

# PETRONAS CHEMICALS GROUP BERHAD ANALYST BRIEFING

18 May 2022

**ACQUISITION OF  
100% EQUITY INTEREST IN  
PERSTORP HOLDING AB**

## Disclaimer

PETRONAS Chemicals Group Berhad ("PCG"), its subsidiaries and related corporations confirm that care has been taken in ensuring the accuracy and correctness of information, statements, text, articles, data, images and other materials contained and appearing in this presentation and the associated slides (hereinafter referred to as "the MATERIALS"). Accordingly, PCG, its subsidiaries and related corporations and its or their directors, officers, employees, agents and advisers (hereinafter referred to as "We") represent that, to the best of our knowledge and belief that the MATERIALS which are owned and directly related to us therein are accurate, correct and true.

The MATERIALS is not exhaustive. We do not assume any obligation to add, delete or make any changes to the MATERIALS and we may do so, if we feel necessary, without prior notice.

We expressly disclaim all liabilities whatsoever for any direct, indirect, special or consequential loss or damages howsoever resulting directly or indirectly from the access to or the use of this MATERIALS and the reliance on the MATERIALS contained herein. You should rely on your own evaluation and assessment of the MATERIALS in order to arrive at any decision. Any decision made by you based on the MATERIALS is your sole responsibility.

The MATERIALS may also contain information provided by third parties and we make no representation or warranty regarding the accuracy, reliability, truth and completeness of the said third parties' information.

In no event would the MATERIALS constitute or be deemed to constitute an invitation to invest in PCG, its subsidiaries and related corporations or an invitation by PCG, its subsidiaries and related corporations to enter into a contract with you.

### Forward Looking Statements and Associated Risks

The MATERIALS and related discussions, including but not limited to those regarding the petrochemicals environment, anticipated demand for petrochemicals, plant turnaround activity and costs, investments in safety and operational risk, increase in turnaround activity and impact on production, future capital expenditures in general, generation of future receivables, sales to customers, cash flows, costs, cost savings, debt, demand, disposals, dividends, earnings, efficiency, gearing, growth, strategy, trends, reserves and productivity together with statements that contain words such as "believe", "plan", "expect" and "anticipate" and similar expressions thereof may constitute forward looking statements.

Such forward-looking statements are subject to certain risks and uncertainties, including but not limited to, the economic situation in Malaysia and countries in which we transact business internationally, increases in regulatory burdens in Malaysia and such countries, changes in import control or import duties, levies or taxes in international markets or in Malaysia, and changes in prices or demand for products produced by us, both in Malaysia and in international markets, as a result of competitive actions or economic factors. Such forward looking statements are also subject to the risks of increased costs in related technologies and such technologies producing expected results, and performance by third parties in accordance with contractual terms and specifications.

Should one or more of these uncertainties or risks, among others, materialise, actual results may vary materially from those estimated, anticipated or projected. Specifically, but without limitation, capital costs could increase, projects could be delayed, and anticipated improvements in capacity or performance may not be fully realised. Although We believe that the expectations of management as reflected by such forward looking statements are reasonable based on information currently available, no assurances can be given that such expectations will prove to have been correct. Accordingly, you are cautioned not to place undue reliance on the forward looking statements. We undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

This presentation and its contents are strictly confidential and must not be copied, reproduced, distributed, summarised, disclosed, referred or passed to others at any time without the prior written consent of PCG.

# Today's presenters and management team in attendance



**Mohd Yusri Mohamed Yusof**

Managing Director/CEO

*Presenter*



**Mohd Azli Ishak**

Chief Financial Officer

*Presenter*



**Yaacob Salim**

Head Strategic Planning & Ventures

*Presenter*



**Mohd Kabir Noordin**

Chief Manufacturing Officer



**Shakeel Ahmad Khan**

Chief Commercial Officer



**Akbar Md Thayoob**

Head of Special Project

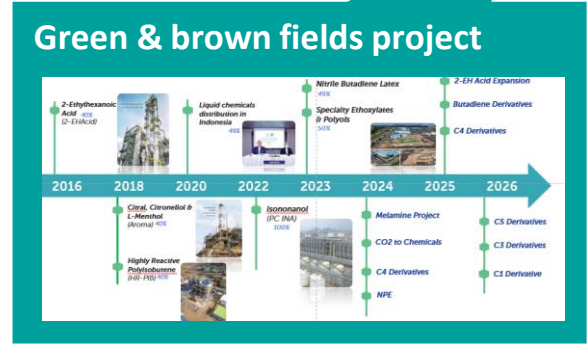
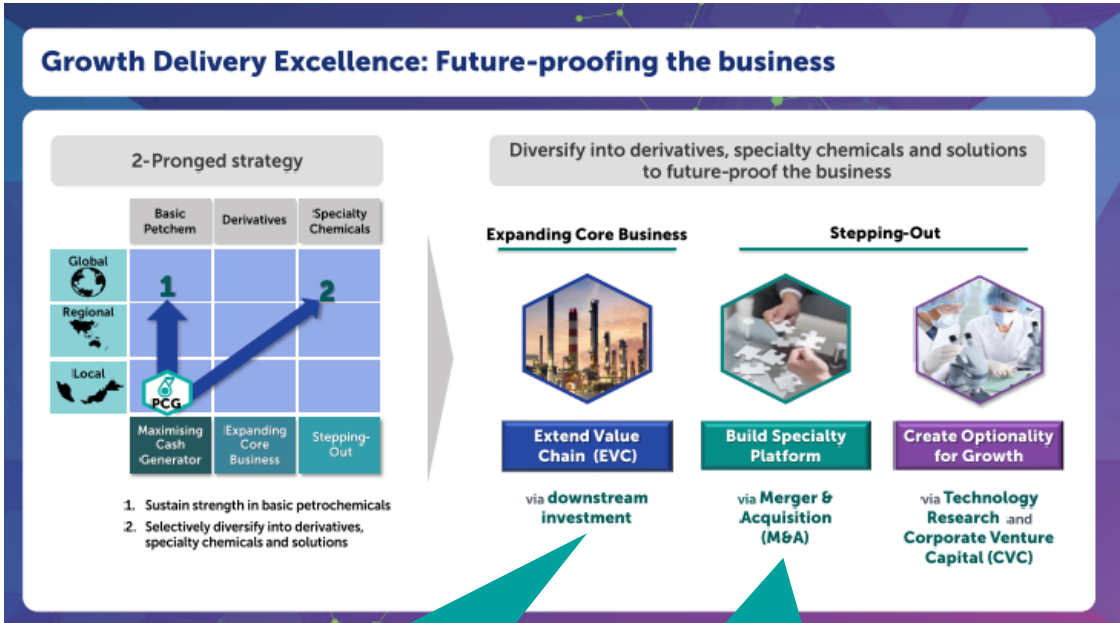


**Todd Nelmark**

Head (Special Ventures)  
Strategic Planning & Ventures

*Presenter*

# Our 2-pronged growth strategy is to establish an additional 30% of revenue stream from non-traditional business by 2030



**M&A**

2019 - BRB Group  
2022 - Perstorp

## End markets

- 1 Feed
- 2 Food & Nutrition
- 3 Agriculture
- 4 Automotive
- 5 Construction
- 6 Electronics
- 7 Energy (excl. Hydrogen)
- 8 Oil and Gas
- 9 Paints & Coatings
- 10 Water Treatment
- 11 Healthcare
- 12 Household, Industrial & Institutional (HI&I)
- 13 Personal Care

## Specialty chemicals pathways

- 1  Food, Feed and Nutrition
- 2  Industrial Additives
- 3  Surfactants, HI&I and Personal Care



## Content Outline

### **1** **Background of Perstorp**

---

### **2** Investment Rationale

---

### **3** The acquisition transaction details

---

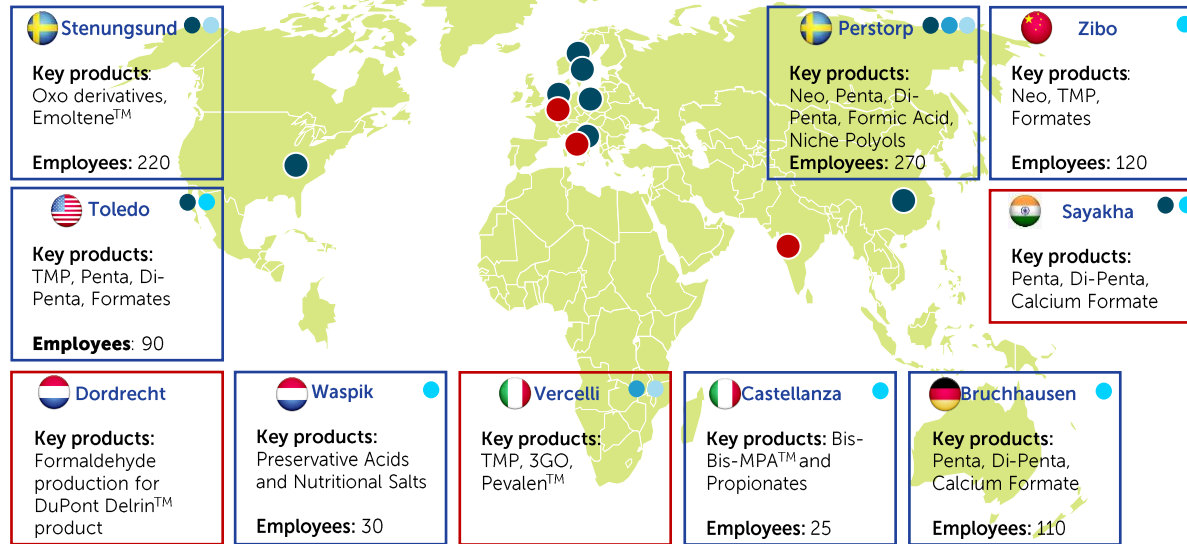
### **4** Next Step

---



# Perstorp Holding AB ("Perstorp") is a niche, global specialty chemicals manufacturer with positive exposure to ESG trends

## Perstorp's Global Manufacturing Network

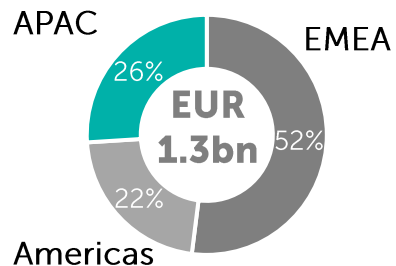


### Legend:

● Engineered fluids ● Animal nutrition ● Resins & Coatings ● Plasticizers

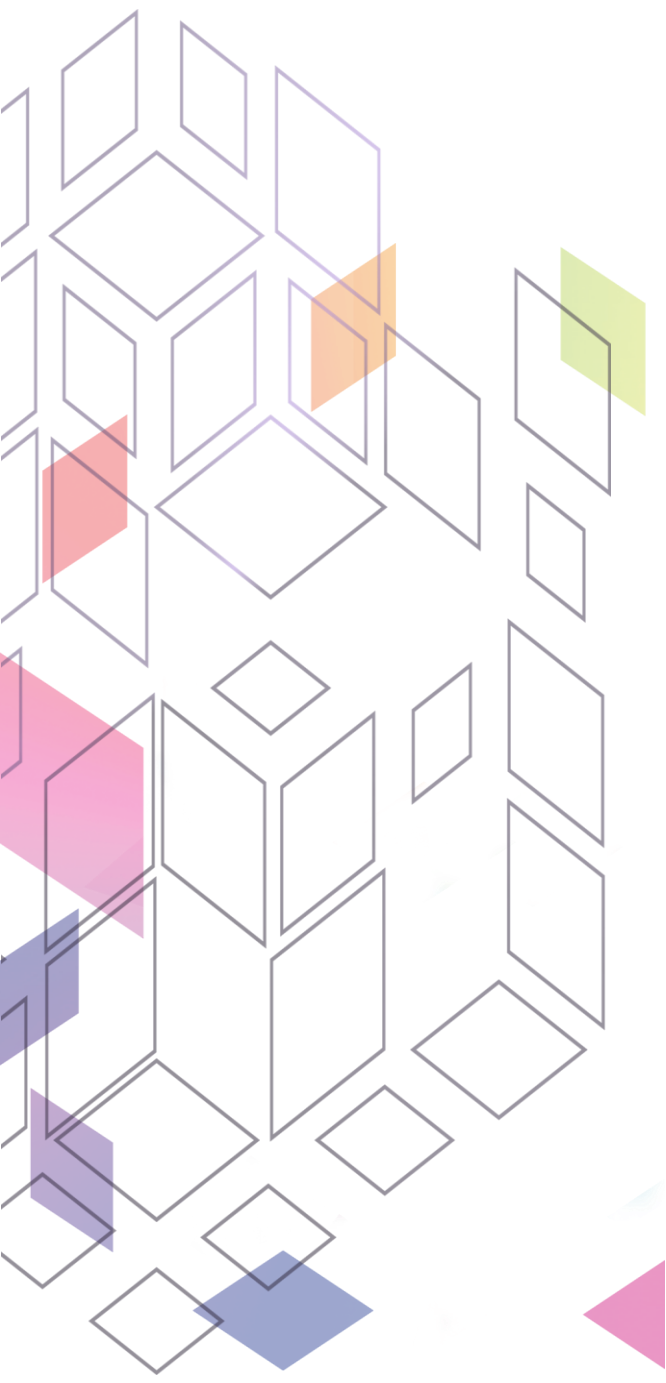
□ Owned □ Toller

### Net Sales by Geography (FY2021A)



## Quick facts

- ❖ A **niche** specialty chemicals player for **Resins & Coatings, Engineered Fluids and Animal Nutrition**
- ❖ A **standalone** entity owned by a **private equity firm**, headquartered in **Malmö, Sweden**
- ❖ FY2021A: Sales of **EUR 1.33bn** and EBITDA of **EUR 248mn** (18.6% margin)
- ❖ **7 manufacturing sites** and **3 R&D centres** globally
- ❖ Presence in **26 countries** inc. US, Europe & APAC
- ❖ **~1,450 employees**
- ❖ **~130 product offerings** within **30 product groups offerings**
- ❖ Serves **~2,600 customers** globally
- ❖ Proprietary oxo and polyol **chemistries**
- ❖ Committed to **sustainability** and **Finite Material Neutral ambition**

- 
- 1 Background of Perstorp

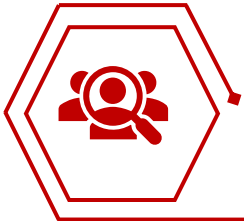
---
  - 2 **Rationale & benefits of acquisition**

---
  - 3 The acquisition transaction details
  - 4 Next Step

---

# Perstorp fits as a growth platform for PCG to expand its Specialty Chemicals portfolio

## MARKET EXPOSURE



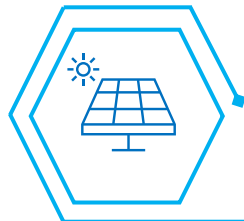
- Perstorp's portfolio is within PCG's preferred end markets such as Paints & Coatings, Construction, Automotive, Personal Care, Food, Feed & Nutrition.

## LEADERSHIP POSITION



- Global #1 in Penta & TMP and Top 3 for Neo & Oxo
- Trusted brand with > 100 years history

## TECHNOLOGY OWNERSHIP



- Proprietary process chemistry for various chemical families
- R&D through active collaboration with universities & institutions

## TALENTED PEOPLE



- Experienced management team and employees of Perstorp pivoting towards high margin downstream specialties

## SUSTAINABILITY-DRIVEN



- "Pro-environment" product series
- Low VOC/emission alternatives towards "Finite Material Neutral" ambition
- Green methanol (Project Air)

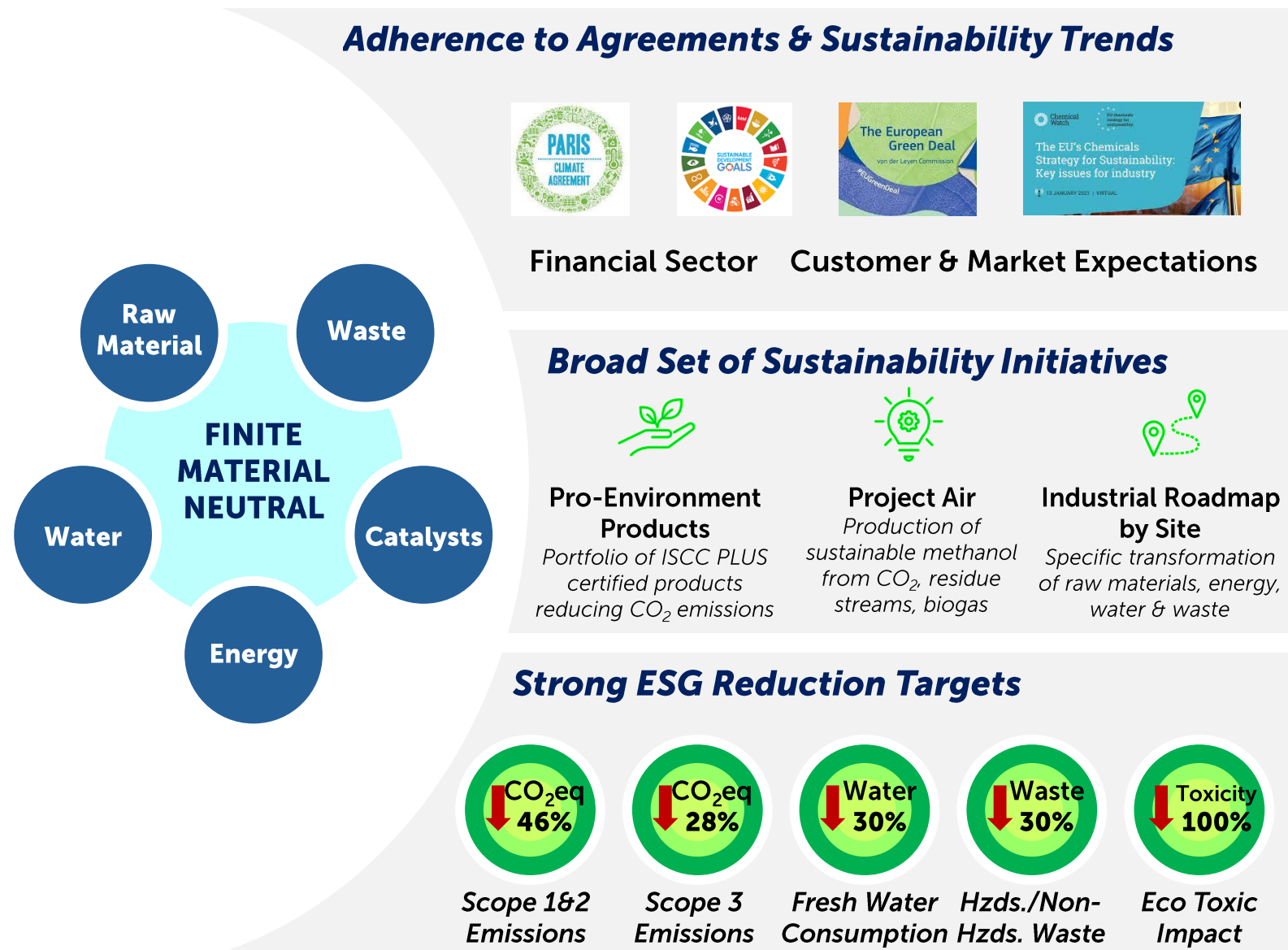
## GROWTH OPTIONALITY




- High value creation potential with bolt-on acquisitions
- Expansion in APAC and SEA




# With sustainability-focused transition at the core, the acquisition will accelerate PCG's sustainability efforts




**Portfolio of 20+ Pro-Environment Solutions**



**Penta (Voxtar™)**  
**100%** sustainable by 2026  
(from 25% in 2021)



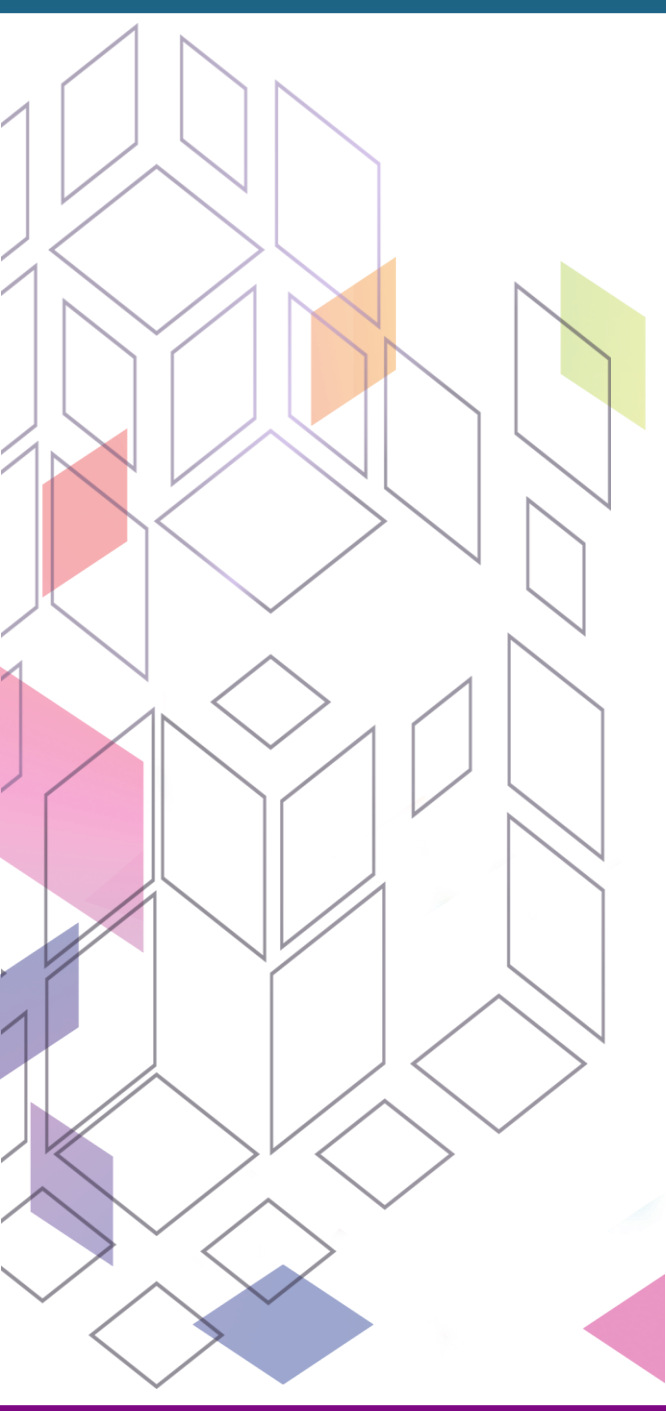
**TMP (Evyron™)**  
**75%** sustainable by 2026  
(from 5% in 2021)



**Neo (Neeture™)**  
**55%** sustainable by 2026  
(from 2% in 2021)

**...and many more<sup>1</sup>**

1 Curalite™ Ox Pro, Charmor™ Pro, Holtac™ Pro, Pevalen™ Pro, 2-EHA™ Pro, Emoltene™ Pro and Valeric Acid Pro

- 
- 1 Background of Perstorp
  - 2 Rationale & benefits of the acquisition

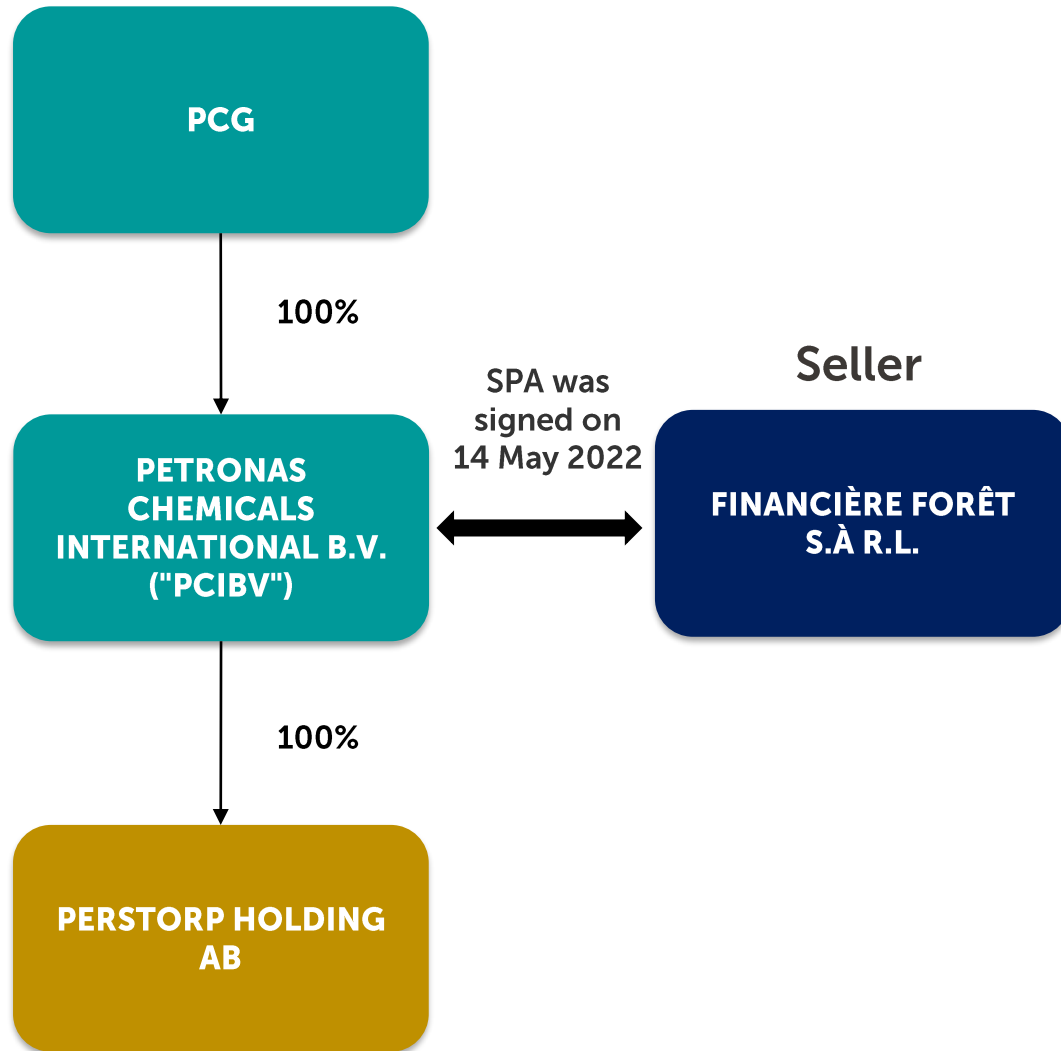
---
  - 3 **The acquisition transaction details**

---
  - 4 Next Step

---

# Acquisition Details

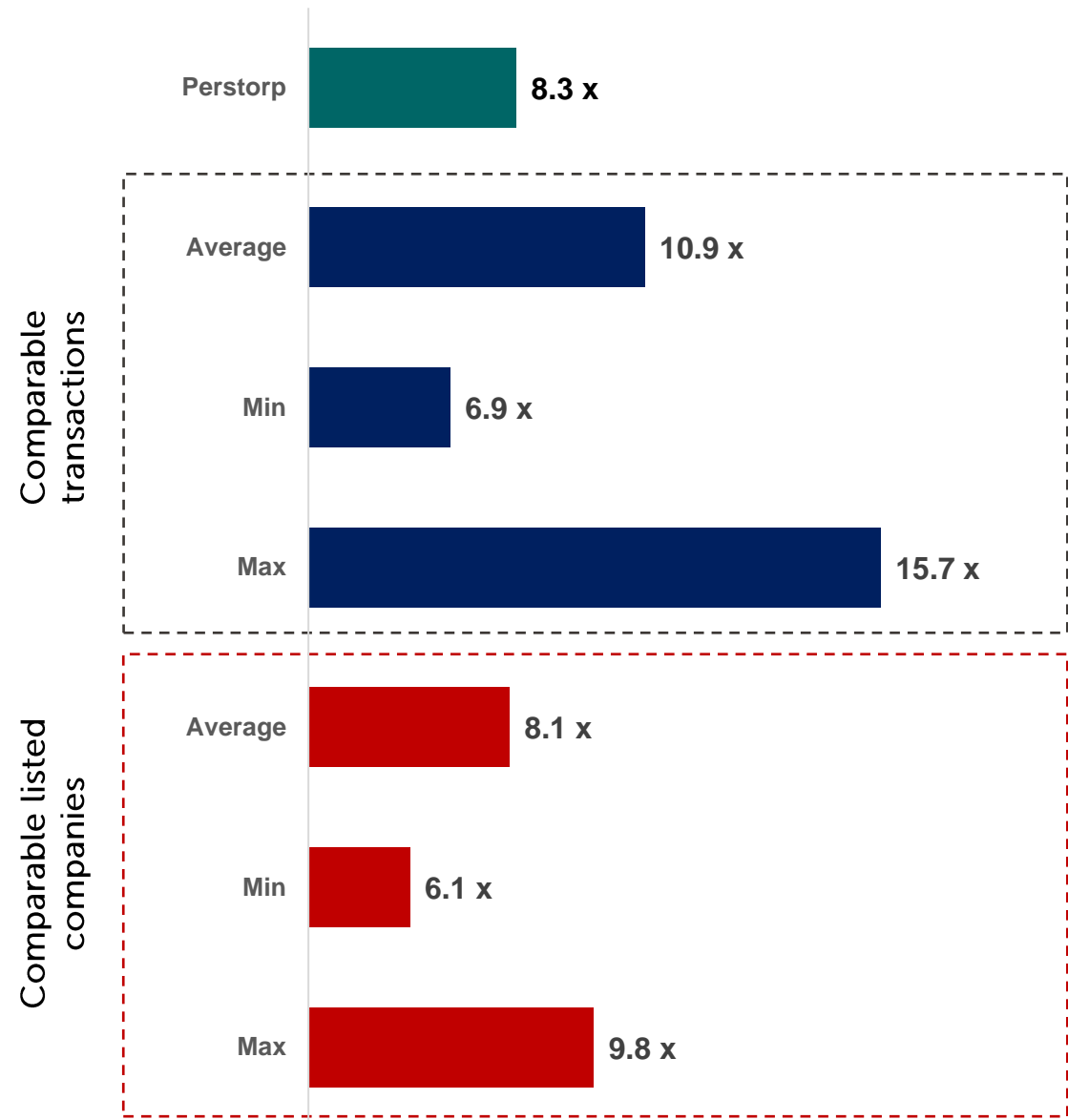
Group structure upon completion of the acquisition



Aggregate price following preliminary due diligence and risk assessment

Purchase Price (to be paid on Closing)	<p>Base Purchase Price = EUR1,538.0 million (equivalent to RM7,018.7 million)</p> <ul style="list-style-type: none"><li>(+) Agreed % per annum for the period from 31 December 2021 ("Locked-box Date") to the Closing of the SPA x Base Purchase Price</li><li>(-) Leakages</li><li>(-) Debt payment costs in connection with the pre-payment of certain existing financing agreements of Perstorp and its subsidiaries ("Perstorp Group") and the associated release of security</li></ul>
Plant Earn-out Amount (to be paid in stages after Closing)	<p>Not exceeding EUR45.0 million (equivalent to approximately RM205.4 million) in 2 tranches upon: (a) mechanical completion of Perstorp's new plant in Sayakha, India with a 99-year lease in respect of the site for the said plant; and (b) the said plant obtaining the required permits to commence operations in the event these occur after Closing</p>
PCIBV will also repay all outstanding and unpaid amounts owing by Perstorp Group upon Closing in connection with certain existing financing agreements of Perstorp Group amounting to EUR851.7 million (equivalent to RM3,886.7 million) as at the Locked-box Date.	

# Basis and Justification for the Purchase Consideration



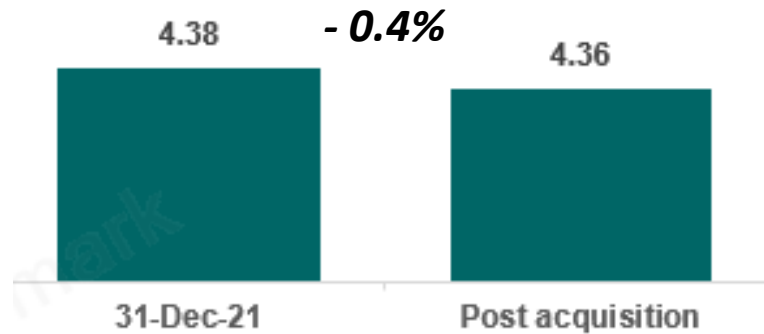
- Base Purchase Price of EUR1,538.0 million is based on Perstorp's enterprise value ("EV") of EUR2,300.0 million ("Agreed EV")
- Translates into EV/EBITDA of 8.3x based on last 12 months' EBITDA (ended 31 March 2022)
- Fair price, considering
  - Prospects of Perstorp
  - Strategic fit to PCG
  - Agreed EV is within the valuation range of comparable transactions, comparable listed companies and Discounted Cash Flow ("DCF") valuation method

## DCF Valuation Method

Agreed EV is within the range of EVs derived by management and arrived at after taking into consideration Perstorp Group's projected revenue, margin contribution and cash flows in the medium-term business plan. In the long-term, Perstorp Group is anticipated to surpass GDP growth projection in key markets. Growth backed by high-margin projects (India plant) and expansion of green product lines.

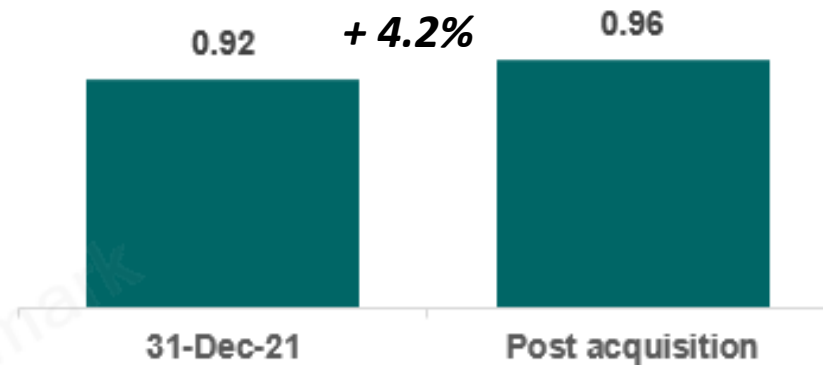
# Illustrated financial effects for the FYE 31 December 2021

Net assets per share (RM)



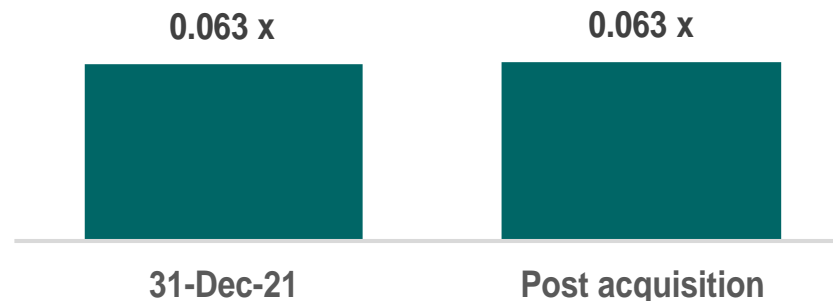
- Reduction is due to estimated gross transaction costs of RM140.0 million

Earnings per share (RM)



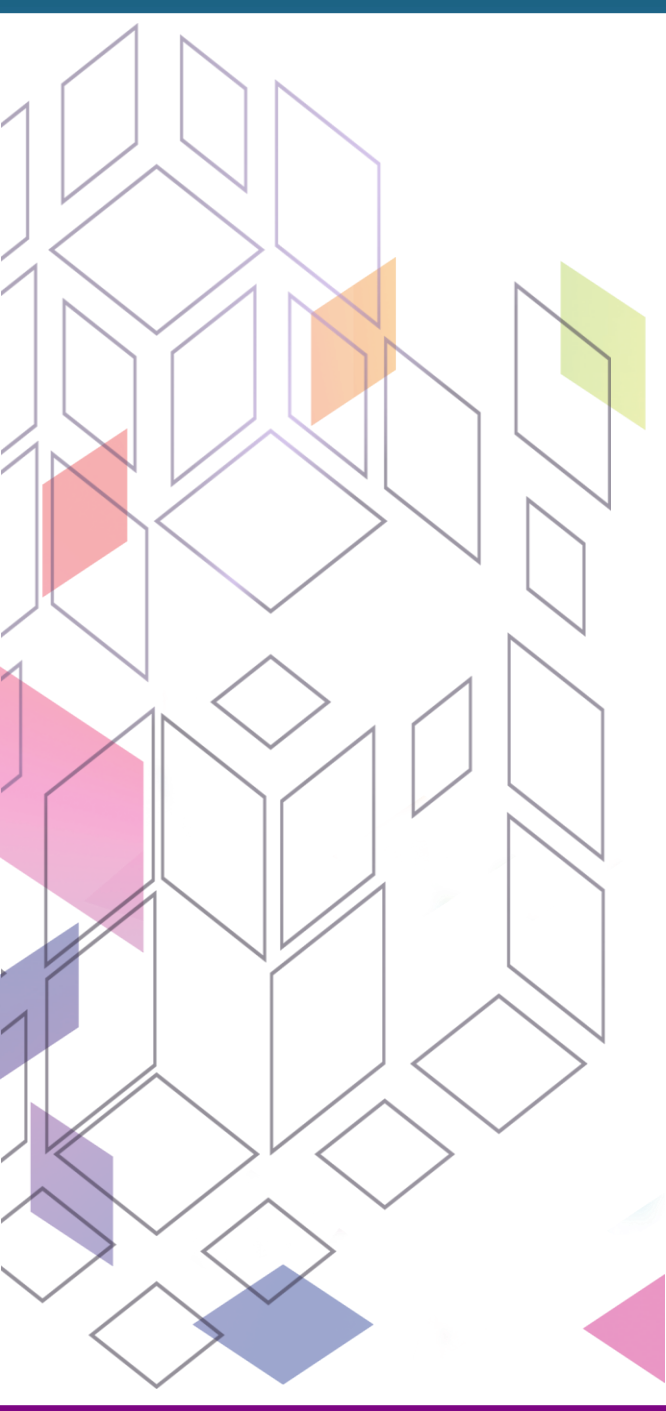
- Increase by >4% in EPS, taking into account (i) Perstorp Group's FYE 31 December 2021 PATANCI of ~ RM447 million; and (ii) estimated gross transaction costs of RM140.0 million
- Excluding estimated gross transaction costs, increase is >6%

Gearing (times)



- No material change to gearing level



- 
- 1 **Background of Perstorp**

---
  - 2 **Rationale & benefits of the acquisition**

---
  - 3 **The acquisition transaction details**

---
  - 4 **Next Step**

---

## Next Step : Approvals / Consent process

The Proposed Acquisition is subject to the following being obtained:

1. Approval of the shareholders of PCG for the Proposed Acquisition at an extraordinary general meeting to be convened; and
2. Antitrust clearances in certain jurisdictions.

\* The applications for the Clearances are expected to be made within 20 business days following the date of the SPA i.e. 14 May 2022

\* The antitrust clearances and shareholder's approval are expected to be obtained within 4 months



**PETRONAS**

**THANK YOU**

**Q&A**