



**PETRONAS**

# **PETRONAS Group Financial Results Announcement**

**Q3 2019**

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# YTD 2019 Key Features

## Performance

**11%**   
in net profit of  
RM36.4 billion

**7%**   
in EBITDA of  
RM73.5 billion

- Lower earnings amidst **challenging market** conditions
- Sustained pressure on **commodity prices** and **margins**
- Despite subdued earnings, results reflect **resilience of Group's businesses**



## Progress of projects & CAPEX spending



**99.8%**

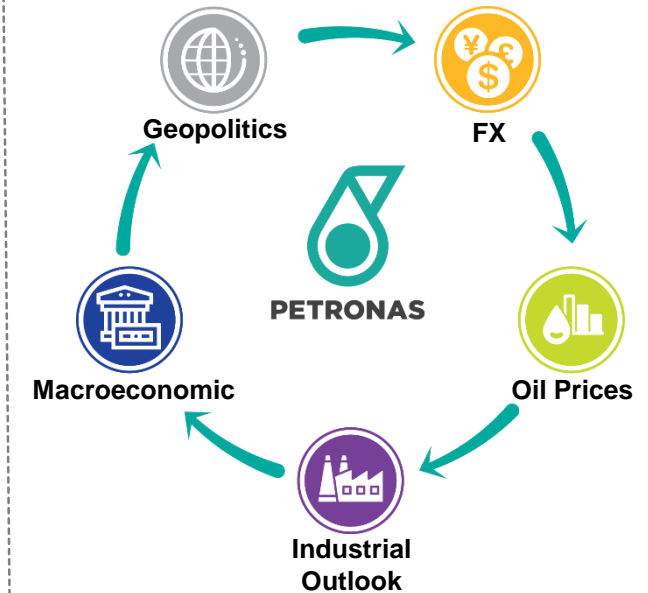
PIC<sup>1</sup> completion as at 30  
September 2019

**RM28.9 billion**

CAPEX spending for YTD  
2019








<sup>1</sup> Pengerang Integrated Complex (PIC)

## Outlook



- The outlook for the industry **remains challenging**. This is driven by **slowing global economy, geopolitical tensions and ongoing global trade issues**, resulting in **demand disruption**
- The Board expects **the overall year end performance** of PETRONAS Group to be **affected by these factors**

# Cash flow from operations preserved amidst challenging market conditions and sustained pressure on commodity prices and margins

Key Financial Indicators (RM bil)	YTD '18	YTD '19
Revenue	181.1	 176.2
PAT	41.0	 36.4
PAT excluding net impairment/(write-back) on assets	39.9	 38.7
EBITDA	79.1	 73.5
EBITDA Margin	44%	 42%
CFFO	56.2	 64.6
Capital investments	26.5	 28.9



**Dated Brent**  
(USD/bbl)

**\$64.66**



**2018**  
\$72.13

**JCC single-month<sup>1</sup>**  
(USD/bbl)

**\$67.38**



**2018**  
\$71.43

**MYR/USD<sup>2</sup>**

**RM4.13**



**2018**  
RM3.99

**Production<sup>3</sup>**  
(kboe/d)

**2,328**



**2018**  
2,313

**Entitlement<sup>4</sup>**  
(kboe/d)

**1,671**



**2018**  
1,624

<sup>1</sup> Represents published price, not actualised price

<sup>2</sup> Average exchange rate

<sup>3</sup> Represents Malaysia's production (PETRONAS Group and other Operators) and PETRONAS Group's international equity production volume

<sup>4</sup> Represents PETRONAS Group's sales entitlement to Malaysia's production and PETRONAS Group's international sales entitlement volume



# Group Financial Results

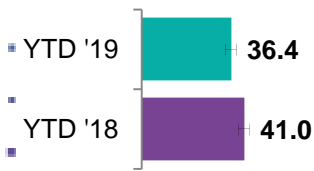
PAT weakened on the back of softer prices and recognition of net impairment on assets

YTD 2019

EBITDA  
*RM bil*

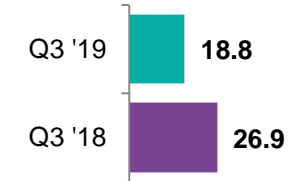


PAT  
*RM bil*

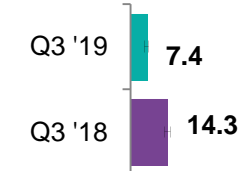


Q3 2019  
Y-o-Y

EBITDA  
*RM bil*



PAT  
*RM bil*



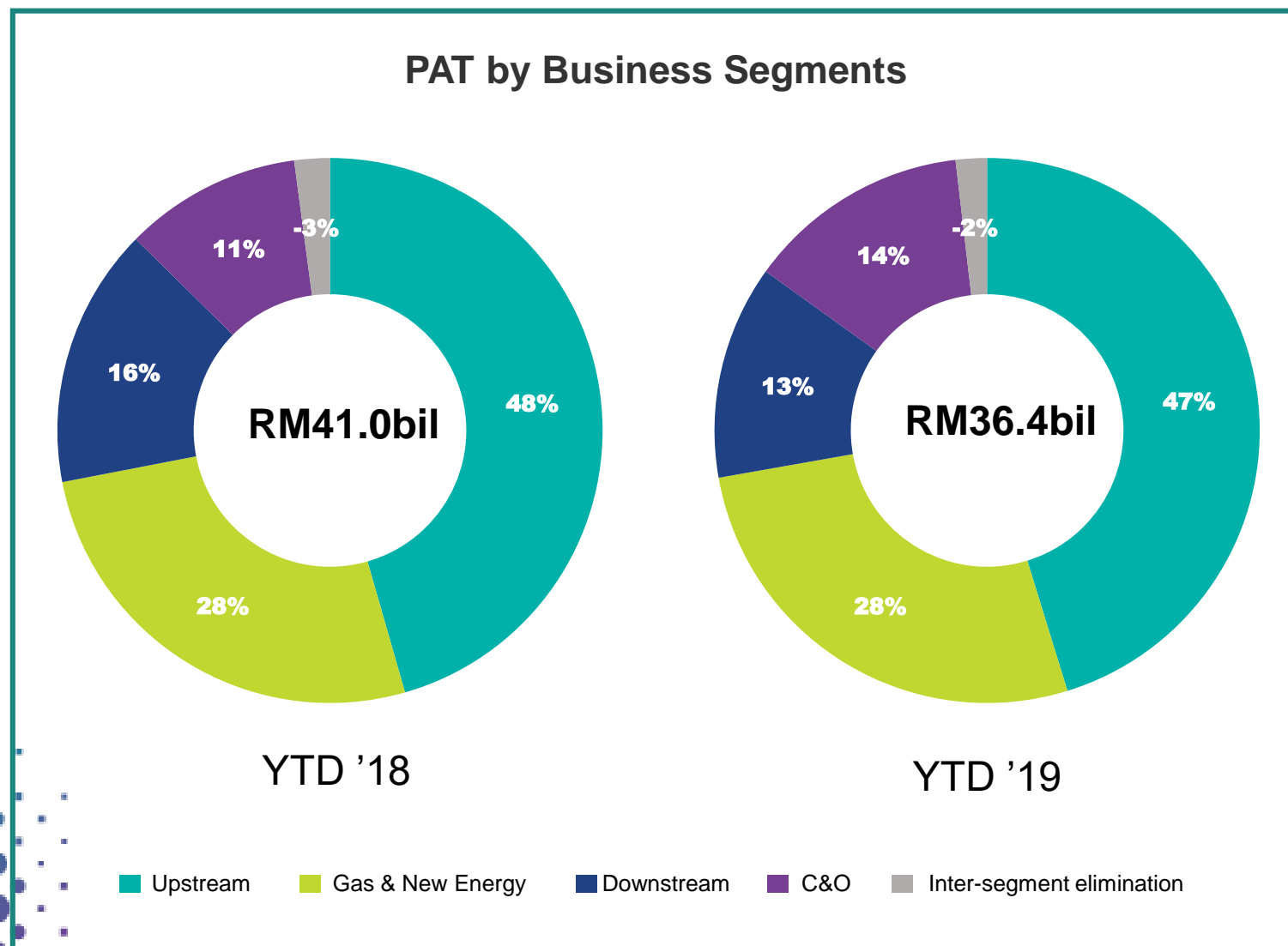
- Lower EBITDA in line with lower PBT

- Lower PAT due to lower prices and net impairment on assets



# Segment Results

Challenging margins and tightening product spreads reduced Downstream's contribution to Group PAT



# YTD 2019 Upstream Performance

## Focus Areas



Maximising  
Cash  
Generation



21

Projects achieved **first hydrocarbon** including **unconventional** oil development in **Argentina**  
(19 Brownfields, 1 Greenfield, 1 Unconventional)



7

Exploration discoveries with **1 significant gas discovery** in **SK410B Lang Lebah** field



33

Projects achieved **Final Investment Decision (FID)** including **Kasawari major gas development project offshore Sarawak** (27 Malaysia, 6 International)



Operational  
Excellence



1<sup>st</sup>

**in the world** **Ophir Wellhead Platform (WHP) to Jitang Relocation operation** via one piece lift removal **without structural modification**



19

Wells **plug & abandonment (P&A)** with **lower than benchmark cost**



Portfolio  
Growth



6

**New Production Sharing Contracts (PSCs)** signed  
(4 Malaysia, 2 Gabon)



2

**Acquisition** of offshore blocks in Egypt

## Operational Performance

**Production**  
(kboe/d)

**2,328**



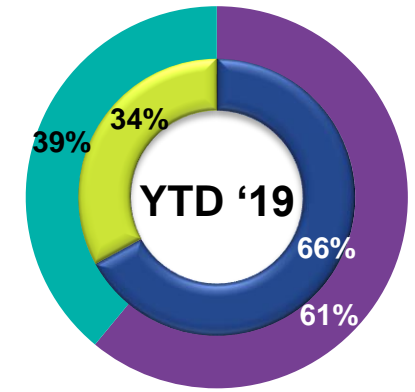
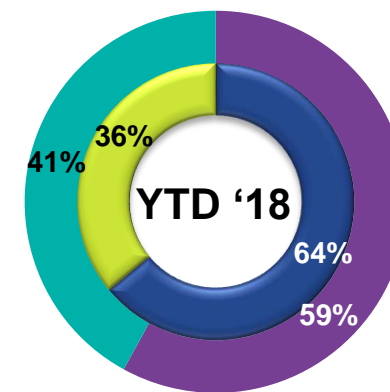
**2018**  
2,313

**Entitlement**  
(kboe/d)

**1,671**



**2018**  
1,624



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

# YTD 2019 Gas and New Energy Performance

## Focus Areas

Maximising  
Cash  
Generator



Successful Relocation of **PFLNG Satu**  
**7** cargoes loaded from Kebabangan



**22** Years supply of **steam** and **extension of current electricity** by PETRONAS Gas Berhad to Polyplastic Asia Pacific Sdn. Bhd.

Expanding  
Core  
Business



Focus on **customer centricity**:

**5** successful **Gassing Up Cooling Down (GUCD)**

**2** successful **LNG break-bulking activities** via ship-to-ship transfer in Malaysian waters

**FID of Virtual Pipeline System (VPS) and LNG Bunkering**

Stepping  
Out



**600** MW of **solar capacity** under operation and development with the acquisition of **Amplus Energy Solutions Pte Ltd.**



Pursuing **domestic and international renewables** capacity

## Operational Highlight

LNG Sales Volume  
(MMT)



5%

20.8

21.9

YTD '18

YTD '19

Overall Equipment Effectiveness  
(OEE)

96.8%

97.0%

YTD '18

YTD '19



# YTD 2019 Downstream Performance

## Focus Areas

### Operational Excellence



90.8%

Overall Equipment Effectiveness (OEE)



92.8%\*

Improved Petrochemical Plant Utilisation<sup>1</sup>

### Commercial Excellence



5.8%\*

PDB's sales volume increased, contributed by PETRONAS Primax 95 with Pro-Drive, Smartpay sales, and higher demand from commercial clients



NEW



Latest feature of Mesra points fuel redemption via SETEL

### Growth Delivery Excellence



MoU

The development of Solid Waste Modular Advanced Recovery and Treatment (SMART) Waste-to-Energy (WTE) plant



1<sup>st</sup>

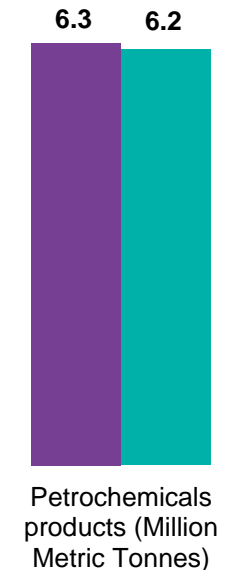
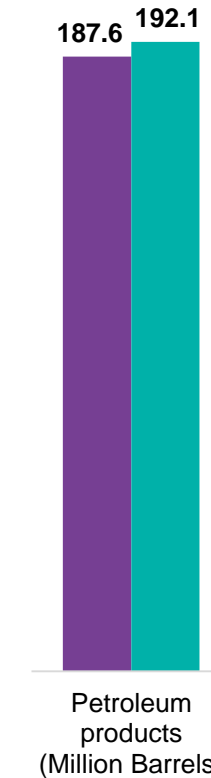
Hybrid engine oil featuring PETRONAS Syntium 7000 Hybrid with °CoolTech™



99.8%

Progress of Pengerang Integrated Complex as at 30 September 2019

## Sales Volume



Legend: ■ YTD '18 ■ YTD '19

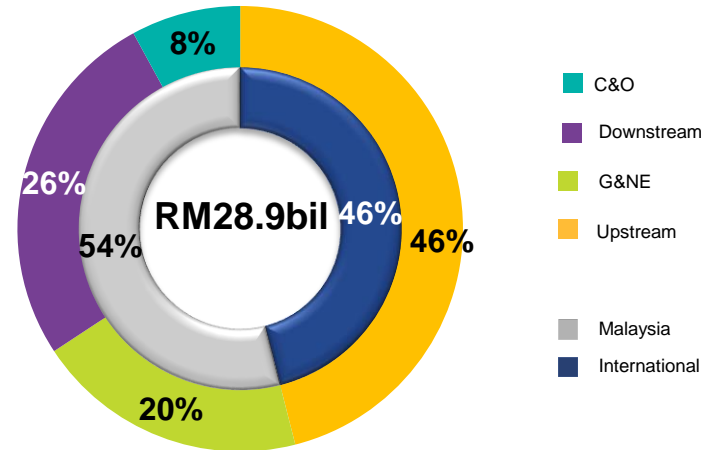
<sup>1</sup> Plant Utilisation based on Nexant

\* Compared to SPLY 2018

# Capital Investments and Group Costs

## Capital Investments

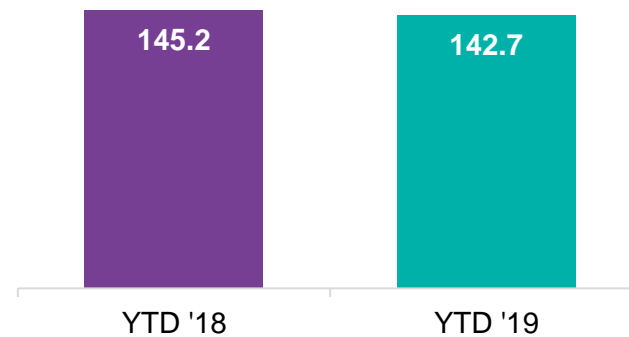
YTD 2019 Capital Investments



- CAPEX largely attributed to Upstream projects in support of the Group's growth strategies

## Group Costs<sup>1</sup>

RM Bil



- Lower Group costs incurred in tandem with lower production costs
- Less tax expenses incurred in the period on the back of lower profits

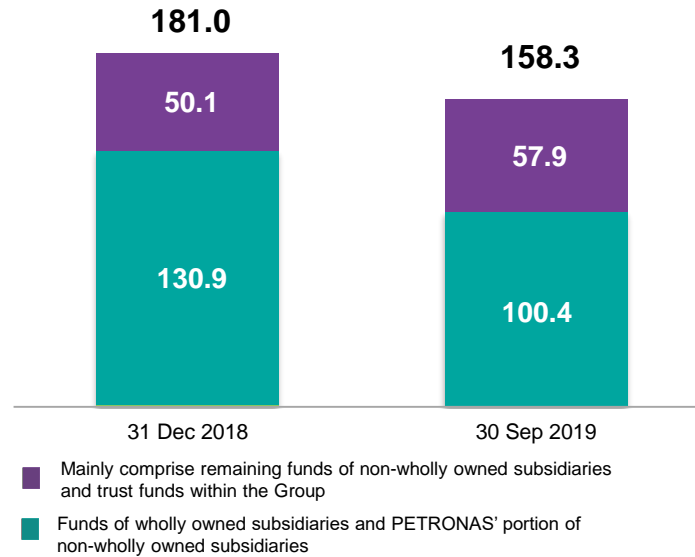
<sup>1</sup> Relate to costs charged to Income Statement only

# The Group remains focused on cash generation and achieving target returns



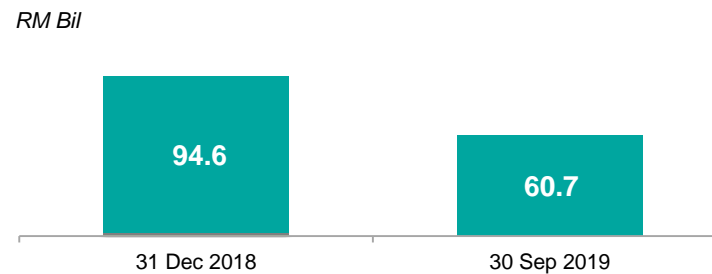
**PETRONAS Group Cash & Fund Investments Balance**

RM Bil



**PETRONAS Holding Company Cash & Fund Investments Balance**

RM Bil



**10.7%**

ROACE was lower in line with lower PAT



**RM621.4B**

Total assets decreased to RM621.4b from RM636.3b as at 31 Dec 2018

# Upstream Business



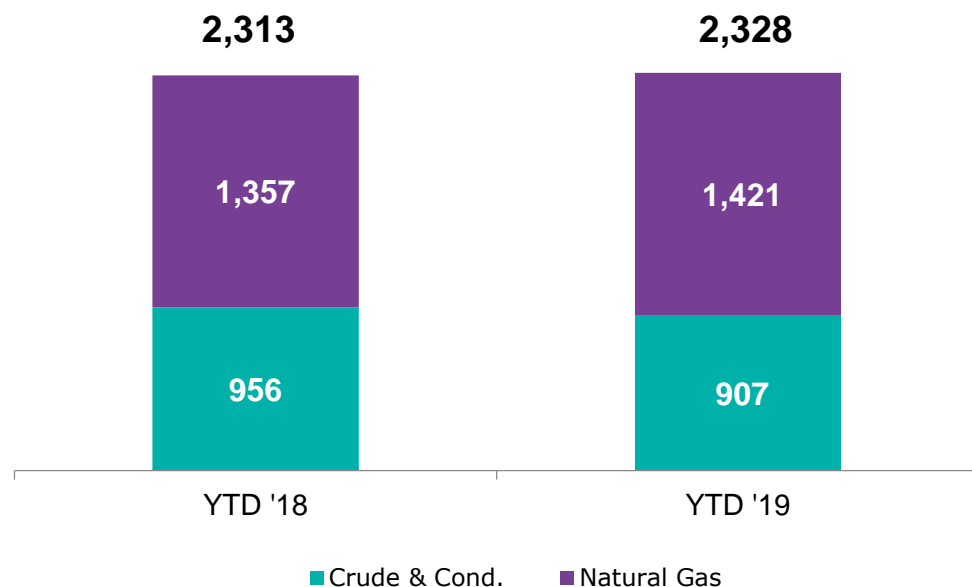
# YTD 2019 Operational Highlights

## Production

(kboe/d)



**1%**



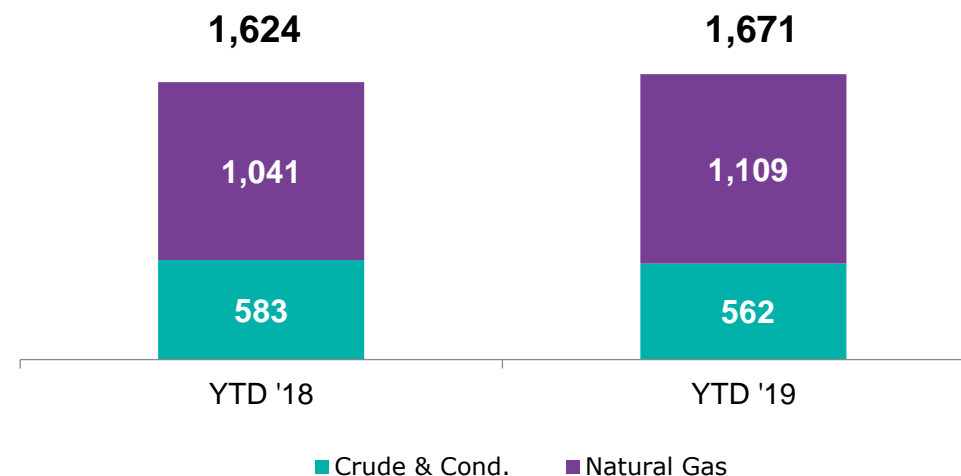
Higher production for YTD'19 mainly attributable to higher natural gas production partially offset by lower liquid production from Malaysia

## Entitlement

(kboe/d)



**3%**

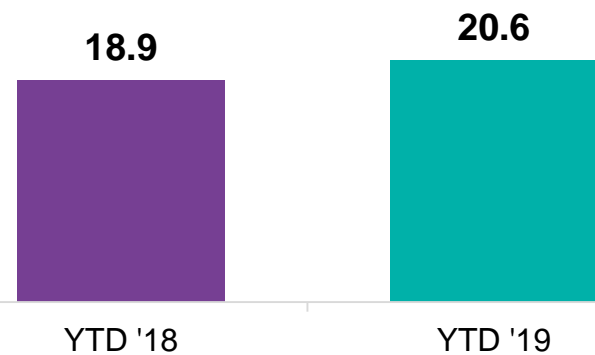


Higher entitlement for YTD'19 mainly attributable to higher natural gas entitlement partially offset by lower liquid entitlement from Malaysia.

# Gas and New Energy Business

# YTD 2019 Operational Highlights

## LNG Production (MMT)



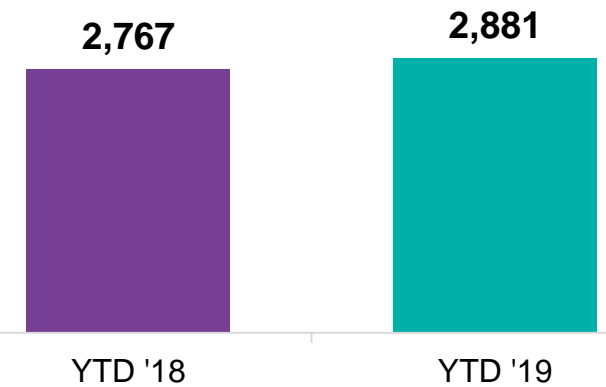
Higher LNG production for YTD'19 attributable to higher feedgas supply and stable plant performance.

## LNG Sales Volume (MMT)



Total LNG sales volume for YTD'19 was higher mainly attributed to higher volume from PETRONAS LNG Complex (PLC).

## Malaysia Average Sales Gas (mmscfd)



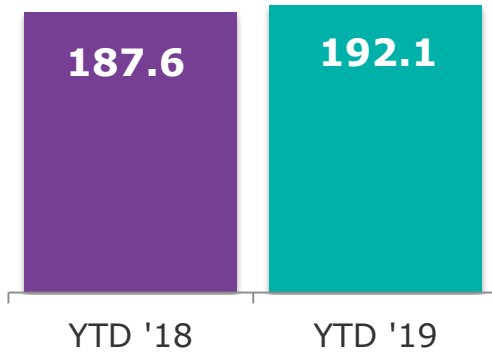
Malaysia average sales gas volume for YTD'19 was higher mainly due to higher demand.

# Downstream Business

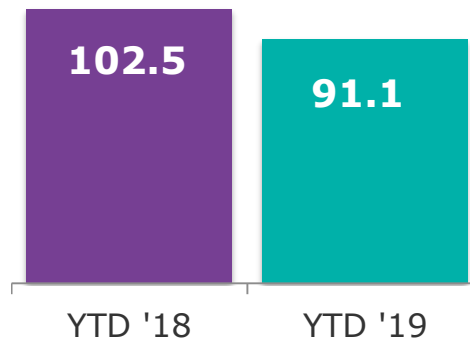


# YTD 2019 Downstream Sales Volume

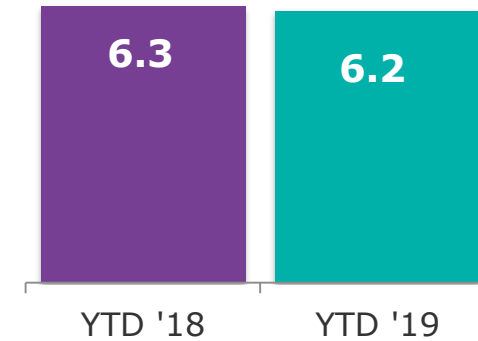
## Petroleum Products Mil barrels



## Crude Oil Mil barrels



## Petrochemical Products Mil Metric Tonnes

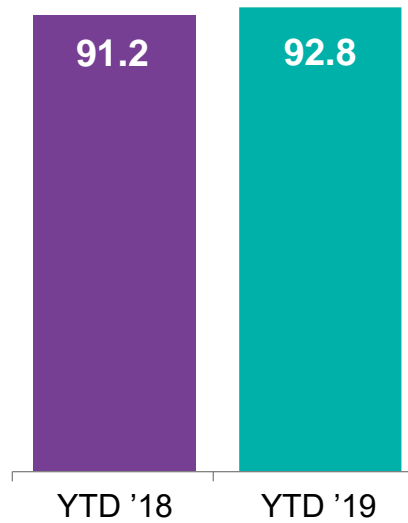


Higher petroleum products sales volume contributed by better trading and domestic marketing performance

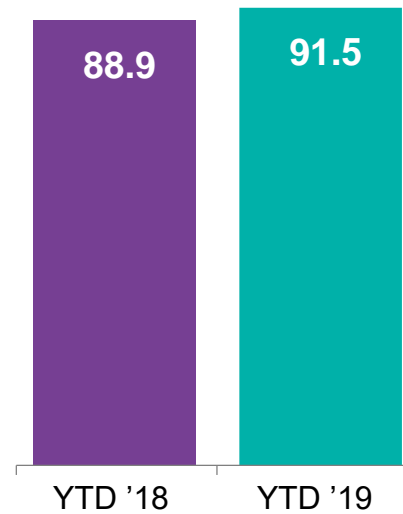
# YTD 2019 Plant Utilisation

## Plant Utilisation (%)

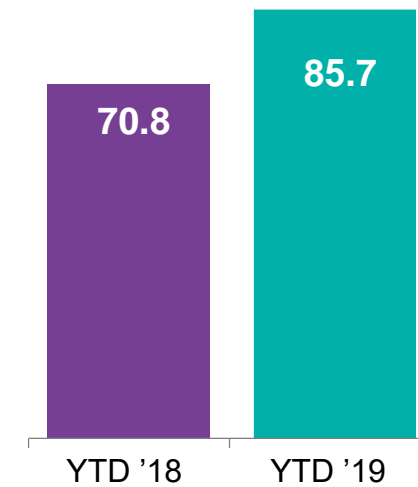
### Petrochemical Plants<sup>1</sup>



### Domestic Refineries



### International Refinery



Better utilisation across all segments following stable plant operations

<sup>1</sup> Plant Utilisation based on Nexant

Thank you for your passion!



PETRONAS