



**PETRONAS**

# **PETRONAS GAS BERHAD**

## **Quarterly Report**

**For the Fourth Quarter ended 31 December 2020**

# Quarterly Report

For the Fourth Quarter ended 31 December 2020

Key Financial Highlights (in RM'000)	12 months ended		Variance %
	2020	31 December 2019	
Revenue	5,592,117	5,458,250	+2.5
Gross profit	2,656,428	2,387,049	+11.3
Profit before taxation (PBT)	2,610,201	2,462,885	+6.0
Profit for the year	2,082,281	1,984,052	+4.9
Earnings before interest, taxes, depreciation, and amortisation (EBITDA)	3,566,162	3,502,721	+1.8
Earnings per share (EPS) (sen)	101.56	97.80	+3.8
Declared dividends per share (sen)	127.00	82.00	+54.9

- **PETRONAS Gas Berhad recorded robust financial performance** amidst uncertain economic conditions due to the ongoing pandemic, supported by sustained revenue streams and lower costs.
- **Group revenue stood at RM5,592.1 million, an increase by 2.5% or RM133.8 million** as revenue from Regasification and Gas Transportation segments increased by RM182.5 million in line with new tariffs for Regulatory Period 1 (RP1) effective 1 January 2020. These were offset by lower revenue from Utilities segment due to lower excess electricity sold.
- **Gross profit was higher by 11.3% or RM269.3 million** as a result of higher contribution from Gas Processing, Regasification and Utilities segments, largely attributable to lower operating costs.
- **PBT at RM2,610.2 million grew by 6.0% or RM147.3 million** mainly driven by higher gross profit offset by lower other income and unfavourable movement on foreign exchange coupled with lower investment income.
- **Profit for the year and EBITDA were higher by 4.9% or RM98.2 million at RM2,082.3 million and 1.8% or RM63.5 million at RM3,566.2 million** respectively in line with higher PBT.
- **EPS increased by 3.8%**, reflecting higher profit attributable to shareholders of the Company.
- **The Board of Directors has approved a fourth interim dividend** of 22 sen per ordinary share amounting to RM435.3 million **and a special interim dividend** of 5 sen per ordinary share amounting to RM98.9 million in respect of the financial year ended 31 December 2020.

# Quarterly Report

For the Fourth Quarter ended 31 December 2020

The Board of Directors of PETRONAS Gas Berhad (PGB or the Company) is pleased to announce the following unaudited condensed consolidated financial statements of PGB Group for the Fourth Quarter ended 31 December 2020 that should be read in conjunction with the accompanying explanatory notes on pages 5 to 25.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In RM'000</i>	Note	As at 31 December 2020	As at 31 December 2019
<b>ASSETS</b>			
Property, plant and equipment		13,216,195	13,246,513
Investment in joint ventures		631,248	547,361
Investment in associate		142,482	137,771
Long term receivables		208,453	263,569
Deferred tax assets		217,915	273,814
<b>TOTAL NON-CURRENT ASSETS</b>		<b>14,416,293</b>	14,469,028
Trade and other inventories		44,940	78,153
Trade and other receivables	25	744,484	954,875
Tax recoverable		-	59,769
Cash and cash equivalents		3,138,898	4,021,696
<b>TOTAL CURRENT ASSETS</b>		<b>3,928,322</b>	5,114,493
<b>TOTAL ASSETS</b>		<b>18,344,615</b>	19,583,521
<b>EQUITY</b>			
Share capital		3,165,204	3,165,204
Reserves		9,469,553	10,080,158
<b>Total equity attributable to the shareholders of the Company</b>		<b>12,634,757</b>	13,245,362
Non-controlling interests		333,777	319,813
<b>TOTAL EQUITY</b>		<b>12,968,534</b>	13,565,175
<b>LIABILITIES</b>			
Borrowings	27	3,134,260	3,792,264
Deferred tax liabilities		1,240,578	1,233,482
Deferred income		2,127	3,072
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>4,376,965</b>	5,028,818
Trade and other payables		839,135	882,876
Borrowings	27	145,161	106,652
Tax payable		14,820	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>999,116</b>	989,528
<b>TOTAL LIABILITIES</b>		<b>5,376,081</b>	6,018,346
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>18,344,615</b>	19,583,521
<b>Net assets per share attributable to the shareholders of the Company (RM)</b>		<b>6.3853</b>	6.6939

The unaudited condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.

# Quarterly Report

For the Fourth Quarter ended 31 December 2020

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

	Note	3 months ended 31 December		12 months ended 31 December	
		2020	2019	2020	2019
<i>In RM'000</i>					
Revenue		1,388,740	1,372,379	5,592,117	5,458,250
Cost of revenue		(752,427)	(798,222)	(2,935,689)	(3,071,201)
<b>Gross profit</b>		<b>636,313</b>	574,157	<b>2,656,428</b>	2,387,049
Administration expenses		(41,199)	(26,080)	(125,361)	(94,825)
Other expenses		(23,244)	(429)	(22,281)	-
Other income		97,520	80,817	161,408	263,621
<b>Operating profit</b>	32	<b>669,390</b>	628,465	<b>2,670,194</b>	2,555,845
Financing costs		(56,507)	(55,443)	(219,781)	(229,684)
Share of profit after tax of equity-accounted joint ventures and associate		28,329	15,249	159,788	136,724
<b>Profit before taxation</b>		<b>641,212</b>	588,271	<b>2,610,201</b>	2,462,885
Tax expense	21	(120,181)	(95,338)	(527,920)	(478,833)
<b>PROFIT FOR THE PERIOD/YEAR</b>		<b>521,031</b>	492,933	<b>2,082,281</b>	1,984,052
<b>Other comprehensive income/(expenses)</b>					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Net movement from exchange differences		(6,304)	(25,366)	(5,184)	(16,082)
Cash flow hedge		12,396	(586)	(1,981)	(63,570)
Share of cash flow hedge of an equity- accounted joint venture		(4,422)	(3,510)	(1,099)	(447)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR</b>		<b>522,701</b>	463,471	<b>2,074,017</b>	1,903,953
<b>Profit attributable to:</b>					
Shareholders of the Company		503,352	485,273	2,009,585	1,935,258
Non-controlling interests		17,679	7,660	72,696	48,794
<b>PROFIT FOR THE PERIOD/YEAR</b>		<b>521,031</b>	492,933	<b>2,082,281</b>	1,984,052
<b>Total comprehensive income attributable to:</b>					
Shareholders of the Company		505,022	463,444	2,001,321	1,860,411
Non-controlling interests		17,679	27	72,696	43,542
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR</b>		<b>522,701</b>	463,471	<b>2,074,017</b>	1,903,953
<b>Basic and diluted earnings per ordinary share (sen)</b>		<b>25.44</b>	24.52	<b>101.56</b>	97.80

The unaudited condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.

# Quarterly Report

For the Fourth Quarter ended 31 December 2020

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In RM'000	Attributable to shareholders of the Company								
	Non-distributable					Distributable		Non-controlling interests	Total
	Share capital	Hedging reserve	Foreign currency translation reserve	Other reserves	Retained profits	Total			
<b>Quarter ended 31 December 2019</b>									
Balance at 1 January 2019	3,165,204	101,803	25,962	57,090	9,459,579	12,809,638	369,281	13,178,919	
Net movement from									
exchange differences	-	-	(10,830)	-	-	(10,830)	(5,252)	(16,082)	
Cash flow hedge	-	(63,570)	-	-	-	(63,570)	-	(63,570)	
Share of cash flow hedge of an equity-accounted joint venture	-	(447)	-	-	-	(447)	-	(447)	
Profit for the year	-	-	-	-	1,935,258	1,935,258	48,794	1,984,052	
<b>Total comprehensive (expenses) /income for the year</b>	-	(64,017)	(10,830)	-	1,935,258	1,860,411	43,542	1,903,953	
Redemption of redeemable preference share in subsidiary	-	-	-	354,111	(354,111)	-	(73,320)	(73,320)	
Interim dividend declared and paid in respect of previous year	-	-	-	-	(435,321)	(435,321)	-	(435,321)	
Interim dividend declared and paid in respect of current year	-	-	-	-	(989,366)	(989,366)	(19,690)	(1,009,056)	
<b>Total transactions with shareholders of the Company</b>	-	-	-	354,111	(1,778,798)	(1,424,687)	(93,010)	(1,517,697)	
<b>Balance at 31 December 2019</b>	<b>3,165,204</b>	<b>37,786</b>	<b>15,132</b>	<b>411,201</b>	<b>9,616,039</b>	<b>13,245,362</b>	<b>319,813</b>	<b>13,565,175</b>	
<b>Quarter ended 31 December 2020</b>									
Balance at 1 January 2020	3,165,204	37,786	15,132	411,201	9,616,039	13,245,362	319,813	13,565,175	
Net movement from									
exchange differences	-	-	(5,184)	-	-	(5,184)	-	(5,184)	
Cash flow hedge	-	(1,981)	-	-	-	(1,981)	-	(1,981)	
Share of cash flow hedge of an equity-accounted joint venture	-	(1,099)	-	-	-	(1,099)	-	(1,099)	
Profit for the year	-	-	-	-	2,009,585	2,009,585	72,696	2,082,281	
<b>Total comprehensive (expenses) /income for the year</b>	-	(3,080)	(5,184)	-	2,009,585	2,001,321	72,696	2,074,017	
Redemption of redeemable preference share in subsidiary	-	-	-	109,600	(109,600)	-	-	-	
Interim dividend declared and paid in respect of previous year	-	-	-	-	(633,194)	(633,194)	-	(633,194)	
Interim dividend declared and paid in respect of current year	-	-	-	-	(1,978,732)	(1,978,732)	(58,732)	(2,037,464)	
<b>Total transactions with shareholders of the Company</b>	-	-	-	109,600	(2,721,526)	(2,611,926)	(58,732)	(2,670,658)	
<b>Balance at 31 December 2020</b>	<b>3,165,204</b>	<b>34,706</b>	<b>9,948</b>	<b>520,801</b>	<b>8,904,098</b>	<b>12,634,757</b>	<b>333,777</b>	<b>12,968,534</b>	

# Quarterly Report

For the Fourth Quarter ended 31 December 2020

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		12 months ended	
		31 December	
	Note	2020	2019
<i>In RM'000</i>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		2,610,201	2,462,885
<i>Adjustments for:</i>			
Depreciation and amortisation	32	1,016,887	1,137,578
Share of profit after tax of equity-accounted joint ventures and associate		(159,788)	(136,724)
Unrealised gain on foreign exchange	32	(23,838)	(49,080)
Interest income	32	(120,919)	(154,244)
Financing costs		219,781	229,684
Other non-cash items		15,371	(737)
<b>Operating profit before changes in working capital</b>		<b>3,557,695</b>	<b>3,489,362</b>
Change in trade and other receivables		262,773	14,580
Change in trade and other inventories		19,185	(12,860)
Change in trade and other payables		(78,300)	141,754
<b>Cash generated from operations</b>		<b>3,761,353</b>	<b>3,632,836</b>
Interest income		120,919	154,244
Taxation paid		(390,376)	(429,788)
<b>Net cash generated from operating activities</b>		<b>3,491,896</b>	<b>3,357,292</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Dividend received from joint ventures and associate		64,906	28,471
Increase in investment in a joint venture		-	(31,031)
Term loan to a joint venture		-	(7,226)
Proceeds from disposal of property, plant and equipment		8,619	6,509
Purchase of property, plant and equipment		(964,269)	(1,094,383)
<b>Net cash used in investing activities</b>		<b>(890,744)</b>	<b>(1,097,660)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividends paid to shareholders of the Company	9	(2,611,926)	(1,424,687)
Dividends paid to non-controlling interest		(58,732)	(19,690)
Drawdown of:			
- Term loan		-	7,226
- Islamic financing facility	27	1,700,000	-
Payment of lease liabilities	27	(57,487)	(56,579)
Repayment of:			
- Term loan	27	(1,800,333)	-
- Loan from corporate shareholder of a subsidiary	27	(439,795)	(52,938)
Payment to non-controlling interest on redemption of shares		-	(73,320)
Interest expense paid		(215,677)	(229,535)
<b>Net cash used in financing activities</b>		<b>(3,483,950)</b>	<b>(1,849,523)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(882,798)</b>	<b>410,109</b>
Net foreign exchange difference		-	(4,441)
Cash and cash equivalents at beginning of the year		4,021,696	3,616,028
<b>Cash and cash equivalents at end of the year</b>		<b>3,138,898</b>	<b>4,021,696</b>

Included in the Group's cash and cash equivalents is RM24,351,000 (2019:RM Nil) in a finance service reserve account being designated as security against a subsidiary's Islamic financing facility.

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.

# Quarterly Report

For the Fourth Quarter ended 31 December 2020

## PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

### 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared using historical cost basis except for certain financial assets and financial liabilities that are stated at fair value.

The condensed consolidated financial statements are unaudited and have been prepared in accordance with the requirements of IAS 34, *Interim Financial Reporting*, MFRS 134, *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

They should also be read in conjunction with the Group's audited consolidated financial statements and the accompanying notes for the year ended 31 December 2019. The explanatory notes attached to the condensed consolidated financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2019.

Within the context of these financial statements, the Group comprises the Company and its subsidiaries and the Group's interest in an associate and its joint ventures as at and for the year ended 31 December 2020.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The financial information presented herein has been prepared in accordance with the accounting policies to be used in preparing the annual consolidated financial statements for the year ended 31 December 2020 under the Malaysian Financial Reporting Standards (MFRS) framework. These policies do not differ significantly from those used in the audited consolidated financial statements for the year ended 31 December 2019 except as described below.

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

Amendments to MFRS 3 *Business Combinations (Definition of a Business)*

Amendments to MFRS 9 *Financial Instruments*, MFRS 139 *Financial Instruments: Recognition and Measurement* and MFRS 7 *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

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 the Malaysian Accounting Standards Board 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 and adoption of the above-mentioned pronouncements did not have any material impact to the financial statements of the Group.

### 3. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

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

### 4. SEASONAL OR CYCLICAL FACTORS

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

### 5. EXCEPTIONAL ITEMS

There were no exceptional items during the quarter under review.

# Quarterly Report

For the Fourth Quarter ended 31 December 2020

## PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

### 6. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of the amounts reported in the most recent annual financial statements of the Group for the year ended 31 December 2019 that may have a material effect on the results of the quarter under review.

### 7. PROPERTY, PLANT AND EQUIPMENT

Freehold land and projects-in-progress are stated at cost less accumulated impairment losses and are not depreciated. Other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

### 8. DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale or repayment of debt and equity securities during the year ended 31 December 2020, other than as disclosed in these condensed consolidated financial statements.

### 9. DIVIDENDS

The following dividends were declared and paid by the Company:

<i>In RM'000</i>	<b>12 months ended 31 December</b>	
	<b>2020</b>	<b>2019</b>
<b>Ordinary</b>		
Interim paid:		
2018 - Fourth interim dividend of 22 sen per ordinary share	-	435,321
2019 - First interim dividend of 16 sen per ordinary share	-	316,597
2019 - Second interim dividend of 16 sen per ordinary share	-	316,597
2019 - Third interim dividend of 18 sen per ordinary share	-	356,172
2019 - Fourth interim dividend of 22 sen per ordinary share	<b>435,321</b>	-
2019 - Special interim dividend of 10 sen per ordinary share	<b>197,873</b>	-
2020 - First interim dividend of 16 sen per ordinary share	<b>316,597</b>	-
2020 - Second interim dividend of 16 sen per ordinary share	<b>316,597</b>	-
2020 - Special interim dividend of 50 sen per ordinary share	<b>989,366</b>	-
2020 - Third interim dividend of 18 sen per ordinary share	<b>356,172</b>	-
	<b>2,611,926</b>	1,424,687

On 22 February 2021, the Directors of the Company approved a fourth interim dividend of 22 sen per ordinary share amounting to RM435.3 million and a special interim dividend of 5 sen per ordinary share amounting to RM98.9 million, in respect of the financial year ended 31 December 2020.

The dividends are payable on 22 March 2021 to depositors registered in the Records of Depositors at the close of business on 10 March 2021.

A Depositor shall qualify for entitlement to the dividends only in respect of:

- Shares transferred into the Depositor's Securities Account before 4.30 pm on 10 March 2021 in respect of ordinary transfers.
- Shares brought on the Bursa Malaysia Securities Berhad on a cum entitlement basis accordingly to the rules of the Bursa Malaysia Securities Berhad.

The financial statements for the current quarter do not reflect these approved interim dividends. The dividends will be accounted for in equity as an appropriation of retained profits in the financial statements for the financial year ending 31 December 2021.

### 10. CHANGES IN THE COMPOSITION OF THE GROUP

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



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## PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

### 11. FAIR VALUE INFORMATION

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

The following table analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position. The fair value hierarchy in the valuation technique are as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are, observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable input).

The Group recognises transfers between levels of fair value hierarchy as at the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 2 and 3 of the fair value valuation hierarchy during the financial period.

<i>In RM'000</i>	Fair value of financial instruments carried at fair value Level 2	Fair value of financial instruments not carried at fair value Level 3	Total fair value	Carrying amounts
<b>31 December 2020</b>				
<b>Financial assets</b>				
<i>Current</i>				
Derivative assets	15	-	15	15
<i>Non-Current</i>				
Long term receivables	-	208,856	208,856	208,856
<b>Total financial assets</b>	<b>15</b>	<b>208,856</b>	<b>208,871</b>	<b>208,871</b>
<b>Financial liabilities</b>				
<i>Current</i>				
Islamic financing facility	-	(90,000)	(90,000)	(90,000)
Derivative liabilities	(161)	-	(161)	(161)
	<b>(161)</b>	<b>(90,000)</b>	<b>(90,161)</b>	<b>(90,161)</b>
<i>Non-Current</i>				
Islamic financing facility	-	(1,610,000)	(1,610,000)	(1,610,000)
<b>Total financial liabilities</b>	<b>(161)</b>	<b>(1,700,000)</b>	<b>(1,700,161)</b>	<b>(1,700,161)</b>

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## PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

### 11. FAIR VALUE INFORMATION (continued)

<i>In RM'000</i>	Fair value of financial instruments carried at fair value Level 2	Fair value of financial instruments not carried at fair value Level 3	Total fair value	Carrying amounts
<b>31 December 2019</b>				
<b>Financial assets</b>				
<i>Current</i>				
Derivative assets	952	-	952	952
<i>Non-Current</i>				
Long term receivables	-	262,019	262,019	262,019
Derivative assets	1,980	-	1,980	1,980
	1,980	262,019	263,999	263,999
<b>Total financial assets</b>	<b>2,932</b>	<b>262,019</b>	<b>264,951</b>	<b>264,951</b>
<b>Financial liabilities</b>				
<i>Current</i>				
Loan from corporate shareholder of a subsidiary	-	(54,687)	(54,687)	(54,687)
Derivative liabilities	(1,329)	-	(1,329)	(1,329)
	(1,329)	(54,687)	(56,016)	(56,016)
<i>Non-Current</i>				
Term loan	-	(1,781,242)	(1,781,242)	(1,781,242)
Loan from corporate shareholder of a subsidiary	-	(406,295)	(406,295)	(406,295)
	-	(2,187,537)	(2,187,537)	(2,187,537)
<b>Total financial liabilities</b>	<b>(1,329)</b>	<b>(2,242,224)</b>	<b>(2,243,553)</b>	<b>(2,243,553)</b>

The calculation of fair value for derivative assets and derivative liabilities within financial instruments depends on the type of instruments as follows:

- Fair value of non-derivative financial instruments, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.
- Fair value of forward exchange contracts are estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).
- Fair value of interest rate swap agreements are estimated by discounting expected future cash flows using current market interest rate and yield curve over the remaining term of the instruments.

# Quarterly Report

For the Fourth Quarter ended 31 December 2020

## PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

### 12. SEGMENTAL INFORMATION

The Group has four reporting segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately because it requires different technology and marketing strategies. The following summary describes the operations in each of the Group's reporting segments:

- Gas Processing – activities include processing of natural gas from gas fields offshore the East Coast of Peninsular Malaysia into salesgas and other by-products such as ethane, propane and butane.
- Gas Transportation – activities include transportation of processed gas to gas shippers' end customers throughout Malaysia and export to Singapore and provision of operations and maintenance services.
- Regasification – activities include regasification of liquefied natural gas (LNG) into the Peninsular Gas Utilisation pipeline network and provision of LNG reloading, truck loading and gassing up and cooling down services.
- Utilities – activities include manufacturing, marketing and supplying of industrial utilities to the petrochemical complexes in the Kertih and Gebeng Industrial Area and provision of operations and maintenance services.

Performance is measured based on segment gross profit, as included in the performance reports to the Board of Directors as the Company believes that such information is the most relevant in evaluating the results of the segments.

The segmental information in respect of the associate and joint ventures are not presented, as the contribution of the associate and joint ventures and the carrying amount of investment in the associate and joint ventures have been reflected in the statement of profit or loss and other comprehensive income and statement of financial position of the Group respectively.

<i>In RM'000</i>	<b>12 months ended</b>				
	<b>31 December 2020</b>				
<b>Business Segment</b>	<b>Gas Processing</b>	<b>Gas Transportation</b>	<b>Regasification</b>	<b>Utilities</b>	<b>Total</b>
Revenue	1,710,677	1,172,888	1,400,002	1,308,550	5,592,117
Segment results	944,616	794,852	713,113	203,847	2,656,428
Unallocated income					13,766
Operating profit					2,670,194
Financing costs					(219,781)
Share of profit after tax of equity-accounted associate and joint ventures					159,788
Profit before taxation					2,610,201

<i>In RM'000</i>	<b>12 months ended</b>				
	<b>31 December 2019</b>				
<b>Business Segment</b>	<b>Gas Processing</b>	<b>Gas Transportation</b>	<b>Regasification</b>	<b>Utilities</b>	<b>Total</b>
Revenue	1,702,318	1,152,481	1,237,895	1,365,556	5,458,250
Segment results	816,513	799,462	610,993	160,081	2,387,049
Unallocated income					168,796
Operating profit					2,555,845
Financing costs					(229,684)
Share of profit after tax of equity-accounted associate and joint ventures					136,724
Profit before taxation					2,462,885

# Quarterly Report

For the Fourth Quarter ended 31 December 2020

## PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

### 12. SEGMENTAL INFORMATION (continued)

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated income/(expenses) mainly comprises foreign exchange gain or loss as well as other corporate income and expenses.

The Group's revenue from contracts with customers which also represents reportable segment revenue are further disaggregated as follows:

In RM'000	12 months ended	
	2020	31 December 2019
<b>Geographical Locations</b>		
Peninsular Malaysia	5,581,068	5,410,244
Sabah and Sarawak	11,049	48,006
<b>Total</b>	<b>5,592,117</b>	<b>5,458,250</b>
<b>Products and Services</b>		
Gas processing services	1,710,677	1,702,318
Gas transportation services	1,165,728	1,118,271
Regasification services	1,396,570	1,236,525
Utilities		
- Electricity	547,498	652,391
- Steam	433,006	413,321
- Industrial gases	265,462	233,982
- Others <sup>1</sup>	61,334	64,239
Operations and maintenance services	8,410	35,833
LNG ancillary services	3,432	1,370
<b>Total</b>	<b>5,592,117</b>	<b>5,458,250</b>

<sup>1</sup> Others relates to water treatment services and sale of other utilities products.

### 13. SUBSEQUENT EVENTS

There were no material events subsequent to the end of the quarter.

### 14. CONTINGENCIES

There were no material contingent liabilities and contingent assets subsequent to the audited financial statements for the year ended 31 December 2019.

# Quarterly Report

For the Fourth Quarter ended 31 December 2020

## PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

### 15. CAPITAL COMMITMENTS

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

<i>In RM'000</i>	As at 31 December 2020	As at 31 December 2019
Property, plant and equipment		
Approved and contracted for	453,686	428,549
Approved but not contracted for	3,979,712	3,141,300
	<u>4,433,398</u>	<u>3,569,849</u>
Share of capital expenditure of joint ventures		
Approved and contracted for	795	18,760
Approved but not contracted for	9,648	15,405
	<u>10,443</u>	<u>34,165</u>
	<u>4,443,841</u>	<u>3,604,014</u>

### 16. RELATED PARTY TRANSACTIONS

There were no significant transactions with related parties in addition to the related party transactions disclosed in the audited financial statements for the year ended 31 December 2019, other than as disclosed below.

Pursuant to Gas Supply Act (Amendment) 2016, the Third Party Access code was introduced by Suruhanjaya Tenaga for the owner of gas facilities to purchase their own internal gas consumption. Hence, PETRONAS Gas Berhad and its subsidiaries had on 30 November 2020 entered into the following agreements with PETRONAS Energy & Gas Trading Sdn Bhd:

Company and subsidiaries	Agreement	Tenure
PETRONAS Gas Berhad	Master Sale and Purchase Agreement (MSPA) to purchase gas for internal consumption at Peninsular Gas Utilisation pipeline network.	2020 to 2022
Regas Terminal (Sg. Udang) Sdn. Bhd.	MSPA to purchase gas for internal consumption at LNG regasification terminal in Sg. Udang, Melaka.	2020 to 2022
Pengerang LNG (Two) Sdn. Bhd.	MSPA to purchase gas for internal consumption at LNG regasification terminal in Pengerang, Johor.	2020 to 2022

Upon expiry of the current 20-year sale and purchase agreement for the purchase of fuel gas for Utilities business, PETRONAS Gas Berhad had on 30 October 2020 entered into the following new agreement with PETRONAS Energy & Gas Trading Sdn Bhd:

Company	Agreement	Tenure
PETRONAS Gas Berhad	Gas Sales Agreement to purchase fuel gas for Utilities business.	2020 to 2039

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For the Fourth Quarter ended 31 December 2020

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

## 17. REVIEW OF GROUP PERFORMANCE

### (a) Performance of current quarter against the corresponding quarter

In RM'000	3 months ended		Variance %
	2020	31 December 2019	
Revenue	1,388,740	1,372,379	+1.2
Gross profit	636,313	574,157	+10.8
Profit before taxation (PBT)	641,212	588,271	+9.0
Profit for the quarter	521,031	492,933	+5.7
EBITDA*	886,559	875,179	+1.3

\* EBITDA refers to earnings before interest, taxation, depreciation and amortisation, share of profit of equity accounted associate and joint ventures and other significant non-cash items.

The Group maintained its world-class reliability performance across all its plants and facilities during the quarter under review.

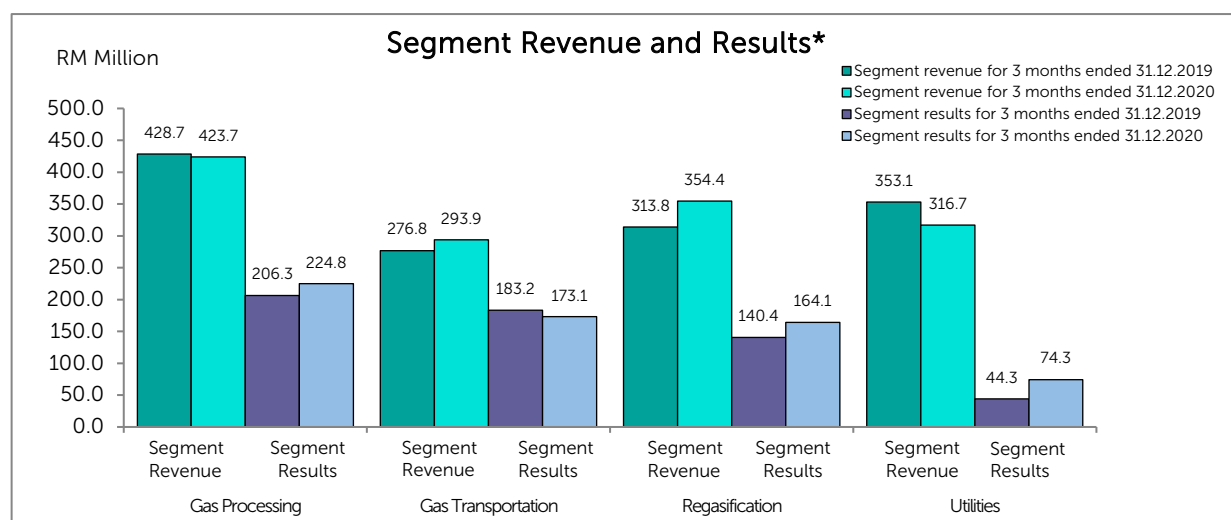
The Group recorded higher revenue by 1.2% or RM16.3 million at RM1,388.7 million mainly contributed by higher revenue from Regasification and Gas Transportation segments in line with new tariffs for Regulatory Period 1 (RP1) effective 1 January 2020. These were offset by lower revenue from Utilities segment due to lower electricity sales volume.

Gross profit was higher by 10.8% or RM62.1 million with higher contribution from Utilities, Regasification and Gas Processing segments, due to lower operating costs.

PBT grew by 9.0% or RM52.9 million in tandem with higher gross profit, complemented by higher share of profit from joint ventures.

Profit for the quarter was correspondingly higher by 5.7% or RM28.1 million.

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



\*Note: Segment Results refers to Gross Profit

# Quarterly Report

For the Fourth Quarter ended 31 December 2020

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

### 17. REVIEW OF GROUP PERFORMANCE (continued)

#### (a) Performance of current quarter against the corresponding quarter (continued)

##### Gas Processing

The Group's Gas Processing plants maintained its world class operational performance, recording close to 99% reliability.

Segment revenue was slightly lower by 1.2% or RM5.0 million against corresponding quarter following lower Internal Gas Consumption (IGC) incentive due to revision in pricing from regulated price to reference market price.

Segment results grew by 9.0% or RM18.5 million on the back of lower operating costs attributable to lower depreciation expense. Depreciation cost was lower as a result of fully depreciated assets and extension of statutory plant turnaround interval.

##### Gas Transportation

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

Suruhanjaya Tenaga has approved regulated tariff of RM1.129/GJ for the Peninsular Gas Utilisation (PGU) pipeline network which is applicable for Regulatory Period 1 (RP1) from 1 January 2020 to 31 December 2022. This compares to regulated tariff of RM1.072/GJ in 2019 under Pilot Regulatory Period (PRP).

The higher RP1 tariff follows the inclusion of internal gas consumption (IGC) cost recovery, which is a pass-through cost. Prior to RP1, IGC cost was borne directly by the shipper.

Segment revenue was higher by 6.2% or RM17.1 million mainly driven by higher RP1 tariff. The corresponding quarter revenue was also lower due to downward adjustment on Miri Gas Transportation tariff.

Segment results were lower by 5.5% or RM10.1 million, reflecting the impact of lower Regulated Asset Base (RAB) transitioning from depreciated replacement cost to net book value under Incentive-based Regulation (IBR). This was offset by lower internal gas consumption costs.

##### Regasification

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

Suruhanjaya Tenaga has approved regulated tariff of RM3.455/GJ and RM3.485/GJ for RGTSU and RGTP respectively which are applicable for RP1 from 1 January 2020 to 31 December 2022. In 2019, tariffs were RM3.518/mmBtu and USD0.637/mmBtu respectively under PRP.

The RP1 tariffs are higher on a comparable unit basis following the inclusion of IGC cost recovery, which is a pass-through cost. Prior to RP1, IGC cost was borne directly by the capacity user. In addition, RGTP tariff was higher due to inclusion of jetty leased asset for RP1.

Segment revenue rose by 12.9% or RM40.6 million in line with higher RP1 tariffs.

Segment results increased by 16.9% or RM23.7 million largely attributable to higher contribution from RGTP following higher RAB for RGTP under RP1 tariff, offset by higher operating expenses relating to RGTP electricity supply contract.

# Quarterly Report

For the Fourth Quarter ended 31 December 2020

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

## 17. REVIEW OF GROUP PERFORMANCE (continued)

### (a) Performance of current quarter against the corresponding quarter (continued)

#### Utilities

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

Segment revenue decreased by 10.3% or RM36.4 million, mainly attributable to lower excess electricity offtake by customer.

Segment results nevertheless improved by 67.7% or RM30.0 million on the back of higher contribution from steam and industrial gases sales amidst lower fuel gas costs and lower depreciation expense. The fuel gas costs were lower due to revision in pricing from regulated price to reference market price.



# Quarterly Report

For the Fourth Quarter ended 31 December 2020

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

**17. REVIEW OF GROUP PERFORMANCE (continued)**

**(b) Performance of current year against the corresponding year**

In RM'000	12 months ended		Variance
	2020	2019	
Revenue	5,592,117	5,458,250	+2.5
Gross profit	2,656,428	2,387,049	+11.3
Profit before taxation (PBT)	2,610,201	2,462,885	+6.0
Profit for the year	2,082,281	1,984,052	+4.9
EBITDA*	3,566,162	3,502,721	+1.8

\* EBITDA refers to earnings before interest, taxation, depreciation, and amortisation, share of profit of equity accounted associate and joint ventures and other significant non-cash items.

The Group's plants and facilities continued to perform strongly, close to 100% reliability during the year under review.

The Group recorded robust financial performance amidst uncertain economic conditions due to the ongoing pandemic, supported by sustained revenue streams and lower costs.

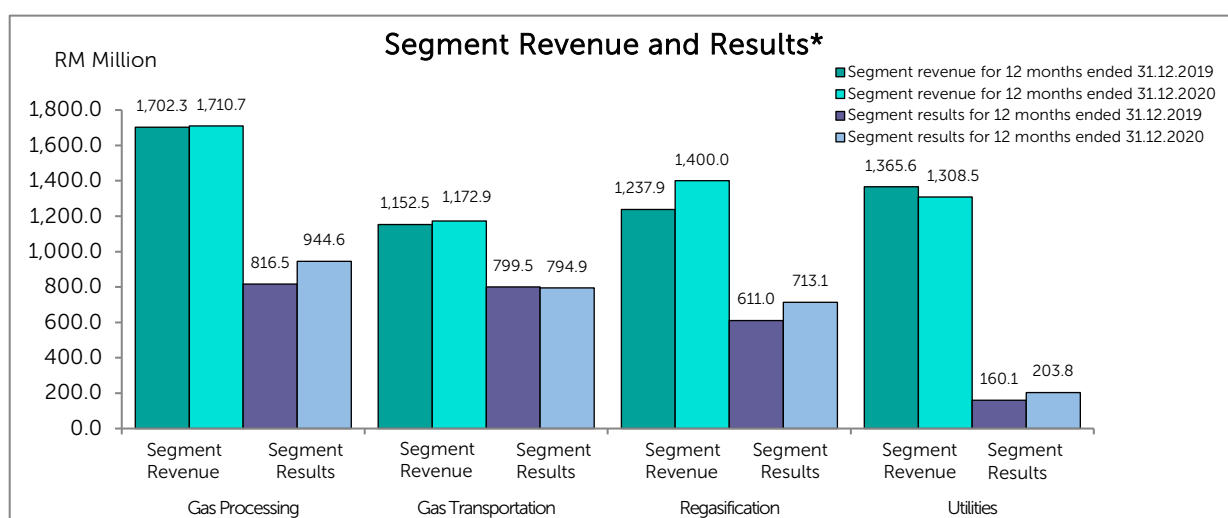
Group revenue stood at RM5,592.1 million, an increase by 2.5% or RM133.8 million as revenue from Regasification and Gas Transportation segments increased by RM182.5 million in line with new tariffs for Regulatory Period 1 (RP1) effective 1 January 2020 following the inclusion of internal gas consumption (IGC) pass-through cost negated by lower gas transportation regulated asset base due to transitioning from depreciated replacement costs to net book value. These were offset by lower revenue from Utilities segment due to lower excess electricity sold.

Gross profit grew by 11.3% or RM269.3 million at RM2,656.4 million as a result of higher contribution from Gas Processing, Regasification and Utilities segments due to lower operating costs.

PBT increased by 6.0% or RM147.3 million as higher gross profit was partially offset by lower other income and unfavourable movement on foreign exchange coupled with lower investment income during the year.

Profit for the year was higher by 4.9% or RM98.2 million in tandem with higher PBT.

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



\*Note: Segment Results refers to Gross Profit

# Quarterly Report

For the Fourth Quarter ended 31 December 2020

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

### 17. REVIEW OF GROUP PERFORMANCE (continued)

#### (b) Performance of current year against the corresponding year (continued)

##### Gas Processing

The Group's Gas Processing plants maintained its world class operating performance, comparable to last year.

Segment revenue increased by 0.5% or RM8.4 million mainly attributable from new revenue stream from liquified petroleum gas importation and exportation services at Tanjung Sulong Export Terminal, Terengganu, and higher Performance Based Structure incentives in line with world-class operational performance recorded.

Segment results rose by 15.7% or RM128.1 million against 2019 driven by lower depreciation expense as a result of fully depreciated assets and extension of statutory plant turnaround interval in addition to higher revenue.

##### Gas Transportation

The Group's pipeline network achieved close to 100% reliability, similar to the corresponding year.

Segment revenue was higher by 1.8% or RM20.4 million at RM1,172.9 million driven by higher RP1 tariff. The higher RP1 tariff follows the inclusion of internal gas consumption (IGC) cost recovery, which is a pass-through cost. Prior to RP1, IGC cost was borne directly by the shipper.

This was offset by lower revenue from operation and maintenance activities and Sarawak gas transportation following the transfer of Sabah-Sarawak Gas Pipeline operations to PETRONAS Carigali Sdn Bhd as well as sale of Miri and Bintulu gas distribution assets to a third-party.

Segment results was comparable at RM794.9 million, a slight decline by 0.6% or RM4.6 million as lower net RP1 tariff excluding IGC was partially offset by lower operating costs. Net RP1 tariff excluding IGC was lower mainly due to transitioning of Regulated Asset Base (RAB) from depreciated replacement cost to net book value under Incentive-based Regulation (IBR).

##### Regasification

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

Segment revenue improved by 13.1% or RM162.1 million in line with higher tariffs applicable for RP1 effective from 1 January 2020 to 31 December 2022 following inclusion of IGC pass-through cost and higher RGTP RAB due to inclusion of jetty leased asset.

Segment results increased by 16.7% or RM102.1 million largely attributable to lower internal gas consumption purchased and higher RAB for RGTP under RP1 tariff, offset by higher utilities cost relating to RGTP electricity supply contract.

# Quarterly Report

For the Fourth Quarter ended 31 December 2020

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

## 17. REVIEW OF GROUP PERFORMANCE (continued)

### (b) Performance of current year against the corresponding year (continued)

#### Utilities

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

Segment revenue decreased by 4.2% or RM57.1 million, mainly attributable to lower electricity offtake by customers, offset by higher industrial gases and steam customers' demand.

Despite lower revenue, segment results increased by 27.3% or RM43.7 million driven by higher contribution from steam and industrial gases sales to customer on the back of lower fuel gas costs and lower depreciation expense. The fuel gas costs were lower due to revision in pricing from regulated price to reference market price.

# Quarterly Report

For the Fourth Quarter ended 31 December 2020

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

### 18. COMPARISON AGAINST IMMEDIATE PRECEDING QUARTER RESULTS

In RM'000	3 months ended		Variance %
	31 December 2020	30 September 2020	
Revenue	1,388,740	1,407,423	-1.3
Gross profit	636,313	735,757	-13.5
Profit before taxation (PBT)	641,212	808,107	-20.7
Profit for the quarter	521,031	639,516	-18.5
EBITDA*	886,559	1,049,790	-15.5

\* EBITDA refers to earnings before interest, taxation, depreciation, and amortisation, share of profit of equity accounted associate and joint ventures and other significant non-cash items.

The Group maintained its strong performance for plant and facilities reliability across all segments during the quarter under review.

Against the preceding quarter, the Group's revenue was slightly lower by 1.3% or RM18.7 million at RM1,388.7 million attributable to lower revenue from Utilities segment on the back of lower excess electricity sold.

Gross profit declined by 13.5% or RM99.5 million largely attributable to higher operating costs by Gas Transportation and Regasification segments mainly due to higher internal gas consumption as well as repair and maintenance costs in line with higher level activities following easing of pandemic-related restrictions.

PBT and profit for the quarter were correspondingly lower by 20.7% or RM166.9 million and 18.5% or RM118.5 million respectively on the back of lower gross profit coupled with unfavourable movement of foreign exchange.

### 19. REVIEW OF GROUP FINANCIAL POSITION

In RM'000	As at	As at	Variance %
	31 December 2020	31 December 2019	
Total assets	18,344,615	19,583,521	-6.3
Total equity attributable to the shareholders of the Company	12,634,757	13,245,362	-4.6
Total liabilities	5,376,081	6,018,346	-10.7
Return on equity (%)	15.9	14.6	+1.3

The Group's total assets at RM18.3 billion was lower by 6.3% or RM1,238.9 million largely attributable to lower cash and cash equivalents following higher dividends paid.

Total equity attributable to shareholders of the Company was lower by 4.6% or RM610.6 million at RM12.6 billion in line with higher dividends paid offset by profit for the year.

Total liabilities decreased by 10.7% or RM642.3 million mainly attributable to full settlement of term loan and repayment of loan from corporate shareholder of a subsidiary, offset by new Islamic financing raised by a subsidiary during the year.

# Quarterly Report

For the Fourth Quarter ended 31 December 2020

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

### 20. REVIEW OF GROUP CASH FLOWS

<i>In RM'000</i>	12 months ended		Variance %
	2020	31 December 2019	
Net cash generated from operating activities	3,491,896	3,357,292	+4.0
Net cash used in investing activities	(890,744)	(1,097,660)	-18.9
Net cash used in financing activities	(3,483,950)	(1,849,523)	+88.4
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(882,798)</b>	<b>410,109</b>	<b>-315.3</b>

Net cash generated from operating activities was slightly higher by 4.0% or RM134.6 million in line with higher operating profit during the year.

Net cash used in investing activities decreased by 18.9% or RM206.9 million in line with lower spending on capital expenditure and higher dividends received from associate and joint ventures.

Net cash used in financing activities was higher by 88.4% or RM1,634.4 million as a result of higher dividends paid to shareholders of the Company and full settlement of term loan and loan from corporate shareholder of a subsidiary, offset by new Islamic financing raised by a subsidiary.

### 21. TAX EXPENSE

Tax expense comprises the following:

<i>In RM'000</i>	3 months ended		12 months ended	
	2020	31 December 2019	2020	31 December 2019
<b>Current tax expenses</b>				
Malaysia				
- current period	94,555	79,023	454,895	386,735
- under/(over) provision in prior years	10,030	-	10,030	(3,251)
	<b>104,585</b>	<b>79,023</b>	<b>464,925</b>	<b>383,484</b>
<b>Deferred tax expenses</b>				
- origination and reversal of temporary differences	18,979	16,315	66,378	98,795
- over provision in prior years	(3,383)	-	(3,383)	(3,446)
	<b>15,596</b>	<b>16,315</b>	<b>62,995</b>	<b>95,349</b>
<b>Total tax expenses</b>	<b>120,181</b>	<b>95,338</b>	<b>527,920</b>	<b>478,833</b>

The effective tax rate (ETR) for the quarter and twelve months' period ended 31 December 2020 was lower than the statutory tax rate of 24% mainly due to tax incentives granted for LNG regasification terminal in Pengerang, Johor.

# Quarterly Report

For the Fourth Quarter ended 31 December 2020

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

### 22. COMMENTARY ON PROSPECTS

As announced by the Group on 20 December 2019, the Energy Commission has approved the Incentive-based Regulation tariffs for Regulatory Period 1 (RP1) for Gas Transportation and Regasification services which commence from 1 January 2020 to 31 December 2022.

The Group's Gas Transportation and Regasification business segments are anticipated to continue contributing positively to the Group's earnings under the RP1 tariffs.

The Group's Gas Processing segment is expected to remain stable on the back of its strong and sustainable income stream under the 2<sup>nd</sup> Term of the 20-year Gas Processing Agreement effective from 2019 until 2023.

The Group's Utilities segment contribution will be driven by customer demand, underpinned by economic conditions.

The COVID-19 pandemic is not expected to significantly impact the Group's overall earnings as the Group's business model and long-term contracts ensures steady revenue streams, particularly for Gas Processing, Gas Transportation and Regasification business segments.

### 23. PROFIT FORECAST

There was no profit forecast published by the Group as at the date of this report.

### 24. STATUS OF CORPORATE PROPOSAL ANNOUNCED BUT NOT COMPLETED

There was no corporate proposal announced but not completed as at the date of this report.

### 25. TRADE AND OTHER RECEIVABLES

<i>In RM'000</i>	<b>As at 31 December 2020</b>	<b>As at 31 December 2019</b>
<b>Trade receivables</b>		
- Third party	11,257	27,828
- Related companies	611,382	624,653
- Joint ventures	914	354
- Related parties	15,428	33,915
	<u>638,981</u>	686,750
<b>Other receivables</b>	105,564	268,210
Less: Impairment write back/(loss)	(61)	(85)
<b>Trade and other receivables</b>	<u>744,484</u>	954,875

Average credit term for trade receivables granted to related parties and third parties is 30 days.

The ageing of trade receivables as at reporting date are as follows:

<i>In RM'000</i>	<b>As at 31 December 2020</b>	<b>As at 31 December 2019</b>
Current	638,981	693,203
Past due 1 to 30 days	-	(140)
Past due 31 to 60 days	-	373
Past due 61 to 90 days	-	(8,623)
Past due more than 90 days	-	1,937
<b>Trade receivables</b>	<u>638,981</u>	686,750

With respect to the Group's trade receivables, there are no indications as at reporting date that the debtors will not meet their payment obligations.

# Quarterly Report

For the Fourth Quarter ended 31 December 2020

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

### 25. TRADE AND OTHER RECEIVABLES (continued)

#### Significant related party trade receivables

Related parties	Nature of transactions
<b>a. Holding company</b> Petroliam Nasional Berhad	Provision of gas processing services.
<b>b. Related companies</b> PETRONAS Energy & Trading Sdn Bhd	Provision of gas transportation services and LNG regasification services.
PETRONAS Chemical Derivatives Sdn Bhd	Sales of industrial utilities.
PETRONAS Chemical MTBE Sdn Bhd	Sales of industrial utilities.
PETRONAS Chemical Ammonia Sdn Bhd	Sales of industrial utilities.

### 26. FOREIGN EXCHANGE EXPOSURE / HEDGING POLICY

The Group operates predominantly in Malaysia and transacts mainly in Ringgit Malaysia. Nevertheless, the Group is exposed to varying levels of foreign exchange risk when it enters into transactions that are not denominated in the respective companies' functional currencies and when foreign currency monetary assets and liabilities are translated at the reporting date.

The Group's foreign currency management policy is to minimise economic and significant transactional exposure arising from currency movements. Residual net positions are actively managed and monitored against prescribed policies and control procedures. When deemed necessary and appropriate, the Group will enter derivative financial instruments to hedge and minimise their exposure to the foreign currency movements.

### 27. BORROWINGS

Particulars of Group's borrowings are as follows:

<i>In RM'000</i>	As at 31 December 2020	As at 31 December 2019
<b>Non-Current</b>		
<b>Secured</b>		
Islamic financing facility	1,610,000	-
Lease liabilities	1,524,260	1,604,727
<b>Unsecured</b>		
Term loan	-	1,781,242
Loan from corporate shareholder of a subsidiary	-	406,295
	<u>3,134,260</u>	<u>3,792,264</u>
<b>Current</b>		
<b>Secured</b>		
Islamic financing facility	90,000	-
Lease liabilities	55,161	51,965
<b>Unsecured</b>		
Loan from corporate shareholder of a subsidiary	-	54,687
	<u>145,161</u>	<u>106,652</u>
	<u>3,279,421</u>	<u>3,898,916</u>
<i>In RM'000</i>		
<b>By Currency</b>		
RM	1,712,966	5,903
USD	1,566,455	3,893,013
Closing exchange rate (RM/USD)	4.0285	4.0995

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For the Fourth Quarter ended 31 December 2020

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

### 27. BORROWINGS (continued)

In RM'000	Total	Less than 1 year	Between 1-5 years	More than 5 years
<b>Secured</b>				
Islamic financing facility	1,700,000	90,000	445,000	1,165,000
Lease liabilities	1,579,421	55,161	296,870	1,227,390
	<b>3,279,421</b>	<b>145,161</b>	<b>741,870</b>	<b>2,392,390</b>

<sup>1</sup> The secured Islamic financing facility (Murabahah Islamic Medium Term Notes) bear a profit rate ranging from 2.03% to 3.74% per annum and are fully repayable at their various 20 tranche due dates from 2021 to 2040.

<sup>2</sup> Lease liabilities bears interest at rates between 7.2% to 9.1% (2019: between 7.2% to 9.1%) per annum.

<sup>3</sup> The USD unsecured term loan which borne interest at floating rates ranging from 2.1% to 2.8% (2019: 2.5% to 3.3%) per annum and due for full payment in February 2021, was prepaid in full on 21 October 2020.

Reconciliation of liabilities arising from financing activities:

In RM'000	At 1 January 2020	Net changes from financing cash flows	Foreign exchange movement	At 31 December 2020
Islamic financing facility	-	1,700,000	-	1,700,000
Lease liabilities	1,656,692	(57,487)	(19,784)	1,579,421
Term loan	1,781,242	(1,800,333)	19,091	-
Loan from corporate shareholder of a subsidiary	460,982	(439,795)	(21,187)	-
	<b>3,898,916</b>	<b>(597,615)</b>	<b>(21,880)</b>	<b>3,279,421</b>

#### Islamic financing facility

The secured Islamic financing facility:

In RM'000	2020	Group 2019
RM Murabahah Medium Term Notes	1,700,000	-

On 21 October 2020, Pengerang LNG (Two) Sdn. Bhd. (PLNG2), a 65% owned subsidiary of the Group issued a Ringgit denominated 20-year multi tranche Sukuk Murabahah under its Islamic Medium Term Note Programme which was primarily used to prepay its outstanding shareholders' loan in full.

It is secured by way of first ranking assignment and charge over the Designated Account and all monies standing to the credit thereto. The Designated Account being the finance service reserve account ("FSRA") which is to be funded by the issuer to a minimum balance equivalent to the next 6 months' principal and next 6 months' periodic profit payment due.

In connection with the Murabahah Medium Term Note Programme, the subsidiary of the Group ("Issuer"), has agreed the following significant covenants:

- Issuer shall maintain a maximum debt to equity ratio of 80:20; and
- Issuer shall maintain a Finance Service Cover Ratio of not less than 1.25 times;

#### Lease liabilities

Lease liabilities mainly represent future obligation to make lease payments for the right to use the Group's floating storage unit in Sg. Udang, Melaka and jetty facilities in Pengerang, Johor.



# Quarterly Report

For the Fourth Quarter ended 31 December 2020

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

### 28. DERIVATIVES

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

	Notional/Contract Value		Fair Value	
	As at 31 December 2020 USD'000	As at 31 December 2019 USD'000	As at 31 December 2020 RM'000	As at 31 December 2019 RM'000
Interest rate swap (designated as hedging instrument) - 1 year to 3 years	-*	322,003	-*	1,980
Forward exchange contract - Less than 1 year	64	13	(147)	(377)

*\*The Group's cash flow hedge accounting was discontinued as future floating interest expense on USD term loan, designated as the hedge item will no longer occur following the early settlement in full on 21 October 2020 of the USD term loan. Accordingly, a cumulative loss of RM12,396,000 on the hedging instrument has been reclassified from equity to profit or loss.*

There were no changes to the requirements and nature of the outstanding derivatives as disclosed since the last audited financial statements for the year ended 31 December 2019, other than as disclosed above.

### 29. MATERIAL LITIGATION

On 25 November 2019, the PETRONAS Gas Berhad ("the Company") was served a Notice of Arbitration by PBJV Group Sdn Bhd ("PBJV"), a wholly owned subsidiary of Barakah Offshore Berhad. The claim amounting to RM179.8 million is in relation to the procurement, construction and commissioning of Pengerang Gas Pipeline Project ("the Project") where a Consortium was appointed by the Company as the contractor for the Project. PBJV was one of the Consortium partners for the Project.

On 24 December 2019, the Company has responded to the Notice of Arbitration and denied all PBJV claims as baseless allegation and without any merits as the Global Settlement Agreement agreed by both Consortium partners recorded the settlement terms in relation to the Project.

No hearing date has been fixed as the arbitration proceeding is pending the appointment of the Arbitrators by the President of Asian International Arbitration Centre (AIAC).

There has been no other material litigation since the last audited consolidated financial statements for the year ended 31 December 2019.

# Quarterly Report

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

### 30. EARNINGS PER SHARE

Basic earnings per share (EPS) is derived based on the net profit attributable to shareholders of the Company and the number of ordinary shares outstanding during the period.

	3 months ended		12 months ended	
	31 December		31 December	
	2020	2019	2020	2019
Net profit for the period attributable to ordinary shareholders of the Company (RM'000)	503,352	485,273	2,009,585	1,935,258
Number of ordinary shares in issue ('000)	1,978,732	1,978,732	1,978,732	1,978,732
<b>EPS (sen)</b>	<b>25.44</b>	24.52	<b>101.56</b>	97.80

As at the date of the statement of financial position, the Company has not issued any dilutive potential ordinary shares and hence, the diluted EPS is the same as the basic EPS.

### 31. AUDITOR REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

As disclosed in Note 3.

### 32. OPERATING PROFIT FOR THE PERIOD

In RM'000	3 months ended		12 months ended	
	31 December		31 December	
	2020	2019	2020	2019
<b>Operating profit includes the following charges:</b>				
Depreciation of property, plant and equipment*	248,049	293,395	1,016,887	1,137,578
Property plant and equipment written off	-	36	853	513
Inventory written off	-	-	12,721	1,364
Impairment loss:				
- expected credit loss	14	-	-	-
- Inventories	1,214	-	1,214	-
Loss on disposal of property, plant and equipment	-	-	810	-
Realised loss on foreign exchange	23,244	-	21,471	-
Other receivables written off	-	-	549	-
<b>and crediting:</b>				
Realised gain on foreign exchange	-	7,845	-	1,122
Unrealised gain on foreign exchange	62,452	10,928	23,838	49,080
Gain on disposal of property, plant and equipment	11	2,335	-	2,576
Interest income from fund investments	30,880	46,681	120,919	154,244
Impairment write back – expected credit loss	-	41	51	38

\* Includes depreciation on right-of-use (ROU) assets and amortisation of prepaid lease payments.

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

# Quarterly Report

For the Fourth Quarter ended 31 December 2020

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

### 33. DIVIDENDS

As disclosed in Note 9.

### 34. EXCHANGE RATE

USD/MYR	31.12.2020	Individual quarter ended			Cumulative quarter ended		
		30.09.2020	31.12.2019	31.12.2020	30.09.2020	31.12.2019	
Average rate	4.1082	4.2033	4.1683	4.2036	4.2354	4.1423	
Closing rate	4.0285	4.1575	4.0995	4.0285	4.1575	4.0995	

### 35. AUTHORISED FOR ISSUE

The quarterly report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 22 February 2021.

#### BY ORDER OF THE BOARD

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