Higher raw material costs, weaker ringgit hurt MSM Q3 results

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sunbiz@thesundaily.com

KUALA LUMPUR: MSM Malaysia Holdings Bhd's net profit for the third quarter ended Sept 30, 2016 fell 63.5% to RM23.31 million from RM63.87 million a year ago due to higher raw material costs and the weaker ringgit.

Revenue rose 15.9% to RM633.12 million compared with RM546.49 million in the previous year driven by higher sales volume.

For the nine months period, its net profit halved to RM106.33 million from RM214.04 million a year ago because of higher raw material cost and production cost.

Revenue, however, grew by 10.83% to RM1.82 billion RM1.64 billion mainly from increased sales volume from the group's domestic and export customers' segments.

MSM president and group CEO Mohamad Amri Sahari said raw sugar cost has increased tremendously to almost 40% since early 2016 and has significantly affected its margin.

"It was a challenging quarter and we had invested a great effort and energy to steer through the global economic uncertainty. Regardless of this, we are confident to register a solid revenue given our lion share of the market," he said in a statement.

MSM has approved an interim dividend of 10 sen per share for the third quarter.

"The board's decision is a sign of confidence in the state of business and faith in MSM's prospects for the future," said Amri.

For the remainder of fiscal 2016, MSM's strategy remains focused on capturing available opportunities in the supply and demand dynamics as MSM foresees the spillover effect to continue in the sugar market until the end of first quarter 2017.

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