

ANALYST BRIEFING

THIRD QUARTER 2019

20 NOVEMBER 2019



A Member of **FGV**

MSM MALAYSIA HOLDINGS BERHAD

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GROUP FINANCIAL HIGHLIGHTS

FINANCIAL		Q3 19	Q3 18	Changes %	9M 19	9M 18	Changes %
Continuing operations							
Revenue	RM 'mill	531	562	(5)	1,491	1,683	(11)
(Loss)/Profit Before Taxation (LBT)/PBT	RM 'mill	(205)	21	>(100%)	(268)	65	>(100%)
Net (Loss)/Profit (LAT)/PAT	RM 'mill	(181)	17	>(100%)	(251)	51	>(100%)
Earning/(Loss) per Share (EPS)	sen	(25.75)	2.46	>(100%)	(35.73)	7.22	>(100%)
Discontinuing operations*							
Net Loss/ LAT	RM 'mill	(4)	(1)	>100%	(8)	(5)	>100%
Earning/(Loss) per Share (EPS)	sen	(0.59)	(0.20)	>(100%)	(1.18)	(0.68)	>(100%)
TOTAL							
Net (Loss)/Profit (LAT)/PAT	RM 'mill	(185)	16	>(100%)	(259)	46	>(100%)
Earning/(Loss) per Share (EPS)	sen	(26.33)	2.26	>(100%)	(36.91)	6.55	>(100%)

* Rubber, palm oil and mango

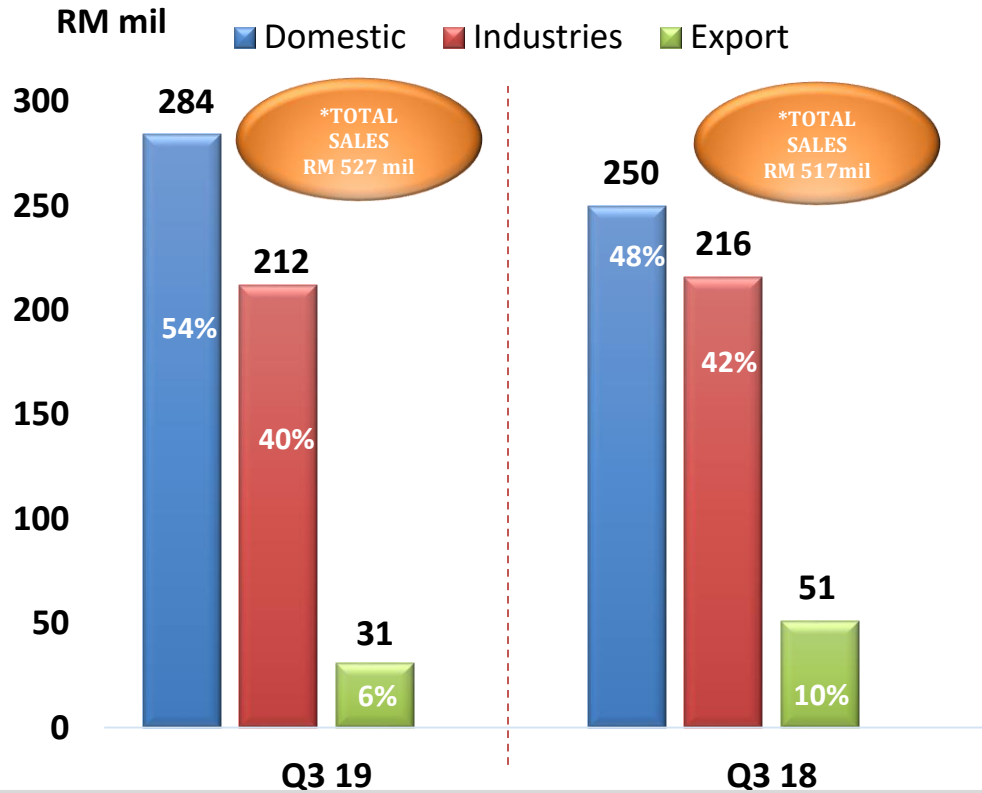
GROUP FINANCIAL HIGHLIGHTS (cont)

FINANCIAL		Q3 19	Q4 18	Changes %			
Total Assets	RM 'mill	3,102	3,653	(11)			
Total Liabilities	RM 'mill	1,405	1,690	(15)			
Cash and Cash Equivalents	RM 'mill	161	192	(16)			
Net Assets per Share	RM/share	2.41	2.79	(8)			
Gearing Ratio**	%	41	40	(3)			
OPERATIONAL		Q3 19	Q3 18	Changes %	9M 19	9M 18	Changes %
Sales volume	MT	252,225	244,267	3	698,257	706,359	(1)

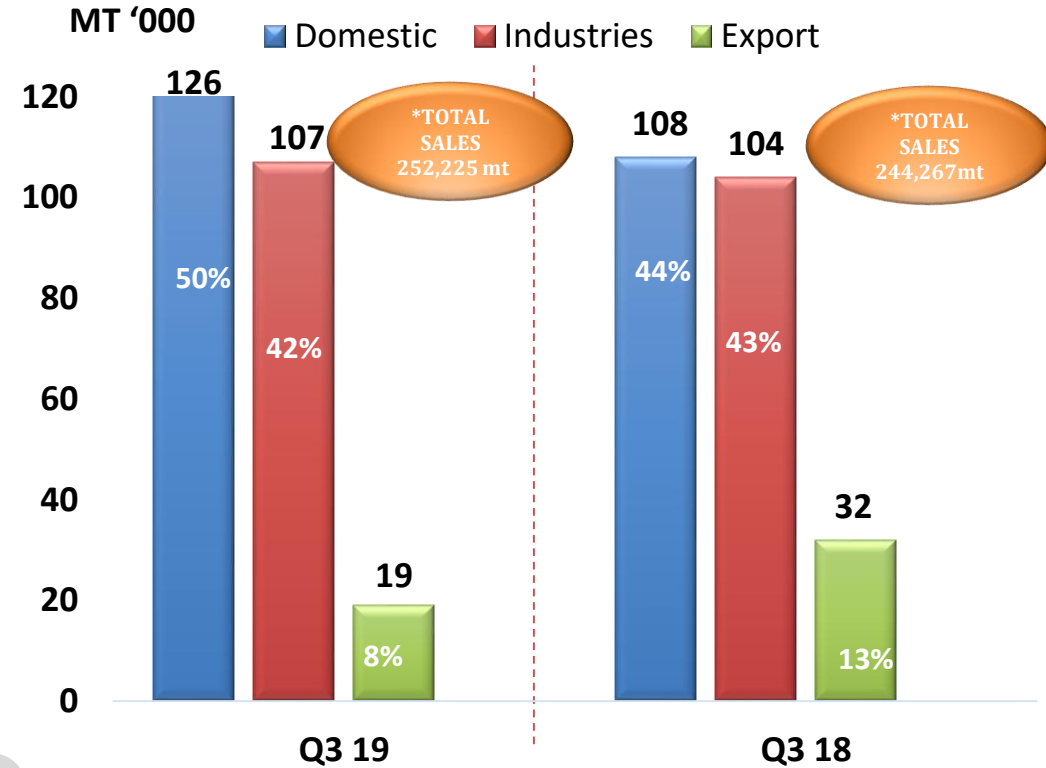
** Gearing ratio equals to net debt divided by total capital of the Group. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position). Total capital is calculated as 'equity attributable to owners of the Group'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

PERFORMANCE REVIEW – Q3 2019 vs Q3 2018

SALES REVENUE



SALES VOLUME



- Total sales revenue of refined sugar was RM527mil for Q3 19 vs RM517mil in Q3 18.
- Sales revenue increased due to increased in domestic sales volume and gradual improvement of ASP in domestic and industries segments.

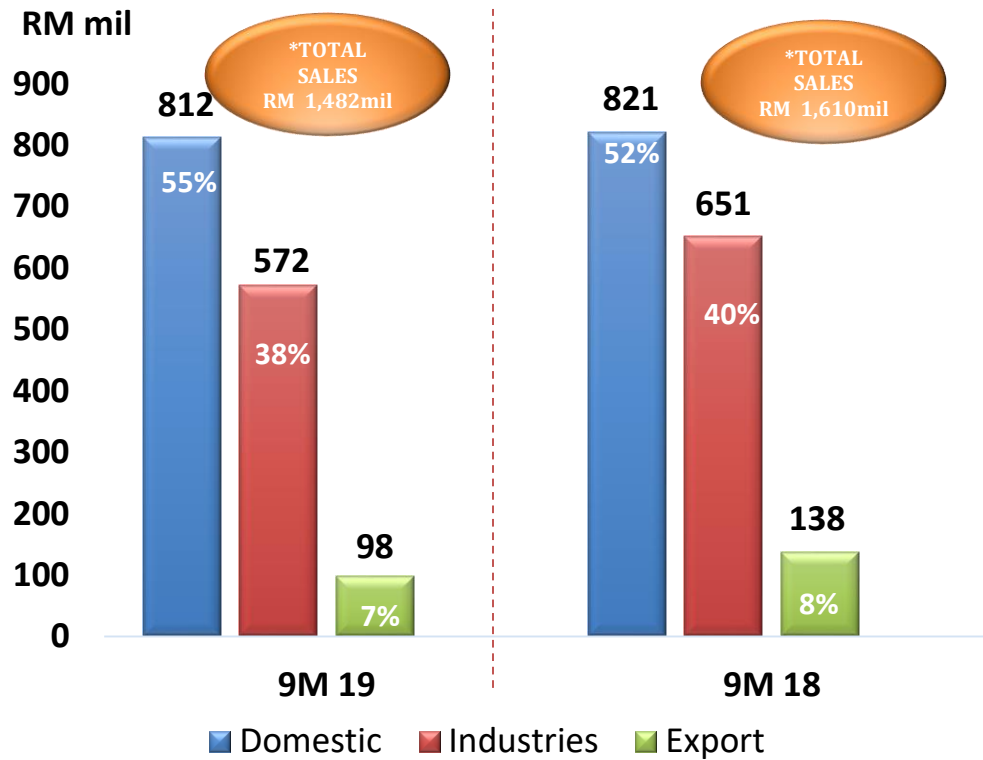
- Overall sales volume increased by 7,958mt as compared to Q3 18.

* Note:

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

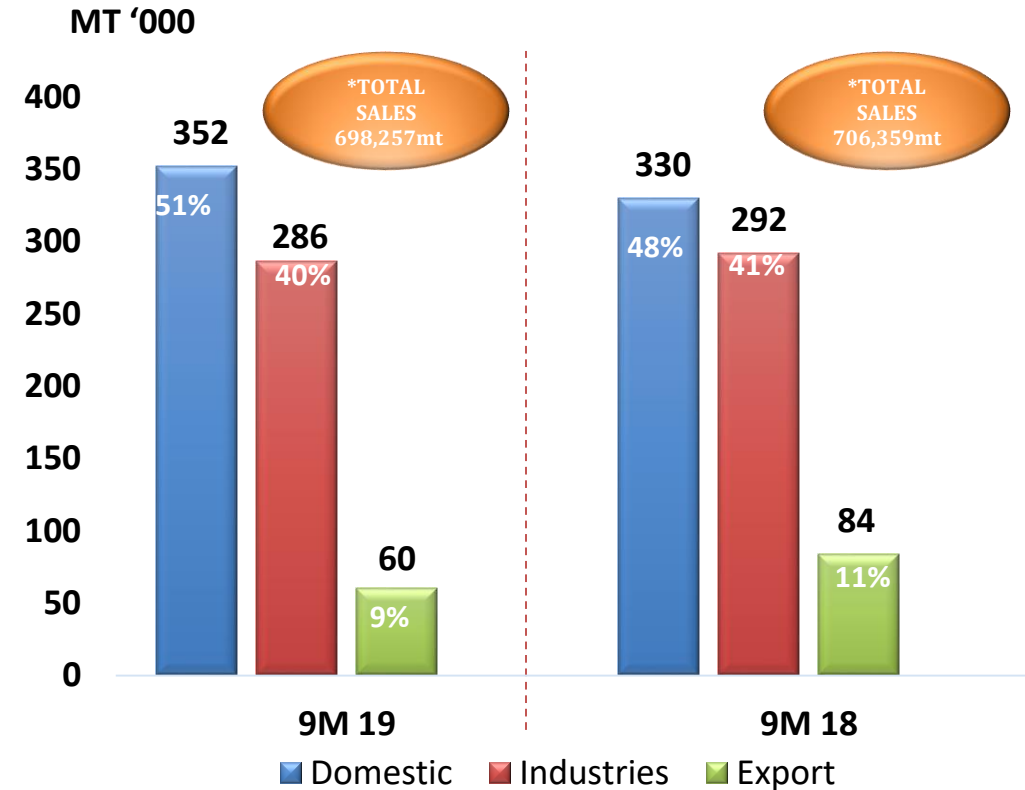
PERFORMANCE REVIEW – 9M 2019 vs 9M 2018

SALES REVENUE



- Total sales revenue of refined sugar was RM 1.5 bil vs RM 1.6 bil in 2018.
- Overall sales revenue decreased due to reduction in the overall volume sold and ASP.

SALES VOLUME



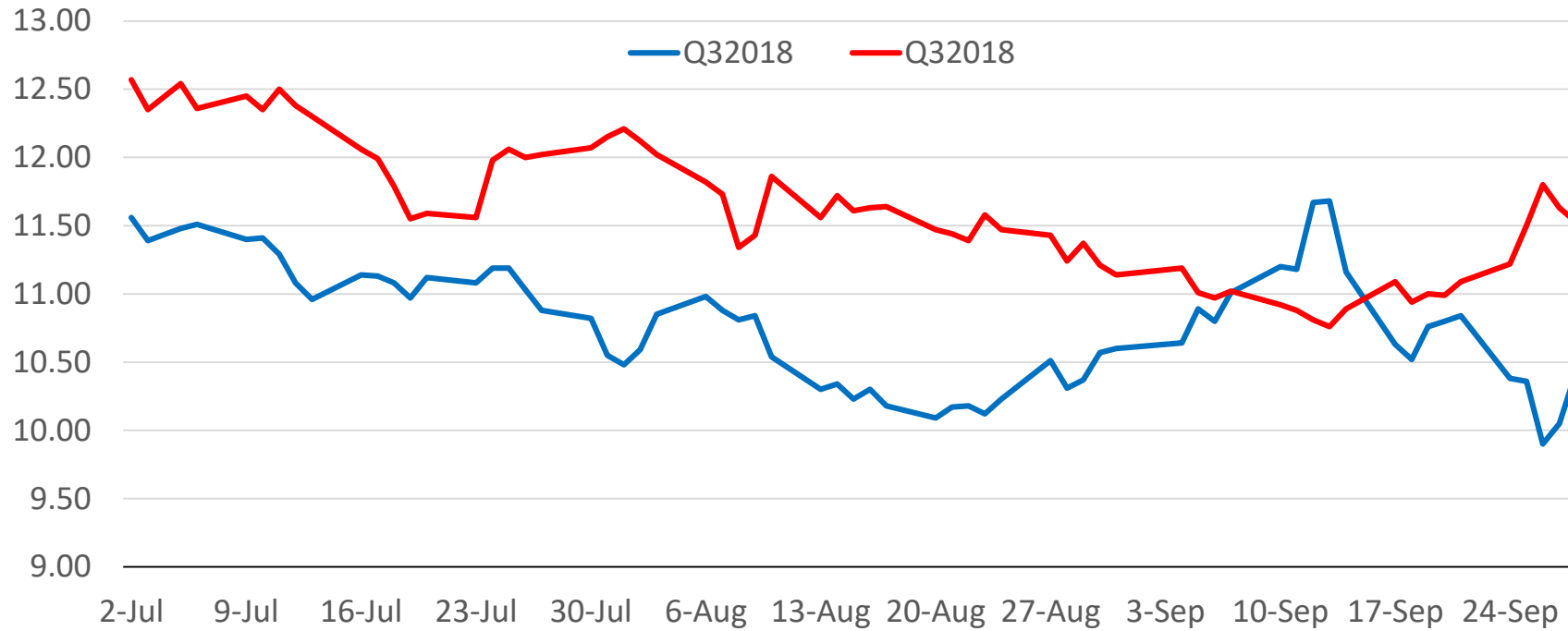
- Industries and Export sales volume down by 6,518mt and 23,623mt respectively compared to 2018.

* Note:

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

NY11 PRICE MOVEMENT (Q3 19)

Raw Sugar



Source : Futuresource NY11 Historical

	Q3 19	Q3 18	% Change
Average NY11	\$11.62c/lb	\$10.79/lb	+7.69%

WORLD SUGAR MARKET – HIGHLIGHTS AND OUTLOOK Q3 ONWARDS

- The NY11 price improved by almost 8% Quarter-to-Quarter (Q3 18 to Q3 19) due to slower projected production of raw sugar globally, and reduced trade flows.
- From a fundamental standpoint, India's sugar production for 2019/20 (Oct-Sep) should reach 26.8 million metric tonne according to Indian Sugar Mills Association (ISMA). It is down by 5.0% and 19.0% from its initial estimate and from the previous crop respectively. The decline is mostly due to the reduction in the cane planted area in 2019/20 as opposed to 2018/19. However the subsidy factor still hold the market ranging between 12.00cts/lb -13.00cts/lb.
- Spot ethanol prices are trading higher than sugar prices equivalent to about 14.71 cts/lbs. This will encourage millers to produce more ethanol instead of sugar, which is supportive to sugar prices
- On overall basis, the market is relatively moving into the bullish direction as the specs record growth trend in short covering position and accumulating deficit number on supply and demand balance.

3-YEAR STRATEGIC PLAN

No	Key Strategy	Key Initiative	Expected Timeline
1	Cash Flow Driven	<ul style="list-style-type: none">• Export value-added sugar products (new SKU)• Reduce refining cost• Initiate energy cost savings project• Increase efficiency• Reduce stock holding• Dispose non-core assets	2019
2	Restructure Business	<ul style="list-style-type: none">• Balancing production capacity within MSM Group's operation – MSM Prai, MSM Johor and MSM Perlis• Focus of product diversification• Installation of energy cost savings project• R&D on food and non-food sugar related products	2020
3	Stabilise & Turnaround	<ul style="list-style-type: none">• Lower refining cost – commissioning of energy cost savings• Increase export of value added sugar products	2021

THANK YOU

