

MSM POSTED 12% INCREASE IN REVENUE FOR 3Q 2020

KUALA LUMPUR, NOVEMBER 16, 2020 – Improved sales margin and new export products continue to sustain earnings of MSM Malaysia Holdings Berhad (MSM), further underpinned by 62% lower net losses for the quarter ended 30 September 2020 (3Q20) as compared to the same period last year. The brand owner of 'Gula Prai' posted a total revenue of RM594.6 million for 3Q20, 12% higher compared to RM531.7 million in 3Q19.

MSM recorded an operational profit of RM5.6 million for 3Q20 before any impairment adjustments. During the period, the company writes off RM27.2 million involving bearer plants on the rubber plantation affected by fire in Chuping, Perlis and a further net impairment adjustment of RM35.7 million following the change in accounting treatment of the same assets due to cancellation of earlier sale plan, ultimately resulting in RM57.4 million Losses Before Tax.

The Group also recorded RM63.0 million increase in revenue, attributed by the increased sales volume for industry and export markets as well as better export premium. As for the domestic market, higher margin was achieved due to improved key operational parameters such as processing yield and refining cost. From the export front, we recorded a fivefold increase in volume at 92,000 MT in 3Q20 from 19,000 MT last year with higher premium, significantly contributing to our efforts in maximising the Group's capacity utilisation.

"MSM continues to show resilience in optimising domestic market, delivering export growth and enriching product offerings to fulfil customers' requirements. Our two processing plants in Prai and Johor have also recorded operational improvements on the back of few technical setbacks in Johor as we strive to deliver sustainable performance." said MSM Acting Group Chief Executive Officer, Fakhrunniam Othman.

Operationally, the Group also generated better processing yield and refining cost by 3% and 13% respectively as compared to 3Q19. These achievements were made possible by greater efficiency, strengthened internal processes and higher capacity utilisation at both refineries.

Fakhrunniam further added, "Turned out as planned, the development of our value-added products for exports, consolidation of refining capacity and demarcation of markets have gradually brought about improvement in our products delivery to customers. Despite the



global pandemic challenges and weak outlook in some industries, we remain committed to execute our turnaround plan and growth strategies.”

MSM also introduced new packaging for its refined sugar products which includes coarse grain, fine granulated, soft brown, castor and icing. The new packaging reflects 'Gula Prai' as a trusted brand, with over 50 years of experience in sugar refining industries, sweetening lives of Malaysians since 1964. The classic oval shape that resembles a spoonful of sugar and the different colours representing each type of sugar remains the same with modernised graphic. The new packaging has gradually entered the market beginning September 2020.

MSM has also started exporting its new products in form of liquid sugar, fine syrup and premixes. These new sugar-based products are part of the group's diversification program which will see MSM producing and exporting value-added sugar-based products into the market. A new and exciting year awaits as MSM will keep introducing more of these new products that will help the Group in achieving higher revenue and profit.

Progressively, MSM will continue to enhance its operational capabilities, identifying strengths in adversity and mobilising growth strategies to attain a right balance on three fronts namely operations, cash flow and customers' satisfaction, in delivering better value to shareholders.

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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 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 2019, MSM produced 1,073,888 tonnes of refined sugar, of which 83,341 tonnes are catered for the export market. Currently, MSM corroborates up to 61% 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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