



# **PETRONAS GAS BERHAD**

## **Analyst Briefing for Quarter Ended 31 December 2023**

**Wednesday, 28 February 2024  
9:00 a.m. - 10:00 a.m. (GMT+8)**



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# PETRONAS Gas Berhad Leadership Team



**Abdul Aziz Othman**

**Managing Director/  
Chief Executive Officer**



**Shahrul Azham  
Sukaiman**

**Chief  
Financial Officer**



**Hisham Maulot**

**Head  
Business Development  
& Commercial**



**Suriyanti Nordin**

**Head  
Investor Relations**





**KEY HIGHLIGHTS**



**BUSINESS UPDATES**



**FINANCIAL  
PERFORMANCE**



**MOVING FORWARD**



**Q & A**



## KEY HIGHLIGHTS

# PGB's business operation remains intact despite the latest developments of Middle-East tension and weakening of MYR



## Geopolitical Tension

The tensions remained between the global major powers (US-China and Russia-Ukraine) and Middle East Conflicts (Israel-Palestine, Red Sea Turmoil and Iran-Pakistan)

## 2024 Outlook

Israel-Palestine conflicts potentially to spillover



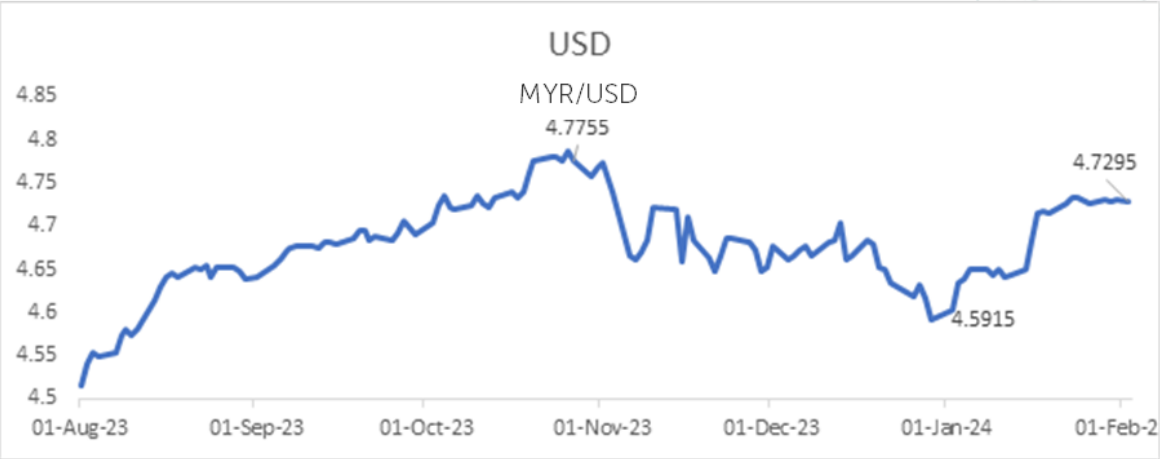
★ Tension areas relating to the Israel-Palestine conflict

Supply chain disruption and increase in cost of material is expected, with the Red Sea situation is anticipated to last up to 6 months or possibly even a year

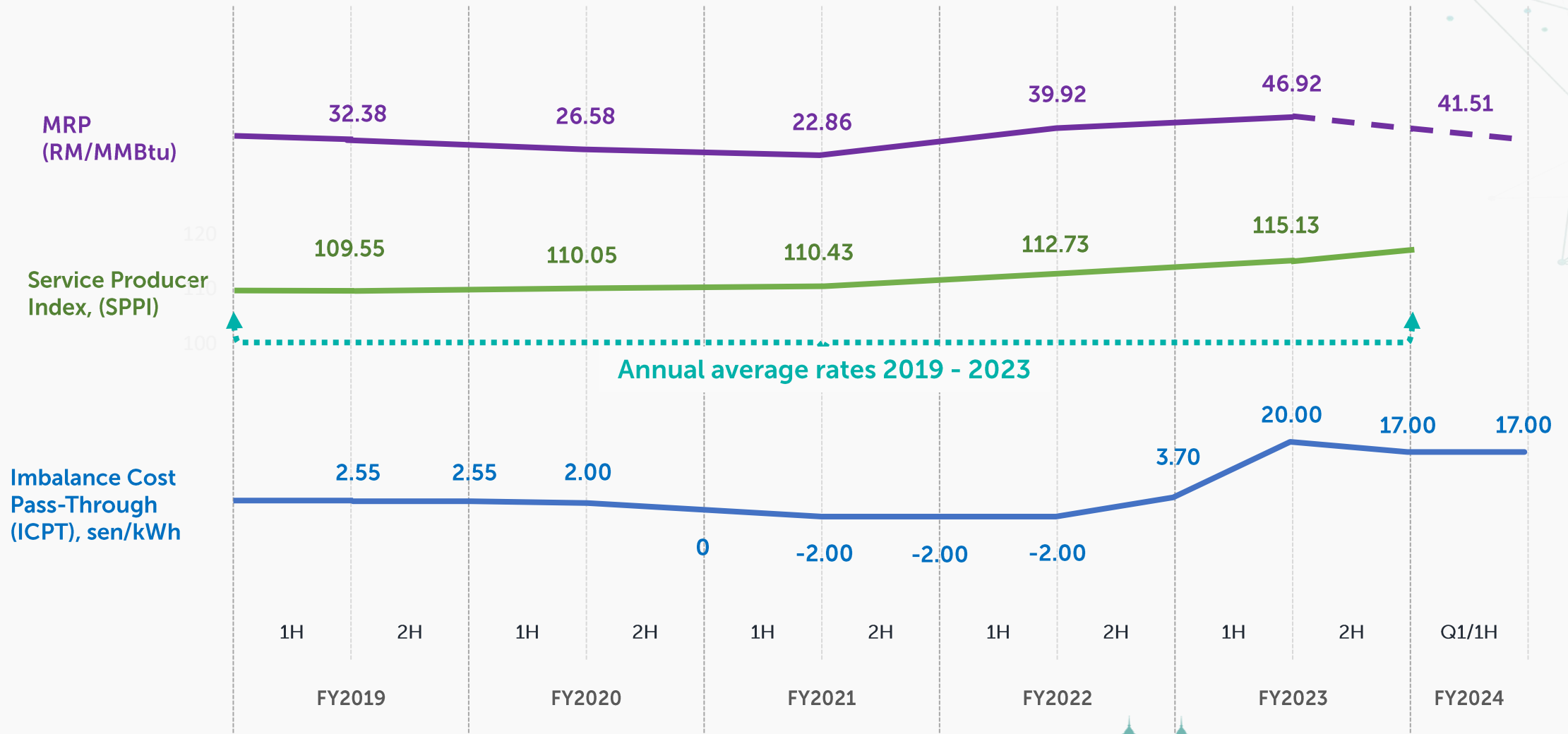


## Forex Fluctuation

MYR volatility is observed to be neutral, following the sentiment e.g. on Federal Reserve to cut its policy rate despite elevated inflation



# Higher cost of doing business environment with volatile forex, commodity and energy prices resulting in high ICPT and SPPI



# PGB delivered strong performance with sustainable dividend to shareholders amidst challenging market conditions



## Business Highlights



Long-term Contracts

- 3<sup>rd</sup> Term GPA review with PETRONAS



Demand Growth

- Pipeline extension to Banting
- Pipeline to Pulau Indah Power Plant



Business Growth

- Cold Energy ASU
- LNG Storage Expansion in Pengerang



## Financial Highlights

(RM Mil)	FY 2023		FY 2022
Revenue	6,445	▲ 5 %	6,160
Gross Profit	2,287	▼ 3%	2,348
Profit After Tax	1,901	▲ 8%	1,758
EBITDA	3,267	▲ 1%	3,245
Earnings per share (sen)	91.96	▲ 11%	83.16
Dividend per share (sen)	72.00		72.00





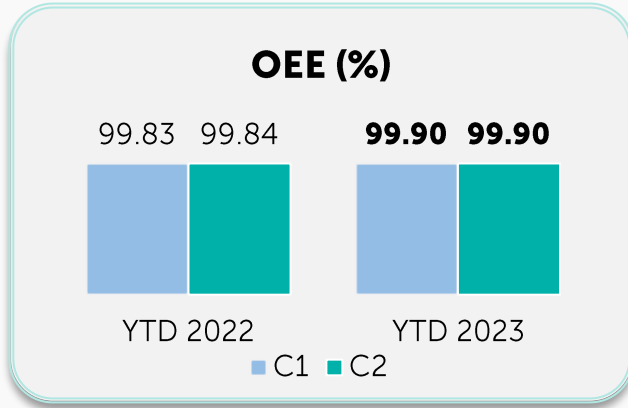
## BUSINESS UPDATES

# BUSINESS UPDATES

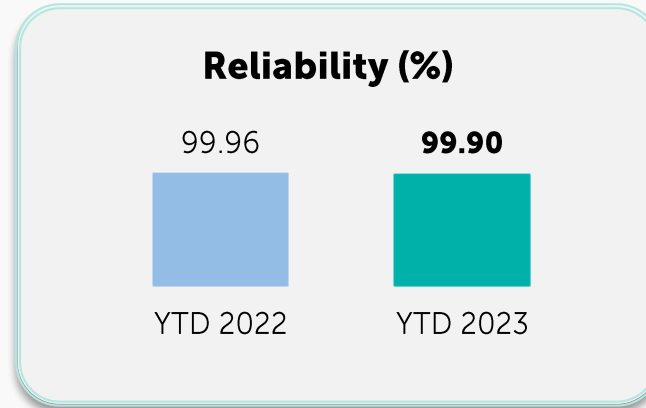
The group continued to sustain world-class operational performance across all segments' plants and facilities



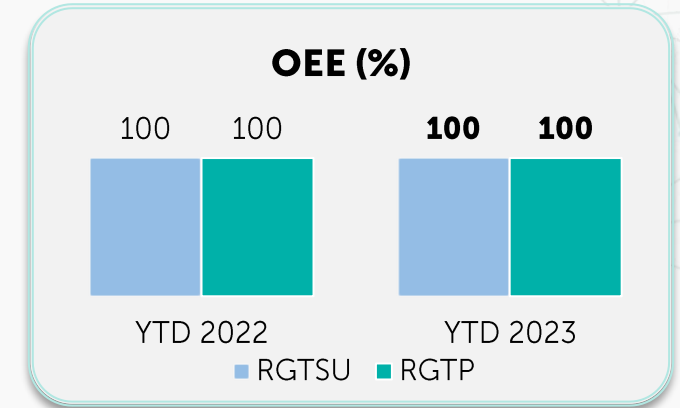
## GAS PROCESSING



## GAS TRANSPORTATION



## REGASIFICATION



### Optimum operation through GPU Technical Centre

Enhance cost optimisation and reliability



### 3<sup>rd</sup> Term GPA review with PETRONAS



### Pipeline to Pulau Indah power plant



### PGU 1 pipeline replacement

Gas-in: August 2023



### New gas compressor station in Kluang

Progressing behind schedule with no impact to business



### LNG storage expansion in Pengerang

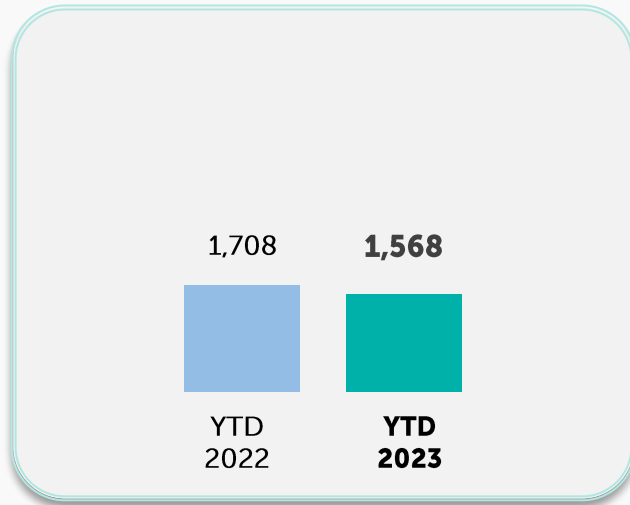
FID: Sep 2023  
COD: mid-2025



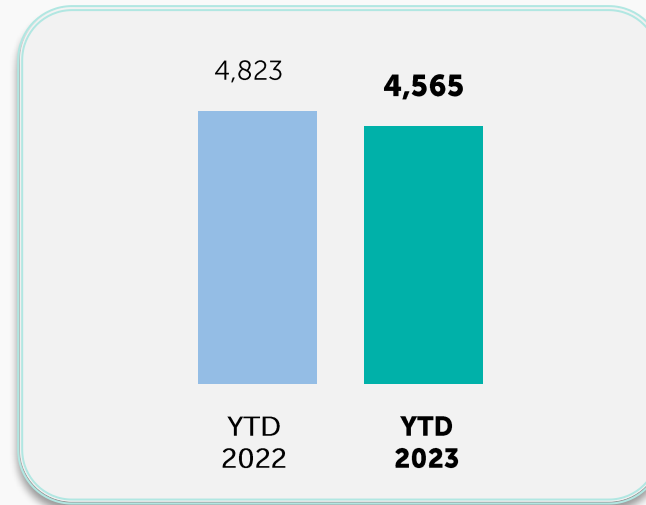
# BUSINESS UPDATES

## Lower Utilities sales volume mainly due to customers' shutdown

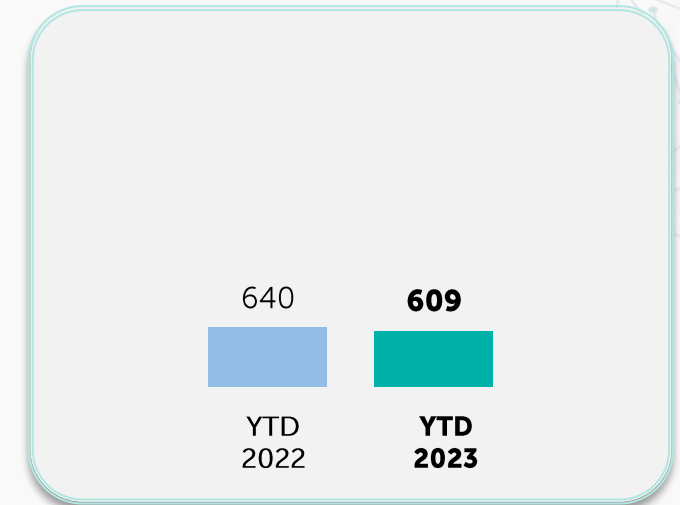
### ELECTRICITY (GWh)



### STEAM (kMt)



### INDUSTRIAL GASES (Mil Nm<sup>3</sup>)



### Imbalance Cost Pass Through (ICPT)



ICPT surcharge extended:

H1 2024: 17 sen/kWh  
H2 2023: 17 sen/kWh  
H1 2023: 20 sen/kWh



### Cold energy ASU

Achieved in Dec 2023



### Sipitang power plant

EPCC progressing within schedule  
Target COD in 2026

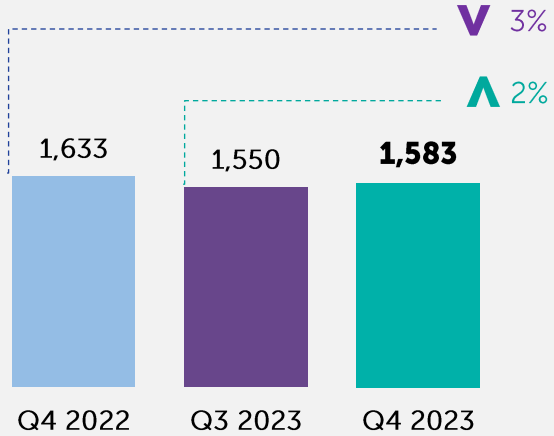


## FINANCIAL PERFORMANCE

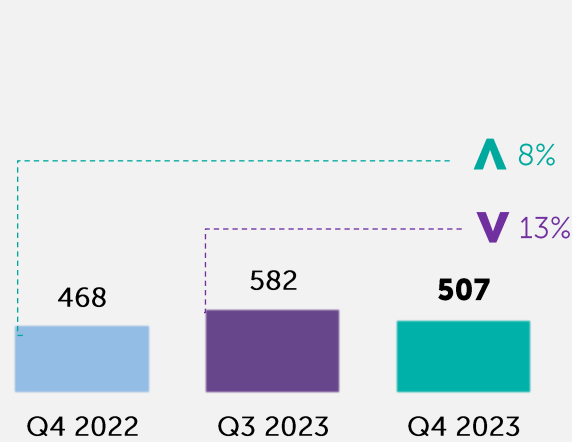
# GROUP

## PGB recorded strong performance amidst challenging business environment in 2023

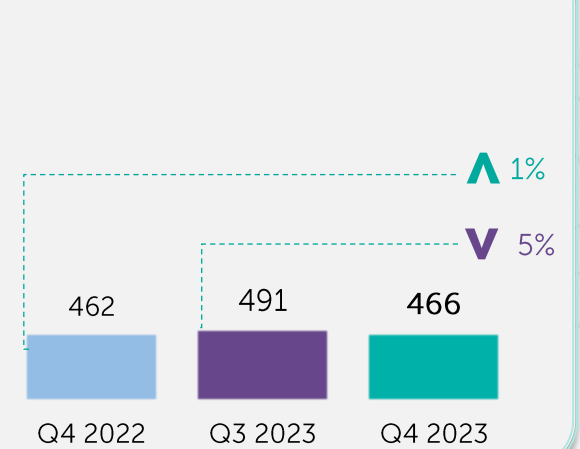
### REVENUE (RM Mil)



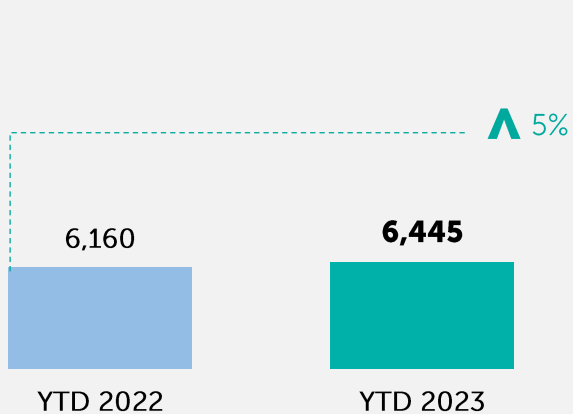
### GROSS PROFIT (RM Mil)



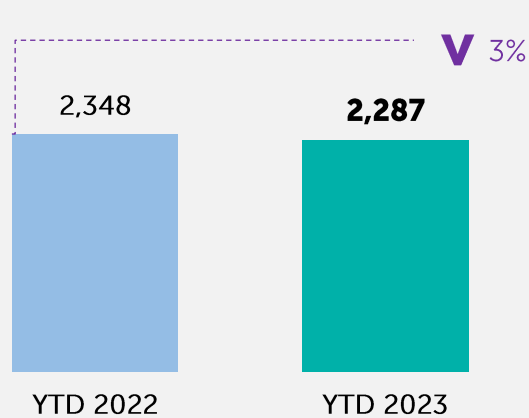
### PROFIT AFTER TAX (RM Mil)



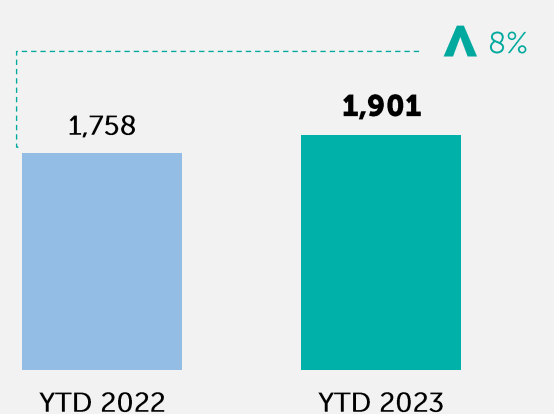
### REVENUE (RM Mil)



### GROSS PROFIT (RM Mil)



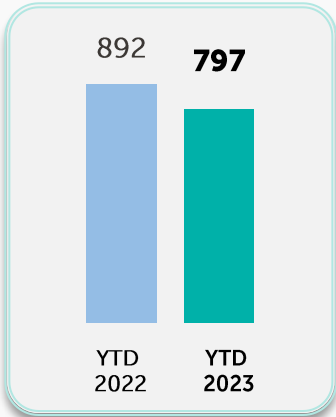
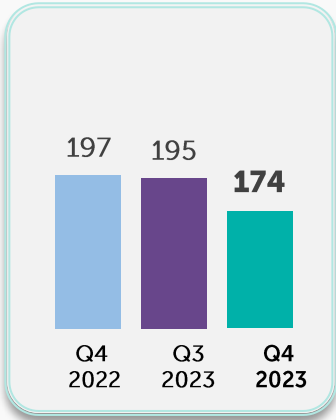
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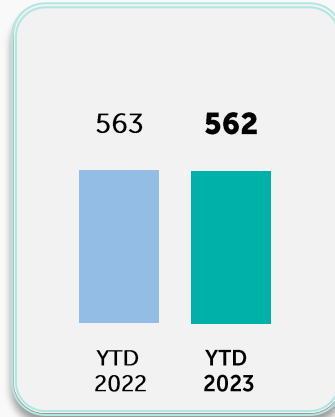
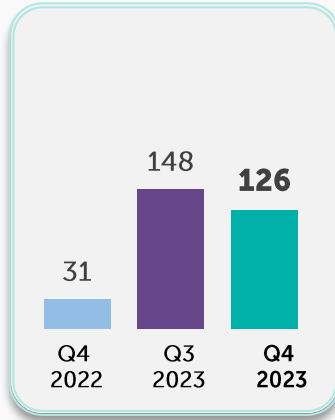
# SEGMENT

## Reduced Gross Profit across most Segments due to higher operating expenses. Higher Gross Profit for Utilities following higher ICPT surcharge

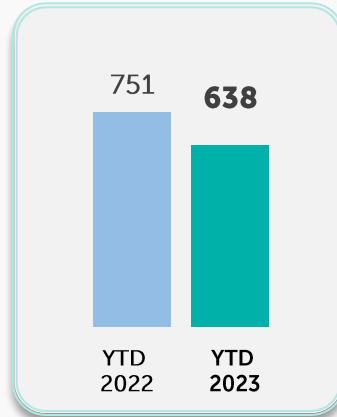
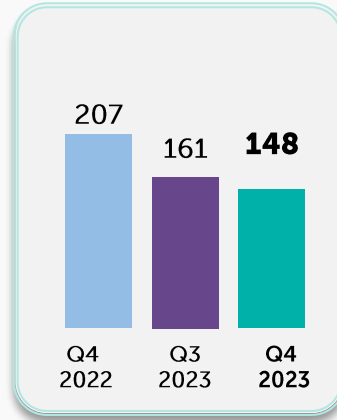
### GAS PROCESSING



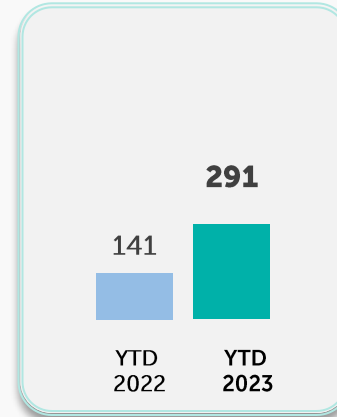
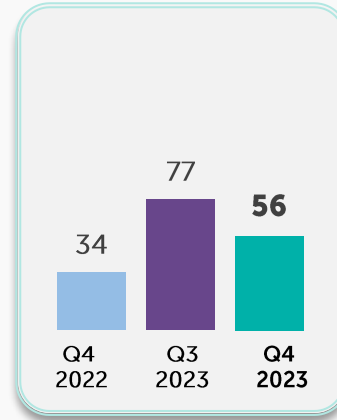
### GAS TRANSPORTATION



### REGASIFICATION



### UTILITIES



### GAS PROCESSING

Lower gross profit due to higher operating expenses



### GAS TRANSPORTATION

Lower gross profit in line with lower revenue coupled with higher operating expenses



### REGASIFICATION

Lower gross profit due to lower RP2 tariff for RGTP, coupled with higher operating expenses

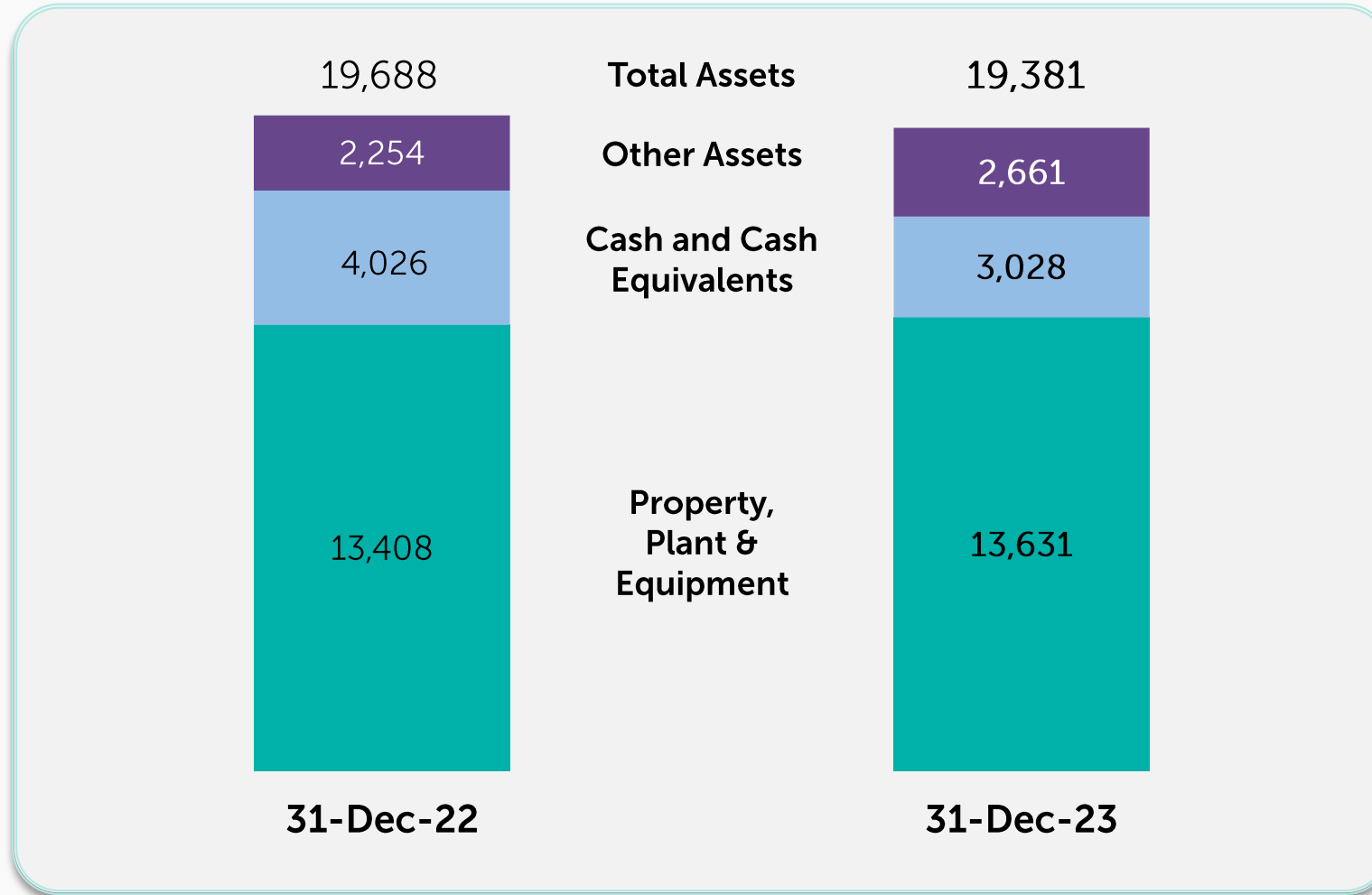


### UTILITIES

Gross profit surged in tandem with higher revenue and improved margins following favourable impact of improved terms in contract renewals.

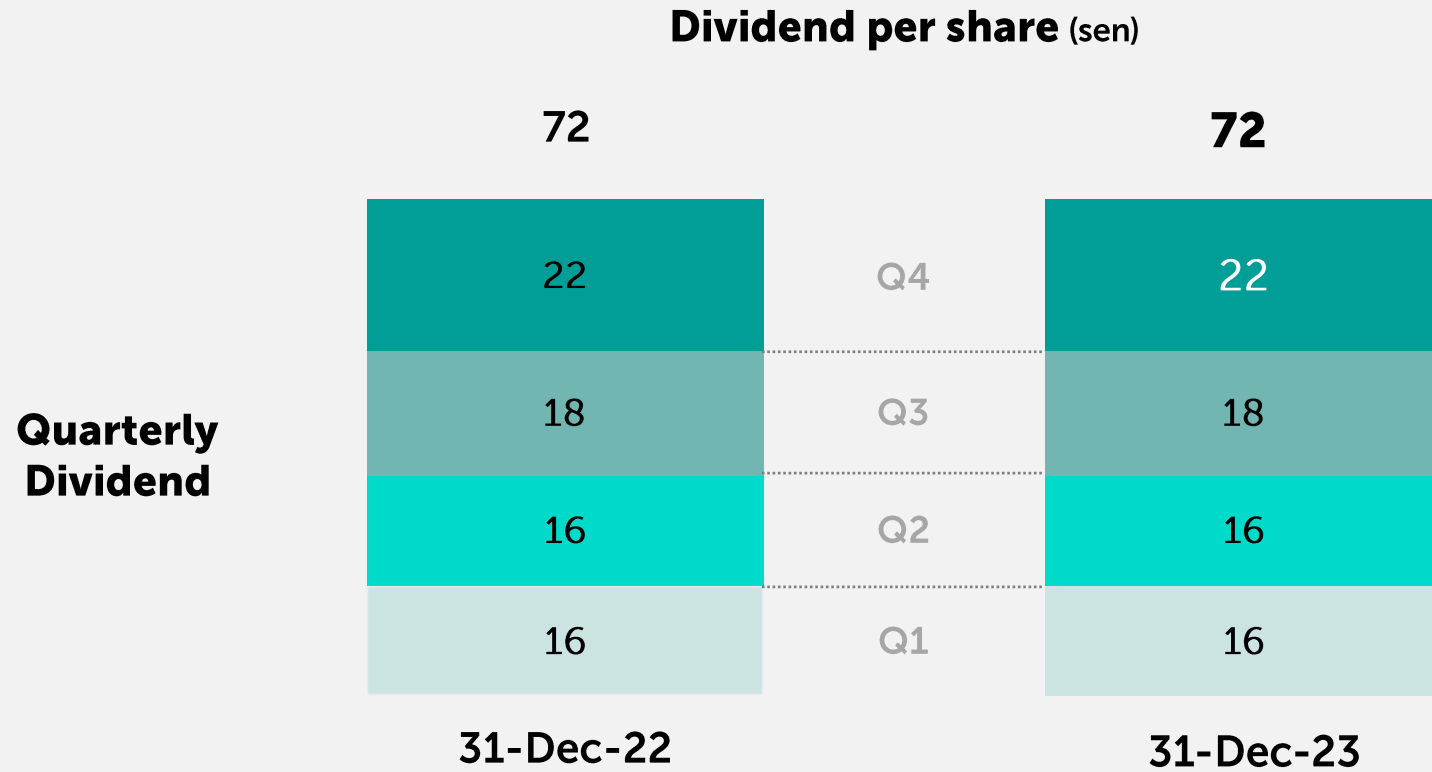
# TOTAL ASSETS

## Robust asset base supported by healthy cash balance



# DIVIDEND

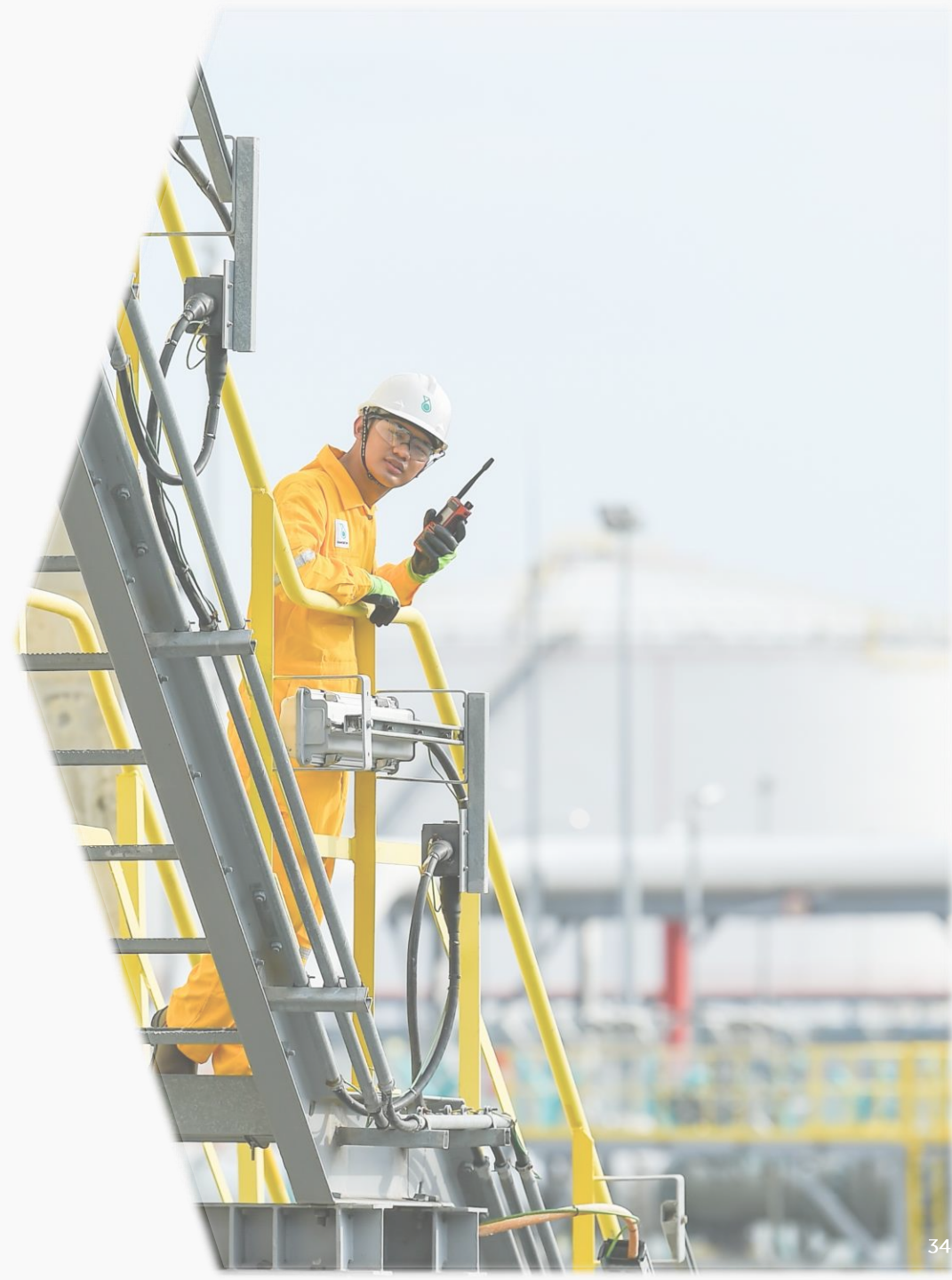
## Maximising shareholders return through sustained level of dividend





## In Summary...

- **Sustained world class operational performance** leveraging on digitalisation and talents.
- **Higher revenue** mainly contributed by **higher revenue from Utilities segment**.
- **Higher profit for the period** in tandem with **higher PBT** as well as **lower tax expense**.
- **Cash balance remains healthy** to support growth projects.
- Interim **dividend** of **22 sen** per share.





**MOVING FORWARD**

# MOVING FORWARD

Enhanced project delivery



Greater Ambitions in 2024



Safe, reliable and efficient operations



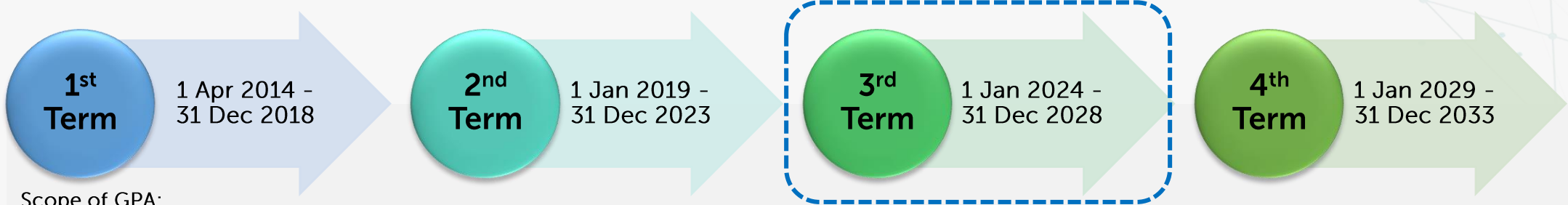
Implementation of 3<sup>rd</sup> term Gas Processing Agreement



Progress in growth pursuits and value creation

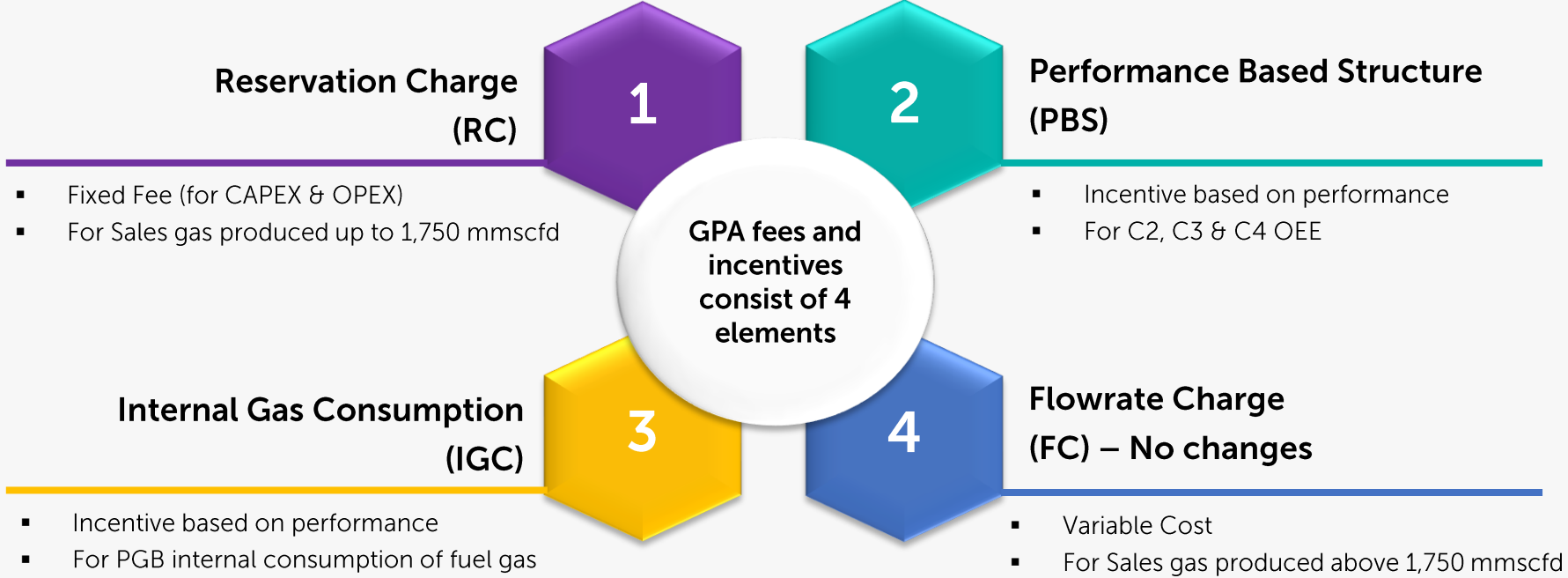


# Implementation of the 3<sup>rd</sup> term GPA has commenced from Jan 2024 with new revised Reservation Charge whilst sustaining Performance Based Incentives comparable to previous term



Scope of GPA:

- PGB to own, operate and maintain its facilities at GPK, GPS, Liquid Hydrocarbon pipeline, KSMF and TSET.
- PGB to provide services for the processing of Natural Gas and subsequently deliver Dry Gas, Liquid Hydrocarbon and Condensate.



# The concluded 3<sup>rd</sup> term GPA with higher reservation charge on the back of higher asset base and operating cost



## Third Term Gas Processing Agreement

PETRONAS and PGB agreed a new revised reservation charge and performance-based incentive for services rendered by PGB to process natural gas and subsequently delivering salesgas, liquid hydrocarbons and condensate for PETRONAS

### 1 DRIVER

- Higher assets base to sustain salesgas demand and new sustainability-driven projects

### 2 FEES

- Annual RC: RM1,704 mil (2<sup>nd</sup> Term: RM1,612 mil)
- Incentive: from RM90 mil to RM120 mil p.a. based on performance

### 3 INCENTIVE

- Comparable against previous terms to drive and sustain world class reliability
- Encourage for better utilisation of internal gas consumption

### 4 MARGIN

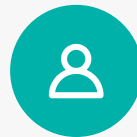
- Higher assets-based to maintain booking capacity of 1,750 mmscfd
- Meet and align with market benchmarking



Q & A



# Contact Us



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**THANK YOU**

