



# PETRONAS Group Quarterly Report

For First Quarter 2021

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# QUARTERLY REPORT

## FOR FIRST QUARTER ENDED 31 MARCH 2021

The Board of Directors of PetroliaM Nasional Berhad ("PETRONAS" or the "Company") is pleased to announce the following unaudited condensed consolidated financial statements of PETRONAS Group for the first quarter ended 31 March 2021 which should be read in conjunction with the accompanying explanatory Notes on pages 7 to 20.

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

In RM Mil	Individual quarter ended 31 March	
	2021	2020
Revenue	52,546	59,593
Cost of revenue	(33,826)	(40,942)
<b>Gross profit</b>	<b>18,720</b>	<b>18,651</b>
Selling and distribution expenses	(2,098)	(2,008)
Administration expenses	(2,309)	(2,419)
Net impairment write-back and (losses)/(write-off) <sup>1</sup>	183	(5,643)
Other expenses	(849)	(1,214)
Other income	1,704	666
<b>Operating profit</b>	<b>15,351</b>	<b>8,033</b>
Financing costs	(1,136)	(663)
Share of profit after tax and non-controlling interests of equity accounted associates and joint ventures	383	121
<b>Profit before taxation</b>	<b>14,598</b>	<b>7,491</b>
Tax expense	(5,303)	(2,971)
<b>PROFIT FOR THE PERIOD</b>	<b>9,295</b>	<b>4,520</b>
<b>Other comprehensive income/(loss)</b>		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Net changes in fair value of equity investments at fair value through other comprehensive income ("OCI")	—	(92)
<i>Items that may be reclassified subsequently to profit or loss</i>		
Net movements from exchange differences	4,273	7,176
Others	1,057	(923)
<b>Total other comprehensive income for the period</b>	<b>5,330</b>	<b>6,161</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>14,625</b>	<b>10,681</b>
<b>Profit attributable to:</b>		
Shareholders of the Company	7,689	3,788
Non-controlling interests	1,606	732
<b>PROFIT FOR THE PERIOD</b>	<b>9,295</b>	<b>4,520</b>
<b>Total comprehensive income attributable to:</b>		
Shareholders of the Company	12,109	8,965
Non-controlling interests	2,516	1,716
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>14,625</b>	<b>10,681</b>

<sup>1</sup> Includes certain amount relating to loss on remeasurement of finance lease receivables.

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

# QUARTERLY REPORT

## FOR FIRST QUARTER ENDED 31 MARCH 2021

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In RM Mil</i>	As at 31 March 2021	As at 31 December 2020
<b>ASSETS</b>		
Property, plant and equipment	289,602	291,717
Investment properties and land held for development	13,375	13,454
Investments in associates and joint ventures	13,337	12,599
Intangible assets	19,718	20,044
Fund and other investments	1,093	1,009
Other non-current assets	49,803	41,854
<b>TOTAL NON-CURRENT ASSETS</b>	<b>386,928</b>	<b>380,677</b>
Trade and other inventories	14,078	12,491
Trade and other receivables	44,245	40,583
Assets classified as held for sale	194	18
Fund and other investments	9,707	9,779
Cash and cash equivalents	138,642	130,523
<b>TOTAL CURRENT ASSETS</b>	<b>206,866</b>	<b>193,394</b>
<b>TOTAL ASSETS</b>	<b>593,794</b>	<b>574,071</b>
<b>EQUITY</b>		
Share capital	100	100
Reserves	324,630	330,521
<b>Total equity attributable to shareholders of the Company</b>	<b>324,730</b>	<b>330,621</b>
Non-controlling interests	51,694	50,413
<b>TOTAL EQUITY</b>	<b>376,424</b>	<b>381,034</b>
<b>LIABILITIES</b>		
Borrowings	80,911	76,808
Deferred tax liabilities	8,243	8,455
Other long-term liabilities and provisions	52,051	51,056
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>141,205</b>	<b>136,319</b>
Trade and other payables	42,537	43,728
Borrowings	12,411	11,421
Taxation	5,217	1,569
Dividend payable	16,000	—
<b>TOTAL CURRENT LIABILITIES</b>	<b>76,165</b>	<b>56,718</b>
<b>TOTAL LIABILITIES</b>	<b>217,370</b>	<b>193,037</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>593,794</b>	<b>574,071</b>

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

# QUARTERLY REPORT

## FOR FIRST QUARTER ENDED 31 MARCH 2021

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<i>Attributable to shareholders of the Company</i>			
	<i>Non-distributable</i>			
	Share Capital	Capital and Other Reserves	Foreign Currency Translation Reserve	Fair Value through OCI Reserve
<i>In RM Mil</i>				
<b>Individual quarter ended 31 March 2021</b>				
Balance at 1 January 2021	100	14,464	30,557	(65)
Net movements from exchange differences	—	—	3,547	—
Others	—	873	—	—
Total other comprehensive income for the period, net of tax	—	873	3,547	—
Profit for the period	—	—	—	—
<b>Total comprehensive income for the period</b>	—	873	3,547	—
Changes in ownership interest in subsidiaries	—	—	—	—
Redemption of redeemable preference shares in a subsidiary	—	—	—	—
Dividends	—	—	—	—
<b>Total transactions with shareholders</b>	—	—	—	—
Balance at 31 March 2021	100	15,337	34,104	(65)
<b>Individual quarter ended 31 March 2020</b>				
Balance at 1 January 2020	100	14,509	30,014	(78)
Net changes of equity investments at fair value through OCI:				
- Changes in fair value	—	—	—	(92)
Net movements from exchange differences	—	—	6,050	—
Others	—	(781)	—	—
Total other comprehensive (loss)/income for the period, net of tax	—	(781)	6,050	(92)
Profit for the period	—	—	—	—
<b>Total other comprehensive (loss)/income for the period</b>	—	(781)	6,050	(92)
Changes in ownership interest in subsidiaries	—	—	—	—
Redemption of redeemable preference shares in a subsidiary	—	271	—	—
Dividends	—	—	—	—
<b>Total transaction with shareholders</b>	—	271	—	—
Balance at 31 March 2020	100	13,999	36,064	(170)

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### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	Attributable to shareholders of the Company				
	Distributable				
In RM Mil	General Reserve	Retained Profits	Total	Non- Controlling Interests	Total
<b>Individual quarter ended 31 March 2021</b>					
Balance at 1 January 2021	12,000	273,565	330,621	50,413	381,034
Net movements from exchange differences	—	—	3,547	726	4,273
Others	—	—	873	184	1,057
Total other comprehensive income for the period, net of tax	—	—	4,420	910	5,330
Profit for the period	—	7,689	7,689	1,606	9,295
<b>Total comprehensive income for the period</b>	—	7,689	12,109	2,516	14,625
Changes in ownership interest in subsidiaries	—	—	—	(13)	(13)
Redemption of redeemable preference shares in a subsidiary	—	—	—	(4)	(4)
Dividends	—	(18,000)	(18,000)	(1,218)	(19,218)
<b>Total transactions with shareholders</b>	—	(18,000)	(18,000)	(1,235)	(19,235)
Balance at 31 March 2021	12,000	263,254	324,730	51,694	376,424
<b>Individual quarter ended 31 March 2020</b>					
Balance at 1 January 2020	12,000	332,551	389,096	49,819	438,915
Net changes of equity investments at fair value through OCI:					
- Changes in fair value	—	—	(92)	—	(92)
Net movements from exchange differences	—	—	6,050	1,126	7,176
Others	—	—	(781)	(142)	(923)
Total other comprehensive (loss)/income for the period, net of tax	—	—	5,177	984	6,161
Profit for the period	—	3,788	3,788	732	4,520
<b>Total other comprehensive (loss)/income for the period</b>	—	3,788	8,965	1,716	10,681
Changes in ownership interest in subsidiaries	—	—	—	1	1
Redemption of redeemable preference shares in a subsidiary	—	(271)	—	—	—
Dividends	—	(24,000)	(24,000)	(2,201)	(26,201)
<b>Total transaction with shareholders</b>	—	(24,271)	(24,000)	(2,200)	(26,200)
Balance at 31 March 2020	12,000	312,068	374,061	49,335	423,396

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## FOR FIRST QUARTER ENDED 31 MARCH 2021

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In RM Mil</i>	Individual quarter ended 31 March	
	2021	2020
<b>Cash flows from operating activities</b>		
Profit before taxation	14,598	7,491
Adjustments for:		
Bad debts written off	—	37
Depreciation and amortisation	8,269	8,917
Financing costs	1,136	663
Interest income	(777)	(1,427)
Net change in contract liabilities	(104)	(44)
Net change in provisions	(12)	(11)
Net gain on disposal of property, plant and equipment, investment in subsidiaries and other investments	(424)	(15)
Net (write-back)/impairment losses on:		
- intangible assets	—	3,185
- property, plant and equipment	(36)	1,542
- receivables	(147)	(56)
Net losses of impairment/(write-back) and write-off on well costs	349	(31)
Net inventories (write-back)/written down to net realisable value	(25)	995
Net loss/(gain) on derivatives	43	(11)
Property, plant and equipment written off	1	—
Share of profit after tax and non-controlling interests of equity accounted associates and joint ventures	(383)	(121)
Unrealised gain on foreign exchange	(1,258)	(62)
Write-off of trade receivables and loss on remeasurement of finance lease receivables	—	935
Other non-cash items	(14)	—
<b>Operating profit before changes in working capital</b>	<b>21,216</b>	21,987
Net changes in working capital	(4,254)	(1,902)
<b>Cash generated from operations</b>	<b>16,962</b>	20,085
Interest expenses paid	(780)	(505)
Interest income from fund and other investments	777	1,299
Taxation paid, net of refund	(2,616)	(3,240)
<b>Net cash generated from operating activities</b>	<b>14,343</b>	17,639

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## FOR FIRST QUARTER ENDED 31 MARCH 2021

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

<i>In RM Mil</i>	Individual quarter ended 31 March	
	2021	2020
<b>Cash flows from investing activities</b>		
Dividends received	161	129
Investment in joint ventures	(3)	(35)
Investment in securities and other investments	(615)	(1,144)
Long-term receivables to a joint venture	—	(613)
Proceeds from disposal/partial disposal of:		
- investment in a subsidiaries, net of cash disposed	—	54
- property, plant and equipment	681	105
- securities and other investments	296	692
Proceeds from redemption of preference shares in joint ventures	—	511
Purchase of property, plant and equipment, investment properties, intangible assets and land held for development	(6,687)	(8,486)
<b>Net cash used in investing activities</b>	<b>(6,167)</b>	<b>(8,787)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(2,000)	—
Dividends paid to non-controlling interests	(1,218)	(2,201)
Drawdown of borrowings	8,667	3,356
Payment of lease liabilities	(866)	(1,071)
Payment to a non-controlling interest on additional equity interest	(13)	—
Payment to a non-controlling interest on redemption of redeemable preference shares	(4)	—
Proceeds from partial disposal of equity interest to a non-controlling interest	—	1
Repayment of borrowings	(5,013)	(8,716)
<b>Net cash used in financing activities</b>	<b>(447)</b>	<b>(8,631)</b>
Net increase in cash and cash equivalents	7,729	221
Decrease/(increase) in cash and cash equivalents restricted	366	(118)
Net foreign exchange differences	838	2,213
Cash and cash equivalents at beginning of the year	128,165	139,851
<b>Cash and cash equivalents at end of the period</b>	<b>137,098</b>	<b>142,167</b>
<b>Cash and cash equivalents</b>		
Cash and bank balances and deposits	138,642	144,267
Bank overdrafts	(250)	(620)
Less: Cash and cash equivalents restricted	(1,294)	(1,480)
	<b>137,098</b>	<b>142,167</b>

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# QUARTERLY REPORT

## FOR FIRST QUARTER ENDED 31 MARCH 2021

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

#### A1. BASIS OF PREPARATION

The condensed consolidated financial statements are unaudited and have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*. They should be read in conjunction with the Group's audited consolidated financial statements for the year ended 31 December 2020.

The explanatory notes attached to these condensed consolidated financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2020.

Within the context of these condensed consolidated financial statements, the Group comprises the Company, its subsidiaries and joint operations, as well as the Group's interest in joint ventures and associates as at and for the period ended 31 March 2021.

#### A2. SIGNIFICANT ACCOUNTING POLICIES

The financial information presented herein has been prepared in accordance with the accounting policies to be used in preparing the annual consolidated financial statements for 31 December 2021 under the MFRS framework. These policies do not differ significantly from those used in the audited consolidated financial statements for 31 December 2020 except as disclosed below.

As of 1 January 2021, the Group has adopted the following Amendments to MFRSs ("pronouncements") that have been issued by the Malaysian Accounting Standards Board ("MASB") which are effective for annual periods beginning on or after 1 January 2021.

*Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7 Financial Instruments: Disclosures, MFRS 4 Insurance Contracts, MFRS 16 Leases (Interest Rate Benchmark Reform - Phase 2).*

The initial application of the above-mentioned pronouncements do not have any material impact to the financial statements of the Group.

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

The audited financial statements of the Group for the year ended 31 December 2020 were not subjected to any audit qualification.

#### A4. SEASONALITY OR CYCLICALITY OF OPERATIONS

The Group's operations, on overall, are not significantly affected by seasonal or cyclical fluctuations of the business/industry.

#### A5. EXCEPTIONAL ITEM

There was no exceptional item during the period under review.



# QUARTERLY REPORT

## FOR FIRST QUARTER ENDED 31 MARCH 2021

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

#### A6. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of the amounts reported in the most recent annual financial statements of the Group for the year ended 31 December 2020 that may have material effect in the results of the period under review.

#### A7. DEBT AND EQUITY SECURITIES

There were no material issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the period under review, other than as disclosed in Note A9 and Note B10.

#### A8. DIVIDEND PAID

During the period under review, the Company paid a dividend of RM2 billion, being partial payment of the approved dividend of RM180,000 per ordinary share amounting to RM18 billion declared on 25 February 2021.

The remaining amount of the dividend amounting to RM16 billion will be paid in instalments between April 2021 and November 2021.

#### A9. SIGNIFICANT AND SUBSEQUENT EVENTS

- i. On 17 March 2021, PETRONAS via its indirect wholly-owned subsidiary, PETRONAS Energy Canada Ltd. ("PECL"), successfully priced a US\$600 million single tranche 7-year note. The proceeds will be utilised by PECL to fund its continued development and production activities, debt refinancing and for general corporate purposes. PECL focuses on the development and production of oil and natural gas in Canada.
- ii. On 22 April 2021, PETRONAS via its wholly-owned subsidiary, PETRONAS Capital Limited ("PCL"), successfully priced a US\$3.0 billion dual-tranche senior bond offering, comprising US\$1.25 billion 10.75-year and US\$1.75 billion 40-year conventional notes. The proceeds will be used for debt refinancing and general corporate purposes, thereby further strengthening the balance sheet and extending PETRONAS' debt maturity profile.

#### A10. CONTINGENCIES

There were no material contingent liabilities or contingent assets since the last audited consolidated statement of financial position as at 31 December 2020.

#### A11. CHANGES IN COMPOSITION OF THE GROUP

There were no material changes in the composition of the Group for the period under review.

# QUARTERLY REPORT

## FOR FIRST QUARTER ENDED 31 MARCH 2021

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

#### A12. FAIR VALUE INFORMATION

The following table analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - The fair value of unquoted shares is determined by independent valuer, having appropriate recognised professional qualifications.

The Group recognises transfers between levels of fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the current financial period and comparative year.

#### 31 March 2021

*In RM Mil*

	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Quoted shares	1,274	—	—	1,274
Quoted securities	142	—	—	142
Unquoted shares	—	—	247	247
Malaysian Government Securities	—	275	—	275
Corporate Bonds and Sukuk	—	8,016	—	8,016
Commodity swaps	—	11	—	11
Forward foreign exchange contracts	—	175	—	175
Forward gas contracts	136	—	—	136
Forward oil/gas price swaps	124	37	—	161
Interest rate swaps	—	115	—	115
	<b>1,676</b>	<b>8,629</b>	<b>247</b>	<b>10,552</b>
<b>Financial liabilities</b>				
Commodity swaps	—	(239)	—	(239)
Forward foreign exchange contracts	—	(62)	—	(62)
Forward oil/gas contracts	(237)	—	—	(237)
Forward oil/gas price swaps	(277)	—	—	(277)
Interest rate swaps	—	(315)	—	(315)
	<b>(514)</b>	<b>(616)</b>	<b>—</b>	<b>(1,130)</b>