PETRONAS Group
Financial Results Announcement
Q2 2016

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PETRONAS Group
Financial Results Announcement

Financial Highlights

Datuk George Ratilal
Executive Vice President &
Group Chief Financial Officer
## Key Features: Q2 2016 vs. Q1 2016

**Performance**
- Improved underlying profit and cashflow
  - EBITDA ↑ by 14% and operating cashflow ↑ by 64%
  - Underlying profit after tax ↑ by 11%
- ↑ non cash asset impairment due to lower outlook of oil price
- ↑ crude price offset by ↓ LNG price and strengthened ringgit
- Production entitlement ↓ by 9%

**Operations**
- RAPID project on schedule; SAMUR 99.6% completed
- Operating cost management on track with plans

**Outlook**
- Prospects for the rest of the year influenced by crude price volatility
- Financial position and liquidity remain strong
## Key Indicators

<table>
<thead>
<tr>
<th>YTD 2015</th>
<th>YTD 2016</th>
<th>Q2 2015</th>
<th>Q1 2016</th>
<th>Q2 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>57.95</td>
<td><strong>39.73</strong></td>
<td>61.92</td>
<td>33.89</td>
<td>45.57</td>
</tr>
<tr>
<td>66.32</td>
<td><strong>34.66</strong></td>
<td>55.89</td>
<td>36.13</td>
<td>33.18</td>
</tr>
<tr>
<td>3.64</td>
<td><strong>4.11</strong></td>
<td>3.66</td>
<td>4.20</td>
<td>4.01</td>
</tr>
</tbody>
</table>

### Crude oil, condensate and natural gas (kboe/d)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>Production</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2,327</td>
<td><strong>2,391</strong></td>
<td>2,261</td>
<td>2,452</td>
<td><strong>2,329</strong></td>
<td></td>
</tr>
<tr>
<td>1,668</td>
<td><strong>1,731</strong></td>
<td>1,666</td>
<td>1,815</td>
<td><strong>1,648</strong></td>
<td></td>
</tr>
</tbody>
</table>

* Represents PETRONAS Group’s entitlement to Malaysia’s production and PETRONAS Group’s international entitlement volume.
**Key Indicators: Q2 2016 vs. Q1 2016**

Improved underlying profit and cashflow vs. previous quarter

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Q1 2016</th>
<th>Q2 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>49.1</td>
<td>48.4</td>
</tr>
<tr>
<td>PAT*</td>
<td>8.4</td>
<td>9.3</td>
</tr>
<tr>
<td>EBITDA</td>
<td>15.6</td>
<td>17.7</td>
</tr>
<tr>
<td>PAT</td>
<td>4.6</td>
<td>1.6</td>
</tr>
<tr>
<td>CFFO</td>
<td>9.7</td>
<td>15.9</td>
</tr>
<tr>
<td>EBITDA Margin (%)</td>
<td>31.8</td>
<td>36.6</td>
</tr>
</tbody>
</table>

*excluding identified items mainly comprising net impairment on assets after tax of RM7.7 bil for Q2 2016 and RM3.8 bil for Q1 2016

Higher non cash asset impairment due to lower outlook of oil price
### Q2 2016 Group Financial Results

#### Year to date

<table>
<thead>
<tr>
<th></th>
<th>YTD 2016</th>
<th>YTD 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>97.6</td>
<td>127.5</td>
</tr>
<tr>
<td>Profit after Tax*</td>
<td>17.7</td>
<td>24.4</td>
</tr>
<tr>
<td>EBITDA</td>
<td>33.3</td>
<td>41.7</td>
</tr>
<tr>
<td>Cash Flows from Operating Activities</td>
<td>25.6</td>
<td>34.5</td>
</tr>
</tbody>
</table>

#### RM Bil

<table>
<thead>
<tr>
<th></th>
<th>Q2 2016</th>
<th>Q1 2016</th>
<th>Q2 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>48.4</td>
<td>49.1</td>
<td>61.3</td>
</tr>
<tr>
<td>Profit after Tax*</td>
<td>9.3</td>
<td>8.4</td>
<td>12.6</td>
</tr>
<tr>
<td>EBITDA</td>
<td>17.7</td>
<td>15.6</td>
<td>19.8</td>
</tr>
<tr>
<td>Cash Flows from Operating Activities</td>
<td>15.9</td>
<td>9.7</td>
<td>17.2</td>
</tr>
</tbody>
</table>

*excluding identified items mainly comprising net impairment on assets

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Business Segment Results

PAT by Business Segment (includes inter-segment transactions)

$RM\ Bi$l

**Upstream**
- Lower crude prices
- Higher net impairment on assets

**Downstream**
- Lower refining and marketing margins
- Lower petrochemical product spreads

**Corporate & Others**
- Lower inter-segment income from shipping business

Note: including identified items mainly comprising net impairment on assets of:
1. RM10.6b
2. RM0.1b
3. RM0.9b
Other Financial Highlights

Cash Flows YTD 2016

**RM Bil**

<table>
<thead>
<tr>
<th>Net Inflows</th>
<th>Net Outflows</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>28.4</strong></td>
<td><strong>38.8</strong></td>
</tr>
<tr>
<td><strong>2.8</strong></td>
<td><strong>6.0</strong></td>
</tr>
<tr>
<td><strong>25.6</strong></td>
<td><strong>25.2</strong></td>
</tr>
</tbody>
</table>

- Cash from financing: **28.4**
- Cash from operations: **2.8**
- Other net cash outflows: **4.8**
- Dividends to Non-Controlling Interest: **2.8**
- Dividends to Government: **6.0**
- Capital Investments: **2.8**
- International: **21%**
- Malaysia: **79%**

Significant Items

- **Total assets** at **RM567.5 bil** (↓ 4%*)
- Shareholders’ equity at **RM351.6 bil** (↓ 6%*)
- Cash and fund investments at **RM126.3 bil**
- Borrowings at **RM55.3 bil**
- Gearing at **16.5%** (↑ from 16.0%**)
- ROACE*** at **7.2%**

*compared to 31 December 2015  **as at 31 December 2015  ***excluding impairments

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Upstream Business
Operational Highlights
Focused delivery across the value chain

3%
Production growth
Q2 2016 vs Q2 2015
YTD 2016 vs YTD 2015

1st Hydrocarbon
1 Greenfield
2 Brownfield

2 Farm in
1 PSC Extension
1 LNG Contract
Extension

PFLNG-1 Request
for Sail Away on 14
May 2016 and
arrived at KAKG-A on
30 May 2016

Successful
commissioning of
GLNG Train 2
with 1st production on
25 May 2016 & 1st
cargo on 9 June 2016

YTD RM 1.01B
cost savings
through industry-wide
cost optimisation,
improved efficiencies
& innovation

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Operational Highlights
Overall higher Q2 2016 results compared to prior year

Higher than 2015 corresponding period
- Q2 2016  (↑ 3%)
- YTD 2016  (↑ 3%)

Strong Upstream Performance :
- Higher PM gas production to support shortfall in imported gas (West Natuna B)
- SSGP resumption
- Higher facilities uptime and efficiency in Malaysia and Canada
- New fields in Malaysia, Indonesia and Algeria
- Higher natural decline rate
Operational Highlights
Overall lower YTD 2016 results compared to prior year

LNG Sales Volume (mil tonnes)

<table>
<thead>
<tr>
<th></th>
<th>Q2 2015</th>
<th>Q2 2016</th>
<th>YTD 2015</th>
<th>YTD 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.92</td>
<td>0.54</td>
<td>0.35</td>
<td>12.67</td>
<td>13.19</td>
</tr>
<tr>
<td>7.02</td>
<td>0.21</td>
<td>0.35</td>
<td>14.96</td>
<td>14.37</td>
</tr>
</tbody>
</table>

LNG sales volume for YTD 2016 was slightly lower as compared to YTD 2015 mainly from lower trading volume, partly offset by new volumes from GLNG.

Sales Gas Delivery (mmcf/d)

<table>
<thead>
<tr>
<th></th>
<th>Q2 2015</th>
<th>Q2 2016</th>
<th>YTD 2015</th>
<th>YTD 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,945</td>
<td>290</td>
<td>357</td>
<td>2,372</td>
<td>2,190</td>
</tr>
<tr>
<td>2,822</td>
<td>283</td>
<td>275</td>
<td>2,163</td>
<td>2,270</td>
</tr>
<tr>
<td>2,790</td>
<td>279</td>
<td>335</td>
<td>2,270</td>
<td>2,163</td>
</tr>
<tr>
<td>2,772</td>
<td>241</td>
<td>274</td>
<td>2,163</td>
<td>2,163</td>
</tr>
</tbody>
</table>

Lower Sales Gas Delivery compared to prior year mainly due to lower demand.
Downstream Business
Downstream Growth Projects
Progressing as per plan

The Pengerang Integrated Complex (PIC) project is on track at 36.3% overall project progress.

SAMUR has achieved 99.6% completion and is expected to commence in Q3 2016.
Downstream Sales Volume

Improved plant reliability and utilisation for Petrochemical Products

Crude and Petroleum Products Sales Volume

- **Mbbls**
  - Q2 FY2015: 124.1, 53.1, 71.0
  - Q2 FY2016: 117.3, 48.7, 68.6
  - YTD Q2 FY2015: 254.8, 143.4
  - YTD Q2 FY2016: 241.6, 137.6
  - **5%** decrease in Crude

- Lower mainly due to reduced trading activities

Petrochemical Products Sales Volume

- **MMT**
  - Q2 FY2015: 1.6, 1.8
  - Q2 FY2016: 3.2, 3.5
  - YTD Q2 FY2015: 254.8, 241.6
  - YTD Q2 FY2016: 241.6, 234.6
  - **9%** increase

- Higher sales attributed to strong plant operating performance leading to higher production

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Higher utilisation rates across most manufacturing units

- **Domestic Refineries** – improved plant performance in Quarter 2 2016

- **South Africa Refinery** – stable and reliable plant performance

- **Petrochemical Plants** – improved feedstock supplies and plant reliability as well as lower level of statutory turnaround activities

- **Gas Processing Plants** – lower sales gas production at Gas Processing Plant Kertih due to lower sales gas demand
Gas Processing and Transmission Reliability

Stable performance

Gas Processing & Transmission Reliability (%)

<table>
<thead>
<tr>
<th></th>
<th>Q2 FY2015</th>
<th>Q2 FY2016</th>
<th>YTD Q2 FY2015</th>
<th>YTD Q2 FY2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gas Processing</td>
<td>100.00</td>
<td>100.00</td>
<td>99.99</td>
<td>99.99</td>
</tr>
<tr>
<td>Gas Transmission</td>
<td>99.90</td>
<td>99.90</td>
<td>99.30</td>
<td>98.60</td>
</tr>
</tbody>
</table>

- **Gas Processing Plants** – improved plant performance in Quarter 2 2016 compared to more unscheduled downtime in Quarter 1 2016
- **Gas Transmission** – stable and reliable transmission operations
Thank you