

**MANAGING DIRECTOR/
CHIEF EXECUTIVE OFFICER'S REVIEW**

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SUSTAINABLY GROWING AND EVOLVING AS WE MAINTAIN STABILITY THROUGH OPERATIONAL EXCELLENCE

ABDUL AZIZ OTHMAN
Managing Director/Chief Executive Officer



DEAR VALUED SHAREHOLDERS,



PGB's strong performance in 2024 is a testament to our relentless focus on operational excellence, efficiency and strategic expansion. With a steadfast commitment to sustainable growth, we are shaping the future of the energy sector with resilience and responsibility."

UPHOLDING EXCELLENCE AS THE FOUNDATION OF VALUE CREATION

Anchored by the PGB Strategic Agenda, now in its second year, we continue to strengthen our foundation for long-term value creation by upholding the highest standards in operations, project execution, and commercial agility. Guided by these key pillars, we are empowered to consistently fulfil customer needs, meet stakeholder expectations, and maximise revenue from our long-term contracts.



OPERATIONAL EXCELLENCE

In 2024, all our facilities continue to uphold world-class reliability standards. The strategic adoption of advanced digital technologies has been instrumental in surpassing planned Overall Equipment Effectiveness and achieving exceptional Product Delivery Reliability, ensuring an uninterrupted gas supply for the nation.

Our dedication to Operational Excellence is evident in continuous investments to uphold the highest facility and equipment standards, reinforced by comprehensive training programmes that keep our workforce highly skilled and agile. At the same time, our strategic push for digital transformation—integrating cutting-edge technologies, including Artificial Intelligence (AI)—has significantly improved efficiency, optimised resource utilisation, and delivered tangible cost savings.

This performance was especially significant as we entered the first year of the third term of our Gas Processing Agreement with PETRONAS. Despite more stringent incentive benchmarks, we successfully met the targets to maximise these incentives—an achievement that reflects the exceptional commitment and expertise of both our management teams and ground-level operations staff.

Operational efficiency initiatives were critical in mitigating higher operating costs in 2024, generating cost savings of RM131 million, which contributed directly to our bottom line.

PROJECT EXCELLENCE

Throughout the year, we maintain high standards in project management, driven by our commitment to effective risk mitigation, operational efficiency, and generative Health, Safety, Security and Environment (HSSE) culture. The majority of our ongoing projects have met or exceeded the On Time, On Budget, On Scope targets, ensuring optimal execution and delivery.

We achieved our target of zero major incidents, upholding our stringent dedication to safeguarding our people's health and safety.

COMMERCIAL EXCELLENCE

Our commitment to Operational and Project Excellence is reinforced by a strong focus on proactive commercial management. In 2024, we remained dedicated to securing timely contract renewals, actively engaging stakeholders to maximise value from our agreements, and leveraging technology and innovation to drive cost efficiencies and enhance profit margins across our products and services.

As we approach the final year of Regulatory Period 2 in 2025 for our Gas Transportation and Regasification segments, discussions are well underway to secure mutually favourable terms for Regulatory Period 3.

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UNLOCKING NEW GROWTH OPPORTUNITIES

- 1 Expansion of Liquefied Natural Gas (LNG) storage facilities in Pengerang
- 2 Construction of a new pipeline
- 3 Installation of two additional gas compressor stations
- 4 Infrastructure upgrade projects

FUELLING STRATEGIC GROWTH AMIDST THE ENERGY TRANSITION

PGB remains steadfast in its commitment to sustainable and strategic growth as the global energy sector undergoes a transformation. With national and regional policies accelerating the transition towards cleaner energy sources, natural gas continues to play a crucial role as coal is gradually being reduced in Malaysia's energy mix. By capitalising on these changes, PGB is not only strengthening Malaysia's energy security but also actively unlocking new opportunities to diversify our revenue streams in a low-carbon future.

To meet rising energy demand and enhance infrastructure reliability, we have made significant progress in expanding our asset base. Key developments include the expansion of LNG storage facilities in Pengerang, the construction of a new pipeline to Pulau Indah, and the addition of two gas compressor stations—all of which strengthen Malaysia's energy network. In addition, several major infrastructure upgrade projects have been sanctioned in 2024, including a piping replacement project in Kemaman and gas turbine upgrading at Utilities Kertih.

Our first expansion into power generation as an Independent Power Producer was with the 285 MW Kimanis Power Plant (KPP) in Kimanis, Sabah. On the heels of KPP's 15th year anniversary, we achieved another strategic milestone with the groundbreaking ceremony for a second gas power plant in Kimanis. The 100 MW peaking power plant is slated to begin operations in 2026

and will bolster energy supply as part of the Sabah Energy Roadmap and Master Plan 2040 while reinforcing our revenue base. We have also received the Initial Letter of Notification from the government for the development of a 120 MW power plant in the Federal Territory of Labuan, which will also support Sabah and Labuan's long-term energy ambitions.

Meanwhile, our first foray into recovering energy from regasification operations is on track for completion by the end of 2026. The LNG-driven Air Separator Unit project at the Regasification Terminal Pengerang—the first of its kind in Malaysia—is set to be operational by the end of 2026. This initiative will allow us to harness cold energy from the regasification process, opening new possibilities for energy efficiency and resource optimisation. Concurrently, we are exploring and advancing projects to repurpose LNG regasification cold energy for industrial applications, reinforcing our commitment to innovation-driven sustainability.

Looking ahead, PGB will continue to pursue diverse and strategic growth initiatives aimed at maximising value from existing assets while seizing opportunities from the anticipated rise in gas demand and other broader developments of the energy transition. Our measured approach ensures that we grow in alignment with evolving energy policies, stakeholder expectations, and sustainability goals, supporting long-term value creation for both our business and the communities we serve.



Kimanis Power Sdn. Bhd. 15th Anniversary Celebration and Groundbreaking Ceremony

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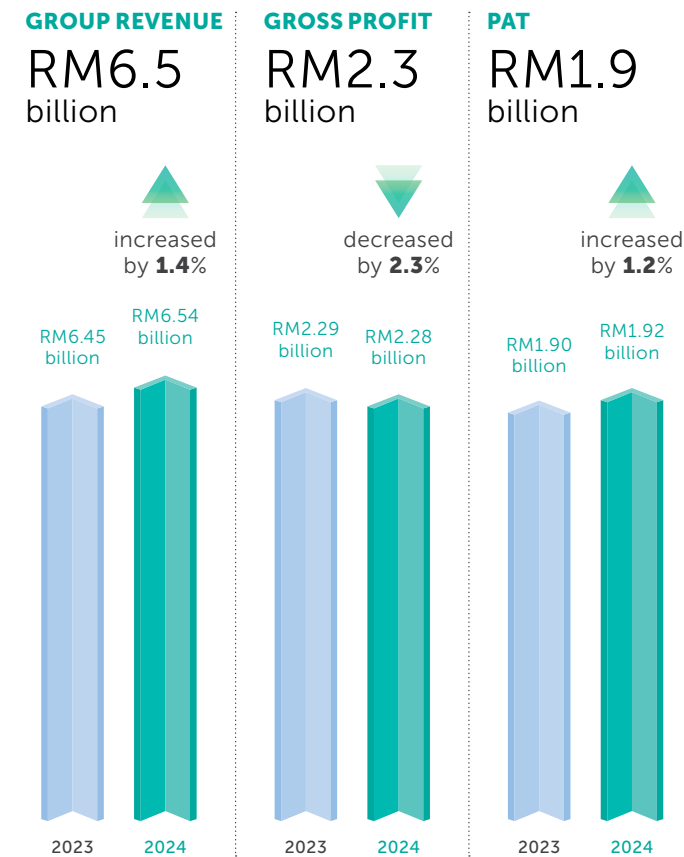
DELIVERING A STRONG FINANCIAL PERFORMANCE

Our strong financial performance in 2024 reflects our ability to maintain high operational efficiency and reliability while proactively managing costs in the face of rising operational expenses. Group revenue grew by 1.4% to RM6,538.3 million, driven by higher contributions from the Gas Transportation and Processing segments, which helped mitigate the impact of lower revenue from the Utilities segment due to lower product prices.

In a challenging high-cost environment, our stringent cost optimisation efforts were instrumental in maintaining gross profit at RM2,277.3 million, marking only a marginal decline from 2023. A lower share of profit from joint ventures contributed to a 1.1% reduction in our profit before tax to RM2,360.4 million. However, reduced tax expenses supported a 1.2% increase in profit after tax (PAT) to RM1,923.7 million for the year.

Amidst evolving industry dynamics and rising costs, these results demonstrate the strength of our long-term contracts and strategic approach. With a solid foundation in place, we remain focused on driving sustainable growth and creating lasting value for our business and shareholders.

For details on the operational performance across our core segments, please read our Business Review from pages 56 to 63 in this report.



FOSTERING THE RIGHT CULTURE TO DRIVE GROWTH AND EXCELLENCE

As we pursue our growth ambitions, cultivating a skilled workforce and a strong organisational culture remains fundamental to PGB's long-term success. By embedding a culture of accountability, safety, and excellence across our organisation, we ensure that our people are empowered to drive performance and innovation. By nurturing talent and strengthening leadership capabilities, we are not only preparing for the future but also reinforcing the foundation for sustainable growth and continued success.

Health and Safety

I am pleased to report that we recorded Zero Fatality, Zero Major Fire, and Zero Loss of Primary Containment incident in 2024. We also achieved a 50% reduction in total recordable cases compared to the previous year. However, despite our efforts, we had three Lost Time Injuries (LTIs) from two incidents that happened in the first two months of the year.

The establishment of the Accountability and Behaviour Reinforcement Committee in 2023 has been instrumental in strengthening our safety culture and preventing incident recurrence. In 2024, we conducted thorough reviews of all major incidents, leading to appropriate corrective actions, ranging from caution letters to formal disciplinary measures.

To further enhance our safety culture, we have revised our HSE Balance of Consequence system, clearly defining roles and responsibilities to improve its effectiveness. Additionally, we have upgraded our Electronic Permit to Work system with mistake-proof gatekeeping, ensuring that all necessary precautions are identified and mitigated before work permits are issued. This enhanced digital system strengthens risk mitigations and safeguards work areas, reinforcing our commitment to operational safety.

With the additional efforts above, there were no further major incidents and LTIs for the year.

As we transition towards self-regulation, these initiatives play a critical role in fostering stronger safety behaviours and accountability among our employees. Significant progress has been made in this area, with successful readiness audits conducted by PETRONAS Group HSE Self-Regulatory Department in July and November 2024 for Gas Processing, Utilities and Gas Transportation operations. These achievements position PGB as a leader in PETRONAS Self-Regulation journey, underscoring our commitment to industry leading safety standards.

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Talent and Culture Development

Through comprehensive deliberations and strategic collaborations with other PETRONAS entities, we are broadening our leadership pool and strengthening our talent base with emerging skill sets to drive long-term growth.

To support this, we launched the Grow Our Own Timber strategy in 2024, a long-term initiative designed to ensure a steady pipeline of successors and skilled professionals across the organisation. Leveraging stakeholder engagement, strategic partnerships, and continuous capability-building efforts, we will accelerate the growth of employees and equip them with the right skill sets to drive business growth and long-term success.

To enhance leadership capabilities, we continue to leverage the Nurturing Young Leaders Programme, with 196 key employees participating in leadership development courses throughout the year. Additionally, the Leadership Masterclass was introduced to develop senior leadership skills, ensuring the right expertise is in place to sustain and grow the business.

Recognising the importance of ethical and sustainable leadership, we also placed a strong emphasis on sustainability and ethics training for leaders, conducting targeted programmes to equip them with the expertise needed to integrate sustainability considerations into business strategies effectively.

Employee engagement by the leadership team remains a cornerstone of our strategy, with 51 activities and programmes conducted in 2024 to continuously sustain an engaging and conducive work experience and foster the desired organisational culture. We have achieved a favourable score in the PETRONAS Organisational Culture Survey 2024 and sustained this level of score for three consecutive years, reflecting a highly engaged workforce. More importantly, we have identified opportunities to further enhance our workplace culture and have established plans to address any gaps.







Gas Processing Santong

HARNESSING DIGITAL TRANSFORMATION TO DRIVE EFFICIENCY AND GROWTH

As alluded to above, our digital transformation initiatives, particularly at the Regasification Terminal Sungai Udang, Regasification Terminal Pengerang, and the Unified Operations Centre (UOC), have continued to deliver substantial benefits. These projects have enhanced efficiency, generated cost savings, improved operational and maintenance processes, enabled data-driven decision-making and provided scalability to meet future demands.

Digitalisation and technological adoption have indeed become pivotal to our growth ambitions. A prime example is the two new compressor stations in Kluang and Jeram, which are designed to be operated unmanned and will be remotely managed from our UOC in Segamat, using advanced digital systems and real-time signals. Consequently, operation of the two new compressor stations with investment of almost RM1 billion will not require additional manpower.

To sustain this momentum, we continue to invest heavily in advanced technologies, while recruiting and training talent capable of unlocking their full potential. Our key focus areas include:

- 
Leveraging AI and machine learning to optimise resource utilisation, analyse data effectively, and enable rapid, informed decision-making.
- 
Adopting high-tech security and surveillance systems to strengthen asset protection and enhance the efficiency of security responses.
- 
Implementing automated monitoring systems to ensure compliance with regulatory standards and provide real-time analysis of infrastructure integrity.
- 
Deploying advanced digital systems to streamline workflows and enhance operational efficiency and safety.

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Gas Processing Kertih

Our expanding use of predictive modelling is particularly noteworthy, delivering significant efficiency and cost benefits. For example, in our Utilities segment, we leverage advanced predictive tools for the New Enhanced Dispatch Agreement programme, which operates based on fluctuating system marginal prices. Our system analyses grid conditions and cost parameters, automatically selling electricity when conditions are optimal. This data-driven approach is far more efficient than previous manual methods, enabling us to optimise costs while maximising revenue.

As we continue to embrace digital transformation, these advancements not only enhance our operational capabilities but also position PGB as a forward-thinking organisation ready to navigate and lead in the evolving energy landscape.

ELEVATING CLIMATE ACTION AND SUSTAINABILITY

Guided by the PGB Sustainability Blueprint and its four lenses, we have made significant strides in advancing climate action and strengthening our Environmental, Social and Governance (ESG) performance across operations.

Under the **Sustainable Value Creation** lens, we continue to grow strategically and responsibly lead the energy transition, aligning our growth strategies with national and regional energy policies. Carbon footprint and carbon tax assessments have been established for certain capital projects, enabling fully informed investment decisions regarding carbon exposure.

In tandem, we are focused on advancing decarbonisation efforts and exploring step-out projects that generate green revenue streams beyond our core business portfolio. Initiatives such as carbon capture and storage and the utilisation of CO₂ to produce alternative fuel will contribute to a steady reduction in our emissions footprint. At the same time, efforts to harness cold energy from LNG regasification and develop energy storage systems will position us for sustainable growth in energy-intensive industries seeking low-carbon solutions, such as data centres.

Through the **Safeguarding the Environment** lens, we introduced the PGB Water Reduction and Management Roadmap in 2024 and conducted a baseline waste management assessment to enhance future waste reduction and recycling efforts. We have also progressed our greenhouse gas (GHG) emissions management, including Scope 3 emissions disclosures for Categories 6 and 7 in this year's report, with plans for a Scope 3 materiality assessment in 2025.

On this note, we remain committed to pursuing holistic opportunities to reduce GHG emissions as part of our Net Zero by 2050 ambitions. Our ongoing efforts include analysing projects and operations for carbon reduction opportunities through enhanced optimisation and efficiency while simultaneously exploring innovative solutions such as converting CO₂ to alternative fuel to unlock additional value.

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While we continue to monitor the evolving carbon market landscape to optimise our participation in the Bursa Carbon Exchange, we prioritise implementing direct reduction measures over-relying on carbon credit projects. This approach bides time for the carbon market to mature, with the establishment of robust governmental frameworks and policies providing clarity and stability to guide industry-wide practices.

As part of our commitment to fostering **Positive Social Impact**, we are establishing a Human Rights Policy that reinforces our dedication to respect and uphold internationally recognised human rights. We have also continued to support the broader society through a diverse range of social impact initiatives under our three key focus areas: Powering Knowledge, Uplifting Lives, and Planting Tomorrow. Our total investment in these programmes was RM5.7 million in 2024, impacting 1,548 beneficiaries.

Three key focus areas on social impact initiatives:

- Powering Knowledge
- Uplifting Lives
- Planting Tomorrow

Our total investment in these programmes was **RM5.7 million** in 2024, impacting **1,548** beneficiaries.

We also recently launched a collaboration with Yayasan Hijau Malaysia to promote solar energy through a flagship programme aimed at developing solar-powered community centres. The pilot initiative is set to launch in Malacca in 2025, with plans to expand along our operational footprint in the future.

Under our **Responsible Governance** lens, a notable achievement in 2024 was addressing all Task Force on Climate-related Financial Disclosures recommendations one year ahead of Bursa Malaysia's mandated timeline. This accomplishment positions us to adopt the newly introduced International Sustainability Standards Board's reporting standards—the International Financial Reporting Standard (IFRS) Standard 1 (S1) and Standard 2 (S2)—further reinforcing our commitment to robust and transparent governance practices. In the coming year, we will focus on addressing



Segamat Operation Centre



Gas Processing Kertih

gaps in achieving IFRS S1 and S2 compliance, including the preparation of reasonable assurance for Scope 1 and 2 emissions, by 2027.

We have also made significant strides in enhancing disclosure transparency. In the second round of our assurance exercise, we continuously enhanced transparency and the quality of our disclosures. The improvements made this year, coupled with fewer issues raised by SIRIM, underscore the robustness of our data integrity and the effectiveness of our reporting practices.

I am also proud to share that we attained a FTSE4Good Bursa Malaysia ESG Score of 4.7 out of 5 in financial year 2024 assessment, placing PGB as the top 3 (98 percentile rank) in the Utilities Supersector. This is a marked improvement from financial year 2023 assessment score of 4.1, reflecting our strong commitment to sustainability and responsible business practices as well as meeting stakeholder expectations.

Looking ahead, we will continue to harness sustainability targets to drive performance across all four sustainability lenses while embedding sustainability skills and knowledge at every level of our organisation. Notably, I continue to carry the GHG emissions target in my personal scorecard—a responsibility I embrace as we continue to foster greater accountability and ensure a sustainable future for PGB.

POSITIONING FOR GROWTH AND RESILIENCE

PGB's outlook remains positive as we continue to sustain growth aligned with industry and policy developments. Malaysia's market demand for gas is expected to rise over the next 5 years, driven by industrial growth and increasing energy consumption, positioning us to capitalise on these trends.

However, we remain vigilant about cost concerns, particularly in light of ongoing geopolitical uncertainties. We anticipate the Malaysia Reference Price for fuel gas will remain elevated, influenced by higher Brent and JCC indexes, posing challenges for our Utilities segment, which pays market price for fuel gas. To navigate these challenges, we will continue to identify cost-saving opportunities while engaging with regulators to explore mutually beneficial solutions.

For our Regasification and Transmission segments, the growing market demand for energy is expected to require higher volumes of fuel gas to be injected via regasification terminals. Simultaneously, increasing power demand will drive the expansion and construction of several power plants, further increasing sales gas requirements. These developments will deliver substantial benefits for gas transmission infrastructure operators while creating new opportunities for growth.

We are also optimistic about potential involvement in the Trans-ASEAN Gas Pipeline, which is part of ASEAN's strategy to enhance regional gas trade.

By continuing to expand our transmission infrastructure, we are positioning ourselves to provide safe, reliable energy export services.

In tandem, we are collaborating with global policymakers to explore the use of CO₂ captured from our gas processing plant as feedstock for alternative fuel production. These initiatives, alongside our low-carbon energy projects, are building a resilient foundation for sustainability amidst the evolving energy landscape.

While 2024 was a strong year, we will not rest on our laurels. Sustaining operational excellence remains a priority, and we will continue to invest in both our assets and people to ensure we stay at the forefront of the industry. With an unwavering focus on strategic growth, sustainability, and carbon abatement, we are committed to making natural gas—and our business—more responsible, efficient, and well-positioned for the energy transition and the future.

ABDUL AZIZ OTHMAN
Managing Director/Chief Executive Officer