

MSM's profit up 52% to RM16m on lower raw material costs

MSM Malaysia Holdings Bhd's net profit for the third quarter ended Sept 30, 2018 (3Q18), rose 52.4% year-on-year (YoY) to RM15.88 million, attributable to lower raw material costs and favourable foreign-exchange (forex) rate.

However, its revenue for the three months dropped by 15.75% YoY to RM562.05 million due to a 4% reduction in the overall tonnage sold and lower average selling price.

Earnings per share for the quarter under review stood well at 2.26 sen against 1.48 sen per share in 3Q17.

Despite the overall ringgit

weakness in the quarter, based on the average market rate, the local currency strengthened by about 4.2% compared to 3Q17.

As such, the total weighted average US dollar buying rate for MSM in 3Q18 is lower at 4.0738 compared to 4.2783 in 3Q17.

Meanwhile, the sugar-based business of FGV Holdings Bhd reported a profit of RM46.01 million for the nine-month period ended Sept 30, 2018 (9M18), against RM45.66 million loss in its preceding year corresponding period as a result of lower raw material

costs and favourable forex rate.

Revenue for 9M18 decreased by 16.42% to RM1.68 billion from RM2.01 billion in the January to September 2017 period, due to lower overall tonnage sold.

MSM ED Datuk Khairil Anuar Aziz said in a statement that the company remains confident in its ability to achieve full-year target with full support from the board, management and employees.

"We are disciplined in our operational pace and maintained our commitment to focus on execution. Building

on our turnaround momentum from 1Q, 2Q and the current quarter, we continue to manage our raw sugar and forex cost effectively, focusing on a performing and winning culture which led to our solid results.

"We are thankful to the government for the abolishment of approved permits (APs) for sugar imports. However, as the AP holders still maintain carry-over stocks of imported sugar during the first half of 2018, the total effect would only be accounted for in financial year 2019," he said in a separate statement.

He expected generating revenue will be a challenge next year due to the reduction in the retail selling price of refined sugar and the excise duty (soda tax) imposed on sugar beverages at 40 sen per litre beginning April 1, 2019.

Although it is too early to draw on a conclusion, MSM said the impact will reflect on the company's bottom line.

Still, MSM remains optimistic on its performance in the sugar business to increase shareholders' value and provide a stable income stream with better returns. — *by FARA AISYAH*