



Petron Corporation

30 September 2013



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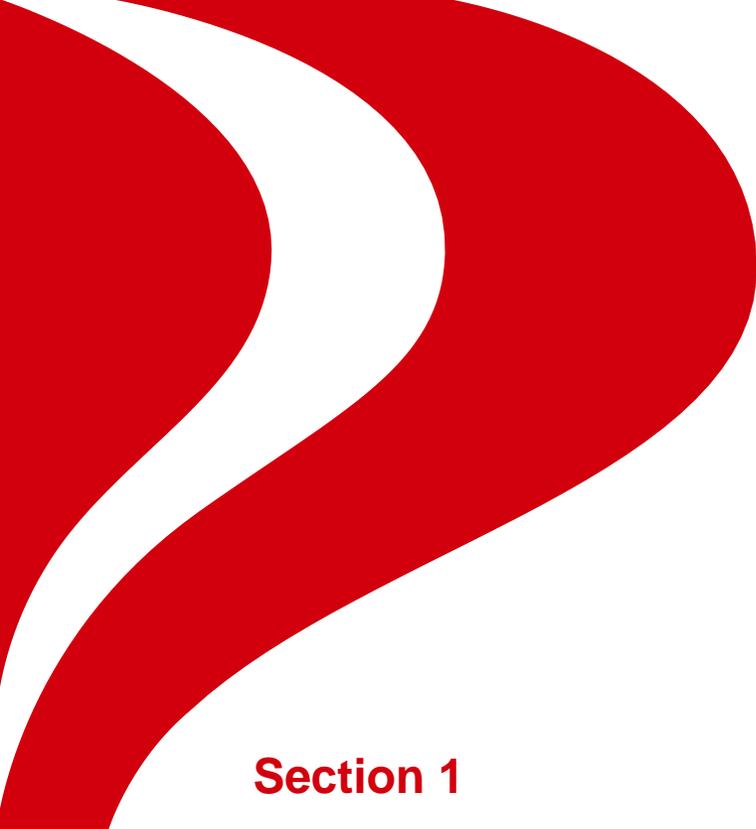
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Section 1



Introduction to Petron Corporation



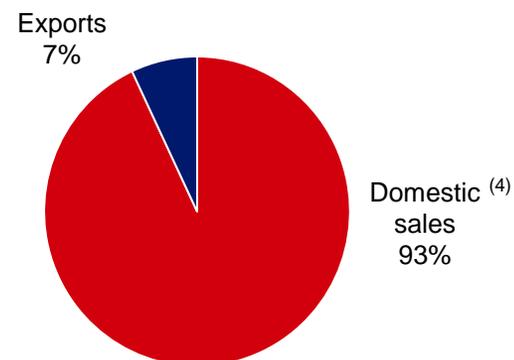
Overview

Petron is a major player in the Philippine and Malaysian downstream oil markets and is a member of the San Miguel Group ⁽¹⁾

Overview

- Significant oil refining and marketing player in the Philippine and Malaysian markets
 - #1 in the Philippines in terms of market share and refining capacity ⁽²⁾
 - #3 in terms of retail market share in Malaysia ⁽²⁾
- Integrated refining complex with 180,000 bpd capacity in Bataan, Philippines and 88,000 bpd in Port Dickson, Malaysia
- Network of more than 2,100 service stations in the Philippines and 550 in Malaysia ⁽³⁾
- More than 30 depots, terminals and airport installations located throughout the Philippines
- 8 product terminals across Peninsular and East Malaysia and 20% stake in a multi-product pipeline to Kuala Lumpur International Airport ("KLIA")

Sales by geography ⁽³⁾



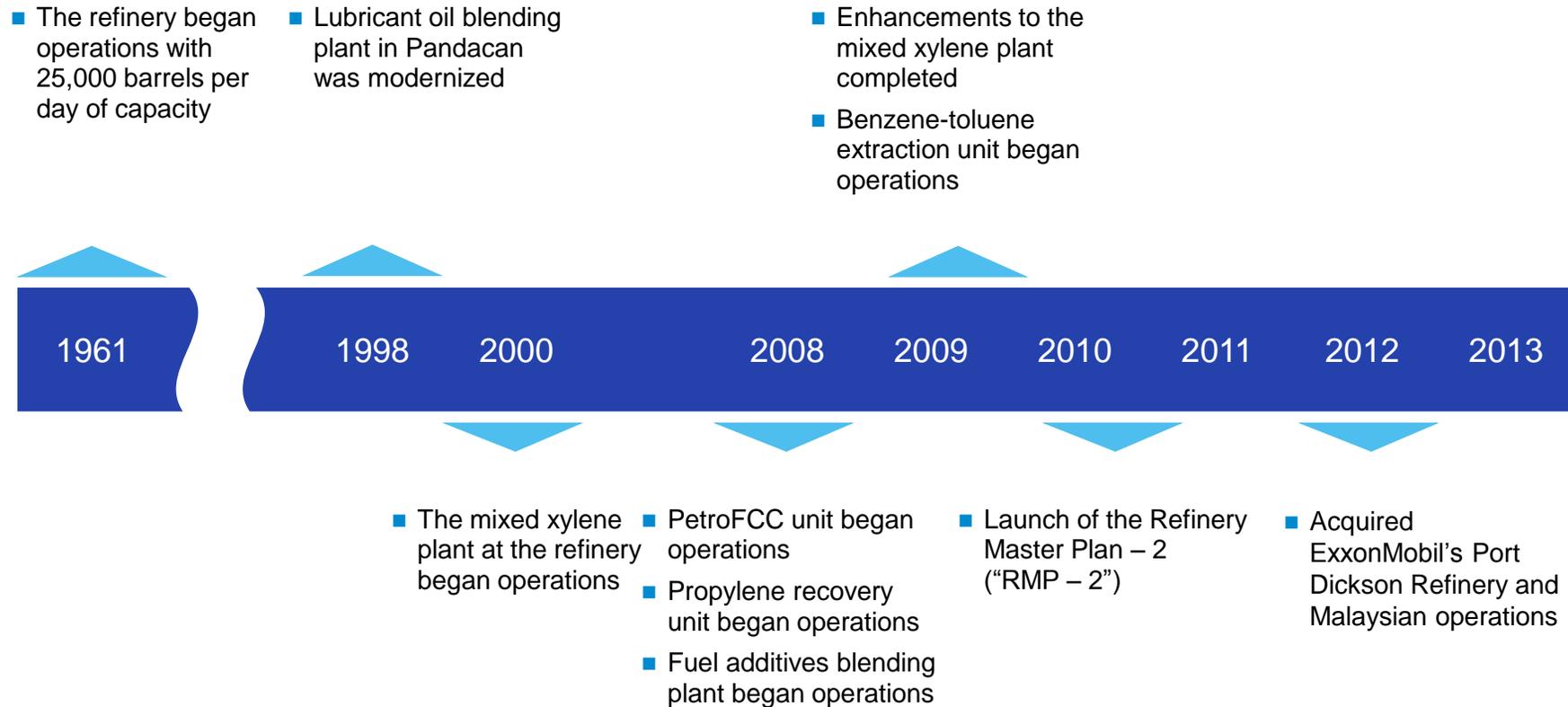
Source: Company estimates based on Company information and data from Department of Energy of the Philippines and Metrix Research Sdn. Bhd..

Note:

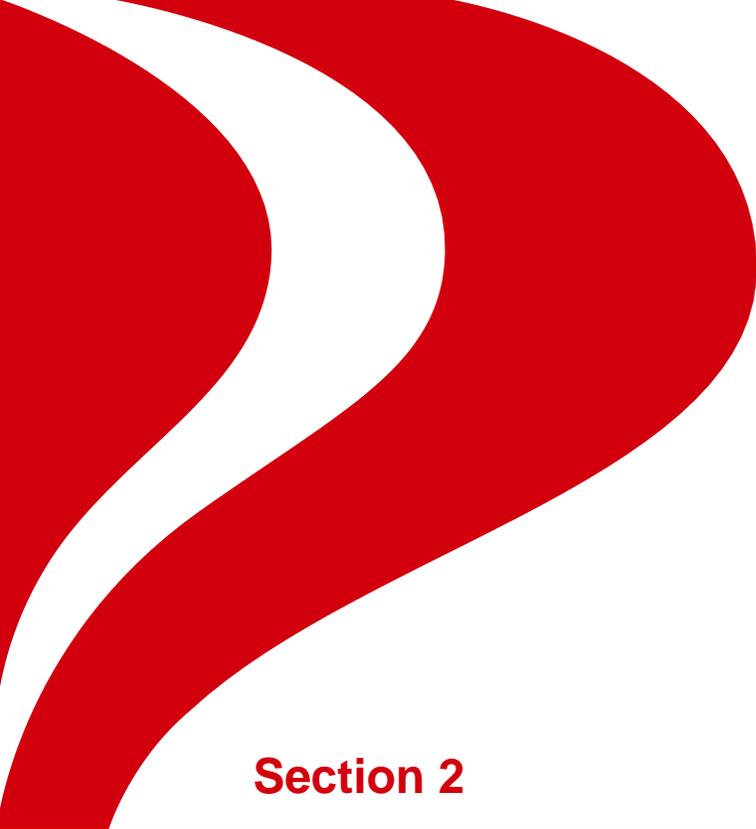
- (1) San Miguel Corporation has beneficially owned 68.3% of Petron since 2010.
- (2) Data as of 1H2013.
- (3) Data as of September 30, 2013.
- (4) Domestic sales include sales in Philippine and Malaysian domestic markets.

Has been in operation since 1961

Long standing history and growth track record



Continuous focus on enhanced operating efficiencies and production of higher value products



Section 2



Business overview



Business overview

1 Operations in the growing Philippine and Malaysian markets

2 Market leader in the Philippine downstream sector

3 Strong presence in the Malaysian downstream sector

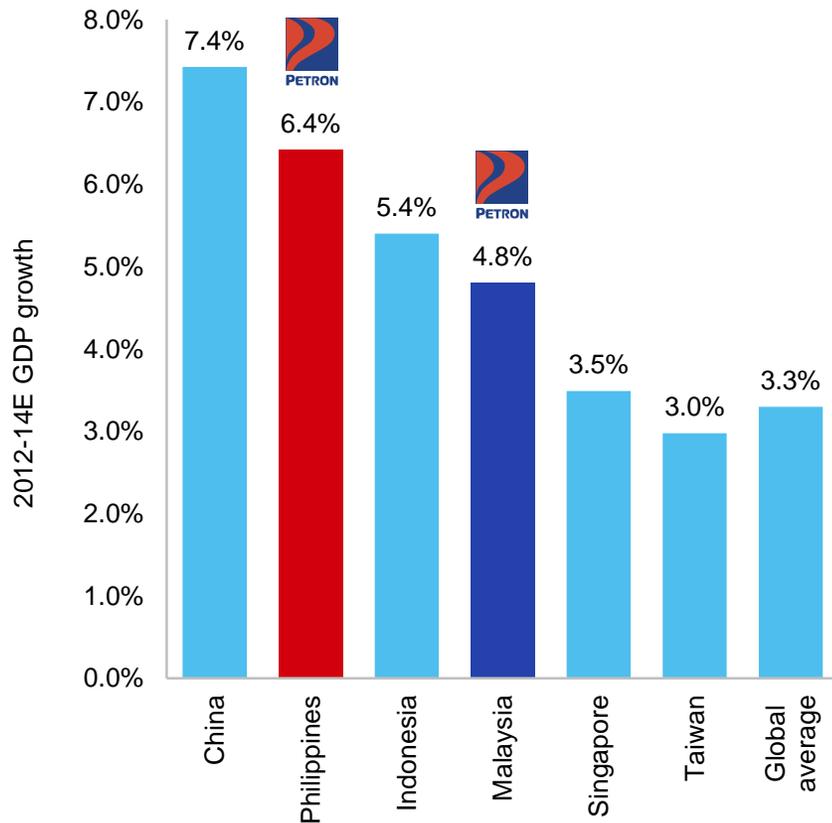
4 Strategic focus on key projects that are expected to enhance efficiencies, product mix, and facilities

1 Operations in the growing Philippine and Malaysian markets

Strong GDP growth expected to drive fuel consumption

Strong macroeconomic growth fundamentals

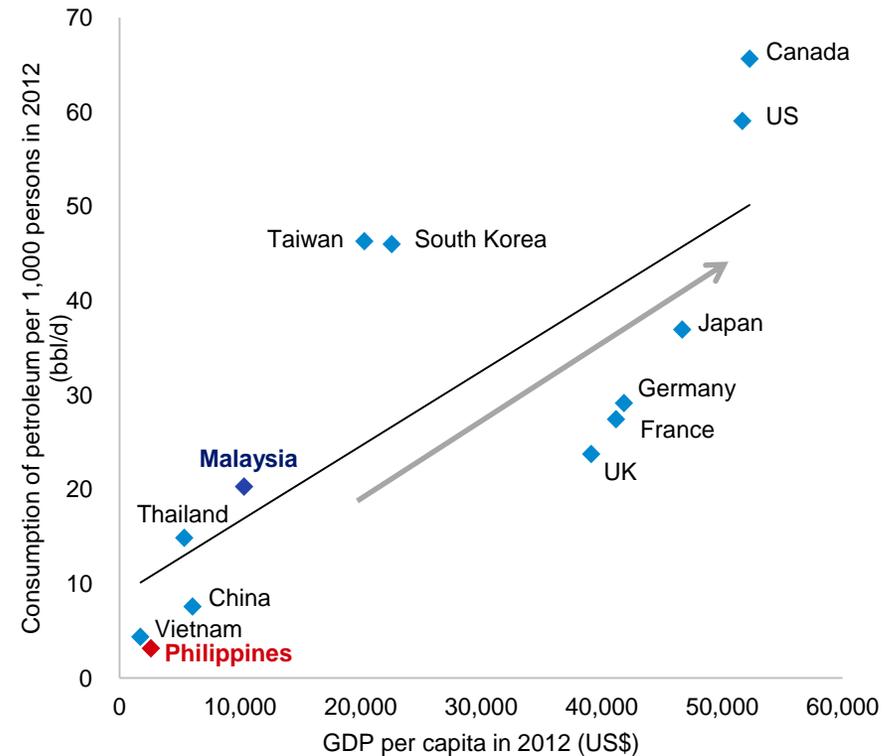
Operations in 2 of the projected fastest growing economies in the world



Source: International Monetary Fund as of October 2013.

Large fuel consumption growth potential

Historically, fuel consumption has been highly correlated to GDP



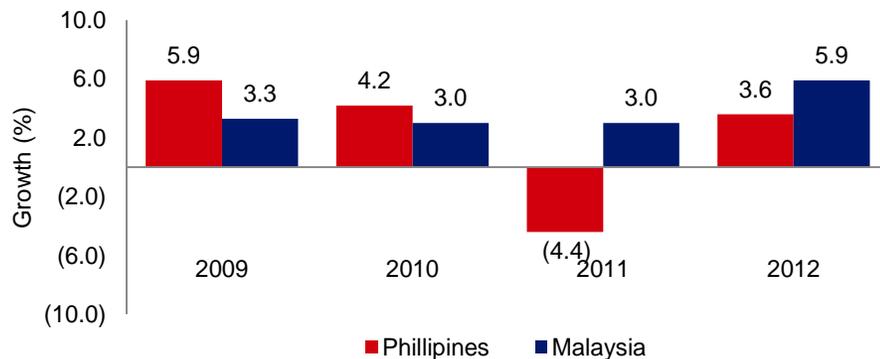
Source: US Energy Information Administration, International Monetary Fund as of October 2013.

1 Operations in the growing Philippine and Malaysian markets

Industry overview

- Growing Philippine and Malaysian domestic demands
- Both markets are importers of finished petroleum products
- Philippines is a free market with weekly price adjustments based on international benchmark prices (MOPS ⁽¹⁾) and foreign exchange movements
- Malaysia, as a regulated market with fixed retail prices, operates a pricing scheme allowing oil companies to recover operating costs and earn stable margins

Petroleum products industry growth

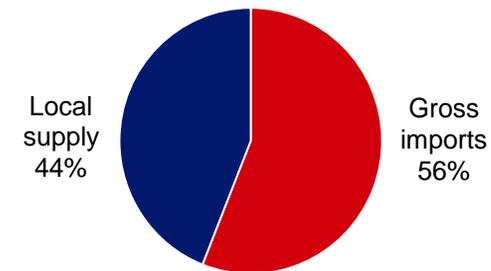


Source: Company estimates based on Company information and data from Philippine Department of Energy and JBC Energy.

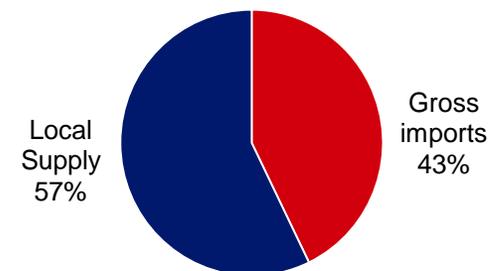
Note:
(1) Mean of Platts Singapore.

Demand and gross imports of finished petroleum products

Gross imports as a percentage of total petroleum products consumption in the Philippines (1H2013)



Gross imports as a percentage of total petroleum products consumption in Malaysia (2011)



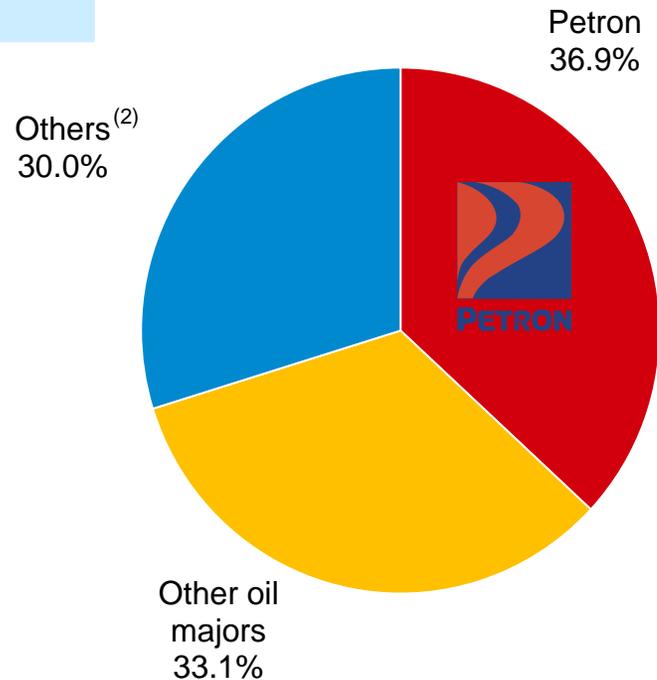
Source: Department of Energy of the Philippines, Malaysia Energy Information Hub.

2 Market leader in the Philippine downstream sector

Philippines domestic sales volume

Total market size: 322mbd ⁽¹⁾

Petron is the largest seller of fuels in the Philippines



Market performance across segments

Petron is the market leader in key segments based on domestic sales volume

Segment	Rank
Retail trade	#1
Industrial	#1
LPG	#1
Lubricants and greases	#2

Source: Company estimates based on Company information and data from Philippine Department of Energy as of 1H2013.

Notes:

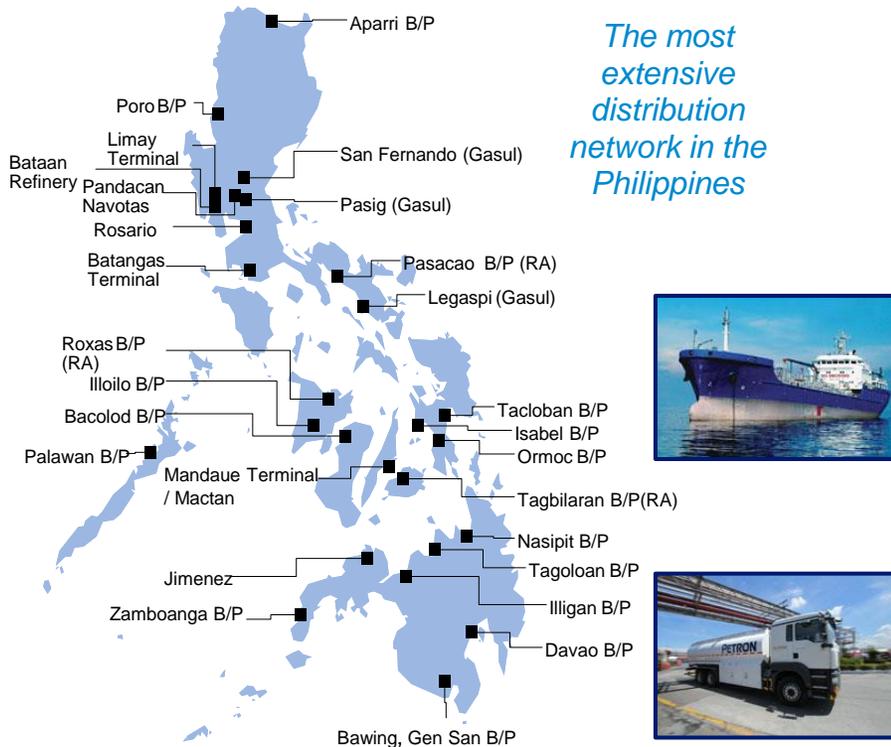
(1) Thousands of barrels per day. Data for 1H2013.

(2) "Others" consists of smaller players/direct importers.

2 Market leader in the Philippine downstream sector

Extensive distribution infrastructure and multi-pronged marketing system in the Philippines

Nationwide distribution network (1)



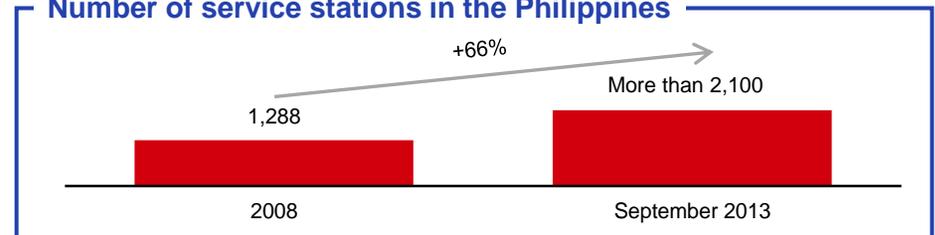
More than 30 depots, terminals and airport installations across the Philippines

Multi-pronged marketing system

Service station and lubricants network

- More than 2,100 service stations (27% CODO, 73% DODO) (2)
- More than 20 Car Care Centers
- Loyalty programs
 - Fleet Cards: More than 100,000
 - Value Cards: More than 1 million

Number of service stations in the Philippines



LPG

- Biggest player
- Close to 900 Gasul and Fiesta Gas branch stores
- Auto-LPG facilities installed in 21 service stations nationwide

Industrial Accounts

- More than 1,100 direct industrial account customers
- Services approximately 38% of the industrial sector

Notes:

(1) Map indicates depots and terminals only and excludes airport installations as of Sept 2013, B/P refers to bulk plants (depots), and RA indicates that a rationalization agreement is in place in relation to the relevant depot, which is a contract between the owner-operator of the depot and another oil company regarding product supply and the use of the facilities to rationalize operations and reduce costs.

(2) CODO represents company-owned-dealer-operated service stations and DODO represents dealer-owned-dealer-operated service stations; Data as of September 2013.

3 Strong presence in the Malaysian downstream sector

Petron entered the Malaysian market in 2012

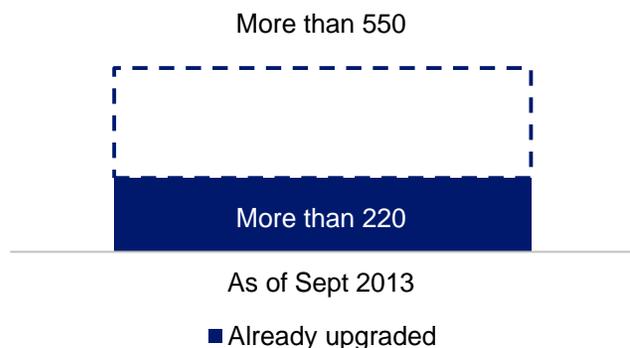
Marketing overview

- 3rd largest player (16.5% ⁽¹⁾ of the retail sector) in a growing market
- Current market size of approximately 600 thousand barrels per day, double the size of the Philippines
- Petron is upgrading service stations in Malaysia. This includes rebranding and refurbishing under the Petron brand, delivering the Petron one-stop service experience with features including:
 - TREATS convenience store and cafe
 - Automated teller machines (ATM)
 - Well-kept and clean facilities

Industrial Accounts and LPG

- Presence in Aviation business with 20% ownership of multi-product pipeline to KLIA
- Supply 68% of the unbranded stations ⁽²⁾
- 14.7% LPG market share in Malaysia ⁽²⁾

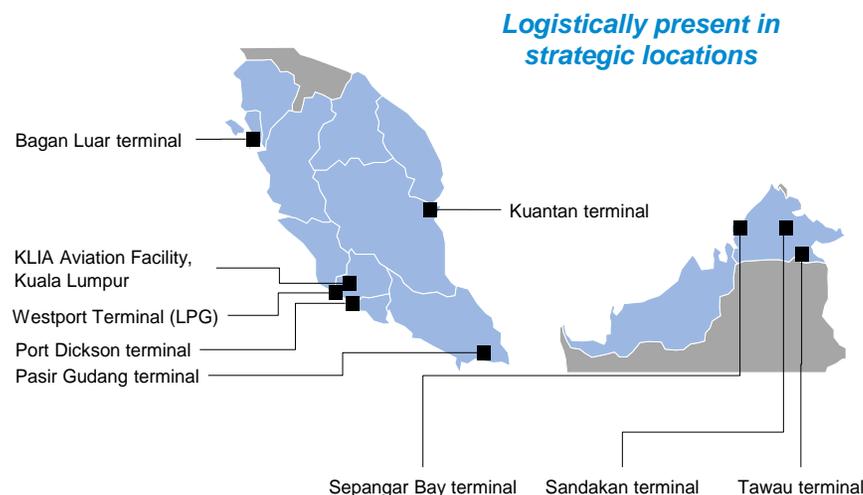
Progress of service station rebranding in Malaysia



Service station and distribution network

- Network of more than 550 service stations across Malaysia which are currently being upgraded under the Petron brand with
 - More than 260 convenience stores in Malaysia
 - 8 product terminals
 - Loyalty Programs
 - Approximately 1.4 million Smiles Cardholders in Malaysia

Nationwide distribution network



Notes:

- (1) Company estimates based on Company information and data from Metrix Research Sdn. Bhd. Data as of 1H2013.
 (2) Company estimates based on Company information and data from Metrix Research Sdn. Bhd. Data as of YTD Sept 2013.

3 Strong presence in the Malaysian downstream sector

Petron entered the Malaysian market in 2012

Refining overview

- 88mbd ⁽¹⁾ refinery located in Port Dickson, which represents 16.4% of total refining capacity
- The Complex is equipped with a crude distillation unit, a naphtha hydro treating unit, two semi-regeneration reformer units, and a kerosene hydro treating unit



Health, safety, and environmental track record

- 10 consecutive years without any lost-time injury for employees and contractors
- Received the Malaysian Society for Occupational Safety and Health award and Prime Minister Hibiscus Award for good environmental performance



Note:
(1) Thousands of barrels per day.

4 Strategic focus on key projects that are expected to enhance efficiencies, product mix, and facilities

The completion of projects are on schedule and are expected to benefit Petron once completed

- Significant investments expected to increase operating efficiencies leading to enhanced operating margins
- Investments expected to expand market reach and penetration
- Increase in storage capacity to support expected increase in volumes from RMP-2

Project	Outcome	Expected completion date
1 RMP-2	<ul style="list-style-type: none"> ■ Convert production of lower value / margin fuel oils to higher margin products, resulting in increased complexity for the refinery ■ Further enhances the refinery's operational efficiencies to run at almost full capacity ■ Capability to process heavier/more sour and cheaper crude 	4Q 2014
2 Service station expansion / upgrade	<ul style="list-style-type: none"> ■ Strengthen brand recognition and loyalty ■ Reach under-served and untapped urban / provincial areas ■ Support expected increase in volume once RMP-2 comes on-stream ■ Ongoing upgrading of service stations in Malaysia 	2016 ⁽¹⁾
3 Logistics expansion / upgrade	<ul style="list-style-type: none"> ■ Increase in storage capacity by approximately 6% or 160 MB to support expected increase in volumes from RMP-2 <ul style="list-style-type: none"> – Identified locations include Navotas, Limay, and Rosario ■ Improve product supply reliability to customers/end-users 	2016

Note:
(1) For Philippines only.

4 Strategic focus on key projects that are expected to enhance efficiencies, product mix, and facilities

Investments focused on increasing production of white products and petrochemicals while minimizing production of low margin fuel products

Core base of quality petroleum products...

LPG	PETRON GASUL	FIESTA GAS	PETRON XTEND	PETRON GASUL
Gasoline	BLAZE	XCS PLUS	XTRA ADVANCE	SUPER XTRA
	BLAZE97	BLAZE95		
Jet / kerosene	PETRON JET A-1	PETRON AVIATION GASOLINE	PETRON GAAS	PETRON JET A-1
Diesel	DIESEL MAX	TURBO DIESEL	DIESEL	
Fuel oil	PETRON FUEL OIL	SPECIAL FUEL OIL	PETRON INDUSTRIAL HSFO	LOW SULFUR WAXY RESIDUE

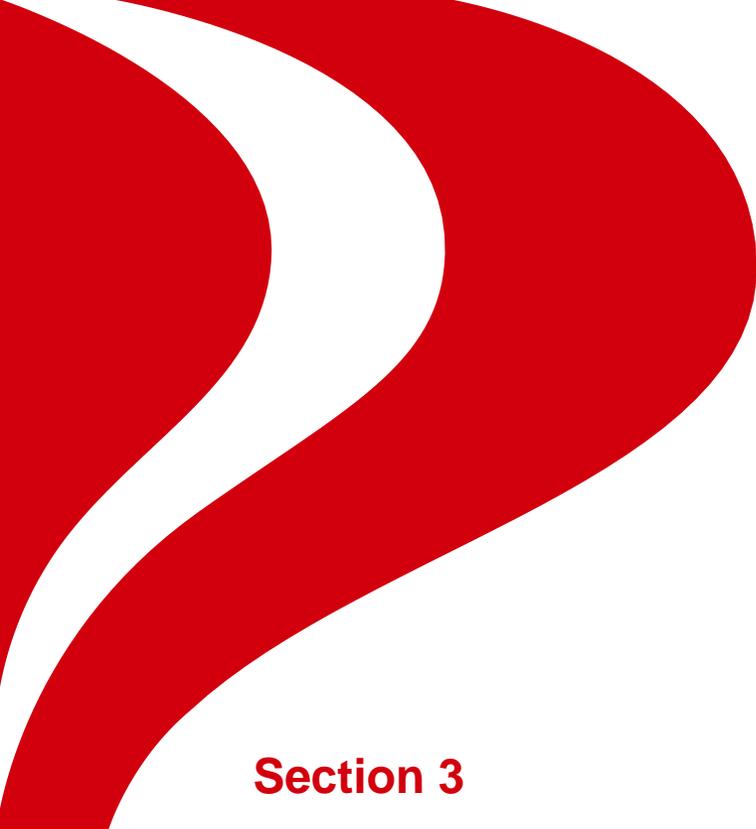
...complemented by higher margin petrochemical products

Product	End use
Xylene	Polyester fibers, packaging materials, bottles and films
Benzene	Plastics, pharmaceuticals, pesticides, and other chemicals
Toluene	Solvents in paint, inks, adhesives and cleaning agents as well as chemical extractions; also pharmaceuticals, dyes and cosmetic nail products
Propylene/ Polypropylene	Food packaging plastics, car bumpers, computer housings, appliance parts, and fibres

Products Brands

■ Available in the Philippines

■ Available in Malaysia



Section 3



Financial performance



Regional refining margins recovered

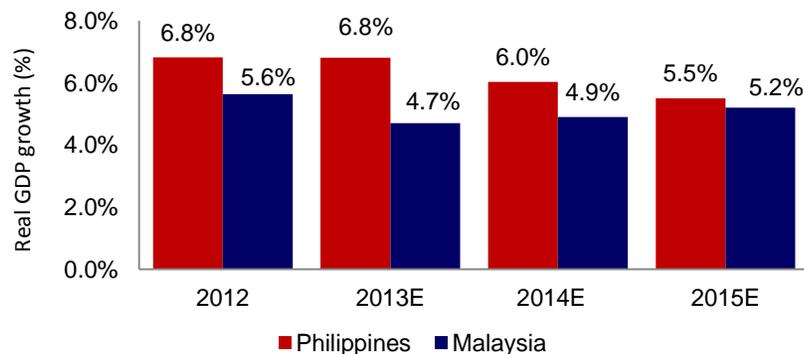
Crude and product prices and EBITDA (1)



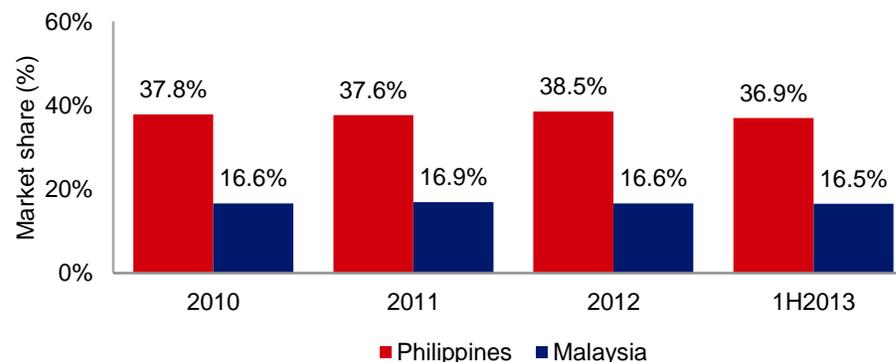
Less volatile market conditions

- Dubai crude oil prices fell from an average of ~US\$108/bbl to ~US\$101/bbl from 1Q2013 to 2Q2013
 - This led to inventory losses in 2Q2013, as higher priced inventories were sold in a lower price environment
 - Product cracks and refining margins also declined
- Dubai crude prices have since recovered to ~US\$106/bbl in 3Q2013 and positive crack and margin trends led to a significantly higher EBITDA for the quarter
- Petron continues to operate in markets with expected strong economic growth

GDP growth



Petron's market share in the Philippines and Malaysia (2)



Source: International Monetary Fund as of October 2013.

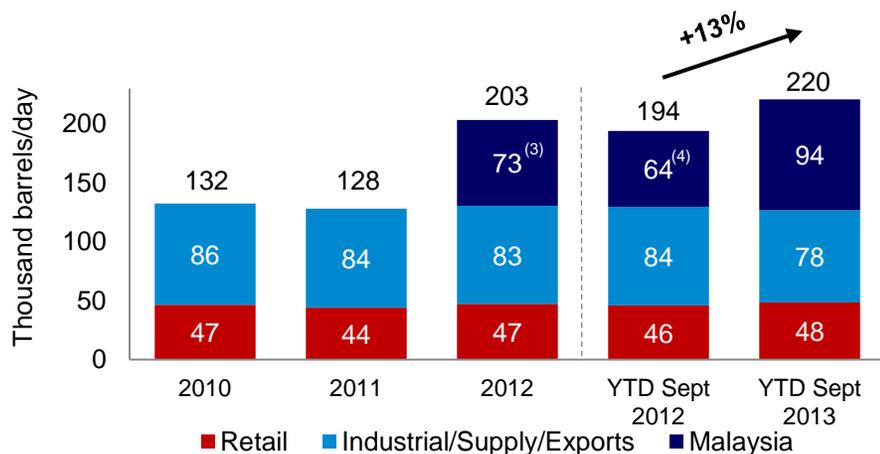
Notes:

(1) All US\$ figures are translated at an exchange rate of PHP 43.54 = US\$1.00, the weighted average rate quoted on the PDS for the purchase of U.S. dollars with Philippine Pesos on Sept 30, 2013. Includes Petron Malaysia contribution from 2Q 2012. Petron acquired ExxonMobil's downstream business in Malaysia March 2012. 3Q2012 and 4Q2012 restated to incorporate amendments to PAS19, Employee Benefits; actuarial gains and losses to be recognized immediately in other comprehensive income. EBITDA is defined as net income before net interest expense, tax expense, depreciation and amortization, foreign exchange gains/losses, amortization of transaction costs and Marketed to Market on freestanding currencies.

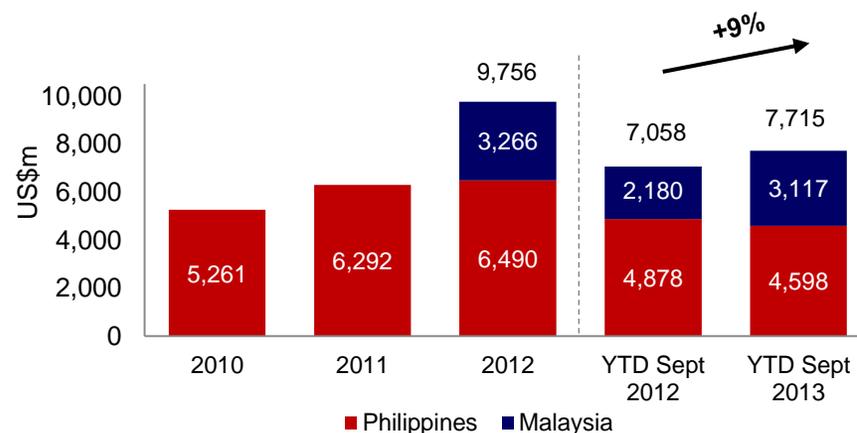
(2) Company estimates based on Company information and data from the Philippine Department of Energy, and Metrix Research Sdn. Bhd. for 1H2013. Philippine market share based on overall market share. Malaysian market share based on the retail market.

Sustained growth amidst challenges

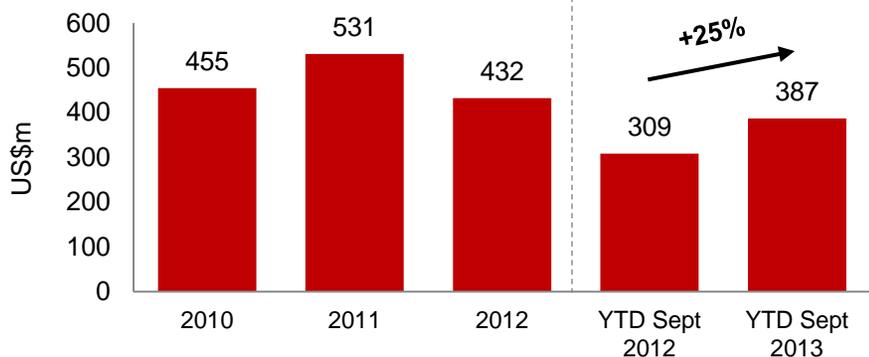
Sales volumes ⁽²⁾



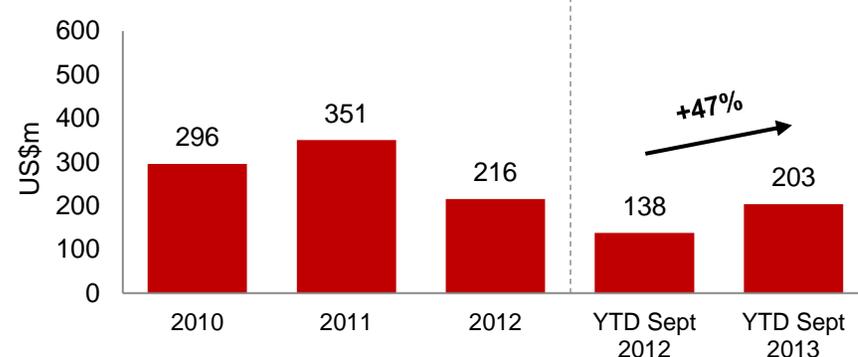
Sales ^{(1) (2)}



Gross profit ⁽¹⁾



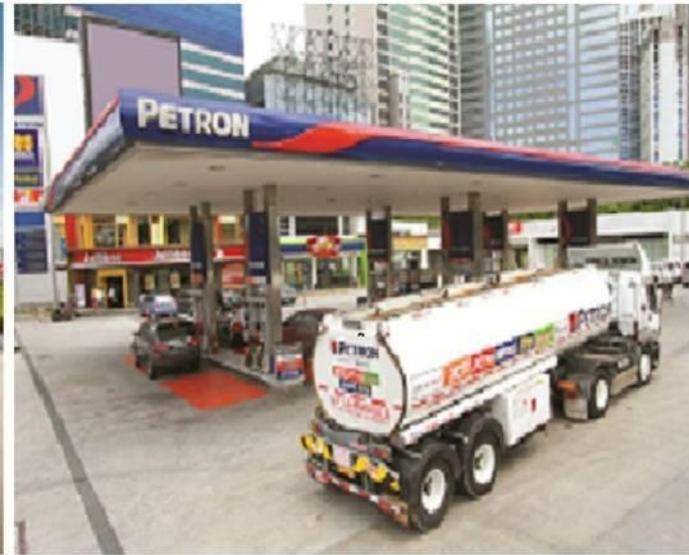
Operating income ⁽¹⁾



Source: Company financials.

Notes:

- (1) All US\$ figures are translated at an exchange rate of PHP 43.54 = US\$1.00, the weighted average rate quoted on the PDS for the purchase of U.S. dollars with Philippine Pesos on Sept 30, 2013.
- (2) Includes Petron Malaysia contribution from 2Q 2012. Petron acquired ExxonMobil's downstream business in Malaysia in March 2012.
- (3) Malaysia sales volumes from 2Q to 4Q 2012 divided by 366 days.
- (4) Malaysia sales volumes from 2Q to 3Q 2012 divided by 274 days.



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