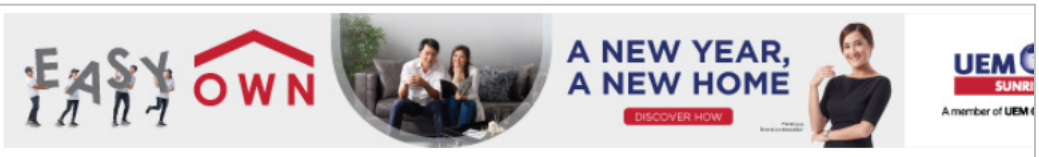

Highlight

MSM 4Q net profit declines 9.1% on lower revenue

Billy Toh / theedgemarkets.com
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KUALA LUMPUR (Feb 21): MSM Malaysia Holdings Bhd, the country's largest refined sugar producer, saw a decline in its net profit by 9.1% to RM13.1 million or 1.86 sen per share in the fourth quarter ended Dec 31, 2017 (4QFY17) from RM14.4 million or 2.05 sen per share in the previous year's corresponding quarter on the back of lower revenue recorded for the quarter.

MSM's revenue in 4QFY17 stood at RM656.1 million, which was 21.7% lower than the RM838.3 million recorded in 4QFY16.

According to its filing with Bursa Malaysia today, the lower revenue was due to a 12% reduction in the overall tonnage sold for the local market while the lower profit was attributed to higher finance cost and taxation.

For the full financial year 2017 (FY17), the group slipped into the red with a net loss of RM32.6 million or 4.63 sen per share as compared to a net profit of RM120.7 million or 17.17 sen per share recorded in FY16, mainly due to higher raw material cost and weakened ringgit.

This was despite its revenue edging higher by 0.29% to RM2.67 billion in FY17 from RM2.66 billion in FY16 on the back of an improved average selling price for the year.

For the sugar division which includes sugar refining, sales and marketing of refined sugar and trading of sugar, it recorded a loss before taxation (LBT) of RM35 million in FY17 as compared to a profit before taxation of RM138.6 million in the previous year. The rubber and palm oil segment managed to narrow its LBT to RM2.32 million in FY17 as compared to RM6.37 million in FY16.

The note filed with Bursa, however, said the group is optimistic of its outlook for FY18 as it expects to gain from improved operations, low raw sugar prices and strengthening ringgit in the near term.

Shares in MSM were last traded at RM3.90.

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