



**PETRONAS**

# **PETRONAS Group Financial Results Announcement Third Quarter 2020**

## **Financial and Operational Results**

© 2020 Petroliaam Nasional Berhad (PETRONAS)

All rights reserved. No part of this document may be reproduced in any form possible, stored in a retrieval system, transmitted and/or disseminated in any form or by any means (digital, mechanical, hard copy, 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 (digital, mechanical, hardcopy, 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.

# Key Messages

## Dated Brent

(USD/bbl)

**\$40.82**

YTD FY2019 \$64.66



## JCC single-month<sup>1</sup>

(USD/bbl)

**\$46.51**

YTD FY2019 \$67.18



## MYR/USD<sup>2</sup>

(USD/bbl)

**RM4.24**

YTD FY2019 RM4.14



- While Brent price stabilised in the 3<sup>rd</sup> quarter this year following gradual recovery in oil demand and further bolstered by OPEC+ production cut, **global oil market continues to remain fragile and uncertain**, undermined by a resurgence in COVID-19 cases in major economies.
- PETRONAS Q3 2020 results reflect the Group's agility in responding to the challenging market landscape with overall financials showed peripheral improvement against last quarter partly attributed to our focused cost-compression efforts since beginning of the year. Nonetheless, cumulative performance remains softer against corresponding period last year due to low oil price and weak demand.
- Group Revenue for the cumulative period ended 30 September 2020 stood at **RM134.7 bil, a decrease of 24%** compared to corresponding period last year. **PAT excluding net impairment declined to RM10.3 bil** while **EBITDA stood at RM43.4 bil. CFFO remains positive at RM32.6 bil** during the period.
- Prolonged low oil price and slow demand recovery continue to pose challenges to the industry. Despite the gravity of the situation, **PETRONAS will remain focus in maintaining portfolio resilience, upholding disciplined capital and operational spending as well as preserving liquidity** to ensure business sustainability.
- PETRONAS expects the performance of the Group in the final quarter of 2020 to be continuously affected by the challenging business environment.

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

<sup>2</sup> Average exchange rate

# Focused cost compression demonstrates the Group's commitment towards effective portfolio management and its pursuit for growth

Performance (RM Bil)	YTD FY2019		YTD FY2020
<b>Revenue</b>	176.2	▼	<b>134.7</b>
<b>EBITDA</b>	73.5	▼	<b>43.4</b>
<b>Cash flows from operating activities (CFFO)</b>	64.6	▼	<b>32.6</b>
<b>PAT/(LAT)</b>	36.4	▼	<b>(19.9)</b>
<b>PAT excluding impairment*</b>	39.4	▼	<b>10.3</b>
<b>Group costs</b>	142.7	▲	<b>157.2</b>
<b>Group costs excluding impairment*</b>	139.7	▼	<b>127.0</b>

Financial Position (RM Bil)	31 Dec 2019		30 Sept 2020
<b>Total assets</b>	622.4	▼	<b>594.8</b>
<b>Net cash position**</b>	81.6	▼	<b>61.0</b>

\* Net impairment/write-off and well costs

\*\* Total cash and cash equivalent and short term funds and other investments less total borrowings

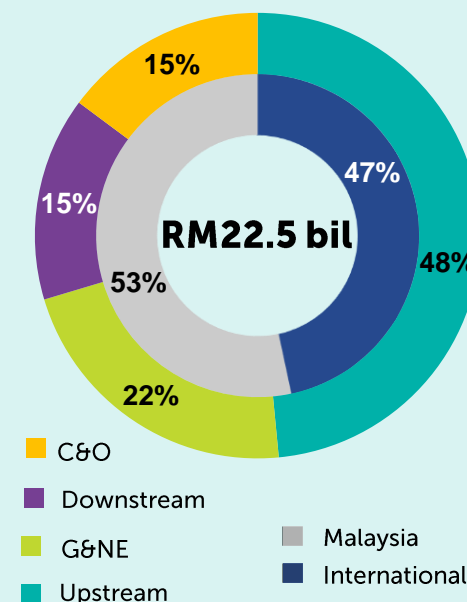
## YTD FY2020 Capital Investments

(RM Bil)

# 22.5



YTD FY2019  
29.0



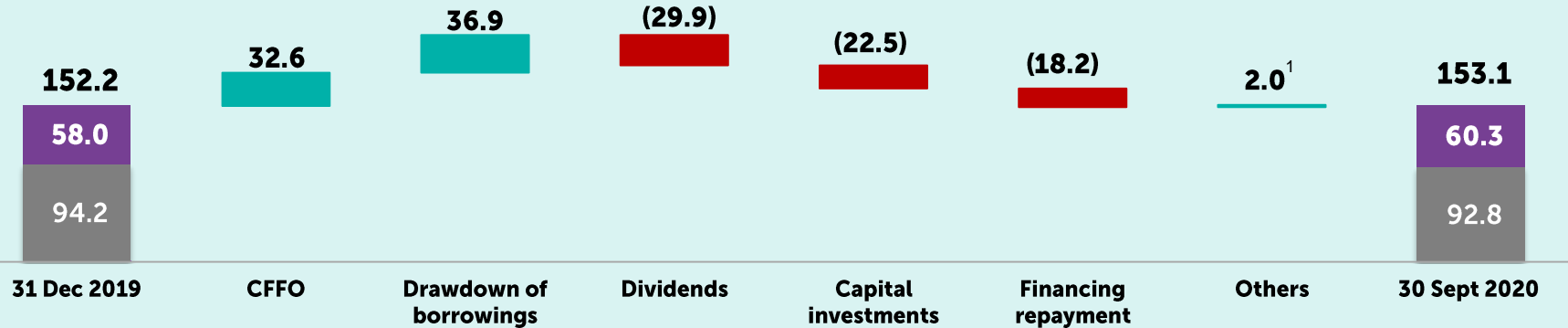
# Group's CFFO remains healthy despite softer overall performance



## Group's Cash and Fund Investment Movement

RM Bil

**0.9**

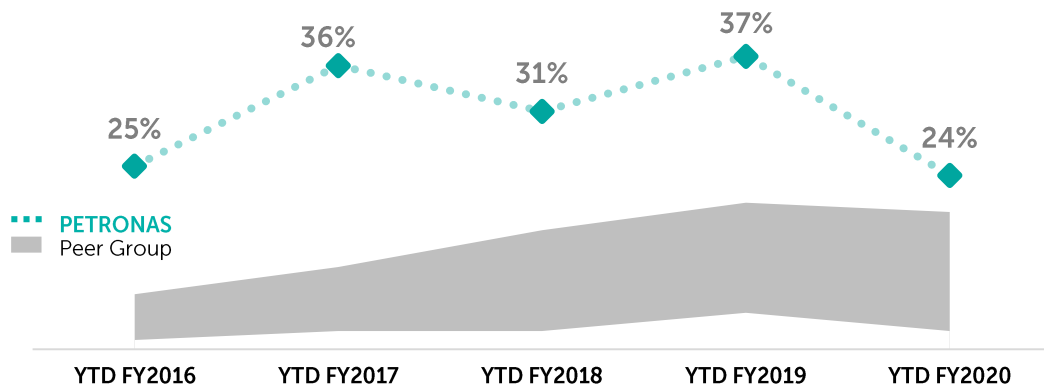


Mainly comprise of remaining funds of non-wholly owned subsidiaries and trust funds within the Group

Funds of wholly owned subsidiaries and PETRONAS' portion of non-wholly owned subsidiaries

<sup>1</sup>Mainly contributed by proceeds from disposal of securities and dividend received

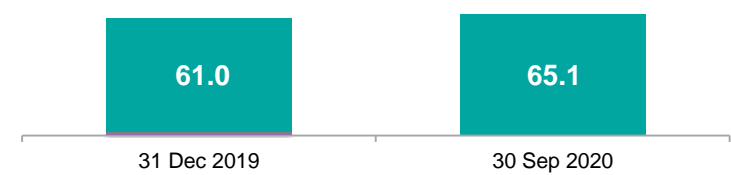
## CFFO over Revenue (%)



## PETRONAS Holding Company Cash & Fund Investments Balance

RM Bil

**4.1**



# Operational Highlights



## Segmental results

Upstream  
**2,190**  
Kboe/d  
Production



Gas & New Energy  
**24.3**  
MMT  
Gross LNG sales volume

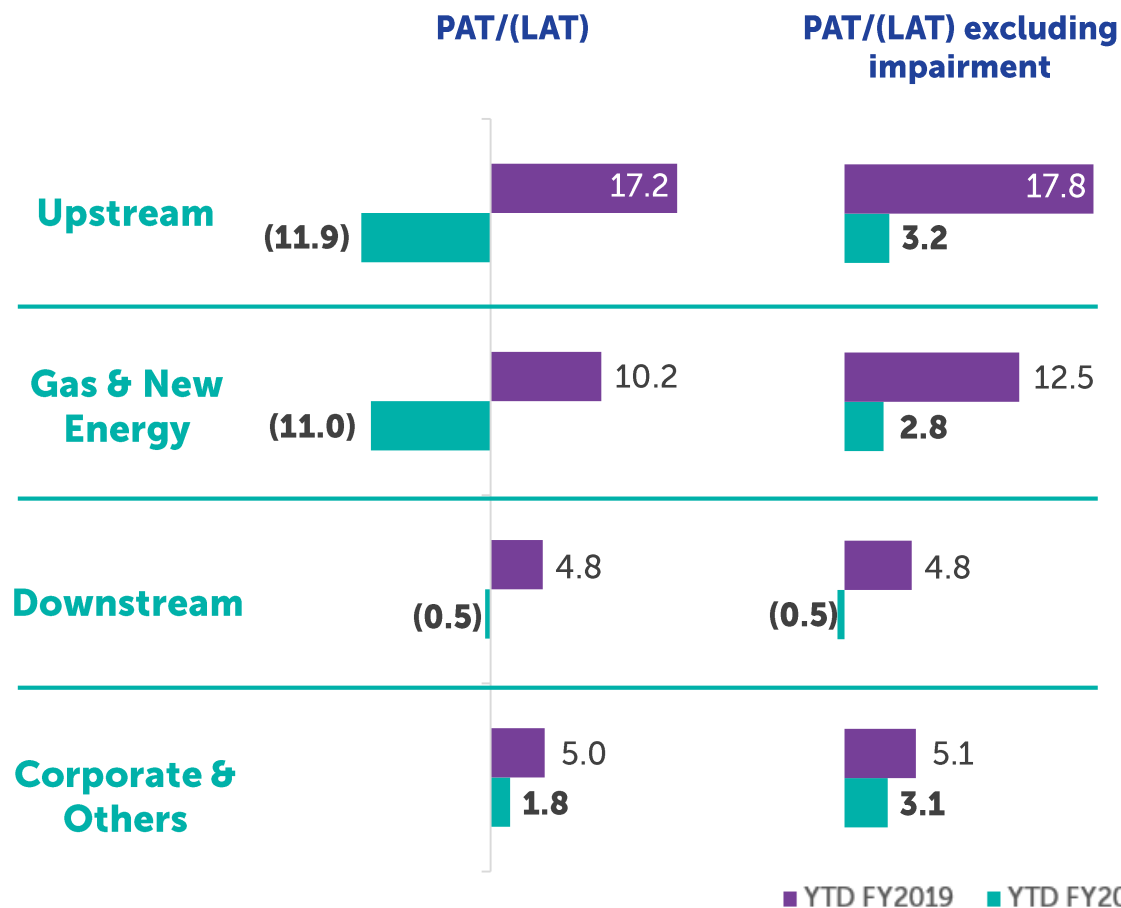


Downstream  
**194.0**  
MMbbl  
Petroleum products  
sales volume



## Downstream business heavily impacted by inventory losses and compressed margins

RM Bil



# YTD FY2020 Upstream Performance

Upstream remains committed to achieve operational delivery amidst challenging business landscape

## Focus Areas



15

Projects achieved **first Hydrocarbon** (9 Brownfield, 6 Greenfield)



3

**Exploration discoveries** one in offshore US GoM and two in Salina Basin, Mexico



9

Projects achieved **Final Investment Decision (FID)** (8 Malaysia, 1 International)

Sanctioned several zero continuous venting and flaring of hydrocarbon projects in its Carigali Operated assets in Malaysia and international assets with an estimated **total gas recovery of about 33 MMscfd** and **total GHG reduction of approximately 2 MtCO<sub>2</sub>e/year**. This supports our commitment to Net Zero Carbon Emissions by 2050.



## Operational Excellence



50%

Reduction of CAPEX through deployment of Enhanced Single-Trip Multizone (ESTMZ) at Samarang, offshore Sabah.



1st

in Malaysia **Resak Remote Operations** Platform deployed at Resak, offshore Terengganu. The pilot project has a potential of 30% OPEX reduction

## Portfolio Growth



Farm in into **US Gulf of Mexico (US GOM)** and **Indonesia's Aru PSC** First entry into US GOM and successful oil discovery of the exploration well of the Monument Prospect.



PETRONAS **first export deal** for the PETRONAS E&P Argentina S.A's **La Amarga Chica** crude

PETRONAS was among the first international companies to tap into the international market to monetise unconventional production from the country

## Operational Performance

**Production**  
(kboe/d)

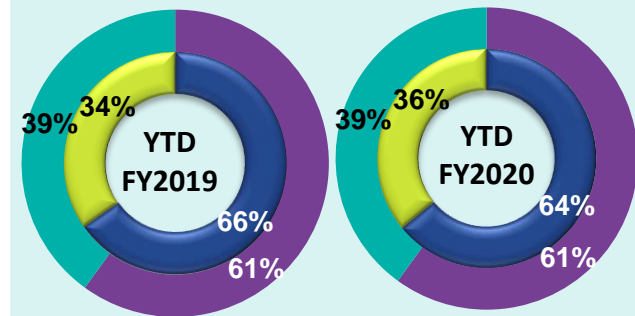
2,190

YTD FY2019  
2,328

**Entitlement**  
(kboe/d)

1,615

YTD FY2019  
1,671



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



# YTD FY2020 Gas and New Energy Performance

Continues to weather a challenging market landscape as a reliable provider of cleaner energy solutions while growing its presence in the renewable space



## Focus Areas

**Maximising Cash Generator**



Successfully delivered **11,426<sup>th</sup>**

LNG cargoes from PETRONAS LNG Complex, Bintulu, as of the third quarter of 2020, marking a milestone of over 37 years of reliable delivery without fail since operations began



**4.6**  
MTPA

of LNG sales volume secured through creative solutions and operational flexibility provided by PETRONAS to buyers, amidst a challenging quarter with continued depressed prices and demand uncertainty



**345**  
MMscfd

of new natural gas supply deals secured with customers in Peninsular Malaysia including the first Virtual Pipeline System delivery to an off-grid customer in Peninsular Malaysia



**PFLNG DUA**

Achieved ready-for-start-up status on 27 August 2020 with commercialisation planned for 2021

**Stepping Out**



**800**  
MWp

MWp of solar capacity in operation and under development in India and South East Asia, following the acquisition of Acme Solar, enabling PETRONAS to expand into India's utilities sector and beyond commercial and industrial sectors.



**50**  
MWp

MWp of solar capacity in operation and under development in Malaysia, including the completion of solar rooftop installations at 13 out of the 15 TESCO stores across Malaysia that will collectively generate about 18 GWh of clean energy per year once completed

## Operational Performance

### Gross LNG Sales Volume (MMT)



**1%**

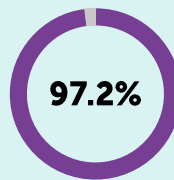
**24.6**

**24.3**

YTD FY2019

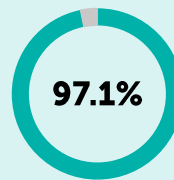
YTD FY2020

### Overall Equipment Effectiveness (OEE)



**97.2%**

YTD FY2019



**97.1%**

YTD FY2020

# YTD FY2020 Downstream Performance

Recorded gradual improvements on sales volume despite depressed margins

## Focus Areas

### Operational Excellence



**92.4%**

Overall Equipment Effectiveness (OEE)



**94.5%\***

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

### Commercial Excellence



**6.1** mil

Metric tonnes of petrochemicals sales products volume



**15.7** bil

Liters of overall marketing sales volume

### Growth Delivery Excellence



PCG and LG Chem recently inked an agreement to build a Nitrile Butadiene Latex (NBL) manufacturing plant at Pengerang Integrated Complex (PIC) in Johor



PCG entered SSPA to acquire 50% shares in PCC Oxyalkylates Malaysia Sdn Bhd



PDB became the first LNG (Liquified Natural Gas) solution provider using road trucks for off-grid customers in Peninsular Malaysia



Setel launched Deliver2Me, the first service of its kind in Malaysia which enables Setel users to purchase selected items from Kedai Mesra

## Sales Volume



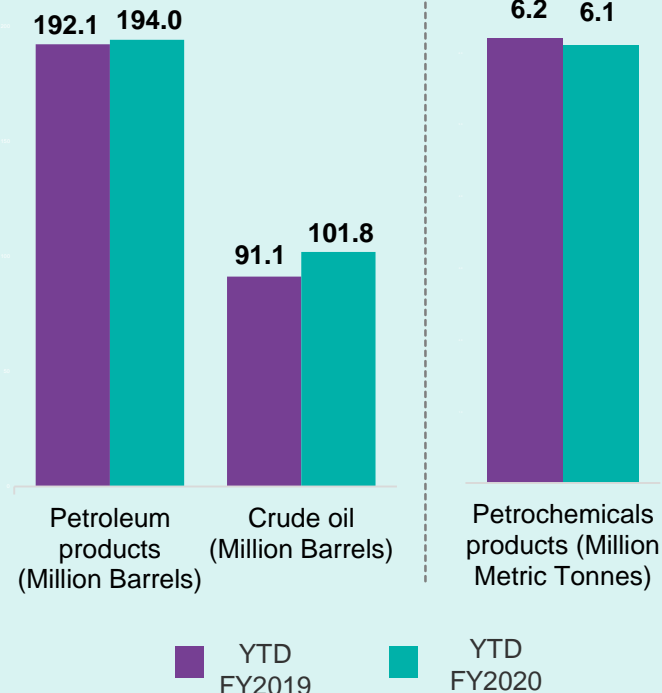
1%



12%



2%



<sup>1</sup> Plant Utilisation based on Nexant  
\* Compared to SPLY 2019

**The deliberate steps to strengthen our resiliency will continue at pace as we remain focused in pursuing our 3-pronged strategy.**



Reshape  
our Portfolio



Retooling the  
Human Capital Equation



Focused Execution  
at Pace



**As we progress, PETRONAS' aspiration to achieve Net Zero Carbon Emissions 2050 will be carried through our firm commitment to Continued Value Creation, Safeguarding the Environment, Positive Social Impact and Responsible Governance across the integrated value chain.**

**Thank you for your passion!**

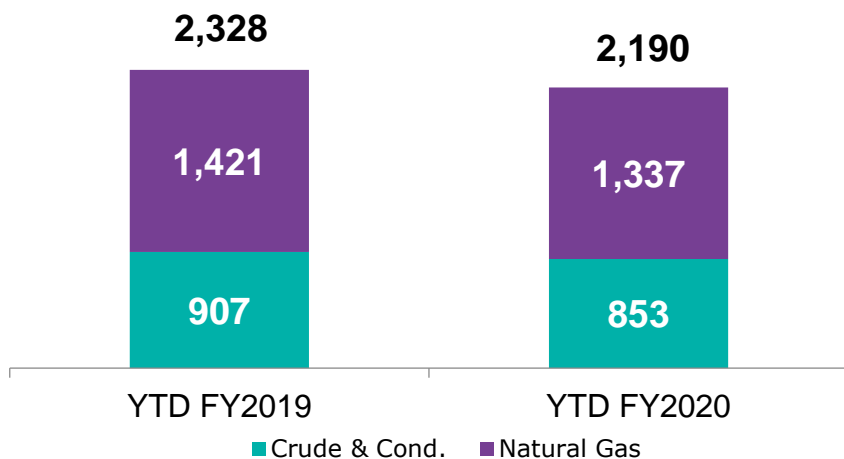


# Upstream Business

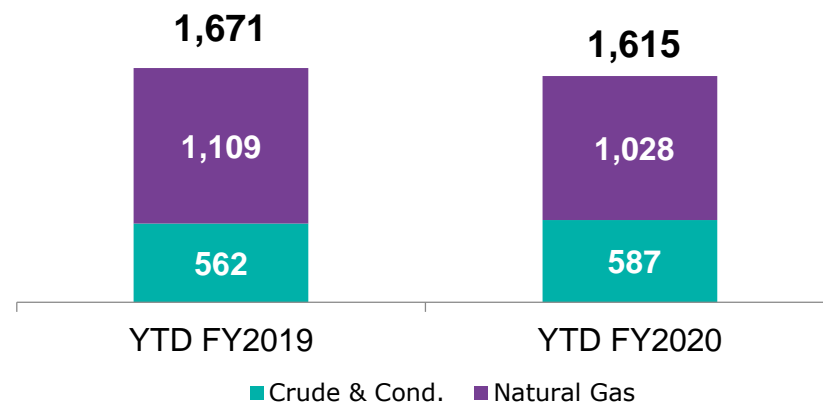
# YTD FY2020 Upstream Operational Highlights



## Production (kboe/d)



## Entitlement (kboe/d)



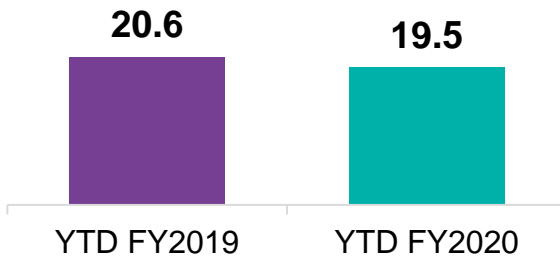
Total daily average production and entitlement volume is lower for the year mainly attributable to lower demand following the global COVID-19 pandemic

# Gas and New Energy Business

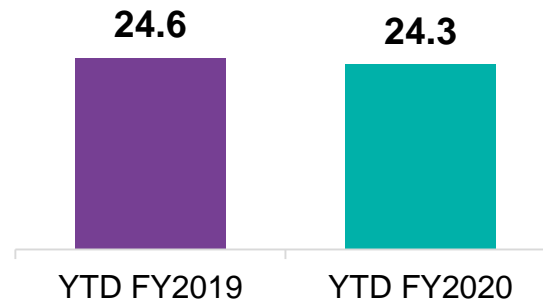
# YTD FY2020 GNE Operational Highlights



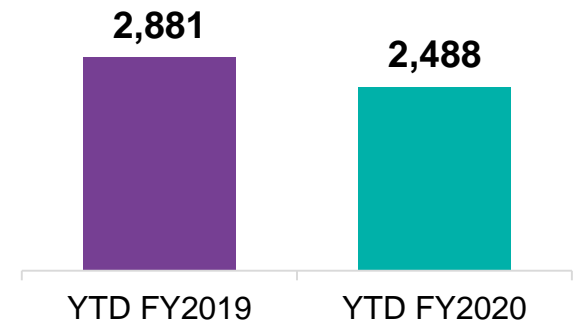
## LNG Production (MMT)



## Gross LNG Sales Volume (MMT)



## Malaysia Average Sales Gas (mmscfd)



Decrease in gross LNG sales volume mainly due to lower production volume from PLC, partially offset by higher trading activities. Decrease in Malaysia average gas sales attributed to lower offtake from the power sector in Peninsular Malaysia following movement restrictions in the wake of the COVID-19 pandemic.

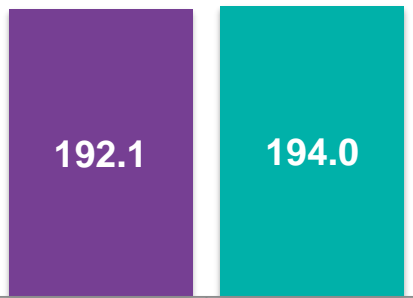


# Downstream Business

# YTD FY2020 Downstream Sales Volume



## Petroleum Products Mil barrels



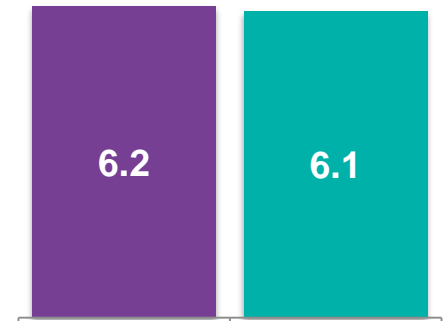
YTD FY2019 YTD FY2020

## Crude Oil Mil barrels



YTD FY2019 YTD FY2020

## Petrochemical Products Mil Metric Tonnes



YTD FY2019 YTD FY2020

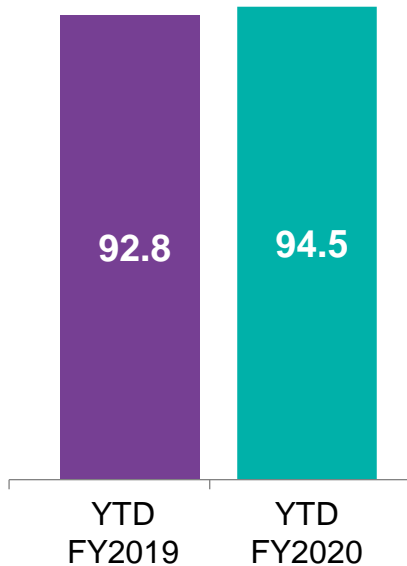
Higher petroleum products sales volume contributed by higher trading activities, partially offset by lower marketing sales volume due to lower demand caused by the COVID-19 pandemic

# YTD FY2020 Plant Utilisation



## Plant Utilisation (%)

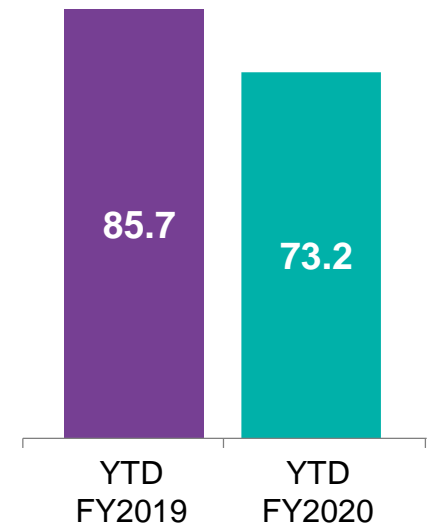
### Petrochemical Plants<sup>1</sup>



### Domestic Refineries



### International Refinery



**Lower Plant Utilisation at domestic and international refineries impacted by demand reduction due to the COVID-19 pandemic**

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