PETRONAS CHEMICALS GROUP BERHAD

3Q 2025 ANALYST BRIEFING

21 NOV 2025, 6.00pm Malaysia

Management attendees:

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

Safarah Zeba M Salim:
Good evening, ladies and gentlemen. I'm sorry for the glitches we're going through, but good evening again. Welcome to the Petronas Chemicals Group Berhad Analyst Briefing for the third quarter financial year 2025. I am Safarah from the Investor Relations team, and I will be your host and moderator for this evening.

Ladies and gentlemen, thank you for joining us today. Our financial results were made available earlier today and can be downloaded from the Bursa Malaysia website. The same has also been made available on our website together with today's presentation. Please be reminded that this meeting is being recorded and no other parties have been authorised to record this meeting. Leading our briefing today is Mr Mazuin Ismail, Chief Executive Officer and Managing Director of Petronas Chemicals Group Berhad. He is accompanied by Mr Azli Ishak, our Chief Financial Officer and other senior members of the management committee. As always, we will begin with a brief presentation followed by Q&A. I will now hand over to Mr Mazuin to start with the quarter's highlights, over to you sir.

Mazuin Ismail:
Thank you, Safarah. Ladies and gentlemen, thank you for joining us this evening. Let's start with the market highlights for the third quarter of this year. In the third quarter of 2025, global GDP growth demonstrated resilience, registering near 2.6% growth amid uncertainties in the market, particularly from trade tariffs and supply chain pressures, as well as escalating geopolitical risks in the Middle East. However, market remains cautious as the resilience was mainly attributed to some front-loading of trade and investments ahead of tariff changes, which has bolstered the near-term numbers.

Similar trend was also observed in the global manufacturing PMI, which although marginal, had improved into expansion, with increase in new orders for consumers and intermediate goods. On the Malaysia domestic front, we saw the economy grew by 5.2% in the third quarter, a significant improvement as compared to 1% in the second quarter. Nevertheless, the strong third quarter figure was driven largely by domestic consumption, due to the disbursement of government targeted subsidy which has helped boost consumption. Despite the improvements observed, the chemicals sector remains challenging with subdued demand and oversupply in some key end markets.

For PCG, the average group product prices were comparable quarter-on-quarter, with marginal improvement in the Fertiliser & Methanol segment, while the Olefins & Derivatives segment saw

a slight decline. The Specialty Chemicals segment product prices also saw a decline in the third quarter. In the O&D segment, average product prices declined by about 2%, driven primarily by decreases in propylene and ethylene prices amid an oversupplied market and persistent weakness in downstream demand. In the F&M segment, urea and ammonia prices were higher by 14% on average, as compared to the previous quarter as the surge in demand coincides with tighter global supply caused by planned and unplanned shutdowns in the Middle East and Southeast Asia, as well as disruption to the urea exports due to gas curtailment in Egypt. This was offset by lower Methanol prices following ongoing ample supply particularly from Middle East. On average, the F&M segment saw an improvement of about 2% quarter-on-quarter. The Specialty Chemicals segment saw a decline across all product segments, mainly for intermediates products, on subdued demand influenced by the ongoing trade tensions, as well as heightened competition from Chinese manufacturers.

Ladies and gentlemen, if we could move on to our performance. In the third quarter, we recorded 89.5% plant utilisation rate, a significant improvement in comparison to 77.4% in the previous quarter, on overall better plant performances, despite planned turnaround activity at PC Fertiliser Sabah. The planned shutdown was our largest maintenance activity for the year, and we are glad to share that it has been safely executed and completed as planned. Our total production volume increased by 12% quarter-on-quarter, to 2.68 million tonnes, while our sales volume stood at 2.70 million tonnes, with volumes from PPC and Sarawak Petchem. As a result, we recorded Group's revenue of 6.8 billion ringgit for the quarter, 5% higher compared to the previous quarter. Group's EBITDA increased 26% to 497 million ringgit, on higher product spreads particularly for urea and ammonia, as well as lower unrealised forex loss from revaluation of payables at PPC. Correspondingly, EBITDA margin was higher at 7.3%. The Group recorded a smaller Loss After Tax of 291 million ringgit in comparison to 1 billion ringgit in the last quarter, due to lower unfavourable forex loss on revaluation of shareholders loan to PPC, and the absence of exceptional items recorded in the preceding quarter.

Ladies and gentlemen, with that, I will now hand it over to Azli, to walk you through the financial performance by segment in more detail.

Mohd Azli Ishak:
Thank you, En Mazuin. Ladies and gentlemen, Thank you for joining us this evening. Let me take you through the fiscal highlights for the third quarter of 2025, starting with the Olefins and Derivatives segment on Page 3 of the deck. In the third quarter, average product prices in the O&D segment declined by 2%, primarily due to the decline in ethylene prices following persistent bearish sentiment, driven by weak derivative prices and subdued demand as well as lower propylene prices due to market oversupply. Operationally, our plant utilisation for the segment improved from 86% to 90%, on better plant performance. Sales volume rose to close to 1 million MT, or 27% higher quarter-on-quarter, supported by higher volumes from PPC. Subsequently, segment revenue was higher by 21%, at 3.2 billion ringgit. Loss Before Interest, Tax, Depreciation and Amortisation improved at 110 million ringgit, mainly contirubuted to lower unrealised forex loss on revaluation of PPC's payable. Subsequently, the Loss After Tax also improved by 30% quarter-on-quarter, at 471 million ringgit against 671 million in the previous quarter and this is due to the remeasurement loss arising from adjustment timing of trade payables in preceding quarter.

Moving on to the Fertilisers & Methanol segment as shown on Page 4 of the deck. In the third quarter, for the F&M segment, urea and ammonia prices rose by 14% on average, quarter-on-quarter, and this is mainly driven by strong demand amid tighter global supply. The supply constraints were largely due to both planned and unplanned plant shutdowns in the Middle East and Southeast Asia, as well as reduced urea exports following gas curtailments in the Middle East, particularly in Egypt. However, methanol prices were lower, and this is due to oversupply market conditions. Operationally, plant utilisation for the segment was higher at 89%, in comparison to 73% in the preceding quarter, on better plant performance despite the planned turnaround activity at PC Fertiliser Sabah during the third quarter. Subsequently, our production

volume was higher by 21% quarter-on-quarter, at 1.6 million MT. The segment's sales volume was slightly lower quarter-on-quarter at 1.5 million MT, as part of the production was allocated to build-up inventory in preparation for the turnaround at PC Fertiliser Sabah in the later part of the third quarter. Revenue declined by about 2%, and this is due to lower sales volume, particularly on lower methanol sales. EBITDA for the segment, however, was higher by 4% at 577 million ringgit, and this is due to higher product spreads mainly for urea and ammonia, and, EBITDA margin improved to 26% during the quarter. In line with higher EBITDA, Profit After Tax improved by 16%, at 355 million ringgit, compared to 307 million ringgit in the second quarter of 2025. Now, lets move to the Specialties segment on Page 5 of the deck.

In the third quarter of 2025, the Specialty Chemicals saw a decline in revenue from 1.5 billion ringgit to 1.3 billion ringgit. The segment recorded lower EBITDA of 49 million ringgit, against the preceding quarter, and this is mainly due to lower sales volume and the one-off gain of sales emissions right in the second quarter. We registered a decline in sales volume across all business segments as market turned cautious and consumers' demand turned conservative amid oversupplied market condition. The intermediates segment reported lower contribution margin due to weak demand, primarily in polyols and oxo segments. The Specialties segment reported lower performance against previous quarter and this is attributable to soft demand mainly for personal care and coatings, and advanced polymer solution following overcapacity in the market from the Chinese manufacturers. This was partially offset by the engineered fluids segment performance which shown comparable volume and contribution margin following stable demand from Viscosity Modifier products. Silicones reported lower contribution margin from both upstream and downstream subsegments following overcapacity from China which redirected their sales into other region following rising entry barriers into the US market. This has also been exacerbated by weak demand during the summer holidays in Europe.

Next, lets have a look at the third quarter performance for the group, against the second quarter on Page 6 of the deck. Against the preceding quarter, our Malaysian operations plant utilisation was higher at 89.5%, on overall better plant performance despite the turnaround at PC Fertiliser Sabah, as En Mazuin has alluded earlier. The production volume increased by 12% quarter-on-quarter, in line with the improvement in our operations, while our sales volume recorded 5% higher at 2.7 million tonnes, with more volume coming from PPC. The Group recorded 5% higher revenue compared to the preceding quarter, at 6.8 billion ringgit, on higher sales volume. Similarly, EBITDA increased by 26%, at 497 million ringgit, on higher product spreads particularly for urea and ammonia, and lower unrealised forex loss from revaluation of payables at PPC. Correspondingly, EBITDA margin improved to 7.3% quarter-on-quarter. If we were to exclude the exceptional items, which are inclusive of forex impact, impairment and fair value adjustment, EBITDA for the third quarter would have been around 535 million ringgit.
The Group recorded a narrower Loss After Tax of 291 million ringgit, compared to 1 billion ringgit in the previous quarter. The reduced loss was primarily driven by lower unfavourable foreign exchange loss arising from the revaluation of the shareholder loan to PPC, as well as higher EBITDA. The improvement also reflects the absence of the asset impairment at Perstorp, which was recognised in the second quarter. Loss After Tax excluding exceptional items stood at 217 million ringgit in the third quarter. Now, lets proceed with the cashflows and balance sheet on the next two pages.

On Cash Flows, in the 9 months of 2025, we generated Cash Flows from Operation of 2.1 billion ringgit, and most of our cash used for investing are incurred for turnaround preparation costs. And most of our net cash outflow from financing activities were dedicated to dividend payment to the shareholders of the Company. On the balance sheet at Page 8 of the deck. Total assets were lower by 1.1 billion ringgit mainly due to the weakening of USD against RM and the impairment of assets at Perstorp. We also recorded lower trade and other receivables, and this is in line with lower revenue and lower other receivables at Perstorp following sale of emission rights. This is partially offset by higher intangible assets by close to 800 million ringgit due to weakening of Malaysia Ringgit against Swedish Krona. Total equity were lower by 1.3 billion ringgit following loss generated during the period, and dividend paid to shareholders of the

Company. Total liabilities were higher by 250 million ringgit, and this is attributable to 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 En. 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 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 remain pressured as supply ramps up with new capacity coming on stream from China and crackers returning from turnaround, further lengthening the Chinese domestic market, while demand remains muted amid weak downstream consumption. Now, if we look at MEG, the outlook remains bearish with market oversupply due to the resumption of Chinese MEG units, despite weakening market sentiments following news that major downstream polyester producers are considering to reduce their operating rates due to demand concerns. For polyethylene, prices are anticipated to remain pressured with increasing supply from new capacities in China, and increased availability of competitively priced US cargoes. Demand remains weak as market is cautious and purchases are made mostly for "hand-to-mouth" consumption. For paraxylene, the outlook remains bearish due to high inventories in China as producers are expected to maintain high operating rate, despite slower downstream PTA and PET demand recovery, as some key industries like the beverage industry entered its seasonal lull following the end of summer peak.

Moving on to the F&M segment. We expect that product prices for the F&M segment will be stable, with most support coming from Urea. Outlook for urea is expected to be firm, supported by the issuance of Indian tender coupled with export restriction from China, causing short supply in the market. Ammonia market is expected to be bullish due to the ongoing tight supply in the Middle East and lack of spot availability in SEA, driving the prices higher. For methanol, prices are expected to be stable, buoyed by the gas curtailment in Iran while downstream demand, especially in the Southeast Asia region, is expected to remain steady.

Specialties segment, the key end markets served by our specialties segment are primarily in the building & construction, automotive & transportation, and consumer goods. In the building and construction sector, global construction activity in the fourth quarter remains the weakest sector. The sector was constraint by high financing costs and weak property markets, especially in the US, Europe as well as China, while parts of Asia-Pacific show steadier momentum supported by ongoing infrastructure and housing projects. Turning to the automotive sector, global auto demand is easing from mid-year highs. In the U.S., sales remain solid but are cooling under high financing costs and fewer incentives. Europe is stable but growth has levelled off as buyers delay big purchases and EV adoption slows. China stays resilient, led by steady EV sales despite price competition. The rest of Asia-Pacific shows a mixed picture with weaker exports, but domestic demand remains steady. Global consumer goods demand remains steady but cautious, in which U.S. spending is stable yet price sensitive. Europe's retail activity is broadly flat, supported by everyday goods and China's recovery is uneven and led by e-commerce channels, while the rest of Asia-Pacific shows moderate demand supported by tourism and festive spending. Ladies and gentlemen, in summary, we maintain a cautious view as margin pressure persists due to elevated input costs, labour constraints, and lingering trade and tariff effects, keeping sentiment conservative as businesses head into the year 2026.

Ladies and gentlemen, before we move to our Q&A, I would like to reiterate some of our key focus in 2025, and updates as of September. Amid ongoing industry challenges and continued uncertainty in global trade, we continue to focus on enhancing operational efficiency, continuing cost optimisation and other initiatives, and actively pursuing opportunities for added value

creation. This disciplined approach has contributed to an improvement of over 400 million ringgit in EBITDA on a year-to-date basis. For instance, under commercial excellence, we took on initiatives such as vessel sublet optimisation as well as undertook a review of sales mix against the best netback, as well as market share and taking into account market dynamics. This is done simultaneously with operational excellence programme, where plant operations are assessed against the market, ensuring optimum production output that is aligned with demand and supply. On the note of demand and supply, we wish to update that we had decided to pause the Creditor's Reliability Test (CRT) at the Pengerang Integrated Complex, that was initially initiated at the end of June this year. The decision was made given the continued weak market conditions, and we will re-initiate the test when market conditions recover. In the meantime, our plants remain up and running at the most optimum mode to suit best margins and serve our customers' needs. We are confident that by staying flexible and value-focused, we will be well-positioned to capture new opportunities, with a clear focus on delivering both sustainable immediate and long-term gains. Through our Specialty Chemicals segment, we have further enhanced our offerings with the introduction of our Neptem range of emulsifiers for waterborne alkyds, aimed at reducing volatile organic compounds in paints and coatings. We have also increased our range of Emfinity Esters, a plant based, biodegradable, natural and versatile products for the application in the cosmetics industry, suitable for both light and rich formulations.

Last year, our Specialty Chemicals business also made a significant progress in its growth strategy, with the acquisition of a 20 kilo tonnes capacity esterification plant in Amsterdam. We are happy to share that in July, we have successfully rolled out the first batch of products, 28 tonnes of specialty esters, on-spec, straight to our customers. This is the building block in the growth of our Engineered Fluids in the Specialties segment, and the team is already nurturing more than 300 active leads with customers, eager for our high-performance esters in various applications across industries. On the sustainability front, we remain firmly committed to sustainability by continuing our greenhouse gas (GHG) emissions reduction efforts and developing solutions that support our customers on their sustainability journey, while helping them navigate and comply with evolving regulatory requirements. In fact, I am happy to report that as of today, two of our plants through our subsidiaries of BRB as well as Perstorp have achieved zero greenhouse gas emissions from Echt and Waspik site operations in the Netherlands.

Ladies and gentlemen, we will continue to advance our emissions-reduction efforts as we pursue our two-pronged growth strategy, keeping sustainability at the core of our operations. This commitment is essential to position PCG as a competitive and leading player in the chemicals industry. That concludes my update for today. Now let us open the floor for the Q&A session.

Safarah Zeba M Salim:
Thank you, Mr Mazuin.

(Event Instruction)

The first question, from Raymond Yap.

Raymond Yap:
Hi, good evening, gentlemen. So just wanted to ask about Encik Mazuin's comment about pausing the CRT. So, by running the CRT, I presume that you're running also some of the plants which don't make economic sense to run. So my guess is that the third-quarter loss, since you were running CRT in the third quarter for PPC, was probably larger than what you would have wanted it to be, because you had to run even those plants, which are not economic. Could I get a sense of what the PPC loss was, the EBITDA loss was in the third quarter? And all else being equal, if you hadn't run the CRT, what do you think would have been the loss if you had run it based on linear programming?

Mohd Azli Ishak:

Okay, thank you, Raymond. Maybe first, I can provide you the EBITDA for PPC. If you were to take out that forex loss that we had in quarter three and this forex loss is typically attributable to PPC - the EBITDA loss from PPC will be around MYR95 million in comparison to EBITDA loss of around MYR135 million in second quarter. So, in a way the negative EBITDA at PPC reduces from quarter three to quarter two -- sorry, quarter two to quarter three, sorry.

And our decision, like what Encik Mazuin mentioned to pause the CRT is based on the forecast of market conditions. So, if we were to continue running PPC under the current situation and as we already know the market oversupply situation. This negative EBITDA we afraid will get even bigger - in terms of how much bigger that one, the interpretation is based on what the forward curve of the prices, Raymond. But we took the initiative, rather than we incur bigger losses because of the current market situation, then we had to make that call to pause the CRT.

So, that is a more value focused decision that we take and I'm sure a lot of analysts will appreciate this decision despite the current requirement.

Raymond Yap:
Okay, so the MYR95 million PPC loss in the third quarter included all the operations of the uneconomic plant. So technically by pausing it in the fourth quarter, all else being equal, assuming the prices remain equal, then technically the MYR95 million should narrow further, right, in the fourth quarter?

Mohd Azli Ishak:
Yes.

Raymond Yap:
Okay. Azli, could you give us some precise numbers about what was the unrealised forex loss on the PPC payables and also the unrealised forex loss on the revaluation of PPC loan?

Mohd Azli Ishak:
In total for quarter three, the forex loss, with regards to PPC will be around MYR25 million, so it's not as bad as what we recorded in quarter two, and this is because of the strengthening of Ringgit - lesser in quarter three compared to quarter two. So, in that sense the forex loss that impacted the EBITDA was only MYR25 million.

Raymond Yap:
Okay, and half of it is from the shelter loan and half of it is from the PPC payables, right, approximately?

Mohd Azli Ishak:
Yeah, what I mentioned, MYR25 million, is mainly on the PPC payable that affects that. The other forex loss that affects the PAT is the shareholders forex loss on the shareholder loan and that is about MYR15 million. So, in total, the forex loss for PPC at the bottom-line level, it will be MYR40 million.

Raymond Yap:
Okay. How about the Perstorp loan to their Toledo operation in the US?

Mohd Azli Ishak:
It is somewhat also reduced because the Swedish Krona movement against the Euro against the US dollar also, is somewhat muted in quarter three. In total, the forex loss for Perstorp related is about 20. So, if you look at page 19 of the Bursa report, the whole, MYR74 million is basically the breakdown I just mentioned to you, which is basically PPC payable, shareholders loan and then Perstorp. Now with regard to Perstorp, I think towards the end of September and early October we have converted some of the shareholders loan that Perstorp Sweden has provided to the US operation and we've converted this.

So, when we converted to equity, there's no requirement for market to market anymore. So, we hope that by this restructuring, we will mitigate or eliminate, not entirely forex exposure, but anything to do with these particular shareholders loan between Sweden and US will be mitigated 100%.

Raymond Yap:
Hm, okay. SO, my last question is on the utilisation of PPC. Could you give us an idea what it was in the third quarter and compared to the second quarter?

Mohd Azli Ishak:
We paused the testing midway during the third quarter, Raymond. So, if you give a full utilisation, it will be not reflective, as in second quarter they were not running at all – so not a right comparison if you were to say that.

Raymond Yap:
Okay. So, can I say that utilisation was very high in the first half of the third quarter and then after that, it dropped off because you decided to pause the CRT?

Mohd Azli Ishak:
Yes.

Raymond Yap:
Okay. I've been reading in the trade press about the PRC Naptha Cracker being offline for a couple of weeks. How is that affecting your production at PPC in the fourth quarter?

Mohd Azli Ishak:
Yeah, I mean, on that, there's still inventories in ethylene and propylene that we can still use for the production of PPC but obviously it will not be sustainable if we were to base it on the inventory in the tank. So that's why the importation is required.

Raymond Yap:
Okay, sure. Okay, thanks. I'll pass it on to another analyst.

Mohd Azli Ishak:
Thank you, Raymond.

Safarah Zeba M Salim:
Next we have Hazmy from CLSA.

Hazmy Hazin:
Hey, hi guys. Just a couple of questions from me, just to start on the income statement, just trying to reconcile this right. So, I'm looking at the sales was going higher because of the higher plant utilisation and whatnot, but I mean at the gross profit levels like flattish, they mostly offset by the higher expenses, and there's a lower in terms of other income and higher losses from the associate and JV as well. Can you just give a bit more color on that?

Mohd Azli Ishak:
You're referring to income statement in comparison to second quarter? Okayre, when we compare quarter on quarter, I think, like I mentioned earlier, it is mainly driven by higher volume and then it's mainly correlate with the higher plant utilisation.

So, if you recall the plant utilisation that we had in second quarter is 77%, and this is mainly due to certain n shutdown and as well as if you recall the incident at Putra Heights that affects our urea plant in Gurun, Kedah. So, production volume was affected, sales volume was also affected. So, in terms of price, I think Encik Mazuin also alluded, below 5% variance. So, it's mainly driven by higher sales volume, yeah.

Hazmy Hazin:
Right, I mean, just looking at the expenses like the admin expenses and sales distribution, I think there's some increases right in the quarter. Any reason?

Mohd Azli Ishak:
I think this admin expenses is basically a one-off. So, it's basically general administrative within the group, and it is one-off.

Hazmy Hazin:
Alright, so you'll see this number coming down in fourth quarter. Okay, are there any other sort of one-off, this result, quarterly result that we should be aware of?

Mohd Azli Ishak:
No. Other than what was mentioned. – Earlier, you also mentioned losses from the JV, right? So, one of the JVs that contribute most is our JV with BSF, BSF Petronas Chemicals. So, during the quarter, the contribution was lower because they undertook a plant turnaround at Gebeng.

So, that's basically the reason for the lower contribution from BPC because they were not running and on top of that we had to incur maintenance costs as part of the turnaround - and that has already been completed.

Hazmy Hazin:
Okay, so this number so we can expect to improve for fourth quarter. I mean, just overall throughout the company in terms of operation for both core operation and also the associates and JVs, are there any sort of plant turnaround or maintenance that we should know for fourth quarter?

Mohd Azli Ishak:
On the fourth quarter, there's no planned turnaround, but they will be a scheduled maintenance undertaken at Labuan, but that will be very minimal days, so we think that our plant utilisation rate will go above 90% towards the end.

Hazmy Hazin:
Yes. So overall for fourth quarter you expect plant utilisation will be higher than the third quarter?

Mohd Azli Ishak:
Of course.

Hazmy Hazin:
Okay. All right, perfect. And I think just, on the EBITDA level you mentioned of the improvement quarter on quarter is mainly due to better spread and the lower forex loss, but just if we want to zoom in excluding the forex kind of impact, just on better spread alone, what's sort of like the difference between third quarter and second quarter? Just want to understand the sort of the impact, which one is bigger in terms of improving the EBITDA - is it more on the forex part or on the better spread factor?

Mohd Azli Ishak:
It's definitely the forex part because last quarter alone, the forex impact was higher compared to this quarter. So, both the EBITDA and PAT, main differential is because of much lower forex loss.

Hazmy Hazin:
Right, so I mean if taking out that forex impact, would you say the EBITDA flattish or?

Mohd Azli Ishak:
EBITDA could be a bit flattish, yeah, I mean, as I mentioned earlier, the total EBITDA for quarter three is MYR497 million. If you were to take out the exceptional item, the forex and all that, our EBITDA could be around MYR535 million.

Hazmy Hazin:
Right, and yeah, I mean, just going into sort of like looking forward in terms of outlook, how should we look at for this current quarter, fourth quarter, and also going into 2026. I mean, looking at, like, the company, the volatility of the earnings like you can go before this last year, like every quarter you can reach like MYR300 million, MYR400 million kind of earnings, of course, mostly you guys were in the red this year, so going to '26, I mean, like internally just for yourself as well because you mentioned in terms of all this negative barrier sentiment, from most of the segments, yeah, I mean, like just want to hear your thoughts on the outlook.

Mohd Azli Ishak:
Rather than giving you earnings guidance, I will give you some tips with regard to what could be the key drivers that can help you develop your own model. In terms of plant utilisation, next year, we do have certain scheduled plant turnaround activities next year. Quarter one would be turnaround at ABF, and that will be a very short turnaround.

Second quarter will be plant turnaround in Kertih - that will involved PC Olefins, PC Glycol, PC LDPE and PC Ammonia. It's because those plants are fully integrated. So, when one plant was scheduled for turnaround, it will be a coordinated integrated turnaround altogether.

And the third quarter we have PCFK as well as PC Methanol Plant 2 turnaround and that will be the summary for the full 2026 planned turnaround and we anticipate that the plant utilisation for the full-year 2026 will be around 88% to 90%. Of course, we will contract this turnaround activities, try to steal one or two days extra for us to get the plant running as soon as possible and most importantly, to execute this plant turnaround as safely as possible. With regards to the market outlook, I think Encik Mazuin alluded earlier, we are quite bearish on the Olefins and Derivatives segment mainly because of the oversupply situation, as well as we are cautious about the Specialty segment.

On the contrary, we are quite bullish on the F&M segment. As you see, the prices for urea is somewhat catching up, in light of the upcoming India planting season as well as the tight supply within this this region. So, I think it is where the fact that we have a quite diversified portfolio, and we can leverage on the strength of this portfolio to our benefit. I hope that provide you some color as me.

Hazmy Hazin:
Yeah, definitely. That's very helpful. Sorry, just to confirm in terms of the turnaround plan, for each quarter, it's usually done within the quarter itself, right?

Mohd Azli Ishak:
Within the quarter - so it differs plant by plant. So, the plant, which is bigger, will take more days, but on average it will be around 45 to 50 days. So of course, like what I alluded earlier, if we can plan ahead and then try to squeeze activities concurrently, we can try as much as possible to complete it, as soon as possible, but the most important thing is, safety.

Hazmy Hazin:
Right, and just on the macro part outlook, I think in the slides you mentioned for Olefins, you expect sort of like the bearish margin pressure will go up until first quarter next year. I mean,

any reason for that particular sort of like timeline? Are there any sort of like catalysts that are going to improve the sector in the second quarter afterwards or?

Mazuin Ismail:
No, actually, the reason why there's such pressure on prices is really the oversupply continues. In fact, as we speak, capacities are still being built and expected to come online. So, the pressure will persist. We're also looking closely at demand whether demand growth will be sensible, bearing that we do hope that it stabilises - but as we speak, when we monitor capacities are still being built. So, the oversupply pressure is still going to be there.

Hazmy Hazin:
Throughout 2026 do you think?

Mazuin Ismail:
It's going to be throughout 2026.

Hazmy Hazin:
And for F&M, also in terms of your bullish sentiment outlook for the sector, do you think it's similar throughout 2026 as well or more near term into first half?

Mazuin Ismail:
Yeah, it's actually going to be throughout, so we are quite optimistic, but of course, as optimistic as we are, we have also to be cautious, so we continue to monitor the situation.

What our team has done in 2025 is to closely monitor the market and make sure we have enough flexibility to direct our products to the region where it will give us the best netback. And that proved to be very useful for us and we'll continue to do the same for 2026.

Hazmy Hazin:
All right, sounds good. And just one last question from me in terms of the Specialty segment you mentioned all these new products that you launched, this year, these new products, how they look like in terms of their supply demand dynamics, margins and all that because I think you mentioned some of the specialty products have been quite weak in terms of the supply demand dynamics, right?

Debbie Chiu:
Right. So, the few that we mentioned - one is going for the coatings sector. That is quite specialized, it is for the waterborne coating. This is quite specialised in its own, so we do expect a pretty healthy, margin coming from this. And we have received quite a few attention coming from the customer and requiring for the qualification.

The other big one that we have is, as we mentioned, it is going for the personal care for the cosmetic. That is a bio-based, plant-based emollient. Again, we are in a very special situation because we are not only supplying the bio-based, we're also the only company that have both for the silicon-based and for the bio-based that gives us a very special position in there.

And with this customer sentiment going for the natural ingredient, we see this is going to be a very good position for us to hold a very special segment, and we are also seeing this going to help us to demand higher margin for that.

Mazuin Ismail:
The volume though is not like a commodity at all.

Debbie Chiu:
We were hoping to start building that and that will be our two big platforms.

Mazuin Ismail:
So, actually one thing is that when we acquired the site near Amsterdam. The site that we acquired in December 2024 and took us six months to actually produce a totally different product that has not been produced by that facility before, and we got it on spec and onwards to our customer now. That gives us good headway to be very flexible and fast in in coming up with new products and getting it to our customers and we will continue to build upon those abilities.

Debbie Chiu:
So, one thing I probably want to share is Specialty segment is a bit different from the commodities. For the Specialty segment, we have to work with the customers. The qualification time typically is anywhere from six months to two years. But that will help us build the defense mechanism, building the barrier for others to come in. So that's why we're going to see the qualifications slowly coming in. So that's also some different characteristics coming from the Specialty.

Hazmy Hazin:
Got it. Perfect. All right, that's all from me. Thank you so much, guys. I'll jump back to you. Thank you.

Safarah Zeba M Salim:
Mohshin, please go ahead.

Mohshin Shri Abdul Aziz:
Everyone. I've got three questions. I'll try my best to keep it to three. The first one is just an extension to these new products and the way I understand it, all the specialty tends to go through in three phases. One is the trial and then qualification and then finally when they decide your cost applier. They will put you under long-term contracts at a certain volume. May I inquire at which stage you are at when you mention about all these 15 interesting products?

Debbie Chiu:
Yes, so it actually depends on which customers. So, we are all at different stages, but most of them are in the qualification phase because, like you said – you know this very well, we have to work with the customers. Sometimes you have to tailor-made it a little bit to fit the customer needs. So, I would say probably 80% of the case, we're in the qualification phase.

We do have a few customers that already qualify our product and we're negotiating with the contract and the volume. So, we're pretty confident that we're going to slowly see the volume coming in. And not only that, we have more product coming into the pipeline. So, yes, we are in the different phases, but majority, we hope to see more coming in the 6 to 12 months' time to see the fruit come from all the qualifications.

Mohshin Shri Abdul Aziz:
Wonderful, and there was a mention about it being more Western centric, would you also get any customers coming from China, Japan, the Eastern front, because it sounds like part of your customers are Western based.

Debbie Chiu:
Very good question. This is very global and regional. We work with global customers, but we do serve regional customers as well. And each product we have to tailor-made for the local market. So, other than the Western customers, we also have customers coming from China, Southeast Asia, Japan, and Korea. And also, yes, the greater China area.

Mazuin Ismail:
And to make it more prolific, that's why we set up a Shanghai innovation lab for our Specialty Chemicals. Now the idea is for our potential customers to easily assess our innovators so that we can have a co-development space, co-development areas for both the customers and our

staff to actually develop new products and new applications. So, centers like this are super important and we just set up in Shanghai, because if you look at innovation, if you look at the patent filing, China is really, really prolific and expenditure is also increasing rapidly compared to any other regions.

Mohshin Shri Abdul Aziz:
Ya, they are head and shoulders above everyone.

Mazuin Ismail:
That's right, and we're trying to tap that exactly right. And another thing that we observed is actually the speed between regions are super different. Chinese timetable is super-fast, so that's why we have to actually anchor ourselves in China and we have that in Shanghai, hoping to be able to actually catch the speed and more importantly getting very close to our customers. Thanks.

Mohshin Shri Abdul Aziz:
We go on to the next question, this one a bit controversial, but this is probably the worst downturn a petrochemical scene has seen since I graduated. I've never seen the petrochemical industry being this bad, but as management, this is the time to address the skeletons in the closet, the elephant in the room, things that you don't want to do, but this is the time to do.

Your Bintulu and Gurun plants have surpassed their economic life. If you want to, if there's any thought of culling it and move on, I couldn't think of a better time than now. So, I just want to ask whether you can share whether it's been discussed, whether it's been thinking or it's still the typical old Petronas scene – no, we started this, we have to maintain. I mean, times are bad. So, I just want to know from you guys, can you share this, please?

Mazuin Ismail:
Okay, Generally, in terms of portfolio, we review our portfolio all the time. Earlier you noticed that in aromatics we actually shut down and stopped production because market is not favorable, and we continue to assess. So interestingly, the names that you mentioned, the plants that you mentioned are part of the assessment, because they are our plants. So we look at all of them, but despite the age, they are performing and creating value well, particularly given the current urea prices. So, we continue, but the discipline is there, we know exactly at what threshold and we say that that's enough, and we have that discussion and we are guided by do we create value or do we not create value. If we do not create value, we will not be shy to say that, hey, that's the end of it. Then, that doesn't mean that we're going to stop the urea production because we have a market position and we have a market advantage that we want to maintain.

So, another part of that portfolio discussion is where else can we actually source our urea from and should we do it ourselves, can we trade, do we have JV with others, so all these are being discussed all the time - so we're going to do that, but at the same time, you are right, this is a critical moment. We are looking at everything we can. So, if you look at our commercial, it's not only the traditional I sell you buy. This is a time where we said, I sell to you, I'll buy some from you because actually both parties, have our own market, our own products, and we're moving this together as a partner. There are swaps and things like that, so for every single opportunity we can, we try to create value.

Mohshin Shri Abdul Aziz:
You make a good argument, but since listing 2011, there's only one plant that was consolidated, the PVC plant somewhere in the East Coast, only one. So now it's extraordinary time.

I don't know. I mean, your answer, I've heard it before, it's a carefully coordinated honed by Petronas's answer, but the bottom line is, there's only been one consolidation since lisitng. And I would think that this is something else. I mean, surely you guys have to do something more drastic than before.

Mohd Azli Ishak:
Yes, I mean, like Mazuin mentioned we look at this quite often. I mean we're not shy away from taking drastic action. For example, in quarter two when our Specialties asset needs to be impaired then we do impairment, but thankfully it doesn't happen so far for our commodities as you mentioned about ABF - ABF is more than 40 years old, and the plant has been rejuvenated many times. So, age is not a factor. And for us it's more of value. What we think differently for a slightly older asset is basically how much capex to be spent. So maybe for capex for plant that is slightly older, we will be very rigorous on spending for capex. So, I think that's how our nehavior is different looking at new plant compared to an older plant. But ABF and Gurun, because of the cost structure, they are still performing great EBITDA per tonne, great EBITDA per year, per quarter – So there's no reason for us, and when we do our analysis, it's not for one year, it's more than 10, 15 years economics.

Mohshin Shri Abdul Aziz:
Okay, thank you for that answer. I trust your judgment -- you explained it very well. Thank you so much. The last one, my last question probably a bit cheeky, but do you think any particular companies, petrochemical companies that you are checking that's going to die soon that you think -- I mean, the latest one is the story of consolidation of production in South Korea and then later Japan also said the same thing, but there are so many relics in Europe, like Europe has all the oldest plants.

Do you know -- do you hear from any market murmurs that one or two are going to die? Because we being the humble analysts, we don't get insights. We are not able to buy all the publications of all this industry, but can you share, do you know if there's any stories that you're hearing that plants are going to close down permanently somewhere around the world?

Mohd Azli Ishak:
Yeah, I mean, the fact that we are in the market - we talk with market practitioners, we talk with our customers, we do know the situation of our peers or competitors, but without naming names, I think we know that some of them may currently under life support.

Mohshin Shri Abdul Aziz:
Big ones, medium-sized ones, or small ones?

Mohd Azli Ishak:
Both, somewhat. Some of them are within Southeast Asia region, some of them are the other parts of Asia. You mentioned about rationalisation and all that. We keep our eyes open in terms of opportunities, but in terms of alluding towards acquiring them, our focus will be growing our Specialty portfolio.

But we are not blindsided by just focusing on the Specialties. If there's any opportunistic, proposal and strategically rationalised aligned with our two-pronged growth strategy, then we will do so.

Mazuin Ismail:
Yeah, and they are a small list of smaller plants that has been closed in Europe, you can find that list quite easily online. But bigger ones are tougher, and you know what, in some regions, right, the plant utilisation can be as low as 60% and they're still running.

A lot of companies are trying to be as resilient, holding on as long as possible, but time will tell. Our focus at PCG is actually keeping the efficiency very high, so we're keeping it close to 90%. In fact, we are giving pressure to our team to do better. That's our focus right now. Of course, the cost needs to be managed really well, given the margin outlook that we have. Thanks.

Mohd Azli Ishak:
Thank you.

Mohshin Shri Abdul Aziz:
Thank you very much, ladies and gentlemen. I leave it there. Thank you.

Safarah Zeba M Salim:
Thank you, Mohshin. We are looking at the time, however, we do have a few waiting in line to ask questions, so we'll take the live questions as they are. The questions in the chatbox, I believe some of which we have already answered before, whatever we do not take after this, we will take it up with you online.

So, Raymond, you're back, please go ahead.

Raymond Yap:
Yeah, just a very quick one about the turnaround for PPC. Is that scheduled for 2027, just to double check.

Mohd Azli Ishak:
It will be later part of 2026, and it will be a fully-fledged in the quarter one 2027.

Raymond Yap:
Okay, so it'll start in the late part of 2026 and stretch into the first half of 2027. Okay, thanks.

Mohd Azli Ishak:
Thank you.

Safarah Zeba M Salim:
Gabriel you are next.

Gabriel:
Hey, can you guys hear me?

Safarah Zeba M Salim:
Yeah.

Gabriel:
Yeah, thanks for doing this. Just a couple of quick questions, the first is, follow-up on the PPC, you guys put on hold the CRT because it's incurring too much losses. I'm just wondering at what level will PPC actually be profitable, assuming a full ramp-up.

Mohd Azli Ishak:
Yeah. Okay, a bit difficult for me to answer now because it's all based on integrated linear programming, because PPC has a few plants. Currently, the EOEG line is probably not the best product to be produced. But there's also a need for us to produce ethylene for the HDPE and LDPE and others, but for us to really determine the breakeven, it will be somewhat in the level that we've seen last year, and then on a plant utilisation rate of above 85%. So that will be an EBITDA breakeven.

Gabriel:
Okay, understood. And then, follow-up on that is, I just want to clarify some of the numbers. The quarterly EBITDA for the Olefins and Derivatives segment is negative MYR110 million, and, just now you mentioned about MYR95 million is the Pengerang side. So that means the O&D excluding Pengerang is about negative MYR15 million.

Mohd Azli Ishak:
No, MYR95 million is EBITDA loss for Pengerang excluding forex. So, if you were to include forex loss, the negative EBITDA for PPC will be around MYR120 million, and if you were to exclude from the O&D, so the O&D EBITDA will be positive.

Gabriel:
I see. What's the figure if we exclude the forex?

Mohd Azli Ishak:
10. MYR10 million positive EBITDA for O&D excluding PPC.

Gabriel:
Thank you so much and my last question is on the F&M side. You mentioned you guys are positive on the sector, but correct me if I'm wrong, the urea prices have corrected a bit since. I'm just wondering, will that affect you guys much?

Bahrin Asmawi:
It has some correction for the time being, but we are anticipating another tender in India, and that will make the prices, strengthen again to some extent because the season in India is now basically, so they need the urea. So that should be, strengthening the prices again. Thank you.

Safarah Zeba M Salim:
Kaushal, Macquarie.

Kaushal Ladha:
Hi, can you hear me?

Mazuin Ismail:
Yes, Kaushal.

Kaushal Ladha:
Thank you, Mazuin, for the presentation. Just a few questions, the first one is, I know that the dividend payments nine months to date have been quite low compared to the past year. So, I'm just trying to understand, how is management thinking about sort of supporting shareholders? Is there a target yield that you're aiming for? Because I recall that last time, when asked about share buybacks, that's one -- that's something that is not as effective as you mentioned. So, I'm just trying to understand, what is your -- what are your thoughts on this?

Mohd Azli Ishak:
Thank you, Kaushal. As you know, our dividend is based on -- we are guided by our dividend policy, which is 50%, of PATANCI The dividend that we paid in August is basically at the back of a negative PATANCI. So, we took this extra initiative to still declare dividend despite financial results, basically, number one, because we can afford to do so while still being prudent in our balance sheet. And then, to reward our shareholders that has been with us for a very long time. And then we also take note of some of the requests that the shareholders have provided to us either via one-to-one meeting as well as the side discussions during AGM. So, we took all this in our consideration and we formulate this proposal with the support from our Board. So, I mean, we don't have any specific target based on yield. It's mainly based on dividend policy and feedback that we received from our shareholders.

With regards to buyback, as I alluded earlier, I think we've made analysis where the buyback to prop up the share price. In the Malaysian context and based on precedent, we don't see that as an effective tool to improve our share. Based on the precedent that we've seen, barely any share buyback a week after the exercise was done, the share price moves as intended. So yes, the share price increased three or four days after, but it will be -- go down again back to pre-

buyback exercise. And based on feedback from certain key shareholders, they will prefer the cash that we have to be distributed via dividend as opposed to fund share buyback program.

Kaushal Ladha:
And my second question is, I know that you're pausing CRT. Is there some sort of -- (technical difficulty).

Mohd Azli Ishak:
Kaushal, you're breaking up. You need to speak louder or adjust your coverage.

Kaushal Ladha:
Can you hear me?

Safarah Zeba M Salim:
It's muffled.

Mohd Azli Ishak:
Can you try again the question?

Kaushal Ladha:
Yeah, I said (inaudible)

Mohd Azli Ishak:
Okay. As we've disclosed in our Bursa announcement, there is this timeline when the CRT needs to be completed and that will be by December 31, 2025, and both PETRONAS, Aramco and PCG have ongoing discussion with the bank to consider extending this project completion date.

To allow us more time to complete the CRT. The reasons are clear because the market situation doesn't support so and the purpose of the CRT is to uplift the guarantee and, with no CRT, the guarantee remains and the banks will also not be in an adverse position. The fact that they still can hold on to the guarantee from the sponsors.

Safarah Zeba M Salim:
Thank you.

Mohd Azli Ishak:
Thank you, Kaushal.

Safarah Zeba M Salim:
All right. Thank you everyone. In the interest of time, we will call for a stop.

Thank you for joining us today. We do take note, there were some questions in the Q&A box which we did not read. However, I believe most of the questions have already been addressed. So, the questions that have not been addressed, we will reach out to you after the call one by one. So, thank you again for joining us. If you have further questions, please email us at petronaschemicals_ir@petronas.com, and if you are publishing any reports, we'd appreciate if you can share them with us.

Thank you again and have a good weekend. Thanks.

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