


MSM Malaysia continues to bleed for the second consecutive quarter

By Myia S Nair / theedgmalaysia.com

21 Nov 2024, 07:47 pm



KUALA LUMPUR (Nov 21): Sugar producer MSM Malaysia Holdings Bhd (KL:MSM ) continued to record losses for the second consecutive quarter, after the group reported a RM49.75 million net loss for the third quarter ended Sept 30, 2024 (3QFY2024).

This follows a net loss of RM32.4 million in 2QFY2024. The larger net loss was despite the group recording 3.4% higher revenue of RM861.44 million compared to the previous quarter. On a year-on-year basis, its revenue increased by 6.78%.

The larger net loss is attributable to rapid and significant appreciation of ringgit against the greenback, resulting in foreign exchange losses recorded in the quarter.

MSM Malaysia did not declare a dividend for the financial quarter under review.

The higher revenue during the quarter was due to the higher average selling price, incentive received for certain packed sugar sold in the domestic market and higher sales volume.

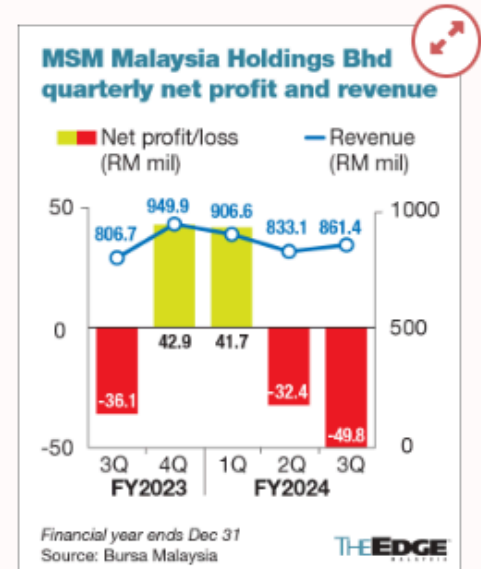
MSM Malaysia did not declare a dividend for the financial quarter under review.

The higher revenue during the quarter was due to the higher average selling price, incentive received for certain packed sugar sold in the domestic market and higher sales volume.

Meanwhile, for the first nine months of the year, the company's net loss narrowed to RM40.44 million, compared with RM92.76 million during the corresponding period a year ago, as margins improved on higher average selling prices (ASPs) and better capacity utilisation.

Revenue for the nine-month period ended Sept 30, 2024 (9MFY2024) increased 21% to RM2.6 billion from RM2.14 billion in the same period last year, due to the 7% higher sales volume and 14% higher ASPs, said MSM Malaysia.

"During the year under review, the group recorded an improvement in utilisation factor (UF) which led to the decrease in refining cost.



"However, the production cost in the year has increased due to higher NY11 (benchmark sugar price traded on the NY Mercantile Exchange), foreign exchange, and freight cost," said MSM Malaysia in a statement.

Its group chief executive officer Syed Feizal Syed Mohammad said the current RM1 per kg incentive for coarse grain sugar and fine granulated sugar from November 2023 is only enough to meet the actual production cost to sustain the sugar industry's operation.

"Capping of sugar price without the present incentive creates a serious anomaly in the economics as explained in Parliament last year of refining losing 88 sen/kg," said Syed Feizal in the statement.

He added that the group trusts the government will consider and provide the necessary support to finalise a sustainable pricing mechanism for the domestic retail segment in ensuring food security and long-term sustainability of the industry.

Year to date (up to Sept 30, 2024), the amount received or receivable by MSM Malaysia from the Ministry of Domestic Trade and Cost of Living stood at RM216 million.

“Moving forward we are optimistic of improved results in the fourth quarter and should finish the year with a much stronger year-on-year performance,” Syed Feizal added.

MSM Malaysia shares closed up one sen at RM1.22 with a market capitalisation of RM858 million.

Edited By Kamarul Azhar

HEADLINE	MSM Malaysia continues to bleed for the second consecutive quarter
MEDIA	The Edge Malaysia - Online
DATE	21 November 2024, 7:47pm
BY	Myia S Nair
LINK	https://theedgemalaysia.com/node/734922