



Global Brands, Local Favourites

**MEWAH INTERNATIONAL INC.**

(Company Registration No.: CR-166055)

**NEWS RELEASE :**

**FINANCIAL RESULTS FOR THE THIRD QUARTER AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019**

**MEWAH DELIVERS IMPRESSIVE Q3 EARNINGS**

- **Net profit of US\$7.4 million for the quarter**
- **Record sales volume of 3.4 million MT for the nine months period**
- **Sales volume increased 8.4% quarter-on-quarter**
- **Operating margin improved 50.0% quarter-on-quarter**
- **Balance sheet remains strong with low net debt to equity ratio of 0.43**
- **Interim dividend of S\$0.0046 per share.**

**Results Highlights**

	Q3 2019	Q3 2018	Change (YOY)	Q2 2019	Change (QOQ)	9M 2019	9M 2018	Change
<b>Sales volume</b> (MT'000)	<b>1,112.9</b>	1,027.0	8.4%	1,141.5	-2.5%	<b>3,429.9</b>	3,136.5	9.4%
<b>Revenue</b> (US\$million)	<b>686.2</b>	705.8	-2.8%	694.8	-1.2%	<b>2,105.3</b>	2,285.1	-7.9%
<b>Average selling prices</b> (US\$)	<b>616.6</b>	687.2	-10.3%	608.7	1.3%	<b>613.8</b>	728.6	-15.8%
<b>Operating margin</b> (US\$million)	<b>38.9</b>	26.0	50.0%	28.1	38.4%	<b>92.6</b>	84.9	9.2%
<b>Operating margin per MT</b> (US\$)	<b>35.0</b>	25.3	38.3%	24.6	42.3%	<b>27.0</b>	27.1	-0.4%
<b>Net profit *</b> (US\$million)	<b>7.4</b>	0.8	882.2%	1.9	289.5%	<b>10.2</b>	6.2	65.6%

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

Singapore, Nov 8, 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 third quarter and nine months period ended 30 Sep 2019.

The Group posted net profit of US\$7.4 million for the quarter compared to US\$0.8 million last year. For the nine months period, net profit rose 65.6% to US\$10.2 million from US\$6.2 million last year.

The Group achieved sales volume of 1,112,900 metric tonne (“MT”), up 8.4% Year-over-Year (“YOY”) but down 2.5% Quarter-on-Quarter (“QOQ”). For the nine months period, sales volume of 3,429,900 MT, was 9.4% higher than last year.

The Group reported revenue of US\$686.2 million for the quarter, 2.8% lower YOY and 1.2% lower QOQ due to lower average selling prices despite increase in sales volume. For the nine months period, revenue decreased 7.9% to US\$2.1 billion due to 15.8% lower average selling prices despite 9.4% higher sales volume.

Total operating margin for the quarter increased 50.0% to US\$38.9 million on the back of higher operating margin of US\$35.0 per MT compared to US\$25.3 last year. Compared to the previous quarter, operating margin increased 38.4%. For the nine months period, total operating margin increased 9.2% to US\$92.6 million due to 9.4% higher sales volume.

The Company said in the announcement, “The Group is proud to announce a better than expected third quarter results driven by sales volume of 1.1 million MT (an increase of +8.4% on quarter) and a major improvement in the operating margin at US\$38.9 million (an increase of +50.0% on quarter). This translates to US\$35.0 per MT compared to US\$25.3 per MT in the last quarter. The lower average selling prices, lower palm oil inventory and a weaker Malaysian Ringgit had improved the demand from our destination markets for both Bulk (+9.6% Q-o-Q) and Consumer Pack (+5.0% Q-o-Q) businesses. Both Bulk and Consumer Pack segments managed to achieve an impressive operating margin of US\$22.2 million and US\$16.7 million respectively.”

## Segmental Performance

### Bulk segment

	Q3 2019	Q3 2018	Change (YOY)	Q2 2019	Change (QOQ)	9M 2019	9M 2018	Change
<b>Sales volume</b> (MT'000)	<b>829.3</b>	756.8	9.6%	870.1	-4.7%	<b>2,597.3</b>	2,327.1	11.6%
<b>Revenue</b> (US\$'million)	<b>474.1</b>	487.0	-2.6%	491.1	-3.5%	<b>1,479.9</b>	1,595.6	-7.3%
<b>Average selling prices</b> (US\$)	<b>571.7</b>	643.5	-11.2%	564.4	1.3%	<b>569.8</b>	685.7	-16.9%
<b>Operating margin</b> (US\$'million)	<b>22.2</b>	13.2	68.2%	11.5	93.0%	<b>44.5</b>	49.6	-10.3%
<b>Operating margin per MT</b> (US\$)	<b>26.8</b>	17.4	54.0%	13.2	103.0%	<b>17.1</b>	21.3	-19.7%

For the quarter, the Group registered sales volume of 829,300 MT for Bulk segment, up 9.6% YOY but down 4.7% QOQ. For the nine months period, sales volume for the segment improved 11.6% to 2,597,300 MT.

Revenue decreased to US\$474.1 million, 2.6% and 3.5% lower YOY and QOQ respectively due to lower average selling prices. For the nine months period, revenue for the segment dropped 7.3% to US\$1,479.9 million.

The segment reported total operating margin of US\$22.2 million, 68.2% higher YOY due to higher operating margin of US\$26.8 per MT compared to US\$17.4 last year. Compared to the previous quarter, operating margin increased 93.0%. For the nine months period, operating margin dropped 10.3% to US\$44.5 million.

The segment contributed 74.5% of total sales volume, 69.1% of total revenue and 57.1% of total operating margin of the Group for the quarter. For the nine months period, the segment

contributed 75.7% of total sales volume, 70.3% of total revenue and 48.1% of total operating margin of the Group.

### Consumer Pack segment

	Q3 2019	Q3 2018	Change (YOY)	Q2 2019	Change (QOQ)	9M 2019	9M 2018	Change
<b>Sales volume</b> (MT'000)	<b>283.6</b>	270.2	5.0%	271.4	4.5%	<b>832.6</b>	809.4	2.9%
<b>Revenue</b> (US\$million)	<b>212.1</b>	218.8	-3.1%	203.7	4.1%	<b>625.4</b>	689.5	-9.3%
<b>Average selling prices</b> (US\$)	<b>747.9</b>	809.8	-7.6%	750.6	-0.4%	<b>751.1</b>	851.9	-11.8%
<b>Operating margin</b> (US\$million)	<b>16.7</b>	12.8	30.5%	16.6	0.6%	<b>48.1</b>	35.3	36.3%
<b>Operating margin per MT</b> (US\$)	<b>58.9</b>	47.4	24.3%	61.2	-3.8%	<b>57.8</b>	43.6	32.6%

For the quarter, the Group registered sales volume of 283,600 MT for Consumer Pack segment, 5.0% and 4.5% higher YOY and QOQ respectively. For the nine months period, sales volume for the segment improved 2.9% to 832,600 MT.

Revenue decreased to US\$212.1 million, 3.1% lower YOY due to lower average selling prices. Compared to previous quarter, revenue increased 4.1%. For the nine months period, revenue for the segment dropped 9.3% to US\$625.4 million.

The segment recorded total operating margin of US\$16.7 million, 30.5% higher compared to last year supported by 5.0% higher sales volume and higher operating margin US\$58.9 per MT compared to US\$47.4 last year. Compared to the previous quarter, operating margin increased 0.6%. For the nine months period, operating margin improved 36.3% to US\$48.1 million.

The segment contributed 25.5% of total sales volume, 30.9% of total revenue and 42.9% of total operating margin of the Group for the quarter. For the nine months period, the segment contributed 24.3% of total sales volume, 29.7% of total revenue and 51.9% of total operating margin of the Group.

### Balance Sheet

The Group's balance sheet remained strong with gross debt to equity ratio of 0.56 or net debt to equity ratio of 0.43.

The Group continued to maintain operational efficiency and sustained a short cycle time of 48 days (inventories days add trade receivables days less trade payables days).

### Dividend

In order to show appreciation for the support of the shareholders, the Board of Directors has proposed an interim exempt dividend of S\$0.0046 per ordinary share for the third quarter.

## **Future Outlook**

The Company noted in its results announcement, “The palm industry will continue to face challenges as well as potential areas of growth in demand. On the negative side, these impacts may range from higher tariffs to negative consumer sentiments on sustainability. The emerging bright spots from the palm-oil producing countries may crystallize in the form of reduced export duties and biodiesel mandate enhancement programs. The Group remains positive about its long term prospect, and it will continue to focus on operational efficiencies and productivity.”

## **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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