


MSM slips into the red in 4Q with RM16mil net loss



MSM group chief executive officer Syed Feizal Syed Mohammad

KUALA LUMPUR: [MSM Malaysia Holdings Bhd](#)  slipped into the red with a net loss of RM16.16mil in the fourth quarter ended Dec 31, 2021 (4Q21) against a net profit of RM56.22mil a year prior.

The loss in the current quarter is due to lower gross margin due to higher raw sugar, freight and gas costs incurred in this quarter compared to the same quarter last year, according to MSM.

Revenue, however, rose 1.9% to RM642.02mil in 4Q21 from RM630.33mil a year ago due to increase in overall average selling price.

For the full financial year ended Dec 31, 2021, MSM posted a net profit of RM125.35mil against a net loss of RM71.23mil last year while revenue rose to RM2.26bil from RM2.18bil a year ago.

MSM group chief executive officer Syed Feizal Syed Mohammad said MSM had made good progress on its turnaround plans in 2021 amidst the rising trend of main production cost elements.

“On the domestic front, the positive development of the National Recovery Plan has provided strong impetus for greater economic recovery and socio-economic activities leading to more product consumption including sugar,” he said in a statement.

Operationally, the production cost for the group increased as compared to the previous year driven by 18% increase in NY11 prices, 69% increase in freight cost and lower utilisation factor (UF) due to temporary shutdown in MSM Johor for boiler rectification works and MSM Prai for sanitisation work due to Covid-19 as required by the Ministry of Health.

MSM said the increase in NY11 prices was outweighed by lower foreign exchange of 2%.

“Internally, MSM Johor managed to improve its production yield as well as its UF although the plant is yet to achieve breakeven capacity level. On the export market, barring unforeseen circumstances, FY 2022 poses good opportunities within the Asia Pacific region that has a strong and growing demand.

“Besides strengthening MSM market position in Vietnam, China, Singapore and South Korea, we have large anchor contracts with the likes of Coca-Cola recently awarded over the next two years as example. Such contracts allow the expansion and access into new markets such as the Pacific Islands.

“We hope to also enhance our market into Australia and New Zealand in addition and plan for penetration into the Philippines and Indonesia,” Syed Feizal said.

MSM remains cautiously optimistic towards sustaining its financial performance in 2022 and will continue to drive its environmental, social and governance (ESG) framework through a wide range of ongoing initiatives such a collaboration with Wilmar Sugar Pte Ltd.

Media: The Star Online

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