



PETRONAS GAS BERHAD

Quarterly Report

For The First Quarter Ended 31 March 2024

QUARTERLY REPORT

FOR THE FIRST QUARTER ENDED 31 MARCH 2024

Key Financial Highlights <i>(In RM'000)</i>	Individual quarter ended		Variance %
	2024	31 March 2023	
Revenue	1,618,809	1,674,945	-3.4
Gross profit	601,213	547,075	+9.9
Profit before taxation (PBT)	597,346	556,937	+7.3
Profit for the quarter	472,294	448,293	+5.4
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	849,235	786,579	+8.0
Earnings per share (EPS) (sen)	23.08	21.44	+7.6
Declared dividends per share (sen)	16.00	16.00	—

- **PETRONAS Gas Berhad Group revenue stood at RM1,618.8 million, decreased by 3.4% or RM56.1 million** mainly attributable to lower revenue from Utilities segment in line with lower product prices. This was offset by 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.
- **Nevertheless, gross profit, improved by 9.9% or RM54.1 million** on the back of lower fuel gas and internal gas consumption expenses in tandem with lower fuel gas price.
- **PBT was higher by 7.3% or RM40.4 million** in line with higher gross profit partly negated by unfavourable foreign exchange movement translating to higher other expense and lower contribution from joint venture company.
- **Profit for the quarter and EBITDA were correspondingly higher by 5.4% or RM24.0 million at RM472.3 million and 8.0% or RM62.7 million at RM849.2 million** respectively in tandem with higher PBT.
- **EPS increased by 7.6%**, reflecting higher profit attributable to shareholders of the Company.
- **The Board of Directors has approved a first interim dividend** of 16 sen per ordinary share amounting to RM316.6 million in respect of the financial year ending 31 December 2024.

QUARTERLY REPORT

FOR THE FIRST QUARTER ENDED 31 MARCH 2024

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 of Companies (PGB Group or the Group) for the first quarter ended 31 March 2024 that should be read in conjunction with the accompanying explanatory notes on pages 7 to 24.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Individual quarter ended 31 March	
		2024	2023
<i>In RM'000</i>			
Revenue		1,618,809	1,674,945
Cost of revenue		(1,017,596)	(1,127,870)
Gross profit		601,213	547,075
Administration expenses		(37,171)	(33,936)
Other expenses		(13,826)	(1,923)
Other income		43,202	44,158
Operating profit	34	593,418	555,374
Financing costs		(22,987)	(42,815)
Share of profit after tax of equity-accounted joint ventures and associate		26,915	44,378
Profit before taxation		597,346	556,937
Tax expense	22	(125,052)	(108,644)
PROFIT FOR THE PERIOD		472,294	448,293
Profit attributable to:			
Shareholders of the Company		456,647	424,177
Non-controlling interests		15,647	24,116
PROFIT FOR THE PERIOD		472,294	448,293
Basic and diluted earnings per ordinary share (sen)	32	23.08	21.44

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FOR THE FIRST QUARTER ENDED 31 MARCH 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Note	Individual quarter ended 31 March	
		2024	2023
<i>In RM'000</i>			
Profit for the period		472,294	448,293
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net movements from exchange differences		10,544	151
Share of cash flow hedge of an equity-accounted joint venture		2,928	6,812
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		485,766	455,256
Total comprehensive income attributable to:			
Shareholders of the Company		470,119	431,140
Non-controlling interests		15,647	24,116
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		485,766	455,256

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

QUARTERLY REPORT

FOR THE FIRST QUARTER ENDED 31 MARCH 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In RM'000</i>	Note	As at 31 March 2024	As at 31 December 2023
ASSETS			
Property, plant and equipment		13,557,242	13,630,499
Investments in joint ventures		857,313	833,584
Investments in associate		203,177	186,519
Long-term receivable		71,545	69,416
Deferred tax assets		71,223	86,051
TOTAL NON-CURRENT ASSETS		14,760,500	14,806,069
Trade and other inventories		38,413	38,670
Trade and other receivables	26	984,595	926,633
Tax recoverable		20,151	19,963
Other investment		500,000	500,000
Cash and cash equivalents		1,847,486	3,027,943
TOTAL CURRENT ASSETS		3,390,645	4,513,209
TOTAL ASSETS		18,151,145	19,319,278
EQUITY			
Share capital		3,165,204	3,165,204
Reserves		10,424,656	10,389,858
Total equity attributable to the shareholders of the Company		13,589,860	13,555,062
Non-controlling interests		276,195	260,088
TOTAL EQUITY		13,866,055	13,815,150
LIABILITIES			
Borrowings	28	1,872,195	1,859,186
Deferred tax liabilities		1,205,577	1,202,035
Provisions		32,548	32,209
Deferred income		19,738	20,032
TOTAL NON-CURRENT LIABILITIES		3,130,058	3,113,462
Trade and other payables		1,030,423	1,097,383
Borrowings	28	124,609	1,293,283
TOTAL CURRENT LIABILITIES		1,155,032	2,390,666
TOTAL LIABILITIES		4,285,090	5,504,128
TOTAL EQUITY AND LIABILITIES		18,151,145	19,319,278
Net assets per share attributable to the shareholders of the Company (RM)		6.8680	6.8504

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 FIRST QUARTER ENDED 31 MARCH 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to shareholders of the Company

Non-distributable Distributable

In RM'000	Share Capital	Capital Reserve	Foreign Currency		Retained Profits	Total	Non-controlling Interests	Total Equity
			Translation Reserve	Hedging Reserve				
Individual quarter ended 31 March 2024								
Balance at 1 January 2024	3,165,204	520,801	46,321	35,523	9,787,213	13,555,062	260,088	13,815,150
Net movements from exchange differences	—	—	10,544	—	—	10,544	—	10,544
Share of cash flow hedge of an equity-accounted joint venture	—	—	—	2,928	—	2,928	—	2,928
Profit for the period	—	—	—	—	456,647	456,647	15,647	472,294
Total comprehensive income for the period	—	—	10,544	2,928	456,647	470,119	15,647	485,766
Issuance of shares to a non-controlling interest	—	—	—	—	—	—	460	460
Interim dividend declared and paid in respect of previous year	—	—	—	—	(435,321)	(435,321)	—	(435,321)
Total transactions with shareholders of the Company	—	—	—	—	(435,321)	(435,321)	460	(434,861)
Balance at 31 March 2024	3,165,204	520,801	56,865	38,451	9,808,539	13,589,860	276,195	13,866,055
Individual quarter ended 31 March 2023								
Balance at 1 January 2023	3,165,204	520,801	34,659	35,119	9,392,300	13,148,083	261,758	13,409,841
Net movements from exchange differences	—	—	151	—	—	151	—	151
Share of cash flow hedge of an equity-accounted joint venture	—	—	—	6,812	—	6,812	—	6,812
Profit for the period	—	—	—	—	424,177	424,177	24,116	448,293
Total comprehensive income for the period	—	—	151	6,812	424,177	431,140	24,116	455,256
Changes in ownership interest in a subsidiary	—	—	—	—	—	—	2	2
Issuance of shares to a non-controlling interest	—	—	—	—	—	—	1,840	1,840
Interim dividends declared and paid in respect of previous year	—	—	—	—	(435,321)	(435,321)	—	(435,321)
Total transactions with shareholders of the Company	—	—	—	—	(435,321)	(435,321)	1,842	(433,479)
Balance at 31 March 2023	3,165,204	520,801	34,810	41,931	9,381,156	13,143,902	287,716	13,431,618

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

QUARTERLY REPORT

FOR THE FIRST QUARTER ENDED 31 MARCH 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In RM'000</i>	Note	Individual quarter ended 31 March	
		2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		597,346	556,937
<i>Adjustments for:</i>			
Depreciation and amortisation	34	289,708	268,498
Share of profit after tax of equity-accounted joint ventures and associate		(26,915)	(44,378)
Unrealised loss/(gain) on foreign exchange	34	12,877	(2,493)
Interest income	34	(33,891)	(37,293)
Financing costs		22,987	42,815
Other non-cash items		1,440	(302)
Operating profit before changes in working capital		863,552	783,784
Change in trade and other receivables		(57,959)	(46,729)
Change in trade and other inventories		257	(2,044)
Change in trade and other payables		(46,416)	(84,717)
Cash generated from operations		759,434	650,294
Interest income		33,891	37,293
Taxation paid		(106,870)	(99,526)
Net cash generated from operating activities		686,455	588,061
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from joint ventures and associate		—	92,626
Proceeds from partial disposal of investment in a subsidiary		—	2
Proceeds from disposal of property, plant and equipment		—	268
Purchase of property, plant and equipment		(232,732)	(273,076)
Net cash used in investing activities		(232,732)	(180,180)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to shareholders of the Company	9	(435,321)	(435,321)
Drawdown of Islamic financing facility	28	—	101,600
Payment of lease liabilities	28	(3,511)	(16,869)
Repayment of Islamic financing facility	28	(1,171,000)	—
Interest expense paid		(24,808)	(41,074)
Proceeds from shares issued to a non-controlling interest		460	1,840
Net cash used in financing activities		(1,634,180)	(389,824)
Net (decrease)/increase in cash and cash equivalents		(1,180,457)	18,057
Cash and cash equivalents at beginning of the period		3,027,943	4,026,244
Cash and cash equivalents at end of the period		1,847,486	4,044,301

Included in the Group's cash and cash equivalents are RM23,927,000 (2023: RM22,282,000) being designated as security and a fixed balance amounting to RM30,000 (2023: RM30,000) in a trustee reimbursable account in relation to a subsidiary's Islamic financing facility.

QUARTERLY REPORT

FOR THE FIRST QUARTER ENDED 31 MARCH 2024

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 2023. 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 2023.

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 period ended 31 March 2024.

2. MATERIAL 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 ending 31 December 2024 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 2023 except as described below.

As of 1 January 2024, the Group has adopted the following amendments to MFRSs ("pronouncements") which are effective for annual periods beginning on or after 1 January 2024:

Amendments to MFRS 16 *Leases (Lease Liability in a Sale and Leaseback)*

Amendments to MFRS 101 *Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)*

Amendments to MFRS 101 *Presentation of Financial Statements (Non-current Liabilities with Covenants)*

Amendments to MFRS 107 *Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures (Supplier Finance Arrangements)*

The initial application of the abovementioned pronouncements do 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 2023 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 period under review.

QUARTERLY REPORT

FOR THE FIRST QUARTER ENDED 31 MARCH 2024

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

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 2023 that may have a material effect on the results of the period 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 was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities during the period under review other than as disclosed in Note 28.

9. DIVIDENDS

The following dividends were declared and paid by the Company:

<i>In RM'000</i>	Individual quarter ended	
	2024	31 March 2023
Ordinary		
Interim paid:		
2022 - Fourth interim dividend of 22 sen per ordinary share	—	435,321
2023 - Fourth interim dividend of 22 sen per ordinary share	435,321	—
	435,321	435,321

On 29 May 2024, the Directors of the Company has approved a first interim dividend of 16 sen per ordinary share amounting to RM316.6 million in respect of the financial year ending 31 December 2024.

The dividend is payable on 27 June 2024 to depositors registered in the Records of Depositors at the close of business on 14 June 2024.

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 14 June 2024 in respect of ordinary transfers.
- Shares brought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of the Bursa Malaysia Securities Berhad.

The financial statements for the current quarter do not reflect this approved interim dividend. The dividend will be accounted for in equity as an appropriation of retained profits in the financial statements for the financial year ending 31 December 2024.

10. CHANGES IN COMPOSITION OF THE GROUP

There was no material changes in the composition of the Group during the period under review.

QUARTERLY REPORT

FOR THE FIRST QUARTER ENDED 31 MARCH 2024

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

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 amount
31 March 2024				
Financial assets				
<i>Non-current</i>				
Long term receivables	—	131,499	131,499	71,653
Total financial assets	—	131,499	131,499	71,653
Financial liabilities				
<i>Current</i>				
Secured Islamic financing facility	—	(110,000)	(110,000)	(110,000)
<i>Non-current</i>				
Secured Islamic financing facility	—	(1,163,250)	(1,163,250)	(1,285,000)
Total financial liabilities	—	(1,273,250)	(1,273,250)	(1,395,000)

QUARTERLY REPORT

FOR THE FIRST QUARTER ENDED 31 MARCH 2024

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

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 amount
31 December 2023				
Financial assets				
<i>Current</i>				
Derivative assets	2	–	2	2
<i>Non-current</i>				
Long term receivables	–	72,002	72,002	69,566
Total financial assets	2	72,002	72,004	69,568
Financial liabilities				
<i>Current</i>				
Secured Islamic financing facility	–	(110,000)	(110,000)	(110,000)
Unsecured Islamic financing facility	–	(1,169,348)	(1,169,348)	(1,169,348)
Derivative liabilities	(80)	–	(80)	(80)
	(80)	(1,279,348)	(1,279,428)	(1,279,428)
<i>Non-current</i>				
Secured Islamic financing facility	–	(1,153,717)	(1,153,717)	(1,285,000)
Total financial liabilities	(80)	(2,433,065)	(2,433,145)	(2,564,428)

The calculation of fair value for derivatives and non-derivatives assets and 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 forward exchange rates and the contractual rate.

QUARTERLY REPORT

FOR THE FIRST QUARTER ENDED 31 MARCH 2024

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

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 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 and provision of operations and maintenance services.
- Regasification – activities include regasification of liquefied natural gas ("LNG") and provision of ancillary services comprising LNG reloading, truck loading and gassing up and cooling down services.
- Utilities – activities include manufacturing, marketing and supplying of industrial utilities.

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.

Business Segments	Individual quarter ended				Total
	Gas Processing	Gas Transportation	Regasification	Utilities	
Revenue	467,848	299,478	336,205	515,278	1,618,809
Segment results	207,158	162,639	156,219	75,197	601,213
Unallocated expense					(7,795)
Operating profit					593,418
Financing costs					(22,987)
Share of profit after tax of equity-accounted joint ventures and associate					26,915
Profit before taxation					597,346

Business Segments	Individual quarter ended				Total
	Gas Processing	Gas Transportation	Regasification	Utilities	
Revenue	443,880	288,429	334,281	608,355	1,674,945
Segment results	207,639	123,030	159,451	56,955	547,075
Unallocated income					8,299
Operating profit					555,374
Financing costs					(42,815)
Share of profit after tax of equity-accounted joint ventures and associate					44,378
Profit before taxation					556,937

QUARTERLY REPORT

FOR THE FIRST QUARTER ENDED 31 MARCH 2024

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

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 or expenses mainly comprise 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:

<i>In RM'000</i>	Individual quarter ended	
	2024	31 March 2023
Geographical Locations		
Peninsular Malaysia	1,618,809	1,673,065
Sabah	—	1,880
Total	1,618,809	1,674,945
Products and Services		
Gas processing services	467,848	443,880
Gas transportation services	295,688	281,060
Regasification services	330,772	327,370
Utilities		
- Electricity	198,889	191,106
- Steam	194,780	273,407
- Industrial gases	101,585	122,882
- Others ¹	20,024	20,960
LNG ancillary services	5,433	6,911
Operations and maintenance services	3,790	7,369
Total	1,618,809	1,674,945

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 2023.

¹ Others relates to sale of water and other utilities products.

QUARTERLY REPORT

FOR THE FIRST QUARTER ENDED 31 MARCH 2024

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

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 March 2024	As at 31 December 2023
Property, plant and equipment		
Approved and contracted for	625,185	477,189
Approved but not contracted for	4,840,884	4,931,559
	<u>5,466,069</u>	<u>5,408,748</u>
Share of capital expenditure of joint ventures		
Approved and contracted for	3,080	4,011
Approved but not contracted for	20,231	14,130
	<u>23,311</u>	<u>18,141</u>
	<u>5,489,380</u>	<u>5,426,889</u>

16. RELATED PARTY TRANSACTIONS

The Group had entered into the third term of its Gas Processing Agreement with Petroliam Nasional Berhad (PETRONAS) effective 1st January 2024 until 31st December 2028. The agreement was originally signed in 31st March 2014 for a duration of 20 years.

There were no other significant transactions with related parties in addition to the related party transactions disclosed in the audited financial statements for the year ended 31 December 2023 and mentioned above.

17. DISCONTINUED OPERATIONS

There were no discontinued operations in the Group during the period under review.

QUARTERLY REPORT

FOR THE FIRST QUARTER ENDED 31 MARCH 2024

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

18. REVIEW OF GROUP PERFORMANCE

Performance of current quarter against the corresponding quarter

In RM'000	Individual quarter ended		Variance %
	2024	31 March 2023	
Revenue	1,618,809	1,674,945	-3.4
Gross profit	601,213	547,075	+9.9
Profit before taxation (PBT)	597,346	556,937	+7.3
Profit for the quarter	472,294	448,293	+5.4
EBITDA ¹	849,235	786,579	+8.0

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

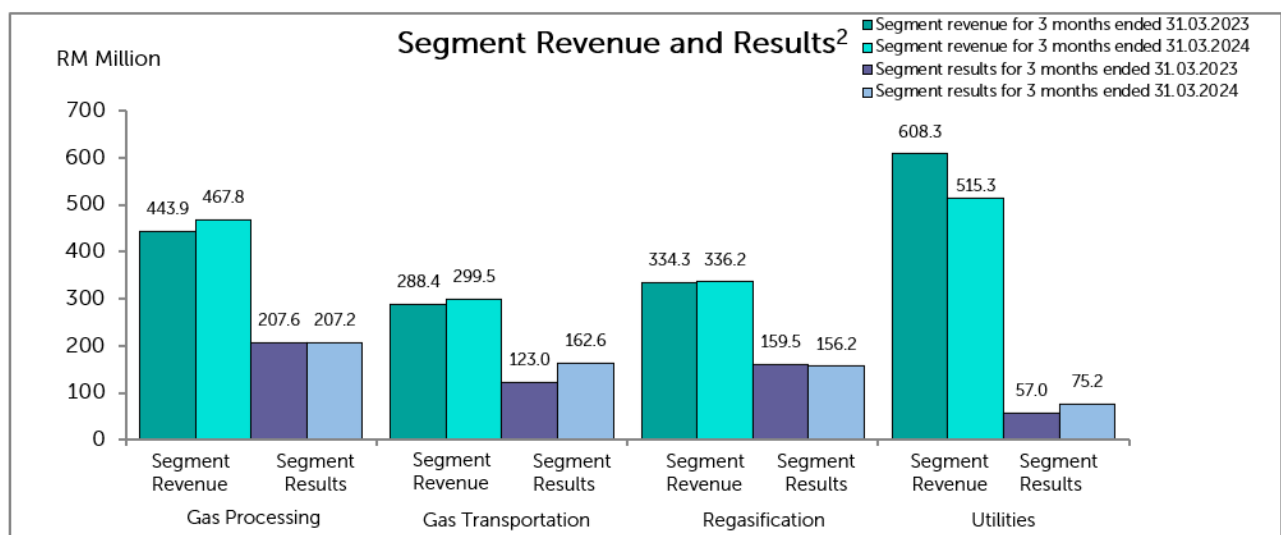
Group revenue stood at RM1,618.8 million, decreased by 3.4% or RM56.1 million mainly attributable to lower revenue from Utilities segment in line with lower product prices. This was offset by higher revenue from Gas Processing following higher reservation charges income under the new term and higher revenue from Gas Transportation due to upward tariff adjustment.

Nevertheless, gross profit, improved by 9.9% or RM54.1 million on the back of lower fuel gas and internal gas consumption expenses in tandem with lower fuel gas price.

PBT was higher by 7.3% or RM40.4 million in line with higher gross profit partly negated by unfavourable foreign exchange movement translating to higher other expense and lower contribution from joint venture company.

Profit for the quarter was correspondingly higher by 5.4% or RM24.0 million at RM472.3 million in tandem with higher PBT.

The following section provides further analysis of the Group performance by operating segments.²



¹ EBITDA refers to earnings before interest, taxation, depreciation, amortisation and share of profit of equity accounted associate and joint ventures and other significant non-cash items.

² Segment Results refers to Gross Profit.

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FOR THE FIRST QUARTER ENDED 31 MARCH 2024

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD (continued)

18. REVIEW OF GROUP PERFORMANCE (continued)

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 100% reliability.

Segment revenue increased by 5.4% or RM23.9 million against corresponding quarter as a result of higher reservation charges income under the new term of gas processing agreement effective 1st January 2024.

Segment results was however comparable at RM207.2 million despite a higher revenue, due to higher operating expenses, mainly depreciation expense following the completion of several capital projects.

Gas Transportation

The Group's pipeline network registered close to 100% reliability during the quarter under review.

Segment revenue increased by 3.8% or RM11.1 million as a result of upward tariff adjustment mainly related to change in internal gas consumption as allowed under Incentive-Based Regulation ("IBR") framework by Suruhanjaya Tenaga.

Segment results rose by 32.2% or RM39.6 million on the back of lower operating expenses, mainly internal gas consumption expense in tandem with lower fuel gas price coupled with higher revenue.

Regasification

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

Segment revenue was comparable at RM336.2 million, while segment results was marginally lower by 2.1% or RM3.3 million due to higher operating expenses mainly maintenance and depreciation expenses in line with higher level of activities performed during the quarter.

Utilities

The Group's Utilities plants achieved 100% Product Delivery Reliability for steam and electricity while close to 100% for industrial gases during the quarter under review.

Segment revenue decreased by 15.3% or RM93.0 million, mainly attributable to lower product prices in tandem with reduced fuel gas price and lower electricity tariff in line with downward revision of Imbalance Cost Pass-Through ("ICPT") surcharge.

Despite lower revenue, segment results rose by 31.9% or RM18.2 million to RM75.2 million due to favourable impact of lower fuel gas cost. The average fuel gas price was lower by 28.0% (2024: RM46.36/MMBtu vs 2023: RM64.38/MMBtu).

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PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD (continued)

19. COMPARISON AGAINST IMMEDIATE PRECEDING QUARTER RESULTS

<i>In RM'000</i>	Individual quarter ended		Variance %
	31 March 2024	31 December 2023	
Revenue	1,618,809	1,582,836	+2.3
Gross profit	601,213	506,814	+18.6
Profit before taxation (PBT)	597,346	608,477	-1.8
Profit for the quarter	472,294	465,614	+1.4
EBITDA ¹	849,235	786,156	+8.0

The Group sustained its commendable performance across all of its plants and facilities during the quarter under review.

Group revenue increased by 2.3% or RM36.0 million against the preceding quarter mainly driven by higher revenue from Gas Processing segment due to 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 effective 1st January 2024.

Gross profit was higher by 18.6% or RM94.4 million in tandem with higher revenue coupled with lower operating expenses, mainly maintenance expenses following lower maintenance activities performed during the quarter.

Despite higher gross profit, PBT was slightly lower by 1.8% or RM11.1 million mainly due to lower share of profit from joint venture companies and lower interest income from fund investments. In preceding quarter, one of joint venture company benefited from once-off tax optimisation impact.

Nevertheless, profit for the quarter was higher by 1.4% or RM6.7 million.

20. REVIEW OF GROUP FINANCIAL POSITION

<i>In RM'000</i>	As at	As at	Variance %
	31 March 2024	31 December 2023	
Total assets	18,151,145	19,319,278	-6.0
Total equity attributable to the shareholders of the Company	13,589,860	13,555,062	+0.3
Total liabilities	4,285,090	5,504,128	-22.1
Return on equity (%)	13.6	13.4	+0.2

The Group's total assets was at RM18.2 billion, lower by 6.0% or RM1,168.1 million mainly due to bullet repayment of Islamic financing facility made during the quarter amounting to RM1.2 billion.

Correspondingly, total liabilities decreased by 22.1% or RM1,219.0 million as a result of bullet repayment of Islamic financing facility.

Total equity attributable to shareholders of the Company increased by 0.3% or RM34.8 million to RM13.6 billion mainly attributable to profit for the quarter partially offset by dividends declared and paid to shareholders of the Company.

¹ EBITDA refers to earnings before interest, taxation, depreciation, amortisation and share of profit of equity accounted associate and joint ventures and other significant non-cash items.

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PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD (continued)

21. REVIEW OF GROUP CASH FLOWS

<i>In RM'000</i>	Individual quarter ended 31 March		Variance %
	2024	2023	
Net cash generated from operating activities	686,455	588,061	+16.7
Net cash used in investing activities	(232,732)	(180,180)	+29.2
Net cash used in financing activities	(1,634,180)	(389,824)	+319.2
Net (decrease)/increase in cash and cash equivalents	(1,180,457)	18,057	-6,637.4

Net cash generated from operating activities was higher by 16.7% or RM98.4 million mainly driven by higher operating profit.

Net cash used in investing activities at RM232.7 million was higher by 29.2% or RM52.6 million as capital expenditure spending in corresponding quarter was partly negated by dividend received from a joint venture company.

Net cash used in financing activities was significantly higher due to bullet repayment of Islamic financing facility made during the quarter amounting to RM1.2 billion.

22. TAX EXPENSE

<i>In RM'000</i>	Individual quarter ended 31 March	
	2024	2023
Current tax expenses		
Malaysia		
- current period	106,682	107,588
Deferred tax expenses		
- origination and reversal of temporary differences	18,370	1,056
Total tax expenses	125,052	108,644

The effective tax rate ("ETR") for the quarter ended 31 March 2024 was lower than the statutory tax rate of 24% mainly due to tax incentive granted for LNG regasification terminal in Pengerang, Johor.

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23. COMMENTARY ON PROSPECTS

PGB Group's performance in 2024 is expected to remain healthy, underpinned by the stable-earning contracts and sustained operational performance.

The new 3rd Term Gas Processing Agreement and the approved upward tariff adjustment for Gas Transportation segment for the changes to internal gas consumption effective 1st January 2024, are anticipated to support the Group's healthy earnings.

The Group remain committed in optimising cost efficiencies to minimise the impact of inflationary operating costs environment.

The Group will continue to prioritise growth, sustainable development and maximising shareholders' returns.

24. PROFIT FORECAST OR PROFIT GUARANTEE

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

25. STATUS OF CORPORATE PROPOSAL ANNOUNCED BUT NOT COMPLETED

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

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**PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENT OF BURSA
MALAYSIA SECURITIES BERHAD (continued)**

26. TRADE AND OTHER RECEIVABLES

<i>In RM'000</i>	As at 31 March 2024	As at 31 December 2023
Trade receivables		
- Third party	39,500	37,043
- Related companies	731,179	711,371
- Joint ventures	2,141	1,272
- Related parties	40,785	39,591
	813,605	789,277
Other receivables	171,114	137,484
Less: Expected credit losses	(124)	(128)
Trade and other receivables	984,595	926,633

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

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

<i>In RM'000</i>	As at 31 March 2024	As at 31 December 2023
Current	813,605	789,277
Past due 1 to 30 days	—	—
Past due 31 to 60 days	—	—
Past due 61 to 90 days	—	—
Past due more than 90 days	—	—
Trade receivables	813,605	789,277

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.

Significant related company trade receivables

Related companies	Nature of transactions
a. Holding company	
Petroleum Nasional Berhad (PETRONAS)	Provision of gas processing services.
b. Related companies	
PETRONAS Energy & Trading Sdn Bhd	Provision of gas transportation services and LNG regasification services.
PETRONAS Chemical Derivatives Sdn Bhd	Sales of industrial utilities.

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27. 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. As at 31 March 2024, the Group's foreign currency liabilities largely relate to USD lease liability for jetty usage at its LNG regasification terminal in Pengerang, Johor amounting to USD124.2 million. (31 December 2023: USD124.9 million).

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.

28. BORROWINGS

Particulars of Group's borrowings are as follows:

<i>In RM'000</i>	As at 31 March 2024	As at 31 December 2023
Non-Current		
Secured		
Islamic financing facility	1,285,000	1,285,000
Lease liabilities	587,195	574,186
	<u>1,872,195</u>	<u>1,859,186</u>
Current		
Secured		
Islamic financing facility	110,000	110,000
Lease liabilities	14,609	13,935
Unsecured		
Islamic financing facility	—	1,169,348
	<u>124,609</u>	<u>1,293,283</u>
	<u>1,996,804</u>	<u>3,152,469</u>
By Currency		
RM	1,408,303	2,577,848
USD	588,501	574,621
	<u>1,996,804</u>	<u>3,152,469</u>
Closing exchange rate (RM/USD)	4.7375	4.5995

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28. BORROWINGS (continued)

<i>In RM'000</i>	Total	Less than 1 year	Between 1-5 years	More than 5 years
Secured				
Islamic financing facility ¹	1,395,000	110,000	415,000	870,000
Lease liabilities ²	601,804	14,609	71,393	515,802
	1,996,804	124,609	486,393	1,385,802

Reconciliation of liabilities arising from financing activities:

<i>In RM'000</i>	At 1 January 2024	Net changes from financing cash flows	Non-cash changes⁴	At 31 March 2024
Secured Islamic financing facility	1,395,000	—	—	1,395,000
Lease liabilities	588,121	(3,511)	17,194	601,804
Unsecured Islamic financing facility	1,169,348	(1,171,000)	1,652	—
	3,152,469	(1,174,511)	18,846	1,996,804

Islamic financing facilities

<i>In RM'000</i>	As at 31 March 2024	As at 31 December 2023
Secured RM Murabahah Medium Term Notes	1,395,000	1,395,000
Unsecured RM Commodity Murabahah Term Financing ³	—	1,169,348
	1,395,000	2,564,348

Lease liabilities

Lease liabilities mainly represents future obligation to make lease payments for the right to use the jetty facilities in Pengerang, Johor.

¹ The secured Islamic financing facility (Islamic Murabahah Medium Term Notes) bears profit rates ranging from 2.03% to 3.74% (2023: 2.03% to 3.74%) per annum and the remaining amount is fully repayable at their various tranches due dates from 2024 to 2040.

² The lease liabilities bear interest at rates between 8.1% to 8.4% (2023: between 8.1% to 8.4%) per annum.

³ The unsecured Islamic financing facility (Commodity Murabahah Term Financing) bears a profit rate 4.27% (2023: 3.46% to 4.18%) per annum and was repayable in full on 29 March 2024.

⁴ Non-cash changes consist of foreign exchange translation and other amortisation.

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29. DERIVATIVES

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

	Notional/Contract Value		Fair Value	
	As at 31 March 2024 RM'000	As at 31 December 2023 RM'000	As at 31 March 2024 RM'000	As at 31 December 2023 RM'000
- Less than 1 year	142	10,656	—	(78)

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 2023, other than as disclosed above.

30. FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

The Group does not have any financial liabilities that are measured at fair value (other than derivative financial instruments) for the period under review.

31. MATERIAL LITIGATION

On 25 November 2019, PETRONAS Gas Berhad ("the Company") was served a Notice of Arbitration by PBJV Group Sdn Bhd ("PBJV"). The claim amounting to RM159.5 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 merit as the Global Settlement Agreement agreed by both Consortium partners recorded the settlement terms in relation to the Project. The arbitration is currently ongoing.

There has been no other new material litigation since the last audited consolidated financial statements for the year ended 31 December 2023.

32. 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.

	Individual quarter ended 31 March	
	2024	2023
Net profit for the period attributable to ordinary shareholders of the Company (RM'000)	456,647	424,177
Number of ordinary shares in issue ('000)	1,978,732	1,978,732
EPS (sen)	23.08	21.44

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.

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33. AUDITOR REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

As disclosed in Note 3.

34. OPERATING PROFIT FOR THE PERIOD

<i>In RM'000</i>	Individual quarter ended 31 March	
	2024	2023
Operating profit includes the following charges:		
Depreciation of property, plant and equipment ¹	289,708	268,498
Unrealised loss on foreign exchange	12,877	—
Realised loss on foreign exchange	136	1,923
and crediting:		
Gain on disposal of property, plant and equipment	—	263
Net impairment reversals on expected credit loss	45	47
Unrealised gain on foreign exchange	—	2,493
Interest income:		
- fund investments	32,066	34,759
- term loan due from a joint venture	1,825	2,534

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

35. DIVIDENDS

As disclosed in Note 9.

36. EXCHANGE RATE

USD/MYR	Individual quarter ended		
	31.03.2024	31.12.2023	31.03.2023
Average rate	4.7233	4.6976	4.3906
Closing rate	4.7375	4.5995	4.4150

¹ The depreciation of property, plant and equipment includes depreciation on right-of-use (ROU) assets and amortisation of prepaid lease payments.

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37. AUTHORISED FOR ISSUE

The quarterly report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 29 May 2024.

BY ORDER OF THE BOARD

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SSM Practising Certificate No. 201908000788

Cik Azizahwati Ishak
MAICSA 7060684
SSM Practising Certificate No. 202008002944

Company Secretaries
Kuala Lumpur
29 May 2024