



**PETRONAS**

# **PETRONAS Chemicals Group Berhad**

## **3Q 2021 Analyst Briefing**

**22 November 2021**



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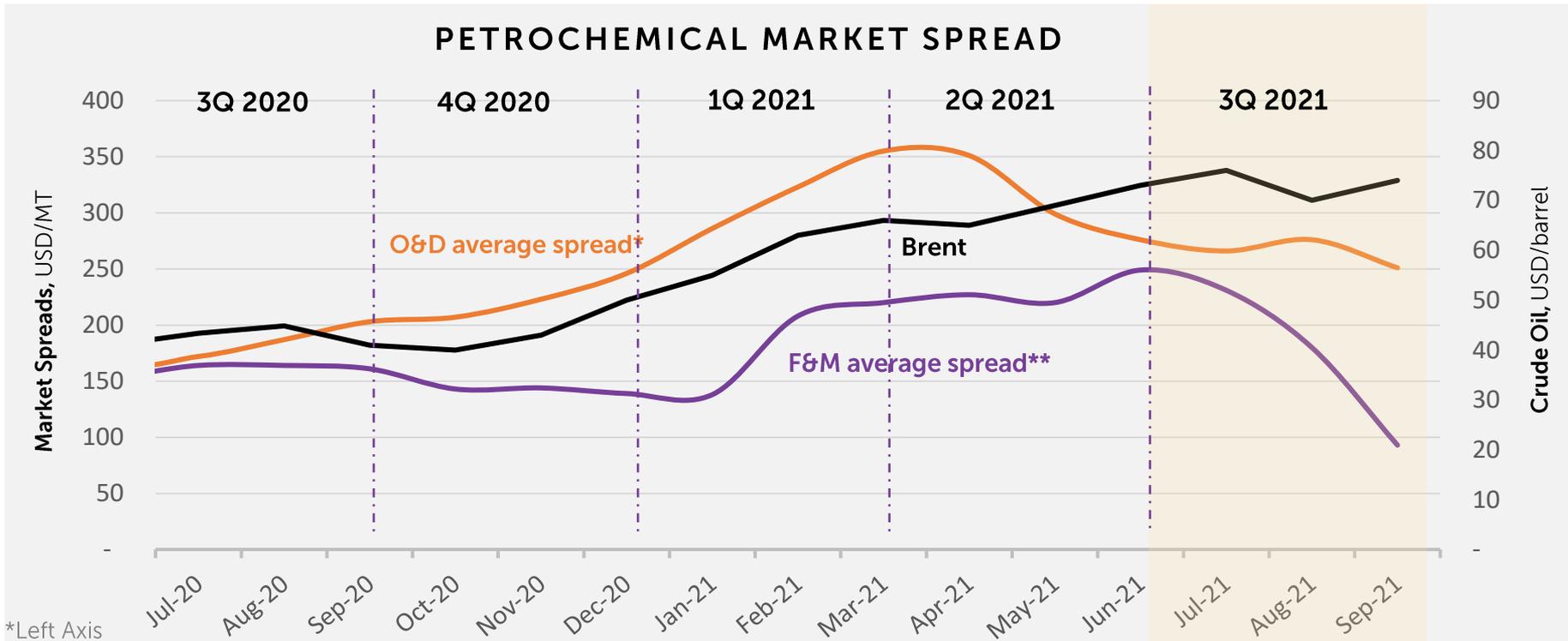
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# Economic recovery amid supply constraints

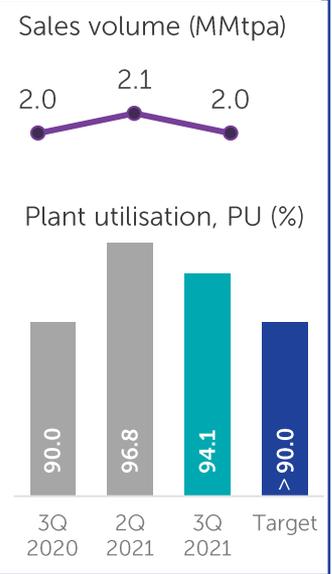


- **9 months global GDP strengthened significantly in 2021 after marking 1 year of economic recovery.**
- **PMI expanded to 54.1 vs 52.3 in the same period in 2021 driven by a robust manufacturing sector.**
- **Brent crude oil price increased 66% to USD68 per barrel compared USD41 per barrel last year, on positive market developments and strong demand.**
- **Petrochemical product prices were higher y-o-y on higher feedstock prices, supply tightness amid healthy demand.**

# Re-aligning our approach to Sustainability: Economy, Environment & Social

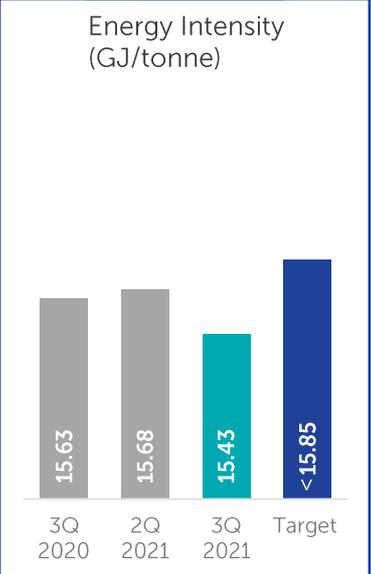
## Economy

**Plant Utilization**  
**94.1%**  
 Sales volume  
**2.0 MMtpa**

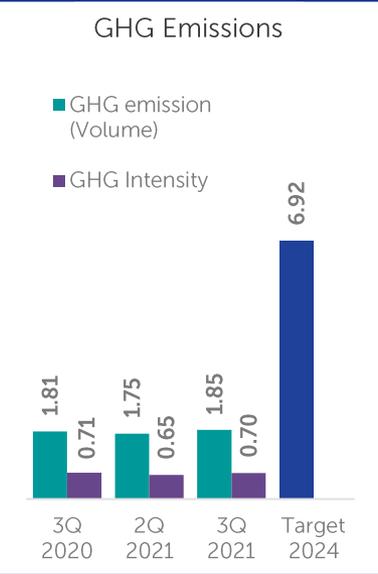


## Environment

**Energy intensity**  
**15.43**  
 GJ/t



**GHG Emissions**  
 Intensity Volume  
**0.70** **1.85**  
 tCO2e/t mil tCO2e



**Waste recycling rate from 3R**  
**86%**



## Social

**No of people reached in 2021 (as of Q3 2021)**  
**149,160**

**Environment** 

- Be Green
- ecoCare

**Community Development & Well-being** 

- Safe Handling of Chemicals for School (SHOC4School)
- PCG COVID-19 Relief
- Sentuhan Kasih

**Education** 

- Plastic, Sustainability & You Education (PSYE)

**Social & Governance** 

- Assessment on Human Rights practices among contractors

PCG has reached a new milestone in its sustainability journey:

- Constituent of the Dow Jones Sustainability Indices (DJSI)
  - Member of:
    - DJSI World
    - DJSI Emerging Market

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

# 9M 2021 Highlights

## OPERATIONAL EXCELLENCE



**Plant Utilisation** **94%**  
(9M 2020 : 95%)

**Production, MMT** **7.9**  
(9M 2020 : 8.0 MMT)

### Turnaround activities:

- PC Methanol Plant 1
- PDH plant @PC MTBE
- PC Fertiliser Kedah

## COMMERCIAL EXCELLENCE



**Sales, MMT** **6.0**  
(9M 2020 : 6.0 MMT)

### Product prices:

- Higher feedstock cost
- Healthy demand
- Tight supply

## FINANCIAL PERFORMANCE



**Revenue, RM billion** **16.0**  
(9M 2020 : RM10.5 billion)

**PAT, RM billion** **5.3**  
(9M 2020 : RM1.1 billion)

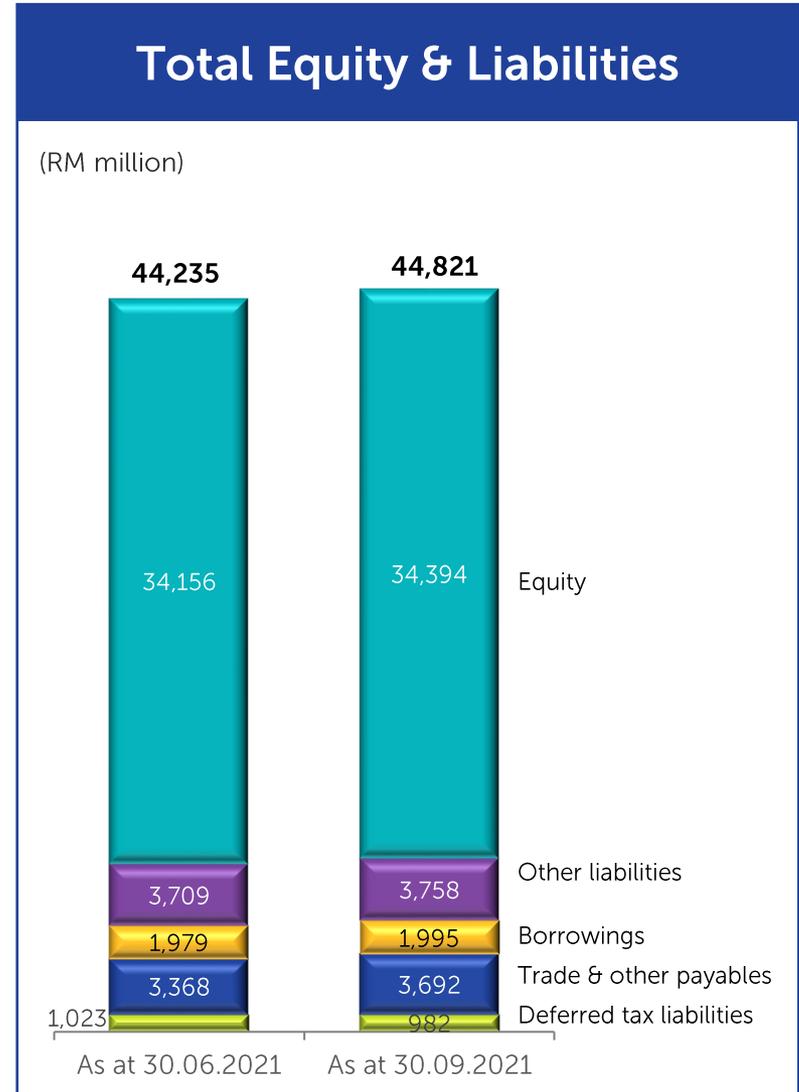
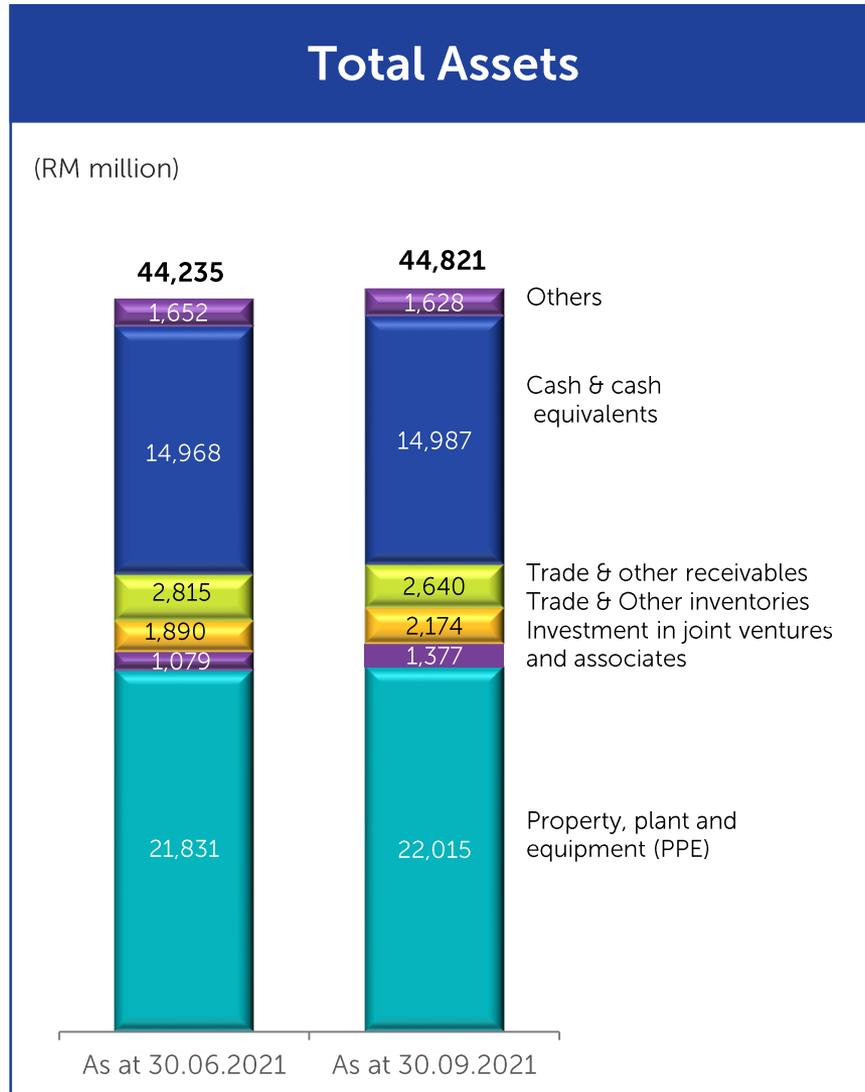
**EBITDA, RM billion** **6.0**  
(9M 2020 : RM2.3 billion)

**EBITDA Margin** **37%**  
(9M 2020 : 23%)

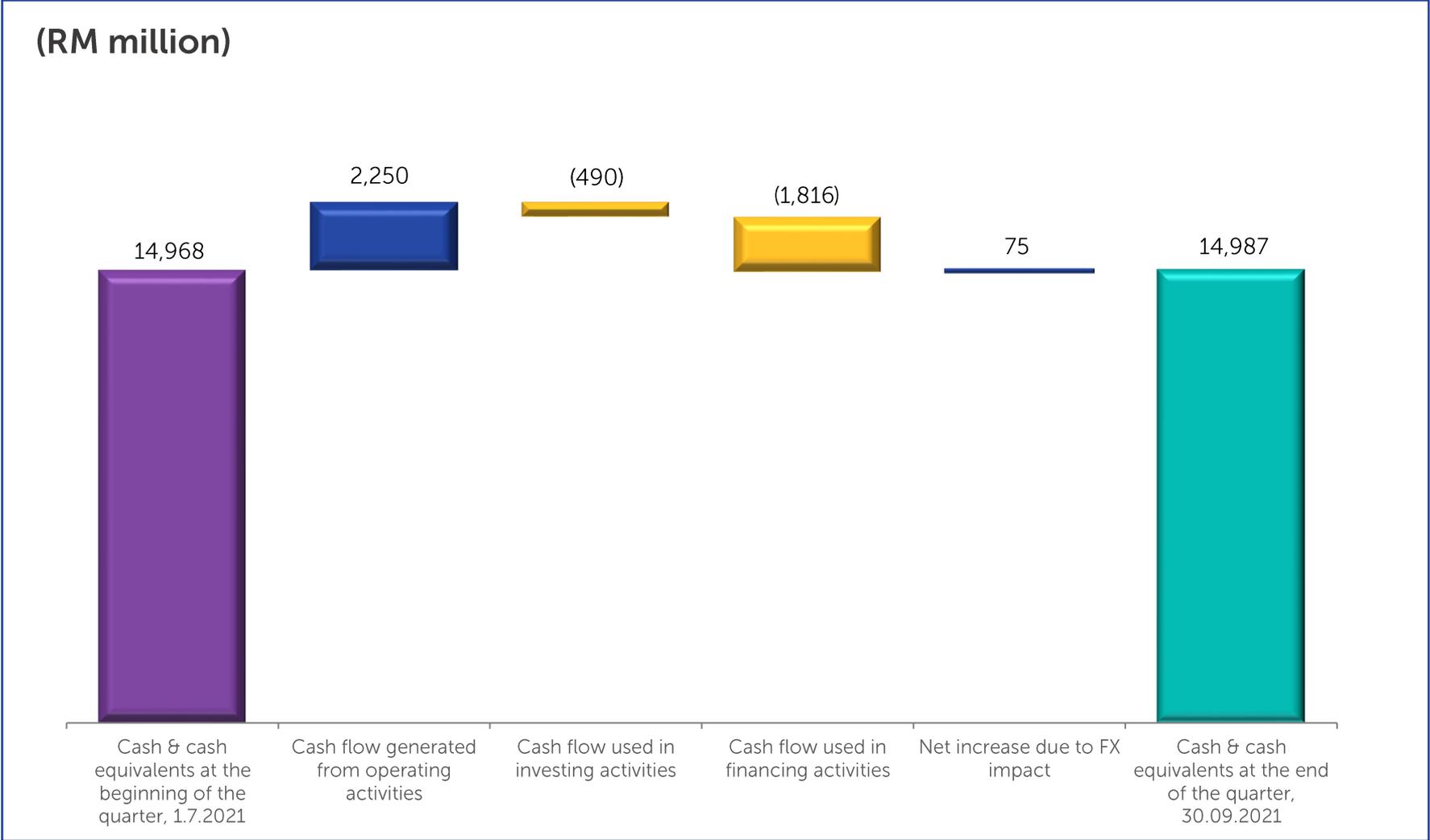
# Strong financial performance in line with stronger product prices

Key Financial Indicators	3Q 2021 Year-on-Year (YoY)	3Q 2021 Quarter-on-Quarter (QoQ)	9M 2021 Year-on-Year
Production Volume ('000 MTPA)	3Q 2021: 2,660 3Q 2020: 2,561 +4%	3Q 2021: 2,660 2Q 2021: 2,702 (-2%)	9M 2021: 7,867 9M 2020: 8,018 (-2%)
Revenue (RM Million)	3Q 2021: 5,766 3Q 2020: 3,457 +67%	3Q 2021: 5,766 2Q 2021: 5,608 +3%	9M 2021: 16,049 9M 2020: 10,526 +53%
Profit After Tax (RM Million)	3Q 2021: 1,963 3Q 2020: 452 >100%	3Q 2021: 1,963 2Q 2021: 1,856 +6%	9M 2021: 5,285 9M 2020: 1,130 >100%
EBITDA (RM Million)	3Q 2021: 2,113 3Q 2020: 914 >100%	3Q 2021: 2,113 2Q 2021: 2,154 (-2%)	9M 2021: 5,962 9M 2020: 2,373 >100%
EBITDA Margin (%)	3Q 2021: 37% 3Q 2020: 26%	3Q 2021: 37% 2Q 2021: 38%	9M 2021: 37% 9M 2020: 23%

# Balance Sheet, higher total assets contributed by higher investment in associates and trade inventories



# Improving cashflow with higher cash from operations, inline with higher product prices



# 3Q 2021 plant utilisation at 94% despite maintenance activities

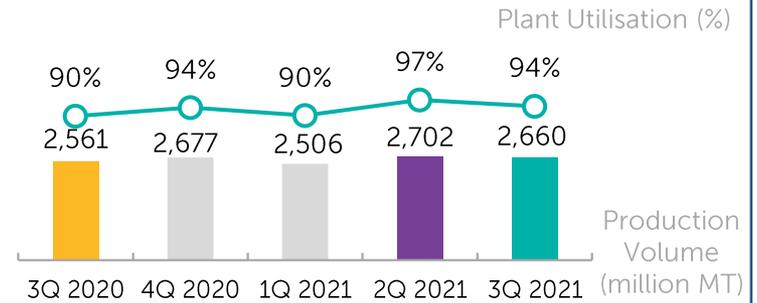
## Plant Utilisation

**94%**

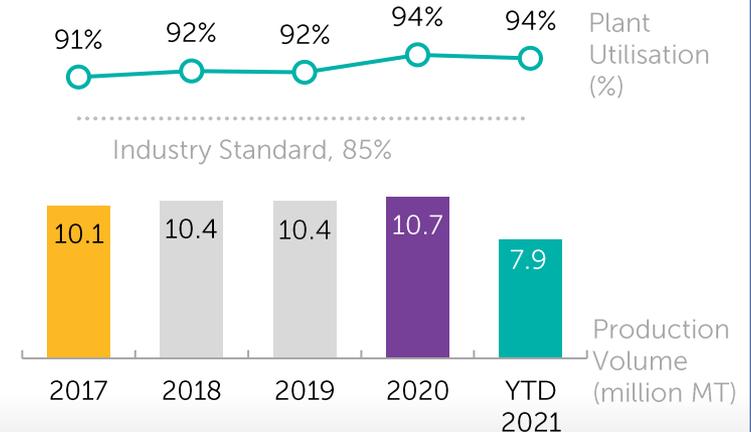
**(9M 2020: 95%)**

- Successful completion of planned turnaround at PC Fertiliser Kedah and pitstop activities at PC Ethylene and PC Polyethylene in Kerteh
- Highest quarterly methanol production since end of 2019, at 555 KMT, above average of 503 KMT
- Stable performance at O&D segment supported by reliable ethane supply

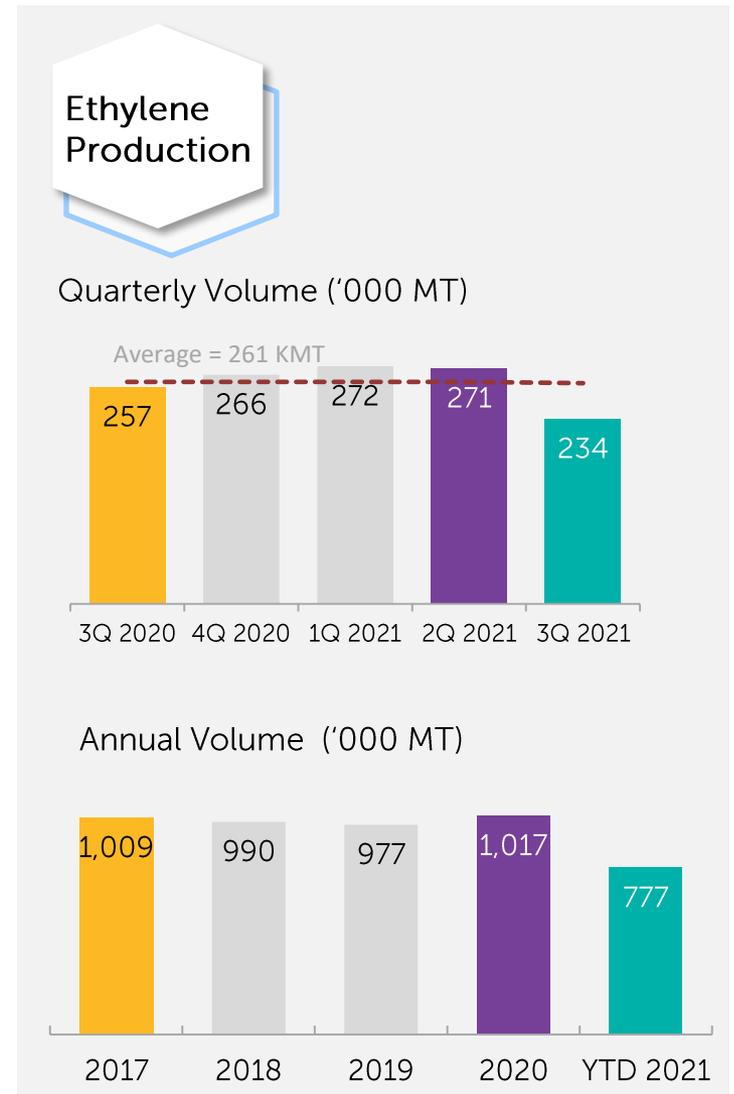
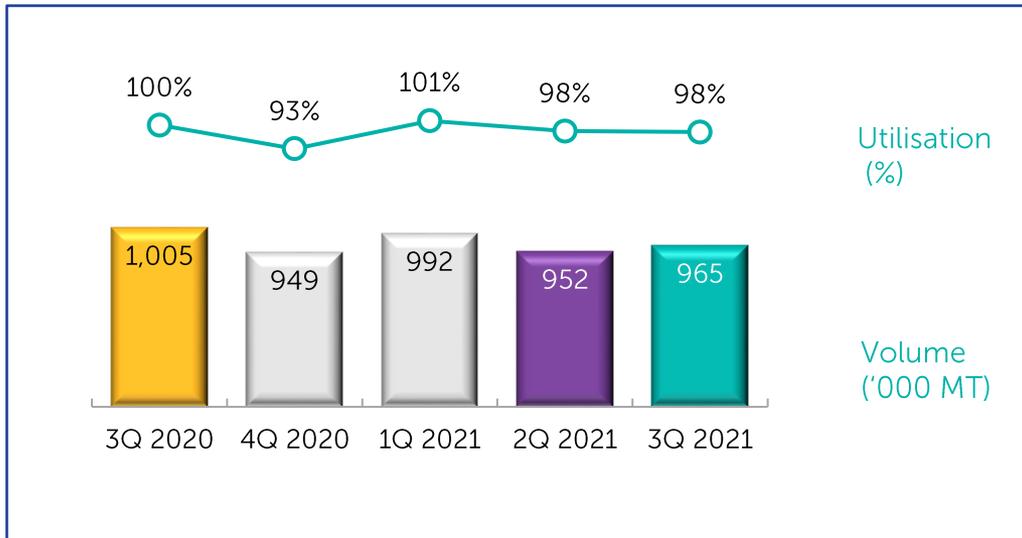
## Quarterly Group Performance



## Annual Group Performance



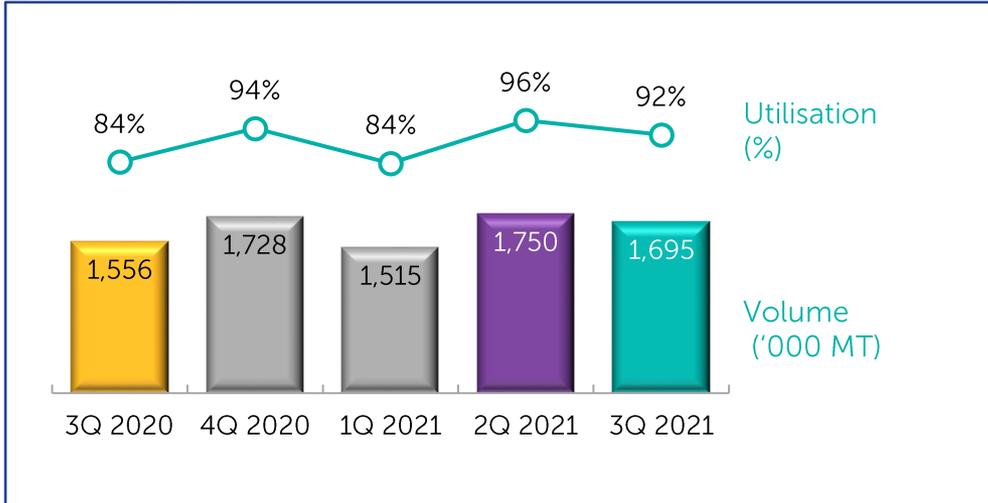
# Olefins & Derivatives Sustained plant operations q-o-q, improved production volume



## OLEFINS AND DERIVATIVES (O&D)

- Completed pitstop activities at PC Ethylene and PC Polyethylene plant in Kerteh
- High plant utilisation rate of 98% despite shutdown activities, supported by reliable ethane supply

# Fertilisers & Methanol: Lower utilisation and production q-o-q due to maintenance works

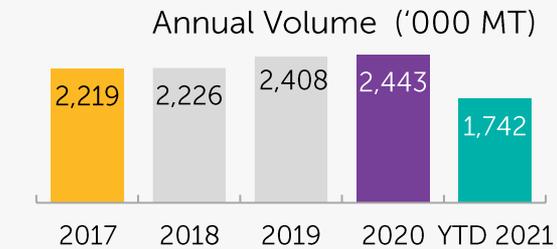
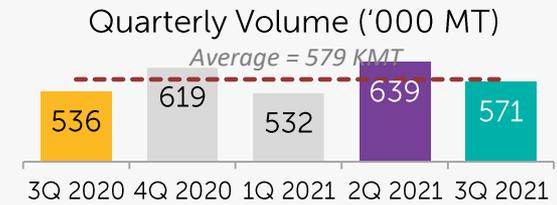


## FERTILISER AND METHANOL (F&M)

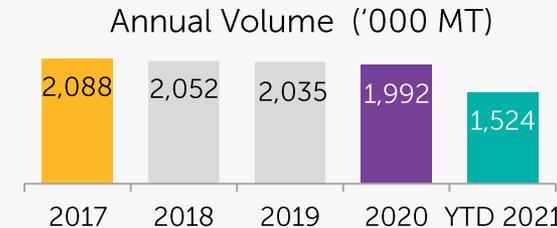
- Completed turnaround activity at PC Fertiliser Kedah
- Delivered above average quarterly Methanol volumes following improved plant operations
- Lower urea production than previous quarter due to maintenance works at ABF, higher than corresponding quarter resulted from reliable methane supply from upstream



### Urea



### Methanol



# PIC - PETCHEM gearing for start up in 1Q 2022



PETRONAS

- Excellent HSE performance for PIC-PETCHEM project, with no loss time injury and fatality recorded.
- Strengthening pre-startup activity prior to PETCHEM start-up expected from Jan 2022 onwards



HDPE Plant



PIC received a visit from Tan Sri Mohd Khairul Adib Abd Rahman, the Director-General of the Public Services Department (PSD) on 23 September 2021, to exchange ideas on enhancing PIC's security



Mechanical Running Test at HDPE Plant

# Olefins & Derivatives: stable to soft on lower year end demand and uncertainty due to China's dual control policy

## Ethylene



**Q3 2021**  
(vs Q2 2021)



- Balanced supply amid new cracker start up and tight vessel availability
- Healthy downstream demand

**Outlook**  
(3 Months)



- Balanced supply despite cracker restart amid prolonged global container shortage
- Dual control policy also limits NEA demand growth

## Polymers



**Q3 2021**  
(vs Q2 2021)



- Supply tightened due to persistent high freight rates and shipping issues to SEA
- Demand dampened with cautious buying behavior amid pandemic restrictions in SEA

**Outlook**  
(3 Months)



- Supply affected by prolonged global container shortage, high freight, and port congestion
- Demand softens towards year-end as buyers avoid high inventory

## MEG



**Q3 2021**  
(vs Q2 2021)



- Strong crude & naphtha prices provided support
- Increased supply from new capacities & existing plants restart.
- Stable demand

**Outlook**  
(3 Months)



- Reduced supply in China amid higher feedstock cost
- Outweighed by declining downstream demand in China

## Paraxylene



**Q3 2021**  
(vs Q2 2021)



- Supply limited by import quota
- Strong downstream demand
- Firmer crude and naphtha markets.

**Outlook**  
(3 Months)



- Balanced supply with upcoming planned turnaround coupled with rising production costs.
- Uncertain downstream demand due to China dual policy

# Fertiliser & Methanol: Continued strength in Urea while others to moderate

## Urea



**Q3 2021**  
(vs Q2 2021)



- ◆ Tight global supply following China's export restriction
- ◆ Healthy demand from India for July and August shipment

**Outlook**  
(3 Months)



- ◆ Tight global supply coupled with China's export volume availability
- ◆ Strong demand from India for Rabi season and restocking activity for SEA planting season starting in October

## Ammonia



**Q3 2021**  
(vs Q2 2021)



- ◆ Tight supply with volume shortage from ME
- ◆ High feedstock costs
- ◆ Healthy downstream demand

**Outlook**  
(3 Months)



- ◆ Sufficient supply as Saudi Arabia plant resumes operation
- ◆ Steady downstream demand for caprolactam and acrylonitrile in industrial sector

## Methanol



**Q3 2021**  
(vs Q2 2021)



- ◆ Tight global supply due to Hurricane Ida
- ◆ Strong demand for restocking activities prior to end-year winter season

**Outlook**  
(3 Months)



- ◆ Tight global supply due to production issues in ME
- ◆ Healthy downstream demand from China and India
- ◆ Feedstock coal supply anticipated to be less tight as China moves to curb coal price

# Recovery to continue amid rising volatility

## Business Environment



- Continuing economic recovery
- Stable crude oil prices
- Lingering impact of pandemic

## Focus Areas



- Uphold Health, Safety and Environmental practices
- Enhance operational and commercial capabilities through digital platforms
- Strict adherence to financial discipline
- Ongoing refinement of Sustainability Strategy

## Growth Delivery



- Ongoing preparations for full start up of Pengerang Integrated Complex
- Investments in derivatives and specialty chemicals
- Continued investment in R&D



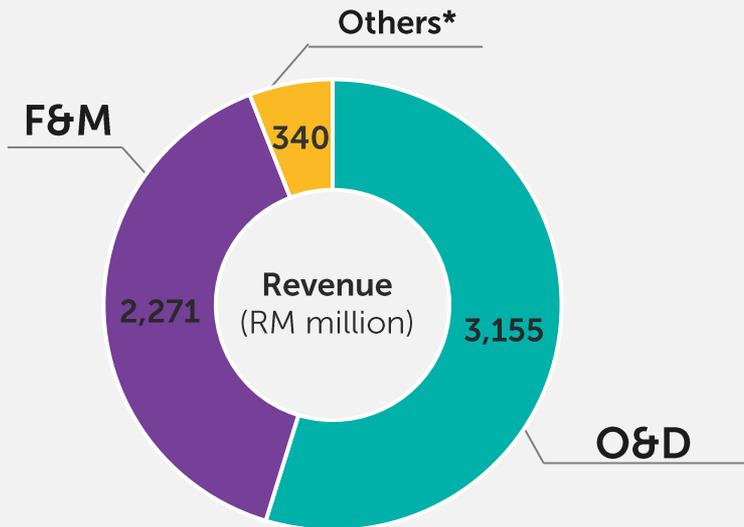
# Thank you

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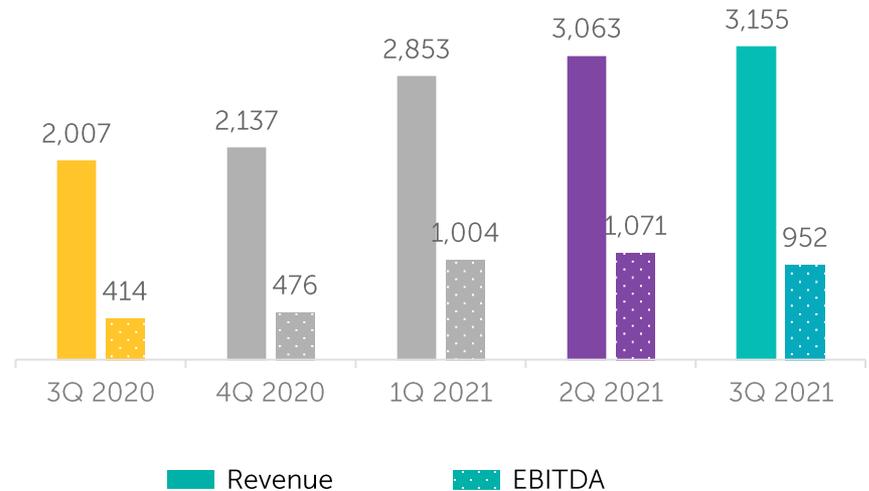
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# O&D: Market recovery drives product demand amid high feedstock price and supply tightness



## Quarterly Revenue & EBITDA

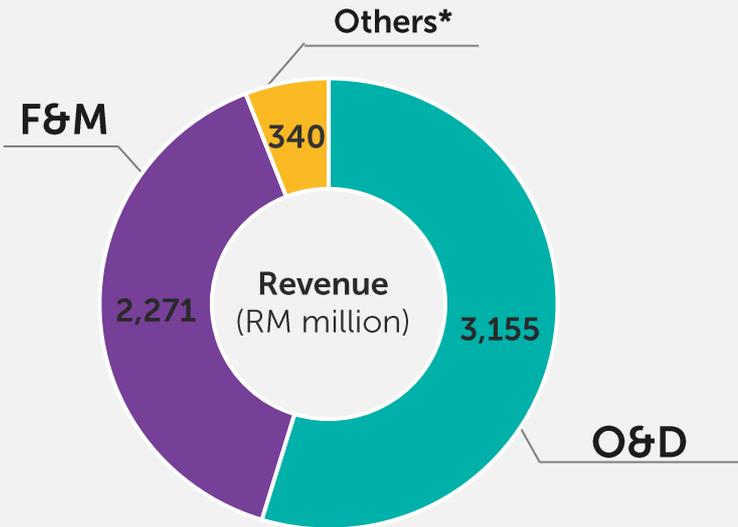
(RM million)



- 3Q 2021 PU was lower y-o-y at 98% vs 100% due to lower maintenance activities
- Higher segmental revenue y-o-y, inline with higher average product prices due to higher feedstock cost and robust demand amid supply tightness

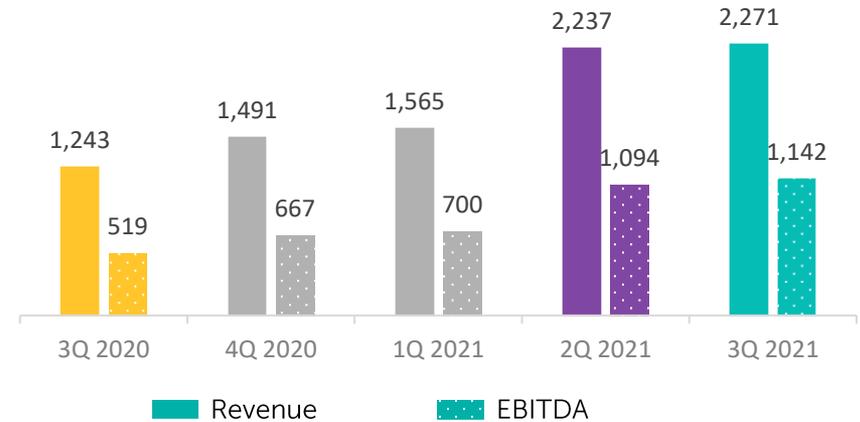
\* Others include other non-reportable segments which comprise of operations related to port services that provide product distribution infrastructure to the Group as well as activities related to specialty chemicals, and unallocated assets.

# F&M: Prolonged downtime in Middle East urea plants amid strong demand boosted the segment performance



## Quarterly Revenue & EBITDA

(RM million)



- **3Q 2021 saw better plant performance year-on-year following no operational disruption or turnaround activities.**
- **Higher average product prices year-on-year, on supply tightness following**
  - **extended downtime for urea plants in the middle east;**
  - **planned turnaround and operational disruption for methanol**

\* Others include other non-reportable segments which comprise of operations related to port services that provide product distribution infrastructure to the Group as well as activities related to specialty chemicals, and unallocated assets.

End of Deck