



Global Brands, Local Favourites

MEWAH INTERNATIONAL INC.

(Company Registration No.: CR-166055)

NEWS RELEASE :

FINANCIAL RESULTS FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2019

MEWAH REPORTS US\$1.4 MILLION PROFIT FOR Q4 2019

- **Group crossed 4.5 million metric tonne sales volume for the first time**
- **Sales volume for Q4 up by 7.4%**
- **Low refining margins affected profitability**
- **Balance sheet remains strong with low net debt to equity ratio of 0.65**

Results Highlights

	Q4 2019	Q4 2018	Change (YOY)	Q3 2019	Change (QOQ)	FY 2019	FY 2018	Change
Sales volume (MT'000)	1,139.1	1,061.1	7.4%	1,112.9	2.4%	4,566.0	4,197.6	8.8%
Revenue (US\$million)	711.9	661.7	7.6%	686.2	3.7%	2,817.3	2,946.8	-4.4%
Average selling prices (US\$)	625.0	623.6	0.2%	616.6	1.4%	617.0	702.0	-12.1%
Operating margin (US\$million)	12.8	37.9	-66.4%	38.9	-67.1%	105.4	122.8	-14.2%
Operating margin per MT (US\$)	11.2	35.8	-68.7%	35.0	-68.0%	23.1	29.3	-21.2%
Net profit * (US\$million)	1.4	8.6	-83.6%	7.4	-81.1%	11.6	14.8	-21.2%

* Profit after tax attributable to equity holders of the Company

Singapore, Feb 28, 2020 – Mainboard-listed Mewah International Inc. (“Mewah”, “the Group” or “the Company”), a global agri-business with refineries and processing facilities in Malaysia, and Singapore, today announced financial results for its fourth quarter and full year ended 31 Dec 2019.

The Group achieved record sales volume of 4,566,000 metric tonne (“MT”) for the full year which is up 8.8% Year-over-Year (“YOY”). For the quarter, sales volume of 1,139,100 MT was higher 7.4% YOY and 2.4% Quarter-on-Quarter (“QOQ”).

Due to higher sales volume and higher average selling prices the revenue for the quarter of US\$711.9 million was 7.6% and 3.7% higher YOY and QOQ. For the full year, revenue decreased 4.4% to US\$2,817.3 million with 8.8% higher sales volume and 12.1% lower average selling prices.

For the full year, lower operating margin of US\$23.1 per MT compared to US\$29.3 resulted in operating margin declining to US\$105.4 million. For the quarter, lower operating margin of US\$11.2 per MT resulted in total operating margin declining to US\$12.8 million and Profit before Tax (“PBT”) to negative US\$8.2 million. The Group reported net profit of US\$1.4 million for the quarter compared to US\$8.6 million last year. For the full year, net profit at US\$ 11.6 million decreased by 21.2% from US\$14.8 million last year.

The Company said in the announcement, “In this quarter, Crude palm oil (“CPO”) traded at nearly its highest in almost three years driven by fears of supply crunch owing to lower output growth and robust biofuel demand. Closing at RM3,048 the prices rose by 48% during the quarter with the substantial portion of the rally between mid-November and December. The steep rise in CPO prices along with reduced price difference versus competitive products as well as nationalistic policies created significant pressure on the refining margins. To protect and increase market share and due to the trust imposed by long-time customers, the Group continued fulfilling market requirements even at these reduced margins.”

“During the year a subsidiary of the Company became the first refinery to produce and export very first shipment of Malaysian Sustainable Palm Oil (MSPO) certified RBD Palm Olein. Recent investments towards sustainability, value addition and expansion initiatives in refineries, dairy manufacturing facilities and biodiesel plant had their initial standalone costs. In spite of Bulk segment being under pressure, higher operational contributions by Consumer Pack business enabled the Group to achieve profit after tax attributable to shareholders for the full year of US\$11.6 million”, the results announcement added.

Segmental Performance

Bulk segment

	Q4 2019	Q4 2018	Change (YOY)	Q3 2019	Change (QOQ)	FY 2019	FY 2018	Change
Sales volume (MT'000)	857.3	761.1	12.6%	829.3	3.4%	3,454.6	3,088.2	11.9%
Revenue (US\$'million)	511.5	435.0	17.6%	474.1	7.9%	1,991.5	2,030.6	-1.9%
Average selling prices (US\$)	596.6	571.5	4.4%	571.7	4.4%	576.5	657.5	-12.3%
Operating margin (US\$'million)	1.2	20.5	-94.1%	22.2	-94.6%	45.7	70.2	-34.9%
Operating margin per MT (US\$)	1.4	26.9	-94.8%	26.8	-94.8%	13.2	22.7	-41.9%

For the quarter, the Group registered sales volume of 857,300 MT for Bulk segment, up 12.6% YOY and 3.4% QOQ. For the full year, sales volume for the segment improved 11.9% to 3,454,600 MT.

Revenue increased to US\$511.5 million, 17.6% and 7.9% higher YOY and QOQ respectively due to higher sales volume and higher average selling prices. For the full year, revenue for the segment dropped 1.9% to US\$1,991.5 million due to 12.3% lower average selling prices partially offset by 11.9% higher sale volume.

The segment reported total operating margin of US\$1.2 million for the quarter, 94.1% lower YOY and 94.6% QOQ due to lower operating margin of US\$1.4 per MT compared to US\$26.9 last year and US\$26.8 last quarter. For the full year, operating margin dropped 34.9% to US\$45.7 million.

The segment contributed 75.3% of total sales volume, 71.8% of total revenue and 9.4% of total operating margin of the Group for the quarter. For the full year, the segment contributed 75.7% of total sales volume, 70.7% of total revenue and 43.4% of total operating margin of the Group.

Consumer Pack segment

	Q4 2019	Q4 2018	Change (YOY)	Q3 2019	Change (QOQ)	FY 2019	FY 2018	Change
Sales volume (MT'000)	281.8	300.0	-6.1%	283.6	-0.6%	1,111.4	1,109.4	0.2%
Revenue (US\$'million)	200.4	226.7	-11.6%	212.1	-5.5%	825.8	916.2	-9.9%
Average selling prices (US\$)	711.1	755.7	-5.9%	747.9	-4.9%	743.0	825.9	-10.0%
Operating margin (US\$'million)	11.6	17.4	-33.3%	16.7	-30.5%	59.7	52.6	13.5%
Operating margin per MT (US\$)	41.2	58.0	-29.0%	58.9	-30.1%	53.7	47.4	13.3%

For the quarter, the Group registered sales volume of 281,800 MT for Consumer Pack segment, 6.1% and 0.6% lower YOY and QOQ respectively. For the full year, sales volume for the segment improved 0.2% to 1,111,400 MT.

Revenue decreased to US\$200.4 million, 11.6% lower YOY due to 6.1% lower sales volume and 5.9% lower average selling prices. Compared to previous quarter, revenue decreased 5.5%. For the full year, revenue for the segment dropped 9.9% to US\$825.8 million.

The segment recorded total operating margin of US\$11.6 million, 33.3% lower compared to last year due to 6.1% lower sales volume and lower operating margin US\$41.2 per MT compared to US\$58.0 last year. Compared to the previous quarter, operating margin decreased 30.5%. For the full year, operating margin improved 13.5% to US\$59.7 million.

The segment contributed 24.7% of total sales volume, 28.2% of total revenue and 90.6% of total operating margin of the Group for the quarter. For the full year, the segment contributed 24.3% of total sales volume, 29.3% of total revenue and 56.7% of total operating margin of the Group.

Balance Sheet

The Group's balance sheet remained strong with gross debt to equity ratio of 0.77 and net debt to equity ratio of 0.65.

The Group continued to maintain operational efficiency and sustained a short cycle time of 59 days (inventories days add trade receivables days less trade payables days) compared to 61 days last year.

Dividend

Considering the present market conditions and after factoring the interim dividend of S\$0.0046 per ordinary share for the third quarter already paid to the shareholders, the Board of Directors has recommended nil final dividend for the fourth quarter.

Cessation of Quarterly reporting

The Group updated that subsequent to the amendments in Rule 705 of the Listing Manual of the Singapore Exchange Securities Trading Limited made effective from 7 February 2020, the Group will no longer be required to release its unaudited financial statements on a quarterly basis. The Group will now report financial results on half-yearly basis. The Company will continue to have its periodical Board of Director (“Board”) meetings as per its existing practice to ensure effective discharge of their responsibilities. The Company will ensure adhering to all its disclosure obligations in a timely manner.

Future Outlook

The Company noted in its results announcement, “In 2020 Palm oil exports from Malaysia and Indonesia are expected to be tight due to lower opening inventory, minimal production growth and biodiesel mandate enhancement programs. This supply side shortfall is providing strong support to palm oil prices despite forecasted reduction in near future imports by key markets due to US-China phase one trade deal, tariffs and Covid-19. Though the food and fuel demand are expected to stay robust over the long term, yet the present uncertainty and volatility requires continuous monitoring and assessment. The Group remains focused on running its operations sustainably, increasing capacity utilization for the recent capital spent and progressively rebalancing its portfolio risk to create long term value for its stakeholders.”

About Mewah International Inc.

Mewah International Inc. (“Mewah” or the “Group”) is global agri-business with refineries and processing facilities in Malaysia and Singapore. One of the largest palm oil processors in the world by capacity, Mewah produces a wide range of refined and fractionated vegetable oils and fats principally from palm oil. It also produces oils and fats from lauric oils, such as palm kernel oil and coconut oil; and from soft oils, such as soybean oil, canola oil, sunflower seed oil and corn oil. Featuring integrated operations throughout the edible oils and fats value chain, from sourcing and processing of raw materials to packing, branding, merchandising, shipping and distribution of the products, Mewah’s products are sold to customers in more than 100 countries, duly supported by its wide range of brands including long established and well recognized Oki and Moi brands.

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. The Consumer Pack segment produces vegetable-based edible oil and fat products, in the form of consumer packs and sells under 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. Besides edible oil and fat products, the Group also sells rice and dairy based products in consumer pack form under its own brands.

Mewah Group has been in operation since the 1950s. Today, Mewah has grown to be one of the largest edible oils and fats businesses with a current total refining capacity of 10,000 MT a day or 3.5 million MT annually. Mewah currently has four refineries and processing plants, two packing plants, a biodiesel plant and a dairy manufacturing facility in Malaysia and one packing plant in Singapore.

Mewah was listed on the Mainboard of the Singapore Exchange Securities Trading Limited on November 24, 2010.

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