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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

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*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

<table>
<thead>
<tr>
<th></th>
<th>YTD Q2 2016</th>
<th>YTD Q2 2017</th>
<th>Q1 2017</th>
<th>Q2 2017</th>
<th>Q2 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dated Brent (USD/bbl)</td>
<td>39.73</td>
<td><strong>51.80</strong></td>
<td>53.78</td>
<td><strong>49.83</strong></td>
<td>45.57</td>
</tr>
<tr>
<td>JCC single-month (USD/bbl)</td>
<td>34.66</td>
<td><strong>51.30</strong></td>
<td>47.67</td>
<td><strong>54.93</strong></td>
<td>33.18</td>
</tr>
<tr>
<td>USD/MYR*</td>
<td>4.11</td>
<td><strong>4.39</strong></td>
<td>4.45</td>
<td><strong>4.33</strong></td>
<td>4.01</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>YTD Q2 2016</th>
<th>YTD Q2 2017</th>
<th>Q1 2017</th>
<th>Q2 2017</th>
<th>Q2 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production**</td>
<td>2,391</td>
<td><strong>2,342</strong></td>
<td>2,387</td>
<td><strong>2,297</strong></td>
<td>2,329</td>
</tr>
<tr>
<td>Entitlement***</td>
<td>1,731</td>
<td><strong>1,778</strong></td>
<td>1,850</td>
<td><strong>1,706</strong></td>
<td>1,648</td>
</tr>
</tbody>
</table>

*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

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

*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

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

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

**EBITDA**  
**RM bil**  

![Bar chart showing EBITDA for YTD Q2 2016 and YTD Q2 2017 with an increase of 34% to 45.2]

**PAT**  
**RM bil**  

![Bar chart showing PAT for YTD Q2 2016 and YTD Q2 2017 with an increase of 11% to 20.3]

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

- higher average realised prices
- higher net foreign exchange losses

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

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Q2 2017 Y-o-Y Group Financial Results

**PAT* (RM bil)**

- **Q2 2016**: 9.7
- **Q2 2017**: 9.8

**EBITDA (RM bil)**

- **Q2 2016**: 17.8
- **Q2 2017**: 20.6

**EBITDA Margin (%)**

- **Q2 2016**: 37.9
- **Q2 2017**: 39.9

- 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)**

- Q1 2017: 10.5
- Q2 2017: 9.8 (7% decrease)

**EBITDA (RM bil)**

- Q1 2017: 24.6
- Q2 2017: 20.6 (16% decrease)

Increase:

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

Decrease:

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

**EBITDA Margin (%)**

- Q1 2017: 43.5

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

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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 Excellence
- First production:
  - 2 Greenfields
  - 3 Brownfields

Cost Management
- Cost rebase resulting in further reduction in unit production cost

Portfolio High Grading
- Non FID of PNW LNG
- Expiry of Vietnam BLK 1 and 2 PSC
- Won Mexico BLK 6
- Signed Limbayong PSC

Operational Performance

Production and Entitlement (kboe/d)

YTD Q2 2016
- Production Crude and Cond.
- Production Natural Gas
- Entitlement Crude and Cond.
- Entitlement Natural Gas

YTD Q2 2017

Products

<table>
<thead>
<tr>
<th>Products</th>
<th>YTD Q2 2016</th>
<th>YTD Q2 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malaysia avg. sales gas volume (mmscfd)</td>
<td>2,772</td>
<td>2,745</td>
</tr>
<tr>
<td>LNG sales volume (million tonnes)</td>
<td>14.4</td>
<td>14.7</td>
</tr>
</tbody>
</table>

YTD Financial Performance

<table>
<thead>
<tr>
<th>RM Bil</th>
<th>YTD Q2 2016</th>
<th>YTD Q2 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>53.5</td>
<td>67.0</td>
</tr>
<tr>
<td>PAT</td>
<td>(1.2)</td>
<td>11.1</td>
</tr>
</tbody>
</table>

17% PAT margin

Financial Results Announcement 30 June 2017, Financial Highlights | Page 8
YTD Q2 2017 Downstream Performance

Focus Areas

Operational & Commercial Excellence

Operational Excellence

- Plant utilisation recorded at 85%

Commercial Excellence

- Focused trading strategies towards high-value activities

- SAMUR reaching Initial Acceptance

Operational Performance

Sales Volume (Million)

- Petrochemicals products (MT): YTD Q2 2016 - 3.5, YTD Q2 2017 - 4.0
- Petroleum products (barrels): YTD Q2 2016 - 137.6, YTD Q2 2017 - 121.2
- Crude oil (barrels): YTD Q2 2016 - 103.2, YTD Q2 2017 - 66.3

Financial Performance

- Revenue: YTD Q2 2016 - 45.3, YTD Q2 2017 - 53.4
- PAT margin: YTD Q2 2016 - 8%, YTD Q2 2017 - 10%
- PAT: YTD Q2 2016 - 3.5, YTD Q2 2017 - 5.1

*Also known as PETRONAS Chemicals Fertiliser Sabah
Financial Results Announcement 30 June 2017, Financial Highlights | Page 9
Capital investments and controllable costs

Capital investments

<table>
<thead>
<tr>
<th>RM Bil</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>25.2</td>
<td></td>
<td>21.3</td>
</tr>
</tbody>
</table>

\[15\%\]

Controllable Costs*

<table>
<thead>
<tr>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>22.7</td>
<td>22.1</td>
</tr>
</tbody>
</table>

\[3\%\]

- 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

<table>
<thead>
<tr>
<th>RM Bil</th>
<th>Cash from operations</th>
<th>Dividends to Gov.</th>
<th>Dividends to Non-Controlling Interest</th>
<th>Cash from financing</th>
<th>Other net cash outflows</th>
<th>Capital Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.9</td>
<td></td>
<td></td>
<td></td>
<td>5.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>21.3</td>
<td></td>
</tr>
</tbody>
</table>

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

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.

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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%)]

Limbayong PSC signed a deepwater development field was signed in June 2017

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

CORAL 2.0
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

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

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Higher LNG sales volume compared to prior year

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.

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

<table>
<thead>
<tr>
<th></th>
<th>Q2 2016</th>
<th>Q2 2017</th>
<th>YTD Q2 2016</th>
<th>YTD Q2 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>PAT</td>
<td>10%</td>
<td>9%</td>
<td>14%</td>
<td></td>
</tr>
<tr>
<td>MMT</td>
<td>1.8</td>
<td>2.0</td>
<td>3.5</td>
<td>4.0</td>
</tr>
</tbody>
</table>

**CRUDE & PETROLEUM PRODUCTS**

<table>
<thead>
<tr>
<th></th>
<th>Q2 2016</th>
<th>Q2 2017</th>
<th>YTD Q2 2016</th>
<th>YTD Q2 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>PAT</td>
<td>2.3</td>
<td>2.3</td>
<td>3.5</td>
<td>5.1</td>
</tr>
<tr>
<td>Mbbls</td>
<td>116.4</td>
<td>91.0</td>
<td>240.8</td>
<td>187.5</td>
</tr>
</tbody>
</table>

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

Improved utilisation over 1H 2017 recorded by all manufacturing units

<table>
<thead>
<tr>
<th></th>
<th>Q2 2016</th>
<th>Q2 2017</th>
<th>YTD Q2 2016</th>
<th>YTD Q2 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petrochemical Plants</td>
<td>94.8</td>
<td>89.6</td>
<td>93.5</td>
<td>94.1</td>
</tr>
<tr>
<td>Domestic Refineries</td>
<td>93.3</td>
<td>87.1</td>
<td>85.6</td>
<td>86.6</td>
</tr>
<tr>
<td>International Refinery</td>
<td>93.9</td>
<td>97.9</td>
<td>91.0</td>
<td>96.6</td>
</tr>
</tbody>
</table>
Thank you