

# CHEMICAL COMPANY OF MALAYSIA BERHAD (CCM)

## *Q2 AND H1 2018 RESULTS*

---

29 AUGUST 2018

# THE AGENDA FOR TODAY

## CONTENTS OF PRESENTATION

1

**BRIEF ON CCM**

2

**FINANCIAL  
OVERVIEW**

3

**OVERVIEW BY  
BUSINESS**

4

**WAY  
FORWARD**



# BRIEF ON CCM

# THE JOURNEY

CCM BERHAD TODAY

**2015** – vision to  
unlock shareholders  
value

**2016** – exited  
fertilisers  
business

**2017** –  
de-merger  
of pharma  
business

**2018** – focused  
businesses and  
de-gearing

**2019** – future  
growth



### CHEMICALS

- An industrial and specialty chemicals in Malaysia(over 70 years) primarily in the Chlor-alkali products. Product range has applications in a wide spectrum of industries across the region.
- Only two manufacturers in Malaysia (Duopolistic industry).
- Business landscape -In a net import position for key products
- World class safety & environment standards.

# CHEMICAL BUSINESS

## PRODUCTION CAPABILITIES

### Pasir Gudang Plant



#### Calcium Nitrate Plant

- Capacity: 12,000 MT p.a.
- Type of product:
  - ✓ Calcium Nitrate

\* In progress of expanding capacity to 30k MT p.a

#### Chlor-alkali Plant

- Capacity: 40,000 ECU p.a.
- Type of products:
  - ✓ Liquid Chlorine
  - ✓ Caustic Soda
  - ✓ Hydrochloric Acid
  - ✓ Sodium Hypochlorite

#### Coagulant Plant

- Capacity: 25,200 MT p.a.
- Type of product:
  - ✓ Polyaluminium Chloride

### Shah Alam Plant







### POLYMERS

- A one-stop centre in providing a wide range of polymer coating solutions for rubber gloves industry to produce powder free medical examination and surgical gloves.
- Long term relationship with Top Rubber Gloves manufacturers.
- Robust growth in the ASEAN polymer sector echoes the growth of gloves demand.

# POLYMERS BUSINESS

## PRODUCTION CAPACITY

### Bangi Plant

Leasehold land up to 2098, Area – 2.2k sqm

- Establish: 2009
  - Capacity: 18,000 MT p.a.
  - Type of products:
    - ✓ Anti-tacking Coagulant
      - Cyclaron, Tyclaron
    - ✓ Alkaline Solution
      - Kleener
- ✓ Polymer Coating
    - Ayclaron
  - ✓ Others
    - Ryclaron
    - Nyclaron
    - Bacfree
    - Calcium Nitrate

### New Bangi Plant (Lot 69)

- Completed the acquisition in July 2018
- 99 years leasehold land expiring 2098
- Size – approximate 2 acres
- Proposed to be used for warehouse, corporate office, R&D and additional plant capacity



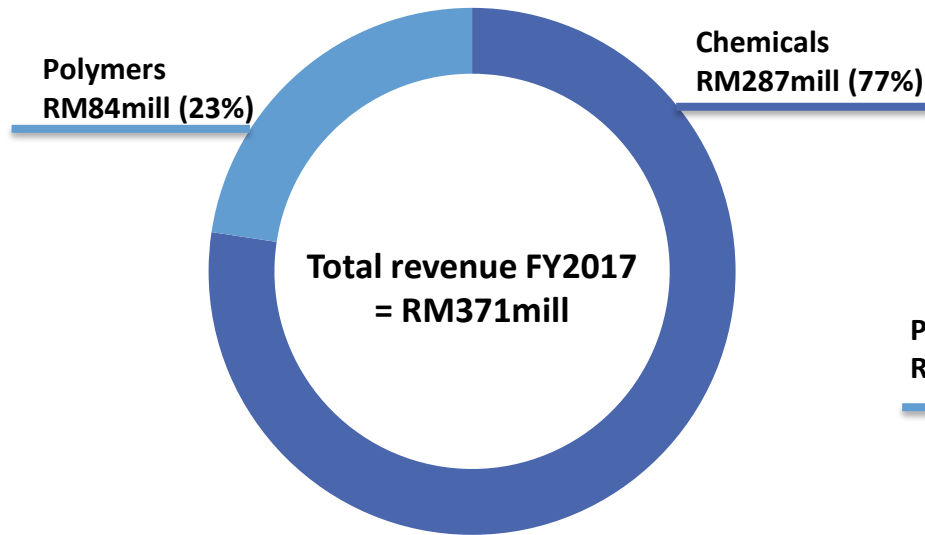


# FINANCIAL OVERVIEW

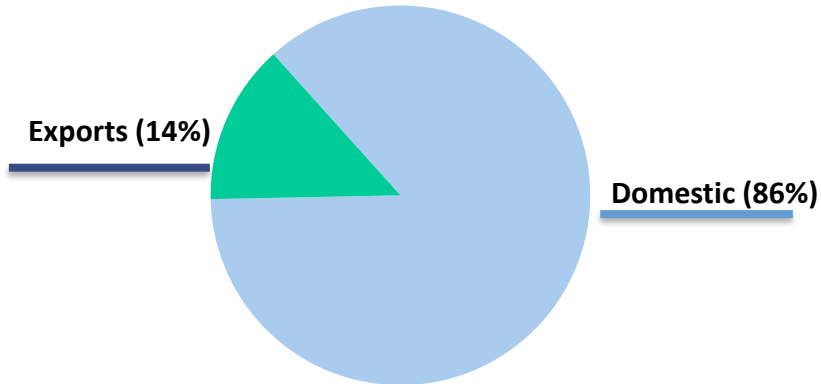
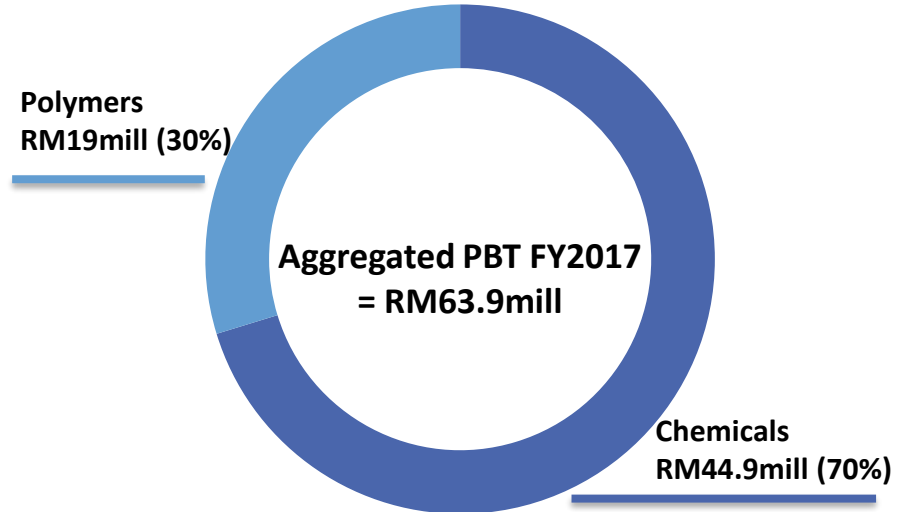
# FINANCIAL PROFILE

## BALANCING BETWEEN CHEMICALS AND POLYMERS

### Revenue by business



### Aggregated PBT



# MARKET EXPOSURE

% OF 2017 SALES (TOTAL SALES RM371 mil)



**WATER  
TREATMENT**  
**17%**



**OLEO  
CHEMICAL**  
**20%**



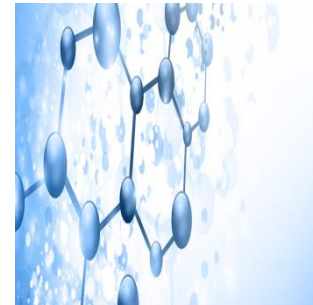
**OIL & GAS**  
**4%**



**RUBBER**  
**28%**



**STEEL &  
METALS**  
**3%**



**CHEMICALS\***  
**28%**

*\* specialty, petrochemicals and mix*

# FINANCIAL PERFORMANCE

6 MONTHS ENDED 30 JUNE 2018

In RM million	H1 2018	H1 2017	YOY%
REVENUE	200.4	173.4	↑ 16%
EBIT	39.4	16.6	↑ > 137%
PBT	30.9	7.1	↑ > 335%
PAT	15.6	2.5	↑ > 600%

- Solid growth from both businesses
- PBT included gain on disposal of Shah Alam land – RM4.1million
- PAT impacted by RPGT on sale of SA land of RM9.2mil
- PAT excluding one off item = RM22.7 mill

	30.06.18	31.12.17	Var
NET DEBT	250.9	307.8	↓ 13.5%
OPERATING CASH FLOW *	21.2	(7.7)	↑ > 100%

- Net debt - reflects repayment made from proceeds on divestments of non core assets.
- Operating cash flow reflects improved profits and working capital

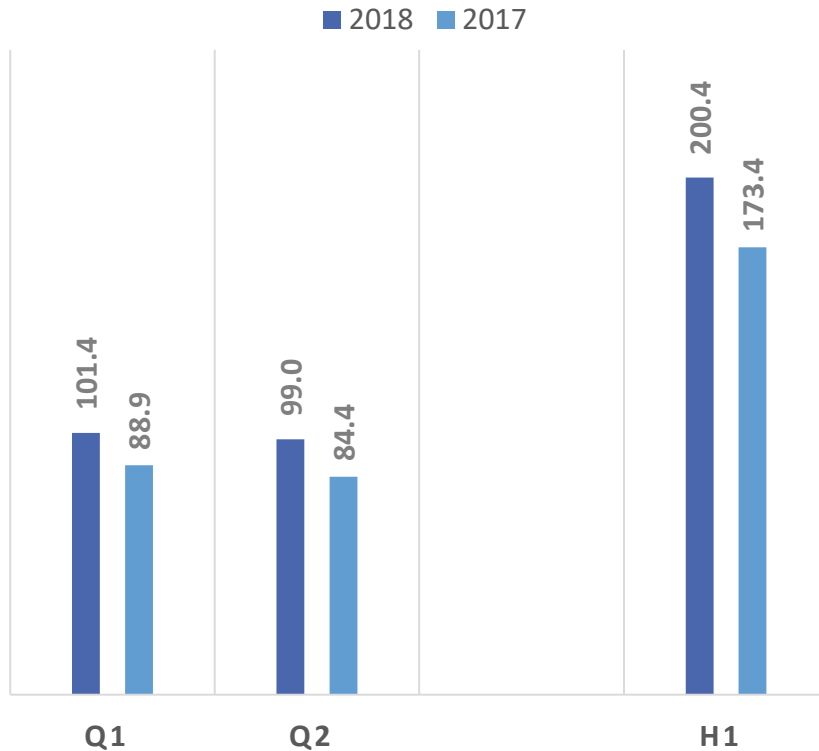
Note – Continuing Operation Only.

\* For 6 months ended 30 June

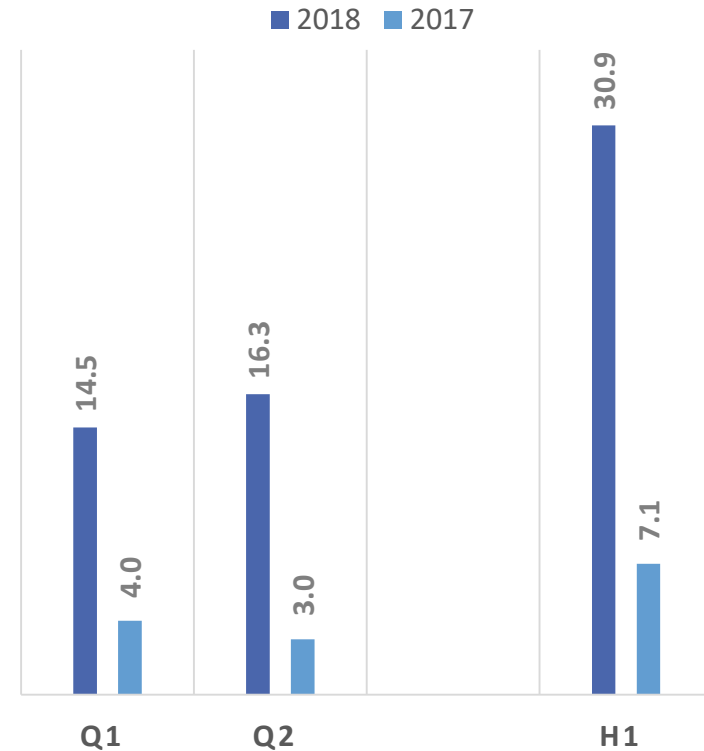
# FINANCIAL PERFORMANCE

## QUARTERLY RESULTS 2018

REVENUE (IN RM'MILL)



PBT (IN RM'MILL)



- Improved performance y-o-y. Q2 2018 revenue depicts a softening in chlor alkali prices, seen from May 2018 and impact on lower offtake due to Raya holidays.
- Q2'18 PBT included gain on disposal of Shah Alam land at RM4.1 million (Excluding one off item - 12.3 million)

# OTHER UPDATES

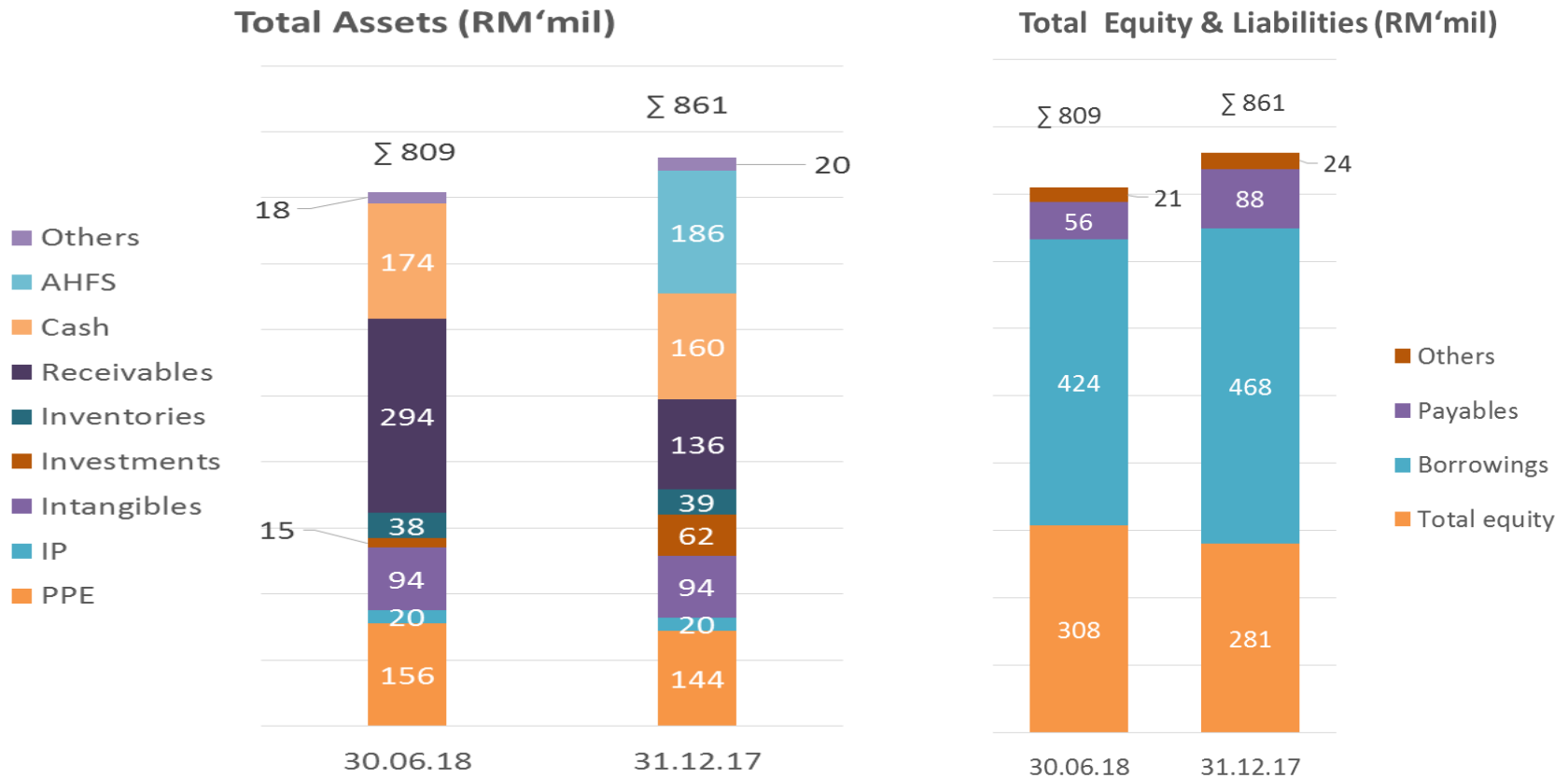
## DISPOSAL OF NON-CORE ASSETS

- Shah Alam land disposal to Global Vision Logistics for RM190 million – completed on 13 June 2018. Balance purchase price received on 7 July 2018.
- 8.39% stake in Pangen Biotech Inc to CCM Duopharma for RM59.2 mill – completed on 29 June 2018. RM52.4 million received on 29 June 2018 and balance on 12 July 2018.
- CCM has been progressively paring its debts from the above divestment proceeds save for the SMBC bullet repayment (RM150mill) due in Dec 2018.



# BALANCE SHEET

## DELEVERAGING REMAINS A FOCUS

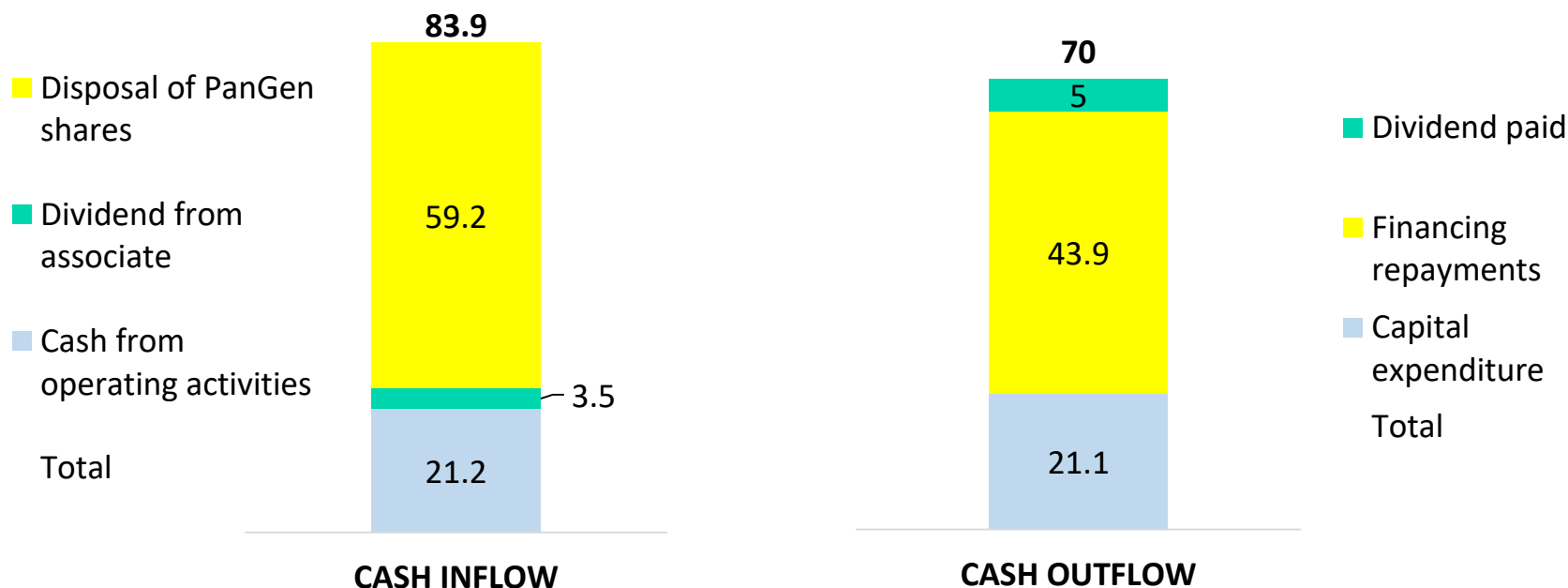


- Balance sheet reflects divestment plan completion as at 30 June 2018, and continuous efforts to de-leverage.

# CASH FLOW MOVEMENT

## POSITIVE CASH BALANCE

RM mill	H1 2018
Cash flow from operating activities	21.2
Cash flow from investing activities	41.5
Cash flow from financing activities	(48.6)
<b>Net changes in cash</b>	<b>14.1</b>
Exchange Difference	(0.7)
Cash as at opening	160.3
<b>Cash as at closing</b>	<b>173.7</b>



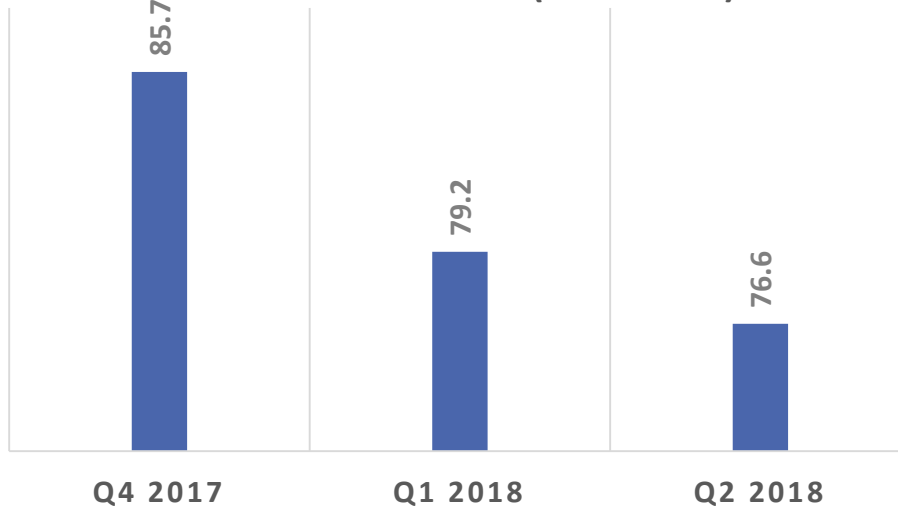


# OVERVIEW BY BUSINESS

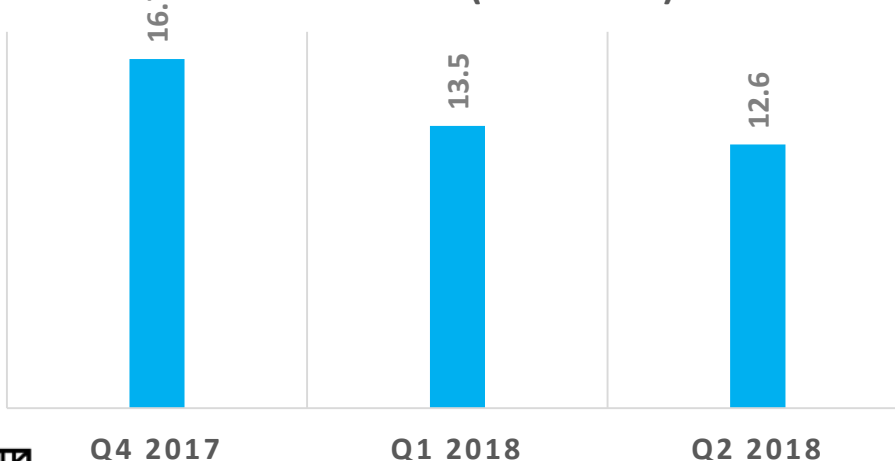
# CHEMICALS

## REVENUE PROFILE

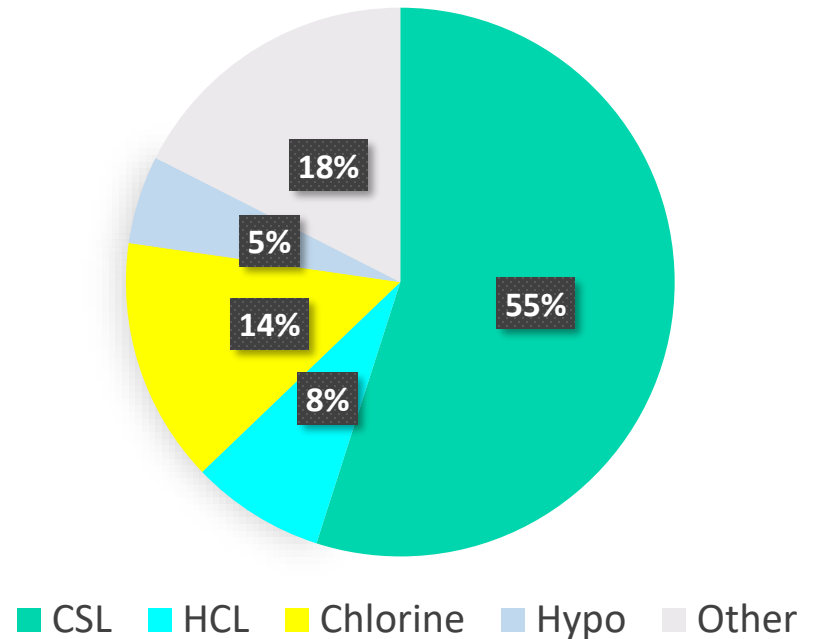
REVENUE TREND (RM'MILL)



PBT TREND (RM'MILL)



Revenue H1'18(RM155.8mill)



**Revenue H1 2018 vs H1 2017**  
**+ 20.19%**

# CHEMICALS

EARNINGS INCREASED Y-O-Y BY 61% ON IMPROVED PRICES AND VOLUME

1

## Revenue development (H1 2018 vs H1 2017)

### Volumes (MT)

### Average prices

- Caustic Soda Liquid
- Chlorine

↑ 14%

↑ 12%

↑ 28%

↓ 16%

2

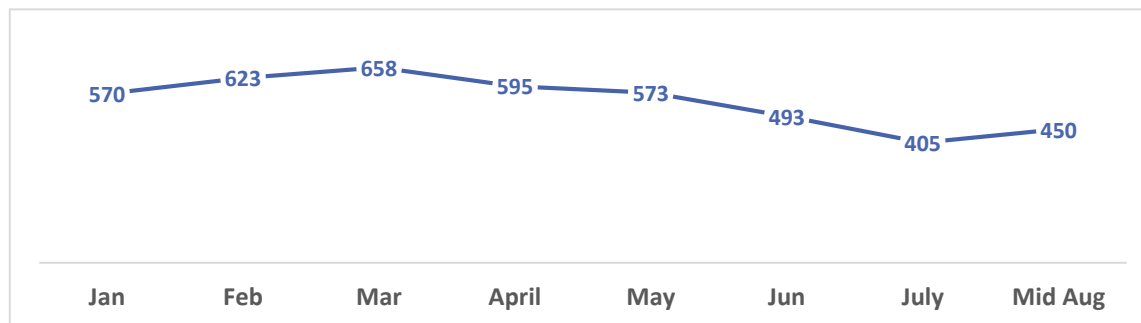
## Commanding market position for core products

~ Chlorine : 36% market share<sup>(1)</sup>

~ Caustic Soda: 26% market share<sup>(1)</sup>

3

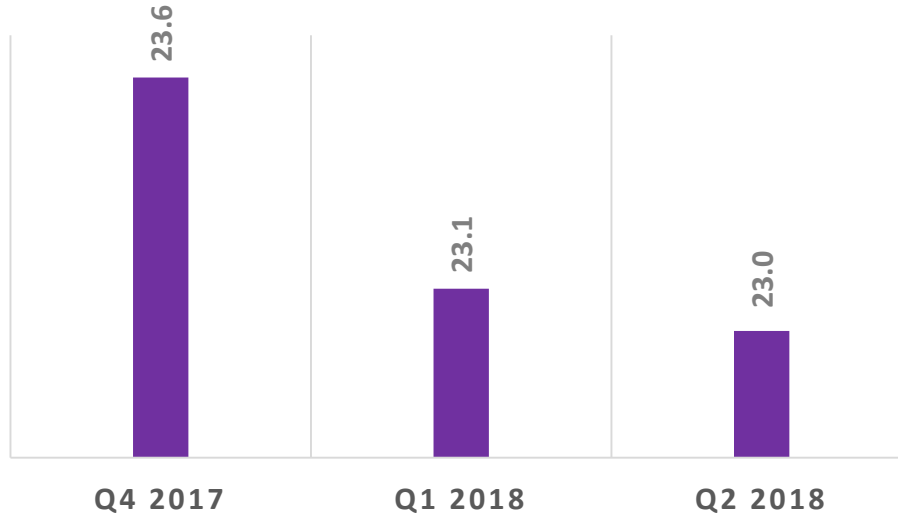
Revenue and earnings will be slightly impacted due to the current softening of caustic soda prices, as depicted below ( SEA CFR average prices in USD/MT):



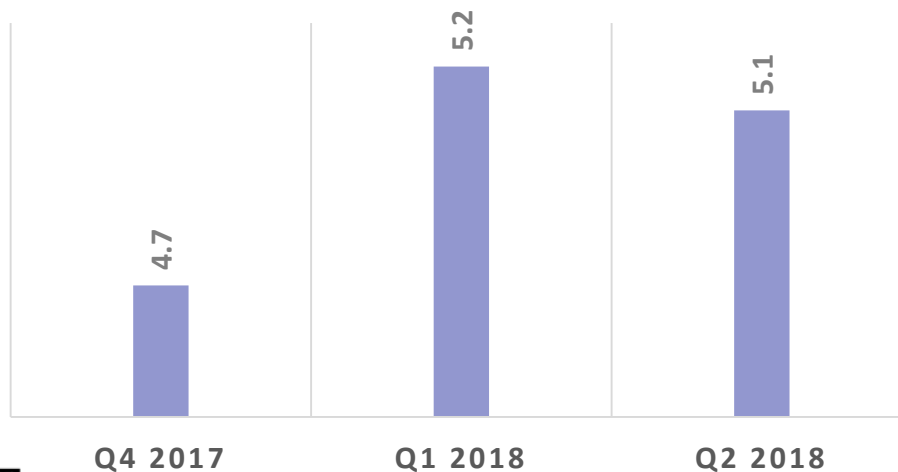
# POLYMERS

## REVENUE PROFILE

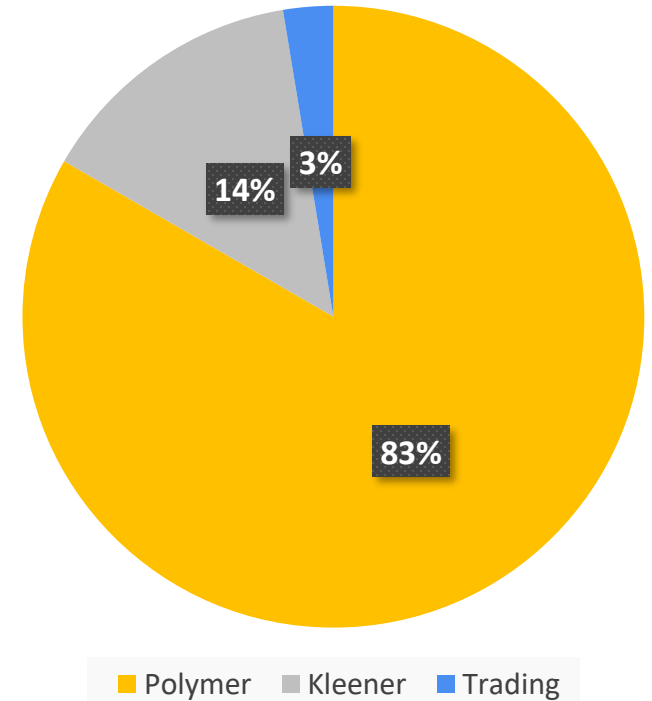
REVENUE TREND (RM'MILL)



PBT TREND (RM'MILL)



Revenue H1'18(RM46.2mill)



**Revenue H1 2018 vs H1 2017**  
**+ 14.7%**



# POLYMERS

EARNINGS GROW BY 5%

1

## Revenue development (H1 2018 vs H1 2017)

### Volumes (MT)

### Gross margin (%)

- Polymers

↑ 20%

↓ 1%

- Kleeners

↑ 32%

↓ 1%

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<sub>(1)</sub>** for polymer coatings and related products in Malaysia and Regional markets.

4

Global gloves projected **demand growth at 6 – 8%** by Malaysia Rubber Glove Manufacturers Association (MARGMA) and this is expected to support demand for polymers.



# WAY FORWARD

# ACTIONS FOR GROWTH

## IMPROVEMENT & EXPANSION OF CORE BUSINESSES

1 Swift completion of deleveraging

Interest savings of  
RM13-14 mill p.a

2 Investments in capacity expansions

Chemicals +50%  
Polymers +15%

3 Seize opportunities in growth pockets

RAPID Pengerang,  
Southern region & gloves  
sector growth (8% to 10%  
CAGR)

4 Operational efficiency & enhance R&D

5 Continuously seeking for strategic venture





# THANK YOU