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## Performance

- **54%** increase in net profit of RM26.6 billion
- **15%** increase in EBITDA of RM52.2 billion

## Progress of projects

- **PIC**\(^1\) **92%** completion as at 30 June 2018
- **PFLNG2** **88%** completion as at 30 June 2018

## Outlook

- PETRONAS expects to deliver satisfactory year end performance
- Driven by emphasis on productivity and growth strategies

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\(^1\) Pengerang Integrated Complex (PIC)
## Half Yearly Financial Highlights

<table>
<thead>
<tr>
<th>Key Financial Indicators (RM bil)</th>
<th>1H '17</th>
<th>1H '18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>108.1</td>
<td>117.2</td>
</tr>
<tr>
<td>Profit After Tax (PAT)</td>
<td>17.3</td>
<td>26.6</td>
</tr>
<tr>
<td>PAT excluding net impairment on assets</td>
<td>18.7</td>
<td>25.4</td>
</tr>
<tr>
<td>EBITDA</td>
<td>45.2</td>
<td>52.2</td>
</tr>
<tr>
<td>EBITDA Margin</td>
<td>42%</td>
<td>44%</td>
</tr>
<tr>
<td>CFFO</td>
<td>39.8</td>
<td>41.7</td>
</tr>
<tr>
<td>Capital investments</td>
<td>21.3</td>
<td>19.8</td>
</tr>
</tbody>
</table>

### Dated Brent (USD/bbl)
- 2017: $70.56
- 2017: $51.80

### JCC single-month (USD/bbl)
- 2017: $62.46
- 2017: $51.30

### Average exchange rate
- MYR/USD: RM3.94 (2017)

### Production (kboe/d)
- 2017: 2,383
- 2017: 2,342

### Entitlement (kboe/d)
- 2017: 1,681
- 2017: 1,778

<table>
<thead>
<tr>
<th>MYR/USD¹</th>
<th>Dated Brent (USD/bbl)</th>
<th>JCC single-month (USD/bbl)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017 RM4.39</td>
<td>$70.56</td>
<td>$62.46</td>
</tr>
<tr>
<td>2017 $51.80</td>
<td>$51.80</td>
<td>$51.30</td>
</tr>
</tbody>
</table>

¹ Average exchange rate
² Represents Malaysia’s production (PETRONAS Group and other Operators) and PETRONAS Group’s international equity production volume
³ Represents PETRONAS Group’s sales entitlement to Malaysia’s production and PETRONAS Group’s international sales entitlement volume
Group Financial Results

Half Year 2018

**EBITDA**

<table>
<thead>
<tr>
<th>Period</th>
<th>Amount (RM bil)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1H '18</td>
<td>52.2</td>
<td>15%</td>
</tr>
<tr>
<td>1H '17</td>
<td>45.2</td>
<td></td>
</tr>
</tbody>
</table>

**PAT**

<table>
<thead>
<tr>
<th>Period</th>
<th>Amount (RM bil)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1H '18</td>
<td>26.6</td>
<td>54%</td>
</tr>
<tr>
<td>1H '17</td>
<td>17.3</td>
<td></td>
</tr>
</tbody>
</table>

Q2 2018 Y-o-Y

**EBITDA**

<table>
<thead>
<tr>
<th>Period</th>
<th>Amount (RM bil)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 '18</td>
<td>27.2</td>
<td>32%</td>
</tr>
<tr>
<td>Q2 '17</td>
<td>20.6</td>
<td></td>
</tr>
</tbody>
</table>

**PAT**

<table>
<thead>
<tr>
<th>Period</th>
<th>Amount (RM bil)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 '18</td>
<td>13.6</td>
<td>94%</td>
</tr>
<tr>
<td>Q2 '17</td>
<td>7.0</td>
<td></td>
</tr>
</tbody>
</table>

Q2 2018 Q-o-Q

**EBITDA**

<table>
<thead>
<tr>
<th>Period</th>
<th>Amount (RM bil)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 '18</td>
<td>27.2</td>
<td>9%</td>
</tr>
<tr>
<td>Q1 '18</td>
<td>25.0</td>
<td></td>
</tr>
</tbody>
</table>

**PAT**

<table>
<thead>
<tr>
<th>Period</th>
<th>Amount (RM bil)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 '18</td>
<td>13.6</td>
<td>5%</td>
</tr>
<tr>
<td>Q1 '18</td>
<td>13.0</td>
<td></td>
</tr>
</tbody>
</table>
Segment Results

PAT by Business Segments

<table>
<thead>
<tr>
<th>Segment</th>
<th>1H '17 Group PAT</th>
<th>Upstream</th>
<th>Downstream</th>
<th>C&amp;O</th>
<th>Intersegment elimination</th>
<th>1H '18 Group PAT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>17.3</td>
<td>9.1</td>
<td>0.1</td>
<td>1.6</td>
<td>(1.5)</td>
<td>26.6</td>
</tr>
</tbody>
</table>

In RM bil
Half Yearly Upstream Performance

Focus Areas

- 6 projects achieved 1st hydrocarbon
- Discovery of sweet gas in Sarawak
- First PETRONAS LNG Break Bulking via ship-to-ship transfer
- RM109 mil monetisation from flared and vented gas
- Commercial delivery of natural gas to Turkey

- YTD RM1.2 bil industry-wide cost optimisation and cash generation via Cost Reduction Alliance (CORAL 2.0) and Petroleum Arrangement Contracts (PAC’s) initiatives

Operational Excellence

Cost Management

Portfolio High Grading

- Acquired 25% equity in LNG Canada project in Kitimat, British Columbia, Canada
- Signed SK 304 with ConocoPhillips in Malaysia
- Official handover of Iraq Majnoon Field to Basra Oil Company

Operational Performance

<table>
<thead>
<tr>
<th>Products</th>
<th>1H ’17</th>
<th>1H ’18</th>
</tr>
</thead>
<tbody>
<tr>
<td>LNG sales volume (million tonnes)</td>
<td>14.69</td>
<td>14.48</td>
</tr>
<tr>
<td>Malaysia average sales gas volume (mmscfd)</td>
<td>2,745</td>
<td>2,788</td>
</tr>
</tbody>
</table>
Half Yearly Downstream Performance

Focus Areas

Operational & Commercial Excellence

- Downstream OEE at 93.0%
- Plant Utilisation for petrochemicals plants at 97.6% despite a major statutory turnaround
- Domestic Retail recorded 4% volume increase between Quarter 2 and Quarter 1, surpassing market average

Sales Volume

- Petroleum products (Million Barrels): 121.2 (1H '17), 120.2 (1H '18)
- Crude oil (Million Barrels): 66.3 (1H '17), 66.4 (1H '18)

PETRONAS’ retail business recorded the highest unit margin in 5 years.
Capital Investments and Group Costs

Capital Investments

Half Yearly Capital investments

- 34% RM19.8bil
- 66%

Malaysia | International

Group Costs

1 Relate to costs charged to Income Statement only

**Continuous Groupwide cost management efforts**

<table>
<thead>
<tr>
<th></th>
<th>RM Bil</th>
<th>1H '17</th>
<th>1H '18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Investments</td>
<td></td>
<td>21.3</td>
<td>19.8</td>
</tr>
<tr>
<td>Group Costs</td>
<td></td>
<td>83.3</td>
<td>82.9</td>
</tr>
</tbody>
</table>
Other Financial Highlights

**Significant Items**

- Total assets at RM610.7 bil (↑ 2%\(^1\))
- Shareholders’ equity at RM389.2 bil
- Cash and fund investments at RM181.0 bil
- Leverage at 16.3% (↑ from 16.1%\(^2\))
- ROACE\(^3\) at 11.8% (↑ from 9.8%\(^2\))

**Notes:**

1. Compared to 31 December 2017
2. As at 31 December 2017
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

**Cash & fund investments**

- **RM 44.5 bil**
  - **Net Inflows:**
    - Proceeds from partial disposal of inv. in subsi
    - Cash from financing
    - Cash from operations
  - **Value:**
    - RM 33.3 bil
    - RM 41.7 bil

- **Net Outflows:**
  - Other net cash outflows
  - Dividends to Government
  - Dividends to Non-Controlling Interest
  - Capital Investments
  - **Value:**
    - RM 2.6 bil
    - RM 8.0 bil
    - RM 3.1 bil
    - RM 19.8 bil
Appendix
<table>
<thead>
<tr>
<th>% change</th>
<th>Q2 '17</th>
<th>Q2 '18</th>
<th>Key Financial Indicators (RM bil)</th>
<th>1H '18</th>
<th>1H '17</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>51.6</td>
<td><strong>59.2</strong></td>
<td>Revenue</td>
<td>117.2</td>
<td>108.1</td>
<td>8</td>
</tr>
<tr>
<td>81</td>
<td>10.6</td>
<td><strong>19.2</strong></td>
<td>Profit before tax (PBT)</td>
<td>37.4</td>
<td>26.1</td>
<td>43</td>
</tr>
<tr>
<td>94</td>
<td>7.0</td>
<td><strong>13.6</strong></td>
<td>PAT</td>
<td>26.6</td>
<td>17.3</td>
<td>54</td>
</tr>
<tr>
<td>&gt;100</td>
<td>(1.2)</td>
<td><strong>0.2</strong></td>
<td>Net impairment write-back /(losses)</td>
<td>1.2</td>
<td>(1.4)</td>
<td>&gt;100</td>
</tr>
<tr>
<td>63</td>
<td>8.2</td>
<td><strong>13.4</strong></td>
<td>PAT excluding net impairment on assets</td>
<td>25.4</td>
<td>18.7</td>
<td>36</td>
</tr>
<tr>
<td>32</td>
<td>20.6</td>
<td><strong>27.2</strong></td>
<td>EBITDA</td>
<td>52.2</td>
<td>45.2</td>
<td>15</td>
</tr>
<tr>
<td>6</td>
<td>40</td>
<td><strong>46</strong></td>
<td>EBITDA margin (%)</td>
<td>44</td>
<td>42</td>
<td>2</td>
</tr>
<tr>
<td>(10)</td>
<td>21.8</td>
<td><strong>19.7</strong></td>
<td>CFFO</td>
<td>41.7</td>
<td>39.8</td>
<td>5</td>
</tr>
<tr>
<td>(16)</td>
<td>9.4</td>
<td><strong>7.9</strong></td>
<td>Capital investments</td>
<td>19.8</td>
<td>21.3</td>
<td>(7)</td>
</tr>
</tbody>
</table>
## Key Indicators

<table>
<thead>
<tr>
<th></th>
<th>Q2 ‘17</th>
<th>Q2 ‘18</th>
<th>1H ‘18</th>
<th>1H ‘17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dated Brent (USD/bbl)</td>
<td>49.83</td>
<td>74.35</td>
<td>70.56</td>
<td>51.80</td>
</tr>
<tr>
<td>JCC single-month (USD/bbl)</td>
<td>54.93</td>
<td>66.55</td>
<td>62.46</td>
<td>51.30</td>
</tr>
<tr>
<td>MYR/USD(^1)</td>
<td>4.33</td>
<td>3.95</td>
<td>3.94</td>
<td>4.39</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Q2 ‘17</th>
<th>Q2 ‘18</th>
<th>1H ‘18</th>
<th>1H ‘17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production(^2)</td>
<td>2,297</td>
<td>2,305</td>
<td>2,383</td>
<td>2,342</td>
</tr>
<tr>
<td>Entitlement(^3)</td>
<td>1,706</td>
<td>1,634</td>
<td>1,681</td>
<td>1,778</td>
</tr>
</tbody>
</table>

---

1. Average exchange rate
2. Represents Malaysia’s production (PETRONAS Group and other Operators) and PETRONAS Group’s international equity production volume
3. Represents PETRONAS Group’s sales entitlement to Malaysia’s production and PETRONAS Group’s international sales entitlement volume
Operational Highlights – Q2 2018

Focused delivery across the value chain

- Acquired 25% equity in **LNG Canada** project in Kitimat, British Columbia, Canada

- **6 projects achieved**
  - 1st Hydrocarbon
    - (3 Greenfield, 3 Brownfield)

- **Growth & Portfolio High Grading**
  - Signed **SK 304 with ConocoPhillips** in Malaysia
  - Official handover of **Iraq Majnoon Field** to Basra Oil Company

- YTD RM 1.2 bil
  - industry-wide cost optimisation and cash generation via Cost Reduction Alliance (CORAL 2.0) and PAC’s initiatives

- A total of 71 mmscfd of flared and vented gas was captured and monetised with an estimated value of **RM109 Mil**

- Exploration discovery of **sweet gas** in Sarawak, SK 318 Timi

- Commercial delivery of natural gas to Turkey through Shah Deniz II facilities in Azerbaijan

- **First PETRONAS LNG Break Bulking via Ship-To-Ship** transfer in Brunei Bay, Sabah
  - **Innovative and flexible** solutions to support growth of new markets and non-traditional buyers

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Financial Results Announcement 30 June 2018, Upstream | Page 1
Operational Highlights
Overall higher results compared to prior year

Higher than 2017 corresponding period
- Q2 2018 (↑ 0.4%)
- YTD 2018 (↑ 2%)

Higher liquid production from Iraq and Turkmenistan

Financial Results Announcement 30 June 2018, Upstream | Page 2
Operational Highlights
Lower LNG sales volume compared to prior year

LNG Sales Volume (mil tonnes)

- Q2' 17: 7.19
- Q2' 18: 6.56
- 1H' 17: 14.69
- 1H' 18: 14.48

Lower LNG sales volume for 2018 mainly attributable to lower volume from PETRONAS LNG Complex (“PLC”) in Bintulu, Sarawak

Malaysia Average Sales Gas Volume (mmscfd)

- Q2' 17: 2,745
- Q2' 18: 2,771
- 1H' 17: 2,745
- 1H' 18: 2,788

Higher Malaysia average sales gas volume compared to prior year mainly due to higher demand
Downstream Business
Downstream Growth Projects

Pengerang Integrated Complex (PIC)

The Pengerang Integrated Complex (PIC) continues to progress on track, achieving 92 per cent completion as at 30 June 2018.


PIC remains on schedule to achieve Ready for Start-Up (RFSU) status in 2019.

PETRONAS Chemicals Group Berhad (PCG)

PCG recently launched a new brand name for 10 of its products within its derivatives and specialty chemicals. The PETRONAS INA-9 (isononanol) and PETRONAS PROPELINAS (polypropylene) will be manufactured at the PIC and ready for market by 2019.
Downstream Sales Volume

Higher petrochemical sales boosted by higher production

**Petrochemical Products**
- 4.0 Mil Metric Tonnes (1H’ 17)
- 4.5 Mil Metric Tonnes (1H’ 18)

**Petroleum Products**
- 121.2 Mil barrels (1H’ 17)
- 120.2 Mil barrels (1H’ 18)

**Crude Oil**
- 66.3 Mil barrels (1H’ 17)
- 66.4 Mil barrels (1H’ 18)
Plant Utilisation

Improved utilisation for petrochemical plants following healthy feedstock supply whilst refineries underwent statutory turnaround in the first half of the year

<table>
<thead>
<tr>
<th>Plant Type</th>
<th>1H' 17</th>
<th>1H' 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petrochemical Plants</td>
<td>94.0</td>
<td>97.6</td>
</tr>
<tr>
<td>Domestic Refineries</td>
<td>86.6</td>
<td>86.2</td>
</tr>
<tr>
<td>International Refinery</td>
<td>96.6</td>
<td>58.5</td>
</tr>
</tbody>
</table>

1 Plant Utilisation based on Nexant
THANK YOU

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