

# CFO's Review

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Evolving global trade measures, geopolitical developments and changing supply-demand dynamics in oil markets defined the broader external backdrop in 2025. Brent crude prices moderated year-on-year as markets moved from relative tightness toward surplus conditions, while policy transitions and energy reform continued to influence domestic market structures.

Against this environment, PETRONAS Dagangan Berhad (PDB) exercised disciplined financial stewardship, maintaining focus on capital allocation, risk management and operational efficiency. Our strategy guides risk management, capital discipline and the balance between near-term delivery and longer-term priorities, while sustainability considerations remain embedded in investment decisions.



Revenue of **RM38,269.3 million**, supported by higher sales volumes

Profit After Tax of **RM1,136.5 million**, highest level post-pandemic

Sales volume growth of **2%**, driven by stronger Commercial demand, particularly Jet A-1

Earnings per share of **110.6 sen**, reflecting improved profitability

## 2025 Key Milestones

**Mazlie Minhat**  
Chief Financial Officer

## In 2025, PDB delivered a resilient financial performance in a more constrained operating environment.

### Sustaining Performance with Discipline

In 2025, PDB delivered a resilient financial performance in a more constrained operating environment. The year demanded tighter cost control, sharper execution and focused approach to managing our products and customer mix as pricing volatility, fuel subsidy rationalisation dynamics and inflationary pressures shaped market conditions.

Profit Before Tax (PBT) was marginally higher than the previous year, supported by strong demand from the aviation sector for Jet A-1 as well as Commercial Diesel. In line with this, Profit After Tax (PAT) continued to exceed the RM1 billion mark.

Sales volumes increased by 2% to 17.1 billion litres, the highest-ever recorded by PDB, supported by stronger Commercial demand, particularly Jet A-1, which cushioned weaker Retail Diesel performance. This uplift contributed to a 1% year-on-year increase in revenue, helping to offset the impact of lower average selling prices. These results reflect PDB's continued ability to deliver steady growth while navigating an increasingly competitive and price-sensitive operating environment.

### PERFORMANCE SUMMARY



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### Segmental Financial Performance Overview

Overall revenue growth was supported by higher sales volumes, particularly from the aviation sector, while profitability outcomes varied by segment due to differing demand dynamics, pricing movements and cost profiles. Focused cost management and active portfolio optimisation helped sustain earnings quality across PDB.



The Retail segment recorded revenue of RM20,482.6 million, an increase of 1% compared with FY2024, supported by a 6% improvement in average selling prices. This was partially offset by a 4% decline in sales volume. Profit Before Tax (PBT) declined by 21% to RM645.5 million, driven by lower gross profit from MOGAS, in line with less favourable Mean of Platts Singapore (MOPS) price trend and reduced demand for Diesel.

The Commercial segment generated revenue of RM17,532.9 million, representing a 1% year-on-year increase. Sales volume rose by 12%, primarily from stronger demand for Jet A-1 and Commercial Diesel, which was partially offset by a 10% reduction in average selling prices. PBT increased by 24% to RM751.2 million, reflecting higher gross profit from stronger sales volume, supported by effective expenditure management. The segment benefited from continued recovery in the aviation sector and stable industrial activity.

The Convenience segment recorded revenue of RM253.8 million, a decrease of 12%, mainly attributable to lower merchandise sales during the year. Despite lower revenue, PBT increased by 8% to RM121.6 million, supported by lower operating costs and continued focus on efficiency. The segment continued to enhance its value proposition through targeted offerings and digitally enabled platforms, including Setel, to improve customer experience in line with PDB's promise of *Making Your Everyday Life Simpler and Better*.

### Group Financial Position

#### Total Assets

Total assets stood at RM11,083.9 million, a decrease of RM31.8 million or 0.3%, mainly due to lower trade and other receivables.

#### Total Liabilities

Total liabilities decreased by RM14.1 million or 0.3%, primarily from lower trade and other payables.

#### Cash Flow

Net cash generated from operating activities increased by RM2,409.6 million, largely driven by subsidy receipts during the year. Net cash used in investing activities rose by RM85.6 million, reflecting higher spending in capital expenditure, partially offset by increased interest income. Net cash used in financing activities increased by RM290.2 million, mainly due to higher dividends paid.

#### Shareholder Returns

PDB continues to prioritise shareholder value while maintaining balance sheet strength. Dividend distributions remain anchored to the Company's policy of distributing 50% of annual PAT, subject to earnings performance, capital requirements and overall financial position. Dividend for FY2025 is 112 sen per share, inclusive of 20 sen special dividend, representing a payout ratio of 100%, well above our dividend payout policy rate.

#### Cost Discipline and Spending

Cost control and expenditure management remained central to sustaining profitability in a more constrained pricing environment. OPEX and CAPEX are monitored through productivity and efficiency lenses, with clear accountability for profitability outcomes.

CAPEX allocation continues to prioritise projects assessed for commercial viability and alignment with our strategy. Investment focus is on strengthening core operations, enhancing digital capabilities and supporting transition-ready initiatives, supported by sound investment governance and return thresholds.

#### Management of Working Capital and Liquidity

PDB actively manages working capital to maintain adequate liquidity buffers and financial flexibility. Trade receivables, payables and inventory positions are closely monitored, supported by robust credit governance, early warning indicators and regular reviews through established management forums.

### Risk Management and Financial Resilience

PDB manages risk within a structured Enterprise Risk Management (ERM) framework to protect financial resilience, support informed and well-governed decision-making and sustain earnings quality amid market volatility, regulatory change and evolving sustainability expectations.

In 2025-2026, PDB's key financial risk relates to credit risk. Credit risk arises from counterparties failing to meet payment obligations, with potential impacts on profitability through credit loss provisions and bad debt. The likelihood of material losses remains low, supported by a robust risk management framework and complemented by early warning indicators and multi-layered governance oversight.

PDB also manages pricing and regulatory risks arising from regulated and deregulated pricing structures, contract terms and supply chain costs, as well as potential policy and subsidy changes that may affect demand and profitability. These risks are managed through close regulatory engagement, timely pricing actions under established governance processes such as the Automatic Pricing Mechanism, and continuous market monitoring.

#### Risk Implications for Financial Strategy

The prevailing risk landscape continues to shape financial strategy, with emphasis on balance sheet resilience, prudent cash flow management and disciplined working capital control. PDB also continues to diversify revenue beyond traditional fuel-based activities to manage volatility and support longer-term sustainability.

#### Enhancements to the ERM Framework

Following the annual review, we strengthened the ERM framework by integrating sustainability-related transition and physical risks into governance processes and the corporate risk profile register, aligned with the emerging International Sustainability Standards Board (ISSB) requirements. The use of digital tools has expanded to improve risk monitoring and data-driven insights across the organisation.

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For more information, refer to Business Review, on pages 68 to 83

### Building a Risk-Aware Culture

PDB continues to strengthen risk awareness through structured initiatives that embed risk considerations into daily decision-making. Digital tools support risk assessment in business decisions, bespoke upskilling programmes enhance middle-management capability, and leadership storytelling reinforces accountability through practical experience sharing.

### Governance and Compliance

Strong governance and compliance support financial discipline and effective decision-making. During the year, we reviewed and enhanced the Limits of Authority (LOA) to enable faster execution while maintaining appropriate controls. Committee structures and processes were also reviewed to sharpen focus, improve efficiency and strengthen decision quality.

Ongoing enhancements to data governance, internal controls and compliance processes address evolving requirements, including data privacy risk management and anti-corruption measures. These are guided by the five principles of adequate procedures known as T.R.U.S.T. and ISO 37001, an internationally recognised anti-bribery management system standard.

### Sustainability and Financial Connectivity

Sustainability considerations are embedded within PDB's strategy and investment portfolio, particularly under the Growth and Sustainability pillars. Financial measures supporting these objectives include operational and infrastructure readiness for lower-carbon offerings, including biodiesel and Sustainable Aviation Fuel (SAF).

From the reporting perspective, FY2025 marks a significant milestone for PDB, as the Group adopts the International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards for the first time. In this initial phase, PDB focused on IFRS S2 and applied the available transition reliefs, enabling

PDB to provide qualitative disclosures while concentrating on principal business segments and Climate-Related Risks and Opportunities (CRRO). IFRS S1 will be adopted in the FY2026 reporting cycle, with full implementation of both standards targeted by FY2027.

The adoption of IFRS Sustainability Disclosures enhances the transparency, consistency and comparability of sustainability-related information presented to investors. By aligning sustainability risks and opportunities, particularly climate-related considerations with financial reporting, the framework strengthens risk assessment, reinforces governance accountability and supports more disciplined capital allocation. This enables stakeholders to better evaluate PDB's long-term value creation, resilience and cost of capital.

 For more information, refer to the ISSB Statement on pages 84 to 107.

### Outlook

Malaysia's economic outlook for 2026 remains supportive, driven by resilient domestic demand, stable inflation, infrastructure investments and tourism momentum ahead of Visit Malaysia Year 2026. These factors provide a constructive operating backdrop despite ongoing global uncertainties and oil price pressures.

In 2026, our focus remains on operational excellence, disciplined capital allocation and deeper customer engagement. PDB remains vigilant in monitoring regulatory developments, subsidy rationalisation, evolving customer behaviour and geopolitical risks.

Through prudent financial management, strong governance and a resilient balance sheet, PDB is positioned to manage volatility while sustaining returns and advancing strategic priorities.



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### 5-YEAR GROUP FINANCIAL HIGHLIGHTS

#### OPERATING RESULTS (RM MILLION)

##### Revenue

FY2021	22,674.0
FY2022	36,748.9
FY2023	37,549.3
FY2024	37,950.8
<b>FY2025</b>	<b>38,269.3</b>

##### Operating profit

FY2021	751.2
FY2022	1,148.9
FY2023	1,351.1
FY2024	1,548.1
<b>FY2025</b>	<b>1,534.2</b>

##### Profit before tax

FY2021	740.8
FY2022	1,135.0
FY2023	1,331.6
FY2024	1,530.7
<b>FY2025</b>	<b>1,531.0</b>

##### Net profit attributable to shareholders of the Company

FY2021	529.8
FY2022	776.6
FY2023	943.1
FY2024	1,086.6
<b>FY2025</b>	<b>1,099.2</b>

##### Profit after tax

FY2021	531.2
FY2022	787.8
FY2023	966.8
FY2024	1,116.6
<b>FY2025</b>	<b>1,136.5</b>

#### KEY BALANCE SHEET DATA (RM MILLION)

##### Property, plant and equipment

FY2021	4,017.5
FY2022	4,115.3
FY2023	4,116.9
FY2024	3,995.3
<b>FY2025</b>	<b>4,117.3</b>

##### Total assets

FY2021	9,600.8
FY2022	11,257.5
FY2023	11,487.0
FY2024	11,115.7
<b>FY2025</b>	<b>11,083.9</b>

##### Total borrowings

FY2021	116.4
FY2022	184.3
FY2023	152.2
FY2024	108.0
<b>FY2025</b>	<b>163.0</b>

##### Total liabilities

FY2021	3,985.4
FY2022	5,470.2
FY2023	5,650.2
FY2024	5,046.5
<b>FY2025</b>	<b>5,032.4</b>

##### Share capital

FY2021	993.5
FY2022	993.5
FY2023	993.5
FY2024	993.5
<b>FY2025</b>	<b>993.5</b>

##### Equity attributable to shareholders

FY2021	5,582.1
FY2022	5,742.7
FY2023	5,768.4
FY2024	5,970.9
<b>FY2025</b>	<b>5,967.3</b>

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### 5-YEAR GROUP FINANCIAL HIGHLIGHTS

#### SHARE INFORMATION PER SHARE

##### Basic earnings (sen)

FY2021	53.3
FY2022	78.2
FY2023	94.9
FY2024	109.4
FY2025	110.6

##### Gross dividend (sen)

FY2021	70.0
FY2022	76.0
FY2023	80.0
FY2024	107.0
FY2025	112.0

##### Share price as at financial year end (RM)

FY2021	20.60
FY2022	23.00
FY2023	21.84
FY2024	19.32
FY2025	19.96

#### FINANCIAL RATIOS

##### Return on revenue (%)

FY2021	2.3
FY2022	2.1
FY2023	2.6
FY2024	2.9
FY2025	3.0

##### Return on equity (%)

FY2021	9.5
FY2022	13.7
FY2023	16.8
FY2024	18.7
FY2025	19.0

##### Return on total assets (%)

FY2021	5.5
FY2022	7.0
FY2023	8.4
FY2024	10.0
FY2025	10.3

##### Debt to equity ratio (%)

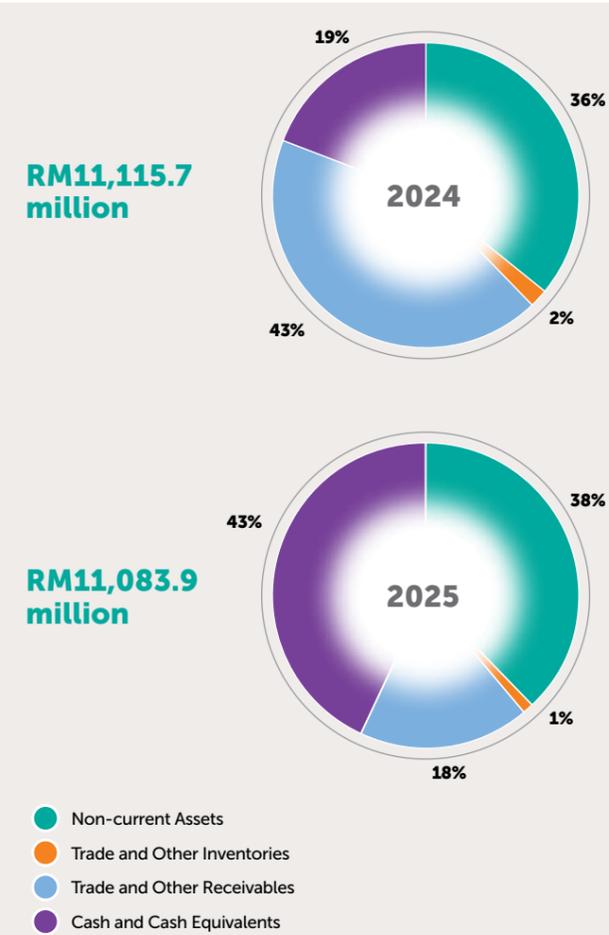
FY2021	2.1
FY2022	3.2
FY2023	2.6
FY2024	1.8
FY2025	2.7

##### Dividend payout (%)

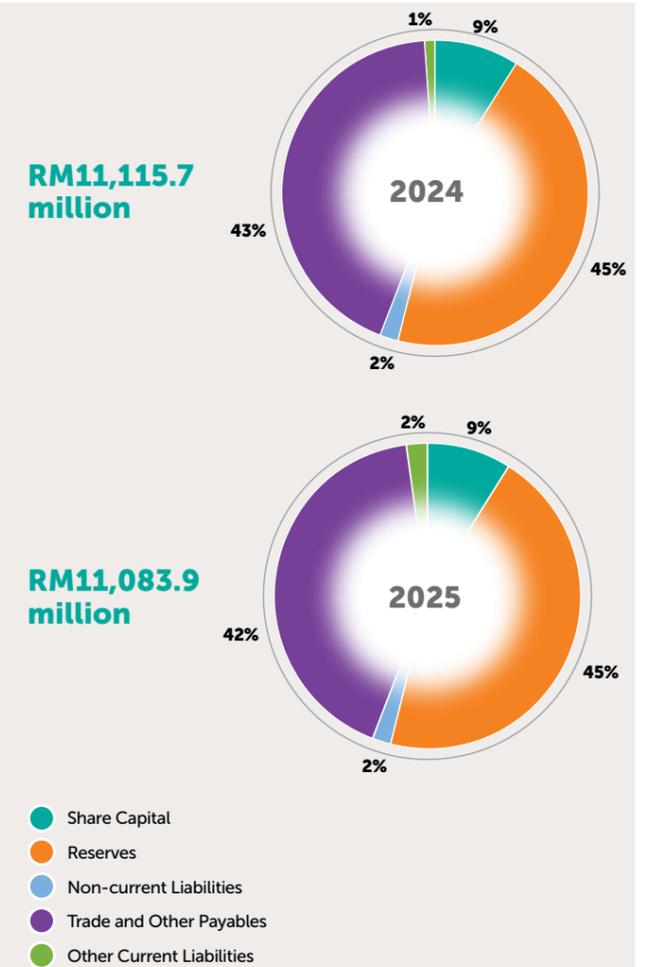
FY2021	102.0
FY2022	100.0
FY2023	91.0
FY2024	100.0
FY2025	100.0

### SIMPLIFIED GROUP STATEMENT OF FINANCIAL POSITION

#### TOTAL ASSETS

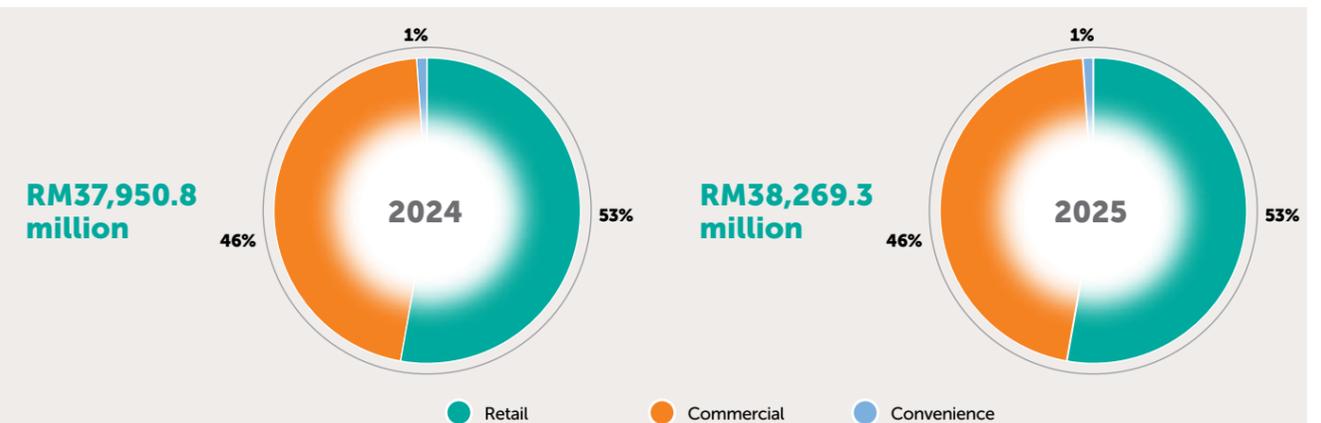


#### TOTAL EQUITY AND LIABILITIES



### SEGMENTAL ANALYSIS

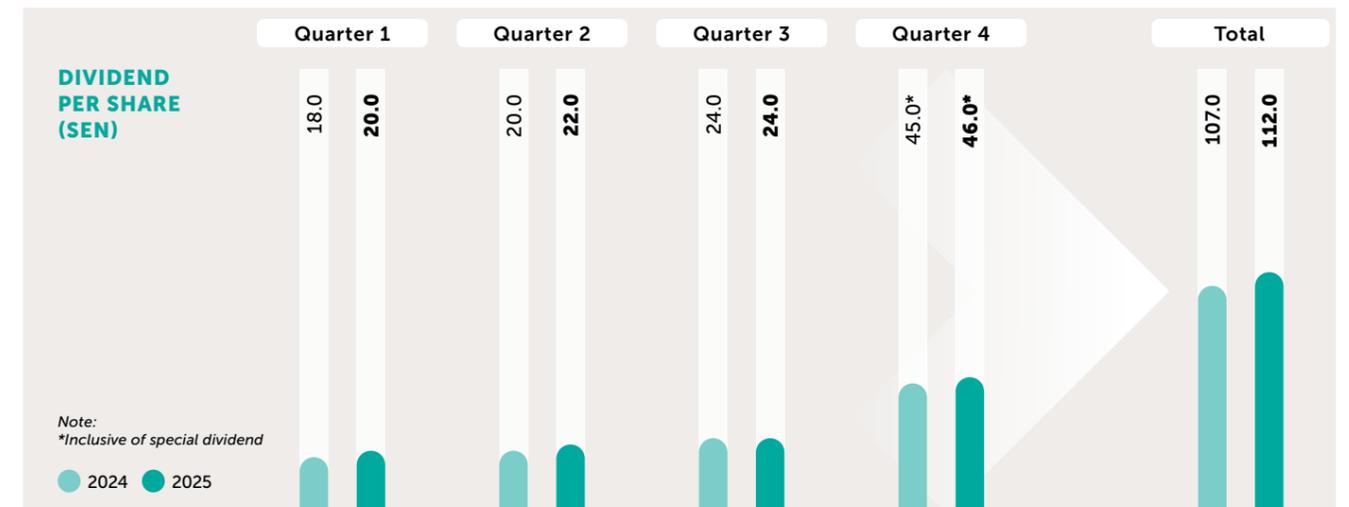
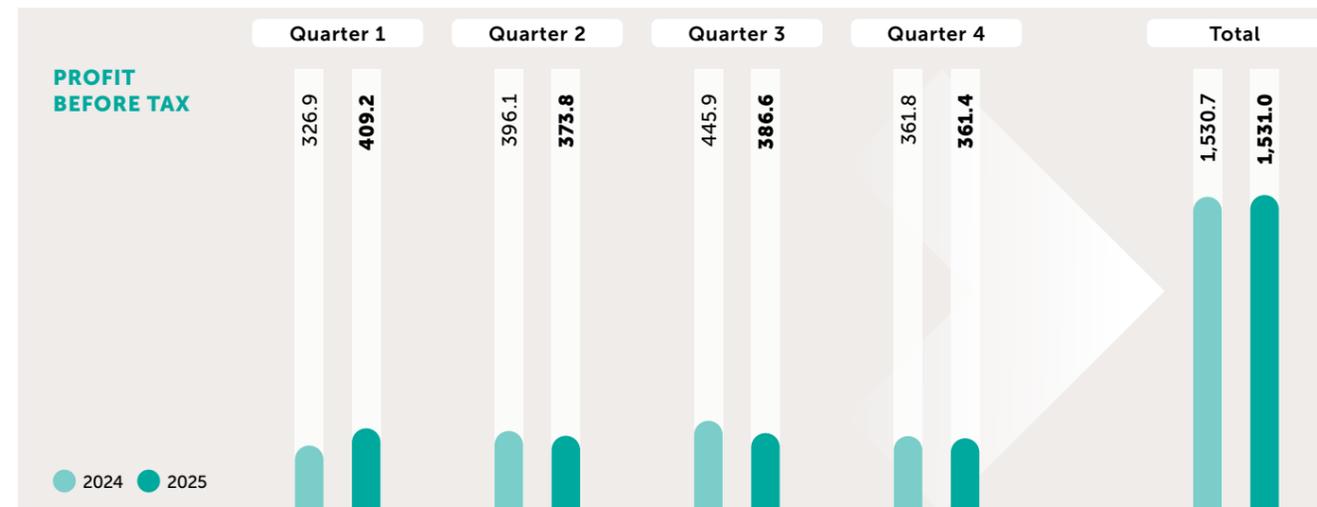
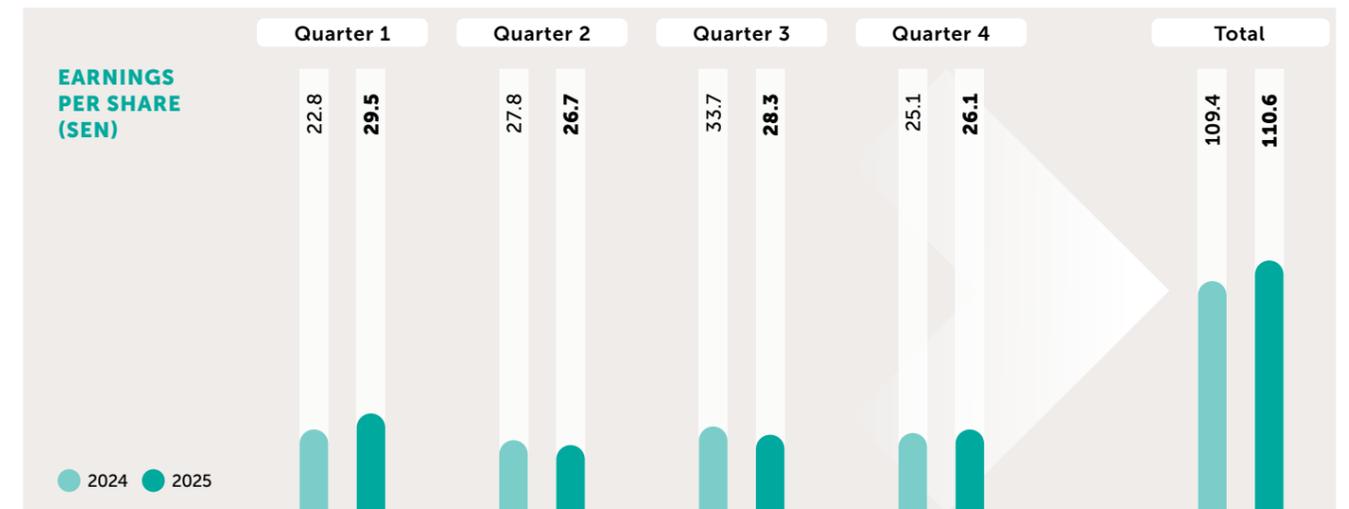
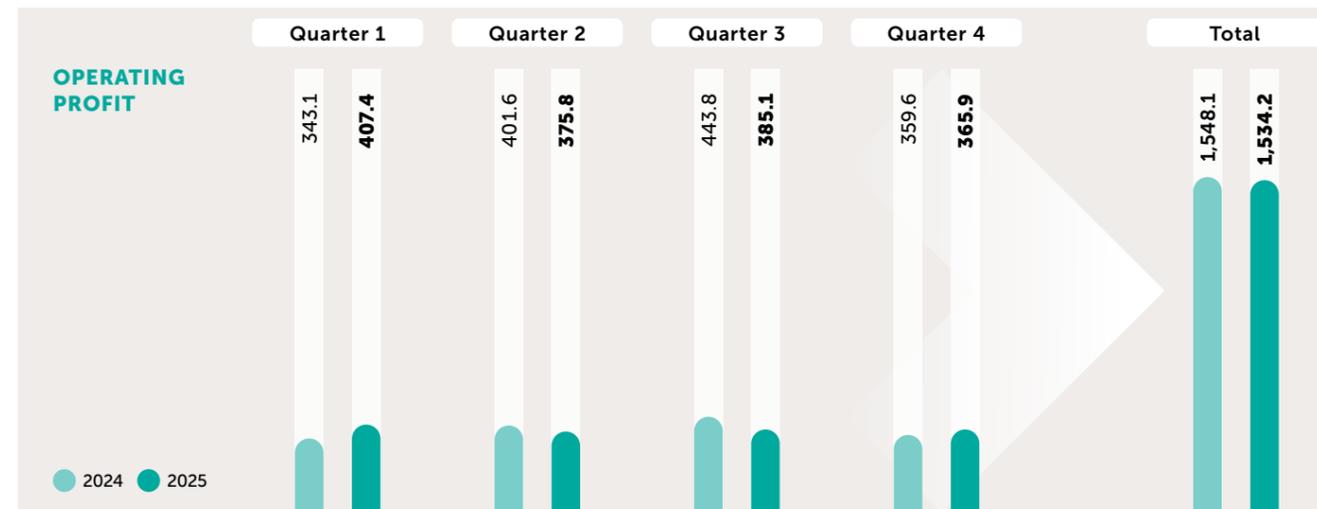
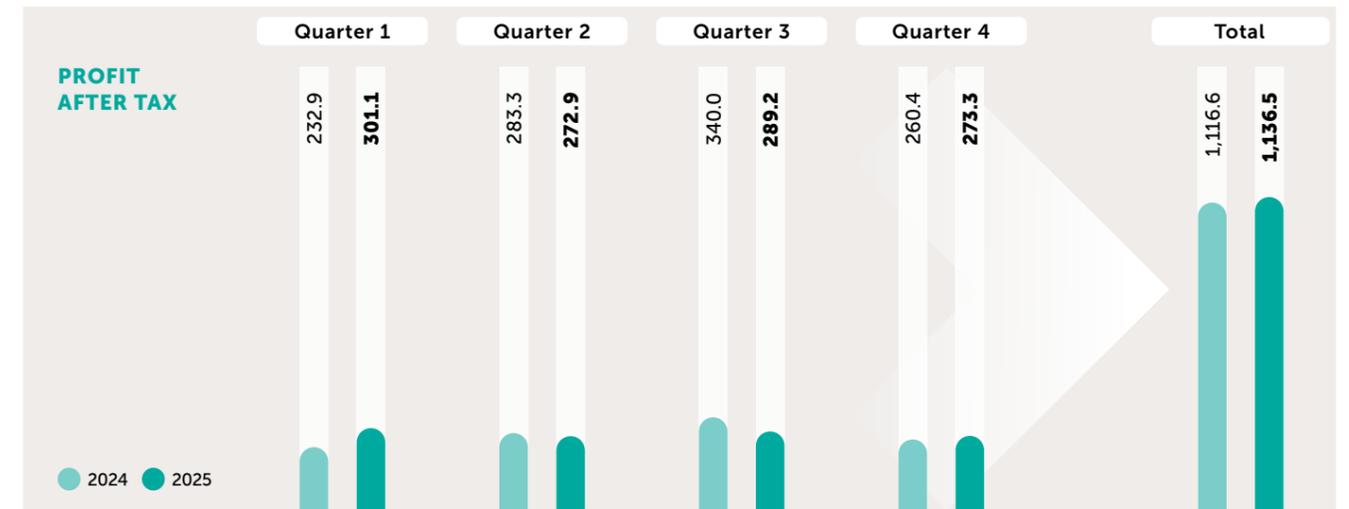
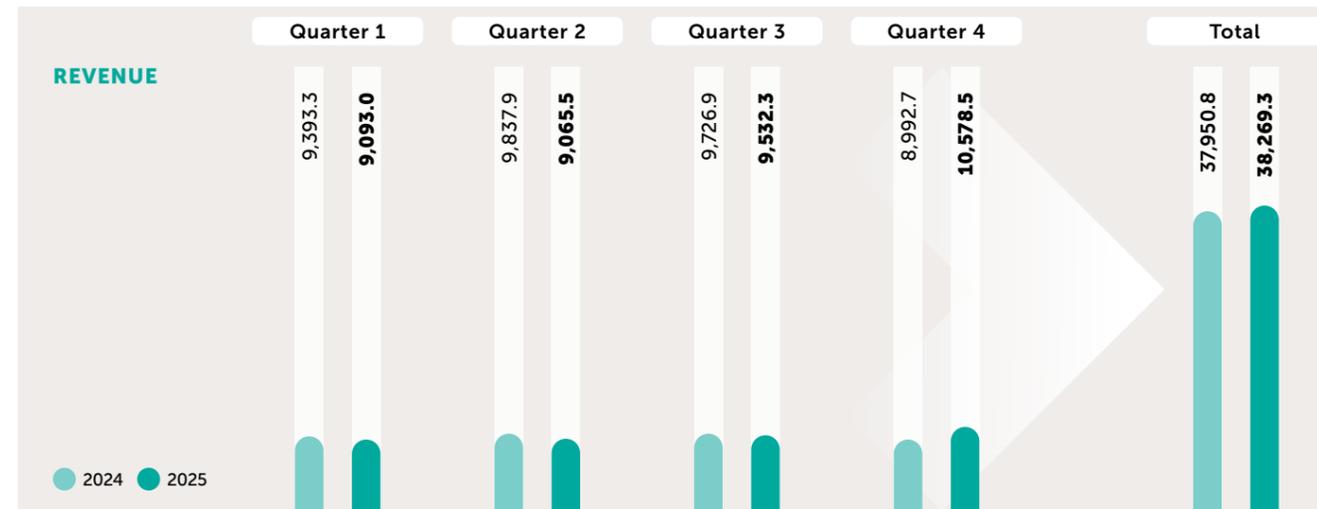
#### TOTAL REVENUE



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## GROUP QUARTERLY FINANCIAL PERFORMANCE (IN RM MILLION)



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### KEY INTEREST BEARING ASSETS AND LIABILITIES

	Interest earning assets		Interest bearing liabilities			
	Cash and cash equivalents		Lease liabilities		Sukuk facilities	
<b>As at 31 December (RM Million)</b>	1,991.9	<b>4,652.0</b>	108.0	<b>163.0</b>	-	-
<b>Effective Interest Rate (%)</b>	3.0-3.1	<b>2.8-3.0</b>	3.4-8.4	<b>3.5-8.4</b>	3.7	-
<b>Interest Income/ (Expenses) (RM Million)</b>	160.9	<b>193.7</b>	(8.8)	<b>(12.9)</b>	-	-
	2024	<b>2025</b>	2024	<b>2025</b>	2024*	<b>2025</b>

\*Figures are rounded to one decimal place. Values below 0.05 are presented as 0.0 as per Integrated Report 2024.

### STATEMENT OF VALUE ADDED/DISTRIBUTION OF VALUE ADDED

Value added is defined as the value created by the activities of a business and its employees, and in the case of PDB, it is determined as revenue less the cost of goods and services. The value added statement reports on the calculation of value added and its application among the stakeholders in the Group. This statement shows the total wealth created and how it was distributed, taking into account the amounts retained and reinvested in the Group for future growth.

Group	2024 RM'000	2025 RM'000
Revenue	37,950,762	<b>38,269,332</b>
Less: Cost of goods and services	(35,735,131)	<b>(36,161,892)</b>
Value added	2,215,631	<b>2,107,440</b>
Other income	316,109	<b>354,006</b>
Financing costs	(13,062)	<b>(15,880)</b>
Share of (loss)/profit after tax of equity associates and joint ventures	(4,418)	<b>12,690</b>
<b>Value created</b>	<b>2,514,260</b>	<b>2,458,256</b>

Group	2024 RM'000	2025 RM'000
<b>Distributed to:</b>		
Employees	495,227	<b>424,475</b>
Providers of equity (net dividends)	884,174	<b>1,102,734</b>
Providers of debt	13,062	<b>15,880</b>
Government (taxation)	414,030	<b>394,495</b>
Retained for reinvestment and future growth:		
Depreciation and amortisation	475,309	<b>486,924</b>
Unappropriated profit	232,458	<b>33,748</b>
<b>Value Distribution</b>	<b>2,514,260</b>	<b>2,458,256</b>

### VALUE DISTRIBUTED

