



**PETRONAS**

**PETRONAS CHEMICALS GROUP BERHAD**  
**Quarterly Report**

**For Second Quarter Ended 30 June 2021**



# QUARTERLY REPORT

## FOR SECOND QUARTER ENDED 30 JUNE 2021

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 30 June 2021 which should be read in conjunction with the accompanying explanatory notes on pages 6 to 17.

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In RM Mil	Note	Individual quarter ended		Cumulative quarter ended	
		2021	2020	2021	2020
Revenue	A9.1	5,608	3,178	10,283	7,069
Cost of revenue		(3,349)	(2,458)	(6,325)	(5,596)
<b>Gross profit</b>		<b>2,259</b>	720	<b>3,958</b>	1,473
Selling and distribution expenses		(270)	(246)	(499)	(490)
Administration expenses		(231)	(184)	(416)	(371)
Other expenses		(11)	(47)	(19)	(6)
Other income		69	82	235	325
<b>Operating profit</b>	B4	<b>1,816</b>	325	<b>3,259</b>	931
Financing costs		(6)	(4)	(13)	(10)
Share of profit/(loss) after tax of equity-accounted joint ventures and associates		167	(30)	301	(62)
<b>Profit before taxation</b>		<b>1,977</b>	291	<b>3,547</b>	859
Tax expense	B5	(121)	(106)	(225)	(181)
<b>PROFIT FOR THE PERIOD</b>		<b>1,856</b>	185	<b>3,322</b>	678
<b>Other comprehensive income</b>					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences		27	(60)	357	405
Share of other comprehensive income of equity-accounted joint ventures and associates		2	5	24	59
<b>Total other comprehensive income/(loss) for the period</b>		<b>29</b>	(55)	<b>381</b>	464
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>1,885</b>	130	<b>3,703</b>	1,142
<b>Profit/(loss) attributable to:</b>					
Shareholders of the Company		1,860	186	3,321	692
Non-controlling interests		(4)	(1)	1	(14)
<b>PROFIT FOR THE PERIOD</b>		<b>1,856</b>	185	<b>3,322</b>	678
<b>Total comprehensive income/(loss) attributable to:</b>					
Shareholders of the Company		1,889	130	3,702	1,155
Non-controlling interests		(4)	-	1	(13)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>1,885</b>	130	<b>3,703</b>	1,142
<b>Basic earnings per share attributable to shareholders of the Company:</b>					
Based on ordinary shares issued (sen)	B13	23	2	42	9

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

# QUARTERLY REPORT

## FOR SECOND QUARTER ENDED 30 JUNE 2021

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In RM Mil</i>	Note	As at 30 June 2021	As at 31 December 2020
<b>ASSETS</b>			
Property, plant and equipment		21,831	20,987
Investments in joint ventures and associates		1,079	722
Intangible assets		729	744
Long term receivables		17	-
Deferred tax assets		849	879
<b>TOTAL NON-CURRENT ASSETS</b>		<b>24,505</b>	23,332
Trade and other inventories		1,890	1,806
Trade and other receivables	B7	2,815	1,938
Tax recoverable		57	46
Cash and cash equivalents		14,968	12,707
<b>TOTAL CURRENT ASSETS</b>		<b>19,730</b>	16,497
<b>TOTAL ASSETS</b>		<b>44,235</b>	39,829
<b>EQUITY</b>			
Share capital		8,871	8,871
Reserves		24,717	21,575
<b>Total equity attributable to shareholders of the Company</b>		<b>33,588</b>	30,446
Non-controlling interests		568	563
<b>TOTAL EQUITY</b>		<b>34,156</b>	31,009
<b>LIABILITIES</b>			
Borrowings	B8	1,979	1,994
Lease liabilities		1,463	908
Provisions		255	247
Other long term liabilities		1,403	1,434
Deferred tax liabilities		1,023	993
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>6,123</b>	5,576
Borrowings	B8	343	198
Lease liabilities		85	80
Trade and other payables		3,368	2,893
Taxation		160	73
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,956</b>	3,244
<b>TOTAL LIABILITIES</b>		<b>10,079</b>	8,820
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>44,235</b>	39,829
Net assets per share attributable to shareholders of the Company (RM)		4.20	3.81

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 SECOND QUARTER ENDED 30 JUNE 2021

### 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
<b>Cumulative quarter ended 30 June 2021</b>				
Balance at 1 January 2021	8,871	(350)	(204)	1,001
Foreign currency translation differences	-	357	-	-
Share of other comprehensive income of equity-accounted joint ventures and associates	-	-	-	24
Total other comprehensive income for the period	-	357	-	24
Profit for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	-	357	-	24
Additional shares issued to a non-controlling interest	-	-	-	-
Dividends to shareholders of the Company	-	-	-	-
<b>Total transactions with owners of the Group</b>	-	-	-	-
Balance at 30 June 2021	8,871	7	(204)	1,025
<b>Cumulative quarter ended 30 June 2020</b>				
Balance at 1 January 2020	8,871	(185)	(204)	987
Foreign currency translation differences	-	404	-	-
Share of other comprehensive income of equity-accounted joint ventures and associates	-	-	-	59
Total other comprehensive income for the period	-	404	-	59
Profit/(loss) for the period	-	-	-	-
<b>Total comprehensive income/(loss) for the period</b>	-	404	-	59
Additional shares issued to a non-controlling interest	-	-	-	-
Dividends to shareholders of the Company	-	-	-	-
<b>Total transactions with owners of the Group</b>	-	-	-	-
Balance at 30 June 2020	8,871	219	(204)	1,046

*continue to next page*

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 SECOND QUARTER ENDED 30 JUNE 2021

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	Attributable to shareholders of the Company			Total Equity
	Retained Profits	Total	Non- controlling Interests	
<i>In RM Mil</i>				
<b>Cumulative quarter ended 30 June 2021</b>				
Balance at 1 January 2021	21,128	30,446	563	31,009
Foreign currency translation differences	-	357	-	357
Share of other comprehensive income of equity- accounted joint ventures and associates	-	24	-	24
Total other comprehensive income for the period	-	381	-	381
Profit for the period	3,321	3,321	1	3,322
<b>Total comprehensive income for the period</b>	<b>3,321</b>	<b>3,702</b>	<b>1</b>	<b>3,703</b>
Additional shares issued to a non-controlling interest	-	-	4	4
Dividends to shareholders of the Company (note A8)	(560)	(560)	-	(560)
<b>Total transactions with owners of the Group</b>	<b>(560)</b>	<b>(560)</b>	<b>4</b>	<b>(556)</b>
Balance at 30 June 2021	<b>23,889</b>	<b>33,588</b>	<b>568</b>	<b>34,156</b>
<b>Cumulative quarter ended 30 June 2020</b>				
Balance at 1 January 2020	20,464	29,933	605	30,538
Foreign currency translation differences	-	404	1	405
Share of other comprehensive income of equity- accounted joint ventures and associates	-	59	-	59
Total other comprehensive income for the period	-	463	1	464
Profit/(loss) for the period	692	692	(14)	678
<b>Total comprehensive income/(loss) for the period</b>	<b>692</b>	<b>1,155</b>	<b>(13)</b>	<b>1,142</b>
Additional shares issued to a non-controlling interest	-	-	4	4
Dividends to shareholders of the Company	(560)	(560)	-	(560)
<b>Total transactions with owners of the Group</b>	<b>(560)</b>	<b>(560)</b>	<b>4</b>	<b>(556)</b>
Balance at 30 June 2020	<b>20,596</b>	<b>30,528</b>	<b>596</b>	<b>31,124</b>

*continued from previous page*

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 SECOND QUARTER ENDED 30 JUNE 2021

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In RM Mil</i>	Cumulative quarter ended	
	2021	30 June 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	3,547	859
Adjustments for:		
- Amortisation of deferred income	(70)	(82)
- Depreciation and amortisation	804	828
- Financing costs	13	10
- Interest income	(57)	(99)
- Share of (profit)/loss after tax of equity-accounted joint ventures and associates	(301)	62
- Other non-cash items	(103)	(135)
Operating profit before changes in working capital	3,833	1,443
Change in trade and other inventories	(55)	(71)
Change in trade and other receivables	(877)	386
Change in trade and other payables	391	(239)
Cash generated from operations	3,292	1,519
Interest income received	57	87
Taxation (paid)/recovered	(89)	2
<b>Net cash generated from operating activities</b>	<b>3,260</b>	<b>1,608</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment in joint ventures and associates	(83)	-
Dividends received from joint ventures and associates	51	26
Purchase of property, plant and equipment	(616)	(775)
<b>Net cash used in investing activities</b>	<b>(648)</b>	<b>(749)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid to:		
- PETRONAS	(360)	(360)
- others (third parties)	(200)	(200)
Drawdown of:		
- term loan	21	136
- revolving credit	68	113
Proceeds from shares issued to a non-controlling interest	4	4
Payment of lease liabilities:		
- principal	(45)	(48)
- interest	(36)	(35)
Repayment of interest on term loan	(14)	-
Repayment of revolving credit	(23)	-
<b>Net cash used in financing activities</b>	<b>(585)</b>	<b>(390)</b>
Net cash flows from operating, investing and financing activities	2,027	469
Effect of foreign currency translation differences	31	4
Net increase in cash and cash equivalents	2,058	473
Net foreign exchange differences on cash held	203	274
Cash and cash equivalents at beginning of the period	12,707	12,045
<b>Cash and cash equivalents at end of the period</b>	<b>14,968</b>	<b>12,792</b>

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 SECOND QUARTER ENDED 30 JUNE 2021

### 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 2020. 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 2020.

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 30 June 2021.

#### 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 2020.

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

##### Effective for annual periods beginning on or after 1 January 2021

Amendments to MFRS 7	<i>Financial Instruments: Disclosures</i>
Amendments to MFRS 9	<i>Financial Instruments</i>
Amendments to MFRS 16	<i>Leases (Interest Rate Benchmark Reform – Phase 2)</i>
Amendments to MFRS 139	<i>Financial Instruments: Recognition and Measurement</i>

##### Effective for annual periods beginning on or after 1 April 2021

Amendments to MFRS 16	<i>Leases (COVID-19 Related Rent Concessions beyond 30 June 2021)</i>
-----------------------	---

The initial application of the above pronouncements does 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 2020 were not subject to any audit qualification.

#### 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.

#### A5. EXCEPTIONAL ITEMS

There were no exceptional items during the period under review.

# QUARTERLY REPORT

## FOR SECOND QUARTER ENDED 30 JUNE 2021

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

#### 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 2020 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 7 sen per ordinary share, amounting to RM560 million in respect of the financial year ended 31 December 2020 to shareholders on 25 March 2021.

#### A9. OPERATING SEGMENTS

- Olefins and Derivatives – activities include manufacturing and marketing of a wide range of olefins; intermediate, basic and high-performance chemicals; and polymer products.
- Fertilisers and Methanol – activities include manufacturing and marketing of methanol and a range of nitrogen, phosphate and compound fertilisers.
- Others – other non-reportable segments comprise operations related to port services which provide product distribution infrastructure to the Group as well as activities related to specialty chemicals.

#### 9.1 Revenue

<i>In RM Mil</i>	2021		2020		Cumulative quarter ended 30 June	
	Third Parties	Inter-segment	2021	2020	2021	2020
Olefins and Derivatives	5,911	4,057	5	8	5,916	4,065
Fertilisers and Methanol	3,802	2,577	-	-	3,802	2,577
Others	570	435	25	25	595	460
<b>Total</b>	<b>10,283</b>	<b>7,069</b>	<b>30</b>	<b>33</b>	<b>10,313</b>	<b>7,102</b>

#### 9.2 Segment profit for the period<sup>1</sup>

<i>In RM Mil</i>	Cumulative quarter ended 30 June	
	2021	2020
Olefins and Derivatives	1,824	15
Fertilisers and Methanol	1,440	557
Others <sup>2</sup>	58	106
<b>Total</b>	<b>3,322</b>	<b>678</b>

<sup>1</sup> Included within profit/(loss) for the period for Olefins and Derivatives, Fertilisers and Methanol and Others segments are depreciation and amortisation expenses amounting to RM373 million (2020: RM399 million), RM391 million (2020: RM418 million) and RM40 million (2020: RM17 million) respectively.

<sup>2</sup> Includes profit from non-reportable segments and unallocated assets.

# QUARTERLY REPORT

## FOR SECOND QUARTER ENDED 30 JUNE 2021

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

#### A10. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

There were no revaluations of property, plant and equipment for the period under review. As at 30 June 2021, all property, plant and equipment were stated at cost less accumulated depreciation and impairment losses.

#### A11. CONTINGENCIES

There were no material contingent liabilities or contingent assets since the last audited consolidated financial statements for the year ended 31 December 2020.

#### A12. CHANGES IN COMPOSITION OF THE GROUP

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

#### 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>	<b>As at 30 June 2021</b>	<b>As at 31 December 2020</b>
Property, plant and equipment:		
Approved and contracted for	830	475
Approved but not contracted for	944	1,734
<b>Total</b>	<b>1,774</b>	<b>2,209</b>

#### A14. GOODWILL

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

<i>In RM Mil</i>	<b>As at 1 January 2021</b>	<b>Foreign currency translation</b>	<b>As at 30 June 2021</b>
Goodwill	242	(1)	241

#### A15. FAIR VALUE INFORMATION

The carrying amounts of cash and cash equivalents, short term 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. 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).

# QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2021

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

### A15. FAIR VALUE INFORMATION (continued)

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

#### *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.

#### **As at 30 June 2021**

##### *Fair value of financial instruments carried at fair value*

<i>In RM Mil</i>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Nominal value</u>
<b>Financial assets</b>					
Forward foreign exchange contracts					
- within 1 year	<u>-</u>	<u>8</u>	<u>-</u>	<u>8</u>	<u>550</u>
<b>Financial liabilities</b>					
Forward foreign exchange contracts					
- within 1 year	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>(156)</u>

#### **As at 31 December 2020**

##### *Fair value of financial instruments carried at fair value*

<i>In RM Mil</i>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Nominal value</u>
<b>Financial assets</b>					
Forward foreign exchange contracts					
- within 1 year	<u>-</u>	<u>3</u>	<u>-</u>	<u>3</u>	<u>187</u>
<b>Financial liabilities</b>					
Forward foreign exchange contracts					
- within 1 year	<u>-</u>	<u>(4)</u>	<u>-</u>	<u>(4)</u>	<u>(334)</u>

# QUARTERLY REPORT

## FOR SECOND QUARTER ENDED 30 JUNE 2021

### PART B – OTHER EXPLANATORY NOTES

#### B1. REVIEW OF GROUP PERFORMANCE

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

<i>In RM Mil</i>	2021		2020		Individual quarter ended 30 June	
	Group	Olefins and Derivatives	Fertilisers and Methanol	2021	2020	
Revenue	5,608	3,178	3,063	1,664	2,237	1,317
Profit after tax	1,856	185	958	31	912	198
EBITDA <sup>3</sup>	2,154	695	1,071	315	1,094	404

PCG Group recorded lower plant utilisation rate of 97% as compared to 100% in the corresponding quarter mainly due to higher level of statutory turnaround activities resulting in slightly lower production and sales volumes.

Overall average prices for the Group strengthened from the corresponding quarter in tandem with the recovery of crude oil price and bullish market amidst shortage of supply and demand recovery.

Revenue was higher by RM2.4 billion or 76% at RM5.6 billion largely due to higher product prices.

EBITDA was higher by RM1.5 billion at RM2.2 billion in line with improved margin. Profit after tax was higher by RM1.7 billion at RM1.9 billion in line with higher EBITDA and higher net share of profit from joint ventures and associates.

#### Olefins and Derivatives

The segment recorded comparable plant utilisation rate, production and sales volumes as compared to the corresponding quarter.

Average product prices for the segment improved as mentioned above.

Revenue was higher by RM1.4 billion or 84% at RM3.1 billion as a result of higher product prices.

EBITDA for the segment was higher by RM756 million at RM1.1 billion primarily driven by improved margin. Profit after tax increased by RM927 million at RM958 million in line with higher EBITDA and net share of profit from joint ventures and associates.

#### Fertilisers and Methanol

The segment's operational performance recorded lower plant utilisation rate as compared to corresponding quarter mainly due to higher level of statutory turnaround activities. Production and sales volumes were also lower.

Average product prices for the segment was higher in tandem with higher crude oil price as mentioned above.

The segment's revenue increased by RM920 million or 70% at RM2.2 billion primarily attributed to the higher product prices.

EBITDA for the segment increased by RM690 million at RM1.1 billion primarily driven by improved margin. Profit after tax increased by RM714 million at RM912 million in line with higher EBITDA.

<sup>3</sup> 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 SECOND QUARTER ENDED 30 JUNE 2021

### PART B – OTHER EXPLANATORY NOTES (continued)

#### B1. REVIEW OF GROUP PERFORMANCE (continued)

##### (b) Performance of the current period against the corresponding period

<i>In RM Mil</i>	2021		2020		Cumulative quarter ended 30 June	
	Group	Olefins and Derivatives	Fertilisers and Methanol	2021	2020	
Revenue	10,283	7,069	5,916	4,065	3,802	2,577
Profit after tax	3,322	678	1,824	15	1,440	557
EBITDA <sup>4</sup>	3,849	1,459	2,076	504	1,794	996

The Group's plant utilisation was at 94%, lower than 97% in the corresponding period mainly due to higher level of statutory turnaround activities undertaken resulting in lower production and sales volumes.

Overall average prices for the Group increased from the corresponding period in tandem with improving crude oil price and bullish market amidst shortage of supply due to US storms and demand recovery.

Revenue was higher by RM3.2 billion or 45% at RM10.3 billion largely due to higher product prices.

EBITDA was higher by RM2.4 billion at RM3.8 billion due to improved margin. Profit after tax also increased by RM2.6 billion at RM3.3 billion in line with higher EBITDA and higher net share of profit from joint ventures and associates.

#### Olefins and Derivatives

The segment recorded comparable plant utilisation rate, production and sales volumes with the corresponding period.

Average product prices for the segment improved as mentioned above.

Revenue increased by RM1.9 billion or 46% at RM5.9 billion largely attributable to higher product prices.

EBITDA was higher by RM1.6 billion at RM2.1 billion due to improved margin. Profit after tax also increased from the corresponding period at RM1.8 billion largely due to higher EBITDA and net share of profit from joint venture and associates.

#### Fertilisers and Methanol

Plant utilisation for the segment was lower with plant utilisation rate of 90% compared to 96% in the corresponding period mainly due to higher level of statutory turnaround activities resulting in lower production and sales volumes.

Average product prices for the segment was higher as mentioned above.

The segment recorded higher revenue by RM1.2 billion or 48% at RM3.8 billion mainly due to higher product prices.

EBITDA was higher by RM798 million or 80% at RM1.8 billion following improved margin. Profit after tax also increased from the corresponding period by RM883 million at RM1.4 billion in line with higher EBITDA and net share of profit from joint venture and associates.

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

# QUARTERLY REPORT

## FOR SECOND QUARTER ENDED 30 JUNE 2021

### PART B – OTHER EXPLANATORY NOTES (continued)

#### B1. REVIEW OF GROUP PERFORMANCE (continued)

##### (c) Variation of results against the preceding quarter

<i>In RM Mil</i>	Individual quarter ended	
	30 June 2021	31 March 2021
Revenue	5,608	4,675
Profit after tax	1,856	1,466
EBITDA <sup>5</sup>	2,154	1,695

PCG Group recorded improved plant utilisation rate, production volume and sales volume as compared to the preceding quarter mainly due to lower level of maintenance activities.

Overall average product prices improved driven by higher crude oil prices and bullish market amidst shortage of supply and demand recovery.

Revenue increased by RM933 million or 20% at RM5.6 billion largely attributable to higher sales volume and product prices.

EBITDA for the current quarter was higher by RM459 million or 27% at RM2.2 billion in tandem with improved margin. Profit after tax was higher by RM390 million or 27% at RM1.9 billion in line with higher EBITDA and net share of profit from joint venture and associates.

##### (d) Highlight on consolidated statement of financial position

<i>In RM Mil</i>	As at 30 June 2021	As at 31 December 2020
Total assets	44,235	39,829
Total equity	34,156	31,009
ROE (%)	12.5	5.3

The Group's total assets were higher by RM4.4 billion or 11% at RM44.2 billion. This was mainly due to the increase in cash and cash equivalents contributed by profit generated during the period, partially offset by dividend payment to shareholders. Additionally, property, plant and equipment increased primarily in relation to the recognition of right of use assets for process control building and warehouse as well as capital investment in the petrochemicals projects within Pengerang Integrated Complex (PIC).

Total equity was also higher by RM3.1 billion or 10% at RM34.2 billion mainly due to profit generated during the period, partially reduced by dividend payment to shareholders.

<sup>5</sup> EBITDA refers to earnings before interest, taxation, depreciation and amortisation, share of profit of equity accounted joint ventures and associates and other significant non-cash items.

# QUARTERLY REPORT

## FOR SECOND QUARTER ENDED 30 JUNE 2021

### PART B – OTHER EXPLANATORY NOTES (continued)

#### B1. REVIEW OF GROUP PERFORMANCE (continued)

##### (e) Highlight on consolidated statement of cash flows

<i>In RM Mil</i>	Cumulative quarter ended	
	2021	30 June 2020
Net cash generated from operating activities	3,260	1,608
Net cash used in investing activities	(648)	(749)
Net cash used in financing activities	(585)	(390)

Net cash generated from operating activities increased by RM1.7 billion at RM3.3 billion, mainly due to higher profit generated during the period.

Net cash used in investing activities was lower by RM101 million or 14% at RM648 million primarily due to lower capital investment for the period.

Net cash used in financing activities for the period was higher by RM195 million or 50% at RM585 million, due to lower drawdown of term loans and revolving credit requirement.

#### B2. COMMENTARY ON PROSPECTS

The results of the Group's operations are expected to be 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 COVID-19 pandemic continues to affect the global economy and the market will remain volatile. PCG will navigate market uncertainties by leveraging its operational and commercial excellence.

The Group anticipates petrochemical product prices to remain stable in the coming quarter, amid continued reduced supply and demand recovery.

#### B3. PROFIT FORECAST OR PROFIT GUARANTEE

The Group does not publish any profit forecast.

# QUARTERLY REPORT

## FOR SECOND QUARTER ENDED 30 JUNE 2021

### PART B – OTHER EXPLANATORY NOTES (continued)

#### B4. OPERATING PROFIT

<i>In RM Mil</i>	Individual quarter ended		Cumulative quarter ended	
	2021	30 June 2020	2021	30 June 2020
<b>Included in operating profit are the following charge:</b>				
Depreciation and amortisation	402	420	804	828
Inventories written down to net realisable value	5	-	-	-
Net loss on foreign exchange	3	47	-	-
<b>and credits:</b>				
Interest income	27	37	57	99
Inventories written back to net realisable value	-	74	29	11
Amortisation of deferred income	35	41	70	82
Net gain on foreign exchange	-	-	96	128

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 and 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		Cumulative quarter ended	
	2021	30 June 2020	2021	30 June 2020
<b>Current tax expenses</b>				
Current period tax	92	83	165	149
<b>Deferred tax expenses</b>				
Origination and reversal of temporary differences	24	23	55	26
Over provision in respect of prior periods	5	-	5	6
	29	23	60	32
	121	106	225	181

The Group's effective tax rates for the individual and cumulative quarter ended 30 June 2021 are 6% 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.

# QUARTERLY REPORT

## FOR SECOND QUARTER ENDED 30 JUNE 2021

### PART B – OTHER EXPLANATORY NOTES (continued)

#### 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 2020.

#### B7. TRADE AND OTHER RECEIVABLES

##### (a) Details of Group trade and other receivables

<i>In RM Mil</i>	As at 30 June 2021	As at 31 December 2020
Trade receivables:		
- Third party	2,201	1,392
- Joint ventures and associates	228	194
- Related companies	67	45
Other receivables	319	307
<b>Total</b>	<b>2,815</b>	<b>1,938</b>

Average credit term for trade receivables granted to related parties and non-related parties is 45 days.

##### (b) Ageing analysis of trade receivables

<i>In RM Mil</i>	As at 30 June 2021	As at 31 December 2020
Current	2,471	1,601
Past due 1 to 30 days	23	30
Past due 31 to 60 days	2	-
<b>Total</b>	<b>2,496</b>	<b>1,631</b>

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.

#### B8. BORROWINGS

	Denominated currency	<i>In denominated currency</i>		<i>In presentation currency</i>	
		As at 30 June 2021 Mil	As at 31 December 2020 Mil	As at 30 June 2021 RM Mil	As at 31 December 2020 RM Mil
<b>Non-current</b>					
Term loans - secured	USD	405	427	1,683	1,718
Term loan - unsecured	USD	35	31	147	127
Term loan - unsecured	EUR	30	30	149	149
				<b>1,979</b>	<b>1,994</b>
<b>Current</b>					
Terms loans - secured	USD	60	37	250	148
Revolving credit - unsecured	EUR	19	10	93	50
				<b>343</b>	<b>198</b>

# QUARTERLY REPORT

## FOR SECOND QUARTER ENDED 30 JUNE 2021

### PART B – OTHER EXPLANATORY NOTES (continued)

#### B8. BORROWINGS (continued)

The EUR unsecured term loan bears interest of 0.71% per annum and is repayable in 2025. The unsecured revolving credit bears interest of 0.79% margin above EURIBOR.

The USD unsecured term loan is pursuant to the co-borrowing agreement between the joint operation company and a related party under an integrated borrowing structure. The loan bears nil interest was fair valued on initial recognition with an effective interest rate of 2.17% per annum with a final repayment date being twelve months following the final discharge of the project financing, mentioned below.

The secured term loans relate to 50% share of project financing facility of a joint operation company amounting to USD914 million, net of transaction costs. The loans bear interest margin above 6-month LIBOR ranging from 0.80% to 1.74% per annum and are repayable from 2021 to 2034.

The loans are secured in the following manner:

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

#### 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 2020, other than as disclosed in note A15.

#### 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 2020.

#### B12. DIVIDENDS

The Directors of the Company have declared an interim single tier dividend of 23 sen per ordinary share, amounting to RM1,840 million in respect of the financial year ending 31 December 2021 (2020: first interim single tier dividend of 5 sen per ordinary share, amounting to RM400 million in respect of the financial year ended 31 December 2020).

The dividend is payable on 30 September 2021 to depositors registered in the Records of Depositors at the close of business on 13 September 2021.

A Depositor shall qualify for entitlement to the dividends only in respect of:

- a) Shares transferred into the Depositor's Securities Account before 4.00 pm on 13 September 2021 in respect of ordinary transfers.
- b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of the Bursa Malaysia Securities Berhad.

# QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2021

## PART B – OTHER EXPLANATORY NOTES (continued)

### B13. 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.

	Individual quarter ended 30 June		Cumulative quarter ended 30 June	
	2021	2020	2021	2020
<i>In RM Mil</i>				
Profit for the period attributable to shareholders of the Company	1,860	186	3,321	692
<i>In millions of shares</i>				
Number of ordinary shares issued	8,000	8,000	8,000	8,000
<i>In sen</i>				
Basic earnings per share	23	2	42	9

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.

### B14. EXCHANGE RATES

	30 June 2021	Individual quarter ended 31 March 2021	30 June 2020	30 June 2021	Cumulative quarter ended 31 December 2020	30 June 2020
USD/MYR						
Average rate	4.1288	4.0647	4.3233	4.0968	4.1082	4.2514
Closing rate	4.1545	4.1530	4.2850	4.1545	4.0285	4.2850

#### By order of the Board

Hasnizaini Mohd Zain (SSM Practising Certificate No. 201908001684)  
Kang Shew Meng (SSM Practising Certificate No. 201908002065)  
Company Secretaries

Kuala Lumpur  
25 August 2021