PETRONAS Group
Financial Results Announcement
Half Yearly 2020
Financial and Operational Results
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The Oil & Gas Industry has been significantly impacted by the unprecedented twin shocks of the plunge in oil price alongside induced demand erosion arising from the collapse of OPEC+ alliance combined with the global lockdown triggered by the COVID-19 pandemic.

**PETRONAS is not spared** from these challenges which has in turn adversely impacted its financial and operational performance. Overall revenue for the first half stood at RM93.6 bil, a decline of 23% against same period last year. EBITDA dropped to RM29.4 bil while CFFO is reduced to RM26.3 bil compared to corresponding period last year.

On the back of the slow recovery and growing appetite for energy transition, the current oil prices are viewed to be fragile and artificial. The Group has accordingly revised our view of the long-term price outlook which has led to sizeable non-cash impairment recorded in Q2 2020.

The Group however remains resilient and agile in responding to the strong headwinds and has taken decisive measures to optimise production to preserve the value of its integrated value chains, exercising tighter fiscal discipline and continuously driving down costs to mitigate the negative impact on its profitability and liquidity.

**PETRONAS expects to continue operating within a challenging environment and will focus on intensifying efforts to reshape its portfolio mix, retooling the human capital equation and emphasising on focused execution.**
Plummeting oil price and weak demand resulted in lower Revenue and Profitability

<table>
<thead>
<tr>
<th>Performance (RM bil)</th>
<th>1H 2019</th>
<th>1H 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>121.1</td>
<td>93.6</td>
</tr>
<tr>
<td>EBITDA</td>
<td>54.7</td>
<td>29.4</td>
</tr>
<tr>
<td>Cash flows from operating activities (CFFO)</td>
<td>44.9</td>
<td>26.3</td>
</tr>
<tr>
<td>PAT/(LAT)</td>
<td>28.9</td>
<td>(16.5)</td>
</tr>
<tr>
<td>PAT excluding impairment*</td>
<td>29.1</td>
<td>7.7</td>
</tr>
<tr>
<td>Group costs</td>
<td>94.4</td>
<td>111.9</td>
</tr>
<tr>
<td>Group costs excluding impairment*</td>
<td>94.2</td>
<td>87.7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial Position (RM bil)</th>
<th>31 Dec 2019</th>
<th>30 June 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>622.4</td>
<td>613.0</td>
</tr>
<tr>
<td>Net cash position**</td>
<td>81.6</td>
<td>73.2</td>
</tr>
</tbody>
</table>

* Net impairment/write-off and well costs
** Total cash and cash equivalent and short term funds and other investments less total borrowings

1H 2020 Capital Investments (RM bil)

<table>
<thead>
<tr>
<th></th>
<th>1H 2019</th>
<th>1H 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>14.8</td>
</tr>
<tr>
<td>Total cash and cash equivalent and short term funds and other investments less total borrowings</td>
<td>15.7</td>
<td>14.8</td>
</tr>
</tbody>
</table>

- C&O: 53%
- Downstream: 45%
- G&E: 15%
- Upstream: 12%
- Malaysia: 20%
- International: 55%
Impairment - Most majors recorded significant impairment losses as a result of revised price outlook

- Assets’ value is a function of its cost and future value that it can generate.
- The assets’ future value is based on assumptions of its future performance and linked to commodity price outlook.
- In accordance with the International Financial Reporting Standards, the carrying value of an Asset can never be higher than its future value that it can generate.
- The industry is challenged by the downward revision of commodity price outlook given the macroeconomic landscape and growing appetite of energy transition. This has resulted in most oil companies recognised huge impairment in this quarter, including PETRONAS.

**Impairment of assets and well costs**

*Unit: USD billion*

<table>
<thead>
<tr>
<th></th>
<th>1H 2016</th>
<th>1H 2017</th>
<th>1H 2018</th>
<th>1H 2019</th>
<th>1H 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>PETRONAS</td>
<td>-</td>
<td>-</td>
<td>0.3</td>
<td>&lt;0.1</td>
<td>5.7</td>
</tr>
<tr>
<td>Peer Group</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Peer range comprises of Shell, TOTAL, BP, Exxonmobil, and Chevron

Information on other oil companies were sourced from the respective Quarterly Announcements. PETRONAS Group is not responsible for errors or omissions contained in the information, and makes no representations as to the accuracy of the information. The user is cautioned that the chart which appears above may not be subject to accurate transmission in their entirety and is advised to read the information above in conjunction with the respective oil companies Quarterly Announcements.
Group’s cash balance of RM167.6 bil is contributed by positive Cash Flow From Operations (CFFO) and bond proceeds.

### Group’s Cash and Fund Investment Movement

<table>
<thead>
<tr>
<th></th>
<th>RM Bil</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 Dec 2019</td>
<td></td>
</tr>
<tr>
<td>CFFO</td>
<td>152.2</td>
</tr>
<tr>
<td>Drawdown of borrowings</td>
<td>26.3</td>
</tr>
<tr>
<td>Dividends</td>
<td>34.1</td>
</tr>
<tr>
<td>Capital investments</td>
<td>(18.5)</td>
</tr>
<tr>
<td>Financing repayment</td>
<td>(14.8)</td>
</tr>
<tr>
<td>Others</td>
<td>(14.9)</td>
</tr>
<tr>
<td>30 June 2020</td>
<td>167.6</td>
</tr>
</tbody>
</table>

- **94.2** Mainly comprises of remaining funds of non-wholly owned subsidiaries and trust funds within the Group
- **58.0** Funds of wholly owned subsidiaries and PETRONAS’ portion of non-wholly owned subsidiaries

### CFFO over Revenue (%)

- **30%** PETRONAS
- **40%** Peer Group
- **36%** 1H 2016
- **38%** 1H 2017
- **28%** 1H 2018

### 1H 2020 CFFO (RM bil)

- **26.3**

CFFO margin remains healthy in comparison with the industry.
Operational Highlights
Positive earnings (excluding impairment) for most businesses amidst the challenging market backdrop

**Segmental results**

**Upstream**

2,255 Kboe/d Production

7% decrease

**Gas & New Energy**

16.7 MMT Gross LNG sales volume

3% decrease

**Downstream**

131.1 MMbbl Petroleum products sales volume

3% increase

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**PAT/(LAT) excluding impairment by Business Segments**

<table>
<thead>
<tr>
<th>Segment</th>
<th>1H 2019</th>
<th>1H 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upstream</td>
<td>13.2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.7</td>
<td></td>
</tr>
<tr>
<td>GNE ¹</td>
<td></td>
<td>7.2</td>
</tr>
<tr>
<td></td>
<td>4.2</td>
<td></td>
</tr>
<tr>
<td>Downstream</td>
<td>2.8</td>
<td>(1.4)</td>
</tr>
<tr>
<td>C&amp;O ²</td>
<td></td>
<td>4.4</td>
</tr>
<tr>
<td></td>
<td>2.3</td>
<td></td>
</tr>
</tbody>
</table>

¹ Gas & New energy
² Corporate & Others

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Half Yearly Upstream Performance
Continues to accomplish operational delivery despite challenging business landscape

Focus Areas

Maximizing Cash Generator

Projects achieved **first Hydrocarbon** (5 Brownfield, 5 Greenfield)

Exploration discoveries one in Sarawak, one in offshore US GoM and two in Salina Basin, Mexico

Projects achieved **Final Investment Decision (FID)** (7 Malaysia, 1 International)

Operational Excellence

Cost optimisation at Tembunco mature field operations, reducing operational cost, ensuring safety while delivering sustainable value

Farm in into **US Gulf of Mexico (US GOM)** and Indonesia’s Aru PSC

First entry into US GOM and successful oil discovery of the exploration well of the Monument Prospect

PETRONAS **first export deal** for the PETRONAS E&P Argentina S.A’s La Amarga Chica crude

PETRONAS was among the first international companies to tap into the international market to monetise unconventional production from the country

Operational Performance

**Production (kboe/d)**

- **1H 2019**: 2,418
- **1H 2019**: 1,757

**Entitlement (kboe/d)**

- **1H 2019**: 1,639
- **1H 2020**: 1,757

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Half Yearly Gas and New Energy Performance

Continues to persevere as a reliable provider of cleaner energy solutions while growing its presence in the renewables space

Focus Areas

Maximising Cash Generator

Successfully delivered 11,316th LNG cargoes from PETRONAS LNG Complex, Bintulu, as of the first half of 2020, marking a milestone of over 37 years of reliable delivery without fail since operations began

3.7 MTPA

of LNG sales volume secured, with major portfolio LNG players and end users such as Tiger Clean Energy Limited. The new LNG deals further enhances PETRONAS LNG leadership position in the market

345 MMscfd

of new natural gas supply deals secured with customers in Peninsular Malaysia

PFLNG DUA

is currently moored at the Rotan Gas Field, Sabah, with commissioning work progressing as planned and ready for commercialisation by end 2020

Stepping Out

660 MWp of solar capacity in operation and under development in India and South East Asia, with 448MWp total capacity commissioned with a balance of 212 MWp of projects under development

50 MWp of solar capacity in operation and under development in Malaysia, including the recent commercial solar PPA to power 15 TESCO Malaysia stores with solar

Operational Performance

Gross LNG Sales Volume (MMT)

<table>
<thead>
<tr>
<th></th>
<th>1H’19</th>
<th>1H’20</th>
</tr>
</thead>
<tbody>
<tr>
<td>17.2</td>
<td>16.7</td>
<td></td>
</tr>
</tbody>
</table>

Overall Equipment Effectiveness (OEE)

<table>
<thead>
<tr>
<th></th>
<th>1H’19</th>
<th>1H’20</th>
</tr>
</thead>
<tbody>
<tr>
<td>98.0%</td>
<td>96.8%</td>
<td></td>
</tr>
</tbody>
</table>
Half Yearly Downstream Performance
Maintains its operational performance with continued focus on customer centricity

Focus Areas

Operational Excellence
- **89.2%** Overall Equipment Effectiveness (OEE)
- **96.8%** Sustained Petrochemical Plant Utilisation

Commercial Excellence
- **4.1mil** Metric tonnes of petrochemicals sales products volume
- **10.1bil** Liters of overall marketing sales volume

Growth Delivery Excellence
- **1.3mil** Setel users across Malaysia

Following the DHT fire incident in March 2020, the Refining and Petrochemical operation at Pengerang Integrated Complex (“PIC”) was stopped pending further readiness, integrity assessment, and rectification of defects to ensure safe and reliable operation. The restart-up is currently planned for Q1 2021.

Sales Volume

<table>
<thead>
<tr>
<th>Petroleum products (Mil Barrels)</th>
<th>Crude oil (Mil Barrels)</th>
<th>Petrochemicals products (Mil Metric Tonnes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>127.5</td>
<td>131.1</td>
<td>4.2</td>
</tr>
<tr>
<td>66.5</td>
<td>65.5</td>
<td>4.1</td>
</tr>
</tbody>
</table>

1 Plant Utilisation based on Nexant
* Compared to SPLY 2019

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Pursuing ‘Green Shoots’ to strengthen our resiliency in response to continued challenging market conditions

**Reshape our Portfolio**
- Growing our presence in the renewable energy space as part of the 3-pronged strategy
- **Portfolio Intervention and Transition (PIT) Crew** tasked to accelerate the reassessment of our portfolio

**Retooling the Human Capital Equation**
- Supporting talent strategies
- Redefinition of our workforce ecosystem
- Future-proofing our leaders and our talents

**Emphasis on Focused Execution**
- Preserve cash and maintain liquidity
  - Reduction of CAPEX by 21% and OPEX by 12% are on track, further savings expected by end 2020
- Focused cost-compression efforts
- Realising new toplines for our business
Thank you for your passion!
Upstream Business
Total daily average production and entitlement volume is lower for the year mainly attributable to lower demand following global COVID-19 pandemic, partially offset by higher liquid production from Brazil.
Gas and New Energy Business
Decrease in gross LNG sales volume mainly due to lower production volume from PLC and partially offset by higher trading activities. Decrease in Malaysia average gas sales attributed to weaker market demand due to the Covid-19 pandemic.
Downstream Business
Half Yearly Downstream Sales Volume

**Petroleum Products**
Mil barrels

- 1H '19: 127.5
- 1H '20: 131.1

3% increase

**Crude Oil**
Mil barrels

- 1H '19: 66.5
- 1H '20: 65.5

2% decrease

**Petrochemical Products**
Mil Metric Tonnes

- 1H '19: 4.2
- 1H '20: 4.1

2% decrease

Higher petroleum products sales volume contributed by higher trading activities, partially offset by lower marketing sales volume due to lower demand caused by the COVID-19 pandemic.
Half Yearly Plant Utilisation

Plant Utilisation (%)

<table>
<thead>
<tr>
<th>Plant Type</th>
<th>1H '19</th>
<th>1H '20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petrochemical Plants</td>
<td>98.7</td>
<td>96.8</td>
</tr>
<tr>
<td>Domestic Refineries</td>
<td>90.8</td>
<td>85.0</td>
</tr>
<tr>
<td>International Refinery</td>
<td>88.6</td>
<td>61.0</td>
</tr>
</tbody>
</table>

Lower Plant Utilisation at domestic and international refineries impacted by demand reduction due to the COVID-19 pandemic

1 Plant Utilisation based on Nexant