

MSM in the red in 1Q22 on higher input costs

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KUALA LUMPUR (May 27): MSM Malaysia Holdings Bhd posted a net loss of RM27.68 million in the first quarter ended March 31, 2022 (1QFY22) compared to a net profit of RM31.19 million a year prior, despite a year-on-year (y-o-y) quarterly revenue improvement.

MSM's quarterly revenue climbed 15.73% y-o-y to RM595.92 million from RM514.94 million a year ago, attributed to a steady improvement in average selling price (ASP) for its wholesale segment as well as a higher premium for industry and export segments.

In spite of this, the sugar producer explained that the net loss was a result of its gross margin being dragged by higher production costs driven by higher raw sugar, freight and gas costs.

“This was largely due to higher production cost driven by 29% higher NY11, a 57% increase in freight cost and weaker ringgit. The group's refining cost also recorded an increase of 28%, largely driven by an 86% increase in gas cost,” MSM said in a separate statement.

Quarterly loss per share stood at 3.94 sen, compared to earnings per share of 4.43 sen in 1QFY21.

Compared with the immediate preceding quarter (4QFY21), MSM's net loss widened from RM16.16 million or 2.3 sen per share, while revenue fell 7.18% from RM642.02 million.

In the statement, MSM group chief executive officer Syed Feizal Syed Mohammad said the increase in ASP was unable to nullify the increase in production cost.

However, he noted that the group remains cautiously optimistic about its turnaround plan amidst rising main production costs of raw sugar, freight, gas as well as forex fluctuations.

“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 [the] selling price with higher export premiums,” he added.

Syed Feizal said the group “will remain focused on higher yield and capacity utilisation to attain lower production costs”, and continue to pursue growth while strengthening its environmental, social and governance (ESG) framework.

MSM shares settled one sen or 1.15% down at 86 sen, giving the group a market capitalisation of RM604.56 million.

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