

MSM REMAIN RESILIENT IN ITS TURNAROUND JOURNEY

KUALA LUMPUR, JUNE 19, 2019 – MSM Malaysia Holdings Berhad (MSM) found its sweet spot as its turnaround plan kicked in, resulting in improved performance for financial year 2018 after a challenging year in 2017 due to favourable foreign exchange and lower raw sugar costs, in tandem with improved operational efficiency and performance that helped to boost results.

For the financial year ended 31 December 2018, MSM capped a positive year of improved earnings growth by posting a net profit of RM35.62 million and RM60.3 million profit before tax (PBT), against a net loss of RM36.34 million and loss before tax (LBT) of RM19.6 million in the previous year. Earnings per share (EPS) improved to 5.07 sen in 2018, compared to a loss per share of 5.17 sen for the previous financial year.

“Last year was a defining period for MSM. Despite a challenging year before, we remained committed to the turnaround programme and strived to maintain our market leadership. We laid a strong foundation for growth by reshaping the way we do our business,” said MSM’s Group Chief Executive Officer, Dato’ Khairil Anuar Aziz, in the 8th Annual General Meeting that was held today at Menara Felda. “It took discipline, steadfast execution of strategy, prudent cost management and instilling a high performance culture across the Group.”

However, for 1Q 2019, MSM’s performance was significantly affected by the lower average selling price due to unwelcomed issuance of approved import permits (APs) and heightened competition in the export market following the global sugar surplus. For the period in review, MSM recorded a 12% decline in revenue to RM485.62 million compared to the previous corresponding period’s revenue of RM549.06 million. The Group’s financial performance was also affected by the decline in the Ringgit to RM4.1209 against the greenback, compared to RM4.0008 in the previous quarter.

Other than the weakening Ringgit, MSM’s performance in 2019 may be severely impacted by the issuance of even more APs, which benefits certain industrial groups. Another potential threat is the liberalisation of the local sugar market, which would directly impact the Group’s



margins. More of a concern, would be the fact that in a liberalised environment, Malaysian consumers would be subjected to volatile world sugar supplies and prices.

“For years, local refiners have served as a stabilising buffer between the Malaysian consumer and the volatile world sugar market, where exchange rates, prices and supplies often result in sharp swings in cost to buyers such as MSM. The Malaysian refiners, have for years, absorbed much of these shocks and maintained steady supplies for the local market at stable prices,” Khairil Anuar said. “Although, MSM remains committed to providing quality sugar at stable prices for the country’s needs, we may be forced to review our commercial positioning in view of the issuance of new APs and the liberalisation of the local market,” he added.

Additionally, the planned imposition of excise duties (soda tax) for sugared beverages of RM0.40 sen/litre beginning 1 July 2019, may also affect MSM’s bottom-line negatively.

Despite the risks, MSM will remain focused on sustaining its turnaround plan, by focusing on key strategies to diversify products, explore opportunities for commercial collaborations, dispose of non-core assets and implement cost savings measures.

“Currently, we are exploring another revenue stream from the domestic and export market by diversifying into various sugar-based products such as sugar premix, liquid sugar, as well as other value-added and healthy sweetener products to meet the growing demand of our health-conscious customers in the retail and industry segments,” he said.

With the completion and commission of the new refinery in Tanjung Langsat, Johor, the Group’s production capacity has increased to 2.25 million tonnes per annum which ranked MSM as the second largest sugar player in Southeast Asia and number eight in the world.

-ENDS-



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 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 and a trading company – MSM Trading International DMCC, based in Dubai, United Arab Emirates.

At present, MSM's annual production capacity is up to 2.25 million tonnes of refined sugar. In 2018, MSM produced 964,739 tonnes of refined sugar, of which 109,613 tonnes are catered for the export market. Currently, MSM corroborates up to 59% 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 1.83 billion as at 31 December 2018. 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.

For media enquiries, please contact:

Siti Noorbaya Mohd Yunus
+603 2181 5018 ext. 137
+6016 677 6118
noorbaya.my@msmsugar.com

Ahmad Izwan Osman
+603 2181 5018 ext. 154
+6017 440 1027
ahmadizwan.o@msmsugar.com