



Global Brands, Local Favourites

**MEWAH INTERNATIONAL INC.**

(Company Registration No.: CR-166055)

**NEWS RELEASE:**

**FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020**

**MEWAH REPORTS US\$27.8 MILLION PROFIT FOR H1 2020**

- *Impressive performance with higher operating margins despite the unprecedented headwinds*
- *Operating cash flows of US\$218.1 million*
- *Balance sheet remains strong with historically low net debt to equity ratio of 0.23*
- *Interim dividend of SGD0.0015 Singapore cent per share.*

**Results Highlights**

	H1 2020	H1 2019	Change (YOY)
<b>Sales volume</b> (MT'000)	<b>2,169.9</b>	2,316.9	-6.3%
<b>Revenue</b> (US\$ million)	<b>1,485.3</b>	1,419.2	4.7%
<b>Average selling prices</b> (US\$)	<b>684.5</b>	612.5	11.8%
<b>Operating margin</b> (US\$ million)	<b>94.9</b>	53.7	76.8%
<b>Operating margin per MT</b> (US\$)	<b>43.7</b>	23.2	88.4%
<b>Net profit *</b> (US\$ million)	<b>27.8</b>	2.8	897.3%

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

Singapore, August 14, 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 half year ended 30 Jun 2020.

The Group reported a net profit of US\$27.8 million for the half year (H1 2020), an impressive increase from US\$2.8 million last year (H1 2019). The strong performance was driven by increased contribution from Bulk segment with higher operating margin well supported by the Consumer Pack segment.

With the decreased global demand, the Group's sales volume for the H1 2020 declined 6.3% to 2,169,900 MT. However, the revenue increased 4.7% to US\$1,485.3 million on the back of 11.8% higher average selling prices. Absolute Operating margin increased 76.8% to US\$94.9 million due to operating margin per MT of US\$43.7 compared to US\$23.2 per MT last year.

The Company said in the announcement, "Since the beginning of this financial year the global proliferation of corona virus pandemic (Covid-19) has negatively affected all countries, including the major origins and the destinations relevant to our business operations. Most of the countries have implemented various lockdown measures such as travel restrictions, regional quarantine, social distancing, work from home etc. Such measures have stalled the economy in general and severely impacted supply chain and market demand in various industries. It is in these abnormal conditions that businesses such as agri-food which constitute an important DNA of human living can demonstrate their resilience. The Group's diversified but integrated business model, large scale manufacturing facilities, strong suppliers' network, long standing customer relationships, market penetration exceeding 100 countries and above all the dedicated and selfless contribution from our employees under extremely challenging operating conditions enabled delivery of this sterling performance."

"With the Covid-19 led tight crude palm oil ("CPO") supply situation, the Group's opening inventory along with improved refining margins during the period led to significantly higher first half operating margins for the Bulk segment. The Consumer Pack segment had comparatively lower operating margins as they remained prudent and selective in trade participation during this reduced demand scenario further compounded by the logistic and banking challenges faced by many destination markets more particularly in the initial phase of Covid-19 spread.

## Segmental Performance

### Bulk segment

	H1 2020	H1 2019	Change (YOY)
<b>Sales volume</b> (MT'000)	<b>1,661.8</b>	1,767.9	-6.0%
<b>Revenue</b> (US\$'million)	<b>1,091.4</b>	1,005.9	8.5%
<b>Average selling prices</b> (US\$)	<b>656.8</b>	569.0	15.4%
<b>Operating margin</b> (US\$'million)	<b>70.6</b>	22.3	216.6%
<b>Operating margin per MT</b> (US\$)	<b>42.5</b>	12.6	237.3%

For H1 2020, there was a drop in the sale volume for Bulk segment by 6.0% to 1,661,800 MT, largely offset by increase of 15.4% in average selling prices, resulting in an 8.5% growth in the sales revenue to US\$1,091.4 million. Operating margin for the segment more than tripled to US\$70.6 million. This was achieved through higher operating margin of US\$42.5 per MT, compared to US\$12.6 per MT last year.

The segment contributed 76.6% of total sales volume, 73.5% of total revenue and 74.5% of total operating margin of the Group for H1 2020.

## Consumer Pack segment

	H1 2020	H1 2019	Change (YOY)
<b>Sales volume</b> (MT'000)	<b>508.1</b>	549.0	-7.4%
<b>Revenue</b> (US\$'million)	<b>393.9</b>	413.3	-4.7%
<b>Average selling prices</b> (US\$)	<b>775.2</b>	752.8	3.0%
<b>Operating margin</b> (US\$'million)	<b>24.3</b>	31.4	-22.6%
<b>Operating margin per MT</b> (US\$)	<b>47.8</b>	57.2	-16.4%

For H1 2020, there was a drop in the sale volume for Consumer Pack segment by 7.4% to 508,100 MT, partially offset by 3.0% increase in average selling prices, resulting in a 4.7% decline in the sales revenue to US\$393.9 million. Operating margin for the segment dropped 22.6% to US\$24.3 million due to lower operating margin of US\$47.8 per MT, compared to US\$57.2 per MT last year.

The segment contributed 23.4% of total sales volume, 26.5% of total revenue and 15.5% of total operating margin of the Group for the H1 2020.

## Balance Sheet

For H1 2020, the Group generated strong operating cash flows of US\$218.1 million which contributed in reducing the net debt by US\$211.8 million to US\$127.3 million.

The Group's balance sheet remained strong with gross debt to equity ratio of 0.53 and net debt to equity ratio of 0.23.

The Group continued to maintain operational efficiency and achieved a shorter cycle time of 38 days (inventories days add trade receivables days less trade payables days) compared to 59 days last year.

## Dividend

To show appreciation to our continuing shareholders, the Board of Directors has declared an interim exempt dividend of S\$0.0015 per ordinary share for the H1 2020.

## Future Outlook

The Company noted in its results announcement, "The performance of the first half should not be extrapolated as a mirror for the remaining portion of the year. Concerns remain about new waves of virus infection, prolonged lockdowns in countries and re-emerging trade friction between the U.S. and China. All these factors will continue contributing to the price volatility of commodities. It is still uncertain when will consumption recover back to normal. However, the Group remains confident of its future as it is competitively placed in the attractive part of the agri-food supply chain with its robust integrated business model, efficient large-scale manufacturing facilities, well established brands and global distribution network. The Group's financial position remains strong to sustain and support current business and future growth plans."

## **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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Issued by  
MEWAH INTERNATIONAL INC.  
14<sup>th</sup> Aug 2020