

Ref. No: GSBG/CSDL/PDB/ADMIN/COMM/CORR/2023/8

5 May 2023

Minority Shareholders Watch Group  
Level 23-2, Menara AIA Sentral  
No. 30 Jalan Sultan Ismail  
50250 Kuala Lumpur

Attention: Mr. Devanesan Evanson  
Chief Executive Officer

Dear Sir,

**41<sup>st</sup> ANNUAL GENERAL MEETING ("AGM") OF PETRONAS DAGANGAN BERHAD ("PDB" or "the Company") TO BE HELD ON 10 MAY 2023**

With reference to your letter dated 17 April 2023 on the above, we thank you for taking the time to send us the list of questions following your review of our Integrated Report 2022. 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 8 May 2023.

**Operational & Financial Matters**

1. PETDAG added 10 new PETRONAS stations in FY2022.
  - a) What was the total number of Petronas stations as of 31 December 2022?

PDB:

As at 31 December 2022 PDB has more than 1,000 retail stations throughout Malaysia.

- b) How many new Petronas stations does PETDAG target to operationalise in FY2023?

PDB:

With more than 1,000 stations, PDB undertakes selective network expansion based on strategic locations and subject to economic viability, to strengthen PDB position and defend its market leadership. Typically, PDB will operationalise approximately 10 new stations every year.

Open

**PETRONAS DAGANGAN BERHAD** (198201008499 (88222-D))

Level 28, Tower 1, PETRONAS Twin Towers, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia

Tel : +(603) 2051 5000

[www.mymesra.com.my](http://www.mymesra.com.my)

c) What was the average same-store sales growth for FY2022?

PDB:

PDB sales growth was generally driven by consumer demand and operational excellence in defending its market share, whilst FY2022 was mainly driven by economy recovery post-pandemic especially after cessation of all land travel restrictions.

In FY2022, PDB reported its best retail performance since incorporation, with volume growth of more than 40% compared to prior year.

2. Majority of PETRONAS stations are operated by Rakan Niaga, who are appointed through a stringent selection process and provided with continuous training. Retail-Fuel Business manages Petronas stations via three categories of dealerships – Company-Owned, Dealer-Operated (CODO); Dealer-Owned, Dealer-Operated (DODO); and the recently launched Company-Owned, Company-Operated (COCO).

- a. Why was the COCO model not adopted previously?
- b. What are the advantages of COCO model?
- c. Does Petronas intend to convert existing stations with CODO model into COCO model?

PDB:

PDB secured special approval from the Government to operate 2 COCO model stations, with one (1) operationalised in 2022 and another new station (not a station conversion) under review.

COCO business model allows PDB to have an Innovation & Customer Experience Center which is essential to develop and create holistic experience as manifestation of a progressive brand.

COCO station is specifically developed as a model station for training purposes that provides a testbed for experimentation of digital & marketing solutions, new products, technology & customer experiences in an integrated and real-time operation environment. This is before a proven concept being scaled-up to other PETRONAS station network.

3. PETDAG has more than 800 Kedai Mesra stores nationwide and is probably the second-largest convenience store player in Malaysia. Leveraging its scale, established distribution network, and well-known Kedai Mesra brand, does PETDAG have the intention to expand its convenience stores beyond petrol forecourts at standalone locations? If not, why not?

PDB:

It has always been PDB aspiration to grow its retailing business beyond PETRONAS stations, in line with its growth strategy on non-fuel businesses.

Mesra Retail & Cafe Sdn Bhd (MESRA) was incorporated in July 2021, to expand its venture into food & beverage (F&B) retail business, currently focused on Café Mesra including opening outlets beyond PETRONAS stations.

As of April 2023, MESRA is operating with more than 50 Café Mesra outlets with over 20 cafés operating at standalone locations such as The Garden North Tower, Nu Sentral, rail stations (Bangsar, Abdullah Hukum, Putrajaya) and Pos Malaysia (Dayabumi, Shah Alam, Tebrau).

PDB may consider expanding MESRA ventures into Kedai Mesra beyond petrol forecourts at standalone locations in the future, subject to its strategic fit and economic viability.

4. Employment (Amendment) Act 2022 has been effected from 1 January 2023. What is the expected financial impact from the amendments, which include revision of threshold of wages entitled for overtime payments to RM4,000/month and reduction of working hours from 48 hours to 45 hours a week?

PDB:

The Act is expected not to have any significant financial impact to PDB.

5. Please explain why the operating profit for the convenience segment was 59.0% lower at RM16.12m in FY22 than the previous year's RM39.344m, despite a 26.0% increase in segmental revenue from RM175.189m in FY21 to RM220.815m in FY22 (pages 295 and 296 of the Annual Report 2022)?

PDB:

Despite convenience segment recorded strong revenue contributed by higher sales at Kedai Mesra in line with substantial growth in demand from economic recovery post-pandemic coupled with the new revenue stream from launch of Café Mesra, the segment's Operating Profit was modest due to higher operating expenditure following increase in depreciation and amortisation costs.

**PETRONAS DAGANGAN BERHAD (198201008499 (88222-D)  
-41<sup>st</sup> ANNUAL GENERAL MEETING ("AGM") OF PETRONAS DAGANGAN BERHAD ("PDB" or "the  
Company") TO BE HELD ON 10 MAY 2023 (cont')**

Yours faithfully  
for **PETRONAS DAGANGAN BERHAD**



**Mek Yam @ Mariam Hassan**  
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