



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.**



Presentation Contents

- 1. Southern Acids (M) Berhad (“the Company”) & Its Subsidiaries (“the Group”) Key Financial Highlights**
- 2. Review Of The Group’s Core Businesses**
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SOUTHERN ACIDS (M) BERHAD



FY2017

**KEY
FINANCIAL
HIGHLIGHTS**



SELECTED FINANCIAL HIGHLIGHTS

	FY2017 (RM'000)	FY2016 (RM'000)	Changes
Revenue	740,091	503,414	↑ 47.0%
Profit before tax	73,831	36,916	↑ 100.0%
Profit for the year	57,344	25,964	↑ 120.9%
Earnings per share	35.5 sen	18.2 sen	↑ 95.0%
Dividend (net)	5.0 sen	5.0 sen	No change
Pay-out ratio	14.1%	27.5%	↓ 48.7%



SELECTED FINANCIAL HIGHLIGHTS

	FY2017 (RM'000)	FY2016 (RM'000)	Changes
Total Assets	706,813	626,372	↑ 12.8%
Total Liabilities	77,175	67,854	↑ 13.7%
Net Current Assets	273,534	225,424	↑ 21.3%
Equity attributable to Shareholders of the Company	570,221	513,942	↑ 11.0%



The Group Financial Results

	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%).



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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.**



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.**



FY2018's Prospects of the Group

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



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Questions & Answers