

## Q2 PERFORMANCE

# MSM posts RM67.3m loss on higher costs

**KUALA LUMPUR:** MSM Malaysia Holdings Bhd, Malaysia's leading refined sugar producer, posted a net loss of RM67.33 million in the second quarter ended June 30 this year, from a net profit of RM14.33 million a year ago.

In a filing with Bursa Malaysia yesterday, MSM said this was due to higher finance and commercialisation cost of MSM Johor.

The company's second-quarter revenue fell 17.28 per cent to RM474.02 million from RM573.03 million, dragged by reduction in the average selling price of refined sugar, a lower ringgit that had resulted in increased raw material costs and stiffer competition in the export market.

For the first half of this year, MSM slipped into the red with a net loss of RM74.34 million from a net profit of RM30.14 million, while revenue depreciated by 14.29 per cent to RM959.46 million from RM1.12 billion previously.

Group chief executive officer Datuk Khairil Anuar Aziz said the company expected this year to remain challenging due to the glut of refined sugar in the local market and the weakening of the ringgit.

The company said its refining cost increased 15 per cent due to higher fuel costs as a result of the increase in gas tariffs from January this year.

MSM's financial performance was further strained by lower capacity utilisation rate at MSM Jo-

hor, which came on line in April this year.

The market's projection of a stronger ringgit would be positive for MSM over the next few months, said Khairil Anuar in a separate statement.

However, he said MSM would remain cautious for the second-half of this year.

"We are constantly monitoring world sugar trends and prices,"

he said, adding that MSM expected to capitalise on the anticipated lower average cost per tonne of raw sugar and relatively favourable ringgit.

However, other factors such as the imposition of the sugar tax on sugared beverages, the possible issuance of even more Approved Permits (APs) and potential liberalisation of the local sugar market may affect

the company's bottom line.

Khairil Anuar said MSM would engage with relevant authorities and customers to discuss further industry-related matters, especially the issuance of APs.

"We will continue to monitor and practise strategic hedging mechanism to mitigate our exposure to global raw sugar prices and currency volatility."

He added that MSM would consider diversifying into value-added sugar products for exports, while accelerating strategic growth through possible commercial collaborations with reputable industry players to build its global market presence.



**Datuk Khairil Anuar Aziz**