PRESS RELEASE

PETRONAS

PETRONAS CHEMICALS GROUP BERHAD 199801003704 (459830-K)

For immediate release

PCG POSTS PAT OF RM633 MILLION IN 2Q 2023

- ***Interim Dividend of RM640 million***

Kuala Lumpur, 22 Aug – PETRONAS Chemicals Group Berhad (PCG) recorded Profit After Tax (PAT) of RM633 million in 2Q 2023, sustaining its financial resilience amidst a challenging market environment.

The Group's revenue declined 6% quarter-on-quarter to RM7.1 billion compared to RM7.6 billion in 1Q 2023 due to lower consumer and manufacturing demand as well as inflationary cost pressures. Average product prices and spreads continued to decline in 2Q 2023 in line with lower crude oil prices. Additionally, plant utilisation declined following feedstock supply disruption in methanol and urea plants in Labuan and Sabah respectively, resulting in lower production and sales volumes.

For the first half of 2023, PCG posted revenue of RM14.7 billion and profit after tax of RM1.2 billion. The Company also announced an interim dividend payout of RM640 million representing 55% of 1H 2023 Profit After Tax and Non-Controlling Interest.

Key highlights 2Q 2023 vs 1Q 2023

- **Revenue** declined 6% to RM7.1 billion (1Q 2023: RM7.6 billion) due to lower sales volume coupled with lower average product prices due to weaker global demand.
- **Profit after Tax** (PAT) **increased 18% to RM633 million** (1Q 2023: RM536 million) from an unrealised foreign exchange gain following the appreciation of the United States Dollar (USD) against Ringgit Malaysia (MYR).
- **Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) and EBITDA margin were relatively comparable at RM1.1 billion** (1Q 2023: RM1.1 billion) and 15% (1Q 2023: 14%) respectively.
- An interim dividend of 8 sen per share, was declared for the financial year ending 31 December 2023. The **dividend amounting to RM640 million,** is payable in September 2023.
- Plant utilisation rate declined to 82% (1Q 2023: 96%) due to gas supply limitation that disrupted the production of methanol and urea, resulting in lower production and sales volume.

Managing Director/Chief Executive Officer, Ir Mohd Yusri Mohamed Yusof commented, "In 2Q 2023, we faced extreme external challenges. Our plants in Labuan and Sabah had unplanned shutdowns following a temporary disruption of gas feedstock supply which reduced our production and sales volume. This added further pressure to the margin compression we have been experiencing since December 2022 caused by lower prices and spreads for most products."

PETRONAS

As a result of the reduction in crude oil prices and lacklustre demand recovery in China, average prices of polymers declined by about 7% quarter-on-quarter while other olefins and derivatives showed a similar trend. Ammonia and urea prices, which have been undergoing price correction since 2H 2022, continued to decline into 2023 on oversupply concerns. Compared to the first quarter of 2023, ammonia price declined 56%, while urea declined 15% due to lack of buying interest.

Commenting on the outlook for 2H 2023, Yusri said, "In recent weeks, product prices showed improvement with the upward trend in crude oil prices and restocking activities. Despite this, we anticipate margins to remain under pressure. We still have to contend with higher operating costs, slowing global economic growth and increased competition from new capacities coming on stream, particularly in China and the US. The specialties segment is expected to remain soft, in view of slower global industrial production growth impacting demand across end-markets.

Referring to the Group's operations in 2H 2023, Yusri added, "Several of our plants are scheduled to undergo statutory turnarounds and maintenance activities hence we anticipate a slight drop in production volume. We remain focused on maintaining operational and commercial excellence to sustain our financial resilience."

Updating on the Group's growth projects, Yusri said "The start-up of our petrochemical plants in Pengerang is ongoing and we are progressing towards commercialisation operations."

"In the first half of the year, we also reached the final investment decision to acquire the Maleic Anhydride (MAn) plant from BASF PETRONAS Chemicals Sdn Bhd in Gebeng, Pahang. Following the upgrade and rejuvenation of the facilities to produce refined MAn, the plant is expected to be operational by the 2H 2025. MAn is primarily used in the production of unsaturated polyester resins, paints, and food flavouring. This project aims to expand PCG's product portfolio, particularly its derivatives, and enhance its offerings in this field, in line with our Two-Pronged Strategy, which focuses on diversification into derivatives, specialty chemicals and solutions," 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.

PRESS RELEASE

PETRONAS

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.

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

For more information, please contact:

Yogeswari Thangavelu
Media Relations, Corporate Affairs & Administration Department
PETRONAS CHEMICALS GROUP BERHAD (PCG)
M : (6) 017 2000919
E : yogeswari.thangavel@petronas.com