

## MSM Malaysia 4Q earnings down 9% on higher finance cost

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KUALA LUMPUR: MSM Malaysia Holdings Bhd, a subsidiary of Fel-da Global Ventures Holdings Bhd, posted a 9.1% decline in net profit to RM13.08 million in the fourth quarter ended Dec 31, 2017 (4QFY17) from RM14.39 million a year ago, on higher finance cost and taxation.

As a result, earnings per share came in lower at 1.86 sen compared with 2.05 sen a year ago. Quarterly revenue declined 21.7% to RM656.12 million in 4QFY17 from RM838.31 million in 4QFY16, due to a 12% reduction in the overall tonnage sold for the local market.

For FY17, the country's largest refined sugar producer slipped into the red, posting a net loss of RM32.57 million compared to a net profit of RM120.72 million the previous year, due to higher raw material cost and a weakened ringgit.

Revenue, however, edged 0.29% higher to RM2.67 billion in FY17 from RM2.66 billion in FY16 due to improved average selling price for the year.

"On average, we spend around US\$456 million (RM1.78 billion) on raw sugar purchase per year," said MSM executive director Datuk Khairil Anuar Aziz in a statement yesterday.

"It is a gruesome fact that we are

heavily exposed to price fluctuations and trading risk on the futures market. With the odds against us, we remain responsibly committed in ensuring an adequate sugar supply in the country, taking into consideration the sound policies in place to hedge strategically to average out our losses, avoid any loss-making contracts and gain opportunities to get better than the annual average price of the New York Sugar No 11," he added.

On its outlook for FY18, MSM said the group is optimistic as it expects to gain from improved operations, low raw sugar prices and a strengthening ringgit in the near term.