

## Higher freight costs, weak ringgit hit MSM Malaysia's 1Q22



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**MSM** Malaysia Holdings Bhd has cited higher production costs driven by increased freight costs and weaker ringgit as factors behind its net loss in the first quarter of the year (1Q22).

The company posted an RM28 million loss after tax compared to RM31 million profit recorded last year.

It added that the group's refining cost also recorded an increase of 28%, largely due to an 86% increase in gas cost.

"The increase in ASP (average selling price) could not absorb the increase in production cost," it said.

The group remains cautiously optimistic on its turnaround plan amid the rising main production cost elements namely raw sugar, freight, natural gas and foreign exchange," MSM group CEO Syed Feizal Syed Mohammad (*picture*) said in a statement on Friday.

However, he said that barring unforeseen circumstances, the financial year 2022 (FY22) poses good opportunities within the Asia-Pacific region export market that has a strong and growing demand.

"MSM has revised the selling price with higher export premiums," he added.

The company posted an improved revenue for 1Q22 by 16% to RM596 million from RM515 million a year ago. This was attributable to the steady improvement in ASP for the wholesale segment as well as the higher premium for industry and export segments.

Syed Feizal further added: "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 that MSM is 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."

MSM will remain focused on higher yield and capacity utilisation to attain lower production costs, continue to pursue its sustainable growth with desired returns and continues to strengthen its environmental, social and governance framework through a wide range of ongoing and new initiatives.

**Media: The Malaysian Reserve Online**

**Link:** <https://themalaysianreserve.com/2022/05/28/higher-freight-costs-weak-ringgit-hit-msm-malaysias-1q22/>