MSM Malaysia's net loss in Q3 shrinks 51% to RM36.1mil

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MSM Malaysia Holdings Berhad is seeking the government's support on price normalisation to help overcome high input costs caused by the increase in raw sugar cost. (MSM pic)

PETALING JAYA: MSM Malaysia Holdings Berhad recorded a 51% lower net loss of RM36.06 million for the third quarter ended Sept 30, 2023 (Q3 2023) compared to the same quarter last year (Q3 FY2022) of RM73 million.

The sugar refiner and producer of "Gula Prai" said the improvement was attributable to improved margins from industry and export segments, lower freight cost, and better capacity utilisation.

Revenue for Q3 FY2023 rose to RM807 million, 21% higher versus RM668 million for the corresponding quarter last year.

According to MSM group CEO Syed Feizal Syed Mohammad, the sugar industry has seen stronger demands in the local and export markets.

"However, amid a prolonged challenging environment with high input costs due to increase in raw sugar cost, high freight and natural gas cost as well as weakening of ringgit, the local sugar industry has remained resilient.

"The prevailing high input costs are being further mitigated but continue to impede the improvement of the group's financial performance," he said.

He noted that the wholesale segment contributed 40% of total sales affected by negative margin as its price is controlled by the government.

Despite the challenges, he said MSM would ensure an uninterrupted supply of sugar in the market and it is important to have it recognised under the country's food security agenda especially integrating with upstream activities in developing local sugar cane plantations or through reverse investments in nearby regions.

"The ceiling price set by the government has remained unchanged and without subsidy over the last 10 years.

"Malaysia's sugar-controlled price is the cheapest in the region and the world, representing an anomaly in economics," he said.

Hence, many other countries across the region have even increased sugar prices such as Indonesia and Thailand and we seek government support on a price normalisation to help overcome the high input costs mentioned.

"We believe that the government will provide due consideration and support for the sustainability of the local sugar industry," Syed Feizal added.

On financial performance, he said MSM is taking all measures to ensure the return to profitability as recorded in 2021 in order to provide returns to its shareholders, fulfil its corporate responsibility and contribute positively to the economy.

For the nine-month cumulative period ended Sept 30, 2023 (9M 2023), net loss was lower at RM92.75 million versus the loss of RM134.55 million in the corresponding period, while revenue was firmer at RM2.14 billion compared with RM1.88 billion.

The increase in revenue for 9M 2023 is attributable to the 13% higher increase in average selling price (ASP) for all segments, despite lower sales volume.

The net operational loss was mainly due to the higher production cost in the period owing to 24% higher NY11 raw sugar, amongst other rising costs.

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