



Esteemed Stakeholders,

In 2023, the world faced significant volatility. The entire year was marked with seismic shifts in policies, legislation and geopolitics which significantly impacted the global economy. The fundamentals supporting supply and demand as the general determinants of energy equilibrium were so severely distorted, making capital and resource allocation for energy players across the globe a Herculean undertaking.

Tan Sri Tengku Muhammad Taufik

President and Group Chief Executive Officer

Letter from the President and Group Chief Executive Officer

Across the world, countries struggled to balance addressing the evident need for a secure and affordable energy supply today, against the necessity of developing a clear and measurable pathway towards a sustainable lower-carbon future that we have collectively pledged to achieve as a global community.

Delivering the energy needed to tackle the energy trilemma is a complex existential challenge – but one where PETRONAS is responding with a clear strategy and agility to be part of the solution for a just and responsible energy transition.

The Group navigated 2023 with relentless focus and executed the PETRONAS Energy Transition Strategy, paired with strong operational performance across our integrated energy portfolio. We are committed to deliver more value responsibly and sustainably for our stakeholders guided by our purpose to be their progressive energy and solutions partner enriching lives for a sustainable future.



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Safety

In 2023, PETRONAS recorded a resilient operational and financial performance, credited to the unwavering dedication and service of more than 54,000 members of the PETRONAS family who continue to uphold safety as a top priority.

While we continued to make progress in our Health, Safety and Environment (HSE) performance – regrettably, two incidents occurred in our operations that resulted in the loss of lives. PETRONAS is determined to do better. We must continuously reinforce a strong safety culture across our operations to create a safe working environment where everyone goes home safely.

Delivering More Value Responsibly and Sustainably

At PETRONAS, we believe it is about getting the balance right with a pragmatic pathway to deliver more energy with less emissions to realise a just and responsible energy transition.

As a Group, we continue to be disciplined in our investments to develop hydrocarbons with measurable and effective decarbonisation initiatives, while also building our capacity in the cleaner energy space and specialty chemicals.

We are making steady progress under our Energy Transition Strategy by continuously exercising prudent financial management and doubling down on efforts to strengthen our portfolio.

As a result, I am pleased to share that the Group registered Profit After Tax (PAT) of RM80.7 billion on the back of RM343.6 billion in revenue. EBITDA stood at RM128.6 billion for the year under review.

PETRONAS will continue to deliver with discipline to keep energy flowing for economic growth and the energy security of those we serve by ensuring the necessary foundation is in place as we prepare to be part of a decarbonised energy system.

Among the highlights in 2023 include:

- Achieved top quartile exploration performance for most discovered resources in 2023 – over 1 billion barrels of oil equivalent (bboe) of new resources in Malaysia.
- Progressing towards startup of LNG Canada in 2025 and bringing on stream Malaysia’s first nearshore LNG production facility in Sabah as LNG will play a critical role as a destination fuel for the energy transition.
- Reached Final Investment Decision (FID) to construct an advanced chemical recycling plant in our Pengerang Integrated Complex that is expected to commence operations in 2026.
- Identified three definitive carbon capture and storage (CCS) hubs in Malaysia, which includes the Kasawari Carbon Dioxide Sequestration Project offshore Sarawak. This project is expected to reduce 3.3 million tonnes of carbon dioxide equivalent (million tonnes CO₂e) per year, with the first injection scheduled in 2026.
- 2.9 gigawatts of renewable energy capacity installed and under construction.
- Grew our Vehicle-as-a-Service fleet in Malaysia, India and Indonesia with more than 3,000 electric vehicles (EVs).
- Advanced approximately 200 kTPA of hydrogen opportunities beyond the feasibility stage.
- Recorded GHG emissions of 45.16 million tonnes CO₂e for our Malaysian operations through intensified efforts in flaring and venting reductions, energy efficiency and electrification – on track to meet near-term target of capping emissions at 49.5 million tonnes CO₂e by 2024 in our domestic operations.

PETRONAS has crafted a clear strategy for the energy transition. Our aim now is to execute this strategy even as we continue improving our operational performance to create long-term sustainable value for our stakeholders, while building the foundations that will shift us closer to a lower-carbon future.

Letter from the President and Group Chief Executive Officer

Realising Shared Goals through Collaboration

Energy transition is a journey of change that cannot be achieved overnight, nor is it a journey that can be undertaken by any one country or any one business on its own. For a just energy transition to be successful, holistic and far-reaching, collaborations must take place at all stages within an energy ecosystem.

In this stride, PETRONAS is honoured to collaborate with forward-looking partners at home and abroad who share the same desire and commitment to this agenda.

- Under the National Energy Transition Roadmap (NETR), PETRONAS will lead two emissions abatement projects for the country, namely CCS and hydrogen as well as the development of future fuels. CCS has been recognised as a lever to reduce Malaysia's GHG intensity under the Malaysia Budget, NETR and New Industrial Master Plan (NIMP 2030).
- Memorandum of Cooperation (MoC) with Japan's Ministry of Economy, Trade and Industry (METI) and Japan Organization for Metals and Energy Security (JOGMEC) to strengthen collaboration on cross-border CCS projects.
- Memorandum of Understanding (MoU) with IHI Corporation to collaborate on developing the ammonia value chain and commercialise ammonia-powered gas turbines in Malaysia. With this collaboration, we hope to accelerate the adoption of clean hydrogen as a viable energy transition lever.
- Partnership with Idemitsu Kosan Co., Ltd. to enhance shared capabilities across the sustainable aviation fuel supply chains and optimise a route to market.
- Collaboration with PLUS to launch Malaysia's first EV fast charging modular and portable station with a battery energy storage system at the Behrang Lay-by.
- Multistakeholder collaboration under the ASEAN Energy Sector Methane Leadership Program to further strengthen the capabilities and capacities of companies to expedite methane emission reductions across the energy value chain in Southeast Asia.

In 2023, PETRONAS partnered with S&P Global to organise the inaugural Energy Asia conference driven by one simple belief: the world cannot achieve net zero without Asia achieving net zero.

This region is expected to be among the epicentres of global economic growth due to advancing industries and the rapid urbanisation of a growing population. Given varying degrees of wealth and economic development, Asia's energy needs require a customised approach.

The three-day conference aimed to promote inclusiveness in its dialogues, representing a broad range of interests from different industries, sectors, and communities in Asia. With some of the best minds convened at the conference, I believe we are progressing towards having Asia's voice represented in discussions about energy security, climate change, and net zero.

Energy Asia was launched by the Prime Minister of Malaysia and welcomed more than 3,000 delegates, over 200 speakers, and 46 sponsors representing 18 industries from across 27 countries. I look forward to more meaningful collaborations to bring forth the solutions we need for the region as we convene in June 2025 for the second edition of Energy Asia.



Outlook

PETRONAS’ accomplishments to date would not have been possible without the strong support of all stakeholders.

Realising these milestones is a feat that takes time and effort – and I would like to put on record that PETRONAS values the trust of our stakeholders as we discharge our duty as established under the Petroleum Development Act 1974 while living up to the expectations and responsibilities of being an international energy player.

Anchored to our Shared Values, PETRONAS remains resolute in our commitment to ensure the Group delivers results responsibly with the highest standards of good governance, integrity and compliance.

As we look ahead, while PETRONAS’ performance has proven resilient in a volatile operating environment, we anticipate that uncertainties and risks from the events in 2023 will carry through into 2024.

We will focus on reinvesting with discipline, remain steadfast in delivering more value responsibly and sustainably for our stakeholders, but at all times, we will resolutely exercise prudent management of our financial commitments and debt obligations.

Finally, I want to express my deepest appreciation to the PETRONAS family for their commitment and resilience in overcoming obstacles in the ever-changing and volatile energy landscape. I extend my sincere gratitude to our Chairman, Tan Sri Dato’ Seri Mohd Bakke Salleh, and the PETRONAS Board of Directors for their steadfast leadership amid heightened uncertainties. Additionally, I want to commend the PETRONAS Executive Leadership Team for their unwavering resolve in the face of adversity.

PETRONAS’ employees have always understood the sheer scale and gravity of their responsibilities in being a part of this sacred institution. The scope of our obligations goes far beyond simply making a profit as an energy and solutions partner. Indeed, they are measured in the way we enrich the lives of Malaysians and the communities where we operate as we work together to deliver a sustainable future. We remain unwavering in upholding our Amanah, which has stayed the same since PETRONAS was first incorporated as a company – and this commitment will not change for the foreseeable future.

As we approach our 50th anniversary in 2024, I hope that, together with our stakeholders, we can build on this long-standing relationship for greater success and prosperity as we strive towards ‘Continuing a Legacy Together for Our Future’.

Tan Sri Tengku Muhammad Taufik
President and Group Chief Executive Officer