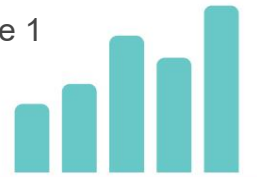




Annexure 1



KEY FOCUS:

*Perseverance*

# MSM MALAYSIA HOLDINGS BERHAD

## 10<sup>th</sup> Annual General Meeting

Thursday, 17 June 2021

# CONTENTS



## THE YEAR IN REVIEW

Slide 3 – Slide 7



## GROUP FINANCIAL HIGHLIGHTS & SALES PERFORMANCE

Slide 9 – Slide 12



## SUGAR INDUSTRY OVERVIEW

Slide 14 – Slide 15



## MOVING FORWARD

Slide 17 – Slide 18



# 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**



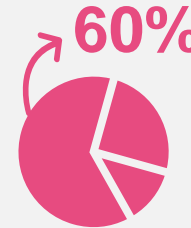
Largest **Sugar refiner** in Malaysia  
**2.05 million MT/year**



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**



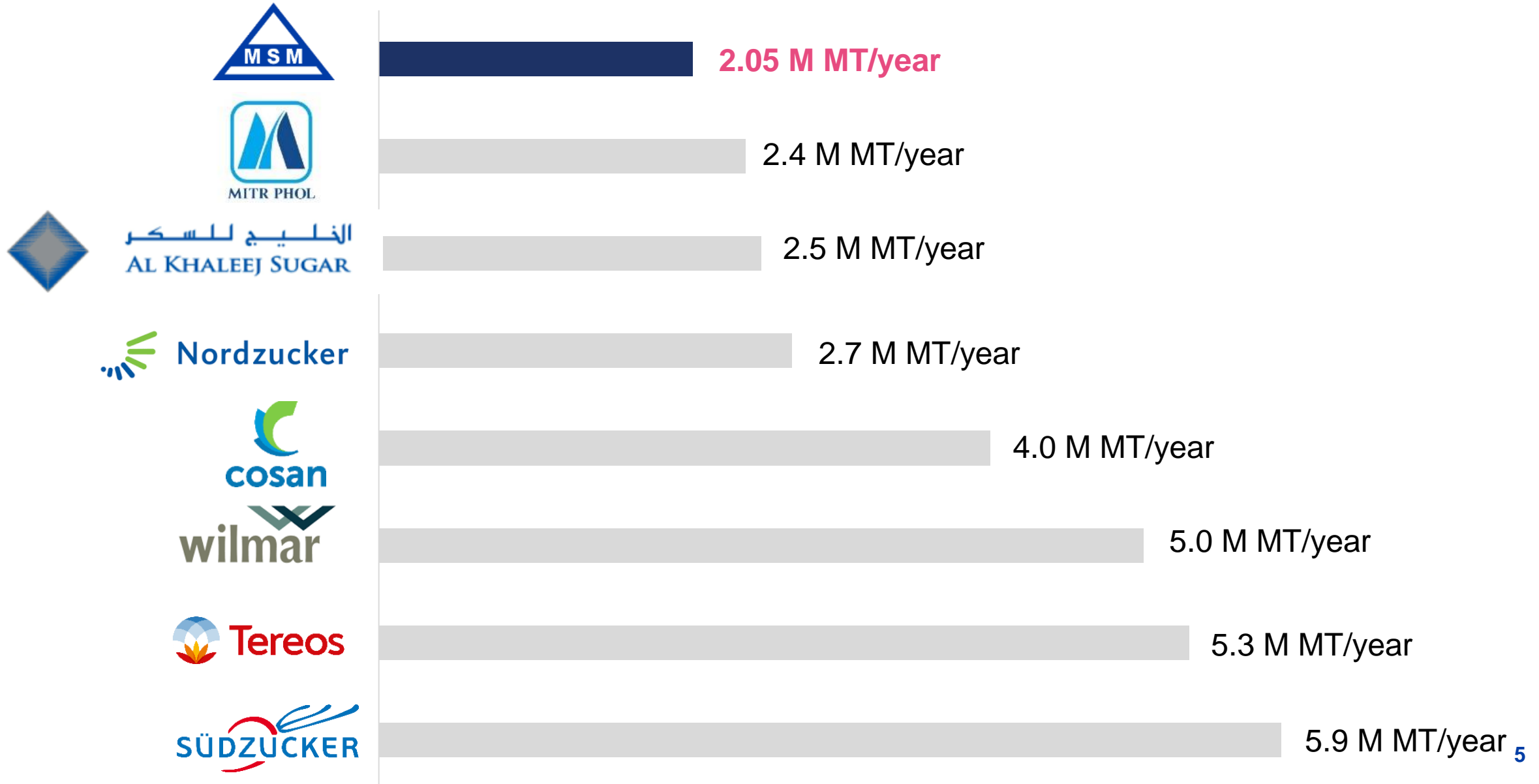
Capacity Utilization  
**Group - 47.21%**  
**Johor - 23%**  
**Prai - 71%**



Yield  
**94.6%**



# MSM RANKS 8<sup>TH</sup> GLOBALLY BY PRODUCTION CAPACITY





# 2020 PROGRESS & ACHIEVEMENT

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



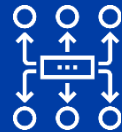
Reducing raw sugar balance, optimizing warehouse rental cost and improving cash balance.

## 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)



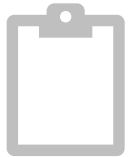
- In 2020, MSM has continued exporting premix, liquid sugar and fine syrup to China.
- Capacity expansion for fine syrup was completed in 2020.

## Further Exploration into Downstream



Further exploration into downstream into sugar related business.

# CONTENTS



THE YEAR IN REVIEW

Slide 3 – Slide 7



**GROUP FINANCIAL HIGHLIGHTS & SALES  
PERFORMANCE**

Slide 9 – Slide 12



SUGAR INDUSTRY OVERVIEW

Slide 14 – Slide 15



MOVING FORWARD

Slide 17 – Slide 18



# 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.

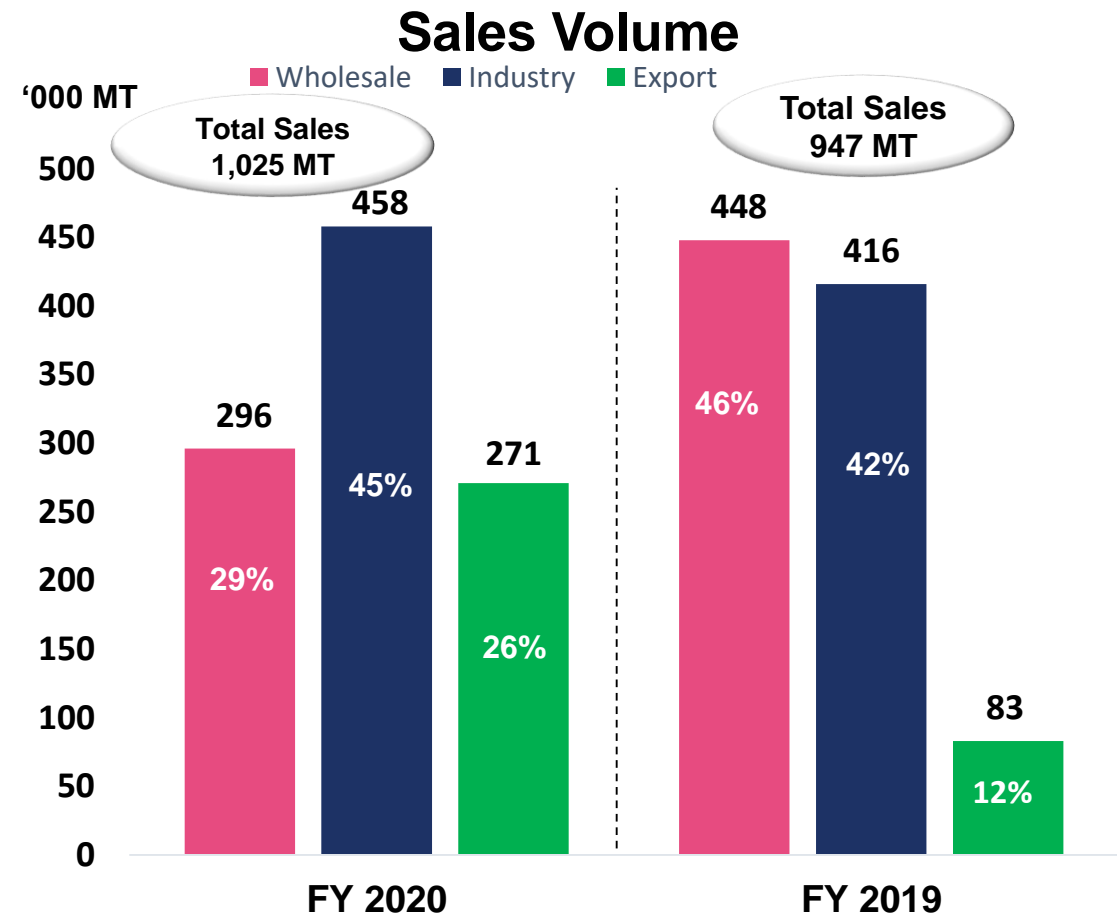
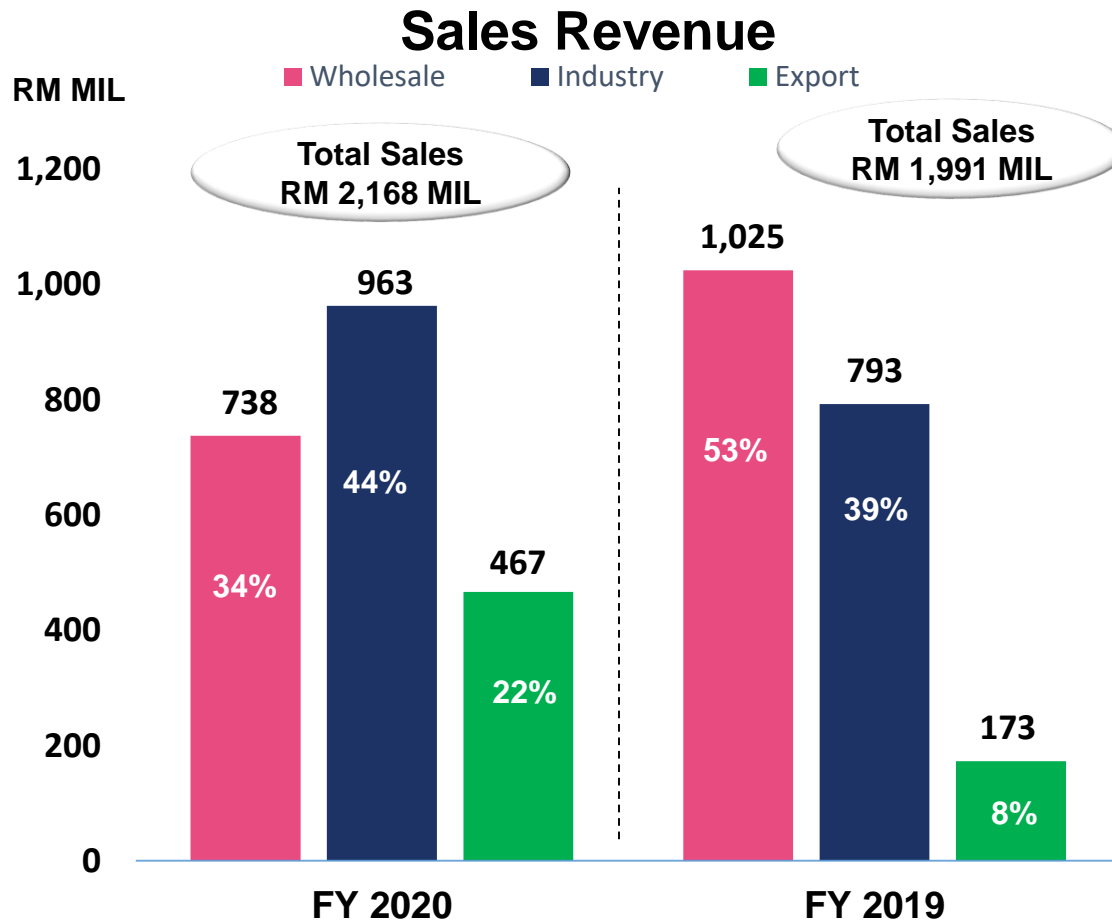
- **Gross Profit:**

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



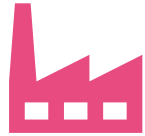
- Group's sales volume and revenue increased by 8% and 9% respectively.
- Higher domestic Average Selling Price (ASP) in 2020 compared to the prior year due to Management's effort to improve margins.
- Export Refined Sugar has increased by almost threefold the volume recorded in 2019 in line with higher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

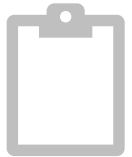
- As of December 2020, the Group's domestic sales volume dropped by 110,000 tonnes or 13% lower compared to the prior year and revenue loss was approximately RM118 million.
- Increased competition in domestic market from the presence of unauthorized sugar.



## 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.

# CONTENTS



THE YEAR IN REVIEW

Slide 3 – Slide 7



GROUP FINANCIAL HIGHLIGHTS & SALES  
PERFORMANCE

Slide 9 – Slide 12



SUGAR INDUSTRY OVERVIEW

Slide 14 – Slide 15

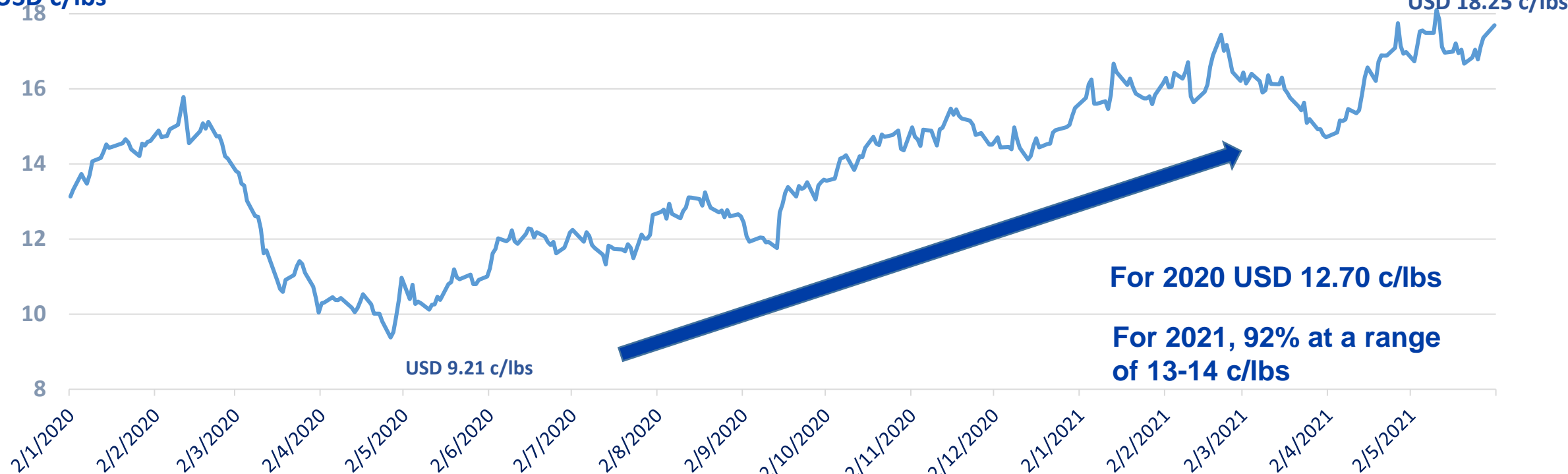


MOVING FORWARD

Slide 17 – Slide 18

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

USD c/lbs

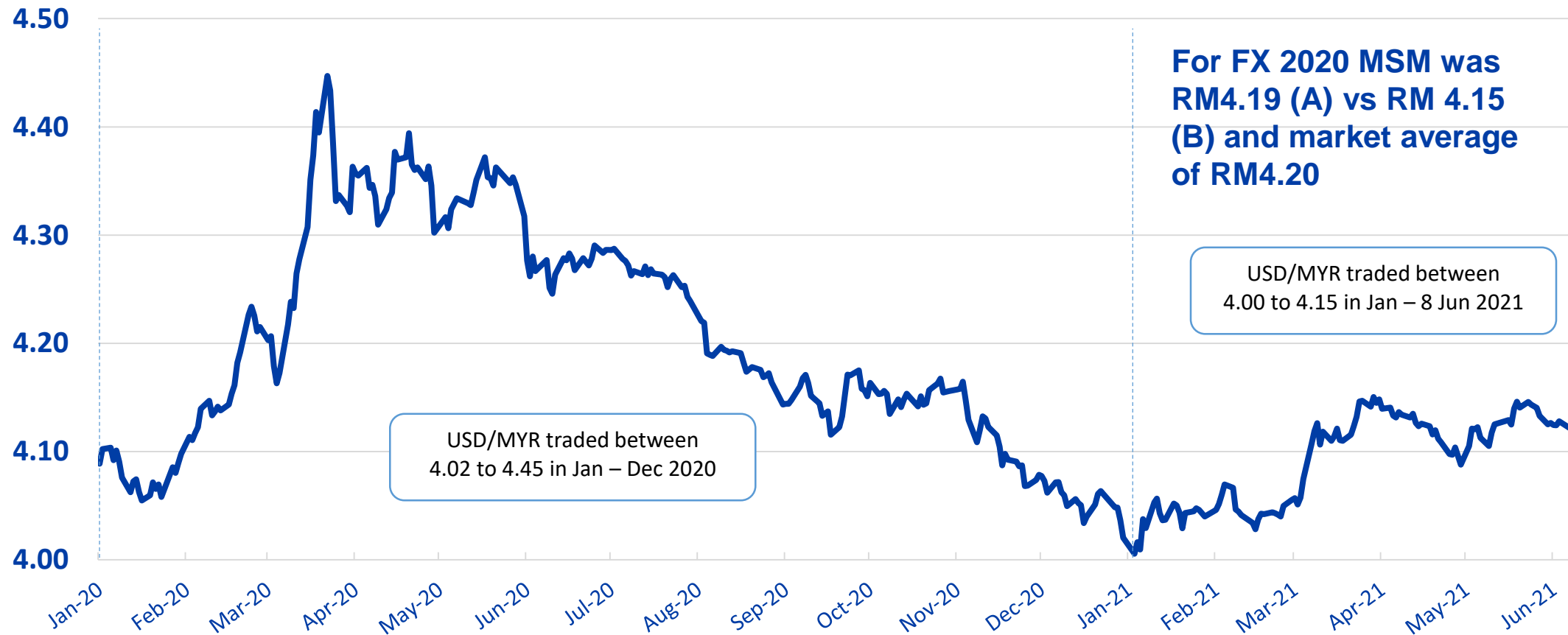


Source : Futuresource NY11 Historical

## 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

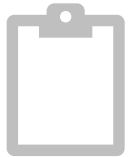


Source : Bloomberg

## Forex Rate 2021 Outlook

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

# CONTENTS



THE YEAR IN REVIEW

Slide 3 – Slide 7



GROUP FINANCIAL HIGHLIGHTS & SALES  
PERFORMANCE

Slide 9 – Slide 12



SUGAR INDUSTRY OVERVIEW

Slide 14 – Slide 15



MOVING FORWARD

Slide 17 – Slide 18



# 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**.
- ❑ **2<sup>nd</sup> 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

Investor Relations, Corporate Strategy Department  
MSM Malaysia Holdings Berhad (HQ)  
Level 44, Menara FELDA, Platinum Park,  
No.11, Persiaran KLCC, Kuala Lumpur, Malaysia.



+603 2181 4816



[investor.relations@msmsugar.com](mailto:investor.relations@msmsugar.com)