

MSM M'sia eyes assets optimisation for FY21



The sugar provider says the Covid-19 pandemic continues to leave trails of challenges for the consumer product industry

By SHAHEERA AZNAM SHAH / Pic TMR

MSM Malaysia Holdings Bhd is planning for capacity and assets optimisation in its financial year 2021 (FY21) as it expects the business environment to remain challenging.

The sugar provider said the Covid-19 pandemic continues to leave trails of challenges for the consumer product industry due to disruptions in the country from the travel and movement restriction orders.

However, it added that the implementation of Covid-19 vaccination programme, which is expected to gradually improve the national sugar consumption, will help to balance the demand for the consumer product.

MSM Malaysia said through its "Gula Prai" brand, the group will continue to focus on the execution of its strategic roadmap which centres on the turnaround journey through assets optimisation, strengthening income stream and business integration.

For its fourth quarter of 2020 (4Q20) ended last December, the group's net profit returned to the black on an annual comparison at RM56.24 million compared to a net loss of RM40.28 million due to the increased export sales volume.

Its revenue for the quarter rose 22.15% to RM630.33 million from RM516.04 million a year ago. Its earnings per share stood at eight sen compared to a loss per share of 5.73 sen.

The improved performance also reflected in MSM Malaysia's FY20 financials as its net loss narrowed for the year to RM71.23 million from RM299.77 million in FY19, contributed by a higher gross profit margin of 7% as a result of lower raw sugar and refining costs.

It added that the refining cost was reduced by 3% against the previous year due to better utilisation rate (UF) and yield, mainly attributable to the substantial progress of MSM Sugar Refinery (Johor) Sdn Bhd which recorded an increase in yield from 88% to 90% and better UF.

The revenue for the year also increased by 8.85% to RM2.18 billion from RM2 billion.

"FY20 remarked a positive milestone for MSM Malaysia in its turn-around journey after eight consecutive quarterly losses on the back of improved production cost, higher volume and premium," the group said in a statement.

Its newly appointed group CEO Syed Feizal Syed Mohammad said the group's capacity rationalisation effort through operation cessation of MSM Perlis and consolidation of operations in MSM Johor have managed to reduce the group's refining cost and improved UF rate.

"Further initiatives were implemented to stabilise MSM Johor with the installation of new production facilities.

"The expansion of our business segments for the export market has also broadened our market presence and diversified our revenue stream.

"The execution of key strategies has managed to maintain our business perseverance throughout the year and resulted in the financial recovery for every quarter," he said.

MSM Malaysia's share price rose 30 sen or 54.05% to 86 sen yesterday with a market capitalisation of RM586.99 million.

AGENCY: The Malaysian Reserve

LINK: <https://themalaysianreserve.com/2021/02/26/msm-msia-eyes-assets-optimisation-for-fy21/>