

MSM STRENGTHENS LEADERSHIP POSITION VIA STRATEGIC EXPANSION

KUALA LUMPUR, JUNE 2, 2015 – MSM Malaysia Holdings Berhad (MSM), the country's market-leading refined sugar producer and a subsidiary of Felda Global Ventures Holdings Berhad (FGV), is set for expansion mode as it looks to grow its global and domestic footprint across the growing ASEAN market.

Financially strong with negative-gearing and sound cash balance coupled with a record breaking performance in Q1 2015 against the preceding period, MSM is in the market for a sound investment in destination refining to grow its sugar operations internationally.

In achieving this target, the next quarter plan is to setup a trading outfit in Dubai and begin construction for the Johor refinery. The trading outfit in Dubai is targeted to operate by end of Q2 2015 and will be supported by four representative offices located in Indonesia, Thailand, China and India, at a gradual phase.

Additionally, the Johor refinery is to anchor future market with a targeted combined production capacity to 3.25 million tonnes of refined sugar per year, from the current 1.1 million tonnes. This will enable MSM to leverage on the strong fundamentals over the years.

“After 50 sweet golden years, we are genuinely committed to the Company's forward journey to leverage and build on the expertise in refining and increasing production capacity as well as to diversify operations to establish a presence across the entire value chain of the industry,” said MSM's President and Group Chief Executive Officer, Dato' Sheikh Awab Sheikh Abod.

He added, “Our trading office in Dubai will focus on growing the export market. We plan to complement this venture with the Johor refinery, which is targeted to be operational in 2017. We are expecting to achieve a high rate of operational efficiency, drive down production costs and provide a strong competitive edge to penetrate sugar-hungry regional markets.”

Under its renewed expansion plan, MSM is eyeing fast-growing countries for joint ventures as well as mergers and acquisitions (M&A). This will open up a tremendous opportunity to

participate and expand on both upstream and downstream segments, hence adding on to MSM's geographical diversification.

As part of its integral growth expansion plan, MSM sees 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 50 years of experience.

Recently, MSM recorded a successful quarterly profit before tax (PBT) and profit after tax (PAT), achieving healthy growth levels of 25.3% and 26.1% respectively. PBT raised RM90.3 million against RM72.0 million in the previous Q1, while net profit earnings hit a record high RM71.0 million in the first quarter ended March 31, 2015, an increase from RM56.3 million in the preceding period..

“The first quarter of 2015 benefited from MSM's focus on cost optimisation, effective operational management, procuring raw sugar at the right time and hedging strategically. The combined effects of these initiatives will serve as a continuing catalyst for profit growth,” said Sheikh Awab.

On a quarter-to-quarter basis, MSM's revenue grew by 2.1% to RM508.5 million from RM498.2 million, mainly driven by strong sales. Overall, the gross profit margin recorded an increase by 38.6% to RM118.4 million from RM85.5 million via company-wide cost optimisation.

“Moving ahead, we are optimistic about our future outlook for revenue and profit growth. Cost optimisation will continue. 2015 is the first year in which Long Term Contracts (LTC) will no longer be used. This allows us to participate more independently in the open-market,” Sheikh Awab said.

At present, MSM is supplying up to 64% of the domestic sugar market, as compared to (57% in the corresponding quarter of 2014).

MSM has also declared a final dividend of 14 cents per share which amounts to RM98.4 million for the financial year ended 31 December 2014.

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 three sugar player in ASEAN and 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 sugar producer. It was listed on the Main Market of Bursa Malaysia Securities Berhad on 28 June 2011 and is one of the top 60 companies on Bursa Malaysia with a market capitalization of RM 3.5 billion (as at 2014).

Principally, MSM operates the sugar business of Felda Global Ventures Holdings Berhad. It produces, markets and sells refined sugar products. The company conducts its business principally through two operating subsidiaries, MSM Prai Berhad (formerly known as Malayan Sugar Manufacturing Company Bhd) and MSM Perlis Sdn Bhd (formerly known as Kilang Gula Felda Perlis Sdn Bhd) which were established in 1959 and 1971 respectively. In addition, MSM also operates its own logistics company – MSM Logistics Sdn. Bhd. Through its subsidiaries, MSM has an impressive combined annual production capacity of 1.1 million tonnes of refined sugar. In 2014, MSM produced 986,115 tonnes of refined sugar products, of which 20% are catered for the export market. Currently, MSM is supplying up to 64% of the domestic market share.

The company 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". The company also sells molasses, a by-product of the refining process, to distilleries and producers of ethanol, animal feed and yeast, among other products. 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, food outlets and household consumers.

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