



March 12, 2019

PHILIPPINE STOCK EXCHANGE, INC.
Disclosure Department
3rd Floor, Philippine Stock Exchange Center
Ayala Triangle, Ayala Avenue
Makati City

Attention: **Ms. Janet A. Encarnacion**
Head, Disclosure Department

PHILIPPINE DEALING & EXCHANGE CORP.
37th Floor, Tower 1, The Enterprise Center
6766 Ayala Avenue cor. Paseo de Roxas
Makati City

Attention: **Atty. Joseph B. Evangelista**
Head - Issuer Compliance and Disclosure Department

Gentlemen:

Please find attached the media release of the Company entitled
“**Petron net income drops 50% on shrinking crude prices**”.

Very truly yours,

A handwritten signature in black ink that reads "JACruz".

JOEL ANGELO C. CRUZ
VP - General Counsel &
Corporate Secretary

March 12, 2019
MEDIA RELEASE
FOR PUBLICATION & BROADCAST



Petron net income drops 50% on shrinking crude prices

Petron Corporation posted a 50% drop in 2018 net income to P7.1 billion following a sustained decline in global crude prices that resulted in inventory losses of P10 billion for the last two months of the year.

Operating income for the year reached P18.9 billion, 32% lower than the P27.6 billion of last year. Excluding the one-time item, profits would have ended 21% higher at P17 billion.

Meanwhile, consolidated sales stood at P557.4 billion, up 28% from the P434.6 billion recorded in 2017. Petron managed a combined sales volume of 108.5 million barrels for the year, slightly higher than the 107.8 million barrels sold in 2017.

The Company said strong local sales of gasoline, Jet-A1 and LPG, along with improved operating efficiency contributed to the increase. Petron retained its leadership in the Retail, Industrial, and LPG trades, cornering majority of the market.

In 2018, Petron's 180,000 barrel-per-day oil Refinery in Bataan hit an annual utilization rate of 95%, its highest on record, as it further increased its production of high-value fuels and petrochemicals. During the year, petrochemical and polypropylene sales grew by 3% and 28%, respectively, versus 2017. This drove the increase in export volume, which surpassed last year by over 7%.

Petron Malaysia domestic sales continued to deliver good results in 2018. Petron currently has over 640 stations in the country, reflecting the strong sales of its high-performance fuels.

“It was a challenging year, yet we captured majority of the market and remained the largest and fastest growing oil company in the country. While our long-term fundamentals remain attractive, we will continue to be prepared and responsive to market conditions,” said Petron President and CEO Ramon S. Ang.

Petron is the Philippines’ largest refiner, providing nearly 40% of the country’s fuel requirements through its Bataan Refinery, 30 terminals, and over 2,400 service stations nationwide. The homegrown oil refiner continues to be the leading innovator in introducing superior products that meet the world’s most advanced environmental and performance standards.

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About Petron Corporation

Petron Corporation is the largest oil refining and marketing company in the Philippines and is a leading player in the Malaysian market. It has a combined refining capacity of 268,000 barrels-per-day and produces a full range of world-class fuels and petrochemicals. It operates about 40 terminals in the region and has over 3,000 service stations where it retails world-class gasoline and diesel. Petron is dedicated and passionate about its vision to be the leading provider of total customer solutions in the energy sector and its derivative businesses. Please visit us at www.petron.com for more information.