

MSM Malaysia Holdings Berhad

Wednesday/8 June 2022 – 11th Annual General Meeting



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MOVING FORWARD

MSM



THE YEAR IN REVIEW

In 2021, within a continually challenging environment, **MSM IS FOCUSED ON OUR TURNAROUND PLAN** through reorganization and asset optimisation, staying resilient with strengthened income streams and building integration for sustainable performance.

We strived to reinforce our **brand positioning**, stayed on track for current and long term targets **maximising** our capabilities through market **expansion** and greater outreach. Critically, we **strengthened** our balance sheet and **enhanced** our liquidity. In initiatives, we stepped-up with **acceleration** our **ESG journey** and kicked-off **digitalisation** towards **IR 4.0** during the year.

FY2021 AT A GLANCE



Revenue
RM 2.3 billion



Production Output
895,222 MT



Single-tier dividend
declared for FY2021
3.0 sen per share



Profit Before Zakat
and Taxation
RM 81 million



Strengthened regional
presence with
246,101 MT exports
(26%)



Domestic Market
Share **Dominance**



Total Assets
RM 2.87 billion



Capacity Utilisation
Group - 43.7%
Johor - 19%
Prai - 68%



Production Yield
95.7%

MSM IN THE GLOBAL SUGAR PRODUCTION SPHERE

Sources : Companies' website and Trade Houses as of Dec 2020



Rank 1 - 5.9m MT/yr



Rank 2 - 5.3m MT/yr



Rank 3 - 5.0m MT/yr



Rank 4 - 4.0m MT/yr



Rank 5 - 2.7m MT/yr



Rank 6 - 2.5m MT/yr



MITR PHOL



Rank 7 - 2.4m MT/yr



Rank 8 - 2.05m MT/yr



2021 PROGRESS & ACHIEVEMENTS

Improve MSM Johor's Production Capacity, Yield and Refining Cost



- MSM Johor's yield improved to 91% in FY2021.
- Boiler rectification works during the year inhibited production capacity at Johor.

Improve Sales & Distribution



- MSM achieved lower warehousing costs during the year.
- Optimised MSM Logistics fleet utilization versus 3PL assets

Increase Growth in Domestic Volume



- Achieved higher weighted Average Selling Price (ASP) in FY2021 vs FY2020.
- Lower sales volume due to prolonged MCO however December was historical monthly highest ever.

Growth in Value Added Segment Sales



- Achieved higher ASP for Value Added Products.
- Lower production volume affected by temporary shutdown at MSM Johor, MCO and high container costs.

2021 PROGRESS & ACHIEVEMENTS

Market Strengthening and Development

- Domestic market share > 60% and 3rd most highest household penetration of FMCG F&B brand after Maggi and Milo
- Brand reinforcement campaign launched “Janji...Gula Peket Hijau” 2021-2022

Export via Strategic Partnership

- MSM is further exploring strategic partnership to strengthen export segment and further unlock synergistic value in 2022
- Awarded Coca-cola Asia Pacific 2-Year contract

Capital, Loan and Forex Management

- Pared down term loan from MSM Perlis disposal proceeds with gearing < 27%
- Currently increasing USD borrowings for natural hedge in line with growing USD receivables from export.

Monetise Non-Core Asset

- MSM successfully disposed of MSM Perlis in FY2021 to FGV
- Further non-core assets under divestment

MSM VALUES ITS STAKEHOLDERS



**Dividend Declared
for FY2021**

3.0 sen per
ordinary share



**COVID-19 and
Flood Assistance**

In 2021, MSM contributed more than 27,000kg of sugar products to aid communities and employees impacted by the COVID-19 pandemic and floods.



**Mangrove Tree
Planting**

MSM collaborated with Penang DOE to preserve and converse the environment through replanting 700 mangrove tree saplings.



**Free Gula Prai
Sugar**

Each employee is entitled to two (2) free bags of 1kg Gula Prai Coarse Grain Sugar every two months.



**Zakat and CSR
funds for staff**

RM307,251.99



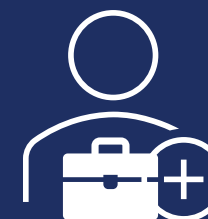
**Back-To-School
Subsistence**

A total RM 59,000 covering
259 low income staff
Primary – RM100 per child
Secondary – RM150 per child



Volunteering

In 2021, MSM employees
volunteered more than
1,600 hours assisting
local communities.



**Next of Kin
Employment**

In 2021, in the event of
COVID-19 related employee
death, MSM offered
employment to the child of
the deceased breadwinner.



GROUP FINANCIAL HIGHLIGHTS

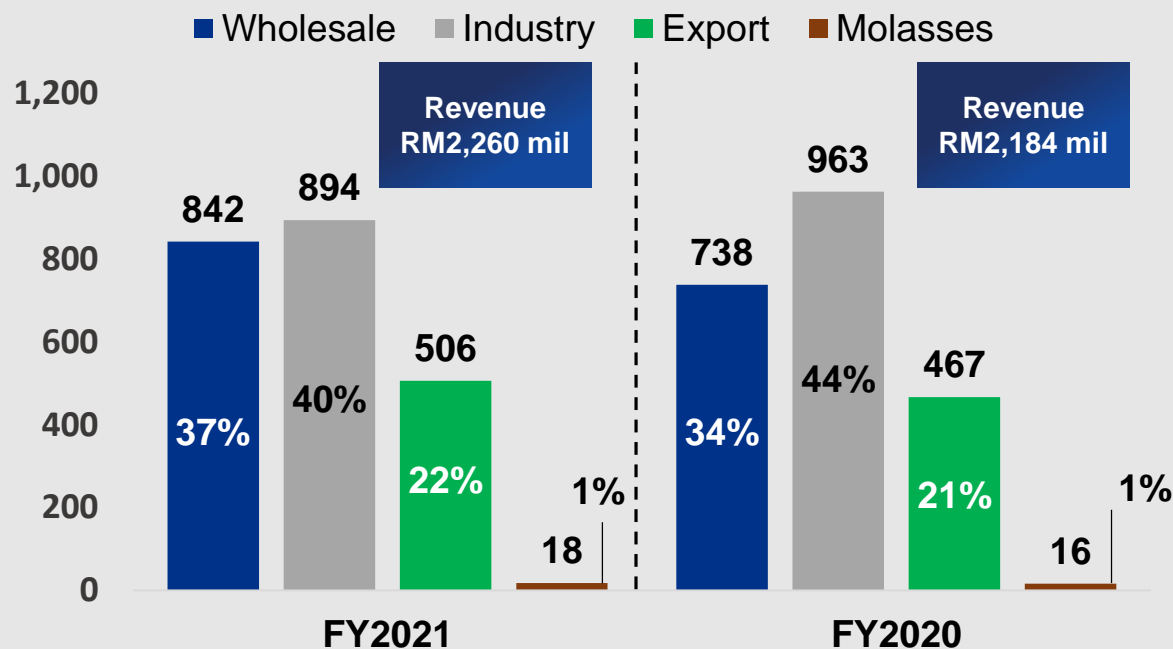
GROUP FINANCIAL HIGHLIGHTS

FINANCIAL PERFORMANCE (RM Million)	FY2021	FY2020	YoY %
Revenue	2,260	2,184	▲ 3%
Gross Profit	161	168	▼ 4%
GP Margin (%)	7%	8%	▼ 1%
PBT from continuing operations	81	36	▲ >100%
PAT from continuing operations	37	4	▲ >100%
PAT/(LAT) from discontinued operations	89	(75)	▲ >100%
PAT/(LAT) Attributable to Shareholders	125	(71)	▲ >100%
EPS/(LPS) (sen)	18	(10)	▲ >100%
FINANCIAL POSITION (RM Million)			
Total Assets	2,871	2,770	▲ 4%
Total Liabilities	1,158	1,189	▼ 3%
Cash and Cash Equivalents	195	196	▼ 1%
Net Asset/Share (RM)	2.44	2.25	▲ 8%
Dividend Declared (sen)	3.0	-	▲ >100%
Gearing Ratio (%)*	26%	33%	▼ 7%

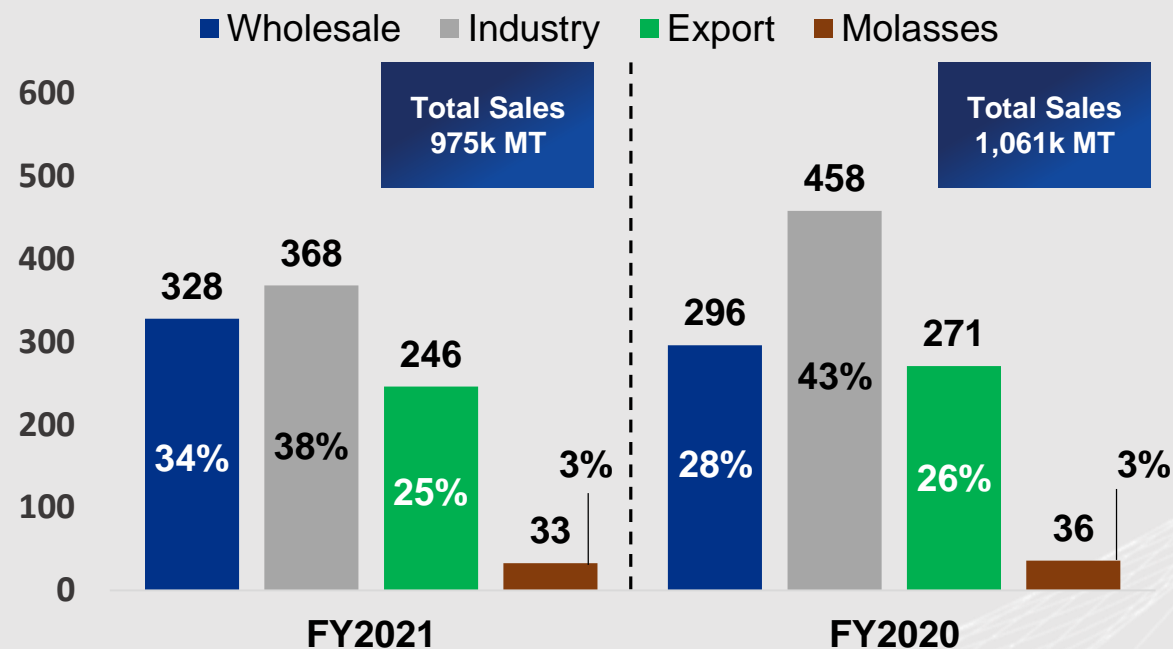
* Gearing ratio equals to net debt divided by total capital of the Group.

SALES PERFORMANCE FY2021 VS FY2020

Sales Revenue



Sales Volume



- The Group's sales revenue increased by 3% in FY2021 despite lower sales volume due to higher Average Selling Price (ASP) compared to previous year.
- Higher revenue from export sales by 8% resulting from higher export premiums.
- The Group recorded 8% lower sales volume owing to the prolonged MCO and slower recovery in demand.

KEY CHALLENGES & MITIGATIONS



COVID-19 Pandemic

- Threats of new variant “Omicron”.
- Potential new outbreaks which could lead to operational disruptions.

Mitigation Measures

- Progress and efficacy of vaccinations, SOP compliance and effective containment of new COVID-19 variant outbreaks remains into effect.
- Close communication with KKM and feed from WHO in monitoring and threat assessment.



Increase in Production Costs

- NY11 prices bullish FY2022.
- Natural gas 30% of refining cost.
- Rising freight cost compresses margin.

Mitigation Measures

- De-risking NY11 by higher Industry and Export volume. To date, MSM has secured most of Wholesale requirement for FY2022.
- Signed Third Party Access (TPA) agreement with Petronas for Pay-Per-Use (PPU) and Brent hedging.
- Freight forward hedging.



MSM Johor Performance

- Average utilisation factor (UF) rate for MSM Johor was lower due to temporary shutdown in FY2021.
- Running at lower UF resulted in higher cost of production.

Mitigation Measures

- Ramping up of MSM Johor after debottlenecking of processes.
- Boiler 1 change-out.
- Boiler 2 ramp-up.
- Boiler 3 and LP package boiler under procurement for secured plant reliability and availability.



Malaysian Domestic Regulations

- The domestic Wholesale refined sugar price has been capped at RM2.69/kg for sugar manufacturers.
- Sugar Tax to further include premix beverages.

Mitigation Measures

- As the raw material and input costs are high, KPDNHEP reviewing current ceiling price for 1kg and 2kg packs.
- MSM has seen growth in industrial volume despite the new Sugar Tax introduction in FY2019. No significant impact.



SUGAR INDUSTRY OVERVIEW

RAW SUGAR (NY11) PRICES (AS AT 2 JUNE 2022)

SUGAR NO. 11 FUTURES (CONTINUOUS: CURRENT CONTRACT IN FRONT), 1D, ICEUS O19.38 H19.59 L19.23 C19.35 -0.09 (-0.46%)

Source : TradingView
NY11 Continuous Historical Chart

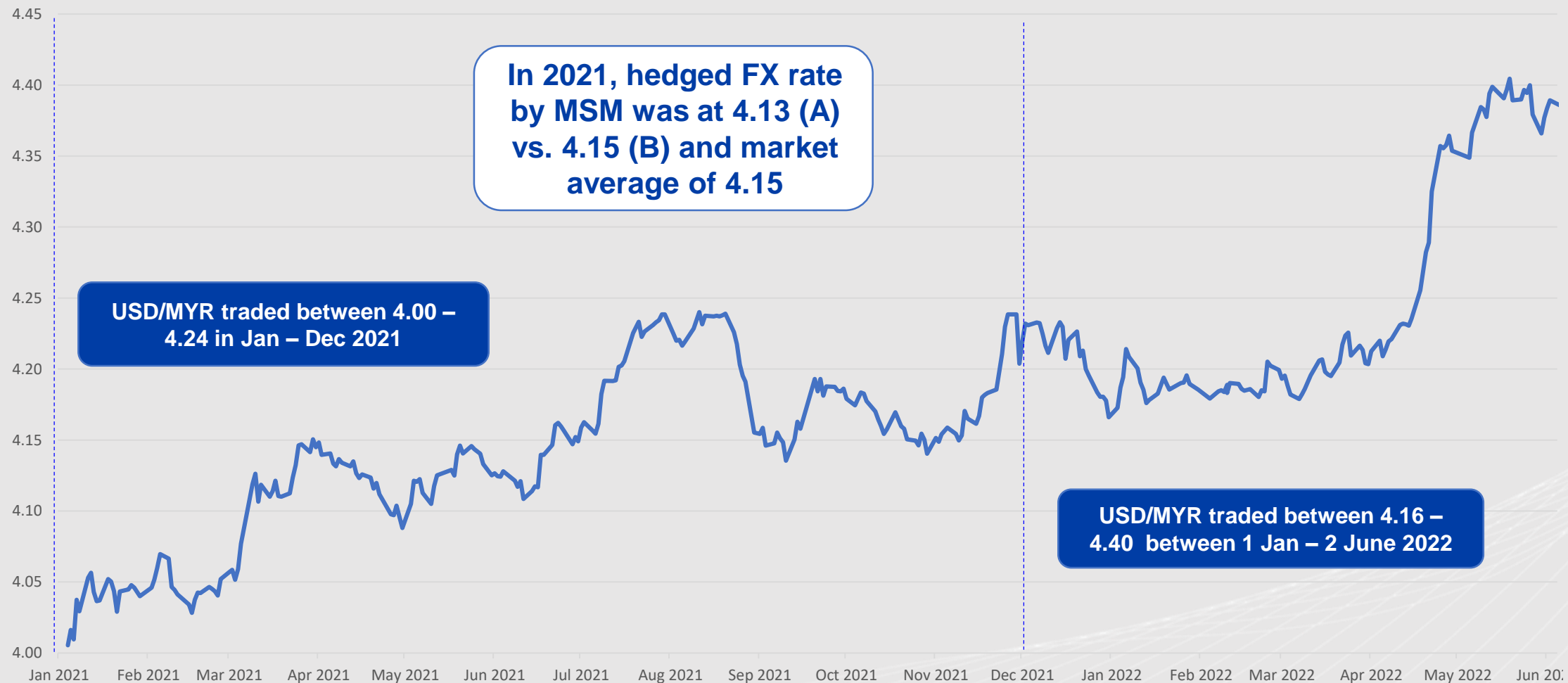


2022 : 92% Covered @ USD 16.00 – 17.00 c/lbs
2023 : 28% Covered @ USD 15.00 – 16.00 c/lbs

2022 Raw Sugar Price (NY11) Outlook

- Higher energy prices tend to lift the price of ethanol which can be derived from sugar. Due to a matured ethanol programme as transport fuel mix in Brazil raw sugar suppliers are subject to food vs fuel option. Raw sugar price has moved in tandem with Brent crude oil prices as Brazilian sugar millers are more motivated presently to switch production from sugar to ethanol for the higher price, and Brazil being the world's largest supplier of raw sugar, this switch would cause a gap in the global supply of sugar.
- Ethanol parity in Brazil is currently at USD 21.50 c/lbs. Brazil is seeking to cut the ICMS state tax in a bid to lower gasoline prices. This would weigh on ethanol prices and in turn, sugar, as output of the sweetener would rise.
- India sugar industry body - Indian Sugar Mills Association (ISMA) said the government's decision to cap sugar exports at 10 million tonnes in 2021-22 marketing year ending September will not have a significant impact as millers are likely to ship around 9-9.5 million tonnes of sweetener only. The strong export from India serve as a price hedge because India will export whenever the export market prices are attractive.
- Raw sugar uptrend will be expected to continue with recent heavy buying from net speculators and high Brent crude oil prices.

USD/MYR HISTORICAL MOVEMENT JAN 2021 – 2 JUNE 2022



Source : Bloomberg

USD/MYR Outlook

- Market's USD/MYR forecast for the remaining of 2022 is between 4.30 - 4.50.



MSM STEP-UP ENVIRONMENT, SOCIAL & GOVERNANCE (ESG)



ENVIRONMENT

- Renewable energy – **Solar**
- Energy management and savings – **Neutral**
- **Mudcake** waste to fertilizer, cement and animal feed
- Tree & **mangrove** planting
- Sustainable raw sugar procurement **NDPE**
- **Resource** care - water use efficiency and discharge
- **3R** Recycle, Reduce and Reuse
- Climate change carbon neutral - **SBTI and Net-Zero**.



SOCIAL

- **Charity and education** via Zakat and CSR budget.
- Recognized **Employer Brand**
- Youth support e.g. **Prodigy** programme
- **DEI** - Diversity, Empowerment and Inclusiveness
- **FLA** - Fair Labour Association worker rights and practices
- **Consumer Protection and Benefit** – Nutrition, Food Safety and Product Choice
- **Membership sustainability organisations** – CEO Action Network, UNGCMYB
- **Vendors and suppliers** - shared sustainable values



GOVERNANCE

- Policies, SOPs and internal controls **step-up**
- Accounting standards and regulations.
- Protecting shareholder and minority interest.
- Board structure, composition and conflicts of interest.
- **Integrity** Pledge and programs.
- Anti-Bribery and **Anti-Corrupt** Practices.
- **Transparency** and disclosures.
- **Risk** Management



Renewable Energy



Mangrove Tree Planting



Charity & Food Banks



Education Sponsorship & Prodigy Graduate Employment

>>> GULA PRAI BRAND REINFORCEMENT ONGOING CAMPAIGN



Generic TVC – 3 versions (20 seconds)

- Duration: 21 Mar – 17 Apr 2022
- Media channels: RTM1, TV3 and Astro



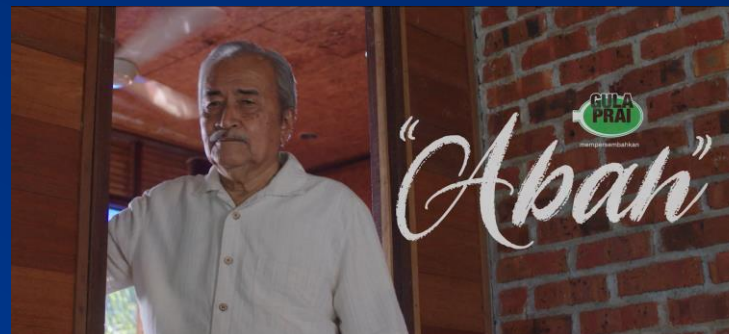
POS

- Duration: Dec 2021 – Jul 2022
- 207 stores nationwide



Livery

- Began in March 2022 on all MSM Logistics assets



Aidilfitri Webfilm “ABAH”

- Premier: 26 Apr 2022.
- Media channels: Main TV stations and Youtube.
- Approx. Cumulative Viewership – **100 million**

Ramadan “Buka Puasa” Greeting

- Duration: Mar/Apr 2022.
- Media Channel: TV3 (10 secs).

Social Media Influencer Engagement

- Target: 22 Apr 2022 (Ramadan).
- KOL: Khairulaming.



New Retail Packages

- Target: 2Q 2022
- New sizes to be launched for CGS – 500g and 700g.
- Target outlet: 7-Eleven, Eco Shop, KK Mart etc.



FY2021

- **275%** increase in followers

»»» FY2022 PROSPECT



The Group recognises the current challenging environment amidst rising raw sugar prices, increase in freight & natural gas costs and volatility of foreign exchange but remains cautiously optimistic on its Turnaround Plan.



On the domestic front, the positive development of the National Recovery Plan leading to the endemic phase will continue to provide strong impetus for greater economic recovery and socio-economic activities leading to more product consumption including sugar. MSM will ensure consistent supply of sugar is made available to the market.



On the export market, barring unforeseen circumstances, FY 2022 poses good opportunities within the Asia Pacific region that has a strong and growing demand. The Group will remain focused towards higher yield and capacity utilisation to attain lower refining and production costs.

»» 3-YEAR STRATEGIC PLAN FY2021 – FY2023

“Turnaround Through Assets Optimisation”

2021 “Turnaround”	2022 “Resilient”	2023 “Integration”
<ul style="list-style-type: none"> MSM Johor UF 19%, Yield 91%. MSM Prai UF 68%, Yield 97%. Strengthen domestic market >60% and initiate new market channels HORECA, Last Mile. Export 25% and initiate 3rd party trading with offtake MSM Quality, growth Singapore. Grow VAP i.e. Liquid Sugar & Premix. Identify strategic partner – MSMJ. Step up ESG and Digitalisation. 	<ul style="list-style-type: none"> MSM Johor UF of 30%, Yield 95%. MSM Prai rejuvenation Phase 1. Strengthen domestic market >65% and grow new channels HORECA, Last Mile and Health. Export 30% and grow 3rd party trading with offtake MSM Quality, retail market development in Singapore. Expand VAP capacities i.e. Liquid Sugar & Premix and initiate OEM business. Strategic partnership Ph 1 – MSMJ. Net Zero Carbon commitment plan. 	<ul style="list-style-type: none"> MSM Johor UF 50%, Yield 96%. MSM Prai rejuvenation Phase 2. Strengthen domestic market >67% and mature new channels HORECA, Last Mile and Health. Export 40% and mature 3rd party trading with MSM Quality, distributorship in Singapore. Expand VAP and OEM segment to 20% of total business. Strategic partnership Ph 2 – MSMJ. Grow Digitalisation IR 4.0.



Janji...
gula peket
hijau!



THANK YOU

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