PETRONAS CHEMICALS GROUP BERHAD

3Q 2022 Analyst Briefing

25 Nov 2022

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PETRONAS Chemicals Group Management Line Up

Mohd Yusri Mohamed Yusof
Managing Director/CEO
Presenter

Mohd Azli Ishak
Chief Financial Officer

Presenter

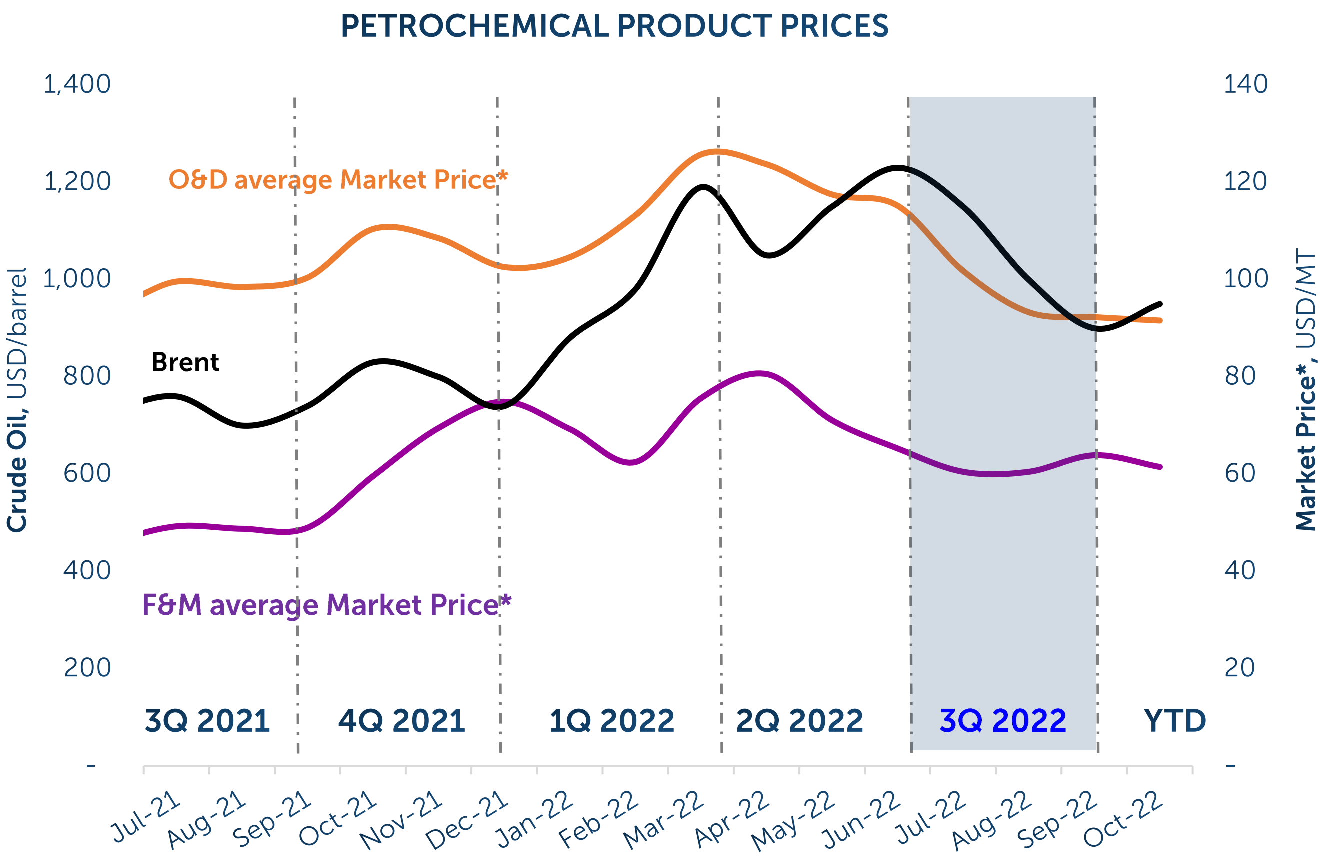
Yaacob Salim
Head Strategic Planning & Ventures

Zamri Japar
Chief Manufacturing Officer
Presenter

Shakeel Ahmad Khan
Chief Commercial Officer
Presenter

Zaida Alia Shaari
Head of Investor Relations

Slow economic growth amid high inflation, rising interest rates and ongoing geopolitical tensions



9M 2022 Market Highlights

Average GDP declined to 1.85% on tightening financial conditions leading to decline in economic growth. *(9M 2021: 2.14%)*

PMI contracted to 49.80 on continued lockdown in China, softened demand for manufactured goods, and declining new orders amid rising finished good inventories. *(9M 2022: 54.10)*

Brent Crude averaged 56% higher on limited supply amidst the Russia-Ukraine conflict and improved demand following global recovery and improving COVID-19 situation.

Prices were higher across all products except ethylene and MEG as prolonged lockdown in China saw inventories staying high and dampened demand.

9M 2022 Key Highlights

OPERATIONAL EXCELLENCE

- Lower Plant utilisation (PU) year-on-year at 85% on higher turnaround days *(9M 2021: 94%)*
- 9% lower production volume at 7,141 KMT *(9M 2021: 7,868 KMT)*

COMMERCIAL EXCELLENCE

- 8% lower sales volume at 5,582 KMT in line with lower production volume *(9M 2021: 6,042 KMT)*
- Higher product prices across most products on higher feedstock prices

FINANCIAL EXCELLENCE

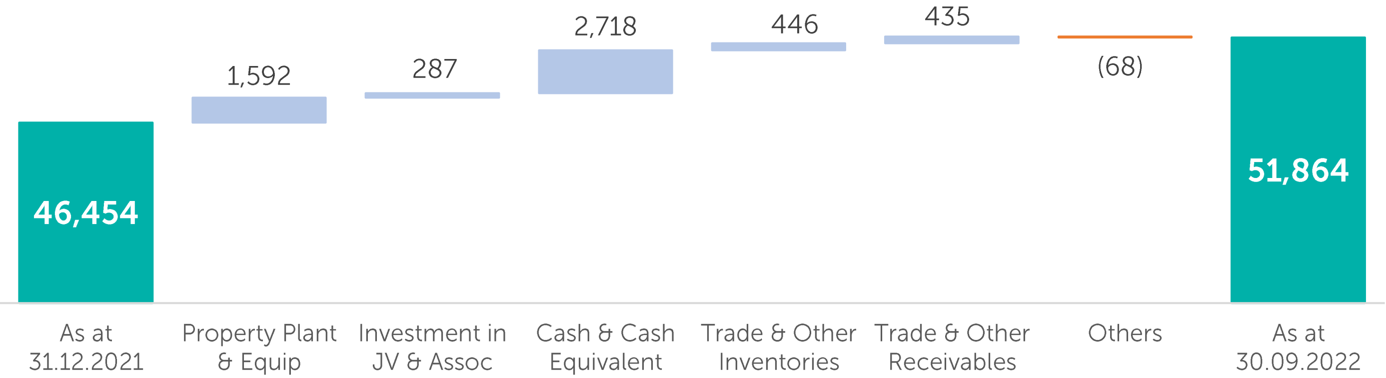
- Higher revenue by 26% on the back of higher product prices *(9M 2021: RM 16, 049 million)*
- EBITDA improved by 6.5% on wider product spreads partially offset by lower sales volume and higher fuel cost.
- PAT improved by 11% at RM 5,843 million in line with higher EBITDA *(9M 2021: RM 5,285 million)*

Solid financial performance driven by higher product prices

Key Financial Indicators	3Q 2022 vs 3Q 2021 (YoY)	3Q 2022 vs 2Q 2022 (QoQ)	Period Ended 3Q 2022 vs Period Ended 3Q 2021
Production Volume ('000 MTPA)	3Q 2022: 2,735 3Q 2021: 2,660 2.8%	3Q 2022: 2,735 2Q 2022: 2,000 36.8%	3Q 2022: 7,141 3Q 2021: 7,868 (9.2%)
Revenue (RM Million)	3Q 2022: 7,032 3Q 2021: 5,766 22.0%	3Q 2022: 7,032 2Q 2022: 6,583 6.8%	3Q 2022: 20,249 3Q 2021: 16,049 26.2%
Profit After Tax (RM Million)	3Q 2022: 1,898 3Q 2021: 1,963 (3.3%)	3Q 2022: 1,898 2Q 2022: 1,872 1.4%	3Q 2022: 5,843 3Q 2021: 5,285 10.6%
EBITDA (RM Million) EBITDA Margin (%)	3Q 2022: 1,960 (27.9%) 3Q 2021: 2,113 (36.6%) (7.2%)	3Q 2022: 1,960 (27.9%) 2Q 2022: 1,968 (29.9%) (0.4%)	3Q 2022: 6,350 (31.4%) 3Q 2021: 5,962 (37.1%) 6.5%

Balance Sheet: Higher total assets on higher cash and cash equivalents mainly due to profit generated from operations

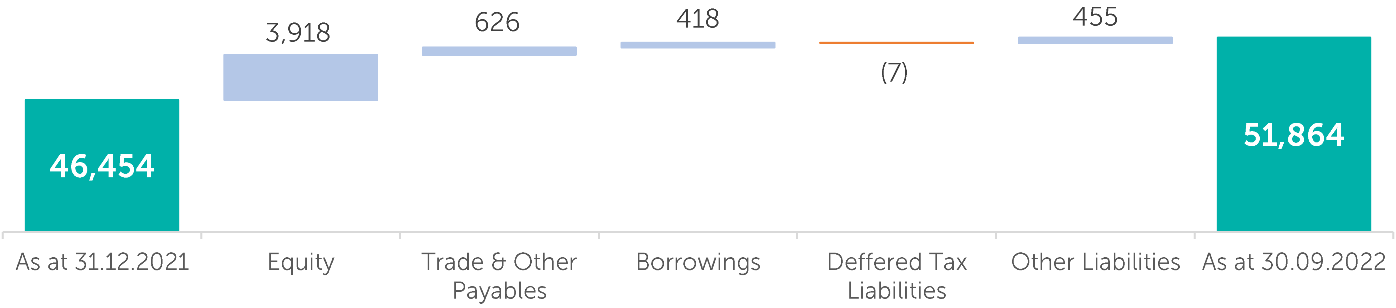
Total Assets *(RM million)*



The Group's total assets grew by 11.6% at RM51.9 billion, mainly due to:

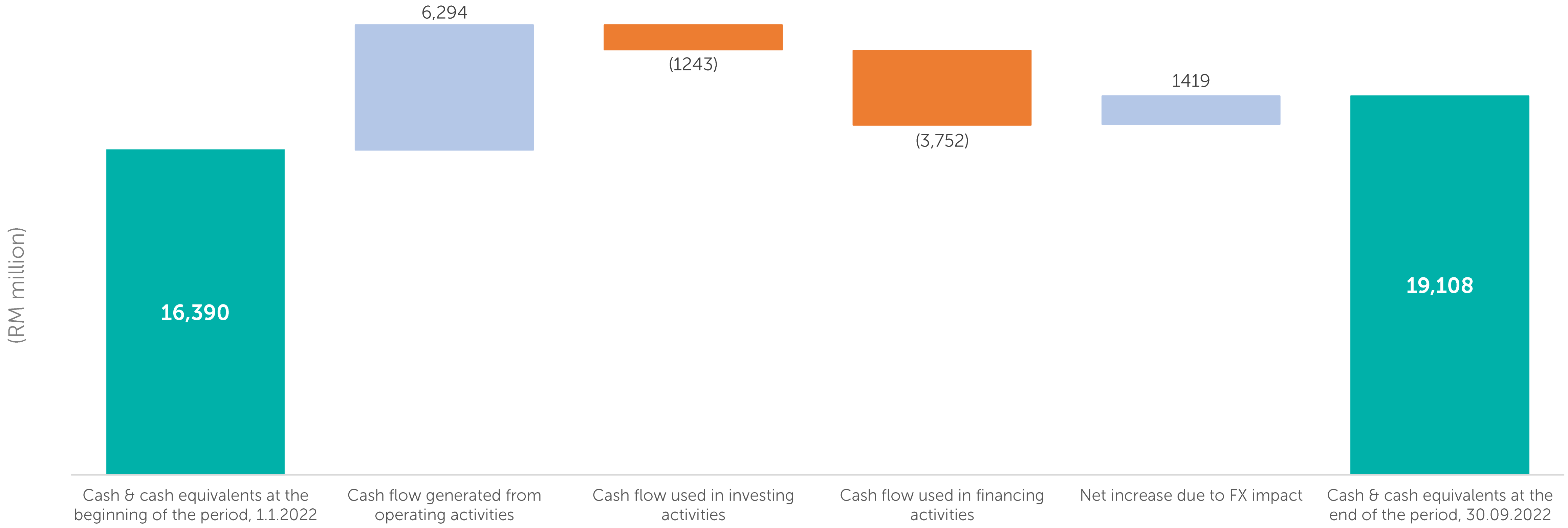
- Higher cash and cash equivalents due to cash generated from operations & net foreign exchange difference following weakening of RM against USD and Euro
- Higher Property, Plant and Equipment (PPE), mainly contributed by project costs incurred at PPC and PC Isononanol and Turnaround related cost

Total Equity & Liabilities *(RM million)*



- Total equity was higher by RM3.9 bil or 11.1% in line with profit generated for the period and foreign currency due to weakening of RM against USD
- Total liability was higher at RM12.6 billion due to trade payables, higher borrowings and lease (other liabilities)

Cash flows: Higher cash flows from operations, in line with higher EBITDA



Higher net cash used in financing activities at RM3.8 billion mainly due to higher dividend paid to shareholders

Stable operations post turnaround activities

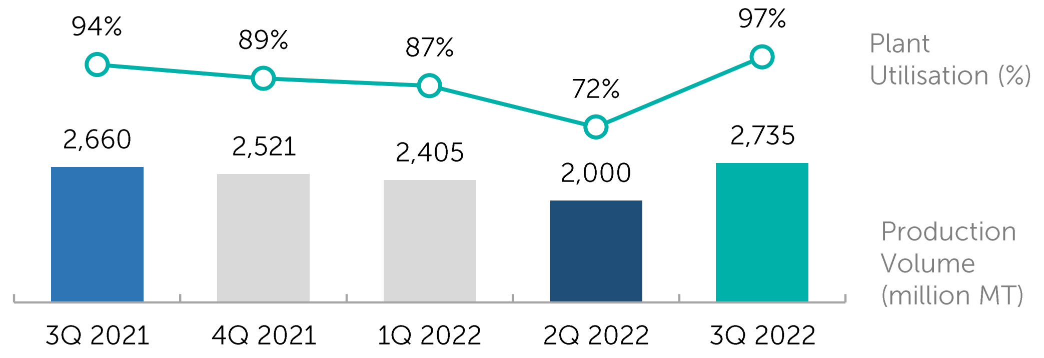
Plant Utilisation

97%

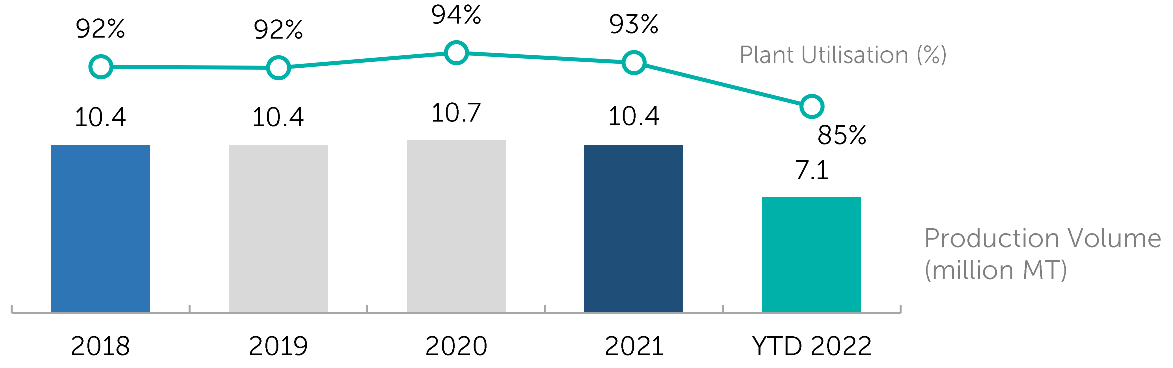
(2Q 2022: 72%)

- Sustain high group utilization rate at 97%
- Strengthen performance and stable operations of downstream units of ethylene chain
- Highest quarterly urea production since 2019

Quarterly Group Performance

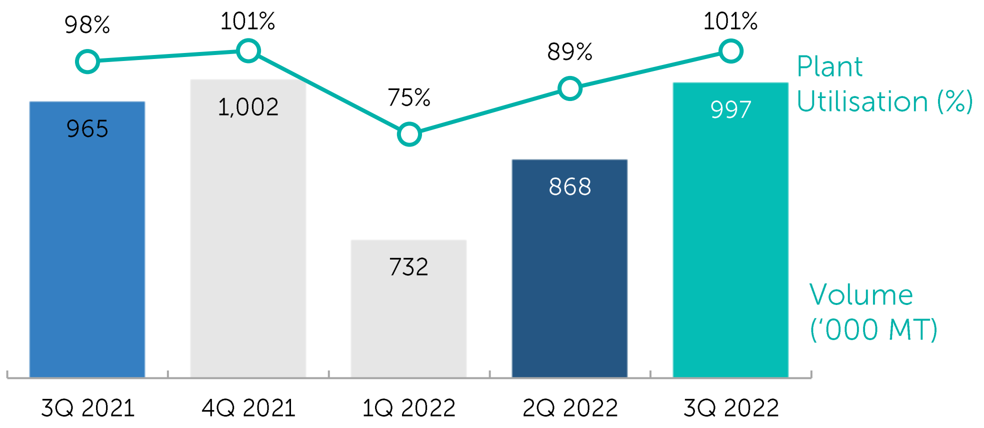


Annual Group Performance



Olefins & Derivatives: Strengthened performance and stable operations

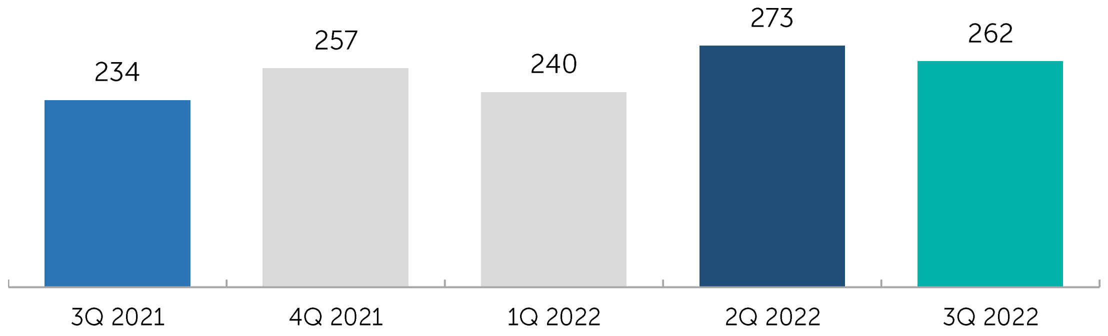
OLEFINS AND DERIVATIVES (O&D)



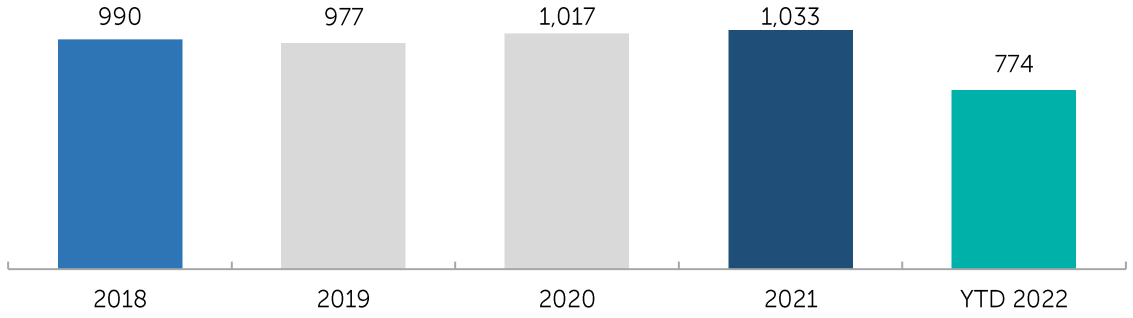
- O&D segment strengthen with reliable and improved plant performance
- Stable operations of downstream units, namely, Butanol, LDPE, MTBE and Aromatics, supported O&D total production for the quarter

Ethylene Production

Quarterly Volume ('000 MT)

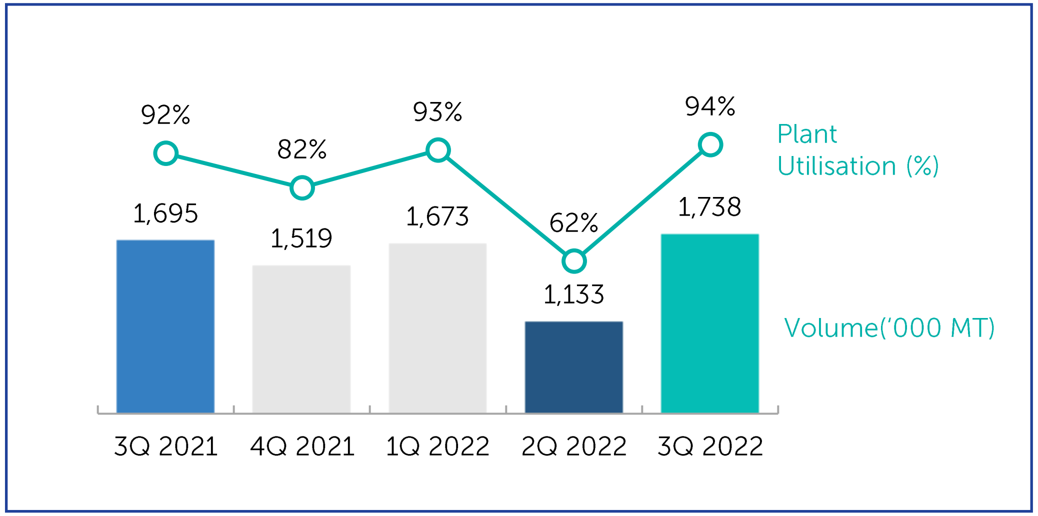


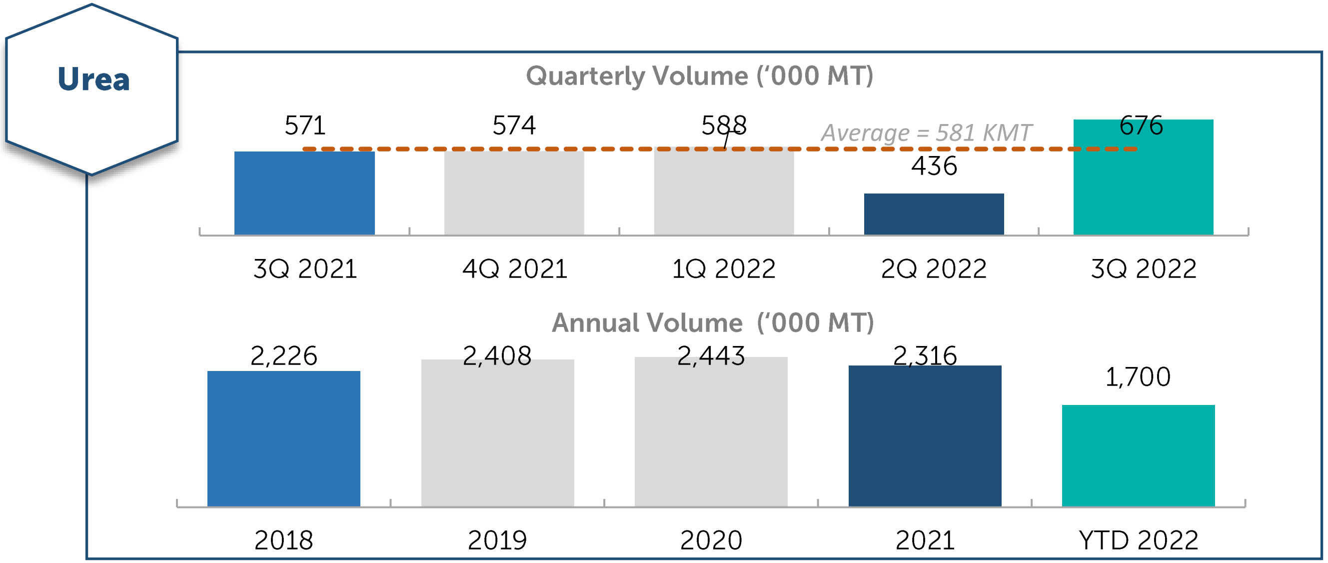
Annual Volume ('000 MT)

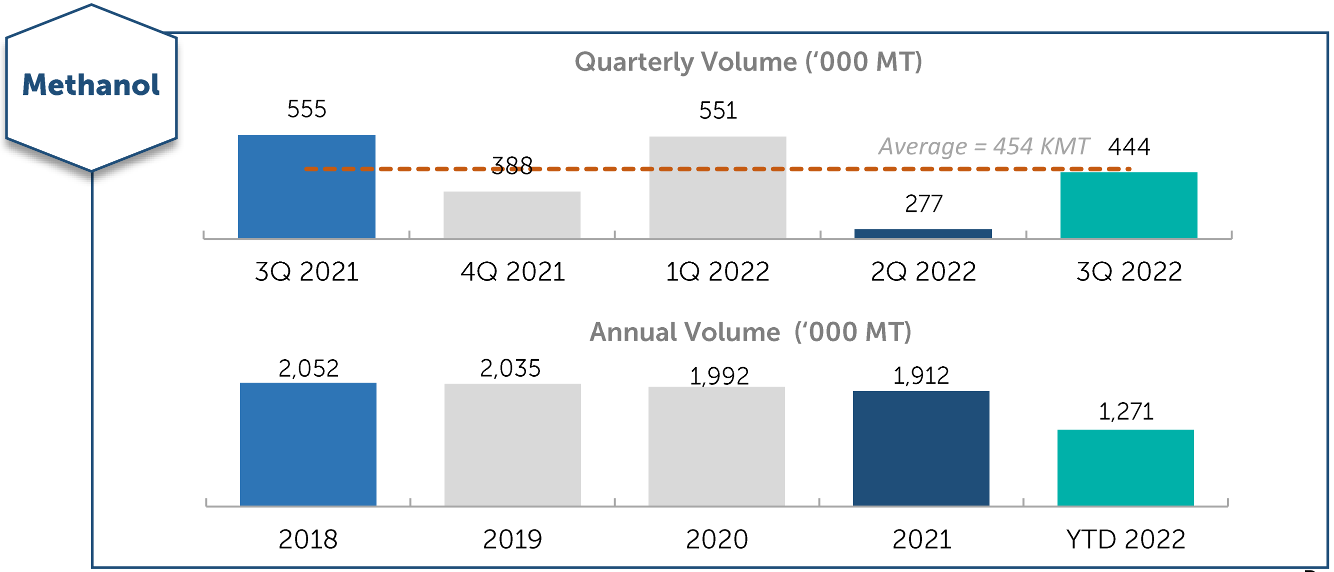


Fertilisers & Methanol: Achieved highest quarterly urea production since 2019

FERTILISER AND METHANOL (F&M)







- Higher segmental plant utilisation rate following stable plant production after turnaround and maintenance activities in previous quarter
- Delivered above average quarterly urea volumes following good plant reliability
- Completed turnaround and maintenance activities at PC Methanol Plant 2

Olefins & Derivatives: Dampened downstream demand amid inflationary pressures and recession concerns

Ethylene

Q3 2022
(vs Q2 2022)

- Long supply on poor demand and downstream margins.
- Stagnant demand from extended lockdown in China and depreciation of Chinese Yuan.

Outlook
(3 Months)

- Balanced supply on ongoing cracker outages.
- Cautious buying until year end amidst squeezed downstream margin.

Polymers

Q3 2022
(vs Q3 2022)

- Weak ethylene feedstock prices amidst falling crude oil prices.
- Strong USD coupled with inflation and recession fears.

Outlook
(3 Months)

- US deep-sea cargoes remain a threat in SEA.
- High inflation and strong USD further dampen buying pattern from end users.

MEG

Q3 2022
(vs Q2 2022)

- Rising supply from new plant in China and piled inventories.
- Weak demand as textile industry showed no sign of recovery.

Outlook
(3 Months)

- New plant start up in China to improve current short supply.
- Anticipated improved demand prior to Lunar New Year.

Paraxylene

Q3 2022
(vs Q2 2022)

- Additional capacities in China.
- Lower downstream demand with major PTA units have either shut down or reduced OR due to maintenance.

Outlook
(3 Months)

- Sufficient supply.
- Slight uptick on downstream demand following festive season

Fertilisers & Methanol: Fertiliser slows on off-planting season; Methanol to stabilise on balanced supply and demand

Urea

Q3 2022
(vs Q2 2022)

- Higher export volume from China added with more supply from Russia to India.
- Stable demand from India..

Outlook
(3 Months)

- More capacities are resuming operations, coupled with China's anticipated export volume.
- Weak demand except for India due to Rabi season.

Ammonia

Q3 2022
(vs Q2 2022)

- Lower demand from downstream industries for ACN and CPL.
- Long supply due to minimal plant maintenance..

Outlook
(3 Months)

- Limited supply due to production outages & plant shutdown.
- Prolonged low production for downstream ACN and CPL in NEA.

Methanol

Q3 2022
(vs Q2 2022)

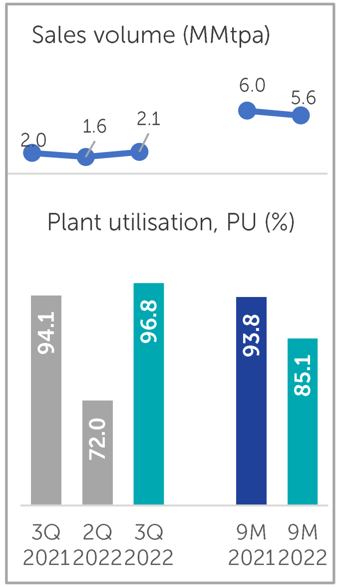
- Weak China demand with fear of recession.
- Ample availability of China local spot cargoes from inland and east China markets.

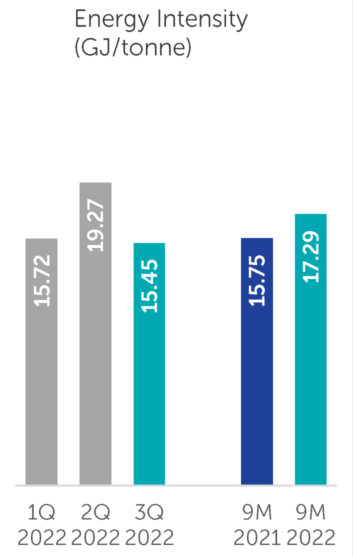
Outlook
(3 Months)

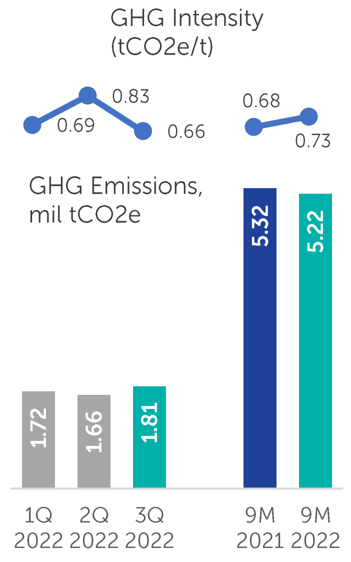
- Stable SEA supply.
- Limited spot demand due to reduced downstream consumption.

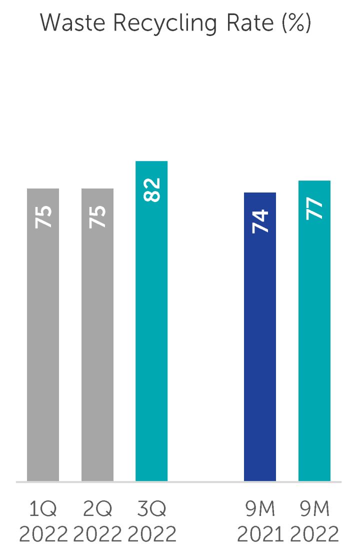
Keeping track of our sustainability metrics

Economic	Environmental			Social
Plant Utilisation **96.8%** **Sales volume** **2.1 MMt**	**Target 2024 Energy Intensity** **15.85 GJ/t**	**Target 2024 GHG Emissions Volume** **6.98 mil tCO_2e**	**Target 2024 Waste recycling rate, 3R** **82%**	**Target reach in 2022** **250,000**









Environment
- Be Green
- ecoCare

Community Development & Well-being
- Safe Handling of Chemicals for School (SHOC4School
- PCG COVID-19 Relief
- Sentuhan Kasih

Education
- Plastic, Sustainability & You Education (PSYE)

Social & Governance
- Focusing on closing gaps identified from previous social risk assessment

Net Zero Carbon Emissions (NZCE):

PCG completed its NZCE roadmap that sets our carbon reduction goals and pathways, starting with a reduction of 20% by 2030 towards becoming net-zero by 2050

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

FTSE4Good

Slower global growth, rising inflation

Growth Delivery

- Acquisition of Perstorp Holding AB completed in October 2022
- Pengerang Integrated Complex would resume its startup activities once all safety measures and other considerations are fulfilled
- Melamine, NBL and Specialty Ethoxylates progressing as scheduled
- Investments in derivatives, specialty chemicals including green chemicals

Business Environment

- Rising inflationary pressures stoking recession fears
- On going geo-political tensions
- Stable crude prices with OPEC+ cuts, amid slower demand

Focus Area

- Uphold Health, Safety and Environmental practices
- Enhance operational and commercial capabilities through digital platforms
- Strict adherence to financial discipline
- Implementation of NZCE 2050 roadmap

Thank you

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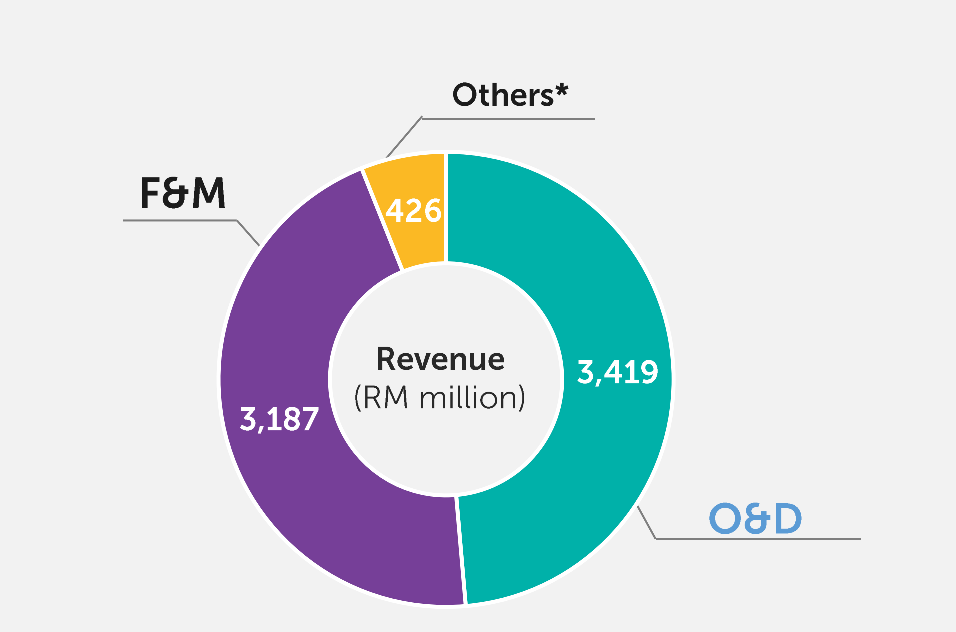
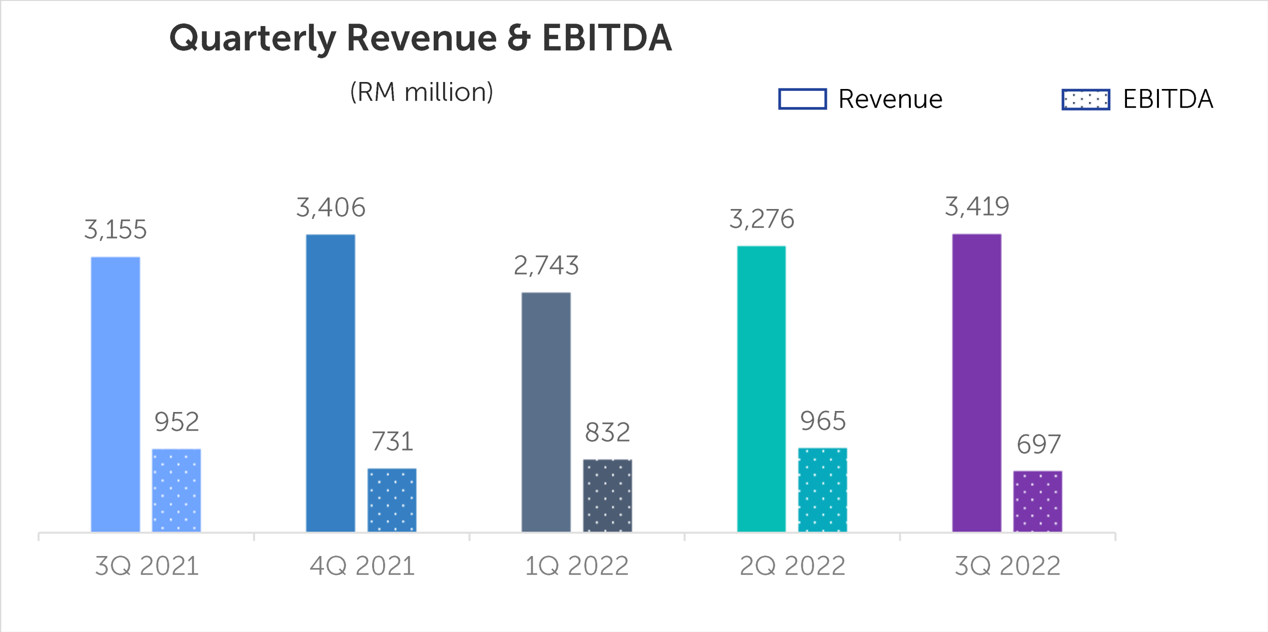
O&D: Improved operations Q-o-Q , higher revenue contributed by higher sales volume and favorable foreign exchange impact.

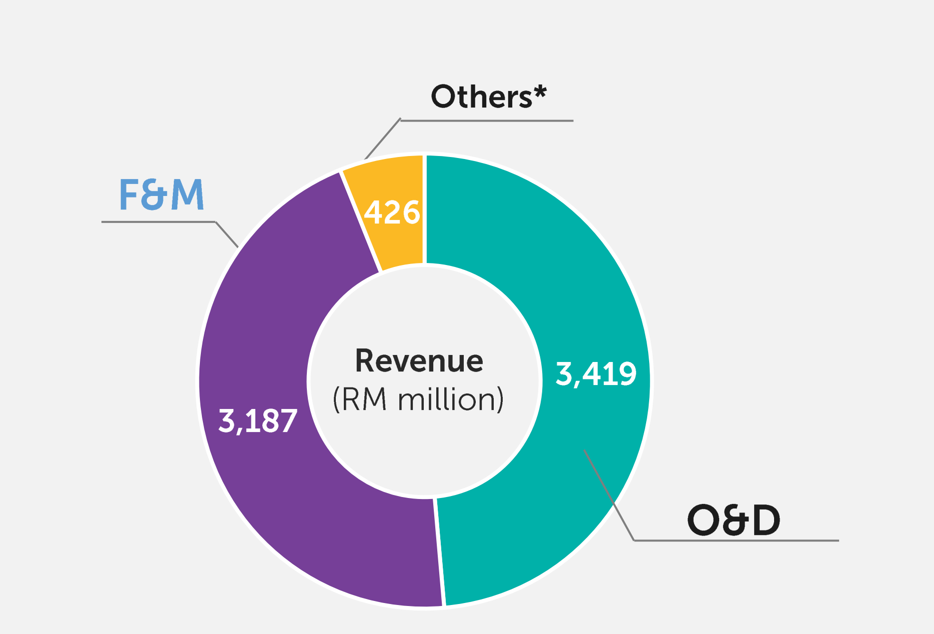


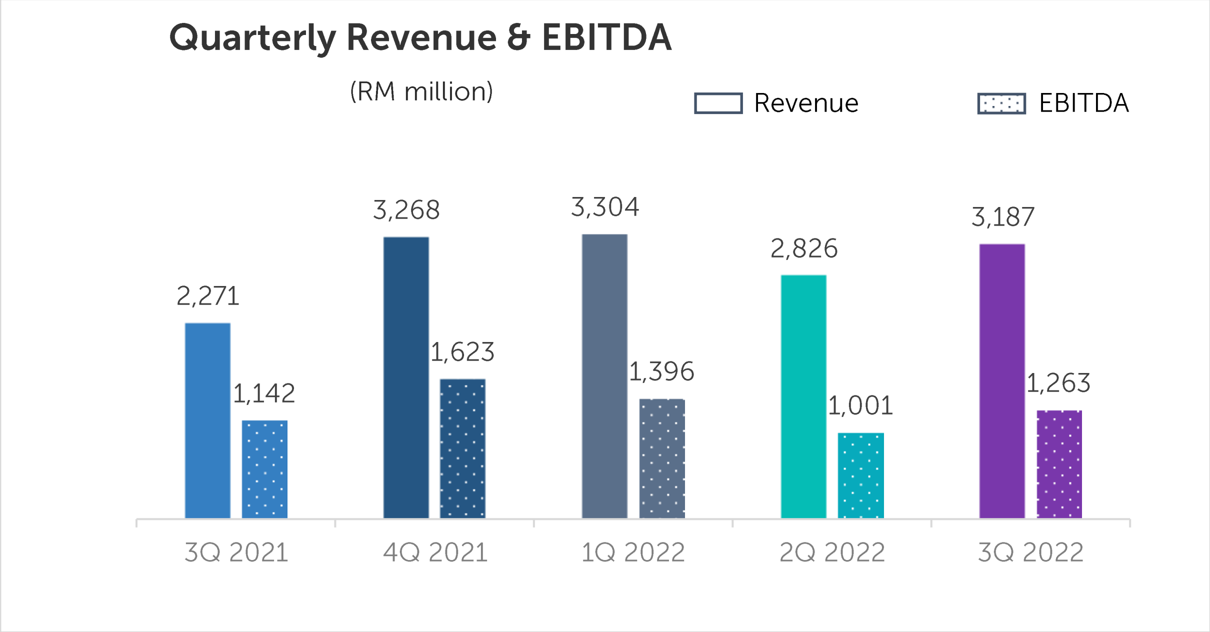


- 3Q 2022 recorded improved operational performance against preceding quarter mainly contributed by lower internal downtime days.
- Higher segmental revenue primarily due to higher sales volume and weakening of Ringgit Malaysia against US Dollar partially offset by lower product prices in line with market.

* Others include other non-reportable segments which comprise of operations related to port services that provide product distribution infrastructure to the Group as well as activities related to specialty chemicals, and unallocated assets.

F&M : Revenue increased as a result of higher sales volume and favorable foreign exchange impact.





- 3Q 2022 saw improved operational performance mainly contributed to lower TA days at PC Methanol (Plant 2) in the current quarter
- F&M's revenue was higher at RM3.2 bil mainly primarily contributed by higher sales volume and weakening of Ringgit Malaysia against US Dollar, partially offset by lower product prices..

* Others include other non-reportable segments which comprise of operations related to port services that provide product distribution infrastructure to the Group as well as activities related to specialty chemicals, and unallocated assets.