PETRONAS Chemicals Group Berhad Analyst Briefing

First Quarter Ended 31 March 2025

20 May 2025

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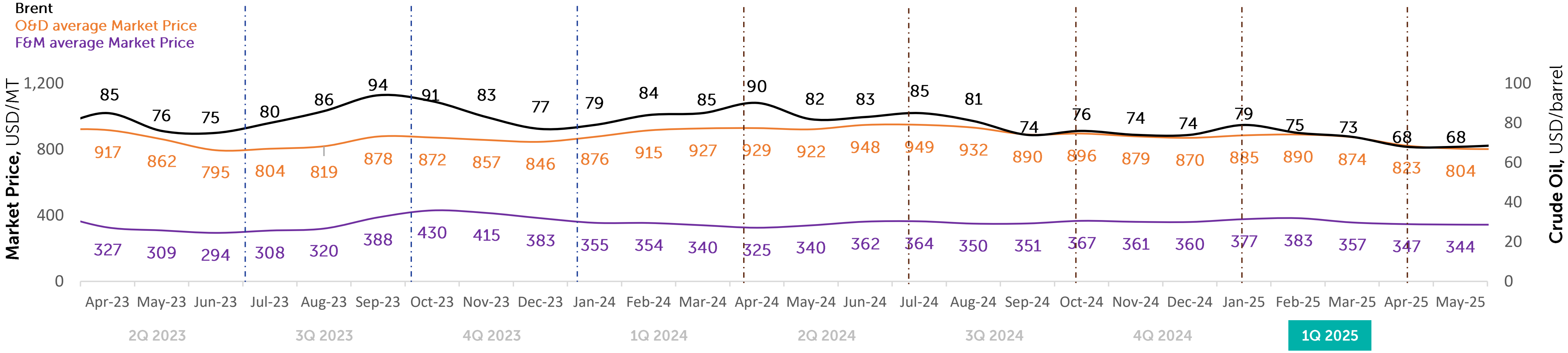
Content

Challenges in chemicals sector persist

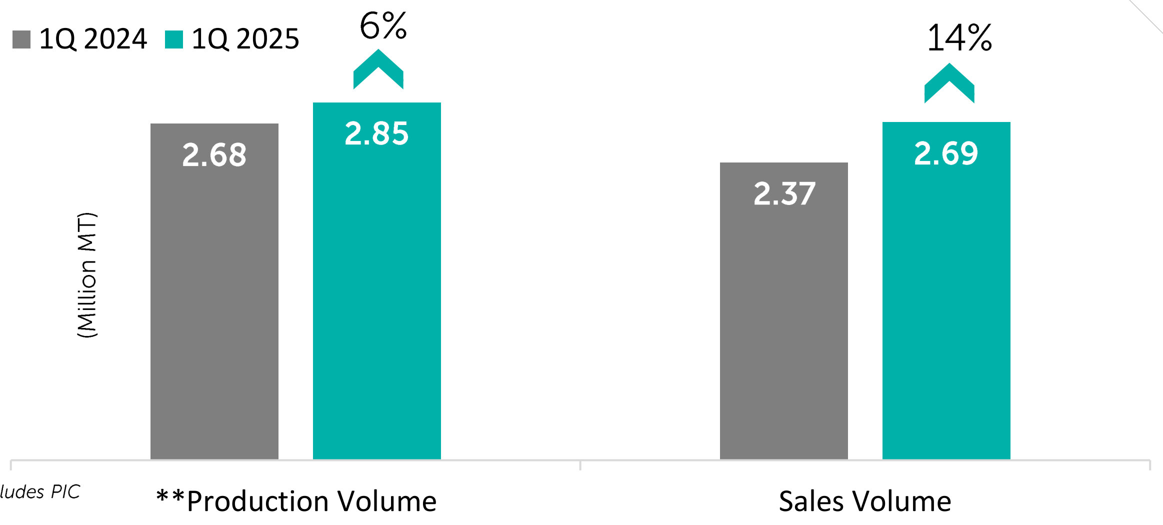


1Q 2025 Market Highlights

- Global GDP growth higher at 2.87%, driven by easing inflation and a rebound in trade, though gains were concentrated in select regions (1Q 2024: 2.47%)
- The global manufacturing PMI index remains in expansion, at 50.3, supported by generally positive business sentiment and rising orders, though tempered by trade tariff concerns and uncertainty over future growth (1Q 2024: 50.3)
- The benchmark Brent crude oil averaged lower at USD76/bbl, facing further downward pressure due to global trade tension and OPEC+ output hike (1Q 2024: USD83/bbl)
- The average Bloomberg World Chemical Index declined 11% compared to the same period last year, with Asia Pacific registering sharper decline
- Compared to 1Q 2024, average product prices in Olefins & Derivatives declined, whilst Fertiliser & Methanol and Specialty Chemicals were higher

*Source: market publications, PCG analysis

1Q 2025 Highlights: Profit impacted by higher depreciation & finance cost, and unrealised forex loss, despite operational improvement



**Excludes PIC

	1Q 2024	1Q 2025	
REVENUE *in RM Million*	7,499	7,656	^ 2%
EBITDA *in RM Million*	1,160	892	v 23%
PAT *in RM Million*	703	18	v 97%
EBITDA MARGIN (%)	15.5	11.7	v 3.8%

Operational Excellence

- Improved commodities Plant Utilisation (PU) rate at 94% *(1Q 2024: 87%)*
- Higher total production volume of 2.85 million MT, following better plant performance *(1Q 2024: 2.68 million MT)*

Commercial Excellence

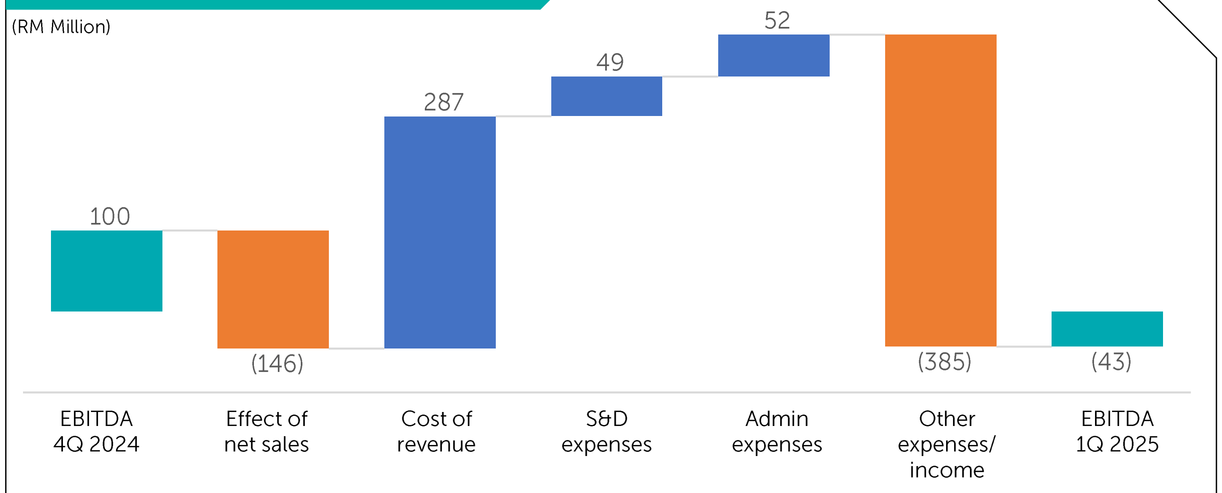
- Sales volume higher by 14%, at 2.69 million MT, mainly for urea, propylene and MTBE *(1Q 2024: 2.37 million MT)*
- Average product prices declined 2% year-on-year

Financial Excellence

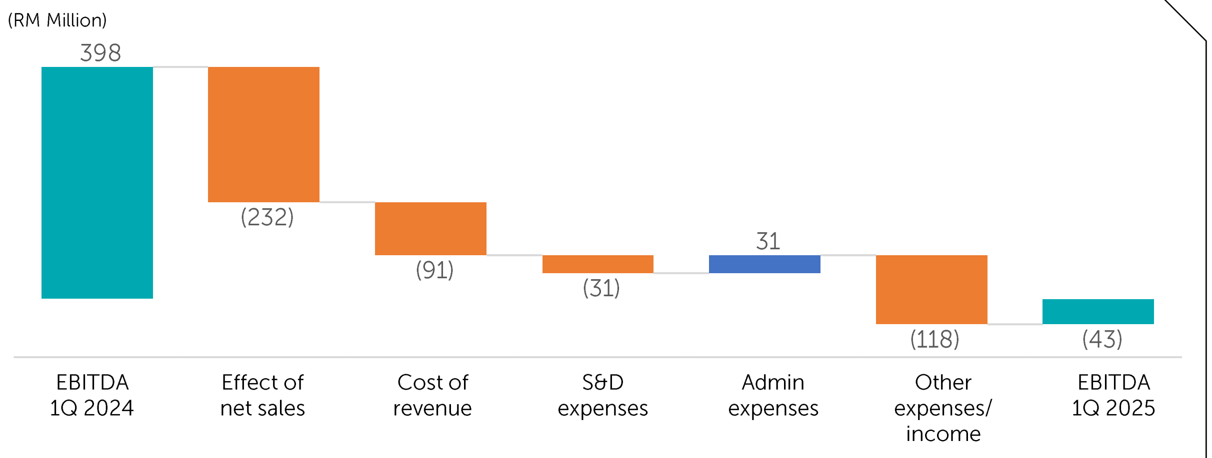
- Revenue higher by 2% due to higher sales volume, and higher revenue from strategic sourcing
- EBITDA declined to RM892 million, mainly due to unrealised forex loss from revaluation of payables and higher operating costs at PPC. Correspondingly, EBITDA margin was lower at 11.7%
- PAT declined to RM18 million, mainly due to lower EBITDA, revaluation of loan receivables at Perstorp, higher depreciation and finance costs at PPC, and unrealised forex loss from revaluation of shareholders loan to PPC

O&D: Earnings impacted by unrealised forex loss from revaluation of payables at PPC and higher inventory drawdown

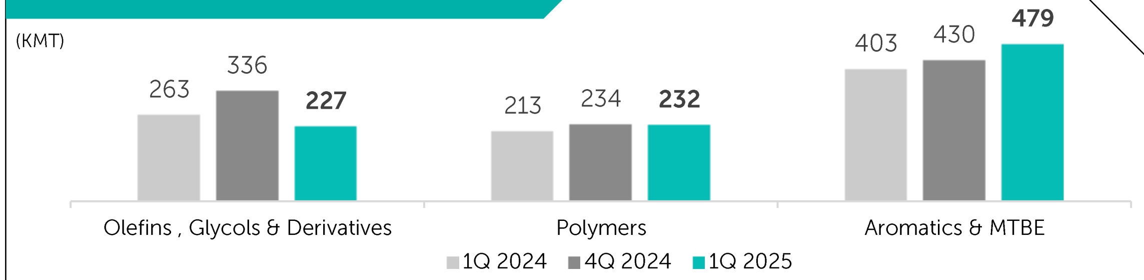
1Q 2025 vs 4Q 2024



1Q 2025 vs 1Q 2024



Product Sales Volume



	1Q 2024	4Q 2024	1Q 2025	Q-o-Q	Y-o-Y
* Plant Utilisation (PU) %	87.2	88.7	86.9	(1.8%)	(0.3%)
* Production Volume (KMT)	867	884	850	(3.8%)	(2.0%)
Sales Volume (KMT)	879	1,000	938	(6.2%)	6.7%
Revenue (RM mil)	3,745	3,659	3,513	(4.0%)	(6.2%)
LBITDA/EBITDA (RM mil)	398	100	(43)	(>100%)	(>100%)
LBITDA/EBITDA Margin (%)	10.6	2.7	(1.2)	(3.9%)	(11.8%)

1Q 2025 vs 4Q 2024

Plant Utilisation Rate: Lower due to temporary utilities supply disruption that impacted several plants in Kertih

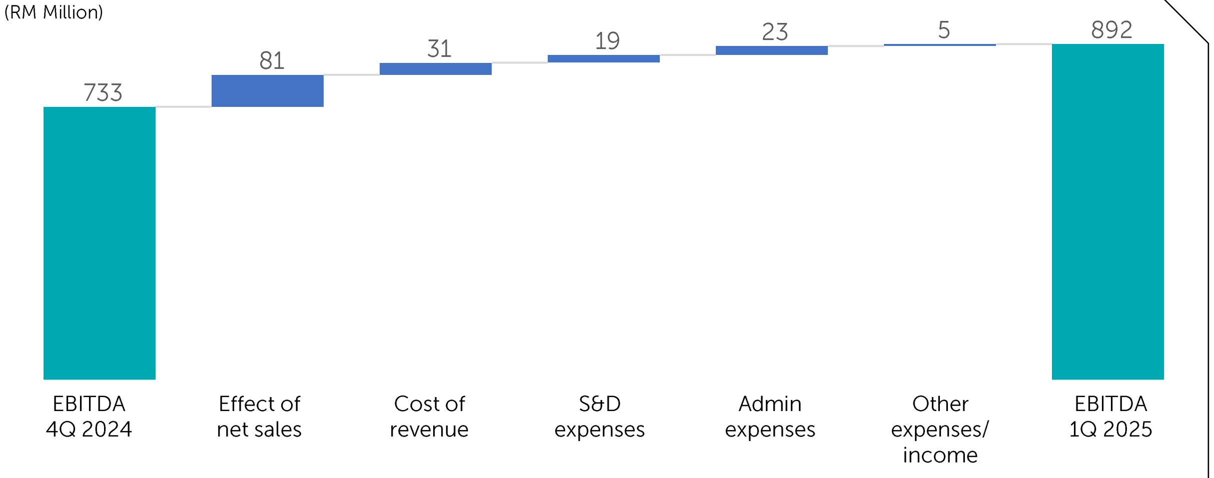
Revenue: Lower due to decline in sales volume and lower contribution from PPC

LBITDA: Registered loss mainly due to unrealised forex loss from revaluation of payables at PPC and higher inventory drawdown

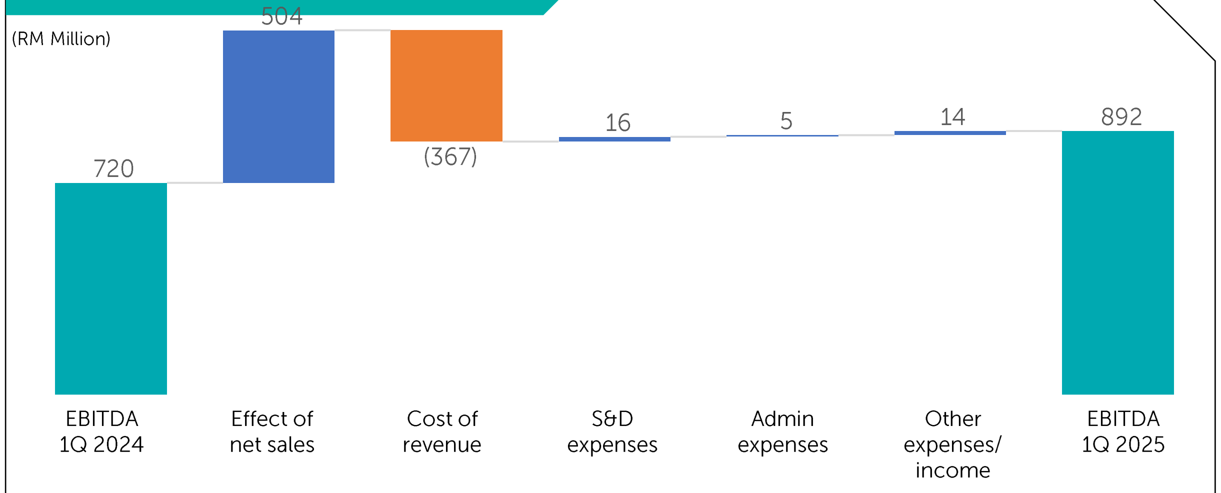
** Excludes PPC*

F&M: Sustained strong operational performance supported by higher average product prices for urea and methanol

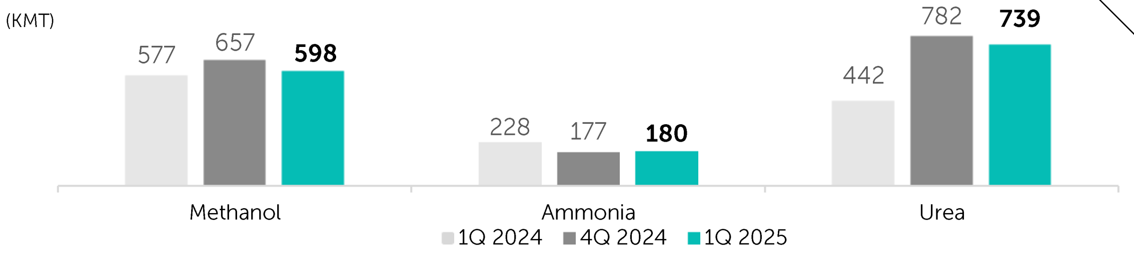
1Q 2025 vs 4Q 2024



1Q 2025 vs 1Q 2024



Product Sales Volume



	1Q 2024	4Q 2024	1Q 2025	Q-o-Q	Y-o_Y
Plant Utilisation (PU) %	86.1	98.8	97.8	(1.0%)	11.7%
Production Volume (KMT)	1,568	1,820	1,762	(3.2%)	12.4%
Sales Volume (KMT)	1,247	1,616	1,517	(6.1%)	21.7%
Revenue (RM mil)	1,994	2,417	2,498	3.4%	25.3%
EBITDA (RM mil)	720	733	892	21.7%	23.9%
EBITDA Margin (%)	36.1	30.3	35.7	5.4%	(0.4%)

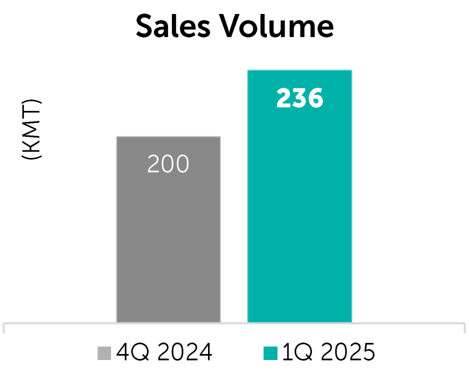
1Q 2025 vs 4Q 2024

Plant Utilisation Rate: At 98%, comparable to 4Q 2024

Revenue: Higher revenue mainly due to higher average product prices

EBITDA: Higher EBITDA attributable to higher product spreads and lower operational costs

Specialties: EBITDA increased compared 4Q 2024, on higher sales volumes following favourable market dynamics



	1Q 2024	4Q 2024	1Q 2025	Q-o-Q	Y-o-Y	Key Highlights
Revenue (RM mil)	1,742	1,371	1,632	19.0%	(6.3%)	Higher revenue and EBITDA q-o-q mainly due to higher volumes following favourable market dynamics
EBITDA (RM mil)	118	15	52	>100%	(55.9%)	
EBITDA Margin (%)	6.8	1.1	3.2	2.1%	(3.6%)	

Intermediates

Polyols
Higher sales volume against 4Q 2024 following restocking activities and Sayakha plant contribution. Higher contribution margin driven by better price mix of selected products

Oxo
Higher sales volume against 4Q 2024 driven by restocking activities from construction and automotive markets

Formates
Higher sales volume against 4Q 2024 in line with peak seasonal demand from deicer business

Animal Nutrition
Higher sales volume against 4Q 2024 from focus products (Gut Health). Higher contribution margin from favourable product mix, and APAC region

Specialties

Coating Solutions
Sales volume and contribution margin in line with 4Q 2024 as demand remained fairly stable

Personal Care Solutions
Higher sales volume and contribution margin against 4Q 2024 following higher demand

Engineered Fluids Solutions
Higher sales volume and contribution margin against 4Q 2024 mainly driven by strong results in LAC especially in Europe

Advanced Polymer Solutions
Sales volume in line with 4Q 2024, with lower contribution margin. Demand increased for select products, but average prices declined

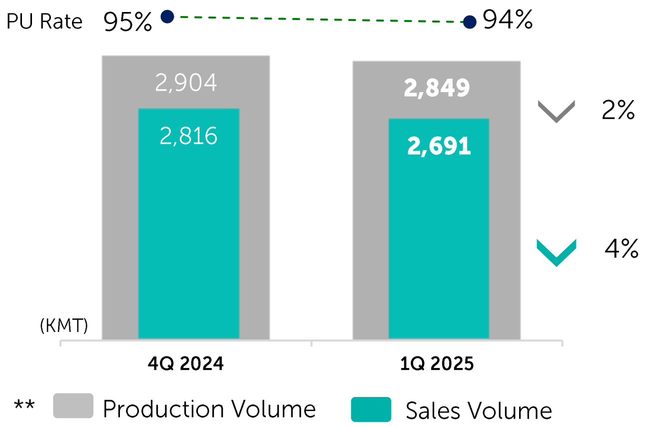
Silicones

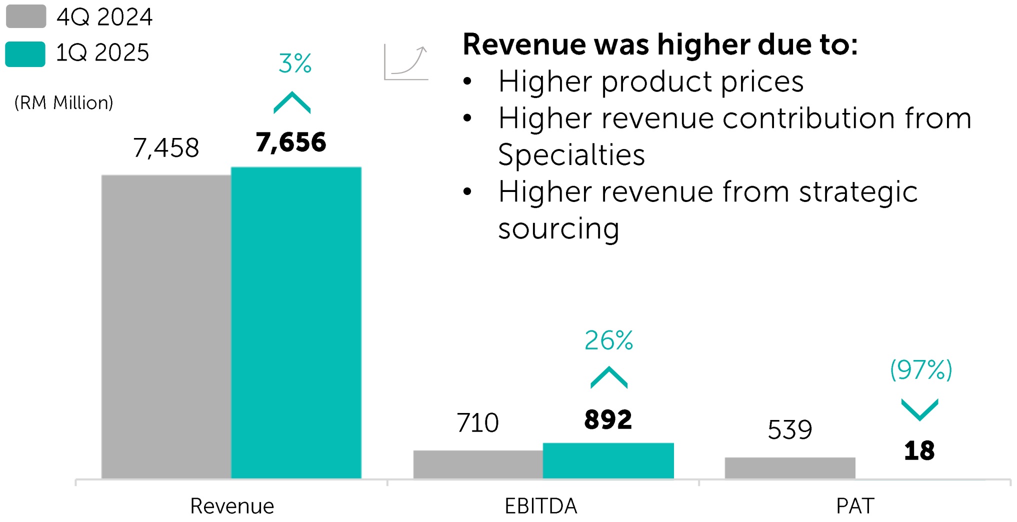
Upstream:
Low prices and pressured margins as a result of growing competitive pressure from Asian suppliers shifting their focus away from the US to other regions

Downstream:
Higher sales volume and contribution margin against 4Q 2024. Increased demand of High Voltage Insulator Coatings (HVIC) and Antifoams,

Group: Lower PAT due to unrealised forex loss on revaluation of shareholders loan to PPC and revaluation of loan receivables at Perstorp

1Q 2025 vs 4Q 2024





Revenue was higher due to:
- Higher product prices
- Higher revenue contribution from Specialties
- Higher revenue from strategic sourcing

EBITDA was higher due to:
- Lower operating costs
- Higher product spreads

PAT was lower due to:
- Unrealised forex loss on revaluation of shareholders loan to PPC and revaluation of loan receivables at Perstorp

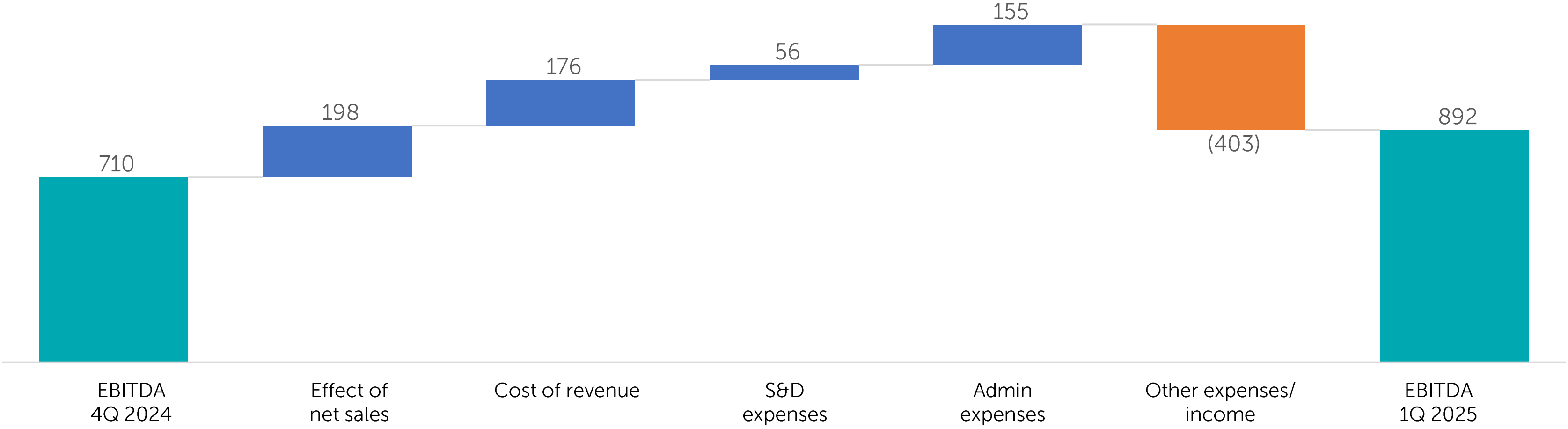
Plant Utilisation Rate (PU)**:**
Comparable despite utilities supply disruption in Kertih

Production Volume:
Lower production volume in both O&D and F&M segments

Sales Volume:
Declined, mainly for methanol, ethylene glycols, performance chemicals and urea

EBITDA MOVEMENT
(RM Million)

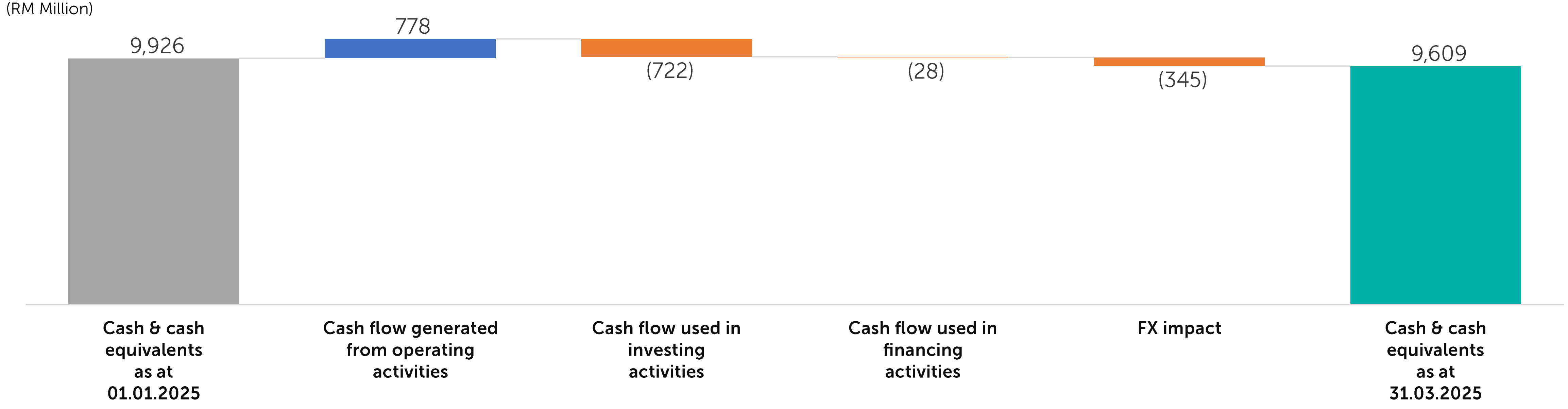
EBITDA Margin
4Q 2024: 9.5%
1Q 2025: 11.7%



*** Excludes PPC*

Slightly lower cash balance due to investment in growth projects and dividend payment

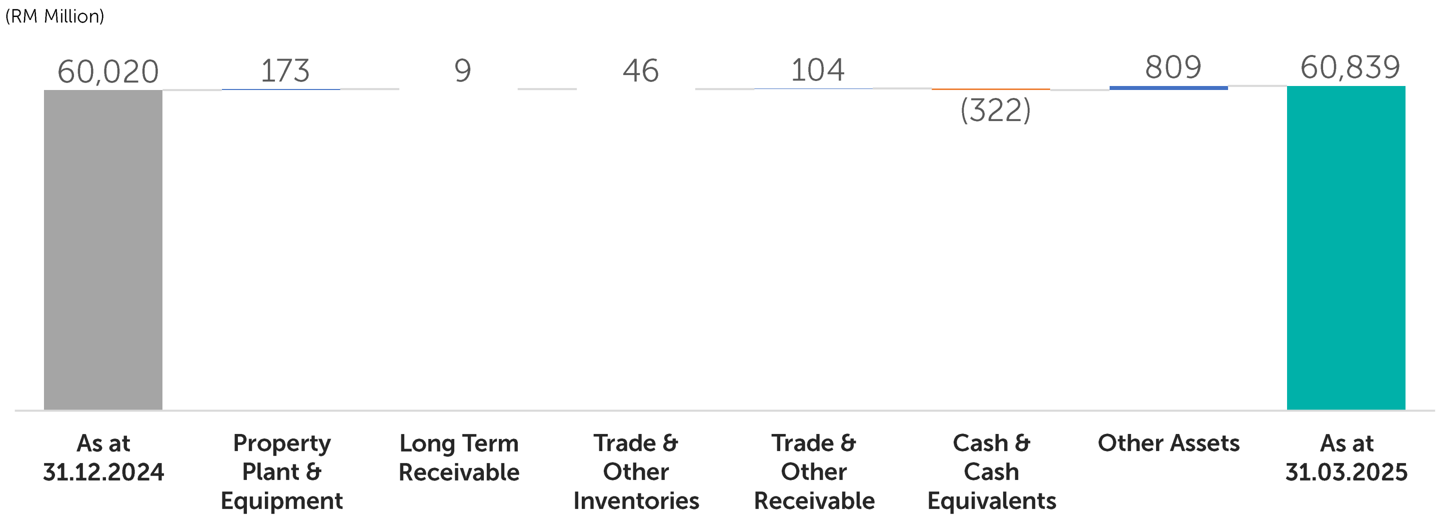
Cash Flow



- Net cash used in investing activities mainly related to the purchase of PPE for various growth projects, turnaround preparation cost at PC Fertiliser Sabah, as well as additional investment in LG Petronas Chemicals Malaysia
- Net cash used in financing activities represent payment of dividend and net drawdown of revolving credit facilities at Perstorp

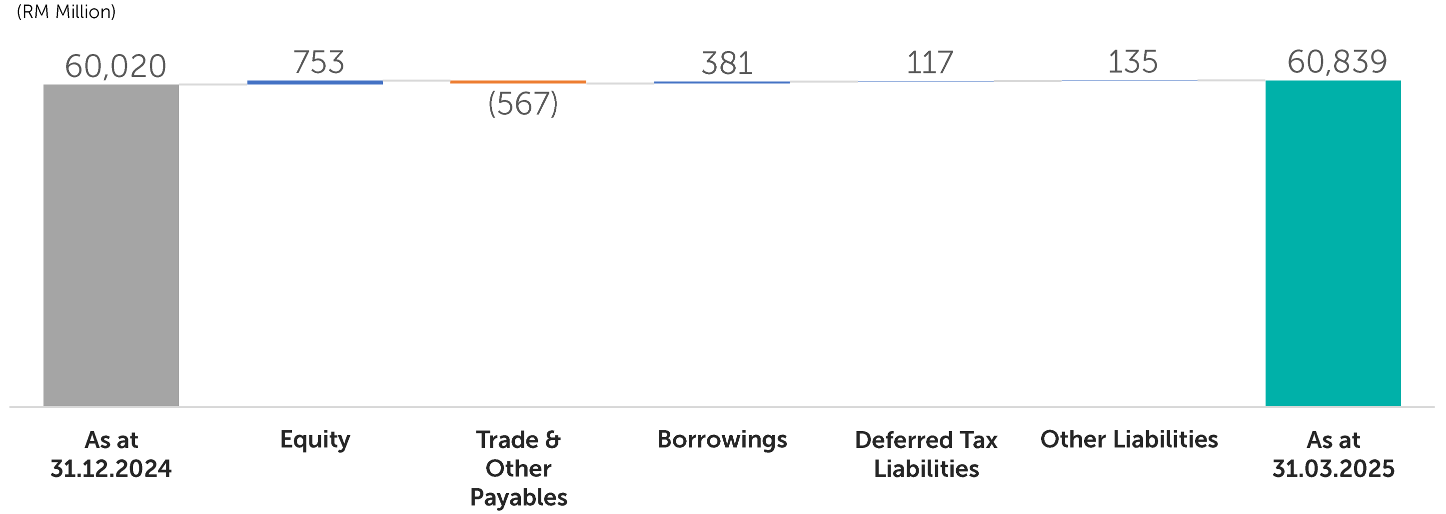
Higher total assets mainly due to higher intangible assets, partially offset by lower cash balance

Total Assets



The Group's total assets were higher mainly due to higher intangible assets, resulting from forex translation of Ringgit Malaysia against Euro and Swedish Krona

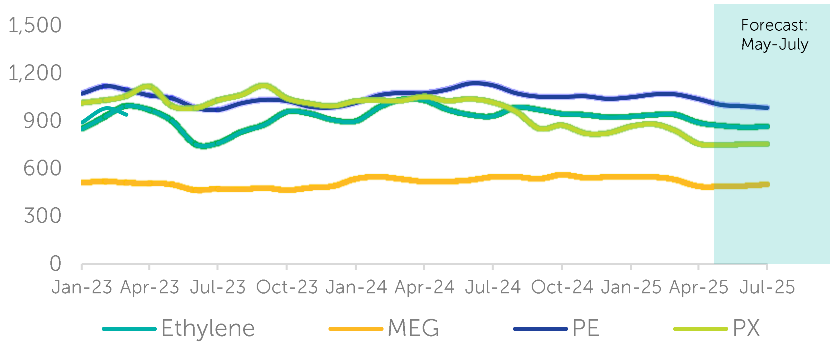
Total Equity & Liabilities



- Higher equity due to higher reserves resulting from forex translation of Ringgit Malaysia against Euro and Swedish Krona
- Higher borrowings due to net drawdown of revolving credit facilities at Perstorp
- Lower trade and other payables mainly resulting from turnaround activities in preceding quarter and lower payables at PPC following unavailability of feedstock

US tariffs and oversupply may lower O&D demand; Planting season to support F&M prices; Specialties market faces uncertain growth

O&D: US tariffs and oversupply situation are expected to continue the bearish trend in 2Q



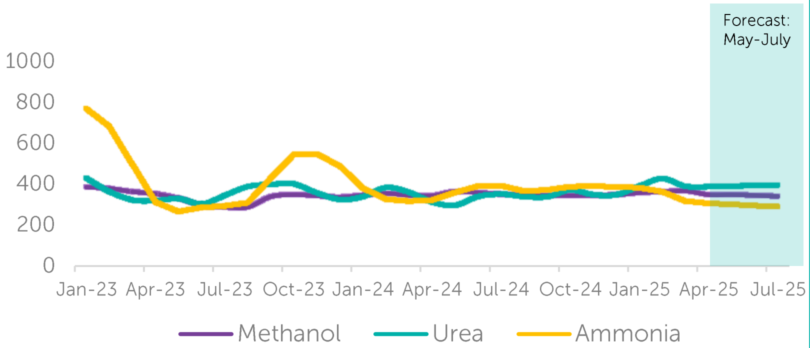
Ethylene:
Softening prices mainly due to muted downstream demand and balanced supply as pressure of China's new capacities is offset by maintenance in SEA and NEA

Ethylene Glycols:
Tight supply following extensive turnaround activities in SEA and NEA may provide some support to MEG prices amidst weak polyester demand

Polyethylene:
LDPE market bearishness is intensified with increasing supply from new China capacity addition and slow market activities during holidays in APAC

Paraxylene:
Stable outlook to be supported by restricted supply in SEA and China despite persistent weak downstream demand

F&M: Mixed, supported by improved demand and limited regional supply for Urea



Urea:
Firm outlook as key suppliers in Middle East and SEA are committed for term deliveries, and improved demand in preparation for planting season in SEA

Ammonia:
Bearish sentiment following weak industrial demand coupled with stable supply as plants operate at full capacity

Methanol:
Cautious buying sentiment amidst geopolitical uncertainties and gradual supply recovery upon return of Iran producers

Specialties: Demand faces strain from mixed global economic outlook

- Limited indications for any broader economic recovery as uncertainties and risks remain despite resilience from 1Q 2025
- Major economies like the US, China, and Euro area are expected to see mixed specialty chemicals demand profiles across target end markets
- Construction and automotive sectors are expected to remain under pressure from prolonged structural and tariff-related headwinds, while consumer goods and retail show signs of plateauing after early spending pull-forward

Key Priorities for 2025

Maximise value to shareholders

1. Deliver **HSE** Excellence
2. Strengthen **Operational Excellence** & **Commercial Excellence**
3. Intensify **cost reduction** efforts
4. Progress **Growth Delivery Excellence**
5. Unlock value through expansion of **innovative & sustainable solutions**

Thank you.