



**PETRONAS**

# **PETRONAS GAS BERHAD**

## **Quarterly Report**

**For the First Quarter Ended 31 March 2022**

# QUARTERLY REPORT

## FOR THE FIRST QUARTER ENDED 31 MARCH 2022

Key Financial Highlights (in RM'000)	3 months ended		Variance %
	2022	31 March 2021	
Revenue	1,457,905	1,340,010	+8.8
Gross profit	612,198	712,337	-14.1
Profit before taxation (PBT)	588,304	670,500	-12.3
Profit for the quarter	437,574	540,005	-19.0
Earnings before interest, taxes, depreciation, and amortisation (EBITDA)	823,196	896,588	-8.2
Earnings per share (EPS) (sen)	20.75	26.10	-20.5
Declared dividends per share (sen)	16.00	16.00	-

- **PETRONAS Gas Berhad revenue stood at RM1,457.9 million, an increase of 8.8% or RM117.9 million** mainly contributed by higher revenue from Utilities segment due to higher product prices and higher electricity volumes.
- **Gross profit decreased by 14.1% or RM100.1 million** due to tighter margin recorded at the Utilities segment, with higher fuel gas costs which were not passed through on electricity sales.
- **PBT was RM588.3 million, lower by 12.3% or RM82.2 million** in line with lower gross profit, partially negated by impact of favourable foreign exchange movement.
- **Profit for the quarter declined by 19.0% or RM102.4 million** with lower PBT as well as higher effective tax rate with the imposition of Prosperity Tax for year of assessment 2022.
- **EBITDA was correspondingly lower by 8.2% or RM73.4 million** in tandem with PBT movement.
- **EPS decreased by 20.5%**, reflecting lower profit attributable to shareholders of the Company.
- **The Board of Directors has approved a first interim dividend** of 16 sen per ordinary share amounting to RM316.6 million in respect of the financial year ending 31 December 2022.

# QUARTERLY REPORT

FOR THE FIRST QUARTER ENDED 31 MARCH 2022

The Board of Directors of PETRONAS Gas Berhad (PGB or the Company) is pleased to announce the following unaudited condensed consolidated financial statements of PGB Group of Companies (PGB Group or the Group) for the first quarter ended 31 March 2022 that should be read in conjunction with the accompanying explanatory notes on pages 5 to 20.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In RM'000</i>	Note	As at 31 March 2022	As at 31 December 2021
<b>ASSETS</b>			
Property, plant and equipment		13,132,634	13,272,393
Investment in joint ventures		729,603	705,018
Investment in associate		162,720	151,780
Long term receivables		172,613	171,381
Deferred tax assets		158,704	167,525
<b>TOTAL NON-CURRENT ASSETS</b>		<b>14,356,274</b>	14,468,097
Trade and other inventories		47,363	45,951
Trade and other receivables	25	824,113	889,598
Cash and cash equivalents		3,736,610	3,782,457
<b>TOTAL CURRENT ASSETS</b>		<b>4,608,086</b>	4,718,006
<b>TOTAL ASSETS</b>		<b>18,964,360</b>	19,186,103
<b>EQUITY</b>			
Share capital		3,165,204	3,165,204
Reserves		9,714,310	9,933,360
<b>Total equity attributable to the shareholders of the Company</b>		<b>12,879,514</b>	13,098,564
Non-controlling interests		267,941	240,946
<b>TOTAL EQUITY</b>		<b>13,147,455</b>	13,339,510
<b>LIABILITIES</b>			
Borrowings	27	3,391,609	3,278,907
Deferred tax liabilities		1,226,831	1,240,275
Provisions		30,752	30,550
Deferred income		945	1,181
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>4,650,137</b>	4,550,913
Trade and other payables		877,232	1,069,012
Borrowings	27	168,150	168,209
Tax payable		121,386	58,459
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,166,768</b>	1,295,680
<b>TOTAL LIABILITIES</b>		<b>5,816,905</b>	5,846,593
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>18,964,360</b>	19,186,103
<b>Net assets per share attributable to the shareholders of the Company (RM)</b>		<b>6.5090</b>	6.6197

The unaudited condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.

# QUARTERLY REPORT

FOR THE FIRST QUARTER ENDED 31 MARCH 2022

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Individual quarter ended	
		2022	31 March 2021
<i>In RM'000</i>			
Revenue		1,457,905	1,340,010
Cost of revenue		(845,707)	(627,673)
<b>Gross profit</b>		<b>612,198</b>	712,337
Administration expenses		(28,463)	(27,116)
Other expenses		(8,706)	(39,153)
Other income		24,460	21,223
<b>Operating profit</b>	32	<b>599,489</b>	667,291
Financing costs		(43,145)	(41,777)
Share of profit after tax of equity-accounted joint ventures and associate		31,960	44,986
<b>Profit before taxation</b>		<b>588,304</b>	670,500
Tax expense	21	(150,730)	(130,495)
<b>PROFIT FOR THE PERIOD</b>		<b>437,574</b>	540,005
<b>Other comprehensive income/(expenses)</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net movement from exchange differences		3,611	11,569
Share of cash flow hedge of an equity-accounted joint venture		(46)	587
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>441,139</b>	552,161
<b>Profit attributable to:</b>			
Shareholders of the Company		410,579	516,399
Non-controlling interests		26,995	23,606
<b>PROFIT FOR THE PERIOD</b>		<b>437,574</b>	540,005
<b>Total comprehensive income attributable to:</b>			
Shareholders of the Company		414,144	528,555
Non-controlling interests		26,995	23,606
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>441,139</b>	552,161
<b>Basic and diluted earnings per ordinary share (sen)</b>		<b>20.75</b>	26.10

The unaudited condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.

# QUARTERLY REPORT

FOR THE FIRST QUARTER ENDED 31 MARCH 2022

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the Company						Non-controlling interests	Total Equity
	Non-distributable			Distributable				
	Share capital	Capital reserve	Foreign currency translation reserve	Hedging reserve	Retained profits	Total		
<i>In RM'000</i>								
<b>Quarter ended 31 March 2022</b>								
Balance at 1 January 2022	3,165,204	520,801	17,474	25,671	9,369,414	13,098,564	240,946	13,339,510
Net movement from								
exchange differences	-	-	3,611	-	-	3,611	-	3,611
Share of cash flow hedge of an equity-accounted joint venture	-	-	-	(46)	-	(46)	-	(46)
Profit for the period	-	-	-	-	410,579	410,579	26,995	437,574
<b>Total comprehensive income / (expense) for the period</b>	-	-	3,611	(46)	410,579	414,144	26,995	441,139
Interim dividend declared and paid in respect of previous year	-	-	-	-	(633,194)	(633,194)	-	(633,194)
<b>Total transactions with shareholders of the Company</b>	-	-	-	-	(633,194)	(633,194)	-	(633,194)
<b>Balance at 31 March 2022</b>	<b>3,165,204</b>	<b>520,801</b>	<b>21,085</b>	<b>25,625</b>	<b>9,146,799</b>	<b>12,879,514</b>	<b>267,941</b>	<b>13,147,455</b>
<b>Quarter ended 31 March 2021</b>								
Balance at 1 January 2021	3,165,204	520,801	9,948	34,706	8,904,098	12,634,757	333,777	12,968,534
Net movement from								
exchange differences	-	-	11,569	-	-	11,569	-	11,569
Share of cash flow hedge of an equity-accounted joint venture	-	-	-	587	-	587	-	587
Profit for the period	-	-	-	-	516,399	516,399	23,606	540,005
<b>Total comprehensive income for the period</b>	-	-	11,569	587	516,399	528,555	23,606	552,161
Interim dividend declared and paid in respect of previous year	-	-	-	-	(534,258)	(534,258)	-	(534,258)
Interim dividend declared and paid in respect of current year	-	-	-	-	-	-	(26,971)	(26,971)
<b>Total transactions with shareholders of the Company</b>	-	-	-	-	(534,258)	(534,258)	(26,971)	(561,229)
<b>Balance at 31 March 2021</b>	<b>3,165,204</b>	<b>520,801</b>	<b>21,517</b>	<b>35,293</b>	<b>8,886,239</b>	<b>12,629,054</b>	<b>330,412</b>	<b>12,959,466</b>

# QUARTERLY REPORT

## FOR THE FIRST QUARTER ENDED 31 MARCH 2022

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		Individual quarter ended	
	Note	2022	31 March 2021
<i>In RM'000</i>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		588,304	670,500
<i>Adjustments for:</i>			
Depreciation and amortisation	32	245,458	246,925
Share of profit after tax of equity-accounted joint ventures and associate		(31,960)	(44,986)
Unrealised loss on foreign exchange	32	7,761	38,056
Interest income	32	(21,751)	(17,628)
Financing costs		43,145	41,777
Other non-cash items		(33)	(117)
<b>Operating profit before changes in working capital</b>		<b>830,924</b>	934,527
Change in trade and other receivables		65,980	37,640
Change in trade and other inventories		(1,412)	(1,006)
Change in trade and other payables		(169,461)	(110,676)
<b>Cash generated from operations</b>		<b>726,031</b>	860,485
Interest income		21,751	17,628
Taxation paid		(92,426)	(147,048)
<b>Net cash generated from operating activities</b>		<b>655,356</b>	731,065
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(137,283)	(177,283)
<b>Net cash used in investing activities</b>		<b>(137,283)</b>	(177,283)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividends paid to shareholders of the Company	9	(633,194)	(534,258)
Dividends paid to non-controlling interest		-	(26,971)
Drawdown of Islamic financing facility	27	119,000	144,587
Payment of lease liabilities	27	(14,755)	(14,005)
Interest expense paid		(34,971)	(39,779)
<b>Net cash used in financing activities</b>		<b>(563,920)</b>	(470,426)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(45,847)</b>	83,356
Cash and cash equivalents at beginning of the period		3,782,457	3,138,898
<b>Cash and cash equivalents at end of the period</b>		<b>3,736,610</b>	3,222,254

Included in the Group's cash and cash equivalents is RM23,460,000 (2021: RM114,493,000) in a finance service reserve account being designated as security and a fixed balance amounting to RM30,000 in a trustee reimbursable account in relation to a subsidiary's Islamic financing facility.

# QUARTERLY REPORT

FOR THE FIRST QUARTER ENDED 31 MARCH 2022

## PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

### 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared using historical cost basis except for certain financial assets and financial liabilities that are stated at fair value.

The condensed consolidated financial statements are unaudited and have been prepared in accordance with the requirements of IAS 34, *Interim Financial Reporting*, MFRS 134, *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

They should also be read in conjunction with the Group's audited consolidated financial statements and the accompanying notes for the year ended 31 December 2021. The explanatory notes attached to the condensed consolidated financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2021.

Within the context of these financial statements, the Group comprises the Company and its subsidiaries and the Group's interest in an associate and its joint ventures as at and for the period ended 31 March 2022.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The financial information presented herein has been prepared in accordance with the accounting policies to be used in preparing the annual consolidated financial statements for the year ending 31 December 2022 under the Malaysian Financial Reporting Standards (MFRS) framework. These policies do not differ significantly from those used in the audited consolidated financial statements for the year ended 31 December 2021 except as described below.

As of 1 January 2022, the Group has adopted the following amendments to MFRSs (pronouncements) which are effective for annual periods beginning on or after 1 January 2022:

- Amendments to MFRS 3 *Business Combinations (Reference to the Conceptual Framework)*
- Amendments to MFRS 9 *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16 *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116 *Property, Plant and Equipment (Property, Plant and Equipment—Proceeds before Intended Use)*
- Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts—Cost of Fulfilling a Contract)*

The initial application and adoption of the above-mentioned pronouncements do not have any material impact to the financial statements of the Group.

### 3. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The audited financial statements of the Group for the year ended 31 December 2021 were not subject to any audit qualification.

### 4. SEASONAL OR CYCLICAL FACTORS

The Group's operations are not significantly affected by seasonal or cyclical fluctuations of the business/ industry.

### 5. EXCEPTIONAL ITEMS

There were no exceptional items during the period under review.

# QUARTERLY REPORT

## FOR THE FIRST QUARTER ENDED 31 MARCH 2022

### PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

#### 6. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of the amounts reported in the most recent annual financial statements of the Group for the year ended 31 December 2021 that may have a material effect on the results of the period under review.

#### 7. PROPERTY, PLANT AND EQUIPMENT

Freehold land and projects-in-progress are stated at cost less accumulated impairment losses and are not depreciated. Other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

#### 8. DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale or repayment of debt and equity securities for the period under review other than as disclosed in Note 27.

#### 9. DIVIDENDS

The following dividends were declared and paid by the Company:

<i>In RM'000</i>	<b>3 months ended</b>	
	<b>2022</b>	<b>31 March 2021</b>
<b>Ordinary</b>		
Interim paid:		
2020 - Fourth interim dividend of 22 sen per ordinary share	-	435,321
2020 - Special interim dividend of 5 sen per ordinary share	-	98,937
2021 - Fourth interim dividend of 22 sen per ordinary share	<b>435,321</b>	-
2021 - Special interim dividend of 10 sen per ordinary share	<b>197,873</b>	-
	<b>633,194</b>	534,258

On 19 May 2022, the Directors of the Company approved a first interim dividend of 16 sen per ordinary share amounting to RM316.6 million, in respect of the financial year ending 31 December 2022.

The dividends are payable on 16 June 2022 to depositors registered in the Records of Depositors at the close of business on 7 June 2022.

A Depositor shall qualify for entitlement to the dividends only in respect of:

- Shares transferred into the Depositor's Securities Account before 4.30 pm on 7 June 2022 in respect of ordinary transfers.
- Shares brought on the Bursa Malaysia Securities Berhad on a cum entitlement basis accordingly to the rules of the Bursa Malaysia Securities Berhad.

The financial statements for the current quarter do not reflect these approved interim dividends. The dividends will be accounted for in equity as an appropriation of retained profits in the financial statements for the financial year ending 31 December 2022.

#### 10. CHANGES IN THE COMPOSITION OF THE GROUP

There was no change in the composition of the Group for the period under review.



# QUARTERLY REPORT

## FOR THE FIRST QUARTER ENDED 31 MARCH 2022

### PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

#### 11. FAIR VALUE INFORMATION

The carrying amounts of cash and cash equivalents, short-term receivables and payables reasonably approximate their fair values due to the relatively short nature of these financial instruments.

The following table analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position. The fair value hierarchy in the valuation technique are as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable input).

The Group recognises transfers between levels of fair value hierarchy as at the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 2 and 3 of the fair value valuation hierarchy during the financial period.

<i>In RM'000</i>	Fair value of financial instruments carried at fair value Level 2	Fair value of financial instruments not carried at fair value Level 3	Total fair value	Carrying amounts
<b>31 March 2022</b>				
<b>Financial assets</b>				
<i>Current</i>				
Derivative assets	1,319	-	1,319	1,319
	1,319	-	1,319	1,319
<i>Non-Current</i>				
Long term receivables	-	172,889	172,889	172,889
<b>Total financial assets</b>	1,319	172,889	174,208	174,208
<b>Financial liabilities</b>				
<i>Current</i>				
Secured Islamic financing facility	-	(110,000)	(110,000)	(110,000)
Derivative liabilities	(892)	-	(892)	(892)
	(892)	(110,000)	(110,892)	(110,892)
<i>Non-Current</i>				
Secured Islamic financing facility	-	(1,500,000)	(1,500,000)	(1,500,000)
Unsecured Islamic financing facility	-	(523,391)	(523,391)	(523,391)
	-	(2,023,391)	(2,023,391)	(2,023,391)
<b>Total financial liabilities</b>	(892)	(2,133,391)	(2,134,283)	(2,134,283)

# QUARTERLY REPORT

## FOR THE FIRST QUARTER ENDED 31 MARCH 2022

### PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

#### 11. FAIR VALUE INFORMATION (continued)

<i>In RM'000</i>	Fair value of financial instruments carried at fair value Level 2	Fair value of financial instruments not carried at fair value Level 3	Total fair value	Carrying amounts
<b>31 December 2021</b>				
<b>Financial assets</b>				
<i>Current</i>				
Derivative assets	1,104	-	1,104	1,104
	1,104	-	1,104	1,104
<i>Non-Current</i>				
Long term receivables	-	171,696	171,696	171,696
<b>Total financial assets</b>	<b>1,104</b>	<b>171,696</b>	<b>172,800</b>	<b>172,800</b>
<b>Financial liabilities</b>				
<i>Current</i>				
Secured Islamic financing facility	-	(110,000)	(110,000)	(110,000)
Derivative liabilities	(761)	-	(761)	(761)
	(761)	(110,000)	(110,761)	(110,761)
<i>Non-Current</i>				
Secured Islamic financing facility	-	(1,500,000)	(1,500,000)	(1,500,000)
Unsecured Islamic financing facility	-	(405,940)	(405,940)	(405,940)
	-	(1,905,940)	(1,905,940)	(1,905,940)
<b>Total financial liabilities</b>	<b>(761)</b>	<b>(2,015,940)</b>	<b>(2,016,701)</b>	<b>(2,016,701)</b>

The calculation of fair value for derivative and non-derivative assets and liabilities within financial instruments depends on the type of instruments as follows:

- Fair value of non-derivative financial instruments, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.
- Fair value of derivative financial instruments comprising forward exchange contracts are estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on Malaysian government bonds).

# QUARTERLY REPORT

## FOR THE FIRST QUARTER ENDED 31 MARCH 2022

### PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

#### 12. SEGMENTAL INFORMATION

The Group has four reporting segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately because it requires different technology and marketing strategies. The following summary describes the operations in each of the Group's reporting segments:

- Gas Processing – activities include processing of natural gas into salesgas and other by-products such as ethane, propane and butane.
- Gas Transportation – activities include transportation of processed gas to gas shippers' end customers and provision of operations and maintenance services.
- Regasification – activities include regasification of liquefied natural gas (LNG) and provision of ancillary services comprising LNG reloading, truck loading and gassing up and cooling down services.
- Utilities – activities include manufacturing, marketing and supplying of industrial utilities and provision of operations and maintenance services.

Performance is measured based on segment gross profit, as included in the performance reports to the Board of Directors as the Company believes that such information is the most relevant in evaluating the results of the segments.

The segmental information in respect of the associate and joint ventures are not presented, as the contribution of the associate and joint ventures and the carrying amount of investment in the associate and joint ventures have been reflected in the statement of profit or loss and other comprehensive income and statement of financial position of the Group respectively.

<i>In RM'000</i>	<b>3 months ended</b>				
	<b>31 March 2022</b>				
<b>Business Segment</b>	<b>Gas Processing</b>	<b>Gas Transportation</b>	<b>Regasification</b>	<b>Utilities</b>	<b>Total</b>
Revenue	433,602	288,442	343,764	392,097	1,457,905
Segment results	232,412	183,205	175,011	21,570	612,198
Unallocated expense					(12,709)
Operating profit					599,489
Financing costs					(43,145)
Share of profit after tax of equity-accounted joint ventures and associate					31,960
Profit before taxation					588,304

<i>In RM'000</i>	<b>3 months ended</b>				
	<b>31 March 2021</b>				
<b>Business Segment</b>	<b>Gas Processing</b>	<b>Gas Transportation</b>	<b>Regasification</b>	<b>Utilities</b>	<b>Total</b>
Revenue	428,902	288,401	347,490	275,217	1,340,010
Segment results	243,348	197,612	196,582	74,795	712,337
Unallocated expense					(45,046)
Operating profit					667,291
Financing costs					(41,777)
Share of profit after tax of equity-accounted joint ventures and associate					44,986
Profit before taxation					670,500

# QUARTERLY REPORT

## FOR THE FIRST QUARTER ENDED 31 MARCH 2022

### PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

#### 12. SEGMENTAL INFORMATION (continued)

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated income or expenses mainly comprise foreign exchange gain or loss as well as other corporate income and expenses.

The Group's revenue from contracts with customers which also represents reportable segment revenue are further disaggregated as follows:

In RM'000	3 months ended	
	2022	31 March 2021
<b>Geographical Locations</b>		
Peninsular Malaysia	1,456,025	1,338,130
Sabah and Sarawak	1,880	1,880
<b>Total</b>	<b>1,457,905</b>	<b>1,340,010</b>
<b>Products and Services</b>		
Gas processing services	433,602	428,902
Gas transportation services	287,215	287,468
Regasification services	342,978	343,021
Utilities		
- Electricity	170,656	115,702
- Steam	138,926	91,001
- Industrial gases	68,601	52,566
- Others <sup>1</sup>	13,589	15,633
Operations and maintenance services	1,552	1,248
LNG ancillary services	786	4,469
<b>Total</b>	<b>1,457,905</b>	<b>1,340,010</b>

<sup>1</sup> Others relates to sale of water and other utilities products.

#### 13. SUBSEQUENT EVENTS

There were no material events subsequent to the end of the quarter.

#### 14. CONTINGENCIES

There were no material contingent liabilities and contingent assets subsequent to the audited financial statements for the year ended 31 December 2021.

# QUARTERLY REPORT

## FOR THE FIRST QUARTER ENDED 31 MARCH 2022

### PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

#### 15. CAPITAL COMMITMENTS

Outstanding commitments in respect of capital expenditure at the end of each reporting period not provided for in the interim financial statements are as follows:

	As at 31 March 2022	As at 31 December 2021
<i>In RM'000</i>		
Property, plant and equipment		
Approved and contracted for	469,103	229,638
Approved but not contracted for	4,598,998	5,561,725
	<u>5,068,101</u>	<u>5,791,363</u>
Share of capital expenditure of joint ventures		
Approved and contracted for	558	588
Approved but not contracted for	14,597	12,032
	<u>15,155</u>	<u>12,620</u>
	<u>5,083,256</u>	<u>5,803,983</u>

#### 16. RELATED PARTY TRANSACTIONS

There were no significant transactions with related parties in addition to the related party transactions disclosed in the audited financial statements for the year ended 31 December 2021.

# QUARTERLY REPORT

FOR THE FIRST QUARTER ENDED 31 MARCH 2022

## PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

### 17. REVIEW OF GROUP PERFORMANCE

#### Performance of current quarter against the corresponding quarter

In RM'000	3 months ended		Variance %
	2022	31 March 2021	
Revenue	1,457,905	1,340,010	+8.8
Gross profit	612,198	712,337	-14.1
Profit before taxation (PBT)	588,304	670,500	-12.3
Profit for the quarter	437,574	540,005	-19.0
EBITDA*	823,196	896,588	-8.2

\* EBITDA refers to earnings before interest, taxation, depreciation and amortisation, share of profit of equity accounted associate and joint ventures and other significant non-cash items.

The Group maintained its world-class reliability performance across all its plants and facilities during the quarter under review.

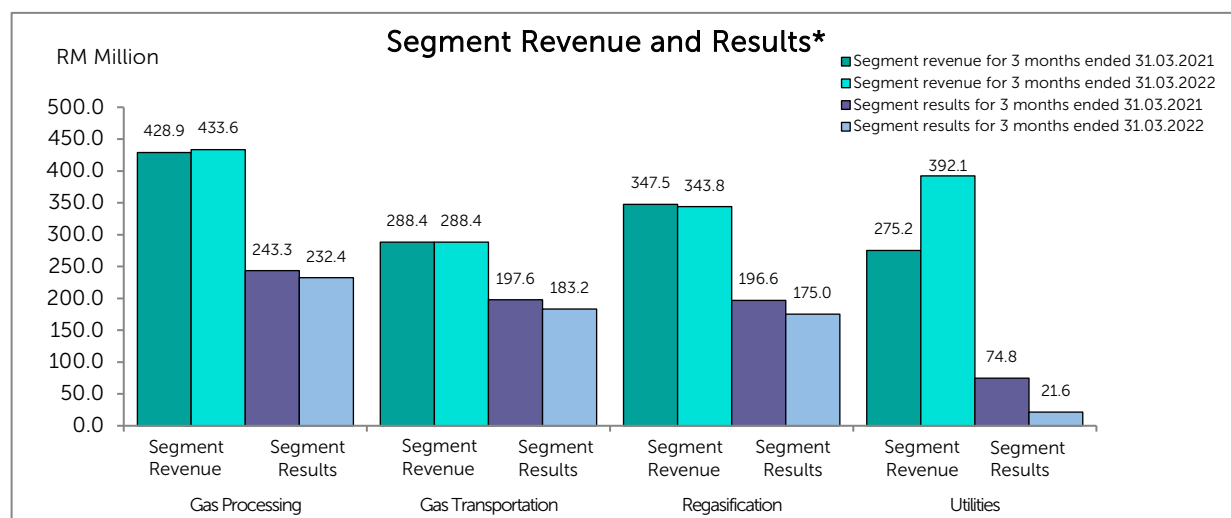
Group revenue rose by 8.8% or RM117.9 million to RM1,457.9 million mainly driven by higher revenue from the Utilities segment. Utilities revenue improved as a result of higher product prices and higher electricity sales volumes recorded.

Gross profit decreased by 14.1% or RM100.1 million on the back of lower Utilities margin following higher fuel gas price coupled with higher operating costs at Gas Processing, Gas Transportation and Regasification segments.

PBT declined by 12.3% or RM82.2 million in tandem with lower gross profit, partially negated by impact of favourable foreign exchange movement.

Profit for the quarter decreased by 19.0% or RM102.4 million with lower PBT as well as higher effective tax rate with the imposition of Prosperity Tax for year of assessment 2022.

The following section provides further analysis of the Group performance by operating segments.



\*Note: Segment Results refers to Gross Profit

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### 17. REVIEW OF GROUP PERFORMANCE (continued)

#### Performance of current quarter against the corresponding quarter (continued)

##### Gas Processing

The Group's Gas Processing plants maintained its world class operational performance, recording close to 100% reliability.

Segment revenue increased by 1.1% or RM4.7 million against corresponding quarter following higher internal gas consumption incentive achieved.

Conversely, segment results declined by 4.5% or RM10.9 million due to higher operating costs.

##### Gas Transportation

The Group's pipeline network continued to register close to 100% reliability, comparable to the corresponding quarter.

Segment revenue was comparable at RM288.4 million while segment results decreased by 7.3% or RM14.4 million due to higher operating costs, mainly internal gas consumption cost which is a pass-through cost under Incentive-Based Regulation tariff.

##### Regasification

The Group's LNG regasification terminals in Sg. Udang, Melaka (RGTSU) and Pengerang, Johor (RGTP) sustained their strong reliability performance at 100% during the quarter.

Segment revenue was lower by 1.1% or RM3.7 million mainly attributable to slightly lower LNG reloading fee at RGTSU.

Segment results declined by 11.0% or RM21.6 million as a result of higher operating costs, largely attributable to higher internal gas consumption cost which is a pass-through cost under Incentive-Based Regulation tariff as well as higher maintenance costs in line with level of planned activities.

##### Utilities

The Group's Utilities plants achieved 100% Product Delivery Reliability for steam, electricity, and industrial gases during the quarter under review.

Segment revenue grew by 42.5% or RM116.9 million, mainly attributable to higher product prices and higher electricity sales volume.

Product prices were higher in line with fuel gas prices, which is based on reference market price. With the exception of electricity, Utilities product pricing allows for fuel gas costs to be passed through. Electricity sales volume increased following commencement of electricity supply to the grid under the New Electricity Despatch Arrangement (NEDA) from August 2021 onwards.

Segment results, nevertheless, declined by 71.1% or RM53.2 million attributable to lower margins as a result of higher fuel gas costs.

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#### 18. COMPARISON AGAINST IMMEDIATE PRECEDING QUARTER RESULTS

<i>In RM'000</i>	Individual quarter ended		Variance %
	31 March 2022	31 December 2021	
Revenue	1,457,905	1,496,881	-2.6
Gross profit	612,198	614,972	-0.5
Profit before taxation (PBT)	588,304	624,236	-5.8
Profit for the quarter	437,574	488,490	-10.4
EBITDA*	823,196	815,970	+0.9

\* EBITDA refers to earnings before interest, taxation, depreciation, and amortisation, share of profit of equity accounted associate and joint ventures and other significant non-cash items.

The Group sustained its strong performance across all of its plants and facilities during the quarter under review.

Group revenue was 2.6% or RM39.0 million lower against the preceding quarter following lower revenue from Utilities, Gas Transportation and Regasification segments. Utilities revenue declined in line with lower industrial gases and steam sales following planned maintenance at customers' facilities while Gas Transportation and Regasification segments revenues were lower in tandem with lower number of days in the quarter.

Gross profit remained comparable at RM612.2 million. PBT declined by 5.8% or RM35.9 million due to impact of unfavourable foreign exchange movement coupled with lower share of profit from joint venture companies.

Profit for the quarter decreased by 10.4% or RM50.9 million in tandem with lower PBT as well as higher effective tax rate following imposition of Prosperity Tax for year of assessment 2022.

#### 19. REVIEW OF GROUP FINANCIAL POSITION

<i>In RM'000</i>	As at 31 March 2022	As at 31 December 2021	Variance %
	Total assets	18,964,360	
Total equity attributable to the shareholders of the Company	12,879,514	13,098,564	-1.7
Total liabilities	5,816,905	5,846,593	-0.5
Return on equity (%)	14.6	15.2	-0.6

The Group's total assets at RM19.0 billion was slightly lower by 1.2% or RM221.7 million as a result of lower property, plant and equipment balances due to depreciation.

Total equity attributable to shareholders of the Company decreased by 1.7% or RM219.1 million to RM12.9 billion in line with dividends paid to shareholders of the Company, offset by profit for the period.

Total liabilities was marginally lower by 0.5% or RM29.7 million as higher settlements of trade and other payables was negated by drawdown of Islamic financing facility and higher tax payable.



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#### 20. REVIEW OF GROUP CASH FLOWS

<i>In RM'000</i>	3 months ended		Variance %
	2022	31 March 2021	
Net cash generated from operating activities	655,356	731,065	-10.4
Net cash used in investing activities	(137,283)	(177,283)	-22.6
Net cash used in financing activities	(563,920)	(470,426)	+19.9
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(45,847)</b>	<b>83,356</b>	<b>-155.0</b>

Net cash generated from operating activities was lower by 10.4% or RM75.7 million in line with lower profit before taxation.

Net cash used in investing activities decreased by 22.6% or RM40.0 million due to lower spending on capital expenditure.

Net cash used in financing activities increased by 19.9% or RM93.5 million as a result of higher dividend paid to shareholders of the Company, offset by drawdown of the Company's Islamic financing facility.

#### 21. TAX EXPENSE

Tax expense comprises the following:

<i>In RM'000</i>	3 months ended	
	2022	31 March 2021
<b>Current tax expenses</b>		
Malaysia		
- current period	155,353	137,822
<b>Deferred tax expenses</b>		
- origination and reversal of temporary differences	(4,623)	(7,327)
<b>Total tax expenses</b>	<b>150,730</b>	<b>130,495</b>

The effective tax rate for the quarter ended 31 March 2022 was higher than the statutory tax rate of 24% mainly due to the one-off tax rate of 33% on chargeable income of the Company exceeding RM100 million for the year of assessment 2022 in accordance with the provision of Malaysian Finance Act 2021 ("Prosperity Tax"). This was negated by tax incentive granted for LNG regasification terminal in Pengerang, Johor.

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#### 22. COMMENTARY ON PROSPECTS

PGB Group's performance in 2022 is expected to remain resilient despite the ongoing pandemic as the Group's business model and long-term contracts ensures steady revenue streams, particularly for Gas Processing, Gas Transportation and Regasification business segments.

The Group's Gas Transportation and Regasification business segments are anticipated to continue contributing positively to the Group's earnings under Regulatory Period 1 (RP1) tariffs which is effective until 31 December 2022.

The Group's Gas Processing segment is expected to remain stable on the back of its strong and sustainable income stream under the 2nd Term of the 20-year Gas Processing Agreement effective from 2019 until 2023.

The Group's Utilities segment contribution may be affected by customer demand and fuel gas price, which is a non-pass through cost for electricity sales. The Group is in the midst of finalising the renewal of several long-term contracts for the Utilities segment to be concluded this year, which are anticipated to have a positive impact to the segment.

#### 23. PROFIT FORECAST

There was no profit forecast published by the Group as at the date of this report.

#### 24. STATUS OF CORPORATE PROPOSAL ANNOUNCED BUT NOT COMPLETED

There was no corporate proposal announced but not completed as at the date of this report.

#### 25. TRADE AND OTHER RECEIVABLES

<i>In RM'000</i>	<b>As at 31 March 2022</b>	<b>As at 31 December 2021</b>
<b>Trade receivables</b>		
- Third party	41,837	31,728
- Related companies	640,901	714,336
- Joint ventures	822	400
- Related parties	18,136	27,707
	<b>701,696</b>	774,171
<b>Other receivables</b>	<b>122,554</b>	115,557
Less: Impairment loss	(137)	(130)
<b>Trade and other receivables</b>	<b>824,113</b>	889,598

Average credit term for trade receivables granted to related parties and third parties is 30 days.

The ageing of trade receivables as at reporting date are as follows:

<i>In RM'000</i>	<b>As at 31 March 2022</b>	<b>As at 31 December 2021</b>
Current	701,792	771,602
Past due 1 to 30 days	(96)	2,569
Past due 31 to 60 days	-	-
Past due 61 to 90 days	-	-
Past due more than 90 days	-	-
<b>Trade receivables</b>	<b>701,696</b>	774,171

With respect to the Group's trade receivables, there are no indications as at reporting date that the debtors will not meet their payment obligations.

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#### 25. TRADE AND OTHER RECEIVABLES (continued)

##### Significant related party trade receivables

Related parties	Nature of transactions
<b>a. Holding company</b> Petroliam Nasional Berhad	Provision of gas processing services.
<b>b. Related companies</b> PETRONAS Energy & Trading Sdn Bhd PETRONAS Chemical Derivatives Sdn Bhd	Provision of gas transportation services and LNG regasification services. Sales of industrial utilities.

#### 26. FOREIGN EXCHANGE EXPOSURE / HEDGING POLICY

The Group operates predominantly in Malaysia and transacts mainly in Ringgit Malaysia. Nevertheless, the Group is exposed to varying levels of foreign exchange risk when it enters into transactions that are not denominated in the respective companies' functional currencies and when foreign currency monetary assets and liabilities are translated at the reporting date. As at 31 March 2022, the Group foreign currency liabilities largely relate to USD lease liabilities for floating storage units at its LNG Regasification Terminal, Sg. Udang amounting to USD212.6 million (31 December 2021: USD215.5 million) and for jetty usage at its LNG Regasification Terminal, Pengerang amounting to USD123.3 million (31 December 2021: USD123.8 million).

The Group's foreign currency management policy is to minimise economic and significant transactional exposure arising from currency movements. Residual net positions are actively managed and monitored against prescribed policies and control procedures. When deemed necessary and appropriate, the Group will enter derivative financial instruments to hedge and minimise their exposure to the foreign currency movements.

#### 27. BORROWINGS

Particulars of Group's borrowings are as follows:

<i>In RM'000</i>	As at 31 March 2022	As at 31 December 2021
<b>Non-Current</b>		
<b>Secured</b>		
Islamic financing facility	1,500,000	1,500,000
Lease liabilities	1,368,218	1,372,967
<b>Unsecured</b>		
Islamic financing facility	523,391	405,940
	<b>3,391,609</b>	<b>3,278,907</b>
<b>Current</b>		
<b>Secured</b>		
Islamic financing facility	110,000	110,000
Lease liabilities	58,150	58,209
	<b>168,150</b>	<b>168,209</b>
	<b>3,559,759</b>	<b>3,447,116</b>
<i>In RM'000</i>		
<b>By Currency</b>		
RM	2,147,999	2,030,686
USD	1,411,760	1,416,430
Closing exchange rate (RM/USD)	4.2030	4.1740

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#### 27. BORROWINGS (continued)

In RM'000	Total	Less than 1 year	Between 1-5 years	More than 5 years
<b>Secured</b>				
Islamic financing facility	1,610,000	110,000	435,000	1,065,000
Lease liabilities	1,426,368	58,150	325,696	1,042,522
<b>Unsecured</b>				
Islamic financing facility	523,391	-	523,391	-
	<b>3,559,759</b>	<b>168,150</b>	<b>1,284,087</b>	<b>2,107,522</b>

<sup>1</sup> The secured Islamic financing facility (Islamic Murabahah Medium Term Notes) bears profit rates ranging from 2.03% to 3.74% per annum and is repayable at various due dates annually from 2022 to 2040.

<sup>2</sup> The lease liabilities bear interest at rates between 8.1% to 9.1% (2021: between 7.2% to 9.1%) per annum.

<sup>3</sup> The unsecured Islamic financing facility (Commodity Murabahah Term Financing) bears profit rates ranging from 2.38% to 2.55% (2021: 2.44%) per annum and is repayable in full in March 2024.

Reconciliation of liabilities arising from financing activities:

In RM'000	At 1 January 2022	Net changes from financing cash flows	Non-cash changes*	At 31 March 2022
Secured Islamic financing facility	1,610,000	-	-	1,610,000
Lease liabilities	1,431,176	(14,755)	9,947	1,426,368
Unsecured Islamic financing facility	405,940	119,000	(1,549)	523,391
	<b>3,447,116</b>	<b>104,245</b>	<b>8,398</b>	<b>3,559,759</b>

\*Non-cash changes consist of foreign exchange translation, lease adjustment and other amortisation.

#### Islamic financing facilities

In RM'000	As at 31 March 2022	Group As at 31 December 2021
Secured RM Murabahah Medium Term Notes	1,610,000	1,610,000
Unsecured RM Commodity Murabahah Term Financing	523,391	405,940
	<b>2,133,391</b>	<b>2,015,940</b>

#### Lease liabilities

Lease liabilities mainly represent future obligation to make lease payments for the right to use the Group's floating storage unit in Sg. Udang, Melaka and jetty facilities in Pengerang, Johor.

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#### 28. DERIVATIVES

Outstanding derivatives as at the date of the statement of financial position are as follows:

	Notional/Contract Value		Fair Value	
	As at 31 March 2022 USD'000	As at 31 December 2021 USD'000	As at 31 March 2022 RM'000	As at 31 December 2021 RM'000
Forward exchange contracts				
- Less than 1 year	21	33	427	343

There were no changes to the requirements and nature of the outstanding derivatives as disclosed since the last audited financial statements for the year ended 31 December 2021, other than as disclosed above.

#### 29. MATERIAL LITIGATION

On 25 November 2019, PETRONAS Gas Berhad ("the Company") was served a Notice of Arbitration by PBJV Group Sdn Bhd ("PBJV"). The claim amounting to RM179.8 million is in relation to the procurement, construction, and commissioning of Pengerang Gas Pipeline Project ("the Project") where a Consortium was appointed by the Company as the contractor for the Project. PBJV was one of the Consortium partners for the Project.

On 24 December 2019, the Company has responded to the Notice of Arbitration and denied all PBJV claims as baseless allegation and without any merit as the Global Settlement Agreement agreed by both Consortium partners recorded the settlement terms in relation to the Project. The matter is currently ongoing.

There has been no other material litigation since the last audited consolidated financial statements for the year ended 31 December 2021.

#### 30. EARNINGS PER SHARE

Basic earnings per share (EPS) is derived based on the net profit attributable to shareholders of the Company and the number of ordinary shares outstanding during the period.

	3 months ended	
	2022	31 March 2021
Net profit for the period attributable to ordinary shareholders of the Company (RM'000)	410,579	516,399
Number of ordinary shares in issue ('000)	1,978,732	1,978,732
<b>EPS (sen)</b>	<b>20.75</b>	26.10

As at the date of the statement of financial position, the Company has not issued any dilutive potential ordinary shares and hence, the diluted EPS is the same as the basic EPS.

#### 31. AUDITOR REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

As disclosed in Note 3.

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#### 32. OPERATING PROFIT FOR THE PERIOD

<i>In RM'000</i>	3 months ended	
	2022	31 March 2021
<b>Operating profit includes the following charges:</b>		
Depreciation of property, plant and equipment*	245,458	246,925
Realised loss on foreign exchange	474	498
Unrealised loss on foreign exchange	7,761	38,056
<b>and crediting:</b>		
Gain on disposal of property, plant and equipment	-	82
Interest income:		
- fund investments	18,747	14,147
- term loan due from a joint venture	3,004	3,481
Impairment write back – expected credit loss	32	52

\* Includes depreciation on right-of-use (ROU) assets and amortisation of prepaid lease payments.

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

#### 33. DIVIDENDS

As disclosed in Note 9.

#### 34. EXCHANGE RATE

USD/MYR	Individual quarter ended		
	31.03.2022	31.12.2021	31.03.2021
Average rate	4.1925	4.1848	4.0647
Closing rate	4.2030	4.1740	4.1530

#### 35. AUTHORISED FOR ISSUE

The quarterly report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 19 May 2022.

#### BY ORDER OF THE BOARD

Mek Yam @ Mariam Hassan  
MAICSA 7030578  
SSM Practising Certificate No. 201908000788

Yeap Kok Leong  
MAICSA 0862549  
SSM Practising Certificate No. 202008001750

*Company Secretaries*  
Kuala Lumpur  
19 May 2022