

MSM POSTS RM 516.04 MIL REVENUE FOR 4Q 2019, TO BEGIN SYNERGISTIC MOVES FOR A BETTER 2020

KUALA LUMPUR, FEBRUARY 25, 2020 – MSM Malaysia Holdings Berhad (MSM) posted a total revenue of RM 516.04 million for 4Q 2019, a 3% reduction compared to the same quarter last year of RM 530.85 million, amid continuous depletion of its average selling price (ASP) and decline in the export volume throughout the year. The negative margin arising from lower white premium has reduced export volume by 27%. Meanwhile, the intense price competition has resulted in reduction of 8% and 1% for Wholesale and Industry segments respectively.

However, the total of ASP demonstrated a slight improvement compared to 3Q 2019 attributable to the 6% increase of the ASP in Wholesale segment following the implementation of new wholesale pricing structure which started in October 2019. Consequently, the increased selling price has resulted in lower volume for Wholesale segment and higher volume for Industry segment accordingly.

For the year under review, MSM recorded a net loss (LAT) of RM 299.77 million compared to profit after tax (PAT) of RM 35.61 million in the previous year. This was largely affected by a combination of factors that include loan modification impact and repercussion of RM 90 million as a result of high NY#11 and freight premium from the previously locked in raw sugar purchase. In addition to that, the provision of RM 140.55 million for an impairment of certain assets further strained the financial performance of the Group for the year.

“Strategically, the massive impairment that we have incurred is in relation to the assessment that we have carried out as part of our synergistic plan to enhance our operational capabilities. On the other hand, the previous raw sugar contract which has expired in December 2019 will benefit us in terms of strategic raw sugar procurement that potentially reduce our cash outflows and ensuring a sustainable supply of best quality raw sugar stocks for all MSM’s refineries,” said MSM Group Chief Executive Officer, Dato’ Khairil Anuar Aziz.

“The decline in performance was a result of certain extraneous factors such as weakening Ringgit as well as stiff competition in the local and export markets. However, some of these set-backs turn out to be a strongpoint for MSM to kick-start a turnaround journey for 2020,” he added.



In a bid to retain its operational excellence and market leadership, MSM managed to close FY 2019 with production output of 1,073,888 tonnes, an increase of 10% compared to the corresponding year output of 975,653 tonnes. Notwithstanding, the Group incurred 15% higher production cost compared to FY 2018 due to the commercialization of MSM Sugar Refinery (Johor) Sdn Bhd (MSM Johor) in April 2019 that include its lower capacity utilization and depreciation, as well as increase in gas tariffs in January 2019 and July 2019.

MSM recorded a lower average raw sugar cost of 1.59%, in tandem with the marginally stronger Ringgit against the Greenback in Q4 2019 compared to the same quarter in 2018, as well as the relatively favourable NY#11 during the quarter under review. Moving forward, the anticipated global sugar market deficit is expected to gradually boost MSM's profit margin through higher average selling price, in tandem with the reassuring white sugar and NY#11 trading price. Sweet year ahead is forecasted for the country's leading sugar refiner as the supply tightness will uplift its capacity to further penetrate the export market and expand its global presence.

Highlighting prospect and strategy for 2020, MSM will prioritize and tighten its focus on restructuring business towards stabilizing and turnaround through sustainable growth strategies that include rationalizing our production capacity, downstream product diversification, research and development (R&D) on food and non-food sugar related products, initiating cost savings energy projects and strengthening our selling price with better margin.

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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 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.

At present, MSM's annual production capacity is up to 2.25 million tonnes of refined sugar. In 2018, MSM produced 987.467 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 618.6 million as at 31 December 2019. 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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