

Dividend payout to govt based on affordability – Petronas

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Petronas has announced that its dividend payment to the government will be decided based on its affordability.

Its chief executive officer Tengku Muhammad Taufik Tengku Aziz said Petronas has been asked to pay between RM35 billion and RM40 billion dividend this year but the amount would be finalised after the group's due diligence exercise which would take into account its debt and investments obligations.

“Whether the number is RM35 billion or RM40 billion, it will be subjected to the usual rule that we will make our dividend payment and subject to our necessary governance,” he told reporters after the announcement of Petronas' full-year financial performance ended Dec 31, 2022.

Petronas paid a total of RM50 billion in dividends to the government last year.

On the oil price outlook, Tengku Muhammad Taufik said Petronas expects a price

correction this year and the recovery path might be in a fragile condition of between US\$70 (RM315) and US\$80 per barrel in the next five years.

“This year, I think we are at the lower bound of that. For planning purposes, we still test our upstream (exercise) at US\$40 per barrel to ensure its robustness,” he added.

Tengku Muhammad Taufik also outlined the company’s capital expenditure of RM300 billion for the next five years to be spent on decarbonisation and energy transition.

He noted that Petronas has total borrowings of RM140 billion but remains in a net cash position which is sufficient to generate robust cash flows from operating activities (CFFO).

Petronas’ CFFO stood at RM135.3 billion in FY2022, an increase from the preceding financial year of RM78.5 billion amid increasing investment for growth, larger dividend payments and servicing debt obligations.

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