



PETRONAS

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

YTD Q3 2016	YTD Q3 2017		Q2 2017	Q3 2017	Q3 2016
41.77	↑ 51.90	Dated Brent (USD/bbl)	49.83	↑ 52.08	↑ 45.85
36.76	↑ 51.98	JCC single-month (USD/bbl)	54.93	↓ 53.33	↑ 40.98
4.09	↑ 4.35	USD/MYR*	4.33	↓ 4.26	↑ 4.05
Crude oil, condensate and natural gas (kboe/d)					
2,336	↓ 2,296	Production**	2,297	↓ 2,206	↓ 2,227
1,755	↓ 1,742	Entitlement***	1,706	↓ 1,671	↓ 1,802

*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

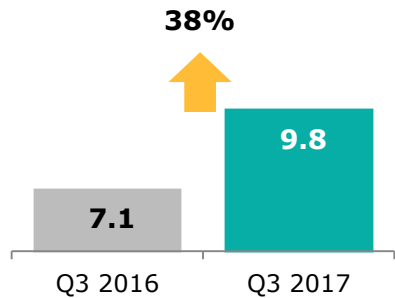
% change	YTD Q3 2016	YTD Q3 2017	Key Financial Indicators (RM bil)	Q3 2017	Q3 2016	% change
15.0	140.7	161.8	Revenue	53.7	47.0	14.2
>100	18.3	41.0	Profit before tax (PBT)	15.0	8.0	87.5
>100	12.5	27.3	Profit after tax (PAT)	10.0	6.1	63.9
78.1	(12.8)	(2.8)	Identified items*	0.2	(1.0)	>100
19.0	25.3	30.1	PAT excluding identified items (PAT*)	9.8	7.1	38.0
37.0	48.7	66.7	EBITDA	21.5	15.2	41.4
6.6	34.6	41.2	EBITDA Margin (%)	40.0	32.3	7.7
59.8	36.1	57.7	CFFO	17.9	10.5	70.5
(5.8)	35.9	33.8	Capital Investments	12.5	10.8	15.7

*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



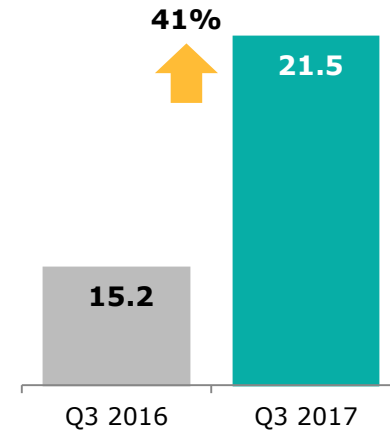
- + • higher average realised prices
- lower well costs write off

higher:

- • tax expenses
- product costs
- amortisation of Oil & Gas Properties

EBITDA

RM bil



- + • higher average realised prices
- lower well costs write off

higher:

- • product costs

EBITDA Margin (%)

40.0

Q3 2016
32.3
↑ 8%

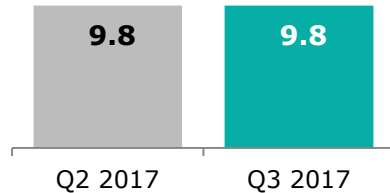
Improved margin mainly due to higher average realised prices and lower well costs write off

*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



- impact of higher sales volume
- lower amortisation of Oil & Gas Properties

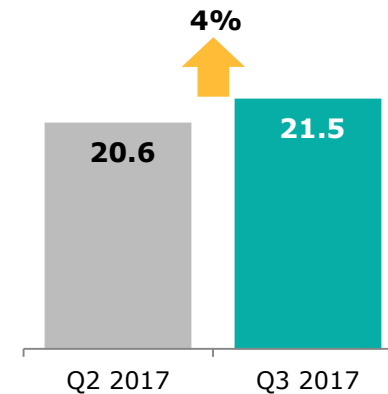


higher:

- net product and production costs
- tax expenses

EBITDA

RM bil



- impact of higher sales volume
- non FID costs for PNW LNG project in Canada in Q2 2017



higher:

- net product and production costs

EBITDA Margin (%)

40.0

Q2 2017

39.9

↑ 0.1%

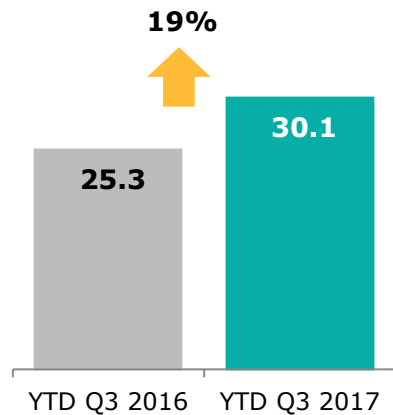
Improved margin in line with consistent performance

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

YTD Q3 2017 Group Financial Results

PAT*

RM bil



- higher average realised prices
- lower well costs write off

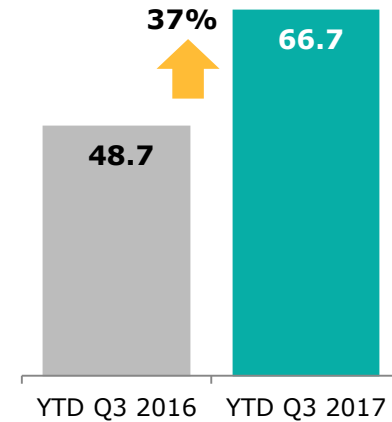
- impact of lower sales volume higher:



- tax expenses
- amortisation of Oil & Gas Properties
- net foreign exchange losses

EBITDA

RM bil



- higher average realised prices
- lower well costs write off



- impact of lower sales volume
- higher net foreign exchange losses

EBITDA Margin (%)

41.2

YTD Q3 2016

34.6

↑ 7%

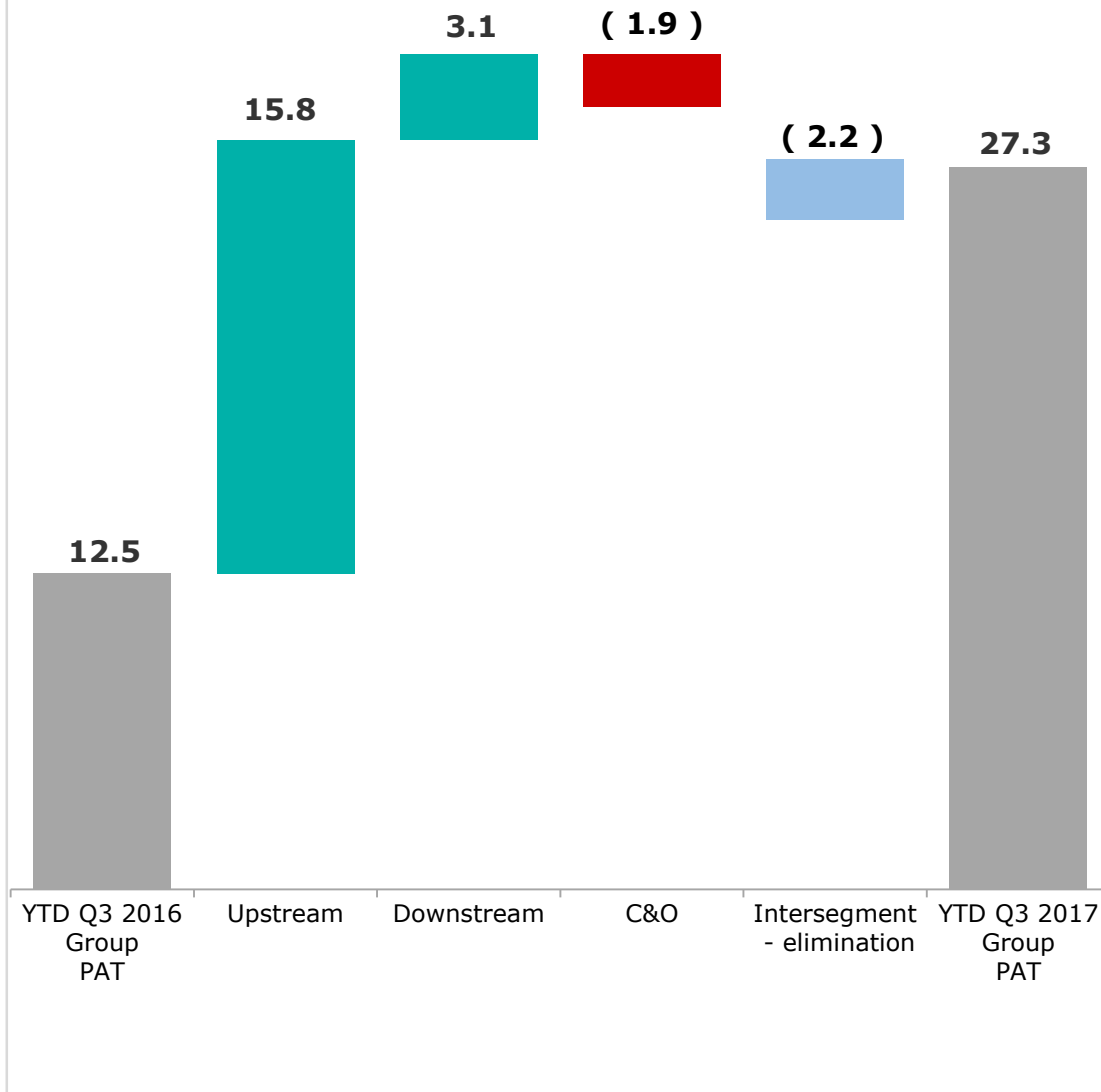
Improved margin mainly due to higher average realised prices and lower well costs write off

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

Business Segment Results

In RM bil

PAT by Business Segments



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

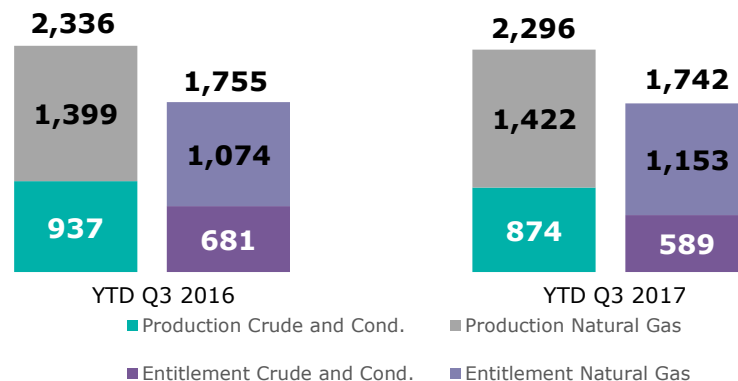
Cost rebase resulting in further reduction in unit production cost

Assets High Grading

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

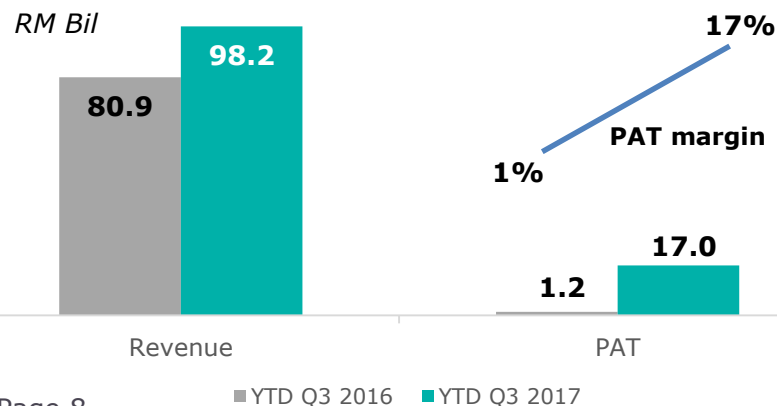
Operational Performance

Production and Entitlement (kboe/d)



Products	YTD Q3 2016	YTD Q3 2017
Malaysia avg. sales gas volume (mmscfd)	2,759	2,740
LNG sales volume (million tonnes)	21.5	21.9

YTD Financial Performance



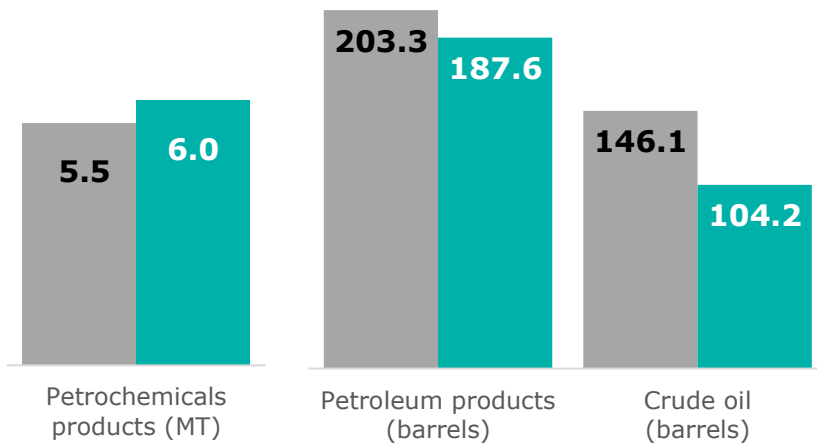
YTD Q3 2017 Downstream Performance

Focus Areas

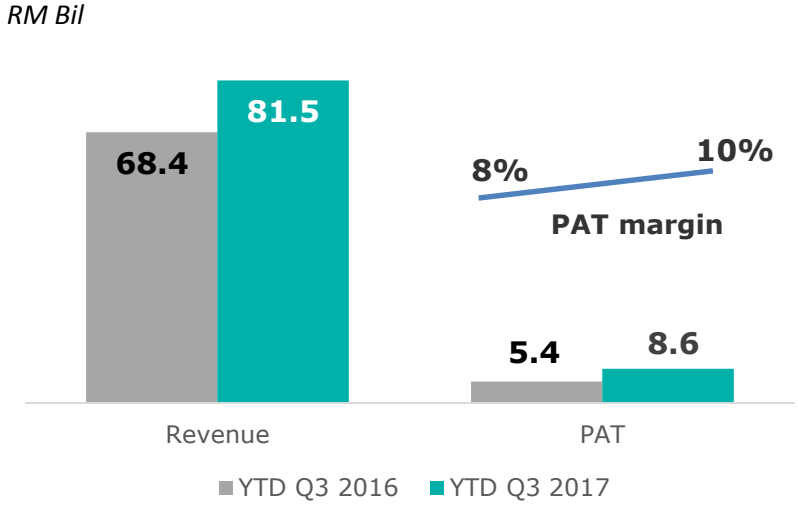


Operational Performance

Sales Volume (Million)



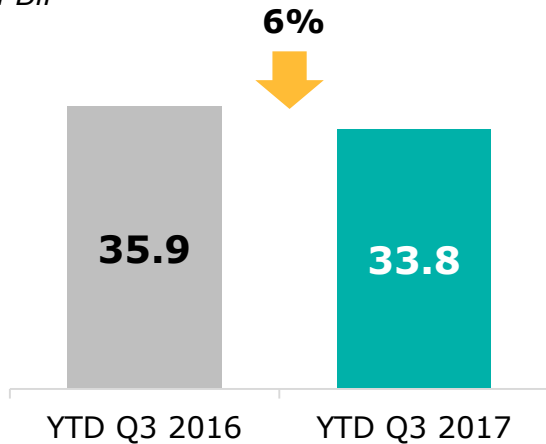
Financial Performance



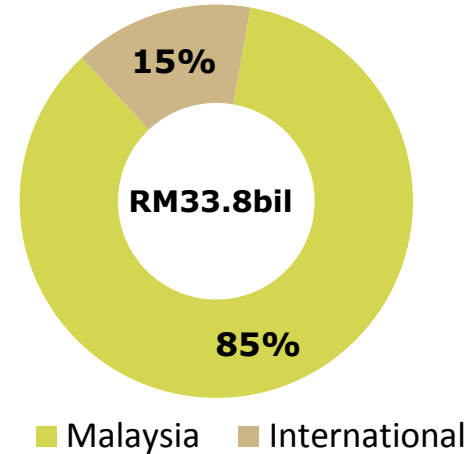
Capital investments and controllable costs

Capital investments

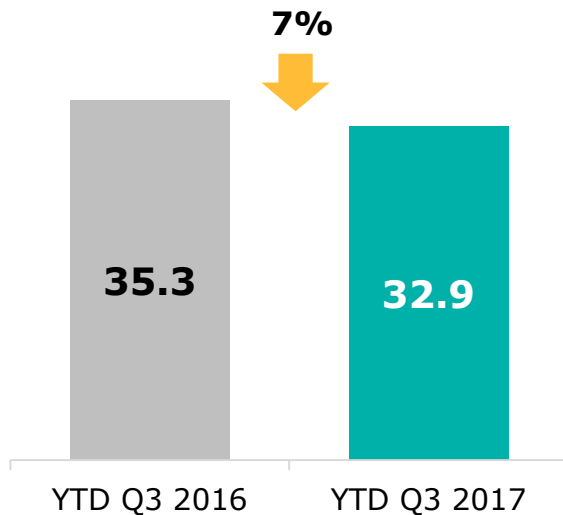
RM Bil



YTD Q3 2017 Capital investments



Controllable Costs*



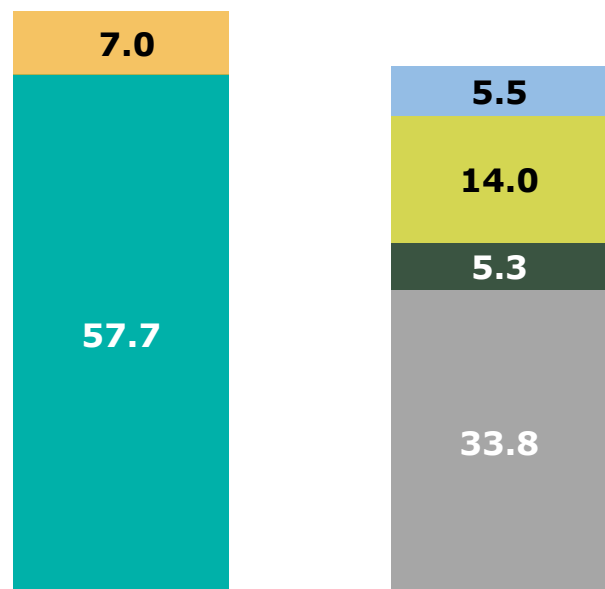
- Reduction in controllable costs of RM2.4 billion due to Groupwide cost management efforts

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

Other Financial Highlights

Cash Flows YTD Q3 2017

RM Bil



Net Inflows

- Cash from operations
- Cash from financing

Net Outflows

- Other net cash outflows
- Dividends to Gov.
- Dividends to Non-Controlling Interest
- Capital Investments

Notes:

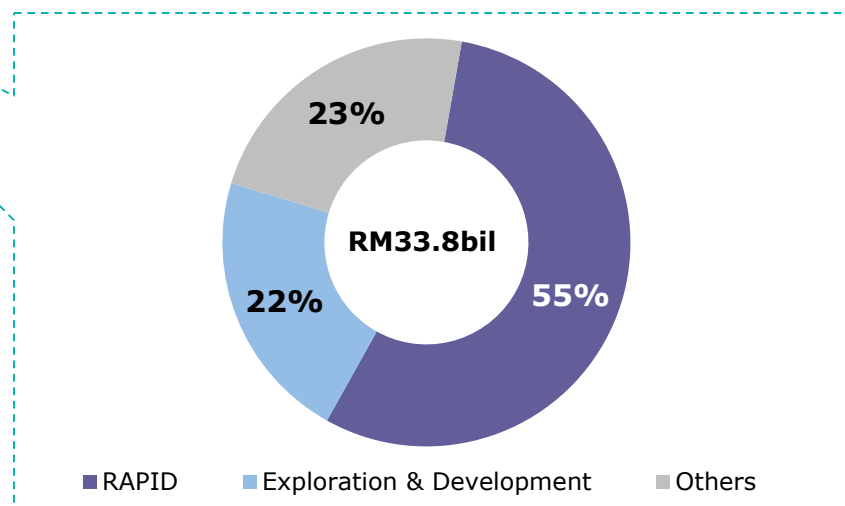
¹Compared to 31 December 2016

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.

Significant Items

- Total assets at RM600.3 bil (\downarrow 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% (\downarrow from 17.4%²)
- ROACE³ at 8.6% (\uparrow from 5.4%²)





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Upstream Business

Operational Highlights – Q3 2017

Focused delivery across the value chain



2

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

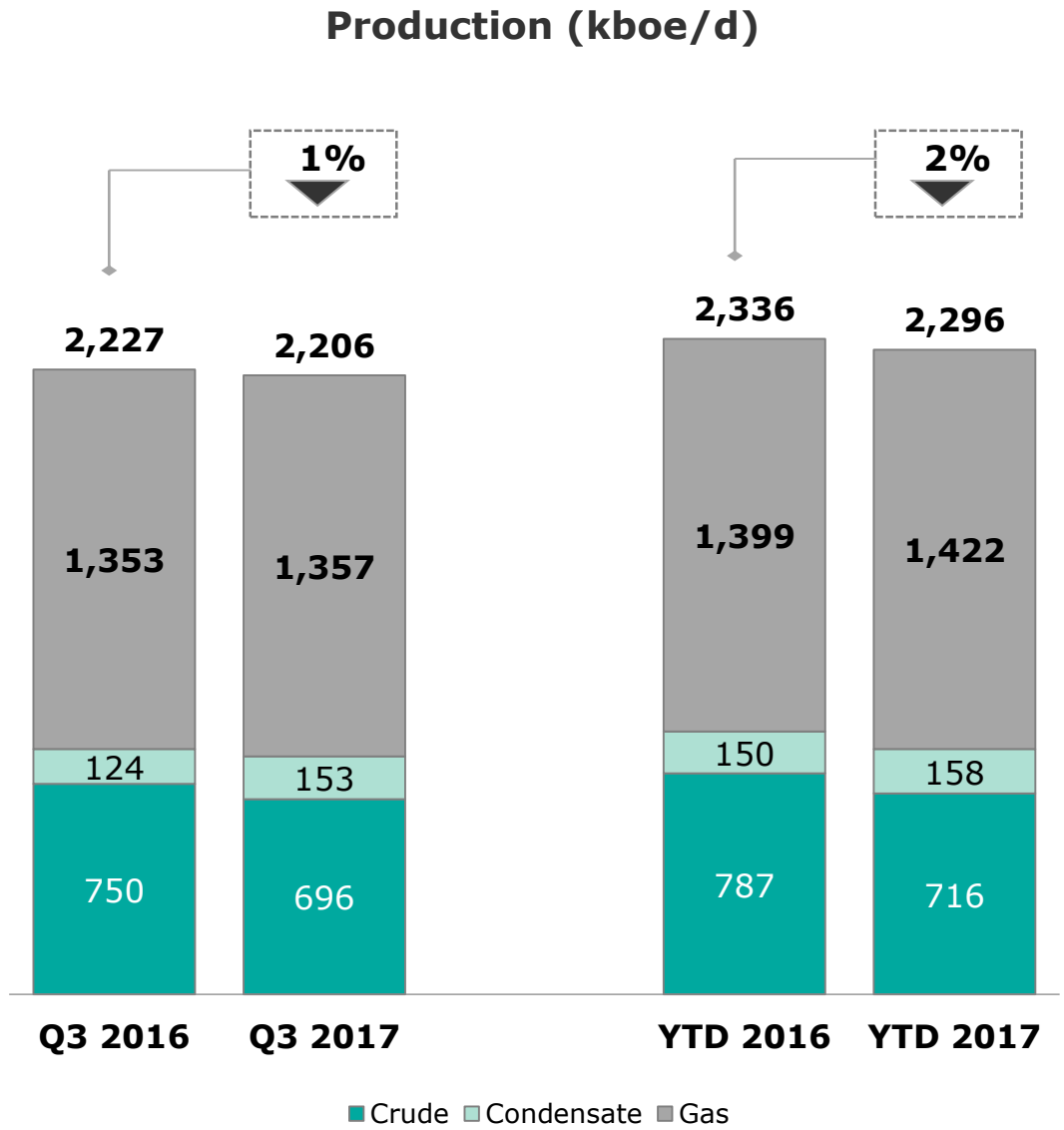
Lower than 2016 corresponding period

- Q3 2017 (↓ 1%)
- YTD 2017 (↓ 2%)

- Lower Iraq entitlement
- Lower activities in Canada
- Higher reservoir decline rate in JDA and Egypt

Partially offset by :

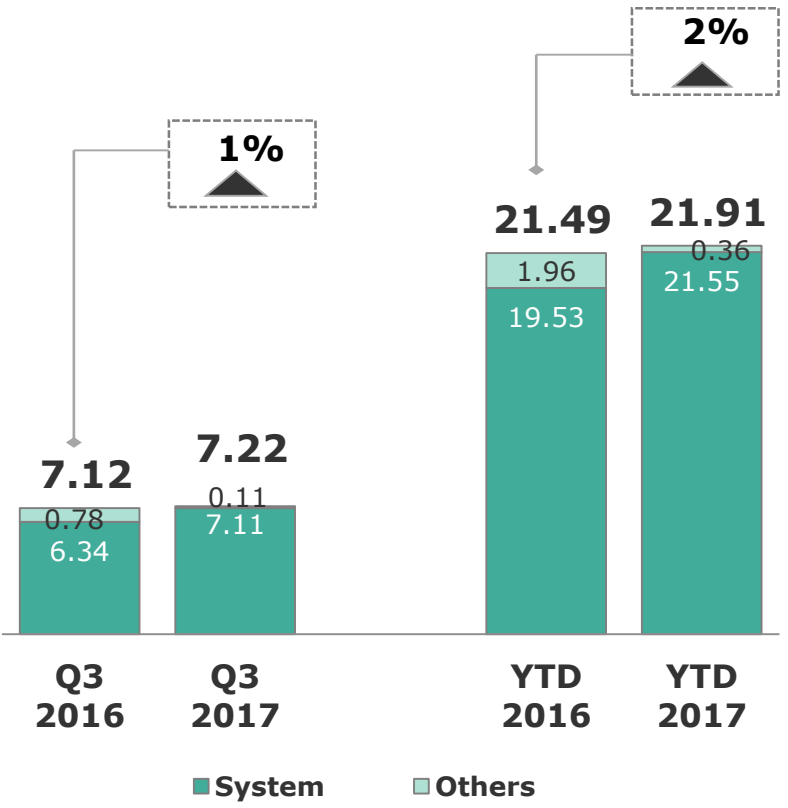
- Higher gas production in Sabah and Sarawak



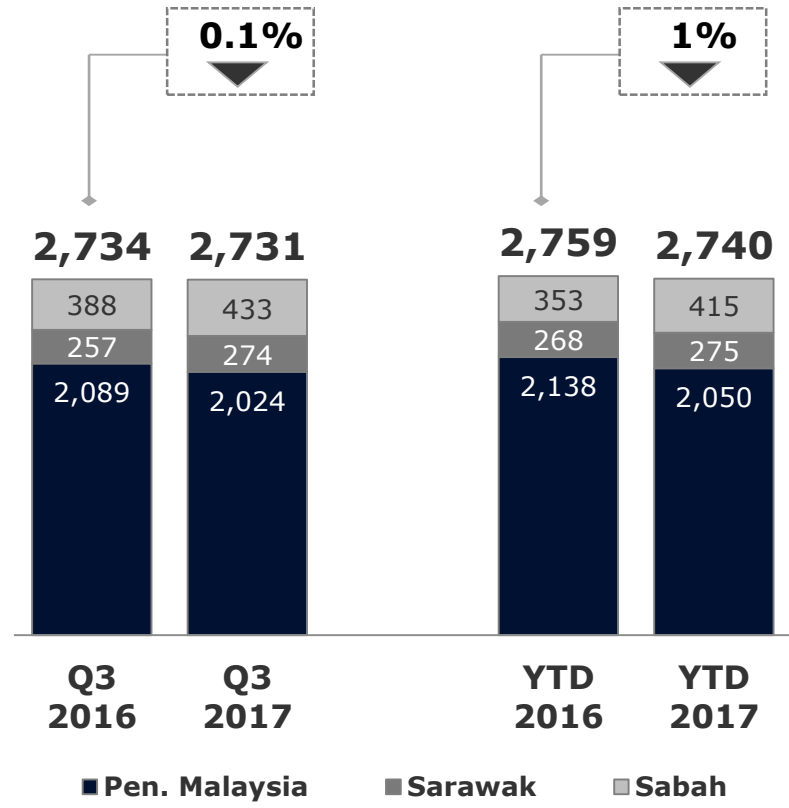
Operational Highlights

Higher LNG sales volume compared to prior year

**LNG Sales Volume
(mil tonnes)**



**Malaysia Average Sales Gas Volume
(mmscfd)**



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



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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

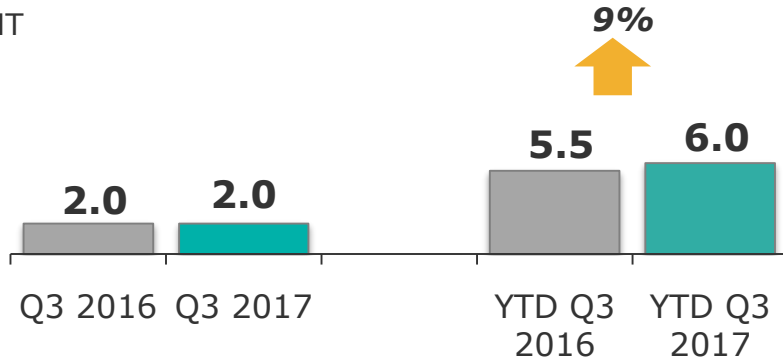
²Highly reactive polyisobutene

Downstream Sales Volume

Increased petrochemical sales and value-focused crude and petroleum products trading contributed to better returns

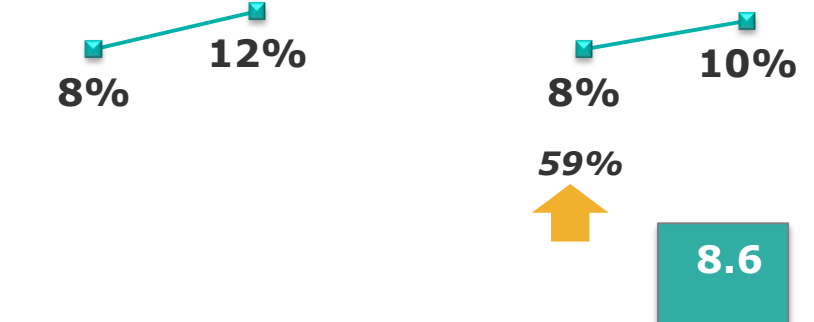
PETROCHEMICAL PRODUCTS

MMT



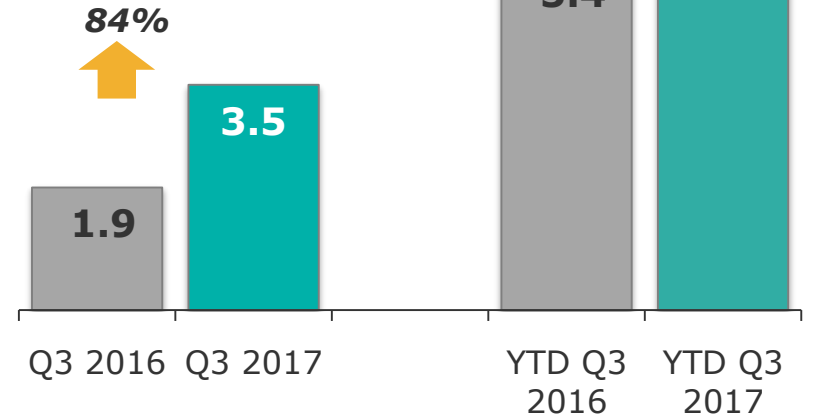
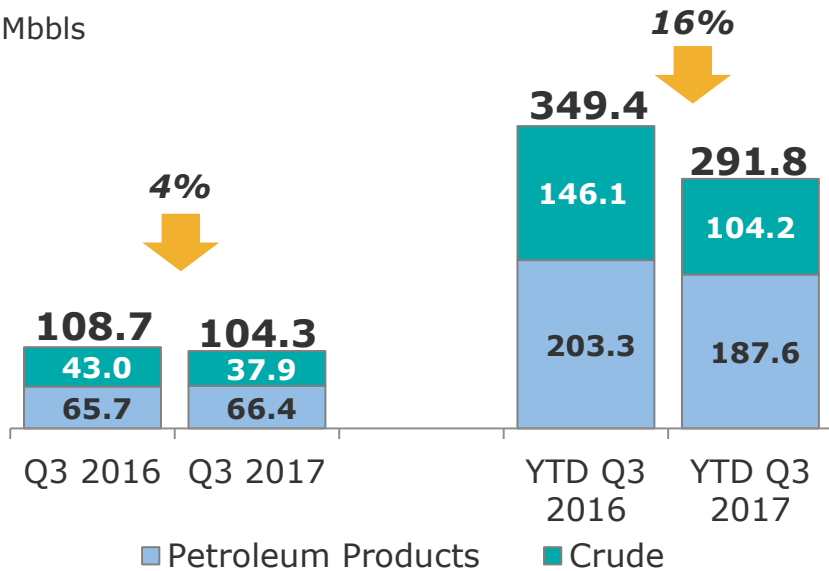
PAT

RM Bil



CRUDE & PETROLEUM PRODUCTS

Mbbbls

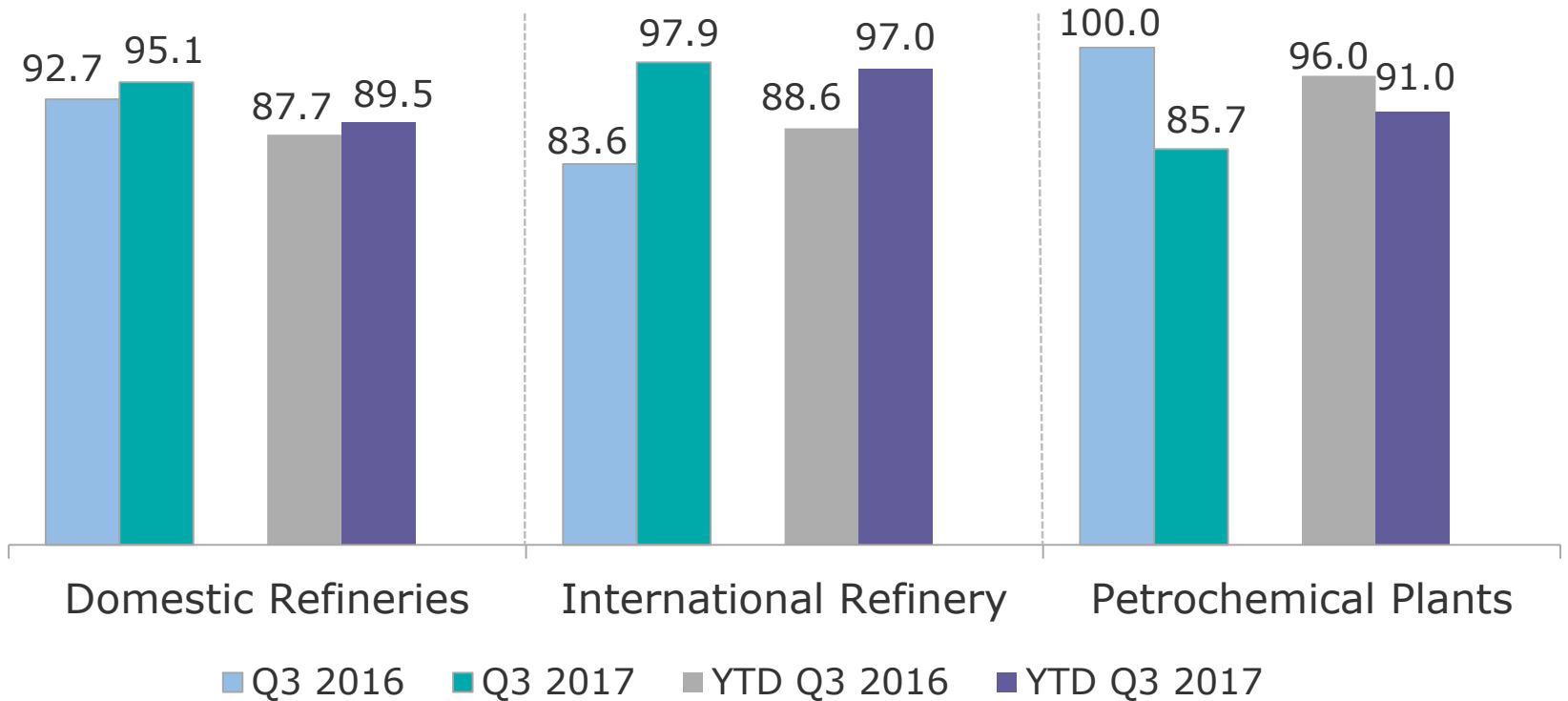


—■— PAT Margin

Plant Utilisation

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

Plant Utilisation (%)





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Thank You