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# **PETRONAS CHEMICALS GROUP BERHAD**

**(Corporate updates)**

**August 2019**

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## Plant utilisation (PU) at 99 %

- Improved plant performance
- Higher ethane feedstock supply



## Sales volume declined 5% y-o-y

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



## ■ PAT declined

## ■ Lower EBITDA due to;

- weaker spreads, higher maintenance cost

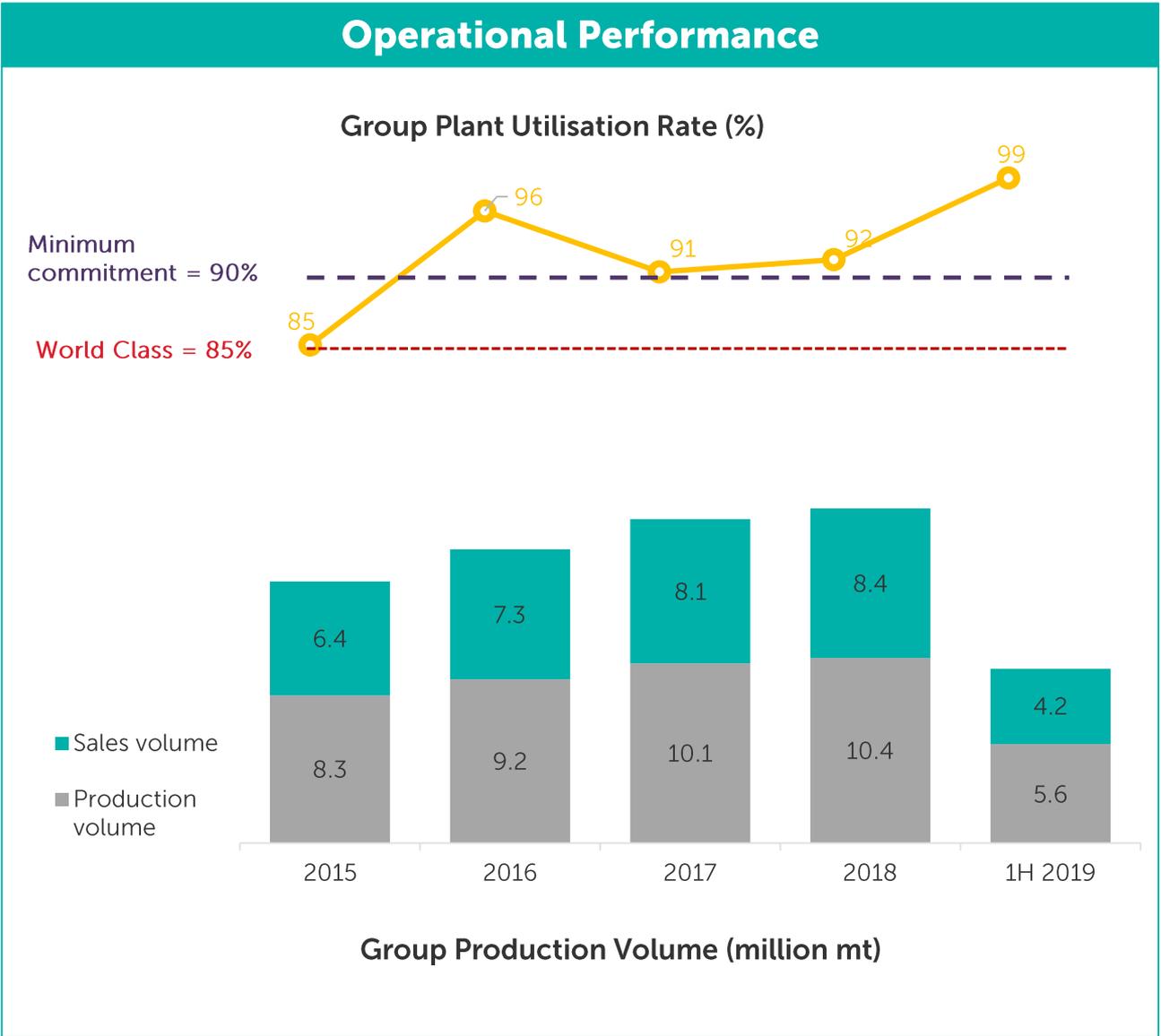
Partially offset by;

- Strengthening USD against MYR

# 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**

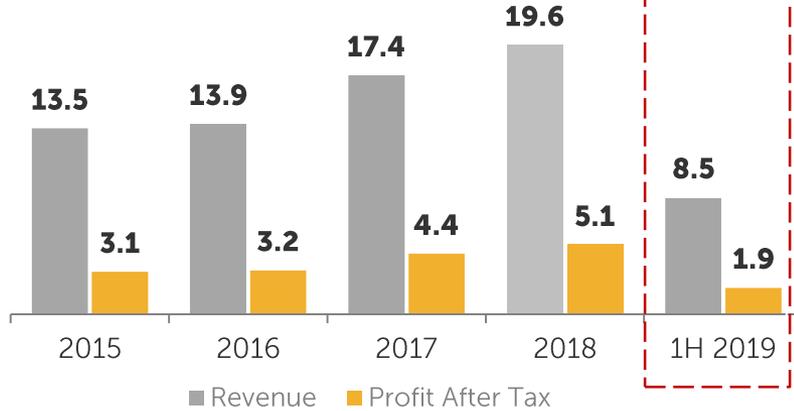
# Profitability in line with operational and market performance



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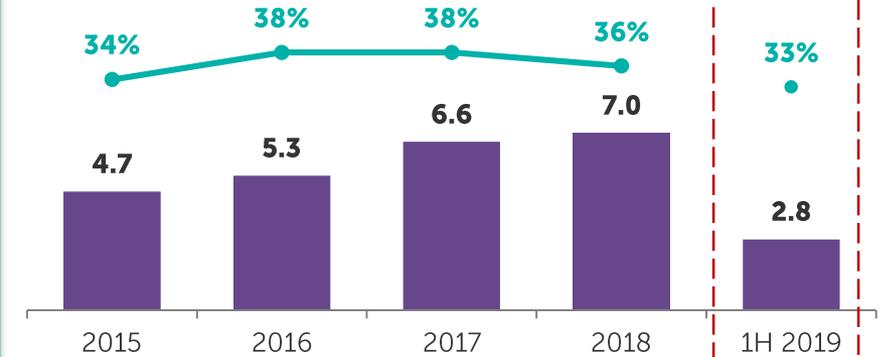
## Earnings

RM Bil



## EBITDA

RM Bil



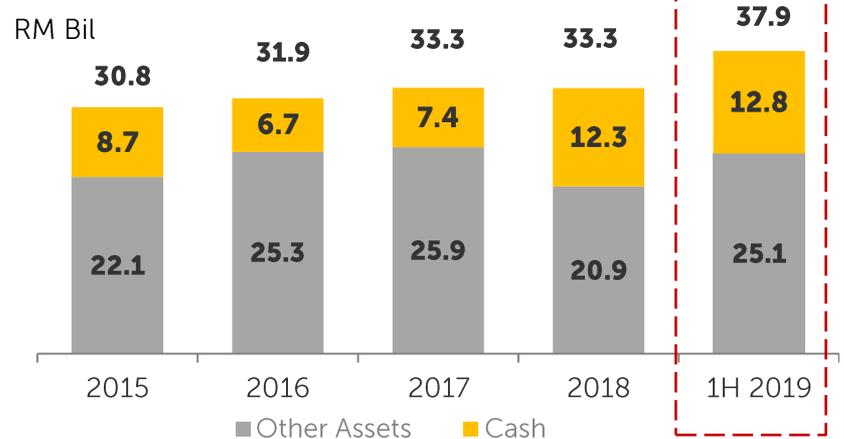
## Capital expenditure

RM Bil



## Total assets

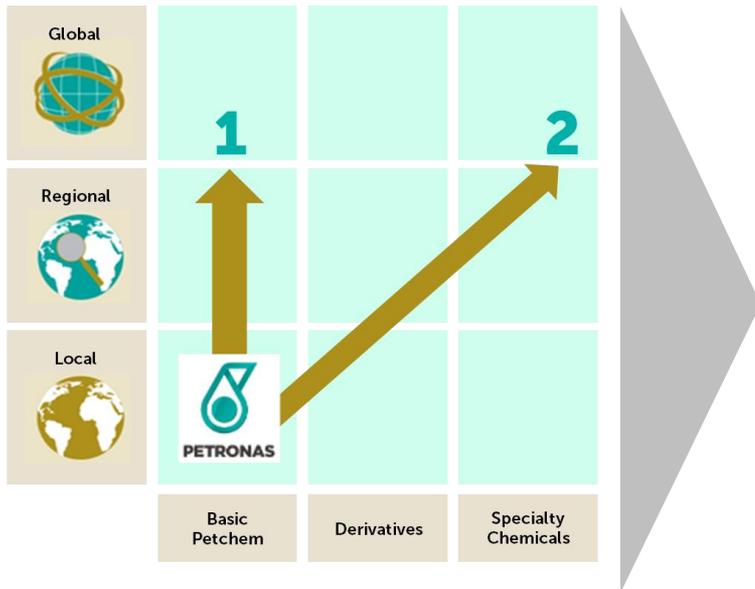
RM Bil



# 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**

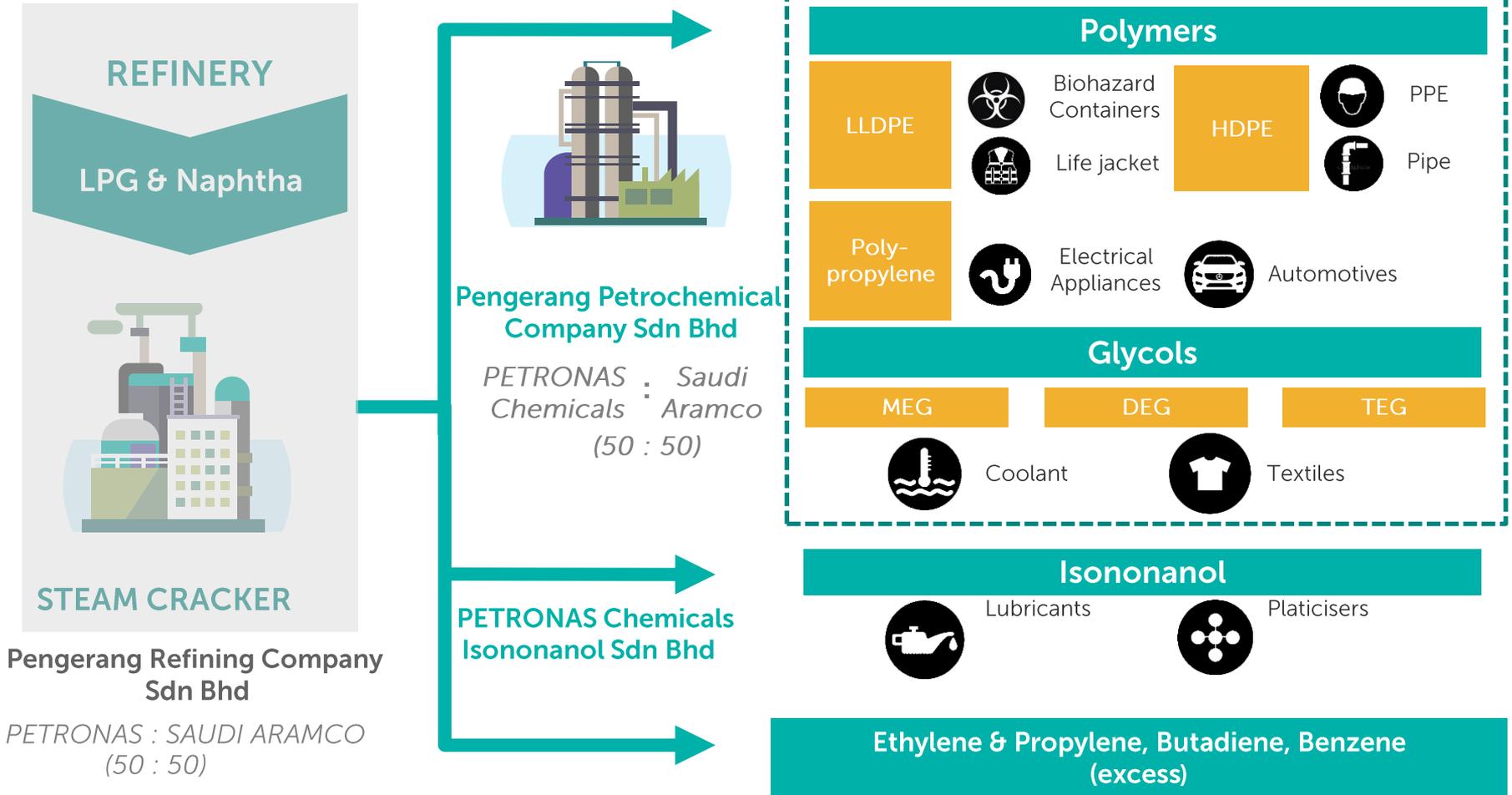
Invest in innovative and breakthrough technologies through seed capital

# 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

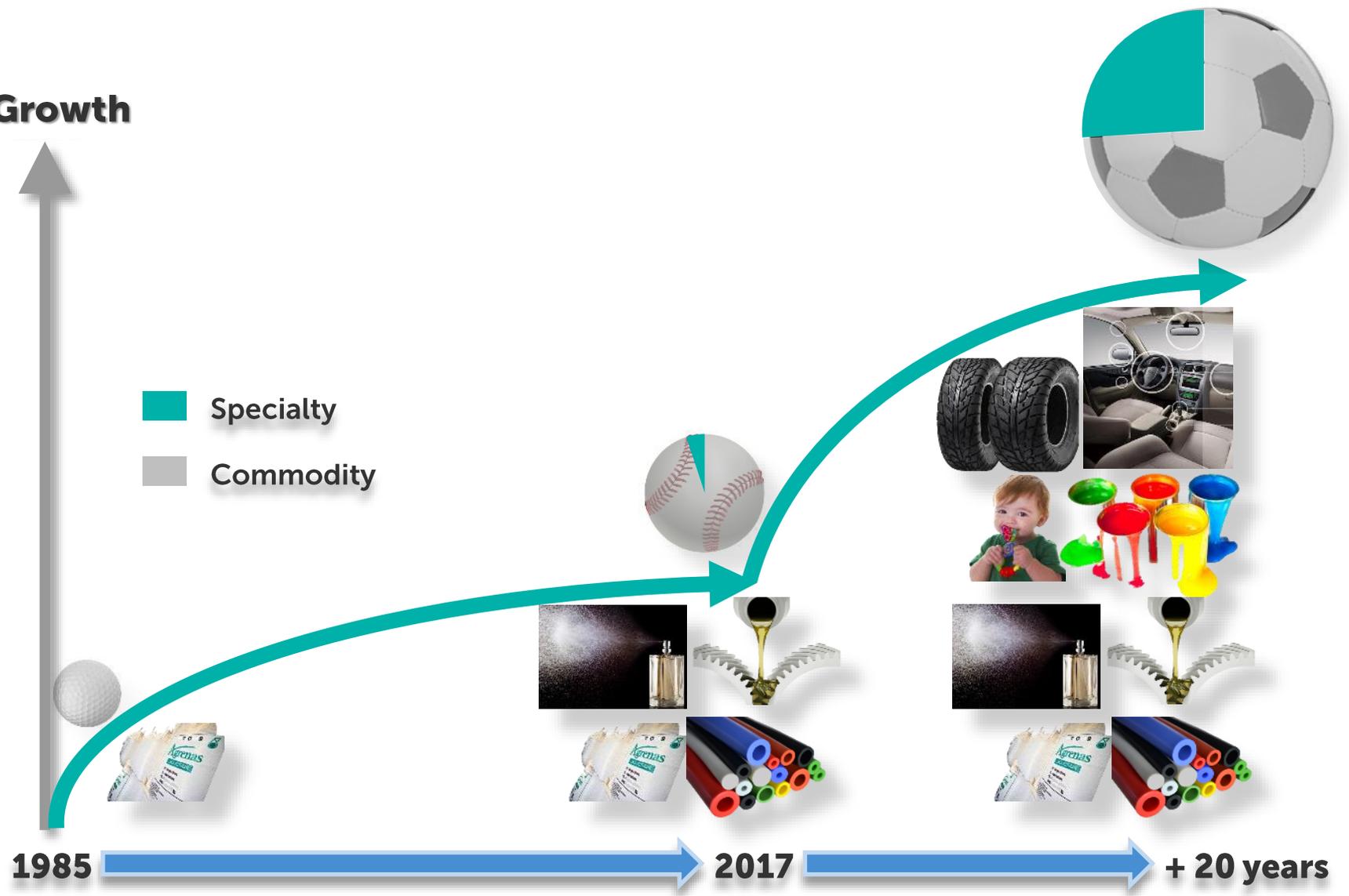
# We are developing a new product portfolio of our specialty chemicals over the next 20 years



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Growth

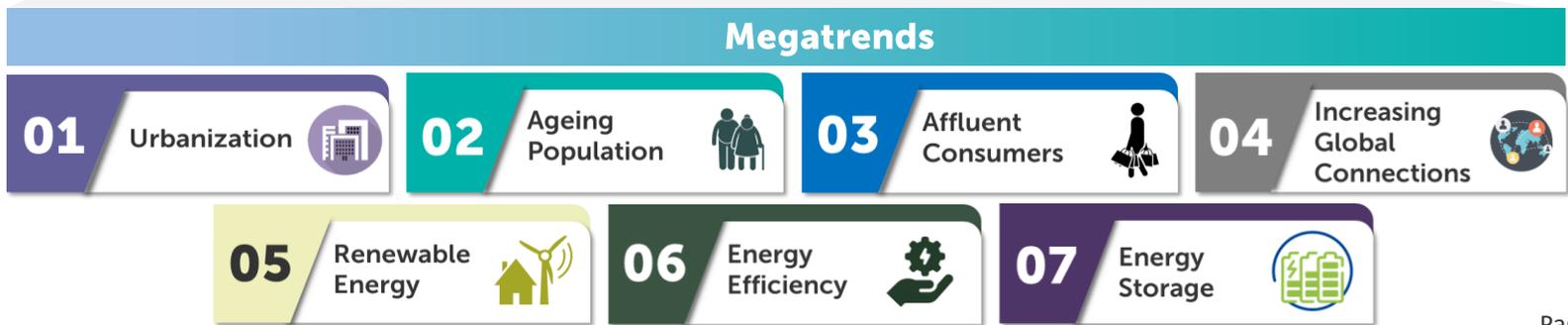
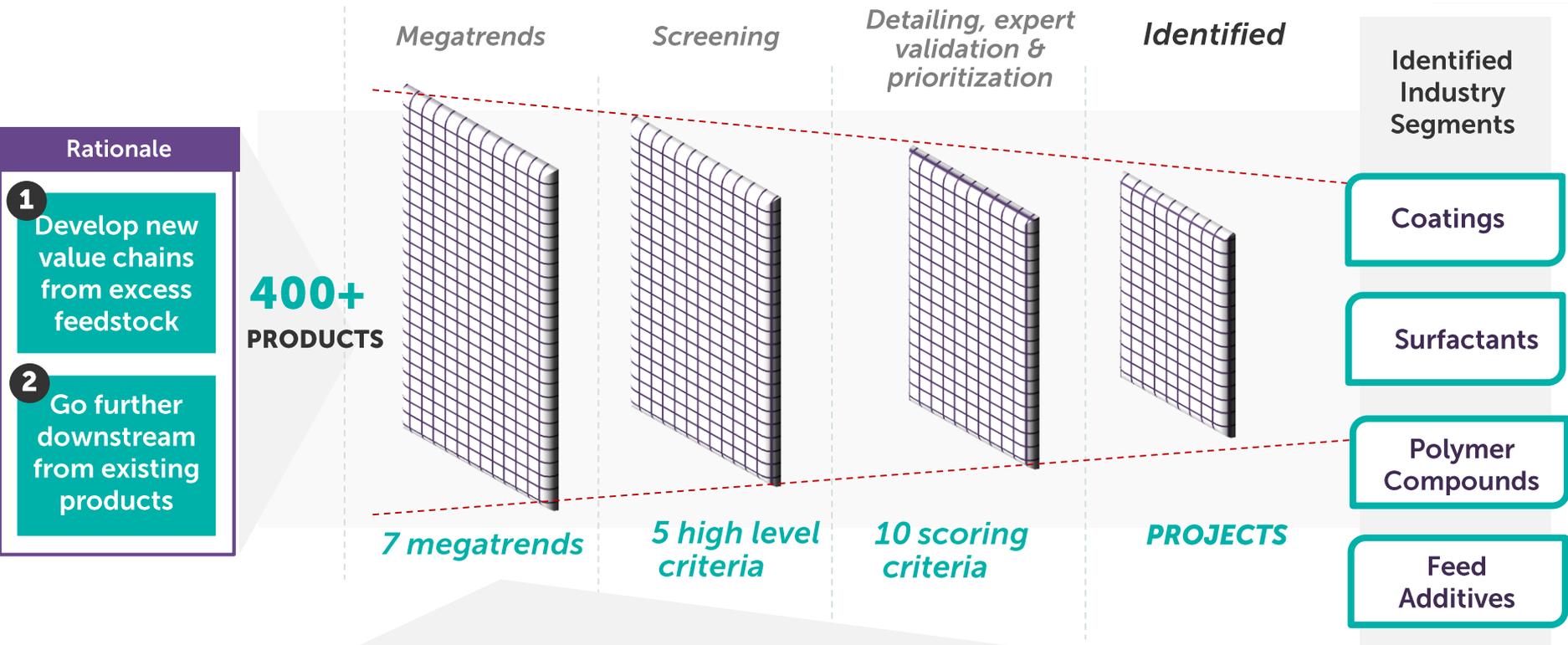
- Specialty
- Commodity



# Exhaustive and rigorous filtering process is ongoing to identify growth opportunities



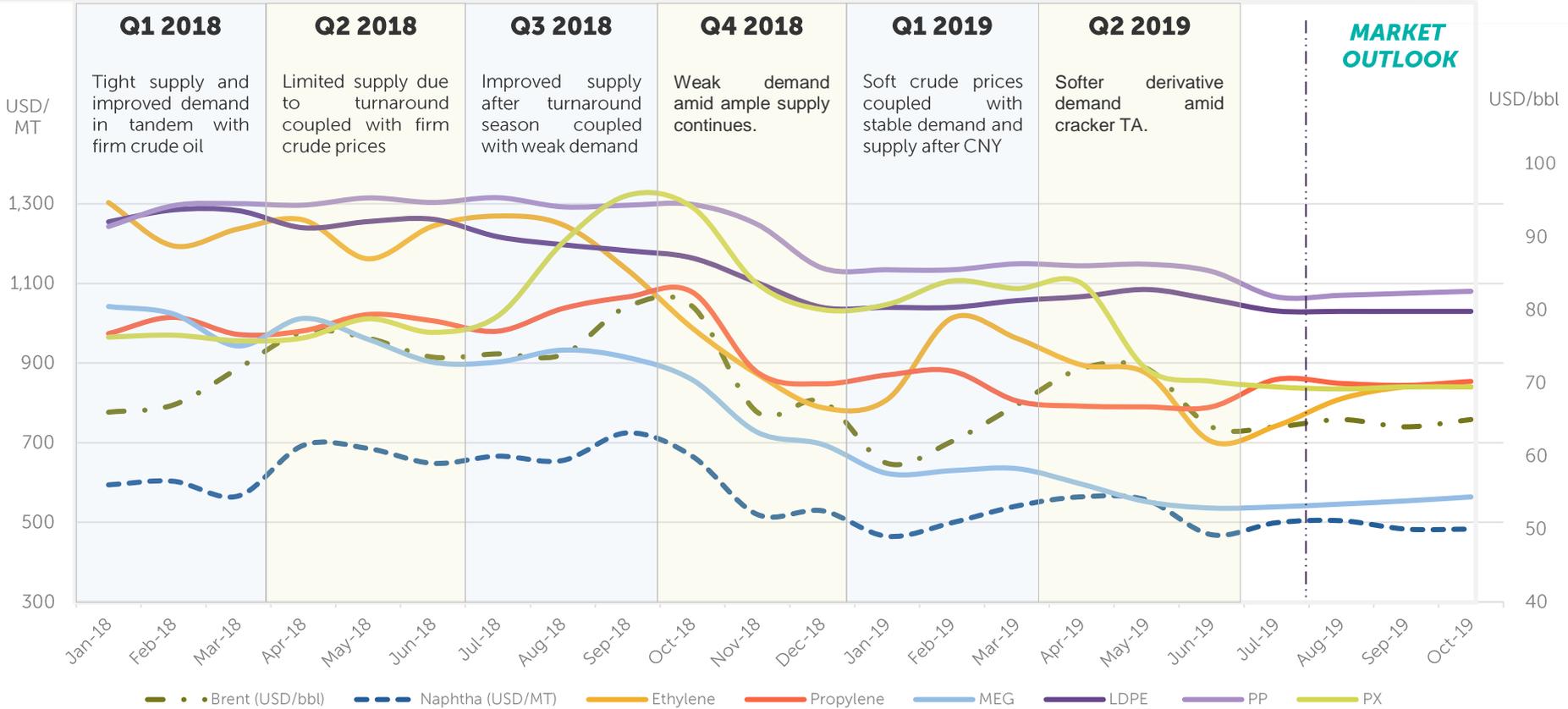
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# Olefins & Derivatives: Short term stability due to plant turnaround season.



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## Ethylene



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

## Polymers



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

## MEG



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

## Paraxylene

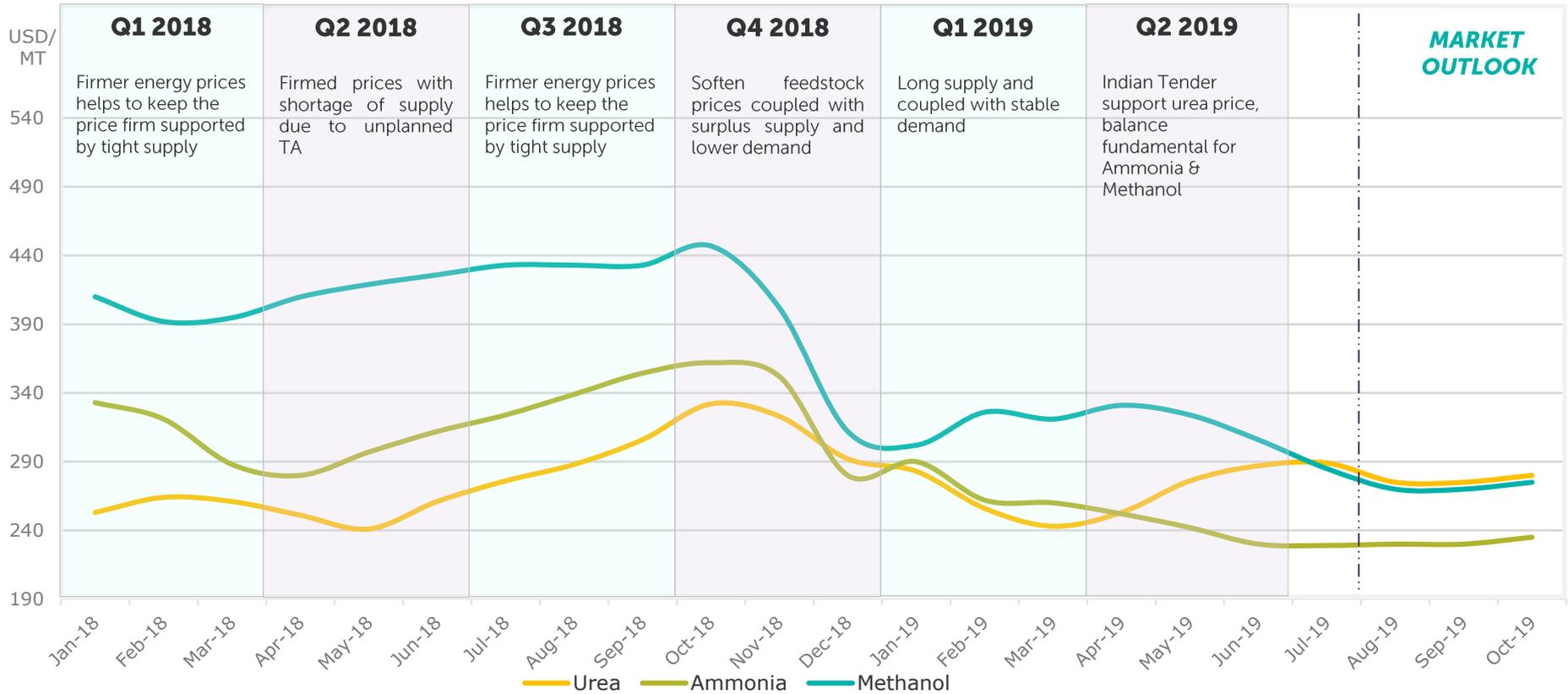


- ◆ Stable supply
- ◆ Demand supported by PTA restart and start-ups
- ◆ Weak demand amidst US-China trade tensions

# Fertiliser & Methanol: Softer outlook on low Methanol demand



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**Urea** ↔



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

**Ammonia** ↔



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

**Methanol** ↓



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



1. Uphold **HSE** as a Priority



2. Sustain world class **Operational Excellence**



3. Drive **Commercial Excellence**



4. Operationalise **Pengerang Integrated Complex**



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



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# Thank you



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# Appendix

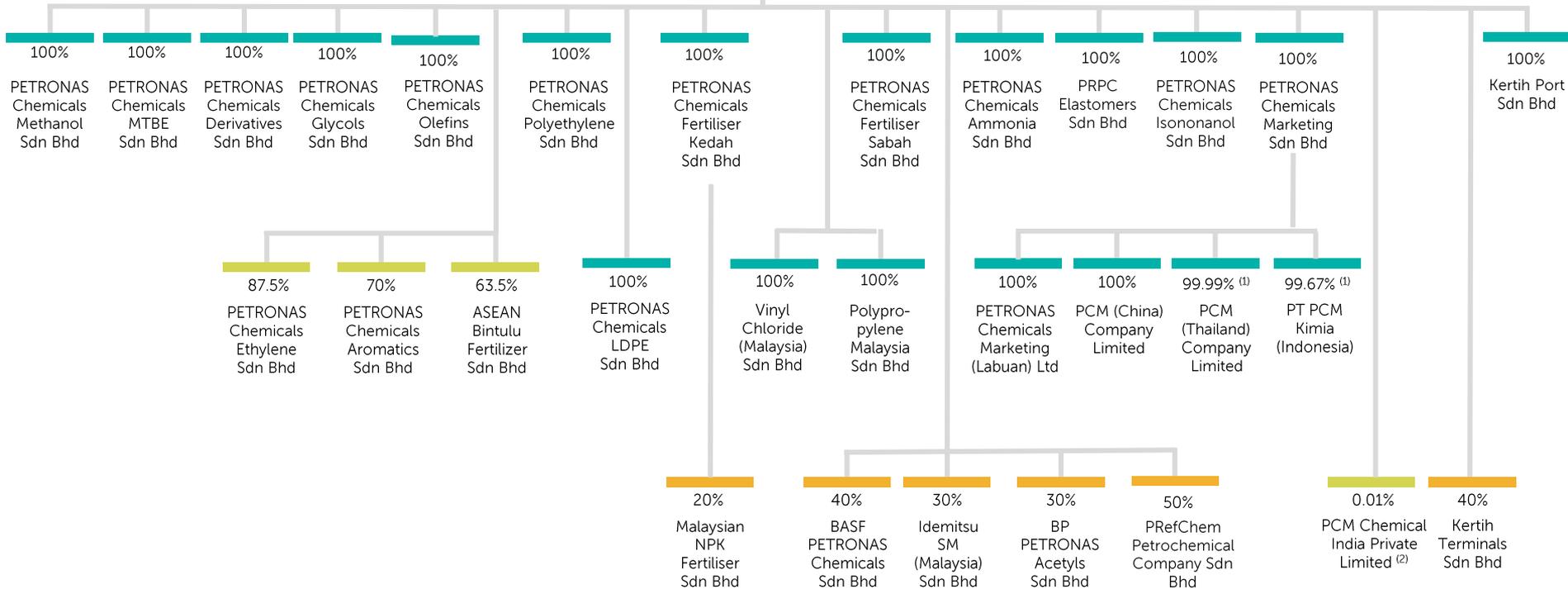
# PCG Corporate Structure



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64.35%

### PETRONAS Chemicals Group Berhad



- █ Wholly-owned subsidiaries
- █ Partly-owned Subsidiaries
- █ Joint ventures and associates

(1) Wholly-owned subsidiary as remaining shareholding is held through other subsidiaries within PCG  
 (2) Subsidiary pursuant to Malaysian Financial Reporting Standard 10

# PCG Key Management

Significant experience in the industry with proven track records



**Datuk Sazali Hamzah**

**Managing Director /  
Chief Executive Officer**

- Responsible for the overall operational, financial, and sustainable management of PCG and its subsidiaries
- Chartered Fellow of the Institution of Chemical Engineers (IChemE), UK
- Previously MD/CEO of PETRONAS Penapisan (Melaka) Sdn. Bhd.



**Rashidah Alias**

**Chief  
Financial Officer**

- Responsible for the management of all financial and fiscal aspects of PCG
- Fellow of the Institute of Chartered Accountants Australia and New Zealand
- Member of the Malaysian Institute of Accountants
- Previously Senior General Manager of Group Treasury in PETRONAS



**Mahadzir Rani**

**Head of  
Manufacturing**

- Responsible for PCG's overall operational excellence inclusive of plant management and centralised services
- Previously CEO of PETRONAS Chemicals Methanol Sdn. Bhd.
- Prior appointments at PETRONAS Chemicals Fertiliser Kedah, PETRONAS Chemicals MTBE and PETRONAS Penapisan Terengganu Sdn. Bhd.



**Shamsairi M Ibrahim**

**Head of  
Commercial**

- Responsible for PCG's overall commercial excellence
- CEO of PETRONAS Chemicals Marketing Sdn. Bhd. and PETRONAS Chemicals Marketing (Labuan) Ltd.
- Previously Head of Olefins & Derivatives, PCG.
- Prior appointments at PCOGD, MITCO Japan and Malaysia LNG Sdn. Bhd.



**Akbar Md Thayoob**

**Head of Strategic  
Planning and Ventures**

- Responsible for PCG's overall strategic planning, business development and ventures development
- Involved in various operations, strategy and business planning within PETRONAS
- Previously Head of Retail Business, PETRONAS Dagangan Berhad

# PCG Production Capacity

## Olefins & Derivatives

Plant	Ownership	Location	Product	Nameplate Capacity
PETRONAS Chemicals Ethylene Sdn Bhd	87.5%	Kertih	Ethylene	400,000 mtpa
PETRONAS Chemicals Polyethylene Sdn Bhd	100%	Kertih	HDPE/LLDPE, pipe-grade PE	300,000 mtpa
PETRONAS Chemicals Olefins Sdn Bhd	100%	Kertih	Ethylene Propylene	600,000 mtpa 84,720 mtpa
PETRONAS Chemicals Glycols Sdn Bhd	100%	Kertih	Ethylene oxide Ethylene glycols	385,000 mtpa 380,000 mtpa
PETRONAS Chemicals Derivatives Sdn Bhd	100%	Kertih	Ethoxylates Ethanolamines Glycol ethers Butanol Butyl acetate Nonylphenol ethoxylates Polyethylene glycol Polyalkaline glycol	30,000 mtpa 75,000 mtpa 60,000 mtpa 140,000 mtpa 50,000 mtpa 30,000 mtpa 15,000 mtpa 10,000 mtpa
PETRONAS Chemicals LDPE Sdn Bhd	100%	Kertih	LDPE	255,000 mtpa
PETRONAS Chemicals Aromatics Sdn Bhd	70%	Kertih	Paraxylene Benzene	500,000 mtpa 187,700 mtpa
PETRONAS Chemicals MTBE Sdn Bhd	100%	Gebeng	MTBE Propylene n-butane	300,000 mtpa 380,000 mtpa 135,000 mtpa

# PCG Production Capacity

## Fertilisers & Methanol

Plant	Ownership	Location	Product	Nameplate Capacity
ASEAN Bintulu Fertilizer Sdn Bhd	63.47%	Bintulu	Urea Ammonia	750,000 mtpa 450,000 mtpa
PETRONAS Chemicals Fertiliser Kedah Sdn Bhd	100%	Gurun	Urea Ammonia Methanol	683,000 mtpa 400,000 mtpa 66,700 mtpa
PETRONAS Chemicals Sabah Sdn Bhd	100%	Sipitang	Urea Ammonia	1,200,000 mtpa 740,000 mtpa
PETRONAS Chemicals Ammonia Sdn Bhd	100%	Kertih	Ammonia Oxogas Carbon Monoxide	450,000 mtpa 435,700 mtpa 246,700 mtpa
PETRONAS Chemicals Methanol Sdn Bhd	100%	Labuan	Methanol	666,000 mtpa 1,665,000 mtpa
Malaysian NPK Fertilizer Sdn Bhd <sup>(1)</sup> <i>(associate company of PETRONAS Chemicals Fertiliser Kedah)</i>	20%	Gurun	NPK	310,000 mtpa

<sup>(1)</sup> Associate company

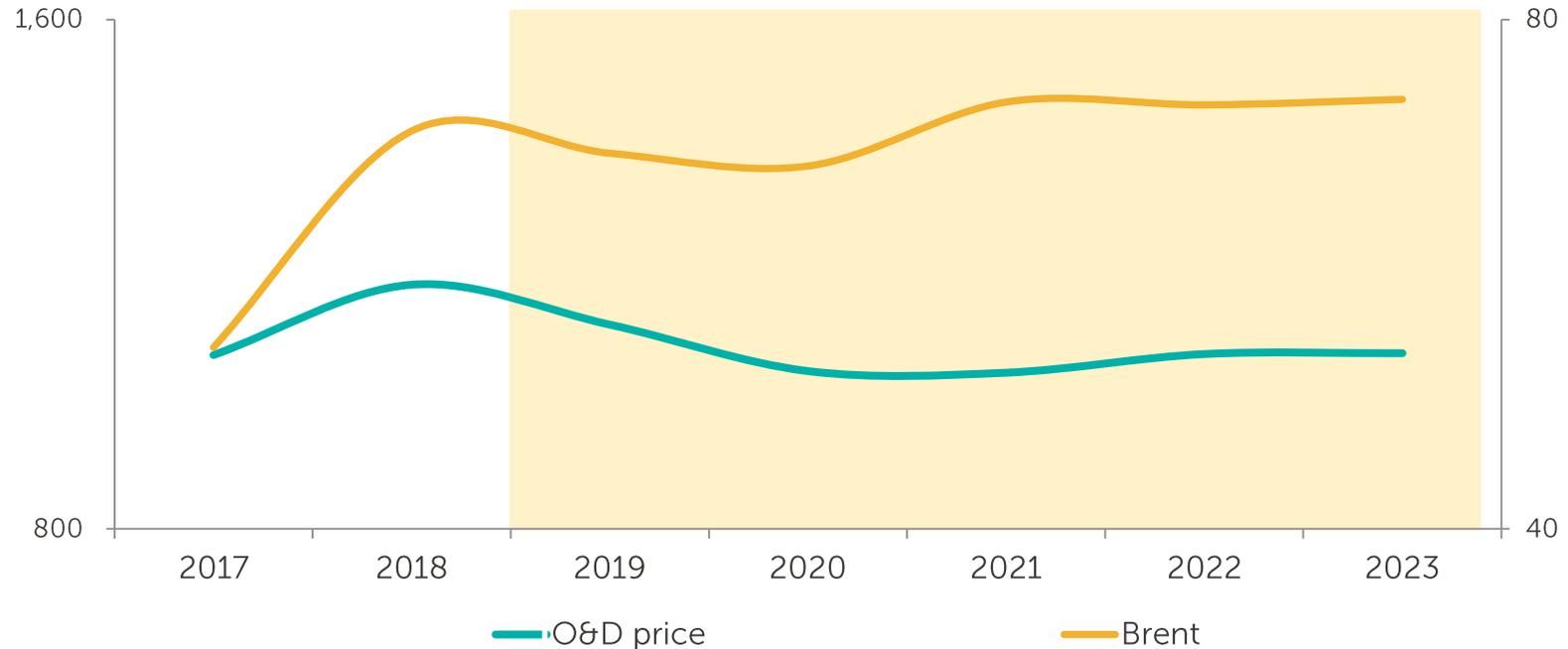
# Olefins & Derivatives: Price to soften in immediate term due weaker demand on the back of increasing supply



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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 in ethylene price
- Lackluster downstream demand

**Paraxylene** ↓



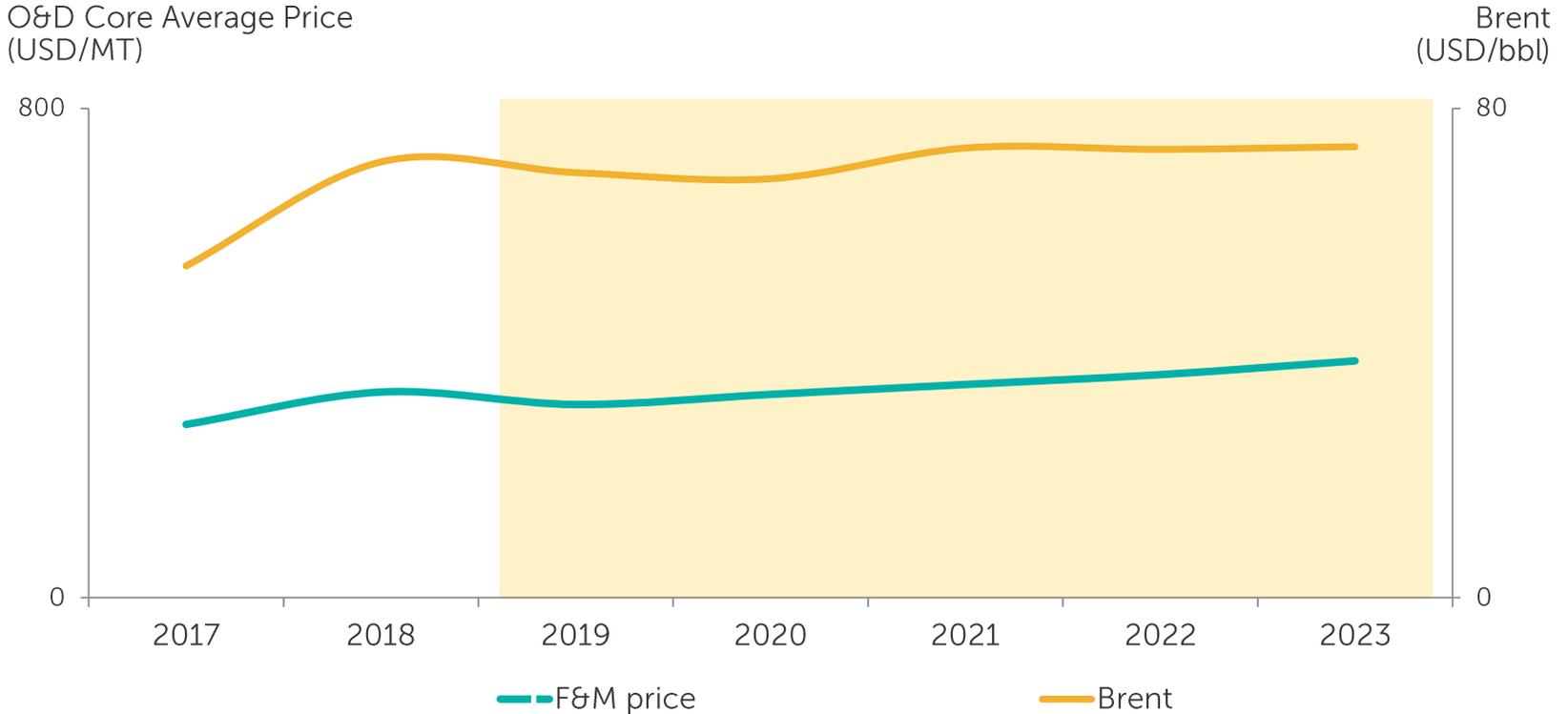
- Weak feedstock price
- Weak PTA & PET demand

Source: IHS, ICIS, Team Analysis

# Fertiliser & Methanol: Stable price level supported by demand for Urea offset slight softening for Methanol



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**Urea** ↓



- ◆ Various capacity additions
- ◆ Moderate demand growth
- ◆ Lower energy costs

**Ammonia** ↔



- ◆ New capacity additions
- ◆ expansion of Africa's phosphates plants

**Methanol** ↓



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



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