

PETRONAS CHEMICALS GROUP BERHAD

COPORATE PRESENTATION

December 2019



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ABOUT PCG

PERFORMANCE HIGHLIGHTS

GROWTH AGENDA

MOVING FORWARD





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ABOUT PCG

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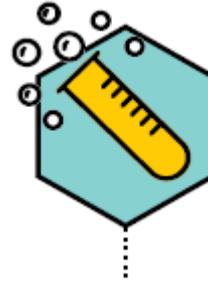


FTSE4GOOD INDEX

PCG is one of the top 10 companies in the FTSE4Good Bursa Malaysia (F4GBM) Index, out of 200 largest companies ranked by market capitalisation. We are committed to ensure that our business practices are in line with globally recognised standards for Environment, Social & Governance (ESG) practices.



FTSE4Good



The leading integrated chemicals producer in Malaysia



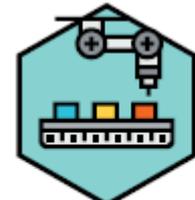
A total combined production capacity of 12.7 million tonnes per annum



17 world class facilities



Over 30 years of experience in the chemical industry

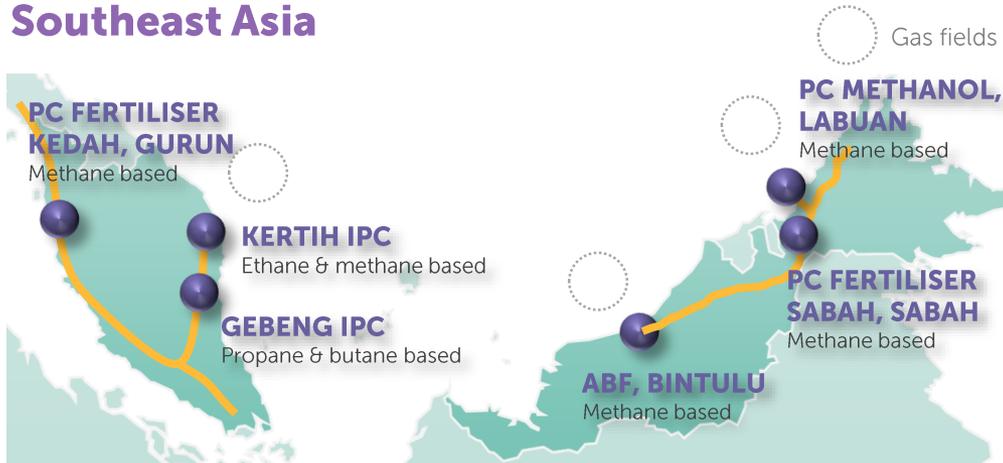


Diversified range of chemical products



- 1 More than **25% capacity growth** in 10 years
- 2 **Large-scale and diversified** product portfolio leading to **economies of scale**
- 3 **Portfolio expansion with leading edge technology**
- 4 **Proximity to key growth markets** which enables us to **optimise inventory management**

Largest integrated gas based producer in Southeast Asia



FULLY INTEGRATED FACILITIES AND INFRASTRUCTURE RESULTING IN LOWER COST, OPTIMUM YIELDS AND GREATER FLEXIBILITY

MARKET LEADERSHIP WITH ATTRACTIVE GROWTH MARKETS AND RETURNS

LARGEST
METHANOL PRODUCER
IN ASIA PACIFIC AND
4TH LARGEST IN
THE WORLD



1ST MTBE, BUTANOL, BGE & ETHANOLAMINES PRODUCER IN SEA*



2ND AMMONIA, UREA & BUTYL ACETATE PRODUCER IN SEA*



3RD ETHOXYLATES, MEG & LDPE PRODUCER IN SEA*



SOLE PRODUCER OF METHANOL, UREA, AMMONIA, BENZENE, PARAXYLENE, MTBE, ETHANOLAMINE, GLYCOL ETHERS, BUTANOL AND BUTYL ACETATES IN MALAYSIA

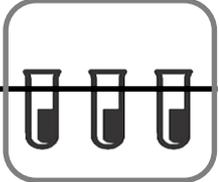
* by capacity



Secure and competitive **feedstock** supply



Fully integrated **facilities and infrastructure**



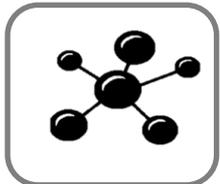
Competitive **world scale plants** with diversified **product portfolio**

Operational Excellence:

- safe operations at a high level of productivity
- disciplined practices in HSE and manufacturing efficiency programs,
- feedstock supply management.



Proximity to **key growth markets**



Portfolio expansion with **leading edge technology**

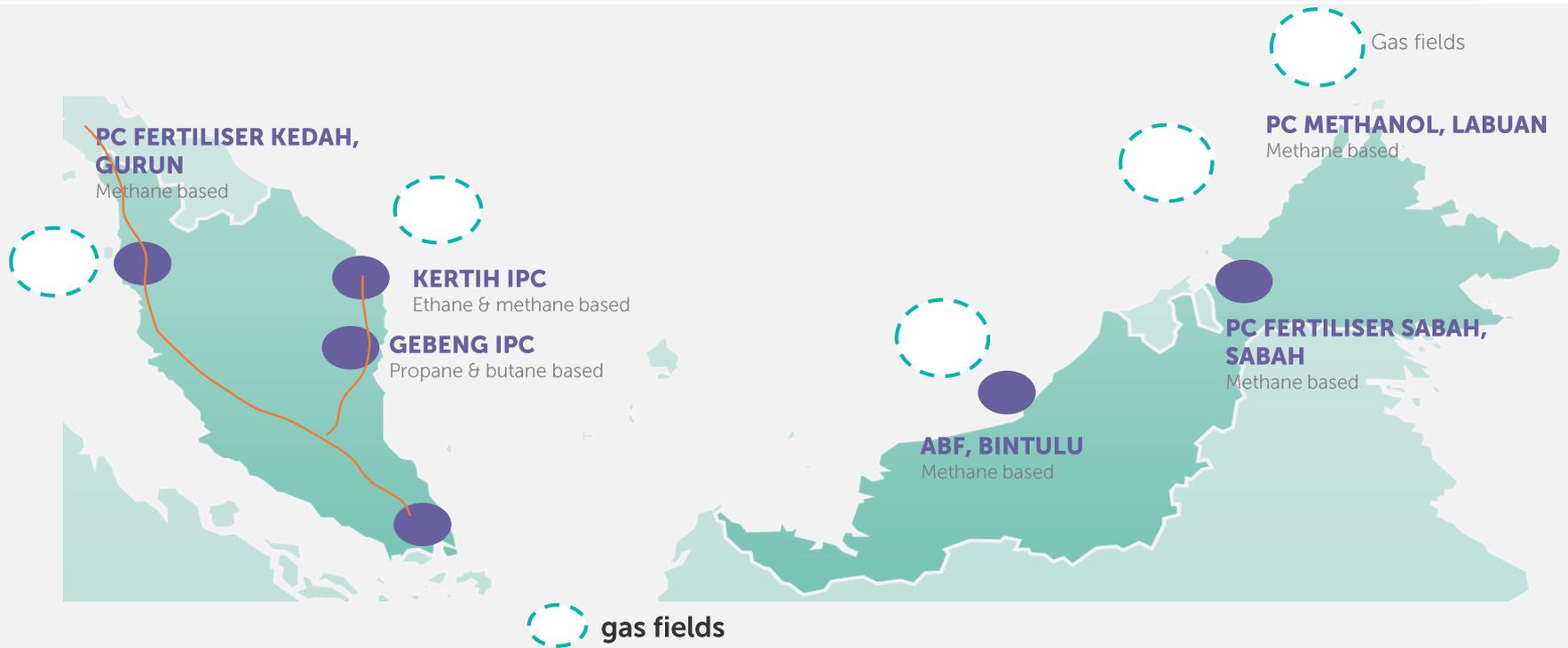
Commercial Excellence is to obtain additional value through competitive marketing and through creating a customer centric business.

Innovation Excellence is strengthening our capabilities to provide customised applications and solutions to our customers in meeting their business needs

Long term supply agreement and strategic location of facilities ensures stable feedstock supply



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Methane

- Linked to end-product market prices and moves accordingly
- Provides margin protection

Ethane

- Broadly fixed prices in long term, negotiated contracts
- Relatively low cost base

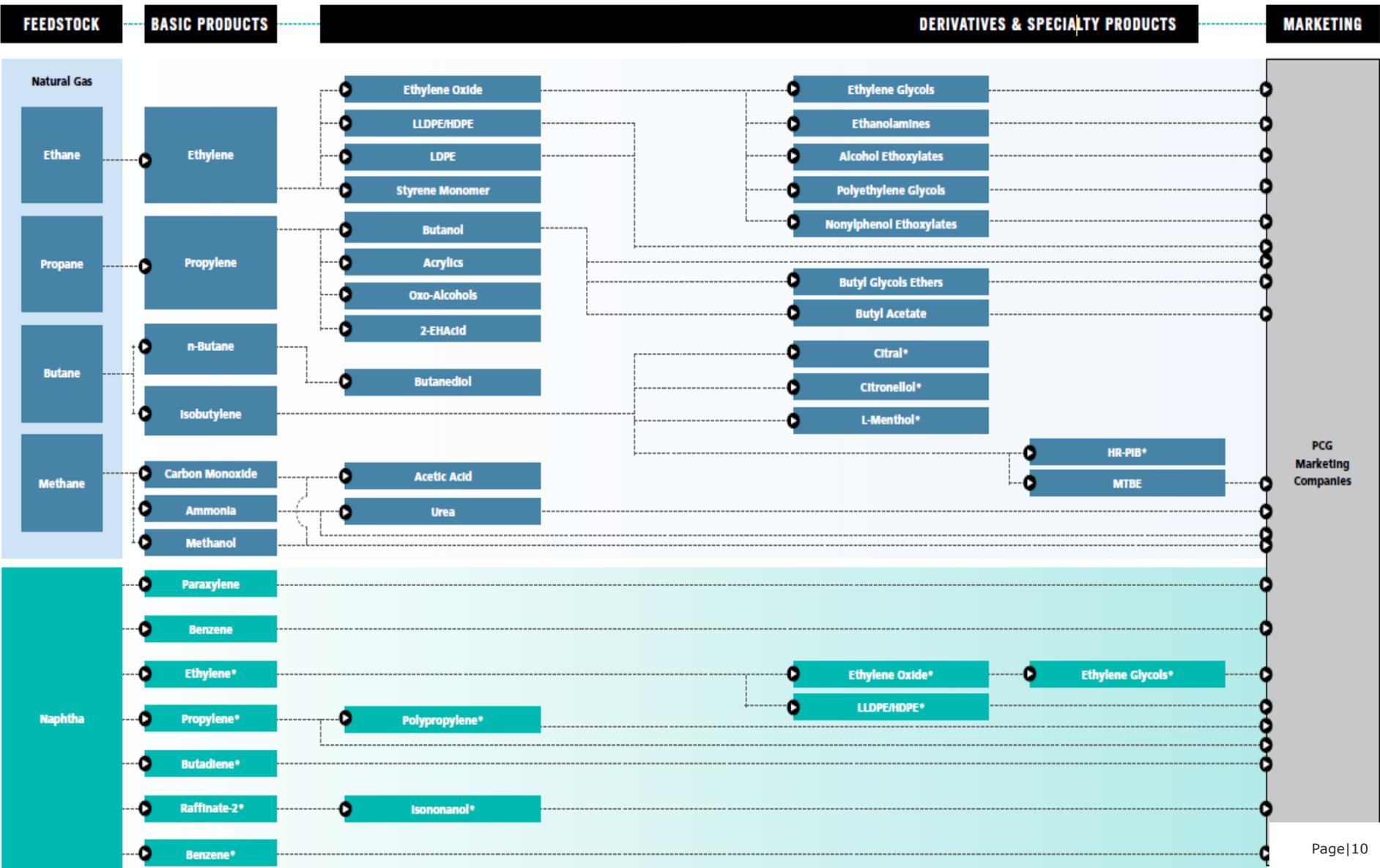
Others

Market referenced
(Propane, Butane, Heavy Naphtha)

Integration from feedstock to downstream products minimises molecule loss and maximising production efficiency & margins



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ABOUT PCG

PERFORMANCE HIGHLIGHTS

GROWTH AGENDA

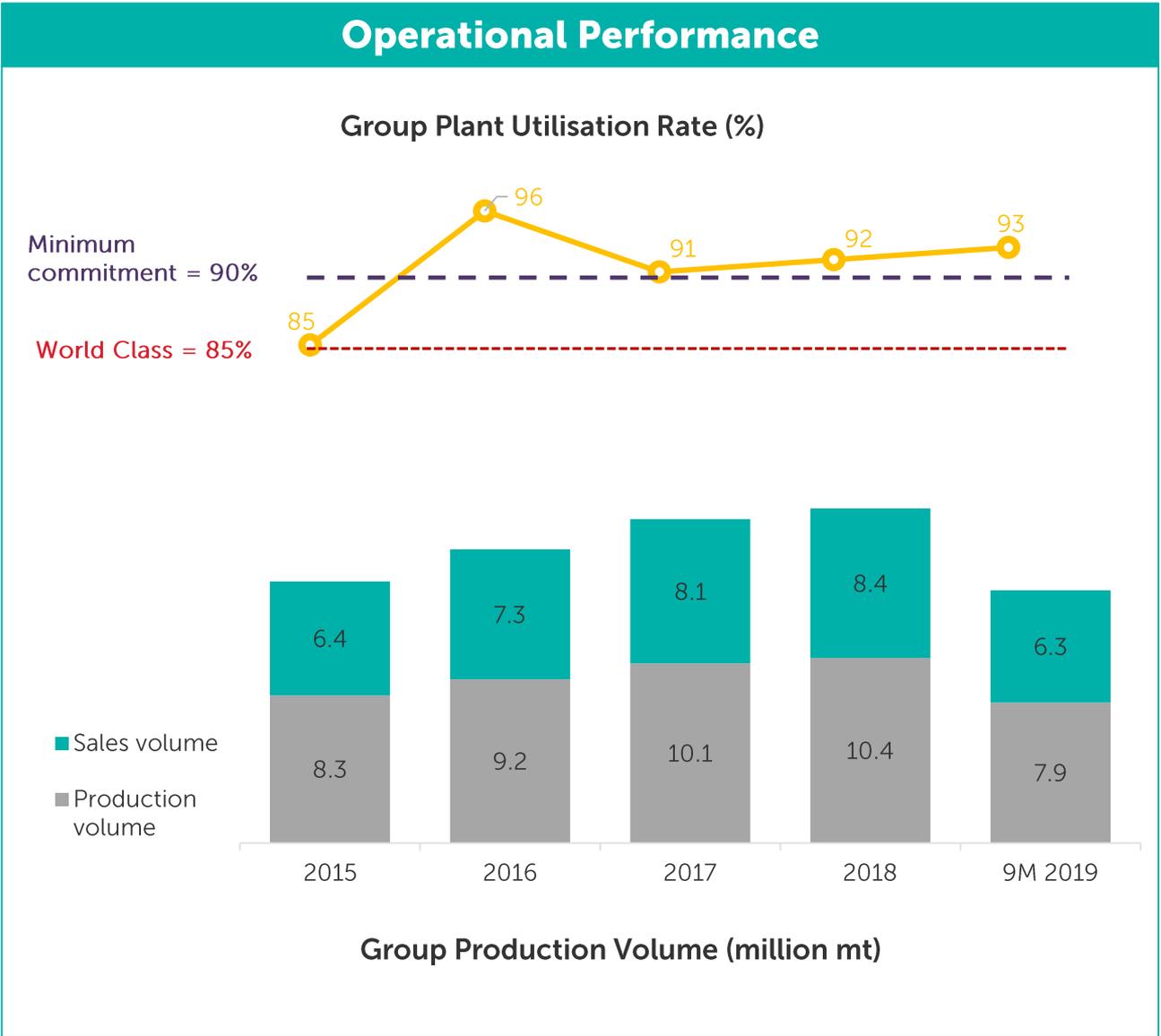
MOVING FORWARD



Operational Excellence initiatives have resulted in world class manufacturing capabilities



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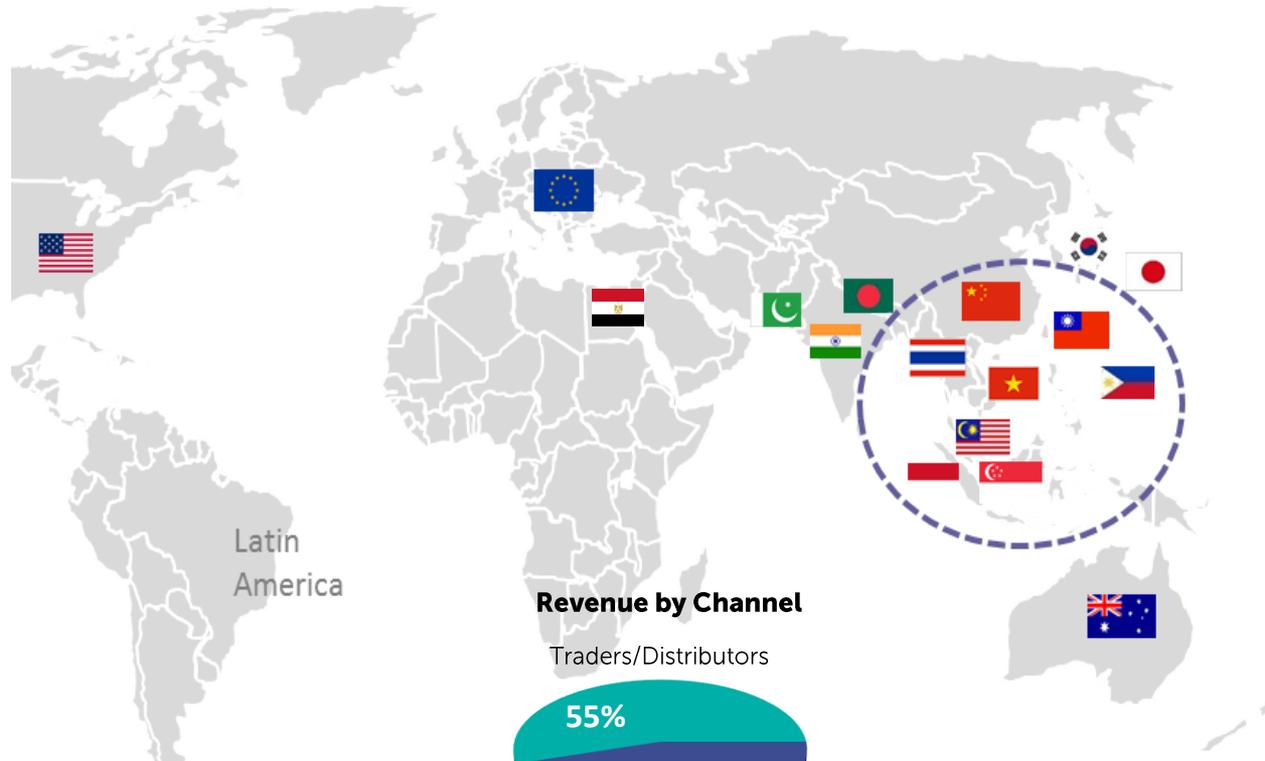
Operational excellence

- Sustained **high plant utilisation** despite heavy turnaround activities
- Sustainable operations with **improved feedstock supply** through close relationship with supplier
- Improved earnings with higher **production efficiency**

Commercial excellence initiatives have given us a strong presence in the region

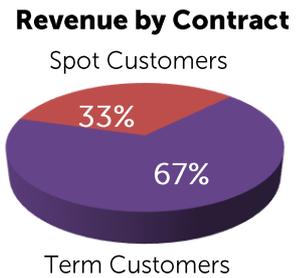
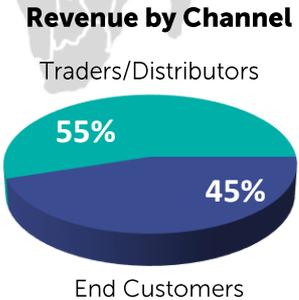
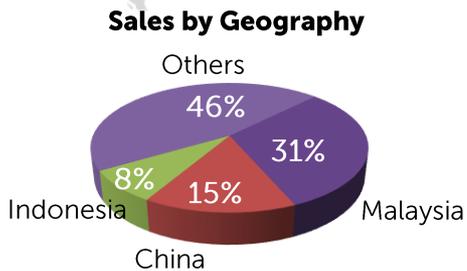


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Commercial excellence

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



*All data as of Dec 2018

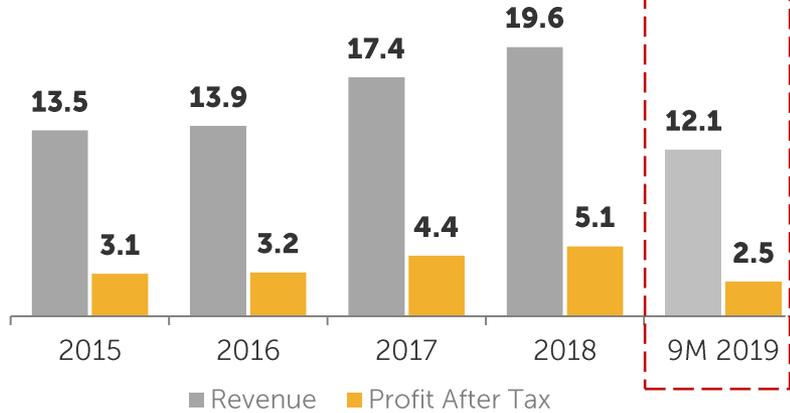
Profitability in line with operational and market performance. Capital expenditure is on track



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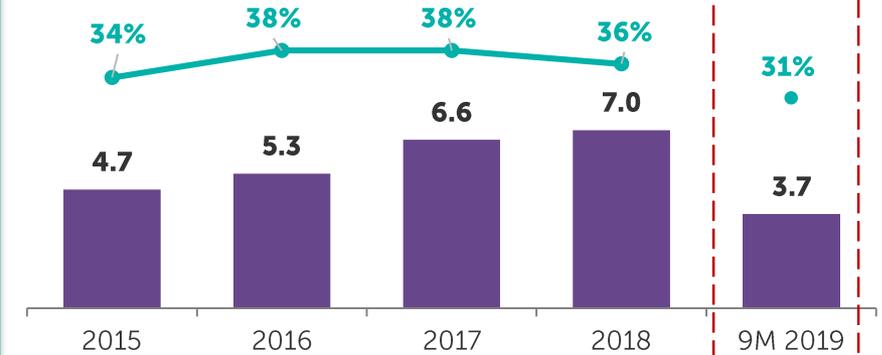
Earnings

RM Bil



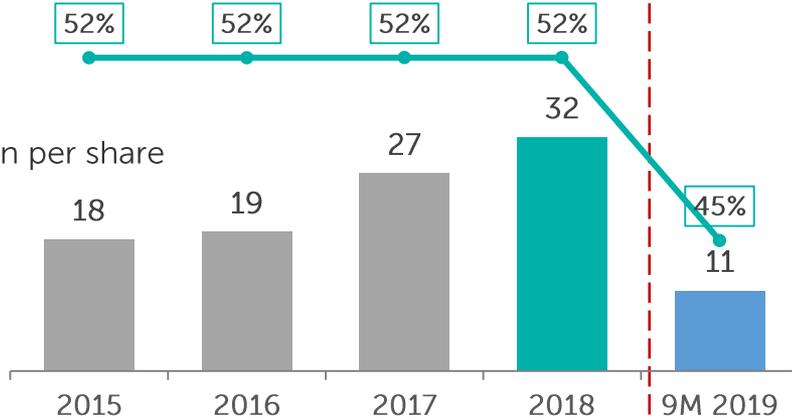
EBITDA

RM Bil



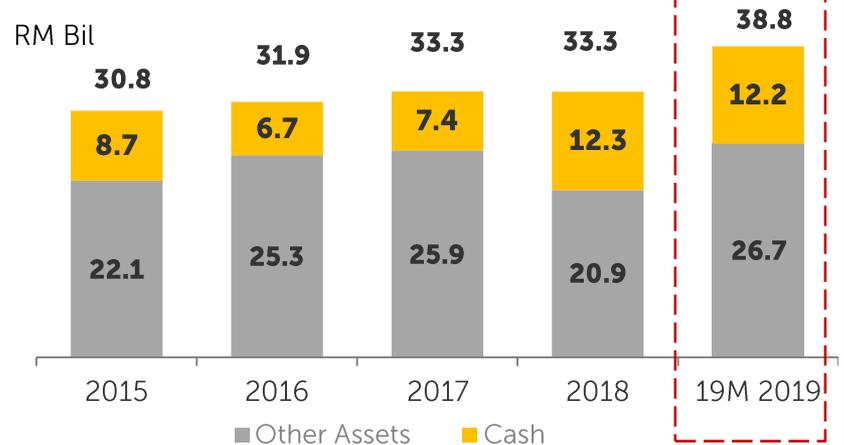
Divident Pay-out

Sen per share



Total assets

RM Bil





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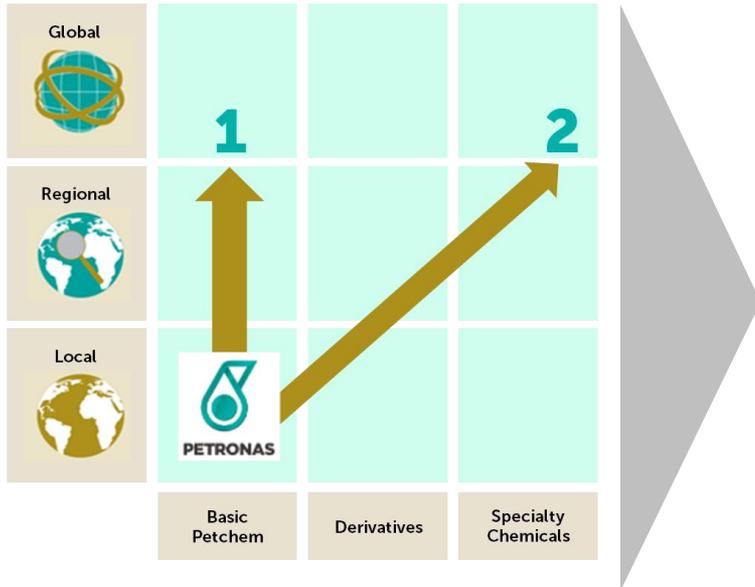
MOVING FORWARD



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



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

Growth Levers

Market-backed Portfolio

1

Extend Value Chain

Maximise value from RAPID molecules & PCG existing complexes

2

Build Specialty Platform

Venture into attractive segments based on megatrends

3

Create Optionality for Growth

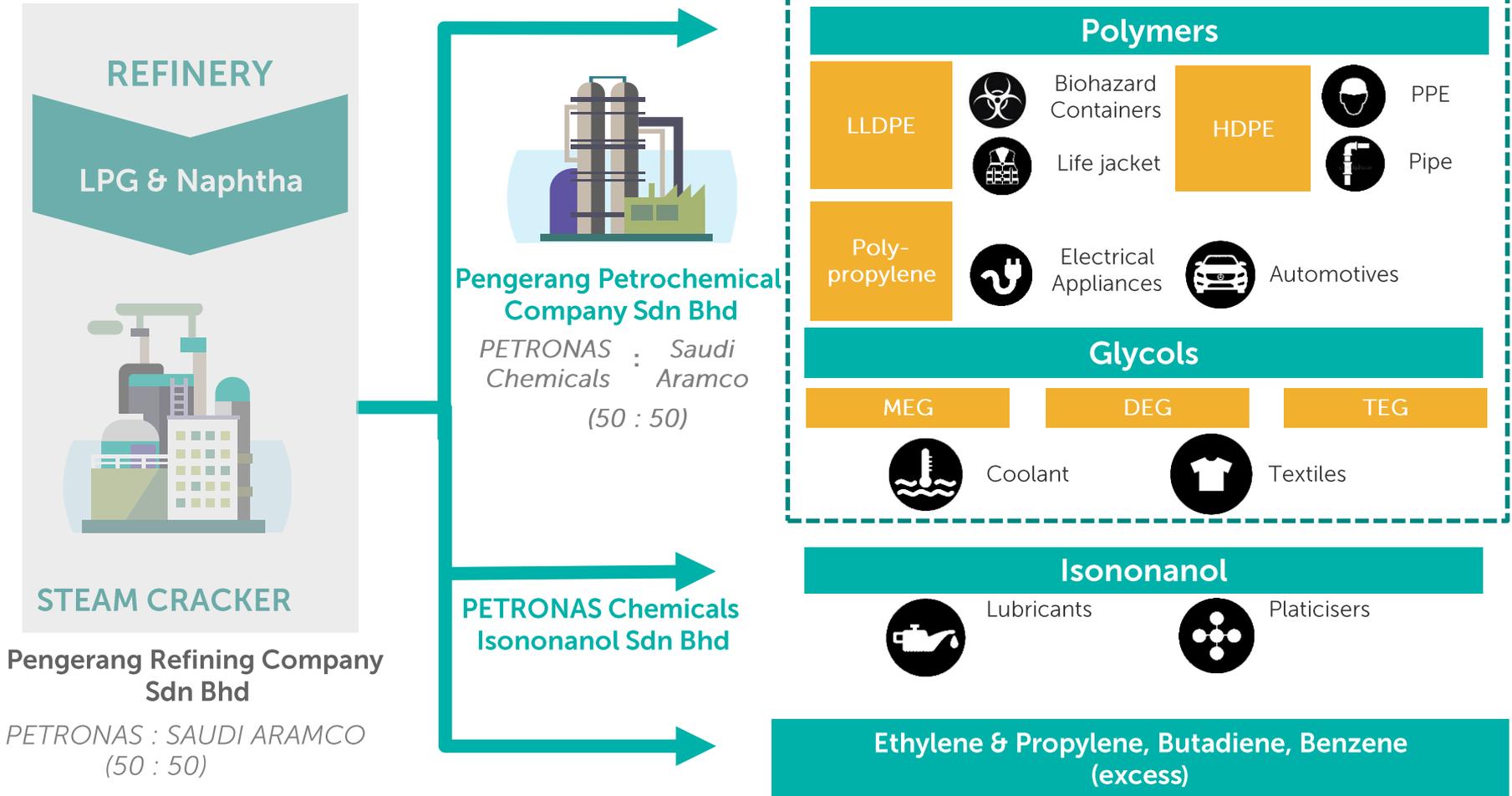
Invest in innovative and breakthrough technologies through seed capital

Pengerang Integrated Complex focusses on key growth areas in commodities, differentiated and specialty petrochemicals



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Commodities, Differentiated and Specialty Petrochemical Products



Available excess molecules are to be used for further downstream opportunities



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Excess Molecules



PROPYLENE



Car Seat



Insulation



Solvents



Super Absorbent Polymers

BUTADIENE



Medical Gloves



Tyres



Golf balls



Automotive rubber hoses

BENZENE



Cleaning Agent



Textile processing



Crop Protection Agent



Nylon

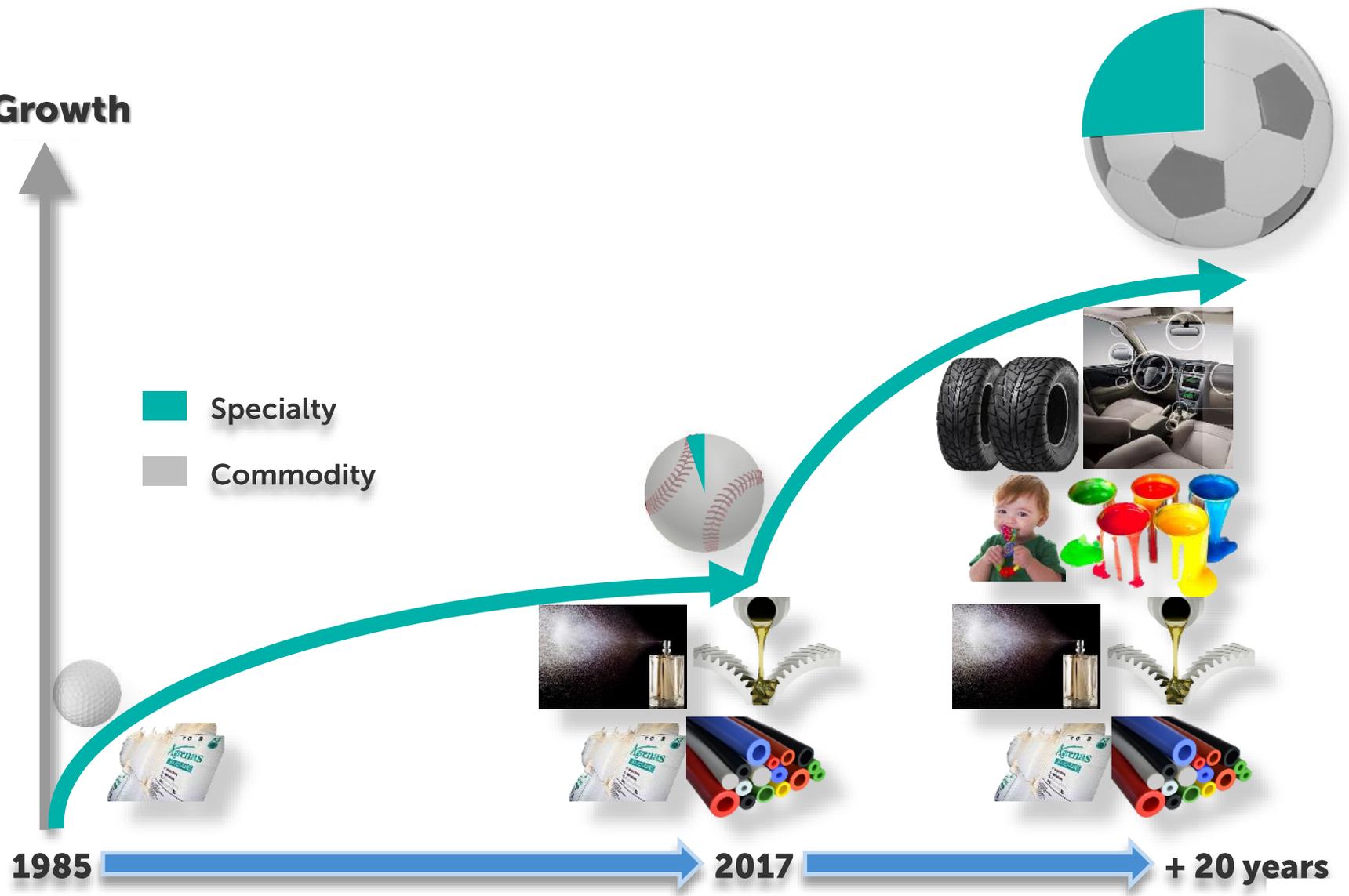
We are developing a new product portfolio of our specialty chemicals over the next 20 years



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Growth

- Specialty
- Commodity



1985

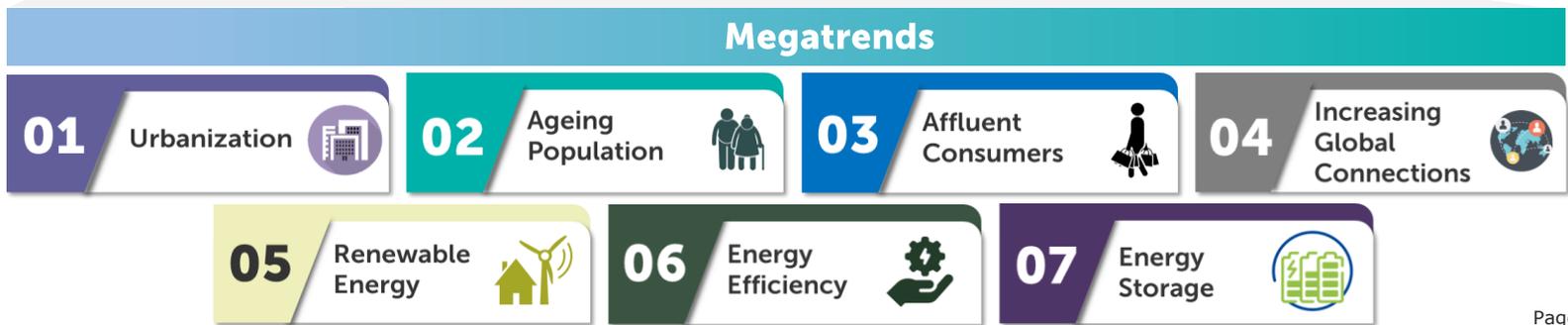
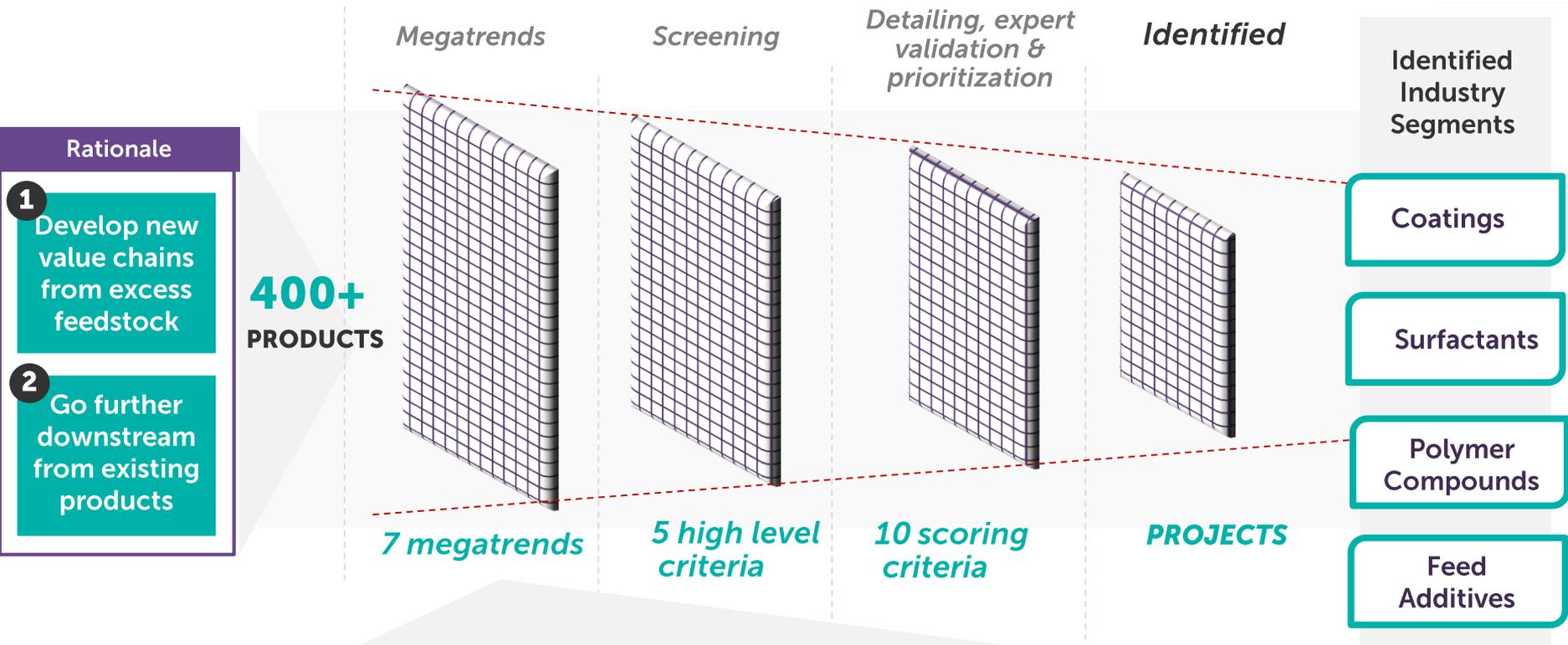
2017

+ 20 years

Exhaustive and rigorous filtering process is ongoing to identify growth opportunities



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-  Introduction to PCG
-  Performance Highlights
-  A sustainable future
-  **ESG matters**
-  Market outlook moving forward



Responsibility to the Environment

Responsible use of:

- Energy
- Fresh water

Careful management of:

- Waste
- emissions



Well being of Society

Continuous enhancement of society through:

- Education related programs and support
- Community programs
- Workforce development and diversity



Health & Safety

Commitment to Health and safety through:

- ZETO rules
- Jom Patuh & Tegur initiatives
- Monitoring and management of lost time injuries and frequency (LTIF)
- Product stewardship



Corporate Governance

Commitment to corporate governance through:

- Risk management
- Audit committee
- Regulatory compliance



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MOVING FORWARD



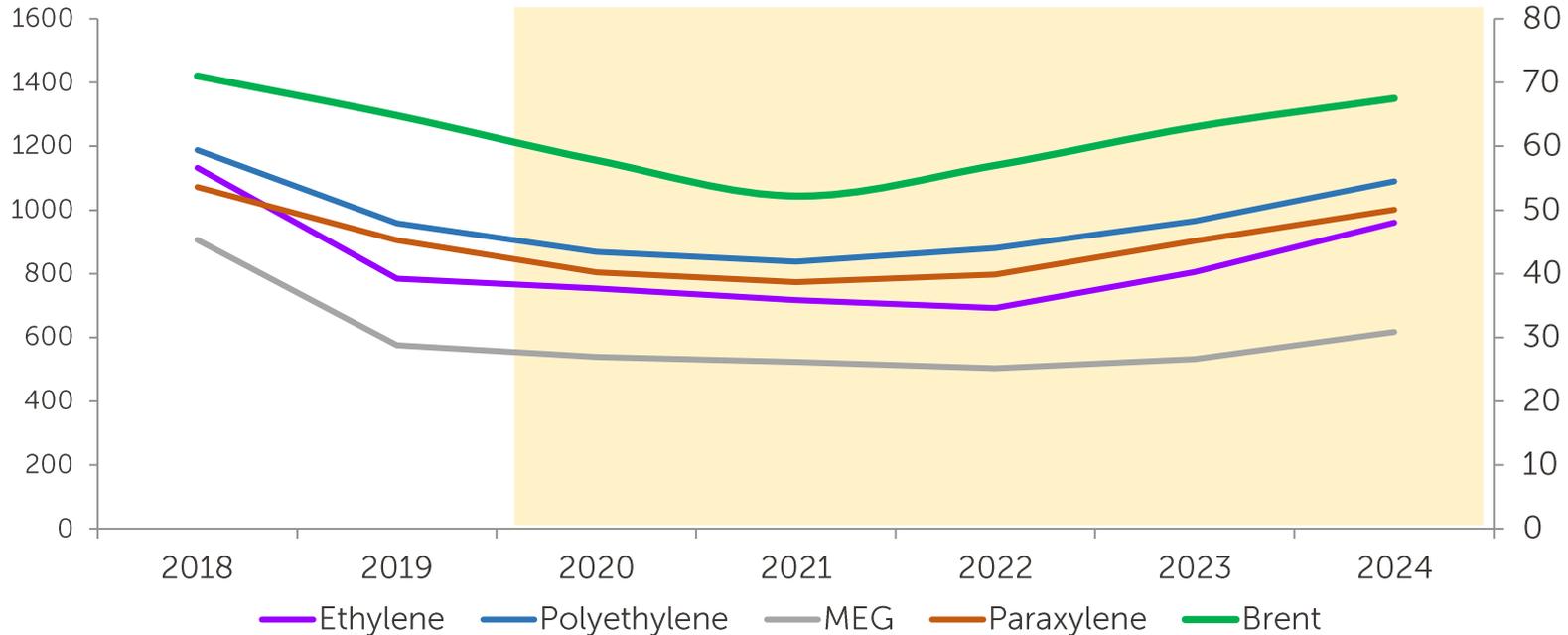
Market outlook : Olefins & Derivatives



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O&D Core Average Price (USD/MT)

Brent (USD/bbl)



Ethylene ↓



- Wave of US new plants
- Ample supply from Middle East

Polymers ↓



- Lower feedstock price
- Diversion of US cargoes

MEG ↓



- Softening ethylene price in
- Lackluster downstream demand

Paraxylene ↓



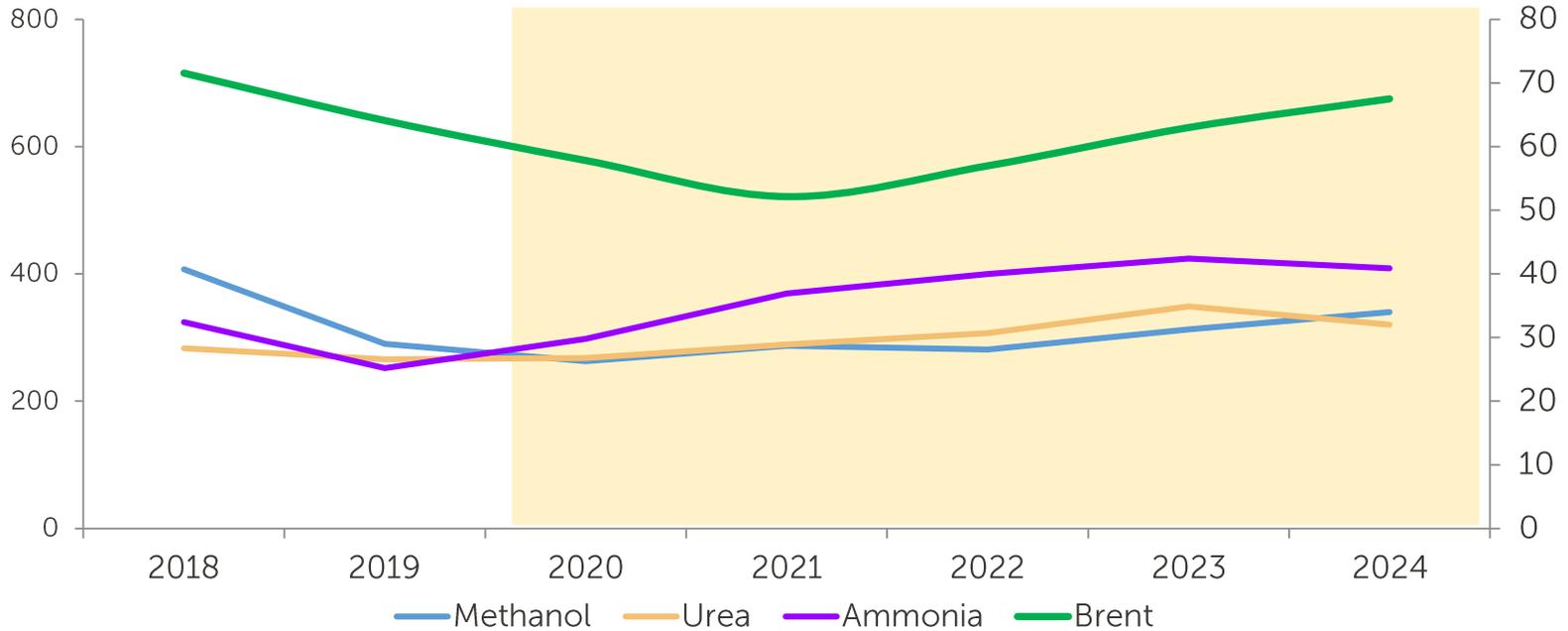
- Weak feedstock price
- Weak PTA & PET demand



Market outlook : Fertiliser & Methanol

F&M Core Average Price (USD/MT)

Brent (USD/bbl)



Urea ↔



- Capacity additions offset by closures
- Moderate demand growth
- Lower energy costs

Ammonia ↑



- Limited merchant supply growth
- Growing demand for fertiliser and industrial usage

Methanol ↓



- New US capacity
- Lower energy costs
- Weakening demand in MTO



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**

Well positioned to capture the growth opportunities in the region

- PCG is located centrally in SEA, with easy access to key growing markets.
- Market leadership through large, world scaled plants
- Physical presence in key markets (China, Indonesia, Thailand, Philippines, India)



Currently on a growth trajectory in an opportunistic and growing market



- South East Asia is growing at a GDP of 5.5% vs world of 3.9%*

Financial Strength

- Robust financial performance during tough times
- Strong balance sheet and a net cash position
- Stable and consistent dividend policy



Strong Leadership



- Experienced leadership team with clear strategic direction
- High performance culture within the group



Thank You

For enquiries please contact us at:

**PETRONAS Chemicals Group Berhad
Level 45, Tower 1,
PETRONAS TWIN TOWERS,
KUALA LUMPUR CITY CENTRE,
50088 KUALA LUMPUR, MALAYSIA**

petronaschemicals_ir@petronas.com
www.petronaschemicals.com.my