

MSM posts RM67mil net loss in the second quarter

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PETALING JAYA: The country's largest sugar refiner, MSM/Malaysia Holdings Bhd, fell into the red with a net loss of RM67.33mil in the second quarter compared to a net profit of RM14.33mil a year earlier.

In a statement yesterday, the group attributed the losses to a lower average selling price (ASP) of refined sugar, a lower ringgit resulting in increased raw material costs, stiff competition in the market and costs associated with MSM's new refinery plant in Johor.

MSM group chief executive officer Datuk Khairil Anuar Aziz

said: "We expected 2019 to be challenging for the group, due to the glut of refined sugar in the domestic market, and the weakening ringgit."

He pointed out that refining cost had increased by 15% due to higher fuel costs, as a result of the increase in gas tariffs from January 2019.

Financial performance was further strained by a lower capacity utilisation rate in MSM Johor, which came on in April this year.

MSM said in a filing with Bursa Malaysia that its revenue for the quarter declined by 17% to RM474mil from RM573mil previously due to drop in sales.

Cumulatively, for the first half ended June 30, MSM posted a net

loss of RM74.3mil from a net profit of RM30.1mil last year. Revenue for the period fell 13% to RM959.5mil from RM1.21bil previously.

Its earnings per share stood at -10.58 sen per share, while net asset per share stood at RM2.68.

Moving forward, Khairil Anuar said he remained cautious for the second half of the year especially with the imposition of the sugar tax for sugary beverages, the possible issuance of even more import permits and potential liberalisation of the local sugar market may affect MSM's bottom-line negatively.

He said MSM is engaging with relevant authorities and customers to discuss further, industry related

matters, especially the issuance of permits.

"In line with our continued commitment to ease cash flow, MSM's primary focus areas for 2019 include the possible disposal of non-core assets, reducing stock levels and improving efficiency to lower refining cost.

"We are also looking to diversify into value added sugar products for exports and aim to accelerate strategic growth through possible commercial collaborations with reputable industry players to pave the way for global market presence," Khairil Anuar said.

Shares in MSM closed unchanged at RM1.48 apiece yesterday.