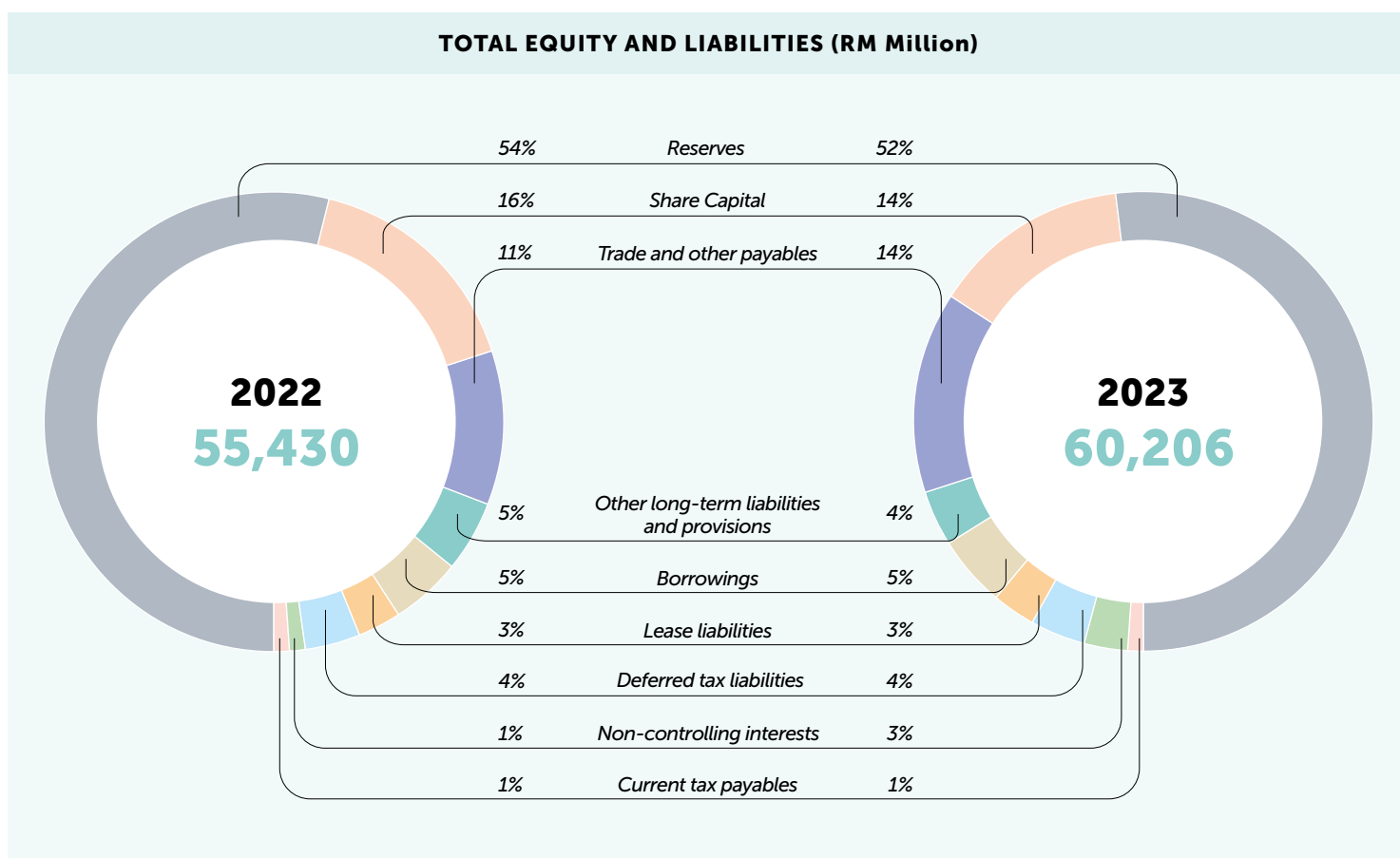
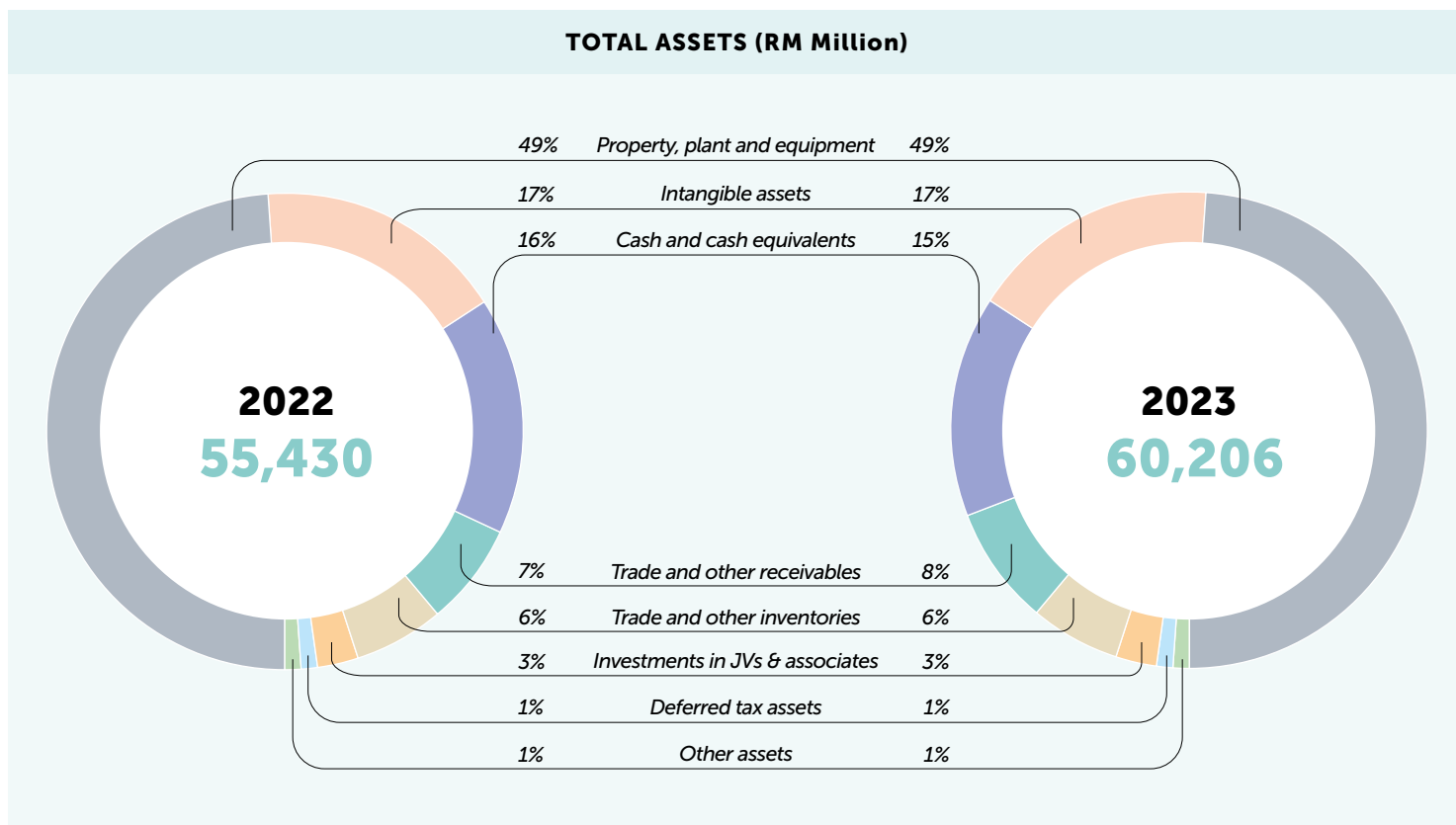


FINANCIAL REVIEW

SIMPLIFIED GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023



FINANCIAL REVIEW

ANALYSIS ON FINANCIAL POSITION

AS AT 31 DECEMBER 2023

Robust financial position with additional capital investment and strong cash balances with total assets of

RM60.2 billion.

Total assets as at 31 December 2023 increased by RM4.8 billion at RM60.2 billion from RM55.4 billion as at 31 December 2022. The increase in total assets was mainly attributable to:

- Increase in **property, plant and equipment** by RM2.2 billion primarily in relation to the capital investment in the petrochemicals projects within Pengerang Integrated Complex (PIC) and Perstorp Group (Perstorp);
- Increase in **intangible assets** by RM0.8 billion mainly due to the weakening of Ringgit Malaysia against Euro and Swedish Krona; and
- Increase in **long-term receivables** by RM0.7 billion mainly in relation to a deferred payment consideration arising from partial divestment of 25% equity interest in PETRONAS Chemicals Fertiliser Sabah Sdn. Bhd.

Net assets attributable to shareholders of the company increased by RM2.3 billion at RM42.1 billion as at 31 December 2023. This was mainly due to an increase in retained profits after including the profit generated during the year, partially offset by the dividend paid of RM1.9 billion and increase in non-controlling interests relating to divestment of 25% of PC Fertiliser Sabah shareholding to SMJ Energy Sdn. Bhd.

Total liabilities increased by RM2.4 billion was mainly attributed to an increase in **trade and other payables** arising from pre-operating expenses at Pengerang Petrochemicals Company.

RM Million	31.12.2022	31.12.2023	Variance
ASSETS			
Property, plant and equipment	27,213	29,437	2,224
Investments in joint ventures and associates	1,665	1,710	45
Intangible assets	9,364	10,253	889
Long-term receivables	284	1,027	743
Retirement benefits	88	95	7
Deferred tax assets	798	746	(52)
TOTAL NON-CURRENT ASSETS	39,412	43,268	3,856
Trade and other inventories	3,465	3,767	302
Trade and other receivables	3,619	3,857	238
Tax recoverable	46	46	-
Cash and cash equivalents	8,888	9,268	380
TOTAL CURRENT ASSETS	16,018	16,938	920
TOTAL ASSETS	55,430	60,206	4,776
EQUITY			
Share capital	8,871	8,871	-
Reserves	30,207	31,544	1,337
Total equity attributable to shareholders of the Company	39,078	40,415	1,337
Non-controlling interests	655	1,659	1,004
TOTAL EQUITY	39,733	42,074	2,341
LIABILITIES			
Borrowings	2,489	2,473	(16)
Lease liabilities	1,688	1,930	242
Provisions	221	299	78
Retirement benefits	242	279	37
Other long-term liabilities	2,191	1,831	(360)
Deferred tax liabilities	2,364	2,371	7
TOTAL NON-CURRENT LIABILITIES	9,195	9,183	(12)
Borrowings	229	500	271
Lease liabilities	125	229	104
Trade and other payables	5,914	8,042	2,128
Current tax payables	234	178	(56)
TOTAL CURRENT LIABILITIES	6,502	8,949	2,447
TOTAL LIABILITIES	15,697	18,132	2,435
TOTAL EQUITY AND LIABILITIES	55,430	60,206	4,776
Net assets per share attributable to shareholders of the Company (RM)	4.88	5.05	0.17

FINANCIAL REVIEW

ANALYSIS ON CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2023

RM Million	Year ended 31 December		
	2022	2023	Variance
Revenue	28,953	28,667	(286)
Cost of revenue	(20,277)	(23,882)	(3,605)
Gross profit	8,676	4,785	(3,891)
Selling and distribution expenses	(1,436)	(1,906)	(470)
Administration expenses	(1,157)	(1,394)	(237)
Other expenses	(166)	(38)	126
Other income	717	711	(6)
Operating profit	6,634	2,156	(4,478)
Financing costs	(66)	(139)	(73)
Share of profit of equity-accounted JVs and associates, net of tax	165	93	(72)
Profit before taxation	6,733	2,110	(4,623)
Tax expense	(406)	(360)	46
PROFIT FOR THE YEAR	6,327	1,750	(4,577)
Profit attributable to:			
Shareholders of the Company	6,322	1,696	(4,626)
Non-controlling interests	5	54	49
PROFIT FOR THE YEAR	6,327	1,750	(4,577)

The Group generated a commendable profit of **RM1.8 billion** despite undergoing feedstock supply challenges and several unplanned shutdowns during the year.

PCG's **revenue** remained comparable to 2022 at RM28.7 billion, primarily due to lower product prices in line with crude oil price following softer prices amid rising concerns on economic growth and oil demand. Despite this, there was a higher contribution of revenue from Perstorp's full year of consolidation post its acquisition in October 2022.

Cost of revenue increased by RM3.6 billion, representing 17.8% rise. This was primarily driven by Perstorp's full year of consolidation, along with higher energy and utilities costs due to an upward revision of gas tariffs. Additionally, maintenance costs increased following several shutdowns and various opportunistic operational works during plant turnaround for the year.

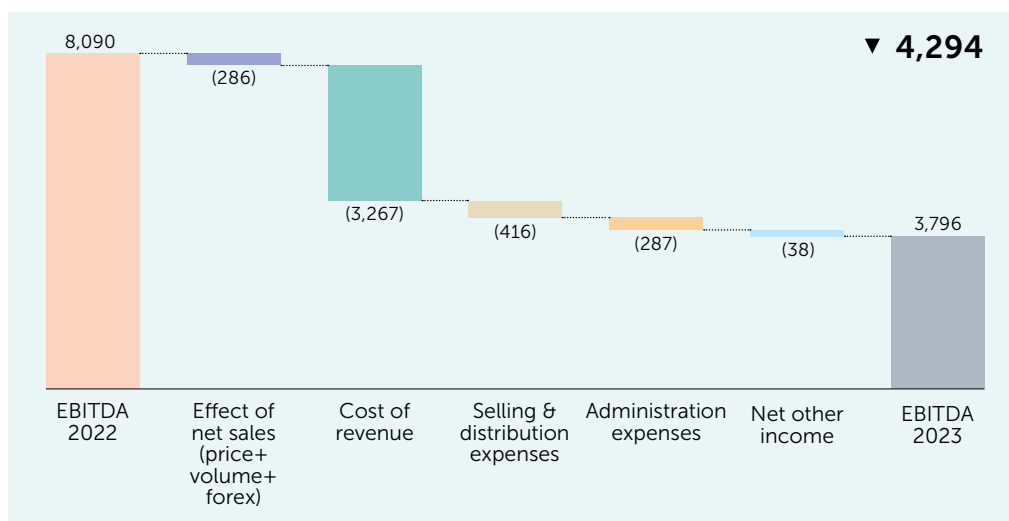
Gross profit decreased by RM3.9 billion in line with compressed margin.

Operating profit decreased by RM4.5 billion at RM2.2 billion in line with lower gross profit.

This has resulted in higher cost over revenue by 15% at 94% in 2023.

PCG recorded PBT and PAT at RM2.1 billion and RM1.8 billion, respectively.

EBITDA MOVEMENT FOR THE YEAR (RM MILLION)



EBITDA in 2023 at RM3.8 billion has decreased as compared to RM8.1 billion in 2022, mainly due to compressed margin.

FINANCIAL REVIEW

ANALYSIS ON CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

PCG maintains solid cash flow while cash and cash equivalents stood at

RM9.3 billion.

Net cash generated from operating activities decreased by RM2.9 billion, from RM8.1 billion in 2022 to RM5.1 billion in 2023 largely due to lower profit generated during the year.

Net cash used in investing activities decreased by RM10.4 billion primarily due to acquisition of a subsidiary undertaken in 2022, partially offset by higher property, plant and equipment.

Net cash used in financing activities decreased by RM1.6 billion at RM2.2 billion mainly due to lower dividend payment to shareholders.

Free cash flow:

RM2.6
billion

2022:
RM6.3 billion

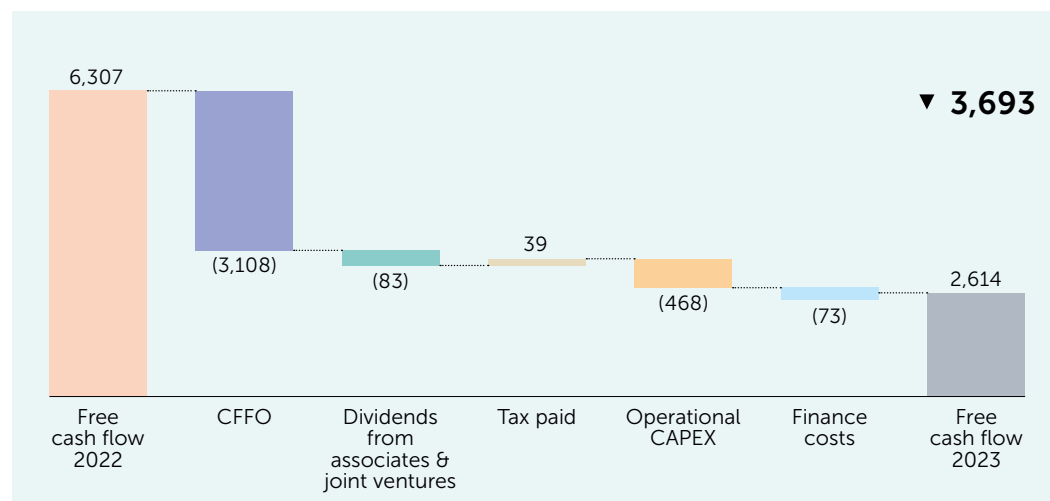
Dividends paid:

RM1.9
billion

2022:
RM3.8 billion

RM Million	2022	2023	Variance
Cash flows from operating activities			
Profit before tax	6,733	2,110	(4,623)
Adjustments for non-cash items	621	1,711	1,090
Changes in working capital	910	1,335	425
Cash generated from operations	8,264	5,156	(3,108)
Interest income received	247	386	139
Taxation paid	(462)	(423)	39
Net cash generated from operating activities	8,049	5,119	(2,930)
Cash flows from investing activities			
Payment for acquisition of a subsidiary	(11,107)	2	11,109
Net purchase of property, plant and equipment	(1,881)	(2,349)	(468)
Investment in JVs and associates	(47)	-	47
Dividends received from JVs and associates	106	23	(83)
Others	(22)	(269)	(247)
Net cash used in investing activities	(12,951)	(2,593)	10,358
Cash flows from financing activities			
Dividends paid	(3,844)	(1,920)	1,924
Drawdown of borrowings	502	226	(276)
Repayment of borrowings	(347)	(256)	91
Payment of lease liabilities	(117)	(225)	(108)
Net cash used in financing activities	(3,806)	(2,175)	1,631
Net cash flows from operating, investing and financing activities	(8,708)	351	9,059
Effect of foreign currency translation differences	470	(172)	(642)
Net increase/(decrease) in cash and cash equivalents	(8,238)	179	8,417
Net foreign exchange differences on cash held	736	201	(535)
Cash and cash equivalents at beginning of the year	16,390	8,888	(7,502)
Cash and cash equivalents at end of the year	8,888	9,268	380

FREE CASH FLOW MOVEMENT (RM MILLION)



Free cash flow in 2023 at RM2.6 billion has decreased as compared to RM6.3 billion in 2022 in line with lower profit generated during the year and higher operational CAPEX.

FINANCIAL REVIEW

GROUP QUARTERLY PERFORMANCE

RM Million	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2023
Revenue	7,557	7,113	6,784	7,213	28,667
Operating profit	592	702	606	256	2,156
Profit before taxation	590	694	586	240	2,110
Profit for the period/year	536	633	439	142	1,750
Profit attributable to shareholders of the Company	532	628	424	112	1,696
Earnings per share (sen)	7	8	5	1	21
Dividends per share (sen)	-	8	-	5	13

RM Million	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2022
Revenue	6,634	6,583	7,032	8,704	28,953
Operating profit	2,097	1,876	2,040	620	6,634
Profit before taxation	2,213	1,938	2,020	561	6,733
Profit for the period/year	2,072	1,872	1,898	484	6,327
Profit attributable to shareholders of the Company	2,076	1,869	1,895	481	6,322
Earnings per share (sen)	26	23	24	6	79
Dividends per share (sen)	-	25	-	16	41

KEY INTEREST BEARING ASSETS AND LIABILITIES

RM Million	2022			2023		
	As at 31 December 2022	Effective Interest Rate (%)	Interest Income/ Expenses	As at 31 December 2023	Effective Interest Rate (%)	Interest Income/ Expenses
Interest earning assets:						
Cash and bank balances	937	-	4	947	-	17
Fund investment	7,951	2.26	243	8,321	4.18	369
Interest bearing liabilities:						
Term Loans	2,617	4.85	71	2,631	5.17	149
Revolving credits	101	0.70 - 0.90*	-	342	0.70 - 0.90*	-
					4.80 - 5.10**	
Lease liabilities	1,813	-	120	2,159	-	142

* Above KLIBOR

** SEK rates

FINANCIAL REVIEW

FIVE-YEAR GROUP FINANCIAL SUMMARY

RM Million	2019	2020	2021*	2022	2023
Consolidated statement of profit or loss					
Revenue	16,370	14,362	23,026	28,953	28,667
By segment:					
Olefins and Derivatives	9,947	8,194	12,465	12,929	13,732
Fertilisers and Methanol	6,165	5,311	9,341	12,850	8,501
Specialties	-	-	-	3,125	6,385
Others	258	857	1,220	49	49
Cost of revenue	(11,914)	(10,837)	(14,447)	(20,277)	(23,882)
Gross profit	4,456	3,525	8,579	8,676	4,785
Selling and distribution expenses	(878)	(967)	(1,091)	(1,436)	(1,906)
Administration expenses	(754)	(718)	(839)	(1,157)	(1,394)
Other expenses	(107)	(68)	(60)	(166)	(40)
Other income	523	428	422	717	711
Operating profit	3,240	2,200	7,011	6,634	2,156
Financing cost	(31)	(27)	(29)	(66)	(139)
Share of profit/(loss) of equity accounted JVs and associates net of tax	(54)	(316)	729	165	93
Profit before taxation	3,155	1,857	7,711	6,733	2,110
Tax expense	(360)	(271)	(391)	(406)	(360)
Profit for the year	2,795	1,586	7,320	6,327	1,750
Profit attributable to the shareholders of the company	2,811	1,628	7,346	6,322	1,696
Consolidated statement of financial position					
Property, plant and equipment	20,482	20,987	22,041	27,213	29,437
Cash & cash equivalents	12,045	12,707	16,390	8,888	9,268
Total assets	38,863	39,829	46,454	55,430	60,206
Borrowings	1,875	2,192	2,388	2,718	2,973
Total liabilities	8,325	8,820	11,068	15,697	18,132
Share capital	8,871	8,871	8,871	8,871	8,871
Reserves	21,062	21,575	25,980	30,207	31,544
Total equity attributable to the shareholder of the company	29,933	30,446	34,851	39,078	40,415
Non-controlling interests	605	563	535	655	1,659
Total equity	30,538	31,009	35,386	39,733	42,074
Financial ratios (%)					
PAT margin	17.1	11.0	31.8	21.9	6.1
Return on equity	9.2	5.3	20.8	15.9	4.0
Return on asset	7.2	4.0	15.8	11.4	2.9
Cost over revenue	82.7	87.2	71.1	79.0	94.8
Dividend payout ratio	51.2	59.0	61.0	51.9	61.3
Gearing ratio	6.1	7.1	6.7	6.8	7.1
Share information					
Earnings per share (sen)	35	20	92	79	21
Dividend per share (sen)	18	12	56	41	13
Net asset per share (RM)	3.74	3.81	4.36	4.88	5.05
Closing share price (RM)	7.35	7.43	8.92	8.60	7.16
Number of ordinary shares (million)	8,000	8,000	8,000	8,000	8,000
Market capitalisation (RM million)	58,800	59,440	71,360	68,800	57,280

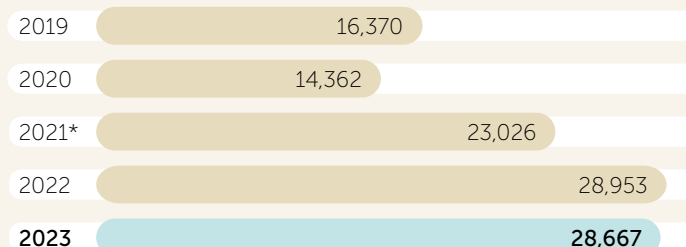
* Certain financial information and its corresponding financial ratios have been restated in line with amendments to MFRS 116 Property, Plant and Equipment

FINANCIAL REVIEW

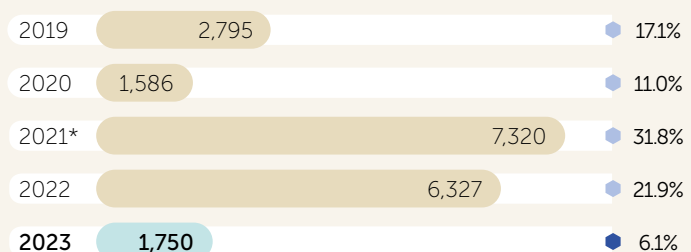
FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

PROFITABILITY

REVENUE (RM MILLION)



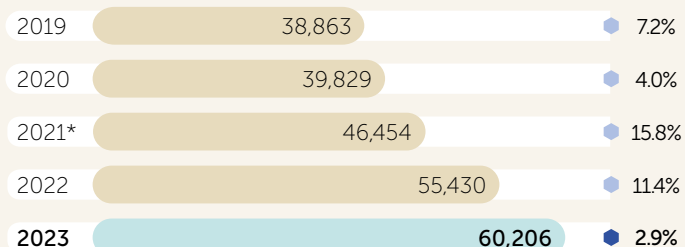
PROFIT AFTER TAX (RM MILLION)



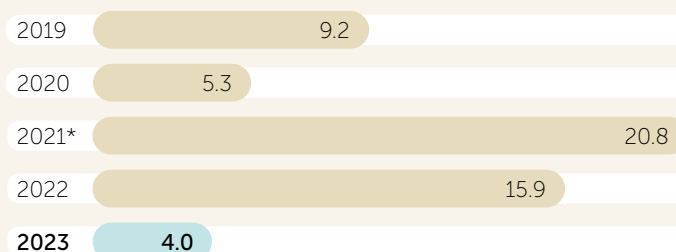
- Profit for 2019 was lower compared to RM4.9 billion in 2018 following lower product margins and net share of losses from JVs and associates
- 2020 was affected by compressed margin, declining crude oil prices, softer demand following global COVID-19 pandemic and higher net share of losses from JVs and associates
- 2021 showed significant improvement as product prices improved driven by global economic recovery and net share of profits from JVs and associates leading to the record-breaking profit generated
- Profit for 2022 decreased following compressed margin and lower share of profits from JVs and associates following lower margins and sales volume
- Profit for 2023 further declined as a result of compressed margin

FINANCIAL POSITION

TOTAL ASSETS (RM MILLION)



RETURN ON EQUITY (%)



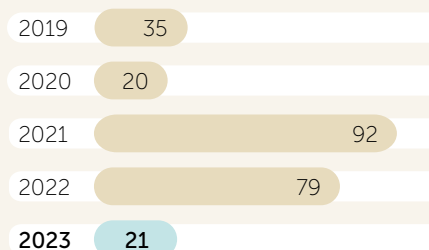
- A few notable capital investments in 2019 included increase in investment in petrochemicals projects within PIC and acquisition of 100% of shares in BRB, hence grew the total assets
- Total assets in 2020 remained robust mainly due to the increase in cash and cash equivalent from profit generated during the year
- The Group maintained strong financial position in 2021 with higher cash and cash equivalents in line with higher profits generated, property, plant & equipment and investment in JVs and associates
- Total assets in 2022 grew following the acquisition of Perstorp
- Total assets in 2023 increased mainly due to the capital investment in PIC and Perstorp

SHARE AND RETURNS TO SHAREHOLDERS

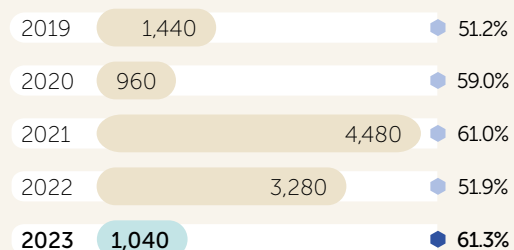
CLOSING SHARE PRICE (RM)



EARNINGS PER SHARE (SEN)



DIVIDEND PAYOUT (RM MILLION)



* Certain financial information and its corresponding financial ratios have been restated in line with amendments to MFRS 116 Property, Plant and Equipment

FINANCIAL REVIEW

STATEMENT ON VALUE ADDED

RM million	2022	2023
Revenue	28,953	28,667
Less: Purchase of goods and services	(19,702)	(22,827)
Value added by the companies	9,251	5,840
Net other income	551	671
Financing costs	(66)	(139)
Share of profits after tax of equity accounted JVs and associates	165	93
Value added available for distribution	9,901	6,465

RM million	2022	2023
<i>Distributed to:</i>		
To employees		
Employee costs	1,579	2,376
To government		
Taxation	406	360
To shareholders		
Dividends	3,840	1,920
Non-controlling interest	4	-
Retained for reinvestment and future growth		
Depreciation & amortisation	1,589	1,978
Net increase/(reduction) in retained profits	2,483	(169)
Value Distribution	9,901	6,465

