

August 21, 2024 / 9.00 AM (GMT +8), Q2 2024 PETRONAS Gas Bhd Earnings

PETRONAS Gas Berhad

Q2 2024 Analyst Briefing



August 21, 2024 / 9.00 AM (GMT +8), Q1 2024 PETRONAS Gas Bhd Earnings Call

Corporate Participants

Abdul Aziz bin Othman, PETRONAS Gas Berhad - MD, CEO & Director
Shahrul Azham bin Sukaiman, PETRONAS Gas Berhad – Chief Financial Officer
W Khairul Nizam B W Kassim, PETRONAS Gas Berhad – Head Business Development & Commercial
Suriyanti binti Nordin - Head of IR

PRESENTATION

Suriyanti Nordin, PETRONAS Gas Berhad - Head of IR

Assalamualaikum and good day everyone. Thank you for joining today's session.

Welcome to PETRONAS Gas Berhad's Analyst Briefing for quarter ended 30th June 2024. We are organizing this session through the Microsoft Teams platform. Can someone respond to see if we are reaching you properly?

Ismar Izhar, Analyst Franklin Templeton

Yes, very clear.

Suriyanti Nordin, PETRONAS Gas Berhad - Head of IR

Ok. Thank you. My name is Suri, Head of Investor Relations, PETRONAS Gas Berhad, and together with me we have Encik Abdul Aziz Othman, Managing Director and CEO; Encik Shahrul Azham Sukaiman, Chief Financial Officer; and Encik W Khairul Nizam, Head of Business Development and Commercial.

PETRONAS Gas Berhad's Analyst Briefing for Quarter Ended 30th June 2024 is divided into four segments, firstly, En. Aziz will present the Key Highlights for PETRONAS Gas Berhad for the Quarter; secondly, the Business Updates and Financial Performance will be shared by En. Shahrul Azham; next, En. Aziz will return to share PGB's focus Moving Forward; and finally, we will open the session for Q&A.

All participants are reminded to obey the session's rule where everyone should be on mute throughout the presentation.

The presentation was also shared with you prior to the session through this Microsoft Teams Channel for your reference.

August 21, 2024 / 9.00 AM (GMT +8), Q2 2024 PETRONAS Gas Bhd Earnings

You are allowed to ask questions during Q&A. Please be reminded to press the "raise hand" button and we will open the microphone for the selected participant. You may also post your questions in the chat box, and we will select any question to be answered.

For reference, our financial results are now available at both Bursa Malaysia and PGB websites.

Without further ado, I will hand over to Encik Aziz for the key highlights. Encik Aziz...

Abdul Aziz bin Othman, PETRONAS Gas Berhad - MD, CEO & Director

Thank you, Suri.

Assalamualaikum and good day everyone. Thank you for joining us.

I am pleased to be with you our Q2 2024 performance results this morning. Let's first look at some key developments impacting PGB's business operating environment in the past quarter. Continuing from the 1st quarter of 2024, key external developments that may have an impact to our business operating environment on price.

First, prolonged volatility of MYR against US dollar. For the period under review, the Ringgit maintained an average of RM4.72 against the US Dollar. Nevertheless, we have all read this in the current quarter, there has been some strengthening of the Ringgit, a positive impact to PGB's remaining dollar commitments.

We mitigated most of our forex exposure through the early settlement of USD lease liabilities for floating storage units at LNG Regasification Terminal in Sg. Udang, Melaka in May last year.

Also, we do not foresee major impacts on our project executions which has higher exposure to USD. Nevertheless, our team is keeping a close eye on and always the proactive lookout on these projects and we have put mitigation strategies in place to be deployed as needed. Typical to how FOREX is affected to geopolitical risk, like crude, we are also monitoring geopolitical risk that hang over oil market that will results in heightened risk premium.

As you know, Brent crude price have an impact on PGB, particularly in the utilities business as it serves as a benchmark for our gas price based on the Malaysia Reference Price (MRP). Foreign exchange fluctuation and Brent price volatility have a strong correlation that results in higher energy costs and variation in commodities prices. Both these factors combined affect overall economic conditions that keep the cost of doing business elevated.

The average Malaysia Reference Price (MRP) in Q2 was at RM44.12/MMBtu. Based on the lagging factor, MRP will potentially decrease in Q3 2024 (to an average of RM42.438/MMBtu) slightly below the RM 44.12/MMBtu that I mentioned just now, and we will continue to track the Brent price which is expected to remain high.

The other indicator is the Services Producer Price Index (SPPI) which indicates the cost of doing business and from the graph that stays elevated in July 2024 at 115.7 points. On the cost of energy in Peninsular Malaysia continues to be significant, as reflected by the ICPT

August 21, 2024 / 9.00 AM (GMT +8), Q2 2024 PETRONAS Gas Bhd Earnings

surcharge (overseen by Suruhanjaya Tenaga) and it was set for the next six months at 16 sen/kWh which effective from July 1, 2024. The ICPT adjustment by the government will impacts our financial performance particularly concerning the Utilities segment revenue and profit margin because we sell based on TNB tariff and including the ICPT. Any movement will impact either positive or negative depending on it is adjusted upward or downward. In light of current external developments explained earlier, we expect business costs to remain high throughout the year. PGB will keep a close watch on these conditions and take necessary steps to mitigate their impact. In a nutshell, with all the data that we have shown you, our spread is better compared to last year.

Ladies and gentlemen, despite the challenges I've explained earlier, I am pleased to share that similar to Q1, PGB continued to deliver commendable results into Q2, and subsequently 1H 2024 by successfully maintaining a sustainable dividend to our shareholders.

Our achievements were a result of our continued and consistent world-class operational excellence, later Shahrul will share our operating parameters are close to 100% for all our business segments.

On financial performance, PGB Group revenue stood at RM3,267 million, a slight decrease of 1.4% or RM45.4 million mainly attributable to lower revenue from Utilities segment in line with lower product prices amidst higher sales volume. This was offset by higher revenue from Gas Processing. As you know the new GPA has come into place so the reservation charge income will be slightly higher under the new term as well as higher revenue from gas transportation. As we have mentioned in Q1, we have this upward tariff revision from the cost that we incurred last year which was transferred to this year.

Nevertheless, Gross profit was comparable at RM1,198 million despite lower revenue, cushioned by lower operating cost which were supported by lower fuel gas and internal gas consumption expenses.

Profit for the period rose by 2% or RM19 million mainly driven by reduction in financing costs and lower exposure to foreign exchange movement following early settlement of USD lease liabilities for floating storage units at LNG regasification terminal in Sg Udang, Melaka in corresponding period. This was partially offset by lower contributions from joint venture companies.

Similarly, EBITDA was correspondingly higher by 3.8% (RM62.3 million) at RM1,707 million respectively in tandem with higher PBT. Because of that, our Earnings Per Share (EPS) increased by 1.8%, reflecting higher profit attributable to shareholders of the Company.

Dividend per share for the quarter was approved at 16 sen, like the corresponding period last year. This demonstrates the Group's commitment to ensure a sustained level of returns to the shareholders.

Now, we come to the details of our business and financial performance. This section will be presented by Shahrul. Over to you, Shahrul...

Shahrul Azham bin Sukaiman, PETRONAS Gas Berhad – Chief Financial Officer

Thank you, En. Aziz. Good morning, everyone.

I shall take you through the business performance for Q2 2024.

As you are aware a key component of our business is our Operational Excellence where we maintain the safety and reliability of our assets across 4 business segments. We keep our operational risk as low as reasonably practicable and maintain our infrastructural reliability as a priority which supports our revenue stability.

Throughout the period, the Gas Processing plants maintained its world class operational performance, recording close to 100% reliability. Segmental financial performance for gas processing, against the preceding quarter, Q1, 2024 result was comparable at RM209 million due to higher revenue from IGC incentive, offset by higher operating costs due to higher level of maintenance activities. Against the corresponding quarter, Q2 2023 segment results declined by 4.7% or RM10 million mainly due to higher level of maintenance activities. Against the corresponding period, 1H 2023 segment results declined by 2.5% or RM11 million due to higher operating expenses mainly depreciation and maintenance expenses following higher project completion during the period.

Moving on to the next business segment, gas transportation business performance, the Group's pipeline network achieved close to 100% reliability, similar to the corresponding period. In terms of financial performance, the segment's result was at RM156 million, lower against both preceding quarter and corresponding quarter on the back of higher operating expenses, mainly from higher level of maintenance activities performed during the quarter.

Against the corresponding period, 1H 2023 segment results rose by 10.6% or RM30 million due to higher revenue following upward tariff adjustment mainly related to revision in internal gas consumption expenditure as allowed under Incentive-Based Regulation ("IBR") framework by Suruhanjaya Tenaga. This increase is also coupled with lower operating expenses, mainly due to lower internal gas consumption.

For our Regasification business segment performance, the Group's LNG regasification terminals in Sg. Udang, Melaka and Pengerang, Johor sustained their strong reliability performance close to 100% during the period. In terms of financial performance, in the preceding quarter, Q1, 2024, segment result was at RM158 million, comparable against RM156 million in the previous quarter. Against the corresponding quarter, Q2 2023, segment results were lower by 5.3% or RM9 million due to higher operating expenses mainly depreciation and floating storage units operating leases. Against the corresponding period, 1H 2023, segment results were also lower by 3.7% or RM12.0 million due to the same reason.

As you can see, our **Gas Processing, Gas Transportation and Regasification** segments remain a reliable business for us, with a steady bottom line. Our priority for these regulated businesses is operational excellence to ensure a high level of capacity availability and Product Delivery Reliability. These three segments combined contribute about close to 90% to our bottom line this year to date.

Moving on to the Utilities segment, throughout the period, Utilities plants achieved 100% Product Delivery Reliability for electricity while close to 100% for steam and industrial gases. In terms of the sales volume, for electricity and steam product sales volume was lower due to an unplanned plant shutdown by our customers. However, there's also higher volume exported to the TNB recorded during the quarter due to attractive SMP (System Marginal Price). For industrial gases, higher product sales volume was recorded due to higher consumption from customers. For utilities business, against the preceding quarter, Q1, 2024, segment result was at RM75 million, comparable against the preceding quarter. Against the corresponding quarter, Q2 2023, segment results declined by 26.3% or RM27 million mainly due to lower revenue attributable to lower product prices in tandem with lower fuel gas price, coupled with downward revision of ICPT surcharge. Additionally, operating expenses was also higher from depreciation and maintenance expense, this was partly negated by favorable impact of lower fuel gas cost. Against the corresponding period, 1H 2023, segment results declined by 5.2% or RM8 million due to lower revenue following lower product prices in tandem with reduced fuel gas price, coupled with downward revision of ICPT surcharge. This was negated by lower operating expenses mainly from favourable impact of lower fuel gas cost following downward movement of average Malaysia Reference Price ("MRP").

Moving on to the update of project, while focusing on operational excellence of the Group's existing assets, we also continue to pursue growth to ensure sustainable revenue and expand our asset base. We have made several significant announcements of our projects which have reached Financial Investment Decisions in the past year. We are now in the execution phase for these projects, and we are strive to ensure flawless project delivery in terms of safe and timely execution within budget and quality. These projects are progressing within schedule. The Klauang Compressor station project which is expected to be completed by the end of this year, will allow more gas volume to the southern region. The LNG storage in Pengerang, which will add 21% to our existing LNG storage capacity is expected to be completed by mid-2025. Another project in Pengerang, which is the Cold Energy ASU along with Sipitang Power Plant and Jeram Compressor Station are expected to be completed by end of 2026.

Let's now move on to PGB Group's financial performance. As mentioned earlier, the Group sustained its commendable performance across all its plants and facilities. Against the preceding quarter, Q1 2024, group revenue was at RM1.65 billion, increased by 2% mainly contributed by higher revenue from Utilities segment, driven by higher steam volume and price in line with fuel gas price movement. Despite higher revenue, gross profit was marginally lower by 1%, due to higher fuel gas cost in Utilities segment following upwards movement in fuel gas price during the quarter. The average fuel gas price was higher by 6.2%. However, profit for the quarter grew by 4% mainly contributed by higher share of profit from joint venture companies. The better performance of our joint venture companies, mainly due to favorable impact from realized FOREX gain in particular from our Kimanis power plant in Sabah. Kimanis power plant entered into forward exchange contract to mitigate forex exposure for the supply of pipe and repair services for their gas turbines. So, there are some favourable impacts from JV companies.

Against the corresponding quarter, Q2 2023, group revenue increased by 1% with higher revenue from Gas Processing following higher reservation charges income under the new term and higher revenue from Gas Transportation due to upward tariff adjustment. This was partially offset by lower revenue from Utilities segment in line with lower product prices. Gross profit, nevertheless, decreased by 8% or RM54.7 million on the back of higher operating expenses, mainly from depreciation expense and maintenance cost following higher completion of projects and activities performed, coupled with inflationary impact. Profit for the quarter was correspondingly lower by RM5.1 million in line with lower gross profit cushioned by impact of lower unfavourable foreign exchange movement.

Comparing against corresponding year to date, group revenue stood at RM3.3 billion, a slight decrease of 1% mainly attributable to lower revenue from Utilities segment as a result of lower product prices amidst higher sales volume. This was partially negated by higher revenue from Gas Processing from higher reservation charges under the new term as mentioned by En Aziz earlier and higher revenue from Gas Transportation due to upward tariff adjustment. Despite lower revenue, gross profit was comparable due to lower operating cost on the back of lower fuel gas and internal gas consumption expenses in tandem with lower fuel gas price. Profit for the period at RM963 million was higher by 2% mainly driven by reduction in financing costs and lower exposure to foreign exchange movement following early settlement of USD lease liabilities for floating storage units at LNG regasification terminal in Sg Udang, Melaka in corresponding period. This was partially offset by lower contribution from joint venture companies.

Moving on to Balance Sheet. As of 30 June 2024, the Group's total assets was at RM18.2 billion, lower by 5.8% mainly due to bullet repayment of Islamic financing facility made during the period amounting to RM1.2 billion. Correspondingly, total liabilities decreased by about RM1.2 million as a result of the said transaction. Despite the reduction in cash and cash equivalents to RM2.5 billion during the quarter, the cash balances remain healthy, with some head room to play with, for existing and upcoming growth projects. For the dividend, the Board has approved the second interim dividend of 16 sen per share, payable on 19 September 2024. This demonstrates our commitment to ensure sustained level of returns to the shareholders.

That is all from me. I will now pass the line over to Encik Aziz to share on company outlook.

Abdul Aziz bin Othman, PETRONAS Gas Berhad - MD, CEO & Director

Thank you Shahrul.

Ladies and gentlemen, our results demonstrate PGB's continued delivery of operational excellence. Insyah-Allah, we are poised to continue the commendable performance throughout the remainder of 2024. Our focus remains steadfast along the four lenses of our Sustainability Blueprint.

As you aware there are 4 lenses, first we will look for the Sustainable Value Creation lens, we remain committed to ensure safe, reliable and efficient world class operations. This is important for our business model. Safe, reliable and efficient operation is to sustain our profit and value to shareholders. While we endeavor to ensure flawless project delivery in terms of safe and timely execution within budget and quality, we have made strides in our growth

August 21, 2024 / 9.00 AM (GMT +8), Q2 2024 PETRONAS Gas Bhd Earnings

and value creation pursuits, among projects that I would like to highlight the new 100 MW power plant in Sabah we are in the midst of finalizing our proposal and discussion with the Energy Commission of Sabah (ECOS). Insyallah, soon will get some alignment to move ahead on this project. For the power plant in Patau-Patau, Labuan, we have received the Letter of Intent (LOI) early of this year and we are working hard towards FID which soon we will start the discussion with the Suruhanjaya Tenaga. We hope that it will have alignment with Suruhanjaya Tenaga before year end to enable us to continue with the project.

Secondly, in the lens of Safeguarding the Environment, we continue with our CO2 abatement initiatives mostly at this moment is through operational control, we explore fuel switching, electrification and CO2 monetization. These efforts have managed to limit our GHG emissions within expectations and along the roadmap the we put forward for our NZCE2050 targets. The other aspect of safeguarding the environment, is on our 4R program deliverables, depending on the scheduled maintenance activities and waste generated. Most of it is during the turnaround in the 1H2024, we achieved 60% against 61% target for 4R. I'm glad to say that to-date, we have surpassed that target, and we are now at 63% recovery of total waste generated.

The two other lenses that we are focusing are Positive Social Impact and Responsible Governance. We have contributed towards creating Positive Social Impact during the period we are focusing on our Social Impact Management (SIM) programs, Powering Knowledge for education which for the children in the area that we operate and Uplifting Lives of community surrounding our operational area. Last but not least, we also moving ahead on the Planting Tomorrow in regard to environment angle of the positive social impact.

In the lens of Responsible Governance, our controls on governance related matters remain effective and we strive to continuously enhance of our internal governance practices, policies, and procedures to ensure our relevance to stakeholders and market. To that end, we had successfully conducted a Board Audit Committee and Board Sustainability and Risk Committee training focusing uplifting the board members knowledge mainly on ESG-related reporting updates, institutional investor's expectations on ESG and development Human Rights Policy. We will continue to stay abreast on sustainability matters and progress development. We will continue not only to upgrade the knowledge of management but also at the board level.

Thank you. And now we move to Q&A. Over to you Suri...

Suriyanti binti Nordin - Head of IR

Thank you, En. Aziz and En. Shahrul.

The line is now open for you. Please press the "raise hand" button and we will call upon your name and please introduce yourself as well as where are you from before your question.

August 21, 2024 / 9.00 AM (GMT +8), Q2 2024 PETRONAS Gas Bhd Earnings

QUESTIONS AND ANSWERS

Abdul Aziz bin Othman, PETRONAS Gas Berhad – MD/CEO & Director

Yes Daniel.

Daniel Wong Ka Kah, Hong Leong Investment Bank – Research Analyst

Hello, good morning, everyone. Daniel here from Hong Leong, can you guys hear me?

Abdul Aziz bin Othman, PETRONAS Gas Berhad – MD/CEO & Director

Yes.

Daniel Wong Ka Kah, Hong Leong Investment Bank – Research Analyst

Ok. I have a few questions here. Maybe we will start off with the first question. On the maintenance, are we expecting a similar level of maintenance activities for 2H2024 or are we expecting higher maintenance in the 2H24 for the group?

Secondly, on the utilities segment we know that the ICPT surcharge has dropped by one sen to 16 sen now in the 2H24. Then, we also see that MRP prices dropped about 5% in third quarter itself. So, based on these changes in MRP and the surcharge, are you looking at improved margin for the utilities segment at least in quarter itself?

Third question, on the regasification. For the 1H2024, what is the breakdown between Pengerang and Sungai Udang in terms of gross profit. That's all from me, Thank you.

Abdul Aziz bin Othman, PETRONAS Gas Berhad – MD/CEO & Director

Thank you, Daniel, first your question on maintenance activities and potentially cost in the next six months. As you have seen, the trend of the past year typically on the second half the number not only activities but also the cost and the money that we spend will be higher than the first half. That's normal because the first half is more about for us to focus internally on the contract side and the activities come in the second half. So, you will expect to see more maintenance activities as well as a higher cost to spend accordingly.

The second question, the margin of the utilities. The ICPT, we expect to see some impact to our utilities business as you are aware one sen of ICPT is not going to be significant, but there will be some impact to it. The MRP will have a mixed impact. The higher the MRP, it will impact negatively on the electricity but on the other products it will provide a better margin for us because it's passed through with some margin in it. All in all, it will have some impact but typically is not that significant to us. That's the answer for ICPT and MRP, on the regasification profit breakdown. I'd like to ask Shahrul to provide some answer.

Shahrul Azham bin Sukaiman, PETRONAS Gas Berhad – Chief Financial Officer

Ok, Thank you. In terms of the breakdown between the two regasification, for year-to-date June the breakdown for the margin is pretty much around 60% for our regasification in Pengerang and 40% for our regasification terminal in Sungai Udang.

Daniel Wong Ka Kah, Hong Leong Investment Bank – Research Analyst

I see. Ok, how does this compare with the first half of last year? Is it almost the same or are we looking at increasing activities in Pengerang over the year?

August 21, 2024 / 9.00 AM (GMT +8), Q2 2024 PETRONAS Gas Bhd Earnings

Shahrul Azham bin Sukaiman, PETRONAS Gas Berhad – Chief Financial Officer

Firstly, I think we need to understand that how these two terminals being compensated is not by how much is utilization but is being available to be used by our shipper. In this case, last year and this year remain reliable and available for the shipper to utilize the facilities. So, in term of the break down, I think it's comparable given the revenue and also cost structure for these two assets.

Abdul Aziz bin Othman, PETRONAS Gas Berhad – MD/CEO & Director

Yes, just to give you a guidance Daniel. There will be different year on year depending on the price of the gas that we use to run the operation. But as you're aware, this is a pass-through item. So, if last year we pay higher than what has been approved, we can recover it this year. Typically as Shahrul mentioned is a capacity payment business as long as we make the capacity available you will expect to see the similar along this RP2 period.

Anshool Singhi, JP Morgan Chase & Co. – Analyst

Hi, good morning. Thank you for the presentation. Maybe I'll start with a few questions. Can you hear me?

Anshool Singhi, JP Morgan Chase & Co. – Analyst

So, to start with, earlier the last week we had the PETRONAS Chemical highlighting that they had deferred some utility payment related to PIC. So, I just wanted to confirm if these payments are related to the services that PETRONAS Gas provides at the Pengerang or you do not have any relation to that?

My second question is related to PETROS, I believe you recently had the third gas agreement with PETRONAS for gas processing. Given now PETROS is the gas aggregator for the gas from Sarawak. Do you have another agreement for gas processing with PETROS. Is that something you have to consider?

My third question is related to associate income, we saw it pick up again and you highlighted that was related to some forward contract by Kimanis. Is that all or was there a improvement in operational performance an operational profitability? Is there a guidance moving forward? Thank you.

Abdul Aziz bin Othman, PETRONAS Gas Berhad – MD/CEO & Director

Thank you. I think in regard to Pengerang, our business there is about the supply of industrial gases. But we supplied to the refinery and petrochemical as well as some other service providers around the area. So, that's no relationship to PETRONAS Chemical. Our contracts are all with refinery and petrochemical. Not sure how that announcement, I don't think it has something to do with us and I think the Pengerang number is what we have shown in the briefing just now.

I think the matter of PETROS is PETRONAS. I think what you will need to know is that PGB do not have any business in Sarawak. So probably what you have read is a matter between PETRONAS and PETROS.

Associated and JV, I think Shahrul has provided to you the impact to us this quarter is on that Kimanis because of the impact FOREX due to the long-term hedging that we have done on the maintenance contract that we had. Other than that, I don't think there is any other significant factors during this quarter.

August 21, 2024 / 9.00 AM (GMT +8), Q2 2024 PETRONAS Gas Bhd Earnings

Shahrul Azham bin Sukaiman, PETRONAS Gas Berhad – Chief Financial Officer

I may add on that Anshool, For our JV as you know for this moment, the two main JV that has significant impact on our results actually Kimanis power and the other one is Pengerang gas solution. Kimanis power is known as EPA contract in the Sabah Electricity. As long as they make the capacity available to meet the requirements by the off takers, I think the revenue pretty much stable. But what I mentioned earlier this quarter better than previous quarter because of the FOREX gain we are entered into long term hedging contract to actually mitigate the FOREX exposure on their long-term contract with GE, who is the OEM for their gas turbine. For Pengerang, so far, the off takers been taking the volume at the minimum expected volume within the economic model and we do not expect such variations from Pengerang.

Anshool Singhi, JP Morgan Chase & Co. – Analyst

Thank you.

Suriyanti binti Nordin - Head of IR

Ok, Anshool. Thank you we will go on the next one. Max...

Max Koh, Macquarie Group- Analyst

Hi, thanks for the call. I just two questions

Can I know what is the performance incentive that you are able to recognize in Q224 for your gas processing unit and how does it compare to a year ago because I think you shared that number in the pervious call and also do you manage to export any electricity under the NEDA as well during this quarter? These are the two questions.

Abdul Aziz bin Othman, PETRONAS Gas Berhad – MD/CEO & Director

Thank you, Max. First on NEDA yes, we have been exporting. In fact, we've been trying to maximize the export accordingly. It's a good opportunity for us and we have been able to actually realize the opportunity accordingly. The performance incentive for GPU, if you aware during the briefing on the new GPA the performance incentive come if we make the plant available for the shipper to use. As long as we meet the threshold, we will be paid according to the term of the GPA. For the first six months, we have been collecting in full on those incentive because we met the capacity available for the shipper to use them to get the product that they want for their customers. Is that clear, Max?

Max Koh, Macquarie Group- Analyst

Yes, That's clear. Also, maybe just on the NEDA I remembered during the last quarter you did mention that you were able to export about 30 MW. Is this a similar case for this new quarter or have you actually managed to export even more under the NEDA scheme?

Abdul Aziz bin Othman, PETRONAS Gas Berhad – MD/CEO & Director

Yes, about similar.

Suriyanti binti Nordin - Head of IR

Thanks Max. Anyone else? Yes. Dharmini.

August 21, 2024 / 9.00 AM (GMT +8), Q2 2024 PETRONAS Gas Bhd Earnings

Dharmini, CSG. – Analyst

Hi, thanks for the presentation. This is Dharmini from CGS. I just have one question with regard to the group's growth project in particular the two new power plant that are being explored. Could we have a little more color the respective capacities and I think you mentioned 100 MW, is that 100 MW for each and the sort of CAPEX that this will be required and perhaps some color on the timeline for the FID for this and expected Commercial Operation Date (COD) based on the current proposal. Thanks.

Abdul Aziz bin Othman, PETRONAS Gas Berhad – MD/CEO & Director

Yes, you are right. This first one is 100 MW. The second one in Labuan just slightly above 100 MW.

CAPEX both probably just below 2 billion. The 100 MW for Sabah depending when we can log in on the tariff with ECOS of Sabah. We are looking at around 2026 for the COD and for Labuan we are looking at 2028 as the COD date. Again, that's depending on alignment with the two regulators in as far as the PPA and the tariff.

Dharmini, CSG. – Analyst

Great, Thank you. Just one more question, could we have an update on the group's CAPEX plans for perhaps 2025, 2026. What's really maintenance CAPEX in addition to CAPEX related to some of your growth projects like ASU, Sipitang etc...

Abdul Aziz bin Othman, PETRONAS Gas Berhad – MD/CEO & Director

Ok. I think the maintenance CAPEX, you can safely assume is about a billion year-on-year. The growth it depends on project that we sanction. If we sanction the two power plants, the CAPEX you would expect to be higher because we need to spend those money. So, that's the numbers that you can look at. Maintenance roughly 1 billion or there about a year. But the growth, I can't give you the guidance because depending on the FID that we take, it will change a lot.

Dharmini, CSG. – Analyst

Ok, noted. Thank you very much.

Abdul Aziz bin Othman, PETRONAS Gas Berhad – MD/CEO & Director

Thank you.

Suriyanti binti Nordin - Head of IR

Thank you, Dharmini. Anyone more question? Intan Diana?

Intan Diana, MIDF – Analyst

Just want to ask, could you give us some color on the news PETROS taking over the gas sales in Sarawak. Do you think that there's going to be an impact to PETRONAS Gas? Or do you see that a big opportunity for PETRONAS Gas to run operations in Sarawak in the future.

August 21, 2024 / 9.00 AM (GMT +8), Q2 2024 PETRONAS Gas Bhd Earnings

Abdul Aziz bin Othman, PETRONAS Gas Berhad – MD/CEO & Director

Ok, probably similar question with Anshool just now. As I've mentioned at this moment PGB do not have any business in Sarawak, the matter of Distribution Gas Ordinance (DGO) in Sarawak is between PETRONAS and PETROS and the state of Sarawak. Of course, whether PGB will have an opportunity, we always be looking for opportunities whether in Sarawak or in Sabah. So, if there is an opportunity, we will look at it and let's see whether they will bring us other opportunities with this new development.

Intan Diana, MIDF – Analyst

Ok, Thanks.

Suriyanti binti Nordin - Head of IR

Ok, Intan. Perhaps one last question, no question in the chat as well. It looks like Intan questions was the last one for today on behalf of PGB. Thank you for your questions and active participation. We look forward to meeting all of you again in the next analyst briefing in Q3 2024.

Thank you everyone.