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MSM Malaysia saw sugar production cost jump 15pct in 2023

By Faiqah Kamaruddin - June 6, 2024 @ 7:04pm



KUALA LUMPUR 06 JUN 2024. Ketua Pegawai Eksekutif, MSM Malaysia Holdings Berhad, Syed Feizal Syed Mohammad (dua kiri) pada sidang media MSM AGM 2024 di Kuala Lumpur Golf and Country Club. NSTP/SAIFULLIZAN TAMADI

KUALA LUMPUR: MSM Malaysia Holdings Bhd experienced a 15 percent rise in production costs in 2023, attributed to higher raw sugar prices and the depreciation of the ringgit.

MSM group chief executive officer Syed Feizal Syed Mohammad said the cost of natural gas, which is crucial for generating steam in the refining process and makes up about 40 percent of refining expenses, increased by 15 percent.

"The spike in natural gas prices in 2023 has propelled refining costs upwards, resulting in a significant overall cost escalation for the group," he said during the MSM's 13th Annual General Meeting press conference today.

The company reported profits for two consecutive quarters, but the sugar industry still faces high input costs for raw sugar and volatile freight rates, worsened by the Red Sea crisis since the first quarter of 2024 (1Q24).

Revenue for the first quarter of financial year 2024 (1QFY24) increased to RM907 million, up 54 per cent from RM588 million in the first quarter of financial year 2023. (1QFY23).

It said the growth was driven by higher overall sales volume, increased average selling prices, and incentives for certain packaged sugar sold domestically.

MSM reported a profit before tax (PBT) of RM66 million for the 1QFY24, compared to a loss before tax (LBT) of RM33 million in the same quarter last year, due to improved margins despite higher production costs.

MSM also said it aims to expand its market reach beyond Asia Pacific and South Asia into Africa, in line with its vision for greater global market penetration and diversification.

The refined sugar producer exported to five markets, the Philippines, China, Singapore, Indonesia, and Vietnam in 2023.

"Beyond these key destinations, MSM also maintained export relationships with countries such as South Korea, Hong Kong, New Zealand, Taiwan, and Pakistan, among others." Looking ahead, MSM aims to explore upstream integration, with plans to secure raw sugar sustainably to meet long-term operational demands," it said.

MSM said the initiative highlights the company's dedication to ensuring a stable supply chain and driving sustainable business practices.

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