

PETRONAS, SAUDI ARAMCO ANNOUNCE FORMATION OF THEIR TWO NEW JOINT VENTURES IN MALAYSIA

Kuala Lumpur, March 28, 2018 – Petroliaam Nasional Berhad (PETRONAS), the national oil company of Malaysia, and Saudi Aramco, the national oil company of Saudi Arabia, are pleased to announce the formation of two joint ventures for the Refinery and Petrochemical Integrated Development (RAPID) project.

The strategic alliance is a historic partnership between two of the largest and most successful national oil companies in the world, bringing together the resources, technologies, experience as well as expertise of two national oil companies with established commercial presence around the world.

These Joint Ventures allow the parties equal ownership and participation in the operations of the new refinery and selected petrochemical facility, which is part of the Refinery and Petrochemicals Development (RAPID) project within Pengerang Integrated Complex (PIC) in Malaysia's southern state of Johor.

Through this collaboration, Saudi Aramco will supply 50 percent of the refinery's crude feedstock requirements with the option of increasing to 70 percent. Meanwhile natural gas, power and other utilities will be supplied by PETRONAS and its affiliates. The Parties will share in the rights to offtake the production of the Joint Ventures on an equal basis.

The refinery, which has a capacity of 300,000 barrels of crude per day, will produce a range of refined petroleum products, including gasoline and diesel, which meet Euro 5 fuel specifications. It will also provide feedstock for the integrated petrochemical complex, which is capable of producing 3.3 million tonnes per annum of petrochemical products.

Currently 87 per cent completed, the RAPID project is on track for refinery start-up in Q1 2019.

"PIC has been an amazing journey for PETRONAS. This fast-track integrated development has reached peak construction this year and moving into pre-commissioning and commissioning activities soon," said Executive Vice President & CEO Downstream, PETRONAS, Datuk Md Arif Mahmood.

"The partnership with Saudi Aramco is the result of the collective effort of key stakeholders in the two governments in addition to the two companies. We welcome Saudi Aramco's participation and look forward for a successful joint venture."

Arif added that once operational, RAPID will not only strengthen PETRONAS' ability to be flexible and reliable in meeting customers' needs, but also bolster the company's position as the largest glycol and polypropylene producer, as well as the second largest HDPE and isononanol producer in South East Asia.

Commenting on the partnership, Saudi Aramco Senior Vice President of Downstream, Abdulaziz Judaimi said:

"This agreement strengthens Saudi Aramco's position and growth in South East Asia through crude supply and world-scale downstream operations. Through this venture, we will also achieve a high degree of integration between refining and petrochemicals, with petrochemicals production greater than 20% of crude intake. It is also in tandem with our downstream growth strategy where we are investing in a

global refining and petrochemicals system of strategically located world-scale manufacturing complexes with participated refining capacity of eight to ten million barrels per day.”

He added that the partnership with Petronas will also pave the way for future collaboration between the two companies.

Located on a 6,239 -acre site about 400km south of the capital city of Kuala Lumpur, the RAPID project forms part of Malaysia’s ambitious 22,000-acre PIC under the Malaysian government’s Economic Transformation Programme to establish new engines of growth and push the nation into a new frontier of technology and economic development in the oil and gas downstream sector.

Apart from the refinery, cracker and the downstream petrochemical facilities comprising the RAPID project, the PIC also includes the development of associated facilities such as a co-generation plant, an LNG re-gasification terminal, a raw water supply project, a deep water terminal, as well as centralized and shared utility facilities.