



# PETRONAS DAGANGAN BERHAD

## Quarterly Report

For First Quarter Ended 31 March 2020



# Quarterly Report

## For First Quarter Ended 31 March 2020

The Board of Directors of PETRONAS Dagangan Berhad ("PDB" or "the Company") is pleased to announce the following Unaudited Condensed Consolidated Financial Statements for PDB Group for the first quarter ended 31 March 2020 which should be read in conjunction with the accompanying explanatory notes on pages 7 to 19.

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In RM'000	Note	As at 31 March 2020	As at 31 December 2019
<b>ASSETS</b>			
Property, plant and equipment		4,041,029	4,134,901
Investments in associates		1,552	1,456
Investments in joint ventures		21,890	21,561
<b>TOTAL NON-CURRENT ASSETS</b>		<b>4,064,471</b>	<b>4,157,918</b>
Trade and other inventories		710,750	796,819
Trade and other receivables		1,360,969	1,565,011
Fund investment		-	51,004
Cash and cash equivalents		2,365,815	3,425,500
<b>TOTAL CURRENT ASSETS</b>		<b>4,437,534</b>	<b>5,838,334</b>
<b>TOTAL ASSETS</b>	B1	<b>8,502,005</b>	<b>9,996,252</b>
<b>EQUITY</b>			
Share capital		993,454	993,454
Reserves		4,558,423	4,982,490
<b>Total Equity Attributable to Shareholders of the Company</b>		<b>5,551,877</b>	<b>5,975,944</b>
Non-controlling interests		37,174	35,451
<b>TOTAL EQUITY</b>	B1	<b>5,589,051</b>	<b>6,011,395</b>
<b>LIABILITIES</b>			
Borrowings	B8	145,258	168,653
Deferred tax liabilities		95,879	100,318
Other long term liabilities and provisions		28,448	28,473
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>269,585</b>	<b>297,444</b>
Trade and other payables		2,466,022	3,440,211
Borrowings	B8	139,577	165,502
Taxation		37,770	81,700
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,643,369</b>	<b>3,687,413</b>
<b>TOTAL LIABILITIES</b>	B1	<b>2,912,954</b>	<b>3,984,857</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,502,005</b>	<b>9,996,252</b>
Net assets per share attributable to ordinary equity holders of the Parent (RM)		5.59	6.02

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 and accompanying explanatory notes attached to the Interim Condensed Consolidated Financial Statements.

# Quarterly Report

## For First Quarter Ended 31 March 2020

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In RM'000	Note	Individual quarter ended	
		2020	31 March 2019
Revenue	B1	6,553,910	7,085,905
<b>Operating (loss)/ profit</b>		(14,280)	387,494
Finance cost		(4,573)	(5,454)
Share of profit after tax of equity accounted associates and joint ventures		425	946
<b>(Loss)/ profit before taxation</b>	B1	(18,428)	382,986
Tax expense	B6	(9,272)	(89,402)
<b>(LOSS)/ PROFIT FOR THE PERIOD</b>	B13	(27,700)	293,584
<b>Other comprehensive expense</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences arising from translation of financial statements of foreign operations		2,738	(2,264)
<b>TOTAL COMPREHENSIVE (EXPENSE)/ INCOME FOR THE PERIOD</b>		(24,962)	291,320
<b>(Loss)/ Profit attributable to:</b>			
Shareholders of the Company		(29,423)	291,196
Non-controlling interests		1,723	2,388
<b>(LOSS)/ PROFIT FOR THE PERIOD</b>		(27,700)	293,584
<b>Total comprehensive (expense)/ income attributable to:</b>			
Shareholders of the Company		(26,685)	288,932
Non-controlling interests		1,723	2,388
<b>TOTAL COMPREHENSIVE (EXPENSE)/ INCOME FOR THE PERIOD</b>		(24,962)	291,320
<b>(Loss)/ Earnings per ordinary share- basic (sen)</b>	B11	(3.0)	29.3

The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 and accompanying explanatory notes attached to the Interim Condensed Consolidated Financial Statements.

# Quarterly Report

## For First Quarter Ended 31 March 2020

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Shareholders of the Group						
	Non- Distributable			Distributable			Total Equity
In RM'000	Share Capital	Foreign Currency Translation Reserves	Capital Reserves	Retained Profits	Total	Non-Controlling Interests	
At 1 January 2019	993,454	(18,204)	(18,732)	4,876,931	5,833,449	40,135	5,873,584
Exchange difference arising from translation of financial statements of foreign operations	-	(2,264)	-	-	(2,264)	-	(2,264)
Total other comprehensive expense for the period	-	(2,264)	-	-	(2,264)	-	(2,264)
Profit for the period	-	-	-	291,196	291,196	2,388	293,584
Total comprehensive (expense)/ income for the period	-	(2,264)	-	291,196	288,932	2,388	291,320
Dividends paid	-	-	-	(248,364)	(248,364)	-	(248,364)
At 31 March 2019	993,454	(20,468)	(18,732)	4,919,763	5,874,017	42,523	5,916,540
At 1 January 2020	993,454	(18,935)	(18,732)	5,020,157	5,975,944	35,451	6,011,395
Exchange difference arising from translation of financial statements of foreign operations	-	2,738	-	-	2,738	-	2,738
Total other comprehensive income for the period	-	2,738	-	-	2,738	-	2,738
Loss for the period	-	-	-	(29,423)	(29,423)	1,723	(27,700)
Total comprehensive income/ (expense) for the period	-	2,738	-	(29,423)	(26,685)	1,723	(24,962)
Dividends paid	-	-	-	(397,382)	(397,382)	-	(397,382)
At 31 March 2020	993,454	(16,197)	(18,732)	4,593,352	5,551,877	37,174	5,589,051

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 and accompanying explanatory notes attached to the Interim Condensed Consolidated Financial Statements.

# Quarterly Report

## For First Quarter Ended 31 March 2020

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

In RM'000	Note	2020	Quarter ended 31 March 2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>(Loss)/ Profit before taxation</b>		<b>(18,428)</b>	<b>382,986</b>
Adjustments for:			
Depreciation and amortisation		128,841	106,165
Net impairment/ (write-back) on trade and other receivables		5,776	(339)
Share of profit after tax of equity accounted associates and joint ventures		(425)	(946)
Net loss/ (gain) on disposal of property, plant and equipment		246	(18,740)
Inventories written down at net realisable value ("NRV")		36,254	-
Interest income		(26,092)	(26,819)
Finance cost		4,573	5,454
Other non-cash items		(1,413)	(1,178)
<b>Operating profit before changes in working capital</b>		<b>129,332</b>	<b>446,583</b>
Inventories		49,815	112,580
Trade and other receivables		198,264	437,390
Trade and other payables		(925,275)	738,484
<b>Cash (used in)/ generated from operations</b>		<b>(547,864)</b>	<b>1,735,037</b>
Taxation paid		(56,567)	(73,292)
<b>Net cash (used in)/ generated from operating activities</b>	B1	<b>(604,431)</b>	<b>1,661,745</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income		26,092	26,819
Purchase of property, plant and equipment		(34,728)	(64,303)
Proceeds from disposal of property, plant and equipment		-	21,865
<b>Net cash used in investing activities</b>	B1	<b>(8,636)</b>	<b>(15,619)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid		(397,382)	(248,364)
Net repayment of revolving credit facility	B8	(5,304)	(2,950)
Repayment of Islamic financing facilities	B8	(4,844)	(4,678)
Repayment of lease liabilities	B8	(39,779)	(26,562)
Interest paid on revolving credit	B8	(20)	(35)
Profit margin paid for Islamic financing facilities	B8	(311)	(554)
Interest paid on lease liabilities	B8	(4,242)	(4,865)
<b>Net cash used in financing activities</b>	B1	<b>(451,882)</b>	<b>(288,008)</b>

# Quarterly Report

## For First Quarter Ended 31 March 2020

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Net (decrease)/ increase in cash and cash equivalents	<b>(1,064,949)</b>	<b>1,358,118</b>
Net foreign exchange differences	5,264	(2,303)
Cash and cash equivalents at beginning of the period	<u>3,425,500</u>	<u>2,187,891</u>
Cash and cash equivalents at end of the period	<u>2,365,815</u>	<u>3,543,706</u>

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 and accompanying explanatory notes attached to the Interim Condensed Consolidated Financial Statements.

# Quarterly Report

## For First Quarter Ended 31 March 2020

### PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

#### A1 BASIS OF PREPARATION

The condensed 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 financial statements are unaudited and have been prepared in accordance with 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 be read in conjunction with the Audited Financial Statements and the accompanying notes for the year ended 31 December 2019. The explanatory notes attached to the condensed consolidated financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2019.

Within the context of these financial statements, the Group comprises the Company and its subsidiaries, and the Group's interest in its associates and its joint ventures as at and for the quarter ended 31 March 2020.

#### A2 SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the same accounting policies and methods of computation are followed in the condensed consolidated financial statements as compared with the audited consolidated financial statements for the year ended 31 December 2019.

As of 1 January 2020, the Group has adopted the following amendments to MFRSs ("pronouncements") which are effective for annual years beginning on or after 1 January 2020.

Amendments to MFRS 3	Business Combinations (Definition of a Business)
Amendments to MFRS 7	Financial Instrument: Disclosures - Interest Rate Benchmark Reform
Amendments to MFRS 9	Financial Instrument
Amendments to MFRS 101	Presentation of Financial Statements (Definition of Material)
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)
Amendments to MFRS 139	Financial Instrument: Recognition and Measurement

The initial application on the above pronouncements did not have any material impact to the consolidated financial statements of the Group.

#### A3 AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

There was no qualified audit report issued by the auditors in the annual financial statements for the year ended 31 December 2019.

#### A4 SEASONAL OR CYCLICAL FACTORS

The Group's operations in relation to sales volume are not significantly affected by seasonal or cyclical fluctuations of the business/industry.

#### A5 EXCEPTIONAL ITEMS

There were no exceptional items during the quarter under review.

# Quarterly Report

## For First Quarter Ended 31 March 2020

### PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

#### A6 MATERIAL CHANGES IN ACCOUNTING 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 2019 that may have a material effect in the current quarter results.

#### A7 CAPITAL COMMITMENTS

Outstanding capital commitments in respect of capital expenditure at financial position date not provided for at the end of each reporting period are as follows:

<b>In RM'000</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
Approved and contracted for	181,281	19,490
Approved but not contracted for	342,333	518,393
	<b>523,614</b>	<b>537,883</b>

#### A8 DEBT AND EQUITY SECURITIES

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities for the quarter under review, except as disclosed in note B8.

#### A9 DIVIDENDS PAID

During the quarter under review, the Company paid an interim dividend of 25 sen per ordinary share amounting to RM248.4 million and a special dividend of 15 sen per ordinary share amounting to RM149.0 million for the quarter ended 31 December 2019 to shareholders on 26 March 2020 (Quarter 1 2019: an interim dividend of 25 sen per ordinary share amounting to RM248.4 million for the quarter ended 31 December 2018).

#### A10 OPERATING SEGMENTS

The Group's reportable segments comprise Retail, Commercial and Others. Each reportable segment offers different services and require different marketing strategies.

For each of the reportable segment, the Group's chief operating decision maker which is the Board of Directors of the Company, reviews internal management reports at least on a quarterly basis.

- Retail – consist of sales and purchase of petroleum products to the retail sector
- Commercial – consist of sales and purchase of petroleum products to the commercial sector
- Others – comprise mainly aviation fuelling services, technical services and business activities other than retail and commercial segments

Revenues derived from petroleum products are predominately sold to the retail and commercial sectors in Malaysia which have been disclosed in the Operating Segment. In this respect, no further disaggregation of revenue is presented.



# Quarterly Report

## For First Quarter Ended 31 March 2020

### PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

#### Results for quarter ended 31 March

##### In RM'000

Business Segments	2020			
	Retail	Commercial	Others	Group
Revenue	3,398,318	3,149,535	6,057	6,553,910
Depreciation and amortisation	93,835	26,903	8,103	128,841
Other income	93,770	15,528	783	110,081
<b>Operating (loss)/ profit for reportable segments</b>	(84,134)	74,233	(4,379)	(14,280)
Finance cost	(1,936)	(765)	(1,872)	(4,573)
Share of profit after tax of equity accounted associates and joint ventures				425
<b>Loss before taxation</b>				<b>(18,428)</b>

##### In RM'000

Business Segments	2019			
	Retail	Commercial	Others	Group
Revenue	3,632,757	3,446,463	6,685	7,085,905
Depreciation and amortisation	80,846	21,910	3,409	106,165
Other income	99,754	11,666	1,493	112,913
<b>Operating profit for reportable segments</b>	228,422	147,020	12,052	387,494
Finance cost	(2,030)	(1,340)	(2,084)	(5,454)
Share of profit after tax of equity accounted associates and joint ventures				946
<b>Profit before taxation</b>				<b>382,986</b>

# Quarterly Report

## For First Quarter Ended 31 March 2020

### PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

#### A11 VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is stated at cost less accumulated impairment losses, if any.

#### A12 CONTINGENCIES

In RM'000	2020	Group 2019
An award in favour of a subsidiary was issued by the arbitrator in 2018 following an arbitration proceeding, which allowed additional costs and expenses for restructuring works at one of the subsidiary's major facility. The quantum to be paid following the award as of the financial period is pending settlement negotiation between the parties.	26,662	26,662

No provision has been made on the above contingency in the quarterly report up to reporting date. There were no material contingent liabilities since the last consolidated statement of financial position as at 31 December 2019.

#### A13 RELATED PARTY TRANSACTIONS

There were no significant transactions with related party in addition to the related party transactions disclosed in the Audited Financial Statements for the year ended 31 December 2019.

# Quarterly Report

## For First Quarter Ended 31 March 2020

### PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

#### A14 FAIR VALUE INFORMATION

The carrying amounts of cash and cash equivalents and short term receivables and payables reasonably approximate their fair values due to their relative short term nature of these financial instruments.

Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique 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 fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the prevailing rate of interest charged on the respective loans at the end of the reporting period.

The following table analyses financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the Consolidated Statement of Financial Position.

In RM'000	Fair value of financial instruments not carried at fair value	
	Level 3	Carrying amount
<b>Group</b>		
<b>31 March 2020</b>		
<b>Financial Liability</b>		
Islamic financing facilities	23,681	24,912
<b>Group</b>		
<b>31 December 2019</b>		
<b>Financial Liabilities</b>		
Islamic financing facilities	28,131	29,756
Revolving credit facility	5,312	5,466
	<u>33,443</u>	<u>35,222</u>

# Quarterly Report

## For First Quarter Ended 31 March 2020

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

#### B1 FINANCIAL PERFORMANCE

##### (a) Highlight on Consolidated Statement of Financial Position

In RM'000	As at	As at	Variance (%)
	31 March 2020	31 December 2019	
Total assets	8,502,005	9,996,252	(15)
Total equity	5,589,051	6,011,395	(7)
Total liabilities	2,912,954	3,984,857	(27)
Return on equity (%)	(2.0)	14.0	(>100)

Total assets decreased by RM1,494.2 million mainly due to lower cash and cash equivalents by RM1,059.7 million due to a special dividend paid during the quarter. In addition, trade and other receivables was lower by RM204.0 million due to the shifting of subsidy receivable to a net payable position following declining Means of Platts Singapore ("MOPS") prices trend as well as lower sales volume in the month of March 2020.

Total liabilities decreased by RM1,071.9 million mainly due to lower trade and other payables as a result of lower purchased volume in line with lower demand as well as lower purchase price following declining MOPS prices trend.

##### (b) Highlight on Consolidated Statement of Profit or Loss and Other Comprehensive Income

In RM'000	Individual quarter ended		Variance (%)
	2020	31 March 2019	
Revenue	6,553,910	7,085,905	(8)
(Loss)/ profit before taxation	(18,428)	382,986	(>100)

The Group experienced challenging market conditions towards the end of the first quarter arising from the impact of the Covid 19 pandemic globally as well as the constraints of the local Movement Restrictions Order ("MCO").

Group revenue decreased by RM532.0 million to RM6,553.9 million as overall sales volume declined by 4% in both Retail and Commercial segments and average selling prices dropped by 3%.

The Group recorded a loss before taxation ("LBT") of RM18.4 million as compared to a profit before tax ("PBT") of RM382.9 million mainly from lower gross profit following a sharp decline in MOPS prices trend, lower sales volume towards the end of the quarter and higher operating expenses attributable to professional services costs and depreciation costs.

# Quarterly Report

## For First Quarter Ended 31 March 2020

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

#### (c) Highlight on Consolidated Statement of Cash Flows

In RM'000	2020	Quarter ended	Variance (%)
		31 March 2019	
Net cash (used in)/ generated from operating activities	(604,431)	1,661,745	(>100)
Net cash used in investing activities	(8,636)	(15,619)	(45)
Net cash used in financing activities	(451,882)	(288,008)	57

Net cash used in operating activities was lower by RM2,266.2 million as compared to last year due to lower cash sales by RM1,135.6 million following lower volume recorded during the quarter as well as higher purchases made during the quarter by RM209 million.

There was a lower cash outflow from investing activities of RM8.6 million recorded mostly due to lower capital expenditure incurred as well as nil proceeds from disposal of property, plant and equipment during the quarter.

However, cash outflow from financing activities was higher by RM163.9 million mainly due to special dividends in relation to quarter ended 31 December 2019 paid to shareholders in Q1 2020.

#### B2 REVIEW OF GROUP PERFORMANCE

Performance of the current quarter against the corresponding quarter last year

In RM' Mil	Individual quarter ended								
	Group			Retail			Commercial		
	Mar 2020	Mar 2019	Var %	Mar 2020	Mar 2019	Var %	Mar 2020	Mar 2019	Var %
Revenue	6,553.9	7,085.9	(8)	3,398.3	3,632.8	(10)	3,149.5	3,446.5	(23)
(Loss)/ profit before taxation	(18.4)	383.0	(>100)	(86.1)	226.4	(>100)	73.5	145.7	(43)

#### Retail Segment

Retail Segment revenue decreased by RM234.5 million mainly due to lower volume by 5% in tandem with declining demand towards the end of the quarter following the implementation of the MCO as well as lower average selling prices by 2%.

LBT for the quarter was RM86.1 million compared to PBT of RM226.4 million, a decrease of RM312.5 million mainly due to lower gross profit for Mogas and Diesel following the sharply declining MOPS prices trend. In addition, there was higher operating expenditure relating to software maintenance.

#### Commercial Segment

Commercial Segment recorded lower revenue of RM297.0 million due to lower average selling prices by 5% and lower sales volume by 4% mainly towards the end of quarter as a result of lower demand following the implementation of the MCO. In addition, gross profit was impacted by the write-down of inventory to net realisable value ("NRV") due to declining MOPS prices trend.

# Quarterly Report

## For First Quarter Ended 31 March 2020

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

### B3 VARIATION OF RESULTS AGAINST PRECEDING QUARTER

In RM' Mil	Individual quarter ended		
	Mar 2020	December 2019	Var %
Revenue	6,553.9	7,794.2	(16)
(Loss)/ profit before taxation	(18.4)	190.6	(>100)

Group revenue for the quarter ended 31 March 2020 decreased by RM1,240.3 million mainly attributable to lower average selling prices and lower sales volume by 8% respectively. The decrease in volume was mainly due to decrease in demand following the implementation of MCO towards the end of the quarter.

LBT of RM18.4 million was recorded compared to a PBT of RM190.6 million in preceding quarter, a decrease of RM209.0 million mainly due to lower Retail and Commercial segments gross profit of RM294.8 million in line with declining MOPS prices trend. However, this was partially offset by a decrease in operating expenditure relating to advertising and promotion and repair and maintenance due to lower activities during the quarter.

# Quarterly Report

## For First Quarter Ended 31 March 2020

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

#### B4 COMMENTARY ON PROSPECTS

The Group's result in Q1 2020 has been impacted by declining petroleum product prices following volatility of crude oil prices. Whilst average Brent in Q1 2020 was USD50.26/bbl compared to previous quarter of USD63.32/bbl, the sharp decline in March 2020 which was driven by the rise of COVID-19 pandemic and Opec+ price war, has set the lowest month average price of USD31.83/bbl seen in the last 5 years.

The COVID-19 pandemic has also deeply affected the global economy, including Malaysia. The growth in demand was dampened in March 2020 with the implementation of MCO on 18 March 2020. Malaysia recorded a lower Gross Domestic Product ("GDP") growth of 0.7% in Q1 2020 as compared to 3.6% in Q4 2019. Meanwhile, Consumer Sentiment Index ("CSI") decreased from 82.3 in Q4 2019 to 51.1 in Q1 2020 and remained below the 100-point optimism threshold. It is anticipated the prolonged MCO will further impact the economy and the Group's profitability in Q2, 2020.

The Group will continue to focus on inventory management, supply and distribution efficiency as well as operating expenditure optimisation to ensure the Group remain resilient and sustainable to run its operation.

##### Retail Segment

Retail Segment Q1 2020 results have shown the early impact of the pandemic as evidenced by the decline in sales volume particularly for gasoline, diesel and lubricant products in March 2020 due to travel restrictions imposed by MCO. It is expected to severely impact Q2 2020 on the back of the prolonged MCO situation in Malaysia which has now been extended to 9th June 2020. Post MCO, the demand for Retail segment is expected to recover gradually for the remainder of the year.

Nevertheless, Retail segment will continue to focus on enhancing customer experience through operational excellence and consistently delivering high level of services. SETEL, Malaysia's first petrol e-payment solution, provides seamless and frictionless experience to customer and also promotes social distancing by reducing the contact for payment at the station. Non-fuel business is also offering seamless services on-the-go products such as Ready To Eat (RTE) and Ready To Cook (RTC). In addition, LPG and Lubricant businesses will continue to focus on strengthening distribution channels in order to remain resilient in a challenging economy while seeking growth opportunities.

##### Commercial Segment

Towards the end of the first quarter of 2020, Malaysian tourism and hospitality sectors were impacted by the COVID-19 pandemic, and the subsequent implementation of the MCO limited business operations to only essential sectors and restriction of both land and air travels. Aviation sector was heavily impacted by restricted global and local movements. Closure of non-essential manufacturing and construction business has impacted demand for commercial diesel. Arising from the global traveling restriction, the recovery of aviation business remains uncertain. The recovery of other commercial products are anticipated to cushion this impact once MCO is lifted. However, the impact on overall Commercial Segment's performance in Q2 2020 remains weak and challenging.

Services and Manufacturing sectors are the key drivers for Malaysia economic growth. Manufacturing Index in March 2020 showed a de-growth of 4.2% as compared to growth of 3.4% in December 2019. Manufacturing activities impacted by the COVID-19 outbreak have resulted in weaker demand for petroleum products, and provide a challenging environment to the Commercial Segment.

Commercial Business will strive to remain vigilant during this difficult time and provide superior value proposition to its customer through enhancing channel delivery, providing comprehensive product offerings and competitive pricing, leveraging on superior logistics and distribution network to sustain existing markets and capture new markets.

(Source: Platts, DOSM, MIER)

# Quarterly Report

## For First Quarter Ended 31 March 2020

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

#### B5 PROFIT FORECAST

Not applicable as the Group does not publish any profit forecast.

#### B6 TAX EXPENSE

Tax expense comprises the following:

In RM'000	Individual quarter ended 31 March	
	2020	2019
<u>Income Tax:</u>		
Current period	12,636	95,628
<u>Deferred Taxation:</u>		
Current period	(3,364)	(6,226)
	<u>9,272</u>	<u>89,402</u>

The tax expenses during the financial period arises mainly from certain subsidiaries of the group which are profitable, in addition to increase in non-deductible expenses.

#### B7 STATUS OF CORPORATE PROPOSALS ANNOUNCED

There were no corporate proposals announced as at the date of this report.

#### B8 BORROWINGS

(a) Particulars of the Group's borrowings are as follows:

In RM'000	As at	As at
	31 March 2020	31 December 2019
<b>Non Current</b>		
Secured		
Lease liabilities	140,103	158,694
Unsecured		
Islamic financing facilities	5,155	9,959
	<u>145,258</u>	<u>168,653</u>
<b>Current</b>		
Secured		
Lease liabilities	119,820	140,239
Unsecured		
Islamic financing facilities	19,757	19,797
Revolving credit facility	-	5,466
	<u>139,577</u>	<u>165,502</u>
	<u>284,835</u>	<u>334,155</u>



# Quarterly Report

## For First Quarter Ended 31 March 2020

### OF BURSA MALAYSIA SECURITIES BERHAD

#### B8 BORROWINGS (CONTINUED)

(a) Particulars of the Group's borrowings are as follows (continued):

In RM'000	As at 31 March 2020	As at 31 December 2019
<b>By Currency</b>		
RM	193,763	226,469
USD	90,584	101,672
THB	488	6,014
	<b>284,835</b>	<b>334,155</b>

The Islamic financing facilities are denominated in Ringgit Malaysia and governed by the Musharakah Mutanaqisah and Commodity Murabahah principles, and bear a profit margin ranging from 4.21% to 4.32% (2019: 4.27% to 4.68%) per annum.

The revolving credit facility is denominated in Thai Baht and bears an interest rate of 2.80% (2019: 2.90%) per annum.

The lease liabilities bear interest at rates ranging from 4.19% to 8.43% (2019: 4.19% to 8.43%) per annum.

(b) Reconciliation of borrowings arising from financing activities

In RM'000	As at 1 January 2020	Cash flows		Non-cash changes		As at 31 Mar 2020
		Net repayment	Interest expenses	Foreign exchange movement	Others	
Islamic financing facilities	29,756	(4,844)	(311)	-	311	24,912
Revolving credit facility	5,466	(5,304)	(20)	(162)	20	-
Lease liabilities	298,933	(39,779)	(4,242)	-	5,011	259,923
	<b>334,155</b>	<b>(49,927)</b>	<b>(4,573)</b>	<b>(162)</b>	<b>5,342</b>	<b>284,835</b>

#### B9 MATERIAL LITIGATION

There are no material litigations as at the date of this report.

# Quarterly Report

## For First Quarter Ended 31 March 2020

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

#### B10 DIVIDENDS

The Board has declared an interim dividend of 5 sen per ordinary share amounting to RM49,672,700 for the first quarter ended 31 March 2020, payable on 17 June 2020 (Quarter 1 2019: an interim dividend of 15 sen per ordinary share amounting to RM149,018,100).

NOTICE IS HEREBY GIVEN that the interim dividend will be payable on 17 June 2020 to depositors registered in the Records of Depositors at the close of the business on 4 June 2020. A depositor shall qualify for entitlement to the dividends only in respect of:

- Shares transferred into Depositor's Securities Account before 4.00 pm on 4 June 2020 in respect of ordinary transfers.
- Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of the Bursa Malaysia Securities Berhad.

#### B11 BASIC (LOSS)/ EARNINGS PER SHARE

Basic (loss)/ earnings per share is derived based on the (loss)/ profit attributable to shareholders of the Company and based on the number of ordinary shares outstanding as at 31 March 2020.

	Individual quarter ended 31 March	
	2020	2019
(Loss)/ profit attributable to shareholders of the Company (RM'000)	(29,423)	291,196
Number of ordinary shares ('000)	993,454	993,454
(Loss)/ Earnings per ordinary share (sen)	(3.0)	29.3

#### B12 TRADE RECEIVABLES

In RM'000	As at 31 March 2020	As at 31 December 2019
Trade receivables		
- Third party	1,180,547	1,262,929
- Related companies	82,764	98,430
Less:		
- Impairment loss: specific	(8,055)	(8,049)
- Impairment loss: general	(8,484)	(2,420)
	<b>1,246,772</b>	<b>1,350,890</b>
<b>At net</b>		
Current	1,114,829	1,281,254
Past due 1 to 30 days	82,198	26,831
Past due 31 to 60 days	13,114	12,389
Past due 61 to 90 days	10,320	10,840
Past due more than 90 days	26,311	19,576
	<b>1,246,772</b>	<b>1,350,890</b>

As at 31 March 2020, the maximum exposure to credit risk arising from trade receivables are represented by the carrying amounts in the statement of financial position

# Quarterly Report

## For First Quarter Ended 31 March 2020

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

#### B13 PROFIT FOR THE PERIOD

In RM'000	Individual quarter ended	
	2020	31 March 2019
<b>(Loss)/ profit for the period is arrived at after charging:</b>		
Depreciation and amortisation*	128,841	106,165
Impairment loss on trade and other receivables	6,155	78
Net loss on disposal of property, plant and equipment	246	-
Inventories written down at NRV	36,254	-
Interest on revolving credit	20	35
Profit margin for Islamic financing facility	311	554
Interest on lease liabilities	4,242	4,865
<b>and after crediting:</b>		
Net gain on disposal of property, plant and equipment	-	18,740
Interest income	26,092	26,819
Income from rental of premises	99	230
Net unrealised gain on foreign exchange	1,397	1,178
Net realised gain on foreign exchange	16	385
Write back of impairment loss on trade and other receivables	379	417

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

\* Includes depreciation on rights-of-use assets

#### BY ORDER OF THE BOARD

Nur Nadia Mohd Nordin (LS0009231)

Yeap Kok Leong (MAICSA 0862549)

Joint Secretaries

Kuala Lumpur

18 May 2020