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MEDIA RELEASE
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PETRON POSTS NET LOSS IN FIRST QUARTER 2020 AS COVID-19 CRISIS HITS

Kuala Lumpur – Petron Malaysia Refining & Marketing Bhd (PMRMB) posted RM2.2 billion in revenues for the first quarter of 2020, lower compared to the RM2.7 billion reported in the same period last year mainly due to the negative impact of the COVID-19 pandemic and significant decline in oil prices.

With the implementation of the Movement Control Order (MCO) by the Malaysian Government, which started on 18 March 2020 to curb the spread of the virus, the industry saw a sharp decline in domestic oil demand due to limited movement and economic activity. This resulted in an 11% drop in the Company's sales volume for the first quarter at 8.1 million barrels compared to 9.1 million barrels last year.

The uncertainties caused by the COVID-19 pandemic and oil price war among top producing countries led to an unprecedented global oil supply glut and a steep decline in prices of crude oil and petroleum products. Dated Brent price fell by 52% from its December 2019 average of \$67 per barrel to \$32 per barrel in March. The drastic drop in prices resulted in inventory holding losses and further weakening of refining margins amid reduced sales volume due to the MCO. These weighed heavily on the Company's performance as it posted a gross loss of RM53 million compared to RM143 million gross profit in 2019. While expense reduction initiatives as well as risk management efforts helped the Company cushioned the impact of falling margin, it ended the quarter with a RM84 million net loss, a complete reversal of the RM58 million net profit posted last year.

"As of now, we are focused on our immediate recovery while keeping sight of our long-term strategic goals. During these difficult times, our efforts are geared towards maintaining our

resilience, keeping our people safe, and helping our communities and those on the frontliners,” said PMRMB Chairman Ramon S. Ang.

In response to the pandemic, Petron has initiated a number of efforts including the donation of PPEs to frontliners and hospitals in seven states. Petron and our dealers also extended much-needed assistance to affected communities and other stakeholders with food items and Petron Gasul LPG.

“We are confident that we can turn our performance around once we overcome this global pandemic. We remain committed to completing our major projects at the refinery as well as our network expansion activities as soon as the situation allows,” he added.

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CAUTIONARY NOTE: Statements in this release relating to future plans, projections, events, or conditions are forward-looking statements. Actual results, including project plans, timing, and capacities, could differ materially due to changes in long-term oil or gas prices or other market conditions affecting the oil and gas industry; political events or disturbances; the outcome of commercial negotiations; changes in technical or operating conditions; and other factors.