

**SOUTHERN ACIDS
(M) BERHAD (“SAB”)**

Shareholders’ Briefing

**33rd Annual General Meeting
25 September 2014**





Shareholders' Briefing Information

This briefing is mainly the summary of the key highlights of the Executive Director's Report and Management Discussion And Analysis ("MDA") as stated in the company 2014 Annual Report ("2014 AR").

Information contained in this briefing are solely based on 2014 AR and all other publicly available information such as from Bursa's website.



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("Southern Acids") Financial Highlights**
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Southern Acids

Financial

Highlights



SELECTED FINANCIAL HIGHLIGHTS FOR FYE 31 MARCH ("FY)...

	FY2014 (RM'000)	FY2013 (RM'000)	Change
Revenue	544,055	581,425	↓ 6.4%
Profit before tax	65,577	56,881	↑ 15.3%
Profit for the year	48,178	45,635	↑ 5.6%
Profit attributable to equity holders of the Company	38,418	36,616	↑ 4.9%
Earnings per share	28.1 sen	26.7 sen	↑ 4.9%
Dividend (net)	5.0 sen	5.0 sen	No change



SELECTED FINANCIAL HIGHLIGHTS FOR FYE 31 MARCH (“FY”)... Cont’d

	FY2014 (RM’000)	FY2013 (RM’000)	Change
Total Assets	583,635	549,359	↑ 6.2%
Total Liabilities	68,472	66,604	↑ 2.8%
Net Current Assets	217,322	192,415	↑ 12.9%
Equity Attributable to Shareholders’ of the Company	474,571	446,783	↑ 6.2%



Revenue and Profit Before Tax (“PBT”)

	FY2014 RM'000	FY2013 RM'000	Variance RM'000	Variance %
Revenue	544,055	581,425	(37,370)	(6.4)
PBT	65,577	56,881	8,696	15.3

Highlights:-

- 6.4% decrease in revenue compared to FYE 31 March 2013 (“FY2013”); and
- 15.3% higher in PBT compared to FY2013

The Oleochemical and Plantation & Milling Division continue to be the major contributors to Southern Acids’s bottom line, contributing a combined 95.0% of the PBT.



Review Of Business Divisions



Review of Oleochemical Business Divisions

	FY2014	FY2013	Variance	Variance
	RM'000	RM'000	RM'000	%
Revenue	341,788	375,447	(33,659)	(9.0)
PBT	27,869	23,109	4,760	20.6

Highlights:-

- **9.0% decrease in revenue which was due to 12.4% lower in average selling price (“ASP”) of fatty acids despite an increase of 1.3% in sales volume; and**
- **20.6% increase in PBT; factors as follow:-**
 - **6.8% decrease in lower production costs for both CPO and RBD palm stearin; and**
 - **54.2% increase in other income (currency exchange gain and interest income).**



Prospects Of Oleochemical Division

Highlights:-

- The plant production is expected to run at full capacity;
- Uncertainty and volatility of CPO prices and USD/MYR exchange rate; and
- Expected to operate at thinner margin; factors as follow:-
 - rising operating costs such as utilities, labour and compliances; and
 - unfavorable competition from Indonesia's downstream operators.



Review of Plantation & Milling Division

	FY2014 RM'000	FY2013 RM'000	Variance RM'000	Variance %
Revenue	113,917	122,314	(8,397)	(6.9)
PBT	34,422	32,109	2,313	7.2

Highlights:-

- **6.9% lower in revenue; factors as follow:-**
 - **weakening of Rupiah exchange rate against MYR; and**
 - **lower CPO produced due to the drop in external purchased fresh fruit bunches (FFB).**
- **7.2% increase in PBT mainly due to a 9.0% increase in internal FFB supplies.**



Prospects Of Plantation & Milling Division

Highlights

- **Influenced by the uncertainty and volatility of the following:-**
 - **CPO prices;**
 - **MYR/IDR exchange rate; and**
 - **Changes in Indonesian regulations as in impending increase in minimum wages structure.**
- **Reduction in the total planted and matured area by approximately 300 hectares in the Financial Year Ending 31 Mar 2015 due to replanting programme.**



Prospects Of Southern Acids

**Based on the earlier prospects commentary,
the performance of Southern Acids
will remain challenging
and as such will take necessary steps
to maintain the good financial performance
for the current
Financial Year Ending 31 March 2015**



Questions & Answers

Thank you