

PETRONAS CHEMICALS GROUP BERHAD

Nomura ASEAN Conference 2023

6 March 2023



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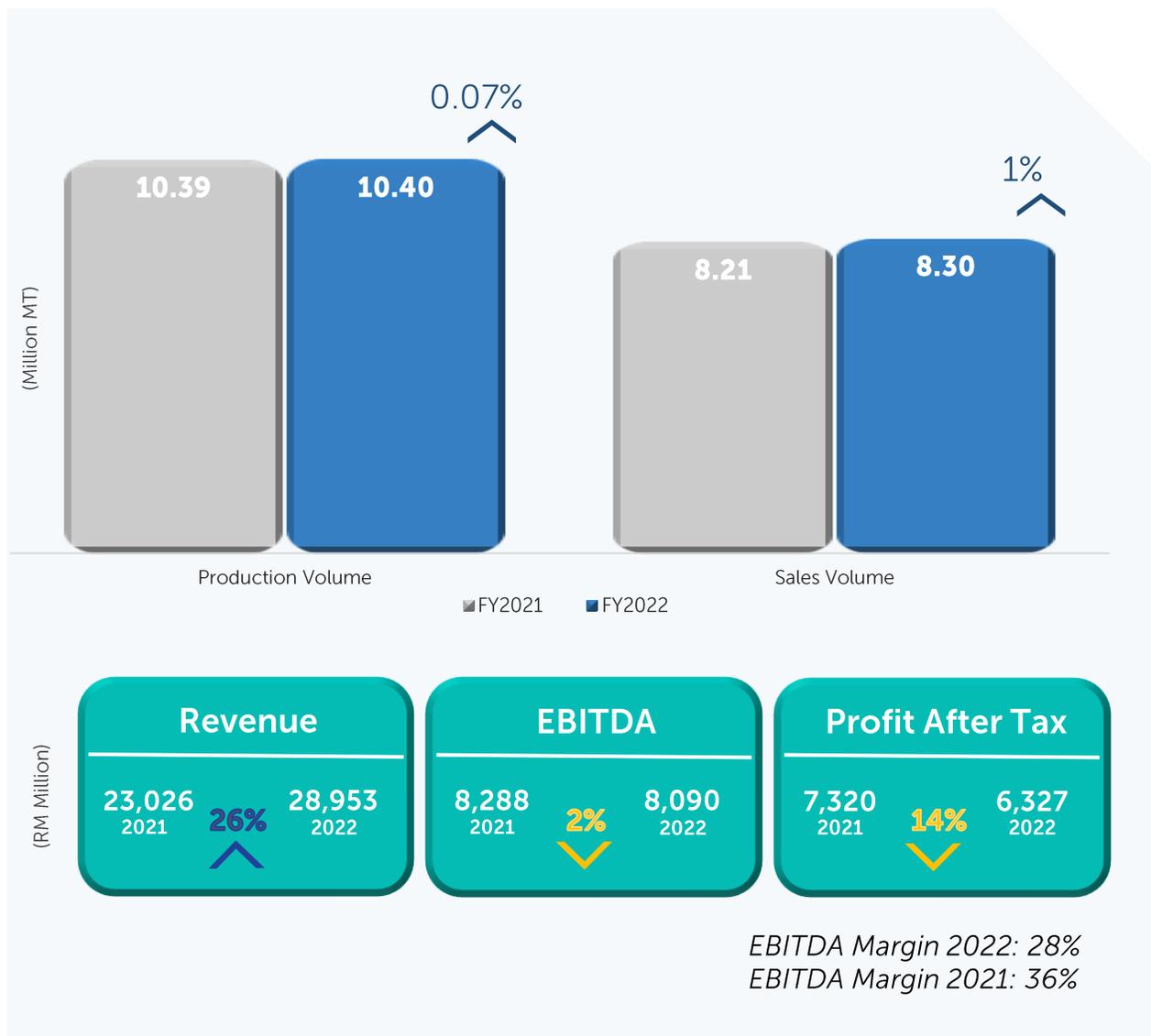
Performance Highlights

Growth Agenda

Market Outlook

Moving forward – Sustainability

FY2022 Highlights : Higher revenue driven by higher product prices



Operational Excellence

- Lower Plant utilization at 89% yoy on higher turnaround days (2021: 93%).
- Comparable production volume at 10,396 KMT contributed by Perstorp production volume despite lower production from Malaysian operation (2021: 10,389 KMT).

Commercial Excellence

- Sales volume increased marginally at 8,288 KMT with additional volume from Perstorp (2021: 8,205 KMT).
- Higher product prices across most products in line with higher crude oil price.

Financial Excellence

- Revenue higher by 26% yoy contributed by higher product prices, favourable foreign exchange impact, and additional revenue from Perstorp.
- EBITDA lower by 2% yoy due to higher cost in fuel, energy, utilities, and plant maintenance as well as lower sales volume from Malaysian operation.
- PAT lower by 14% yoy due to lower EBITDA and share of profit from joint ventures and associates.

Growth Delivery Excellence

- Completion of Perstorp acquisition in October 2022.
- Specialties operating segment introduced in 4Q2022, to account for Perstorp and BRB Group.

O&D: EBITDA declined year-on-year on lower product spread, higher energy and utilities cost, coupled with higher maintenance cost

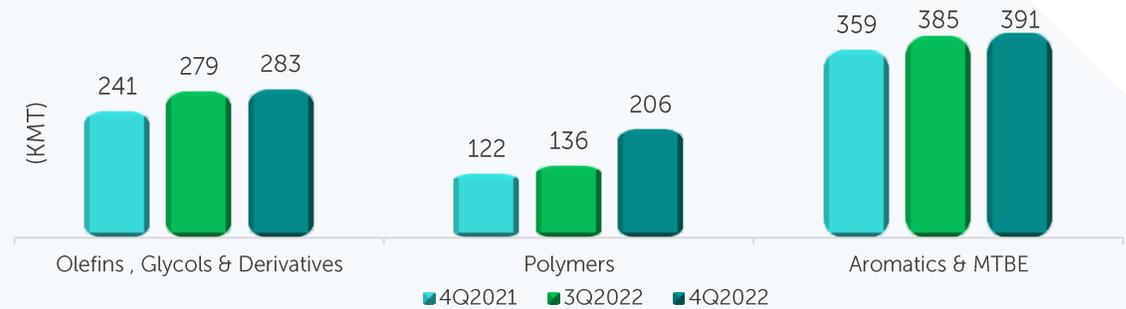
4Q2022 vs 3Q2022



4Q2022 vs 4Q2021



Product Sales Volume



	4Q21	3Q22	4Q22	Q-o-Q	Y-o-Y
Plant Utilisation (PU) %	101.1	101.0	99.4	(1.6%)	(1.7%)
Production Volume (KMT)	1,002	997	980	(1.7%)	(2.2%)
Sales Volume (KMT)	786	800	880	10.0%	11.9%
Revenue (RM mil)	3,407	3,419	3,494	2.2%	2.6%
EBITDA (RM mil)	732	697	372	(46.6%)	(49.1%)

4Q2022 vs 4Q2021

Plant Utilisation Rate: Slightly lower due to slowdowns at PC Aromatics and PC Glycols.

Revenue: Higher by 2.2% on higher sales volume and favorable forex impact.

EBITDA: Decreased by 49% due to lower product spreads and higher utilities costs.

F&M : Higher EBITDA in 4Q2022 contributed by higher sales volume, higher product spread and favorable foreign exchange impact

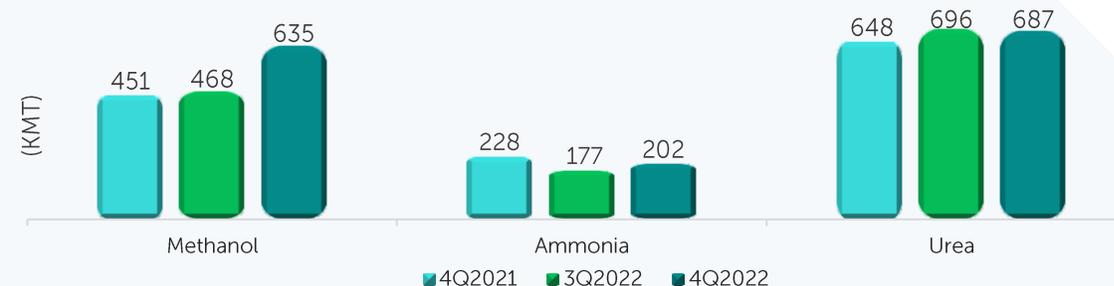
4Q2022 vs 3Q2022



4Q2022 vs 4Q2021



Product Sales Volume



	4Q21	3Q22	4Q22	Q-o-Q	Y-o-Y
Plant Utilisation (PU) %	82.5	94.4	100.3	5.9%	17.8%
Production Volume (KMT)	1,519	1,738	1,846	6.2%	21.5%
Sales Volume (KMT)	1,328	1,341	1,524	13.7%	14.8%
Revenue (RM mil)	3,268	3,187	3,533	10.9%	8.1%
EBITDA (RM mil)	1,623	1,263	1,428	13.1%	(12.0%)

4Q2022 vs 4Q2021

Plant Utilisation Rate: Higher contributed by better plant performance and lower turnaround days.

Revenue: Improved 9% on higher sales volume and favourable foreign exchange impact.

EBITDA: 12% lower, on lower product spreads and higher fuel cost.

Specialties: Lower revenue and EBITDA in 4Q2022 driven by inventory destocking across end markets, leading to lower demand on the back of high energy costs



	4Q21	3Q22	4Q22*	FY2021	FY2022	Key highlights
Revenue <i>RM mil</i>	2,066	1,980	1,664	7,327	8,222	Higher revenue yoy mainly due to higher prices in certain product segments, partially offset by lower sales volume from weaker demand
EBITDA <i>RM mil</i>	336	192	7	1,318	1,113	Lower EBITDA yoy mainly due to lower sales volume and high energy cost especially in the European region
EBITDA Margin (%)	16.3	9.8	0.4	17.9	13.5	

*Perstorp consolidated from Oct 2022

Resins & Coatings

- Lower sales volume for major resin segments in 4Q2022 vs 4Q2021.
- Demand has softened and pricing competition for intermediates increased in EMEA and Americas.

Advanced Materials

- Lower sales volume in 4Q2022 vs 4Q2021 due to lower demand especially from the construction market.
- High energy costs in Europe has reduced competitiveness and profitability.

Engineered Fluids

- Slightly lower sales volume in 4Q2022 vs 4Q2021, compensated by better pricing.
- Rebound in air travel has supported the demand for the segment, offset by softer demand from industrials.

Silicones

- Lower sales volume in 4Q2022 vs 4Q2021, as downstream demand was weaker amid a traditionally slower quarter.
- Anticipation of lower prices by customers boosted the destocking activities.

Animal Nutrition

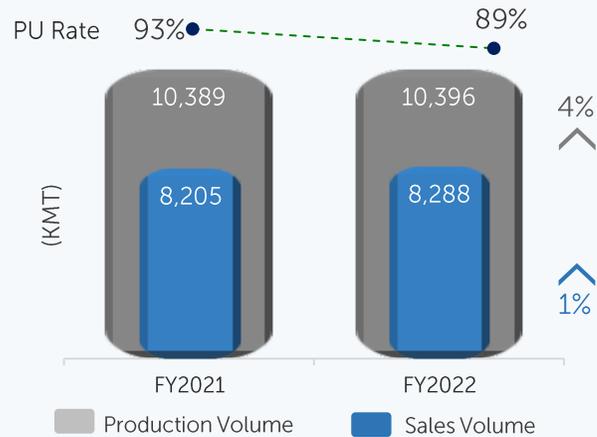
- Lower sales volume in 4Q2022 vs 4Q2021 due to higher feed costs and lower customer profitability.
- Raw material prices remain high due to the energy crisis.

Lube oil Additives & Chemicals

- Slightly higher sales volume in 4Q2022 vs 4Q2021, supported by new contracts.
- Competition and margin pressure remained stiff with rising raw material prices.

Commendable full year performance amidst challenging market and heavy turnaround schedule

FY2022 vs FY2021



Plant Utilisation Rate:

Lower due turnaround and pitstop activities at 6 sites.



Production Volume:

Comparable with addition of Perstorp production volume.



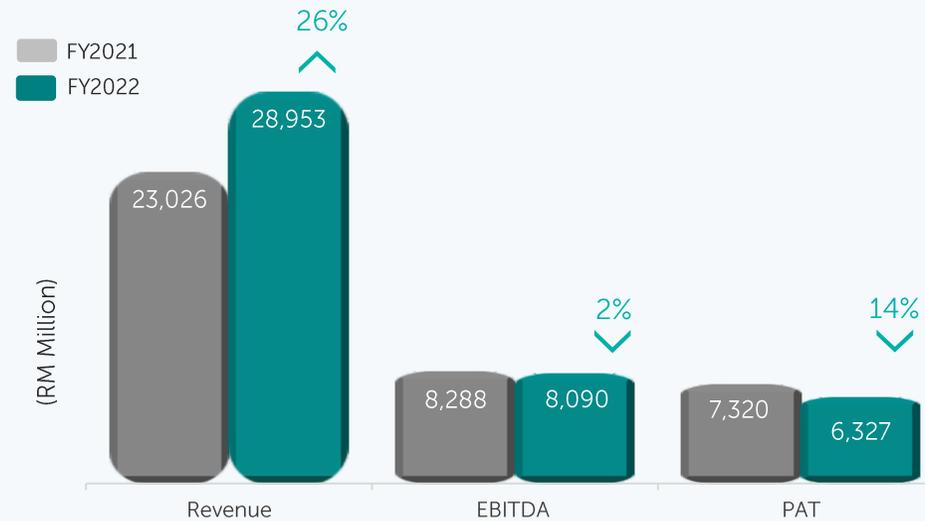
Sales Volume:

1% higher with contribution from Perstorp despite lower sales volume from Malaysian operation.



Specialty Chemicals

Performance is impacted by higher energy costs and lower demand in 2H2022.



Revenue higher mainly from:

- Higher product prices.
- Favourable forex impact.
- Additional revenue from Perstorp.



EBITDA lower due to:

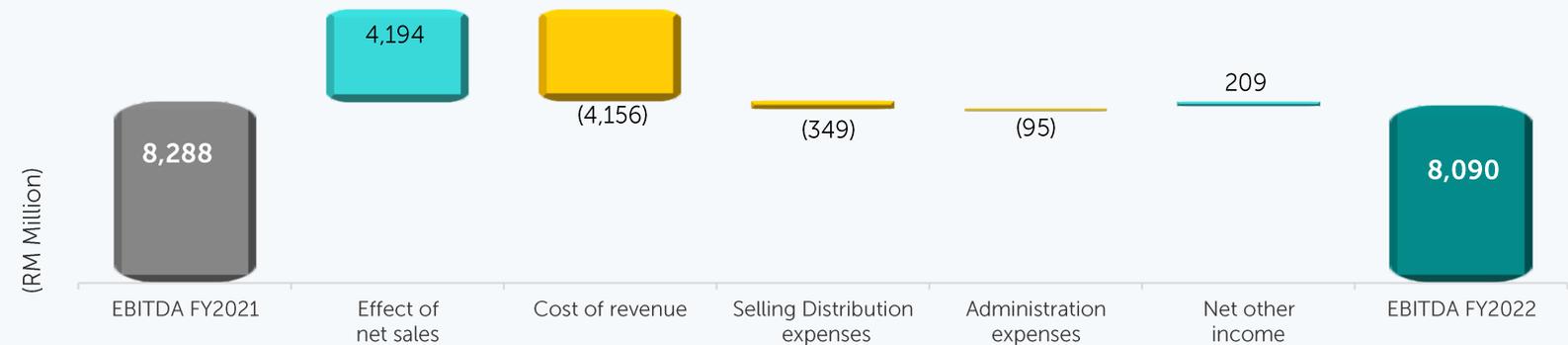
- Higher fuel cost, energy and utilities.
- Lower sales volume from Malaysian operation.
- Higher operation/maintenance cost.



PAT lower due to:

- Lower product spreads.
- Lower share profit from JV & Assoc.

EBITDA MOVEMENT



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

2-Pronged strategy

	Basic Petchem	Derivatives	Specialty Chemicals
Global 	1		2
Regional 			
Local 			
			
	Maximising Cash Generator	Expanding Core Business	Stepping-Out

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

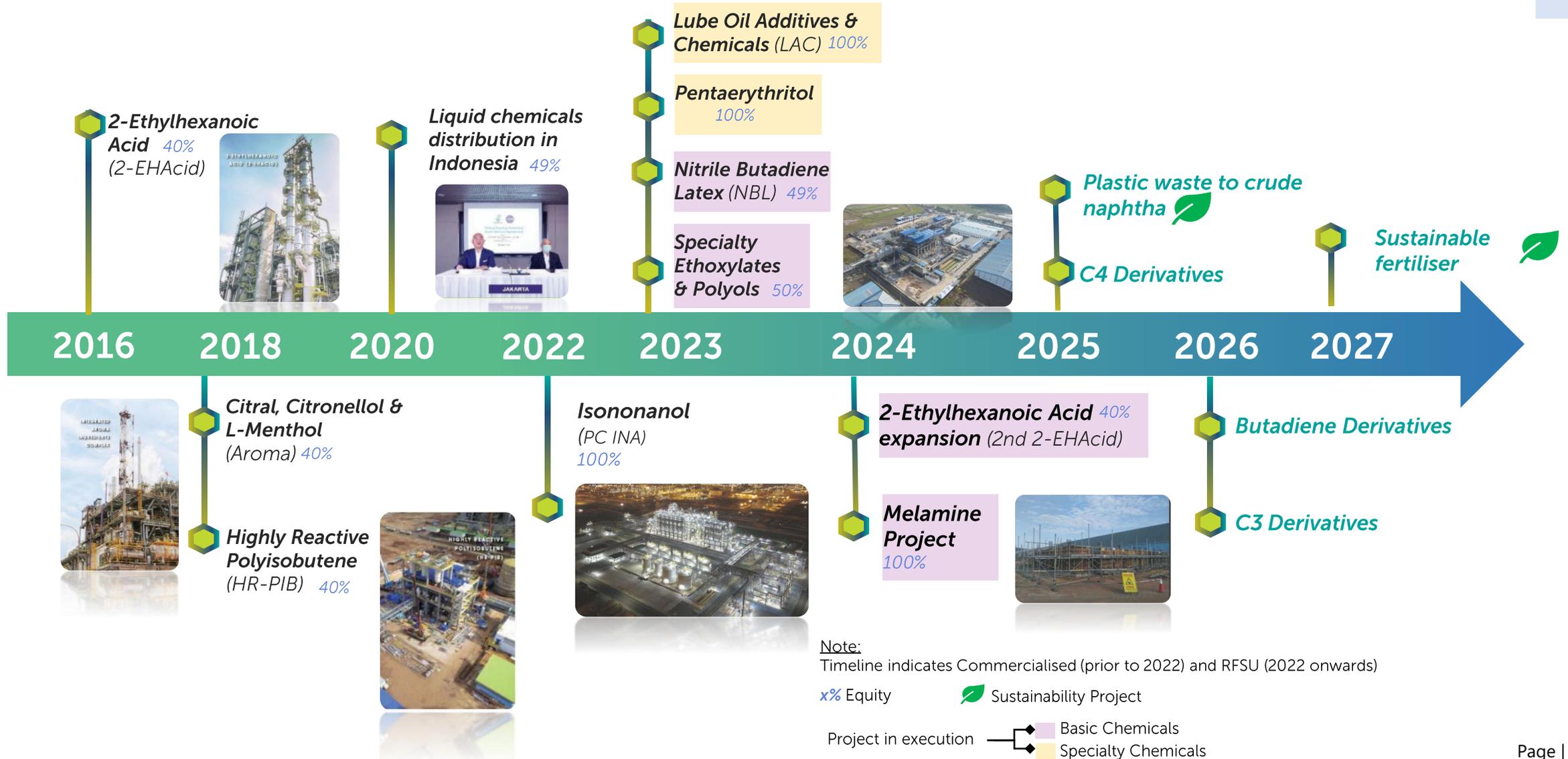
via **Merger & Acquisition (M&A)**



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



Note:
Timeline indicates Commercialised (prior to 2022) and RFSU (2022 onwards)

x% Equity Sustainability Project

Project in execution Basic Chemicals
 Specialty Chemicals

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)

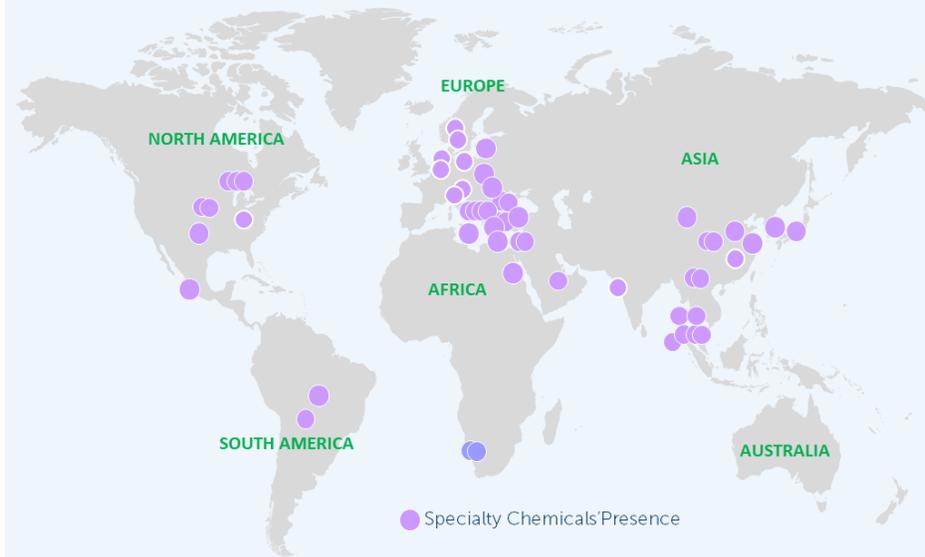


o Manufacturer of lube oil additives, silicones and other specialty chemicals



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



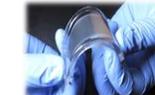
Engineered Fluids

3



Animal Nutrition

4



Advanced Materials

5



Silicones

6

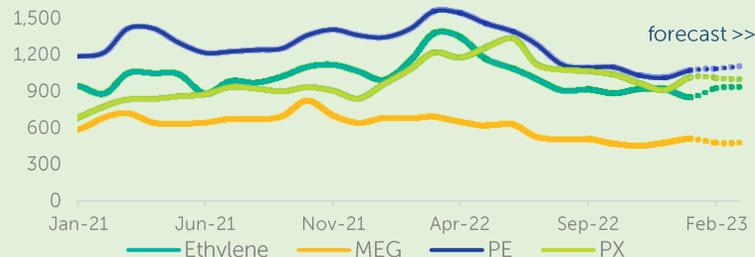


Lubricant Additives & Chemicals

To achieve 30% additional revenue from non-traditional business

China's re-opening expected to provide a boost to overall market demand. Fertilisers to remain soft on oversupply amid off-planting season.

O&D: Demand recovery supported by balanced supply and active restocking activities



Ethylene:

- Tight supply amidst cracker TA and reduced cargoes from US and Middle East.

Ethylene Glycols:

- Balanced supply and steady demand as plant resumed operation post CNY holiday.

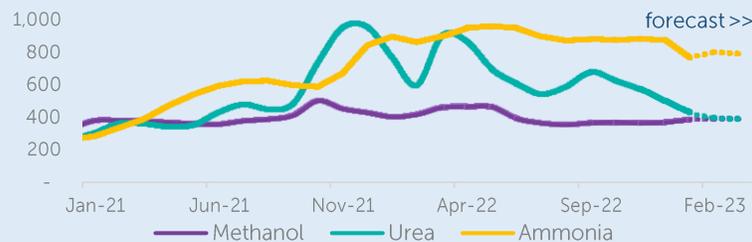
Polyethylene:

- Limited supply due to higher EVA production for solar application. Healthy demand on restocking activities amidst regional festivities.

Paraxylene:

- Tight supply due to major units on plant TA coupled with limited demand due to economic uncertainty.

F&M: Fertiliser slows on off-planting season; Methanol to stabilise on balanced supply and demand



Urea:

- Abundant supply in the region.
- Bearish demand amidst off planting season.

Ammonia:

- Sufficient supply upon output recovery in SEA.
- Prolonged weak downstream demand.

Methanol:

- Tight supply in SEA.
- Indonesia new biodiesel mandate to support demand.

Specialties: Modest recovery as most inventory destocking activities completed

- Higher price levels for natural gas and raw materials are expected to remain throughout 2023, especially in Europe.
- Inventory destocking is expected to conclude in 1Q2023 followed by modest volume recovery.
- Impact from China's reopening on the supply chains and inflation remains a concern for specialty chemicals demand in 2023.



The Group will continue to optimise product mix and maximise pricing excellence in a challenging 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

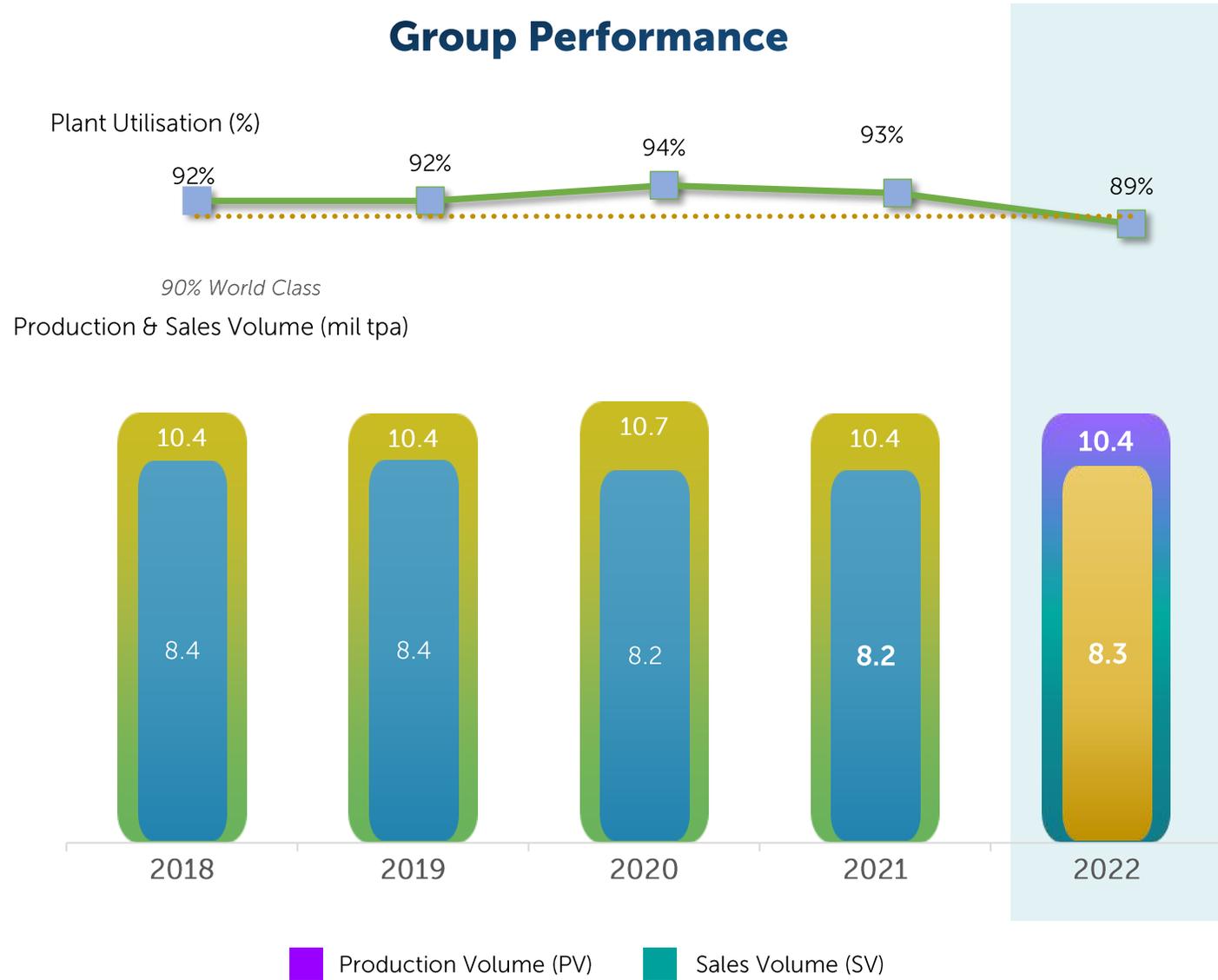




THANK YOU

Appendix

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



Operational Excellence

2022

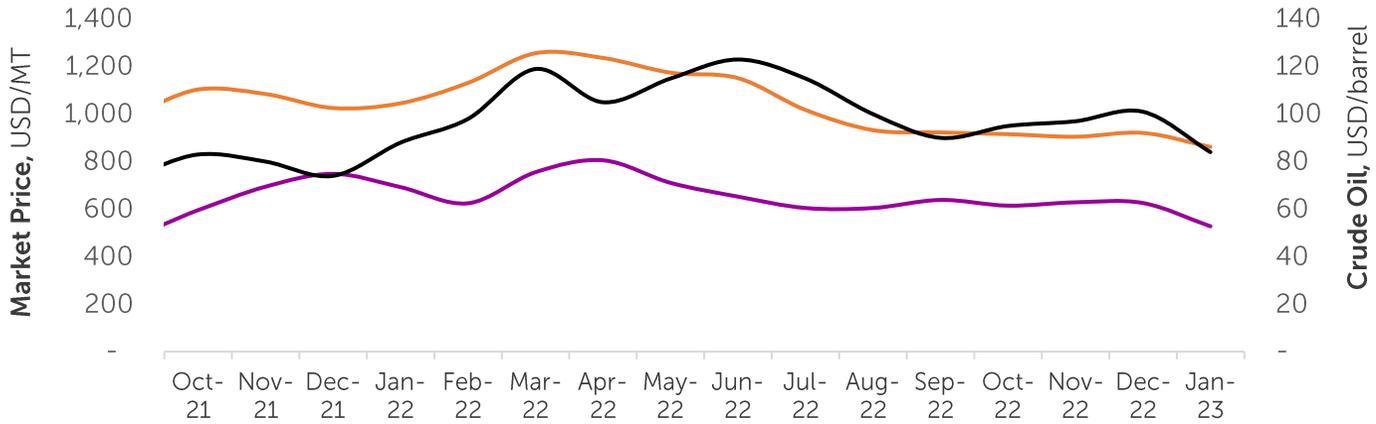
- Higher maintenance activities compare to 2021 with 4 TA's and 2 pitstops completed.
- Due to these major activities, our plant utilisation rate for 2022 came in at 89%

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

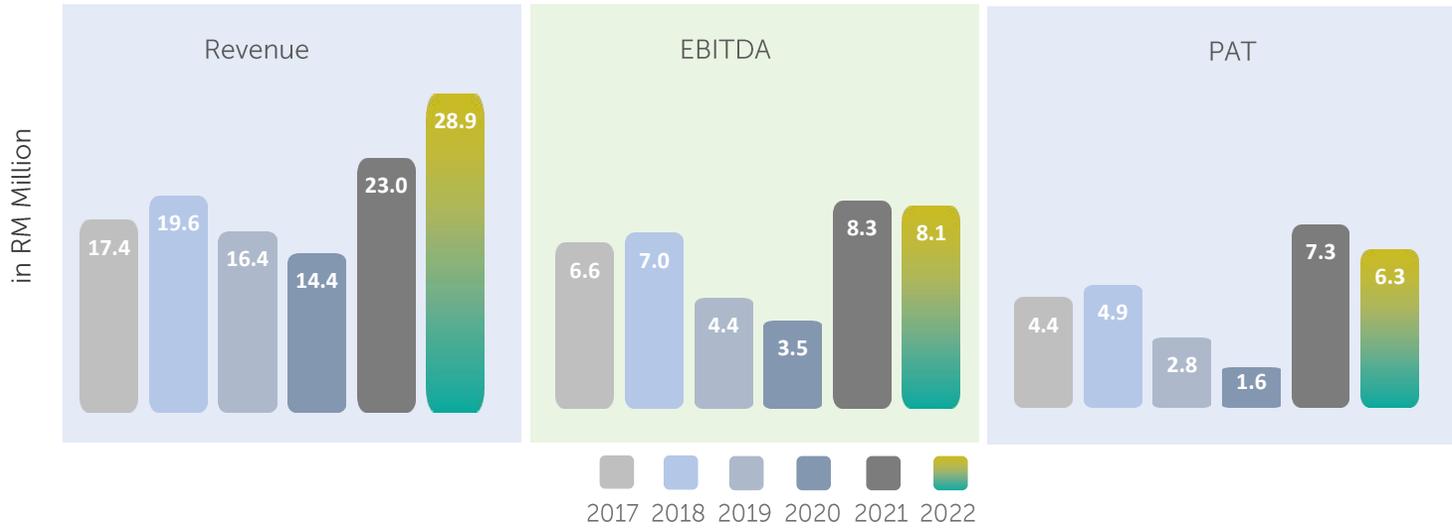
Commendable full year performance amidst challenging market and heavy turnaround schedule



Commercial Excellence

Group revenue was at 28.9 billion ringgit driven by :

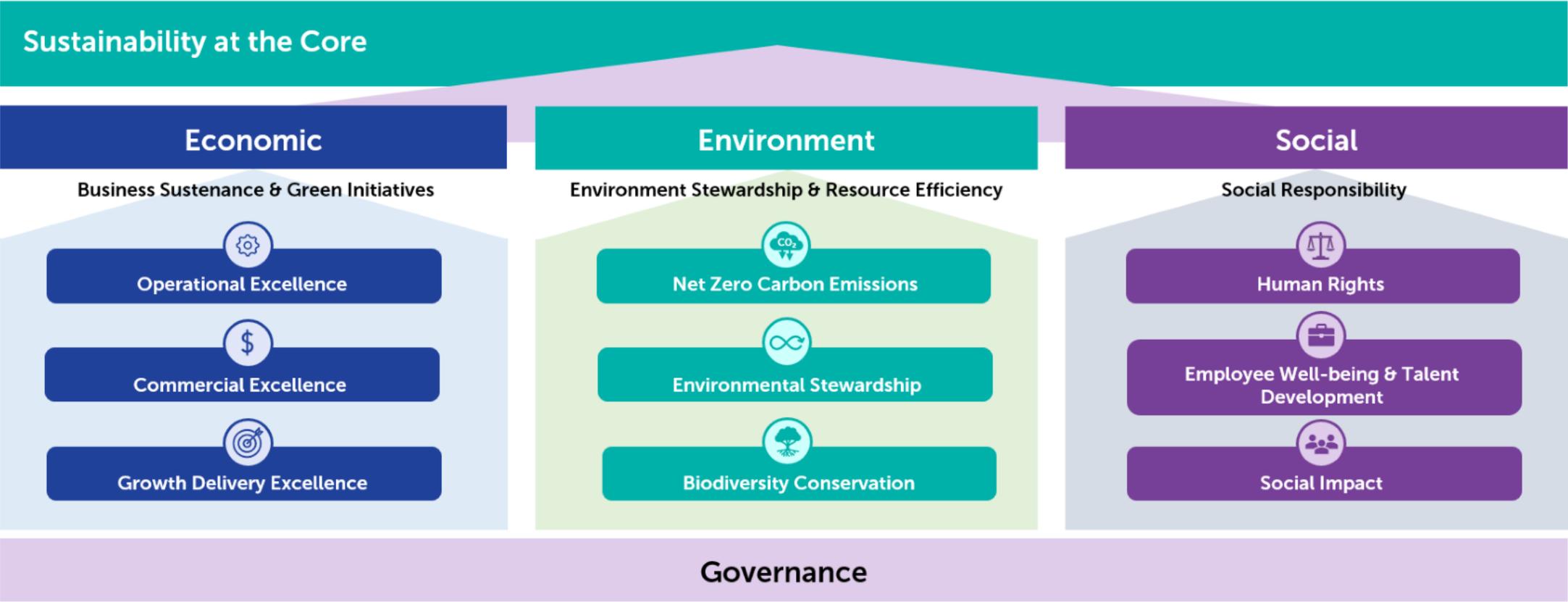
- higher product prices,
- favourable foreign exchange impact
- additional revenue from Perstorp



Offset by:

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

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



Employment well being
& talent development



Social Impact

Key Challenges

- Expansion for Mangrove plantation in view of limited land at ecoCare
- To determine effectiveness of PSYE module and methods for improvement

Moving forward:

- Plan to acquire additional land and new land/area in line with Forest Conservation Certification (FCC) requirements
- Explore possibility to make PSYE as part of school syllabus

Key Highlights

- **Continue education on the importance of mangrove and biodiversity**
- **Forest Conservation Certification (FCC) to claim for carbon offset**
 - Acquisition of land in current conservation area and new area
 - Continuous monitoring of biodiversity
- **Increase reach of 'Plastic, Sustainability & You' & Be Green programmes through collaboration with third party in supporting our NPE initiative**
- **Extend PCG's sustainability Agenda to its supply chain**

***** End of Document *****