



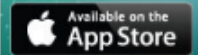
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MSM's Q1 results sour on higher raw sugar costs, weak ringgit

Posted on 1 June 2017 - 10:36am
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PETALING JAYA: MSM Malaysia Holdings Bhd (MSM) swung into the red in the first quarter (Q1) ended March 31, 2017, registering a net loss of RM34.62 million against a net profit of RM59.34 million in the previous corresponding quarter, due to a steep increase in raw sugar costs and a weak ringgit against US dollar.

Revenue increased 17.3% to RM648.97 million, from RM553.16 million recorded in Q1'16, attributed mainly to improved sales volume and increase in average selling price in the overall market segments.

In a statement yesterday, MSM said this is the first net loss for the company since its listing in 2011, largely in the face of significant local currency devaluations and late market recovery of international raw sugar prices.

Amid the gloomy environment, MSM's cost of procuring raw sugar increased by about 45.51% between Q1'16 and Q1'17, in terms of ringgit per tonne.

In foreign exchange (forex), MSM's weighted average rate of buying US dollars increased by about 4.1% during the same period.

As a result, MSM said its gross profit margin declined by 97.1% compared with the same quarter last year.

"We are closely monitoring the movement of ringgit-dollar and hedge our US dollar exposure on a quarterly basis. Our aim is to average out the forex volatility and achieve a better control over our imported material costs," its president/CEO Mohamad Amri Sahari said.

"It is important to note that since our establishment, we have always maintained a progressive growth," he added.

However, Mohamad Amri said he believes the unfortunate result this quarter is experienced across most sugar commodity markets globally.

"While there is a late gradual decline of international raw sugar prices, the global sugar commodity is heavily operating at a volatile market environment. We continue to engage with the government and update them on the global sugar market and are hopeful for a favourable outcome," he said.

Aside from capitalising and leveraging on existing assets and steadily sustain cash flow generation, MSM said it will focus on its current investments to fortify its trading arm in Dubai and ensure completion of the Johor refinery remains on track.

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