

MSM POSTED AN EXPECTED LAT OF RM28 MIL FOR 1Q2022

Higher revenue posted with planned catch up in recovery

KUALA LUMPUR, MAY 27, 2022 – MSM Malaysia Holdings Berhad (MSM) posted an improved revenue for first quarter (Q1) FY2022 by 16% to RM596 million from RM515 million a year ago. This was attributable to the steady improvement in average selling price (ASP) for wholesale segment as well as higher premium for industry and export segments.

Notwithstanding the Group's improved revenue, a number of factors contributed to a net loss (loss after tax or LAT) of RM28 million posted for the period under review, compared to net profit (profit after tax or PAT) of RM31 million for 1Q2021. This was largely due to higher production cost driven by 29% higher NY11, 57% increased in freight cost and weaker Ringgit. The Group's refining cost also recorded an increased of 28%, largely driven by 86% increased in gas cost.

"The increase in ASP could not absorb the increase in production cost. The Group remains cautiously optimistic on its turnaround plan amidst the rising main production cost elements namely raw sugar, freight, natural gas and foreign exchange. On the export market, barring unforeseen circumstances, FY2022 poses good opportunities within the Asia Pacific region that has a strong and growing demand. MSM has revised selling price with higher export premiums." said MSM Group Chief Executive Officer, Syed Feizal Syed Mohammad.

Syed Feizal further added, "Despite these inflationary costs, MSM Prai remains profitable at entity level. As for MSM Johor, losses were largely attributable to a planned shutdown for long term improvements. In addition, we are deeply focused to ensure MSM Johor reaches the targeted Utilization Factor (UF) despite these cost pressures. We are taking steps to improve EBITDA with greater costs mitigation and initiatives. Meanwhile, we are closely liaising with the Government for consideration in seeking to increase the gazetted selling price for the retail segment. More effort are being undertaken in penetrating new market channels, increasing value-added product volumes and export sales with higher premiums.

MSM will remain focused towards higher yield and capacity utilisation to attain lower production costs, continue to pursue its sustainable growth with desired returns and continues to strengthen its Environmental, Social and Governance (ESG) framework through a wide range of ongoing and new initiatives.

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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 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 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 2021, MSM produced 895,222 tonnes of refined sugar, of which 246,101 tonnes are catered for the export market. Currently, MSM corroborates up to 60% of the domestic market share. MSM has been listed on the Main Market of Bursa Malaysia since 2011 and has a market capitalisation of RM900 million as at 31 December 2021. 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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