PETRONAS Chemicals Group Berhad
Analyst Briefing

For Third Quarter 2023

28 November 2023

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PETRONAS Chemicals Group Management

Mohd Yusri Mohamed Yusof
Managing Director/CEO

Presenter

Mohd Azli Ishak
Chief Financial Officer

Presenter

Also present in the briefing:

Zamri Japar
Chief Manufacturing Officer

Yaacob Salim
Head, Strategic Planning & Ventures

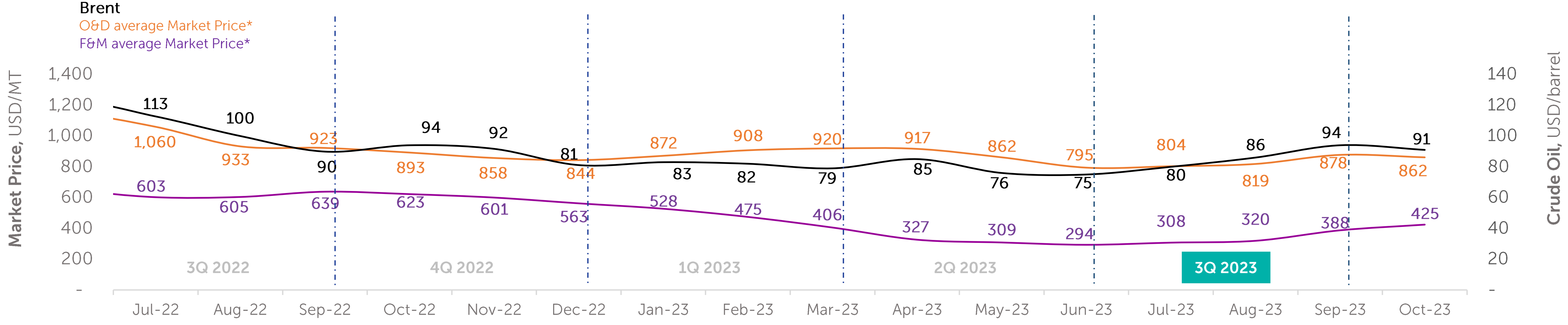
Debbie Chiu
Chief Operating Officer Specialty Chemicals

Shakeel Ahmad Khan
Chief Commercial Officer

Zaida Alia Shaari
Head
Investor Relations

Content

Lackluster global market and economic uncertainties remain, amid regional market disparities

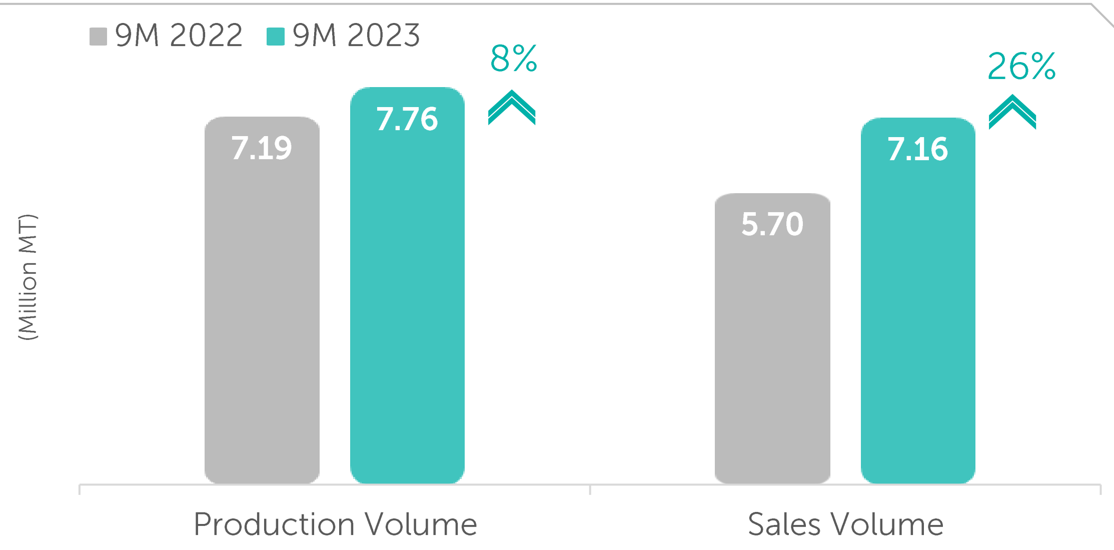


9M 2023 Market Highlights

- Global GDP decreased to 1.77%, reflecting slow market recovery marked by economic uncertainties amid differences in monetary policies across regional markets. *(9M 2022: 1.85%)*
- Global PMI declined to 49.10 on a decelerated manufacturing sector output due to sluggish demand recovery. *(9M 2022 : 49.80)*
- The benchmark Brent crude declined by 23% to average at USD82/bbl on lower global energy consumption, ongoing Eastern Europe conflict and continued inflation concerns. *(9M 2022 : USD106/bbl)*
- Average petrochemical products prices declined across the board due to the on higher supply availability with new capacities on stream and decreased demand in the downstream industry.

**Source: market publications, PCG analysis*

9M 2023 Highlights : Revenue improvement with contribution from Perstorp



REVENUE *in RM Million*

20,249	21,454
9M 2022	9M 2023

EBITDA *in RM Million*

6,350	3,142
9M 2022	9M 2023

PAT *in RM Million*

5,843	1,608
9M 2022	9M 2023

EBITDA *margin*

31%	15%
9M 2022	9M 2023

Note:
9M 2022 does not include contributions from Perstorp Group

Operational Excellence

- Plant Utilisation was comparable at 85% despite unscheduled plant shutdowns, planned plant turnaround and maintenance works. *(9M 2022: 85%)*
- Production volume was higher by 8% at 7,757 KMT contributed by addition of Perstorp volume by 578 KMT. *(9M 2022: 7,190 KMT)*

Commercial Excellence

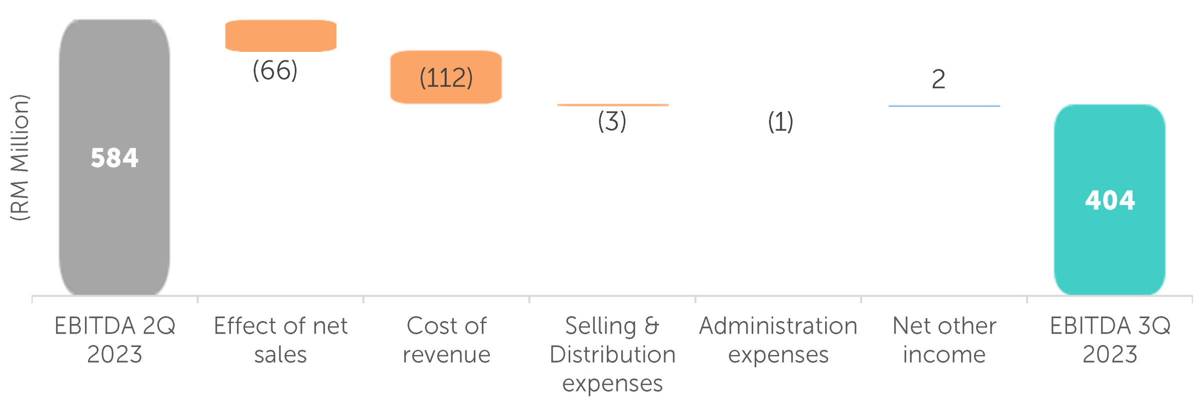
- The total sales volume increased by 26% at 7,160KMT with additional volume from Perstorp and PIC . *(9M 2022: 5,700 KMT).*
- Average prices were lower across the board by 30%.

Financial Excellence

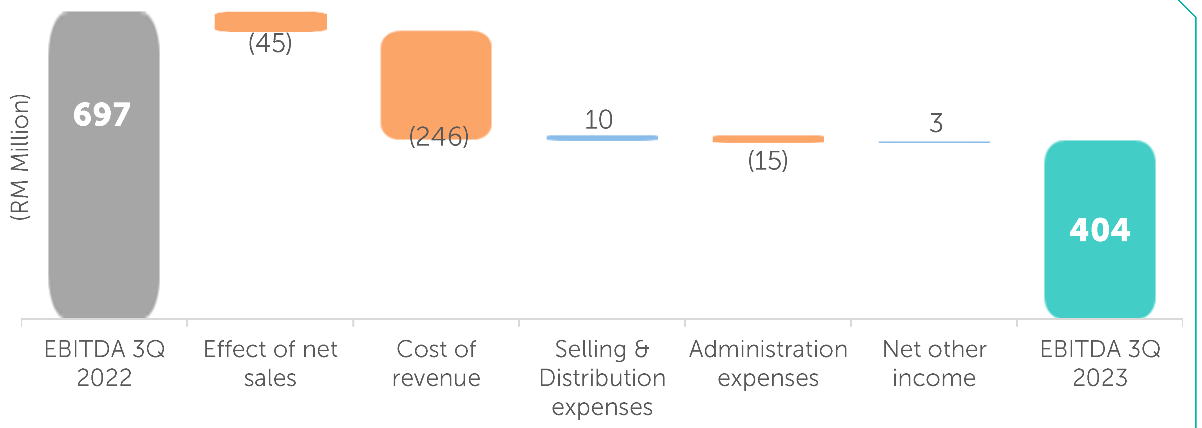
- Revenue improved 6% on higher sales volume from Malaysian operation and additional sales volume from Perstorp and PIC, partially offset by lower product prices.
- EBITDA was lower at RM3.1 billion mainly due to lower product spreads particularly in the ethane-related products, urea and ammonia as well as higher energy & utilities cost.
- PAT was lower at RM1.6 billion in line with lower EBITDA, recognition of gain amounting to RM276 mil related to adjustment of timing for trade payable payments in the corresponding period and unrealised forex exchange loss on revaluation of loan at Perstorp.

O&D: Lower EBITDA q-o-q due to higher maintenance cost, lower sales volume and product spreads

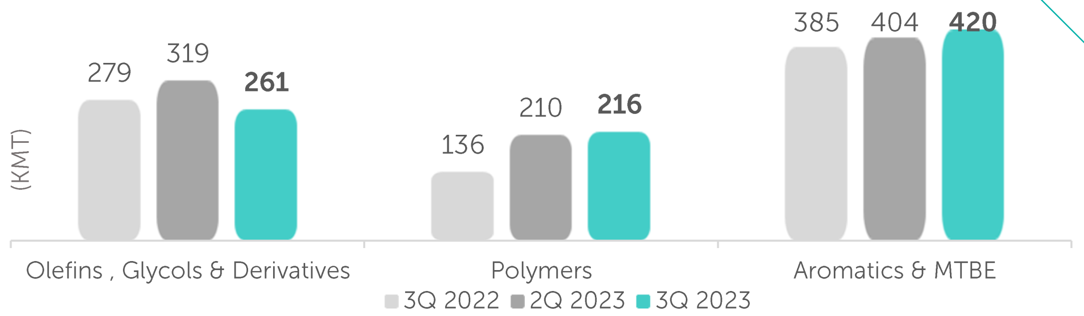
3Q 2023 vs 2Q 2023



3Q 2023 vs 3Q 2022



Product Sales Volume



	3Q 2022	2Q 2023	3Q 2023	Q-o-Q	Y-o-Y
Plant Utilisation (PU) *%*	96.8	98.4	**78.6**	**(19.8%)**	(18.2%)
Production Volume *(KMT)*	997	962	**779**	**(19.0%)**	(21.9%)
Sales Volume *(KMT)*	800	933	**897**	**(3.9%)**	12.1%
Revenue *(RM mil)*	3,419	3,633	**3,496**	**(3.8%)**	2.3%
EBITDA *(RM mil)*	697	584	**404**	**(30.8%)**	(42.0%)
EBITDA Margin *%*	20.4	16.1	**11.6**	**(4.5%)**	(8.8%)

3Q 2023 vs 2Q 2023

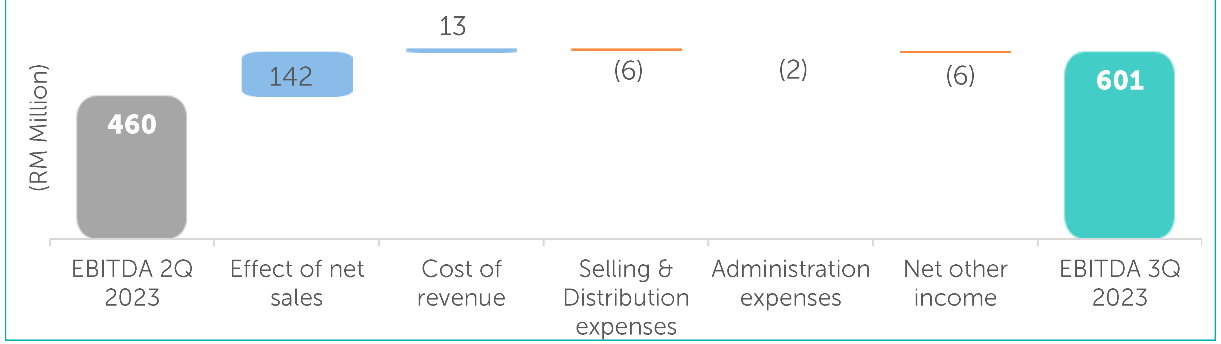
Plant Utilisation Rate: Lower following execution of planned maintenance activities and unplanned shutdown at PC Olefins, due to disruption in utilities supply.

Revenue: Decreased by 3.8% due to lower sales volume in line with lower production, coupled with lower product prices.

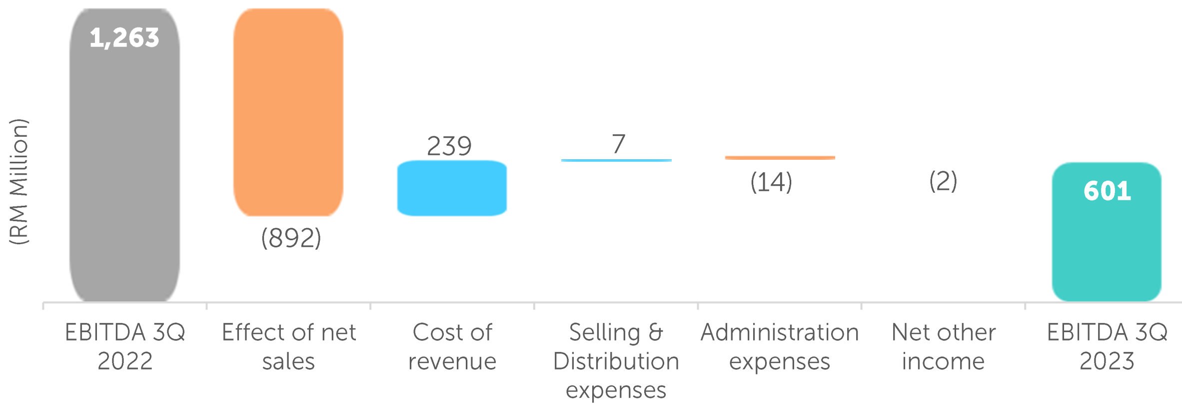
EBITDA: Lower at RM404 million due to higher maintenance cost, lower sales volume and lower product spreads.

F&M: EBITDA q-o-q improved due to higher product spreads, particularly Urea

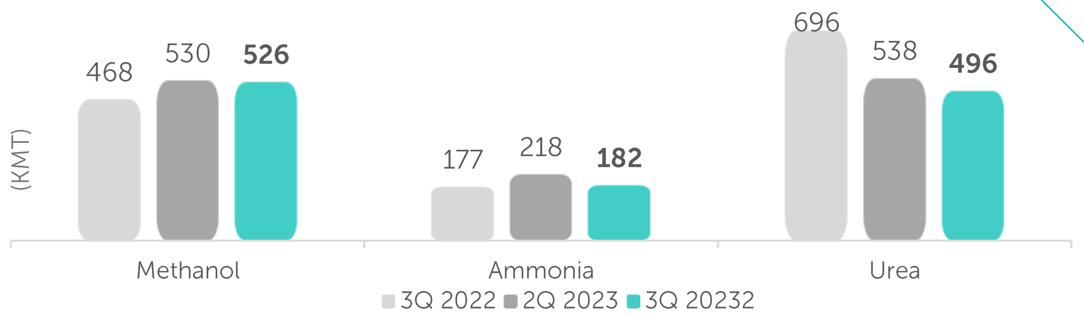
3Q 2023 vs 2Q 2023



3Q 2023 vs 3Q 2022



Product Sales Volume



	3Q 2022	2Q 2023	3Q 2023	Q-o-Q	Y-o-Y
Plant Utilisation (PU) %	94.4	73.0	**76.4**	**3.4%**	(18.0%)
Production Volume *(KMT)*	1,738	1,330	**1,408**	**5.9%**	(19.0%)
Sales Volume *(KMT)*	1,341	1,286	**1,204**	**(6.4%)**	(10.2%)
Revenue *(RM mil)*	3,187	1,874	**1,809**	**(3.5%)**	(43.2%)
EBITDA *(RM mil)*	1,263	460	**601**	**30.7%**	(52.4%)
EBITDA Margin %	39.6	24.5	**33.2**	**8.7%**	(6.4%)

3Q 2023 vs 2Q 2023

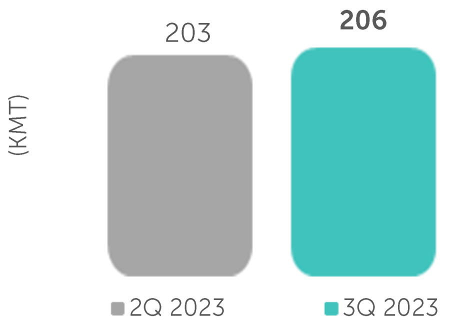
Plant Utilisation Rate: Higher at 76.4% due to lower downtime days.

Revenue: Lower by 3.5% at RM1.8 billion due to lower sales volume, offset by favorable foreign exchange and higher product prices.

EBITDA: Increased by 30.7% mainly contributed by higher product spreads and lower fuel cost.

Specialties: Higher EBITDA against 2Q 2023 due to lower operational expenses, partially offset by lower margins

Sales Volume



	2Q 2023	3Q 2023	Q-o-Q	Key highlights
Revenue *RM mil*	1,591	**1,467**	**(7.8%)**	Lower revenue q-o-q largely due to lower sales price following weak market demand and price competition
EBITDA *RM mil*	38	**48**	**26.3%**	Higher EBITDA q-o-q contributed by lower operational expenses, partially offset by lower margins due to lower sales price.
EBITDA Margin *(%)*	2.4	**3.3**	**0.9%**	

Resins & Coatings

- Slightly higher sales volume recorded in 3Q 2023 vs 2Q 2023 mainly contributed by higher demand from APAC on powder polyester, partially offset by overall lower demand for alkyd resins in line with slow growth in construction end market.
- Nonetheless, the margin was compressed due to lower price in 3Q 2023.

Engineered Fluids

- Lower margins for all key products following lower price recorded in 3Q 2023 vs 2Q 2023. partially offset by slightly higher volumes for metalworking fluids and refrigeration lubricant

Animal Nutrition

- Higher revenue 3Q 2023 vs 2Q 2023 driven by higher sales from specialty gut health products supported by higher demand from Europe and Southeast Asia.
- Margins improvement contributed by higher sales mix from specialty products as well as favourable raw material prices.

Advanced Materials

- Lower margins attributable to lower volumes in 3Q 2023 vs 2Q 2023 especially for PVB films sold to Europe following slow growth in construction end market
- The impact was softened by steady demand from the automotive market.

Silicones

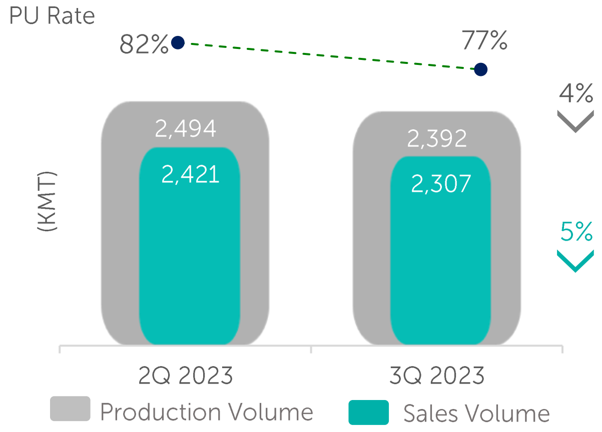
- Lower revenue and margins in 3Q 2023 vs 2Q 2023 largely due to declining price following slowdown in the market and price pressure from Asian producers, coupled with slightly lower volumes.
- The weak market sentiment is expected to persist until end of the year.

Lube Oil Additives & Chemicals

- Higher margins in 3Q 2023 vs 2Q 2023 supported by higher volumes following restocking activities.
- Stronger volume position contributed by Coolant and Screenwash partially offset by lower volume composition from higher-priced additives products particularly Gear additives and Viscotech Styrenic Solid.

Lower Group EBITDA q-o-q due to higher maintenance cost, lower sales volume, and lower spreads mainly from Ethane -related products

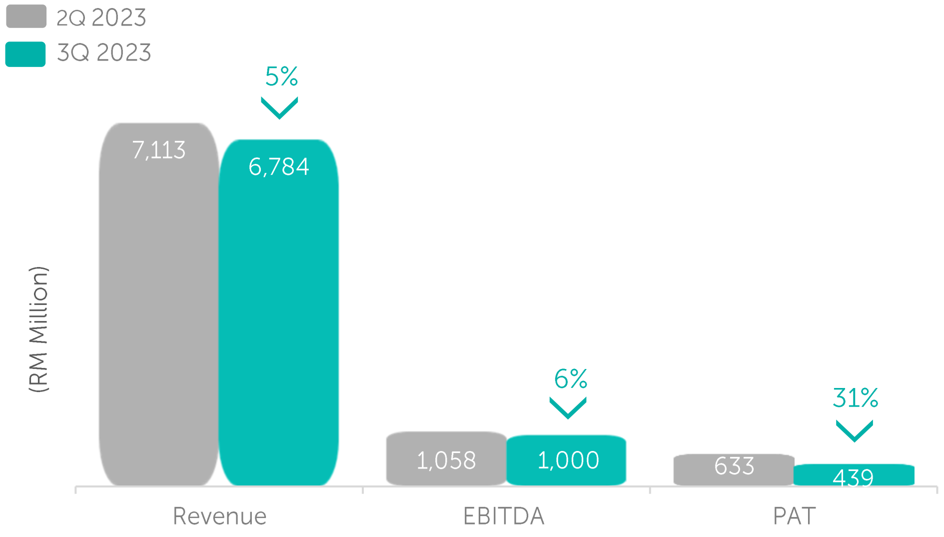
3Q 2023 vs 2Q 2023



Plant Utilisation Rate (PU):
Lower PU mainly due to turnaround at PC Ammonia, shutdown at ABF ,PC Glycols & PC Derivatives as well as unplanned shutdowns of PC Olefins

Production Volume:
Lower mainly due to lower production of aromatics product, ethylene and ethylene glycols

Sales Volume:
Lower sales volume mainly from ammonia and ethane-related products. The Specialties saw lower sales of Silicones due to lower demand across all regions and higher raw material cost



Revenue declined due to:

- Lower sales volume
- Lower product prices
- Lower revenue from Perstorp, partially offset by revenue contribution from PIC

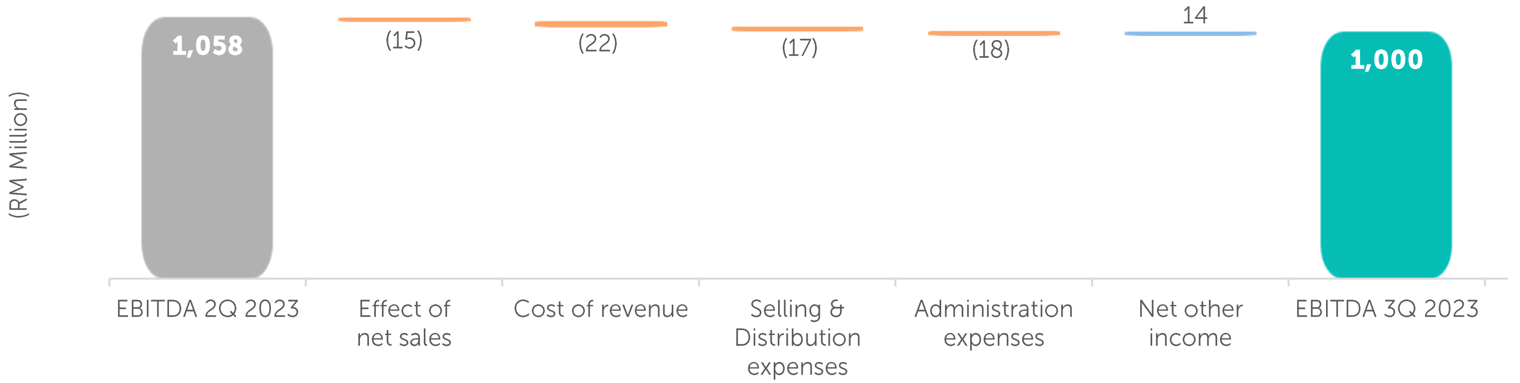
EBITDA was **comparable**

PAT lower due to:

- Lower unrealised foreign exchange gain on revaluation of shareholders' loan to PPC

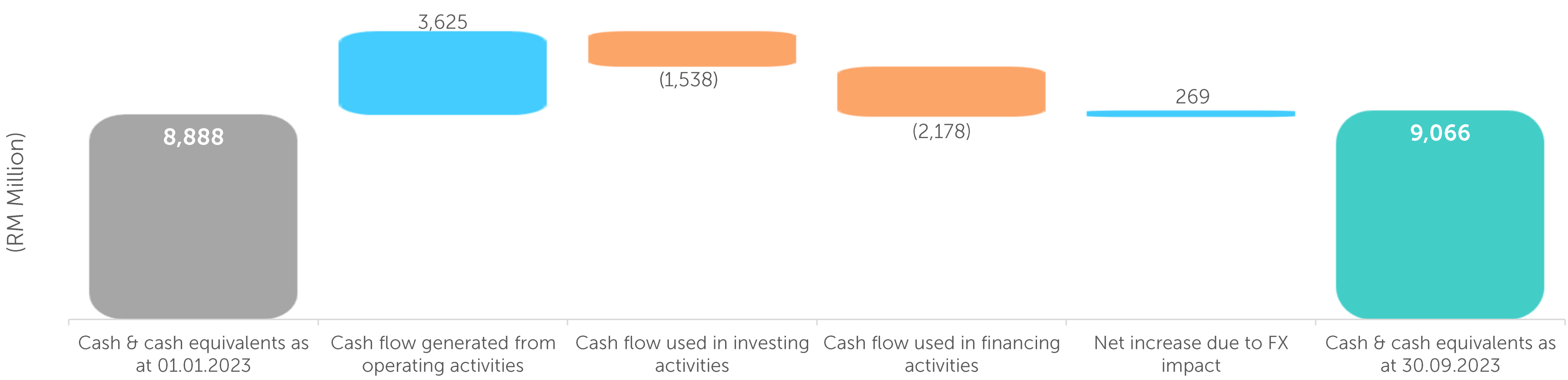
EBITDA MOVEMENT

EBITDA Margin
3Q 2023: 14.7%
2Q 2023: 14.9%



Higher cash balance mainly contributed by CFFO, partially offset by dividend paid to shareholders

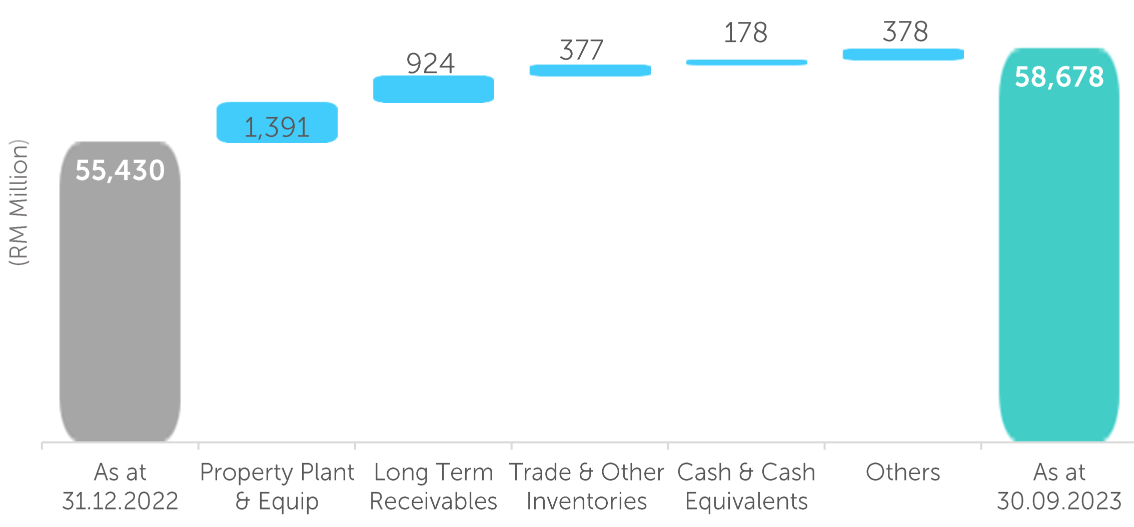
Cash Flow



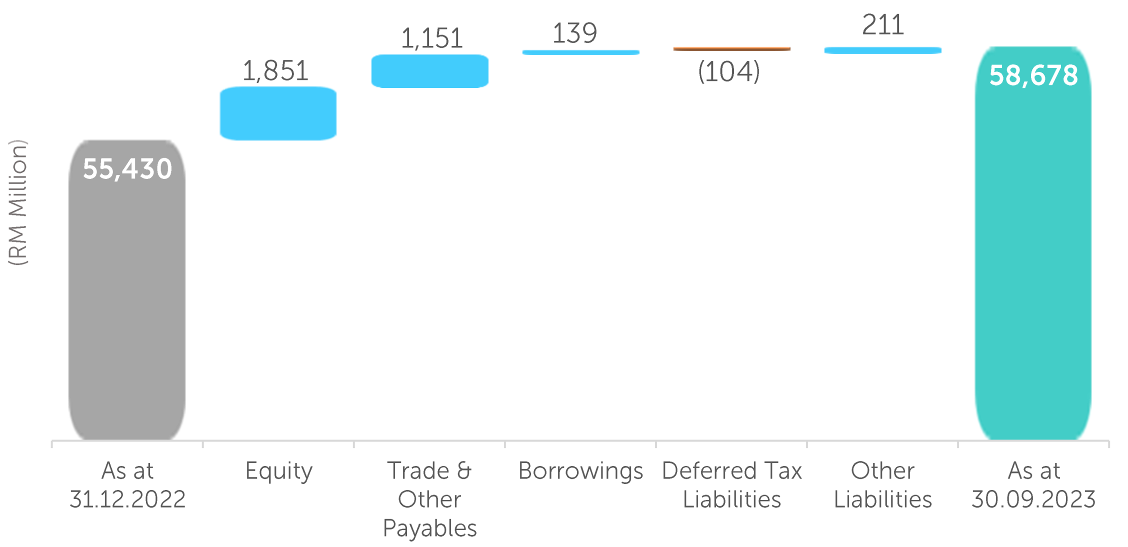
- Net cash used in investing activities comprises project costs incurred at Pengerang Integrated Complex, Perstorp growth projects and the Melamine project at PC Fertiliser Kedah
- Net cash used in financing activities was lower by RM1.6 billion or 42% at RM2.2 billion mainly due to lower dividend paid to shareholders of the Company.

Higher total asset mainly from higher PPE in relation to capital investment in projects. Increase in equity contributed by profit generated during the period

Total Assets



Total Equity & Liabilities



The Group's total assets were higher by 6% at RM58.7 billion, mainly due to:

- Higher PPE by RM 1.4 billion contributed by:
  - ❑ Project costs incurred at Pengerang Integrated Complex
  - ❑ Expansion and maintenance projects at Perstorp facilities
  - ❑ Statutory plant turnaround preparation cost
- Long term receivables in relation to deferred payment consideration arising from partial divestment of a subsidiary

- o Total equity was higher by RM 1.9 billion attributed by profit generated during the period and favorable foreign exchange impact.
- o Total liabilities were higher due to higher trade and other payables mainly arising from pre-operating expenses at PPC

Keeping track of our sustainability metrics

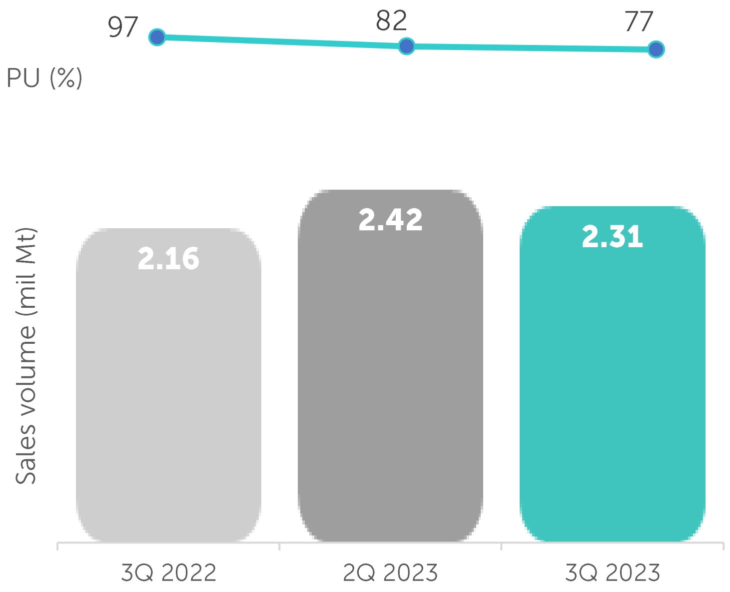
FTSE4Good

Member of Dow Jones Sustainability Indices
Powered by the S&P Global CSA

Economic

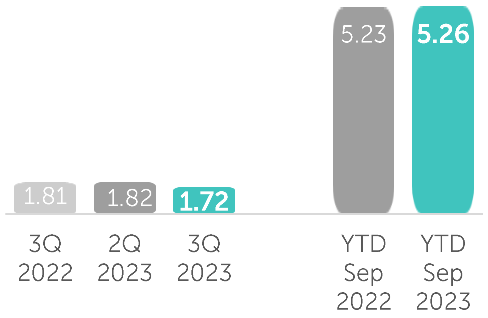
Plant Utilization 77%

Sales Volume 2.31 Mil MT

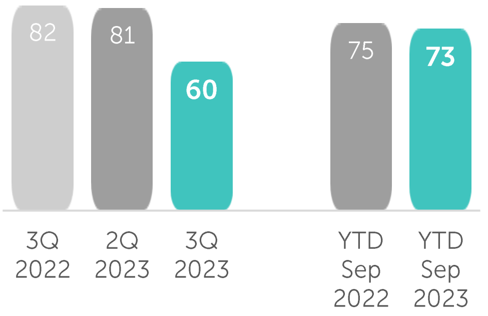


Environmental

Target in 2024
Cap GHG Emissions Volume at 6.98 Mil tCO_2e



Target in 2024
Hazardous Waste Recycle rate (%) , 3R 82%



Social

Target reach in 2023 for Social Impact activities ~80,000 *people*

Mangrove planting target in 2023 ~5,500 *trees*

Environment
- Be Green
- ecoCare

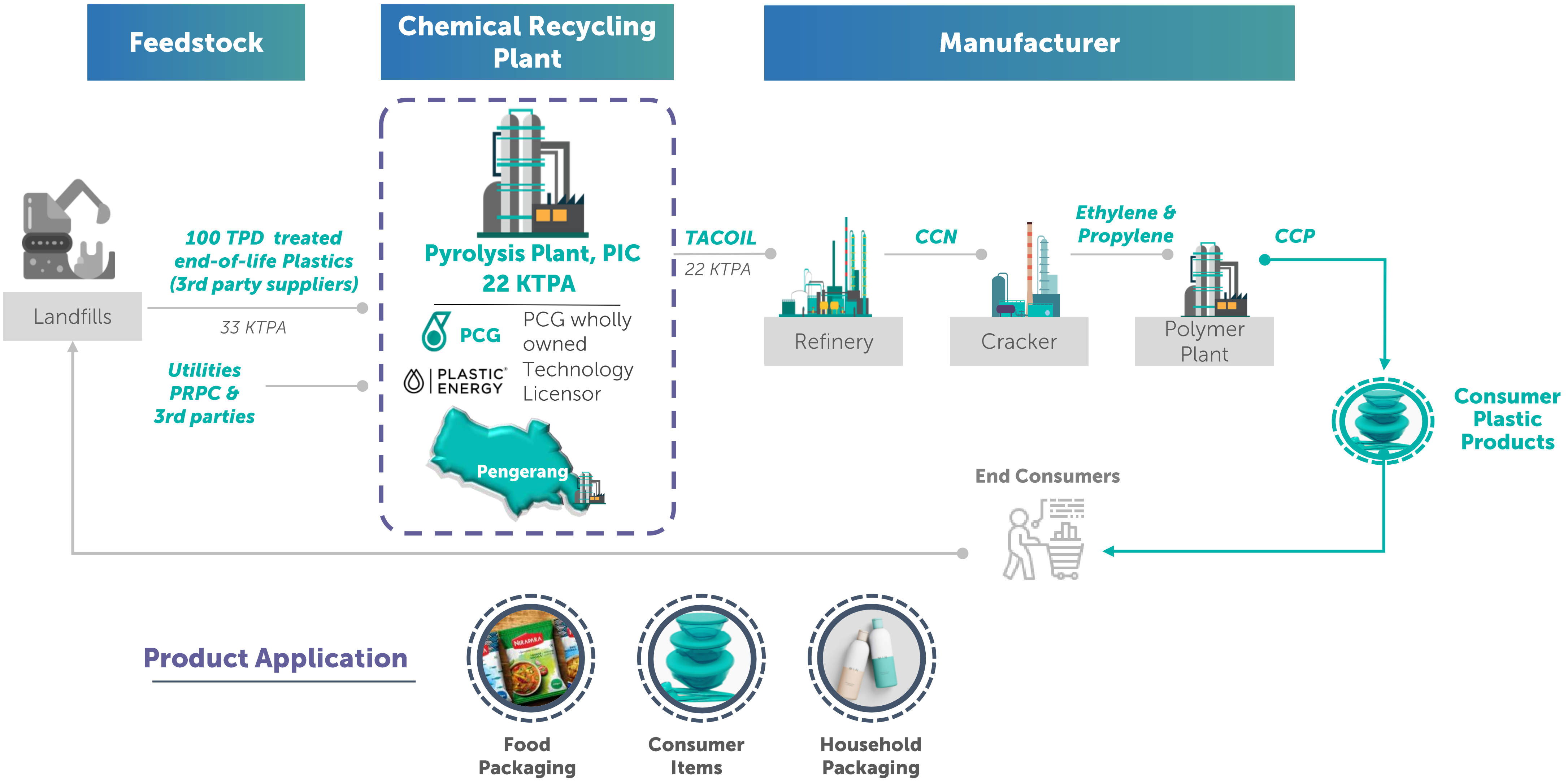
Community Well-being & Development
- Safe Handling of Chemicals for School (SHOC4School)
- Community/Disaster Relief Program

Education
Plastic, Sustainability & You Education (PSYE)

Social & Governance
Focusing on closing gaps identified from previous social risk assessment

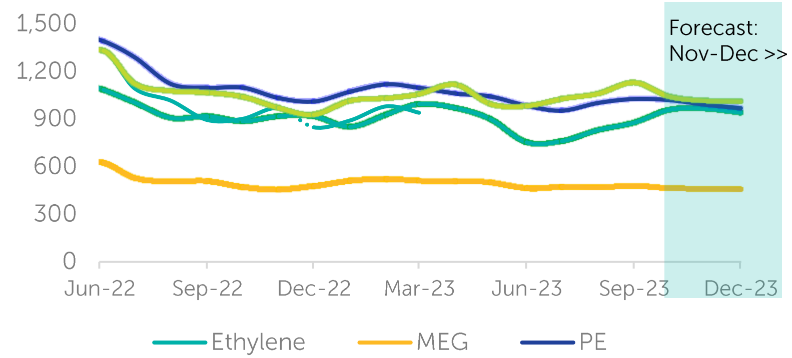
Internal

In our journey to drive the circular economy, we are pursuing the first advanced chemical recycling plant in Asia



Seasonal softening of commodity prices towards year-end. Specialties remain flat amid economic uncertainties and lower industrial activities

O&D: Slow demand and sufficient supply in Q4 2023 due to traditional off-peak season



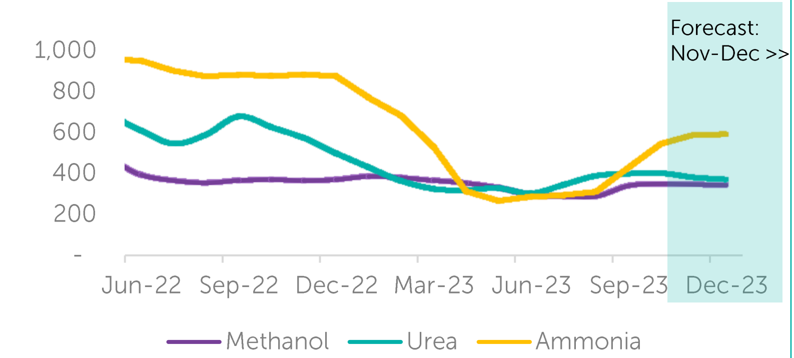
Ethylene:
- Price is anticipated to be stable in view of volatile energy market, balanced supply and muted downstream demand.

Ethylene Glycols:
- Price is forecasted to be soft on rising supply from the upcoming new capacities coupled with limited buying activities.

Polyethylene:
- Softening price outlook on balanced supply and poor downstream demand

Paraxylene:
- Stable price on tight supply, on-going maintenance and unplanned shutdowns especially in China

F&M: India to issue another tender in December. Stronger gas prices in anticipation of winter season.



Urea:
- Softer price amid uncertainties surrounding China's export restriction and muted market activity

Ammonia:
- Stable price with supply coming back online amid subdued demand from downstream sector.

Methanol:
- Stable prices despites continued supply shortages in SEA as downstream demand remains weak due to off-season.

Specialties: No major improvement in market sentiment expected in 4Q 2023

- Ongoing macro-economic uncertainties are expected to continue and weigh on organic volume growth for end markets especially in construction
- Weak demand for focused segments, stemming from slower industrial activities and cautious customer sentiment. Demand is expected to have bottomed out moving forward
- Soft US and EU recovery while China's recovery remain slower than expected

Despite market challenges, PCG remain steadfast in pursuing our Growth projects and Operational & Commercial excellence

OE — OPERATIONAL EXCELLENCE

- Strengthening plant reliability
- Deliver safe and effective execution of planned shutdown and turnaround
- Deliver safe and smooth start up of Pengerang Integrated Complex

GE — GROWTH DELIVERY EXCELLENCE

- Operationalise our Specialty Ethoxylates & Polyols plant in Kertih, Terengganu and Nitrile Butadiene Latex plant in Pengerang, Johor within 4Q 2023
- Commissioning of Pentaerythritol (Penta) plant in Sayakha, India in 1H 2024
- Implement post acquisition integration plans, deliver identified value creation projects and synergies with Perstorp
- Continue project execution for Melamine, 2-EH Acid and Maleic Anhydride (MAn) and the newly sanctioned advanced chemical recycling plant

CE — COMMERCIAL EXCELLENCE

- Maximize value from existing business and maintain competitive cost
- Ensure supply reliability to customers
- Maximize value creation through non-traditional business & process improvements

Thank you