MSM REPORTS RM30.14 MILLION NET PROFIT

KUALA LUMPUR, AUGUST 24, 2018 – MSM Malaysia Holdings Berhad (MSM), the country's leading refined sugar producer and a subsidiary of FGV Holdings Berhad (formerly known as Felda Global Ventures Holdings Berhad), continued its profitable performance by posting a net profit of RM30.14 million for 1H 2018 ended 30 June 2018 as compared to the previous corresponding net loss of RM56.07 million in 2017.

The positive performance augurs well due to a 32.0 % drop in raw sugar cost as compared to 1H 2017 and a 10.2 % improvement of the Ringgit (1H 2018: RM3.93 \ 1H 2017: RM4.38) for the year. As the industry is mounted with a sugar glut scenario, average raw sugar price trended lower at 1H 2018: 15.3 c/lb \ (1H 2017: RM20.8 c/lb).

Earnings per share (EPS) for the half-year under review stood at 4.29 sen against loss per share of 7.98 sen in 1H 2017. The positive financial influx corresponds well for MSM to attain its profit target for the year, strengthening its market share and leading into a sustainable business ahead.

In 2Q 2018, MSM posted a revenue of RM573.22 million which is 17.0 % lower compared to the same quarter last year of RM691.11 million. This is due to 7.0 % reduction in the overall tonnage sold and a 13.0 % decrease in the average selling price as a result of sugar import permits (AP) issuance further crippled by uncertified cheap sugar smuggled from neighbouring countries flooding the local market.

Current quarterly profit rose to RM14.33 million compared to previous corresponding period loss after tax of RM21.45 million due to lower raw sugar costs, stronger Ringgit and prudent cost management. Despite the overall Ringgit weakness in the quarter, based on the average market rate the local currency strengthened by about 9.1 % in 2Q 2018 as compared to 2Q 2017. Moving in tandem with the favorable forex, the total weighted average USD buying rate for MSM in 2Q 2018 is lower at 3.9194 as compared to 4.3782 in 2Q 2017.

"We continue to pursue our growth path in the first six months of 2018. Our business is showing great signs of resilience and improved profitability. Nonetheless, we remain cautious with the external factors surrounding raw sugar price, foreign exchange volatility, global sugar surplus and the US-China trade crisis," said MSM's Executive Director, Dato' Khairil Anuar Aziz.

Highlighting the operational segments, refined sugar production decreased by 5.8 % as compared to the corresponding period last year of 251,998 MT and is in line with lower sales volume in the export segment. The current quarter 31.8 % decrease in average raw sugar cost as compared to 2Q 2017 corresponds with the lower purchase price for raw sugar.

Dato' Khairil said, "Profit from operations increased significantly from 2Q 2017 and this is a clear sign of steady recovery and we stand well on track to achieve the targets pursued for the remaining year."

He added, "Although too early to draw on conclusion, significant operational cost increase in the form of higher electricity and natural gas tariff, oil prices and minimum wage may likely pressure MSM's earnings prospects. A bitter pill to swallow for MSM considering the significant improvements made in the existing refineries to ensure sugar security for the past 50-years."

"Conditions for domestic market sales are expected to remain competitive with limited growth year-on-year. Whereas prices for export markets remain challenging as a result of the global sugar glut but we continue to be selective on export markets with a focus on high premium markets. Although cautious, we remain optimistic on our performance with commitment and support from our board, management and employees," said Dato' Khairil.

Sugar market fundamental remains unchanged. Estimated raw sugar price to trade at USD10 - USD13 c/lb (RM881 - RM1,146 per MT) – a range for 2H 2018 unless a major fundamental or macro changes take place. After two years of deficit, market is expected to enter into two years of significant surplus. Projection of surplus from 2017/2018 is estimated at 10.5 million – 11.0 million MT, while 2018/2019, the surplus is estimated at 7.0 million - 7.5 million MT.

For the remaining 2018, market forecasts USD/MYR to close at RM4.06 in 3Q and RM4.03 in 4Q 2018, but not before breaching RM4.10. Moving forward, year-on-year, MSM will continue to capitalize from the lower average cost per MT, as lower NY#11 and relatively favourable Ringgit have resulted in our cost in terms of MYR per MT to drop by 28.7 % in comparison to an increase of 32.36 % in 2017.

-ENDS-

About MSM Malaysia Holdings Berhad (MSM)

MSM Malaysia Holdings Berhad (MSM) is Malaysia's leading refined sugar producer 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 Perlis Sdn. Bhd. which were established in 1959 and 1971 respectively. 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 production capacity is up to 1.25 million tonnes of refined sugar per annum. In 2017, MSM produced 1,024,931 tonnes of refined sugar, of which 139,540 tonnes are catered for the export market. Currently, MSM corroborates up to 58% of the domestic market share.

Incorporated on 10 March 2011, MSM was listed on the Main Market of Bursa Malaysia Securities Berhad on 28 June 2011 with a market capitalisation of RM2.88 billion (as at December 2017).

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

For media enquiries, please contact:

Siti Noorbaya Mohd Yunus
+603 2181 5018 ext. 158
+6016 677 6118
noorbaya.my@msmsugar.com

Muhammad Aniz Mohd Azmi
+603 2181 5018 ext. 211
+6012 289 3294
aniz.ma@msmsugar.com