

CORPORATE UPDATES

29 AUG 2019

*Financial period
6 months ended
30 June 2019
(H1 2019)*



CORPORATE UPDATES

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CORPORATE UPDATES



KEY HIGHLIGHTS

KEY HIGHLIGHTS

H1 2019 – 30 JUNE 2019

Financials

Lower earnings compared to H12018, largely driven by lower product selling prices

- Revenue -↓ y-o-y by 5% to RM 189.8mil (H1 2018 – RM200.4mill)
- PAT - ↓ by 41% to RM9.3mill (H1 2018 – RM15.7 mill)
- Cushioned by higher volume sold from both businesses & interest savings of RM6.3mill

Plants utilisation

Plant	Utilisation rate
PGW 2 – Chlor Alkali	99.3%
PGW3 - Coagulant	88.2%
Polymers – Coatings and Cleaners	98% to 99.3%

KEY HIGHLIGHTS

H1 2019 – 30 JUNE 2019

Market exposure - % of H1 2019 sales



WATER TREATMENT
11%



**OLEO
CHEMICAL**
16%



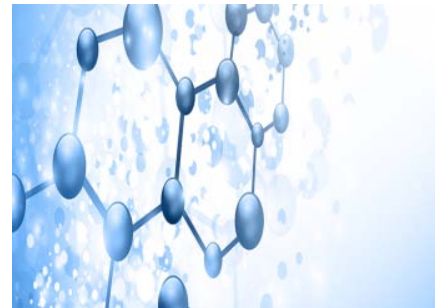
OIL & GAS
12%



RUBBER
32%



STEEL & METALS
2%

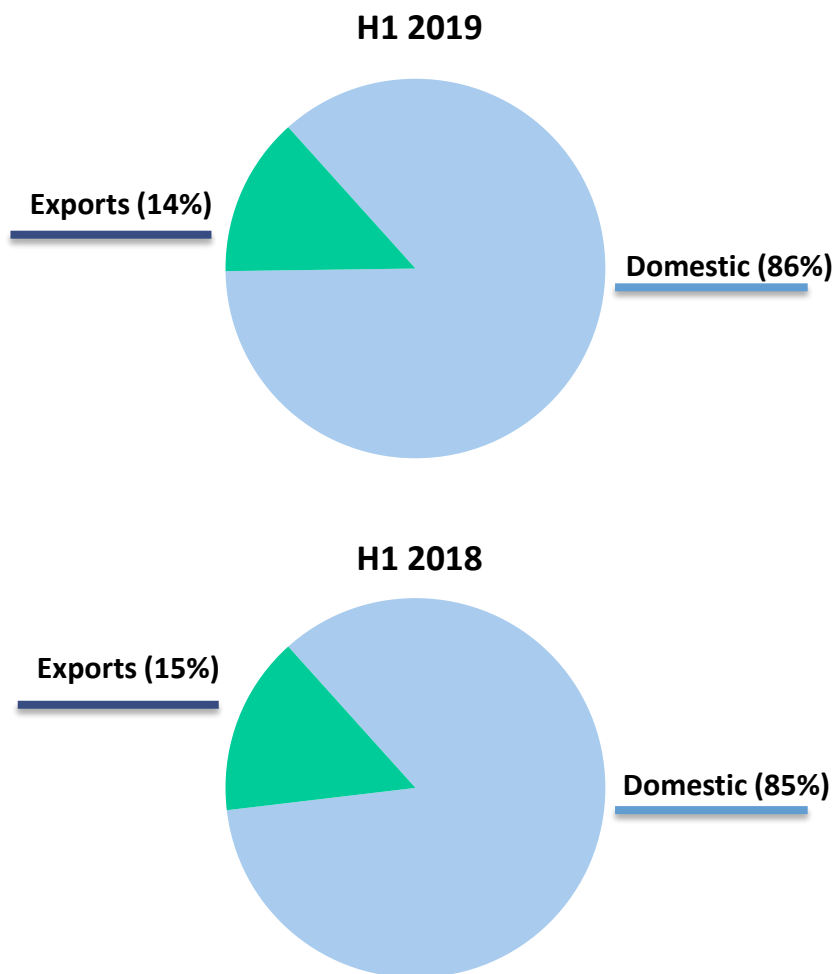


CHEMICALS*
27%

KEY HIGHLIGHTS

H1 2019 – 30 JUNE 2019

Market Profile



Market share (key products) *

Chemicals

- Caustic Soda : ~ **43%**
- Chlorine : ~ **35%**
- Hydrochloric Acid (HCl): ~ **16%**
- Sodium Hypochlorite : ~ **38%**

Polymers

Remain **top 3 market position (circa 22%)** in the country for the supply of polymers coatings and related products, to the gloves sectors

KEY HIGHLIGHTS

H1 2019 – 30 JUNE 2019

Other Corporate Updates

Additional capacities

- **PGW1 reactivation** – target to commence supply from the plant in Oct 2019 (earlier target was Mid Aug).
- **Calcium Nitrate (CN)** – completed in April 2019, and have started testing initial production from plant in May 2019.
- **Additional Cleaners** production for Polymers – still in the preliminary stage. Target for full completion in H2 2020

Governance

- CCM is included in the Bursa Malaysia **FTSE4GOOD Index** on 24 June 2019

Supply of CSL to RAPID Pengerang

- LOA to supply was for a period from 15 April 2019 to 14 April 2022, with 1 year extension.
- In view of the fire incident in April 2019 at Petronas RAPID, the drawdown of supply is postponed to a later date to be determined.

De-gearing exercise

- The last non-core assets divested – Nilai land deal was completed in March 2019. Proceeds used to repay loan in May 2019

NEW FACILITIES

CN Plant, CCM Chemicals



LOT 69, CCM Polymers



CORPORATE UPDATES

The background of the slide is a complex, layered visualization of financial data. It features multiple overlapping line graphs and bar charts in various shades of blue. The graphs show fluctuating trends over time, with some lines showing a general upward trajectory. The overall aesthetic is technical and data-driven, typical of a corporate financial report.

FINANCIAL OVERVIEW

FINANCIAL PERFORMANCE

6 MONTHS ENDED 30 JUNE 2019

In RM million	H1'19	H1'18	YOY%
REVENUE	189.8	200.4	↓5%
EBIT	17.6	39.4	↓55%
PBT	13.7	30.9	↓56%
PAT	9.3	15.7	↓41%

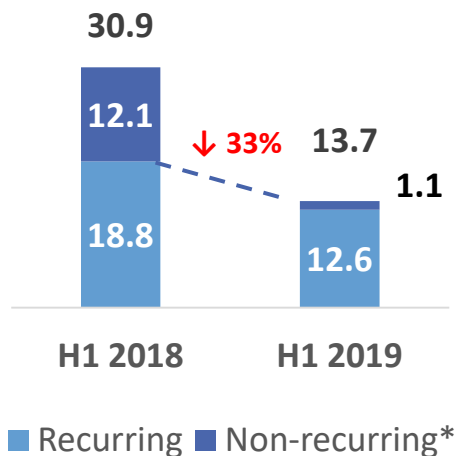
	30.06.19	31.12.18	Var
BORROWING	201.3	193.8	↑4%
DEBT/EQUITY	0.64X	0.61X	↑5%
NA/SHARE	1.87	1.89	↓1%

- Effect of softer product selling prices
 - Average CSL price fell by 36% vs H12018. (Note – CSL comprises 54% of Chemicals' revenue.)
 - Lower net interest cost by RM6.3m y-o-y
-
- Borrowings – new loan drawdown for PGW1 reactivation in Mar'19.
 - RM24m loan pared down in May'19.
 - Debt/Equity ratio – ample for strategic growth and expansion.

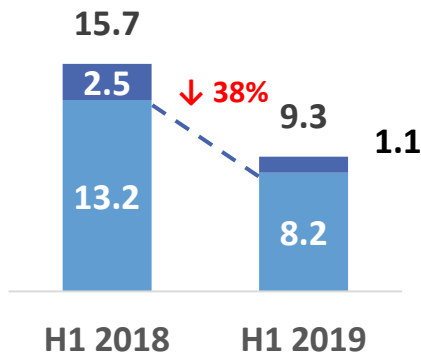
FINANCIAL PERFORMANCE

6 MONTHS ENDED 30 JUNE 2019

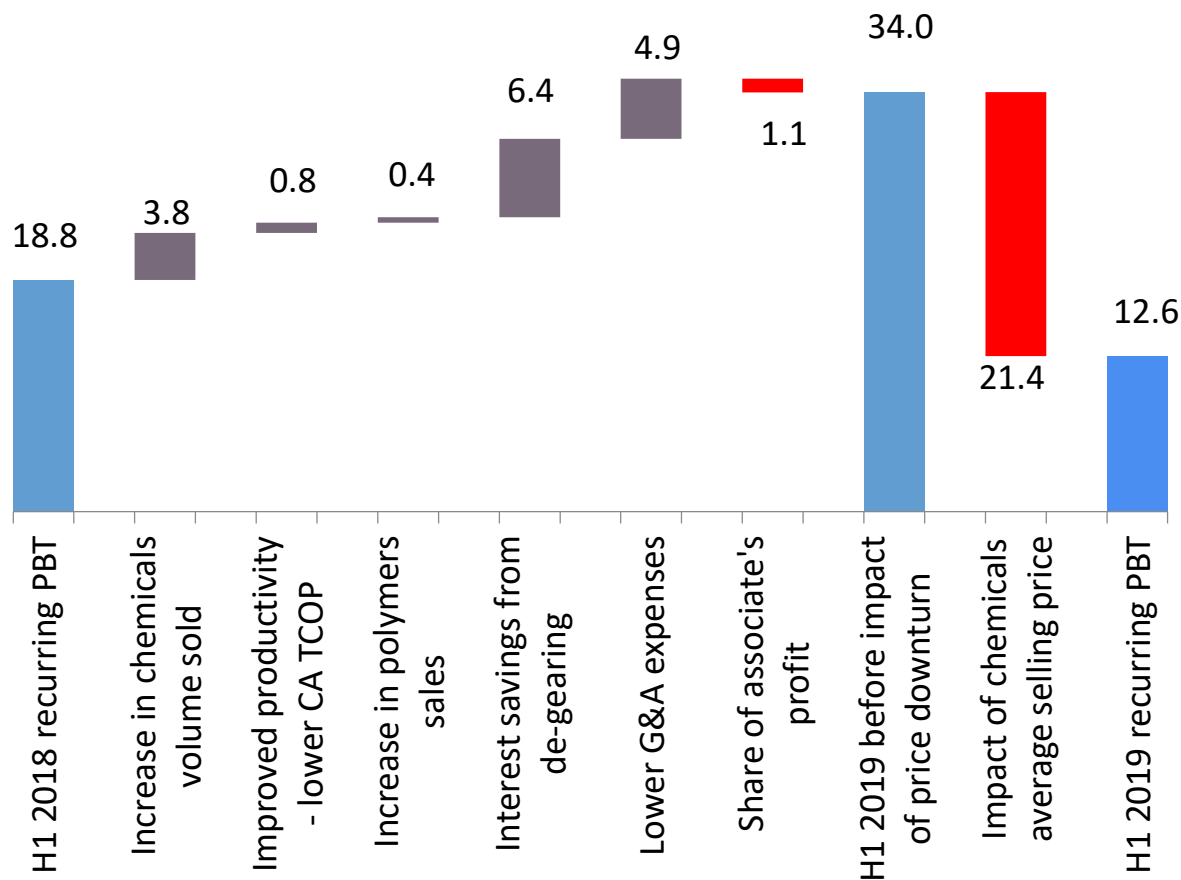
PBT (RM'mil)



PAT (RM'mil)



PBT (RM 'mil) H1 2018 and H1 2019



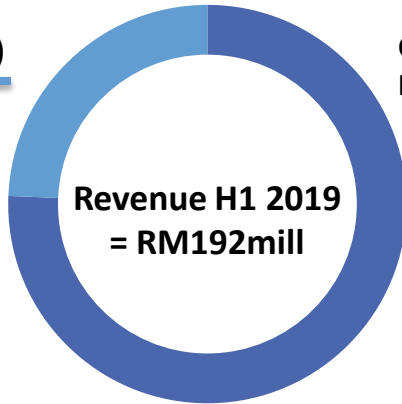
- Non-recurring – 2018 – gain from disposal of land and recovery from fertilizers business (over-accruals, debtors, scrap sales) ; 2019 – net gain on disposal of Nilai land

FINANCIAL PROFILE

BALANCING BETWEEN CHEMICALS AND POLYMERS

Revenue by business

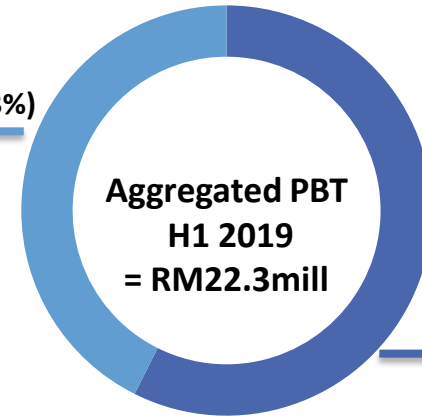
Polymers
RM47mill (24%)



Chemicals
RM145mill (76%)

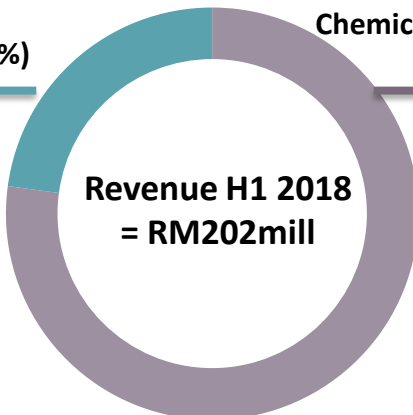
Aggregated PBT

Polymers
RM9.5mill (43%)



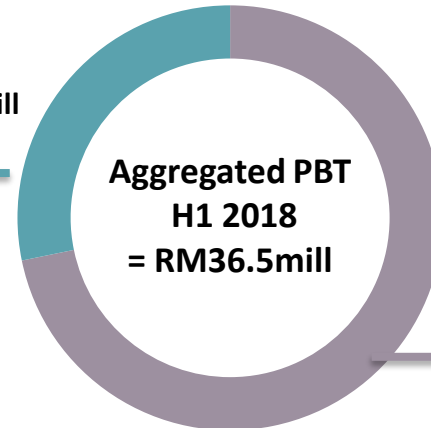
Chemicals
RM12.8mill
(57%)

Polymers
RM46mill (23%)



Chemicals RM156mill
(77%)

Polymers
RM10.3mill
(28%)

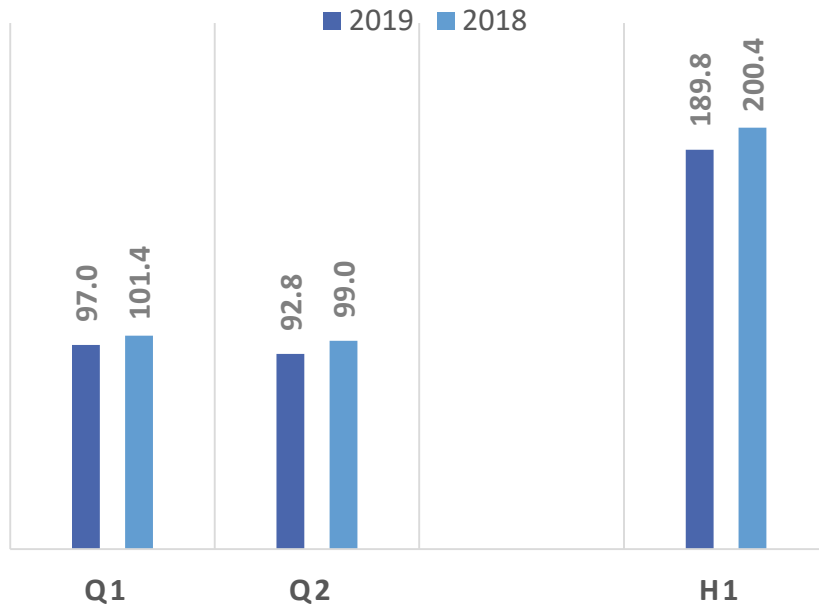


Chemicals
RM26.2mill
(72%)

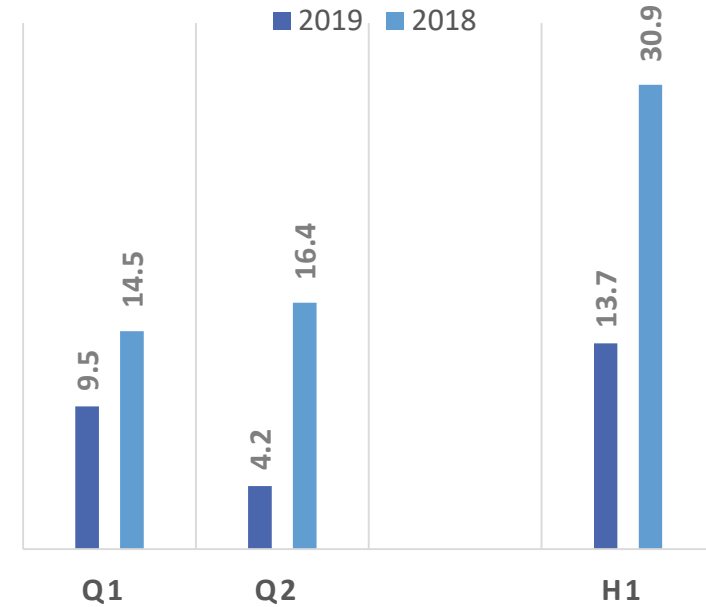
FINANCIAL PERFORMANCE

QUARTERLY RESULTS 2019

REVENUE (IN RM'MILL)



PBT (IN RM'MILL)

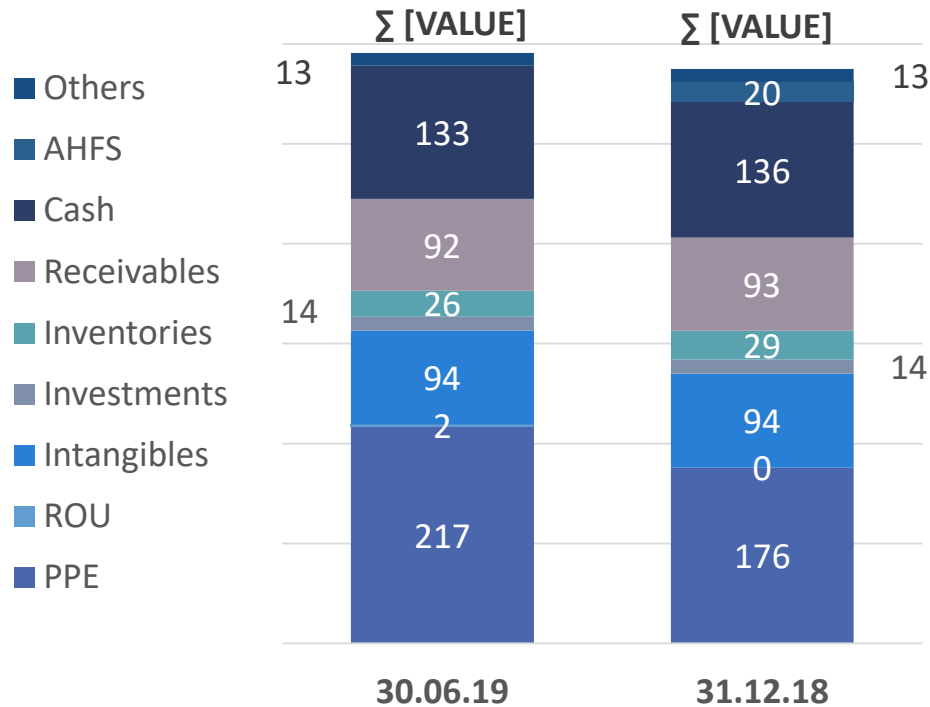


- H1 2019 revenue depicts a softening in chlor alkali prices, albeit volume sold increased by 15% to 42%
- H1 2018 PBT included gain on disposal of Shah Alam land at RM4.1 mil and write backs of over accruals from fertilizers business RM5.5 mil
 - Q1 2018 : included write back of over-accruals from fertilizers business of RM2.1mil & scrap sale of RM1.5mil
 - Q2 2018 : included gain on disposal of Shah Alam land of RM4.1mil and write back of accruals of RM3.4mil

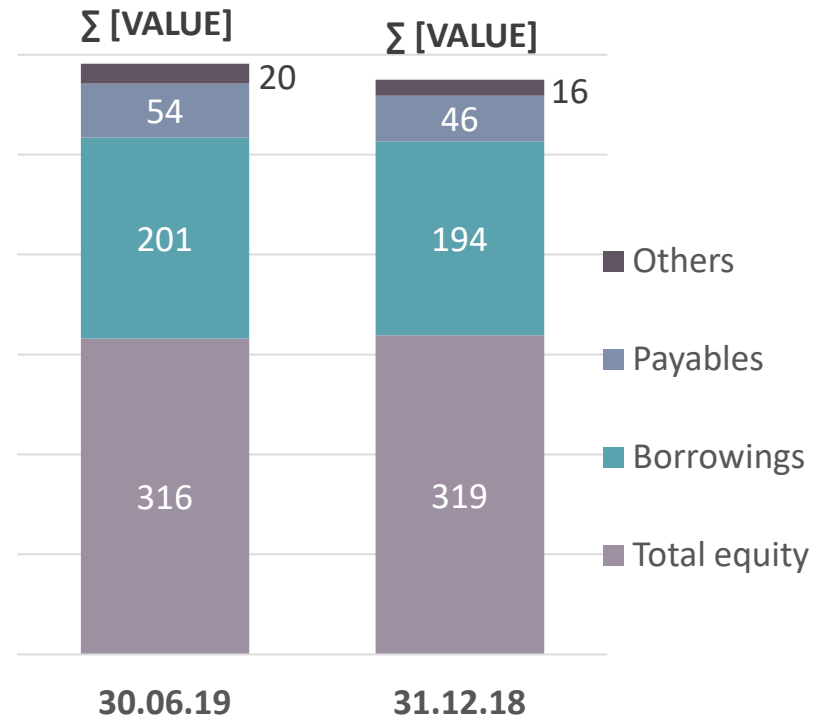
BALANCE SHEET

BUILDINGS ON LEANER POSITION

Total Assets (RM'mil)



Total Equity & Liabilities (RM'mil)

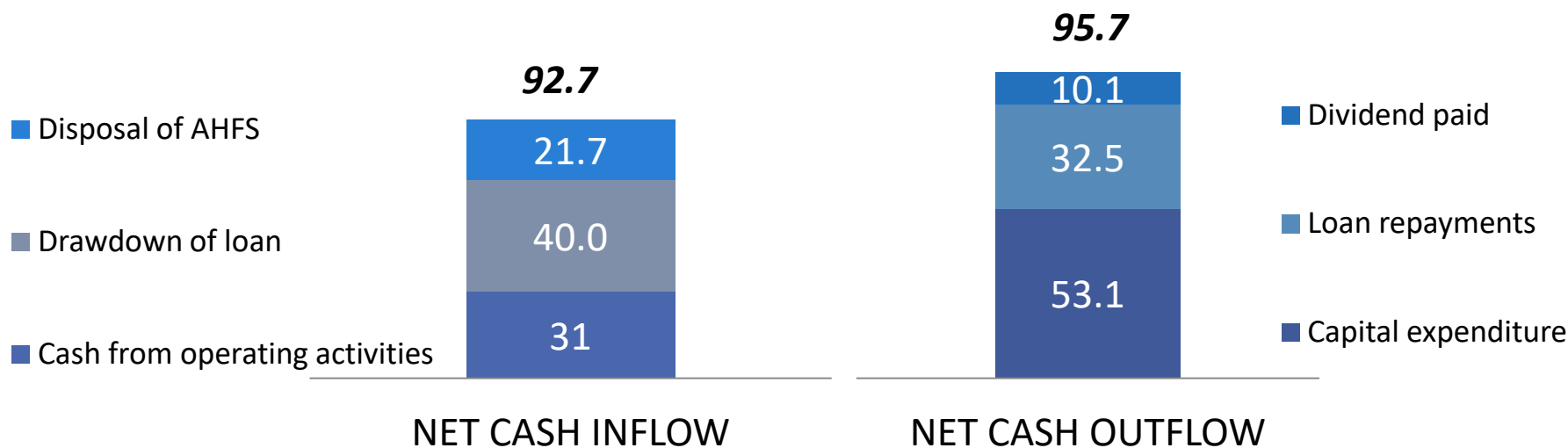


- Assets growth mainly on reactivation of PGW1, financed from external borrowings.

CASH FLOW MOVEMENT

CASH POSITION REMAIN SOLID

RM'mil	H1 2019
Cash flow from operating activities	31.0
Cash flow from investing activities	(31.4)
Cash flow from financing activities	(2.5)
Net changes in cash	(2.9)
Exchange difference	-
Cash as at opening	136.3
Cash as at closing	133.4



BORROWINGS AND GEARING RATIO

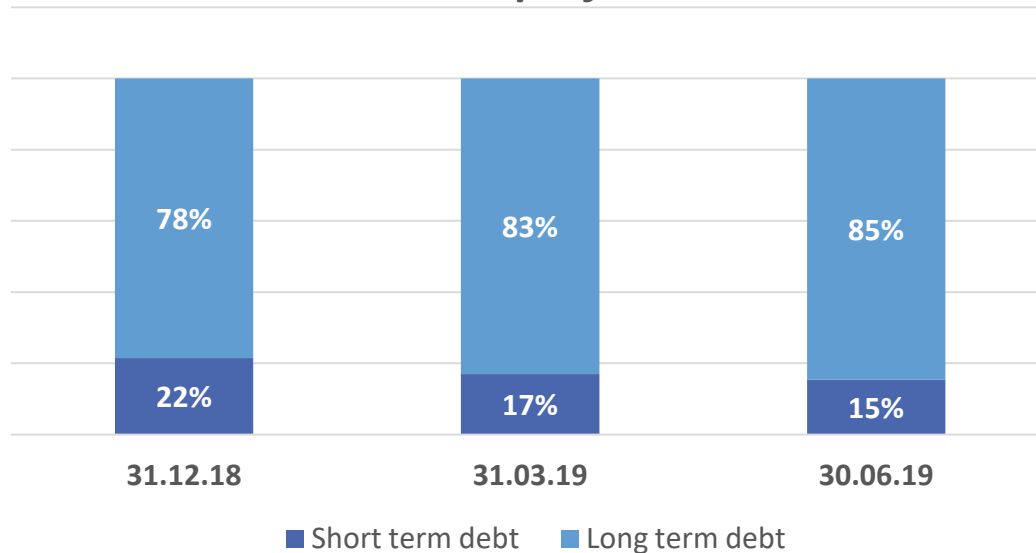
REMAIN STABLE

	31.12.18	31.03.19	30.06.19
Gross Gearing (in times)	0.61x	0.71x	0.64x
Net Gearing (in times)	0.18x	0.18x	0.21x
Borrowing (in RM'mil)	193.8	228.4	201.3

Borrowings as at 30 June 2019 increased by 3.9% compared to 31 Dec 2018 attributable to:

- Drawdown of loan of RM40mil for CCMC to part finance its PGW1 reactivation project.
- Off set by net repayment made, mainly from proceeds on disposal of Nilai land during the period.

Debt profile



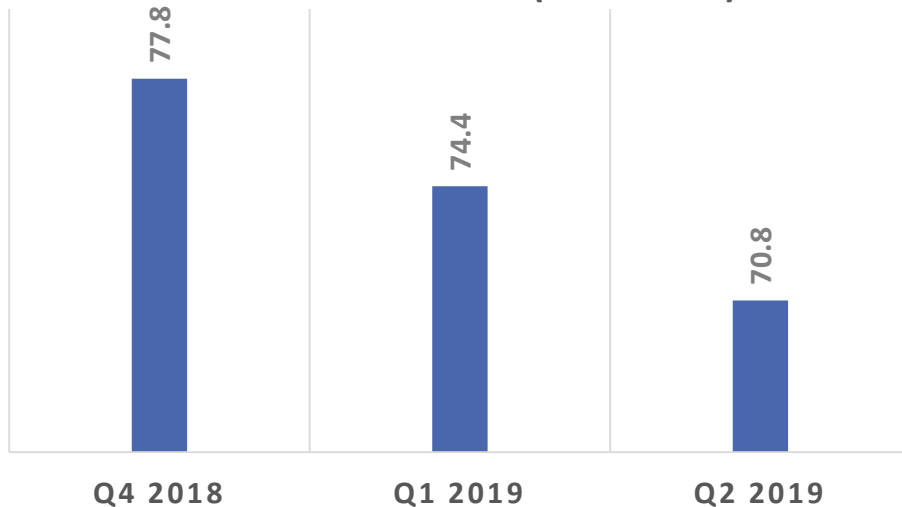
OVERVIEW OF BUSINESSES



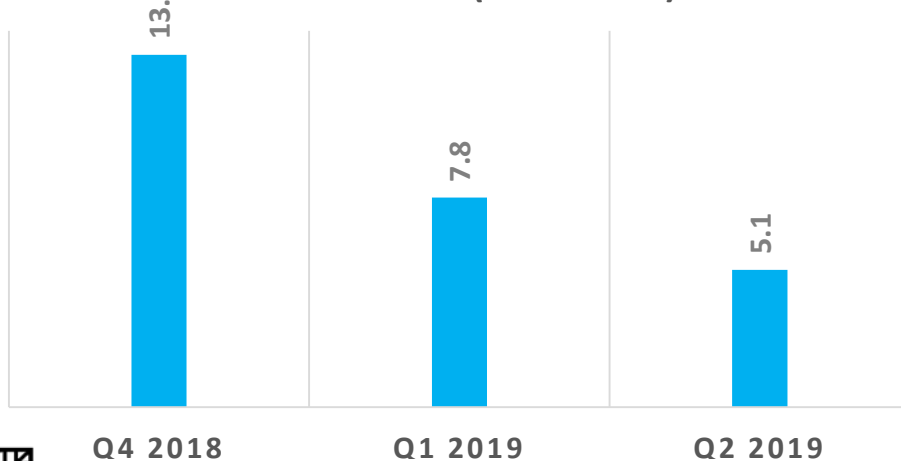
CHEMICALS

REVENUE PROFILE

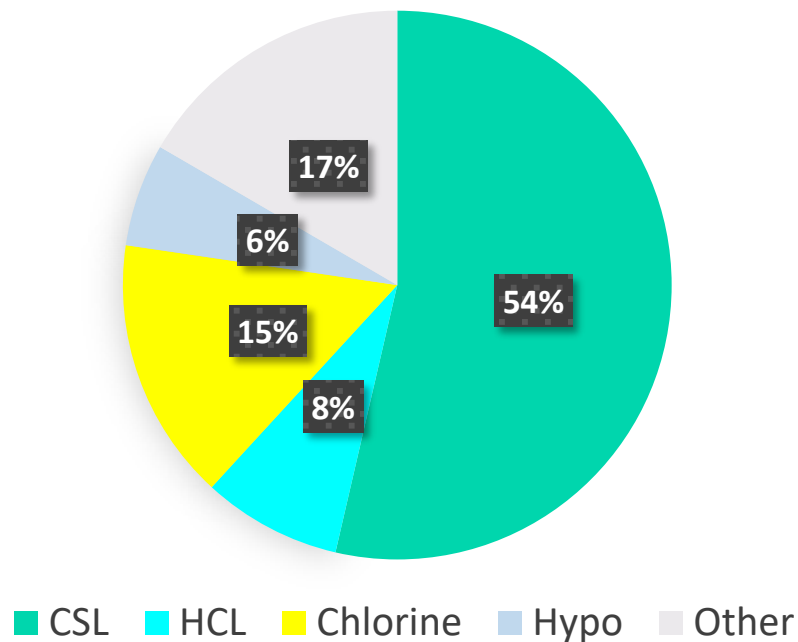
REVENUE TREND (RM'MILL)



PBT TREND (RM'MILL)



Revenue H1'19 (RM145.1mill)



Revenue H1 2019 vs H1 2018

- 6.9%

CHEMICALS

EARNINGS DECREASED Y-O-Y BY 51% ON DECLINED PRICES

1

Revenue development (H1 2019 vs H1 2018)

- Caustic Soda Liquid
- Chlorine

Volumes (MT)

↑ 42%
↑ 15%

Average prices

↓ 36%
↓ 13%

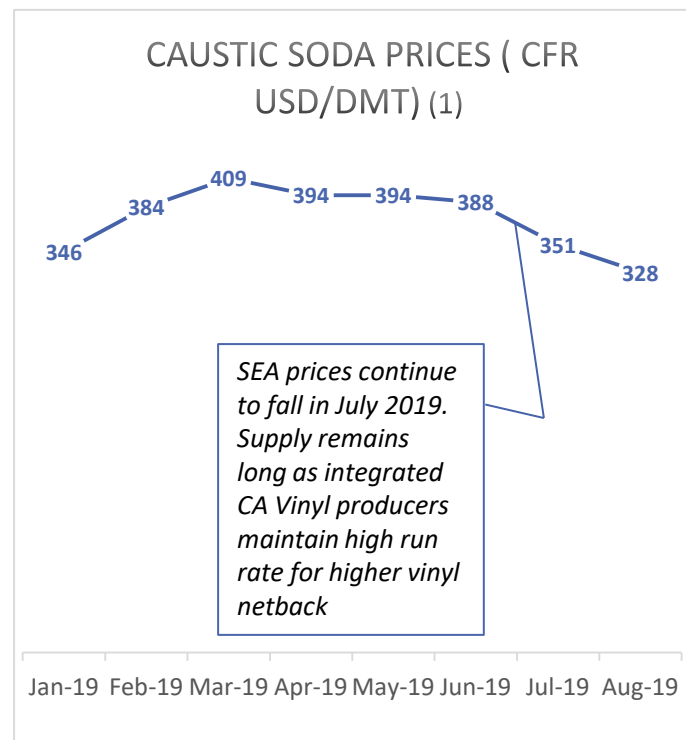
2

Reduction in total cost of production (“**TCOP**”) for manufacturing products:

- Chlor alkali ~ by 2% compared to H1 2018
- Coagulant ~ by 6% compared to H1 2018

3

Revenue and earnings had/will be impacted due to the current softening of caustic soda prices, as depicted below (SEA CFR average prices in USD/MT):



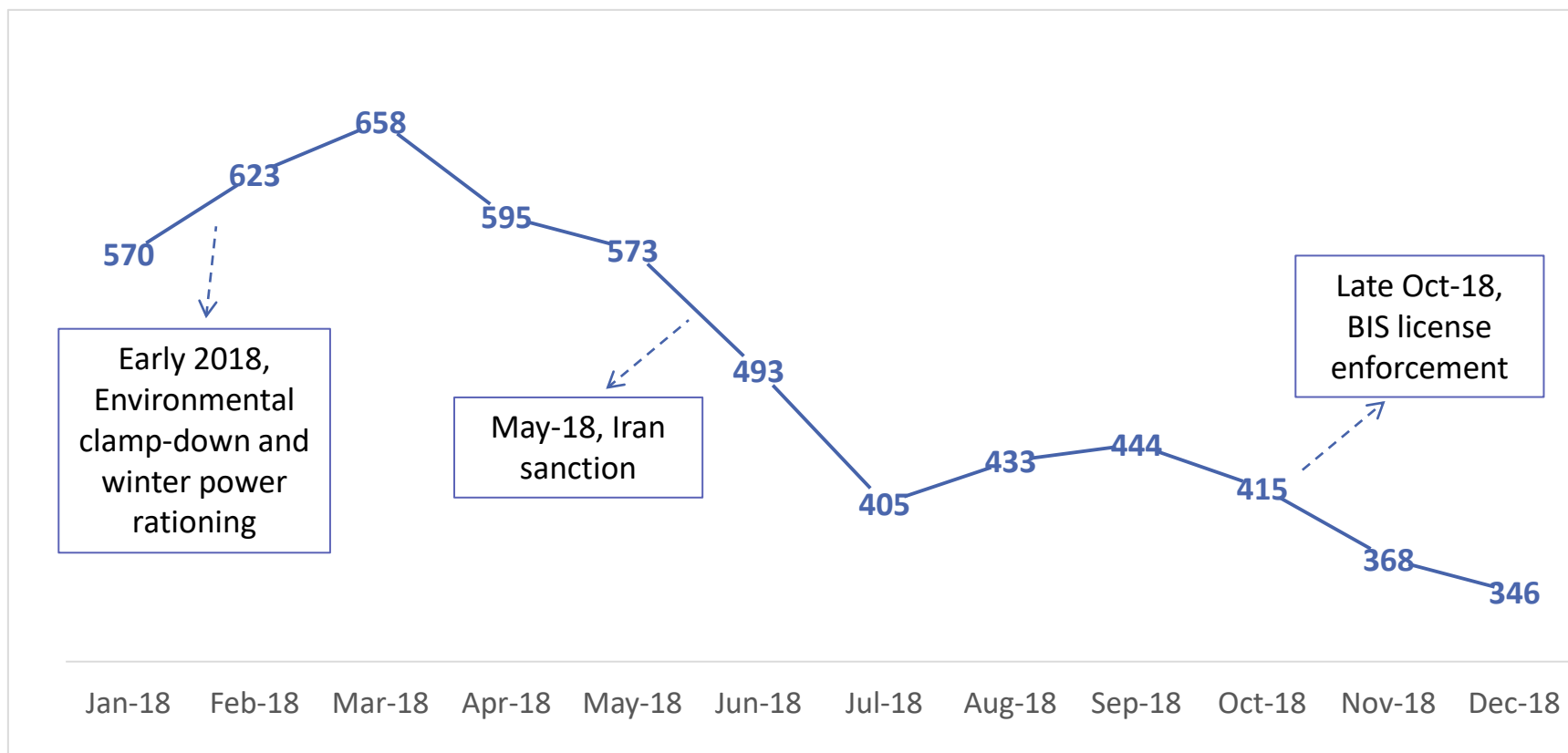
Note : (1)Average on a monthly basis from Argus and ICIS data. Aug 2019 data is at mid Aug 2019

CHEMICALS

EARNINGS DECREASED Y-O-Y BY 51% ON DECLINED PRICES

4

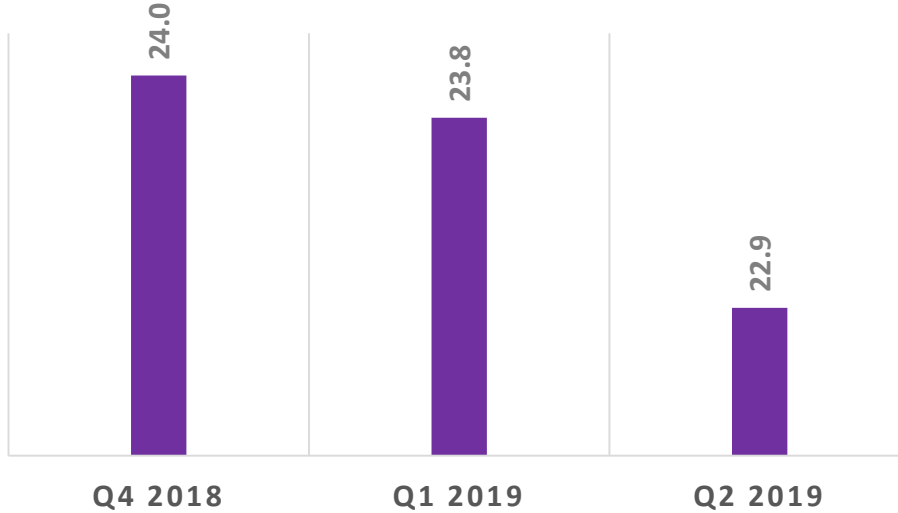
Historical/2018 SEA CFR average prices in USD/MT:



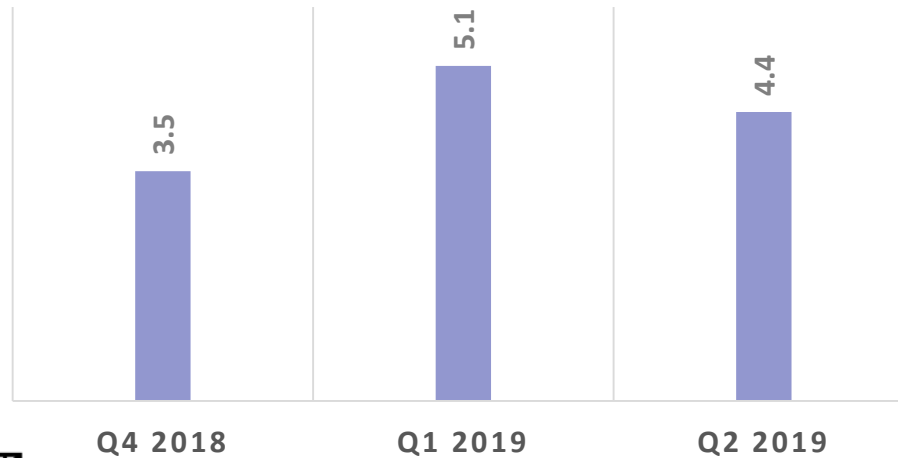
POLYMERS

REVENUE PROFILE

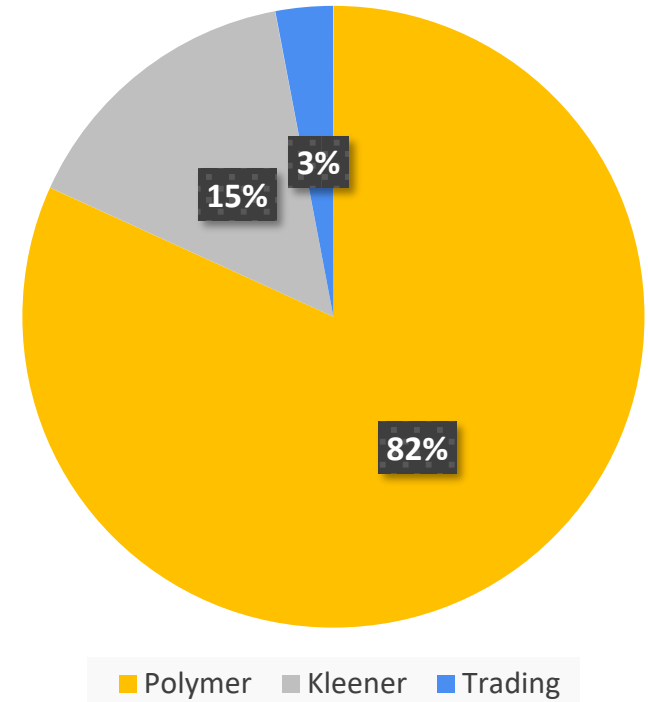
REVENUE TREND (RM'MILL)



PBT TREND (RM'MILL)



Revenue H1'19 (RM46.7mill)



Revenue H1 2019 vs H1 2018
+ 1.2%

POLYMERS

EARNINGS DECREASED Y-O-Y BY 7% DUE TO HIGHER OPEX

1

Revenue development (H1 2019 vs H1 2018)

Volumes (MT)

Gross margin (%)

- Polymers

↑ 1%

↑ 1%

- Kleeners

↑ 12%

↑ 6%

2

Revenue contribution for the period reflecting the supply dynamics of the gloves industry – **Malaysia : 68% ; Regional : 32%**

3

CCM Polymers is in the top 3 market position⁽¹⁾ for polymer coatings and related products in Malaysia and Regional markets

4

Glove manufacturers experienced margin erosion from the overcapacity and rising production costs which led to margin compression to CCM Polymers. CCM Polymers is continuously looking at maintaining its margin by:

- a) Cost improvement initiatives
- b) Sales penetration to emerging countries



Note : (1) Company and public data

CORPORATE UPDATES



*MOVING
FORWARD*

MOVING FORWARD

Current Outlook

- Caustic soda prices will remain soft until end of the year - Integrated producers will continue riding on higher vinyl netback, US-China trade war and new capacities in NEA.
- Gloves consumption growth rate at 6% to 8% per annum. Global growth will continue stemming from developing nations.

What are we doing

- Additional production capacities from:
 - ✓ PGW1 reactivation – to commence in Q4 2019(+50%)
 - ✓ CN plant – started testing initial production in May 2019 (1,200MT/pm to 2,200MT/pm)
 - ✓ New cleaners plant – target full commission in H22020 (+50%)
- Continue to improve operational, financial and cost efficiency
- Continue to pursue growth opportunities – diversification of portfolios (including derivatives) & wider coverage regionally

COMMITTED TOWARDS RESPONSIBLE CARE

PASIR GUDANG AIR POLLUTION INCIDENTS

- Due to the significant and widespread impact, the authorities involved mainly Department of Environment (DOE) has embarked on several measures targeting at Pasir Gudang Industrial players in mitigating impact of current and future environmental incidents.
- There will be tighter and stricter control of industrial emissions and premise spot checks by authorities.
- CCMC has continuously been in complaint with all relevant DOE requirements under:
 - ✓ Environmental Quality Act 1974
 - ✓ Industrial Effluent Regulations 2009
 - ✓ Clean Air Regulations 2014
 - ✓ Scheduled Waste Regulations 2005
- CCMC will continue to engage the relevant authorities, and assist the agencies, when the need arises.

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