



PETRONAS

PETRONAS Group **Financial Results Announcement**

Half Yearly 2018

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Half Yearly Key Features



Performance

Execution of overall business improvement initiatives and increased commodity prices

54%  in net profit of RM26.6 billion

15%  in EBITDA of RM52.2 billion

Progress of projects

- PIC¹ **92%** completion as at 30 June 2018
- PFLNG2 **88%** completion as at 30 June 2018

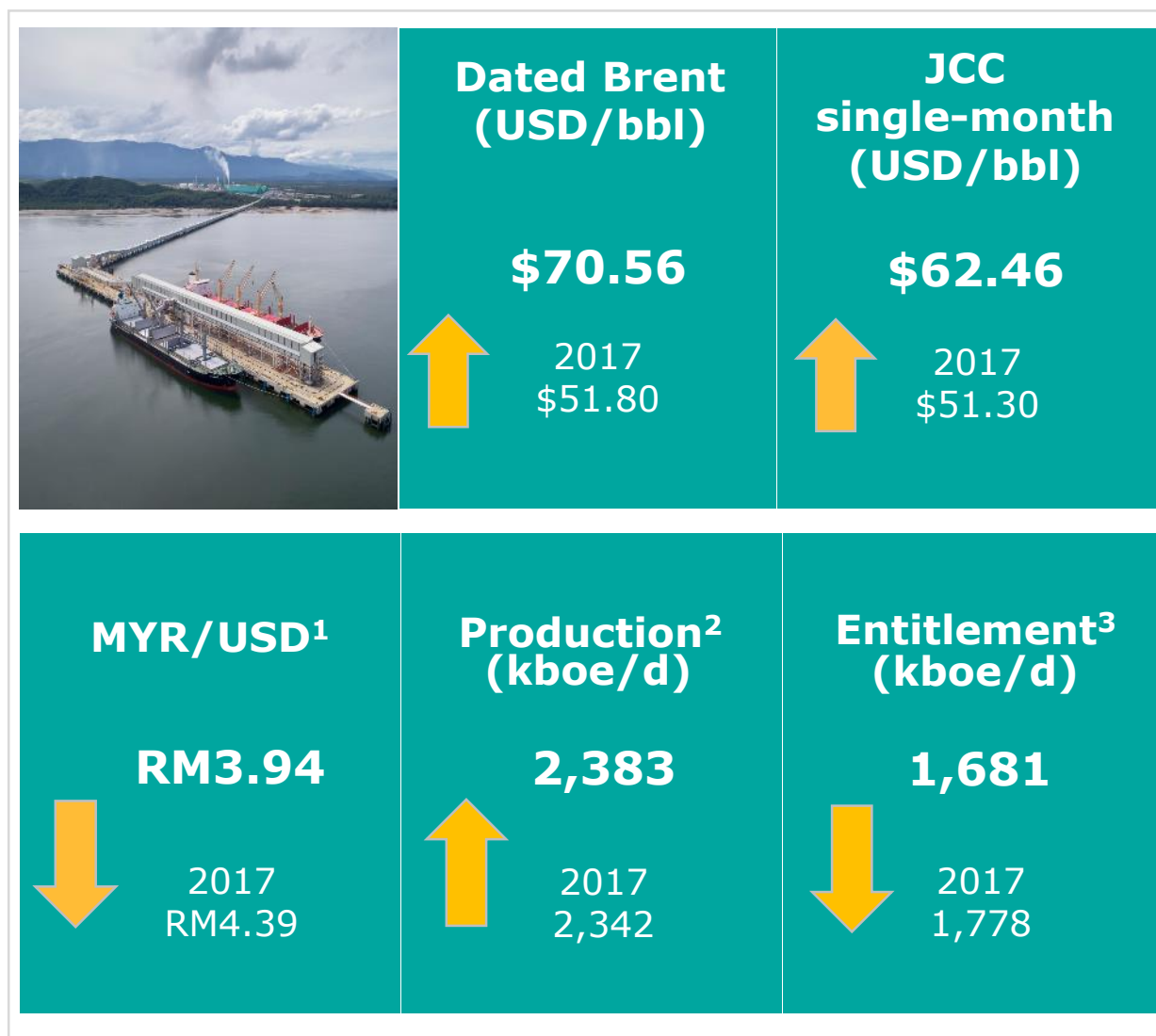
Outlook

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

¹ Pengerang Integrated Complex (PIC)

Half Yearly Financial Highlights

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



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

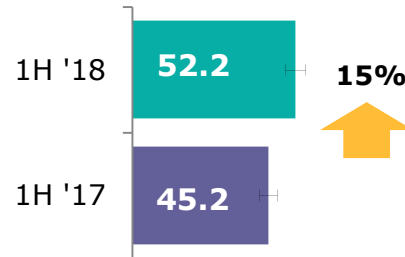
Group Financial Results



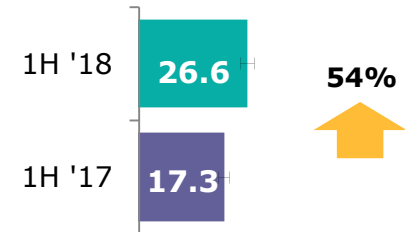
Half Year 2018

EBITDA

RM bil



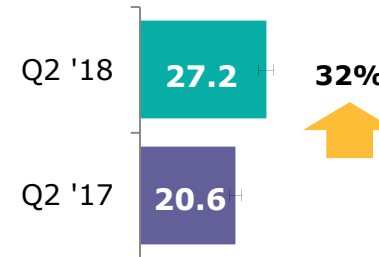
PAT



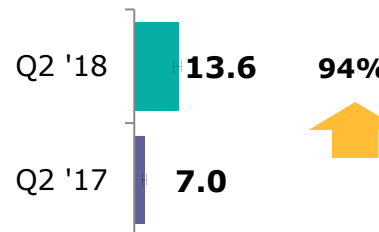
Q2 2018 Y-o-Y

EBITDA

RM bil



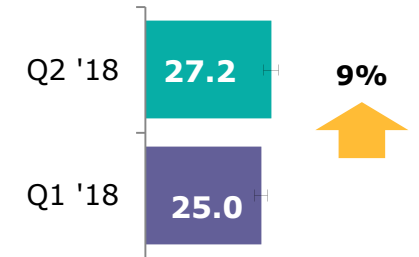
PAT



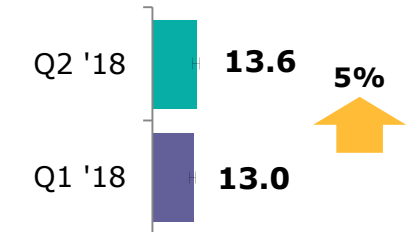
Q2 2018 Q-o-Q

EBITDA

RM bil



PAT

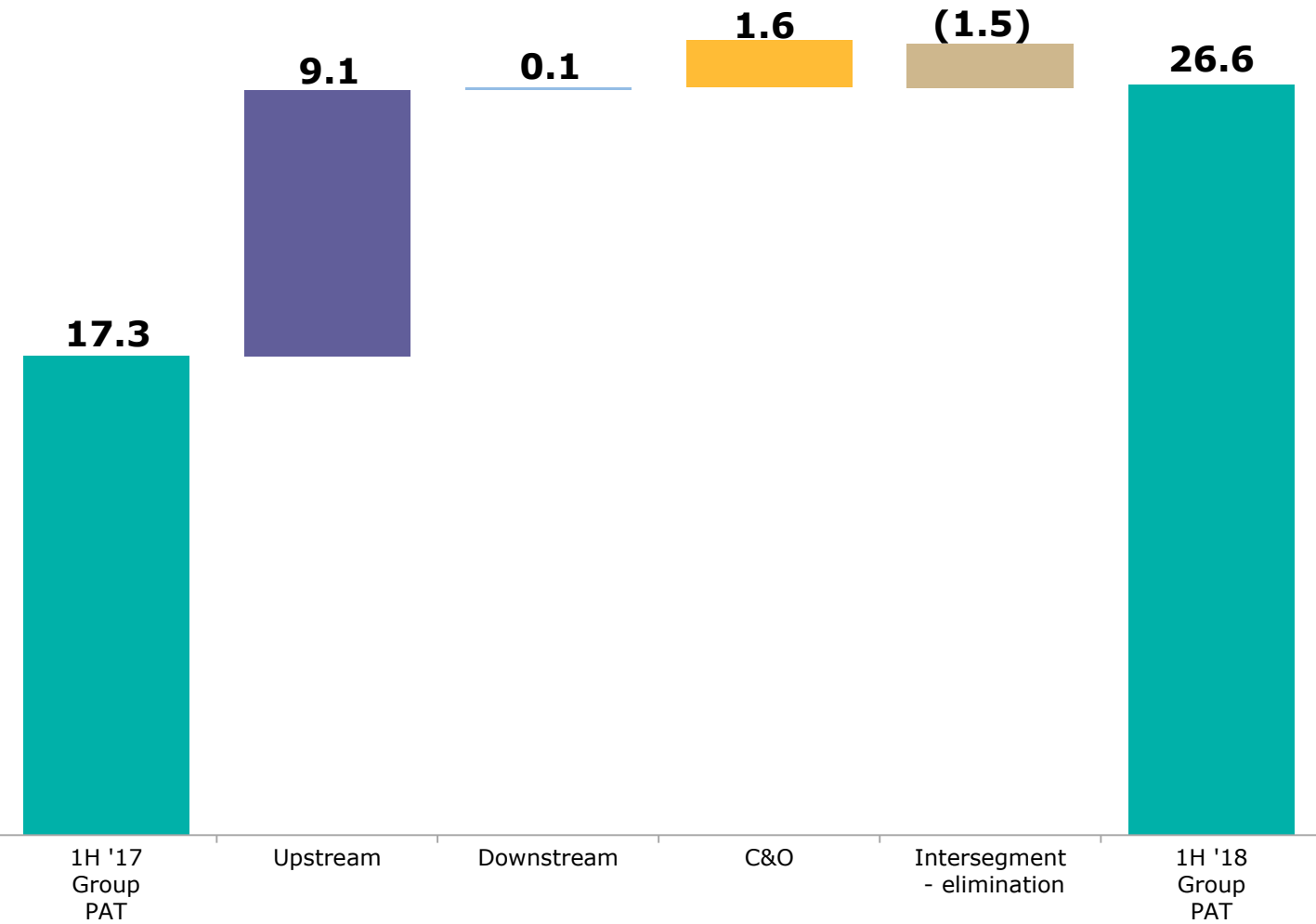


Segment Results



In RM bil

PAT by Business Segments



Half Yearly Upstream Performance

Focus Areas



Operational Excellence

- **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**



Cost Management

- **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

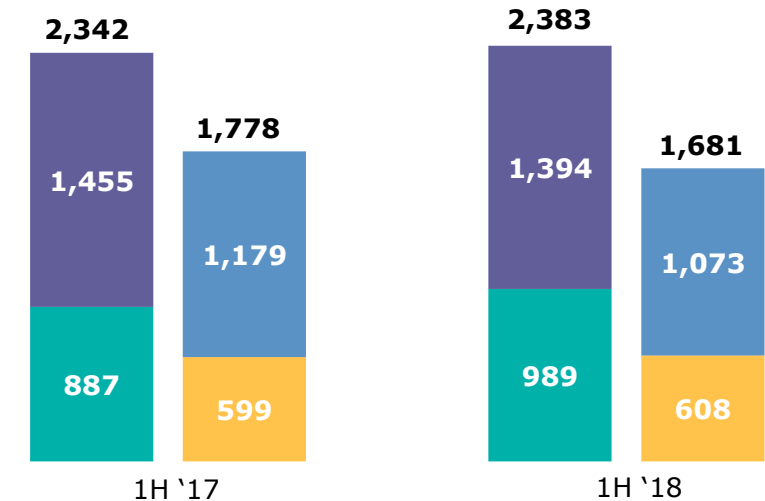


Portfolio High Grading

- 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

Production and Entitlement (kboe/d)



■ Production Crude and Cond. ■ Production Natural Gas
■ Entitlement Crude and Cond. ■ Entitlement Natural Gas

Products	1H '17	1H '18
LNG sales volume (million tonnes)	14.69	14.48
Malaysia average sales gas volume (mmscfd)	2,745	2,788

Half Yearly Downstream Performance

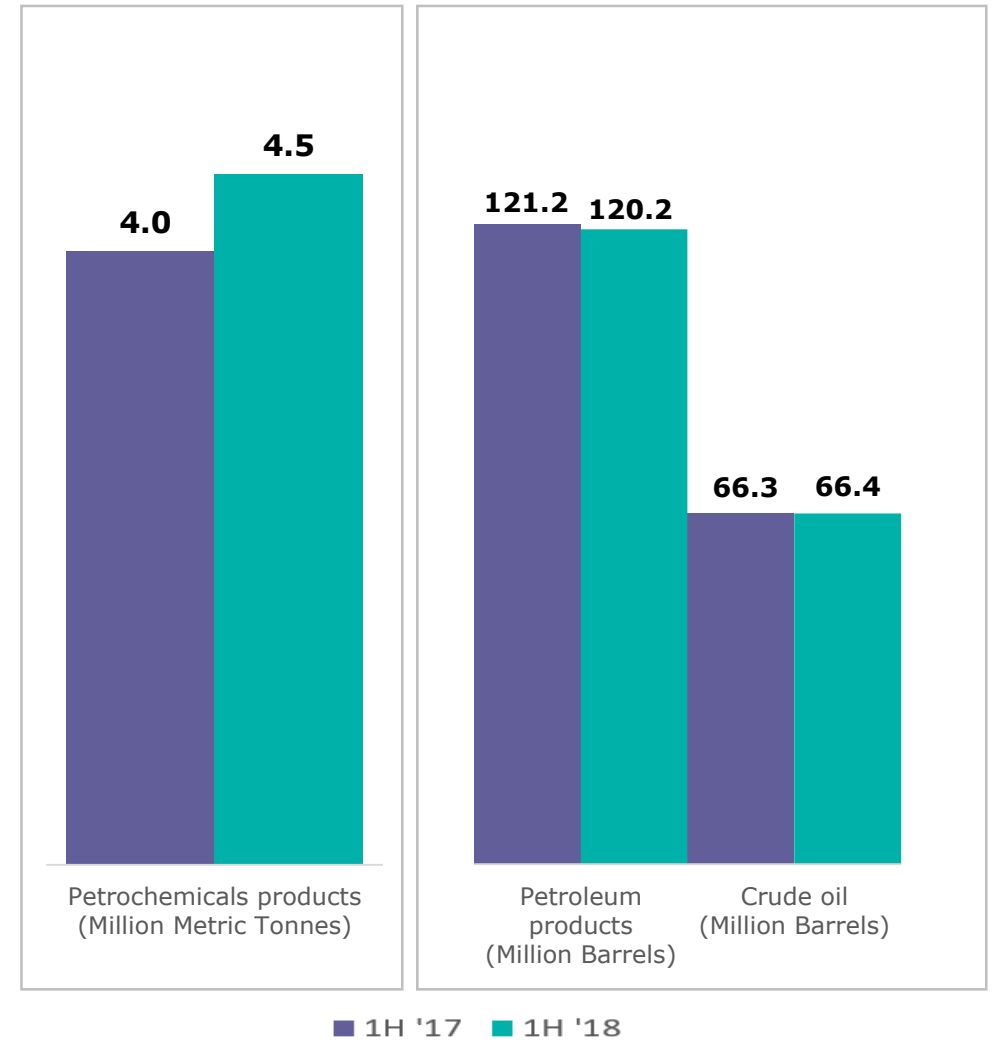
Focus Areas



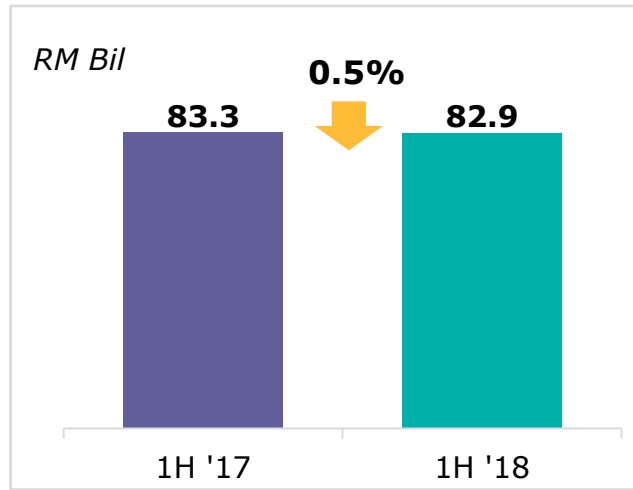
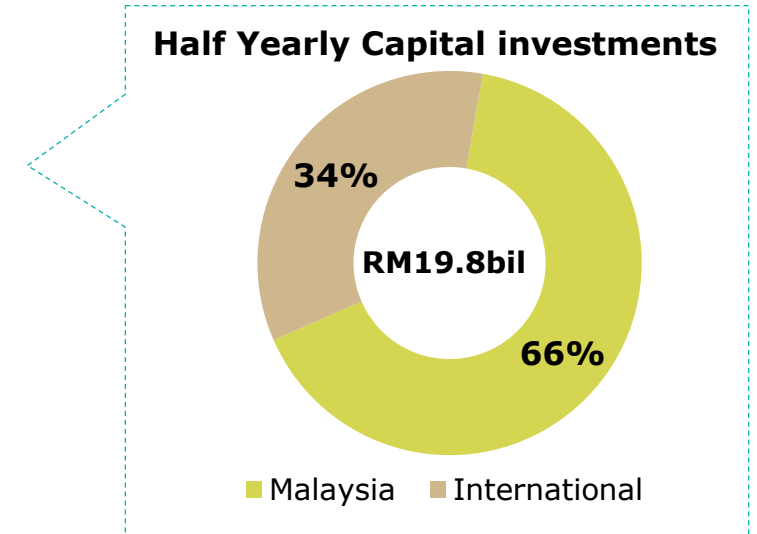
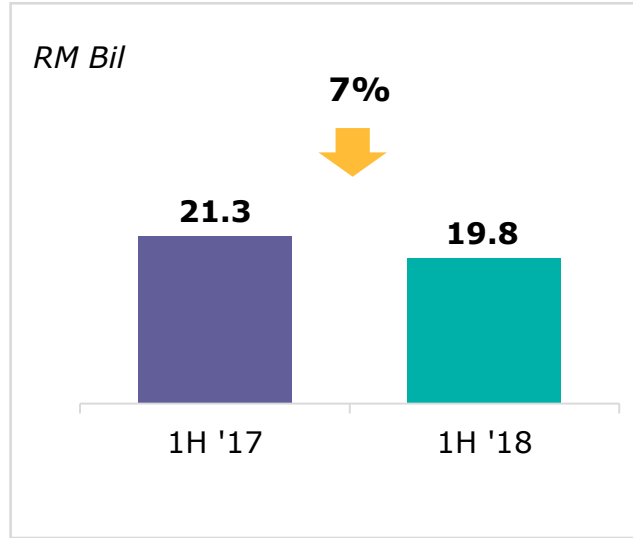
Operational & Commercial Excellence

- 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



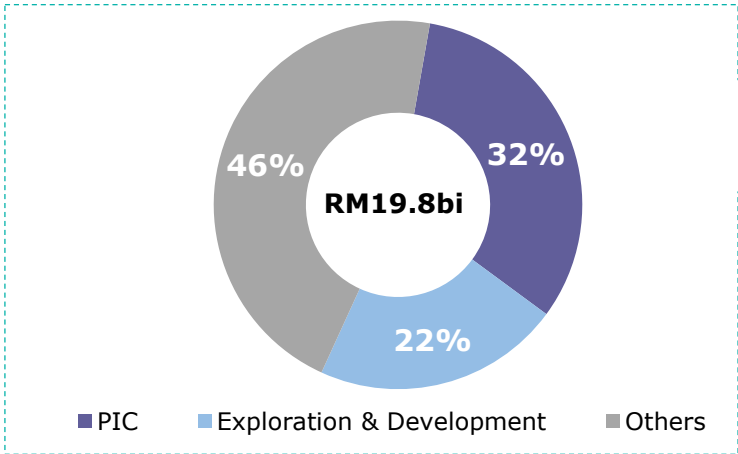
Capital Investments and Group Costs



Continuous Groupwide cost management efforts

¹ Relate to costs charged to Income Statement only

Other Financial Highlights



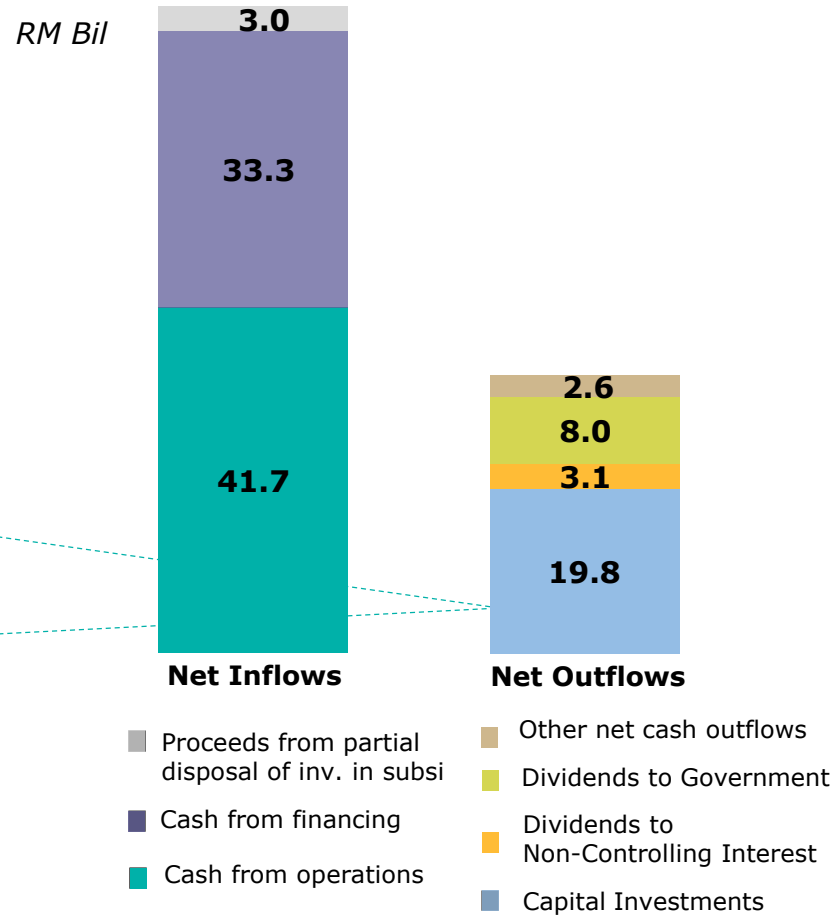
Notes:

¹Compared to 31 December 2017

²As at 31 December 2017

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

Cash & fund investments ↑ RM44.5 bil



Significant Items

- Total assets at RM610.7 bil (↑ 2%¹)
- Shareholders' equity at RM389.2 bil
- Cash and fund investments at RM181.0 bil
- Borrowings at RM66.3 bil
- Leverage at 16.3% (↑ from 16.1%²)
- ROACE³ at 11.8% (↑ from 9.8%²)



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Appendix











Financial Highlights

Appendix 1

% change	Q2 '17	Q2 '18	Key Financial Indicators (RM bil)	1H '18	1H '17	% change
15	51.6	59.2	Revenue	117.2	108.1	8
81	10.6	19.2	Profit before tax (PBT)	37.4	26.1	43
94	7.0	13.6	PAT	26.6	17.3	54
>100	(1.2)	0.2	Net impairment write-back / (losses)	1.2	(1.4)	>100
63	8.2	13.4	PAT excluding net impairment on assets	25.4	18.7	36
32	20.6	27.2	EBITDA	52.2	45.2	15
6	40	46	EBITDA margin (%)	44	42	2
(10)	21.8	19.7	CFFO	41.7	39.8	5
(16)	9.4	7.9	Capital investments	19.8	21.3	(7)

Key Indicators

Appendix 2

Q2 '17		Q2 '18		1H '18		1H '17
49.83		74.35	Dated Brent (USD/bbl)	70.56		51.80
54.93		66.55	JCC single-month (USD/bbl)	62.46		51.30
4.33		3.95	MYR/USD ¹	3.94		4.39
Crude oil, condensate and natural gas (kboe/d)						
2,297		2,305	Production ²	2,383		2,342
1,706		1,634	Entitlement ³	1,681		1,778

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

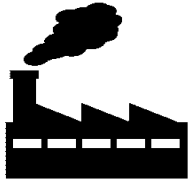


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Upstream Business

Operational Highlights – Q2 2018

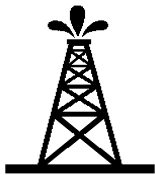
Focused delivery across the value chain



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



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



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



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



Growth & Portfolio High Grading

- Signed **SK 304** with **ConocoPhillips** in Malaysia
- Official handover of **Iraq Majnoon Field** to Basra Oil Company



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



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



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

Operational Highlights

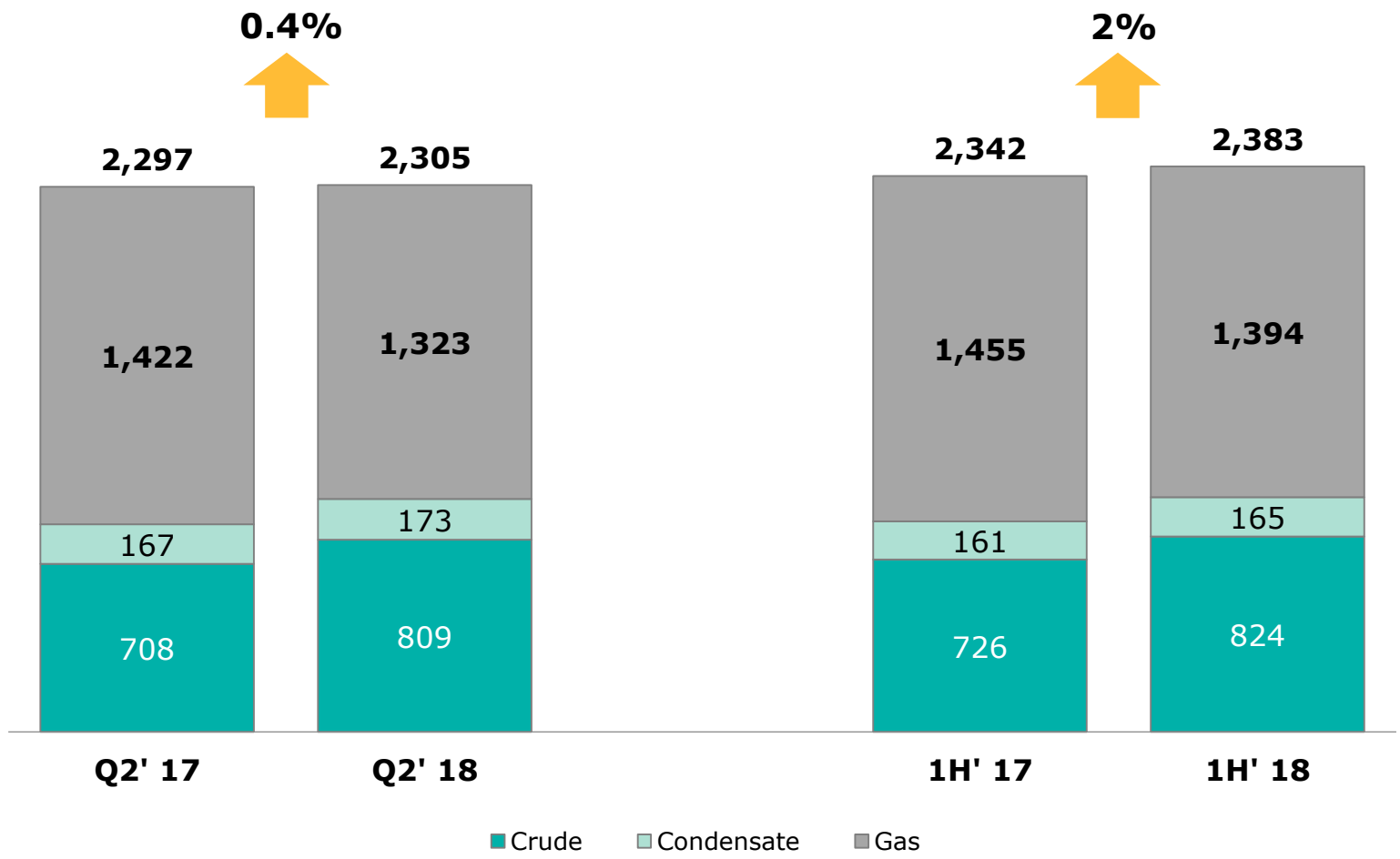
Overall higher results compared to prior year

Higher than 2017 corresponding period

- Q2 2018 (↑ 0.4%)
- YTD 2018 (↑ 2%)

Higher liquid production from Iraq and Turkmenistan

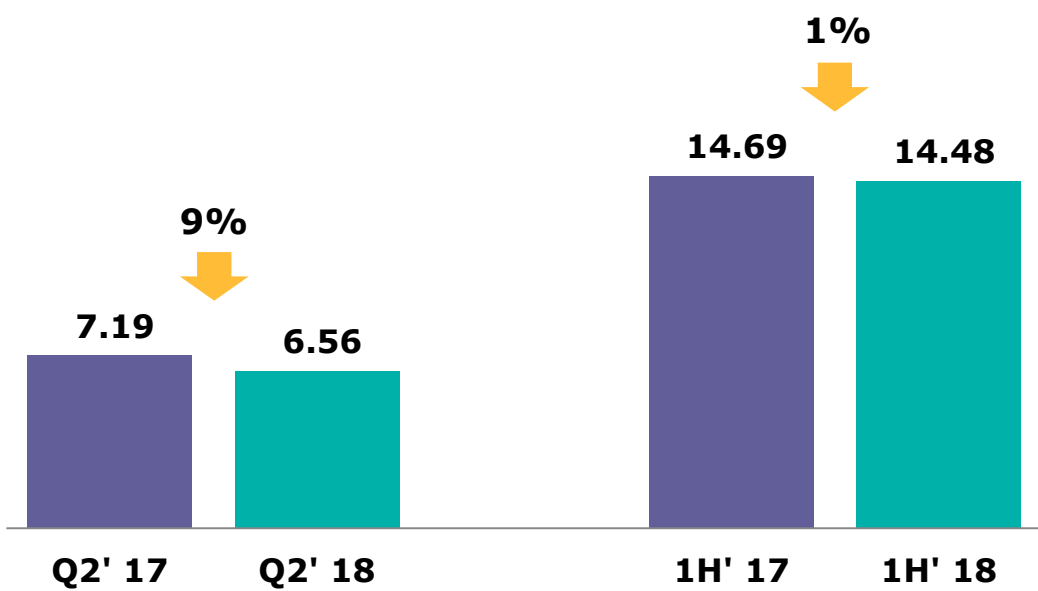
Production (kboe/d)



Operational Highlights

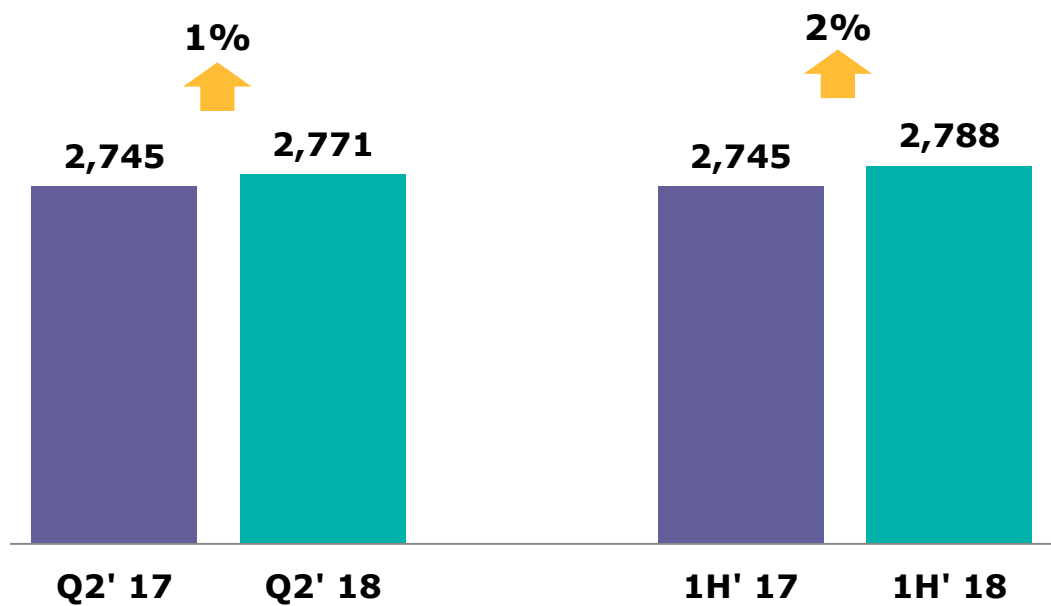
Lower LNG sales volume compared to prior year

LNG Sales Volume (mil tonnes)



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)



Higher Malaysia average sales gas volume compared to prior year mainly due to higher demand



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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.

In May this year, PETRONAS and Saudi Aramco launched the corporate identity of their Refinery and Petrochemical Joint ventures, namely Pengerang Refining Company Sdn. Bhd. (PRefChem Refining) and Pengerang Petrochemical Company Sdn. Bhd. (PRefChem Petrochemical), or collectively known as “PRefChem”, following the completion of the transaction in March 2018.

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

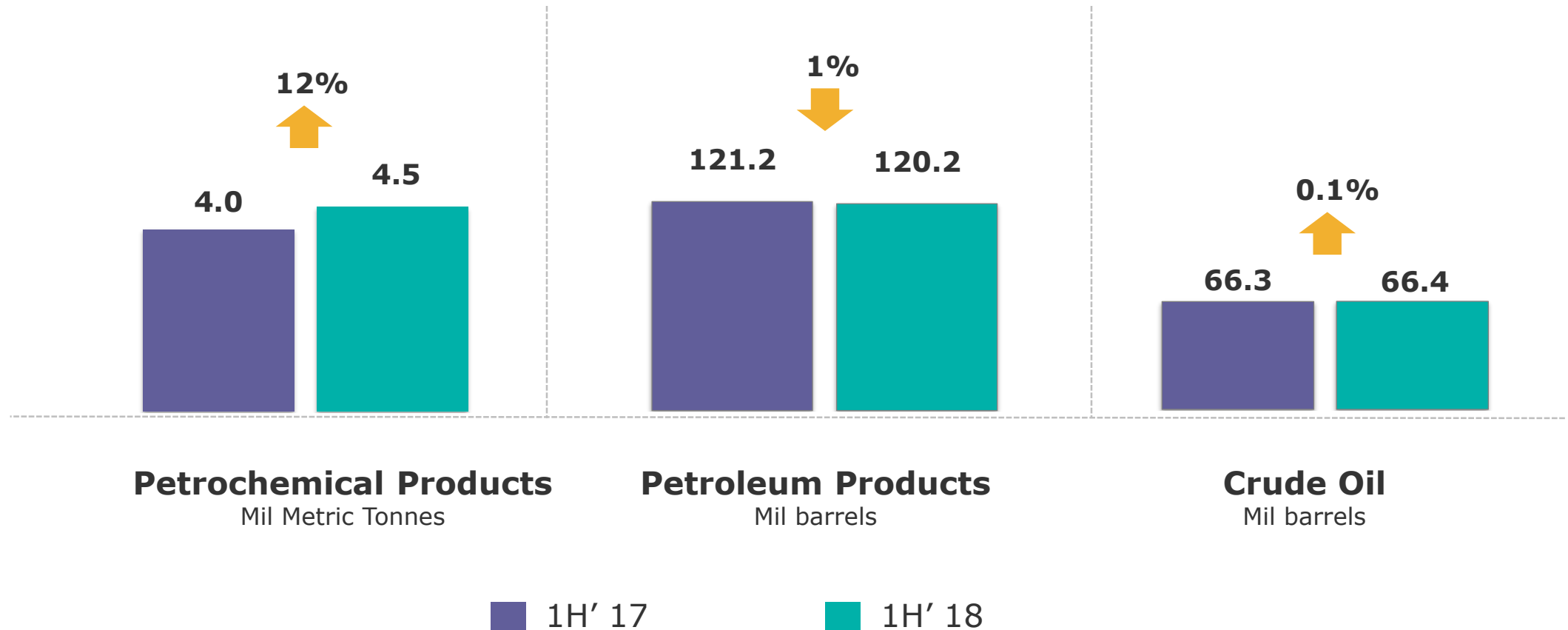


PETRONAS Chemicals Group Berhad (PCG)

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.

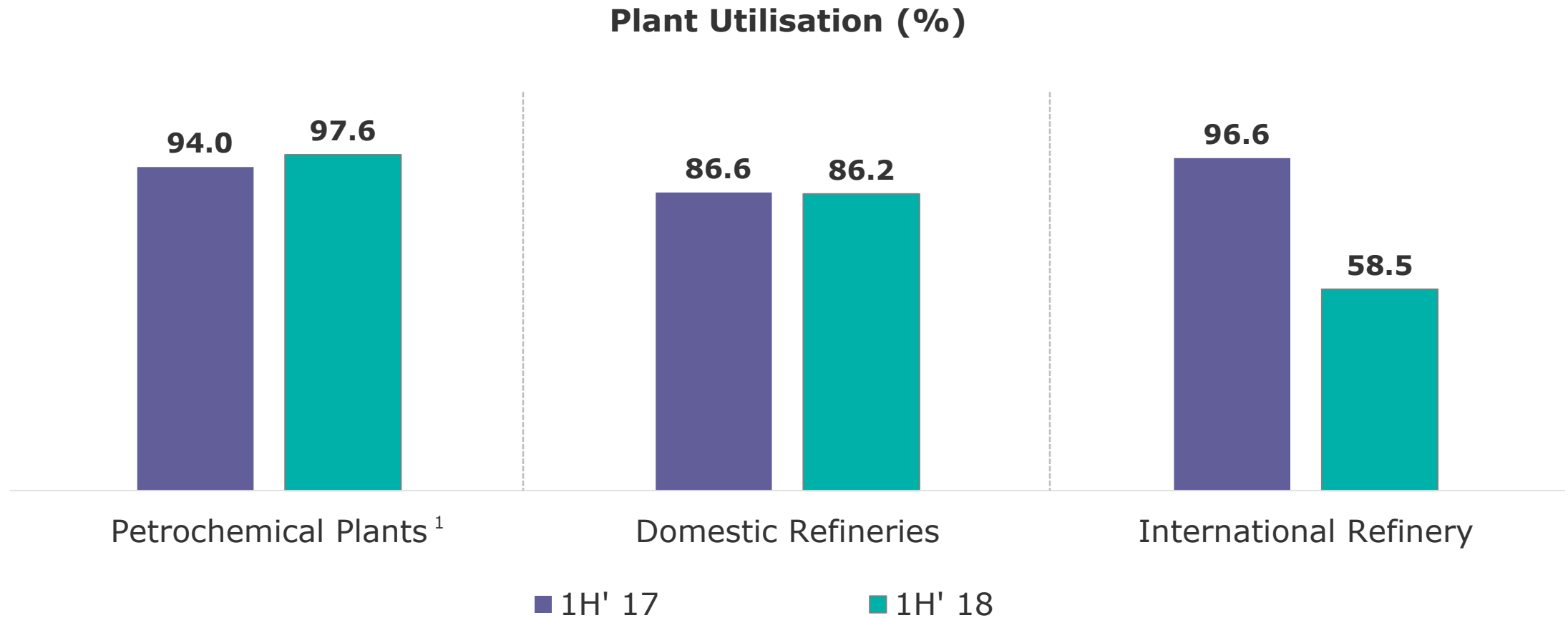
Downstream Sales Volume

Higher petrochemical sales boosted by higher production



Plant Utilisation

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



¹ Plant Utilisation based on Nexant



THANK YOU

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