

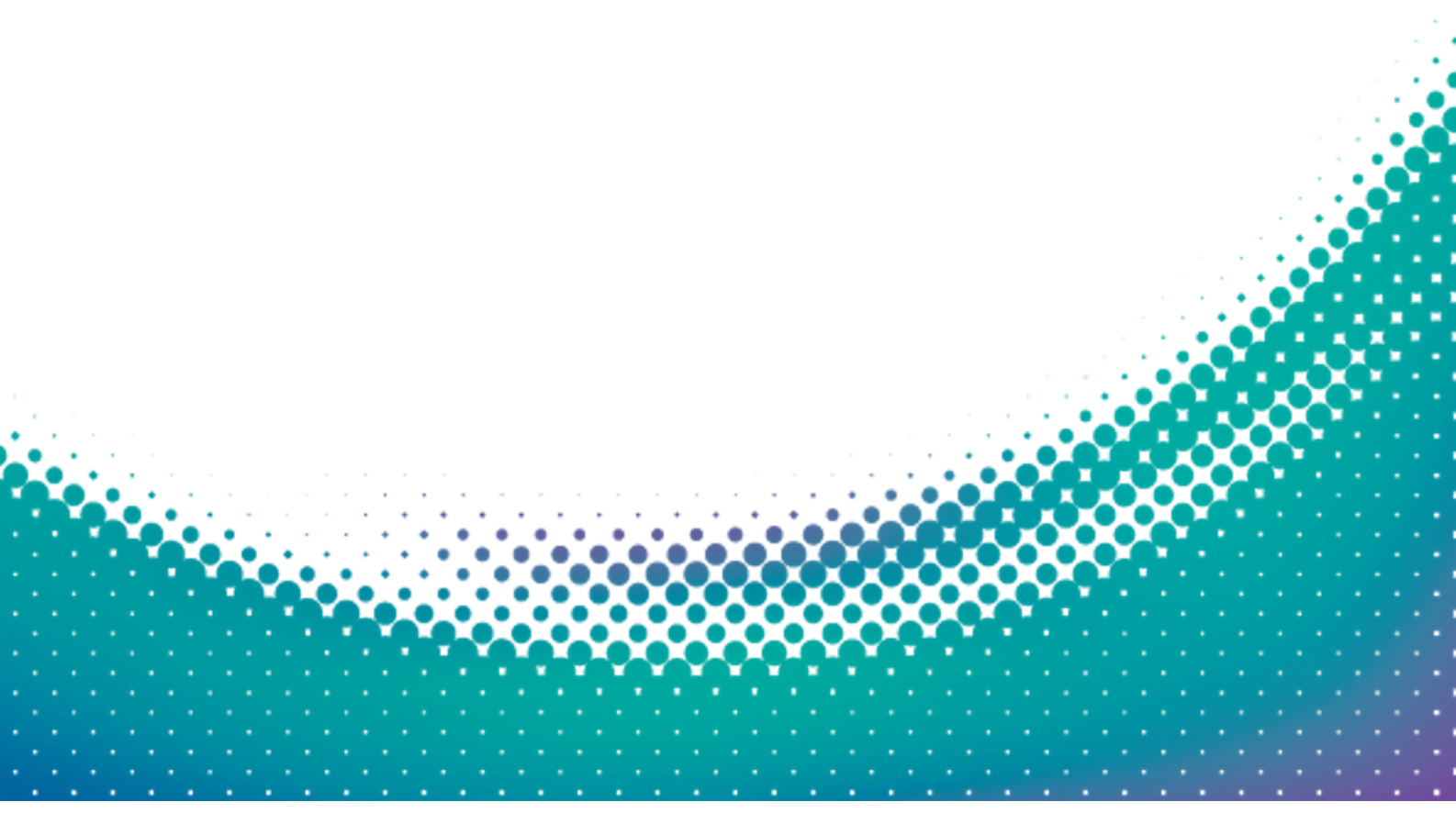


PETRONAS

PETRONAS CHEMICALS GROUP BERHAD

Quarterly Report

For Second Quarter Ended 30 June 2024



QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 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 June 2024 which should be read in conjunction with the accompanying explanatory notes on pages 7 to 21.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

<i>In RM Mil</i>	Note	Individual quarter ended 30 June		Cumulative quarter ended 30 June	
		2024	2023	2024	2023
Revenue	A9.1	7,728	7,113	15,227	14,670
Cost of revenue		(6,255)	(5,923)	(12,383)	(12,090)
Gross profit		1,473	1,190	2,844	2,580
Selling and distribution expenses		(523)	(468)	(1,030)	(964)
Administration expenses		(400)	(279)	(766)	(616)
Other expenses		(63)	—	(51)	—
Other income		549	259	886	294
Operating profit	B4	1,036	702	1,883	1,294
Financing costs		(30)	(22)	(73)	(62)
Share of (loss)/profit after tax of equity-accounted associates and joint ventures		(66)	14	(65)	52
Profit before taxation		940	694	1,745	1,284
Tax expense	B5	(131)	(61)	(233)	(115)
PROFIT FOR THE PERIOD		809	633	1,512	1,169
Profit attributable to:					
Shareholders of the Company		777	628	1,445	1,160
Non-controlling interests		32	5	67	9
PROFIT FOR THE PERIOD		809	633	1,512	1,169
Basic earnings per share attributable to shareholders of the Company:					
Based on ordinary shares issued (sen)	B13	10	8	18	15

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.

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

<i>In RM Mil</i>	Note	Individual quarter ended 30 June		Cumulative quarter ended 30 June	
		2024	2023	2024	2023
PROFIT FOR THE PERIOD		809	633	1,512	1,169
Other comprehensive (loss)/income					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Remeasurement of defined benefit liability		(1)	—	(1)	—
<i>Items that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences		(26)	920	(293)	1,104
Share of other comprehensive (loss)/income of equity-accounted joint ventures and associates		(5)	75	39	(2)
Total other comprehensive (loss)/income for the period		(32)	995	(255)	1,102
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		777	1,628	1,257	2,271
Total other comprehensive income attributable to:					
Shareholders of the Company		743	1,621	1,190	2,258
Non-controlling interests		34	7	67	13
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		777	1,628	1,257	2,271

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.

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In RM Mil</i>	Note	As at 30 June 2024	As at 31 December 2023
ASSETS			
Property, plant and equipment		29,830	29,437
Investments in joint ventures and associates		1,655	1,710
Intangible assets		9,820	10,253
Long term receivables	A15	1,042	1,027
Retirement benefits		92	95
Deferred tax assets		633	746
TOTAL NON-CURRENT ASSETS		43,072	43,268
Trade and other inventories		4,251	3,767
Trade and other receivables	B7	4,917	3,857
Tax recoverable		44	46
Cash and cash equivalents		9,410	9,268
TOTAL CURRENT ASSETS		18,622	16,938
TOTAL ASSETS		61,694	60,206
EQUITY			
Share capital		8,871	8,871
Reserves		32,434	31,544
Total equity attributable to shareholders of the Company		41,305	40,415
Non-controlling interests		1,523	1,659
TOTAL EQUITY		42,828	42,074
LIABILITIES			
Borrowings	B8	2,473	2,473
Lease liabilities		1,909	1,930
Provisions		310	299
Trade payables	A16	904	692
Retirement benefits		271	279
Other long term liabilities		1,106	1,139
Deferred tax liabilities		2,306	2,371
TOTAL NON-CURRENT LIABILITIES		9,279	9,183
Borrowings	B8	880	500
Lease liabilities		293	229
Trade and other payables	A16	8,198	8,042
Taxation		216	178
TOTAL CURRENT LIABILITIES		9,587	8,949
TOTAL LIABILITIES		18,866	18,132
TOTAL EQUITY AND LIABILITIES		61,694	60,206
Net assets per share attributable to shareholders of the Company (RM)		5.16	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.

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>In RM Mil</i>	Attributable to shareholders of the Company			
	Non-distributable			
	Share Capital	Foreign Currency Translation Reserve	Merger Reserve	Other Reserves
Cumulative quarter ended 30 June 2024				
At 1 January 2024	8,871	3,195	(204)	1,517
Foreign currency translation differences	—	(293)	—	—
Share of other comprehensive income of equity-accounted joint ventures and associates	—	—	—	39
Remeasurement of defined benefit liability	—	—	—	(1)
Total other comprehensive (loss)/income for the period	—	(293)	—	38
Profit for the period	—	—	—	—
Total comprehensive (loss)/income for the period	—	(293)	—	38
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 June 2024	8,871	2,902	(204)	1,555
			<i>continue to next page</i>	
Cumulative quarter ended 30 June 2023				
At 1 January 2023	8,871	1,573	(204)	1,165
Foreign currency translation differences	—	1,100	—	—
Share of other comprehensive loss of equity-accounted joint ventures and associates	—	—	—	(2)
Total other comprehensive income/(loss) for the period	—	1,100	—	(2)
Profit for the period	—	—	—	—
Total comprehensive income/(loss) for the period	—	1,100	—	(2)
Dividends to shareholders of the Company	—	—	—	—
Total transactions with owners of the Group	—	—	—	—
Balance at 30 June 2023	8,871	2,673	(204)	1,163
			<i>continue to next page</i>	

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 SECOND QUARTER ENDED 30 JUNE 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

<i>In RM Mil</i>	Attributable to shareholders of the Company		Non- controlling Interests	Total Equity
	Distributable			
	Retained Profits	Total		
Cumulative quarter ended 30 June 2024				
At 1 January 2024	27,036	40,415	1,659	42,074
Foreign currency translation differences	—	(293)	—	(293)
Share of other comprehensive income of equity- accounted joint ventures and associates	—	39	—	39
Remeasurement of defined benefit liability	—	(1)	—	(1)
Total other comprehensive (loss)/income for the period	—	(255)	—	(255)
Profit for the period	1,445	1,445	67	1,512
Total comprehensive (loss)/income for the period	1,445	1,190	67	1,257
Dividends to shareholders of the Company (note A8)	(400)	(400)	—	(400)
Dividends to non-controlling interests	—	—	(36)	(36)
Acquisition of non-controlling interest	100	100	(167)	(67)
Total transactions with owners of the Group	(300)	(300)	(203)	(503)
Balance at 30 June 2024	28,181	41,305	1,523	42,828

continued from previous page

Cumulative quarter ended 30 June 2023				
At 1 January 2023	27,673	39,078	655	39,733
Foreign currency translation differences	—	1,100	4	1,104
Share of other comprehensive loss of equity- accounted joint ventures and associates	—	(2)	—	(2)
Total other comprehensive income/(loss) for the period	—	1,098	4	1,102
Profit for the period	1,160	1,160	9	1,169
Total comprehensive income/(loss) for the period	1,160	2,258	13	2,271
Dividends to shareholders of the Company	(1,280)	(1,280)	—	(1,280)
Total transactions with owners of the Group	(1,280)	(1,280)	—	(1,280)
Balance at 30 June 2023	27,553	40,056	668	40,724

continued from previous page

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 SECOND QUARTER ENDED 30 JUNE 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In RM Mil</i>	Cumulative quarter ended	
	2024	30 June 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,745	1,284
Adjustments for:		
- Amortisation of deferred income	(44)	(44)
- Depreciation and amortisation	1,061	966
- Financing costs	73	62
- Interest income	(184)	(159)
- Share of loss/(profit) after tax of equity-accounted joint ventures and associates	65	(52)
- Unrealised forex (gain)/loss	(220)	87
- Other non-cash items	(456)	32
Operating profit before changes in working capital	2,040	2,176
Change in trade and other inventories	(415)	(169)
Change in trade and other receivables	(987)	17
Change in trade and other payables	930	354
Cash generated from operations	1,568	2,378
Interest income received	184	159
Taxation paid	(104)	(95)
Net cash generated from operating activities	1,648	2,442
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of non-controlling interest	(67)	—
Payment of earn out for a subsidiary	(96)	(231)
Purchase of property, plant and equipment	(1,043)	(827)
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	(15)	—
Net cash used in investing activities	(1,215)	(1,058)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to:		
- PETRONAS	(257)	(824)
- others (third parties)	(143)	(456)
- non-controlling interests	(36)	—
Drawdown of:		
- term loan	13	—
- revolving credit	1,910	—
Payment of lease liabilities:		
- principal	(81)	(63)
- interest	(40)	(35)
Repayment of revolving credit	(1,520)	(1)
Repayment of term loans:		
- principal	(83)	(39)
- interest	(73)	(63)
Net cash used in financing activities	(310)	(1,481)
Net cash flows from operating, investing and financing activities	123	(97)
Effect of foreign currency translation differences	(64)	20
Net increase/(decrease) in cash and cash equivalents	59	(77)
Net foreign exchange differences on cash held	83	245
Cash and cash equivalents at beginning of the period	9,268	8,888
Cash and cash equivalents at end of the period	9,410	9,056

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

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 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 June 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.

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 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 cyclical 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. DIVIDEND PAID

During the period under review, the Company paid 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.

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.

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 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 June	
	Third-parties	Inter-segment	2024	2023	2024	2023
Olefins and Derivatives	7,513	—	7,513	7,026	7,513	7,026
Fertilisers and Methanol	4,119	—	4,119	4,281	4,119	4,281
Specialties	3,561	—	3,561	3,336	3,561	3,336
Others	34	28	62	24	62	51
Total	15,227	28	15,255	14,670	15,255	14,694

9.2 Segment profit/(loss) for the period ¹

<i>In RM Mil</i>	Cumulative quarter ended 30 June	
	2024	2023
Olefins and Derivatives	696	591
Fertilisers and Methanol	921	773
Specialties	130	(192)
Others ²	(235)	(3)
Total	1,512	1,169

During the period, the Group's investment holding company has provided for depreciation & amortisation of the tangible & intangible assets impact amounting to RM125 million (2023: RM124 million) arising from finalisation of the purchase price allocation for the acquisition of Perstorp in 2022 which has 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 June 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 RM267 million (2023: RM228 million), RM494 million (2023: RM457 million), RM162 million (2023: RM145 million) and RM139 million (2023: RM136 million) respectively.

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

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 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 June 2024	As at 31 December 2023
Property, plant and equipment:		
Approved and contracted for	1,095	80
Approved but not contracted for	1,450	3,329
	<u>2,545</u>	<u>3,409</u>
Lease contracts yet to commence:		
Plant and equipment	52	51
Total	<u>2,597</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 June 2024
Goodwill	3,532	(127)	3,405

A15. LONG TERM RECEIVABLES

<i>In RM Mil</i>	As at 30 June 2024	As at 31 December 2023
Trade receivable	22	22
Other receivables and prepayments	1,020	1,005
	<u>1,042</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.

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2024

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

A16. TRADE AND OTHER PAYABLES

<i>In RM Mil</i>	As at 30 June 2024	As at 31 December 2023
Non-current liabilities		
Trade payables	<u>904</u>	<u>692</u>
Current liabilities		
Trade and other payables	<u>8,198</u>	<u>8,042</u>

The Group and the Company via its joint operation entity has arrangements on trade payables amounting to RM1,680 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 RM353 million (2023: RM114 million) being recognised in the profit or loss.

Included in other payables are pre-operating expenses of a joint operation entity.

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.

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2024

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

A17. FAIR VALUE INFORMATION (continued)

As at 30 June 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	—	7	—	7	462
Financial liabilities					
Forward foreign exchange contracts - within 1 year	—	(2)	—	(2)	(226)

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 SECOND QUARTER ENDED 30 JUNE 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 June	
	2024	2023	2024	2023	2024	2023	2024	2023
<i>In RM Mil</i>	Group		Olefins and Derivatives		Fertilisers and Methanol		Specialties	
Revenue	7,728	7,113	3,768	3,633	2,126	1,874	1,819	1,591
Profit/(loss) after tax	809	633	458	422	459	241	59	(164)
EBITDA ³	1,110	1,058	330	584	720	460	120	38

PCG Group recorded higher plant utilisation rate of 89% as compared to 82% 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 RM615 million or 9% at RM7.7 billion largely due to higher sales volume and weakening of Ringgit Malaysia against US Dollar.

EBITDA was higher by RM52 million or 5% at RM1.1 billion mainly contributed by higher sales volume and weakening of Ringgit Malaysia against US Dollar, partially offset by higher plant operation costs from a joint operation entity. Profit after tax was higher by RM176 million or 28% at RM809 million mainly due to finance income arising from adjustment of timing for payment of trade payables, partially offset by unrealised foreign exchange loss on revaluation of shareholders loan to a joint operation entity.

Olefins and Derivatives

The segment's operational performance recorded lower plant utilisation rate of 94% as compared to 98% in the corresponding quarter mainly due to higher plant maintenance activities during the quarter, resulting in lower production and sales volumes.

Revenue was higher by RM135 million or 4% at RM3.8 billion primarily attributed to higher product price and weakening of Ringgit Malaysia against US Dollar, partially offset by lower sales volume.

EBITDA was lower by RM254 million or 43% at RM330 million mainly due to higher maintenance costs and higher plant operation costs from a joint operation entity. However, profit after tax was higher by RM36 million or 9% at RM458 million mainly due to finance income arising from adjustment of timing for payment of trade payable, partially offset by higher plant operation costs from a joint operation entity.

Fertilisers and Methanol

The segment recorded higher plant utilisation rate of 86% as compared to 73% in the corresponding quarter mainly due to lower plant maintenance activities resulting in higher production and sales volumes.

The segment's revenue increased by RM252 million or 13% at RM2.1 billion primarily attributed to higher sales volume and weakening of Ringgit Malaysia against US Dollar.

EBITDA was higher by RM260 million or 57% at RM720 million mainly due to higher product spreads and sales volume. Profit after tax was higher by RM218 million or 90% at RM459 million in line with higher EBITDA.

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 SECOND QUARTER ENDED 30 JUNE 2024

PART B – OTHER EXPLANATORY NOTES (continued)

B1. REVIEW OF GROUP PERFORMANCE (continued)

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

Specialties

The segment's revenue increased by RM228 million or 14% at RM1.8 billion mainly due to higher sales volume.

EBITDA was higher by RM82 million at RM120 million mainly due to improved margin as well as higher sales volume. The segment recorded profit after tax of RM59 million as compared to loss after tax of RM164 million in the corresponding quarter in line with higher EBITDA and favourable net foreign exchange impact.

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

	2024		2023		Cumulative quarter ended 30 June		2024		2023	
	Group	Group	Olefins and Derivatives	Olefins and Derivatives	Fertilisers and Methanol	Fertilisers and Methanol	Specialties	Specialties	Specialties	Specialties
<i>In RM Mil</i>										
Revenue	15,227	14,670	7,513	7,026	4,119	4,281	3,561			3,336
Profit/(loss) after tax	1,512	1,169	696	591	921	773	130			(192)
EBITDA ⁴	2,270	2,141	728	883	1,440	1,242	238			126

PCG Group recorded comparable plant utilisation rate of 88% against the corresponding period.

Revenue was higher by RM557 million or 4% at RM15.2 billion largely due to weakening of Ringgit Malaysia against US Dollar, partially offset by lower product prices.

EBITDA was higher by RM129 million or 6% at RM2.3 billion mainly due to weakening of Ringgit Malaysia against US Dollar, partially offset by lower product spreads. Profit after tax was higher by RM343 million or 29% at RM1.5 billion mainly due to finance income arising from adjustment of timing for payment of trade payables.

Olefins and Derivatives

The segment's operational performance recorded lower plant utilisation rate of 91% as compared to 96% in the corresponding period mainly due to higher plant maintenance activities during the period, resulting in lower production and sales volumes.

Revenue was higher by RM487 million or 7% at RM7.5 billion primarily driven by the weakening of Ringgit Malaysia against US Dollar and higher product prices partially offset by sales volume.

EBITDA was lower by RM155 million or 18% at RM728 million following lower product spreads and higher maintenance costs. However, profit after tax was higher by RM105 million or 18% at RM696 million mainly due to finance income arising from adjustment of timing for payment of trade payables, partially offset by lower EBITDA.

Fertilisers and Methanol

The segment's operational performance recorded comparable plant utilisation rate of 86% against the corresponding period.

The segment recorded lower revenue by RM162 million or 4% at RM4.1 billion mainly due to lower product prices.

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 SECOND QUARTER ENDED 30 JUNE 2024

PART B – OTHER EXPLANATORY NOTES (continued)

B1. REVIEW OF GROUP PERFORMANCE (continued)

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

Fertilisers and Methanol (continued)

EBITDA was higher by RM198 million or 16% at RM1.4 billion mainly contributed by higher product spreads. Profit after tax increased by RM148 million or 19% at RM921 million in line with higher EBITDA.

Specialties

The segment's revenue was higher by RM225 million or 7% at RM3.6 billion due to higher sales volume.

EBITDA was higher by RM112 million or 89% at RM238 million driven by higher contribution margins following higher volume and lower raw material costs. The segment recorded profit after tax of RM130 million as compared to loss after tax in the corresponding period of RM192 million in line with higher EBITDA and favourable net foreign exchange impact.

(c) Variation of results against the preceding quarter

<i>In RM Mil</i>	Individual quarter ended	
	30 June 2024	31 March 2024
Revenue	7,728	7,499
Profit after tax	809	703
EBITDA ⁵	1,110	1,160

PCG Group recorded slightly higher plant utilisation rate of 89% as compared to 87% in the preceding quarter mainly due to lower statutory turnaround and plant maintenance activities resulting in higher production and sales volumes.

Revenue was higher by RM229 million or 3% at RM7.7 billion mainly due to higher sales volume from Fertilisers and Methanol segment as well as higher contribution from Specialties segment.

EBITDA was lower by RM50 million or 4% at RM1.1 billion mainly due to higher plant operation costs from a joint operation entity. However, profit after tax was higher by RM106 million or 15% at RM809 million due to finance income arising from adjustment of timing for payment of trade payables, partially offset by unrealised foreign exchange loss on revaluation of shareholder's loan to a joint operation entity.

(d) Highlight on consolidated statement of financial position

<i>In RM Mil</i>	As at	As at
	30 June 2024	31 December 2023
Total assets	61,694	60,206
Total equity	42,828	42,074
ROE (%)	4.6	3.8

The Group's total assets were higher by RM1.5 billion or 2% at RM61.7 billion mainly due to the increase in property, plant and equipment in relation to the capital investments in the petrochemical projects within the Pengerang Integrated Complex and plant improvement projects.

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 SECOND QUARTER ENDED 30 JUNE 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 June	
	2024	2023
Net cash generated from operating activities	1,648	2,442
Net cash used in investing activities	(1,215)	(1,058)
Net cash used in financing activities	(310)	(1,481)

Net cash generated from operating activities was lower by RM794 million or 33% at RM1.6 billion in line with movement in working capital.

Net cash used in investing activities was higher by RM157 million or 15% at RM1.2 billion primarily due to higher purchase of property, plant and equipment.

Net cash used in financing activities for the period was lower by RM1.2 billion or 79% at RM310 million 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 amidst weak downstream demand and returning supply from regional turnaround. Fertiliser product prices are forecasted to be firm with increased agricultural activities upon improving weather, while ample supply continues to weigh down on methanol prices. The Specialties segment is expected to see limited recovery as the global market conditions remain uncertain with ongoing geopolitical tension and continued slow recovery in market demand.

B3. PROFIT FORECAST OR PROFIT GUARANTEE

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

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2024

PART B – OTHER EXPLANATORY NOTES (continued)

B4. OPERATING PROFIT

<i>In RM Mil</i>	Individual quarter ended		Cumulative quarter ended	
	2024	30 June 2023	2024	30 June 2023
Included in profit for the period are the following charges:				
Depreciation and amortisation	529	482	1,061	966
Inventories written down to net realisable value	—	—	14	40
Net loss on foreign exchange	62	—	—	—
Write off of investment in a joint venture	—	—	24	—
and credits:				
Interest income	94	83	184	159
Finance income	353	—	353	—
Inventories written back to net realisable value	41	32	—	—
Amortisation of deferred income	22	22	44	44
Net gain on foreign exchange	—	146	206	73

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		Cumulative quarter ended	
	2024	30 June 2023	2024	30 June 2023
Current tax expenses				
Current period tax	92	78	137	124
Deferred tax expenses				
Origination and reversal of temporary differences	39	(17)	96	(9)
	39	(17)	96	(9)
	131	61	233	115

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 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 June 2024 are 14% and 13% 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 higher effective tax rate in the current quarter against cumulative quarter is due to higher non-deductible expenses.

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 June 2024	As at 31 December 2023
Trade receivables:		
– Third party	3,138	2,355
– Joint ventures and associates	225	190
– Related companies	105	93
Other receivables	1,449	1,219
Total	4,917	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 June 2024	As at 31 December 2023
Current	3,302	2,506
Past due 1 to 30 days	150	140
Past due 31 to 60 days	3	5
Past due more than 60 days	35	9
Total	3,490	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 SECOND QUARTER ENDED 30 JUNE 2024

PART B – OTHER EXPLANATORY NOTES (continued)

B8. BORROWINGS

	Denominated currency	<i>In denominated currency</i>		<i>In presentation currency</i>	
		As at 30 June 2024 Mil	As at 31 December 2023 Mil	As at 30 June 2024 RM Mil	As at 31 December 2023 RM Mil
Non-current					
Term loans - secured	USD	327	341	1,545	1,570
Term loan - unsecured	USD	163	161	770	741
Term loan - unsecured	EUR	31	32	158	162
				2,473	2,473
Current					
Term loans - secured	USD	31	31	147	141
Term loans - unsecured	CNY	19	20	13	13
Term loans - unsecured	EUR	1	1	5	4
Revolving credit - unsecured	SEK	1,125	525	498	242
Revolving credit - unsecured	RM	30	100	30	100
Revolving credit - unsecured	USD	38	—	178	—
Revolving credit - unsecured	EUR	2	—	9	—
				880	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 credit bear interests of 4.89%.

The SEK unsecured revolving credit bear interests ranging from 4.53% to 4.80% per annum.

The USD unsecured revolving credit bear interests ranging from 6.04% 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 SECOND QUARTER ENDED 30 JUNE 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 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. DIVIDENDS

The Directors of the Company have declared 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 (2023: first interim single tier dividend of 8 sen per ordinary share, amounting to RM640 million in respect of the financial year ended 31 December 2023).

The dividend is payable on 12 September 2024 to depositors registered in the Records of Depositors at the close of business on 2 September 2024.

A Depositor shall qualify for entitlement to the dividends only in respect of:

- a. Shares transferred into the Depositor's Securities Account before 4.00 pm on 2 September 2024 in respect of ordinary transfers.
- b. Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of the Bursa Malaysia Securities Berhad.

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2024

PART B – OTHER EXPLANATORY NOTES (continued)

B13. BASIC 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		Cumulative quarter ended	
	2024	30 June 2023	2024	30 June 2023
Profit for the period attributable to shareholders of the Company	777	628	1,445	1,160
<i>In millions of shares</i>				
Number of ordinary shares issued	8,000	8,000	8,000	8,000
<i>In sen</i>				
Basic earnings per share	10	8	18	15

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.

B14. EXCHANGE RATES

	30 June 2024	Individual quarter ended		30 June 2024	Cumulative quarter ended	
		31 March 2024	30 June 2023		31 December 2023	30 June 2023
USD/MYR						
Average rate	4.7323	4.7233	4.5250	4.7278	4.5602	4.4578
Closing rate	4.7205	4.7375	4.6860	4.7205	4.5995	4.6860
EUR/MYR						
Average rate	5.0949	5.1295	4.9260	5.1122	4.9316	4.8178
Closing rate	5.0500	5.1089	5.0946	5.0500	5.0949	5.0946

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
16 August 2024