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PETRONAS CHEMICALS GROUP BERHAD

(Corporate updates)

March 2019

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Key Highlights

FY 2018 Key Highlights



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■ Plant utilisation (PU) at 92 %

- 6 statutory TA completed
- Higher on-stream days

■ Sales volume increased 4% y-o-y

- Steady demand for petrochemical products
- Higher product prices

■ 15% PAT improvement

■ Improved EBITDA with;

- Better spreads, higher sales volume

Partially negated by;

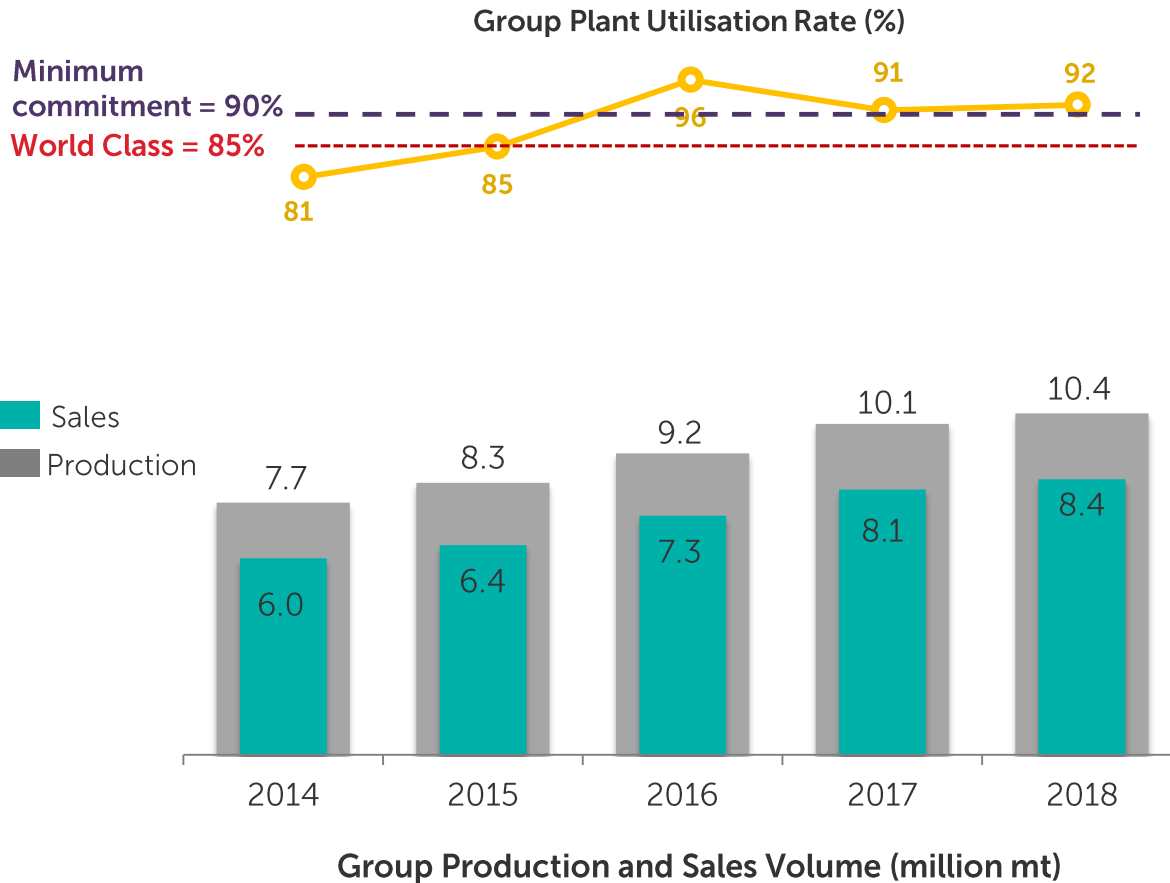
- Higher maintenance cost
- Strengthening MYR against USD

Plant utilisation rate and production volume sustained despite high turnaround



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Operational Performance



Operational excellence

- Sustained **high plant utilisation** despite heavy turnaround activities
- Sustainable operations with **improved feedstock supply** through close relationship with supplier
- Improved earnings with higher **production efficiency**

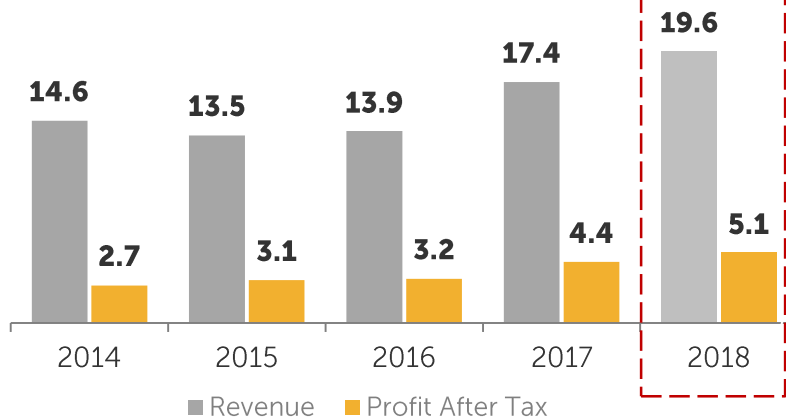
Profitability in line with operational and market performance



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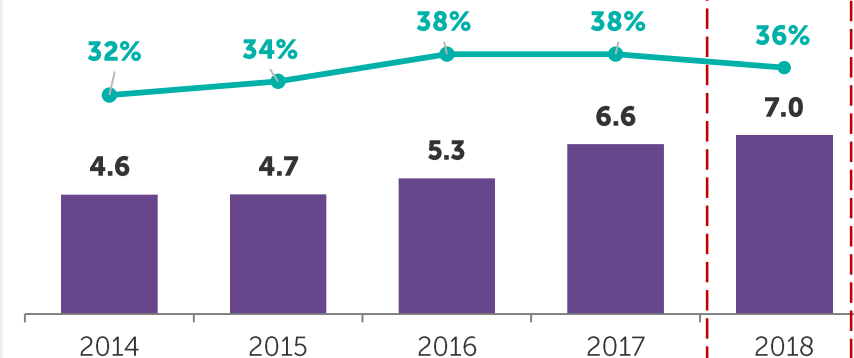
Earnings

RM Bil



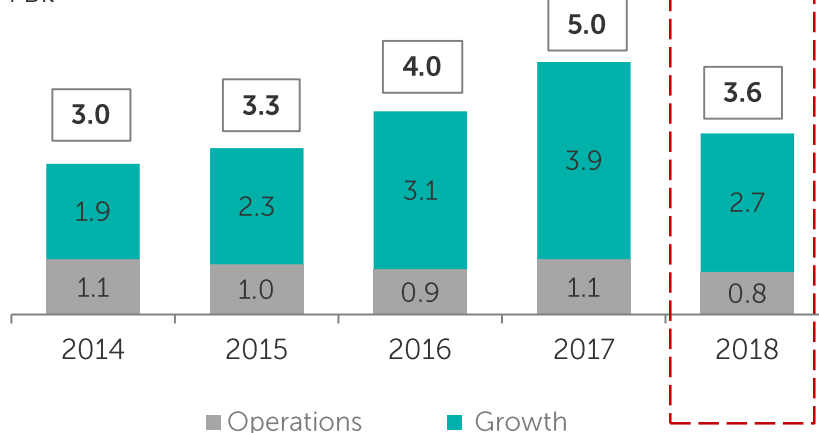
EBITDA

RM Bil



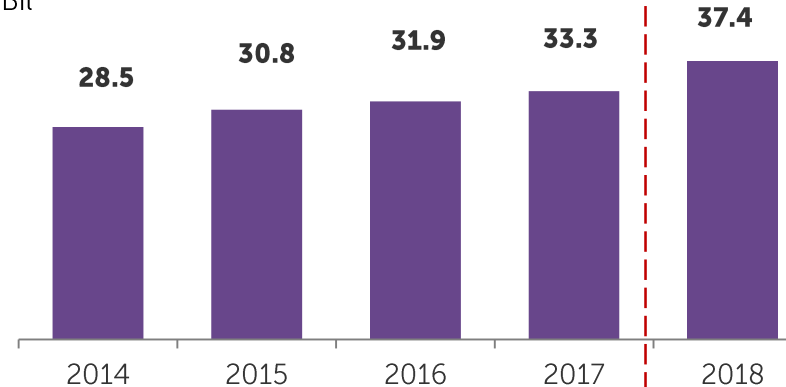
Capital expenditure

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Total assets

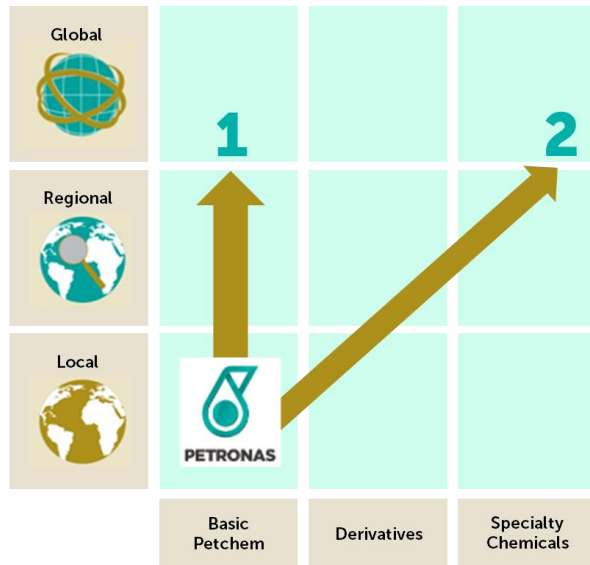
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PCG has a clear strategy to grow specialty chemicals portfolio and future proof our business



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1. Strong in basic petrochemicals
2. Selectively diversify into derivatives, specialty chemicals and solutions

Growth Levers

1

Extend Value Chain

Maximise value from RAPID molecules & PCG existing complexes

2

Build Specialty Platform

Venture into attractive segments based on megatrends

3

Create Optionality for Growth

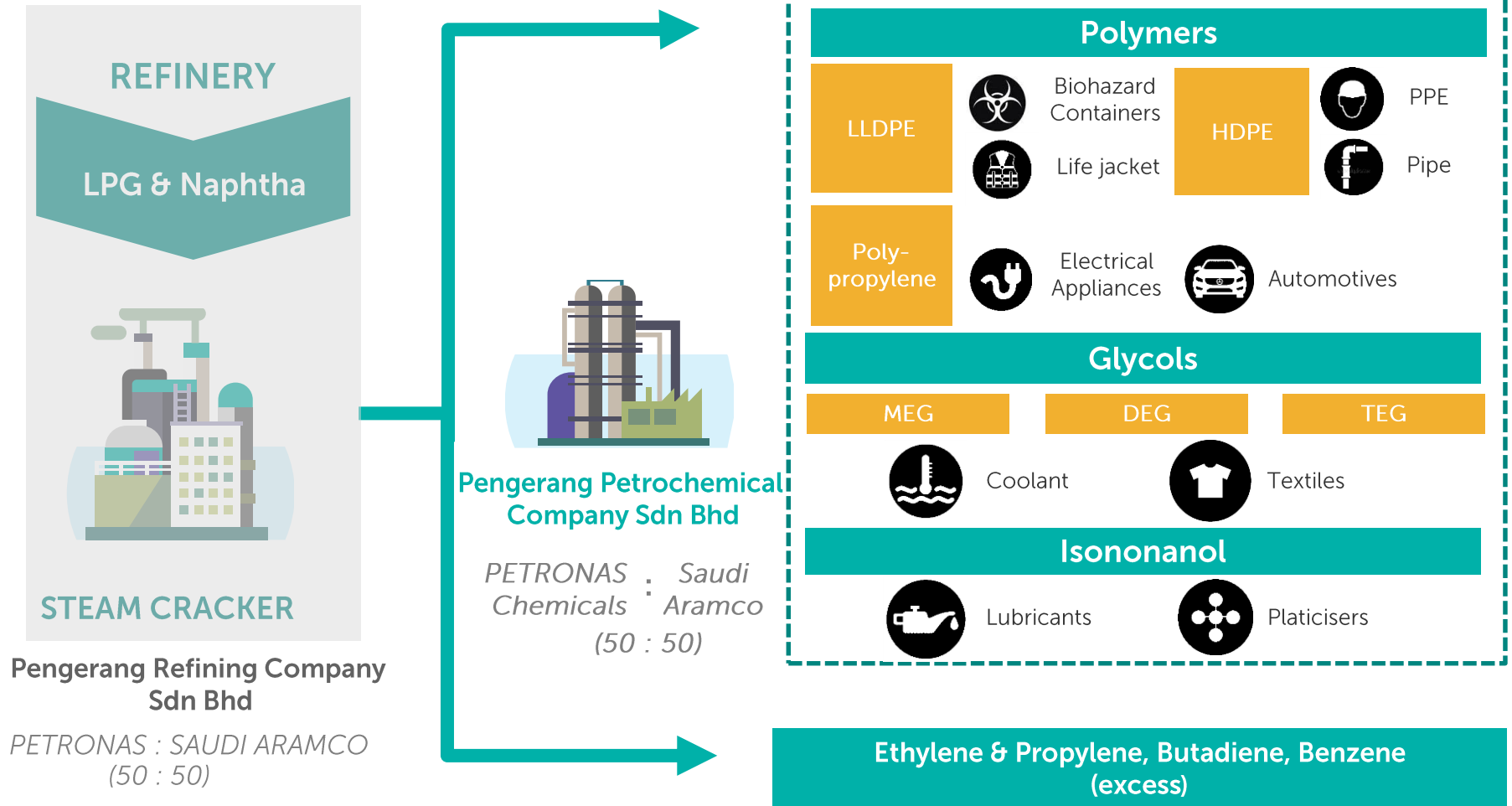
Invest in innovative and breakthrough technologies through seed capital

Market-backed Portfolio

Pengerang Integrated Complex focusses on key growth areas in commodities, differentiated and specialty petrochemicals



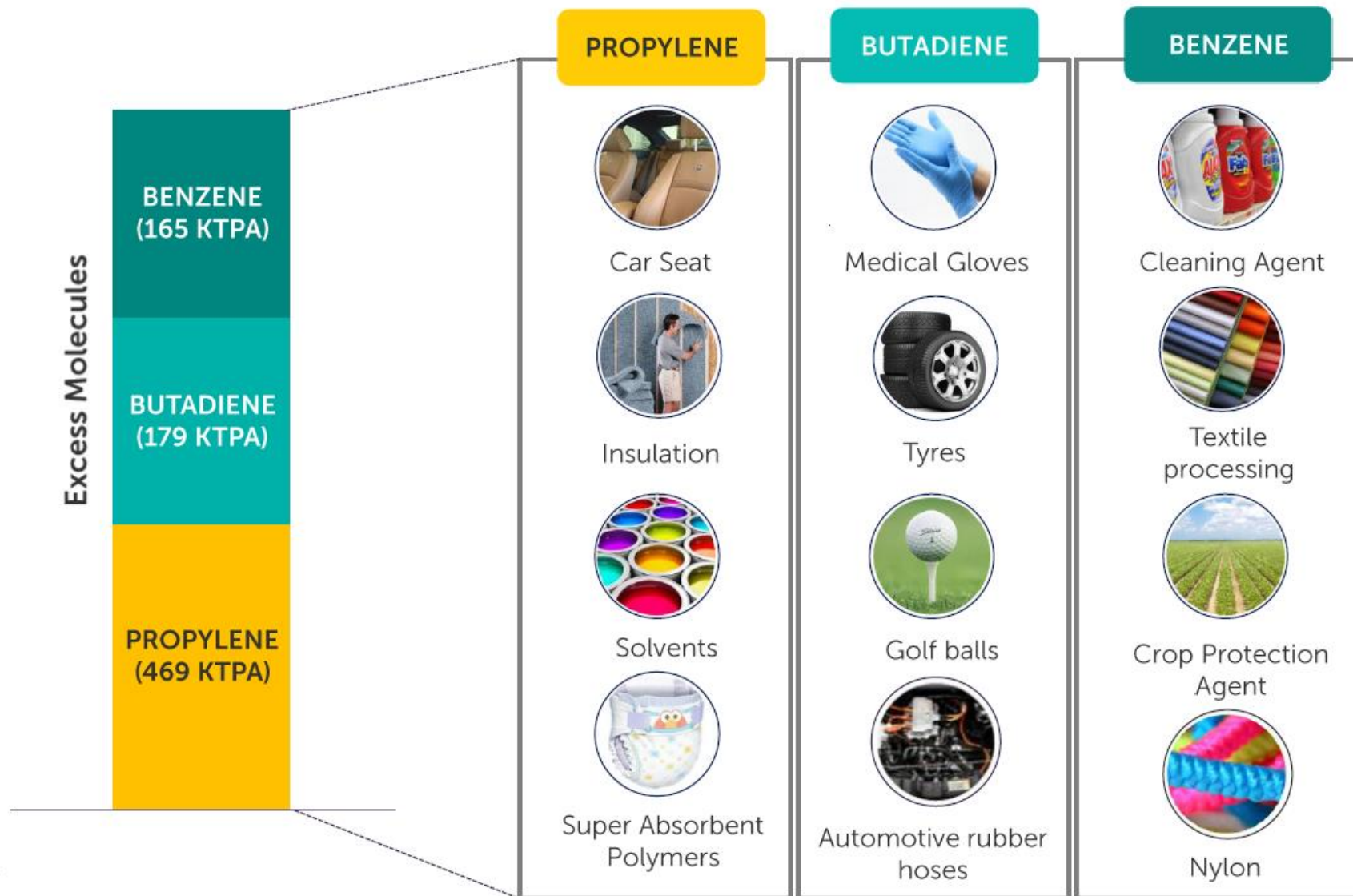
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Available excess molecules are to be used for further downstream opportunities



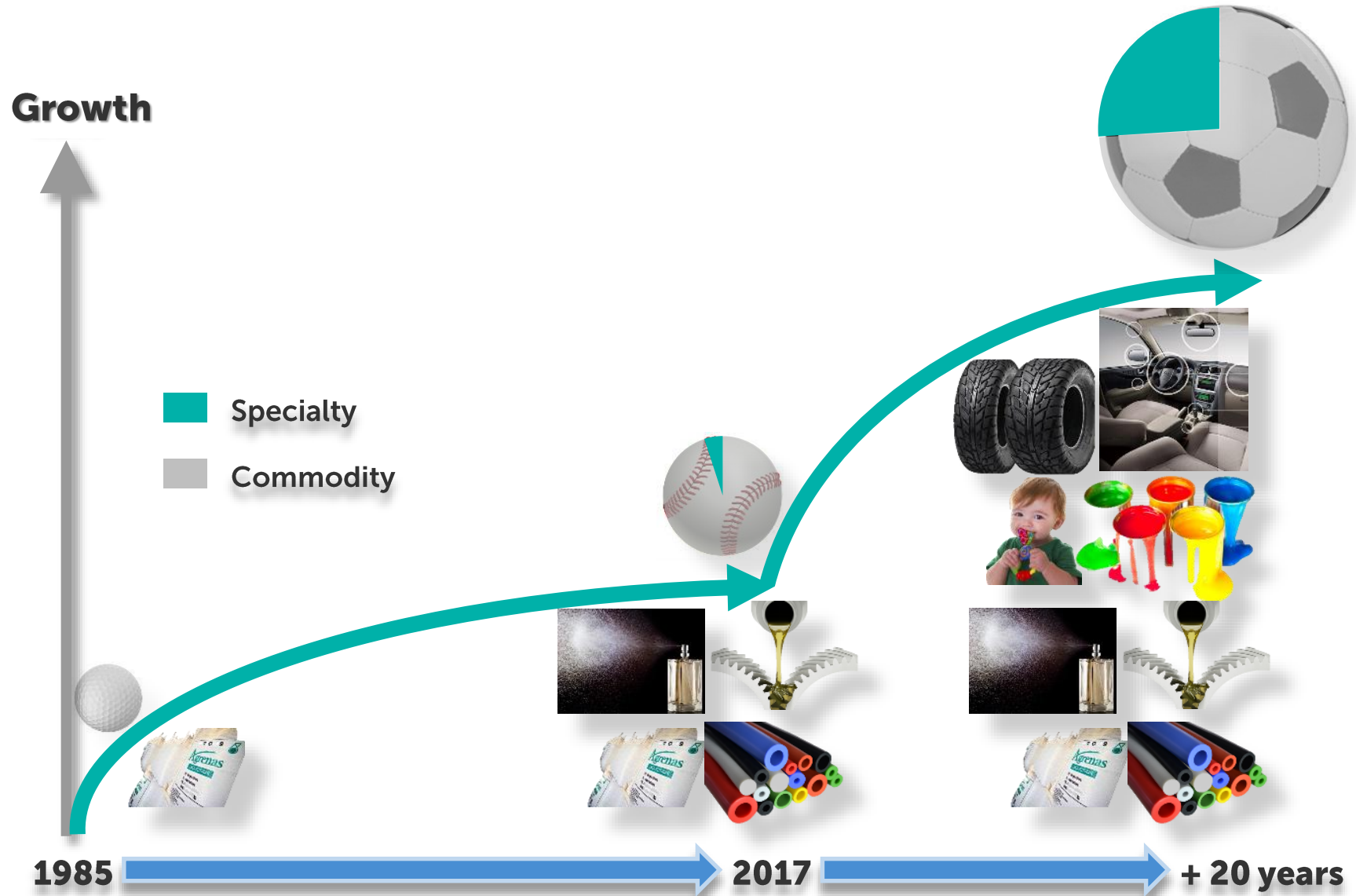
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We are developing a new product portfolio of our specialty chemicals over the next 20 years



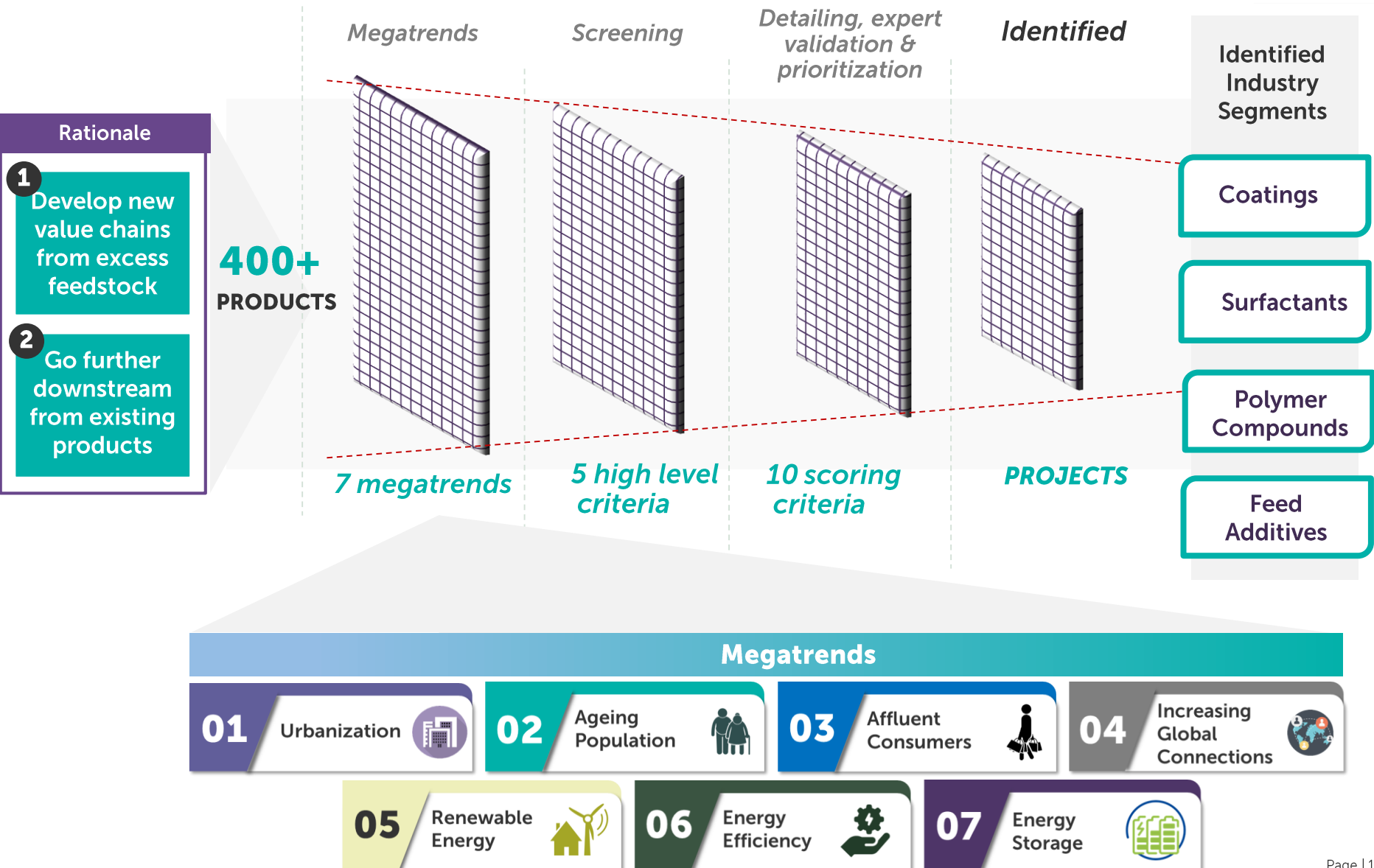
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Exhaustive and rigorous filtering process is ongoing to identify growth opportunities



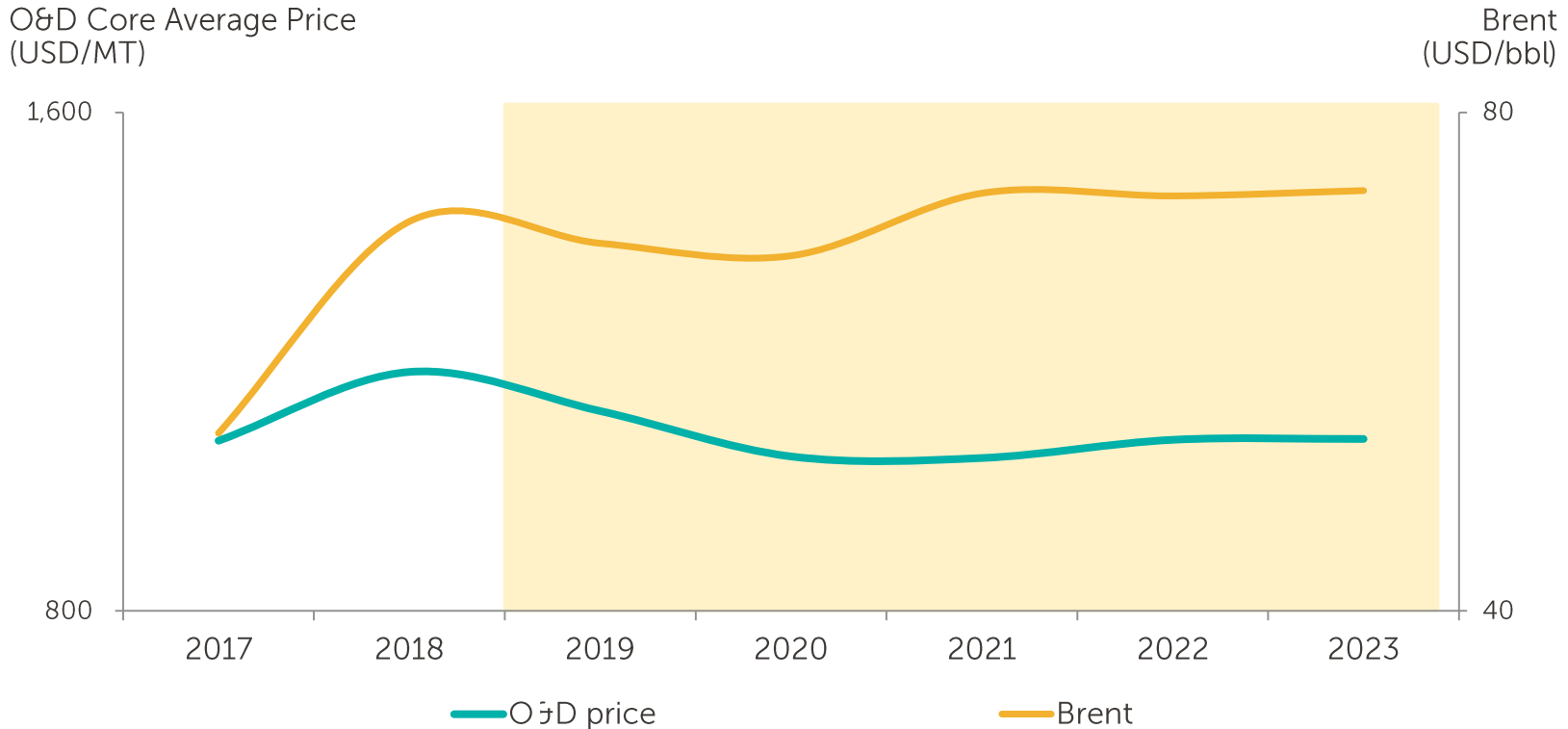
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Olefins & Derivatives: Price to soften in immediate term due weaker demand on the back of increasing supply



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Ethylene ↓



- Wave of US new plants
- Ample supply from Middle East

Polymers ↓



- Lower feedstock price
- Diversion of US cargoes

MEG ↓



- Softening in ethylene price
- Lackluster downstream demand

Paraxylene ↓

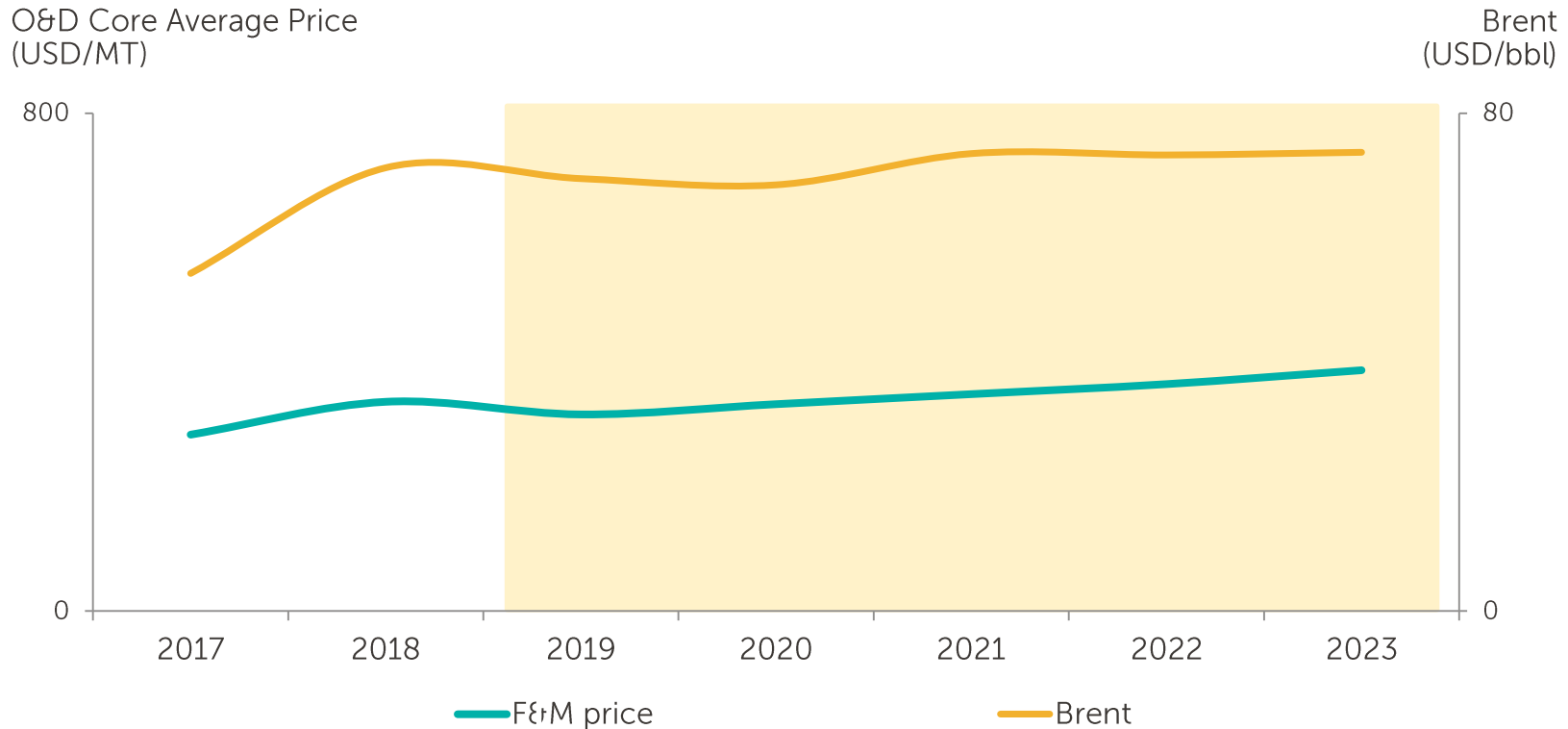


- Weak feedstock price
- Weak PTA & PET demand

Fertiliser & Methanol: Stable price level supported by demand for Urea offset slight softening for Methanol



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Urea ↓

- ◆ Various capacity additions
- ◆ Moderate demand growth
- ◆ Lower energy costs

Ammonia ↔

- ◆ New capacity additions
- ◆ expansion of Africa's phosphates plants

Methanol ↓

- ◆ New US capacity
- ◆ Lower energy costs
- ◆ Weakening demand in MTO



Sustain world class operational excellence



Deliver Commercial & Innovation Excellence



Execute growth project effectively



Grow portfolio and future proof business

4 Turnaround Maintenance shutdown planned for the year, to be completed without incidences

1. Continue to strive to achieve best value for PCG products.
2. Deliver Innovative Solution for customer needs

Business readiness for PIC's commercial operation in 2H2019

Continued assessment of suitable projects, to complement and boost PCG's product portfolio in specialty chemicals.



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Thank you

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