



**PETRONAS CHEMICALS GROUP BERHAD**

# **23<sup>rd</sup> Annual General Meeting**

**Resilience. Sustainable Growth.**

**22 April 2021**

# Disclaimer



## Warranties and Exclusion of Liability

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.



# Presentation Outline

- ◆ 2020 Performance

---

- ◆ Growth Plan

---

- ◆ 2021 Outlook

---



# 2020 At a Glance



# Unprecedented 2020



**US-China Trade War**  
**July 2018**



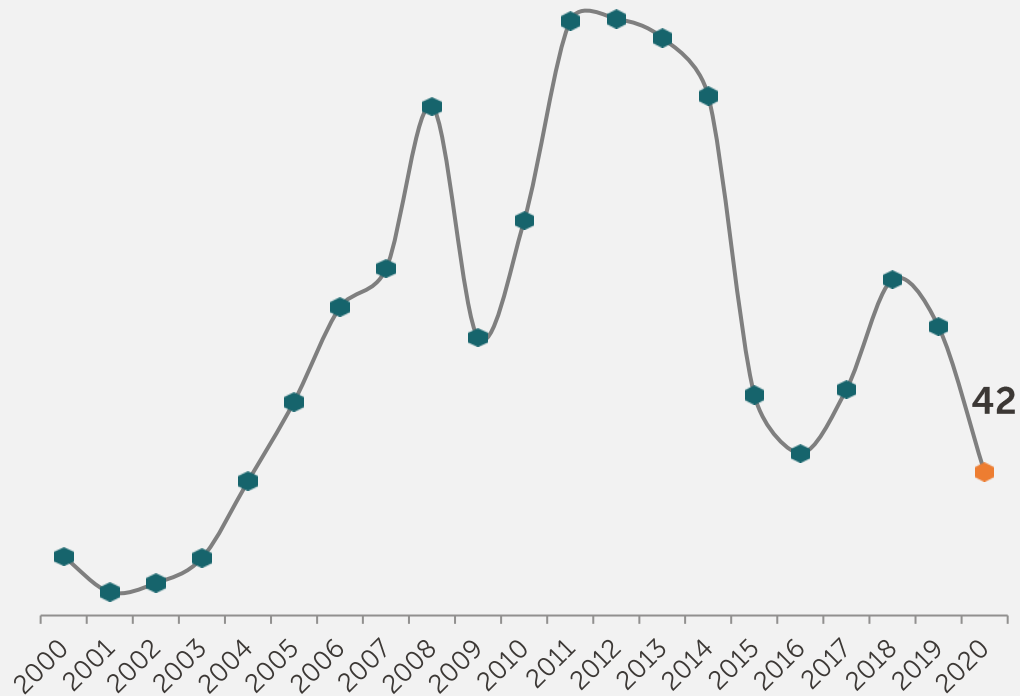
**OPEC+ Fallout**  
**early 2020**



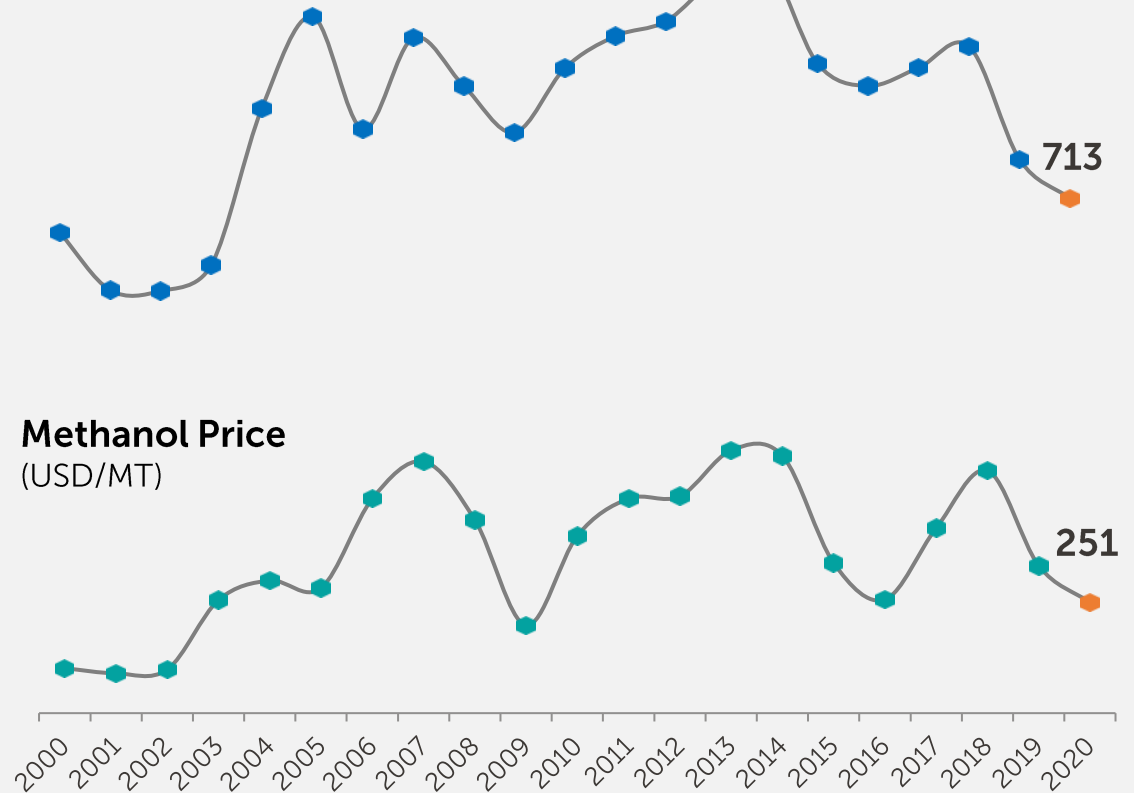
**COVID-19 Pandemic**  
**early 2020**

# Cyclical petrochemicals market

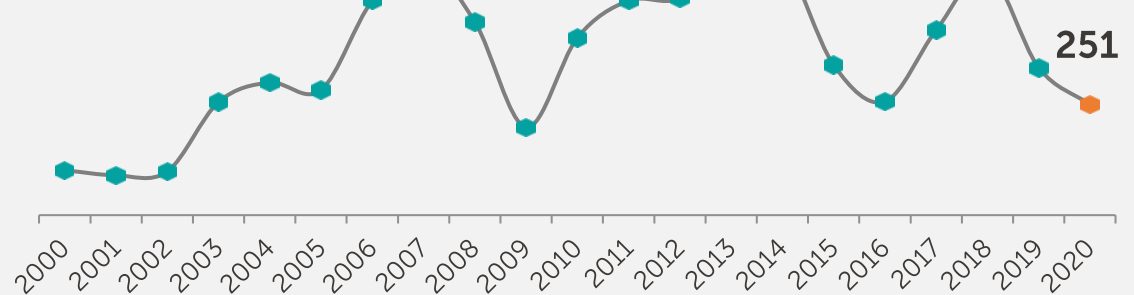
**Brent Crude Oil**  
(USD/bbl)



**Ethylene Price**  
(USD/MT)



**Methanol Price**  
(USD/MT)



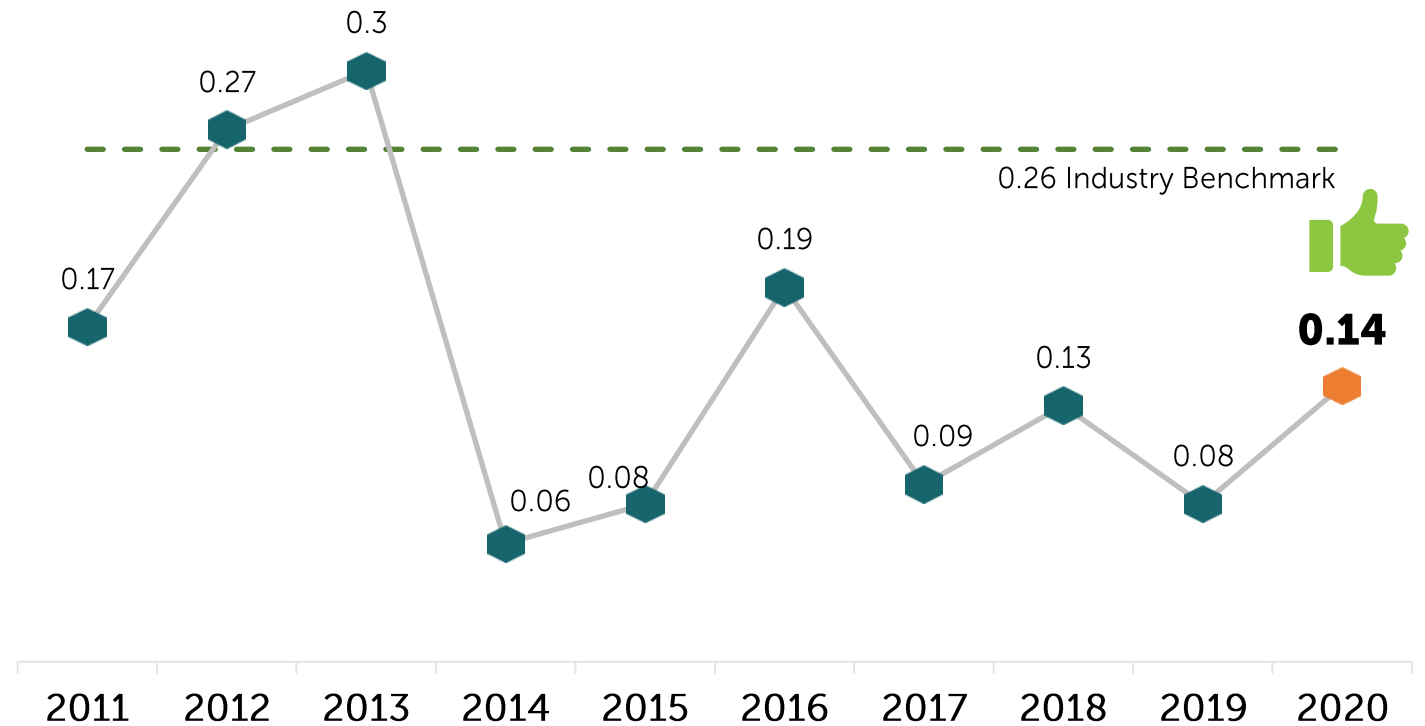


# 2020 Performance

# Sustain world class HSE Excellence



**Safety Performance**  
(Lost Time Injury Frequency)





# 3Ps sustainability strategy

## People

### Social Responsibility



Be Green  
EcoCare



Safe Handling of  
Chemicals for School



Plastic, Sustainability & You  
Education



## Planet

### Environment Stewardship & Resource Efficiency



GHG Emission Reduction



Energy Optimisation



Waste Minimisation



Water Conservation



New Plastics Economy (NPE)



## Profit

### Business Sustenance & Green Initiatives



Operational Excellence



Commercial Excellence



Growth Delivery Excellence



Bio-Agenda



FTSE4Good and Dow Jones Sustainability Index (DJSI) benchmarking

Sustainability investment to date > RM 20 million

# People : Social responsibility



## Be Green

Reach  
**2,880** community  
members



## Plastic, Sustainability & You

Reach > **1,300**  
teachers nationwide



## COVID Relief Program

Reach **65,000**  
community and frontliners



## Safe Handling of Chemicals for School

Reach > **720** students  
and teachers

# Planet : Environment stewardship & resource efficiency



**ecoCare**  
To date **11,589**  
mangrove trees planted

2024 Target  
**100,000**  
tonne of CO<sub>2</sub>e reduced



~ 22,000 passenger vehicles off  
the road for one year

Cumulative GHG reduction  
**53,400 tonne CO<sub>2</sub>e**



Additional GHG reduction by 2024  
**46,600 tonne CO<sub>2</sub>e**

## Key Initiatives:

- Plant emission optimisation
- Process catalyst conversion
- Waste gas recovery

## Ongoing Initiatives:

- Conversion of CO<sub>2</sub> into valuable products
- Bio-based materials to replace hydrocarbon

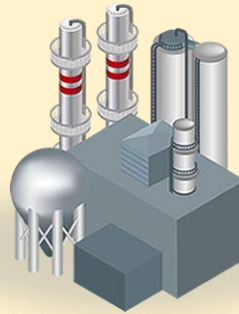


# Planet : New Plastics Economy



## Innovation

### Plastic Waste To Circular Naphtha Recycling Plant



- ☑ Front-end design & feasibility study completed
- ☑ Signed Memorandum of Understanding with feedstock suppliers and plastic waste collectors
- ☑ Converted plastic waste to naphtha process trial at Melaka Refinery



# Profit : Green initiatives



## Using bio-based feedstock to produce specialty chemicals

### Bio-MEG for packaging & fabrics



Packaging



Fabrics

### Polyol ester emollient for personal care



Skin Care



Cosmetics

### Ultra-mild specialty surfactant for personal care



Personal Care



Green Surfactant

### Eco-friendly surfactant for oil & gas



EOR in Oil & Gas

# Commendable sustainability performance



FTSE4Good

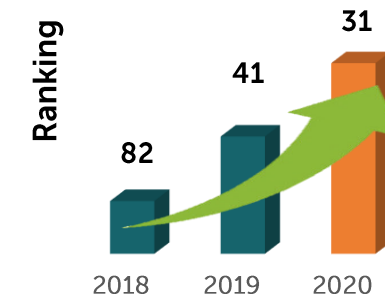
FTSE4Good

Highest rating

**4 stars**



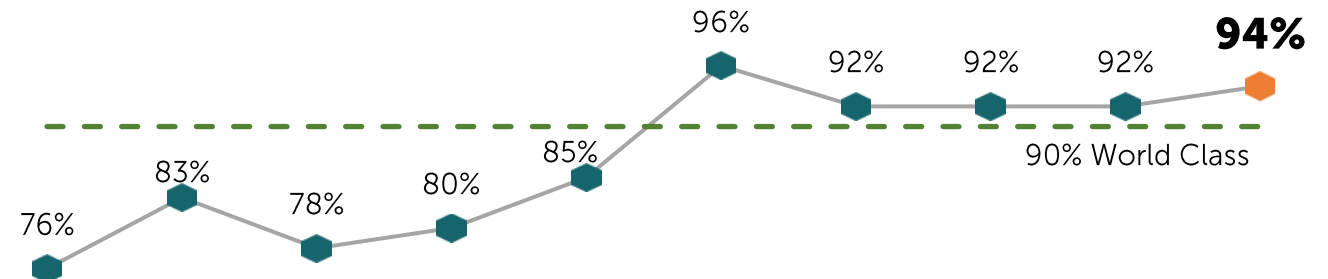
**Dow Jones  
Sustainability Index  
(DJSI)**



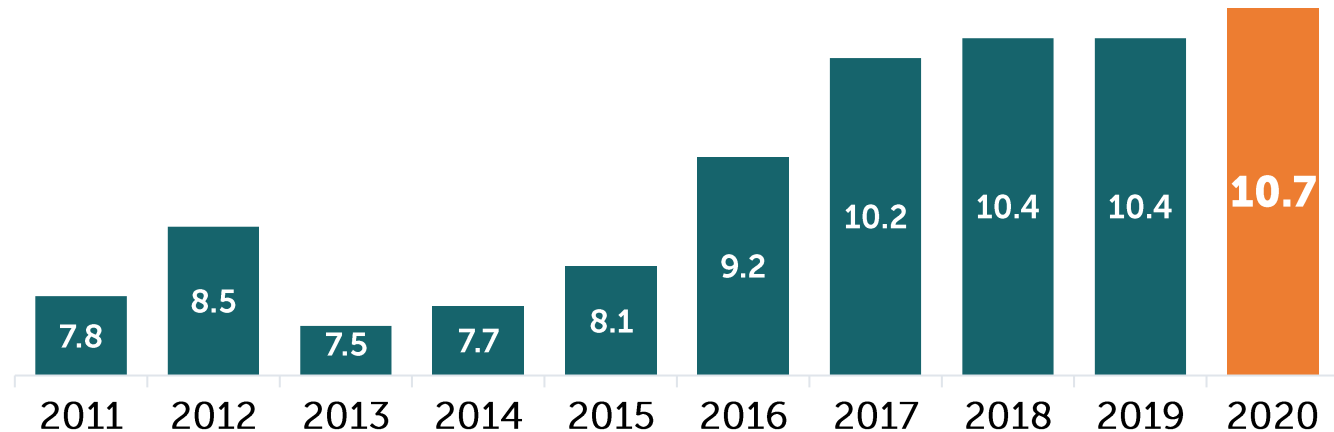
# Record breaking production volume



Plant Utilisation



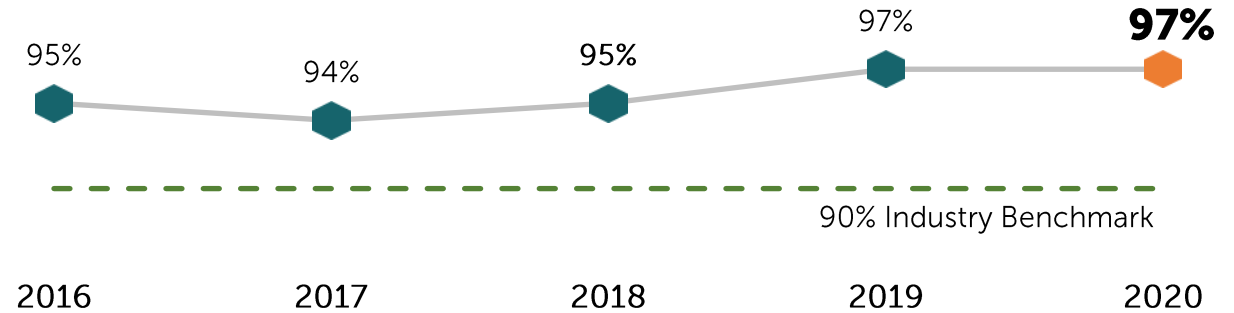
Production Volume  
(million tpa)



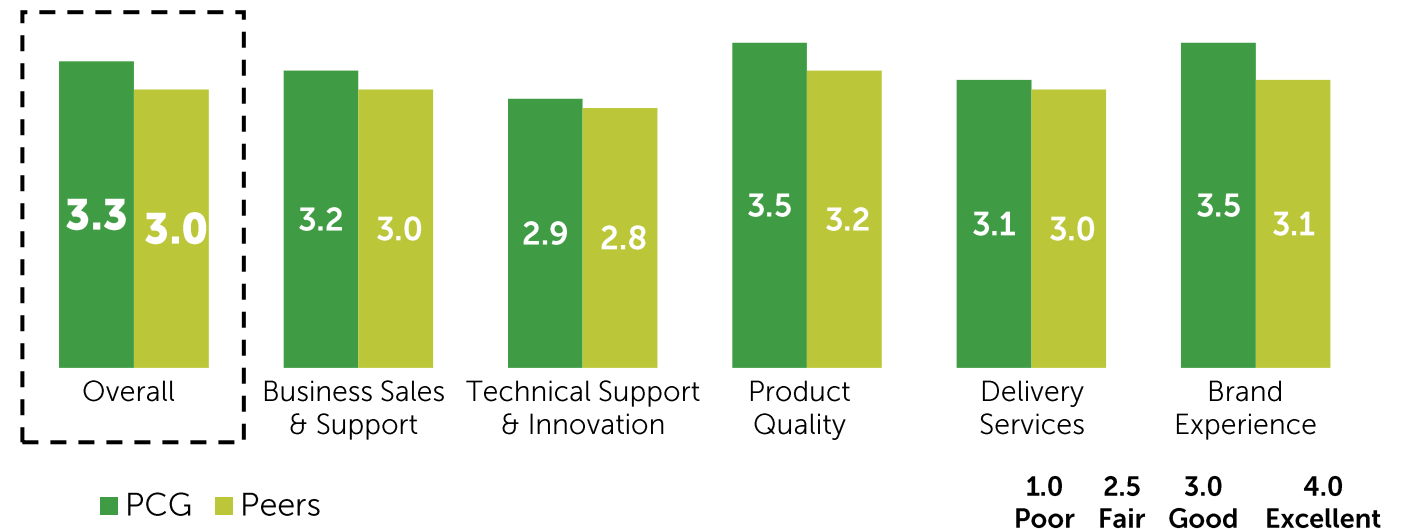
# Retain high customer satisfaction



## Order Fulfillment Reliability



## Customer Satisfaction Performance (score by customers)





# Launched 11 new innovative products

## Packaging



**1** **PETRONAS**  
**Etllinas Alfatene**  
**PE3838MA**

*Designed for  
high-stiffness  
bubble wrap*

## Home Care



**2** **HC501**

*Low temperature  
stability surfactant  
for household  
detergents*

## Oil & Gas



**3** **PETRONAS**  
**Glyde™ CM302R**

**4** **PETRONAS**  
**Glyde™ CH201**

*Shale inhibitor  
additive for  
drilling*

## Paints & Coating



**5** **BRB Fluid 1560**

**6** **BRB Siloen®**  
**PDA 222**

**7** **BRB FLD 1555**

**8** **BRB 3163 based**  
**on OH70**

**9** **BRB 1464-50**

*Silicone-based  
additives for  
surface finishing*

## Construction



**10** **BRB Siloen®**  
**MXP5**

*Water repellent  
additive for  
cementitious  
material*

## Automotive

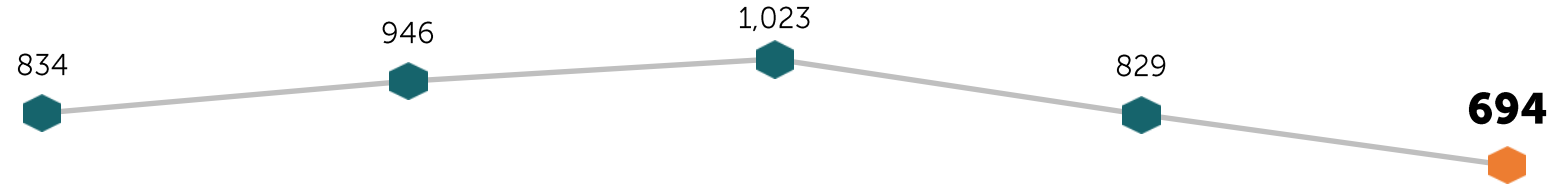


**11** **Petrolad 44758**

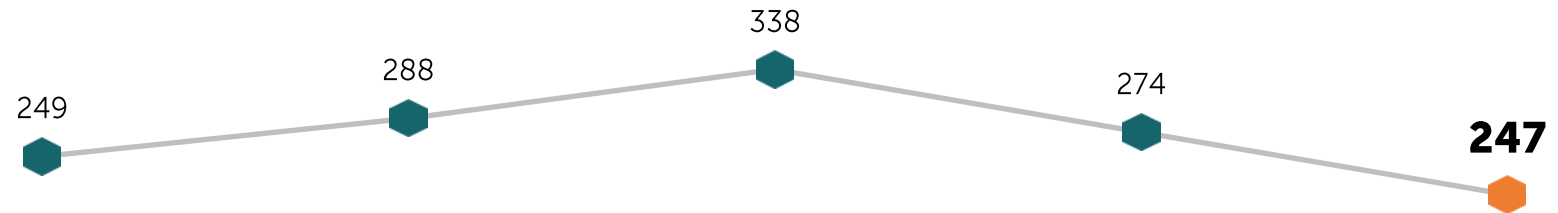
*Diesel-fuel  
additives for  
soot cleaning &  
abatement*

# Resilient financial performance

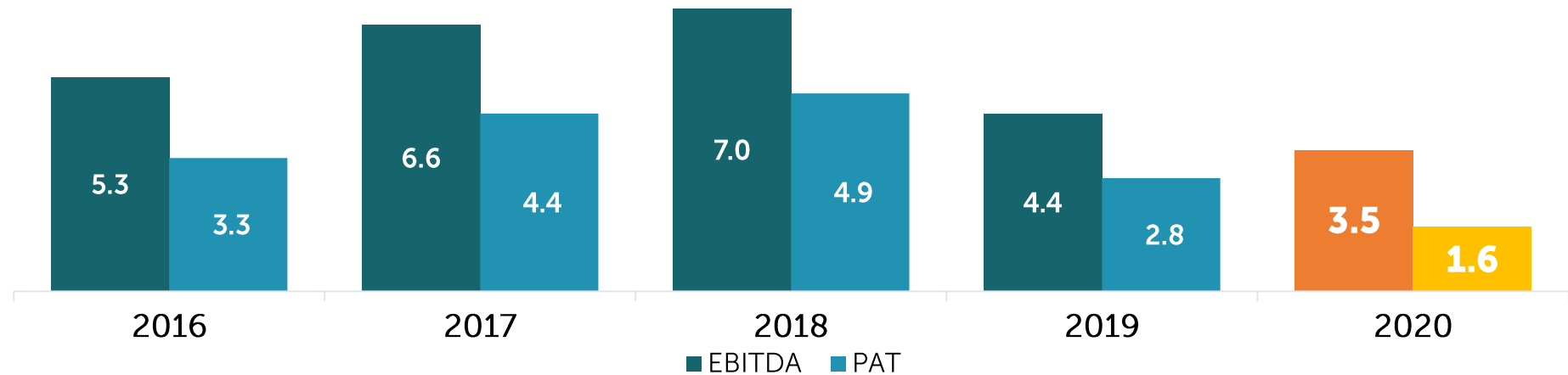
**O&D Price**  
(USD/MT)



**F&M Price**  
(USD/MT)



**EBITDA & PAT**  
(RM billion)



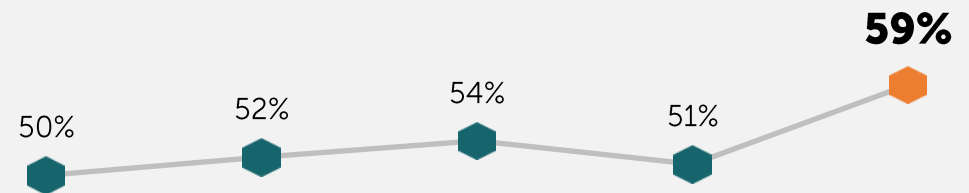
# Maintain about 50% dividend payout ratio

**1<sup>st</sup>** Interim Dividend  
paid on 25<sup>th</sup> Sep 2020 **RM0.05**

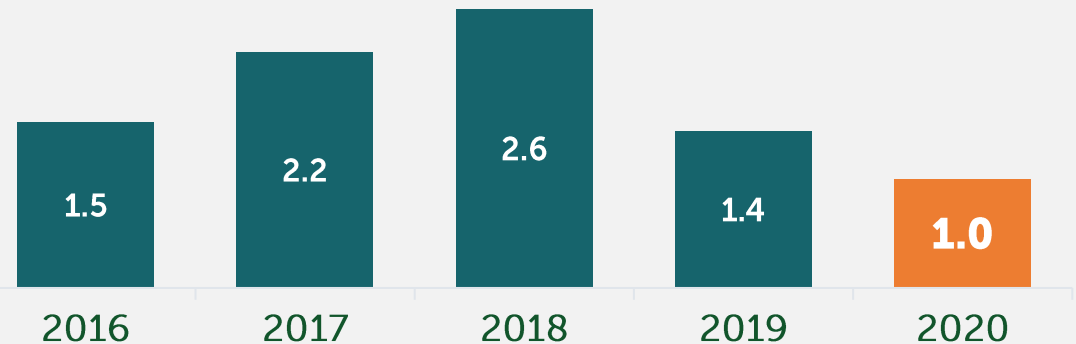
**2<sup>nd</sup>** Interim Dividend  
paid on 25<sup>th</sup> Mar 2021 **RM0.07**

Dividend  
(per ordinary share) **RM0.12**

Dividend Payout Ratio  
(% PATANCI)



Dividend Payout  
(RM billion)

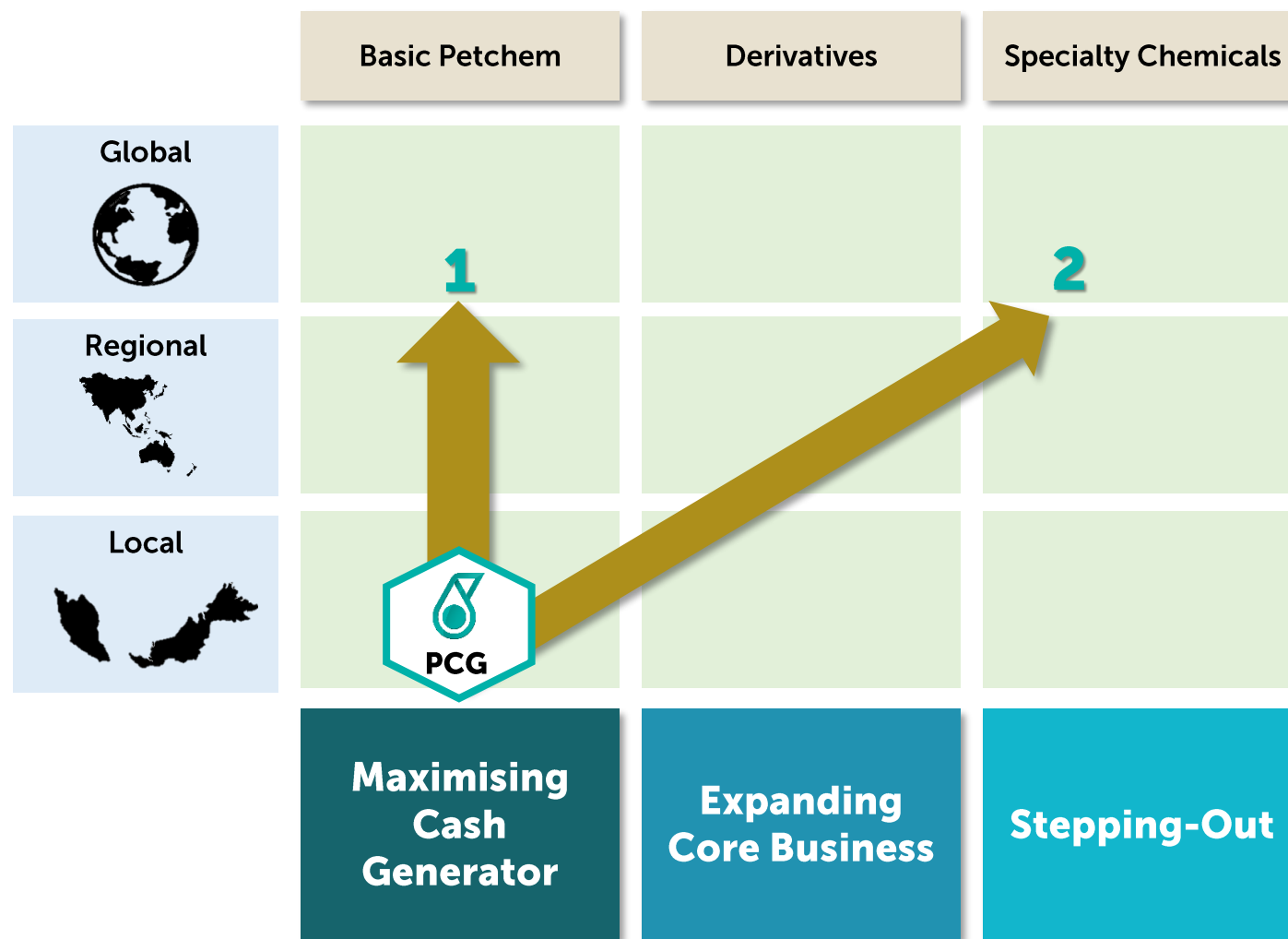




# Growth Plan



# Future-proofing business through growth



## Vision

**Preferred Chemical Company  
Providing Innovative Customer  
Solutions**

- 1** Sustain strength in basic petrochemicals
- 2** Selectively diversify into derivatives, specialty chemicals and solutions

# Starting up PIC will increase PCG's capacity to 14.6 mil tpa and strengthen our position in basic petrochemicals



## Products



MEG



DEG



TEG



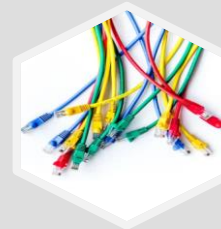
Polypropylene



HDPE



LLDPE



Isononanol

Note: Volume by equity

# Megatrends shaping chemicals for growth

## Global Megatrends



Demographic Shift



Urbanization



Sustainability



Digitalization



Health & Wellness

## Prioritised End-Markets

- 1 Construction
- 2 Paints & Coatings
- 3 Personal Care
- 4 Healthcare
- 5 Food & Nutraceuticals
- 6 Electronics
- 7 Automotive
- 8 Oil & Gas



# Growth via three levers

## Expanding Core Business



**Extend Value Chain**

via **downstream investment**

## Stepping-Out



**Build Specialty Platform**

via **M&A**



**Create Optionality for Growth**

via **CVC** and **R&D**



# Adding value to existing value chain through downstream investments

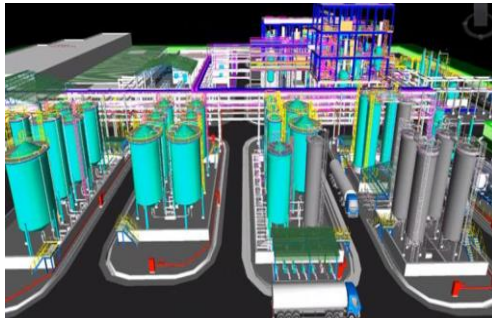
2 specialty chemicals projects in execution

1

Kertih, Terengganu

**Specialty Ethoxylates & Polyols**

Progress to date : EPC awarded



Personal Care



Cleaning Agent



Insulation Foam



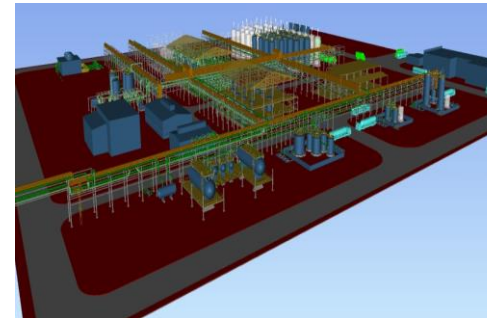
Car Seat

2

Pengerang, Johor

**Nitrile Butadiene Latex**

Progress to date : EPC awarded



Medical Glove

# Growing specialty chemicals business in silicone

Gebeng, Pahang

## Silicone Blending Facility Plant

Commercial Operation: 2021

- ❑ Target market Asia Pacific and MEA
- ❑ Certified by Halal, Kosher, ISO 2200, MesTI, HACCP



F&B



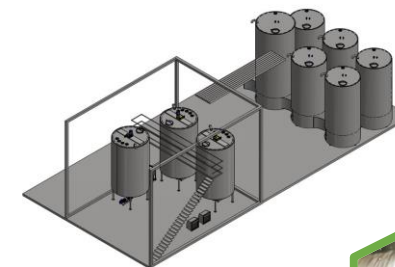
Personal Care

The Netherlands

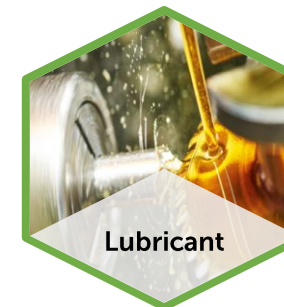
## New facility for LAC business

Commercial Operation: 2022

- ❑ Target market Asia Pacific, MEA, Europe
- ❑ Double the existing production capacity



Automotive

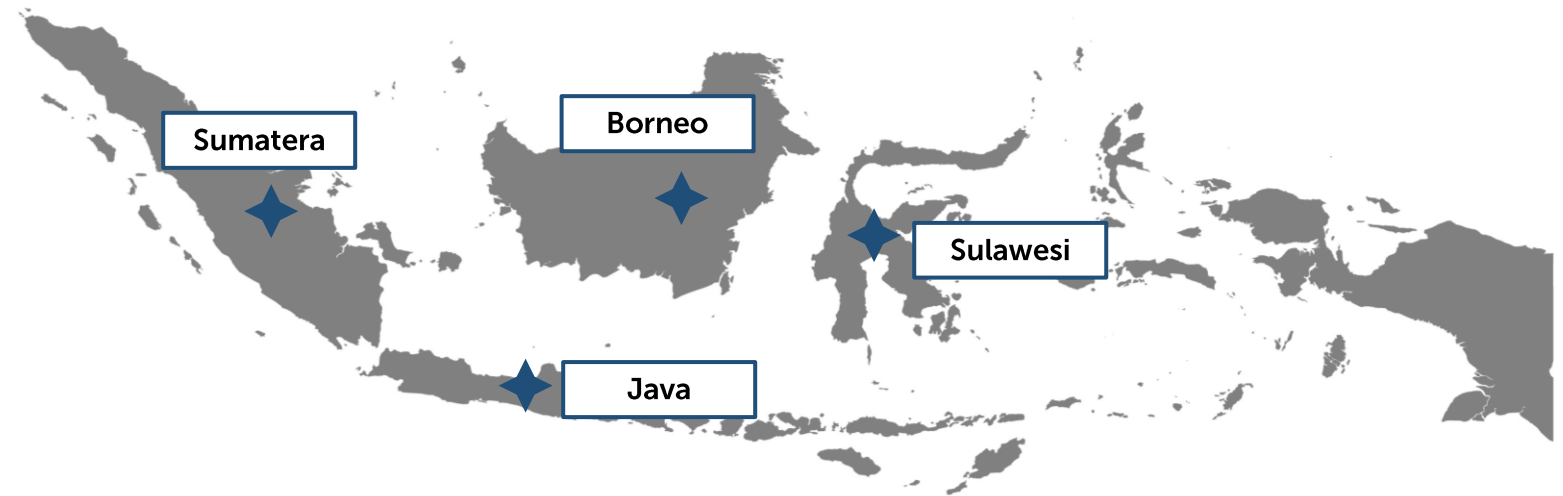


Lubricant

# Formed JV partnership for greater market access in Indonesia



*One of the largest distributors of basic chemicals, petroleum, logistics, and supply chain solutions*



- Joint Venture Agreement Signing Ceremony on 28<sup>th</sup> August 2020
- Incorporation of PT Anugerah Kimia Indonesia (AKI) on 2<sup>nd</sup> November 2020

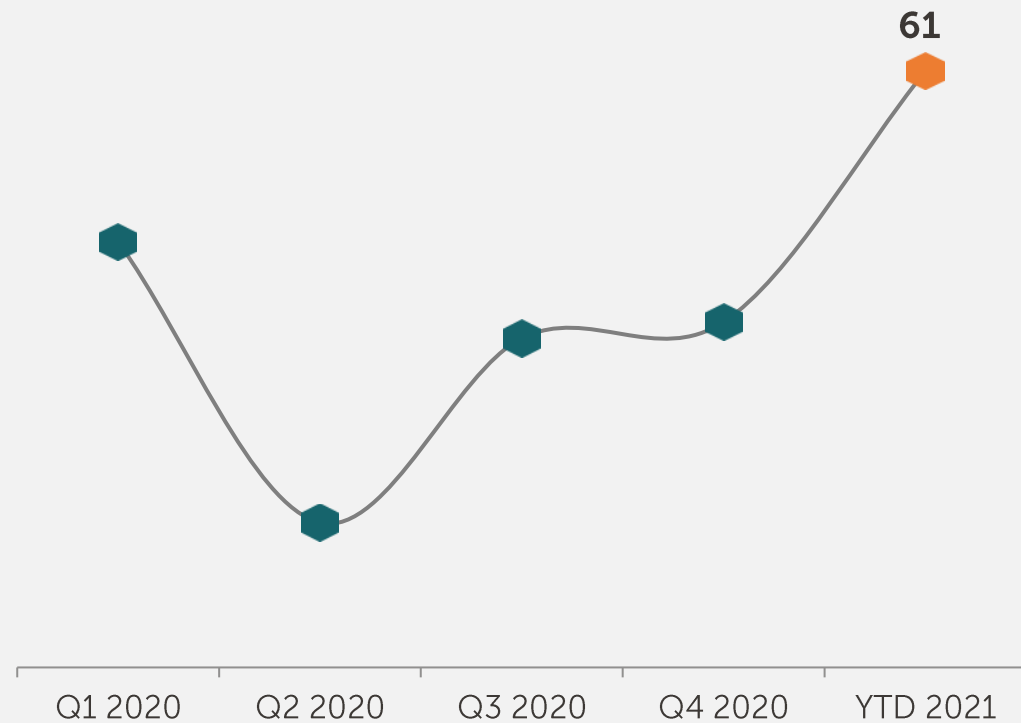


# 2021 Outlook

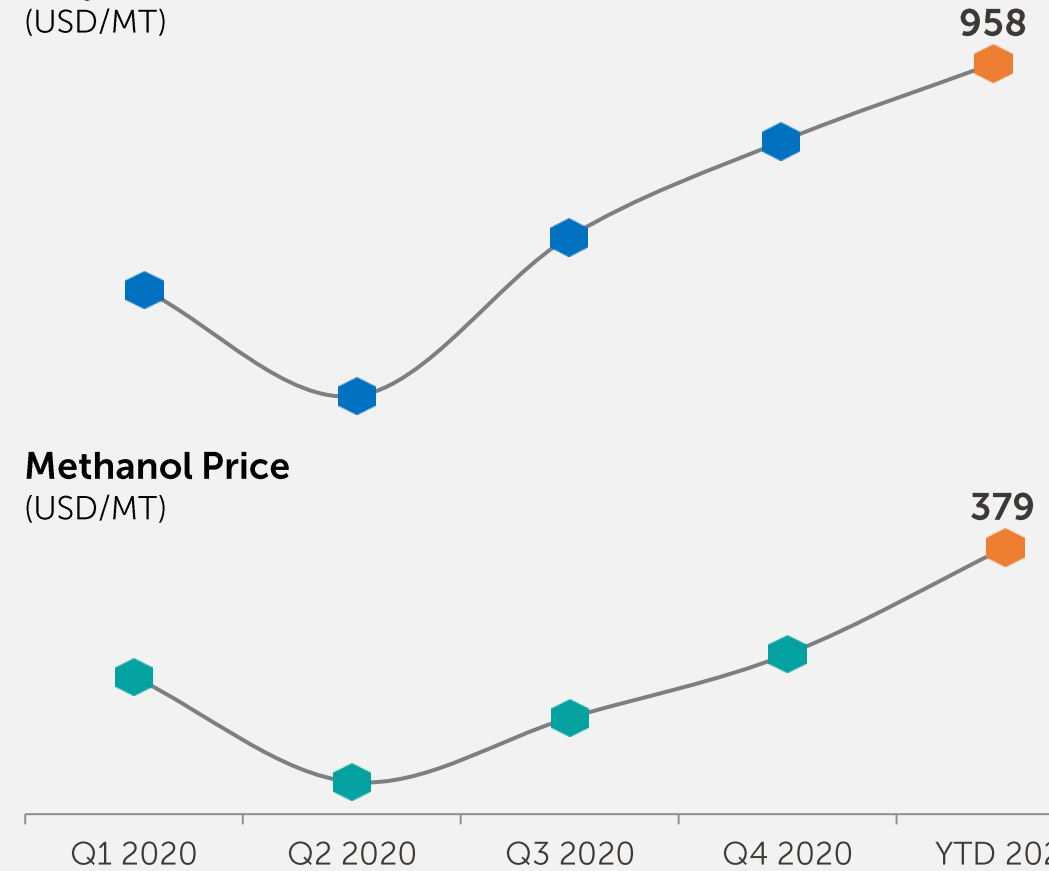


# Signs of recovery but remain cautious

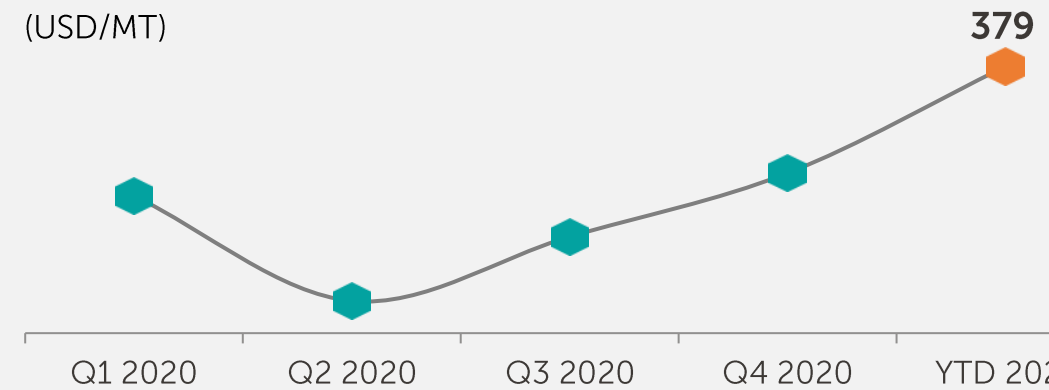
**Brent Crude Oil**  
(USD/bbl)



**Ethylene Price**  
(USD/MT)



**Methanol Price**  
(USD/MT)



# Key priorities for 2021



## Maximising Cash Generator

- Continue cost optimisation efforts
- Additional EBITDA through OE & CX initiatives



## Expanding Core Business

- Commercial operation of Pengerang Integrated Complex
- Investments in derivatives and specialty chemicals



## Stepping-Out

- M&A in specialty chemicals
- Start-up of bio-MEG pilot plant at R&D center
- Continue other R&D projects



Thank you