REFINED SUGAR PRODUCER

SWEET Q1 AS MSM RETURNS TO BLACK

Company posts RM15.81m net profit on lower raw material costs, favourable foreign exchange rate

FARAH ADILLA
KUALA LUMPUR
bt@mediaprima.com.my

MSM Malaysia Holdings Bhd (MSM), the country's leading refined sugar producer, swung back to the black in the first quarter (Q1) ended March 31 this year.

MSM, which is a subsidiary of Felda Global Ventures Holdings Bhd (FGV), posted a net profit of RM15.81 million against a net loss of RM34.62 million recorded a year ago.

In a filing to Bursa Malaysia yesterday, MSM said earnings per share for the quarter under review stood at RM2.25 against a RM4.93 loss per share in the same period last year.

"The much-improved performance in the current quarter was attributable to lower raw material costs and a favourable foreign exchange rate.

Datuk Khairil Anuar Aziz

"Also boosting MSM's performance is the reduction of administrative expenses, which is down 33 per cent quarter-on-quarter, or RM9.1 million from RM23.8 million," it said.

Revenue in the quarter fell 14.2 per cent to RM549.06 million from RM640.05 million, impaired by a decrease in the average selling price and a seven per cent reduction in overall tonnage sold — mainly from a reduction in export sales.

"While circumstances were unfavourable last year, the first quarter performance shows encouraging signs towards a healthy balance sheet. It certainly is a continuous turnaround process and on this positive note, MSM's direction is to reinforce its leading role in this business," said MSM executive director Datuk Khairil Anuar Aziz.

MSM continued to strengthen its operational focus by marking down its raw sugar cost by 23.1 per cent against the same quarter last year.

This, however, was hampered by an increase in the average refining cost due to higher fuel cost, which resulted from an upward revision of the gas tariff in January.

MSM said it would further improve inventory management, supply and distribution efficiency and operating expenditure optimisation to remain resilient for the remaining quarters in driving business forward.

"MSM continues to monitor its cashflows and working capital requirements to enable visibility of red flags," it added.

EQUITY BROKING

Kenanga IB sees higher margin, trading income

KUALA LUMPUR: Kenanga Investment Bank Bhd (Kenanga IB) expects a boost in its equity broking (EB) business this year on the back of positive changes in the industry.

Group managing director Datuk Chay Wai Leong said this would come from two fronts.

"The recent announcement of a stamp duty waiver on small-cap, mid-cap stocks and structured warrants, as well as the liberalisation of margin financing rules are expected to boost our EB business margin and trading income," said Chay in Kenanga IB's 2017 annual report.

"The anticipated growth in these two businesses will help offset some of the cost increases arising from technological investments that aims to enhance client experience and solidify its position in the marketplace. This, coupled with EB's strong presence in the retail sector as well as the derivatives market, will serve to propel EB to new heights," he added.

Chay, however, expects the situation to remain challenging for Kenanga Futures Sdn Bhd (KF).

"The challenging market conditions faced by KF are expected to persist. However, ongoing geopolitical tensions in the global landscape and recovery in commodity prices may attract interest back into the market."

As such, KF would step up efforts to increase its domestic client base to reduce its reliance on foreign institutional clients, he added.

He said KF would also expand its product offerings by providing clients access to the United States CME Group markets.

KF will also profile KDF Trade-Active more aggressively as it allows clients to trade on both markets through one platform on desktop and mobile devices.

Kenanga IB yesterday announced that it had begun talks to acquire the stockbroking business of Inter-Pacific Securities Sdn Bhd.

Chay hoped the deal, which would create one of the largest stockbrokers in the country, could be finalised this year.

"The potential acquisition would strengthen Kenanga IB's leading position in the retail broking space to become the top-two largest stockbrokers in Malaysia, with a combined market share of over 10 per cent and retail market share of about 25 per cent," he said in a statement.

The Statistics Department says the overall Consumer Price Index last month was affected by a 0.4 per cent increase in transport, compared with the 1.5 per cent decline in March. FILE PIC

HEADLINE INFLATION

Consumer Price Index rises 1.4pc in April

KUALA LUMPUR: The Consumer Price Index (CPI), which measures headline inflation, increased by 1.4 per cent last month compared with the same period last year.

In a statement yesterday, the Statistics Department said major groups that recorded increases were the indices for food and non-alcoholic beverages (+2.6 per cent), restaurants and hotels (+2.2 per cent), health (+2.1 per cent), housing, water, electricity, gas and other fuels (+2.0 per cent), furnishings, household equipment and routine household maintenance (+1.8 per cent) and education (+1.1 per cent).

It said the CPI for the January-April 2018 period increased 1.7 per cent year-on-year (y-o-y).

Chief Statistician Datuk Seri Mohd Uzir Mahidin said the overall index was affected by the 0.4 per cent increase in transport, compared with the 1.5 per cent decrease in March.

In terms of overall CPI, Federal Territory of Kuala Lumpur surpassed the national CPI rate with +1.9 per cent, along with Selangor and Federal Territory of Putrajaya (+1.6 per cent) and Penang (+1.5 per cent).

The department also reported an increase in the index for food and non-alcoholic beverages.

Meanwhile, year-on-year increases for the food and non-alcoholic beverages index above the national index level were recorded in the Federal Territory of Kuala Lumpur (+4.4 per cent), Penang (three per cent) and Sabah and Federal Territory of Labuan (2.9 per cent).