

PETRONAS CHEMICALS GROUP BERHAD

QUARTERLY ANALYST BRIEFING

QUARTER ENDED 30 September 2019

14 November 2019
3.00PM – 4.00 PM



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KEY HIGHLIGHTS

PERFORMANCE HIGHLIGHTS

MOVING FORWARD



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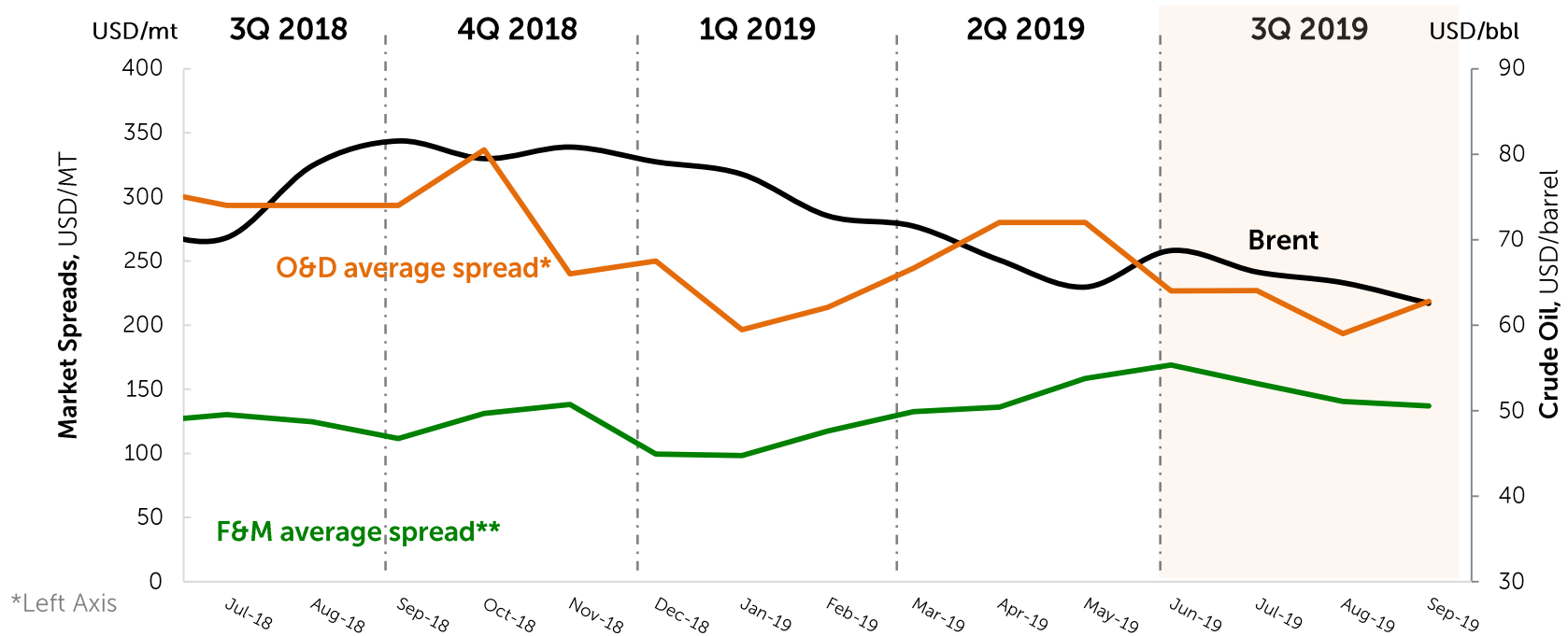


Prolonged trade conflict slows growth



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PETROCHEMICAL MARKET SPREADS



- Global GDP continued to decelerate in 3Q 2019, coming down to 2.62 at the end of the 9-month period compared to 3.38 in 2018, on prolonged trade uncertainties surrounding the US and China which continues to impact global economic growth.
- Crude oil prices averaged lower at USD65/bbl in the 9-month period of 2019, compared to USD73/bbl in 2018, on a persistently bearish market, due to economic slowdown.
- Petrochemical product prices declined on lower feedstock cost, high supply availability coupled with weak downstream demand.



Plant utilisation (PU) at 93 %

- Improved plant performance
- Higher feedstock supply
- Higher production volume



Sales volume declined 1% y-o-y

- Limited volume availability with more plants undergoing TA during the period:
 - PC Fertiliser Sabah, PC Aromatics, PC Ammonia, PC Olefins, Glycols & Derivatives and PC LDPE
- Lower trading volume



- PAT declined
- Lower EBITDA due to;
 - Lower spreads, inventory write downPartially offset by;
 - Strengthening USD against MYR

KEY HIGHLIGHTS

PERFORMANCE HIGHLIGHTS

MOVING FORWARD



Performance Highlights : Financials



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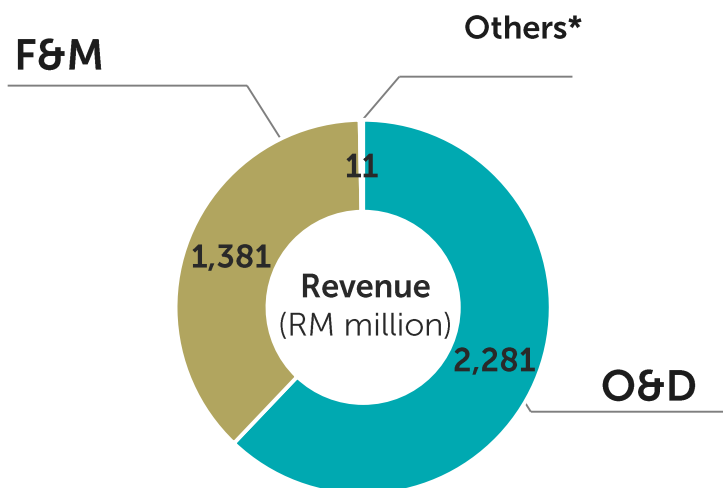
Key Financial Indicators	3Q 2019 Year-on-Year	3Q 2019 Quarter-on-Quarter	Year to date
Production Volume (‘000 MTPA)	3Q 2019 2,315 3% 3Q 2018 2,249	3Q 2019 2,315 (21%) 2Q 2019 2,913	YTD 2019 7,875 2% YTD 2018 7,736
Revenue (RM Million)	3Q 2019 3,669 (24%) 3Q 2018 4,830	3Q 2019 3,669 (15%) 2Q 2019 4,337	YTD 2019 12,136 (16%) YTD 2018 14,514
Profit After Tax (RM Million)	3Q 2019 558 (54%) 3Q 2018 1,222	3Q 2019 558 (50%) 2Q 2019 1,112	YTD 2019 2,483 (36%) YTD 2018 3,849
EBITDA (RM Million) EBITDA Margin (%)	3Q 2019 915 25% (44%) 3Q 2018 1,628 34%	3Q 2019 915 25% (40%) 2Q 2019 1,521 35%	YTD 2019 3,698 31% (30%) YTD 2018 5,279 36%

Performance Highlights : Financials



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Olefins & Derivatives

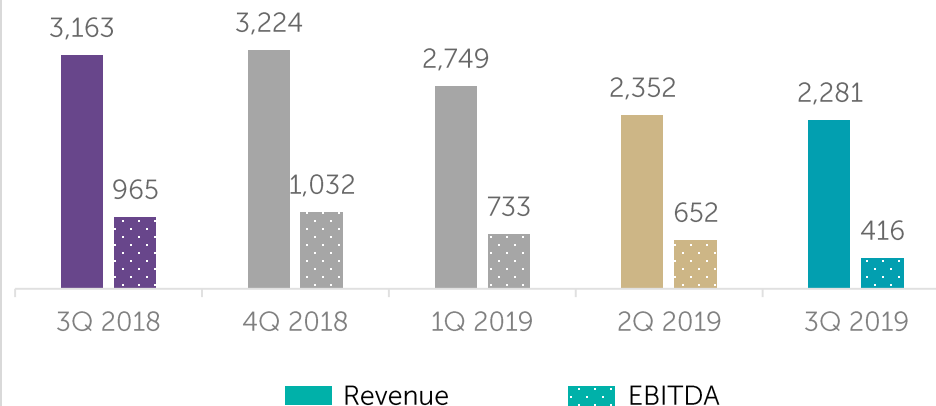


- Lower plant performance year-on-year on higher level of statutory turnaround activities;
- Product prices declined year-on-year

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

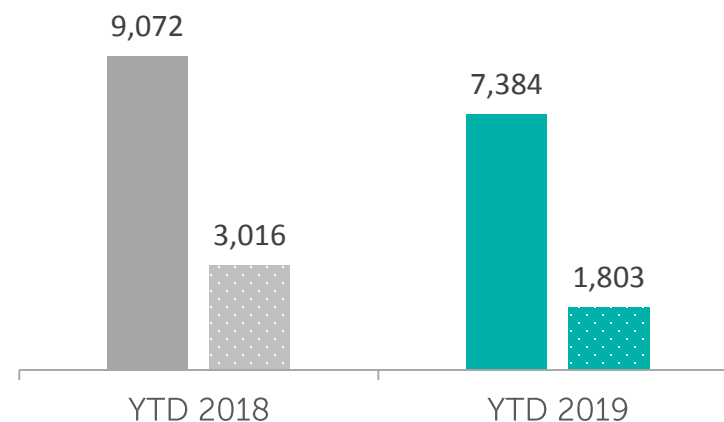
Quarterly Revenue & EBITDA

(RM million)



Cumulative Revenue & EBITDA

(RM million)



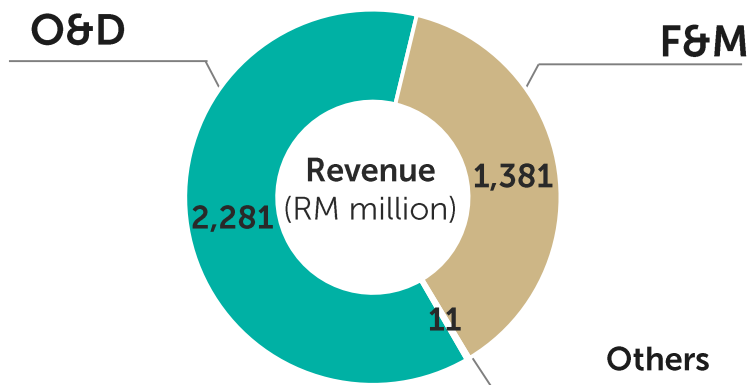
Performance Highlights : Financials



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Fertilisers & Methanol

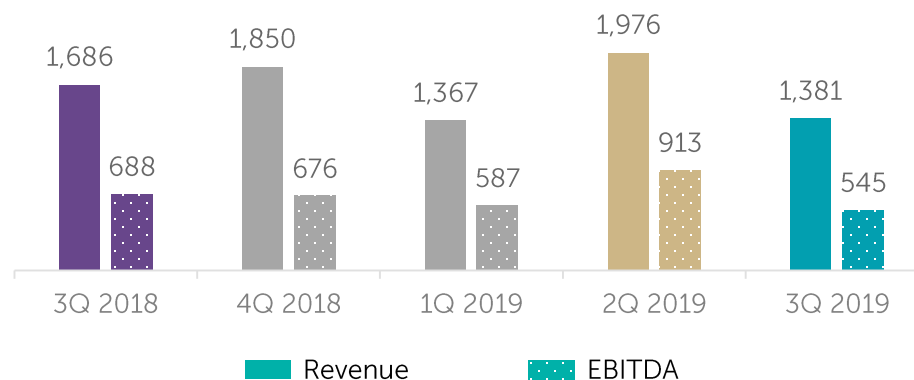


- Improved plant performance year-on-year on lower maintenance activities within the segment;
- Lower average product prices year-on-year

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

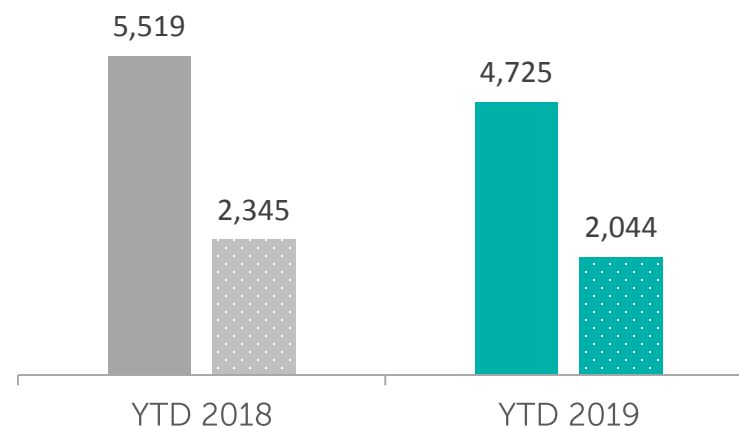
Quarterly Revenue & EBITDA

(RM million)



Cumulative Revenue & EBITDA

(RM million)



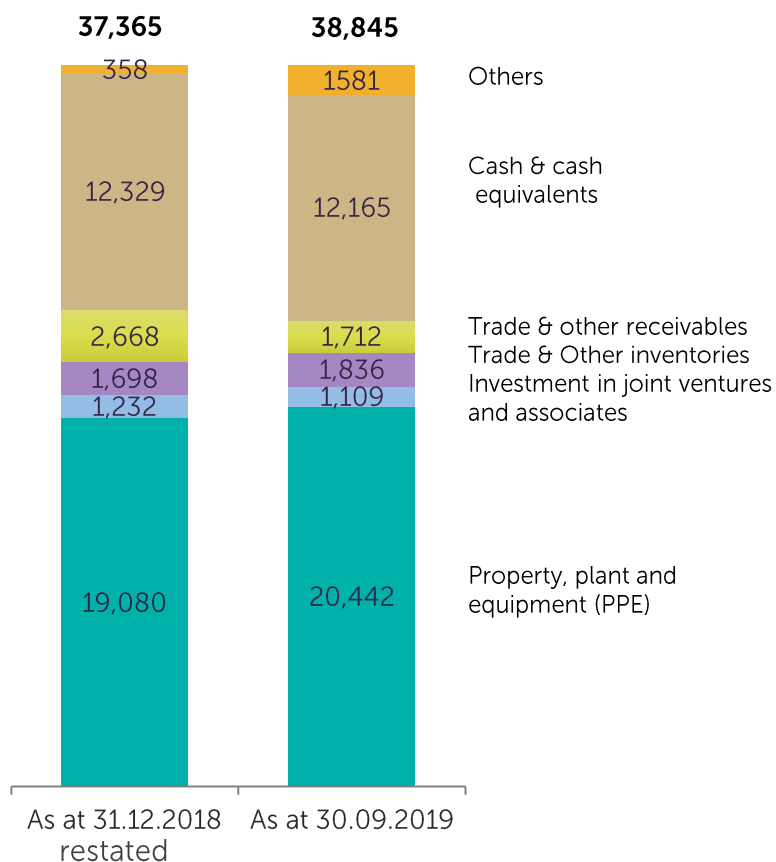
Balance Sheet as at 30 September 2019



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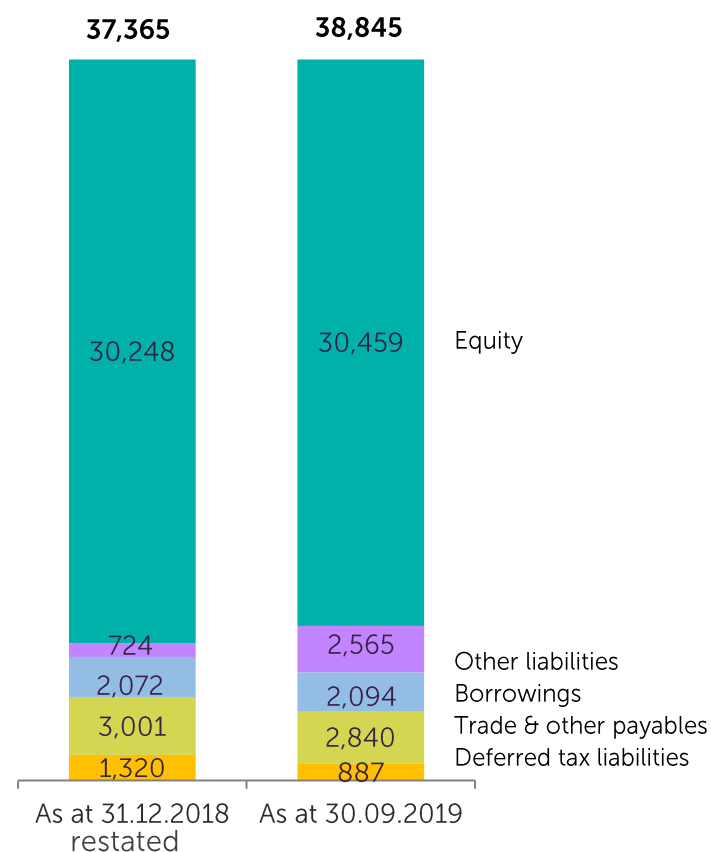
Total Assets

(RM million)



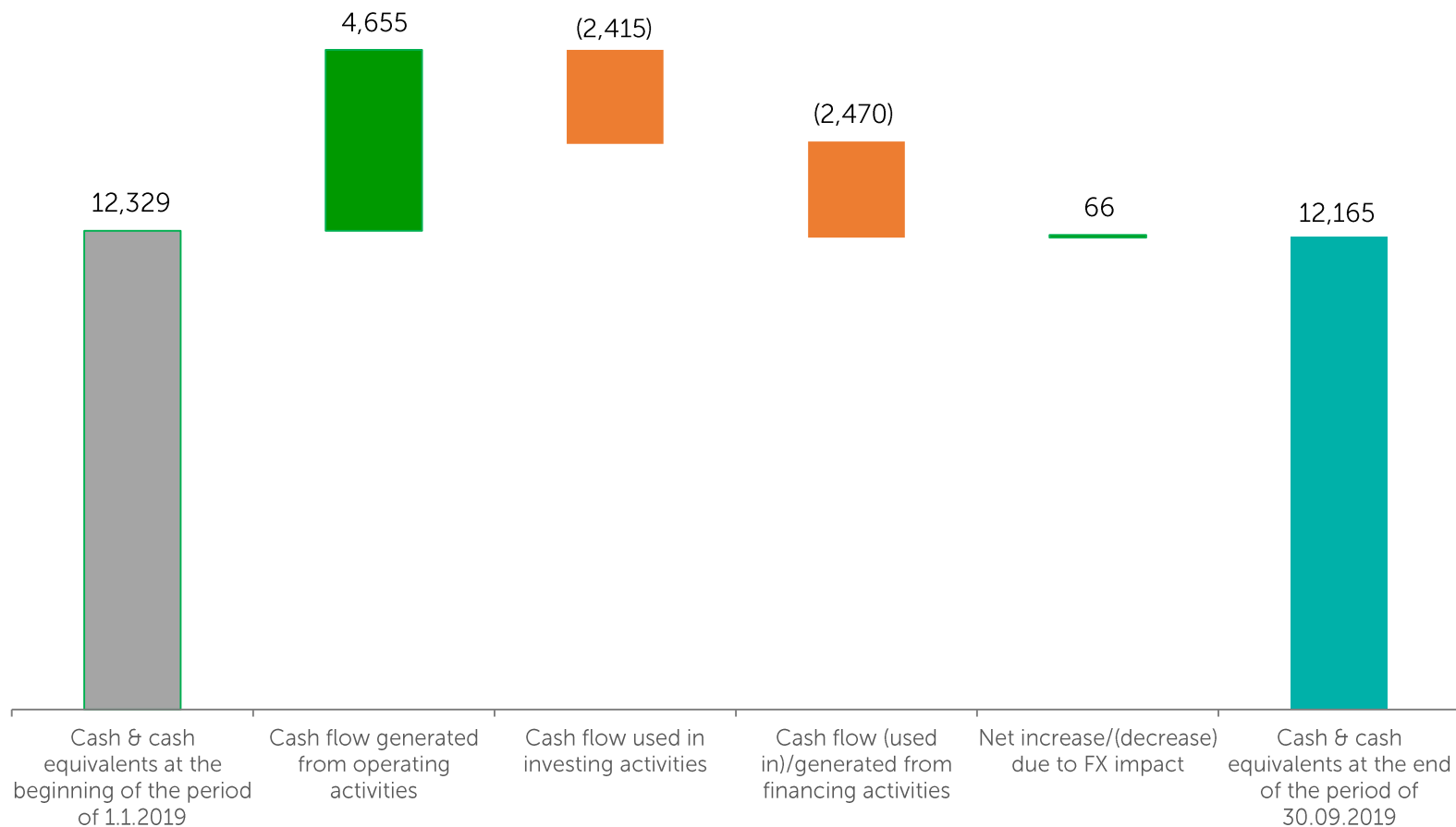
Total Equity & Liabilities

(RM million)



Cash Flows as at 30 September 2019

(RM million)



Performance Highlights : Operational

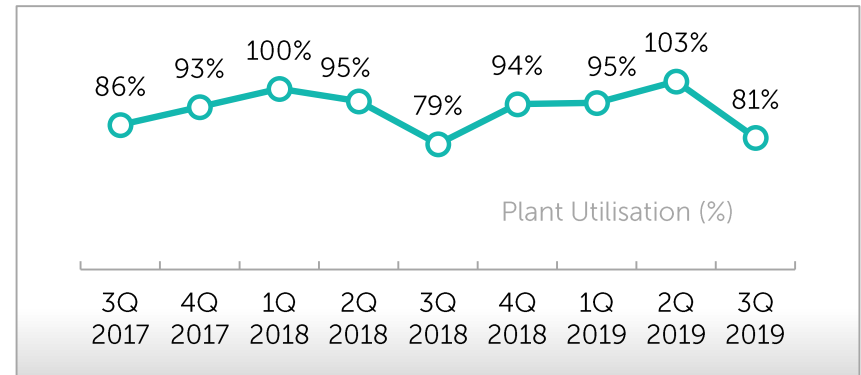


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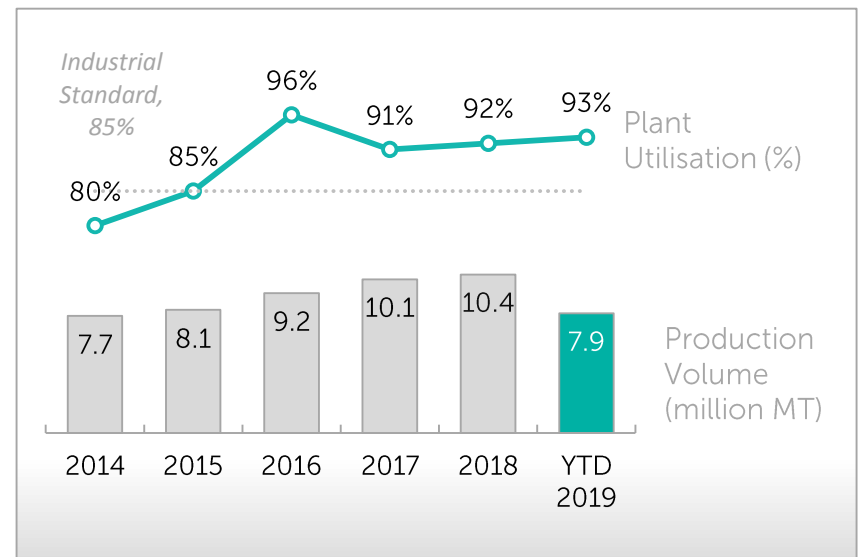
Group Plant Utilisation at 81% for 3Q 2019 in view of heavy turnaround activities

- Heavy turnaround activities for PCG at six plants i.e. PC Fertiliser Sabah, PC Olefins, PC Glycols, PC Derivatives, PC LDPE and PC Ammonia
- Stable operations at all other plants

Quarterly Group Performance



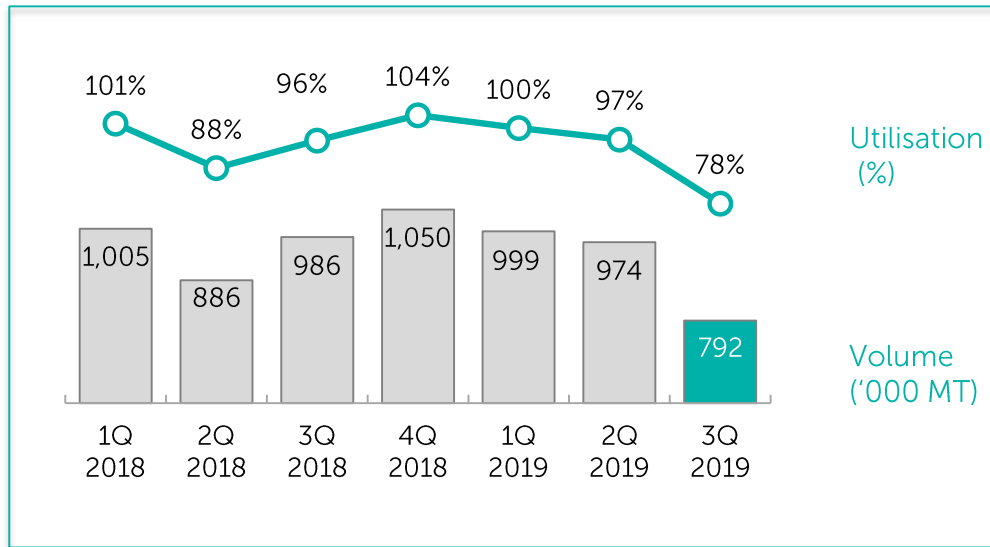
Annual Group Performance



Performance Highlights : Operational

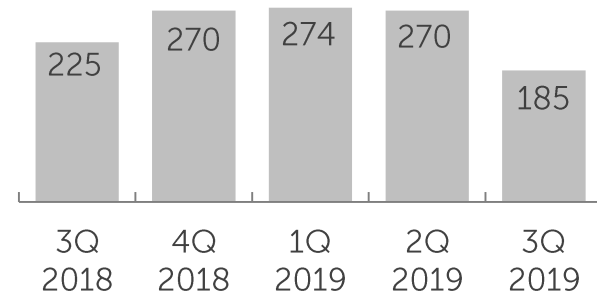


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Ethylene Production

Annual Volume ('000 MT)

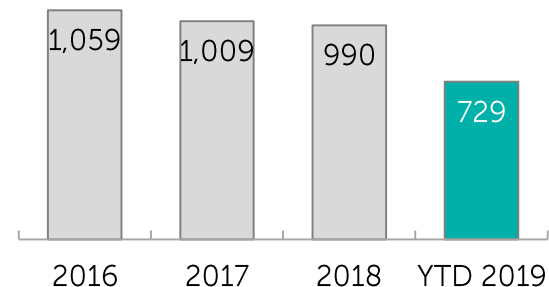


OLEFINS AND DERIVATIVES (O&D)



- Flawless TA execution at Olefins, Glycols, Derivatives and LDPE plants in Aug and Sept 2019

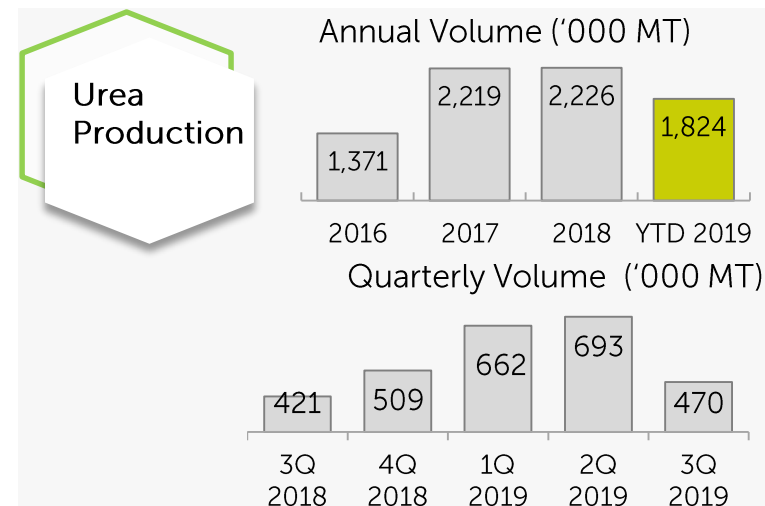
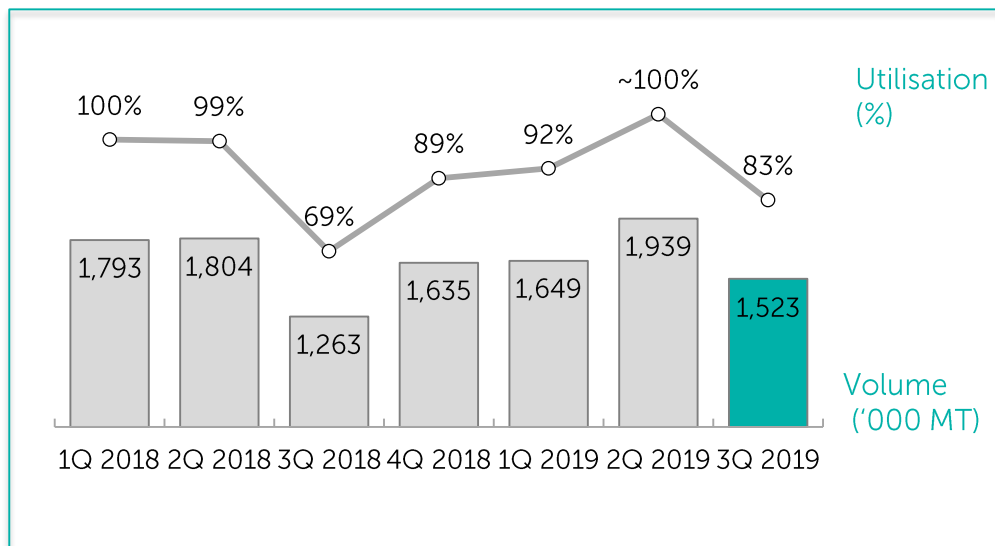
Quarterly Volume ('000 MT)



Performance Highlights : 3Q 2019 Segmental Operational



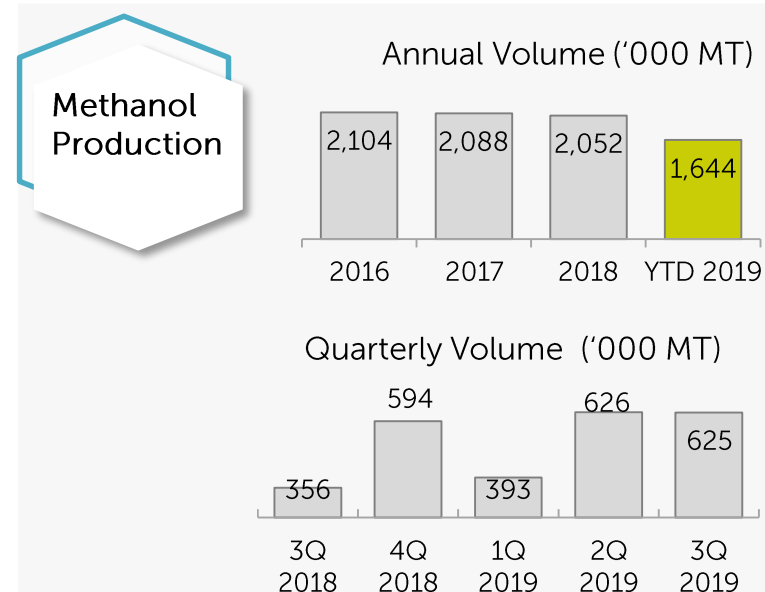
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FERTILISER AND METHANOL (F&M)



- Safe turnaround at fertiliser plant in Sabah
- Stable Methanol production with reliable operation of methanol plants in Labuan



PIC - PETCHEM



Photo of On-Spec LLDPE

- 99.4% completion of PIC-PETCHEM's overall progress as of September 2019
- PIC Petchem plants undergoing commissioning in stages:
 - Polypropylene, Linear Low Density
 - Polyethylene, Ethylene Oxide/ Ethylene Glycols,
 - High Density Polyethylene, Isononanol
- Performance Test Run (PTR) for PetChem Plants will be executed in 4Q 2019 until 2Q 2020

AROMA PLANT



citral | menthol | citronellol

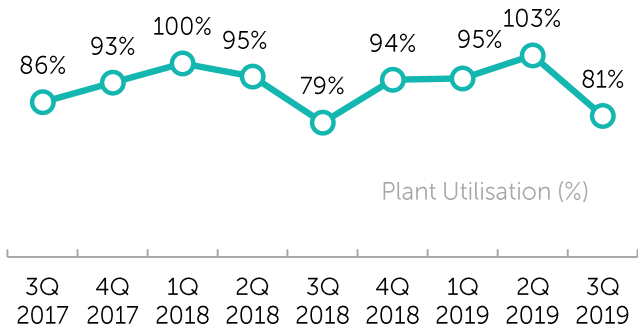
- Achieved higher utilization in 3Q inline with stable Menthol operations
- Citronellol is running stable in 3Q with no major maintenance and safety issue

Performance Highlights : Operational - Conclusion



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- Lower Group Plant Utilisation quarter-on-quarter in view of heavy turnaround activities
- Flawless TA and shutdown execution at Olefins, Glycols, Derivatives, LDPE and Ammonia plants in Kerteh, as well as PC Fertiliser Sabah, in Sipitang
- Performance Test Run (PTR) for PIC-PETCHEM will start in Quarter 4 in view of successful start-up of petrochemicals products



Performance Highlights : Commercial – Olefins & Derivatives

Ethylene



Q3 2019
(vs Q2 2019)



- Lower downstream demand
- Soft crude oil price

Outlook
(3 Months)



- Scheduled TA for crackers and maintenance for downstream in SEA & NEA
- Stable crude oil price

Polymers



Q3 2019
(vs Q2 2019)



- Weak demand due to the US-China Trade War

Outlook
(3 Months)



- Tight SEA supply negated by lower-priced US cargoes
- Weak demand with limited buying interest from buyers

MEG



Q3 2019
(vs Q2 2019)



- China port inventory remained high
- Slowdown in business activities

Outlook
(3 Months)



- New capacity from SEA, US and China in Q4
- China inventory at the lowest level for the year
- End of season for textile industry

Paraxylene



Q3 2019
(vs Q2 2019)



- Sufficient supply
- Stable demand mainly supported by PTA start-ups

Outlook
(3 Months)



- Short supply amidst plant turnaround and lower OR
- Soft demand

Performance Highlights : Commercial – Fertilisers and Methanol



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Urea



Q3 2019
(vs Q2 2019)



- Issuance of Indian Tender
- Lack of demand in other market especially in Thailand due to insufficient rainfall.

Outlook
(3 Months)



- India expected to issue tender for 1 mil MT in Nov
- Monsoon season & high inventory in SEA
- Increased supply from China
- Buyer take wait-and-see approach

Ammonia



Q3 2019
(vs Q2 2019)



- Surplus supply
- Demand remained weak

Outlook
(3 Months)



- Limited supply due to TA in ME and Africa
- Demand is stable with focus on term requirement

Methanol



Q3 2019
(vs Q2 2019)



- High supply
- Lacklustre downstream demand except for Biodiesel

Outlook
(3 Months)



- Limited supply
- Healthy demand from downstream

KEY HIGHLIGHTS

PERFORMANCE HIGHLIGHTS

MOVING FORWARD



Long market but Asia Pacific supply – demand fundamentals remain strong



- Market expected to be soft impacted by;
 - Uncertain global economic outlook
 - New capacities coming onstream.
- Supply & demand fundamentals remain strong in Asia Pacific



- Focus on what we do best:
 - Prioritise HSE
 - Sustain high plant utilisation for full year 2019



- Growth delivery:
 - Operationalise Pengerang Integrated Complex
 - Explore specialty chemicals space

THANK YOU

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