



# **PETRONAS DAGANGAN BERHAD**

## **Quarterly Report**

For Third Quarter Ended 30 September 2021



# QUARTERLY REPORT

## FOR THIRD QUARTER ENDED 30 SEPTEMBER 2021

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 2021 which should be read in conjunction with the accompanying explanatory notes on pages 6 to 19.

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

In RM'000	Note	Individual quarter ended 30 September		Cumulative quarter ended 30 September	
		2021	2020	2021	2020
<b>Revenue</b>	B2	5,200,662	4,830,478	15,447,970	14,316,139
<b>Operating profit</b>		167,553	292,067	547,741	283,454
Finance cost		(2,296)	(3,512)	(7,398)	(12,036)
Share of profit/(loss) after tax of equity accounted associates and joint ventures		283	(265)	618	(388)
<b>Profit before taxation</b>	B2	165,540	288,290	540,961	271,030
Taxation	B5	(45,922)	(77,492)	(147,815)	(86,259)
<b>PROFIT FOR THE PERIOD</b>	B12	119,618	210,798	393,146	184,771
<b>Other comprehensive (expense)/ income</b>					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Exchange differences arising from translation of financial statements of foreign operations		(947)	(2,903)	615	(275)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		118,671	207,895	393,761	184,496
<b>Profit attributable to:</b>					
Shareholders of the Company		119,310	212,661	392,563	186,750
Non-controlling interests		308	(1,863)	583	(1,979)
<b>PROFIT FOR THE PERIOD</b>		119,618	210,798	393,146	184,771
<b>Total comprehensive income attributable to:</b>					
Shareholders of the Company		118,363	209,758	393,178	186,475
Non-controlling interests		308	(1,863)	583	(1,979)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		118,671	207,895	393,761	184,496
<b>Earnings per ordinary share - basic (sen)</b>	B10	12.0	21.4	39.5	18.8

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 THIRD QUARTER ENDED 30 SEPTEMBER 2021

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In RM'000	Note	As at 30 September 2021	As at 31 December 2020
<b>ASSETS</b>			
Property, plant and equipment		3,964,635	4,067,023
Investments in associates		1,928	1,665
Investments in joint ventures		19,803	19,449
Intangible asset	A14	806	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>3,987,172</b>	<b>4,088,137</b>
Trade and other inventories		296,772	410,229
Trade and other receivables		1,817,186	1,169,444
Cash and cash equivalents		2,825,704	2,691,820
Assets classified as held for sale		27,813	-
<b>TOTAL CURRENT ASSETS</b>		<b>4,967,475</b>	<b>4,271,493</b>
<b>TOTAL ASSETS</b>	B2	<b>8,954,647</b>	<b>8,359,630</b>
<b>EQUITY</b>			
Share capital		993,454	993,454
Reserves		4,636,153	4,650,291
<b>Total Equity Attributable to Shareholders of the Company</b>		<b>5,629,607</b>	<b>5,643,745</b>
Non-controlling interests		32,484	31,901
<b>TOTAL EQUITY</b>	B2	<b>5,662,091</b>	<b>5,675,646</b>
<b>LIABILITIES</b>			
Borrowings	B7	86,956	96,778
Deferred tax liabilities		104,485	104,609
Other long term liabilities and provisions		29,495	30,328
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>220,936</b>	<b>231,715</b>
Trade and other payables		2,925,562	2,342,061
Borrowings	B7	37,472	81,392
Taxation		95,142	28,816
Liabilities classified as held for sale		13,444	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,071,620</b>	<b>2,452,269</b>
<b>TOTAL LIABILITIES</b>	B2	<b>3,292,556</b>	<b>2,683,984</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,954,647</b>	<b>8,359,630</b>
Net assets per share attributable to ordinary equity holders of the Parent (RM)		5.67	5.68

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 THIRD QUARTER ENDED 30 SEPTEMBER 2021

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Shareholders of the Company						Non-controlling Interests	Total Equity
	Share Capital	Foreign Currency Translation Reserves	Capital Reserves	Retained Profits	Total			
<b>In RM'000</b>								
At 1 January 2021	993,454	(21,091)	(18,732)	4,690,114	5,643,745	31,901	5,675,646	
Exchange difference arising from translation of financial statements of foreign operations	-	615	-	-	615	-	615	
Total other comprehensive income for the period	-	615	-	-	615	-	615	
Profit for the period	-	-	-	392,563	392,563	583	393,146	
Total comprehensive income for the period	-	615	-	392,563	393,178	583	393,761	
Dividends paid	-	-	-	(407,316)	(407,316)	-	(407,316)	
At 30 September 2021	993,454	(20,476)	(18,732)	4,675,361	5,629,607	32,484	5,662,091	
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 loss 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 accompanying explanatory notes attached to these Condensed Consolidated Financial Statements.

# QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2021

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

In RM'000	Note	Cumulative quarter ended 30 September	
		2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		<b>540,961</b>	<b>271,030</b>
Adjustments for:			
Depreciation and amortisation		339,023	377,603
Net impairment (write-back)/losses on receivables		(300)	5,566
Share of (profit)/loss after tax of equity accounted associates and joint ventures		(618)	388
Net (gain)/loss on disposal of property, plant and equipment		(1,986)	449
Net reversal of inventories written off		(108)	(4,306)
Net inventories reversal to net realisable value ("NRV")		(4,088)	-
Property, plant and equipment expensed off		1,161	-
Interest income		(40,593)	(50,252)
Finance cost		7,398	12,036
Other non-cash items		(2,022)	(2,158)
<b><sup>1</sup>Operating profit before changes in working capital</b>		<b>838,828</b>	<b>610,356</b>
Inventories		110,646	214,536
Trade and other receivables		(660,193)	333,107
Trade and other payables		596,808	(1,182,754)
<b>Cash generated from/(used in) operations</b>		<b>886,089</b>	<b>(24,755)</b>
Taxation paid		(81,111)	(56,976)
<b>Net cash generated from/(used in) operating activities</b>	B2	<b>804,978</b>	<b>(81,731)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of subsidiary		(713)	-
Interest income		40,593	50,252
Net withdrawal of fund investment		-	51,004
Purchase of property, plant and equipment		(245,633)	(200,270)
Proceeds from disposal of property, plant and equipment		7,562	-
<b>Net cash used in investing activities</b>	B2	<b>(198,191)</b>	<b>(99,014)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid		(407,316)	(496,727)
Net drawdown/(repayment) of revolving credits	B7	6,500	(5,258)
Repayment of Islamic financing facilities	B7	(9,880)	(14,814)
Repayment of lease liabilities	B7	(50,455)	(115,622)
Interest paid on revolving credits	B7	(307)	(28)
Profit margin paid for Islamic financing facilities	B7	(139)	(686)
Interest paid on lease liabilities	B7	(6,952)	(11,322)
<b>Net cash used in financing activities</b>	B2	<b>(468,549)</b>	<b>(644,457)</b>

# QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2021

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>138,238</b>	<b>(825,202)</b>
Net foreign exchange differences	1,442	3,388
Cash and cash equivalents at beginning of the period	<u>2,691,820</u>	<u>3,425,500</u>
Cash and cash equivalents at end of the period	<u>2,831,500</u>	<u>2,603,686</u>

Included in the Cash and Cash Equivalents at end of the period is an amount of RM5,796,000 categorised as Assets Held for Sale.

<sup>1</sup> Operating profit from changes in working capital includes Asset/ Liabilities Held For Sale

# QUARTERLY REPORT

## FOR THIRD QUARTER ENDED 30 SEPTEMBER 2021

### 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 2020. 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 2020.

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 2021.

#### 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 audited consolidated financial statements for the year ended 31 December 2020.

During the period, the Group has adopted the following amendments to MFRSs ("pronouncements") that have been issued by the Malaysian Accounting Standard's Board ("MASB").

##### **Effective for annual periods beginning on or after 1 January 2021**

Amendments to MFRS 7	<i>Financial Instruments: Disclosures</i>
Amendments to MFRS 9	<i>Financial Instruments</i>
Amendments to MFRS 16	<i>Leases (Interest Rate Benchmark Reform- Phase 2)</i>
Amendments to MFRS 139	<i>Financial Instruments: Recognition and Measurement</i>

##### **Effective for annual periods beginning on or after 1 April 2021**

Amendments to MFRS 16	<i>Leases (Covid-19-Related Rent Concessions beyond 30 June 2021)</i>
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The initial application of the above pronouncements does 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 PDB and the Group for the year ended 31 December 2020 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 period under review.

# QUARTERLY REPORT

## FOR THIRD QUARTER ENDED 30 SEPTEMBER 2021

### 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 2020 that may have a material effect in the current quarter results.

#### A7 CAPITAL COMMITMENTS

Outstanding capital commitments in respect of capital expenditure which have not been provided for at the end of each reporting period are as follows:

In RM'000	As at 30 September 2021	As at 31 December 2020
Approved and contracted for	159,569	81,140
Approved but not contracted for	577,774	207,648
	<u>737,343</u>	<u>288,788</u>

#### 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 period, the following dividend payments were made:

In RM'000	Cumulative quarter ended 30 September	
<u>2019</u>	<u>2021</u>	<u>2020</u>
Quarter 4: interim dividend of 25 sen per ordinary share	-	248,363
Quarter 4: special dividend of 15 sen per ordinary share	-	149,018
<u>2020</u>		
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 4: interim dividend of 17 sen per ordinary share	168,887	-
<u>2021</u>		
Quarter 1: interim dividend of 14 sen per ordinary share	139,084	-
Quarter 2: interim dividend of 10 sen per ordinary share	99,345	-
	<u>407,316</u>	<u>496,727</u>



# QUARTERLY REPORT

## FOR THIRD QUARTER ENDED 30 SEPTEMBER 2021

### 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 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 quarter ended 30 September

In RM'000	2021			
	Retail	Commercial	Others	Group
<b>Business Segments</b>				
Revenue	8,722,467	6,708,942	16,561	15,447,970
Depreciation and amortisation	268,496	47,686	22,841	339,023
Other income	206,829	35,148	1,572	243,549
<b>Operating profit/(loss) for reportable segments</b>	349,654	224,513	(26,426)	547,741
Finance costs	(1,774)	(492)	(5,132)	(7,398)
Share of profit after tax of equity accounted associates and joint ventures				618
<b>Profit before taxation</b>				<b>540,961</b>

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 costs	(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>

# QUARTERLY REPORT

## FOR THIRD QUARTER ENDED 30 SEPTEMBER 2021

### 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 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

The Group intends to sell 100% equity interests in a subsidiary and the related assets and liabilities of the subsidiary are presented as assets/liabilities classified as held for sale. At 30 September 2021, the carrying value of the subsidiary's net assets is RM14.4 million. The share purchase agreement was subsequently signed and completed on 29 October 2021 and with this completion, the subsidiary has ceased to be part of PDB Group of Companies effective 29 October 2021. Further details of the divestment can be found in a separate Bursa announcements issued on 22 October 2021 and 29 October 2021.

#### A13 CONTINGENCIES

In RM'000	30 September 2021	As at 31 December 2020
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 2020.

#### A14 SIGNIFICANT EVENT

On 4 September 2021, PDB entered into a Sale and Purchase of Shares Agreement to acquire 100% of the shares in D-Two Couriers (M) Sdn Bhd ("D-Two") from its shareholders for a purchase consideration of RM715,000 in cash.

On 10 September 2021, PDB has fulfilled all the required conditions precedent and completed the acquisition accordingly. Following the completion, D-Two has become a wholly owned subsidiary of PDB.

The fair value of the net identifiable liabilities and goodwill as disclosed below are based on provisional figures which will be finalised within twelve months after the acquisition date. The goodwill, if any, reflect the synergy that D-Two will contribute to the Group. The net profit contributed by this subsidiary from the date of acquisition is not material in relation to the consolidated net profit of the Group for the financial period.

Effects of the above transaction are as below:

In RM'000	
Non-current assets	7
Trade and other receivables	32
Cash and cash equivalents	2
Trade and other payables	(132)
Net identifiable liabilities	(91)
Add: Goodwill on acquisition	806
Purchase consideration	715
Less: Cash and cash equivalents acquired	(2)
Payment for acquisition, net of cash acquired	<b>713</b>

# QUARTERLY REPORT

## FOR THIRD QUARTER ENDED 30 SEPTEMBER 2021

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

#### A15 CHANGES IN THE COMPOSITION OF THE GROUP

On 8 July 2021, the Group incorporated a wholly owned subsidiary, Mesra Retail & Cafe Sdn Bhd (“MRCSB”) and on 10 September 2021, the Group acquired a wholly owned subsidiary, D-Two as disclosed in note A14.

#### 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 2020.

#### 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 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	Carrying amount
	Level 3	
<b>30 September 2021</b>		
<b>Financial Liabilities</b>		
Revolving credit facilities	15,715	16,000
	<u>15,715</u>	<u>16,000</u>
<b>31 December 2020</b>		
<b>Financial Liabilities</b>		
Islamic financing facilities	9,713	9,880
Revolving credit facilities	9,500	9,500
	<u>19,213</u>	<u>19,380</u>

# QUARTERLY REPORT

## FOR THIRD QUARTER ENDED 30 SEPTEMBER 2021

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

#### B1 HIGHLIGHTS FOR THE QUARTER

The Group is still recovering from the effect of the total nationwide lockdown on 12 May 2021 which impacted the demand this quarter as compared to the corresponding quarter last year. The reopening of more economic sectors following the National Recovery Plan (“NRP”) in July 2021 and increasing vaccination rate has geared the country towards a better recovery prospect, boosted further with the lifting of states travel and gradual easing of overseas travel starting in October 2021.

Malaysia’s Growth Domestic Product (“GDP”) recorded a higher contraction of 4.5% in Q3 2021 as compared to 2.7% in Q3 2020. The Group’s operations were also impacted by the crude oil prices. In Q3 2021, Average Brent price has improved to USD73.47/bbl from USD43.00/bbl in corresponding quarter last year which had directly contributed to an improvement in the Group’s overall results.

The Group continues to embark on various initiatives to optimise its resources while adapting to the current economic conditions by expanding the non-fuel segment and continuously leveraging on digital platform.

The Retail Segment has successfully converted all its diesel to be Euro 5-compliant as well as expanded the Segar@Mesra availability at selected stations which offers fresh product at affordable prices. LPG business continued to strengthen its distribution channel through leveraging the Gas PETRONAS mobile app to widen the product’s accessibility. Meanwhile, the Lubricant business continues to strengthen its e-commerce presence and recently introduced a new channel for the purchase and booking of PETRONAS AutoExpert services via the e-commerce platform.

Commercial segment is also seeing signs of recovery as more economic sectors have reopened as well as the gradual reopening of international borders.

#### B2 REVIEW OF GROUP PERFORMANCE

The Group’s sales continue to experience the impact from COVID-19 pandemic although there are less restriction in the current period. However, improvement in MOPS prices trend during the period and the gradual recovery due to easing of restrictions has supported the improvement in the Group’s bottom line performance in YTD 2021.

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

In RM’ Mil	Cumulative quarter ended								
	Group			Retail			Commercial		
	Sept 2021	Sept 2020	Var %	Sept 2021	Sept 2020	Var %	Sept 2021	Sept 2020	Var %
Revenue	15,448.0	14,316.1	8	8,722.5	8,392.6	4	6,708.9	5,914.4	13
Profit before taxation	541.0	271.0	100	347.9	136.9	>100	224.0	177.2	26

##### Group

The Group’s revenue for the period increased by RM1,131.9 million as average selling prices increased by 18%. This was however, marginally offset with decrease in sales volume by 8%.

The Group recorded a Profit Before Taxation (“PBT”) of RM541.0 million which was mainly contributed by higher gross profit following increasing MOPS prices trend during the period. The increase was further contributed by lower operating expenditure, mainly from lower dealer’s commission, purchased and professional services and advertising and promotion activities.

##### Retail Segment

Retail Segment revenue increased by RM329.9 million, mainly contributed by increase in average selling prices by 14% in line with increasing MOPS prices trend despite lower sales volume of 9% following full impact of Movement Control Order (“MCO”) as compared to corresponding period last year.

PBT for the period was higher by RM211.0 million, mainly contributed by higher gross profit from Mogas and Diesel, following increase in MOPS prices during the period as well as lower operating expenditure.

# QUARTERLY REPORT

## FOR THIRD QUARTER ENDED 30 SEPTEMBER 2021

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

#### a) Performance of the current period against the corresponding period last year (continued)

##### Commercial Segment

Commercial Segment recorded an increase in revenue of RM794.5 million or 13%, which was contributed by increase in average selling prices by 23% despite lower sales volume by 7%. The increase in selling prices was on the back of increasing MOPS prices trend while the decrease in sales volume was mainly due to Jet A1, predominantly resulting from travel restrictions.

PBT increased by RM46.8 million, in line with higher gross profit from Jet A1 and Diesel contributed by increasing MOPS prices trend.

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

In RM' Mil	Individual quarter ended								
	Group			Retail			Commercial		
	Sept 2021	Sept 2020	Var %	Sept 2021	Sept 2020	Var %	Sept 2021	Sept 2020	Var %
Revenue	5,200.7	4,830.5	8	2,779.5	3,166.4	(12)	2,415.4	1,662.1	45
Profit before taxation	165.5	288.3	(43)	103.1	200.5	(49)	72.2	106.7	(32)

##### Group

The Group's revenue for the quarter increased by RM370.2 million as average selling prices increased by 23% despite lower sales volume by 12%.

The Group recorded PBT of RM165.5 million, lower by RM122.8 million as compared to the corresponding quarter last year. This was resulted by lower gross profit following lower sales volume as well as lower other income during the current quarter. The decrease was offset by lower operating expenditure mainly from lower dealer's commission in line with lower sales volume.

##### Retail Segment

Retail Segment revenue decreased by RM386.9 million or 12%, mainly due to lower sales volume of 24% as the economy was slowly easing into the NRP phase.

PBT recorded for the quarter was RM103.1 million, lower by RM97.4 million as compared to the corresponding quarter last year, mainly contributed by lower gross profit from Mogas and Diesel following lower sales volume.

##### Commercial Segment

Commercial Segment recorded an increase in revenue of RM753.3 million, contributed by increase in average selling prices by 34% and higher sales volume by 9%.

PBT decreased by RM34.5 million, in line with lower gross profit mainly from Bitumen and Lubricant following lower sales volume.

# QUARTERLY REPORT

## FOR THIRD QUARTER ENDED 30 SEPTEMBER 2021

### 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		
	Sept 2021	June 2021	Group Var %
Revenue	5,200.7	5,144.0	1
Profit before taxation	165.5	89.9	84

Revenue for the Group has marginally increased by RM56.7 million or 1% as compared to preceding quarter following the increase in average selling prices as well as higher sales volume by 1% respectively.

Group PBT for the quarter increased by RM75.6 million or 84%, as a result of higher gross profit from Commercial segments by RM34.7 million following higher sales volume to industrial sector, offset slightly by lower gross profit from Retail segments by RM2.5 million. Higher PBT was further contributed by lower operating expenditure of RM45.1 million due to lower dealer's commission during the period.

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

In RM'000	As at 30 September 2021	As at 31 December 2020	Variance (%)
Total assets	8,954,647	8,359,630	7
Total equity	5,662,091	5,675,646	(1)
Total liabilities	3,292,556	2,683,984	23
Return on equity (%)	9.3	4.8	94

Total assets increased by RM595.0 million or 7% mainly due to higher trade receivables in line with increasing MOPS prices.

Total liabilities increased by RM608.6 million or 23%, mainly due to higher trade and other payables resulting from higher purchase price, in line with improving MOPS prices.

# QUARTERLY REPORT

## FOR THIRD QUARTER ENDED 30 SEPTEMBER 2021

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	Cumulative quarter ended 30 September		Variance (%)
	2021	2020	
Net cash generated from/ (used in) operating activities	804,978	(81,731)	>100
Net cash used in investing activities	(198,191)	(99,014)	100
Net cash used in financing activities	(468,549)	(644,457)	(27)

Net cash generated from operating activities of RM805.0 million was recorded against net cash used of RM81.7 million in the corresponding period, mainly due to higher sales by RM1,033.5 million and higher subsidy received of RM781.3 million. This was then offset with higher purchases by RM1,346.4 million in line with increase in sales.

Investing activities were higher by RM99.2 million due to higher spending on capital expenditures of RM45.3 million particularly on commercial and digital projects as well as maturity of fund investment of RM51.0 million in Q3 2020.

Financing activities were lower by RM175.9 million mainly due to lower dividends paid in the current period as compared to the corresponding period where there were special dividend paid for Q4 2019.

# QUARTERLY REPORT

## FOR THIRD QUARTER ENDED 30 SEPTEMBER 2021

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

#### B3 COMMENTARY ON PROSPECTS

##### Overall outlook

Following the implementation of NRP, the nation has progressively moved towards reopening of more economic and social sectors, as more states has moved into Phase 4 with lesser restrictions that were imposed in the earlier MCO 3.0. More recently, Malaysia has finally achieved more than 90% fully vaccinated adult population, and the government has announced that it now allows interstates and overseas travel for fully vaccinated adults starting on 11 October 2021. We anticipate that the various initiatives announced in the recent budget which aimed to improve the Malaysian citizens' wellbeing, ensured resilient businesses and promotes a prosperous and sustainable economy will have a positive impact to PDB's product demand.

Dated Brent Crude prices continued to increase compared to the previous quarter stimulated by economic recovery in major markets around the world and OPEC+ decision to maintain its monthly production increase until early 2022. We are monitoring the market trend closely for growth opportunities by accelerating our targeted marketing campaign, whilst leveraging on strategic partnerships and digital platform that can support our future-proof strategies to bring value-add to our customers. Although we are optimistic of maintaining the growth recovery with more economic sectors reopening and the easing of movement restrictions but we remain cautious on the rate of recovery given the rising cases globally.

##### Retail Segment

The lifting of inter-district travels especially in major economic hubs such as Klang Valley and reopening of more economic sectors are expected to have positive impact on the product demand as more cars would be on the road, increasing the visits to our stations and Kedai Mesra.

Retail segment will continue to expand its food-on-the-go (ready-to-eat) solutions corner and Segar@Mesra, which offers fresh product at affordable prices. It will also leverage in its digital initiatives to offer customers a more seamless experience via the integration of its Mesra loyalty programme with the Setel mobile app. In addition, with the acquisition of D-Two Couriers (M) Sdn Bhd, our parcel delivery service is expected to reach nationwide coverage by end of the year.

Meanwhile, LPG will continue to strengthen its distribution channel through our stations and participating partners and leveraging digital solution via Gas PETRONAS mobile app whilst Lubricant business is focusing to deliver differentiated customer experience and to remain competitive, including leveraging its network of PETRONAS AutoExpert workshops.

##### Commercial Segment

The reopening of more economic sectors under the NRP has positively impacted the Malaysia's manufacturing and industrial sectors. Commercial business will continue to provide superior value proposition to its customer through a comprehensive product and service offerings, to retain and capture new markets. With the gradual reopening of international borders beginning 11 October 2021, international air travels are geared for recovery. In the meantime, commercial business will continue to leverage on the domestic air travel and cargo flights requirements as well as to optimise its operating cost effectively.



# QUARTERLY REPORT

## FOR THIRD QUARTER ENDED 30 SEPTEMBER 2021

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

#### 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 30 September		Cumulative quarter ended 30 September	
	2021	2020	2021	2020
<u>Income Tax:</u>				
Current period	43,628	73,210	147,437	87,406
<u>Deferred Taxation:</u>				
Current period	2,294	4,282	378	(1,147)
	<u>45,922</u>	<u>77,492</u>	<u>147,815</u>	<u>86,259</u>

Effective tax rate for the quarter and cumulative quarter ended 30 September 2021 of 28% and 27% respectively were higher than the statutory tax rate due to higher non-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 30 September 2021	As at 31 December 2020
<b>Non Current</b>		
<i>Secured</i>		
Lease liabilities	86,956	96,778
<b>Current</b>		
<i>Secured</i>		
Lease liabilities	21,472	62,012
<i>Unsecured</i>		
Islamic financing facilities	-	9,880
Revolving credit facilities	16,000	9,500
	<u>37,472</u>	<u>81,392</u>
	<u>124,428</u>	<u>178,170</u>

# QUARTERLY REPORT

## FOR THIRD QUARTER ENDED 30 SEPTEMBER 2021

### 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 30 September 2021	As at 31 December 2020
<b>By Currency</b>		
RM	104,790	123,501
USD	19,638	54,366
THB	-	303
	<b>124,428</b>	<b>178,170</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 2.75% to 3.59% (2020: 2.78% to 4.32%) per annum.

The revolving credit facility is denominated in Ringgit Malaysia and bears interest rate ranging from 2.83% to 2.89% (2020: 2.80% to 2.89%) per annum.

The lease liabilities bear interest at rates ranging from 3.68% to 8.43% (2020: 3.68% to 8.43%) per annum.

(b) Reconciliation of borrowings arising from financing activities

In RM'000	As at 1 January 2021	Cash flows		Non-cash changes		As at 30 Sept 2021
		Net repayment	Interest expenses	Foreign exchange movement	Others	
Islamic financing facilities	9,880	(9,880)	(139)	-	139	-
Revolving credit facilities	9,500	6,500	(307)	-	307	16,000
Lease liabilities	158,790	(50,455)	(6,952)	-	7,045	108,428
	<b>178,170</b>	<b>(53,835)</b>	<b>(7,398)</b>	-	<b>7,491</b>	<b>124,428</b>

#### B8 MATERIAL LITIGATION

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

# QUARTERLY REPORT

## FOR THIRD QUARTER ENDED 30 SEPTEMBER 2021

### 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 20 sen per ordinary share amounting to RM198,690,800 for the third quarter ended 30 September 2021, payable on 24 December 2021 (Quarter 3 2020: an interim dividend of 11 sen per ordinary share amounting to RM109,279,940).

NOTICE IS HEREBY GIVEN that the interim dividend will be payable on 24 December 2021 to depositors registered in the Records of Depositors at the close of the business on 10 December 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 10 December 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 30 September 2021.

	Individual quarter ended		Cumulative quarter ended	
	2021	30 September 2020	2021	30 September 2020
Profit attributable to shareholders of the Company (RM'000)	119,310	212,661	392,563	186,750
Number of ordinary shares ('000)	993,454	993,454	993,454	993,454
Earnings per ordinary share (sen)	12.0	21.4	39.5	18.8

#### B11 TRADE RECEIVABLES

In RM'000	As at 30 September 2021	As at 31 December 2020
Trade receivables		
- Third party	1,013,362	918,385
- Related companies	154,720	48,739
Less:		
- Impairment loss: specific	(9,622)	(7,408)
- Impairment loss: general	(2,232)	(4,828)
	<b>1,156,228</b>	<b>954,888</b>
<b>At net</b>		
Current	1,112,698	912,436
Past due 1 to 30 days	12,754	20,963
Past due 31 to 60 days	7,078	5,181
Past due 61 to 90 days	4,130	1,683
Past due more than 90 days	19,568	14,625
	<b>1,156,228</b>	<b>954,888</b>

As at 30 September 2021, the maximum exposure to credit risk arising from trade receivables are represented by the carrying amounts in the statement of financial position.

# QUARTERLY REPORT

## FOR THIRD QUARTER ENDED 30 SEPTEMBER 2021

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

#### B12 PROFIT FOR THE PERIOD

In RM'000	Individual quarter ended 30 September		Cumulative quarter ended 30 September	
	2021	2020	2021	2020
<b>Profit for the period is arrived at after charging:</b>				
Depreciation and amortisation*	108,064	122,210	339,023	377,603
Impairment loss on trade and other receivables	2,497	13	3,794	7,059
Net loss on disposal of property, plant and equipment	120	149	-	449
Interest on revolving credit facilities	115	1	307	28
Net realised loss on foreign exchange	2,489	1,033	2,090	838
Profit margin for Islamic financing facilities	51	154	139	686
Interest on lease liabilities	2,130	3,357	6,952	11,322
Inventories written off	2	-	2	18
Property, plant and equipment written off	7	-	11	-
Property, plant and equipment expensed off	245	-	1,161	-
Bad debts written off	-	-	5	-
<b>and after crediting:</b>				
Net gain on disposal of property, plant and equipment	-	-	1,986	-
Net inventories reversal to NRV	-	-	4,088	-
Reversal of inventories written off	-	3,668	110	4,324
Interest income	13,529	12,455	40,593	50,252
Income from rental of premises	431	407	988	617
Net unrealised gain on foreign exchange	1,466	79	2,038	2,158
Write back of impairment loss on trade and other receivables	1,389	756	4,094	1,493
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 right-of-use assets

#### BY ORDER OF THE BOARD

Wong Lay See (MAICSA 7018684)  
Yeap Kok Leong (MAICSA 0862549)  
Joint Secretaries  
Kuala Lumpur  
26 November 2021