

ANALYST BRIEFING

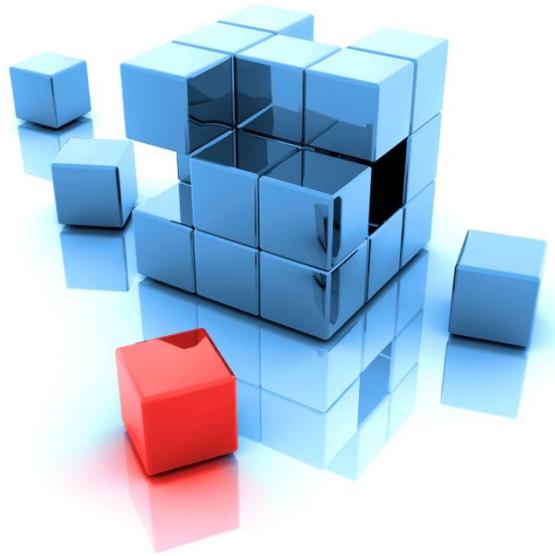
FOR THE SECOND QUARTER 2019

21 AUGUST 2019

The logo consists of a white triangle with a blue border, containing the letters 'M S M' in blue. The letters are spaced out and positioned in the lower half of the triangle.

M S M

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M S M



GROUP FINANCIAL HIGHLIGHTS

FOR THE SECOND QUARTER 2019 RESULTS



FINANCIAL HIGHLIGHTS

FINANCIAL		Q2 19	Q2 18	Changes %	1H 19	1H 18	Changes %
Continuing operations							
Revenue	RM 'mill	474	573	(17)	959	1,122	(14)
(Loss)/Profit Before Taxation (LBT)/PBT	RM 'mill	(62)	22	>(100%)	(63)	44	>(100%)
Net (Loss)/Profit (LAT)/PAT	RM 'mill	(65)	16	>(100%)	(70)	33	>(100%)
Earning/(Loss) per Share (EPS)	sen	(9.31)	2.26	>(100%)	(9.94)	4.76	>(100%)
Discontinuing operations*							
Net Loss/ LAT	RM 'mill	(2)	(2)	-	(4)	(3)	(33)
Earning/(Loss) per Share (EPS)	sen	(0.27)	(0.22)	(23)	(0.64)	(0.47)	(36)
TOTAL							
Net (Loss)/Profit (LAT)/PAT	RM 'mill	(67)	14	>(100%)	(74)	30	>(100%)
Earning/(Loss) per Share (EPS)	sen	(9.58)	2.04	>(100%)	(10.58)	4.29	>(100%)

* Rubber, palm oil and mango

FINANCIAL HIGHLIGHTS

FINANCIAL		Q2 19	Q2 18	Changes %
Total Assets	RM 'mill	3,382	3,653	(7)
Total Liabilities	RM 'mill	1,499	1,690	(11)
Cash and Cash Equivalents	RM 'mill	150	192	(22)
Net Assets per Share	RM/share	2.68	2.79	(4)
Gearing Ratio**	%	41	40	3

OPERATIONAL		Q2 19	Q2 18	Changes %	1H 19	1H 18	Changes %
Sales volume	MT	221,799	239,413	(7)	446,032	462,092	(3)

** 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.



2ND QUARTER & YEAR ON YEAR PERFORMANCE FOR 2019

MSM

Q2 19 PERFORMANCE

(RM mil)	Q2 19	Q1 19	Preceding%
Continuing operations			
Revenue	474	485	(2)
Loss Before Taxation LBT	(62)	(0.8)	>(100%)
Net Loss LAT	(65)	(5)	>(100%)
<i>Net (loss)/profit margin (%)</i>	<i>(14)</i>	<i>(1)</i>	<i>>(100%)</i>
EPS (sen)	(9.31)	(0.64)	>(100%)
Discontinuing operations			
Net Loss LAT	(2)	(2)	-
EPS (sen)	(0.27)	(0.36)	(25)
TOTAL			
Net (Loss)/Profit (LAT)/PAT	(67)	(7)	>(100%)
EPS (sen)	(9.58)	(1.00)	>(100%)
Attributable to Shareholders			
- ROE (%)	(3.58)	(0.36)	>100%
- Net Asset per Share (RM/Share)	2.68	2.78	(4)

Continuing operations

The Group recorded a total revenue RM474 million in the current quarter compared to the preceding quarter of RM485 million due to reduction in the overall sales volume.

The Group recorded LAT of RM65 million for the three (3) months period ended 30 June 2019 compared to the preceding quarter of RM5 million. This is mainly due to reduction in the overall sales volume, higher finance cost and higher depreciation charges.

Discontinuing operations

The Group recorded low revenue due to non core segment. The Group recorded LAT for the three (3) months period ended 30 June 2019 and preceding quarter due to low yield and commodity prices.

Q2 19 PERFORMANCE

(RM mil)	Q2 19	Q2 18	QoQ%
Continuing operations			
Revenue	474	573	(17)
(Loss)/Profit Before Taxation (LBT)/PBT	(62)	22	>(100%)
Net (Loss)/Profit (LAT)/PAT	(65)	16	>(100%)
<i>Net (loss)/profit margin (%)</i>	<i>(14)</i>	<i>3</i>	<i>>(100%)</i>
EPS (sen)	(9.31)	2.26	>(100%)
Discontinuing operations			
Net Loss LAT	(2)	(2)	-
EPS (sen)	(0.27)	(0.22)	(23)
TOTAL			
Net (Loss)/Profit (LAT)/PAT	(67)	14	>(100%)
EPS (sen)	(9.58)	2.04	>(100%)
Attributable to Shareholders			
- ROE (%)	(3.58)	0.73	>100%
- Net Asset per Share (RM/Share)	2.68	2.79	(4)

Continuing operations

The Group recorded a total revenue of RM474 million quarter on quarter, which is RM99 million or 17% lower compared to the same period last year of RM573 million. This is due to 7% reduction of overall average selling price.

The loss after tax (LAT) for the three (3) months period ended 30 June 2019 is RM65 million, compared to a profit after tax (PAT) of RM16 million in the corresponding quarter in the previous year. The loss in the current quarter is attributable to lower average selling price, lower sales volume, higher refining cost, higher finance cost and higher depreciation charges.

Discontinuing operations

The Group recorded low revenue due to non core segment. The Group recorded LAT for the three (3) months period ended 30 June 2019 and the same period last year due to low yield and commodity prices.

1H 19 PERFORMANCE

(RM mil)	1H 19	1H 18	YTD YoY%
Continuing operations			
Revenue	959	1,122	(14)
(Loss)/Profit Before Taxation (LBT)/PBT	(63)	44	>(100%)
Net (Loss)/Profit (LAT)/PAT	(70)	33	>(100%)
<i>Net (loss)/profit margin (%)</i>	(7)	3	>(100%)
EPS (sen)	(9.94)	4.76	>(100%)
Discontinuing operations			
Net Loss LAT	(4)	(3)	(33)
EPS (sen)	(0.64)	(0.47)	(36)
TOTAL			
Net (Loss)/Profit (LAT)/PAT	(74)	30	>(100%)
EPS (sen)	(10.58)	4.29	>(100%)
Attributable to Shareholders			
- ROE (%)	(3.95)	1.54	>100%
- Net Asset per Share (RM/Share)	2.68	2.79	(4)

Continuing operations

The Group revenue for the six (6) months ended 30 June 2019 is RM959 million compared to RM1,122 million in the same period last year. The decrease is due to reduction in the sales volume and lower average selling price.

The Group recorded a LAT for the six months period ended 30 June 2019 of RM70 million as compared to previous corresponding period's PAT of RM33 million due to higher finance cost and higher depreciation charges.

Discontinuing operations

The Group recorded low revenue due to non core segment. The Group recorded LAT for the six months period ended 30 June 2019 of RM4 million as compared to previous corresponding period's of RM3 million due low yield and commodity prices.

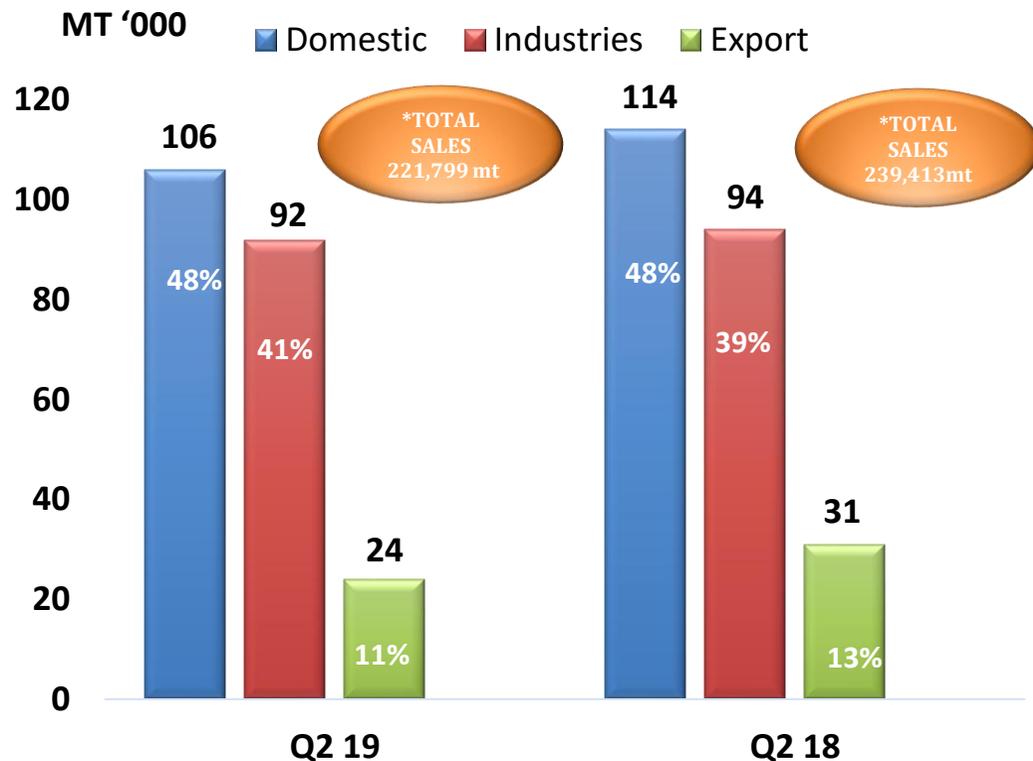
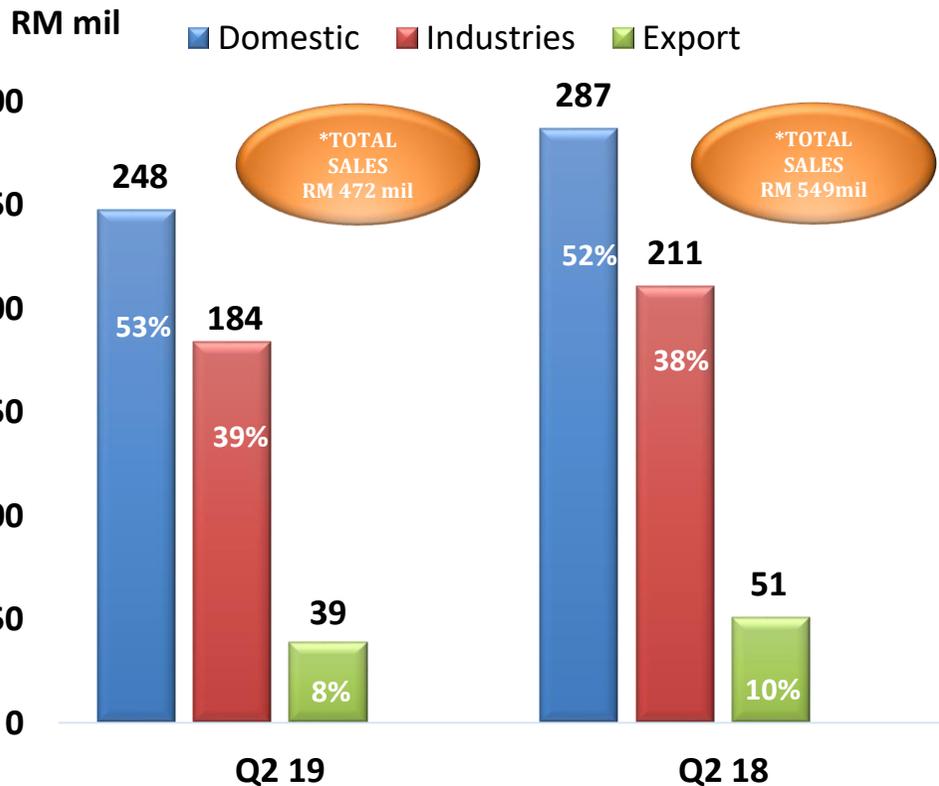


REVIEW OF SALES PERFORMANCE



SALES REVENUE Q2 19 vs Q2 18

SALES VOLUME Q2 19 vs Q2 18



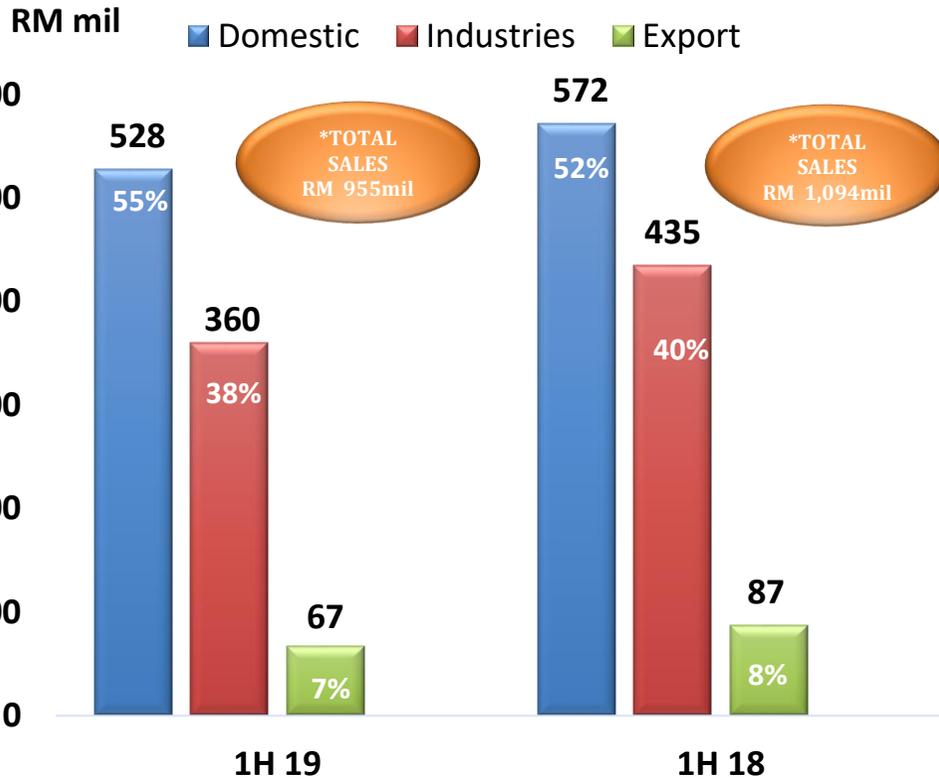
- Total sales revenue of refined sugar was RM472mil for Q2 19 vs RM549mil in Q2 18.
- Overall sales revenue decreased due to lower average selling price for all segments.

- Overall sales volume were down by 17,464mt as compared to Q2 18.

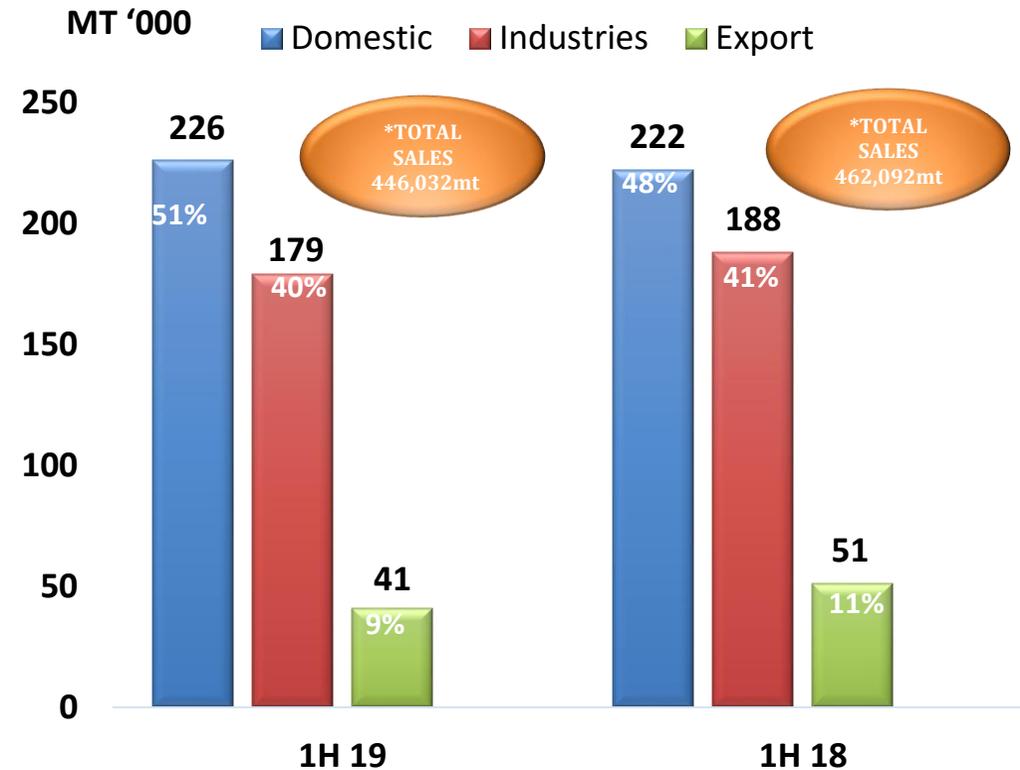
* Note:

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

SALES REVENUE 1H 19 vs 1H 18



SALES VOLUME 1H 19 vs 1H 18



- Total sales revenue of refined sugar was RM 955 mil vs RM 1,094 mil in 2018.
- Overall sales revenue decreased due to reduction in the overall volume sold.

- Industries and Export sales volume down by 9,000 and 10,000 tons respectively compared to 2018.

* Note:

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

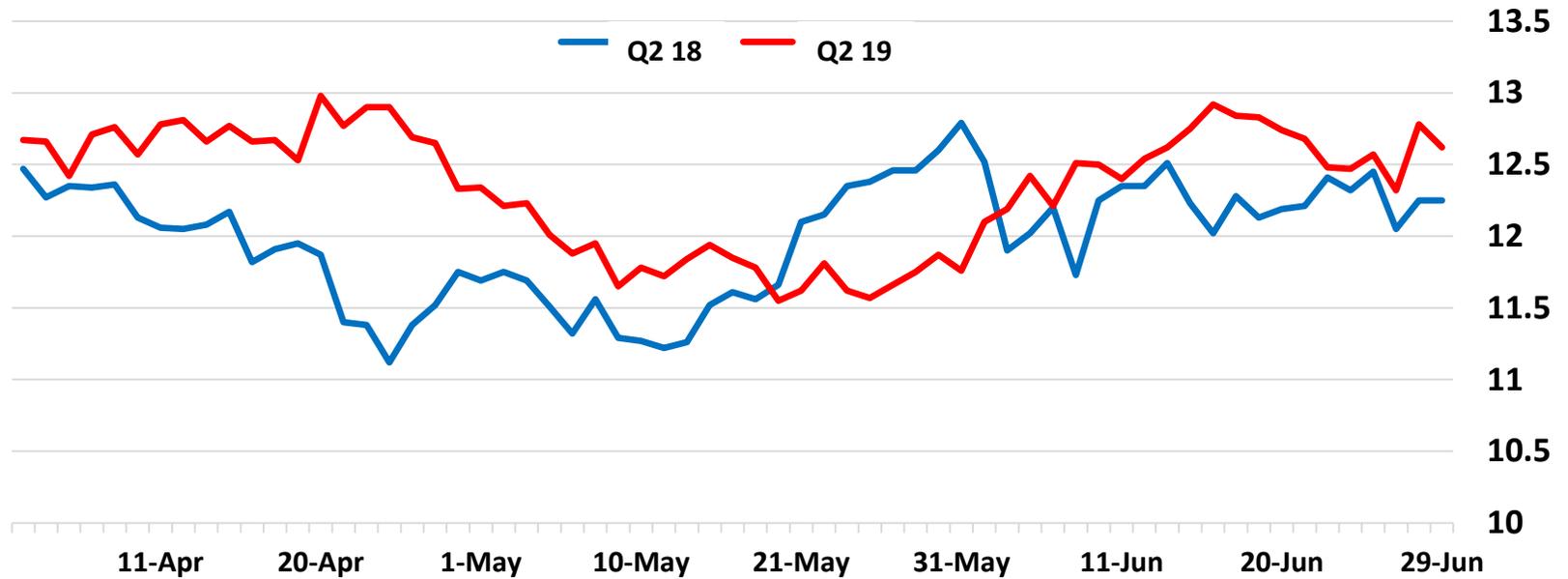


SUGAR MARKET OVERVIEW 2019



NY11 PRICE MOVEMENT (Q2 19)

Raw Sugar Price



Source : Futuresource NY11 Historical

	Q2 19	Q2 18	% Change
Average NY11	\$12.34c/lb	\$11.99/lb	+2.92%

WORLD SUGAR MARKET – HIGHLIGHTS AND OUTLOOK Q2 ONWARDS

- The NY11 price improved by almost 3% Quarter-to-Quarter (Q2 18 to Q2 19) due to slower projected production of raw sugar globally, and reduced tradeflows.
- Weather in India is expected to be dryer with lesser rain quantity, and lesser production, and subsequently will discourage the Indian government to subsidize exports. However there are rumours that India will still provide subsidies with any supportive weather news by about USD 100/mt. This will further weaken the prices to a range of 10.5-12.5 cts/lbs
- Spot ethanol prices are trading higher than sugar prices equivalent to about 13.20 cts/lbs. This will encourage millers to produce more ethanol instead of sugar, which is supportive to sugar prices
- Demand of raw sugar from China is expected to be lackluster this year and will not be helping to reduce the current global surplus. However, if China starts buying, it will be in large quantities and will provide swings to the market (upwards).



MOVING FORWARD



3 YEAR STRATEGIC PLAN

2019

CASH FLOW DRIVEN

- Export value-added sugar products (new SKU)
- Reduce refining cost
- Initiate energy cost savings project
- Increase efficiency
- Reduce stock holding
- Dispose non-core assets

2020

RESTRUCTURE BUSINESS

- 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

2021

STABILISE & TURN AROUND

- Lower refining cost – commissioning of energy cost savings
- Increase export of value added sugar products

THANK YOU

