

STRATEGIC MONETISATION OF NON-CORE ASSETS ENSURE SUSTAINABLE FINANCIAL GROWTH FOR MSM

KUALA LUMPUR, SEPTEMBER 15, 2021 – MSM Malaysia Holdings Berhad (MSM or the Group) announces today that its shareholders have approved the disposal of the entire equity interest in MSM Perlis Sdn Bhd (MSM Perlis), a wholly-owned subsidiary of MSM to FGV Integrated Farming Holdings Sdn Bhd (FGVIF) for an initial disposal consideration of RM 175 million in cash comprising 11 parcels of agricultural and industrial land, subject to adjustment for net working capital and net debt at completion of the proposed disposal. The disposal of the entire equity interest in MSM Perlis is estimated to result in a gain of RM 91.6 million after completion.

The approval in view of the Share Sales Agreement (SSA) that was entered between both parties in June 2021, is part of MSM's turnaround strategy to divest its non-core assets towards optimising the Group's operational assets and strengthen its capital expenditure. The entire plantation sector in MSM Perlis has ceased operation since 15 September 2019 due to the high operating cost for maintenance that resulted in unsustainable financial commitment. Meanwhile, its refinery operation was discontinued on 30 June 2020, following the Group's operation rationalisation strategies to consolidate the production capacity to the new refinery, MSM Sugar Refinery (Johor) Sdn Bhd (MSM Johor).

The discontinuation of MSM's non-strategic operations was mutually deliberated by the Board of Directors of MSM after taking into consideration cash flow adjustment and other operational determinants towards ensuring sustainable growth in delivering fair and reasonable value to the shareholders.

"The strategy has reflected on our progressive financial performance since 4Q 2020 partly attributable to the improved operational reliability. Strategically, the discontinuation of non-strategic operations consolidated up to 200,000 tonnes of production volume, along with the redeployment of qualified manpower and experts to MSM Johor and our refinery in Penang, MSM Prai Berhad (MSM Prai) to accelerate production momentum and further optimise capacity utilisation (UF). The Group's UF is expected to achieve up to 65%, with MSM Prai and MSM Johor reaching UF of 80% and 50% respectively by end of the year" said MSM



Group Chief Executive Officer, Syed Feizal Syed Mohammad during the Extraordinary General Meeting (EGM) that was held virtually today.

MSM continued to record profitable performance for 1H 2021 with Profit Before Tax (PBT) of RM 64.55 million against Loss Before Tax (LBT) of RM 52.52 million in the corresponding period last year, backed by the improved margin and capacity utilisation as well as lower finance cost. The increase in average selling price in the wholesale segment and premiums for Industry and Export refined sugar segments have resulted in the Group's revenue higher at RM 1.07 billion compared to RM 959.58 million in 1H 2020.

With a steady financial position, MSM remain cautiously optimistic and seek to realign all the necessary resources with the highest value of opportunities in the remaining half year and staging for sustainable profitable year for 2022. Moving forward, MSM will continue to accelerate its turnaround strategy, leveraging on the anticipated economic recovery in enhancing domestic market leadership and growing the export footprint. In addition, as a sugar refiner of choice and global premium quality, a new brand reinforcement campaign has been launched as our way of thanking consumers for making Gula Prai top 3 most popular FMCG Food & Beverage in Malaysia.

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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 two operating subsidiaries, MSM Prai Berhad 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 2.05 million tonnes of refined sugar. In 2020, MSM produced 1,010,215 tonnes of refined sugar, of which 270,628 tonnes are catered for the export market. Currently, MSM corroborates up to 60% 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 401 million as at 31 December 2020. 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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