

Lower sugar prices worrying MSM Malaysia



By MARK RAO / Pic By TMR

MSM Malaysia Holdings Bhd anticipates a challenging second-half (2H) financial period following the government's plans to reduce sugar costs in Malaysia, coupled with challenging market conditions.

"The group views the 2H of 2018 (2H18) as a challenging period given the potential changes in domestic sugar prices and challenging market environment," Malaysia's leading refined sugar producer said in an exchange filing last Friday.

Notwithstanding the move and weaker ringgit, the group maintains its positive outlook and expects to pursue strategic initiatives to remain resilient and profitable.

The Domestic Trade and Consumer Affairs Ministry is looking to negotiate with sugar refiners to lower prices, while allowing more sugar imports into Malaysia to encourage competition, as well as drive prices down.

As of May this year, local retail prices for sugar was at RM2.95 per kg.

MSM Malaysia, operating as the sugar-based business of FGV Holdings Bhd, made a net profit of RM14.33 million for its second quarter (2Q) ended June 30, against a net loss of RM21.45 million in 2Q of 2017. This profit was due to the lower raw material costs and favourable foreign-exchange gains recognised by the sugar refiner.

Revenue for the quarter slipped 17.1% year-on-year (YoY) to RM573.22 million on reduction in overall tonnage sold and lower average selling prices recognised.

For 1H18, the company posted a net profit of RM30.14 million versus a net loss of RM56.07 million in the corresponding period in 2017, while revenue was lower by 16.4% YoY at RM1.12 billion.

AGENCY: The Malaysian Reserve

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