PETRONAS CHEMICALS GROUP BERHAD

2Q 2022 Analyst Briefing

22 August 2022

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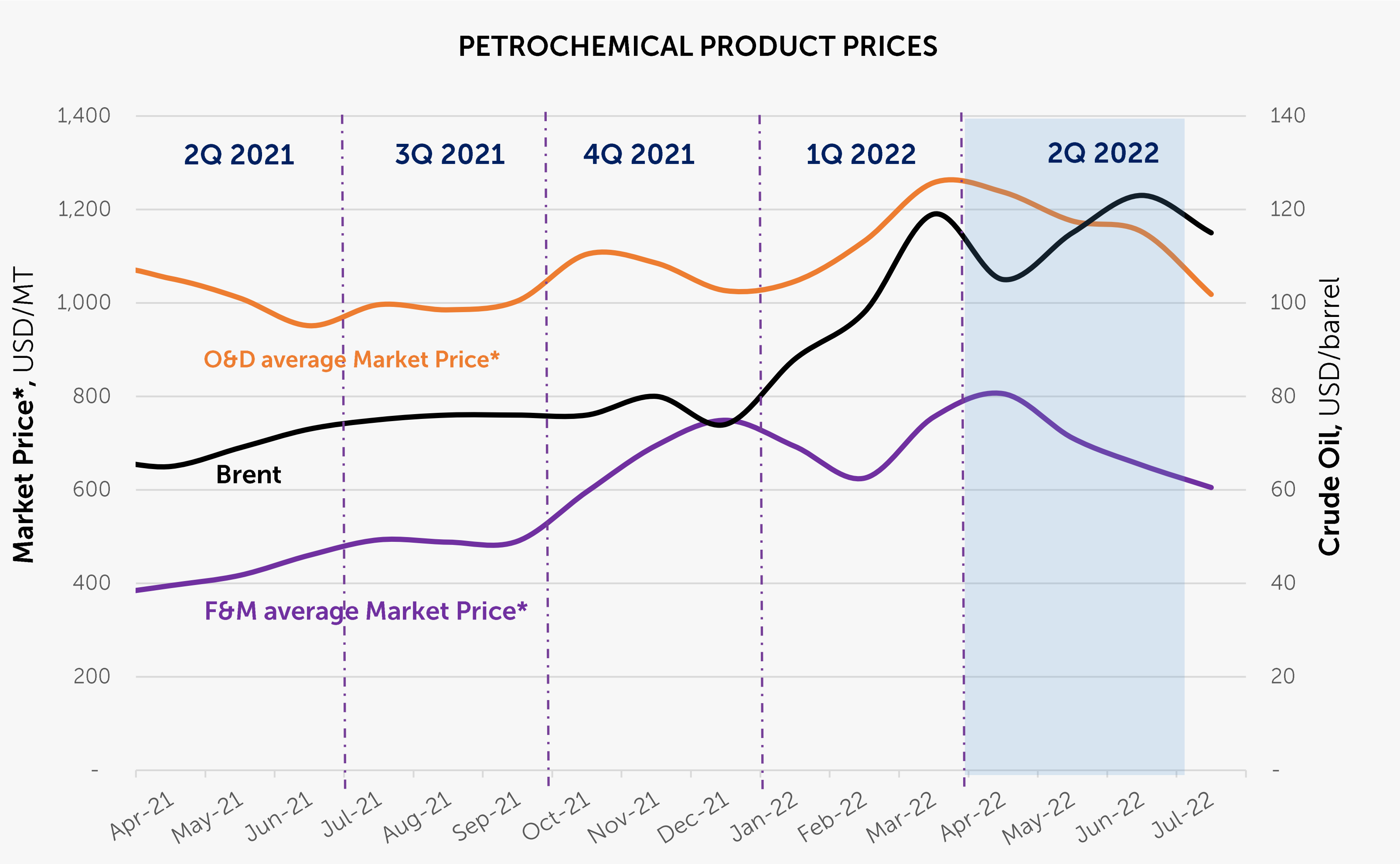
Slowing economic growth on inflationary pressures and continuing supply chain disruption



1H 2022 Market Highlights

GDP declined to 3.52% on inflation concerns and strict COVID-19 lockdown in China
(1H 2021: 7.32%)

PMI dipped to 52.80 on supply chain disruption and increasing inflationary pressures
(1H 2022: 54.50)

Brent Crude increased 66% to average at USD 108/bbl
(1H 2021: USD 65/bbl)

Petrochemical product prices increased in line with higher crude and feedstock prices coupled with improved demand

1H 2022 Key highlights

OPERATIONAL EXCELLENCE

- Lower plant utilization (PU) at 79% in 1H 2022 compared to 94% in 1H 2021
- Lower production volume year-on-year due to higher plant turnarounds and other maintenance works

COMMERCIAL EXCELLENCE

- Sales volume declined 14% in line with lower production volume
- Higher product prices across all products against corresponding period on supply shortage and higher energy prices

FINANCIAL EXCELLENCE

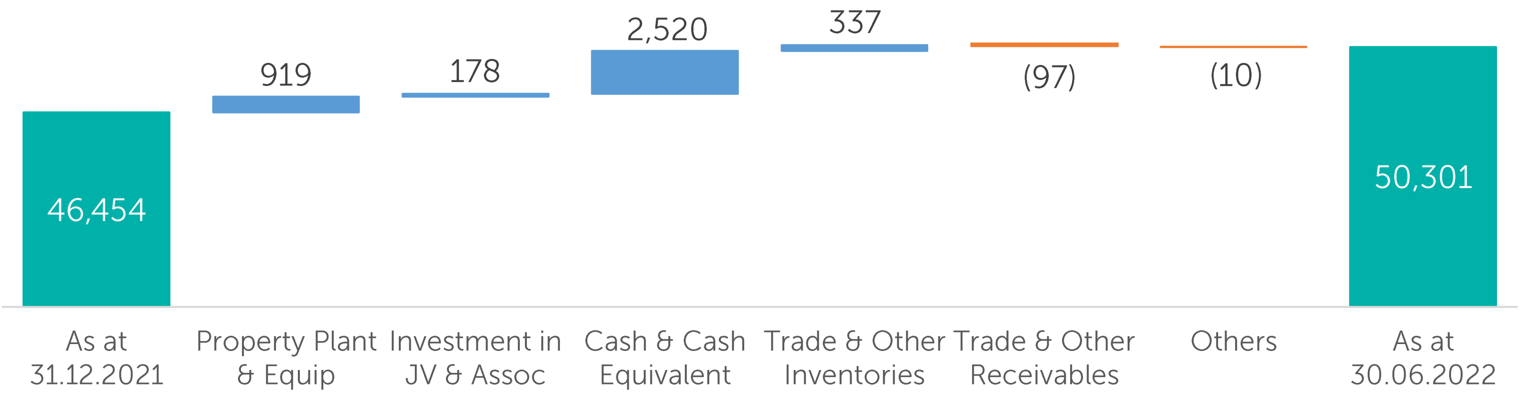
- Higher revenue from higher product prices
- EBITDA improved on wider product spreads
- PAT improved with higher foreign exchange gain following revaluation of shareholder loan

Solid financial performance in 2Q 2022 on the back of higher product prices

Key Financial Indicators	2Q 2022 vs 2Q 2021 (YoY)	2Q 2022 vs 1Q 2022 (QoQ)	Period Ended 2Q 2022 vs Period Ended 2Q 2021
Production Volume ('000 MTPA)	2Q 2022: 2,000 2Q 2021: 2,702 (26.0%)	2Q 2022: 2,000 1Q 2022: 2,405 (16.8%)	2Q 2022: 4,405 2Q 2021: 5,208 (15.4%)
Revenue (RM Million)	2Q 2022: 6,583 2Q 2021: 5,608 17.4%	2Q 2022: 6,583 1Q 2022: 6,634 (0.8%)	2Q 2022: 13,217 2Q 2021: 10,283 28.5%
Profit After Tax (RM Million)	2Q 2022: 1,872 2Q 2021: 1,856 0.9%	2Q 2022: 1,872 1Q 2022: 2,072 (9.7%)	2Q 2022: 3,944 2Q 2021: 3,322 18.7%
EBITDA (RM Million) EBITDA Margin (%)	2Q 2022: 1,968 — 29.9% 2Q 2021: 2,154 — 38.4% (8.6%)	2Q 2022: 1,968 — 29.9% 1Q 2022: 2,422 — 36.5% (18.7%)	2Q 2022: 4,390 — 33.2% 2Q 2021: 3,849 — 37.4% 14.1%

Balance Sheet: Higher total assets on higher cash and cash equivalents mainly due to profit generated from operations

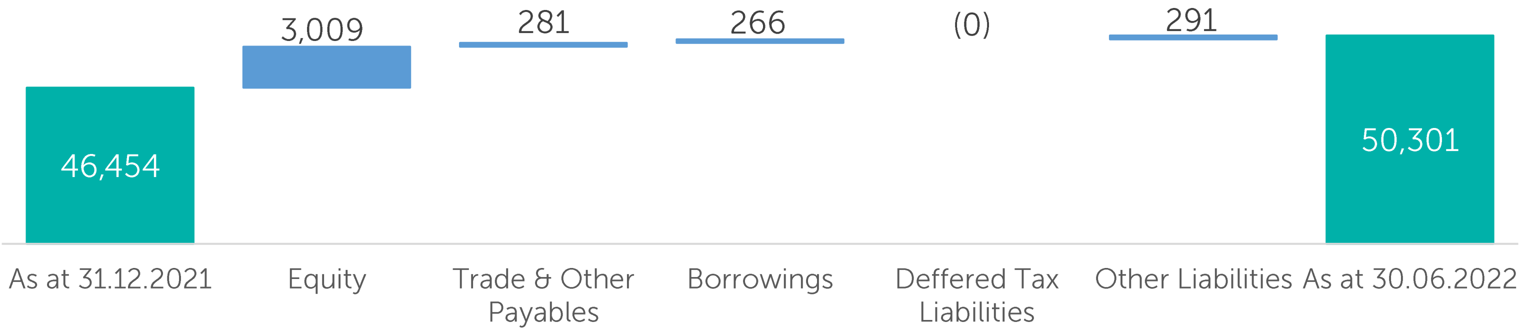
Total Assets *(RM million)*



The Group's total assets grew by 8.3% at RM50.3 billion, mainly due to:

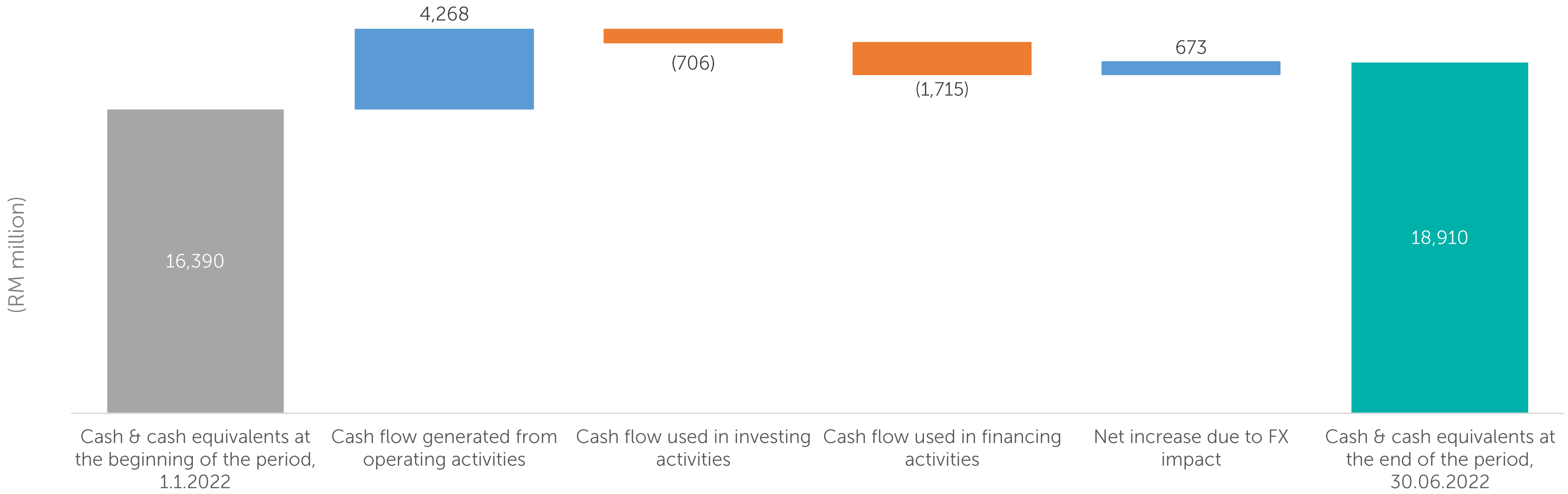
- Higher cash and cash equivalents due to profit generated during the period.
- Higher Property, Plant and Equipment (PPE), mainly contributed by project costs incurred at PPC and PC INA.

Total Equity & Liabilities *(RM million)*



- *Total equity* improved by 8.5% at RM38.4 billion in line with profit generated for the quarter.
- *Total liability* was higher at RM11.9 billion due to higher borrowings.

Cash flows: Higher cash flows from operations, in line with higher profit



Higher cash flows used in investing activities at RM1.7 billion mainly due to dividends paid to shareholders

Heavy turnaround and shutdown activities in 2Q 2022

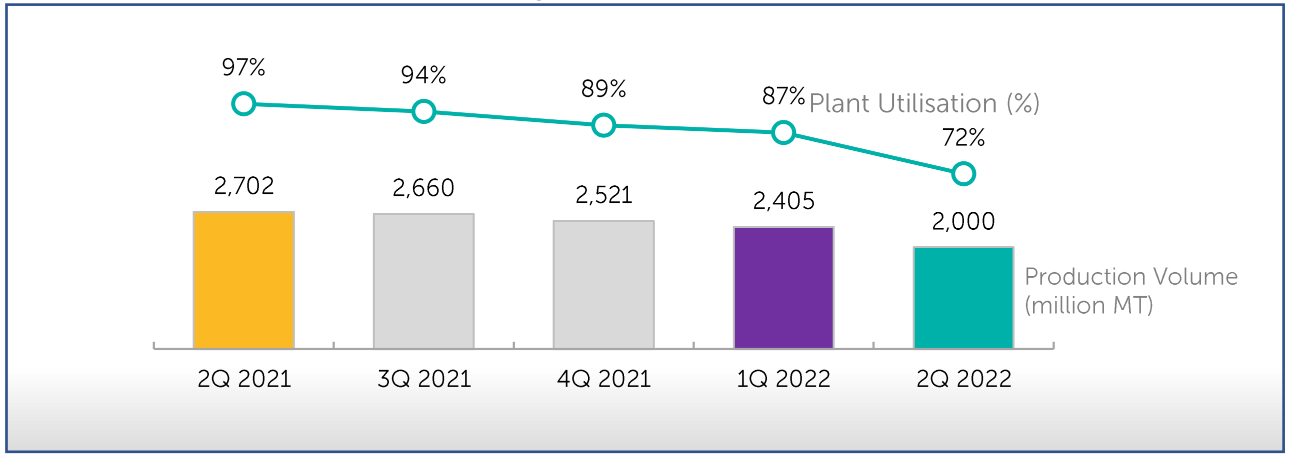
Plant Utilisation

72%

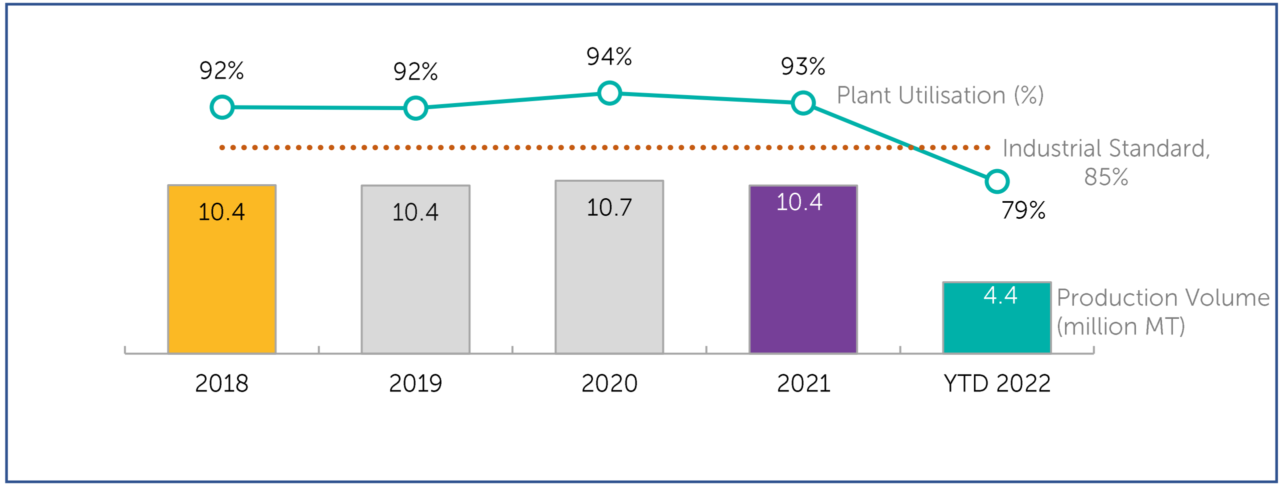
(1Q 2022: 87%)

- ➢ Completed heavy turnaround and planned activities for 2022
- ➢ Highest quarterly ethylene production since 2019
- ➢ Higher maintenance activities at F&M and aromatics plants

Quarterly Group Performance

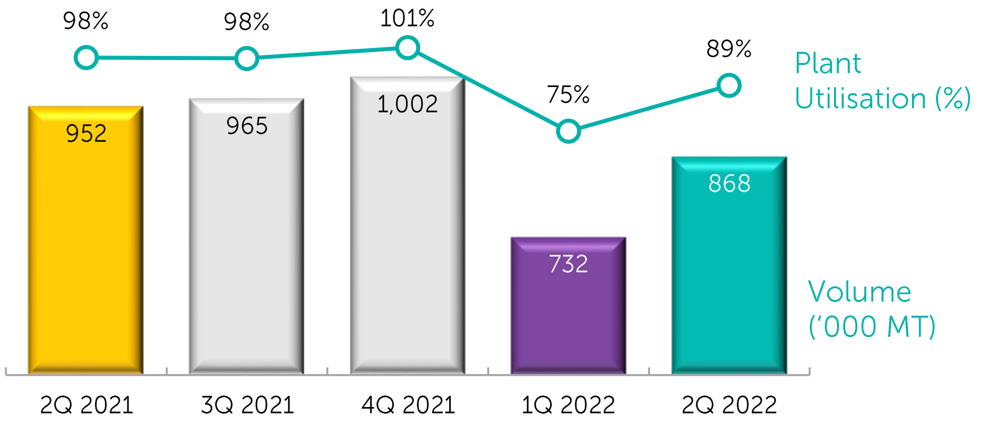


Annual Group Performance



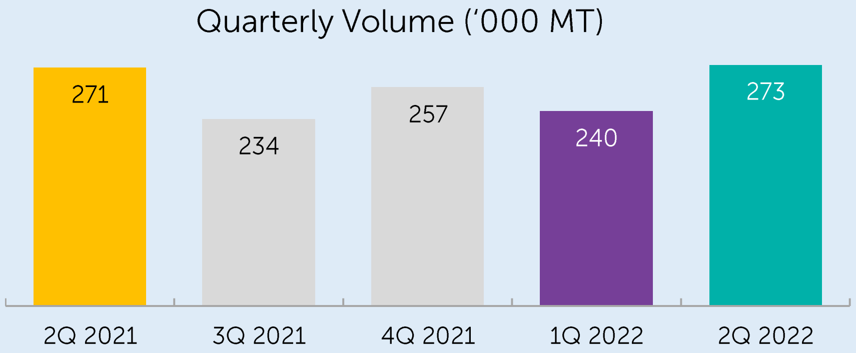
Olefins & Derivatives: Achieved highest quarterly ethylene production since 2019

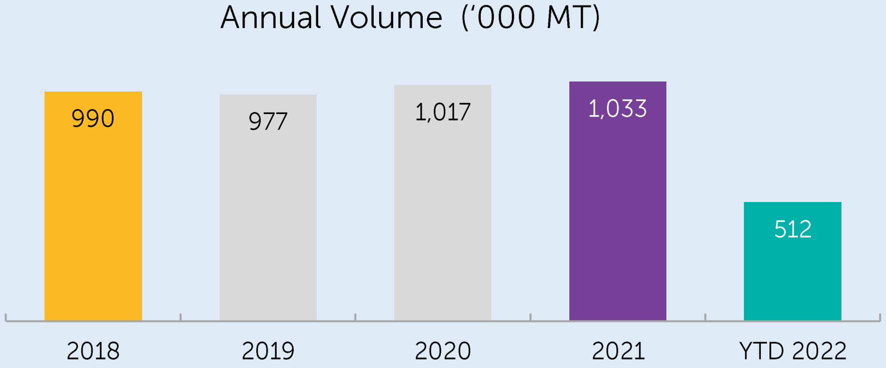
OLEFINS AND DERIVATIVES (O&D)



- Higher segmental plant utilisation rate following stable plant production after turnaround activities in previous quarter
- Reliable cracker operations at PC Olefins and PC Ethylene supported by stable feedstock supply

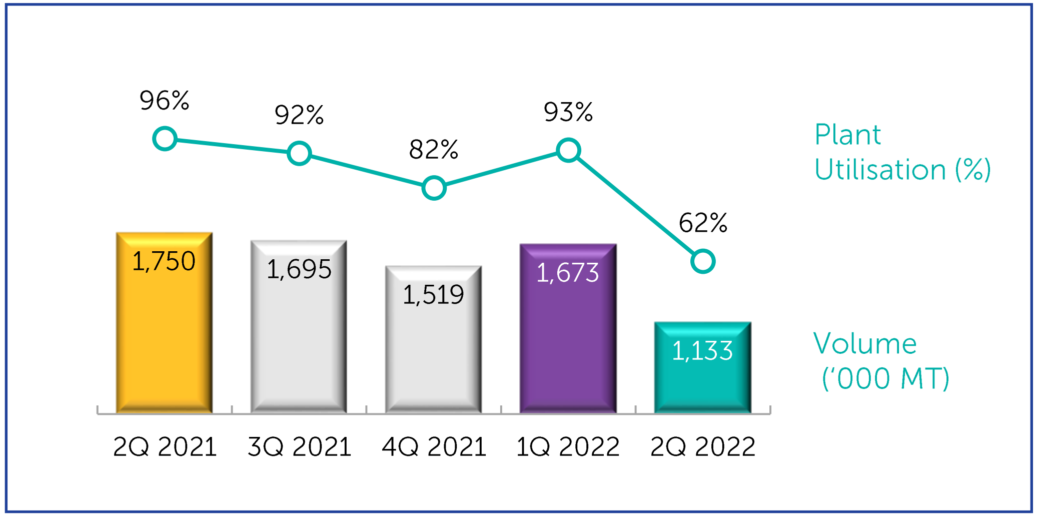
Ethylene Production



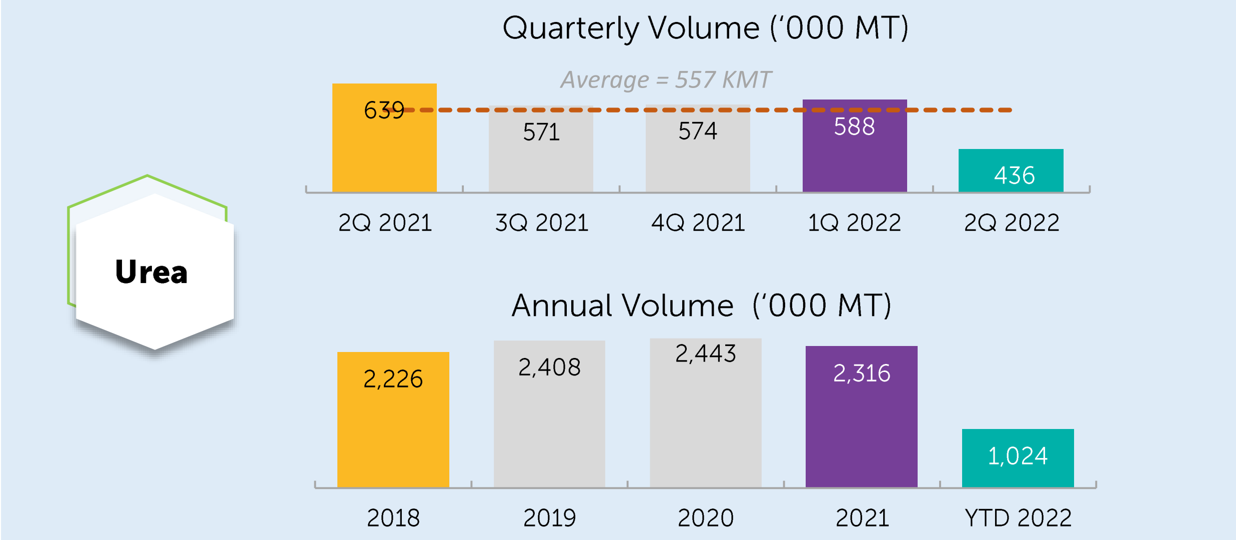


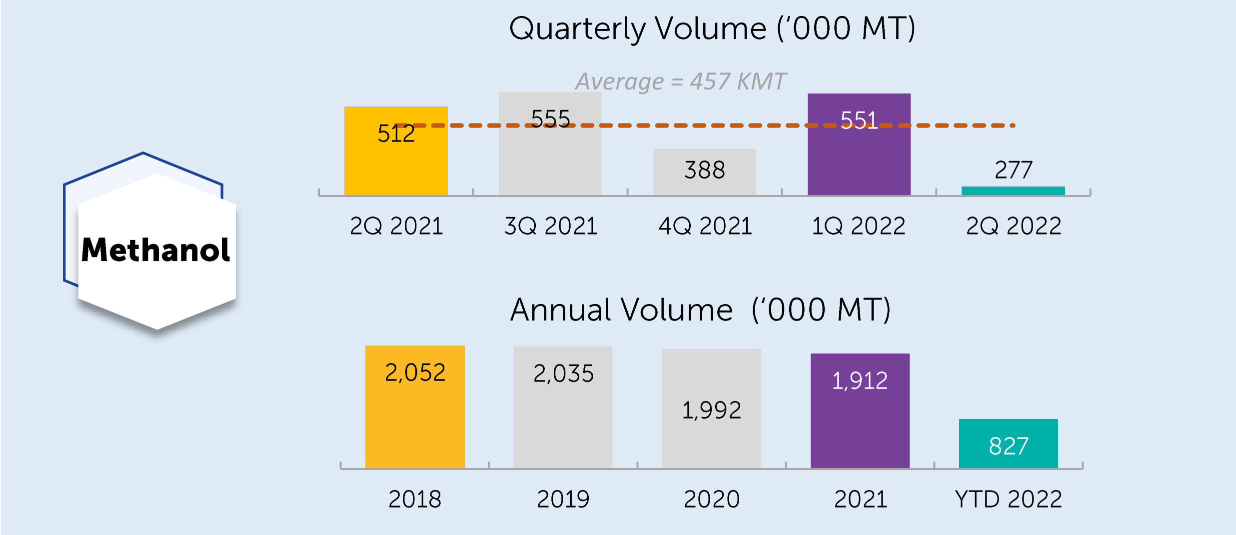
Fertilisers & Methanol: Successfully delivered turnaround activities at PC Fertiliser Sabah and PC Methanol Plant 2

FERTILISER AND METHANOL (F&M)



- Completed turnaround activities at PC Fertiliser Sabah and PC Methanol Plant 2
- Completed maintenance activities at ABF and PC Ammonia





Olefins & Derivatives: Dampened downstream demand as COVID-19 lockdown continues in China

Ethylene

Q2 2022
(vs Q1 2022)

- Higher feedstock costs with limited supply in Northeast Asia.
- Demand stagnant from extended lockdown in China and depreciation of Chinese Yuan

Outlook
(3 Months)

- Cracker outages & lower operating rate.
- Sluggish downstream demand.

Polymers

Q2 2022
(vs Q1 2022)

- Firm feedstock prices supported by bullish energy market
- Price uptick limited by China zero Covid-19 policy and recession fears.

Outlook
(3 Months)

- Ample supply due to additional volume from LDPE swing plants.
- Bearish demand amidst inflation and Covid-19 concerns.

MEG

Q2 2022
(vs Q1 2022)

- Weak downstream demand following strict lockdown in China
- High port inventories in China due to poor downstream offtake

Outlook
(3 Months)

- Continued reduced operating rates due to negative margins.
- Sluggish demand amid high China stockpiles and recession fears.

Paraxylene

Q2 2022
(vs Q1 2022)

- Strong gasoline market coupled with shortage supply
- Stable downstream resulting from rising costs of production

Outlook
(3 Months)

- Short supply due to plant TA.
- Lackluster demand from PTA and polyester market.

Fertilisers & Methanol: Fertilisers slows on off-planting season; Methanol sees correction with stabilising crude oil

Urea

Q2 2022
(vs Q1 2022)

- Supply remains tight as China export restriction is prolonged.
- Healthy demand from India for Rabi season.

Outlook
(3 Months)

- Stable supply due to no plant TA & planned shutdown.
- Weak demand due to off planting season and lower India tender than anticipated.

Ammonia

Q2 2022
(vs Q1 2022)

- Limited supply amidst Russia-Ukraine war as sanctions imposed to Russia
- Stable downstream demand.

Outlook
(3 Months)

- New plant in ME to start up in Q3.
- Steady demand limited by squeezed margins for downstream products.

Methanol

Q2 2022
(vs Q1 2021)

- Ample supply in SEA due to better netback and Russia volumes flooding NEA.
- Subdued demand due to the China lockdown.

Outlook
(3 Months)

- Higher supply from Russia and Iran into China.
- Stagnant demand in China.

Keeping track of our sustainability metrics

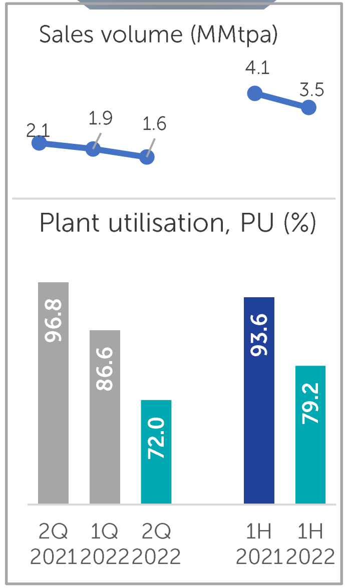
Economic

Plant Utilization

79.2%

Sales volume

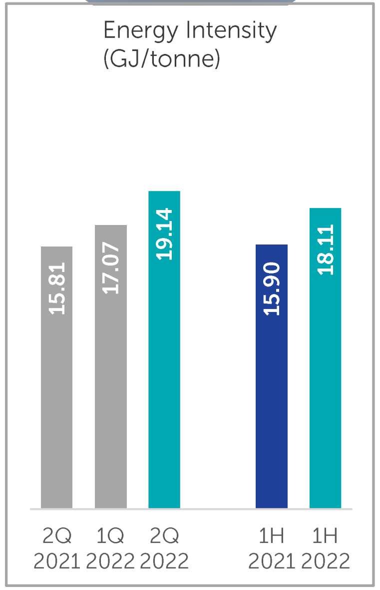
3.5 MMtpa



Environmental

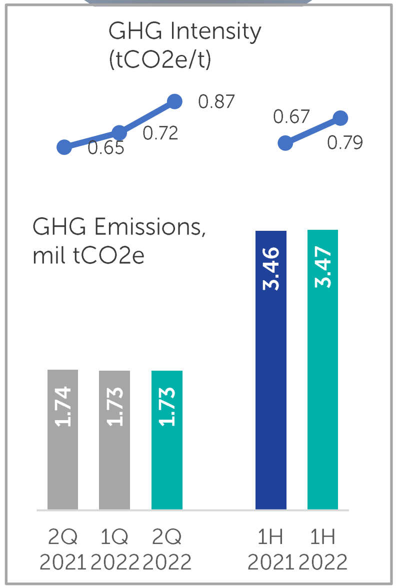
Target 2024
Energy Intensity

15.85
GJ/t



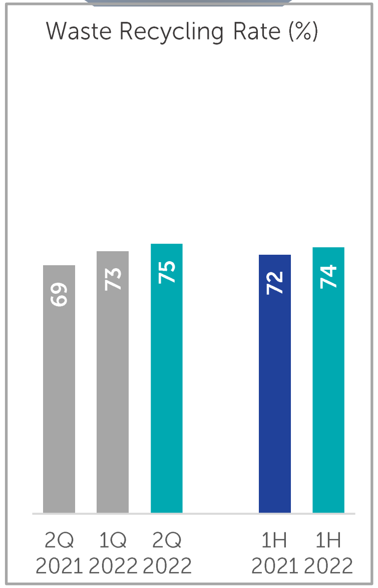
Target 2024
GHG Emissions Volume

6.98
mil tCO2e



Target 2024
Waste recycling rate, 3R

82%



Social

Target reach in 2022

250,000

Environment
- Be Green
- ecoCare

Community Development & Well-being
- Safe Handling of Chemicals for School (SHOC4School
- PCG COVID-19 Relief
- Sentuhan Kasih

Education
- Plastic, Sustainability & You Education (PSYE)

Social & Governance
- Focusing on closing gaps identified from previous social risk assessment

Net Zero Carbon Emissions (NZCE):

PCG completed its NZCE roadmap that sets our carbon reduction goals and pathways, starting with a reduction of 20% by 2030 towards becoming net-zero by 2050

Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA

FTSE4Good

Slower global growth, rising inflation

Growth Delivery

- Pengerang Integrated Complex, integrated start-up ongoing
- NBL and Specialty Ethoxylates progressing ahead of timeline
- Proposed acquisition of Perstorp Holding AB, merger filings ongoing
- Investments in derivatives, specialty chemicals including green chemicals

Business Environment

- Slowing economy, recession fears
- Stabilising crude oil prices
- Lingering impact of pandemic

Focus Areas

- Uphold Health, Safety and Environmental practices
- Enhance operational and commercial capabilities through digital platforms
- Strict adherence to financial discipline
- Implementation of NZCE 2050 roadmap

Thank you

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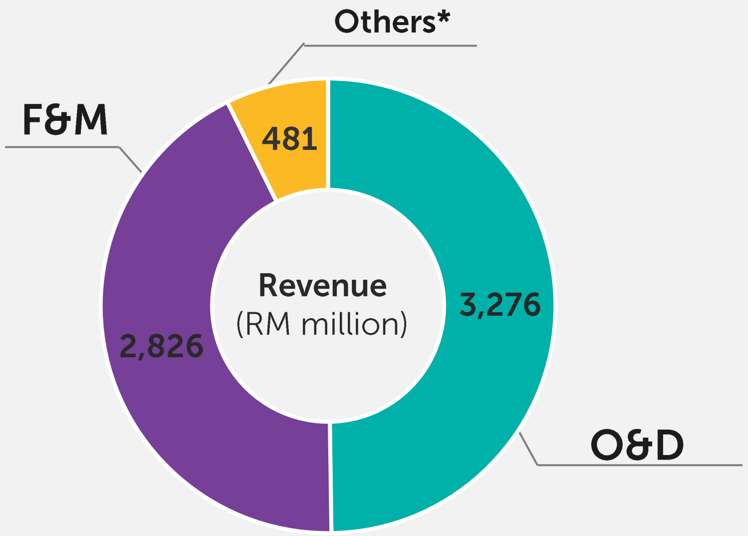
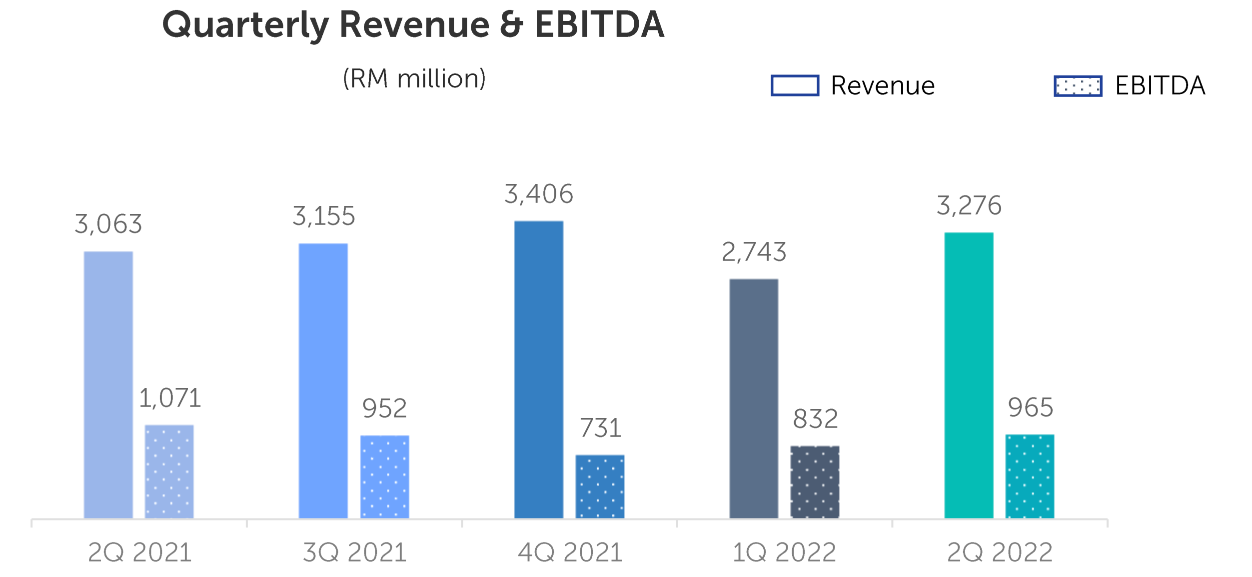
O&D: Improved operations Q-o-Q, higher product prices on strong crude oil prices

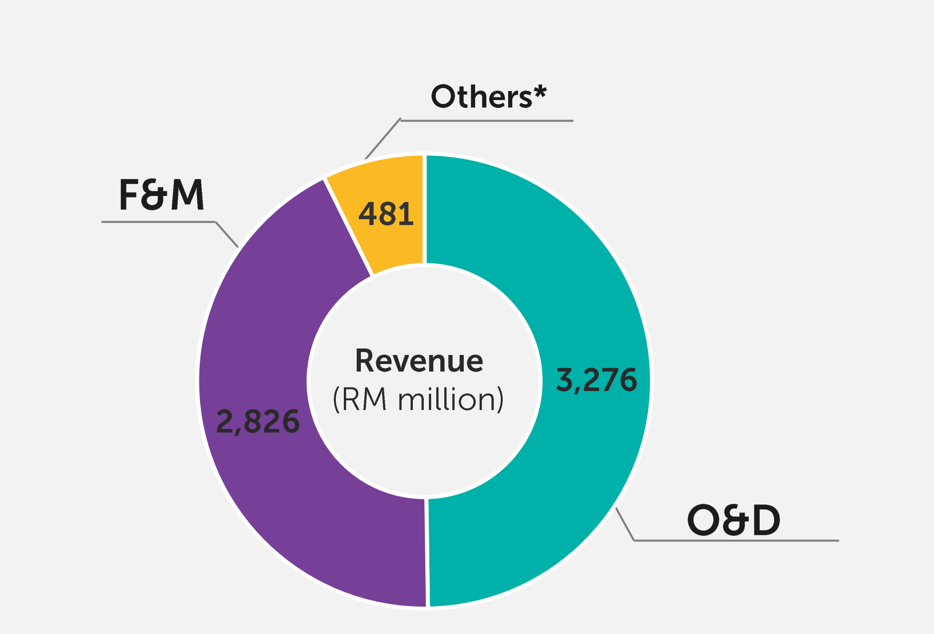


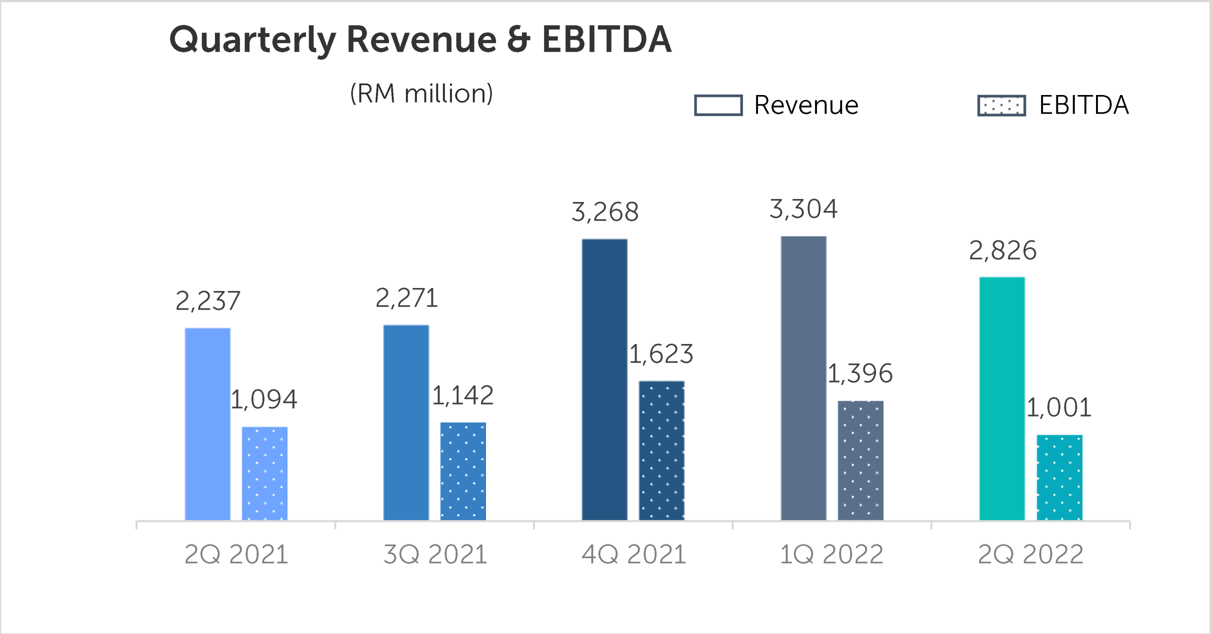


- **2Q 2022 PU was higher compared to the preceding quarter at 89.4%, due to the lower turnaround days.**
- **Higher segmental revenue primarily due to higher sales volume and higher product prices, in line with the market.**

* Others include other non-reportable segments which comprise of operations related to port services that provide product distribution infrastructure to the Group as well as activities related to specialty chemicals, and unallocated assets.

F&M : Lower operational performance in 2Q 2022 due to planned turnaround shutdown





- **2Q 2022 saw lower operational performance mainly contributed by higher turnaround and downtime at ABF, due to rectification works.**
- **Higher average product prices compared to preceding quarter, driven by tight supply, increase cost-to-serve and continuous supply disruptions.**

* Others include other non-reportable segments which comprise of operations related to port services that provide product distribution infrastructure to the Group as well as activities related to specialty chemicals, and unallocated assets.