

PETRONAS CHEMICALS GROUP BERHAD**4Q 2025 ANALYST BRIEFING****23 FEB 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. Thank you for joining our briefing today. I'm Safarah from the Investor Relations team. I will be your moderator for today. So, by now you would 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. Just a brief house-keeping, before we start. First of all, please ensure that your microphones are on mute. Secondly, kindly take note that no one is allowed to record this call, thank you.

Okay, our call today is led by Mazuin Ismail, Managing Director and Chief Executive Officer of PCG. Azli Ishak, Chief Financial Officer. We also have other senior members present at the moment. 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 very much for joining us this evening. Actually, before we begin today's briefing, I am pleased to introduce two new appointments who recently joined us at PCG.

First is Flavio Kliger. He is our new Chief Executive Officer for our Specialty Chemicals division. Flavio brings extensive leadership experience in the specialty chemicals industry. He has proven track record of driving growth, fostering innovation, and delivering operational excellence. Prior to assuming his current role here, he held senior leadership positions across several specialty chemicals companies over 30 years.

Ladies and gentlemen, Dr. Debbie Chiu, our Chief Operating Officer of Specialty Chemicals, will be retiring effective 1 March, this year. A comprehensive transition plan is in place to ensure continuity and uninterrupted operations of our businesses.

We are certainly pleased to welcome Flavio to PCG, and we are very confident that his leadership will guide the specialty chemicals division through its next phase of growth and development. And we, of course, extend our sincere appreciation to Debbie for her dedicated leadership and the significant contributions that she has made throughout her tenure.

Next, ladies and gentlemen, we wish also to welcome Zahrul Ali Abdullah as the new Head of Commercial Finance and Investor Relations. As part of his role, Zahrul will be leading the

investor relations activities together, of course, with Safarah and the rest of the team. The team will schedule a series of introductory meetings with the shareholders and analysts in due time.

So ladies and gentlemen, now let's start with market highlights for the year 2025. Global GDP growth registered an improvement recording 2.9% of growth in comparison to 2.7% in the previous year. This is driven by stronger emerging market momentum towards the year-end, improving macro financial conditions and broader easing of inflationary pressures that supported demand.

Similar improvement trends were also observed in the Global Manufacturing Index, the PMI, as it returned to expansion for the year 2025, supported by easing inflation and policy pressures and continued improvements in supply chains.

On the local front, we saw that the local economy GDP growth eased to 4.9% in 2025, compared to 5.1% the previous year in 2024. The full year figure was underpinned by robust fourth quarter growth of 5.7%, reflecting broad-based expansion across all sectors, notably services, manufacturing, construction, as well as agriculture.

However, the chemical sector remains challenging with subdued demand and continued oversupply in some key end-markets. For PCG, average group product prices were lower year on year despite improvement in the Fertiliser and Methanol segment, while the Olefins and Derivatives, and Specialties segments saw declines.

In the O&D segment, average product prices declined by about 10% year on year with benzene, MTBE, ethylene registering the steepest declines. The decline was primarily due to oversupply market conditions and persistent weakness in downstream demand.

In F&M segment, urea prices rose 18% year on year. This was underpinned by stronger demand amid Middle East-related supply disruptions, including reduced exports from Iran and gas curtailments in Egypt. While demand improved, supported by increased purchases from India, the average product prices for the F&M segment improved 7% year on year.

For the specialty chemical segment, the segment experienced a broad-based decline across all product categories with intermediates most affected. This is driven by weak demand amid trade tension, tariff uncertainties, and intensified competition from China-based producers.

Ladies and gentlemen, moving on to our performance. In 2025, we recorded 88% plant utilisation rate. This of course was lower in comparison to 91% in the corresponding year before, due to planned and unplanned shutdowns throughout the year, external disruptions such as utilities interruption at Kerteh Integrated Petrochemical Complex in January, as well as feedstock interruptions linked to the Putra Heights incident in April last year, placed pressure on production stability and supply reliability.

Internally, we undertook statutory plant turnaround at our PC Fertiliser Sabah plant in the third quarter of last year. And a few smaller pit stops at a number of our plants. Our total production volume declined 3% year on year to 10.8 million tonnes, while sales volume also reached about 10.8 million tonnes, with increased product availability from PPC as well as higher volume from strategic sourcing.

As a result, we recorded group revenue of MYR27.5 billion for the year. The group EBITDA declined 46% to MYR1.9 billion, mainly due to lower product spreads and higher unrealized product loss from revaluation of payables at PPC. Correspondingly, EBITDA margin was lower at 7%.

The group recorded a loss after tax of about MYR2 billion for the year. Mainly due to lower EBITDA, lower finance income arising from the adjustment of trade payables at PPC, and



impairment of assets at Perstorp. Excluding exceptional items, we would have recorded a loss after tax of MYR506 million for the financial year of 2025.

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

Mohd Azli Ishak:

Thank you, Mazuin. Ladies and gentlemen, thank you for joining us today.

Now, let me take you through the fiscal highlight for the fourth quarter of 2025, starting with the Olefins and Derivatives (O&D) and the revenue segment on page 5 of the deck.

In the fourth quarter, average product prices in the O&D segment declined by about 3%, primarily due to the decline in ethylene prices as supply addition from China outpaced the demand growth as well as lower benzene prices due to market oversupply situation.

Operationally, our plant utilisation for the segment was higher at 91.5%, up from 90% in the preceding quarter. Sales volume was lower quarter on quarter at 888,000 tonnes due to lower volume availability from Pengerang.

Subsequently, revenue for the segment was lower by 12% at MYR2.8 billion on lower sales volume and lower average product prices.

Loss before interest, tax, depreciation and amortisation was registered at MYR600 million and this is due to lower product spread, higher unrealised forex loss on revaluation of PPC's payable, and higher repairs and maintenance costs. Excluding exceptional items, the loss would have been around MYR300 million.

Subsequently, the loss after tax stood at MYR840 million against MYR471 million in the previous quarter, and this is in line with higher negative EBITDA.

Moving on to the Fertiliser and Methanol segment as shown on page 6 of the deck.

In the fourth quarter, average segment product prices were higher by 3%, and this is mainly due to ammonia following tighter supply due to plant maintenance in the Middle East.

Operationally, plant utilisation for the segment improved to 98%, up from 89% in the preceding quarter, and this is on better plant performance following statutory turnaround at PC Fertiliser Sabah in the third quarter.

Subsequently, our production volume was higher by 12% quarter on quarter at 1.8 million tonnes and sales volume was higher by 14% mainly due to urea and methanol in line with higher production.

The segment's revenue was higher by 16% at MYR2.6 billion and this is mainly driven by higher sales volume. EBITDA improved to MYR730 million for the quarter, 27% higher in comparison to MYR577 million in the preceding quarter, mainly attributable to higher product spread. In line with higher EBITDA, profit after tax for the quarter improved by 28% at MYR454 million.

So now let's move on to the specialties segment on page 7 of the deck.

The specialties business continued to face challenging market conditions in the fourth quarter with persistent pricing pressure and notable differences in the market performance across the region, coupled with shorter production period due to the holiday season.



Oversupply and strong competition from the Chinese producers kept prices low in Asia, while tariff-related disruption, customer destocking, and shifting order patterns added to the volatility.

In the fourth quarter, the specialties segment posted negative EBITDA of MYR31 million, and this is driven by lower revenue and margin compression amidst the ongoing trade tension, tariff uncertainties, and intensified competition from the Chinese players.

For the intermediates business segment, the volume declined by 6%, and this is mainly due to weak demand for the de-icer business following milder winter season, as well as shorter production period due to the festive season.

In addition, products also registered lower volume due to year-end destocking activities and stronger Chinese competition. As a result, contribution margin fell by 6%, pressured by weaker demand in the polyols and the oxo segment and heightened tariff-related competition.

For the specialties, sales volume declined by 8%, and this is mainly due to weak demand for personal care, following low volume for the D5 and VM liquids for LAC amid increased pricing pressure across most products.

For silicone, sales volume remained weak quarter on quarter due to slow demand, mainly in the construction segment following customer destocking activities and softer activity in the key region. Contribution margin fell by 20% as most competition intensified, putting pressure on prices across the region.

Next, let's have a look at the fourth quarter performance for the group against the third quarter on page 8.

Against the preceding quarter, our Malaysian operation plant utilisation rate was higher at 96%, backed by an overall better plant performance following the completion of statutory plant turnaround at PC Fertiliser Sabah in the preceding quarter.

The production volume increased 10% quarter on quarter to 2.95 million tonnes in line improvement in our operation, while our sales volume was recorded 5% higher at 2.83 million tonnes.

Despite the increase in volume, the group's revenue declined 3% quarter on quarter at MYR6.6 billion and this is due to lower average product prices and unfavorable forex impact.

The group recorded an EBITDA of MYR115 million in comparison to MYR497 million in the preceding quarter, and this is due to higher unrealised forex loss on the revaluation of payables at PPC and higher repairs and maintenance costs.

Correspondingly, EBITDA margin declined to 1.7% for the fourth quarter. If we were to exclude the forex impact, EBITDA for the quarter would have been around MYR400 million.

The group recorded a bigger loss after tax of MYR730 million compared to MYR291 million in the previous quarter due to lower EBITDA and higher unrealized forex loss on revaluation of shareholders' loan to PPC. Excluding the forex impact, the loss after tax would have been around MYR300 million.

Now let's proceed with the cash flow and balance sheet on the next two pages.

On cash flow, for the year 2025, we generated cash flow from operations of MYR3.1 billion where most of our cash used for investing are incurred for the purchase of property, plant and equipment for turnaround and pit stops as well as additional investment in LG Petronas



Chemicals Malaysia. And most of our net cash outflow from financing activities are dedicated to dividend payments to the shareholders of the company.

On the balance sheet at page 10 of the deck, total assets were lower by MYR1.9 billion mainly due to the strengthening of the Malaysian against the US dollar, as well as impairment of assets at Perstorp, and this is also coupled with lower trade and other receivables in line with lower revenue.

The total equity was lower by MYR2.6 billion and this is mainly due to the loss generated during the year, as well as dividends paid to the shareholders of the company, but partially offset by the weakening of the against the EUR as well as the SEK.

Total liabilities were higher by around MYR700 million mainly attributable to higher trade and other payables in line with higher operating costs at PPC as well as higher borrowings due to net drawdown of revolving credit facilities at Perstorp.

That's all for the financial breakdown. I'm handing back the session to Mazuin for the market outlook as well as the way forward.

Mazuin Ismail:

Thank you, Azli. Ladies and gentlemen, now let's briefly go through the market outlook.

Ladies and gentlemen, the global market conditions for the chemicals industry are anticipated to remain challenging in the near term as the industry continues to deal with ongoing oversupply and subdued demand growth leading to continued pressure on margins.

For the O&D segment ethylene prices are anticipated to be stable at its current price as the current oversupply markets, especially in Southeast Asia and Northeast Asia, match with weak demand fundamentals of the segment, posing limited upside to ethylene prices.

We are closely monitoring the situation, should more oversupply capacities come in during the early parts of this year. For MEG, the outlook remains stable in the near term with limited upside to price and shrinking demand due to polyester and PET production cuts matched with reduced supply due to heavy plant maintenance and shutdowns in the Middle East as well as in China.

For PE prices, they remain supported by constrained supply due to Middle East maintenance turnarounds and US cargo delays even as downstream demand stays weak. Having said that, the absence of strong demand side drivers suggests limited potential for additional price gain.

For Paraxylene, the outlook remains stable as Northeast Asia plant restarts counter lower operating rates in other regions, keeping supply balanced despite subdued demand.

For the F&M segment, we expect that product prices for the F&M segment remain supported, particularly by urea. The outlook for urea is expected to remain firm, supported by tight global supply due to limited availability from the Middle East, China, and Southeast Asia. However, prices may ease slightly as demand tapers off post the Indian tender.

Ammonia market is expected to be soft due to lengthening supply in Middle East and Southeast Asia amid subdued industrial demand.

Methanol prices are expected to be stable as reduced MTO and acetic acid operating rates, which capped the demand for methanol, are balanced by tight supply following planned turnaround in the Southeast Asia region.

Now, on Specialty Chemicals segment. Looking at the key end markets served by our Specialties

segment, which are primarily in the building and construction, automotive and transportation, and consumer goods sectors.

The building and construction sector - global construction activity stabilises at modest growth in the first quarter, supported by pockets of strength in data centers and public works. However, residential markets remain constrained by affordability crisis across the Americas as well as Europe, while parts of Asia-Pacific sustain stronger momentum led by infrastructure expansion in India and development activities across Southeast Asia.

For the automotive sector, global auto production declines modestly in the first quarter, weighed down by affordability constraints and policy uncertainties.

In Americas and Europe, EV adoption is slowing as buyers face elevated financing costs and wait for clearer policy direction. China maintains export strength despite intense domestic competition, while the rest of Asia-Pacific shows mixed performance with production pressures offset by localised pockets of demand.

Global consumer goods demand remains resilient but cautious in the first quarter. US spending stays stable but increasingly value-driven as households prioritize essentials. Europe's retail activity remains flat, supported by everyday goods, while discretionary purchases face scrutiny. China's consumption shows uneven recovery through e-commerce channels, while the rest of Asia-Pacific demonstrates selective strength supported by festival-related spending and tourism activities.

In summary, the specialty chemicals market continues to face margin pressures amid subdued demand across key sectors as affordability constraints intensify globally, and business sentiment remains cautious for the year of 2026.

Ladies and gentlemen, before we move to Q&A, I am pleased to share some of 2025 key highlights and also focus area for the year 2026.

As part of our long-term value creation strategy, we have made significant progress in our key projects. For our Specialties business segment, we have advanced our shift towards higher value markets through the acquisition of OQ Chemicals Nederland B.V. in December 2024, now operating as Perstorp's Amsterdam B.V. This has enabled our entry into synthetic esters solutions for transformer fluid applications with our first customer delivery achieved in July 2025.

We have also enhanced customer collaboration through our new application lab in Shanghai and broadened our sustainable product slate with Neptem emulsifiers and Viscotech Upcycle, as well as Emfinity Esters.

Amid ongoing industry challenges and continued uncertainty in global trade, we also continue to focus on enhancing operational efficiency, continuing cost optimisation initiatives, and actively pursuing opportunities for value creation. This disciplined approach has contributed to an improvement of over MYR570 million EBITDA realised for the year 2025.

At PCG, we continue to advance our portfolio rationalisation agenda as part of a deliberate strategy to sharpen focus and enhance long-term value creation. This included comprehensive strategic reviews of our existing portfolio as well as our associates and joint ventures. This is to make sure optimal capital allocation and alignment with our growth priorities.

In the year 2025, we divested a 30% equity stake in Idemitsu Styrene. Monomer Malaysia Sdn. Bhd to Idemitsu Kosan Corporation, reflecting our disciplined approach to portfolio optimisation. We will continue executing rationalisation strategy to strengthen resilience, enhance competitiveness, and position PCG for sustainable growth amid an increasingly challenging operating landscape.

On the sustainability front, we remain firmly committed to advancing our greenhouse gas emissions reduction efforts while developing solutions that support our customers in their sustainability journey and help them navigate and comply with evolving regulatory requirements.

In 2025, we managed to reduce emissions by approximately 100 kilotonnes of carbon dioxide equivalent through our net zero carbon emissions projects such as flaring and venting reductions, operational optimisations, and maintained our subscription of the bundled green electricity tariff to support market-based Scope 2 emission reductions.

Ladies and gentlemen, we are pleased to share that two of our plants, through our subsidiaries of BRB and Perstorp, have achieved zero greenhouse gas emissions from Echt and Waspik site operations in the Netherlands. We will continue to advance our emission reduction efforts as we pursue our two-pronged growth strategy, keeping sustainability at the core of our operations.

Ladies and gentlemen, for 2026, in light of the operating environment that is expected to remain challenging in the near to medium term, we remain committed to building resilience and maintaining competitiveness. We will continue to high grade our portfolio with a focus on asset optimisation, cost competitiveness, and operational efficiency.

Our core business of O&D and F&M will remain a priority underpinned by safe and reliable operations, disciplined capital allocations, and sustained operational efficiency to protect margins and cash flow through this cycle.

Growth will be anchored on the expansion of specialty and downstream segments supported by selective investments in innovation, capability development, and strategic partnerships, as well as our venture into circular economy and bio-based solutions, which will position us to capture opportunities in the emerging low-carbon economy, reinforcing a more diversified and resilient portfolio over time.

Ladies and gentlemen, that concludes my update for today. Let's now open the floor for the question-and-answer session. Thank you.

Safarah Zeba M Salim:

Thank you, Mazuin.

Okay, we will start with the Q&A session. Before that, I would like to bring up the fact that we are mindful of the fact that this is the fasting month as well as the timing of this call, so we seek your understanding for us to come to close this call by 7:00 PM.

(Operator Instructions)

Ahmad Maghfur Usman:

Hi. Can I start first?

Safarah Zeba M Salim:

Sure.

Ahmad Maghfur Usman:

All right. Okay. Ahmad here from Nomura. Two questions from my side. I would like to know what was the actual volume output from the Pengerang site? Roughly. Or you can give it to me in terms of percentage utilisation over the course of the full year. And then also, finally, for the fourth quarter, what was the profitability or the loss, whichever number you have for the fourth quarter.

And then the second question is basically on the Sarawak Petchem. May I know how much was



the volume handled from Sarawak Petchem through Petronas Chemicals, basically, over the course of the full year for FY25 and what can we expect for FY26? That's all for my questions. Thank you.

Mohd Azli Ishak:

Okay, thank you. Can you hear me? Hello, Ahmad.

Ahmad Maghfur Usman:

Yes, I can hear you loud and clear.

Mohd Azli Ishak:

Okay, let me first address your first question with regards to Pengerang. I think rather than giving you the volume, I will give you the average plant utilisation rate for Pengerang for the fourth quarter. Pengerang has five units, mainly LDPE, HDPE, and then EOEG for the monoethylene glycol, as well as there are two units for the polypropylene.

For the fourth quarter 2025, the running rates for the LDPE, HDPE, and the two units of the polypropylene were around 70% to 80%. And for the EOEG unit, it did not run because it was a cautious decision not to run as it was not economic, as the current prices for MEG fully demonstrate.

So currently for Pengerang, we are running based on economics, so if there is any risk of further value erosion from running, then we are not going to run. That's what happened for EOEG.

So, in terms of earnings, I mentioned earlier that the negative EBITDA for O&D for the fourth quarter was around \$600 million. Half of that was contributed by Pengerang -- our portion of Pengerang.

I hope that answers your first question. On the second question with regards to Sarawak Pet-Chem, it is 100% of the output from Sarawak PetChem was marketed by PCG. So, any volume that they produce is marketed by PCG. Perhaps I can allow our Head of Commercial to also provide some color on this.

Bahrin Asmawi:

For the year 2025, we sold 749,000 tons of Sarawak Petchem volume to the market, basically in total.

Ahmad Maghfur Usman:

Okay, so just as a follow-up question on the Pengerang utilisation that you mentioned for the fourth quarter, it touched about 70%-ish. Do you think that will be consistent throughout next year as well.

Mohd Azli Ishak:

Okay, yes, I think moving forward those four units we anticipate will be running, but the spread and then the financial result will be depending on the forecast for the prices. As you read our Bursa report and as we described in this media briefing, we are somewhat a bit bearish for the O&D segment, but however, we are quite bullish and optimistic on the F&M segment.

Ahmad Maghfur Usman:

Okay, thank you, Azli. That's all from my side. Thank you.

Safarah Zeba M Salim:

Next, we have Raymond. Raymond, go ahead.

Raymond Yap:

Hi, evening guys. Thank you. So, Azli, just wanted to follow-up on that MYR300 million PPC EBITDA loss in the fourth quarter. So how much of that was made up by the forex loss?

Mohd Azli Ishak:

Okay, I know you wanted to ask this question anyway, Raymond. So, of that MYR300 million negative EBITDA from PPC, around MYR200 million - MYR250 million is related to forex. So, if you were to take out the forex impact, the negative EBITDA coming from PPC was only around MYR50 million to MYR 60 million.

Raymond Yap:

Okay, so for the fourth quarter, yeah. So, it actually improved from the third quarter of MYR95 million loss excluding the forex. How did you manage to achieve this improvement?

Mohd Azli Ishak:

There are certain products that improved in quarter four compared to quarter three, and by not running certain units and running it effectively, that has reduced the negative carry, Raymond.

Raymond Yap:

Okay. And how much was the forex loss from the shareholder loan to PPC? Is it around MYR120 million, MYR117 million?

Mohd Azli Ishak:

It's around about MYR130 million, so you're quite close.

Raymond Yap:

MYR130 million. Okay. And is there any forex loss from Perstorp?

Mohd Azli Ishak:

Somewhat minimal. If you recall earlier, we mentioned that there is a huge forex impact with regards to Perstorp US business because that is a shareholders' loan from Perstorp Holding company based in Sweden providing a US-dollar loan to the US business. That particular loan has been converted to equity, so that's zero exposure. But there is still a few, albeit minimal, exposure on forex for Perstorp when there is also volatility of currencies between EUR and SEK as well as Indian Rupee versus SEK. So, while we try to, as much as possible, mitigate the forex exposure, we managed to do so, but to eliminate totally is quite impractical. But what I can say is that the forex exposure from Perstorp has somewhat been mitigated.

Raymond Yap:

Okay, thank you very much.

Mohd Azli Ishak:

Thank you, Raymond.

Safarah Zeba M Salim:

Thank you, Raymond. Hazmi, CLSA.

Hazmy Hazin:

Hi, good morning, guys. Can you hear me?

Yes. I just have two questions. Just on the anti-involution effort in China, just want to see if you guys can share any light on it, any progress so far in terms of the sector from that element. And also just going to ask this earlier to check on the other expenses. There was that MYR346 million. May I know what's that about? That's all.

Mazuin Ismail:

Right. Hazmy, thanks for the question. Mazuin here. So, for anti-involution, in practice on the ground, we are not seeing any consolidation yet. And even if so, our projection is for the lowest, smaller size and lowest efficiency, so it will be quite a while before we see any impact on prices and supply capacities relatively speaking to the rest of the world. Having said that, the supply capacity of the larger, more modern and fully integrated plants still continues to be built, so we have to take the anti-involution news cautiously, but we are not seeing results yet. Thanks.

Mohd Azli Ishak:

Yes. And on your second question with regard to the MYR418 million on net loss of forex exchange, that is relating to the forex exposure that earlier Raymond has asked before. Of that MYR418 million, around MYR250 million is relating to forex on revaluation of PPC's payable. And around MYR130 million is basically forex arising from shareholders' loan from PCG to PPC, and the balance of MYR40 million is basically forex exposure to our other business including Perstorp.

Hazmy Hazin:

All right. That's all from me. Thanks.

Safarah Zeba M Salim:

Thank you. Next we have Adnan.

Adnan:

Yes, just curious, right now crude oil prices going up, right? How would it impact your earnings? That's it.

Mohd Azli Ishak:

Sorry, could you repeat? Can you repeat that question again, Adnan?

Adnan:

Crude oil prices right now has been going up. So, I'm just curious as to how it will affect your earnings.

Mohd Azli Ishak:

Okay, basically our cost structure, our product prices do have some correlation with oil prices, because some part of it, oil prices will have a relative pricing to naphtha, which is one of our feedstock that we use to produce benzene and paraxylene. And that is basically one of the things that will affect the earnings. So, if there is improvement in oil prices, which will correspondingly increase naphtha prices and correspondingly increase the product prices, that incremental will be flowing all the way to our earnings.

But bear in mind that there could be instances where there is a gap in terms of when these prices will improve. For example, there could be a period of two or three months gap before prices can actually improve before the oil price has triggered the increase. So, I hope that correlation somewhat can be demonstrated. We don't have quite direct correlation in terms of oil prices movement to our earnings.

Mazuin Ismail:

Because actually, as Azli said, that crude and naphtha has correlation, but it's not exactly directly correlated, we see variances especially nowadays. So, we have to monitor actually our product prices. The crude oil may have some projection on how the prices would be for some of our products and some of our feedstock even, so that is being monitored closely. That direct correlation, as we said, is a lot more complex than that. Thanks.

Safarah Zeba M Salim:

Thank you, Adnan. Next we have Vivek. Vivek from Morgan Stanley.

Vivek Rajamani:

Hi, sir. Thank you so much for the presentation. Two questions from me. Firstly, on the specialty business, we have an EBITDA loss for this quarter. Just want to dig a little bit deeper into that because volumes were only down by about 6%–7% if I'm not mistaken on a sequential basis. Were there any specific factors? You did mention pricing pressures and all of that. I just wanted to double check if there were any major specific reasons that drove the EBITDA loss because I think we were profitable in the previous quarter, okay? That's the first question.

Mohd Azli Ishak:

Okay, to answer your first question, Vivek, there is nothing exceptional that happened in terms of specialties for the fourth quarter. Typically, we always see the fourth quarter as a very low quarter for us because of the worldwide destocking activity, so people, our customers, typically don't want to buy towards the fourth quarter to put in the earnings and then to minimise the inventory buildup on their end, and that's why we see a lower sales volume in our fourth quarter. Other than that, there's nothing exceptional or one-off that happened in the fourth quarter for specialties.

Mazuin Ismail:

And we are also seeing our customers, there is a reluctance to actually, stock up and purchase because of policies uncertainties. So, we see this across the board, and that puts pressure on cost the volume that is being purchased by our buyer.

Vivek Rajamani:

Sure, sir. And just any color on what you've been seeing so far in the first two months of 2026 for Specialties?

Flavio Kliger:

That's Flavio Kliger here. Thanks for your question. So, we are not seeing a significant improvement versus last year, but it's certainly improving versus the last quarter, sequentially better.

Vivek Rajamani:

Okay, so some sequential improvement. Okay, and just this last question from my side, it's more of a clarification. From the O&D segment loss, if I kind of strip out the forex loss and as well as the Pengerang loss, the losses for O&D have widened. That's predominantly because of various spreads and volumes have moved on a sequential basis. Correct?

Mohd Azli Ishak:

Yes, Vivek, to be specific, market spread plays a part, specifically for products like ethylene. If I were to single out which chain that contributed the major chunk of EBITDA loss, is basically the aromatics chain and this is a couple of -- two situations. One is we had the plant shut down in the earlier fourth quarter to change our absorbent, and that completed in October, and secondly, a depressed spread for paraxylene and benzene over naphtha that we experienced in November and December.

However, I think the situation has somewhat improved in January. We saw positive EBITDA for that particular chain because I think there's a wider spread for benzene, especially over naphtha, and as part of the impact or outcome of the change of absorbent, the unit is now producing more final product for the same amount of naphtha. So that is basically something that we saw improving, demonstrated throughout January.

Vivek Rajamani:

Sure, so that's very clear. And if you just touch upon the turnarounds that you've planned for 2026, and then I'll -- that's all from my side.

Mohd Azli Ishak:

Okay, in terms of the turnaround, we will start with the turnaround in Bintulu for ABF Fertiliser, so that will happen quite soon in April, and followed with the turnaround in Kertih, and that is a major turnaround and that basically involves four big OPUs, which is PC Olefins, Glycols, LDPE, as well as the Ammonia. And that will start in April until end of May.

And in quarter three, we do have a scheduled turnaround for PC Fertiliser Kedah as well as the Plant 2 for PC Methanol in Labuan. And lastly, in quarter four, there's a planned turnaround for PC INA. But I think this is currently being planned. We will optimise all these scheduled turnarounds to ensure that all other turnarounds affecting our suppliers are also synchronised and we can try to minimise product-to-product losses as a result of the downtime.

Vivek Rajamani:

Sure, sir. Thank you so much.

Mohd Azli Ishak:

Thank you.

Safarah Zeba M Salim:

Next, we have Gabriel.

Gabriel:

Hi, thanks for the presentation, Gabriel from Aberdeen. Just two questions from my side. My first question is, out of the O&D losses of negative MYR50 million just now, excluding all the forex losses and the special items, what is the EBITDA of O&D excluding Pengerang?

Mohd Azli Ishak:

Okay. Actually the O&D negative EBITDA of MYR600 million, half of that is contributed by Pengerang.

MYR50 million just now is basically half of that MYR300 million negative EBITDA from Pengerang; MYR250 million is basically related to forex in Pengerang. That's why the negative EBITDA of MYR50 million at Pengerang if you were to exclude the forex.

So yes, the other MYR300 million negative EBITDA for non-Pengerang in O&D, it relates, I mentioned earlier, to market spread depressed in quarter four, as well as the negative EBITDA that we experienced for the aromatics chain that I mentioned earlier.

Mazuin Ismail:

Product prices for O&D actually slipped from January all the way to December and every month we saw prices keep falling throughout last year, and that led to the weakness of our O&D segment.

Gabriel:

If I could just rephrase that, just so I didn't misunderstand, so MYR600 million is the total loss, MYR250 million is the forex, MYR300 million is related to the spread losses, and that leaves negative MYR50 million as the core EBITDA loss, and this is just, and this is already the O&D excluding the Pengerang, is that it?

Mohd Azli Ishak:

No, that's total MYR600 million. MYR600 million negative is including Pengerang.

Gabriel:

Okay, and maybe if I can just dig in again, so negative MYR50 million, right, the final figure. Is there a breakdown between Pengerang and ex-Pengerang?



Mohd Azli Ishak:

Okay, let's try to compute this one so that at least not just you, but the rest also clear. MYR600 million is the negative EBITDA for the O&D including PPC. Approximately half of that, so MYR300 million relates to the negative EBITDA from PPC, from Pengerang.

Unidentified Participant:

Okay, negative MYR300 million PPC. Okay.

Mohd Azli Ishak:

Okay, so negative [EBITDA] of that relates to PPC. Of that amount you can split it in a way that MYR250 million relates to forex relating to Pengerang, while the negative MYR50 million relates to core losses, core negative EBITDA of Pengerang.

Gabriel:

Understood.

Mohd Azli Ishak:

You're clear on that part. Okay, now let's move on to the other part, which is the negative EBITDA of O&D excluding Pengerang, which is also around MYR300 million.

So, the majority of this relates to market spread decline as well as the shutdown that we had in the aromatics chain, as I mentioned earlier.

Gabriel:

Sorry, I missed that part, so negative MYR50 million. How much of it is ex-Pengerang?

Mazuin Ismail:

That's all Pengerang.

Gabriel:

Okay, understood. Okay, understood.

Yes, my second question is maybe if I can just understand a bit more on the gross margins, right, and if I look at your revenue, it's about MYR6 billion this quarter and then I compare it against the last few quarters, it's about MYR6 billion plus, right, but the gross margins are about 8%. Is this purely due to the decline in O&D prices?

Mohd Azli Ishak:

Yes, because the product prices for O&D declined. If you take, for example, from 1 January 2025 until 31 December, some of the product prices reduced by around 20%. Especially for ethylene and ethylene-related products.

Gabriel:

Okay. And this is despite the improvement in the F&M segment, right?

Mohd Azli Ishak:

Yes.

Gabriel:

Okay, yes. Thank you very much.

Safarah Zeba M Salim:

Thank you. We have Raymond back online.

Raymond Yap:

Yes, I just wanted to check, why is it that the O&D production went up on a quarter-on-a-quarter basis, but the sales volume actually fell quarter on quarter?

Mohd Azli Ishak:

Because some -- I think this could be due to the Pengerang volume, Raymond.

Raymond Yap:

What happened there?

Mohd Azli Ishak:

Inventory buildup.

Raymond Yap:

Inventory buildup. Okay. Why do you need to build up inventory rather than just sell it directly?

Mohd Azli Ishak:

So sometimes, at least for Pengerang, some of the production planning for sales will take a bit of time, and then that basically necessitates your inventory buildup before sales are being conducted.

Raymond Yap:

Okay. Thanks.

Safarah Zeba M Salim:

Thank you, Raymond. I'm mindful of time, but we can take one last question here, and I'm going to take it from the Q&A chat from Jeremie, Maybank. Any updates on the creditors' reliability test at Pengerang?

Mohd Azli Ishak:

Yes. If you read the Bursa report, there's also a disclosure on the borrowing section of the Bursa report that the creditor reliability test has been deferred, and the financiers for Pengerang have extended the project completion date by another two years from 31 December 2025 to 31 December 2027.

And this enables the complex, on an integrated basis, to have more time to perform the CRT, the creditor reliability test. The reason the creditor reliability test was postponed initially it was meant to be in quarter three last year is because of the uneconomic reason for them to pursue such tests due to the severe market depression. So, they took a very bold decision by the complex to ask for a deferment and to postpone the CRT until the market is right for the complex to attempt the CRT again.

Safarah Zeba M Salim:

Thank you. We have one last question from Sumedh, JP Morgan.

Sumedh Samant:

Thank you. I just want to understand better your cost mix and the ringgit component of it. And, a follow-up to that is whether your feedstock that comes from Petronas, is that also ringgit-denominated? Thank you.

Mohd Azli Ishak:

Okay. Most of our revenues and feedstock are denominated in dollar. So, revenues are basically denominated in dollar and sales proceeds go into our bank as part of our sales are denominated in dollars, but for our feedstock, the feed gas that we purchased from Petronas is denominated in dollar. But because of the banking regulation, any payment within Malaysian residents needs



to be paid in MYR. So, while currency-wise we call it hedged because both revenue and expenses are in dollars, but payment sometimes can be made in MYR.

Sumedh Samant:

I understand, and my question perhaps is maybe any other costs that are denominated in MYR. And also if there's any time lag, and the reason I ask is because of the MYR appreciation, which is likely to be helping. Thank you.

Mohd Azli Ishak:

Okay, basically, we do have other revenues and expenses not in USD, basically among those businesses of Perstorp and BRB, which are sometimes based on EUR, SEK, and others, but if you're asking about the forex exposure that we have, I would say that around 95% of the forex exposure that we have is predominantly attributable to Pengerang.

I'm not sure whether you're familiar why that's the reason, because Pengerang is a company JV between PCG and Aramco. Its functional currency and presentation currency are all in dollar versus us in MYR. So, any appreciation of ringgit over dollar, Pengerang has to record the forex loss, and as 50% shareholder of Pengerang, we also need to book our 50% share of the forex loss.

Sumedh Samant:

I understand that's quite clear. Thank you. And sorry, how about the utilities cost in, Malaysia, would that also be in MYR, or dollars?

Mohd Azli Ishak:

It's in MYR.

Sumedh Samant:

Okay. And how much would that be component-wise as for total sort of cost of goods sold for the business?

Mohd Azli Ishak:

So, the cost of goods sold for utilities is around 10%, 10% to 15%. But the majority of the cost, around 60%, is feedstock.

Sumedh Samant:

Got it. Thank you.

Mohd Azli Ishak:

Thank you, Sumedh.

Safarah Zeba M Salim:

That's all we have for today. Thank you everyone for joining the call. We look forward to receiving your reports. If you have any further questions, please do email us at petronaschemicals_ir@petronas.com. So thank you for joining us today again, selamat berbuka for those who are fasting.

Management:

Thank you.

END
