

MSM RECORDED A NET LOSS OF RM34 MIL FOR 2Q2022

HIT BY VERY HIGH INCREASE IN PRODUCTION INPUT COSTS

KUALA LUMPUR, AUGUST 22, 2022 – MSM Malaysia Holdings Berhad (MSM) recorded a net loss (loss after tax or LAT) of RM34 million for the second quarter (2Q) of the financial year ending December 2022 (FY2022), compared to net profit (profit after tax or PAT) of RM13 million for 2Q2021. For the first half of the year (1H2022), MSM posted a net loss of RM62 million as compared to net profit of RM44 million for 1H2021. The widening net loss is mainly due to the prevailing very high production input costs driven by international raw sugar price increasing more than 50 percent, freight dry bulkers increase by 27 percent, weaker Ringgit Malaysia and higher refining cost of 29 percent which derived mainly from higher gas cost of 71 percent due to oil price increase.

Revenue for 1H2022 was recorded at RM1.22 billion, a significant improvement from RM1.07 billion in period last year. The growth in demand and improve average selling price (ASP) continue to contribute towards the Group's revenue. The improve ASP was mainly due to higher premium charged to Industry and Export segments. The ASP in 1H2022 for Wholesale, Industry and Export segments increased by 5 percent, 14 percent and 24 percent respectively. Despite all the effort to improve the ASP, the Group's overall financial performance was pulled down by the surge in production input cost. The consumer segment remains a gazetted ceiling price as refined sugar is a price controlled item by the government. MSM is still awaiting a government decision moving forward.

"The Group recognises the current 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. The Group continues to engage the Government as a joint industry of sugar refiners request on our appeal for a much needed economic support," said MSM Group Chief Executive Officer, Syed Feizal Syed Mohammad.

Sugar is one of the controlled items under the Control of Supplies Act 1961. The coarse grain refined white sugar price has had a net increase of only 1 sen per kilogram and no subsidies since 2013. Currently the retail price for coarse grain white sugar is RM2.85 per kilogram. In comparative retail parity, Indonesia retail is approximately RM4.40 per kilogram and Thailand at RM3.50 per kilogram who even have the advantage of integrated sugar cane plantation with electric power generation income.



“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 will ensure consistent supply of sugar is made available to the market despite these cost challenges,” Syed Feizal further added.

MSM remains focused towards greater efficiency, higher yield and capacity utilisation to achieve lower production costs and shall continue to pursue its growth with sustainable returns while strengthening its Environmental, Social and Governance (ESG) framework through various 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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