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**Q1 2017 Key Features**

### Performance
- Higher underlying* profit of RM10.5 billion for Q1 2017 compared to RM8.4 billion recorded in Q1 2016
- Improved results due to continued recovery of oil prices and internal efforts

### Operations
- Progress of projects:
  - Pengerang Integrated Complex (PIC) at 63% as at 31\(^{st}\) Mar 2017
  - SAMUR plant reached full design capacity, contribution to Group’s results from Q2 onwards

### Outlook
- Overall year end performance expected to be fair as supply and demand balances are still slow to return to a sustained equilibrium
- PETRONAS will continue to focus on:
  - cost optimisation
  - efficiency improvements
  - operational excellence

*Excluding identified items mainly comprising net impairment on assets*
## Key Indicators

<table>
<thead>
<tr>
<th></th>
<th>Q1 2016</th>
<th>Q1 2017</th>
<th>Q4 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Dated Brent (USD/bbl)</td>
<td>33.89</td>
<td>53.78</td>
<td>49.46</td>
</tr>
<tr>
<td>Average JCC single-month (USD/bbl)</td>
<td>36.13</td>
<td>47.67</td>
<td>46.22</td>
</tr>
<tr>
<td>Average USD/MYR</td>
<td>4.20</td>
<td>4.45</td>
<td>4.32</td>
</tr>
</tbody>
</table>

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Crude oil, condensate and natural gas (kboe/d)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production*</td>
<td>2,452</td>
<td>2,387</td>
<td>2,444</td>
</tr>
<tr>
<td>Entitlement**</td>
<td>1,815</td>
<td>1,850</td>
<td>1,909</td>
</tr>
</tbody>
</table>

*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
## Key Financial Highlights

<table>
<thead>
<tr>
<th>RM bil</th>
<th>Q1 2017</th>
<th>Q4 2016</th>
<th>Q1 2016</th>
<th>Y-o-Y % change</th>
<th>Q-o-Q % change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>61.6</td>
<td>58.6</td>
<td>49.1</td>
<td>25</td>
<td>5</td>
</tr>
<tr>
<td>Profit before tax (PBT)</td>
<td>15.5**</td>
<td>15.6</td>
<td>6.8</td>
<td>&gt;100</td>
<td>(1)</td>
</tr>
<tr>
<td>Profit after tax (PAT)</td>
<td>10.3**</td>
<td>11.3</td>
<td>4.6</td>
<td>&gt;100</td>
<td>(9)</td>
</tr>
<tr>
<td>Identified items*</td>
<td>0.2</td>
<td>3.8</td>
<td>3.8</td>
<td>(95)</td>
<td>(95)</td>
</tr>
<tr>
<td>Profit after tax excluding identified items (PAT*)</td>
<td>10.5**</td>
<td>15.1</td>
<td>8.4</td>
<td>25</td>
<td>(30)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>24.6</td>
<td>21.9</td>
<td>15.6</td>
<td>58</td>
<td>12</td>
</tr>
<tr>
<td>EBITDA Margin (%)</td>
<td>39.9</td>
<td>37.4</td>
<td>31.8</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>CFFO</td>
<td>18.0</td>
<td>17.7</td>
<td>9.7</td>
<td>86</td>
<td>2</td>
</tr>
<tr>
<td>Capital Investments</td>
<td>11.9</td>
<td>14.4</td>
<td>11.2</td>
<td>6</td>
<td>(17)</td>
</tr>
</tbody>
</table>

*Mainly comprise net impairment on assets

**PBT and PAT numbers of Q1 2017 include impact of higher amortisation of oil and gas properties following the change in estimates of the Group’s oil and gas reserves base for the purpose of amortisation computation from proved and probable (2P) equity reserves to proved (1P) entitlement reserves.
Q1 2017 Y-o-Y Group Financial Results

**EBITDA**

- **Q1 2016**: RM 15.6 bil
- **Q1 2017**: RM 24.6 bil

**EBITDA Margin (%)**

- **Q1 2016**: 31.8%
- **Q1 2017**: 39.9%

*Excluding identified items mainly comprising net impairment on assets*

**Improved margin mainly due to higher average realised prices**

**Financial Highlights**

- **25%**
- **58%**

- **•** higher average realised prices
- **•** higher tax expenses
- **•** higher amortisation of Oil & Gas Properties
- **•** higher product costs
- **+**
- **+**
- **•** higher average realised prices
- **•** higher product costs

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**Q1 2017 Q-o-Q Group Financial Results**

**PAT**

- **RM bil**
  - Q4 2016: 15.1
  - Q1 2017: 10.5
  - **30%**

**EBITDA**

- **RM bil**
  - Q4 2016: 21.9
  - Q1 2017: 24.6
  - **12%**

**EBITDA Margin (%)**

- **Q4 2016: 37.4**
  - **↑ 2%**

Improved margin mainly due to higher average realised prices, lower impairment on receivables and well costs written off.

*Excluding identified items mainly comprising net impairment on assets*

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Higher Y-o-Y PAT across all business segments mainly due to:

**Upstream:**
- higher average realised prices
- lower net impairment on assets and well costs

**Downstream:**
- higher average realised prices
- better margins

**Corporate & Others**
- higher shipping income
- lower net foreign exchange loss
Q1 2017 Upstream Performance

Focus Areas

- Cost Optimisation
  - Unit cost efficiency to optimise cost and maximise margin
- Adoption of Best Practices
  - The adoption of proved (1P) entitlement reserves as the basis of amortisation
- Cost Management
- Optimisation of LNG molecules

Operational Performance

Production and Entitlement (kboe/d)

- **Q1 2016**
  - Production Crude and Cond.: 1,442
  - Production Natural Gas: 722
  - Entitlement Crude and Cond.: 1,010
  - Entitlement Natural Gas: 29.3

- **Q1 2017**
  - Production Crude and Cond.: 1,815
  - Production Natural Gas: 898
  - Entitlement Crude and Cond.: 1,489
  - Entitlement Natural Gas: 39.7

Financial Performance

- **Revenue**
  - Q1 2016: 29.3 RM Bil
  - Q1 2017: 39.7 RM Bil

- **PAT**
  - Q1 2016: 2.3 RM Bil
  - Q1 2017: 6.3 RM Bil

- **PAT margin**
  - Q1 2016: 8%
  - Q1 2017: 16%
**Q1 2017 Downstream Performance**

### Focus Areas

- **Operational & Commercial Excellence**
  - Highest petrochemical plant utilisation rate recorded at 99.2%
  - Sustaining solid plant performance in Q1 2017: OEE recorded at 94.4%
  - Value focused trading portfolio leading to higher margins

### Operational Performance

#### Sales Volume (millions)

- **Petroleum products (barrels):**
  - Q1 2016: 69.0
  - Q1 2017: 63.1

- **Crude oil (barrels):**
  - Q1 2016: 55.3
  - Q1 2017: 35.2

- **Petrochemical (metric tonnes):**
  - Q1 2016: 1.7
  - Q1 2017: 2.0

### Financial Performance

- **Revenue:**
  - Q1 2016: 21.6
  - Q1 2017: 28.1

- **PAT:**
  - Q1 2016: 1.3
  - Q1 2017: 2.9

- **PAT margin:**
  - Increase from 6% to 10%

**High** petrochemical plant utilisation rate recorded at 99.2%

**Sustaining solid** plant performance in Q1 2017: OEE recorded at 94.4%

**Value focused** trading portfolio leading to higher margins
Capital investments and controllable costs

**Capital investments**

<table>
<thead>
<tr>
<th></th>
<th>Q1 2016</th>
<th>Q1 2017</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>RM Bil</td>
<td>11.2</td>
<td>11.9</td>
<td>6%</td>
</tr>
</tbody>
</table>

**Controllable Costs***

<table>
<thead>
<tr>
<th></th>
<th>Q1 2016</th>
<th>Q1 2017</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>11.4</td>
<td>11.1</td>
<td>3%</td>
</tr>
</tbody>
</table>

- Further reduction of RM0.3 billion in controllable costs arising from cost control efforts

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

Cash Flows Q1 2017

RM Bil

<table>
<thead>
<tr>
<th>Net Inflows</th>
<th>Net Outflows</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash from operations</td>
<td>Other net cash outflows</td>
</tr>
<tr>
<td>Cash from financing</td>
<td>Dividends to Non-Controlling Interest</td>
</tr>
<tr>
<td></td>
<td>Capital Investments</td>
</tr>
</tbody>
</table>

Note:
1 Compared to 31 December 2016
2 As at 31 December 2016
3 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.

Significant Items

- Total assets at RM602.1 bil (↓ 0.2%)
- Shareholders’ equity at RM386.9 bil (↑ 2%)
- Cash and fund investments at RM135.3 bil
- Borrowings at RM67.4 bil
- Gearing at 17.1% (↓ from 17.4%)
- ROACE at 6.6% (↑ from 5.3%)
Upstream Business
Operational Highlights
Focused delivery across the value chain

Enhancement of **LNG Sales** value via optimisation of portfolio

- Q1 2016 Volume
- Q1 2017 Volume
- System +11%
- Trading -90%

**Terengganu Gas Terminal (TGAST)** received its first gas via ENERGY pipeline for the terminal commissioning

**Delivering value** through disciplined cost & cash management

**LNG HoA signed** with Hainan Shennan Energy Co. Ltd. CNPC (HSEC)

**YTD RM 328 Mil cost savings** through industry-wide cost optimisation, improved efficiencies and innovation
Operational Highlights

Overall lower results compared to prior periods

Lower than prior periods:
- Q1 2016 (↓ 3%)
- Q4 2016 (↓ 2%)
- Lower Iraq entitlement
- Lower demand
- Natural decline rate
- Partially offset by resumption of operations of the Sabah Sarawak Gas Pipeline (SSGP)

Production (kboe/d)

- Q1 2016: 2,452
- Q4 2016: 2,444
- Q1 2017: 2,387

Crude: 834, 744, 744
Condensate: 176, 200, 154
Gas: 1,442, 1,500, 1,489
Operational Highlights

Overall higher results compared to corresponding period in 2016

Higher LNG sales volume for the quarter compared to the corresponding quarter in 2016 mainly attributable to higher volume from Gladstone LNG (“GLNG”) and Train 9.

Malaysia average sales gas volume was higher compared to the corresponding quarter in 2016 mainly due to higher demand.
Downstream Business
Downstream Growth Projects

Progressing well within expectations

**Pengerang Integrated Complex (PIC)**

The overall PIC project is on track with 11.3% progress during the first four months of 2017 since December 2016.

**BPC\(^1\) Projects**

The commissioning process of the Integrated Aroma Ingredients Complex and Highly Reactive Polyisobutene (HR-PIB) are progressing well to meet the planned of 2017 start-up schedule.

\(^1\)BASF PETRONAS Chemicals Sdn Bhd
**Downstream Sales Volume**

Commendable operational performance for Petrochemical coupled with value focused trading portfolio resulted in higher returns

### PETROCHEMICAL PRODUCTS

<table>
<thead>
<tr>
<th></th>
<th>Q1 2017</th>
<th>Q1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.0 MMT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.7 MMT</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

18% vs Q1 2016

Increased sales in tandem with improved plant performance

### CRUDE

<table>
<thead>
<tr>
<th></th>
<th>Q1 2017</th>
<th>Q1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>35.2 Mbbls</td>
<td></td>
<td></td>
</tr>
<tr>
<td>55.3 Mbbls</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### PETROLEUM PRODUCTS

<table>
<thead>
<tr>
<th></th>
<th>Q1 2017</th>
<th>Q1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>63.1 Mbbls</td>
<td></td>
<td></td>
</tr>
<tr>
<td>69.0 Mbbls</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

21% vs Q1 2016

Focused marketing and trading strategies towards high-value activities led to improved margin despite lower volumes
## Plant Operations

Solid overall plant performance in Q1 2017

<table>
<thead>
<tr>
<th></th>
<th>OEE (%)</th>
<th>Plant Reliability (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Downstream</td>
<td>94.4</td>
<td>98.4</td>
</tr>
<tr>
<td>Petrochemical Plants</td>
<td>92.5</td>
<td>97.3</td>
</tr>
<tr>
<td>Domestic Refineries</td>
<td>86.7</td>
<td>96.8</td>
</tr>
<tr>
<td>South Africa Refinery</td>
<td>100.0</td>
<td>99.8</td>
</tr>
</tbody>
</table>
## Plant Utilisation

Improved overall plant utilisation for manufacturing units on the back of reliable operations

<table>
<thead>
<tr>
<th>Plant Utilisation (%)</th>
<th>Overall Downstream</th>
<th>Petrochemical Plants</th>
<th>Domestic Refineries</th>
<th>South Africa Refinery</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2017</td>
<td>86.2%</td>
<td>99.2%</td>
<td>86.0%</td>
<td>96.7%</td>
</tr>
<tr>
<td>Q1 2016</td>
<td>83.3%</td>
<td>92.2%</td>
<td>82.0%</td>
<td>89.3%</td>
</tr>
</tbody>
</table>
Thank you