## **SOUTHERN ACIDS (M) BERHAD**

# ANNUAL GENERAL MEETING

34<sup>TH</sup>



### 28 AUGUST 2015

### (9 Shareholders' Briefing Information

This briefing is mainly on the summary on the key highlights of the Chairman's Statement and Management Discussion And Analysis ("DA") as stated in the Company's 2015 Annua ("2015 AR").

Report

Information contained in this briefing solely based on 2015 AR and all other publicly available information such as from Bursa's website.



### **Presentation Contents**

- 1. Southern Acids (M) Berhad ("SAB") & Its Subsidiaries ("Southern Acids") Financial Highlights
- 2. Review Of Business Divisions
- 3. Prospects
- 4. Questions & Answers

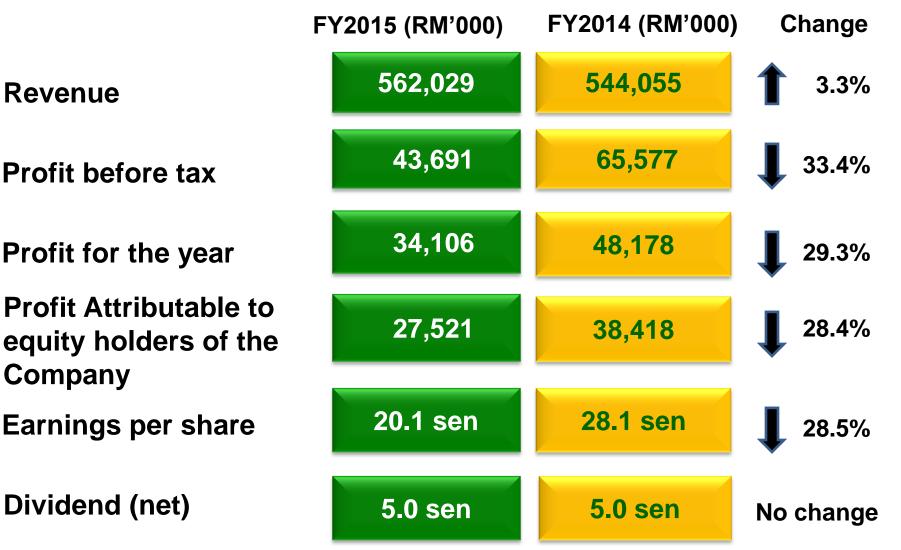
## SOUTHERN ACIDS

## FY2015



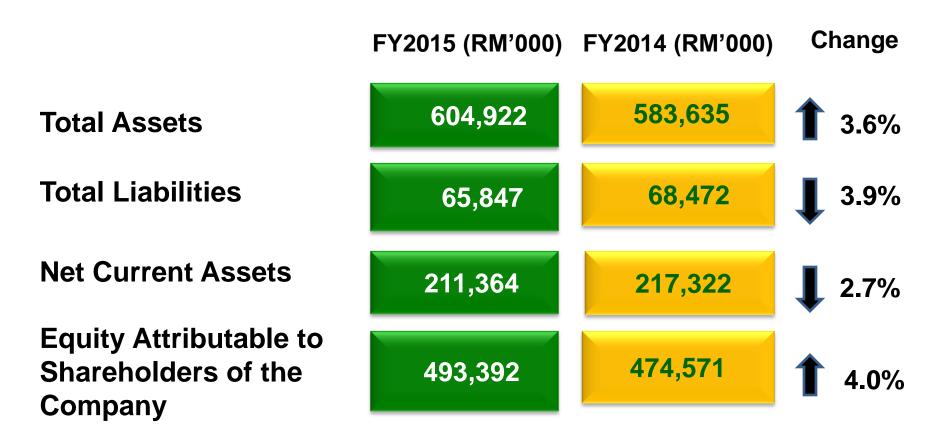


#### SELECTED FINANCIAL HIGHTLIGHTS FOR FY2015 And FY2014





#### SELECTED FINANCIAL HIGHLIGHTS FOR FY2015 And FY2014





	FY2015 RM'000	FY2014 RM'000	Variance RM'000	Variance %
Revenue	562,029	544,055	17,974	3.3
PBT	43,691	65,577	(21,886)	33.4

- 3.3% increase in revenue compared to FYE 31 March 2014 ("FY2014"); and
- 33.4% decrease in PBT compared to FY2014

The Plantation & Milling Division remains the major contributor to Southern Acids' results, contributing more than 50.0% to its bottom line. The Healthcare Division and Oleochemical Division contribute about 20.0% each of the PBT.

# SOUTHERN ACIDS

FY2015





	FY2015 RM'000	FY2014 RM'000	Variance RM'000	Variance %
Revenue	349,850	341,788	8,062	2.4
PBT	9,038	27,869	(18,831)	(67.6)

- 2.4% increase in revenue which was due to 6.1% higher in average selling price ("ASP") of fatty acids however sales volume was down by 3.8%; and
- Analysis of the RM18.8m decrease in PBT:-
  - Operational profit; lowered by RM11.6m which due to lower sales volume and higher operating costs; and
  - Other Income; lowered by RM7.2m, out of which RM5.0m came from unrealized other income.



- The plant production is expected to run at near full capacity however its performance is subject to the following:-
  - Slowdown in global economy, more so currently;
  - rising operating costs such as utilities, labor and compliance;
  - keen competition in international markets especially from Indonesia's downstream operators; and
  - Volatility in foreign exchange currency rate especially USD/MYR.

The management is stepping up the plant's efficiency and looking at ways to manage its operation costs as part of the mitigation measures.



	FY2015 RM'000	FY2014 RM'000	Variance RM'000	Variance %
Revenue	106,041	113,917	(7,876)	(6.9)
PBT	23,660	34,422	(10,762)	(31.3)

- 6.9% lower in revenue was mainly due to 6.3% reduction in sales volume and 2.3% lower in ASP;.
- The RM10.8m lower in operational profit was mainly due to the following:-
  - Impact from lower revenue; and
  - Lower sales margin as a results of 8.3% increase in CPO and PK production cost and higher consumption of external FFB.



The performance of this Division is subject to the following:-

- CPO prices;
- Weather condition;
- Changes in Indonesian regulations (such as minimum wages & ISPO); and
- MYR/IDR exchange rate.
- Further reduction in the total planted and matured area by approximately 800 hectares in the FY2016 due to replanting program.



	FY2015 RM'000	FY2014 RM'000	Variance RM'000	Variance %
Revenue	92,125	76,421	15,704	20.5
PBT	9,306	3,477	5,829	167.6

 20.5% and 167.6% increase in revenue and PBT respectively which were due to higher inpatient income from the epidemic outbreak.



- The revenue and PBT may be lowered especially if the epidemic outbreak is contained;
- The Division is working to bring in more full time consultants to build on its existing core disciplines and the possibility of introducing new disciplines to broaden its revenue base; and
- Higher depreciation from the expected CAPEX.



### Based on the earlier prospects commentary, the performance of Southern Acids will remain challenging and as such will continue to take necessary steps to maintain good financial performance for the current FY2016

# Thank You !

