

MSM RECORDED A LOSS AFTER TAX OF RM73 MIL FOR 3QFY2022

KUALA LUMPUR, NOVEMBER 21, 2022 – MSM Malaysia Holdings Berhad (MSM) recorded loss after tax (LAT) of RM73 million for the third quarter (3Q) of the financial year ending December 2022 (FY2022), compared to profit after tax (PAT) of RM97 million for 3Q2021 as a result of higher production costs outweighing the increase in Average Selling Price. Included in the loss for the quarter are certain accounting provisions on operational matters of RM46 million that can potentially be reversed with improved parameters recorded.

Revenue for the third quarter was 22 percent higher at RM668 million versus RM549 million for the corresponding quarter last year, while for 9M2022 was recorded at RM1.88 billion, a significant improvement of 17 percent rise from RM1.61 billion in the same period last year. The increase in revenue for 9M2022 are attributable to the increase in Average Selling Price (ASP) for refined sugar for Wholesale, Industry and Export segment, driven by higher NY11 and increase in Export premium.

The newly increased ASPs will eventually improve performance but for 3Q the Group's overall financial performance sustained high production input costs. The loss was also contributed by lower production in MSM Sugar Refinery (Johor) Sdn Bhd (MSM Johor) overall of which improvement programmes related to the ramp-up are in good progress. The net operational loss is mainly due to the 18 percent higher production cost in the period owing to 14 percent higher NY11, 5 percent higher freight cost, 6 percent higher USD/MYR rate and 59 percent higher gas rate.

“The Group continues to face prevailing challenging environment amidst high input costs mainly raw sugar, freight, natural gas and weakening of Ringgit Malaysia. Other input costs such as packaging materials, wages and inland logistics have also increased significantly. In addition, margins are compressed in the consumer segment under gazetted controlled selling prices. The prolonged unchanged controlled price has led Malaysia to be the cheapest nation in retailed sugar prices in Asia Pacific at RM2.85/kg. As example, Thailand is over RM3.40/kg, Indonesia over RM4.40/kg and Philippines over RM6.00/kg. As a joint sugar industry player we have highlighted to the government the need for the long delated price adjustments,” said MSM Group Chief Executive Officer, Syed Feizal Syed Mohammad.

The domestic and export markets are seeing stronger demands which provide growth opportunities and recovery of product consumption including sugar across Consumer and Industrial segments. MSM remains focused in meeting these demands by improving



operations particularly to ensure MSM Johor reaches a stable operation to attain lower refining cost with higher efficiency. Progressively, MSM Johor ramp up programme is on track for completion with two boilers early next year as compared to one boiler presently. The business interruptions in MSM Johor previously, will potentially be mitigated with the related cover of insurance.

“MSM will ensure consistent supply of sugar is made available to the market. We continue to engage the Government for all necessary economic support, especially the impending sugar price revision in ensuring food security despite the challenges,” Syed Feizal further added.

MSM Group remains focused to ramp up its production, increase yield, further reduce unit cost and mitigate loss. One of the initiatives identified is to embark into alternative energy such as solar to reduce electricity usage and targeted to commence in 2023 with MSM Prai Berhad and MSM Sungai Buloh Warehouse. MSM will continue to pursue sustainable growth with an enhanced Environmental, Social and Governance (ESG) framework within MSM Group 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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