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PETRONAS

PETRONAS CHEMICALS GROUP BERHAD 199801003704 (459830-K)

For immediate release

PCG RECORDS HIGHER PAT IN 1Q 2023

- *PAT of RM536 million*
- *Plant Utilisation at 96%*

Kuala Lumpur, 29 May – PETRONAS Chemicals Group Berhad (PCG) posted quarterly Profit After Tax (PAT) of RM536 million for first quarter of Financial Year Ending 31 December 2023 (1Q 2023) against a backdrop of global economic uncertainties as well as softening consumer and manufacturing demand. The Group sustained financial resilience despite declines in average product prices, particularly urea, coupled with higher utilities and fuel costs. Comparatively, the 1Q 2023 PAT represent an 11% increase from RM484 million in 4Q 2022.

Key highlights 1Q 2023 vs 4Q 2022

- Revenue declined 13% quarter-on-quarter to RM7.6 billion on lower sales volume due to weak demand stemming from global economic uncertainties, and lower product prices in line with the decline in energy prices.
- Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) declined 38% quarter-on-quarter to RM1.1 billion (4Q 2022: RM1.7 billion) mainly due to lower sales volumes, lower product spreads, higher utilities & fuel costs and pre-operating costs from a joint-operating company. EBITDA margin declined to 14% (4Q 2022: 20%).
- PAT increased 11% to RM536 million (4Q 2022: RM484 million) on higher contribution from joint ventures and associates, mainly BASF PETRONAS Chemicals Sdn. Bhd. (BPC) due to higher spreads from acrylic coupled with higher sales volume.
- Sales volume of basic chemicals declined 9% in 1Q 2023 following lower plant utilisation rate of 96% (4Q 2022: 100%) due to maintenance activities undertaken at various facilities.

Commenting on the results, Managing Director/Chief Executive Officer, Ir. Mohd Yusri Mohamed Yusof said, "We recorded a resilient quarter despite the challenging start to the year. Though we saw some positive movements in selected regions in the first quarter, the overall chemical sector remains cautious given the still volatile energy prices.

There has been some uplift in demand from China, post-Chinese New Year for selected chemicals, but we have yet to see meaningful recovery. Operating costs, on the other hand, has increased due to effects of inflation on gas and fuel giving rise to energy and utilities costs, further narrowing product spreads and adding pressure on margins. Contributing approximately 8% to 1Q 2023 EBITDA, the Group's newly established Specialties segment improved slightly in financial performance amid increased competition from China and corresponding exports, on the back of slower than expected demand recovery in 1H 2023."

Ir. Mohd Yusri commented, "We continue to be cautious of the outlook for 2023, given the recent developments of the US banking sector and its potential impact to the global economy, the prolonged Russia-Ukraine conflict as well as slower than expected China-recovery.

On the positive side, gas and utilities cost are expected to ease in coming quarters. Notwithstanding external factors, in the immediate term, we are diligently focusing on ensuring optimal plant efficiency and commercial excellence to cushion the impact of a likely economic downturn. Furthermore, in the long term, the chemical industry is expected to continue its growth trajectory of about 3% per annum, driven by rising consumption in a wide number of expanding industries including pharmaceuticals, automotive and construction. PCG has mapped out its sustainable growth plan for both basic and specialty chemical value chains to capture future demand."

With regards to our petrochemical plant operations within the Pengerang Integrated Complex (PIC), "We resumed gradual start up at the end of last year. So far commissioning works are progressing well, and we expect to bring the plants on board in the fourth quarter of the year," he added.

On the recently announced divestment of 25% equity interest in PETRONAS Chemicals Fertiliser Sabah Sdn Bhd (PCFS) to Sabah State Government's wholly owned company, SMJ Sdn Bhd, "The Sabah State is a key stakeholder in PCG's East Malaysian business operations. The deal solidifies our joint commitment in ensuring the long-term sustainability of the business and communities in Sabah", he concluded.

About PETRONAS Chemicals Group Berhad

PETRONAS Chemicals Group Berhad (PCG) is the leading integrated chemicals producer in Malaysia and one of the largest in Southeast Asia. It operates a number of world-class production sites in Malaysia, Asia-Pacific, Europe and North America. With a total combined production capacity of 15.4 million metric tons per annum (mtpa), it is involved primarily in manufacturing, marketing and selling a diversified range of chemical products, including olefins, polymers, fertilisers, methanol, other basic chemicals, derivative products and specialty chemicals.

Listed on Bursa Malaysia with more than three decades of experience in the chemicals industry, PCG is established as part of the PETRONAS Group to maximise value from Malaysia's natural gas resources.

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PCG is committed to ensuring that its business practices are in line with globally recognised standards for Economic, Environment, Social & Governance (EESG) practices. It is currently listed in the FTSE4Good Bursa Malaysia (F4GBM) Index and the Dow Jones Sustainability™ World Index.

Further details on PCG can be found at www.petronaschemicals.com.my

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