

PETRONAS CHEMICALS GROUP BERHAD

QUARTERLY ANALYST BRIEFING

QUARTER ENDED 30 SEPTEMBER 2020

18 November 2020
6.00PM – 7.00 PM



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KEY HIGHLIGHTS

PERFORMANCE HIGHLIGHTS

MOVING FORWARD



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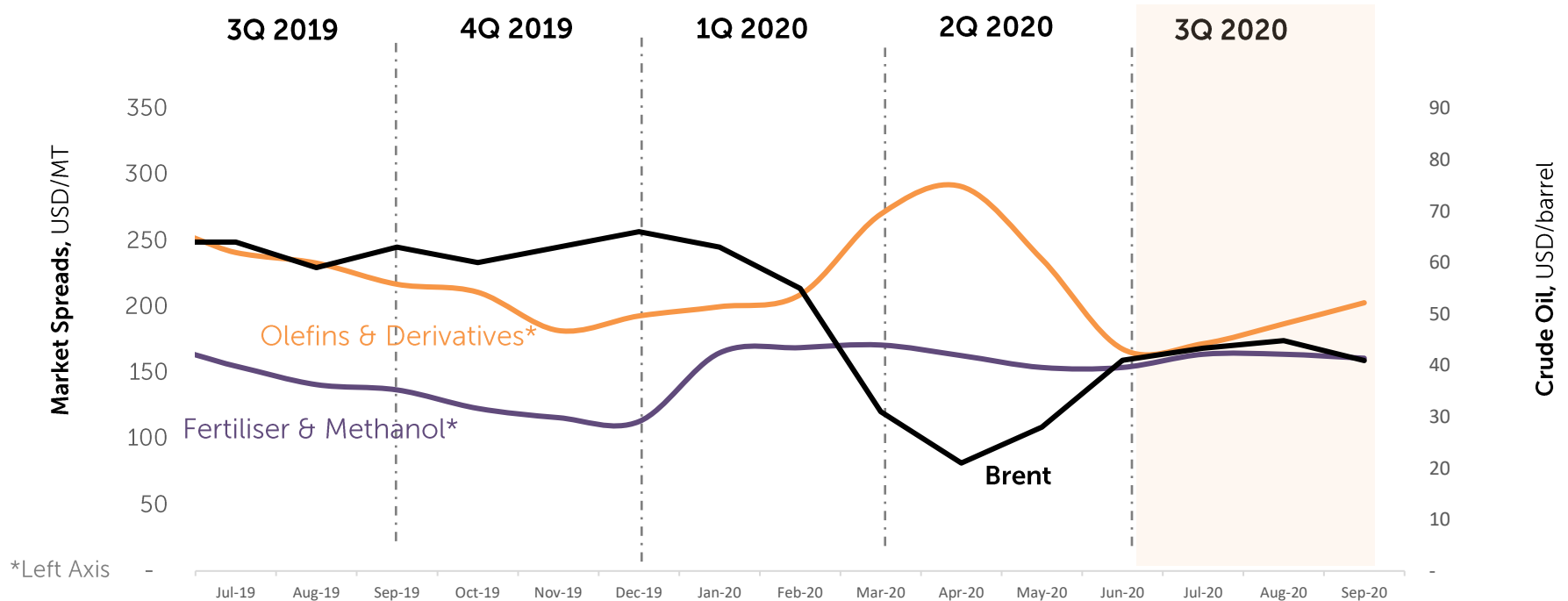


Positive momentum post lockdowns



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PETROCHEMICAL MARKET SPREADS



- In the 9-months of 2020, global GDP records negative growth at -4.7% while global PMI contracted to 47.7 as lockdowns, business closures and physical distancing measures mandated to contain the spread of the outbreak caused severe disruption in the manufacturing industry.
- Crude oil prices averaged lower at USD41 per barrel compared USD65 per barrel last year, due to the oil demand shock caused by the virus outbreak and a short-term sudden spike in supply as a result of the collapse of the OPEC+ supply pact.
- Petrochemical product prices were lower y-o-y on soft demand and low feedstock prices.

*Source: market publications, team analysis

Putting greater effort towards sustainability



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Business Sustenance

Profit



Value Creation



Operational Excellence



Commercial Excellence



Growth Delivery
Excellence

2

Responsible Investment



Bio-Agenda



New Plastic Economy
(NPE)



CO₂ Utilisation
Technology

Resource Efficiency

Planet



Sustainability Area



GHG Emission Reduction



Energy Optimisation



Waste Minimisation



Waste Water Discharge
Minimisation

4

Environmental Footprint



Mitigating Climate Change
and Water Risk



Mitigating Product Impact
in its life cycle

Social Responsibility

People



Social Risk Assessment (SRA)



Mitigating Human Rights
Risk

6

Corporate Social Responsibility (CSR)



Be Green
EcoCare



Sentuhan Kasih



Back2School

9-Month 2020 Highlights



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- Plant utilisation (PU) at 95 %
- 2% improvement in production volume y-o-y at 8.02 KMTA
- Production at PC Methanol and PC Fertiliser Sabah impacted by slope incident at SSGP line.



- Lower sales volume by 3%
- Soft product demand due to a disrupted manufacturing sector
- Lower product prices on weak end markets and low feedstock prices



- Revenue declined on lower product prices
- PAT declined on overall lower margins
- EBITDA declined on compressed product margins and lower sales volume

KEY HIGHLIGHTS

PERFORMANCE HIGHLIGHTS

MOVING FORWARD



Performance Highlights : Financials



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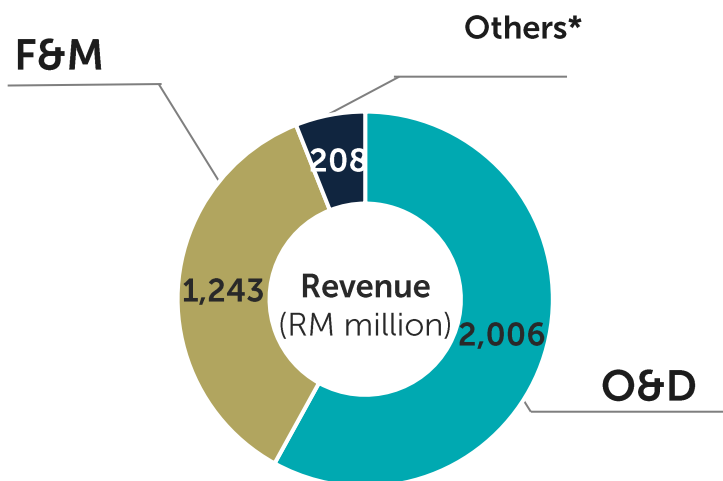
Key Financial Indicators	3Q 2020 Year-on-Year (YoY)	3Q 2020 Quarter-on-Quarter (QoQ)	Year-to-date (YTD)
Production Volume (‘000 MTPA)	3Q 2020: 2,561 3Q 2019: 2,315 ↑ 11%	3Q 2020: 2,561 2Q 2020: 2,806 ↓ (9%)	YTD 2020: 8,018 YTD 2019: 7,875 ↑ 2%
Revenue (RM Million)	3Q 2020: 3,457 3Q 2019: 3,669 ↓ (6%)	3Q 2020: 3,457 2Q 2020: 3,178 ↑ 9%	YTD 2020: 10,526 YTD 2019: 12,136 ↓ (13%)
Profit After Tax (RM Million)	3Q 2020: 452 3Q 2019: 558 ↓ (19%)	3Q 2020: 452 2Q 2020: 185 ↑ >100%	YTD 2020: 1,130 YTD 2019: 2,483 ↓ (55%)
EBITDA (RM Million) EBITDA Margin (%)	3Q 2020: 914 3Q 2019: 915 ↓ (0.1%) 26% 25%	3Q 2020: 914 2Q 2020: 695 ↑ 32% 26% 22%	YTD 2020: 2,373 YTD 2019: 3,698 ↓ (36%) 23% 31%

Performance Highlights : Financials



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Olefins & Derivatives

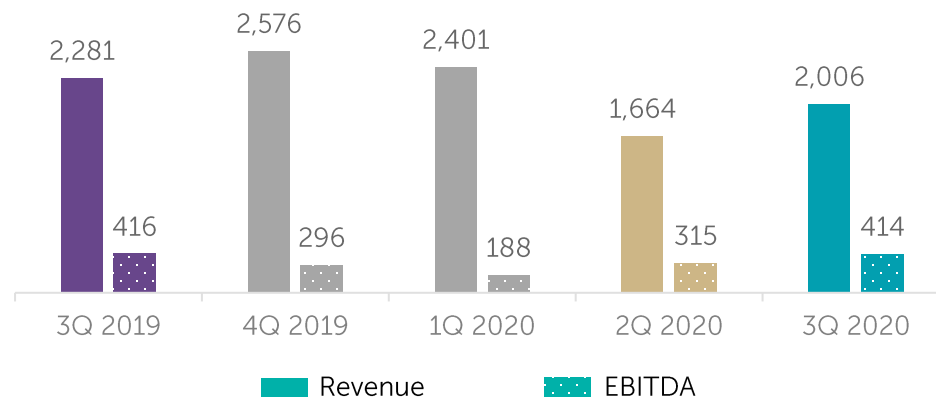


- Better plant performance against 3Q 2019 as a result of no turnaround activities in 3Q 2020;
- Lower average product prices year-on-year in line with market

* 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.

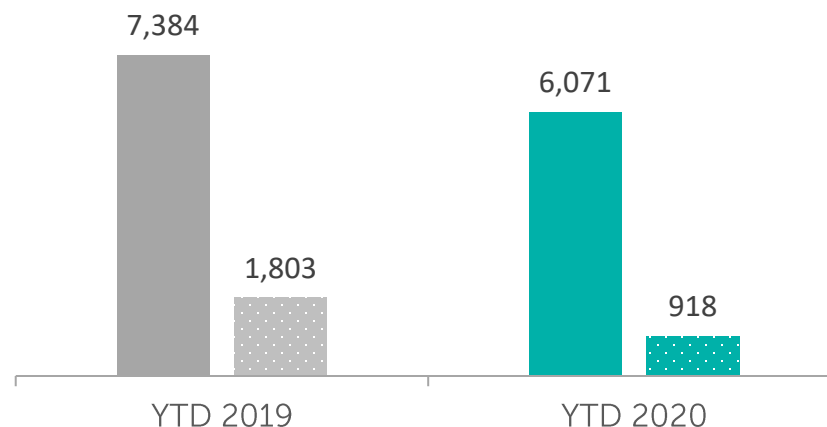
Quarterly Revenue & EBITDA

(RM million)



Cumulative Revenue & EBITDA

(RM million)



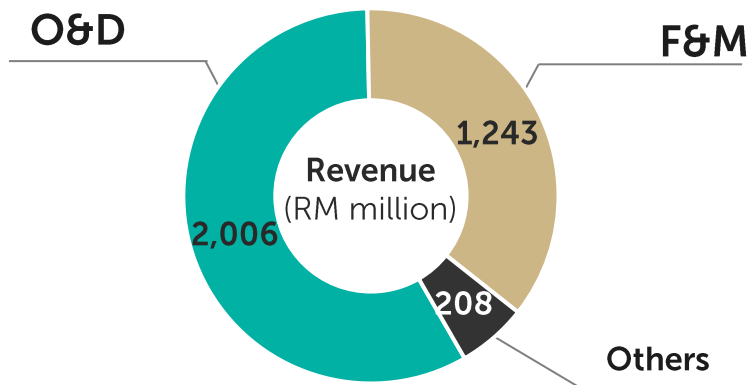
Performance Highlights : Financials



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Fertilisers & Methanol

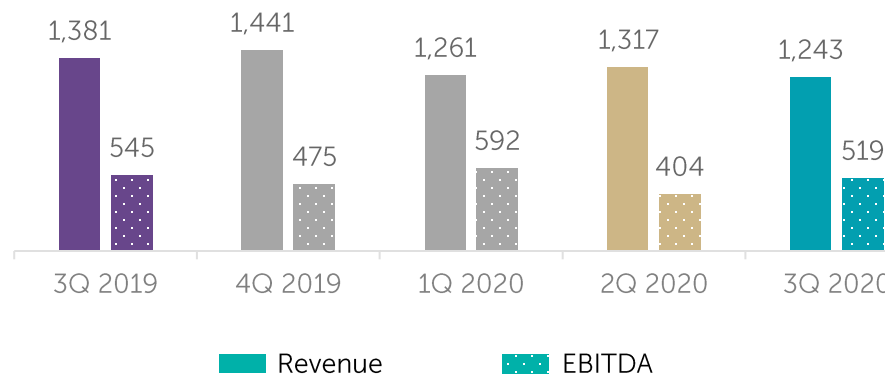


- Lower plant performance year-on-year following the SSGP slope incident that affected feedstock supply to PC Methanol and PC Fertiliser Sabah;
- Lower average product prices year-on-year mainly for methanol in line with market

* 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.

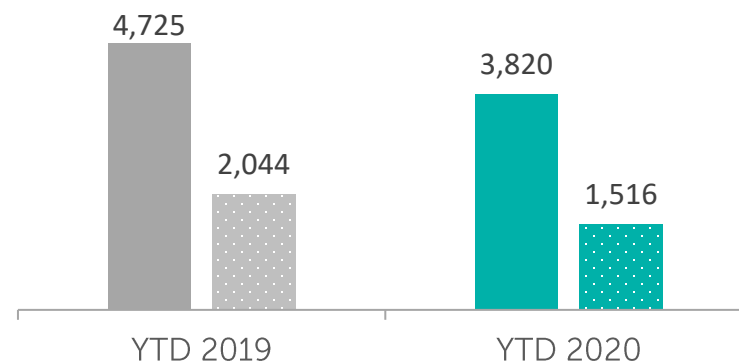
Quarterly Revenue & EBITDA

(RM million)



Cumulative Revenue & EBITDA

(RM million)



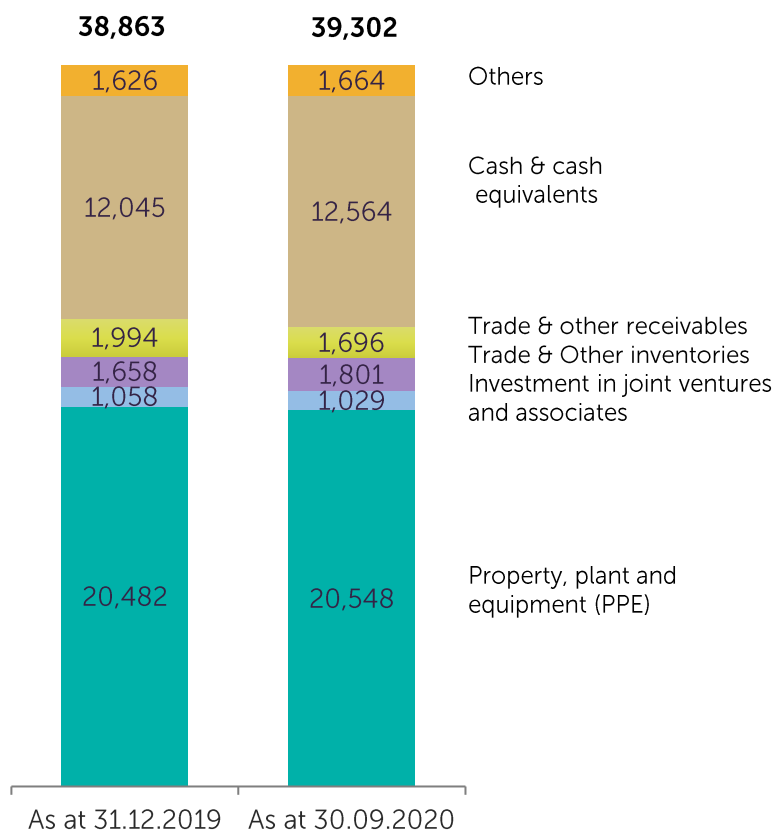
Balance Sheet as at 30 Sept 2020



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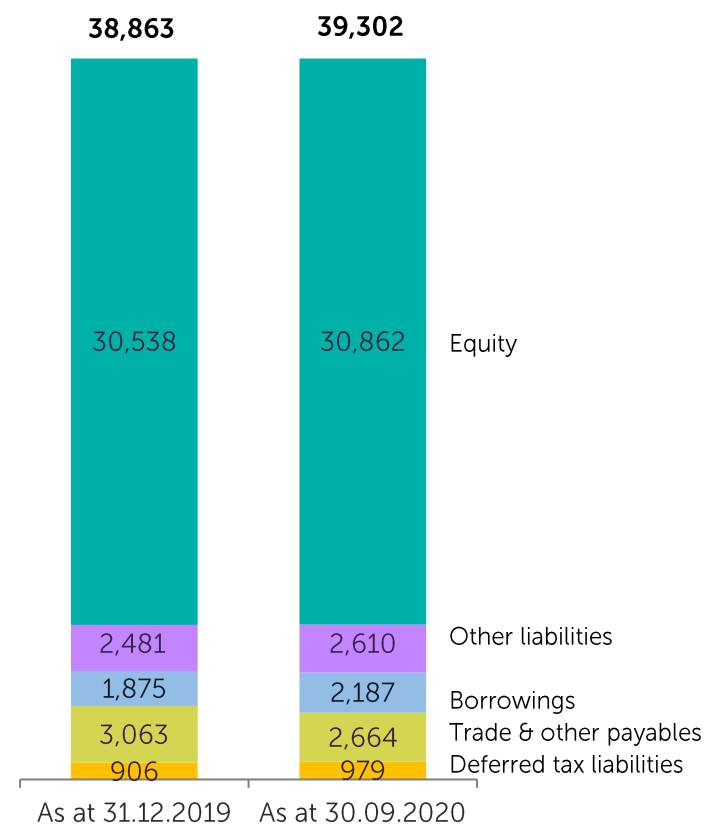
Total Assets

(RM million)

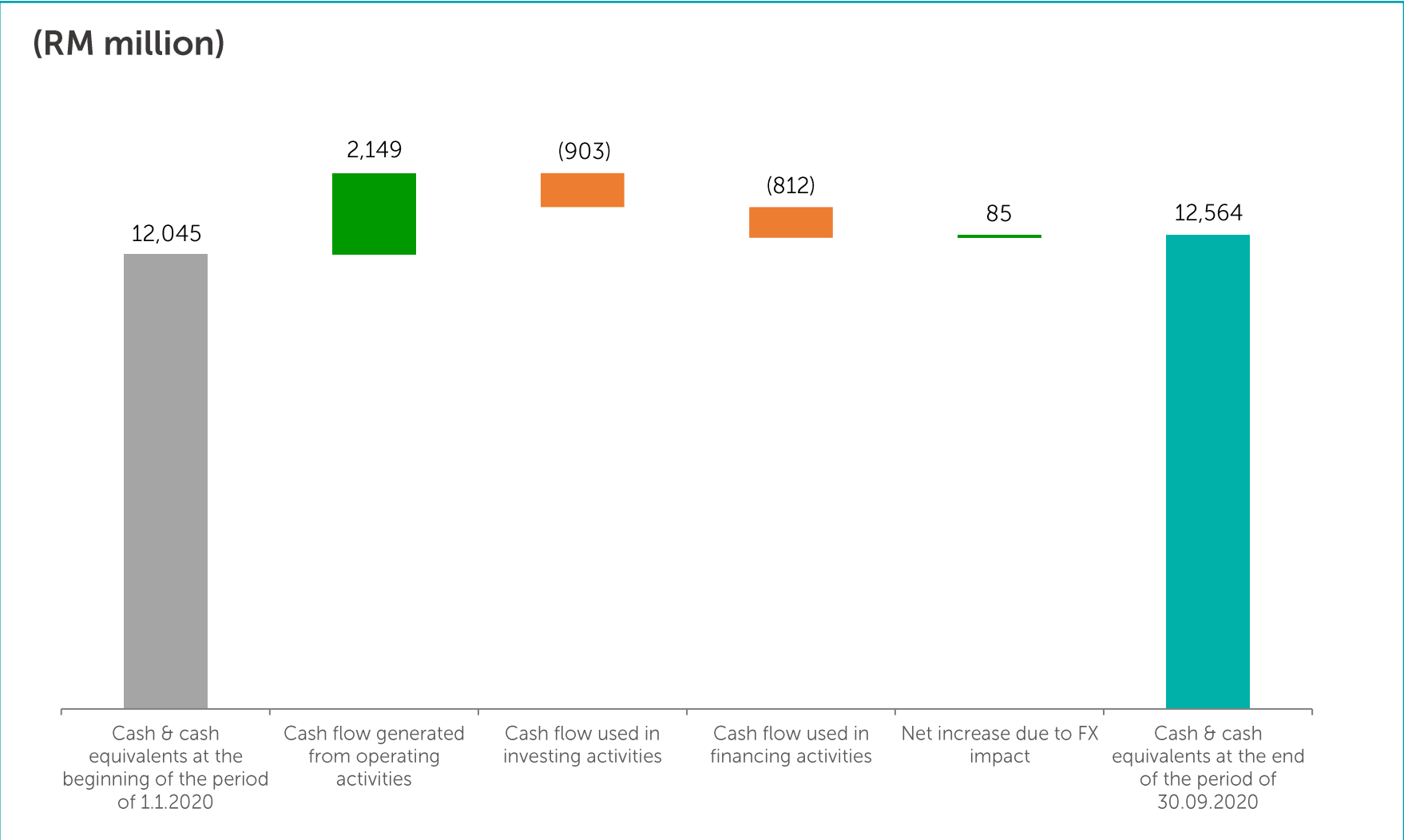


Total Equity & Liabilities

(RM million)



Cash Flows for the year ended 30 Sept 2020



Performance Highlights : Operational

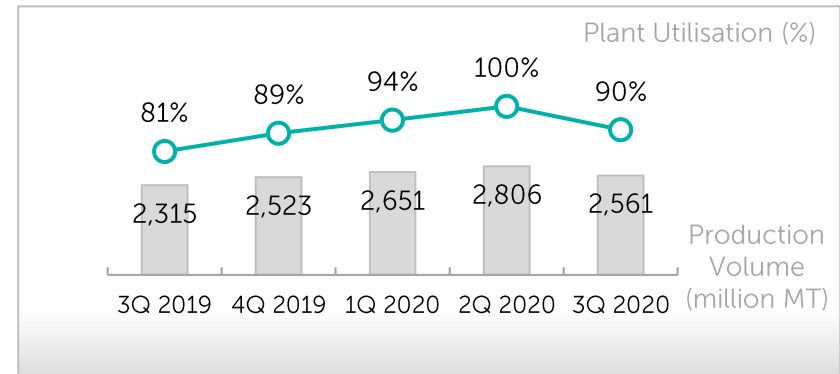


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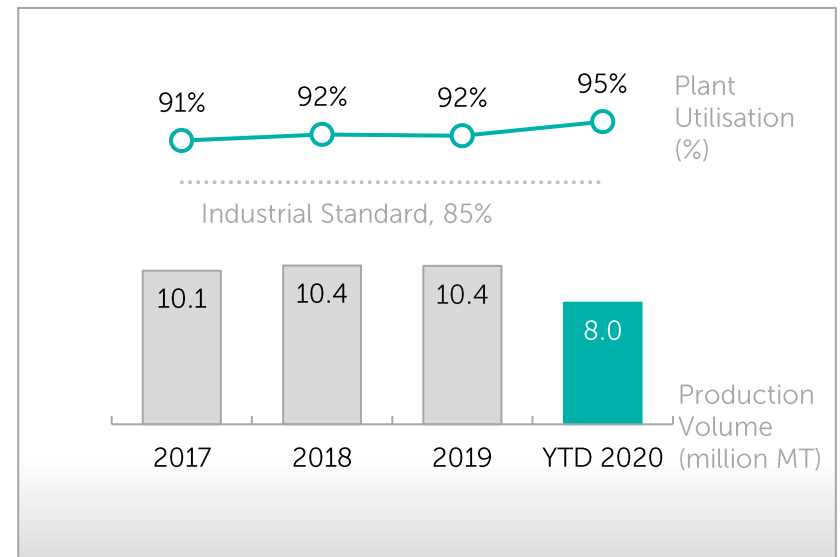
Sustain Group Plant Utilisation at 90%

- Stable operations at Olefins & Derivatives facilities
- Fertiliser & Methanol segment experienced feedstock disruption to facilities namely the Methanol plant in Labuan and the Urea plant in Sabah due to a landslide incident at supplier facilities
- On track to sustain annual production volume above 10 million MT with turnaround deferment of Methanol plant

Quarterly Group Performance



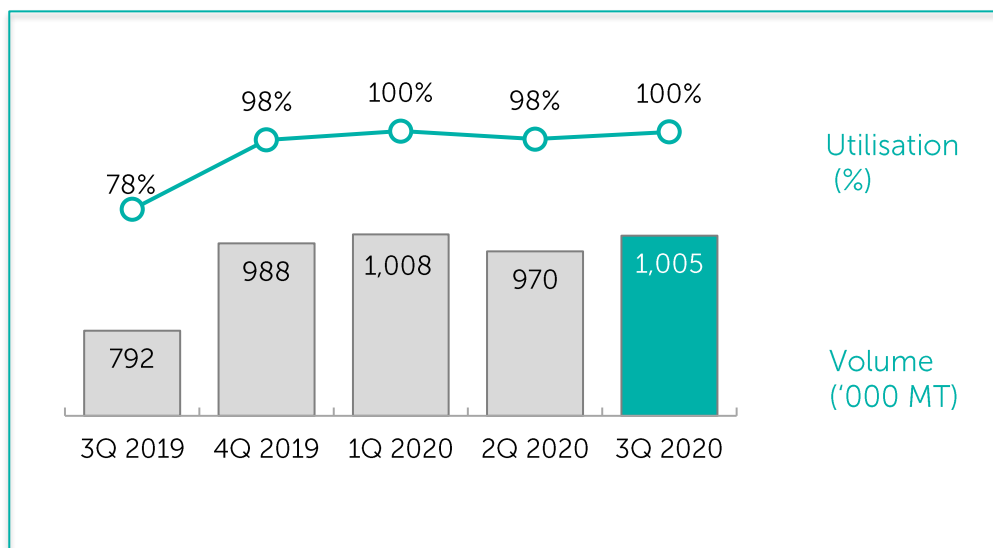
Annual Group Performance



Performance Highlights : Segmental Operational

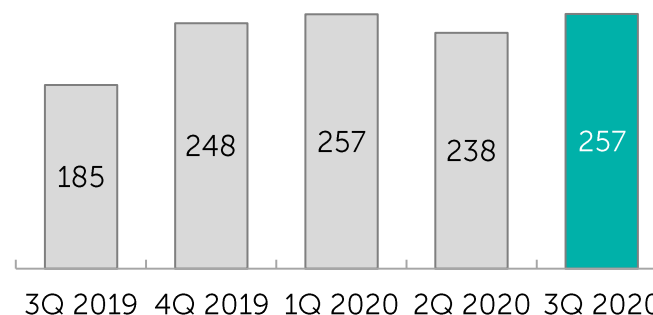


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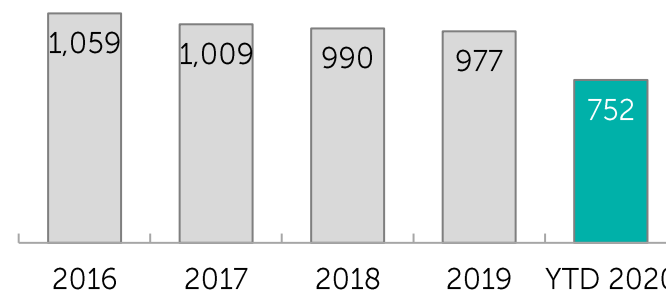


Ethylene Production

Quarterly Volume ('000 MT)



Annual Volume ('000 MT)



OLEFINS AND DERIVATIVES (O&D)

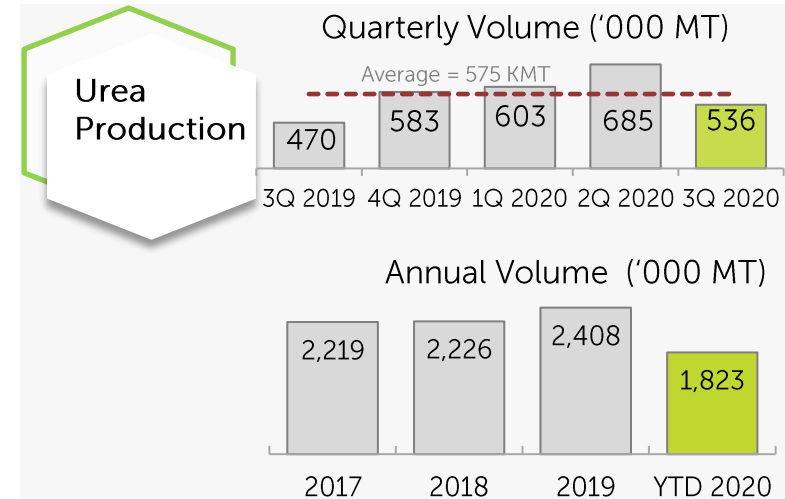
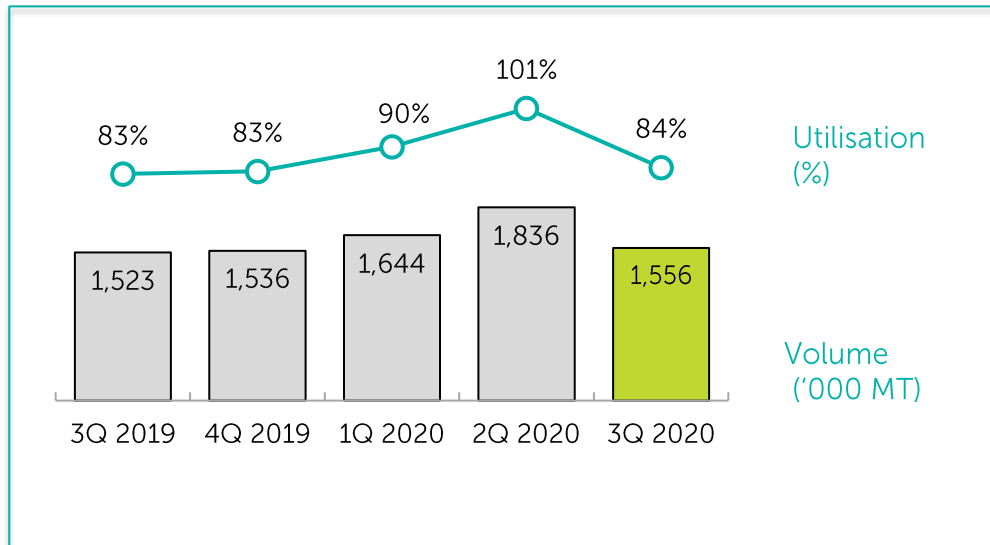


- Maintain high utilisation of 100% for the quarter following improved feedstock supply
- Sustain reliable ethylene cracker operations

Performance Highlights : Segmental Operational



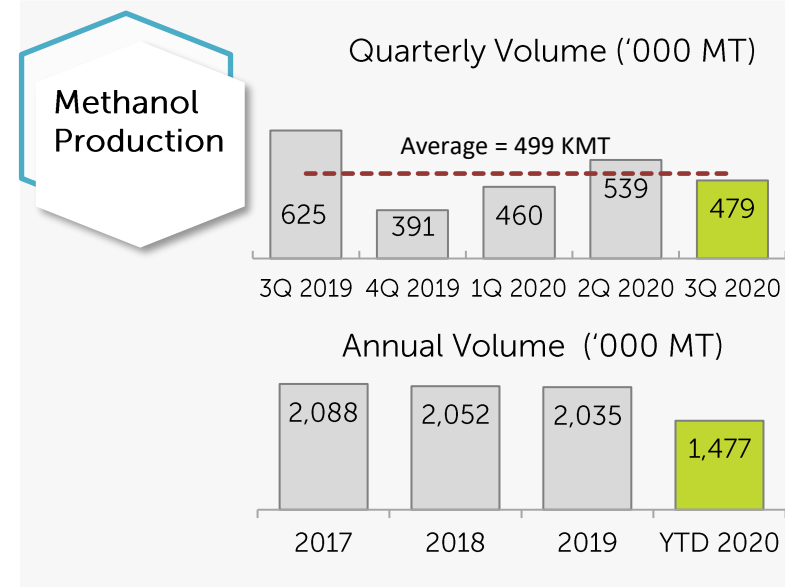
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FERTILISER AND METHANOL (F&M)



- Urea and methanol production was lower for the quarter impacted by landslide incident at supplier facilities in Sabah that required immediate repairs



Performance Highlights : Operational – Projects Updates



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



Preservation activity on-going, maintaining equipment in working order



Gearing for integrated start-up 1Q 2021

Performance Highlights : Operational - Conclusion



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- Quarter 3 Group Plant Utilisation was stable in view of maintenance activities at supplier facilities
- Good volumes from Olefins & Derivatives business segment with reliable operations and improved feedstock supply
- MTBE plant turnaround in Gebeng completed safely and timely despite the COVID-19 challenges
- Annual production volume will remain above 10 million MT

Performance Highlights : Commercial – Olefins & Derivatives



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Ethylene



Q3 2020
(vs Q2 2020)



- Improved overall energy market.
- Healthy downstream demand.

Outlook
(3 Months)



- Improving energy market, amid news of potential COVID-19 vaccine
- Continued healthy downstream demand.

Polymers



Q3 2020
(vs Q2 2020)



- Tight supply.
- Improving demand supported by restocking activities.

Outlook
(3 Months)



- Stable supply due to several shutdowns and TA while new capacities delayed to Q1 2021.
- Demand to taper off towards year end.

MEG



Q3 2020
(vs Q2 2020)



- Higher feedstock costs.
- Reduced supply due to lower OR, heavy TA and no deep-sea cargoes.

Outlook
(3 Months)



- Stable supply amidst reduced import into Asia, TA and new capacities
- Strong polyester demand expected to taper down by year end.

Paraxylene



Q3 2020
(vs Q2 2020)



- Stronger upstream market.
- Improving supply and demand fundamentals.

Outlook
(3 Months)



- Ample supply offset by lower OR
- Downstream PTA demand will not reach traditional peak.

Performance Highlights : Commercial – Fertilisers and Methanol



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Urea



Q3 2020

(vs Q2 2020)



- Tight supply due to heavy TA in ME
- Higher demand in Indian tender on a good monsoon

Outlook

(3 Months)



- Ample supply
- Stable demand in India and ANZ due to seasonal application

Ammonia



Q3 2020

(vs Q2 2020)



- Tight supply due to plant shutdowns
- Improved industrial demand

Outlook

(3 Months)



- Sufficient supply
- India demand to secure for Rabi season and improved downstream demand

Methanol



Q3 2020

(vs Q2 2020)



- Tight supply with lower plant OR due to technical issues
- Firmer downstream demand

Outlook

(3 Months)



- Supply return to normal as plant resumed from TA activities
- Healthy downstream demand and MTO demand in China

KEY HIGHLIGHTS

PERFORMANCE HIGHLIGHTS

MOVING FORWARD



Gradual recovery, volatility remains



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- ⊕ Economic recovery gaining traction
- ⊕ Stabilising crude oil prices
- ⊖ Reintroduction of COVID-19 containment measures could hamper recovery



- Uphold Health, Safety and Environmental practices
- Enhance operational and commercial capabilities
- Strict financial discipline



- Gearing for full start up Pengerang Integrated Complex
- Pursue growth and diversification in specialty chemicals segment

THANK YOU

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