

Media Release

MSM RECORDED A LOSS BEFORE TAX OF RM179 MIL FOR FY2022

Continued high input costs impact financial performance significantly while ensuring no sugar shortages in the local market

KUALA LUMPUR, 22 FEBRUARY 2023 – MSM Malaysia Holdings Berhad (MSM), the leading refined sugar producer recorded loss before tax (LBT) of RM179 million for the 12 months (12M) ended 31 December 2022 (FY2022), compared to profit before tax (PBT) of RM81 million in the corresponding period last year, due to prolonged margin compression for domestic controlled price retail segment and without any subsidy.

Revenue for the 4Q FY2022 was RM678 million against RM642 million for the corresponding quarter last year, while for 12M FY2022, MSM recorded revenue of RM2.56 billion, an improvement of 13 percent from RM2.26 billion in the same period last year. The increase in Average Selling Price (ASP) derived from the higher Industry premium and increased Export premium is the main attribute to the improvement in revenue. Despite the increase in ASP, MSM reported a negative gross profit as a result of 22 percent higher production cost mainly from 18 percent higher NY11, 5 percent higher foreign exchange, and 25 percent increase in refining cost (RC). One of the main factors contributing to higher RC is the increase in gas cost of 63 percent.

“For 4Q FY2022, the Group sales volume decreased by four percent compared to 4Q FY2021. Although wholesale volume increased by 18 percent in line with higher demand and Industry volume increased by 7 percent, MSM export sales decreased by 41 percent as priority was given to domestic orders to avoid local sugar shortage,” said MSM Group Chief Executive Officer, Syed Feizal Syed Mohammad.

“Supply to wholesale and retail of the consumer segment made up of 40 percent of MSM business and for this particular segment we are operating with significant negative margin since the fourth quarter 2021. Over the last 10 years’ sugar refiners



operated without subsidies and only received a miniscule price increase of 1 sen/kg. At controlled price of RM2.85/kg, Malaysia is by far cheaper than leading sugar producing countries integrated with plantations and energy savings scheme such as Thailand at RM3.50/kg. Rest of Asia region retails between RM4.50 – 6.50/kg,” said Syed Feizal.

“As a joint industry, we have engaged the government since May 2021 for support in a proposed new price revision or subsidy. We are even ready to operate on a floating price basis but request the overdue intervention from the government. As essential food producers, local sugar refiners ensure food security while imports are not a sustainable option and is restricted to export quotas from their countries, particularly India, that may switch off to protect domestic needs,” Syed Feizal further added.

Even with stronger demands seen in the local and export markets, the high input costs continue to impede the improvement of the Group’s financial performance. The Group remains focused on improving average selling price and attaining lower refining cost.

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 such as the recent signing of the United Nations Women’s Empowerment Principles (WEPs) and 100% raw sugar sourced from Wilmar NDPE Sugar Initiative.

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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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