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PETRONAS CHEMICALS GROUP BERHAD QUARTERLY RESULTS ANNOUNCEMENT

Highlights for the Quarter Ended September 2016

2nd November 2016

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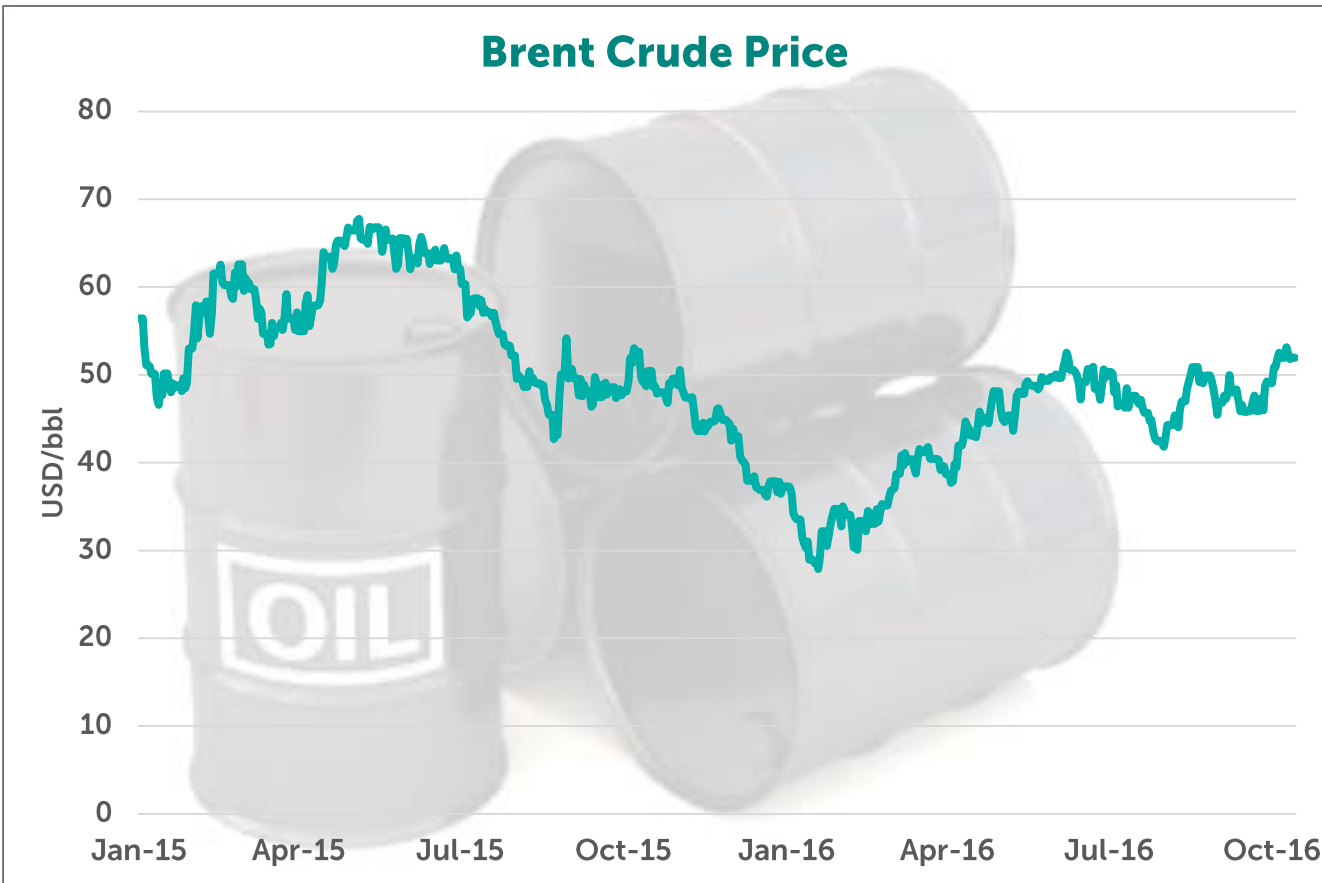
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Key Highlights





- ◆ Global GDP moderated to 2.4%
- ◆ Brent crude oil price remained level at USD46/bbl
- ◆ Petrochemical product spreads comparable to preceding quarter

Outstanding performance, strongest quarter

- 💧 **Higher plant reliability and feedstock supply**
 - 100% plant utilisation
- 💧 **More sales volume, lower cost-to-serve**
 - Stable margins amidst thin spreads
- 💧 **Improved profits**
 - 21% increase in EBITDA QoQ
 - 41% EBITDA margin



Financial Highlights



Q3 2016 Group Financial Results



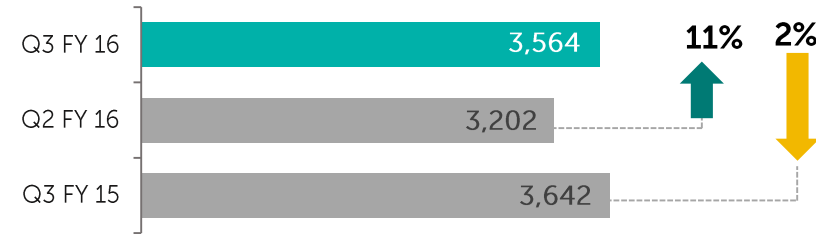
Year to date

RM Bil

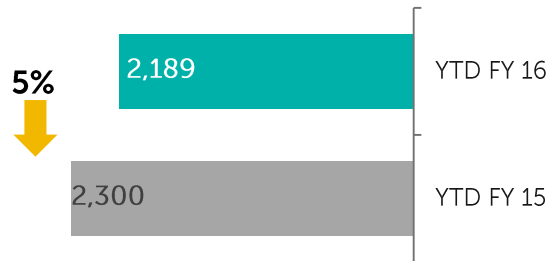
Individual quarter ended



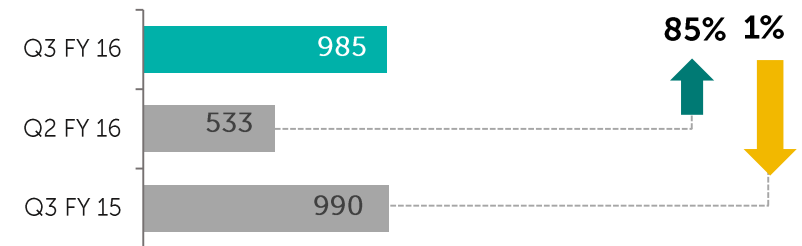
Revenue



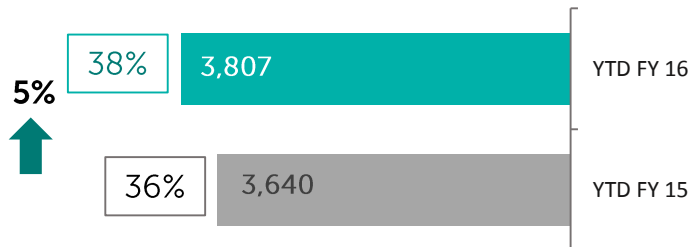
5%



Profit after Tax

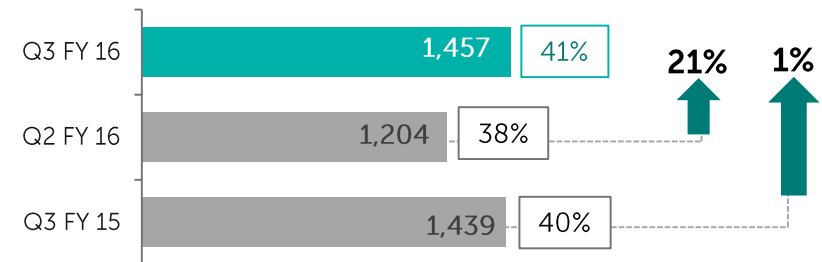


5%



EBITDA

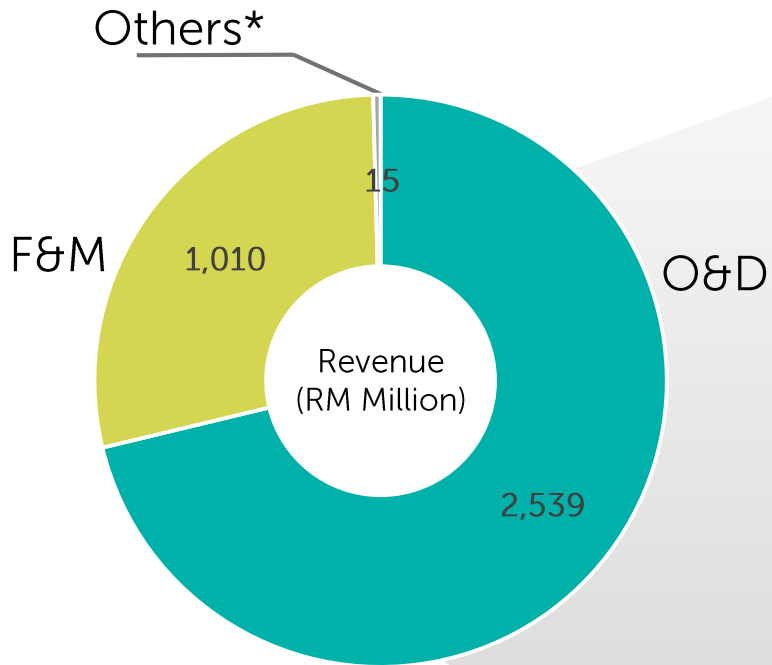
EBITDA margin (%)



Q3 2016 Segmental Results - Olefins & Derivatives

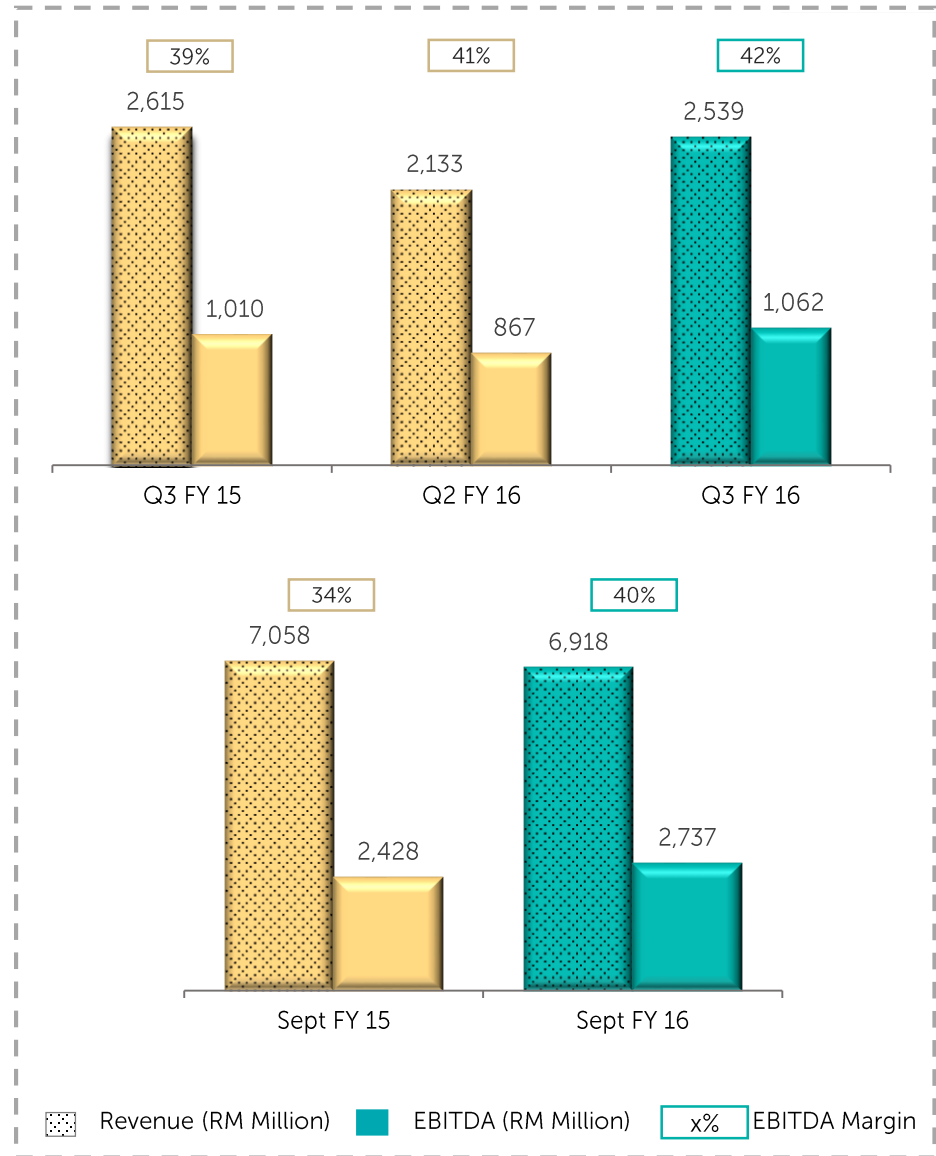


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◆ **Lower revenue mainly due to lower petrochemical product prices**

◆ **EBITDA increased with volume, supported by favourable exchange rate**

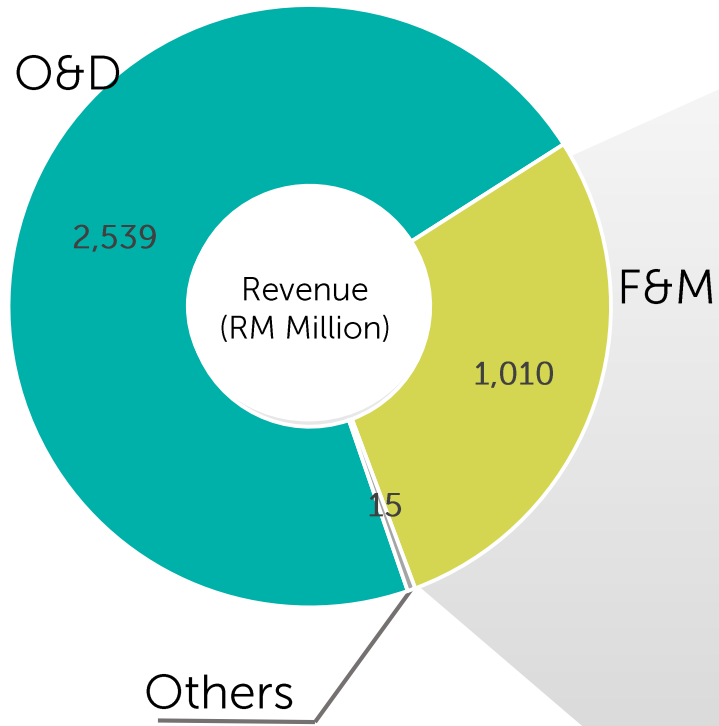


* Others comprise operations related to investment holding company and port services which provide product distribution infrastructure to the Group.

Q3 2016 Segmental Results - Fertilisers & Methanol

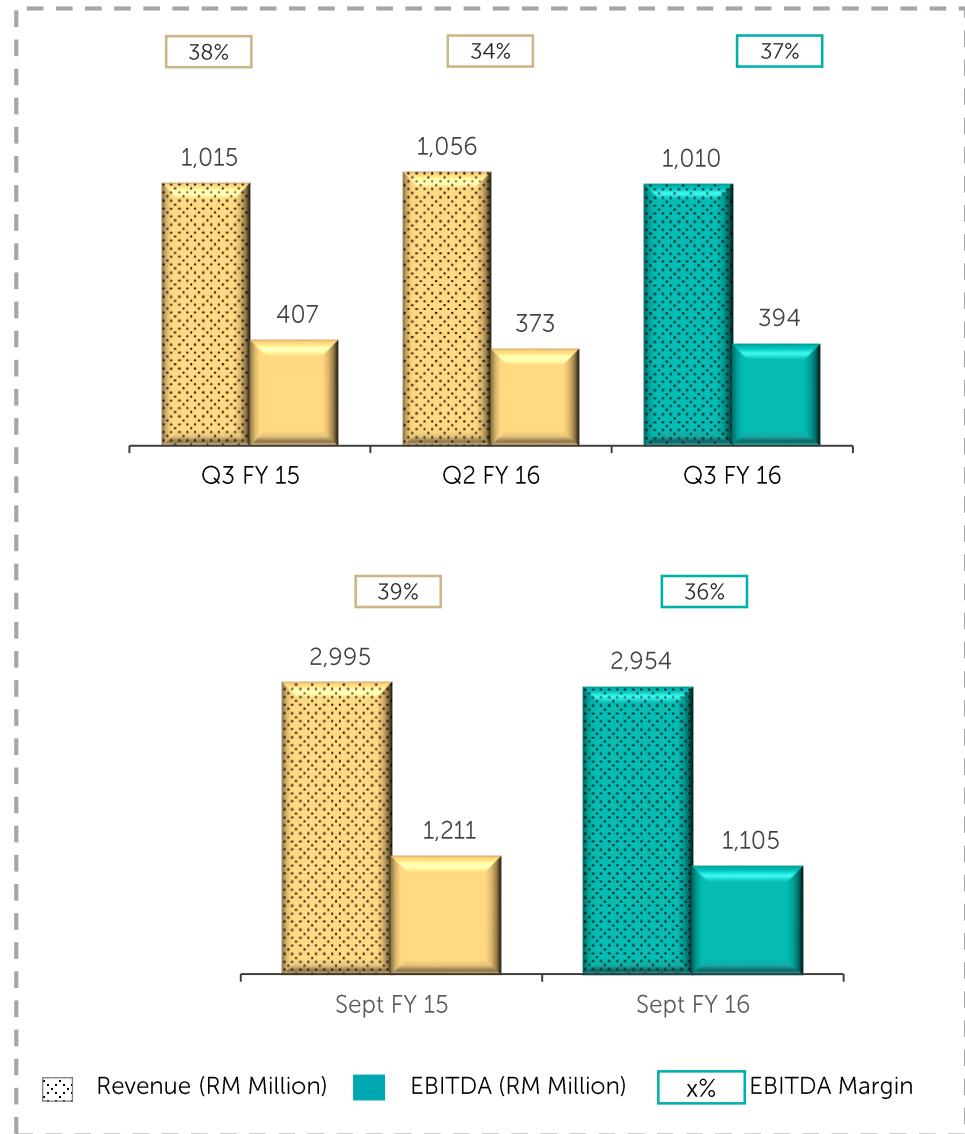


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- Urea and ammonia continue to be affected by oversupply
- Methanol prices dampened by decreased demand for energy derivatives

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



Balance Sheet as at 30 September 2016



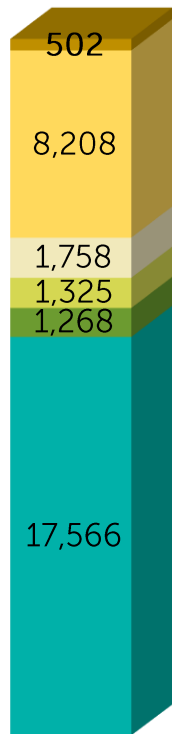
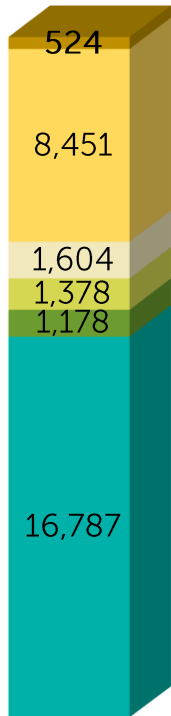
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Total Assets

Total Liabilities

29,922

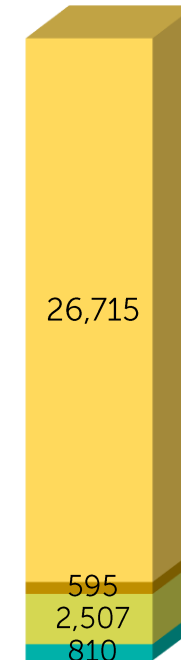
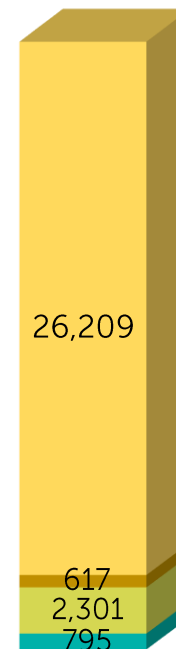
30,627



Others
Cash & cash equivalents
Trade & other receivables
Trade & Other inventories
Investment in joint ventures and associates
Property, plant and equipment (PPE)

29,922

30,627



Equity
Other liabilities
Trade & other payables
Deferred tax liabilities

Period Ended
June 2016

Period Ended
Sept 2016

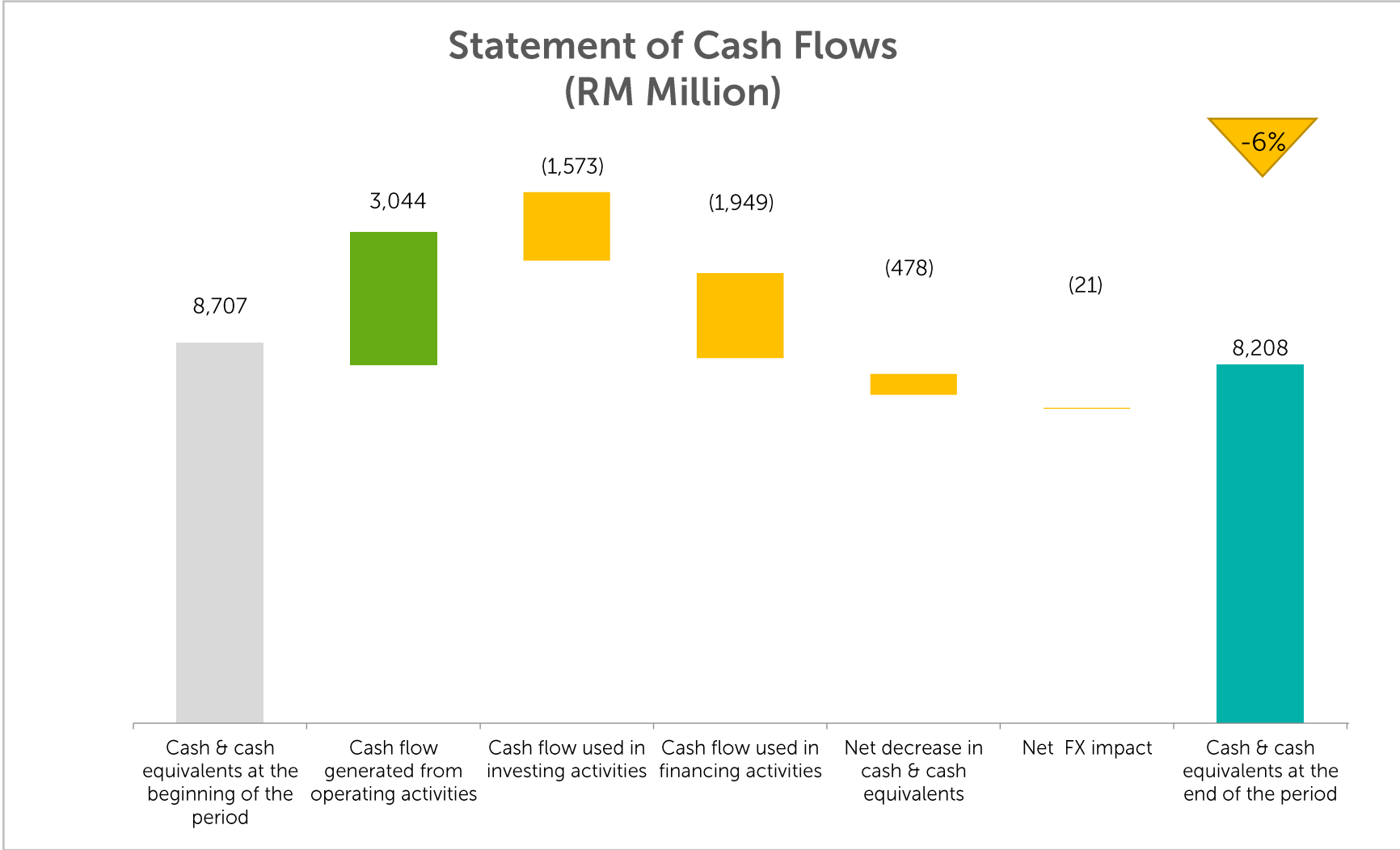
Period Ended
June 2016

Period Ended
Sept 2016

Group Cash Flow - Period Ended 30 September 2016



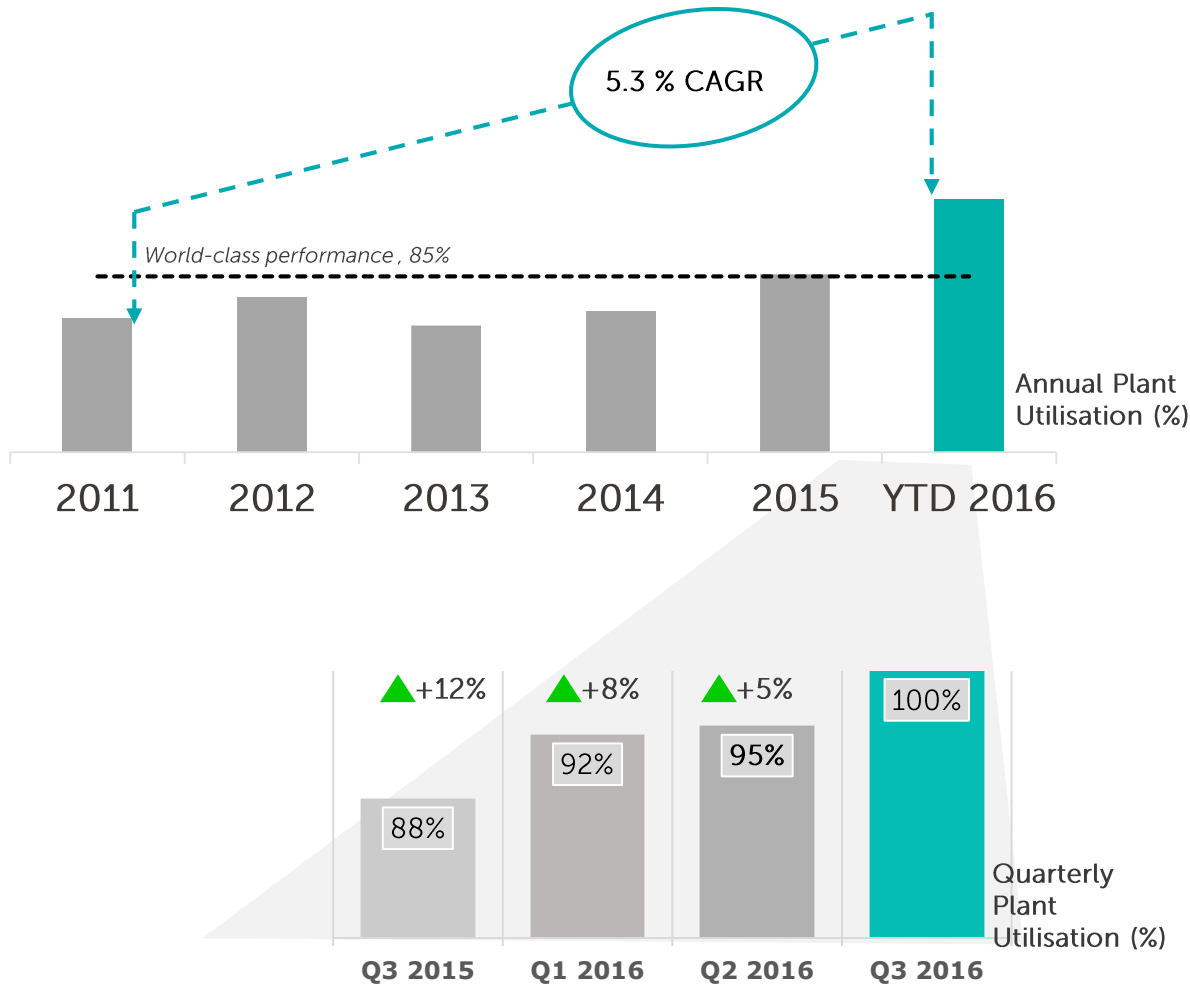
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Operational Highlights





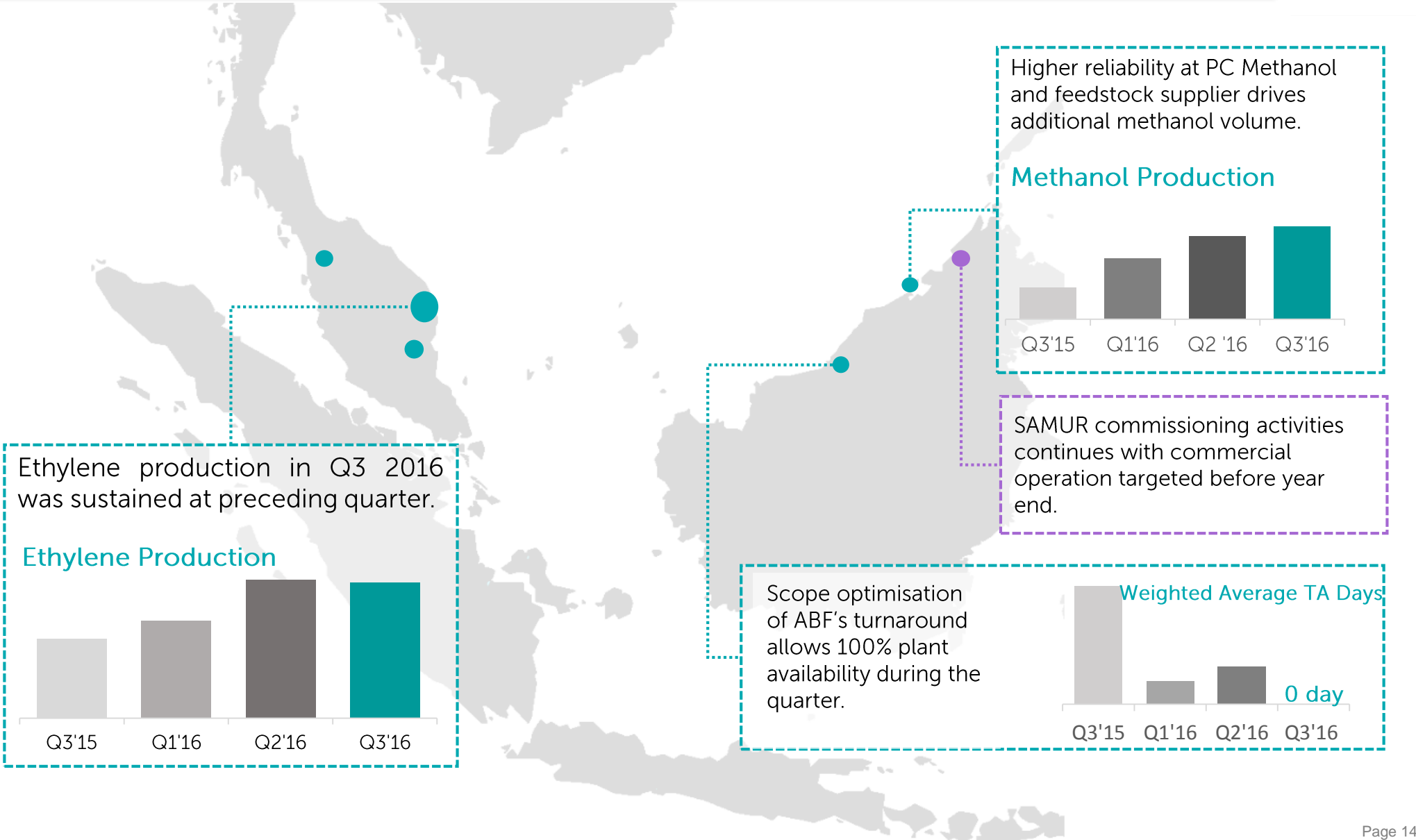
Discipline and rigor in execution lead to strongest quarterly performance

- ◆ **Improved reliability particularly PC Methanol**
 - Smooth and sustainable operations for Q3 2016
- ◆ **Better synchronisation of operational plan across Value chain**
 - Despite ongoing maintenance activities at upstream, our operation remains reliable in delivering production target.
- ◆ **Urea plant turnaround scope optimisation**
 - Gained additional production days from ABFSB's TA Scope Optimisation.

Operational Highlights

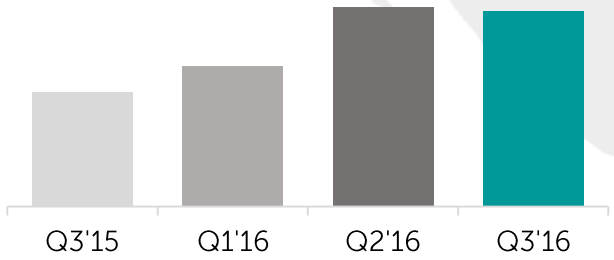


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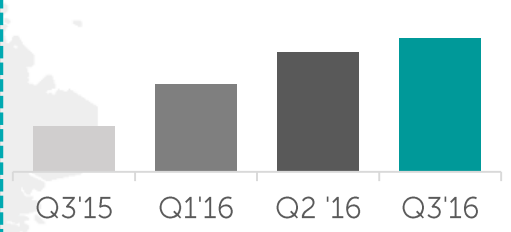
Ethylene production in Q3 2016 was sustained at preceding quarter.

Ethylene Production



Higher reliability at PC Methanol and feedstock supplier drives additional methanol volume.

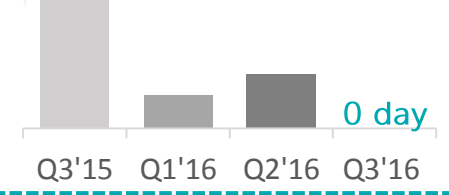
Methanol Production



SAMUR commissioning activities continues with commercial operation targeted before year end.

Scope optimisation of ABF's turnaround allows 100% plant availability during the quarter.

Weighted Average TA Days



Operational Highlights - SAMUR

Strengthening basic petrochemicals through SAMUR project



1. Ammonia Plant

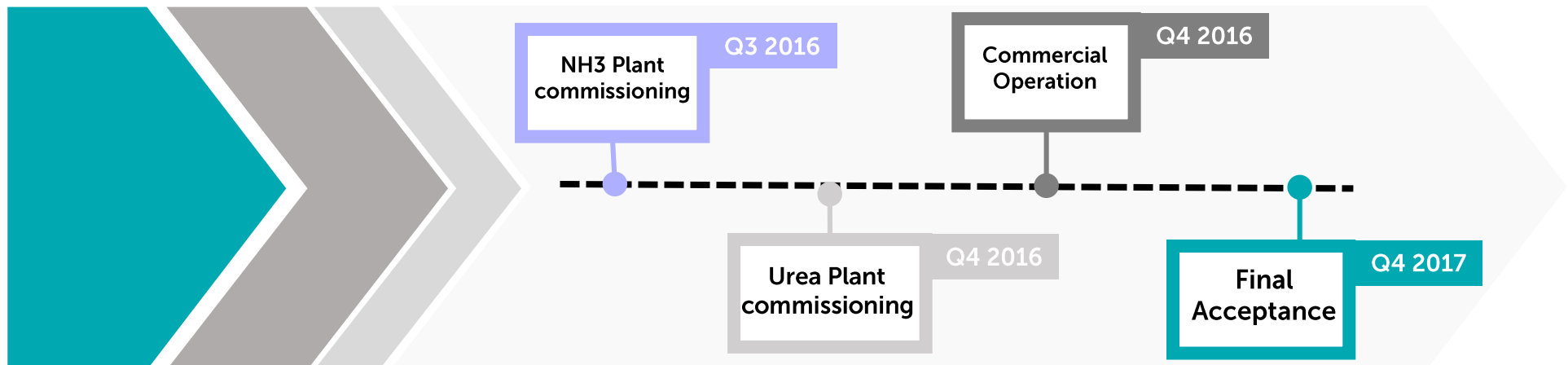
Capable of producing 700 kMTPA ammonia, primarily utilised as feedstock for urea production.

2. Urea Plant

Consisting of urea and urea granulation plants; these plants are capable to produce 1200 kMTPA granular urea. Primary application of urea is fertiliser, with other application as feedstock in industrial users such resins (plywood) and adhesives.



Plant safety and operation stability; key focus to achieve commercial operation



Operational Highlights - BPC Projects



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Diversifying into specialty chemicals through BPC projects

Aroma Plant

The integrated complex will produce citral, citronellol and L-menthol which are aroma ingredients used in fragrance and flavor industries.

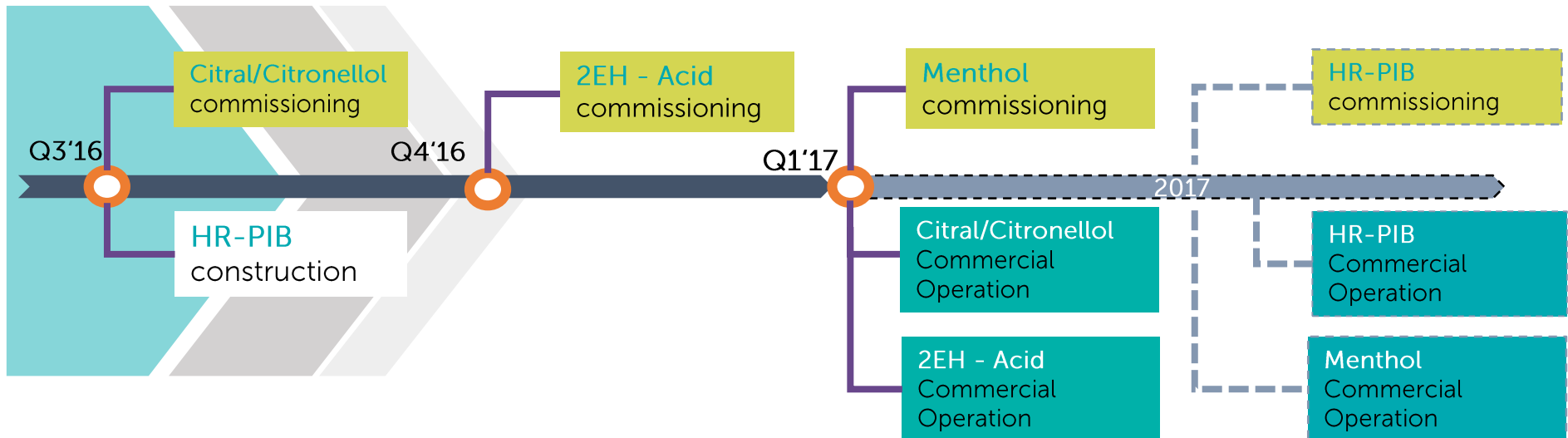
2-EHA

2-EHA (2-Ethylhexanoic acid) is used as a compound for synthetic lubricants as well oil additives. It is also used for functional fluids like automotive coolants, metal salt for plasticizers, and pharmaceuticals.

HR-PIB

HR-PIB (highly reactive polyisobutene) is an important intermediate product for the manufacturing of high performance fuel and lubricant additives.

Diversified products; strategic growth for long term competitiveness





Commercial Highlights



Commercial Highlights - Olefins & Derivatives



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O&D market anticipated to remain stable given tight supply in line with the stable crude oil outlook

Ethylene



- ◆ TAs in ME and Asia
- ◆ Outage at a major producer in Singapore
- ◆ Peak downstream production period in China

Polymers



- ◆ Slowdown in restocking towards year-end
- ◆ Depreciation of Yuan – low buying interest

MEG



- ◆ Shutdown at a major SEA upstream facility and TAs in ME
- ◆ Slower demand due to year end destocking activities

Aromatics



- ◆ Slow demand for downstream PTA
- ◆ TAs at major producers in NEA
- ◆ Support from possible increase in crude

Positive outlook for urea and methanol tracking high demand whereas ammonia outlook remains bearish on global oversupply

Urea



- ◆ Indian purchase tender - tight spot availability
- ◆ High demand in the US for spring
- ◆ Hike in coal price - increase in production cost of urea

Ammonia



- ◆ Continuous global oversupply
- ◆ Manufacturers considering halting production to minimise losses
- ◆ A major Saudi producer will start-up in September – will further flood the market

Methanol



- ◆ Strong derivative demand for MTOs
- ◆ Tight supply - production issues at several plants in Asia Pacific
- ◆ Stable demand from downstream producers



Commercial Highlights

Q3 2016 highlights...

Recorded good overall performance through:

◆ **Focused execution of Marketing & Sales strategies and initiatives:**

- *Reduction in cost to serve*
- *Strengthen position in key market*
- *Strategic volume shift*

Moving forward...

Sustain commercial performance through:

- ◆ **Continuation of current strategies & initiatives**
- ◆ **Portfolio optimisation**
- ◆ **Key account management and implementation**



Closing Highlights



Focusing on execution in challenging environment



Strive to sustain operational & commercial excellence

- Maintain HSE as top priority



Preparing SAMUR and Aroma Complex for commercial operations



RAPID petrochemical projects progressing as planned



Q&A





Datuk Sazali Hamzah
**Managing Director/
Chief Executive Officer**



Rashidah Alias
Chief Financial Officer



M Yusri M Yusof
Head of Manufacturing



Akbar Md Thayoob
Head of Commercial



Abdul Aziz Othman
Head of Strategic Planning & Ventures



Edward Ong
Head of Investor Relations

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