

MSM AIMS TO BECOME GLOBAL INTEGRATED SUGAR REFINER, CONTINUOUS IMPROVEMENT REMARK POSITIVE OUTLOOK FOR THE YEAR

KUALA LUMPUR, JUNE 17, 2021 – MSM Malaysia Holdings Berhad (MSM), the producer of the national refined sugar brand “Gula Prai” remains optimistic about the company’s outlook following the progressive milestones, underpinned by the strategic execution of its three-year strategic blueprint (BP21) to further strengthen the Group’s financial and operational performance. Driven by improved margin, operational enhancement, recalibration of sales strategy and lower finance cost, the Group has demonstrated a significant improvement with narrower net losses for the financial year 2020 (FY2020), followed by continuous profitable performance from Q4 2020 to Q1 2021.

Relatively, MSM recorded a 76% lower net loss (LAT) of RM 71.23 million for FY2020 against RM 299.77 million in FY2019. After eight consecutive quarterly losses, MSM posted a net profit (PAT) of RM 56.24 million for Q4 2020 compared to LAT of RM 40.28 million in Q4 2019. The positive trend continues leading up MSM to a more sustainable earnings momentum in Q1 2021 with Profit Before Tax (PBT) of RM 43.07 million versus Loss Before Tax (LBT) of RM 27.25 million in Q1 2020. In addition, MSM also posted a PAT of RM 31.19 million for 1Q 2021, an increase of 190% against LAT of RM 34.70 million in 1Q 2020.

“The turnaround achievement reflects the Group’s perseverance over the years in navigating business throughout the volatile market and industry landscape. The strategic roadmap includes cessation of non-strategic operations, operational and capacity rationalisation as well as accelerated product development and new market penetration. Steadily, the company is leveraging on its asset optimisation and competitive position which translate into sustainable profitability in the years ahead towards evolving further amongst the top 10 global sugar refiner,” said MSM Group Chief Executive Officer, Syed Feizal Syed Mohammad during the 10th Annual General Meeting that was held virtually today attended by more than 700 shareholders online.

On the operational front, the expanded capacity in MSM Sugar Refinery (Johor) Sdn Bhd (MSM Johor) will be fully optimised to serve both the domestic and export markets. With a scaled-up capacity for the production of value-added products including liquid sugar, premix and fine syrup, MSM Johor has widened the Group’s export market footprint with further

expansion into potential regional markets such as China, Indonesia, Vietnam and New Zealand. In addition, the temporary stoppage of operation at MSM Johor in April-May due to the planned boiler rectification has been completed and MSM Johor is on track for a targeted production ramp up to more than 50% of capacity utilisation (UF) in Q3 onwards for the year.

Following the suspension of operation in MSM Prai Berhad (MSM Prai) due to several Covid-19 cases, the refinery has recommenced its operation on 15 June 2021. A plant wide disinfection was carried out and SOPs enhanced approved by the health authorities. The estimated impact of the temporary suspension based on the initial assessment to the Company's revenue and earnings is less than 5% for the financial year ending 31 December 2021. However, backed by the refinery's matured operational reliability and availability, MSM Prai is expected to promptly recover its production momentum to reach the targeted UF of 80% or more for the year.

"Despite the challenges, the Group's performance is on track to meet the turnaround this year and mid to long-term growth projections. In the domestic segment, MSM seeks to further strengthen its market leadership by rebalancing the sales and supply chain strategy. MSM has already secured term sales supply contracts with major FMCG industry players locally and extending that relationship across the latter's demand in the Asian region. However, we will continue to remain cautious with greater risk management and pre-emptive actions in view of the current market condition and unprecedented local and global challenges that may affect the Group's performance," added Syed Feizal.

Recently, MSM has entered into a Share Sales Agreement (SSA) with FGV Integrated Farming Holdings Berhad (FGVIF) for the disposal of MSM Perlis Sdn Bhd with a value of RM 175 million, in tandem with the Group's continuous effort on monetising non-core assets in reducing net gearing and increasing cash flow for growth. The SSA will contribute an estimated earnings of RM 91.6 million. In addition, the cessation of operations in MSM Perlis has allowed MSM to consolidate production capacity in MSM Johor towards enhancing operational efficiency. As at 1Q 2021, MSM Johor recorded a progressive development with an increase in yield from 89% to 92%, and improved UF from 16% to 22% against the same quarter last year.

Moving forward, MSM will continue remain resilient while unlocking further potential quicker towards pursuing the turnaround efforts in ensuring consistent returns and greater shareholder value as the nation’s leading premium sugar refiner.

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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 2020, MSM produced 1,010,215 tonnes of refined sugar, of which 270,628 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 RM 401 million as at 31 December 2020. 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

Ahmad Izwan Osman
+603 2181 5018 ext. 154
+6017 440 1027
ahmadizwan.o@msmsugar.com