PETRONAS Group
Financial Results Announcement
Q3 2017
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YTD Q3 2017 Key Features

**Performance**
- Higher underlying* net profit of RM30.1 billion for YTD Q3 2017 compared to RM25.3 billion recorded in YTD Q3 2016
- 37% increase in YTD Q3 2017 EBITDA to RM66.7 billion compared to RM48.7 billion in YTD Q3 2016
- Improved margins arising from better oil prices and cost management efforts

**Operations**
- Progress of projects:
  - Pengerang Integrated Complex (PIC) achieved 77% completion as at 30 Sept 2017, progress at 81% as at Nov 2017
  - First production for 2 greenfield projects (Kumang F12 & B15)

**Outlook**
- Overall year end performance expected to be better than last year
- PETRONAS continues to focus on Groupwide transformation efforts

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

<table>
<thead>
<tr>
<th></th>
<th>YTD Q3 2016</th>
<th>YTD Q3 2017</th>
<th>Q2 2017</th>
<th>Q3 2017</th>
<th>Q3 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dated Brent (USD/bbl)</td>
<td>41.77</td>
<td>51.90</td>
<td>49.83</td>
<td>52.08</td>
<td>45.85</td>
</tr>
<tr>
<td>JCC single-month (USD/bbl)</td>
<td>36.76</td>
<td>51.98</td>
<td>54.93</td>
<td>53.33</td>
<td>40.98</td>
</tr>
<tr>
<td>USD/MYR*</td>
<td>4.09</td>
<td>4.35</td>
<td>4.33</td>
<td>4.26</td>
<td>4.05</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>YTD Q3 2016</th>
<th>YTD Q3 2017</th>
<th>Production**</th>
<th>Q2 2017</th>
<th>Q3 2017</th>
<th>Q3 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td>2,336</td>
<td>2,296</td>
<td>2,297</td>
<td>2,206</td>
<td>2,227</td>
<td></td>
</tr>
<tr>
<td>Entitlement</td>
<td>1,755</td>
<td>1,742</td>
<td>1,706</td>
<td>1,671</td>
<td>1,802</td>
<td></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 Q3 2016</th>
<th>YTD Q3 2017</th>
<th>Key Financial Indicators (RM bil)</th>
<th>Q3 2017</th>
<th>Q3 2016</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>15.0</td>
<td>140.7</td>
<td>161.8</td>
<td>Revenue</td>
<td>53.7</td>
<td>47.0</td>
<td>14.2</td>
</tr>
<tr>
<td>&gt;100</td>
<td>18.3</td>
<td>41.0</td>
<td>Profit before tax (PBT)</td>
<td>15.0</td>
<td>8.0</td>
<td>87.5</td>
</tr>
<tr>
<td>&gt;100</td>
<td>12.5</td>
<td>27.3</td>
<td>Profit after tax (PAT)</td>
<td>10.0</td>
<td>6.1</td>
<td>63.9</td>
</tr>
<tr>
<td>78.1</td>
<td>(12.8)</td>
<td>(2.8)</td>
<td>Identified items*</td>
<td>0.2</td>
<td>(1.0)</td>
<td>&gt;100</td>
</tr>
<tr>
<td>19.0</td>
<td>25.3</td>
<td>30.1</td>
<td>PAT excluding identified items (PAT*)</td>
<td>9.8</td>
<td>7.1</td>
<td>38.0</td>
</tr>
<tr>
<td>37.0</td>
<td>48.7</td>
<td>66.7</td>
<td>EBITDA</td>
<td>21.5</td>
<td>15.2</td>
<td>41.4</td>
</tr>
<tr>
<td>6.6</td>
<td>34.6</td>
<td>41.2</td>
<td>EBITDA Margin (%)</td>
<td>40.0</td>
<td>32.3</td>
<td>7.7</td>
</tr>
<tr>
<td>59.8</td>
<td>36.1</td>
<td>57.7</td>
<td>CFFO</td>
<td>17.9</td>
<td>10.5</td>
<td>70.5</td>
</tr>
<tr>
<td>(5.8)</td>
<td>35.9</td>
<td>33.8</td>
<td>Capital Investments</td>
<td>12.5</td>
<td>10.8</td>
<td>15.7</td>
</tr>
</tbody>
</table>

*Mainly comprise of net impairment on assets and in 2017, includes non FID costs for PNW LNG project in Canada
**Q3 2017 Y-o-Y Group Financial Results**

**PAT**

*RM bil*

<table>
<thead>
<tr>
<th></th>
<th>Q3 2016</th>
<th>Q3 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7.1</td>
<td>9.8</td>
</tr>
</tbody>
</table>

38% increase

- higher average realised prices
- lower well costs write off

Higher:
- tax expenses
- product costs
- amortisation of Oil & Gas Properties

**EBITDA**

*RM bil*

<table>
<thead>
<tr>
<th></th>
<th>Q3 2016</th>
<th>Q3 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15.2</td>
<td>21.5</td>
</tr>
</tbody>
</table>

41% increase

- higher average realised prices
- lower well costs write off

Higher:
- product costs

**EBITDA Margin (%)**

Q3 2016: 32.3%

8% increase

Improved margin mainly due to higher average realised prices and lower well costs write off

*Excluding identified items mainly comprising net impairment on assets and in 2017, includes non FID costs for PNW LNG project in Canada*
**Q3 2017 Q-o-Q Group Financial Results**

**PAT***

*RM bil*

- **Q2 2017:** 9.8
- **Q3 2017:** 9.8

**EBITDA**

*RM bil*

- **Q2 2017:** 20.6
- **Q3 2017:** 21.5

**EBITDA Margin (%)**

- **Q2 2017:** 39.9

Improved margin in line with consistent performance

*Excluding identified items mainly comprising net impairment on assets and in 2017, includes non FID costs for PNW LNG project in Canada in Q2 2017*
**YTD Q3 2017 Group Financial Results**

**PAT**

<table>
<thead>
<tr>
<th>RM bil</th>
<th>YTD Q3 2016</th>
<th>YTD Q3 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>25.3</td>
<td>30.1</td>
<td></td>
</tr>
</tbody>
</table>

19%

+ higher average realised prices
+ lower well costs write off
+ impact of lower sales volume

**EBITDA**

<table>
<thead>
<tr>
<th>RM bil</th>
<th>YTD Q3 2016</th>
<th>YTD Q3 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>48.7</td>
<td>66.7</td>
<td></td>
</tr>
</tbody>
</table>

37%

+ higher average realised prices
+ lower well costs write off

**EBITDA Margin (%)**

<table>
<thead>
<tr>
<th>YTD Q3 2016</th>
<th>YTD Q3 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>34.6</td>
<td>41.2</td>
</tr>
</tbody>
</table>

Improved margin mainly due to higher average realised prices and lower well costs write off

*Excluding identified items mainly comprising net impairment on assets and in 2017, includes non FID costs for PNW LNG project in Canada
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 Q3 2017 Upstream Performance

Focus Areas

- **Operational Excellence**
  - Contribution of 24 mil standard cubic feet per day from 2 greenfield projects (Kumang F12 & B15)
  - Delivered 3 cargoes from FLNG Satu

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

- **Assets High Grading**
  - 10% equity participation by PTT in PL9SB
  - Long term LNG supply SPA with S-Oil Cooperation

Operational Performance

Production and Entitlement (kboe/d)

- **YTD Q3 2016**
  - Production Crude and Cond.: 1,399
  - Production Natural Gas: 937
  - Entitlement Crude and Cond.: 681
  - Entitlement Natural Gas: 874

- **YTD Q3 2017**
  - Production Crude and Cond.: 1,755
  - Production Natural Gas: 1,422
  - Entitlement Crude and Cond.: 1,074
  - Entitlement Natural Gas: 589

Products

- Malaysia avg. sales gas volume (mmscfd)
  - YTD Q3 2016: 2,759
  - YTD Q3 2017: 2,740

- LNG sales volume (million tonnes)
  - YTD Q3 2016: 21.5
  - YTD Q3 2017: 21.9

YTD Financial Performance

- **Revenue**
  - YTD Q3 2016: 80.9
  - YTD Q3 2017: 98.2

- **PAT**
  - YTD Q3 2016: 1.2
  - YTD Q3 2017: 17.0

- **PAT margin**
  - YTD Q3 2016: 1%
  - YTD Q3 2017: 17%
**Operational & Commercial Excellence**

- Petrochemical plant utilisation recorded at 91%
- Focused trading strategies towards high-value activities
- Focused efforts to enhance customer experiences

**Financial Performance**

- Revenue: 68.4 (YTD Q3 2016) vs. 81.5 (YTD Q3 2017) - Increase of 10%
- PAT: 5.4 (YTD Q3 2016) vs. 8.6 (YTD Q3 2017) - Increase of 60%

**Operational Performance**

- Sales Volume (Million)
  - Petrochemicals products (MT): 5.5 (YTD Q3 2016) vs. 6.0 (YTD Q3 2017) - Increase of 8%
  - Petroleum products (barrels): 203.3 (YTD Q3 2016) vs. 187.6 (YTD Q3 2017) - Decrease of 7.6%
  - Crude oil (barrels): 146.1 (YTD Q3 2016) vs. 104.2 (YTD Q3 2017) - Decrease of 28.8%

**Focus Areas**

- Operational Excellence
- Commercial Excellence

**Focus Areas**

- Operational Excellence
- Commercial Excellence
Capital investments and controllable costs

**Capital investments**

<table>
<thead>
<tr>
<th></th>
<th>RM Bil</th>
</tr>
</thead>
<tbody>
<tr>
<td>YTD Q3 2016</td>
<td>35.9</td>
</tr>
<tr>
<td>YTD Q3 2017</td>
<td>33.8</td>
</tr>
</tbody>
</table>

6% reduction

**Controllable Costs***

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>YTD Q3 2016</td>
<td>35.3</td>
</tr>
<tr>
<td>YTD Q3 2017</td>
<td>32.9</td>
</tr>
</tbody>
</table>

7% reduction

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

- Reduction in controllable costs of RM2.4 billion due to Groupwide cost management efforts

YTD Q3 2017 Capital investments

- 85% Malaysia
- 15% International

RM33.8bil
Other Financial Highlights

Cash Flows YTD Q3 2017

- **Net Inflows**
  - Cash from operations: **7.0**
  - Cash from financing: **57.7**

- **Net Outflows**
  - Other net cash outflows: **5.5**
  - Dividends to Gov.: **14.0**
  - Dividends to Non-Controlling Interest: **5.3**
  - Capital Investments: **33.8**

**Significant Items**

- Total assets at RM600.3 bil (↓ 0.5%\(^1\))
- Shareholders’ equity at RM380.3 bil
- Cash and fund investments at RM137.9 bil
- Borrowings at RM67.8 bil
- Gearing at 17.3% (↓ from 17.4%\(^2\))
- **ROACE\(^3\)** at 8.6% (↑ from 5.4%\(^2\))

Notes:

1\(^1\)Compared to 31 December 2016
2\(^2\)As at 31 December 2016
3\(^3\)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.
Upstream Business
Operational Highlights – Q3 2017
Focused delivery across the value chain

Greenfield projects achieved (Kumang F12 and B15)
1st Hydrocarbon

Chad Permit H extension for another 20 years (from 2030 until 2050)

Signed an agreement with PTTGL Investment Limited (PTTGLI) for PTTGLI’s equity participation of 10% interest in PETRONAS LNG 9 Sdn Bhd

YTD RM 1.9 bil cost savings through improved efficiencies and supply chain cost deflation
Operational Highlights

Overall lower Q3 2017 results compared to prior year

Lower than 2016 corresponding period
- Q3 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 production in Sabah and Sarawak

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Operational Highlights
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, Gladstone LNG and Egyptian LNG coupled with new volume from PETRONAS Floating LNG 1, partially offset by lower volume from trading activities.

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 81% completion as at November 2017 and is on-track to achieve ready for start-up status in 2019.

BPC1 Projects
Aroma Plant
Production of citral will come on-stream by end of 2017. Its downstream products will be commissioned in phases.

HR-PIB2
The plant is in the pre-commissioning phase and expected to start-up by beginning of 2018.

1BASF PETRONAS Chemicals Sdn Bhd
2Highly reactive polyisobutene
Downstream Sales Volume
Increased petrochemical sales and value-focused crude and petroleum products trading contributed to better returns

Petrochemical Products

<table>
<thead>
<tr>
<th>MMT</th>
<th>Q3 2016</th>
<th>Q3 2017</th>
<th>YTD Q3 2016</th>
<th>YTD Q3 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.0</td>
<td>2.0</td>
<td>5.5</td>
<td>6.0</td>
<td></td>
</tr>
</tbody>
</table>

Crude & Petroleum Products

<table>
<thead>
<tr>
<th>Mbbls</th>
<th>Q3 2016</th>
<th>Q3 2017</th>
<th>YTD Q3 2016</th>
<th>YTD Q3 2017</th>
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<tbody>
<tr>
<td>108.7</td>
<td>43.0</td>
<td>65.7</td>
<td>104.3</td>
<td>66.4</td>
</tr>
<tr>
<td>146.1</td>
<td>203.3</td>
<td>104.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>291.8</td>
<td>187.6</td>
<td></td>
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PAT

<table>
<thead>
<tr>
<th>RM Bil</th>
<th>Q3 2016</th>
<th>Q3 2017</th>
<th>YTD Q3 2016</th>
<th>YTD Q3 2017</th>
</tr>
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<tbody>
<tr>
<td>8%</td>
<td>12%</td>
<td>59%</td>
<td>10%</td>
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Petroleum Products

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<tr>
<th>MM T</th>
<th>Q3 2016</th>
<th>Q3 2017</th>
<th>YTD Q3 2016</th>
<th>YTD Q3 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.9</td>
<td>3.5</td>
<td>5.4</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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Plant Utilisation

Improved utilisation for refineries, while petrochemical plants had undertaken higher statutory turnaround activities.

<table>
<thead>
<tr>
<th>Plant Type</th>
<th>Q3 2016</th>
<th>Q3 2017</th>
<th>YTD Q3 2016</th>
<th>YTD Q3 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Refineries</td>
<td>92.7</td>
<td>95.1</td>
<td>87.7</td>
<td>89.5</td>
</tr>
<tr>
<td>International Refinery</td>
<td>83.6</td>
<td>97.9</td>
<td>88.6</td>
<td>97.0</td>
</tr>
<tr>
<td>Petrochemical Plants</td>
<td>100.0</td>
<td>85.7</td>
<td>96.0</td>
<td>91.0</td>
</tr>
</tbody>
</table>
Thank You