




MSM Malaysia Holdings Berhad (KLSE:MSM) Analysts Just Cut Their EPS Forecasts Substantially

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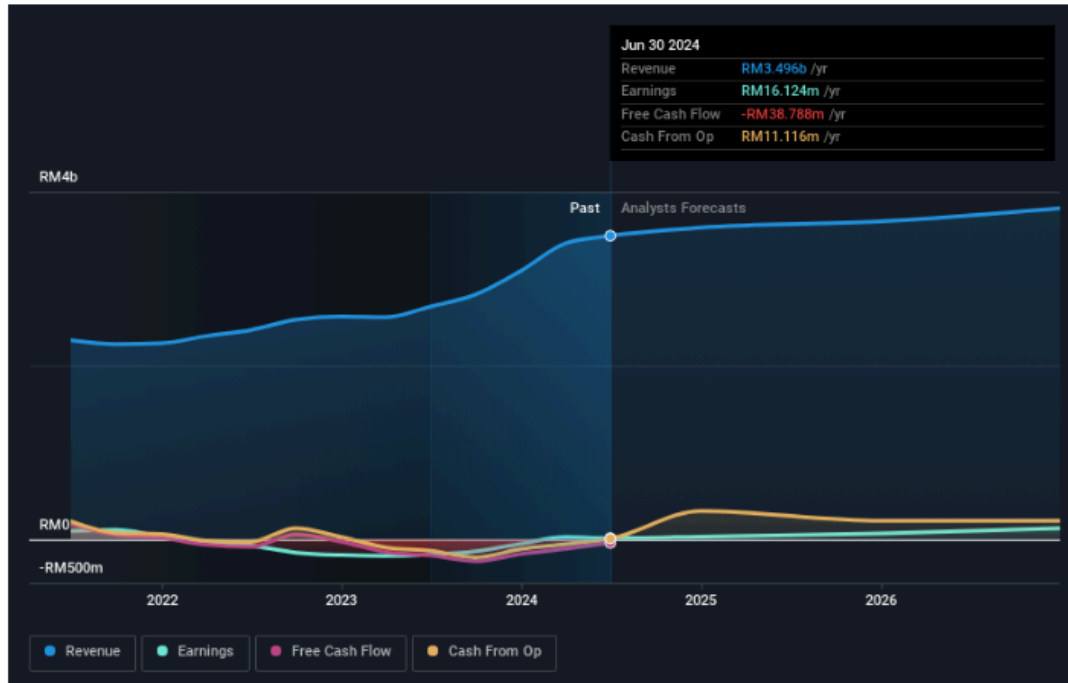
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One thing we could say about the analysts on **MSM Malaysia Holdings Berhad (KLSE:MSM)** - they aren't optimistic, having just made a major negative revision to their near-term (statutory) forecasts for the organization. Both revenue and earnings per share (EPS) estimates were cut sharply as the analysts factored in the latest outlook for the business, concluding that they were too optimistic previously. At RM1.22, shares are up 5.2% in the past 7 days. We'd be curious to see if the downgrade is enough to reverse investor sentiment on the business.

Following the downgrade, the latest consensus from MSM Malaysia Holdings Berhad's dual analysts is for revenues of RM3.6b in 2024, which would reflect a reasonable 2.7% improvement in sales compared to the last 12 months. Statutory earnings per share are presumed to surge 109% to RM0.048. Before this latest update, the analysts had been forecasting revenues of RM4.0b and earnings per share (EPS) of RM0.18 in 2024. Indeed, we can see that the analysts are a lot more bearish about MSM Malaysia Holdings Berhad's prospects, administering a measurable cut to revenue estimates and slashing their EPS estimates to boot.

[See our latest analysis for MSM Malaysia Holdings Berhad](#)



KLSE:MSM Earnings and Revenue Growth October 1st 2024

The consensus price target fell 46% to RM1.25, with the weaker earnings outlook clearly leading analyst valuation estimates.

Looking at the bigger picture now, one of the ways we can make sense of these forecasts is to see how they measure up against both past performance and industry growth estimates. We would highlight that MSM Malaysia Holdings Berhad's revenue growth is expected to slow, with the forecast 2.7% annualised growth rate until the end of 2024 being well below the historical 11% p.a. growth over the last five years. Compare this against other companies (with analyst forecasts) in the industry, which are in aggregate expected to see revenue growth of 3.5% annually. Factoring in the forecast slowdown in growth, it seems obvious that MSM Malaysia Holdings Berhad is also expected to grow slower than other industry participants.

The Bottom Line

The biggest issue in the new estimates is that analysts have reduced their earnings per share estimates, suggesting business headwinds lay ahead for MSM Malaysia Holdings Berhad. Unfortunately analysts also downgraded their revenue estimates, and industry data suggests that MSM Malaysia Holdings Berhad's revenues are expected to grow slower than the wider market. With a serious cut to this year's expectations and a falling price target, we wouldn't be surprised if investors were becoming wary of MSM Malaysia Holdings Berhad.

With that said, the long-term trajectory of the company's earnings is a lot more important than next year. We have analyst estimates for MSM Malaysia Holdings Berhad going out as far as 2026, and you can see them free [on our platform here](#).

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