

MSM POSTED A LBT OF RM33 MIL FOR 1QFY2023

Prevailing high input costs pressures impacting operational margins

KUALA LUMPUR, MAY 26, 2023 – MSM Malaysia Holdings Berhad (MSM) 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 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. 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.

Lower revenue of RM588 million was recorded for the period under review compared to RM596 million a year ago due to reduced export sales volume in order to prioritise local sales demand.

MSM Group Chief Executive Officer, Syed Feizal Syed Mohammad said, “The sugar industry is faced with prolonged high input cost environment owing to the rise in cost of raw sugar, freight, natural gas and volatility of Ringgit Malaysia. Other input costs such as packaging materials, utilities and inland logistics have also increased significantly.”

“We foresee demands in the local and export markets to be stronger moving forward but the high input costs continue to impede the improvement of the Group’s financial performance. We are delighted with the government’s announcement yesterday to allow local sugar industry to produce pure white refined sugar with prices to be determined by market forces. This will allow us to be more resilient against high input costs. MSM will continue to endeavour in returning to the black sustainably despite these input cost challenges,” Syed Feizal said.

MSM has firmly established itself as a leading national sugar refinery, providing quality refined sugar products for over six decades. Therefore, MSM will ensure sufficient sugar supply for the local consumers as well as safeguarding Malaysia's food security.



“For added mitigation, MSM Johor is in the initial phase of third boiler procurement to further strengthen operations sustainability. The planned improvement programme aims to not only boost the production utilisation factor (UF) but also align with MSM Johor's vision of becoming a world-class sugar refining centre. There is tremendous headroom to grow the exports with an over 4.0 million tonnes per year market in Asia Pacific where MSM Johor has a geo-strategic advantage in the supply chain of retail and industry,” Syed Feizal further added.

MSM intends to grow the export footprint further between 12-15 percent in the near term. Global sugar prices have been bullish due to food security concerns and global demand outstripping production. The export market attractiveness will spur MSM volumes into China, Philippines and Indonesia.

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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 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.

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