

MOVING FORWARD WITH  
**RESILIENCE** 

# MSM MALAYSIA HOLDINGS BERHAD

## 12<sup>TH</sup> ANNUAL GENERAL MEETING

8 JUNE 2023, THURSDAY

**Pre-AGM Questions &  
Answers**



MSM MALAYSIA HOLDINGS BERHAD



## PRE-AGM QUESTIONS & RESPONSES

1. GIFT	
Shareholder Name	Question
NOORINA BINTI MD SOM	I humbly request BOD to give E-wallet or E-voucher to attendees as a token of appreciation. I believe the token sum is small, manageable and within annual budgeted expenses.
AZHAR BIN KHAMARUZAMAN	I humbly request BOD to give E-wallet or E-voucher to attendees as a token of appreciation. I believe the token sum is small, manageable and within annual budgeted expenses.
LEE CHEW FOONG	Dear Board of Directors, Please kindly consider giving all shareholders a good and generous door gift as we have worked hard, taken a lot of time, effort, involvement and participation in this important AGM. Thank you very much for your kindness and generosity.
MOHAMAD NAQUIDDIN BIN ROSDI	Is there any door gift for this year AGM?

## PRE-AGM QUESTIONS & RESPONSES

### 1. GIFT (CONT'D)

#### Response

For MSM 12th AGM 2023, All shareholders/proxies/corporate representatives who logged in during the AGM on 8 June 2023 will receive a door gift worth over RM50 including delivery charges which will be borne by MSM. The items are as follows:

Item
<b>PRODUCTS &amp; VOUCHER</b>
1. Gula Super Premium Grain Sugar PGS 1kg
2. Beras Wangi Ladang '57 1kg
3. Minyak Masak Saji 1kg
4. Garam Putih Saji 400ml
5. Susu Pekat Saji
6. Santan Krim Saji 200ml
7. KFC Food Voucher RM20

## PRE-AGM QUESTIONS & RESPONSES

### 2. DIVIDEND

Name	Question
KOW LIH SHI	Can the company increase dividend to RM 0.30 and above?
KOU CHAN KAI@KOW CHEE FOO	This year's able pay dividend higher? Company keep on loss

### Response

In FY2022, no dividend was declared. Nevertheless, the intention for FY2023 is to work towards the improvement of company's financial and operational performance to deliver greater value to our shareholders.

Any dividend in FY2023, will be assessed based on the whole year's performance at the discretion of the Board and guided by the Group's dividend policy.

## PRE-AGM QUESTIONS & RESPONSES

### 3. GROUP PEOPLE & CULTURE

Name	Question
NOORINA BINTI MD SOM	How much are you investing in employee training, and how has it translated into increased revenue, productivity gains and employee engagements?

#### Response

Approximately RM600,000 has been spent comprising more than 18,000 hours on employee learning in FY2022 versus around 9,000 learning hours in FY2021.

Employee engagement improved safety records where fatality dropped from 0.62 in FY2021 to zero in FY2022 whereas Lost Time Injury (LTI) dropped to 0.78 in FY2022 from 3.93 the year prior signifying engaged employees leads to higher productivity, less incident and safer work environment.

Despite MCO constraints and business challenges, the Group recorded higher revenue of RM2.57 billion in FY2022 versus RM2.26 billion in FY2021. Productivity factor being revenue/employee (1,038pax) RM2.47 million per employee in FY2022 versus revenue/employee (1,033pax) RM2.18 million per employee in FY2021.

MSM also engages employee well-being through People Happiness Index survey at 70% conducted twice a year.

## PRE-AGM QUESTIONS & RESPONSES

### 4. GROUP PEOPLE & CULTURE

Name	Question
AZHAR BIN KHAMARUZAMAN	What is the ratio of the annual total compensation of the CEO to the median of the annual total compensation of all employees, except the CEO?
<b>Response</b>	
Generally, the CEO pay ratio is within the range of P50 of the market at large.	

## PRE-AGM QUESTIONS & RESPONSES

### 5. GROUP PEOPLE & CULTURE

Name	Question
AZHAR BIN KHAMARUZAMAN	What is your ratio of standard entry-level wage by gender, compared to the local minimum wage?
<b>Response</b>	
MSM is an equal opportunity employer and has no gender discrimination in employment compensation. MSM subscribes to the Women Empowerment Principles (WEP) under the United Nations Global Compact.	

## PRE-AGM QUESTIONS & RESPONSES

### 6. ESG

Name	Question
NOORINA BINTI MD SOM	Has your company committed to a net-zero pledge? If yes, what is the strategy to achieve this target?

### Response

- MSM has committed to the Science Based Targets Initiative (SBTi) and Net-Zero Ambition (Business Ambition for 1.5 Celsius (1.5°C)) by the United Nations Global Compact (UNGC) on 3 March 2022.
- Our journey to Net-Zero is: Get clear on our baseline of Scope 1 and 2, set ambitious Net-Zero Goal with clear interim milestones, engage with leaders to create and sustain organizational buy-in and integrate Net-Zero goals into our core business strategy, collaborate with suppliers and employees on meeting Scope 3 traceability and commitments.
- Energy saving audits were performed in identifying opportunities for efficiency and reducing carbon emissions. Renewable energy (RE) such as photovoltaic solar panels will be installed in Prai and Sg. Buloh as example. Biomass based steam generation is also being studied with the support of EPU.
- MSM has also initiated our first electric vehicle (EV) transport van in reducing diesel use.



## PRE-AGM QUESTIONS & RESPONSES

### 7. ESG

Name	Question
AZHAR BIN KHAMARUZAMAN	How are you currently engaging your suppliers to adopt sustainable practices? What are your future plans?

### Response

One of the main procured item, MSM is pleased to declare that the NDPE programme is 100% in traceability of raw sugar procurement. The joint effort demonstrates MSM and Wilmar's commitment in protecting the environment, labour and communities while promoting progress in operational efficiencies and best practices.

Our future plans include:

- Continue to strengthen our sustainable local supply chain network through procurement initiatives;
- Our collaboration with local suppliers to contribute to the group ESG initiatives and goals to meet the country's economy while ensuring that they comply with our strict quality requirement and sustainability standards;
- To include ESG awareness in the Vendor Open Day with our critical vendors who are crucial to our operations and carry high financial impact. We will also include ESG as part of vendor selection criteria moving forward; and
- Gain full insight on the secondary source of emissions and gain access to data surrounding our overall supply chain mileage and the effect of their transport methods.

## PRE-AGM QUESTIONS & RESPONSES

### 8. GROUP SECRETARIAL

Name	Question
NOORINA BINTI MD SOM	Are executive directors in charge of different organisations at the same time able to provide undivided focus in managing the company?

### Response

All Board members are Non-Executive Directors. As Board members, they have devoted their time and commitment to perform their fiduciary and statutory duties. Their attendance at Board meetings and number of directorship on listed companies comply with the Main Market Listing Requirements.

## PRE-AGM QUESTIONS & RESPONSES

### 9. STRATEGY

Name	Question
SOO HOO ZHEYANG	MSM has several times mentioned the discussion with government on increasing the sugar selling price or introduce a floating price basis, what has government reply to MSM? and if government reject to change the policy, what will MSM do next? and How MSM survive in this challenging situation?

### Response

The Government understands our challenges as input cost continues to remain high post Ukraine-Russia war. Global demand outstrips lower production due to weather. The world sugar prices have been increasing but Malaysia retail prices have remained unchanged with no subsidy.

## PRE-AGM QUESTIONS & RESPONSES

### 10. STRATEGY

Name	Question
TEO CHER MING	In view of weak ringgit and expected high NY11, how much of 2023 requirements has been hedged?

### Response

Currently, MSM has hedged approximately 64% and 90% of the estimated full year FX exposure and NY11 requirements for year 2023, respectively.

MSM has strong risk management committee chaired by GCEO, policy and practices in place presiding over all hedging activities.

## PRE-AGM QUESTIONS & RESPONSES

### 11. BUSINESS OUTLOOK

Name	Question
TEO CHER MING	What is the current utilisation rate for MSM Johor as of Q1 2023 and what kind of products are being produced there and it is mostly for export market?

### Response

The current utilisation rate for MSM Johor has been increased to 30% UF presently from 20% UF in Q1 2023. The target is to ramp-up to 50% UF by 2<sup>nd</sup> half 2023 with market demand. The products produced at MSM Johor are CGS 1kg, P1 50kg, P1 1tonne, PXX 50kg, PXX 1tonne, Bulk Sugar (tanker), Liquid Sugar, Fine Syrup, Premix Sugar and Molasses (by-product).

As of Q1 2023, the export segment contributed 8% of MSM Johor's product sales (excluding molasses). MSM Johor will have more export volumes moving forward to industry and Near Region markets. Besides containerized shipments, MSM Johor is now able to offer break bulk shipping for higher volumes to market destinations in China, Indonesia and Bangladesh as examples.

## PRE-AGM QUESTIONS & RESPONSES

### 12. BUSINESS OUTLOOK

Name	Question
TEO CHER MING	With the approval of clear refined white sugar production at market price, who would be the target market for this new product? And how much does the company intend to produce for this product in FY2023?

### Response

Gula Super is perfect for the food and beverage enthusiasts who are seeking for enhanced sweetness and higher purity sugar.

MSM is currently producing 5,000 MT per month of the Gula Super as an initial phase. In time, we will grow the volumes of this product according to market demand.

## PRE-AGM QUESTIONS & RESPONSES

### 13. FINANCIAL PERFORMANCE

Name	Question
TEO CHER MING	Based on Q1 2023 results, there is no gross profit as cost is higher than revenue, how does the company plan to tackle this and deliver value to shareholders in 2023?

### Response

MSM is striving to reduce cost with operation efficiencies. However, we have been experiencing a global rise in sugar production cost. We have also engaged the Government on the rationale to review the ceiling price under the control items.

On 25 May 2023, the Government has allowed the float pricing of Gula Super. The joint sugar industry is scheduled to reengage KPDN in Q3 2023 to address structural price changes for long term sugar industry sustainability.

## PRE-AGM QUESTIONS & RESPONSES

### 14. OTHER

Name	Question
KOW LIH SHI	The government announced to review the selling price of sugar to increase by RM1.00. What would the company benefit from this increment? Will this be able to cover overall business losses and will profit targeting be back to earning 5% - 9% net profit?
<b>Response</b>	
<p>Currently there are no adjustments on the control price of Coarse Grain Sugar and Fine Grain Sugar. The joint sugar industry is scheduled to reengage KPDN in Q3 2023 to address structural price changes for long term sugar industry sustainability.</p>	
<p>As the Group has been faced with prolonged increase in input cost and margin compression, any increase in price will contribute positively to the margin of MSM. At the same time, we expect from forecast that some input costs will reduce.</p>	



## PRE-AGM QUESTIONS & RESPONSES

### 15. OTHER

Name	Question
KOW LIH SHI	1. The packaging of sugar has bad seal, thus issues happen for more than 5 years. Do the factories have regular weekly maintenance, servicing and checking?
Response	<p>The rate of failure based on the amount we produce is very small 0.002% against the industry benchmark.</p> <p>Inspection and checking of the packaging machines are done on a daily basis in every shift and servicing is conducted based on periodic maintenance program.</p> <p>Only vendors that are able to produce good and consistent packaging film quality are selected. In addition, replacement of sealing machine collars are done periodically to ensure good and consistent sealing quality.</p>

## PRE-AGM QUESTIONS & RESPONSES

### 16. OTHER

Name	Question
KOW LIH SHI	2. What is the action plan for reducing wastage and damaging of output products?
Response	<p>MSM takes the following actions in order to reduce wastage and damage to finished goods:</p> <ul style="list-style-type: none"> <li>• Conduct regular assessment of current processes to identify areas of waste and product damage;</li> <li>• Train employees on waste reduction, quality control and safe handling practices;</li> <li>• Optimise inventory management and implement a first-in, first-out approach;</li> <li>• Improving packaging and storage practices to minimise damage during transportation and storage;</li> <li>• Implementing quality control measures at various production stages;</li> <li>• Encouraging employee involvement and recognition in waste reduction initiatives; and</li> <li>• Continuously improve processes and maintain a culture of waste reduction and quality.</li> </ul>

## PRE-AGM QUESTIONS & RESPONSES

### 17. OTHER

Name	Question
KOW LIH SHI	1. Does the company have any policies to ensure sufficient inventory despite news of sugar shortages? What is cause of the shortage and the common inventory days and level does MSM practice?
Response	<p>MSM complies to the stockpile requirement set by KPDN of 32,000MT refined sugar stockpile. Average stockpile record from January 2023 to April 2023 is 34,000MT.</p> <p>MSM is continuously working to achieve stability of sugar supply including close monitoring of MSM Johor Ramp-Up program, Enhance the Equipment Reliability program, strengthen Demand &amp; Supply process as well as engaging external co-packers to increase consumer pack production capacity.</p> <p>The common overall inventory days is between 7 to 14 days and MSM's inventory days is currently at 10 days. The shortage reported for 1kg consumer pack is due to high demand and slower distribution replenishment by wholesalers, not related to production. MSM has taken all necessary measures accordingly with all wholesalers.</p>

## PRE-AGM QUESTIONS & RESPONSES

### 18. OTHER

Name	Question
KOW LIH SHI	2. What is the long term plan of the company after completion of the new factory in Johor?
Response	<p data-bbox="86 682 2461 796">Locally we plan to reinforce our domestic market in the Southern region and East Malaysia leveraging on MSM Johor.</p> <p data-bbox="86 873 2461 1172">Approximately 40% of MSM Johor’s production will cater to the domestic market while the remaining 60% will cater to the export market including the Near Region markets like Kalimantan, Myanmar, South Philippines, Indonesia and Singapore. These markets are large importers and have comparatively higher retail selling prices between RM4.50/kg – RM8.50/kg compared to Malaysia RM2.85/kg.</p>

## PRE-AGM QUESTIONS & RESPONSES

### 19. OTHER

Name	Question
KOW LIH SHI	3. What can the company do to increase the output of refined sugar for Malaysian sugar consumption demand?
Response	

MSM possesses the capacity to increase its production with significant headroom when required. MSM presently adopts a just-in-time approach aligned with market demand.

## PRE-AGM QUESTIONS & RESPONSES

### 20. OTHER

Name	Question
KOW LIH SHI	4. Domestic sugar usage has remained high while government is still controlling sugar prices. Did the company look for alternative strategies, products or cost saving initiative to produce below the controlled ceiling price?
Response	<p>We have introduced a higher grade sugar (Pure White Refined Sugar) in the market. The sugar has enhanced sweetness and lower impurities. On 25 May 2023, the Government has approved the selling of the new SKU with a floating price.</p> <p>MSM also has Value Added Products like Premix and Liquid Sugar which has better price and value. We hope all this new products will be able to improve our overall profitability.</p>



# THANK YOU

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