PETRONAS Chemicals Group Berhad
Analyst Briefing

For Fourth Quarter and Year Ended 31 December 2023

26 Feb 2024

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PETRONAS Chemicals Group Management

Mazuin Ismail
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

About Mazuin Ismail

Mazuin's career in PETRONAS began in 1991 as a Structural Engineer, Field Engineer and Company Site Representative for PETRONAS Carigali projects covering multiple engineering disciplines, construction, and project management. Over the years, he took on various technical and leadership roles within PETRONAS Group. These include Head of Strategic Planning Petroleum Management Unit, Head of Projects & Engineering PETRONAS Carigali, Vice President of Technical Global and Senior Vice President of Project Delivery and Technology.

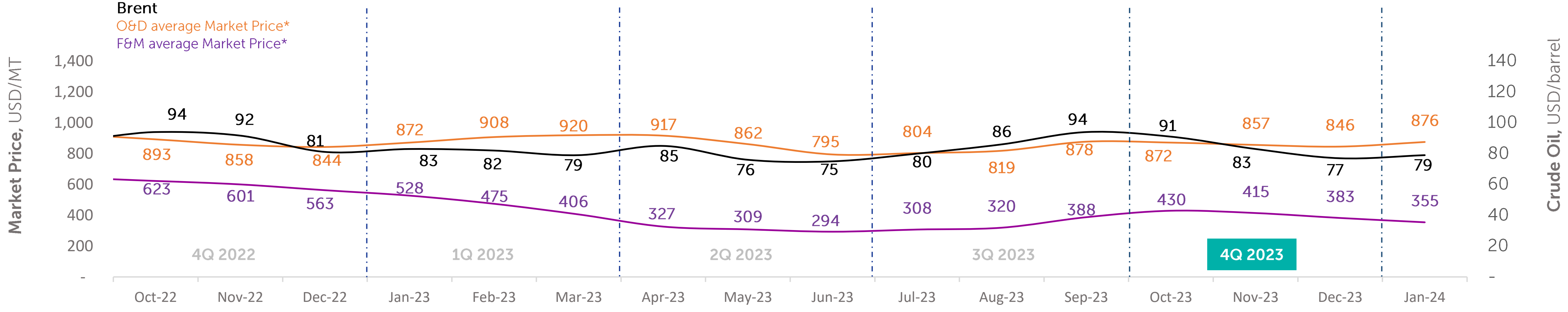
In 2018, Mazuin spearheaded the establishment of PETRONAS Corporate Venture Capital, managing investment fund to lead the Group effort in driving technology innovation and maintaining a competitive edge to support its core oil and gas business for further growth.

Before assuming his current role, he served as the Senior Vice President of Corporate Strategy, overseeing the formulation of PETRONAS' strategy and portfolio to achieve financial performance, earning stability, and future-proofing for sustainability.

Mazuin graduated in Civil and Structural Engineering from the University of Bradford, United Kingdom and obtained his Master of Business Administration (MBA) from the University of Adelaide, Australia.

Content

Tighter financial conditions, weakening currencies in emerging markets, and geopolitical conflicts contributes to market dynamics and economic uncertainties in 2023



FY 2023 Market Highlights

- Global GDP decreased to 3.0% at the end on 2023, as recovery remained slow on persistent headwinds and growing regional divergence amid effects of tighter financial conditions as well as limited labor market. *(2022: 3.5%)*

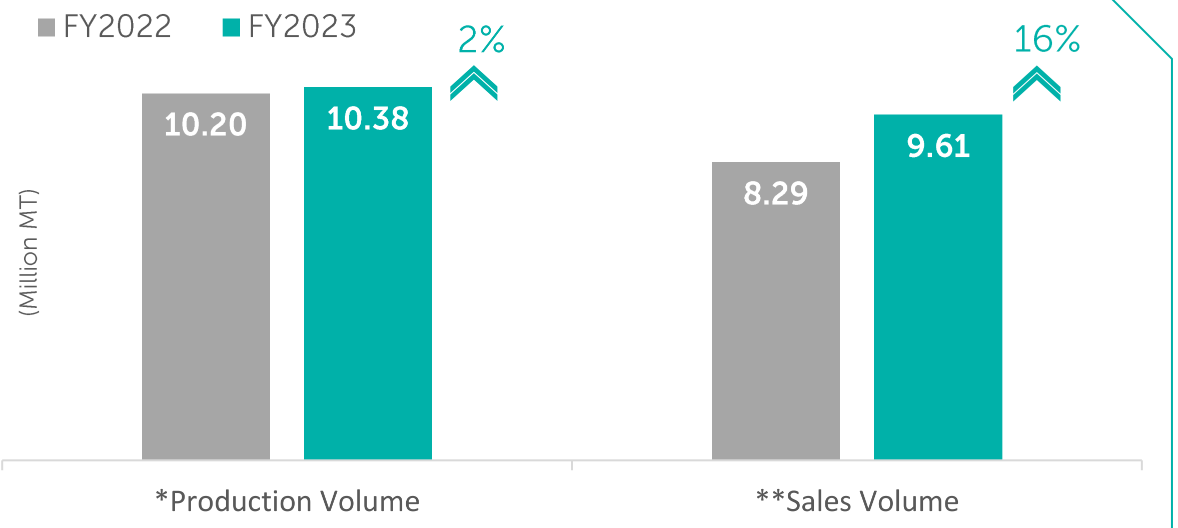
- Global PMI was comparable at 49.0 which indicated stability in manufacturing, particularly in India, Russia and China, reflecting from regional economic divergence that led to a small uptick in global manufacturing output. *(2022 : 48.6)*

- The benchmark Brent crude declined by 18% , to average at USD83/bbl due to concerns over a slower economic rebound and improved supply from the Middle East. *(2022 : USD101/bbl)*

- Average petrochemical products prices saw widespread declined due to the higher supply availability with new capacities on stream in China, amid cautious demand in the downstream industries as a result of high inflation and slow economic growth.

**Source: market publications, PCG analysis*

FY2023 Highlights : Revenue increased supported by higher sales volume, amidst lower product prices



REVENUE *in RM Million*	
28,953	**28,667**
2022	2023

EBITDA *in RM Million*	
8,090	**3,796**
2022	2023

PAT *in RM Million*	
6,327	**1,750**
2022	2023

EBITDA *margin*	
28%	**13%**
2022	2023

** Production volume: Excludes PIC*

*** Sales volume: Includes PIC (842 kmt) and Specialties (841 kmt)*

Operational Excellence

- Plant Utilisation was lower by 4% at 85% due to unscheduled plant shutdowns, higher shutdown days during turnaround activities and maintenance works. *(2022: 89%)*
- Production volume was higher by 2% at 10.38 million MT contributed by full-year contribution from Specialties. *(2022: 10.2 million MT)*

Commercial Excellence

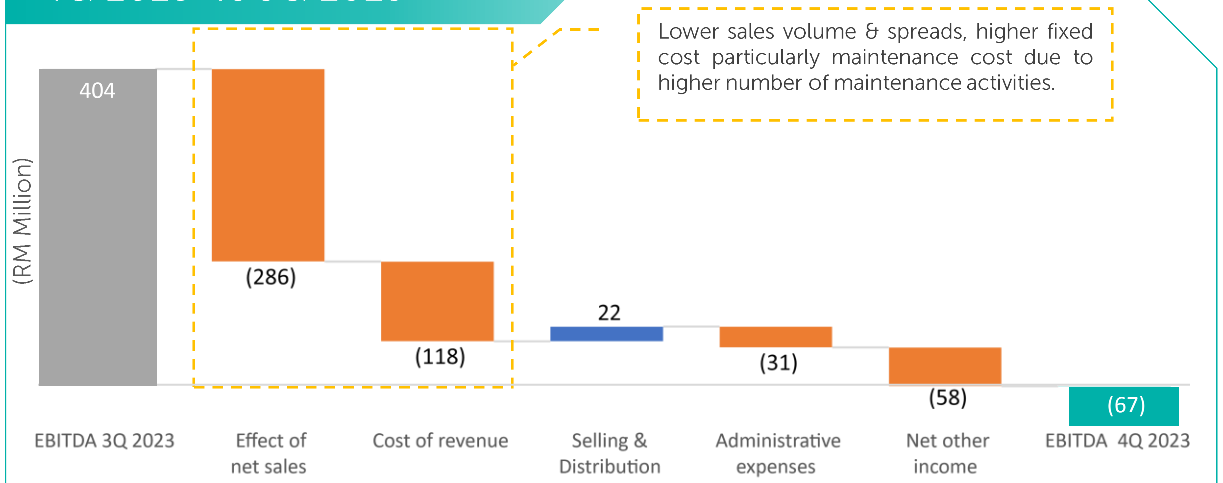
- The total sales volume increased by 16% at 9.61 million MT with additional volume from PIC. *(2022: 8.29 million MT).*
- Average prices were lower across the board by 26%.

Financial Excellence

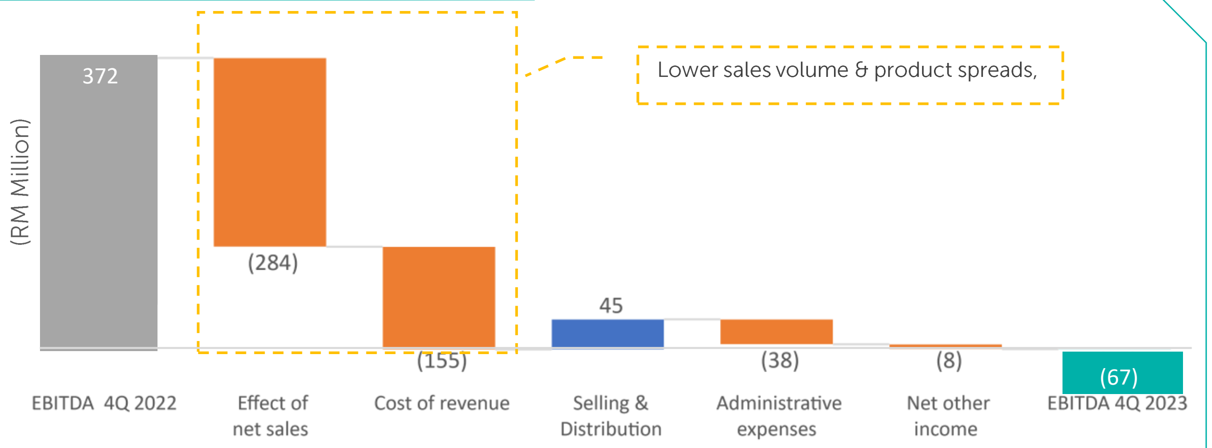
- Revenue was comparable due to inclusion of revenue contributed by Perstorp and PIC Petchem despite lower product prices.
- EBITDA was lower at RM3.8 billion mainly due to lower product spreads, higher plant maintenance cost, partially offset by lower variable cost from fuel and favorable foreign exchange.
- PAT was lower at RM1.8 billion in line with lower EBITDA.

O&D: Negative EBITDA q-o-q due to lower product spreads and volume compounded by higher maintenance.

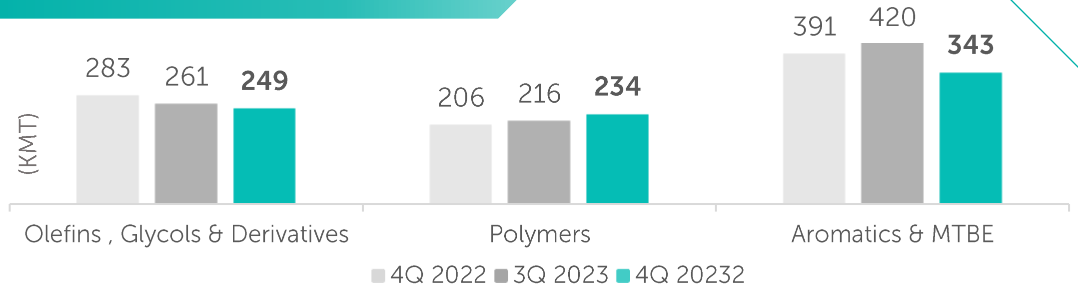
4Q 2023 vs 3Q 2023



4Q 2023 vs 4Q 2022



Product Sales Volume



	4Q 2022	3Q 2023	4Q 2023	Q-o-Q	Y-o-Y
Plant Utilisation (PU) *%*	99.4	78.6	**70.8**	**(7.8%)**	(28.6%)
Production Volume *(KMT)*	980	779	**721**	**(7.4%)**	(26.4%)
Sales Volume *(KMT)*	880	897	**826**	**(7.9%)**	(6.1%)
Revenue *(RM mil)*	3,494	3,496	**3,210**	**(8.2%)**	(8.1%)
EBITDA *(RM mil)*	372	404	**(67)**	**(>100)**	(>100)
EBITDA Margin *%*	10.6	11.6	**(2.1%)**	**(13.7%)**	(12.7%)

4Q 2023 vs 3Q 2023

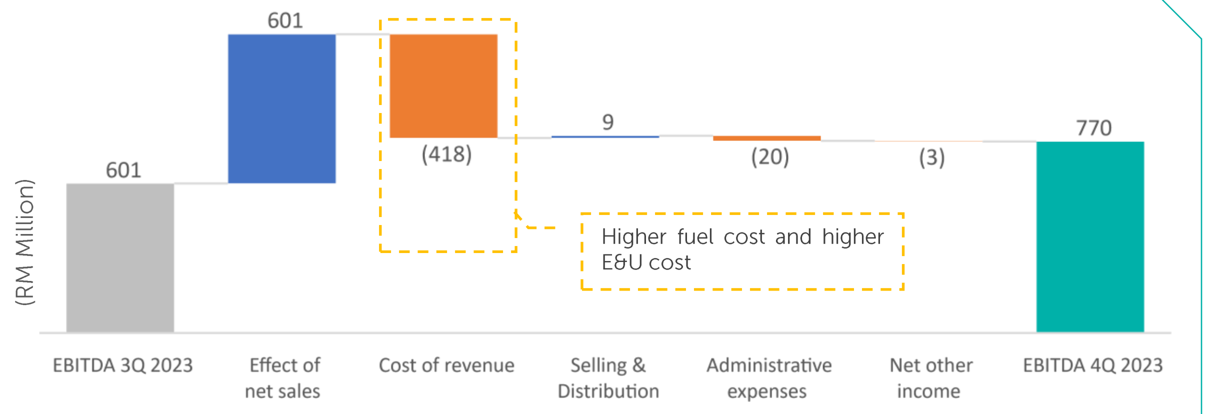
Plant Utilisation Rate: Lower PU rate due to higher repair activities and extended turnaround days at PC MTBE, unplanned shutdown at PC Aromatics and slowdown at PC Olefins due to steam interruption from Utilities Kerteh.

Revenue: Decreased mainly due to lower sales volume.

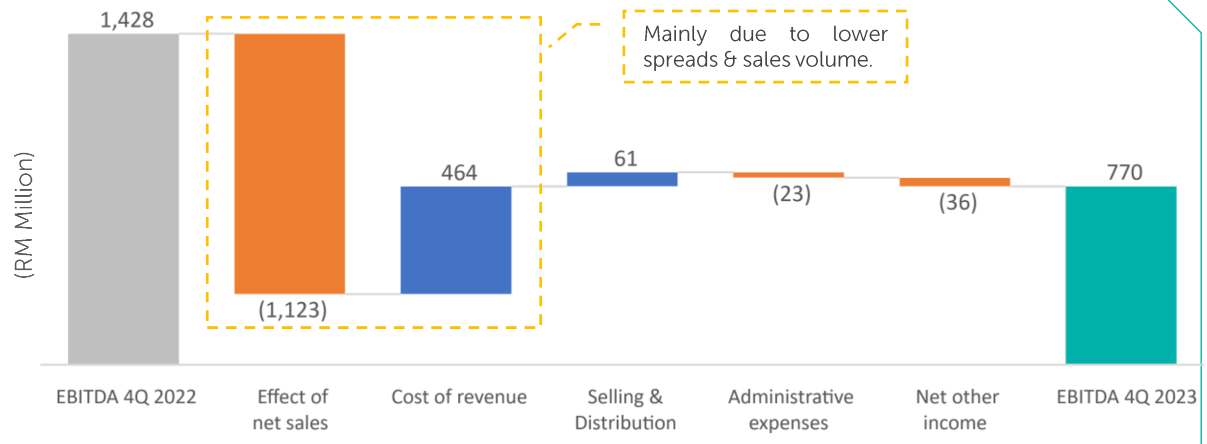
EBITDA: Impacted by lower sales volume, lower product spreads, compounded by higher maintenance costs.

F&M: EBITDA q-o-q improved on higher product spreads

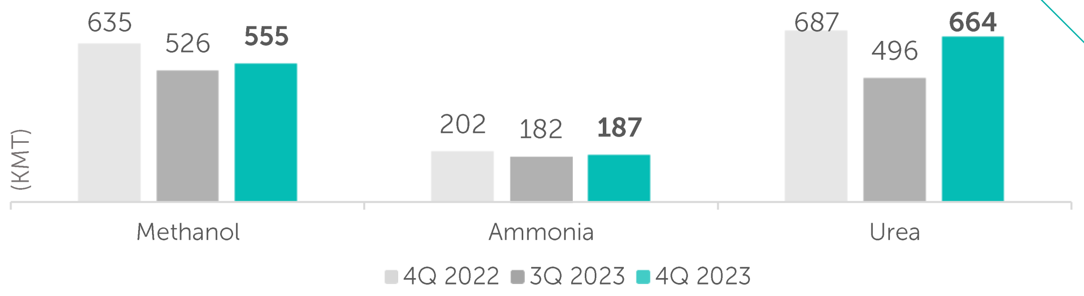
4Q 2023 vs 3Q 2023



4Q 2023 vs 4Q 2022



Product Sales Volume



	4Q 2022	3Q 2023	4Q 2023	Q-o-Q	Y-o-Y
Plant Utilisation (PU) %	100.3	76.4	**91.2**	**14.8%**	(9.1%)
Production Volume *(KMT)*	1,846	1,408	**1,680**	**19.3%**	(9.0%)
Sales Volume *(KMT)*	1,524	1,204	**1,406**	**16.8%**	(7.7%)
Revenue *(RM mil)*	3,533	1,809	**2,410**	**33.2%**	(31.8%)
EBITDA *(RM mil)*	1,428	601	**770**	**28.1%**	(46.1%)
EBITDA Margin %	40.4%	33.2	**32.0**	**(1.2%)**	(8.4%)

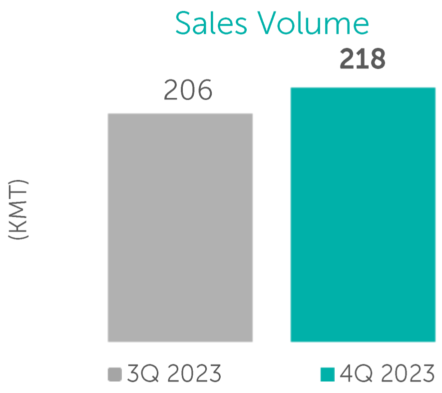
4Q 2023 vs 3Q 2023

Plant Utilisation Rate: Higher PU rate contributed by lower downtime days.

Revenue: Higher by RM601 million primarily due to higher sales volume, higher product prices amid tight supply in the market.

EBITDA: Increased by RM169 million contributed by higher sales volume and product spreads, partially offset by higher fuel and energy & utilities costs.

Specialties: Lower EBITDA against 3Q 2023 due to higher operational expenses, partially offset by higher sales volume.



	3Q 2023	4Q 2023	Q-o-Q	Key highlights
Revenue *RM mil*	1,467	**1,582**	**7.8%**	Higher revenue q-o-q largely due to higher volumes from Base Chemicals products particularly for plasticizers and deicers which are outside the key focused segments
EBITDA *RM mil*	48	**5**	**90%**	Lower EBITDA q-o-q mainly due to higher operational expenses, partially offset by higher sales volume
EBITDA Margin *(%)*	3.3	**0.3**	**3.0%**	

Resins & Coatings

- Lower sales volumes contributed by lower demand for alkyds and powder polyester due to slow recovery of construction market as well as paint additive due to lower demand for coalescent agents.
- The above is partially offset by higher sales volumes for intumescent coating, UV curable resins and PU resins segments contributed by EMEA & LATAM.

Engineered Fluids

- Lower sales volumes mainly for aviation turbine oils following lower demand from the aviation industry, as well as lower refrigeration lube and metalworking fluids amid slow recovery of housing market and competition from China.

Animal Nutrition

- Comparable revenue in 4Q 2023 vs 3Q 2023 driven by specialty gut health products with strong demand from APAC and LATAM.

Advanced Materials

- Lower sales volumes observed mainly due to lower demand of polyvinyl butyral (PVB) films following slow recovery of construction and residential building industries.
- The impact is partially offset by positive demand in automotive segment.

Silicones

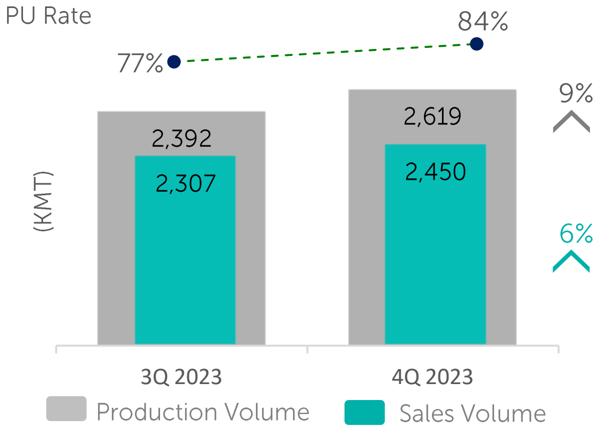
- Comparable sales volumes observed in 4Q 2023 vs 3Q 2023 despite year end slowdown, supported by demand from North African region.
- In addition, some customers have been stocking up prior to the production downtime of Netherland facility for scheduled SAP implementation.

Lube Oil Additives & Chemicals

- Slightly lower volumes observed from APAC and EMEA regions following slowdown in market towards the year end.

Lower EBITDA q-o-q due to lower average product spreads, higher energy & utilities and maintenance cost

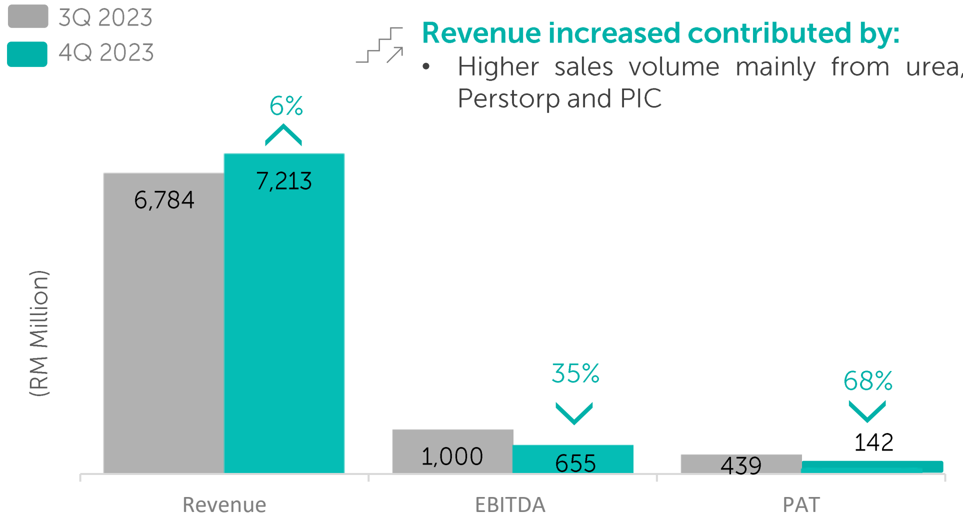
4Q 2023 vs 3Q 2023



Plant Utilisation Rate (PU):
Higher P.U rate in line with lower downtime.

Production Volume:
Higher production volume from higher production of ammonia, urea and specialties.

Sales Volume:
Higher sales volume mainly from urea, ammonia and specialties, partially offset by Aromatics product, MTBE and propylene.



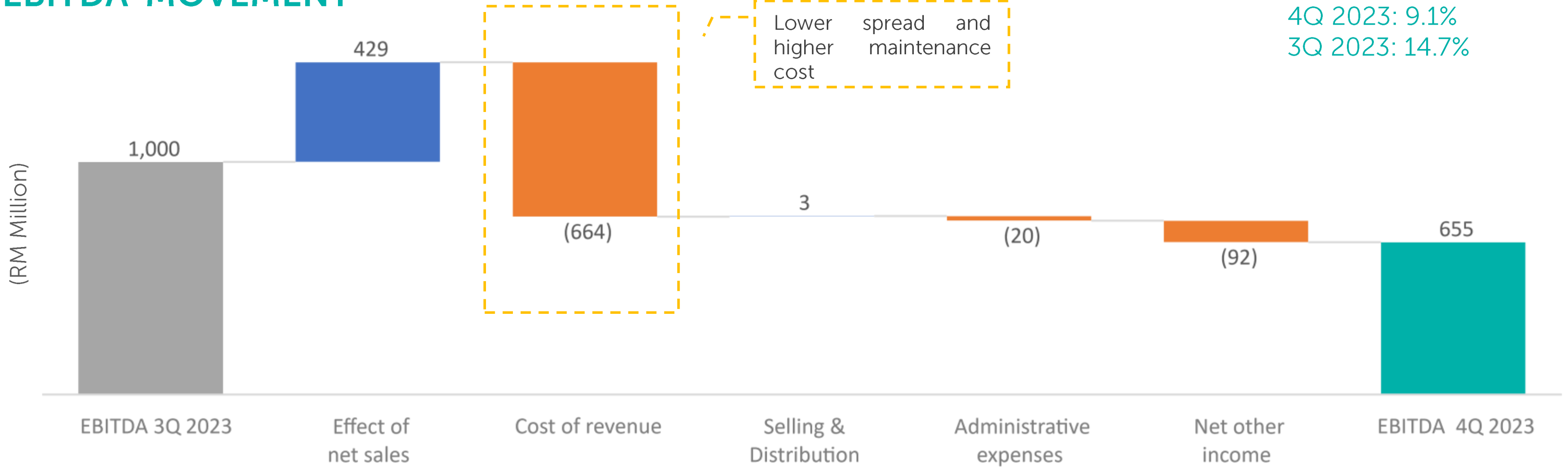
Revenue increased contributed by:
- Higher sales volume mainly from urea, Perstorp and PIC

Lower EBITDA due to:
- Lower spread particularly for aromatics and MTBE.
- Higher energy & utilities and maintenance costs at PC Olefins, PC MTBE and PC Aromatics.

PAT lower due to:
- Lower EBITDA.

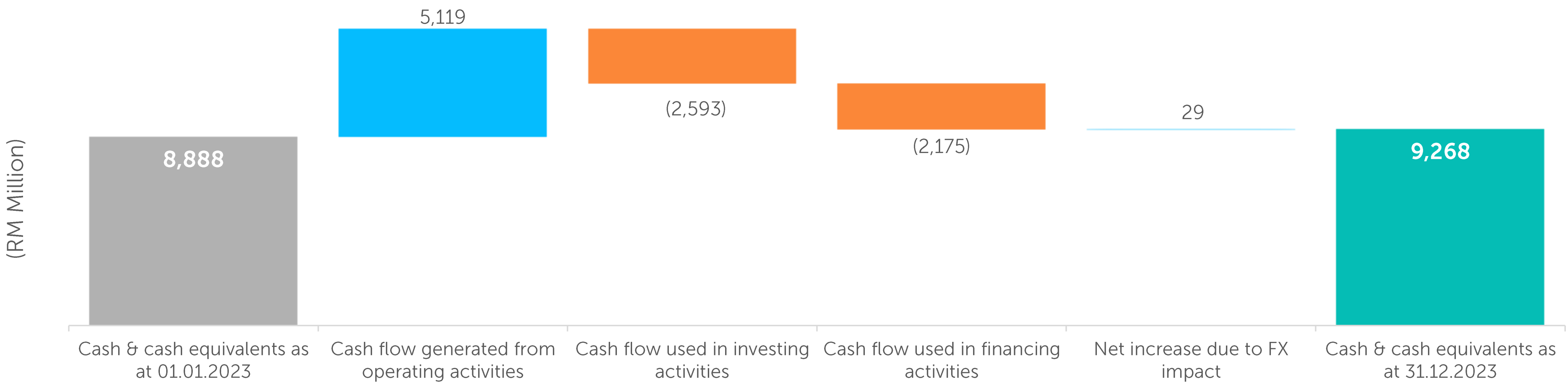
EBITDA MOVEMENT

EBITDA Margin
4Q 2023: 9.1%
3Q 2023: 14.7%



Cash balance higher mainly contributed by CFFO, partially offset by investing activities and financing activities.

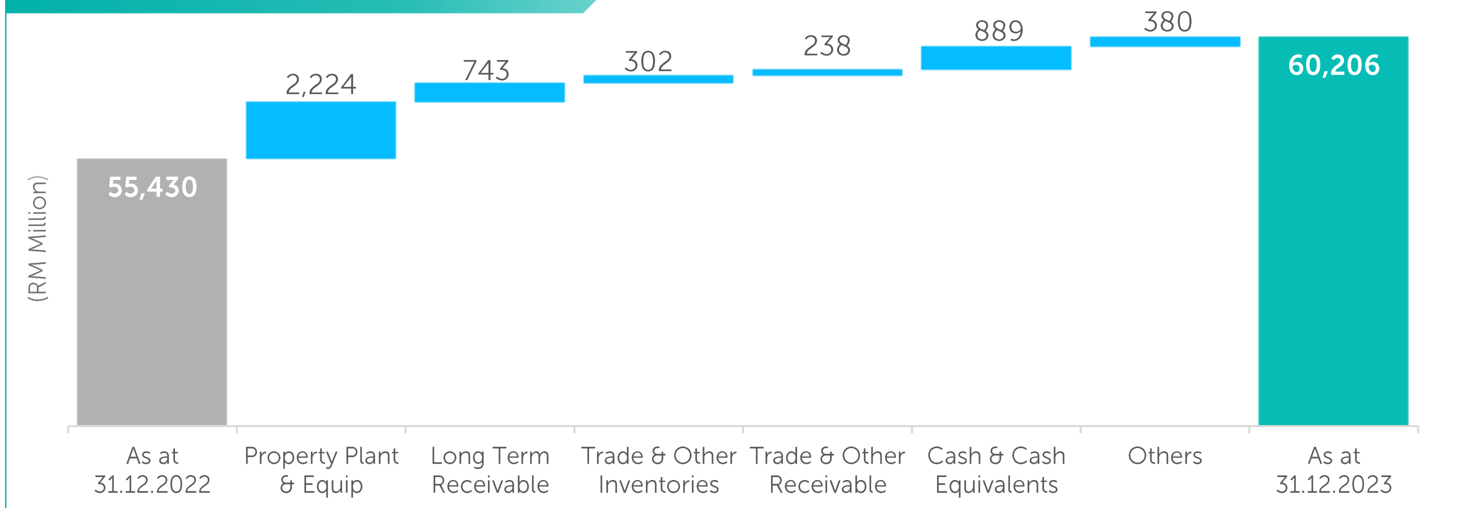
Cash Flow



- 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 43% 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.

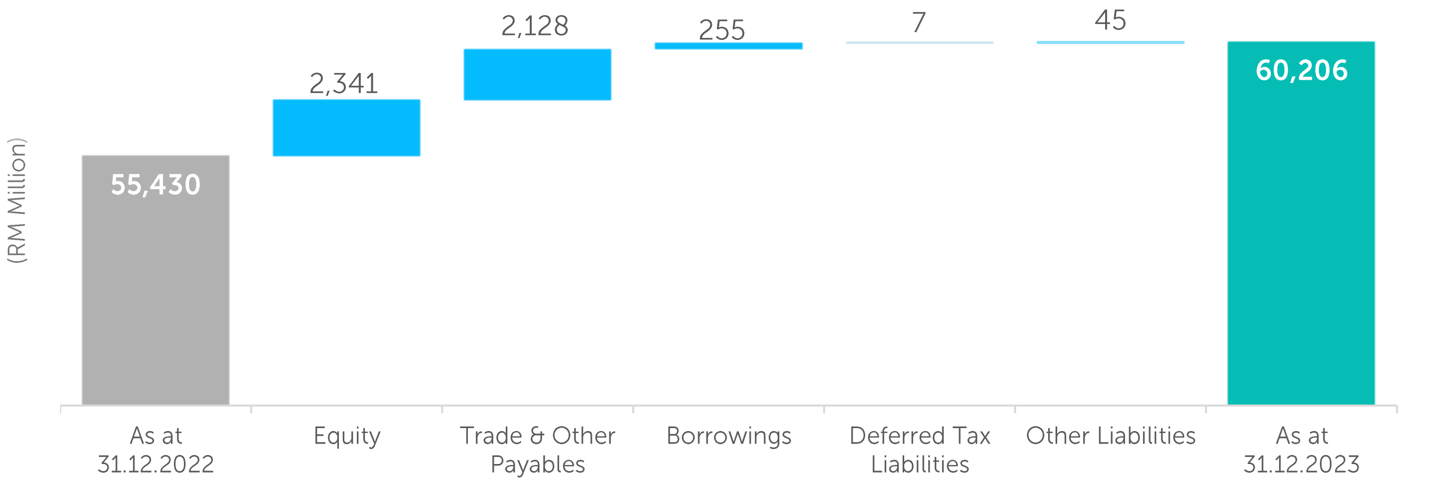
Total Assets



The Group's total assets were higher by 9% at RM60.2 billion, mainly due to:

- Higher PPE by RM 2.2 billion contributed by:
  - Project costs incurred at:
    - Pengerang Integrated Complex
    - Melamine plant in Gurun, Kedah
    - Pentaerythritol (penta) plant in Sayakha, India
    - Plant improvement projects.
- Higher long-term receivables in relation to deferred payment consideration arising from partial divestment of a subsidiary.

Total Equity & Liabilities



- Total equity was higher by RM 2.3 billion attributed by profit generated during the year and favorable foreign exchange impact.
- Trade & other payables were higher mainly due to purchase of feedstock at PPC during start-up activities.

Keeping track of our sustainability metrics

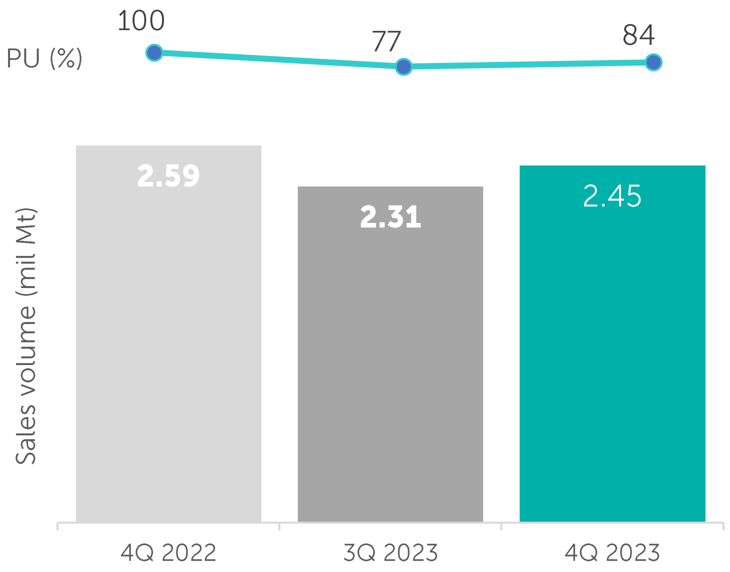
FTSE4Good

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

Economic

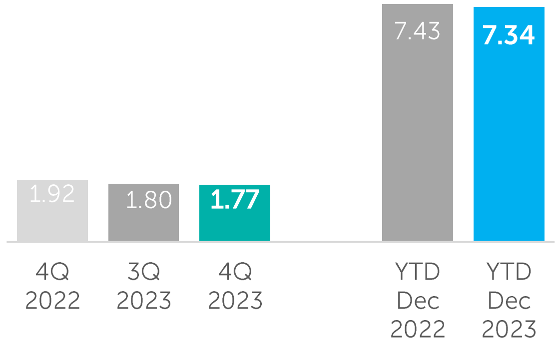
2023 Plant Utilization 85%

2023 Sales Volume 9.61 Mil MT

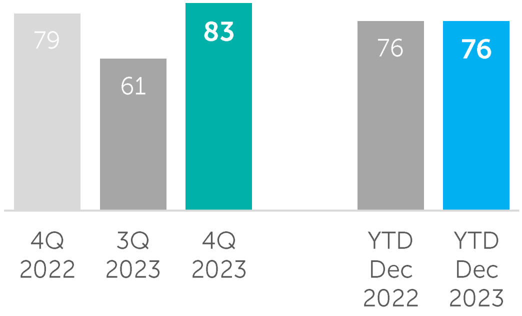


Environmental

GHG Emissions Volume, Market based (tonne CO_2e)



Hazardous Waste Recycle rate (%) , 3R



Social

- Achieved more than 171,000 number of people reach in 2023 for Social Impact activities
- 5,700 mangrove trees planted in 2023

Environment
- Be Green
- ecoCare

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

Education

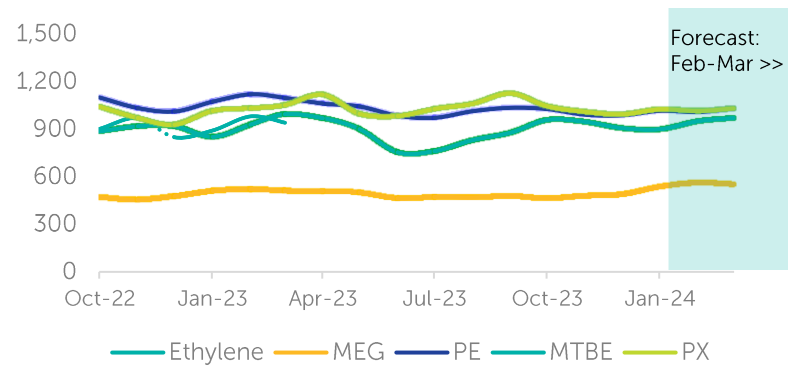
Plastic, Sustainability & You Education (PSYE)

Social & Governance

Focusing on closing gaps identified from previous social risk assessment

Stable commodities market on limited regional supply while specialties are predicted to improve, driven by China and the US economic rebound.

O&D: Sufficient supply following resumption from plant turnaround with cautious buying post Chinese New Year holiday.



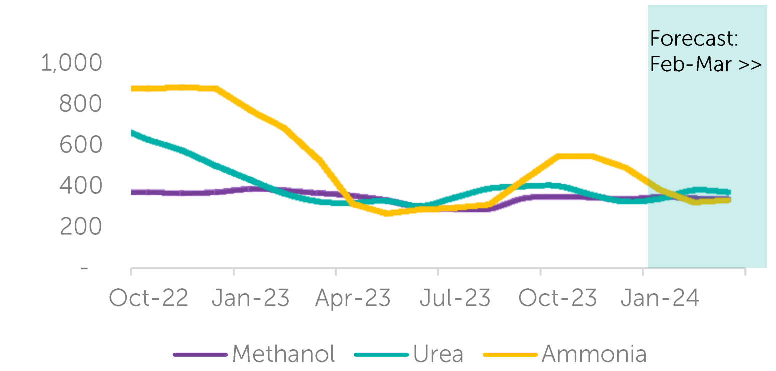
Ethylene:
Price is anticipated to be stable in view of improved downstream demand and shortage supply in Southeast Asia

Ethylene Glycols:
Price is expected to be stable on reduced supply due to several shutdown in Saudi Arabia, offset with sluggish demand.

Polyethylene:
Stable price in Southeast Asia and improving demand ahead of Eid celebration.

Paraxylene:
Price expected to soften in line with weakening demand for PTA and Polyester.

F&M: Softening outlook amidst off-planting season and ample Methanol supply from Middle East.



Urea:
- Urea price to soften due to low demand in off-planting season despite new Indian tender issuance.

Ammonia:
- Bearish outlook with supply coming back online amid subdued demand from downstream sector.

Methanol:
- Stable methanol price following on shortage in Southeast Asia and tight supply from Middle East.

Specialties: A mixed sentiment on pace of recovery is expected in 2024.

- Global market conditions remain dynamic despite geopolitical tension, where demand recovery in 2024 is expected to be gradual.
- EU's weak economic activity continues, impacting chemicals demand while US and China are showing recovery albeit at a slowing pace.
- The weakness in building and construction sector is expected to persist whereas automotive and aviation sector will continue to see positive demand supported by organic growth.

PCG remains steadfast in pursuing our Growth projects, Operational & Commercial excellence.

OE — OPERATIONAL EXCELLENCE

- Enhancing the reliability of plant operations.
- Ensuring the safe and efficient implementation of scheduled shutdowns and turnarounds.
- Ensuring the safe and seamless initiation of operations at the Pengerang Integrated Complex.

GE — GROWTH DELIVERY EXCELLENCE

- To achieve commercial operations for new plant i.e Melamine plant in Gurun.
- Expansion of 2-Ethylhexanoic Acid (2-EHA) plant in Gebeng, Pahang.
- 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.

CE — COMMERCIAL EXCELLENCE

- Optimize value extraction from current business operations while upholding competitive cost structures.
- Ensure dependable supply to meet customer needs consistently.
- Maximising value creation in non-traditional business platform through the implementation of innovative strategies and the refinement of processes.

Thank you

Q&A