

# PETRONAS CHEMICALS GROUP BERHAD

## QUARTERLY ANALYST BRIEFING

QUARTER ENDED 31 MARCH 2020

20 May 2020  
4.00PM – 5.00 PM



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## KEY HIGHLIGHTS

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## PERFORMANCE HIGHLIGHTS

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## MOVING FORWARD

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## MOVING FORWARD

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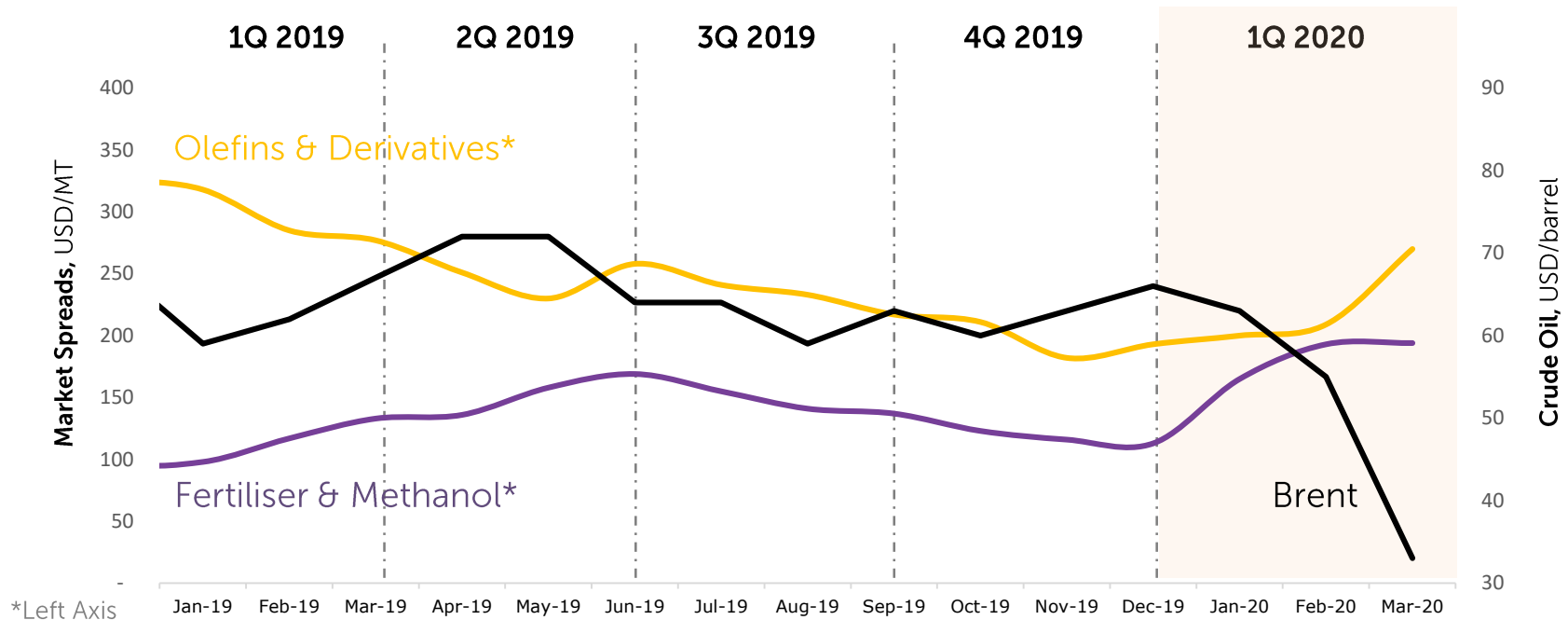


# Continued headwinds, increased uncertainty



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## PETROCHEMICAL MARKET SPREADS



- Global GDP growth\* declined year-on-year from 2.7% in 1Q 2019 to 0.2% in 1Q 2020, as the economic halt brought on by the coronavirus further impacted an already slow global economy stemming from the prolonged trade dispute between the US and China.
- Crude oil prices averaged lower at USD51/bbl in 1Q 2020, compared to USD64/bbl in 1Q 2019, on lower demand due to a weak macroeconomic environment and continued surplus.
- Petrochemical product prices declined due to weak downstream demand and low feedstock prices.

\*Source: IHS

# 1Q 2020 Highlights



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- Plant utilisation (PU) at 94 %
- Comparable production volume at 2.65 million tonnes year-on-year
- Disruptions during lockdown mitigated early



- Comparable sales volume year-on-year
- Weak product demand on contracted manufacturing sector
- Lower product prices on lower demand and low feedstock prices



- Revenue declined on lower product prices
- PAT declined on overall lower margins and lower contributions from JV and associate companies
- EBITDA declined on compressed margins

## KEY HIGHLIGHTS

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## PERFORMANCE HIGHLIGHTS

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## MOVING FORWARD

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# Performance Highlights : Financials



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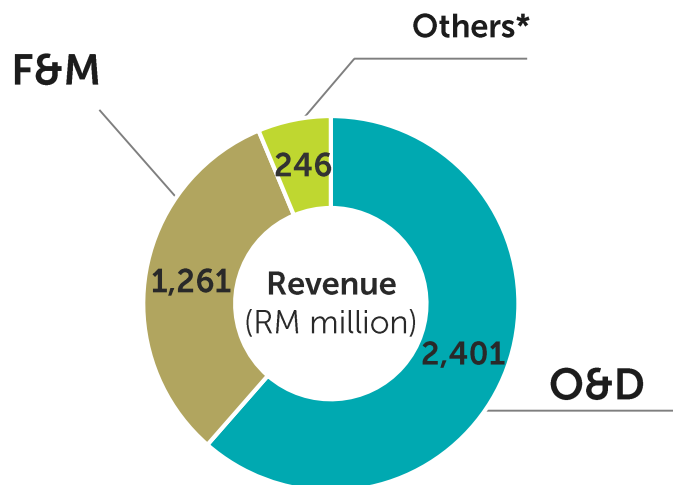
Key Financial Indicators	1Q 2020 Year-on-Year	1Q 2020 Quarter-on-Quarter
<b>Production Volume</b> (‘000 MTPA)	1Q 2020: 2,651 1Q 2019: 2,648 0.1% increase	1Q 2020: 2,651 4Q 2019: 2,523 5% increase
<b>Revenue</b> (RM Million)	1Q 2020: 3,891 1Q 2019: 4,130 (6%) decrease	1Q 2020: 3,891 4Q 2019: 4,234 (8%) decrease
<b>Profit After Tax</b> (RM Million)	1Q 2020: 493 1Q 2019: 813 (39%) decrease	1Q 2020: 493 4Q 2019: 312 58% increase
<b>EBITDA</b> (RM Million) EBITDA Margin (%)	1Q 2020: 764 1Q 2019: 1,262 (39%) decrease 20% margin (1Q 2020) 31% margin (1Q 2019)	1Q 2020: 764 4Q 2019: 750 2% increase 20% margin (1Q 2020) 18% margin (4Q 2019)

# Performance Highlights : Financials



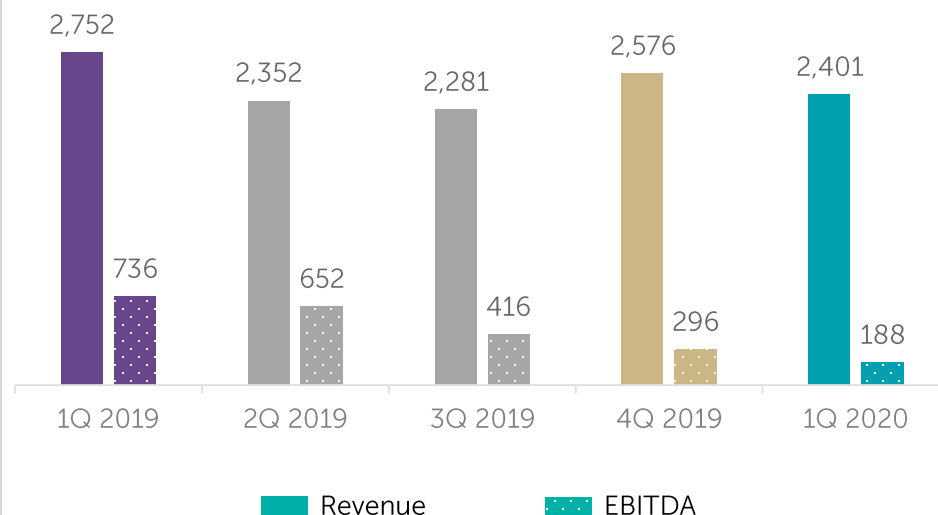
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## Olefins & Derivatives



## Quarterly Revenue & EBITDA

(RM million)



- Better plant performance year-on-year mainly due to better feedstock supply
- Average product prices declined 14% year-on-year due to lower crude oil prices and weak demand

\* 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.

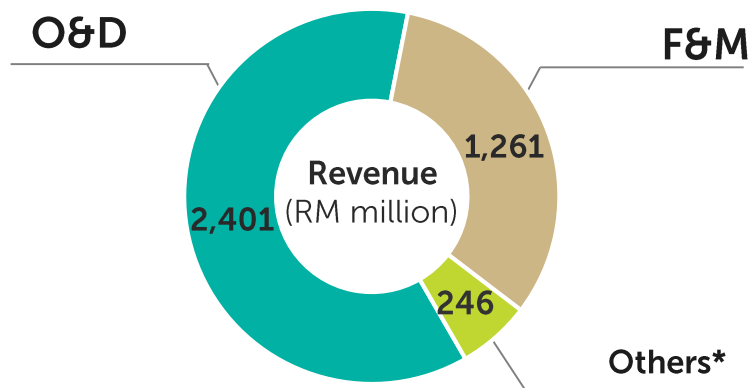
# Performance Highlights : Financials



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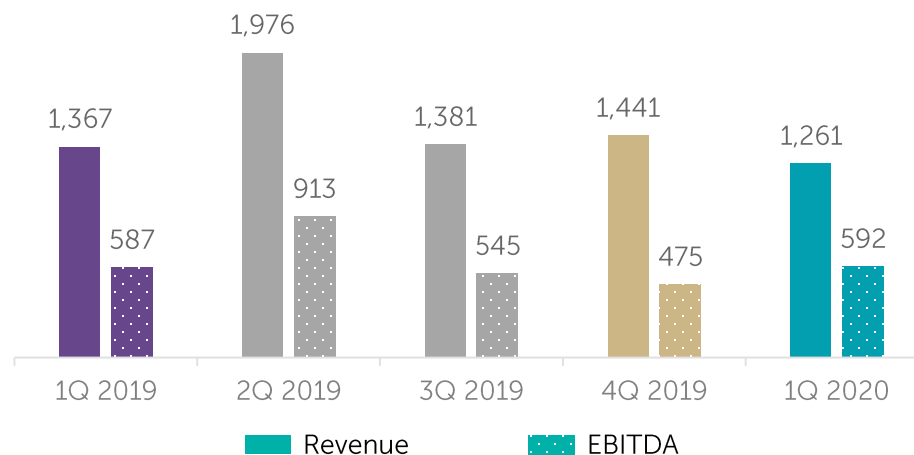


## Fertilisers & Methanol



## Quarterly Revenue & EBITDA

(RM million)



- Lower plant performance year-on-year due to higher level of planned maintenance activities undertaken at Labuan, Bintulu and Kedah
- Lower average product prices for all products in line with market movement

\* 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.

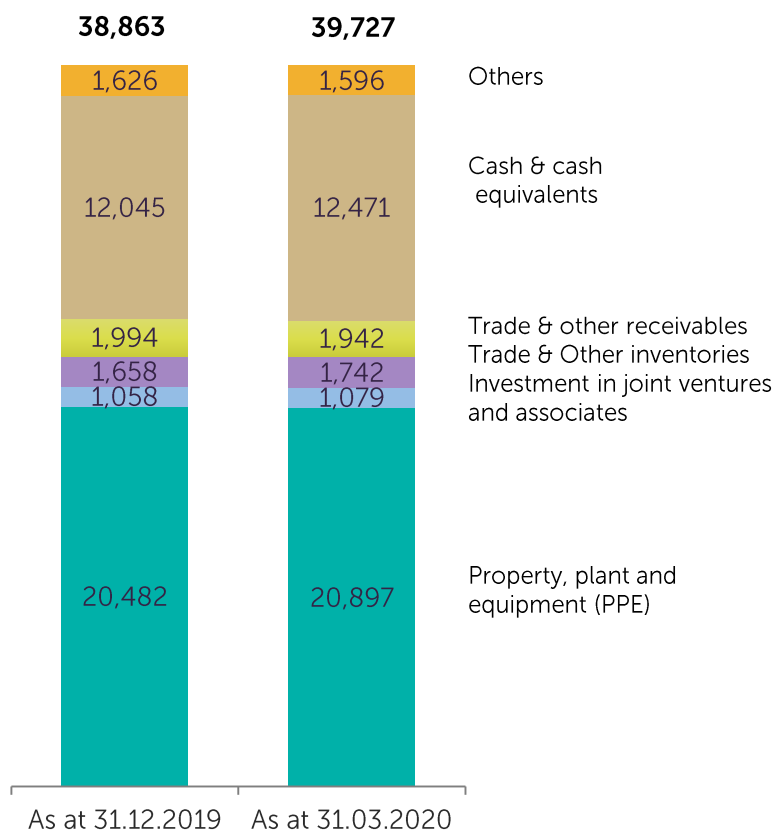
# Balance Sheet as at 31 March 2020



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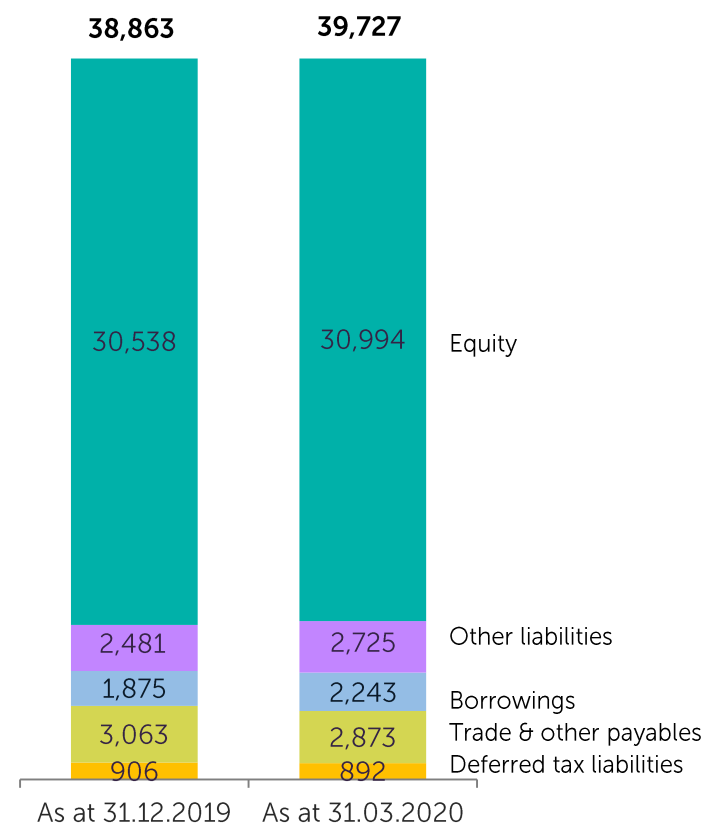
## Total Assets

(RM million)

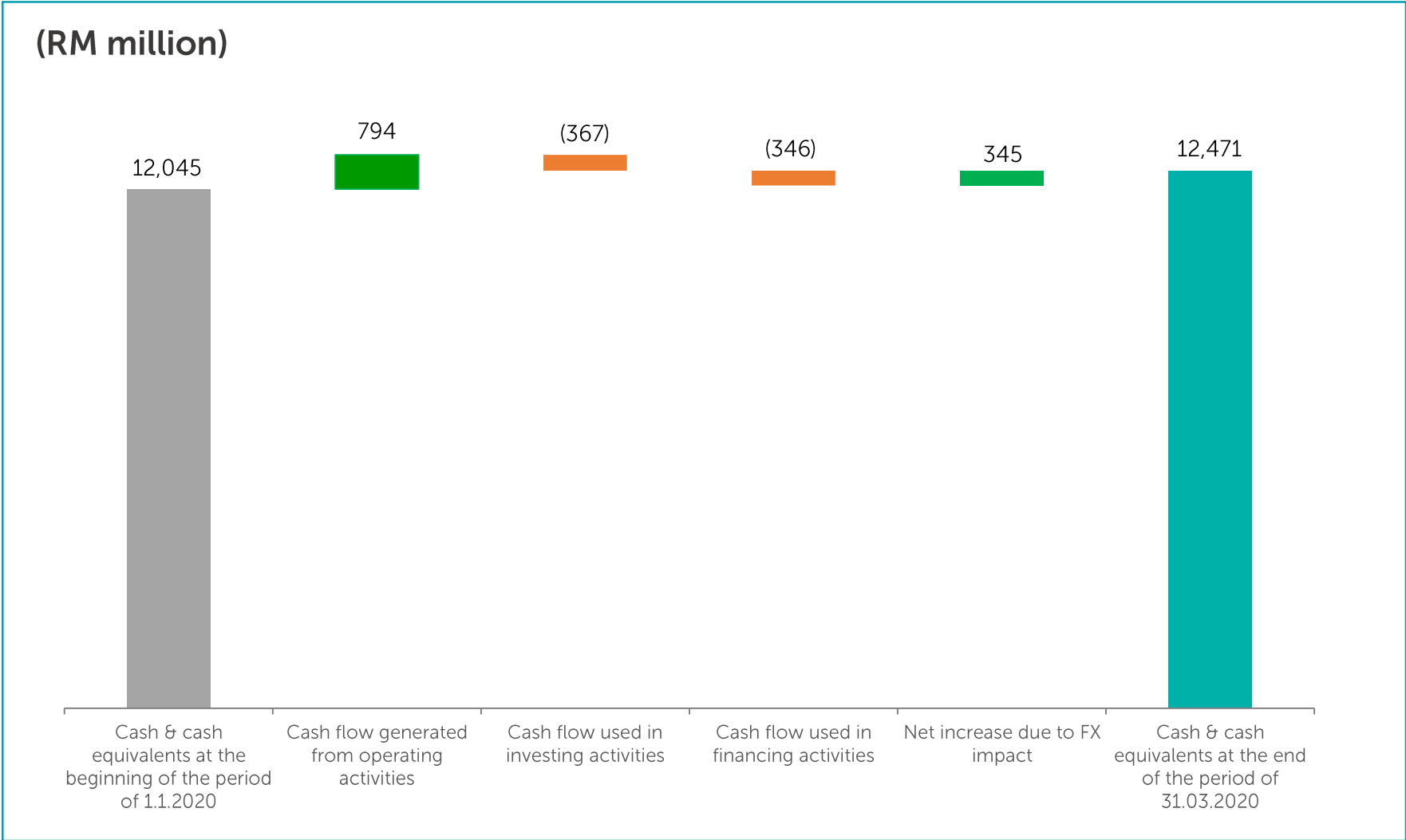


## Total Equity & Liabilities

(RM million)



# Cash Flows for the year ended 31 March 2020



# Performance Highlights : Operational

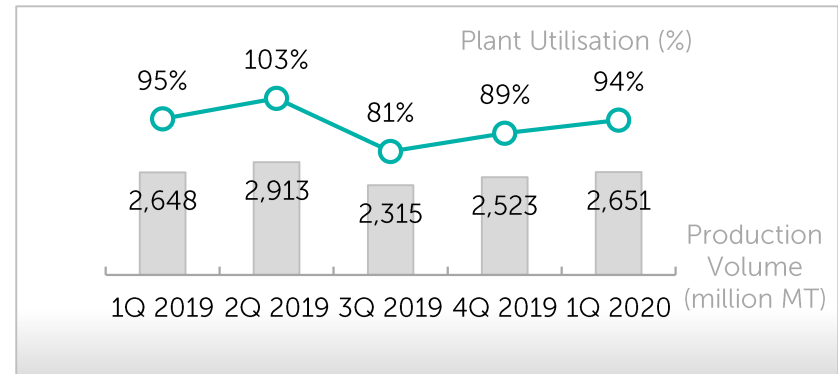


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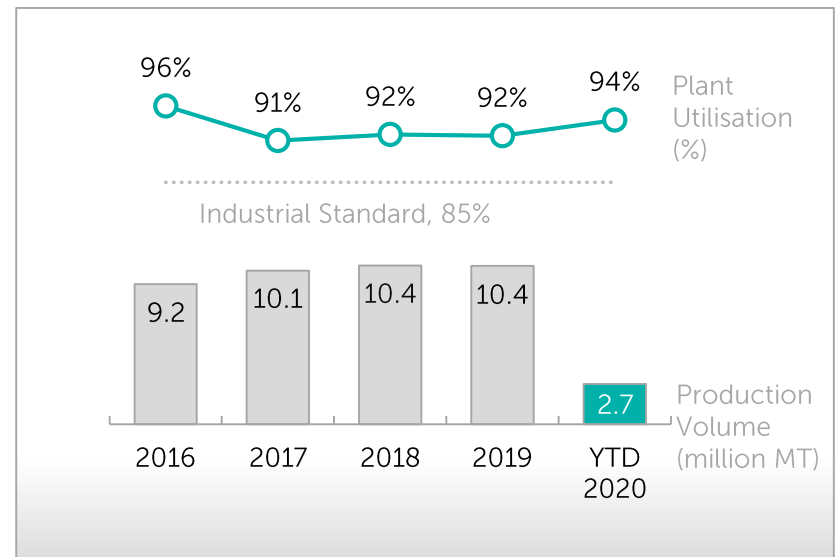
## Higher Group Plant Utilisation at 94% against preceding quarter

- Higher production volume against both corresponding and preceding quarters
- Deferment of turnaround in Gebeng supported higher plant utilization in Olefins & Derivatives segment
- High utilisation in Fertiliser & Methanol segment supported by good plant reliability at PC Fertiliser Sabah in Sipitang

## Quarterly Group Performance



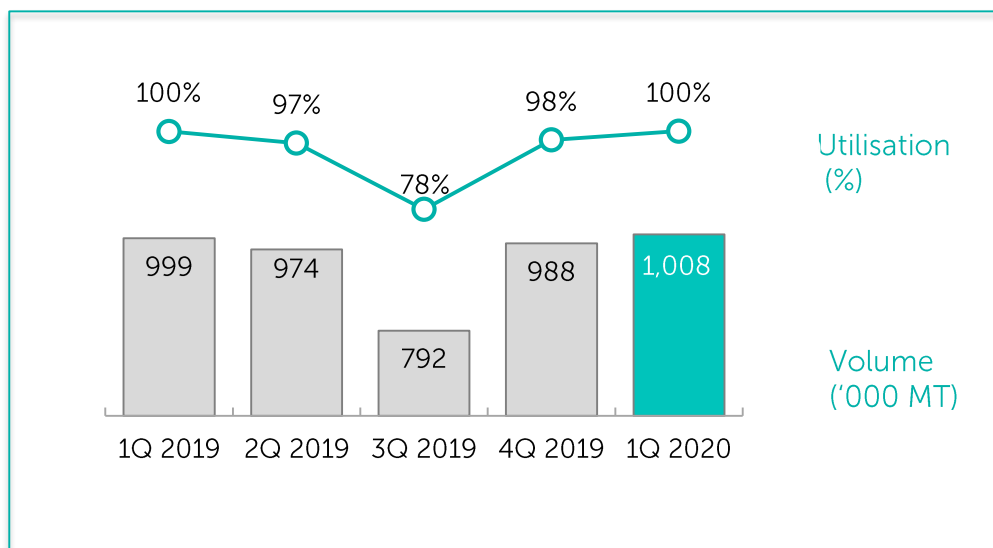
## Annual Group Performance



# Performance Highlights : Segmental Operational

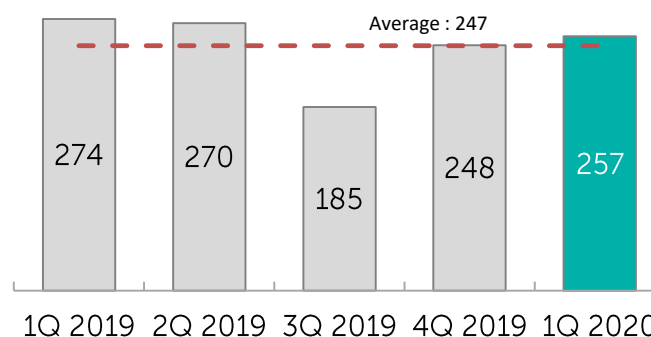


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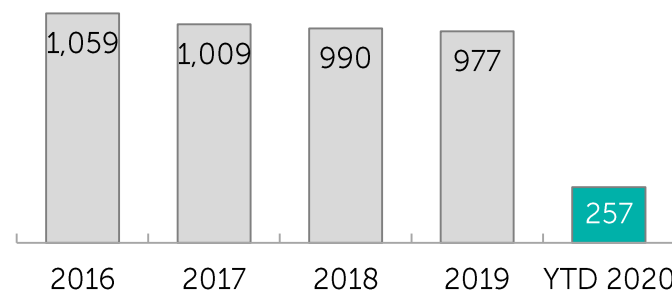


## Ethylene Production

Quarterly Volume ('000 MT)



Annual Volume ('000 MT)



## OLEFINS AND DERIVATIVES (O&D)

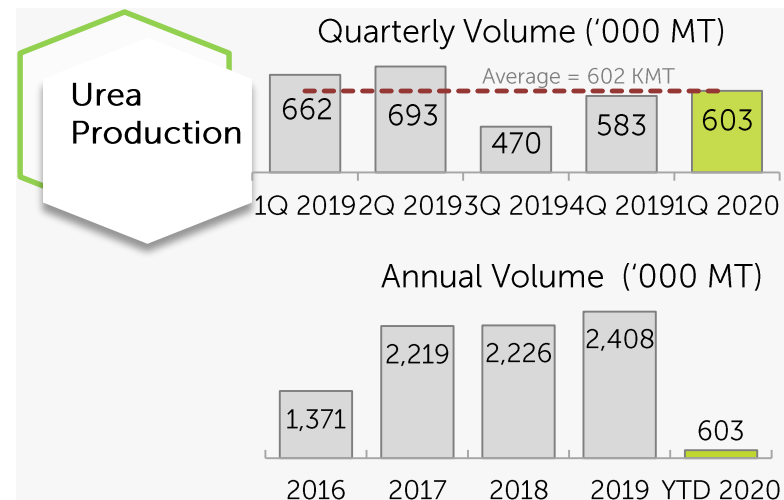
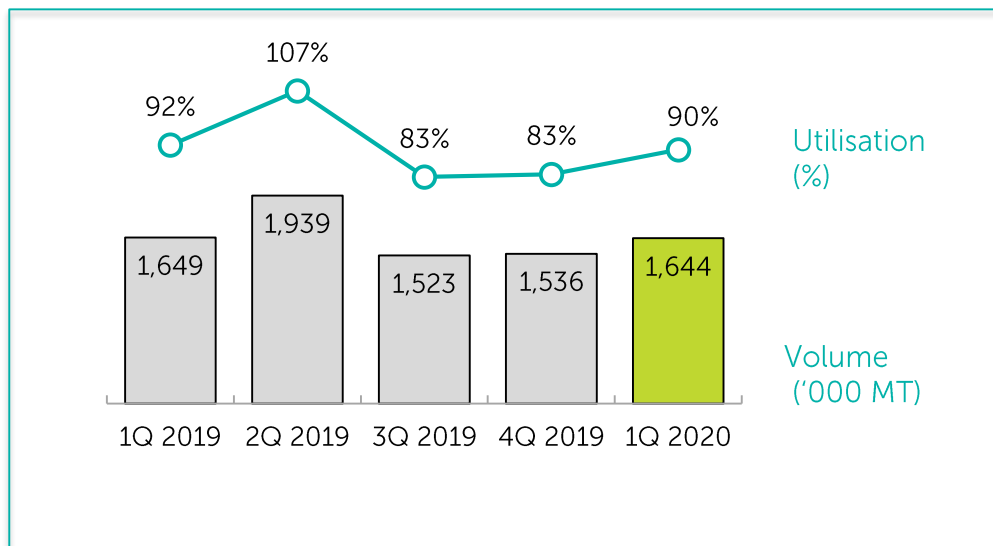


- Better plant utilisation against preceding quarter, supported by good plant reliability at the O&D facilities
- Sustained Ethylene production with reliable cracker operation and stable feedstock supply

# Performance Highlights : Segmental Operational



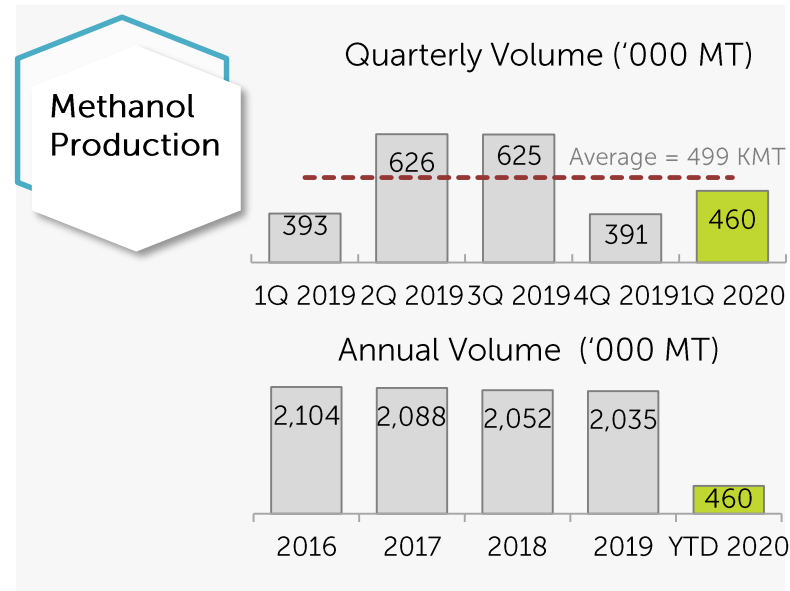
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## FERTILISER AND METHANOL (F&M)



- Sustained high utilisation amidst maintenance activities at the Bintulu and Labuan facilities
- Urea production was higher than average for the quarter



# Performance Highlights : Operational – Projects Updates



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Photo of Product Testing  
at Laboratory



Photo of bagged LLDPE at  
Solid Product Warehouse

99.9% completion of PIC-PETCHEM  
overall progress as of March 2020

Expected to complete PTR for all  
petrochemical products by 2H 2020,  
prior to commercial operations

Isononanol plant achieved Ready-for-  
Start-Up (RFSU) stage



Photo of HDPE facility achieved  
Mechanical Completion

# Performance Highlights : Operational - Conclusion

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- Higher production and utilisation rate for 1Q 2020 against 4Q 2019 and comparable performance against 1Q 2019, due to deferment of turnaround in Gebeng and good reliability at most facilities
- Sustain plants operation at optimum rates despite the challenges of Movement Control Order (MCO)
- PIC start up plans are in place. We will continue to remain focused in delivering the results

# Performance Highlights : Commercial – Olefins & Derivatives



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## Ethylene



**Q1 2020**  
(vs Q4 2019)



- Influx of deep sea supply to the region
- Poor downstream demand

**Outlook**  
(3 Months)



- Stable supply due to scheduled crackers TA
- Reduced downstream demand from lockdown

## Polymers



**Q1 2020**  
(vs Q4 2019)



- Weaker downstream demand
- Lower feedstock prices

**Outlook**  
(3 Months)



- High inventories in SEA due to logistic issues
- Demand in SEA remains weak amidst upcoming Eid & lockdowns

## MEG



**Q1 2020**  
(vs Q4 2019)



- High inventory levels in China
- Weak polyester demand

**Outlook**  
(3 Months)



- Ample supply in China
- Polyester OR resumed to normal levels

## Paraxylene



**Q1 2020**  
(vs Q4 2019)



- Poor PTA demand amidst high inventory
- Bearish crude oil prices

**Outlook**  
(3 Months)



- Stable supply with several maintenance in Q2.
- Increased demand from PTA due to healthy margins

# Performance Highlights : Commercial – Fertilisers and Methanol



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## Urea



**Q1 2020**  
(vs Q4 2019)



- Healthy supply
- Increased US demand and start of Kharif crop in India

**Outlook**  
(3 Months)



- Less participation in Indian tender due to stricter payment terms
- Surge of urea requirement in Philippines

## Ammonia



**Q1 2020**  
(vs Q4 2019)



- Ample supply
- Weak downstream demand

**Outlook**  
(3 Months)



- Supply restored as plant restarted
- Lack of demand from downstream market

## Methanol



**Q1 2020**  
(vs Q4 2019)



- Ample supply amid shortage of tank space
- Weak downstream demand due to COVID-19 lockdowns

**Outlook**  
(3 Months)



- Ample supply amid shortage of tank space
- Declining demand due to poor market sentiment

## KEY HIGHLIGHTS

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## PERFORMANCE HIGHLIGHTS

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## MOVING FORWARD

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# Prevailing uncertainty, volatility remains



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- Slow but certain recovery post pandemic
- Crude oil price will remain weak
- Prevailing geopolitical tensions



- Focus on what we do best:
  - Prioritise HSE
  - Sustain world class plant performance
  - Flexibility to navigate changing environment



- Growth delivery:
  - Commission and commercialise Pengerang Integrated Complex
  - Pursue growth in specialty chemicals segment

# THANK YOU

For further enquiries please contact us at:

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