



**PETRONAS**

# **PETRONAS DAGANGAN BERHAD**

## **Quarterly Report**

For Fourth Quarter and Year Ended  
31 December 2020

# QUARTERLY REPORT

## FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 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 fourth quarter and year ended 31 December 2020 which should be read in conjunction with the accompanying explanatory notes on pages 7 to 20.

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In RM'000	Note	As at 31 December 2020	As at 31 December 2019
<b>ASSETS</b>			
Property, plant and equipment		4,067,023	4,134,901
Investments in associates		1,665	1,456
Investments in joint ventures		19,449	21,561
<b>TOTAL NON-CURRENT ASSETS</b>		<b>4,088,137</b>	<b>4,157,918</b>
Trade and other inventories		410,229	796,819
Trade and other receivables		1,169,444	1,565,011
Fund investment		-	51,004
Cash and cash equivalents		2,691,820	3,425,500
<b>TOTAL CURRENT ASSETS</b>		<b>4,271,493</b>	<b>5,838,334</b>
<b>TOTAL ASSETS</b>	B2	<b>8,359,630</b>	<b>9,996,252</b>
<b>EQUITY</b>			
Share capital		993,454	993,454
Reserves		4,650,291	4,982,490
<b>Total Equity Attributable to Shareholders of the Company</b>		<b>5,643,745</b>	<b>5,975,944</b>
Non-controlling interests		31,901	35,451
<b>TOTAL EQUITY</b>	B2	<b>5,675,646</b>	<b>6,011,395</b>
<b>LIABILITIES</b>			
Borrowings	B7	96,778	168,653
Deferred tax liabilities		104,609	100,318
Other long term liabilities and provisions		30,328	28,473
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>231,715</b>	<b>297,444</b>
Trade and other payables		2,342,061	3,440,211
Borrowings	B7	81,392	165,502
Taxation		28,816	81,700
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,452,269</b>	<b>3,687,413</b>
<b>TOTAL LIABILITIES</b>	B2	<b>2,683,984</b>	<b>3,984,857</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,359,630</b>	<b>9,996,252</b>
Net assets per share attributable to ordinary equity holders of the Parent (RM)		5.68	6.02

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to the Condensed Consolidated Financial Statements.

# QUARTERLY REPORT

## FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2020

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

In RM'000	Note	Individual quarter ended 31 December		Year ended 31 December	
		2020	2019	2020	2019
Revenue	B2	4,394,808	7,794,209	18,710,947	30,293,571
Operating profit		119,080	197,280	402,534	1,146,795
Finance cost		(3,999)	(6,362)	(16,035)	(21,812)
Share of profit/(loss) after tax of equity accounted associates and joint ventures		310	(350)	(78)	3,889
Profit before taxation	B2	115,391	190,568	386,421	1,128,872
Taxation	B5	(27,748)	(61,405)	(114,007)	(291,237)
<b>PROFIT FOR THE PERIOD/YEAR</b>	B12	<b>87,643</b>	<b>129,163</b>	<b>272,414</b>	<b>837,635</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		(1,881)	(3,250)	(2,156)	(731)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR</b>		<b>85,762</b>	<b>125,913</b>	<b>270,258</b>	<b>836,904</b>
<b>Profit/(loss) attributable to:</b>					
Shareholders of the Company		89,214	126,588	275,964	829,535
Non-controlling interests		(1,571)	2,575	(3,550)	8,100
<b>PROFIT FOR THE PERIOD/YEAR</b>		<b>87,643</b>	<b>129,163</b>	<b>272,414</b>	<b>837,635</b>
<b>Total comprehensive income/(expense) attributable to:</b>					
Shareholders of the Company		87,333	123,338	273,808	828,804
Non-controlling interests		(1,571)	2,575	(3,550)	8,100
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR</b>		<b>85,762</b>	<b>125,913</b>	<b>270,258</b>	<b>836,904</b>
Earnings per ordinary share - basic (sen)	B10	9.0	12.7	27.8	83.5

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 FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 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	-	(731)	-	-	(731)	-	(731)
Total other comprehensive expense for the year	-	(731)	-	-	(731)	-	(731)
Profit for the year	-	-	-	829,535	829,535	8,100	837,635
Total comprehensive (expense)/income for the year	-	(731)	-	829,535	828,804	8,100	836,904
Dividends paid	-	-	-	(695,418)	(695,418)	(3,675)	(699,093)
At 31 December 2019	993,454	(18,935)	(18,732)	5,020,157	5,975,944	35,451	6,011,395
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	-	(2,156)	-	-	(2,156)	-	(2,156)
Total other comprehensive expense for the year	-	(2,156)	-	-	(2,156)	-	(2,156)
Profit/(loss) for the year	-	-	-	275,964	275,964	(3,550)	272,414
Total comprehensive (expense)/income for the year	-	(2,156)	-	275,964	273,808	(3,550)	270,258
Dividends paid	-	-	-	(606,007)	(606,007)	-	(606,007)
At 31 December 2020	993,454	(21,091)	(18,732)	4,690,114	5,643,745	31,901	5,675,646

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to these Condensed Consolidated Financial Statements.

# QUARTERLY REPORT

## FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2020

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

In RM'000	Note	2020	Year ended 31 December 2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		386,421	1,128,872
Adjustments for:			
Depreciation and amortisation		497,839	471,457
Net impairment losses/(write-back) on receivables		5,530	(478)
Share of loss/(profit) after tax of equity accounted associates and joint ventures		78	(3,889)
Net loss/(gain) on disposal of property, plant and equipment		4,199	(18,727)
Interest income		(71,270)	(121,997)
Finance cost		16,035	21,812
Other non-cash items		5,992	12,355
<b>Operating profit before changes in working capital</b>		<b>844,824</b>	<b>1,489,405</b>
Inventories		386,553	28,999
Trade and other receivables		392,040	695,558
Trade and other payables		(1,097,988)	463,300
<b>Cash generated from operations</b>		<b>525,429</b>	<b>2,677,262</b>
Taxation paid		(162,600)	(266,037)
<b>Net cash generated from operating activities</b>	B2	<b>362,829</b>	<b>2,411,225</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income		71,270	121,997
Net withdrawal/ (placement) of fund investment		51,004	(1,004)
Purchase of property, plant and equipment		(443,231)	(460,142)
Proceeds from disposal of property, plant and equipment		1,565	31,271
<b>Net cash used in investing activities</b>	B2	<b>(319,392)</b>	<b>(307,878)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid		(606,007)	(695,418)
Dividends paid to non-controlling interests		-	(3,675)
Net drawdown/(repayment) of revolving credits	B7	4,114	(957)
Repayment of Islamic financing facilities	B7	(19,876)	(19,214)
Repayment of lease liabilities	B7	(141,163)	(124,426)
Interest paid on revolving credits	B7	(40)	(107)
Profit margin paid for Islamic financing facilities	B7	(788)	(1,841)
Interest paid on lease liabilities	B7	(14,047)	(18,930)
<b>Net cash used in financing activities</b>	B2	<b>(777,807)</b>	<b>(864,568)</b>

# QUARTERLY REPORT

## FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2020

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Net (decrease)/ increase in cash and cash equivalents	(734,370)	1,238,779
Net foreign exchange differences	690	(1,170)
Cash and cash equivalents at beginning of the year	<u>3,425,500</u>	<u>2,187,891</u>
Cash and cash equivalents at end of the year	<u>2,691,820</u>	<u>3,425,500</u>

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to the Condensed Consolidated Financial Statements.

# QUARTERLY REPORT

## FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 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 and year ended 31 December 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 Instruments
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement
Amendments to MFRS 16	Leases (COVID-19 Related Rent Concessions)
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)

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 FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 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 year are as follows:

<b>In RM'000</b>	<b>As at 31 December 2020</b>	<b>As at 31 December 2019</b>
Approved and contracted for	81,140	34,209
Approved but not contracted for	207,648	215,258
	<b>288,788</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 B7.

#### A9 DIVIDENDS PAID

During the year, the following dividend payments were made:

<b>In RM'000</b>	<b>2020</b>	<b>Year ended 31 December 2019</b>
<b><u>2018</u></b>		
Quarter 4: interim dividend of 25 sen per ordinary share	-	248,363
<b><u>2019</u></b>		
Quarter 1: interim dividend of 15 sen per ordinary share	-	149,018
Quarter 2: interim dividend of 14 sen per ordinary share	-	139,084
Quarter 3: interim dividend of 16 sen per ordinary share	-	158,953
Quarter 4: interim dividend of 25 sen per ordinary share	248,363	-
Quarter 4: special dividend of 15 sen per ordinary share	149,018	-
<b><u>2020</u></b>		
Quarter 1: interim dividend of 5 sen per ordinary share	49,673	-
Quarter 2: interim dividend of 5 sen per ordinary share	49,673	-
Quarter 3: interim dividend of 11 sen per ordinary share	109,280	-
	<b>606,007</b>	<b>695,418</b>



# QUARTERLY REPORT

## FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2020

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

#### 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.

#### Results for the year ended 31 December

In RM'000	2020			
	Retail	Commercial	Others	Group
<b>Business Segments</b>				
Revenue	11,178,291	7,521,095	11,561	18,710,947
Depreciation and amortisation	374,049	88,040	35,750	497,839
Other income	308,742	51,568	3,481	363,791
<b>Operating profit/(loss) for reportable segments</b>	229,451	225,046	(51,963)	402,534
Finance cost	(6,852)	(2,106)	(7,077)	(16,035)
Share of loss after tax of equity accounted associates and joint ventures				(78)
<b>Profit before taxation</b>				<b>386,421</b>

In RM'000	2019			
	Retail	Commercial	Others	Group
<b>Business Segments</b>				
Revenue	15,369,819	14,897,138	26,614	30,293,571
Depreciation and amortisation	347,529	94,659	29,269	471,457
Other income	387,638	47,386	4,503	439,527
<b>Operating profit for reportable segments</b>	581,894	556,419	8,482	1,146,795
Finance cost	(9,354)	(4,490)	(7,968)	(21,812)
Share of profit after tax of equity accounted associates and joint ventures				3,889
<b>Profit before taxation</b>				<b>1,128,872</b>

# QUARTERLY REPORT

## FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 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 FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 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>31 December 2020</b>		
<b>Financial Liabilities</b>		
Islamic financing facilities	9,713	9,880
Revolving credit facilities	9,500	9,500
	19,213	19,380
<b>Group</b>		
<b>31 December 2019</b>		
<b>Financial Liabilities</b>		
Islamic financing facilities	29,208	29,756
Revolving credit facility	5,466	5,466
	34,674	35,222

# QUARTERLY REPORT

## FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2020

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

#### B1 HIGHLIGHTS FOR THE QUARTER

The implementation of Conditional Movement Control Order (“CMCO”) throughout most states starting November 2020 restricting both interstate and interdistrict movements has resulted in a decrease in business demand. The continuous slow down in an already stagnated aviation sector due to the continuation of border closures saw a month-to-month decline of passengers traffic for the quarter.

This was further reflected by the reduction in Malaysia’s Growth Domestic Product (“GDP”) with a contraction of 3.4% in Q4 2020 as compared to growth of 3.6% in Q4 2019. The Group’s operations were also impacted by the fluctuating crude oil prices. Average Brent price has decreased to USD44.22/bbl from USD63.25/bbl in the corresponding quarter last year.

During the quarter, the Group continues to embark on various initiatives to optimise its resources while adapting to the current economic conditions. Retail segment has put its focus on accelerating various marketing programmes and capturing market demands with the introduction of a new premium fuel, Primax 97 with Pro-Race. The Commercial segment is refocusing its efforts towards maximising sales to other product portfolios and high margin sectors to mitigate lower aviation performance.

#### B2 REVIEW OF GROUP PERFORMANCE

The Group’s performance experienced the impact from COVID-19 pandemic which started in the beginning of 2020 resulting in volatility in volume and MOPS prices due to uncertain demand projections domestically and globally.

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

In RM’ Mil	Year ended								
	Group			Retail			Commercial		
	Dec 2020	Dec 2019	Var %	Dec 2020	Dec 2019	Var %	Dec 2020	Dec 2019	Var %
Revenue	18,710.9	30,293.6	(38)	11,178.3	15,369.8	(27)	7,521.1	14,897.1	(50)
Profit before taxation	386.4	1,128.9	(66)	222.6	572.5	(61)	222.9	551.9	(60)

##### Group

The Group’s revenue for the year decreased by RM11,582.7 million as total sales volume declined by 23% while average selling prices reduced by 20%.

The Group recorded a lower Profit Before Taxation (“PBT”) of RM742.5 million or 66%. 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. The decrease was offset by lower operating expenditure, mainly contributed by lower advertising and promotion activities and transportation cost, in line with lower sales volume.

##### Retail Segment

Retail Segment revenue decreased by RM4,191.5 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 year was lower by RM349.9 million or 61%, mainly due to lower gross profit from Mogas and Diesel, following sharp decline in MOPS price at beginning of the year and lower sales volume. This was however, partially offset by lower operating expenditure.

##### Commercial Segment

Commercial Segment recorded a decrease in revenue of RM7,376.0 million or 50%, due to lower sales volume by 33% and decrease in average selling prices by 24%. The decrease in sales volume for Jet A1 was predominantly due to travel restrictions whilst Diesel was following lower demand from manufacturing, construction and upstream sector resulting from the prolonged MCO.

PBT decreased by RM329.0 million or 60%, in line with lower gross profit from Jet A1 and Diesel due to decrease in sales volume as well as MOPS prices trend.

# QUARTERLY REPORT

## FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2020

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

### B2 REVIEW OF GROUP PERFORMANCE (continued)

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

In RM' Mil	Individual quarter ended								
	Group			Retail			Commercial		
	Dec 2020	Dec 2019	Var %	Dec 2020	Dec 2019	Var %	Dec 2020	Dec 2019	Var %
Revenue	4,394.8	7,794.2	(44)	2,785.7	3,915.7	(29)	1,606.7	3,871.8	(59)
Profit before taxation	115.4	190.6	(39)	85.7	65.3	31	45.7	123.4	(63)

#### Group

The Group's revenue decreased by RM3,399.4 million or 44%, due to decrease in sales volume by 25% and lower average selling prices of 24%.

The Group also recorded a decrease in PBT of RM75.2 million or 39% for the quarter, mainly due to lower gross profit resulting from lower volume. The reduction was offset by lower operating expenditure, contributed mainly by lower advertising and promotion activities and transportation cost, in line with lower sales volume.

#### Retail Segment

Retail Segment revenue decreased by RM1,130.0 million or 29%, primarily driven by lower average selling prices by 18% following lower MOPS prices trend and lower sales volume of 13%, in tandem with lower demand.

PBT for the quarter was higher by RM20.4 million or 31%, due lower operating expenditure contributed by lesser advertising and promotion activities and lower Mesra point redemption incurred in Q4 2020 as well as lower land transportation costs in line with lower volume delivered.

#### Commercial Segment

Commercial Segment recorded lower PBT by RM77.7 million or 63%, mainly due to decrease in revenue by RM2,265.1 million and lower margin for the quarter. This was primarily due to decrease in sales volume mainly from Jet A1 following travel restrictions and Diesel following lower demand from upstream sector caused by slowdown in offshore activities.

# QUARTERLY REPORT

## FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2020

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

#### B2 REVIEW OF GROUP PERFORMANCE (continued)

##### c) Variation of results against preceding quarter

In RM' Mil	Individual quarter ended		
	Dec 2020	Sept 2020	Group Var %
Revenue	4,394.8	4,830.5	(9)
Profit before taxation	115.4	288.3	(60)

The Group has seen gradual recovery in its results for Q3 2020 resulting from the Recovery Movement Control Order ("RMCO") which has allowed the economy to resume albeit with strict guidelines. A slight recovery in car sales and the lifting of travel restrictions had supported the sales volume of Retail and Lubricant businesses in the sales of Mogas, Diesel and Lubricant products. In addition, the announcement of successful vaccine for COVID-19 had provided positive sentiment and sense of stability to the market and overall economy which had further contributed to the improvement in Q3 results for the Group.

However the implementation of the CMCO in Q4 2020 has led to lower sales volume by 7%. This, coupled with the decrease in average selling prices by 2% has contributed to decrease in Group's revenue by RM435.7 million or 9% as compared to preceding quarter.

PBT for the quarter decreased by RM172.9 million, as a result of lower gross profit from both Retail and Commercial segments by RM135.2 million in tandem with lower sales volume and average selling prices due to decreasing MOPS prices trend. Lower PBT was further impacted by higher operating expenditure of RM41.3 million mainly due to advertising and promotion activities following launch of Primax 97 with Pro-Race, as well as repair and maintenance work due to resumption of corrective maintenance works at stations and terminals.

##### d) Highlight on Consolidated Statement of Financial Position

In RM'000	2020	As at	Variance (%)
		31 December 2019	
Total assets	8,359,630	9,996,252	(16)
Total equity	5,675,646	6,011,395	(6)
Total liabilities	2,683,984	3,984,857	(33)
Return on equity (%)	4.8	14.0	(66)

Total assets decreased by RM1,636.6 million or 16%. This was mainly due to lower cash and cash equivalents by RM733.7 million and trade and other receivables by RM395.6 million, in line with the lower credit sales from lower sales volume and special dividend payment in Q1, 2020.

Total liabilities decreased by RM1,300.9 million or 33%, mainly due to lower trade and other payables resulting from decrease in purchased volume and lower purchase price, in line with lower demand as well as declining MOPS prices trend.

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## FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2020

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

### B2 REVIEW OF GROUP PERFORMANCE (continued)

#### e) Highlight on Consolidated Statement of Cash Flows

In RM'000	Year ended		Variance (%)
	2020	31 December 2019	
Net cash generated from operating activities	362,829	2,411,225	(85)
Net cash used in investing activities	(319,392)	(307,878)	4
Net cash used in financing activities	(777,807)	(864,568)	(10)

Net cash generated from operating activities was lower by RM2,048.4 million, mainly due to lower cash sales by RM9,385.6 million following lower sales volume as well as lower subsidies received by RM1,904.2 million. The decrease was offset by lower purchases of RM9,377.3 million.

Net cash used in investing activities was substantially comparable against same period last year.

Financing activities was lower by RM86.8 million mainly due to lower dividends paid in line with lower profit after taxation during the year.

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### B3 COMMENTARY ON PROSPECTS

#### Overall outlook

Overall the on-going pandemic remains a key risk to the Group's outlook for 2021 given the recent resurgence of COVID-19 cases. The re-tightening of restrictions is a temporary challenge to the Group especially for the earlier part of 2021. The opening of international borders remain uncertain despite the vaccination programs that are planned domestically and conducted globally in curbing the COVID-19 pandemic. Nevertheless, we shall endeavour to continue our efforts in creating new opportunities to meet customers' changing needs for our business growth and development.

#### Retail Segment

The implementation of the CMCO in most states is expected to have further impact on product demand in the coming months due to shorter stations operating hours and limitation in number of customers entering Kedai Mesra.

Retail business will further grow its non-fuel business to meet the customers' changing purchase and consumption behaviour by expanding its newly launched Makan@Mesra and Segar@Mesra and bring quality and affordable essential products directly to customers. It will also continue to focus on enhancing customer experience through various digital initiatives, leverage its innovative solutions such as the Setel mobile app that has proven pivotal during the COVID-19 pandemic. In addition, the business will further deploy ROVR, Malaysia's first mobile refuelling service, to selected locations in order to be more accessible to customers and ease their refuelling needs.

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 once the MCO is uplifted as well as to optimise its operating cost effectively.



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### B4 PROFIT FORECAST

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

### B5 TAXATION

Tax expense comprises the following:

In RM'000	Individual quarter ended 31 December		Year ended 31 December	
	2020	2019	2020	2019
<u>Income Tax:</u>				
Current period/year	22,310	51,188	109,716	295,338
<u>Deferred Taxation:</u>				
Current period/year	5,438	10,217	4,291	(4,101)
	<u>27,748</u>	<u>61,405</u>	<u>114,007</u>	<u>291,237</u>

Effective tax rates for the quarter and year ended 31 December 2020 were higher than the statutory tax rate mainly due to higher non tax deductible expenses.

### B6 STATUS OF CORPORATE PROPOSALS ANNOUNCED

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

### B7 BORROWINGS

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

In RM'000	As at 31 December 2020	As at 31 December 2019
<b>Non Current</b>		
Secured		
Lease liabilities	96,778	158,694
Unsecured		
Islamic financing facilities	-	9,959
	<u>96,778</u>	<u>168,653</u>
<b>Current</b>		
Secured		
Lease liabilities	62,012	140,239
Unsecured		
Islamic financing facilities	9,880	19,797
Revolving credit facilities	9,500	5,466
	<u>81,392</u>	<u>165,502</u>
	<u>178,170</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

#### B7 BORROWINGS (CONTINUED)

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

In RM'000	As at 31 December 2020	As at 31 December 2019
<b>By Currency</b>		
RM	123,501	226,469
USD	54,366	101,672
THB	303	6,014
	<b>178,170</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 2.78% to 4.32% (2019: 4.27% to 4.68%) per annum.

The revolving credit facilities are denominated in Thai Baht and Ringgit Malaysia and bear interest rates of 2.80% to 2.89% respectively (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 31 Dec 2020
		Net repayment	Interest expenses	Foreign exchange movement	Others	
Islamic financing facilities	29,756	(19,876)	(788)	-	788	9,880
Revolving credit facilities	5,466	4,114	(40)	(80)	40	9,500
Lease liabilities	298,933	(141,163)	(14,047)	-	15,067	158,790
	<b>334,155</b>	<b>(156,925)</b>	<b>(14,875)</b>	<b>(80)</b>	<b>15,895</b>	<b>178,170</b>

#### B8 MATERIAL LITIGATION

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

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## FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2020

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

#### B9 DIVIDENDS

The Board has declared an interim dividend of 17 sen per ordinary share amounting to RM168,887,180 for the fourth quarter ended 31 December 2020, payable on 19 March 2021 (Quarter 4 2019: an interim dividend of 25 sen per ordinary share amounting to RM248,363,500 and special dividend of 15 sen per ordinary share amounting to RM149,018,100).

NOTICE IS HEREBY GIVEN that the interim dividend will be payable on 19 March 2021 to depositors registered in the Records of Depositors at the close of the business on 5 March 2021. 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 5 March 2021 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.

#### B10 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 December 2020.

	Individual quarter ended		Year ended	
	2020	31 December 2019	2020	31 December 2019
Profit attributable to shareholders of the Company (RM'000)	89,214	126,588	275,964	829,535
Number of ordinary shares ('000)	993,454	993,454	993,454	993,454
Earnings per ordinary share (sen)	9.0	12.7	27.8	83.5

#### B11 TRADE RECEIVABLES

In RM'000	As at 31 December 2020	As at 31 December 2019
Trade receivables		
- Third party	918,385	1,262,929
- Related companies	48,739	98,430
Less:		
- Impairment loss: specific	(7,408)	(8,049)
- Impairment loss: general	(4,828)	(2,420)
	<b>954,888</b>	<b>1,350,890</b>
<b>At net</b>		
Current	912,436	1,281,254
Past due 1 to 30 days	20,963	26,831
Past due 31 to 60 days	5,181	12,389
Past due 61 to 90 days	1,683	10,840
Past due more than 90 days	14,625	19,576
	<b>954,888</b>	<b>1,350,890</b>

As at 31 December 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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### PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

#### B12 PROFIT FOR THE PERIOD / YEAR

In RM'000	Individual quarter ended 31 December		Year ended 31 December	
	2020	2019	2020	2019
<b>Profit for the period/year is arrived at after charging:</b>				
Depreciation and amortisation*	120,236	127,250	497,839	471,457
Impairment loss on trade and other receivables	3,506	413	10,565	1,600
Net loss on disposal of property, plant and equipment	3,750	27	4,199	-
Interest on revolving credit facilities	12	37	40	107
Net unrealised loss on foreign exchange	-	781	-	-
Net realised loss on foreign exchange	190	-	1,028	-
Profit margin for Islamic financing facilities	102	354	788	1,841
Interest on lease liabilities	2,725	5,037	14,047	18,930
Inventories written-off	19	-	37	471
Inventories written down to net realisable value	4,223	3,060	4,223	3,060
Property, plant and equipment written off	1,393	5,257	1,393	9,778
Property, plant and equipment expensed off	7,119	625	7,119	625
<b>and after crediting:</b>				
Net gain on disposal of property, plant and equipment	-	-	-	18,727
Reversal of write down of inventory to net realisable value	-	1,180	-	1,180
Reversal of inventories written off	201	130	4,525	-
Interest income	21,018	38,894	71,270	121,997
Income from rental of premises	374	212	991	864
Net unrealised gain on foreign exchange	97	-	2,255	399
Net realised gain on foreign exchange	-	617	-	2,593
Write back of impairment loss on trade and other receivables	3,542	1,236	5,035	2,078
COVID-19 related rent concessions	89	-	139	-

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

Suria Kamarul Baharin (LS0010448)  
Yeap Kok Leong (MAICSA 0862549)  
Joint Secretaries  
Kuala Lumpur  
19 February 2021