



PETRONAS

PETRONAS Group Financial Results Announcement

Q3 2016

© 2016 PETROLIAM NASIONAL BERHAD (PETRONAS)

All rights reserved. No part of this document may be reproduced, stored in a retrieval system or transmitted in any form or by any means (electronic, mechanical, photocopying, recording or otherwise) without the permission of the copyright owner

Cautionary Statement

Forward-looking statements in this Financial Results Announcement presentation or in subsequent discussions with regards to this presentation involve inherent risks and uncertainties. Should one or more of these or other uncertainties or risks materialise, actual results may vary materially from those estimated, anticipated or projected. Specifically, but without limitation, capital costs could increase, projects could be delayed, and anticipated improvements in capacity, performance or profit levels might not be fully realised. Although PETRONAS believes that the expectations of its management as reflected by such forward-looking statements are reasonable based on information currently available to it, no assurances can be given that such expectations will prove to have been correct. Accordingly, you are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date they are made. PETRONAS undertakes no obligation to update or revise any of them, whether as a result of new information, future developments or otherwise.

All rights reserved. No part of this document may be reproduced, stored in a retrieval system or transmitted in any form or by any means (electronic, mechanical, photocopying, recording or otherwise) without the permission of the copyright owner. PETRONAS makes no representation or warranty, whether express or implied, as to the accuracy or completeness of the facts presented. PETRONAS disclaims responsibility from any liability arising out of reliance on the contents of this publication.

Q3 2016: Key Features

Performance

- Higher Q3 2016 PAT as compared to Q2 2016 mainly due to lower net impairment of assets and wells
- Lower Q3 2016 EBITDA as compared to the previous quarter mainly due to one-off cost for Floating Production Storage Offloading (FPSO) facility for Risk Sharing Contract (RSC) early termination payment
- Higher entitlement volume

Operations

- Focused delivery of commitment across value chain
 - Pengerang Integrated Complex (PIC) is on track at 47.6% completion
 - SAMUR progressively ramping up plant for full commercial operation in Q4 2016

Outlook

- Outlook remains uncertain due to current oil price environment
- Whilst 2016 performance is affected, PETRONAS has been responsive with:
 - stronger operational efficiency
 - cost discipline

Key Indicators

YTD 2015	YTD 2016		Q3 2016	Q2 2016	Q3 2015
55.4	41.8	Dated Brent (USD/bbl)	45.9	45.6	50.3
64.2	36.8	JCC single-month (USD/bbl)	41.0	33.2	59.9
3.8	4.1	USD/MYR	4.1	4.0	4.1
Crude oil, condensate and natural gas (kboe/d)					
2,278	2,336	Production	2,227	2,329	2,182
1,609	1,755	Entitlement*	1,802	1,648	1,492

* Represents PETRONAS Group's entitlement to Malaysia's production and PETRONAS Group's international entitlement volume

Q3 2016 vs. Q2 2016 Financial Highlights

Key Financial Highlights (RM bil)	Q3 2016	Q2 2016	% Q-o-Q
Revenue	48.7	48.4	1%
Profit after tax	6.1	1.6	>100%
Identified items*	(1.0)	(7.7)	87%
Profit after tax excluding identified items	7.1	9.4	(24)%
EBITDA	15.2	17.7	(14)%
CFFO	10.5	15.9	(34)%
Capital Expenditure	10.8	13.9	(22)%

Compared to the previous quarter, the results reflect lower EBITDA mainly due to:

- One-off costs for FPSO facility for RSC early termination payment
- Higher net forex loss

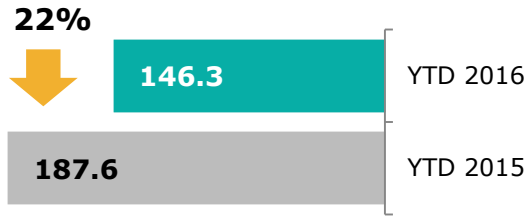
*Mainly comprise net impairment on assets

Q3 2016 Group Financial Results

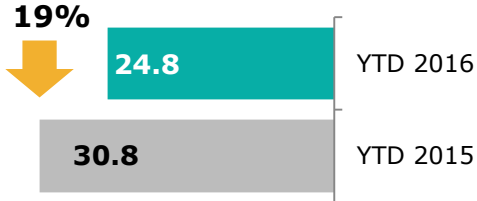
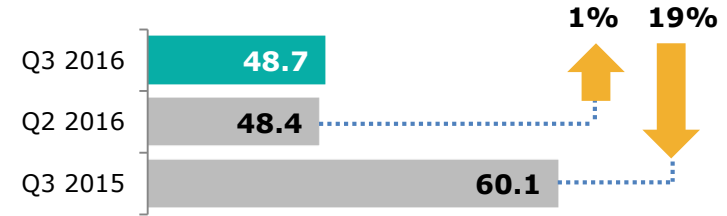
Year to date

RM Bil

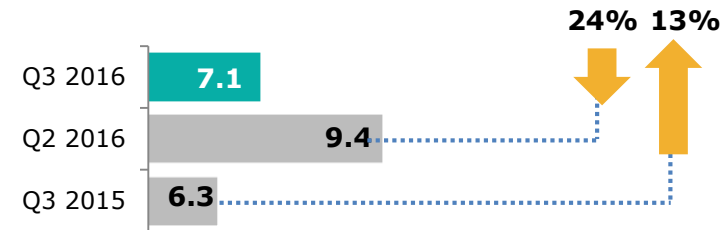
Individual quarter ended



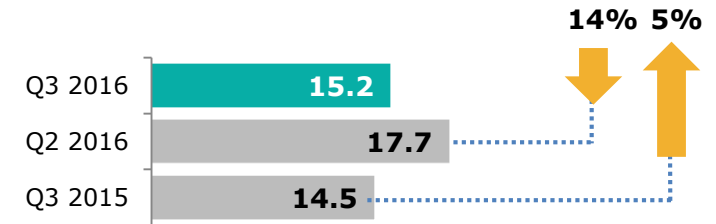
Revenue



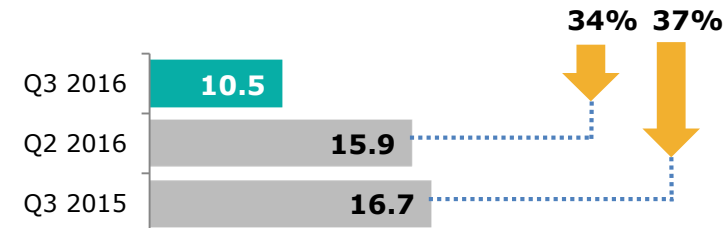
Profit after Tax*



EBITDA



Cash Flows from Operating Activities

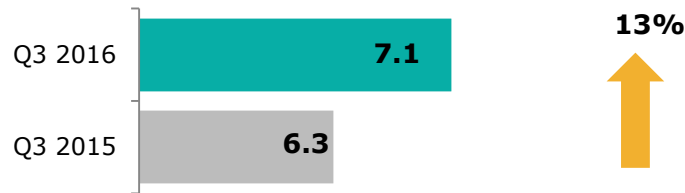


*Excluding identified items mainly comprising net impairment on assets

Q3 2016 Group Financial Results

Improved Q3 2016 vs. Q3 2015 PAT excluding identified items and EBITDA

Profit after Tax*



+ PAT* & EBITDA

- Lower product & production costs
- Favourable foreign exchange rate

EBITDA



- Partly offset by:

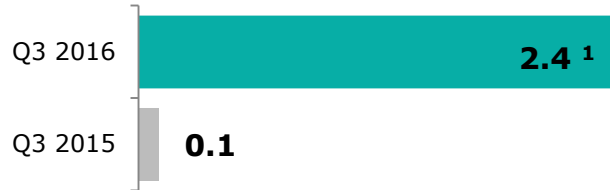
- Lower average realised prices
- Lower petroleum products and crude oil & condensate sales volume

*Excluding identified items mainly comprising net impairment on assets

Business Segment Results

PAT by Business Segment (includes inter-segment transactions)

RM Bil



>100%



Upstream

- Lower net impairment on assets

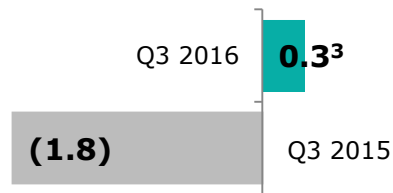


6%



Downstream

- Higher international refining margins
- Better marketing margins



>100%



Corporate & Others

- Lower net foreign exchange loss

Note: Including identified items of:

¹ RM1.54b

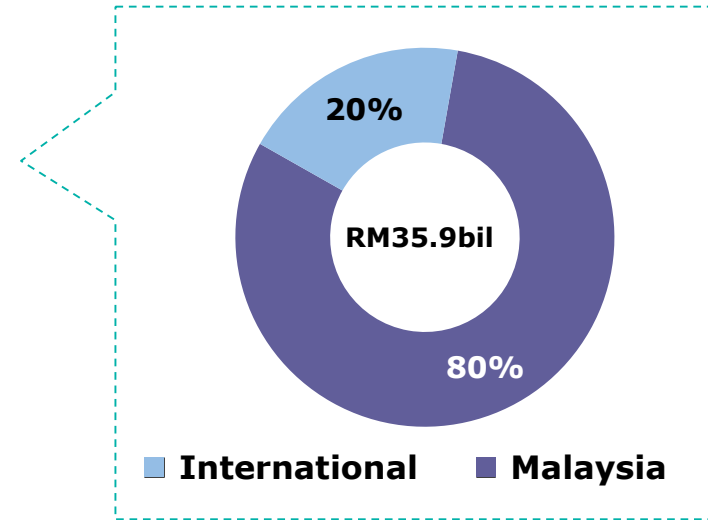
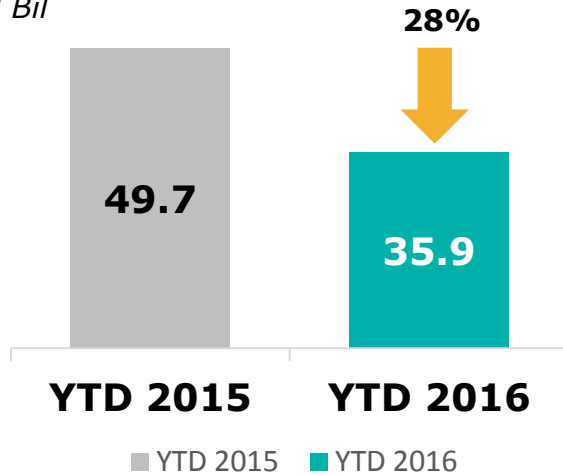
² RM0.02b

³ RM0.17b

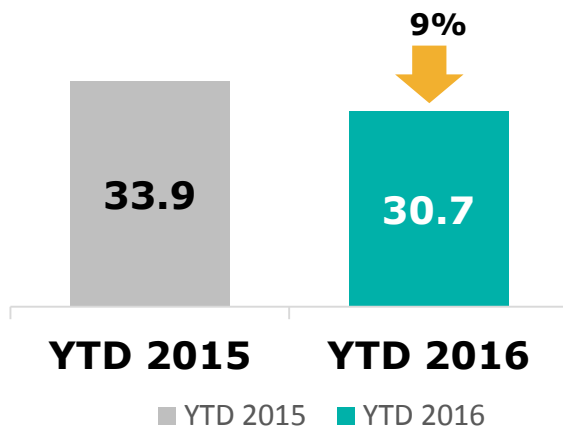
Capital investment and controllable costs

Capex

RM Bil



Controllable Costs*



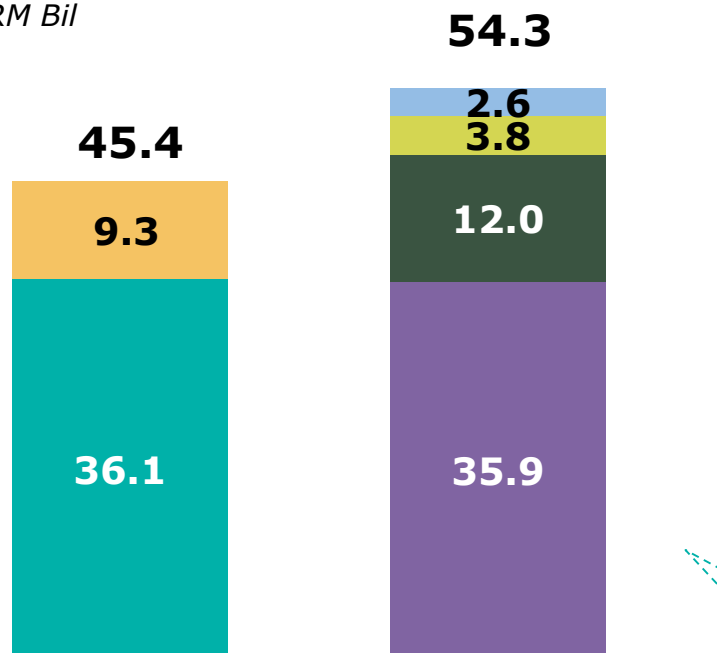
- Lower costs in line with planned cuts in CAPEX and financial discipline
- RM3 billion reduction in OPEX achieved

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

Other Financial Highlights

Cash Flows YTD 2016

RM Bil



Net Inflows

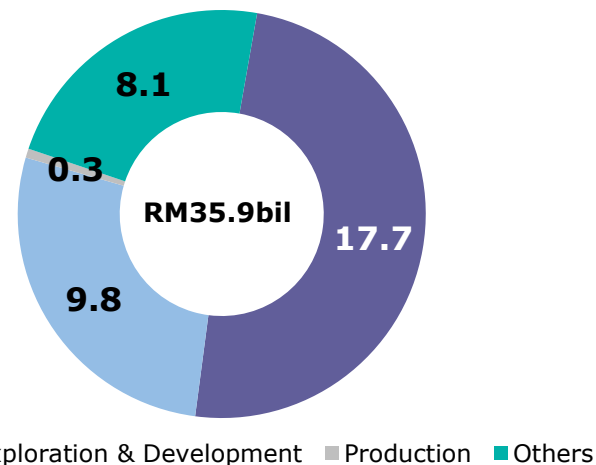
Net Outflows

- Cash from financing
- Cash from operations

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

Significant Items

- Total assets at RM581.3 bil (↓ 2%¹)
- Shareholders' equity at RM361.7 bil (↓4%¹)
- Cash and fund investments at RM127.8 bil
- Borrowings at RM62.8 bil
- Gearing at 17.6% (↑ from 16.0%²)
- ROACE³ at 2.3%



Note:

¹Compared to 31 December 2015

²As at 31 December 2015

³Including impairments



PETRONAS

Upstream Business

Operational Highlights

Focused delivery across the value chain



3%
Production growth
YTD 2016 vs
YTD 2015



1st Hydrocarbon
2 Greenfields



1 New PSC
Signed



Train 9
delivered 1st LNG Cargo
in September 2016



YTD RM 2.0 Bil cost savings
through industry-wide cost optimisation, improved
efficiencies and innovation in the Oil & Gas industry in Malaysia

Operational Highlights

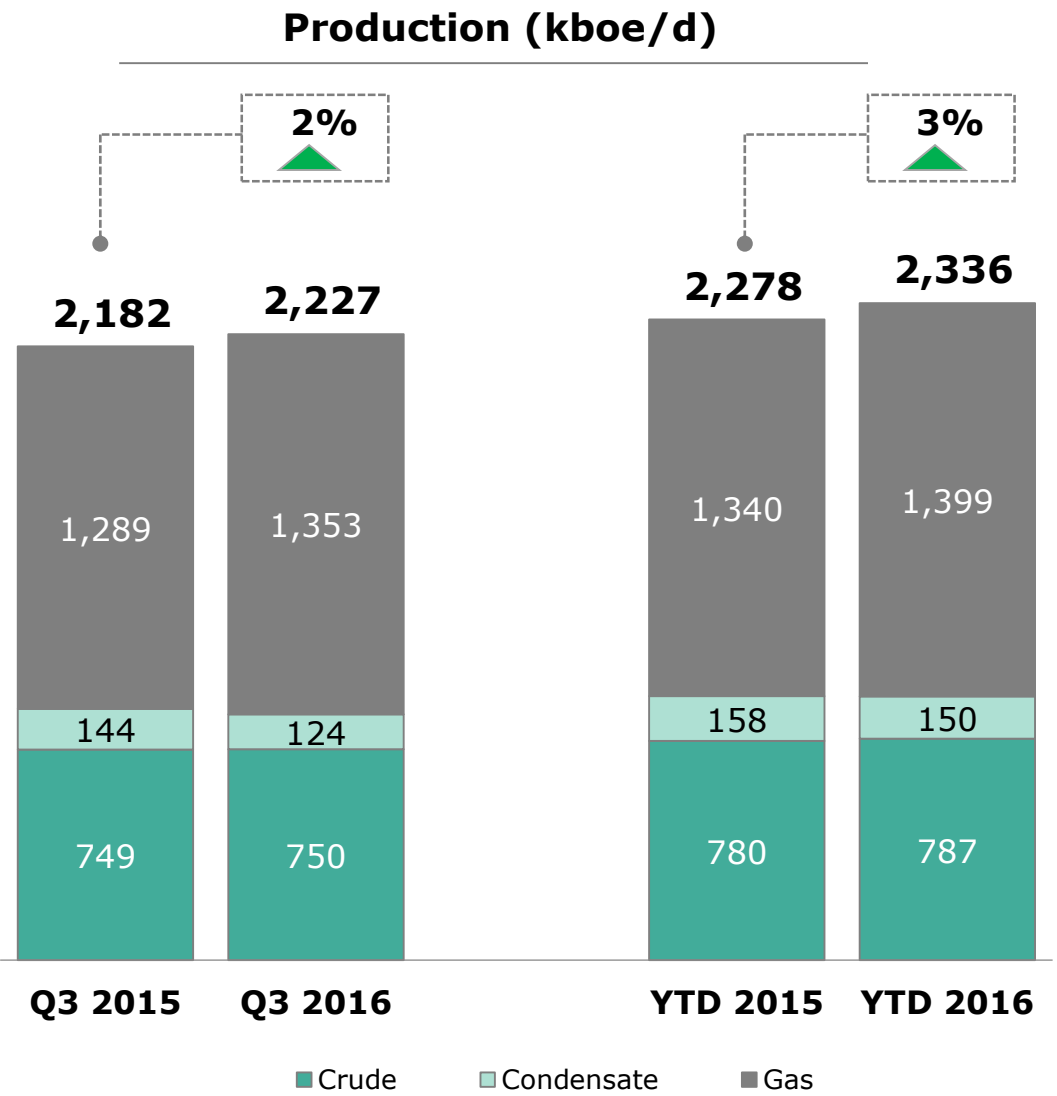
Overall higher results compared to prior year

Higher than 2015 corresponding period

- Q3 2016 (↑ 2%)
- YTD 2016 (↑ 3%)

Strong Upstream Performance :

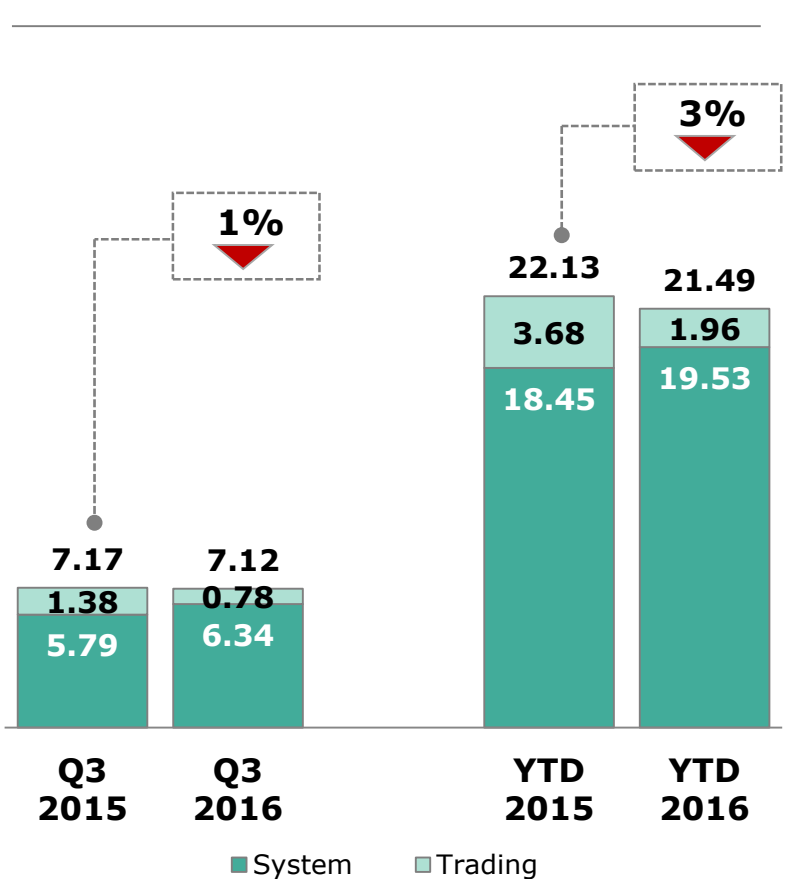
- Resumption of operations of the Sabah Sarawak Gas Pipeline (SSGP)
- Higher facilities uptime and efficiency in Malaysia and Canada
- Higher production from Indonesia and Australia
- **Partially offset by higher natural decline rate**



Operational Highlights

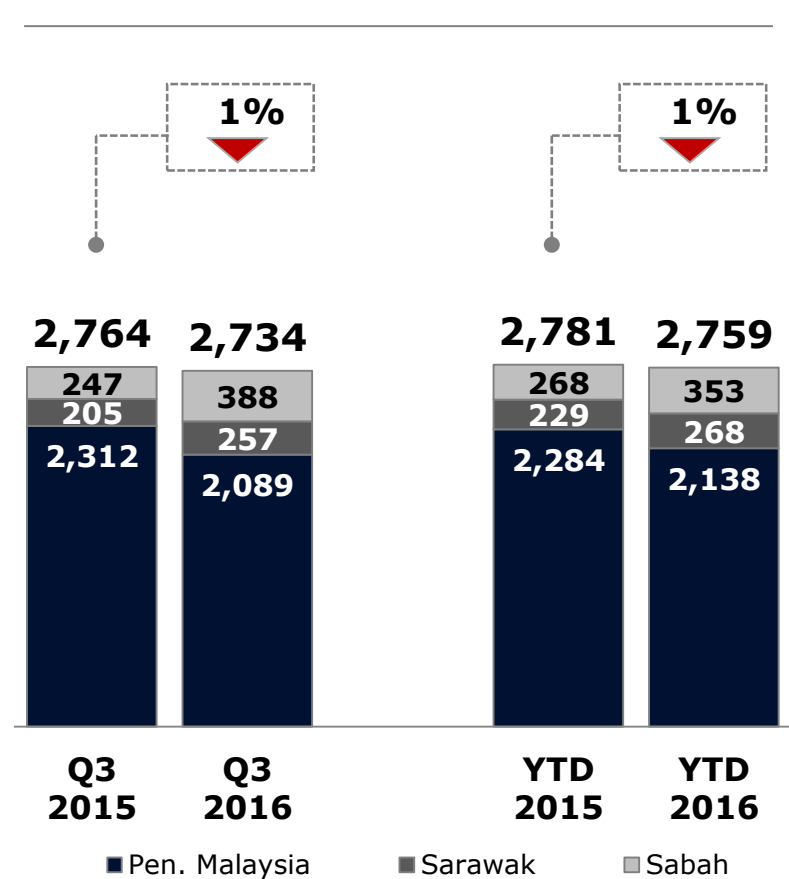
Overall lower results compared to prior year

LNG Sales Volume (mil tonnes)



LNG sales volume in 2016 was slightly lower as compared to 2015 mainly from lower trading volume, partially offset by new volumes from Gladstone LNG

Malaysia Sales Gas Delivery (mmscfd)



Lower Malaysia average sales gas volume compared to prior year mainly due to lower demand



PETRONAS

Downstream Business

Downstream Growth Projects

Progressing as per plan



The Pengerang Integrated Complex (PIC) project is **on track** at **47.6%** overall project progress.



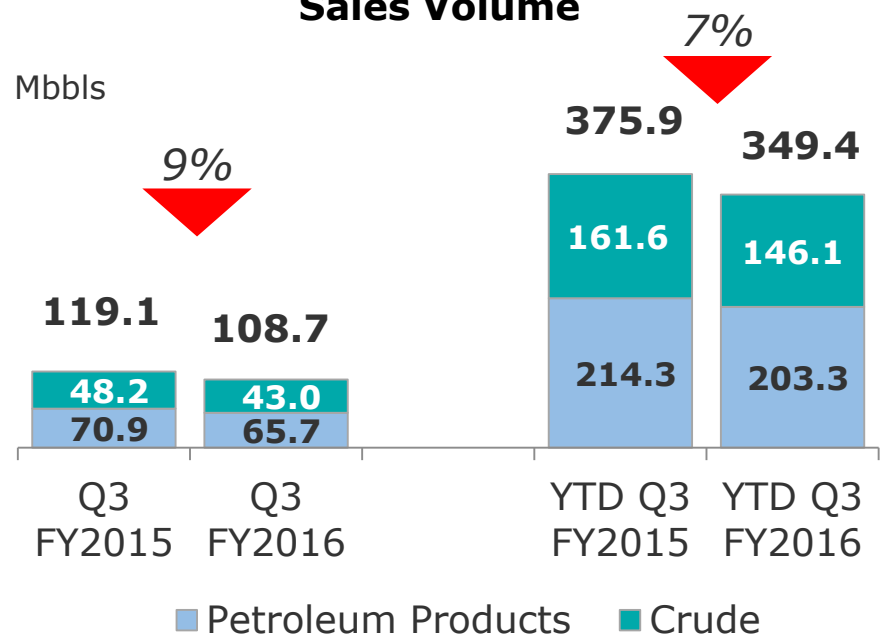
SAMUR has successfully produced on-specification urea and are progressively ramping up the plant for full commercial operation in **Q4 2016**.

Downstream Sales Volume

Improved plant reliability and utilisation

Crude and Petroleum Products Sales Volume

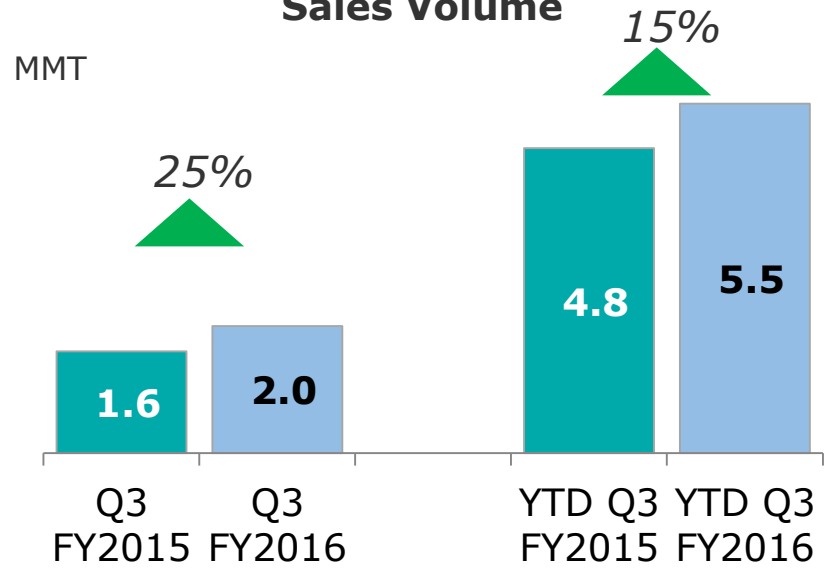
Mbbbls



Lower mainly due to rationalisation of trading strategies to improve overall portfolio return

Petrochemical Products Sales Volume

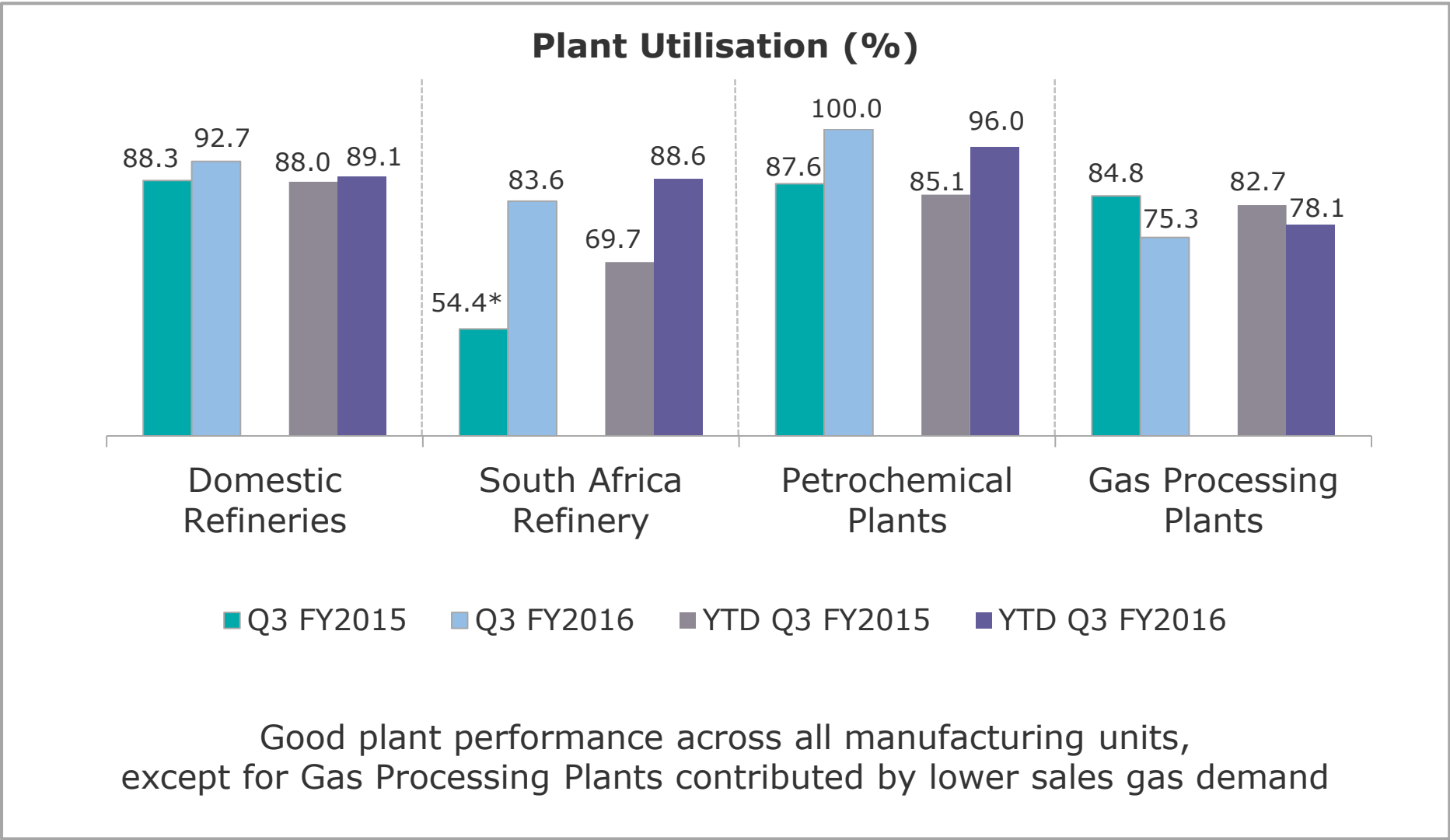
MMT



Higher sales attributed to strong plant operating performance leading to higher production

Plant Utilisation

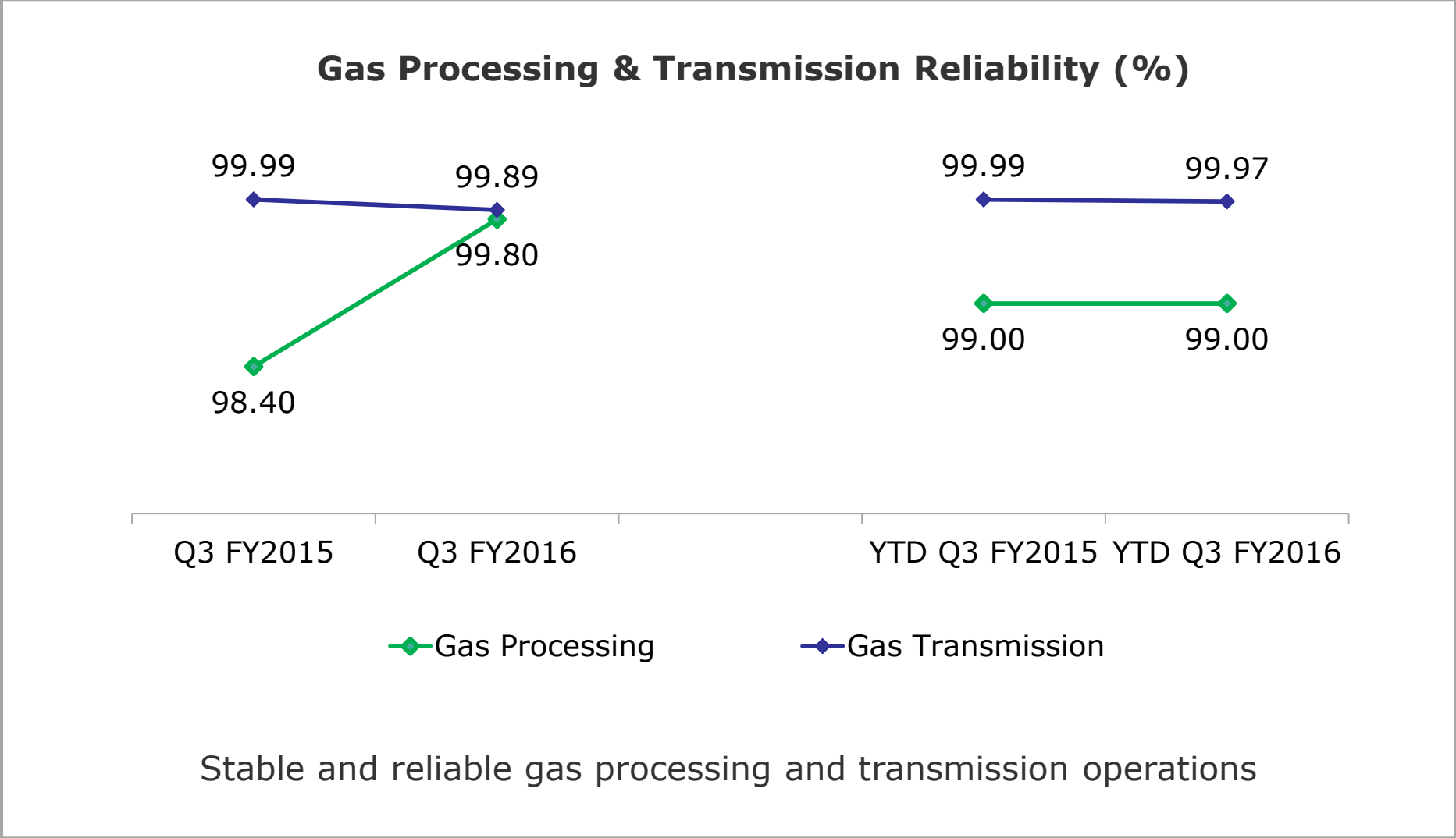
Higher utilisation rates across most manufacturing units



*Restated

Gas Processing and Transmission Reliability

Stable performance



Thank you

The background features a series of overlapping, semi-transparent teal-colored geometric shapes, primarily triangles and polygons, that create a sense of depth and movement. The shapes are arranged in a way that suggests a rising or flowing path from the bottom left towards the top right, with some shapes appearing more prominent than others due to their opacity and position.