PETRONAS CHEMICALS GROUP BERHAD

1Q 2026 ANALYST BRIEFING

21 MAY 2026, 6.00pm Malaysia

Management attendees:

1.	**Mazuin Ismail** Managing Director & Chief Executive Officer	4.	**Ahmad Rizal Abdul Rahim** Chief Executive Officer, Commodities
2.	**Mohd Azli Ishak** Chief Financial Officer	5.	**Bahrin Asmawi** Chief Commercial Officer
3.	**Flavio Kliger** Chief Executive Officer, Specialty Chemicals	6.	**Safarah Zeba M Salim** Investor Relations

Safarah Zeba M Salim:
Assalamualaikum and good evening, ladies and gentlemen. Welcome to PETRONAS Chemicals Group Berhad Results Briefing for the first quarter of 2026. I'm Safarah from the Investor Relations team and I will be your moderator for today. So, by now you should have been able to download our presentation deck from our website. As always, our briefing today will start with a performance review followed by Q&A. Some housekeeping matters, before we begin with the result. As a reminder, no one is authorised to record and distribute this call on our behalf, and we would appreciate it if you could ensure your microphones are muted for the course of the presentation.

Ladies and gentlemen, our briefing today is led by Mazuin Ismail, Managing Director and Chief Executive Officer of PCG and Azli Ishak, Chief Financial Officer. We also have other senior members of the management present in the room today. Without further ado, I will hand over the floor to Ismail Mazuin Ismail to start with the market highlights.

Mazuin Ismail:
Thank you, Safarah

Ladies and gentlemen, thank you for joining us this evening. Now, let's start with the market highlights for the first quarter of this year.The first quarter of 2026 turned out to be a rare combination of cyclical weakness and West Asia conflict that resulted in supply shocks and heightened volatility across feedstocks, product prices as well as margins.

When we look at the global GDP, the growth softened, recording a 2.2% growth, in comparison to 2.7% in previous quarter. The conflict reignited inflationary pressures and created renewed uncertainty across markets. Higher costs weighed on real incomes as well as consumer confidence, while tighter financial conditions also dampened economic activity. As a result, the improving growth momentum seen earlier in the year was partially reversed.

At the same time, global manufacturing index or PMI was in expansion and registered a modest improvement, rebounding from year-end weakness that we saw. On the domestic front, Malaysia's GDP grew by 5.4% in the first quarter, moderating from 6.3% in the previous quarter. Growth was recorded across all sectors, reflecting the resilience of the local economy amid ongoing global geopolitical uncertainties. The Services and Manufacturing sectors continued to lead growth on a quarter-on-quarter basis.

For the chemicals sector, we entered the year with the industry still showing weakness due to structural oversupply and soft demand. As you know at the end of February, the West Asia conflict, changed our operation landscape almost overnight, driving chemical product prices higher, as supply disruptions and heightened uncertainty tightened market conditions.

For PCG, average group product prices were higher quarter-on-quarter, for both Olefins & Derivatives and Fertiliser & Methanol segments, while the Specialties segment remained broadly stable. In the O&D segment, average product prices increased by about 6% quarter-on-quarter. Ethylene, Paraxylene and Benzene registered the highest increment, moving in tandem with higher crude and naphtha prices amid the West Asia conflict.

In the F&M segment, urea and methanol prices increased by 19% and 12% respectively, supported by tighter global supply conditions. Disruptions and restrictions in the Strait of Hormuz constrained trade flows, while peak seasonal demand across key importing regions further reinforced upward price pressure. As a result, average product prices in the segment rose by 12% quarter-on-quarter. The Specialties segment remained broadly stable across all business segments, supported by a rebound in demand early in the year following the festive season in December.

So, ladies and gentlemen, how does that translate into our performance? Going into the first quarter, our focus on operational excellence remains. Our plant utilisation rate for the quarter remained high at 97%, against 96% in the preceding quarter, despite the shutdown at PC MTBE due to planned maintenance activities.

We registered production and sales volume of 2.94 million MT and 2.84 million MT respectively. The higher sales volume was supported by higher sales of Specialty Chemicals on re-stocking activities in the first quarter. As a result, we recorded revenue of 7 billion ringgit for the quarter, which was 6% higher in comparison to the previous quarter.

The Group's EBITDA improved by 1.1 billion ringgit, from 115 million ringgit in the fourth quarter last year, to 1.2 billion ringgit on higher average product spreads, lower plant operation costs and higher contribution from the Specialty Chemicals portfolio. Correspondingly, EBITDA margin improved to 16.7%, from 1.7% in the preceding quarter.

The Group recorded a Profit After Tax of 427 million ringgit, a turnaround from the Loss After Tax of 730 million ringgit in the previous quarter, mainly attributable to improvement in EBITDA, lower unrealised foreign exchange losses, and gains from disposal of investments in subsidiary and associate. This highlights our ongoing exercise of portfolio review and rationalisation across all our business segments, and to ensure that our investments, value chain and product offerings are robust and relevant to the evolving market requirements.

Ladies and gentlemen, with that, I will now hand it over to Azli, to walk you through the financial performance for the first quarter in greater detail.

Mohd Azli Ishak:
Thank you, En Mazuin. Ladies and gentlemen, Thank you for joining us today.

Now, I will take you through the fiscal highlights for the first quarter of 2026, starting with the Olefins and Derivatives segment on Page 5 of the deck. In the first quarter, average product prices in the O&D segment improved by about 6%, mainly supported by higher ethylene price, which tracked the increase in crude and naphtha prices, stemming from the West Asia conflict. Bear in mind that this increase is basically an average of quarter one against the average of quarter four. But if you were to look at the prices from pre-war to middle of April, as well as current, we will see a slightly higher percentage. For example, ethylene price was about 650 dollar per tonne pre-war, and peak at 1,500 dollar per tonne in mid of April, but slowly retreats to 1,250 dollar per tonne currently. With regards to polymer, prices were about 850 dollar per tonne pre-war, and peaked at 1,800 dollar per tonne, and currently softening to 1,400 dollar per tonne. For Urea, price was higher, almost double at 900 dollar per tonne, and currently is at 750 dollar per tonne.

Operationally, plant utilisation rate for the segment was lower at 87% mainly due planned maintenance activities at PC MTBE, as mentioned by Mazuin earlier. We recorded 4% higher sales volume quarter-on-quarter, at 923 KMT, supported by strategic sourcing initiative.

Subsequently, revenue for the segment improved to 2.9 billion ringgit, 5% higher in comparison to the preceding quarter, supported by higher average product prices and improved sales volume.

Loss Before Interest, Tax, Depreciation and Amortisation significantly narrowed to 91 million ringgit, from 600 million ringgit, on higher product spreads and lower plant operating costs. Excluding negative contribution from PPC, the O&D segment would have recorded positive EBITDA of 230 million ringgit and an EBITDA margin of 8.5%. In line with the narrowed LBITDA, Loss After Tax reduced to 401 million ringgit, in comparison to 840 million ringgit in the previous quarter accordingly.

Moving on to the Fertilisers & Methanol segment as shown on Page 6 of the deck. In the first quarter, average product prices for the segment increased by 12%. Urea and methanol rose by 19% and 12% respectively, but if you were to look on prices for methanol pre-war was about 320 dollar per tonne, peaked at 670, and currently softening at 640 dollar per tonne.

Operationally, the segment recorded strong operational performance for the quarter, at 103% plant utilisation rate. In line with higher plant utilisation rate, we recorded higher production volume at 1.9 million MT , while sales volume registered at 1.7 million MT, a slight 4% decline quarter-on-quarter. The decline in sales volume can be attributed to the inventory buildup of urea, in preparation for ABF turnaround scheduled in this quarter.

The segment revenue for the quarter was higher at 2.6 billion ringgit, mainly due to higher average product prices. EBITDA improved to 1.1 billion ringgit for the quarter, almost 50% higher in comparison to 730 million ringgit in the preceding quarter, mainly attributable to higher product spreads as well as lower plant operation costs. Subsequently, EBITDA margin improved to 41% in the quarter, from 28% in the preceding period. In line with higher EBITDA, Profit After Tax for the quarter was higher by 75%, at 794 million ringgit.

Now, lets move to the Specialties segment on page 7 of the deck. In the first quarter, the Specialties segment saw improvement in its performance. Revenue increased 17% quarter-on-quarter, at 1.4 billion ringgit, mainly driven by higher sales volume by 20% across all product segments due to a rebound in demand following customer restocking activities.

The segment recorded EBITDA of close to 200 million ringgit in the first quarter, in comparison to 31 million ringgit loss in the preceding quarter in line with higher revenue and also due to gains from the sale of emission rights and value realised from ongoing cost optimisation initiatives.

For the Intermediates business segment, sales volume rebounded broadly in the first quarter following restocking activities, supported by seasonal tailwinds from late winter deicer demand and pre-emptive customer stocking ahead of anticipated raw material price increases. Margins improved across most product lines, benefiting from a more favourable product mix. However, underlying demand remains soft as much of the volume uplift was driven by stocking behaviour and seasonal effects rather than a structural demand recovery. Across Specialties, first quarter results improved, mainly driven by volume recovery after a weak fourth quarter.

For Silicones, margin improved quarter on quarter, supported by higher sales volume as well as average selling prices in the trading segment and improved margin from favorable products mix for our manufacturing segment.

Next, lets have a look at the first quarter performance for the group, against the fourth quarter on Page 8. Against the preceding quarter, our Malaysian operations plant utilisation rate remained high at 97%, despite undertaking planned maintenance activities at PC MTBE, as Encik Mazuin alluded earlier.

The Group total sales volume was higher quarter-on-quarter, at 2.84 million MT, mainly for methanol and ammonia, as well as stronger sales performance from Specialty Chemicals. The Group recorded 6% higher revenue for the quarter, at 7 billion ringgit, driven by higher average product prices and higher contribution from Specialty Chemicals.

Similarly, EBITDA rose by more than tenfold, to 1.2 billion ringgit, from 115 million ringgit in the fourth quarter, at the back of higher average product spreads, lower plant operation costs, and improvement in Specialty Chemicals earnings. Correspondingly, EBITDA margin improved to 17% in the first quarter, in comparison to 1.7% in the preceding quarter.

The Group also overturned its loss-making position in the fourth quarter, to record a Profit After Tax of 427 million ringgit, mainly attributable to improvement in EBITDA, lower unrealised forex losses, as well as gains from disposal of investments in a subsidiary and an associate.

Now, lets proceed with the cashflows and balance sheet on the next two pages. For cash flow, our cash balance is in line with the profit generated during the period. For the first quarter, we generated Cash Flows from Operation of 939 million ringgit, 21% higher, where most of our cash used for investing comprise of investment in growth projects, but partially offset by proceed from disposal of investments. While most of our net cash outflow from financing activities are dedicated to dividend payment to shareholders of the Company.

On the balance sheet at Page 10 of the deck. Total assets were lower by 100 million ringgit mainly due depreciation during the period a well as strengthening of MYR against US Dollar, Euro and Swedish Krona. But this is however partially offset by additions of Project in Progress, and mainly due to utilisation of growth projects as well as plant maintenance projects.

Total equity was lower by 272 million ringgit mainly due to lower foreign currency translation reserves, payment of second interim dividend for financial year 2025 and partially offset by PAT attributable to shareholders, excluding non-controlling interest recorded in the current period

That's all for the financial breakdown. I'm handing back to Encik Mazuin for the market outlook and way forward.

Mazuin Ismail:
Thank you Azli.

Ladies and gentlemen, now let's briefly go through the market outlook. The operating environment is expected to remain challenging, shaped by ongoing geopolitical developments, supply chain disruptions and also softening downstream demand. The outlook across segments are differentiated, but prices are expected to remain elevated in comparison to the pre-conflict levels.

For O&D segment, ethylene prices are anticipated to be soft, and this is of course we were to compare it against what is happening last month and this month, amid weak demand across downstream derivatives, although uncertainties in the feedstock environment are limiting further downside.

For MEG, the market is expected to stay firm due to supply tightness despite fragile demand. Prices are seeing heavy influence from the developments of the West Asia conflict and crude swings. Weak polyester demand and cautious buying kept sentiment from turning outright bullish.

Polyethylene prices are expected to moderate, as supply instability linked to the conflict is increasingly offset by easing demand. Market remains cautious, with many converters already well covered and resisting higher-priced cargoes, while others defer purchases in favour of more competitively priced China-origin material. Paraxylene, prices are expected to soften, as sluggish downstream demand coupled with PTA operating rate cuts continue to dampen purchasing momentum and weigh on market sentiment.

Moving on to the F&M market, we expect that product prices for the F&M to remain supported by tighter supply, stemming from the West Asia conflict, despite some signs of easing. Urea, market is expected to remain tight. Current conflict disrupts roughly one-third of global fertiliser trade and this has limit supply availability from the Middle East. At the same time, China is maintaining its limit on urea exports, and because of that when we look at Southeast Asia, South Asia, and even Australia, urea supply is tight, while demand remains high to planting season.

Ammonia is expected to be firm due to limited supply, as markets struggle to meet import needs. Some fertiliser producers are reported to be implementing operating cutbacks amid ammonia and sulphur shortages. Methanol prices are expected to moderate, although supply constraints may continue to give support to prices. On the demand side, buyers are taking a cautious stand and taking a wait-and-see approach instead of making firm bids on the back of evolving market dynamics.

Now, let's look at our Specialties segment. Looking into the key end markets served by our specialties segment.

In Building and Construction, activity remains soft. Global construction remains weak amid broad cyclical and structural pressures, and most mature markets like China, Americas and Europe are weighed down by subdued building activity although we are seeing some support from data centre projects growth. Some pockets of growth are observed in India and ASEAN, supported by public investment through government spending.

In the Automotive sector, global production is expected to decline modestly, weighed down by affordability constraints and policy changes. China maintains its strength in export, while the rest of Asia-Pacific recorded growth in the earlier part of the second quarter. The growth is supported by the expansion of first-time buyer pools, as well as the shift towards electric vehicle amid the ongoing West Asia conflict which has caused the rise of fuel prices.

Global consumer goods demand remains resilient. Spending is increasingly value-driven, concentrated in everyday essentials and personal care across the Americas and Europe. China shows uneven recovery, with demand concentrated through e-commerce channels, while the APAC region shows strength, supported by growing middle class and rising incomes.

The West Asia conflict and Strait of Hormuz closure continue to pressure feedstock and energy costs, weighing down margins. The specialty chemicals market continues to face margin pressures amid subdued demand across key end-sectors, as affordability constraints intensify globally and business sentiment remains cautious.

Ladies and gentlemen, before we move on to Q&A, I would like to briefly touch on our key highlights and focus areas in 2026 as we navigate the current challenging operating environment.

Firstly, on portfolio rationalisation, we continue to high-grade our portfolio with a strong focus on asset optimisation, cost competitiveness, and enhance long-term value creation. This ensures that our asset base remains resilient and well-positioned to generate sustainable growth across the cyclical nature of the sector.

On operational excellence, we remain focused on disciplined execution as we prepare for the upcoming turnaround activities at the Kertih Integrated Petrochemical Complex as well as ASEAN Bintulu Fertilizer. These planned turnarounds, which are currently ongoing, are critical to sustaining asset reliability, operational efficiency, safety and long-term performance.

On the commercial front, our approach is centered on positioning the Group to capture market upside amid the volatile market, while deepening engagement with our customers. We are actively pursuing closer collaboration and product co-creation opportunities to unlock new growth opportunities and avenues.

Finally, on value creation and cost optimisation, we continue to drive tangible outcomes from our initiatives , with more than 150 million ringgit in EBITDA realised in the first quarter of 2026. This underscores our commitment to disciplined cost management and delivering sustainable value to our shareholders.

That concludes my update for today. Thank you.

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