



PETRONAS

PETRONAS CHEMICALS GROUP BERHAD

Quarterly Report

For First Quarter Ended 31 March 2024



QUARTERLY REPORT

FOR FIRST QUARTER ENDED 31 MARCH 2024

The Board of Directors of PETRONAS Chemicals Group Berhad ("PCG" or the "Company") is pleased to announce the following unaudited condensed consolidated financial statements for the quarter ended 31 March 2024 which should be read in conjunction with the accompanying explanatory notes on pages 8 to 21.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

<i>In RM Mil</i>	Note	Individual quarter ended 31 March	
		2024	2023
Revenue	A9.1	7,499	7,557
Cost of revenue		(6,128)	(6,167)
Gross profit		1,371	1,390
Selling and distribution expenses		(507)	(496)
Administration expenses		(366)	(337)
Other expenses		(49)	(72)
Other income		398	107
Operating profit	B4	847	592
Financing costs		(43)	(40)
Share of profit after tax of equity-accounted associates and joint ventures		1	38
Profit before taxation		805	590
Tax expense	B5	(102)	(54)
PROFIT FOR THE PERIOD		703	536
Profit attributable to:			
Shareholders of the Company		668	532
Non-controlling interests		35	4
PROFIT FOR THE PERIOD		703	536
Basic earnings per share attributable to shareholders of the Company:			
Based on ordinary shares issued (sen)	B12	8	7

The unaudited condensed consolidated statement of profit or loss should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.

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FOR FIRST QUARTER ENDED 31 MARCH 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

<i>In RM Mil</i>	Note	Individual quarter ended 31 March	
		2024	2023
PROFIT FOR THE PERIOD		703	536
Other comprehensive (loss)/income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences		(267)	184
Share of other comprehensive income/(loss) of equity-accounted joint ventures and associates		44	(77)
Total other comprehensive (loss)/income for the period		(223)	107
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		480	643
Total other comprehensive income attributable to:			
Shareholders of the Company		447	637
Non-controlling interests		33	6
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		480	643

The unaudited condensed consolidated statement of other comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.

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FOR FIRST QUARTER ENDED 31 MARCH 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In RM Mil</i>	Note	As at 31 March 2024	As at 31 December 2023
ASSETS			
Property, plant and equipment		29,810	29,437
Investments in joint ventures and associates		1,726	1,710
Intangible assets		9,843	10,253
Long term receivables	A15	1,036	1,027
Retirement benefits		92	95
Deferred tax assets		684	746
TOTAL NON-CURRENT ASSETS		43,191	43,268
Trade and other inventories		3,960	3,767
Trade and other receivables	B7	4,296	3,857
Tax recoverable		57	46
Cash and cash equivalents		9,064	9,268
TOTAL CURRENT ASSETS		17,377	16,938
TOTAL ASSETS		60,568	60,206
EQUITY			
Share capital		8,871	8,871
Reserves		31,691	31,544
Total equity attributable to shareholders of the Company		40,562	40,415
Non-controlling interests		1,491	1,659
TOTAL EQUITY		42,053	42,074
LIABILITIES			
Borrowings	B8	2,549	2,473
Lease liabilities		1,936	1,930
Provisions		306	299
Trade payables	A16	708	692
Retirement benefits		271	279
Other long term liabilities		1,128	1,139
Deferred tax liabilities		2,319	2,371
TOTAL NON-CURRENT LIABILITIES		9,217	9,183
Borrowings	B8	340	500
Lease liabilities		271	229
Trade and other payables	A16	8,571	8,042
Taxation		116	178
TOTAL CURRENT LIABILITIES		9,298	8,949
TOTAL LIABILITIES		18,515	18,132
TOTAL EQUITY AND LIABILITIES		60,568	60,206
Net assets per share attributable to shareholders of the Company (RM)		5.07	5.05

The unaudited condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.

QUARTERLY REPORT

FOR FIRST QUARTER ENDED 31 MARCH 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<i>Attributable to shareholders of the Company</i>			
	<i>Non-distributable</i>			
<i>In RM Mil</i>	Share Capital	Foreign Currency Translation Reserve	Merger Reserve	Other Reserves
Individual quarter ended 31 March 2024				
At 1 January 2024	8,871	3,195	(204)	1,517
Foreign currency translation differences	—	(265)	—	—
Share of other comprehensive income of equity-accounted joint ventures and associates	—	—	—	44
Total other comprehensive (loss)/income for the period	—	(265)	—	44
Profit for the period	—	—	—	—
Total comprehensive (loss)/income for the period	—	(265)	—	44
Dividends to shareholders of the Company (note A8)	—	—	—	—
Dividends to non-controlling interest	—	—	—	—
Acquisition of non-controlling interest	—	—	—	—
Total transactions with owners of the Group	—	—	—	—
Balance at 31 March 2024	8,871	2,930	(204)	1,561

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Individual quarter ended 31 March 2023				
At 1 January 2023	8,871	1,573	(204)	1,165
Foreign currency translation differences	—	182	—	—
Share of other comprehensive loss of equity-accounted joint ventures and associates	—	—	—	(77)
Total other comprehensive income/(loss) for the period	—	182	—	(77)
Profit for the period	—	—	—	—
Total comprehensive income/(loss) for the period	—	182	—	(77)
Dividends to shareholders of the Company	—	—	—	—
Total transactions with owners of the Group	—	—	—	—
Balance at 31 March 2023	8,871	1,755	(204)	1,088

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The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.

QUARTERLY REPORT

FOR FIRST QUARTER ENDED 31 MARCH 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

<i>In RM Mil</i>	Attributable to shareholders of the Company		Non- controlling interests	Total Equity
	Distributable			
	Retained Profits	Total		
Individual quarter ended 31 March 2024				
At 1 January 2024	27,036	40,415	1,659	42,074
Foreign currency translation differences	—	(265)	(2)	(267)
Share of other comprehensive income of equity- accounted joint ventures and associates	—	44	—	44
Total other comprehensive (loss)/income for the period	—	(221)	(2)	(223)
Profit for the period	668	668	35	703
Total comprehensive (loss)/income for the period	668	447	33	480
Dividends to shareholders of the Company (note A8)	(400)	(400)	—	(400)
Dividends to non-controlling interest	—	—	(34)	(34)
Acquisition of non-controlling interest	100	100	(167)	(67)
Total transactions with owners of the Group	(300)	(300)	(201)	(501)
Balance at 31 March 2024	27,404	40,562	1,491	42,053

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Individual quarter ended 31 March 2023				
At 1 January 2023	27,673	39,078	655	39,733
Foreign currency translation differences	—	182	2	184
Share of other comprehensive loss of equity- accounted joint ventures and associates	—	(77)	—	(77)
Total other comprehensive income/(loss) for the period	—	105	2	107
Profit for the period	532	532	4	536
Total comprehensive income/(loss) for the period	532	637	6	643
Dividends to shareholders of the Company	(1,280)	(1,280)	—	(1,280)
Total transactions with owners of the Group	(1,280)	(1,280)	—	(1,280)
Balance at 31 March 2023	26,925	38,435	661	39,096

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The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.

QUARTERLY REPORT

FOR FIRST QUARTER ENDED 31 MARCH 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In RM Mil</i>	Individual quarter ended	
	2024	31 March 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	805	590
Adjustments for:		
- Amortisation of deferred income	(22)	(22)
- Depreciation and amortisation	532	484
- Financing costs	43	40
- Interest income	(90)	(76)
- Share of profit after tax of equity-accounted joint ventures and associates	(1)	(38)
- Unrealised forex (gain)/loss	(269)	239
- Other non-cash items	121	49
Operating profit before changes in working capital	1,119	1,266
Change in trade and other inventories	(283)	(182)
Change in trade and other receivables	(437)	89
Change in trade and other payables	629	(54)
Cash generated from operations	1,028	1,119
Interest income received	90	76
Taxation paid	(60)	(56)
Net cash generated from operating activities	1,058	1,139
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of non-controlling interest	(67)	—
Payment of earn out for a subsidiary	(96)	—
Purchase of property, plant and equipment	(502)	(401)
Proceeds from partial disposal of investment in a joint venture	4	—
Redemption of preference shares in a joint venture	2	—
Redemption of preference shares to a non-controlling interest	(15)	—
Net cash used in investing activities	(674)	(401)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to:		
- PETRONAS	(257)	(824)
- others (third parties)	(143)	(456)
- non-controlling interest	(34)	—
Drawdown of revolving credit	59	—
Payment of lease liabilities:		
- principal	(40)	(34)
- interest	(20)	(13)
Repayment of revolving credit	(218)	—
Repayment of term loans:		
- principal	(1)	(1)
- interest	(2)	(29)
Net cash used in financing activities	(656)	(1,357)

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QUARTERLY REPORT

FOR FIRST QUARTER ENDED 31 MARCH 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

<i>In RM Mil</i>	Individual quarter ended	
	2024	31 March 2023
Net cash flows from operating, investing and financing activities	<u>(272)</u>	<u>(619)</u>
Effect of foreign currency translation differences	<u>(32)</u>	<u>144</u>
Net decrease in cash and cash equivalents	<u>(304)</u>	<u>(475)</u>
Net foreign exchange differences on cash held	<u>100</u>	<u>10</u>
Cash and cash equivalents at beginning of the period	<u>9,268</u>	<u>8,888</u>
Cash and cash equivalents at end of the period	<u>9,064</u>	<u>8,423</u>

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The unaudited condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.

QUARTERLY REPORT

FOR FIRST QUARTER ENDED 31 MARCH 2024

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. BASIS OF PREPARATION

The condensed consolidated financial statements are unaudited and have been prepared in accordance with IAS 34, MFRS 134 *Interim Financial Reporting* and paragraph 9.22 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements. They should also be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2023. The explanatory notes attached to the condensed consolidated financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2023.

Within the context of these unaudited condensed consolidated financial statements, the Group comprises the Company, its subsidiaries and a joint operation, as well as the Group's interest in joint ventures and associates as at and for the quarter ended 31 March 2024.

A2. ADOPTION OF REVISED PRONOUNCEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the same accounting policies and methods of computation are followed in the condensed consolidated financial statements as compared with the audited consolidated financial statements for the year ended 31 December 2023.

During the period, the Group has adopted the following Amendments to MFRSs ("pronouncements") that have been issued by the Malaysian Accounting Standards Board ("MASB").

Effective for annual periods beginning on or after 1 January 2024

Amendments to MFRS 16	<i>Leases (Lease Liability in a Sale and Leaseback)</i>
Amendments to MFRS 101	<i>Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)</i>
Amendments to MFRS 101	<i>Presentation of Financial Statements (Non-current Liabilities with Covenants)</i>
Amendments to MFRS 107	<i>Statement of Cash Flows (Supplier Finance Arrangements)</i>
Amendments to MFRS 7	<i>Financial Instruments: Disclosures (Supplier Finance Arrangements)</i>

The initial application of the above pronouncements did not have any material impact to the consolidated financial statements of the Group.

A3. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The audited financial statements of PCG and its subsidiaries for the year ended 31 December 2023 were not subject to any audit qualification.

QUARTERLY REPORT

FOR FIRST QUARTER ENDED 31 MARCH 2024

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

A4. SEASONALITY OR CYCLICALITY OF OPERATIONS

The prices of petrochemical products and their underlying feedstock are subject to significant fluctuations as they are influenced both by global supply and demand as well as movements in the prices of key commodities such as crude oil and natural gas. Consequently, margins have historically been cyclical and are sensitive to supply and demand imbalances both domestically and internationally. Supply is affected by significant capacity expansions by producers, and if such additions are not matched by corresponding growth in demand, which is generally linked to the level of economic activity, average industry operating margins will face downward pressures. As a result, the petrochemical cycle is characterised by years of tight supply, leading to high capacity utilisation rates and margins, followed by years of oversupply, primarily resulting from significant capacity additions, leading to reduced capacity utilisation rates and margins. Specialties segment generally experience less cyclicality due to the higher customised requirements of the products and more barriers for substitution.

A5. EXCEPTIONAL ITEMS

There were no exceptional items during the period under review.

A6. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of the amounts reported in the most recent annual financial statements of PCG and its subsidiaries for the year ended 31 December 2023 that may have a material effect in the results of the period under review.

A7. DEBT AND EQUITY SECURITIES

There were no material issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the period under review, other than as disclosed in note B8.

A8. DIVIDEND PAID

During the period under review, the Company paid a second interim single tier dividend of 5 sen per ordinary share, amounting to RM400 million in respect of the financial year ended 31 December 2023 to shareholders on 26 March 2024.

A9. OPERATING SEGMENTS

The Group reportable segments comprise Olefins and Derivatives, Fertilisers and Methanol, Specialties and Others. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. The following summary describes the operations in each of the Group's reportable segments:

- Olefins and Derivatives – activities include manufacturing and marketing of a wide range of olefin and polymer products, which are used as basic feedstock for other products, to intermediate products including basic and high performance chemicals.
- Fertilisers and Methanol – activities include manufacturing and marketing of methanol and a range of nitrogen, phosphate and compound fertilisers.
- Specialties - activities include manufacturing and marketing of advanced chemicals & solutions, animal nutrition, silicones and lube oil additives & chemicals.
- Others – other non reportable segments comprise operations related to investment holding and port services which provide product distribution infrastructure to the Group.

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FOR FIRST QUARTER ENDED 31 MARCH 2024

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

A9. OPERATING SEGMENTS (continued)

9.1 Revenue

<i>In RM Mil</i>	2024		2023		Individual quarter ended 31 March	
	2024	2023	2024	2023	2024	2023
	Third-parties		Inter-segment		Gross total	
Olefins and Derivatives	3,745	3,393	—	—	3,745	3,393
Fertilisers and Methanol	1,994	2,407	—	—	1,994	2,407
Specialties	1,742	1,745	—	—	1,742	1,745
Others	18	12	16	12	34	24
Total	7,499	7,557	16	12	7,515	7,569

9.2 Segment profit/(loss) for the period ¹

<i>In RM Mil</i>	Individual quarter ended 31 March	
	2024	2023
Olefins and Derivatives	238	170
Fertilisers and Methanol	462	533
Specialties	71	(29)
Others ²	(68)	(138)
Total	703	536

During the period, the Group's investment holding company has provided for depreciation & amortisation of the tangible & intangible assets impact amounting to RM63 million (2023: RM61 million) arising from finalisation of the purchase price allocation for the acquisition of Perstorp in 2022 which has been included in Others.

A10. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

There were no revaluations of property, plant and equipment for the period under review. As at 31 March 2024, all property, plant and equipment other than freehold land and projects-in-progress were stated at cost less accumulated depreciation and impairment losses. Freehold land and projects-in-progress were stated at cost less accumulated impairment losses, if any.

A11. CONTINGENCIES

There were no material contingent liabilities or contingent assets since the last audited consolidated financial statements for the year ended 31 December 2023.

A12. CHANGES IN COMPOSITION OF THE GROUP

There were no material changes in the composition of the Group for the period under review.

¹ Included within profit for the period for Olefins and Derivatives, Fertilisers and Methanol, Specialties and Others segments are depreciation and amortisation expenses amounting to RM134 million (2023: RM113 million), RM247 million (2023: RM232 million), RM81 million (2023: RM71 million) and RM70 million (2023: RM68 million) respectively.

² Includes profit/loss from non-reportable segments and unallocated assets.

QUARTERLY REPORT

FOR FIRST QUARTER ENDED 31 MARCH 2024

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

A13. CAPITAL COMMITMENTS

Capital expenditures which have not been provided for at the end of each reporting period are as follows:

<i>In RM Mil</i>	As at 31 March 2024	As at 31 December 2023
Property, plant and equipment:		
Approved and contracted for	1,554	80
Approved but not contracted for	1,988	3,329
	<u>3,542</u>	<u>3,409</u>
Lease contracts yet to commence:		
Plant and equipment	74	51
Total	<u>3,616</u>	<u>3,460</u>

A14. GOODWILL

Below is the movement of goodwill during the period under review:

<i>In RM Mil</i>	As at 1 January 2024	Foreign currency translation	As at 31 March 2024
Goodwill	<u>3,532</u>	<u>(131)</u>	<u>3,401</u>

A15. LONG TERM RECEIVABLES

<i>In RM Mil</i>	As at 31 March 2024	As at 31 December 2023
Trade receivable	23	22
Other receivables and prepayments	1,013	1,005
	<u>1,036</u>	<u>1,027</u>

The Group via its subsidiary has entered into an arrangement on trade receivable which resulted in adjustment of timing for payments of the balances. The receivable was fair valued on initial measurement and is subjected to periodic accretion of interest income over the period of the arrangement.

Included in other receivables and prepayments is consideration on a deferred payment arrangement in relation to a partial divestment of a subsidiary in previous year.

QUARTERLY REPORT

FOR FIRST QUARTER ENDED 31 MARCH 2024

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

A16. TRADE AND OTHER PAYABLES

<i>In RM Mil</i>	As at 31 March 2024	As at 31 December 2023
Non current liabilities		
Trade payables	708	692
Current liabilities		
Trade and other payables	8,571	8,042

The Group and the Company via its joint operation entity has arrangements on trade payables amounting to RM1,161 million (2023: RM1,161 million), which resulted in an adjustment of timing for payments of the balances. The trade payables were fair valued on initial measurement and is subjected to periodic accretion of interest expense over the period of the arrangement.

Included in other payables are pre-operating expenses of a joint operation entity.

A17. FAIR VALUE INFORMATION

The carrying amounts of cash and cash equivalents, short terms receivables and payables reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable input).

The Group recognises transfers between levels of fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

Forward foreign exchange contracts

The fair value of forward foreign exchange contracts is based on the difference between the contracted forward rates and the mark-to-market rates. If a quoted market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract.

The following table analyses financial instruments carried at fair value shown in the statement of financial position.

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FOR FIRST QUARTER ENDED 31 MARCH 2024

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

A17. FAIR VALUE INFORMATION (continued)

As at 31 March 2024

Fair value of financial instruments carried at fair value

<i>In RM Mil</i>	Level 1	Level 2	Level 3	Total	Nominal value
Financial assets					
Forward foreign exchange contracts - within 1 year	—	10	—	10	407
Financial liabilities					
Forward foreign exchange contracts - within 1 year	—	(3)	—	(3)	(1,038)

As at 31 December 2023

Fair value of financial instruments carried at fair value

<i>In RM Mil</i>	Level 1	Level 2	Level 3	Total	Nominal value
Financial assets					
Forward foreign exchange contracts - within 1 year	—	12	—	12	196
Financial liabilities					
Forward foreign exchange contracts - within 1 year	—	(13)	—	(13)	(1,470)
Contingent consideration - within 1 year	—	—	(107)	(107)	(107)

QUARTERLY REPORT

FOR FIRST QUARTER ENDED 31 MARCH 2024

PART B – OTHER EXPLANATORY NOTES

B1. REVIEW OF GROUP PERFORMANCE

(a) Performance of the current quarter against the corresponding quarter

							Individual quarter ended 31 March	
	2024	2023	2024	2023	2024	2023	2024	2023
<i>In RM Mil</i>	Group		Olefins and Derivatives		Fertilisers and Methanol		Specialties	
Revenue	7,499	7,557	3,745	3,393	1,994	2,407	1,742	1,745
Profit/(loss) after tax	703	536	238	170	462	533	71	(29)
EBITDA ³	1,160	1,083	398	299	720	782	118	88

PCG Group recorded lower plant utilisation rate of 87% as compared to 96% in the corresponding quarter mainly due to higher statutory turnaround and plant maintenance activities during the quarter resulting in lower production and sales volumes.

Revenue was comparable at RM7.5 billion despite lower average product prices and sales volume, as these were partially offset by weakening of Ringgit Malaysia against US Dollar and revenue contribution from joint operation entity.

EBITDA was higher by RM77 million or 7% at RM1.2 billion mainly due to weakening of Ringgit Malaysia against US Dollar and lower energy & utilities costs, partially offset by lower average product spreads. Profit after tax increased by RM167 million or 31% at RM703 million in line with higher EBITDA, coupled with higher other income resulted from favourable net foreign exchange impact.

Olefins and Derivatives

The segment's operational performance recorded lower plant utilisation rate of 87% as compared to 94% in the corresponding quarter mainly due to higher plant maintenance activities during the quarter resulting in lower production volume.

Revenue was higher by RM352 million or 10% at RM3.8 billion primarily attributed to weakening of Ringgit Malaysia against US Dollar and revenue contribution from joint operation entity.

EBITDA was higher by RM99 million or 33% at RM398 million mainly due to weakening of Ringgit Malaysia against US Dollar and lower energy & utilities costs. Profit after tax increased by RM68 million or 40% at RM238 million in line with higher EBITDA.

Fertilisers and Methanol

The segment recorded lower plant utilisation rate of 86% as compared to 97% in the corresponding quarter mainly due to higher statutory turnaround and plant maintenance activities resulting in lower production and sales volumes.

The segment's revenue decreased by RM413 million or 17% at RM2 billion primarily attributed to lower sales volume and product prices.

EBITDA was lower by RM62 million or 8% at RM720 million mainly due to lower product spreads. Profit after tax was lower by RM71 million or 13% at RM462 million in line with lower EBITDA.

³ EBITDA refers to earnings before interest, taxation, depreciation and amortisation, share of profit after tax of equity accounted joint ventures and associates and other significant non-cash items.

QUARTERLY REPORT

FOR FIRST QUARTER ENDED 31 MARCH 2024

PART B – OTHER EXPLANATORY NOTES (continued)

B1. REVIEW OF GROUP PERFORMANCE (continued)

(a) Performance of the current quarter against the corresponding quarter (continued)

Specialties

The segment's revenue was comparable at RM1.7 billion despite lower product prices, as this was partially offset by higher sales volume following supply demand dynamics.

EBITDA was higher by RM30 million or 34% at RM118 million mainly due to higher sales volume and lower raw material costs. The segment recorded profit after tax of RM71 million as compared to loss after tax of RM29 million in corresponding quarter in line with higher EBITDA as well as favourable net foreign exchange impact.

(b) Variation of results against the preceding quarter

<i>In RM Mil</i>	Individual quarter ended	
	31 March 2024	31 December 2023
Revenue	7,499	7,213
Profit after tax	703	142
EBITDA ⁴	1,160	655

PCG Group recorded slightly higher plant utilisation rate of 87% as compared to 84% in the preceding quarter mainly due to lower statutory turnaround and plant maintenance activities.

Revenue was higher by RM286 million or 4% at RM7.5 billion mainly due to higher average product prices and higher sales volume from Specialties.

EBITDA was higher by RM505 million or 77% at RM1.2 billion following improved margin and lower maintenance costs. Profit after tax also increased by RM561 million at RM703 million in line with higher EBITDA.

(c) Highlight on consolidated statement of financial position

<i>In RM Mil</i>	As at 31 March 2024	As at 31 December 2023
	Total assets	60,568
Total equity	42,053	42,074
ROE (%)	4.4	3.8

The Group's total assets and equity were comparable at RM60.6 billion and RM42.1 billion respectively.

⁴ EBITDA refers to earnings before interest, taxation, depreciation and amortisation, share of profit after tax of equity accounted joint ventures and associates and other significant non-cash items.

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FOR FIRST QUARTER ENDED 31 MARCH 2024

PART B – OTHER EXPLANATORY NOTES (continued)

B1. REVIEW OF GROUP PERFORMANCE (continued)

(d) Highlight on consolidated statement of cash flows

<i>In RM Mil</i>	Individual quarter ended 31 March	
	2024	2023
Net cash generated from operating activities	1,058	1,139
Net cash used in investing activities	(674)	(401)
Net cash used in financing activities	(656)	(1,357)

Net cash generated from operating activities was lower by RM81 million or 7% at RM1.1 billion in line with movement in working capital.

Net cash used in investing activities was higher by RM273 million or 68% at RM674 million primarily due to higher purchase of property, plant and equipment.

Net cash used in financing activities for the period was lower by RM701 million or 52% at RM656 million due to lower dividend payment to shareholders.

B2. COMMENTARY ON PROSPECTS

The results of the Group's operations are primarily influenced by global economic conditions, petrochemical products prices which have a high correlation to crude oil price, particularly for the Olefins and Derivatives segment, utilisation rate of our production facilities and foreign exchange rate movements.

The utilisation of our production facilities is dependent on plant maintenance activities and sufficient availability of feedstock as well as utilities supply. The Group will continue with its operational excellence programme and supplier relationship management to sustain plant utilisation level at above industry benchmark.

The Group anticipates product prices for olefins & derivatives to stabilise on steady demand amidst sufficient supply post regional plant turnaround activities. Fertiliser and methanol product prices will be subdued following lower fertiliser demand amidst delayed planting season, and ample methanol supply into the region. For specialties, the Group expects modest recovery in certain end markets, dependent on the overall macroeconomic and supply demand dynamics.

B3. PROFIT FORECAST OR PROFIT GUARANTEE

The Group does not publish any profit forecast or profit guarantee.

QUARTERLY REPORT

FOR FIRST QUARTER ENDED 31 MARCH 2024

PART B – OTHER EXPLANATORY NOTES (continued)

B4. OPERATING PROFIT

<i>In RM Mil</i>	Individual quarter ended	
	2024	31 March 2023
Included in profit for the period are the following charges:		
Depreciation and amortisation	532	484
Inventories written down to net realisable value	56	72
Net loss on foreign exchange	—	73
Write off of investment in a joint venture	24	—
and credits:		
Interest income	90	76
Amortisation of deferred income	22	22
Net gain on foreign exchange	268	—

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

Foreign exchange exposure / hedging policy

The Group is exposed to varying levels of foreign exchange risk when they enter into transactions that are not denominated in the respective companies' functional currencies and when foreign currency monetary assets & liabilities are retranslated at the reporting date. The main underlying economic currencies of the Group's cash flows are Ringgit Malaysia and US Dollar.

The Group's foreign exchange management policies aim to minimise transactional exposure arising from currency movements. The Group mainly relies on the natural hedge arising from most of its revenue and expenses being denominated in US Dollar. In addition, the Group, where applicable, hedge using derivative instruments in respect of current and forecasted transactions.

B5. TAX EXPENSE

<i>In RM Mil</i>	Individual quarter ended	
	2024	31 March 2023
Current tax expenses		
Current period tax	45	46
Deferred tax expenses		
Origination and reversal of temporary differences	57	8
	57	8
	102	54

QUARTERLY REPORT

FOR FIRST QUARTER ENDED 31 MARCH 2024

PART B – OTHER EXPLANATORY NOTES (continued)

B5. TAX EXPENSE (continued)

The Group's effective tax rates for the quarter ended 31 March 2024 and 2023 are 13% and 9% respectively which, are reflective of the various tax legislation within which the Group operates including among others Malaysia Income Tax Act 1967 and Global Incentive for Trading (GIFT) under Labuan Financial Services and Securities Act 2010.

B6. STATUS OF CORPORATE PROPOSALS

There were no new corporate proposals during the period under review since the last audited consolidated financial statements for the year ended 31 December 2023.

B7. TRADE AND OTHER RECEIVABLES

(a) Details of Group trade and other receivables

<i>In RM Mil</i>	As at 31 March 2024	As at 31 December 2023
Trade receivables:		
– Third party	2,498	2,355
– Joint ventures and associates	247	190
– Related companies	166	93
Other receivables	1,385	1,219
Total	4,296	3,857

Average credit term for trade receivables granted to related parties and non-related parties is 53 days.

(b) Ageing analysis of trade receivables

<i>In RM Mil</i>	As at 31 March 2024	As at 31 December 2023
Current	2,831	2,506
Past due 1 to 30 days	84	140
Past due 31 to 60 days	12	5
Past due more than 60 days	7	9
Total	2,934	2,660

With respect to the Group's trade receivables, there are no indications as of the reporting date that the debtors will not meet their payment obligations.

QUARTERLY REPORT

FOR FIRST QUARTER ENDED 31 MARCH 2024

PART B – OTHER EXPLANATORY NOTES (continued)

B8. BORROWINGS

	Denominated currency	In denominated currency		In presentation currency	
		As at 31 March 2024 Mil	As at 31 December 2023 Mil	As at 31 March 2024 RM Mil	As at 31 December 2023 RM Mil
Non-current					
Term loans - secured	USD	342	341	1,619	1,570
Term loan - unsecured	USD	162	161	768	741
Term loan - unsecured	EUR	32	32	162	162
				2,549	2,473
Current					
Term loans - secured	USD	31	31	145	141
Term loans - unsecured	CNY	19	20	13	13
Term loans - unsecured	EUR	1	1	5	4
Revolving credit - unsecured	SEK	200	525	89	242
Revolving credit - unsecured	RM	30	100	30	100
Revolving credit - unsecured	USD	12	—	58	—
				340	500

There are two EUR unsecured term loans which bear interest rate of 0.71% per annum and interest margin above EURIBOR of 0.85% per annum respectively. These loans are repayable on various dates between 2025 and 2027 respectively.

The USD unsecured term loan is pursuant to the co-borrowing agreement between the joint operation entity and a related party under an integrated borrowing structure. The loan which bears nil interest was fair valued as a Level 3 fair value on initial recognition with an effective interest rate ranging from 2.33% to 4.18% per annum and due for a final repayment twelve months following final discharge of the project financing.

There are two CNY term loans which bear interests of 3.85% and 4.10% per annum respectively.

The SEK unsecured revolving credit which bear interests of 4.9% per annum.

There are three USD unsecured revolving credit which bear interests of 6.04%, 6.07% and 6.20% respectively.

The RM unsecured revolving credit bears interest margin of 0.70% above KLIBOR.

The USD secured term loans relate to 50% share of project financing facility of a joint operation entity. The loans bear interest margin above 6-month synthetic USD LIBOR ranging from 0.80% to 1.74% per annum and is repayable on various dates between 2021 and 2034.

The term loans are secured in the following manner:

- Completion guarantee from the ultimate holding company, which is a fully recourse guarantee to the Company, where the ultimate holding company guarantee is on several and not joint basis which will be uplifted and terminated upon meeting all project completion requirements;
- Cross-guarantee arrangement under an integrated borrowing structure due to the nature of the project with a related party; and
- Charge over ordinary shares and the land lease rights of the said joint operation entity.

In the previous financial year, the Guaranteed Project Completion Date ("PCD") was extended from 31 December 2023 to 31 March 2024. During the quarter, the Guaranteed PCD has been extended to 30 June 2024. Subject to lenders agreement, the Guaranteed PCD is expected to be further extended up to 31 December 2025.

QUARTERLY REPORT

FOR FIRST QUARTER ENDED 31 MARCH 2024

PART B – OTHER EXPLANATORY NOTES (continued)

B9. DERIVATIVE FINANCIAL INSTRUMENTS

There were no changes to the Group's derivative financial instruments since the last audited consolidated financial statements for the year ended 31 December 2023, other than as disclosed in note A17.

B10. FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

The Group does not have any financial liabilities that are measured at fair value (other than derivative financial instruments) for the period under review.

B11. MATERIAL LITIGATION

There was no pending material litigation since the last audited consolidated financial statements for the year ended 31 December 2023.

B12. BASIC EARNINGS PER SHARE

Basic earnings per share is derived based on the profit attributable to shareholders of the Company and number of ordinary shares of the Company.

<i>In RM Mil</i>	Individual quarter ended	
	2024	31 March 2023
Profit for the period attributable to shareholders of the Company	668	532
<i>In millions of shares</i>		
Number of ordinary shares issued	8,000	8,000
<i>In sen</i>		
Basic earnings per share	8	7

As at the date of the statement of financial position, the Company does not have any instruments which may have a dilutive impact on the basic earnings per share.

QUARTERLY REPORT

FOR FIRST QUARTER ENDED 31 MARCH 2024

PART B – OTHER EXPLANATORY NOTES (continued)

B13. EXCHANGE RATES

	31 March 2024	Individual quarter ended	
		31 December 2023	31 March 2023
USD/MYR			
Average rate	4.7233	4.6976	4.3906
Closing rate	4.7375	4.5995	4.4150
EUR/MYR			
Average rate	5.1295	5.0543	4.7096
Closing rate	5.1089	5.0949	4.8194

By order of the Board

Azira Marini Binti Ab Rahim (SSM Practising Certificate No. 201908001107)
 Mek Yam @ Mariam Hassan (SSM Practising Certificate No. 201908000788)
 Company Secretaries

Kuala Lumpur
 29 May 2024