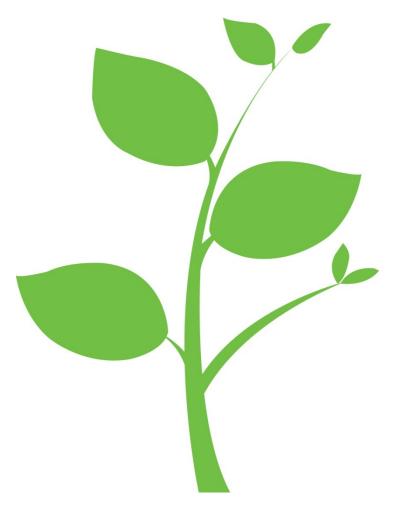


SOUTHERN ACIDS (M) BERHAD



36TH ANNUAL GENERAL MEETING 23 AUGUST 2017

SHAREHOLDERS BRIEFING

Shareholders Briefing Information

This information contained in this briefing are mainly derived from the following:-

- The Company's 2017 Annual Report; and
- All other information that are available from Bursa website.

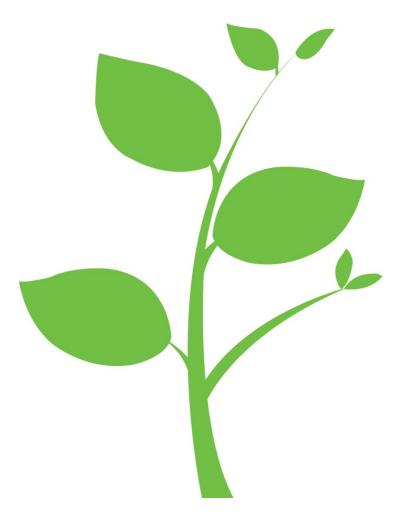
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Presentation Contents

- Southern Acids (M) Berhad ("the Company") & Its Subsidiaries ("the Group") Key Financial Highlights
- 2. Review Of The Group's Core Businesses
- 3. Prospects
- 4. Questions & Answers



SOUTHERN ACIDS (M) BERHAD

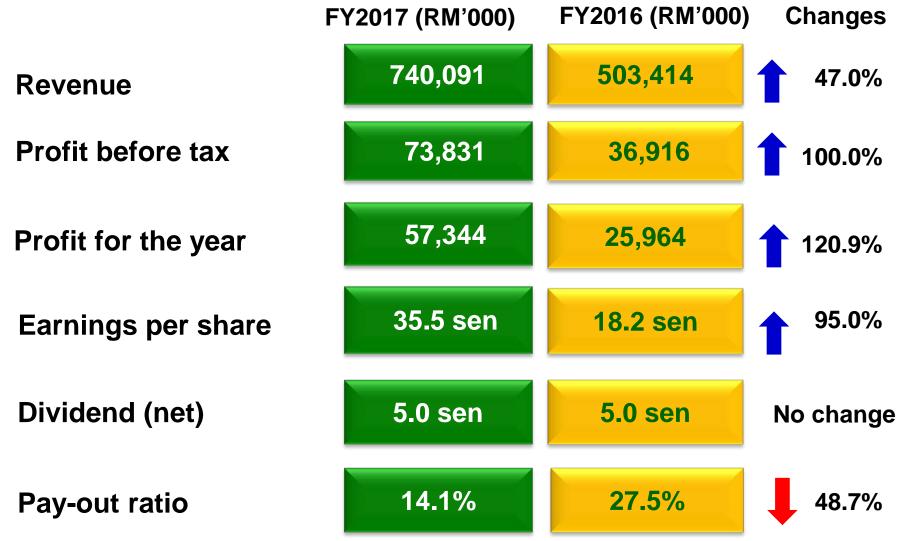


FY2017

KEY FINANCIAL HIGHLIGHTS



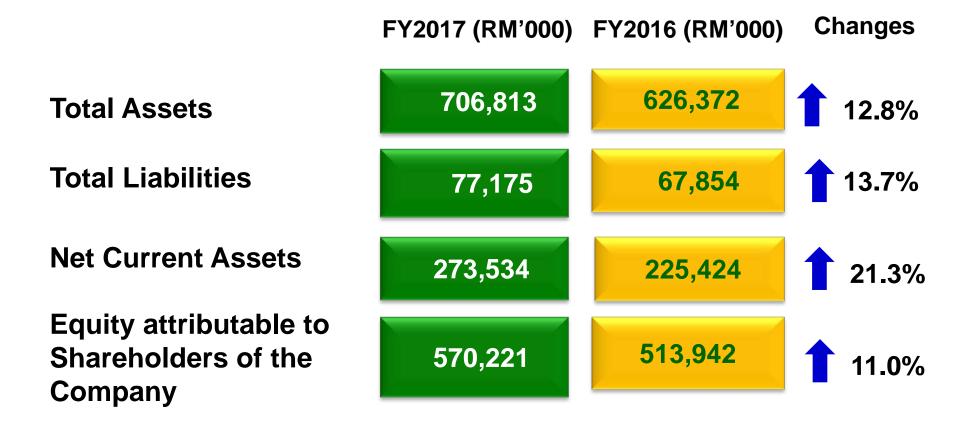
SELECTED FINANCIAL HIGHTLIGHTS



23 August 2017



SELECTED FINANCIAL HIGHLIGHTS



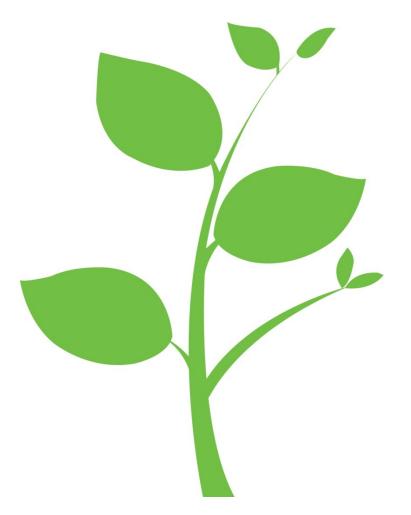
	FY2017 RM'000	FY2016 RM'000	Changes RM'000	Changes %
Revenue	740,091	503,414	236,677	47.0
PBT	73,831	36,916	36,915	100.0

Highlights; comparing FY2017 figures with FY2016 figures:-

- ☐ Revenue was higher by 47.0%;
- □ In tandem with the increase in revenue, PBT recorded a two-fold increase; and
- □ The increase in PBT was contributed by all divisions. Plantation & Milling Division was the star performer contributing 45.6% of the Group's PBT and followed by Oleochemical Division (29.0%) and Healthcare Division (26.3%).



SOUTHERN ACIDS (M) BEHAD



FY2017 –
Review of the
Group's core
businesses



Review of Oleochemical Division

	FY2017 RM'000	FY2016 RM'000	Changes RM'000	Changes %
Revenue	365,158	284,020	81,138	28.6
PBT	21,409	16,269	5,140	31.6

Highlights:-

- The increase in both revenue and PBT were contributed by higher sales volume (9.3%) and higher average selling price (13.0%); and
- Breakdown of PBT (RM21.4m):-
 - ☐ Core operating profit RM17.5m; and
 - □ Non-core profit RM3.9m, out of which RM1.1m came from interest income and the balance RM2.8m from net gain in foreign exchange (both realized and unrealized).



FY2018's Prospects - Oleochemical Division

Challenging, and the same main uncontrollable factors are expected as follows:-

- □ Keen competition from competitors with better cost advantage;
- ☐ The impact from anti-palm oil campaign by the EC (European Commission);
- Fluctuating prices of feedstock;
- ☐ Higher operating costs due to changes in regulated prices such as utilities prices, minimum wages and foreign labor policy; and
- □ Volatility in USD/MYR exchange rates.



FY2018's Plan - Oleochemical Division

The main objective is to stay competitive with the following plans:-

- 1. To manage and improve its production costs; among the major aspects are managing its feedstock pricing and ensuring the plant's efficiency; and
- 2. To achieve optimum production capacity.



Review of Plantation & Milling Division

	FY2017 RM'000	FY2016 RM'000	Changes RM'000	Changes %
Revenue	283,092	135,010	148,082	109.7%
PBT	33,637	9,101	24,536	269.6%

Highlights:-

- In line with the industry, the increase in both revenue and PBT were contributed by higher sales volume (39.9%) as well as higher average selling price (50.0%); and
- Breakdown of the PBT (RM33.6m):-
 - ☐ Core operating profit RM28.9m; and
 - □ Non-core profit RM4.7m which mainly consists of proceeds of disposal such as palm oil shell and scrap and interest income.



FY2018's Prospects - Plantation & Milling Division

The performance of this division will be affected by the following factors, amongst others:-

- Impact of post-El Nino on FFB production and the quality of FFB;
- Changes in Indonesia's regulated cost such as minimum wages (yearly affair) and export levy;
- □ CPO selling price; and
- ☐ Effectiveness on the implementation of biodiesel mandate by Malaysia and Indonesia governments.



FY2018's Plan - Plantation & Milling Division

The main objective is to maximize our palm oil mills utilization with the following plans:-

- 1. To source adequate external FFB at competitive pricing; and
- 2. To look into the prospect of increasing our plantation estate in order to reduce the reliance of external supply.



Review of Healthcare Division

	FY2017 RM'000	FY2016 RM'000	Changes RM'000	Changes %
Revenue	80,097	71,257	8,840	12.4
PBT	19,449	13,529	5,920	43.8

Highlights:-

- The increase in both revenue and PBT were contributed by 15.6% higher in average revenue per patient as well as marginally improved bed occupancy rate of 61.3%; and
- Breakdown of the PBT (RM19.5m):-
 - ☐ Core operating profit RM17.6m; and
 - □ Non-core profit RM1.9m which mainly consists of interest income, clinic rental and carpark.

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FY2018's Prospects - Healthcare Division

In line with the industry and the division's past record, this division is expected to continue to enjoy a stable moderate growth. However it may be affected by the following factors, amongst others:-

- Competition from new nearby hospitals;
- Recruiting and training of key human resources; and
- ☐ Economic outlook that may affect patients spending behavior.

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FY2018's Plan - Healthcare Division

The main objective is to at least maintain its market share with following plans:-

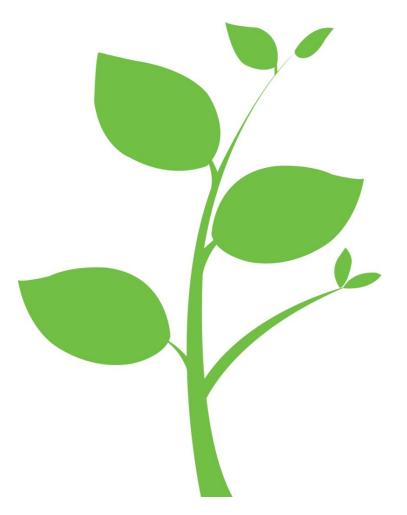
- 1. To improve bed occupancy rate;
- 2. To improve our staff retention program;
- 3. To enhance branding and awareness via strategic marketing activities; and
- 4. To improve service delivery via gradual upgrading program.



Based on the overall prospects commentary, the performance of the Group will remain challenging.



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Questions & Answers