

MOVING FORWARD WITH
RESILIENCE 

MSM MALAYSIA HOLDINGS BERHAD

12TH ANNUAL GENERAL
MEETING
GCEO PRESENTATION

8 JUNE 2023, THURSDAY



MSM MALAYSIA HOLDINGS BERHAD

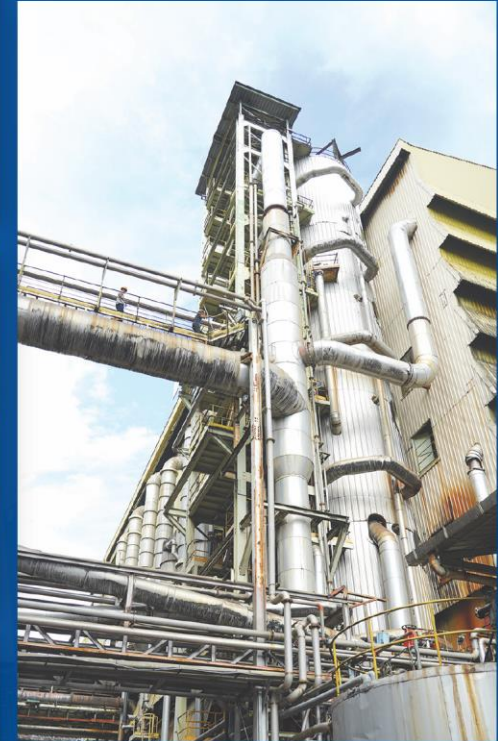




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THE YEAR IN REVIEW

In 2022, **MSM HAS REMAINED RESILIENT** despite the pressures of high input costs in a challenging global inflationary environment, through optimising our production assets and costs, improving risk management, strengthening domestic market position, widening export footprint and reinforcing financial liquidity.

We strived to improve our **manufacturing** and **sales performance**, implementing **better energy planning, optimising cost and capital**, forging **new partnerships** and driving **digitalisation**. We have achieved a reasonable measure of success in these initiatives such as **securing new sales channels** besides witnessing **positive** year-on-year **growth** of sales volumes. We continue to step up in our **ESG journey** and **digitalisation** towards **IR 4.0 as part of MSM's transformation**.

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MSM AT A GLANCE

The logo consists of a large, light blue triangle with a dark blue border. Inside the triangle, the letters 'M S M' are written in a bold, dark blue, sans-serif font. Below the letters, there is a dark blue horizontal bar.

M S M

MSM AT A GLANCE



Gula Prai
established
in
1964

Largest standalone sugar refiner
in Malaysia with
**2.05 million
tonnes**
production capacity

>60%
GLC equity
ownership

Premium Quality Sugar
Polarisation
99.7%
ICUMSA
45

- Wide range of products
- Sugar products packed in assorted sizes
- Various grades of refined sugar

Production Output
946,834 MT

Capacity Utilisation
Group - 46%
Johor - 17%, Prai - 74%

Production Yield
94.5%

Serving **>300** customers

- Wholesalers
- Modern Trade and GTs
- Big Industry
- SMIs
- Export > 15 countries

Ranked 3rd
most chosen FMCG
brand in Malaysia for
FY2021

MSM Logistics
operates own
transport assets
(43-truck fleet)

2

GROUP FINANCIAL PERFORMANCE

The logo consists of the letters 'M', 'S', and 'M' in a bold, blue, sans-serif font, arranged horizontally. This text is centered within a large, light blue triangle that has a darker blue border. The triangle is positioned on the right side of the slide, with its base at the bottom and its apex pointing upwards. The background of the entire slide is a dark blue gradient with faint, stylized outlines of skyscrapers and geometric lines.



FINANCIAL FACTSHEET

REVENUE

RM2.57 billion

31 Dec 2021: RM2.26 billion

 **14%**

GROSS (LOSS)/PROFIT (RM46 million)

31 Dec 2021: RM161 million

 **>100%**

LAT

RM179 million

31 Dec 2021: RM125 million (PAT)

 **>100%**

TOTAL ASSETS

RM2.81 billion

31 Dec 2021: RM2.87 billion

 **2%**

CASH BALANCE

RM221 million

31 Dec 2021: RM195 million

 **13%**

GEARING RATIO

31%

31 Dec 2021: 26%

 **5%**

FINANCIAL PERFORMANCE OVERVIEW

MSM's financial performance was affected by persistently **high overall input costs** leading to four consecutive quarterly losses in FY2022.

P&L Analysis FY22 vs FY21

- Cost of production had increased by **22%**, ASP had only increased by 11%.
- Most notable increase in production cost is **natural gas prices which had increased by 62% (FY21 at RM29.19/MMBtu)**.

P&L FY2022 (RM million)	Q1	Q2	Q3	Q4	FY2022
Revenue	596	624	668	678	2,566
Gross Profit	(5)	(7)	(66)	32	(46)
E/(L)BIT	(18)	(25)	(67)	(40)	(151)
P/(L)BT	(25)	(35)	(72)	(47)	(179)
P/(L)AT	(28)	(34)	(73)	(44)	(179)

GROUP COST BREAKDOWN



PRODUCTION COST
TOTAL COST



Raw sugar usage
76%

NY11 prices

Freight

FX rate

Handling

Polarisation %

Yield %

Refining Cost
18%

Natural Gas (40%)

Depreciation (P&M)

Repair & Maintenance

Packing cost

Labor cost

Utilities

Sub-material

Selling and Distribution
4%

Handling cost

Security cost

Warehousing

Pallets

Delivery

Insurance cost

General & Admin
2%

Admin salary cost

Depreciation
(Admin. assets)

Rental of offices

IT & Consultancy cost

Board & Management
Fees

Advertising Fees

Finance cost

3

PRODUCT SALES & INITIATIVES



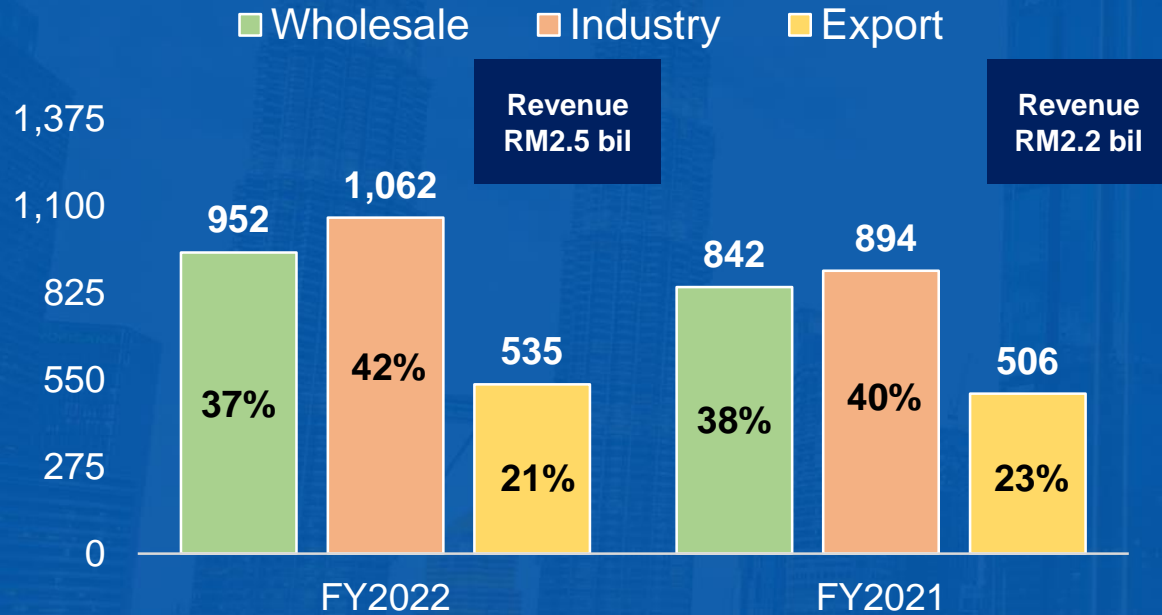
MSM

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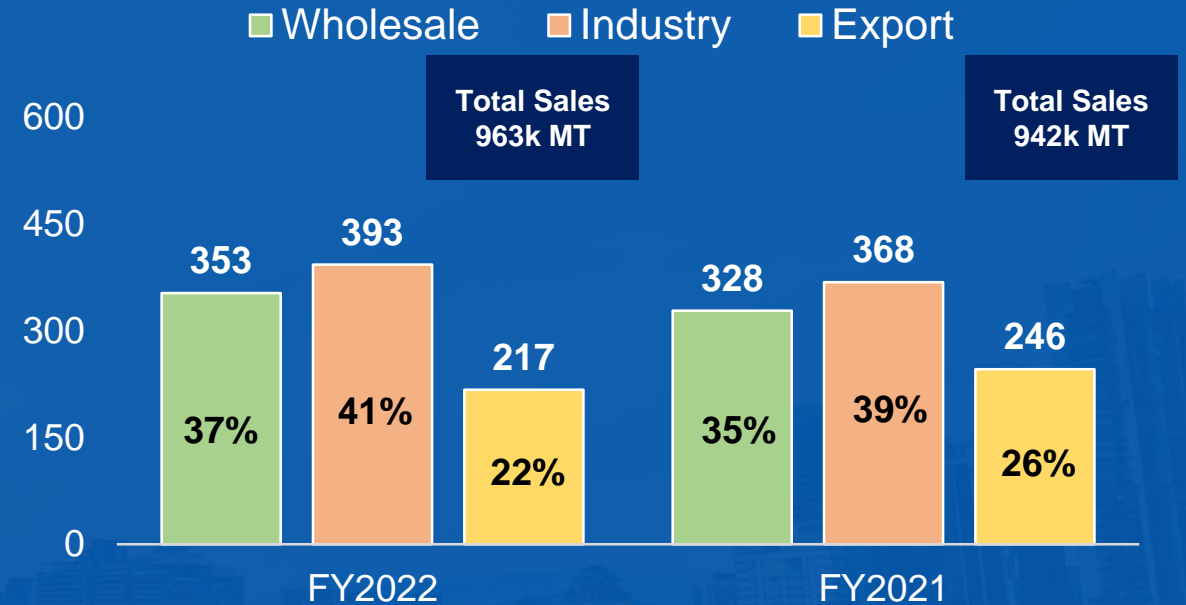


SALES PERFORMANCE

Sales Revenue



Sales Volume



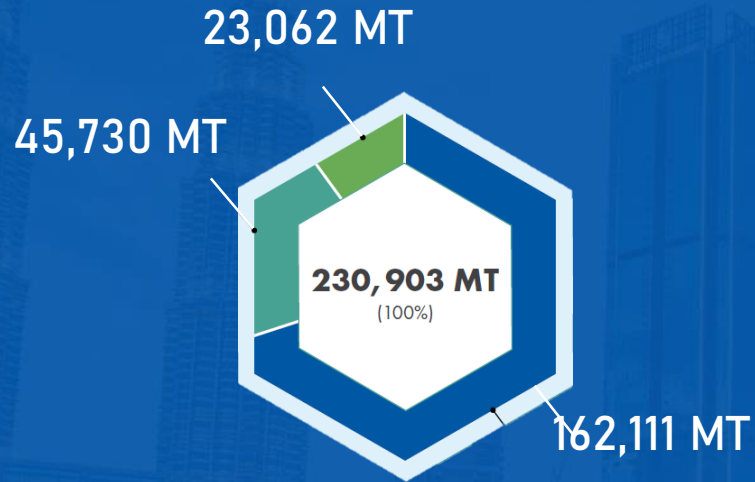
Note: Total sales volume excludes sales of molasses.

- The Group's sales revenue increased by 14% in FY2022 from higher sales volume and higher Average Selling Price (ASP) compared to previous year.
- MSM recorded 7% higher domestic sales in the Wholesale and Industry segments.
- The Group recorded lower Export sales volumes as priority was given to local orders.

MSM GLOBAL PRESENCE

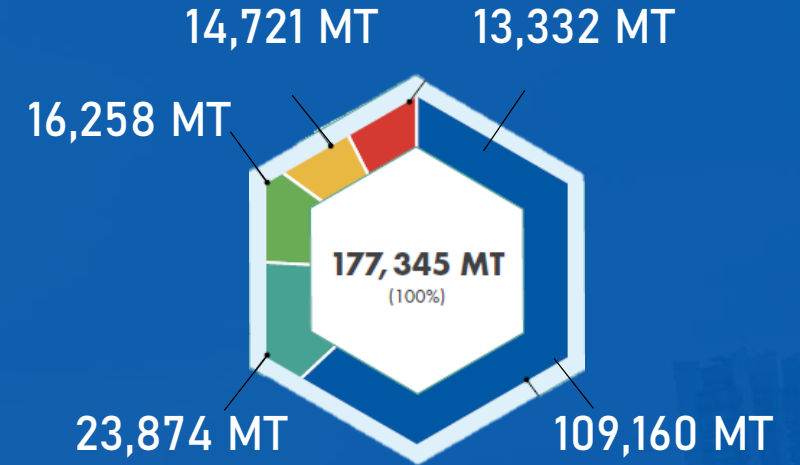
Region breakdown

- Asia Pacific
- Asia
- Oceania



Top 5 Export Destinations

- Vietnam
- Singapore
- China
- Taiwan
- Indonesia



Note: Total export volume includes sales of molasses.

Other Export Destinations





CURRENT MSM PRODUCTS



COARSE
GRAIN SUGAR
(CGS)



FINE
GRANULATED
SUGAR



SOFT BROWN
SUGAR



CASTER
SUGAR



ICING
SUGAR

HEALTH PRODUCTS



GO NATURA



GO 1/2

VALUE-ADDED PRODUCTS



LIQUID
SUGAR



PREMIX



FINE
SYRUP



MOLASSES
(by-product)



MSM ONGOING SALES INITIATIVES

NEW PRODUCT LAUNCH – APPROVED ON MAY 25 BY KPDN

PREMIUM REFINED SUGAR

SUPER SUGAR FOR A
SUPER USER LIKE YOU!



PRODUCT DIFFERENTIATION

- Introducing super premium 1kg sugar to provide high purity option to consumers
- ICUMSA 45 or better

KEY HIGHLIGHTS

- Refined to an exceptional level
- Pure uniform white colour
- Pure cane granulated sugar
- Exceptionally sweet
- Perfect choice for culinary, confectionary to baking and beverages

PRODUCT PRICING

- Refinery price: RM 4.20/KG
- Wholesale price: RM 4.40/KG
- Super Premium Sugar Recommended Retail Price: **RM4.60/KG**



MSM ONGOING SALES INITIATIVES

NEW MARKET EXPANSION - NEAR REGION

OBJECTIVES



Market expansion



Higher margin
than export segment



Capacity
optimisation

TARGET MARKETS



Sumatera
(Population: 50 mil)
RM4.20 – RM4.50/kg



Southern Philippines
(Population: 30 mil)
RM8.50 – RM9.50/kg



Kalimantan
(Population: 17 mil)
RM4.50/kg



Singapore
(Population: 4 mil)
RM6.11 – RM6.79/kg

Retail Selling Price

4

STRATEGY IN REVIEW & MOVING FORWARD PLANS

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M S M



CURRENT PROGRESS & ACHIEVEMENTS

Sustainable Manufacturing Performance



- Higher production volume Group UF 46% FY2022 vs 44% FY2021.
- Improved UF at MSM Johor with single boiler.
- Boiler no 2 achieved full CF while Boiler no 1 changeout was on good target progress.

Better Energy and Environmental Management



- Driving ton steam/ton raw sugar efficiency.
- PPA for Solar PV systems at Prai and Sg Buloh Warehouse.
- Met DOE compliance with effluent discharge.
- Reducing cost of mudcake disposal with waste to green initiative.

Strategic Finance and Capital Management



- Raising USD trade lines as natural hedge against forex volatility.
- Increase USD revenue including from domestic based export customers.
- Developed a capital blueprint on target fund raising in 2023.

Improving Sales Performance



- Achieved higher Average Selling Prices.
- Industry sales premium increased.
- Sales volume mainly affected by MSM Johor's temporary shutdown and high export container costs.



CURRENT PROGRESS & ACHIEVEMENTS



Sales & Distribution (S&D) Cost Savings

- Optimized fleet management and warehousing.
- Achieved lower sales & distribution cost per MT sold in FY2022 vs. FY2021.



Digital Transformation towards Industry 4.0

- Developed internal Sales and ESG dashboards.
- Rolled-out Smart Contracts and HR Digital.
- Launched preparatory works for Smart Manufacturing.



Diversity, Equity and Inclusion

- MSM has made good progress on DEI embedded as a Corporate Charter since Feb 2021.
- Diversity in ethnicity and gender allowed greater key talents in organizational capability building.

KEY RISKS AND MITIGATIONS



Increase in Input Costs

Risks	Mitigation and Opportunities
<ul style="list-style-type: none"> Raw sugar NY11 >60%. Natural gas prices >200%. Higher freight >50%. 	<ul style="list-style-type: none"> Forward Hedging NY11. Hedging gas via Brent crude options. Managing freight costs with long-term charters. Higher selling premiums.



Financial Covenants

Risks	Mitigation and Opportunities
<ul style="list-style-type: none"> Covenants breach of 1/3 criteria on loan. Prolonged high input costs impede profitability and sustainability. 	<ul style="list-style-type: none"> Letter of Indulgence with regular updating.



Warehouse Space Constraints

Risks	Mitigation and Opportunities
<ul style="list-style-type: none"> Limited internal warehouse space. Led to slowdown in production and increased unit cost. 	<ul style="list-style-type: none"> Additional warehouse currently being built at Johor. Interim external warehouses.



MSM Johor Performance

Risks	Mitigation and Opportunities
<ul style="list-style-type: none"> Low utilisation factor (UF) and yield in MSM Johor. Running at lower UF led to higher refining and production costs. 	<ul style="list-style-type: none"> Ramping up Johor with process improvements. Improving domestic sales. Leveraging value-added products.



Imported Low-Quality White (LQW) Sugar

Risks	Mitigation and Opportunities
<ul style="list-style-type: none"> Higher Indian imports of LQW. Disrupted SMI market share of local industry of 50kg SKUs. 	<ul style="list-style-type: none"> Reduced 50kgs selling price to counter LQW growth. Requested KPDN to control imports and vigilance on Halal.



Malaysian Domestic Regulations

Risks	Mitigation and Opportunities
<ul style="list-style-type: none"> Controlled sugar price at RM2.69/kg. Unable to pass through rising cost resulting in a negative margin for Wholesale segment. 	<ul style="list-style-type: none"> As input costs remain bullish Joint Sugar Industry has requested KPDN for a price ceiling revision or subsidy in-lieu.

5

ESG JOURNEY

M S M

ESG KEY ACHIEVEMENTS



SBTi PLEDGE

Aim to become a NET ZERO business

13 CLIMATE ACTION



CEO ACTION NETWORK

Climate Action Goal



NDPE

Collaboration with Wilmar on NDPE Policy



DIGITALISATION

Automated Smart Sales Contract



TCFD

Task Force on Climate-related Financial Disclosure



ENHANCING GOVERNANCE

Best practices and a culture of integrity



HEALTH & SAFETY

Prevent work-related injuries and illness



WASTE MANAGEMENT

Reduce, Reuse, Recycle, Recover



STAKEHOLDER ENGAGEMENT

Regular engagement with authorities, regulators and shareholders



DIVERSITY, EQUITY & INCLUSION

Female Representation – 37.5% in EXCO, 35% in executive roles and above



SUSTAINABILITY DRIVING CONTINUOUS TRANSFORMATION



ESG Practices

**Climate Action,
Circularity, Resource
management,
FTSE4Good**



Governance

**Responsive and
Transparent as
Culture of Excellence**



SBTi

**SBTi Net-Zero
plan and pathway
March 2024**



Diversity, Equity &
Inclusion

**Equal Opportunity
Employer, 30%Club,
Male Allyship**



Supplier
Engagement

**Greater Supply
Chain ESG
ecosystem**



Quality & Safety

**Ensuring Quality and
Safety with greater
product varieties for
consumers benefit**



THANK YOU

Investor Relations,
MSM Malaysia Holdings Berhad (HQ),
Level 44, Menara FELDA, Platinum Park,
No.11, Persiaran KLCC, Kuala Lumpur,
Malaysia.