



Midf Research Anticipates Msm To See Higher Eps

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KUALA LUMPUR, April 3 (Bernama) -- MIDF Research analysts project a bright outlook for MSM Malaysia Holdings Bhd (MSM), anticipating an upsurge in its earnings per share (EPS).

The outlook is backed by a potential decrease in raw sugar prices, reminiscent of levels observed in financial years 2014 (FY14) and FY15.

It said the completion of rectification works at MSM Johor enables the group to ramp up its melting activities, catering to the rising demand in Asia Pacific markets and potentially boosting its share price.

The normalisation of both local and export average selling prices, alongside an anticipated increase in sales volume, is poised to boost the group's sugar yield while concurrently reducing production costs, thus paving the way for sustainable profit and margin levels of 6.0-8.0 per cent over FY24-FY26 period, it said.

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"We remain sanguine on MSM's long-term business prospects, given that all rectification works in the Johor refinery have been completed.

"The refinery can now operate at full capacity, increasing its utilisation factor from 15–25 per cent to 35–45 per cent in FY24–FY25, thereby paving better economies of scale in refining cost structures ahead," it said.

Additionally, MIDF Research foresees that the government would be able to expand the targeted subsidy range post-implementation of PADU.

This expansion could extend beyond fuel ceiling prices to encompass other essential commodities, notably coarse grain sugar (CGS) and fine granulated sugar (FGS).

"CGS and FGS ceiling prices have never been above RM2.85 and RM2.95 per kilogramme (kg), respectively and retail CGS prices have increased by only one sen over the past decade, from RM2.84 per kg in 2013 to the current RM2.85 per kg.

"Note that sugar is not subsidised by the government and the industry has never had to struggle with rising input costs previously," it added.

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