

# **PETRONAS Chemicals Group Berhad**

## **Analyst Briefing Fourth Quarter and Year Ended 31 December 2024**

21 February 2025

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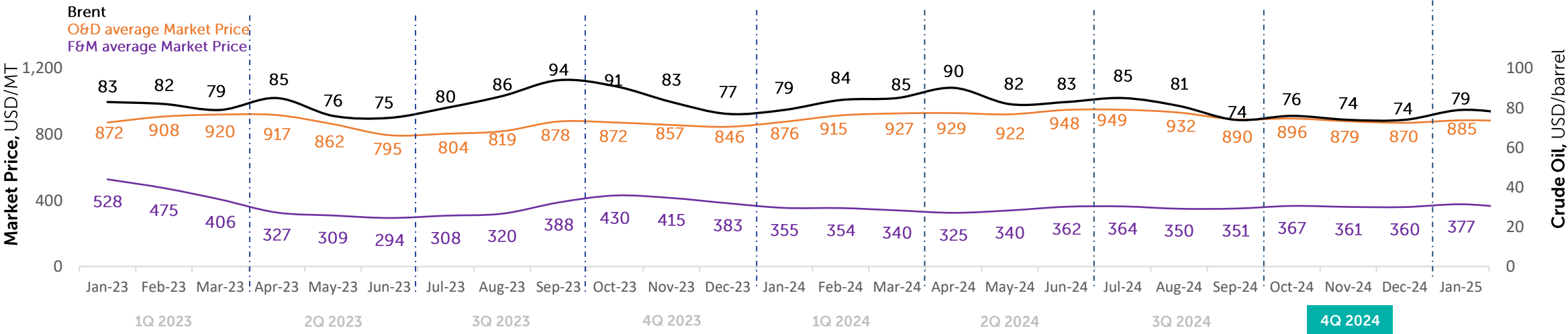
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# The chemicals sector continues to face challenges on prolonged downcycle due to weak demand and product oversupply

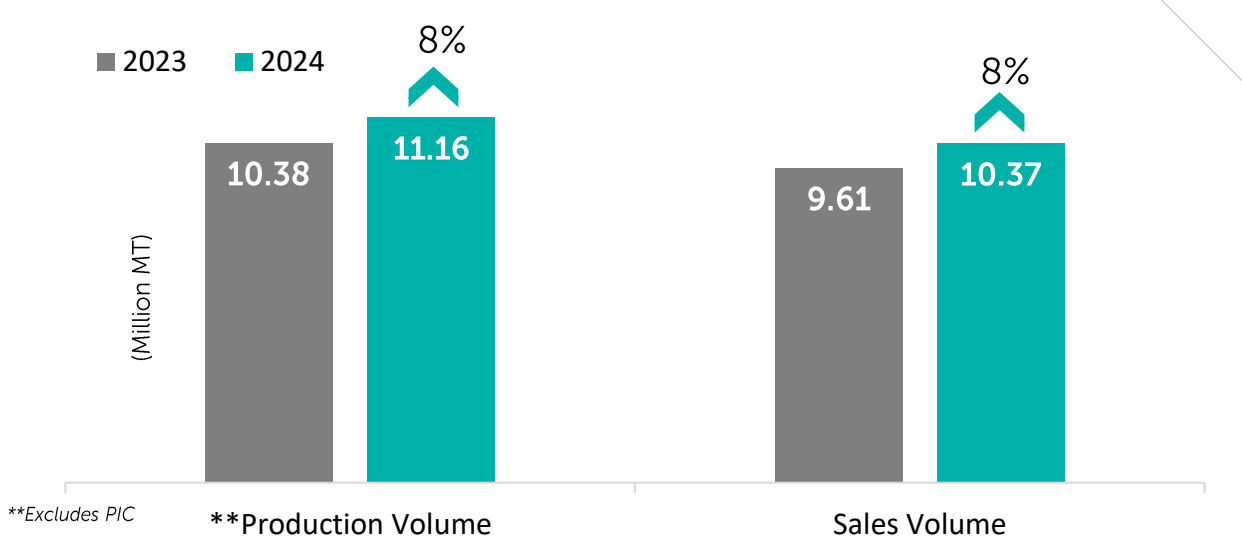


## FY2024 Market Highlights

- Global GDP growth increased to 2.65%, reflecting economic recovery especially from emerging markets in Asia, supported by stabilisation of inflation (FY2023: 2.09%).
- Global purchasing manufacturing index (PMI) saw a slight increase, at 49.6 (FY2023: 49.0), driven by improved business conditions in Asia, but weighed down by deepening downturn in Europe.
- The benchmark Brent crude oil averaged at USD81/bbl (FY2023: USD83/bbl), as oil prices were pressured with weak refining margins and concerns over sluggish economic growth.
- The Bloomberg World Chemical Index recorded an average decline of 10.7% as compared to the same period last year reflecting the industry challenges.
- Compared to FY2023, PCG's key product prices were marginally lower by 2% mainly due to lower Ammonia prices in the Fertilisers & Methanol (F&M) segment, due to cheaper natural gas and weak downstream demand.

\*Source: market publications, PCG analysis

# FY2024 Highlights: Profit After Tax (PAT) impacted by higher depreciation & finance cost, coupled with forex loss on revaluation of shareholder loan to PPC and share of loss in associates & JVs



## Operational Excellence

- Improved commodities Plant Utilisation (P.U) rate at 91% (2023: 85%).
- Total production of 11.16 million MT with higher production from all segments (2023: 10.38 million MT).

## Commercial Excellence

- Average product prices declined slightly by 2% year-on-year.
- Sales volume was higher by 8% at 10.37 million MT contributed from higher sales volume in all segments (2023: 9.61 million MT).

## Financial Excellence

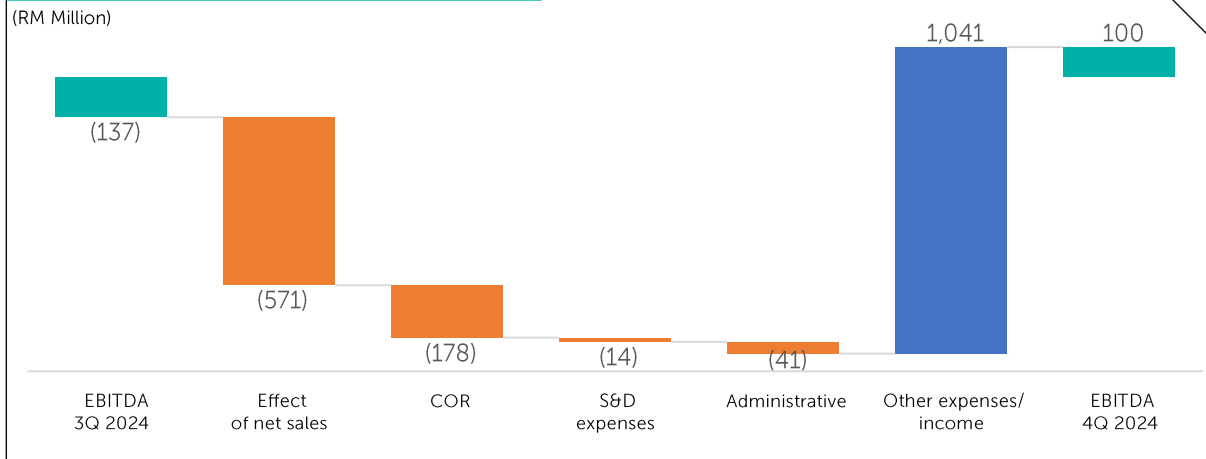
- Revenue was higher by 7% due to higher commodities volume, higher revenue contribution from PPC, strategic sourcing, and Perstorp. Revenue surpassed RM30 billion in 2024.
- Lower EBITDA by 7% at RM3.5 billion mainly due to negative EBITDA from PPC on higher plant operation costs and lower product spreads.
- PAT was lower at RM1.3 billion mainly due to lower EBITDA coupled with additional depreciation and finance cost at PPC, unrealised forex loss on revaluation of shareholder loan to PPC and share of loss from associates & JVs.

	2023	2024
<b>REVENUE</b> <i>in RM Million</i>	28,667	30,671 <sup>▲7%</sup>
<b>EBITDA</b> <i>in RM Million</i>	3,796	3,534 <sup>▼7%</sup>
<b>PAT</b> <i>in RM Million</i>	1,750	1,289 <sup>▼26%</sup>
<b>EBITDA MARGIN (%)</b>	13.2	11.5 <sup>▼2%</sup>

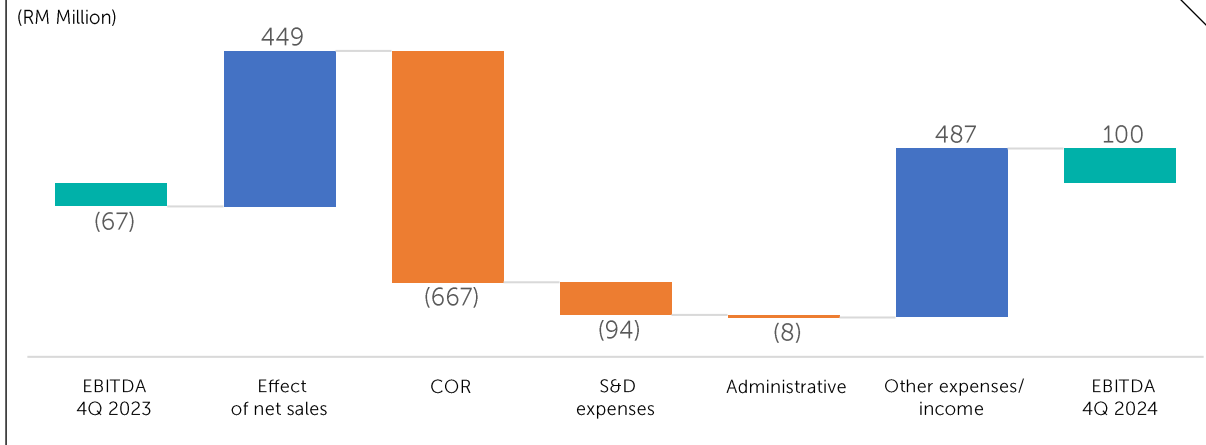


# O&D: Improved EBITDA due to unrealised forex gain arising from the revaluation of payables at PPC

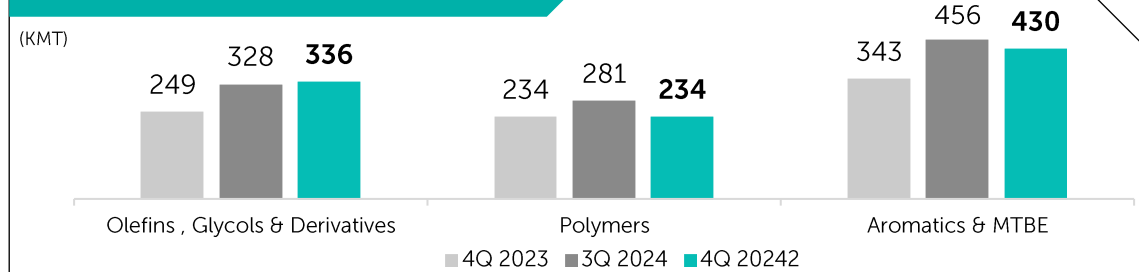
## 4Q 2024 vs 3Q 2024



## 4Q 2024 vs 4Q 2023



## Product Sales Volume



	4Q 2023	3Q 2024	4Q 2024	Q-o-Q	Y-o-Y
* Plant Utilisation (PU) %	70.8	94.8	88.7	(6.1%)	17.9%
* Production Volume (KMT)	721	962	884	(8.1%)	22.6%
Sales Volume (KMT)	826	1,065	1,000	(6.1%)	21.1%
Revenue (RM mil)	3,210	4,230	3,659	(13.5%)	14.0%
LBITDA/EBITDA (RM mil)	(67)	(137)	100	>100%	>100%
LBITDA/EBITDA Margin (%)	(2.1)	(3.2)	2.7	5.9%	4.8%

### 4Q 2024 vs 3Q 2024

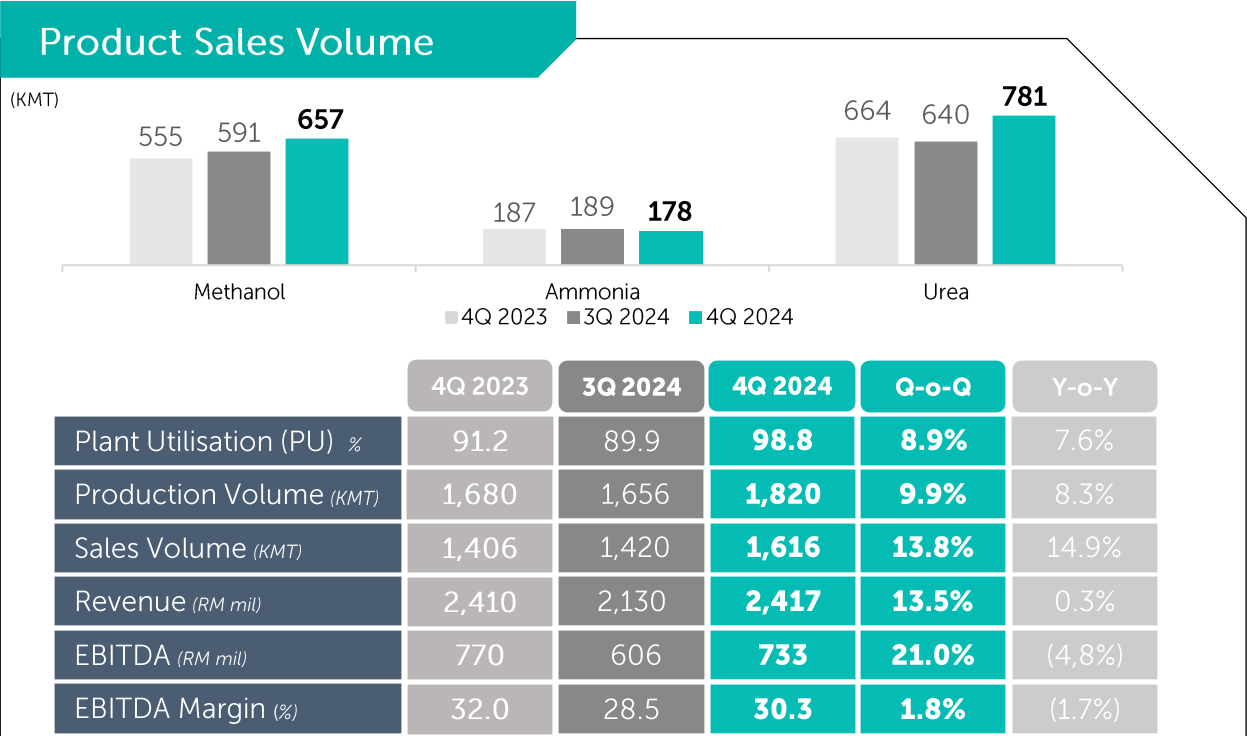
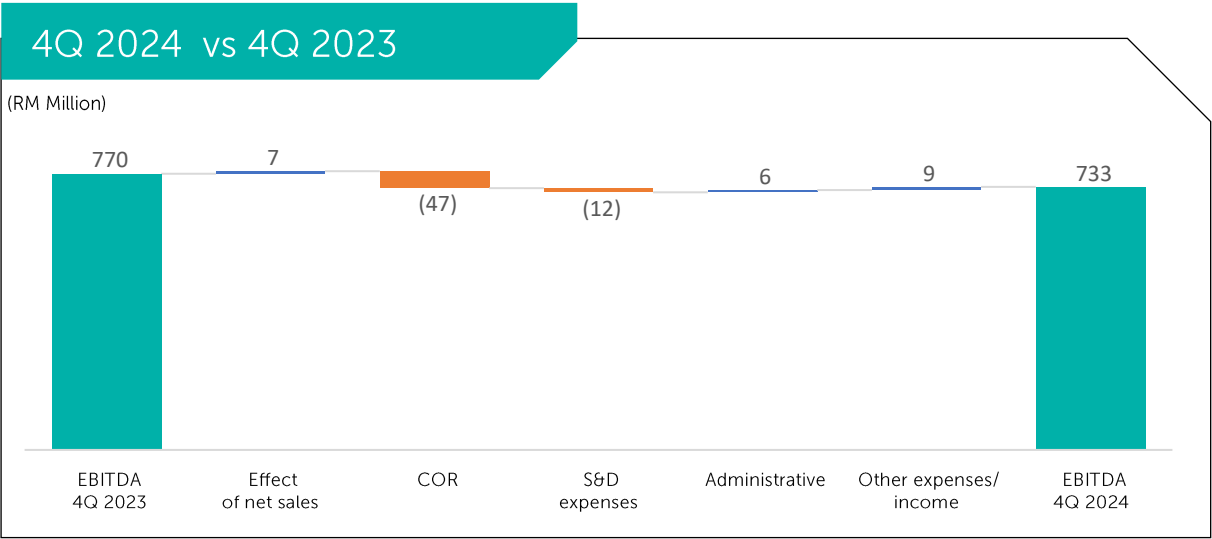
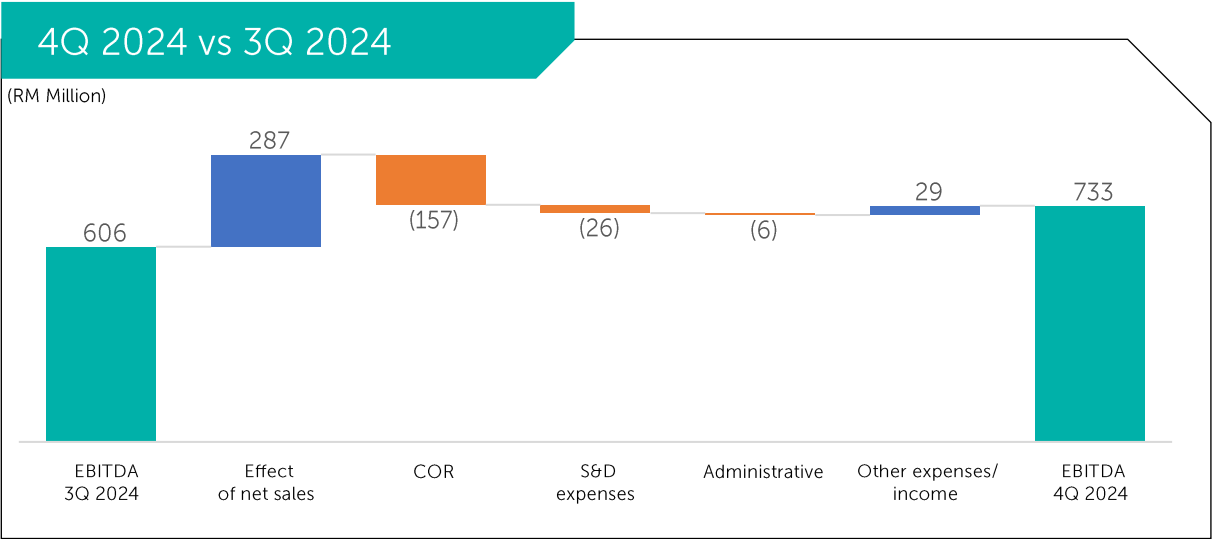
**Plant Utilisation Rate:** *Lower* due to turnaround at PC Ethylene and PC Polyethylene and unplanned feedstock disruption at PC Aromatics.

**Revenue:** *Lower* mainly due to lower sales volume coupled with lower average product prices particularly aromatics and ethane-related products.

**EBITDA:** EBITDA reversed its loss in preceding quarter attributable to net unrealized forex gain from revaluation of payables at PPC, partially offset by lower spread and sales volume.

\* Excludes PPC

# F&M: Performance supported by higher sales volume and higher average sales prices particularly ammonia and urea



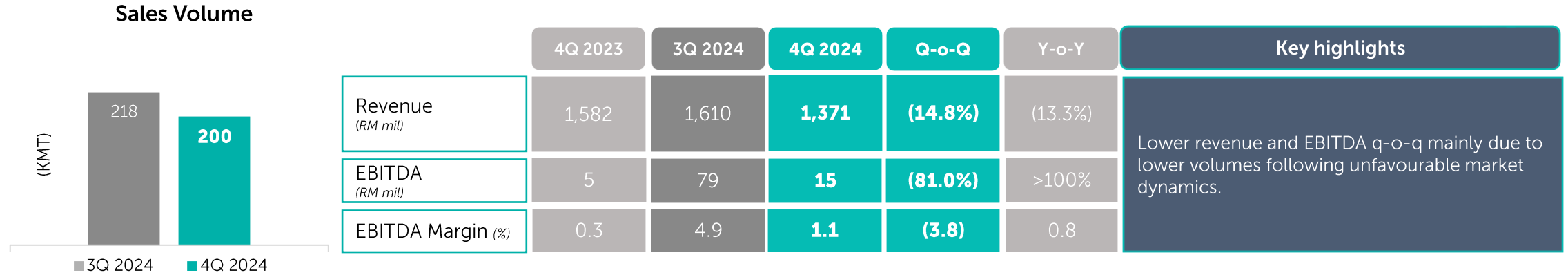
#### 4Q 2024 vs 3Q 2024

**Plant Utilisation Rate:** *Higher* utilization rate mainly contributed by lower downtime days.

**Revenue:** *Higher* mainly due to improved sales volume.

**EBITDA:** *Higher* contributed by higher sales volume from methanol and urea, partially offset by higher selling distribution costs, energy cost and fuel cost.

# Specialties: EBITDA declined compared to 3Q 2024, on lower sales volumes following unfavourable market dynamics



## Resins & Coatings

Lower sales volume and contribution margin against 3Q 2024 due to lower demand for alkyds and paint additive on slow recovery in the construction sector.

## Advanced Materials

Lower sales volume & contribution margin against 3Q 2024 mainly due to lower demand of PVB Films and PVC Polymer Additives on higher availability of the products in the market.

## Engineered Fluids

Lower volume and contribution margin against 3Q 2024 due to lower demand for Refrigeration Lube & Metalworking Fluids attributable to lower demand in all regions.

## Silicones

Lower sales volume and contribution margin against 3Q 2024 due to strong market competition from APAC and lower demand in all regions leading to lower prices across all regions.

## Animal Nutrition

Comparable sales volume against 3Q 2024, partially offset by lower contribution margin due to weak demand of high margin products (e.g. Gut Health & Milling Efficiency).

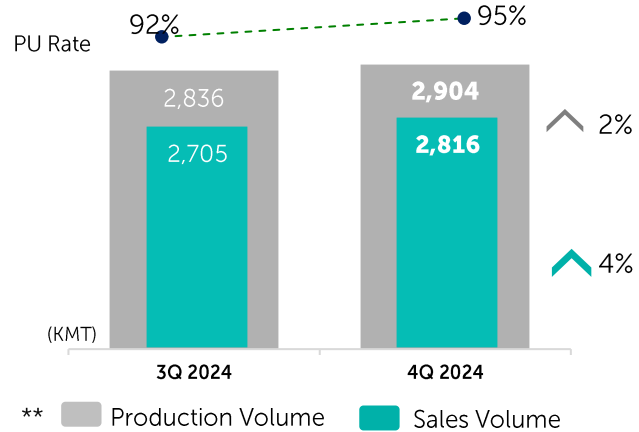
## Lube Oil Additives & Chemicals

Higher sales volume & contribution margin driven by seasonality effect from summer season in 3Q 2024 and higher sales of high margin products.



# Group: Higher EBITDA and PAT due to unrealised forex gain on revaluation of payables and shareholder loan to PPC

4Q 2024 vs 3Q 2024



## Plant Utilisation Rate (PU)\*\*:

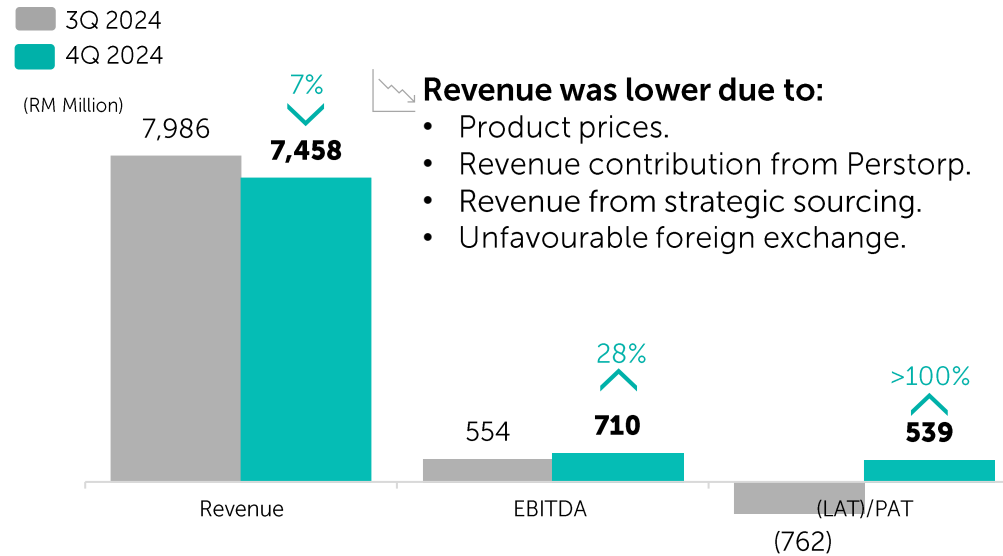
Higher PU rate due to better plant performance at most plants particularly at PC MTBE and PC Fertiliser Sabah.

## Production Volume:

Higher production volume by 2% driven by higher production of commodity chemicals.

## Sales Volume:

Increased, contributed by higher sales volume of commodity chemicals mainly from methanol, urea and ethane-related products.



## Revenue was lower due to:

- Product prices.
- Revenue contribution from Perstorp.
- Revenue from strategic sourcing.
- Unfavourable foreign exchange.

**Higher EBITDA contributed from:**

- Unrealised forex gain on revaluation of payables at PPC.

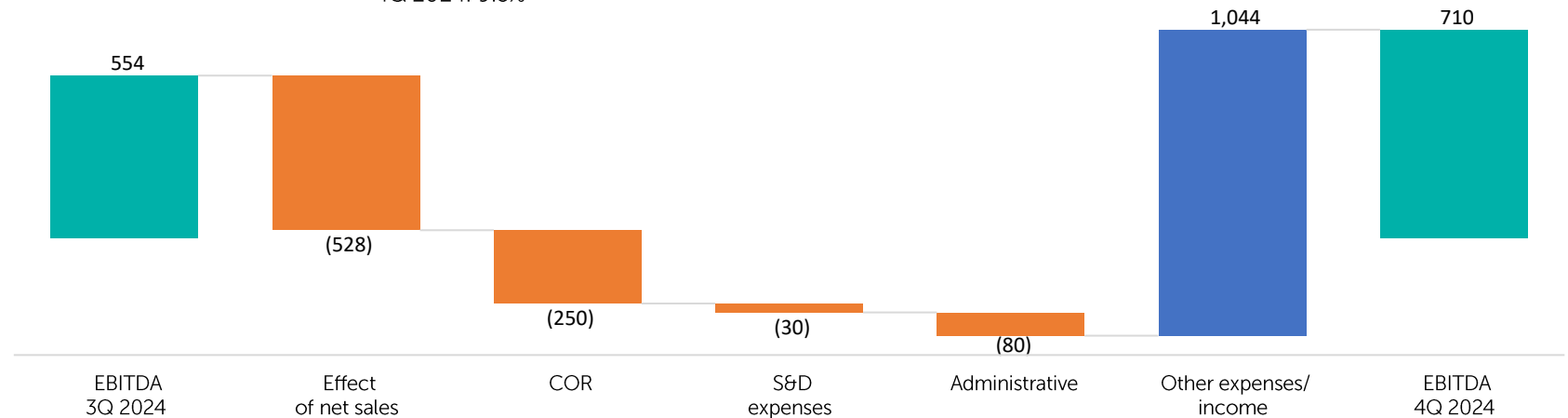
**Higher PAT due to:**

- Higher EBITDA coupled with unrealised forex gain on revaluation of shareholder's loan to PPC.

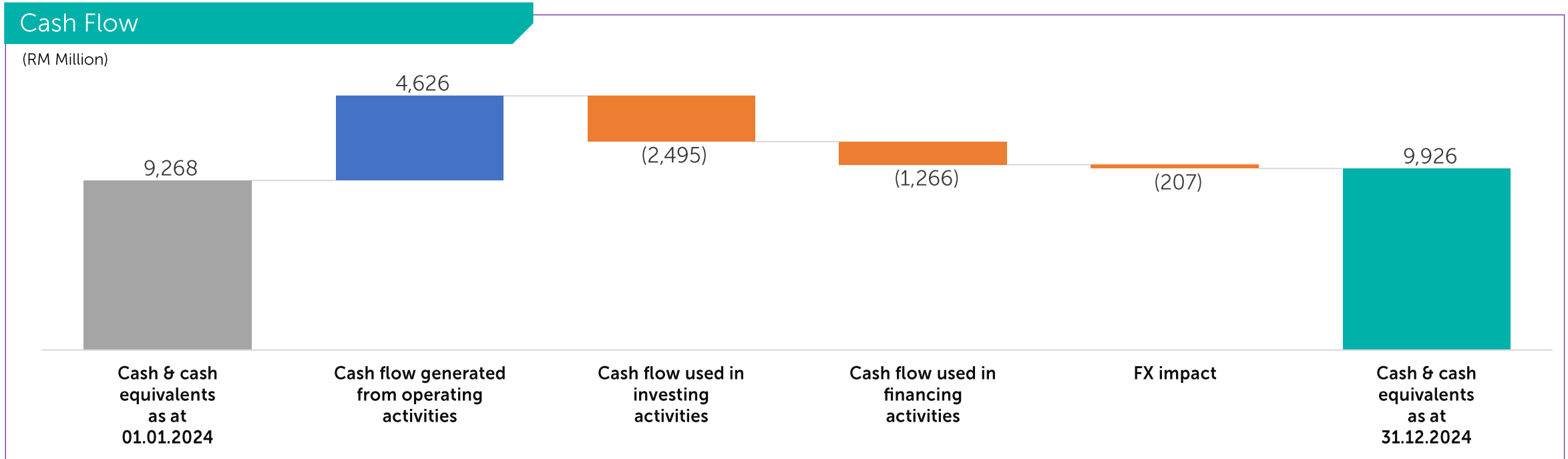
## EBITDA MOVEMENT

(RM Million)

EBITDA Margin  
3Q 2024: 6.9%  
4Q 2024: 9.5%

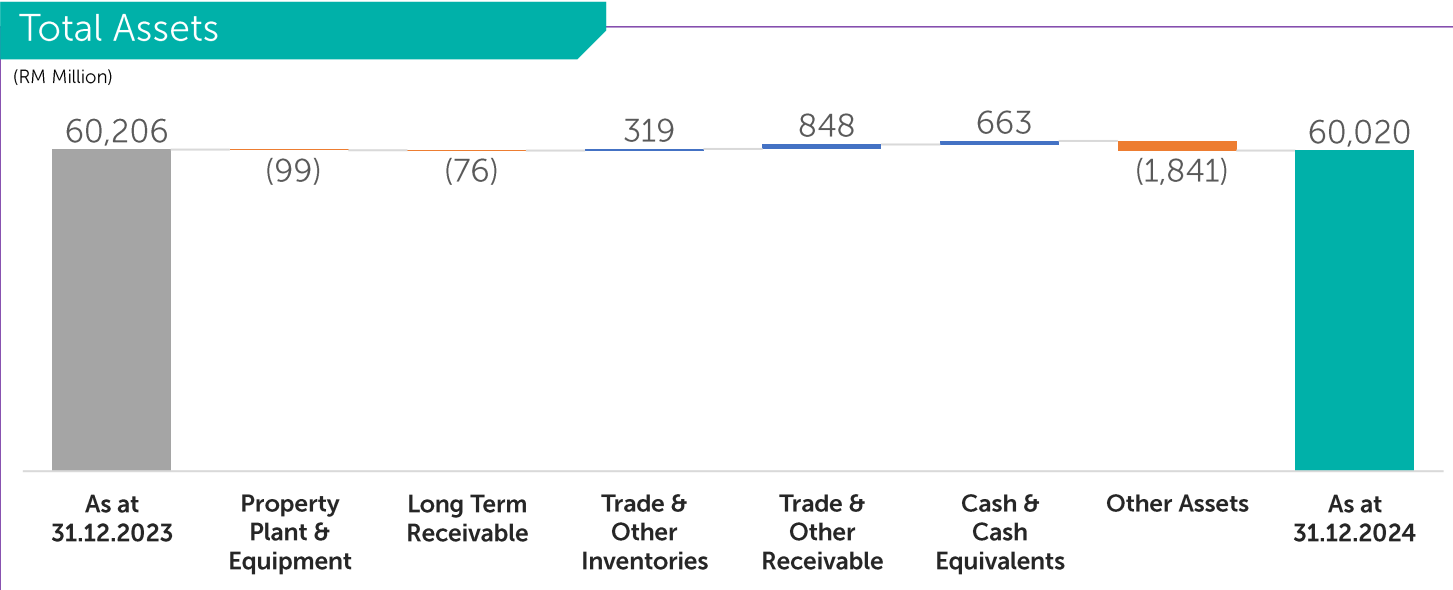


# Higher cash balance due to lower cash flow used in investing and financing activities



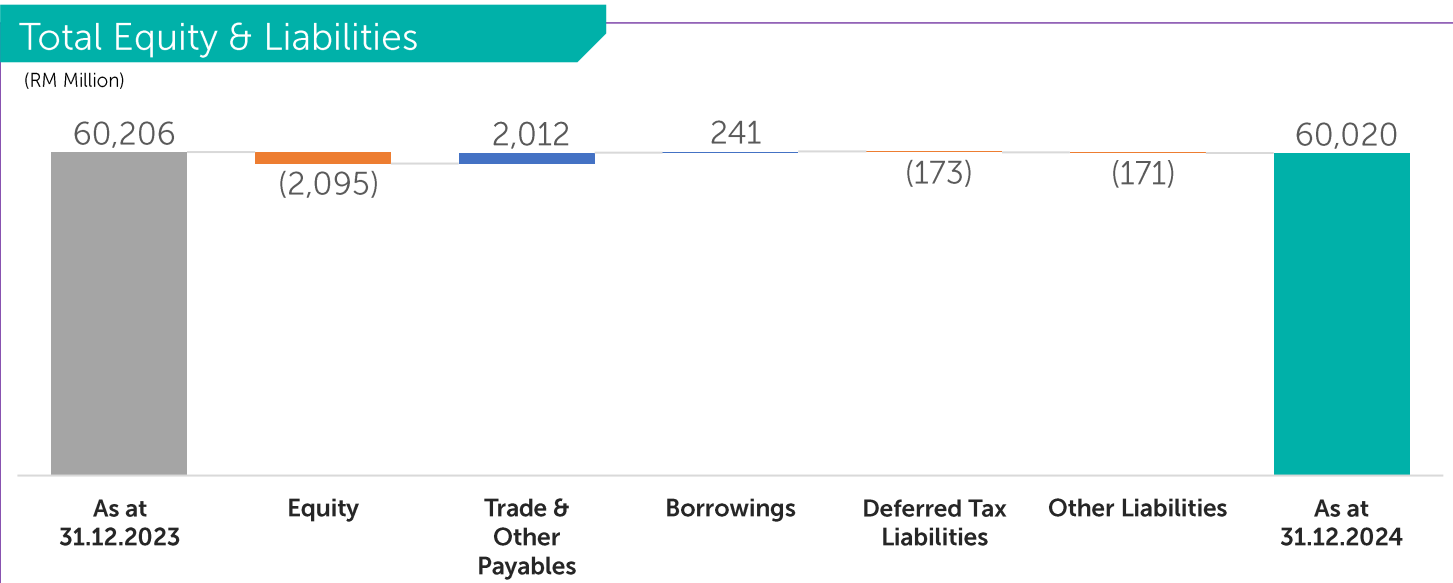
- Net cash generated from operating activities due to lower cash generated from operations.
- Net cash used in investing activities contributed by purchase of PPE mainly for growth projects and turnaround cost.
- Net cash used in financing activities mainly contributed by dividend paid to shareholders.

# Lower total assets mainly due to lower PPE and forex translation in other assets



The Group's total assets were lower due to lower Other Assets mainly from :

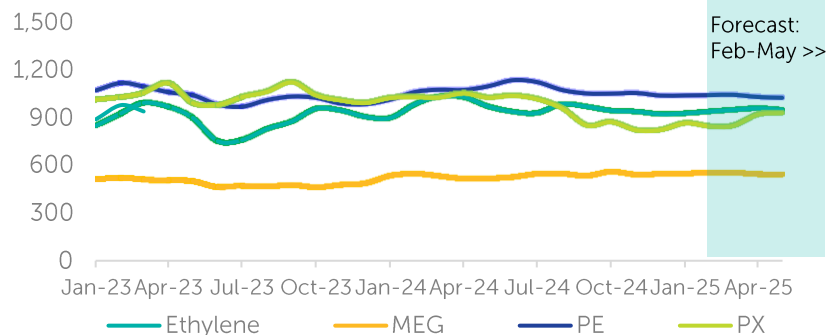
- Intangible Assets due to forex translation of RM against Euro and SEK.
- Investment in associates & JVs due to redemption of preference shares and share of loss incurred during the year.



- **Lower** Equity mainly due to unfavourable foreign exchange, payment of dividend for FY2023 second interim and FY2024 first interim.
- **Higher** Trade and Other Payables mainly due to operational cost at PPC and higher feedstock consumption mainly for heavy naphtha in line with higher production of aromatics products.

# Stable O&D outlook on balanced supply-demand. F&M will be supported by short supply from Middle East and India seasonal demand. Specialties end markets remain challenging across geographies

## O&D: Sufficient supply coupled with demand uncertainties amid cautious customer spending



### Ethylene:

Stable ethylene prices following several plant outages in SEA despite upcoming new capacities pressure. Weaker demand is anticipated post Chinese New Year celebrations.

### Ethylene Glycols:

MEG prices are projected to remain stable despite fluctuating trend in polyester demand due to plant turnarounds in China, Middle East and US.

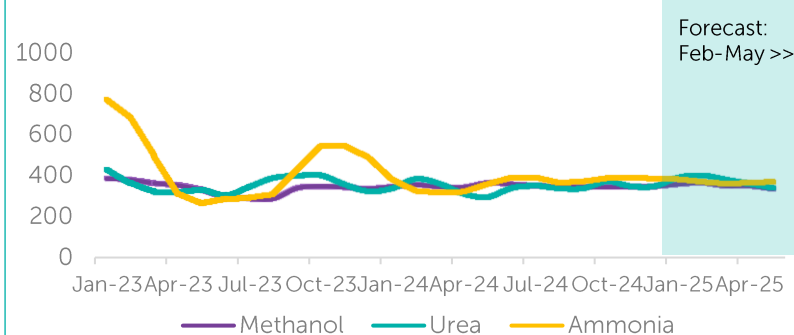
### Polyethylene:

Market is expected to be stable amidst return of players from long holidays in view of inventory replenishment for the upcoming festive season.

### Paraxylene:

Prices are expected to rise in the near term driven by improving gasoline market and demand from additional PTA capacities.

## F&M: Urea seasonal demand in India and methanol restocking activities continue to support prices in near term



### Urea:

Price to be supported by limited availability amidst supply cuts in Iran, coupled with emerging seasonal demand from India and Thailand.

### Ammonia:

Stable prices on balanced supply and demand outlook, despite rising natural gas prices.

### Methanol:

Methanol prices are forecasted to remain stable albeit new capacities in the market with active restocking activities post festive season.

## Specialties: Mixed outlook among the key end markets to start the year



- 1H 2025 is expected to continue to remain challenging for specialty chemicals solution providers.
- Fragmented geographical demand recovery across major economies like the US, China, and Europe remains a main factor impacting the specialty chemicals demand across target end markets.
- Construction and automotive end markets to continue facing headwinds in 1H 2025 while consumer goods and retail are expected to maintain the positive momentum from 4Q 2024.

## PCG SUSTAINABILITY AGENDA

### ECONOMIC

- Business Sustenance & Green Initiatives
- Operational Excellence
- Commercial Excellence
- Growth Delivery Excellence

### ENVIRONMENTAL

- Environmental Stewardship & Resources Efficiency
- Net Zero Carbon Emission
- Environmental Stewardship
- Biodiversity Conservation

### SOCIAL

- Social Responsibility
- Human Rights
- Talent Management & Well being
- Social Impact

**Production Volume**  
**11.2 million tonnes**  
 2023: 10.4 million tonnes

**Sales Volume**  
**10.4 million tonnes**  
 2023: 9.6 million tonnes

**Plant Utilisation (P.U)**  
**91%**  
 2023: 85%

**Reduction of GHS Emissions**

Reduced emissions by more than **295** kilotonnes CO2e

through the Net Zero Carbon Emissions (NZCE) projects

**Scope 3**

Increased transparency on GHG reporting

**Diverse nationalities representation in Senior Leadership** **13%**  
 2023: 18%

**Woman in Senior Leadership** **24%**  
 2023: 31%

**Social Impact initiatives reached** **More than 229,000**  
 2023: 170,000

# PCG remains resilient, navigating complexities while driving Operational, Growth, and Commercial excellence.

## OPERATIONAL EXCELLENCE



- Strengthening the reliability of plant operations to ensure stability and efficiency.
- Committed to the safe and efficient execution of planned shutdowns and turnarounds.

## GROWTH EXCELLENCE



- Perstorp's new plant in Sayakha, India, officially was inaugurated in February 2024. The first batches of Penta are scheduled for delivery from the Sayakha site in 1Q 2025.
- Acquisition of OQ Chemicals Nederland B.V. in December 2024, provides the facility and technology for the production of synthetic esters, strengthening the Engineering Fluids segment.

## COMMERCIAL EXCELLENCE



- Optimise value from current core business operations while maintaining competitive cost structure.
- Drive value creation in non-traditional platforms through innovative product solutions.



# Thank you



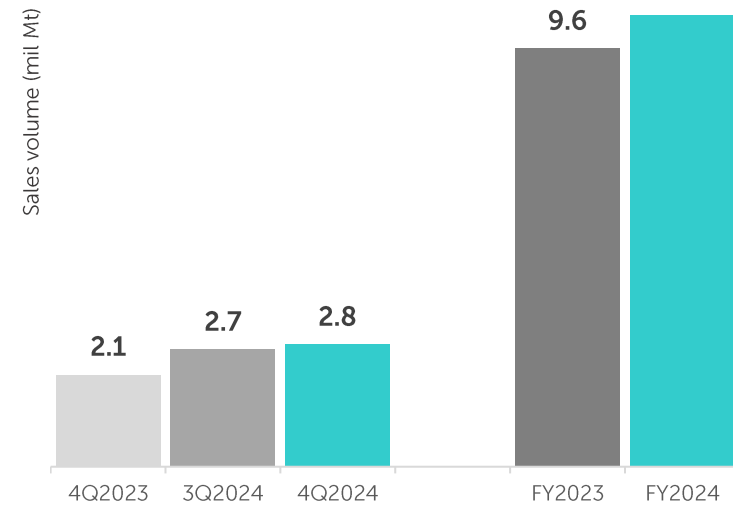
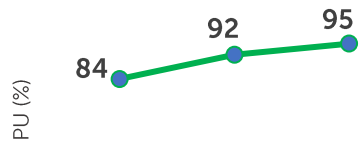
# Keeping track of our sustainability metrics

## Economic



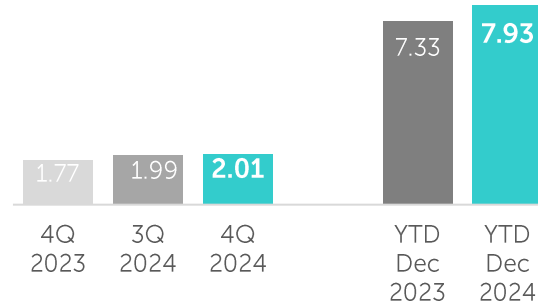
2024 Plant Utilisation  
**91%**

2024 Sales Volume  
**10.4 MMt**

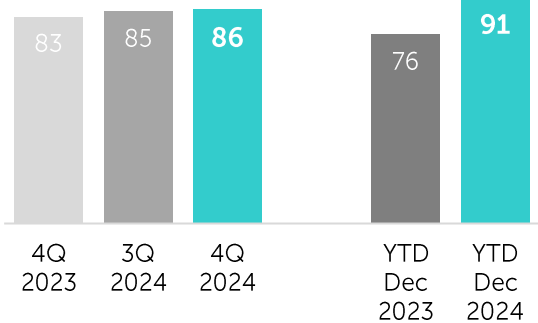


## Environmental

GHG Emissions Volume, Market based (mil tonne CO<sub>2</sub>e)\*



Hazardous Waste Recycle Rate (%), 3R\*\*



\* PCG is updating our methodology and data to improve the accuracy of GHG reporting  
\*\* commodities business

## Social



- No of reach, YTD Dec 2024: **229k**
- No of mangrove trees planted, YTD Dec 2024: **250k**

### 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



- PETRONAS Human Rights Policy adoption and roll-out

# Q&A