

# ANALYST BRIEFING

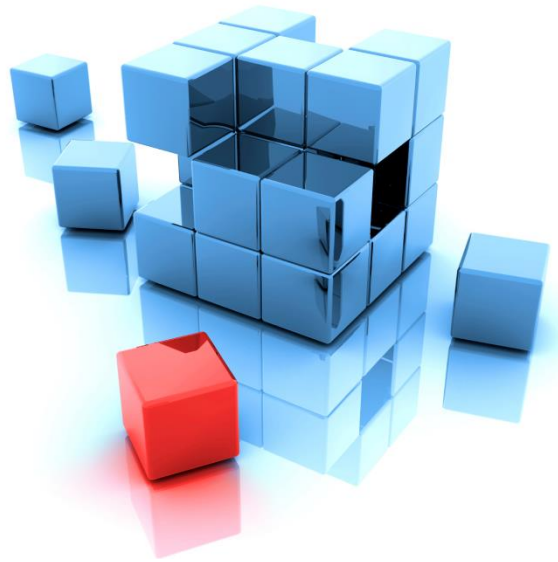
FOR THE THIRD QUARTER ENDED 2016

21 NOV 2016

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.

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**M S M**



# GROUP FINANCIAL HIGHLIGHTS

FOR THE THIRD  
QUARTER 2016 RESULTS

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## FINANCIAL HIGHLIGHT

FINANCIAL		Q3 2016	Q3 2015	Changes %	YTD 30 Sept 2016	YTD 30 Sept 2015	Changes %
Revenue	RM 'mill	633	546	15.93 ▲	1,820	1,643	10.83 ▲
PBT	RM 'mill	33	85	(61.18) ▼	124	280	(55.71) ▼
PAT	RM 'mill	23	64	(64.06) ▼	106	214	(50.00) ▼
Total Assets	RM 'mill				2,993	2,598	15.20 ▲
Total Liabilities	RM 'mill				947	538	76.02 ▲
Cash and Cash Equivalents	RM 'mill				478	264	81.06 ▲
Net Assets per Share	RM/share				2.91	2.93	(0.68) ▼
Earning per Share (EPS)	sen				15.13	30.45	(50.31) ▼
Gearing Ratio*	%				27.32	14.21	92.26 ▲
<b>OPERATIONAL</b>							
Sales volume	MT	251,577	247,613	1.60 ▲	758,552	732,764	3.52 ▲

\* 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.



3<sup>RD</sup> QUARTER  
&  
YEAR ON YEAR  
PERFORMANCE  
FOR 2016

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# 3<sup>RD</sup> QUARTER 2016 PERFORMANCE

(RM mil)	Q3 2016	Q2 2016	QoQ%	Q3 2015	YoY%
Revenue	633	634	(0.16)	546	15.93
GP margin	12.13%	13.55%	(1.42)	18.57%	(6.44)
Expenses	(600)	(603)	(0.50)	(461)	30.15
Profit Before Tax	33	31	6.45	85	(61.18)
Profit for the Period	23	24	(4.17)	64	(64.06)
Net profit margin	3.68%	3.79%	(0.11)	11.69%	(8.01)
EPS	3.32 sen	3.37 sen	(1.48)	9.09 sen	(63.48)
Attributable to Shareholders					
- ROE	1.14%	1.19%	(0.05)	3.10%	(1.96)
- Net Asset per Share (RM/Share)	2.91	2.87	1.39	2.93	(0.68)

## REVENUE

### QoQ

The Group recorded a total revenue RM 633 million in the current quarter compared to the preceding quarter of RM 634 million.

### YoY (Quarter)

Higher revenue compared to the same period last year on the back of higher volume of refined sugar sold for the Domestic market segment

## PROFIT BEFORE TAX (PBT) AND PROFIT AFTER TAX (PAT)

### QoQ

PBT was RM 33 million vs preceding quarter of RM 31 million. PAT was RM 23 million at par with preceding quarter PAT of RM 24 million.

### YoY (Quarter)

PBT was RM33 million compared to previous corresponding period of RM 85 million. PAT was RM 23 million compared to previous corresponding period PAT of RM 64 million due to the higher raw material costs and weakening Ringgit.

## YTD SEP 2016 PERFORMANCE

<i>(RM mil)</i>	YTD Sep 16	YTD Sep 15	YoY YTD %
Revenue	1,820	1,643	10.83
<i>GP margin</i>	<i>14.63%</i>	<i>22.51%</i>	<i>(7.88)</i>
Expenses	(1,696)	(1,363)	24.43
Profit Before Tax	124	280	(55.71)
Profit for the Period	106	214	(50.00)
<i>Net profit margin</i>	<i>5.84%</i>	<i>13.02%</i>	<i>(7.18)</i>
EPS	15.13	30.45	(50.31)
Attributable to Shareholders			
- ROE	5.20%	10.39%	(5.19)
- Net Asset per Share (RM/Share)	2.91	2.93	(0.68)

YTD YoY

### **Revenue**

The Group revenue was increased compared to revenue in the same period last year on the back of increased volume and trading revenue.

### **PBT and PAT**

Decreased 50.00 % as compared to previous corresponding period's PAT as a results of higher raw material cost and production cost, eventhough there is a spike in raw sugar price not able to be passed on the buyers.

# KEY DRIVERS

Key Drivers	Measurement	Q3 2016	Q3 2015
ASP RAW SUGAR	US cent/pound	20.29	15.0
EXCHANGE RATE	USD/MYR	4.0422	3.8815
ASP REFINED SUGAR	RM/ton	2,618	2,439

Key Drivers	Measurement	9M 2016	9M 2015
ASP RAW SUGAR	US cent/pound	18.0	15.0
EXCHANGE RATE	USD/MYR	4.1358	3.7144
ASP REFINED SUGAR	RM/ton	2,572	2,533



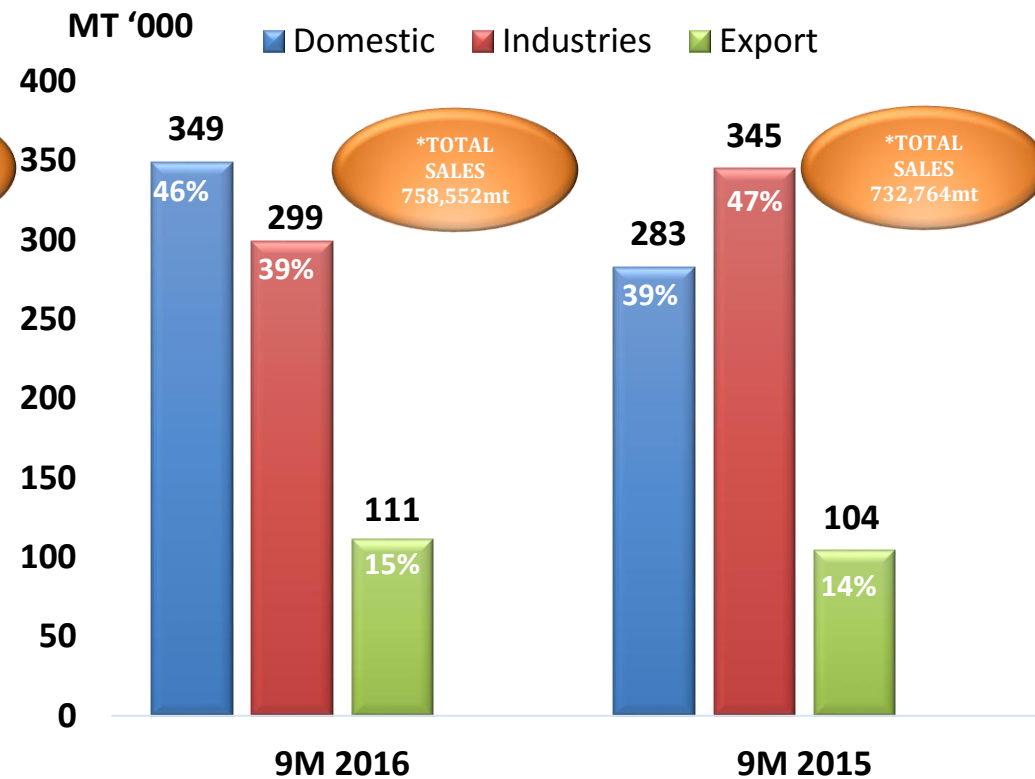
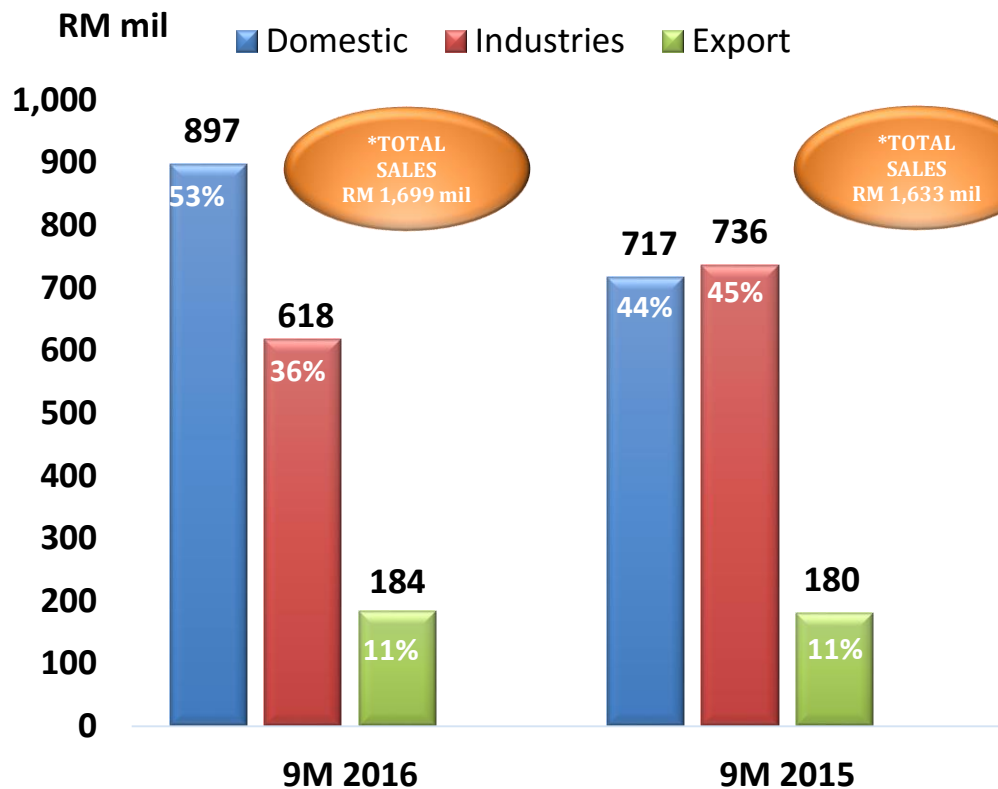


# REVIEW OF SALES PERFORMANCE

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## SALES REVENUE 9M 2016 vs 9M 2015

## SALES VOLUME 9M 2016 vs 9M 2015



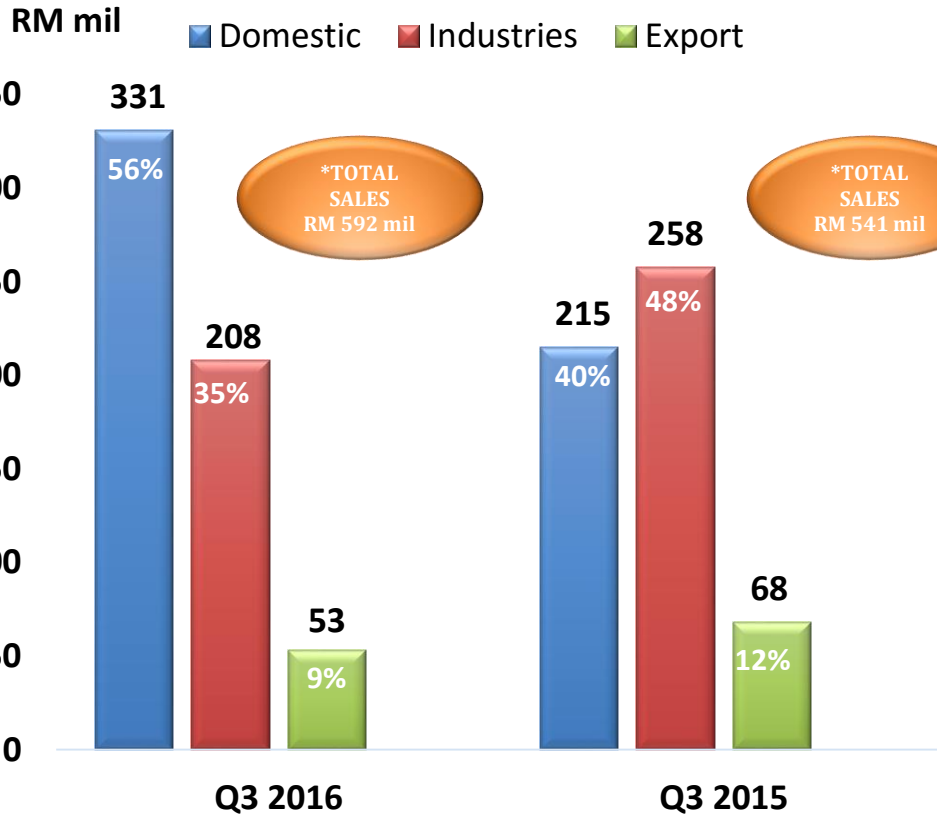
- Total sales revenue of refined sugar was RM 1,699 mil vs RM 1,633 mil in 2015.
- The Group sold more to Domestic consumers at 53% of total sales compared to 44% in 2015.

- The Group sold more to Domestic consumers at 46% of total sales compared to 2015 of 39%
- Industries sales volume down by 46,000 tons compared to 2015 due to reclassification and price adjustment.

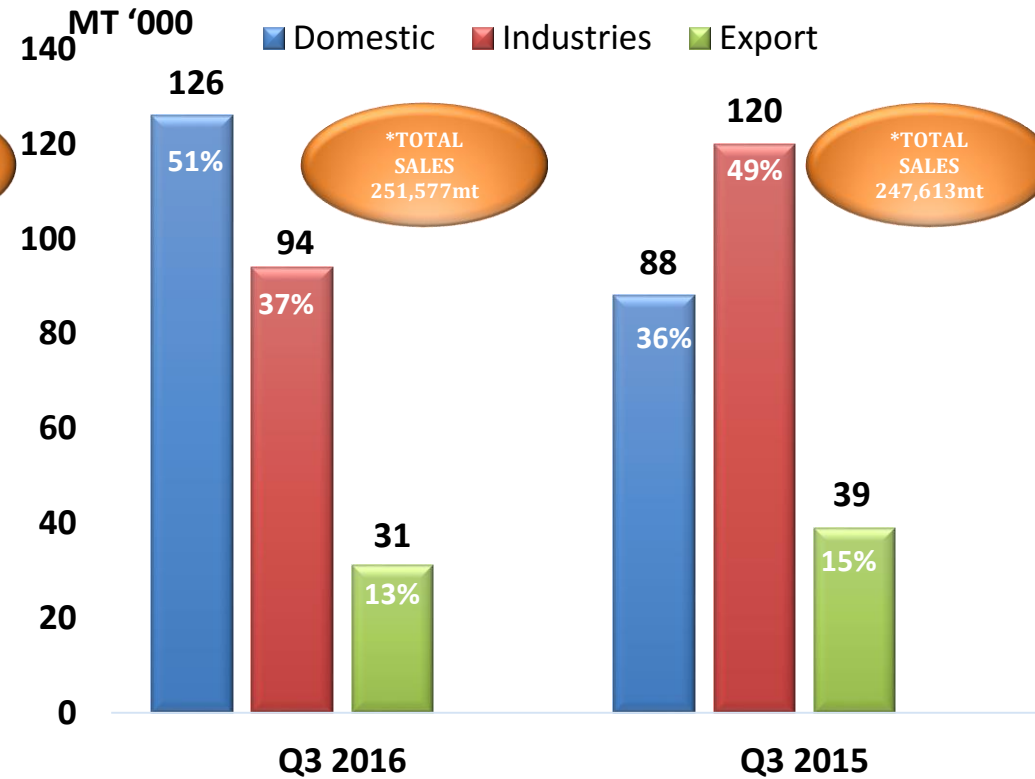
\* Note:

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

## SALES REVENUE Q3 2016 vs Q3 2015



## SALES VOLUME Q3 2016 vs Q3 2015



- Total sales revenue of refined sugar was RM 592 mil in Q3 2016 vs RM 541 mil in Q3 2015.
- The Group sold more to Domestic consumers at 56% of total sales compared to 40% in 2015.

- The Group sold more to Domestic consumers at 51% of total sales in Q3 2016 compared to Q3 2015 of 36%

\* Note:

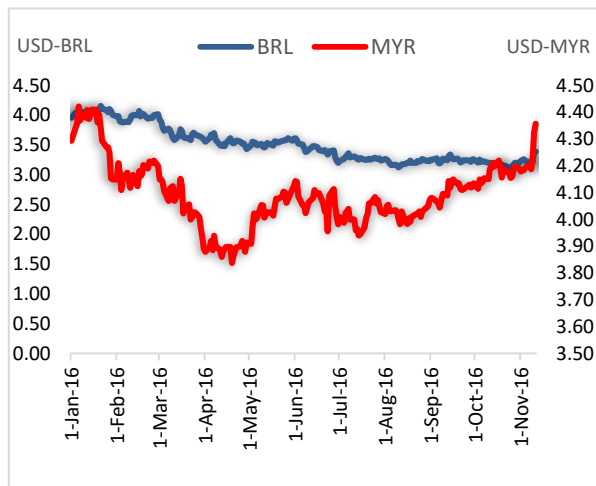
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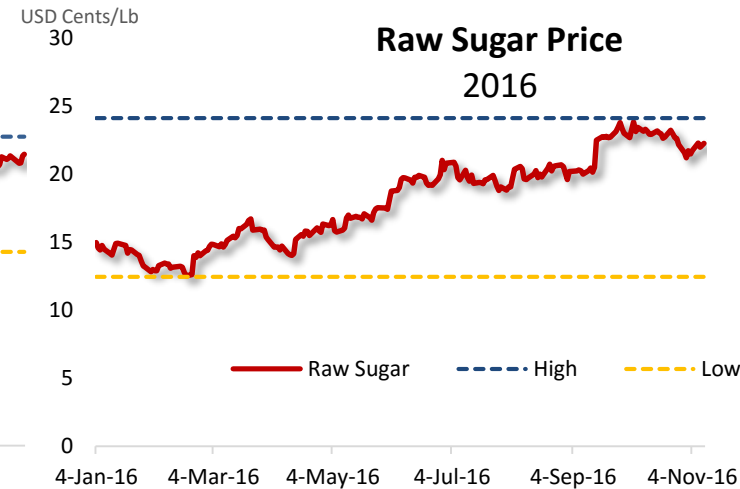
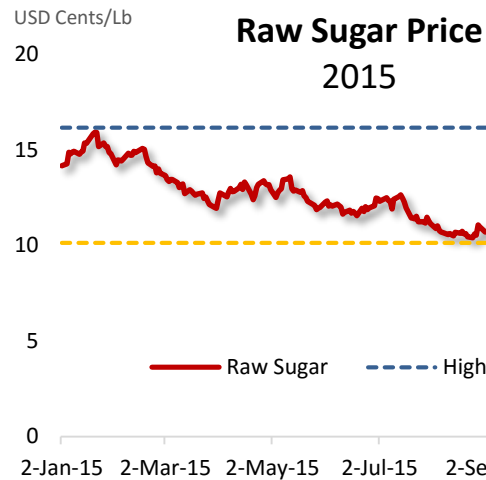
# SUGAR MARKET OVERVIEW 2016

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## CURRENCY MARKET: USD/MYR



## NY11 PRICE MOVEMENT



## WORLD SUGAR MARKET – HIGHLIGHTS AND OUTLOOK

- Funds are seen liquidating their position for profit booking but at limited volume.
- The Indian season has started this November, the millers in India are still optimistic that the country will not import sugar for 2016-17.
- The producers are expecting a downside of 12-15% and then an upside of 15-20% by this December.
- The raw sugar prices are expected to be tight until the end of Q1 2017.
- Chinese government have started to release their stock reserve however the market is still anticipating the volume of sugar import of China which may again push the prices up.
- Brazilian season is expected to end sooner with a production estimate of around 35million MT in CS Brazil.
- Thailand season is expected to start by December with lower cane production estimate of 91.1million MT, which is 3million MT less than 2015-16.



# INTERIM DIVIDEND

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## INTERIM DIVIDEND DECLARED – RM70.3 MILLION

Particulars	Actual 9M 2016	Actual 9M 2015	Actual 12M 2015
Share price (current @ 01.11.2016)	4.89	4.81	4.96
Dividend Per Share (DPS)	10 sen	12 sen	14 sen
Earnings Per Share (EPS)	16 sen	30 sen	39 sen
Dividend Yield	2.04%	2.49%	2.82%
Dividend payout ratio	64%	39%	36%



# ONGOING INITIATIVES

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# ONGOING INITIATIVES

## STRATEGY

- Value creation for shareholders & stakeholder
- Approved Budget 2017
- Approved Strategic Planning 2020

## JOHOR REFINERY

- Tender currently ongoing and progressing well
- Construction progress 18.6%, delayed by 5% but on track to achieve construction completion date – 1<sup>st</sup> Quarter 2018
- Budget utilised – 20%

## DUBAI OFFICE

- 1<sup>st</sup> year of commencement - Concentration on ensuring sustainable supply of raw sugar for Malaysia Refinery
- Volume for export maintain as well as trading of raw and whites
- Continue to enhance policy & governance via audit and management visits

## BUSINESS DEVELOPMENT

- Focusing on Indonesia and Singapore market
- Ongoing discussion for strategic partnership for sugar from Johor Refinery

**THANK YOU**

