

PETRONAS CHEMICALS GROUP BERHAD

QUARTERLY ANALYST BRIEFING

QUARTER ENDED 30 June 2020

19 August 2020
6.00PM – 7.00 PM



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KEY HIGHLIGHTS

PERFORMANCE HIGHLIGHTS

MOVING FORWARD



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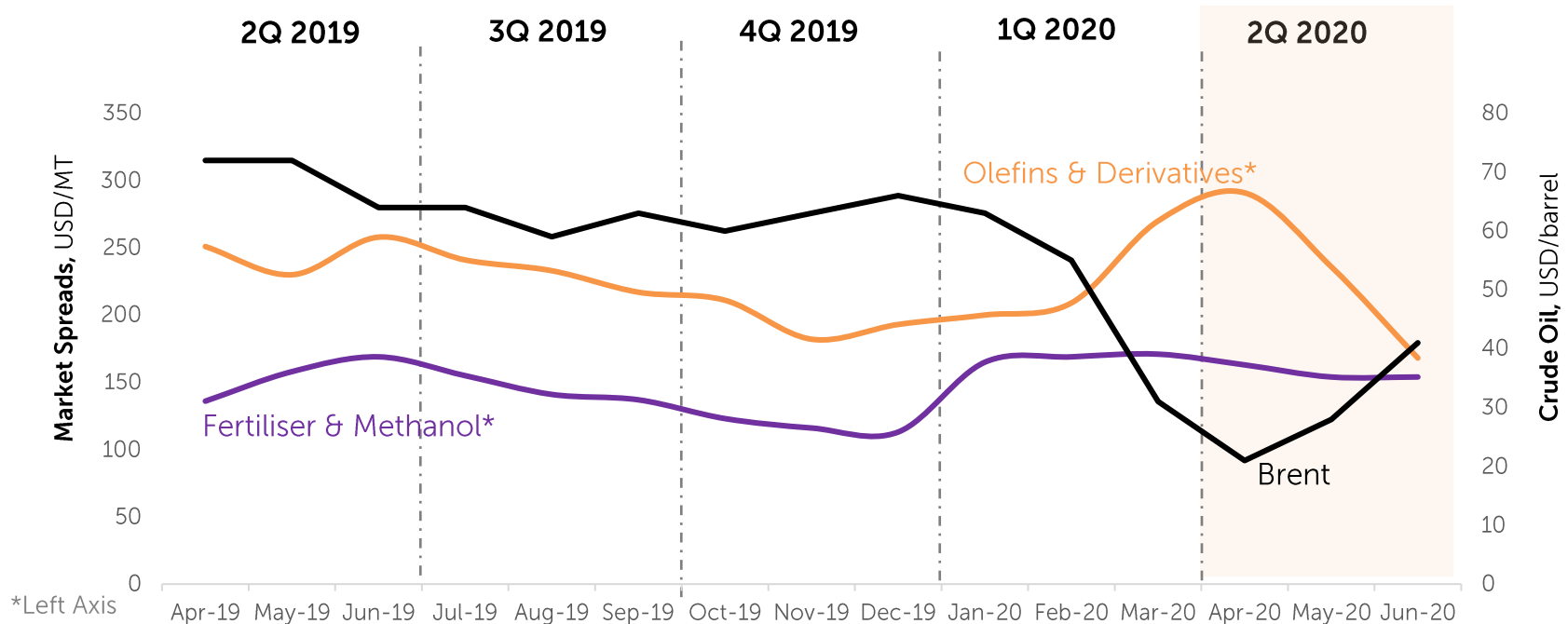


Easing lockdown, cautious recovery



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PETROCHEMICAL MARKET SPREADS



- Global GDP entered negative territory recording -5.8% in 1H 2020, while global PMI contracted to 45.8 due to rapid contraction in global economic activities and disruption in the manufacturing sector, as countries went into lockdown to break the chain of the COVID-19 pandemic.
- Crude oil prices averaged lower at USD40/bbl, compared to USD66/bbl in 1H 2019, due to oil demand shock caused by the pandemic and increasing supply post the collapse of the OPEC-led supply pact.
- Petrochemical product prices declined on weak downstream demand and low feedstock prices.

*Source: market publications, team analysis

1H 2020 Highlights



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- Plant utilisation (PU) at 97 %
- Marginally lower production volume at 5.46 million tonnes year-on-year
- Minimum disruptions during lockdown



- Lower sales volume by 3%
- Weak product demand on contracted manufacturing sector
- Lower product prices on weakened demand and low feedstock prices



- Revenue declined on lower product prices
- PAT declined on overall lower margins and net share of losses from associate companies
- EBITDA declined on compressed margins and lower sales volume

KEY HIGHLIGHTS

PERFORMANCE HIGHLIGHTS

MOVING FORWARD



Performance Highlights : Financials



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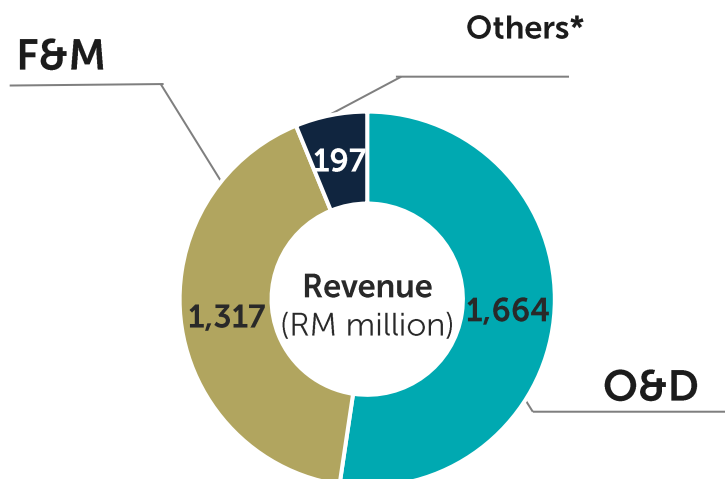
Key Financial Indicators	2Q 2020 Year-on-Year	2Q 2020 Quarter-on-Quarter	1H 2020 Year-on-Year
Production Volume ('000 MTPA)	2Q 2020: 2,806 2Q 2019: 2,913 (4%)	2Q 2020: 2,806 1Q 2020: 2,651 6%	1H 2020: 5,457 1H 2019: 5,561 (2%)
Revenue (RM Million)	2Q 2020: 3,178 2Q 2019: 4,337 (27%)	2Q 2020: 3,178 1Q 2020: 3,891 (18%)	1H 2020: 7,069 1H 2019: 8,467 (17%)
Profit After Tax (RM Million)	2Q 2020: 185 2Q 2019: 1,112 (83%)	2Q 2020: 185 1Q 2020: 493 (63%)	1H 2020: 678 1H 2019: 1,925 (65%)
EBITDA (RM Million) EBITDA Margin (%)	2Q 2020: 695 (22%) 2Q 2019: 1,521 (35%) (54%)	2Q 2020: 695 (22%) 1Q 2020: 764 (20%) (9%)	1H 2020: 1,459 (21%) 1H 2019: 2,783 (33%) (48%)

Performance Highlights : Financials



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Olefins & Derivatives

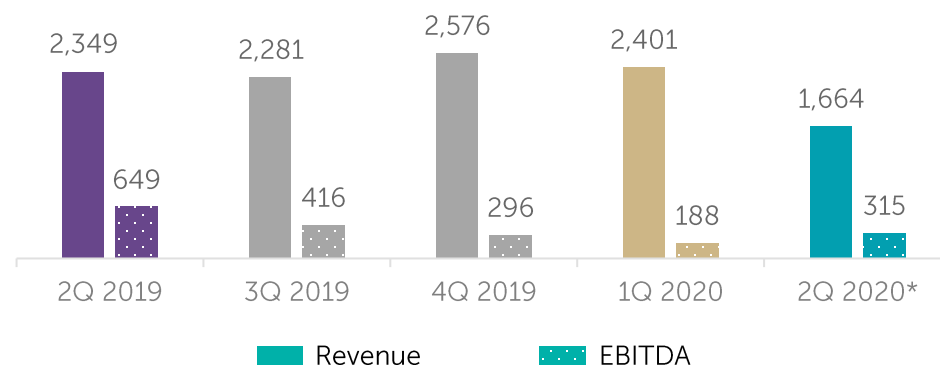


- Better plant performance against 2Q 2019 due to lower turnaround days;
- Lower average product prices for all products in line with market conditions

* 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.

Quarterly Revenue & EBITDA

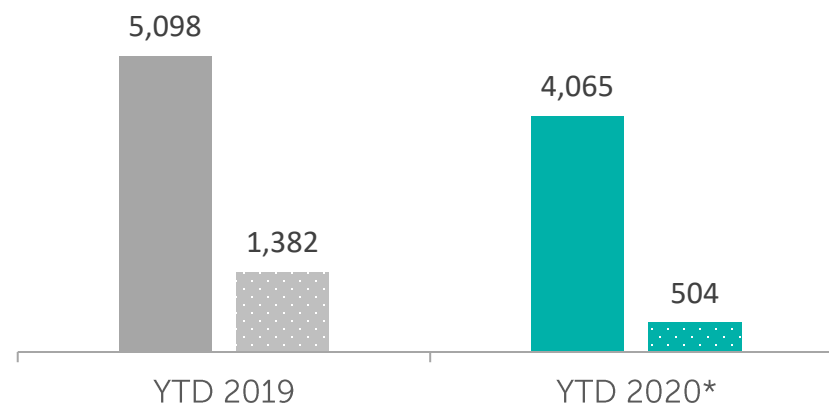
(RM million)



- Includes reclassification of EBITDA for quarter 1 amounting to RM88 mil from Fertiliser and Methanol

Cumulative Revenue & EBITDA

(RM million)



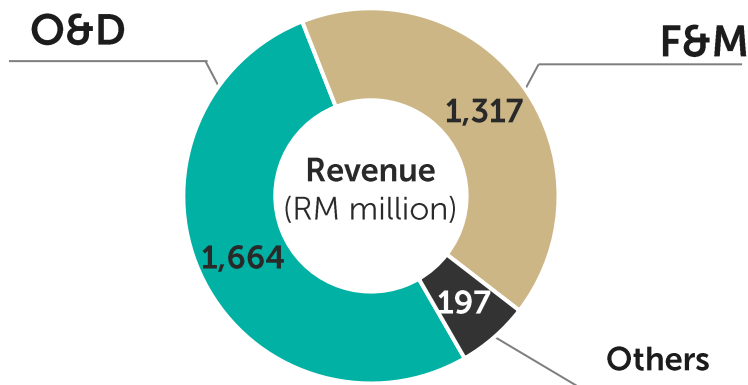
Performance Highlights : Financials



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Fertilisers & Methanol

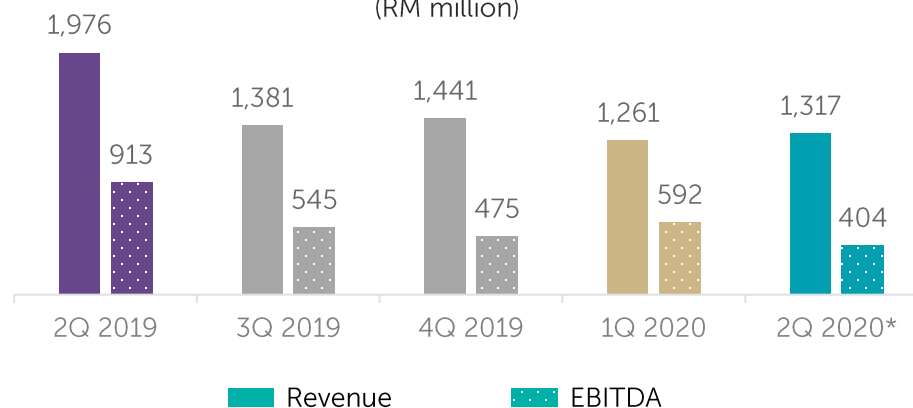


- Lower operational performance against 2Q 2019 due to higher level of maintenance activities undertaken at Labuan, Bintulu and Guron
- Lower average product prices particularly methanol in tandem with lower crude oil prices

* 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.

Quarterly Revenue & EBITDA

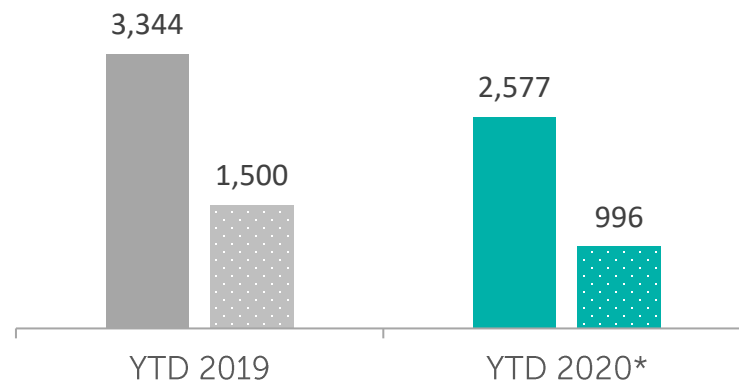
(RM million)



- Includes adjustment made on reclassification of EBITDA for quarter 1 amounting to RM88 mil to Olefins and Derivatives segment

Cumulative Revenue & EBITDA

(RM million)



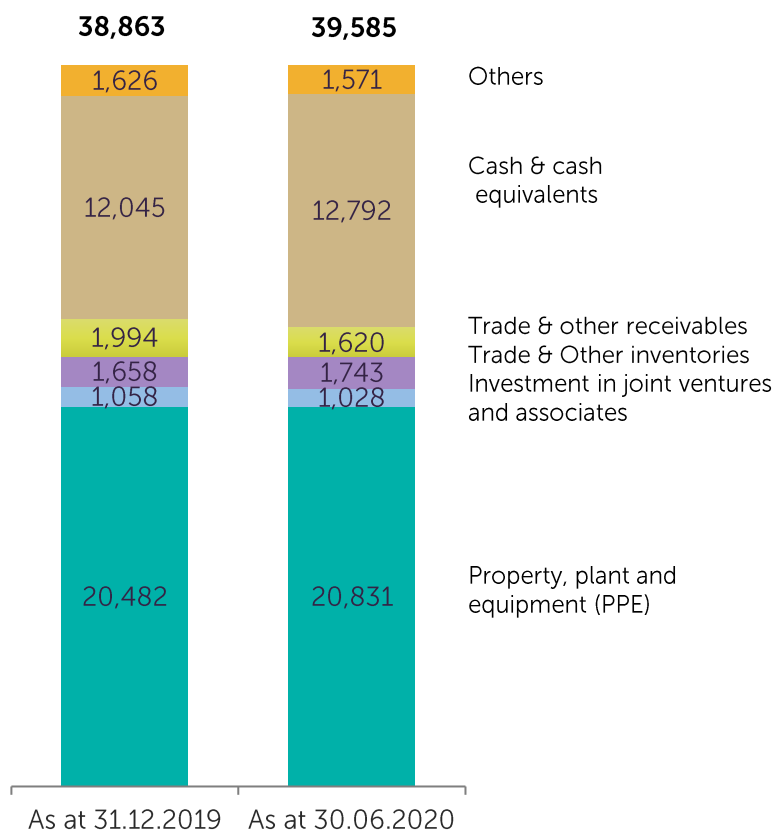
Balance Sheet as at 30 June 2020



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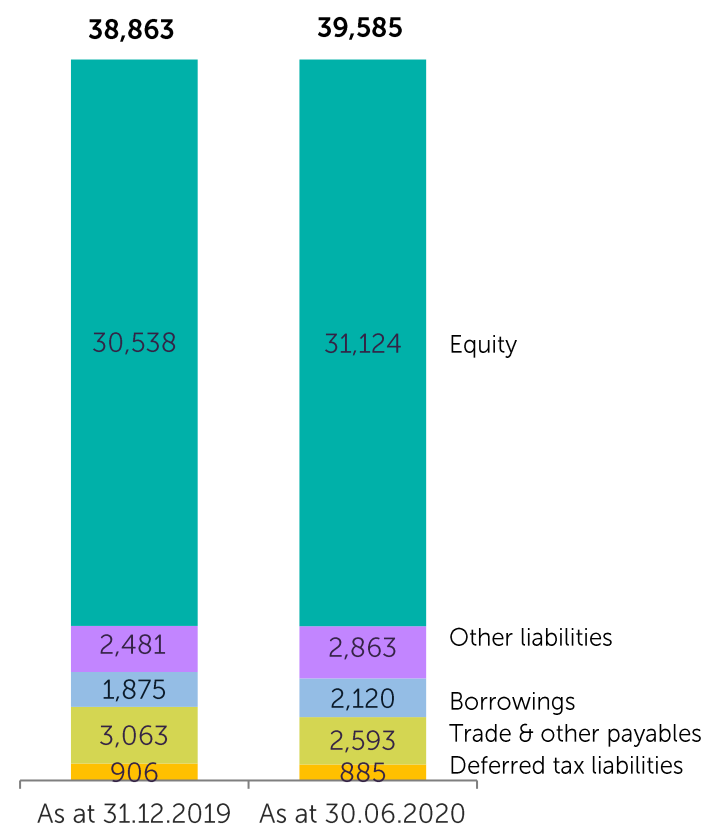
Total Assets

(RM million)



Total Equity & Liabilities

(RM million)

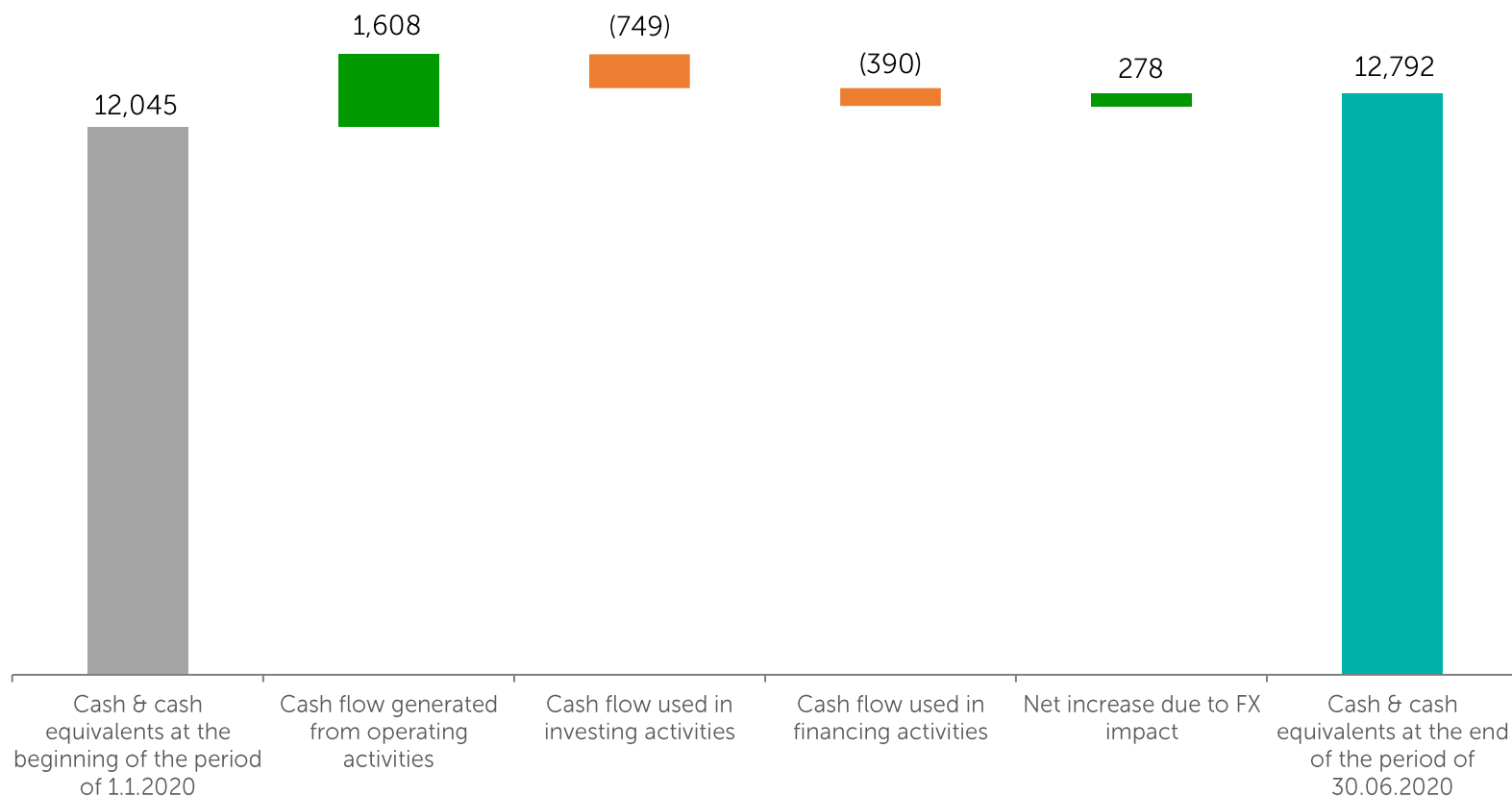


Cash Flows for the year ended 30 June 2020



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(RM million)



Performance Highlights : Operational

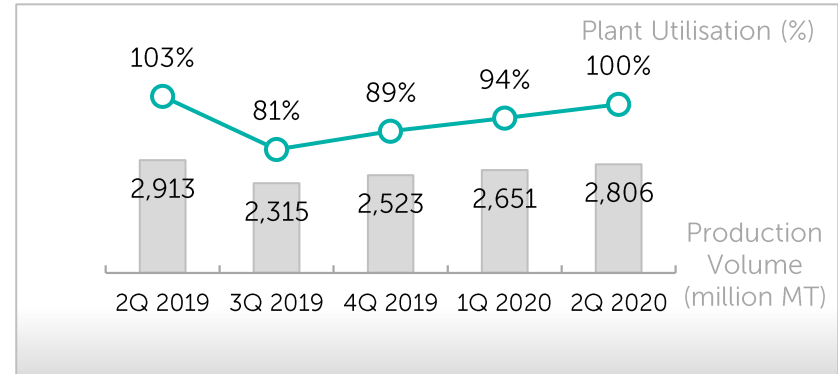


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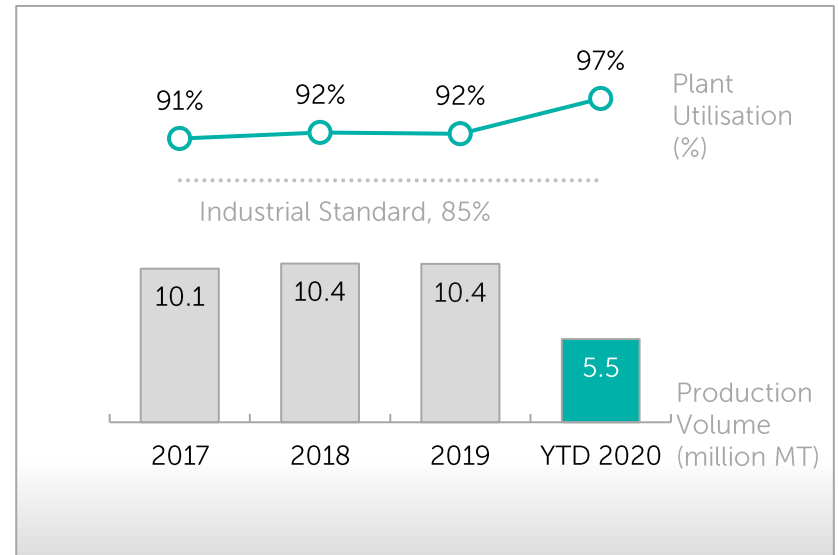
Sustaining high Group Plant Utilisation at 100%

- Secure reliable feedstock supply to our facilities
- Deferment of turnaround in Gebeng supported higher plant utilisation
- Stable operations at both Olefins & Derivatives and Fertiliser & Methanol facilities

Quarterly Group Performance



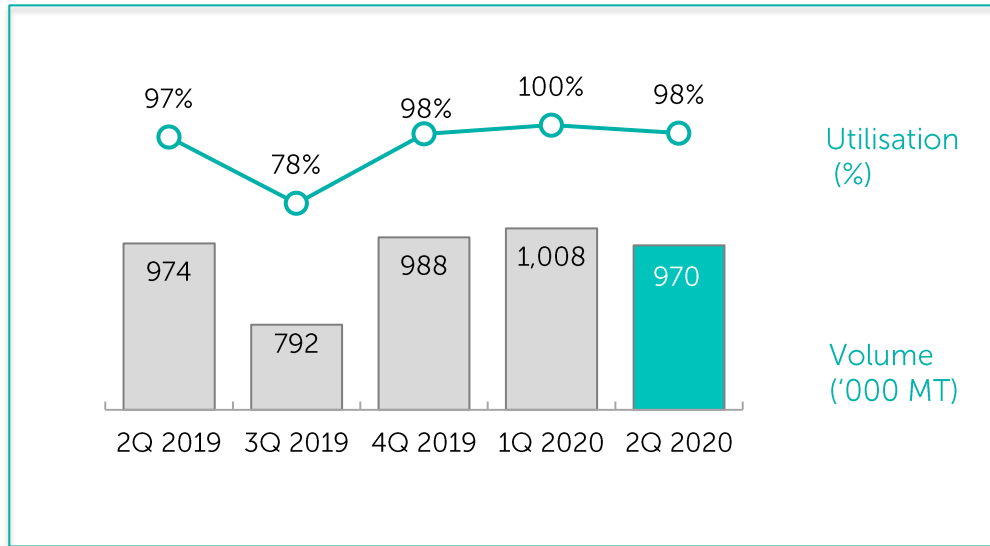
Annual Group Performance



Performance Highlights : Segmental Operational

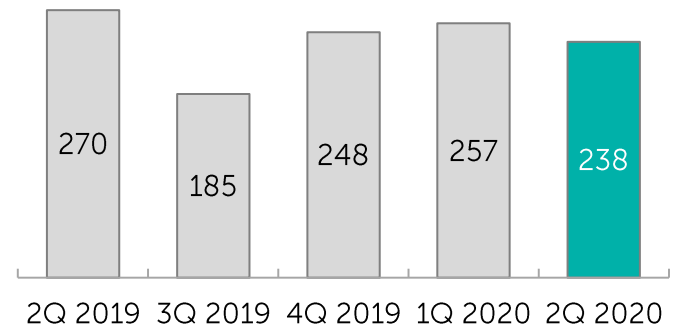


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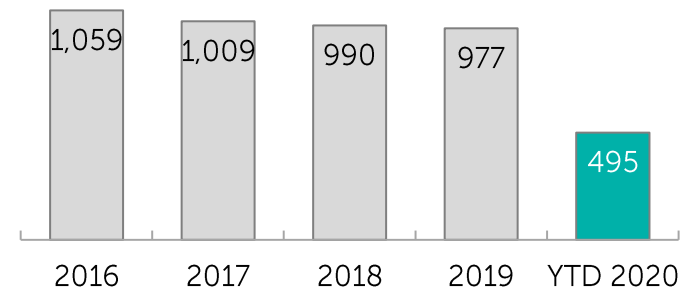


Ethylene Production

Quarterly Volume ('000 MT)



Annual Volume ('000 MT)



OLEFINS AND DERIVATIVES (O&D)

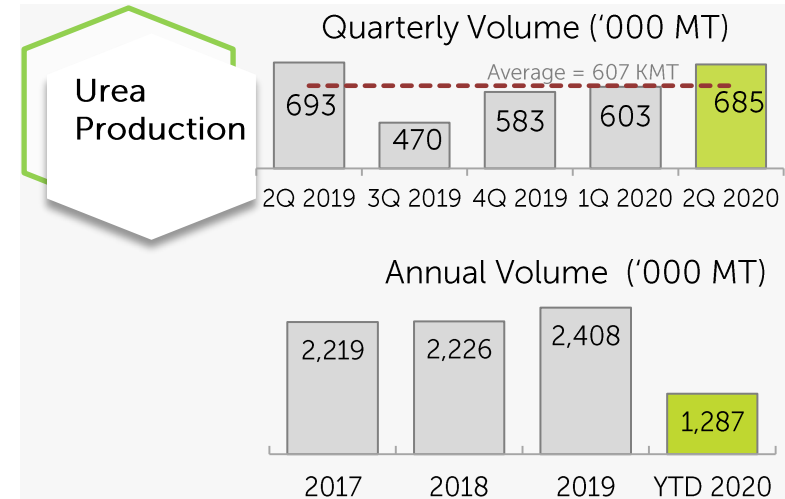
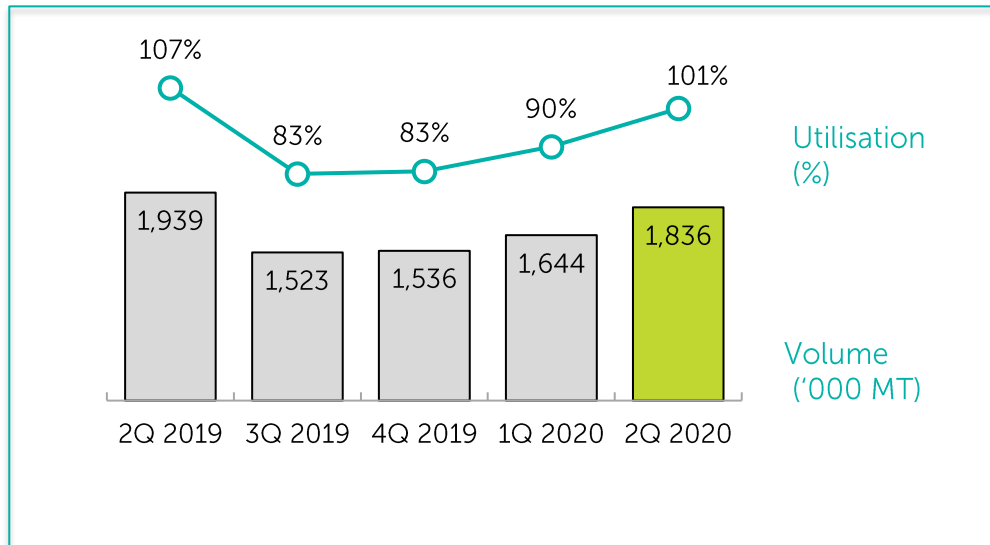


- High plant utilisation rate of 98% despite challenges from upstream
- Sustain reliable ethylene cracker operation

Performance Highlights : Segmental Operational



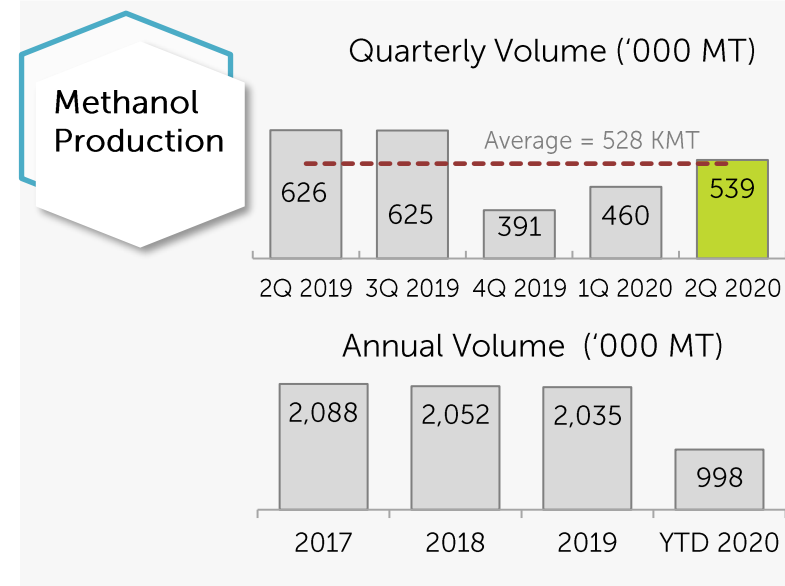
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FERTILISER AND METHANOL (F&M)



- High segmental plant utilisation rate of 101% with all plants running at optimum capacity
- Delivered above average quarterly product volumes following good plant reliability



Performance Highlights : Operational – Projects Updates



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PIC-PETCHEM overall progress as of June 2020 remained at 99.9% completion

All plants and equipment are in preservation mode, ready to be in operation

Gearing for start-up early 2021



Photo of PC Isononanol, Pengerang



Photo of Preservation Activity at Plants

Performance Highlights : Operational - Conclusion



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- Higher production and utilisation rate for 2Q 2020 against 1Q 2020, supported by good reliability at most facilities and deferment of turnaround in Gebeng
- Secure reliable feedstock supply to our facilities
- Remain focus in safeguarding safety and managing assets reliability

Performance Highlights : Commercial – Olefins & Derivatives



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Ethylene



Q2 2020
(vs Q1 2020)



- Poor downstream demand
- Crude oil price crash

Outlook
(3 Months)



- Stable supply amidst shutdowns and influx of US Cargoes
- Firmer crude outlook

Polymers



Q 2020
(vs Q1 2020)



- Weaker downstream demand
- Lower feedstock prices

Outlook
(3 Months)



- Adequate supply in SEA
- Improved demand, although buyers are concerned of the second wave lockdowns

MEG



Q2 2020
(vs Q1 2020)



- High inventory levels in China
- Weak polyester demand

Outlook
(3 Months)



- Reduced supply in market
- Sluggish demand recovery post COVID-19

Paraxylene



Q1 2020
(vs Q1 2020)



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

Outlook
(3 Months)



- Stable supply with several shutdown and lower OR
- Demand supported by PTA plant start ups

Performance Highlights : Commercial – Fertilisers and Methanol



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Urea



Q2 2020
(vs Q1 2020)



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

Outlook
(3 Months)



- Limited participation in Indian tender due to new regulation imposed
- Healthy demand due to seasonal application

Ammonia



Q2 2020
(vs Q1 2020)



- Ample supply in China amid shortage tank space
- Weak downstream demand

Outlook
(3 Months)



- Limited supply as plant undergoing for TA & maintenance
- Downstream demand slowly improving

Methanol



Q2 2020
(vs Q1 2020)



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

Outlook
(3 Months)



- Stable supply as plant operates at normal OR
- Improving downstream demand after easing of COVID-19 pandemic lockdown

KEY HIGHLIGHTS

PERFORMANCE HIGHLIGHTS

MOVING FORWARD



Cautious optimism, slow recovery



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- Signs of economic recovery
- Crude oil price will remain weak
- Prevailing geopolitical tensions



- Focus on what we do best:
 - Prioritise HSE
 - Enhance operational and commercial capabilities
 - Flexibility to navigate changing environment



- Growth delivery:
 - Gearing for full start up Pengerang Integrated Complex
 - Pursue growth in specialty chemicals segment:
 - ✓ silicone blending plant in Gebeng
 - ✓ butadiene derivative plant in PIC
 - ✓ specialty chemicals plant in Kertih
 - ✓ bio-base chemicals

THANK YOU

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