



# MSM MALAYSIA HOLDINGS BERHAD

## 4Q FY2023

## Financial Results Briefing

26 FEBRUARY 2024



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# TODAY'S AGENDA

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**EXECUTIVE SUMMARY**

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**ESG UPDATES &  
MOVING FORWARD  
PLANS**



**1**

**EXECUTIVE SUMMARY**

The logo consists of a large blue triangle pointing upwards. Inside the triangle, the letters 'M S M' are written in white, bold, sans-serif font. Below the letters is a white horizontal bar that tapers at the ends, matching the shape of the triangle's base.

**MSM**

# EXECUTIVE SUMMARY



MSM recorded 40% higher revenue of **RM950 million** in 4Q 2023 versus RM678 million in 4Q 2022, from **improved Average Selling Price (ASP)** contributed by **higher premiums and sales volume**. Overall in 4Q 2023, the Group recorded a **Profit Before Tax (PBT)** of **RM53 million** versus **Loss Before Tax (LBT)** of **RM47 million** in 4Q 2022 from improved margins despite higher production costs.



The Group continues to reinforce our domestic and export market amidst **stronger demand** and explore other **regional market opportunities** due to the rising global sugar deficit. The growth in export segment is in line with the initiative to further optimise the utilisation of our sugar refineries. In particular, MSM Johor has improved its performance in yield, utilisation and energy efficiency.



MSM remains cautious on the risks of heightening geopolitical tension which may affect the prices of our key input cost and impede our financial performance. The Group is focused on **improving ASP, minimising costs** including hedging optimisation and **growing sales volume** through widening of distribution channels and increasing Consumer Reach Points.



The Joint Sugar Industry is given a RM1.00/kg **Industry incentive** since November 2023 and the Industry is awaiting finalisation of the **price increase mechanism** for the domestic retail segment in ensuring food security and long-term sustainability of the Industry.

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**FINANCIAL REVIEW**



# GROUP FINANCIAL HIGHLIGHTS



FINANCIAL PERFORMANCE	4Q 2023	4Q 2022	Variance	FY2023	FY2022	Variance
Revenue (RM mil)	950	678	40%	3,091	2,566	20%
Gross Profit/(Loss) (RM mil)	100	32	>100%	79	(46)	>100%
GP Margin (%)	11	5	6%	3	(2)	5%
Profit/(Loss) from Operations (RM mil)	66	(40)	>100%	12	(151)	>100%
Profit/(Loss) Before Tax (PBT/LBT) (RM mil)	53	(47)	>100%	(28)	(179)	84%
Profit/(Loss) After Tax (PAT/LAT) (RM mil)	43	(44)	>100%	(50)	(179)	72%
Earnings/(Loss) Per Share (sen)	6	(6)	>100%	(7)	(25)	72%
FINANCIAL POSITION				FY2023	FY 2022	Variance
Total Assets (RM mil)				2,891	2,812	3%
Total Liabilities (RM mil)				1,426	1,297	10%
Cash and Cash Equivalents (RM mil)				278	221	26%
Net Asset/Share (RM)				2.08	2.15	3%

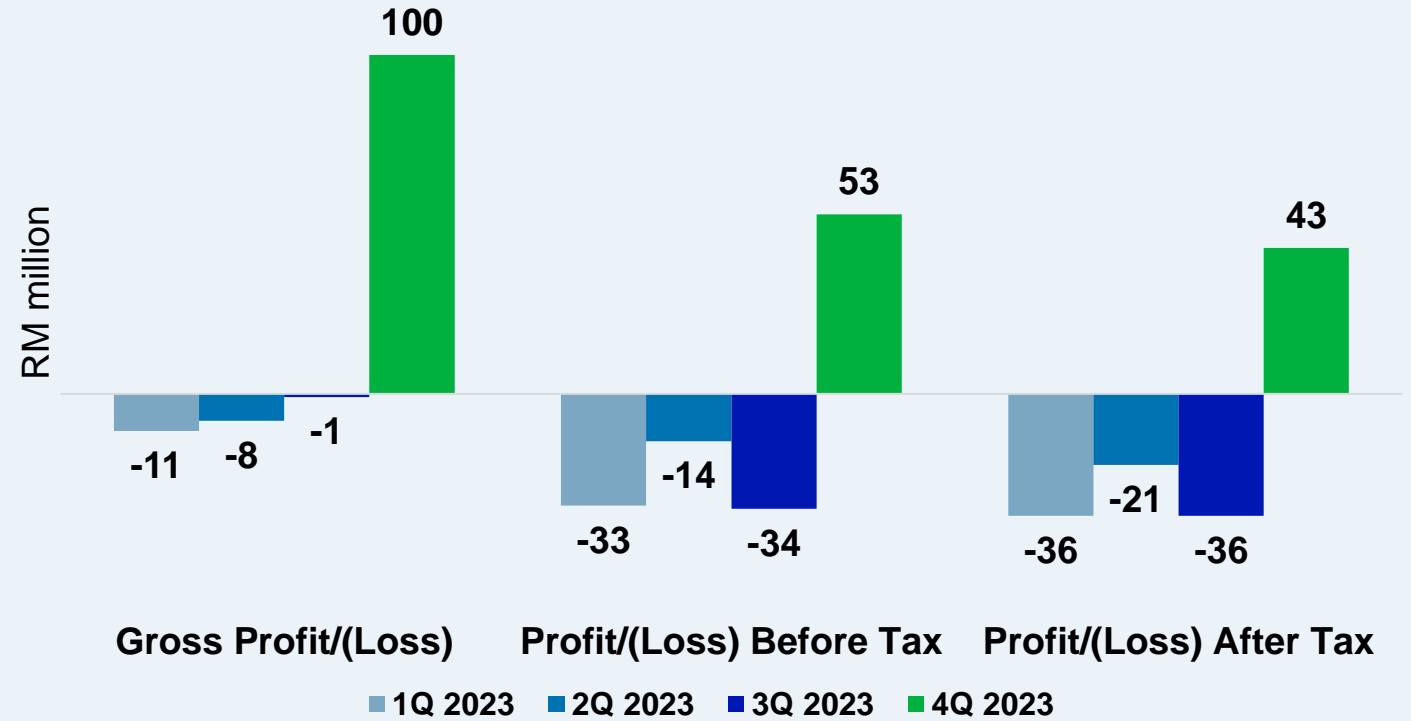
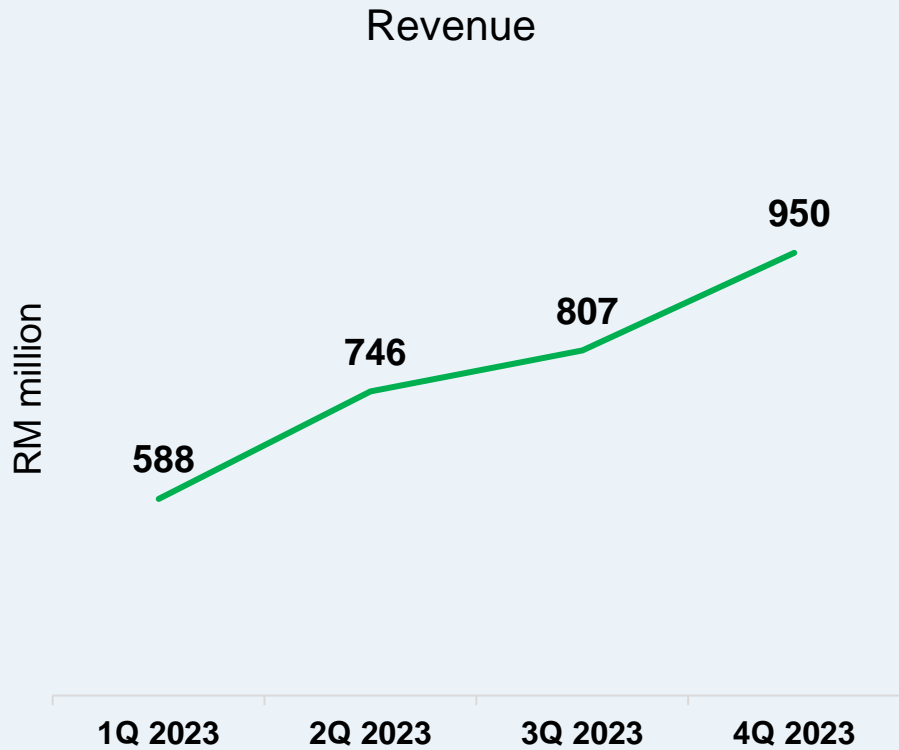
## 4Q 2023

- Recorded higher revenue from higher ASP and sales volume.
- Recorded PBT of RM53 million compared to RM47 million LBT in the same quarter last year from higher margins and better capacity utilisation.
- Gearing:** Term Loan 13%, Overall 37%.

## FY2023

- Profitability improved from better capacity utilisation and higher margins.

# FY2023 QUARTERLY PERFORMANCE



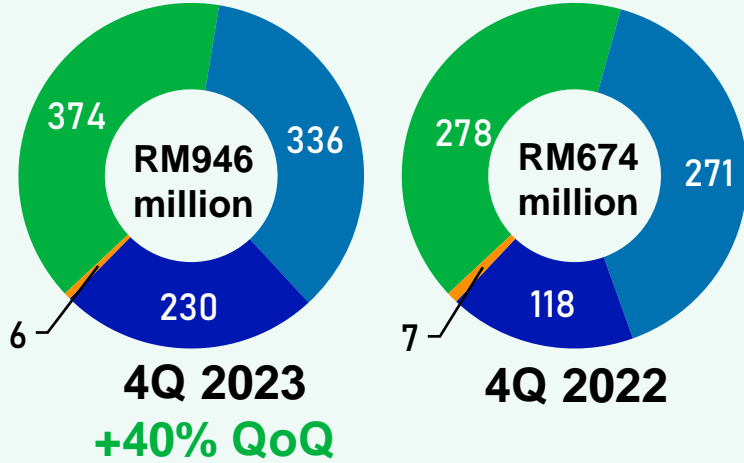
- Quarterly revenue has steadily increased from RM588 million in 1Q 2023 to RM950 million in 4Q 2023, a 62% increase.
- Joint Sugar Industry received incentive for certain packed sugar since November 2023.
- The Group has improved its profitability in 4Q 2023 by recording PBT of RM53 million in contrast to the 4Q 2022 from lower refining cost, better capacity utilisation and higher margins.



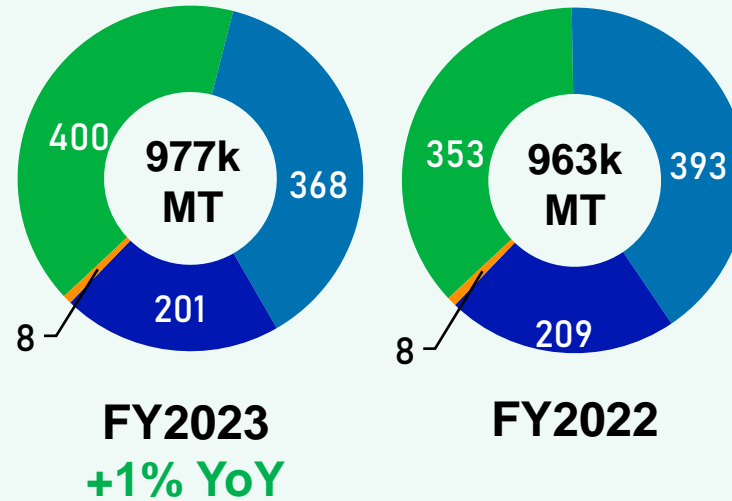
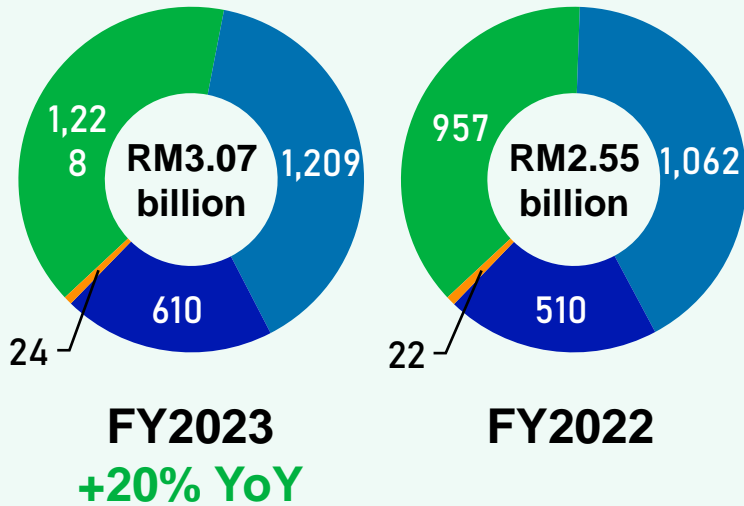
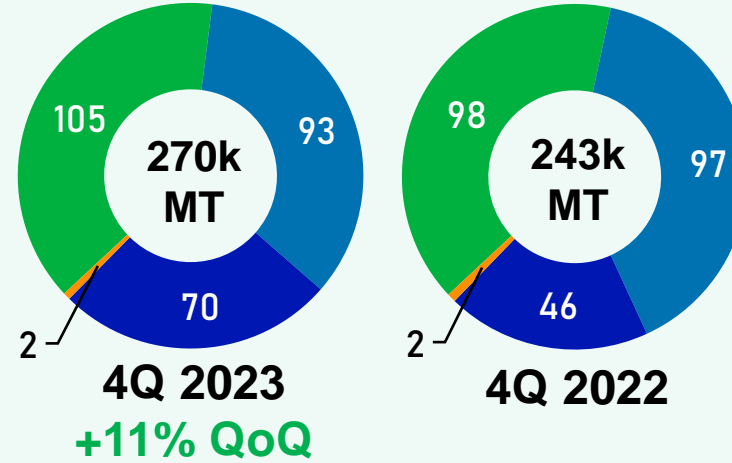
# SALES PERFORMANCE



## Sales Revenue



## Sales Volume



■ Wholesale 
 ■ Industry 
 ■ Export 
 ■ Export Value-Added

### 4Q 2023

- 40% increase in sales revenue from higher overall sales volume and increased Industry and Export Premiums. Included in revenue is RM1/kg Industry incentive for CGS and FGS.
- 11% higher group sales volume compared to the same quarter last year.

### FY2023

- 20% higher Sales revenue from improved Premiums and ASP.
- 1% higher Group sales volume from higher Export.

# RAW SUGAR (NY11) PRICES (AS AT 22 FEBRUARY 2024)



SUGAR NO. 11 FUTURES, 1D, ICEUS O22.77 H22.95 L22.11 C22.83 +0.06 (+0.26%)

Source : TradingView  
NY11 Continuous Historical Chart



## 2024/25 Raw Sugar Price (NY11) Outlook

### Bullish Factors

- Brazil:- Bottlenecks in Brazilian ports** capped the amount of sugar that the world's top producer and exporter could sell to foreign markets. Brazil's sugarcane crop also faced challenges in the upcoming season due to Centre-South region seeing drier-than-normal weather and the probability of an emerging La Niña mid-year onwards has risen, which can lead to prolonged dry spells in Brazil.
- India:- Supply tight in India** due to dry weather hampered cane yields. India's 2023/24 sugar production is estimated at **33.05 million MT, down -9.7%** from 36.6 million MT in 2022/23 [Indian Sugar Mills Association (ISMA), 31 Jan 2024]. **India's ban on sugar exports will be maintained** and global supplies will be kept tight after India announced a 50% export tax on molasses from sugar refining.
- Thailand:- Thailand's** severe drought from July to August last year is expected to **reduce Thailand's 2023/24 sugar production by 32% y/y** to a **17-year low of 7.5 million MT**. [Thai Sugar Millers Corp, 6 Feb 2024]

### Bearish Factors

- India:-** India's government said it has **no plans to allow its sugar mills to divert more cane crushing to make ethanol**, which should boost India's domestic sugar supplies.
- Brazil:- Brazil's sugar output in the 2023/24** through mid-January rose +25.5% y/y to **42.129 million MT**. More sugarcane (49.04% of cane) was crushed in the 2023/24 crop year through mid-January for sugar production compared to 45.95% last year. [Unica, 15 Feb 2024].

### Summary

- The global sugar market is expected to shift into deficit during the upcoming season (2024/25) which start in April 2024, the NY11 price is projected to be around **USD 20.00 – USD 24.00 c/lbs** (around RM 2,072 – RM 2,487 per MT). All eyes will now be on the weather pattern in Centre-South Brazil, the world's largest cane growing region.

# USD/MYR MOVEMENT 1 JANUARY 2023 – 22 FEBRUARY 2024



## Forex Rate 2024 Outlook

- Market's USD/MYR forecast for 2024 is between 4.50 – 4.80 (source: Bloomberg – 22 Feb 2024)

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**OPERATIONAL REVIEW**

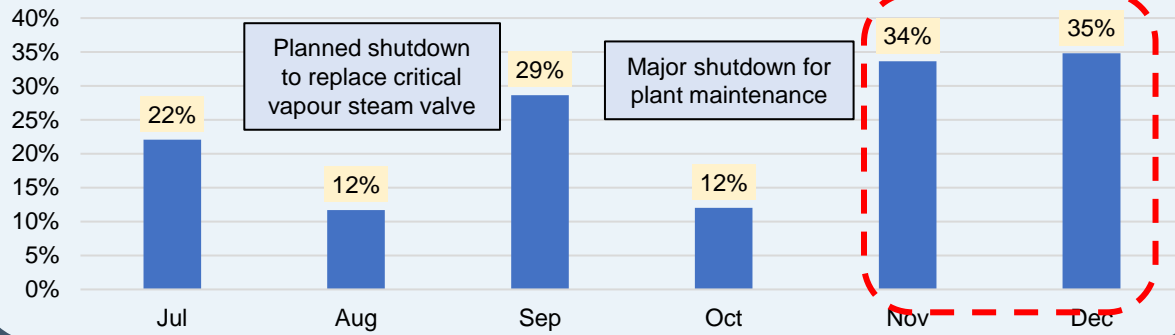
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**MSM**

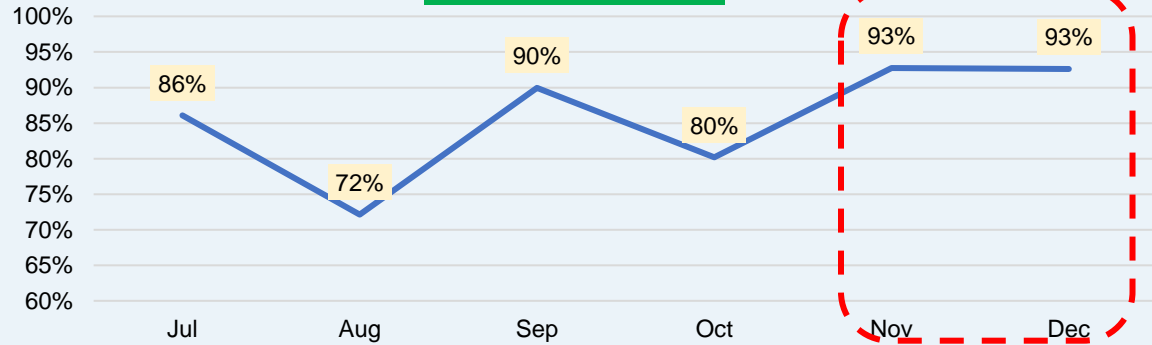


# MSM JOHOR IMPROVEMENTS

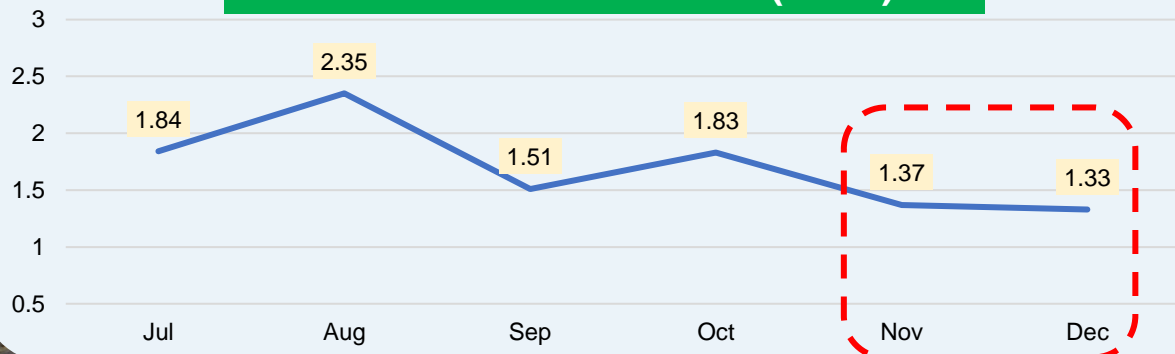
## UTILISATION FACTOR



## YIELD



## ENERGY EFFICIENCY (Ts/Tr)



## REMARKS

**UTILISATION FACTOR (UF)** - Highest monthly UF 2023 recorded in December 2023 at **35%** (highest 2022 recorded in June 2022 at 27%)

**YIELD** - Highest monthly Yield 2023 recorded in both November and December 2023 at **93%** (highest 2022 in November 2022 at 92%)

**ENERGY EFFICIENCY** - Lowest monthly Ts/Tr 2023 recorded in December 2023 at **1.33** (lowest 2022 recorded in June 2022 at 1.64)

10 days planned major plant shutdown in October 2023 to execute major repair and equipment rectification.

Basic Sugar Refining Training & Best Practices conducted in October 2023 by Wilmar's Subject Matter Expert. Training attended by key process team leaders, engineers and supervisors.

In December 2023, MSM Johor recorded historic **profit for the first time** since plant commercialisation.



# MSM JOHOR IMPROVEMENTS



**MSM JOHOR OPEN DAY**  
16 JANUARY 2024



## HIGHLIGHTS OF IMPROVEMENTS AT MSM JOHOR

- With both boilers currently in operation, MSM Johor is able to operate without any major hiccups. In December 2023, MSM Johor had managed to reach over 1,400MT melting per day, equivalent to a UF of **47%**.
- The new refined sugar warehouse adding an **additional storage capacity** of approximately 10,000MT will help with managing the finished good stocks in MSM Johor.
- Completed planned maintenance shutdown in October and shown operational stability throughout Q4 2023 leading to **higher average melting** and maintaining a **higher overall yield**.



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**ESG UPDATES & MOVING FORWARD PLANS**

**MSM**

# MSM KEY FOCUS AREAS IN ESG



## DECARBONISATION TOWARDS NET ZERO

- Identify, Evaluate, Engage and Deliver (IEED).
- Lower carbon footprint via efficiency improvement.
- Replace energy efficient critical equipment.
- Efficient fleet management.
- RE: Solar and biomass.
- Carbon sequestration solutions.

### Carbon reduction in 2027\* (tCO<sub>2</sub>e)

Biomass	69,000
Solar panel	2,711

*\*best estimate*

## CIRCULARITY, NbS & BIODIVERSITY

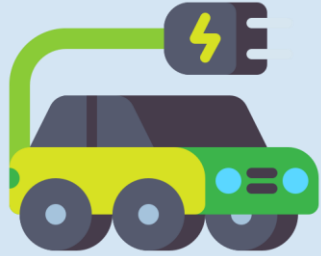
- Establish biodiversity conservation plans as part of climate mitigation.
- Transition of by-product/waste from linear to circular economy.
- Enhance nature-based solutions (e.g. mangrove, afforestation, reforestation, coastal protection).

## SUSTAINABLE SUPPLY CHAIN

- Continued progress of supplier Scope 3 programmes.
- Program and onboarding in phases according to supplier categories.
- Main supplier onboard with 100% traceability via NDPE sustainable raw sugar.



# ELECTRIFYING OUR FLEET



Reduce carbon footprint through sustainable logistics operations, MSM Logistics bought its first **Electric Vehicle (EV)** van for Last Mile delivery.



**Eight prime movers** to replace the ageing fleet. For this new truck, average fuel consumption is around **2.3 km/ℓ - 2.6 km/ℓ. vs 1.6 km/ℓ - 1.9 km/ℓ.**



5-year asset acquisition plan to purchase and replace all old-ageing fleet in order to improve truck uptime, increase productivity and tonnage delivered while **reducing CO<sub>2</sub> emissions.**



# WASTE - LINEAR TO A CIRCULAR ECONOMY



**COST REDUCTION FROM RM 9 MIL PER YEAR TO RM 2.5 MIL PER YEAR  
-> ZERO COST FY2024**

## OUR MUDCAKE STORY



**Mudcake**



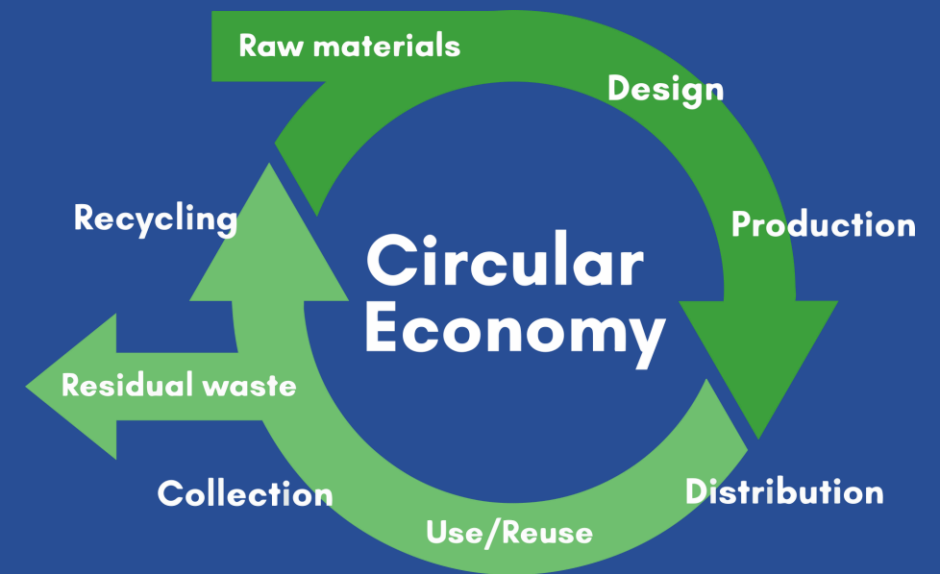
**Building materials**



**Soil Improver**



**Granular Additive Fertilizers**



# FTSE4GOOD BURSA MALAYSIA INDEX



## Market Capitalisation Growth

RM1.65 billion **180%**   
(as at 22 February 2024)

MSM Malaysia Holdings Berhad is pleased to share that we have received a significant improvement in our ESG rating, placing us in the top 33<sup>th</sup> percentile in its Industry Classification Benchmark (ICB) Supersector as assessed by FTSE Russell

On 18<sup>th</sup> December 2023, MSM has been included as the constituent for the **first time**

- **FTSE4Good Bursa Malaysia Index**
- **FTSE4Good Bursa Malaysia Shariah Index**

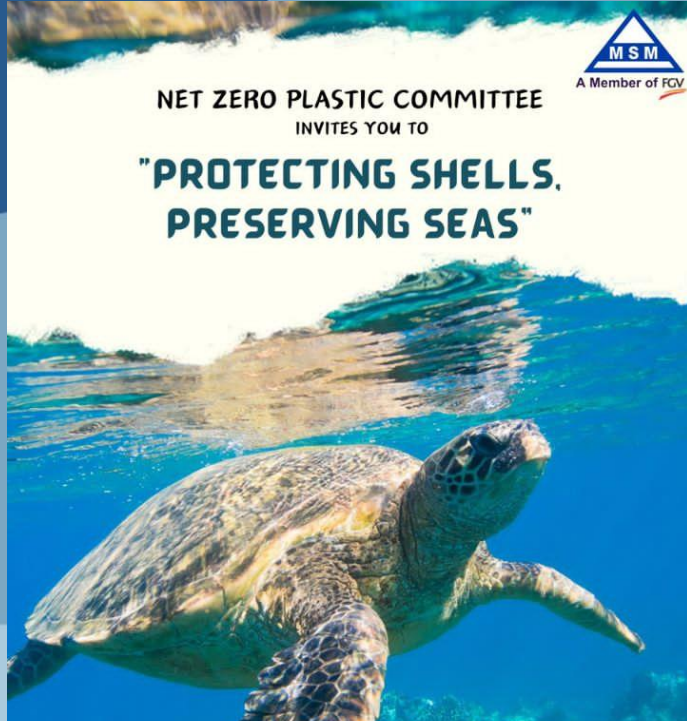
A 0.7-point improvement to achieve an overall ESG Rating of 3.1, from 2.4

A 1.4-point improvement on Environment Score from 1.3 to 2.7

This inclusion is a recognition of our commitment towards sustainable practices

We are committed to further drive our efforts in improving our ESG performance, aligning with our sustainability ambitions and goals





## Turtle Conservation Program at Turtle Conservation And Information Center (TCIC), Segari Perak with Jabatan Perikanan Negeri Perak



## Al-Sultan Abdullah Royal Tiger Reserves





**SIRIM  
STANDARD**



**SIRIM 55:2023**

ICS: 03.100.02

**Environmental, Social and Governance  
management systems - Requirements  
with guidance**

**SIRIM Berhad**

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Our role in shaping the National ESG landscape through participation in standard development and public policy consultation.

ESG department has participated as the project committee for Malaysia industrial Standard, **SIRIM 55:2023 - Environmental, Social and Governance management systems – Requirements with guidance** which was published on 11 August 2023.

Another draft of Planning & Reporting on Environmental, Social and Governance (ESG) was issued for public comment from 1 November until 30 November 2023, to be published in 2024.

**This showcases our national footprint in the space of ESG.**

# ASIA PACIFIC CLIMATE WEEK (APCW) 2023



MSM participated in APCW 2023 as a bronze sponsor held at Persada Johor International Convention Centre from 13 to 17 November 2023.

With a global gathering of over 2,000 participants from 150 countries, we shared our comprehensive approach in integrating ESG principles in each of our operations.

It is a unique collaborative platform where both governments and non-governmental organizations stakeholders gather to address relevant climate issues under one umbrella.





## OPERATIONS

- FY2024 - MSM Prai UF **80% – 85%** and MSM Johor to achieve **breakeven at min 40% UF**
- MSM Prai Rejuvenation **30-year life extension** plan program FY2024-FY2027
- Optimising operational yield Prai **97%** and Johor **92% (94%)**, Group yield 95%
- Exploring cheaper and greener form of energy i.e. Solar and **Biomass** based on EFB palm oil
- Focus on **Reliability** programs and Process improvements



## FINANCE & CORPORATE STRATEGY

- Further improve product **margins** and Average Selling Price (ASP)
- Continuous **cost saving initiatives** and CAPEX rationing
- Prudent **hedging** of NY11 and FX rate to optimise raw sugar costs
- Strengthening balance sheet with capital management and **capital raising**
- Reduce finance costs i.e. **pare down term loan**. Gearing: Term Loan 13%, Overall 37%

## GULA SUPER 1KG



- Since its launch, over **25,000MT** sold.
- Gula Super contributed about **RM106 million** revenue in 2023.
- Gula Super to grow organically in the Domestic market with added introduction of **500g SKU**.

## SALES & MARKET DISTRIBUTION

- **Near Region (NR)** 100 mil people wholesale/retail market i.e. Singapore, Kalimantan, Sumatra, South Philippines, Myanmar with a focus in the Indonesian market.
- Optimise Industrial and Export margins.
- Expand **Consumer Reach Points** and distribution channels.
- **Scale-up demand and supply capability for sales execution through end to end** of Supply Chain optimisation.

## CGS & FGS RETAIL PACKS (WHOLESALE SEGMENT)



1kg



1kg

- An **Industry incentive** of RM1.00/kg for CGS 1kg/2kg and FGS 1kg starting January 2024.
- MSM awaits the final decision on the implementation of **price increase mechanism** for 2024.
- **Widen domestic market** share further (65% to 70%).





Janji...  
gula peket  
hijau!  
SWEETENING LIVES SINCE 1964

# THANK YOU

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