

MSM CONTINUES TO BE THE UNDISPUTED SUGAR MARKET LEADER IN MALAYSIA

KUALA LUMPUR, MAY 10, 2016 – MSM Malaysia Holdings Berhad (MSM), the country's leading refined sugar producer and a subsidiary of Felda Global Ventures Holdings Berhad (FGV), delivered a healthy revenue and earnings growth year-on-year despite intense domestic market competition and weakening of the Ringgit.

MSM achieved its best performance in the company's 51-year history with an impressive 7.11% increase in profit after tax (PAT) to RM275 million compared to RM257 million previous year, denoting an improved margin of 11.93% (FY2014: 11.27%). Profit before tax (PBT) hit a record RM372 million in FY2015, compared with previous year of RM344 million, representing an impressive 10% increase.

The Group revenue continues to record a strong growth in FY2015 to RM2.31 billion (FY2014: RM2.28 billion) on account of a 4.53% improvement in total sales volume of 1,034,088 tonnes from 989,290 in FY2014. Simultaneously, the Group also achieved their highest ever production output of 1,033,519 tonnes during the year.

"We have delivered an impressive set of earnings, despite currency and commodity challenges. It is our solid financial policy characterised by our strategic Forex and raw sugar hedging mechanism which has helped us navigate through many uncertainties and we hope to maintain this in 2016," said MSM's Deputy Chief Executive Officer, Mohamad Amri Sahari.

On the back of its successful financial result, MSM delivered RM17 million in group-wide cost savings. This is mainly due to lower operating costs, managing costs of non-sugar related materials and integrating large business functions to operate more efficiently. These cost reduction measures are expected to continue in 2016, with more savings anticipated in 2017 and 2018.

"We are facing a convergence of a challenging marketplace condition and we are prepared to make further substantial adjustments and adapt. Our focus is to deliver excellent customer satisfaction and superior shareholder returns through the business cycle, and growth is a key element of that focus," said Mohamad Amri.

With its positive gains, shareholders of the Group will benefit from a final dividend of 14 cents per share which amounts to RM98.42 million for FY 2015. On a full year basis, the Group's total dividend amounts to 26 cents per share. This translates to a total payout of RM182.78 million and a net payout ratio of 66.39%, higher than FY2014 of 65.65%.

Mohamad Amri added, "As the world sugar market continues to downtrend, we have managed to achieve a robust performance and further contribute to the group-wide cost optimisation initiatives. This has enabled us to focus on a strong operational management and remain resilient. We emphasise our commitment to enhance our shareholders value and maximise revenues for our businesses."

Equipped with a healthy level of profitability and balance sheet, coupled with a record breaking performance in FY2015 against the preceding period, MSM is proactively seeking reputable partners and strategic alliances to yield synergetic benefits in both upstream and downstream businesses.

The Group's reinforcements include its recently launched Dubai based trading hub, which will undertake sugar trading activities, both in raw and refined sugar to cater for the unique size and opportunity the Middle East & North Africa (MENA) region.

MSM Dubai's office will be further complemented with a representative office to be located in Jakarta, Indonesia. Its presence in Indonesia is strategically positioned to support clients on inbound and outbound transactions across the region and act as gateways to other markets across the Asia Pacific (APAC) region.

Another strong initiative underway is the commissioning of MSM Johor, expected to take place on late quarter of 2017. Its recent ground breaking which took place in March is set to become the largest integrated sugar refinery in Malaysia with an impressive targeted annual production capacity of one million tonnes of refined sugar, from the current combined volume of 1.25 million tonnes produced by MSM Prai and MSM Perlis. This will enable MSM to increase its annual production capacity to 2.25 million tonnes by 2018.

Adopting state-of-the-art and energy-efficient technology, the new refinery capacity will boost MSM supply volume in enabling the Group to meet 100 percent domestic demand. The excess capacity will be for the export market. It will also reduce the Group's sugar processing costs by approximately 30 to 50 percent.

“The setup of MSM Dubai and MSM Johor reinforces the Group’s strategy of achieving a global footprint in the sugar industry. The Group’s unique business model combined with MSM Dubai’s and MSM Johor’s business strategy will focus on large-scale supply, logistic capacity and the integration of the supply-chain links, from the producers to the customers. Plan is underway to establish representative offices located in the suitable countries at a gradual phase,” said Mohamad Amri.

As part of its integral growth expansion plan, MSM seeks to pursue Indonesia, China and India as a strategic fit for a sound investment. Consequently, investments in these countries will generate a strong economic growth with an impetus for job opportunities and possible local sourcing for the economy. Additionally, acquisition and/or collaboration with a local company will see benefit in terms of the company’s 50 years of experience in the sugar industry.

At present, MSM is corroborating up to 65% of the domestic sugar market and aims to further increase its market share to 80% with the Johor refinery as a catalyst.

At this very exciting crossroad, MSM is poised to strengthen its competitiveness in the domestic and export markets and move closer towards its goal of becoming the top 10 global sugar player by 2020.

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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 capitalization of RM3.5 billion (as at 2015).

Principally, MSM operates the sugar business of Felda Global Ventures Holdings Berhad (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 2015, MSM produced its highest output at 1,033,519 tonnes of refined sugar, of which 17% are catered for the export market. Currently, MSM is supplying up to 65% 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.

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