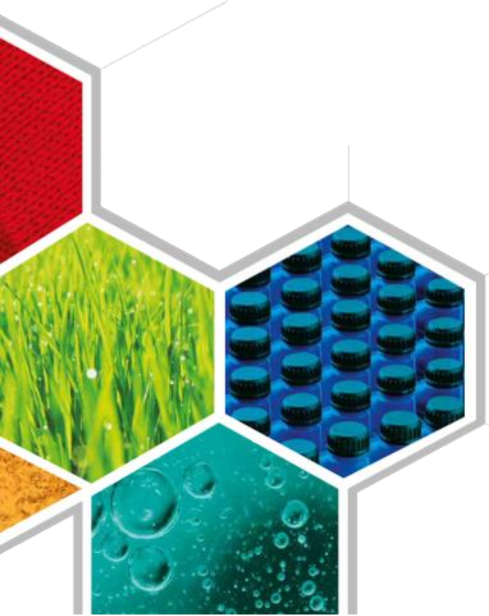
PETRONAS CHEMICALS GROUP BERHAD

QUARTERLY ANALYST BRIEFING

QUARTER ENDED 31 December 2019



27 February 2020
3.00PM – 4.00 PM

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KEY HIGHLIGHTS

PERFORMANCE HIGHLIGHTS

MOVING FORWARD

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PERFORMANCE HIGHLIGHTS

MOVING FORWARD

Headwinds across global landscapes, growth slowed

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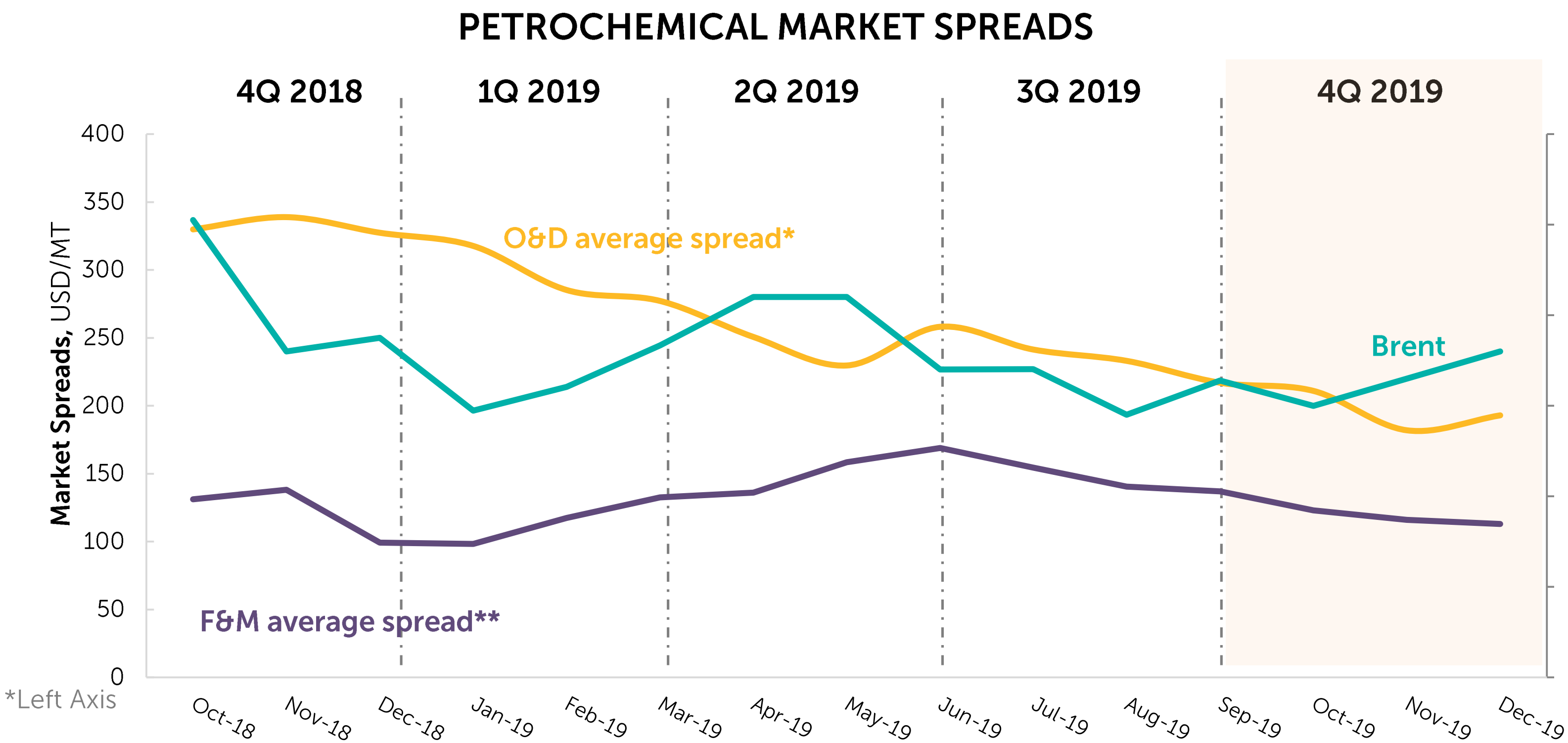

- Global GDP growth* declined year-on-year from 3.2% in 2018 to 2.6% in 2019, as protracted trade dispute between the US and China saw the manufacturing sector and international trade slowdown.
- Crude oil prices averaged lower at USD64/bbl in 2019, compared to USD71/bbl in 2018, on a weaker macroeconomic environment and concerns regarding oil demand.
- Petrochemical product prices declined due to high supply availability coupled with weak downstream demand.

*Source: IHS

2019 Highlights

- Plant utilisation (PU) at 92 %
- Production volume at 10.4 million tonnes
- World class safety performance; Lost Time Injury Frequency (LTIF) at 0.08

- Sales volume at 8.4 million tonnes
- Co-creation of 13 high impact solutions to address customer needs
- Product portfolio expansion with silicone and silicone based products.

- Revenue declined on lower product prices
- PAT impacted by net share of losses from JV and associates
- EBITDA declined on compressed margins

KEY HIGHLIGHTS

PERFORMANCE HIGHLIGHTS

MOVING FORWARD

Performance Highlights : Financials

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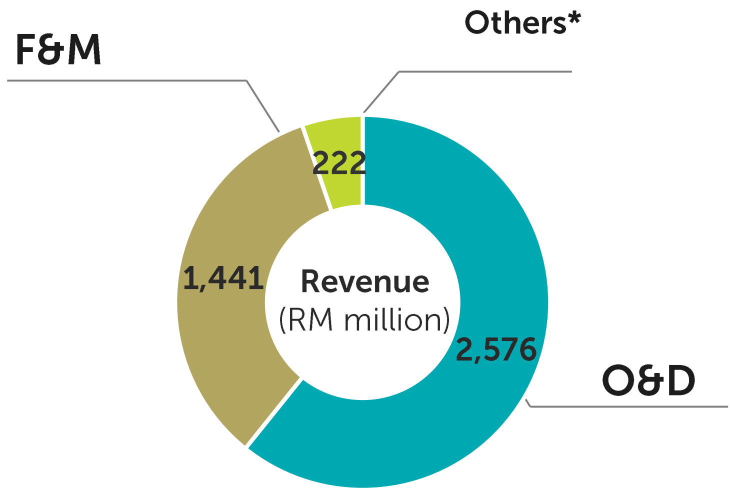
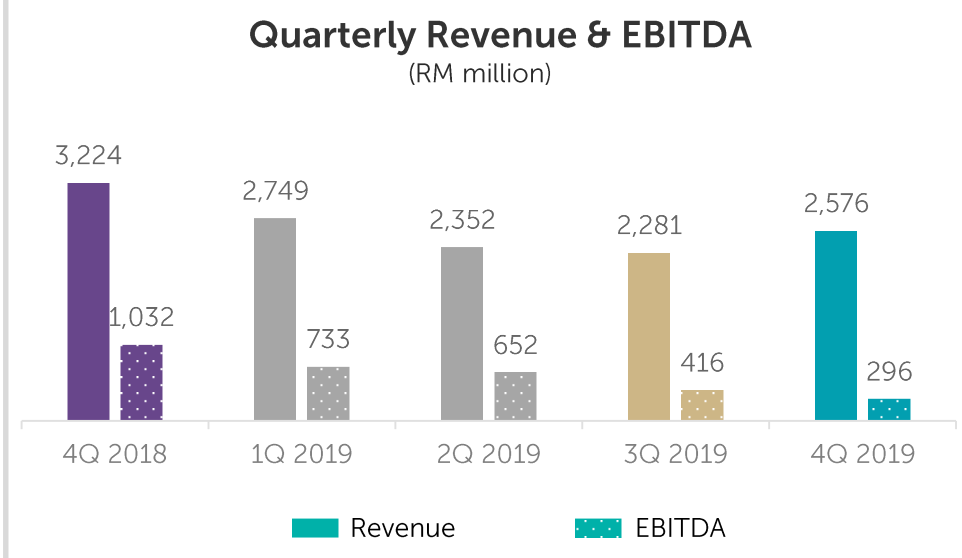
Key Financial Indicators	4Q 2019 Year-on-Year	4Q 2019 Quarter-on-Quarter	Year to date
Production Volume ('000 MTPA)	4Q 2019: 2,523 4Q 2018: 2,684 (6%)	4Q 2019: 2,523 3Q 2019: 2,315 9%	YE 2019: 10,399 YE 2018: 10,420 (0.2%)
Revenue (RM Million)	4Q 2019: 4,234 4Q 2018: 5,062 (16%)	4Q 2019: 4,234 3Q 2019: 3,669 15%	YE 2019: 16,370 YE 2018: 19,576 (16%)
Profit After Tax (RM Million)	4Q 2019: 312 4Q 2018: 1,025 (70%)	4Q 2019: 312 3Q 2019: 558 (44%)	YE 2019: 2,795 YE 2018: 4,874 (43%)
EBITDA (RM Million) EBITDA Margin (%)	4Q 2019: 750 (18%) 4Q 2018: 1,686 (33%) (56%)	4Q 2019: 750 (18%) 3Q 2019: 915 (25%) (18%)	YE 2019: 4,448 (27%) YE 2018: 6,965 (36%) (36%)

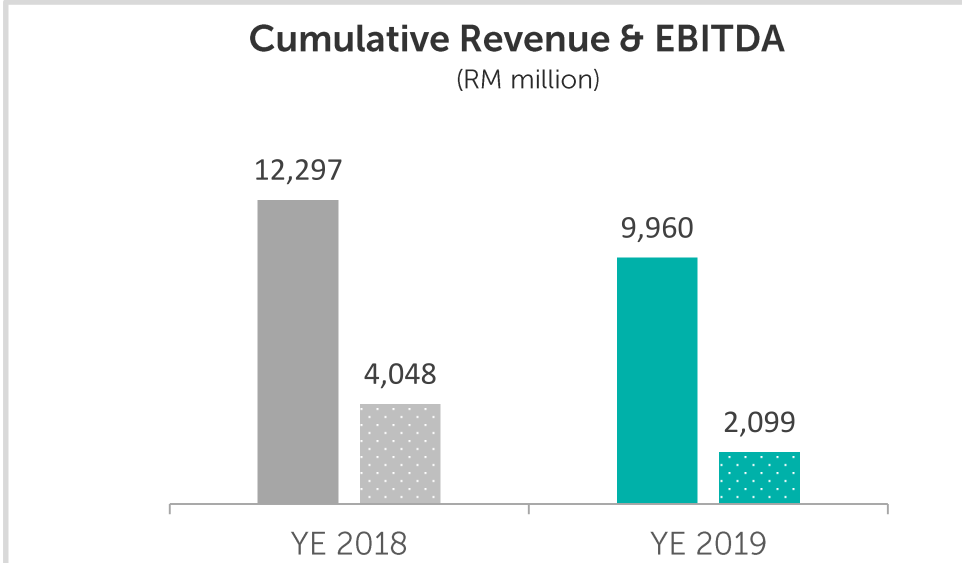
Performance Highlights : Financials

Olefins & Derivatives





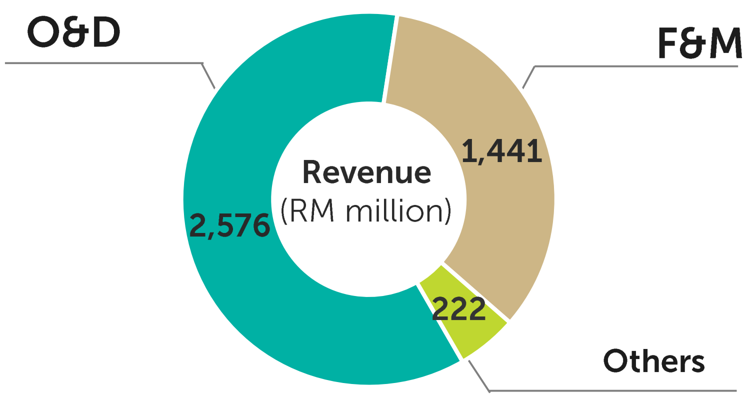
- Lower plant performance year-on-year on higher level of statutory turnaround activities;
- Average product prices declined year-on-year on a softened demand and ample product supply



*Others comprise of operations related to investment holding company and port services which provide product distribution infrastructure to the Group as well as activities related to specialty chemicals.

Performance Highlights : Financials

Fertilisers & Methanol



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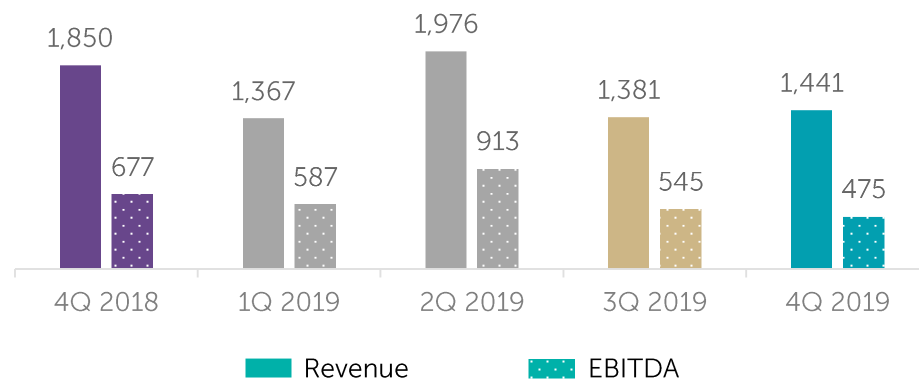
- ➢ **Improved plant performance year-on-year due to lower maintenance activities;**
- ➢ **Lower average product prices mainly for Methanol**

*Others comprise of operations related to investment holding company and port services which provide product distribution infrastructure to the Group as well as activities related to specialty chemicals.

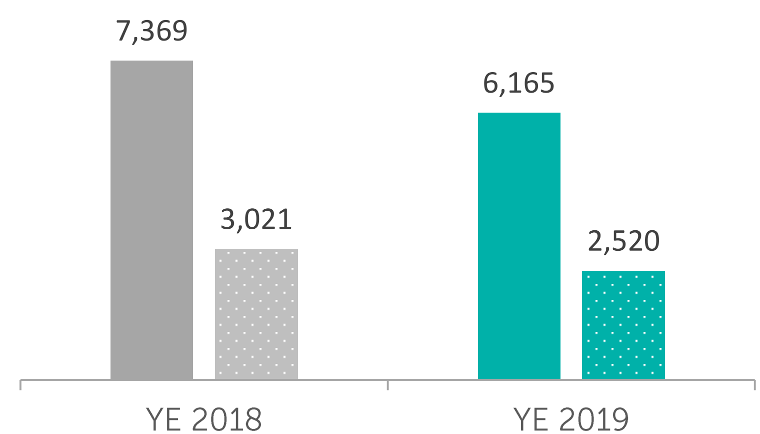
Quarterly Revenue & EBITDA

(RM million)



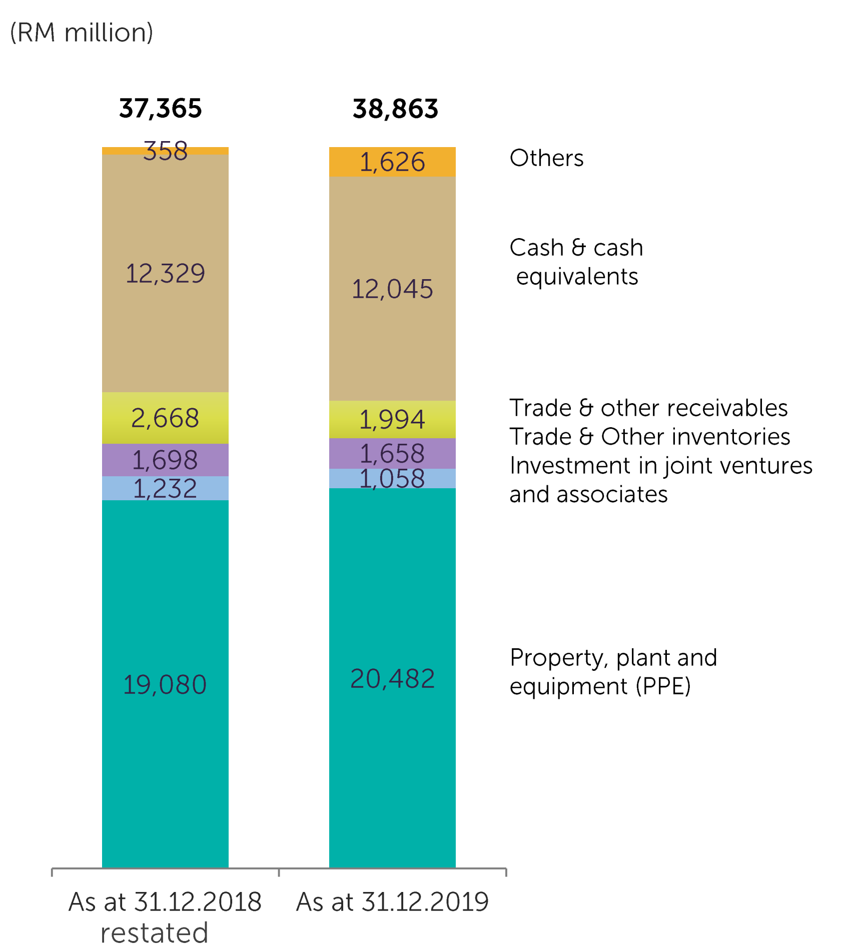
Cumulative Revenue & EBITDA

(RM million)

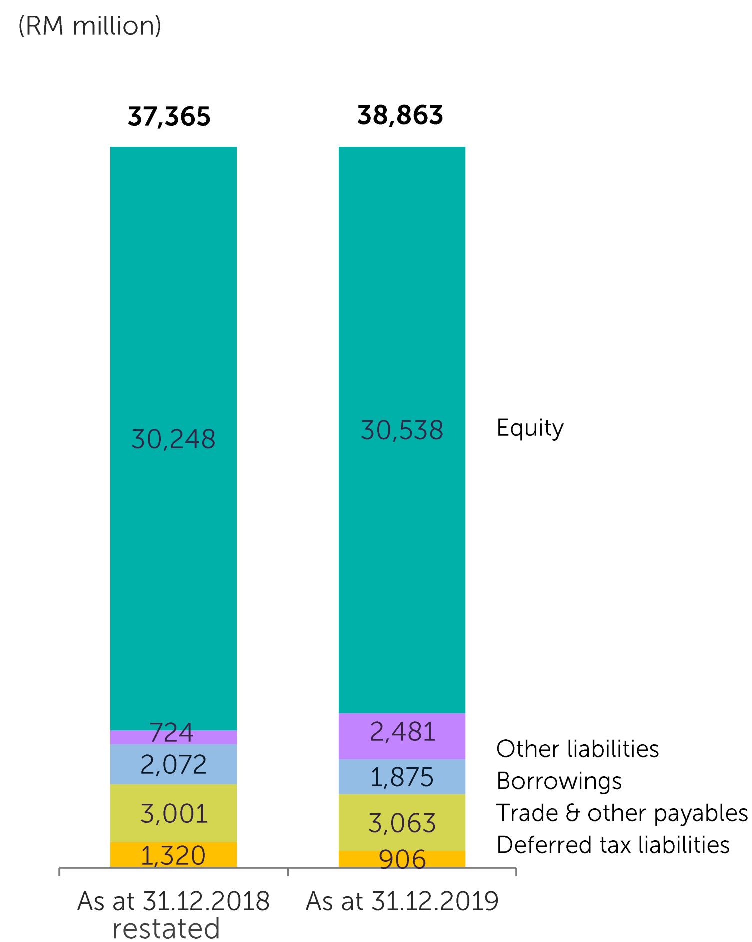


Balance Sheet as at 31 December 2019

Total Assets



Total Equity & Liabilities



Cash Flows as at 31 December 2019

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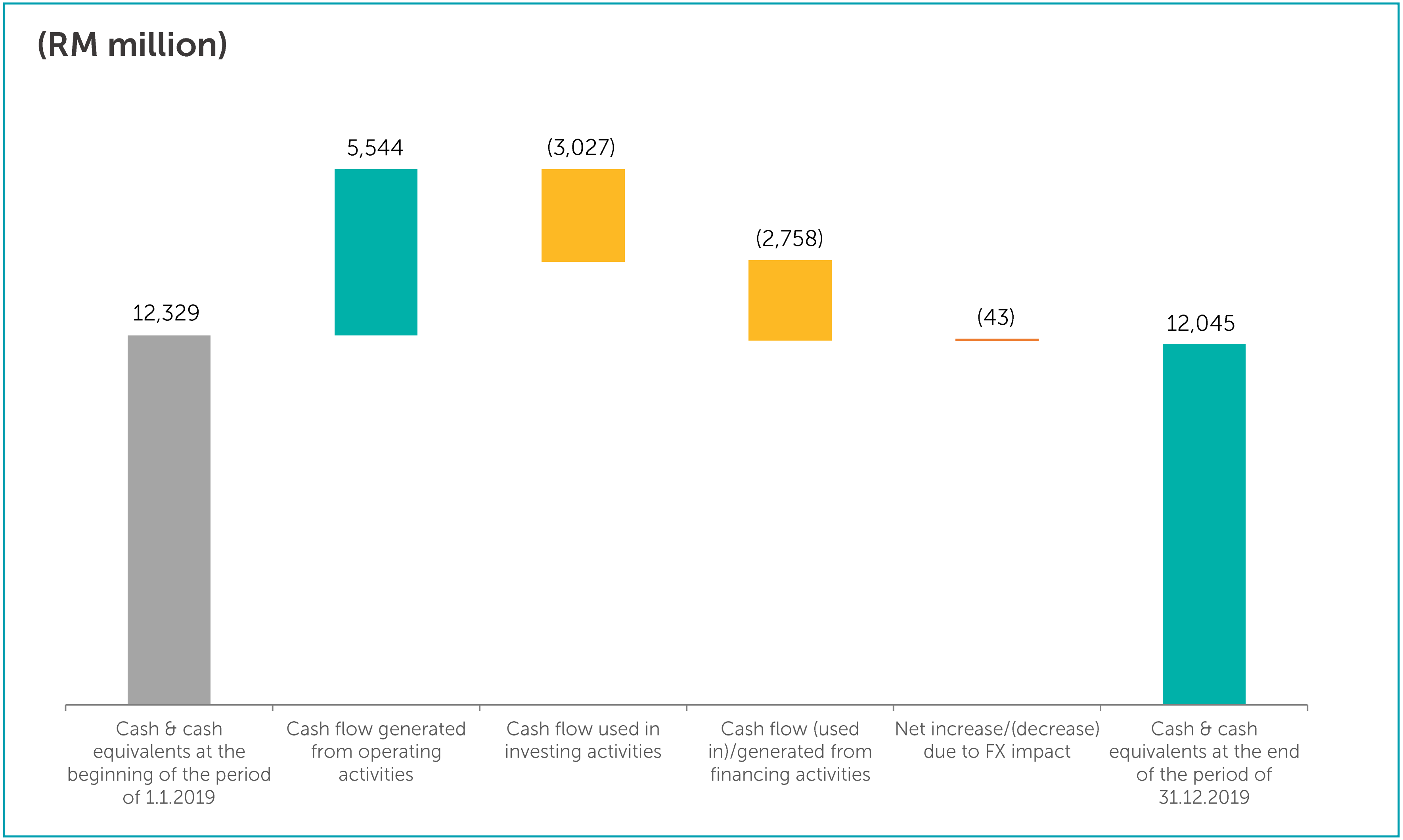

Performance Highlights : Operational

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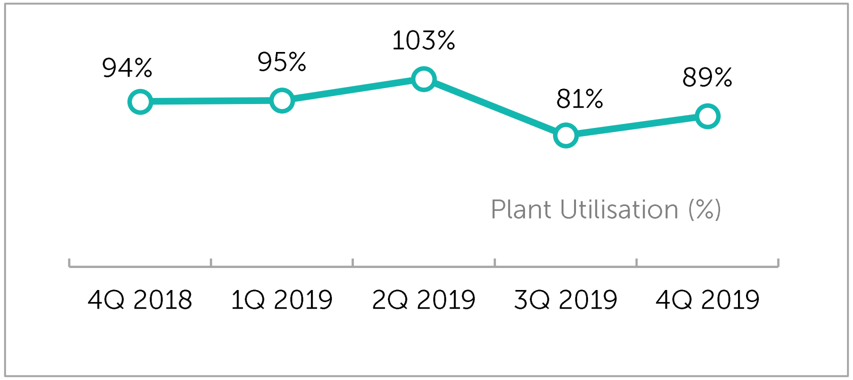
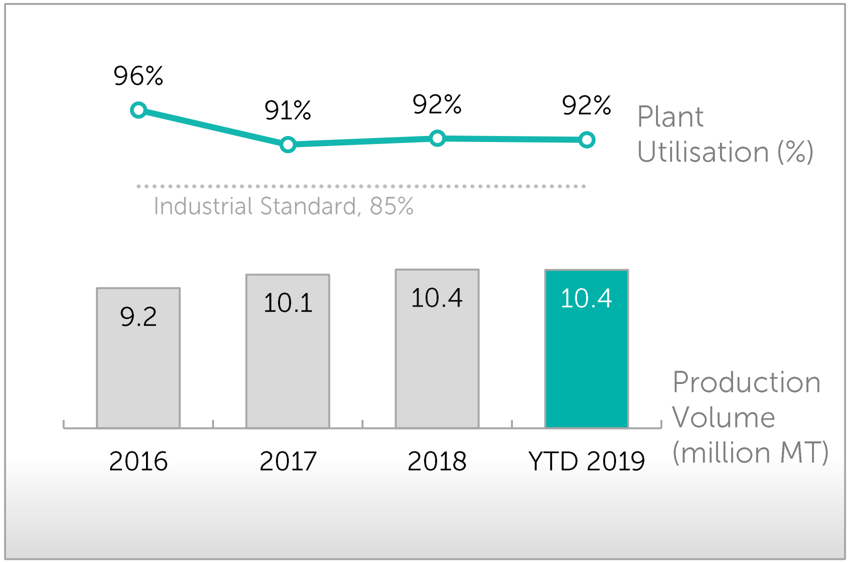
Achieved Group Plant Utilisation of 92% with more than 10 mil MT volume produced

- Production volume comparable to 2018
- Achieved highest annual urea volume, since addition of PC Fertiliser Sabah, at 2.4 mil MT
- Successful completion of 6 TAs for the year, ahead of time

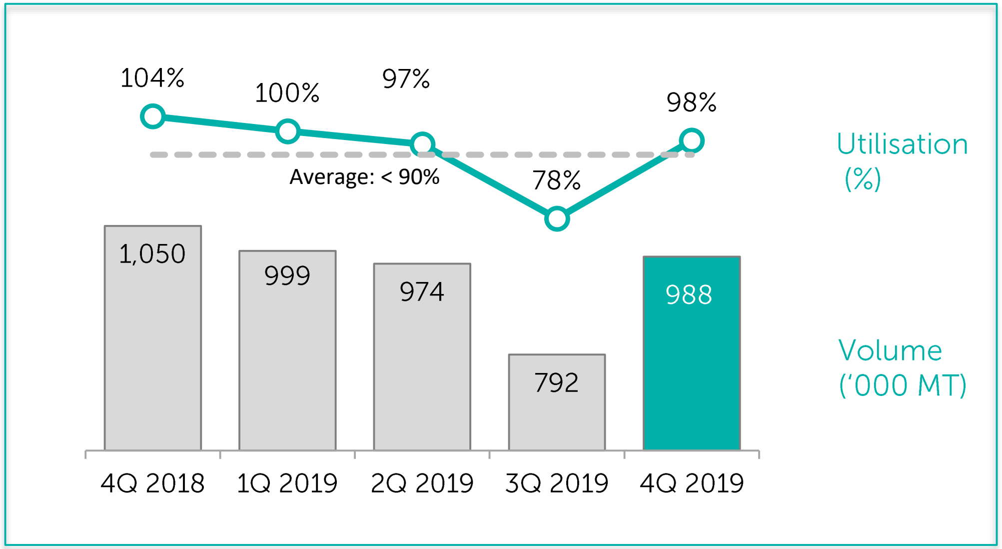
Quarterly Group Performance



Annual Group Performance



Performance Highlights : Segmental Operational

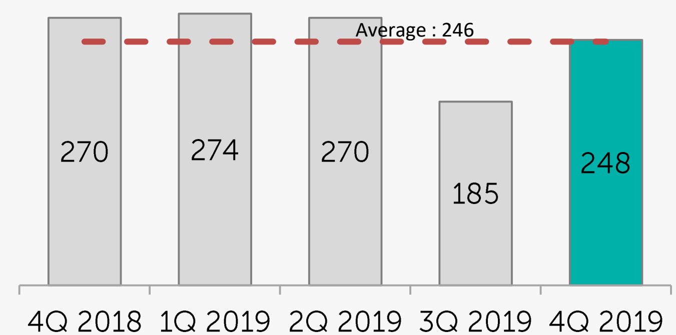


OLEFINS AND DERIVATIVES (O&D)

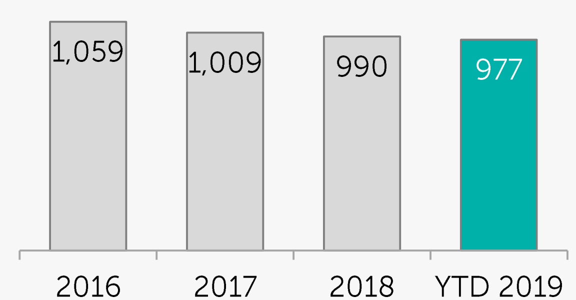
- Achieved plant utilisation above 90% for O&D segment in 4Q 2019
- Stable Ethylene production with reliable crackers' operation

Ethylene Production

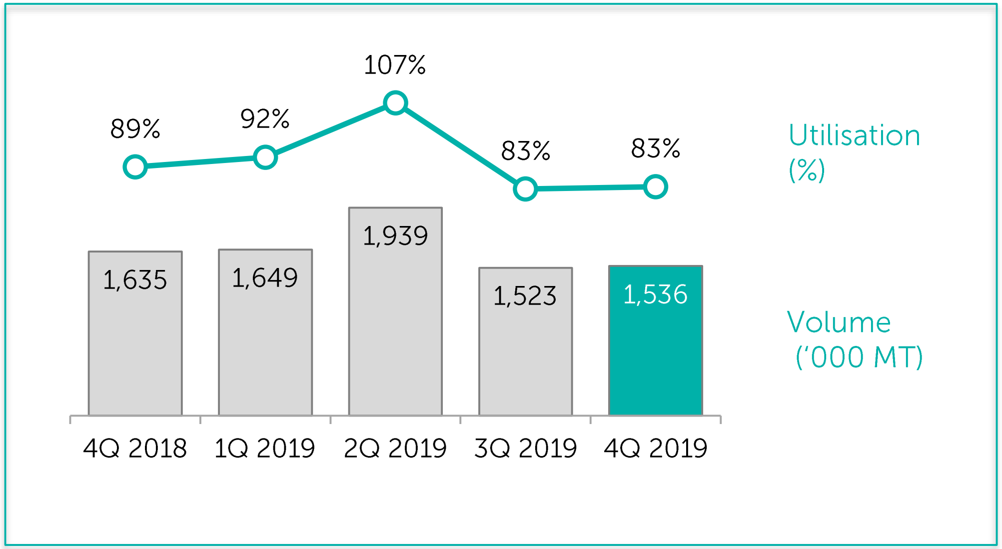
Quarterly Volume ('000 MT)



Annual Volume ('000 MT)

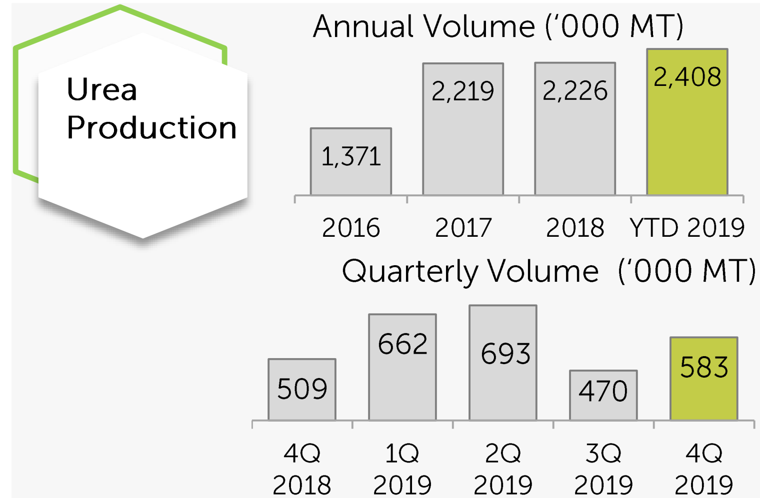


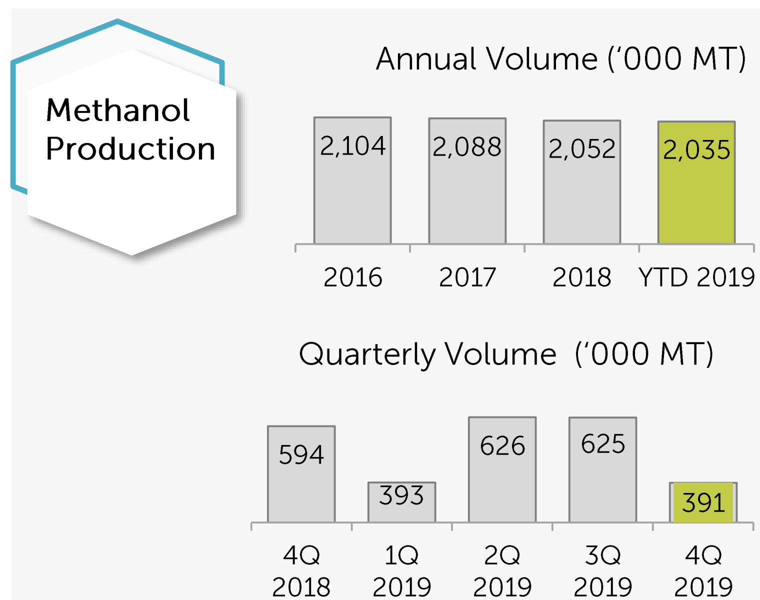
Performance Highlights : Segmental Operational



FERTILISER AND METHANOL (F&M)

- Successful completion of maintenance activities at Bintulu and Labuan facilities





Performance Highlights : Operational – Projects Updates

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PIC - PETCHEM

Photo of PP-SPH at Solid Product Warehouse (SPW)

Photo of On-Spec LLDPE

- 99.8% completion of PIC-PETCHEM overall progress as of December 2019.
- Start-up completed for LLDPE, Polypropylene-Spheriphol (PP-SPH), Polypropylene-Spherizone (PP-SPZ) and Ethylene Oxide/Ethylene Glycol (EOEG). Expected to complete PTR for all petrochemical products by 2Q 2020, prior to commercial operations.
- Isononanol plant is in commissioning stage and target to ready for start-up within the quarter.

Performance Highlights : Operational - Recap

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2019 Highlights

- Above 10 mil MT volume produced, comparable to 2018, even with heavy turnaround activities for the year
- Recorded highest urea production at 2.4 mil MT and sustained Methanol volume at above 2 mil MT

Outlook for 2020

- Low turnaround days in 2020, involving Gebeng (in 1Q 2020) and Labuan facilities (in 3Q 2020). However, other non-statutory maintenance activities will be executed following our operational plan.

Performance Highlights : Commercial – Olefins & Derivatives

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Ethylene

Q4 2019
(vs Q3 2019)

- Increased capacity from China and US
- Lower downstream demand

Outlook
(3 Months)

- Short supply due to scheduled crackers TA in SEA, NEA & ME
- Anticipate increase in consumption post COVID-19 outbreak
- Stable crude oil price

Polymers

Q4 2019
(vs Q3 2019)

- Ample supply amidst year-end stock clearing activities
- Slow demand due to continued market uncertainties.

Outlook
(3 Months)

- Tight supply with production outages in SEA and ME
- Anticipate increase in consumption post COVID-19 outbreak

MEG

Q4 2019
(vs Q3 2019)

- Additional capacity in the market
- End of polyester season

Outlook
(3 Months)

- China inventory remain at low levels
- Anticipate increase in consumption post COVID-19 outbreak

Paraxylene

Q4 2019
(vs Q3 2019)

- Sufficient supply
- Stable demand mainly supported by PTA start-ups

Outlook
(3 Months)

- Stable supply despite TA amidst new capacity addition
- Stable demand

Performance Highlights :
Commercial – Fertilisers and Methanol

Urea

Q4 2019
(vs Q3 2019)

- Ample supply but lack of interest in the market
- Subdued demand as mainly India requirement fulfilled

Outlook
(3 Months)

- Limited supply due to production outage in China
- Slow demand in SEA as planting season ends

Ammonia

Q4 2019
(vs Q3 2019)

- Limited supply due to TA
- Stable demand with less spot opportunity.

Outlook
(3 Months)

- Limited supply due to TA in Australia and Russia.
- Demand remains stable with focus on term requirement

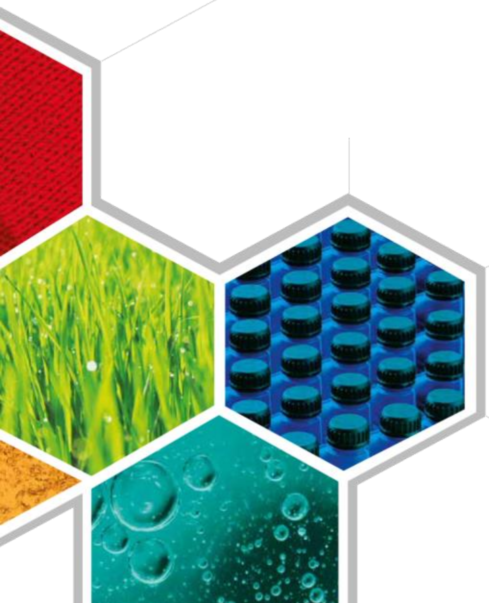
Methanol

Q4 2019
(vs Q3 2019)

- Limited supply due to gas prioritized for heating
- Healthy demand due to restocking

Outlook
(3 Months)

- Limited supply as gas continue to be prioritized for heating
- Healthy demand from Biodiesel application



KEY HIGHLIGHTS

PERFORMANCE HIGHLIGHTS

MOVING FORWARD

Stronger growth but market uncertainty and volatility remains

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- Global growth forecast of 3.3%
- Protracted trade war
- Prevailing geopolitical tension
- Weak crude oil price

- Focus on what we do best:
  - Prioritise HSE
  - Sustain world class plant performance

- Growth delivery:
  - Commercialise Pengerang Integrated Complex
  - Integration of Da Vinci Group

THANK YOU

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