



PETRONAS CHEMICALS GROUP BERHAD

**Analyst Briefing for Quarter
Ended 31 March 2017**

**15th May, 2017
6.00 pm**

Disclaimer

Warranties and Exclusion of Liability

PETRONAS Chemicals Group Berhad ("PCG"), its subsidiaries and related corporations confirm that care has been taken in ensuring the accuracy and correctness of information, statements, text, articles, data, images and other materials contained and appearing in this presentation and the associated slides (hereinafter referred to as "the MATERIALS"). Accordingly PCG, its subsidiaries and related corporations and its or their directors, officers, employees, agents and advisers (hereinafter referred to as "We") represent that, to the best of our knowledge and belief that the MATERIALS which are owned and directly related to us therein are accurate, correct and true.

The MATERIALS is not exhaustive. We do not assume any obligation to add, delete or make any changes to the MATERIALS and we may do so, if we feel necessary, without prior notice.

We expressly disclaim all liabilities whatsoever for any direct, indirect, special or consequential loss or damages howsoever resulting directly or indirectly from the access to or the use of this MATERIALS and the reliance on the MATERIALS contained herein. You should rely on your own evaluation and assessment of the MATERIALS in order to arrive at any decision. Any decision made by you based on the MATERIALS is your sole responsibility.

The MATERIALS may also contain information provided by third parties and we make no representation or warranty regarding the accuracy, reliability, truth and completeness of the said third parties' information.

In no event would the MATERIALS constitute or be deemed to constitute an invitation to invest in PCG, its subsidiaries and related corporations or an invitation by PCG, its subsidiaries and related corporations to enter into a contract with you.

Forward Looking Statements and Associated Risks

The MATERIALS and related discussions, including but not limited to those regarding the petrochemicals environment, anticipated demand for petrochemicals, plant turnaround activity and costs, investments in safety and operational risk, increase in turnaround activity and impact on production, future capital expenditures in general, generation of future receivables, sales to customers, cash flows, costs, cost savings, debt, demand, disposals, dividends, earnings, efficiency, gearing, growth, strategy, trends, reserves and productivity together with statements that contain words such as "believe", "plan", "expect" and "anticipate" and similar expressions thereof may constitute forward looking statements.

Such forward-looking statements are subject to certain risks and uncertainties, including but not limited to, the economic situation in Malaysia and countries in which we transact business internationally, increases in regulatory burdens in Malaysia and such countries, changes in import control or import duties, levies or taxes in international markets or in Malaysia, and changes in prices or demand for products produced by us, both in Malaysia and in international markets, as a result of competitive actions or economic factors. Such forward looking statements are also subject to the risks of increased costs in related technologies and such technologies producing expected results, and performance by third parties in accordance with contractual terms and specifications.

Should one or more of these uncertainties or risks, among others, materialise, actual results may vary materially from those estimated, anticipated or projected. Specifically, but without limitation, capital costs could increase, projects could be delayed, and anticipated improvements in capacity or performance may not be fully realised. Although We believe that the expectations of management as reflected by such forward looking statements are reasonable based on information currently available, no assurances can be given that such expectations will prove to have been correct. Accordingly, you are cautioned not to place undue reliance on the forward looking statements. We undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

This presentation and its contents are strictly confidential and must not be copied, reproduced, distributed, summarised, disclosed, referred or passed to others at any time without the prior written consent of PCG.

■ Plant utilisation (PU) at 99%

- No turnaround during the quarter
- Stable feedstock supply

■ Sales volume increased 16% y-o-y

- Improved demand, tight supply
- Firmer petrochemical product prices

■ EBITDA margin at 41%

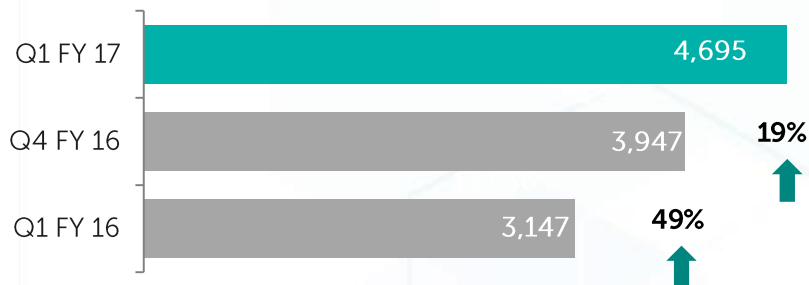
- Better spreads, lower unit cost
- Favourable forex impact

1Q 2017 Group Financial Results



PETRONAS

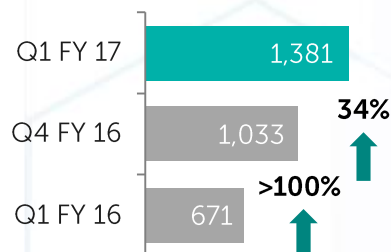
Revenue



Higher revenue mainly due to:

- Higher volume
- Improved product prices

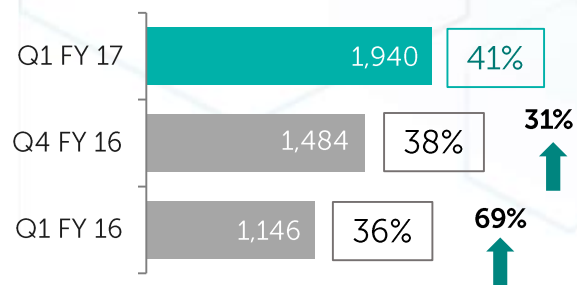
PAT



Higher PAT contributed by:

- Higher volume
- Lower overall unit cost

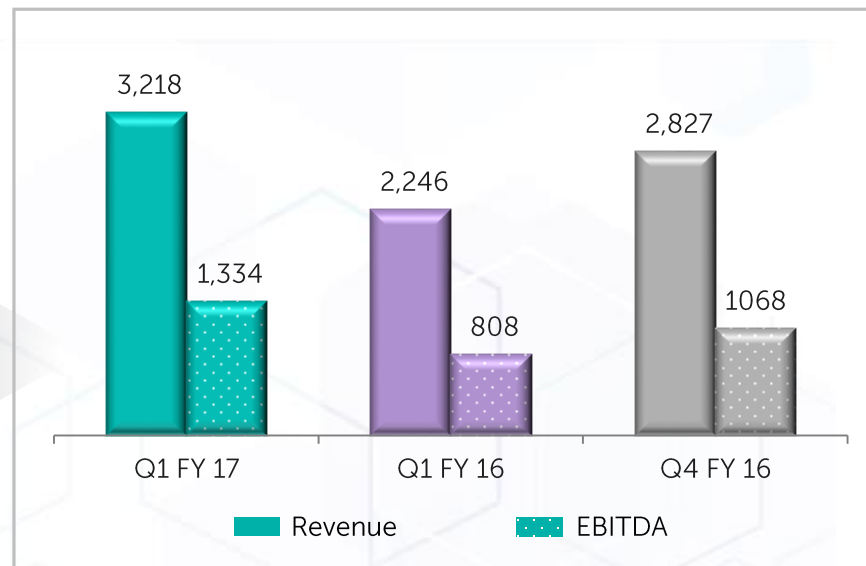
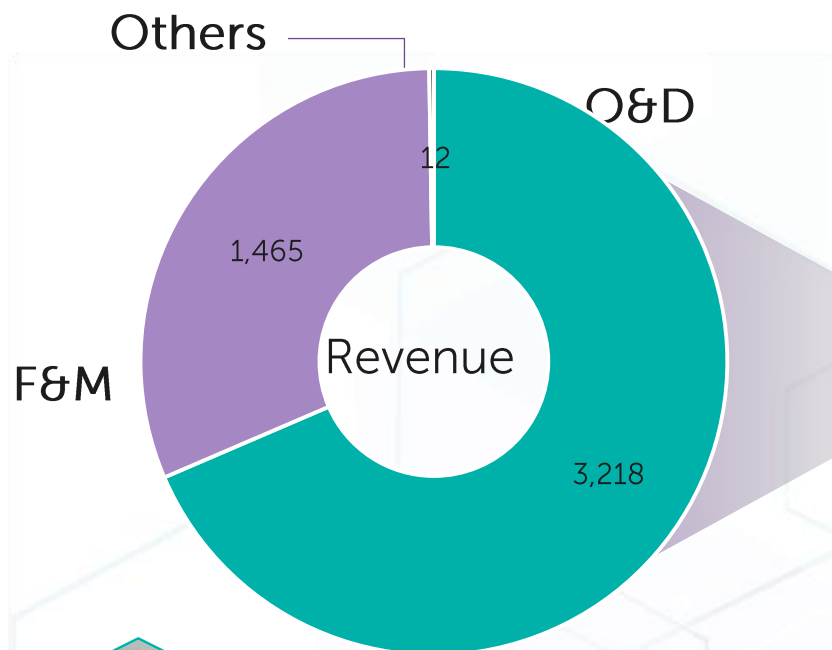
EBITDA



Increased EBITDA due to:

- Higher sales volume
- Improved spreads
- Positive currency impact

Segmental Results: Olefins & Derivatives

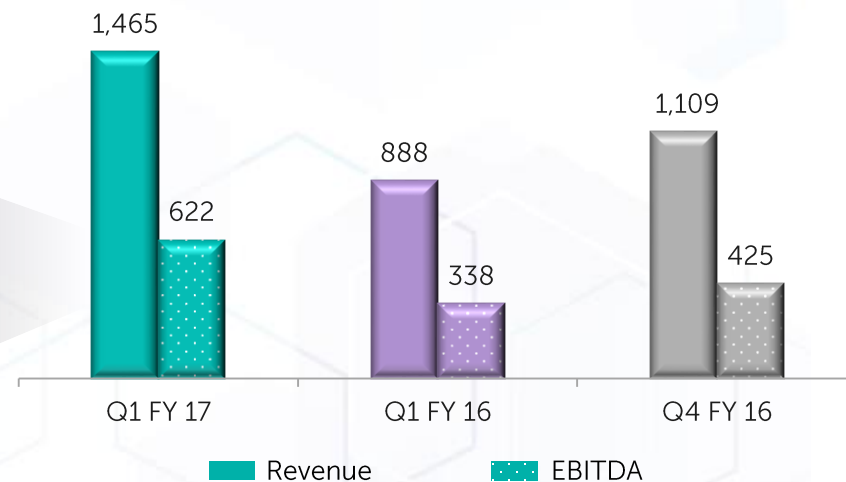
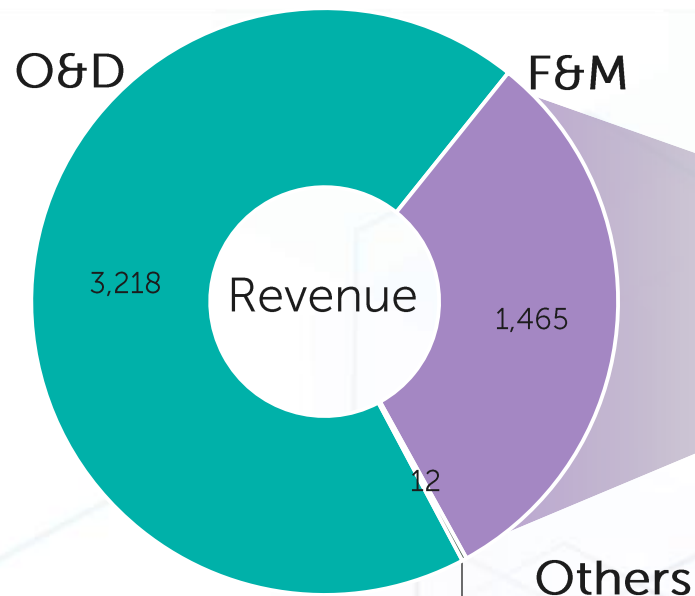


- Improved market on higher crude oil prices.
- Higher earnings due to:
 - ✓ Improved product prices
 - ✓ Lower unit costs

Segmental Results: Fertilisers & Methanol



PETRONAS



- Better product prices with tight supply and improved demand
- Ammonia still feels the impact of global oversupply.
- EBITDA improved with better spreads.



Balance Sheet as at 31 March 2017

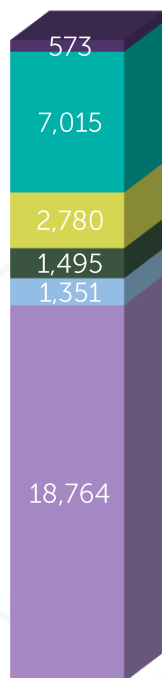


PETRONAS

Total Assets

31,978

31,948



Others

Cash & cash equivalents

Trade & other receivables

Trade & Other

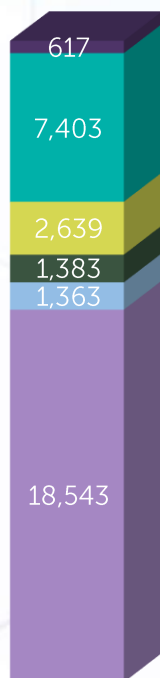
inventories

Investment in joint ventures and associates

Property, plant and equipment (PPE)

As at 31.03.2017

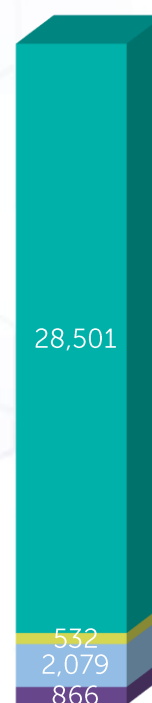
As at 31.12.2016



Total Equity & Liabilities

31,978

31,948



Equity

Other liabilities

Trade & other payables

Deferred tax liabilities

As at 31.03.2017

As at 31.12.2016

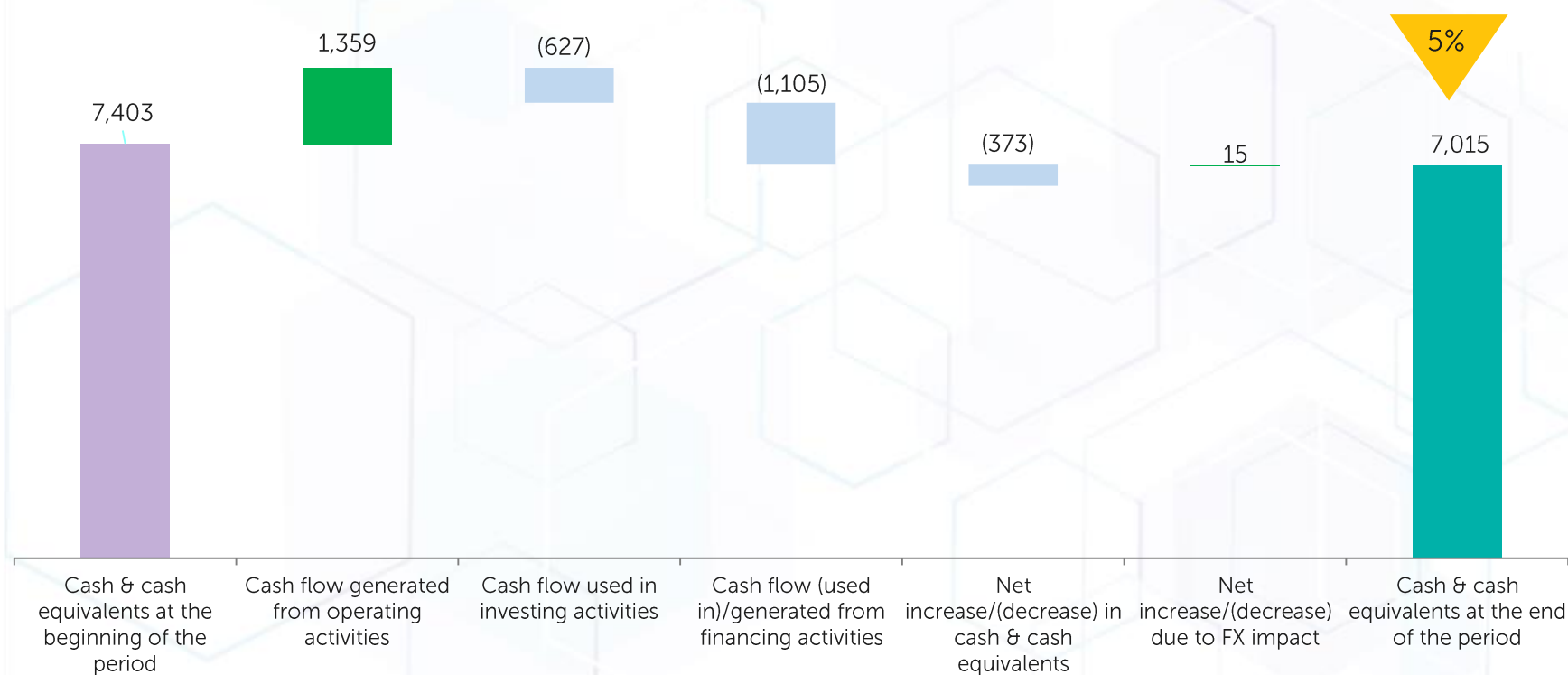


Cash flow as at 31 March 2017



PETRONAS

Statement of Cash Flows (RM million)

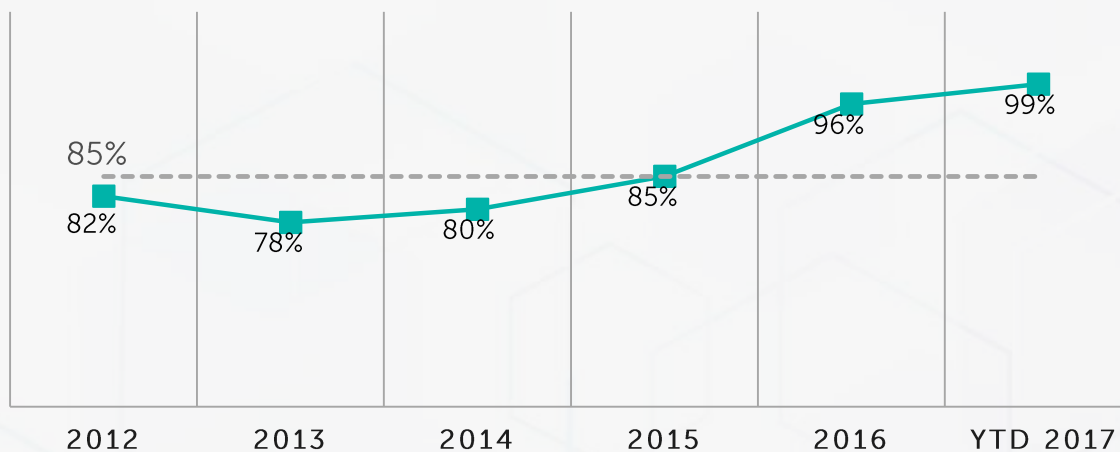


Strong start to 2017, PU 99%

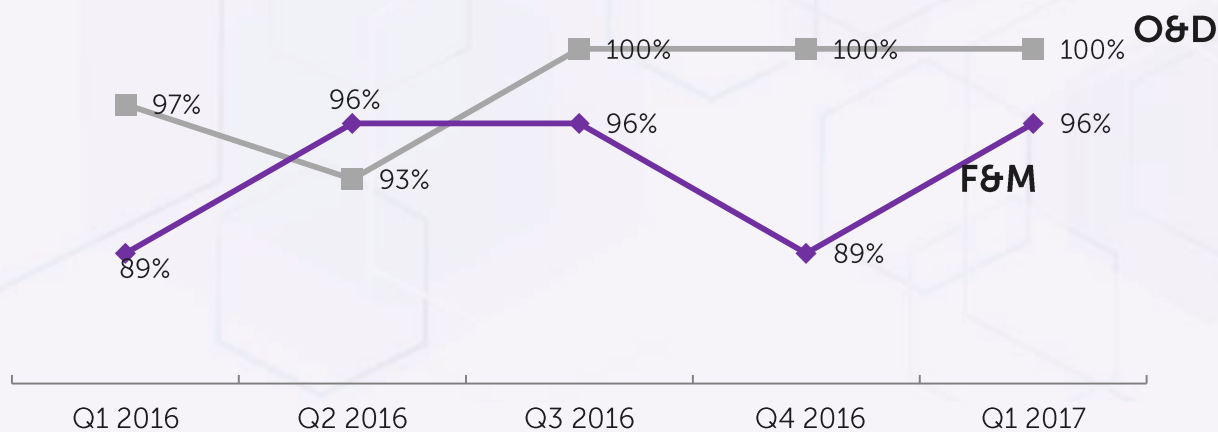


PETRONAS

GROUP PLANT UTILISATION (%)



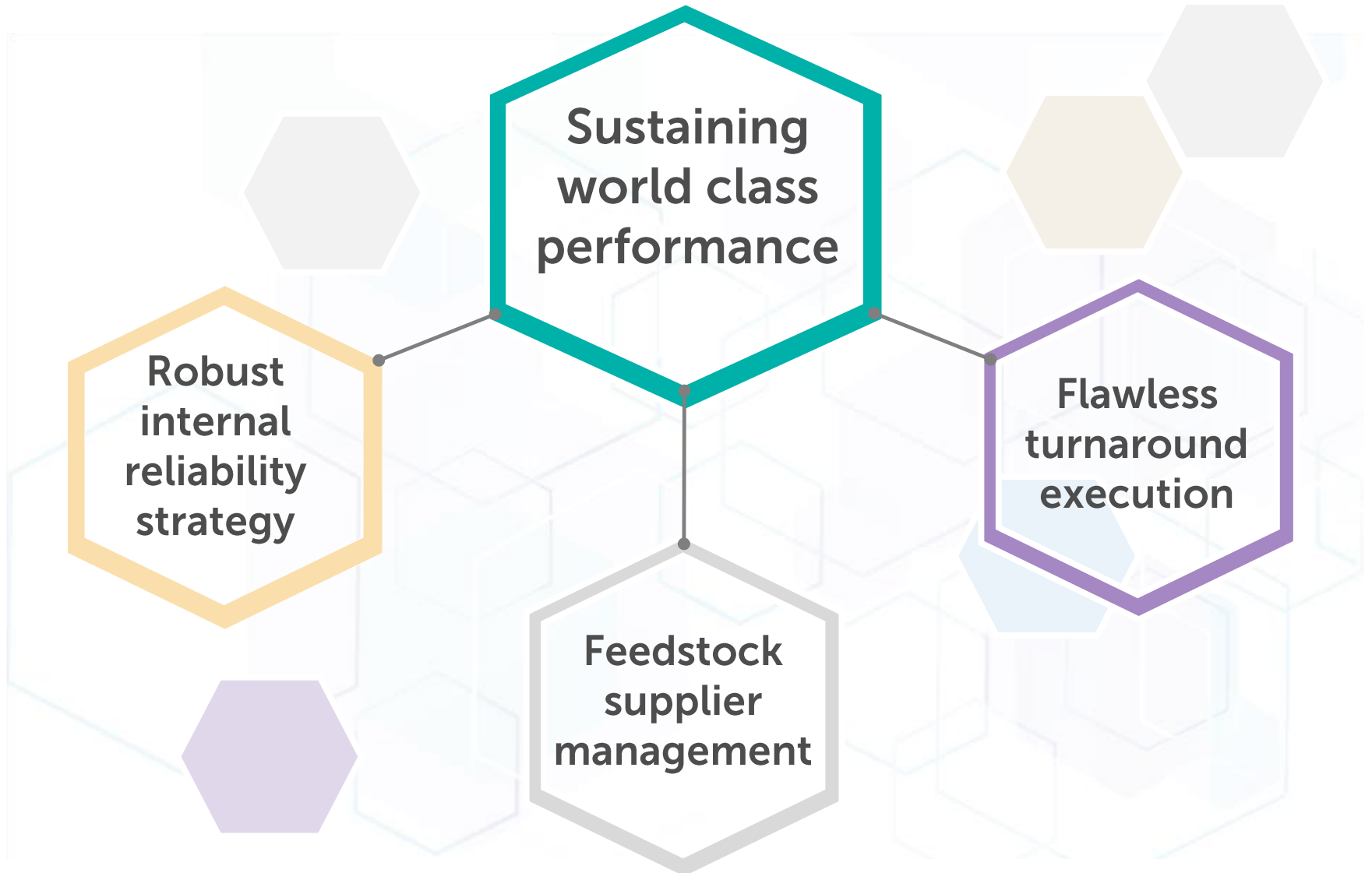
Segmental Plant Utilisation (%)



The Game plan



PETRONAS





Urea capacity addition

- On the Company's growth initiatives, PCG reported that its Sabah Ammonia Urea (SAMUR) plant has reached full design capacity and achieved commercial operations this month.



Value added products

- The commissioning process of the Integrated Aroma Ingredients Complex is progressing well to meet the range of 2017 start-up schedule while HR-PIB is expected to be commissioned in the fourth quarter of 2017 as planned.

Summary of Q1 2017 vs preceding & forecasted Quarter

Olefins & Derivatives

Q1 2017 vs Q4 2016



Q1 2017 vs Q2 2017



Fertilisers & Methanol

Q1 2017 vs Q4 2016



Q1 2017 vs Q2 2017



Commercial : Olefins & Derivatives Outlook



PETRONAS

O&D market anticipated to be soft with supply recovery and slow-moving demand

Ethylene



- Ample supply in SEA and NEA
- Improved downstream demand

Polymers



- Excess supply from ME and SEA
- Stable end product demand

MEG



- Resumption of normal supply from ME and SEA
- Stable seasonal demand from polyester industry

Aromatics



- Oversupply in Asia with new PX capacity on-stream
- Weak demand from PTA plants

Mixed outlook for F&M as market correction takes place

Urea ↓



- ◆ Lower anticipated seasonal demand on high inventory
- ◆ Buyers waiting on sidelines in anticipation of weakening price

Ammonia ↑



- ◆ Scheduled maintenance in ME and Oceania
- ◆ Stable downstream demand

Methanol ↓



- ◆ Widening disparity between imports and China domestic price
- ◆ Stable demand in traditional derivative markets

Q1 2017 highlights...

Overall Good performance through:

♦ **Focused execution** of all Commercial Excellence initiatives with emphasis on:

- *Enhancing presence in Focus Market*
- *Implementation of Key Account Management*
- *Capability Building*

Moving forward to Q2 2017

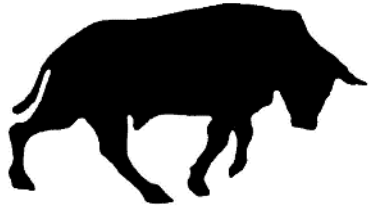
♦ **Drive performance through continuation of Commercial Excellence initiatives focusing on:**

- *Execution of route-to-market activities in selected countries*
- *Embarking on sales force effectiveness initiative*

PCG remains cautious on uncertainties



PETRONAS



Oil price recovery

Improving global economy

Market uncertainty

Increasing protectionism

Supply overhang



PCG will continue to focus on key success areas



PETRONAS

EXCELLENCE

Operational
Excellence

- Sustain world-class operational performance and strengthen HSE program

Commercial
and
Innovation
Excellence

- Deliver value through commercial excellence and tailor-made solutions

DYNAMIC GROWTH

Growth
Projects

- Effective project delivery
- Route-to-market execution and operation readiness
- Continue exploring downstream derivatives and specialties



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

EXCELLENCE. DYNAMIC GROWTH



For further enquiries please contact us at:

PETRONAS Chemicals Group Berhad
Level 14, Tower 1, PETRONAS Twin Towers
Kuala Lumpur City Centre,
50088 Kuala Lumpur, MALAYSIA

petronaschemicals_ir@petronas.com.my
www.petronaschemicals.com.my

THANK YOU