

MSM posts RM28mil net loss in 1Q

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KUALA LUMPUR: MSM Malaysia Holdings Bhd posted a net loss of RM27.68mil in the first quarter ended March 31 from a net profit of RM31.18mil a year prior.

“This was largely due to higher production cost driven by 29% higher buoy raw sugar futures (NY11), 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,” the refined sugar producer said in a statement.

Its revenue in the same quarter rose 15.7% to RM595.92mil from RM514.94mil previously, due to a steady improvement in average selling price (ASP) for the wholesale segment as well as a higher premium for industry and export segments.

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

“The group 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 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 utilisation factor (UF) despite these cost pressures. We are taking steps to improve Ebitda with greater costs 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 efforts are being undertaken in penetrating new market channels, increasing value-added product volumes and export sales with higher premiums,” he added.

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