Media

Media Release

18 · Nov · 2020

PCG Gains Momentum In 3Q2020, Posts 9-Month PAT of RM1.1 Billion

Kuala Lumpur, 18 November – PETRONAS Chemicals Group Berhad (PCG) registered profit after tax of RM1.1 billion for the nine-month period ended 30 September 2020, on the back of strong operational performance amid post-lockdown recovery. Rebounding from historical lows in 2Q2020, petrochemicals product prices were sequentially lifted by an upturn in global manufacturing and subsequent improvement in crude oil prices, easing pressure on profit margins.

Key highlights YTD 3Q2020 vs YTD 3Q2019

- **Strong operational performance maintained** as the Group saw improved production volume and recorded higher plant utilisation rate of 95%.
- **Revenue** remained healthy at RM10.5 billion albeit a decrease of 13% year-on-year largely due to lower product prices, contributed by weaker crude oil prices coupled with soft demand for petrochemicals and high level of supply volumes.
- **Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) margin** slid to 23% on the back of product margin compression caused by lower prices.
- EBITDA and PAT stood at RM2.4 billion and RM1.1 billion respectively.

Managing Director/Chief Executive Officer, Datuk Sazali Hamzah commented, "PCG recorded stronger performance in 3Q2020 from continued focus on operational and commercial excellence, which ensured our readiness to capture market recovery. Combined with our strong presence in key regional markets and close collaboration with our customers, we are well-positioned to reap the benefits of the reopening of regional economies and resumption of manufacturing activities. These factors, together with stabilised crude oil prices led to demand recovery and improvement in petrochemical prices”.

Notwithstanding the favourable market improvements in 3Q2020, the Group maintains its cautiously optimistic view that a more meaningful and gradual recovery will occur in 2021. "While the prices of petrochemicals are expected to be in line with the recovery momentum, recent reintroductions of COVID-19 containment measures may have a dampening effect on the market recovery. To mitigate potential headwinds and ensure resilience, PCG will continue to focus on operational efficiency, commercial excellence and maintain strict financial discipline,” he added.

Reiterating on PCG’s growth plans, Datuk Sazali said, “Our projects in Pengerang Integrated Complex (PIC) are scheduled for start-up in 1Q2021. PIC will increase our petrochemical production capacity by about 15% to 14.6 million metric tonnes per annum.”

“Despite the challenging business environment, we continue to pursue our investments in downstream value chains and specialty chemicals such as butadiene derivatives, ethoxylates, polyether polyols and silicone derivatives. Moving forward, we expect to continue investing in innovative and high-value specialty chemicals to complement the expansion of our core business. This future-proofing strategy will further strengthen PCG’s resilience” he concluded.

About PETRONAS Chemicals Group Berhad

downstream end-products. With a total combined production capacity of 12.8 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 and other basic chemicals and derivative products. Listed on Bursa Malaysia and with 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 one of the top 10 companies in the FTSE4Good Bursa Malaysia (F4GBM) Index, out of 200 largest companies ranked by market capitalisation. It is committed to ensuring that its business practices are in line with globally recognised standards for Environment, Social & Governance (ESG).

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

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