

## **MSM ON ROAD TO RECOVERY, IMPROVE MARGIN & NEW EXPORT PRODUCTS STRENGTHEN MSM EARNINGS**

**KUALA LUMPUR, AUGUST 19, 2020** – MSM Malaysia Holdings Berhad (MSM) demonstrated a cohesive improvement towards recovery in its second quarter ended 30 June 2020, recorded a consecutively lower net loss since 4Q 2019. Progressively, MSM posted a 68% lower net loss of RM 21.55 million for 2Q 2020 compared to net loss of RM 67.33 million in 2Q 2019. Meanwhile, MSM also announced a total revenue of RM 959.58 million for 1H 2020, a mere of RM 0.26 million decline compared to RM 959.84 million in the corresponding half year.

The reduction in loss was partly attributable to the improved production costs in the new refinery, MSM Sugar Refinery (Johor) Sdn Bhd following the increase of its utilisation rate (UF) to 23% in 2Q 2020 from 19% in the same quarter last year. However, depreciation continue to dent the Group's financial performance for the quarter under review.

The stimulating growth in the new export market demand and stronger average selling price (ASP) continue to contribute towards the Group's revenue. Despite the 10% decline of domestic sales volume compared to 1H 2019, the ASP for Wholesale and Industry segments increased by 8% and 2% respectively.

In addition, the increase in sales volume of export front mainly influenced by higher Premium compared to last year, contributed an estimated of RM 70 million to the Group's revenue for the 1H 2020. MSM has so far secured 200,000 tonnes of sugar products export until end of this year. Moving in tandem with higher Premium, MSM target to increase its sales penetration and boost exports products for FY2020.

MSM Group Chief Executive Officer, Dato' Khairil Anuar Aziz said, "The domestic sales volume went down due to the limited operation hour and temporary closure of our client's businesses during the Movement Control Order (MCO). Inevitably, the anticipated sales delivery during the festive season of Ramadan and Aidilfitri were also affected. At the same time, the shift in sales composition in view of deteriorating domestic demand further strained the revenue."

"The Group has taken strategic approaches to remain competitive amid challenges, while making headway towards turnaround. The strategic adjustment in sales focus and price structure alleviates the market volatility to which currently, MSM is strategizing to improve its



quality of products and supply chain while strengthening sales margin. Higher industry and export sales volume offset the 37% decline in wholesale segment for the first half year of 2020," Khairil added.

He further added, "The challenge of optimising the expanded capacity and increasing the UF rate of MSM Johor, presented a new opportunity for MSM to further diversify its product and broaden export presence. The development of value-added products for export through MSM Johor such as liquid sugar, premix and fine syrup has strengthened the Group's revenue. Positively, we managed to minimize the loss impact since end of December 2019 underpinned by our relentless commitment to attain balance."

Highlighting the operational segment, the total production cost for 1H 2020 decreased by 4%, backed by lower NY#11 raw sugar cost of US 12.83 cents/lbs compared to US 14.02 cents/lbs for the same period last year. Meanwhile, the slower production and cessation of refining activities in MSM Perlis following the Group's rationalisation plan, further reduced the cost of production for the quarter under review. The rationalisation exercise through the consolidation of production will assist to increase utilisation of MSM Johor refinery and further contribute towards reducing the refining cost for the Group.

MSM has recently launched its new sweetener variants in July 2020 under the brand Premium Prai. The new range of products "Go 1/2" and "Go Natura", blends sugar with low-calorie sucralose and stevia, to provide alternatives for consumer to control their sugar intake without losing the sweet taste in their diet. Currently, both products are available at Elewsmart and can also be purchased online through Shopee. MSM will soon introduce its new packaging of Gula Prai products that is expected to enter the market by end of August 2020.

Moving forward, MSM will continue to prioritise on cost saving initiatives and fortify operational capabilities to attain balance on three fronts – operations, cash flow and production. The country's leading refined sugar producer remain committed to its sustainable growth strategy and will seek opportunities to deliver better value.

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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.

At present, MSM's annual production capacity is up to 2.25 million tonnes of refined sugar. In 2018, MSM produced 987.467 tonnes of refined sugar, of which 109,613 tonnes are catered for the export market. Currently, MSM corroborates up to 61% 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 618.6 million as at 31 December 2019. 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](http://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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