



MEDIA RELEASE

MSM ANNOUNCES RM148.52 MILLION PRE-TAX PROFIT

KUALA LUMPUR, February 22, 2017 – MSM Malaysia Holdings Berhad (MSM), the largest refined sugar producer in Malaysia ended the 2016 financial year with a profit before tax (PBT) of RM148.52 million and posted RM24.13 million for the fourth quarter ended 31 December 2016 from previous year's PBT achievement of RM372.13 million for full year and RM91.74 million recorded for the fourth quarter ended in 2015.

Meanwhile, the Group registered a net profit of RM120.72 million from RM275.3 million recorded in the same period last year whilst its fourth-quarter earnings stood at RM14.39 million on the back of higher cost of production resulting from raw sugar price hike and weakening Ringgit.

Notwithstanding the above, the Group recorded stronger consolidated revenue of RM2.66 billion for the financial year ended 31 December 2016 compared with RM2.31 billion in the same period last year. The fourth-quarter revenue posted RM838.31 million, up 26.3% from RM663.97 million in the same period in 2015. The higher revenue recorded was mainly due to increased sales volume from the Group's Domestic segment and improved average refined sugar selling price.

In light of the above MSM's President and Group Chief Executive Officer, Mohamad Amri Sahari commented, "Our business depends on optimising margins between prices of raw and refined sugar. In 2016, the raw sugar cost increased tremendously by approximately 40%, consequently this translates to 80% of MSM's operating costs and no doubt this is beyond our control and has significantly pressured our margins. Nevertheless, taking into consideration the substantial increase in natural gas price, we manage to retain our refining costs with a bare minimum increase of only 0.76%, which exemplifies our operational excellence."

Despite challenges facing the commodities market and significant suppression on USD/MYR currency exchange rates which are beyond our control, MSM still managed to close the year



with the highest production output of 1,117,010 tonnes in 2016, an increase of 8.1% compared to the 2015 production.

“Sugar refining is a regulated industry, whereby the industry has an obligation to ensure adequate sugar supply in the country. In addition, consumption growth will be in tandem with the increase in population. These factors combined, maintain the stability of our business and the growth opportunities that comes with it,” said Amri Sahari.

On the other hand, MSM continues to engage and consult with the relevant government agencies on matters pertaining to the nations’ sugar security and pricing structure.

He added, “As a Group we hope to remain resilient by improving our earnings in 2017 and continue to intensify our focus limited within our means of, particularly; managing costs, enhancing customers and stakeholder’s relation, strengthening our brand and continue to develop our human capital for the future.”

Despite the less favourable circumstances presented by the sugar industry in 2016, the Group is focusing on several potential growth initiatives within the South-East Asia (SEA) market which is in line with its approved strategic roadmap.

He explained further that moving forward, the initiatives setup is intended to expand MSM’s market share and customer base, particularly in sugar-hungry regional markets and fast-growing countries for synergetic joint ventures or partnerships which are also part of the plans to shift the Company from a local player to a global player.

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About MSM Malaysia Holdings Berhad (MSM)

MSM Malaysia Holdings Berhad (MSM), incorporated on 10 March 2011, is Malaysia's leading refined sugar producer. It was listed on the Main Market of Bursa Malaysia Securities Berhad on 28 June 2011 and is one of the top 50 prominent companies on Bursa Malaysia with a market capitalisation of RM3.34 billion (as at January 2016). It is also a 51% subsidiary of Felda Global Ventures Holdings Berhad (FGV).

Principally, MSM operates the sugar business of FGV. It produces, markets and sells refined sugar products. The company conducts its business principally through two operating subsidiaries, MSM Prai Berhad and MSM Perlis Sdn. Bhd. which were established in 1959 and 1971 respectively. In addition, MSM also operates a logistics company - MSM Logistics Sdn. Bhd. and a trading company - MSM Trading International DMCC, based in Dubai, UAE.

At present, MSM's production capacity is up to 1.25 million tonnes of refined sugar per annum. In 2016, MSM produced its highest output at 1,117,010 tonnes of refined sugar, of which 137,648 tonnes are catered for the export market. Currently, MSM corroborates up to 60% of the domestic market share.

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.

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