



# ANALYST BRIEFING SESSION

## SECOND QUARTER 2020

Wednesday, 19 August 2020

**GULA**  
**PRAI**

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## **CONTENTS**

- 1. Group Financial Highlights**
- 2. Performance Review**
- 3. Sugar Market Overview**
- 4. Summary**
- 5. Q & A Session**

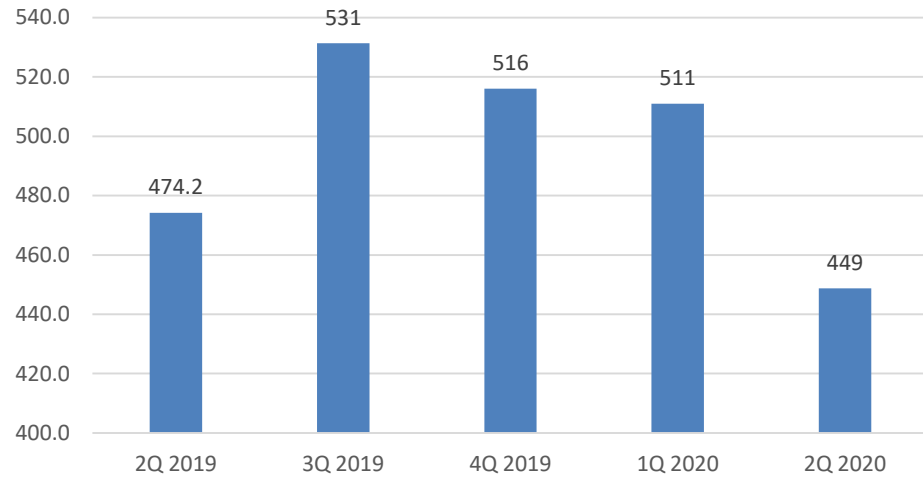
# GROUP FINANCIAL HIGHLIGHTS

FINANCIAL		2Q 20	2Q 19	Changes %	1H 20	1H 19	Changes %
Revenue	RM 'mill	449	474	(5)	960	960	0
Gross Profit/(Loss)	RM 'mill	17	2	>100	31	26	20
EBIT	RM 'mill	(15)	(22)	(32)	(30)	(21)	43
(Loss)/Profit Before Tax (LBT)/PBT	RM 'mill	(27)	(64)	(57)	(55)	(68)	(19)
Net (Loss)/Profit (LAT)/PAT	RM 'mill	(22)	(67)	(68)	(56)	(74)	(24)
Earning/(Loss) per Share (EPS)	sen	(3.1)	(9.5)	(68)	(8.0)	(10.5)	(24)
Total Assets	RM 'mill				3,026	2,981	2
Total Liabilities	RM 'mill				1,431	1,323	8
Cash and Cash Equivalents	RM 'mill				214	171	25
Net Assets per Share	RM/share				2.27	2.36	(4)
Gearing Ratio*	%				35	36	(4)

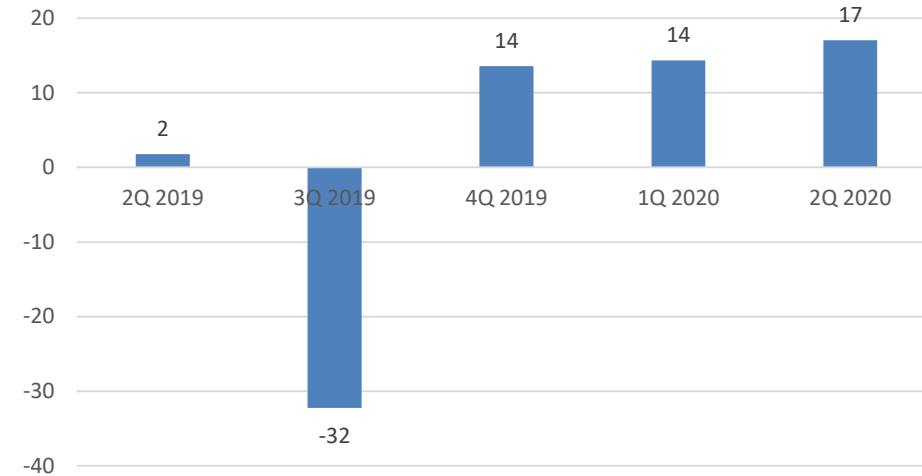
\* Gearing ratio equals to net debt divided by total capital of the Group. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position). Total capital is calculated as 'equity attributable to owners of the Group' as shown in the consolidated statement of financial position plus the net debt of the Group.

# QUARTERLY PERFORMANCE: 2Q 2019 – 2Q 2020

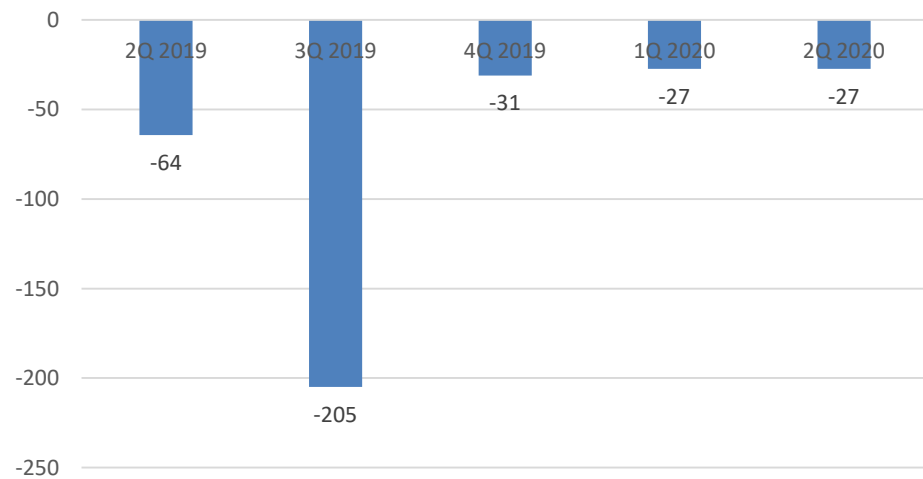
**REVENUE** (in RM 'mil)



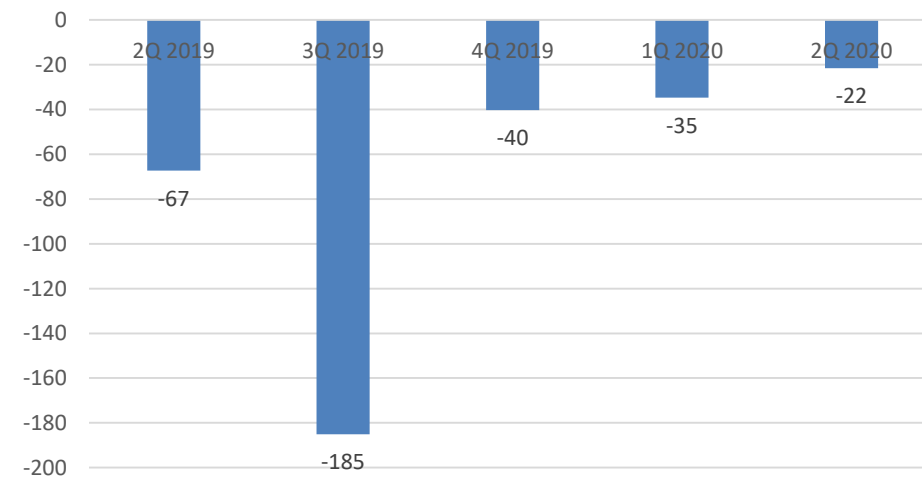
**GP/(L) MARGIN** (in RM 'mil)



**PBT/(LBT)** (in RM 'mil)

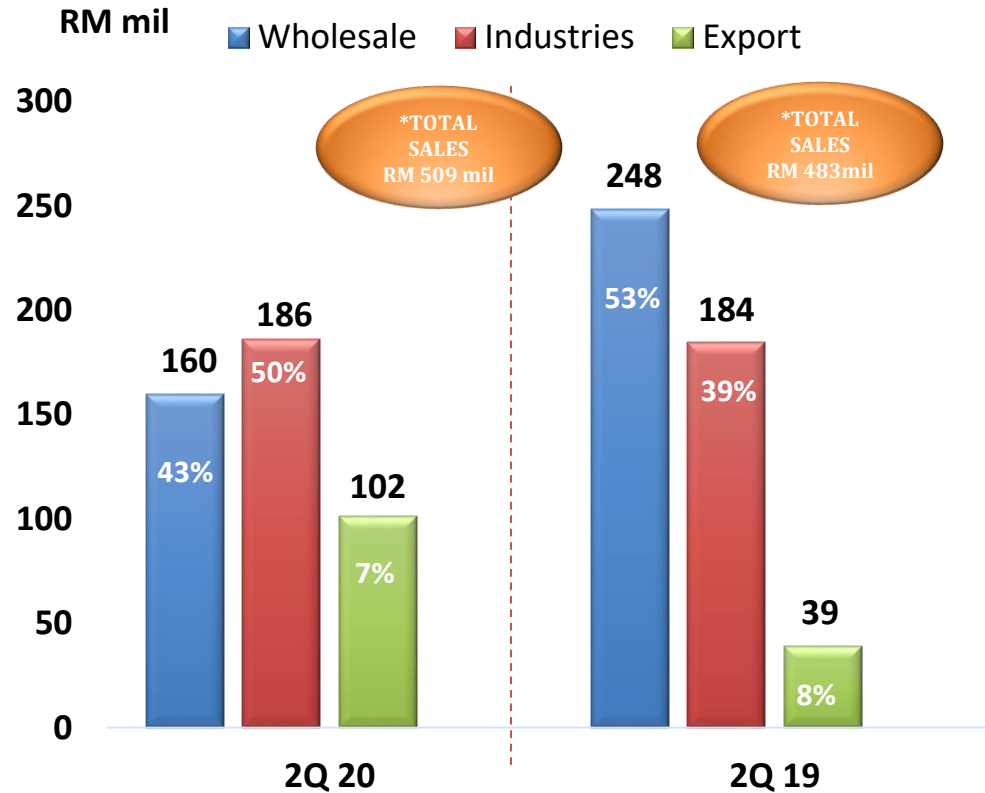


**NET PROFIT/(LOSS)** (in RM 'mil)

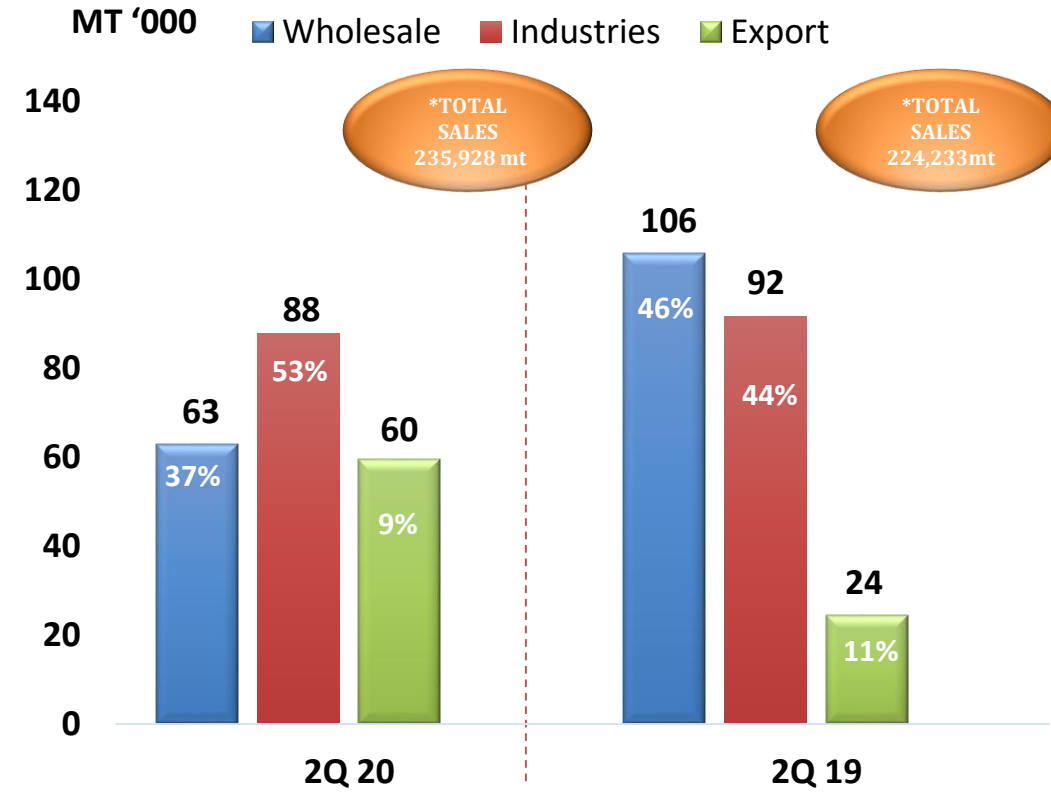


# PERFORMANCE REVIEW – 2Q 20 vs 2Q 19

## SALES REVENUE



## SALES VOLUME

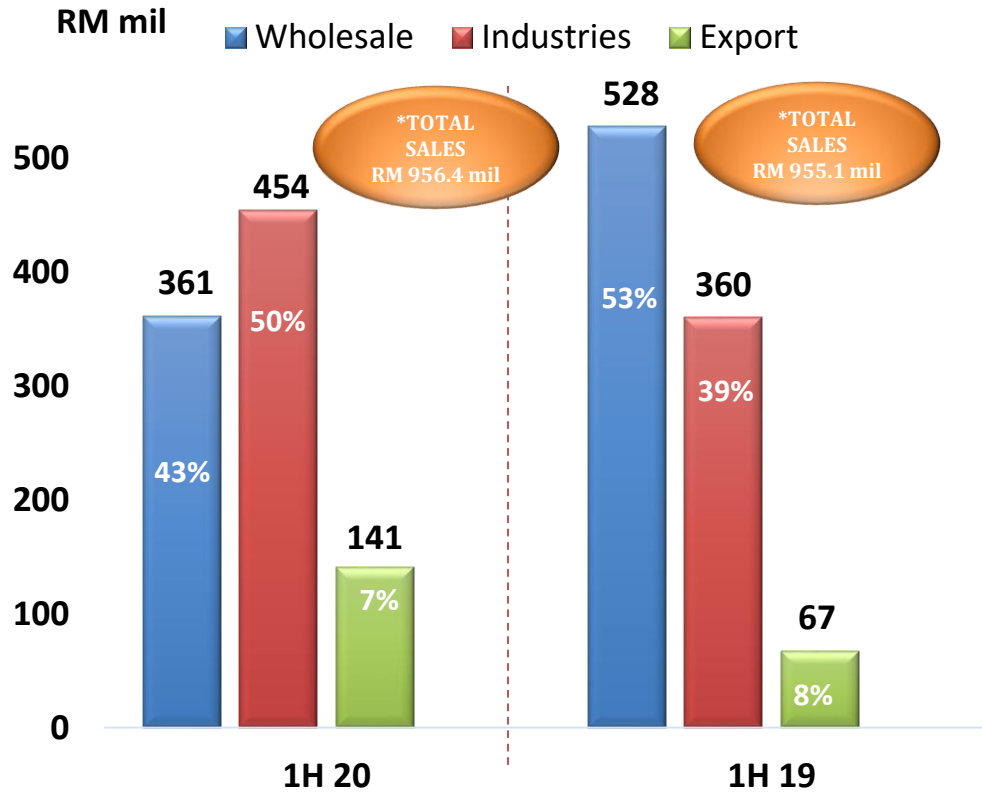


- Reduction in the Group Domestic (Wholesale and Industry) sales by 47,000 or 24% compared to Q2 19.
- Wholesale and Industry sales dropped by 41% and 4%, respectively, due to MCO.
- Export refined sugar more than double volume recorded in Q2 19, mainly influenced by increased of 34% in Premium.
- New export products contributed to increase in revenue of RM18.96 mil.
- Higher ASP of 8% and 6% for Wholesale and Industry as a result of increase in selling prices for Domestic and premium for Industry in 2020.

1) Sales figure is AFTER consolidation adjustment 2) The sales figure excludes the sales of molasses

# PERFORMANCE REVIEW – 1H 20 vs 1H 19

## SALES REVENUE



## SALES VOLUME

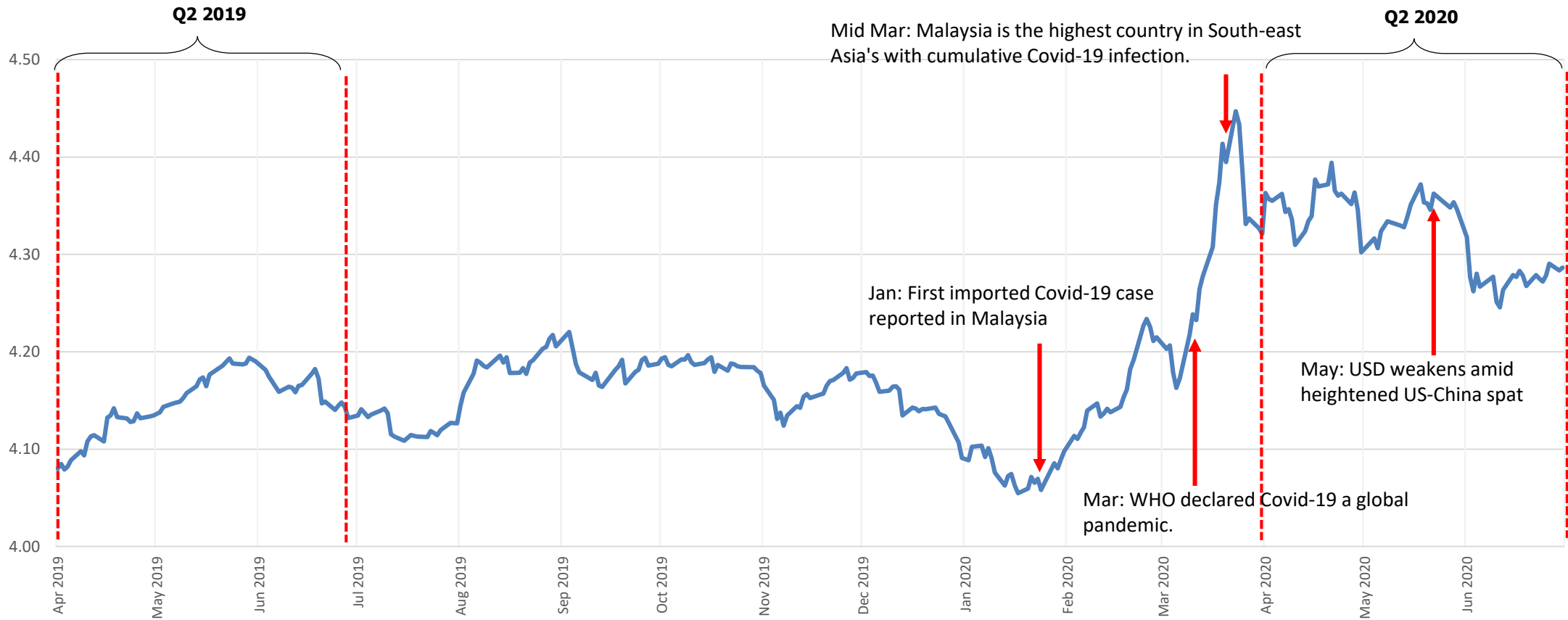


- Reduction in the Group Domestic (Wholesale and Industry) sales by 41,000 or 10% compared to 1H 19.
- Wholesale and Industry sales dropped by 37% and 23%, respectively, due to competition and MCO.
- Export refined sugar surged by 53% volume recorded in 1H 19, mainly influenced by increased of 34% in Premium in 1H 20.
- New export products contributed to increase in revenue of RM37.61 mil.

\* Note:

1) Sales figure is AFTER consolidation adjustment 2) The sales figure excludes the sales of molasses

# USD/MYR HISTORICAL MOVEMENT APR 2019 – JUNE 2020



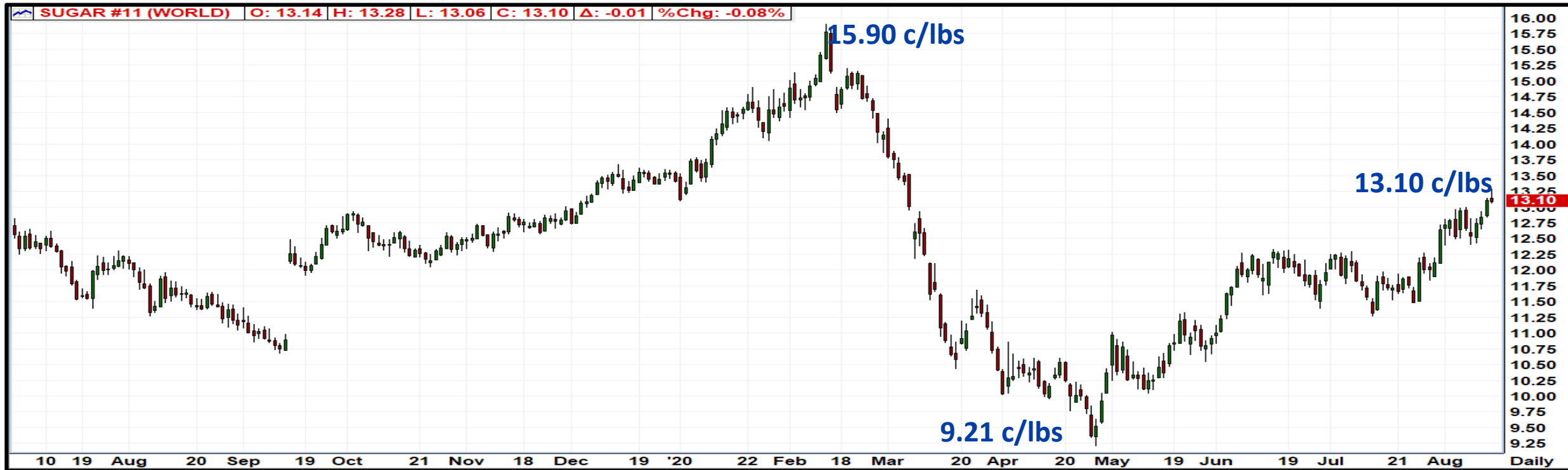
Source : Bloomberg

Average rate	Q2 2019	Q2 2020	% Change
USD/MYR	4.1465	4.3218	-4.23%

- YTD, MSM has hedged about **68%** of the estimated full year 2020 USD exposure, with an average FX rate of **4.2237**.



# Raw Sugar (NY11) Prices (As at 14/08/2020)



## MARKET UPDATES

**Brazil** -Vessel line-up (waiting time) **currently at 30 days**. Still about 2.7m MT waiting to be shipped from Brazil ports. Vessel nominated now, will only sail in September 2020.

-**Harvested 40% (13.2mln MT)** of the crop for 2020/2021. (Annual production Raw Sugar is about 33mln MT) (normal level if compared y-o-y)

-Maximizing their Sugar output as Ethanol price is still low domestically. Ethanol price is gradually improving, as the **Lock-down** in Brazil is slowly **easing up**

**Europe** - Potentially lower than average production due to Dry Weather in France and Germany

**Thailand** -Still expected to have **low production in 2020**. Forecasted about 7 mln MT (Normal production about 13-14mln MT annually)

**Vietnam** - **Rains** have been better in June, but still **lower than average** in Thailand  
 - Government relaxed its **import policy** of White Sugar. Annual shortage of about 300-400kmt. MSM is focusing on Vietnam this year with a confirmed book-order of **94,000 MT (Revenue of RM150m)**

**China** - Market info stated that China is importing **500kmt of Raw Sugar** in 2H 2020 and the demand for **Refined & Liquid Sugar** from Thailand and Malaysia seems to be on the upward trend. Book order of **64,000 MT (Revenue of RM117m)**

- Reduced the import tariff of White Sugar from **85% to 55%**

# SUMMARY



## CURRENT YEAR PROSPECTS

- Continue to focus on sustainable growth strategies which include product diversification to penetrate into export markets and increase margins.
- Expects the business environment to remain challenging for the rest of 2020.



## CAPACITY EXPANSION AND CAPABILITY

- Focus on strategies to increase MSM Johor utilisation.
- Increase penetration of new products to Asia region.



## OPERATIONAL EXCELLENCE

- Continuous effort to improve bottom line by increasing ASP.
- Prioritise on cost saving initiatives and fortify operational capabilities to attain balance on three fronts – operations, cash flow and production.

# THANK YOU

