



Global Brands, Local Favourites

MEWAH INTERNATIONAL INC.

(Company Registration No.: CR-166055)

NEWS RELEASE :

FINANCIAL RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2019

MEWAH REPORTS HIGHER NET PROFIT US\$1.9 MILLION PROFIT FOR Q2 2019 AND LOWER NET PROFIT OF US\$2.8 MILLION FOR HALF YEAR 30 JUNE 2019

- **Sales volume increased 14.9% year-on-year for Q2**
- **Q2 net profit of US\$1.9 million**
- **Balance sheet remains strong with low net debt to equity ratio of 0.59**

Results Highlights

	Q2 2019	Q2 2018	Change (YOY)	Q1 2019	Change (QOQ)	H1 2019	H1 2018	Change
Sales volume (MT'000)	1,141.5	993.4	14.9%	1,175.5	-2.9%	2,316.9	2,109.5	9.8%
Revenue (US\$million)	694.8	742.4	-6.4%	724.4	-4.1%	1,419.2	1,579.3	-10.1%
Average selling prices (US\$)	608.7	747.3	-18.5%	616.2	-1.2%	612.5	748.7	-18.2%
Operating margin (US\$million)	28.1	22.2	26.7%	25.6	9.8%	53.7	58.9	-8.8%
Operating margin per MT (US\$)	24.6	22.3	10.3%	21.8	12.8%	23.2	27.9	-16.8%
Net profit * (US\$million)	1.9	0.6	236.4%	0.9	111.1%	2.8	5.4	-48.5%

* Profit after tax attributable to equity holders of the Company

Singapore, Aug 6, 2019 – 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 second quarter and half year ended 30 Jun 2019.

The Group achieved sales volume of 1,141,500 metric tonne (“MT”), up 14.9% Year-over-Year (“YOY”) but down 2.9% Quarter-on-Quarter (“QOQ”). For the half year, the Group’s sales volume increased 9.8% to 2,316,900 MT.

The Group reported revenue of US\$694.8 million for the quarter, 6.4% lower YOY and 4.1% lower QOQ due to lower average selling prices despite increase in sales volume. Compared to the previous quarter, revenue decreased to US\$724.4 million. For the half year, revenue decreased 10.1% to US\$1.4 billion due to 18.2% lower average selling prices.

Despite lower revenue, total operating margin for the quarter increased 26.7% to US\$28.1 million on the back of higher operating margin of US\$24.6 per MT compared to US\$22.3 last year. Compared to the previous quarter, operating margin increased 9.8%. For the half year, total operating margin decreased 8.8% to US\$53.7 million due to lower operating margin of US\$23.2 per MT compared to US\$27.9 last year despite 9.8% higher sales volume.

The Group posted net profit of US\$1.9 million for the quarter compared to US\$0.6 million last year. For the half year, net profit was US\$2.8 million compared to US\$5.4 million.

The Company said in the announcement, "The Group performed reasonably well in this quarter even though CPO prices were lower resulting in lower revenue. The Group remains focused in its strategy to develop more sustainable profits through increased sales in the premium oils and fats segments and investments in the downstream part of its business. With weaker palm oil prices and fixed refining costs, our operating margin continued to experience some pressure in the Bulk business. Bulk's operating margin for this quarter was lower by -18.4% compared to Q2 2018 (Y-o-Y) but higher by +6.5% compared to Q1 2019 (Q-oQ). On the other hand, the Consumer Pack business has done well this quarter, its operating margin increased by +104.9% Y-o-Y and +12.2% Q-o-Q. This was due to higher demand from destination markets and the business managed to sell more higher margin products. Considering the overall market conditions during this quarter, the Group is pleased with its performance."

Segmental Performance

Bulk segment

	Q2 2019	Q2 2018	Change (YOY)	Q1 2019	Change (QOQ)	H1 2019	H1 2018	Change
Sales volume (MT'000)	870.1	731.2	19.0%	897.9	-3.1%	1,767.9	1,570.3	12.6%
Revenue (US\$'million)	491.1	503.8	-2.5%	514.8	-4.6%	1,005.9	1,108.6	-9.3%
Average selling prices (US\$)	564.4	689.0	-18.1%	573.3	-1.6%	569.0	706.0	-19.4%
Operating margin (US\$'million)	11.5	14.1	-18.4%	10.8	6.5%	22.3	36.4	-38.7%
Operating margin per MT (US\$)	13.2	19.3	-31.6%	12.0	10.0%	12.6	23.2	-45.7%

For the quarter, the Group registered sales volume of 870,100 MT for Bulk segment, up 19.0% YOY but down 3.1% QOQ. For the half year, sales volume for the segment improved 12.6% to 1,767,900 MT.

Revenue decreased to US\$491.1 million, 2.5% and 4.6% lower on YOY and QOQ respectively due to lower average selling prices. For the half year, revenue for the segment dropped 9.3% to US\$1,005.9 million.

The segment reported total operating margin of US\$11.5 million, 18.4% lower on YOY due to lower operating margin of US\$13.2 per MT compared to US\$19.3 last year. Compared to previous quarter, operating margin increased 6.5%. For the half year, operating margin dropped 38.7% to US\$22.3 million.

The segment contributed 76.2% of total sales volume, 70.7% of total revenue and 40.9% of total operating margin of the Group for the quarter. For the half year, the segment contributed 76.3% of total sales volume, 70.9% of total revenue and 41.5% of total operating margin of the Group.

Consumer Pack segment

	Q2 2019	Q2 2018	Change (YOY)	Q1 2019	Change (QOQ)	H1 2019	H1 2018	Change
Sales volume (MT'000)	271.4	262.2	3.5%	277.6	-2.2%	549.0	539.2	1.8%
Revenue (US\$'million)	203.7	238.6	-14.6%	209.6	-2.8%	413.3	470.7	-12.2%
Average selling prices (US\$)	750.6	910.0	-17.5%	755.0	-0.6%	752.8	873.0	-13.8%
Operating margin (US\$'million)	16.6	8.1	104.9%	14.8	12.2%	31.4	22.5	39.6%
Operating margin per MT (US\$)	61.2	30.9	98.1%	53.3	14.8%	57.2	41.7	37.2%

For the quarter, the Group registered sales volume of 271,400 MT for Consumer Pack segment, up 3.5% YOY but down 2.2% QOQ. For the half year, sales volume for the segment improved 1.8% to 549,000 MT.

Revenue decreased to US\$203.7 million, 14.6% and 1.7% lower on YOY and QOQ respectively due to lower average selling prices. For the half year, revenue for the segment dropped 12.2% to US\$413.3 million.

The segment recorded impressive operating margin of US\$16.6 million, more than double compared to last year supported by 3.5% higher sales volume and higher operating margin US\$61.2 per MT compared to US\$30.9 last year. Compared to the previous quarter, operating margin increased 12.2%. For the half year, operating margin improved 39.6% to US\$31.4 million.

The segment contributed 23.8% of total sales volume, 29.3% of total revenue and 59.1% of total operating margin of the Group for the quarter. For the half year, the segment contributed 23.7% of total sales volume, 29.1% of total revenue and 58.5% of total operating margin of the Group.

Balance Sheet

The Group's balance sheet remained strong with gross debt to equity ratio of 0.72 or net debt to equity ratio of 0.59.

The Group continued to maintain operational efficiency and sustained a short cycle time of 54 days (inventories days add trade receivables days less trade payables days).

Future Outlook

The Company noted in its results announcement, "Moving forward, the palm oil industry will continue to face some headwinds. As we enter the higher production months, output is expected to outpace demand. Tough operating conditions kept pressure on margins. Near term outlook remains challenging. The Group remains positive about its long term prospect due to its large-scale, cost-efficient and strategically-located integrated plants supported by well established brands, broad product portfolio and a large distribution network. It will continue to focus on operational efficiencies and productivity of its businesses."

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 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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