

Q1 2020 FINANCIAL RESULTS ANNOUNCEMENT

VIDEO MESSAGE FROM PRESIDENT & GROUP CEO

Good morning. I hope you are coping well under the current extraordinary situation that all of us are in. The ongoing global spread of the COVID-19 pandemic and collapse in oil prices continue to negatively impact economies around the world. The oil and gas industry has been badly affected by the unprecedented twin shock of both supply and demand. The markets were faced with a supply glut, triggered by the failure of OPEC+ to come to an agreement in early March, and subsequent oil price war. Demand, on the other hand, plunged due to the sudden drop in economic activities, following global lockdowns caused by COVID-19.

For PETRONAS, the health and safety of our employees, customers, contractors and partners remain our utmost priority. We have taken immediate measures at the onset of the pandemic through the implementation of several proactive steps to manage the risk of exposure and reduce the risk of transmission as early as mid January. For our operations, we ensured that we continue to optimally operate our total business value chain, as safely and efficiently as possible, to fulfil the energy needs of the nation and to our customers globally. I am also pleased to report that to date, PETRONAS' groupwide contributions toward COVID-19 efforts have totalled just under 40 million Ringgit, consisting of medical supplies and equipment to frontliners, food aid to deserving households as well as cash donations.

As an organisation, we are responding and positioning ourselves accordingly to face this challenging business landscape. We are focused to ensure that PETRONAS remains resilient. At the centre of this effort, we will continue to Preserve Cash and Maintain our Liquidity, which is crucial, given the uncertain markets ahead. Efforts on Cost Compression are also driven groupwide with emphasis on CAPEX and OPEX rationalisation. For 2020, we are planning to reduce our CAPEX by 21% and lower our OPEX by 12%, compared to what we had budgeted for previously. In doing so, we will strive as far as practically possible to minimize the impact to our domestic CAPEX programme. We will also Respond to Market Changes with Pace by delivering value safely and efficiently, while optimising our integrated value chain.

Let me now share with you our financial results. Given the depressed market, for Quarter 1 2020, PETRONAS has recorded a weaker performance compared to the corresponding quarter last year. Profit After Tax (PAT) excluding impairment was at 9.2 billion Ringgit, a 35% decrease

compared to Quarter 1 2019, while Profit After Tax (PAT) including impairment stood at 4.5 billion Ringgit. The impact on low prices and gradual weakening of demand, resulted in a decrease of our Revenue to 59.6 billion Ringgit, lower by 4% from the same period last year.

Our liquidity remains robust with Total Cash and Fund Investment at 154.5 billion Ringgit, and Cash Flow from Operations (CFFO) at 17.6 billion Ringgit for Quarter 1 2020. I would like to add that given the current business landscape, our overall performance has held up relatively well. This is contributed by our January and February numbers as the impact of the supply glut and collapse in demand, were only felt from March onwards.

Moving forward, we anticipate a very challenging outlook for the rest of 2020, with economic activities expected to only gradually recover in the second half of the year. The IMF has forecasted a contraction of the Global GDP at negative 3% for 2020, compared to a 2.9% growth last year, while Bank Negara projects Malaysia's GDP to be between negative 2% and 0.5% this year. Currently, Dated Brent price hovers around 30 US Dollars per barrel. If the market situation persists and oil prices remain low, the year 2020 might run the risk of being a lost year for the oil and gas industry. All players will be adversely impacted and PETRONAS will also not be spared.

We expect that economic activities will continue on a fragile recovery at a cautious pace, as the full impact and severity of COVID-19 to the economy is still unknown. What *is* known however, is that we need to brace and adapt to a new normal.

Ladies and gentlemen,

Indeed, this is a challenging time for all of us. For PETRONAS, our focus is to preserve cash and maintain our liquidity, continue our cost compression efforts and respond with pace to current market conditions. At the same time, we will not lose sight on our long-term plans. We remain committed to our 3-pronged growth strategy to maximise cash generators, expand core business and stepping out, to future proof the organisation and ensure PETRONAS' long-term sustainability. Thank you and stay safe everyone.