



# MSM MALAYSIA HOLDINGS BERHAD

## 3Q FY2023

## Financial Results Briefing

23 November 2023



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# TODAY'S AGENDA

1

EXECUTIVE SUMMARY

2

FINANCIAL REVIEW

3

OPERATIONAL  
REVIEW

4

ESG UPDATES &  
MOVING FORWARD  
PLANS



**1**

**EXECUTIVE SUMMARY**

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

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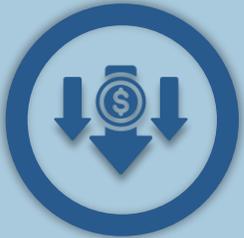
# EXECUTIVE SUMMARY



MSM recorded higher revenue of **RM807 million** in 3Q 2023 versus RM668 million in 3Q 2022, a **21% increase** supported by **improved Average Selling Price (ASP)** and **higher sales volume**. Overall in 3Q 2023, the Group recorded a reduced **Loss After Tax (LAT)** of **RM36 million** versus LAT of RM73 million 3Q 2022 from improved margins despite higher production costs.



The Group continues to face **prolonged high input costs** owing to rising raw sugar cost, high freight and natural gas prices as well as weakening Ringgit Malaysia. The Group recognises the risks of the heightening geopolitical tension onto the prices of our key input costs as mentioned.



Despite stronger demands seen in the local and export markets, the prevailing high input costs are being further mitigated. The Group remains focused on **improving ASP, minimising costs** including hedging optimisation and **growing sales volume** through widening of distribution channels and increasing Consumer Reach Points.



After the launch of “Gula Super” at floating price in May 2023, MSM continues to capitalise on its growing sales volume. However, the Joint Sugar Industry still requires **urgent Government intervention** to increase sugar price or subsidy in-lieu for the retail segment in ensuring food security and long-term sustainability of the Sugar Industry amidst its challenges.

**2**

**FINANCIAL REVIEW**

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# GROUP FINANCIAL HIGHLIGHTS



## 3Q 2023

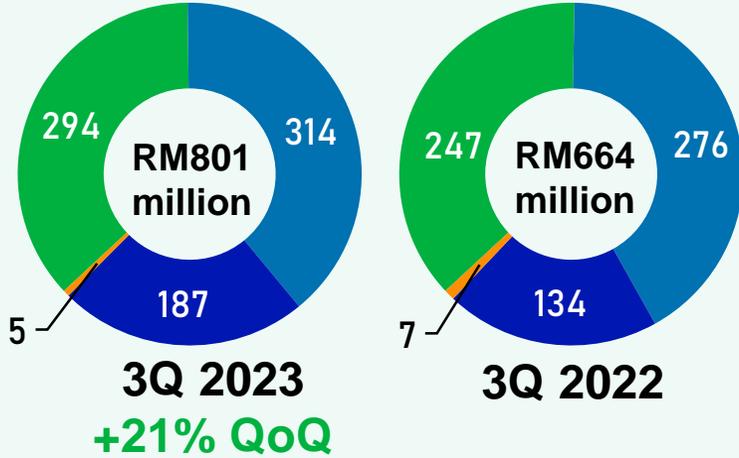
| FINANCIAL PERFORMANCE              | 3Q 2023 | 3Q 2022 | Variance | 9M 2023 | 9M 2022 | Variance |
|------------------------------------|---------|---------|----------|---------|---------|----------|
| Revenue (RM mil)                   | 807     | 668     | ▲ 21%    | 2,141   | 1,888   | ▲ 13%    |
| Gross Loss (RM mil)                | (1)     | (66)    | ▲ 98%    | (21)    | (78)    | ▲ 73%    |
| GP Margin (%)                      | 0       | (10)    | -        | (1)     | (4)     | -        |
| Loss Before Tax (LBT) (RM mil)     | (34)    | (72)    | ▲ 53%    | (81)    | (132)   | ▲ 39%    |
| Loss After Tax (LAT) (RM mil)      | (36)    | (73)    | ▲ 51%    | (93)    | (135)   | ▲ 31%    |
| Loss Per Share (sen)               | (5)     | (10)    | ▲ 50%    | (13)    | (19)    | ▲ 32%    |
| FINANCIAL POSITION                 |         |         |          | 9M 2023 | FY 2022 | Variance |
| Total Assets (RM mil)              |         |         |          | 2,907   | 2,812   | ▲ 3%     |
| Total Liabilities (RM mil)         |         |         |          | 1,485   | 1,297   | ▲ 14%    |
| Cash and Cash Equivalents (RM mil) |         |         |          | 238     | 221     | ▲ 8%     |
| Net Asset/Share (RM)               |         |         |          | 2.02    | 2.15    | ▼ 6%     |

- Recorded higher revenue and lower LBT from higher ASP and sales volume.
- Narrowing losses from higher margins and better capacity utilisation despite prevalent high input cost; NY11, Forex, and gas costs have all increased compared to previous period.
- Gearing:** Term Loan 13%, Overall 39%.
- There remains RM33 million in onerous and NRV provisions.

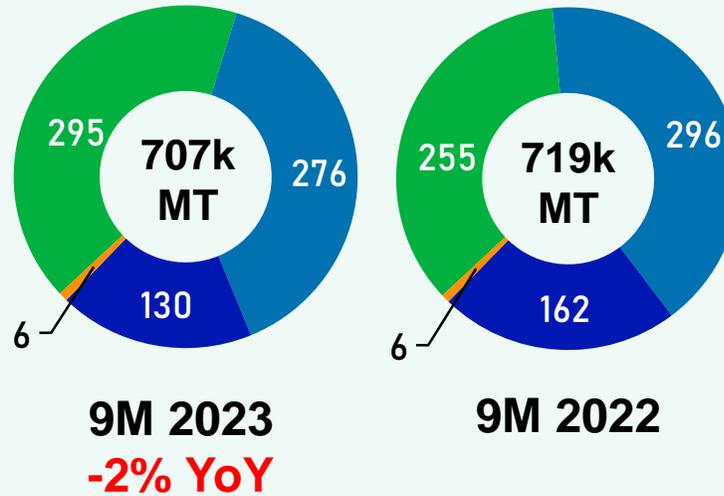
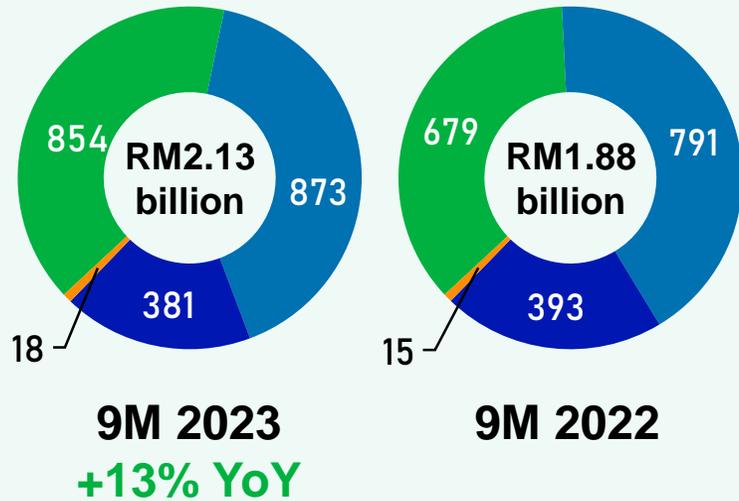
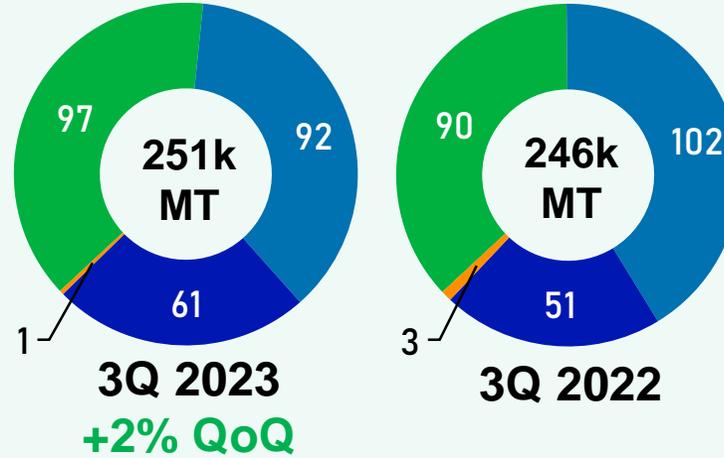
# SALES PERFORMANCE



## Sales Revenue



## Sales Volume



■ Wholesale 
 ■ Industry 
 ■ Export 
 ■ Export Value-Added

### 3Q 2023

- 21% increase in sales revenue from improved ASP, higher Wholesale and Export volumes as well as increased Industry and Export Premiums.

- Group sales volume increased by 2% compared to same quarter last year.

### 9M 2023

- Group sales volume reduced by 2% from lower Export volumes in 1Q 2023.

# RAW SUGAR (NY11) PRICES (AS AT 22 NOVEMBER 2023)



SUGAR NO. 11 FUTURES, 1D, ICEUS O27.77 H27.77 L27.16 C27.22 -0.53 (-1.91%)

Source : TradingView  
NY11 Continuous Historical Chart



## 2023 Raw Sugar Price (NY11) Outlook

### Bullish Factors

- **Brazil:- Bottlenecks in Brazilian ports** capped the amount of sugar that the world's top producer and exporter could sell to foreign markets. **Rains** have fallen in Brazil, and more rain is expected in the following days, which could drive some mills to end operations of the year.
- **India:- Supply tight in India** due to dry weather hampered cane yields. Indian government announced it would **extend ongoing export curbs** until an undefined date, risking a **lower export quota**.
- **Thailand:-Thailand might limit sugar exports** as the country would categorize sugar as a controlled commodity to control inflation and maintain food security, which requiring a regulating panel to approve sugar exports of one ton or more. Moreover, Thailand's severe drought is expected to **reduce Thailand's 2023/24 sugar production** by 36% y/y to a 17-year low of **7 million MT**. [Thai Sugar Millers Corp, 1 Nov 2023]
- **France:- France** recently received **32 straight days of rainfall**, the longest stretch since 1998. **Almost 50% of France's sugar beets remain unharvested** due to flooded fields, and if the fields do not dry soon to allow fieldwork, the remainder of the beet crop might be damaged from frost.

### Bearish Factors

- **Global:-** 2023/24 global sugar production (Oct-Sep) is projected to be 179.9 million MT, with the global sugar market in 2023/24 falling into **deficit by -0.33 million MT** from a previous forecast of -2.1 million MT. [International Sugar Organization (ISO), 15 Nov 2023]
- **Brazil:-** Brazil's 2023/24 sugar production through October rose +22.6% y/y to 37.215 million MT. [Unica, 10 Nov 2023]

### Other

- NY11 price is projected to be around USD 24.00 – USD 27.50 c/lbs (around RM 2,471 – RM 2,831 per MT) until end of 2023. Up until the 1H of 2024, all the fundamentals continue to point to an elevated NY11 price environment.

# USD/MYR MOVEMENT 1 JANUARY 2022 – 22 NOVEMBER 2023



## Forex Rate 2023 Outlook

- Market's USD/MYR forecast for remaining 2023 is between 4.65 – 4.80 (source: Bloomberg – 22 Nov 2023)

**3**

**OPERATIONAL REVIEW**

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# MSM JOHOR – COMPLETED TARGETED RECTIFICATIONS



## BOILER RECTIFICATION

Defects of both boilers since 2019 disrupted continuous operations and refinery reliability.



Status : **COMPLETED**

- **Boiler 1** : Works completed April 2023 and in operation.
- **Boiler 2** : in operation (with full CF until November 2023).

## PRESSURE REDUCING DESUPERHEATER SYSTEM (PRDS)

- Existing PRDS is under capacity (40 TPH).
- Unable to supply sufficient low pressure steam to Process.



Status : **COMPLETED**

- March 2022.
- Debottlenecked with added PRDS 40 + 60 TPH.

## STEAM TURBINE STG 1 & 2

- STG #2 : 1<sup>st</sup>, 5<sup>th</sup> & 6<sup>th</sup> blade damaged.
- STG #1 : 1<sup>st</sup> blade damaged.



Status : **COMPLETED**

- STG#2 : April 2022.
- STG#1 : Feb 2023.

## IETS UPGRADING

Under capacity & final discharge not meet Sch A under DOE regulation.



Status : **COMPLETED**

- Physical installation completed. Testing and commissioning in progress by November 2023

# MSM JOHOR 6 KEY INITIATIVES PLAN



## BREAKBULK

COMPLETED

### OBJECTIVE

To increase sales of bulk 50kg volume to a wider export market and support Johor ramp-up.

- Target for first shipment in 1Q 2024.



## GULA SUPER 1KG

COMPLETED

### OBJECTIVE

To provide customer with option for premium products.

### PRODUCT DIFFERENTIATION

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



## NEW WAREHOUSES

COMPLETED

### OBJECTIVE

Additional storage of approximately 10,000MT.

- Minimise external warehouse rental & support plant ramp up.



# MSM JOHOR 6 KEY INITIATIVES PLAN



## SMART MANUFACTURING & CMMS

IN PROGRESS

### OBJECTIVE

Transformation of industry through the intelligent networking of machines and processes with the help of information and communication technology.

- Alliance MSM-Maxis-MDEC.
- Kick off in Sept 2023 and roll out in 4Q 2024.



## BOILER 3

IN PROGRESS

### OBJECTIVE

Ensure reliable & continuous steam supply.

- Target to complete in 1Q 2025.



## BIOMASS BOILER

IN PROGRESS

### OBJECTIVE

Biomass Boiler will reduce natural gas consumption up to 50% reducing the overall cost of raw sugar melting by 15 – 20%.

- Target startup in 2026.



**4**

**ESG UPDATES & MOVING  
FORWARD PLANS**

**M S M**

# MSM KEY FOCUS AREAS IN ESG



## DECARBONISATION TOWARDS NET ZERO

- Identify, Evaluate, Engage and Deliver (IEED).
- Lower carbon footprint via efficiency improvement.
- Replace energy efficient critical equipment.
- Efficient fleet management.
- RE: Solar and biomass.
- Carbon sequestration solutions.

**(2022)**

**Carbon Emission : 252,088 tCO<sub>2</sub>e**

**Carbon Recycled : 211,754 tCO<sub>2</sub>e**

**Nett Emission : 40,334 tCO<sub>2</sub>e**

**Carbon reduction in 2027 (Best estimate)**

**Biomass : 69,000 tCO<sub>2</sub>e**

**Solar panel : 2,711 tCO<sub>2</sub>e**

**Nett Emission : -89,000 tCO<sub>2</sub>e**

**CARBON NEUTRAL BY 2027 in our operations (Scopes 1 & 2)**

## CIRCULARITY, NbS & BIODIVERSITY

- Establish biodiversity conservation plans as part of climate mitigation.
- Transition of by-product/waste from linear to circular economy.
- Enhance nature-based solutions (e.g. mangrove, afforestation, reforestation, coastal protection).

## SUSTAINABLE SUPPLY CHAIN

- Continued progress of supplier Scope 3 programmes.
- Program and onboarding in phases according to supplier categories.
- Main supplier onboard with 100% traceability via NDPE sustainable raw sugar.

# MSM'S FIRST ELECTRIC VEHICLE (EV) VAN



On 21 September 2023, MSM's first EV van for Last Mile delivery was unveiled.



As part of ongoing initiatives to reduce carbon footprint and boost sustainable logistics operations, MSM Logistics Sdn Bhd bought MSM's first Electric Vehicle (EV) van for last mile delivery in Klang Valley.

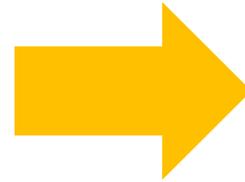


# FLEET REPLACEMENT



EURO III

45 MT / TRUCK



EURO V

36 MT / TRUCK



20% lower carbon emissions  
& better fuel consumption



# ESG ACTIVITIES IN 3Q 2023



4 July



## UKM ESG Talk

Collaboration with UKM for a talk introducing ESG

13 July



## FGV Seikhlas Hati

MSM staff joined FGV in helping with the PPR Semarak Program

15 July



## Plogging

Plogging at Taman Tasik Titiwangsa

30 July



## Pulau Aur Beach Cleaning

Collaboration with Jabatan Perikanan Negeri Johor and community of Pulau Aur

11 August



## Collective Bargaining

First Collective Bargaining Session between MSMJ and FIEU

27 August



## RACTAR

Pertubuhan Rumah Amal Cahaya Tengku Ampuan Rahimah

28 August



## Solat Hajat and Yasin Recitation

Held at MSM SBW

# ESG ACTIVITIES IN 3Q 2023



31 August



**Merdeka Parade Day**

MSM participated in the Merdeka Parade Day March

15 September



**MIHAS 2023**

MSM participated in the Malaysia International Halal Showcase

15 October



**Bursa Shariah Corporate Day**

Sharing the integration of ESG with Maqasid Shariah

18 October



**ESG Engagement with Site**

ESG Department engagement with MSM SBW

23 October



**Environmental Week 2023**

Celebrating the environment including mangrove planting at Prai

24 October



**FGV Sustainability Week**

Sharing session on MSM's carbon footprint and exhibition



## OPERATIONS

- 2H 2023 - MSM Prai UF **80% – 85%** and optimise MSM Johor **25% – 30%** (peak of **41%**). Plan ramp-up for MSMJ up to **50%** by end of 4Q 2023. Group's UF **50% – 55%**.
- MSM Prai Rejuvenation 30-year life extension plan program FY2024-FY2027.
- Optimising operational yield Prai 97% and Johor 91%, Group yield 95%.
- Exploring cheaper and greener form of energy i.e. Solar and Biomass based on EFB palm oil.
- Ramp up at MSM Johor to maximise export production for China, Indonesia, Singapore, Vietnam, Philippines etc.



## FINANCE & CORPORATE STRATEGY

- Further improve product margins and Average Selling Price (ASP).
- Continuous cost saving initiatives and CAPEX rationing.
- Strengthening balance sheet with strategic capital management.
  - Financing working capital with tradelines (BA).
  - Optimising short and long-term borrowings.
  - Prudent hedging of NY11 and FX rate to optimise raw sugar costs.
- Reduce finance costs i.e. pare down term loan. Gearing: Term Loan 13%, Overall 39%.
- Continue seeking Government support on price increase.

# STAGING FY2023/FY2024 – SALES INITIATIVES



## GULA SUPER 1KG



- Launched at floating price as approved by KPDN on 25 May 2023.
- Anticipating organic growth of the SKU and gain traction in the market on its own.
- Since launch, **2Q 2023 – 1,700MT**, **3Q 2023 – 9,000MT**. Gula Super contributed about 13% increase in revenue to the Wholesale segment in 3Q 2023.

## SALES & MARKET DISTRIBUTION

- Further develop sales of Near Region (NR) wholesale/retail market i.e. Singapore, Kalimantan, Sumatra, South Philippines, Myanmar.
- Enhanced shipping options for Export – breakbulk shipping.
- Increase Industrial and Export ASP, preserve margins.
- Wider and deeper sugar retail Consumer Reach Points & distribution channels.
- Optimise Supply Chain i.e. strategic warehouses in new regions.

## CGS & FGS RETAIL PACKS (WHOLESALE SEGMENT)



1kg



1kg

- As mandated by KPDN, MSM will achieve 24,000MT/month of CGS and FGS retail packs for the rest of 2023.
- MSM has received a **special incentive** for November and December 2023 of **RM1,000/MT for 24,000MT/month** of CGS 1kg/2kg and FGS 1kg.
- MSM awaits the final decision on the revised price implementation mechanism for 2024.
- Widen domestic market share further (65% to 70%).

# EXPORT GROWTH



- MSM presently exports to **17 countries** within APAC ~250K MT/year
- Market share 2023 6%, 2024 8%, 2025 10%, 2026 12%

Potential **600k MT** for export market – China, Indonesia, Bangladesh, Philippines, Vietnam

**New market** - Future whites demand rests heavily on Africa

- Est. regional deficit of **10 mil MT**
- MSM Johor able to supply via breakbulk shipment



APAC import market:  
**4.5 mil MT/year**

| Potential New Business |                                      | Market           |
|------------------------|--------------------------------------|------------------|
| 1                      | COFCO - Coarse & Fine Grain          | China            |
| 2                      | PT Mayora - Coarse & Fine Grain      | China, Indonesia |
| 3                      | SIS – Coarse & Fine Grain, Varieties | Singapore        |
| 4                      | PTPN/PTRNI Indonesia – Coarse Grain  | Indonesia        |
| 5                      | TTC – Coarse & Fine Grain, Premix    | Vietnam          |

## MSM Top 5 export markets 2023 (>50% of total exports)





Janji...  
gula peket  
hijau!  
SWEETENING LIVES SINCE 1964

# THANK YOU

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