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MSM Malaysia's losses narrow in Q3 on improved margin, lower cost

By S. Birruntha - November 24, 2023 @ 8:47am

MSM Malaysia Holdings Bhd, which holds a 60 per cent share of the domestic sugar market, saw losses narrow to RM36.06mil for the third quarter ended Sept 30, 2023 (3Q23) on improved margins from industry and export segment. NSTP/AMRAN HAMID

KUALA LUMPUR: MSM Malaysia Holdings Bhd, which holds a 60 per cent share of the domestic sugar market, saw losses narrow to RM36.06mil for the third quarter ended Sept 30, 2023 (3Q23) on improved margins from industry and export segment.

The national sugar refiner told Bursa Malaysia Securities Bhd in a filing today that lower freight cost and better capacity utilisation also helped.

Net losses for the third quarter o financial year 2022 were RM72.80 million.

Revenue for the quarter grew 21 per cent to RM806.72 million from RM668.13 million previously, due to higher overall sales volume and average selling price for the group.

MSM's loss per share came in at 5.13 sen compared to a loss per share of 10.36 sen in 3Q22.

For the cumulative nine-month period (9MFY23), MSM's net loss fell 31 per cent to RM92.76 million from RM134.55 million a year ago, while revenue rose 13 per cent to RM2.14 billion from RM1.89 billion.

Commenting on the results, group chief executive officer Syed Feizal Syed Mohammad said the sugar industry has seen stronger demands in the local and export markets.

However, he said amidst 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 remained resilient.

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

"Wholesale segment contributes 40 per cent of total sales affected by negative margin as its price is controlled by the government," he said in a statement. Adding further, Syed Feizal said the ceiling price set by the government has remained unchanged and without subsidy over the last 10 years and Malaysia sugar-controlled price is the cheapest in the region and the world representing an anomaly in economics.

Hence, he said many other countries across the region have even increased sugar prices such as Indonesia and Thailand and we seek the government support on a price normalisation to help overcome the high input costs mentioned. "We believe that government will provide due consideration and support for sustainability of the local sugar industry," he noted.

Despite these challenges, Syed Feizal said MSM is pleased with the sales recorded for MSM's new product, Gula Prai Super that was launched in May this year which contributes additional revenue to the company.

He added that MSM will ensure uninterrupted supply of sugar in the market and is important to have it recognised under the country's food security agenda especially integrating with upstream activities in developing local sugar cane plantation or through reverse investments in nearby region.

"On financial performance, we are taking all measures to ensure return to profitability as recorded in 2021 in order to provide returns to our shareholders, fulfil our corporate responsibility to our stakeholders, and contribute positively to the economy," he said.

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