

MSM shares snap four-day losing streak after export deal

By Isabelle Francis / theedgemalaysia.com

02 Sep 2024, 09:30 am • Updated - 05:55 pm



Photo by Suhaimi Yusuf/The Edge

KUALA LUMPUR (Sept 2): Shares of MSM Malaysia Holdings Bhd (KL: **MSM** **ASK** **EDGE**) snapped a four-day losing streak on Monday, after the sugar refiner said it had secured a deal to export grain sugar to China.

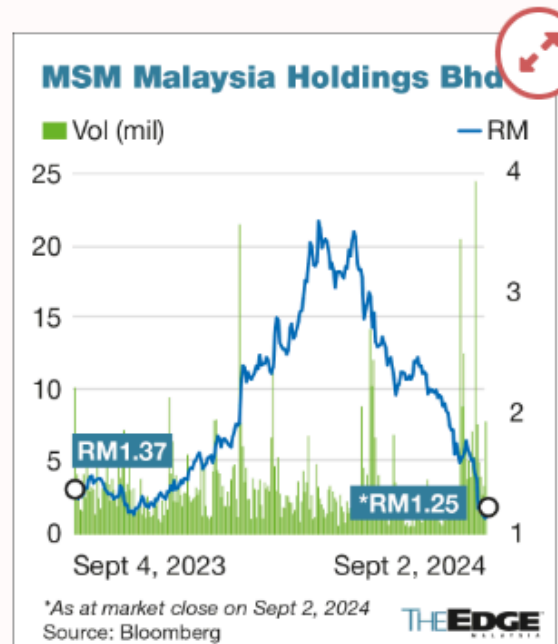
MSM rose as much as 10% or 12 sen to RM1.26. The stock ended the day at RM1.25, giving the company a market capitalisation of RM879 million on Bursa Malaysia. Trading volume totalled 7.9 million shares, more than double the 200-day moving average.

The sugar producer announced last Friday that it had secured a deal to export grain sugar to China, and targets to deliver 45,000 tonnes by year end.

While it did not disclose the value of the deal, MSM said China is one of the group's top five export destinations — alongside the Philippines, Singapore, Indonesia and Vietnam. MSM exported 16,258 tonnes of sugar to China in 2022, which doubled to 32,790 tonnes in 2023, demonstrating MSM's growing market share in China's sugar market.

MIDF in a note on Aug 23 downgraded MSM to 'neutral' from 'buy', with a revised target price of RM1.39 (previously RM3.60), pegged at a price-earnings ratio of 11.7 times, aligning with the historical financial year ended Dec 31, 2014 (FY2014)-FY2015 average price-earnings of 11.7 times on FY2025 earnings per share of 11.8 sen.

It said although we believe its turnaround will continue, the potential for a comfortable profit margin of 6% to 9% remains unforeseeable in the near term.



This, it said, is due to a competitive price war between the approved permit players, volatility in foreign exchange movement, and continued *El Nino* that would hamper sugar production and the yield in major producer countries, namely Brazil, Thailand and India, as this will increase raw sugar cost, and a spike in natural gas prices.

HEADLINE	MSM shares snap four-day losing streak after export deal
MEDIA	The Edge Malaysia - Online
DATE	02 September 2024, 9:30am
BY	Isabelle Francis
LINK	https://theedgemalaysia.com/node/725119