

## **MSM REBOUNDS TO RM10.42 MILLION PROFIT IN 3Q17**

**KUALA LUMPUR, NOVEMBER 22, 2017** – MSM Malaysia Holdings Berhad (MSM), the country's leading refined sugar producer and a subsidiary of Felda Global Ventures Holdings Berhad (FGV), registered a RM10.42 million net profit for Q3 FY17 mainly due to a soft decline in market price of raw sugar - leading to a sharp 148.6% profit improvement compared to the preceding quarter loss.

In a statement released today, MSM's revenue recorded an improvement of 5.6% from RM633.12 million in Q3 FY16 to RM668.51 million in Q3 FY17. For the nine-month ended 30 September 2017, revenue posted at RM2.01 billion, an improvement of 10.4% compared to the previous year. This is primarily driven by better cumulative pricing at 16.5% for overall market segments.

For quarter-on-quarter basis, sales volume increased by 18.9% and 48.4% in the Group's Industrial and Export segments respectively. This corresponds well with a 7.3% increase in refined sugar production and denotes a reduction in distribution costs by up to 30.3% as a result to lower freight costs and godown rental.

On a year-on-year basis, the cost of procuring raw sugar is still higher at 18.65% as a result of higher sugar prices in 2016 which continued till mid-year 2017, although the Ringgit has weakened by approximately 5.88% during the same period under review.

"I am encouraged with our progress and results this quarter. This demonstrates the strategic priorities we have laid out to accelerate our business transformation as we manage to stay true to our core business. Months ahead, we foresee the world sugar prices to downtrend moderately, albeit remaining cautious of the USD/MYR uptrend risks which can severely impede our growth," said President/Chief Executive Officer of MSM Group, Mohamad Amri Sahari.

Further complementing the robust performance is the group-wide cost management initiatives and taking an innovative approach in hedging mechanism as it progresses for a positive turnaround.

Amri Sahari added, "It was a very challenging quarter. We had invested great effort and energy to transform our business from a deficit phase. We expect this good result to continue for the balance of the year as we remain committed in our growth strategy, increase market value, expand operating margins and grow profits in line with our expectations."

In addition, MSM's future growth strategy is to ensure the completion of the Johor refinery remains on track - current physical construction is at 71% completion (as at 30 September 2017) and remain within the stipulated budget.

With the progress made and a new leadership helming the board, this is a clear sign of confidence that MSM places great emphasis on delivering core financial values, albeit faced with a challenging year.

Barring any unforeseen circumstances, MSM is geared towards long-term profitable growth and focuses on the expansion of its core business with forward looking products and services.

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## **About MSM Malaysia Holdings Berhad (MSM)**

MSM Malaysia Holdings Berhad (MSM), incorporated on 10 March 2011, is Malaysia's leading refined sugar producer. It was listed on the Main Market of Bursa Malaysia Securities Berhad on 28 June 2011 and is one of the top 50 prominent companies on Bursa Malaysia with a market capitalisation of RM3.55 billion (as at December 2016). It is also a 51% subsidiary of Felda Global Ventures Holdings Berhad (FGV).

Principally, MSM operates the sugar business of FGV. It produces, markets and sells refined sugar products. The company conducts its business principally through two operating subsidiaries, MSM Prai Berhad and MSM Perlis Sdn. Bhd. which were established in 1959 and 1971 respectively. In addition, MSM also operates a logistics company - MSM Logistics Sdn. Bhd. and a trading company - MSM Trading International DMCC, based in Dubai, UAE.

At present, MSM's production capacity is up to 1.25 million tonnes of refined sugar per annum. In 2016, MSM produced its highest output at 1,117,010 tonnes of refined sugar, of which 135,160 tonnes are catered for the export market. Currently, MSM corroborates up to 60% of the domestic market share.

MSM offers a variety of products ranging from white refined sugar of various grain sizes to soft brown sugar. These are marketed and sold in a variety of packaging options under its flagship brand - Gula Prai. MSM also sells molasses, a by-product of the refining process, to distilleries and producers of ethanol, animal feed and yeast, among other products. Aside from household consumers, MSM sells to a wide range of customers in Malaysia and in other countries directly and indirectly through traders, wholesalers and distributors. Its customers include major companies in the beverage and confectionery industries, hotels, restaurants and food outlets.

*For media enquiries, please contact:*

**Siti Noorbaya Mohd Yunus**

+603 2181 5018 ext. 158

+6016 677 6118

[noorbaya.my@msmsugar.com](mailto:noorbaya.my@msmsugar.com)

**Muhammad Aniz Mohd Azmi**

+603 2181 5018 ext. 211

+6012 289 3294

[aniz.ma@msmsugar.com](mailto:aniz.ma@msmsugar.com)