

PETRONAS CHEMICALS GROUP BERHAD

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

**16th November 2018
6.00pm**



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Key Highlights



Financial Highlights



Manufacturing Highlights



Commercial Outlook



Moving Forward



Key Highlights

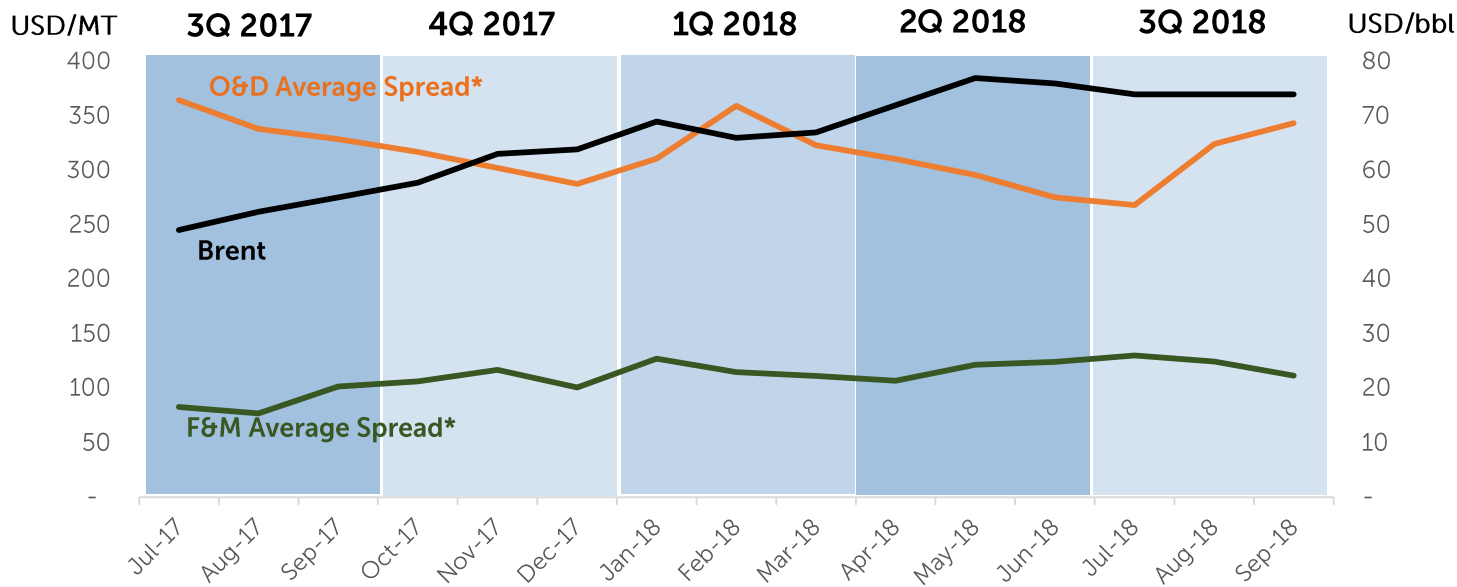
Business Environment

Growth accelerated yoy



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Petrochemicals Market Spreads



*Left Axis

- Global GDP improved and global PMI improved mainly driven by higher expansion in the US
- Crude oil prices continue to climb on geopolitical tensions and outages, averaging at USD72/bbl in the first 9-months of 2018 compared to USD52/bbl in 2017
- Average product prices improved on higher feedstock prices and robust demand

Key Highlights

9M 2018 Highlights



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■ Plant utilisation (PU) at 91 %

- 5 statutory TA completed
- Higher on-stream days

■ Sales volume increased 5% y-o-y

- Healthy demand for petrochemical products
- Higher product prices

■ 12% PAT improvement

■ Improved EBITDA with;

- Better spreads, higher sales volume

Partially negated by;

- Higher maintenance cost
- Strengthening MYR against USD



Financial Highlights

Financials

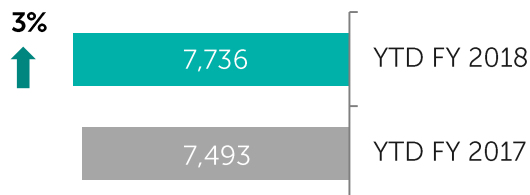
3Q 2018 Group Financial Results



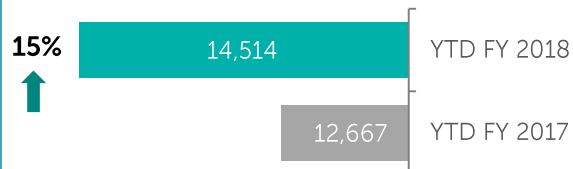
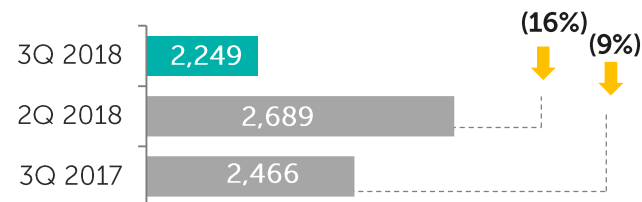
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Year to date

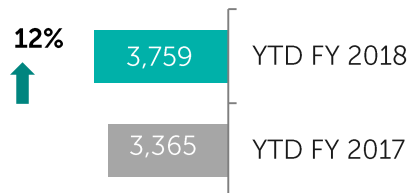
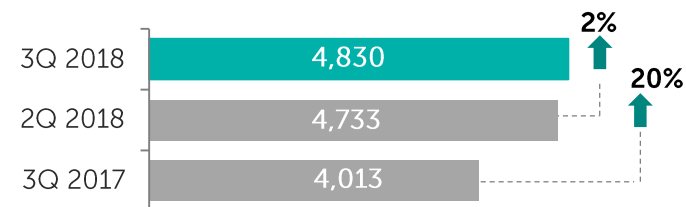
Individual quarter ended



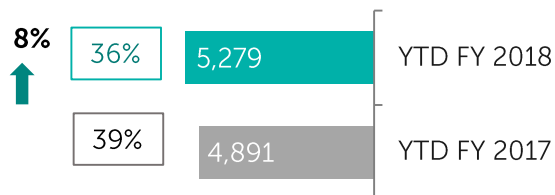
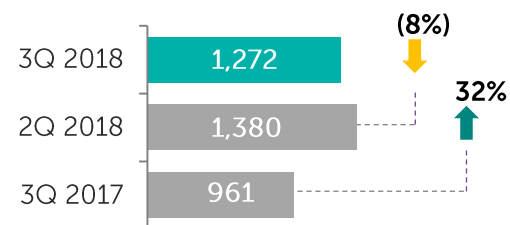
Volume
Kmt



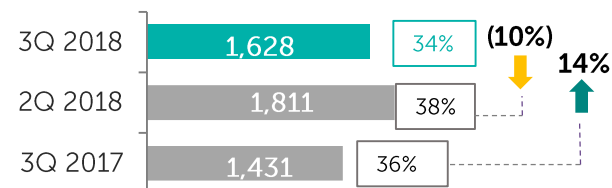
Revenue
RM Mil



Profit After Tax
RM Mil



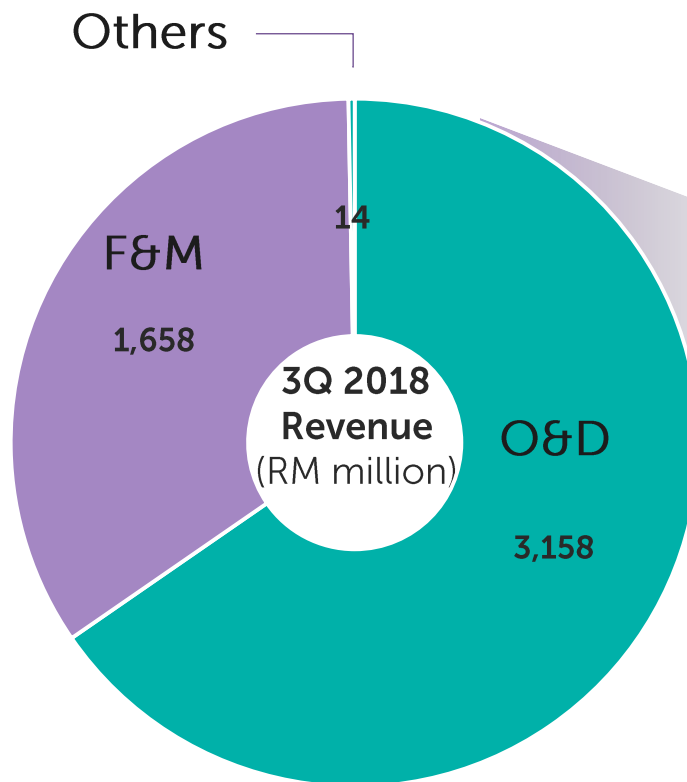
EBITDA
EBITDA margin (%)



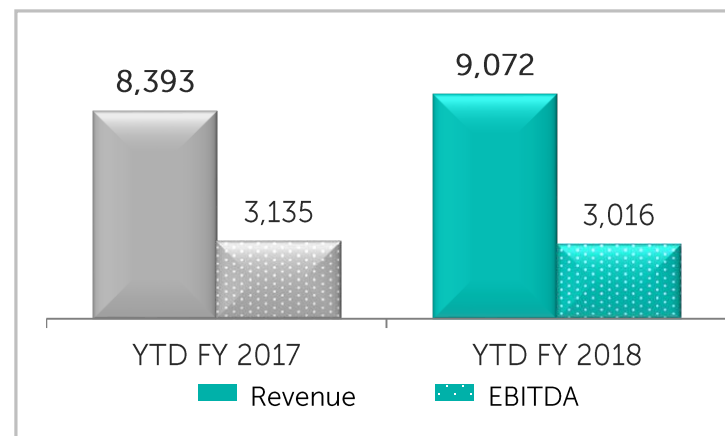
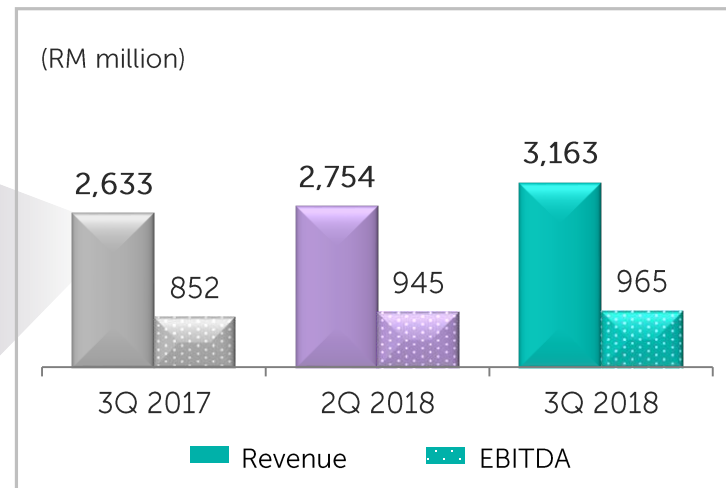
Financials : Olefins & Derivatives



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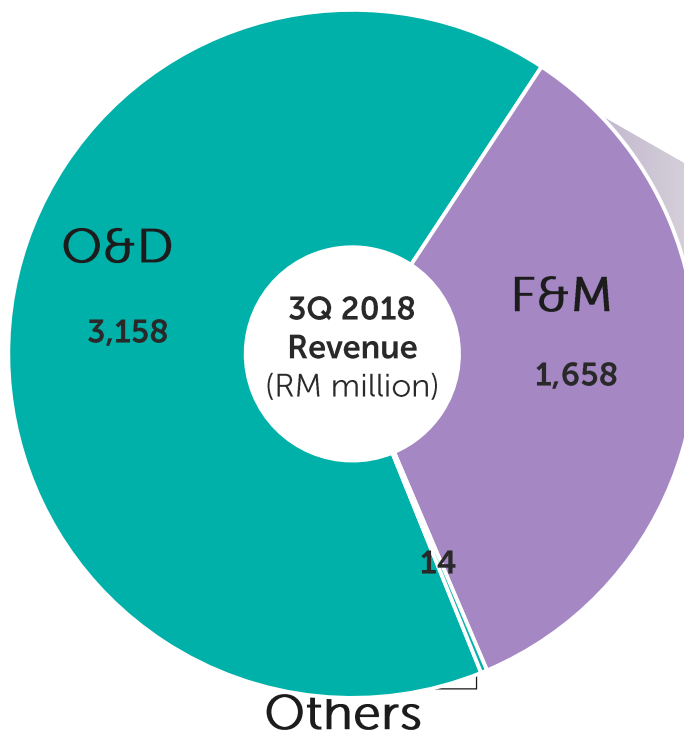
- Others comprise of operations related to investment holding company and port services which provide product distribution infrastructure to the Group.



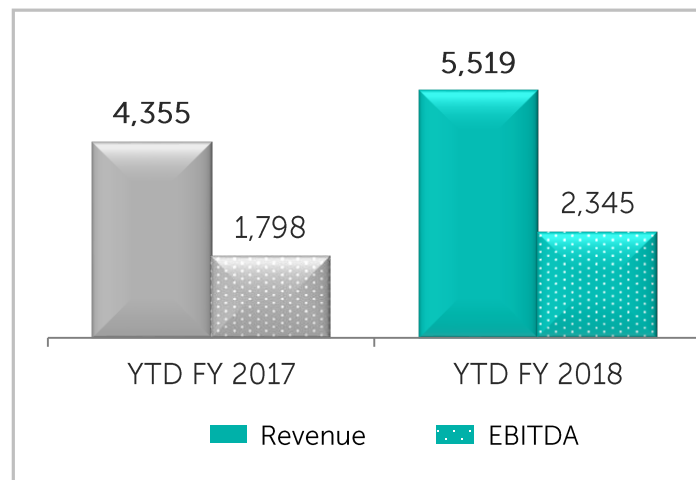
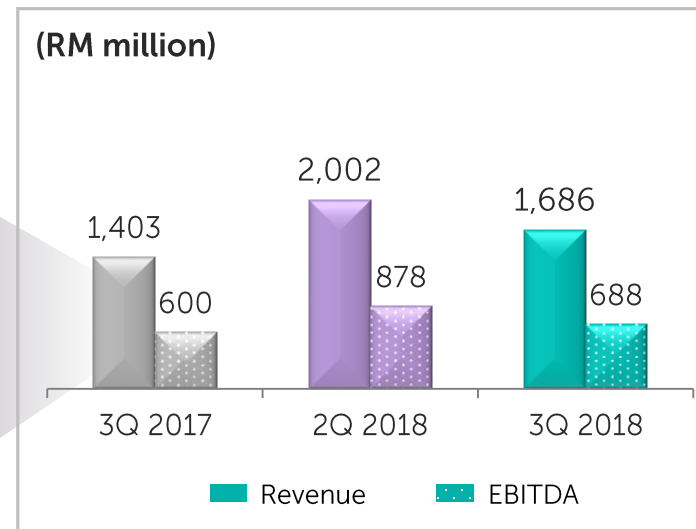
Financials : Fertilisers & Methanol



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



Total Assets
(RM million)

As at 31.12.2017	As at 30.09.2018
33,262	35,885
20,792	18,604
1,192	1,229
1,723	1,671
2,370	2,572
6,674	11,436
511	373
	Others
	Cash & cash equivalents
	Trade & other receivables
	Trade & Other inventories
	Investment in joint ventures and associates
	Property, plant and equipment (PPE)

Total Equity & Liabilities
(RM million)

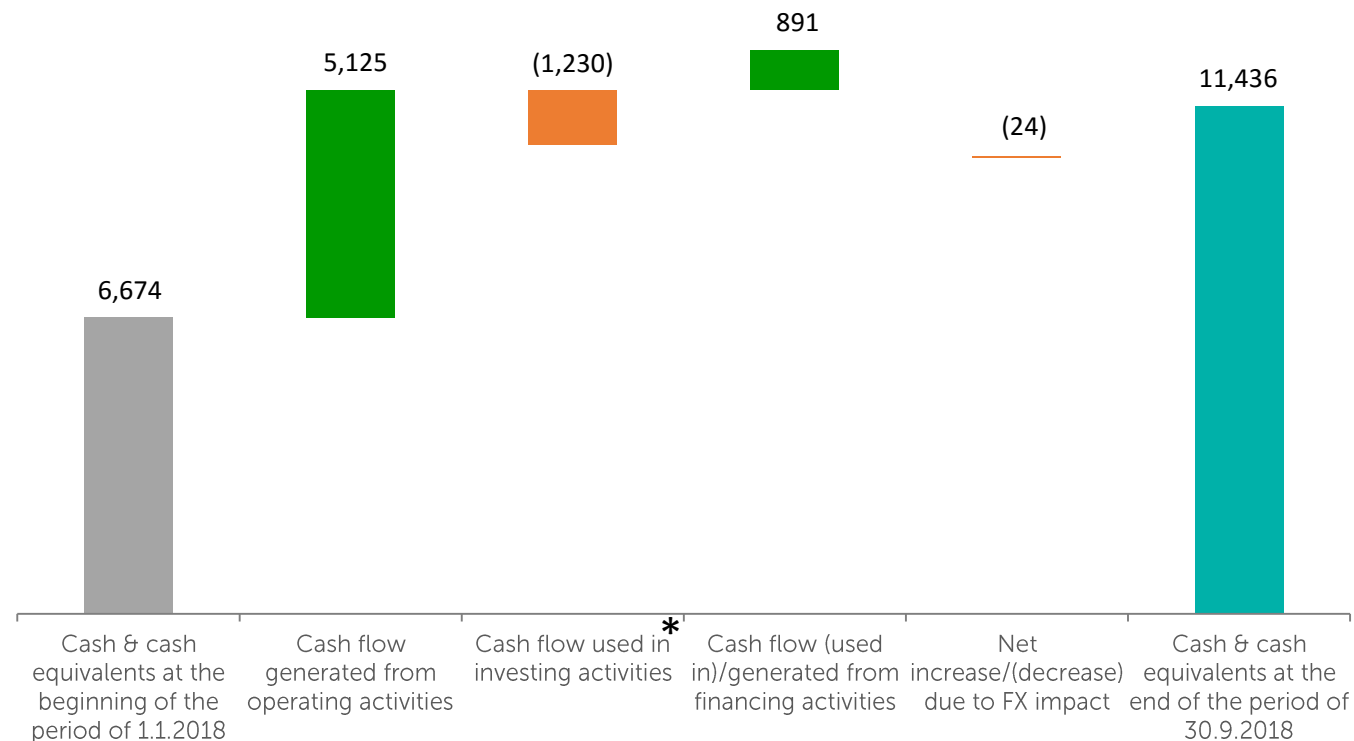
As at 31.12.2017	As at 30.09.2018
33,262	35,885
28,868	29,927
	Equity
838	851
3,217	2,672
339	2,072
	Other liabilities
	Borrowings
	Trade & other payables
	Deferred tax liabilities

Cash Flows as at 30 September 2018

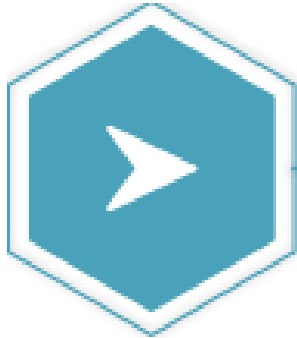


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(RM million)



* Includes proceeds from partial divestment of equity and shareholder's loan in a subsidiary, net of cash divested



Manufacturing Highlights

Operational Highlights



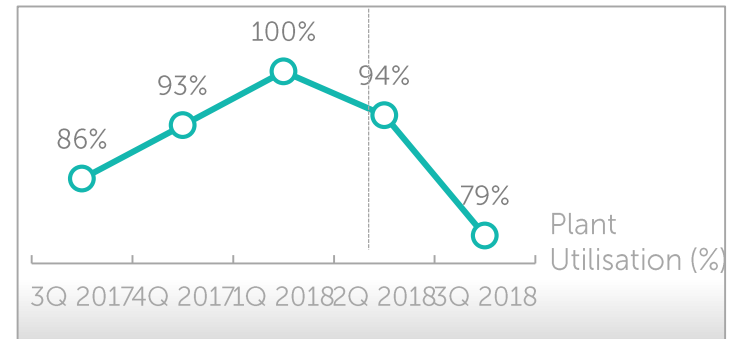
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Manufacturing

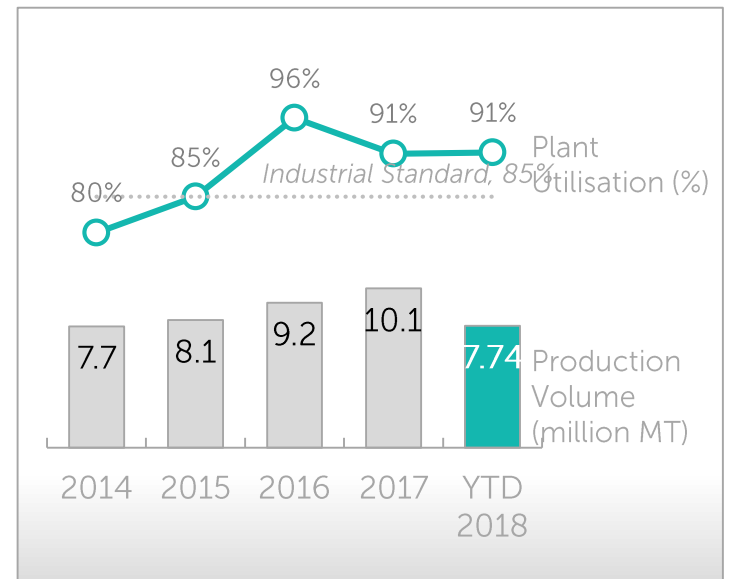
Group Plant Utilisation was stable in view of heavy turnaround activities

- **Heavy turnaround activities at four plants i.e. PC Ethylene, PC Polyethylene, PC Fertilizer Kedah and PC Methanol Plant 2**
- **Stable operations at all other plants**
- **Annual production volume will remain above 10 kMT**

Quarter Group Performance



Annual Group Performance

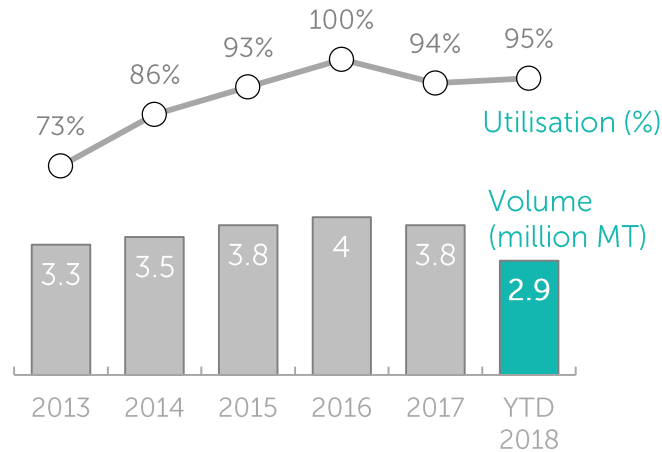


Operations: Olefins & Derivatives



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Manufacturing



OLEFINS AND DERIVATIVES (O&D)

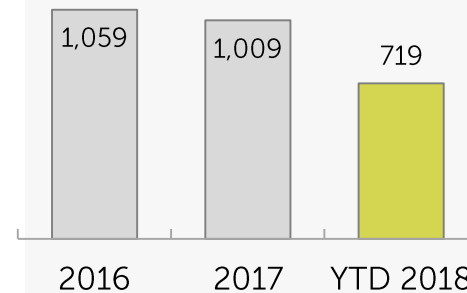


Maintained high utilisation at 95%

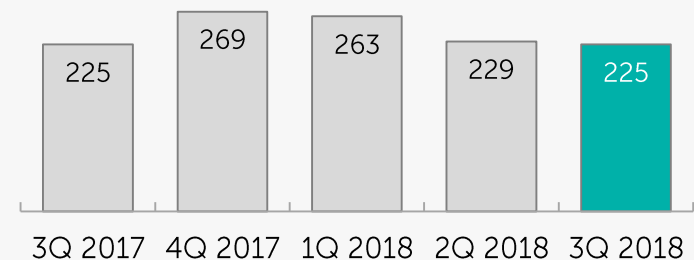
Flawless TA execution at Ethylene and Polyethylene plants in July 2018

Ethylene Production

Annual Volume (thousand MT)



Quarterly Volume (thousand MT)

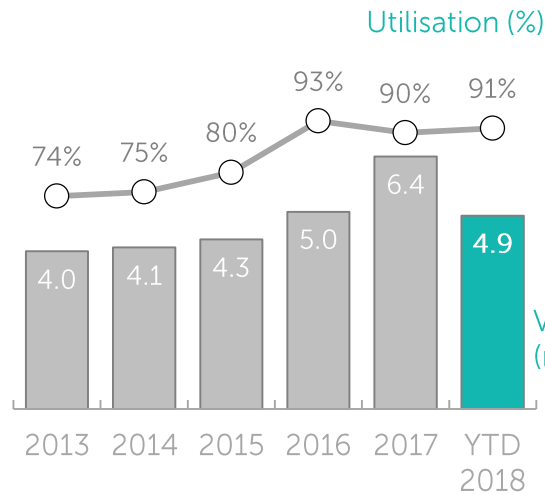


Operations: Fertiliser & Methanol



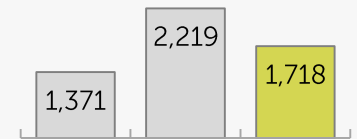
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Manufacturing

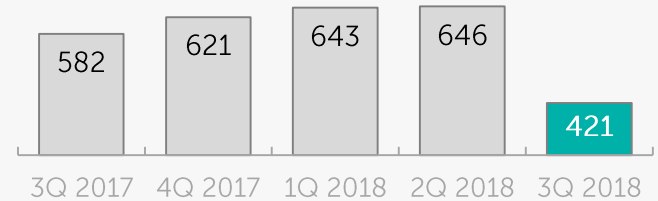


Urea Production

Annual Volume (thousand MT)



Quarterly Volume (thousand MT)



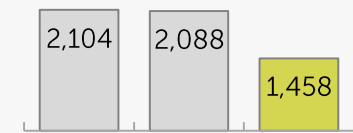
FERTILISER AND METHANOL (F&M)



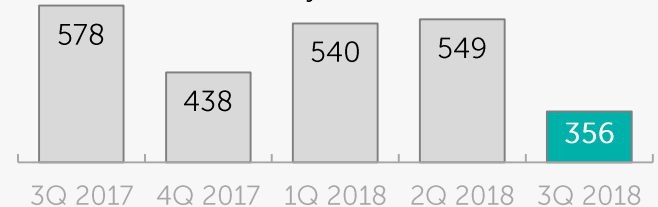
Urea and Methanol segment utilization was stable at 91% in view of heavy turnaround activities at PCFK and PCM Plant 2.

Methanol Production

Annual Volume (thousand MT)



Quarterly Volume (thousand MT)



Project updates



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Aroma Plant

citral | menthol | citronellol

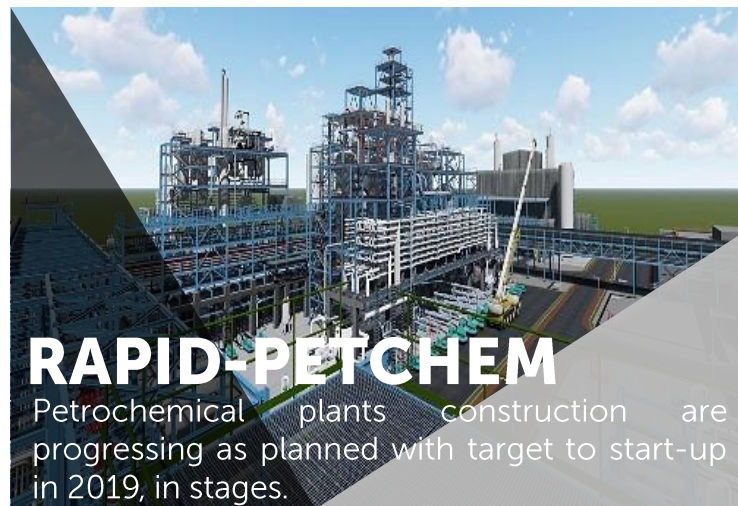
- Isoprenol, Citral and Citronellol plants are in stable operations
- L-menthol plant progressing as planned



HR-PIB

highly reactive polyisobutene

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



OPERATION & MAINTENANCE READINESS



Deployment



Training



Management System

Celebrated significant milestone on 31st October 2018 – First Crude In to the Refinery Crude Distillation Unit (CDU).

Petrochemical plants to be ready for commercial operation in 2019, in stages.

Operation: Conclusion



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Manufacturing

- **Quarter 3 Group Plant Utilisation was stable in view of heavy turnaround activities conducted**
- **Good volumes from Olefins & Derivatives business segment**
- **Turnarounds completed at Ethylene and Polyethylene plants in Kerteh, Fertiliser plant in Gurun and Methanol plant in Labuan**
- **Final planned turnaround activities in Quarter 4, at Urea plant in Bintulu**
- **Annual production volume will remain above 10 kMT**



Commercial Outlook

Outlook: Olefins & Derivatives



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Ethylene



Q3 2018
(vs Q2 2018)



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

Q4 2018
(Forecast)



- ◆ Ample supply from ME
- ◆ Weak downstream demand following regional TA

Polymers



Q3 2018
(vs Q2 2018)



- ◆ Softening ethylene price
- ◆ Seasonal lackluster demand

Q4 2018
(Forecast)



- ◆ Lower feedstock price
- ◆ Diversion US cargoes
- ◆ Weak demand towards year-end

MEG



Q3 2018
(vs Q2 2018)



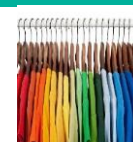
- ◆ Softening ethylene price
- ◆ Plant returned from TA

Q4 2018
(Forecast)



- ◆ Softening in ethylene price
- ◆ Lackluster downstream demand

Aromatics



Q3 2018
(vs Q2 2018)



- ◆ Firm naphtha prices
- ◆ Tight supply of PX due to TA

Q4 2018
(Forecast)



- ◆ Supply resumed
- ◆ Weak PTA & PET demand

Outlook: Fertilisers & Methanol



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Urea



Q3 2018
(vs Q2 2018)



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

Q4 2018
(Forecast)



- Indian Tender.
- Tight supply in ME, SEA and China
- Anticipation of demand from Brazil

Ammonia



Q3 2018
(vs Q2 2018)



- Market sentiment on additional new supply

Q4 2018
(Forecast)



- Stable supply
- Iran Sanction
- Stable demand from industrial application

Methanol



Q3 2018
(vs Q2 2018)



- Tight supply in SEA
- Firmer NEA demand

Q4 2018
(Forecast)



- Stable supply
- Weakening demand in MTO.



Moving Forward

Moving Forward

Stable demand, cautious market



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Oil price recovery



Increasing consumer demand



Improving global economy



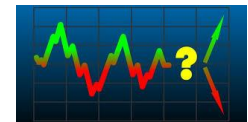
Market Uncertainties



Increasing protectionism



Short term volatility





THANK YOU

For further enquiries please contact us at:

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