

Ref. No: GSBG/CSDL/PDB/ADMIN/COMM/CORR/2022/15

22 April 2022

Minority Shareholders Watch Group  
Tingkat 11, Bangunan KWSP,  
No. 3, Changkat Raja Chulan  
Off Jalan Raja Chulan  
50200 Kuala Lumpur

Attention: Mr. Devanesan Evanson  
Chief Executive Officer

Dear Sirs,

**40<sup>TH</sup> ANNUAL GENERAL MEETING (“AGM”) OF PETRONAS DAGANGAN BERHAD (“PDB” or “the Company”) TO BE HELD ON 25 APRIL 2022**

With reference to your letter dated 6 April 2022 on the above, we thank you for taking the time to send us the list of questions following your review of our Integrated Report 2021. The responses are provided below, the same will be included in our AGM agenda and will be made publicly available on PDB's corporate website ([www.mymesra.com.my](http://www.mymesra.com.my)) from 22 April 2022.

**Operational & Financial Matters**

1. PETDAG retail segment reported annual revenue of RM15,369.8m, RM11,178.3m and RM12,612.6m for FY19, FY20 and FY21 respectively.

a) Of the segmental revenue above, how much was the revenue contribution from the sale of fuels in the retail segment for FY19, FY20, FY21?

PDB:

All revenue from the retail segment is from sale of fuels which includes LPG.

b) It is a global trend that the automotive industry is shifting from internal combustion engine vehicles to electric vehicles (EV). The efficiency of internal combustion engines has been improving over the years. These in turn progressively dampen the demand for fossil fuels at petrol stations. As the sale of fuel currently contributes significantly to the group's top and bottom lines, what

Open

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**are the mitigation measures taken/ to be implemented by PETDAG to address the potential earnings gap in the long run?**

**PDB:**

PDB is diversifying its business to increase income from non-fuel sources, including expansion of offerings from Mesra and Setel whilst exploring new opportunities to strengthen its Sustainability footprint, in alignment with PDB sustainability agenda.

Despite Malaysia and Asia region showing positive signs in embracing energy transition, relevance of fossil fuels remains prevalent. Adapting to this evolving market, PDB continues to strengthen its core business through introduction of cleaner fuel such as Primax 95 with Pro-Drive, Primax 97 with Pro-Race, conversion of all diesel products to Euro 5 specifications, LNG offering and collaborative efforts with our partners e.g., MARA and PETRONAS Lubricants Malaysia on AutoExpert car services and repair shops.

2. PETDAG has introduced ChargEV facilities at selected PETRONAS stations in 2017 and it currently has charging facilities at 61 locations. However, the EV charging business has lower barrier to entry as compared with PETDAG's retail fuel business. This can be witnessed from the number of players in the EV charging infrastructure space and the entry of much smaller players into the segment.

- a) **Will PETDAG's EV charging business be sufficient to fill the demand gap arising from the shifting of internal combustion engine vehicles to EVs?**

**PDB:**

PDB has set its foundation in anticipation of Battery Electric Vehicle ("BEV") adoption in Malaysia. Apart from that, PDB is planning to have a stronger presence in the EV industry by looking beyond EV charging. Energise by PETRONAS, our newly launched EV brand will be the catalyst for PDB involvement in the broader EV ecosystem.

- b) **What are the advantages possessed by PETDAG over its peers in the EV charging segment?**

**PDB:**

PDB has a network of strategically located stations across Malaysia suitable for EV charger installation to cater for transient charging, strong customer base, experience from hosting ChargEV, as well as integrated loyalty programme offerings via Setel app that provides motorists seamless refuelling and retail-on-the-go-experience.

c) What is PETDAG's current market share in the EV charging facilities segment?

PDB:

It is estimated that total Malaysia's EV charging facilities is around ~500 of which PDB currently has 61 EV charging facilities.

*(Source: EV Total Industry Charging Facilities – The Edge April 2021)*

d) What is PETDAG's targeted total number of charging locations as at end of 2022?

PDB:

In addition to the existing 61 EV charging stations that is available at our retail outlet, PDB plans to roll out a minimum of 6 additional charging stations in 2022. A further expansion of this network is being planned for execution where outlets are strategically located along the highways will be EV ready, matching customer demand.

This is in line with market outlook for passenger EV sales in Malaysia and Southeast Asia, which is expected to grow gradually for several years ahead.

*(Source: Passenger EV Sales Short-Term Outlook – BNEF September 2021)*

3. PETDAG continues to elevate customer's experience by widening its network of partners as well as expanding Makan@Mesra and Mesra own-label products. In addition, the group has also launched Segar@Mesra to provide a collaborative environment for local farmers to connect with customers.

How much were the revenue and earnings contributions from the retail non-fuel segment for FY19, FY20 and FY21?

PDB:

Retail non-fuel segment saw a commendable income growth by 4% since FY2019 as a result of our ongoing efforts to provide an improved customer experience.

Its contribution to overall retail segment for FY2019, FY2020 and FY2021 was ~1% of revenue and 13% - 22% of PBT.

4. Various industries in Malaysia have been facing labour shortage issue and it has become more prevalent after the closure of international borders to contain the Covid-19 pandemic.

a) Does the labour shortage in our country pose a key challenge to PETDAG's operations?

PDB:

Currently, PDB operations remain stable with no material disruptions.

- b) The national minimum wage will be revised to RM1,500 per month with effect from 1 May 2022. What is the expected financial impact to the group?

PDB:

Employees under PDB Group have been remunerated in accordance with each industries' benchmark, and at the moment they are within the stipulated revised national minimum wage of RM1,500 per month. Hence, at this juncture, there is no significant impact to the group's financial standing.

- c) What are the reasons for the 28.2% jump in the group's staff wages, salaries, and others from RM220.766m in FY20 to RM282.947m in FY21 (page 340 of FY21 annual report)?

PDB:

The increase in PDB Group's wages is mainly due to:

- Early Leaving Separation Option in 2021 to eligible employees wishing to pursue other life goals; and
- Increase in manning requirement to support PDB's growth segment by recruiting talents with the right skills and experience.

Yours faithfully

for **PETRONAS DAGANGAN BERHAD**



**Wong Lay See**

Company Secretary

- c.c. 1. **YBhg Datuk Anuar Ahmad**  
Chairman  
PETRONAS Dagangan Berhad
2. **Azrul Osman Rani**  
Managing Director/Chief Executive Officer  
PETRONAS Dagangan Berhad
3. **Puan Farzlina Ahmad Murad**  
Chief Financial Officer  
PETRONAS Dagangan Berhad
4. **Mr. Yeap Kok Leong**  
Joint Company Secretary  
PETRONAS Dagangan Berhad