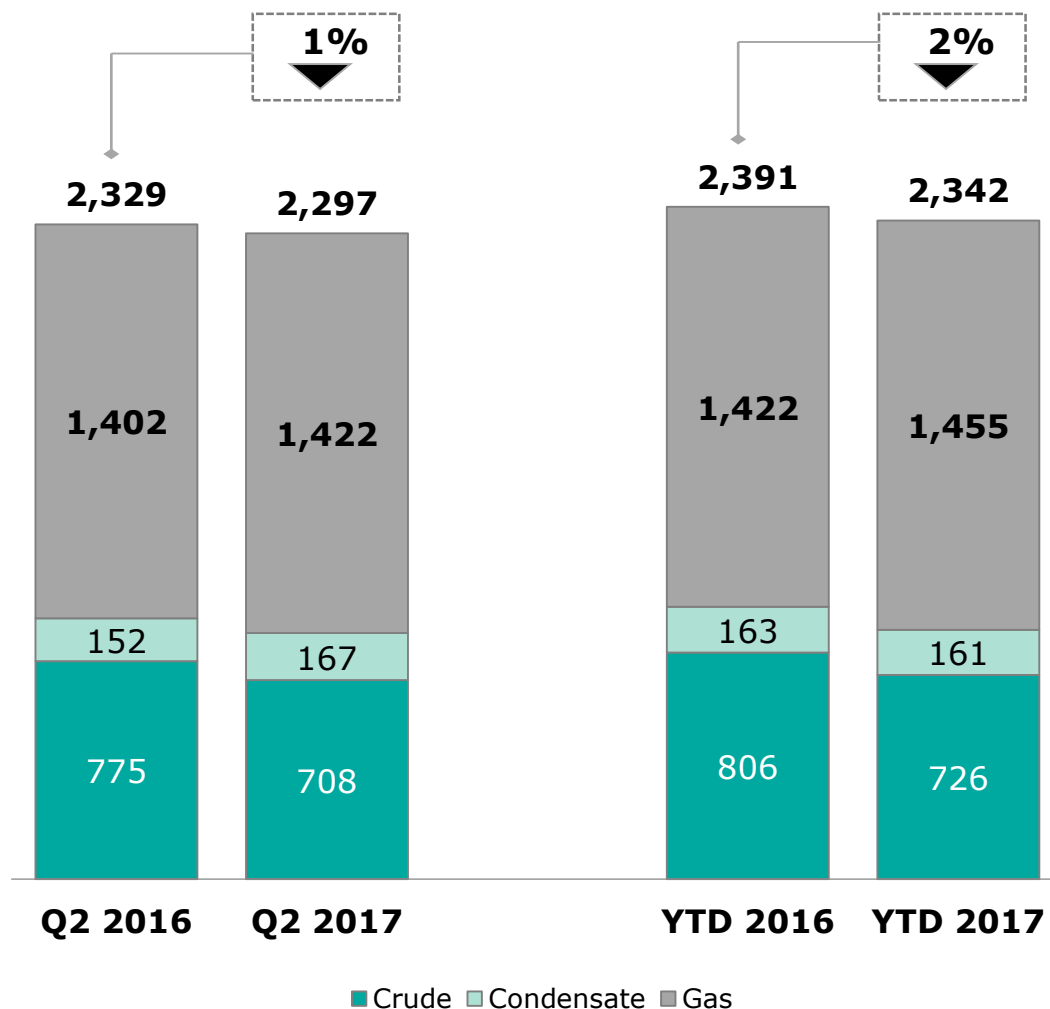
Lower than 2016 corresponding period

- Q2 2017 (↓ 1%)
- YTD 2017 (↓ 2%)

- Lower Iraq entitlement
- Lower activities in Canada
- Higher reservoir decline rate in JDA and Egypt

Partially offset by :

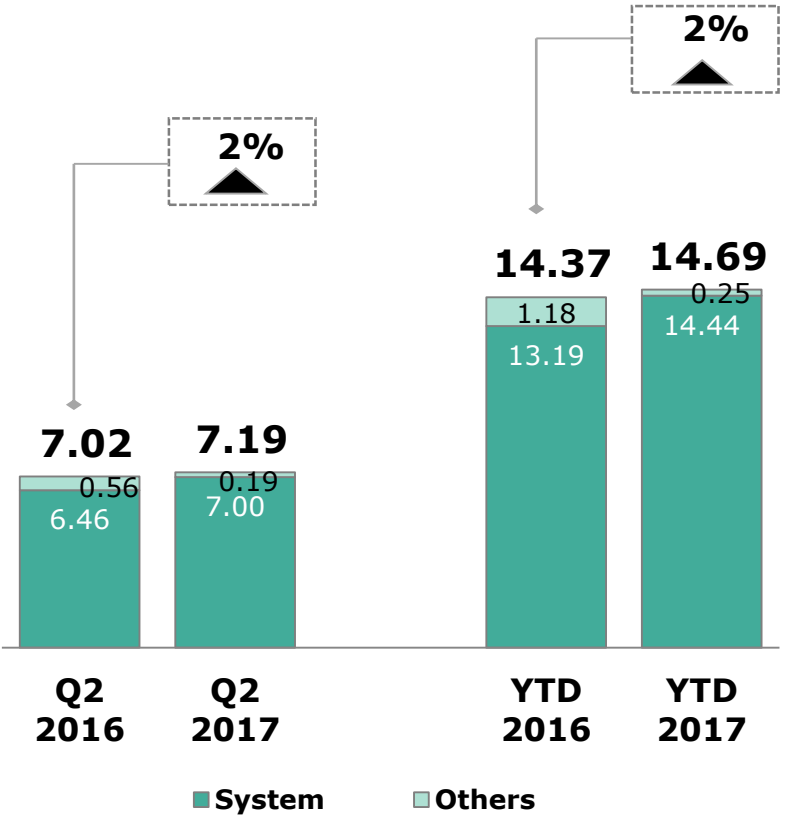
- Higher gas availability in Sarawak



Operational Highlights

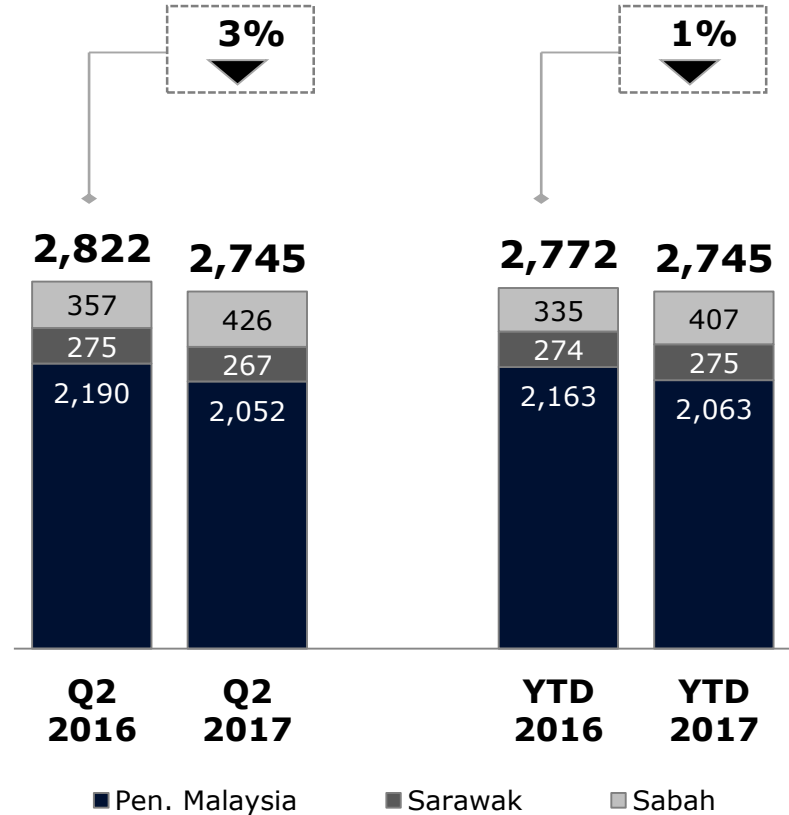
Higher LNG sales volume compared to prior year

**LNG Sales Volume
(mil tonnes)**



LNG sales volume for 2017 was higher as compared to 2016 mainly due to higher volume from Train 9 in Bintulu and Egyptian LNG coupled with new volume from PETRONAS Floating LNG 1.

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



Lower Malaysia average sales gas volume compared to prior year mainly due to lower demand



PETRONAS

Downstream Business

Downstream Growth Projects

Progressing well within expectations



Pengerang Integrated Complex (PIC)

The overall PIC project achieved 70% completion as of June 2017 with 7% progress during the second quarter of 2017.



BPC¹ Projects

The commissioning process of the Integrated Aroma Ingredients Complex and Highly Reactive Polyisobutene (HR-PIB) are on-track to meet the planned start-up schedule in the fourth quarter of 2017.

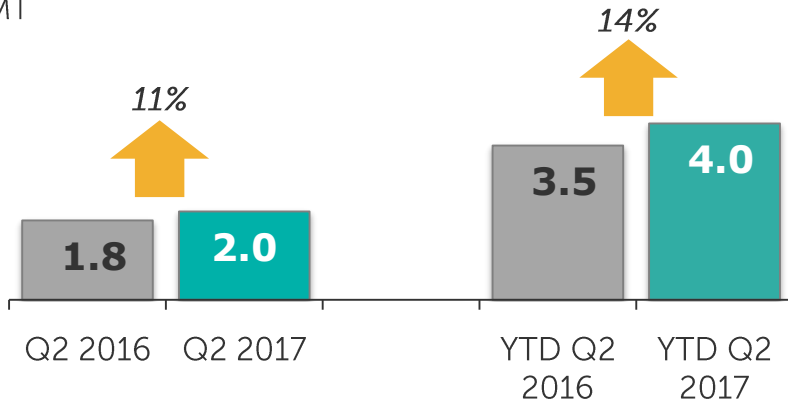
¹BASF PETRONAS Chemicals Sdn Bhd

Downstream Sales Volume

Petrochemical sales boosted by SAMUR, coupled with value focused crude and petroleum products trading portfolio led to better returns for 1H 2017

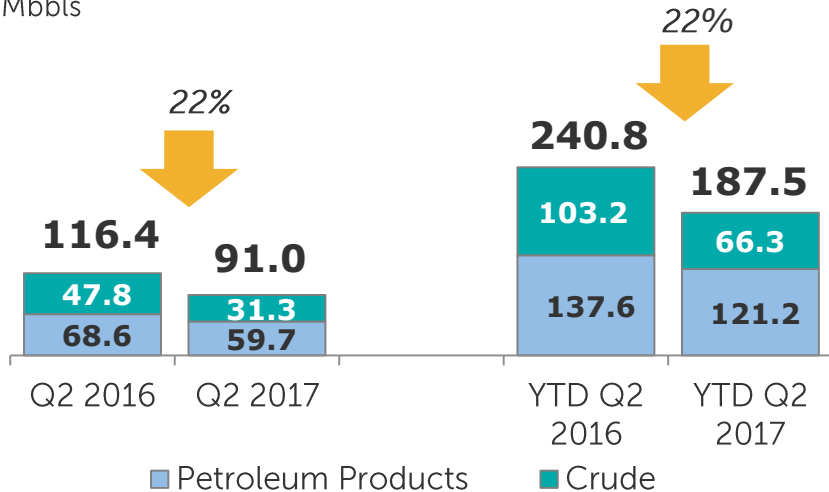
PETROCHEMICAL PRODUCTS

MMT



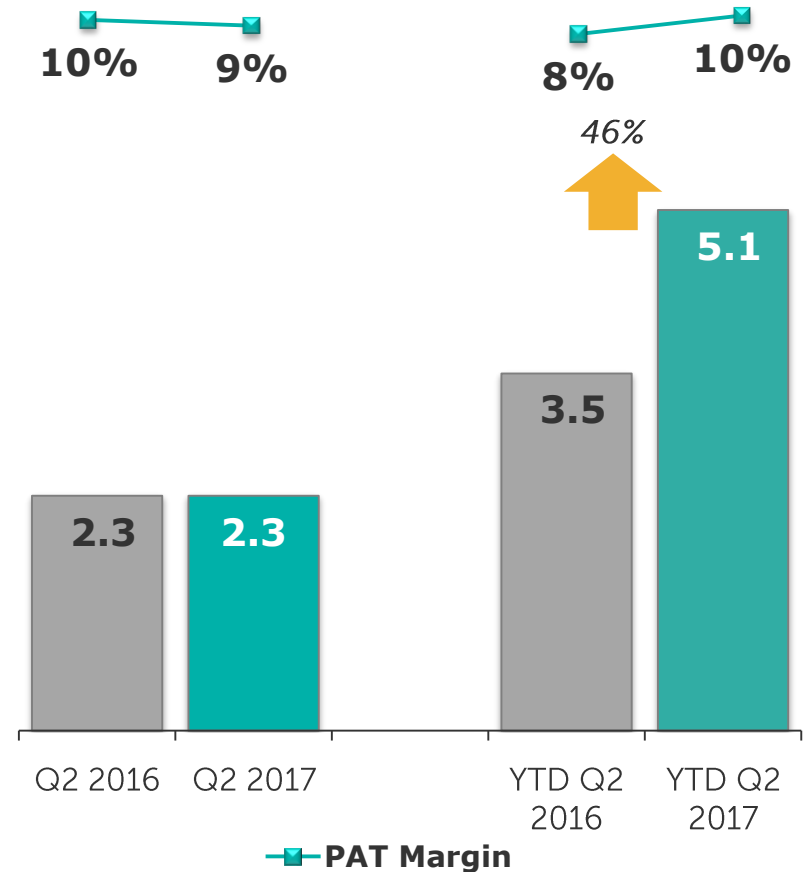
CRUDE & PETROLEUM PRODUCTS

Mbbbls



PAT

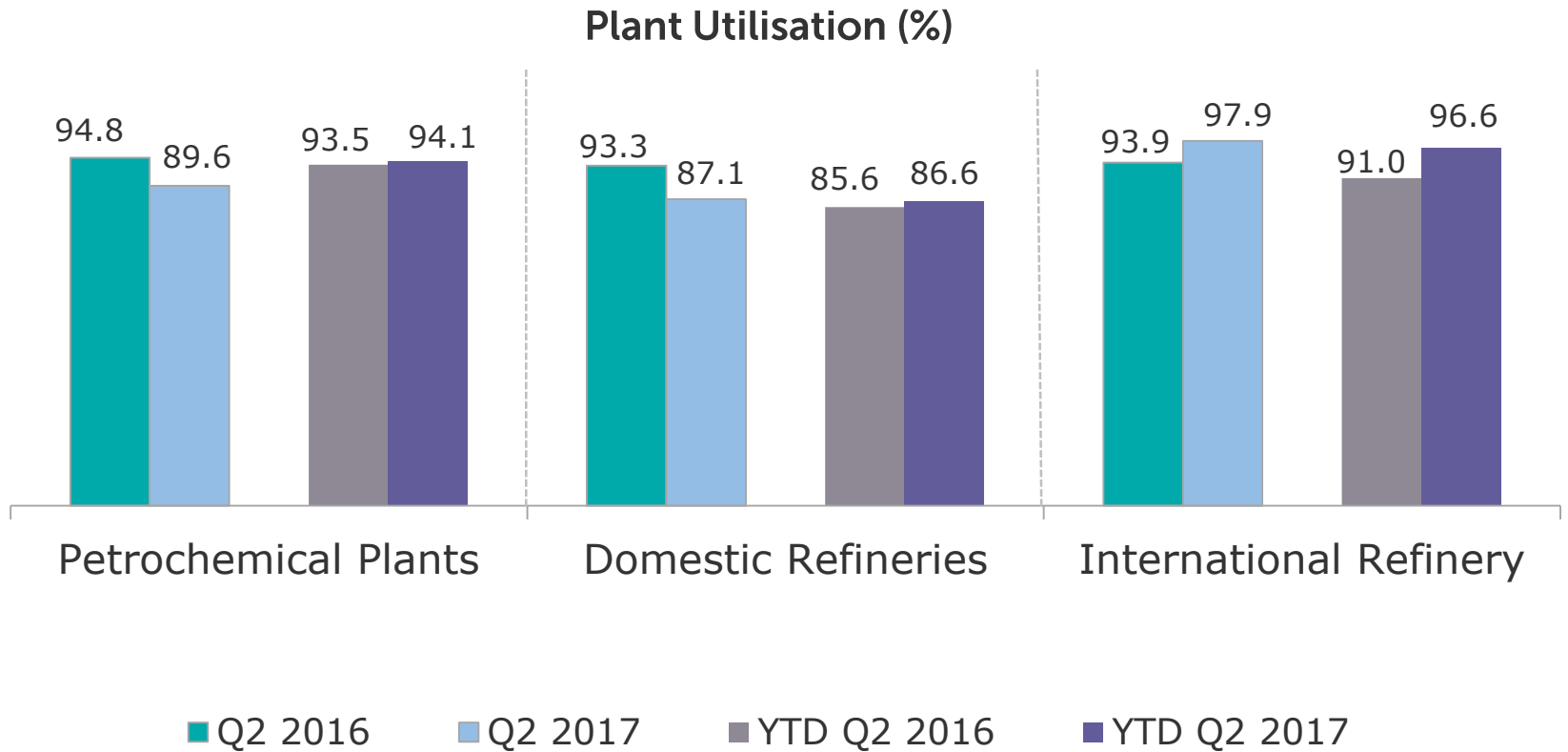
RM Bil



Note: SAMUR (also known as PETRONAS Chemical Fertiliser Sabah Sdn Bhd)

Plant Utilisation

Improved utilisation over 1H 2017 recorded by all manufacturing units



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 path from the bottom left towards the top right, with some shapes appearing more prominent than others due to their opacity and position.