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PETRONAS CHEMICALS GROUP BERHAD 199801003704 (459830-K)

For immediate release

PCG Reports RM762 million Loss After Tax in 3Q 2024 Due to Unrealised Forex Loss

- ***3Q 2024 Revenue of RM8.0 billion***
- ***Performance Test Runs Completed at Pengerang Petrochemical Complex***
- ***Ethane and propane feedstock price terms to remain for 5 years***

Kuala Lumpur, 20 November – PETRONAS Chemicals Group Berhad (PCG) recorded Loss After Tax (LAT) of RM762 million for its third quarter in the Financial Year Ending 31 December 2024 (3Q 2024). The LAT was mainly driven by unrealised forex loss on the revaluation of payables at Pengerang Petrochemical Company Sdn. Bhd. (PPC) and the revaluation of shareholders loan to PPC. During the quarter, US Dollar weakened against Ringgit Malaysia from 4.721 on 30 June 2024 to 4.107 on 30 September 2024. Excluding the impact of forex loss, the Group Profit After Tax (PAT) is estimated at RM352 million.

PPC is a 50:50 joint-venture company between PCG and Saudi Aramco located within the Pengerang Integrated Complex (PIC) in Johor. The complex consists of 4 polymers and a glycols plant with a total design capacity of 3.0 million metric tonnes per annum. The facilities completed the performance test runs in 3Q 2024 ahead of its commercial operation targeted by the end of 2024. PPC is a USD functional currency company and the recent weakening of USD against RM resulted in unrealised forex loss on revaluation of payables of RM536 million, recorded in PCG. Additionally, PCG provided a USD denominated shareholders loan to PPC which was also exposed to unrealised forex loss of RM492 million due to the unfavorable forex movement. Including forex losses from other operations of RM86 million, total forex loss in 3Q 2024 is RM1.1 billion.

In terms of operational performance, the Group's commodities segments i.e., Olefins & Derivatives (O&D) and Fertiliser & Methanol (F&M), recorded improvements in 3Q 2024 achieving average plant utilisation (PU) of 92%, contributing to an increase in production volumes. O&D sales volumes were further boosted by volume contributions from PPC. The Specialties segment however, experienced a slight decrease in both production and sales as demand softened amid higher availability of products. Against 2Q 2024, Group Revenue increased 3% to RM8.0 billion on the back of higher sales volumes and average realised product prices.

In 3Q 2024, commodities chemicals market was broadly mixed, on factors such as ongoing inflation, seasonal supply-demand shift and feedstock movement. Supply tightness supported prices for urea and mono-ethylene glycols while weak downstream demand put downward pressure on prices of methanol and polyolefins. The industry continues to contend with the effects of China's slower-than-anticipated economic growth, and weakness in key demand drivers, keeping prices and spreads under pressure.

For the cumulative nine months period of FY2024 (YTD 3Q 2024), the Group Revenue improved 8% year-on-year to RM23.2 billion compared 2023, largely due to higher sales volumes including contributions from PPC. However, Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) declined 10% year-on-year to RM2.8 billion attributed to negative earnings recorded by PPC due to unrealised foreign exchange loss on revaluation of payables as well as higher operating costs. Profit After Tax (PAT) contracted 53% year-on-year to RM750 million. Excluding the impact of forex loss, the Group Profit After Tax (PAT) is estimated at RM1.7 billion.

Key highlights 3Q 2024 vs 2Q 2024:

- **Revenue** rose 3% to **RM8.0 billion** (2Q 2024: RM7.7 billion) on higher sales volumes.
- **EBITDA** for the quarter declined by 50% to RM554 million (2Q 2024: RM1.1 billion) due to unrealised foreign exchange loss on revaluation of payables and higher plant operation costs from PPC. **EBITDA margin** contracted to 7% (2Q 2024: 14%).
- **Loss after Tax (LAT)** was at **RM762 million** (2Q 2024: Profit After Tax RM809 million) mainly due to lower EBITDA and unrealised foreign exchange loss on revaluation of shareholders loan to PPC.
- **Plant utilisation rate improved to 92%** (2Q 2024: 89%) during the quarter, contributing to an increase in commodity chemicals production and sales volume.

3Q 2024 comparative financial summary:

	2Q 2024	3Q 2024
Revenue (RM million)	7,728	7,986
EBITDA (RM million)	1,110	554
Adjusted EBITDA, excluding forex impact (RM million)	*1,140*	*1,104*
EBITDA Margin (%)	14.4	6.9
Adjusted EBITDA Margin, excluding forex impact (%)	*14.8*	*13.8*
PAT (RM million)	809	(762)
Adjusted PAT, excluding forex impact (RM million)	*871*	*352*

Commenting on PCG's performance, PCG Managing Director/Chief Executive Officer, Mazuin said "Our financial performance for the quarter was severely affected by the adverse movement of USD against RM primarily from our investment in PPC. Operationally, the performance of our core business improved in 3Q 2024 as we recorded higher plant utilisation at our Malaysian operations, contributing to higher sales volumes ".

"We have completed all Performance Test Runs at our petrochemical units in PPC and are currently gearing up for commercial operations, targeted by the end of the year. This is a significant milestone for us, in delivering part of our long-term strategy to strengthen our basic chemicals business and selectively diversify into derivatives and specialty chemicals. The molecules available from the naphtha-based chain will allow us to expand our offerings beyond our current portfolio including to go further downstream for more specialised and innovative products. Nonetheless, it is foreseeable that the start-up of these large-scale capital-intensive assets will have material impact to the Group's earnings, which includes currency translation effects that we saw during the quarter. If the USD continues to rebound in 4Q 2024, we will see partial reversal of the unrealised forex loss."

"On the market front, the O&D segment is seeing some softness on seasonal weak downstream demand amidst supply additions from new Northeast Asian capacities. F&M is stabilising as key suppliers focus on fulfilling the term commitments, while in the Specialties segment, we are maintaining a cautious outlook given the continued uncertainties in the macroeconomic environment," he said.

The Group also updated on the supply of ethane and propane gas feedstocks to PETRONAS Chemicals Olefins Sdn. Bhd. (PC Olefins). PETRONAS Chemicals Marketing (Labuan) Ltd. (PCML), PCG's wholly owned subsidiary and PETRONAS Energy and Gas Trading Sdn. Bhd. (PEGT), a wholly owned subsidiary of Petroliam Nasional Berhad (PETRONAS), have mutually agreed for the price terms to remain as stipulated in the current agreement for a period of five (5) years starting from 1 January 2025. PC Olefins produces ethylene and propylene, that are in turn used as feedstocks for the production of polymers and chemical derivatives within the Group's O&D segment.

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.

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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