



PETRONAS CHEMICALS GROUP BERHAD

Quarterly Report

For Third Quarter Ended 30 September 2024

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

The Board of Directors of PETRONAS Chemicals Group Berhad ("PCG" or the "Company") is pleased to announce the following unaudited condensed consolidated financial statements for the quarter ended 30 September 2024 which should be read in conjunction with the accompanying explanatory notes on pages 8 to 23.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

<i>In RM Mil</i>	Note	Individual quarter ended 30 September		Cumulative quarter ended 30 September	
		2024	2023	2024	2023
Revenue	A9.1	7,986	6,784	23,213	21,454
Cost of revenue		(6,705)	(5,556)	(19,088)	(17,646)
Gross profit		1,281	1,228	4,125	3,808
Selling and distribution expenses		(542)	(470)	(1,572)	(1,434)
Administration expenses		(340)	(394)	(1,106)	(1,010)
Other expenses		(1,102)	(2)	(947)	(2)
Other income		137	244	817	538
Operating (loss)/profit	B4	(566)	606	1,317	1,900
Financing costs		(92)	(33)	(165)	(95)
Share of profit/(loss) after tax of equity- accounted associates and joint ventures		1	13	(64)	65
(Loss)/Profit before taxation		(657)	586	1,088	1,870
Tax expense	B5	(105)	(147)	(338)	(262)
(LOSS)/PROFIT FOR THE PERIOD		(762)	439	750	1,608
(Loss)/Profit attributable to:					
Shareholders of the Company		(789)	424	656	1,584
Non-controlling interests		27	15	94	24
(LOSS)/PROFIT FOR THE PERIOD		(762)	439	750	1,608
Basic (loss)/earnings per share attributable to shareholders of the Company:					
Based on ordinary shares issued (sen)	B12	(10)	5	8	20

The unaudited condensed consolidated statement of profit or loss should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.

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FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

<i>In RM Mil</i>	Individual quarter ended 30 September		Cumulative quarter ended 30 September	
	2024	2023	2024	2023
(LOSS)/PROFIT FOR THE PERIOD	(762)	439	750	1,608
Other comprehensive (loss)/income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Remeasurement of defined benefit liability	(2)	(57)	(3)	(57)
<i>Items that may be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences	(2,188)	(36)	(2,481)	1,068
Share of other comprehensive (loss)/income of equity-accounted joint ventures and associates	(189)	11	(150)	9
Total other comprehensive (loss)/income for the period	(2,379)	(82)	(2,634)	1,020
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(3,141)	357	(1,884)	2,628
Total other comprehensive (loss)/income attributable to:				
Shareholders of the Company	(3,168)	343	(1,978)	2,601
Non-controlling interests	27	14	94	27
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(3,141)	357	(1,884)	2,628

The unaudited condensed consolidated statement of other comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.

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FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In RM Mil</i>	Note	As at 30 September 2024	As at 31 December 2023
ASSETS			
Property, plant and equipment		27,635	29,437
Investments in joint ventures and associates		1,451	1,710
Intangible assets		8,973	10,253
Long term receivables	A15	1,035	1,027
Retirement benefits		84	95
Deferred tax assets		612	746
TOTAL NON-CURRENT ASSETS		39,790	43,268
Trade and other inventories		3,960	3,767
Trade and other receivables	B7	4,689	3,857
Tax recoverable		46	46
Cash and cash equivalents		8,740	9,268
TOTAL CURRENT ASSETS		17,435	16,938
TOTAL ASSETS		57,225	60,206
EQUITY			
Share capital		8,871	8,871
Reserves		28,469	31,544
Total equity attributable to shareholders of the Company		37,340	40,415
Non-controlling interests		1,418	1,659
TOTAL EQUITY		38,758	42,074
LIABILITIES			
Borrowings	B8	2,024	2,473
Lease liabilities		1,694	1,930
Provisions		292	299
Trade payables	A16	903	692
Retirement benefits		248	279
Other long term liabilities		1,080	1,139
Deferred tax liabilities		2,191	2,371
TOTAL NON-CURRENT LIABILITIES		8,432	9,183
Borrowings	B8	1,017	500
Lease liabilities		194	229
Trade and other payables	A16	8,721	8,042
Taxation		103	178
TOTAL CURRENT LIABILITIES		10,035	8,949
TOTAL LIABILITIES		18,467	18,132
TOTAL EQUITY AND LIABILITIES		57,225	60,206
Net assets per share attributable to shareholders of the Company (RM)		4.67	5.05

The unaudited condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.

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FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<i>Attributable to shareholders of the Company</i>			
	<i>Non-distributable</i>			
<i>In RM Mil</i>	Share Capital	Foreign Currency Translation Reserve	Merger Reserve	Other Reserves
Cumulative quarter ended 30 September 2024				
At 1 January 2024	8,871	3,195	(204)	1,517
Foreign currency translation differences	—	(2,481)	—	—
Share of other comprehensive loss of equity-accounted joint ventures and associates	—	—	—	(150)
Remeasurement of defined benefit liability	—	—	—	(3)
Total other comprehensive loss for the period	—	(2,481)	—	(153)
Profit for the period	—	—	—	—
Total comprehensive (loss)/income for the period	—	(2,481)	—	(153)
Redemption of redeemable preference shares of a subsidiary	—	—	—	—
Dividends to shareholders of the Company (note A8)	—	—	—	—
Dividends to non-controlling interests	—	—	—	—
Acquisition of non-controlling interest	—	—	—	—
Total transactions with owners of the Group	—	—	—	—
Balance at 30 September 2024	8,871	714	(204)	1,364
				<i>continue to next page</i>
Cumulative quarter ended 30 September 2023				
At 1 January 2023	8,871	1,573	(204)	1,165
Foreign currency translation differences	—	1,065	—	—
Share of other comprehensive income of equity-accounted joint ventures and associates	—	—	—	9
Remeasurement of defined benefit liability	—	—	—	(57)
Total other comprehensive income/(loss) for the period	—	1,065	—	(48)
Profit for the period	—	—	—	—
Total comprehensive income/(loss) for the period	—	1,065	—	(48)
Dividends to shareholders of the Company	—	—	—	—
Others	—	—	—	(91)
Total transactions with owners of the Group	—	—	—	(91)
Balance at 30 September 2023	8,871	2,638	(204)	1,026
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The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

In RM Mil	Attributable to shareholders of the Company			
	Distributable		Non-controlling Interests	Total Equity
	Retained Profits	Total		
Cumulative quarter ended 30 September 2024				
At 1 January 2024	27,036	40,415	1,659	42,074
Foreign currency translation differences	—	(2,481)	—	(2,481)
Share of other comprehensive loss of equity-accounted joint ventures and associates	—	(150)	—	(150)
Remeasurement of defined benefit liability	—	(3)	—	(3)
Total other comprehensive loss for the period	—	(2,634)	—	(2,634)
Profit for the period	656	656	94	750
Total comprehensive (loss)/income for the period	656	(1,978)	94	(1,884)
Redemption of redeemable preference shares of a subsidiary	—	—	(133)	(133)
Dividends to shareholders of the Company (note A8)	(1,200)	(1,200)	—	(1,200)
Dividends to non-controlling interests	—	—	(32)	(32)
Acquisition of non-controlling interest	103	103	(170)	(67)
Total transactions with owners of the Group	(1,097)	(1,097)	(335)	(1,432)
Balance at 30 September 2024	26,595	37,340	1,418	38,758

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Cumulative quarter ended 30 September 2023				
At 1 January 2023	27,673	39,078	655	39,733
Foreign currency translation differences	—	1,065	3	1,068
Share of other comprehensive income of equity-accounted joint ventures and associates	—	9	—	9
Remeasurement of defined benefit liability	—	(57)	—	(57)
Total other comprehensive income/(loss) for the period	—	1,017	3	1,020
Profit for the period	1,584	1,584	24	1,608
Total comprehensive income/(loss) for the period	1,584	2,601	27	2,628
Dividends to shareholders of the Company	(1,920)	(1,920)	—	(1,920)
Others	120	29	1,114	1,143
Total transactions with owners of the Group	(1,800)	(1,891)	1,114	(777)
Balance at 30 September 2023	27,457	39,788	1,796	41,584

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The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In RM Mil</i>	Cumulative quarter ended	
	2024	30 September 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,088	1,870
Adjustments for:		
- Amortisation of deferred income	(66)	(66)
- Depreciation and amortisation	1,680	1,457
- Financing costs	165	95
- Interest income	(279)	(255)
- Share of loss/(profit) after tax of equity-accounted joint ventures and associates	64	(65)
- Unrealised forex loss/(gain)	874	(34)
- Other non-cash items	(323)	42
Operating profit before changes in working capital	3,203	3,044
Change in trade and other inventories	(247)	(314)
Change in trade and other receivables	(836)	213
Change in trade and other payables	995	757
Cash generated from operations	3,115	3,700
Interest income received	279	255
Taxation paid	(295)	(330)
Net cash generated from operating activities	3,099	3,625
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of non-controlling interest	(67)	—
Adjustment on purchase consideration for acquisition of a subsidiary	—	2
Dividends received from a joint venture	16	12
Payment of earn out for a subsidiary	(96)	(231)
Purchase of property, plant and equipment	(1,679)	(1,321)
Proceeds from partial disposal of investment in a joint venture	4	—
Redemption of preference shares in a joint venture	2	—
Redemption of preference shares to a non-controlling interest	(55)	—
Net cash used in investing activities	(1,875)	(1,538)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to:		
- PETRONAS	(772)	(1,236)
- others (third parties)	(428)	(684)
- non-controlling interests	(32)	—
Drawdown of:		
- term loan	13	—
- revolving credit	3,320	—
Payment of lease liabilities:		
- principal	(105)	(95)
- interest	(72)	(55)
Repayment of revolving credit	(2,846)	(1)
Repayment of term loans:		
- principal	(83)	(41)
- interest	(114)	(66)
Net cash used in financing activities	(1,119)	(2,178)

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FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

<i>In RM Mil</i>	Cumulative quarter ended 30 September	
	2024	2023
Net cash flows from operating, investing and financing activities	<u>105</u>	<u>(91)</u>
Effect of foreign currency translation differences	<u>(170)</u>	<u>26</u>
Net decrease in cash and cash equivalents	<u>(65)</u>	<u>(65)</u>
Net foreign exchange differences on cash held	<u>(463)</u>	<u>243</u>
Cash and cash equivalents at beginning of the period	<u>9,268</u>	<u>8,888</u>
Cash and cash equivalents at end of the period	<u>8,740</u>	<u>9,066</u>

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QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. BASIS OF PREPARATION

The condensed consolidated financial statements are unaudited and have been prepared in accordance with IAS 34, MFRS 134 *Interim Financial Reporting* and paragraph 9.22 of Bursa Malaysia Securities Berhad’s Main Market Listing Requirements. They should also be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2023. The explanatory notes attached to the condensed consolidated financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2023.

Within the context of these unaudited condensed consolidated financial statements, the Group comprises the Company, its subsidiaries and a joint operation, as well as the Group’s interest in joint ventures and associates as at and for the quarter ended 30 September 2024.

A2. ADOPTION OF REVISED PRONOUNCEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the same accounting policies and methods of computation are followed in the condensed consolidated financial statements as compared with the audited consolidated financial statements for the year ended 31 December 2023.

During the period, the Group has adopted the following Amendments to MFRSs (“pronouncements”) that have been issued by the Malaysian Accounting Standards Board (“MASB”).

Effective for annual periods beginning on or after 1 January 2024

Amendments to MFRS 16	<i>Leases (Lease Liability in a Sale and Leaseback)</i>
Amendments to MFRS 101	<i>Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)</i>
Amendments to MFRS 101	<i>Presentation of Financial Statements (Non-current Liabilities with Covenants)</i>
Amendments to MFRS 107	<i>Statement of Cash Flows (Supplier Finance Arrangements)</i>
Amendments to MFRS 7	<i>Financial Instruments: Disclosures (Supplier Finance Arrangements)</i>

The initial application of the above pronouncements did not have any material impact to the consolidated financial statements of the Group.

A3. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The audited financial statements of PCG and its subsidiaries for the year ended 31 December 2023 were not subject to any audit qualification.

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FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

A4. SEASONALITY OR CYCLICALITY OF OPERATIONS

The prices of petrochemical products and their underlying feedstock are subject to significant fluctuations as they are influenced both by global supply and demand as well as movements in the prices of key commodities such as crude oil and natural gas. Consequently, margins have historically been cyclical and are sensitive to supply and demand imbalances both domestically and internationally. Supply is affected by significant capacity expansions by producers, and if such additions are not matched by corresponding growth in demand, which is generally linked to the level of economic activity, average industry operating margins will face downward pressures. As a result, the petrochemical cycle is characterised by years of tight supply, leading to high capacity utilisation rates and margins, followed by years of oversupply, primarily resulting from significant capacity additions, leading to reduced capacity utilisation rates and margins. Specialties segment generally experience less cyclicalities due to the higher customised requirements of the products and more barriers for substitution.

A5. EXCEPTIONAL ITEMS

There were no exceptional items during the period under review.

A6. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of the amounts reported in the most recent annual financial statements of PCG and its subsidiaries for the year ended 31 December 2023 that may have a material effect in the results of the period under review.

A7. DEBT AND EQUITY SECURITIES

There were no material issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the period under review, other than as disclosed in note B8.

A8. DIVIDENDS PAID

During the period under review, the Company paid:

- i) A second interim single tier dividend of 5 sen per ordinary share, amounting to RM400 million in respect of the financial year ended 31 December 2023 to shareholders on 26 March 2024; and
- ii) A first interim single tier dividend of 10 sen per ordinary share, amounting to RM800 million in respect of the financial year ending 31 December 2024 to shareholders on 12 September 2024.

A9. OPERATING SEGMENTS

The Group reportable segments comprise Olefins and Derivatives, Fertilisers and Methanol, Specialties and Others. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. The following summary describes the operations in each of the Group's reportable segments:

- Olefins and Derivatives – activities include manufacturing and marketing of a wide range of olefin and polymer products, which are used as basic feedstock for other products, to intermediate products including basic and high performance chemicals.
- Fertilisers and Methanol – activities include manufacturing and marketing of methanol and a range of nitrogen, phosphate and compound fertilisers.
- Specialties – activities include manufacturing and marketing of advanced chemicals & solutions, animal nutrition, silicones and lube oil additives & chemicals.
- Others – other non reportable segments comprise operations related to investment holding and port services which provide product distribution infrastructure to the Group.

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FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

A9. OPERATING SEGMENTS (continued)

9.1 Revenue

<i>In RM Mil</i>	2024		2023		Cumulative quarter ended 30 September	
	Third-parties	Inter-segment	2024	2023	2024	2023
Olefins and Derivatives	11,743	—	11,743	10,522	11,743	10,522
Fertilisers and Methanol	6,250	—	6,250	6,091	6,250	6,091
Specialties	5,171	—	5,171	4,803	5,171	4,803
Others	49	42	91	38	91	73
Total	23,213	42	23,255	21,454	23,255	21,489

9.2 Segment profit/(loss) for the period ¹

<i>In RM Mil</i>	Cumulative quarter ended 30 September	
	2024	2023
Olefins and Derivatives	203	802
Fertilisers and Methanol	1,271	1,134
Specialties	69	(149)
Others ²	(793)	(179)
Total	750	1,608

During the period, the Group's investment holding company has recorded an unrealised foreign exchange loss on revaluation of shareholders loan to a joint operation entity amounting to RM398 million as compared to unrealised foreign exchange gain of RM205 million during the corresponding period and has also provided for depreciation & amortisation of the tangible & intangible assets impact amounting to RM184 million (2023: RM164 million) arising from finalisation of the purchase price allocation for the acquisition of Perstorp in 2022, in which both have been included in Others.

A10. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

There were no revaluations of property, plant and equipment for the period under review. As at 30 September 2024, all property, plant and equipment other than freehold land and projects-in-progress were stated at cost less accumulated depreciation and impairment losses. Freehold land and projects-in-progress were stated at cost less accumulated impairment losses, if any.

A11. CONTINGENCIES

There were no material contingent liabilities or contingent assets since the last audited consolidated financial statements for the year ended 31 December 2023.

A12. CHANGES IN COMPOSITION OF THE GROUP

There were no material changes in the composition of the Group for the period under review.

¹ Included within profit for the period for Olefins and Derivatives, Fertilisers and Methanol, Specialties and Others segments are depreciation and amortisation expenses amounting to RM494 million (2023: RM370 million), RM739 million (2023: RM689 million), RM242 million (2023: RM217 million) and RM205 million (2023: RM181 million) respectively.

² Includes profit/(loss) from non-reportable segments and unallocated assets.

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FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

A13. CAPITAL COMMITMENTS

Capital expenditures which have not been provided for at the end of each reporting period are as follows:

<i>In RM Mil</i>	As at 30 September 2024	As at 31 December 2023
Property, plant and equipment:		
Approved and contracted for	948	80
Approved but not contracted for	1,595	3,329
	<u>2,543</u>	<u>3,409</u>
Lease contracts yet to commence:		
Plant and equipment	—	51
Total	<u>2,543</u>	<u>3,460</u>

A14. GOODWILL

Below is the movement of goodwill during the period under review:

<i>In RM Mil</i>	As at 1 January 2024	Foreign currency translation	As at 30 September 2024
Goodwill	3,532	(408)	3,124

A15. LONG TERM RECEIVABLES

<i>In RM Mil</i>	As at 30 September 2024	As at 31 December 2023
Trade receivable	19	22
Other receivables and prepayments	1,016	1,005
	<u>1,035</u>	<u>1,027</u>

The Group via its subsidiary has entered into an arrangement on trade receivable which resulted in adjustment of timing for payments of the balances. The receivable was fair valued on initial measurement and is subjected to periodic accretion of interest income over the period of the arrangement.

Included in other receivables and prepayments is consideration on a deferred payment arrangement in relation to a partial divestment of a subsidiary in previous year.

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FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

A16. TRADE AND OTHER PAYABLES

<i>In RM Mil</i>	As at 30 September 2024	As at 31 December 2023
Non-current liabilities		
Trade payables	<u>903</u>	<u>692</u>
Current liabilities		
Trade and other payables	<u>8,721</u>	<u>8,042</u>

The Group and the Company via its joint operation entity has arrangements on trade payables amounting to RM1,495 million (2023: RM1,161 million), which resulted in an adjustment of timing for payments of the balances. The trade payables were fair valued on initial measurement and is subjected to periodic accretion of interest expense over the period of the arrangement. During the period, the joint operation entity has remeasured these balances based on the extended timing for payments, which resulted in a remeasurement gain amounting to RM339 million (2023: RM114 million) being recognised in the profit or loss.

A17. FAIR VALUE INFORMATION

The carrying amounts of cash and cash equivalents, short terms receivables and payables reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable input).

The Group recognises transfers between levels of fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

Forward foreign exchange contracts

The fair value of forward foreign exchange contracts is based on the difference between the contracted forward rates and the mark-to-market rates. If a quoted market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract.

The following table analyses financial instruments carried at fair value shown in the statement of financial position.

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FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

A17. FAIR VALUE INFORMATION (continued)

As at 30 September 2024

Fair value of financial instruments carried at fair value

<i>In RM Mil</i>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Nominal value</u>
Financial assets					
Forward foreign exchange contracts - within 1 year	—	9	—	9	237
Financial liabilities					
Forward foreign exchange contracts - within 1 year	—	(22)	—	(22)	(106)

As at 31 December 2023

Fair value of financial instruments carried at fair value

<i>In RM Mil</i>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Nominal value</u>
Financial assets					
Forward foreign exchange contracts - within 1 year	—	12	—	12	196
Financial liabilities					
Forward foreign exchange contracts - within 1 year	—	(13)	—	(13)	(1,470)
Contingent consideration - within 1 year	—	—	(107)	(107)	(107)

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

PART B – OTHER EXPLANATORY NOTES

B1. REVIEW OF GROUP PERFORMANCE

(a) Performance of the current quarter against the corresponding quarter

							Individual quarter ended 30 September	
	2024	2023	2024	2023	2024	2023	2024	2023
<i>In RM Mil</i>	Group		Olefins and Derivatives		Fertilisers and Methanol		Specialties	
Revenue	7,986	6,784	4,230	3,496	2,130	1,809	1,610	1,467
(Loss)/Profit after tax	(762)	439	(493)	211	350	360	(61)	44
EBITDA ³	554	1,000	(137)	404	606	601	79	48

PCG Group recorded higher plant utilisation rate of 92% as compared to 77% in the corresponding quarter mainly due to lower plant maintenance activities during the quarter resulting in higher production and sales volumes.

Revenue was higher by RM1.2 billion or 18% at RM8 billion mainly due to higher sales volume and product prices as well as higher revenue contribution from a joint operation entity.

EBITDA was lower by RM446 million or 45% at RM554 million mainly contributed by unrealised foreign exchange loss on revaluation of payables in a joint operation entity. The Group recorded loss after tax of RM762 million as compared to profit after tax in the corresponding quarter of RM439 million in line with lower EBITDA and higher unrealised foreign exchange loss on revaluation of shareholders loan to a joint operation entity.

Adjusted EBITDA (excluding foreign exchange impact) was higher by RM109 million or 11% at RM1.1 billion (2023: RM995 million) mainly due to higher sales volume and higher spreads, partially offset by higher plant operation costs.

Adjusted profit after tax (excluding foreign exchange impact) was higher by RM24 million or 7% at RM352 million (2023: RM328 million) in line with higher adjusted EBITDA.

Olefins and Derivatives

The segment's operational performance recorded higher plant utilisation rate of 95% as compared to 79% in the corresponding quarter mainly due to lower plant maintenance activities during the quarter resulting in higher production and sales volumes.

Revenue was higher by RM734 million or 21% at RM4.2 billion primarily attributed to higher sales volume and product price.

EBITDA was lower by RM541 million mainly due to unrealised foreign exchange loss on revaluation of payables in a joint operation entity. The segment recorded loss after tax of RM493 million as compared to profit after tax in the corresponding quarter of RM211 million in line with lower EBITDA.

Adjusted EBITDA (excluding foreign exchange impact) was comparable at RM388 million (2023: RM397 million).

Adjusted profit after tax (excluding foreign exchange impact) was lower by RM172 million or 84% at RM32 million (2023: RM204 million) mainly due to higher depreciation and finance costs from a joint operation entity.

³ EBITDA refers to earnings before interest, taxation, depreciation and amortisation, share of profit after tax of equity accounted joint ventures and associates and other significant non-cash items.

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

PART B – OTHER EXPLANATORY NOTES (continued)

B1. REVIEW OF GROUP PERFORMANCE (continued)

(a) Performance of the current quarter against the corresponding quarter (continued)

Fertilisers and Methanol

The segment recorded higher plant utilisation rate of 90% as compared to 76% in the corresponding quarter mainly due to lower plant maintenance activities resulting in higher production and sales volumes.

The segment's revenue increased by RM321 million or 18% at RM2.1 billion primarily attributed to higher sales volume.

EBITDA was comparable at RM606 million. Profit after tax was slightly lower by RM10 million or 3% at RM350 million mainly due to strengthening of Ringgit Malaysia against US Dollar.

Adjusted EBITDA (excluding foreign exchange impact) was higher by RM30 million or 5% at RM631 million (2023: RM601 million) mainly due to higher spreads and higher sales volume, partially offset by higher plant operation costs.

Adjusted profit after tax (excluding foreign exchange impact) was higher by RM15 million or 4% at RM375 million (2023: RM360 million) in line with higher adjusted EBITDA.

Specialties

The segment's revenue increased by RM143 million or 10% at RM1.6 billion mainly due to higher product prices coupled with higher sales volume.

EBITDA was higher by RM31 million or 65% at RM79 million mainly due to improved contribution margins. The segment recorded a loss after tax of RM61 million as compared to profit after tax of RM44 million in corresponding quarter mainly due to unfavourable net foreign exchange impact.

Adjusted profit after tax (excluding foreign exchange impact) was higher by RM66 million at RM11 million (2023: Adjusted loss after tax of RM55 million) in line with higher EBITDA.

(b) Performance of the current period against the corresponding period

							Cumulative quarter ended 30 September	
	2024	2023	2024	2023	2024	2023	2024	2023
<i>In RM Mil</i>	Group		Olefins and Derivatives		Fertilisers and Methanol		Specialties	
Revenue	23,213	21,454	11,743	10,522	6,250	6,091	5,171	4,803
Profit/(Loss) after tax	750	1,608	203	802	1,271	1,134	69	(149)
EBITDA ⁴	2,824	3,142	591	1,287	2,045	1,843	317	174

PCG Group recorded slightly higher plant utilisation rate of 89% as compared to 85% in the corresponding period mainly due to lower plant maintenance activities during the period resulting in higher production and sales volumes.

Revenue was higher by RM1.8 billion or 8% at RM23.2 billion largely due to higher sales volume, partially offset by lower product prices.

EBITDA was lower by RM318 million or 10% at RM2.8 billion mainly due to unrealised foreign exchange loss on revaluation of payables in a joint operation entity. Profit after tax was lower by RM858 million or 53% at RM750 million in line with lower EBITDA and higher unrealised foreign exchange loss on revaluation of shareholders loan to a joint operation entity.

Adjusted EBITDA (excluding foreign exchange impact) was higher by RM282 million or 9% at RM3.3 billion (2023: RM3.1 billion) mainly due to lower fuel and energy & utilities costs and higher sales volume.

Adjusted profit after tax (excluding foreign exchange impact) was higher by RM235 million or 17% at RM1.7 billion (2023: RM1.4 billion) in line with higher adjusted EBITDA.

⁴ EBITDA refers to earnings before interest, taxation, depreciation and amortisation, share of profit after tax of equity accounted joint ventures and associates and other significant non-cash items.

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

PART B – OTHER EXPLANATORY NOTES (continued)

B1. REVIEW OF GROUP PERFORMANCE (continued)

(b) Performance of the current period against the corresponding period (continued)

Olefins and Derivatives

The segment recorded higher plant utilisation rate of 92% as compared to 90% in the corresponding period mainly due to lower plant maintenance activities during the period, resulting in higher production and sales volumes.

Revenue was higher by RM1.2 billion or 12% at RM11.7 billion primarily driven by revenue contribution from a joint operation entity, higher product prices and weakening of Ringgit Malaysia against US Dollar.

EBITDA was lower by RM696 million or 54% at RM591 million mainly contributed by unrealised foreign exchange loss on revaluation of payables in a joint operation entity. Profit after tax was lower by RM599 million or 75% at RM203 million in line with lower EBITDA.

Adjusted EBITDA (excluding foreign exchange impact) was lower by RM127 million or 11% at RM1.1 billion (2023: RM1.2 billion) mainly due to lower spreads.

Adjusted profit after tax (excluding foreign exchange impact) was lower by RM30 million or 4% at RM679 million (2023: RM709 million) in line with lower adjusted EBITDA.

Fertilisers and Methanol

The segment recorded higher plant utilisation rate of 88% as compared to 82% in the corresponding period mainly due to lower plant maintenance activities during the period, resulting in higher production and sales volumes.

The segment recorded higher revenue by RM159 million or 3% at RM6.3 billion mainly due to higher sales volume, partially offset by lower product prices.

EBITDA was higher by RM202 million or 11% at RM2 billion mainly contributed by higher sales volume. Profit after tax increased by RM137 million or 12% at RM1.3 billion in line with higher EBITDA.

Adjusted EBITDA (excluding foreign exchange impact) was higher by RM237 million or 13% at RM2.1 billion (2023: RM1.8 billion) mainly due to higher sales volume.

Adjusted profit after tax (excluding foreign exchange impact) was higher by RM172 million or 15% at RM1.3 billion (2023: RM1.1 billion) in line with higher adjusted EBITDA.

Specialties

The segment's revenue was higher by RM368 million or 8% at RM5.2 billion mainly due to higher sales volume.

EBITDA was higher by RM143 million or 82% at RM317 million driven by higher contribution margin following higher sales volume and lower raw material costs. The segment recorded profit after tax of RM69 million as compared to loss after tax in the corresponding period of RM149 million in line with higher EBITDA, favourable net foreign exchange impact.

Adjusted profit after tax (excluding foreign exchange impact) was higher by RM107 million at RM66 million (2023: Adjusted loss after tax of RM41 million) in line with higher EBITDA.

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

PART B – OTHER EXPLANATORY NOTES (continued)

B1. REVIEW OF GROUP PERFORMANCE (continued)

(c) Variation of results against the preceding quarter

<i>In RM Mil</i>	Individual quarter ended	
	30 September 2024	30 June 2024
Revenue	7,986	7,728
(Loss)/Profit after tax	(762)	809
EBITDA ⁵	554	1,110

PCG Group recorded higher plant utilisation rate of 92% as compared to 89% in the preceding quarter mainly due to lower plant maintenance activities resulting in higher production and sales volumes.

Revenue was higher by RM258 million or 3% at RM8 billion mainly due to revenue contribution from a joint operation entity, coupled with higher sales volume and product prices, partially offset by strengthening of Ringgit Malaysia against US Dollar.

EBITDA was lower by RM556 million or 50% at RM554 million mainly due to unrealised foreign exchange loss on revaluation of payables in a joint operation entity. The Group recorded loss after tax of RM762 million as compared to profit after tax in the preceding quarter of RM809 million in line with lower EBITDA and higher unrealised foreign exchange loss on revaluation of shareholders loan to a joint operation entity.

Adjusted EBITDA (excluding foreign exchange impact) was lower by RM36 million or 3% at RM1.1 billion (2023: RM1.1 billion) mainly due to higher plant operation costs, partially offset by higher spreads.

Adjusted profit after tax (excluding foreign exchange impact) was lower by RM519 million or 60% at RM352 million (2023: RM871 million) in line with lower adjusted EBITDA and finance income arising from adjustment of timing for payment of trade payables in a joint operation entity in the preceding quarter.

(d) Highlight on consolidated statement of financial position

<i>In RM Mil</i>	As at 30 September 2024	As at 31 December 2023
	Total assets	57,225
Total equity	38,758	42,074
ROE (%)	2.0	3.8

The Group's total assets were lower by RM3 billion or 5% at RM57.2 billion mainly due to reduction in property, plant and equipment and intangible assets following strengthening of Ringgit Malaysia against US Dollar, Euro and Swedish Krona.

⁵ EBITDA refers to earnings before interest, taxation, depreciation and amortisation, share of profit after tax of equity accounted joint ventures and associates and other significant non-cash items.

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

PART B – OTHER EXPLANATORY NOTES (continued)

B1. REVIEW OF GROUP PERFORMANCE (continued)

(e) Highlight on consolidated statement of cash flows

<i>In RM Mil</i>	Cumulative quarter ended 30 September	
	2024	2023
Net cash generated from operating activities	3,099	3,625
Net cash used in investing activities	(1,875)	(1,538)
Net cash used in financing activities	(1,119)	(2,178)

Net cash generated from operating activities was lower by RM526 million or 15% at RM3.1 billion in line with movement in working capital.

Net cash used in investing activities was higher by RM337 million or 22% at RM1.9 billion primarily due to higher purchase of property, plant and equipment.

Net cash used in financing activities for the period was lower by RM1.1 billion or 49% at RM1.1 billion as compared to corresponding period mainly due to lower dividend payment to shareholders.

B2. COMMENTARY ON PROSPECTS

The results of the Group's operations are primarily influenced by global economic conditions, petrochemical products prices which have a high correlation to crude oil price, particularly for the Olefins and Derivatives segment, utilisation rate of our production facilities and foreign exchange rate movements.

The utilisation of our production facilities is dependent on plant maintenance activities and sufficient availability of feedstock as well as utilities supply. The Group will continue with its operational excellence programme and supplier relationship management to sustain plant utilisation level at above industry benchmark.

The Group anticipates product prices for olefins and derivatives to be soft due to weak seasonal downstream demand and ample supply amidst upcoming new capacity in Northeast Asia. Fertiliser and methanol product prices are forecasted to be stable as key suppliers are focusing on term commitments, while downstream demand remains subdued. For specialties, the Group sees signs of gradual recovery in specific end markets, but remains cautious given the uncertain macroeconomic environment that may delay near-term recovery.

B3. PROFIT FORECAST OR PROFIT GUARANTEE

The Group does not publish any profit forecast or profit guarantee.

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

PART B – OTHER EXPLANATORY NOTES (continued)

B4. OPERATING (LOSS)/PROFIT

<i>In RM Mil</i>	Individual quarter ended 30 September		Cumulative quarter ended 30 September	
	2024	2023	2024	2023
Included in (loss)/profit for the period are the following charges:				
Depreciation and amortisation	619	491	1,680	1,457
Inventories written down to net realisable value	122	—	136	29
Finance loss	14	—	—	—
Net loss on foreign exchange	1,114	—	908	—
Write off of investment in a joint venture	—	—	24	—
and credits:				
Interest income	95	96	279	255
Finance income	—	—	339	—
Inventories written back to net realisable value	—	11	—	—
Amortisation of deferred income	22	22	66	66
Net gain on foreign exchange	—	112	—	185

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

Foreign exchange exposure / hedging policy

The Group is exposed to varying levels of foreign exchange risk when they enter into transactions that are not denominated in the respective companies' functional currencies and when foreign currency monetary assets & liabilities are retranslated at the reporting date. The main underlying economic currencies of the Group's cash flows are Ringgit Malaysia and US Dollar.

The Group's foreign exchange management policies aim to minimise transactional exposure arising from currency movements. The Group mainly relies on the natural hedge arising from most of its revenue and expenses being denominated in US Dollar. In addition, the Group, where applicable, hedge using derivative instruments in respect of current and forecasted transactions.

B5. TAX EXPENSE

<i>In RM Mil</i>	Individual quarter ended 30 September		Cumulative quarter ended 30 September	
	2024	2023	2024	2023
Current tax expenses				
Current period tax	82	149	219	274
Under/(over) provision in respect of prior periods	5	(12)	5	(12)
	87	137	224	262
Deferred tax expenses				
Origination and reversal of temporary differences	20	(14)	116	(24)
(Over)/under provision in respect of prior periods	(2)	24	(2)	24
	18	10	114	—
	105	147	338	262

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

PART B – OTHER EXPLANATORY NOTES (continued)

B5. TAX EXPENSE (continued)

The Group's effective tax rates for the individual and cumulative quarter ended 30 September 2024 are -16% and 31% respectively which, are reflective of the various tax legislation within which the Group operates including among others Malaysia Income Tax Act 1967 and Global Incentive for Trading (GIFT) under Labuan Financial Services and Securities Act 2010.

The lower effective tax rate for the individual quarter ended 30 September 2024 against the Malaysian income tax rate of 24% due to loss before tax for the quarter partially offset by higher non-deductible expenses in relation to unrealised foreign exchange loss. Cumulative quarter's effective tax rate was higher than Malaysian income tax rate of 24% due to higher chargeable income net of non-deductible expenses in relation to unrealised foreign exchange loss.

B6. STATUS OF CORPORATE PROPOSALS

There were no new corporate proposals during the period under review since the last audited consolidated financial statements for the year ended 31 December 2023.

B7. TRADE AND OTHER RECEIVABLES

(a) Details of Group trade and other receivables

<i>In RM Mil</i>	As at 30 September 2024	As at 31 December 2023
Trade receivables:		
– Third party	3,182	2,355
– Joint ventures and associates	131	190
– Related companies	149	93
Other receivables	1,227	1,219
Total	4,689	3,857

Average credit term for trade receivables granted to related parties and non-related parties is 53 days.

(b) Ageing analysis of trade receivables

<i>In RM Mil</i>	As at 30 September 2024	As at 31 December 2023
Current	3,298	2,506
Past due 1 to 30 days	161	140
Past due 31 to 60 days	5	5
Past due more than 60 days	17	9
Total	3,481	2,660

With respect to the Group's trade receivables, there are no indications as of the reporting date that the debtors will not meet their payment obligations.

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

PART B – OTHER EXPLANATORY NOTES (continued)

B8. BORROWINGS

	Denominated currency	<i>In denominated currency</i>		<i>In presentation currency</i>	
		As at 30 September 2024 Mil	As at 31 December 2023 Mil	As at 30 September 2024 RM Mil	As at 31 December 2023 RM Mil
Non-current					
Term loans - secured	USD	328	341	1,346	1,570
Term loan - unsecured	USD	164	161	674	741
Term loan - unsecured	EUR	1	32	4	162
				2,024	2,473
Current					
Term loans - secured	USD	31	31	128	141
Term loans - unsecured	CNY	20	20	13	13
Term loans - unsecured	EUR	31	1	141	4
Revolving credit - unsecured	SEK	1,275	525	519	242
Revolving credit - unsecured	RM	30	100	30	100
Revolving credit - unsecured	USD	38	—	155	—
Revolving credit - unsecured	EUR	7	—	31	—
				1,017	500

There are two EUR unsecured term loans which bear interest rate of 0.71% per annum and interest margin above EURIBOR of 0.85% per annum respectively. These loans are repayable on various dates between 2025 and 2027 respectively.

The USD unsecured term loan is pursuant to the co-borrowing agreement between the joint operation entity and a related party under an integrated borrowing structure. The loan which bears nil interest was fair valued as a Level 3 fair value on initial recognition with an effective interest rate ranging from 2.33% to 4.18% per annum and due for a final repayment twelve months following final discharge of the project financing.

There are two CNY term loans which bear interests of 3.05% and 3.60% per annum respectively.

The EUR unsecured revolving credits bear interest rate of 4.89% per annum and interest margin above EURIBOR of 1M + 0.95% per annum respectively.

The SEK unsecured revolving credit bear interests ranging from 4.09% to 4.44% per annum.

The USD unsecured revolving credit bear interests ranging from 5.49% to 6.35% per annum.

The RM unsecured revolving credit bears interest margin of 0.70% above KLIBOR.

The USD secured term loans relate to 50% share of project financing facility of a joint operation entity. The loans bear interest margin above 6-month synthetic USD LIBOR ranging from 0.80% to 1.74% per annum and is repayable on various dates between 2021 and 2034.

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

PART B – OTHER EXPLANATORY NOTES (continued)

B8. BORROWINGS (continued)

The term loans are secured in the following manner:

- i. Completion guarantee from the ultimate holding company, which is a fully recourse guarantee to the Company, where the ultimate holding company guarantee on several and not joint basis which will be uplifted and terminated upon meeting all project completion requirements;
- ii. Cross-guarantee arrangement under an integrated borrowing structure due to the nature of the project with a related party; and
- iii. Charge over ordinary shares and the land lease rights of the said joint operation entity.

The Guaranteed Project Completion Date ("PCD") was extended from 31 December 2023 to 31 December 2025.

B9. DERIVATIVE FINANCIAL INSTRUMENTS

There were no changes to the Group's derivative financial instruments since the last audited consolidated financial statements for the year ended 31 December 2023, other than as disclosed in note A17.

B10. FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

The Group does not have any financial liabilities that are measured at fair value (other than derivative financial instruments) for the period under review.

B11. MATERIAL LITIGATION

There was no pending material litigation since the last audited consolidated financial statements for the year ended 31 December 2023.

B12. BASIC (LOSS)/EARNINGS PER SHARE

Basic earnings per share is derived based on the profit attributable to shareholders of the Company and number of ordinary shares of the Company.

<i>In RM Mil</i>	Individual quarter ended 30 September		Cumulative quarter ended 30 September	
	2024	2023	2024	2023
(Loss)/Profit for the period attributable to shareholders of the Company	(789)	424	656	1,584
<i>In millions of shares</i>				
Number of ordinary shares issued	8,000	8,000	8,000	8,000
<i>In sen</i>				
Basic (loss)/earnings per share	(10)	5	8	20

As at the date of the statement of financial position, the Company does not have any instruments which may have a dilutive impact on the basic earnings per share.

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

PART B – OTHER EXPLANATORY NOTES (continued)

B13. EXCHANGE RATES

	30 September 2024	Individual quarter ended		30 September 2024	Cumulative quarter ended	
		30 June 2024	30 September 2023		31 December 2023	30 September 2023
USD/MYR						
Average rate	4.4566	4.7323	4.6277	4.6374	4.5602	4.5144
Closing rate	4.1065	4.7205	4.6950	4.1065	4.5995	4.6950
EUR/MYR						
Average rate	4.8939	5.0949	5.0363	5.0394	4.9316	4.8906
Closing rate	4.5874	5.0500	4.9603	4.5874	5.0949	4.9603
SEK/MYR						
Average rate	0.4273	0.4430	0.4281	0.4418	0.4299	0.4261
Closing rate	0.4073	0.4435	0.4296	0.4073	0.4611	0.4296

By order of the Board

Azira Marini Binti Ab Rahim (SSM Practising Certificate No. 201908001107)
 Mek Yam @ Mariam Hassan (SSM Practising Certificate No. 201908000788)
 Company Secretaries

Kuala Lumpur
 20 November 2024