

MEDIA RELEASE
For Immediate Release**MSM ENDEAVOUR IN RETURNING TO THE BLACK
SUSTAINABLY DESPITE INPUT COST CHALLENGES**

KUALA LUMPUR, JUNE 8, 2023 – MSM Malaysia Holdings Berhad (MSM), the producer of the national refined sugar brand "Gula Prai", is focused to improve its financial performance for FY2023 and beyond sustainably following the recent announcement made by the government that allowed the sale of non-price controlled sugar and the completion of the technical turnaround programme at MSM Sugar Refinery (Johor) Sdn Bhd (MSM Johor) which is ready for higher production and product varieties.

MSM Johor completed improvement programme will not only boost the production utilisation factor (UF) but also align with MSM Johor's vision of becoming a world class sugar refining centre with full reliability and availability to refine at its effective design production capacity of 1 million tonnes per annum.

MSM Group Chief Executive Officer, Syed Feizal Syed Mohammad said "Looking ahead, we forecast that the Group's results will be challenged by prevailing high input costs but will pursue returning to profit with strong revenues as we start to realise the gains from higher production volumes, wider market channels and greater product varieties leveraging on our large market share. In addition, there is great headroom to grow the exports with a 4.0 million tonnes per year market in Asia Pacific where MSM Johor has a geo-strategic advantage. At MSM Prai, we are continuing with our rejuvenation life extension programme which will give the refinery another 30 years of operating lifespan."

MSM intends to grow the export footprint further from present 6 percent to 12-15 percent share in the near to medium term of the regional market. Global sugar prices have been bullish due to food security concerns and global demand outstripping production. MSM will also be able to offer break bulk shipping beginning July this year for large volume deals into China, Bangladesh and Indonesia.

"Apart from the planned improvement programme, we are delighted with the government's announcement that allows the local sugar industry to produce pure white refined sugar with prices to be determined by market forces without price controls. This will enable us to be more resilient against high input costs, therefore MSM will continue to endeavour in returning



to the black sustainably,” he said during MSM 12th Annual General Meeting press conference today.

“The newly introduced sugar type offers consumers an additional option for high purity quality sugar which will be available in the market in stages beginning this week and sold throughout the country. In widening consumer reach points, we have secured sales through the Last Mile initiative by onboarding the largest retail outlets in Malaysia covering around 2,293 stores nationwide. Prior to its introduction, the government mandated that sugar refiners guarantee a monthly supply of 42,000 tonnes of coarse and fine grain sugar to ensure uninterrupted domestic market fulfilment. We have diligently complied with this requirement,” Syed Feizal said.

MSM recorded loss before tax (LBT) of RM179 million for FY2022, against profit before tax (PBT) of RM81 million for FY2021. The Group also recorded 14 percent increase in revenue of RM2.57 billion for 12 months FY2022 compared to RM2.26 billion in FY2021.

As for financial year 2023 (FY2023), MSM foresees greater challenges with rising main production cost. For first quarter (1Q) FY2023, recorded a loss before tax (LBT) of RM33 million for the first quarter (1Q) FY2023, compared to LBT of RM25 million for 1QFY2022 as a result of lower margins and higher operating costs. The Group also faces higher production cost driven by 5.2 percent higher foreign exchange and 65 percent increase in gas cost which resulted into higher refining cost. The Group recorded a negative gross profit margin of 2 percent compared to negative 1 percent in prior year as the Group continues to operate in the negative margin Wholesale segment without any subsidy or price adjustment.

MSM wishes to reiterates clarification on the misconception about subsidy for the local sugar industry. The local sugar industry **has not been receiving subsidy from the government since 2013** and operating in a regulated industry governed by *Kementerian Perdagangan Dalam Negeri dan Kos Sara Hidup* (KPDN) under “*Seksyen 5 Akta Kawalan Bekalan 1961 dan dinyatakan dalam Jadual 1 Peraturan-Peraturan Kawalan Bekalan 1974*”. Retail sugar price in Malaysia is cheapest in the Asia Pacific region, as gazetted under the Price Control and Anti-Profiteering Act 2011 (Determination of Maximum Price – No. 2, Order 2017).

Since 1964, MSM has firmly established itself as a leading national sugar refinery, providing high-quality refined sugar products to ensure Malaysia's food security. Additionally, MSM is considering supporting raw sugar security through the upstream cultivation of sugar cane. This initiative is being supported by the Government and exploratory studies are in progress.

-ENDS-



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 2022, MSM produced 946,834 tonnes of refined sugar, of which 230,903 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 RM598 million as at 30 December 2022. 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.

For media enquiries, please contact:

Siti Noorbaya Mohd Yunus
+603 2181 5018 ext. 158
+6016 677 6118
noorbaya.my@msmsugar.com

Syahidah Ismail
+603 2181 5018 ext. 154
+6019 225 9705
syahidah.i@msmsugar.com