

HUME CEMENT INDUSTRIES BERHAD [198001008443 (62227-X)]

Key Pertinent Questions and Answers at the 42nd Annual General Meeting of HUME CEMENT INDUSTRIES BERHAD held at the Auditorium, Ground Floor, Menara Hong Leong, No. 6 Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur on Thursday, 3 November 2022 at 10.30 a.m.

1. What is the Group's view on the coal prices moving forward and the outlook of the industry overall for the next 12 months?

Changes in market dynamics on global energy have affected coal prices for the past years especially coming from the Russia – Ukraine war and the China-Australia trade relationship. The Group expects coal prices to remain high for the next 12 months.

Following the industry's consolidation in 2019 and the mothballing of some manufacturing capacity, a more balanced supply and demand market has reduced the extreme price competition we observed in the past. The Group hopes supply stability and domestic demand growth will support results for the next 12 months.

The Group hopes that following the GE15 election, the elected government, recognizing the multiplier effect that the construction sector has on the general economy, continues to prioritise infrastructure and construction investment.

The Group is cautiously optimistic in the current business environment as Malaysia continues to face a labour shortage, global rising input costs, supply chain disruptions and geopolitical uncertainties.

2. The total installed capacity of 3.0 million tonnes of clinker per annum. What was the capacity utilisation rate for the past financial years and pre-pandemic

Hume Cement's capacity utilisation achieved above 70%.

3. What is the Group's competitive edge towards its competitors who has more than 60% market share in the market?

The Group offers a portfolio of sustainable cement products with the latest Portland Limestone Cement launched lately added to the green cement portfolio. The green cements produced aim for the highest possible clinker substitution allowed by the Malaysian Standard. Our focus on providing the best value to our customers in terms of services and product quality put Hume Cement at the forefront of gaining customer loyalty.

Hume Cement has the latest cement plant technology built into its Gopeng facility. Its equipment is energy efficient and in compliance with environmental requirements. This eventually gives an advantage on energy costs and lower the cost of compliance.

Additionally, positive customer feedback for a new product brought substantial new sales volumes to the company.