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PETRONAS Chemicals Group Berhad Analyst Briefing

First Quarter Ended 31 March 2024

29 May 2024

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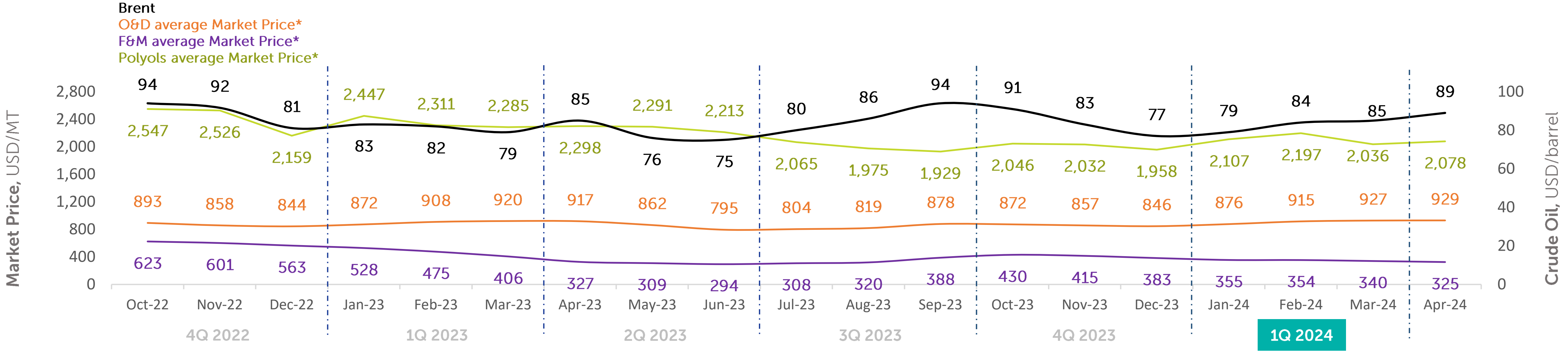
Content

Average product prices declined as slow down persists. Oversupply coupled with soft downstream demand offset by supply disruption and restocking of selected chemicals.



1Q 2024 Market Highlights

The global manufacturing sector improved marginally in tandem with global GDP growth compared to 1Q 2023 underpinned by US-led improvements and modest recovery in China and Europe.

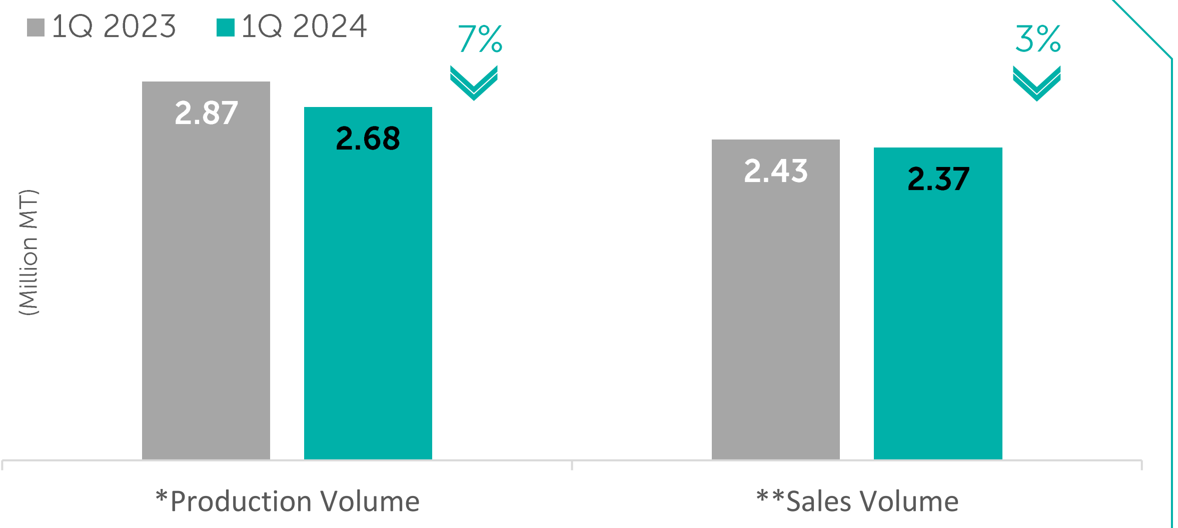
The benchmark Brent crude of USD83/bbl *(1Q 2023: USD81/bbl)* remained at par, keeping cost pressures high for producers.

However, global chemical sector declined during the period, with Asia Pacific registering sharper decline.

Compared to 1Q 2023, average product prices in F&M and Specialties segments declined while average O&D prices were marginally higher.

**Source: market publications, PCG analysis*

1Q 2024 Highlights : Improved financial performance amid challenges in operational front-line



	1Q 2023	1Q 2024
REVENUE *in RM Million*	7,557	7,499
EBITDA *in RM Million*	1,083	1,160
PAT *in RM Million*	536	703
EBITDA *margin*	14%	16%

** Production volume: Excludes PIC*

*** Sales volume: Includes PIC (229kmt) and Specialties (244 kmt)*

Internal

Operational Excellence

- Commodity Plant Utilisation rate decreased to 87% due to turnaround activities and unplanned shutdowns.*(1Q 2023: 96%)*
- 7% drop in production volume due to higher internal downtime, partially compensated by a 13% increase in Specialties volume. *(1Q 2023: 2.87 million MT)*

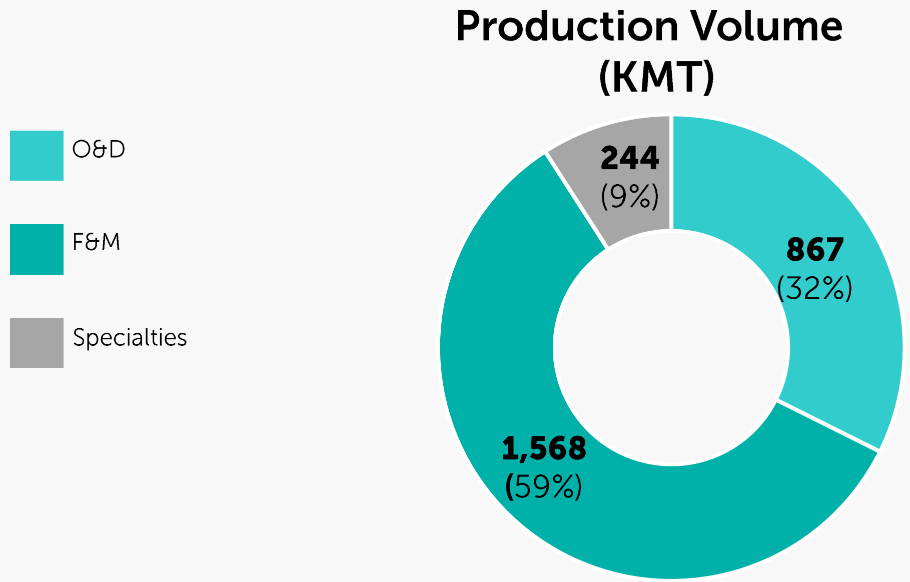
Commercial Excellence

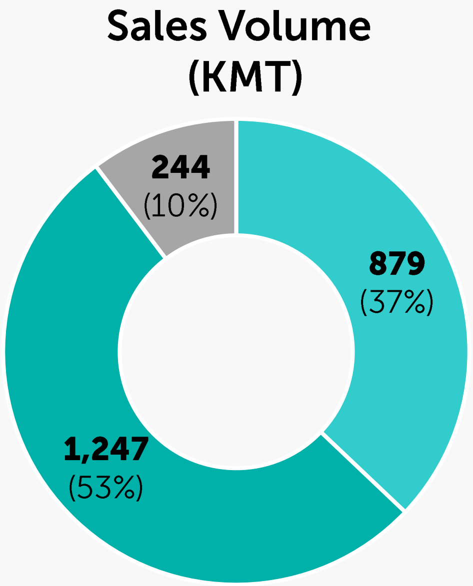
- The total sales volume decreased by 3% at 2.37 million MT due to lower sales for urea, MTBE and propylene. *(1Q 2023: 2.43 million MT).*
- 7% lower average prices year-on-year.

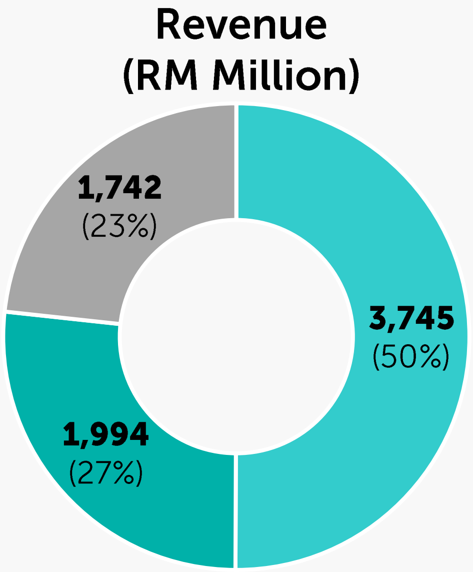
Financial Excellence

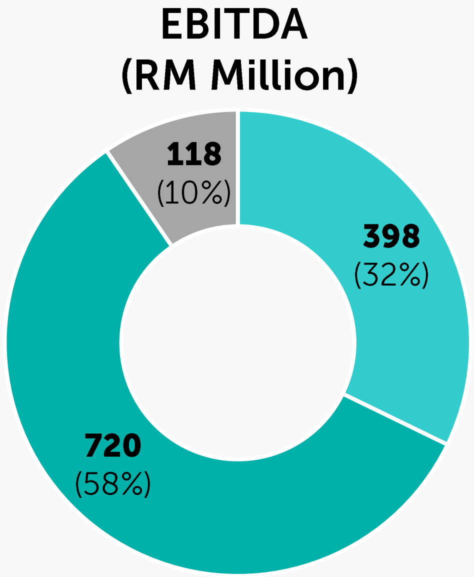
- Comparable revenue despite lower sales volume and lower product prices supported by favorable foreign exchange impact and revenue contribution from joint operation entity.
- 7% EBITDA improvement at RM1.16 billion mainly due to favorable foreign exchange impact, lower fuel and energy & utilities costs partially offset by lower average product spreads.
- 31% increase in PAT at RM703 million due to higher contribution from Perstorp on unrealised forex gain on revaluation receivables, and unrealised forex gain on revaluation on loan for PPC.

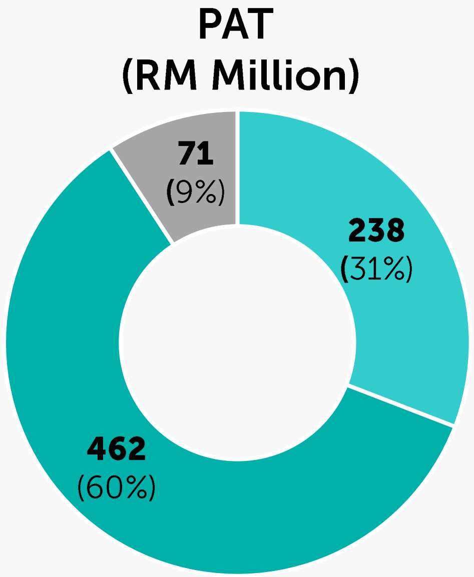
Performance Overview by Segment





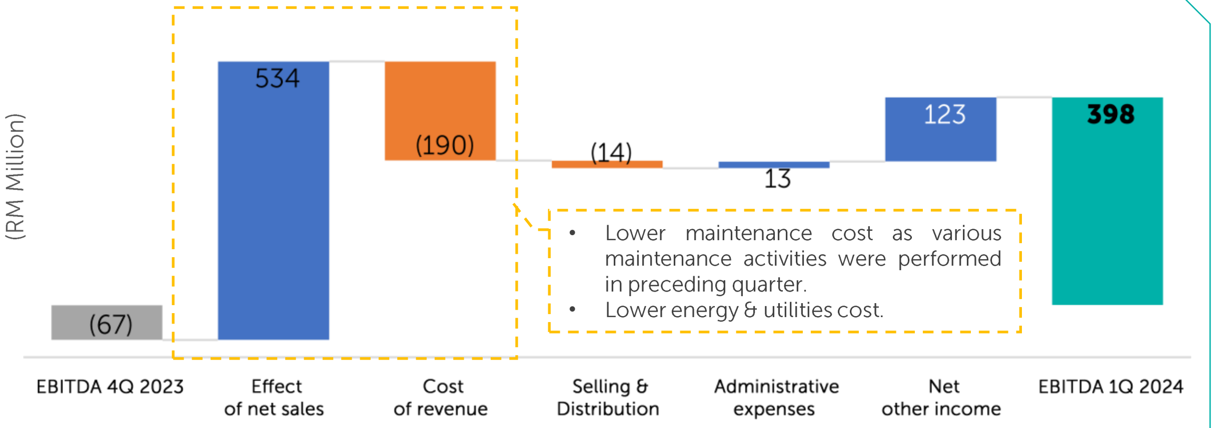






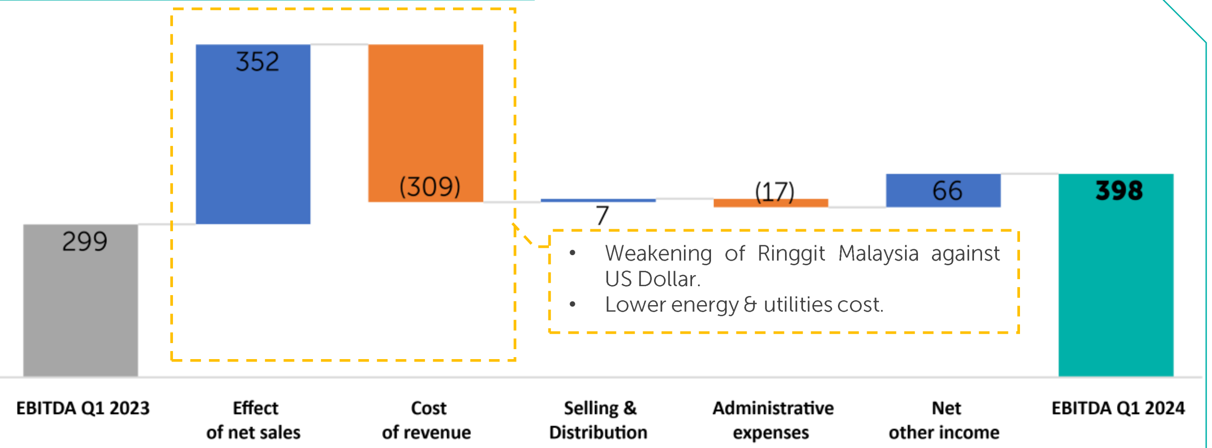
O&D: EBITDA improved on the back of favorable forex and lower operational cost

1Q 2024 vs 4Q 2023



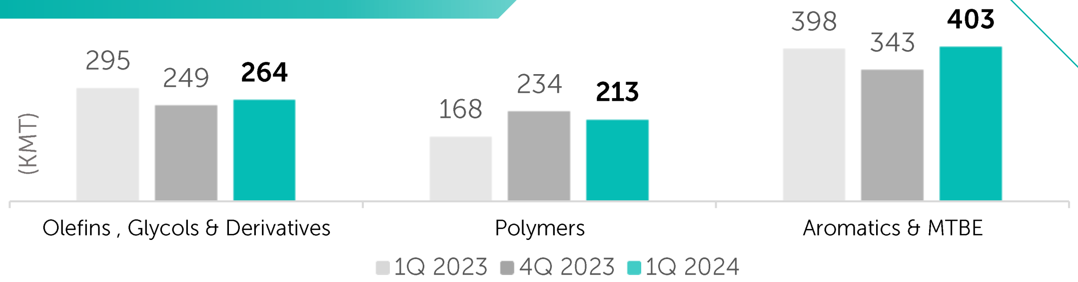
- Lower maintenance cost as various maintenance activities were performed in preceding quarter.
- Lower energy & utilities cost.

1Q 2024 vs 1Q 2023



- Weakening of Ringgit Malaysia against US Dollar.
- Lower energy & utilities cost.

Product Sales Volume



	1Q 2023	4Q 2023	1Q 2024	Q-o-Q	Y-o-Y
Plant Utilisation (PU) %	94.1	70.8	**87.2**	**16.4%**	(6.9%)
Production Volume *(KMT)*	903	721	**867**	**20.2%**	(4.0%)
Sales Volume *(KMT)*	860	826	**880**	**6.5%**	2.2%
Revenue *(RM mil)*	3,393	3,210	**3,745**	**16.7%**	10.4%
EBITDA *(RM mil)*	299	(67)	**398**	**>100%**	33.1%
EBITDA Margin %	8.8	(2.1%)	**10.6**	**12.7%**	1.8%

1Q 2024 vs 4Q 2023

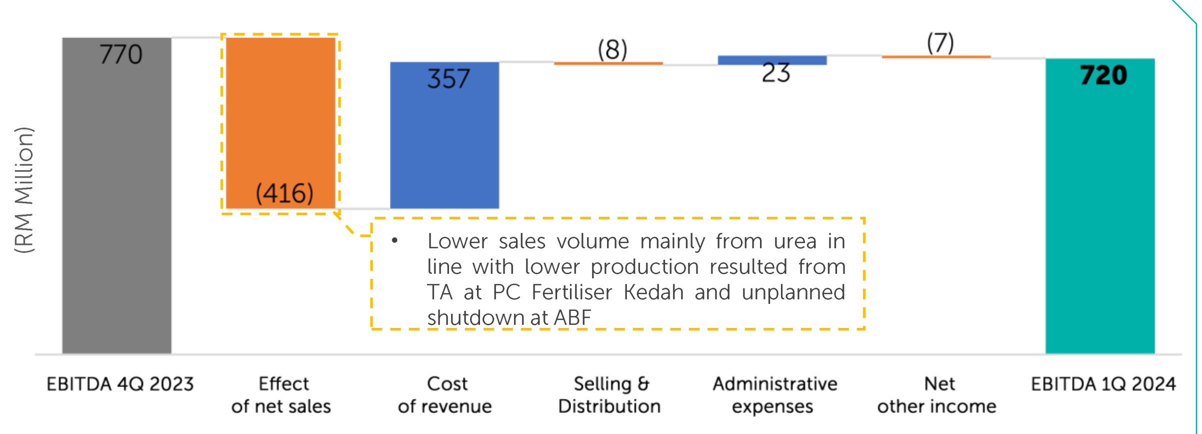
Plant Utilisation Rate: ***Higher*** due to better plant performance at most plants except for PC MTBE.

Revenue: ***Increased*** on favourable forex gain and higher sales volumes.

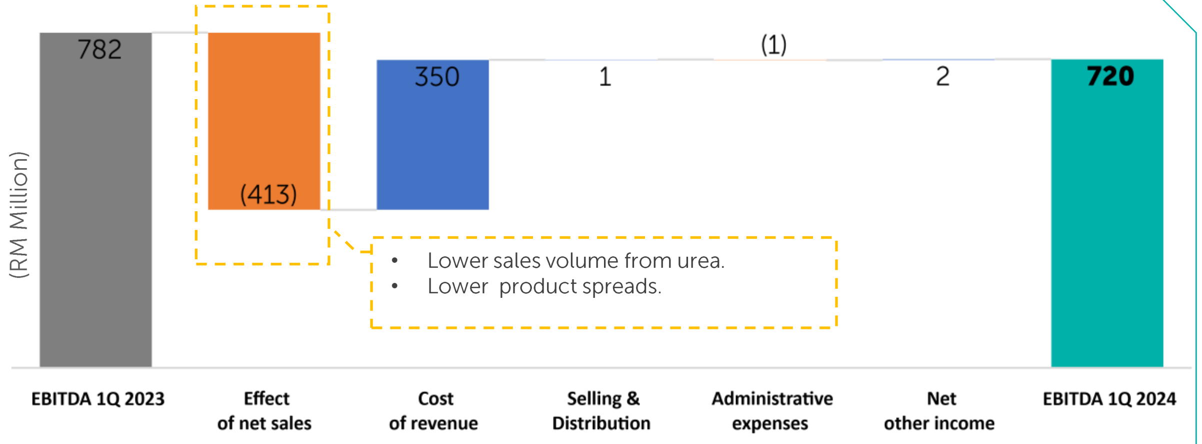
EBITDA: ***Increased*** mainly contributed by higher sales volume, lower maintenance cost at PC Olefins, PC Derivatives, PC MTBE and PC Aromatics as well as lower energy & utilities costs.

F&M: Lower EBITDA on the back of lower sales volume and product spreads

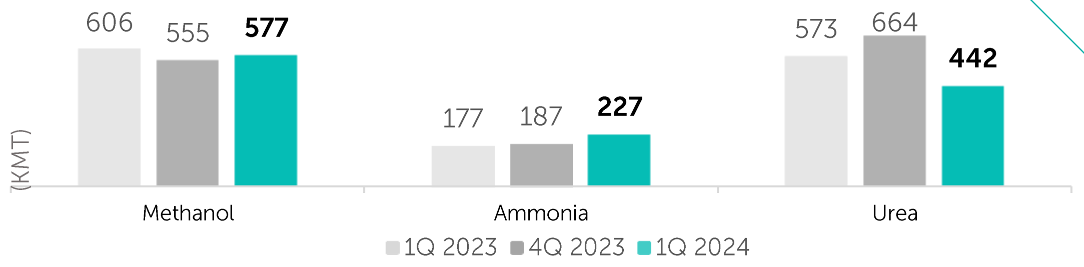
1Q 2024 vs 4Q 2023



1Q 2024 vs 1Q 2023



Product Sales Volume



	1Q 2023	4Q 2023	1Q 2024	Q-o-Q	Y-o-Y
Plant Utilisation (PU) %	97.2	91.2	**86.1**	**(5.1%)**	(11.1%)
Production Volume *(KMT)*	1,752	1,680	**1,568**	**(6.7%)**	(10.5%)
Sales Volume *(KMT)*	1,357	1,406	**1,247**	**(11.3%)**	(8.1%)
Revenue *(RM mil)*	2,407	2,410	**1,994**	**(17.3%)**	(17.2%)
EBITDA *(RM mil)*	782	770	**720**	**(6.5%)**	(7.9%)
EBITDA Margin %	32.5	32.0	**36.1**	**4.1%**	3.6%

1Q 2024 vs 4Q 2023

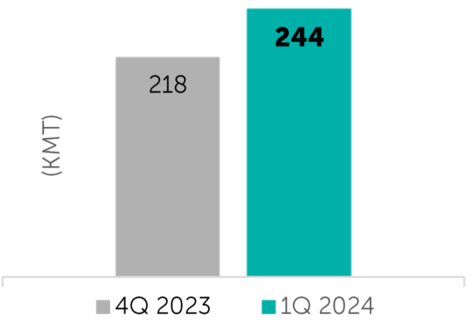
Plant Utilisation Rate: ***Lower*** compared to the preceding quarter due turnaround activities at PC Fertiliser Kedah, and unplanned shutdown plant in Bintulu leading to lower production volume.

Revenue: ***Lower*** mainly due to lower sales volume for urea and F&M product prices.

EBITDA: ***Lower*** mainly due to lower sales volume and product spreads. However, EBITDA margin was higher mainly due to lower fuel cost in line with lower F&M prices and strengthening of US Dollar against Ringgit Malaysia.

Higher EBITDA against 4Q 2023 due to higher demand as well as lower raw material prices

Sales Volume



	1Q 2023	4Q 2023	1Q 2024	Q-o-Q	Y-o-Y	Key highlights
Revenue *RM mil*	1,745	1,582	**1,742**	**10.3%**	(0.3%)	Revenue was mainly driven by higher sales volumes
EBITDA *RM mil*	88	5	**118**	**>100%**	34%	Higher EBITDA q-o-q mainly due to higher margins driven by higher sales volumes and lower raw material costs.
EBITDA Margin *(%)*	5.0	0.3	**6.8**	**6.5%**	36%	

Resins & Coatings

Higher sales volumes contributed by higher demand for liquid polyester, paint additive, intumescent coatings and alkyds with minor uptick in niche construction applications driven by lower raw material costs

Advanced Materials

Higher contribution margin driven by higher sales volumes mainly due to higher demand of PVB Films and PVC Polymer Additives in EMEA region in niche construction and residential building applications.

Engineered Fluids

Higher sales volumes mainly from aviation turbine oils following improved demand from the aviation industry, as well as higher refrigeration lube driven by minor uptick in niche construction applications.

Silicones

- Lower volumes observed in 1Q 2024 vs 4Q 2023 contributed by competition from China and supply chain disruptions.
- The above is partially offset by higher average selling prices attributable to shutdown of Silicone major player and material shortages.

Animal Nutrition

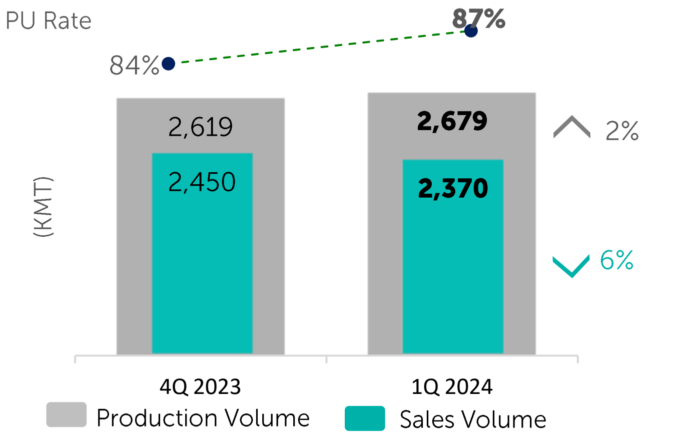
- Comparable sales volumes against 4Q 2023 due to increase in sales volumes from farmers and feed additive segment.
- Higher contribution margin recorded contributed by higher demand of high margin products (Gut Health) and lower costs of raw materials.

Lube Oil Additives & Chemicals

Lower volumes and contribution margin following lower demand of high margin products as well as supply chain disruptions resulting into lower concluded sales.

Improved financial performance on the back of higher product prices and higher contribution from Perstorp

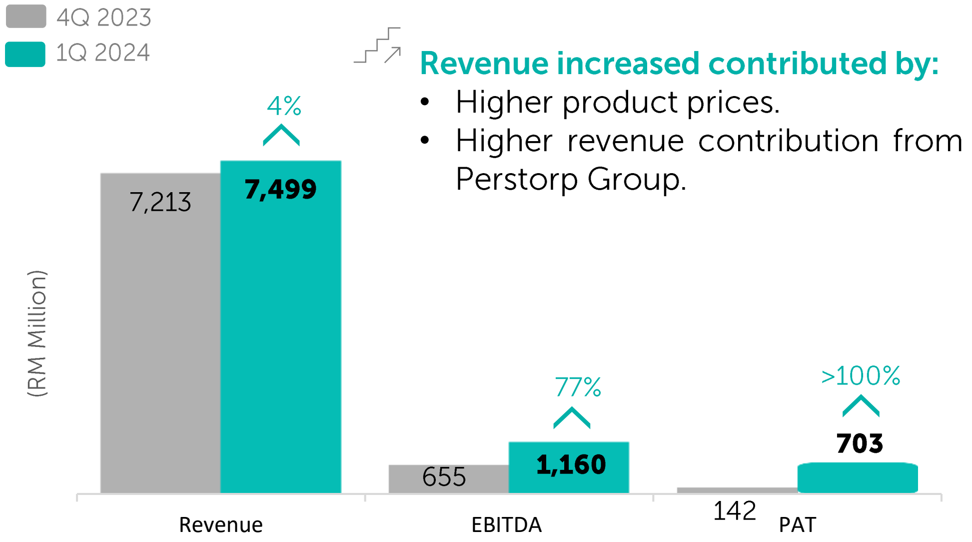
1Q 2024 vs 4Q 2023



Plant Utilisation Rate (PU):
Higher PU rate due to better plant performance at most plants except for ABF and PC MTBE.

Production Volume:
Higher contributed by higher production in O&D and Specialties segments.

Sales Volume:
Declined due to lower sales volume from the commodities business particularly urea, partially offset by higher sales in the specialties segment.



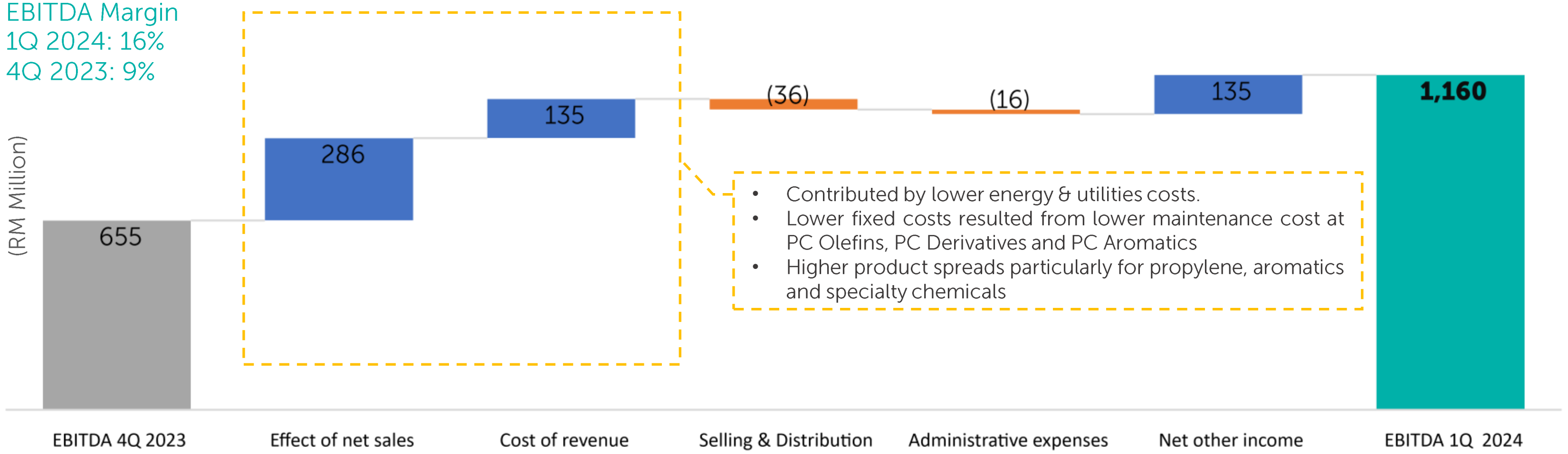
Revenue increased contributed by:
- Higher product prices.
- Higher revenue contribution from Perstorp Group.

Higher EBITDA due to:
- Lower fuel cost.
- Lower maintenance cost.
- Higher O&D product spreads.
- Higher contribution from Perstorp Group.

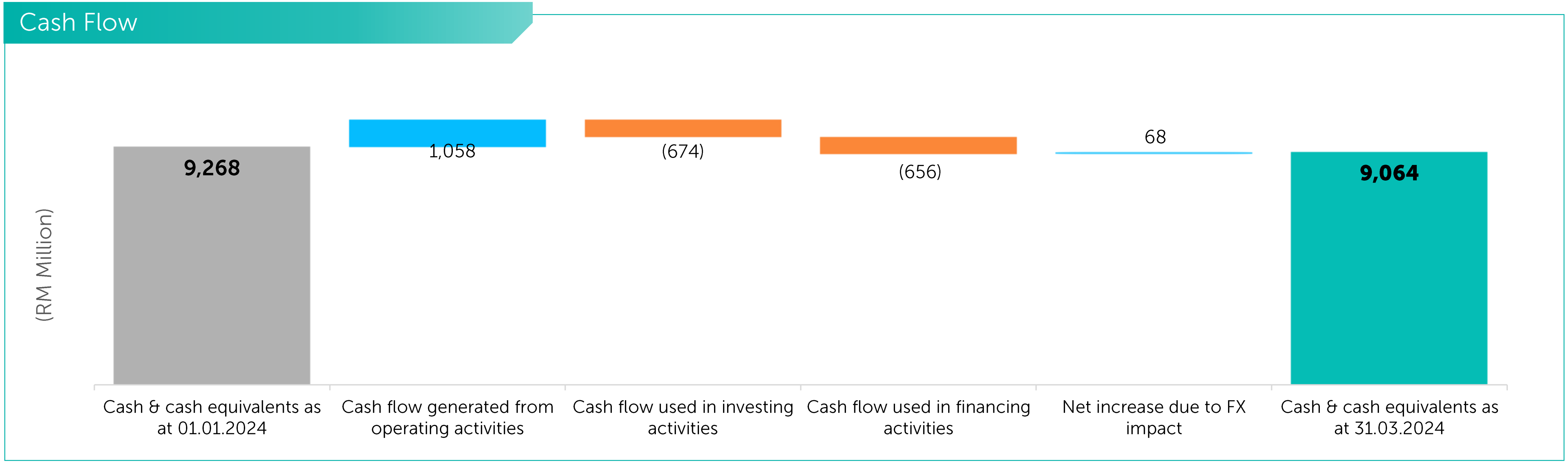
PAT higher due to:
- Higher EBITDA
- Higher unrealised forex gain on revaluation of shareholder's loan to PPC
- Higher contribution from Perstorp Group.

EBITDA MOVEMENT

EBITDA Margin
1Q 2024: 16%
4Q 2023: 9%



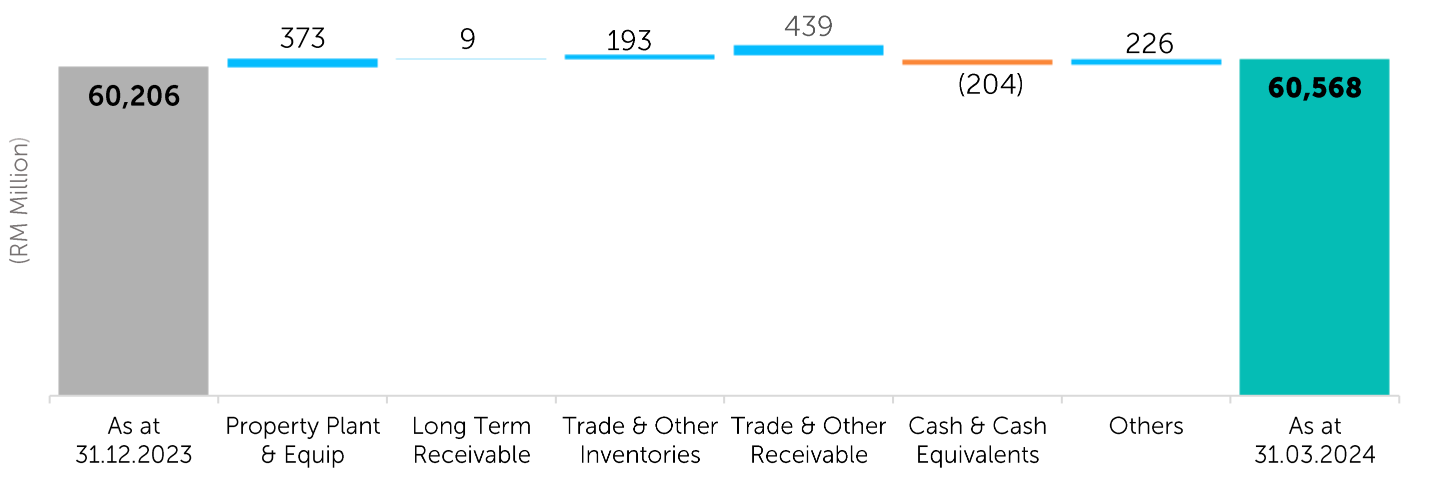
Cash balance lower due to higher investing and financing activities.



- Net cash used in investing activities mainly related to purchase of PPE related to turnaround cost at PCFK, PDH Plant pitstop and operational capex at PC MTBE as well as consumption in various growth projects.
- Net cash used in financing represent payment of second interim dividend to shareholders and repayment of revolving credit facilities at Perstorp Group and PC Aromatics.

Higher total asset mainly from trade and other receivables in line with higher revenue

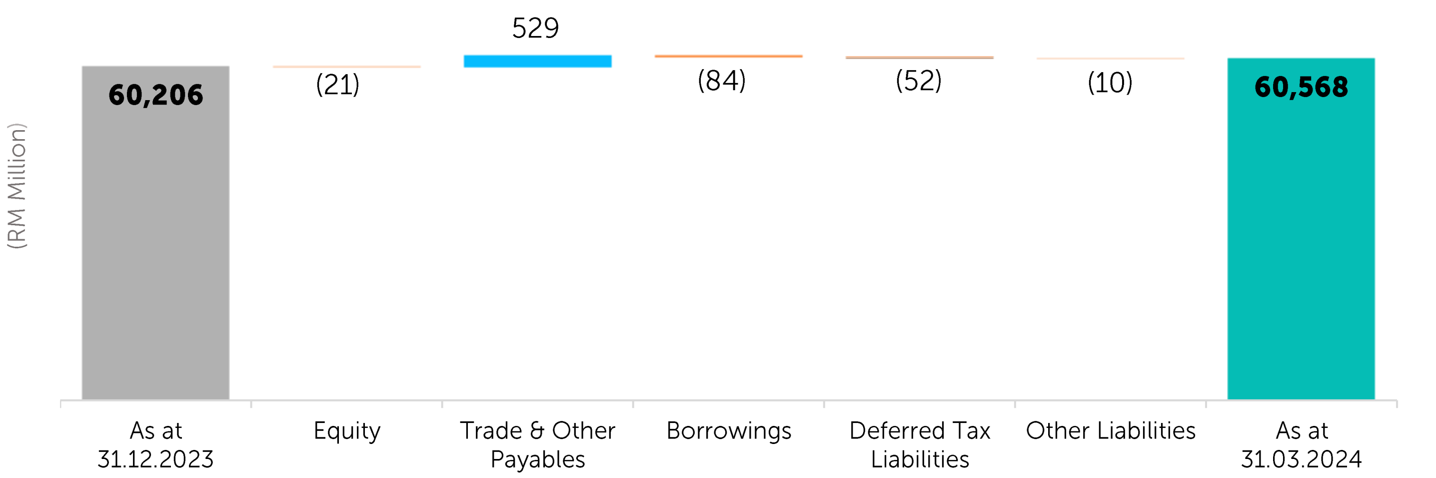
Total Assets



The Group's total assets were higher mainly due to:

- ❑ Higher trade and other receivables
- ❑ Higher PPE from growth projects
- ❑ Higher trade and inventories due to inventory build-up mainly for urea

Total Equity & Liabilities



- o Higher trade and other payables mainly due to higher feedstock purchase in line with higher production of aromatics.
- o Lower borrowings mainly due to partial repayment of revolving credit during the period at PC Aromatics and Perstorp.

Keeping track of our sustainability metrics

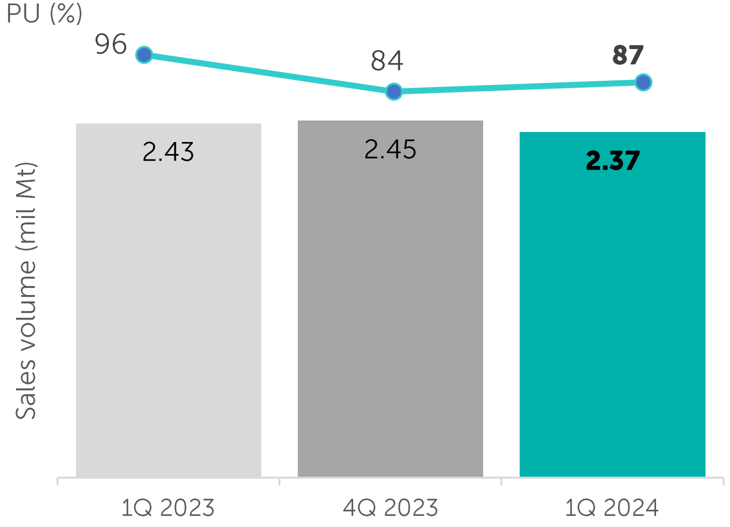
FTSE4Good

Member of Dow Jones Sustainability Indices
Powered by the S&P Global CSA

Economic

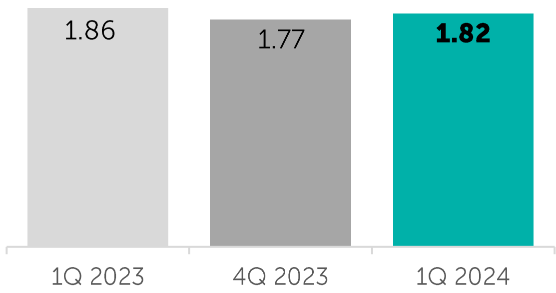
Plant Utilisation 87%

Sales Volume 1Q 2024 2.37 Mil MT

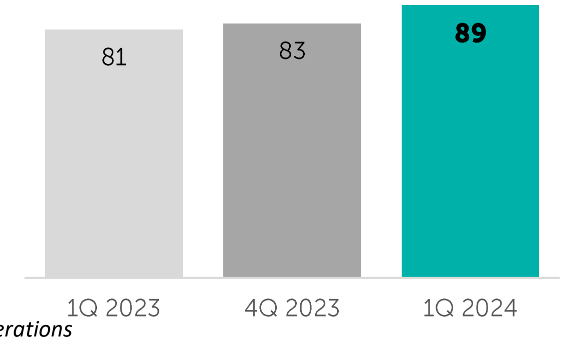


Environmental

GHG Emissions Volume, Market based (mil tonne CO2e)



Hazardous Waste Recycle rate (%), 3R*



**Malaysia operations*

Social

- No of reach, YTD Mar 2024: **710**
- No of mangrove trees planted, YTD Mar 2024: **235**

Environment

- Be Green
- Mangrove Rehabilitation & Biodiversity Conservation

Community Well-being & Development

- Community/Disaster Relief Program

Education

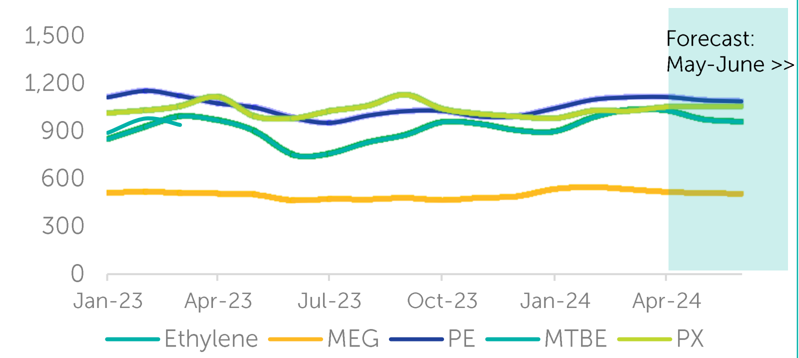
- Plastic, Sustainability & You Education (PSYE)
- Safe Handling of Chemicals for School (SHOC4School)

Social & Governance

- Focusing on PETRONAS Human Rights Policy adoption and roll-out

Mixed market sentiment for commodities on the back of supply demand dynamic, while Specialties are seeing demand recovery in certain end markets

O&D: Stable outlook on steady demand amidst sufficient supply post regional turnaround.



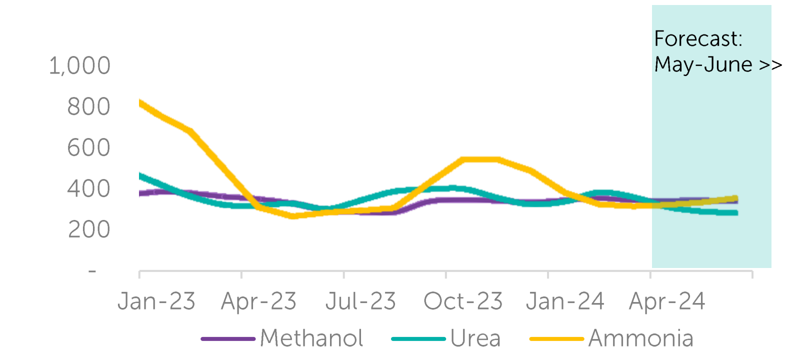
Ethylene:
Ethylene prices are expected to stabilise in view of tight regional supply amidst seasonal cracker turnaround, supported by stable feedstock prices.

Ethylene Glycols:
Stable price outlook amidst ongoing MEG units' maintenance activities in China and demand recovery for polyester products.

Polyethylene:
Prices supported by limited supply in SEA and restocking activities for China holidays.

Paraxylene:
Price expected to stabilize following limited supply due to plant maintenance and improving PTA demand.

F&M: Softening outlook amidst delayed planting season and ample Methanol supply from Middle East.



Urea:
Softening outlook amidst ample supply in the region and subdued demand following delayed seasonal urea application.

Ammonia:
Stable price trend in view of tight supply in Indonesia and Middle East amidst persistent weak industrial demand.

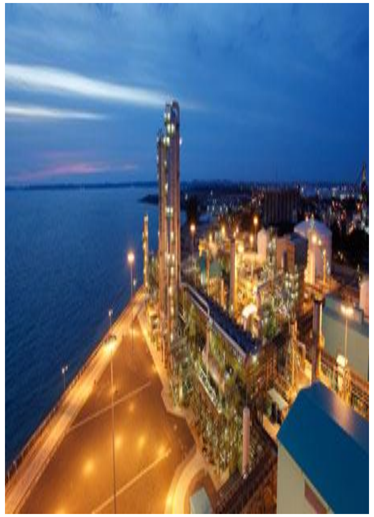
Methanol:
Methanol price remains steady due limited supply in SEA despite ample supply from the Middle East.

Specialties: Modest recovery in some end markets heading into 2H 2024

- Global market conditions remain dynamic and uncertain with ongoing geopolitical tensions, but a gradual recovery in market demand is expected for 2H 2024
- EU's weak economic activity persists, impacting chemicals demand while US's and China's industrial activities and consumer demand continue improving.
- The weakness in building and construction sector continues to persist but automotive and consumer goods sector are expected to maintain growth trajectory moving forward

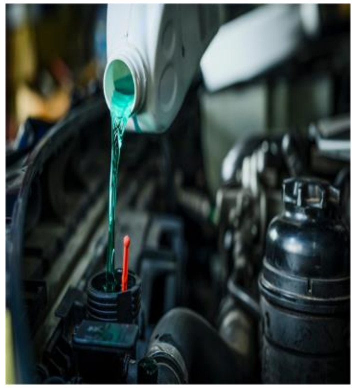
Our resilience in navigating market challenges through operational, growth delivery and commercial excellence

OPERATIONAL EXCELLENCE



- Enhancing the reliability of plant operations.
- Ensuring the safe and efficient implementation of scheduled shutdowns and turnarounds.
- Ensuring the safe and seamless initiation of operations at the Pengerang Integrated Complex.

GROWTH EXCELLENCE



- To achieve commercial operations for Melamine plant in Gurun.
- Expansion of 2-Ethylhexanoic Acid (2-EHA) plant in Gebeng, Pahang.
- Commissioning of Pentaerythritol (Penta) plant in Sayakha, targeted in 3Q 2024
- Deliver identified value creation, projects and synergies with Perstorp.

COMMERCIAL EXCELLENCE

- Optimise value from current business operations while upholding competitive cost structures.
- Ensure dependable supply to meet commitment to customers.
- Maximising value creation in non-traditional business platform through innovative product solutions

Thank you

PETRONAS | 50 YEARS