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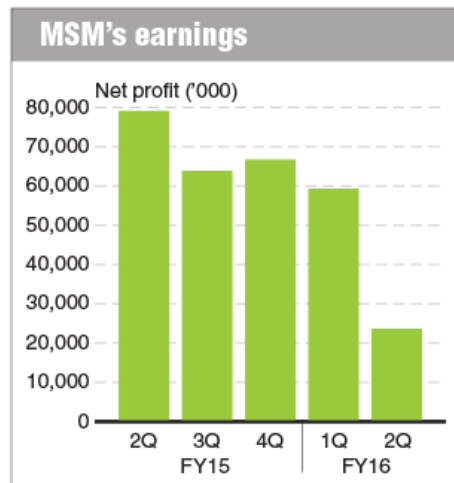
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## MSM 2Q net profit plunges 70%

By [Ahmad Naqib Idris](#) / The Edge Financial Daily | August 24, 2016 : 9:37 AM MYT

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KUALA LUMPUR: The surge in raw sugar prices, coupled with the weak ringgit, has hit hard on MSM Malaysia Holdings Bhd's (MSM) net profit for the second quarter ended June 30 (2QFY16).

The sugar refiner's net profit shrunk 70% to RM23.68 million, or 3.37 sen per share for 2QFY16 — the lowest since its listing on Bursa Malaysia in June 2011, compared with RM79.13 million or 11.26 sen in the previous corresponding quarter.

Its quarterly revenue grew 8% to RM633.86 million from RM588.32 million a year earlier.

"The global sugar industry is impacted by the skyrocketing raw sugar prices. Thus far, we have adopted a cautious approach on these external factors. Our key priority is to pursue our growth plan and remain firm to achieve the targets set forth for this year," said MSM's president and group chief executive officer Mohamad Amri Sahari in a statement.

Earlier this month, MSM announced that the price of refined sugar was set to rise by up to 30% for industrial buyers, amid rising global raw sugar prices and the weakening of the ringgit against the US dollar.

According to reports, the price for industrial buyers with approved permits increased from RM1,900 per tonne to between RM2,400 and RM2,500 effective Aug 1.

Meanwhile, the increase in revenue was due to better sales of refined sugar for the local and export markets.

For the first half of its financial year (1HFY16), net profit contracted 45% to RM83.02 million, from RM150.16 million in 1HFY15, while revenue climbed 8% to RM1.19 billion, from RM1.1 billion.

The group's sugar segment reported pre-tax profit of RM111.22 million for the cumulative period, up 15% compared with RM96.52 million in the previous year.

Meanwhile, the rubber and palm oil business registered a wider pre-tax loss of RM3.57 million, compared with RM261,000 previously.

Going forward, MSM said it expects to sustain its satisfactory performance, barring the volatility of commodity prices.

"I am confident that the aggressive plans constituted in our strategic road map will safeguard our target revenue, profit and value.

"These strategies are set to motion via price adjustment concerning the industrial buyer, strategic hedging mechanism to achieve the best average raw sugar price and prudent cost management initiatives, particularly on the Johor refinery project and effective management of our capital expenditure," said Amri.