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## MSM Malaysia slips into the red in FY2019

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MSM attributed the net loss to loan modification impact and repercussion of RM90 million as a result of the benchmark high NY#11 and freight premium from the previously locked in raw sugar purchase. — AFP pic

KUALA LUMPUR, Feb 25 — MSM Malaysia Holdings Bhd recorded a net loss of RM299.77 million for the financial year (FY) ended December 31, 2019 against a net profit of RM35.66 million in FY2018.

Revenue fell to RM2.01 billion during the year under review compared with RM2.21 billion previously.

In a statement, MSM attributed the net loss to loan modification impact and repercussion of RM90 million as a result of the benchmark high NY#11 and freight premium from the previously locked in raw sugar purchase.

It cited other reasons as the provision of RM140.55 million for an impairment of certain assets, weakening of the ringgit, as well as, stiff competition in the local and export markets that further strained the financial performance of the group for the year.

In a bid to retain its operational excellence and market leadership, MSM managed to close FY2019 with production output of 1.07 million tonnes, an increase of 10 per cent compared with the corresponding year output of 975,653 tonnes.

Notwithstanding, the group incurred 15 per cent higher production cost compared to FY2018 due to the commercialisation of MSM Sugar Refinery (Johor) Sdn Bhd in April 2019 that include its lower capacity utilisation and depreciation, as well as increase in gas tariffs in January 2019 and July 2019.

Moving forward, MSM would prioritise and tighten its focus on restructuring its business towards stabilising and turnaround through sustainable growth strategies.

“These strategies that include rationalising our production capacity, downstream products diversification, research and development on food and non-food sugar related products, initiating cost savings energy projects and strengthening our selling price with better margin,” it added. — Bernama

**AGENCY:** Malay Mail

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