

## MSM Malaysia posted net loss of RM27.68mil in Q1 due to higher production costs

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KUALA LUMPUR: MSM Malaysia Holdings Bhd registered a net loss of RM27.68 million in the first quarter (Q1) ended March 31, 2022 from the net profit of RM31.19 million recorded in the same quarter last year.

In a statement today, MSM said the net loss recorded for the quarter was largely due to higher production cost driven by 29 per cent higher buoy raw sugar futures (NY11), 57 per cent increase in freight cost and weaker ringgit.

The company's refining cost also recorded an increase of 28 per cent, largely driven by 86 per cent increase in gas cost.

Revenue in the same quarter increased 15.7 per cent to RM595.92 million from RM514.94 million.

"This was attributable to the steady improvement in average selling price (ASP) for the wholesale segment as well as a higher premium for industry and export segments," it said.

MSM group chief executive officer Syed Feizal Syed Mohammad said the increase in ASP could not absorb the increase in production cost.

"The company remains cautiously optimistic on its turnaround plan amidst the rising main production cost elements namely raw sugar, freight, natural gas and foreign exchange.

"On the export market, barring unforeseen circumstances, FY22 poses good opportunities within the Asia Pacific region that has a strong and growing demand. MSM has revised selling price with higher export premiums," he said.

Syed Feizal said despite these inflationary costs, MSM Prai remains profitable at the entity level.

"As for MSM Johor, losses were largely attributable to a planned shutdown for long term improvements.

"In addition, we are deeply focused to ensure MSM Johor reaches the targeted Utilization Factor (UF) despite these cost pressures," he said.

Syed Feizal said the company is taking steps to improve its gross earnings with greater cost mitigation and initiatives.

"Meanwhile, we are closely liaising with the government for consideration in seeking to increase the gazetted selling price for the retail segment.

"More effort is being undertaken in penetrating new market channels, increasing value-added product volumes and export sales with higher premiums," he added.

**Media: NST Online**

**Link:** <https://www.nst.com.my/business/2022/05/800086/msm-malaysia-posted-net-loss-rm2768mil-q1-due-higher-production-costs>