

27 JANUARY 2021

## **LOTTE CHEMICAL TITAN HOLDING BERHAD REGISTERS PROFIT AFTER TAX OF RM154 MILLION, EBITDA OF RM830 MILLION IN FY 2020 DESPITE CHALLENGING PANDEMIC YEAR**

**KUALA LUMPUR** – LOTTE Chemical Titan (LCT) Holding Berhad registered profit after tax (“PAT”) of RM 154 million for financial year (“FY”) ended 31<sup>st</sup> December 2020, with earnings before interest, tax, depreciation and amortization (“EBITDA”) of RM 830.3 million amidst multitude of market turbulences from the onslaught of COVID-19 pandemic as well as the intensified global trade tensions in 2020. The Company will be making an announcement on the dividend for FY 2020 at a later date.

Despite its major statutory turnaround and the headwinds facing the petrochemical industry in FY 2020, the Company has highlighted that its operating profit has improved by 5% to RM 272 million, from RM 259.9 million in the year before. Nevertheless, PAT was lower at RM 154 million from RM 442.6 million recorded in FY 2019, primarily due to higher share of losses from its U.S. associate’s operations. The Company also noted that the higher PAT seen in FY 2019 was contributed by the one-off gain amounting to RM 139.5 million from partial disposal of its LCUSA’s equity interest in a U.S. joint venture project back in 2019.

To recall, the Company reported a net loss after tax of RM 169.5 million in 1<sup>st</sup> quarter 2020 following the plunge in its average product selling prices (“ASP”) which resulted in significant profit margin compression. Hence, its PAT of RM 154 million for FY 2020 marked a significant business and financial performance improvement from the net loss position in early 2020.

The results were on the back of lower sales revenue of RM 6.9 billion in FY 2020, from RM 8.4 billion recorded in the previous financial year. The decline in revenue is mainly due to the notable drop in the Company’s product ASPs in the year, despite only registered a marginal decrease in the total sales volume as compared to preceding year. The drop in product ASPs was in-line with the fall in global crude oil price observed in 2020, which has a correlation with the price movement. The Company also noted that the global trade conflicts which begun in 2018 and has since intensified, had led to diversion of excess U.S. supplies into the region, thus depressing the regional polymer prices during 1<sup>st</sup> quarter of 2020.

Operationally, the Group’s overall plant operating rate for FY 2020 stood at a healthy level of 82%. The Company said that the lower operating rate and production volume as compared to the previous year were mainly due to its major statutory plant turnaround activities undertaken for the Malaysian plants, which had been completed by 1<sup>st</sup> half of 2020. The Company credited its achievement in meeting the operational target for the year to the successful completion of the statutory turnaround within targeted timeframe even amidst the pandemic lockdown period as well as the subsequent efficient ramping up of plant operations.

On quarterly basis, its operating profit increased six times to RM 205.1 million in 4<sup>th</sup> quarter 2020 from operating loss of RM 41 million in the year before, mainly attributable to improvement in business performance amid rising product ASPs complemented with lower feedstock cost environment in the 2<sup>nd</sup> half of 2020. Similarly, EBITDA in the 4<sup>th</sup> quarter also grew by 203% to RM 345 million from RM 114 million recorded during the corresponding quarter in preceding year. Excluding the non-recurring gain from partial disposal of its U.S. associate's equity interest in a joint venture project back in 2019, PAT for 4<sup>th</sup> quarter 2020 has in fact close to tripled, comparing to the year before.

The newly appointed President & CEO of LOTTE Chemical Titan, Mr. Park Hyun Chul said while commenting on the Company's outlook, "Despite the highly challenging external business environment plagued by the pandemic economic slowdown in 2020, our Company has maintained strong business fundamentals and financial resilience. For the year, our Company generated a strong positive operating cash flow close to RM 1.1 billion supported by a healthy balance sheet with net cash position of around RM 4.2 billion as at 31 December 2020."

"Furthermore, we are pleased to be able to play a role in combating the COVID-19 pandemic in Malaysia. As we are designated as an essential service which provides vital raw materials for the production of plastic packaging and healthcare equipment in Malaysia, we are able to continue our operations to supply key raw materials to our customers throughout the movement control order period. Over the course of 2020, our Company has also contributed through various philanthropic efforts to assist with the Government's initiatives in combating against the pandemic", he continued.

Moving ahead, the Company cautioned that the industry outlook would remain challenging. According to World Bank, the global economy appears to be emerging from one of its deepest recessions and beginning of a subdued recovery moving into 2021 following the unprecedented health and economic impact caused by the COVID-19 pandemic. Nevertheless, the near-term outlook remains highly uncertain with post-pandemic recovery predicated on proper pandemic management and effective rolling out of vaccinations to limit community spread of COVID-19 in many countries.

President Park further noted, "Our Company will continue to focus on operational and financial performance optimization initiatives amidst the highly volatile and challenging external environment. Notwithstanding the current headwinds, we will continue to be vigilant and explore value-accretive opportunities to further drive our growth. At the same time, we will remain steadfast to focus on our key growth strategies to achieve our *vision* of becoming a top-tier petrochemical company in Southeast Asia."

-END-

Media Contact:

Thomas Khoo  
Email: [tckhoo@lotte.net](mailto:tckhoo@lotte.net)  
Mobile: 6012-2570430