

MSM IS FOCUSED ON TURNAROUND PLAN AMIDST THE RISING MAIN PRODUCTION COST

KUALA LUMPUR, JUNE 8, 2022 – MSM Malaysia Holdings Berhad (MSM) remains focused on sustaining its turnaround plan amidst the rising main production cost elements namely raw sugar, freight, natural gas and foreign exchange. The producer of the national refined sugar brand “Gula Prai” has turnaround with improved financial performance since 2020 despite market challenges.

Relatively, MSM recorded an improved profit before tax (PBT) of RM81 million for FY2021, against RM36 million in FY2020. The Group also recorded 3% increase in revenue of RM2.26 billion for 12 months FY2021 compared to RM2.18 billion in the last financial year. During FY2021, gain from disposal of MSM Perlis Sdn Bhd amounting to RM91.8 million has contributed to the Group recording a total consolidated PBT of RM170 million.

Within a continually challenging environment, MSM key focus for 2021 was on the execution of the turnaround plan through reorganisation and asset optimisation, staying resilient with strengthened income streams and building integration for sustainable performance.

“For financial year 2021 (FY2021), MSM recorded a revenue of RM2.3 billion with a profit before tax (PBT) of RM81 million on the back of total assets of RM2.87 billion. This is an encouraging improvement from 2020 despite challenges faced throughout the year. MSM also has returned to a dividend-paying stock where we declared a dividend of 3 sen per share for FY2021,” said MSM Group Chief Executive Officer, Syed Feizal Syed Mohammad during the 11th Annual General Meeting that was held virtually today attended by 1,057 shareholders online.

MSM produced close to 900,000 tonnes of refined sugar that is sold under “Gula Prai” brand amidst slower domestic and competitive international markets in 2021 due to the COVID-19 pandemic and the movement control order. MSM was challenged by many different factors in 2021 but appropriate mitigation measures were taken to address them.

MSM has a dynamic 3-year strategic blueprint with 2021 being Turnaround, 2022 Resilient and 2023 Integration. MSM Johor remains a key focus of MSM Group on the ramp-up programme and achieving profitability while MSM Prai will be undergoing a rejuvenation process with a 30-year life extension in sweating the assets.



“We will work to increase our domestic market share while opening up new market channels through Last Mile general trades, HORECA and small SKU packaging suited for convenient chains. MSM shall continue to gain greater market share within Asia Pacific and penetrate Singapore retail segment viewed from a domestic lens and logistics strategy. We shall also increase more volumes of value-added products such as liquid sugar and premix which has higher margins and great demand in markets like China. As part of strengthening Johor, MSM remains open to have a right fit partner with strong export market and operational experience,” Syed Feizal said.

As for financial year 2022 (FY2022), MSM foresees greater challenges with rising main production cost. For first quarter (1Q) FY2022, MSM posted an expected loss after tax (LAT) of RM28 million as compared to profit after tax (PAT) of RM31 million for 1Q2021. This was largely due to higher production cost largely 29% higher NY11, 57% increase in freight cost and weaker Ringgit. The Group’s refining cost also recorded an increase of 28%, largely driven by 86% increase in gas cost. In response to cost pressures, MSM as a joint industry has engaged the government on the need to revise the controlled ceiling prices for the retail segment. The sugar refining price has had a net increase of only 1 sen/kg since 2011.

“We strived to reinforce our brand positioning, stayed on track for current and long-term targets maximising our capabilities through market expansion and greater outreach. Critically, we continued to strengthen our balance sheet and enhanced liquidity. MSM has a healthy gearing ratio of 26% in FY2021 versus 33% in FY2020. In initiatives, we stepped-up with acceleration our ESG journey and kicked-off digitalisation towards IR 4.0 during the year,” Syed Feizal added.

Moving forward, MSM will further exploring strategic partnership to strengthen export segment and to further unlock synergistic value in 2022 in ensuring consistent returns and greater shareholder value as the nation’s leading premium sugar refiner.

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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 refiners 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 2021, MSM produced 895,222 tonnes of refined sugar, of which 246,101 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 RM900 million as at 31 December 2021. 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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