

KERATAN AKHBAR

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Firm ramps up domestic capital expenditure by 30%

CORPORATE

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PETALING JAYA: Petrolia Nasional Bhd (Petronas) gushed with profit in the first quarter of 2022 with its bottomline surpassing even the levels seen before the global oil market crashed in 2014.

The national oil producer reported a profit after tax (PAT) of RM23.44bil, thanks to Brent-grade crude oil prices averaging US\$102.23 (RM447.77) per barrel in the first quarter.

In comparison, the company made a PAT of RM9.22bil in the previous corresponding quarter when crude oil averaged US\$60.90 (RM266.74) per barrel.

On the back of the strong profits, Petronas ramped up its domestic capital expenditure in the first-quarter by 30% year-on-year (y-o-y). It also reiterated its commitment to strengthen the oil and gas services and equipment (OGSE) ecosystem.

At RM23.44bil, Petronas' bottomline surpassed the PAT registered in the first half of last year. Nevertheless, the national oil company sought to control expectations on upcoming quarters, cautioning that oil and

gas prices would remain vulnerable.

This is considering the increased volatility due to geopolitical and macroeconomic uncertainties.

"Petronas will continue to strengthen our operational excellence to maximise value creation while intensifying our growth and sustainability agenda in Malaysia and internationally," the firm said in a statement yesterday.

Petronas' revenue for the January-March 2022 period rose by almost 50% y-o-y to RM78.75bil from RM52.55bil a year earlier.

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Leveraging the strength of an integrated portfolio

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The stronger turnover was predominantly due to the price impact for major products, which was in line with higher benchmark prices, according to the oil producer.

Petronas president Taufik said the first-quarter performance also demonstrated the disciplined delivery of the company's core and growth strategy.

"The group leveraged the strength of its integrated portfolio to provide energy that is secure and sustainable for Malaysia and our customers across the globe.

"Despite a degree of recovery and growth expected with the reopening of economies, Petronas will continue exercising prudent financial management and a firm focus on reinvesting, given our cautious outlook amid volatile geopolitical conditions and accelerated energy transition.

"Petronas will continue to nurture a robust OGSE ecosystem to strengthen our resilience in responding to these challenges and effectively contribute to Malaysia's economic growth," he said.

Petronas' upstream segment posted a PAT of RM11.9bil in the first quarter of 2022, up by 71% y-o-y due to higher revenue.

This was partially offset by higher taxation as well as product costs and cash payments in line with improved prices.

The upstream segment's revenue rose by 44% y-o-y to RM34.8bil, mainly contributed by higher average realised prices for crude oil and condensates and natural gas.

In the first three months of 2022, Petronas said its upstream ops recorded a total daily production average of 2,456 thousand barrels of oil equivalent (boe) per day.

This was 70,000 boe higher per day recorded in the first quarter of 2021, the company said.

"This was mainly driven by higher crude oil production from international operations coupled with higher natural gas production contributed by higher demand for both Malaysia and international operations.

"This was partially offset by lower crude oil production for Malaysia," said Petronas.

The gas segment reported a revenue of RM27.5bil, higher by 60% y-o-y.

The PAT increased from RM2bil to RM8.4bil on higher sales.

Meanwhile, Petronas said its downstream segment delivered a PAT of RM5.1bil in the first quarter, up by RM4.9bil due to improved refining and petrochemical margins in line with favourable prices. Revenue was RM40.6bil, higher by 56% y-o-y.

In the first quarter ended March 31, 2022, Petronas' cash flows from operating activities grew by RM13.6bil or 95% in line with higher cash from operations.

Capital investments amounted to RM7.4bil across its businesses, with 58% of the amount spent for the upstream segment.

Total assets strengthened to RM652.3bil as at March 31, 2022 against RM635bil as at Dec 31, 2021.

This was mainly contributed by higher cash and fund investments.

Gearing ratio decreased to 22.5% as at March 31, 2022 from 23.1% as at Dec 31, 2021, mainly due to repayment of notes.

With the stronger financial performance, the national oil producer paid a dividend of RM3bil in the quarter to the government, being its sole shareholder.

"The remaining amount of the dividend amounting to RM22bil will be paid in instalments between April 2022 and November 2022.

"Shareholders' equity decreased to RM348.4bil as compared to RM350.8bil as at Dec 31, 2021 mainly due to dividends declared to shareholders," it pointed out.

Apart from dividend payments, Petronas also contributes to the government in the form of taxes, cash payment, export duty and injection into the National Trust Fund.

The total contribution to the government in the first quarter of 2022 was RM12bil.