

# **ANALYST BRIEFING**

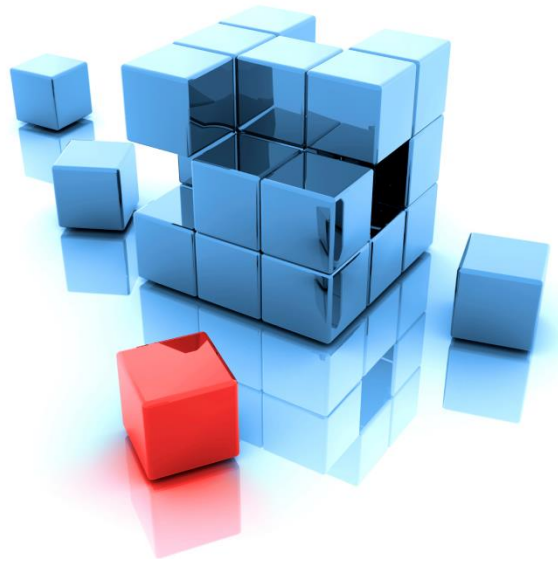
**FOR THE FOURTH QUARTER 2018**

**20 FEBRUARY 2019**

The logo consists of a blue triangle with a white border. Inside the triangle, the letters 'M S M' are written in a bold, white, sans-serif font, centered horizontally.

**M S M**

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**MSM**



# GROUP FINANCIAL HIGHLIGHTS

## FOR THE FOURTH QUARTER 2018 RESULTS

**MSM**

# FINANCIAL HIGHLIGHTS

FINANCIAL		4Q 18	4Q 17	Changes %	12M 18	12M 17	Changes %
Revenue	RM 'mill	531	636	(17)	2,215	2,642	(16)
Profit/(Loss) Before Taxation PBT/(LBT)	RM 'mill	0.5	23	(98)	61	(20)	(405)
Net Profit/(Loss) PAT/(LAT)	RM 'mill	(10)	9	(211)	36	(36)	(200)
Total Assets	RM 'mill	3,654	3,405	7	3,654	3,405	7
Total Liabilities	RM 'mill	1,691	1,478	14	1,691	1,478	14
Cash and Cash Equivalents	RM 'mill	196	171	15	196	171	15
Net Assets per Share	RM/share	2.79	2.74	2	2.79	2.74	2
Earning/(Loss) per Share (EPS)	sen	(1.48)	1.33	(211)	5.07	(5.17)	198
Gearing Ratio*	%	40	36	11	40	36	11
<b>OPERATIONAL</b>							
Sales volume	MT	241,489	247,861	(3)	947,848	997,941	(5)

\* 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.



# 4<sup>th</sup> QUARTER & YEAR ON YEAR PERFORMANCE FOR 2018

**MSM**

# 4Q 18 PERFORMANCE

(RM mil)	4Q 18	3Q 18	Preceding %	4Q 17	QoQ%
Revenue	531	562	(6)	636	(17)
GP margin (%)	8.18	11.03	(26)	3.73	119
Expenses	(530.5)	(543)	2	(613)	13
Profit/(Loss) Before Tax (LBT)/PBT	0.5	19	(97)	23	(98)
Net Profit/(Loss) (LAT)/ PAT	(10)	16	(163)	9	(211)
Net (loss)/profit margin (%)	(1.88)	2.85	(166)	1.42	(232)
(Loss)/Earnings per Share (EPS) (sen)	(1.48)	2.26	(165)	1.33	(211)
Attributable to Shareholders					
- ROE (%)	(0.53)	0.82	(165)	0.47	(213)
- Net Asset per Share (RM/Share)	2.79	2.81	(1)	2.74	2

## PRECEDING

**REVENUE** The Group recorded a total revenue RM531 million in the current quarter compared to the preceding quarter of RM562 million. This is due to lower average selling price.

**PROFIT AFTER TAX** The Group recorded LAT of RM10 million for the three (3) months period ended 31 December 2018 compared to the preceding quarter PAT of RM16 million. This is due to lower average selling price and higher finance cost.

## QoQ

**REVENUE** The Group recorded a total revenue of RM531 million quarter on quarter, which is RM105 million or 17% lower compared to the same period last year of RM636 million. This is due to and average of 14% reduction in ASP and 3% reduction in sales volume.

**PROFIT AFTER TAX** The LAT for the three (3) months period ended 31 December 2018 is RM10 million, which is RM19 million or 211% lower compared to previous corresponding period of RM9 million PAT due to loss incurred in Johor operations of RM10.51 million and higher finance cost.

# 12M 18 PERFORMANCE

<i>(RM mil)</i>	<b>12M 18</b>	<b>12M 17</b>	<b>YTD YoY%</b>
Revenue	2,215	2,642	(16)
<i>GP margin (%)</i>	8.49	2.71	213
Expenses	(2,154)	(2,662)	18
Profit/(Loss) Before Tax	61	(20)	405
Profit/(Loss) for the Period	36	(36)	200
<i>Net (loss)/profit margin (%)</i>	1.63	(1.36)	220
EPS (sen)	5.07	(5.17)	198
Attributable to Shareholders			
- ROE (%)	1.82	(1.89)	196
- Net Asset per Share (RM/Share)	2.79	2.74	2

## YTD YoY

### **REVENUE**

The Group revenue for the twelve (12) months ended 31 December 2018 is RM2,215 million compared to RM2,642 million in the same period last year. The decrease is due to aggressive competition in domestic sugar market resulting in lower average selling price.

### **PROFIT/(LOSS) AFTER TAX PAT/(LAT)**

The Group recorded a PAT for the twelve (12) months period ended 31 December 2018 of RM36 million as compared to previous corresponding period's LAT of RM36 million due to stronger Ringgit and lower raw sugar cost despite lower average selling price.



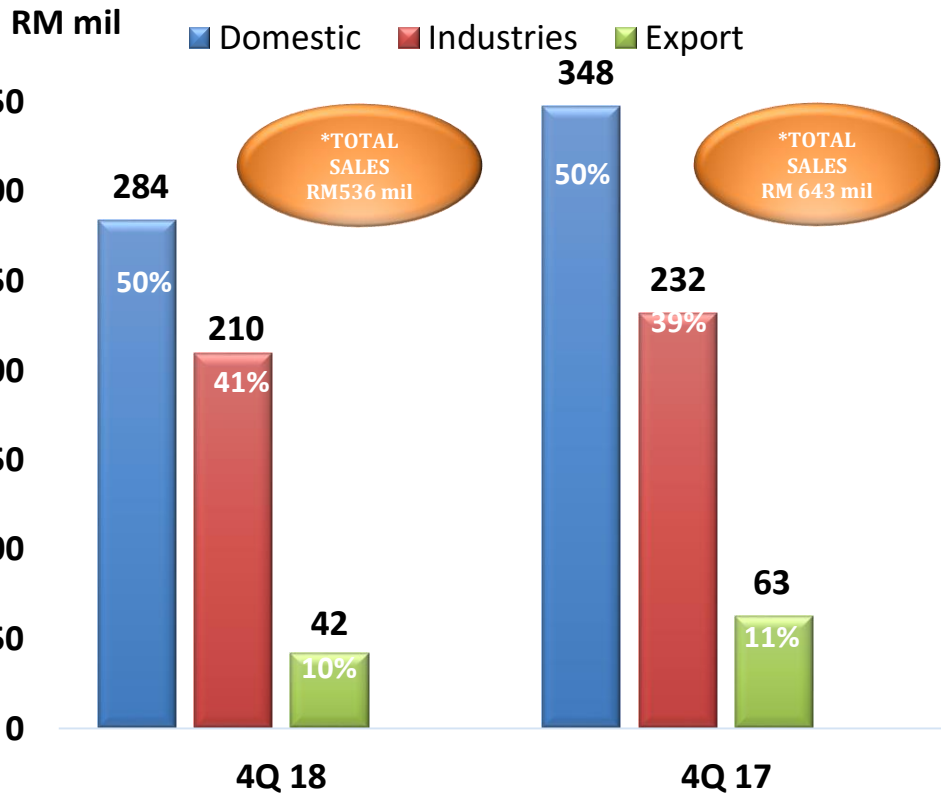
# REVIEW OF SALES PERFORMANCE





## SALES REVENUE 4Q 18 vs 4Q 17

## SALES VOLUME 4Q 18 vs 4Q 17



- Total sales revenue of refined sugar was RM536 mil for 4Q 18 vs RM643 mil in 4Q 17.
- Overall sales revenue decreased due to 3% reduction in the sales volume and lower average selling price.

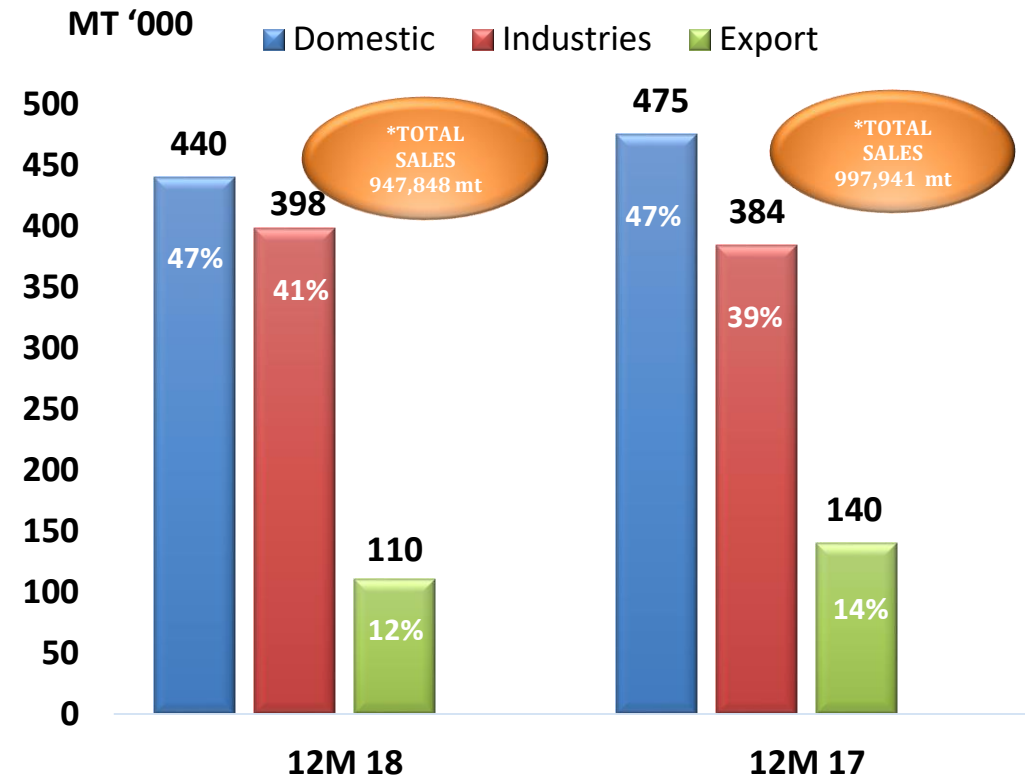
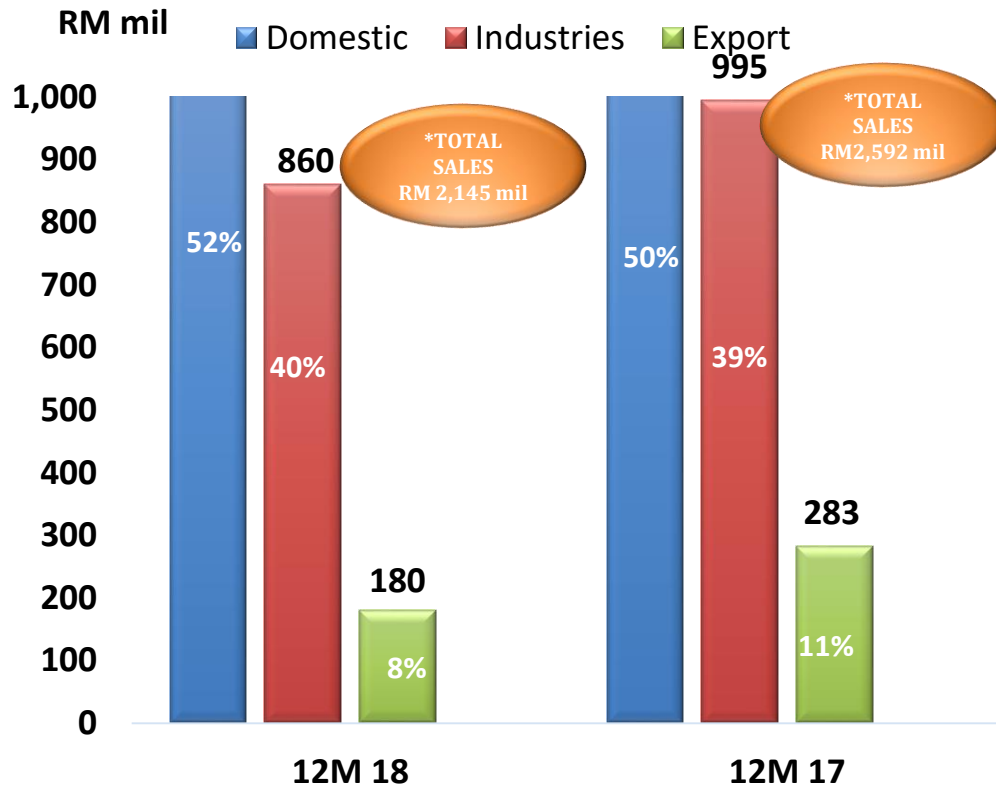
- Domestic sales volume down by 13,000 MT compared to 4Q 17.

\* Note:

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

## SALES REVENUE 12M 18 vs 12M 17

## SALES VOLUME 12M 18 vs 12M 17



- Total sales revenue of refined sugar was RM2,145 mil vs RM2,592 mil in 2017.
- Overall sales revenue decreased due aggressive competition in domestic sugar market resulting in lower average selling price.

- Domestic sales volume down by 34,000 MT compared to 2017.

\* Note:

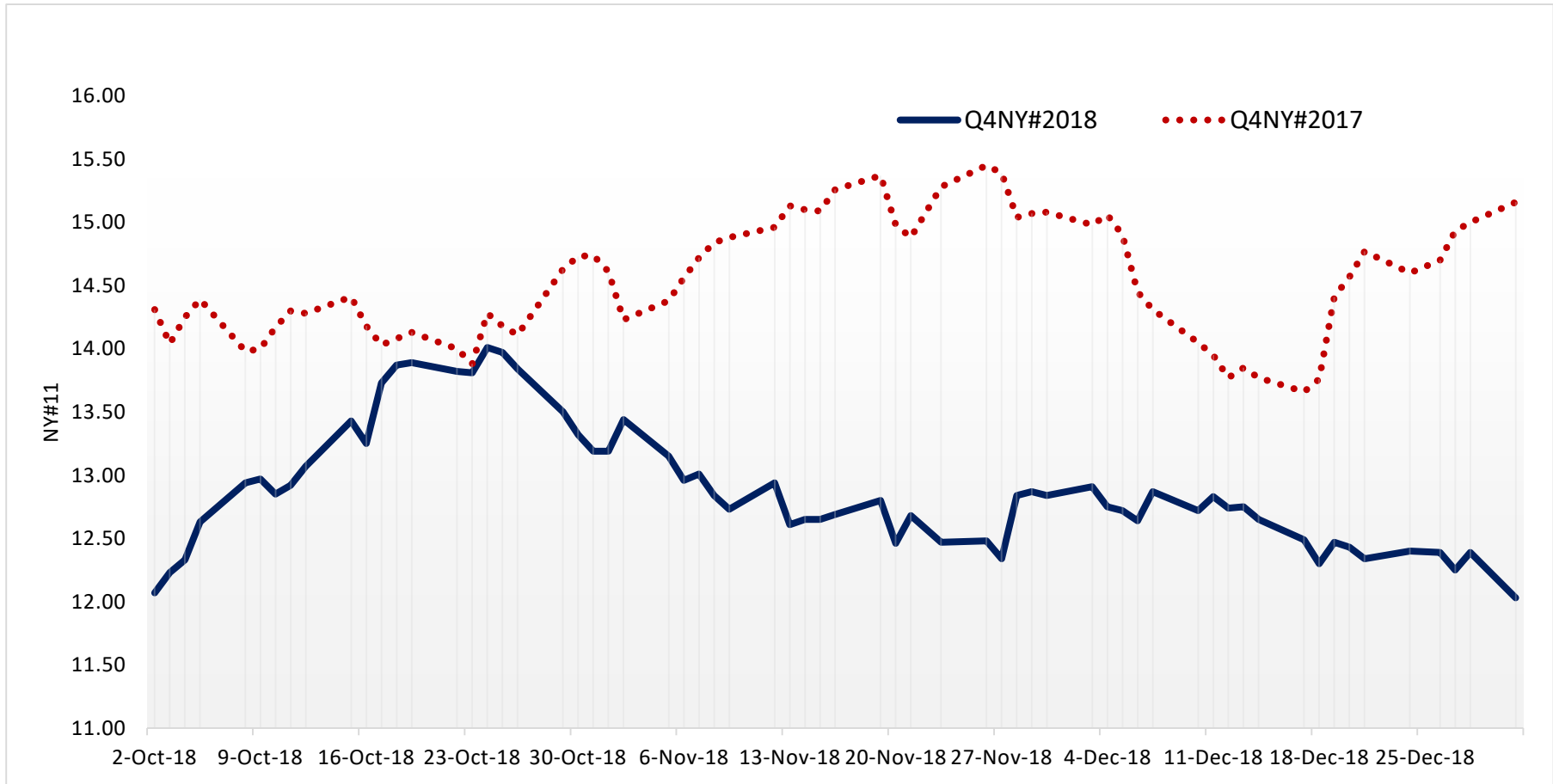
1) Sales figure is AFTER consolidation adjustment 2) The sales figure excludes the sales of molasses



# SUGAR MARKET OVERVIEW 2018

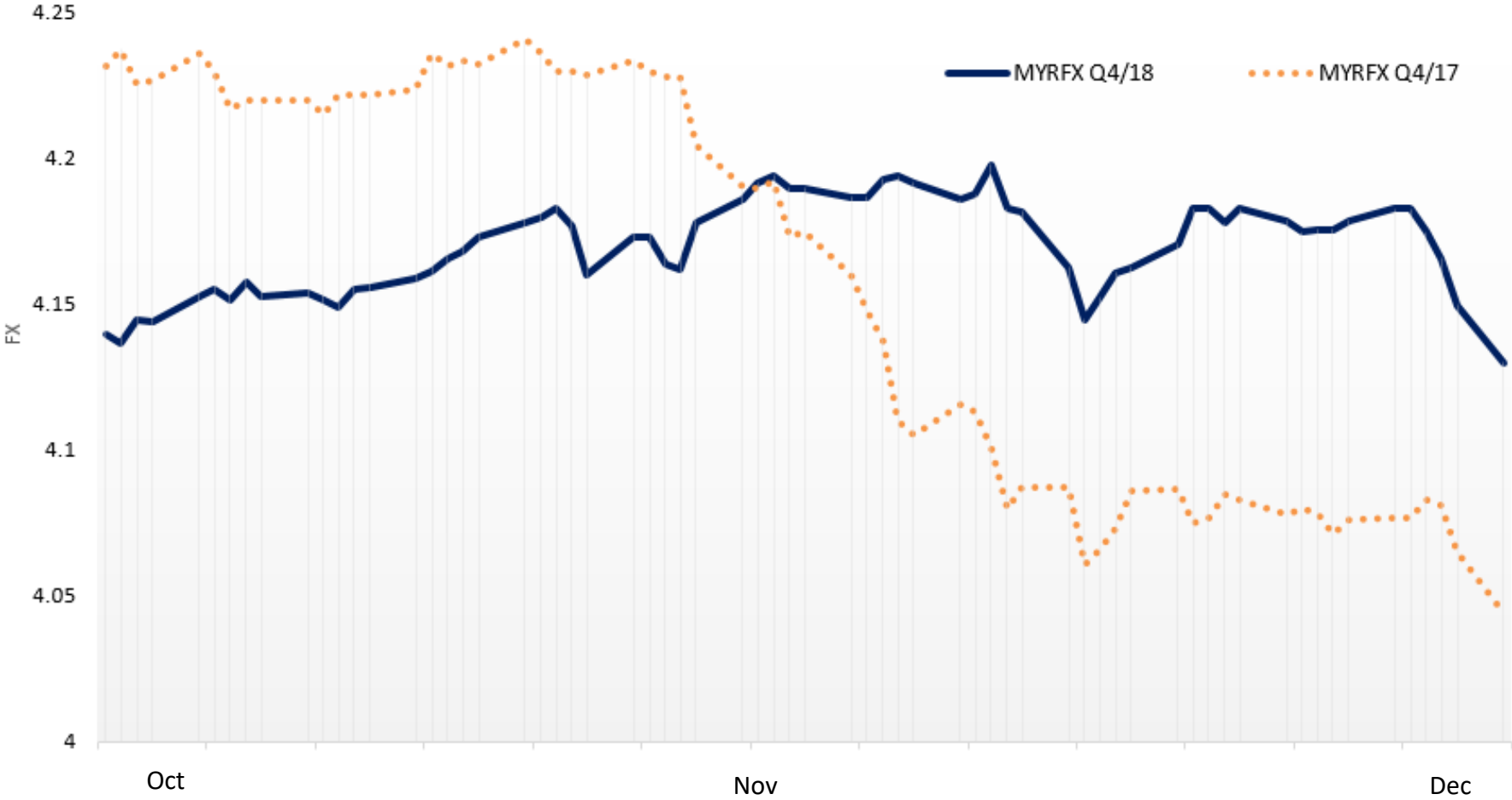


# NY11 PRICE MOVEMENT (4Q 18)



	4Q 18	4Q 17	% Change
<b>Average</b>	\$12.88/lb	\$14.54c/lb	<b>-11.41%</b>

# CURRENCY MARKET: USD/MYR Q4 2017 & 2018



## WORLD SUGAR MARKET – HIGHLIGHTS AND OUTLOOK

- Indian government has given mandate to the miller to export 5 million mt for 2018-19 season to overcome the over supply in the market.
- CS Brazil production for 2018-19 season ended with a production of 26.5 million mt a drop from previous season 36.05. Exports also fell to 18.75 million mt a drop by 30%.
- Brazilian millers were also seen producing more ethanol over sugar as the mix dropped to 35.5% from last season 46.46%.
- EU production for 2018-19 is projected to drop 17.2 million mt from previous year 19.5 million mt thus may push the exports to 1.5 million mt from 2.7 million mt.
- Thailand sugar production for 2018-19 is projected at 12.7-13.5mmt a drop from last season 14.6mmt. However, for 2019-20 production is expected to drop significantly as farmers are seen moving to other profitable crop such as cassava and rice.
- Market consensus is that for 2018-19 season we should see slight deficit of 1.5-3 million mt however deficit is more in 2H 2019.

**THANK YOU**

