

PETRONAS CHEMICALS GROUP BERHAD

**Quarterly Analyst Briefing
for the
Quarter Ended 30 June 2018**

**15th August 2018
6.00pm**



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.



Key Highlights



Financial Highlights



Manufacturing Highlights



Commercial Outlook



Moving Forward



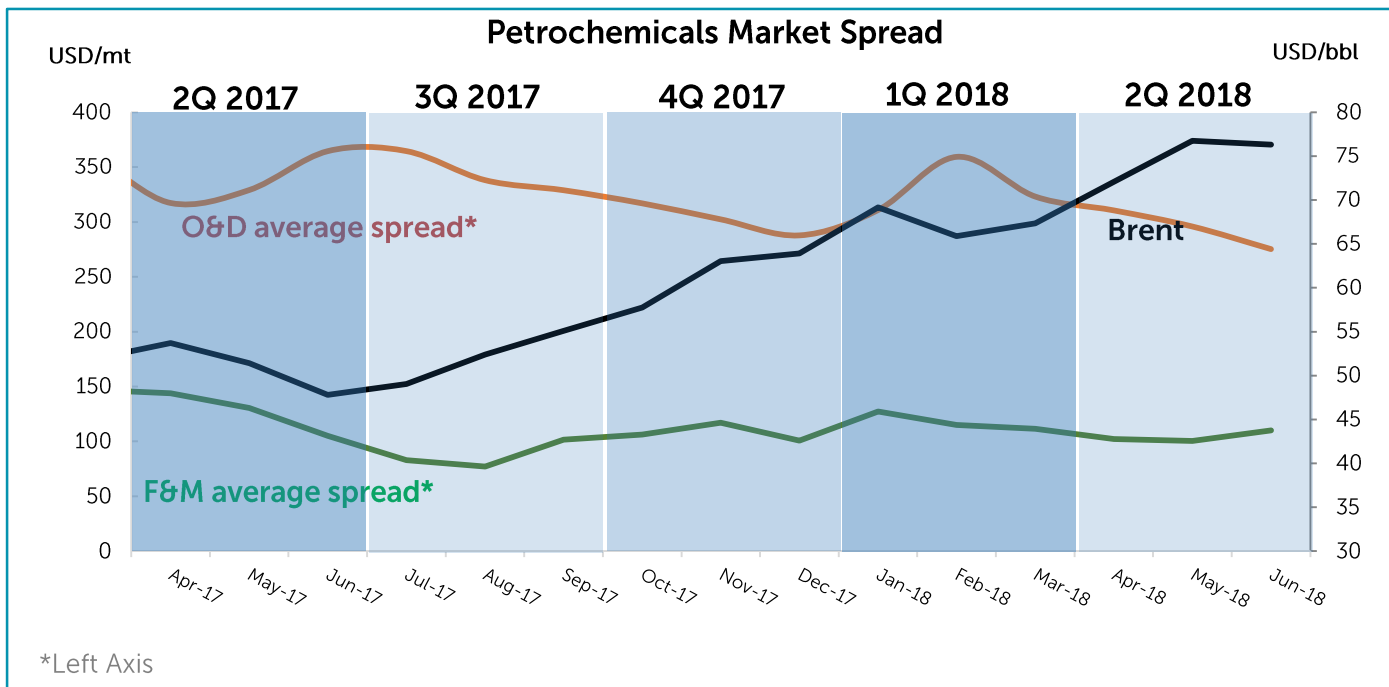
Key Highlights

Business Environment

Market sees continued growth yoy



PETRONAS



- Global GDP improved and global PMI improved with expansion in major economies
- Crude oil prices continue to climb on geopolitical tensions and outages, averaging at USD74/bbl in 2Q 2018 vs. USD50/bbl in 2Q 2017
- Average product prices improved on higher feedstock prices and healthy demand

Key Highlights

2Q 2018 Highlights



PETRONAS

■ Plant utilisation (PU) at 95%

- Full operations of PCFSSB
- Higher on-stream days

■ Sales volume increased 10% y-o-y

- Healthy demand for petrochemical products
- Higher product prices

■ EBITDA margin at 38%

■ Improved EBITDA with;

- Better spreads, higher sales volume

Partially negated by;

- Strengthening MYR against USD



Financial Highlights

Financials

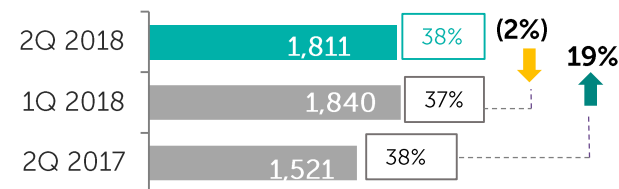
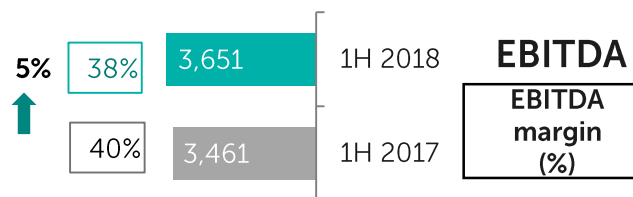
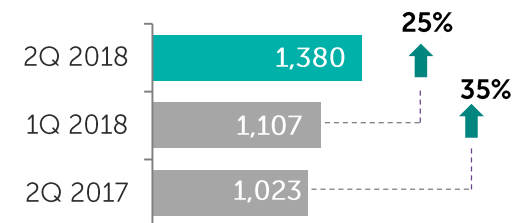
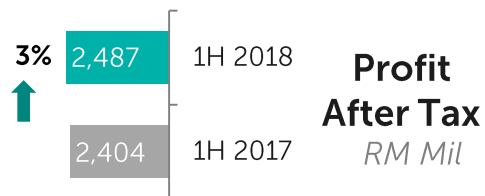
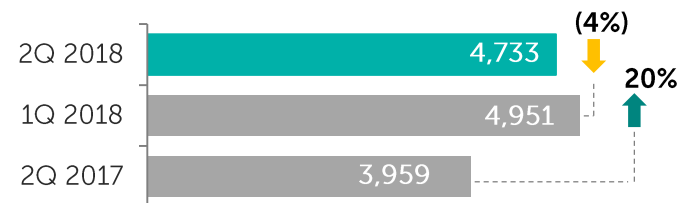
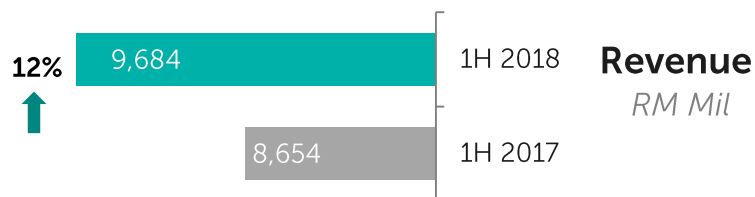
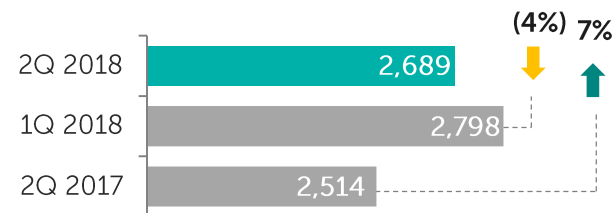
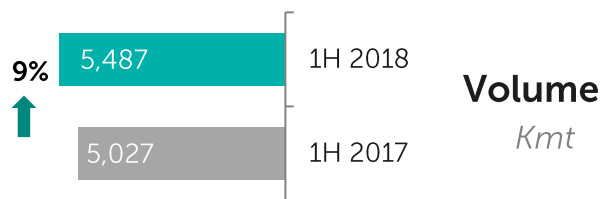
2Q 2018 Group Financial Results



PETRONAS

Year to date

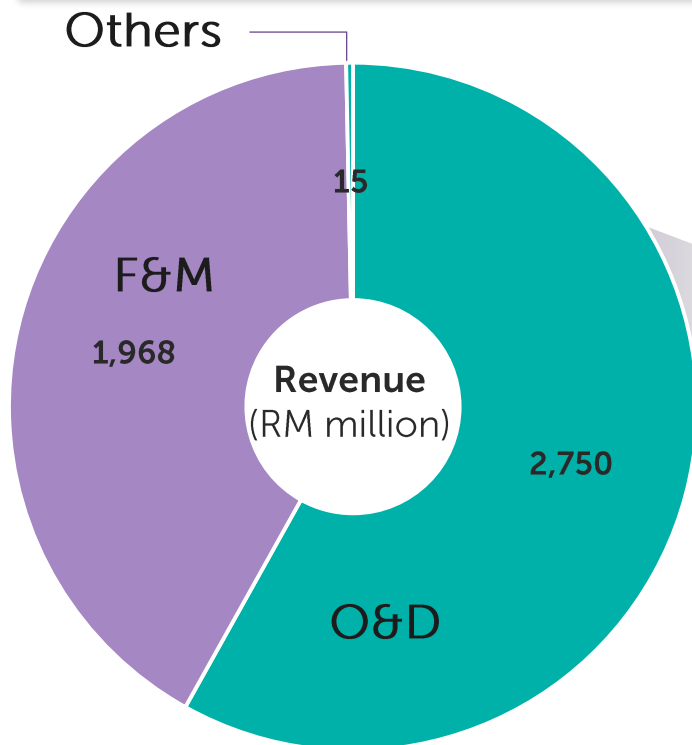
Individual quarter ended



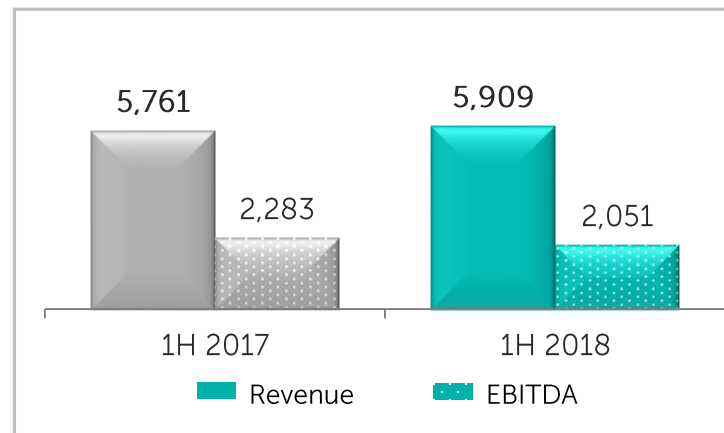
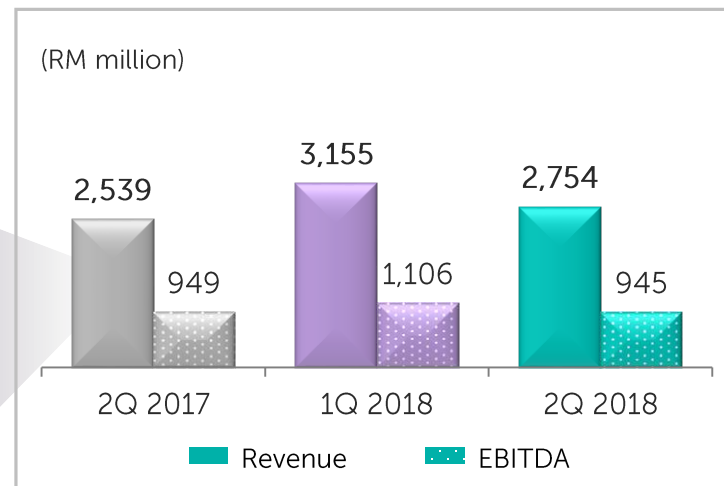
Financials : Olefins & Derivatives



PETRONAS



- Others comprise of operations related to investment holding company and port services which provide product distribution infrastructure to the Group.

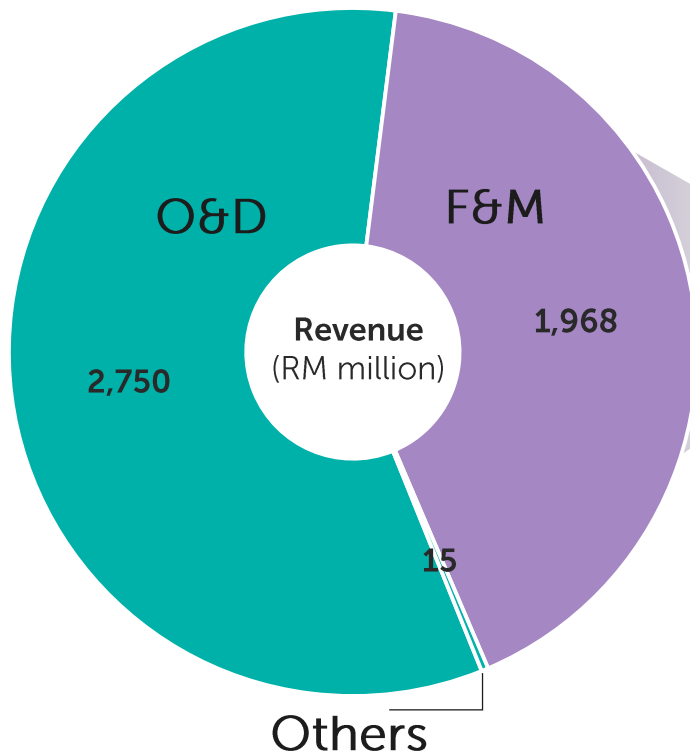


Financials

Financials : Fertilisers & Methanol

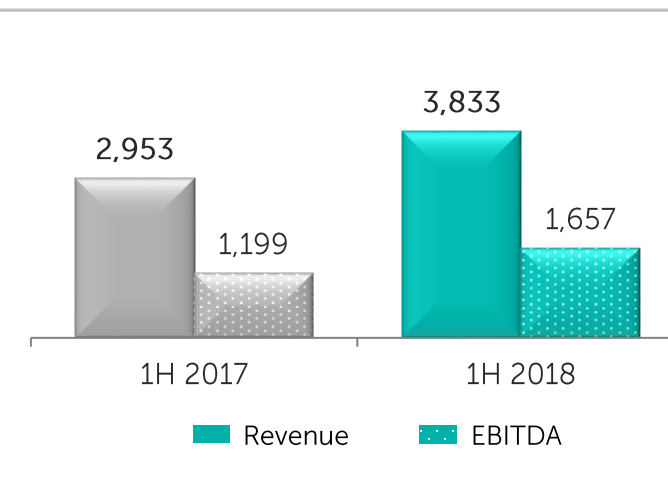
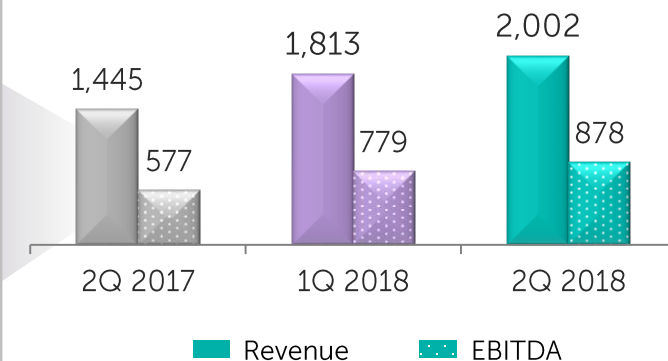


PETRONAS



* Others comprise of operations related to investment holding company and port services which provide product distribution infrastructure to the Group.

(RM million)



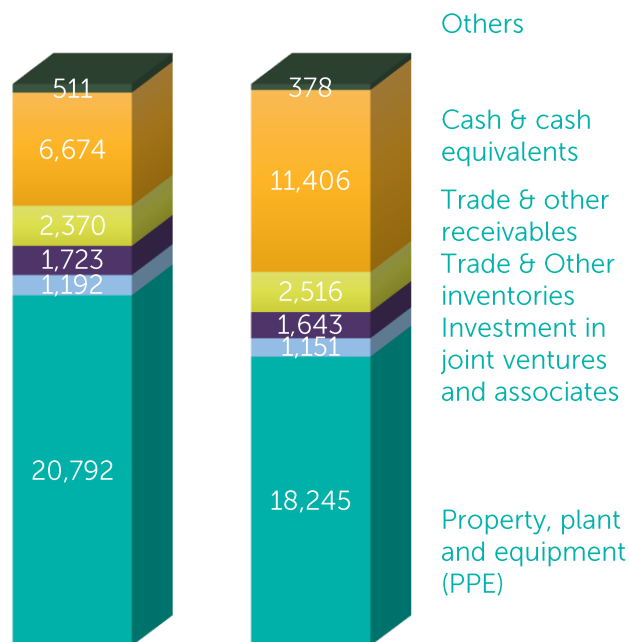
Balance Sheet as at 30 June 2018



PETRONAS

Total Assets

(RM million)
33,262 35,339

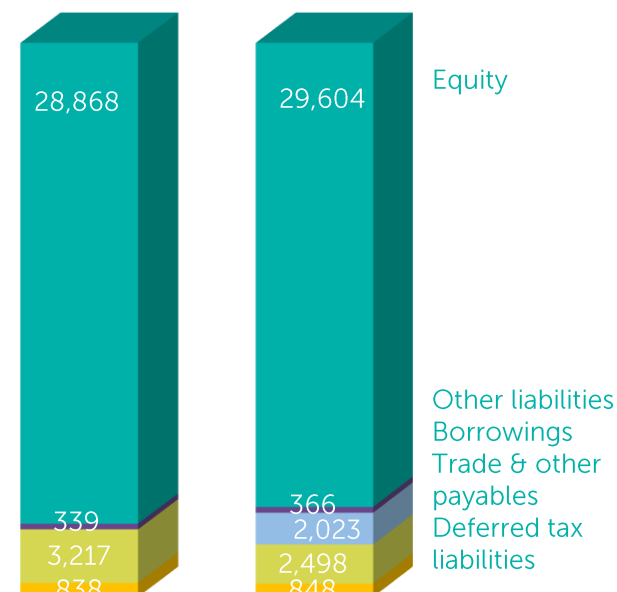


As at
31.12.2017

As at
30.06.2018

Total Equity & Liabilities

(RM million)
33,262 35,339



As at
31.12.2017

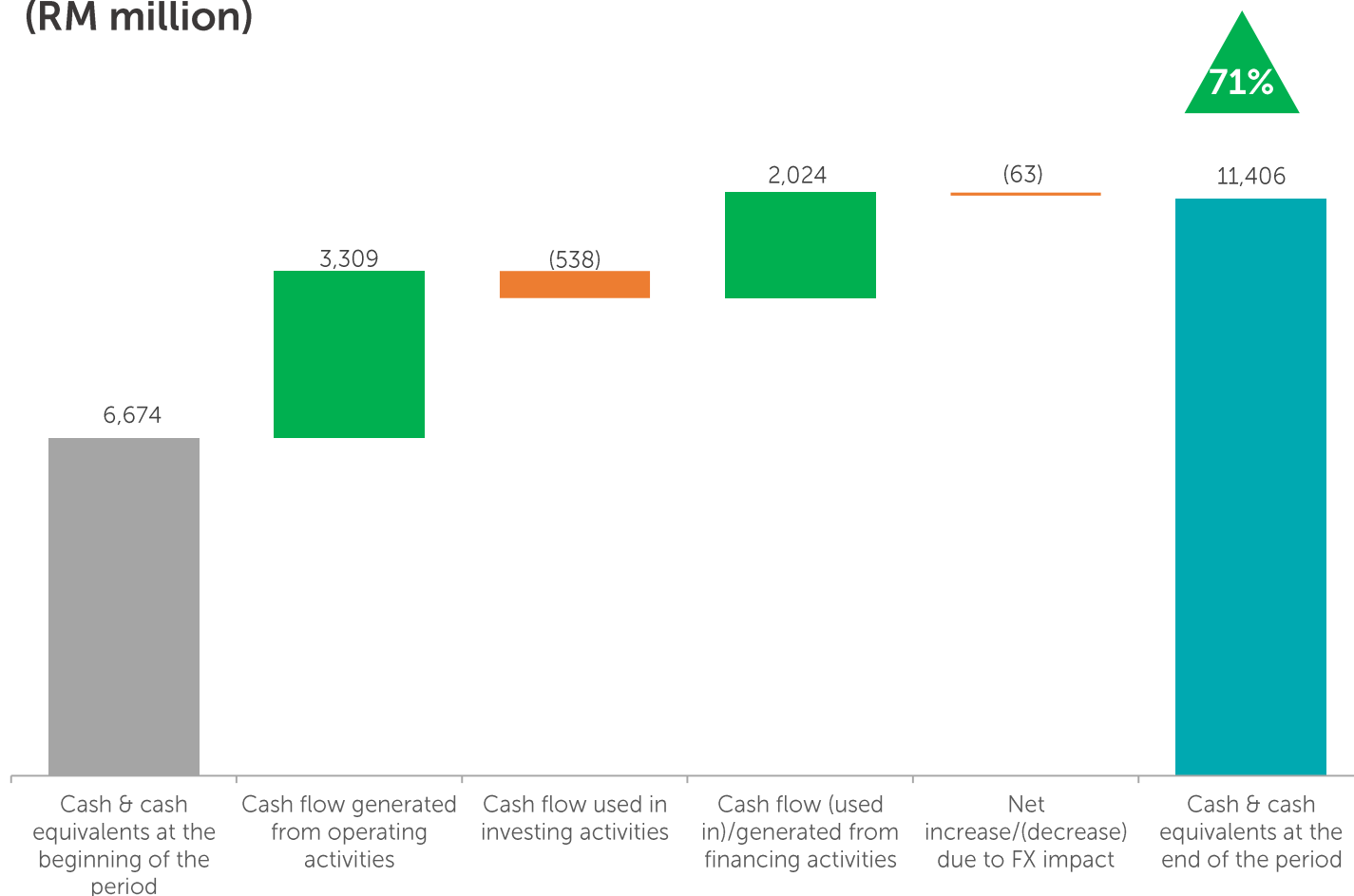
As at
30.06.2018

Cash Flows as at 30 June 2018



PETRONAS

(RM million)





Manufacturing Highlights

Sustained Group Plant Performance



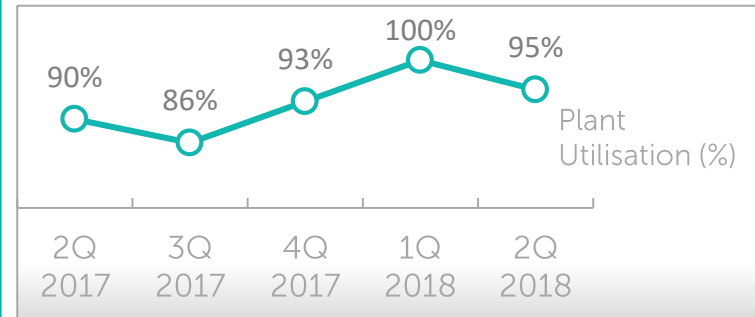
PETRONAS

Manufacturing

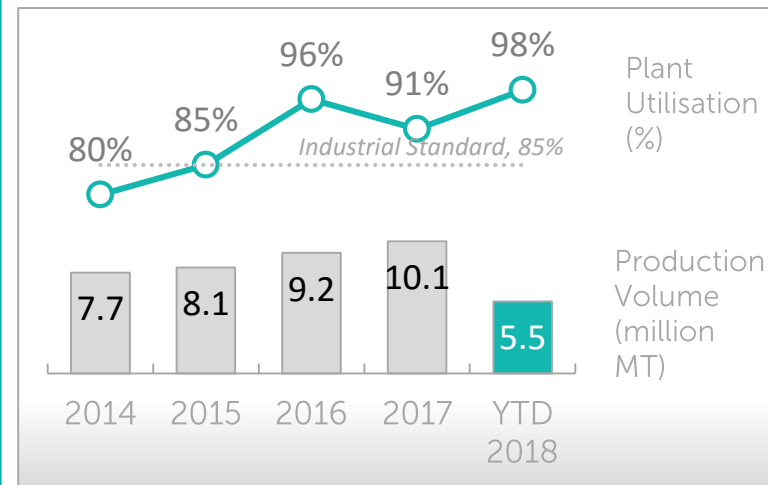
Sustained Group Plant Utilisation above 90%

- **Safe turnaround at PDH plant in Gebeng**
- **Maintenance works at PC Olefin**
- **Stable operations at the F&M segment**
- **Target annual production volume of above 10 kMT**

Quarter Group Performance



Annual Group Performance

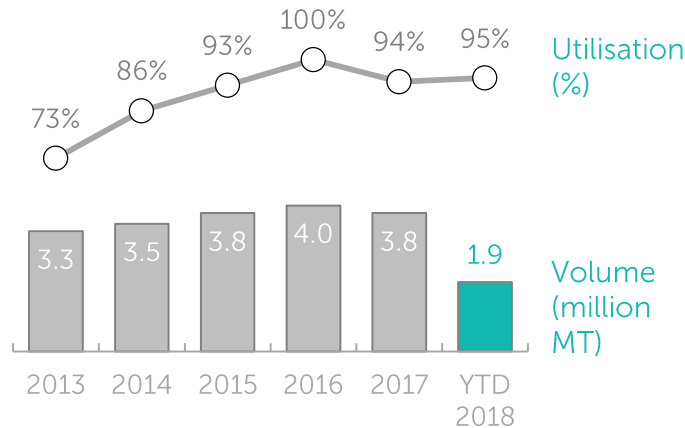


Segmental performance



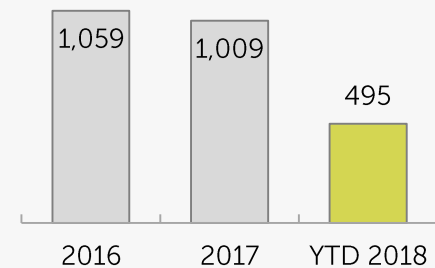
PETRONAS

Manufacturing

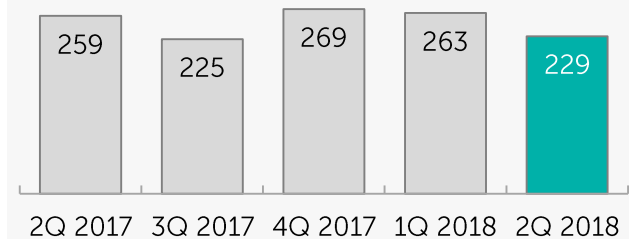


Ethylene Production

Annual volume (thousand MT)



Quarterly volume (thousand MT)



OLEFINS AND DERIVATIVES (O&D)



Flawless PDH TA at PC MTBE in April 2018.

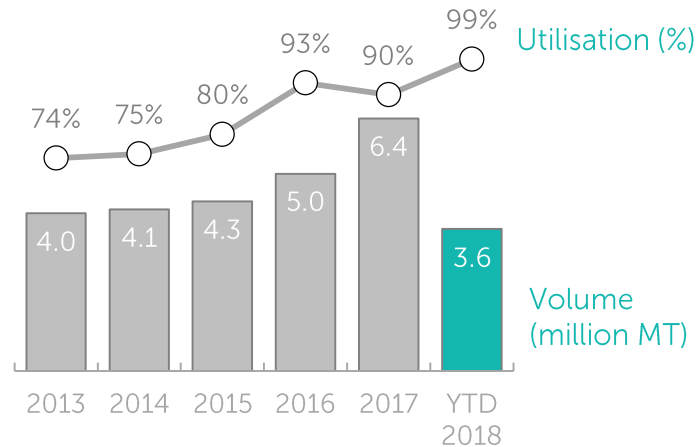
Lower Ethylene production for the quarter impacted by maintenance works at PC Olefin

Segmental performance



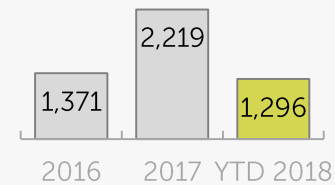
PETRONAS

Manufacturing

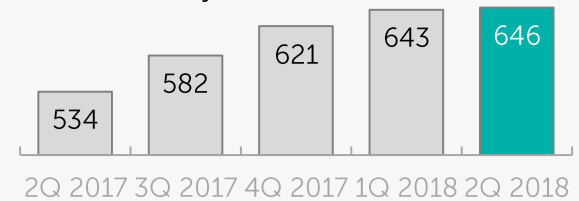


Urea Production

Annual Volume (thousand MT)



Quarterly Volume (thousand MT)



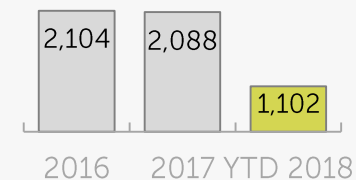
FERTILISER AND METHANOL (F&M)



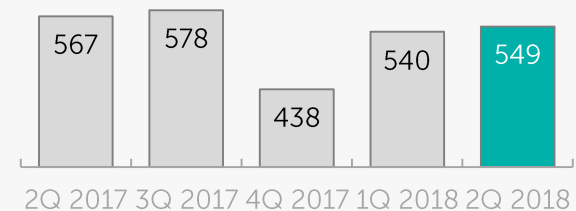
Strong performance by the segment with reliable operations at PC Methanol and PC Fertiliser Sabah

Methanol Production

Annual Volume (thousand MT)



Quarterly Volume (thousand MT)



Project updates



PETRONAS

Manufacturing



Aroma Plant

citral | menthol | citronellol

- Citronellol plant running stable at 85% utilisation
- L-menthol plant progressing as planned



HR-PIB

highly reactive polyisobutene

All grades achieved specification and product validation and qualification by key customers are on-going

OPERATION & MAINTENANCE READINESS



Deployment



Training



Management System

Ready for commercial operation in 2019, in stages.

Operational highlights



PETRONAS

Manufacturing

- **Quarter 2, 2018 was operationally smooth for PCG**
- **Good volumes from Fertiliser & Methanol business segment**
- **Safe turnaround at PDH plant in Gebeng**
- **We will have planned turnaround activities in Quarter 3 and Quarter 4**
- **Annual production volume will remain above 10 kMT**



Commercial Outlook

Outlook: Olefins & Derivatives



PETRONAS

Ethylene



Q2 2018
(vs Q1 2018)



- Increased availability of deep-sea cargo from Europe
- Slow downstream demand in China

Q3 2018
(Forecast)



- Stable crude outlook
- Supply recovery from NEA
- Slow demand for EVA & VCM

Polymers



Q2 2018
(vs Q1 2018)



- Weak demand due to high inventory
- Uncertainty over China vs US trade war

Q3 2018
(Forecast)



- Supply disruption in SEA and Iran
- Restocking activities prior to China Golden week

MEG



Q2 2018
(vs Q1 2018)



- High inventory in China ports
- Volatile Yuan vs USD currency

Q3 2018
(Forecast)



- Ample supply in SEA & NEA
- Stable demand from polyester market

Aromatics



Q2 2018
(vs Q1 2018)



- Firm naphtha prices
- Tight supply of PX due to TA
- Weaker demand of BZ in China

Q3 2018
(Forecast)



- Short supply in NEA
- Strong PET and PTA demand

Outlook: Fertilisers & Methanol



PETRONAS

Urea



Q2 2018
(vs Q1 2018)



- Stable supply from SEA & ME
- End season in US and Europe

Q3 2018
(Forecast)



- Short supply from ME in early Q3, supply resume to normal thereafter
- Anticipation of demand recovery for year end planting season in SEA.

Ammonia



Q2 2018
(vs Q1 2018)



- Market sentiment on additional new supply

Q3 2018
(Forecast)



- Stable supply
- Firm demand in Asia
- Issuance of new India tender

Methanol



Q2 2018
(vs Q1 2018)



- Tight supply in SEA
- Firmer NEA demand

Q3 2018
(Forecast)



- Tight supply with upcoming TA in SEA
- Improved demand from MTO and downstream



Moving Forward

Moving Forward

Strong demand, cautious market



PETRONAS



Oil price recovery



Increasing consumer demand



Improving global economy



Market Uncertainties



Increasing protectionism



Key focus areas for 2018



PETRONAS

- Sustain world class **operational excellence**
- Deliver **commercial & innovation excellence**
- Execute **growth** projects effectively
- Growth portfolio and **future proof** business



THANK YOU

For further enquiries please contact us at:

PETRONAS Chemicals Group Berhad
Level 14, Tower 1, PETRONAS Twin Towers
Kuala Lumpur City Centre,
50088 Kuala Lumpur, MALAYSIA

petronaschemicals_ir@petronas.com
www.petronaschemicals.com