

SWEET FORECAST FOR THE YEAR AHEAD

MSM to expand footprints through export market
and value-added products

KUALA LUMPUR, OCTOBER 24, 2019 – Sweet year ahead is forecasted for MSM Malaysia Holdings Berhad (MSM) as global sugar market expects to swing into deficit and provide greater opportunity for MSM to expand its export market. Recently, the International Sugar Organization (ISO) forecasted a global sugar deficit of about 3.5 million tonnes in 2019-20 and growing to nearly 6 million tonnes on 2020-21, mainly due to the lower productions in major producing countries including Brazil, Thailand and Europe.

As production declines, world sugar supplies are expected to tighten but large stocks and indications of declining demand growth may limit market recovery battered by low prices. The sugar stocks drawn down as results of unfavourable weather conditions, poor economics and farmers switching to other profitable crops and ethanol. Despite the anticipated improvement on price, the world is still afflicted from high accumulated stocks which need to be absorbed by the market.

The decline in consumption growth rates below 1.5% in recent years, poses a long-term threat to sugar producers in relations to ceaseless war against the sugar industry that include the implementation of sugar taxes in many countries, tightening policies affiliated to political interest as well as increased in global anti-sugar campaigns. Policy changes largely due to political reasons where some government increase subsidies to help local farmers, but neglected the impact that significantly led to overproduction resulting in massive stocks in the market.

MSM Group Chief Executive Officer, Dato' Khairil Anuar Aziz said, "We are constantly monitoring the world sugar trends and prices. MSM expects to capitalise on the anticipated lower average cost per tonne of raw sugar, as the slide in the benchmark NY#11 are in our favour. Whilst the forecasted deficit outlook will turn the table for MSM, reinforce our growth for exports, uplifting the utilisation rate, continuous cost optimization and overall efficiency and productivity of our new refinery, MSM Sugar Refinery (Johor) Sdn Bhd,"

With Johor refinery in place, MSM now have the capacity to expand its market at the global presence and forging prospect to diversify revenue streams through sugar-based and value-added sugar products that meet the expectations of our customers worldwide. Currently, MSM



aims to export more than 100,000 tonnes of its sugar products to the Asian region by 2021 which include its newly produced premix blends which has recently commenced its shipping in June 2019, as well as liquid sugar with its maiden shipment in October 2019.

He further added, "The usage of premix and liquid sugar in the industry is regarded as cost-effective and boosting production efficiency. Our investment in premix sugar blending facility at the refinery, provides avenue for MSM to penetrate the large premix market in Asian countries where the current total estimated demand hovers around three million tonnes a year. We also intend to penetrate into the corn syrup market mainly in Asia with an estimated demand of four million tonnes a year. These would be a stepping stone for MSM to further expand our premix and liquid sugar export to the global market."

We are also actively scanning the Singapore sugar market for the increased direct sugar supply into the city state. With the recent audits and approval by multinational food & beverage companies including local industrial users at our MSM Johor refinery, the demand for our sugar in Singapore are currently at an all-time high. Our bulk road tankers and our consumer packs are ready to be supplied to the industrial users and also to the retail outlets in Singapore. The Singapore sugar market size is about 250,000 MT per annum. The close proximity of MSM Johor to the Singapore market is a big advantage to MSM.

Moving forward, MSM is focused to ensure long-term sustainable and competitive business at local and international market. MSM are committed in the execution of its strategic growth plan to maintain cost discipline and redefining business by expanding new products development, increasing operational efficiency and reducing refining cost, stringent and effective raw sugar procurement process as well as initiating energy cost savings project by investing in renewable energy platform.

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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.

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