PETRONAS CHEMICALS GROUP BERHAD
2Q 2026 ANALYST BRIEFING
19 AUG 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.	**Najmi Hamid** Investor Relations

Najmi Hamid:
Assalamualaikum and good evening, ladies and gentlemen. Welcome to PETRONAS Chemicals Group Berhad Results Briefing for the second quarter of 2026.

I'm Najmi from the Investor Relations department. 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, in attendance today, we have Encik Mazuin Ismail, Managing Director and Chief Executive Officer of PCG. Encik Azli Ishak, Chief Financial Officer of PCG. Encik Ahmad Rizal Abdul Rahim, Chief Executive Officer of Commodities. Flavio Kleger, Chief Executive of Specialty Chemicals. Encik Bahrin Asmari, Senior General Manager, Commercial. Without further ado, I will hand over the floor to Encik Mazuin Ismail to start with the market highlights.

Mazuin Ismail:
Thank you, Najmi.

Ladies and gentlemen, thank you for joining us this evening. Now, let's start with the market highlights for the second quarter of 2026. The second quarter of 2026 was marked by a significant escalation of the West Asia conflict, heightening concerns over energy security and the global trade and supply chains. The closure of the Strait of Hormuz disrupted the movement of oil and other critical goods through one of the world's most important trade routes, leading to increased freight costs, supply chain delays, and heightened market volatility. This led to a softened Global GDP growth quarter-on-quarter, registering a 2.19% growth in the second quarter.

Global manufacturing PMI remained in expansion, driven by precautionary inventory building amid market volatility, caused by the conflict. On the domestic front, Malaysia's GDP expanded by 6%, well above the global growth, reflecting the resilience of the local economy amid ongoing global geopolitical uncertainties. The Manufacturing and Mining sectors led the growth on a quarter-to-quarter basis.

For the chemicals sector, the escalation of the West Asia conflict remained a key factor. The second quarter saw the full impact of the conflict, with supply disruptions and heightened market uncertainty putting upward pressure on chemicals prices.

For PCG, average product prices were higher quarter-on-quarter, across both Commodities and Specialty Chemicals portfolio. In the O&D segment, average product prices increased by about 37% quarter-on-quarter, with propylene, polymer and ethylene registering the highest increment. Similar trend is also observed in the F&M segment which saw average product prices increased by 55%. Methanol, ammonia and urea prices increased by 70%, 47% and 40% respectively, supported by tighter global supply conditions due to disruptions and restrictions in the Strait of Hormuz constrained trade flows. Specialty Chemicals recorded a 37% quarter-on-quarter increase in product prices, on supply tightness despite persisting weak demand in some key end markets.

Now, let's move to our performance for the second quarter. As our previous guidance and communication, we undertook major planned turnaround activities during the quarter, at five of our units in Kertih Integrated Complex, namely at PC Olefins, PC Glycols, PC Derivatives, PC LDPE, PC Ammonia and our Bintulu plant, ASEAN Bintulu Fertilizer. We have successfully completed the turnaround activities, with no major HSE incidents, reflecting our commitment to safe and reliable operation.

For the second quarter, we registered plant utilisation rate of 73%, against 97% in the previous quarter. Correspondingly, we registered lower production and sales volume for the quarter, at 2.08 and 2.29 million MT respectively. The sales volume was supported by higher volume from strategic sourcing and trading activities for the quarter. As a result, we recorded revenue of 7.9 billion ringgit for the quarter, 13% higher in comparison to the previous quarter.

The Group's EBITDA improved to 1.3 billion ringgit, on higher product spreads, as well as contribution from value creation and cost optimisation efforts. Quarter-on-quarter, EBITDA margin remained at 16.7%. The Group recorded a Profit After Tax of 445 million ringgit, a 4% improvement in comparison to the previous quarter, mainly attributable to improvement in EBITDA, despite impairment on projects in progress, amounting to 88 million ringgit, during the quarter.

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 more detail.

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

Now, I will take you through the fiscal highlights for the second quarter of 2026, starting with the Olefins and Derivatives segment on Page 5 of the deck. Operationally, plant utilisation for the segment was lower at 56%, due to major planned turnaround activities at our Kertih Integrated Petrochemical Complex, as mentioned by Mazuin earlier. This is 31% lower in comparison to our performance in the first quarter.

In the second quarter, average product prices in the O&D segment increased by 37%, with individual product prices rising between 20%–80% range, reflecting the increase in crude and naphtha prices during the period which stemmed from the West Asia conflict. We recorded 33% lower sales volume quarter-on-quarter, at 617 KMT, supported by strategic sourcing initiative, despite lower production volume for the quarter.

Subsequently, revenue for the segment declined to 2.7 billion ringgit, 7% lower in comparison to the preceding quarter, partially mitigated by higher average product prices. Earnings Before Interest, Tax, Depreciation and Amortisation turned positive, at 22 million ringgit on improved product spreads, and the segment registered an EBITDA margin of 0.8%. This is also supported by our decision to continue to keep PC Aromatics offline for value preservation, amid unfavorable market conditions. The segment, however, recorded higher Loss After Tax, quarter-on-quarter, mainly due to impairment on projects in progress amounting to 88 million ringgit.

Moving on to the Fertilisers & Methanol segment as shown on Page 6 of the deck. In the second quarter, average product prices for the segment increased by 55%, driven by tighter global supply following the escalation and ongoing West Asia conflict that has disrupted trade flows through the Strait of Hormuz. Operationally, the segment recorded lower plant utilisation rate, at 80%, mainly due to planned turnaround activities at ASEAN Bintulu Fertilizer and PETRONAS Chemicals Ammonia.

Subsequently, we recorded lower production and sales volume, at 1.5 million tonnes each, supported by volume from Sarawak Petchem and strategic sourcing initiatives. The segment revenue for the quarter was higher by 38%, at 3.7 billion ringgit, due to higher average product prices and higher contribution from strategic sourcing and trading activities. EBITDA improved by 8%, to 1.2 billion ringgit for the quarter, on improved product spreads. The segment registered EBITDA margin of 32% for the second quarter. In line with higher EBITDA, Profit After Tax for the quarter was higher at 887 million ringgit.

Now, lets move to Specialty Chemicals on page 7 of the deck. For Specialty Chemicals, revenue increased to 7% quarter-on-quarter, reflecting stronger product prices following the West Asia conflict, as well as our pricing strategy in getting the best netback in each product segments. Our operational EBITDA stood at 140 million ringgit, in comparison to 198 million ringgit in the first quarter. If we can recall, in the first quarter, we registered 162 million ringgit gains from sales of emission rights. Excluding the sales of emission-rights gains, operational EBITDA improved from 36 million ringgit to 140 million ringgit, supported by stronger contribution margins across Intermediates and Specialties. For Silicones, margins declined as higher raw material costs offset stronger selling prices and higher sales volumes.

Next, let’s have a look at the second quarter performance for the group, against the first quarter on Page 8. Against the preceding quarter, our Malaysian operations plant utilisation rate declined to 73%, due to planned major turnaround activities undertaken at Kertih Integrated Petrochemical Complex and ASEAN Bintulu Fertilizer as mentioned by Mazuin earlier. Following the statutory turnaround activities, the Group total sales volume declined quarter-on-quarter in our Commodities portfolio, while Specialty Chemicals saw a volume decline due to weak demand in key markets.

The Group recorded 13% higher revenue for the quarter, at 7.9 billion ringgit, driven by improved average product prices and higher contribution from strategic sourcing and trading activities. Similarly, EBITDA improved by 12% quarter-on-quarter, on better product spreads, as well as higher contribution from value creation and cost optimisation efforts amounting to 148 million ringgit. The Group registered comparable EBITDA margin to last quarter at 16.7%. Profit After Tax improved by 4%, quarter-on-quarter, at 445 million ringgit, in line with higher EBITDA. This was partially offset by impairment of projects in progress amounting to 88 million ringgit during the quarter.

Now, let’s proceed with the cashflows and balance sheet on the next two pages. For the first quarter, we generated Cash Flows from Operation of 2.4 billion ringgit, where most of our cash used for investing comprise of purchase of PPE for turnaround activities during the period. While most of our net cash outflow from financing activities are dedicated to dividend payment to shareholders of the Company and net repayment of revolving credit.

On the balance sheet at Page 10 of the dec. Total assets were higher by 139 million ringgit mainly due to higher cash and cash equivalents from cash generated from operating activities during the period and higher trade and other receivables in line with sales and higher product prices. Partially offset by lower intangible assets due to strengthening of Ringgit Malaysia against Swedish Krona as well as depreciation during the period. Total equity was comparable at 37.3 billion ringgit. Total liabilities were higher by 236 million ringgit attributable to higher trade and other payables mainly due to higher feedstock costs.

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. Now let's briefly go through the market outlook.

Ladies and gentlemen, the operating environment within the chemicals sector is expected to remain challenging, shaped by ongoing geopolitical developments, supply chain disruptions and softening downstream demand. The outlook across segments are differentiated, but prices are expected to moderate but remain elevated in comparison to the pre-conflict levels.

For the O&D segment, ethylene prices are expected to remain stable, with price support coming from supply tightness due to West Asia trade flow disruptions and regional outages in Southeast Asia. However, we expect that the price push will be offset by subdued downstream demand. For MEG, the market is expected to remain broadly stable, underpinned by tight inventories and constrained supply. These supply-side factors should provide price support, despite subdued polyester demand.

Polyethylene, prices are expected to be stable driven by supply tightness arising from West Asia tensions and seasonal demand support. However, market remains cautious, as some converters defer purchases in favour of more competitively priced China and US cargoes. For Paraxylene, prices are expected to remain stable on balanced supply and demand outlook, taking into consideration supply constraints due to scheduled maintenance activities in the region.

Moving on to the F&M market, we expect that product prices for the F&M segment remains to be supported by global food security requirement, tight supply conditions and sustained import demand from key markets. For urea, prices remain supported by food security needs and supply tightness due to disruptions stemming from the conflict. Concerns over Middle East availability remain a key factor, and China export controls provides further support to urea prices. Demand remains resilient across key markets, particularly India and Australia.

For ammonia, market is expected to remain firm as supply constraint from the Middle East due to Strait of Hormuz shipping risks, is balanced by increased availability from China and Southeast Asia. On the demand side, market remains cautious with limited buyer interest and continued weakness in phosphate-sector demand. However, direct ammonia application as a fertiliser could provide some incremental demand support. Methanol prices are expected to remain stable on the back of balanced market fundamentals as supply keeps pace with demand. Market remains cautious on the Strait of Hormuz situation, as renewed attacks significantly disrupted vessel crossings.

Next, onto our Specialty Chemicals portfolio, looking into the key end markets served, which are primarily in the building & construction, automotive & transportation, and consumer goods sectors.

In building and construction, activity remains soft. Global construction is weak amid broad cyclical and structural pressures. China, the Americas and Europe are all under pressure, with subdued activity across property, factories, homes and commercial space. Public infrastructure cushions some of this, and data centre construction remains a clear bright spot of the industry. Excluding China, the rest of Asian markets are still growing on government spending, though that momentum has eased since April as energy costs have risen.

In the automotive sector, global production is expected to decline modestly, weighed down by affordability constraints, policy changes and higher fuel costs. While EV purchase incentives are supporting vehicle sales in selected European markets, manufacturers remain cautious on production. China continues to benefit from export strength, while the rest of Asian markets show relatively stronger momentum supported by domestic demand and new vehicle launches.

Global consumer goods demand remains resilient. Spending is increasingly value-driven, concentrated in everyday essentials and personal care across the Americas and Europe. In China, consumer spending remains steady, but customers are increasingly shifting toward online channels, putting traditional department stores and brand-led retail under pressure. The rest of Asia Pacific remains the strongest market, supported by a growing middle class and rising incomes.

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 for the second half of 2026.

We remain focused on executing our portfolio rationalisation and commercial initiatives agenda, with emphasis on asset optimisation, cost competitiveness, and long-term value creation. We are also enhancing our strategic sourcing and trading capabilities to better capture market opportunities and strengthen earnings resilience.

This disciplined approach contributed to 324 million ringgit of value creation and cost optimisation gains in the first half of 2026, underscoring our commitment to operational excellence and sustainable shareholder value creation.

On the operational front, we remain focused on disciplined execution as we prepare for the upcoming turnaround activities at PETRONAS Chemicals Methanol Plant 2 in Labuan, and the continue ramp-up of our petrochemical complex in Pengerang. This planned turnaround is critical to sustaining asset reliability, operational efficiency, safety and long-term performance.

We are also pleased to share that PETRONAS Chemicals Group has successfully achieved EcoVadis Gold Rating 2026, placing us in Top 5% among companies assessed by EcoVadis. This achievement marks a significant milestone for PCG, representing a substantial improvement from our 2024 Silver Rating.

These demonstrate our continued commitment to sustainability excellence, responsible business conduct, and long-term value creation, and reinforce our aspiration to be a trusted and responsible chemical industry leader.

That concludes my update for today. Thank you.

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