

UNFAVORABLE MARKET LANDSCAPE DENTS

MSM'S 1Q 2019 PERFORMANCE

KUALA LUMPUR, 23 MAY 2019 – Lower sugar prices, a 15% increase in the issuance of approved import permits (APs) and a sharp drop in export volumes affected MSM Malaysia Holdings Berhad's (MSM) performance for its first quarter ended 31 March 2019. For the period in review, MSM, the country's leading refined sugar producer, recorded a 12% decline in revenue to RM485.62 million compared to the previous corresponding period's revenue of RM549.06 million. This resulted in a loss before tax of RM3.38 million for 1Q2019, compared to profit after tax of RM20.94 million in 1Q2018. The Group registered a net loss of RM7.06 million for its 1Q2019, compared to net profit of RM15.81 million previously.

The decline in revenue was largely due to an 11% and 15% decrease in the average selling price for MSM's Domestic and Industry sectors. The Malaysian market was disrupted by the significant increase in the number of APs issued to industrial users which, compounded with increased smuggling of sugar into Malaysia, resulted in reduced prices in the domestic market. Additionally, an 81% decline in exports during the period affected revenues further. This decline was largely due to heightened competition in the export market as a result of sugar glut globally. The Group's financial performance was also affected by the decline in the Ringgit to RM4.1209 against the greenback, compared to RM4.0008 in the previous quarter.

In 1Q2019, MSM produced a total of 217,880 tonnes of refined sugar, 1% lower than 218,976 tonnes in the previous corresponding period. However, during the same period, the production cost of refined sugar increased by 12% as a result of scheduled operational maintenance, higher packing material costs, increased in gas price and lower production volumes.

MSM's newly appointed Group Chief Executive Officer, Dato' Khairil Anuar Aziz said: "As expected, 2019 has started on a difficult note, presenting challenges on multiple fronts, not just for us, but for all sugar players around the world. Since MSM's operating cost is highly dependent on global raw sugar prices and foreign exchange rates, we are vigilantly monitoring the situation and have implemented strategic hedging mechanisms to mitigate our exposure to price and currency volatility.



“Against the backdrop of increased production in producer countries and far greater competition in both the domestic and international markets, MSM managed to maintain strong financial management values, as a result of which our cash balance increased by 12%. This allowed for more efficient capital management and the implementation of other cost saving initiatives to mitigate the impact of high gearing. Efficient capital management will remain a key focus in 2019,” said Khairil Anuar.

Going forward, the market expects the Ringgit to continue to weaken against the US dollar for the next few months, but the situation is expected to improve in the fourth quarter of 2019. Additionally, the planned imposition of excise duties (soda tax) for sugared beverages of RM0.40 sen/litre beginning 1 July 2019 and the possible issuance of even more APs may also affect MSM’s bottom-line negatively.

“Despite the unfavourable market and the many challenges ahead, we focus on maintaining our market leadership in Malaysia, and to grow our regional footprint. MSM will continue to increase product diversification, explore opportunities for commercial collaboration, dispose non-core assets and implement cost savings measures,” Khairil Anuar said.

-THE END-



About MSM Malaysia Holdings Berhad (MSM)

MSM Malaysia Holdings Berhad (MSM) is Malaysia's leading refined sugar producer and one of the biggest sugar refiner in Asia. MSM is involved in producing, marketing and selling refined sugar products under the Gula Prai brand. The company conducts its business principally through three operating subsidiaries, MSM Prai Berhad, MSM Perlis Sdn Bhd, and MSM Sugar Refinery (Johor) Sdn Bhd. In addition, MSM also operates a logistics company – MSM Logistics Sdn Bhd and a trading company – MSM Trading International DMCC, based in Dubai, United Arab Emirates.

At present, MSM's annual production capacity is up to 2.25 million tonnes of refined sugar. In 2018, MSM produced 964,739 tonnes of refined sugar, of which 109,613 tonnes are catered for the export market. Currently, MSM corroborates up to 59% of the domestic market share. MSM has been listed on the Main Market of Bursa Malaysia since 2011 and has a market capitalisation of RM 1.83 billion as at 31 December 2018. MSM combines economic success with environmental protection and social responsibility for a sustainable future.

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 more information, please visit www.msmsugar.com

Forward Looking Statements

Certain statements in this media release regarding MSM's operations may constitute forward-looking statements. These statements can be identified by key words such as "believes", "estimates", "anticipates", "expects", "intends", "may", "will", "plans", "outlook" and other words of similar meaning in connection with a discussion of future operating or financial performance. These statements relate to the plans, objectives, goals, strategies, future operations and performance of MSM. Actual results and outcomes may differ materially from those projected in any forward looking statements due to various events, risks, uncertainties and other factors. We neither intend to nor assume any obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

For media enquiries, please contact:

Siti Noorbaya Mohd Yunus
+603 2181 5018 ext. 137
+6016 677 6118
noorbaya.my@msmsugar.com

Ahmad Izwan Osman
+603 2181 5018 ext. 154
+6017 440 1027
ahmadizwan.o@msmsugar.com