

MEDIA RELEASE
For Immediate Release**MSM RECORDED A LOWER LBT OF RM14 MILLION FOR
2QFY2023**

Sugar industry continues to experience negative gross profit margin mainly from the price-controlled wholesale segment due to prolonged high input costs, without any subsidy.

KUALA LUMPUR, AUGUST 24, 2023 – MSM Malaysia Holdings Berhad (MSM), the producer of the leading national refined sugar brand "Gula Prai", recorded a lower loss before tax (LBT) of RM14 million for the second quarter (2Q) FY2023, compared to loss before tax (LBT) of RM35 million for 2QFY2022. The improvement is attributable to higher capacity utilisation, better freight cost, as well as gain recorded from disposal of Pulau Indah land of RM8.33million, gain from translation of USD balances of RM9.67 million, and gain from USD forward contracts of RM7.09 million. For the first half of the year (1H2023), MSM posted a lower net loss of RM57 million as compared to a net loss of RM62 million in 1H2022.

Revenue for this quarter rose to RM746 million, 20% higher compared to the same quarter last year of RM624 million. For 1H2023 revenue increased to RM1.33 billion, a significant improvement from RM1.22 billion last year. In 1H2023, the Group recorded negative gross profit margin mainly from the price-controlled wholesale segment due to prolonged high input costs, without any subsidy. Due to external cost pressures, production cost has increased by 12% driven by 5% higher USD rate and 6% more expensive raw sugar prices. In addition, fuel cost, which accounts for 40% of the Group's refining cost, has been impacted by a 49% increase in gas rate, resulting in 28% higher refining cost for the period.

MSM Group Chief Executive Officer, Syed Feizal Syed Mohammad said, "The sugar industry continues to face prolonged high input cost owing to rising raw sugar cost, freight, natural gas costs as well as weaker Ringgit Malaysia. Despite stronger demands seen in the local and export markets, the high input costs continue to impede the improvement of the Group's financial performance."



“Wholesale/retail segment made up to 43% of our business and this segment has been recording significant negative margin since the fourth quarter 2021 without any subsidy or price adjustment. Nevertheless we are pleased that the Government has approved to float the price of pure white refined sugar (“Gula Super”) which is differentiated by the quality of the sugar. However, the joint sugar industry still requires urgent Government intervention to normalize sugar price or subsidy in-lieu in ensuring food security and long-term sustainability of the sugar industry amidst its challenges. We expect the price adjustment will impact the local sugar industry positively going forward,” Syed Feizal said.

Although operating under the gazetted controlled selling price and at RM2.85/kg, Malaysia is by far the cheapest sugar producing countries, compared to other sugar producing countries with integrated plantations and energy savings scheme such as Thailand at RM3.50/kg. The rest of Asia region retails between RM4.50 – 9.50/kg.

MSM has firmly established itself as a leading national sugar refinery and amongst top 10 refiners in the world, providing quality refined sugar products for over six decades. Therefore, MSM ensures sufficient sugar supply for the local consumers as well as safeguarding Malaysia's food security and maintains a stockpile volume sufficient to mitigate any disruption in the global supply chain.

“In further market expansion, MSM Johor will be ramped up in production to serve greater export markets. MSM presently exports to 17 countries. There is tremendous headroom to grow the exports with an over 4.5 million tonnes per year market in Asia Pacific. We have sealed a key contract with a key state-owned enterprise food player in China to supply refined premium sugar and look forward to developing more markets in hypergrowth regions such as Africa,” Syed Feizal further added.

MSM’s growth has Sustainability through a step-up ESG framework fully embedded in business and operations. MSM has achieved circular economy in its waste to green initiatives and are actively reducing its carbon footprint as the 10th coporate in Malaysia subscribing to SBTi and Net Zero ambitions under UN Global Compact.

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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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