

Cautious Outlook For MSM In Spite Of Growth Potential In 4Q24

By Business Today Editorial - November 22, 2024



MIDF Amanah Investment Bank Bhd (MIDF Research) has maintained a **NEUTRAL** call on MSM Malaysia Holdings Bhd after the sugar refinery company reported a mixed financial result for its third quarter of FY24 (3Q24).

For the quarter under review, MSM reported an increased revenue of RM806.7 million and total revenue for the first nine months reaching RM2.6 billion.

At the same time, however, the company remained in the red as it reported a quarterly net loss of RM49.8 million due to high input costs such as raw sugar and freight rates, as well as the volatility of the ringgit.

As such, MIDF Research has revised MSM's target price (TP) to RM1.24 from the previous TP of RM1.39, highlighting concerns over the company's competitiveness amid a challenging market environment.

Nevertheless, MSM is expected to see steady demand in 4Q24, bolstered by the festive season. Higher average selling prices, especially in the mass market segment, are anticipated to support revenue growth. Additionally, with the harvesting season ending, AP players are likely to reduce sugar imports, providing some relief to the market.

On that note, MIDF Research has retained its earnings estimates for MSM, factoring in a potential recovery in the coming quarters. However, the revised TP reflects a cautious outlook, considering persistent input cost pressures and market competition.

HEADLINE	Cautious Outlook For MSM In Spite Of Growth Potential In 4Q24
MEDIA	Business Today - Online
DATE	22 November 2024
BY	-
LINK	https://www.businesstoday.com.my/2024/11/22/cautious-outlook-for-msm-in-spite-of-growth-potential-in-4q24/