

ANALYST BRIEFING

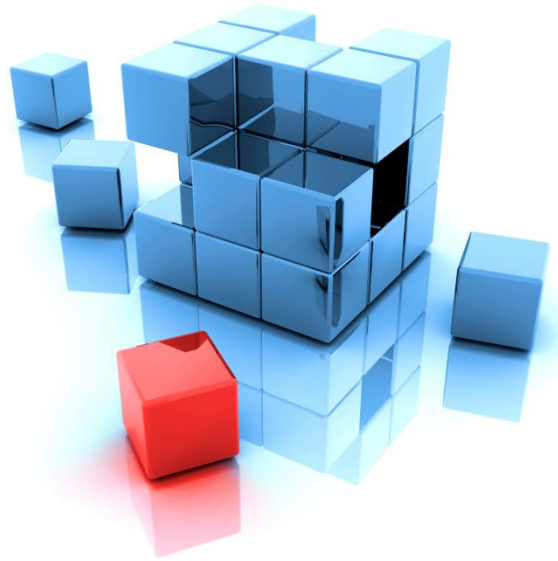
FOR THE THIRD QUARTER 2018

21 NOVEMBER 2018

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

M S M

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The logo for MSM (Malaysia Sugar) is a blue triangle with a white border. Inside the triangle, the letters "MSM" are written in white, bold, sans-serif font.

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GROUP FINANCIAL HIGHLIGHTS

FOR THE THIRD QUARTER 2018 RESULTS



FINANCIAL HIGHLIGHTS

FINANCIAL		3Q 18	3Q 17	Changes %	9M 18	9M 17	Changes %
Revenue	RM 'mill	562	669	(16) ▼	1,684	2,005	(16) ▼
Profit/(Loss) Before Taxation PBT/(LBT)	RM 'mill	19	25	(24) ▼	60	(43)	240 ▲
Net Profit/(Loss) PAT/(LAT)	RM 'mill	16	10	60 ▲	46	(46)	200 ▲
Total Assets	RM 'mill	3,544	3,327	7 ▲	3,544	3,327	7 ▲
Total Liabilities	RM 'mill	1,567	1,409	11 ▲	1,567	1,409	11 ▲
Cash and Cash Equivalents	RM 'mill	236	134	76 ▲	236	134	76 ▲
Net Assets per Share	RM/share	2.81	2.73	3 ▲	2.81	2.73	3 ▲
Earning/(Loss) per Share (EPS)	sen	2.26	1.48	53 ▲	6.55	(6.49)	201 ▲
Gearing Ratio*	%	40	37	8 ▲	40	37	8 ▲
OPERATIONAL							
Sales volume	MT	244,268	253,706	(4) ▼	706,359	750,078	(6) ▼

* 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.



3RD QUARTER & YEAR ON YEAR PERFORMANCE FOR 2018

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3Q 18 PERFORMANCE

(RM mil)	3Q 18	2Q 18	Preceding %	3Q 17	QoQ%
Revenue	562	573	(2)	669	(16)
GP margin (%)	11.03	10.53	5	11.21	(2)
Expenses	(543)	(553)	(2)	(644)	(16)
Profit/(Loss) Before Tax PBT/(LBT)	19	20	(5)	25	(24)
Net Profit/(Loss) PAT/(LAT)	16	14	14	10	60
Net (loss)/profit margin (%)	2.85	2.50	14	1.49	91
Earning/(Loss) per Share (EPS) (sen)	2.26	2.04	11	1.48	53
Attributable to Shareholders					
- ROE (%)	0.80	0.73	10	0.54	48
- Net Asset per Share (RM/Share)	2.81	2.79	1	2.73	3

PRECEDING

REVENUE The Group recorded a total revenue RM562 million in the current quarter compared to the preceding quarter of RM573 million. This is due to lower average selling price.

PROFIT AFTER TAX The Group recorded PAT of RM16 million for the three (3) months period ended 30 September 2018 compared to the preceding quarter profit after tax of RM14 million. This is due to a decrease in selling and distribution and finance costs for the Group compared to the preceding quarter.

QoQ

REVENUE The Group recorded a total revenue of RM562 million quarter on quarter, which is RM107 million or 16% lower compared to the same period last year of RM669 million. This is due to 4% reduction in the overall tonnage sold and lower average selling price.

PROFIT AFTER TAX The PAT for the three (3) months period ended 30 September 2018 is RM16 million, which is RM6 million or 60% higher compared to previous corresponding period of RM10 million due to lower raw material costs and favourable foreign exchange rate.

9M 18 PERFORMANCE

<i>(RM mil)</i>	9M 18	9M 17	YTD YoY%
Revenue	1,684	2,005	(16)
<i>GP margin (%)</i>	11	5	120
Expenses	1,624	2,048	21
Profit/(Loss) Before Tax	60	(43)	240
Profit/(Loss) for the Period	46	(46)	200
<i>Net (loss)/profit margin (%)</i>	3	(2)	250
EPS (sen)	6.55	(6.49)	201
Attributable to Shareholders			
- ROE (%)	2.33	(2.38)	198
- Net Asset per Share (RM/Share)	2.81	2.73	3

YTD YoY

REVENUE

The Group revenue for the nine (9) months ended 30 September 2018 is RM1,684 million compared to RM2,005 million in the same period last year. The decrease is due to lower overall tonnage sold.

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

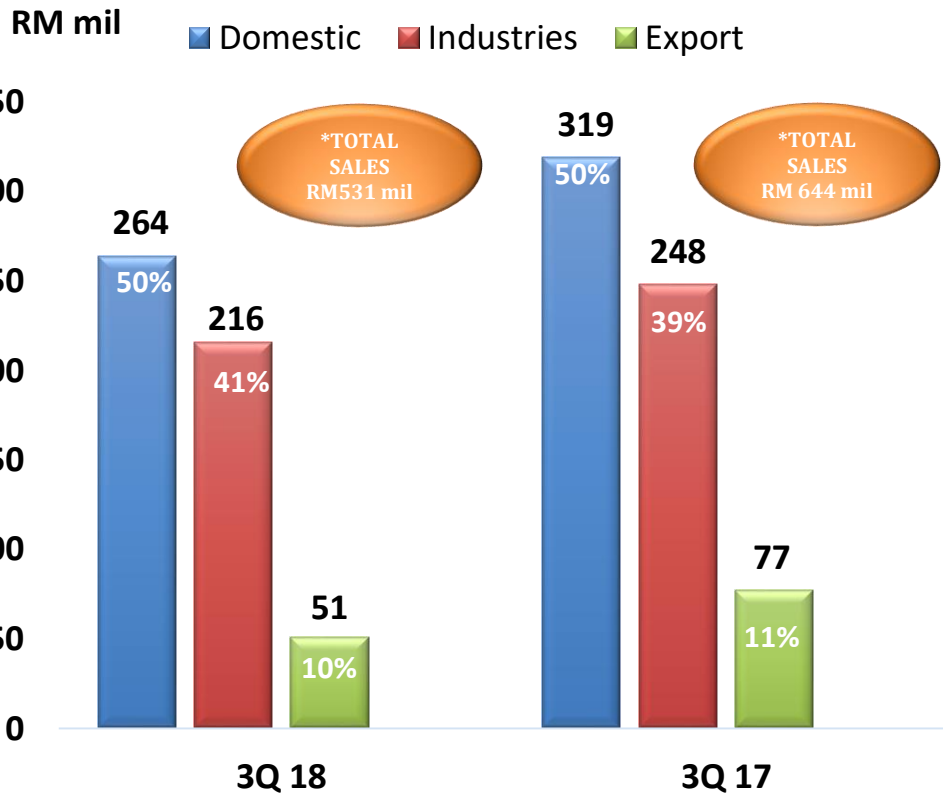
The Group recorded a PAT for the nine (9) months period ended 30 September 2018 of RM46 million as compared to previous corresponding period's LAT of RM46 million due to lower raw material cost and favourable foreign exchange rate.



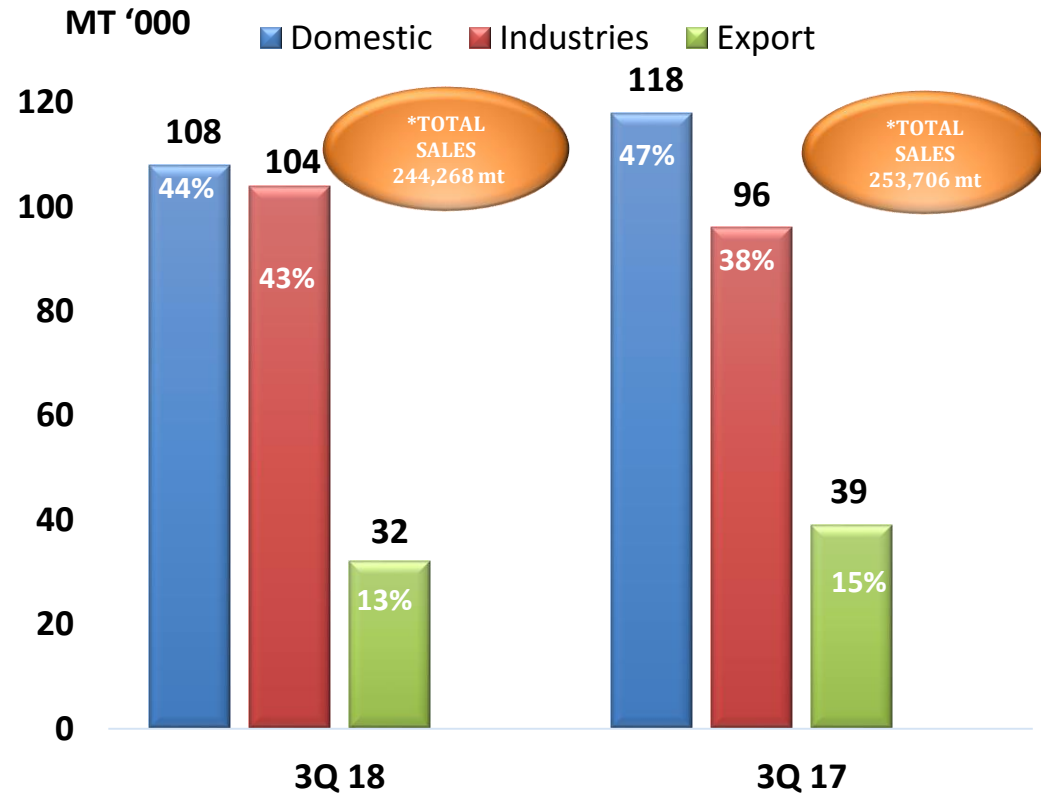
REVIEW OF SALES PERFORMANCE

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SALES REVENUE 3Q 18 vs 3Q 17



SALES VOLUME 3Q 18 vs 3Q 17



- Total sales revenue of refined sugar was RM531 mil for 3Q 18 vs RM644 mil in 3Q 17.
- Overall sales revenue decreased due to reduction in the overall tonnage sold.

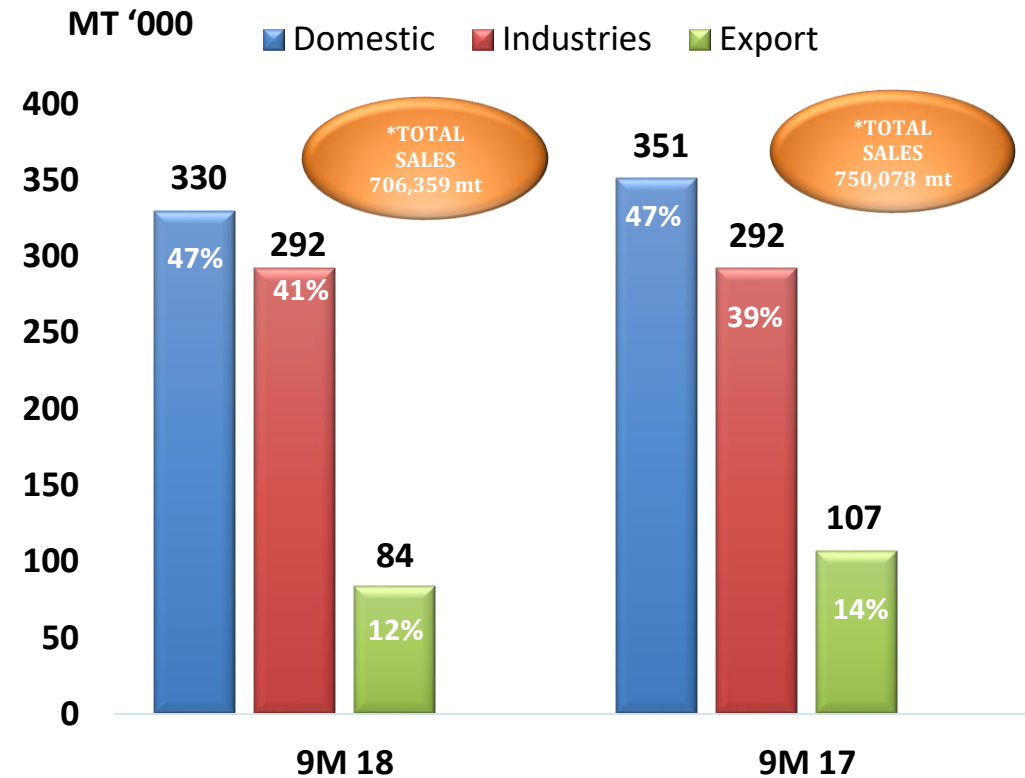
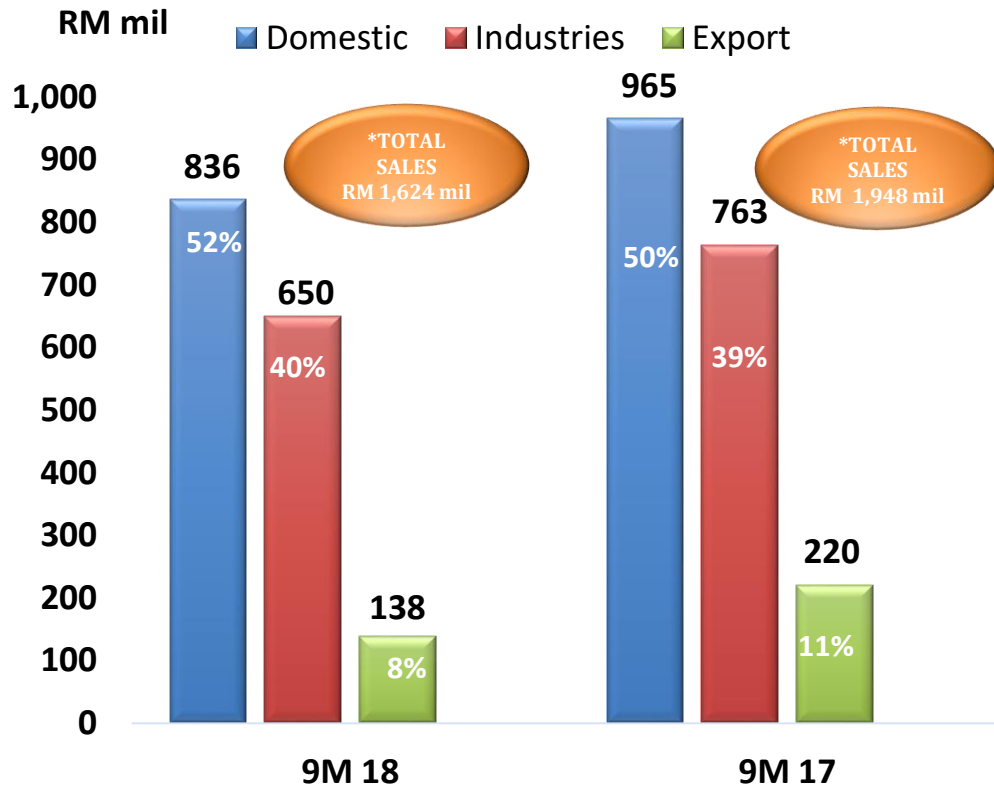
- Domestic sales volume down by 10,000 tons compared to 3Q 17.

* Note:

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

SALES REVENUE 9M 18 vs 9M 17

SALES VOLUME 9M 18 vs 9M 17



- Total sales revenue of refined sugar was RM1,624 mil vs RM1,948 mil in 2017.
- Overall sales revenue decreased due to reduction in the overall tonnage sold.

- Domestic sales volume down by 21,000 tons compared to 2017.

* Note:

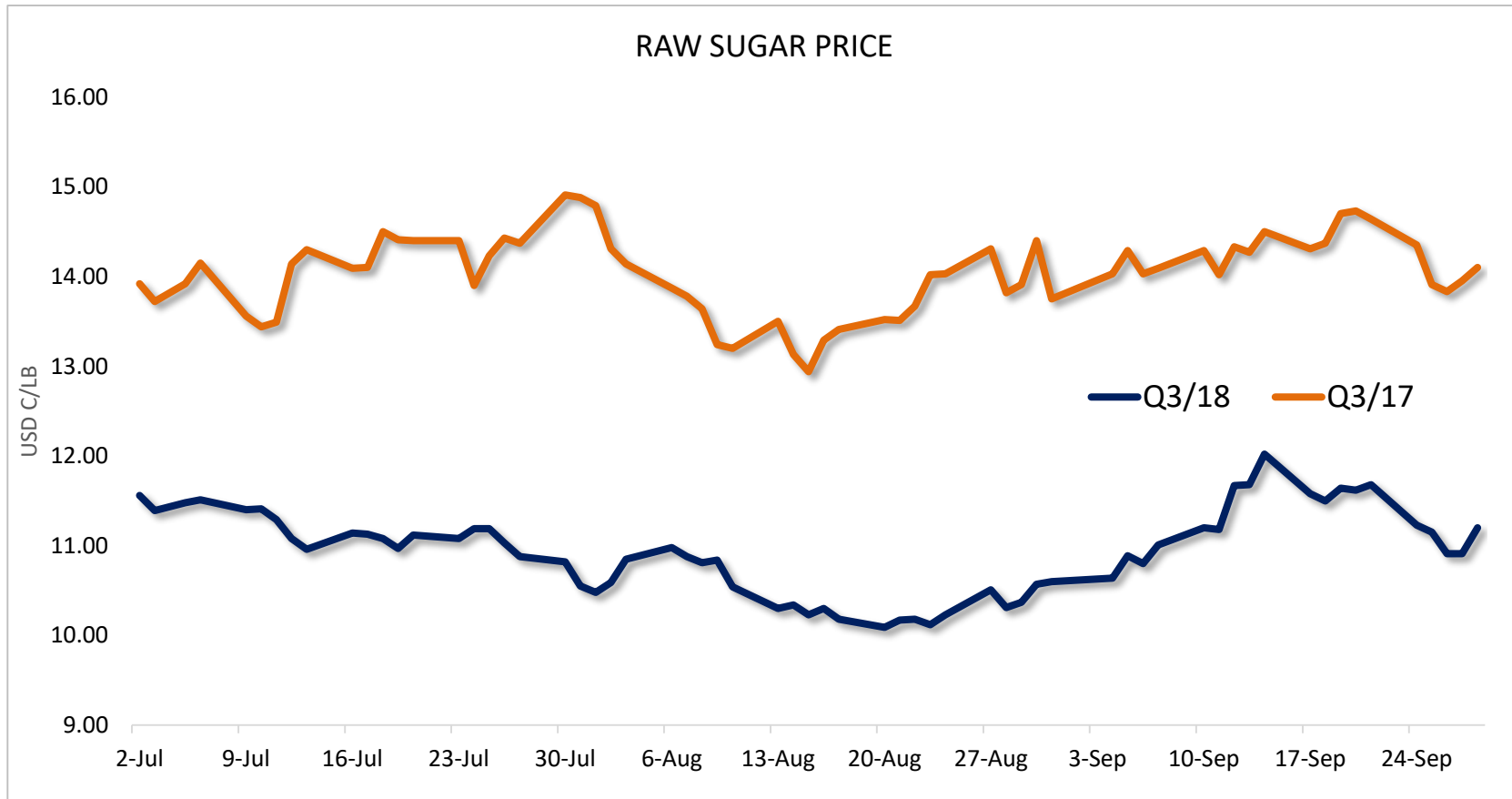
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SUGAR MARKET OVERVIEW 2018

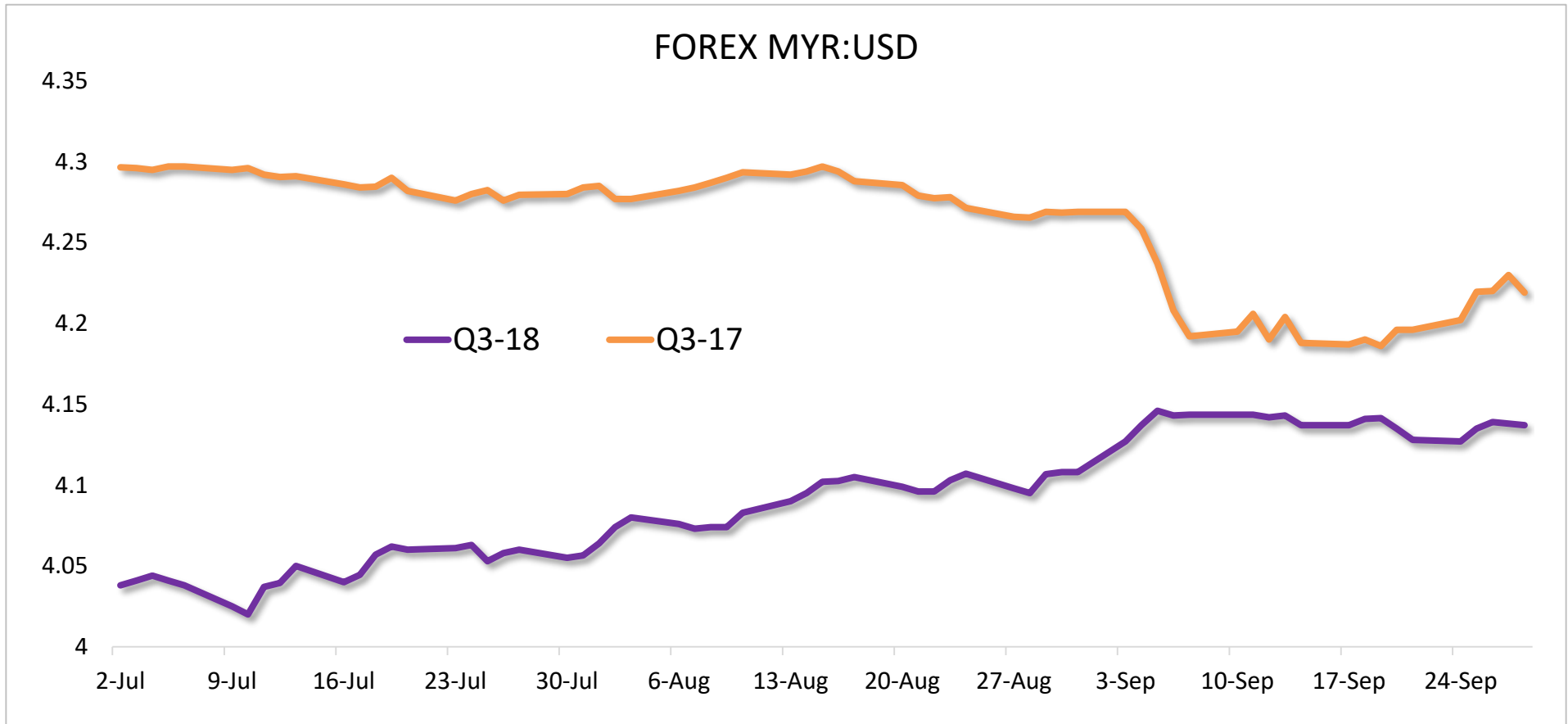


NY11 PRICE MOVEMENT (3Q 18)



	3Q 18	3Q 17	% Change
Average NY11	10.94c/lb	14.03/lb	-22.02%

CURRENCY MARKET: MYR TO USD (3Q 18)



	3Q 18	3Q 17	% Change
MYR:USD	4.0910	4.2614	+3.99%

WORLD SUGAR MARKET – HIGHLIGHTS AND OUTLOOK

BEARISH FACTORS	BULLISH FACTORS
<p>Indian government announced its export subsidy of \$132/mt. The country is expected to export 4-5mmt in 2018-19.</p>	<p>EU production is estimated to fall 19.1 mmt in 2018-19 from 21.5mmt. Exports are also set to fall to 2.2mmt from last season 3.2mmt</p>
<p>Market reports states that Brazilian millers have only hedged 24% of 2019-20 exports thus capping any market rally.</p>	<p>CS Brazil sugar production in 2018-19 season would end at 26.5-27mmt a drop from last season 36mmt.</p>
<p>India's production reached 32.3mmt in (2017-18) and is expected to drop marginally to 31-32mmt in 2018-19. With consumption at 25.5mmt carryover stocks are at all time high of 10mmt for 2018-19 season.</p>	<p>Crude oil price in 2018 itself rose by 25% thus favoring millers to produce Ethanol. Major producers such as Brazil and Thailand are already seen focusing on producing Ethanol over Sugar to yield more profits.</p>
<p>For 2018-19, market is still in a surplus (2-3.5 mmt) thus may cap any rally in short or mid term basis.</p>	<p>Market consensus is building that we are now moving from 'Peak Surplus' to a 'Balanced position' thus may see some tightness in long term basis.</p>

THANK YOU

