



PETRONAS



ELEVATING GREATER AMBITIONS

INTEGRATED REPORT 2023
PETRONAS GAS BERHAD

198301006447 (101671-H)

BASIS OF THIS REPORT

ELEVATING GREATER AMBITIONS

Our cover visual, "The Value Tree," creatively represents our value chain, from the gas source to society's pinnacle, showcasing our commitment in enriching lives for a sustainable future.

Central to the illustration are leaves and clouds, reflecting our dedication to environmental stewardship in all that we do.

The presence of people underscores PGB's passion for community growth across the nation particularly in our operational areas, building positive social impact.

In line with our theme, "Elevating Greater Ambitions," the visual captures our journey of growth and innovation, being courageous in pushing boundaries for a brighter tomorrow.

INTEGRATED REPORTING APPROACH

PETRONAS Gas Berhad (PGB or the Group) adopts an Integrated Reporting Approach, seamlessly blending financial performance, business activities, and sustainability initiatives. Aligned with the Value Reporting Foundation's Framework, this approach ensures a comprehensive depiction of our operations and underscores our commitment to transparent communication and responsible corporate practices.

REGULATIONS COMPLIED

- Bursa Malaysia Main Market Listing Requirements
- Companies Act 2016
- Malaysian Code on Corporate Governance 2021
- Corporate Governance (4th Edition) issued by Bursa Malaysia
- Malaysian Financial Reporting Standards
- IFRS Accounting Standards

SCOPE AND BOUNDARY OF REPORTING

This report encompasses the core activities of the Group, detailing our business segments, subsidiaries, and joint venture operations. Its purpose is to fulfil the information needs of long-term investors. Additionally, we provide insights into how we generate value for other vital stakeholders, such as employees, customers, government agencies, authorities, suppliers, and communities.

This report covers the period from 1 January to 31 December 2023, unless otherwise stated.

RESTATEMENT OF INFORMATION

Certain data pertaining to our performance in 2021 and 2022 have been restated in this Report due to actions taken to standardise our basis for calculating the data in question or due to a revised interpretation of the relevant data requirements.

OUR GOVERNANCE & SUSTAINABILITY APPROACH

Our Ability to Create and Protect Value

Our governance and sustainability approach promotes strategic decision-making with short, medium and long-term outcomes to reconcile the interests of the Group and the society in our pursuit of sustainable value. Our governance framework supports the creation and protection of value in our activities which enables ethical and effective leadership, corporate citizenship and sustainable organisation. Similarly, our sustainability framework reflects our concerted efforts to promote long term value creation.

↳ Read more on Corporate Governance in our Governance & Financial Report.

↳ Read more on Sustainability in our Sustainability Report.



NAVIGATION ICONS

OUR SIX CAPITALS:

F
Financial
The pool of funds that is available to an organisation for use in the production of goods or the provision of services and obtained through financing, such as debt, equity or grants, or generated through operations or investments.

N
Nature
All renewable and non-renewable environmental resources and processes that provide goods or services that support the past, current or future prosperity of an organisation.

A
Asset
Manufactured physical objects that are available to an organisation for use in the production of goods or the provision of services including buildings, equipment and infrastructure.

I
Intellectual
Organisational, knowledge-based intangibles, including but not limited to intellectual property, such as patents, copyrights, software, rights, and licences.

H
Human
People's competencies, capabilities and experience, and their motivations to innovate in alignment with an organisation's strategy.

SR
Social and Relationship
The relationships within and between communities, groups of stakeholders and other networks, and the ability to share information to enhance individual and collective wellbeing.

KEY STAKEHOLDER GROUPS:

- Investors and Funding Institutions
- Customers
- Business Partners
- Suppliers and Vendors
- Employees and Unions
- Government Agencies and Authorities
- Communities
- Media

OUR STRATEGIC THRUSTS:

- OE Operational Excellence
- CE Commercial Excellence
- GR Growth
- PC People, Systems and Culture

MATERIAL MATTERS:

- Sustainable Value Creation
- Mitigating Climate Change
- Environmental Management
- Ensuring Water Security
- Biodiversity Impacts
- Occupational Health and Safety
- Talent Management
- Human Rights
- Supplier Social Impacts
- Equal Opportunity, Diversity and Inclusion
- Community Engagement
- Business Ethics and Transparency
- Cybersecurity and Data Privacy

INTEGRATED REPORT



The Integrated Report stands as the paramount document for our stakeholders, eloquently presenting our distinctive value creation proposition and exemplary performance delivery.

GOVERNANCE & FINANCIAL REPORT



The Governance and Financial Report delineates our holistic strategy for safeguarding value in our operations, intricately coupled with a detailed account of our financial performance for the year.

SUSTAINABILITY REPORT



The Sustainability Report meticulously outlines our endeavours and steadfast commitment to fostering a sustainable business, strategically positioned for long-term success.

APPROVAL BY THE BOARD

PGB Board of Directors (Board) recognises its duty to uphold the integrity of this Integrated Report. In the Board's assessment, the report comprehensively addresses all material issues pertinent to the Group's value creation and accurately reflects the integrated performance of PGB Group. Prepared in accordance with the Value Reporting Foundation's Integrated Reporting Framework, this report embodies our commitment to transparent and comprehensive reporting.

ADNAN ZAINOL ABIDIN

Chairman

ABDUL AZIZ OTHMAN

Managing Director/Chief Executive Officer

INSIDE THIS REPORT

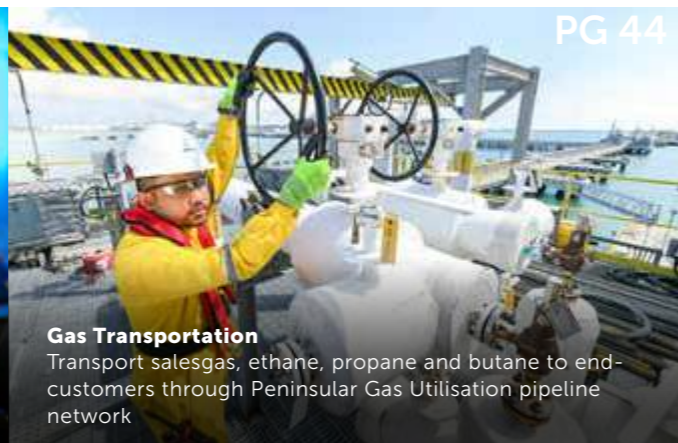
INSIDE THIS REPORT



PG 42

Gas Processing

Process PETRONAS' upstream natural gas from offshore Peninsular Malaysia into salesgas, ethane, propane and butane



PG 44

Gas Transportation

Transport salesgas, ethane, propane and butane to end-customers through Peninsular Gas Utilisation pipeline network



PG 46

Regasification

Receive, store in Regasification Terminal in Sungai Udang and Pengerang, and convert Liquefied Natural Gas to salesgas



PG 48

Utilities

Produce, market and supply electricity, steam, industrial gases and other utility products to various petrochemical businesses and third parties in Kertih and Gebeng

PETRONAS GAS BERHAD AT A GLANCE

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41st

ANNUAL GENERAL MEETING OF PETRONAS GAS BERHAD

Tuesday, 23 April 2024

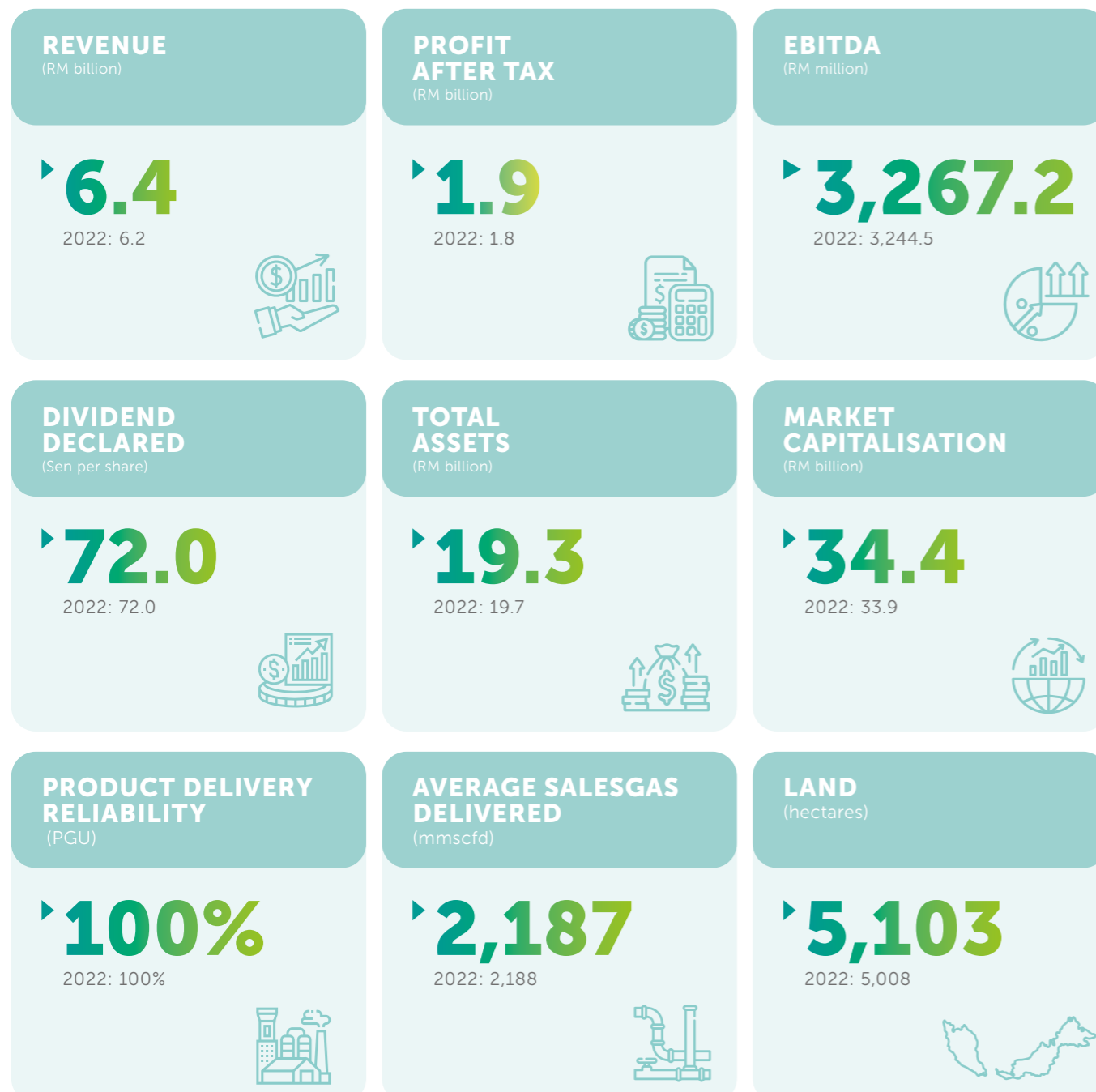
10.00 a.m.

Meeting Rooms 401 - 402, Level 4, Kuala Lumpur Convention Centre, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia

Refer pages 124 to 127 for more information about our Annual General Meeting

2023 KEY HIGHLIGHTS

PGB's growth is propelled by its four core businesses, each playing a crucial role in driving expansion and enhancing operational efficiency. These segments - Gas Processing (GP), Gas Transportation (GT), Regasification (RGT), and Utilities (UT) - form the backbone of PGB's operations, ensuring a strong foundation for sustainable value creation. Looking ahead, PGB is poised to undertake a series of high-impact projects which represents the next phase of growth.



2023 KEY HIGHLIGHTS

SUSTAINABLE VALUE CREATION

COMMERCIAL

GPA Contract Renewal

- Successful revision of the Gas Processing Agreement (GPA) for the 3rd Term, ensuring that GP segment will be able to sustain its targeted profitability for the period.



GROWTH

Projects Completed in 2023

- GT has completed works on a 10 km gas pipeline to Banting, Selangor.
- UT has secured products delivery to PCC Oxyalkylates Malaysia Sdn. Bhd. in Kertih, Terengganu.
- 42 km lateral gas pipeline to Pulau Indah, Selangor is ready for gas-in.

Ongoing Projects

- New gas compressor in Kluang, Johor is scheduled to commence operations in early 2025.
- A 52 MW power plant in Sipitang, Sabah is expected to be commissioned in 2026.

Projects that achieved Final Investment Decision in 2023

- Liquefied Natural Gas (LNG) Storage Expansion – Growing our future LNG storage capacity with the set-up of a new Floating Storage Unit at Pengerang, Johor.
- Cold Energy Utilisation – Installation of an Air Separation Unit (ASU) at Pengerang, Johor to explore step out opportunities in cold energy utilisation.



2023 KEY HIGHLIGHTS

POSITIVE SOCIAL IMPACT



Developing Talents



We have continued our sponsorship through Technical Energy Enrichment programme with additional 8 students bringing a total of 50 graduates being offered positions in the company to sustain our operational excellence.



We have developed prioritised training matrix, a 6-year structured training programme for fresh graduates in technical area to accelerate their capabilities upon joining the organisation.



LinkedIn Learning and Ted@Work were introduced as part of digital learning platform adding more than 20,000 modules on top of the existing modules on myLearningX.



We have implemented PETRONAS Mind-A-Care Ambassador programme for 50 PGB targeted leaders to enhance awareness on mental health. In addition, PGB also provides professional support to affected employees via Employee Assistance Programme.

DIGITAL INITIATIVES

Key Accomplishments



Enterprise 5G Deployment

PGB achieved milestone with 5G network adoption at Regasification Terminal Sungai Udang (RGTSU), enhancing operational efficiency, reducing carbon footprint, and bolstering safety across assets and personnel.



Automated Unmanned Aircraft System (UAS)

Implementation of Distributed Acoustic System has been completed for 13 locations which enable precise Global Positioning System coordination, that detect encroachment and provide deterrent measures. The UAS with Beyond Visual Line of Sight able to operate without means of human vision.



Gas Transmission Optimisation

PETRONAS Gas Control Centre has integrated machine learning model into its Peninsular Gas Utilisation (PGU) that acts as an advisory dashboard that allows users to run compressors at optimised mode. This project won the Malaysia Technology Excellence Awards 2023 under the Artificial Intelligence category.

2023 KEY HIGHLIGHTS

RESPONSIBLE GOVERNANCE



PwC Building Trust Awards 2023

- PGB is proud to be one of the public listed companies representing the winning requirements in the recent PwC Malaysia's Building Trust Award 2023 awarded to PETRONAS. This is a testament that PGB is recognised for its efforts in capability, transparency and responsibility. Unlike traditional awards, submissions and nominations are not accepted, making this recognition even more credible.
- Our comprehensive publication on Environmental, Social and Governance (ESG) information contributed to an improved FTSE4Good Rating of 4.1, surpassing our target of 4.0 by 2025.



SAFEGUARD THE ENVIRONMENT



We have advanced our practices in waste reduction and resource optimisation across the 4R principles of Recover, Recycle, Reuse and Reduce. In 2023, we successfully increased our proportion of waste recycled to 74% from 64% in 2022.

Our total savings through 4R activities tripled from RM1.9 million in 2022 to RM5.9 million over the past twelve months.



4R Cost Savings (million)

RM5.9

2022: 1.9
2021: 0.7



Waste Recycled (%)

74

2022: 64
2021: 57



PERFORMANCE SCORECARD

HEALTH, SAFETY, SECURITY AND ENVIRONMENT (HSSE)

PGB recorded one LTI and one Major LOPC incidents during the year.

Major HSSE Incident	Unit of Measurement	Description	2021	2022	2023	YoY Trend
Fatality	Number of incidents	Total number of reportable fatalities (staff, contractor and third party)	0	1	0	↓
LTI	Number of incidents	An injury is assessed to be an LTI when the injured person cannot return for duty during next shift or next day	1	1	1	↔
Major LOPC	Number of incidents	Total number of LOPC related to process safety incidents with the greatest consequences	1	0	1	↑
Major Fire	Number of incidents	Total number of fire or explosion resulting in the greatest consequences	0	0	0	↔

Note
LTI - Lost Time Injury LOPC - Lost of Primary Containment

Legends
↑ Increased ↓ Decreased ↔ Remain the same



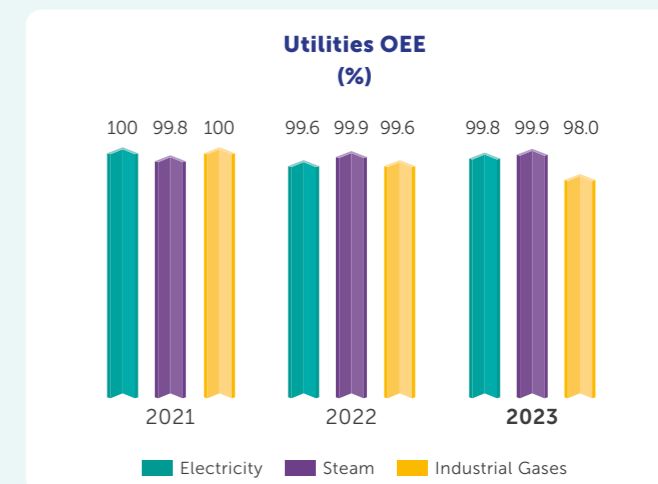
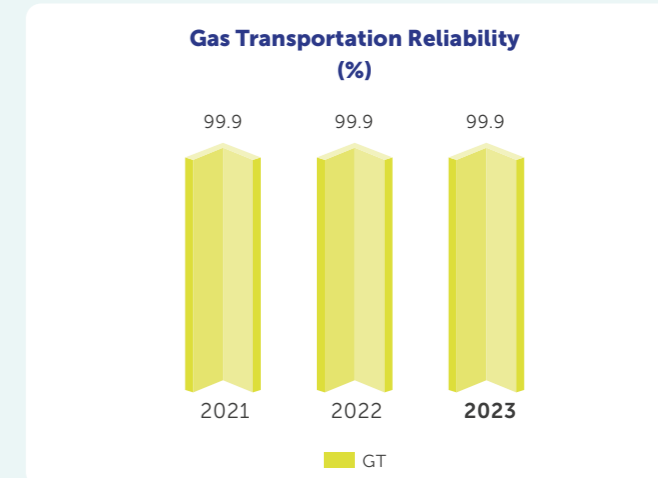
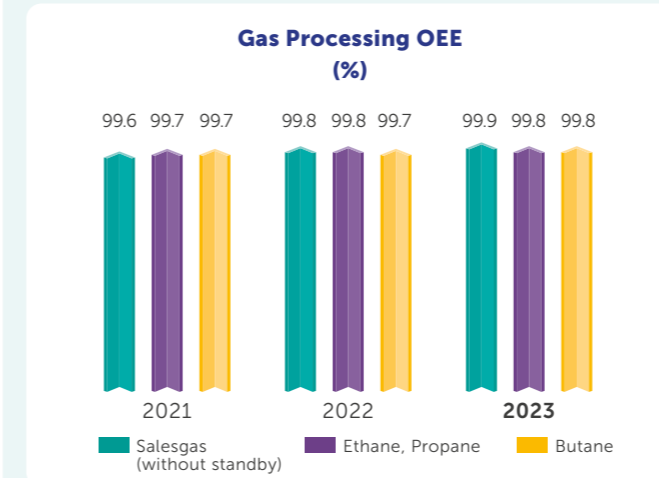
PERFORMANCE SCORECARD

OPERATIONS

We sustained world class OEE for Gas Processing which translating into 100% salesgas and ethane PDR to customers.

PDR (%)*	2021	2022	2023
Salesgas	100	100	100
Ethane	99.9	99.9	100
Electricity	100	100	99.99
Steam	100	100	99.97
Industrial Gases	100	99.8	98.55

Note
* Product delivered as per customers' nomination
OEE - Overall Equipment Effectiveness PDR - Product Delivery Reliability



PERFORMANCE SCORECARD

HUMAN CAPITAL

The Group has a structured capability development framework and processes that cater for both technical and non-technical group of employees; covering from non-executive up to senior management level.

Talent Capability Development

Achieved 88% of Technical Specialist qualified Leaders to ensure competent employees with leadership qualities to operate plants in a safe and efficient manner, which in turn improves productivity.

Implemented structured capability development framework for junior staff focused on enhancing technical, HSSE, functional and leadership skills for the first 6 years of their journey in the company.

Provided opportunity to 77 students via internship with investment of RM287,750 and placements to 108 graduates via Graduate Employability Enhancement Scheme (GEES) for working environment exposure and fresh graduates' employability.

Achieved **88%** of Technical Specialist qualified Leaders

Provided opportunity to **77** interns and **108** GEES



Leadership Development

Implemented Leadership and Conditioning framework focused on developing future leaders where 276 staff have been enrolled and completed 16 leadership programmes towards creating pool of leaders to strengthen our succession plans.

In our efforts to uphold integrity and ZERO corruption, a total of 152 leaders have been trained via Industrial Relations (IR) for Leaders programme focusing on Code of Conduct & Business Ethics and Anti-Bribery & Corruption.

276 staff have been enrolled and completed 16 leadership programmes

152 leaders have been trained via IR for Leaders programme



Virtual and Digital Learning Experience

LinkedIn Learning and Ted@Work were introduced as part of digital learning platform that offers on-the-go experience with short burst of contents comprises of leadership, interpersonal and self-motivation modules.

Category	2021	2022	2023
Total Employees	1,671	1,763	1,821
Employee Cost (RM million)	372.6	416.8	493.4
Training Mandays per Employee (Days)	15.6	8.2	13.1
Training Investment per Employee (RM thousand)	1.8	5.1	7.4

PERFORMANCE SCORECARD

DIGITAL INITIATIVES

We persist in integrating digitalisation comprehensively across our business. We are strategically implementing digitalisation in PBG's operations to enhance operational efficiency, stimulate innovation, and cultivate enduring value for all our stakeholders.

Key Accomplishments

Enterprise 5G Deployment

RGTSU is the first asset to adopt 5G private network for enterprise in PETRONAS, subsequently followed by GPU. Through the implementation of the 5G private network, we have been able to execute digital initiatives seamlessly on faster data transmission with lower latency and high availability of communication. It is also a giant leap forward in driving efficiencies in our operations, which leads back to carbon footprint reduction, and at the same time, enhance the safety of our people, the environment and our assets.



Automated Unmanned Aircraft System (UAS)

Distributed Acoustic System (DAS) functions to generate Global Positioning System coordinate for on-call personnel to take action, with the effectiveness of the action depends on distance, location, and time. UAS complements DAS by performing deterrent mission if there is encroachment activity detected by DAS within the Right-of-Way. UAS with Beyond Visual Line of Sight Operation (BVLOS) is able to be implemented without means of human vision mitigation. The installation has been completed with Civil Aviation Authority Malaysia Special UAS Project approval for all 13 locations.



Gas Transmission Optimisation

PETRONAS Gas Control Centre has adopted machine learning model in its PGU system that can act as an advisory dashboard for users to run compressors in optimised mode. This came about after the company assessed that lower energy consumption could be achieved if the load is shifted towards the compressor station with higher efficiency. This initiative has optimise fuel gas consumption, leverage user tacit knowledge of the PGU system, and provide data-driven decision-making. The project won Malaysia Technology Excellence Awards 2023 under Artificial Intelligence Category.



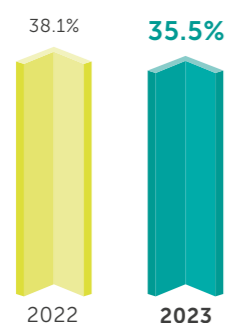
PERFORMANCE SCORECARD

PERFORMANCE SCORECARD

FINANCIAL

GROSS PROFIT MARGIN

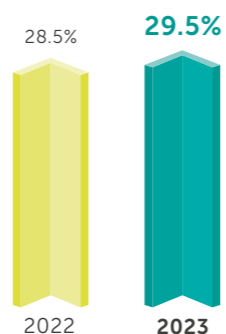
Ratio of gross profit to revenue and is a profitability indicator.



Lower contribution from Regasification and Gas Processing segments due to higher operating expenses, compounded with lower regasification tariff under Regulatory Period 2.

NET PROFIT MARGIN

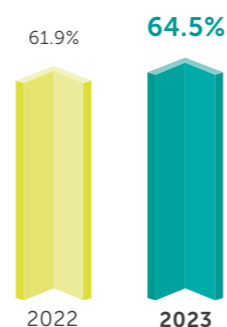
Ratio of net profit after tax to revenue and is a profitability indicator.



Higher on the back of higher share of profit from joint venture companies, lower financing costs and lower impact from unfavourable foreign exchange movement.

COST TO INCOME

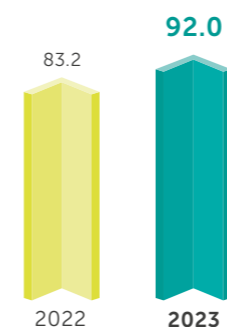
Cost of revenue divided by revenue.



Higher in line with higher operating expenses.

EARNINGS PER SHARE

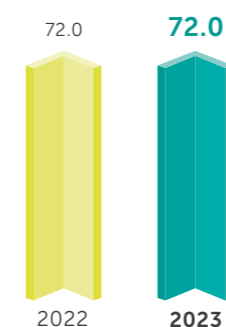
Portion of the company's distributable income allocated to each equity share.



Higher in line with higher profit attributable to shareholders of the Company.

DIVIDENDS PER SHARE

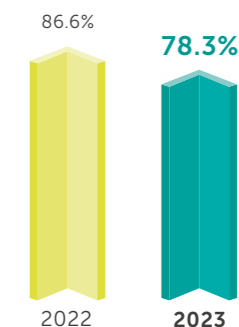
Dividends declared for the shareholders divided by the number of ordinary shares issued.



Comparable to 2022.

DIVIDEND PAYOUT RATIO

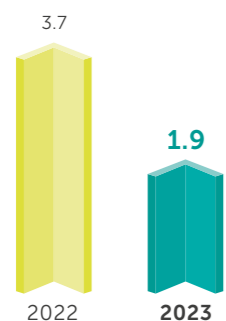
Percentage of earnings paid to shareholders in dividend.



Lower attributed to higher profit attributable to shareholders of the Company.

CURRENT RATIO

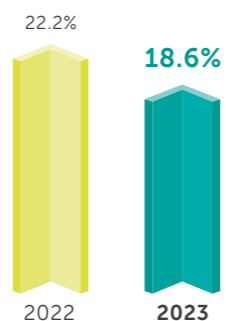
Ratio of current assets to current liabilities and is a measure of liquidity.



Lower due to lower cash balances, coupled with higher borrowing balances.

GEARING RATIO

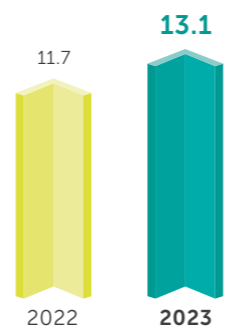
Ratio of borrowings to total capital and is a measure of financial leverage.



Lower following early settlement of USD lease liability for floating storage at LNG Regasification Terminal in Sg. Udang, Melaka.

INTEREST COVER RATIO

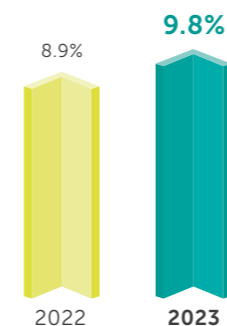
Ratio of Earnings Before Interest and Taxes to financing costs (inclusive of capitalised financing costs).



Higher in line with lower financing costs and lower operating profit.

RETURN ON ASSET

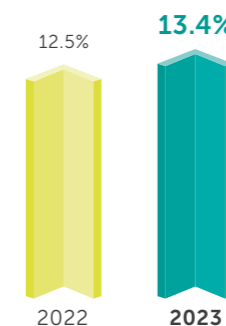
Ratio of net income to total assets and is a profitability indicator.



Higher in line with higher net profit after tax, coupled with lower total assets.

RETURN ON EQUITY

Profit attributable to shareholders divided by the average shareholders' equity for the financial year.



Higher in tandem with higher profit attributable to shareholders of the Company.



WHO WE ARE

▶ Malaysia's Leading Gas Infrastructure and Centralised Utilities company and one of the largest companies on the local exchange in terms of market capitalisation, with core businesses in Gas Processing, Gas Transportation, Regasification and Utilities

STATEMENT OF PURPOSE

A Progressive Energy and Solutions Partner Enriching Lives for a Sustainable Future

SHARED VALUES



Loyalty



Integrity



Professionalism



Cohesiveness



HOW WE DIFFERENTIATE OURSELVES



Our Profitable and Balanced Business Portfolio



Our Integrated Gas Infrastructure and Utilities Facilities



Our Operational Excellence and Reliable Product Delivery at Competitive Cost



Our High-Performing People

PETRONAS CULTURAL BELIEFS



Customer Focused

I deliver solutions from the customer lens



Innovate Now

I challenge norms and push boundaries



Be Enterprising

I seek opportunities and make them happen



Speak Up

I express my views openly



Courage to Act

I take action to progress with pace

APPROACH TO SUSTAINABILITY

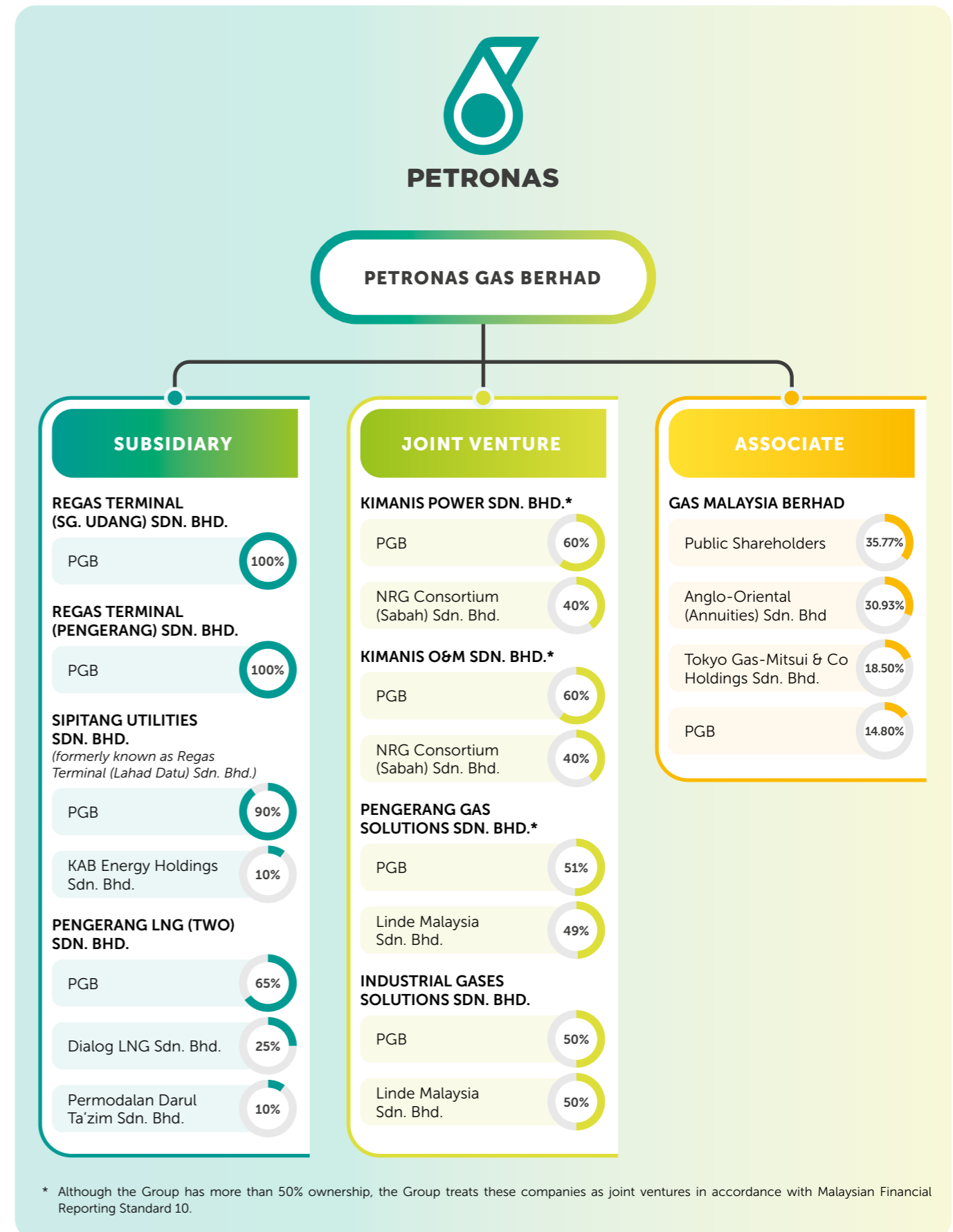
OUR APPROACH TO SUSTAINABLE DEVELOPMENT

PGB's overall sustainability agenda aligns with the United Nations' 17 Sustainable Development Goals (UNSDGs) which serves as reference to achieve a better and more sustainable future for all by 2030. In driving more focused effort, we have adopted seven of the 17 UNSDGs that are most relevant to the PGB Group's Sustainability Agenda and its Four Sustainability Lenses (namely Sustainable Value Creation, Safeguard the Environment, Positive Social Impact, and Responsible Governance), which also in line with the stance of the PETRONAS Group.



This focused alignment with the UNSDGs helps us better coordinate our support of the global sustainability agenda while strengthening our collaborative efforts with our stakeholders as we actively pursue our business objective of fostering sustainable value creation.

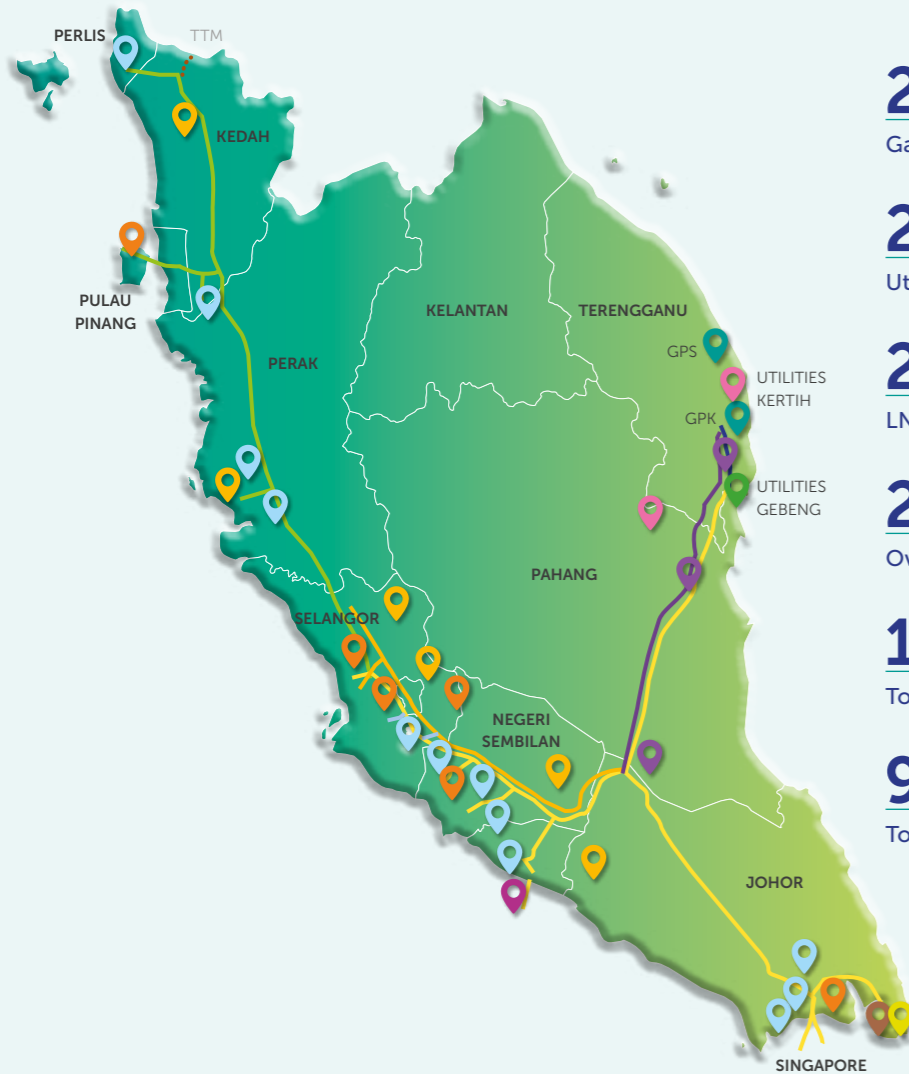
ORGANISATION STRUCTURE



WHERE WE OPERATE

WHERE WE OPERATE

OUR PRESENCE



- 2** Gas Processing Complexes
- 2** Utilities Complexes
- 2** LNG Regasification Terminals
- 2,633 KM** Overall Pipeline Length
- 1,750 MMSCFD** Total Gas Processing Capacity
- 990 MMSCFD** Total LNG Regasification Capacity

UTILITIES PRODUCT CAPACITIES

- 541** Electricity (MW)
- 1,080** Steam (t/h)
- 73,000** Oxygen (Nm³/h)
- 100,240** Nitrogen (Nm³/h)



MAIN PGU PIPELINE	(KM)	GAS – IN
PGU I : Kertih – Teluk Kalong	32	1983
PGU II	714	
Sector I : Teluk Kalong – Segamat	265	1991
Sector II : Segamat – Kapar	241	1991
Sector III : Segamat – Plentong	208	1991
PGU III	450	
Sector I : Meru – Lumut	184	1996
Sector II : Lumut – Gurun	130	1996
Sector III : Gurun – Pauh	136	1996
Loop 1 : Kertih – Segamat	266	1999
Loop 2 : Segamat – Meru	228	2000
Total	1690	

OVERALL PIPELINE	LENGTH (KM)
Main PGU	1,690
Lateral	468
Liquid	373
Sungai Udang	30
Pengerang	72
Total	2,633

COMPLEX	GPP	CAPACITY (MMSCFD)
GPK	2	250
	3	250
	4	250
GPS	5	500
	6	500
Total		1,750

PRODUCT CAPACITY	ELECTRICITY (MW)	STEAM (T/H)	OXYGEN (NM ³ /H)	NITROGEN (NM ³ /H)
Utilities Kertih (UK)	160	600	32,000	69,500
Utilities Gebeng (UG)	96	480	-	8,240
Kimanis Power Plant	285	-	-	-
ASU Pengerang	-	-	41,000	22,500
Total	541	1,080	73,000	100,240

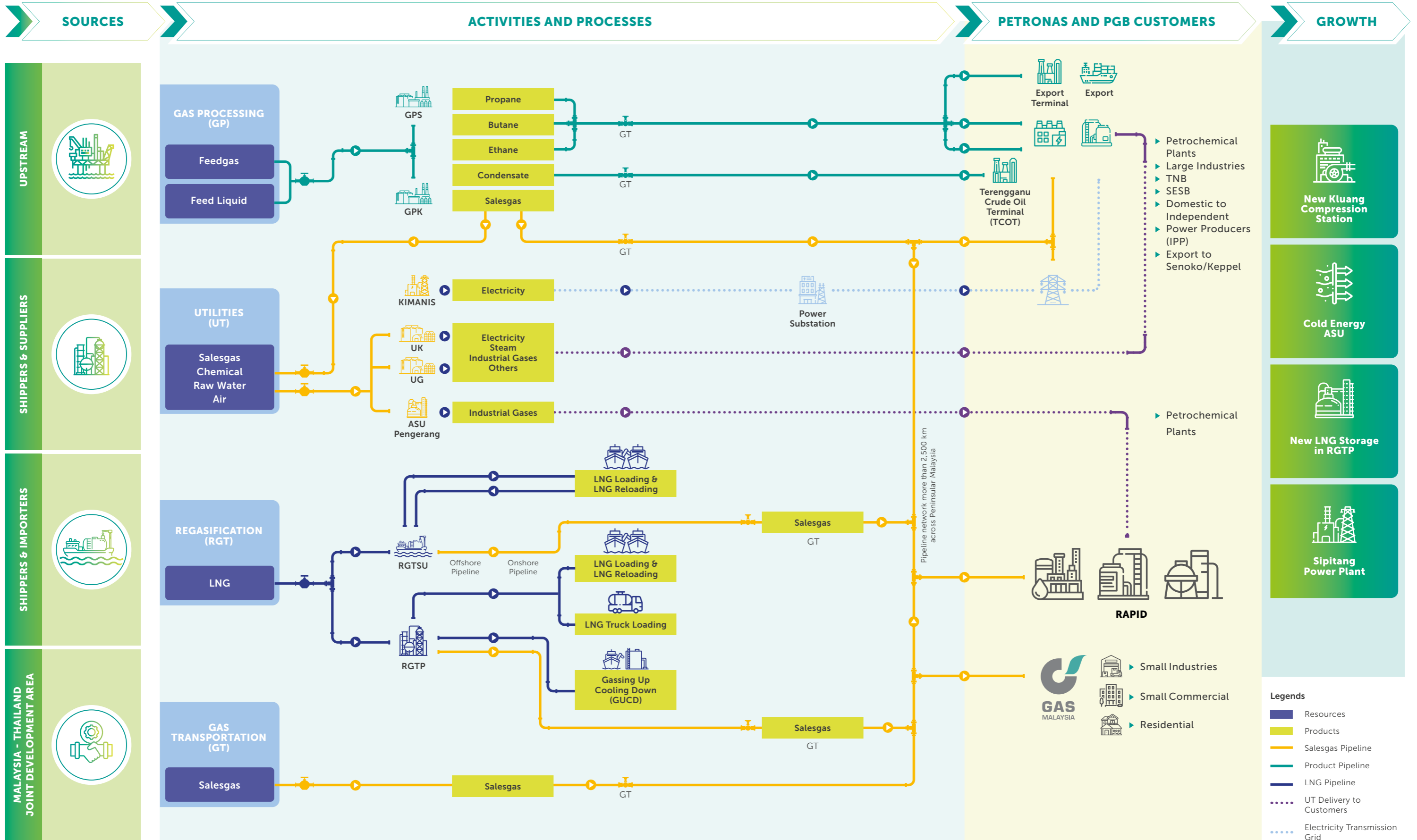
LNG REGASIFICATION TERMINAL	CAPACITY (MMSCFD)
Sungai Udang, Melaka	500
Pengerang, Johor	490

OPERATIONS & MAINTENANCE (O&M) SERVICES
Trans Thai-Malaysia (M) Sdn. Bhd. (TTM)

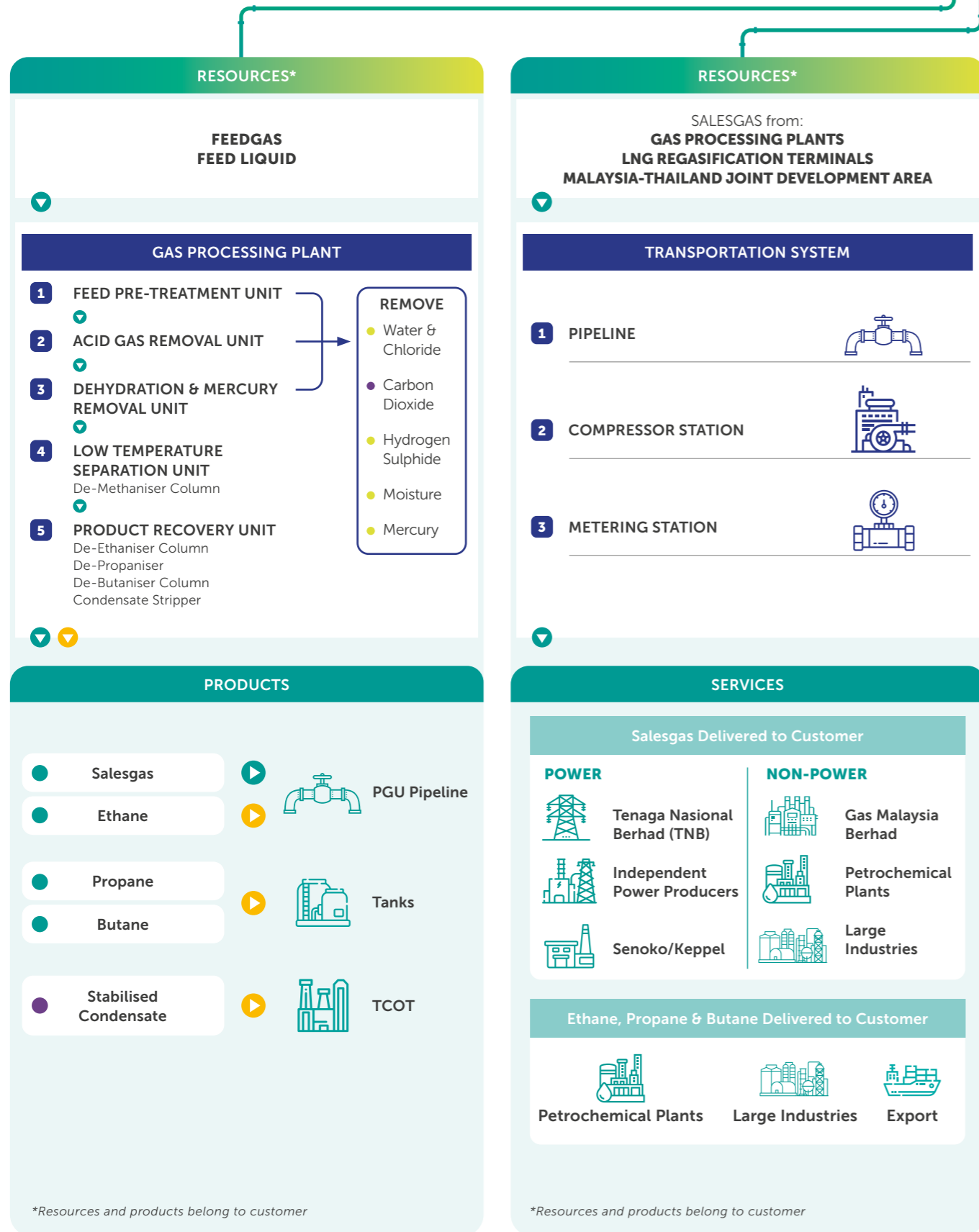
- Legends**
- Gas Processing Plant
 - Compressor Station
 - Utilities Plant
 - Industry
 - Tenaga Nasional Berhad Power Station
 - Independent Power Producer Power Station
 - Kimanis Power Plant
 - Tanjong Sulong Export Terminal
 - Offshore LNG Regasification Terminal
 - Onshore LNG Regasification Terminal
 - Air Separation Unit
 - O&M Services

OUR GROUP BUSINESS ACTIVITIES AND PROCESSES

OUR GROUP BUSINESS ACTIVITIES AND PROCESSES

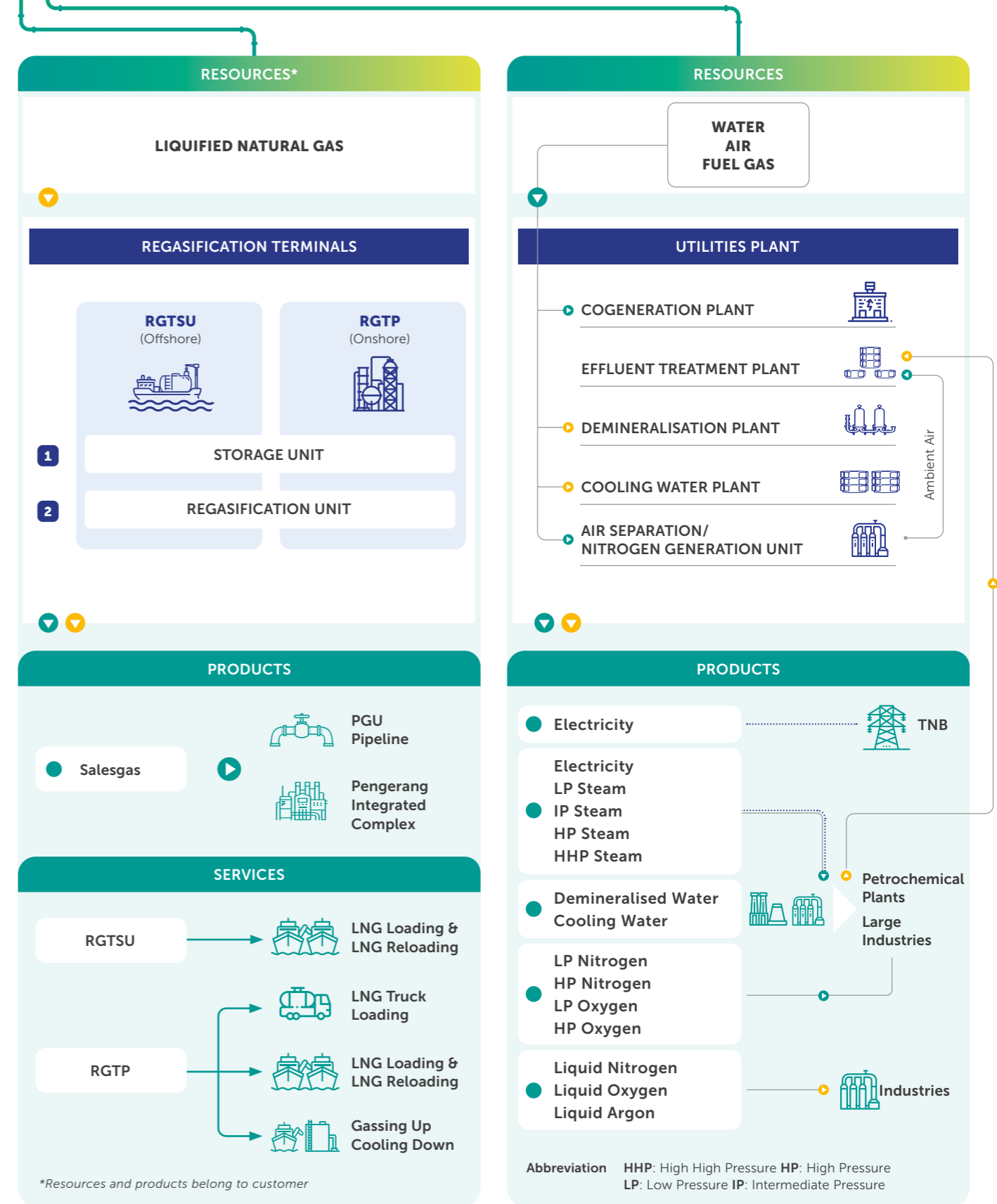


OUR GROUP BUSINESS ACTIVITIES AND PROCESSES



Legends
 ● Gas ● Liquid ● Product ● By-Product ● Contaminants Electricity

OUR GROUP BUSINESS ACTIVITIES AND PROCESSES



OUR KEY MILESTONES

OUR KEY MILESTONES

1983-2023

1983-1984

- Incorporation of PETRONAS Gas Sdn. Bhd. (PGSB) as a wholly-owned subsidiary of Petroliam Nasional Berhad (PETRONAS) in 1983.
- Commencement of operations of Peninsular Gas Utilisation (PGU) 1 and commissioning of Gas Processing Plant (GPP) 1.

1987-1991

- Appointment of PGSB as a throughput and servicing agent to PETRONAS for PGU via Throughput Agreement.
- Commencement of operations of PGU2.
- Officiation of Segamat Gas Transmission Centre by the Prime Minister of Malaysia.

1992-1994

- First salesgas delivery to Senoko Power Station in Singapore via submarine pipeline.
- Commencement of operations of GPP2, GPP3 and GPP4.

2005-2009

- Execution of Operation and Maintenance Services Agreement with Trans Thai-Malaysia (M) Sdn. Bhd.
- Ground breaking ceremony of Kimanis Power Plant project by Chief Minister of Sabah.

1999-2000

- Commencement of operations of GPP5 and GPP6.
- First delivery of electricity to customers from CUF Kertih and CUF Gebeng.

1995-1998

- Execution of a 20-year Gas Processing and Gas Transmission Agreement between PGSB and PETRONAS.
- Listing of PETRONAS Gas Berhad (PGB) on the main board of the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad).
- Completion of PGU3.
- Execution of the first Sale and Purchase Agreement with Centralised Utility Facilities (CUF).

2010-2011

- Announcement of the development of Malaysia's first liquefied natural gas (LNG) Regasification Terminal in Sungai Udang, Melaka (RGTSU) by Prime Minister of Malaysia.
- Announcement of PGB Network Code to Bursa Malaysia.

2013-2014

- Commencement of operations of RGTSU.
- Commencement of operations of Kimanis Power Plant.
- Execution of new Gas Processing Agreement (GPA) and Gas Transportation Agreement (GTA) with PETRONAS for another 20 years.

2015-2016

- Completion of Plant Rejuvenation and Revamp Project for GPP2, GPP3 and GPP4.
- Signing of Shareholders Agreement between PGB and Linde Malaysia Sdn. Bhd. for the development of Air Separation Unit (ASU) project in Pengerang, Johor.

2019

- Execution of the second term of GPA with PETRONAS.
- Execution of GTA for PGU, Terminal Use Agreement (TUA) for RGTSU and TUA for RGTP with PETRONAS Energy & Gas Trading Sdn. Bhd.
- Successful delivery of maiden LNG third party cargo at RGTSU.
- Introduction of new integrated ancillary services at RGTP.
- Commencement of full commercial operation of ASU, Pengerang.

2017-2018

- Commencement of operations of LNG Regasification Terminal Pengerang (RGTP).
- Execution of a 20-year Operation and Maintenance Agreement with PETRONAS Carigali Sdn. Bhd. for operation and maintenance of the Sabah-Sarawak Gas Pipeline.
- Regulation of the Group's Gas Transportation and Regasification businesses by the Malaysian Government pursuant to the Gas Supply (Amendment) Act 2016.
- Commencement of commercial operation at Train 1, ASU, Pengerang.

2020

- Successful delivery of steam supply to Polyplastics Asia Pacific Sdn. Bhd.
- Launch of LNG Truck Loading Facility, part of PETRONAS Virtual Pipeline System solution via RGTP.
- Launch of LNG Loading & Reloading service at RGTSU for PETRONAS LNG bunkering services, the first in Southeast Asia.

2021

- Maiden delivery of electricity to Kaneka (M) Sdn. Bhd.
- Implementation of New Enhanced Dispatch Agreement (NEDA) to export excess electricity to the grid.
- Commencement of Gas Processing and Utilities Technical Centre, at Gas Processing Kertih.
- Commencement of PGB Utilities Remote Operation Centre, at Kertih Integrated Petrochemical Complex.

2022

- Completion of PGU II Sector 3 debottlenecking project.
- Commencement of Unified Operations Centre for RGTSU & RGTP to facilitate remote operations of the regasification terminals.
- Renewal of utilities contract with PETRONAS Chemical Group Berhad's subsidiaries.

2023

- Completion of Gas Processing Santong Rejuvenation and Revamp project.
- Completion of Banting Lateral Gas Pipeline project.
- Completion of Utilities Kertih and Utilities Gebeng Major Electrical Equipment Rejuvenation project.
- Successful delivery of Utilities products from Utilities Kertih to PCC Oxyalkylates Malaysia Sdn. Bhd.
- Commencement of Private 5G Network at Gas Processing Kertih to expedite new ways of working implementation.
- Authorisation from Civil Aviation Authority of Malaysia for the Proof of Concept of a 100-kilometer Long Range Drone.

CHAIRMAN'S MESSAGE

FOSTERING RESILIENCE AND AGILITY TO NAVIGATE A DYNAMIC LANDSCAPE

Dear Valued Shareholders,

Against the backdrop of a challenging operating environment in 2023, PGB delivered resilient operational and financial performance while making progress across sustainability, governance and strategic initiatives.



ADNAN ZAINOL ABDIN
Chairman

CHAIRMAN'S MESSAGE

NAVIGATING AN EVOLVING BUSINESS ENVIRONMENT

A variety of externalities impacted our operations in 2023, with factors such as geopolitical instability, escalating inflation and a weakening Ringgit contributing to volatility in our material costs and operating expenses.

High gas prices precipitated by ongoing conflicts in Eastern Europe and West Asia were key factors in elevating internal gas consumption costs across our business segments, most notably in our Utilities segment where energy consumption is the primary expense. Our Regasification and Transportation segments were especially exposed to currency fluctuations, due to some of our USD denominated long-term contractual obligations as well as the higher costs of imported materials.

Further to this, industry players are facing increasingly stringent regulations and stakeholder expectations surrounding sustainability and climate action, with many of our major institutional shareholders closely analysing our sustainability initiatives to ensure we meet their sustainable investing parameters.

Faced with these challenges, we have turned them into opportunities for progress. By resolutely focusing on driving cost optimisation and operational efficiency, supported by the targeted introduction of digital solutions, we successfully mitigated the year's high-cost environment, delivering a resilient financial performance that stands us in strong stead for the future.

We have transformed challenges into opportunities for progress, prioritising cost optimisation, operational efficiency and digital solutions to mitigate rising costs and deliver a resilient financial performance.

At the same time, we navigated the evolving sustainability environment adeptly towards net zero carbon emission. This will pivot our position as key driver of the nation's energy transition through the government's National Energy Transition Roadmap (NETR), launched in August 2023. As a contributor to the roadmap's catalyst projects, we now have the opportunity to capture new value propositions in the renewable energy and carbon abatement spaces, greenifying our portfolio for long-term value creation.

Drawing upon our infrastructure and competitive advantages in the energy sector, we are participating in some of the catalyst projects to enhance our economic sustainability while contributing to the nation's climate and energy objectives.

ENHANCING OUR SUSTAINABILITY BLUEPRINT

In 2023, we formalised our Sustainability Blueprint, which was developed in alignment with PETRONAS' Net Zero Carbon Emissions by 2050 pathway and sets forth our agenda across our four sustainability lenses: Sustainable Value Creation, Safeguard the Environment, Positive Social Impact and Responsible Governance.

By establishing this blueprint, we have clearly articulated our aspirations and identified specific areas where we seek to enhance our performance. We have complemented this with a roadmap outlining milestones to be achieved by 2030. Through these comprehensive guidelines, we aim to align our strategic objectives with a clear vision of how to attain our goals, fostering a unified and collective pursuit across the Group.

Concurrently, we established our Task Force on Climate-related Financial Disclosures (TCFD) Roadmap in 2023, providing guidance to our teams and placing us on track to reach our goal of achieving full compliance on TCFD recommendations by 2024.

Our concerted, Group-wide climate action efforts are both necessary and opportune, coming at a time when shareholders and financiers are exercising greater scrutiny over the climate commitments of companies, while the Malaysian government simultaneously accelerates its net zero drive through NETR and the National Energy Policy.

By supporting initiatives and catalyst projects under the government's NETR, we are contributing to the nation's energy transition and paving the way for new, low-carbon growth avenues.



CHAIRMAN'S MESSAGE

PROMOTING GOOD GOVERNANCE

As the nation's leading gas infrastructure and centralised utilities company, we embrace our responsibility to uphold the highest standards of integrity and ethics in everything we do. We continually place utmost priority in instilling good governance practices across all levels of our business, conscious that our actions impact our varied stakeholders, including our shareholders, customers, business partners and the nation. This becomes even more of an imperative in light of the transformative changes we are undertaking as we explore opportunities in renewable energy and pivot to meet the needs of the regional energy market.

We take great care to ensure that our Board contains the necessary blend of industry expertise and leadership skills to uphold our standards and oversee our strategies. To this end, we conducted a thorough 2023 Board Effectiveness Evaluation (BEE) exercise identifying priority areas that have since been incorporated in action plans to further improve Board performance.

AWARDS AND ACCOLADES

We are pleased that our commitment to upholding excellence is once again recognised through the prestigious local and international awards attained in 2023. This collectively paid tribute to our stellar performance in the realms of governance and Health, Safety, Security and Environment (HSSE), as well as our concerted efforts to drive digital transformation across the Group.

It is particularly gratifying to highlight that PGB stands as one of the public listed companies meeting the criteria for the recent PwC Malaysia's Building Trust Award 2023 conferred upon PETRONAS. This recognition underscores PGB's commitment to capability, transparency, and responsibility. Notably, this award's credibility is bolstered by its unique process, wherein submissions and nominations are not solicited, adding further weight to the acknowledgment.

Our inaugural success in the PwC Malaysia's Building Trust Awards 2023 affirms our commitment to instilling responsible and transparent governance practices.

In addition, we also received an award that recognised our efforts to enhance the adoption of new technology and digital tools to enhance our ways of working:

International Data Corporation Future Enterprise Award 2023

The implementation of RGTSU Digital Transformation strategy resulted in winning the Best in Future of Operation Award in both the Malaysian and Asia-Pacific categories.

DIVIDENDS

Amidst a challenging economic climate, we have remained committed to our long-term dividend policy of distributing a gross dividend of approximately 50% of our consolidated profit after tax and non-controlling interest to equity holders.

In respect of financial year 2023, we paid out four (4) single-tier interim dividends totalling 72.0 sen net per share, amounting to RM1.42 billion over the course of the financial year. This represents a payout ratio of 78.3% of our net earnings in 2023, underscoring our aim to deliver healthy returns to our shareholders in recognition of their continued trust.

MOVING FORWARD

Moving forward, our focus will lie in improving our performance against the ambitions of our Strategic Agenda and maintaining the momentum we have created in greenifying our portfolio. To drive progress, we have identified specific targets and goals within the pillars of Growth, Operational Excellence, Commercial Excellence and Project Excellence. These goals, collectively referred to as G5dot5, will guide us in building a stronger and more resilient PGB in the years ahead and towards the agenda's conclusion in 2030.

In terms of growing our capacity and capabilities, the Board has sanctioned two new projects in 2023, which are the expansion of LNG storage and the installation of a cold energy ASU at Pengerang. These projects are amongst the first to incorporate sustainability considerations where they have undergone Carbon Footprint Assessments (CFA) to measure carbon footprint post-project completion. All future projects will undergo CFA from the very early stages of planning and conceptualisation.

With regard to greenifying our portfolio, our proactive work in exploring renewable energy, carbon abatement and other climate-related initiatives stands us in good stead to support the nation's energy transition. Doing so will position us as a future-oriented energy company, safeguarding our reputation and opening the door to further private and public sector

CHAIRMAN'S MESSAGE



collaborations on this journey. Through our work with the catalyst projects of the NETR, there is further scope to make an impact towards our net zero ambition and the shared climate action goals of the nation.

Looking beyond the near-term, and notwithstanding our existing renewable energy investments, we believe that natural gas has a critical role to play in the ASEAN region's energy transition. With high reliability, a low levelised cost of energy and approximately 40% lower carbon emissions compared to coal, it will be a vital transitional fuel for the coming decades as countries gradually invest in building infrastructure required to deploy renewable energy at scale.

On this note, the liberalisation of the regional energy market presents a prime opportunity for PGB to play a better role as a natural gas infrastructure service provider across ASEAN, while Malaysia positions itself as the region's Gas Hub. We remain hopeful that Malaysia will continue to move towards a conducive ecosystem to support this aspiration.

This is a time of great change and great opportunity for the energy sector. With an innovative mindset and astute strategies, we can position ourselves to deliver greater value for our business and our stakeholders over the long-term.

ACKNOWLEDGEMENTS

Our continued resilience and dynamism to transform during challenging times is thanks in no small part to the support of our stakeholders and, on behalf of the Board, I would like to issue my heartiest thanks to them.

First of all, we owe our gratitude to our valued shareholders for their unwavering trust during good and more difficult

times alike; for standing behind our ambitions and believing in our vision of transformation. Similarly, the support of our key partners, including the relevant Government agencies and the various private and public entities we work with to realise our goals, has been vital to ensuring the nation's energy supply security and opening new doors for shared value creation. Thank you for your continued support.

Our goals would not be achievable without the contributions of our employees and Leadership Team, who put boots on the ground and minds to work to meet the energy challenges of today and shape the futures of generations to come. Thank you for your commitment, passion and strength on our shared journey.

Finally, I would like to express my appreciation to my fellow members of the Board for their work in spearheading PGB's transformation and driving excellence at every level of the business. In particular, I would like to place on record our collective appreciation to Dato' Abdul Razak Abdul Majid, who resigned in March 2023 after serving four (4) years on the Board. We thank Dato' Abdul Razak for his tireless contributions to the Group during his tenure and wish him every success in his future endeavours.

Operating in a fast-changing energy sector, let us remain guided by our purpose as an organisation. By being progressive in thinking and action, we can develop solutions that support the energy transition, enriching lives for a more sustainable future that benefits all. Thank you.

ADNAN ZAINOL ABIDIN
Chairman

MESSAGE FROM THE MD/CEO

ENSURING STABILITY AND GROWTH AS WE STEER TOWARDS NET ZERO



Highlights from our 2023 performance:

- Maintained world-class operational standard in reliability
- Successful revision of 3rd term of Gas Processing Agreement (GPA) with PETRONAS
- Attained Final Investment Decision (FID) for LNG storage expansion and new Air Separation Unit (ASU) at Pengerang

Dear Valued Shareholders,

Navigating through a challenging operational terrain, PGB achieved strong financial results and maintained world-class standards in operational excellence throughout 2023. We have refined and fortified our growth and sustainability strategies, positioning the Group for resilience and stability amidst the evolving energy landscape.

ABDUL AZIZ OTHMAN
Managing Director/Chief Executive Officer

MESSAGE FROM THE MD/CEO

A RESILIENT OVERALL PERFORMANCE

While our business was exposed to adverse market conditions such as unfavourable foreign currency movements, cost inflation and higher fuel prices in 2023, our people have once again demonstrated resilience, agility and business acumen, strategically focusing on key areas to positively influence outcomes and effectively navigate obstacles.

All segments continued to uphold world-class operational standards in terms of safety and reliability during the year, maximising our income. With revenue from our regulated businesses fixed and electricity prices pegged to TNB tariff, the optimisation of operational expenses remained a top priority. Our commitment to stringent cost discipline and optimisation in 2023 proved vital in mitigating the impact of adverse cost environment to our bottom line, contributing to the strong overall performance for the Group.

In contractual developments, I am pleased to report that we have successfully completed the revision of 3rd term of GPA, for our Gas Processing services to PETRONAS from January 2024 to December 2028.

Concurrently, we have made notable strides in unlocking growth opportunities aligned with the objectives outlined in our Strategic Agenda, with three projects reaching completion within our Gas Processing and Gas Transportation segments. Furthermore, several new projects have either obtained FID approval or are nearing sanctioning, ensuring a continuous pipeline for growth.

Amidst an operating environment marked by ongoing cost volatility and market challenges, the Group showcased resilience to achieve commendable results and is pleased to reward shareholders with a 72.0 sen per share declared as dividends in respect of 2023.

DELIVERING ON OUR NEW STRATEGIC AGENDA

In 2023, we initiated the first year of the PGB Strategic Agenda, a finely crafted roadmap to shape our success from 2023 to 2030. This strategic plan solidifies our commitment to elevate performance in the key domains of Growth, Commercial Excellence, Project Excellence and Operational Excellence, collectively known as G5dot5 which also serves as our winning formula to unlock the potential of our businesses, while ensuring the sustainability of PGB in alignment with our four sustainability lenses.

Our collective efforts to achieve G5dot5 Strategic Agenda targets served as a vital buffer against the influence of adverse market forces in 2023.



Within these strategic focal points, our objectives include delivering high-impact growth projects, ensuring safe and timely project delivery within budget and quality parameters, and achieving top-quartile results in crucial operating and sustainability metrics while ensuring optimum value creation. In the inaugural year, we successfully met targets for all growth initiatives while maintaining Quartile 1 performance in the majority of our operating metrics. However, we have simultaneously recognised areas for improvement and will refine our approach in 2024 to further enhance our performance.

The cumulative efforts under our Strategic Agenda yielded significant value in 2023, which helped to cushion the impact of adverse market forces, such as higher material and operating costs, on our profitability.



MESSAGE FROM THE MD/CEO

PGB STRATEGIC AGENDA



Growth

Timely delivery of high impact growth projects to support the Group's revenue generation capabilities.

Safe OTOBOS

Achieve high standards in project management by:

- Maintaining On Time, On Budget, On Scope (OTOBOS)
- Recording ZERO major HSSE incidents

Operational Excellence

Attaining and surpassing operational and sustainability benchmarks at top quartile including:

- Overall Equipment Effectiveness (OEE)
- Unit Cash Cost (UCC)
- Energy Index (EI) rating
- Environmental, Social and Governance (ESG) rating
- Generative HSSE Culture

PROGRESSING OUR GROWTH DELIVERY PROJECTS

The Group has continued to make progress on the various growth project delivery highlighted in last year's report. In our Utilities segment, the commissioning of a new facility to supply utilities to PCC Oxyalkylates Malaysia Sdn. Bhd. at the PETRONAS Petroleum Industry Complex was a success, with offtake commencing in October 2023. Our Gas Processing segment, meanwhile, is close to completing its off-gas rerouting initiative to link the Terengganu Crude Oil Terminal to our Gas Processing Kertih complex, with the project expected to be finalised in the second quarter of 2024.

Our Gas Transportation segment has concluded works on the 10 km pipeline extension to Banting in Selangor, and 42 km lateral gas pipeline to the new power plant at Pulau Indah. Concurrently, the new gas compressor station project in Kluang, Johor, is expected to commence operations in early 2025.

Two new growth projects successfully reached Final Investment Decision during the year. These include the installation of a third floating storage unit, along with the construction of a cold energy ASU at Pengerang.

Our efforts to maintain forward momentum within in our growth initiatives have helped us realise value in the form of RM2,386.02 million in PBT for 2023, an increase of 5.1% compared to the previous year.

A STRONG FINANCIAL PERFORMANCE

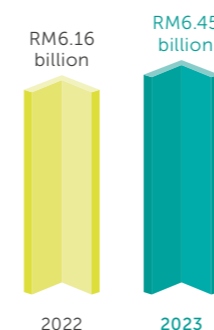
On the back of an efficient and reliable operational performance in 2023, the Group recorded a substantial increase in revenue, which rose by 4.6% to RM6.45 billion. This growth was mainly contributed by higher revenue in the Utilities segment, driven by an upward revision of Imbalance Cost Pass-Through (ICPT) tariff for the electricity that we have sold to customers. However, gross profit declined by 2.6% or RM60.68 million during the year, as a result of reduced contributions from our Gas Transportation, Gas Processing and Regasification segments. The decline was influenced by reduction in transportation and regasification tariffs, as well as an increase in operating expenses.



MESSAGE FROM THE MD/CEO

GROUP REVENUE

► **RM6.45** billion



I am pleased to report a growth in our Profit Before Tax (PBT), which improved by 5.1% or RM116.65 million on the back of successful efforts to minimise our foreign exchange exposure through prepayment of a long-term USD lease liability. Stronger contributions from joint venture companies also contributed to the overall improvement in PBT. In tandem, our Profit After Tax (PAT) for the year rose by 8.1% to RM1.90 billion, with the absence of the Prosperity Tax that was imposed in 2022 contributing to the improved results.

Despite grappling with ongoing challenges, the Group is encouraged by the stronger performance achieved in 2023. The resilience of the Group's business model, supported by long-term contracts in the Gas Processing, Gas Transportation and Regasification segments, ensures we retain a robust financial position, while our continued investments in strategic growth projects will further fortify our revenue streams and asset base.

For details on the operational performance across our core segments, please read our Business Review from pages 42 – 49 in this report.

GROSS PROFIT

► **RM2.29** billion



DRIVING A GENERATIVE HSSE CULTURE

Guided by our PGB Generative HSSE Culture ambition, we remain deeply committed to upholding good HSSE practices, going above and beyond compliance to not just uphold but exceed rigorous workplace safety standards. This culture fosters transparency and mindfulness within our workforce, exemplified by PETRONAS' 'Jom Patuh dan Tegur' initiative that encourages employees or third parties to speak up whenever they see unsafe practices or feel unsafe in the work place.

The Leadership Team continues to play a pivotal role in instilling a sense of personal accountability amongst all employees and contractors, with regular unannounced audits led by leaders organised to reinforce safety protocols, along with increased engagement with project management teams and contractors to emphasise the paramount importance of safety.

Despite our ongoing monitoring of HSSE leading performance indicators, it is with regret that PGB recorded one Major Loss of Primary Containment and one Loss Time Injury during the year. As part of our commitment to prevent

future recurrences, we have established an Accountability and Behaviour Reinforcement Committee tasked with carefully deliberating personnel behaviours contributing to HSSE incidents. By adding emphasis on identifying the specific undesired actions of personnel that could lead to incidents, we are better equipped to eradicate future occurrences of such conduct.

On top of that, PGB has implemented several new safety recommendations gleaned from the independent investigation team that was established last year, and will continue to conduct thorough studies and analysis to enhance future health and safety performance.

Our HSSE performance is a vital component of G5dot5 objectives, as we remain aware that not attaining desired performance results could lead to significant business, operational and reputational impacts. As we move towards completing our readiness for a new concept of empowered management of machineries by Department of Occupational, Safety and Health (DOSH), we remain committed to closing any gaps in our performance and promoting the desired attitude and conscientiousness amongst employees to achieve our Generative HSSE Culture and Zero HSSE incident targets.



DEVELOPING OUR PEOPLE AND CULTURE

With people being the core driver of our success, we are consistently enhancing our human resource management approach in alignment with PETRONAS policies and procedures. Special emphasis has been placed on implementing effective succession planning and developing leadership competencies across the organisation.

MESSAGE FROM THE MD/CEO

To this end, we have introduced a new Leadership and Conditioning framework to develop and nurture future leaders, through which we continuously identify high potential staff to be developed further as potential successors for top leadership positions. To ensure we are able to spur professional development across all employee tiers, we are also implementing a structured capability development framework tailored to both technical and non-technical workgroups at every employee level.

To foster collaboration and unity amongst our workforce, we conducted numerous employee engagement sessions throughout the year. Our initiatives were well received by our workforce, as we recorded a commendable scores based on the surveys conducted amongst our staff.



DRIVING ENGAGEMENT AND SATISFACTION

PETRONAS Organisational Culture Survey (POCS) 2023

► Favourable score of **85**

Post Engagement Satisfaction Level 2023

► **3.86/4**

As part of our PETRONAS Mind-A-Care ambassador programme, we have also upskilled leaders and managers with the necessary skills to foster and support the physical and mental well-being of our workforce. Our efforts to empower employees were validated by improved scores in our annual POCS, with the high response rate of 99% from PGB's employees indicating that we have successfully inculcated a highly engaged workforce that has embraced our 'Speak Up' culture for the betterment of the Group.

The PGB culture of excellence continues to be recognised through the numerous international and national awards received throughout the year. Key wins include our first-time triumph in the esteemed PwC Malaysia's Building Trust Awards 2023 and the International Data Corporation Future Enterprise Award for Best in Future of Operation (Malaysia and Asia Pacific categories).

ADVANCING DIGITAL TRANSFORMATION AND NEW TECHNOLOGIES

Our ongoing commitment to embrace innovative digital technologies remains instrumental in supporting cost and labour efficiency amid rising operational expenses, while also serving to future-ready our operations and infrastructure. Digital transformation projects at Regasification Terminal Sungai Udang and Regasification Terminal Pengerang, key components of our new ways of working, have been successfully completed since 2022, enhancing equipment performance monitoring, health analysis and prompt troubleshooting.

Our establishment of PGB's Unified Operations Centre has been a key driver of our best-in-class operational performance this year, with internal analysis indicating that multiple troubleshooting cases have been resolved more efficiently during the year as a result of employees being able to leverage on remote assist functions.

As the impact of Artificial Intelligence (AI) applications become more pronounced, we are adopting various tools that leverage on AI to enhance our efficiency and analysis capabilities. In 2023, we deployed a cutting-edge Gas Transmission Optimisation digital application that harnesses machine learning to optimise internal gas consumption. Additionally, we implemented state-of-the-art CO₂ monitoring technology that provides us with real-time data on our exact CO₂ emissions, a tool that will prove invaluable in identifying trends and opportunities to progressively reduce emissions.

We are also expanding our use of drones to further enhance our monitoring capabilities, leveraging upon our industrial 5G network and existing use of nested drones for pipeline surveillance to explore new applications such as providing additional security in remote locations and undertaking surveillance and monitoring of our assets.

ENSURING SUSTAINABLE VALUE CREATION

To maintain consistent and sustainable value creation for our stakeholders, we will persist in striving towards the ambitions and targets of our G5dot5 Strategic Agenda. The attainment of these targets will not only optimise the value we gain from our incentive-based long-term contracts, but also safeguard Malaysia's energy security by ensuring all our assets are available, reliable and operating at their optimal capacity.

While maintaining operational excellence and infrastructural reliability remains crucial for our revenue stability, we will simultaneously explore growth avenues that capitalise on our core competencies, as well as those arising from the ongoing energy transition.

We expect all ongoing growth projects to progress as planned in 2024, and will seek to make headway on the new projects that reached Final Investment Decision during the year, namely the aforementioned LNG storage and cold energy ASU at Pengerang. We are also currently assessing the viability of other potential new projects, including a new compressor station at Jeram, while continuing our construction of a new 52 MW power plant in Sipitang, Sabah, of which the details were revealed in last year's report.

In pursuit of growth opportunities that align with the NETR, we are exploring several renewable projects as part of initiatives to greenify our portfolio.

Effective delivery of projects is crucial for the success of our overall growth strategy. Consequently, we have established integrated project management teams to ensure the efficient implementation of projects. At the same time, we are closely engaging with stakeholders to ascertain the viability of various new projects. With a lack of regulatory mechanisms such as



Gas Processing Kertih

MESSAGE FROM THE MD/CEO

a carbon tax to spur industry-wide action, it is vital that we first gauge the support of stakeholders, to ensure our new growth initiatives, especially those in the renewable energy sector, will deliver long-term sustainable value for the Group.

ELEVATING CLIMATE ACTION AND SUSTAINABILITY

We are significantly ramping up our commitment and resources towards our net zero targets, aligned with PETRONAS Group's Net Zero Carbon Emissions by 2050 (NZCE 2050) aspiration. To steer our actions, we have developed the PGB NZCE Pathway, which forms part of the Group's holistic Climate Change Risk Management Framework, to manage carbon footprint and greenhouse gas (GHG) emissions across our existing and expanding operations.



To this end, we remain focused on transforming our business and operations in order to fully comply with the sustainability requirements of NZCE 2050. Our dedicated efforts to automate data collection and have real time monitoring of GHG emission, we have replaced our system to iCON. This will further improve our data reliability and accuracy. Armed with this data, we can identify trends and statistics crucial for our net zero journey. Despite that, carbon abatement technologies is pivotal to meet the net zero ambitions.

Our foray into the renewable energy sector also holds potential for regional expansion. The Malaysian government has lifted the ban on exporting renewable energy in tandem with increased regional energy cooperation and the proposed ASEAN Power Grid development, opening prospects for the export of renewable energy in future. This provides a bigger opportunity for PGB to greenify our portfolio.

MESSAGE FROM THE MD/CEO

We simultaneously acknowledge the increasing significance of enhancing our ESG disclosures in response to heightened regulatory emphasis on sustainability, along with elevated expectations from shareholders. We are thrilled to have made some significant headway in this aspect, as we achieved a FTSE4Good Bursa Malaysia rating of 4.1 in 2023, surpassing our target of 4.0 or better by 2025. We are also on track to achieve full TCFD compliance next year, leveraging on a newly formulated roadmap to guide our efforts in 2024 and beyond.

As we continue to make progress across the sustainability spectrum, our approach will remain guided by our PGB Sustainability Blueprint established in 2023, providing us with a holistic master plan for achieving our sustainability ambitions.

While gas remains the cleanest of all fossil fuels, we concede that it is nevertheless a limited resource. In contemplating the long-term sustainability of PGB, our proactive initiatives to progress climate action and contribute to the nation's energy transition positions us on a trajectory that seamlessly unite profitability and sustainability.

OUTLOOK

Moving forward, we will take into account both regional and global factors impacting the outlook of the gas industry, paying close attention to the energy transition across the ASEAN region and global initiatives to move away from hydrocarbons. Despite national policies and roadmaps being increasingly implemented, there remain significant hurdles and constraints in quickly increasing the use of renewable energy, coupled with concerns surrounding affordability and reliability. With its low Levelised Cost of Energy, gas therefore remains the optimal clean fuel to meet energy demand until renewable energy becomes more dependable.

All segments are anticipated to contribute positively to the Group performance in 2024, underpinned by revenue stability from our long-term contracts.

In terms of undertaking new growth projects, we will remain vigilant and focused in our approach, prioritising prospects related to our core business and other industry-adjacent opportunities in order to fully capitalise on our strengths, expertise and existing infrastructure.

In addition to our ongoing projects and new projects that reached Final Investment Decision in 2023, we are continuing to explore other avenues to bolster our growth funnel, including a new compressor station in Jeram, with the potential viability and anticipated challenges of these proposals currently under assessment. Looking towards the mid-term, we are exploring regional power solutions and expanding our industrial gases business, aligning with our aspiration to grow along the natural gas value chain.

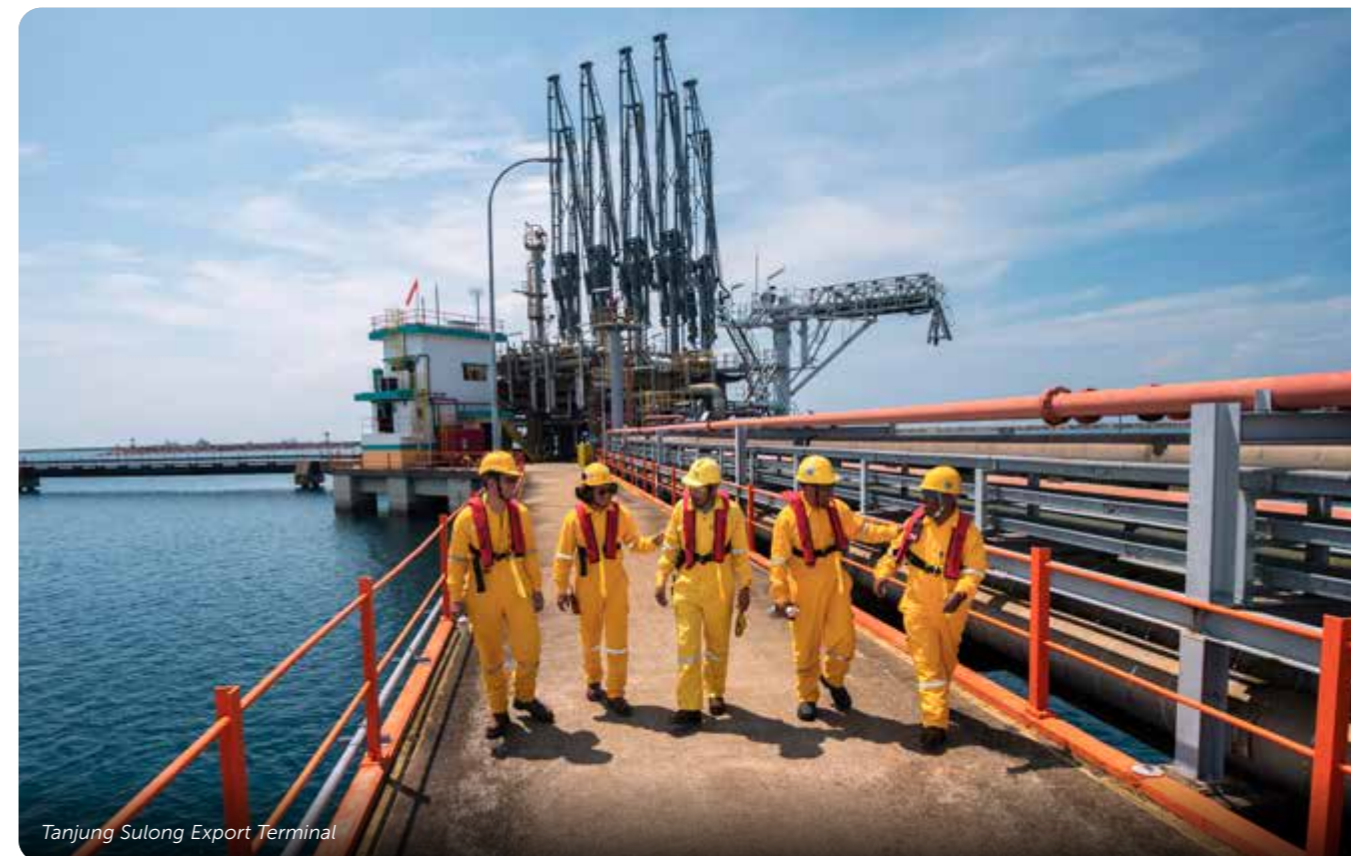
Concurrently, the Group will focus on expanding its renewable energy projects, aligning with our commitment to greenify our portfolio. Our expansion is anticipated to strengthen compliance with sustainability standards, hence yielding a profound long-term impact, enhancing accessibility to funding and facilitating participation in opportunities.

While regulatory uncertainties and economic challenges persist on the horizon, we are confident that all segments will contribute positively to a robust performance for the Group in 2024, underpinned by the stability of revenue from our long-term contracts. Furthermore, the recent decision by the Suruhanjaya Tenaga to uphold elevated ICPT tariff for the initial half of 2024 augurs well for revenue generated from our Utilities segment in the immediate future. Despite this cautious optimism, we are vigilant to the prospects of inflationary operating costs and will continue to optimise cost efficiencies throughout our operations.

Amidst this era of profound transformation in the energy sector, we will remain steadfast in striving towards the overarching ambitions and defined targets within our Strategic Agenda, fulfilling our purpose of being a 'Progressive Energy and Solution Partner, Enriching Lives for a Sustainable Future.'



MESSAGE FROM THE MD/CEO



Tanjung Sulong Export Terminal

ACKNOWLEDGEMENTS

The achievements of 2023 stand as a testament to the incredible efforts and unwavering support from a multitude of contributors. On behalf of the PGB Leadership Team, I extend my heartfelt gratitude for the invaluable contributions made.

Our expansive workforce, from ground-level employees to our corporate leaders, has once again demonstrated immense commitment to our shared cause. Their tireless dedication and diligence have played pivotal roles in enabling us to attain the ambitious goals set at the beginning of the year. Showcasing a collective spirit of cooperation and collaboration, every PGB employee has contributed to helping the Group surpass last year's results.

A special thank you to the government agencies and regulatory bodies for their continuous support to PGB, and ensuring to maintain a vibrant ecosystem for the gas industry, which is fundamental to our success. Our sincere appreciation also extends to investors, shareholders, business partners, suppliers and customers for their steadfast trust in the Group's ability to deliver, even amidst challenging market conditions.

We are also immensely grateful to the Board of Directors at PGB for their invaluable insights and guidance that have proved instrumental in steering us along a profitable path. The Leadership Team has once again exceeded expectations, offering guidance to all employees and empowering their commitment to excellence.

Looking ahead, we eagerly anticipate continuing our collaboration with stakeholders, working hand-in-hand to transcend challenges and embrace new opportunities in the evolving landscape of the energy sector. Armed with our strategic objectives, we will continue to uphold excellence and conscientiousness in fulfilling our service to the nation and to our customers. Thank you.

ABDUL AZIZ OTHMAN
Managing Director/Chief Executive Officer

Business Overview:

OUR OPERATING ENVIRONMENT

PGB closely observes the evolution of our operating environment in order to ensure our approach and strategies remain relevant and impactful. These external factors are also taken into account when identifying, reviewing and refreshing our material matters. Our concerted approach arms us with the knowledge and insights required to sustain the health of our business as we propel PGB's status as a leading gas infrastructure and utilities company.

These are the notable industry trends and market developments identified in 2023 that are expected to influence our short- to medium-term performance.

GEOPOLITICAL TENSIONS



INSIGHTS

Ongoing tension in the Middle East, coupled with the still ongoing Russia-Ukraine conflict, continues to impact the stability of global energy supply chains. The situation has contributed to ongoing volatility in the Malaysia Reference Price (MRP) for fuel gas, while high coal prices has resulted in elevated ICPT tariff announced by the government.

IMPACT

- Our profitability for Utilities business segment is impacted by higher fuel gas price, which we purchase at the full MRP price without subsidy.
- While higher gas prices also result in higher Utilities revenue from industrial gas customers, electricity tariffs are set at par with TNB tariff to remain competitive.
- Our Utilities segment thus faces the most impact, with revenue and operating costs exposed to gas price fluctuations.

HOW WE RESPOND

- We continue to enhance operational and cost efficiencies across all business segments to mitigate potential impacts from an increase in the MRP.
- This is especially vital within our Utilities segment where fuel gas is the primary variable cost.

OUTLOOK

With uncertainty remaining around ongoing geopolitical conflicts, we foresee the MRP increasing in tandem with higher Brent and JCC indexes. With energy prices remaining high but stable, the government has already announced that the current ICPT tariff of 17 sen/kWh will be maintained for at least the first half of 2024.



Utilities Kertih

Business Overview:

OUR OPERATING ENVIRONMENT



FOREX FLUCTUATIONS

INSIGHTS

In addition to the strengthening of USD on the back of stronger economy and Federal Reserve policies, the Malaysian Ringgit has simultaneously weakened due to geopolitical issues. This led the Ringgit to weaken to its lowest against USD in the last 25 years during 2023.

IMPACT

- Sales from our Regasification segment is accrued in Ringgit, but some expenses require payments in USD.
- Unfavourable exchange rates may thus increase our exposure to forex losses, with higher operational and maintenance costs.
- Increased exposure to USD-linked assets and liabilities.

HOW WE RESPOND

- Decisive action was taken in 2023 to mitigate forex exposure within our Regasification segment, with early settlement of USD233.6 million made for lease liabilities pertaining to floating storage units at RGTSU.
- From time to time, we continuously assess the requirement of short term hedging to mitigate forex exposure.

OUTLOOK

The Ringgit has begun to stabilise towards the end of 2023, but remains significantly weaker compared to the end of 2022. We remain cautious of a potential Ringgit slump in the first quarter of 2024, however, analysts have forecasted a strengthening of the Malaysian currency in the second half of 2024.



CYBERSECURITY REGULATIONS



INSIGHTS

A new cybersecurity bill is set to be tabled in Parliament sometime during 2024. The bill is expected to showcase Malaysia's growing commitment to enhancing its cyber resilience, and will potentially include new regulations and enforcements related to cybersecurity laws.

IMPACT

- We expect greater scrutiny of our cybersecurity systems in line with an increased regulatory focus.
- Our businesses will be subject to more frequent and in-depth inspections as relevant government agencies aim to enforce new laws and policies.

HOW WE RESPOND

- We have proactively taken steps to drive Group-wide digital transformation in alignment with the PETRONAS Group's overarching strategies.
- To this end, we have adopted modern cybersecurity technologies that provide robust protection of important data and systems.

OUTLOOK

We will assess the new bill and regulations for opportunities or incentives to further enhance our digital platforms, with emphasis on bolstering our crisis management and recovery procedures.

Business Overview:

OUR OPERATING ENVIRONMENT

SUSTAINABILITY EVOLUTION



INSIGHTS

The emphasis on sustainability especially climate action continues to grow amongst our stakeholders, most notably amongst our regulators and shareholders. Oil and gas companies are expected to embrace diversification, decarbonisation and reinvention to remain relevant and align with the evolving expectations of banks and financial institutions. The Malaysian government's new National Energy Transition Roadmap (NETR) also places greater impetus on industry players to make meaningful progress towards energy transition.

IMPACT

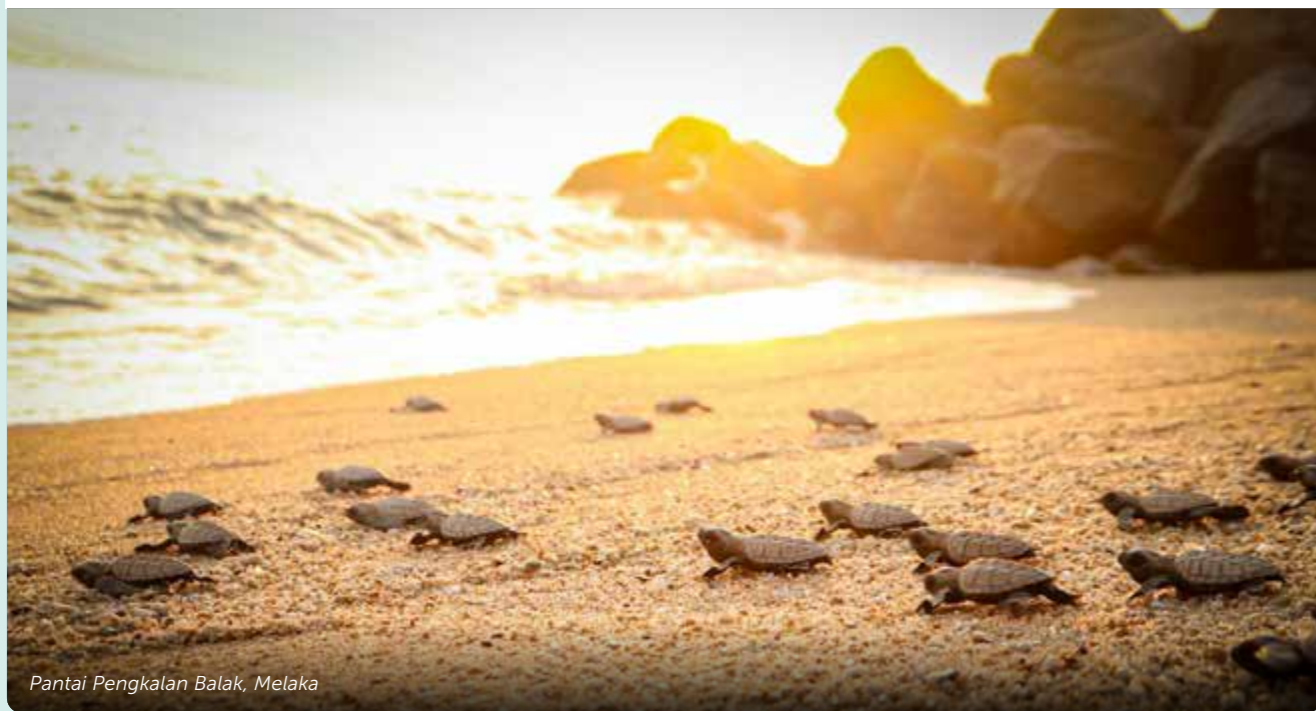
- Our sustainability practices are coming under greater scrutiny from regulatory bodies and shareholders, such as Bursa Malaysia and the International Sustainability Standards Board, along with our core shareholders Permodalan Nasional Berhad and Employees' Provident Fund.
- These regulatory bodies and shareholders are increasing their expectations for PGB to embed sustainability elements within our businesses.
- Financial institutions are also increasingly examining our businesses model and sustainability practices before procuring funding.

HOW WE RESPOND

- Establishment of PGB Sustainability Blueprint which outlines key milestones up to 2030 and clearly defining our objectives and pathways to achieve them.
- We are also improving our reporting disclosures to provide transparent and accurate assessments of our sustainability impacts, practices and performance.
- Focusing solely on our core businesses is not an option, we have to pivot and explore opportunities that are aligned with the NETR.

OUTLOOK

The emphasis on sustainability is anticipated to intensify nationally, regionally and globally. We foresee the introduction of new regulations and standards, requiring PGB to be agile and adaptable to the evolving landscape. Our diversification into adjacent businesses within the renewable energy sector aligns with this trend while offering potential future growth.



Pantai Pengkalan Balak, Melaka

Business Overview:

OUR OPERATING ENVIRONMENT

INCENTIVE-BASED REGULATIONS (IBR)



INSIGHTS

IBR Guidelines for Gas Transportation and Regasification was established pursuant to section 13 of Gas Supply Act 1993 [501] in August 2018, and amended in year 2019. As the gas market in Peninsular Malaysia becomes more liberalised, both regulators and gas facilities operators must endeavour to enhance IBR Guidelines to ensure fair and robust tariffs are determined.

As part of an on-going efforts proposed during the Regulatory Period 2 (RP2) tariff determination proposal, Suruhanjaya Tenaga has introduced draft enhanced IBR Guidelines in 2023.

IMPACT

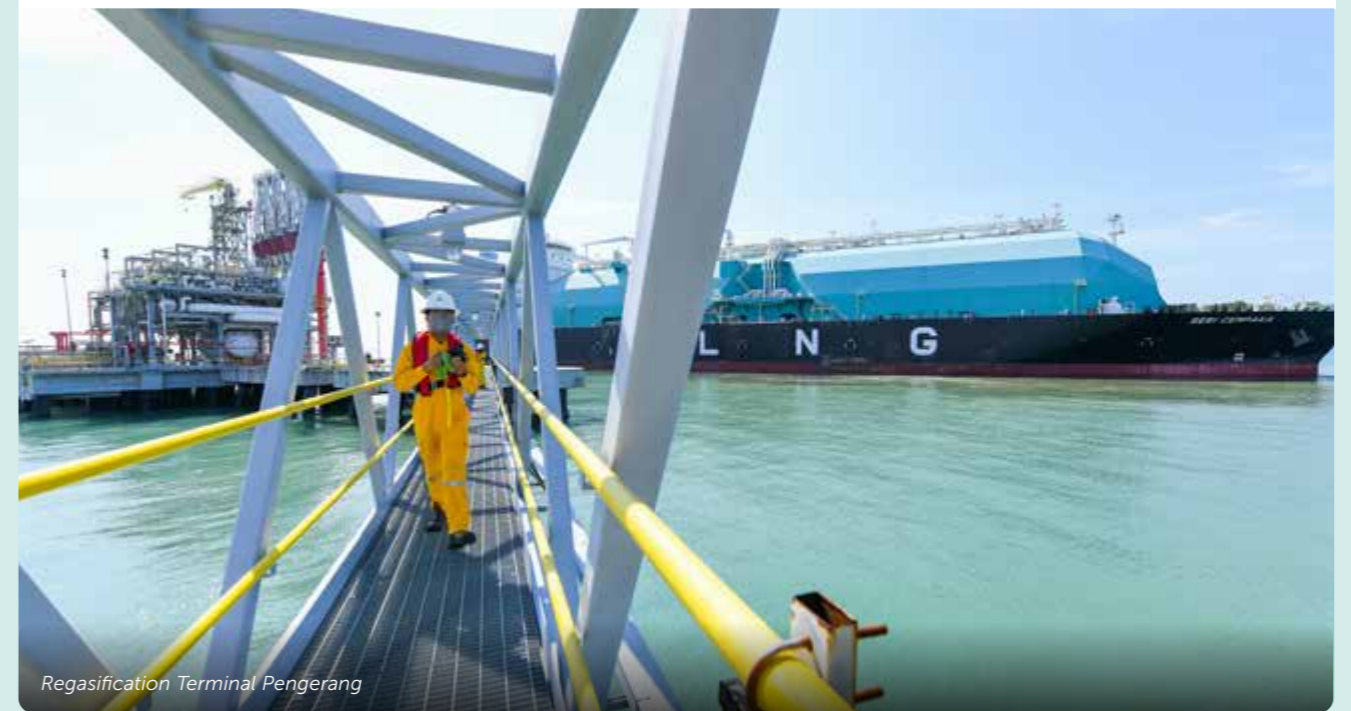
The IBR for PGB is based on revenue-capped method, hence there is minimal impact to overall PGB business.

HOW WE RESPOND

- As a major gas infrastructure player in Malaysia, PGB has been supporting government policies to ensure security of gas supply, drive sustainable development and expansion of gas infrastructures, and establish competitive tariff to increase the affordability for end users.
- We have continuously engaged with regulator to undertake discussions on proposed enhancements to IBR Guidelines, aiming to achieve a win-win solution for both regulators and gas facilities operators.
- Simultaneously, we are consistently improving our internal control and reporting systems to transparently and accurately comply with regulatory data requirements, as we ramp up to submit our RP3 tariff determination proposals by end of 2024.

OUTLOOK

We will continue to support and promote the shift to gas as the cleanest fossil fuel, ensuring we have the infrastructure to support higher future demand while advocating for IBR guidelines that enhance the sustainability and viability of the gas industry.



Regasification Terminal Pengerang

Business Review:

GAS PROCESSING



M NAZIR M NOR
Head of Gas Processing and Utilities

Business Review:
GAS PROCESSING

FINANCIAL PERFORMANCE

REVENUE

RM1.78
billion

GROSS PROFIT

RM0.80
billion

SEGMENT ASSET

RM4.63
billion

HUMAN CAPITAL



MALE
894



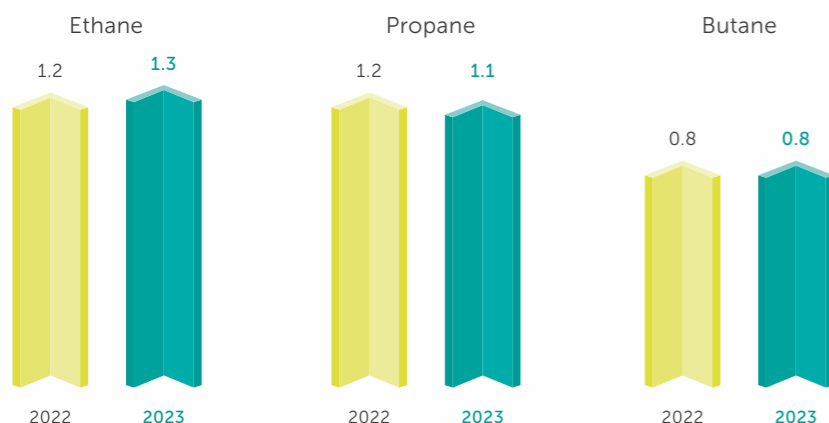
FEMALE
94



TOTAL STAFF
988

OPERATIONAL PERFORMANCE

Liquid Production Volume (MT million)



2023



HIGHLIGHTS 2023

Strategic Objectives

OE OPERATIONAL EXCELLENCE

CE COMMERCIAL EXCELLENCE

GR GROWTH

Initiatives

Value optimisation through innovative, efficient, and agile operational strategies, leading to:

- OEE & Reliability sustained >99%
- Meeting customers' demand, despite lower feedgas availability
- Improved Energy Index to 93.5
- GHG reduction >500kto₂e

Successful revision of 3rd Term GPA with comparable value to previous GPA term.

Achieved highest IGC incentive in GPA 2nd term through various continuous improvements.

Undertaken studies on potential new business that has a strategic fit with Gas Processing, i.e., carbon abatement projects in Kertih.

CHALLENGES AND RISK

	Challenges and Risk	Mitigation
HSSE	<p>High number of turnarounds, shutdowns and projects leading to higher exposure to HSSE risks.</p> <p>Changes in feedgas composition pose a higher risk of compliance to effluent discharge quality.</p>	<p>Foster close partnership with internal and external stakeholders to ensure rigorous enforcement of Let's Comply and Intervene campaign and promotion of HSSE Generative Culture amongst staff and partners.</p> <p>Improve operational control at effluent treatment through enhancement of chemical injection management.</p>
OPERATIONAL EXCELLENCE	<p>Sustaining high asset reliability with aging assets while ensuring zero interruption in customer demand.</p> <p>Volatility of upstream volume on feedgas supply and quality.</p>	<p>Sustain asset reliability above 99% to ensure security of supply to customers</p> <p>Establishment of "Ready To Fix" programme through maintenance enhancement programmes and synchronisation with integrated production planning to resolve plant reliability threats without impacting product demand.</p> <p>Deployment of Digital Priority of Supply (DigiPos) Phase 1 to predict incoming feedgas composition based on upstream interruptions and execute blending strategy.</p>
BUSINESS ENVIRONMENT	<p>Calibrating the shifting demands and managing the various outputs.</p>	<p>Utilisation of Alpha Gas's integrated production planning tool to proactively address end-to-end supply-demand imbalances and execute strategies based on product prioritisation value.</p>

OUTLOOK & PROSPECTS

Operationalisation of Gas Processing Agreement (GPA) 3rd Term requirements, through prudent operations and maintenance execution.

Upscaling digital implementation to further enhance efficiency in operation and maintenance activities.

Implementation of integrated project management teams to ensure efficient execution of projects.



Business Review:

GAS TRANSPORTATION



BURHAN ABDULLAH
Head of Gas Transportation and Regasification

Business Review:
GAS TRANSPORTATION

FINANCIAL PERFORMANCE

REVENUE

RM1.14
billion

GROSS PROFIT

RM0.56
billion

SEGMENT ASSET

RM3.85
billion

HUMAN CAPITAL



MALE
281



FEMALE
30



TOTAL STAFF
311

OPERATIONAL PERFORMANCE



HIGHLIGHTS 2023

Strategic Objectives	OE OPERATIONAL EXCELLENCE	CE COMMERCIAL EXCELLENCE	GR GROWTH
Initiatives	<p>Deployment of Gas Transmission Optimisation (GTOPs) digital application, harnessing machine learning to optimise internal gas consumption.</p> <p>Successful installation of Automated Unmanned Aircraft System, long-range drones which complement existing nested by providing additional security in remote locations and undertaking surveillance and monitoring of our assets.</p>	<p>Commissioning of gas supply to new customer in Banting.</p>	<p>Completion of pipeline extension project in Pulau Indah.</p>

CHALLENGES AND RISK

	Challenges and Risk	Mitigation
HSSE	High number of projects leading to higher exposure to HSSE risks.	Foster close partnership with internal and external stakeholders to ensure rigorous enforcement of Let's Comply and Intervene campaign and promotion of HSSE Generative Culture amongst staff and partners.
OPERATIONAL EXCELLENCE	Sustaining high asset reliability with aging assets while ensuring zero interruption in customer demand.	Execution of focus area initiatives to: <ul style="list-style-type: none"> Sustain asset reliability above 99% to ensure security of supply to customers Leverage on digital initiatives to sustain asset efficiency and optimise production costs
BUSINESS ENVIRONMENT	GT is operating under regulated business model which affects the overall GT profit and margin.	Close collaboration with regulators to foster understanding on the impact of the regulations on Gas Transportation business performance. Optimisation in operating cost to ensure a sustainable margin.

OUTLOOK & PROSPECTS

Upscaling digital implementation to further enhance efficiency in operation and maintenance activities.

Implementation of integrated project management teams to ensure efficient execution of projects.



Business Review:

REGASIFICATION



BURHAN ABDULLAH
Head of Gas Transportation and Regasification

Business Review:
REGASIFICATION

FINANCIAL PERFORMANCE

REVENUE

RM1.35
billion

GROSS PROFIT

RM0.64
billion

SEGMENT ASSET

RM4.85
billion

HUMAN CAPITAL



MALE
117

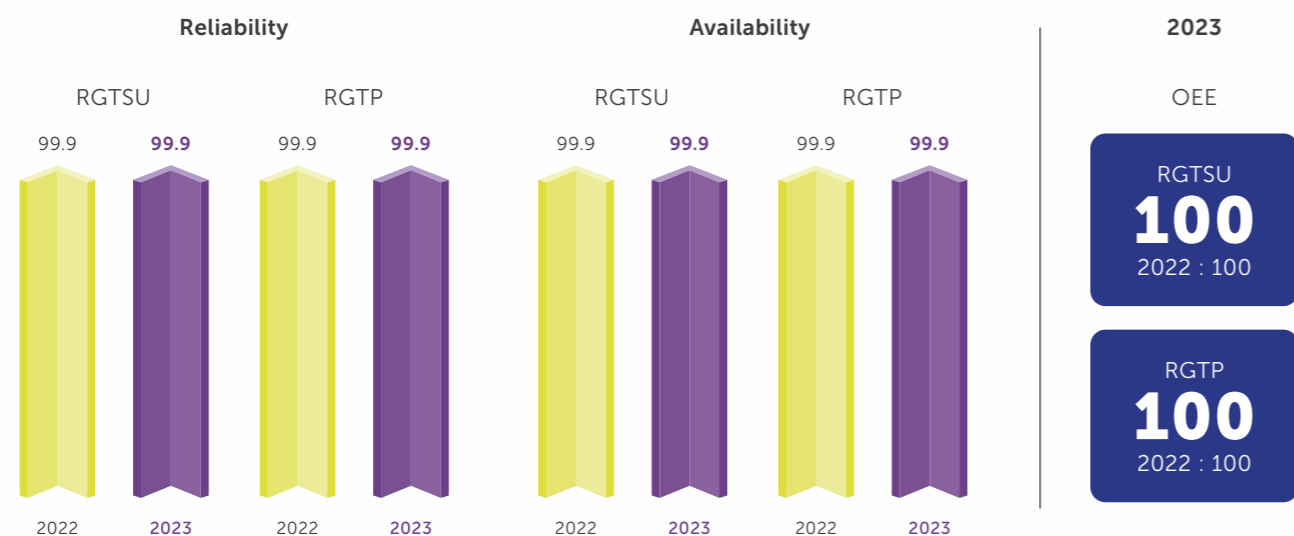


FEMALE
7



TOTAL STAFF
124

OPERATIONAL PERFORMANCE



HIGHLIGHTS 2023

Strategic Objectives	OE OPERATIONAL EXCELLENCE	CE COMMERCIAL EXCELLENCE	GR GROWTH
Initiatives	Established the PGB Unified Operations Centre (UOC) in Segamat, where the regasification assets are monitored and controlled from the UOC for better efficiency and improved safety.	Early settlement of our long-term USD contract for the Floating Storage Units (FSUs) at RGT Sungai Udang which help to mitigate unrealised forex exposure.	Achieved FID for additional LNG storage at Pengerang.

CHALLENGES AND RISK

	Challenges and Risk	Mitigation
HSSE	High number of projects in offshore environment leading to higher exposure to HSSE risks.	Foster close partnership with internal and external stakeholders to ensure rigorous enforcement of Let's Comply and Intervene campaign and promotion of HSSE Generative Culture amongst staff and partners. This includes upskilling of project partners on offshore project environment and risk.
OPERATIONAL EXCELLENCE	Sustaining high asset reliability in a low equipment utilisation environment.	Execution of focus area initiatives to: <ul style="list-style-type: none"> Sustain asset reliability above 99% to ensure security of supply to customers Leverage on digital initiatives to sustain asset efficiency and optimise production costs
BUSINESS ENVIRONMENT	Regasification is operating under regulated business model which affects overall Regasification profit and margin. Forex fluctuations impacting USD-linked long-term contracts.	Close collaboration with regulators to foster understanding on impact of the regulations on Regasification business performance. Optimisation in operating cost to ensure a sustainable margin. Continue execution of mitigation strategy for USD-linked long-term contracts.

OUTLOOK & PROSPECTS

Project execution of the new Floating Storage Unit (FSU) in Pengerang.

Upscaling digital implementation to further enhance efficiency in the operation and maintenance activities.

Implementation of integrated project management teams to ensure efficient execution of projects.



Regasification Gas Terminal Sungai Udang

Business Review:

UTILITIES

Business Review:
UTILITIES



M NAZIR M NOR
Head of Gas Processing and Utilities

FINANCIAL PERFORMANCE

REVENUE

RM2.17
billion

GROSS PROFIT

RM0.29
billion

SEGMENT ASSET

RM1.49
billion

HUMAN CAPITAL



MALE
204



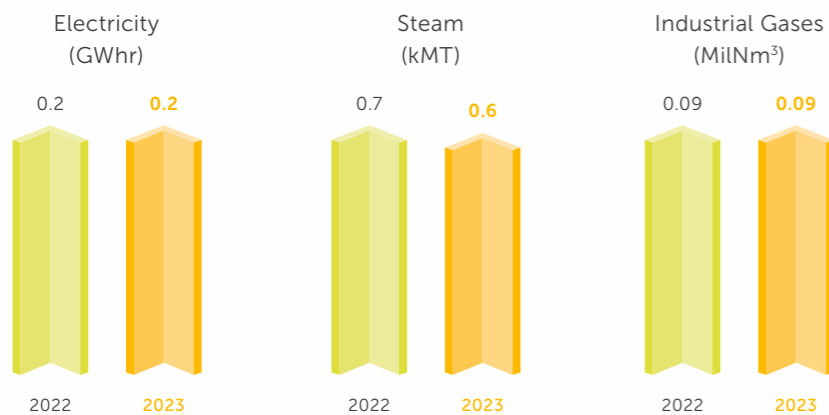
FEMALE
11



TOTAL STAFF
215

OPERATIONAL PERFORMANCE

UK & UG



2023



HIGHLIGHTS 2023

Strategic Objectives	OE OPERATIONAL EXCELLENCE	CE COMMERCIAL EXCELLENCE	GR GROWTH
Initiatives	Established agile cogeneration plant configuration and New Enhanced Dispatch Agreement (NEDA) export optimisation to achieve optimum efficiency on steam and power production while meeting product demand.	Commissioned supply for new revenue stream ie. new customer PCC Oxyalkylates Malaysia Sdn Bhd at PETRONAS Petroleum Industry Complex. Secure and renew contracts with key customers/suppliers: <ul style="list-style-type: none"> Steam and electricity supply to PETRONAS Chemical LDPE Hydrogen-rich gas purchase from Propane Dehydrogenation plant 	Achieved FID for cold energy ASU at Pengerang. Undertaken the studies on potential business expansion business that is a strategic fit with Utilities segment.

CHALLENGES AND RISK

	Challenges and Risk	Mitigation
HSSE	Sustaining HSSE compliance and performance with lean execution team.	Foster close partnership with internal and external stakeholders to ensure rigorous enforcement of Let's Comply and Intervene campaign and promotion of HSSE Generative Culture amongst staff and partners.
OPERATIONAL EXCELLENCE	Further optimisation on equipment running efficiency without jeopardising product delivery reliability.	Deploy new running configuration of cogeneration plant to achieve optimum efficiency and production while meeting product demand.
BUSINESS ENVIRONMENT	Fuel gas price fluctuation impose a threat to financial performance.	Agility in exploring revenue replacement strategies through the development of Utilities Business Operation Revival (URBAN) Strategy which includes new operating mode, spot sales improvement and plant reliability sustenance. Enhance a "Know Your Cost" culture, streamlining operations and optimising resource allocation for enhanced financial resilience and profitability amidst uncertain ICPT policies.

OUTLOOK & PROSPECTS

Project execution of the cold energy ASU in Pengerang.

Implementation of the agile cogeneration plant configuration to optimise profitability.

Upscaling digital implementation to further enhance efficiency in operation and maintenance activities.

Implementation of integrated project management teams to ensure efficient execution of projects.



Gas Processing Kertih

Business Review:
AWARDS & RECOGNITION

GAS PROCESSING

- Anugerah Keselamatan Kebakaran Nasional (APKKN) (Awarded in 2023)**
 - Industry and Manufacturing category - GPS
- Anugerah Penarafan Bintang Sasaran Penting (APBSP) 2023**
 - Emerged as a third-time winner - TSET
- Institut Kimia Malaysia (IKM) Excellence Award 2023**
 - Award for GPK, GPS and TSET
- MSOSH Award 2023**
 - Grand Award - GPK and TSET
 - OSH Gold Class - GP
 - Gold Class 1 Award for Engineering Department (Turnaround and Shutdown)
- National Council for Occupational Safety and Health (NCOSH) Award 2023 (Awarded in 2023)**
 - Petroleum/Gas/Chemical category - GPS
 - Storage category - TSET
- Prime Minister Hibiscus Awards (PMHA) 2021/2022 - HSSE (Awarded in 2023)**
 - Excellent Achievement (Highest Level of Award) - GPS
 - Exceptional Achievement (Second Highest Level of Award) - GPK and TSET

GAS TRANSPORTATION

- Malaysia Technology Excellence Awards 2023**
 - Artificial Intelligence category - Gas Transmission Optimisation Project (by using digital application to optimise IGC consumption)
- MiSHA National Excellence Awards on OSH Principle of Prevention (OSHPPoP) 2023**
 - 15 MiSHA Gold Awards within Gas Transportation and Regasification segments
- MSOSH Award 2023**
 - Gold Merit - Pasir Gudang, Seremban, Shah Alam and Sitiawan Regional Offices
- RoSPA Health and Safety Award 2023**
 - Gold Class 1 Award - Project STAR
 - Silver Award - Operation Shah Alam Regional Office
- Safety & Health Assessment System in Construction Assessment by CIDB**
 - 5 Star Award - Project STAR (Southern Operation)

REGASIFICATION

- British Safety Council Award**
 - Distinction in the International Safety Awards 2023 with score of 52 out of 56 - RGTSU
 - Malaysian Best in Country Award - RGTSU
- International Date Corporation (IDC) Future Enterprise Award 2023**
 - Best in Future of Operation Award in both Malaysia and Asia Pacific categories - RGTSU Digital Transformation
- MiSHA National Excellence Awards on OSH Principle of Prevention (OSHPPoP) 2023**
 - MiSHA Platinum Award - Segamat Operation Centre
 - MiSHA Diamond Award - PLNG2, RGTSU, Gurun and Kuantan Regional Offices
 - 15 MiSHA Gold Awards within Gas Transportation and Regasification segments
- MSOSH Award 2023**
 - Grand Award - RGTSU and RGTP
- Prime Minister Hibiscus Awards (PMHA) 2021/2022 - HSSE (Received in June 2023)**
 - Exceptional Achievement Award in Environmental Performance - RGTSU and RGTP
 - Special Project Award (Silver) for Sustainable Waste Management - RGTSU
- RoSPA Health and Safety Award 2023**
 - Gold Award - RGTSU
 - Silver Award - Shah Alam Regional Office

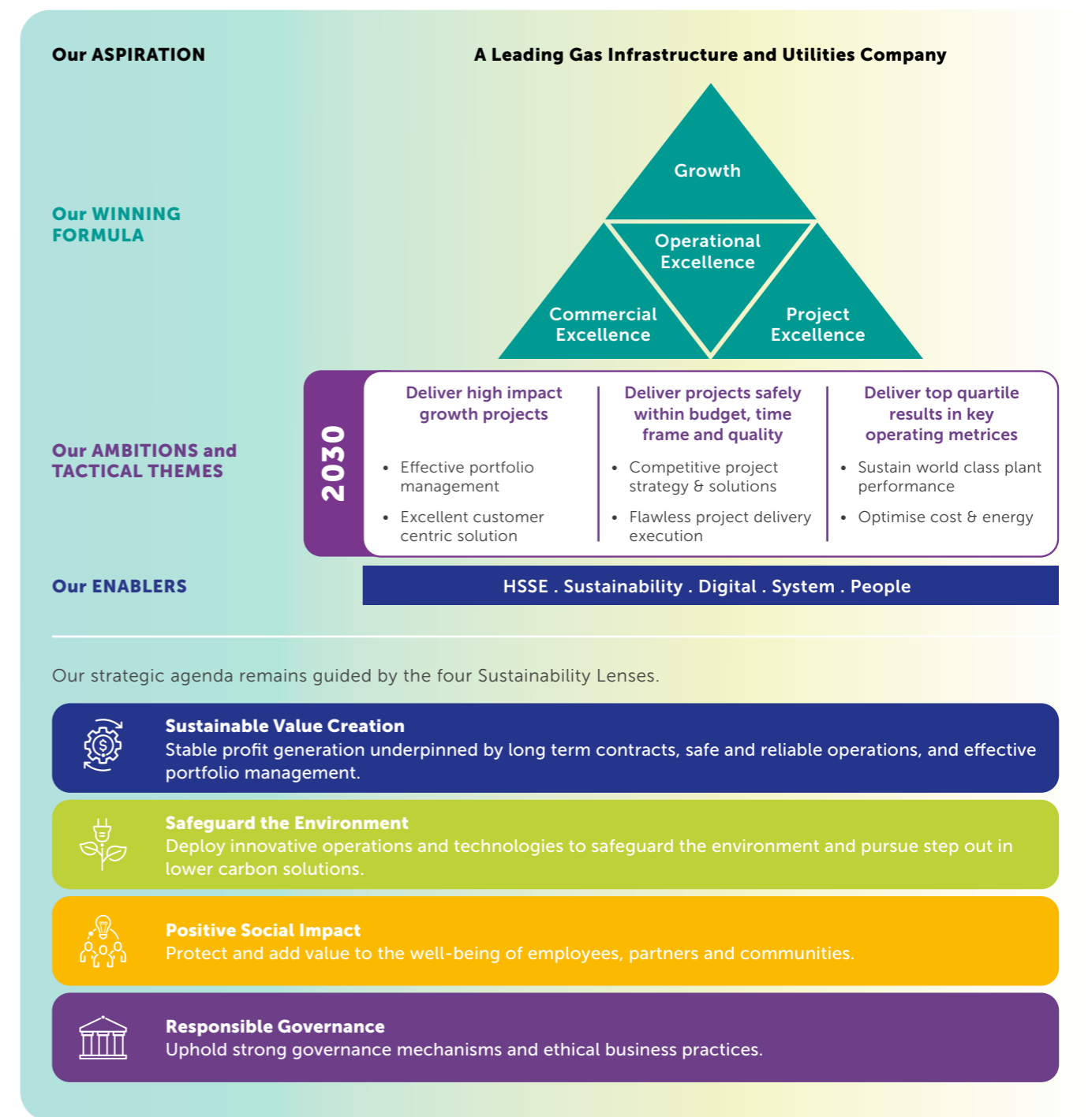
UTILITIES

- Institut Kimia Malaysia (IKM) Excellence Award 2023**
 - Award for UK and UG
- MSOSH Award 2023**
 - Grand Award for UK and UG
- Prime Minister Hibiscus Awards (PMHA) 2021/2022 - HSSE (Awarded in 2023)**
 - Excellent Achievement (Highest Level of Award) - UK
 - Exceptional Achievement (Second Highest Level of Award) - UG

STRATEGIC BLUEPRINT

PGB STRATEGIC AGENDA

The PGB Strategic Agenda, initiated in early 2023, outlines a concise yet comprehensive short and medium-term strategy for the organisation. Encompassing the period from 2023 to 2030, this strategic framework is designed to concurrently sustain operational excellence while emphasising business expansion. PGB aims to elevate its standards in project and commercial excellence, aspiring to emerge as a high-performing, safe, reliable, and efficient organisation.



STRATEGIC BLUEPRINT



WINNING FORMULA

Our winning formula consists of four pillars namely **growth, commercial excellence, project excellence and operational excellence**. These are the areas identified where most our effort will be concentrated in order to achieve PGB Strategic Agenda. It reflects PGB current internal and external pain points for it to remain resilient and relevant in sailing through future challenging business landscape. Our enablers which are made up of **HSSE, Sustainability, Digital, System and People** act as foundation for our winning formula. They make sure the four pillars are well oiled to accelerate them towards realising PGB Strategic Agenda.



AMBITIONS AND TACTICAL THEME

For each of the pillar, PGB has set specific strategic goals as a measurement of success. Under growth and commercial excellence, our ambition is to successfully deliver high impact projects.

Under project excellence, our ambition is to execute our projects within budget, time frame and quality without compromising on safety.

For operational excellence, we have set five key sustenance and improvement targets for our strategic agenda.

- Top quartile in OEE
- Top quartile in unit cost
- Top quartile in Energy Index
- Top quartile in ESG rating
- Generative HSSE culture

Unit cost refers to the cost of producing a single unit of a product or service. It is calculated by dividing the total cost of production by the number of units produced. Unit cost measurement is to measure efficiency, compare products or services to identify cost savings opportunities. The goal of achieving a Top Quartile Unit Cost target is to ensure that PGB remains competitive in comparison to its peers in the industry.

Environmental, Social and Governance (ESG) rating is a measure of a company's performance in addressing environmental, social, and governance issues. ESG ratings are often used by investors and other stakeholders as a way to evaluate a company's overall sustainability and assess the risk associated with investing in that company. ESG rating providers such as FTSE4Good use a variety of different methodologies and data sources to rate company's level of commitment to sustainability. Achieving a top quartile ESG rating reflects PGB's dedication to sustainability, responsible governance and its commitment to being relevant to its shareholders and to the market.

Generative HSSE Culture is about doing the right things even when no one is watching.

- Ownership:** Leader's role model and everyone has strong ownership over HSSE, as we believe HSSE creates value and is good for our business
- Mindful:** We are conscious about HSSE in what we do because it's the right thing to do, not because somebody is watching
- Interdependent:** We look out for each other because potential risks and errors are always at the top of our minds, and because nobody has all the answers - EVERYBODY contributes to HSSE
- Courageous:** We feel safe to intervene when we see unsafe conditions and behaviours, and welcome such intervention from our co-workers

OEE is a measure of our plant performance against its limit and identify sources of loss within the plant. It measures how well we use the equipment when they are available.

Since 2019, our assets have consistently achieved top quartile in this metric showing our commitment towards meeting our customers requirement. Strong plant performance is required to become a reliable supplier and reap the incentives from long term agreements.

Energy Index is a measure to assess and quantify the energy performance or efficiency of a system, process, facility, or organisation. It helps evaluate how effectively energy resources are being used to produce products and deliver services. Using the latest technology and operational adjustment, PGB will continue to maintain our efficiency in top quartile amongst the industry.

STRATEGIC BLUEPRINT

To deliver these targets, our initiatives are divided into below tactical themes:

<p>Growth & Commercial Excellence</p> <ul style="list-style-type: none"> • Effective portfolio management • Excellent customer centric solution 	<p>Project Excellence</p> <ul style="list-style-type: none"> • Competitive project strategy & solutions • Flawless project delivery execution 	<p>Operational Excellence</p> <ul style="list-style-type: none"> • Sustain world class plant performance • Optimise cost & energy
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OUR ENABLERS

<p>HSSE</p>	<p>PGB strives to provide safe working space for all stakeholders.</p> <p>In order to sustain good HSSE performance, PGB aspires to achieve Generative Culture.</p>
<p>Sustainability</p>	<p>PGB sustainability agenda focuses on four lenses:</p> <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; border-radius: 10px; padding: 5px; background-color: #003366; color: white;"> <p>Sustainable Value Creation</p> </div> <div style="border: 1px solid black; border-radius: 10px; padding: 5px; background-color: #008000; color: white;"> <p>Safeguard the Environment</p> </div> <div style="border: 1px solid black; border-radius: 10px; padding: 5px; background-color: #FFA500; color: white;"> <p>Positive Social Impact</p> </div> <div style="border: 1px solid black; border-radius: 10px; padding: 5px; background-color: #4B0082; color: white;"> <p>Responsible Governance</p> </div> </div>
<p>Digital</p>	<p>The three digital priorities in supporting the PGB Strategic Agenda are:</p> <ol style="list-style-type: none"> 1. Digital as new ways of working and data enabler 2. Accelerate the adoption of analytic maturity towards cognitive analytic 3. Digital as value creation enabler
<p>System</p>	<p>PGB's key levers in shaping the company towards a high performing, efficient and reliable organisation consist of:</p> <ol style="list-style-type: none"> 1. Management System & Work Process - a set of policies, procedures and processes embedded with dynamic improvement cycle 2. Principle of Empowerment - always brings the decision making closer to where the actions are for better efficiency
<p>People</p>	<p>PGB strives to provide a conducive ecosystem for its employees to be Empowered, Agile & Enabled:</p> <ol style="list-style-type: none"> 1. Empowered: Given the right knowledge and tools towards achieving their goals 2. Agile: Given the freedom and space to overcome challenges towards achieving a goal 3. Enabled: Given the means to do something towards achieving a goal

STRATEGIC FOCUS AREAS AND KEY PERFORMANCE INDICATORS

STRATEGIC FOCUS AREAS AND KEY PERFORMANCE INDICATORS

	STRATEGIC FOCUS AREAS	KEY PERFORMANCE INDICATORS	2023 INITIATIVES AND RESULTS	2024 PRIORITIES
OPERATIONAL EXCELLENCE 	<p>Ensure safe operations at all facilities.</p> <hr/> <p>Drive efficiencies and improve plant reliability performance.</p> <hr/> <p>Drive environmental sustainability as part of operations.</p> <hr/> <p>Normalisation of Digital means as new ways of working through insightful analytics.</p>	<p>Zero Major HSSE Incident (Fatality, LTI, Major LOPC, Major Fire)</p> <hr/> <p>Plant reliability & efficiency: PGB Energy Index (EI) PGB OEE PGB Reliability</p> <hr/> <p>Reduction in GHG emissions footprint (tCO₂e)</p> <hr/> <p>Completion progress of Digital Initiatives</p>	<p>0 Fatality & 0 Major Fire 1 LTI & 1 Major LOPC</p> <hr/> <p>PGB EI : 93.94% PGB OEE : 99.7% PGB Reliability : 99.5%</p> <hr/> <p>517,280 tCO₂e</p> <hr/> <p>Average of 96.7% completion for 11 Digital Initiatives</p>	<ul style="list-style-type: none"> Improve critical activities preparation and execution especially at project sites, while sustaining day to day activities best practices. Sustain world class operation to ensure reliable and high-quality products delivered to customers by measuring key operational parameters. Materialising PGB Strategic Agenda targets through execution of identified Key Result Areas to maximise value creation. Undertake initiatives to reduce GHG emission footprint towards lower carbon energy solutions. Unlock the value creation of the completed projects in creating safer, cost efficient and more productive environment aligned with new ways of working. Inculcate Data Liberalisation via Critical Data Element (CDE) Ingestion in Enterprise Data Hub in supporting new ways of working.
COMMERCIAL EXCELLENCE 	<ul style="list-style-type: none"> Retain business: Ensure renewal and extension of current commercial contracts. Capture new business: Expand business to secure new commercial contracts. Advocate for natural gas: Engage with regulator. 	<ul style="list-style-type: none"> Achievement of key milestones for commercial contracts, growth projects and opportunities identified. 	<ul style="list-style-type: none"> New Sales and Purchase Agreement (SPA) for electricity and utilities with PCG PCC Oxyalkylates Sdn. Bhd. Revision of 3rd term Gas Processing Agreement (GPA) Renewal of SPA for electricity and utilities with PETRONAS Chemicals LDPE Sdn. Bhd. 	<ul style="list-style-type: none"> Secure new business, contracts and customers outside of captive area. Proactive venture for Utilities and Industrial Gases business. Proactive identification for new opportunities.
GROWTH 	<ul style="list-style-type: none"> Focused execution of identified growth opportunities within core business and adjacent value pools. 	<ul style="list-style-type: none"> Achievement of key milestones for commercial contracts, growth projects and opportunities identified. 	<ul style="list-style-type: none"> LNG storage capacity with the set-up of a new Floating Storage Unit at RGTP. Installation of a cold energy ASU at Pengerang to explore step out opportunities in cold energy utilisation. Active exploration of infrastructure project studies to address gas supply security. 	<ul style="list-style-type: none"> Implementation of new gas infrastructure as approved by Suruhanjaya Tenaga in Regulatory Period 2. Explore opportunities in energy transition space, aligned with the National Energy Transition Roadmap. Forge strategic partnerships and collaborations to tap into new markets and opportunities, especially with industrial utilities and power players.
PEOPLE, SYSTEMS AND CULTURE 	<ul style="list-style-type: none"> Continuous implementation of talent strategy and initiatives. Strengthen Culture of Accountability. Efficient and sustainable system and work process implementation. 	<ul style="list-style-type: none"> Manning Percentage Number of Ready Talent for Corporate Critical Position and Business Critical Positions (MD/CEO and MD/CEO Direct Reports – General Manager and Above). Technical Specialist qualified Leaders Engagement and Communication PETRONAS Organisational Culture Survey (POCS) 2023 result More than 75% sites pass the implementation assessment for Work Process, Empowerment and Management System 	<p>99% manning</p> <hr/> <p>6:1 ratio</p> <hr/> <p>88% fulfilment</p> <hr/> <p>60 sessions</p> <hr/> <p>Sustained favourable results for organisational culture survey i.e., POCS 2023 at 85 favourable score against POCS 2022 (82 score).</p> <hr/> <p>All sites passed the assessment</p>	<ul style="list-style-type: none"> Align the manpower requirements with business goals and adaptable to changes in business outlook and strategy. Strengthen PGB succession planning which is crucial for organisational sustainability and ensures that there is a pool of qualified staff ready to take on critical and leadership roles. Strengthen succession plan by increasing junior executives to build supply and support Grow Our Own Timber. Focus on gaps closure and intervention for POCS 2023. Continuous improvement efforts towards self-empowered organisation.

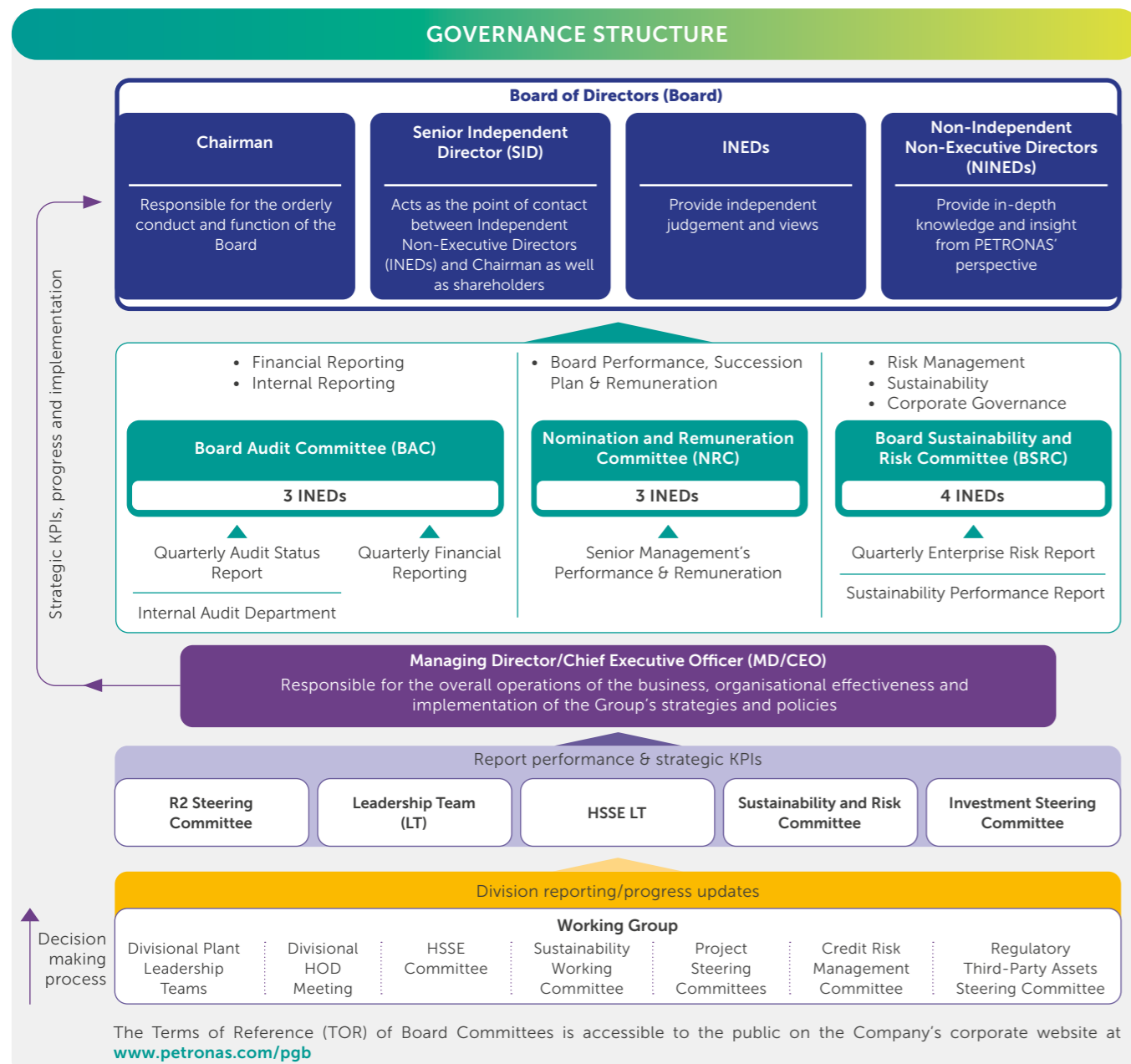
SUSTAINABILITY PRACTICES

SUSTAINABILITY GOVERNANCE AT PGB

PGB's leadership recognises that a robust sustainability framework is indispensable for the Group's businesses as it has material impact on our business strategy and performance as well as our ability to create long-term value. As such, our Leadership Team is ensuring focused sustainable practices and initiatives are being brought into play to bolster our business framework. This is all the more important amidst the existing and emerging headwinds of the ever-evolving market environment.

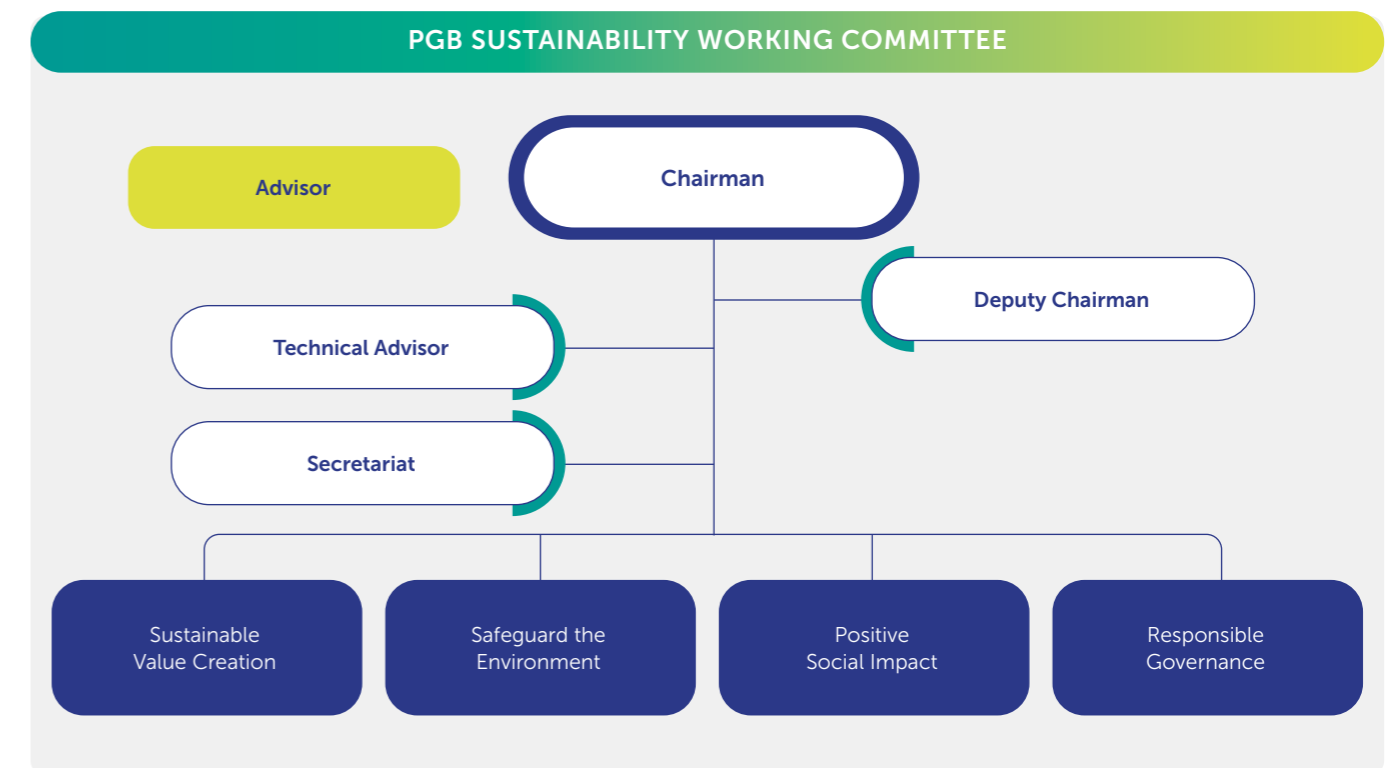
Sustainability Development Governance Structure

Today, PGB's Board Sustainability and Risk Committee (BSRC) is responsible for overseeing sustainability governance at PGB. Together, with the Sustainability Working Committee that comprises of different team members from various departments (i.e., Risk Management, Human Resource Management, Environment, HSSE, etc.) to review and implement the initiatives under the PGB Sustainability Blueprint. Both of the BSRC and SWC are to weigh up the Group's sustainability considerations and ascertain that all sustainability strategies, priorities and targets, as well as the performance against these targets, are communicated to internal and external stakeholders in a transparent manner.



SUSTAINABILITY PRACTICES

PGB's Sustainability Working Committee is tasked to keep a keen eye on the execution of approved sustainability initiatives under PGB's Sustainability Blueprint and Framework. By leveraging a robust sustainability governance mechanism and sound sustainability practices, they are ensuring that these initiatives will do much to secure PGB's future. In ensuring that sustainability issues are factored in across all our products and services, the committee holds monthly meetings to ensure sustainability is embedded into our value creation activities and ESG goals. The structure as well as roles and responsibilities of PGB's Sustainability Working Committee are outlined below. The Sustainability Working Committee in turn is monitored by a Risk Compliance Committee, chaired by the MD/CEO, with members comprising representatives from all the functions across the business units.



Investment Steering Committee

PGB's Investment Steering Committee was established in 2021 and is helmed by the MD/CEO. This committee is responsible for looking into investment-related matters, investment strategies and investment decisions on a monthly basis. As part of the investment guidelines, consideration is to be given to sustainability metrics such as carbon emissions, amongst other factors, when evaluating investment opportunities in addition to commercial and financial parameters. This will ensure more effective decision-making during the investment deliberation process.

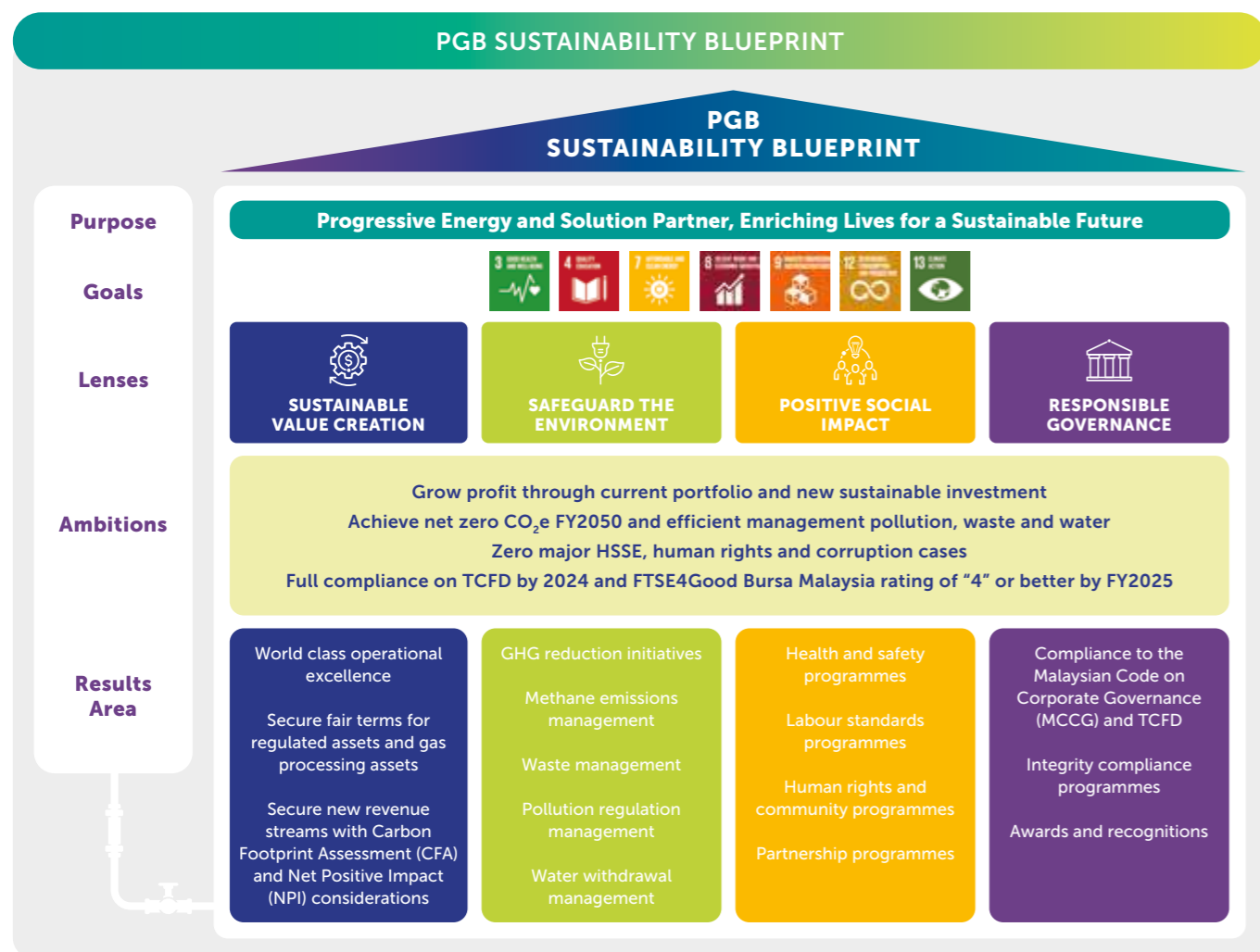
The well-defined sustainability governance structure that has been implemented throughout PGB aims to ensure that all decisions are made in an equitable and balanced manner for the long-term, sustainable growth of the Group.

SUSTAINABILITY PRACTICES

OUR APPROACH TO SUSTAINABLE DEVELOPMENT

Our Sustainability Blueprint

The PGB Sustainability Blueprint has been established and approved in March 2023. The PGB Sustainability Blueprint covers sustainability goals, lenses, ambitions, result areas, initiatives, and targets. All of these are aligned with and support PETRONAS's Statement of Purpose, "A progressive energy and solutions partner, enriching lives for a sustainable future". Under the Sustainability blueprint we have implemented 14 sustainability-related initiatives in 2023, aligning to its respective lenses.



Aside from aligning our blueprint initiatives with the seven UNSDGs, we have also aligned them with international standards such as the GHG Protocol and Oil & Gas Methane Partnership (OGMP 2.0) Framework as well as the standards of the global rating agencies. On top of these, PGB's initiatives line up with PETRONAS' Net Zero Carbon Emissions by 2050 pathway and PETRONAS' Sustainability Agenda.

To ensure clear demarcation and objective execution of our sustainability endeavours, we have adopted the Four Sustainability Lenses as stated in the PETRONAS Sustainability Development Guidelines i.e., Sustainable Value Creation, Safeguard the Environment, Positive Social Impact and Responsible Governance. We have replaced "Continued Value Creation" with "Sustainable Value Creation" to better illustrate our long term value creation efforts.

SUSTAINABILITY PRACTICES

PGB'S FOUR SUSTAINABILITY LENSES

- Sustainable Value Creation**
Stable profit generation underpinned by long term contracts, safe and reliable operations, and effective portfolio management.
- Safeguard the Environment**
Deploy innovative operations and technologies to safeguard the environment and pursue step out in lower carbon solutions.
- Positive Social Impact**
Protect and add value to the well-being of employees, partners and communities.
- Responsible Governance**
Uphold strong governance mechanisms and ethical business practices.

As the four lenses are interrelated to each other, we have identified four overriding ambitions that enable us to craft the focus areas and the relevant initiatives. PGB's four overriding ambitions are as follows:

- Grow profits through the current portfolio and new sustainable investments.
- Achieve net zero CO₂e by FY2050 and efficient management of pollution, waste and water.
- Zero major HSSE, human right and corruption cases.
- Full compliance with Task Force on Climate-Related Financial Disclosures (TCFD) by FY2024 and the attainment of a "4" or better rating on FTSE4Good Bursa Malaysia by FY2025.

OUR SUSTAINABILITY REPORTING PRACTICES

PGB's standalone Sustainability Report 2023 serves as a tool to highlight the key Value Creation and ESG initiatives undertaken by the Group for the year under review. It aims to communicate how we are progressively assessing and fine-tuning our sustainability agenda in order to achieve our business goals. It can be accessed in digital format on our corporate website at www.petronas.com/pgb/sustainability/reporting.

Our reporting practices are guided by local and international statutory and reporting frameworks, particularly Bursa Malaysia Securities Berhad's (Bursa Malaysia) Sustainability Reporting Guide (3rd Edition), as well as the updated FTSE4Good Bursa Malaysia Index's ESG indicators. We are also guided by the reporting requirements of organisations such as the International Petroleum Industry Environmental Conservation Associations' sustainability reporting guidance for the oil and gas industry (4th Edition, 2020) and the Global Reporting Initiative Universal Standards 2021.

TOWARDS SUSTAINABLE GROWTH

Even as the agenda of sustainability had gained more prominence and is now being embedded in greater measure within PGB, we have greater clarity on what we need to do as we set out to achieve sustainable business success and growth.

To augment our sustainability efforts and ensure a balanced business strategy is in place, we will leverage the PGB Sustainability Blueprint which addresses all the essential elements within PGB's four Sustainability Lenses. This blueprint provides the Group a holistic roadmap that points out how we are to achieve our sustainability ambitions.

As we venture forth to realise PGB's sustainability aspirations, our leadership will adopt a laser-focused approach and leverage the approved initiatives and milestones specified in the blueprint. Our goal is to embed effective sustainability practices and inculcate a robust sustainability culture across all our business operations. Once the fundamental building blocks are laid, we will focus on rolling out our sustainability programmes in the most efficient manner to achieve and sustain the set targets.

SUSTAINABILITY PRACTICES

While the pathway for our internal plan has been neatly laid out, we are mindful that there are still a host of external challenges from the dynamic environment that we operate in which need to be considered. In order for PGB to be able to manoeuvre through the complexities of the marketplace, we will ensure that our internal structure and capabilities across the organisation are adequately resourced and well-primed.

This will help us to address all risks and opportunities that may come our way in a timely and effective manner.

Moving forward, the agenda of sustainability will continue to serve as a central feature of our overall business strategy. We intend to make the best use of our existing sustainability initiatives and practices while remaining open and flexible to adopt new ones. This is all the more important given the uncertain, ever-evolving market landscape in which we operate. As we make the most of our value creation activities and good progress on the ESG fronts for the benefit of all, we remain confident of reinforcing PGB's position as a model for responsible corporate behaviour.

SUSTAINABILITY KEY MILESTONES



2005 – 2010

- Implemented Programme Sentuhan Kasih PETRONAS
- Executed Building Leaders programme
- Commissioned Acid Gas Oxidiser (AGO) to reduce acid gas emissions



2011

- Certified with MS ISO 14001:2004 (Environmental Management System)
- Implemented 4G Initiative (Green Care, Green Mind, Green Ownership and Green Growth)



2012

- 32% savings of waste-handling costs resulting from 4G initiative
- Implemented Programme Bakti Pendidikan PETRONAS (PBPP), which is now rebranded as Programme Sentuhan Ilmu PETRONAS



2013

- 50% reduction of energy consumption resulting from 4G Initiative
- Launched Seeding programme to develop future talents by recruiting fresh graduates
- PGB greenhouse gas emission reporting enhancement via SANGEA® software



2017

- Launched Mangrove Tree Planting programme at Hutan Simpan Kekal Kuala Paka
- Organised "Jom Buat Mudball" activity which was one of the activities planned under the Sayangi Sungai Paka programme launched back in 2015
- Utilities Kertih Plant Sustainable Water Management Project announced the winner for Special Project Award (Gold) of the Prime Minister's Hibiscus Award (PMHA) 2016/2017



2016

- Developed a structured Leak Detection and Repair (LDAR) programme to monitor fugitive emissions
- Commenced installation of Predictive Emission Monitoring System (PEMS)
- Displayed Accelerating Culture Change (ACC) programme



2015

- Installed cogeneration (COGEN) unit
- Collaborated with Malaysian Nature Society (MNS) to preserve the biodiversity of Sungai Paka
- Collaborated with Yayasan Salam Malaysia on the Livelihood programme



2014

- Commissioned Flare Gas Recovery Unit (FGRU), resulting in reduction of flaring emission
- Mercury management through Hycapture™ Hg
- Installed high pressure online washing at gas turbines inlet to reduce energy consumption



2018

- Launched 'Sayangi Sungai Latoh' programme
- Conversion of ISO14001:2004 into ISO14001:2015
- Received Green Apple Award for water conservation project at Utilities Kertih
- Diamond Project at GPS bestowed with the "5 Stars Band Award Project" from Malaysia Productivity Cooperation (MPC)

SUSTAINABILITY PRACTICES



2023

- Establishment of PGB Sustainability Blueprint and implementation of 14 sustainability-related initiatives.
- Achieved FTSE4Good rating of 4.1 (max 5) which met 2025 ambition and highest amongst subsector peers.
- The greenifying of our portfolio is another core component of our long-term value creation strategy, with PGB exploring several renewable energy projects.
- Established TCFD roadmap to achieve full compliancy by end of 2024.
- Enhanced data collection automation and real-time monitoring of GHG emission via iCON, a GHG accounting and management system.



2022

- Establishment of the Climate Change Risk Management Framework
- Establishment of PGB's NZCE 2050 roadmap
- Establishment of PGB's liability and integrity programmes
- Appointment of PGB Integrity Focal personnel
- Participated in several local and international HSSE awards events such as the APBSP, NCOSH, MSOSH and MiSHA Awards events



2021

- Strengthened PGB's sustainability governance structure via:
 - Formation of the Board Risk Committee;
 - Revision of the Sustainability Working Committee;
 - Appointment of the PGB Sustainability Designated Focal Person;
 - Establishment of the Investment Steering Committee; and
 - Establishment of the Project Delivery Department
- Conducted PGB Sustainability Review
- Inaugural sponsorship of Technical Energy Enrichment programme students
- Received several local and international HSSE awards including the Prime Minister's Hibiscus Awards and others at the RoSPA, ICQCC, and MSOSH Awards events



2019

- Launched 301Q99 Pushing Forward Game Plan to improve energy index, reduction of maintenance cost and increase utilisation
- Commenced implementation of Generative HSSE Culture
- RGTSU Export Compressor (RGTEC) won Silver Award from Anugerah Hijau Negeri Melaka under Green Project Category in Year 2019
- Performed 'Sayangi Sungai Latoh' baseline assessment and tree planting in three phases
- Completion of Predictive Emission Monitoring System (PEMS)
- Participation in Hibiscus Award for seven plants
- Completion and commissioning of COGEN E
- Completion and the start of CO₂ recycling project (COSLA)
- Life Cycle Assessment for GPS and UG



2020

- Migration from OHSAS 18001:2007 to MS ISO 45001:2018 standard
- Retained ISO 14001:2014 certification
- Strengthened Engineering Management of Change Compliance
- Implemented Land Encroachment Mitigation
- Executed Emergency Response Management Readiness
- Implemented Digital Permit to Work implementation across PGB
- Received several local and international HSSE awards including the Prime Minister's Hibiscus Award and others at the MSOSH, HSSE, and British International Safety Awards events
- Completed the PGB Methane Baseline Study
- Performed the Human Health Risk Assessment baseline at Kertih and Pasir Gudang, Regional Office
- Conducted the PGB Net Zero Carbon Emissions (NZCE) Roadmap Workshop, Reclassification of EIA Eight Off-Site Hazardous Waste Storage to Centralised, Onsite Hazardous Waste Storage

GROUP FINANCIAL REVIEW

UPHOLDING FINANCIAL STRENGTH THROUGH OPERATIONAL EXCELLENCE AND STRATEGIC GROWTH

Dear Valued Shareholders,

In 2023, PGB demonstrated resilience to record a strong financial performance despite continuing to face external headwinds such as elevated fuel gas prices and a weakening Ringgit. Our steadfast commitment to operational excellence and delivering enhanced cost efficiencies played a vital role in mitigating the impact of these challenges.

DELIVERING COMMENDABLE FINANCIAL RESULTS

Group revenue increased by 4.6% or RM285.25 million, reaching RM6,445.42 million in 2023. This notable uptick was predominantly driven by the Utilities segment, which benefited from higher product prices in tandem with elevated fuel gas price due to an upward revision of Imbalance Cost Pass-Through (ICPT) tariff for the year.

The Group recorded a strong financial performance for the full year 2023 on the back of continued operational excellence and further supported by stronger margin from Utilities segment.

SHAHRUL AZHAM SUKAIMAN
Chief Financial Officer



GROUP FINANCIAL REVIEW

However, gross profit experienced a decline of 2.6% or RM60.68 million during the year at RM2,287.01 million, with the contributions of our Gas Processing and Regasification segments contracting of elevated operating expenses, particularly depreciation costs. This was also compounded by lower revenue resulting from lower transportation and regasification tariffs under Regulatory Period 2 (RP2). The impact was partially offset by increased contributions from the Utilities segment, which saw higher revenue and enhanced margins in line with higher product prices and favourable ICPT tariff movement.

Our PBT meanwhile, improved by 5.1% or RM116.65 million, on the back of higher share of profit from joint venture companies, lower financing costs and lower impact from unfavourable foreign exchange movement following early settlement of a USD lease liability.

Profit for the period of RM1,901.04 million also increased in tandem with our higher PBT, rising by 8.1% or RM142.57 million. This upturn was further amplified by reduced tax expenses, most notably the absence of the Prosperity Tax imposed in FY2022.

Correspondingly, our EBITDA has increased by 0.7% or RM22.63 million to RM3,267.15 million in 2023, while earnings per share increased by 10.6%, indicative of the higher profits attributable to shareholders of the Company. Total assets declined marginally by 1.9% or RM369.12 million to RM19.32 billion, with cash and cash equivalents impacted by our early settlement of USD denominated long-term contract.

Backed by our improved performance over 2022, the Group has distributed four (4) single-tier interim dividends for the financial year 2023, amounting to 72.0 sen per share and surpassing

RM1.42 billion. This equates to a 78.3% payout ratio of the Group's net earnings in 2023, reaffirming our dedication to maintaining a robust level of returns to shareholders even as we navigate a challenging economic climate.

RESPONDING TO MARKET DYNAMICS

In 2023, we encountered familiar market challenges reminiscent of the previous year, with elevated gas prices impacting our costs for internal gas consumption and a weakening Ringgit increasing our exposure to currency exchange losses.

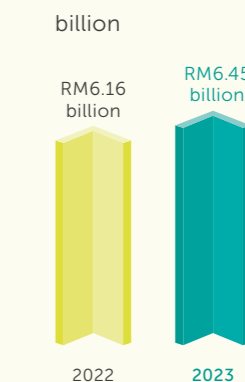
While gas prices eased early in the year, it remained above pre-2022 levels as geopolitical conflicts continue to place upward pressure on fuel costs. Although higher gas prices result in higher Utilities revenue from customers, electricity tariffs are set at par with TNB tariff to remain competitive. Additionally, with operating cost exposed to gas price fluctuations, our Utilities segment thus faces the most impact.

Despite the upward revision of ICPT tariff benefiting our utilities segment, internal gas consumption costs persisted at an elevated level across the Group. Mitigating this required consistent optimisation of our consumption of natural gas, coupled with simultaneous efforts to enhance cost efficiency in services and materials.

We also had to be proactive in addressing the freefalling Ringgit against the US dollar, which reached its lowest point in 25 years due to rising risk aversion amid escalating turmoil in the Middle East. Our successful early settlement of USD-denominated CAPEX hire fees, amounting to USD233.61 million, significantly reduced our exposure to forex movements, resulting in increased profits for the year and sustain dividend payouts to shareholders.

GROUP REVENUE

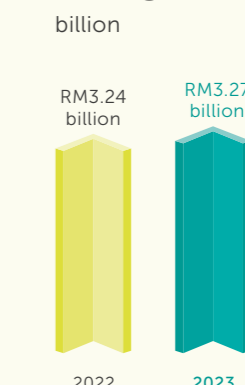
RM6.45 billion



increased by 4.6%

EBITDA

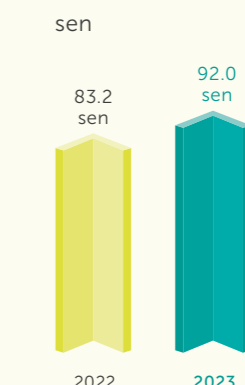
RM3.27 billion



increased by 0.7%

EARNINGS PER SHARE

92.0 sen



increased by 10.6%

GROUP FINANCIAL REVIEW

Early settlement of our long-term USD lease liability for floating storage units at Regasification Terminal Sungai Udang has served to significantly mitigate our forex exposure and increase profitability in 2023.

Moving forward, we will continue to mitigate the impact of upward pressures on operating costs by enhancing our commitment to cost discipline and internal efficiencies, leveraging on Group-wide experience and the expertise of our on-ground teams to uncover new solutions to minimise internal gas consumption and optimise operating costs.

SEGMENTAL PERFORMANCE AND OUTLOOK

In 2023, the Group's two regulated business segments i.e., our Gas Transportation and Regasification businesses, moved into the Regulatory Period 2 (RP2), which will run until 2025. Gas transportation revenue decreased by 2.1% or RM24.29 million as a result of lower RP2 transportation tariff, despite being cushioned by the introduction of the new compression tariff effective 1 January 2023. Profit was however comparable at RM562.22 million on lower revenue was partially offset by lower operating expenses, mainly due to lower internal gas consumption. Similarly, revenue from the Regasification segment also contracted by 4.2% in line with lower RP2 tariff, while overall profit was further impacted by depreciation expenses in tandem with higher capital expenditure.

It should be noted that the introduction of new revenue adjustments in RP2 will enable the recovery of certain costs related to asset value adjustments, foreign exchange losses and escalating Internal Gas Consumption prices, which will be reflected in the subsequent financial period.

We nevertheless remain wary of escalating operational costs and will actively engage with regulators to align expectations and enhance the financial positioning of our Gas Transportation and Regasification segments.

In the coming year, the newly completed 10km gas pipeline to Banting is anticipated to grow revenue in the Gas Transportation segment, while the Regasification segment has sanctioned one new project – a third LNG storage at Pengerang which is expected to contribute positively to the Group's annual PBT upon realisation.

As the Gas Processing segment concluded the final year of the Second Term of the GPA, revenue witnessed a 1.8% increase, amounting to RM31.41 million, primarily driven by

the attainment of higher performance incentives. However, profit margin dipped on the back of elevated operating expenses, particularly in the form of increased depreciation expenses following the completion of several capital projects.

The segment will move into the 3rd Term of the GPA next year, which runs from 2024 to 2028. With the five-year contract fixing the segment's base revenue based on the charge for reservation, our focus remains on optimising profitability by achieving the operational performance criteria to qualify for increased incentives.

In the Utilities segment, revenue demonstrated robust growth, surging by 18.4% or RM337.95 million mainly attributable to higher products prices in tandem with elevated fuel gas price supported by higher electricity tariff in line with upward revision of ICPT. The ICPT tariff stood at 20 sen/kwh in the initial six months of 2023 and 17 sen/kwh in the second half of the year, averaging 18.5 sen/kwh over the year - a substantial increase from the 3 sen/kwh average in 2022. Coupled with improved terms in contract renewals, the segment's profit experienced a significant boost, rising by 106.1% or RM149.67 million during the year.

In a favourable development that will support Utilities revenue in the coming year, the Suruhanjaya Tenaga announced in December that the current ICPT tariff will be maintained for the first half of 2024. Segment revenue will be further bolstered in line with the successful commissioning of a new facility at Utility Kertih (UK) in October 2023 to supply utilities to PCC Oxyalkylates Malaysia Sdn. Bhd. (PCCOM). In addition, a newly sanctioned Air Separation Unit (ASU) project at Pengerang, to harness cold energy utilisation from LNG at RGTP, is expected to contribute positively to the segment upon operation.

GAS TRANSPORTATION SEGMENT

Revenue
▶ **RM1,144.1** million

GAS PROCESSING SEGMENT

Revenue
▶ **RM1,778.2** million

REGASIFICATION SEGMENT

Revenue
▶ **RM1,352.3** million

UTILITIES SEGMENT

Revenue
▶ **RM2,170.8** million

SAFEGUARDING OUR FINANCIAL HEALTH

Throughout 2023, the Group relied on established strategies and adhered to the principles outlined in our Strategic Agenda to fortify our financial well-being.

Increasing Cost Efficiencies

The impact of economic headwinds and rising operational expenses across the Group in 2023 has prompted intensified efforts to optimise costs and bolster fiscal discipline across the Group. While our business model benefits from revenue stability in the form of long-term contracts, stringent measures are essential to control expenditure and mitigate costs that could compromise our margins.

A steadfast culture of cost discipline continues to be instilled in our day-to-day operations, leaving no avenue unexplored in the pursuit of optimising consumption and enhancing operational efficiencies. Over the past year, we focused on enhancing our preventive maintenance framework with the objective of extending the intervals for plant turnaround maintenance. This enables us to save on associated costs while maintaining robust safeguards against breakdowns and service disruptions that could otherwise escalate operating expenses.

We have simultaneously leveraged on digital transformation initiatives to achieve greater cost optimisation. The Unified Operational Centre (UOC) established in Segamat in 2022 utilises cutting-edge machine learning and technology to enhance the supply chain of our Gas Transportation and Regasification products. Since its inception, efficiencies from the UOC have generated an estimated RM11 million in value, while maintaining our Operational Performance at a world-class benchmark of 99.9% reliability.

GROUP FINANCIAL REVIEW

We continue to make targeted investments to our infrastructure to achieve our objectives, with a notable development in 2023 being the installation of new pipeline meters with greater accuracy in measuring utilisation, thereby optimising our cost per unit.

In 2023, PGB recorded a total capital expenditure (CAPEX) of RM1.22 billion. Looking ahead, our commitment remains a steadfast in concentrating efforts on advancing and implementing viable growth plans to secure a consistent level of returns of shareholders.

Optimised Capital and Cash Management

In a challenging operational landscape marked by escalating costs impacting our profitability, the Group's rigorous approach to adeptly managing its capital and fostering fiscal discipline remains pivotal in enhancing our financial resilience. We continually assess our funding requirements and financing strategies, aiming to optimise the capital structure and cost of capital as we stay mindful of adverse market conditions affecting both our regulated and unregulated businesses.

In 2023, the Group made significant progress in successfully negotiated early settlement of the USD-denominated CAPEX Hire fee for the provision of Floating Storage Units at Regasification Terminal Sungai Udang. This strategic prepayment has substantially reduced of the Group's foreign currency exposure, improving our earnings stability going forward.

During the year under review, the Group continued to utilise its RM1.30 billion financing facility with RHB Islamic Bank Berhad to fund its growth in the Gas Transportation business. As at 31 December 2023, the total amount drawn down increased to RM1.17 billion.



Gas Processing Santong

GROUP FINANCIAL REVIEW

As of 31 December 2023, the Group's gearing stood at 18.6% (inclusive of arrangements accounted for as leases under MFRS). With the concurrent generation of robust net cash inflows, our financial position remains robust, positioning us favourably to embark on new projects as opportunities arise. The Group is closely monitoring its total debt to total asset ratio to maintain a prudent level that optimises our capital structure and ensures ongoing compliance with covenants under our agreements.

The Group's cash and cash equivalents are held predominantly in In-House Accounts managed by PETRONAS Integrated Financial Shared Service Centre to enable more efficient cash management. At the conclusion of the financial year, cash and cash equivalents amounted to RM3.03 billion, marginally reduced owing to the early settlement of the aforementioned USD-denominated lease liability, but nevertheless retaining the Group's robust liquidity position.

The Group's fund investments activities are mostly managed by PETRONAS' Group Treasury, and comprises primarily of money market placements. These investments are managed in accordance with existing policies and guidelines that define the parameters within which the investment activities shall be undertaken in order to achieve the Group's investment objective of preserving capital and generating optimal returns within allowable risk parameters.

We will uphold a prudent capital management approach that strikes the right balance between investing to foster business growth, ensuring financial stability and distributing robust returns to our shareholders.

The Group remains committed to its dividend policy that stipulates a payout ratio of around 50% of the consolidated profit after tax and non-controlling interests, and has continued to surpass this threshold. Backed by our robust operational and financial performance, our payout ratios have consistently exceeded 70% over the past five years, underscoring our commitment to reward shareholder loyalty. In the coming year, the Group remains committed to ensuring a sustained level of returns to shareholders despite facing a more challenging operating environment.

Looking ahead, our capital management approach will remain prudent, as we strike the right balance between investing to foster business growth, ensuring continuous financial prudence and distributing robust returns to our shareholders.

PROACTIVELY MANAGING OUR FINANCIAL RISKS

As we confront persistent market volatility characterised by currency fluctuations and elevated fuel gas prices, our focus remains on mitigating the adverse effects of these and other factors. This involves adeptly adapting to market conditions to reduce our exposure, integrating strategic processes into our operations and enhancing our engagement with regulators to negotiate favourable contractual and regulatory terms.

Our prudent financial governance remains guided by the PETRONAS Financial Policy (PFP), supported by the PETRONAS Financial Standards (PFS), which outlines the principles and requirements that promote effective implementation of financial management including financial risk management practices. We constantly monitor, assess and review our risk profile to ensure robust risk management practices remain a fundamental component of our business.

Through the proactive management of the following risks, we aim to minimise the impact of external factors on our bottom line.

Market Risk

During the year under review, the Group faced market risks primarily related to foreign currency exchange rates and increasing costs for internal gas consumption driven by ongoing geopolitical instability.

In 2023, we demonstrated considerable agility and forward thinking to swiftly mitigate a significant portion of our exposure to currency market fluctuations by negotiating favourable terms for the early settlement of our long-term USD contract for floating storage units at RGTSU.

In further managing and counteracting the impact of rising gas costs, the Group has amplified its commitment to projects and initiatives aimed at optimising internal gas consumption and other operating expenses, leveraging on the expertise and experience of our on-ground teams to seek new solutions.

To facilitate hedging activities that address transactional exposure in the immediate term, the Group relies on the PETRONAS Group Treasury Division, which possesses in-house expertise in such transactions. All transactions entered into by the Group are non-speculative and comply with the PETRONAS Group-wide policies and guidelines.

GROUP FINANCIAL REVIEW



Gas Processing Santong

Credit Risk

The Group has continued to uphold stringent credit management processes and procedures, encompassing customer credit assessments, deliberations on credit limits and the establishment of collateral requirements to mitigate potential losses. These measures are in place to ensure our preparedness to accommodate new customers, including those arising from our growth projects, as well as potential new shippers and capacity users under Third Party Access.

Liquidity Risk

The Group's liquidity position remains robust, with substantial cash reserves and sufficient credit headroom. We uphold rigorous monitoring of both receivables and payables to further mitigate potential liquidity risk. Consequently, we maintain a strong liquidity position that empowers the Group to assuredly navigate the ongoing uncertain economic environment while remaining poised to capitalise on potential opportunities.

MOVING FORWARD

I believe that external forces notwithstanding, the fundamentals of our business and industry are in good health. With revenue steady due to stable long-term contracts, our success and profitability moving forward will rest on our ability to control and optimise our costs, while effectively mitigating our exposure to external market and geopolitical forces.

Guided by PGB's Strategic Agenda, our focus will remain on sustaining our operational, commercial and project excellence. Our ability to maintain plant reliability and equipment effectiveness is vital for us to reap the benefits of regulatory or contractual incentives tied to our performance. We must also develop stronger collaboration with our regulators and business partners, fostering a deeper mutual understanding of cost and operational impacts to maximise the value gained from the contracts and deals that we have entered into.

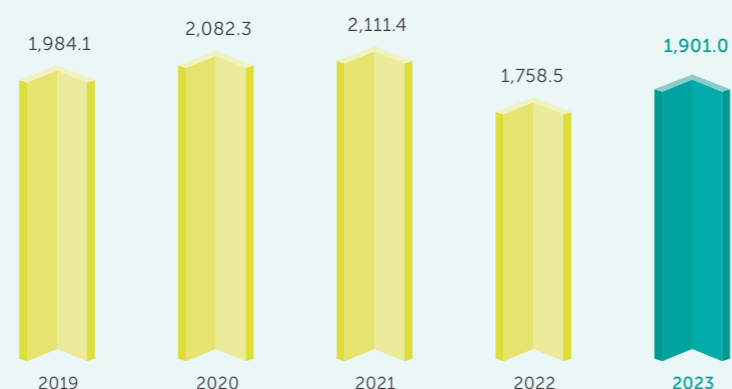
Despite the potential for market fluctuations, we remain optimistic of achieving healthy results in the upcoming year. Leveraging our expertise, committed team and financial strength, we remain focused on effectively mitigating external factors beyond our control while simultaneously unlocking greater internal efficiencies and seizing viable growth opportunities. We remain well-positioned to provide sustainable returns to our stakeholders over the long term.

SHAHRUL AZHAM SUKAIMAN

Chief Financial Officer

5 YEARS GROUP FINANCIAL REVIEW

PROFIT AFTER TAX (RM million)



Analysis

2019

Achieved full commercial operations for Air Separation Unit project in Pengerang, Johor under Pengerang Gas Solutions Sdn. Bhd., a 51% joint venture of the Group.

Compared to 2018, profit was higher driven by higher share of profit from joint ventures, unrealised foreign exchange gains from translation of USD denominated lease liabilities and higher interest income from fund investment.

2020

Compared to 2019, profit was higher mainly driven by lower operating costs.

2021

Compared to 2020, profit was higher driven by stronger Utilities product margins coupled with new revenue stream from LNG ancillary services.

2022

Compared to 2021, profit was lower as a result of lower contribution from all segments following higher operating expenses, mainly fuel gas and internal gas consumption expenses in tandem with elevated of Malaysia Reference Price (MRP).

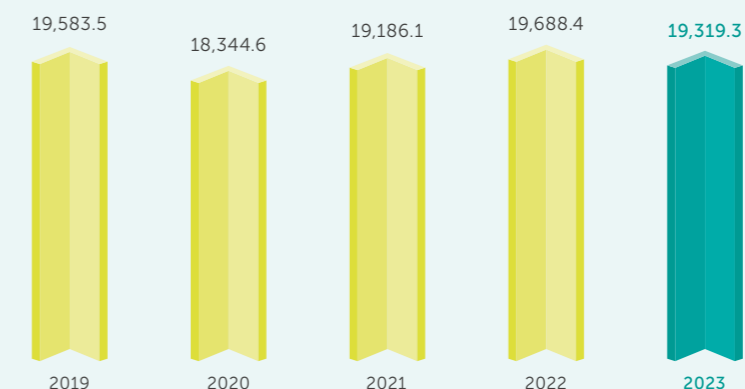
This was partly mitigated by the favourable impact of improved terms in the Utilities' revenue contract renewals which allow a more balanced cost pass-through to customers.

2023

Compared to 2022, profit was higher on the back of continued operational excellence and further supported by stronger margin from Utilities segment as well as higher contribution from joint venture companies.

5 YEARS GROUP FINANCIAL REVIEW

TOTAL ASSETS (RM million)



Analysis

Item	2019	2020	2021	2022	2023
Property, plant and equipment	13,246.5	13,216.2	13,272.4	13,408.4	13,630.5
Fixed assets	12,355.3	11,856.0	11,481.9	11,435.0	11,446.9
Project-in-progress	891.2	1,360.2	1,790.5	1,973.4	2,183.6
Trade and other receivables	954.9	744.5	889.6	990.0	926.6
Cash and cash equivalents	4,021.7	3,138.9	3,782.5	4,026.2	3,027.9

2019

Compared to 2018, total assets grew by 7% mainly contributed by higher PPE balance following adoption of MFRS 16 Leases which resulted in recognition of right-of-use assets effective 1 January 2019 and higher cash and cash equivalents generated from operating activities.

2020

Compared to 2019, total assets were lower by 6% largely attributable to lower cash and cash equivalents following higher dividends paid.

2021

Compared to 2020, total assets increased due to higher cash balances contributed by cash generated from operations, amidst lower cash used from financing activities.

2022

Compared to 2021, total assets increased due to higher cash balances contributed by cash generated from operations, higher PPE balances in tandem with higher spending on capital expenditure for new projects and higher receivables balances in line with higher revenue.

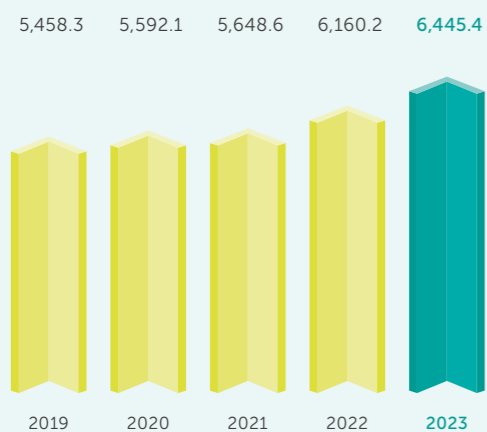
2023

Compared to 2022, total assets decreased due to lower cash balance as a result of early settlement of a lease liability, partially offset by higher property, plant and equipment balances and investments in joint ventures balances in tandem with higher capital expenditure and share of profit respectively.

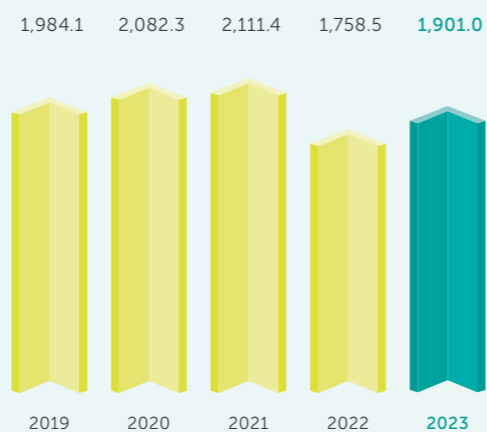
5 YEARS GROUP FINANCIAL SUMMARY

Year	2019	2020	2021	2022	2023
Revenue (RM million)	5,458.3	5,592.1	5,648.6	6,160.2	6,445.4
Profit after tax (RM million)	1,984.1	2,082.3	2,111.4	1,758.5	1,901.0
EBITDA (RM million)	3,502.8	3,566.2	3,558.3	3,244.5	3,267.2
Dividend per share (sen)	82.0	127.0	82.0	72.0	72.0
Earnings per share (sen)	97.8	101.6	100.5	83.2	92.0
Total assets (RM million)	19,583.5	18,344.6	19,186.1	19,688.4	19,319.3
Total equity (RM million)	13,565.2	12,968.6	13,339.5	13,409.8	13,815.2
Market capitalisation (RM billion)	32.9	34.0	35.6	33.9	34.4
Closing share price (RM)	16.62	17.18	18.00	17.12	17.40

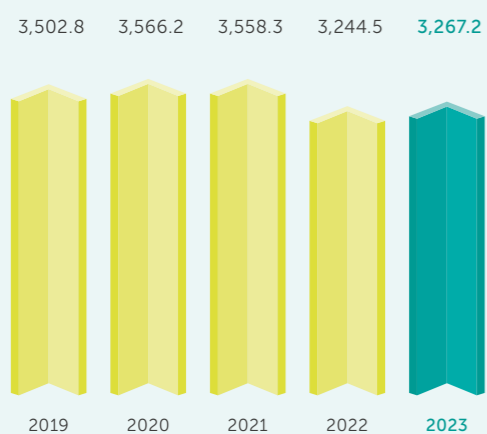
REVENUE (RM million)



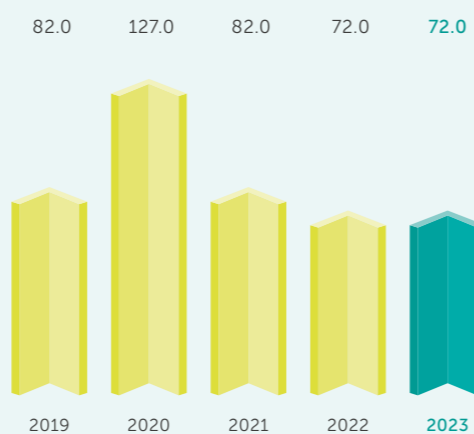
PROFIT AFTER TAX (RM million)



EBITDA (RM million)

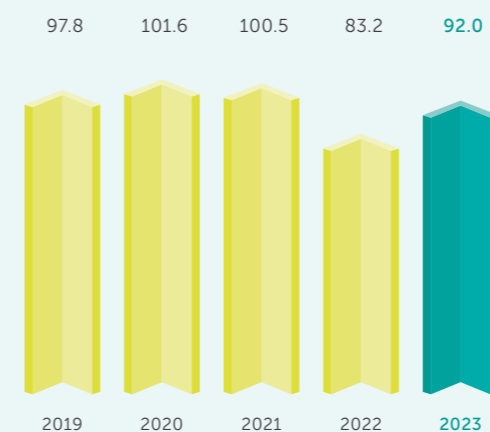


DIVIDEND PER SHARE (sen)

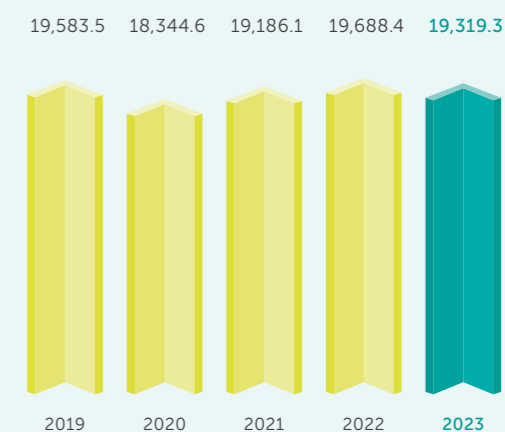


5 YEARS GROUP FINANCIAL SUMMARY

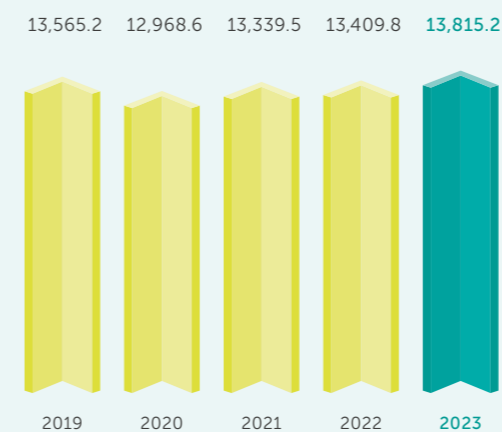
EARNINGS PER SHARE (sen)



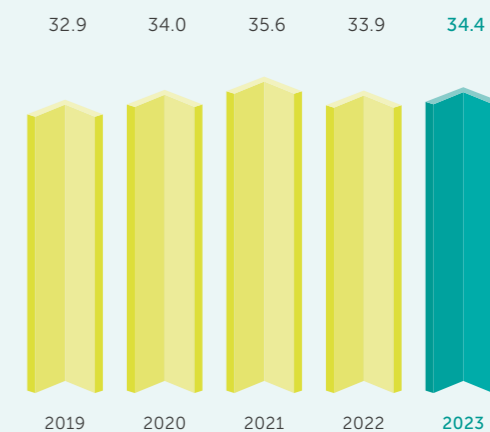
TOTAL ASSETS (RM million)



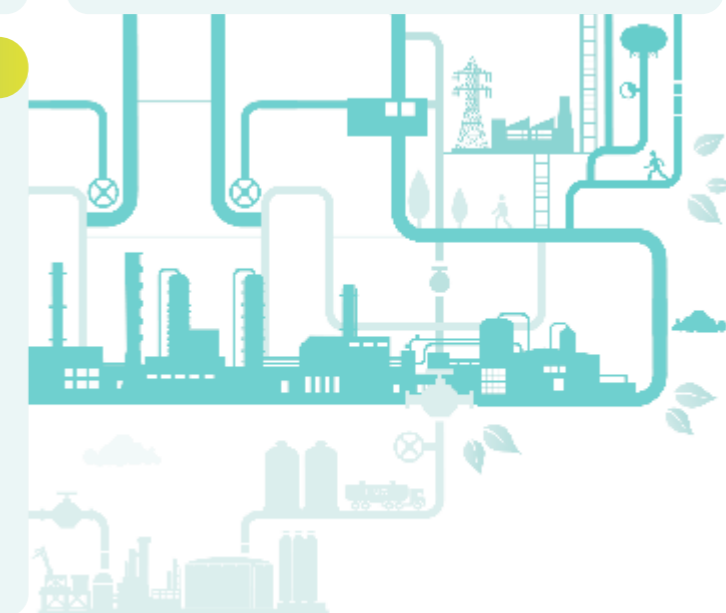
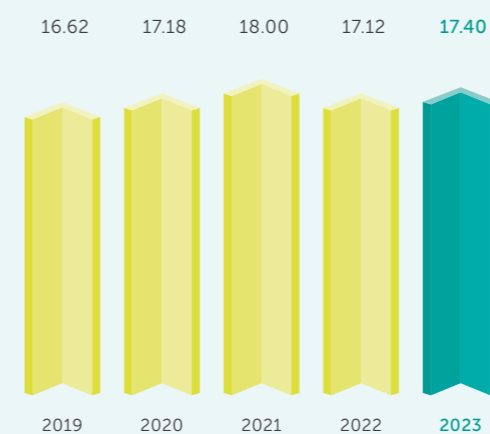
TOTAL EQUITY (RM million)



MARKET CAPITALISATION (RM billion)



CLOSING SHARE PRICE (RM)



5 YEARS GROUP FINANCIAL INFORMATION

Year	2019	2020	2021	2022	2023
Key results (RM million)					
Revenue	5,458.3	5,592.1	5,648.6	6,160.2	6,445.4
By segment :					
Gas Processing	1,702.3	1,710.7	1,719.8	1,746.8	1,778.2
Gas Transportation	1,152.5	1,172.9	1,169.9	1,168.4	1,144.1
Regasification	1,237.9	1,400.0	1,413.5	1,412.1	1,352.3
Utilities	1,365.6	1,308.5	1,345.4	1,832.9	2,170.8
By geography :					
Peninsular Malaysia	5,410.3	5,581.1	5,641.0	6,152.6	6,443.3
Sabah and Sarawak	48.0	11.0	7.6	7.6	2.1
Interest income	154.2	120.9	84.3	120.2	149.2
Cost of revenue	3,071.2	2,935.7	2,928.8	3,812.5	4,158.4
By segment :					
Gas Processing	885.8	766.1	783.3	854.4	981.7
Gas Transportation	353.0	378.0	471.3	605.1	581.9
Regasification	626.9	686.9	602.5	661.2	714.7
Utilities	1,205.5	1,104.7	1,071.7	1,691.8	1,880.1
Financing costs	229.7	219.8	175.0	178.4	126.8
Administration expenses	94.8	125.4	132.0	113.5	131.1
Operating profit	2,555.9	2,670.2	2,659.5	2,320.1	2,273.7
Earnings before interests, taxes, depreciation and amortisation	3,502.8	3,566.2	3,558.3	3,244.5	3,267.2
Profit before taxation	2,462.9	2,610.2	2,641.7	2,269.4	2,386.0
Profit after taxation	1,984.1	2,082.3	2,111.4	1,758.5	1,901.0
Profit attributable to shareholders of the company	1,935.3	2,009.6	1,988.9	1,645.4	1,819.6
Key statement of financial position (RM million)					
Property, plant and equipment	13,246.5	13,216.2	13,272.4	13,408.4	13,630.5
Cash and cash equivalents	4,021.7	3,138.9	3,782.5	4,026.2	3,027.9
Total assets	19,583.5	18,344.6	19,186.1	19,688.4	19,319.3
Borrowings	3,898.9	3,279.4	3,447.1	3,835.7	3,152.5
Total liabilities	6,018.3	5,376.1	5,846.6	6,278.6	5,504.1
Share capital	3,165.2	3,165.2	3,165.2	3,165.2	3,165.2
Reserves	10,080.2	9,469.6	9,933.4	9,982.9	10,389.9
Total equity attributable to shareholders of the company	13,245.4	12,634.8	13,098.6	13,148.1	13,555.1
Non-controlling interests	319.8	333.8	240.9	261.7	260.1
Total equity	13,565.2	12,968.6	13,339.5	13,409.8	13,815.2
Share information					
Earnings per share (sen)	97.8	101.6	100.5	83.2	92.0
Dividend per share (sen)	82.0	127.0	82.0	72.0	72.0
Net assets per share (RM)	6.69	6.39	6.62	6.64	6.85
Closing share price (RM)	16.62	17.18	18.00	17.12	17.40
Number of ordinary shares ('000)	1,978,732	1,978,732	1,978,732	1,978,732	1,978,732
Market capitalisation (RM billion)	32.9	34.0	35.6	33.9	34.4

GROUP QUARTERLY PERFORMANCE

2023					
In RM million	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2023
Operating revenue	1,674.9	1,637.4	1,550.3	1,582.8	6,445.4
Operating profit	555.4	616.0	575.7	526.6	2,273.7
Profit before taxation	556.9	626.1	594.5	608.5	2,386.0
Profit after taxation	448.3	496.0	491.1	465.6	1,901.0
Profit attributable to shareholders of the company	424.2	485.4	468.4	441.6	1,819.6
Earnings per share (sen)	21.5	24.5	23.7	22.3	92.0
Dividend per share (sen)	16.0	16.0	18.0	22.0	72.0

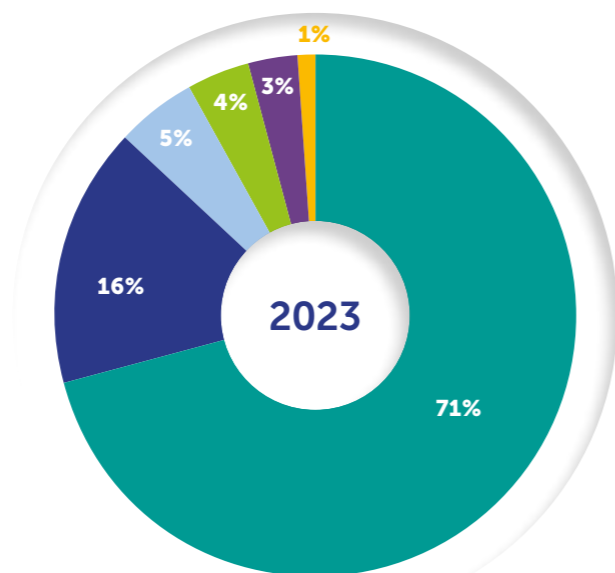
2022					
In RM million	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2022
Operating revenue	1,457.9	1,504.6	1,564.8	1,632.9	6,160.2
Operating profit	599.5	572.0	592.3	556.3	2,320.1
Profit before taxation	588.3	558.3	595.3	527.5	2,269.4
Profit after taxation	437.6	415.5	443.3	462.1	1,758.5
Profit attributable to shareholders of the company	410.6	396.5	425.8	412.5	1,645.4
Earnings per share (sen)	20.8	20.0	21.5	20.9	83.2
Dividend per share (sen)	16.0	16.0	18.0	22.0	72.0

SIMPLIFIED GROUP STATEMENT OF FINANCIAL POSITION

TOTAL ASSETS

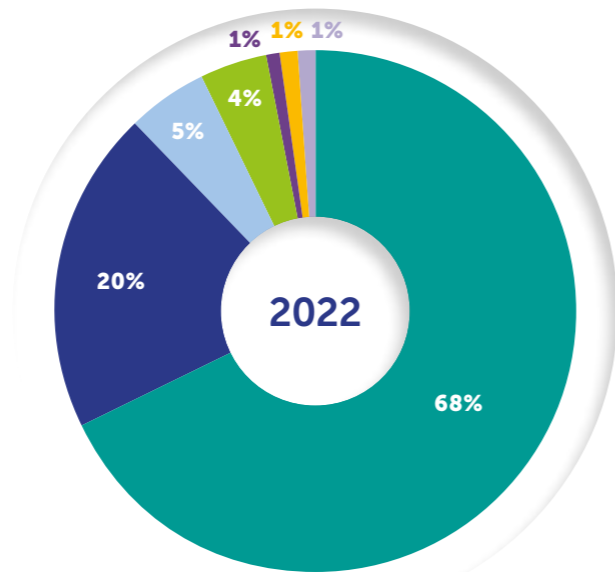
2023
RM19.32 BILLION

Property, Plant and Equipment	71%	●
Cash and Cash Equivalents	16%	●
Trade and Other Receivables	5%	●
Investment in Joint ventures	4%	●
Other Investment	3%	●
Investment in Associate	1%	●
Deferred Tax Assets	0%	
Long-term Receivables	0%	
Trade and Other Inventories	0%	
Tax Recoverable	0%	



2022
RM19.69 BILLION

Property, Plant and Equipment	68%	●
Cash and Cash Equivalents	20%	●
Trade and Other Receivables	5%	●
Investment in Joint ventures	4%	●
Deferred Tax Assets	1%	●
Investment in Associate	1%	●
Long-term Receivables	1%	●
Trade and Other Inventories	0%	
Tax Recoverable	0%	

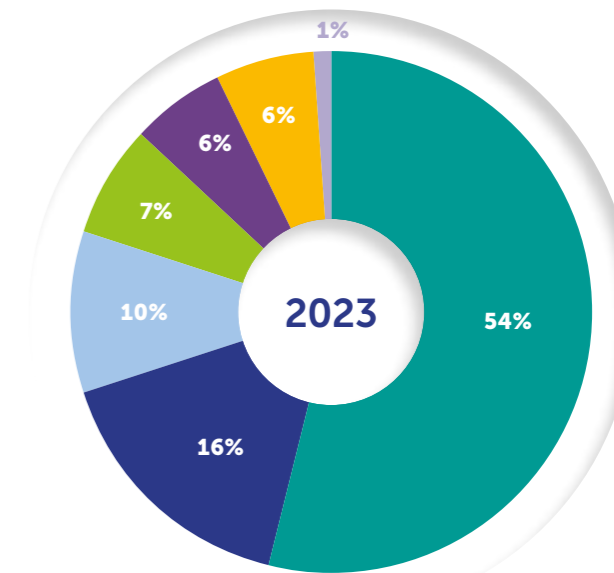


SIMPLIFIED GROUP STATEMENT OF FINANCIAL POSITION

TOTAL EQUITY & LIABILITIES

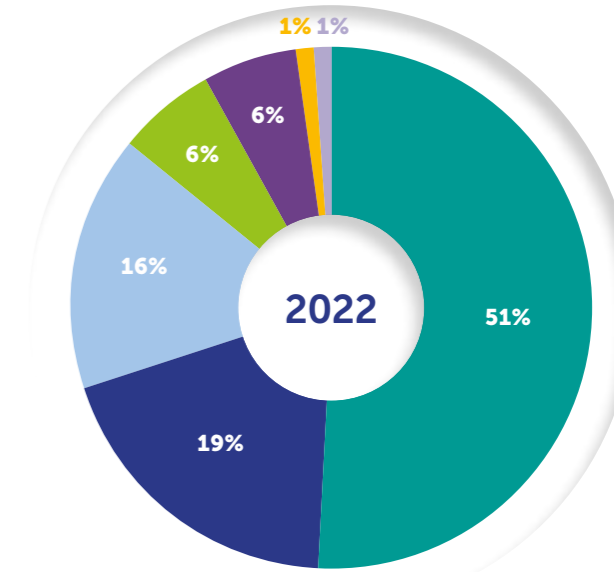
2023
RM19.32 BILLION

Reserves	54%	●
Share Capital	16%	●
Non-current Borrowings	10%	●
Current Borrowings	7%	●
Deferred Tax Liabilities	6%	●
Trade and Other Payables	6%	●
Non-controlling Interests	1%	●
Deferred Income	0%	
Taxation	0%	
Provisions	0%	



2022
RM19.69 BILLION

Reserves	51%	●
Non-current Borrowings	19%	●
Share Capital	16%	●
Deferred Tax Liabilities	6%	●
Trade and Other Payables	6%	●
Non-controlling Interest	1%	●
Current Borrowings	1%	●
Deferred Income	0%	
Taxation	0%	
Provisions	0%	



KEY INTEREST BEARING ASSETS AND LIABILITIES

	2022			2023		
	As at 31 Dec	Effective Interest Rate	Interest Income/ (Expenses)	As at 31 Dec	Effective Interest Rate	Interest Income/ (Expenses)
	RM Mil	%	RM Mil	RM Mil	%	RM Mil
Interest earning assets						
Cash and cash equivalents	4,026.2	2.1-2.4	108.3	3,027.9	2.7-3.7	139.6
Term loans due from a joint venture	181.6	5.5	11.9	128.2	5.5	9.6
Interest bearing liabilities						
Islamic financing facilities*	2,362.7	2.1-3.6	(65.2)	2,564.4	2.2-4.2	(90.2)
Finance lease liabilities*	1,473.0	8.1-9.1	(131.3)	588.1	8.1-8.4	(81.9)

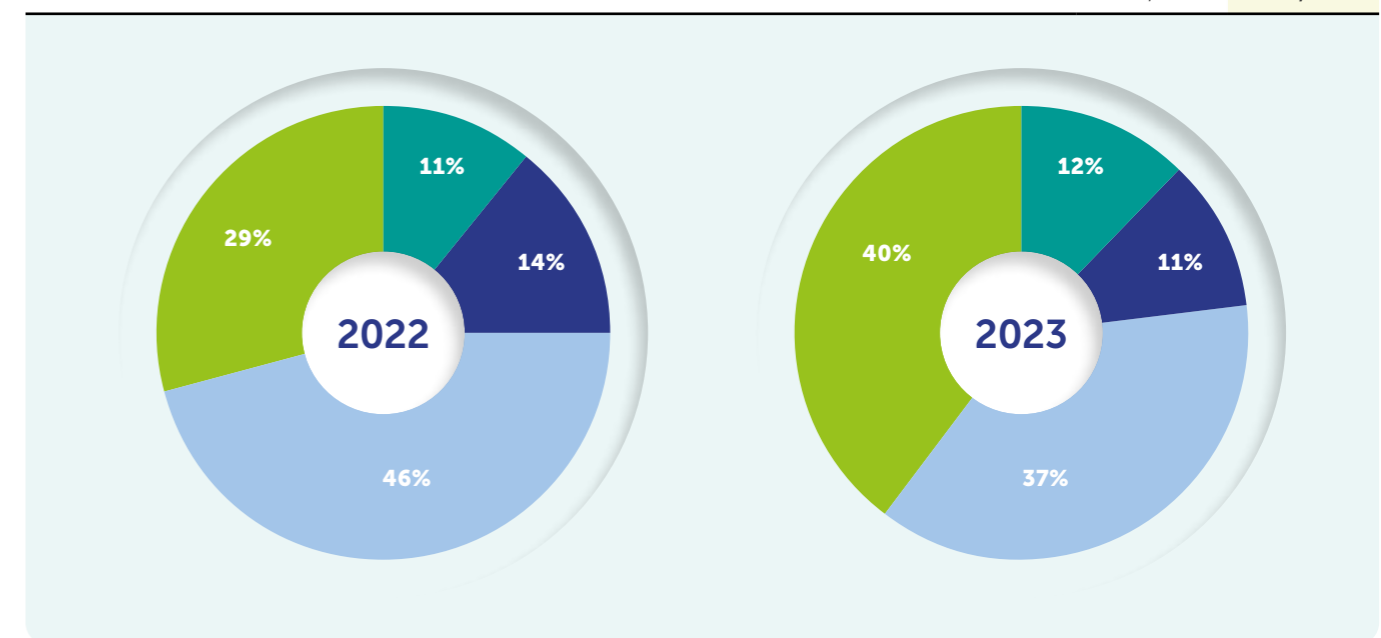
* Part of interest expenses are being capitalised as part of projects-in-progress

STATEMENT OF VALUE ADDED

	2022 RM Mil	2023 RM Mil
Revenue	6,160.2	6,445.4
Purchase of goods and services	(2,457.0)	(2,644.8)
Value added by the Group	3,703.2	3,800.6
Other income and expenses	85.9	117.8
Financing costs	(178.4)	(126.8)
Share of profit after tax of equity-accounted joint ventures and associate	127.7	239.1
Value added available for distribution	3,738.4	4,030.7

DISTRIBUTION OF VALUE ADDED

	2022 RM Mil	2023 RM Mil
To employees		
Employment costs	416.8	493.4
To government		
Taxation	511.4	441.3
To shareholders		
Dividends	1,622.6	1,424.7
Non-controlling interest	113.0	81.4
Retained for reinvestment and future growth		
Depreciation and amortisation	1,052.2	1,151.3
Deferred tax (income)/expense	(0.5)	43.7
Retained profit	22.9	394.9
	3,738.4	4,030.7



INVESTOR RELATIONS

Our annual investor relations programme underscores our commitment to frequent and transparent communication with our stakeholders, featuring a comprehensive calendar of engagement activities held throughout the year. All sessions are led by designated spokespersons, namely our MD/CEO, CFO, Head of Investor Relations and other management personnel where applicable.

Our announcements and engagement sessions are vital platforms to keep investors and other stakeholders apprised of our performance, strategies and objectives, while simultaneously enabling us to understand and address their expectations. We have thus continued to leverage on a mix of physical events and virtual platforms to ensure our activities remain accessible to relevant parties.

We conducted our 40th Annual General meeting (AGM) via livestream from Kuala Lumpur Convention Centre on 11 May 2023, with a virtual press conference held thereafter. In continuing to leverage on this virtual format for our AGM, now in its fourth year, we are pleased to see a steady upward trend in participation. A total of 833 shareholders were logged in via the Remote Participation and Voting (RPV) platform at the commencement of meeting, and a total of 2,146 shareholders participated at any one point in the meeting. All proposed resolutions were duly passed during the AGM, and minutes of the meeting, together with answers to shareholders' queries, were published accordingly on our website.



Quarterly results announcements for 2023 were issued in a timely manner to Bursa Malaysia in alignment with the Main Market Listing Requirements and the Malaysian Code of Corporate Governance 2021. These were complemented by analyst briefings held via virtual webcasts and conference calls to facilitate participation from our multinational audience. All financial results, press statements, session recordings and other relevant updates were made readily available on our website for ease of reference.



We have also continued to facilitate physical engagement with our investors, with four investor conferences and two investor site visits undertaken in 2023. Two of these events were undertaken in collaboration with CGS-CIMB, namely the CGS-CIMB 15th Annual Malaysia Virtual Corporate Day 2023 in January, and the CGS-CIMB Environmental, Social, and Governance (ESG) and Sustainability Conference in October.

Through the comprehensive suite of investor relations activities held during 2023, we were able to delve meaningfully into the various aspects of our ongoing performance, keeping investors updated on the challenges and opportunities present in the market landscape, the external factors impacting our operating environment, as well as our strategies and plans to drive business stability and growth. In a climate of increasing focus on sustainability, we also leveraged these sessions to communicate our sustainability goals and strategies, along with the efforts being undertaken to enhance our practices.

We remain committed to providing stakeholders with full accessibility to our performance and results, with all company information made available at www.petronas.com/pgb. For specific investor related queries and feedback, we can be reached at ir.petronasgas@petronas.com.

A total of **833** shareholders were logged in via the Remote Participation and Voting platform



INVESTOR RELATIONS

INVESTOR RELATIONS ACTIVITIES

QUARTERLY RESULTS ANNOUNCEMENTS:

	Announcement Date	Briefing Date	Type of Meeting
Quarter 1	22 May 2023	22 May 2023	Webcast and Conference Call
Quarter 2	25 Aug 2023	25 Aug 2023	
Quarter 3	20 Nov 2023	20 Nov 2023	
Quarter 4	27 Feb 2024	27 Feb 2024	

INVESTOR CONFERENCE:

Date	Event	Location
4-6 Jan 2023	CGS-CIMB 15th Annual Malaysia Virtual Corporate Day 2023	Kuala Lumpur, Malaysia
27 Jan 2023	PGB Briefing Session on Regulatory Period 2 (RP2) Tariff	Kuala Lumpur, Malaysia
8-9 Jun 2023	Sabah Oil and Gas Conference Exhibition (SOGCE) 2023	Kota Kinabalu, Sabah
17 Oct 2023	CGS-CIMB Environmental, Social, and Governance (ESG) and Sustainability Conference	Kuala Lumpur, Malaysia

INVESTOR SITE VISIT:

Date	Event	Location
7 Jun 2023	CLSA Visits to Kimanis Power Sdn. Bhd.	Kimanis, Sabah
5 July 2023	BIMB Securities) Visit to PETRONAS Gas Control Centre (PGCC) and Unified Operation Centre (UOC)	Segamat, Johor

ANNUAL GENERAL MEETING:



Shareholders and Representatives:

833 participated via Remote Participation and Voting (RPV) platform at the commencement of meeting

2,146 participated at any point of time in the meeting

Number of Sessions for Capital Market Engagement

71
2022: 75

INVESTOR RELATIONS

2023 SIGNIFICANT ANNOUNCEMENTS

9 February

Kejuruteraan Asastera Bhd (KAB) and Petronas Gas Bhd have entered into a joint venture to co-own and undertake a RM230 million power plant project in Sabah which will be the sole energy supplier to Petronas' nearshore floating liquified natural gas facility.

KAB
Announcement/
Press release



16 February

Quarterly report on consolidated results for the financial period ended 31 Dec 2022.

BURSA
Announcement



22 May

Quarterly report on consolidated results for the financial period ended 31 Mar 2023.

BURSA
Announcement



PGB announced the new RP2 tariff was approved and will be effective 1 January 2023. A separate tariff for high-pressure gas delivery tariff for the Peninsular Gas Utilisation (PGU) pipeline network.

Quarterly
Analyst Briefing



23 May

PGB announced repayment of capex hire fee under the time charter parties (TCPs) between Regas Terminal (Sg. Udang) Sdn. Bhd. (RGTSU) and Gas Asia Terminal (L) Pte. Ltd. (GATL).

BURSA
Announcement



9 June

Menteri Besar Terengganu (Incorporated) (MBI) and PGB have inked a Memorandum of Understanding (MoU) to explore potential collaborations pertaining to the proposed development of a mini hydro power plant and management for terminal operations and maintenance in Terengganu.

MBI Terengganu
Announcement/
Press release



25 August

Quarterly report on consolidated results for the financial period ended 30 Jun 2023.

BURSA
Announcement



6 November

Kinergy Advancement Berhad has been awarded a contract by Pengerang LNG (Two), a subsidiary of Petronas Gas Berhad to supply utilities expansion and infrastructure enhancement of 137,000m³ of Liquefied Natural Gas Carriers into a Floating Storage Unit transformation.

KAB
Announcement/
Press release



20 November

Quarterly report on consolidated results for the financial period ended 30 Sep 2023.

BURSA
Announcement



FINANCIAL CALENDAR

2023

16 February

Announcement of the unaudited consolidated results for the 4th quarter ended 31 December 2022

20 June

Date of payment of the first interim dividend for the financial year ended 31 December 2023

24 February

Announcement of the audited financial statements for the financial year ended 31 December 2022

25 August

Announcement of the unaudited consolidated results for the 2nd quarter ended 30 June 2023

15 March

Date of payment of the fourth interim dividend for the financial year ended 31 December 2022

22 September

Date of payment of the second interim dividend for the financial year ended 31 December 2023

11 April

Date of Notice of 40th Annual General Meeting and date of issuance of Integrated Report 2022

20 November

Announcement of the unaudited consolidated results for the 3rd quarter ended 30 September 2023

11 May

40th Annual General Meeting

15 December

Date of payment of the third interim dividend for the financial year ended 31 December 2023

22 May

Announcement of the unaudited consolidated results for the 1st quarter ended 31 March 2023

2024

27 February

Announcement of the unaudited consolidated results for the 4th quarter ended 31 December 2023

25 March

Date of payment of the fourth interim dividend for the financial year ended 31 December 2023

29 February

Announcement of the audited financial statements for the financial year ended 31 December 2023

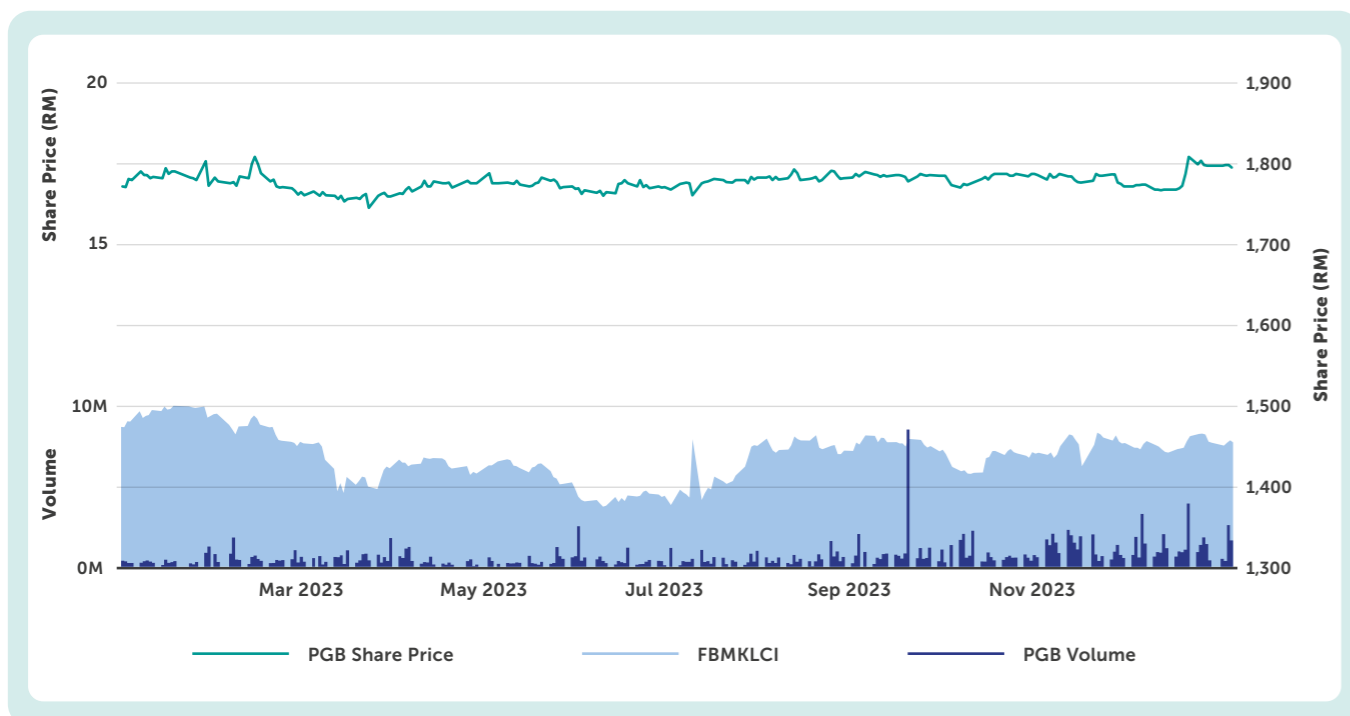
23 April

41st Annual General Meeting

22 March

Date of Notice of 41st Annual General Meeting and date of issuance of Integrated Report 2023

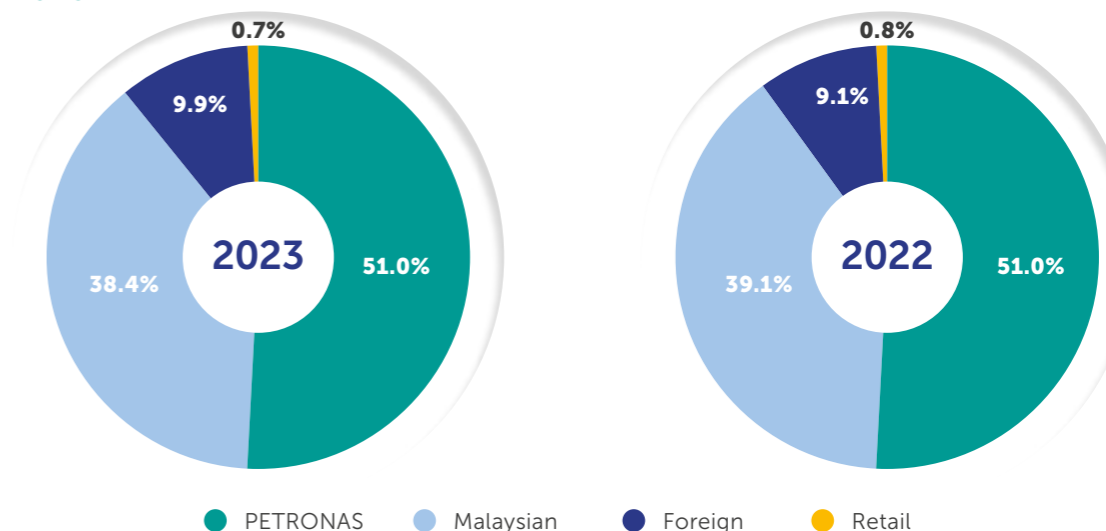
SHARE PRICE PERFORMANCE



SHARE PRICE PERFORMANCE

SHAREHOLDING

BY INSTITUTION



INVESTOR RELATIONS ACTIVITIES



DIVIDEND



RESEARCH COVERAGE

- | | |
|--------------------------------|--|
| 01 AFFIN HWANG INVESTMENT BANK | 08 KAF SEAGROATT & CAMPBELL SECURITIES |
| 02 AMINVESTMENT BANK | 09 KENANGA INVESTMENT BANK |
| 03 BIMB SECURITIES | 10 MACQUARIE CAPITAL SECURITIES |
| 04 CGS-CIMB SECURITIES | 11 MAYBANK INVESTMENT BANK |
| 05 CLSA SECURITIES | 12 MIDF AMANAH INVESTMENT BANK |
| 06 HONG LEONG INVESTMENT BANK | 13 RHB INVESTMENT BANK |
| 07 J.P. MORGAN SECURITIES | 14 TA SECURITIES |