



PETRONAS

PETRONAS GAS BERHAD

Quarterly Report

For the Third Quarter Ended 30 September 2021

QUARTERLY REPORT

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

Key Financial Highlights (in RM'000)	Cumulative quarter ended		Variance %
	2021	30 September 2020	
Revenue	4,151,721	4,203,377	-1.2
Gross profit	2,104,774	2,020,115	+4.2
Profit before taxation (PBT)	2,017,436	1,968,988	+2.5
Profit for the period	1,622,914	1,561,250	+3.9
Earnings before interest, taxes, depreciation, and amortisation (EBITDA)	2,742,300	2,679,603	+2.3
Earnings per share (EPS) (sen)	77.64	76.12	+2.0
Declared dividends per share (sen)	50.00	100.00	-50.0

- **PETRONAS Gas Berhad Group revenue stood at RM4,151.7 million, a slight decrease of 1.2% or RM51.7 million** mainly attributable to lower revenue from Utilities segment in line with lower product prices amidst higher sales volume.
- **Gross profit nevertheless improved by 4.2% or RM84.7 million** with Utilities and Regasification segments recording improved contribution on stronger margins and lower operating costs respectively.
- **PBT at RM2,017.4 million grew by 2.5% or RM48.4 million** mainly driven by higher gross profit, offset by lower share of profit from joint ventures.
- **Profit for the period and EBITDA were correspondingly higher by 3.9% or RM61.7 million at RM1,622.9 million and 2.3% or RM62.7 million at RM2,742.3 million** respectively in line with PBT.
- **EPS increased by 2.0%**, reflecting higher profit attributable to shareholders of the Company.
- **The Board of Directors has approved a third interim dividend** of 18 sen per ordinary share amounting to RM356.2 million in respect of the financial year ending 31 December 2021.

QUARTERLY REPORT

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

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 third quarter ended 30 September 2021 that should be read in conjunction with the accompanying explanatory notes on pages 5 to 22.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In RM'000</i>	Note	As at 30 September 2021	As at 31 December 2020
ASSETS			
Property, plant and equipment		13,076,379	13,216,195
Investment in joint ventures		710,061	631,248
Investment in associate		151,338	142,482
Long term receivables		194,435	208,453
Deferred tax assets		181,434	217,915
TOTAL NON-CURRENT ASSETS		14,313,647	14,416,293
Trade and other inventories		53,308	44,940
Trade and other receivables	25	824,147	744,484
Cash and cash equivalents		3,837,822	3,138,898
TOTAL CURRENT ASSETS		4,715,277	3,928,322
TOTAL ASSETS		19,028,924	18,344,615
EQUITY			
Share capital		3,165,204	3,165,204
Reserves		9,856,898	9,469,553
Total equity attributable to the shareholders of the Company		13,022,102	12,634,757
Non-controlling interests		368,540	333,777
TOTAL EQUITY		13,390,642	12,968,534
LIABILITIES			
Borrowings	27	3,391,239	3,134,260
Deferred tax liabilities		1,219,385	1,240,578
Deferred income		1,418	2,127
TOTAL NON-CURRENT LIABILITIES		4,612,042	4,376,965
Trade and other payables		777,044	839,135
Borrowings	27	148,922	145,161
Tax payable		100,274	14,820
TOTAL CURRENT LIABILITIES		1,026,240	999,116
TOTAL LIABILITIES		5,638,282	5,376,081
TOTAL EQUITY AND LIABILITIES		19,028,924	18,344,615
Net assets per share attributable to the shareholders of the Company (RM)		6.5810	6.3853

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 THIRD QUARTER ENDED 30 SEPTEMBER 2021

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

		Individual quarter ended		Cumulative quarter ended	
	Note	2021	30 September 2020	2021	30 September 2020
<i>In RM'000</i>					
Revenue		1,427,793	1,407,423	4,151,721	4,203,377
Cost of revenue		(635,144)	(671,666)	(2,046,947)	(2,183,262)
Gross profit		792,649	735,757	2,104,774	2,020,115
Administration expenses		(29,286)	(26,731)	(90,276)	(84,162)
Other expenses		(11,037)	(2,225)	(48,405)	(39,467)
Other income		24,491	126,120	70,447	104,318
Operating profit	32	776,817	832,921	2,036,540	2,000,804
Financing costs		(45,449)	(52,734)	(128,806)	(163,274)
Share of profit after tax of equity- accounted joint ventures and associate		38,697	27,920	109,702	131,458
Profit before taxation		770,065	808,107	2,017,436	1,968,988
Tax expense	21	(151,053)	(168,591)	(394,522)	(407,738)
PROFIT FOR THE PERIOD		619,012	639,516	1,622,914	1,561,250
Other comprehensive income/(expenses)					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Net movement from exchange differences		12,078	(5,741)	19,434	1,121
Cash flow hedge		-	1,132	-	(14,377)
Share of cash flow hedge of an equity-accounted joint venture		(1,100)	(4,226)	(946)	3,322
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		629,990	630,681	1,641,402	1,551,316
Profit attributable to:					
Shareholders of the Company		580,841	591,013	1,536,309	1,506,233
Non-controlling interests		38,171	48,503	86,605	55,017
PROFIT FOR THE PERIOD		619,012	639,516	1,622,914	1,561,250
Total comprehensive income attributable to:					
Shareholders of the Company		591,819	582,178	1,554,797	1,496,299
Non-controlling interests		38,171	48,503	86,605	55,017
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		629,990	630,681	1,641,402	1,551,316
Basic and diluted earnings per ordinary share (sen)		29.35	29.87	77.64	76.12

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 THIRD QUARTER ENDED 30 SEPTEMBER 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to shareholders of the Company

Non-distributable Distributable

In RM'000	Share capital	Hedging reserve	Foreign currency translation reserve	Other reserves	Retained profits	Total	Non-controlling interests	Total
Cumulative quarter ended 30 September 2021								
Balance at 1 January 2021	3,165,204	34,706	9,948	520,801	8,904,098	12,634,757	333,777	12,968,534
Net movement from exchange differences	-	-	19,434	-	-	19,434	-	19,434
Share of cash flow hedge of an equity-accounted joint venture	-	(946)	-	-	-	(946)	-	(946)
Profit for the period	-	-	-	-	1,536,309	1,536,309	86,605	1,622,914
Total comprehensive (expense) /income for the period	-	(946)	19,434	-	1,536,309	1,554,797	86,605	1,641,402
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	-	-	-	-	(633,194)	(633,194)	(51,842)	(685,036)
Total transactions with shareholders of the Company	-	-	-	-	(1,167,452)	(1,167,452)	(51,842)	(1,219,294)
Balance at 30 September 2021	3,165,204	33,760	29,382	520,801	9,272,955	13,022,102	368,540	13,390,642
Cumulative quarter ended 30 September 2020								
Balance at 1 January 2020	3,165,204	37,786	15,132	411,201	9,616,039	13,245,362	319,813	13,565,175
Net movement from exchange differences	-	-	1,121	-	-	1,121	-	1,121
Cash flow hedge	-	(14,377)	-	-	-	(14,377)	-	(14,377)
Share of cash flow hedge of an equity-accounted joint venture	-	3,322	-	-	-	3,322	-	3,322
Profit for the period	-	-	-	-	1,506,233	1,506,233	55,017	1,561,250
Total comprehensive (expense) /income for the period	-	(11,055)	1,121	-	1,506,233	1,496,299	55,017	1,551,316
Redemption of redeemable preference share in subsidiary	-	-	-	109,600	(109,600)	-	-	-
Interim dividend declared and paid in respect of previous year	-	-	-	-	(633,194)	(633,194)	-	(633,194)
Interim dividend declared and paid in respect of current year	-	-	-	-	(1,622,560)	(1,622,560)	(33,861)	(1,656,421)
Total transactions with shareholders of the Company	-	-	-	109,600	(2,365,354)	(2,255,754)	(33,861)	(2,289,615)
Balance at 30 September 2020	3,165,204	26,731	16,253	520,801	8,756,918	12,485,907	340,969	12,826,876

QUARTERLY REPORT

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		Cumulative quarter ended	
	Note	2021	30 September 2020
<i>In RM'000</i>			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		2,017,436	1,968,988
<i>Adjustments for:</i>			
Depreciation and amortisation	32	762,582	768,838
Share of profit after tax of equity-accounted joint ventures and associate		(109,702)	(131,458)
Unrealised loss on foreign exchange	32	46,721	38,615
Interest income	32	(56,822)	(90,039)
Financing costs		128,806	163,274
Other non-cash items		(1,588)	14,046
Operating profit before changes in working capital		2,787,433	2,732,264
Change in trade and other receivables		(75,352)	147,369
Change in trade and other inventories		(6,355)	(257)
Change in trade and other payables		(105,570)	(128,482)
Cash generated from operations		2,600,156	2,750,894
Interest income		56,822	90,039
Taxation paid		(293,688)	(124,764)
Net cash generated from operating activities		2,363,290	2,716,169
CASH FLOW FROM INVESTING ACTIVITIES			
Dividend received from joint ventures and associate		40,521	42,280
Proceeds from disposal of property, plant and equipment		412	8,447
Purchase of property, plant and equipment		(678,385)	(611,602)
Repayment of term loan due from a joint venture		9,251	-
Net cash used in investing activities		(628,201)	(560,875)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid to shareholders of the Company	9	(1,167,452)	(2,255,754)
Dividends paid to non-controlling interest		(51,842)	(33,861)
Drawdown of Islamic financing facility	27	349,587	-
Payment of loan from corporate shareholder of a subsidiary		-	(29,081)
Payment of lease liabilities	27	(43,420)	(42,803)
Interest expense paid		(123,038)	(163,126)
Net cash used in financing activities		(1,036,165)	(2,524,625)
Net increase/(decrease) in cash and cash equivalents		698,924	(369,331)
Cash and cash equivalents at beginning of the period		3,138,898	4,021,696
Cash and cash equivalents at end of the period		3,837,822	3,652,365

Included in the Group's cash and cash equivalents is RM114,551,000 (2020: nil) held in a finance service reserve account which is designated as security against a subsidiary's Islamic financing facility.

QUARTERLY REPORT

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

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 2020. 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 2020.

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 30 September 2021.

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 2021 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 2020 except as described below.

During the financial period, the Group has adopted the following amendments to MFRSs (pronouncements) that have been issued by the Malaysian Accounting Standards Board ("MASB"):

Effective for annual periods beginning on or after 1 January 2021

Amendments to MFRS 9 *Financial Instruments*, MFRS 139 *Financial Instruments: Recognition and Measurement*, MFRS 7 *Financial Instruments: Disclosures* and MFRS 16 *Leases (Interest Rate Benchmark Reform – Phase 2)*

Effective for annual periods beginning on or after 1 April 2021

Amendment to MFRS 16 *Leases (Covid-19-Related Rent Concessions beyond 30 June 2021)*

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 2020 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 quarter under review.

QUARTERLY REPORT

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

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 2020 that may have a material effect on the results of the quarter 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 during the period ended 30 September 2021, other than as disclosed in Note 27.

9. DIVIDENDS

The following dividends were declared and paid by the Company:

<i>In RM'000</i>	Cumulative quarter ended 30 September	
	2021	2020
Ordinary		
Interim paid:		
2019 - Fourth interim dividend of 22 sen per ordinary share	-	435,321
2019 - Special interim dividend of 10 sen per ordinary share	-	197,873
2020 - First interim dividend of 16 sen per ordinary share	-	316,597
2020 - Second interim dividend of 16 sen per ordinary share	-	316,597
2020 - Special interim dividend of 50 sen per ordinary share	-	989,366
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 - First interim dividend of 16 sen per ordinary share	316,597	-
2021 - Second interim dividend of 16 sen per ordinary share	316,597	-
	1,167,452	2,255,754

On 22 November 2021, the Directors of the Company approved a third interim dividend of 18 sen per ordinary share amounting to RM356.2 million, in respect of the financial year ending 31 December 2021.

The dividends are payable on 20 December 2021 to depositors registered in the Records of Depositors at the close of business on 7 December 2021.

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 December 2021 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 2021.

10. CHANGES IN THE COMPOSITION OF THE GROUP

There was no change in the composition of the Group during the quarter under review.

QUARTERLY REPORT

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

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
30 September 2021				
Financial assets				
<i>Current</i>				
Derivative assets	1,751	-	1,751	1,751
<i>Non-Current</i>				
Long term receivables	-	194,745	194,745	194,745
Total financial assets	1,751	194,745	196,496	196,496
Financial liabilities				
<i>Current</i>				
Secured Islamic financing facility	-	(90,000)	(90,000)	(90,000)
Derivative liabilities	(4)	-	(4)	(4)
	(4)	(90,000)	(90,004)	(90,004)
<i>Non-Current</i>				
Secured Islamic financing facility	-	(1,610,000)	(1,610,000)	(1,610,000)
Unsecured Islamic financing facility	-	(350,489)	(350,489)	(350,489)
	-	(1,960,489)	(1,960,489)	(1,960,489)
Total financial liabilities	(4)	(2,050,489)	(2,050,493)	(2,050,493)

QUARTERLY REPORT

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

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
31 December 2020				
Financial assets				
<i>Current</i>				
Derivative assets	15	-	15	15
<i>Non-Current</i>				
Long term receivables	-	208,856	208,856	208,856
Total financial assets	15	208,856	208,871	208,871
Financial liabilities				
<i>Current</i>				
Secured Islamic financing facility	-	(90,000)	(90,000)	(90,000)
Derivative liabilities	(161)	-	(161)	(161)
	(161)	(90,000)	(90,161)	(90,161)
<i>Non-Current</i>				
Secured Islamic financing facility	-	(1,610,000)	(1,610,000)	(1,610,000)
Total financial liabilities	(161)	(1,700,000)	(1,700,161)	(1,700,161)

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 government bonds).

QUARTERLY REPORT

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

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 from gas fields offshore the East Coast of Peninsular Malaysia 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 throughout Peninsular Malaysia and export to Singapore and provision of operations and maintenance services.
- Regasification – activities include regasification of liquefied natural gas (LNG) into the Peninsular Gas Utilisation pipeline network 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 to the petrochemical complexes in the Kertih and Gebeng Industrial Area, 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.

Business Segment	Cumulative quarter ended 30 September 2021				
	Gas Processing	Gas Transportation	Regasification	Utilities	Total
Revenue	1,286,377	874,763	1,057,467	933,114	4,151,721
Segment results	701,260	581,090	603,872	218,552	2,104,774
Unallocated expense					(68,234)
Operating profit					2,036,540
Financing costs					(128,806)
Share of profit after tax of equity-accounted associate and joint ventures					109,702
Profit before taxation					2,017,436

Business Segment	Cumulative quarter ended 30 September 2020				
	Gas Processing	Gas Transportation	Regasification	Utilities	Total
Revenue	1,287,021	878,927	1,045,567	991,862	4,203,377
Segment results	720,019	621,723	548,805	129,568	2,020,115
Unallocated expense					(19,311)
Operating profit					2,000,804
Financing costs					(163,274)
Share of profit after tax of equity-accounted associate and joint ventures					131,458
Profit before taxation					1,968,988

QUARTERLY REPORT

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

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/(expenses) mainly comprises 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	Cumulative quarter ended	
	2021	30 September 2020
Geographical Locations		
Peninsular Malaysia	4,146,018	4,194,293
Sabah and Sarawak	5,703	9,084
Total	4,151,721	4,203,377
Products and Services		
Gas processing services	1,286,377	1,287,021
Gas transportation services	871,856	872,687
Regasification services	1,040,496	1,044,307
Utilities		
- Electricity	379,176	416,941
- Steam	317,490	325,564
- Industrial gases	187,679	204,482
- Others ¹	47,755	43,965
Operations and maintenance services	3,921	7,150
LNG ancillary services	16,971	1,260
Total	4,151,721	4,203,377

¹ Others relates to water treatment services and sale of 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 2020.

QUARTERLY REPORT

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

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:

<i>In RM'000</i>	As at 30 September 2021	As at 31 December 2020
Property, plant and equipment		
Approved and contracted for	659,756	453,686
Approved but not contracted for	3,323,388	3,979,712
	<u>3,983,144</u>	<u>4,433,398</u>
Share of capital expenditure of joint ventures		
Approved and contracted for	382	795
Approved but not contracted for	7,114	9,648
	<u>7,496</u>	<u>10,443</u>
	<u>3,990,640</u>	<u>4,443,841</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 2020.

QUARTERLY REPORT

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

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

17. REVIEW OF GROUP PERFORMANCE

(a) Performance of current quarter against the corresponding quarter

In RM'000	Individual quarter ended 30 September		Variance %
	2021	2020	
Revenue	1,427,793	1,407,423	+1.4
Gross profit	792,649	735,757	+7.7
Profit before taxation (PBT)	770,065	808,107	-4.7
Profit for the quarter	619,012	639,516	-3.2
EBITDA*	1,011,732	1,049,790	-3.6

* 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.

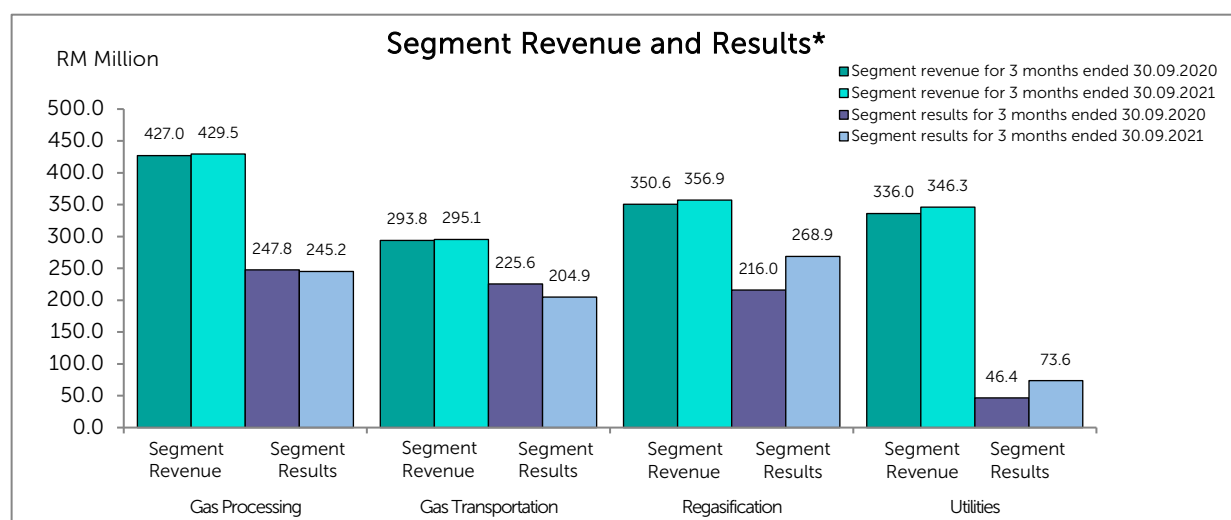
Group revenue increased by 1.4% or RM20.4 million to RM1,427.8 million mainly contributed by higher revenue from Utilities and Regasification segments in line with higher sales volumes and new revenue stream from LNG ancillary services respectively.

Gross profit was higher by 7.7% or RM56.9 million with higher contribution from Regasification segment due to lower operating costs, mainly relating to internal gas consumption and utilities.

PBT declined by 4.7% or RM38.0 million as the higher gross profit was negated by impact of unfavourable foreign exchange movement. The Group recorded unrealised foreign exchange loss of RM10.4 million relating to translation of USD-denominated assets and liabilities during the quarter, which contrasts to a gain of RM94.3 million registered in the corresponding quarter.

Profit for the quarter correspondingly decreased by 3.2% or RM20.5 million.

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



*Note: Segment Results refers to Gross Profit

QUARTERLY REPORT

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

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

17. REVIEW OF GROUP PERFORMANCE (continued)

(a) 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 was comparable at RM429.5 million while segment results declined slightly by 1.0% or RM2.6 million due to marginally higher operating costs, as higher depreciation expense in tandem with capital expenditure was offset by lower planned maintenance costs.

Gas Transportation

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

Segment revenue was comparable at RM295.1 million while segment results decreased by 9.2% or RM20.7 million due to higher operating costs, mainly internal gas consumption cost which is a pass-through cost under Incentive-Based Regulation tariffs.

Regasification

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

Segment revenue improved by 1.8% or RM6.3 million with the introduction of new revenue streams from LNG reloading at RGTSU and truck loading at RGTP.

Segment results rose by 24.5% or RM52.9 million as a result of lower operating costs, largely attributable to internal gas consumption and utilities costs.

Utilities

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

Segment revenue increased by 3.1% or RM10.3 million driven by higher contribution from electricity and steam sales to new customers.

Segment results surged by 58.6% or RM27.2 million due to lower operating costs, mainly depreciation expense due to fully depreciated assets which are still in use.

QUARTERLY REPORT

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

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

17. REVIEW OF GROUP PERFORMANCE (continued)

(b) Performance of current year to date against the corresponding year to date

In RM'000	Cumulative quarter ended 30 September		Variance %
	2021	2020	
Revenue	4,151,721	4,203,377	-1.2
Gross profit	2,104,774	2,020,115	+4.2
Profit before taxation (PBT)	2,017,436	1,968,988	+2.5
Profit for the period	1,622,914	1,561,250	+3.9
EBITDA*	2,742,300	2,679,603	+2.3

* 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 period.

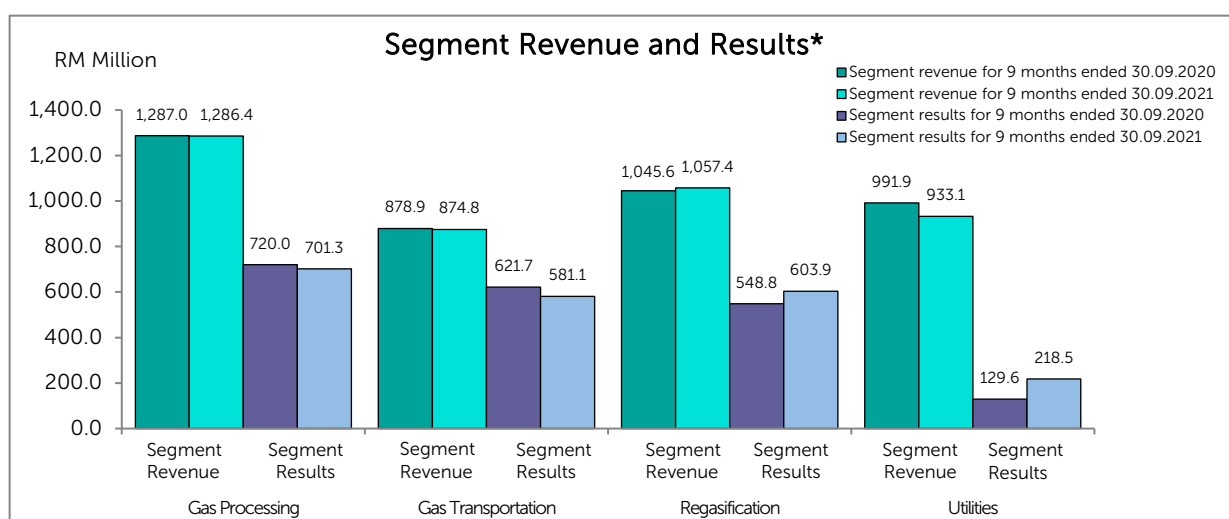
Group revenue declined slightly by 1.2% or RM51.7 million to RM4,151.7 million mainly attributable to lower revenue from Utilities segment in line with lower product prices amidst higher sales volumes.

Gross profit was nonetheless higher by 4.2% or RM84.7 million with Utilities and Regasification segments recording improved contribution on stronger margins and lower operating costs respectively.

PBT grew by 2.5% or RM48.4 million as higher gross profit was partially offset by lower share of profit from one of the Group's joint venture companies, Pengerang Gas Solutions Sdn Bhd (PGSSB), which recorded lower sales volume.

Correspondingly, profit for the period grew by 3.9% or RM61.7 million.

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



*Note: Segment Results refers to Gross Profit

QUARTERLY REPORT

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

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

17. REVIEW OF GROUP PERFORMANCE (continued)

(b) Performance of current year to date against the corresponding year to date (continued)

Gas Processing

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

Segment revenue was comparable at RM1,286.4 million while segment results declined slightly by 2.6% or RM18.7 million due to higher operating costs, mainly depreciation expense in line with capital expenditure.

Gas Transportation

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

Segment revenue was comparable, lower by only 0.5% or RM4.1 million due to lower number of operating days compared to corresponding period coupled with lower operations and maintenance services (O&M) revenue.

Segment results decreased by 6.5% or RM40.6 million due to higher operating costs, mainly relating to internal gas consumption cost which is a pass-through cost under Incentive-Based Regulation tariff, and maintenance costs in line with higher level of planned activities.

Regasification

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

Segment revenue registered slight growth of 1.1% or RM11.8 million with the introduction of new revenue streams from LNG reloading at RGTSU and truck loading at RGTP.

Segment results rose by 10.0% or RM55.1 million driven by lower operating costs, largely attributable to lower utilities expense.

Utilities

The Group Utilities plant achieved 100% Product Delivery Reliability for steam, electricity, and industrial gases during the period.

Segment revenue declined by 5.9% or RM58.8 million, mainly attributable to lower product prices amidst higher sales volumes from new customers.

Product prices were lower in line with fuel gas price movement, which is based on reference market price compared to regulated price in the corresponding period. With the exception of electricity, Utilities product pricing allows for cost pass-through.

Conversely, segment results surged by 68.6% or RM88.9 million attributable to favourable margin impact of lower fuel gas costs as well as lower depreciation expense attributable to fully depreciated assets which are still in use.

QUARTERLY REPORT

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

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

18. COMPARISON AGAINST IMMEDIATE PRECEDING QUARTER RESULTS

<i>In RM'000</i>	Individual quarter ended		Variance %
	30 September 2021	30 June 2021	
Revenue	1,427,793	1,383,918	+3.2
Gross profit	792,649	599,788	+32.2
Profit before taxation (PBT)	770,065	576,871	+33.5
Profit for the quarter	619,012	463,897	+33.4
EBITDA*	1,011,732	833,980	+21.3

* 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 plant and facilities during the quarter under review.

Group revenue was higher by 3.2% or RM43.9 million against the preceding quarter attributable to higher revenue from Utilities segment as a result of higher sales volumes coupled with higher product prices to customers. The higher sales volume was achieved on the back of higher customer demand coupled by commencement of electricity supply to the grid under the New Electricity Despatch Arrangement (NEDA) from August onwards.

Gross profit surged by 32.2% or RM192.9 million driven by lower operating costs, largely attributable to lower internal gas consumption cost mainly for the Regasification segment.

PBT and profit for the quarter were higher by 33.5% or RM193.2 million and 33.4% or RM155.1 million respectively in tandem with higher gross profit.

19. REVIEW OF GROUP FINANCIAL POSITION

<i>In RM'000</i>	As at 30 September 2021	As at 31 December 2020	Variance %
	Total assets	19,028,924	
Total equity attributable to the shareholders of the Company	13,022,102	12,634,757	+3.1
Total liabilities	5,638,282	5,376,081	+4.9
Return on equity (%)	15.7	15.9	-0.2

The Group's total assets at RM19.0 billion was higher by 3.7% or RM684.3 million following higher cash and cash equivalents, and trade and other receivables, offset by lower property, plant and equipment balances due to depreciation.

Total equity attributable to shareholders of the Company was higher by 3.1% or RM387.3 million at RM13.0 billion attributable to profit for the year partially offset by dividends paid.

Total liabilities increased by 4.9% or RM262.2 million following drawdown from new Islamic financing facility obtained by the Company during the period and higher tax payable, offset by settlement of trade and other payables.

QUARTERLY REPORT

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

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

20. REVIEW OF GROUP CASH FLOWS

<i>In RM'000</i>	Cumulative quarter ended 30 September		Variance %
	2021	2020	
Net cash generated from operating activities	2,363,290	2,716,169	-13.0
Net cash used in investing activities	(628,201)	(560,875)	+12.0
Net cash used in financing activities	(1,036,165)	(2,524,625)	-59.0
Net increase in cash and cash equivalents	698,924	(369,331)	+289.2

Net cash generated from operating activities was lower by 13.0% or RM352.9 million due to higher taxation paid.

Net cash used in investing activities increased by 12.0% or RM67.3 million in line with higher spending on capital expenditure.

Net cash used in financing activities declined by 59.0% or RM1,488.5 million as a result of lower dividends paid to shareholders of the Company, offset by drawdown from the Company's new Islamic financing facility.

21. TAX EXPENSE

Tax expense comprises the following:

<i>In RM'000</i>	Individual quarter ended 30 September		Cumulative quarter ended 30 September	
	2021	2020	2021	2020
Current tax expenses				
Malaysia				
- current period	122,580	143,964	379,142	360,341
Deferred tax expenses				
- origination and reversal of temporary differences	28,473	24,627	15,380	47,397
Total tax expenses	151,053	168,591	394,522	407,738

The effective tax rates for the quarter and period ended 30 September 2021 were lower than the statutory tax rate of 24% mainly due to tax incentives granted for LNG regasification terminal in Pengerang, Johor.

QUARTERLY REPORT

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

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

22. COMMENTARY ON PROSPECTS

PGB Group's performance in 2021 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.

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 will be driven by customer demand, underpinned by economic conditions.

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>	As at 30 September 2021	As at 31 December 2020
Trade receivables		
- Third party	28,094	11,257
- Related companies	644,949	611,382
- Joint ventures	428	914
- Related parties	13,616	15,428
	687,087	638,981
Other receivables	137,167	105,564
Less: Impairment loss	(107)	(61)
Trade and other receivables	824,147	744,484

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>	As at 30 September 2021	As at 31 December 2020
Current	687,087	638,981
Past due 1 to 30 days	-	-
Past due 31 to 60 days	-	-
Past due 61 to 90 days	-	-
Past due more than 90 days	-	-
Trade receivables	687,087	638,981

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.

QUARTERLY REPORT

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

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

25. TRADE AND OTHER RECEIVABLES (continued)

Significant related party trade receivables

Related parties	Nature of transactions
a. Holding company Petroliam Nasional Berhad	Provision of gas processing services.
b. Related companies PETRONAS Energy & Trading Sdn Bhd	Provision of gas transportation services and LNG regasification services.
PETRONAS Chemical Derivatives Sdn Bhd	Sales of industrial utilities.
PETRONAS Chemical MTBE Sdn Bhd	Sales of industrial utilities.
PETRONAS Chemical Ammonia Sdn Bhd	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 30 September 2021, the Group foreign currency liabilities largely relate to USD lease liabilities for floating storage units at its LNG Regasification Terminal, Sg. Udang amounting to USD218.6 million (31 December 2020: USD227.1 million) and for jetty usage at its LNG Regasification Terminal, Pengerang amounting to USD133.5 million (31 December 2020: USD161.7 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 30 September 2021	As at 31 December 2020
Non-Current		
Secured		
Islamic financing facility	1,610,000	1,610,000
Lease liabilities	1,430,750	1,524,260
Unsecured		
Islamic financing facility	350,489	-
	<u>3,391,239</u>	<u>3,134,260</u>
Current		
Secured		
Islamic financing facility	90,000	90,000
Lease liabilities	58,922	55,161
	<u>148,922</u>	<u>145,161</u>
	<u>3,540,161</u>	<u>3,279,421</u>
<i>In RM'000</i>		
By Currency		
RM	2,065,390	1,712,966
USD	1,474,771	1,566,455
Closing exchange rate (RM/USD)	4.1890	4.0285

QUARTERLY REPORT

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

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

27. BORROWINGS (continued)

In RM'000	Total	Less than 1 year	Between 1-5 years	More than 5 years
Secured				
Islamic financing facility	1,700,000	90,000	445,000	1,165,000
Lease liabilities	1,489,672	58,922	318,858	1,111,892
Unsecured				
Islamic financing facility	350,489	-	350,489	-
	3,540,161	148,922	1,114,347	2,276,892

¹ The secured Islamic financing facility (Murabahah Islamic Medium Term Notes) bear profit rates ranging from 2.03% to 3.74% per annum and is repayable at various due dates annually from 2021 to 2040.

² The lease liabilities bear interest at rates between 7.2% to 9.1% (2020: between 7.2% to 9.1%) per annum.

³ The unsecured Islamic financing facility (Commodity Murabahah Term Financing) bears a profit rate of 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 2021	Net changes from financing cash flows	Non-cash changes*	At 30 September 2021
Secured Islamic financing facility	1,700,000	-	-	1,700,000
Lease liabilities	1,579,421	(43,420)	(46,329)	1,489,672
Unsecured Islamic financing facility	-	349,587	902	350,489
	3,279,421	306,167	(45,427)	3,540,161

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

Islamic financing facilities

In RM'000	As at 30 September 2021	Group As at 31 December 2020
Secured RM Murabahah Medium Term Notes	1,700,000	1,700,000
Unsecured RM Commodity Murabahah Term Financing	350,489	-
	2,050,489	1,700,000

On 22 February 2021, PETRONAS Gas Berhad (PGB) obtained a 3-year unsecured Commodity Murabahah term financing facility for a maximum aggregate principal of up to RM1.3 billion.

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.

QUARTERLY REPORT

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

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

28. DERIVATIVES

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

	Notional/Contract Value		Fair Value	
	As at 30 September 2021 USD'000	As at 31 December 2020 USD'000	As at 30 September 2021 RM'000	As at 31 December 2020 RM'000
Forward exchange contracts				
- Less than 1 year	53,692	64	1,747	(146)

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 2020, 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 2020.

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.

	Individual quarter ended 30 September		Cumulative quarter ended 30 September	
	2021	2020	2021	2020
Net profit for the period attributable to ordinary shareholders of the Company (RM'000)	580,841	591,013	1,536,309	1,506,233
Number of ordinary shares in issue ('000)	1,978,732	1,978,732	1,978,732	1,978,732
EPS (sen)	29.35	29.87	77.64	76.12

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.

QUARTERLY REPORT

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

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

32. OPERATING PROFIT FOR THE PERIOD

In RM'000	Individual quarter ended		Cumulative quarter ended	
	30 September		30 September	
	2021	2020	2021	2020
Operating profit includes the following charges:				
Depreciation of property, plant and equipment*	255,337	243,193	762,582	768,838
Loss on disposal of property, plant and equipment	-	852	-	852
Realised loss on foreign exchange	589	-	-	-
Unrealised loss on foreign exchange	9,186	-	46,721	38,615
Receivables written off	2	551	2	551
Inventory written off	-	12,721	-	12,721
and crediting:				
Gain on disposal of property, plant and equipment	74	-	143	31
Realised gain on foreign exchange	-	1,378	2,959	1,773
Unrealised gain on foreign exchange	-	92,823	-	-
Interest income from fund investments	20,422	26,324	56,822	90,039
Impairment write back – expected credit loss	15	121	47	65

* 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			Cumulative quarter ended		
	30.09.2021	30.06.2021	30.09.2020	30.09.2021	30.09.2020	31.12.2020
Average rate	4.1971	4.1288	4.2033	4.1302	4.2354	4.2036
Closing rate	4.1890	4.1545	4.1575	4.1890	4.1575	4.0285

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 22 November 2021.

BY ORDER OF THE BOARD

Tengku Mazura Tengku Ismit (MACS 01585)
 Yeap Kok Leong (MAICSA 0862549)
 Company Secretaries
 Kuala Lumpur
 22 November 2021