

MSM PROFIT BEFORE TAX (PBT) SURGES 223% TO RM 64.55 MILLION IN THE FIRST HALF 2021 (1H 2021)

KUALA LUMPUR, AUGUST 25, 2021 – MSM Malaysia Holdings Berhad (MSM) posted a Profit Before Tax (PBT) of RM 64.55 million for the first half year ended 30 June 2021 (1H 2021), a 223% higher compared to Loss Before Tax (LBT) of RM 52.52 million in the corresponding period last year. Meanwhile, the PBT for 2Q 2021 stood at RM 21.48 million, an increase of 185% against a LBT of RM 25.27 million in 2Q 2020. The Group managed to maintain a sustainable performance despite a few operational setbacks, pillared by improved margin and capacity utilisation as well as lower finance cost.

The increase in premium for Industry and Export refined sugar segments has resulted in the Group's revenue for 1H 2021 climbed up 11.4% to RM 1.07 billion versus RM 959.58 million in 1H 2020, while revenue for the quarter under review, came in 23.5% stronger with RM 554.10 million against RM 448.74 million in the same quarter last year.

The Group's gross profit margin grew to 7.5% in 2Q 2021 compared to 3.8% in 2Q 2020 which is mainly attributable to the increase in Industry Premium. In addition, the Profit After Tax (PAT) recorded for the quarter surged by 162.5% to RM 13.47 million compared to Loss After Tax (LAT) of RM 21.55 million in the corresponding quarter last year. Overall, MSM reported PAT of RM 44.65 million for 1H 2021, indicating a rise of 179.4% against LAT of RM 56.26 million as recorded in 1H 2020.

During the period under review, the Group experienced several incidences that affected production. Firstly, the temporary closure of MSM Sugar Refinery (Johor) Sdn Bhd between 30 March to 26 May with regards to the planned rectification works and secondly, MSM Prai Berhad (MSM Prai) was also ordered to temporarily suspend its operations by Ministry of Health (MoH) between 8 to 15 June, to allow plant wide sanitisation to be carried out following the spread of Covid-19 cases among its employees.

MSM Group Chief Executive Officer, Syed Feizal Syed Mohammad said, "Although the shutdown further resulted in the lower production of the value-added products for export including liquid sugar, premix and fine syrup, the revenue for export refined sugar has moved up in tandem with 60% increase in its sales volume due to the re-opening of borders."

Highlighting our operational segment, the refining cost for the period under review is lower than the prior year mainly due to lower packing material cost and reduction in fuel cost as a result of revised gas tariff. In spite of the operational delay, the Group remains optimistic with production capabilities of MSM Johor, projecting a 50% of utilisation rate (UF) in 2H 2021 backed by the increase in export demand. In addition, the facilities for the production of value-added products will be further enhanced to cater to the rising demand.

“Strategically, the accelerated growth in the second half of the year will be driven by stronger selling price and sales volume for Domestic segment as well as encouraging prospect for Export market. We have hedged completely for domestic wholesale raw sugar requirement for FY2021 and anticipates 10% growth in our domestic sales volume,” said Syed Feizal.

“Currently, MSM has also secured 65% of Export contracts from its initial target of 350,000 tonnes for the Financial Year 2021. The gradual easing of restriction measures from countries around the region is expected to boost the demand and increase our export volume especially to Vietnam which represents around 55% of our export market,” he added.

Moving forward, “Gula Prai” as the Top 3 most chosen fast moving consumer goods (FMCG) food and beverage brands in Malaysia, amongst leading global sugar producers, will hone focus in the execution of its strategic roadmap as outlined in the business plan which is centered around the turnaround journey through assets optimisation, staying resilient with strengthened income stream and building integration for sustainable performance.

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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.

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