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## **STRONG OPERATING PROFIT GROWTH FOR LOTTE CHEMICAL TITAN HOLDING BERHAD IN 3<sup>RD</sup> QUARTER 2020 WITH IMPROVING POLYMERS SPREAD**

**KUALA LUMPUR** – LOTTE Chemical Titan Holding Berhad (“the Company”) saw notable improvement to its operational performance in the 3<sup>rd</sup> quarter following better polymer products spread with higher demand post-reopening of key markets from the COVID-19 pandemic lockdown. Profit from operations jumped 60% to RM 138.2 million during the quarter from RM 86.6 million recorded in the corresponding period a year ago. Furthermore, its earnings before interest, tax, depreciation and amortization (“EBITDA”) also increased to RM 279 million from RM 244 million a year ago.

Earnings improved despite registering slightly lower sales revenue of RM 1.94 billion, as compared to RM 2.2 billion reported last year. The Company has said that its average product selling prices (“ASP”) were still lower year-on-year, amid the economic fallout from the global pandemic in 2020. On quarterly basis, however, sales revenue has continued to increase from RM 1.58 billion registered in the previous quarter. Revenue for the quarter is supported by both higher production and sales performance which saw continuous improvement following the successful completion of the statutory turnaround undertaken by the Company in first-half of 2020. The Company has also noted that its overall plant operating rate has further increased to 90% during the quarter, from 86% recorded last quarter.

Operationally, the Company has highlighted that it remained solid and resilient despite the hostile external business environment plagued by post-pandemic economic slowdown. For the quarter, the Company generated a positive operating cash flow (“OCF”) of about RM 292 million, which brings the total OCF generated to RM 804 million, to-date this year. Additionally, the Company’s position is further complemented by its healthy balance sheet with net cash position of close to RM 4 billion as at 30 September 2020.

“Year-to-date, our business is now back in the black and had since observed operational performance turnaround with continuously improving gross profit margin trends. The above achievements are now testament to our strong business and operational fundamentals, which will ensure our business sustainability during this very challenging period”, said its President & CEO, Dr. Lee Dong Woo.

The Company has said that the earnings improvement during the quarter were primarily attributable to average polymers product margin spread improvement amid lower naphtha feedstock costs following the fall in Brent crude oil price in April and enhanced plant utilization rate upon completion of its major statutory turnaround. Despite the improved earnings, its net profit for the quarter was dampened by foreign exchange revaluation loss as well as notably higher share of losses from its U.S associate.

According to the Company, the International Monetary Fund in its latest report has noted a less severe economic contraction for 2020 than it initially expected. This is following the better-than-expected 2<sup>nd</sup> quarter economic recession in major developed and emerging economies, led by strong recovery in the Chinese economy. The softened impact was also supported by the massive fiscal countermeasures and accommodative monetary policies implemented by all major economies in the onset of the COVID-19 pandemic. Nevertheless, the full recovery outlook remains fragile with high degree of uncertainties for now, as it will be dependent on the pandemic recovery trajectory.

Notwithstanding the current challenges facing the industry, the Company has reiterated its vision to become a top-tier petrochemical company in Southeast Asia by 2024. On this front, the Company will leverage on further growth opportunities as well as remain focused on the established business strategies to ensure long-term business sustainability.

President Lee noted, "Our long-term strategy to ride through these challenging periods will include optimizing plant operations to increase our production output, improving our business competitiveness in light of industry competition and enhancing our business sustainability and governance to solidify our long-term business viability, without compromising on the needs of our people, stakeholders and the environment. As LOTTE Chemical Titan embarks into the future, the Company strives to continue maintaining its business resilience and strengthen the ability to deliver on its value creation promise."

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Media Contact:

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