



**PETRONAS**

# **PETRONAS DAGANGAN BERHAD**

## **Quarterly Report**

For First Quarter Ended 31 March 2019

# QUARTERLY REPORT

## FOR FIRST QUARTER ENDED 31 MARCH 2019



The Board of Directors of PETRONAS Dagangan Berhad ("PDB" or "the Company") is pleased to announce the following Unaudited Condensed Consolidated Financial Statements for PDB Group for the first quarter ended 31 March 2019 which should be read in conjunction with the accompanying explanatory notes on pages 7 to 21.

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In RM'000	Note	As at 31 March 2019	As at 31 December 2018
<b>ASSETS</b>			
Property, plant and equipment		4,008,326	3,335,561
Prepaid lease payments		-	492,256
Investments in associates		1,638	1,555
Investments in joint ventures		21,064	17,135
<b>TOTAL NON-CURRENT ASSETS</b>		<b>4,031,028</b>	<b>3,846,507</b>
Trade and other inventories		713,238	825,818
Trade and other receivables		1,823,179	2,260,569
Fund investment		50,000	50,000
Cash and cash equivalents		3,543,706	2,187,891
Assets classified as held for sale		1,339	-
<b>TOTAL CURRENT ASSETS</b>		<b>6,131,462</b>	<b>5,324,278</b>
<b>TOTAL ASSETS</b>	B1	<b>10,162,490</b>	<b>9,170,785</b>
<b>EQUITY</b>			
Share capital		993,454	993,454
Reserves		4,880,563	4,903,651
<b>Total Equity Attributable to Shareholders of the Company</b>		<b>5,874,017</b>	<b>5,897,105</b>
Non-controlling interests		42,523	40,135
<b>TOTAL EQUITY</b>	B1	<b>5,916,540</b>	<b>5,937,240</b>
<b>LIABILITIES</b>			
Borrowings	B8	225,544	29,924
Deferred tax liabilities		98,081	124,518
Other long term liabilities and provisions		29,271	29,268
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>352,896</b>	<b>183,710</b>
Trade and other payables		3,712,621	2,972,400
Borrowings	B8	105,698	25,036
Taxation		74,735	52,399
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,893,054</b>	<b>3,049,835</b>
<b>TOTAL LIABILITIES</b>	B1	<b>4,245,950</b>	<b>3,233,545</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>10,162,490</b>	<b>9,170,785</b>
Net assets per share attributable to ordinary equity holders of the Parent (RM)		5.91	5.94

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and accompanying explanatory notes attached to the Interim Condensed Consolidated Financial Statements.

# QUARTERLY REPORT

## FOR FIRST QUARTER ENDED 31 MARCH 2019



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

In RM'000	Note	2019	Quarter ended 31 March 2018
Revenue	B1	7,085,905	7,070,116
<b>Operating profit</b>	B1	387,494	290,904
Finance cost		(5,454)	(407)
Share of profit after tax of equity accounted associates and joint ventures		946	660
<b>Profit before taxation</b>	B1	382,986	291,157
Tax expense	B6	(89,402)	(70,826)
<b>PROFIT FOR THE PERIOD</b>	B13	293,584	220,331
<b>Other comprehensive expenses</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences arising from translation of financial statements of foreign operations		(2,264)	(7,143)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		291,320	213,188
<b>Profit attributable to:</b>			
Shareholders of the Company		291,196	218,478
Non-controlling interests		2,388	1,853
<b>PROFIT FOR THE PERIOD</b>		293,584	220,331
<b>Total comprehensive income attributable to:</b>			
Shareholders of the Company		288,932	211,335
Non-controlling interests		2,388	1,853
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		291,320	213,188
<b>Earnings per ordinary share- basic (sen)</b>	B11	29.3	22.0

The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and accompanying explanatory notes attached to the Interim Condensed Consolidated Financial Statements.

# QUARTERLY REPORT

## FOR FIRST QUARTER ENDED 31 MARCH 2019



### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Shareholders of the Company						Total Equity
	Non- Distributable			Distributable			
In RM'000	Share Capital	Foreign Currency Translation Reserves	Capital Reserves	Retained Profits	Total	Non-Controlling Interests	
At 1 January 2018, restated	993,454	263	(18,732)	5,024,585	5,999,570	39,025	6,038,595
Exchange difference arising from translation of financial statements of foreign operations	-	(7,143)	-	-	(7,143)	-	(7,143)
Total other comprehensive expense for the period	-	(7,143)	-	-	(7,143)	-	(7,143)
Profit for the period	-	-	-	218,478	218,478	1,853	220,331
Total comprehensive (expense)/ income for the period	-	(7,143)	-	218,478	211,335	1,853	213,188
Dividends paid	-	-	-	(486,792)	(486,792)	-	(486,792)
At 31 March 2018	993,454	(6,880)	(18,732)	4,756,271	5,724,113	40,878	5,764,991
At 1 January 2019							
-As previously reported	993,454	(18,204)	(18,732)	4,940,587	5,897,105	40,135	5,937,240
-Effect of the adoption of MFRS 16	-	-	-	(63,656)	(63,656)	-	(63,656)
At 1 January 2019, restated	993,454	(18,204)	(18,732)	4,876,931	5,833,449	40,135	5,873,584
Exchange difference arising from translation of financial statements of foreign operations	-	(2,264)	-	-	(2,264)	-	(2,264)
Total other comprehensive expense for the period	-	(2,264)	-	-	(2,264)	-	(2,264)
Profit for the period	-	-	-	291,196	291,196	2,388	293,584
Total comprehensive (expense)/ income for the period	-	(2,264)	-	291,196	288,932	2,388	291,320
Dividends paid	-	-	-	(248,364)	(248,364)	-	(248,364)
At 31 March 2019	993,454	(20,468)	(18,732)	4,919,763	5,874,017	42,523	5,916,540

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and accompanying explanatory notes attached to the Interim Condensed Consolidated Financial Statements.

# QUARTERLY REPORT

## FOR FIRST QUARTER ENDED 31 MARCH 2019



### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

In RM'000	Note	2019	Quarter ended 31 March 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		382,986	291,157
Adjustments for:			
Depreciation and amortisation		106,165	86,614
Net reversal of impairment loss on trade and other receivables		(339)	(617)
Share of profit after tax of equity accounted associates and joint ventures		(946)	(660)
Net gain on disposal of property, plant and equipment		(18,740)	(7,571)
Interest income from funds and other investments		(26,819)	(26,472)
Finance cost		5,454	407
Other non-cash items		(1,178)	113
<b>Operating profit before changes in working capital</b>		<b>446,583</b>	<b>342,971</b>
Inventories		112,580	(141,293)
Trade and other receivables		437,390	(6,219)
Trade and other payables		738,484	(276,812)
<b>Cash generated from/ (used in) operations</b>		<b>1,735,037</b>	<b>(81,353)</b>
Taxation paid		(73,292)	(79,436)
<b>Net cash generated from/ (used in) operating activities</b>	B1	<b>1,661,745</b>	<b>(160,789)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income from from funds and other investments		26,819	26,472
Purchase of property, plant and equipment		(64,303)	(39,636)
Proceeds from disposal of property, plant and equipment		21,865	8,215
<b>Net cash used in investing activities</b>	B1	<b>(15,619)</b>	<b>(4,949)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid		(248,364)	(486,792)
Net repayment of revolving credit facility		(2,950)	-
Repayment of Islamic financing facilities		(4,678)	(4,537)
Repayment of lease liabilities		(26,562)	-
Interest paid on revolving credit		(35)	-
Profit margin paid for Islamic financing facilities		(554)	(695)
Interest paid on lease liabilities		(4,865)	-
<b>Net cash used in financing activities</b>	B1	<b>(288,008)</b>	<b>(492,024)</b>

# QUARTERLY REPORT

## FOR FIRST QUARTER ENDED 31 MARCH 2019



### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>1,358,118</b>	<b>(657,762)</b>
Net foreign exchange differences	(2,303)	(7,108)
Cash and cash equivalents at beginning of the period	2,187,891	3,357,742
Cash and cash equivalents at end of the period	<u>3,543,706</u>	<u>2,692,872</u>

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and accompanying explanatory notes attached to the Interim Condensed Consolidated Financial Statements.

# QUARTERLY REPORT

## FOR FIRST QUARTER ENDED 31 MARCH 2019



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

#### A1 BASIS OF PREPARATION

The condensed 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 financial statements are unaudited and have been prepared in accordance with 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 be read in conjunction with the Audited Financial Statements and the accompanying notes for the year ended 31 December 2018. The explanatory notes attached to the condensed financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2018.

Within the context of these financial statements, the Group comprises the Company and its subsidiaries, and the Group's interest in its associates and its joint ventures as at and for the quarter ended 31 March 2019.

#### A2 SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the same accounting policies and methods of computation are followed in the condensed consolidated financial statements as compared with the consolidated financial statements for 31 December 2018.

As of 1 January 2019, the Group has adopted the following new and revised MFRSs and amendments to MFRS and IC interpretation (collectively referred to as "pronouncements") which are effective for annual years beginning on or after 1 January 2019.

MFRS 16	Leases
Amendments to MFRS 3	Business Combinations (Annual Improvements 2015-2017 Cycle)
Amendments to MFRS 11	Joint Arrangements (Annual Improvements 2015-2017 Cycle)
Amendments to MFRS 112	Income Taxes (Annual Improvements 2015-2017 Cycle)
Amendments to MFRS 123	Borrowing Costs (Annual Improvements 2015-2017 Cycle)
Amendments to MFRS 128	Investment in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
Amendments to MFRS 119	Employee Benefits: Plan Amendment, Curtailment or Settlement
IC Interpretation 23	Uncertainty over Income Tax Treatments

The initial application on the above pronouncements did not have any material impact to the condensed financial statements, except for MFRS 16 as disclosed in note A3.

#### A3 ADOPTION OF MFRS 16

The Group adopted MFRS 16 Leases on 1 January 2019. MFRS 16 replaces existing leases guidance in MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases – Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

MFRS 16 introduces a single, on balance sheet lease accounting for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items.

Lessor accounting remains similar to the current standard which continues to be classified as finance or operating leases.

# QUARTERLY REPORT

## FOR FIRST QUARTER ENDED 31 MARCH 2019



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

Right-of-use assets and prepaid lease payments are included under property plant and equipment in the statement of financial position. The lease liabilities are included as borrowings in the statement of financial position.

As allowed by the transitional provision of MFRS 16, the Group have elected the modified retrospective approach with no restatement of comparative and cumulative adjustments resulting from the initial application of MFRS 16 are recognised in retained earnings and reserves as at 1 January 2019, as disclosed below:

<b>In RM'000</b>	<b>Impact of adoption of MFRS 16 to opening balance at 1 January 2019</b>
Increase in rights-of-use assets	226,680
Increase in deferred tax assets	20,099
Decrease in retained earnings	63,656
Increase in lease liabilities	310,435

#### A4 AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

There was no qualified audit report issued by the auditors in the annual financial statements for the year ended 31 December 2018.

#### A5 SEASONAL OR CYCLICAL FACTORS

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

#### A6 EXCEPTIONAL ITEMS

There were no exceptional items during the quarter under review.

#### A7 MATERIAL CHANGES IN ACCOUNTING 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 2018 that may have a material effect in the current quarter results.



# QUARTERLY REPORT

## FOR FIRST QUARTER ENDED 31 MARCH 2019



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

#### A8 CAPITAL COMMITMENTS

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

<b>In RM'000</b>	<b>As at 31 March 2019</b>	<b>As at 31 Dec 2018</b>
Approved and contracted for	19,490	5,407
Approved but not contracted for	518,393	12,322
	<b>537,883</b>	<b>17,729</b>

#### A9 DEBT AND EQUITY SECURITIES

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities for the quarter under review, except as disclosed in note B8.

#### A10 DIVIDENDS PAID

During the quarter under review, the Company paid an interim dividend of 25 sen per ordinary share amounting to RM248.4 million for the quarter ended 31 December 2018 to shareholders on 28 March 2019 (Quarter 1 2018: an interim dividend of 27 sen per ordinary share amounting to RM268.2 million and a special dividend of 22 sen per ordinary share amounting to RM218.6 million for the quarter ended 31 December 2017).

#### A11 OPERATING SEGMENTS

The Group's reportable segments comprise of Retail, Commercial and Others. Each reportable segment offers different services and require different marketing strategies.

For each of the reportable segment, the Group's chief operating decision maker which is the Board of Directors of the Company, reviews internal management reports at least on a quarterly basis.

- Retail – consist of sales and purchase of petroleum products to the retail sector
- Commercial – consist of sales and purchase of petroleum products to the commercial sector
- Others – comprise mainly aviation fuelling services, technical services and and business activities other than retail and commercial segments

Revenues derived from petroleum products are predominately sold to the retail and commercial sectors in Malaysia which have been disclosed in the Operating Segment. In this respect, no further disaggregation of revenue is presented.

# QUARTERLY REPORT

## FOR FIRST QUARTER ENDED 31 MARCH 2019



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

#### Results for quarter ended 31 March

In RM'000	2019			
	Retail	Commercial	Others	Group
<b>Business Segments</b>				
Revenue	3,632,757	3,446,463	6,685	7,085,905
Depreciation and amortisation	80,846	21,910	3,409	106,165
Other income	99,754	11,666	1,493	112,913
<b>Operating profit for reportable segments</b>	228,422	147,020	12,052	387,494
Finance cost	(2,030)	(1,340)	(2,084)	(5,454)
Share of profit after tax of equity accounted associates and joint ventures				946
<b>Profit before taxation</b>				<b>382,986</b>

In RM'000	2018			
	Retail	Commercial	Others	Group
<b>Business Segments</b>				
Revenue	3,665,212	3,399,938	4,966	7,070,116
Depreciation and amortisation	71,898	9,632	5,084	86,614
Other income	76,607	18,439	1,266	96,312
<b>Operating profit for reportable segments</b>	165,824	119,086	5,994	290,904
Finance cost	231	57	(695)	(407)
Share of profit after tax of equity accounted associates and joint ventures				660
<b>Profit before taxation</b>				<b>291,157</b>

# QUARTERLY REPORT

## FOR FIRST QUARTER ENDED 31 MARCH 2019



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

#### A12 VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is stated at cost less accumulated impairment losses, if any.

#### A13 ASSETS CLASSIFIED AS HELD FOR SALE

Assets classified as held for sale relate to the Group's intention to sell two of its land parcels. Effort to sell the land parcels are ongoing and the transaction is expected to complete within the next twelve months.

#### A14 CONTINGENT ASSETS

In RM'000	2019	Group 2018
An award in favour of a subsidiary was issued by the arbitrator in 2018 following an arbitration proceeding, which allowed additional costs and expenses for restructuring works at one of the subsidiary's major facility. The award as of the financial period date is pending final settlement.	26,662	26,662

No provision has been made on the above contingency in the quarterly report up to reporting date. There were no material contingent liabilities since the last consolidated statement of financial position as at 31 December 2018.

#### A15 CHANGES IN COMPOSITION OF THE GROUP

On 9 January 2019, the Group incorporated a wholly owned subsidiary, Setel Ventures Sdn. Bhd. ("SETEL").

#### A16 RELATED PARTY TRANSACTIONS

There were no significant transactions with related party in addition to the related party transactions disclosed in the Audited Financial Statements for the year ended 31 December 2018.

# QUARTERLY REPORT

## FOR FIRST QUARTER ENDED 31 MARCH 2019



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

#### A17 FAIR VALUE INFORMATION

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

Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique 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 fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the prevailing rate of interest charged on the respective loans at the end of the reporting period.

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 Consolidated Statement of Financial Position.

In RM'000	Fair value of financial instruments not carried at fair value	
	Level 3	Carrying amount
<b>Group</b>		
<b>31 March 2019</b>		
<b>Financial Liabilities</b>		
Islamic financing facilities	42,319	44,292
Revolving credit facility	2,991	3,077
	<u>45,310</u>	<u>47,369</u>
<b>Group</b>		
<b>31 December 2018</b>		
<b>Financial Liabilities</b>		
Islamic financing facilities	45,528	48,970
Revolving credit facility	5,841	5,990
	<u>51,369</u>	<u>54,960</u>

# QUARTERLY REPORT

## FOR FIRST QUARTER ENDED 31 MARCH 2019



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

#### B1 FINANCIAL PERFORMANCE

##### (a) Highlight on Consolidated Statement of Financial Position

In RM'000	As at 31 March 2019	As at 31 December 2018	Variance (%)
Total assets	10,162,490	9,170,785	11
Total equity	5,916,540	5,937,240	(0.3)
Total liabilities	4,245,950	3,233,545	31
Return on equity (%)	20.0	14.6	37

Total assets increased by RM991.7 million mainly due to higher cash and cash equivalents by RM1,355.8 million resulting from receipt of subsidy receivable from the Government as well as timing difference on payments to suppliers. The increase was also contributed by recognition of right-of-use assets of RM226.7 million in line with the adoption of MFRS 16. These was then partially offset by decrease in trade and other receivable by RM437.4 million in line with the above subsidy receivable payment.

Group recorded a decrease in total equity of RM20.7 million mainly due to initial effect of adoption of MFRS 16 offset by profit registered for the quarter, net of dividend payment to shareholders.

A net increase of RM1,012.4 million in total liabilities was mainly contributed by higher trade and other payables as explained above as well as higher borrowings following recognition of lease liabilities.

##### (b) Highlight on Consolidated Statement of Profit or Loss and Other Comprehensive Income

In RM'000	Individual quarter ended 31 March		Variance (%)
	2019	2018	
Revenue	7,085,905	7,070,116	0.2
Profit before taxation	382,986	291,157	32

Group revenue increased by RM15.8 million to RM7,085.9 million primarily driven by an increase in sales volume by 3%.

Profit before taxation ("PBT") increased by RM91.8 million mainly due to higher margin of RM115.1 million following higher sales volume as well as increasing MOPS prices trend in Q1 2019. In addition, higher PBT was also contributed by gain on fixed asset disposal of RM11.1 million. This was then offset by higher operating expenses of RM40.2 million due to advertising and promotion expenses.

# QUARTERLY REPORT

## FOR FIRST QUARTER ENDED 31 MARCH 2019



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

#### (c) Highlight on Consolidated Statement of Cash Flows

In RM'000	Quarter ended		Variance (%)
	2019	31 March 2018	
Net cash generated from/ (used in) operating activities	1,661,745	(160,789)	(>100)
Net cash used in investing activities	(15,619)	(4,949)	>100
Net cash used in financing activities	(288,008)	(492,024)	(41)

Net cash generated from operating activities was higher by RM1,822.5 million as compared to last year mainly contributed by trade and other payables due to timing difference on payments to suppliers as well as higher receipt of subsidy receivable from Government during the quarter.

There was a higher cash outflow from investing activities of RM10.7 million mainly related to higher capital expenditure incurred, partially offset with proceeds from disposal of PPE.

In addition, cash outflow from financing activities was lower by RM204.0 million mainly due to special dividends paid to shareholders in Q1 2018.

# QUARTERLY REPORT

## FOR FIRST QUARTER ENDED 31 MARCH 2019



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

#### B2 REVIEW OF GROUP PERFORMANCE

Performance of the current quarter against the corresponding quarter last year

In RM' Mil	Quarter ended								
	Group			Retail			Commercial		
	Mar 2019	Mar 2018	Var %	Mar 2019	Mar 2018	Var %	Mar 2019	Mar 2018	Var %
Revenue	7,085.9	7,070.1	0.2	3,632.8	3,665.2	(1)	3,446.5	3,399.9	1
Profit before taxation	383.0	291.2	32	226.4	166.1	36	145.7	119.1	22

#### Retail Segment

Retail Segment revenue decreased by RM32.4 million due to the decrease in average selling prices by 7%. This was offset by higher sales volume of 6% following improved station productivity, higher number of stations in operation and introduction of the new PETRONAS PRIMAX 95 with Pro-Drive during the period.

Profit before taxation increased by RM60.3 million mainly due to higher margins for Mogas and Diesel following increasing MOPS prices trend. The increase in PBT was partially offset by higher advertising and promotion expenses.

#### Commercial Segment

Commercial Segment recorded higher revenue of RM46.6 million contributed by 1% increase in both average selling prices as well as sales volume. The increase in volume was mainly attributable to higher Jet A1 sales following higher demand from existing customers and new contracts secured. In addition, improved volume was also contributed by Diesel following effective sales strategy. However, this was partially offset by Fuel Oil due to lower customer demand.

Profit before taxation increased by RM26.6 million following improved margins and higher volume from Jet A1 and Diesel.

# QUARTERLY REPORT

## FOR FIRST QUARTER ENDED 31 MARCH 2019



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

#### B3 VARIATION OF RESULTS AGAINST PRECEDING QUARTER

In RM' Mil	Quarter ended		Var %
	Mar 2019	Dec 2018	
Revenue	7,085.9	7,901.3	(10)
Profit before taxation	383.0	70.1	>100

Group revenue for the quarter ended 31 March 2019 decreased by 10% compared to the preceding quarter mainly attributable to decrease in average selling price by 9% as well as lower sales volume by 1%.

Profit before taxation stood at RM383.0 million, an increase of RM312.9 million as compared to the preceding quarter primarily due to higher Retail and Commercial segments margins of RM306.5 million in tandem with the improved MOPS prices trend in the current quarter, compounded by the decline in MOPS prices trend in the previous quarter.



# QUARTERLY REPORT

## FOR FIRST QUARTER ENDED 31 MARCH 2019



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

#### B4 COMMENTARY ON PROSPECTS

The results of the Group's operations are primarily influenced by petroleum product prices which have strong correlation to crude oil prices (Brent) and Malaysia's economic growth as reflected in the Gross Domestic Product ("GDP"), Consumer Sentiment Index ("CSI") and Manufacturing Index.

Brent price averaged USD63.05/bbl in Q1 2019, a decrease of 6.5% from Q4 2018 price of USD67.43/bbl. The price is expected to remain volatile.

Malaysia recorded GDP growth of 4.5% in Q1 2019 as compared to 4.7% in Q4 2018. Consumer Sentiment Index decreased from 96.8 in Q4 2018 to 85.6 in Q1 2019, remained below the 100-point optimism threshold.

The volatility of oil price, economic growth and consumers' sentiment will have impact on the Group's profitability. The Group will continue to focus on inventory management, supply and distribution efficiency as well as operating expenditure optimisation to ensure the Company remains resilient.

##### Retail Segment

Retail market is still anticipated to be challenging due to increasing numbers of energy efficient vehicles as well as the rise in usage of public transportation and e-hailing services. Effective 5 January 2019, the Government has implemented a weekly pump price mechanism which is based on the Automatic Pricing Mechanism elements. In addition, effective 27 February 2019, the weekly pump prices for RON95 and Diesel were capped at a maximum of RM2.08 and RM2.18 per litre, respectively.

Retail Segment will continue to leverage superior products namely PETRONAS PRIMAX 95 with Pro-Drive, focus on strengthening dealership and network management as well as enhancing customer experience through digital initiatives such as Setel, an e-payment solution. In addition, Retail will continue to pursue strategic partnerships to provide added convenience to customers.

LPG and Lubricant businesses will focus on strengthening distribution channels to grow their market share.

##### Commercial Segment

Services and Manufacturing sectors are the key drivers for Malaysia economic growth. Manufacturing sector grew by 4.1% in March FY2019 as compared to 4.4% in December FY2018. Growth in manufacturing activities may lead to stronger demand for petroleum products, which provides an opportunity to the Commercial Segment.

Commercial business and bulk LPG sales will maximise value through effective sales strategies, leveraging its superior logistics, personalised services and differentiated offerings to sustain existing markets and capture new markets.

(Source: Platts, MIER, MAA, DOSM)

# QUARTERLY REPORT

## FOR FIRST QUARTER ENDED 31 MARCH 2019



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

#### B5 PROFIT FORECAST

Not applicable as the Group does not publish any profit forecast.

#### B6 TAX EXPENSE

Tax expense on continuing operations comprises the following:

In RM'000	Individual quarter ended	
	2019	31 March 2018
<u>Income Tax:</u>		
Current period	95,628	77,191
<u>Deferred Taxation:</u>		
Current period	(6,226)	(6,365)
	<u>89,402</u>	<u>70,826</u>

Effective tax rates for the quarter ended 31 March 2019 and 2018 were substantially comparable to the statutory tax rate.

#### B7 STATUS OF CORPORATE PROPOSALS ANNOUNCED

There were no corporate proposals announced as at the date of this report.

#### B8 BORROWINGS

(a) Particulars of the Group's borrowings are as follows:

In RM'000	As at 31 March 2019	As at 31 December 2018
<b>Non Current</b>		
Secured		
Lease liabilities	200,298	-
Unsecured		
Islamic financing facilities	25,246	29,924
	<u>225,544</u>	<u>29,924</u>
<b>Current</b>		
Secured		
Lease liabilities	83,575	-
Unsecured		
Islamic financing facilities	19,046	19,046
Revolving credit facility	3,077	5,990
	<u>105,698</u>	<u>25,036</u>
	<u>331,242</u>	<u>54,960</u>

# QUARTERLY REPORT

## FOR FIRST QUARTER ENDED 31 MARCH 2019



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

#### B8 BORROWINGS (CONTINUED)

(a) Particulars of the Group's borrowings are as follows (continued):

In RM'000	As at 31 March 2019	As at 31 December 2018
<b>By Currency</b>		
RM	154,787	48,970
USD	172,654	-
THB	3,801	5,990

The Islamic financing facilities are denominated in Ringgit Malaysia and governed by the Musharakah Mutanaqisah and Commodity Murabahah principles, and bear a profit margin ranging from 4.57% to 4.68% per annum.

The revolving credit facility is denominated in Thai Baht and bears an interest rate of 2.90% per annum.

The lease liabilities bears interest at rates between 4.19% to 8.43%.

(b) Reconciliation of borrowings arising from financing activities

In RM'000	As at 1 January 2019	Effect of adoption of MFRS 16	Cash flows		Non-cash changes		As at 31 March 2019
			Drawdown/ (Repayment)	Interest expenses	Foreign exchange movement	Others	
Islamic financing facilities	48,970	-	(4,678)	(554)	-	554	44,292
Revolving credit facility	5,990	-	(2,950)	(35)	37	35	3,077
Lease liabilities	-	310,435	(26,562)	(4,865)	-	4,865	283,873
	<u>54,960</u>	<u>310,435</u>	<u>(34,190)</u>	<u>(5,454)</u>	<u>37</u>	<u>5,454</u>	<u>331,242</u>

#### B9 MATERIAL LITIGATION

There are no material litigations as at the date of this report.

#### B10 DIVIDENDS

The Board has declared an interim dividend of 15 sen per ordinary share amounting to RM149,018,100 for quarter ended 31 March 2019, payable on 27 June 2019 (Quarter 1 2018: an interim dividend of 13 sen per ordinary share amounting to RM129,149,020).

NOTICE IS HEREBY GIVEN that the interim dividend will be payable on 27 June 2019 to depositors registered in the Records of Depositors at the close of the business on 14 June 2019. A depositor shall qualify for entitlement to the dividends only in respect of:-

- Shares transferred into Depositors' Securities Account before 4 pm on 14 June 2019 in respect of ordinary transfer.
- Shares bought on the Bursa Malaysia on a cum entitlement basis according to the rules of the Bursa Malaysia.

# QUARTERLY REPORT

## FOR FIRST QUARTER ENDED 31 MARCH 2019



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

#### B11 BASIC EARNINGS PER SHARE

Basic earnings per share is derived based on the profit attributable to shareholders of the Company and based on the number of ordinary shares outstanding as at 31 March 2019.

	Individual quarter ended	
	2019	31 March 2018
Profit attributable to shareholders of the Company (RM'000)	291,196	218,478
Number of ordinary shares ('000)	993,454	993,454
Earnings per ordinary share (sen)	29.3	22.0

#### B12 TRADE RECEIVABLES

In RM'000	As at	As at
	31 March 2019	31 December 2018
Trade receivables		
- Third party	1,132,177	1,211,449
- Related companies	79,814	81,377
Less:		
- Impairment loss: specific	(7,943)	(8,328)
- Impairment loss: general	(2,201)	(2,317)
	<b>1,201,847</b>	<b>1,282,181</b>

In RM'000	As at	As at
	31 March 2019	31 December 2018
<b>At net</b>		
Current	1,111,053	1,208,763
Past due 1 to 30 days	40,941	40,646
Past due 31 to 60 days	15,754	8,751
Past due 61 to 90 days	11,107	10,693
Past due more than 90 days	22,992	13,328
	<b>1,201,847</b>	<b>1,282,181</b>

As at 31 March 2019, there are no indications that the debtors will not meet their payment obligations except for impairment losses recognised above.

# QUARTERLY REPORT

## FOR FIRST QUARTER ENDED 31 MARCH 2019



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

#### B13 PROFIT FOR THE PERIOD

In RM'000	Individual quarter ended	
	2019	31 March 2018
<b>Profit for the period is arrived at after charging:</b>		
Depreciation and amortisation*	106,165	86,614
Impairment loss on trade and other receivables	78	-
Interest on revolving credit	35	-
Net unrealised loss on foreign exchange	-	113
Net realised loss on foreign exchange	-	226
Profit margin for Islamic financing facility	554	695
Interest on lease liabilities	4,865	-
<b>and after crediting:</b>		
Net gain on disposal of property, plant and equipment	18,740	7,571
Interest income from from funds and other investment	26,819	26,472
Income from rental of premises	230	410
Net unrealised gain on foreign exchange	1,178	-
Net realised gain on foreign exchange	385	-
Reversal of impairment loss on trade and other receivables	417	617

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

\* Includes depreciation on right-of-use assets

#### BY ORDER OF THE BOARD

Nur Nadia Mohd Nordin (LS0009231)

Yeap Kok Leong (MAICSA 0862549)

Joint Secretaries

Kuala Lumpur

28 May 2019