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Sugar producer MSM's net profit down on raw materials

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MSM president/group chief executive officer Mohamad Amri Sahari (filepic) said in a statement that the global sugar industry was impacted by skyrocketing raw sugar prices.



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PETALING JAYA: Sugar producer MSM Malaysia Holdings Bhd saw earnings being weighed down by higher raw material costs and a weakening ringgit, with net profit declining by 70% to RM23.68mil for its second quarter ended June 30, compared with the same quarter a year ago.

However, revenue rose 7.74% to RM633.85mil while sales volume increased by 4%. This was mainly attributable to the higher sales recorded in the domestic and export segments, which grew 19% and 22%, respectively.

Earnings per share (EPS) for the quarter dipped to 3.37 sen from 11.26 sen previously.

In the first six months, the company posted a net profit of RM83mil, or an EPS of 11.81 sen, down 44.71% from RM150.16mil, or 21.36 sen in EPS, in the same period a year ago.

Its revenue improved 8.2% to RM1.18bil in the first half to June 30 despite strong headwinds facing the industry – due to the prevailing uptrend of global raw sugar prices and the unfavourable exchange rate of the ringgit against the US dollar.

MSM president/group chief executive officer Mohamad Amri Sahari said in a statement that the global sugar industry was impacted by skyrocketing raw sugar prices.

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"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," he said.

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

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

The company said it would continue to pursue profitable growth in tandem with steadily sustaining a healthy balance sheet.

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