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Corporate Malaysia

MSM returns to profitability in 2Q on stronger margins, lower costs

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KUALA LUMPUR (Aug 24): MSM Malaysia Holdings Bhd (KL:MSM ASK EDGE) returned to the black with a net profit of RM23.43 million in the second quarter ended June 30, 2026 (2QFY2026), ending a four-quarter losing streak, as stronger margins and lower operating expenses helped offset a decline in revenue.

The country's largest refined sugar producer posted a net loss of RM29.74 million a year earlier.

The group's quarterly revenue fell 25.22% to RM607.78 million in 2QFY2026 from RM812.75 million a year earlier, due to lower average selling prices and sales volume, MSM's bourse filing showed on Monday.

Other operating expenses declined 87.4% to RM932,000 in 2QFY2026, from RM7.37 million a year ago.

Better profitability was also supported by lower finance costs, which fell 27.3% to RM8.16 million in 2QFY2026 from RM11.22 million a year earlier, as well as lower administrative expenses of RM18.66 million, down 11.6% from RM21.1 million.

For the first half of FY2026 (1HFY2026), it posted a net profit of RM4.58 million, compared with a net loss of RM26.02 million previously. Six-month revenue declined 25.72% to RM1.16 billion from RM1.56 billion.

No dividend was declared during the quarter under review.

In a separate statement, MSM said the group also benefitted from lower raw sugar prices, favourable foreign-exchange movements and lower freight costs.

MSM group chief executive officer Dr Aini Shahar said MSM prioritised higher-margin sales, aligned production with demand and maintained tight cost discipline.

“Our immediate focus is to preserve margins and sustain profitability,” Aini said.

“While the return to profitability in 2QFY2026 represents an improvement, revenue and utilisation remained below the corresponding period last year, and the operating environment continues to be challenging,” Aini noted.

MSM’s utilisation factor stood at 39% in 1HFY2026, compared with 48% in 1HFY2025.

Looking ahead, Aini said the sugar industry is expected to remain challenging for the remainder of 2026, with continued cost pressure and competition from imported sugar in the domestic market weighing on margins.

Hence, Aini said MSM continues to engage with the government to finalise a sustainable pricing framework that will safeguard national food security and support the viability of the domestic sugar industry over time.

As at June 30 this year, MSM had RM684.36 million in borrowings, comprising RM101.05 million in Islamic term loans, RM533.13 million in bankers' acceptances and RM50.18 million in revolving credits. This was down by 21.9% from total borrowings of RM876.53 million at end-June 2025.

Meanwhile, it had cash and bank balances of RM6.12 million as at end-June 2026 and deposits with licensed banks totalling RM134.18 million.

As at noon market break on Monday, MSM’s share price rose 1.5 sen or 2.38% at 64.5 sen, for a market value of RM453 million. Year to date, the stock has fallen 31%.

Edited By Isabelle Francis

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