



## MEWAH INTERNATIONAL INC.

(Company Registration No.: CR-166055)

### NEWS RELEASE:

### FINANCIAL RESULTS FOR THE FIRST HALF YEAR ENDED 30 JUNE 2023

#### MEWAH REPORTS US\$10.2 MILLION PROFIT FOR H1 2023

- *Sales volume increased 11.0% year-on-year for H1.*
- *Operating margin increased by 16.6% to partially offset inflation linked increases in finance costs and other overheads.*
- *Strong net positive cashflow of US\$204.8 million from operating activities after working capital changes led to a low net debt to equity ratio of 0.37.*
- *Declared an interim dividend of SGD0.0014 per share.*

#### Results Highlights

	H1 2023	H1 2022	Change (YOY)
<b>Sales volume</b> (MT'000)	<b>2,123.9</b>	1,914.0	11.0%
<b>Revenue</b> (US\$'million)	<b>2,135.8</b>	2,702.6	-21.0%
<b>Average selling prices</b> (US\$)	<b>1,005.6</b>	1,412.0	-28.8%
<b>Operating margin</b> (US\$'million)	<b>89.1</b>	76.4	16.6%
<b>Operating margin per MT</b> (US\$)	<b>41.9</b>	39.9	5.0%
<b>Net profit *</b> (US\$'million)	<b>10.2</b>	14.2	-28.4%

\* Profit after tax attributable to equity holders of the Company

Singapore, Aug 14, 2023 – Mainboard-listed Mewah International Inc. (“Mewah”, “the Group” or “the Company”), a global food and agri-business with refineries and processing facilities in Malaysia, Singapore and Indonesia, today announced financial results for its first half year ended 30 June 2023.

For the first half year, the Group’s total operating margin increased 16.6% to US\$89.1 million, driven by a higher operating margin per MT of US\$41.9 compared to US\$39.9 per MT of the corresponding period last year (“H1 2022”). However, the net profit at US\$10.2 million decreased 28.4% from US\$14.2 million in H1 2022, majorly due to inflationary impact on costs.

The Group registered sales volume of 2,123,900 MT, an increase of 11.0% from 1,914,000 MT in H1 2022. The Group's revenue of US\$2,135.8 million saw a reduction of 21.0% compared to H1 2022, arising from 28.8% reduction in selling prices partially offset by an increase of 11.0% in sales volume.

The Company said in the announcement, "Despite macro-economic uncertainties the Group performed well in the first half of 2023. During the first half of the year, the average CPO prices stood at RM3,885/tonne compared to RM6,339/tonne for the corresponding period last year. These prices peaked at RM4,343/tonne in March 2023, reached their lowest point of RM3,298/tonne in May 2023, and eventually closed at RM3,808/tonne by the end of the period. The decrease in CPO prices between March and May was influenced by various forecasts about record harvest of soyabeans, increased production for palm oil and static demand from China and India. But later, CPO prices found support from factors such as higher prices of competing vegetable oils, anticipated collapse of the Black Sea Grain initiative and sentiments created by El Nino."

"During H1 2023, the Group volumes increased by 11.0 % with support from decent price spread between palm oil and competing vegetable oils in our markets. Our H1 2023 revenue still declined by 21.0% due to lower prevailing selling prices compared to the corresponding period last year. An increase of 16.6% in total operating margin enabled the Group to report a net profit of US\$10.2 million for the first half of the year. This net profit was lower 28.4% y-o-y mainly due to higher finance costs and administrative expenses. Our Bulk segment saw 6.9% increase in sales volume for H1 2023 but its operating margins compressed by 13.6% y-o-y due to an increase in operating costs such as energy and wages. Our Consumer Pack segment delivered a robust performance capitalising on its widespread customer network. The operating margin of Consumer Pack segment for H1 2023 improved by an impressive 88.5% well supported by 22.6% increase in volumes." the results announcement added.

## Segmental Performance

### Bulk segment

	H1 2023	H1 2022	Change (YOY)
<b>Sales volume</b> (MT'000)	<b>1,515.8</b>	1,417.9	6.9%
<b>Revenue</b> (US\$'million)	<b>1,484.4</b>	2,082.8	-28.7%
<b>Average selling prices</b> (US\$)	<b>979.3</b>	1,468.9	-33.3%
<b>Operating margin</b> (US\$'million)	<b>46.5</b>	53.8	-13.6%
<b>Operating margin per MT</b> (US\$)	<b>30.7</b>	37.9	-19.0%

For the first half year, the Bulk segment registered sales volume of 1,515,800 MT, an increase of 6.9% from H1 2022. Revenue decreased 28.7% to US\$1,484.4 million resulted from a decrease of 33.3% in average selling prices despite an increase of 6.9% in sales volume.

The total operating margin decreased 13.6% to US\$46.5 million due to a lower operating margin of US\$30.7 per MT compared to the US\$37.9 in H1 2022 despite an increase of 6.9% in sales volume.

The segment contributed 71.4% of total sales volume, 69.5% of total revenue and 52.2% of total operating margin of the Group for the first half year.

### Consumer Pack segment

	H1 2023	H1 2022	Change (YOY)
<b>Sales volume</b> (MT'000)	<b>608.1</b>	496.1	22.6%
<b>Revenue</b> (US\$'million)	<b>651.4</b>	619.8	5.1%
<b>Average selling prices</b> (US\$)	<b>1,071.2</b>	1,249.3	-14.3%
<b>Operating margin</b> (US\$'million)	<b>42.6</b>	22.6	88.5%
<b>Operating margin per MT</b> (US\$)	<b>70.1</b>	45.6	53.7%

For the first half year, the Consumer Pack segment registered sales volume of 608,100 MT, an increase of 22.6% compared to H1 2022. Revenue increased 5.1% to US\$651.4 million, driven by an increase of 22.6% in sales volume despite a decrease of 14.3% in average selling prices.

The segment achieved an improved total operating margin of US\$42.6 million, an increase of 88.5% driven by an impressive operating margin of US\$70.1 per MT compared to US\$45.6 per MT in H1 2022 and an increase of 22.6% in sales volume.

The segment contributed 28.6% of total sales volume, 30.5% of total revenue and 47.8% of total operating margin of the Group for the first half year.

### Balance Sheet

The Group maintained a low gross debt to equity ratio at 0.54 and its net debt to equity ratio at 0.37.

The Group's cycle time (inventories days add trade receivables days less trade payables days) was 57 days, similar to last year.

### Dividend

In order to show appreciation for the support of the shareholders, the Board of Directors has declared an interim exempt dividend of S\$0.0014 per ordinary share.

## **Future Outlook**

The Company noted in its results announcement, “The global economy is facing a slow down with persistent inflation, raised geopolitical tensions and rapid monetary tightening policies by major central banks. If El Nino turns out to be a strong one, it will further reduce palm oil production yields in Indonesia and Malaysia leading to tighter inventories. Besides, Indonesia is rolling out B35 biodiesel mandate and continues with its domestic market obligations policy. For the Group, our large-scale integrated manufacturing facilities in Malaysia, growing presence in Indonesia, established brands, widespread global supply chain network and healthy balance sheet keeps us well positioned to implement our strategies effectively amidst these macro-economic uncertainties”, the results announcement added.

## **About Mewah International Inc.**

Mewah International Inc. (“Mewah” or the “Group”) is a global food and agri-business with refineries and processing facilities in Malaysia, Singapore and Indonesia. The Group has been in operations since the 1950s and was listed on the Mainboard of the Singapore Exchange Securities Trading Limited on November 24, 2010.

Today, Mewah has grown to be one of the prominent edible oils and fats businesses with total refining capacity in excess of 3.5 million MT annually. Mewah currently has edible oil refineries, various food manufacturing plants such as bakery and confectionary products, biodiesel plant and dairy factory spread out between Malaysia, Singapore and Indonesia. Mewah also markets and distributes a range of FMCG products such as rice, cashew, dairy related products, food premixes and soap. Mewah’s products are marketed to more than 100 countries through a well-established global sales and distribution network, duly supported by its wide range of brands including long established and well recognized OKI and MOI.

The Group’s business consists of two business segments namely the Bulk segment and Consumer Pack segment. The Bulk segment produces and sells vegetable-based edible oil and fat products, in bulk form primarily to distributors and factories involved in the production of confectionery, bakery products and other food items. Additionally, the Group also produces bioenergy products as part of its bulk products offerings. The Consumer Pack segment produces vegetable-based edible oil and fat products and sells under the Group’s own brands and under the brands of third parties, primarily to importers and distributors at destination markets. The specialty fats and confectionary oils are sold primarily to distributors and factories involved in the production of confectionery, bakery products and other food items. Dairy related products, soap and rice are also part of Mewah Group’s Consumer Pack portfolio that serves as an additional stream of income and help to serve existing customers better as they normally deal in a basket of commodities.

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