



**PETRONAS**

# **PETRONAS DAGANGAN BERHAD**

## **Quarterly Report**

For Third Quarter Ended 30 September 2020

# QUARTERLY REPORT

## FOR THIRD QUARTER ENDED 30 SEPTEMBER 2020

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 third quarter ended 30 September 2020 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 30 September 2020	As at 31 December 2019
<b>ASSETS</b>			
Property, plant and equipment		3,957,560	4,134,901
Investments in associates		1,617	1,456
Investments in joint ventures		19,186	21,561
<b>TOTAL NON-CURRENT ASSETS</b>		<b>3,978,363</b>	<b>4,157,918</b>
Trade and other inventories		586,589	796,819
Trade and other receivables		1,226,338	1,565,011
Fund investment		-	51,004
Cash and cash equivalents		2,603,686	3,425,500
<b>TOTAL CURRENT ASSETS</b>		<b>4,416,613</b>	<b>5,838,334</b>
<b>TOTAL ASSETS</b>	B1	<b>8,394,976</b>	<b>9,996,252</b>
<b>EQUITY</b>			
Share capital		993,454	993,454
Reserves		4,672,238	4,982,490
<b>Total Equity Attributable to Shareholders of the Company</b>		<b>5,665,692</b>	<b>5,975,944</b>
Non-controlling interests		33,472	35,451
<b>TOTAL EQUITY</b>	B1	<b>5,699,164</b>	<b>6,011,395</b>
<b>LIABILITIES</b>			
Borrowings	B8	109,859	168,653
Deferred tax liabilities		100,153	100,318
Other long term liabilities and provisions		29,051	28,473
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>239,063</b>	<b>297,444</b>
Trade and other payables		2,255,187	3,440,211
Borrowings	B8	89,432	165,502
Taxation		112,130	81,700
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,456,749</b>	<b>3,687,413</b>
<b>TOTAL LIABILITIES</b>	B1	<b>2,695,812</b>	<b>3,984,857</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,394,976</b>	<b>9,996,252</b>
Net assets per share attributable to ordinary equity holders of the Parent (RM)		5.70	6.02

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 and accompanying explanatory notes attached to the Interim Condensed Consolidated Financial Statements.

# QUARTERLY REPORT

## FOR THIRD QUARTER ENDED 30 SEPTEMBER 2020

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME/(EXPENSE)

In RM'000	Note	Individual quarter ended 30 September		Cumulative quarter ended 30 September	
		2020	2019	2020	2019
Revenue	B1	4,830,478	7,807,228	14,316,139	22,499,362
Operating profit		292,067	321,653	283,454	949,516
Finance cost		(3,512)	(4,988)	(12,036)	(15,450)
Share of (loss)/profit after tax of equity accounted associates and joint ventures		(265)	1,026	(388)	4,239
Profit before taxation	B1	288,290	317,691	271,030	938,305
Taxation	B6	(77,492)	(77,181)	(86,259)	(229,832)
<b>PROFIT FOR THE PERIOD</b>	B13	<b>210,798</b>	<b>240,510</b>	<b>184,771</b>	<b>708,473</b>
<b>Other comprehensive (expense)/ income</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Exchange differences arising from translation of financial statements of foreign operations		(2,903)	1,885	(275)	2,519
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>207,895</b>	<b>242,395</b>	<b>184,496</b>	<b>710,992</b>
<b>Profit attributable to:</b>					
Shareholders of the Company		212,661	239,001	186,750	702,948
Non-controlling interests		(1,863)	1,509	(1,979)	5,525
<b>PROFIT FOR THE PERIOD</b>		<b>210,798</b>	<b>240,510</b>	<b>184,771</b>	<b>708,473</b>
<b>Total comprehensive income attributable to:</b>					
Shareholders of the Company		209,758	240,886	186,475	705,467
Non-controlling interests		(1,863)	1,509	(1,979)	5,525
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>207,895</b>	<b>242,395</b>	<b>184,496</b>	<b>710,992</b>
Earnings per ordinary share - basic (sen)	B11	21.4	24.1	18.8	70.8

The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income/(Expense) should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 and accompanying explanatory notes attached to the Interim Condensed Consolidated Financial Statements.

# QUARTERLY REPORT

## FOR THIRD QUARTER ENDED 30 SEPTEMBER 2020

### 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 2019	993,454	(18,204)	(18,732)	4,886,040	5,842,558	31,026	5,873,584
Exchange difference arising from translation of financial statements of foreign operations	-	2,519	-	-	2,519	-	2,519
Total other comprehensive expense for the period	-	2,519	-	-	2,519	-	2,519
Profit for the period	-	-	-	702,948	702,948	5,525	708,473
Total comprehensive income for the period	-	2,519	-	702,948	705,467	5,525	710,992
Dividends paid	-	-	-	(536,465)	(536,465)	-	(536,465)
At 30 September 2019	993,454	(15,685)	(18,732)	5,052,523	6,011,560	36,551	6,048,111
At 1 January 2020	993,454	(18,935)	(18,732)	5,020,157	5,975,944	35,451	6,011,395
Exchange difference arising from translation of financial statements of foreign operations	-	(275)	-	-	(275)	-	(275)
Total other comprehensive expense for the period	-	(275)	-	-	(275)	-	(275)
Profit/(loss) for the period	-	-	-	186,750	186,750	(1,979)	184,771
Total comprehensive (expense)/income for the period	-	(275)	-	186,750	186,475	(1,979)	184,496
Dividends paid	-	-	-	(496,727)	(496,727)	-	(496,727)
At 30 September 2020	993,454	(19,210)	(18,732)	4,710,180	5,665,692	33,472	5,699,164

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 2019 and accompanying explanatory notes attached to the Interim Condensed Consolidated Financial Statements.

# QUARTERLY REPORT

## FOR THIRD QUARTER ENDED 30 SEPTEMBER 2020

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

In RM'000	Note	Cumulative quarter ended	
		2020	30 September 2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		271,030	938,305
Adjustments for:			
Depreciation and amortisation		377,603	344,207
Impairment loss on property, plant and equipment		-	4,026
Net impairment loss on trade and other receivables		5,566	345
Share of loss/(profit) after tax of equity accounted associates and joint ventures		388	(4,239)
Net loss/ (gain) on disposal of property, plant and equipment		449	(18,754)
Interest income		(50,252)	(83,103)
Finance cost		12,036	15,450
Net inventories (written-back)/ written off		(4,306)	601
Other non-cash items		(2,158)	1,675
<b>Operating profit before changes in working capital</b>		<b>610,356</b>	<b>1,198,513</b>
Inventories		214,536	(64,417)
Trade and other receivables		333,107	569,713
Trade and other payables		(1,182,754)	467,549
<b>Cash (used in)/ generated from operations</b>		<b>(24,755)</b>	<b>2,171,358</b>
Taxation paid		(56,976)	(204,680)
<b>Net cash (used in)/ generated from operating activities</b>	B1	<b>(81,731)</b>	<b>1,966,678</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income		50,252	83,103
Net withdrawal/ (placement) of fund investment		51,004	(1,004)
Purchase of property, plant and equipment		(200,270)	(270,556)
Proceeds from disposal of property, plant and equipment		-	27,038
<b>Net cash used in investing activities</b>	B1	<b>(99,014)</b>	<b>(161,419)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid		(496,727)	(536,465)
Net repayment of revolving credit facility	B8	(5,258)	(4,376)
Repayment of Islamic financing facilities	B8	(14,814)	(14,181)
Repayment of lease liabilities	B8	(115,622)	(85,301)
Interest paid on revolving credit	B8	(28)	(70)
Profit margin paid for Islamic financing facilities	B8	(686)	(1,487)
Interest paid on lease liabilities	B8	(11,322)	(13,893)
<b>Net cash used in financing activities</b>	B1	<b>(644,457)</b>	<b>(655,773)</b>

# QUARTERLY REPORT

## FOR THIRD QUARTER ENDED 30 SEPTEMBER 2020

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Net (decrease)/ increase in cash and cash equivalents	(825,202)	1,149,486
Net foreign exchange differences	3,388	977
Cash and cash equivalents at beginning of the period	<u>3,425,500</u>	<u>2,187,891</u>
Cash and cash equivalents at end of the period	<u>2,603,686</u>	<u>3,338,354</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 2019 and accompanying explanatory notes attached to the Interim Condensed Consolidated Financial Statements.

# QUARTERLY REPORT

## FOR THIRD QUARTER ENDED 30 SEPTEMBER 2020

### 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 2019. 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 2019.

Within the context of these financial statements, the Group comprises the Company and its subsidiaries, and the Group's interest in its associates and joint ventures as at and for the quarter ended 30 September 2020.

#### 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 the year ended 31 December 2019.

As of 1 January 2020, the Group has adopted the following amendments to MFRSs ("pronouncements") which are effective for annual years beginning on or after 1 January 2020.

Amendments to MFRS 3	Business Combinations (Definition of a Business)
Amendments to MFRS 7	Financial Instrument: Disclosures - Interest Rate Benchmark Reform
Amendments to MFRS 9	Financial Instrument
Amendments to MFRS 101	Presentation of Financial Statements (Definition of Material)
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)
Amendments to MFRS 139	Financial Instrument: Recognition and Measurement

The Group has also early adopted the Amendment to MFRS 16 Leases (Covid-19 Related Rent Concessions) issued by MASB in June 2020, in response to the Covid-19 pandemic. The amendment is effective for annual periods beginning on or after 1 June 2020.

The initial application of the above pronouncements did not have any material impact to the consolidated financial statements of the Group.

#### A3 AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The audited financial statements of the Group for the year ended 31 December 2019 were not subject to audit qualification.

#### A4 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.

#### A5 EXCEPTIONAL ITEMS

There were no exceptional items during the quarter under review.

# QUARTERLY REPORT

## FOR THIRD QUARTER ENDED 30 SEPTEMBER 2020

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

#### A6 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 2019 that may have a material effect in the current quarter results.

#### A7 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 30 September 2020</b>	<b>As at 31 December 2019</b>
Approved and contracted for	120,509	34,209
Approved but not contracted for	432,611	215,258
	<b>553,120</b>	<b>249,467</b>

#### A8 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.

#### A9 DIVIDENDS PAID

During the period ended 30 September 2020, the following dividend payments were made:

- i. an interim dividend of 25 sen per ordinary share amounting to RM248.4 million and a special dividend of 15 sen per ordinary share amounting to RM149.0 million for the quarter ended 31 December 2019 to shareholders on 26 March 2020 (Quarter 1 2019: an interim dividend of 25 sen per ordinary share amounting to RM248.4 million for the quarter ended 31 December 2018).
- ii. an interim dividend of 5 sen per ordinary share amounting to RM49.7 million for the quarter ended 31 March 2020 to shareholders on 17 June 2020 (Quarter 2 2019: an interim dividend of 15 sen per ordinary share amounting to RM149.0 million for the quarter ended 31 March 2019).
- iii. an interim dividend of 5 sen per ordinary share amounting to RM49.7 million for the quarter ended 30 June 2020 to shareholders on 24 September 2020 (Quarter 3 2019: an interim dividend of 14 sen per ordinary share amounting to RM139.1 million for the quarter ended 30 June 2019).

#### A10 OPERATING SEGMENTS

The Group's reportable segments comprise Retail, Commercial and Others. Each reportable segment offers different services and requires 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 THIRD QUARTER ENDED 30 SEPTEMBER 2020

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

#### Results for cumulative quarter ended 30 September

In RM'000	2020			
	Retail	Commercial	Others	Group
<b>Business Segments</b>				
Revenue	8,392,560	5,914,418	9,161	14,316,139
Depreciation and amortisation	280,090	70,990	26,523	377,603
Other income	233,361	36,537	3,220	273,118
<b>Operating profit/(loss) for reportable segments</b>	141,980	178,668	(37,194)	283,454
Finance cost	(5,118)	(1,428)	(5,490)	(12,036)
Share of loss after tax of equity accounted associates and joint ventures				(388)
<b>Profit before taxation</b>				<b>271,030</b>

In RM'000	2019			
	Retail	Commercial	Others	Group
<b>Business Segments</b>				
Revenue	11,454,154	11,025,336	19,872	22,499,362
Depreciation and amortisation	254,065	67,924	22,218	344,207
Other income	282,924	37,494	399	320,817
<b>Operating profit for reportable segments</b>	513,569	431,544	4,403	949,516
Finance cost	(6,346)	(3,025)	(6,079)	(15,450)
Share of profit after tax of equity accounted associates and joint ventures				4,239
<b>Profit before taxation</b>				<b>938,305</b>

# QUARTERLY REPORT

## FOR THIRD QUARTER ENDED 30 SEPTEMBER 2020

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

#### A11 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.

#### A12 CONTINGENCIES

In RM'000	2020	Group 2019
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 quantum to be paid following the award as of the financial period date is pending settlement negotiation between the parties.	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 2019.

#### A13 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 2019.

# QUARTERLY REPORT

## FOR THIRD QUARTER ENDED 30 SEPTEMBER 2020

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

#### A14 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 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>30 September 2020</b>		
<b>Financial Liabilities</b>		
Islamic financing facilities	14,483	14,942
<b>Group</b>		
<b>31 December 2019</b>		
<b>Financial Liabilities</b>		
Islamic financing facilities	28,131	29,756
Revolving credit facility	5,312	5,466
	<u>33,443</u>	<u>35,222</u>

# QUARTERLY REPORT

## FOR THIRD QUARTER ENDED 30 SEPTEMBER 2020

### 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	As at	Variance (%)
	30 September 2020	31 December 2019	
Total assets	8,394,976	9,996,252	(16)
Total equity	5,699,164	6,011,395	(5)
Total liabilities	2,695,812	3,984,857	(32)
Return on equity (%)	4.3	14.0	(69)

Total assets decreased by RM1,601.3 million or 16%. This was due to lower cash and cash equivalents by RM821.8 million and trade and other receivables by RM338.7 million, in line with the lower sales volume and reduced subsidies as well as the special dividend payment in Q1,2020.

Total liabilities decreased by RM1,289.0 million or 32%, mainly due to lower trade and other payables resulting from decrease in purchased volume and lower purchase price, following declining MOPS prices trend.

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

In RM'000	Cumulative quarter ended		Variance (%)
	2020	30 September 2019	
Revenue	14,316,139	22,499,362	(36)
Profit before taxation	271,030	938,305	(71)

The Group's revenue for the period decreased by RM8,183.3 million as total sales volume declined by 22% while average selling prices reduced by 18%. However, against preceding quarter, the Group's sales volume increased by 34% as travel restrictions were lifted during the Recovery Movement Control Order ("RMCO") cushioning the impact of the reduction in revenue for the year to date.

The Group recorded a lower Profit Before Taxation ("PBT") of RM667.3 million or 71%. This was mainly due to reduction in gross profit following lower sales volume and a sharp decline in MOPS prices at beginning of the year. This was offset by lower operating expenses, mainly contributed by lower advertising and promotion activities and transportation cost, in line with lower sales volume.

# QUARTERLY REPORT

## FOR THIRD QUARTER ENDED 30 SEPTEMBER 2020

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

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

(ii)	Individual quarter ended		Variance (%)
	2020	30 September 2019	
In RM'000			
Revenue	4,830,478	7,807,228	(38)
Profit before taxation	288,290	317,691	(9)

The Group's revenue decreased by RM2,976.7 million or 38%, due to decrease in sales volume by 22% and lower average selling prices of 21%.

The Group also recorded a decrease in PBT of RM29.4 million or 9% for the quarter, mainly due to lower gross profit resulting from lower volume, cushioned by lower product cost in Retail segment. The reduction was offset by lower operating expenses, mainly contributed by lower advertising and promotion activities and transportation cost, in line with lower sales volume.

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

In RM'000	Cumulative quarter ended		Variance (%)
	2020	30 September 2019	
Net cash (used in)/ generated from operating activities	(81,731)	1,966,678	(>100)
Net cash used in investing activities	(99,014)	(161,419)	(39)
Net cash used in financing activities	(644,457)	(655,773)	(2)

Net cash used in operating activities was lower by RM2,048.4 million, mainly due to lower cash sales by RM8,065.0 million following lower sales volume as well as lower subsidies received by RM1,318.2 million. The decrease was offset by lower purchases of RM7,683.6 million.

Investing activities recorded lower cash outflow by RM62.4 million mainly due to lower capital expenditure of RM70.2 million, reduced fund investments of RM52.0 million, compared to higher interest income of RM32.8 million and proceeds from disposal of property, plant and equipment of RM27.0 million recorded in the corresponding period.

# QUARTERLY REPORT

## FOR THIRD QUARTER ENDED 30 SEPTEMBER 2020

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

### B2 REVIEW OF GROUP PERFORMANCE

#### a) Performance of the current quarter against the corresponding quarter last year

In RM' Mil	Individual quarter ended								
	Group			Retail			Commercial		
	Sept 2020	Sept 2019	Var %	Sept 2020	Sept 2019	Var %	Sept 2020	Sept 2019	Var %
Revenue	4,830.5	7,807.2	(38)	3,166.4	3,947.3	(20)	1,662.1	3,852.8	(57)
Profit before taxation	288.3	317.7	(9)	200.5	170.3	18	106.7	154.0	(31)

#### Retail Segment

Retail Segment revenue decreased by RM780.9 million or 20%, mainly due to lower average selling prices by 17% in line with lower MOPS prices trend and lower sales volume of 3%, in tandem with lower demand during RMCO.

PBT for the quarter was higher by RM30.2 million or 18%, due to lower product costs as well as lower operating expenditure contributed by lesser advertising and promotion activities and also transportation cost.

#### Commercial Segment

Commercial Segment recorded lower PBT of RM47.3 million or 31%, mainly due to decrease in revenue by RM2,190.7 million and lower margin for the quarter, following decrease in sales volume mainly from Jet A1 and Diesel.

# QUARTERLY REPORT

## FOR THIRD QUARTER ENDED 30 SEPTEMBER 2020

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

### B2 REVIEW OF GROUP PERFORMANCE

#### b) Performance of the current period against the corresponding period last year

In RM' Mil	Cumulative quarter ended								
	Group			Retail			Commercial		
	Sept 2020	Sept 2019	Var %	Sept 2020	Sept 2019	Var %	Sept 2020	Sept 2019	Var %
Revenue	14,316.1	22,499.4	(36)	8,392.6	11,454.2	(27)	5,914.4	11,025.3	(46)
Profit before taxation	271.0	938.3	(71)	136.9	513.6	(73)	177.2	431.5	(59)

#### Retail Segment

Retail Segment revenue decreased by RM3,061.6 million, mainly due to decrease in average selling prices by 16% as well as lower sales volume of 13%, in tandem with lower demand.

PBT for the period was lower by RM376.7 million or 73%, mainly due to lower gross profit from Mogas and Diesel, following sharp decline in MOPS price at beginning of the year and also due to lower sales volume. This was offset by lower operating expenditure contributed by lesser advertising and promotion activities as well as transportation cost.

#### Commercial Segment

Commercial Segment recorded a decrease in revenue of RM5,110.9 million or 46%, due to lower sales volume by 31% and decrease in average selling prices by 22%.

PBT decreased by RM254.3 million or 59%, in line with lower gross profit from Jet A1 and Diesel following decrease in sales volume as well as MOPS prices trend.

# QUARTERLY REPORT

## FOR THIRD QUARTER ENDED 30 SEPTEMBER 2020

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 %
	Sept 2020	June 2020	
Revenue	4,830.5	2,931.8	65
Profit before taxation	288.3	1.2	>100

Group revenue increased by RM1,898.7 million or 65% compared to the preceding quarter, mainly due to higher sales volume by 34% following improvement in demand arising from the lifting of travel restrictions during RMCO and increase in average selling prices by 23%.

PBT for the quarter increased by RM287.1 million, mainly contributed by higher gross profit from both Retail and Commercial segments by RM363.0 million following higher sales volume and average selling prices. This was offset by increase in operating expenditure of RM88.3 million due to higher advertising and promotion activities as well as repair and maintenance work.



# QUARTERLY REPORT

## FOR THIRD QUARTER ENDED 30 SEPTEMBER 2020

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

### B4 COMMENTARY ON PROSPECTS

The implementation of Recovery Movement Control Order (“RMCO”) since June 2020 has continued to improve business across the Group. Overall demand has increased following the lifting of restrictions on domestic travel during RMCO, however demand for international aviation fuel remains low due to global travel restrictions.

The increase in overall demand was also in line with the recovery of Malaysia’s Growth Domestic Product (“GDP”) and the increase in Consumer Sentiment Index (“CSI”). The GDP recorded a lower contraction of 2.7% as compared to 17.1% in Q2 2020, whilst the CSI has increased from 90.1 in Q2 2020 to 91.5 in Q3 2020.

The Group’s operation was also impacted by product prices in tandem with the fluctuating crude oil prices. Average Brent price in Q3 2020 has increased by 47.3% to USD43.00/bbl, from USD29.20/bbl in Q2 2020, and the price is expected to remain volatile until the year end.

The Group’s performance for the remainder of the financial year ending 31 December 2020 is expected to be impacted by the resurgence of COVID-19 cases.

#### Retail Segment

The implementation of Conditional Movement Control Order (“CMCO”) in certain districts and states due to the rising cases of COVID-19 is expected to have an impact on product demand in the coming months.

In response to growing demand for food-to-go solutions as seen during the MCO for the non-fuel segment, we have recently launched Makan@Mesra, a new eatery corner within the newly designed Kedai Mesra. In addition, we have also expanded the Setel mobile application features to include Deliver2Me, allowing Setel users to conveniently purchase items from Kedai Mesra and have them delivered directly to their vehicles while refueling. This further minimises physical contact during the pandemic.

Meanwhile, LPG and Lubricant businesses will continue to focus on strengthening their distribution channels and cost optimisation initiatives.

#### Commercial Segment

Commercial business will continue to provide superior value proposition to its customers through a comprehensive product offering, to retain and capture new markets. To address the impact of prolonged closure of international borders, commercial business will continue to capitalise on domestic air travel recovery as well as to optimise its operating cost effectively.

(Source: Platts, DOSM, MIER)

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### B5 PROFIT FORECAST

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

### B6 TAXATION

Tax expense comprises the following:

In RM'000	Individual quarter ended 30 September		Cumulative quarter ended 30 September	
	2020	2019	2020	2019
<u>Income Tax:</u>				
Current period	73,210	79,711	87,406	244,150
<u>Deferred Taxation:</u>				
Current period	4,282	(2,530)	(1,147)	(14,318)
	<u>77,492</u>	<u>77,181</u>	<u>86,259</u>	<u>229,832</u>

Effective tax rates for the quarter and cumulative quarter ended 30 September 2019 were comparable to the statutory tax rate. Effective tax rates for the quarter and cumulative quarter ended 30 September 2020 were higher than the statutory tax rate due to higher non-deductible expenses.

### 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 30 September 2020	As at 31 December 2019
<b>Non Current</b>		
Secured		
Lease liabilities	109,859	158,694
Unsecured		
Islamic financing facilities	-	9,959
	<u>109,859</u>	<u>168,653</u>
<b>Current</b>		
Secured		
Lease liabilities	74,490	140,239
Unsecured		
Islamic financing facilities	14,942	19,797
Revolving credit facility	-	5,466
	<u>89,432</u>	<u>165,502</u>
	<u>199,291</u>	<u>334,155</u>

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### 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 30 September 2020	As at 31 December 2019
<b>By Currency</b>		
RM	133,061	226,469
USD	65,864	101,672
THB	366	6,014
	<b>199,291</b>	<b>334,155</b>

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 3.09% to 4.32% (2019: 4.27% to 4.68%) per annum.

The revolving credit facility is denominated in Thai Baht and bears an interest rate of 2.80% (2019: 2.90%) per annum.

The lease liabilities bear interest at rates ranging from 3.68% to 8.43% (2019: 4.19% to 8.43%) per annum.

(b) Reconciliation of borrowings arising from financing activities

In RM'000	As at 1 January 2020	Cash flows		Non-cash changes		As at 30 Sept 2020
		Net repayment	Interest expenses	Foreign exchange movement	Others	
Islamic financing facilities	29,756	(14,814)	(686)	-	686	14,942
Revolving credit facility	5,466	(5,258)	(28)	(208)	28	-
Lease liabilities	298,933	(115,622)	(11,322)	-	12,360	184,349
	<b>334,155</b>	<b>(135,694)</b>	<b>(12,036)</b>	<b>(208)</b>	<b>13,074</b>	<b>199,291</b>

#### B9 MATERIAL LITIGATION

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

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## FOR THIRD QUARTER ENDED 30 SEPTEMBER 2020

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

#### B10 DIVIDENDS

The Board has declared an interim dividend of 11 sen per ordinary share amounting to RM109,279,940 for quarter ended 30 September 2020, payable on 16 December 2020 (Quarter 3 2019: an interim dividend of 16 sen per ordinary share amounting to RM158,952,640).

NOTICE IS HEREBY GIVEN that the interim dividend will be payable on 16 December 2020 to depositors registered in the Records of Depositors at the close of the business on 2 December 2020. A depositor shall qualify for entitlement to the dividends only in respect of:

- Shares transferred into Depositor's Securities Account before 4.00 pm on 2 December 2020 in respect of ordinary transfers.
- Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of the 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 30 September 2020.

	Individual quarter ended		Cumulative quarter ended	
	2020	2019	2020	2019
Profit attributable to shareholders of the Company (RM'000)	212,661	239,001	186,750	702,948
Number of ordinary shares ('000)	993,454	993,454	993,454	993,454
Earnings per ordinary share (sen)	21.4	24.1	18.8	70.8

#### B12 TRADE RECEIVABLES

In RM'000	As at 30 September 2020	As at 31 December 2019
Trade receivables		
- Third party	1,102,685	1,262,929
- Related companies	53,450	98,430
Less:		
- Impairment loss: specific	(3,924)	(8,049)
- Impairment loss: general	(8,367)	(2,420)
	<b>1,143,844</b>	<b>1,350,890</b>
<b>At net</b>		
Current	1,091,409	1,281,254
Past due 1 to 30 days	17,307	26,831
Past due 31 to 60 days	4,782	12,389
Past due 61 to 90 days	6,422	10,840
Past due more than 90 days	23,924	19,576
	<b>1,143,844</b>	<b>1,350,890</b>

As at 30 September 2020, the maximum exposure to credit risk arising from trade receivables are represented by the carrying amounts in the statement of financial position.

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### B13 PROFIT FOR THE PERIOD

In RM'000	Individual quarter ended 30 September		Cumulative quarter ended 30 September	
	2020	2019	2020	2019
<b>Profit for the period is arrived at after charging:</b>				
Depreciation and amortisation*	122,210	119,753	377,603	344,207
Impairment loss on property, plant and equipment	-	4,026	-	4,026
Impairment loss on trade and other receivables	13	413	7,059	1,187
Net loss on disposal of property, plant and equipment	149	-	449	-
Interest on revolving credit	1	21	28	70
Net unrealised loss on foreign exchange	-	1,158	-	1,180
Net realised loss on foreign exchange	1,033	-	838	-
Profit margin for Islamic financing facility	154	424	686	1,487
Interest on lease liabilities	3,357	4,543	11,322	13,893
Inventories written-off	-	522	18	601
Property, plant and equipment written off	-	495	-	495
<b>and after crediting:</b>				
Net gain on disposal of property, plant and equipment	-	888	-	18,754
Inventories written-back	3,668	-	4,324	-
Interest income	12,455	27,414	50,252	83,103
Income from rental of premises	407	220	617	652
Net unrealised gain on foreign exchange	79	-	2,158	-
Net realised gain on foreign exchange	-	751	-	1,976
Reversal of impairment loss on trade and other receivables	756	283	1,493	842
Covid-19 related rent concessions	-	-	50	-

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

\* Includes depreciation on rights-of-use assets

#### BY ORDER OF THE BOARD

Suria Kamarul Baharin (LS0010448)  
Yeap Kok Leong (MAICSA 0862549)  
Joint Secretaries  
Kuala Lumpur  
17 November 2020