

# PETRONAS CHEMICALS GROUP BERHAD

## QUARTERLY ANALYST BRIEFING

QUARTER ENDED 31 DECEMBER 2020

23 FEBRUARY 2021  
6.00PM – 7.00 PM



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## KEY HIGHLIGHTS

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## PERFORMANCE HIGHLIGHTS

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## MOVING FORWARD

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## KEY HIGHLIGHTS

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## MOVING FORWARD

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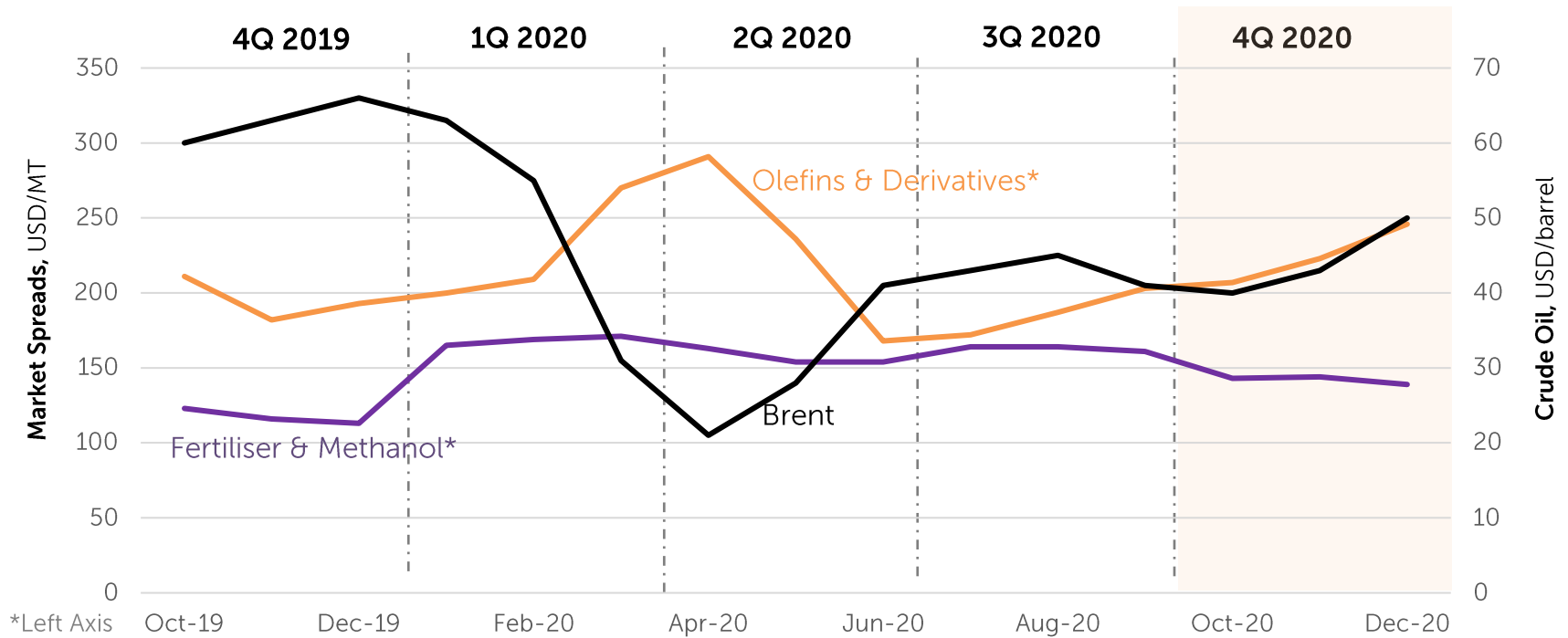


# A year of unparalleled challenges



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## PETROCHEMICAL MARKET SPREADS



- global GDP contracted significantly y-o-y recording negative growth at -4.0% while global PMI contracted to 47.7 as lockdowns, as economic and manufacturing activities severely disrupted by measures mandated to curb the spread of the virus.
- Crude oil prices averaged 34% lower at USD42 per barrel compared USD64 per barrel last year, due to the oil demand shock caused by the COVID-19 pandemic and short term oversupply as a result of the collapse of the OPEC+ supply pact earlier in the year.
- Petrochemical product prices were lower y-o-y on low feedstock prices and overall weaker energy market.

\*Source: market publications, team analysis

# Refinement of sustainability strategy ongoing

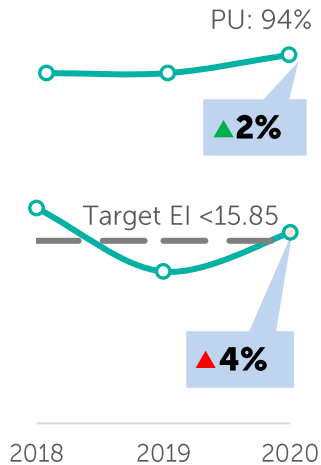


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## Profit

PU & Energy Intensity

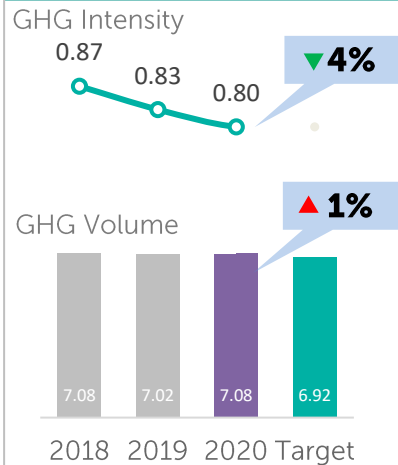
**15.98 GJ/MT**  
15.35 (2019)



GHG Emissions Intensity Volume

**0.80 tCO<sub>2</sub>e/t**  
0.83 (2019)

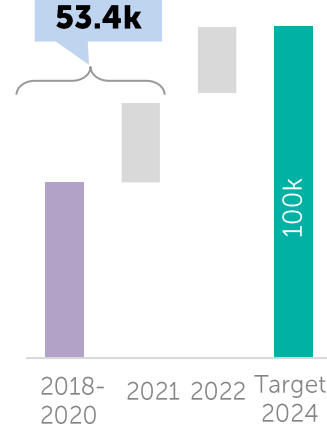
**7.08 Mil tCO<sub>2</sub>e**  
7.02 (2019)



## Planet

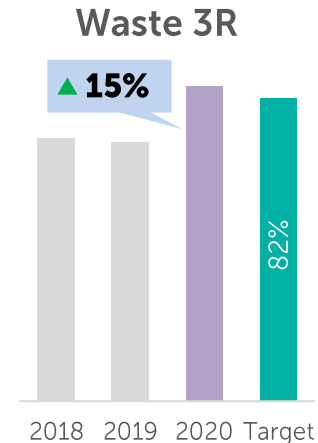
Accumulative GHG reduction

**53 ktCO<sub>2</sub>e**  
Since 2018



Waste recycling rate

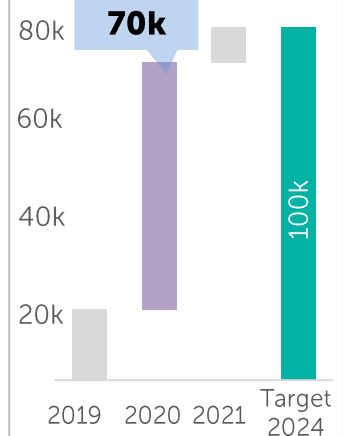
**85 %**  
70% (2019)



## People

CSR Community Reach

**70,000**  
20,000 (2019)



▲ ▼ : % differences as compared to previous year

**New Plastic Economy**  
Educating plastic awareness



Plastic, Sustainability & You module development  
10K schools



Webinar  
to 1300 teachers



Expansion to more teachers,  
students & PETRONAS staff



Expansion of reach to  
community



Drive Nationwide Circular  
Economy on Plastic via its  
value chain

\*equivalent to total production of PCG's polymers for Malaysia market

# Full year 2020 Highlights



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- Plant utilisation (PU) at 94 %
- Highest production volume at 8.7 million tonnes since addition of PC Fertiliser Sabah in 2017
- Overall improvement in plant performance despite slope incident at SSGP line.



- Lower sales volume by 4%
- Soft product demand due to a disrupted manufacturing sector
- Lower product prices on weak end markets and lower overall energy 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

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## PERFORMANCE HIGHLIGHTS

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## MOVING FORWARD

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# Performance Highlights : Financials



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Key Financial Indicators	4Q 2020 Year-on-Year (YoY)	4Q 2020 Quarter-on-Quarter (QoQ)	Year to date (YTD)
<b>Production Volume</b> (‘000 MTPA)	4Q 2020: 2,677 4Q 2019: 2,523 6% ↑	4Q 2020: 2,677 3Q 2020: 2,561 5% ↑	YE 2020: 10,695 YE 2019: 10,399 3% ↑
<b>Revenue</b> (RM Million)	4Q 2020: 3,836 4Q 2019: 4,234 (9%) ↓	4Q 2020: 3,836 3Q 2020: 3,457 11% ↑	YE 2020: 14,362 YE 2019: 16,370 (12%) ↓
<b>Profit After Tax</b> (RM Million)	4Q 2020: 456 4Q 2019: 312 46% ↑	4Q 2020: 456 3Q 2020: 452 1% ↑	YE 2020: 1,586 YE 2019: 2,795 (43%) ↓
<b>EBITDA</b> (RM Million) EBITDA Margin (%)	4Q 2020: 1,149 (30%) 4Q 2019: 750 (18%) 53% ↑	4Q 2020: 1,149 (30%) 3Q 2020: 914 (26%) 26% ↑	YE 2020: 3,523 (25%) YE 2019: 4,448 (27%) (21%) ↓

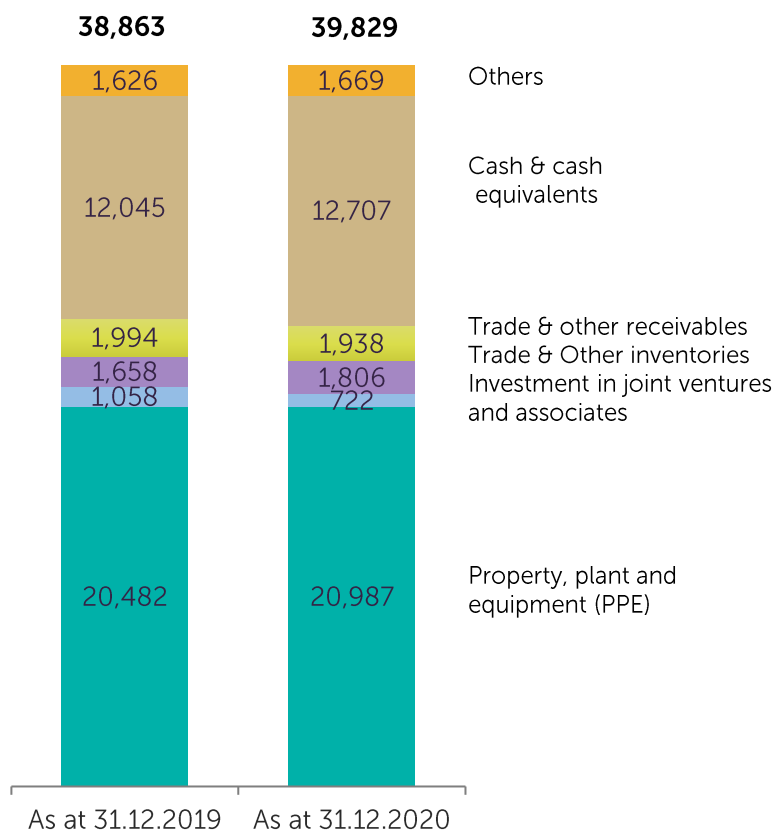
# Balance Sheet as at 31 December 2020



PETRONAS

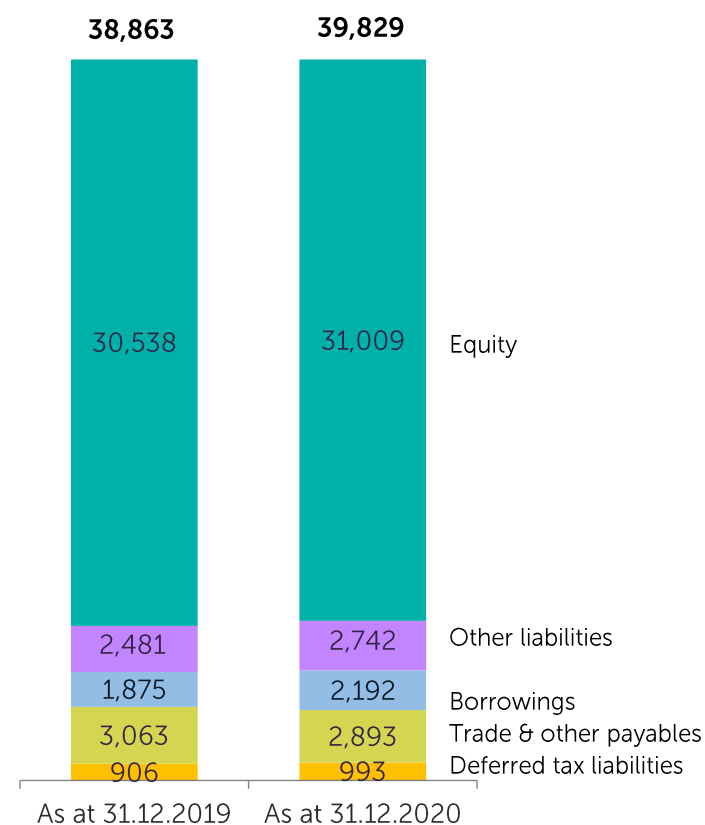
## Total Assets

(RM million)

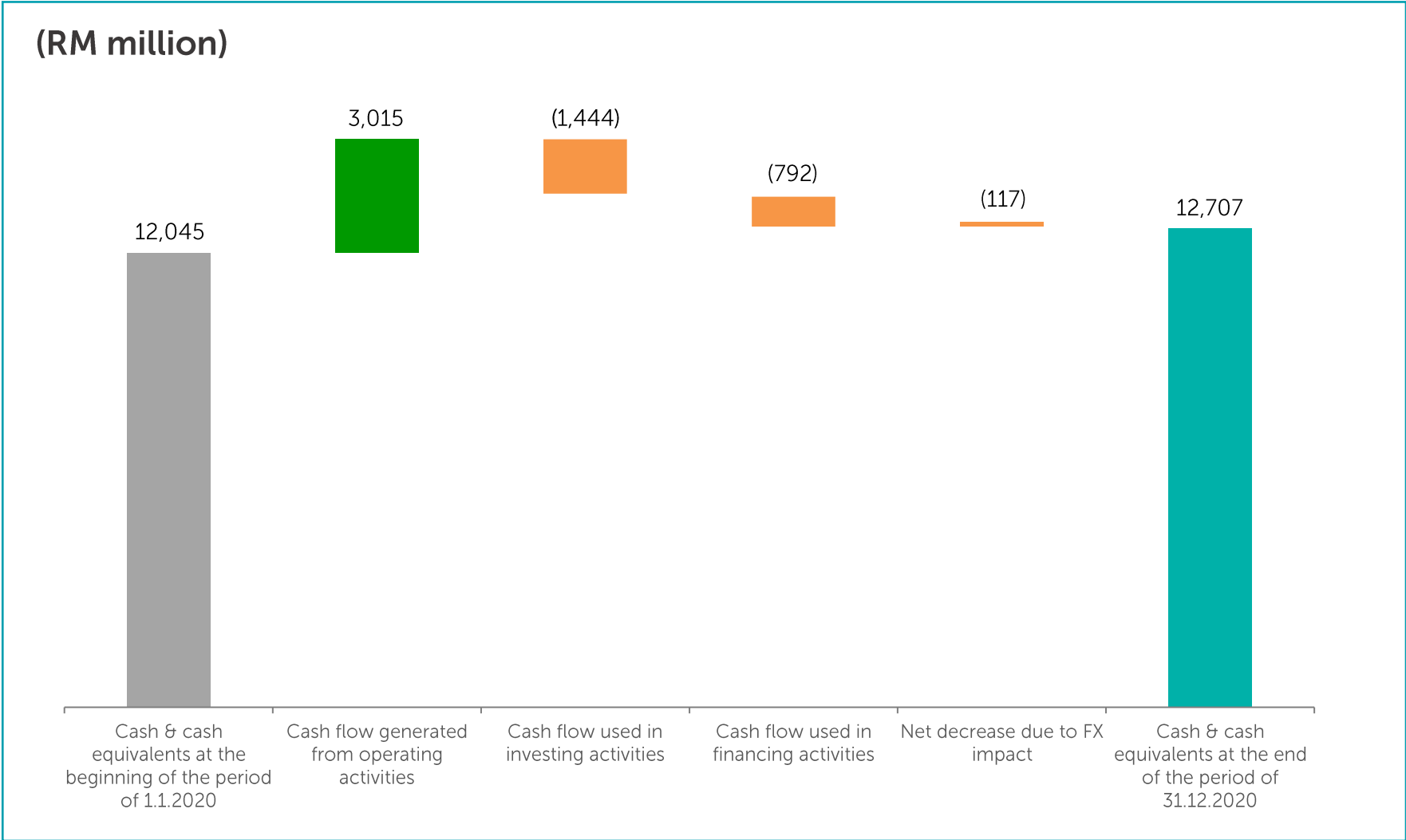


## Total Equity & Liabilities

(RM million)



# Cash Flows for the year ended 31 December 2020



# Performance Highlights : Operational



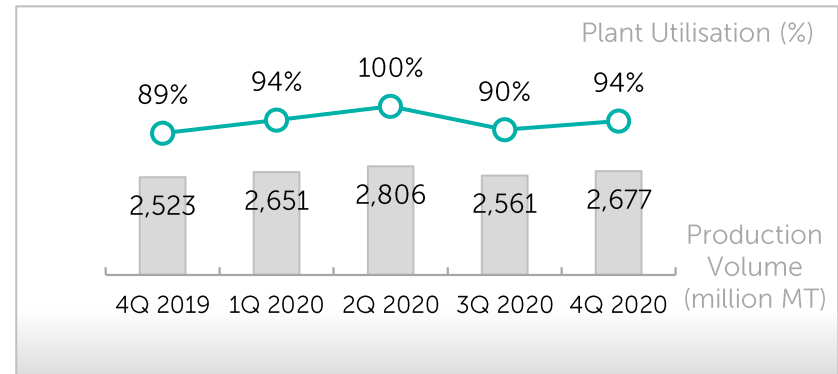
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## 94%

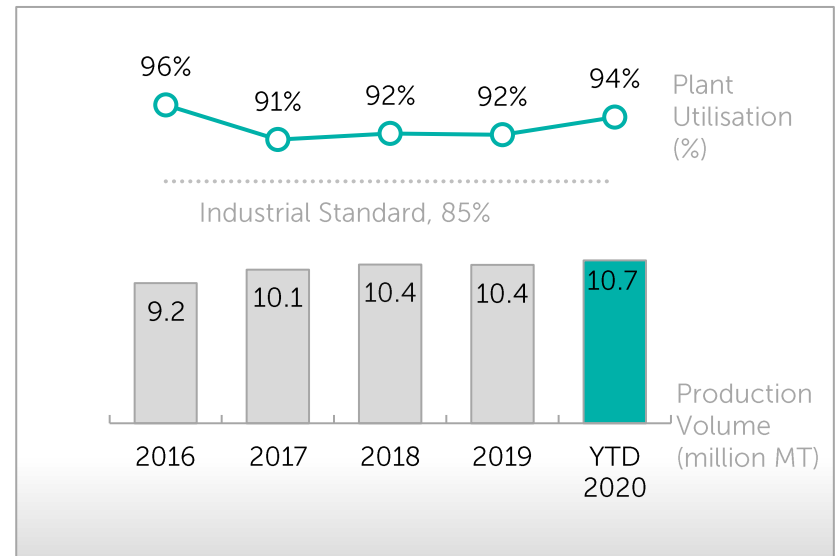
### Plant Utilisation despite disruptions

- Achieved highest annual production volume at 10.7 million metric tonne
- Successful completion of turnaround at MTBE plant
- Highest annual urea production since addition of PC Fertiliser Sabah in May 2017, at 2.4 million metric tonne

## Quarterly Group Performance



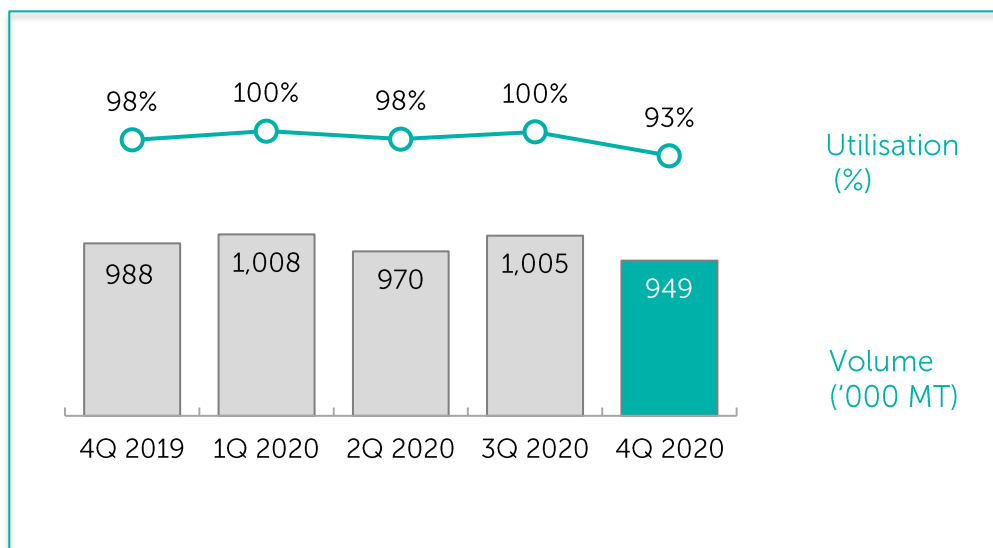
## Annual Group Performance



# Performance Highlights : Segmental Operational

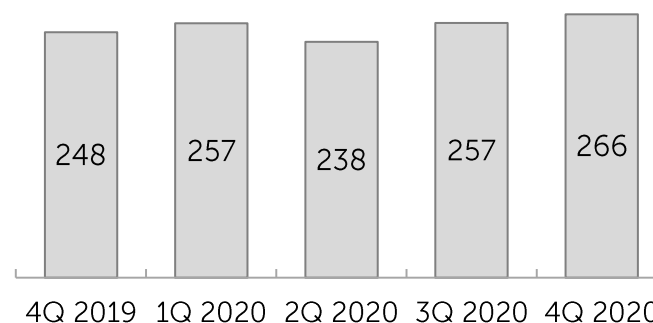


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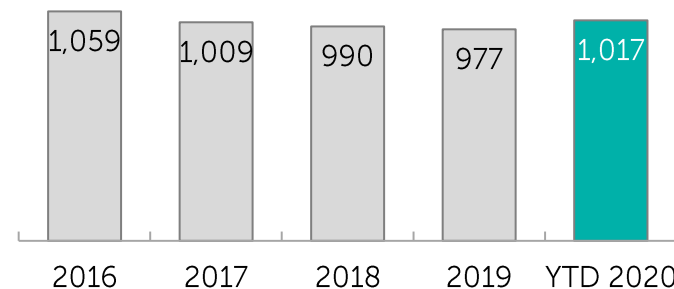


## Ethylene Production

Quarterly Volume ('000 MT)



Annual Volume ('000 MT)



## OLEFINS AND DERIVATIVES (O&D)

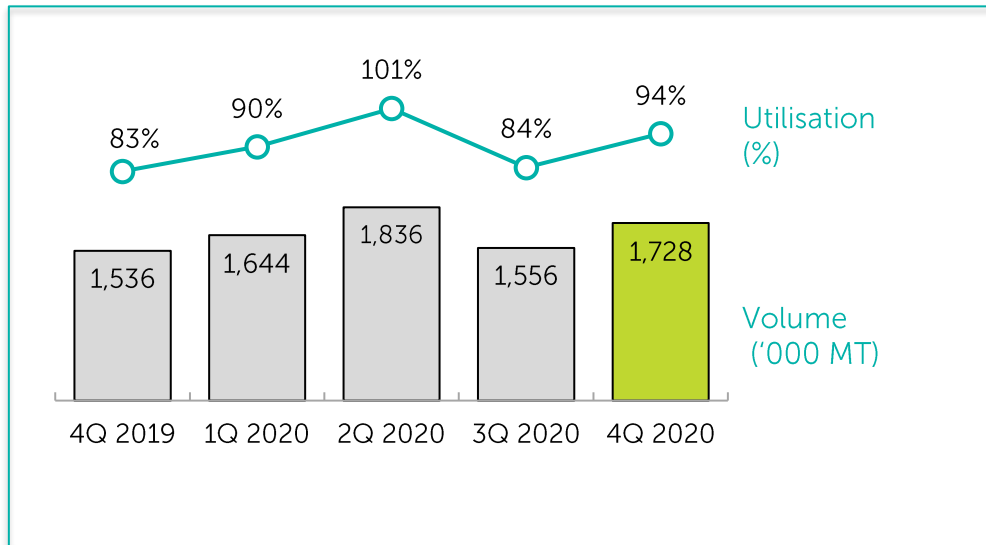


- Flawless TA execution at MTBE plant in October and November 2020
- Highest quarterly ethylene volume in 2020 following improved feedstock supply, impacted by gas curtailment due to COVID-19 pandemic since March

# Performance Highlights : Segmental Operational



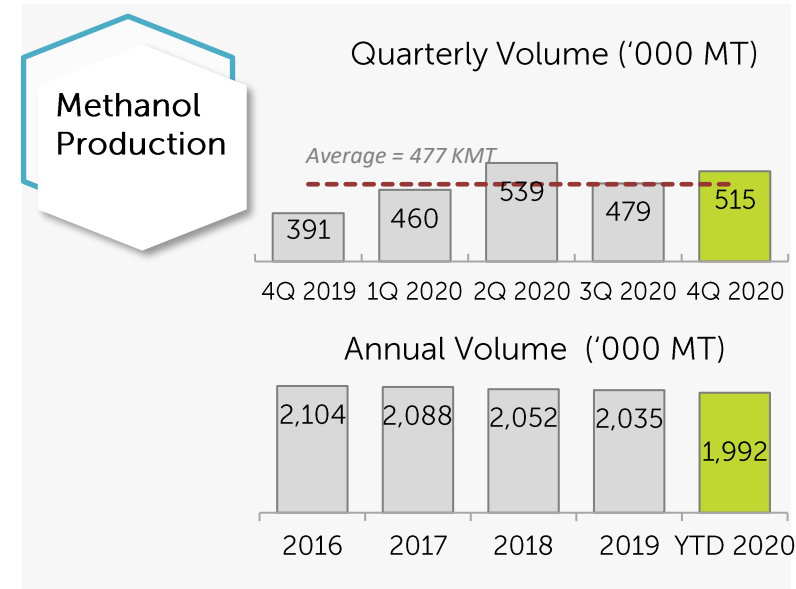
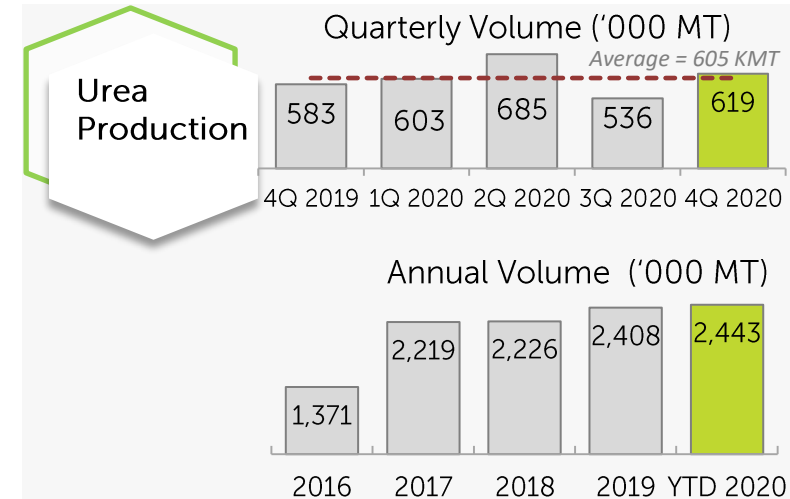
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## FERTILISER AND METHANOL (F&M)



- F&M segment achieved better utilisation against preceding and corresponding quarter following TA deferment at Labuan
- Stable urea and methanol production with reliable operation of fertiliser plant in Sipitang and uninterrupted feedstock supply to methanol plant in Labuan



# Performance Highlights : Operational – Projects Updates



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**PIC-PETCHEM overall progress at 100% completion as of December 2020**

**Effective management of COVID-19 to keep progress on track**



**Gearing for integrated start-up**

# Performance Highlights : Operational - Conclusion

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## 2020 Highlights

- Recorded highest annual production volume at 10.7 mil MT and sustained group plant utilisation above 90% since 2016
- 100% completion of PIC-PETCHEM overall progress
- Successful TA completion at MTBE plant in Gebeng, with zero HSE incidents, despite COVID-19 outbreak

## Outlook for 2021

- Start of another 3-years cycle of heavy turnaround and maintenance activities
- Plant utilisation remains above 90%



# Performance Highlights : Commercial – Olefins & Derivatives



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## Ethylene



**Q4 2020**  
(vs Q3 2020)



- Improved overall energy market
- Healthy downstream demand

**Outlook**  
(3 Months)



- Short supply due to several NEA cracker TA
- Downstream plant start-ups provide support

## Polymers



**Q4 2020**  
(vs Q3 2020)



- Tight supply
- Improved demand supported by restocking activities

**Outlook**  
(3 Months)



- Export limitations due to high freight & container shortage
- Demand expected to return in March post CNY

## MEG



**Q4 2020**  
(vs Q3 2020)



- Reduced supply due to lower OR, TA and no deep-sea cargoes
- Healthy demand

**Outlook**  
(3 Months)



- Reduced import supply due to major shutdowns
- Polyester demand expected to return post CNY holidays

## Paraxylene



**Q4 2020**  
(vs Q3 2020)



- Reduced supply from shutdowns and lower OR
- Improved demand

**Outlook**  
(3 Months)



- Sufficient supply
- Demand supported by new PTA capacities to start up in Q1

# Performance Highlights : Commercial – Fertilisers and Methanol



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## Urea



**Q4 2020**  
(vs Q3 2020)



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

**Outlook**  
(3 Months)



- ◆ Global tight supply coupled with ME plant outages
- ◆ Healthy demand globally

## Ammonia



**Q4 2020**  
(vs Q3 2020)



- ◆ Sufficient supply
- ◆ Buyers fulfilling term requirements

**Outlook**  
(3 Months)



- ◆ Global tight supply due to plant outages
- ◆ Rising demand from India and Far East Asia for restocking activity

## Methanol



**Q4 2020**  
(vs Q3 2020)



- ◆ Limited supply due to outages in SEA and ME
- ◆ Continuous strong methanol demand

**Outlook**  
(3 Months)



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

## KEY HIGHLIGHTS

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## PERFORMANCE HIGHLIGHTS

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## MOVING FORWARD

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# Uphill economic recovery, volatility here to stay



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- ⊕ Economic recovery
- ⊕ Stabilising crude oil prices
- ⊖ Lingering impact of pandemic, continued lockdowns
- ⊖ Uneven global growth



- Uphold Health, Safety and Environmental practices
- Enhance operational and commercial capabilities thru digital platforms
- Strict adherence to financial discipline



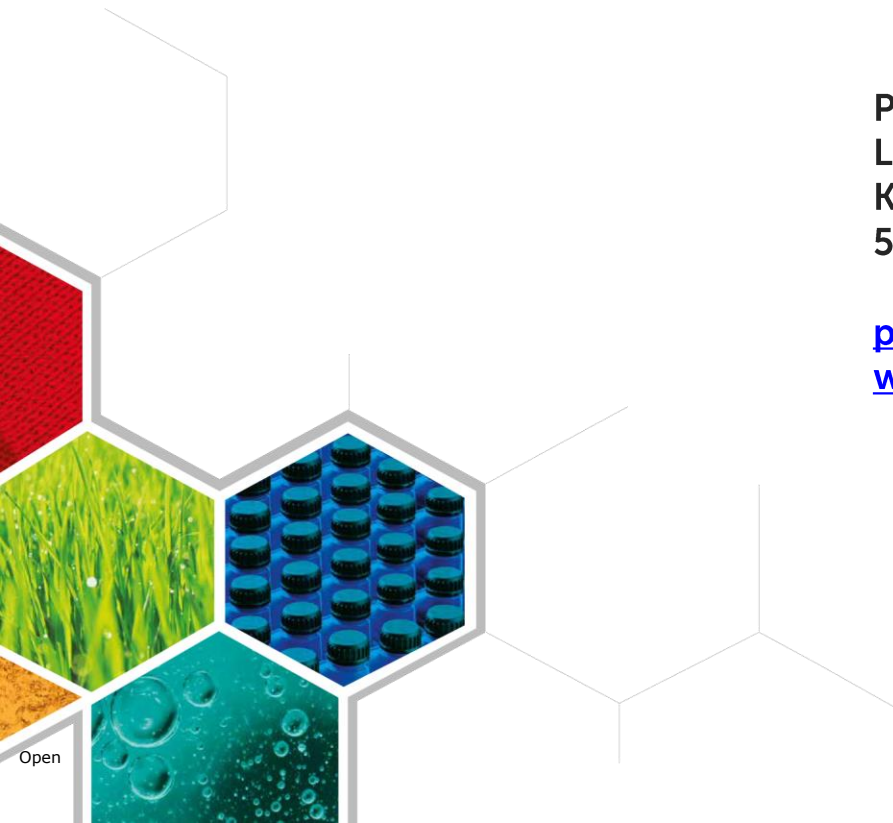
- Gearing for full start up Pengerang Integrated Complex
- Pursue growth and diversification in specialty chemicals segment
- Continued investment in R&D

# THANK YOU

For further enquiries please contact us at:

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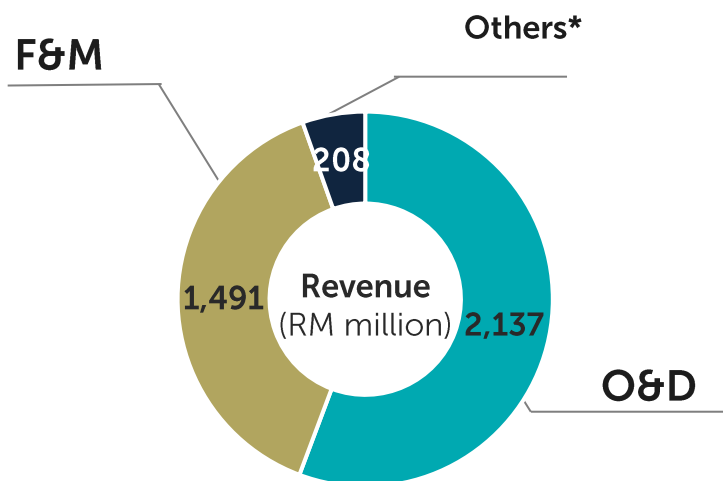


# Performance Highlights : Financials



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## Olefins & Derivatives

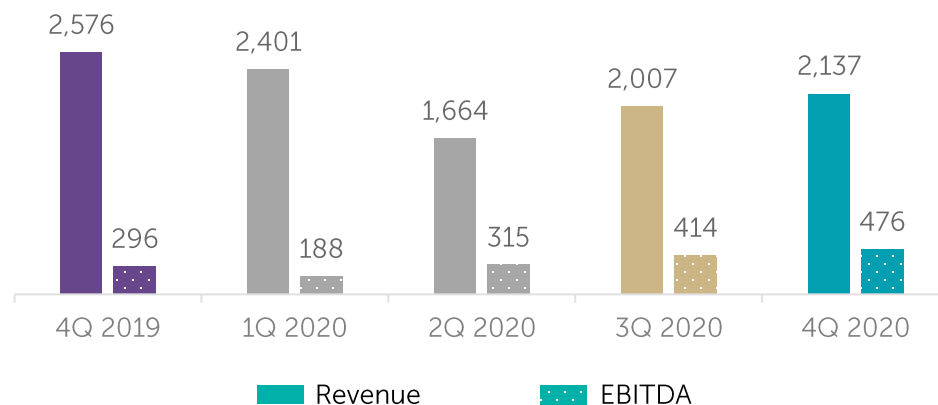


- Lower plant performance year-on-year due to higher level of turnaround activities at PC MTBE;
- Lower average product prices year-on-year in line lower crude oil prices (except for ethylene, polymers and ethylene glycols).

\* 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.

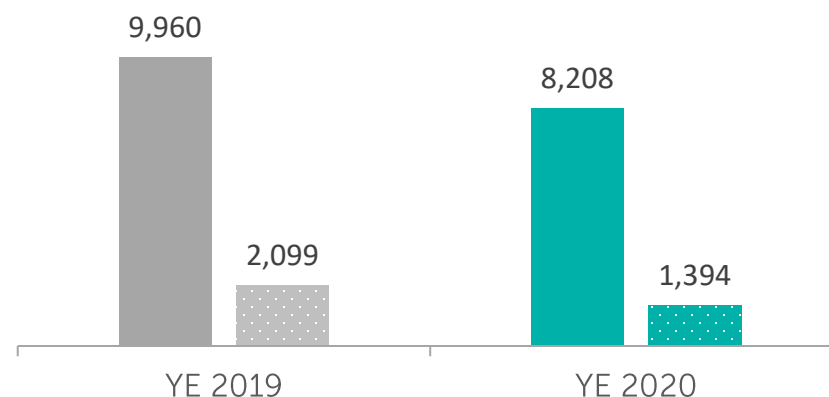
## Quarterly Revenue & EBITDA

(RM million)



## Cumulative Revenue & EBITDA

(RM million)



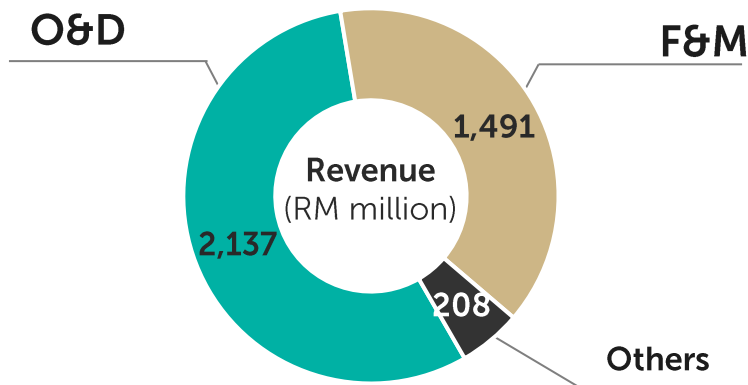
# Performance Highlights : Financials



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## Fertilisers & Methanol

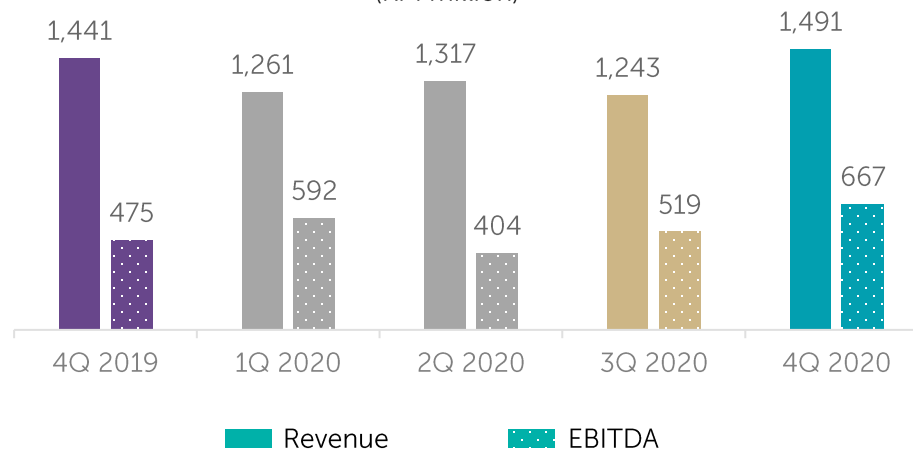


- Higher plant performance year-on-year due to nil turnaround activities in 4Q 2020;
- Higher average product prices year-on-year due to improved demand.

\* 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)

