

MSM DELIVERS HEALTHY DIVIDEND DESPITE MARKET CHALLENGES

KUALA LUMPUR, MAY 15, 2017 – MSM Malaysia Holdings Berhad (MSM), the country's leading refined sugar producer and a subsidiary of Felda Global Ventures Holdings Berhad (FGV), fulfilled its dividend policy and sustained its shareholder value creation despite softening market condition.

MSM Group recorded stronger revenue of RM2.66 billion for the financial year ended 31 December 2016 on the back of increased sales volume from the Group's Domestic segment and improved average refined sugar selling price. Simultaneously, the Group also managed to increase their production output to 1,117,010 tonnes, 8.1% higher compared to 2015.

For the full financial year ended 31 December 2016, the Group registered a profit before zakat and taxation of RM148.52 million and a net profit of RM120.72 million. Whilst the profit has narrowed down compared to the previous financial year, the Board is committed to its dividend policy and has declared a final dividend of 4 cents per share for FY2016. On a full year basis, the Group's total dividend amounts to 14 cents per share. This translates to a total payout of RM98.42 million and a net dividend payout ratio of 82%.

"The 2016 Financial Year has indeed been a very challenging year for the Group. By operating at a higher cost and weakening of the Ringgit, we manage to remain resilient by group-wide cost optimisation backed by our strong and experienced operational team. We emphasise our commitment to enhance our shareholders value and maximise revenue for our businesses. The Board's decision is a sign of confidence in the state of business and faith in MSM's prospects for the future," said President/Group Chief Executive Officer of MSM Group, Mohamad Amri Sahari.

The Government's move on the removal of import permit (APs) are applauded and in part secure the domestic market sugar offtake. At the same time, this also provide an opportunity for the local refiners such as MSM to focus on ensuring steady sugar supply for the nation at the highest quality and specifications. Notwithstanding this, with the recent sugar price hike, consumption is expected to remain flat in FY2017 and ranks Malaysia amongst the cheapest, for non-producing sugar countries in the region.

“The external environment remains soft till year-to-date, with some key countries in the agricultural space facing unfavourable economic, political and weather uncertainty. Taking cognisance of these challenges, MSM will expedite its export enhancement programme under the Dubai based trading arm and implement market penetration strategies to targeted markets in conjunction with the Johor refinery commissioning expected to be in 2018,” said Amri Sahari.

MSM’s initiatives to venture into strategic alliances will be based on an opportunistic basis in Southeast Asia (SEA) countries, focusing on cost-effective and asset-light investment which is capable to yield synergetic benefits.

He added, “Furthering support on our 2017 growth plan, strengthening volume growth ahead of our markets, increasing core operating margin and strong cash flow is vital. The tough market conditions carried forward from 2016 continues to persist. Against this background, we expect a slow start with growth improving as the year progresses.”

With the right foundation entering 2017 and tailwinds of greater consumer demand for the “Gula Prai” brand, MSM remains optimistic and expects performance of its sugar and trading business to be satisfactory this year.

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About MSM Malaysia Holdings Berhad (MSM)

MSM Malaysia Holdings Berhad (MSM), incorporated on 10 March 2011, is Malaysia's leading refined sugar producer. It was listed on the Main Market of Bursa Malaysia Securities Berhad on 28 June 2011 and is one of the top 50 prominent companies on Bursa Malaysia with a market capitalisation of RM3.55 billion (as at December 2016). It is also a 51% subsidiary of Felda Global Ventures Holdings Berhad (FGV).

Principally, MSM operates the sugar business of FGV. It produces, markets and sells refined sugar products. 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, UAE.

At present, MSM's production capacity is up to 1.25 million tonnes of refined sugar per annum. In 2016, MSM produced its highest output at 1,117,010 tonnes of refined sugar, of which 135,160 tonnes are catered for the export market. Currently, MSM corroborates up to 60% of the domestic market share.

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.

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