

PETRONAS CHEMICALS GROUP BERHAD

JPM ASEAN Energy & Metals

July 2023

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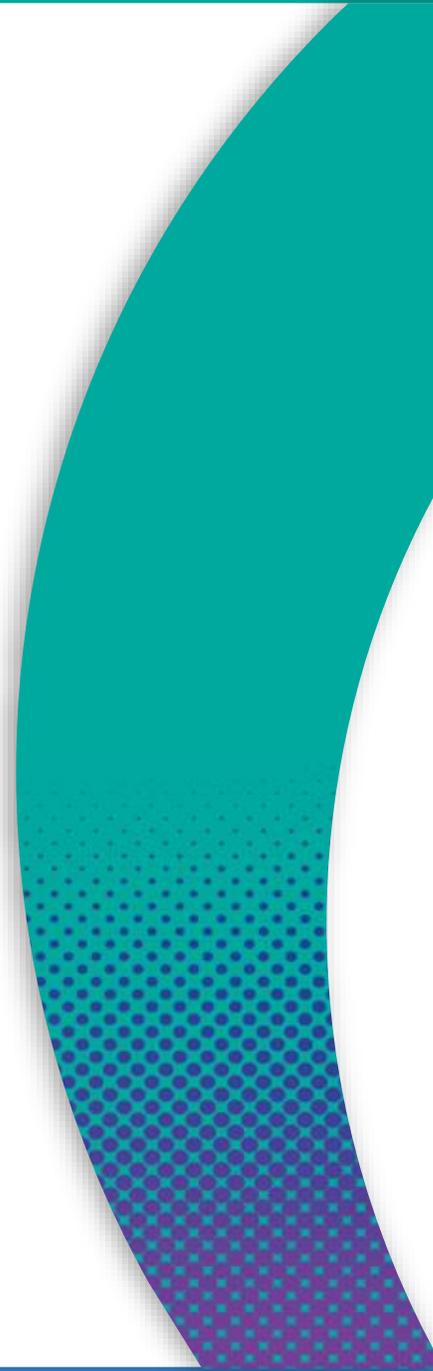


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About PCG

Performance Highlights

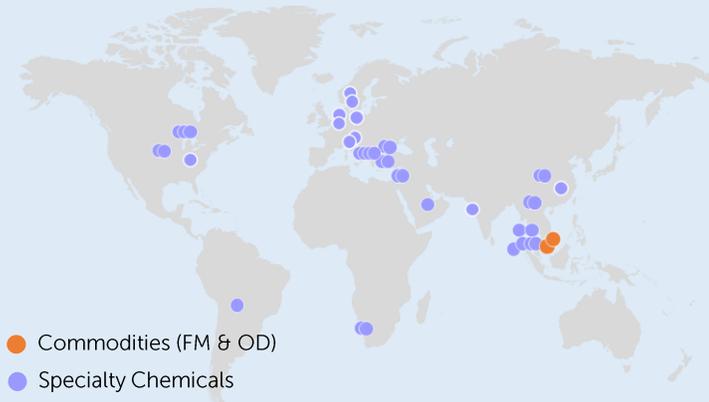
Growth Agenda

Market Outlook

Moving forward - Sustainability

PCG is a leading integrated chemicals player in the region

PCG's Global Network



3 MAJOR SEGMENTS

Olefins & Derivatives

Olefins, intermediate, basic and high performance chemicals, and polymer

Fertilisers & Methanol

Methanol and a range of nitrogen, phosphate and compound fertilisers

Specialties

Specialty chemicals from the operations of Da Vinci B.V group & Perstorp Holding AB

PCG at a Glance

First plant in

1985

ASEAN Bintulu Fertilizer Sdn Bhd

Nameplate capacity

15.4mil

tonne per annum (mtpa)

Listed since **November**

2010

Our Market presence

65%

SEA

19%

NEA

16%

Rest of the world



Made up of more than

80 Subsidiaries

JVs & associated companies

Market Capitalisation

RM68.8bil

as at 31 Dec 2022

Total asset:

RM55.4bil

as at 31 Dec 2022

Historical payout ratio more than

50%

of Group Profit After Tax and Non-Controlling Interests ("PATANCI"),

Our Growth Journey

1985

First plant in Bintulu; ASEAN Bintulu Fertilizer Sdn Bhd

1992-1999

- Commenced production at Gebeng Integrated Petrochemical Complex in Pahang, Kerteh Integrated Petrochemical Complex in Terengganu.
- Acquired methanol plant in Labuan

2010-2014

- Incorporation of PCG and listing on Main Market of Bursa Malaysia
- Incorporated overseas marketing subsidiaries, PCM (Thailand) Company Limited & PCM (China) Co., Ltd

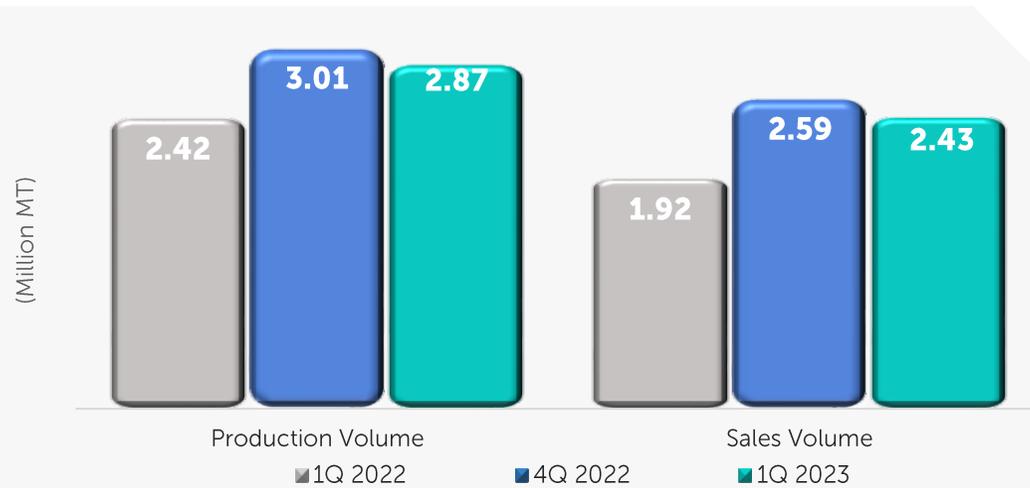
2015-2016

- Undertake petrochemical projects at PIC, Pengerang, Johor
- Incorporated an overseas marketing subsidiary, PT PCM Kimia Indonesia

2017 – 2022

- Divested 50% equity in PPC to Aramco
- Commenced operations at PC Fertiliser Sabah
- Achieved first drop of Bio-Monoethylene Glycols
- Acquired BRB
- Commenced production of silicone blended products in at BRB Malaysia in Gebeng, Pahang
- Acquired PERSTORP Holding AB

1Q2023 Highlights : Higher share profit from JV & Associates supports improvement in PAT



REVENUE in RM Million		
6,634	8,704	7,557
1Q 2022	4Q 2022	1Q 2023

EBITDA in RM Million		
2,422	1,740	1,083
1Q 2022	4Q 2022	1Q 2023

PAT in RM Million		
2,072	484	536
1Q 2022	4Q 2022	1Q 2023

EBITDA margin		
37%	20%	14%
1Q 2022	4Q 2022	1Q 2023

Note:
1Q 2022 does not include contributions from Perstorp Group.

Operational Excellence

- Lower Plant utilisation at 96% due to planned shutdown at PC Aromatics and PC LDPE (4Q2022: 100%).
- Lower production volume by 5% at 2,870 KMT (4Q2022 : 3,010KMT).

Commercial Excellence

- Specialties sales improved but total sales volume decreased inline with lower production at the Malaysia operations (4Q2022: 2,588KMT).
- Average product prices for the Group declined, pulled down by weak Urea and Ammonia prices

Financial Excellence

- 13% lower revenue quarter-on-quarter mainly due to lower sales volume, and supported by the strengthening MYR against USD
- EBITDA fell by 38% quarter-on-quarter due to lower sales volume, lower product spreads, particularly Urea and Ammonia
- PAT improved 11% quarter-on-quarter with higher share profit from JVs and Associates and lower unrealised foreign exchange loss on revaluation loan.

O&D: EBITDA declined quarter-on-quarter due to lower sales volume, mainly from ethane-related products

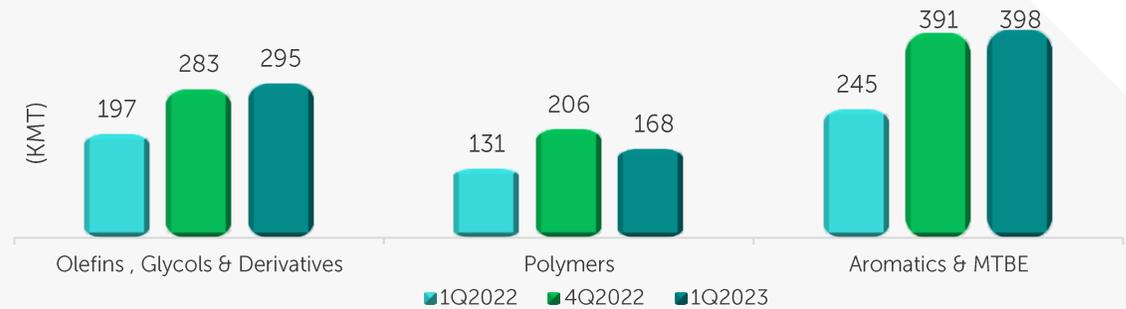
1Q2023 vs 4Q2022



1Q2023 vs 1Q2022



Product Sales Volume



	1Q22	4Q22	1Q23	Q-o-Q	Y-o-Y
Plant Utilisation (PU) %	75.3	99.4	94.1	(5.3%)	18.8%
Production Volume (KMT)	732	980	903	(7.9%)	23.4%
Sales Volume (KMT)	573	880	861	(2.2%)	50.2%
Revenue (RM mil)	2,743	3,494	3,393	(2.9%)	23.7%
EBITDA (RM mil)	832	372	299	(19.6%)	(64.1%)
EBITDA Margin %	30.3	10.6	8.8	(1.8%)	(21.5%)

1Q2023 vs 4Q2022

Plant Utilisation Rate: Lower utilisation due to pitstops at PC Aromatics and PC LDPE

Revenue & EBITDA: Decreased by 3% and 20% respectively due to lower sales volume mainly from ethane-related products and pre-operating costs of a joint-operation company

F&M: EBITDA impacted by lower spreads and lower sales volumes

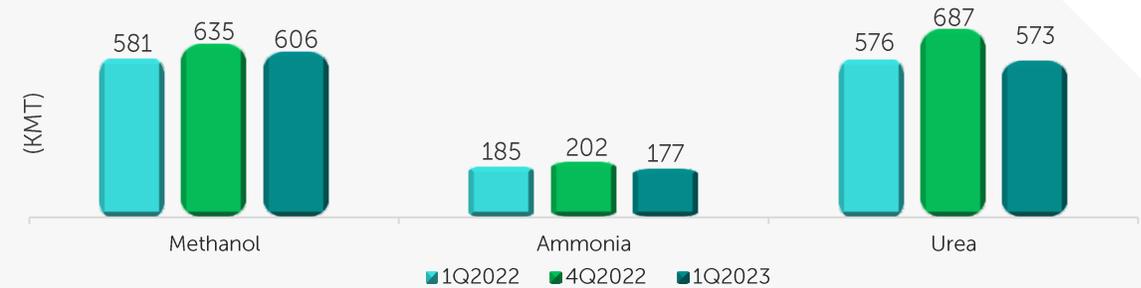
1Q2023 vs 4Q2022



1Q2023 vs 1Q2022



Product Sales Volume



	1Q22	4Q22	1Q23	Q-o-Q	Y-o-Y
Plant Utilisation (PU) %	92.9	100.3	97.2	(3.1%)	4.3%
Production Volume (KMT)	1,673	1,846	1,752	(5.1%)	4.7%
Sales Volume (KMT)	1,342	1,524	1,357	(11.0%)	1.1%
Revenue (RM mil)	3,304	3,533	2,407	(31.9%)	(27.1%)
EBITDA (RM mil)	1,396	1,428	782	(45.2%)	(44.0%)
EBITDA Margin %	42.2	40.4	32.5	(7.9%)	(9.7%)

1Q2023 vs 4Q2022

Plant Utilisation Rate: PU rate declined due to maintenance works

Revenue: Decreased due to lower sales volume of Urea and Ammonia, lower product prices and strengthening Ringgit Malaysia against US Dollar

EBITDA: Declined on lower product spreads

Specialties: Slight recovery seen in 1Q2023 as inventory destocking comes to a close although the demand recovery is still weaker than expected for 1H2023

Sales Volume



	4Q22	1Q23	Key highlights
Revenue <i>RM mil</i>	1,664	1,744	Higher revenue q-o-q attributable to increase in end market demand and sales volume
EBITDA <i>RM mil</i>	7	88	Higher EBITDA q-o-q in line with higher revenue supported by product margins
EBITDA Margin (%)	0.4	5.0	

Resins & Coatings

- Higher revenue and sales volume for major resin segments such as alkyds in 1Q2023 vs 4Q2022.
- Q1 saw some restocking activities although demand is still subdued with the pricing pressure on intermediates.

Engineered Fluids

- Higher revenue and sales volume in 1Q2023 vs 4Q2022, supported by higher demand for transportation end market (aviation and transformer oil)
- Refrigeration lubes still see weaker demand due to China and the weak global housing market

Animal Nutrition

- Lower revenue and sales volume in 1Q2023 vs 4Q2022 due to lower demand amid higher prices and lower customer profitability.
- Higher cost to serve also reduced the margins for the segment

Advanced Materials

- Higher revenue and sales volume in 1Q2023 vs 4Q2022 as customers started to rebuild their inventory
- In particular, Polyvinyl butyral (PVB) Film segment volumes increased following issues faced by Chinese competitors and maintenance shutdowns in Europe

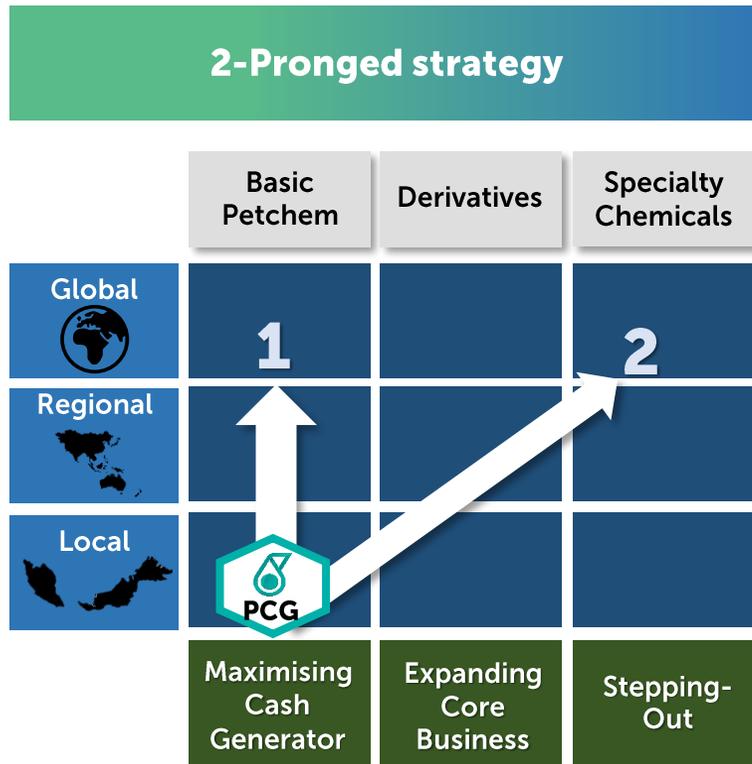
Silicones

- Lower revenue amid slightly higher volume in 1Q2023 vs 4Q2022 due to lower product prices
- Demand is slowly picking up but overall volume recovery is still under pressure

Lube oil Additives & Chemicals

- Slightly higher revenue and sales volume in 1Q2023 vs 4Q2022 despite decreasing product prices following pricing competition in the markets
- This is partially impacted by the lower base oil prices in the market, offset by effective product mix

PCG has a clear strategy to grow our specialty chemicals portfolio and future-proof the business



1. Sustain strength in basic petrochemicals
2. Selectively diversify into derivatives, specialty chemicals and solutions

Diversify into derivatives, specialty chemicals and solutions to future-proof the business

Expanding Core Business

Stepping-Out



1
Extend Value Chain (EVC)

via **downstream investment**



2
Build Specialty Platform

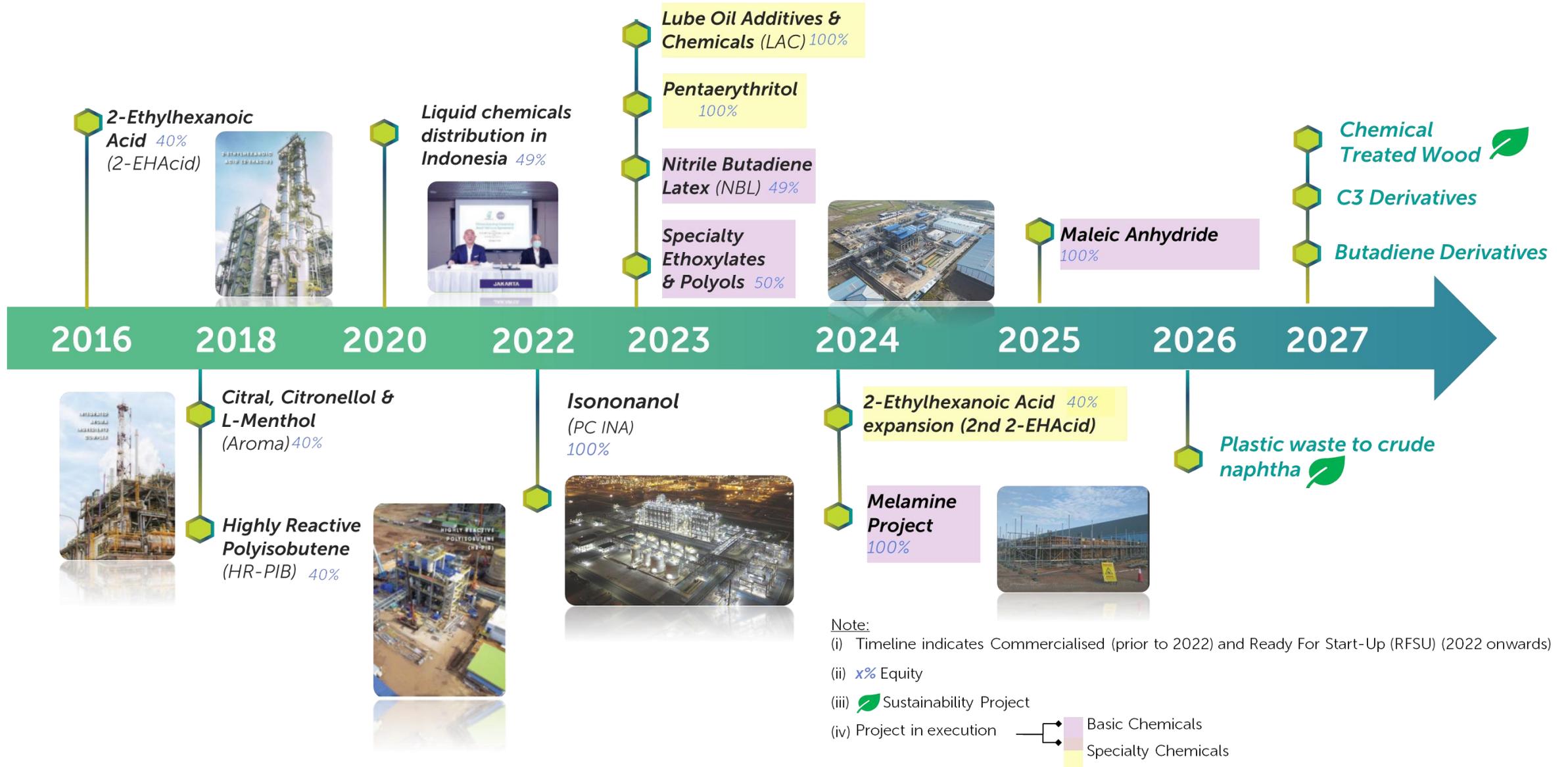
via **Merger & Acquisition (M&A)**



3
Create Optionality for Growth

via **Technology Research and Corporate Venture Capital (CVC)**

PCG growth projects are in the pipeline, undergoing various stages of execution



Acquisitions of BRB Group in 2019 and Perstorp in 2022 provide the building blocks for our specialty chemicals platform

2-pronged strategy in Growth Delivery Excellence



2 Build Specialty Platform

via Merger & Acquisition (M&A)

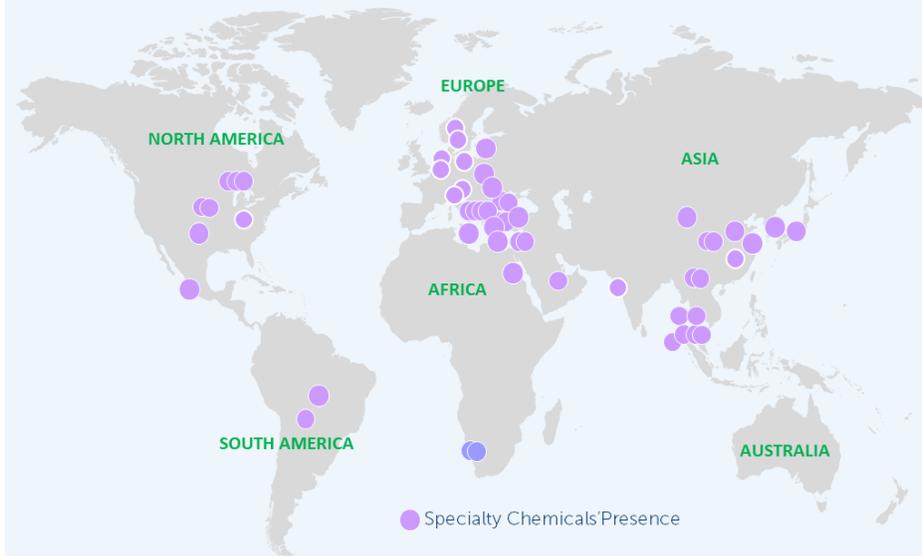


o Manufacturer of lube oil additives, silicones and other specialty chemicals



Global market leader providing sustainable chemical solutions notably for the Resins & Coatings, Engineered Fluids and Animal Nutrition markets

PCG's global network



These acquisition will boost our market presence in Americas, Europe and APAC's

Specialty chemicals segments

1



Resin & Coatings

2



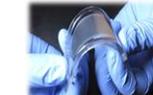
Engineered Fluids

3



Animal Nutrition

4



Advanced Materials

5



Silicones

6

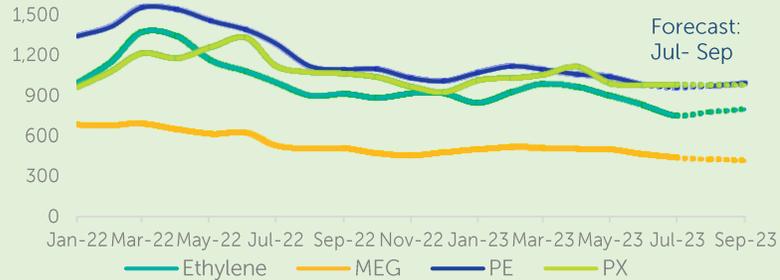


Lubricant Additives & Chemicals

To achieve 30% additional revenue from non-traditional business

Short-term market outlook

O&D: Weak demand recovery amidst additional supply from new capacity addition



Ethylene:

- Ethylene is expected to be stable after derivative units restart, but over supply and weak downstream pick up may impact prices.

Ethylene Glycols:

- MEG prices are expected to soften on higher supply from plant restarts. Textile demand is weak due to concerns of a global economic recession.

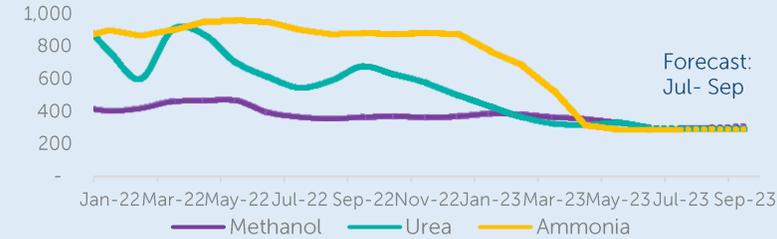
Polyethylene:

- The PE market is expected to be slow or steady during July- Sep 2023 due to weak global economic conditions leading to low demand.

Paraxylene:

- PX to stay firm as supply for spot cargoes remain tight, with on-going low run rates being maintained at two major Chinese PX producers' facilities, and several planned maintenance while demand to stay steady in the near term.

F&M: Weaker demand, ample supply and China export arrangement may indicate the supply & demand movement in F&M



Urea:

- Urea prices is expected to be stable to soft on ample global urea supply as well as the return of several SEA plants from planned and unplanned shutdown.

Ammonia:

- Price to firm up slightly from July- August in southeast Asia and APAC following scheduled maintenance in Indonesia (Parna Raya) and Australia (Yara).

Methanol:

- Methanol prices to soften due to weak downstream demand and supply from Middle East continue to flood the markets.

Specialties: Demand recovery timeline continues to be pushed further out

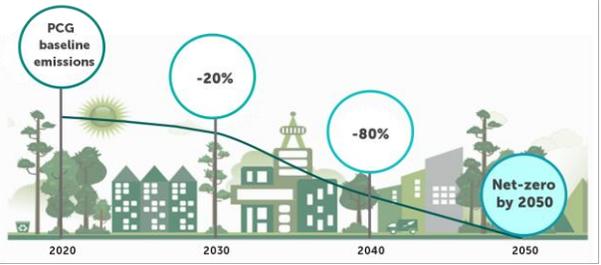


- Energy and raw materials prices in Europe are expected to normalize but the demand still remains weak in the short term despite China's reopening.
- Demand recovery is expected to remain relatively scattered across the end markets, with construction still lagging while transportation holds strong.
- Moving forward, 2H2023 shows signs of cautious optimism for any show of demand recovery amid the persistent inflationary environment.

Embedding Sustainability at the Core, PCG will continue to focus on Economic, Environmental, Social and Governance (EESG) aligned with 50.30.0

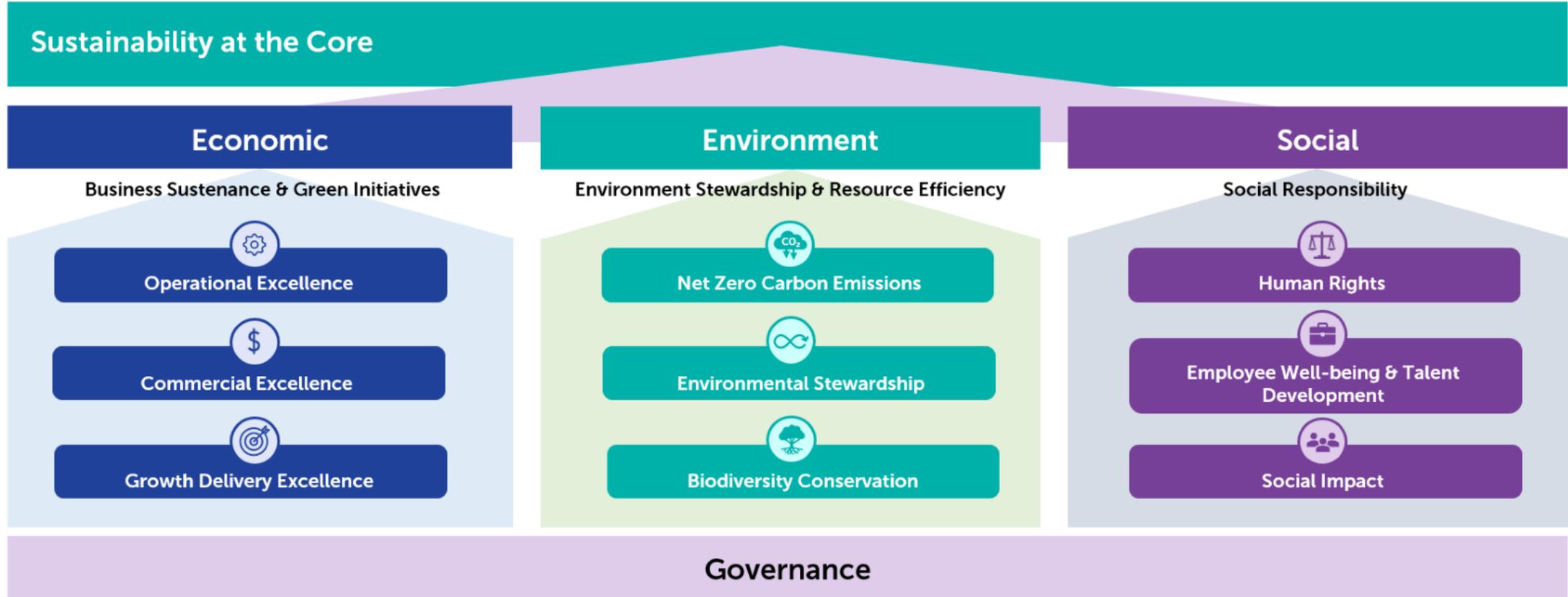
FOCUS AREAS 2023

 50% improvement in cash flows from operations by 2025
  30% revenue by 2030 from non-traditional business
  Net Zero carbon emissions by 2050

Economic	 Maximise value from OE & CX  Optimise Cost	 Executions of various projects <ul style="list-style-type: none"> ○ PERSTORP ○ Melamine ○ Nitrile ButadieneLatex ○ Specialty Ethoxylates 	 Execute Sustainability Development roadmap 
Environment	 Environment Stewardship & Resource Efficiency		
Social	 Sustain HSE Excellence	 Empower People	
Governance	<p align="center"> DJSI world ranking Top quartile FTSE4GOOD Bursa Malaysia Index </p> <p align="center">Shared Values</p>		

THANK YOU

Putting sustainability at the core of our business, we remain committed to support all EESG pillars



Framework/ standard



Benchmarking



Economic: Business sustenance through growth and responsible product solutions

ECONOMIC

Business Sustenance & Green Initiatives



Operational Excellence



Commercial Excellence



Growth Delivery Excellence



Growth Delivery Excellence

Product Solutions

Bio-MEG for bio-degradable packaging

AireBlue for cleaner environment

High Active Surfactant

Ultra-mild specialty surfactant for personal care

CRF-Polymer Coated Urea

High Stiffness Bubble wrap

Eco-friendly surfactant for oil & gas

DMPP Treated Urea (Blue Urea)

Drilling Mud Base Chemical

Polyol ester emollient for personal care

Ultra High Purity Methanol for fuel cells

Environmental: PCG aims to reduce greenhouse gas (GHG) emission through Net Zero Carbon Emissions Roadmap by 2050 (NZCE2050)

ENVIRONMENT

Environment
Stewardship & Resource
Efficiency



Net Zero Carbon
Emission



Environmental
Stewardship



Biodiversity
Conservation

Key Challenges

- As more projects comes on stream, our GHG emissions will increase
- Increasing stakeholder scrutiny and expectation for more tangible efforts towards decarbonisation

Key initiatives in 2023 toward achieving 20% emissions reduction

- To reduce 1.8 Mil tCO₂e in order to realise first milestone of 20% reduction by 2030.
- Further execute plant optimisation projects to reduce GHG and air emissions by implementing latest technology and decarbonisation tools
- Include plans to mitigate carbon emissions in new projects.

Social: CSR initiatives reach will be expanded to support our sustainability development

SOCIAL

Social
Responsibility



Human Rights



Employee well being &
talent development



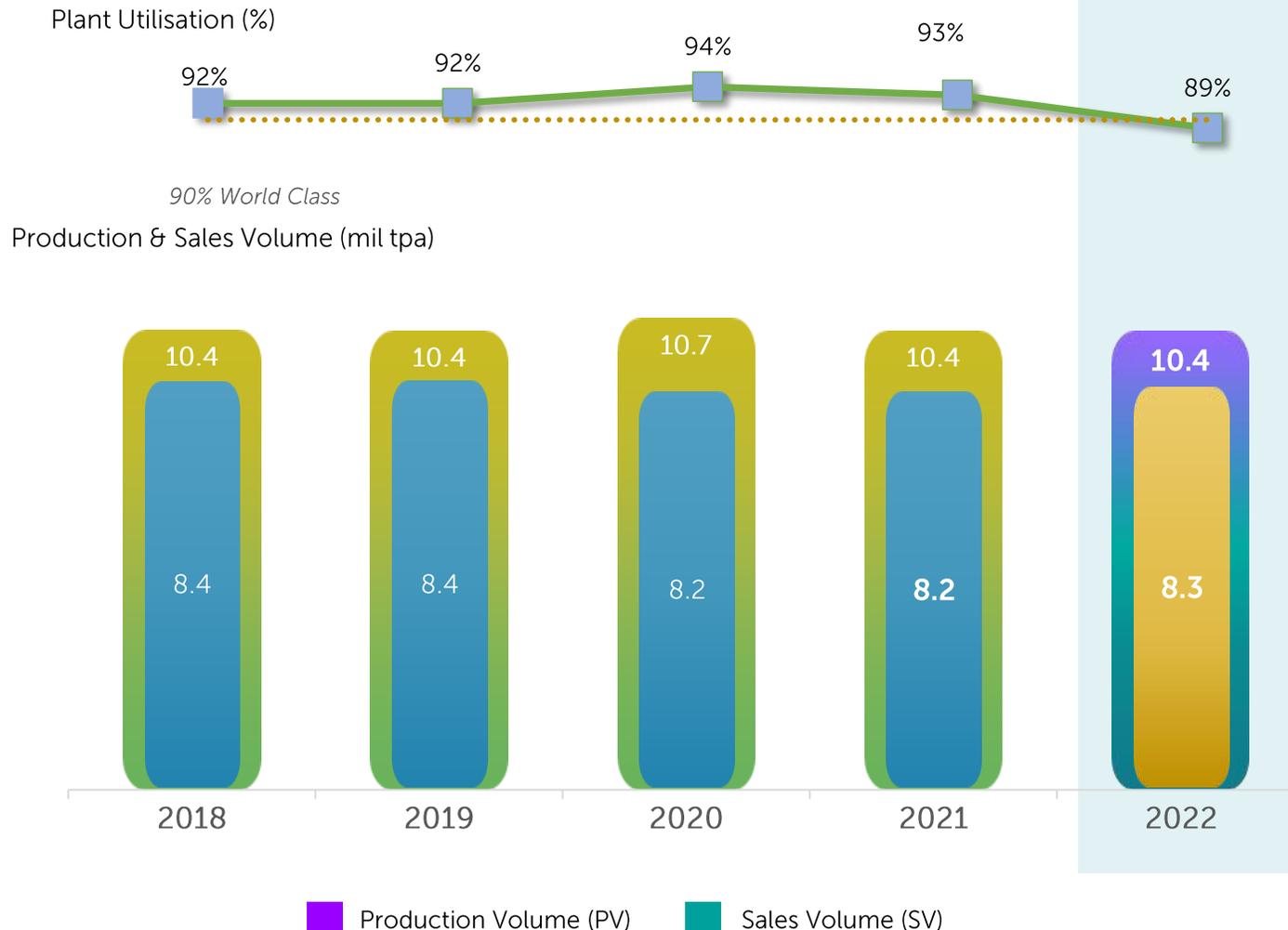
Social Impact

Key Highlights

- **Extend** PCG's sustainability Agenda to its supply chain
————— ~ —————
- **Diversity & Inclusion 4 focus areas :**
 - **Culture** : Differences in perspective are respected and valued
 - **Multinational:** Representation by diverse nationalities in leadership roles
 - **Age** : Space for idea generation from young talent
 - **Gender** : Women in senior leadership roles.
- **Psychological Safety** : creating a psychologically safe work environment through collective responsibility and by encouraging the speak up culture
————— ~ —————
- **Continue education** on the importance of mangrove and bio-diversity
- **Forest Conservation Certification (FCC)** to claim for carbon offset
- **Increase** reach of 'Plastic, Sustainability & You' & Be Green programmes

Heavy turnaround activities dominated manufacturing operations in 2022, plant utilisation to recover in 2023

Group Performance



Operational Excellence

2022

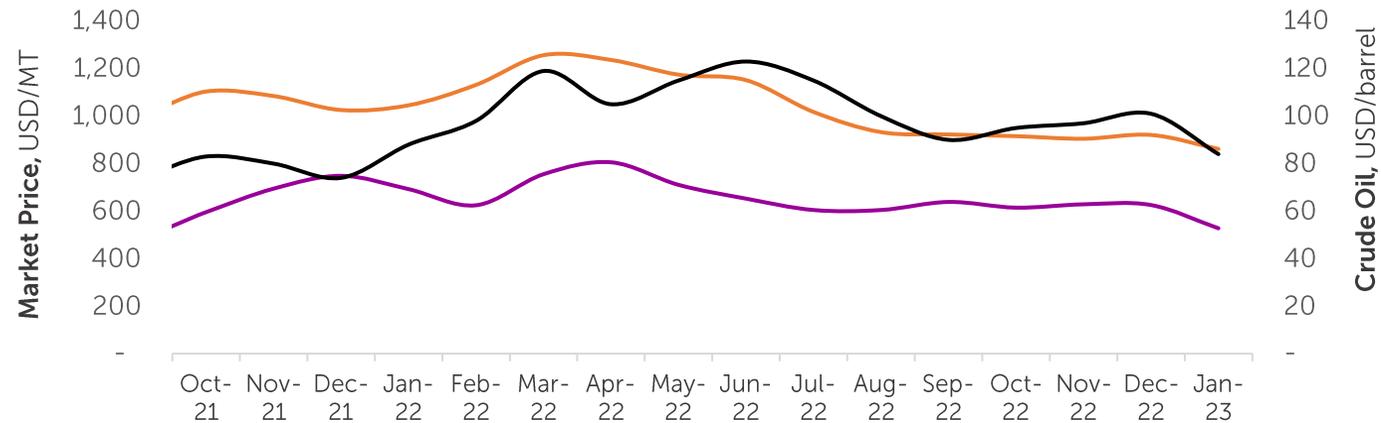
- Higher maintenance activities compare to 2021 with 4 TA's and 2 pitstops completed.
- Due to these major activities, our plant utilisation rate for 2022 came in at 89%

2023

- Two planned turnarounds in 2023 at:
 - PC Ammonia
 - PC MTBE
- and
- 6 pitstops scheduled throughout the year

Sustainable operations achieved through stable stock supply and stringent planning with suppliers

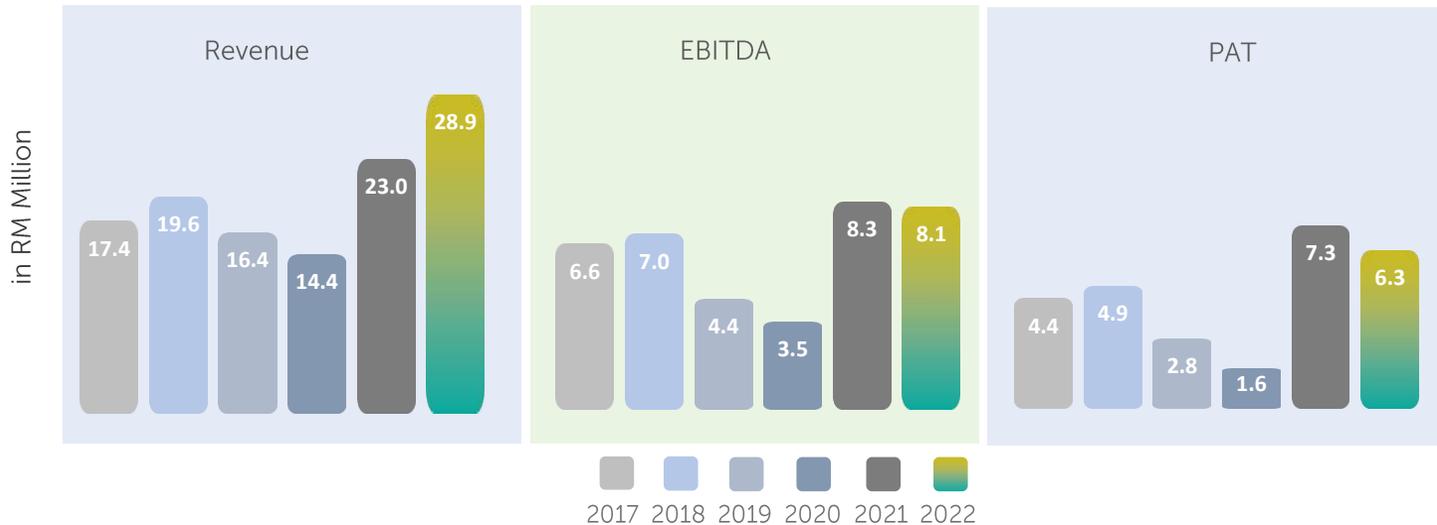
Commendable full year performance amidst challenging market and heavy turnaround schedule



Commercial Excellence

Group revenue was at 28.9 billion ringgit driven by :

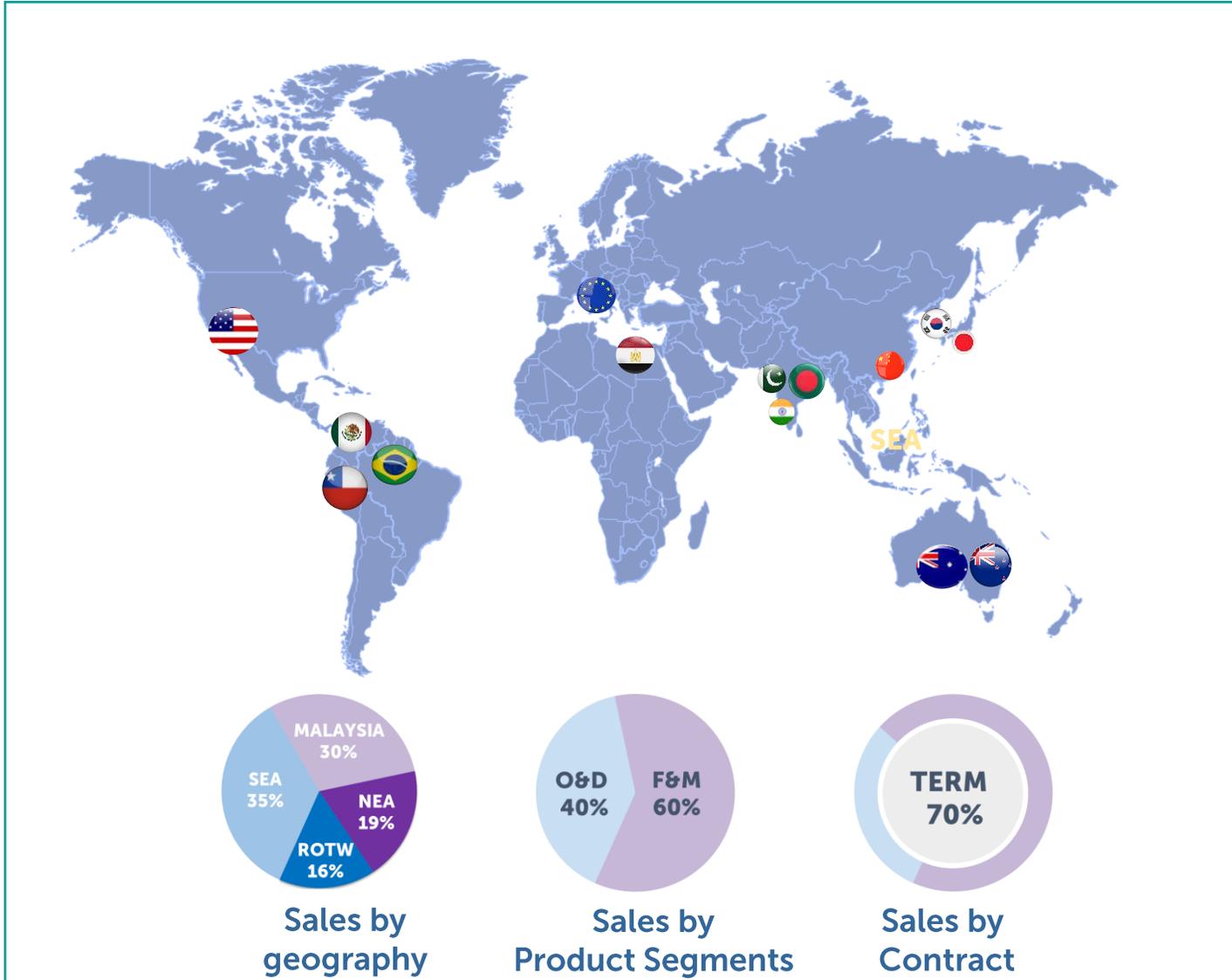
- higher product prices,
- favourable foreign exchange impact
- additional revenue from Perstorp



Offset by:

- Higher production cost:
 - Increase fuel cost
 - Higher utility
 - Higher feedstock cost
- Higher tax
- Lower profit share from JV & Assoc

Commercial Excellence initiatives have given us a strong presence in the region and established us as market leader in Asia Pacific



Commercial Excellence

- Physical present in **Malaysia, Thailand, China, Indonesia, Vietnam, Philippines** and **India**
- Proximity to key growth markets** in Asia has enabled **competitive logistic costs and reliable product delivery** in terms of timing and flexibility of logistic services
- Gearing towards value-driven **customer solutions**

END OF DOCUMENTS