



MSM MALAYSIA HOLDINGS BERHAD

10th Annual General Meeting

Thursday, 17 June 2021

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THE YEAR IN REVIEW

In 2020, within an unprecedented challenging environment, **MSM'S KEY FOCUS WAS PERSEVERANCE AND TO STAY RESILIENT** through volatile market and industry conditions.

While we strived to enhance our **brand positioning**, stayed on track for long terms targets, **committed to sustainable improvements** and sought to stay lean while weathering the storm, we **readied** ourselves to leverage on upcoming market **opportunities** to deliver performance.



2020 AT A GLANCE



Revenue
RM 2.1 billion



Production Output
1,025,000 MT



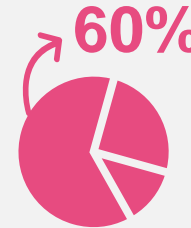
Largest **Sugar refiner** in Malaysia
2.05 million MT/year



Profit Before
Taxation
RM 36 million



Strengthened regional
presence with
270,628 MT exports
(26%)



60% Commands Domestic
Market Share
by **60%**



Total Assets
RM 2.77 billion



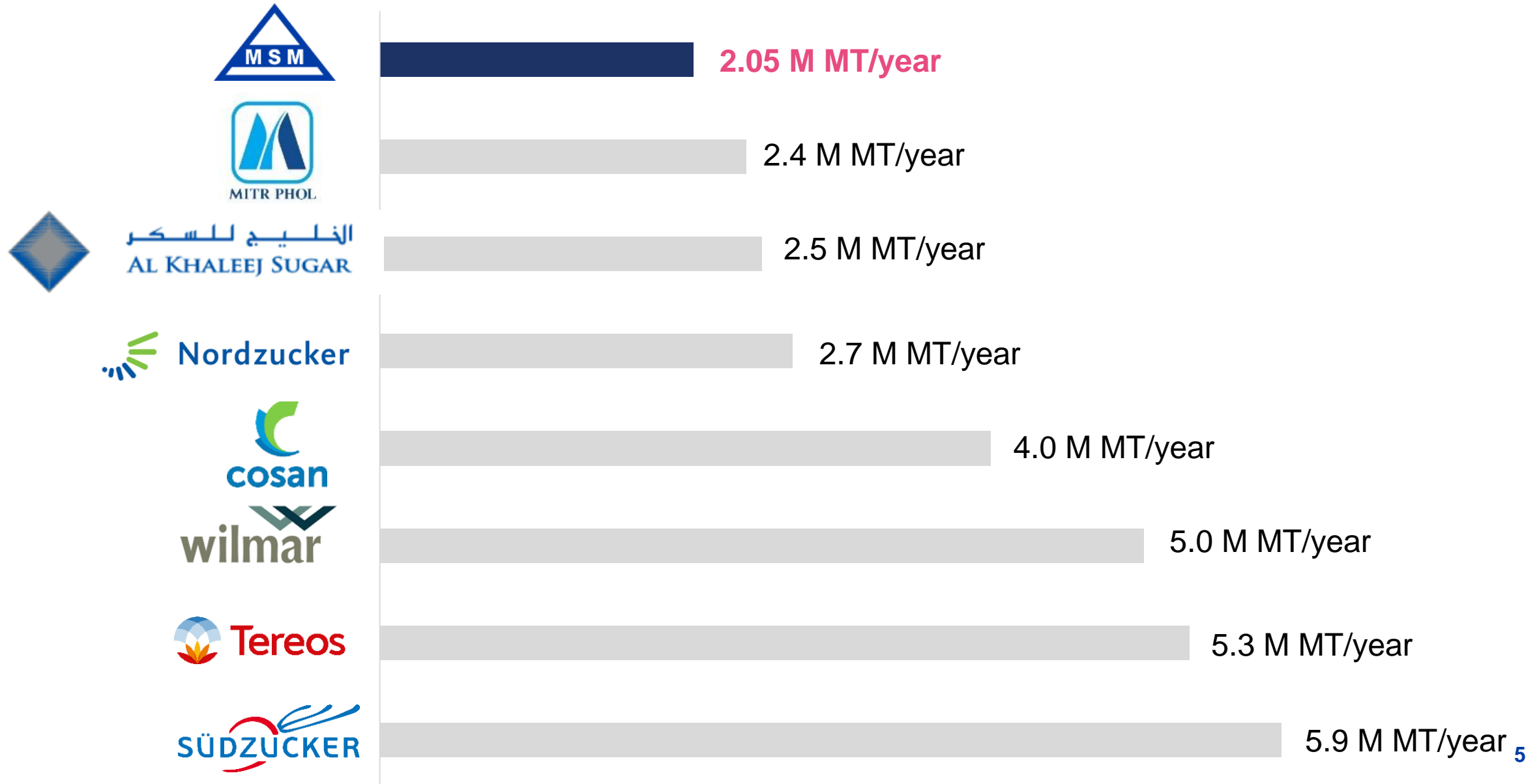
Capacity Utilization
Group - 47.21%
Johor - 23%
Prai - 71%



Yield
94.6%



MSM RANKS 8TH GLOBALLY BY PRODUCTION CAPACITY





2020 PROGRESS & ACHIEVEMENT

Reduction in Raw Sugar Stock Holding via “Just-In-Time” Mechanism



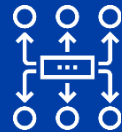
Reducing raw sugar balance, optimizing warehouse rental cost and improving cash balance.

Monetization of Non-Core Assets



Efforts to monetize non-productive and unutilised assets will be ongoing in 2021.

Consolidation of Production in MSM Johor



- MSM Perlis refinery operations has been successfully discontinued on 30th June 2020.
- The production volume from MSM Perlis was successfully consolidated MSM Johor and MSM Prai whilst improving refining cost.

Launch of Premium Prai Products

PRAI

- Sugar Stevia Mix and Sugar Sucralose Mix.
- Premium Prai is an alternative sweetener brand with lower caloric value mixtures of different types of sweeteners.



2020 PROGRESS & ACHIEVEMENT (CON'T)

Improvement in Production Efficiency and Yield



MSM Johor's yield has improved to 90% in 2020 compared to 88% in 2019.

Exploration of Energy Cost Saving Projects



Biomass Boiler project and Solar photovoltaic system were identified to reduce energy cost and carbon footprint.

Export of Value-Added Sugar Products (new SKU)



- In 2020, MSM has continued exporting premix, liquid sugar and fine syrup to China.
- Capacity expansion for fine syrup was completed in 2020.

Further Exploration into Downstream



Further exploration into downstream into sugar related business.

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GROUP FINANCIAL HIGHLIGHTS

FINANCIAL PERFORMANCE (RM Million)	FY2020	FY2019	YoY %
Revenue	2,184	2,007	▲ 9%
Gross Profit	167	15	▲ >100%
GP Margin (%)	8	0.7	▲ 14%
PBT/(LBT) from continuing operations	36	(299)	▲ >100%
PAT/(LAT) from continuing operations	4	(288)	▲ >100%
LAT from discontinued operations	(75)	(11)	▼ >100%
LAT Attributable to Shareholders	(71)	(299)	▲ 76%
LPS/(sen) (RM)	(10.13)	(42.64)	▲ 76%
FINANCIAL POSITION (RM Million)			
Total Assets	2,770	2,980	▼ 7%
Total Liabilities	1,188	1,323	▼ 10%
Cash and Cash Equivalents	195	170	▲ 15%
Net Asset/Share (RM)	2.25	2.36	▼ 5%
Gearing Ratio (%)*	33	36	▼ 8%

* Gearing ratio equals to net debt divided by total capital of the Group.

QUARTERLY FINANCIAL PERFORMANCE

RM Million	Q1 FY2020	Q2 FY2020	Q3 FY2020	Q4 FY2020
Revenue	511	449	594	630
Gross Profit	14	17	43	93
(LBT)/PBT from continuing operations	(27)	(25)	15	73
(LAT)/PAT from continuing operations	(34)	(19)	1	56
(LAT) from discontinued operations	(0.4)	(2)	(72)	(0.4)
(Loss)/Profit Attributable to Shareholders	(34)	(22)	(71)	56

- **Revenue:**

Sales Volume improved in Q3 onwards from reopening of businesses.

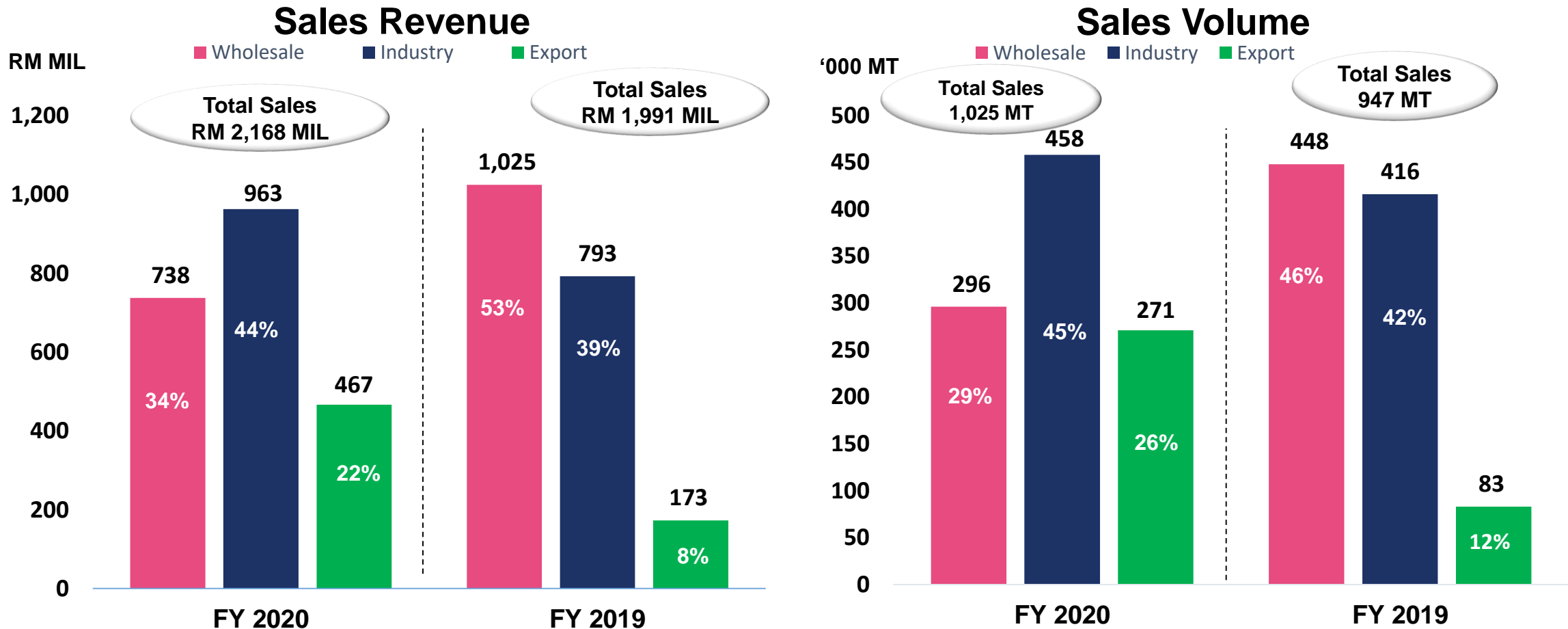
- **Gross Profit:**

Improved in Q3 onwards from higher yield and capacity utilisation, and higher ASP.

- **Discontinued operations:**

Recorded impairment and write off of bearer plant assets of RM71 million in Q3.

SALES PERFORMANCE FY2020 VS FY2019



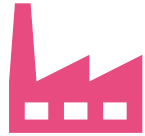
- Group's sales volume and revenue increased by 8% and 9% respectively.
- Higher domestic Average Selling Price (ASP) in 2020 compared to the prior year due to Management's effort to improve margins.
- Export Refined Sugar has increased by almost threefold the volume recorded in 2019 in line with higher Premium.

CHALLENGES IN FY2020



COVID-19

- Major shut down of the local food and beverage industry for several months.
- Prolonged lower sugar consumption in the domestic wholesale segment and industry segment.
- Business continuity depends on adoption of new norms and healthy and able workforce.



High Refining Cost @ MSM Johor

- Efforts needed to bring down refining cost towards MSM Prai level in the future involve maximisation of production volume, efficient energy consumption and robust supply chain management.
- Management shall also undertake the ramp up plans of MSM Johor to rectify the key plant issues for operational stability.



Drop in Domestic Sales Volume

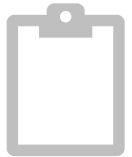
- As of December 2020, the Group's domestic sales volume dropped by 110,000 tonnes or 13% lower compared to the prior year and revenue loss was approximately RM118 million.
- Increased competition in domestic market from the presence of unauthorized sugar.



Forex Volatility

- FOREX movements were volatile with the value of ringgit (RM) against the US dollar (USD) peaking in May and then trading lower till December FY2020.

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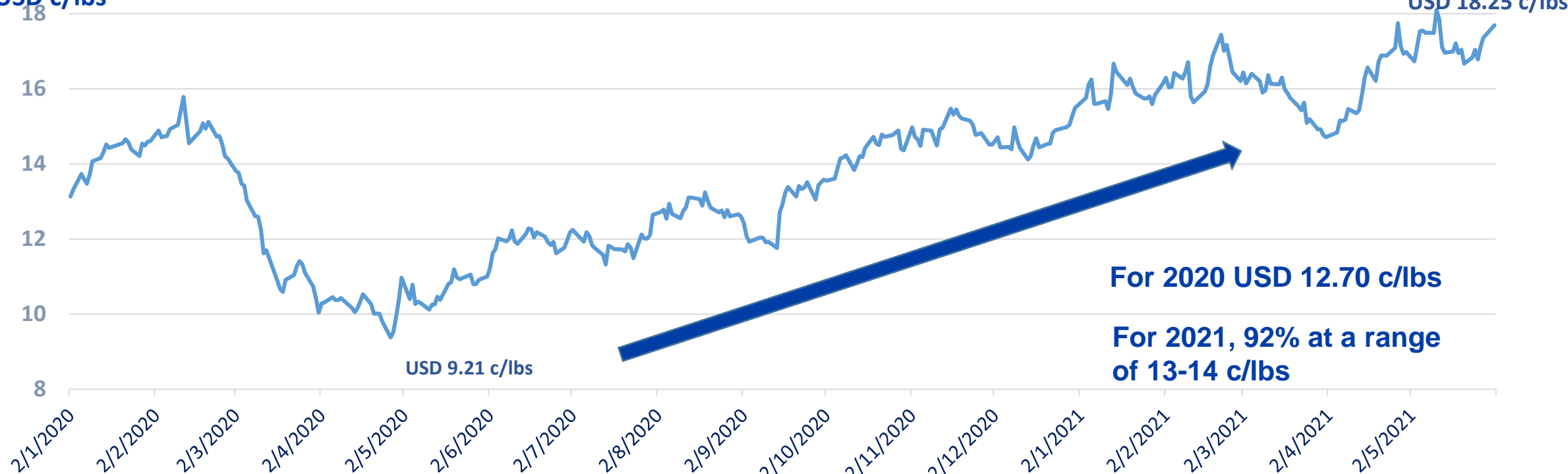


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RAW SUGAR (NY11) PRICE MOVEMENT JAN 2020 – JUN 2021

USD c/lbs

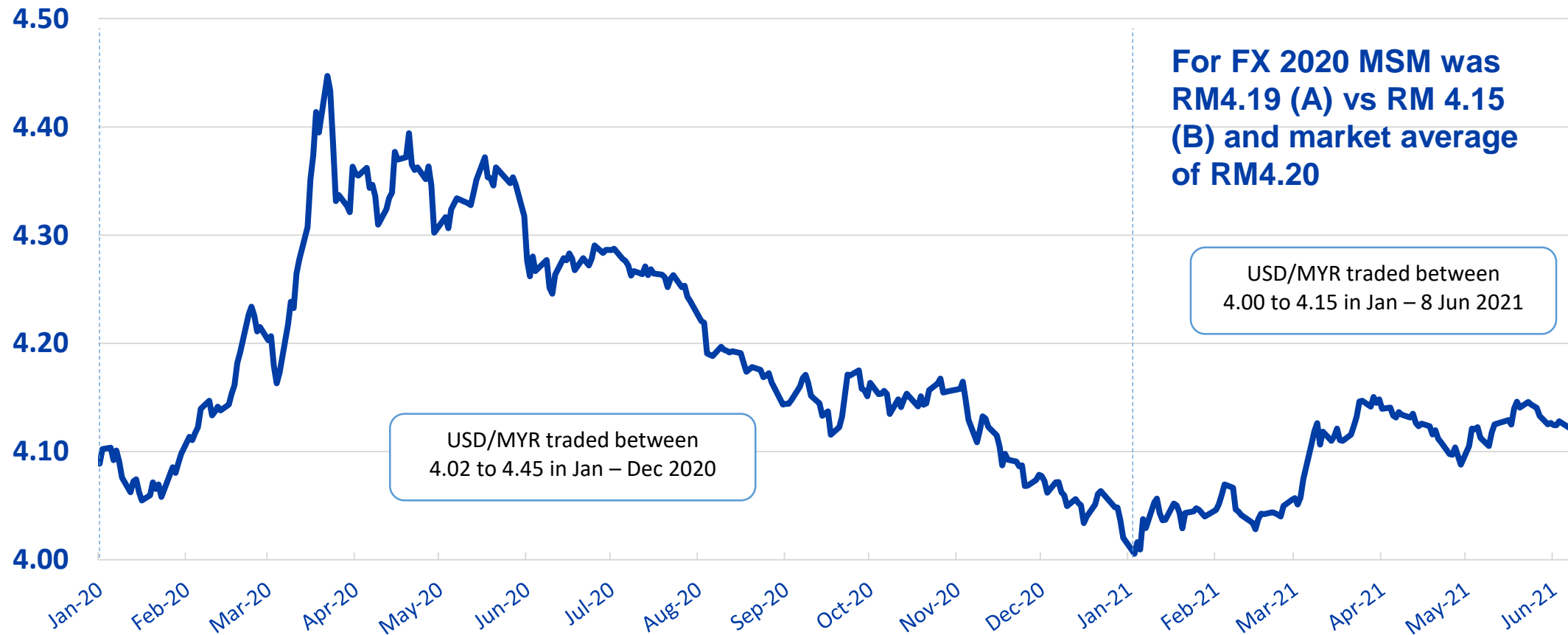


Source : Futuresource NY11 Historical

2021 Raw Sugar Price (NY11) Outlook

- NY11 prices projected to be around **USD16-19 cents/lbs** (RM1,464-RM1,738 per MT).
- Thailand's raw sugar production is expected to be **half of its normal annual output** due to dry weather.
- Brazil's remains as the single largest exporter of raw sugar but production in the 2H 2021 is forecasted to be **lower than expected** due to current dry weather in key planting areas.
- The **advancement of Crude Oil prices** has also affected the NY11 prices as Brazillian millers will be more inclined to produce more ethanol instead of sugar from the same sugarcane crop.

USD/MYR HISTORICAL MOVEMENT JAN 2020 – 8 JUN 2021



Source : Bloomberg

Forex Rate 2021 Outlook

- Bloomberg's USD/MYR forecast for the remaining of 2021 is within the range of 4.00 - 4.20.

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FY2021 PROSPECT



Optimistic on Turnaround Plan

- The Group is working towards **improving its efficiency** and remains positive of its full year target performance.
- Focused towards **higher yield** and **capacity utilisation** which will result in **lower production cost**.



Focus on Exports

- The seaport segment is poised to grow further in 2021 as global trade recovery gains further momentum, backed by the **reopening of economies, businesses and borders**.
- This encouraging development is **favourable for MSM Johor Refinery and the Group**.

MSM will continue to pursue its turnaround plan and achieve sustainable growth with good returns.

3-YEAR STRATEGIC PLAN FY2021 – FY2023

“Turnaround Through Assets Optimization”

2021

“Turnaround”

- ❑ **Optimization of MSM Johor towards ramp-up to 50% UF** to serve export markets and southern region of domestic market.
- ❑ **Consolidate wholesalers** with optimum geographical demarcation and segmental mix.
- ❑ **Direct contracts** with FMCGs e.g. Coca-cola, Pepsi, Nestle and major SMLs e.g. Hershey's and Mondelez.
- ❑ **Export collaboration with players with distribution network** in Singapore, Vietnam and Indonesia.
- ❑ **Increase value-added products** volume with new customers locally and export - Indonesia & Philippines.
- ❑ **Debt rationalization** to improve gearing & liquidity from operational income and **monetization of non-core assets**.
- ❑ **Streamline logistics & supply chain operation** for better efficiency and lower Sales & Distribution costs.
- ❑ **Special Projects**
 - ❑ Equity placement at subsidiary level with strategic partner – offtaker.
 - ❑ Explore export trading desk in identified countries.

2022

“Resilient”

- ❑ **Strengthen refined sugar export footprint** in Singapore, Vietnam and China.
- ❑ **Expand Liquid Sugar & Fine Syrup** market in APAC e.g. China, Indonesia, Vietnam and New Zealand.
- ❑ Further **diversified income stream** from new sugar-related businesses i.e. Flavoured Syrup and Golden Syrup.
- ❑ **Explore M&A** with an FMCG player for value chain optimization and **OEM** e.g. **cordials, condensed milk**.
- ❑ **2nd Phase equity placement** at subsidiary level with strategic partner – offtaker.
- ❑ Initiate **Biomass and Solar green projects** to further improve energy cost.
- ❑ **Digital transformation** towards Industry Revolution 4.0.

2023

“Integration”

- ❑ **Establish distributorship** in overseas destination markets.
- ❑ **Integrate downstream** e.g. Flavoured Syrup segment opportunity to expand into soda, energy and isotonic drinks.
- ❑ Improve margin via **cost efficiency in raw sugar, refining production, sales & distribution**.
- ❑ **Expand greater logistic management** capabilities.
- ❑ **Value accretive vertical integration** with downstream M&A in synergistic business of the sugar value chain.
- ❑ **Explore business diversification** into food related business in line with MSM vision.

THANK YOU

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