

PETRONAS CHEMICALS GROUP BERHAD

QUARTERLY ANALYST BRIEFING

QUARTER ENDED 30 JUNE 2019

13 AUGUST 2019
6.00PM – 7.00 PM



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KEY HIGHLIGHTS

PERFORMANCE HIGHLIGHTS

MOVING FORWARD



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MOVING FORWARD

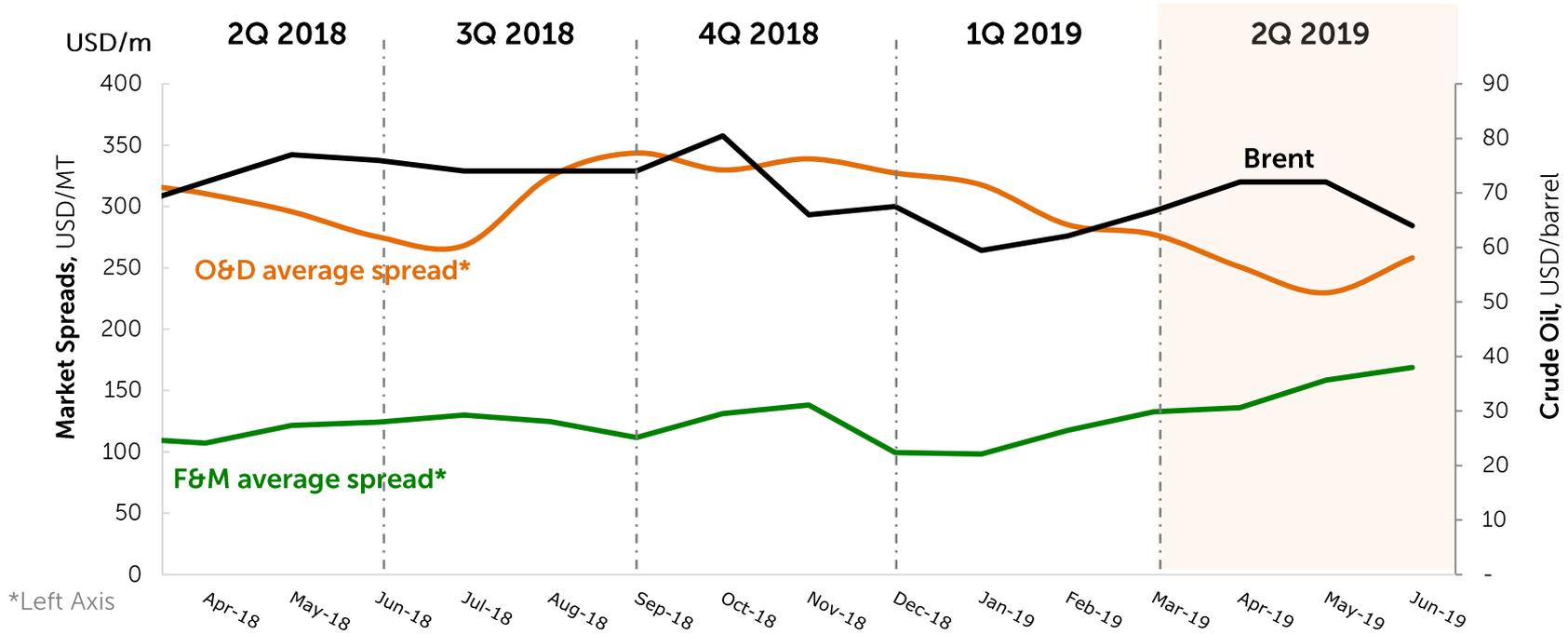


Continued trade tensions impact growth



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PETROCHEMICAL MARKET SPREADS



*Left Axis

- Global GDP fell in 1H 2019 to 2.8 compared to 3.4 in the same period last year, global manufacturing and international trade slowed down against a tough backdrop of continued US-China trade tensions and prolonged Brexit uncertainties.
- Crude oil prices averaged at USD66/bbl in 1H 2019, lower than USD71/bbl in 1H 2018, on lower demand from weak macroeconomic environment, further exacerbated by record-high output from the US offsetting OPEC led production cuts.
- Petrochemical product prices declined on lower feedstock cost and sluggish downstream demand.



Plant utilisation (PU) at 99 %

- Improved plant performance
- Higher ethane feedstock supply



Sales volume declined 5% y-o-y

- Lower sales volume of Methanol, Aromatics
- Inventory build-up anticipating TA



- PAT declined
- Lower EBITDA due to;
 - Weaker spreads, higher maintenance costPartially offset by;
 - Strengthening USD against MYR

KEY HIGHLIGHTS

PERFORMANCE HIGHLIGHTS

MOVING FORWARD



Performance Highlights : Financials



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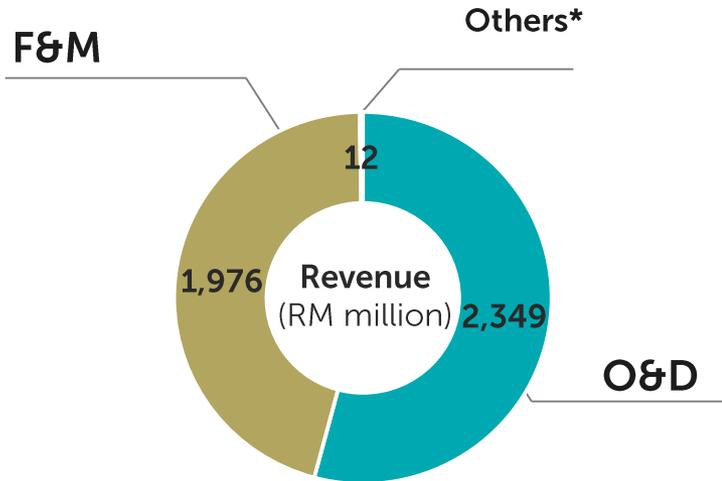
Key Financial Indicators	2Q 2019 Year-on-Year	2Q 2019 Quarter-on-Quarter	1H 2019 Year-on-Year
Production Volume ('000 MTPA)	2Q 2019: 2,913 2Q 2018: 2,689 +8%	2Q 2019: 2,913 1Q 2019: 2,648 +10%	1H 2019: 5,561 1H 2018: 5,487 +1%
Revenue (RM Million)	2Q 2019: 4,337 2Q 2018: 4,733 (8%)	2Q 2019: 4,337 1Q 2019: 4,130 +5%	1H 2019: 8,467 1H 2018: 9,684 (13%)
Profit After Tax (RM Million)	2Q 2019: 1,112 2Q 2018: 1,450 (23%)	2Q 2019: 1,112 1Q 2019: 813 +37%	1H 2019: 1,925 1H 2018: 2,627 (27%)
EBITDA (RM Million) EBITDA Margin (%)	2Q 2019: 1,521 (35%) 2Q 2018: 1,811 (38%) (16%)	2Q 2019: 1,521 (35%) 1Q 2019: 1,262 (31%) +21%	1H 2019: 2,783 (33%) 1H 2018: 3,651 (38%) (24%)

Performance Highlights : Financials



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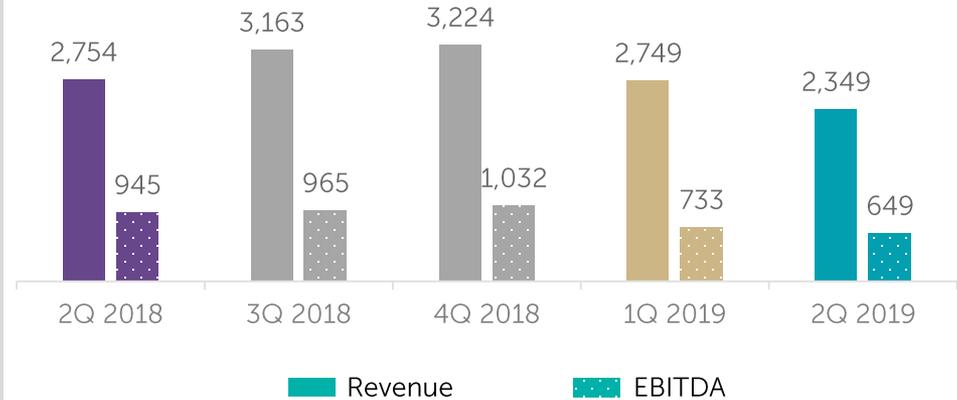
Olefins & Derivatives



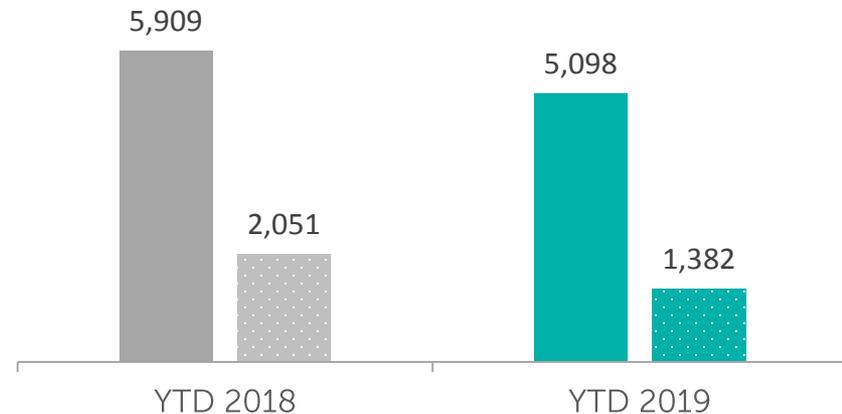
- Improved operational performance year-on-year;
- Negatively impacted by lower product prices and soft demand.

*Others comprise of operations related to investment holding company and port services which provide product distribution infrastructure to the Group.

Quarterly Revenue & EBITDA (RM million)



Cumulative Revenue & EBITDA (RM million)

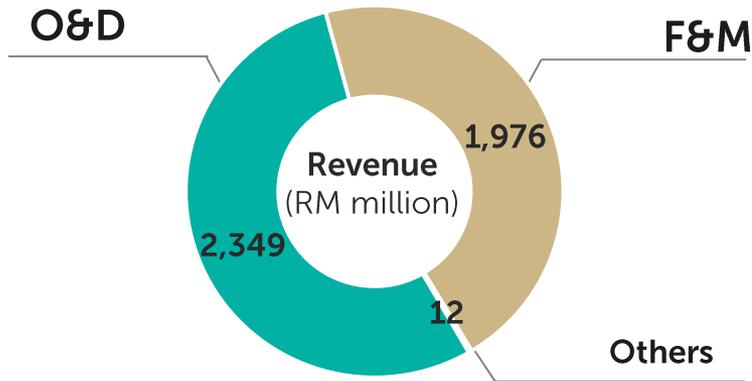


Performance Highlights : Financials



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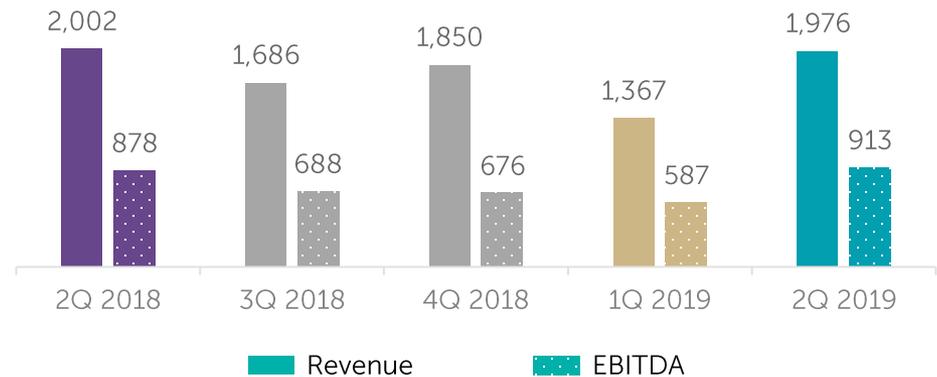
Fertilisers & Methanol



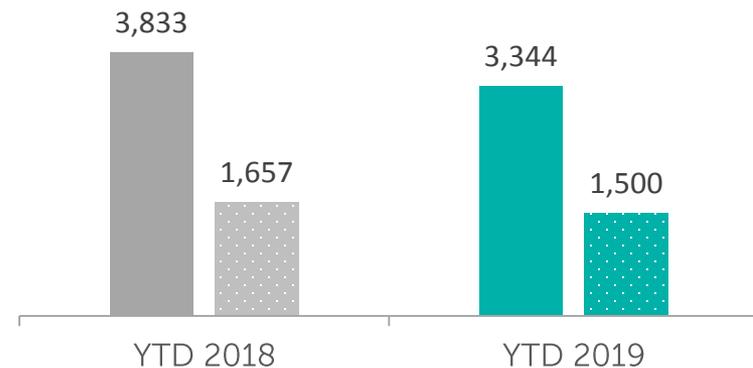
- Improved operational performance year-on-year;
- Negatively impacted by lower product prices in tandem with lower crude oil prices

*Others comprise of operations related to investment holding company and port services which provide product distribution infrastructure to the Group.

Quarterly Revenue & EBITDA (RM million)



Cumulative Revenue & EBITDA (RM million)



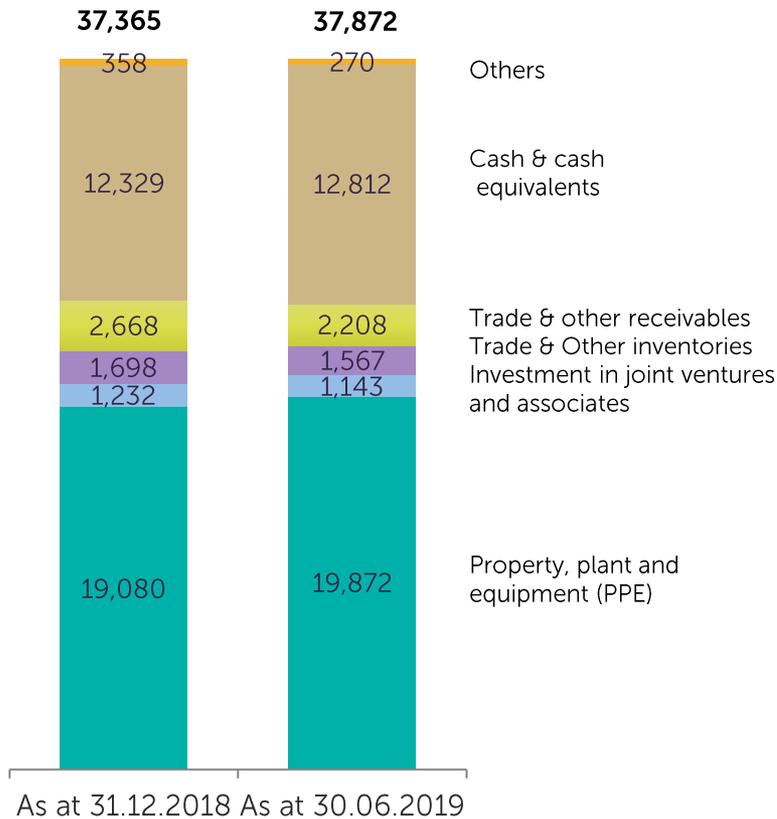
Balance Sheet as at 30 June 2019



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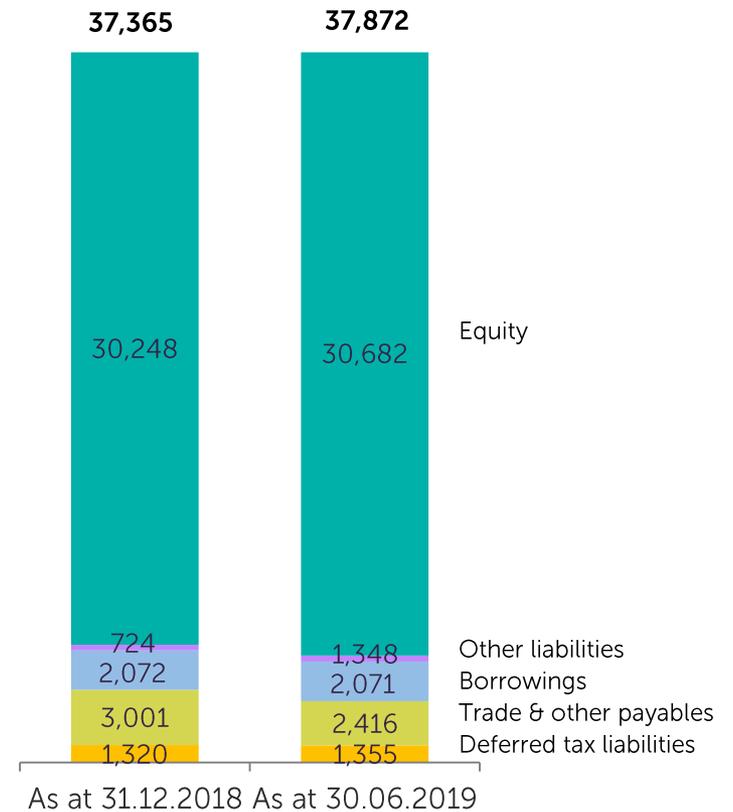
Total Assets

(RM million)



Total Equity & Liabilities

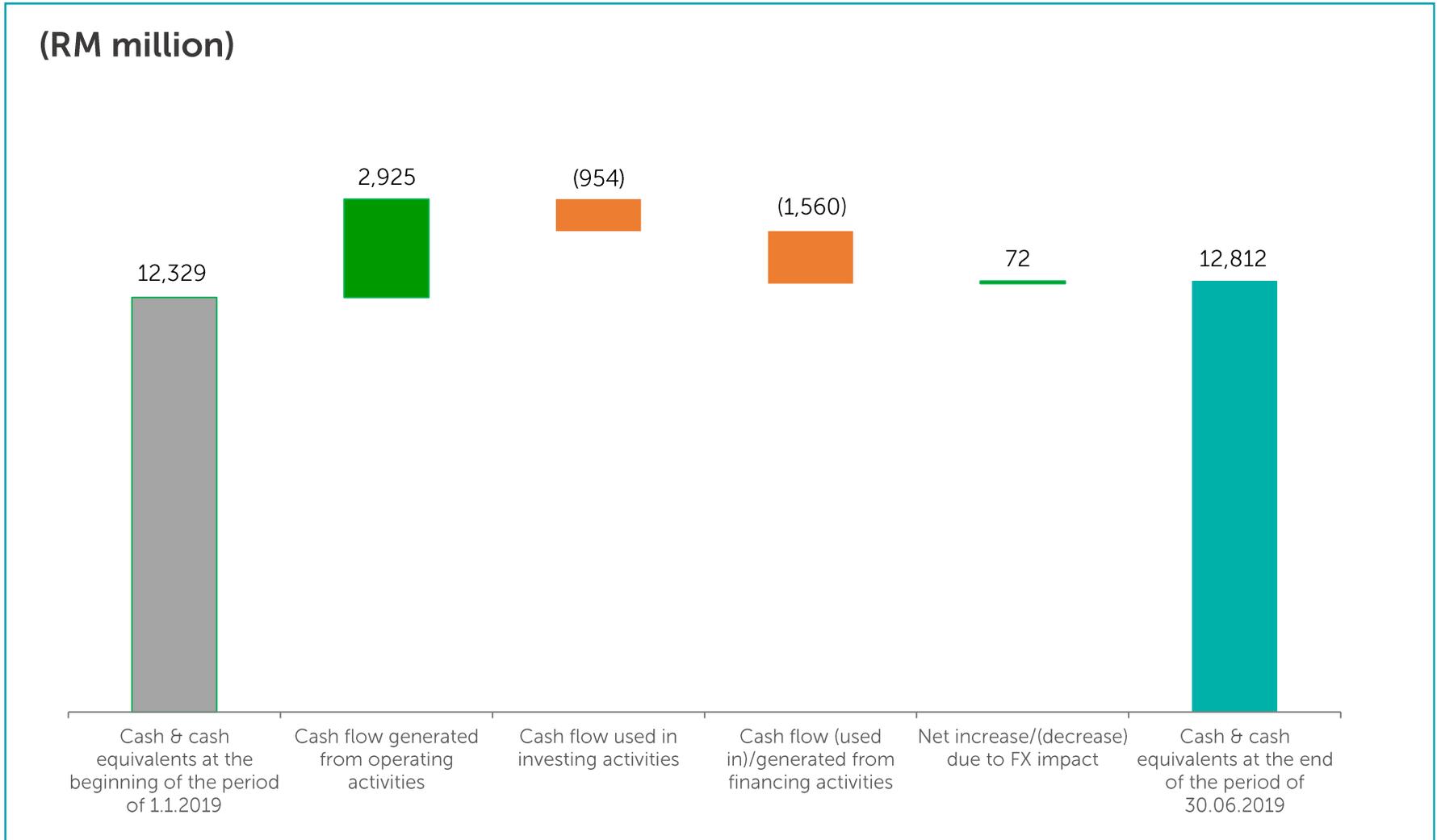
(RM million)



Cash Flows as at 30 June 2019



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Performance Highlights : Operational



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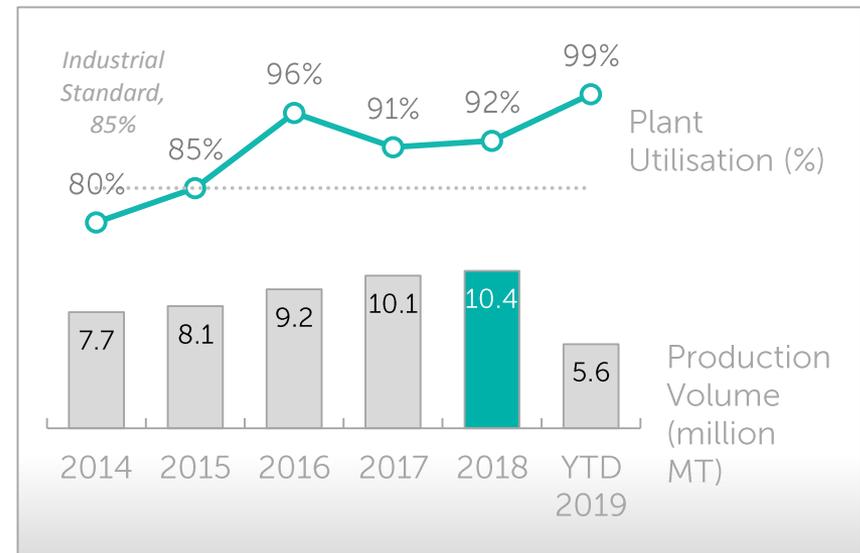
Group Plant Utilisation (PU) rate at 100%, with highest quarterly volume recorded

- High plant utilization across the group
- 2.9 mil MT of product produced for the quarter
- Safe TA and shutdown completion at PC Aromatics and PC MTBE

Quarterly Group Performance



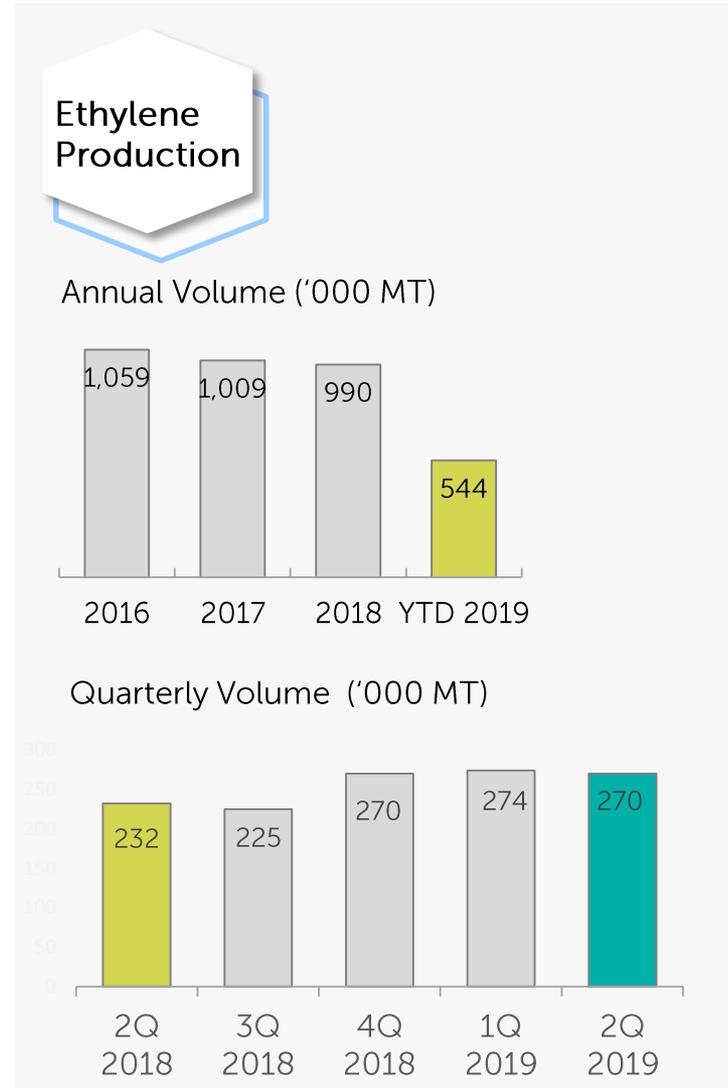
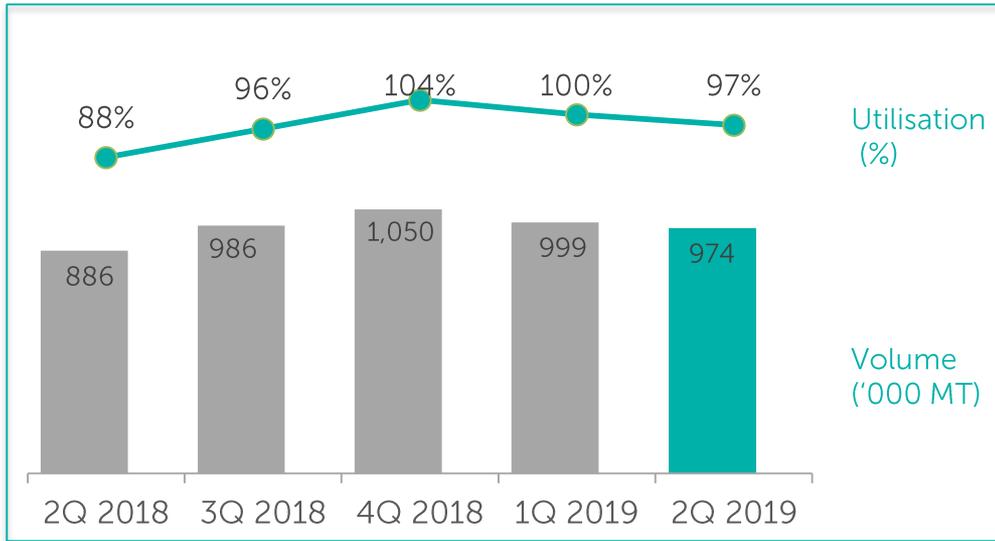
Annual Group Performance



Performance Highlights : Operational



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OLEFINS AND DERIVATIVES (O&D)

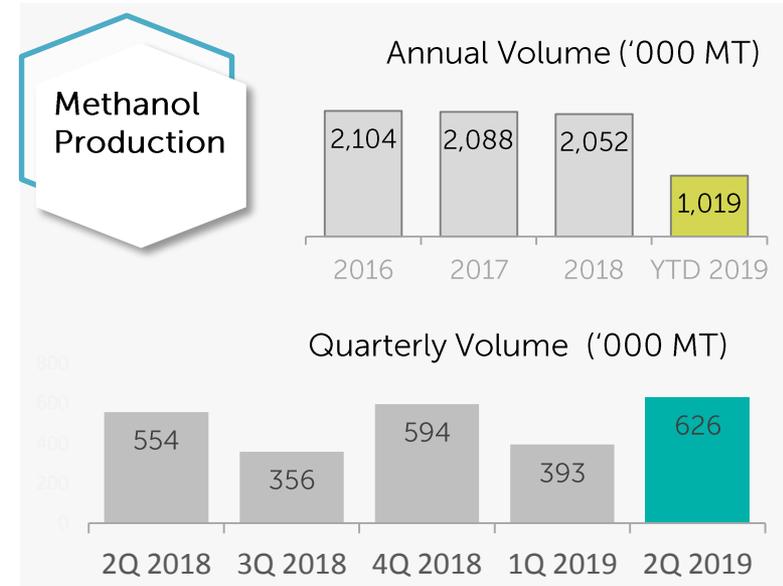
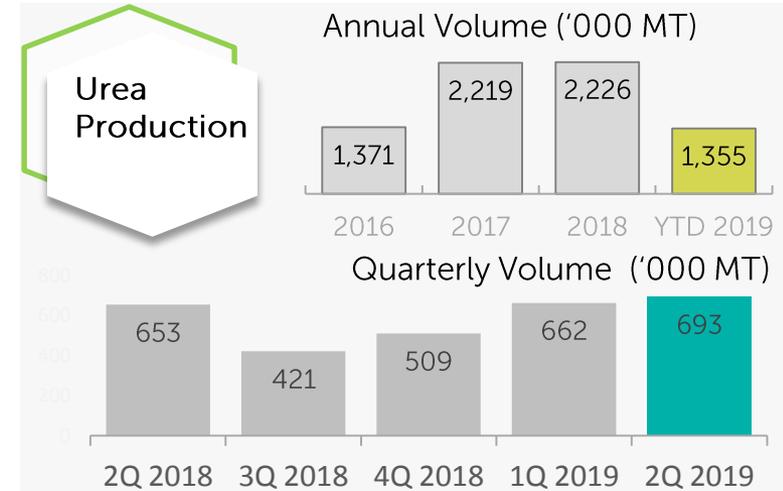
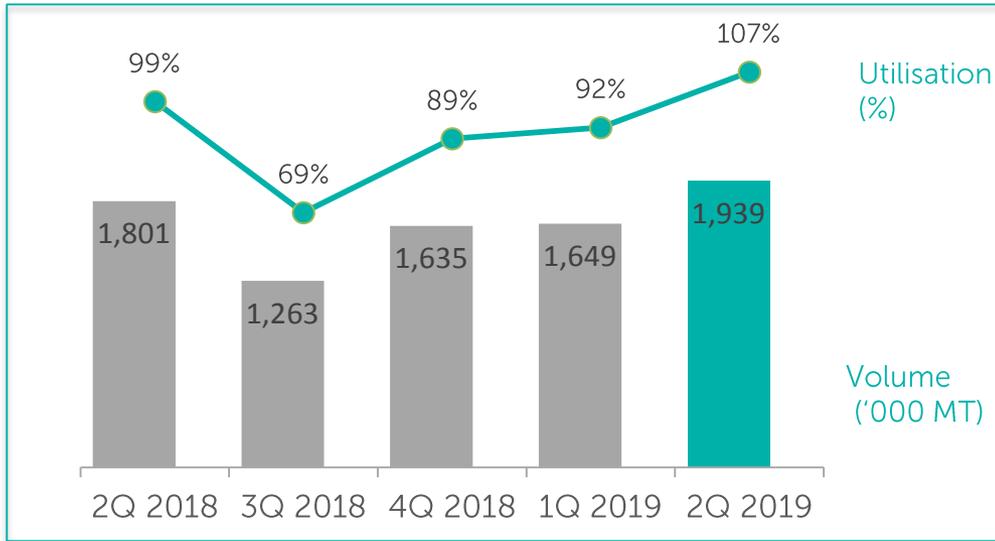


- O&D achieved utilization above 95% in 2Q 2019, with PC Aromatics and PC MTBE shutdown activities completed in April and May 2019, respectively
- Ethylene production was at 270 kMT with stable feedstock supply

Performance Highlights : 2Q 2019 Segmental Operational



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FERTILISER AND METHANOL (F&M)



- Achieved high utilization above 100% in 2Q 2019 following good plant reliability and optimum operation at all F&M plants
- Highest quarterly volume of urea and methanol production



PIC - PETCHEM



First Delivery of Polymer Products for Domestic Market

- 98.8% completion of PIC-PETCHEM's overall progress as of June 2019
- First shipment of heavy glycols and polypropylene in April 2019
- First delivery of Polymer product for domestic market in June 2019

AROMA PLANT



citral | menthol | citronellol

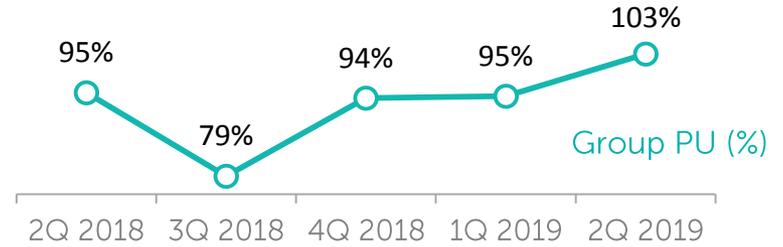
- 1st statutory turnaround completed safely in May 2019
- Menthol plant progressing as planned after completed maintenance activities, with isoprenol production stabilising at 80% capacity

Performance Highlights : Operational - Conclusion



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➤ Strong performance for 2Q 2019 with group utilization of above 100% for the quarter



➤ Successful milestone achieved for PIC-PETCHEM on first product delivery via truck and shipment



➤ Heavy statutory turnaround and shutdown activities in 3Q 2019



Performance Highlights : Commercial – Olefins & Derivatives



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Ethylene



Q2 2019
(vs Q1 2019)



- Lower downstream demand

Q3 2019
(Outlook)



- Limited supply due to TA in NEA & SEA
- Stable crude oil outlook
- Weak demand amidst US-China trade tensions

Polymers



Q2 2019
(vs Q1 2019)



- Higher demand due to festive season

Q3 2019
(Outlook)



- Limited SEA supply negated by US cargoes
- Weak demand amidst US-China trade tensions

MEG



Q2 2019
(vs Q1 2019)



- Significantly high inventory in China
- Slow down in business activities; reluctant to hold stock

Q3 2019
(Outlook)



- Limited supply due to TA in NEA & SEA
- Stable operating rates for polyester at 80%
- Weak demand amidst US-China trade tensions

Paraxylene



Q2 2019
(vs Q1 2019)



- Stable PTA & PET demand

Q3 2019
(Outlook)



- Stable supply
- Demand supported by PTA restart and start-ups
- Weak demand amidst US-China trade tensions

Performance Highlights : Commercial – Fertilisers and Methanol



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Urea



Q2 2019
(vs Q1 2019)



- ◆ Issuance of Indian Tender
- ◆ Less spot volume from ME

Q3 2019
(Outlook)



- ◆ Indian Q3 demand will be fulfilled by June tender
- ◆ Lack of demand in other markets especially in Thailand due to insufficient rainfall

Ammonia



Q2 2019
(vs Q1 2019)



- ◆ Surplus supply
- ◆ Demand remained weak

Q3 2019
(Outlook)



- ◆ Limited supply due to TA in SEA & ME
- ◆ Less spot opportunity as demand is fulfilled under term, and low demand for other fertiliser applications

Methanol



Q2 2019
(vs Q1 2019)



- ◆ Limited supply
- ◆ Stable demand from Biodiesel

Q3 2019
(Outlook)



- ◆ Sufficient supply
- ◆ Lacklustre downstream demand except for Biodiesel

KEY HIGHLIGHTS

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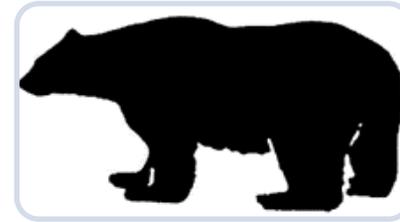
MOVING FORWARD



Moving forward, economic uncertainties negates demand fundamentals



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Uncertain crude oil outlook



Geopolitical uncertainty

Demand fundamentals remains strong



Continued protectionism





1. Uphold **HSE** as a Priority



2. Sustain world class **Operational Excellence**



3. Drive **Commercial Excellence**



4. Operationalise **Pengerang Integrated Complex**



5. Venture into **Specialty & Bio-based Chemicals**



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THANK YOU

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