

Higher earnings for MSM after price hike?

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(File pix) MSM Malaysia Holdings Bhd's earnings forecasts for 2017 to 2019 have been raised 7.0-16.0 per cent by Maybank Investment Bank Bhd based on the higher average selling price (ASPs) of sugar. Pix from MSM Malaysia Holdings Bhd website

By NST Business (/authors/nst-business) - March 2, 2017 @ 11:48am

KUALA LUMPUR: MSM Malaysia Holdings Bhd's earnings forecasts for 2017 to 2019 have been raised 7.0-16.0 per cent by Maybank Investment Bank Bhd based on the higher average selling price (ASPs) of sugar.

Subsequently, Maybank IB revised upwards MSM's target price to RM4.70 from RM4.10 previously, while maintaining its "hold" call on the stock.

Effective March 1, the ceiling prices for coarse grain white refined sugar for both wholesalers and retailers had been increased by seven per cent (for wholesalers) and four per cent (for retailers) to RM2.87 per kg and RM2.95 per kg respectively.

This should help MSM to partly mitigate rising raw sugar costs, Maybank IB said.

"The (move) means that MSM is now allowed to charge the domestic wholesalers up to the new revised price of RM2.87 a kg. We raise our earnings forecasts by 7-16 per cent factoring in the higher ASPs," the firm said in a report today.

Domestic wholesalers made up 47.8 per cent of MSM's total volume sales in its financial year 2016.

Maybank IB said last year, ASPs for almost all refined sugar segments had seen sequential upward adjustments since the first quarter and gathered pace into the fourth quarter to mitigate rising raw sugar costs.

In the fourth quarter, the ASPs to domestic wholesalers in particular was RM2.66 a kg, fast approaching the previous maximum wholesaler price of RM2.68 a kg.

"The rise in ceiling price yesterday is thus timely for refiners like MSM," Maybank IB added.

The firm said the upward adjustment of ceiling sugar prices is not entirely unexpected as we have earlier highlighted it as one of the key upside risks.

"We are now looking at blended domestic ASPs/kg (domestic wholesalers and industries) of RM2.80/RM2.82/RM2.82 for FY17/18/19 versus RM2.70/RM2.75/RM2.75 previously."

On domestic volume, Maybank IB factored in a one per cent growth in FY17 (two per cent before) on possibly slower consumption post price hike but keep MSM's FY18/19 volume growth assumption at two per cent each.

"These lead to higher earnings forecasts by seven per cent/16 per cent/13 per cent for FY17/18/19," it added.

RECOMMENDED

Kim killing: Ri Jong-chol released from custody, to be deported today (http://api.cxense.com/public/widget/click/Ow36QPxNkm4H0a2FGfhtBKgMA133pO_SdJjgG-VrITiqgYtMo4W7Rcct5fEidcubXZUpvmzr4qclQjVQVcKd0ulYnRk8GwSiO3yXSCVx_w9C-cdIf9gF9PdoSnw4IVALTZ3RjPoNlyOD_28bEDdEBRq2wU8keBURirfGsh504CHTXhvSSIVL7jfqqqXX1nRQSQtcLNCU3gQz0lfpNB65gd3XDnW3dVHt_ou2dvpVb-_aCKNMx66opOXXR_jK4ScGblDQOKgGv4IIS5AOTVUCFv8y8W0-jdFFFphtgMjSLX5AtXwzm5pnhdt06nIv9VoYDCx8cMQyqDlAxhxPC7fIO3XHn3N4rOow81f750HFFfqqHE0LGutxE-2017Ub_QAR4wLB9JZ73-izj7hAGeolJbZS9nkvt62YpXpkHXONiQpWcTtwH_S6kI4y9DxbslvQN1OGoROF2IoPmmqMB1CUojDY0qcKhpXVf2vWqd07jmhLC9eQ6Geddb9n14qSib8bBA-4N-zdVlxA9ckPGIH803ZCyvrbBYgZpS32ooppJTtu8vo1R3Z5qGCuunt4Hm0qvBRN_YHSrdMQ2MijYhECCyBAG1UOqJ6ZYnYtYz91ZqNZuelnOzwBgyu7-VIFAuhA1C8TPAHEZDfeseQIRDADJnHRtgdR5-Do0aPnl-gbj11KqGz9kvbwolAZVssNGY_VPeF4iVVD4JXjMnusma3plAnrheA0cGsQ0)

KLCT's core earnings to improve this year: Maybank IB Research (http://api.cxense.com/public/widget/click/8UK5opQz057uS318UKBzW2O43pa4FNL9f1appTaFcJLQZqYwNgFhyD4neCbq64IUD-CCzq7b9m1NwBxauw5VpWmSy4t6qCUGieCWxepA3n2rjzPoCIRYEU8QnheKWYaijoJi8zwqBeqYIBHEBntd_usJgCLqc7LrhWRhC4JtQfkcRkC7hbNUEANiujGR3Tg315hS'R3B_WDBf4sWNbpgNjU0q291EoYZ0BKZRQOSYTsNjyZqY0J6QZx_RnblyHjS8mPKji5CpPgMHu3c_has2clDeguLRM5yh8Ma33IgvUo4wi88M-Hm_8jswe5vJgLBsuVp4r9OELYgAcDwCGL8s_SfGri5DVjDfrdGsK8WfdifPGp4DvJqXSx69hEpChU5Yr4yZbomkRaY3iqyYjHFN0xjvN5eWuT0dg74JdkMA88_TyRtMue9ndYAIe0HiCWw-VevM-vXdXEiNfzLbarhWhb4X2g-ok5evhySzmN2RY5ut1arcgKJBHkfUvoXwMOWJi15BgUEzTAI5yUYgFnIhsmn59JbeQwJhKIn83L2e0OuZVd2v4Tbml_g5aVPBaG5jVS2AsXt3djrGDEaoWwsze91camYqe7salbZs2SyNJ_j17MWX5sQzoK6EEyZghldvYfa6qA0)

Ringgit opens lower against USD (http://api.cxense.com/public/widget/click/5YHeppBHqP1Mk-Bu2UgQj-rnogvk1Wr5o2h9RAIfVYzlrOvFO16STM35AJkIdA5QR_T6HUWg0ErmFYBBtdYHQAvFC7gfZeF01yciEb0wta1-DeEaYgPqTONvKHF2aqKhtsblB34BjwgtDTVW017kU94JfIGFdcBYprR0sw8BX0Uj0DyT7VcuuOqTUIQvORw0WY77P0okTVs_27WMKvKapEwMPJY6Uxit8rP3gZyNMTdsxaAaADCBDUfASsm5LhGMBabRv1o6KcqtzTPm6ExUohmM-PFeXwd-R_DMviaKVZL6fdR1sM6WY8el4ZvtJtv9mJQuxwuxfWlQfllchO_yvIBMOgO6or3DE9LkPCuVfADyYCUxTImenk6RS684WOIpCFT924BBGk83UToaYYq-MZwExBLNR-R2FAvcAcgeBa6nAOC3ePZdJzKFKDx4x29UyoRwkRok3ecaWxT32neBOTjQIOTWU3iXHQIG4fX3fvi07DYaebZqiWva9X-B8Vvr_YYMyjUZFTT-7mp-BLMOkjp4y9mRIDXopKF0DmPV0vGYsYQUf6ztDqFs_QipRTnX9-opeAD3ZqpP86yOByNwnbd2-180)

'Big 4 results within expectations' (http://api.cxense.com/public/widget/click/XOdj5LNMrr_7ytC_jraxWrlqTyJBpa50071dRvbQK98_3tGlpeI-6PMSIILFEQKU-OgMcvsojpps1iirdAgCp2dQK5saXe-DLXtmvQnl6J3xu_yYN_zyhgQ7Lbrli5Dou2_5DZxcxC4ZAPu4sUOBrhqLi8GajgH9FdkdG6zM2eYvsIjnd-S1wuPqVAuUAp_zHda14kvpzEoEPLxugGIDomGNBz5LJM0N8TTmvy_BkjTHqtDxkfn9SgIQ60gJSZATajFPeVphEZ4g6J1xAfIMNCAWDoD0FcUbgkthPFExoF3vnhcmsDFAQqt18zdN_TtSuPXu0TQ7S5cYvVC1onXGhuhtHqWHz9VRBQ8NE9nxNgPLXTtOOcboeXGsc7AVXWlj5fXsFvWdhvEsEYe-ZJe-LrT-GQ12b44Wps84KusLpDAkdE-kn9QvZA0NprdpJgk-aqOtrYRNpx00mBOCJgqaKUEV_uqs_g2XgrvrMe7kkHj2IrsXs-XYR_-xTxMpsol-sgEwtOAVSNt81xEhtP13_05DIibcQmIc5AivvpaWE9m-U2zjQM9N_8FSXKT2Ua58sYox2Esevv-foYVzn23iDT4xqzeve9amHvDYe9Ik0)

Egyptian researchers turn shrimp shells into biodegradable plastic (http://api.cxense.com/public/widget/click/2iJxTrwx1R4lhpPL0F9HEz6DwM294mYUJUO9NJOKN81MkAOKI7ZkehCbJHB-nWJCp0aT8ArR3b-k3HqZhiBr5EenJgpkmKYqJLb3BcJE75hLPH2xtQd9f0B6EYjDmkfTEhSd29-BXhuy1_S0rMtqhVJhvZX1xm9IOIGupIV5KM-MRCq3lckdElvYg5in72EY9WHPprv56dmlwDi4D03gPmTs7WJLbhJ44ULiXsRjx1-NEqnmCDpGMj07UsgmWhQUU5-OHcoBy90KhbTKI9CjYhb3dhfdve3-OZ5cHja131oRGcHO0m5zCevXvq6rdxqTj6WXJjtwNKqoo0d7fB2ENCwxjggrICgTfAjyKzsg5qKQLn6qXfNlvvgK1Q6lK25lomQJttU1T1j6agdg94P8N3-F-Rto57BG9Te-TYai9AAXosWpHp8P37ch-gwlofrh_A5u-mG4gfo6HFKPnkMV5VfcJL6IEWGcb8qAoX5vucHdzOdda4zxAejmPu8h-JMz7z4_Fuui8jdpXEQRckPhYSd3aHZFllq4LZF3DjWhkHWUjKyUuLfwenhvVfoRee-oVtmmq90GJY7GK6YQvent14wzL91XDKnlfPAtAlVqun4h1S5-PFDq_nfnS9ul-vo86qK8RG19fL_nTs8sxVfyIr7b75x9ZCvkqfTDOKEP2ZLIUmW0ogZwe4zSancMj6hego9BhF3XzOIJkN89vF1nDeMSiNAPW0)

Four Points by Sheraton Singapore, Riverview - a cosy and convenient place to stay (http://api.cxense.com/public/widget/click/6JKLLyX8b3126czXs25P8SocNrU7OFp2vt1MIo_zAKh9VArM6i5_6skCEvQbBHBKc-P12hnGR2esBd4i4AKkI4CxnEM28cH1GluQPSWjEORwwM_AJKyRt86s5E_29vEKY1rH4sdDpa1NIwlG6z60Vyfo7UUSu14vpj8j0g-JegIKANXQE4Z7WVqO2MXBDqP63FGHqWj2m6BH2CpK9GmxnSVORnqV5aJekC7cw-MCgjjR5t4vyb6l0sWBPnSQS4t10zp_hk0g9fQkvoQSj5lXuoqZStyt-Oi91a83QTtE4yXqfwBTv07b9UgkXLh-K77RgYHVQsXpPpbP_coEyxbZBHGLi_KqLxbQcW_52UfWypGIO7QAwrl6YtKPcwthmRY3_NCBPmlxymZaMcp3KXErt_ta_9aEIdxh6kNcIBNOLUY4Hjdtg8e_htaESc2XX!D8NBfSUX_irsasDwUCfobGMHw9cmHz012HNFNPlu0XUVOKzFMwdN0AWU24w9rP2pT73eBzYom7VJWCWuCBG9b14agcs9UHE1f3TouKr5YXJlpZJDZZSFMChiy50V:zm-qCBIxfrhoouixVPMylfGIQTFqQ9iilzQj2BymrfQ0)

Khaled: Low-cost homes in Johor not embroiled in real estate scandal (http://api.cxense.com/public/widget/click/hm9hSiCngBfAgwpMZA2Y9TBHkpDMoC1u0mjWPAoFjhGcLSm3WJGK1UFLdBy0Z5NK-